40-Year Cycle: Stocks in 2019 - 2021

Outlook 2019

Seismic Shifts

01-03-19 - It is a generally accepted concept that stock market action anticipates (or *attempts* to anticipate) economic activity 3 - 6 months in the future. In other words, today's stock market activity is not reflecting today… it is reflecting tomorrow (up to six months of tomorrows).

Cycle and wave analyses attempt to go a few steps farther. They prognosticate stock market action, months or even years in the future… *or at least they try to*. In each case, the observer - whether it is a stock trader trying to read the economic 'tea leaves' for next quarter or a technical analyst striving to peer even farther into the future - is trying to discern what *'shadows are being cast ahead'* by current activity.

Past + Present = Future

In many cases, these endeavors involve the assessment and extrapolation of momentum. A trader or analyst assesses what is going on today and how that might impact what is likely to occur tomorrow. In order to properly gauge momentum, one needs to have access to past positioning, present positioning and what unfolded in between.

With that prefacing this discussion, it is critical to understand what unfolded in equity markets throughout 2018 and how that could influence what is likely to occur in 2019 (and beyond). That applies to expected economic activity (based on current stock market action) and expected stock market activity, based on current cycle and technical analysis.

As an integral part of that discussion, it is equally important to understand what was anticipated for 2018 and what that might reveal for the future. In most cases, there is some form of *'casting shadows ahead'*, even if the average investor doesn't recognize it until after the fact. A prime example involves analysis for a bearish **4Q 2018** to corroborate related cycles in **2019**. *The first part of that is now fulfilled*.

Precursors & Proxies

In some ways, 2018 had some parallel to 2015. In 1Q 2015, *INSIIDE Track* discussed how key European Indexes were nearing 6 - 12 month upside targets and poised to set a 1 - 2 year peak. That was timed with global equity *Crash Cycles* (defined as a 1 - 2 year drop of 30 - 50%) projected for 2015/2016 and related cycles projecting a multi-year low in 2016.

The March '15 issue (2/27/15) identified the German DAX Index as the *'Last Man Standing'* - with cycles, wave structure and price objectives projecting a peak for March/April 2015, ideally between mid-March & mid-April '15.

The CAC-40, FTSE and others had already showed signs of underlying weakness and were primed for a sell-off. However, in that roller-coaster fashion, the DAX was set to be the last car to make it over the summit… at which point all the European indexes were primed for a sharp drop.

Sure enough, the DAX - and the entire STOXX 50 - peaked on April 13/14, 2015 and then entered what would ultimately be a 10-month/~30% plunge. *That cast shadows ahead - to 2018.*

Roller-Coaster Fractals

All of the European indexes merely represented a couple 'cars' in a *larger* roller coaster (much like 2018). Asia would represent a couple more with the Hang Seng turning down in late-May '15 (ultimately plummeting ~37% in the ensuing 9 months) and the Shanghai Composite (China) peaking in June 2015.

That would end up representing the weakest index, plunging ~50% in the following 7-month period. The Nikkei (Japan) waited until Aug. 2015 to peak and would subsequently drop 28% in the next 6 months

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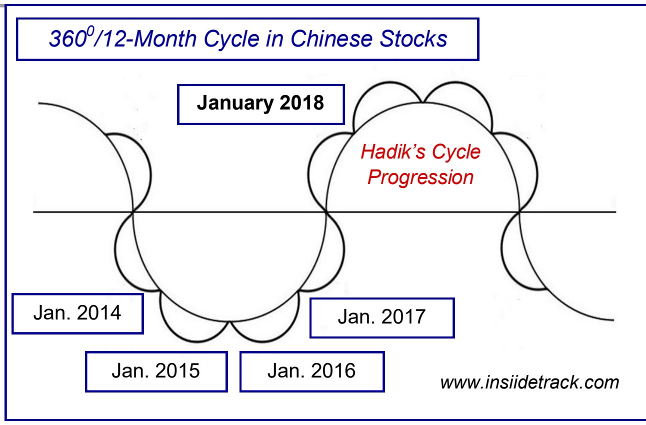


….but not ultimately bottom until June 2016.

With US equities peaking in May - July 2015, it was the August downturn that created the sharpest drop (except for China, which had already lost over 35%). A second decline took hold in Dec. 2015 and triggered a sharp, 3-week plunge… very similar to the sharp, 3-week plunge seen in Dec. 2018. When the dust settled, many US stocks had lost 30 - 70% in 2015 - 2016, even though the primary indexes only shed 15 - 20%.

The Global Economy

In the cases of Europe and China, the action of 2015 - 2016 was only the first leg in a larger, overall decline. Entering 2018, they were set to see the next leg down. *Their overall structure also impacts expectations for **2019 - 2022**.*

The STOXX 50 had reached decisive upside targets in May '17, setting a secondary peak that was poised to hold for 1 - 2 years (or more). As that Index began 2018, it was set to retest that resistance before embarking on a projected *'year-long'* decline. The Feb. '18 issue stated:

1-31-18 *INSIIDE Track* - *The Euro **Stoxx 50 Index** retested its May 2017 secondary peak while fulfilling its weekly trend pattern. Until a weekly close above **3280/MPY**, this index remains in a ~12 month trading range - expected to see another multi-month decline in **2018**.*

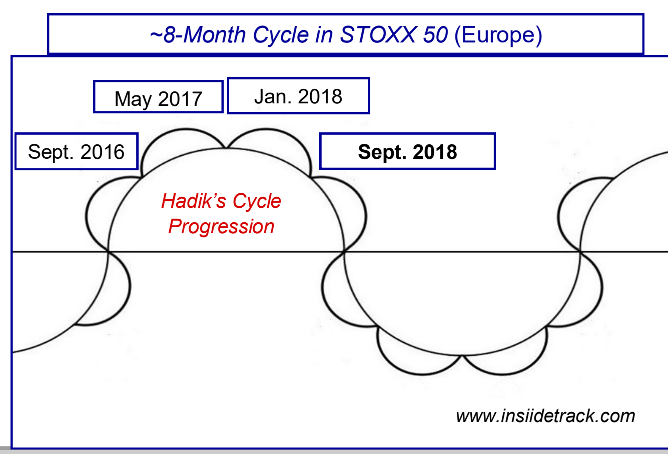
*If that May '17/Jan. '18 peak continues to hold, it would project an ensuing decline to **2,300** over the next 1 - 2 years. Cycles converge in **Nov./Dec. 2018** and provide the first potential time frame for a major bottom."*

That was reiterated a few days later, and throughout the month of February, in the ***Weekly Re-Lay***:

2-03-18 *Weekly Re-Lay* - *"It is important to reiterate that several key global indices also signaled initial reversals lower, beginning on Jan. 23 & 24. These include the Shanghai Composite, Nikkei, Euro STOXX 50, CAC-40 and the DAX.*

*On a larger-degree basis, the European Indexes remain the most vulnerable as they barely spiked above their Nov. peaks. The STOXX could not retest its May 2017 peak, which was below its Nov. 2015 high, which was below its July & April 2015 peaks. The outlook remains that this index could see a year-long drop into **late-2018**…"*

While plummeting from that resistance, the STOXX 50 turned many 6 - 12 month, 1 - 2 year and 2018 intra-year trends and indicators back down - reinforc-



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ing the outlook for a year-long decline into late-2018. Even its subsequent rebounds reinforced that more downside was still to come as it neared dangerous and bearish cycles in 4Q 2018:

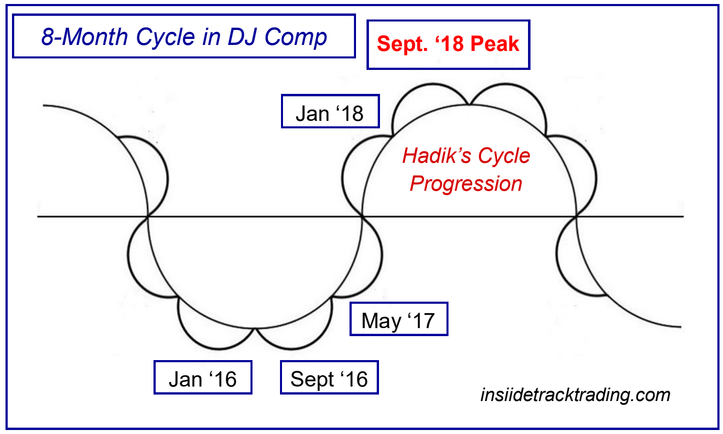
2-24-18 *Weekly Re-Lay* - *"While I try not to place too much emphasis on it, since it IS a different entity, the STOXX 50 Cash Index continues to grab my attention after dropping back to 12 - 18 month support and erasing a year's worth of (anemic) gains in a mere 2 weeks.*

It has initially bounced from that support, as is often the case, but has not mustered up much of a rebound. Coinciding with the outlook for the Euro (even though the currency & equity markets do not move in lockstep with each other), the STOXX is also hinting at more trouble on the horizon."

At the same time, the Shanghai Composite was fulfilling analysis for a 1 - 2 year peak in Jan. 2018 - perpetuating a ~1-year/12-month and ~2-year/24-month cycle (see accompanying *Cycle Progression* diagram published repeatedly in 2018). The March 2018 *INSIIDE Track* summarized the outlook for both these markets, and the likelihood for 6 - 12 month declines into late-2018, in the context of what was projected for US Indexes.

2-28-18 *INSIIDE Track* - *"China's **Shanghai Composite** peaked in late-Jan. 2018 - the latest phase of a ~2-year low (Jan. '14) - low (Jan. '16) - high (**Jan. '18**) Cycle Progression and an intervening ~1-year/360-degree low (Jan. '14) - low (Jan. '15) - low (Jan. '16) - low (Jan. '17) - high (**Jan. '18**) Cycle Progression - as illustrated in the accompanying diagram.*

Since its early-2016 low, the Shanghai Comp. was only able to recoup about 1/3 of what was lost in mid-2015 - early-2016. And then, in a mere two weeks' time, it plummeted back to its Jan. 2017 low. Put another way, the Shanghai Composite took an entire year (52 weeks) to gain ~600 points and only 2 weeks to lose all those gains.



*To place that in a larger context, the Shanghai Comp completed a 2-year advance of ~1,000 points - broken down into a precise, 360-degree low (Jan. '16) - low (Jan. '17) - high (**Jan. '18**) Cycle Progression that also includes preceding lows in Jan. '15 & Jan. '14 - and corrected ~60% of that 2-year, 105-week advance… in ONLY 2 weeks!*

This action - and the corresponding action in the European STOXX 50 Cash Index - reinforces that there is serious, underlying weakness in significant global equity markets. As in mid-2015 through early-2016, that could again create a 'tail wagging the dog' scenario (international equities weighing on domestic equities) as multi-year lows are eventually broken.

*The level to watch in the Shanghai is around **3200**. That is where its first rebound (from the early-2016 bottom) peaked and it is where three sell-offs (since Nov. 2016) have bottomed. If/when that support is broken, it should trigger acceleration…*

*The Euro **STOXX 50 Index** remains weak, peaking the level of its May 2017 high, which was below its Nov. 2015 high, which was below its July & April 2015 peaks - a series of descending highs. The outlook remains that this index could see a year-long drop into **late-2018**.*

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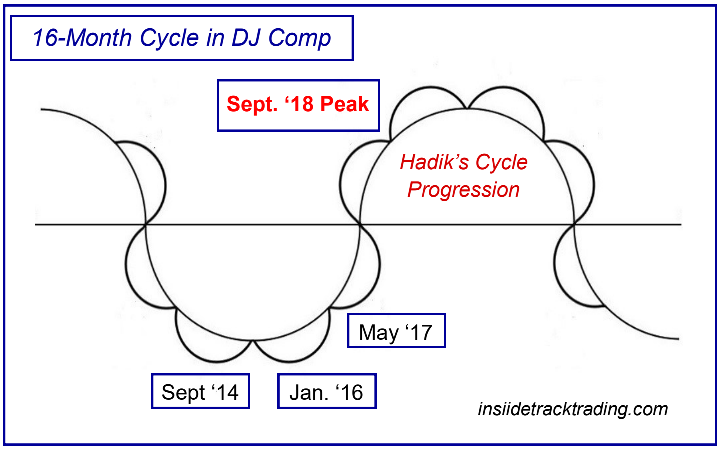

*To reiterate from recent months, the STOXX action projects a decline to **2,300** over the next 1 - 2 years. Cycles converge in **Nov./Dec. 2018** and provide the first potential time frame for that bottom."*

Reinforcing Rhythms

One of the intriguing aspects of competing cycles like these is when they are not competing. That is what was anticipated for **4Q 2018**, based on a myriad of diverse (and often competing) cycles in an array of equities and indexes.

The DJIA & S+P 500 were projected to set a multi-month peak in late-Jan./early-Feb. '18, a multi-month low in late-March '18, another high in late-June/early-July '18, experience an initial sharp drop into late-Oct. '18 and then set a lower high in late-Nov./early-Dec. '18 before a sharper decline.

Beginning in **Oct. 2018**, cycles in almost all equity arenas (domestic and global) would be in negative phases. The end of 2018, in sync with the *90/10 Rule of Cycles*, was when several of these key sell-offs were projected to be accelerating & culminating.

*So, there were two pockets of time in 4Q 2018 when most cycles in most indexes would be negative - most of **October** and most of **December 2018**.*

That was reinforced by other, often leading, indexes like the DJ Transportation Average and DJ Composite Average (Transports, Utilities & Industrials combined; a more diverse representation of stocks). Both of those indexes projected pivotal peaks - most likely the intra-year peaks - for **Sept. 2018**.

One example of that analysis was included in the May '18 *INSIIDE Track*:

4-30-18 *INSIIDE Track* - *"Since the Jan. peak, equities have sold off multiple times with the Major Market Index (similar to DJIA) turning its weekly trend down. The three primary indices have generated multiple neutral signals against their prevailing weekly uptrends but would not turn those trends down until weekly closes below **23,360/DJIA**, **2532.5/ESM** & **6421/NQM**...*

*The DJCA (Dow Jones Composite Average, including Industrials, Transports & Utilities) has a 34 - 36 week low-low-low-(high) Cycle Progression that spanned an almost precise 2-year advance from the second half of Jan. 2016 into the second half of Jan. 2018. The next phase of that ~8-month cycle is in **Sept. 2018** - when a subsequent high is expected..."*

Similar to the STOXX 50, the DJTA & DJCA were moving in 4-month, 8-month and even 16-month rhythms (cycles) - with all of them focused on late-**Sept. '18** for important highs and the onset of substantial sell-offs. The big difference was that European stocks were projecting another *lower* high while US equities were projecting *higher* highs (reinforced by the weekly trend patterns in various indices).

So, after late-Sept. '18, the 12-month & 24-month cycles in the Shanghai Composite would still be in down phases, the 4-month & 8-month cycles in the STOXX 50 would be entering their accelerated down phases and most US indexes would be entering the time for sharp declines as the initial phases of an overall pattern that could last into **3Q/4Q 2019**.

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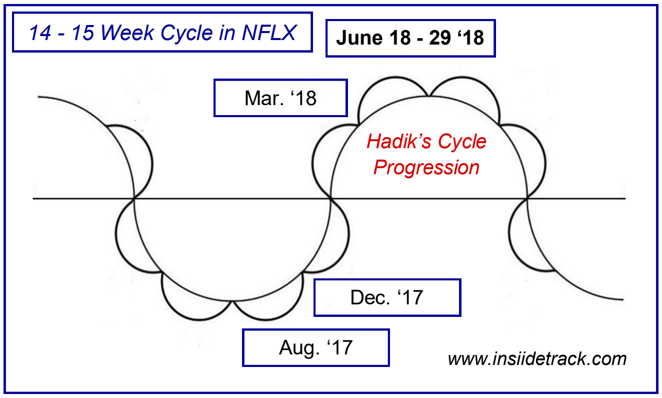

Its Not Over 'Til the Canary Stops Singing

Reinforcing that outlook were several key stocks. One of the most important proxies in 2018 was discussed in July and portended a major correction in key tech stocks, following the culmination of a corroborating 14 - 15 week low-low-high-(high) *Cycle Progression* in late-June 2018 and the attainment of decisive wave targets...

7-14-18 *Weekly Re-Lay* - *"In most cases, the DJIA is the least diverse and least representative of the overall market. With its composition of only 30 stocks, frequently re-aligned to bring in positive stocks and dump negative ones, it can give a rather skewed perspective.*

However, the Nasdaq 100 and S+P 500 have become far less diverse, with close to 80% of the NQ-100's gains coming from three stocks in 2018 (AMZN, NFLX & MSFT). The same stocks account for 70+% of the S+P 500's gains, according to CNBC and other sources. Add in GOOGL, AAPL & FB and you have almost all of the NQ-100's gains.

After moving parabolic in 2018, NFLX has shown some signs of vulnerability after completing back-to-back ~150.0 rallies… I have discussed certain stocks acting as a proxy for the overall market. NFLX could be the canary in the coal mine."

Days later, NFLX plunged in validation to that outlook, perpetuating a consistent 14 - 15 Week *Cycle Progression* and projecting a future peak for **Oct. 1 - 5, 2018**. That is precisely when so many other indexes peaked (the final 'cars' of the roller coaster to reach the summit and turn down) and all the equities entered their most bearish period of 2018.

NFLX and other stocks (as well as the *2-Year Cycle*) reinforced that early-Oct. cycle high. After peaking in late-June, NFLX dropped sharply and reversed its weekly trend down. It then rebounded into **Oct. 1 - 5**, neutralizing its weekly downtrend multiple times but never turning it up. It repeatedly tested & held its weekly *21 High MAC* and then plummeted on the precise week that channel turned down.

Two other observations about NFLX, reinforcing its role as an important *proxy*. First, it had a 19-week low-low-(low) *Cycle Progression* - and an overarching 38 - 39 week low-low-(low) *Cycle Progression* - projecting a low for **Dec. 24 - 28**. That corroborated S+P 500 cycles, forecasting the same thing...

Second… The next phase in its uncanny 14 - 15 week low-low-high-high-high-(high) *Cycle Progression* comes into play on **Jan. 7 - 18, 2019** when a rebound peak is more likely (similar to what the DJIA portends).

There is a lot more to what transpired in 2018 that needs to be reviewed and elaborated. However, this discussion on NFLX is a good point to segue into current and future analysis for equity markets...

For starters, 2018 provided powerful validation to the expectation that **2018 - 2022** would possess some important, and sometimes uncanny, parallels to 1978 - 1982, a single *40-Year Cycle* prior. On a broad-stroke basis, 1978 saw a 6 - 9 month bottom set in February followed by a rally into early-Oct.

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From there, equity markets dropped sharply (15 - 20%) into/through Dec. 1978.

Similarly, 2018 saw a 6 - 9 month bottom set in February followed by a rally into early-Oct. From there, equity markets dropped sharply (15 - 20%) into/through Dec. 2018. *Hmmm.*

Just to be clear, this 40-Year Cycle does NOT project 2018 - 2022 to mimic every move of 1978 - 1982! But, there are certain periods when the similarities and parallels are likely to be much stronger, based on corroborating cycles & indicators.

The period of 1978 - 1982 witnessed at least four significant corrections - of 10 - 20% - and occurred within a decade of a preceding ~50% drop. In many ways, 2018 has already mimicked that type of action with two 10 - 20% corrections bookending a labored rally back to the highs. *But what about 2019?*

Until now, there has been one primary cycle expectation that has been repeatedly discussed. That is for a more significant bottom in **3Q 2019**. The action of 4Q 2018 has added some key factors to this outlook.

The most important involves the monthly trend indicator that turned down - in the DJIA, S+P 500 and Nasdaq 100 - on Dec. 31, 2018. That is a lagging/confirming indicator that is often triggered at the same time an initial low is being set. That reinforced the likelihood for a late-Dec. '18, multi-week bottom.

Similar to what the *weekly* trend patterns did, after the indexes turned their *weekly* trends down on Oct. 26, this *monthly* trend reversal is likely to usher in a reactive bounce and the potential for a multi-*month* period of congestion above the late-Dec. lows. Ultimately, that is expected to give way to a new decline that breaks below the Dec. '18 lows.

*Those monthly trend reversals powerfully corroborate what had/has been forecast for **2018/2019**.*

A few key cycles are also lining up. The ~8-month cycle - in the STOXX 50, DAX, DJ Transports, DJ Composite and others - projects a secondary peak for **May 2019**, ideally in **late-May '19**. An intervening peak in **Jan. 2019** (if it holds for at least 2 - 4 weeks) could corroborate that with a corresponding ~4-month high (Sept. '17) - high (**Jan. '19**) - high (**May '19**) *Cycle Progression*.

In between those two, there is a good chance for an important low in **late-March/early-April '19**. That would arrive 180 degrees (in time and price extreme) from the late-Sept./early-Oct. highs and perpetuate the 14-week high (Mar. 5 - 9) - high (June 11 - 15) - high (Sept. 17 - 21) - low (**Dec. 24 - 28**) - low (**April 1 - 5, 2019**) *Cycle Progression* in the S+P 500 that just helped pinpoint the **Dec. 26/27** bottom.

A low at that time would also arrive 1 year from April 2 - 6, 2018 low (and late-March '18 low weekly closes). It would also be two years from a previous low on March 27 - 31, 2017.

A potential early-April low could be reinforced by an intermediate low on **Feb. 11 - 15, 2019** - perpetuating the 7-week high (Sept. 17 - 21) - high (Nov. 5 - 9) - low (**Dec. 24 - 28**) - (low) *Cycle Progression* that also helped time the **Dec. 26/27** low. 7 weeks later would be **April 1 - 5, 2019**.

One of the key factors between now and **Feb. 11 - 15**, and between now and **April 1 - 5**, will be the weekly trends in the indexes. If those weekly trends turn up in January, the Feb. cycle would likely time a higher low. If not, it could be a lower low. The same is true looking out to **early-April**.

Finally (having just discussed *price indicator* and *cycle* analysis), there remains the overall wave structure. As described throughout 2018, most indexes needed to retest their Jan. '18 highs after failing to turn their weekly trends down. The Feb. '18 lows represented 4th of 5th wave lows and portended a

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final rally to complete a ~9-year wave structure.

From the '09 low, the DJIA rallied into May 2011 ('1' wave), corrected into Oct. 2011 ('2'), advanced into Apr. 2015 ('3') and corrected into Aug. 2015 ('4'). It then embarked on a 5th wave rally. That 5th wave broke down into 4 waves, as of the Feb./April '18 low. It then embarked on a lesser-degree 5th wave advance, reinforced by the weekly trend pattern that projected new highs.

When the DJIA rallied to new highs on Sept. 21, it fulfilled a '5th' of '5th' wave advance (something the other indexes had achieved a little sooner than the DJIA) and ushered in the time for a much more significant peak. In many cases, that 5th wave peak is barely above the preceding 3rd wave peak - usually generating various forms of divergence with corresponding relative strength indicators (that peak at *lower* highs as price makes it to *higher* highs).

The indexes quickly validated that wave structure and fell back to their *4th wave of lesser degree* support in Oct. They needed to break below the Feb. '18 lows in order to confirm that a higher magnitude decline was unfolding. Equities accomplished that in December - portending a much larger correction over the next 1 - 2 years. *More on that to follow*.

3 - 5 year equity traders & investors could have lightened up (liquidated) 10 - 20% of long positions in early-2018 and then liquidated more in the first half of October. Another round of liquidation could have occurred in Dec. [See latest publications for updated trading strategies].

Global Indices

01/04/19 - China's ***Shanghai Composite*** remains weak with the potential, on a 2 - 3 year basis, to ultimately drop as low as **~2,000**. On a 6 - 12 month basis, this index fulfilled multi-year cycle highs in Jan. 2018 and projected a 6 - 9 month drop. It fulfilled that and tested multi-year *'resistance turned into support'* (the 2012 & 2013 highs at **2560 - 2600/XGY**) as multi-month cycles initially bottomed in Oct.

It has since retested that support and is again rebounding, reinforcing its significance. A secondary high (rebound peak) could be seen in **Jan. 2019** - the next phase of the same ~360-degree cycle that helped pinpoint the Jan. 2018 peak - IF it makes it back above **2800/XGY**. The weekly trend pattern should play a key role in molding 2019 expectations.

Considering the overall structure of this decline and the recent retest (and holding) of support, the Shanghai Composite could be in for a longer duration rebound, even if it is in stages.

Hong Kong's ***Hang Seng Index*** had diverse cycles projecting a similar outlook for 2018. A 16 - 17-month low-high-high-high-(high) *Cycle Progression* was fulfilled as this index was peaking in late-Jan./early-Feb. 2018. It turned its monthly trend down in late-Oct, (a lagging/confirming indicator) - fulfilling downside expectations for this decline and setting the stage for a 1 - 3 month bottom. A secondary high is likely in **late-Jan. - late-Feb. 2019**.

From a price perspective, the Hang Seng could work its way back up toward **29,000** before violating the Oct. '18 bottom. That 16 - 17 month high - high cycle could produce another (lower) high in **May/June 2019** (since the latest high was higher than any preceding ones).

Japan's ***Nikkei 225 Index*** dropped sharply after precisely fulfilling cycles and wave objectives, peaking in **Oct. 2018** while perpetuating a 13-quarter low (1Q '09) - low (2Q '12) - high (3Q '15) - high (**4Q '18**) *Cycle Progression* as well as a ~14-month low-low-(high) *Cycle Progression*, a 6.5 - 7-month low-low-(high) *Cycle Progression* and a ~3.5 month low-low-(high) *Cycle Progression* (in **Oct. 2018**).

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That was another global index corroborating European and US markets projecting a peak in **Sept./Oct. '18** and a sharp decline in **4Q 2018**. From a price/wave perspective, the Nikkei fulfilled what was necessary for a '5' of '5' of 'V' wave peak - by exceeding the '3' of '5' of 'V' wave peak from Jan. '18.

Corroborating that (see late-Sept. analysis), the Nikkei had traced out a textbook 5-wave advance since the 2009 low and its weekly *LHR* indicator was projecting a 1 - 3 month peak in early-Oct. Having dropped sharply from that peak, the Nikkei has held its 50% retracement level and could consolidate above its Dec. lows for a few months. If/when it breaks below them, and gives a monthly close below **18,948**, the Nikkei should head back to its 2016 low.

The Euro ***STOXX 50 Index*** perfectly fulfilled cycle analysis for a lower peak in **late-Sept./early-Oct. '18** and a subsequent sharp decline - turning the monthly *21 MAC* down in Oct. '18. It has since fulfilled the potential for another decline and could now see its 2-month, 4-month & 8-month cycles also govern some future lows...

A 4 month low (June 27) - low (Oct. 26) - low *Cycle Progression* and a 2-month low (Oct. 26) - low (Dec. 27) - low *Cycle Progression* both project a future low for **Feb. 26 - 27**. The 4-month & 8-month cycles that pinpointed the late-Sept. descending high - and projected the most bearish portion of 2018 - could produce another important high in **May 2019**.

The German ***DAX Index*** remains weak after fulfilling forecasts for a new and sharper sell-off following cycle highs on Sept. 27/28. It could see a rebound back to ~**12,000** in **1Q 2019**.

The ***CAC*** followed US indexes and bounced into early-Dec. cycle highs before plunging to new lows and elevating its sell-off to the next higher magnitude. ~4-month & ~2-month high-high cycles could produce a subsequent peak in **late-Jan. '19**.

Canada's ***TSX 60 Index*** rebounded 50% while fulfilling analysis for a rebound into **late-Nov./early-Dec. '18**. It attacked its descending weekly *21 Low MAC* and reversed lower, in early-Dec., ushering in the next wave down and ultimately turning its monthly trend down. That could usher in a reactive bounce, potentially heading back toward **905.0**...

ENERGY

01/04/19 - Crude Oil, Unleaded Gas & Heating Oil have plummeted since fulfilling a powerful convergence of cycles in late-3Q 2018. Late-Sept. '18 ushered in a projected shift in Middle East cycles and coincided with weekly, monthly, yearly and multi-decade cycles in Crude - all colliding between late-Aug. - early-Oct. 2018.

At the time, Crude attacked its 2018 upside target (**75.00 - 77.30/CL**; most synergistic at **76.45 - 77.05/CL**) - peaking at **76.90/CLX**, while fulfilling a ~16-month low (Feb. '16) - low (Jun. '17) - high (**Oct. '18**) *Cycle Progression*. That ~16-month advance broke down into an ~8-month low (Nov. '16) - low (Jun. '17) - low (Feb. '18) - high (**Oct. '18**) *Cycle Progression*.

Simultaneously, that fulfilled 10-Year & 5-Year *Cycle Progressions* that projected a 1 - 2 year (or longer) peak for 3Q 2018. That *~5-Year Cycle* is one of the most consistent in Crude and is reinforced by the overriding *~10-Year Cycle*. Crude peaked while completing successive 15-week/~15.0 point advances and has since plunged - reaching 2 - 3 year support around **42.05/CL**

That *10-Year Cycle* should also be viewed with respect to lows. In Dec. 1998 and Jan. 2009, the energy markets completed very sharp or very extended declines and set multi-year bottoms. 10 & 20

(Continued on page 10)

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Reprint of Jan. '17 ***'40YC - Stocks in 2017 - 2021'***

4-Year Cycle Projects 3Q 2019 Sell-off

1-19-17 - *"Finally, there are slightly larger-degree cycles arguing for a low in **Aug./Sept. 2017** - as a precursor to a more important low in **3Q 2019**. This is related to the 16-Month Cycle, as discussed in the preceding 5/31/16 analysis (see top of page 10). Three of those 16-Month Cycles combine to create a ~4-Year Cycle - one half of one of the most consistent multi-year cycles in Stock Indices - the ~8-Year Cycle.*

In July/August 2007, the Indices suffered a moderate decline that was ultimately recognized as an important precursor to what was to follow.

In some Indices (those that peaked in July 2007), that was the first decline in an infant bear market. In most, it was the final decline in an aging bull market… that was about to die a violent death.

4 years later, in July/August 2011 (NQ-100) or July--Oct. 2011 (DJIA, SP, others), the Indices suffered a serious setback - the last one before a multi-year surge to new highs.

In July/August 2015, 4 years later, the Indices suffered an even greater sell-off with some (like China's Shanghai Composite) undergoing an all-out crash - providing early fulfillment to Crash Cycles.

*In each case, the Indices bottomed in **August** or **September** (with a few waiting until Oct. in 2011).*

*This 4-Year Cycle projects focus on **July--Sept. 2019** - for another important decline & bottom. In the interim, there is a growing potential for an intervening low at the ~2-year point (from the **Aug. 2015** bottom) - surrounding **August 2017**. That is reinforced by a growing synergy of weekly & monthly cycles that will be elaborated later."*

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years later - in **Dec. 2018/Jan. 2019**, the energy markets have undergone another sharp sell-off and reached pivotal support.

While this does not automatically signal a major low, it shows that oil markets are entering the time when long-term cycles project a bottom. That also comes 3 years from the 1Q 2016 bottom - a *3-Year Cycle* that has broken down into ~1.5-Year cycles that could produce a low in **Dec. '18/Jan. '19**.

Crude peaked and began its most precipitous decline in the June/July 2014 (mid-year) time frame and extended that plunge into Dec./Jan. 2016, ~1.5 years later. ~1.5 years after that bottom, Crude set a secondary low in the June/July 2017 (mid-year) time frame. And ~1.5 years after that is **Dec. '18/Jan. '19**, a perpetuation of this ~18-month cycle.

The *32 - 34 Week Cycle* - that timed Crude lows in Nov. '16, Jan. '17 & Feb. '18 and subsequently projected/timed the peak on Sept. 24 - Oct. 5, 2018 - comes back into play in the second half of **May 2019** and should time another multi-month high. *IT*

The preceding is analysis from the recently-published Jan. 2019 *INSIIDE Track*. It details what has transpired in the past year and what is expected for 2019. Most equity indexes project strong rallies into **May '19** (some portend rallies into **June '19**) - with many stocks and some indexes projected to set new highs (above 2018 peaks).

That should then usher in a topping phase, in preparation for a long-identified, ***'July - Sept. '19** decline'*. Energy markets have relatively similar expectations, perpetuating the *Energy/Equity Connection*.

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

Eric S. Hadik -- Editor

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