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

by Eric S. Hadik

The 17-Year Cycle III

An INSIIDE Track Report

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CONTENTS

The 34-Year Cycle........................2

Banker's Hours.............................3

1922... & 17/85-Year Cycle...........4

17-Year Cycle Inversion...............5

Presidential Cycles.......................6

"The sun rises and the sun sets, and hurries back to where it rises. The wind blows to the south and turns to the north; round and round it goes, ever returning on its course.

...What has been will be again, what has been done will be done again; there is nothing new under the sun. Is there anything of which one can say, "Look! This is something new"? It was here already, long ago; it was here before our time.

There is no remembrance of men of old, and even those who are yet to come will not be remembered by those who follow."

Ecclesiastes 1:5-6 & 9-11
(New Int'l Vers. ©1986)

Sept. 2007 - *The following are a few additional cycles that are directly related to the* ***17-Year Cycle,*** *our focus for most of 2007. As the markets move toward the next key Validation Point (October 11, 2007), this Cycle could begin tobuild added momentum.*

These add more corroboration to the cycles and analysis described in the original ***"17-Year Cycle" Report****. The significance of this cycle should begin to take on added credibility and significance in the coming weeks. The real excitement, however, is likely to wait until 2008, with April being a very noteworthy time... for various reasons.*

Stock Indices have already experienced 12-15% corrections from their mid-July 2007 peak. That top was set on the exact ***17-Year*** *Anniversary of the July 1990 top. It turns focus onto October 11, 2007, the next important* ***17-Year Cycle*** *Anniversary. As this time frame approaches, consider some of the following observations... and cycles that only BEGIN to take hold - and to turn negative - at this time. They should continue to impact the markets - and our world - throughout 2008...*

The 34-Year Cycle:

A Review of Stock Cycles...

The decisive Jewish Year of 5768 has just begun. As explained for over a decade - and in many respects - this ushers in a decisive time of transition... in many respects. When viewing Stock Indices, however, that transition is already well underway and began exactly when forecast... *in 2000*.

This has already been discussed but it is important to review this cycle as a lead-in to several related, ***17 & 34-Year Cycles.***..

The Great Bull Market of the 20th Century was a perfect example of the ***17-Year*** & ***34-Year Cycle*** in Stock Indices. One textbook case involved the low-high-high *Cycle Progression* that impacted the S+P & Nasdaq 100 in 2000 (1932 - 1966 - 2000). At that time, they were projected to set Major peaks and begin a long-term bear market. The Nasdaq 100 remains more than 50% below its March 2000 top.

Measured from the 1932 low into the 2000 peak (in indices like the Nasdaq), that bull market lasted 68 years (**4 x 17**), divided into 2 distinct periods (each of which was divided into its own 2 distinct periods). All of these were multiples of **17 years**.

2000 - 2007/2008: A Parallel - or Contrast (or both) - to 1966 - 1973/1974???
The 34-Year Cycle in Play...

Jan/Feb 1966 saw a major stock market top followed by a nearly 40% drop in the DJIA.

Jan/Mar 2000 (**34 years later)** saw a major stock market top followed by a nearly 40% drop in DJIA.

1967 saw an Israeli/Middle East War (*Six Day War*) at the same time America was entering a prolonged battle (Vietnam) that polarized the nation.

2000/2001 (**34 years later)** saw a renewed battle involving Israel (intifada) and America entering a prolonged battle (starting with 9/11) that has polarized the nation.

1970 - 1973 saw a 3-year culminating surge that brought the DJIA above its Jan. '66 high.

2004 - 2007 (**34 years later**) has seen a culminating 3-year surge (into July) that brought the DJIA above its **Jan. 2000** high.

1973 - 7 years (1 *'week'* of time) from the **1966** stock market top - saw the DJIA trade above its **1966** high for a brief period of time and then enter a 2-year bear market and lose 50% of its value.

2007 - 7 years (1 *'week'* of time) from the 2000 stock market top (AND **34 years** after 1973) - has seen the DJIA trade above its 2000 high. *What will the next 2 years bring?*

1973 also saw another Middle East War (*Yom Kippur War*) in the Fall of that year.

2007 (34 years later) has all the makings for another Middle East War... although a cycle 'flip' - to a dramatic 'peace' in the Middle East is possible, There is also the potential for both - peace and war... or war and peace (1945 is a perfect example of a year with dramatic events in war - like the dropping of the atom bomb - AND peace.).

1973 witnessed the first oil shock in the US.

2007 (34 years later) is witnessing a new oil shock in the US.

1970's = Major price inflation in commodities, along with surge in oil.

2000's = Major price inflation in commodities, along with surge in oil.

1979/1980 = Culmination/Peak in Inflation & Oil prices (linked to Islamic uprising in Middle East).

2013/2014 = Culmination/Peak in Inflation & Oil prices (linked to Islamic uprising in Middle East)???

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The 2 larger cycles encompassed the rally from the 1932 low to the 1966 high (***34 years)***.

The second cycle was from the 1966 high to the 2000 high (***34 years***).

Within the former rally (1932 - 1966), many market historians pinpoint the year of 1949 - and the low before the breakout rally - as the transition date in the developing bull market. This is where - and when - the market moved away from an overall bear and into a bull.

So, this ***34-year*** rally (1932 - 1966) is comprised of a ***17-year*** low-low (1932 - 1949) and an ensuing ***17-year*** low-high (1949 - 1966)... a ***17-year*** low-low-high *Cycle Progression*.

During the ensuing bear market, market historians are divided on picking the 1982 or the 1984 low as the start of the subsequent bull market. 1982 provided the lowest point before the mid-1980's surge.

1984, however, provided the low just before this bull market run and represented the transition point (from bear to bull) on many indicators.

If we take the mean of 1983, we have another precise division into 2 ***17-Year cycles.***.. culminating with the 2000 peak (1966 high - 1983 mean low - 2000 peak).

The most intriguing aspect of this is the interplay between the ***17-Year*** and the ***34-Year Cycle***. Obviously, every time the 34-Year Cycle arrives, so does the ***17-Year Cycle***. But, the opposite is not true. Instead, only half of the time that the ***17-Year Cycle*** arrives does the ***34-Year Cycle*** also arrive.

So, every *other* ***17-Year Cycle*** has greater synergy since it represents the recurrence of two distinct - yet related - cycles. This is why the ***17-Year Cycle*** table - shown in the original ***"17-Year Cycle"*** **Report** - has two distinct patterns.

Similar to 12-hour cycles on a clock, ***every other*** *17-Year Cycle* holds more similarities to its predecessor (just as every other 12-hour period is more similar in nature; 12 PM is more like 12 PM and 12 AM is more like 12 AM). This creates an overlapping ***34-Year Cycle***.

This may sound elementary or redundant, but it is an important foundation for the following discussions. Another variable of the ***17-Year Cycle*** is its 1/2-Cycle, the approximately 8.5 year cycle (see ***"17-Year Cycle"*** **Report** for details).

This dovetails with my ongoing discussion - for several years now - about why I believed that the period between 2000 - 2007/2008 would mirror the period between 1966 - 1973/1974.

The recent spike to new highs - in the DJIA and some other indices - powerfully reinforces this parallel. The Table on page 2 illustrates some of the parallels between the two.

There is another developing crisis - in the U.S. - that is also coming right on schedule. The ***17-Year*** schedule, that is...

Banker's Hours (Cycles)...

The ***17-Year Cycle*** (and its multiples of ***34 & 68 years***) is prevalent in many other related areas. One of these is banking...

17 years ago, the US was experiencing the height of the *S&L Crisis* in 1989 - 1990. This crisis was triggered by a collapse in *commercial* real estate. Panic was becoming widespread and the first President Bush was forced to approve a massive, federal bailout.

In 2007, the sub-prime mortgage debacle is reaching a crescendo and could require another massive bailout - of some sort - like that which was facilitated in the early-1990's. This time, the cause is linked to *residential* real estate (*"cycles are a spiral, not a circle"; similar but not exact*).

A bailout could come directly from the government... or from other institutions. In either case, you can expect to ultimately be the one paying for it.

Back then, the public was paying for this collapse until 1993.

*Could we see similar rescue operations into 2010 (**17 years** later)?*

But, wait! There's more (to this particular ***17-Year Cycle***)...

1990 and 2007 are not the only periods incorporated into this overall cycle...

Not surprisingly, England experienced one of its biggest bank bailouts in 1973 - ***17 years*** before the US S&L Crisis hit its peak in 1989/1990 and ***34 years*** before the US sub-prime fiasco in 2007.

The Bank of England has just had a similar incident with Northern Rock. The BBC described the related 1973 crisis in the following manner:

"The secondary banking crisis of 1973/74 was the result of a lethal mix of rising inflation (25% at its peak), rising oil prices, a pay and prices freeze, strict credit limits and companies running desperately short of cash.

The situation gradually worsened as Edward Heath's Conservative government and his chancellor Anthony Barber struggled to get the economy under control, while at the same time seeking to relax lending curbs through their "competition and credit control" policies.

Anyone under the age of 50 will barely remember the day in December 1973, shortly before Christmas when the three day week was announced - and television had to close down no later than 10.30 pm.

Although the crisis came to a head then, it was another year before the full effect worked its way through the stock market which fell nearly 60% in 1974."

Other observations include the fact that home prices had skyrocketed in the years leading up to 1973, with some homes doubling in price in just a couple years. *Sound familiar?*

17 years prior to that - in 1956 - 1957 - the United Kingdom gave the still-developing IMF the opportunity to experience and respond to its first international financial crisis - a consequence of the Suez Crisis of late-1956.

This crisis was linked to the value of the Pound Sterling and the speculation that began to drive it down in the aftermath of the Suez Crisis. So, in essence, the British were ultimately looking out for *numero uno*.

Much of this currency crisis had to do with President Eisenhower - in an attempt to force the UK into a ceasefire - threatening to sell U.S. reserves of the British Pound and drive down the value of their currency.

Ironically, this crisis forced the Bank of England to liquidate (sell) massive holdings of US Dollars. So, the U.K. & U.S. have been closely linked in these banking struggles... on a recurring and uncanny ***17-Year*** basis.

51 years later (***3 x 17***), the Dollar is again under pressure and another financial/banking crisis is coming to light.

1922... and the 17/85-Year Cycle...

Many events of today - like the division of the Middle East - trace their roots to 1922... *5 phases of 17 years ago*.

While this is probably NOT the actual *origin*, it does appear to be the start of one of the larger cycles... that is now reaching fruition. (The specifics of the 17-Year War Cycle can also be found in the original ***"17-Year Cycle"*** **Report**.)

1922 is when the *Palestine Mandate* dictated the division of the Middle East.

1922 also marked the *beginning* of the 1920's stock bull market (1922 - 1929), with the DJIA more than tripling during this period.

This 7-year period (1 *'week'* of time) also created the credit bubble that ultimately led to the ***Great Depression***.

17 years later - 1939 - is recognized as the *end* of the Great Depression.

In one ***17-Year Cycle***, the markets and the economy went through one complete, comprehensive boom-to-bust cycle. *Surprised?*

Since that time, the ***17-Year Cycle*** has pinpointed several partial boom-to-bust cycles... leading into a cyclical crescendo in 2007/2008.

This is even more intriguing when placed in the context of major, global financial crises...

2008 - 2009 is ***17 times 17*** (289) years - a type of higher-degree cycle - since one of the most notorious financial crises: *The South Sea Bubble* (see accompanying chart).

This crisis began with the *South Sea Company* - in 1719 - proposing to buy one-half of England's national debt and ultimately convert it to a lower interest rate. It ended with shares of the South Sea Company multiplying 9-fold - in only a few months time - only to crash all the way back down a few months later.

Isn't it ironic that this took place exactly 85 years (***17 x 5***) after the beginning of the *Tulip Bulb Mania* that began in 1634?

In an intriguing parallel, the *Stock Market Mania* that began in 1922 (and ended with the crash of 1929) is ***85 years***, or ***5 cycles of 17 years*** - prior to 2007... the same duration in time between 2 of the most notorious manias of the past 500 years (1634 - 1719 and 1922 - 2007).

Could the US Stock Market Mania that began in 1922 be reaching its ultimate crescendo in 2007?

Or, could this be pinpointing the period between 2 separate manias (stocks and real estate... or even stocks and oil???) in the 1920's and the 2000's... just as the Tulip Bulb & South Sea Bubbles involved distinct 'investments' but similar results.

17-Year Cycle Inversion?

While many things are beginning to look ominous, could another surprise be just around the corner?

What would happen if a valid Peace Accord really did result from the Annapolis Conference in November? ... or sometime in 2008.

Could a Presidential candidate attempt to mediate some form of truce (as some have done in the past) in an attempt to pre-empt President Bush and *'steal the show'* before the Election? (Could a recent former President follow up on his 2000 attempts and 'help out' his wife's political aspirations?)

On a related basis, August 1990 - April 1991 represents the duration of the initial phase of the *'Persian Gulf War'*... from initial incursion to ceasefire agreement.

Could April 2008 - 17 years later (on the eve of the 60-Year Anniversary of Israel's statehood) - witness a similar type of ceasefire?

It would not surprise me to see President Bush do all he can to accomplish two objectives before leaving office. These only make sense:

1 - Faciliate a more lasting Peace Accord in the Middle East, no matter what has to be sacrificed.

2 - Secure stability in Iraq and bring home as many troops as possible, possibly linked to a Middle East Peace Accord.

Both of these events - if accomplished or even begun to be accomplished - could create a political windfall for Republicans and a disaster for Democrats... at the most 'inopportune time'. (One only has to look at recent anxiety leading up

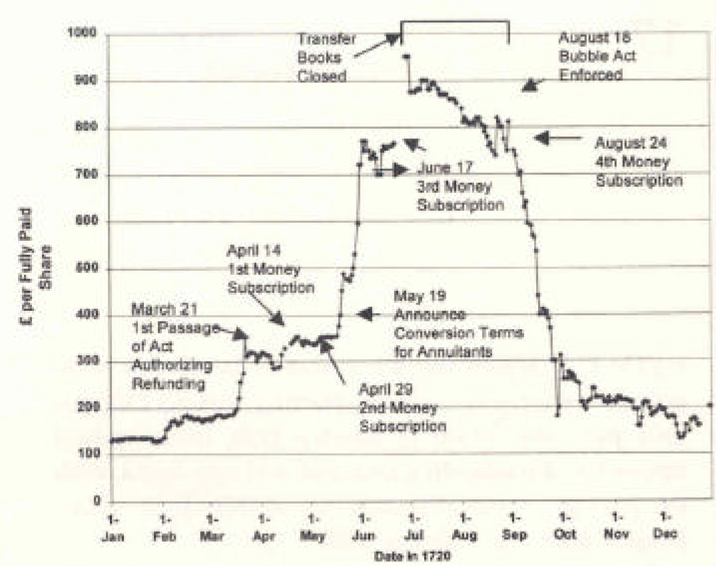

Figure 17.1
Daily South Sea Share Prices, 1720. Data courtesy of Larry Neal.

to the *Petraus Report* to see an example of this.)

April/May 2008 - the culmination of the US Presidential Primary Season (even though the final primary is in early-June) and the transition to all-out Republican vs. Democrat campaigning - also marks the culmination of this key ***17-Year Cycle*** in the Middle East.

March 2008 is ***51 years*** (***3 x 17***) from the culmination of the Suez Crisis and the departure of Israel from the Sinai.

So, March - May 2008 is a key period linked to multiple ***17 & 34-Year Cycles*** (synergy of synergy). It is also Israel's 60th Birthday.

Presidential Cycles...

On the topic of U.S. elections, the ***17 & 34-Year Cycles*** have also pinpointed many 'firsts' or 'onlys' (AKA anomalies) in America's history of Presidents, coinciding with financial panics and/or crashes...

The 1973-1974 Bear Market (stocks dropping 50% in less than 2 years) coincided with the ***only*** time a U.S. President resigned.

34 years prior to that, the 1939-1942 Bear Market (stocks dropping 35% in the ensuing 3 years) coincided with the *only* time a U.S. President exceeded an 8-Year term in office.

It also coincided with the resignation of Neville Chamberlain in the UK (another major resignation), following a major miscalculation of Hitler. (The ongoing ***17-Year*** & ***34-Year*** links between the US & UK are uncanny.)

34 Years prior to that, the 1906/1907 stock market crash (a drop very similar in scope - both time and price - to 1973-1974) coincided with the term of the youngest U.S. President ever to serve in office (JFK was youngest *elected* while Teddy Roosevelt was youngest *in office*)...

*There is actually a lot more to this **34-Year Presidential Cycle** that will be addressed separately. In addition, there is a **17-Year Atmospheric Cycle,** a **34-Year Meteor Cycle,** a **17-Year Geo-Activity Cycle,** a **68-Year Cycl**e... and much more. They all reinforce the focus on a **17-Year Cycle** in Stock Indices. October 11, 2007 & January 15/16, 2008 are the next important dates to watch.*

*The **17-Year Cycle** is just one of MANY cycles that should kick in ' now. The biggest impact, however, is likely to wait until 2008. **Focus 5768 I-V** & **The Grand Illusion I & II** detail many other cycles that also converge in this time frame. Much more to come... IT*