

“...Let us run with patience the race that is set before us.” Hebrews 12:1

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“...When Gog attacks the land of Israel, my hot anger will be aroused, declares the Sovereign LORD. In my zeal and fiery wrath I declare that at that time there shall be a great earthquake in the land of Israel...

I will pour down torrents of rain, hailstones and burning sulfur on him and on his troops and on the many nations with him.

And so I will show my greatness and my holiness, and I will make myself known in the sight of many nations. Then they will know that I am the LORD.”

Ezekiel 38: 18-19, 22-23 (NIV Translation)

Outlook 2011...

Date With Destiny VII

07-29-11 - While all *appears* quiet on the Eastern Front (Middle Eastern Front, that is), there are several brewing storms that could intensify as we near the decisive **September 2011** time frame. As reiterated in recent months, **September 2011** is one of two cyclically-significant time frames within the cyclically-significant year of **2011**... with respect to the Middle East, to Israel, and ultimately to Jerusalem.

With that as a backdrop, the continued plans of the PLO to seek national recognition at the UN - based on pre-1967 borders (the same borders that President Obama recently cited in his bid to kick-start peace negotiations between Israel & the Palestinians) - are sure to trigger diverse responses around the globe. Many of those responses could

be quite animated... or dogmatic. In other words, it is not the sort of thing that is likely to be 'taken, lying down'.

No matter which side of this debate you take, it is hard to imagine **September 2011** coming and

The Marathon (Big Picture)

(Overview for longer-term investors.)

07-30-11 - STOCK INDICES - Stock indices have reached major upside price objectives and continue to vacillate near these highs. A new bear market - in **2011/2012** - is expected to begin before **September**.

INTEREST RATES (opposite of Bonds/Notes direction) - Interest rates remain on track for an intra-year decline that could stretch into **December 2011/January 2012**. A major rally is expected to follow.

GOLD & SILVER - Long-term uptrends in Gold & Silver remain intact and are still supporting prices. A major top is expected in **2011** and could trigger a 6-12 month or even 1-2 year correction.

DOLLAR - Long-term trend down; but holding at 2-3 year support. 6--12 month rebound expected to take hold in **August**.

CRUDE OIL - Long-term trend up, but latest advance peaked - along with diverse cycles - in **early-May**.

COMMODITIES - Long-term trend up; closely linked (inversely) to Dollar. 3-6 month peak is intact and could escalate to 6-12 month peaks in some markets.

going without a debate... a heated debate. And, heated *debates* are sometimes just one irrational step away from heated *conflict*. The insert on page 3 provides one perspective on this discussion.

Beginning on a notorious date from history - *Tisha b'Av* (the 9th day of the month of Av) - that falls on **August 9th** this year - my attention will be again focused on the Middle East for new validation(s) of big-picture expectations.

The Thing That Hath Been...

There are a few things I would like to clarify, with regard to last month's discussion on shells and bubbles and manias and crashes...

-- The first one is a conclusion that I did not spell out as clearly as I would have liked. It had to do with the cycle application to ETFs. In that discussion, I outlined the two **11-Year Cycles** that have unfolded in ETFs - the first beginning in 1989 and the second in 2000.

In an intriguing parallel to the **11-Year Sunspot Cycle** - and the **22-Year Solar Polar Cycle** - ETFs are reaching a kind of crescendo in **2011**. The first phase was their Stock Index phase. It culminated with the 2000 peak in Stock Indices and particularly the 2000 peak in the Nasdaq 100 (QQQs), from which this Index has never fully recovered (or even recovered 50%).

The second phase began in 2000 and is culminating in **2011**. This phase involved the introduction of - and continued acceleration of - commodity & Gold/Silver ETFs.

I believe that this phase will see a significant culmination in **2011** and that it will also coincide with important tops in the underlying markets (Gold, Silver, many commodities).

The big question is whether this will be an orderly culmination... or a not-so-orderly culmination. If commodities enter an accelerated decline (assuming that they are peaking, as expected), it could place a strain on related ETFs. And, as has been theorized with regard to Stock Index derivatives, the tail could ultimately wag the dog.

In other words, a sharp drop in commodity prices (possibly triggered by a rising Dollar as is

projected for the months following **July 2011**), could trigger a rush for the exits in some underlying ETFs (and ETCs).

These redemptions could trigger increased selling of related futures contracts, many of which now form the majority of these ETFs. And, this selling of commodity futures could trigger more panic and more selling of underlying ETFs... and so on.

This is how these bubbles work. And, almost no one calls them a bubble before they burst.

Instead, they give wonderful reasons why the dramatically increased prices are justified (like the prices for Internet stocks in 1998/1999 and the prices for real estate in 2005/2006... and the prices for Japanese stocks in 1988/1999 and the price for Gold/Silver in 1978/1979, etc.) and why they are sure to keep increasing at the same rate.

They often explain why these prices are spurring increased demand - which is accurate *up to a point* - *the point of diminishing return*. Once that point is reached, the reverberations are usually swift and severe.

It is also important to note that this particular phase - of any market advance - is the one when emotions (fear of missing out on the 'greatest investment opportunity of a lifetime', etc.) take over the majority of participants. And, once these irrational emotions are exposed to the light of day, the market falls back as quickly as it surged (during that culminating phase).

It is a little bit like Wily Coyote racing off a cliff and suddenly looking beneath him and realizing that he should not still be supported by nothing but air - even though his legs are still going a mile-a-minute. All of a sudden, reality takes hold... and down he plummets (and off goes the Road Runner to live another day).

The point is that these vehicles are likely to enter a new phase in/after **2011**. This is primarily a cyclic observation and should not be interpreted as anything more... *at least not yet*.

And, just because the *culmination* takes place in **2011** (if it does), that does not mean that a meltdown will immediately follow (this is my second clarification). So, for now, investors should

September 2011... & Kingdom of Jerusalem Cycles

IS THE 'PEACE PROCESS' THE ROAD TO WAR? by Tzvi Ben Gedalyahu - israelnationalnews.com

6/27/11 - "Last week, President Shimon Peres warned that written peace agreement on Jerusalem will cause a "world war." Now, leading Kadima Knesset Member and former IDF Chief of Staff Shaul Mofaz says conflict is the fate of a United Nations declaration recognizing the Palestinian Authority as a country.

In a speech at the Bedouin city of Hura in the northern Negev President Peres said that there is a de facto peace in Jerusalem, where "the entire prayers rise up together, and the government doesn't intervene. People are living and working peacefully... but if they try to put it into writing, a world war will break out."

The prospect of war being an inevitable result of diplomatic moves was underscored by Mofaz, who said that a United Nations declaration of the Palestinian Authority as an independent country based on its own unilateral definition of its borders also would cause a conflict. "The possibility of a unilateral declaration – it could bring Palestinians out on to the streets for protests and, G-d forbid, it could lead to a conflict," he told the French news agency AFP Monday. "Given the great changes in the region, it is very difficult to predict what will happen. In this situation, an Israeli-Palestinian conflict could lead to a harsh reality."

He is scheduled to lead a delegation of five Knesset committee members on a three-day visit to France and Germany and said that he will tell French officials "very clearly we are against the unilateral process at the U.N., and against support for this unilateral process." France has said, without commitment, it might vote in favor of a United Nations resolution on behalf of the Palestinian Authority if Israel and PA Chairman Mahmoud Abbas do not resume talks by September, a prospect that is all but hopeless.

Mofaz's own diplomatic solution to the Arab-Israel maze is to immediately recognize the Palestinian Authority as a state with temporary borders, an idea that already has been put in writing in the Roadmap Agreement in the Bush administration and later rejected by Abbas."

HIZBULLAH NAMED IN HARIRI HIT by Gavriel Queenann - israelnationalnews.com

6/27/11 - "Tension mounts in Lebanon as reports emerge the Special Tribunal for Lebanon will indict five Hizbullah members for the 14 February 2005 assassination of Prime Minister Rafik Hariri in the coming days. ...London-based Asharq al-Awsat, citing well-informed sources, said five Hizbullah members will be named in the indictment.

Al-Aswat said sources told them the indictment would be submitted to the Lebanese government in the coming two days, but that the inductees names would be kept confidential for a short period during their initial questioning...confirmation by Western source coincides with an unannounced journey to The Hague by Lebanese judges who are part of the special tribunal's trial chamber. The remaining judges, both staff and reserve, left Beirut Sunday for the STL headquarters in The Hague, al-Hayat said. Lebanese officials say the move is a precautionary measure to provide personal protection to the judges ahead of the indictment's release...

Prosecutor Daniel Bellemare's filing of the indictment in January and expansion in March set off political crises in Lebanon, where the Shi'ite group Hezbollah and its allies toppled the government of Hariri's son, Saad Hariri. The release of the indictments is expected to have serious ramifications in Lebanon and region-wide, even threatening to throw Lebanon into another civil war. Hizbullah denies its government's delay in formulating a position on the STL stems from not knowing what the tribunal's final conclusion would be."

This indictment was handed down & the names kept relatively confidential. There is speculation the government will ultimately seek arrests but be unable to locate them. Oops. So, for the moment, things are calm in Lebanon. Instead, it is more the focus on Israel & the PLO that should dominate the next two months. My guess is that the US will veto any PLO plans at the UN *BUT* use that 'goodwill gesture' to pressure Israel into re-entering peace negotiations based on the Oslo Accords and President Obama's recent speech (begin with pre-1967 borders & add in land swaps, etc.). That's where matters will get tricky. *Watch Jerusalem! IT*

just be on the lookout for any signs of this type of transition.

And, as I suggested in recent months, this type of 'correction' in commodities - which appears to already be taking hold - could be spurred by diverse fundamental events... and potentially a combination of many of them. They include:

-- Dollar rally (which could be spurred by a removal of the debt-ceiling fears once a resolution is achieved).

-- Peace - or the illusion of peace - in the Middle East (this could be spurred by Israel & the PLO getting precariously close to a new conflict... and/or ramifications from the Hariri Tribunal in Lebanon... see page 3 inset).

-- China's economic bubble bursting... or at least rapidly losing air. Since many commodity prices - like the proverbial pendulum - have swung far beyond what the current fundamentals justify (based on a linear or even parabolic extrapolation of what has transpired until now... just like U.S. real estate prices were supposed to keep moving into the stratosphere after 2006), they are prone to 'overswing' to the downside once some of these expectations are tempered... or eliminated.

-- Another factor - that has not yet been discussed in this context - is the ongoing PIIGS-fest in Europe. As many of these nations come closer to defaulting, their underlying economies - and their citizens' ability to purchase goods - weaken. Ultimately, commodity prices will have to return to a range of normalcy when speculators realize that the world is not continuing on a path of unimpeded, never-ending, always-expanding prosperity.

While I might discuss fundamentals like this as a backdrop, the cycles and technicals need to time these signals and corroborate these suspicions. And, on those topics (cycles and Europe), another discussion warrants an update...

Iceland, Greece... Italy?

The nation of Iceland - though relatively small and not a leader in global economic discussions - provides an excellent example of an overall concept I am continually addressing...

In September 2008, the financial crisis in

Iceland went parabolic. It had, obviously, been deteriorating for years but it was then (late-September-early-October 2008) that all three of Iceland's major commercial banks collapsed and were placed into receivership. Iceland's stock market imploded & their currency plummeted over 90%.

However, it was what followed - in 2009 and right up to the present - that serves as a perfect validation of previous discussions...

In January 2009, one official declared the Krona dead. In March, a government report recommended adopting the Euro via EU membership. In July 2009, Iceland voted to apply for EU membership.

This is a classic example of what I discussed in recent months, concerning suspicions that the Euro - or at least certain countries within the Euro (PIIGS) - would have to suffer more dire consequences before opting to comply with (i.e. give up any pretense of national sovereignty and turn over control to a central government) the criteria for economic unity.

It is one thing for a *government* to sign treaties and agree to these criteria. It is an entirely different thing - as recently seen in Greece - for the general *population* to comply.

The other 'consequence' - if you can call it that - is validation of an ongoing hypothesis of mine. Simply put, this conjecture concludes that mass psychology - as witnessed by irrational social and/or economic behavior within a city, region or nation - is sometimes a precursor to massive earth changes (that are already underway).

Just as animals are thought to have a '6th sense' about impending earthquakes, humans might not be much different. The only contrast is that humans are no longer grounded the way we once were... and are prone to so many distractions that it takes longer for the subtle changes and forces to be recognized.

So, we first 'act out' our responses to this growing instability - in irrational investing, social upheaval, risk-taking and other less obvious manners - and the link between the two is overlooked. As societies continue to devolve - and their cohe-

(Continued on page 6)

Jupiter & Sunspot Cycles: 2011--2018

7-28-11 - Before elaborating on the discussion from the past two months, I feel compelled to stress a couple important points and/or principles. The primary one has to do with the objective for this discussion...

An examination of these cycles is NOT undertaken in order to advocate trying to trade the markets based on the cycles of Jupiter... or any other planet. That would be like trying to decide your voting preference in the next local school board election based on cycles that govern the rise & fall of major civilizations. Each has its own purpose and its own place... but the two rarely intersect. One is very *microscopic* (trading the markets or voting in a school board election) while the other is very *macroscopic*... not to mention the very spurious connection between the two.

This discussion is also NOT to forebode some impending cataclysmic event. To reiterate something I have stated many times before: I seek to be an *'Aware-ist'*, not an *Alarmist*. However, this discussion is an attempt to distinguish when the greatest synergy of multiple, external forces (like a peak in the *Sunspot Cycle* coinciding with the time when Jupiter's gravitational and magnetic influence is at its greatest) aligns with other cycles and analysis. That is when destructive events are more likely. Such was the case in **March 2011**...

For several years, I have projected a sequence of major earth events for Chile, then Japan and then North American/U.S.. These cycles pinpointed **2010** for Chile, **2011 (Dec. 2010--Jan. 2012)** for Japan and **2011/2012** for the U.S. In the case of Chile, the first danger period was in **February 2010** (incorporating a 90-degree series of earth events in S. America that saw spikes in the months of February, May, August & November during the years leading up to **2010**). In **late-February 2010**, Chile was rocked by a powerful, 8.8 earthquake. This turned attention to **2011** and projections for a major event in Japan...

For the next several months (the remainder of **2010** and into **early-2011**), INSIIDE Track repeatedly discussed these cycles and the focus on Japan during **2011**. In **March 2011**, Jupiter experienced its closest pass to the Sun (perihelion) at the same time a surge in solar storms was unfolding. At the culmination of this gravitational/electromagnetic 'double-whammy', Japan experienced a devastating 9.0 earthquake and resulting tsunami. (This was also during the **7/14/28 Year Major/Deadly Earthquake Cycle** in **2011** - see January 2010 INSIIDE Track - and the **17-Year Cycle of Japanese Earthquakes**, adding greater synergy.)

Both the Chilean & Japanese quakes pinpoint a type of crescendo BUT do not preclude other quakes - or volcanoes - from hitting near those areas. Japan has just reinforced this point with yet another July earthquake (7.3) in N. Japan - the same region where the March quake hit and the same area in which an ongoing series of January/July (180 degrees apart) quakes have struck for several years. Both Japan & Chile have been experiencing swarms of moderate earthquakes in recent weeks. Expectations for an impending N. American quake have been - and will continue to be - discussed separately.

The point is that this very natural, very consistent and very logical cycle for Jupiter reinforced many other cycles that all came into play at the same time. Again, it is not the *individual* significance or impact but rather the *combined, synergistic* impact that is so important. Regarding Jupiter, there are two important cycles I am monitoring. One is with its relationship to the Sun and the rest of the Solar System. The **March 2011** perihelion is a perfect example of that. The other is its own 'internal' cycle - the 11.86 year rotation of the planet.

This discussion is another integral part of my analysis and my expectations for major earth disturbances during this period, with major volcanic eruptions - the next phase of this projected scenario - expected in **2012-2014** (particularly in Europe) and in **2014--2017** (North America). However, before that time arrives, there is still one more major quake expected - this one in North America. As stated many times, the most synergistic time frame for this is between **April 2011 and October 2012**. (**Oct. 2011--April 2012** = *greater synergy*.)

Jupiter has a unique convergence of cycles from now (**2011**) into **2016--2018**. If Jupiter really is the impetus behind major solar storms - as many have postulated - and the latest *Sunspot Cycle* is only beginning to turn up, we could be entering a volatile period in our Solar System. Add in these long-term volcano cycles and you have a potentially-explosive mix. *More to come... IT*

(Continued from page 4)

siveness and continuity become unglued - the intensity of the underlying instability increases.

Then, instead of easily-dismissed seismic activity, the earth-shaking grows a little stronger. And, then the social stability deteriorates further. And, then the real shaking (or erupting) begins.

Some ancient civilizations recognized subtle earth changes like these and chose to live underground for a period of time. While I am not recommending that behavior, it is another example of the link between earth instability (often directly linked to solar storms and the resulting geomagnetic disturbances) and dramatic changes in human behavior... whether it is acknowledged or not.

History is peppered with examples of this connection... often with dire consequences when the warning signs were ignored or simply missed. So, let's take another look at Iceland...

Proportionately speaking, Iceland's financial debacle and banking collapse was/is the largest in any country in all of history. That's a pretty significant symbol of irrational behavior, so let's see what transpired after this...

The first domino to fall was the eruption of the *Eyjafjoll Volcano* in March/April 2010 - causing the closure of numerous airports throughout Europe and the grounding of thousands of flights. The seismic activity actually began in late-2009 and then resumed in March 2010.

However, it was on April 14--20, 2010 (encompassing that momentous date of **April 19/20th**) that the worst activity took place, forcing 20 European countries to close their airspace.

Shortly after, Iceland officials warned that these eruptions were a forerunner to an impending eruption of a much larger (and nearby) volcano - *Katla*. Historically, this has repeatedly been the case so there is no reason to underestimate this threat. *The connection?*

I have stated it many times before (and documented it with various examples)... Just as technical analysis often reveals subtle changes in an underlying market before the general population becomes aware of the influencing fundamentals, the overall economy of a region or nation can reflect

major geophysical instability in its early stages.

The second domino fell in **May 2011**, when the *Grimsvotn Volcano* began to erupt.

The third domino began to fall in **early-July 2011**, when a massive quantity of meltwater poured out of one of Iceland's glaciers - stirring fears of an imminent eruption of the *Katla Volcano*... and the threat of resulting flooding in Iceland and nearby countries (there were similar fears in N. Europe in the late-1990's after another eruption in Iceland).

2012--2014 Approaching

Several years ago, I documented diverse cycles impacting volcanoes like *Mt. Etna & Mt. Vesuvius* (Italy), as well as *Santorini* (Greece). My conclusion was that the highest risk period - for a new major eruption - would arrive in **2012--2014**.

Back then, it was far enough in the future that it was not given much thought. But now, **2012** is only 5 months away and there is a growing number of corresponding events that hint at the same possibility. Individually, each of these events would give little credence to this threat.

Volcanoes in N. Europe? ...*too far away*.

Social upheaval in Greece? ...*that's a different story*.

Economic malaise in Greece and throughout much of Europe? ...*no scientific connection*.

Long-term cycles in multiple volcanoes, converging in the same, 3-year period? ...*that's all gobbledegook*.

Solar cycles accelerating higher and repeatedly throwing coronal mass ejections toward earth? ... *too much of a long-shot*.

But what if we stop compartmentalizing and look at this holistically. *Could all these 'coincidental' events be more than just coincidence?*

Can anyone produce a conclusive argument that **removes** the possibility that developing earth changes might actually be sensed - on a subconscious level - by humans in advance (and be linked to increasing solar storms) ? If not, then we need to still treat it as a valid possibility... and a real threat, however 'far-fetched'. Stay tuned. *IT*

Market Analysis

STOCK INDICES

07/29/11 - 3-6 Month+ Outlook:

Stock Indices are in mixed intra-year trends, exhibiting divergent signs that continue to argue for an important peak. The monthly & weekly trends are mixed, as are the weekly 21 MACs. All three Indices already reached their 6-12 month upside price objectives - while peaking in **early-May** - so the upside potential remains limited.

As discussed last month, there was still the *potential* for new highs before a substantial decline takes hold. This would fulfill a Golden Ratio relationship between the two major moves of the past 4 years. The 2007--2009 decline lasted 17 months. In **July 2011**, the ensuing advance would have lasted 1.618 times the duration of that preceding decline - 28 months - creating a total high-high cycle of 45 (geometric) months.

This possibility was reinforced by a 14-15 week cycle that has also been developing between the *lows*. A 14-15 week low-low-low-(low) Cycle Progression recurred on **June 20--24th** & **June 27--July 1st**. The DJIA set its lowest weekly close on **June 24th** and was expected to advance into **July 18--22nd**. (The next phase of this 14-15 week cycle is **September 26--October 7, 2011**... when another *low* is likely.)

This possibility - for a rally to new highs in at least one Index - was further corroborated by a unique cycle that has governed the action of the Nasdaq 100 for over a decade. To review, one of the most consistent weekly cycles - that was discussed in 1999--2002 and multiple times since then - is a **22-23 Week & 44-45 Week Cycle**.

The **44-45 Week Cycle** incorporates the **14-15 Week Cycle** (3 x 14-15 weeks = 42-45 weeks) but the breakdown - into a **22-23 Week** and even into an **11-12 Week Cycle** - is where this cycle differs. The most recent occurrences of this cycle included an 11-week rally from Nov. '10 into Feb. '11 and a subsequent 11-week high-high cycle from Feb. '11 into

May '11.

This created an 11-week low-high-(high) Cycle Progression targeted for **July 18--22nd** - precisely when the Nasdaq 100 did set new highs. This was validated by the weekly trends, which turned neutral but could not turn up in the DJIA & SPU.

Looking forward, the next phase of this 11-week cycle comes into play on **October 3--7, 2011** (go back and reread when the 14-15 week cycle low next comes into play). Based on the 11-week & 22-week cycle patterns, this time frame could as easily be a *high* as a *low*. The intervening price action will need to clarify.

However, there are a few related points that are already hinting this time frame should be a *low*. The first is the 14-15 week cycle. The second is that a 50% retracement in time - for the DJIA & SPU, which peaked in early-May after a precise 44-week advance - would involve a 22-week decline and would bottom on **October 3--7, 2011**.

A related 15.5 month (approximately 66-week) cycle divided the last two multi-year lows - in March 2009 and June/July 2010 - and next comes into play in **October 2011**. (An exact 66-week cycle from the mid-2010 low comes into play on **Oct. 3--7, 2011**.)

And, then there is the preponderance of the Stock Indices to set important lows during the month of **October** (1987, 1989, 1990, 2002). This cycle did invert in 2007, but the month of **October** did time another multi-year turning point in 2007.

IF **Oct. 3--7, 2011** is going to pinpoint an important *bottom*, Stock Indices should drop below their June 2011 lows AND turn their intra-year trends down before then. And, the Nasdaq 100 would need to turn its weekly trend back to down by/at some time in **September 2011**... if not sooner. (Otherwise, **October 2011** could produce a top.)

3-6 month, 1-2 year & 3-5 year traders and investors should be out of the equity markets.

INTEREST RATES

07/29/11 - 3-6 Month+ Outlook:

Bonds & Notes remain in intra-year uptrends that could spur a rally into year-end. They maintain a convergence of cycles and wave projections in **December 2011** although recent action failed to confirm this particular cycle.

A peak in **December 2011** would come on the 3-year anniversary (one of the most consistent, longer-term cycles in Bonds & Notes) of the December 2008 peak and would complete a 10-month low-low-(high) Cycle Progression.

Notes would complete back-to-back rallies of equal duration (30 months each) if this advance extends into **December 2011** and exceeds **128-01/TY**. This would also be the case on an intermediate basis - Notes completing back-to-back rallies of equal duration (44 weeks each) - if this advance extends into **December 2011**.

There are some contrasting cycles that could create this peak a little earlier than **December 2011** - potentially in **October** or **November 2011** - that will be examined if intervening price and wave action begin to corroborate. These include an 11-12 month high-high-high-(high) Cycle Progression that has already timed decisive peaks in December 2008, November 2009 & November 2010.

On a more intermediate basis, Bonds, Notes & Stock Indices did fulfill the expected scenario for **July** - that included a final 2-4 week rally in Stock Indices with a corresponding pullback in Bonds & Notes... followed by Stock Indices entering a larger correction (or the early part of a major decline) while Bonds & Notes create another rally from their **July** lows.

On a 1-2 week basis, Bonds & Notes triggered new buy signals on **July 22/25th** (see July 23, 2011 Weekly Re-Lay) and were/are expected to surge to **127-29/US** & **125-26/TY** and set a peak in **early-August**. This rally took hold and should lead into geometric (30, 120 & 180-degree) cycles that point to **early-August** as the time for the next high.

An overlapping, 6-week cycle points to the week of **August 8--12th** for an intermediate turning point but this could be a subsequent *low* (perhaps following a quick sell-off if/when budget negotiations are re-

solved). Price action (and the intra-month trends in **August**) will have to clarify if these are two distinct cycles... or merely one synergistic combination of cycles.

INFLATION MARKETS

07/29/11 - 3-6 Month+ Outlook:

Gold & Silver rallied into the latest convergence of intermediate cycles on **July 18--29, 2011**. This creates a high 180 degrees from the late-January low, 360 degrees from the late-July 2010 low & 540 degrees from the early-2010 bottom. These three lows created a 25-26 week low-low-low-(high) Cycle Progression that came into play on **July 18--29, 2011**.

When Gold & Silver peaked in early-May, there was a good chance - from a cycle perspective - that it would be the high for the year... and that the first decline would last into **late-July**. Silver gave some confirmation of that but Gold was unable to do so.

As discussed and reiterated since May, Gold had to turn its weekly trend down in order for the **May 2nd** high to be considered anything more than a 2-3 month peak. Gold was never able to do this, which allowed for this recent rally to new highs. At the same time, however, Silver has only rebounded about 50% of its May 2011 decline.

This kind of divergence is indicative of a more convincing peak in the making. And, it comes at - cyclically-speaking - the ideal time. However, this is based on a much larger cycle that I have been watching - and discussing - for over a decade...

It is a 40-Year 'period of testing' from when the U.S. slammed shut the Gold window in **August 5--15, 1971**. **August 5--15, 2011** is 40 years later and could be the time when the Dollar/Gold relationship sees another sharp turnabout... at least for the next year. I am NOT projecting anything similar to August 1971 (at least not in the coming year). However, **August 2011** could provide another dramatic reversal in this Dollar/Gold relationship.

3-6 month, 6-12 month and even 1-2 year traders & investors should begin to lighten up on long positions in Gold & Silver, looking for a sharp correction in the coming months.

3--5 year (or longer) investors can still stay focused on the long side, accepting the possibility that Gold might not set new highs - once a top is confirmed - for as long as 1-3 years.

Copper remains positive but is retesting important resistance - from its April & March highs - around **455.0/HGU**. Based on the weekly trend pattern and intermediate cycles, Copper could see a quick pullback into **mid-August** when a 90-degree/3-month cycle - that has already created the mid-Nov., mid-Feb. & mid-May turning points - creates the potential for another *low*.

On a longer-term basis, **December 2011** is the convergence of multiple monthly cycles - including an 18-month low-low-(?) Cycle Progression and a 10-month high-high-(high) Cycle Progression - and could/should time an important *top*.

December 2011 is exactly 3 years from the December 2008 low and is also just 1 month beyond the 10-Year Anniversary of the November 2001 major bottom. Copper did turn its intra-year trend up, also projecting a rally into year-end. A weekly close above the February 2011 peak (**463.50/HGU**) would corroborate.

So, if I was to adjust the ideal scenario for Copper - based primarily on cycles but incorporating corresponding indicators - it would be that Copper sees an intermediate *low* in **mid-August** and then begins a new advance.

The Continuous CRB Index is getting closer and closer to confirming analysis for a major peak in commodity prices - in **2011** - and the onset of a 6-12 month (or longer) bear market. After reversing its weekly trend to down, the CRB rallied long enough - and far enough - to twice neutralize its weekly trend.

This created expectations for a secondary peak this past week, which appears to have taken hold. If the CRB can give a weekly close below **613.49**, it would turn its intra-year trend down and signal that at least a 3-6 month peak is in place.

This price level is doubly significant since its previous multi-year *top* - from July 2008 - was at **615.04**. This is a key level of '*resistance turned into support*'. If/when this support is broken, it would be a

clear sign that the CRB - and commodities as a whole - have confirmed the onset of a larger-degree decline.

US DOLLAR/INT'L CURRENCIES

07/29/11 - 3-6 Month+ Outlook:

The Dollar Index has seen an extended period of consolidation since its March 2008 low and appears to be in the latter stages of a major '2' or 'B' wave decline (since March 2009) that broke down into a 3-wave, a-b-c drop.

The overall outlook is that the Dollar will enter a new multi-month advance from near current price levels... regardless of whether or not a new spike low - or even a retest of the recent lows - is seen (which is still possible). The weekly trend - which was unable to turn up during the Dollar's recent advances - argues for a retest of the May 2nd low. If that takes place next week (**August 1--5, 2011**), it would also come 90 degrees from the preceding bottom.

August 1--5th is the next in a series of 90-degree/3-month lows in the Dollar. This dates back to the August 2--6th, 2010 low, which was followed by lows during the weeks of Nov. 1--5, 2010, Jan. 31--Feb. 4, 2011 & May 2--6, 2011.

This near-term scenario is reinforced by the fact the Dollar just tested and held its weekly HLS, (on **July 18--22nd**) projecting an intermediate low in the ensuing 1--3 weeks. The Euro rallied up to its weekly LHR, providing the corresponding/contrasting signal as well.

The Euro remains on track for a new decline and is unfolding in a sequence of (4) progressively lower highs. This could be a very bearish setup if the Euro can give a weekly close *below* **1.3811/ECU** before giving a weekly close *above* **1.4652/ECU**. Many factors - technical, cyclical & fundamental - show that the Euro (and Europe in general) could be in for some challenging times over the next 1-2 years.

The Japanese Yen remains in a weekly, monthly & intra-year uptrend and has just fulfilled the weekly trend pattern by retesting **1.2944/JYU**. This came during the ideal week - when a 19-week high-high Cycle Progression reached fruition.

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COMMODITIES (SOFTS, GRAINS, LIVESTOCK ETC.) www.insidetrack.com

07/29/11 - Cotton did sell off sharply on **July 5--8th**, as its weekly 21 MAC reversed lower. And, it did ultimately give a weekly close below **110.00/CTV** - the intra-year low - to signal that a 6-12 month peak is intact. That level was doubly important since **110.85/CT** was the late-November 2010 low - on the continuous weekly chart - that represents the '*4th wave of lesser degree*'.

Cotton has now retraced over 75% of its May '10--March '11 rally and more than .618 of its multi-year advance. As a result, some consolidation could soon be seen. This is one of many commodities already confirming projections for a major peak in **2011**.

Coffee is another commodity that has signaled a 3-6 month, possibly 6-12 month, peak after perfectly fulfilling ongoing projections for a surge into **May/June 2011**. Coffee is poised to give a weekly close below **240.0/KC** - the low of the year-opening range - that would signal a larger-degree top is in place.

To review, **2011** is the culmination of a *17-Year Cycle*** that created a major peak near **337.0/KC** in 1977 (*34 years* ago) and a secondary peak in 1994 (*17 years* ago)... as well as lows in 1975, 1992 & 2009. Monthly & weekly cycles - including a 7-month/30--33 week cycle - projected this peak to take hold in **May 2011**. **May 2011** was also the 14-Year anniversary of the **May 1997** peak - at **318.0/KC**.

Coffee fulfilled intermediate cycles by peaking during the week of **May 2--6th** - the previous phase of an 8-week low-high-high-(high) Cycle Progression - and then set a secondary peak in **early-July**, in line with this cycle. As explained previously, Coffee could ultimately drop back to near **160.0/KC**.

Sugar (World #11) rallied sharply after fulfilling the potential for *timing* symmetry between its declines in 2010 and in **2011**. In 2010, Sugar peaked in the opening days of **February**. In **2011**, Sugar peaked in the opening days of **February** - 360 degrees from this previous top. In 2010, Sugar dropped into the opening days of **May** - a reinforcement of the ongoing geometry in Sugar (a 90-degree decline). In **2011**, Sugar dropped into the opening days of **May (May 6th)** - another 90-degree decline... and 360-degree cycle.

It then turned its weekly trend up, allowing Sugar to surge to new highs. In accord with the same 90-degree cycle, Sugar could see a pullback into **early-August** - when a secondary bottom could be seen (a 90-degree high-low-low Cycle Progression). A drop into **early-August** would project a subsequent, 90-degree rally into **early-November** - when a 9-month (270 degrees) low-high-(high) Cycle Progression also comes into play.

Soybeans, Corn & Wheat are each giving signs of a reversal lower (a week earlier than expected) after Soybeans rallied back to retest their high (**1408.0/SX**) and fulfill their weekly trend pattern. Based on this pattern, a new multi-month decline could take hold at any time.

Based on intermediate cycles, a high *could* still stretch into **early-August**, but it is becoming less likely. Soybeans have a 6-month (180-degree) low-high-high Cycle Progression (early-Feb. 2010--early-August 2010--early-Feb. 2011) and a 2-month/60-degree high-high-high Cycle Progression (early-Feb.--early-April--**early-June 2011**) that projects a high in **early-August 2011**.

If/when a reversal lower is signaled, Soybeans should drop into **October 2011** - the 2-year anniversary of their October 2009 low and a 50% retracement in time.

Wheat has taken on a more bearish tone, after rallying to its March 2011 lows (*support turned into resistance*) and failing to turn its daily trend up in the process. It is poised to enter a new decline that could

stretch into **September 2011** - the next phase of Wheat's 9-month/39-week low-low-low-(low) Cycle Progression.

1--3 month traders can sell Dec. Wheat futures at current levels and average in up to 745.0/WZ. Risk two daily closes - or a weekly close - above 752.5/WZ.

Rough Rice did set a secondary peak in **early-May** and did trigger a new decline into **June/July**, bottoming in **June 30th**. It did not, however, extend this decline any further. On a longer-term basis, this is showing underlying strength - particularly since it rallied above the neckline of the developing *Inverted Head & Shoulders* pattern.

It also has turned the intra-year trend up, corroborating this longer-term (at least 3-6 month) strength. Rice could see a pullback into **September 2011** and create a 15-month low-low-(low) Cycle Progression... before a more pronounced advance.

Live Cattle remains below its **April 2011** cycle peak - a high that repeated the pattern of multi-month highs in **April 2010** & **April 2009**. However, it turned its weekly trend and its intra-year trend back up (though not its weekly 21 MAC trend), indicating that a 'c' or '3' wave decline has not yet taken hold. The action of the next 2-4 weeks should determine what to expect leading into the next key cycle convergence in **early-October 2011**.

Lean Hogs have extended their advance and are poised to stretch this rally into **August 1--5th**, when a 3-week high-high-(high) Cycle Progression and a 5-week low-low-(high) Cycle Progression converge.

Lumber is giving mixed signals, reinforcing its early-2009 low as a major bottom while also corroborating its **Feb. 2011** peak - that perpetuated a 10-month high-high-high-high Cycle Progression and a 23-25 month low-low-low-low-(high) Cycle Progression. More than anything, this signals a multi-year period of consolidation with the next phase of the 10-month cycle coming into play in **December 2011**.

This could pinpoint the culmination of a new, multi-month advance... but only if Lumber can turn its weekly trend up in the near future. It would take a weekly close above **269.0/LBU** to accomplish this.

Cocoa is attempting to mount a new rally. Based on the monthly trend pattern, Cocoa could enter a new 3-6 month (or even 6-12 month) advance - with the potential to stretch into **early-2012**. The weekly trend would need to turn up to validate this.

Cocoa completed a 9-month/270-degree high-low-low Cycle Progression when it bottomed in **early-June 2011** (Dec. 2009--Sept. 2010--**June 2011**). The second phase of that broke down into a 12-13 week/90-degree low-high-high-low Cycle Sequence that also created a 50% retracement in time, leading into the **June 2011** bottom.

The fact that this important cycle low involved a retest - and hold - of the intra-year lows creates a strong argument for a rally back to the highs... and potentially into year-end.

On a near-term basis, Cocoa could extend the current pullback into **early-August** - the next phase of a 9-week/60-degree low-low Cycle Progression. As long as this does not result in a weekly close below **2868/CCU**, Cocoa should soon enter another advance. *IT*

3-6 month, 6-12 month & 1-2 year traders, hedgers and/or investors should begin to enter the long side of the Dollar, looking for a substantial rally into **2012**.

ENERGY

07/29/11 - 3-6 month+ outlook:

Crude Oil, Unleaded Gas & Heating Oil rebounded - in line with the 7-week cycle low in late-June and the corresponding weekly trend pattern - long enough to allow Crude to twice neutralize its weekly downtrend. It then sold off into month-end - nearly completing an Intra-month Inverted V Reversal lower - and is poised to retest its low.

This strengthens the case for the early-April & early-May 2011 highs - which occurred on the anniversaries of the 2010 peaks - to hold for several months and to spur a larger-degree decline.

Natural Gas bottomed in **early-July** and rebounded into **mid-July** - the next phase of a 5-week cycle between the highs - but has since turned back down. This reinforces a wider range of consolidation that could continue for a couple more months. However, an 18-week high-low-low-(low) Cycle Progression - that pinpointed the **early-July** low - argues for a new advance to begin at any time. *IT*

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Weekly/Monthly 'Trend' – Lagging (proprietary) indicator used to:
1 - *Confirm* an evolving trade. 2 - *Identify* likely time (w/in 1-3 periods) for culmination of first wave of new move. 3 - *Alert* a trader to prepare for upcoming 3rd wave (often most dynamic).

2 Close Reversal™ – A new high above the previous day's/week's high & subsequent close below both of 2 previous closes... or vice-versa (new low & close above both of 2 previous closes).

MAC, AMAC & MARC™ – *Moving Average Channel* calculations based on highs or lows of specified time period.

Please refer to **Eric Hadik's Tech Tip™ Reference Library**.

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INSIIDE Track intra-month updates will be e-mailed on **August 3rd, 17th & 24th** and any day (other than **Aug. 4--16th**, due to my travel schedule) the DJIA closes 200+ pts. in either direction. INSIIDE Track Update trades are distinct from INSIIDE Track newsletter trades and should be maintained separately.

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All trades should be exited or rolled into lead contract before first notice day. Until updated stops given, use equivalent stop calculated from close on day of rollover. Trading strategies apply to **24-hour trading session**.

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