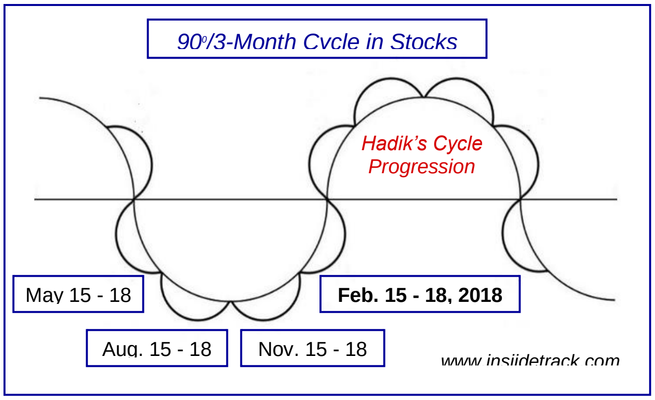
ITC Weekly Re-Lay™

Intra-Week *ALERT* for Wednesday – Feb. 7, 2018

"Cycles & Cycle Progressions" [Excerpt]



Before addressing the outlook for equities, metals and the other markets, it is a good time to review some CRUCIAL facts related to my approach to cycles & *Cycle Progressions*:

-- Cycles are NOT a stand-alone tool. In fact, they are very weak when used on their own. That is why they are only treated as a backdrop for the myriad of additional technicals applied to the markets.

-- An individual cycle is NOT a stand-alone cycle. Synergy is the key in all technical analysis and an individual cycle has far less credibility & 'authority' than a convergence of diverse (larger and smaller) cycles.

-- Proportion is critical! A cycle that is 4 - 8 weeks in duration might create a low (or high) that only holds for 1 - 2 weeks, particularly if it occurs in the midst of an evolving downtrend. Many other factors go into developing expectations around that cycle.

-- Cycles are NOT the only timing tool used in this analysis. They are merely the starting point. There are more than a dozen additional timing tools utilized to hone the outlook in a given market. Most of them are more specific and better at identifying risk points, which is why they are employed to hone the analysis.

-- All of the timing tools must be validated by price analysis & price action - which is the ultimate filter.

-- Even within a specific complex (precious metals, equities, foreign currencies, etc.), cycles deviate from one another and often lead to a series of divergent highs or lows. So, a succession of cycles could time a series of lows.

There are actually many more mitigating or clarifying factors that go into the use of cycles, but those cover most of the key factors that often come up in subscriber inquiries.

And all of these factors apply directly to the diagram in the first column and its application to current equity market action…

STOCK INDICES are confirming signs of a **Jan./Feb**. peak and a **February** reversal lower, with the DJIA & ESH turning their daily trends down after fulfilling 5-month AND 10-month low-low-low-low-(high) *Cycle Progressions* that projected a multi-month peak between **mid-Jan. - mid-Feb. 2018**.

Once again, the Dow Transports were the first to signal a (minimum) 2 - 4 week top when they turned their daily trend down on Jan. 24. The Russell 2000 followed close behind.

Most other indexes waited until the end of January to follow suit. Most of the indexes also turned their weekly trends to neutral, increasing the likelihood for a sell-off into mid-Feb. (another form of timing tool used to hone cycle analysis).

These reversals came after the primary indexes surged to their monthly *LHR*s in January - attaining monthly upside extreme targets - after reaching larger-degree yearly extreme upside targets (*LHR*s) in 2017. These are another form of timing tool - a price/time tool - that helps filter cycle analysis.

(continued on page 2)

POB 2252 NAPERVILLE IL 60567 630-637-0967 630-637-0971 (fx) *INSIIDE@aol.com* *www.insiidetrack.com*

Weekly Re-Lay™
www.insiidetrack.com

Intra-Week *ALERT* for Wednesday – Feb. 7, 2018

"Cycles & Cycle Progressions" [Excerpt]

Those daily & weekly trend reversals (daily trend sell signal and weekly trend neutral signal) helped clarify a previously-discussed intermediate cycle…It already links lows on May 15 - 18, 2017, Aug. 15 - 18, 2017 & Nov. 15 - 18, 2017 and is likely to time a 4th consecutive low on **Feb. 15 - 18, 2018**.

After peaking in late-Jan., the ESH & NQH created outside-week/*2 Close Reversals* lower - providing initial validation to all of the cycles & timing tools projecting a multi-week sell-off in Feb. 2018. Those signals usually generate 2 - 3 weeks of subsequent selling - another form of timing tool used to hone cycles.

All of that focuses on **mid-Feb**. as a higher probability for the completion of an *initial* sell-off. Depending on the weekly trends, weekly *21 MAC*s, and other factors, a subsequent decline into...

[Reserved for subscribers only. The Feb. 7, 2018 *Alert* explains why a new decline should take hold immediately - after the indexes tested & held key rebound objectives earlier today - and plummet into mid-Feb. Feb. 7 - 16 is another bearish phase.

If Stock Indexes follow that expected scenario - and immediately enter a new sell-off - they could reveal a great deal about what to expect in the first half of 2018!]

From a broader perspective, the recent sell-offs (which are more likely just the first shoe to drop in this particular downturn) are a textbook validation to the *90/10 Rule* discussed in the Nov. 2017 edition of *INSIIDE Track*.

That issue explained how the *90/10 Rule* can help narrow down the most likely time for a sharp move in a given market (a sharp sell-off comes just before a cycle low and a sharp rally comes just before a cycle high… when other factors are properly aligned).

In late-Oct., that principle was used to project a sharp rally in Gold - for Dec. '17/Jan. '18 (leading into an expected intermediate cycle peak) and a sharp sell-off in stocks beginning in Jan./Feb. 2018 and likely lasting into **March 2018** (leading into an expected intermediate cycle low).

Though general in nature, that factor is also playing into current analysis - just as it did with recent analysis in Gold, Silver and the XAU.

It is important to reiterate that several key global indices also signaled initial reversals lower, beginning on Jan. 23 & 24. These include the Shanghai Composite, Nikkei, Euro STOXX 50, CAC-40 and the DAX. On a larger-degree basis, the European Indexes remain the most vulnerable as they barely spiked above their Nov. peaks, when recently topping.

The STOXX could not retest its May 2017 peak, which was below its Nov. 2015 high, which was below its July & April 2015 peaks. The outlook remains that this index could see a year-long drop into **late-2018**. The most critical support zone in **1Q 2018** comes into play at **2950 - 2970**.

That range includes the Jan. '17 & Aug. '17 lows - a double bottom created last year - and the April & May 2016 peaks, a critical level of wave *'resistance turned into support'*. If/when the STOXX 50 drops below **2977** (which is less than 20 points below this week's current low of **2996**), it would be at its lowest level since 2016.

If it is true that when the American markets sneeze, the rest of the world catches a cold, Europe could be showing symptoms of a developing flu - that could linger throughout 2018.

(continued on page 3)

Intra-Week *ALERT* for Wednesday – Feb. 7, 2018

“Cycles & Cycle Progressions” [Excerpt]

BONDS & NOTES accelerated their declines, reinforcing the overall 2 - 3 year outlook for a major top in 2016 and an evolving decline into/ through l**ate-2019** - when a ~3-year/34 - 35 month high (Mar. ‘08) - low (Feb. ‘11) - low (Jan. ‘14) - low (Dec. ‘16) - low (**4Q 2019**) *Cycle Progression* comes back into play.

On an intermediate basis, they were/are expected to set descending highs in early-Sept, early-Dec. and then **early-March** - with sharp declines following each peak - as part of an overall decline into **June 2018** (see Jan. 2018 *INSIIDE Track* for analysis).

To begin the week, they provided some initial reinforcement to the parallels (although on a smaller scale) to 1986 - 1987, described last week:

In 1986 - ‘87, Bonds sold off for 18 months as stocks climbed - for 90% of that move (variation of *90/10 Rule*). In the 18th month (Oct. 1987), stocks dropped abruptly & Bonds rallied sharply.

In 1998 - 2000, Bonds sold off for 16 months as stocks climbed. In the final month of Bonds’ decline, stocks finally threw in the towel and entered a ~2-year bear market - prompting a corresponding advance in Bonds & Notes.

In 2016 - 2018, Bonds have sold off for 18 months - just dropping to new multi-year lows as they were also doing (on a smaller scale) in mid-Oct. 1987.

That pattern was expected to trigger acceleration lower in stocks (which has initially unfolded), spooking the markets & sending safe-haven funds back into Bonds… at least for a few weeks. So far, Bonds & Notes could only muster a 2-day surge.

There are other reasons to expect a larger rebound in Bonds, or at least expect a developing low to hold for several weeks. Last week, Bonds & Notes tested their monthly *HLS* levels (**147-04/USH** & **121-18/TYH**) on Jan. 31 and weekly *HLS* levels (**144-27 - 145-08/USH** & **120-18 - 120-25/TYH**) on Feb. 2 - attaining extreme downside targets on multiple levels.

That was expected to spur a quick bounce in February, which is what began to unfold earlier this week. Bonds & Notes would need to turn their intra-month trends up - with daily closes above **[reserved for subscribers only]** - to confirm a multi-week bottom and increase the potential for a rebound peak in **early-March**.

That is when a descending high is still expected, geometrically-linked to highs in early-Sept. & early-Dec., before a likely decline into **June 2018**.

The **DOLLAR INDEX** remains on track for an overall decline into **May 2018**. It recently attacked its monthly *HLS* (extreme monthly downside target for Jan. at **88.84/DXH**) - setting the stage for an initial low & rebound into **early-Feb**. - geometrically linked to highs in early-Nov., early-Dec. & early-Jan.

If it peaks in the coming days, the Dollar would be in a position to begin a new decline. As described last week, weekly *LHR* levels and the weekly *21 Low MARC*, not to mention the monthly *Raw SPR* & resistance, were all converging & increasing the likelihood for a quick surge to **[reserved for subscribers only]**. That is taking hold and could be completed by/on **Feb. 9**.

The **Euro** has consolidated below its highs after surging to the convergence of weekly & monthly *LHR*s at **1.2477 - 1.2510/ECH**.

Weekly *HLS* levels and the weekly *21 High MARC* (for this week and next), as well as the monthly *Raw SPS* & support, were all aligning together & portending a quick drop to **[reserved for subscribers only]**. That has taken hold and could reach fruition in the next 1 - 2 days.

(continued on page 4)

POB 2252 NAPERVILLE IL 60567 630-637-0967 630-637-0971 (fx) *INSIIDE@aol.com* *www.insiidetrack.com*

Intra-Week *ALERT* for Wednesday – Feb. 7, 2018

"Cycles & Cycle Progressions" [Excerpt]

The **Yen** has consolidated since peaking on **Jan. 22 - 26** and perpetuating a 20-week high-high-(high) *Cycle Progression*. It peaked while spiking up to its monthly *LHR* (**.9264/JYH**) but failing to turn its weekly *21 MAC* up. That ushered in the time for a 1 - 3 week correction, which has since taken hold.

Until a daily close below **.9073/JYH**, however, the Yen remains positive and could work its way back up to - and above - those recent highs.

GOLD & SILVER have dropped sharply after Gold reached its ~2-month upside target (**1365.8/GCG**, **1370.0/GCJ**) & Silver turned its weekly *21 MAC* down on Jan. 25 - 26. That was expected to trigger a 1 - 3 week correction, which is now in its second week, with daily cycles arguing for a low on **Feb. 8 - 9**.

Gold possesses a significant convergence of intermediate support & 1 - 2 week downside targets that were expected to be tested. That came into play at **1309.3 - 1316.3/GCJ** - a range that encompasses 2 of the latest 3 weekly *HLS* levels, the 2017 closing level, the weekly *21 High AMAC*, the monthly *Raw SPS* & the levels of previous highs in April, June & October - multi-month *resistance turned into support*.

Silver was expected to give a corresponding spike down to its monthly *HLS* - at **16.295/SIH**. Both targets have just been tested, setting up the next 1 - 2 days as a pivotal time when an intermediate low is more likely. The daily & intra-month trends are down, so price action would need to validate that potential.

The **XAU** has dropped sharply after perfectly fulfilling its January (and 1 - 2 month) upside target at **92.87 - 93.06**. That completed the projected surge from early-Dec. and attained the upside objective for this latest advance - providing *'the ideal scenario for a multi-week top'*. It has since dropped to its initial downside target and then to weekly support - grouped around **80.50/XAU**.

Though daily cycles could produce an initial 1 - 2 week low on **Feb. 7 - 9**, weekly cycles are still arguing for the next multi-week low in **early-March**. That is the next phase of a 90-degree/3-month high-low-(low) *Cycle Progression* and a 360-degree move from the early-March 2017 bottom.

With the monthly trend, weekly *21 MAC* and intra-year trend all down, the XAU could head back toward **[reserved for subscribers only]**…

SOYBEANS, CORN & WHEAT have diverged since rallying into **Jan. 25 - 31** - the latest phase of a 54 - 58 day low-high-high-(high) *Cycle Progression* in Soybeans. Soybeans entered a new corrective phase while Corn & Wheat have headed higher.

Corn remains strong and could still surge as high as **372.0/CH** in the coming weeks after turning its intra-year trend up on Jan. 26. If that occurs this week, it would turn the weekly *21 MAC* up. Corn needs a weekly close above **xxx.x/CH** to turn its weekly trend up.

1 - 4 week traders could be long March Corn futures down to 346.0/CH (avg. entry around 349.5/CH) and be holding these w/avg. open gains of about $750/contract. Move **[reserved for subscribers only]**.

CRUDE OIL, UNLEADED GAS & HEATING OIL have sold off since fulfilling upside extremes in price & time. That should, at the very least, spur a drop back to the Dec. '17 lows (particularly in the products) - where intermediate support appears.

Natural Gas is also fulfilling multi-month & multi-year cycles and setting a peak. It has reversed lower and could decline into…

POB 2252 NAPERVILLE IL 60567 630-637-0967 630-637-0971 (fx) *INSIIDE@aol.com* *www.insiidetrack.com*

Weekly Re-Lay™

www.insiidetrack.com

Intra-Week *ALERT* for Wednesday – Feb. 7, 2018

"Cycles & Cycle Progressions **[Excerpt]**

The preceding is an excerpt of the complete Feb. 7, 2018 *Weekly Re-Lay Alert* - provided to give a view of what was provided to subscribers in real time. It elaborates on, among other things, the outlook for Stock Indices to see a sharp sell-off beginning in late-Jan./early-Feb. - initially plummeting into March 2018.

However, any impending targets, cycles and developing trading strategies are reserved for subscribers only and redacted from this excerpt.

Please refer to the complete Feb. 7, 2018 *Weekly Re-Lay Alert* and to corresponding *Weekly Re-Lay* & *INSIIDE Track* publications for these and other specifics.

POB 2252 NAPERVILLE IL 60567 630-637-0967 // 630-637-0971 (fx) *INSIIDE@aol.com* *www.insiidetrack.com*