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

40-Year Cycle: Food Crisis
Danger After Mid-2010’s

An INSIIDE Track Reprint of 40-Year Cycle Analysis

40-Year Cycle Setting Stage
Late-2010’s = Danger Period

Sept. 2013 - While much attention has been placed on the uncanny nature of the 40-Year Cycle - with respect to currency, gold, banking & financial battles - another application of it is just as consistent. That ushers in the discussion on the 40-Year Cycle of Food Crises.

As discussed in recent analyses, that cycle pinpoints the second half of the 2010’s - during or immediately after 2015 - as the time when a new Food Crisis should begin to take hold... and drive the price of many commodities into the stratosphere. If history is an accurate indication - as I believe it is - that Food Crisis will likely stretch out over several years and could culminate in the late-2010’s (or even 2021), when a troubling convergence of MAJOR, earth & solar-related cycles collide.

To lay the foundation for this discussion, the following is a reprint of related analysis included in the August & Sept. 2013 INSIIDE Tracks... providing a general outline of this startling 40-Year Cycle and what it could mean for the second half of the 2010’s. This should help newer readers get caught up on the discussion of this vitally-important topic - that is expected to really gain a footing in 2016/2017...

[August 2013 INSIIDE Track excerpt] 08-03-13

Outlook 2013...

Crunch Time II - Food Crises

The Mid-Decade Patterns
Not only has the Dollar experienced a major ‘shift’ every 40 years…but so too has the economic landscape experienced similar jolts at similar intervals.

As explained before, there were major stock market crashes and/or financial panics in the mid-1850’s, mid-1890’s, mid-1930’s & mid-1970’s...Even more important, however, have been food crises in each of the same decades...
The **1850’s** experienced a dramatic boom-and-bust cycle in grain prices. This was at least partially a result of the repealing of *Corn Laws* in England (late-1840’s) - creating a surge in demand for cheaper, imported grains from America.

By **1857**, British & European demand for American goods was declining - leading to the 'bust' in U.S. grain prices. Leading into **1855**, Corn prices had surged to nearly $2.20/bushel - only to plummet to $0.80/bushel in **1858**.

In **1893**, a bumper Wheat crop in America - during famine in Europe - delayed a financial crisis. However, the ensuing failure of the Argentine crop had a domino effect, linked to Baring Bros. bank.

In the **1930’s**, it was the *Dust Bowl*.

In the **1970’s**, drought and embargos - and the resulting inflation - created a new food crisis in America.

The **2010’s** could be setting the stage for a new & unique food crisis in America... *IT*

[End of Aug. 2013 *INSIDE Track* excerpt.]

[Sept. 2013 *INSIDE Track* excerpt]: 08-30-13

**Outlook 2013/2014**...

**Food Crises on Horizon?**

**The Mid-Decade Patterns II**

Shifting gears a little, it is important to follow-up on last month’s ‘Food Crises’ discussion...

As stated then, and in line with the ongoing 40-Year Dollar Revolution Cycle (since 1773), there have been major stock market crashes and/or financial panics at a similar & consistent 40-Year interval - in the mid-1850’s, mid-1890’s, mid-1930’s & mid-1970’s...

These coincided with, stemmed from, and/or caused a dramatic boom-and-bust cycle in grain prices during those same mid-decade periods in the 1810’s, 1850’s, 1890’s, 1930’s & 1970’s.

**The Perfect (Climate/Solar) Storm**

One important aspect of these crises is the recognition that they were the result of a synergistic combination of natural challenges (drought, Dust Bowl, etc.) and man-made debacles.

In each case, what was poised to be a normal (but extreme) cyclical movement turned out to be something exponentially greater when human control created a much bigger problem. There were, however, times when the natural events would have created a crisis, no matter what...

From a natural perspective, we have already touched on some of the events since the 1850’s. However, perhaps the ‘granddaddy of them all’ came during the 1810’s.

That is when the eruption of Mt. Tambora (Indonesia) - in 1815 - capped off a devastating combination of climate-altering events and triggered the so-called ‘Year Without a Summer’ in 1816 - impacting much of the globe. The end result was the worst famine of the 1800’s.

Here again, by most accounts, it was the synergistic combination of numerous events that resulted in this catastrophe. This period was near the end of the Little Ice Age (from ~1350–1850) - a time in which global temperatures, particularly in the N. Hemisphere were extremely cold.

Symbiotically linked to that, solar activity was greatly reduced (seeing its nadir during the coldest point of the Little Ice Age) and is thought to have seen a significant drop in the 1810’s. So, you had a substantially colder era - at least partially caused by reduced solar activity - combined with an intervening period when sunspots were at a minimum.

[Excuse my ‘broken record’ habit of highlighting this correlation, but the most consistent link to climate swings has historically been solar activity. So, with the past 50-60 years experiencing - on balance - probably the greatest amount of combined solar activity in 500 years or more, is it that surprising that global temperatures have risen .5 - 1.0 degrees during that time??]

And then, the lid blew off this challenging period... literally.

**A Cyclic Sidebar**

It is important to recognize that these kind of events rarely occur ‘out of the blue’. Of course, the significance of the preceding ‘yellow flags’ is only...
recognized after the fact. For instance, Mt. Tambora went into a period of high activity in 1812, experienced its biggest eruption in 1815 and maintained activity into (at least) 1819.

At the same time, other major eruptions took place in 1812 (La Soufriere in Caribbean & Awu in Indonesia), 1813 (Suwanosejima in Japan) & 1814 (Mayon in Philippines) - a period of increased, global volcanic activity. These eruptions had already contributed to declining global temperatures while building up volcanic dust in the atmosphere.

Note that this is the same period (late-1811 into 1812) in which the US was dealing with the catastrophic series of 4 New Madrid Fault earthquakes in the middle of the country (Dec. 1811–Feb. 1812) - causing a dramatic shift in the course of the Mississippi River and decimating towns along that river.

In another example of needing to rehash a seminal point, I have to emphasize the correlation between multiple major earth events, despite the fact that geologists are repeatedly downplaying any connection.

Is it that absurd to think that that kind of persistent, dramatic tectonic activity in one part of the globe could have reverberated through the crust and to another part, immediately after (like the culminating New Madrid quakes in 1812, ushering in the onset of Tambora’s escalating activity)?

Or was this another giant coincidence?

In a similar manner, the 2010’s began with several Major earth events, including the record quakes in Chile & Japan in 2010 & 2011... as well as the coinciding Haiti quake. That is similar to 1811–1812.

In just the past month, another Indonesian volcano (Mt. Rokatenda, which has been rumbling since Oct. 2012) produced a moderate eruption. This came after a similar eruption in the Philippines on May 7, 2013 (Mayon; same volcano that was erupting in 1814).

Volcanic activity - due to long-term cycles that are decades & centuries in duration - has been projected to rise...

While these recent eruptions are not that significant, relatively speaking, neither were the initial eruptions of Tambora in 1812. It took ~3 more years before the main event. So, the key is to monitor them & see if activity increases...

**The Perfect Climate/Solar Storm II**

Back to the climate events of the mid-1810’s...

The Year Without a Summer created a grain shortage - particularly in W. Europe** and NE America - that was almost unprecedented. With frosts and snowfall in June, July & August, many crops were completely wiped out.

According to some accounts, the increase in grain prices was astronomical. A bushel of oats went from 12 cents in 1815 to 92 cents in 1816 - a gain of over 700%!

[**In Europe, the food shortages and famine were exacerbated by the Napoleonic Wars that had come to a head in 1812. This is a prime example of the synergistic impact of man-made and natural disasters - adhering precisely to this 40-Year Cycle - that exponentially increase the deadly impact of these ‘food crises’.

The cold was also destructive in China, killing trees, crops & livestock. It also resulted in massive flooding due to the disruption of the monsoon season. This climate alteration impacted India, as well. Disease was also rampant - ranging from typhus in Ireland to cholera in India. This cold continued into 1817 and even had an impact on events in 1818.

Oddly enough, and noteworthy from a cyclical standpoint, the events of the early-1800’s were not unlike the early-1600’s when Huaynaputina erupted in Peru and caused the coldest year in the Northern Hemisphere in over 500 years.

It resulted in the Russian Famine that killed over 2,000,000 people. (Note how these volcanoes can have the most profound, though often delayed, impact on countries that are half a world away.)

Though this does not factor into the 40-Year Cycle we have been discussing, it is another ex-

(Continued on page 6)
**A Practical Approach (to a Major Dollar Shift) - Part VIII: ‘H. W. & W.’**

8-03-13 - At first glance, you might think this section has something to do with the last two Republican Presidents (George ‘H.W.’ & George ‘W.’ Bush). Rest assured, this has nothing to do with any US Presidents...at least not directly. Instead, it derives its origin from a quaint saying in our culture that simply goes:

"Early to bed, early to rise... makes a man **Health**, **Wealthy** & **Wise.**"

While ample rest should be a staple in everyone’s routine, this discussion also has nothing to do with sleep. Instead, it is the focus on those three goals of a truly successful individual: **Health**, **Wealth** & **Wisdom**. And that brings us back to the discussion that was initiated several months ago...

The more I research the industrial food system in America - and its impact on the health of Americans - the more it screams of an impending crisis. And, while many readers might think that this is an unnecessary ‘soapbox’ for the writer of a financial publication - nothing could be farther from the truth. Consider...

1 - ...the cost of sickness care for an aging population. At the same time that age-related illnesses are increasing in **older** adults, **children** & **young** adults are now burdening the system at an alarming rate with diseases - like adult-onset diabetes - that used to be more sporadic and isolated to much **older** adults.

2 - ...the popularity of stocks like Whole Foods (WFM) - a stock that has gone from 40 to 56 in the past 4 months, from 27 to 56 in the past two years and from 15 to 56 in the past 3 years. Taking it back a little farther, Whole Foods bottomed - along with the Nasdaq 100 - in Nov. 2008...at 3.52 per share. It has since multiplied over 16-fold (1,500% gain) in less than 5 years. **Do you think the ‘wiser’ Americans are beginning to pay more attention to what they eat??**

3 - ... the ultimate impact on crops, seeds and exports of US food, including potential trade battles.

Less than 24 hours ago, France’s new President declared that a ban on US-grown, GM (Monsanto) corn would be extended despite a court ruling that reversed this ban. The stage is being set for a bigger battle between America and the world over genetically-engineered food. This is complicated by the fact that Monsanto’s executives & lawyers have - for the past two decades - held key posts in American politics, most recently the new ‘food czar’. This muddying of the waters impedes any potential for unbiased analysis.

This is a small excerpt from that debate (from France24.com & rawstory.com)...

**“French President Francois Hollande said Friday that a ban on growing GM corn sold by US giant Monsanto would remain in place, despite a court ruling reversing the suspension...Under EU rules, such a ban 'can only be taken by a member state in case of an emergency or if a situation poses a major risk' to people, animals or the environment...MON810 includes an inserted gene that makes the corn plant exude a natural toxin that is poisonous to insect pests.”**

So, a ‘natural toxin’ is inserted into the corn and the insects die when they bite a kernel of it.

**Hmmm.**

**Are humans miraculously immune to this deadly toxin that is now IN the corn, instead of just on it?**

So then, the same toxin-laced corn is used to feed all the animals we eat (from cattle & hogs to farm...
raised fish), sweeten all the products we ingest and - of course - is in all the corn products, from ears of corn to tortilla chips, that we enjoy. And, it is suspected of contributing to the decline in bee populations.

At what point does a 'miniscule' amount of 'natural toxin' increase to the point of critical mass?

This debate is fiercely raging with supporters claiming there is no risk and opponents citing studies that link this toxin to 'leaky gut syndrome' (human intestines becoming porous after continued ingestion of this 'natural toxin'). This 'syndrome' allows partially undigested food to enter the bloodstream prematurely. When the body encounters it, it treats it as a foreign substance and triggers antibodies to combat it.

Thanks to the genetic & cellular 'memory' of our bodies, each subsequent time that offending food is encountered - in any form - the body reacts to it by creating more antibodies (this is an overly simplified description of the process).

If this speculation were true - and these genetically-engineered foods created a digestive conundrum for Americans over the past two decades (since their introduction) - we might see things like a sudden, rapid rise in food allergies and intolerances - due to this process.

Hmmm.

And, if the opponents are accurate and this 'leaky gut syndrome' is linked to various diseases like type 1 diabetes, asthma & autism, we might see a sudden, 10-15 year rise in those conditions.

Hmmm, again.

And, if this same intestinal permeability were taking place as the American diet became inundated with corn & wheat products (you might be amazed at how many ingredients in the average processed food are either corn or wheat-derived), we might see an increase in crazy things like gluten-intolerance.

Hmmm.

While the United States has no ban on GMOs (although California & Vermont are attempting to move in that direction), many countries are not embracing them as quickly. Consider the countries that enact a full or partial ban - either on foods made with GMOs or planting GE seeds (genetically engineered)... or both...

These include - in whole or in part - Japan, Germany, Switzerland, Ireland, Austria, Hungary, Greece, Bulgaria, Luxembourg, France, Australia, New Zealand, Philippines, India, Saudi Arabia, Egypt, Algeria, Brazil, & Paraguay.

So, Americans are left in a quandary.

Do we just accept the 'party line' (like with tobacco, Agent Orange, etc.) that there is nothing to worry about?

Do we conclude that all these other countries are just backward nations afraid of progress?

Or do we put a little more time & effort into researching the most important commodity of our daily lives - food?

The battle lines are being drawn... and the Dollar could ultimately be caught in the crossfire. Health, Wealth & Wisdom are the best ammunition to stockpile! IT
ample of the climate/volcanic/food shortage link - that appears to also have an approximate 200-Year Cycle of greater events.

**The Human Element**

This Russian Famine - of the early-1600’s - was another case in point when natural events were exacerbated by man-made ones. And, the early-2000’s are no different. The only thing that is different are the specifics (cycles usually resemble, but don’t repeat, themselves)...

So, there is little use in expecting the man-made struggles - of yesteryear - to be duplicated today. Instead, there are constantly new & unique ways to mess with the food supply. In many parts of the world, geopolitical upheaval is the greatest threat to a dependable food chain.

In modern, industrialized countries, it is often a different story. Ironically, more and more it is becoming the ‘modern’ & ‘industrialized’ adjectives that pose the real threat. One example was described last month and deals with the biological and genetic ‘tinkering’ with our food supply.

Another has to do with misappropriating the primary use for crops. A perfect example unfolded in recent years where the mandate for greater use of ethanol created a sharp increase in demand for corn... and ultimately for corn acreage.

This increased corn prices, resulting in successive 12-month surges from 3.00–7.50/bu & from 3.25–8.00/bu (mid-2007–mid-2008 & mid-2010–mid-2011). Countries like Mexico could no longer afford to feed themselves. As farmers scrambled to sow more corn - in the ensuing year - it reduced the acreage for other grains (like Soybeans), resulting in major surges in their prices.

Fortunately, no major weather or currency-related ‘hiccups’ occurred during these periods or it could have been a much different story. Cycles are showing, however, a greater likelihood for a more synergistic challenge in the coming years. In keeping with this expectation, I am slightly revamping/expandng grain coverage - creating a separate section for them in the following pages. IT

[End of Sept. 2013 INSIDE Track excerpt]

**Sept. 2013** - The 40-Year Cycle has many intriguing applications, coming into play in the next 3–5 years. The potential for a global Food Crisis - and escalating grain & commodity prices in the second half of the 2010’s - is another one of them. Please refer to current/future issues of INSIDE Track & the **Weekly Re-Lay** for updated analysis and trading strategies, leading into this decisive period. IT

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