



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

Earth In Transition...

A Cycle of Time Special Report

Oct. 1996 - Jan. 1997 (Reprinted 9/20/99)

by Eric S. Hadik

"You will hear of wars and rumors of wars, but see to it that you are not alarmed. Such things must happen, but the end is still to come. Nation will rise against nation, and kingdom against kingdom. There will be famines and earthquakes in various places. All these are the beginning of birth pains."

Matthew 24: 6-8 (NIV)

[9/20/99 Editor's Note: The following is a reprint of a Special Report that was published in January 1997 and incorporated analysis detailed since 1994. The primary conclusion — that 1998 - 2005/07 would see a marked increase in major earthquakes & volcanoes — has been reinforced by recent events in Turkey, Greece & today - Taiwan. These come on the heels of other major quakes over the last 3 years and — if this analysis is accurate — are NOT the worst of what is to come.

Though some will look at the above Bible verses and assume this is going to be a report on 'doom-saying' and apocalyptic prophecies, its primary focus is to detail cycles that have been in force for thousands of years and which are now converging with potentially devastating ramifications. The eschatological ('end times') & theological aspects of these events can be debated in a separate venue... though it may be difficult to simply ignore them and sweep them under the proverbial rug.]

Just as 1996 was considered the backstretch, **1997** would aptly be called the final turn... leading into the

homestretch -- and the culmination of decade-, century-, and millennial cycles beginning in **1998**. As I have stated over the last several years, 1998 will be the first dramatic year -- ushering in a 7-9 year cycle characterized by changes never before seen... or imagined!

With that in mind, **1997** should be second only to **1998-2005 (-07)** in importance, drama and danger for unwise investors. **1997** is likely to start with a 'bang' and never look back. One of the reasons I believe this -- has to do with so many political cycles converging in **1997--98**. Cycles in Russia, Turkey, Israel (and the entire Middle East), China (in addition to events in Hong Kong) and the

US are all aligning in the next two years.

As I have also recently explained, many space-related cycles are also dovetailing with this

analysis. However, one of the most prolific and potentially most ominous grouping of cycles is those having to deal with the earth.

Many readers have asked me why I bother to address issues of such an esoteric nature. Some feel it diminishes the credibility of my market analysis. Others simply can not understand a connection. Fortunately, most readers have been challenged and intrigued by these studies.

The following attempts to address each of these concerns and describe how this type of analysis can be beneficial to traders...

"All of these factors force the same conclusion -- the earth is changing and will continue to change for the next 5-10 years... or more. It is always in the latter stages of cycles like this that the most extreme action occurs."

Cycles would have to be considered the primary factor in Gann's analysis. As he explained (paraphrased), ***a trend will not terminate until sufficient time has elapsed for its completion.***

In other words -- you can have all the resistance and support imaginable, but it means nothing if a trend has not encompassed enough time & reached a mature enough state to reverse (thus, the principle of *squaring price and time*).

When considering cycles, a trader should consider the natural world before narrowing his scope to the markets as a whole or to any market in particular. As Gann frequently demonstrated, weather (flooding/droughts) is very cyclical... because life is cyclical. Gann also utilized cycles to forecast political events (in particular -- wars) and other extraneous events, which would impact the markets.

One topic that is neglected in today's investment world is that of earth cycles. Though sounding esoteric, the study of earth cycles (particularly earthquakes and volcanoes) is often a very mathematical and quantifiable discipline... and follows Gann's principles.

Since these cycles originate from a combination of astronomical & geo-physical origins, many are very predictable. More importantly is what can be learned from studying earth cycles & subsequently applied to market analysis. Before delving into this subject, it should be emphasized:

It is NEVER recommended that investors attempt to trade solely off cycles like these.

As subscribers are well aware -- these topics are for *additional* consideration.

A disciplined, objective trading strategy should always come first and be enacted in conjunction with this type of analysis.

With that made clear... Most investors tend to be narrow minded and resistant to insightful or innovative ways of thinking. When I broach the subject of earth cycles, I am often greeted with blank stares... or worse. Even those traders who are open-minded are sometimes ignorant of certain factors which could effect the markets in which they are involved.

For instance, many traders had told me emphatically that the only way earth cycles *might* have any application is if they trigger 'super-volcanoes'. These large volcanoes spew enough particulate high enough into the stratosphere (blocking out sunlight and therefore cooling temperatures on the affected areas on earth) to have a significant impact on weather cycles in the ensuing months or years. This is true... but it is **not** an exclusive case...

In late 1994, there were individuals who thought I was crazy projecting a significant earthquake -- in either Japan or California -- for mid-January 1995. (In fact, I was not predicting... merely identifying the increasing probability of its occurrence.) That was until a catastrophic quake hit Kobe, Japan on January 16, 1995.

Of course, these same pundits were quick to point out that an earthquake has no bearing on the markets -- unless it were to devastate an area like New York or Tokyo. They argued that earthquakes have no bearing on financial markets beyond the scope of their immediate region.

In many cases, this is true -- and **was** commonly accepted as irrefutable fact. That was until the estimated costs of the Kobe earthquake grew to exceed 50 billion US Dollars. At that point, the Japanese Yen entered a parabolic move upwards -- rallying over 26.00 points, or over \$32,500 per contract in futures terms, in the ensuing 13 weeks.

Simultaneously, the Nikkei Stock Index plummeted over 5,000 points -- or more than 25% -- in the subsequent 21 weeks. An objective observer would have to conclude that this was more than random coincidence. So, why would the Yen skyrocket & the Nikkei plummet?

Because the Japanese had to convert investments to cash and repatriate large sums of capital to pay for the damages. This meant liquidating foreign holdings (i.e. US stocks, bonds and Dollars) and buying Yen. The interesting thing is that the Yen was already in an uptrend and the Nikkei had already begun a decline BEFORE this fundamental event hit.

This event confirmed the technical outlook and triggered the parabolic 50-75% of the respective moves. As in most cases, markets usually anticipate external (fundamental) events.

I am certain that the question still arises--

'Why focus on earth cycles and why so emphatically now?'

The answer is many-fold:

#1) First is the reinforcement to Gann's geometric theory of time... which is applicable to all market analysis and to cycles of almost any nature. Once this concept is understood and internalized, cycles can be better utilized in market analysis and applied to trading.

#2) Second is a discussion on the topic of synergy. This is a principle that should govern every trader's decision-making, since trading is ultimately a '*numbers game*'. It is another lesson to learn from these earth cycles. The more factors corroborating a specific trade (or projected earthquake/ volcano) -- the higher probability for success.

#3) Third is potentially a more important topic and the ramifications it will have on civilization over the next decade(s). It is the topic of solar retrograde... and its third occurrence which began in April 1990. This has already had a dramatic effect on world-wide crop production and its influence is expected to continue into the next decade.

#4) Fourth is a return to the topic of cycles, albeit from a longer-term perspective. Multi-decade and multi-century cycles pinpoint the next several years as having an increasing risk of major volcanic eruptions (particularly in Italy and NW North America) and dramatic earthquakes (throughout the entire world -- but particularly in Japan, the US, the Middle East and Europe).

Multi-millennial cycles -- evidenced by the sudden return of several comets (which affect the stability and energy of planets millions of miles out of their direct path) -- are also now in force.

[Again, I should emphasize -- this is not some mystical, esoteric discussion on subjective matters. It is a discussion on physical, geo-physical and astronomical events and cycles that are VERY objective... at least from a historical perspective. The conclusions and forecasts are the only aspect that is subjective in nature.]

#5) Fifth -- and finally -- is a discussion on the topic of climate and climate cycles... and the effects that the previous two points (#3 & #4) could/will have on climate throughout the earth in the coming years.

Most readers who are familiar with Gann have some understanding of his concept of time. Since a solar year is 365 days (and could have been - at one time in the past - 360 days) & is governed by circular and elliptical planets, rotations and orbits -- it only makes sense that time is geometric.

Measurements that hold increased significance in a circle (90, 180, 360 degrees) also hold increased signifi-

cance in time (90, 180 or 360 days, weeks, month, years).

The circular -- or cyclical -- nature of time is also apparent in Gann's concept of anniversary dates (hence the dual-expression that an event has come 'full-circle' or 'full-cycle'). Significant events often occur on the anniversary of other noteworthy events.

Significant historical turning points can be used to project future reversals by applying this idea to cycles (adding multiples of 30 periods -- days, weeks, months or years)... but should always be filtered with synergy. In other words, unless several cycles -- emanating from several prior turning points -- converge at a specific date in the future, it is not a high probability forecasting tool.

The idea of geometric time (where periods of days, weeks, months or years are divided the same as a circle -- in

15 or 30 degree increments) is not isolated to market cycles. In fact, Gann applied to the market what was already present in nature (just as R.N. Elliott did with his Wave Theory).

As demonstrated from the following tables extracted from the 1/02/97 INSIIDE Track, geometric time is ubiquitous in earth cycles as well. When preceding earth events (earthquakes of significant magnitude or serious volcanic eruptions) follow a consistent pattern occurring in 30/60/90/ 180 day intervals - they often act as a precursor for the future. The 1995 Kobe Japan quake was a perfect example of this...

This first table demonstrates a unique cycle of earthquakes/volcanoes which continue to occur in mid-January and mid-July of each ensuing year (180⁰ apart). Almost all have been located in either Japan or the Western US region, but the tectonic plates affected cover a much wider region -- so pinpoint geographic accuracy is certainly not an attribute of these earth cycles.

A quake expected for Japan could strike anywhere from far-west Russia, China or the Philippines. On the other side of the Pacific, earth changes could strike any-

January/July (U.S./Japan) Earth Cycle

July 12, 1992...The third in a series of Yucca Valley, CA earthquakes with a 7.0+ magnitude.

July 15-16, 1992...Second eruption of Mt. Pinatubo

January 15, 1993...5.7 magnitude quake in Gilroy, CA

January 16, 1993...7.5 magnitude quake in N. Japan

July 12, 1993...7.8 magnitude quake in N. Japan.

January 17, 1994...6.6 mag. quake in Northridge, CA

[July 18--24, 1994... Shoemaker-Levy 9 comet collision with Jupiter (long term effects unknown...but enormous energy released... see 6/03/96 INSIIDE Track.)]

July 31, 1994...6.4 magnitude quake in N. Japan

January 16-17, 1995...6.8 earthquake in Kobe, Japan

July 3, 1995...5.6 magnitude quake struck Tokyo

where from Alaska to Mexico... BUT... the most common occurrence in this cycle has been in Japan and the US.

Of added interest is a point I stressed in several previous letters: This entire sequence was preceded by man-made, earth-shaking events. To quote:

“Prior to this sequence of earthquakes was another significant event which released a great deal of energy... in a much longer, drawn-out process. The bombing of Iraq began on January 16, 1991 and lasted 39 days and nights (1 shy of the Biblical 40 days and 40 nights). Since I believe that unnecessary pressure has been placed on the earth’s plates and crust by the detonation of massive explosives, it is of particular interest that... the detonation of the first nuclear bomb [occurred] on July 16, 1945...”

(Beware The Ides Of July!!! -- 6/12/95)

So, both the mid-January and mid-July periods have had man-made energy-releasing events in the past... slightly more than a Gann 45 years apart (though Saddam’s troop movements began precisely on the 45th anniversary). Whether this has an effect or not -- and whether this annual ungrounded period spurs men to take such extreme actions -- is for you to decide.

In addition, one of the greatest releases of energy in our universe occurred less than three years ago... also during the **mid-July** period. This event took place exactly 49 years (7 x 7 -- or completion multiplied by completion) from the 7/16/45 atomic bomb test.

Though scientists still do not know what to conclude from this massive disturbance in our solar system, the **July 18-24, 1994** collision between Shoemaker-Levy 9 comet and the planet Jupiter released energy beyond our compre-

hension.

The following table (from the **7/19/94 Dallas Morning News**) places in perspective the destructive force of just one single fragment from this comet entering Jupiter’s atmosphere...

The explosive force of this comet fragment blast was 400,000,000 times the explosive power of the atomic bomb at Hiroshima... *How’s that for perspective?!* And, that was only one fragment. Imagine what the cumulative effect of this 6-day event (another Biblical parallel) must have been.

Though this may not seem directly related to the current discussion, consider the massive energy and magnetic field which travel with -- and surrounding -- comets which enter our vicinity. This abundance of energy could alter the stability of the earth’s crust...

In keeping with the idea of geometric time & the lessons that can be learned from it, another recent quote is applicable...

*“As **Jan. 16/17th** drew closer, October (90 days/degrees prior) saw 6.0+ quakes in the Arabian Sea, Philippines, Canada, Lebanon, Egypt, the Mediterranean (consistent with my expectations for an Italian volcano in the next 1-3 years), Solomon Islands (2), Indonesia (2), Fiji Islands, Russia AND--at **precisely the 90 day prior point -- Japan was rocked by 2 major quakes on Oct. 18 (6.8... following more than 5,000 quakes in 4 days) and on Oct. 19 (7.0).**”*

(01/02/97 *INSIIDE Track*)

This is an almost unprecedented amount of earth activity in such a tight time frame -- all focusing attention on future dates in multiples of 90, 180 and 360 degrees/

days... with January 16-19th and July 16-19th being the tightest convergence of cycles, though April 16-19th will also be significant.

It is of particular interest -- and a reinforcement to the accuracy of these earth cycles -- that these two recent major Japanese quakes (10/18-19/96) occurred precisely 7 years (a Biblical period of completion) from the Oct. ‘89 San Francisco (Loma Prieta) earthquake. This is another reason for focusing attention on April 16-19th - which is now 180 degrees forward - as well as the mid-January and mid-July cycles.

Since October 1995, another cycle has developed--linked to lunar cycles (though not isolated to Japan or the West Coast). Each of these quakes/volcanoes occurred within days of the full

<u>Comet Explosion Comparison</u>	
Atomic Bomb over Hiroshima-- (15,000 tons of TNT)	<u>15 kilotons</u>
Peak Explosive Power of US nuclear arsenal-- (1 megaton = 1 million tons)	<u>20,000 megatons</u>
Peak of USSR arsenal--	<u>60,000 megatons</u>
Shoemaker-Levy 9 fragment G, 2 miles wide, exploded in the upper atmosphere of Jupiter-- (6,000,000,000,000 tons of TNT)	<u>6,000,000 megatons</u>

moon. Since the cycle of full moons is very close to a 30-day cycle, it is also closely related to the idea of geometric time...

I have been following/researching earth activity for the last 10 years and have never seen the consistency or intensity that this cycle is manifesting. Applying laws of momentum & physics, it should continue 'unless acted on by an equal or greater force' (whatever that might be).

...However, when forged with uncanny earth cycles like these, an intriguing conclusion might be reached. One or more significant earth events could occur in the middle half of January (1/09--26/97)... and/or in mid-April, 1997.

I would not speculate at events of this nature without synergy (increasing confidence). I am not a sensationalist. This should also be true with trading. The high-percentage trades -- not high visibility ones -- should receive a trader's attention and energy.

Too many traders are consumed with picking the exact top or bottom of a market (ego-boosting) -- instead of waiting for confirmation & taking the mid 60-70% of a move (profit-boosting), when risk is easier defined and more manageable.

Regarding synergy... just because a couple cycles identify a potential turning point - or 1 or 2 indicators give a sell signal - it is not justification for action. As stated before, trading is a 'numbers game'. A trade (or a forecast of any type) is not always going to be right, no matter how good it looks or feels. You must always 'stack the odds' in your favor.

Trading can only be judged by the bottom line. In this way, it is unlike any other business in the world. Most businesses can be judged by what good they do or service they provide AS WELL AS their profitability. Trading can ONLY be judged by results... by profits or the lack thereof.

With this in mind, traders should only be interested in taking high-percentage, low-risk trades. One of the ways to accomplish this is by utilizing synergy in all your decisions. Reverting back to the earth cycles, **January 1997** is a plethora of cycles -- as will be **July 1997** (and **mid-April**).

In addition to the tables noted earlier, some additional comments will demonstrate this:

"Other precursor quakes point to January 1997 as a very tenuous time. One example is a cycle in Taiwan & Honshu, Japan. In March (3/05, 3/16) 1996, major quakes struck these two areas (6.3, 6.6, respectively). 5 months

<u>1995--96 Full Moon/Earth Cycle</u>	
10/06/95	--7.0 quake in Indonesia
10/06/95	--Volcano on Mt. Ruapehu in N.Z.
10/09/95	--7.6 quake in Colima, Mexico
01/01/96	--7.7 quake in Indonesia (w/tidal wave)
01/01/96	--7.2 quake in Russia & volcano
02/02/96	--6.5 quake in Yunnan, China
02/07/96	--7.1 quake on Kuril Islands
03/03/96	--6.8 quake in Nicaragua
03/05/96	--6.3 quake in Taiwan
05/02/96	--5.2 quake in Seattle, Washington
05/02/96	--6.0+ quake in Okinawa, Japan
05/02/96	--6.6 quake on Solomon Islands
(05/01--05/02	--4 quakes from 6.0--6.6 on S.I.)
05/03/96	--5.9 quake in China
05/07/96	--6.5, 7.0 quakes in Kuril Islands
05/07/96	--6.0 quake in N. Mullucca Sea
05/30/96	--6.0 quake on S. Sandwich Islands
06/01/96	--6.8 quake--French Guinea
(05/30--6/01/96	--3 quakes ranging from 5.3--6.8)
06/02/96	--6.2 quake on N. Mid-Atlantic Ridge
08/01/96	--6.0 quake in Indonesia
08/05/96	--6.7 quake in the Tonga Islands
08/06/96	--6.5 quake in the Fiji Islands
10/01/96	--6.3 quake in Arabian Sea
10/02/96	--6.4 quake in Philippines
10/02/96	--Volcano in Iceland (under Europe's largest glacier... flooding feared)
10/04/96	--Volcano in Papua New Guinea
12/22/96	--6.0 quake in E. Sea of Japan
12/26/96	--6.0 quake in Indonesia
(01/02/97 <u>INSIIDE Track</u>)	

later (8/10 & 8/10) quakes again struck these regions (6.1, 6.0). (August 9-10 was a seismically active day with two other 6.0 quakes and two volcanic eruptions in Indonesia and the Philippines.) As I have demonstrated before, a third occurrence often follows in a pattern like this. The next cycle aligns Jan. 9/ 10, 1997 (precisely at the new moon). Considering the January 16/17th cycle in Japanese and West Coast US quakes, and a 14 month cycle

of full moon quakes...January 9-26 could be dangerous..."
(01/02/97 INSIIDE Track)

This additional cycle sequence focuses on Japan and Taiwan (or China) as a high-risk area in January. Even though my prognostication could be wrong (if no significant quakes or volcanoes strike the '*Rim of Fire*' between **January 9-26th**), I am willing to reveal it and put my credibility on the line because of synergy. I am also more willing to take trades in the market -- and place capital at risk -- when several (preferably 5 or more) indicators confirm... and reasonable risk can be defined.

The third, fourth and fifth topics I cited earlier are more applicable to agricultural traders... though they should impact the entire market in the months/years to come. These converge in the discussion of *solar retrograde*.

A majority of traders are unaware of this phenomenon. Solar retrograde involves the sun's rotation within our galaxy -- and the shifting center of mass within our solar system (thus exerting stronger gravitational force on certain planets -- like the earth). Rather than enter a lengthy discussion on its origin and explanation, I will simply focus on its cyclic nature... and the ramifications.

Solar retrograde is only known to have occurred three times... the third of which began in 1990. It is an approximately 180-year cycle (consistent with Gann's geometric principles) which also occurred in the 1630's and the 1810's.

Both previous events were characterized by MAJOR earth changes and DRAMATIC climate swings (ultimately affecting the primary markets of their day).

Its impact was felt for decades to come.

The 1630's ushered in the 'Little Ice Age' -- that lasted several decades. This particular occurrence of solar retrograde had more affect on climate than tectonic plate movement. In areas where wheat was the staple crop, it could not be grown for decades to follow. This was due to the cooling of temperatures across the N. Hemisphere.

If you think there is no market application to this -- consider one of the most infamous speculative bubbles in history -- the Holland Tulip Bulb mania. It occurred between the years **1634--1637** -- precisely when this period of great change and increased instability (both in and surrounding the earth) was unfolding.

Not surprisingly, and again consistent with Gann geometry, the US stock market entered the parabolic stage of its current mania in **1994**... exactly 360 years after the commencement of the tulip bulb fiasco. What goes around -- comes around... or as Solomon observed -- *'there is*

nothing new under the sun'...

In the 1810's, on the other hand, solar retrograde impacted both climate and plate tectonics significantly...

1811-12 witnessed hundreds of earthquakes along the New Madrid fault in the midwestern United States. The two greatest of these quakes were each over 8.0 and caused massive damage -- wiping out entire towns, temporarily changing the course of the Mississippi River, heaving up paved roads on the Atlantic seaboard and ringing church bells in New England -- over 1000 miles away.

1815 saw the eruption of Mt. Tambora in Indonesia -- which ushered in the infamous '*year without a summer*' in 1816 (due to the immense amount of sun-ray-blocking particulate spewed into the stratosphere).

During 1816, temperatures were dramatically below normal and the northeast US and large portions of Europe experienced freezing temperatures **EVERY** month of the year. You can imagine the effect this would have on crops -- when the growing season is measured in days instead of weeks or months.

It is interesting that 90 years after the beginning of the 'Little Ice Age' and the Tulip Bulb debacle (1634-37), a major earthquake struck. In **1727**, one of the twelve most deadly earthquakes in history occurred in Iran -- killing 77,000 people and causing enormous damage.

It is also interesting that 90 years after the 1811--1816 period, the US experienced what remains as its most notorious earthquake - the San Francisco quake of **1906**. Another, more intense quake struck Italy two years later in **1908** - killing over 100,000 & causing a devastating tsunami (tidal wave).

The period of **1996--1998** is an additional 90, 180, 270 and 360 years from these earth-shaking/earth-changing eras. (**1998** is also 75 years from an 8.3 quake which struck Japan in 1923 - killing 143,000 and spurring the great 'Tokyo fire'.) If you do not think that this will result in earth upheaval, nothing will. This is only one of many reinforcements to the conjecture that multi-decade and multi-century cycles align in the next few years.

This hypothesis is not unprecedented since the two second-most devastating earthquakes in Italy also struck 90 years apart -- in 1693 and 1783... each killing over 50,000. This -- combined with cycles stemming from major volcanic eruptions in the same country -- make Italy a high-risk area in **1997-2001**.

Other cycles -- like two devastating quakes in Lisbon, Portugal -- also converge (similar to the aforementioned Taiwan/Japan series of quakes where three succes-

sive events are evenly displaced). These Lisbon quakes occurred 243 years apart -- in 1512 and 1755. An additional 243 years forward identifies **1998** as a critical year. (243 is the 6th multiple of my previously revealed 'Lost Cycle' of 40.5.)

The beginning of a new upswing in the 22-year sunspot cycle (which troughed in 1995-96) corroborates these cycles. This period is often one of climate and earth instability. Raymond Wheeler's (and others') climate studies concur with the expected impact of solar retrograde and portend continued cold/wet climate for the next couple years... in an era when all we hear about is the much touted 'global warming'.

Large portions of the US broke historic snowfall records last winter. The mid-west US experienced 9 months with freezing temperatures between September 1995 (record early freezes in Chicago and numerous other major cities) and May 1996 (record late-freezes in many regions).

Also -- in the current winter of 1996-97, the NW United States has been paralyzed by its worst snowstorms in recent history -- while the upper mid-west has experienced a similar fate. In the beginning of the season -- and earlier than any similar events -- the Cleveland area was pounded with massive amounts of lake-effect snow... while many regions consistently set record maximum-minimums (lowest high temperature for a specific date).

In addition -- record flooding hit the mid-west immediately after solar retrograde began (in the early-1990's) and moved to the west coast, thereafter. Once again -- the entire west coast--for the second year out of the last three -- is being inundated with precipitation in 1996-97. Look for this to continue throughout January and potentially into March/April 1997.

Flooding has also spread throughout the globe in recent years. The impact on countries like North Korea and China is already being seen and could spur dangerous repercussions in the years to follow.

In addition -- record flooding has often preceded major earthquakes. (Whether this is a result of the immense additional weight applying pressure on a given area... and then releasing that same pressure... has not been proven.)

Europe, however, is the sight of some of the most noteworthy events. Preceding the deadly cold snap now taking place (another confirmation of climate cycles and solar retrograde), a fateful event took place at the same time as the aforementioned Japanese earthquakes... in **October**

1996. (These events are also pointing to October 1997 as the 4th key period to scrutinize.)

A large volcano -- located beneath a glacier in Iceland -- began to erupt. Initially, massive flooding was predicted for much of Northern Europe. Though this has not yet occurred, Europe is not out of the woods. With an increase in earth activity, this volcano is bound to erupt more than once and the ramifications could do more to impact grain prices than US weather cycles. (Rotterdam is only one high-risk area.)

All of these factors force the same conclusion -- the earth is changing and will continue to change for the next 5-10 years... or more. It is always in the latter stages of cycles like this that the most extreme action occurs.

*"This -- combined with cycles stemming from major volcanic eruptions in the same country -- make Italy a high-risk area in **1997-2001.**"*

This is another lesson to be learned from earth cycles and applied to trading... that a parabolic move often culminates a cycle. This principle is probably the most important factor that an option trader can integrate into his/her trading strategy. If this is true, it means the worst is yet to come. (I am not an alarmist... only an aware-ist...)

Though this may seem like more of a discussion on earth cycles, it is applicable to many aspects of trading. In addition to the factors already explained, a time of earth upheaval is also a time of emotional instability.

Subtle changes in the earth's core and its atmosphere -- which gravitate to its surface -- affect our physical and emotional 'grounding'... and thus -- our decision making (i.e. investments/speculations). It is, historically, at times like this when caution is thrown to the wind and irrational behavior takes hold... and manias are birthed and ultimately destroyed!

I address this subject to provide a stark contrast to the hundreds of articles on micro-trading, which focus on the minute to minute changes in a given market... or a specific derivative of that market... or an option on the derivative of the underlying market (you get the point).

In other words, we have come to the point where we can **not only** no longer see the forest from the trees. We **cannot even** discern the trees as a result of so closely scrutinizing the roots... and the roots are becoming distorted in our vision, as well. It is of paramount importance to step back and look at the big picture before formulating a forecast for trading in the weeks and months ahead. Your investment life may depend on it.

Eric S. Hadik -- January 10, 1997

...END OF ORIGINAL 'EARTH IN TRANSITION'

1/27/97 UPDATE: On 1/09/97 Western Mexico was struck by a massive 7.3 earthquake-- confirming these cycles. On 1/17/97, the world witnessed another trio of earth-shaking events...

#1-- Mt. Merapi in Indonesia suddenly began erupting (bringing to mind Mt. Tambora in Indonesia which erupted in 1815 causing the 'year without a summer' in 1816).

#2 -- A 6.1 magnitude earthquake struck Indonesia, as well (is it coincidence that Indonesia is also becoming pronounced in the political scene for its role in DNC fundraising?)... AND...

#3 -- A 6.3 magnitude earthquake struck S. Japan in the general region of the Kobe, Japan quake.

Also, On 1/21/97 far west China was struck by two major quakes -- within a minute of each other. The 6.3 and 6.4 earthquakes caused over 500 buildings to collapse and killed many. Between my forecast **January 9th -- 26th** dates, the earth experienced a startling 9 major earthquakes and 2 volcanic eruptions.

This cycle has already been validated and has provided an additional precursor for mid-April, mid-July 1997 and Oct. 1997.

...END OF 1/27/97 UPDATE

9/20/99 Update -- 1996--2001 remains a period of

expected extremes in the markets and in the earth. *Since this report was written, Italy suffered several major earthquakes in historic areas.*

Now, NW Turkey (in close proximity to Italy, geographically speaking) has suffered a major and deadly earthquake, while at least a half-dozen smaller ones have reverberated around the globe (Costa Rica, Nicaragua, San Francisco, Montana, etc.).

Shortly after, a major quake struck Athens, Greece. Now, Taiwan (one of the countries mentioned as a high probability center for quakes) has today suffered a 7.6 quake.

The Middle East & the Rim of Fire remain as high probability targets for more massive earthquakes and volcanoes. I will update these cycles, the occurrence of recent earth activity and projections for future disturbances in upcoming issues of *INSIIDE Track*.

The entire period between now and mid-January 2000 holds the potential for more dramatic earth activity!
IT

...END OF 9/20/99 UPDATE

AN ABUNDANCE OF ADDITIONAL INFORMATION AND ANALYSIS ON THESE EARTH CYCLES HAS BEEN PUBLISHED SINCE 1999 AND IS AVAILABLE TO INSIIDE TRACK SUBSCRIBERS...

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