



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

by Eric S. Hadik

# The 17-Year Cycle & US Dollar

## An INSIIDE Track Report

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### Dollar Decline Diminishing...

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**July 2008** - The following is a recap of analysis from May 31st - July 5th, detailing why the Dollar should set a multi-month low (potential double-bottom) in July (14 - 23rd) and then see an advance into November 2008 and a surge that should ultimately take it back up to 90.00 - 92.50/DX. To most observers, this seems an

impossibility from the current vantagepoint... just as a Stock Index peak in October 2007 seemed impossible. The **17-Year Cycle** (and a combination of other cycles and analyses) says otherwise...

5/31/08 **INSIIDE Track**: “The Dollar remains above its mid-March lows but needs a weekly close above 73.90/DXM to confirm that a 3-6 month bottom is intact. This is still poised to trigger a rally into June/July 2008, but could ultimately create an advance into November 2008.

The wave structure is such that the Dollar could be completing a ‘5th’ wave decline. **Once this is confirmed**, it would be expected to generate an advance back up to 90.00 - 92.50/DX. It would take a few months - once a low is intact - to be able to confirm this, so much more work is still necessary to signal a larger-degree bottom. The Euro is the inverse and could be setting a 3-6 month peak.”

Editor’s Note: The mid-March & late-April lows - both around 71.00/DX - pinpoint a major level of support in the Dollar Index. On a weekly & monthly closing basis, this level should hold in order to propel the Dollar Index up to 90.00 - 92.50/DX, as is currently expected.

6/14/08 - **Weekly Re-Lay**: “The Dollar - after 3 months of volatile congestion and a few false signals - finally reversed its weekly trend to up. Ironically, this is occurring just as the Dollar Index is fulfilling the ongoing, 3-6 month analysis for a rally from the March lows into June or July.

On at least two occasions, the big question was whether the Dollar was going to retest those lows as part of this overall rebound (in what would have been a flat or irregular correction to the multi-year downtrend). Now that the Dollar has confirmed a low, it signals a more normal (upside) correction and gives a little better idea as to what to expect from this rebound.

For starters, an initial high is possible in the coming weeks...Second, the Dollar is increasing the potential for an overall advance into November 2008. All of this, however, is waiting for a corroborating signal from...

...The **Euro**, which has not yet turned its weekly trend to down. It would take a weekly close below 1.5259/ECU to do so. However, a daily and then weekly close below 1.5187/ECU would be a more convincing sign of a developing decline.

There are two intriguing dates to watch in the Euro (and Dollar) during the next 6 weeks. The first is around June 22<sup>nd</sup> (20<sup>th</sup> or 23<sup>rd</sup>). The second - and more significant - is around July 22<sup>nd</sup>.

Not only is July 22<sup>nd</sup> a geometric cycle from the April 22<sup>nd</sup> and May 22<sup>nd</sup> highs (and possibly from a June 20/23<sup>rd</sup> turning point), it is also a 90-degree low-high-?? Cycle Progression, incorporating the April 22<sup>nd</sup> high and the January 22<sup>nd</sup> low."

**6/21/08 Weekly Re-Lay:** "The Dollar - after finally reversing its weekly trend to up - immediately turned back down. Since the Dollar Index fulfilled the ongoing, 3-6 month analysis - for a rally from the March lows into June or July - this could prompt a drop back to the lows of mid-March and late-April. This is corroborated by the weekly 21 MAC - which remains in a downtrend - and the intra-year trend, which is also down.

The action of the **Euro** - in particular its weekly trend - reinforces this possibility. The Euro was unable to turn its weekly trend to down (it would take a weekly close below 1.5259/ECU to do so) and is poised to rally to new highs in the coming weeks.

It has re-entered its weekly uptrend, remains in an intra-year uptrend and also remains in an uptrend basis its weekly 21 MAC. This clarifies the most likely scenario, leading into the most significant cycle of the coming weeks - around July 22<sup>nd</sup>...

July 22<sup>nd</sup> is a geometric cycle from the April 22<sup>nd</sup> and May 22<sup>nd</sup> highs (and possibly from a June 23<sup>rd</sup> peak, if the Euro continues its rally on

Monday and then consolidates for 1-2 weeks). It is also a 90-degree low-high-?? Cycle Progression, incorporating the April 22<sup>nd</sup> high and the January 22<sup>nd</sup> low. In most cases, this would create a high around July 22<sup>nd</sup> (and then, possibly, a lower high around October 22<sup>nd</sup>).

And, now that the June 13<sup>th</sup> low has been confirmed, a 36-calendar day/25-trading day low-low-low-? Cycle Progression aligns on July 21<sup>st</sup>. Ideally, this would create a high.

An intervening, 12-13 trading day high-low-high-low-high-low Cycle Sequence next comes into play on July 1<sup>st</sup> or 2<sup>nd</sup>. If the Euro consolidates and then sets a low on July 1<sup>st</sup> or 2<sup>nd</sup>, it would increase the potential for a culminating rally into July 21<sup>st</sup>."

**6/25/08 Weekly Re-Lay Alert: The Dollar... and July 22<sup>nd</sup>...:** The Dollar Index is showing additional signs that it could decline into July 21--23<sup>rd</sup>, the most significant cycle of the next 4-6 weeks. In addition to all the geometric cycles, the Dollar Index also has a (16-)17 week low-low-low-low Cycle Progression that comes into play during the week of July 14--18<sup>th</sup> (a couple trading days before July 22<sup>nd</sup>).

A decline into that week would also complete a 1-year/360-degree high-low-low Cycle Progression, connecting the mid-to-late July 2006 high, mid-to-late July 2007 low and a July 14--18<sup>th</sup>, 2008 low. This potential has been validated by the Dollar Index reversing its daily trend to down.

The **Euro** has turned its daily trend to up, increasing the potential for a rally into July 22<sup>nd</sup> (+ or - 1-2 days). This is in synch with its weekly trend that was unable to turn down during the last correction. As a result, a (minimum) retest of the highs is likely. A rally to new highs would also complete a 7-year surge from the July 2001 low."

**6/28/08 Weekly Re-Lay** - "The Dollar reinforced its June top and could decline into July 22<sup>nd</sup>. The Euro is still expected to rally to new highs...The Dollar is validating multiple analyses from recent weeks and months. It rallied into mid-June, fulfilling the 2-3 month outlook from March & April, and then reversed back down.

More recently (this past week), it dropped sharply, increasing the potential that it will also fulfill the 1-4 week outlook for a drop back to the lows of mid-March and late-April... leading into July.

This is corroborated by the weekly 21 MAC and the intra-year trend, both of which are down. The Dollar Index turned back down before the weekly 21 MAC could begin to flatten, signaling that the initial, 3-month rally had/has not (yet) reversed the 6-12 month or 1-3 year downtrend.

This channel AND the weekly trend pattern AND wave comparisons (like successive, 39-day declines) AND geometric cycles (most prevalent in the Euro) AND other indicators are signaling two things: The Dollar Index is likely to decline - on balance - into **July 21--23<sup>rd</sup>** AND a new intermediate low is likely at that time.

The **Euro** reinforces this with a weekly trend pattern that projects a surge to new highs, an intra-year uptrend and weekly 21 MAC that project the same thing AND the aforementioned cycles...

July 22<sup>nd</sup> is a geometric cycle from the April 22<sup>nd</sup> and May 22<sup>nd</sup> highs AND a 90-degree low-high-?? Cycle Progression, incorporating the April 22<sup>nd</sup> high and the January 22<sup>nd</sup> low. In most cases, this would create a high around July 22<sup>nd</sup> (and then, possibly, a lower high around October 22<sup>nd</sup>).

A 36-calendar day/25-trading day low-low-low-? Cycle Progression aligns on July 21<sup>st</sup> and should create a high. An intervening, 12-13 trading day high-low-high-low-high-low Cycle Sequence next comes into play on July 1<sup>st</sup> or 2<sup>nd</sup> & could create a high or low (and still corroborate the potential for a culminating rally into July 21<sup>st</sup>).

7/02/08 Weekly Re-Lay Alert: **The Dollar... and July 22<sup>nd</sup>...II**: The **Dollar Index** keeps validating analysis for a decline into July 21--23<sup>rd</sup>, the most significant cycle of the next 4-6 weeks. At the very least, it is expected to drop into the week of July 14--18<sup>th</sup> when a (16-)17 week low-low-low-low Cycle Progression comes into play.

A decline into that week would also complete a 1-year/360-degree high-low-low Cycle Progression, connecting the mid-to-late July 2006 high, mid-to-late July 2007 low and a July 14--18<sup>th</sup>, 2008 low.

The **Euro** is expected to, inversely, rally into July 22<sup>nd</sup> (+ or - 1-2 days) when a plethora of cycles converge."

7/05/08 **Weekly Re-Lay**: "The Dollar is still on track for a decline into July 21--23<sup>rd</sup>, despite the late-week rebound. This will remain the case until and unless the Dollar turns its daily trend to up. The action of the weekly trend also sets up a unique scenario for the coming weeks, which would reinforce the 3-6 month outlook..."

The Dollar fulfilled the 2-3 month outlook by rallying into mid-June and has since pulled back. However, the Dollar Index has not neutralized its weekly uptrend. This means that the earliest this can occur is on July 25<sup>th</sup>.

The weekly 21 MAC (and the intra-year trend) should keep pressure on the Dollar for another couple weeks. However, this channel will begin to lose its negative impact - barring a drop to new lows - in 3-4 weeks.

So, several key indicators and cycles point to early-August as the time frame with the best potential for a new Dollar rally. In between now and then, the Dollar could see some volatile congestion - gradually working lower.

The **Euro** reinforces this with a weekly trend pattern that projects a surge to new highs, an intra-year uptrend and a weekly 21 MAC that projects the same thing.

It also has the clearest convergence of cycles on July 22<sup>nd</sup> - 90 & 60 degrees from the April 22<sup>nd</sup> and May 22<sup>nd</sup> highs AND a 90-degree low-high-?? Cycle Progression, - that should create a high - incorporating the April 22<sup>nd</sup> high and the January 22<sup>nd</sup> low.

A 36-calendar day/25-trading day low-low-low-low-? Cycle Progression aligns on July 21<sup>st</sup> and corroborates this by projecting a high."

**Synopsis**

The **Weekly Re-Lay & INSIIDE Track** will continue to update this 'once in a **17-Year Cycle**' opportunity, as a perceived '5th' wave *decline* is culminating... and the subsequent 'A' wave *surge* is taking hold. Putting this overall analysis into the ubiquitous, **17-Year Cycle** perspective...

The Dollar Index gave its highest monthly close in January 2002 - almost exactly **17 Years** from its February 1985, multi-decade peak.

**17 Years** ago, the Dollar plummeted into 1991 before seeing an 18.00 point surge. It subsequently dropped back down to - and briefly spiked below - its 1991 low, in late-1992, before entering a multi-year period of consolidation.

The Dollar Index is now poised for a July 2008 low (**17 Years** later) and a surge that *should* cover at least 18.00 basis points but *is expected* to encompass 19.00 - 21.00 points (90.00 - 92.50/DX is upside target).

Could this give way to another drop into late-2009 (**17 Years** after the late-1992 major low)... or will this surge be just the first rally of a 2-3 year bounce ('A-B-C' reaction higher)??

This **Report** is not intended to add new analy-

sis, but instead to bring other readers up to speed on what has been published the past 4-5 weeks., regarding an impending, 3-6 month Dollar low/Euro peak. The July 2008 **INSIIDE Track** reiterates the longer-term analysis and sets the stage for a July 2008 bottom in the Dollar Index...

7/01/08 **INSIIDE Track**: "**The Dollar** fulfilled analysis for a March through June/July rally and then turned back down. It could retest its lows in July (July 21 - 23rd is ideal period) and then enter a new advance into November 2008.

The wave structure is such that the Dollar could be completing a '5th' wave decline. **Once this is confirmed**, it would be expected to generate an advance back up to 90.00 - 92.50/DX...

The **Euro** is poised to retest - or even spike above - its highs before a larger-degree top is intact."

As recently detailed, weekly cycles converge on **July 14 - 18th** while daily cycles align on **July 21 - 23rd**. **A Dollar bottom is most likely at that time**. These Dollar cycles dovetail with cycles that peak in the Energy Complex (in July) and with ongoing analysis in Stock Indices. The second half of 2008 should be exciting! *IT*

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