



Twitter: cyclesresearch7

Summary

Equities: Markets are likely to rally

Bonds: Bear market to continue

Gold: Likely to move higher

Equity Market Analysis

Last February in an institutional report I wrote that the Russian invasion of Ukraine would coincide with a low in the S&P, which it did. The market has its own perverse way of bottoming on bad news and topping on good news. If the prior example is any guide, the Israeli incursion into Gaza is likely coinciding with the low.

The timing methods point to a low now:

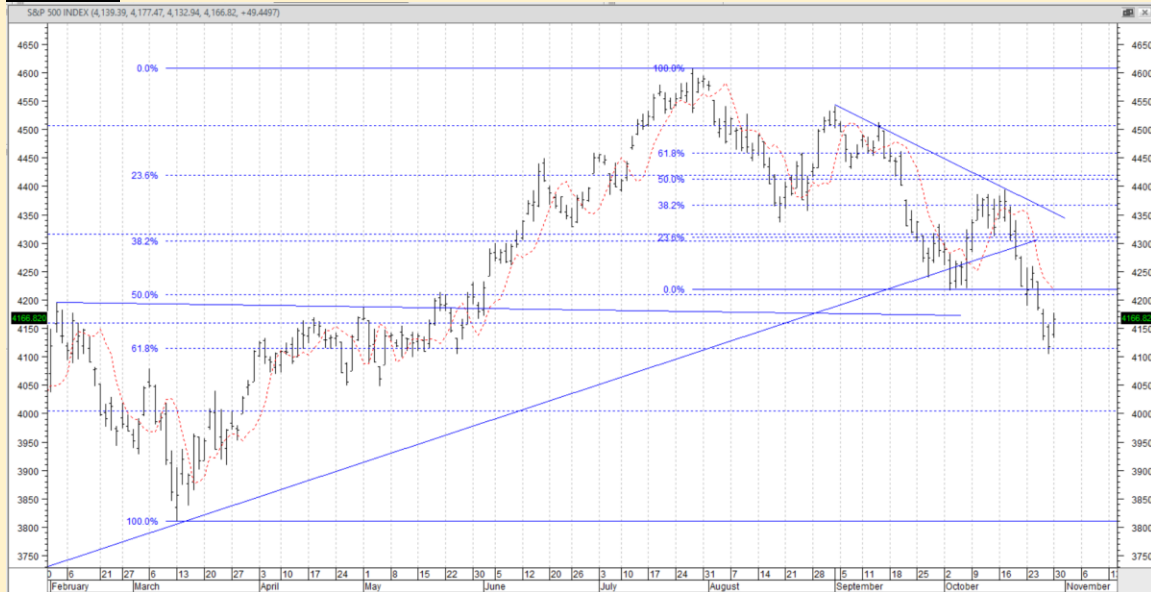
- The 27th is a PTP (not a strong one)
- This is the average low for any year
- The EOM period of strength begins now. This period has been up 69% of the time since 1915 for a 0.85% gain. This is an annualized return of almost 31%, the highest of the 12 months. If the prior week was down more than 1%, the EOM period has been positive in the last 17 cases dating back to 1975. The average 4-day gain was 1.8%
- It is also a low in the 1-4-10 year cycle
- One of the most bullish and reliable cycles is the 15 months beginning with the mid-term elections and there are 2 more months in this consistent cycle
- From October 30th to December 31st the DJIA has risen 67% of the time since 1885
- If August, September, and October are down, November tends to be up.

In addition, the Fed meets this week. I have observed that the market tends to complete down moves on Fed days.

In the last report, I cited the 1.88-year cycle peak on August 28th. It bottomed last October. By overlaying this cycle over the 1-year cycle, one has a higher likelihood of accurate market forecasting.

Regarding price, if this were the C wave of an A-B-C decline, the most frequent ratios of wave A to C are 1.382 and 1.618. This would put the S&P at 4116 or 4078. The low was on October 27th at 4109.

Daily S&P



This chart displays the CTA Position in U.S. Equities. There is a tendency for lows in the indicator to coincide with significant market bottoms.



Here is the average DJIA November performance under differing conditions. I present these numbers for informational purposes. The cycles are likely to override these weak numbers:

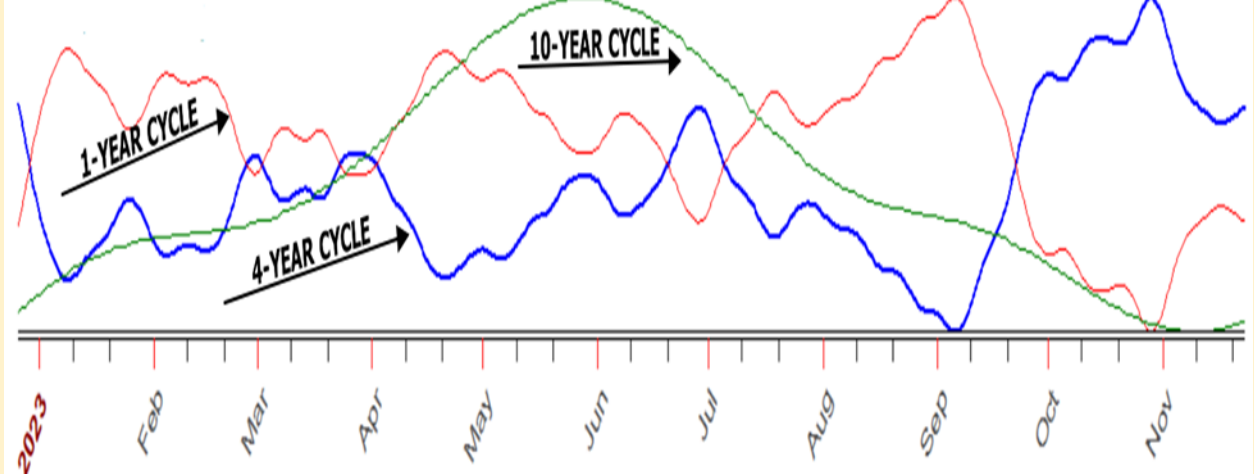
All Months: Up 58.0% of the time for an average gain of 0.83%

Month in election years: Up 50% of the time for an average loss of 0.22%

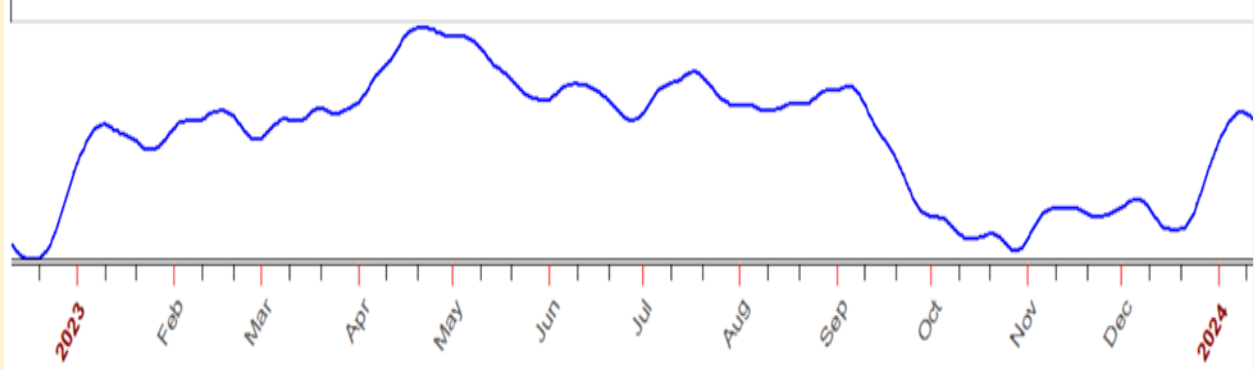
Year ending in 3: 38.5% for a -0.68% loss

Both of the prior conditions: Up 33% for an average change of -0.12%.

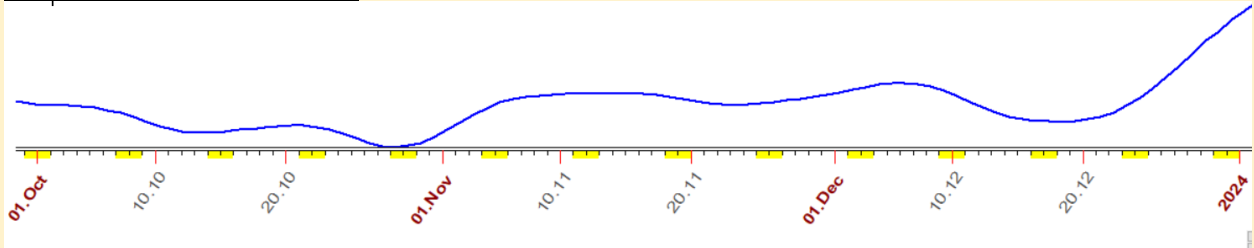
Cycles and Composite



Cycle Composite



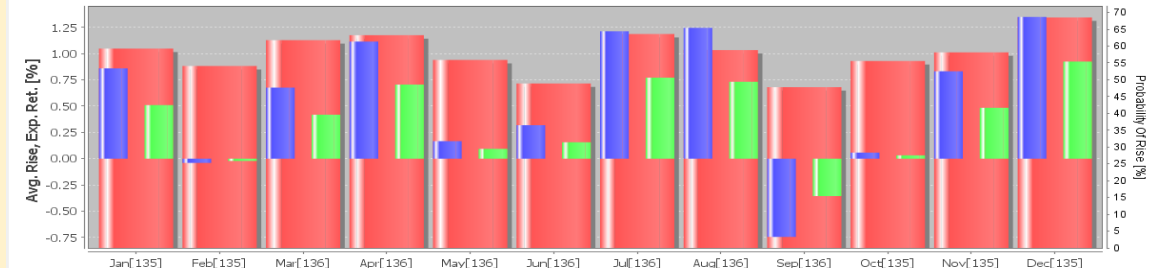
Composite of 3 Cycles in Q4



The Cycles in 2023

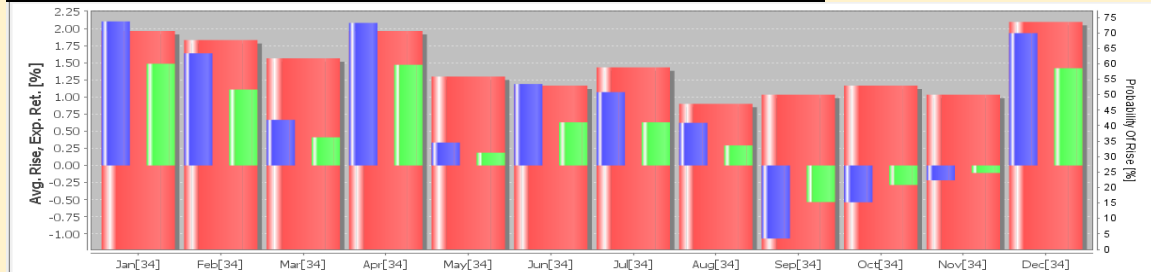
Here are the 2023 projections using varying parameters.

Histogram of Monthly Expected Return in 2023



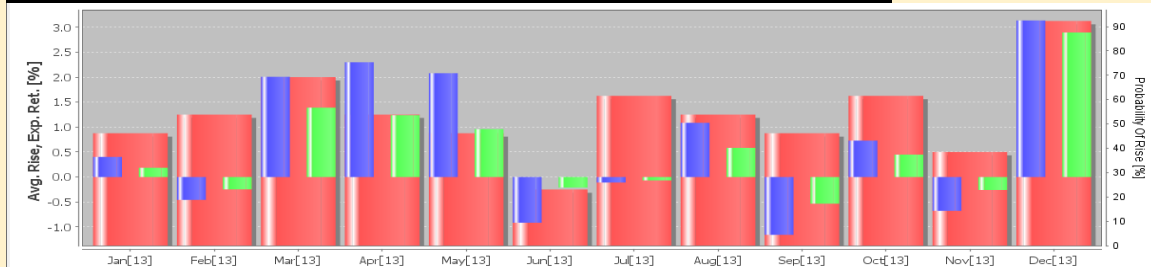
Blue: Average Percentage Change
Red: Probability of a rise on that day
Green: Expected Return (Product of the first 2)

Histogram of Monthly Expected Return in 2023: Election Year+3



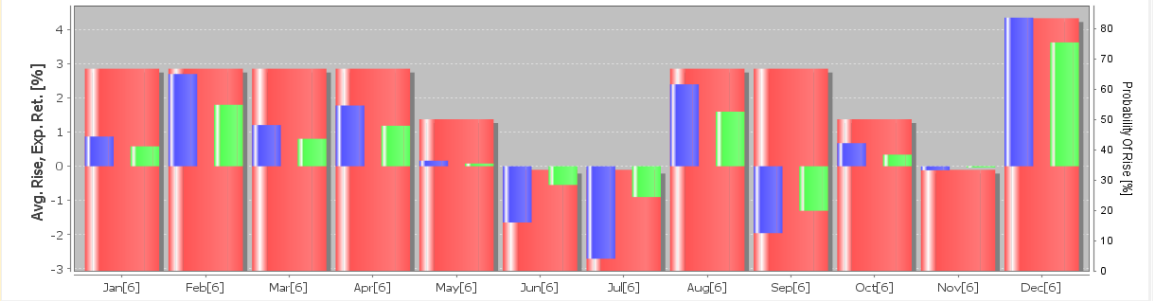
Blue: Average Percentage Change
Red: Probability of a rise on that day
Green: Expected Return (Product of the first 2)

Histogram of Monthly Expected Return in 2023: All Years Ending in 3



Blue: Average Percentage Change
Red: Probability of a rise on that day
Green: Expected Return (Product of the first 2)

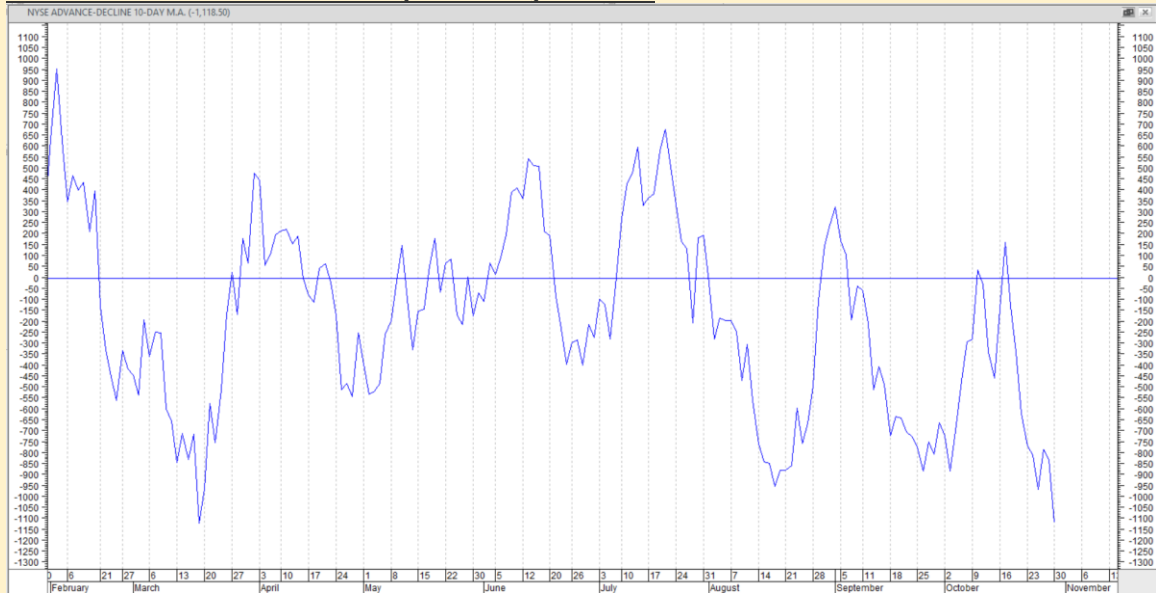
Histogram of Monthly Expected Return in 2023: All Years Ending in 3 that Have Also Been Election Years+3



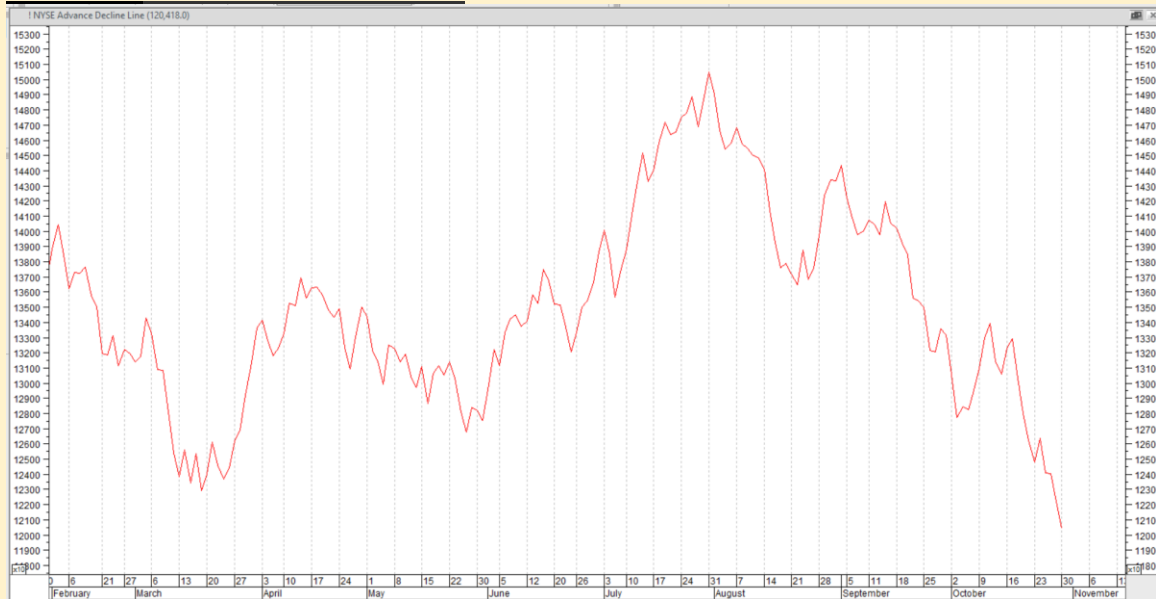
Blue: Average Percentage Change
Red: Probability of a rise on that day
Green: Expected Return (Product of the first 2)

The Technical Picture

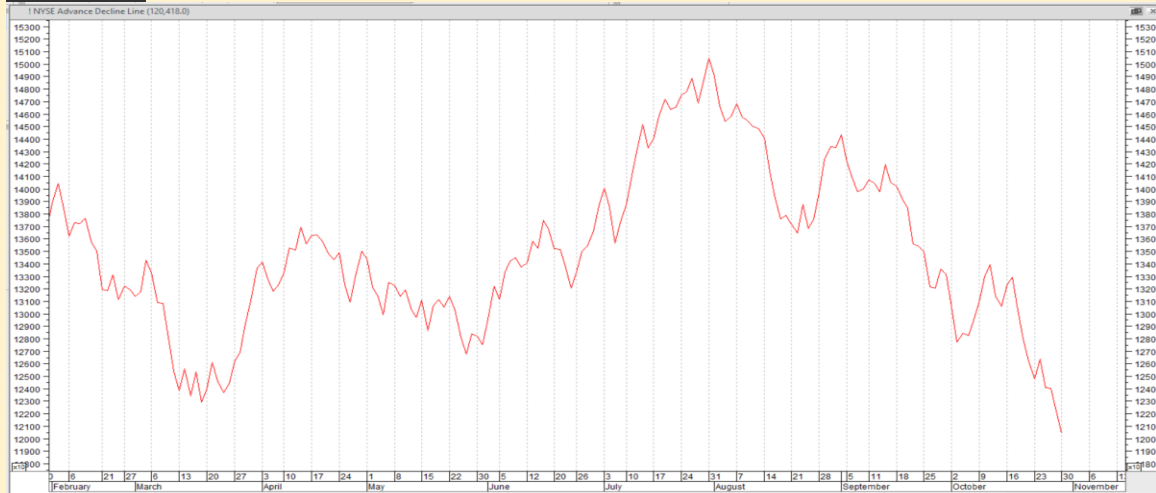
NYSE Advance-Decline Line 10-Day MA is Very Oversold



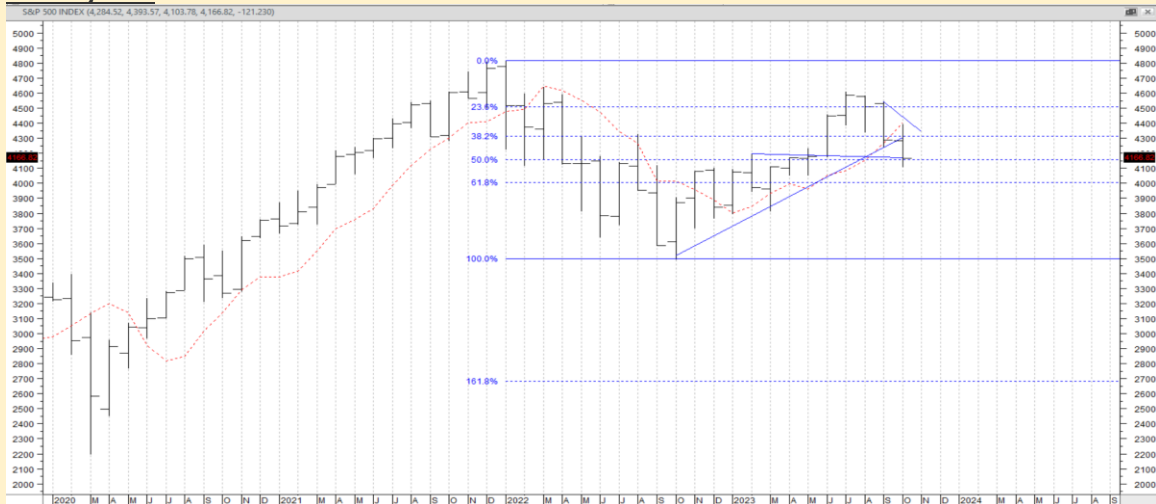
Cumulative NYSE Advance-Decline Line



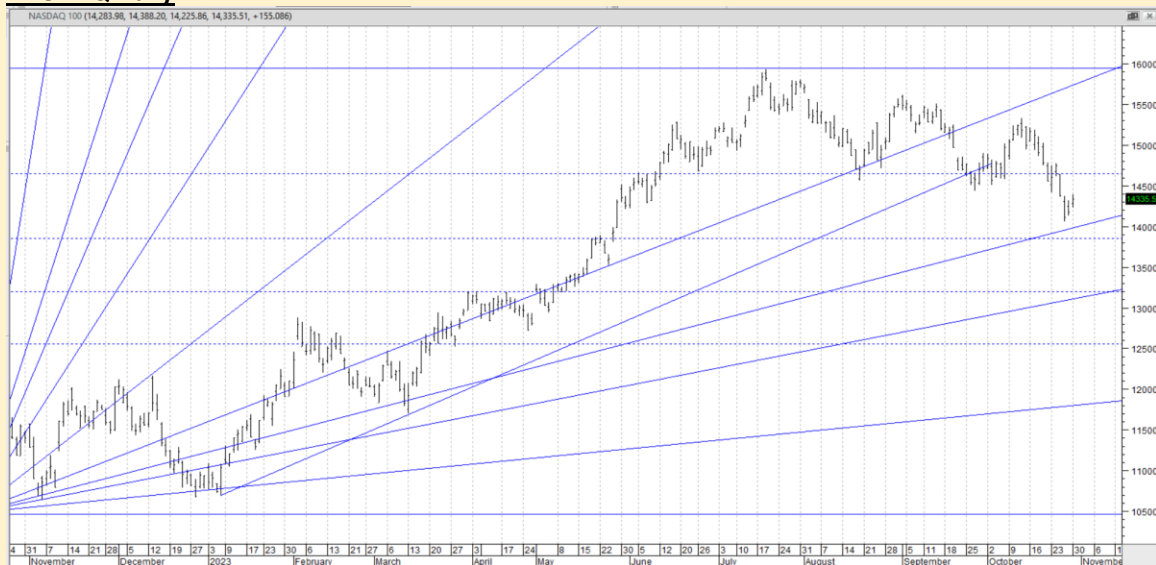
Weekly S&P



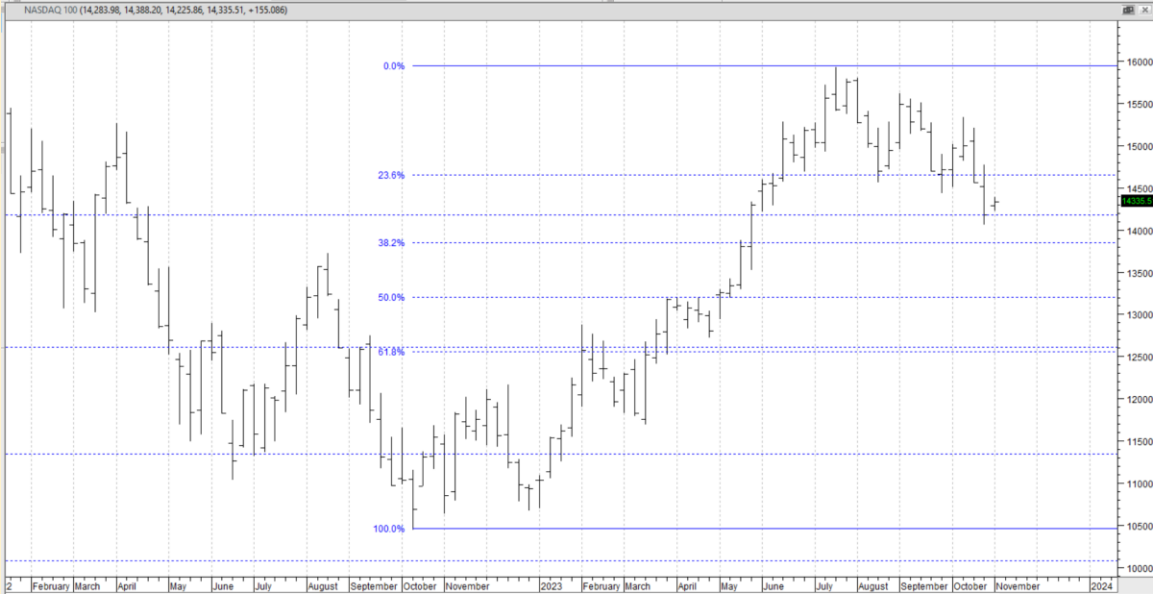
Monthly S&P



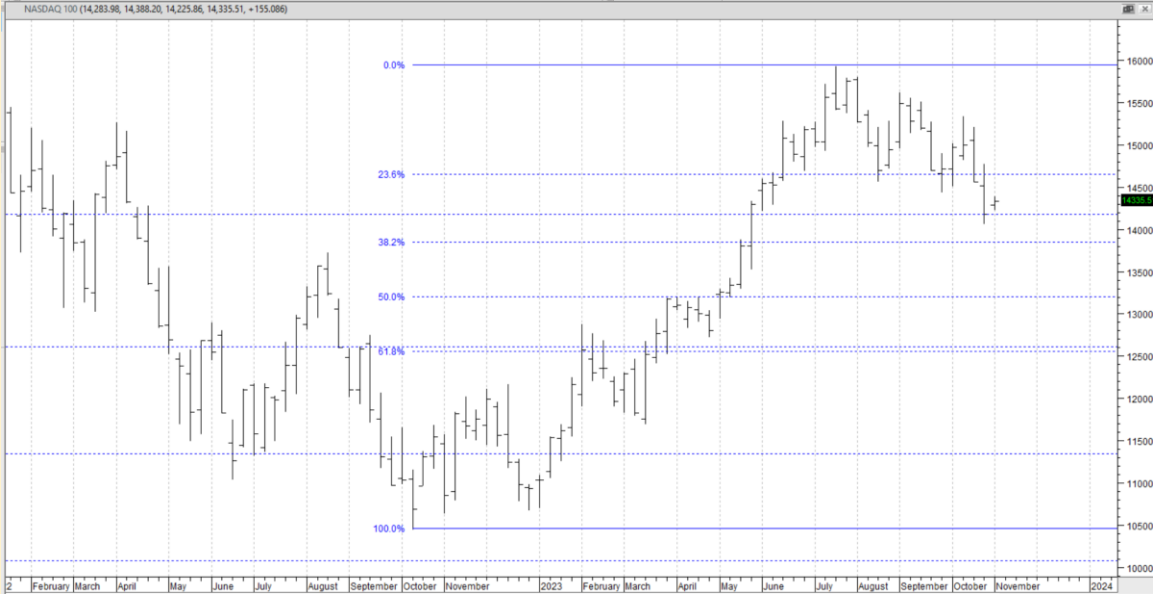
NASDAQ Daily



NASDAQ Weekly



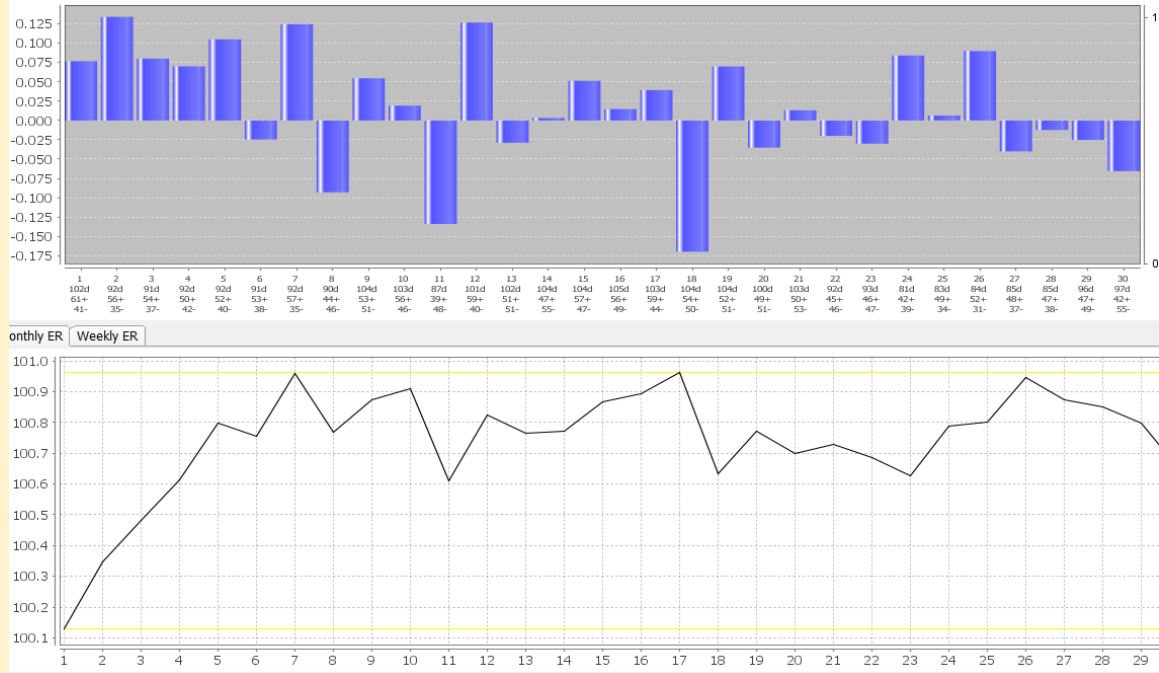
Monthly NASDAQ



November Daily Histograms

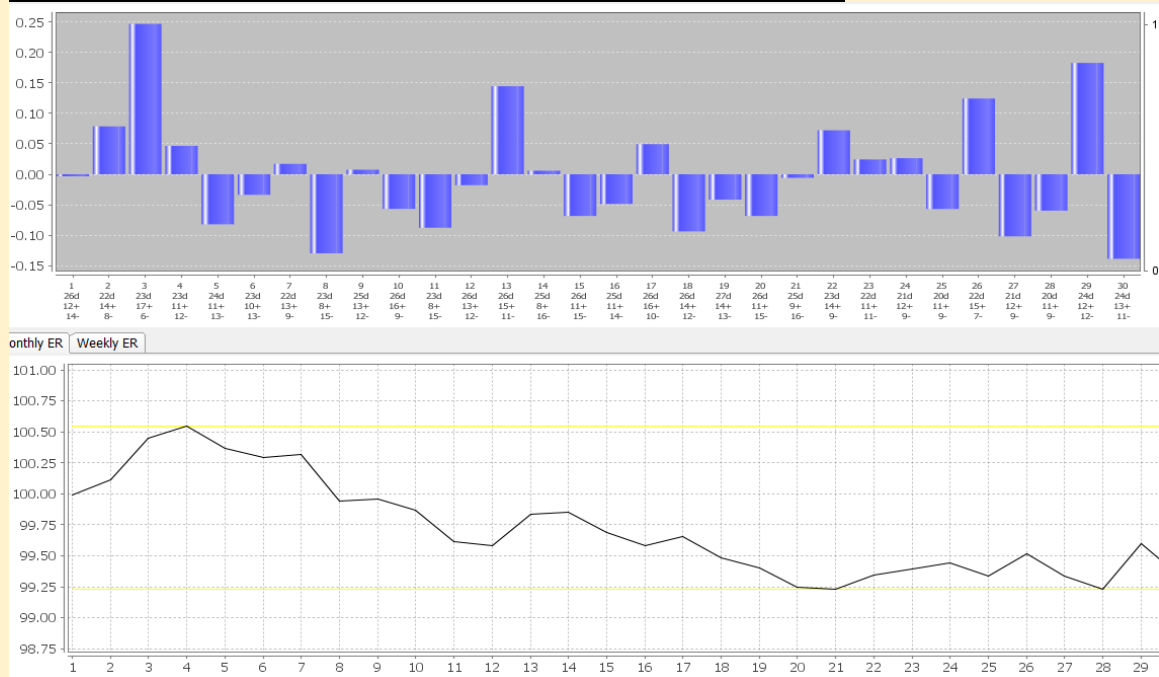
The histograms below show the average behavior of the DJIA from 1885 to 2022 in several different formats for the current month. The graph below shows the expected return (the probability of the market rising times the percent change).

Average Daily Expected Return of DJIA (1886-2022)



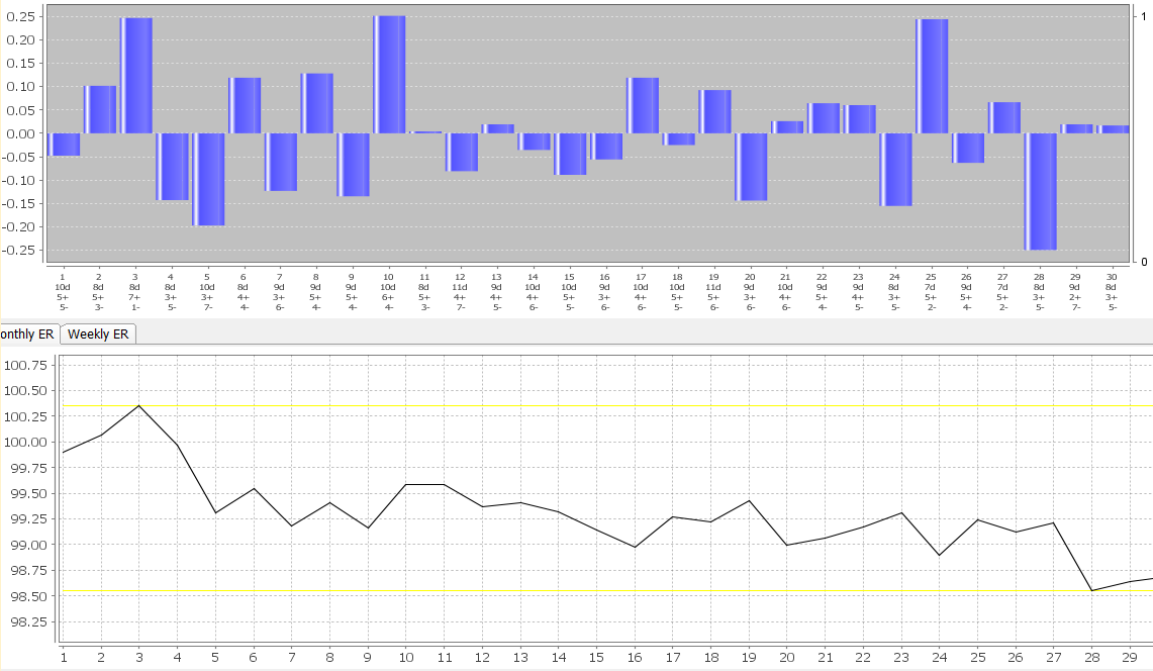
Expected Return

Average Daily Expected Return of DJIA in an Election Year+3 (1886-2022)



Expected Return

Average Daily Expected Return of DJIA in a Year Ending in 3 (1886-2022)



Expected Return

Projected Turning Points

The 3rd is likely a short-term high. It coincides with the end of the first 6 days of the new month which have traditionally been strong.

The highest-probability stock market turning points (+ or - 1 day) for the month are:
(The stronger turning points are starred*)

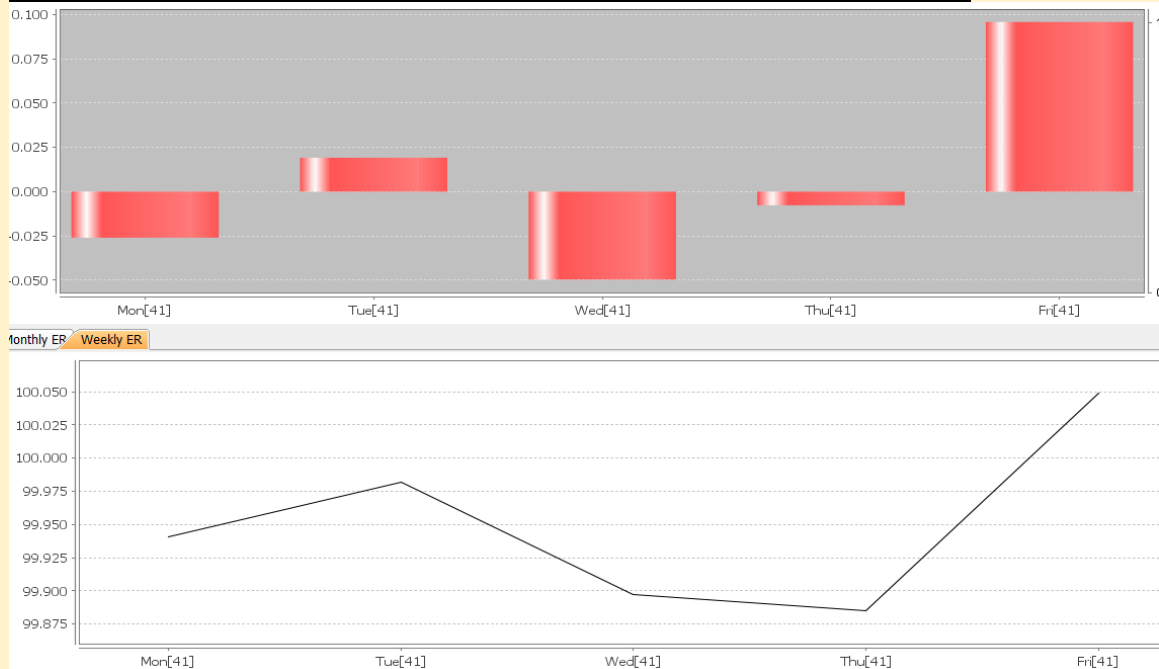
S&P

3*, 10, 17*, 27*

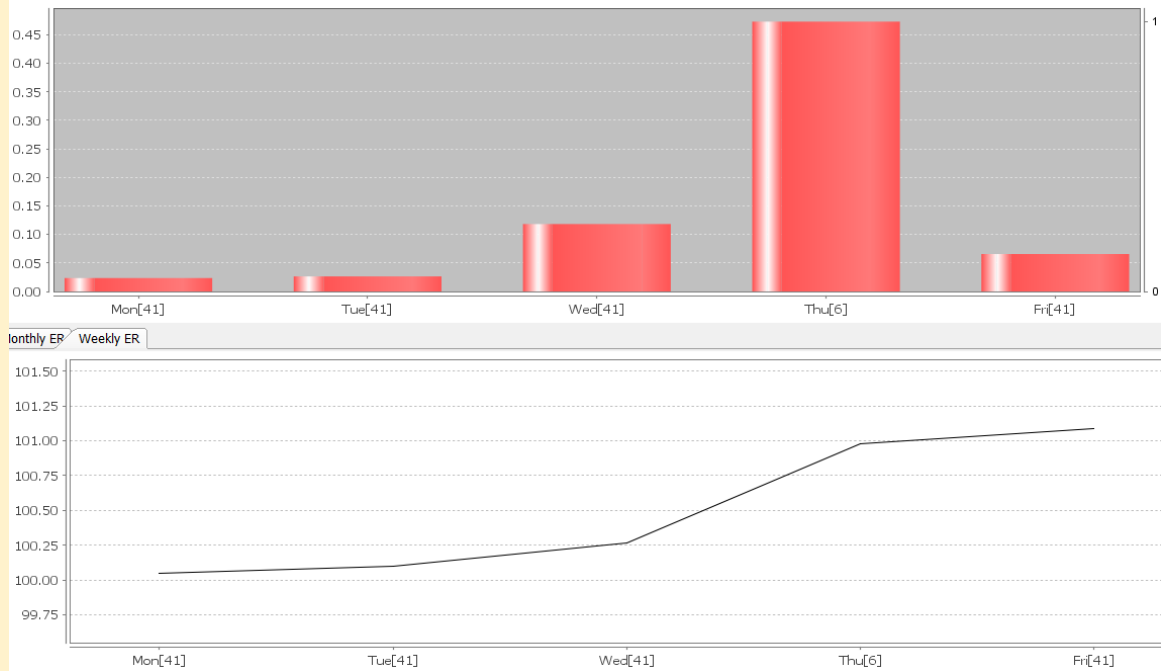
NASDAQ

3*, 21-22*, 30

Average Daily Expected Return of S&P 500 in OPEX Week in This Month (1985-2022)



Average Daily Expected Return of S&P 500 in the Week Following OPEX in This Month (1985-2022)



Bonds

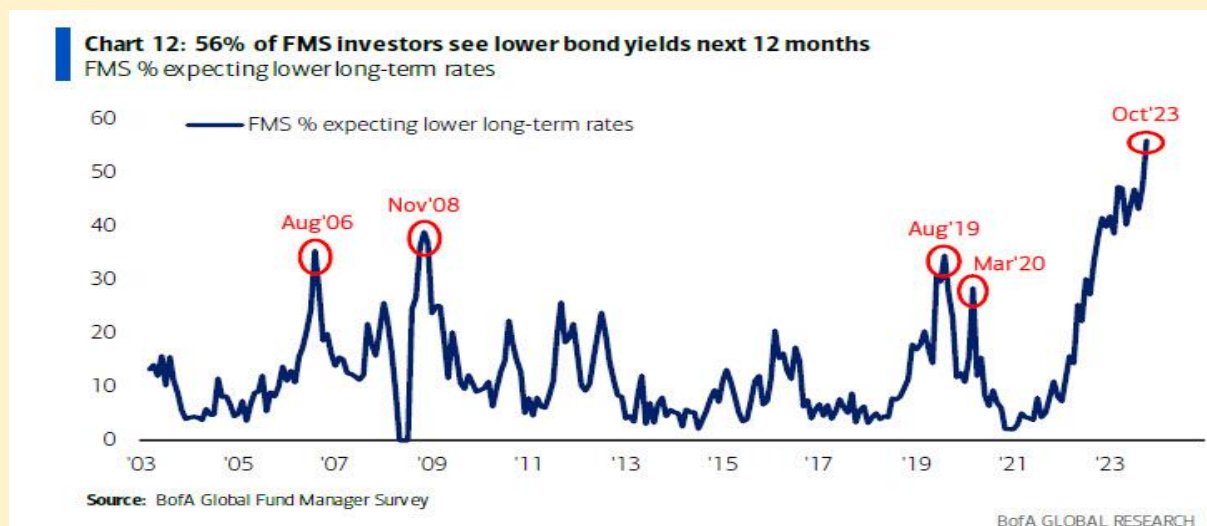
The last report stated that **“the more important development is the decline in the US note and bond and foreign markets which fell below the 38.2% retracement levels of the entire 1980-2022 bull markets.”** The previous support level is now a barrier to rising prices at 108.

The open interest put/call ratio has dropped from 1.15 on September 25th to 0.78 on October 27th. A high reading reflects pessimism and occurs at a top, while a low reading is associated with bottoms. This is a sentiment confirmation of a short-term rally which began on the PTP of the 20th. The 31st is the next PTP and is likely a high. The decline is due to resume.

I think that this market is in a longer-term bear market. This cover of Barrons serves as a contrary opinion indication of lower prices.

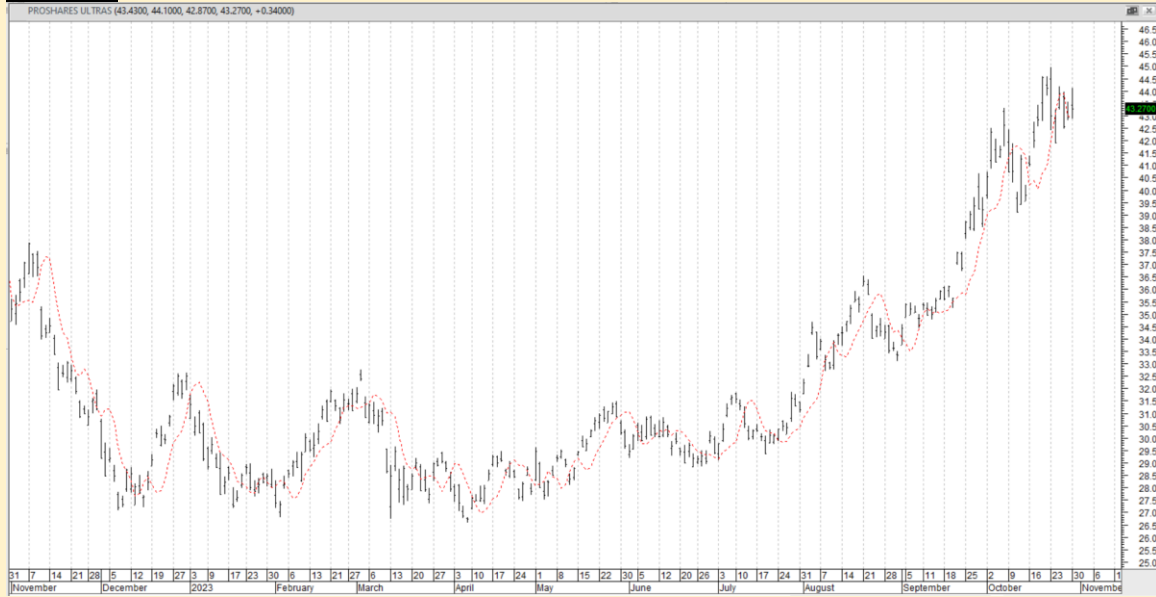


This graph has the same message. If most fund managers expect lower rates, the reverse is likely to occur.



Let me repeat this analysis. Let us look at the price graph of the TBT itself. The daily graph reveals a strong uptrend and a very overbought price level.

Daily TBT



Now let us look at the monthly graph. The rally does not look as big here. In a new uptrend, we would expect price to go to the 23.6% or the 38.2% retracement levels. This suggests prices of \$78 and \$120. It also implies much higher interest rates.

Monthly TBT



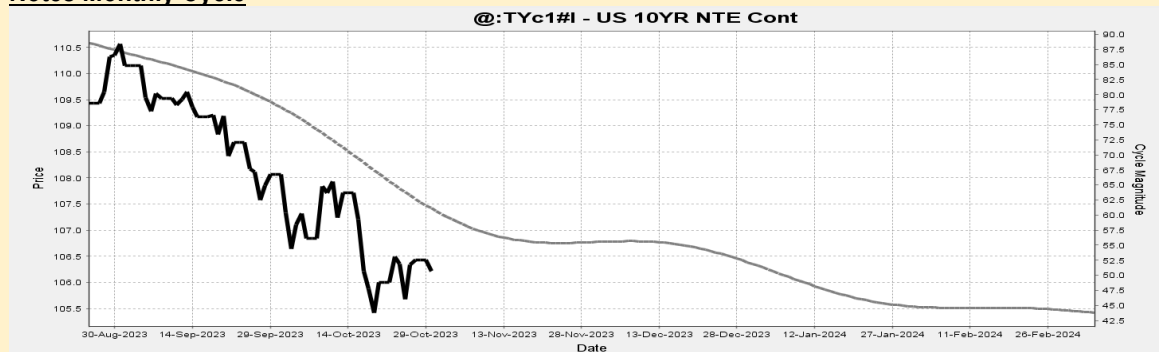
Daily Notes



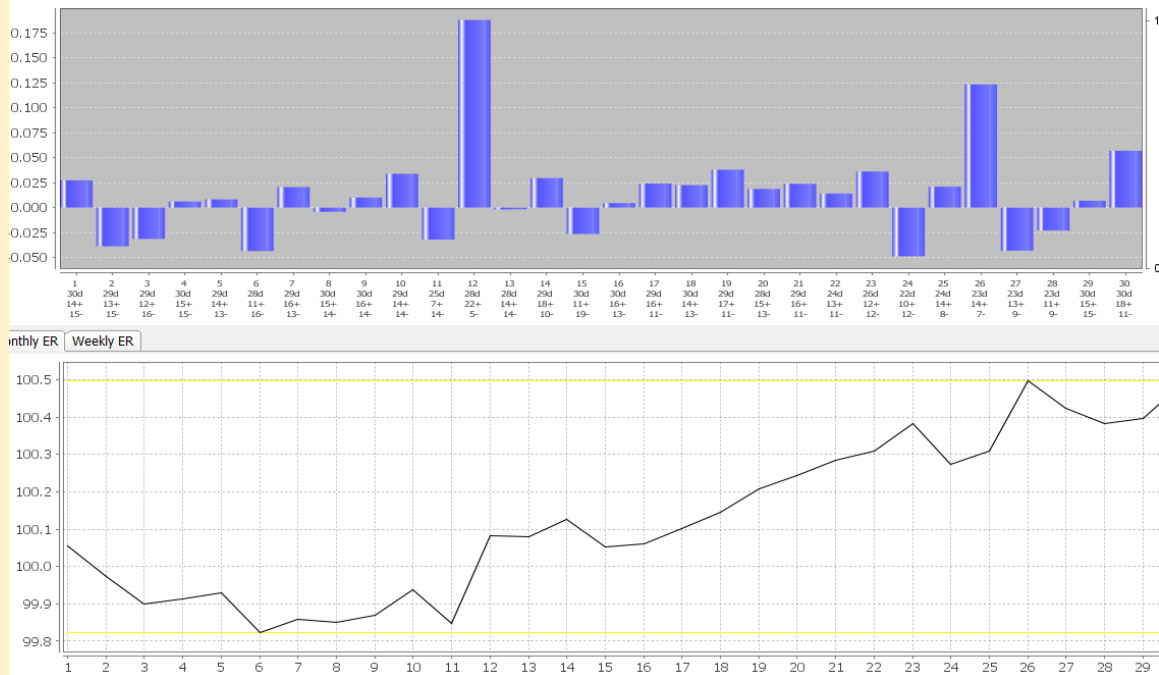
10-Year Notes Monthly Broke the 38.2% Retracement Line



Notes Monthly Cycle

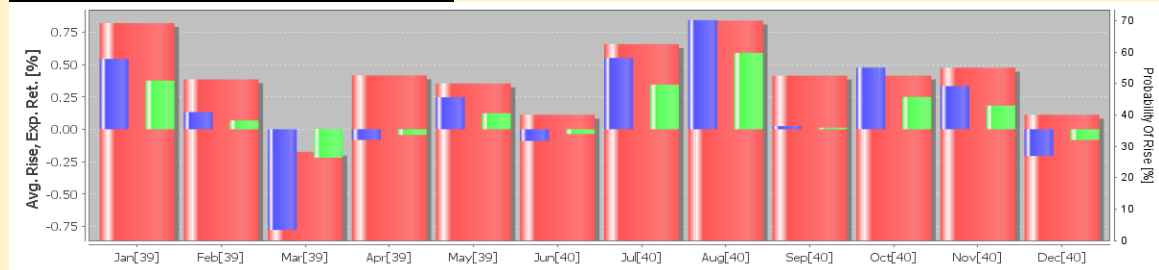


Average Daily Return US Notes in this Month



Expected Return

Monthly Return- US 10-Year Notes



Blue: Average Percentage Change
 Red: Probability of a rise on that day
 Green: Expected Return (Product of the first 2)

Projected Turning Points (PTPs)

The 3rd is likely a low.

The highest-probability note turning points (+ or - 1 day) for the month are:
 (The stronger turning points are starred*):

3*, 10, 23-24*

Gold

Price did not follow the seasonality and the cycles. Price was much stronger than expected.

The October 15th to October 31st period has been a bearish one, down 60% of the time, but gold rallied through this interval. When it has done so in the past since 1969:

1 Week Later:	14(up)	6(down)	avg:0.787
2 Week Later:	13(up)	7(down)	avg:1.404
3 Week Later:	12(up)	8(down)	avg:0.276
4 Week Later:	14(up)	6(down)	avg:0.626
5 Week Later:	13(up)	7(down)	avg:0.935
6 Week Later:	12(up)	8(down)	avg:1.302

When price has fallen in that period:

1 Week Later:	17(up)	18(down)	avg:0.24
2 Week Later:	21(up)	14(down)	avg:-0.14
3 Week Later:	19(up)	16(down)	avg:-0.001
4 Week Later:	20(up)	15(down)	avg:0.561
5 Week Later:	16(up)	19(down)	avg:0.612
6 Week Later:	15(up)	20(down)	avg:0.255

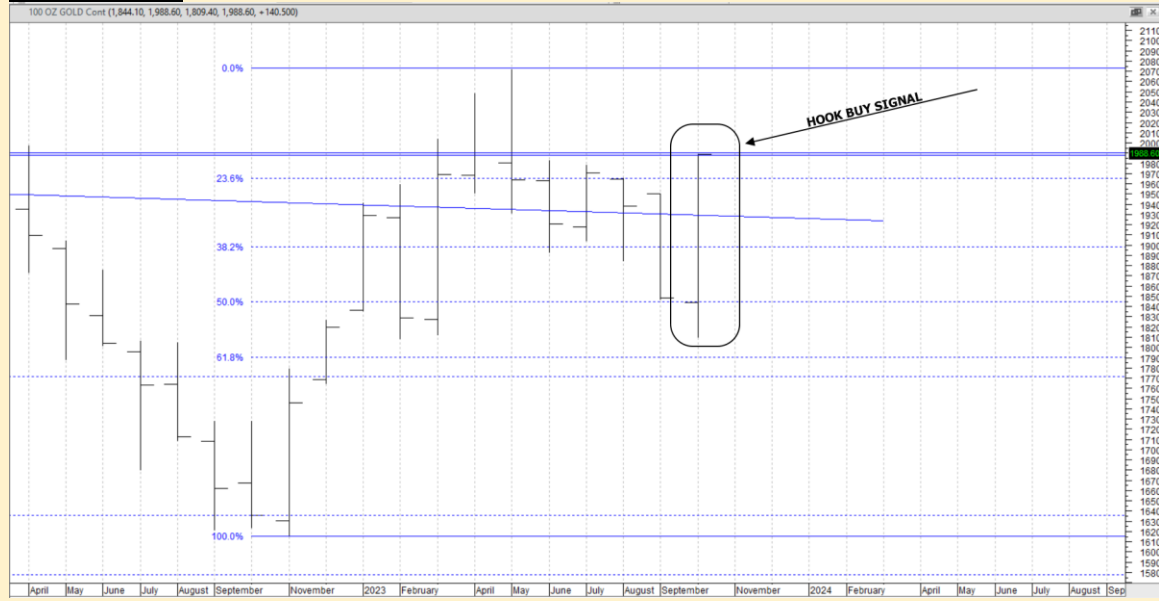
Price has broken back up through the former resistance line, negating the sell signal. Cycles indicate a short-term pullback closer to the blue line, perhaps to \$1950. Higher prices are due after this pullback.

Monthly Gold-Closing Prices



Here we see a hook sell signal. Monthly price hit a point lower than the prior month and then closed higher than the prior month.

Monthly Gold 2



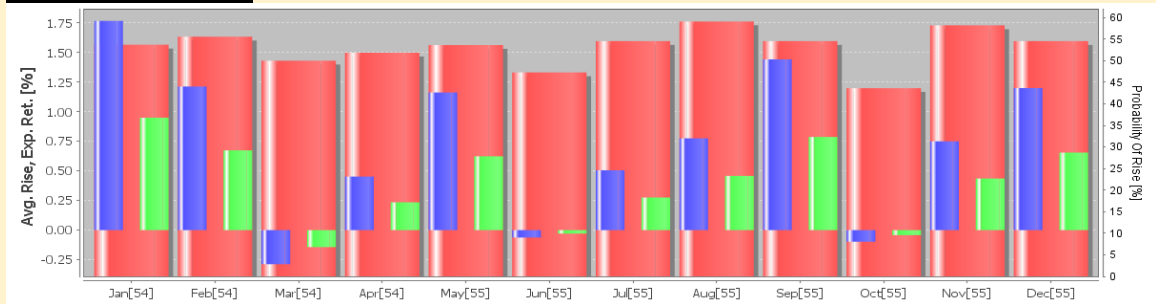
Daily Gold



Annual Gold Price from 1861

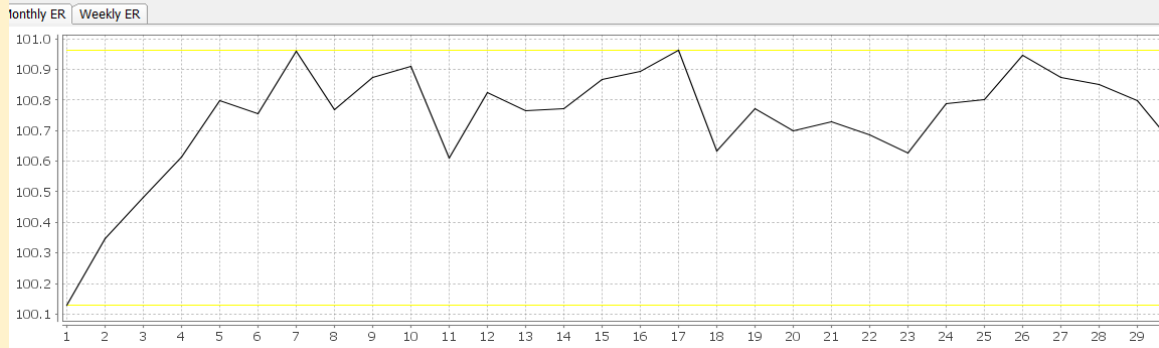
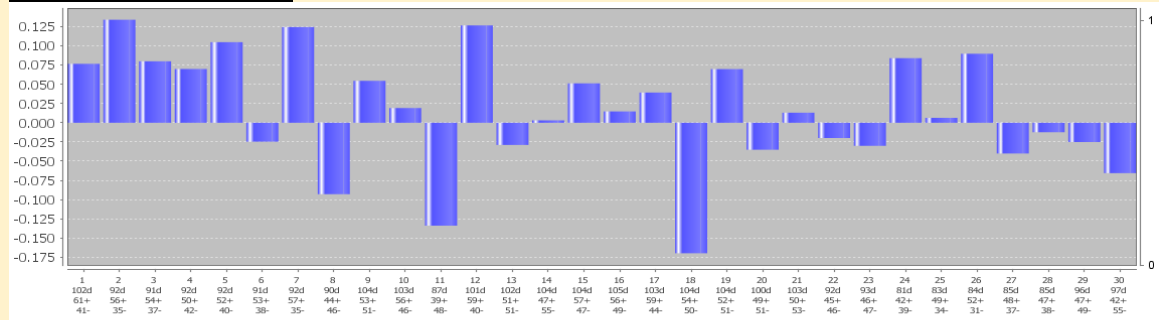


Monthly Return- Gold



Blue: Average Percentage Change
 Red: Probability of a rise on that day
 Green: Expected Return (Product of the first 2)

Daily Histogram for Gold



Expected Return

Projected Turning Points (PTPs)

The highest-probability note turning points (+ or - 1 day) for the month are:
(The stronger turning points are starred*):

3*, 13*, 24*, 30

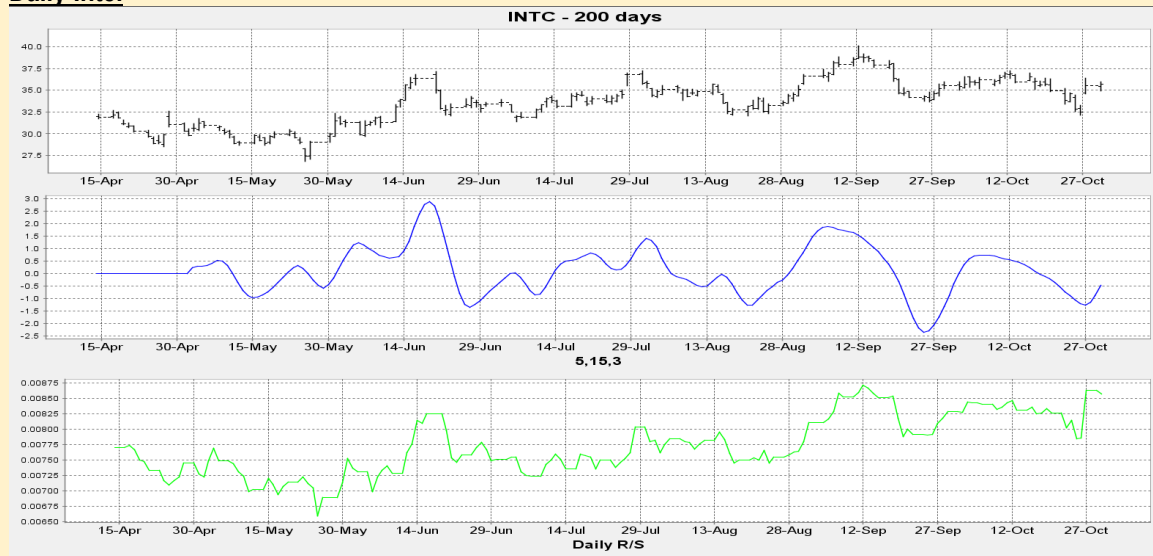
Portfolio and Individual Stocks

PORTFOLIO

Stock or ETF	Buy Price	Buy Date	Current Price	% Allocation
Alphabet-GOOG Stop=117.0	\$132.96	July 28, 2023	124.50	10
ProShares Ultrashort 20+ Year Treasury (TBT) Stop: 38	31.04	August 1, 2023	42.88	10
Sell: ProShares UltraShort Gold (GLL)	32.22	September 29, 2023	27.59	0
Sell: ProShares UltraShort S&P500 (SDS)	34.81	September 6	39.39	0
Sell: ProShares UltraShort QQQ (QID)	13.08	September 6	14.74	0
Buy: ProShares Ultra S&P500 (SSO) Stop: 45	50.29	October 31, 2023	50.46	10
Buy: Intel-INTC Stop: 31	36.31	October 31, 2023	36.25	10
Cash	-	-	-	60

Funds under management by Cycles Research LLC may own positions in the recommended stocks and ETFs.

Daily Intel



Don't Worry, Be Happy

It was about time:

After student walkout, Pennsylvania school district reverses transgender bathroom policy...

https://justthenews.com/government/local/after-student-walkout-pennsylvania-school-district-reverses-transgender-bathroom?utm_source=daily&utm_medium=email&utm_campaign=newsletter

This is Interesting to Think About

Is the Money in Your Checking Account Yours or the Bank's?

<https://mises.org/wire/money-your-checking-account-yours-or-banks>

The Word War

This war continues. In the book, The Sealed Train, the author describes Lenin's trip into Russia. At one point, the train stopped and he spoke to troops that were suffering in WW1. They could not understand his doctrine. So, he would say "You talk first." After hearing the needs of the people, he would utilize liberal double talk and twisted logic to explain how his ideas would solve their problems. This is the same strategy used by governments today.

Here Is Why We Need Newspapers....



What the Media is Not Telling Us

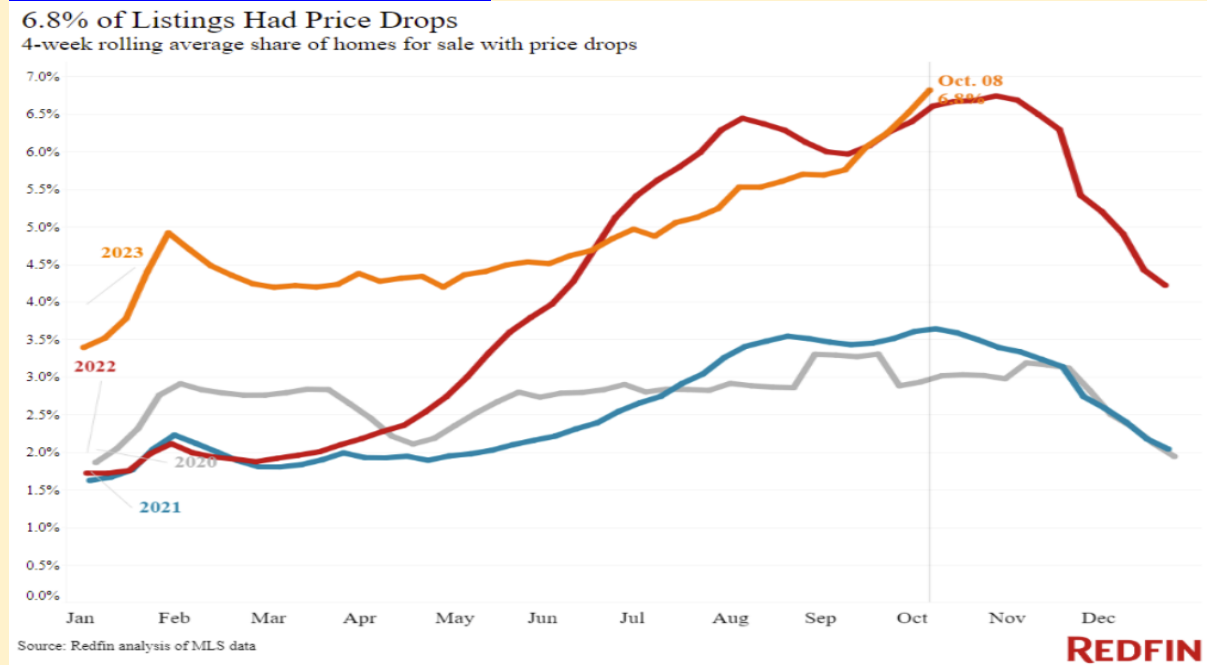
Here is a good source of stock market charts....

<https://www.macrotrends.net/charts/stock-indexes>

More Signs of a Top in the Real Estate Market

Prices have been lowered on US property listings more than any time in the last 4 years.

<https://www.redfin.com/news/housing-market-update-new-listings-tick-up/>



Politics

Hillary Clinton said that Trump followers are cultists who need treatment, just like a communist re-education camp. The second item tells us what will happen to those who cannot be re-programmed. The speaker infiltrated the SDS underground. He was in direct contact with Bill Ayers who subsequently became part of Obama's circle.

- Hillary Clinton calls for 'formal deprogramming' of Trump supporters
<https://news.yahoo.com/hillary-clinton-calls-formal-deprogramming-045852913.html>
- Larry Grathwohl on Ayers' plan for American re-education camps and the need to kill millions
<https://www.youtube.com/watch?v=zJyHweavXFo>

COVID

- Video: Biden Tells People To Stop Questioning COVID Shots
<https://summit.news/2023/09/28/video-biden-tells-people-to-stop-questioning-covid-shots/>
- Based on evidence-based and peer-reviewed studies Dr. McCullough strongly advises (1) all Covid vaccines be removed from the market, and (2) the EU and every other national

body withdraw from the corrupt WHO.

<https://www.youtube.com/watch?v=1Pa9yZ9kwc0>

- DATA: Over 80% Of Eligible Americans Refused Booster Shots.
<https://thenationalpulse.com/2023/10/10/data-over-80-of-eligible-americans-refused-booster-shots/>
- COVID shots tied to 17 MILLION 'vaccine deaths' <https://www.wnd.com/2023/10/covid-shots-tied-17-million-vaccine-deaths/>
- Hydroxychloroquine plus common antibiotic reduces COVID mortality versus 'standard of care': study. https://justthenews.com/politics-policy/coronavirus/hydroxychloroquine-plus-common-antibiotic-reduces-covid-mortality?utm_source=daily&utm_medium=email&utm_campaign=newsletter
- Pfizer Used Separate Manufacturing Processes for COVID Shots Used in Clinical Trials, Public Distribution https://pjmedia.com/news-and-politics/benbartee/2023/10/06/bombshell-pfizer-used-separate-manufacturing-processes-for-covid-shots-used-in-clinical-trials-public-distribution-n1732965?utm_source=pjmedia&utm_medium=email&utm_campaign=n1_pm&bcid=0a010d562b05be1009406357fe57ca557121fe2572361441551ae7044537974f&recip=28551219
- CDC repeatedly misrepresents mask research, mask mandates worsen depression: studies https://justthenews.com/government/federal-agencies/cdc-repeatedly-misrepresents-mask-research-mask-mandates-worsen?utm_source=daily&utm_medium=email&utm_campaign=newsletter
- Now that hydroxychloroquine is gaining national attention, the Mayo Clinic has decided to purge its informational page about the COVID-fighting generic drug <https://www.naturalnews.com/2023-10-02-hydroxychloroquine-mayo-clinic-purge-information-censorship-covid.html>
- COVID mRNA Injury Series: Vaginal Bleeding After COVID-19 mRNA Vaccination - Global Research <https://www.globalresearch.ca/covid-mrna-injury-series-vaginal-bleeding-after-covid-19-mrna-vaccination/5834212>
- Here's more proof that health officials and world leaders lied to us about the Covid vaccines <https://marketsanity.com/heres-the-proof-that-health-officials-and-world-leaders-lied-to-us-when-they-said-that-covid-vaccines-are-safe-and-effective/>

Book Review

Picking Top Stocks by Martin S. Fridson. This is a small but excellent book. The author summarizes much helpful research. In 1974, Joel Stern published "Earnings Per Share Don't Count" in the Financial Analysts Journal in the July-August issue. The author reasons this over 5 pages that I think are essential to read. Corporate managers make legal efforts to create the appearance of steady earnings growth. However, the author shows that stocks of companies that show a narrow range of earnings projections underperform the companies that have a widespread projection of earnings. The former group is unlikely to surprise on the upside because the fundamentals are well known and stable. The latter group is more likely to surprise on the upside. He writes, "*Creating genuine value has taken a back seat to manufacturing numbers that just make it look like the company is creating economic value.*" Stern uses the metric that I have found valuable: cash flow. This number is much harder to change or distort.

Analysts are unwelcome on Wall Street if they issue sell signals. He quotes FactSet. Over 5 years, here is the breakdown in analysts' reports:

Buy: 52.9%

Hold: 41.1%

Sell: 6.0%

Take buy recommendations with a grain of salt.

One very interesting item. The author sheds a light on the Tulip Bulb Mania. Pro traders did trade bulbs on an organized exchange. The excess occurred when amateur traders set up informal exchanges in taverns where folks could get in on the trading that the pros did. It reminded me of cryptos.

Quote of the Month

"A democracy will continue to exist up until the time that voters discover that they can vote themselves generous gifts from the public treasury. From that moment on, the majority always votes for the candidates who promise the most benefits from the public treasury, with the result that every democracy will finally collapse due to loose fiscal policy, which is always followed by a dictatorship."

-Alexander Tytler over 200 years ago.

*Disclaimer: The methods utilized have proven profitable in the past but no guarantee can be made of future performance nor is any liability accepted.
See the website at cyclesresearch.com.*

The report is sent on or prior to the open of the first trading day of the new month, unless otherwise stated. If you do contact us by e-mail, kindly give your full name. We cannot query the database by e-mail address. Thank you.

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