

INSIIDE Track

“Currency Wars: 40-Year Cycle Culmination... & Bubble?”

Currency Wars: 2016 - 2021

Dollar Rally Poised to Accelerate; Bitcoin Bubble Culminating!

11-29-21 - History rhymes; it does not repeat.

The same mistakes might be made (*those who do not learn the lessons of history are doomed to repeat them*) but the actual events are different... often dramatically so. That does not, however, change the overall principles, cycles, or societal shifts that take place at key intervals.

I stress that principle to preface the following postulation. This conjecture is not implying that the same things - or even close to the same things - are likely to unfold. It is only conveying that some similarities or parallels are expected... and are already unfolding.

Sabbath of Sabbaths

A cycle of 49 - 50 years has been discussed before. Its origin dates back to (at least) the Old Testament and the book of Leviticus when Israel was being given a set of parameters for how to govern the land they were entering.

One of the primary ‘rules’ had to do with agriculture and the principle of allowing the land to ‘rest’ during each 7th year.

That principle has been revered and applied right to the present day (in forms of organic farming) and provides the soil the necessary time to replenish depleted minerals and related elements. *That principle extends beyond just agriculture.*

After 7 of those 7-year periods, an additional year of ‘rest’ was necessary - a year of Jubilee - for the nutrients in the land and soil to replenish more thoroughly before being farmed again. The 49th and 50th years were critical and were

when that principle of ‘jubilee’ was exercised - in society (debt, etc.) as well.

That 49-year (and 50-year) cycle has been evident in many markets. Two prime examples - that are actually not in precise sync with each other - involve the US Dollar Index (versus other currencies) and Gold (versus the US Dollar).

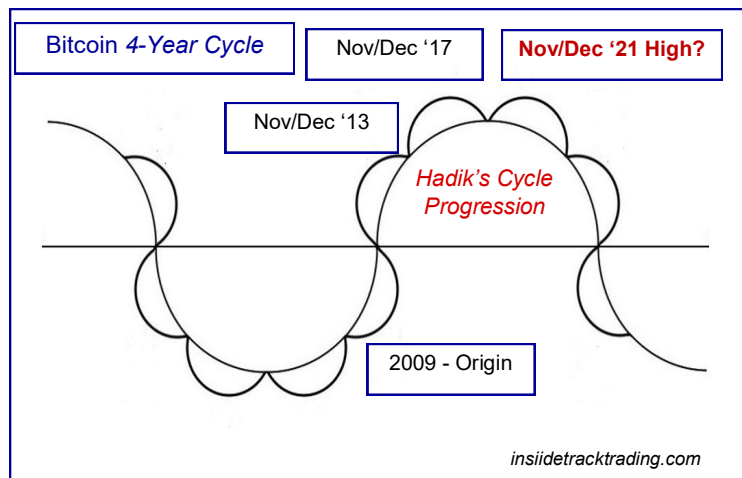
More on those in a minute...

1973 - 1974 Redux?

The discussion of this 49 - 50 year cycle is laying the foundation for a related discussion - hypothesizing that 2022 - 2023 could possess some similarities (*rhyme... NOT repeat*) to 1973 - 1974.

Several major events of 1973 - 1974 already possess *potential* parallels setting up for 2022 - 2023. They are:

- Aftermath of drawn-out military conflict.
- Transition of US President, mid-term.
- Dramatic sell-off in stocks.
- Societal shift reflected in Roe v Wade
- Dollar/Gold analysis



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Vietnam & Afghanistan

In a prime example of ‘rhyming’, the recent conflict in Afghanistan consumed two decades and was abandoned by the US in late-2021. Similar to the signing of the *Paris Peace Accords* in Jan 1973, the ensuing years (2022 - 2023 and beyond) could lead to many unintended consequences in that region of the world.

There are many parallels between the two conflicts, not the least of which is the time that both consumed (longest two conflicts in US history), the unpopularity with a large percentage of the US population, and the political and military ‘disgrace’ that was amplified by the termination of these conflicts.

Presidential Transition?

In 1974, in the middle half of a presidential term, Richard Nixon stepped down and left office. While there is no suggestion that the circumstances of that event would be repeated in 2022/23, another factor could trigger a similar presidential resignation in the middle of a term - *health*.

President Biden just turned 79 years old - the oldest age of any American President in office. In Nov '22, he will turn 80. While the pundits continue to debate his physical and mental health, the simple fact is that he is at a greatly increased risk or probability of some form of physical malady impacting his ability to govern.

Could that occur in the next 1 - 2 years and be enough to prompt him to step down? Time will tell... but it would be another parallel to 1973/74.

Stock Sell-off

With the culmination of multiple long-term cycles in 2022 - including a 40-year low (1942) - low (1982) - high? (2022) *Cycle Progression* - the stage is set for a significant stock sell-off. The *7-Year Cycle of Stock Crashes* (20 - 35% or greater declines that culminat-

ed in 2016, 2009, 2002, etc.) recurs in 2023 and creates a 2-year period that could rhyme with 1973 - 74.

Supreme Court Shuffle

The Supreme Court realignment of the past ~5 years has ushered in a period when pro-life forces feel emboldened to challenge one of the most divisive and consequential rulings in modern history. Whether or not that results in any dramatic changes, the battle is likely to highlight the polarization of present-day American society.

Dollar Delusion?

The Dollar experienced some relatively wide swings in 1973 - 74 - first plunging almost 20% from Jan - July '73 and then rebounding the same amount into Jan '74. That was followed by another sell-off - stretching into Feb '75. However, the more telling chart is that of Gold... Both Gold and the US Dollar Index have adhered closely to their own distinct *7-Year Cycles* (1/7 of a *49-Year Cycle*) with the Dollar unfolding in this manner...

1971 - US abandons the fixed exchange rate system (for foreign currencies) AND the convertibility of the Dollar into Gold. (7 Years earlier - in 1964 - the last silver coins were minted in the U.S.)

1978 - Dollar sets a 14-Year low and begins a 7-year advance into 1985. Paradoxically, 1978 kicked off the accelerated advance of Gold & Silver - a parabolic rally that lasted from 1978 into Jan '80 and saw Gold set what would become a multi-decade peak.

1985 - The *Plaza Accord* (Sept. 22, 1985) ushers in an all-out devaluation of the US Dollar. It plummets for the next 7 Years. At the same time, Gold began a 2-3 year surge into a secondary peak in Dec. '87.

1992 - The Dollar finally finds a bottom (after a fall from 165.00 to 78.50 basis the Dollar Index - losing over 50% in value). This bottom held for the ensuing

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14+ Years. 1992 also brought the *Maastricht Treaty* - in February - and the development of the Euro.

1999 - The Dollar - in terms of Gold - tops out as Gold begins a massive bull market that saw it surge into 2006 and ultimately into 2011 before a ~4-year pullback (and subsequent surge into 2020).

2006 - The Dollar Index completes a rebound from its late-2004 bottom and begins a decline that will ultimately take it to new 40-year lows. At the same time, Gold completes a 7-year surge - from 1999 into 2006 - and corrects before entering an accelerated advance into 3Q 2011. (14 years after 2006 Gold peaks again.)

2013 - The Dollar Index completes a ~7-year contracting triangle after bottoming in 2008. That culminates a bottoming process and sets the stage for a ~7-year bullish period to follow (versus other currencies).

Also in 2013, Gold culminates its sharpest sell-off and then rebounds to a secondary high in Aug '13. That high would hold for ~6 years (before the sellers 'rested' and Gold skyrocketed for the final year of that 7-Year Cycle - a much different form of 'sabbath').

2020 - The Dollar sets a double top - retesting its early-2017 peak as it completes a 7-year bullish period... versus other currencies. Ironically, the Dollar actually peaked in late-2015 - when compared to, or valued against, Gold. That competing 7-Year Cycle culminates in late-2022/early-2023.

During the same year (2020), Gold sets a 1 - 2 year peak. So, again, the Dollar AND Gold peak during the same year... despite their alleged inverse correlation. It is possible the Dollar Index sees wide swings in 2022 - '23, a bit like 1973 - '74. The more intriguing part, however, will be...

More to follow... IT

12-06-21 - Bitcoin has just (initially) fulfilled projections for a plunge from its Nov 9/10 peak near 68,000/BT... The **Weekly Re-Lay** explained how - on Nov 25 - Dec 1 - Bitcoin was bouncing up to its declining 21 Low MAC and reinforcing underlying weakness as it failed to close above that level...

It reversed lower from those resistance channels on Dec 1 and quickly turned the 40 Low MAC down... That was soon validated by the action of Dec 2 - 6, reinforcing that Bitcoin has set a major peak and is in a large-scale corrective period.

On a 1 - 2 year basis, the Oct 20/Nov 10 double top fulfilled upside targets - while retesting the April '21 peak - and should hold into 2022.

The intriguing thing about Bitcoin, however, remains the multiple levels of '5th' waves that were fulfilled at its high in Nov '21.

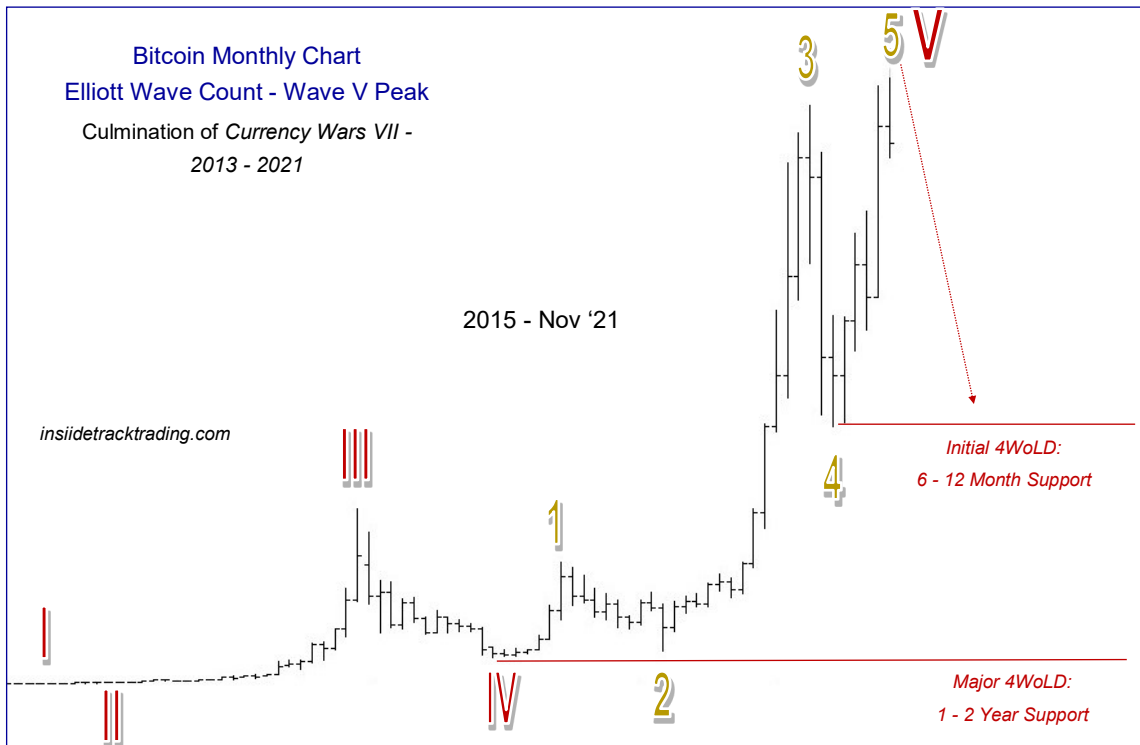
The Dollar & Bitcoin are fulfilling this latest analysis (Dec '21 *INSIIDE Track* & Dec 6, '21 *IT Update*) as Bitcoin just fulfilled multiple wave '5' peaks - indicating that this perceived bubble has reached fruition and is poised for a dramatic burst as the Dollar Index enters the more bullish phases of its new uptrend (forecast to last into **early-2023**). (See corroborating analyses on following pages.)

At the same time, stock indexes are signaling a major top (with three key indexes also just fulfilling wave '5' of '5' wave peaks and projecting a bearish period in 2022 and potentially 2023) in an uncanny parallel to 1973/74 as Gold, Silver & the XAU/HUI are portending strong rallies into late-Feb '22. This is in perfect sync with the 40-Year Cycle of Currency Wars - projected to culminate in 2021 and usher in a seismic shift in 2022.

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

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Feb 2021 INSIIDE Track Excerpt

US DOLLAR/INT’L CURRENCIES

01/29/21 - The **Dollar Index** has traced out some of the clearest Elliott Wave formations since its bottom in 2008. Even before then, it was adhering to a very consistent 3-year - and often an overlapping 6-year - cycle.

Almost everyone of its primary moves - dating back to 1985 and before - reinforced this 3-year cycle. For instance:

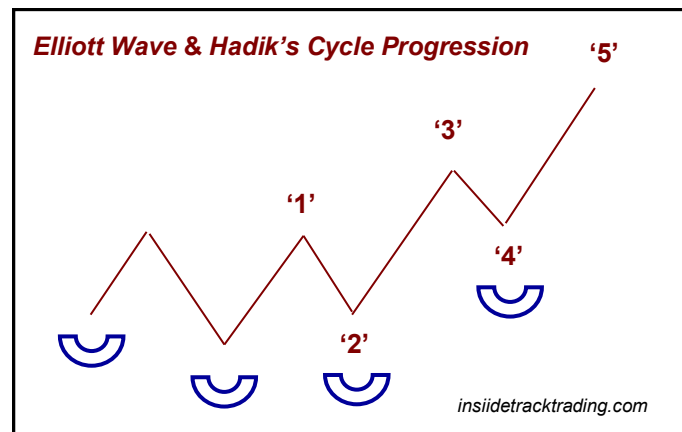
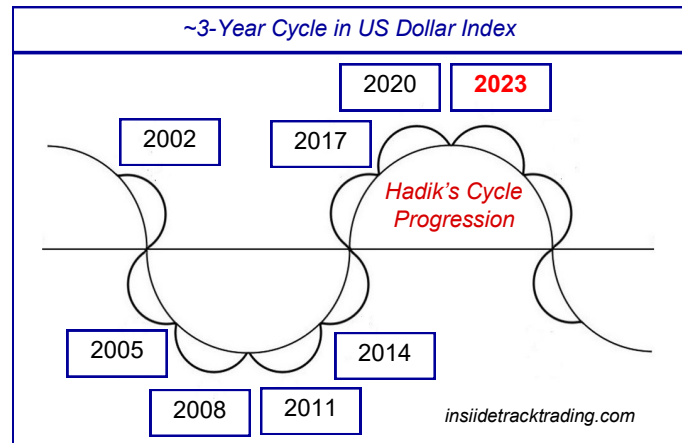
- 3-year plunge from 1985 peak to 1988 low.
- 6-year plunge from 1985 peak to 1991 low.
- 3-year low-low from 1988 - 1991.
- 3-year low-low from 1992 (major bottom) - 1995.
- 6-year advance from 1995 low to 2001 peak (with intervening peak at 3-year midpoint in 1998).

In early-2002, the Dollar Index created a double top - setting its highest monthly close but not quite matching the intraday/intra-month peak of 2001. That ushered in the most consistent series of these 3-year cycles AND a textbook *3-Year Cycle Progression*.

In every case, those 3-year turning points arrived in the first half of those respective years. In all but one instance, those 3-year turning points arrived in the first quarter of those respective years (April '11 was the one exception - stretching 1 month into 2Q '11).

That *3-Year Cycle* was again fulfilled with the early-'20 peak - projecting a subsequent (future) peak for **early-2023**.

12-07-21 - This Dollar Index outlook from the Feb '21 *INSIIDE Track* detailed a few factors contributing to analysis for a multi-year bottom (early-2021) followed by a strong wave '5' rally - projected to last into **early-2023**. With Gold & Bitcoin recently fulfilling multi-year upside targets, overall wave structures, and fulfilling the *40-Year Cycle of Currency Wars* (projected to culminate in 2021 and usher in a dramatic shift in 2022), the US Dollar has entered the time frame when it should be the bullish currency as the others decline. *Bitcoin's recent action/culmination concurs!*



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May 2021 INSIIDE Track Excerpt

Outlook 2021

2021 Recap

04-29-21 - The markets have entered a momentous time when 5 - 10-year trends and shifts were projected to culminate, 40-year cycles and trends were projected to shift and larger-degree cycles - like the *80-Year Cycle of War* - were projected to enter a new and decisive phase.

At least part of these shifts are also linked to the uncanny influence of the *~11-Year Sunspot/Solar Cycle* that bottomed in late-2019 and is likely to accelerate higher in 2021 and 2022.

That could create all kinds of unintended consequences as sudden solar storms can impact Earth's geomagnetic fields with only a couple days' warning. **2021/2022** has cyclic relation to many previous (significant) solar storms and could be an unstable period.

That *~11-Year Sunspot Cycle* is closely linked to a *10 - 11-Year Cycle of Earth Disturbances* that pegged major quakes in 2010 - 2011 and was expected to recur in **2021 - 2022** (with related volcano cycles overlapping both of those periods of time and stretching an unstable period a couple years beyond **2022**).

Articles and analysis that were produced in 2009 - 2011 and focused on this phenomenon - detailing the natural and cyclic connections - can be found at:

<https://insiidetracktrading.com/wp-content/uploads/2018/07/earth-in-transition-33.pdf>

<https://www.insiidetracktrading.com/wp-content/uploads/2018/07/earth-in-transition-33-ii.pdf>

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It is important to understand those cycles in order to better appreciate what has been anticipated (in addition to solar storms and earth disturbances) for the coming years.

Among the events or shifts projected for 2020/2021 were:

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May 2021 INSIIDE Track Excerpt

- Completion and transition of ongoing *40-Year Cycle of Currency War*.
 - Parabolic phase in Gold/Silver bull markets as well as Bitcoin/crypto bull markets.
 - *Food Crisis Cycles* prompting substantially higher prices in grains and foodstuffs - whether supply or demand related.
 - Related accelerated advances in grains, beginning with Soybeans in 2020 and shifting to Wheat (and Corn) in 2021 and back to Soybeans in 2022.
 - Culmination of US Dollar correction from 2017 peak (and onset of new 1 - 3 year advance) - in the first half of 2021 .
 - Major bottom and onset of multi-year uptrend in interest rates, beginning in mid-2020.
 - Onset of multi-year war cycle linked to *80-Year Cycle of War* (1781, 1861, 1941, **2021**) - beginning in 2021 and impacting several years that follow.
- In crucial respects, all of these expectations are related. The key is identifying the connecting threads and acting accordingly. *More to follow.*

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June 29, '19 INSIIDE Track Excerpt

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

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June 29, '19 INSIIDE Track Excerpt

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 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 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 *accelerate* - entering the type of *parabolic* phase that often occurs at the culmination - and transition - of key cycles... *Though the biggest moves (and the proverbial back-breaking straw) are likely to wait until 2020/2021, these progressive moves are important!* IT



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