



“...Let us run with patience the race that is set before us.” Hebrews 12:1

by Eric S. Hadik

The 17-Year Cycle & Energy IV

An INSIIDE Track Report/Update

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August 2008 - The Energy Markets have given the first signs of fulfilling analysis for a 3-6 month peak in July 2008 (see **17-Year Cycle & Energy III** for elaboration on cycles coming into play in July 2008).

Simultaneously, Unleaded Gas fulfilled its MAJOR upside-breakout and Elliott Wave objectives - at 3.5745 - 3.6520/RB, in two successive contract months - and reversed lower. This is a powerful price corroboration to cycles (timing) aligning at the exact time in which Unleaded Gas completed its second test.

17-Year Parabolas

Crude Oil was testing critical resistance levels at the same time... and completing a similar, parabolic surge as that which took place a little over **17 Years** ago. ..

In 1990, Crude Oil began a parabolic move that saw its price nearly triple as it surged to over 41.00/bbl.

In 2007 (**17 Years** later), Crude began another parabolic move that saw its price nearly triple as it surged to over 141.00/bbl. *Coincidence?*

History has already shown what happened after the parabolic rise in 1990. Within 6 months, Crude had given back most of the previous advance. Ultimately (a couple years later), Crude fell below its 'pre-parabola' lows before ever seeing new highs.

This time, it is hard to imagine where Crude will be in 6 months... or in 2 years. As a result, this outlook will be a very fluid and dynamic process that is continually adapting to new information and price patterns. However, at least one thing is not expected to change: **Cycles...**

180 & 360 Degree Cycles

As explained in previous publications, July 2008 was the convergence of a myriad of geometric cycles that were - in addition to much more - tied to 180-degree turning points in July 2006 (high), January 2007 (low), July 2007 (high) and January 2008 (low).

The next important cycle in this 180-degree sequence is in January 2009 and will also continue a sequence of 360-degree cycles, connecting the January 2007 & 2008 bottoms.



The following is a compilation of reprints from July 15 - August 9th, updating the short- and intermediate-term analysis in the Energy Complex since the ***The 17-Year Cycle & Energy III***. [Readers that want a continuous stream of this type of analysis should consider our ***Weekly Re-Lay*** publications.]

7/15/08 Weekly Re-Lay Alert: "**Crude Oil, Unleaded Gas & Heating Oil** are turning back down after retesting their highs but failing to close above them. Consistent with geometric cycles of 180, 360, 540 & 720 degrees, the Energy Complex could/should be putting in a multi-month peak in July.

It will take daily closes below 135.14/CLQ, 3.2997/RBQ & 3.7104/HOQ to give the first signal that an intermediate reversal is taking hold.

Natural Gas is reinforcing analysis for a correction into August. It is approaching its monthly **HLS** - and other support levels - around 11.100--11.270/NGQ, where the first important decision point exists.

From a fundamental perspective, the combi-

nation of President Bush's action on the offshore drilling ban and the impending 'Picken's Plan' might be the type of psychological salves that this market - and this economy - need... whether or not they develop into concrete actions (the markets are all about 'expectations')."

7/19/08 - Weekly Re-Lay: "Energy markets topped during the 1-2 week period when geometric cycles - stemming from turning points in July 2006, January & July 2007 and January 2008 - converged. A 3-6 month peak is possible..."

Crude Oil (as well as **Unleaded Gas & Heating Oil**) gave the first signals that an intermediate reversal is taking hold, by giving daily closes below 135.14/CLQ, 3.2997/RBQ & 3.7104/HOQ.

This (initial) reversal validates the geometric cycles of 180, 360, 540 & 720 degrees - from the July 2006 & July 2007 highs and the intervening January 2008 & 2007 lows - that were projecting a multi-month peak in July 2008. A daily and weekly close below 122.32/ CLV would be the next sign of a developing reversal lower.

Unleaded Gas has reversed its daily trend to down after retesting its major, upside wave & breakout objective (3.5745--3.6520/RB). This continues to be a key level that was/is expected to usher in a 3-6 month peak. A weekly close below 3.1490/RBQ would be the next indication of a developing top.

Natural Gas broke below 1-2 month support - at 11.100--11.270/NGQ - giving further credence and reinforcement to analysis for a 1-2 month correction into August 2008 (followed by a new advance into October). 9.000/NGQ is 3-6 month support that represents the next critical level."

7/30/08 Weekly Re-Lay Alert: "Crude Oil, Unleaded Gas & Heating Oil have given significant corrections after fulfilling geometric cycles (180, 360, 540 & 720 degrees from the past 4, multi-month turning points) in July... and a major, upside wave target (in Unleaded Gas).

However, each of these energy markets has given two neutral signals to its weekly uptrend and is now in a decisive, 1-2 week period. It would take weekly closes below 123.06/CLV, 2.9264/RBV & 3.5678/HOV to reverse these weekly trends to down and to signal that a 2-3 month top is likely intact.

Natural Gas is powerfully fulfilling analysis for a 1-2 month correction (during July and into August) and has plummeted from 13.800/NGV down to 3-6 month support - and its initial downside target for this correction - at 9.000/NG. A 3-5 day bounce is possible, but would likely give way to a decline to new lows in August."

8/02/08 Weekly Re-Lay: "Energy markets topped during the 1-2 week period when geometric cycles - stemming from turning points in July 2006, January & July 2007 and January 2008 - converged. A 3-6 month peak is possible..."

Crude Oil, Unleaded Gas & Heating Oil continue to validate the potential for a 3-6 month peak in July. They each set tops in synch with geometric cycles of 180, 360, 540 & 720 degrees - from the July 2006 & July 2007 highs and the intervening January 2008 & 2007 lows -

and then each reversed lower.

Unleaded Gas surged precisely to its major, upside wave & breakout objective (3.5745--3.6520/RB)... and immediately reversed lower.

And, all three energy markets neutralized their weekly uptrends multiple times. Now comes decision time..."

Heating Oil just completed a weekly trend reversal to down. This is the first major confirmation of a (potential) 3-6 month high.

Crude & Unleaded Gas need to give weekly closes below 123.06/CLV & 2.9264/RBV to accomplish the same thing. If this occurs in the coming weeks, it will likely drive prices lower into mid-September.

In the interim (ideally), they should not give daily closes above 128.95/CLV or 3.1007/RBV.

Natural Gas dropped throughout the month of July and reached its 1-2 month downside objective - and 3-6 month support zone - around 9.000/NG."

8/06/08 Weekly Re-Lay Alert - "Crude Oil, Unleaded Gas & Heating Oil are still declining but need weekly closes below 123.06/CLV & 2.9264/RBV to reverse the weekly trends to down and to signal that a 2-3 month top is likely intact.

Heating Oil has already accomplished this. In line with the June 11th & July 11th peaks, there is a chance for a quick bounce into August 11th.

Natural Gas dropped further, fulfilling analysis for new lows in August, and will not show any signs of strength until a daily close above 9.670/NGV."

8/09/08 Weekly Re-Lay: "Energy markets confirmed their July peaks with Crude & Unleaded Gas reversing their weekly trends to down. This increases the potential for a 3-6 month peak..."

Crude Oil, Unleaded Gas & Heating Oil have now all confirmed their July peaks, by reversing their respective weekly trends to down.

This greatly increases the potential for a 3-6 month (or longer) peak. And, it also turns attention to January 2009, the next phase of this ongoing, 180 & 360-degree cycle.

As discussed leading into the recent peak, a high in July 2008 would complete moves of 180, 360, 540 & 720 degrees - from the July 2006 & July 2007 highs and the intervening January 2008 & 2007 lows.

Now that this peak is intact, a similar turning point in January 2009 would be a 6th reversal in this sequence.

Another key aspect to the recent high was/ is the price level at which Unleaded Gas peaked.

Since its late-2007 breakout, Unleaded Gas has had a 1-2 year upside target (based on wave projections & the major breakout objective) - at 3.5745--3.6520/RB. Unleaded Gas reversed lower after precisely testing this level and could see a drop all the way back to the original breakout level - around 2.4550--2.5500/RB.

Cyclically (and seasonally), Unleaded Gas has set important lows in November 2001 (a major low), November 2002, November 2003, December 2004, November 2005 and October

2006/January 2007. It would not be surprising to see a similar low - most likely in November - in 2008.

Natural Gas has extended its decline, stretching beyond its weekly Cycle Progression but remaining in synch with overall analysis for a 1-2 month drop into/through August. It has fallen below 3-6 month support and could ultimately retest its early-2008 lows - at 7.280--7.580/NG."

Synopsis

Energy Markets fulfilled the mid-to-late-2007 projections for a parabolic move higher.

They have now validated geometric cycles that peaked in July 2008 AND have fulfilled MAJOR upside price objectives.

Crude & Unleaded Gas have just reversed their weekly trends to down, giving the strongest confirmation that a 3-6 month top is intact.

The next (current) focus is now on January 2009, when an even more significant and synergistic convergence of cycles comes into play. Our publications will keep subscribers abreast of ongoing analysis until then. Stay tuned... IT

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