

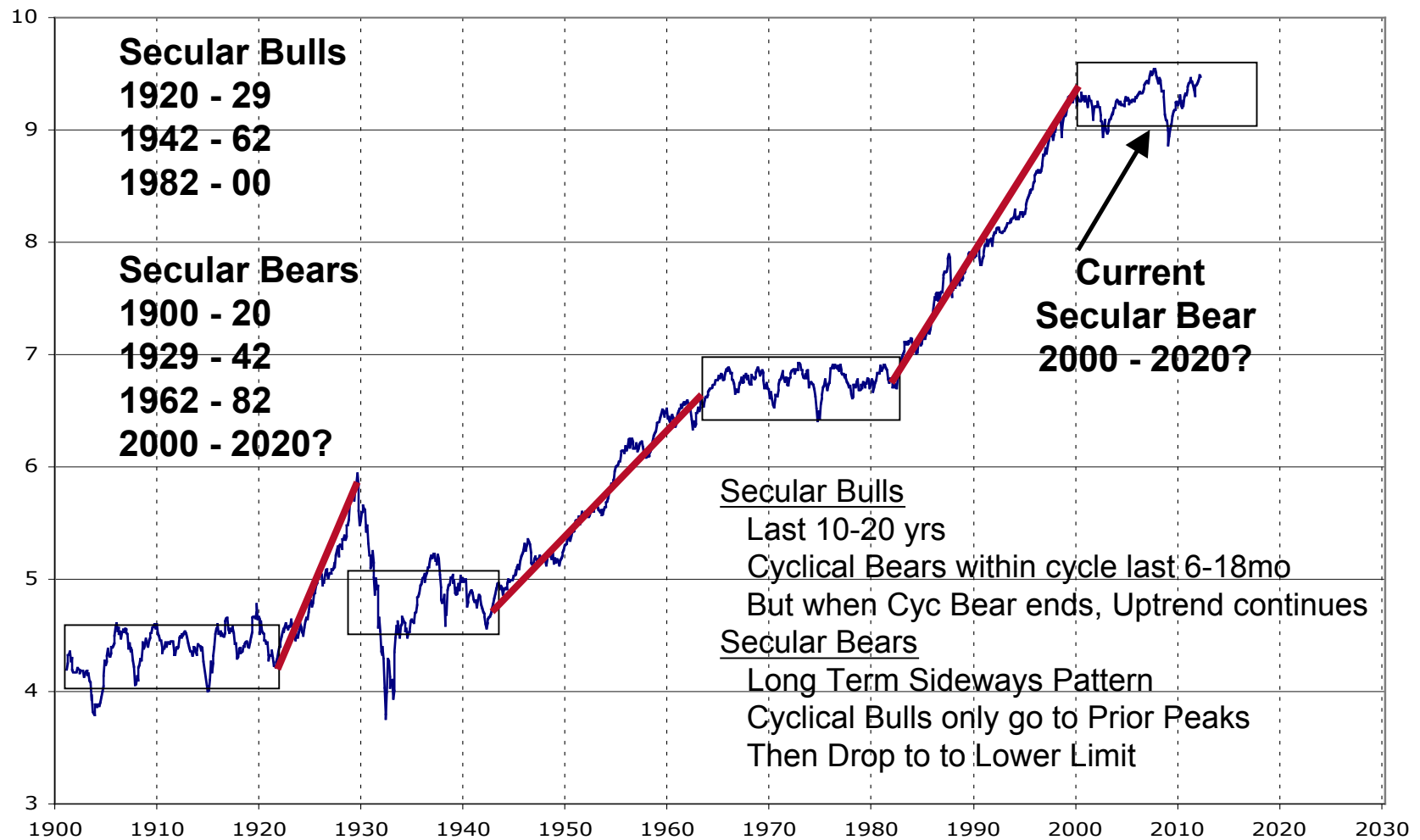
# **A Cycles View of the Market**

By Bob Krishfield  
Bobkrish22@gmail.com  
April 24, 2012

# Agenda

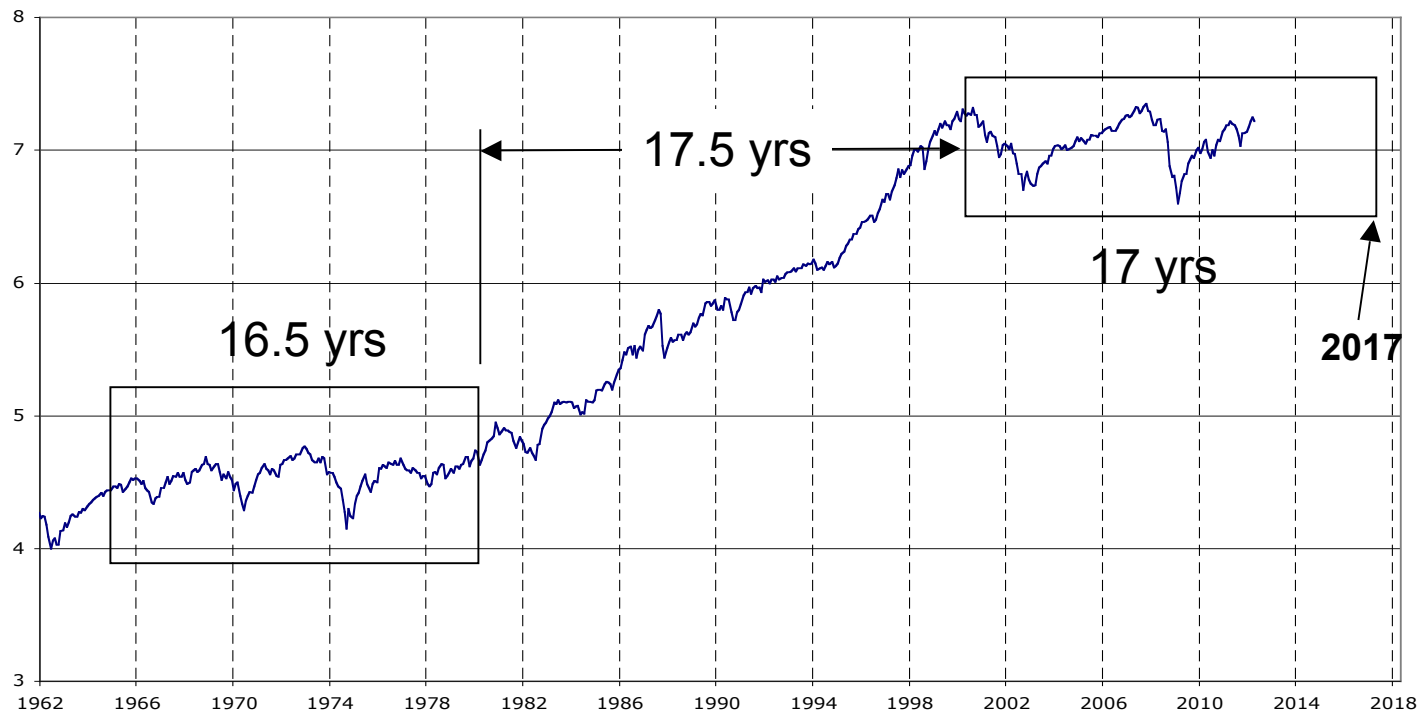
- Secular Bull / Bear Cycles
  - Where are We?
- Current Secular Bear Cycle
  - What's Next?
- How Do Cycles Line Up?
- Conclusions

# Dow Jones 1900-2012



# Warren Buffet Uses 17 Yr Cycle

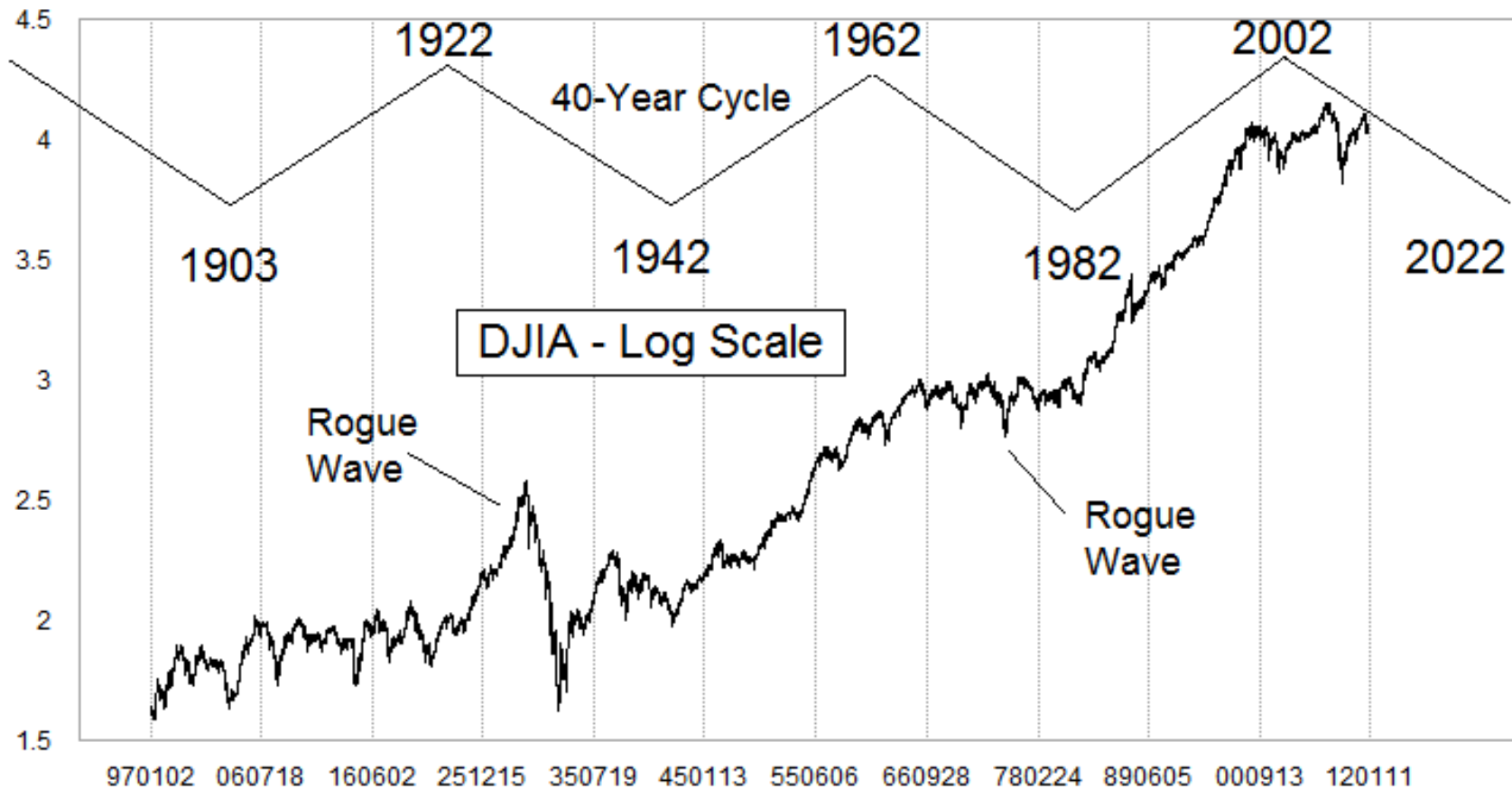
Analyses\* suggest a 17 year dormant period, then 17 years of strong growth. This results in the present dormant cycle lasting until 2017.



\*From: Charles Kirkpatrick "Technical Analysis", 2008

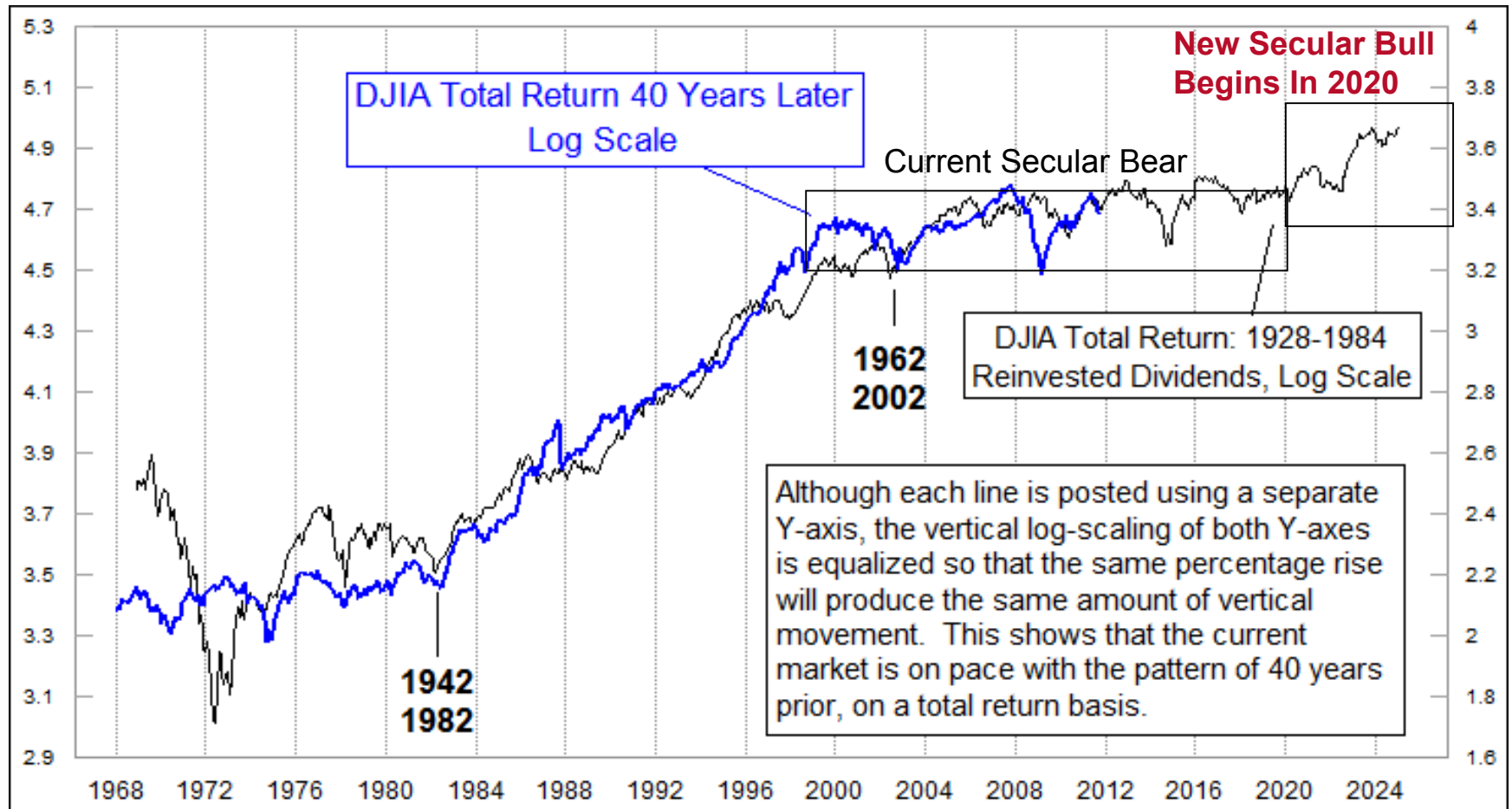
# Dow Jones 1902 - 2011

Tom McClellan Uses a 40 Year Cycle To Breakdown Market \*



\*Charts from T McClellan's Presentation to HIA, Jan 2012

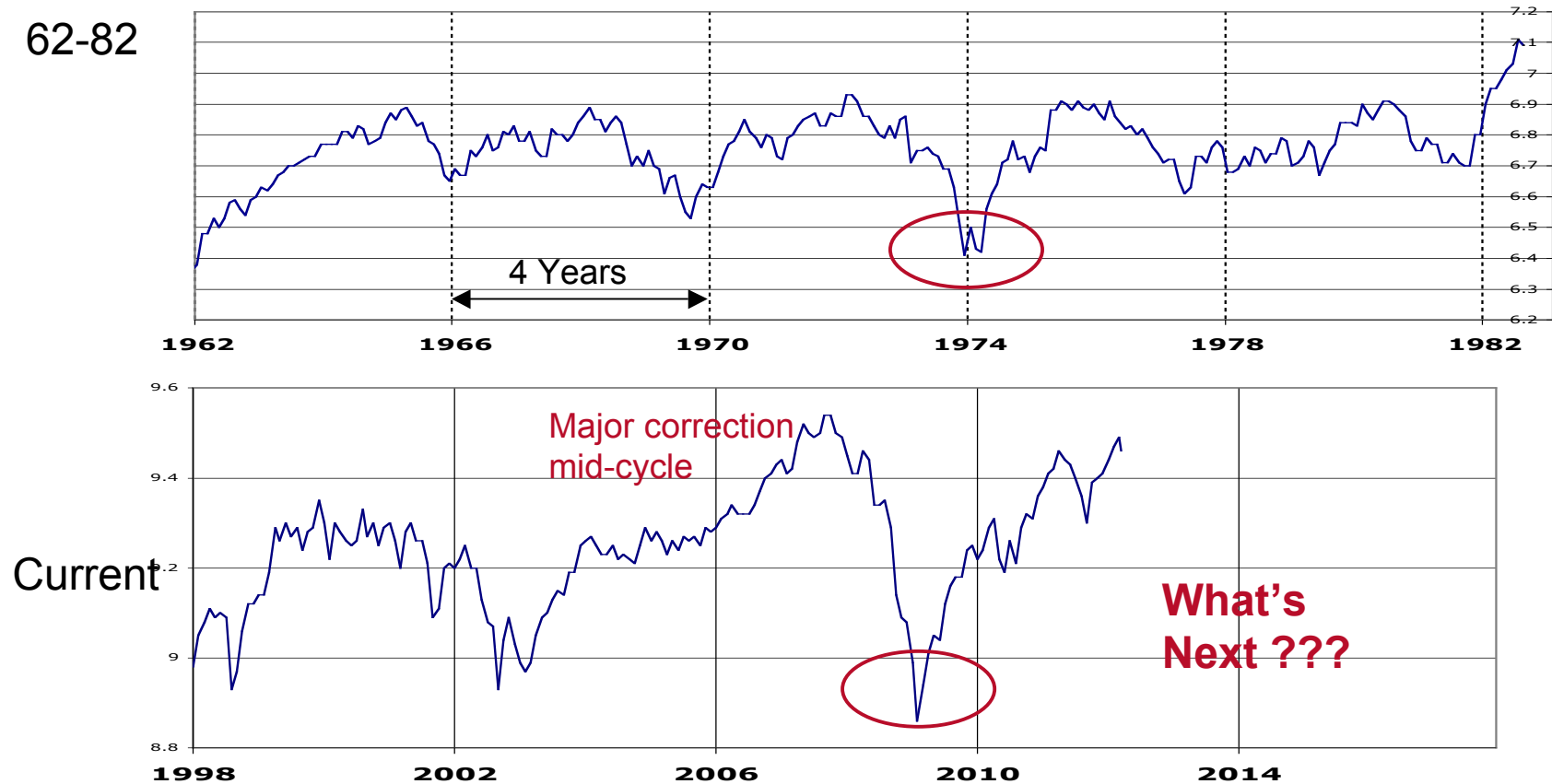
# Projection Using 40 Yr Patterns\*



\*Chart from T McClellan presentation to HIA, Jan 2012

# Comparing Secular Bear Cycles

Patterns of Prior Cycles Compared with Current Cycle\*



\*Study by Sy Harding, "Street Smart Report", April 2012

# **Looking Forward in the Secular Bear**

**How Do Cycles Line Up to Finish Out this Secular Bear?**

**Let's Look At the Major/Long Cycles:**

**The 4 Year Cycle - Current Top & Next Bottom  
The Presidential Cycle Playing Out  
The Annual Seasonal Cycle (Sell in May Drop)**



# Dow Jones 4 Yr Data

Table\*

Avg % Advance 95%

Avg Low - Low 49 mo

Avg Low - High 36 mo

Avg High - Low 13 mo

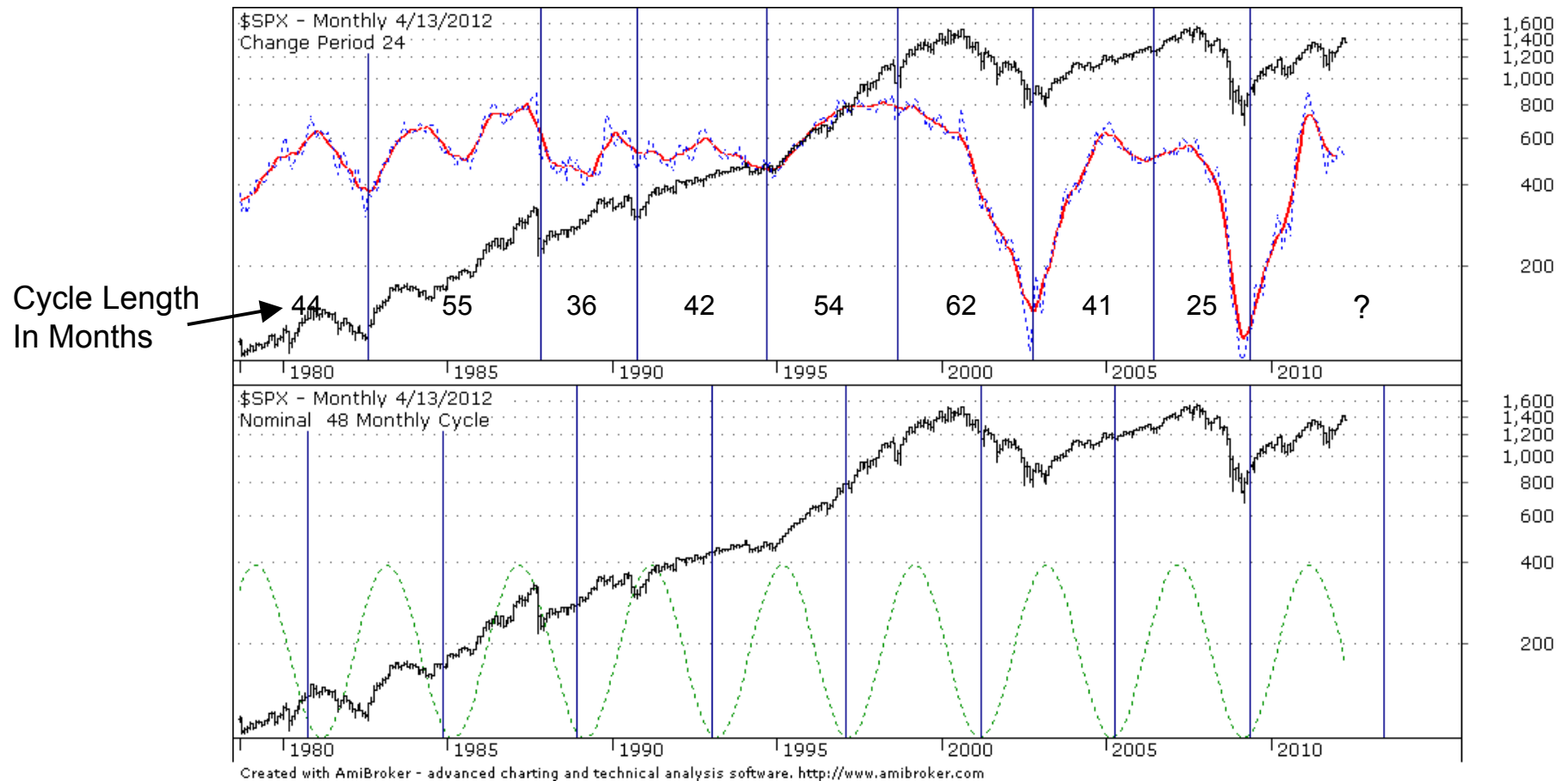
\*from: W. Bressert,  
"Power of Oscillators/  
Cycle Combinations", 1991

C Kirkpatrick's Projection

Date of Low	%Advance	Mo L-L	Mo L-H	Mo H-L
Sep-1900	47	38	9	29
Nov-1903	145	49	27	22
Nov-1907	90	47	25	23
Sep-1911	29	40	12	27
Dec-1914	10	36	23	13
Dec-1917	81	45	23	22
Aug-1921	153	56	54	2
Mar-1926	182	44	42	2
Nov-1929	47	32	5	27
Jul-1932	373	70	57	13
Mar-1938	57	50	18	32
Apr-1942	129	54	50	5
Oct-1946	18	33	21	12
Jun-1949	82	52	43	8
Sep-1953	104	50	31	19
Oct-1957	75	57	50	7
Jun-1962	86	52	44	8
Oct-1966	33	44	26	18
May-1970	67	55	32	23
Dec-1974	76	39	22	18
Feb-1978	38	54	39	16
Aug-1982	250	63	61	2
Oct-1987	73	36	33	3
Oct-1990	68	42	40	2
Apr-1994	160	54	52	2
Sep-1998	54	62	16	46
Oct-2003	50	25	17	7
Oct-2005	39	41	24	17
Mar-2009	102	54	37	17
Oct-2013				

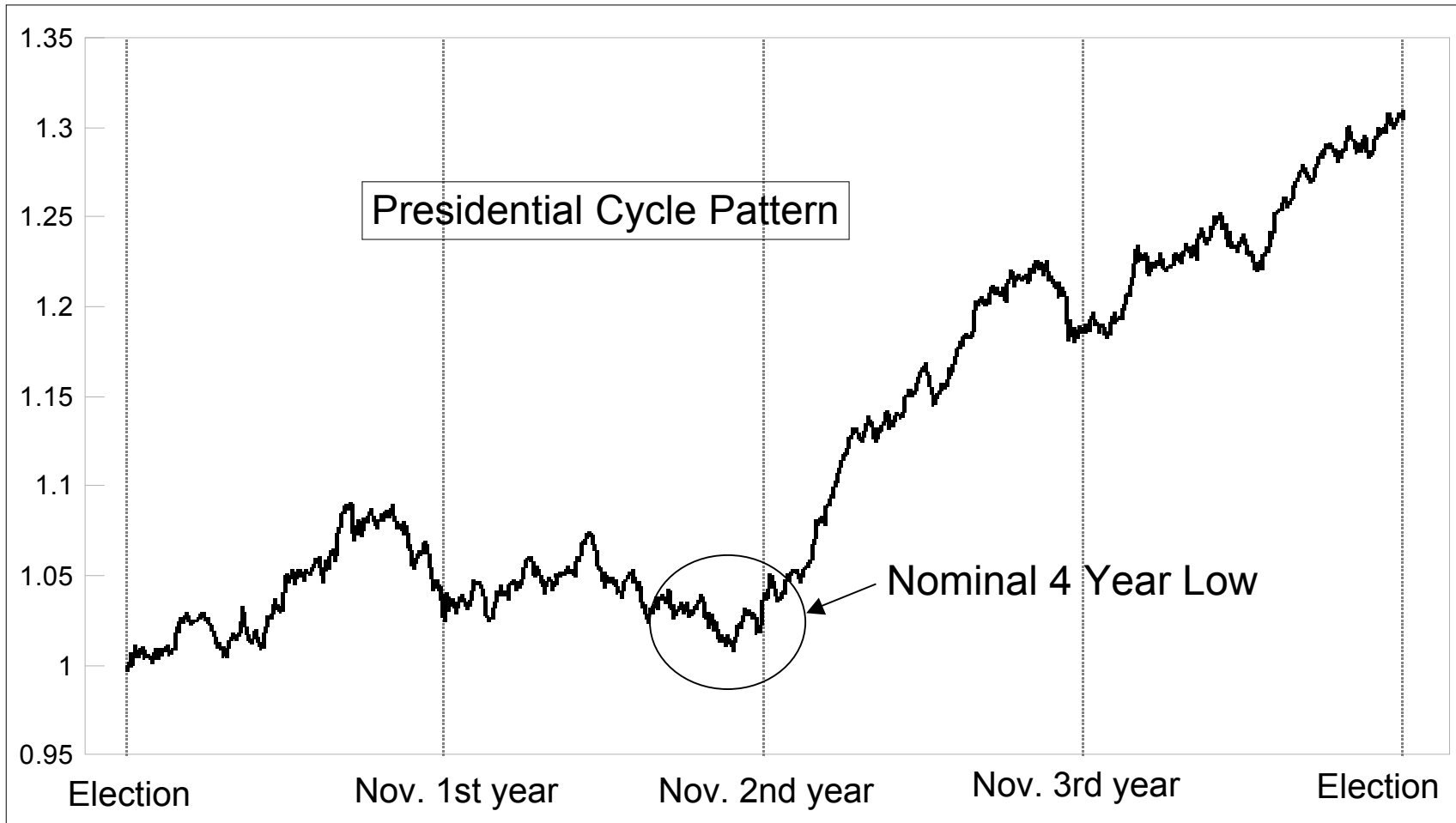
# Where Is the 4 Yr Cycle Bottom?

Pete Gersbacher Uses 2 Yr Change to Identify Cycle Lows.

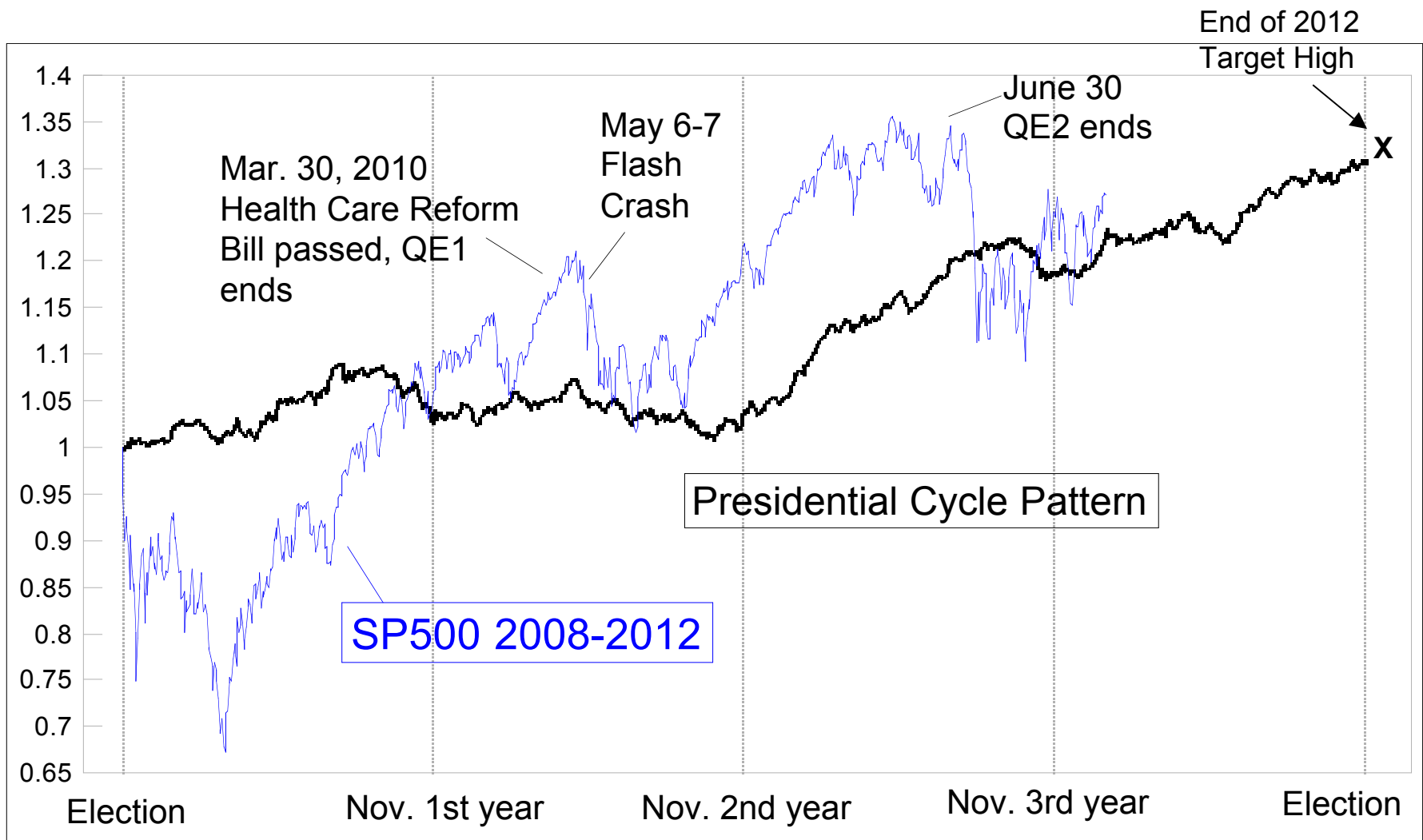


# Presidential Pattern

Identifies Trend Direction and Turning Points



\*Chart from T McClellan presentation to HIA, Jan 2012



**\*Chart from T McClellan presentation to HIA, Jan 2012**

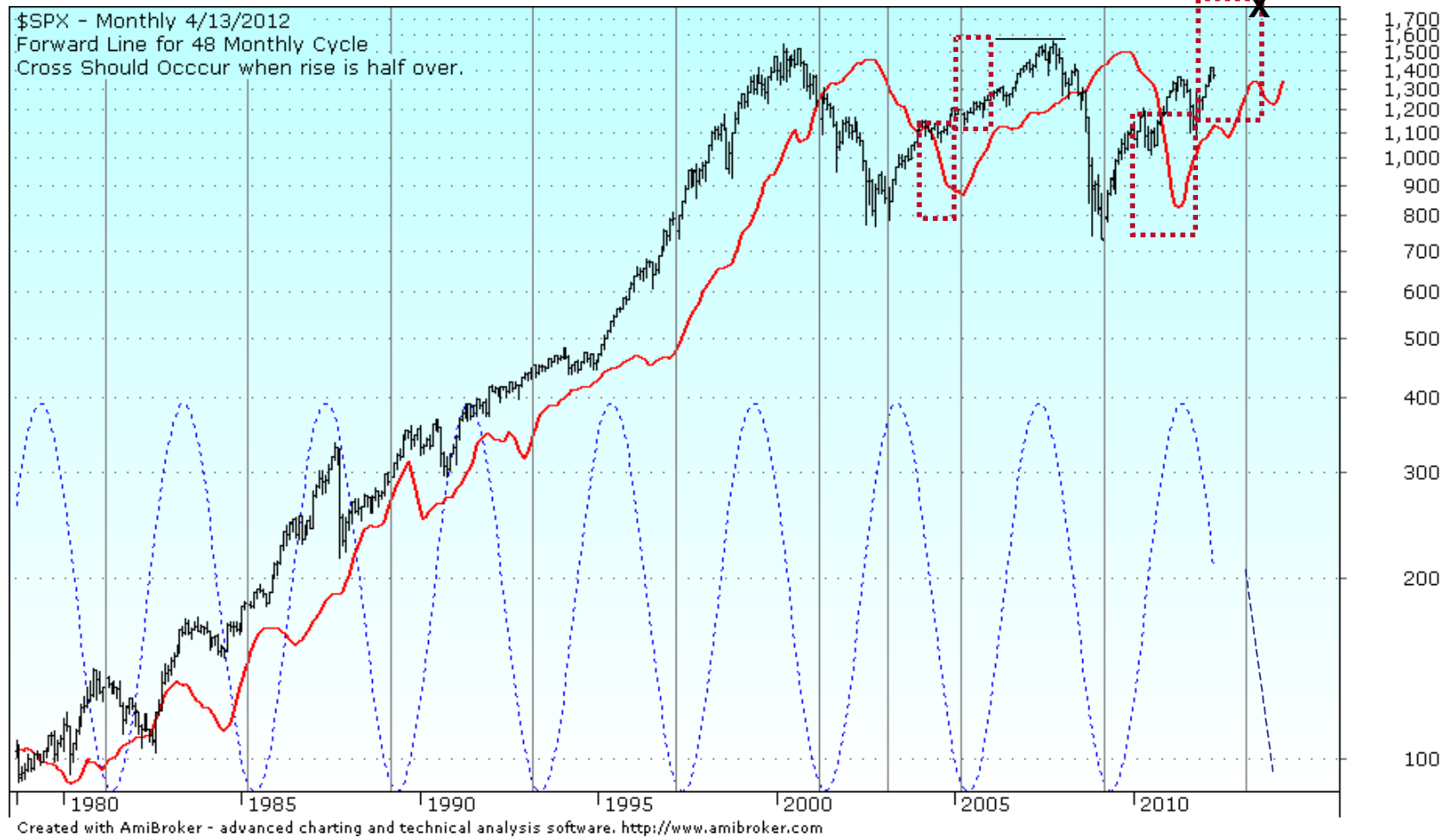
# Seasonal Cycle (Sell in May)

Seasonal Cycle - Up from Oct - April, Drop from May - Sept  
Harding Uses Sell on April 20<sup>th</sup> Unless MACD is on a Buy  
System Went on Sell Monday, April 26, 2012  
Trading Example Shows Gains 180% over last 7 years.



# SP500 Mo - 4 yr with Half Cycle

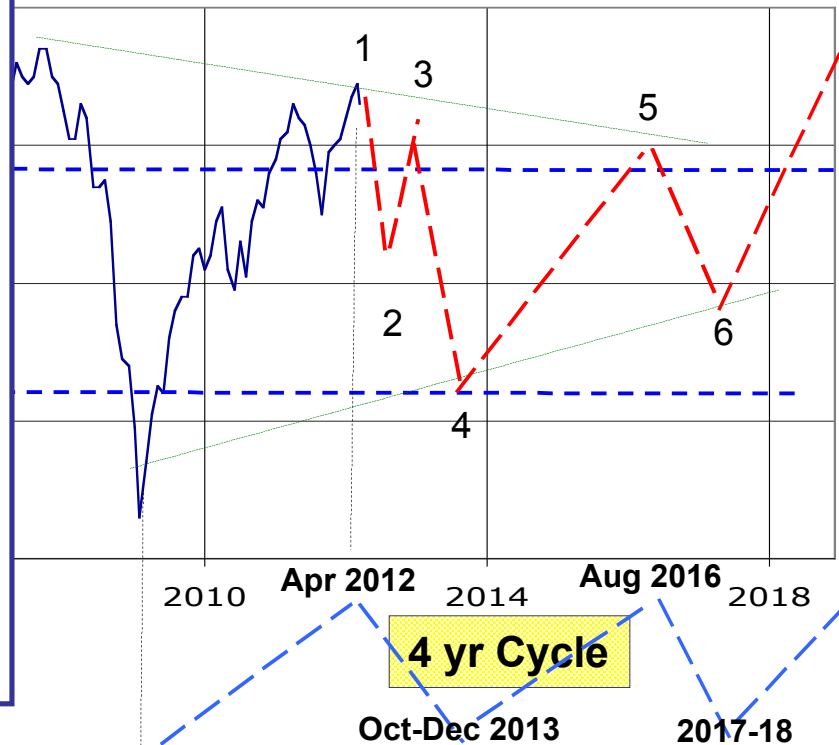
Half Cycle Projection Provides Method for Setting Price Targets



# Cycles Inside the Secular Bear

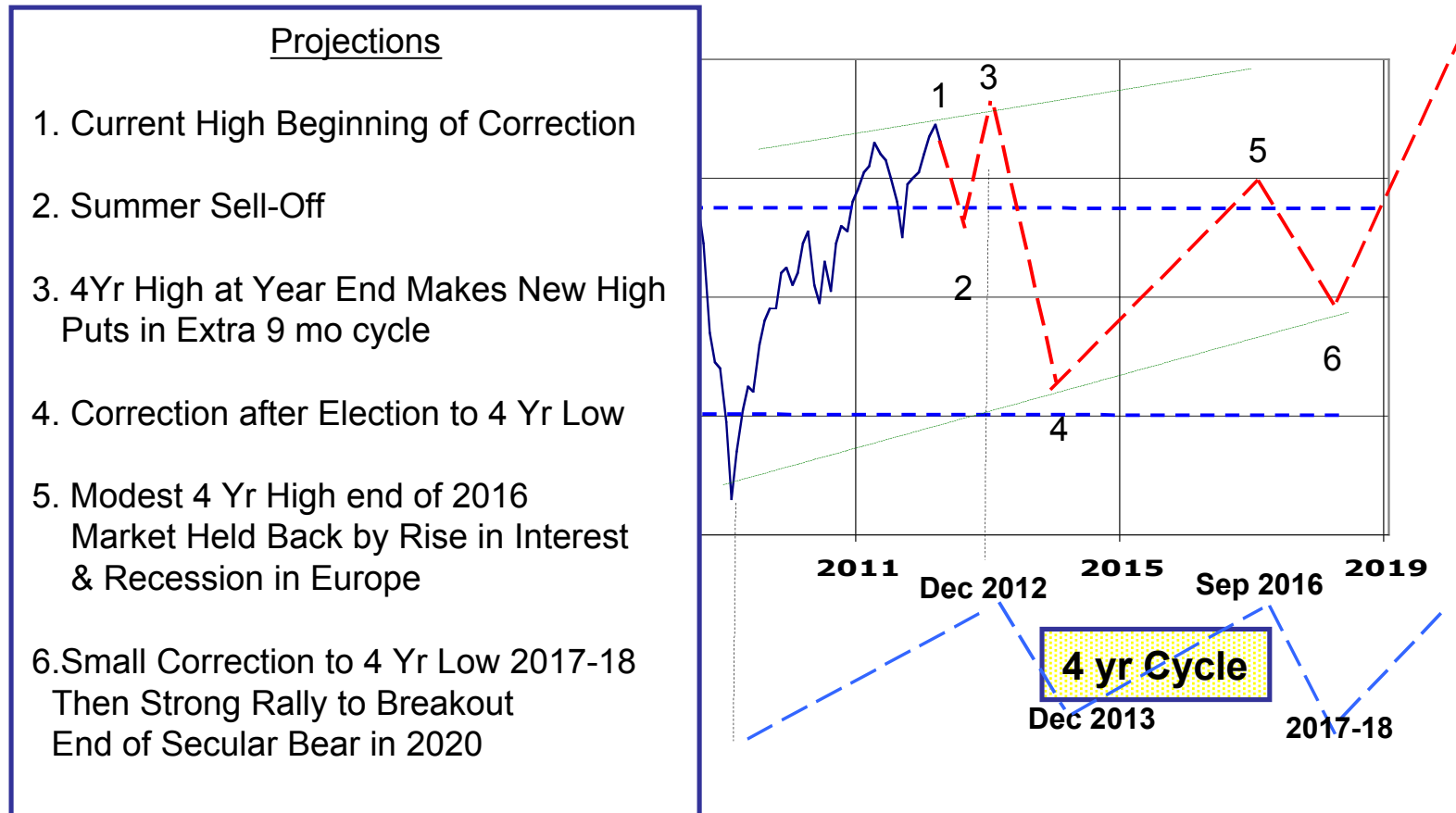
## Projections

1. Current High is 4 Yr Top  
Pete: Still in Uptrend.
2. Sell in May Drops to Summer Low  
Harding: Now On Sell Signal
3. End of Year Rally – Lower High  
Driven by Election, Presidential Cycle Top
4. 4 Yr Bottom Hits Lower Range  
Kirkpatrick: 4 yr bottom Oct 2013
5. Rally in 2014-15 to 4 Yr Top
6. Drop to 4 Yr Low and Breakout to New High – End of Secular Bear



# Cycles Inside the Secular Bear

## Alternative View – 4 Year Peak not until Dec 2012





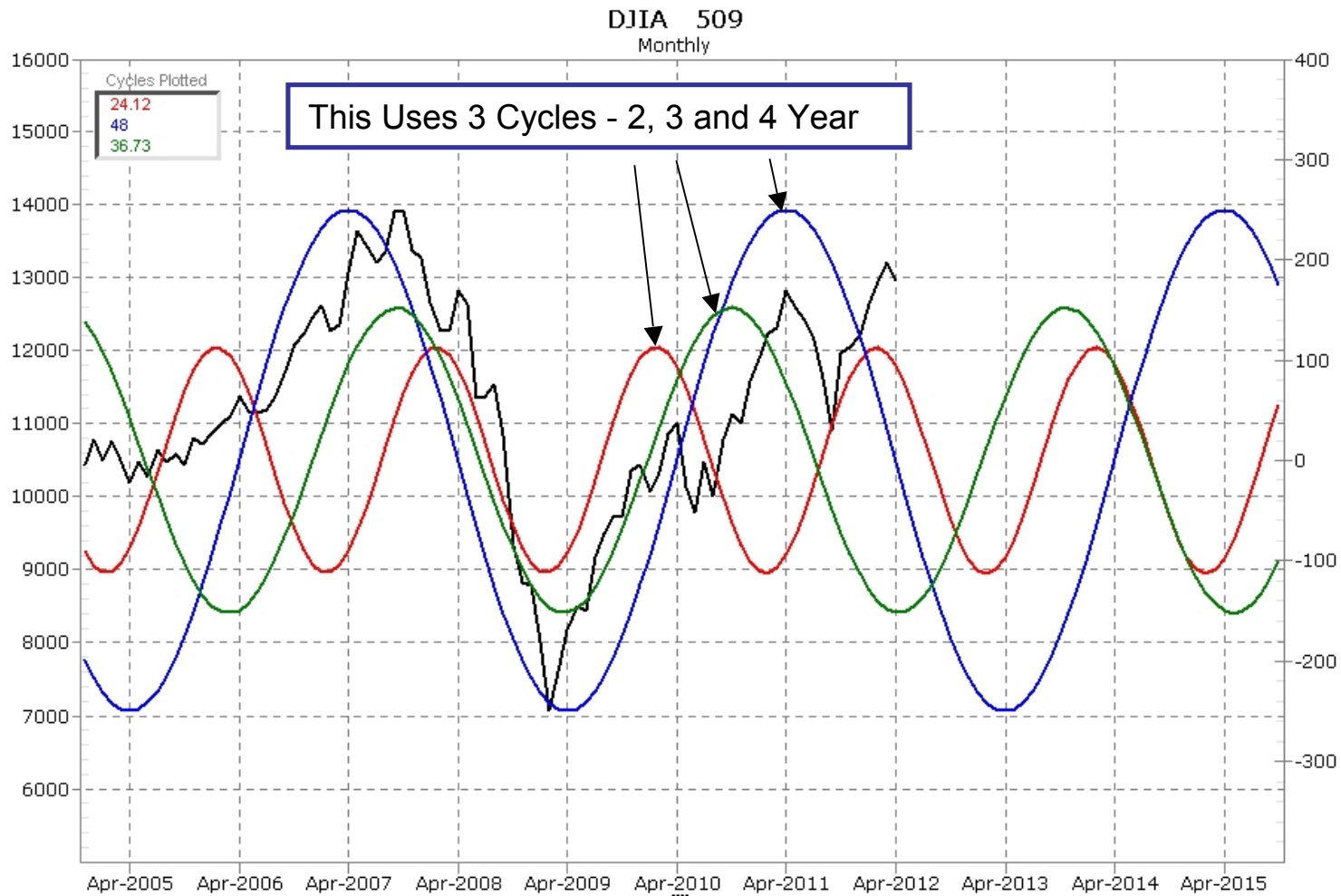
# **Secular Bear Not Over Soon**

## **Results from Prior Charts About the Same**

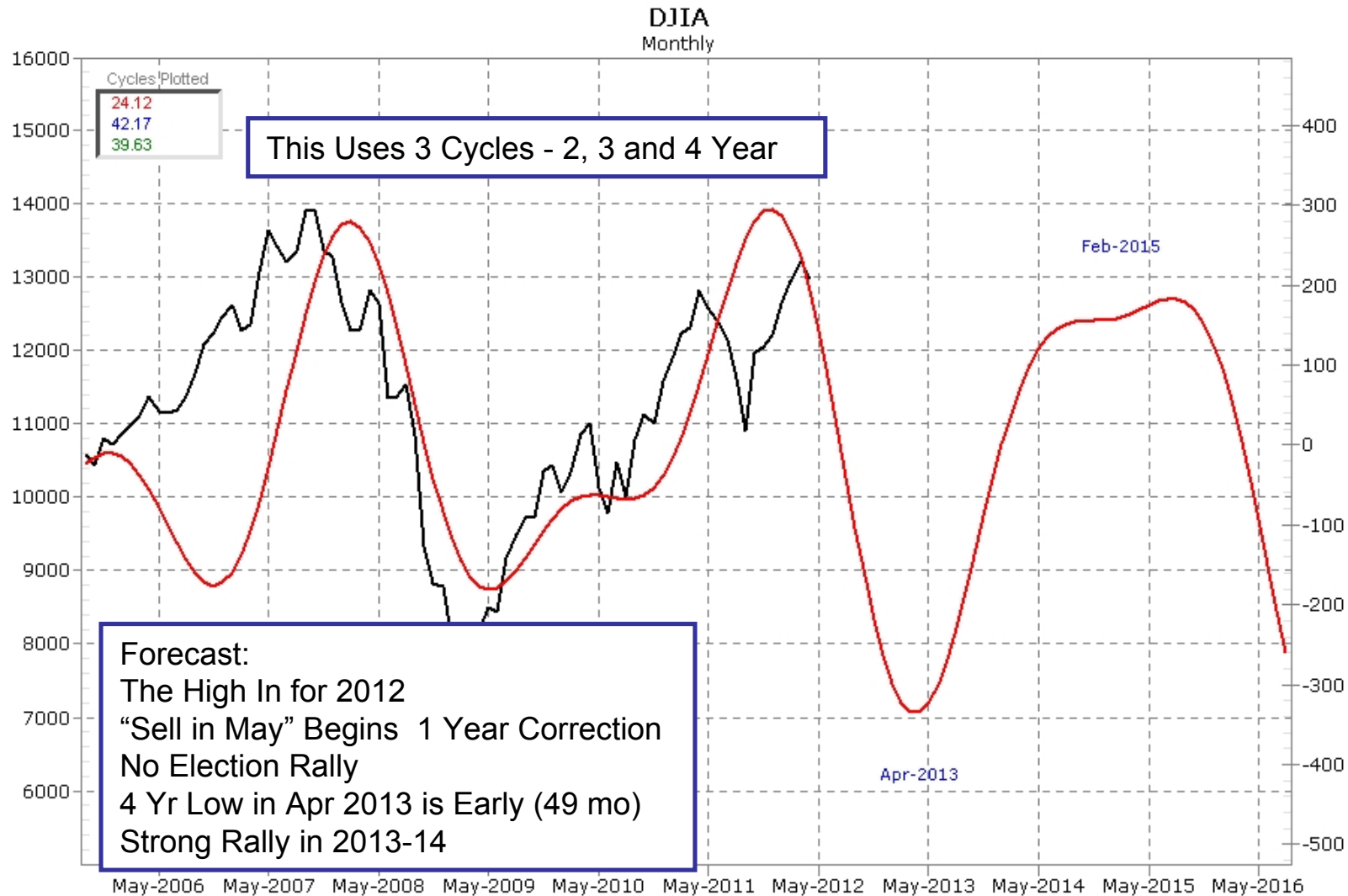
- Two More 4 Yr Cycles Before End of Secular Bear  
Market Sluggish Due to  
Slow Growth, European Recession  
Fear of Rise in Taxes in 2013  
Fear of Rising Interest Rates in 2014**
- Possible Breakout to New High after 4 Yr Low  
Major Political/Economic Event**

## **Timing for the Rest of 2012 Needs Cycles Forecast**

# DJIA #1 Separate Cycles

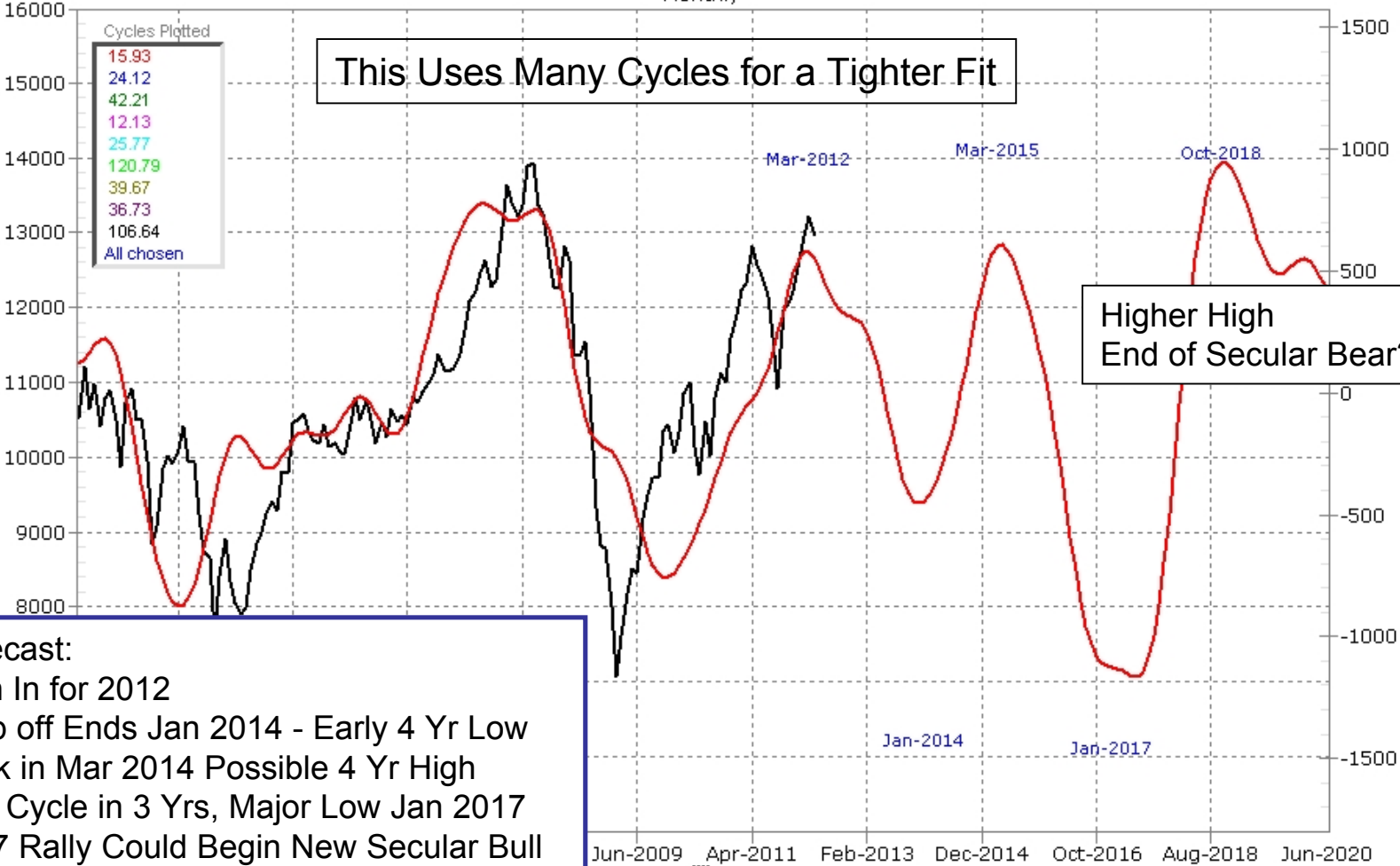


# DJIA #1 Composite



# DJIA #2

Dow Jones 5.0.9mo  
Monthly



# Conclusions

## Secular Bear to Continue

- Market to Continue in Trading Range
- Simple Long Term Market Timing a Minimum (e.g. 200 dma)
- Don't Plan on Buy & Hold till 2018-20

## High is In for 2012

## Market Beginning Summer Decline

- Harding's System Went on a Sell Monday
- Kirkpatrick Suggests Summer Correction Only 8-10%

## 4Yr Bottom

- Earliest Apr 2013
- Latest Jan 2017

## Cycles Not Sufficient Enough for Trading

# Questions?