



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

by Eric S. Hadik

# The 17-Year Cycle IV

## An INSIIDE Track Report

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*"The sun rises and the sun sets, and hurries back to where it rises. The wind blows to the south and turns to the north; round and round it goes, ever returning on its course.*

*...What has been will be again, what*

*has been done will be done again; there is nothing new under the sun. Is there anything of which one can say, "Look! This is something new"? It was here already, long ago; it was here before our time.*

*There is no remembrance of men of old, and even those who are yet to come will not be remembered by those who follow."*

**Ecclesiastes 1:5-6 & 9-11**  
(New Int'l Vers. ©1986)

*Stock Indices experienced 12-15% corrections from their mid-July 2007 peak. That top was set on the exact **17-Year Anniversary** of the July 1990 top. The subsequent correction did not unfold exactly as I had anticipated (since I thought we could begin a bear market with as much as a 20% correction in a short period of time), but did reveal some additional, important clues for the coming weeks, months and years.*

*It turned focus onto October 11, 2007, the next important **17-Year Cycle Anniversary**. Leading into this time frame, multiple indicators - some as short-term as 1-3 weeks and others linking years of market action - projected an important peak.*

*This time frame was significant for many reasons, already described. As stated earlier this year, the culmination of this **17-Year Cycle** could last into the*

*latter part of the year, just as it did in some of the comparative years (like 1939). In addition, October is 180 degrees from April - a time when many precursor events (yellow flags) were triggered (see [Bring on the Bear](#) and [17-Year Cycle](#) Reports for complete analysis).*

*The following is a compilation of **Weekly Re-Lay** analysis from September & October 2007, describing many of the details - in time and price - that were published leading into the October 11, 2007 peak. This latest action reinforces the scenario outlined in the original **17-Year Cycle** Report and discussed throughout 2007. This is NOT new material but is analysis that has already been published for subscribers. This Report is intended to bring new readers - and or prospective subscribers - up to speed on analysis for a Stock Index top in 2007 and the onset of a multi-year bear market.*

*This most recent application of the **17-Year Cycle** not only projected a stock market peak on October 11, 2007, but forecast it to be around 14,190/DJIA... exactly 17 years from the October 11, 1990 low and*

exactly 6-fold of that low (2,365/DJIA x 6 = 14,190/DJIA). The October 11, 2007 peak at 14,198/DJIA fulfilled this analysis with such precision that it has to be given credence and focus has to be on the next critical Validation Points: January 15/16, 2008 & February 23, 2008.

The **Weekly Re-Lay** and **INSIIDE Track** will continue to update this very unique cycle and its expected impact(s) on various markets. For a comprehensive explanation and foundation to the following analysis - and for more insight on what to expect in the coming months and years - please refer to the original **17-Year Cycle** Report.

## October 11, 2007: Validation Point #2...

9/12/07 **Weekly Re-Lay Alert:** **"The Perfect Storm Arriving"** The Dollar is approaching 40+ year lows; Crude Oil is setting new 40+ year (all-time) highs; And, this follows the mid-year jump in interest rates (which has since reversed itself).

And the Middle East is heating up, with news that Israel jets did strike a target - possibly a nuclear installation acquired from N. Korea - inside of Syria last week.

Hmmmm. Syria cycles... Israeli nuclear cycles... Focus 5768... it's all coming together at the precise time cycles identified...

All of this was projected to trigger a stock market slide from July into October. So, is that what is in store?...

**Stock Indices** are all at a decisive time. They have each given two neutral signals to their daily uptrends. And each had entered an intra-month downtrend, only to rally back into the month-opening range and neutralize these trends. And, the daily 21 MACs are flattening after heading lower.

This is the type of pattern that needs to be watched very closely. Either the indices drop again and reverse their daily trends to down (with daily closes below 13,021/DJIA, 1454.5/SPZ & 1971/NQZ) or they turn their intra-month trends up

(with daily closes above 13,494/DJIA, 1511.7/SPZ & 2063/NQZ) and head higher."

10/03/07 **Weekly Re-Lay Alert:** "Which will crack first, the chicken or the egg? Which will correct first - stock indices or commodities? Since both reflect global growth and optimism, it is conceivable they will correct together. And, it could be an external event or report that dampens the optimism in both.

Whatever the case, cycles have long since identified the current time frame (late-September into late-October) as the one to watch for many reversals and/or surprises...

**Stock Indices** pulled back but remain in daily uptrends and will not turn their new intra-month trends down until daily closes below 13,893/DJIA, 1535.4/SPZ & 2109/NQZ. The daily trends cannot turn neutral until daily closes below 13,850/DJIA, 1533.3/SPZ & 2103/NQZ.

The indices each set new highs on October 1<sup>st</sup>, the next phase of the previously-described, 7--8 trading day low-low-low-low-high Cycle Progression."

10/06/07 **Weekly Re-Lay:** "Stock indices provided at least one additional sign of strength with the DJIA & NQZ turning their weekly trends back to up.

While this does not signal a breakout or acceleration to the upside, it does show that the wave count was wrong and that the current rally is far less likely to be a 'B' or '2' wave rebound (and more likely to be a culminating '5<sup>th</sup>' wave advance).

Ironically, the SPZ - which never turned its weekly trend to down - is the index that is still showing consolidation as it remains below its mid-July peak and is seeing its weekly 21 MARC catch up to current price levels (which means the ascent of the underlying 21 MAC is slowing which typically shows congestion and often precedes a reversal).

The one thing that all the indices have in common is the probability - based on the weekly

LHR indicator (which was tested and held on Sept. 17--21<sup>st</sup>) - that an intermediate top is likely by October 12<sup>th</sup>."

10/10/07 **Weekly Re-Lay Alert:** "Stock Indices continued higher, even though the S+P remains below its mid-July peak. The weekly LHR pattern indicates that an intermediate top should take hold by October 12<sup>th</sup>... while the 7-8-trading day Cycle Progression - that has identified 6 consecutive turning points dating back to August 6<sup>th</sup> - projects a high for today or tomorrow.

The interesting cycle to me, however, is one that has not been discussed by most media. While the 5-year (60 geometric months) anniversary of the 2002 low - and thus the '5<sup>th</sup> birthday' for the current bull market - just took place, tomorrow is a more important anniversary.

October 11<sup>th</sup> is the 17-year anniversary of the October 11, 1990, post-Kuwaiti-invasion stock market low. The stock market experienced a kind of irregular - or running - correction from the 1987 peak to the 1990 low and then began its massive, 1990's bull market on October 11/12<sup>th</sup>.

I have detailed the significance and repetition of this 17-Year Cycle in many ways and this could add to it. What would be the ultimate irony is if the S+P managed to set a double-top on the 17-year anniversaries of the 1990 high (July 17<sup>th</sup>) and the 1990 low (October 11<sup>th</sup>) before expectations for a 1-3 year bear market really take hold. This remains to be seen.

In another reinforcement of Gann's principles of geometry, the DJIA is currently trading near a precise 6-fold multiple of that October 11, 1990 low ( $2,365 \times 6 = 14,190$ ).

The 1997 & 2002 correction lows were very close to a 3-fold multiple (7,095/DJIA), while the Jan. 2000 peak was just shy of a 5-fold multiple (11,825/DJIA). So, this principle has applied to major turning points throughout this 17-year bull market.

The first sign that a reversal lower is unfolding would be daily closes below 14,009/DJIA, 1560.0/SPZ & 2143/NQZ."

10/13/07 **Weekly Re-Lay:** "The SPZ spiked to a new high, which fulfills its weekly trend pattern. During the July/August drop to 12,500/DJIA & 1375/SP, the S+P futures were the only index to NOT turn their weekly trend to down.

They gave two neutral signals to their weekly uptrend and then turned higher (immediately after testing and holding their intra-year low). Once they re-entered their weekly uptrend, this augured a retest of their July peak.

The retest of the highs coincided with the 3<sup>rd</sup> week following a weekly LHR test. This indicator usually produces an intermediate top within 3 weeks of being triggered, so a 2-4 week peak might have just been generated.

In addition, the DJIA & NQZ reversed their weekly trends back to up on October 5<sup>th</sup>, a reversal that is typically followed by a downside correction within 1-2 weeks. In other words, a 2-4 week (minimum) top appears imminent.

The indices initially fulfilled a unique web of longer-term time and price projections for an Oct. 11<sup>th</sup> peak...

### SHORT-TERM (1-5 DAY) OUTLOOK:

The daily trends remain up in the stock indices and should be respected. However, the SPZ & NQZ did initially neutralize these trends on Thursday, only to re-enter them on Friday. If they were to close back below 1565.5/SPZ & 2184/NQZ on Monday, it would set the stage for a probable trend reversal on Tuesday."

10/20/07 **Weekly Re-Lay:** "Stock indices have all reversed their intra-month trends to down and set new intra-month lows, already signaling intra-month inverted V reversals.

Since this comes after the indices topped on the exact 17-Year anniversary of their October 11<sup>th</sup>, 1990 lows and after the DJIA retested its major upside target range, it should be viewed as a significant turn.

The DJIA & SPZ neutralized their weekly uptrends while the NQZ missed doing so by a

couple points. However, it spiked to a new high on Friday and then gave an outside-day and weekly 2 Close Reversal lower.

As stated last week, the October 11<sup>th</sup> highs occurred during the 3<sup>rd</sup> week following a weekly LHR test. This indicator usually produces an intermediate top within 3 weeks of being triggered, so this week's sell-off reinforces that signal.

It also sets up some intriguing possibilities for the next several weeks. First, there is the normal action linked to the weekly trend pattern. In many cases, a market will neutralize its trend pattern (daily, weekly or monthly; the 60-minute charts are a little different) twice and then give a final spike and reversal the following week.

This gives an aid to timing a correction since the first neutral signal often indicates that there is about 1.5--2 periods (days, weeks, months) remaining in the initial correction. So, the DJIA & SPZ are poised to decline - on balance - into Oct. 29--Nov. 2<sup>nd</sup>.

Depending on what the weekly trends do at that time, the die will be cast as to what to expect leading into mid-November... the next key cycle.

### SHORT-TERM (1-5 DAY) OUTLOOK:

The daily trends are down in the SPZ (as of 10/16) and DJIA, while the NQZ needs a daily close below 2145 to corroborate. The NQZ spiked to a new high on October 19<sup>th</sup>, fulfilling short-term analysis - even as the SPZ remained in a daily downtrend - and setting the stage for a sharp correction. 2108/NQZ is a critical and decisive level to monitor in the coming days."

The **17-Year Cycle** is just one of MANY cycles that has begun to 'kick in' in September/October 2007. The October 11th Stock Index peak ushered this in. The biggest impact is still expected to wait until 2008. This could be as soon as 'Validation Point #3' - January 15/16, 2008 - or could wait until April 2008, when 'Validation Point #4' comes into play.

**Focus 5768 I-V & The Grand Illusion I & II** detail many other cycles that also converge in this time frame. **Bring on the Bear** also details unique cycles that come into play in April... and were/are expected to influence events in April 2008. Much more to come... IT

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