"11YC & Global-Shaping Events: Stock Panics"

Outlook 2019

The ~11-Year Cycle

02-27-19 - The Sun has at least three intriguing cycles that repeatedly emerge in the markets, in geo-politics, in military conflict, and in most aspects of life. The biggest (of these three, although there are also longer-term cycles as well) is the *~40-Year Cycle of the Great Conveyor Belt of the Sun*.

To summarize it, this is the plasma flow that circumvents the Sun, moving from its equator out toward one of the poles and then - after sinking lower - back toward its equator. It takes approximately 40 years for that to transpire… and then it occurs toward the o pole and back.

So, a total circuit would take roughly 80 years (perfectly coinciding with the *80-Year Cycle* of War that comes back into play in **2021**, linked to the US entry into WWII in 1941, into the Civil War in 1861 and out of the Revolutionary War in 1781. In the colonies, England and Europe, that has been documented for a few hundred years before 1781.).

If I understand the process correctly, the initial phase - flowing from equator to pole - goes along the surface of the Sun and 'sweeps' up decaying sunspots and their related magnetivity and then drops them off at the poles.

As a result, it greatly impacts the magnetic force of the Sun… which impacts subsequent sunspots and the magnetic barrages periodically flung at Earth (CMEs)… which could have an exponentially greater impact as Earth converts to a digital world.

As a result, it would stand to reason that the fluctuations of the *Great Conveyor Belt of the Sun* dramatically influence the other two primary cycles in this discussion.

To and Away

The second solar-related cycle is the *17-Year Cycle* that impacts some form of magnetic interplay between the Sun and Earth (the *'to and away'* interaction as described by David Junkett at *https://link.springer.com/article/10.1023/A:1005075703810*).

This has also been repeatedly discussed over the past two decades. It has its strongest impact at the 34-year point (two full cycles), when it coincides with three of the following solar-related cycles...

Cause and Effect

Perhaps the best-known solar cycle is the one that governs the ebb and flow of sunspots or solar storms. It is an *~11-Year Cycle* (averages out to 11.2 years) that has an uncanny knack for also linking monetary and military events of *cause and effect*. Perhaps a better way of describing that would be the *Cycle of Unintended Consequence*.

Events during one phase of this cycle often have a distinct and irrefutable link to events during the next phase. In many cases, those phases also link similar players or similar events. (I have often documented an overlapping *11- Year Cycle* that impacts Middle East conflict and recurs in **2021/2022**.)

Most recently, the last two phases began with the events of 1997 - 1998 (11 years after the stock market crash of 1987) when the economic world was rocked by a pair of crises - the *Asian Financial Crisis* and the *Russian Ruble Crisis* - in 1997 & 1998.

US & Western stock markets were able to mount a final surge before a worldwide stock malaise took hold in 2000 - 2002.

However, it was 11 years after the events of 1997 - 1998, in 2008 - 2009, when a larger global collapse ensued.

As time has unfolded, it has become clear that the Western financial and economic collapse of 2008/2009 drove countries like China & Russia into closer cooperation with one another, as an alternative to the US & Europe (see previous discussions on multiple unions spearheaded by China & Russia).

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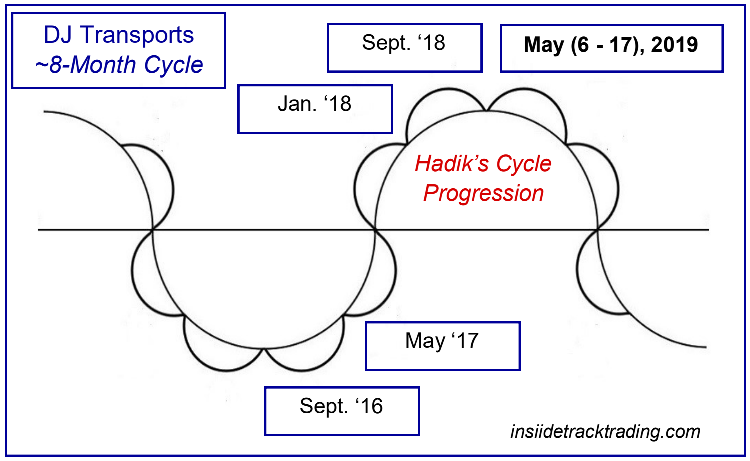
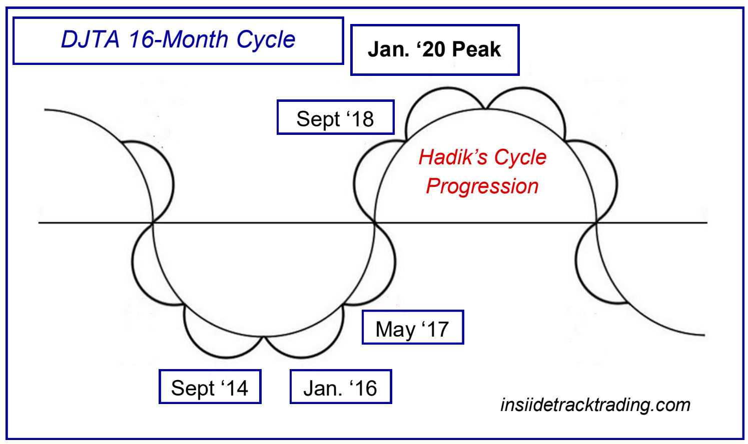
This cycle comes back into play in **2019 - 2020** and is likely to perpetuate/foster that alignment.

However, the intriguing part to me continues to be the coinciding recurrence of unrelated - *but potentially related* - cycles in Saudi Arabia (see page 3) and even in Turkey. Not surprisingly, the two most predominant cycles in those discussions are the *40-Year Cycle* and an *~11-Year Cycle*.





East vs West

One of the reasons for addressing these synergistic cycles is to highlight the recent phases and how they have timed this dramatic evolution of powerful (antagonistic) competitors to US/ Europe.

First, there was WWII in which the US & USSR fought against Germany and Japan (who had invaded China, loosely aligning China & USSR).

11 years later, it was the Korean Conflict coming on the heels of the Chinese Civil War. The US/ UN were ultimately pitted against the Soviets and Chinese - a division that is back in vogue now (even as North Korea is in the headlines 66 years after the 1953 'end' to that war).

In the early-1960's (see 1963 - 1964 phase), the US was pushed to the brink of war with the USSR over the *Cuban Missile Crisis* (late-'62) a little before the *Gulf of Tonkin* incident - the escalator of US involvement in Viet Nam. Ultimately, it was China & the USSR on the side of N. Viet Nam.

The next two phases saw similar events (including those related to Nixon and to the rise of major economic reforms in China) but it wasn't until the 1997 - 1998 & 2008 - 2009 phases - of this particular *~11-Year Cycle* - that economic events pushed both nations to the edge of a financial abyss… and led to the developments in recent years.

So, what could 2019 - 2020 have in store? [See table of page 3 for *'Global Shaping Events'* that have timed stock market panics on a consistent basis, more recently coinciding with China/US struggles.]

Stock Indices

02/28/19 - Stock indexes have made it back to their early-Dec. highs, the primary 1 - 2 month upside targets (stemming from the late-Dec. '18 lows). The main indexes reversed their weekly trends up in late-Jan., ushering in expectations for a couple weeks of consolidation before the next phase of this advance.

(Continued on page 4)

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~11-Year Cycle of Global-Shaping Events

Reaction begets action begets reaction...

2019 - 2020 ????? China economy decline lead to conflict? S China Sea. Russia/China alliance.

2008 - 2009 - Financial and real estate meltdown (triggers shift in global faith in US and West; China and Russia initiate multiple financial, economic and military alliances to compete with the West); Formalization of *BRIC* (later BRICS) exemplifies these alliances.

1997 - 1998 - Asian and then Ruble Crisis; final parabolic rise in stocks and then crash leads to unending interest rate declines... leads to real estate bubble.

1986 - 1987 - 18 month interest rate rise... leads to stock market crash

1974 - 1975 - Watergate, Nixon, stock crash, end of Viet Nam war (1976 = death of Mao, ushers in economic reforms in China - triggering a *40-Year Cycle* that is now reaching fruition.)

1963 - 1964 - Aftermath of *Cuban Missile Crisis*, Kruschev's demise; assassination of JFK; *Gulf of Tonkin* incident, and resulting *Resolution,* leading to massive buildup of US troops in Viet Nam by LBJ (...and that led to China & Russia re-establishing relations after a decade-long split - a recurring pattern in this cycle).

1952 - 1953 - Culmination of Korean War; Soviet assistance to Chinese on side of N. Korea.

1941 - 1942 - Entry into WWII; Culmination of *Great Depression*; End of second multi-year stock decline (1942).

1929 - 1930 - Stock Crash and *Great Depression*.

1917 - 1918 - WWI, Bolshevik Revolution

1906 - 1907 - *Panic of 1907* - also rescued by J.P. Morgan (see below); led to forming of Federal Reserve;

1895 - 1896 - Gold reserve of US Treasury saved with 65 million loan from JP Morgan and Rothschilds; Gold Rush (Yukon); Election of 1896; Cross of Gold; Gold v Silver standard. (End of First Sino-Japanese War, with Korea changing hands.)

1884 - 1885 - Depression of 1882 - 1885; third longest recession in past 160 years. Panic of 1884 - lasting from July 1884 - July 1885 was culmination of that recession/depression.

1873 - 1874 - *Panic of 1873* (known as Great Depression until 1930's; see 1862 - 1863 for triggering events); *Coinage Act* of 1873 (demonetizing Silver);

1862 - 1863 - Civil War, Lincoln, (End of *Civil War* led to boom in railroad construction… that led to over-expansion - similar to the housing crisis of the mid-2000's… that led to the collapse of Jay Cooke & Co., when they were unable to market millions in Northern Pacific Railway bonds in Sept. 1873… *Panic of 1873*). *IT*

The preceding list is just the tip of the iceberg, with respect to how this cycle has evolved throughout US and world history… and how events triggered in one phase often reach fruition in the next and then shift events moving forward. For example, in 1862 - 1863 - the *Civil War* and its after-effects led to a boom in railroad construction. As the pendulum swung way too far in the early-1870's (much like the housing bubble & the beginning of its bursting in 2008 - 2009), the Sept. 1873 collapse of Jay Cooke & Co. - which previously planned on constructing a second cross-country railroad (the Northern Pacific Railway) - ushered in the *Panic of 1873*, depression of 1873 - 1879 and an even longer depression in parts of Europe… that lasted ~two decades.

A few phases later, the stock market peak and reversal lower - in 1929 - 1930 - led to a decade of social struggles and the rise of Hitler and others. During the ensuing phase, in 1940 - 1941 (11 years later), the US found itself entering WWII - a decision that soon broke the stock market out of its doldrums. *There is much more*...

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They corrected in early-Feb. and then began a new advance on Feb. 12, in line with daily cycles in the S+P 500**, and surged to new intra-year highs.

[**The 2/02/19 ***Weekly Re-Lay*** stated: *"A final spike high is still possible in the next 1 - 2 days. In contrast, an ensuing low could arrive as early as **Feb. 12**, perpetuating a 45 - 48-day high (Aug. 7) - high (Sept. 21) - high (Nov. 8) - low (Dec. 26) - (low) Cycle Progression in the S+P 500."*]

This action is also reinforcing the much broader outlook - based on an uncanny *40-Year Cycle* - that portends 2018 - 2022 to possess important parallels (and also some stark distinctions) to 1978 - 1982.

One of those involved expectations for at least four corrections of 10 - 20% during this period - just as in 1978 - 1982 - with powerful rallies before and after those declines.

As already noted, 2018 traded in very similar action to 1978 - exactly 40 years prior.

In 1978, the DJIA set a 6 - 9 month bottom in February and then rallied into Sept./Oct.. In early-Oct., equity markets abruptly reversed lower and dropped sharply (15 - 20%) into/through Dec. 1978.

Similarly, 2018 saw a 6 - 9 month bottom set in February followed by a rally into Sept./Oct. In early-Oct., equity markets abruptly reversed lower and dropped sharply (15 - 20%) into/through Dec. 2018.

In 1979, the DJIA rallied - in three distinct waves - throughout the first quarter, peaking in early-April '79.

Could stocks do something similar in 2019?

It is possible, with a strong convergence of geometric cycles aligning in **early-April 2019**. However, there are many other factors that need to corroborate this in the coming weeks.

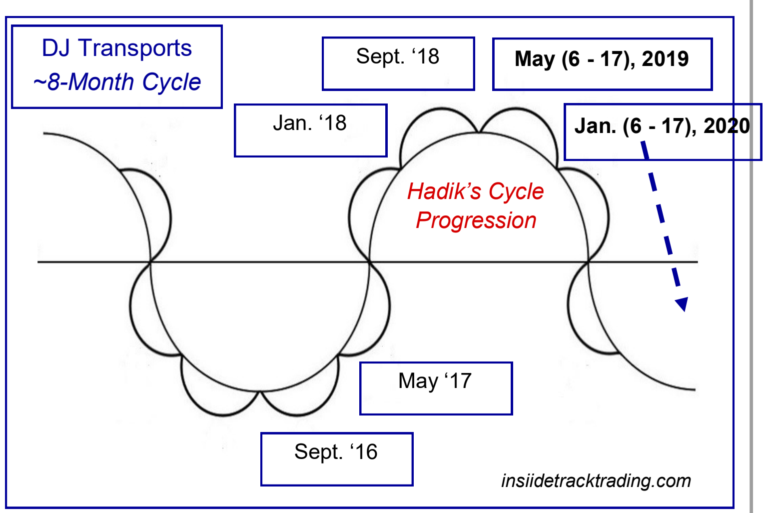
And just to re-emphasize, this 40-Year Cycle does NOT project 2019 - 2022 to mimic every move of 1979 - 1982! There are many distinctions between the two periods, including the monthly trends...

Since several key ('proxy') stocks have a different monthly trend structure - having neutralized but not reversed down their monthly uptrends while dropping into late-Dec. '18 - they argue for new highs before a violation of the Dec. '18 lows...

More than anything, this shows that the first half of 2019, and potentially the entire year, could see many equity indexes trading within their Oct. - Dec. 2018 trading ranges - in a potentially volatile manner.

Another factor that corroborates that is the *~3.25-Year Cycle* that projected a multi-quarter bottom in late-2018. That cycle has consistently spanned multi-quarter and/or multi-year lows (in 3Q 2002, 4Q 2005, 1Q 2009, 2Q 2012, 3Q 2015 and now **4Q 2018**) and now projects a similar low in **1Q 2022** - aligning with *40-Year Cycle* lows from 1942 & 1982.

On a more immediate basis, the Transportation Average is setting the stage for a new multi-week high on **Feb. 25 - Mar. 1**...



INSIIDE Track

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Global Indices

02/28/19 - China's ***Shanghai Composite*** remains in an overall downtrend (from the mid-2015 peak) that could stretch into **June/July 2020** - when multi-year cycles converge.

It fulfilled 2018 analysis for a year-long decline and could stretch a rebound peak into **April/May 2019**.

In the interim, an intermediate low could be seen in **mid-March** - the next phase of a ~11-week high-high-high-low-low-(low) *Cycle Progression* - IF a pullback is seen in the first half of March. A potential pullback into that time frame is corroborated by the fact this index is completing a 50% rebound in price and time (36 weeks down/18 weeks up).

The preceding is taken from the March 2019 *INSIIDE Track* and illustrates many of the global shaping events that have occurred on this uncanny *~11-Year Cycle* rhythm. The most consistent has been stock market panics - dating back over 150 years. More recently, this cycle has combined with growing challenges between China and the U.S. and is focused on converging cycles in **4Q 2019**.

Late-2019 is the collision of the most tumultuous cycles related to this antagonistic relationship and includes corroborating *40-Year Cycle* expectations - ushering in a dangerous period. It is also expected to be the start of *Solar Cycle 25* - the perfect validation to this sunspot-related cycle and the time when other related challenges have historically emerged.

China stock cycles reinforce this outlook, projecting the culmination of this panic cycle (*90/10 Rule of Cycles*) for **June/July 2020** - when a multi-year bottom in Chinese equity markets is most likely. US stock cycles, particularly the DJTA, project a multi-month peak for **May '19** & multi-quarter peak for **Jan. '20**.

Please refer to current publications for the latest analysis and/or trading strategies in these and all other covered markets.

Eric S. Hadik -- Editor

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