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

40-Year Cycle: Food Crisis IV
2016/2017--2019

An INSIIDE Track Reprint of 40-Year Cycle Analysis

2016 Trigger

Nov. 2015 - The early, subtle phases of Food Crises Cycles are steadily developing with Livestock markets fulfilling analysis for a parabolic surge into late-2014 - when a 40-Year Cycle of inflationary advances was expected to peak - and a subsequent crash (\textit{bursting bubble}) into 2016. Those markets are on track for an initial bottom in Nov./Dec. 2015... with a more significant bottom expected in late-2016.

At the same time, Grain markets are expected to (also) bottom in Nov./Dec. 2015 and then see an initial surge into mid-2016 - when multi-year cycles project (at least) a 3--6 month peak. The more overt phase of Food Crises Cycles is still projected for the latter half of the 2010's - most likely in 2017--2019.

Late-2016/early-2017 - when secondary lows are more likely and the typically-dynamic '3rd' wave advance should begin - is when inflationary forces are expected to steadily take hold (with Gold & Silver also expected to set secondary lows in/around Dec. 2016). This reprint of the latest \textit{INSIDE Track} analysis on Food Crisis Cycles is intended to bring newer readers up to speed on some of what is expected, beginning in 2016 - when additional (subtle) signs of a new Food Crisis are expected to emerge...

Outlook 2015--2017

40-Year Cycle & Food Crises III

10-29-15 - In recent months, we have re-examined a topic that has been discussed the past 3--5 years - that of an impending (expected) Food Crisis in 2016--2017 (potentially extending into 2019)... directly linked to the uncanny 40-Year Cycle.

This could take MANY forms, as a review of past phases (of that 40-Year Cycle) can attest. One exam-
ple is that of cold/frost/freeses, with a very note-
worthy example occurring in 1816--1819 (triggered by the Year Without a Summer in 1816).

Another - more common - example has to do with drought and/or excessive heat. Even this can take multiple forms, with recent U.S. examples being in 1936--1939 (Dust Bowl) and 1976--1977 (California Drought). At the same time, corresponding Food Crises were also striking other parts of the globe.

Ironically, the opposite (climate) extreme could do just as much damage - too much precipitation and/or moisture. Not only can flooding delay plantings or delay harvests, it can also facilitate the growth of various fungi - like the diverse forms of Wheat rust that necessitate constant vigilance.

Already, El Nino 2015/2016 forecasts are for increasing flooding in parts of S. America.

Another distinct possibility is that of disease (fungus, bacteria, etc.) impacting a particular crop. With US primary crops becoming so homogenous - as opposed to a diverse array of crops that could withstand an outbreak - a disease or pest could mutate and grow, large enough to damage some crops and create uncertainty regarding the rest of that crop (its all about perception).

It has taken one precise, 40-Year Cycle to set the stage for this as American farmers have abandoned the majority of diversity and placed all their proverbial ‘eggs in one basket’. So, how is that basket looking (actually, there are 3--4 ‘baskets’, replacing what used to be dozens of ‘baskets’)?

One example is Bt Corn - a genetically modified crop (in which the pesticide is now IN the crop, instead of just ON it) - accounts for 80% of US corn. At the same time US dependency on this one crop has escalated, so has the resistance of the rootworm it is supposed to destroy (see page 4). The result is a developing ‘super-pest’.

Both the danger & the dependency are passing the point of no return at the same time cycles project a new Food Crisis. Could the two be related? Or, could it just be an archetype of a similar food ‘crisis’ festering just below the surface?

Cycle analysis - like this - does not provide all the specifics... but provides a key level of timing & clues, when other factors are incorporated (synergy!).

There are other possibilities that could cause - or contribute to - a ‘food crisis’. Distribution disruptions could be another. What if flooding - or the opposite - disrupts shipping of crops? Since this discussion is half-extrapolation (of current challenges) & half-postulation, it should not be carried too far.

That segues to a VERY important reminder:

These possibilities are NOT addressed to create an alarmist mentality that the sky is falling. Instead, they are discussed to encourage readers to think out of the box & hopefully reduce vulnerability when the next challenge inevitably strikes & the media naively concludes “No one could have seen this crisis coming!” ...That is not entirely true.

100-Year Cycle Synergy

Let’s return to a related topic... The eruption of Mt. Tambora (1815) and the ensuing ‘Year Without a Summer’ is one of the most globally-notorious phases of that 40-Year Cycle. It impacted crops, harvests (or lack thereof) and famine around the globe... as has already been detailed. (It also impacted war; just ask Napoleon.)

Another reason that 40-Year Cycle phase is so intriguing - and projects focus to 2016--2019 - is the
recurrence of a 100-Year Cycle that has triggered similar events. Perhaps one of the best known examples - prior to 1816–1819 - was the devastating ‘Great Famine’ of 1315–1317 (-1322).

The ‘Great Famine’ impacted most of Europe, ranging from Great Britain in the west to Russia in the north & Italy in the south. Recurring crop failures stretched from early-1315 through the summer of 1317 and were responsible for millions of deaths. That Food Crisis coincided with the stark shift from the Medieval Warm Period (culminating in mid-1200’s) to the Little Ice Age (early-1300’s until ~1850).

In the midst of this, the 1710’s marked the culmination of the lowest level of solar activity in (at least) the past 400 years... and one of the coldest. That drop began 100 years earlier - in the 1610’s.

1310’s, 1610’s, 1710’s & 1810’s... To reiterate, it is the transition period - between various types of cycles - that is often the most volatile. We could be moving through a similar transition period in the second half of the 2010’s - when 40-Year, 100-Year & 120-Year Cycles converge.

40-Year Cycle & Climate Change

That provides a nice segue back to a topic revisited last issue - that of climate shifts (closely linked to solar cycles - the ebb & flow of high & low sunspot activity). Temperatures have vacillated - often from one extreme to the other - along with this 40-Year Cycle of Food Crises.

Most recently, that can be seen in the swing from the Dust Bowl (excessive heat) - peaking in the 1930’s - to the cooling temperatures reaching a crescendo in the 1970’s (when many ‘experts’ warned of an impending new Ice Age). In many cases, this cycle might not the precise peak of the warmest temps - or nadir of coldest temps - but it does represent the extreme, synergistic impact of related phenomenon (including drought, frosts, etc.).

Little Ice Age Extremes: 40-Year Cycle

“The NASA Earth Observatory notes three particularly cold intervals; one beginning about 1650, another about 1770, and the last in 1850, each separated by intervals of slight warming.” en.wikipedia.org

10/28/15 - Even NASA agrees - the 40-Year Cycle is alive and well. 1650 + 120 years = 1770; + 80 years = 1850. The 1650’s, 1770’s & 1850’s are all phases of this ongoing 40-Year Cycle - reinforcing the potential for another extreme in the 2010’s (this one is more likely to be an extreme in warmth, like the 1930’s and even 1890’s).

Reinforcing the synergy of the 2010’s, an overarching 120-Year Cycle - a more significant trio of 40-Year Cycles - concurs.

It connects the 1650’s cold & famine (which began an extreme period of low solar activity until the early-1700’s), the 1770’s cold & the 1890’s warmth, drought & famines (initial peak of warming, 40 years from the end of the Little Ice Age in the 1850’s) with the 2010’s (expected peak in warmth) - a type of 120-Year low-low-high (high) Cycle Progression in temperature extremes.

Bottom line: Commodity Bull Market! IT

In other words, 1936 or 1937 might not be the exact high temperature of the surrounding decades, and 1976 or 1977 might not be the exact low temperature, but they represent when the cumulative effect of climate extremes created the greatest consequences. It pinpoints when the synergy of all these factors reached the ‘tipping point’.

This is similar to discussions on the cyclicity of earth disturbance ‘swarms’... the periods of time when the highest concentration of earthquakes and/or volcanoes occur. It represents a more ‘practical’ application of these cycles.

If this climate vacillation continues, I would expect the late-2010’s to see the extreme of warming and the transition into a cooling phase of recur-

(Continued on page 6)
**Cattle & Hogs Update: 10/29/15** - **Live Cattle** is steadily validating projections for a Major, multi-year peak in **late-2014/early-2015**. That marked the culmination of a **40-Year Cycle** (and a **70-Year Cycle**) of inflationary price advances (loosely related to a similar inflationary advance in equity prices) - while also perpetuating **3, 6 & 12-Year Cycles**.

The ~6-year low (Apr. ‘96)--low (May ‘02)--high (Aug./Sept. ‘08)--high **Cycle Progression** pegged **Q 2014** for a Major top. Cattle peaked in Dec. 2014 and has sold off sharply since then. It has turned several multi-month indicators negative and then turned the monthly trend down on Sept. 30th.

That is a lagging indicator that confirmed a 1--2 year peak while simultaneously pinpointing the most likely time for a reactive rebound. Reinforcing that, Cattle dropped right to 1--2 year (& 2-3 year) support at **118.50--122.75/LC...** and initially held.

It has retraced almost 50% of its 18-year advance (**1996--2014**) in a mere 10 months. A break of that support - if & when it occurs - would confirm a 3--5 year (or longer) peak.

**Lean Hogs** have dropped even more sharply after fulfilling multi-decade, multi-year & multi-month cycles that projected a MAJOR, multi-year peak for **July/August 2014**. Hogs peaked in **mid-July 2014** - fulfilling a 6-year low--high--high, a 3-year high--high--high AND a 1-year high (Aug. 2011)--high (July 2012)--high (Jul./Aug. 2013)--high **Cycle Progression** in the process.

Hogs have also provided a textbook affirmation of the **17-Year Cycle**, plummeting in July 2014--Oct. 2015 - just as they did from May 1997 into Dec. 1998. (**Could Nov. or Dec. 2015 provide a significant low??)**

On an intermediate basis, Hogs continue to adhere to decisive indicators - like the weekly trend pattern - and corresponding cycles. They rebounded into October, neutralizing their weekly down-trend multiple times while rallying to the low of the year-opening range (**66.05/LHZ**).

That was expected to usher in an intermediate peak and the onset of another (possibly culminating) decline into a **4Q 2015** low.

In a textbook manner, Hogs spiked up to monthly resistance and precisely to weekly **21 MARC** resistance (the weekly **21 Low MARC** was **68.72/LHZ** when Hogs topped at **68.82/LHZ**) and reversed lower... after failing to turn their weekly trend up.

That combination of intermediate sell signals is expected to spur a decline into the first half of November, when a 16--17 week high-low-low-(low) **Cycle Progression** comes back into play. Hogs have already retraced 2/3 of their **1999--2014** advance and are poised for an important bottom.  **IT**


**40-Year Cycle & Food Crises: The More Things Change...**

**Voracious Worm Evolves to Eat Biotech Corn Engineered to Kill It**


“After years of predicting it would happen - and after years of having their suggestions largely ignored by companies, farmers and regulators - scientists have documented the rapid evolution of corn rootworms that are resistant to Bt corn...The vulnerability of this corn could be disastrous...First planted in 1996, Bt corn quickly became hugely popular among U.S. farmers... By the turn of the millennium, however, scientists who study the evolution of insecticide resistance were warning of imminent problems. Any rootworm that could survive Bt exposures would have a wide-open field in which to reproduce; unless the crop was carefully managed, resistance would quickly emerge.

Key to effective management, said the scientists, were refuges set aside and planted with non-Bt corn...But the scientists’ own recommendations...that a full 50 percent of each corn farmer’s fields be devoted to these non-Bt refuges...were resisted by seed companies and eventually the EPA itself, which set voluntary refuge guidelines at between 5 and 20 percent. Many farmers didn’t even follow those recommendations.

Fast forward to 2009, when Gassmann responded to reports of extensive rootworm damage in Bt cornfields in northeast Iowa. Populations there had become resistant to one of the three Bt corn varieties...He described that resistance in a 2011 study; around the same time, reports of rootworm-damaged Bt corn came in from parts of Illinois, Minnesota, Nebraska and South Dakota. These didn’t represent a single outbreak, but rather the emergence, again and again, of resistance...

Entomologist Bruce Tabashnik of the University of Arizona called Bt resistance “an increasingly serious problem,” and said that refuge sizes need to be increased dramatically and immediately. He and other scientists have pushed the EPA to double current refuge requirements, but so far without success. “Biotech companies have successfully lobbied EPA for major reductions in refuge requirements,” said Tabashnik...In addition to increasing refuge sizes, farmers also need to vary the crops planted on their fields, rather than planting corn season after season, said Gassmann. Breaks in the corn cycle naturally disrupt rootworm populations, but the approach fell from favor as the high price of corn made continuous planting appealing.

“Continuous corn is the perfect habitat for rootworm,” said Gassmann...Rootworm resistance was expected from the outset, but the Bt seed industry, seeking to maximize short-term profits, ignored outside scientists. The next pest-fighting trait will fall under the same pressure,” said Shields, “and the insect will win.”

10-28-15: A simple Google search of ‘Bt Corn resistance’ provides a laundry list of credible, corroborating reports & documents addressing this single, festering problem. In March 2015, CNBC produced a similar report. This is just one example of smoldering issues in our food production industry - that are nearing a flash point. From a cycle perspective, let’s review this ‘recipe for disaster’. 1 - Take crop devastation in the late-1930’s (Dust Bowl) & wait a 40-Year Cycle until a new Food Crisis. 2 - Mandate ‘fencerow to fencerow’ planting in the 1970’s and begin a new 40-Year Cycle.

3 - Midway through that cycle (likely time for reinforcing events) - in 1996 - create a genetically-modified corn that now has the pesticide IN each kernel of corn - where there is no chance for it to be rinsed off during food preparation or to have the sun gradually mitigate its toxicity - and entice farmers with this technological miracle, steadily seducing them to abandon almost all other variations of corn on the way to a virtual monopoly. (As of 2014, 80% of US corn is Bt corn, as opposed to 29% in 2003... creating a homogeneity & uniformity that is VERY precarious in agriculture.)

4 - Ignore all natural principles & tendencies - of pests or diseases to mutate into a super-pest or super-disease - and invest massive time & money into fighting common-sense farming practices that could prevent a future disaster.

5 - Now, add the remaining half of the 40-Year Cycle and allow time for mutation to intensify. While that is steadily incubating, continue to fight any attempts at preventative practices that might hurt the short-term ‘bottom line’ (after all, once this manufactured problem creates a crisis, there will be demand for a new ‘technological miracle’ to combat it).

6 - After the appropriate amount of time (2016/2017), open the incubator and see what you have. IT
(Continued from page 3)

ring ‘climate change’. (Not surprisingly, the highest spike in global temperatures - and greatest anomaly from the norm - is pegged at 1998, a single 17-Year Cycle ago.) More to follow... IT

**INFLATION MARKETS - GRAINS**

10/30/15 - Soybeans, Corn & Wheat are (perceived to be) in the final stages of a multi-year decline that is expected to bottom in Nov./Dec. 2015. A low in 4Q 2015 would perpetuate a 7-year low (late-1994)--low (late-2001)--low (late-2008)--low (late-2015) Cycle Progression... and set the stage for a 2016 advance.

775--805.0/S is MAJOR support.

The next important high is expected in 3Q 2016 - the next phase of a ~4-year low (3Q '00)--low (3Q '04)--high (3Q '08)--high (3Q '12)--high (3Q '16) Cycle Progression.

Initial resistance - and upside target - would be at 1220--1245.0/S. IT

[End of Nov. 2015 INSIDE Track excerpt.]

Nov. 2015 - The year 2016 is expected to see the first signs of bottoming prices - and initial surges - in most food commodities. Those advances - at least in grains like Soybeans - are likely to peak around mid-2016, when multi-year cycles portend a multi-month/multi-quarter (initial) peak.

The real interesting events are expected to wait until 2017-2019, when this 40-Year Cycle should return with a vengeance!

Please refer to current/future issues of INSIDE Track & the Weekly Re-Lay for updated - and/or more specific - analysis and trading strategies... IT

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Hadik’s Cycle Progression

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