

# INSIIDE Track

## “Currency Wars: 40-Year Cycle Culmination”

### Currency Wars: 2016 - 2021

#### Rock, Paper, Scissors (Bitcoin Bubble?) and 4WoLD

##### 05-19-21 - Currency Wars Heat Up

Once again, the three primary ‘currencies’ - roughly categorized by fiat (paper, debt-backed), hard (metals) and digital (cryptos) - are swinging in close synchronicity when viewed from a broader vantage-point.

Over the past several years, this overall perspective has been described using two analogies.

The first is viewing the battle between the Dollar, Gold & Bitcoin (crypto-currency) like a game of ‘Rock, Paper, Scissors’ where only one of the three can have a major rally at a time.

Often one is sitting on the sidelines (in congestion or trading sideways) while the other two battle it out.

In many ways, it is a three-way battle for currency supremacy... although there are many nuances that need to also be considered.

The second analogy is that of an algebraic equation of ‘ $a \times b = c$ ’ where each factor needs to be adjusted - up or down - when one of the others is moving in a convincing trend.

(The ‘=’ or equal sign demands this. If you had an equation where  $a = b$  and you multiplied the ‘a’ side by 3, you must also multiply the ‘b’ side by 3 to maintain its ‘equal’ status... otherwise, it is not an **equation**.)

While not a perfect analogy, try to view the battle between the Dollar and its alternatives in this type of scenario.

For this example (for illustrative purposes only), the Dollar is given a value range of 1 - 10.

As a result, the product of its competitors must also equal 1 - 10 (when they are multiplied together), depending on the Dollar’s trend.

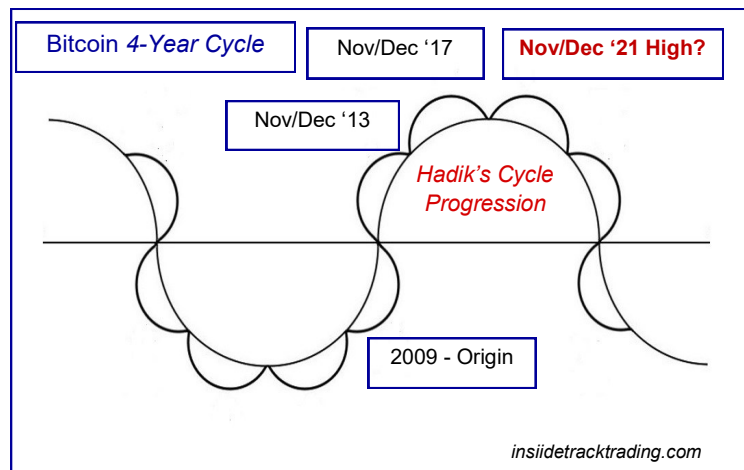
A powerful trend would be a 10, while a congested, non-existent (sideways) trend would be a 1... and so on. The direction of that trend must also be factored in since the market in the strongest trend is usually trading inversely to both the other ‘currencies’.

So, if cryptocurrency takes off and is basically a 10, and the Dollar is dropping sharply (also a 10), then Gold must only be a 1 ( $10 \times 1 = 10$ ).

If Gold began to move toward a 4 as the Dollar was still in a solid downtrend, cryptos would have to scale back to a 2.5 ( $4 \times 2.5 = 10$ )... and so on. (*And, yes, this analogy also falters in some key aspects.*)

Except in a case where the Dollar is in an all-out freefall, Gold & cryptocurrency would be in competition for the attention of anti-Dollar investment funds.

*This is a good time to reiterate - this analogy is only for illustrative purposes and is not a perfect science. More than anything, its discussion is to challenge those that mistakenly believe there is a consistent correlation or inverse correlation between any two of these factors.*



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In the first quarter of 2021, Bitcoin surged - keeping a lid on rallies in Gold and the Dollar.

In April, however, the Dollar & Bitcoin plateaued as Gold bottomed. The Dollar began to sell off and then Bitcoin followed suit - leaving a window of opportunity for Gold to rally during the precise time (April/May '21) that cycles have projected for many months.

*That is what has transpired.*

Today's action was another perfect example of this algebraic relationship. The Dollar was slightly down and gold slightly up as Bitcoin began to plunge. Very quickly, the Dollar & Gold spiked higher - again confounding the traders that insist the Dollar & Gold must trade in opposite directions.

By the end of the day, Bitcoin had recovered but was still down ~10% for the day... prompting the Dollar & Gold to pull back from their highs. This also brings to mind the *Axiom on Market Correlation*, re-printed above.

In this case, Bitcoin was accelerating to the downside (in an 'extreme phase') - suddenly spurring the Dollar & Gold to trade in opposition to it... in a very synchronized manner.

Some days - when none of the three are in a very strong trend, up or down - the correlation is completely undetectable and could sway from hour to hour or day to day. It is only when one of the three draws a great deal of focus to itself - that the other two will move in close opposition to it.

There are other factors as well and I repeatedly warn AGAINST trading any market based solely on correlations or expected correlations. Each market has its own governing factors and fundamentals as well. And the peaks and troughs rarely occur at the exact same time.

This discussion is to reinforce a pair of important

principles in the markets... that can then be applied to hone related analysis. *On to that analysis...*

**Bitcoin** fulfilled about 97% of the downside expectations it triggered when it fulfilled its major upside target at ~65,000/BT and signaled that a '5th' wave peak was likely.

That was projected to trigger a sharp plunge back toward ~29,000/BT - the *4th wave of lesser degree support* (and the 2021 intra-year low and support)."

### Currency Wars -

#### Rock, Paper, Scissors; $a \times b = c$

**5-27-21** - The first five months of 2021 have powerfully reinforced the perspective on the current phase of 'Currency Wars' and the ongoing forecast - since 2015/2016 - that Gold and other anti-Dollar vehicles would move higher into 2021 (with accelerated advances projected for 3Q '20 - 2Q '21) as the Dollar corrected into 2021.

At that point, the US Dollar was/is expected to set a multi-year low while Gold, Bitcoin, et al were forecast to set multi-year peaks.

Gold & Silver experienced accelerated surges in March - Aug. '20 while Bitcoin entered a parabolic move up beginning in Oct. '20 - just as precious metals were confirming that a 3 - 6 month peak was intact.

That movement corroborated the ongoing perception of this three-pronged currency war, which has been described in two primary ways.

The first is viewing the battle between the US Dollar (fiat currency), Gold (hard currency) & Bitcoin (crypto-currency) like a game of 'Rock, Paper, Scissors' where only one of the three can have a major rally at a time.

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Often one is sitting on the sidelines (in congestion or trading sideways) while the other two battle it out. In 4Q '20, Gold was 'sitting on the sidelines' - after surging into Aug '20 - as the Dollar plunged while Bitcoin entered a parabolic advance.

Even though the Dollar was dropping sharply, Gold could not muster any significant rally since all the 'anti-Dollar' money was flowing into Bitcoin and other cryptos. *Cryptos definitely won that battle.*

More recently, Gold has been surging since late-March, the same time that the US Dollar AND Bitcoin peaked. While this was in perfect sync with Gold's weekly & monthly cycle expectations, metals needed cryptos to step to the sideline since the US Dollar was already expected to see another sell-off.

In many ways, it is a three-way battle for currency supremacy... although there are many nuances that need to also be considered.

The second analogy is that of an algebraic equation of 'a x b = c' where each factor needs to be adjusted - up or down - when one of the others is moving in a convincing trend.

(This analogy was even in full display on May 19 - when Bitcoin was in freefall. See 5/19/21 **Weekly Re-Lay Alert** for details.)

*And, yes, this analogy also falters in some key aspects... it is only intended as an illustration to help traders visualize the correlated and non-correlated movements in these markets.*

This latest analysis is from the May 19, 2021 **Weekly Re-Lay Alert** and June '21 *INSIIDE Track* - corroborating analysis that Bitcoin is in the latter stages of a large bubble that likely has one more advance to unfold (the 'V' wave, described in the May 19 **Alert**, that should spike above the recent ~65,000/BT peak before a multi-year top takes hold.)

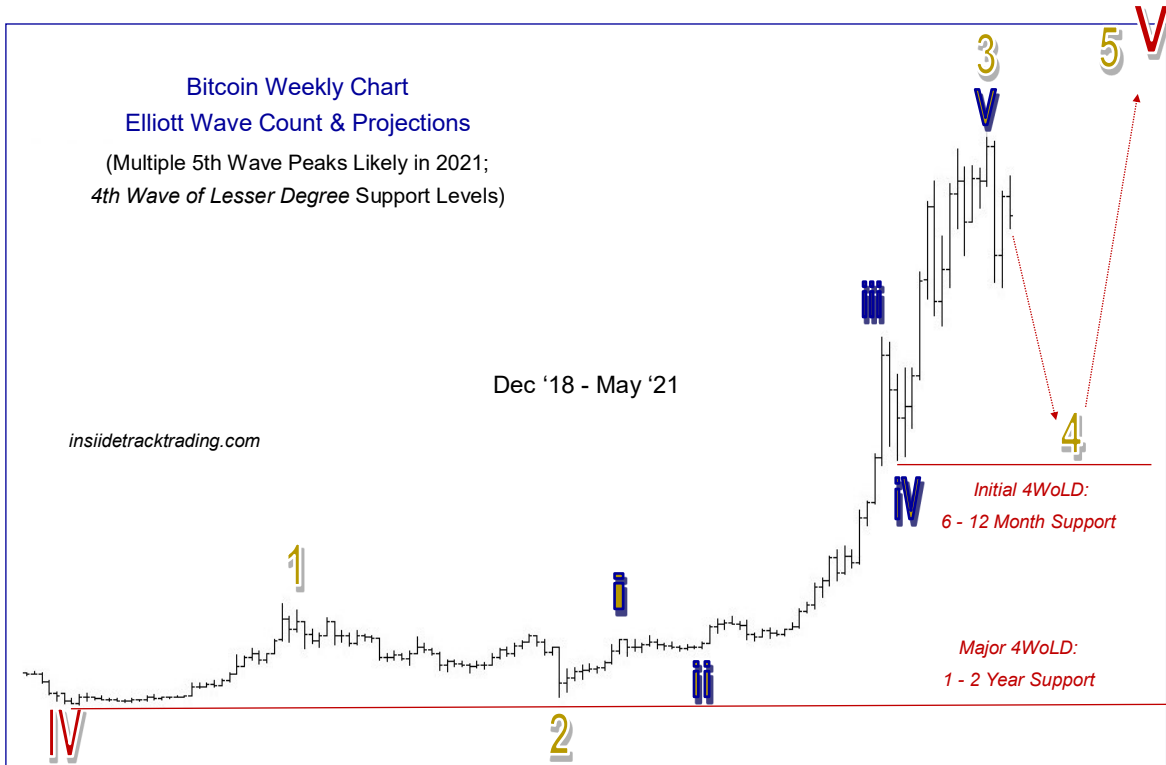
This is in sync with the outlook for Gold and the US Dollar (projected to bottom in early-2021 and then enter a multi-year bull market, likely lasting into 2023) - which should sap the life out of anti-Dollar vehicles like Bitcoin and other cryptocurrency. Interest rate cycles are also expected to play a key role.

It is also in perfect sync with the *40-Year Cycle of Currency Wars* - projected to culminate in 2021. That has been projected since 2015 and is now nearing fruition - the time when another seismic shift is expected to jolt the markets and usher in a new generational cycle in 2022.

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

# INSIIDE Track

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# INSIIDE Track

## “Currency Wars: 40-Year Cycle Culmination”

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:

[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.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:

- Completion and transition of ongoing *40-Year Cycle of Currency War*.



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### May 2021 INSIIDE Track Excerpt

- 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.*

**BITCOIN** reached a major upside objective near **65,000/BT (65,000 - 66,800/BT)** - a decisive target on a 3 - 6 month & 6 - 12-month basis that had Bitcoin precisely matching the magnitude of its previous rally (from March '20 into Jan. '21) when it attacked that level... That could trigger an overall correction back to **~29,000/BT** - the *4th wave of lesser degree* support (and also the 2021 intra-year low and support).

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## “Currency Wars: 40-Year Cycle Culmination”

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

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June 29, '19 INSIIDE Track Excerpt

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

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.]



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Eric S. Hadik -- Editor

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