



rhstruthers@gmail.com Yearly subscription \$225 cdn /year or US\$225

In my last update I commented that after triple witching we would likely see the S&P 500 test it's 1870 low in the short term and indeed that is what we seen. As I have been commenting – I expect the market to continue trading sideways forming the right shoulder, my guess to around year end



I thought it a good idea to paste in on the chart the previous things I am watching, the line in the sand and where I expect the Fed may act to hold off a bear market. The death cross is now complete as expected. I expect this rally is about over but with a large short position in the market a quick move to 2050 area to fill the down gap would not surprise me. A move towards 1850 could signal acceleration to the down side

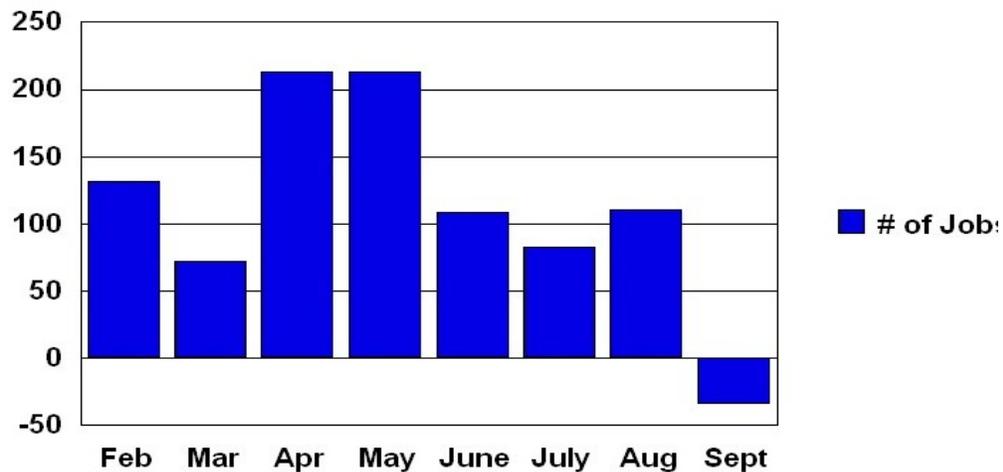
Of course the big news was Friday. As Gomer Pyle would say “surprise, surprise, surprise”

Well I was not but the main stream was on Friday's job report. The main stream does not get it. Well some will say economic numbers are bogus or manipulated. I like to say that the Fed and Government are the masters of economic data as they sooth, adjust and manage as they please. I have been pointing out to you the last several months that a large portion of the supposedly created jobs came

from the birth/death rate model. That is where the Bureau **estimates** the number of jobs created with new and growing **small business** and the number lost with contracting and failing business.

This month a low number was required, mostly to give the Fed credibility by holding off a rate increase and Bingo!, simply adjust the birth/death rate down to a negative number instead of positive

Bureau of Labor Statistics Birth/death rate adjustment



The IMF warns world GDP at 3.3% this year isn't realistic anymore. "A forecast of 3.8% for next year is not either," said Christine Lagarde. At issue, says Lagarde, is slowing growth in emerging economics (i.e. China). "Perhaps Janet Yellen has heard us," she said, commenting on the Fed's decision not to hike rates two weeks ago. "There is no reason to rush" to tighten policy, she added, noting both the Japanese central bank and the ECB in recent years both hiked and then were forced to quickly retreat. Reversing is much more harmful than a delayed hike, said Lagarde.

The Federal Reserve Bank of Atlanta has the most accurate U.S. GDP forecast. Their GDPNow model nowcast for real GDP growth (seasonally adjusted annual rate) in the third quarter of 2015 is 1.1 percent on October 6. This is almost 1.5% below the average consensus <https://www.frbatlanta.org/cqer/research/gdpnow.aspx?panel=1>

There has been a huge shift in market sentiment that I knew was wrong all along but it took the main stream this long to figure it out.

According to a Bloomberg survey 84% of economists surveyed by Bloomberg expected an initial interest-rate increase in December, according to a survey conducted Sept. 25-28. <http://www.bloomberg.com/news/articles/2015-09-29/markets-vs-economists-who-s-right-on-fed-interest-rate-timing->

Then along came last Fridays weak job report and now many have pushed their expectation for a rate increase into 2016 and then it is still cloudy.

We see this shift with the S&P 500 climbing almost 100 points from Friday's open (its biggest five-day percentage gain since 2011). The US\$ index dropping about a point to 95.5 and Gold popping about \$35.

What is more important and has not see a lot of press but Oct 6 (Reuters) - The U.S. Treasury Department on Tuesday sold \$23 billion worth of bills at interest rates of zero a day after it paid investors **no interest on three-month T-bills for the first time ever.**

<http://www.reuters.com/article/2015/10/06/auction-usa-bills-idUSL1N12620620151006>

This is clearly a market that expects low or zero interest rates for quite some time

Gold story gains interest

I have been watching the latest Banking fraud unfold, the manipulation of Gold and Precious Metals.

Gold Bugs and those labeled as Conspiracy Theorists have been complaining for years and as GATA would say – time you can take off your tin foil hat.

I don't consider myself inclusive to that group but I have pointed out on at least 3 occasions the heavy selling over a matter of minutes in the thinnest markets on Sunday evening that can be for no other purpose than to manipulate the price.

But what might even be surprising to Gold Bugs is the magnitude of this latest Bank fraud investigation. There are investigations underway now in four jurisdictions, the U.S., Britain, Europe and just recent is Switzerland.

I don't have a lot of faith in the U.S. and British regulators, but when the Swiss made their announcement in late September perhaps it will push all the other regulators to be forth right and get to the bottom of this more quickly.

In 2014, Switzerland's financial regulator (FINMA) fined **UBS** (NYSE: UBS) \$137 million for manipulating precious metals prices and foreign exchange rates. The same year, the U.K.'s financial regulator fined **Barclays** (NYSE: BCS) \$40.2 million for its role in fixing a gold price daily benchmark.

Because UBS has agreed to co-operate there will be no further levies against them.

Now, the Swiss regulator known as WEKO is widening the probe to include five more big banks and trading houses... **Deutsche Bank** (NYSE: DB), **HSBC Holdings** (NYSE: HSBC), **Julius Baer** (OTC: JBPCF), **Mitsui & Co.** (OTC: MITSY) and **Morgan Stanley**(NYSE: MS)

"It (WEKO) has indications that possible prohibited competitive agreements in the trading of precious metals were agreed among the banks mentioned," WEKO said in a statement.

<http://www.weko.admin.ch/org/index.html?lang=en>

The WEKO team heading the investigation is comprised of 12 members who are directly elected by the Swiss Federal Council; a majority of them independent experts.

This investigation follows claims already made by the Department of Justice (DOJ) and European Union regulators that there could be some possible price manipulation of gold, silver, and other metals.

A Bloomberg report added that European Union antitrust regulators are investigating the alleged rigging of prices in precious-metals trading. They are focusing on the anti-competitive behavior in spot trading, following a U.S. probe on some of these banks.

<http://www.bloomberg.com/news/articles/2015-09-28/swiss-competition-body-probes-banks-in-precious-metals-trading>

U.S. authorities are investigating at least 10 major banks for possible rigging of precious metals markets, according to reports. HSBC and Barclays said earlier this year that they were cooperating with the investigation. <http://www.reuters.com/article/2015/09/29/us-precious-manipulation-swiss-idUSKCN0RS0DX20150929>

Regulators have limited resources and it appears scrutiny of precious metals pricing ramped up after fines were levied with the LIBOR scandal in foreign exchange markets. Gold is considered a currency, so perhaps more came to light in the Currency scandal.

In May, five global banks were hit with \$5.4 billion in penalties for trying to rig foreign currency markets in their favor. U.S. Attorney General Loretta Lynch said some of the banks "*participated in a brazen display of collusion and ... manipulation.*"

<http://money.cnn.com/2015/05/20/investing/ubs-foreign-exchange/index.html?iid=EL>

Separately, in November 2014, six big banks agreed to pay over \$4 billion in fines to global regulators the largest fines ever by the British authority because they attempted to manipulate foreign exchange rates. The traders called themselves "the players", "the 3 musketeers" and the "the A-team." They would agree to take certain positions in order to manipulate the so-called 4 p.m. fix, a 60-second snapshot of afternoon trading in London that forms the basis of a widely-used benchmark.

<http://money.cnn.com/2014/11/12/investing/banks-currency-fx-probe/index.html?iid=EL>

It is going to be very interesting to see as Loretta Lynch put it " a brazen display of collusion" for the Gold manipulation when somebody like myself with not near the resources can see the manipulation.

I have been critical of these fines levied by regulators for all this corruption. Nobody goes to jail and the real criminals don't even pay the fines, but the Banks do which in the end is shareholders and taxpayers.

I always compared it to a Bank robber being convicted and fined \$10,000 for stealing \$100,000 and let go free! Finally I have some proof of my conviction

And WOW right in the Wall Street journal

A WEKO spokesman said that if the regulator uncovers misconduct, it would be able to fine the banks the equivalent of up to 10% of their proceeds in Switzerland resulting from the alleged manipulation.

http://www.wsj.com/articles/swiss-investigate-seven-banks-over-precious-metals-market-trading-1443419289?mod=rss_markets_main

Now isn't that a deterrent, fined 10% of what you made in the manipulation.

It is like

Regulator: You did this behind our back, now you are going to have to pay us our 10% cut so we can keep up our funding and high paying jobs!

Then and Now

I came up with these numbers around the end of September because it was pretty much exactly this time 8 years ago when the financial and economic world changed dramatically and evolved down a path nobody would imagine at the time. Often it is advantageous to step back and look at the big long term picture

About the end of September in 2007 the stock market peaked after running up for about 5 years after the tech bubble crash. From that 2007 peak the cracks began to appear in the mortgage/real estate bubble. We entered into the financial panic of 2008 that ushered in bailouts, QE, zero interest rates and money and debt creation like never before.

The S&P 500 peak in September 2007 was about 1575, the 30 year treasury bond was about 118, Oil was \$94 and Gold was \$740

And where are we now when for over 5 years the Fed is afraid to raise rates from 0 to 1/4%?

The S&P is at	1880	up	19.4%
30 year Treasury Bond	157	up	33%
Oil is at	\$45	down	-52%
Gold is	\$1131	up	52%

By far Gold was the best performing asset and that should really not be any surprise given the unprecedented times we have been through since late 2007.

What is a surprise and does not make sense is Gold stocks. Measured by the HUI Index, it was about **430 in 2007 and is now 105 down a whopping – 76%**

***** UPDATES *****

Zonte Metals	TSXV:ZON	Recent Price \$0.04
Entry Price		Opinion -buy

Nothing new as we have been waiting a long time for acquisitions to be announced. I have heard the company took steps many weeks back to expedite the granting of these new licenses. Yesterday the stock traded 52,000 shares, perhaps not much but the most since June. Is that a signal something is getting close? Only time will tell

<http://www.zontemetals.com>

Viscount Mining	TSXV:VML	OTC: VLMGF	Recent Price \$0.36
Entry Price \$0.27			Opinion – hold, buy

Viscount has begun mobilizing for the 2015 phase 1 drilling program at its flagship Cherry Creek Nevada property. The initial reverse circulation (RC) drill program will comprise approximately 10 to 12 holes totaling 10,000 feet (3,050 metres).

All this will be funded by Summit Mining Exploration, a wholly owned subsidiary of Sumitomo Corp.

Viscount is only my 2nd exploration pick in the last 3 years and it is off to a good start. The stock got as high as \$0.41 after we bought in and has consolidated that 1st run some what. I would be surprised if it comes down much lower given the anticipation of drill results.

I expect it is going to be very easy to come up with some very high grade intersects given the history and work on the project this year. If I am right I think it should be called Cherry Picking instead of Cherry Creek.



Continue to hold and if you don't own any yet this might be the best price before drill results

Phone: 604-960-0535

<http://www.viscountmining.com>

Viscount also has a text message alert service. With much news flow on the horizon, I would suggest subscribing to it. Text viscount to 76000 you can opt out of it at any time

Meadow Bay Gold
Entry Price \$0.23

TSXV:MAY

Recent Price \$0.16
Opinion - buy

On Sept 24th MAY announced they began drilling at its flagship Atlanta gold mine project in Lincoln county, Nevada.

The purpose of the drilling is to infill holes within the existing resource. The initial drill holes are to the north and west of the historic pit where drilling in 2012 intersected mineralization that is both thicker and higher in grade than what is typical for the Atlanta shear zone.

"Because we are filling in holes within the existing resource, our confidence that this drilling will be successful is very high," stated Christopher Crupi, chief executive officer of Meadow Bay Gold. *"Ultimately, we intend to incorporate these results into the existing database and produce an expanded resource estimate. The Atlanta deposit is already one of the most interesting Nevada gold resources owned by a junior and our goal is to make it bigger and better."*

<http://www.meadowbaygold.com>

Eurocontrol Technics TSXV:EVO

Recent Price \$0.16

Entry Price \$0.12

Opinion – Hold, buy

EVO is doing well with the stock recently at a new high and in a solid up trend, but I don't believe it is close to proper valuation considering the recent deal with SICPA.

Last financials show their modest growth trend is on track - operating highlights:

- Achieved second-half revenue of \$3,648,989, an increase of 26% from 2014;
- Recognized record EBITDA of \$761,233 compared with \$249,328 in 2014, a 205% increase;
- Achieved working capital of \$2,231,938 compared with \$1,640,429 at Dec. 31, 2014;

Further to the press release of Aug. 18, Eurocontrol Technics Group Inc. and SICPA have agreed to extend the 30-day best-effort period for finalization of the definitive sale agreement of Eurocontrol's subsidiary Global Fluids International S.A. and related assets to accommodate the numerous Jewish religious holidays that occur during the month of September into early October.



On the SICPA deal the \$16 million cash alone is about 18 cents per share.

Probably the biggest potential not realized is the 5% royalty payment on all future GFI contracts, inclusive of both marker and **logistics**. Previous EVO was just selling marker and detectors but because SICPA is a large company with many offices around the world they will be able to supply a complete contract with Support and Logistics,

Logistics revenue, as a component of the overall revenue derived from a comprehensive fuel-marking program, is generally a multiple of the revenue generated from sales of just markers and detectors. EVO will also benefit from SICPA's large existing customer base which is predominantly governments. Basically the 5% is on a piece of pie many multiples of what EVO could do alone.

The recent pull back in the stock to the bottom of the down trend channel is a good buy

<http://www.eurocontrol.ca>

(c) Copyright 2015, Struther's Resource Stock Report

All forecasts and recommendations are based on opinion. Markets change direction with consensus beliefs, which may change at any time and without notice. The author/publisher of this publication has taken every precaution to provide the most accurate information possible. The information & data were obtained from sources believed to be reliable, but because the information & data source are beyond the author's control, no representation or guarantee is made that it is complete or accurate. The reader accepts information on the condition that errors or omissions shall not be made the basis for any claim, demand or cause for action. Because of the ever-changing nature of information & statistics the author/publisher strongly encourages the reader to communicate directly with the company and/or with their personal investment adviser to obtain up to date information. Past results are not necessarily indicative of future results. Any statements non-factual in nature constitute only current opinions, which are subject to change. The author/publisher may or may not have a position in the securities and/or options relating thereto, & may make purchases and/or sales of these securities relating thereto from time to time in the open market or otherwise. Neither the information, nor opinions expressed, shall be construed as a solicitation to buy or sell any stock, futures or options contract mentioned herein. The author/publisher of this letter is not a qualified financial adviser & is not acting as such in this publication. Struther's Resource Stock Report is not a registered financial advisory. Investors are advised to obtain the advice of a qualified financial & investment adviser before entering any financial transaction