"Outlook 2023/24: US Dollar's Farewell Tour"

Outlook 2023/24

The Dollar's Farewell Tour

07-29-23 - 2022/23 ushered in a new *40-Year Cycle of Currency War*… and a likely multi-year peak in the US Dollar Index.

One of the interesting aspects of that is when one removes the smoke and mirrors of comparing one fiat (paper; debt-based) currency against another… and assesses the Dollar's value based on more historically-sound comparisons.

The primary 'yardstick', with which to gain a better measurement of the Dollar's value, is the value of Gold. If one just uses the Dollar/Gold value to compare, it is easy to see the Dollar peaked in late-2015.

When compared to or valued in Gold, the US Dollar began a decline in late-2015/early-2016 - exactly 40 years from when the leading financial & economic nations issued their divorce degree from Gold in Jan 1976… the *Jamaica Accord*.

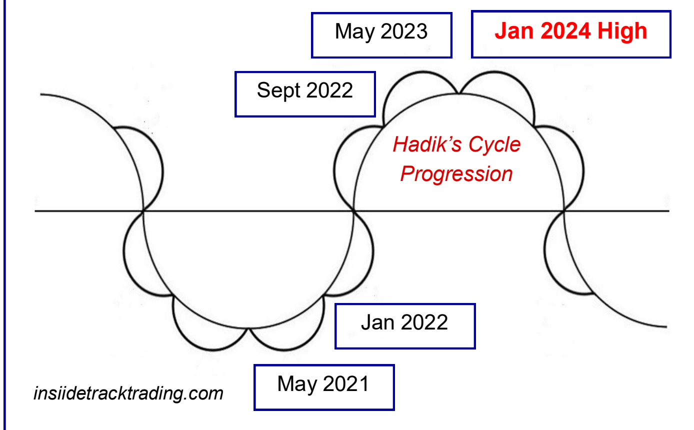
That occurred on the 30th year of the IMF - reinforcing the significance of late-2015/early-2016, a *70-Year Cycle* (of Kings and Governments) from late-Dec 1945.

Cycles were indicating these institutions had run their course and were soon to be overtaken by a new wave of global monetary alignments.

BRIC I

As this was occurring, multiple replacements were waiting in the wings - slowly developing as future alternatives, or antagonists, to US Dollar global hegemony. Most of them include China & Russia as founding or primary partners.

~8-Month Cycle in US Dollar Index



In April 2016, the Shanghai Gold Exchange launched a yuan-based gold futures and fixing, diving into the deep end with the big boys, so to speak. Before & after that time, China and many of its partners have taken repeated steps to lessen the role and influence of the US Dollar in global trade.

At the same time (2016), the BRICS *New Development Bank* - based in Shanghai - was entering into force, issuing its first bond, and signing its first loan agreement. It has been one 'week of time' (7-year period) since the events of 2016 and a new phase of this seismic shift is taking hold.

Critical mass has not yet been reached, but its just a matter of time.

BRIC II

That was also the time when a fledgling digital currency named Bitcoin began to make a name for itself. It had seen an initial surge in 2013, but 2016/2017 is when Bitcoin surged from ~350 to almost 20,000 - a 50+ multiplier of value (a percentage move yet to be matched… or even ap-

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proached).

While the US Dollar was focused on the competition coming from Gold, another combatant stealthily entered the ring and began to double-team the attack on the Dollar. *The battles rage on*.

BRIC III

As these attacks were occurring, the Dollar was simultaneously beginning to lose the support of its biggest backing - oil.

In order to understand that significance, one needs to go back to 1973 - 1976 - the period leading into the US Dollar's final divorce from Gold...

After the Middle East had wielded the 'oil weapon' for the first time - surrounding the *Yom Kippur War* of Oct 1973 - the US realized how easily its economy could be brought to its knees.

So, a deal was made with Saudi Arabia and key members of OPEC.

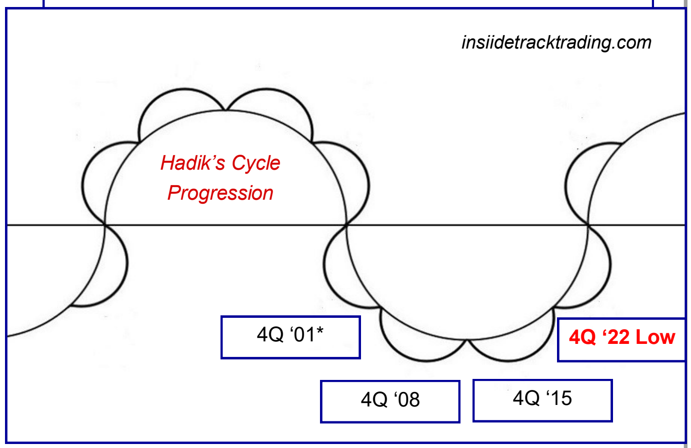
One part of that deal involved Saudi Arabia funneling large amounts of their 'petrodollars' into US Treasuries - thereby supporting the US Dollar and the debt that backed it (following the *Nixon Gold Shock* of 1971).

Additional deals followed that involved those petrodollars paying for US aid and weapons/defense.

In more recent decades, many oil exporters invest in not only treasuries but also stocks, via *sovereign wealth funds*… reinforcing the *'Energy/Equity Connection'* that has often been discussed in these publications.

In the midst of that, however, many of those exporters rant against Dollar-backed oil.

~7-Year Cycle in Gold (Silver*)



BRIC IV

In precise fulfillment of the *80-Year Cycle of War*, Russia invaded Ukraine in early-2022 and set in motion a series of events that is still unfolding.

One of those primary events is the seismic shift in oil sales and exports, the ramifications of which have only begun to play out. *China & India are key examples*.

With little warning, much of Europe suddenly rejected one of its largest oil & gas suppliers - initially aiding the US energy industry. At the same time, countries like India, China & Russia began to bond more closely - with cheap oil being an initial benefit to India and China.

However, it is not just oil that these countries have been scooping up...

BRIC V

In 2022, Central Banks bought a massive amount of gold, almost double the totals of the next highest years (2013 & 2018).

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Since 2010, the largest gold purchasers have been Russia, China, India & Turkey… with Russia being on a massive buying spree since 2014 when Western sanctions - over Russia's annexing of Crimea - were enacted.

At the same time, European nations have been sellers.

Coincidence or Coordination?

With all these similarities, or common interests, you would think that China, Russia, India, et al would bond together and join forces.

Oh, wait, they have!

One of the growing influences in anti-Dollar politics has been the *BRICS* nations - Brazil, Russia, India, China & South Africa.

Their influence, and that of parallel organizations like the *Shanghai Cooperation Organization*, is slowly but steadily uniting a large chunk of the world's population in an adversarial or competitive role against the West.

When the winds of change increase their intensity, will the House of Paper (fiat); the House of Oil, or the House of BRICS (gold bricks?) be left standing?

August Omens

To reiterate from last month, **late-July/early-Aug '23** ushers in a period that has ties to multiple geopolitical attacks, revolts & other upheaval events.

While this does not mean every, or even many, years are expected to repeat the same pattern, it does identify a time of the year to watch when related multi-year and multi-decade cycles are already converging and raising awareness.

While early-Aug '23 is the anniversary of some of these attacks & invasions, the latter part of August '23 is the anniversary of multiple Russia-related revolts, coups, attacks AND Ukraine Independence… particularly **Aug 22 - 24**.

Here is a small sampling:

-- Aug 23 - 30, 1914 - Battle of Tannenberg between Germany & Russia (first month of WWI) - decimating Russia's First & Second Army (triggered on Aug 17 - 22, 1914).

-- Aug 30, 1918 - Assassination attempt on Lenin leaves him seriously wounded; triggers Red Terror (mass arrests and executions).

-- Aug 23, 1939 - USSR/Nazi Germany non-aggression pact signed. In the ~month that follows, Nazi Germany and then the USSR invade Poland.

-- Aug 24, 1991 - Ukraine Independence

-- Aug 24, 2023 - 18-month anniversary of Russia invasion of Ukraine & 12-month/6-month anniversaries of major US aid announcements.

-- Aug 22 - 24, '23 - *BRICS* Summit in South Africa - Arrest warrant for Putin; BRICS-based currency & expansion on agenda.

Seems like a prime time for Mr. Putin to make a statement...

GOLD & SILVER remain in a trading range after peaking in perfect sync with cycle highs on **May 3 - 5**. Those highs fulfilled ~3-month low-high-(high) and ~4-month low-high-(high) *Cycle Progressions* in Gold & Silver and reinforced the focus on **late-Oct/ early-Nov '23** for a more significant peak.

A peak in **late-Oct/early-Nov '23** would perpetuate a consistent ~9.5-month cycle that timed the

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March '22 peak and then the **early-Jan '23** peak. It would also fulfill an over-arching ~19-month high-high-high-(high) *Cycle Progression* in Silver & complete a ~1-year/~360-degree advance in Gold.

The **early-May '23** peak created a corroborating ~6-month/~180-degree low (early-Nov '22) - high (**early-May '23**) - high (**early-Nov '23**) *Cycle Progression*. As is often the case, a large part of the next advance could occur toward the end of that cycle. Weekly cycles and indicators are reinforcing that and beginning to hone when an accelerated rally is more likely.

In the interim, a multi-month low is likely in the middle half of **Aug '23** (**Aug 14 - 25, '23**) - the convergence of multiple cycles and timing indicators in Gold - including a ~3-month/ ~90-degree low (Nov 23) - low (Feb 27) - low (May 25/26) - (low; **Aug 23 - 28**) *Cycle Progression*. The action of Aug 1 - 4 needs to corroborate this...

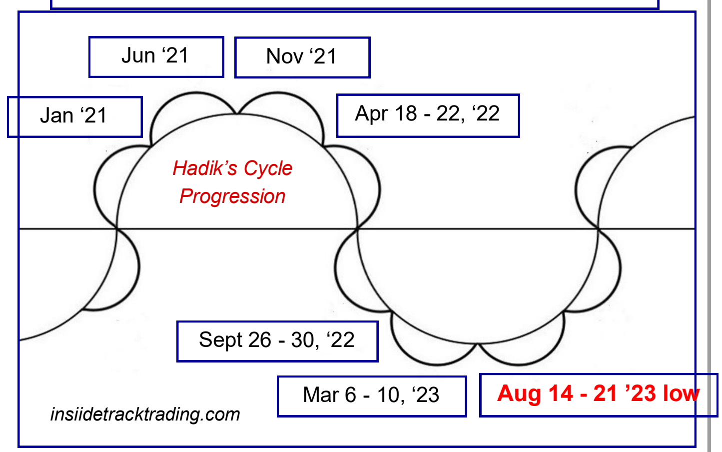
Silver rallied enough to twice neutralize its weekly downtrend but would not turn that trend up until a weekly close above **25.47/SIU**. *That also leaves metals in limbo*.

Silver peaked in mid-July, perpetuating a ~3-month/~90-degree cycle from its mid-April & mid-Jan '23 highs. Those highs were preceded by lows in mid-Oct & mid-July 14, '22… and a high in mid-April '22… a consistent string of ~3-month turning points.

The **mid-July '23** high fulfilled a ~3-month/~90-degree low-low-high-high-(high) *Cycle Progression* and projects another high in **mid-Oct '23** (possibly diverging & preceding early-Nov highs in Gold) Other highs could be seen in the interim…

The stage is slowly being set for a future rise…

~23-Week Cycle in XAU Index



but the curtain has not yet been raised.

Gold & Silver are adhering to the outlook for a multi-month period of consolidation before the next advance. Weekly, and ultimately daily, indicators and cycles should help hone the timing for that expected rally and could help pinpoint when an accelerated breakout is likely.

The **XAU** & **HUI** are similar to Silver - having neutralized their weekly downtrends multiple times but not yet being able to turn them up...

Based on their weekly trend pattern, they could see a 1 - 3 week sell-off into **late-Aug '23** - in sync with a ~23-week high-high-high-low-low-(low) *Cycle Progression* and an overlapping 45 - 51 week low-low-low-(low) *Cycle Progression*.

Looking out a little farther, the XAU & HUI are expected to set their next major peak in **Oct/Nov '23** - the next phase of the 9 - 10 month/41 - 45 week high-high-high-(high) *Cycle Progression* that timed the initial Jan '23 highs...

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The **Dollar Index** dropped to new lows, reinforcing its 2022 peak (at which time it reached major upside price targets - fulfilling the primary objectives for its ~14-year uptrend)...

In Jan '23, the Dollar Index initially completed the third consecutive multi-quarter decline of 14.00 - 15.00/DX points - equaling the magnitude of the preceding 2017 & 2020 declines… as well as the declines in 2009 & 2010/11. *All 5 were 6 - 12 months in duration.*

It's recent spike low had the Dollar exceeding the magnitudes of the 2017 & 2020 declines but not the earlier ones.

So, it is still in the realm of 'normal' for this degree of sell-off. The July spike low also had the Dollar matching the ~10-month duration of the 2020 decline - another form of wave equivalence. It rallied sharply from that support (and did not give a monthly close below the lows) - indicating a new low.

The **Euro** rallied to new highs, extending its overall advance to 10 months (from the Sept '22 low) - a 50% rebound in time (following the 20-month decline from Jan '20 into Sept '22)…

On a broader basis, it continues to advance after fulfilling major, multi-year downside objectives in Sept '22. The weekly, monthly & intra-year trends remain up - increasing the potential that 3Q '22 low was a multi-year bottom.

The **Yen** reinforced its intra-year downtrend and is expected to test and hold support near **.6800/JY**.

The **Chinese Yuan** remains negative and on track for an overall decline into **4Q '23/1Q '24** - when yearly cycles converge and portend a multi-year low. A low in **Dec '23/Jan '24** would complete a precise *7-Year Cycle* from the Dec '16/Jan '17 bottom and a corroborating ~3.5-Year low (4Q '16) - low (2Q '20) - (low; **4Q '23**) *Cycle Progression*. (See July '23 *INSIIDE Track* for add'l analysis.)

The **British Pound** could still set an intermediate low on **Aug 4 - 15, '23**, fulfilling a ~4.5-month/~21 - 23-week low-low-low-(low) *Cycle Progression*. On a longer-term basis, the Pound has a consistent 39 - 42 month cycle that returns in **late-2024**.

A new *Currency War* is beginning in **2022/23** and is already impacting several related markets. As part of this, the Dollar could see another leg down in 2024. In the interim, however, it was forecast to set a multi-month bottom in **mid-July '23**… *and then rally*.

At the time, the Dollar Index completed a .618 retracement in time (16 mos up, 10 mos down) while matching the duration of the March '20 - Jan '21 decline (also 10 mos) AND matching the range of magnitudes of its previous 4 major corrections (2009, 2010/2011, 2017 & 2020) - bottoming during the ideal cyclic time for a 3 - 6 month+ bottom.

It dropped right to its monthly *HLS* (extreme downside target) as it tested & held its rising monthly *21 Low MAC*, reinforcing expectations for a multi-month/multi-quarter bottom. The recent decline also generated a major *4-Shadow Signal* - portending a multi-month rebound (now) followed by a more significant decline in the not-too-distant future (watch 2024).

Contrasting this, Gold, Silver & related mining shares have been forecast - for the past 3 - 4 months - to wait until the middle half of August (**Aug 14 - 25, '23**) to set their next multi-month low. That is still the case and should also have an impact on this new *Currency War*… beginning in **4Q '23**.

See ***Weekly Re-Lay*** & *INSIIDE Track* publications for the most current outlooks and strategies. ***IT***

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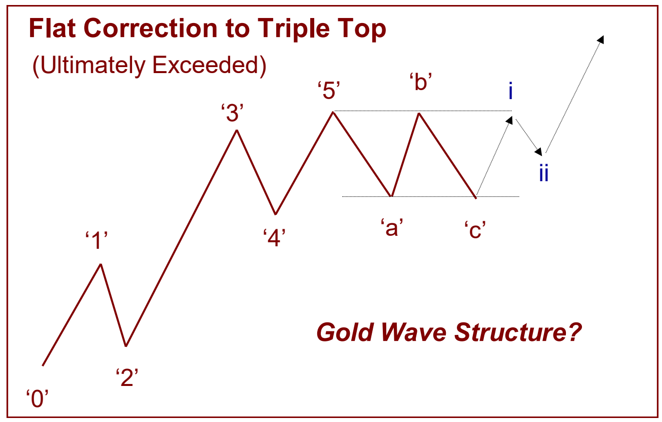
The Bridge - Gold, Silver and Elliott Wave Structure



4-11-23 - *“This wide trading range - bordered by the highs of Aug ‘20 & Mar ‘22 and the lows of Mar ‘21 & Nov ‘22 - dates back to the early-2020 peak, meltdown, and subsequent sharp rally… and the highs and lows surrounding that period... If Gold can make it back up to **2060 - 2080/GCM**... it would produce another important clue for the coming years… the Date of Aggression (April 19) could provide some impetus or reinforcement to this analysis…*

One old trading adage that has sporadically been quoted in these publications is: ‘Double Tops Hold, Triple Tops Don’t’.

That reflects the reality that a market will often test a previous high before embarking on a larger decline… often a ’b’ wave peak. However, if it tests that high, sells off for a while, and then rallies back to and retests that high another time (the second test, creating a third consecutive high or ‘triple top’)… the market is revealing a different reality.

In those cases, a market may have traced out a ‘flat correction’ (a horizontal correction similar to Gold’s 2020 - 2022 action) in which two successive highs and two successive lows were set in close proximity to one another (see diagram on page 2). The second low is the culmination of an ‘a-b-c’ correction (decline, rally, decline) and ushers in the early stages of a new advance.

Since a market has already established a solid resistance zone - with its initial and subsequent highs (e.g. Gold in Aug ‘20 & Mar ‘22) - it will often find resistance there again (temporarily)… in the early stage of that new advance. That creates a ‘triple top’ - three successive highs at the same level - and spurs an initial pullback.

It also creates the ‘i’ and ‘ii’ waves (‘1’ and ‘2’ waves on a smaller magnitude) of a new, developing impulse wave higher.

When the ‘ii’ wave low takes hold and the ‘iii’ wave advance begins, the market now has new momentum - from a higher plateau - with which to break through the resistance level formed by those three successive highs (see diagram above). It is the third time attempting to break above the original high and, we all know… ‘Third Time’s the Charm’.”

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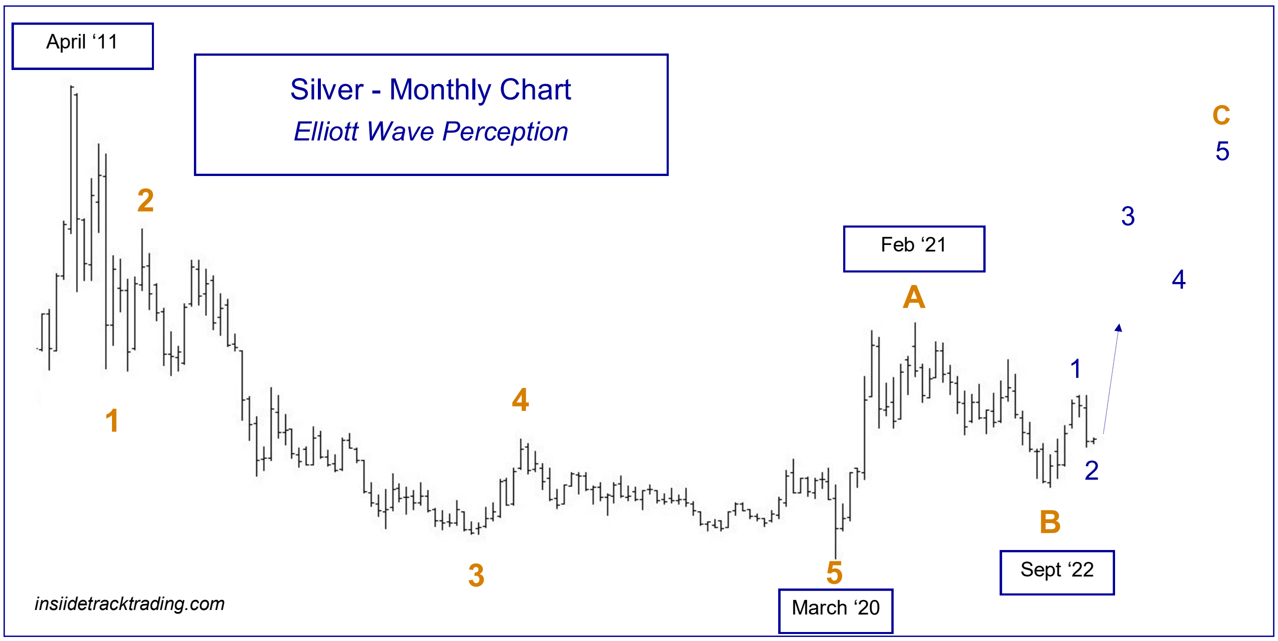

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July 2023 *INSIIDE Track* Excerpt

Outlook 2023

2022/23: A New Currency War

06-28-23 - **2022/23** ushered in *40YC VIII* - the 8th *40-Year Cycle* since the culmination of the US *War of Independence* and the founding of America (1776 - 1781).

As detailed many times, that *40-Year Cycle* also encompassed a recurring *‘Currency War’* with culminating phases in 1816 - 1821, 1856 - 1861, 1896 - 1901, 1936 - 1941, 1976 - 1981 & 2016 - 2021.

The latest phase - in 2016 - 2021 - perfectly timed major advances in Gold & Silver (hard currency) and Bitcoin/ cryptos (digital currency) as the Dollar Index (fiat currency) traded sideways… masking the underlying degradation taking place beneath the surface.

To begin *40YC VIII* (2022), currencies were all set for a period-opening ‘head fake’ with the latest Bitcoin bubble projected to burst and Gold forecast to see a sharp sell-off (following its March ‘22 cycle highs) - the likely ‘c’ wave of a 2 - 3 year corrective phase.*

Dollar Swan Song?

At the same time, the US Dollar was projected to see a final surge (which began in mid-2021) - the completion of a 5-wave advance from its 2008 bottom and the culmination of its latest bull market.

With major upside targets at **110 - 113/DX**, the Dollar (Index) was expected to *begin* this latest *40-Year Cycle* with the *completion* of a major uptrend (also a kind of ‘head fake’*)… setting the stage for what was/is expected in **2023 - 2026**… and beyond. (*See *Tech Tip Reference Library* excerpt on page 3, explaining the recurrence of this intra-period sequence.)

The Dollar Index achieved those upside price targets in 2022, completing a ~*7-Year Cycle* from an initial peak (double top) in 2015, two ~*7-Year Cycles* from the bottom in 2008, and three ~*7-Year Cycles* from the previous peak in 2001.

As stated then, that left very little remaining upside price potential for the Dollar Index’ overall bull market. (An intervening ~3.25-year cycle could still create a spike high, or a secondary high, in 3Q 2023.)

Window of Opportunity

As this is taking place, anti-Dollar instruments - like Gold & Bitcoin - have alternated rallying with both of them bottoming in Nov ’22, the same time the Dollar Index began a rapid sell-off while confirming a 3 - 6 month (minimum) peak.

In precise alignment with the *Axiom on Market Correlation*, that was/is another textbook example of how sometimes-correlated markets can trade. It is NOT that they top and bottom in tandem… at least not usually.

Instead, it is when the ‘lead’ market breaks key levels (or goes parabolic) that the ’lagging’ markets suddenly train all their attention on that ’lead’ market (setting aside their other governing fundamentals, at least temporarily) and react accordingly.

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July 2023 *INSIIDE Track* Excerpt

The Bigger Picture

Whether or not the Dollar Index makes it back to its 2022 high (which is steadily becoming a lesser probability as time goes on), the bigger picture has been anticipating a major shift in the US Dollar during this new *40-Year Cycle* (*VIII*). After completing an overall ~23-year decline (1985 - 2008), the Dollar rebounded for 14 years (.618 of 23 years) and is poised to enter a new multi-year decline.

The first major low in that decline has already been discussed and comes into play during a *17-Year Cycle* that comes into play in **2025/26** and portends a multi-year low (34 years from 1992 low and 17 years from 2008 low).

2025 is also the latest phase of the ~*7-Year Cycle* that produced multi-year Dollar lows in 2004, 2011 & 2018. Once a top is confirmed, more precise cycles (monthly, then weekly, etc.) should help hone that outlook. *More on that to follow*. ***IT***

July 2023 *INSIIDE Track* Excerpt

Intra-Period Trends & Trend Reversals

"The remaining reversals view the underlying markets - and trends - from a slightly broader perspective…. they are useful on all time periods (60-minute, daily, weekly, monthly, intra-year, etc.)… The first pattern is the X-X pattern and the second is the V or Inverted V pattern. These could almost be categorized as the trending and the congesting pattern...

The X-X pattern stands for the EXtreme to EXtreme pattern and is characterized by a week which hits the high or the low on Monday (or the first hour Tuesday) and the opposite extreme - high or low - on Friday… this pattern identifies a move that is more directional (trending) although there can be swings within that trend...

The S+P is notorious for experiencing a sharp move in one direction on Monday, only to reverse and head the opposite direction for the remainder of the week...a classic "fakeout"… This would still be an X-X… albeit a 'Delayed X-X Pattern'… Many major trend reversals have begun with this type of pattern, luring in buyers early in the period only to slam them by the end of it."

-- Eric Hadik's Tech Tip Reference Library

6-28-23 - This intra-period pattern is as applicable to an intraday period as it is to an intra-year period… and even an 'intra *-40-Year Cycle'* period. A market will often begin a period with a sharp move in one direction - deceiving the majority of traders (*'fakeout'* or *'head fake'*) - only to reverse after the opening range and head in the opposite direction for a majority of that period. *The 2022 moves in Bitcoin, Gold & the US Dollar could be examples of the very same thing!* ***IT***

INSIIDE Track

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Hadik's Axiom of Market Correlation

"Markets only follow other markets when the lead market is going parabolic or is in an extreme phase. Also, correlations are only effective when you can be CERTAIN of the current focus of traders.

...In any given period (day, week, month), different variables will affect markets differently. So, each market should be analyzed and traded on its own merits... even if it contradicts a seemingly obvious correlation.

...The key is to know - on any and every given day - which is the horse and which is the cart. It is impossible to know what will be driving traders' thinking all the time... so do not depend on it any of the time!"

Eric Hadik's Tech Tip Reference Library

Eric S. Hadik -- Editor

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