

INSIIDE Track

“Gold & Currency Wars: 2019 - 2021”

Outlook 2019

Currency Wars Intensify

06-29-19 - The Dollar showed some vulnerability, giving the green light for strong surges in hard (gold, metals) & digital (Bitcoin, cryptos) currency - the two primary alternatives to fiat (Dollar, debt-backed) currency.

As a result, Gold has surged to its highest level since May 2013 - reinforcing the outlook for **2015 - 2020** while fulfilling analysis for an intermediate surge into (at least) **June 24 - 28**.

This allowed Gold to test its primary upside target for 2019 - at **1410 - 1445.0/GC** while breaking above its ~5-year trading range resistance near **1375.0/GC**. Gold has nearly rebounded 50% of its 2011 - 2015 decline (that resistance comes into play near **1480.0/GC**) - a key level on the way back up.

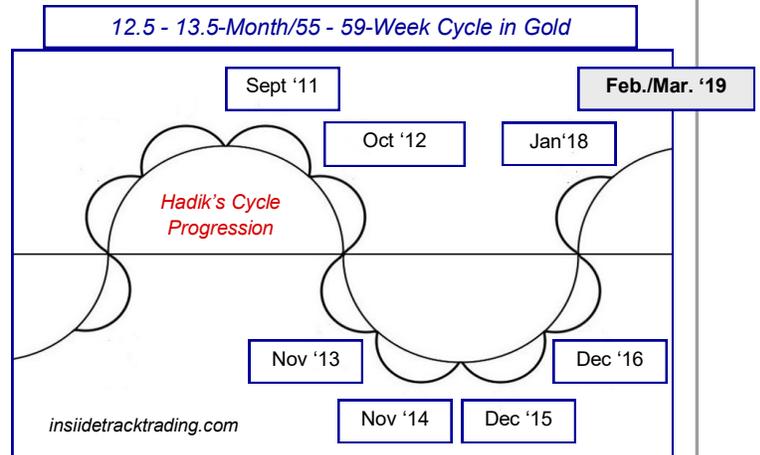
More significant resistance exists around **1525.0/GC** - a level that held as pivotal *support* from 2011 - 2013.

While this action has near-term and intermediate-term implications (see related market analysis section in this publication and corresponding analysis in *Weekly Re-Lay* and *The Bridge* publications), it is the 3 - 5 year and 5 - 10 year (or longer) ramifications that are the focus of this discussion.

40-Year Cycle of Currency War

One of the repeated discussions for the past decade has been the recurring currency battles that have taken place in America since her founding... and globally (particularly in Europe) since at least the 1250's. These battles have reignited on a very consistent 40-year basis - with the most recent one exploding between 1976 - 1980.

The foundation for that late-'70's period was laid with the Aug. 1971 *Nixon Gold Shock* - when President Nixon 'closed the gold window' and effectively



converted the US Dollar to a fiat or reserve currency - and the collapse of *Bretton Woods* in 1971 - 1973 (the global monetary system developed in 1944 and creating the *IMF* and *World Bank*).

Much like a marital separation before a final divorce, those early-1970's events ultimately resulted in the 1976 *Jamaica Accord* - the global 'divorce decree' of the world's currencies from gold. That ushered in one of the most dramatic inflationary periods in a century and saw the Dollar's true value - when measured against Gold - plummet.

The 1971 *Nixon Gold Shock* came exactly 40 years after Great Britain abandoned the *Gold Standard* in 1931, a precursor to America outlawing and confiscating gold in 1933. That *40-Year Cycle* goes back to 1893 - 1901 & 1853 - 1861 and eventually to 1773 - 1781, each time pinpointing major conflict between paper/fiat and hard/metal currency.

2013 - (& 2017 -) 2021

That is one of many reasons why the focus was - and still is - on the period of 2013 - 2021 (and more acutely on 2017 - 2021) for a major currency battle and a seismic financial shift. That shift has two ma-

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major components with one common objective - dethroning *King Dollar*.

The one component is governed more by investors and involves the recurring battle between the debt-backed, fiat currency (like US *Federal Reserve Notes* otherwise known as Dollars) versus precious metals, or a 'hard' currency.

That battle has gone on since the 1250's and became a very regular cyclic event since the 1690's. Since the formation of the US - beginning with the fiat currency debacle known as the *Continental*s in 1775 - 1781 - this battle has flared up every 40 years.

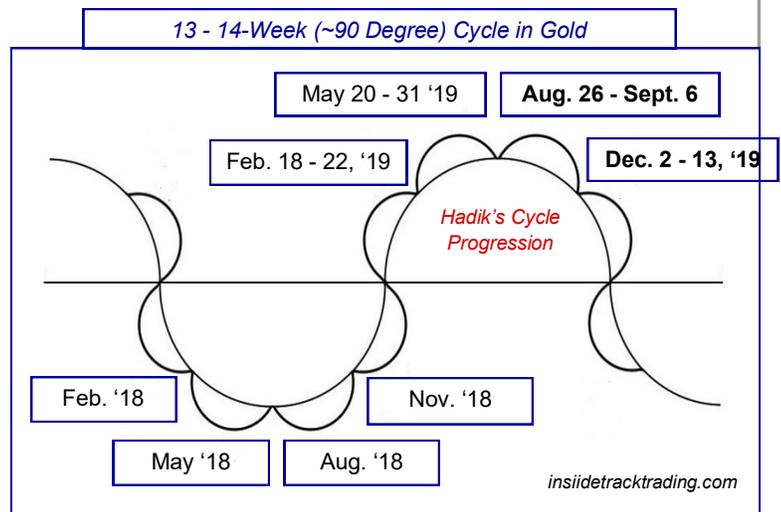
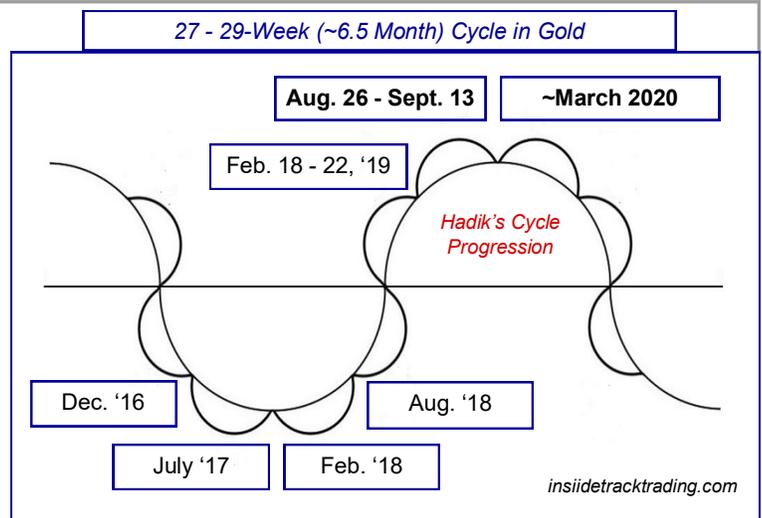
This phase - the 7th since the founding of America (1770's, 1810's, 1850's, 1890's, 1930's, 1970's & 2010's) - should be the most significant.

This time, however, a new antagonist entered the fray - in the form of digital currency. That has created a conflict that is a bit like the old 'rock-paper-scissors' game, described in the Dec. '18 excerpt on page 2.

This creates two primary alternatives to the fiat Dollar - precious metals and cryptocurrency.

Even recent moves in Gold & Bitcoin - both of which have fulfilled forecast surges into **late-June/early-July** and up to critical multi-month targets - have reinforced this perception...

As the Dollar sold off, Gold & Bitcoin would take turns surging to new heights. Gold would blast ahead while Bitcoin was plateauing. As soon as Gold stabilized, and consolidated for a few days at higher levels, Bitcoin would skyrocket again. Once Bitcoin had reached its next objective, it would pull back as Gold spiked to higher highs... *and so on.*



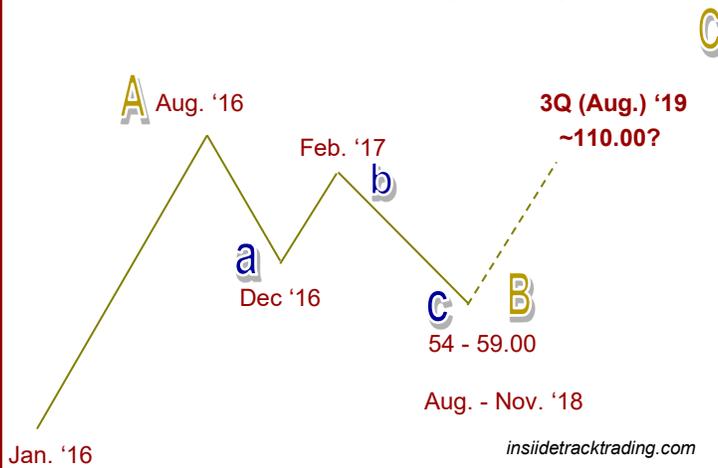
This allowed Gold AND Bitcoin to surge to major, 6 - 9 month upside targets in the past week (**1410 - 1445/GC & 11,500 - 11,800**), fulfilling 2 - 4 week, 1 - 3 month & 3 - 6 month outlooks while setting the stage for another important peak (in a sequence of decisive tops).

In 3Q & 4Q 2018, it was just the opposite as the

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XAU Wave Structure: Initial Upside Objectives



Dollar was rebounding into Dec. '18. Gold & Bitcoin were taking turns declining, with Gold bottoming out before Bitcoin.

So, it is also a bit like a tag-team wrestling match where one opponent would take a few swipes and then 'tag in' his partner to jump into the ring and start pummeling their common adversary. (*Sorry for mixing metaphors.*)

The Other Dynamic Duo

That tag-team analogy could also describe the second battle in the 2013 - 2021 *Currency War*.

In this case, it is a geopolitical battle with China & Russia (allied with several other major countries) positioning to unseat the US Dollar as global currency kingpin. Though that has long been a theoretical objective, the Western economic collapse of 2008/2009 catapulted this into the realm of (developing) reality.

Ever since then, the plans have been formulated and the foundation laid for an alternative to the global hegemony of the US Dollar. The tangible steps

began in 2013 - in perfect sync with this *40-Year Cycle of Currency Wars*. That is when the BRICS (Brazil, Russia, India, China, South Africa) *New Development Bank* and the AIIB (*Asian Infrastructure Investment Bank*) plans took shape.

The two banks are based in Shanghai & Beijing, respectively, with the latter first being proposed in 2009 (just as Western economies were diving) and the former in 2012.

Generally speaking, they are the equivalent of the *World Bank* (and *IMF*). Their official launches - in 2014 & 2015 - were timed perfectly with the culmination of the *World Bank's 70-Year Cycle* from its inception in 1944/1945.

As explained for years leading up to that time frame, the *70-Year Cycle* is what I term the '*Cycle of Kings*' or '*Cycle of Governments*'. It is often the duration of a leadership or governance of some form. It is how long one entity 'reigns' before a shift unfolds.

So, it is no surprise that the transition into a new *70-Year Cycle* witnessed the emergence - and quick acceptance and acceleration - of two new global banking powerhouses... even as the old guard slowly diminished in its standing.

(NATO's standing in **2019 - 2022**, a complete *70-Year Cycle* from its inception and early development in 1949 - 1952, could see some similar shifts.)

These 'transitions of power' are rarely quiet, rarely immediate, and rarely without incident - so the sharpest shift (which is still expected to take hold right around **2020/2021**) is still to come.

The Anti-Dollar Surges

The reason for reiterating this is that the markets are now approaching the 1 - 2 year period (**2020/2021**) when corresponding moves are more likely to

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accelerate - entering the type of *parabolic* phase that often occurs at the culmination - and transition - of key cycles.

While much attention is paid to equity prices, interest rate movement, and swings in oil prices, the most important and impactful factor in each of those could ultimately be the Dollar. (Just ask yourself, *What are US stocks, bonds and crude priced in?*)

However, just focusing on the Dollar Index, or the Dollar's value basis a specific currency is often deceiving. In the late-1970's (one *40-Year Cycle* ago), the US Dollar declined - versus other currencies - but the real devastation was primarily visible when viewing its value basis gold.

Based in US Dollars, gold surged from about \$115/oz in 1976 to over \$700/oz (spiking up to \$800+ at its peak) in 1980 - a six-fold gain in less than four years. That also resulted in grain and other commodity prices surging 200 & 300%.

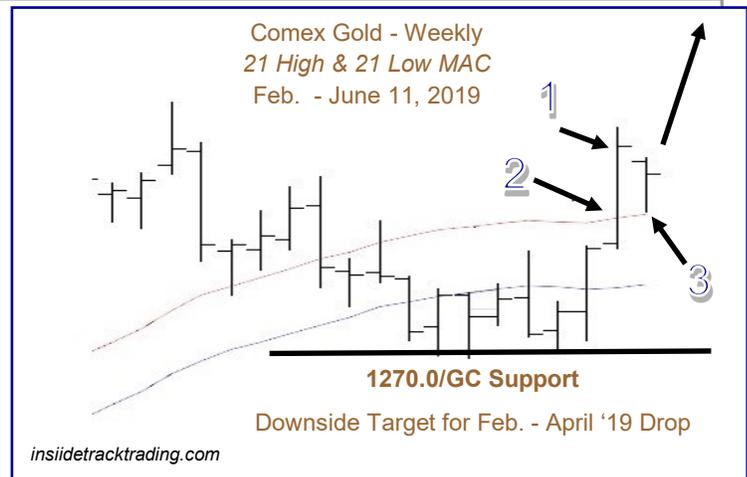
The Dollar's corresponding decline was masked and minimized by the spontaneous swoon in all things fiat.

Currently, the Dollar has been extremely stable and so have the corresponding markets. As long as the Dollar Index remains below **92.00 - 100.00** - where it has spent the majority of its time since Jan. 2015 - that stability remains intact.

However, moves like we are again seeing in gold and in cryptocurrency hint at an underlying uneasiness in many investors' minds.

Each time gold rallies to new multi-year highs, it chips away at the underlying faith in, and stability of, fiat currency.

*Though the biggest moves (and the proverbial back-breaking straw) are likely to wait until **2020/2021**, these progressive moves are important!*



With gold surging to its highest levels in ~7 years, traders should keep an eye on ~**95.00** support in the Dollar Index. That is where it bottomed in January '19 - a level that is now pivotal intra-year support.

If the Dollar Index produces a weekly (and monthly) close below that level, it would be raising a red flag that could trigger a more accelerated decline.

Until that occurs, ~**95.00** is viewed as 6 - 12 month support. It has nearly reached that level (which is also the downside target for June '19) at the same time that Gold & Bitcoin have fulfilled multi-month and multi-quarter upside objectives.

What does this mean for King Dollar's future? IT

INFLATION MARKETS - METALS

06/29/19 - GOLD & SILVER have surged into **late-June**, fulfilling the latest phase of expectations for 3Q 2018 into **late-2020/early-2021**. This comes after they rallied into late-Feb., triggered the project-

(Continued on page 6)

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Dec. 14, '18 *The Bridge Excerpt*

Currency Wars & Cryptos (12/14/18)

“The Currency Wars continue, though more subtle at present, with a three-way battle between paper, hard & digital. It is almost like the game of rock (metals or hard currency), paper (debt-based or fiat currency), scissors (digital or crypto-currency)... except there is no winner.

Paper covers rock (fiat covers metals), although that doesn't really mean it defeats it... just covers it from view and tries to distract users from its debt-based reality. Scissors cut paper (digital outdoes fiat), a currency option that finally outpaces the convenience and mobility of fiat currency.

And rock crushes scissors, at least in a battle of tangible (hard) alternatives... As this triumvirate governs the currency space, each individual one is constantly battling for domination as the other two struggle to find their way - sometimes battling each other to remain pertinent...

That 3,200 target... is the 'start of the extension' in Bitcoin's overall uptrend... a type of equilibrium between a reasonable uptrend (which was returning 50 - 100% per year or more during that 2014 - 2016 period) and a parabolic mania that inevitably leads to a resultant crash...

It is similar to what the Nasdaq 100 experienced after its 1998 - 2000 (dot-com) bubble. That index exited a rational uptrend, went parabolic from Oct. '98 into early-2000, and then crashed into late-2002. Its extended uptrend began from its early-1997 low around 800. And by late-2002, the Nasdaq 100 had returned to that same point of equilibrium - bottoming around 800..."

6/28/19 - Bitcoin reached major, multi-year support in Dec. '18 and signaled the onset of a new (multi-year?) advance. (It just spiked above **11,500**, fulfilling the 6 - 9 month outlook and objective.) At the same time, Gold was confirming its Aug. '18 cycle low and corroborating analysis for surges into **late-Feb./early-Mar.** and into **late-Jun./early-July**. It has just fulfilled that and should correct. Even though both are setting important tops, they continue to move higher - on balance - despite the Dollar 'appearing' stable. So, *which is giving the truer picture?? IT*

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(Continued from page 4)

ed corrections to ~1270/GC & ~14.35/SI, and then resumed their advances...

Gold, Silver & the XAU have surged into weekly & monthly cycles on **June 24 - 28**, testing critical upside objectives including Gold's primary 1 - 2 year upside target (its next one is near **1525/GC**)...

This has fulfilled almost all of the expectations for this latest advance, setting the stage for a corrective phase in **early-July**...

Gold has diverse cycles as it has swung on a different rhythm than Silver. It is even conceivable, if Gold saw a sharp-enough pullback in **early-July**, that it could see a low on **July 8 - 15** - creating a ~10-week high-low-(low) *Cycle Progression*...

3 - 6 month & 6 - 12 month traders & investors could have re-entered long positions (futures, cash, ETFs, etc.) in late-April/early-May when the Aug. futures were trading at 1274.5 (and below) and be holding these w/avg. open gains of about \$13,500/contract... [See latest publications for updated trading strategies.]

The preceding analysis is from the July 2019 *INSIIDE Track* and is reprinted - along with the following excerpts - to update newer readers on the outlook for precious metals to surge into **3Q 2019** before a multi-month peak takes hold.

As warned repeatedly, each new high is expected to hold for shorter periods of time and be exceeded more quickly. Ideally, Gold will complete its latest correction in July and then begin a new surge... even as Silver and the XAU project higher levels. The following excerpts provide a small sampling of the context for current analysis in precious metals:

08-31-18 - “In late-Jan. '18, Gold fulfilled 27 - 29

week and 55 - 59 week cycles that projected a future peak for **March 2019** (with an intervening phase of the 27 - 29 week cycle arriving in **August 2018**). Gold has sold off into that cycle - also the midpoint of the 55 - 59 week cycle - the same time that Copper could be producing a multi-month low.”

09-18-18 - “The Gold/Silver Index (XAU) is one component that often tops early (2010) and bottoms late (2016). So, it is not surprising that it has spiked to new lows in **early-Sept. 2018**. That has also allowed it to come within ~1.5 points of its multi-year, **54 - 59.00/XAU** downside price target - the ideal range for a bottom...

...the Gold/Silver Index could enter a new advance in **4Q 2018** (the onset of the ‘C’ wave rally) - one that is capable of lasting into **late-2020/early-2021** and being related to the initial ‘A’ wave advance of Jan. - Aug. 2016 (rally = rally?)...”

02-28-19 - “That fulfilled the final criteria needed to usher in a much sharper correction that could easily see Gold drop to **1270.0/GCJ** and Silver drop below **15.000/SIH**... next low could wait until **April '19**... Depending on what Gold does between now and then, particularly the action of its weekly trend, it could then rally into **June/July '19**...”

02-28-19 - “It is important to keep in mind, however, that these could simply be a sequence of successive highs in an evolving uptrend - timing 1 - 2 month or 2 - 3 month peaks but ultimately yielding to higher highs.”

05-30-19 - “The Feb. 20, 2019 *INSIIDE Track Report: Gold & Silver 2019 - Cycle Crescendo?* revisited an uncanny 55 - 59 week cycle - unfolding since the major peak in Sept. 2011 - that was projecting a multi-month peak in **late-Feb./early-March** (accompanying diagram is taken from that report).

The next phase of that cycle comes into play in **March/April 2020** and should time another important peak. Gold & Silver surged into **Feb. 20**, fulfilling weekly & monthly cycles, attacking decisive

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(extreme) resistance levels and upside targets, and - in the case of Silver - generating daily & weekly trend sell signals at the peak.

That was projected to usher in a substantial correction with Gold dropping to **1270.0/GC** (potentially as low as **1256.0/GC**) & Silver triggering weekly & monthly trend signals that forecast a drop back to **14.350/SI** or lower. Gold has fulfilled that repeatedly as Silver is nearing its Nov. '18 low...

If the XAU can turn its weekly trend back up - while rallying into late-June - it would be positioned for a brief pullback and then another advance into the **July/Aug. '19** cycles.”

What Now?

As stated in the 6/28/19 **Gold & Silver 2019 - Cycle Sequence**: “In sync with that, each successive correction is likely to be shorter and shallower than the one that precedes it. So, Gold & Silver could reverse lower in early-July, trigger a 1 - 3 week pull-back, and then be in a position to rally to new highs.”

3Q '19 has been projected to see a sequence of cycle highs and brief pullbacks, leading into a more significant peak. The same series of **7-Week, 13 - 14 -Week, 27 - 29-Week & 55 - 59-Week** (midpoint) Cycles are coming back into play in **3Q 2019** and are expected to play as significant of a role as they did in late-Jan. '18, Aug. '18 & late-Feb. '19.

...And that would all project focus to **March 2020!**

Decisive price targets should help hone this analysis with **~1525 - 1530/GC & 100.60 - 110.0/XAU** as two of the most important objectives for **3Q 2019**. If a brief pullback is seen in **July '19**, it would set the stage for a subsequent surge to key levels.

The **Weekly Re-Lay** will continue to update the near-term and intermediate trends, strategies and outlooks, while longer-term & higher magnitude analysis will be elaborated in future issues of **INSIIDE Track**.



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