



Twitter: cyclesresearch7

Summary

Equities: The earliest low is likely in mid-October

Bonds: This is the beginning of a bear market

Gold: Cycle strength did not lift price; lower quotes are expected

There is much news about a looming government shutdown. I recall a study that demonstrated that the DJIA performs better when Congress is not in session.

Equity Market Analysis

There was a monthly PTP in August, but I thought that the top would be late in the month and not early in the month. The reverse was true. I do not think that the decline is complete for several reasons.

- The price formation does not appear to be complete. It looks like a chair with 3 legs
- The 1-4-10 year cycle bottoms at the end of October
- There are some sentiment indications that are not conducive to a low
- New lows are greatly exceeding new highs on a daily basis.

Here is the average DJIA October performance under differing conditions:

All Months: Up 56.2% of the time for an average gain of 0.20%

Month in election years: Up 52.9% of the time for an average loss of 0.54%

Year ending in 3: 61.5% for a 0.73% gain

Both of the prior conditions: Up 50% for an average change of 0.68%.

One must keep in mind:

- October has been the most volatile month
- More large single-day declines have occurred in this month than in any other
- There have been more market lows in this month than any other
- The market usually closes on the upside.

On August 28th, the 1.88-year cycle was at its seasonal cycle peak. This added to the odds of a September pullback. The odds of a decline was reinforced by the 1-4-10 year cycle peak.

Looking at the 3 monthly histograms below, we see October lows between the 19th and the 24th. Looking at the 1-4-10 year cycle for Q4, there is a low on the 28th. Bringing the PTPs into the picture, the strongest dates in the month are on the 12th-13th. This is when a low is most likely.

This analysis supports the projection of the monthly histograms of a strong Q4.

Down Big In August and September Isn't a Bad Thing

S&P 500 Performance When Down 1% Or More In Both August and September

Year	S&P 500 Index Returns			
	August	September	October	Q4
1952	-1.5%	-2.0%	-0.1%	8.3%
1956	-3.8%	-4.5%	0.5%	2.9%
1957	-5.6%	-6.2%	-3.2%	-5.7%
1959	-1.5%	-4.6%	1.1%	5.3%
1974	-9.0%	-11.9%	16.3%	7.9%
1975	-2.1%	-3.5%	6.2%	7.5%
1981	-6.2%	-5.4%	4.9%	5.5%
1985	-1.2%	-3.5%	4.3%	16.0%
1990	-9.4%	-5.1%	-0.7%	7.9%
2001	-6.4%	-8.2%	1.8%	10.3%
2011	-5.7%	-7.2%	10.8%	11.2%
2015	-6.3%	-2.6%	8.3%	6.5%
2022	-4.2%	-9.3%	8.0%	7.1%
2023	-1.8%	-4.2%	?	?
Average			4.5%	7.0%
Median			4.3%	7.5%
% Higher			76.9%	92.3%

Source: Carson Investment Research, FactSet 09/24/2023
@ryandetrick

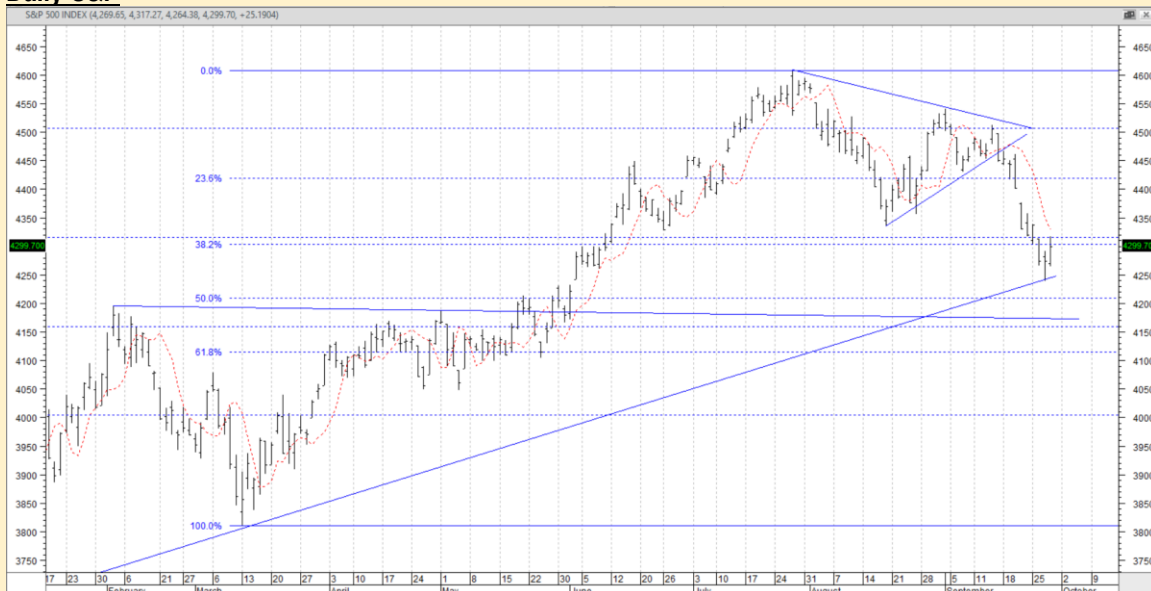


The market bottomed on the 27th, 2 days prior to the weak PTP on the 29th. Price halted near the 4250 support line. This suggests a brief retracement rally.

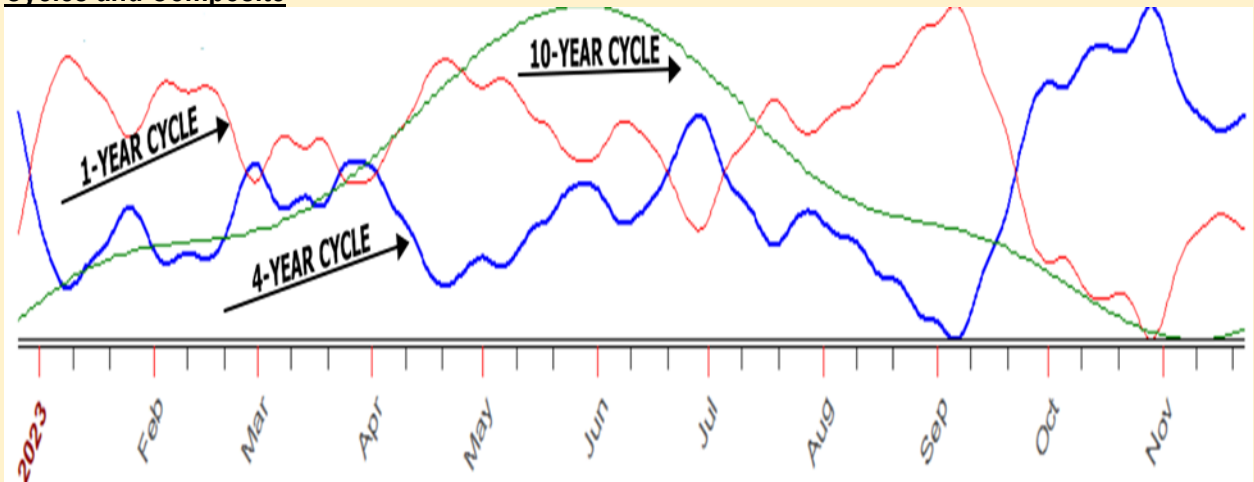
The weight of the evidence points to a low in this correction in the second or the third week of October. The next PTP is on the 12th-13th and is a strong one, likely the low.

Regarding price, if this is 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.

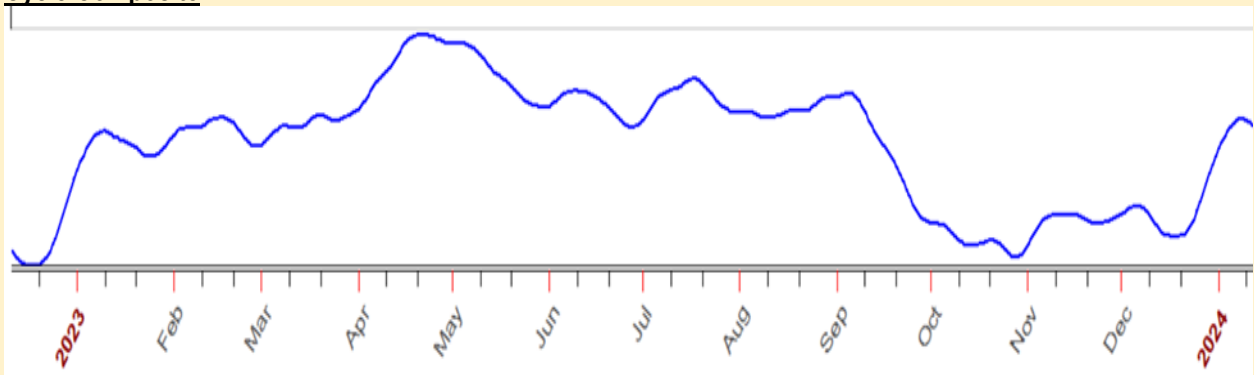
Daily S&P



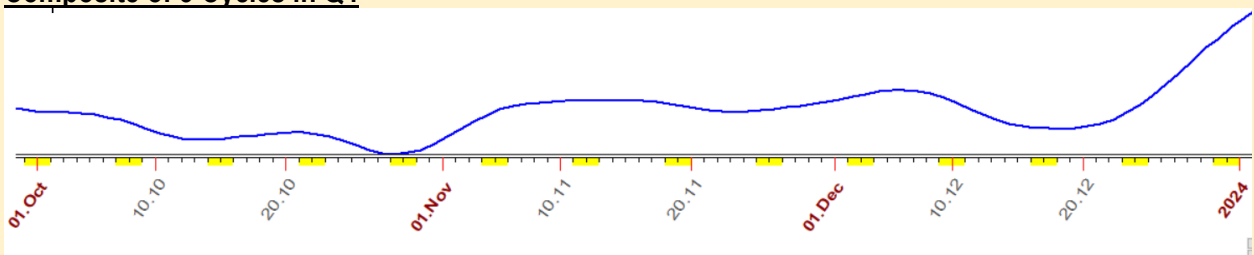
Cycles and Composite



Cycle Composite



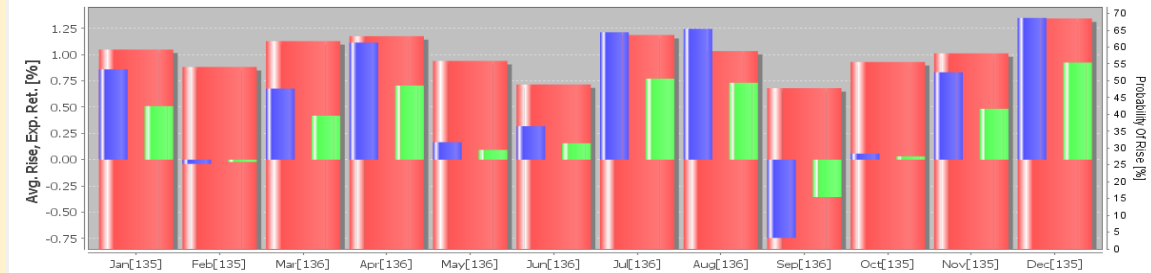
Composite of 3 Cycles in Q4



The Cycles in 2023

Here are the 2023 projections using varying parameters.

Histogram of Monthly Expected Return in 2023

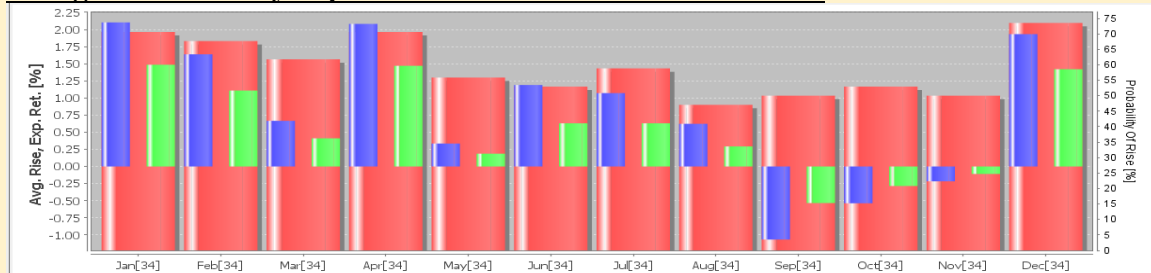


Blue: Average Percentage Change

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

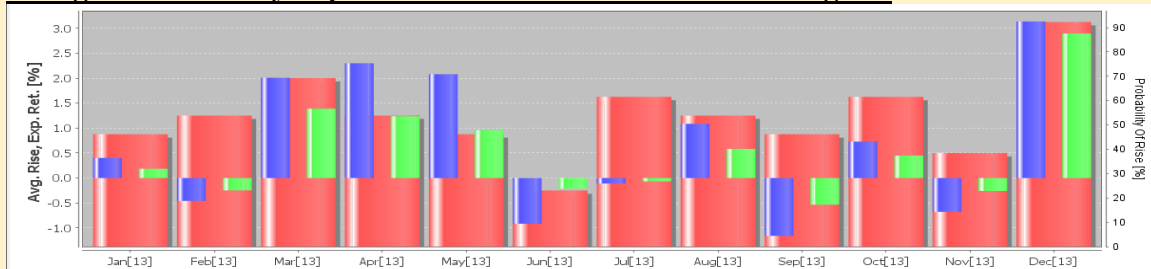


Blue: Average Percentage Change

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

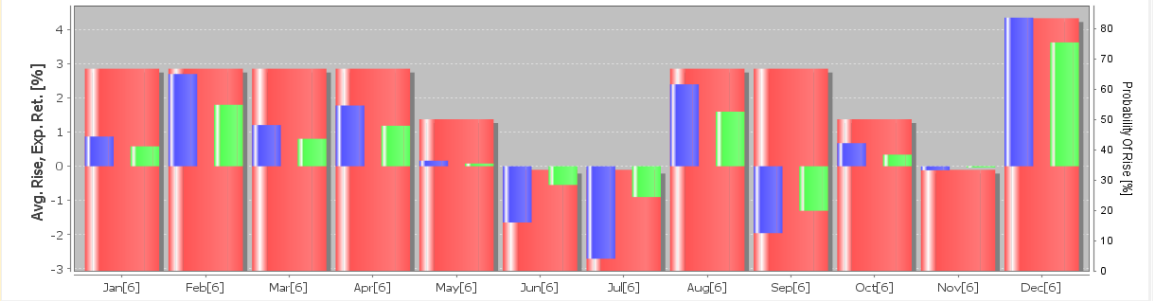


Blue: Average Percentage Change

Red: Probability of a rise on that day

Green: Expected Return (Product of the first 2)

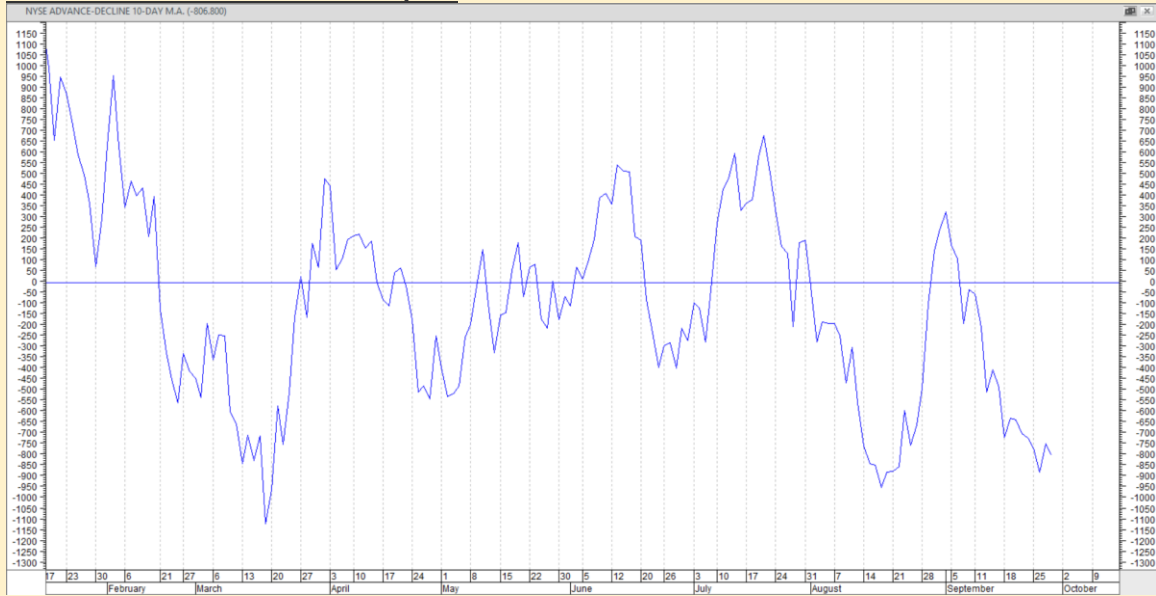
Histogram of Monthly Expected Return in 2023: All Years Ending in 3 that Have Also Been Election Years+3



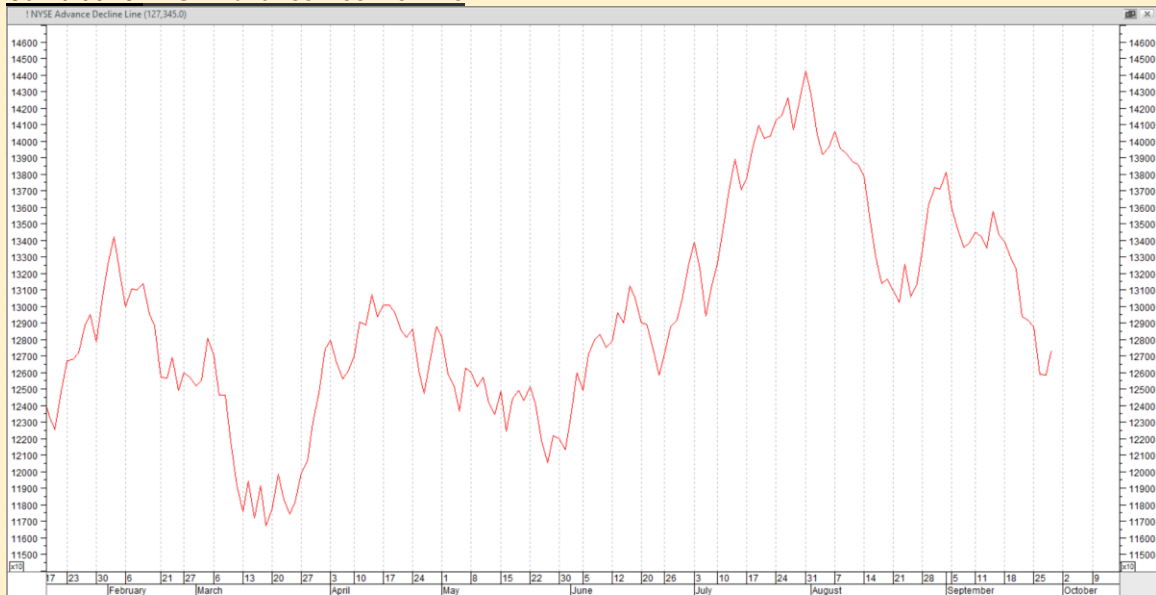
Blue: Average Percentage Change
Red: Probability of a rise on that day
Green: Expected Return (Product of the first 2)

The Technical Picture

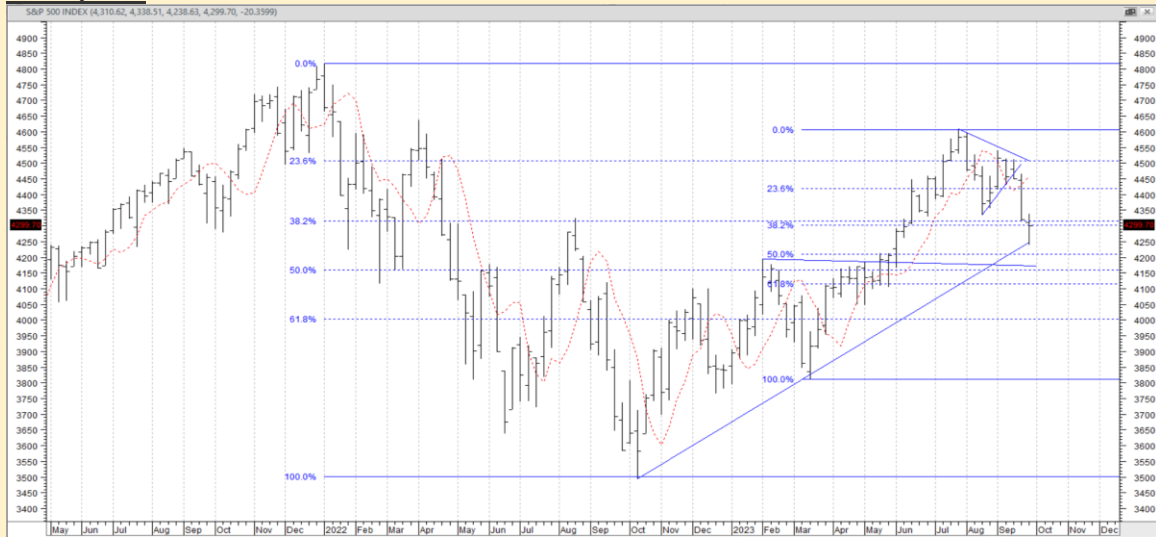
NYSE Advance-Dcline Line 10-Day MA



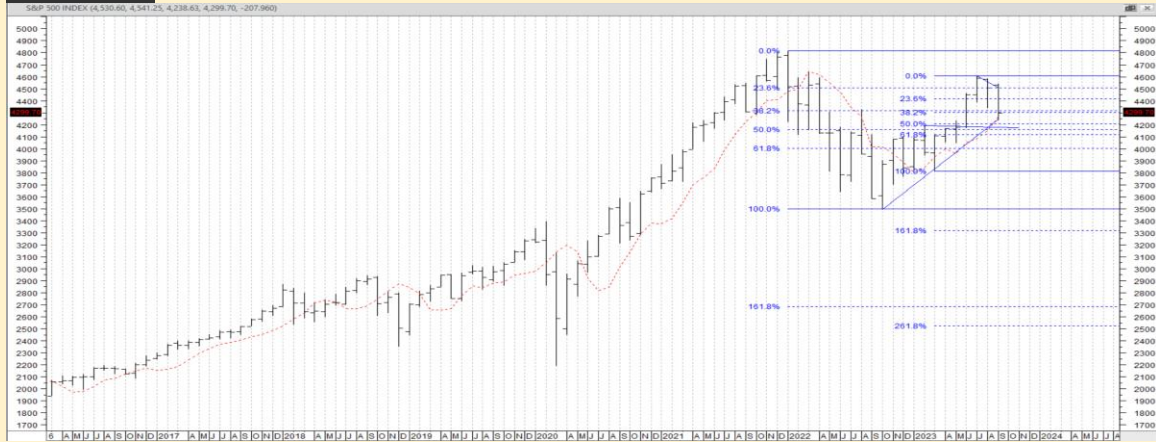
Cumulative NYSE Advance-Dcline Line



Weekly S&P



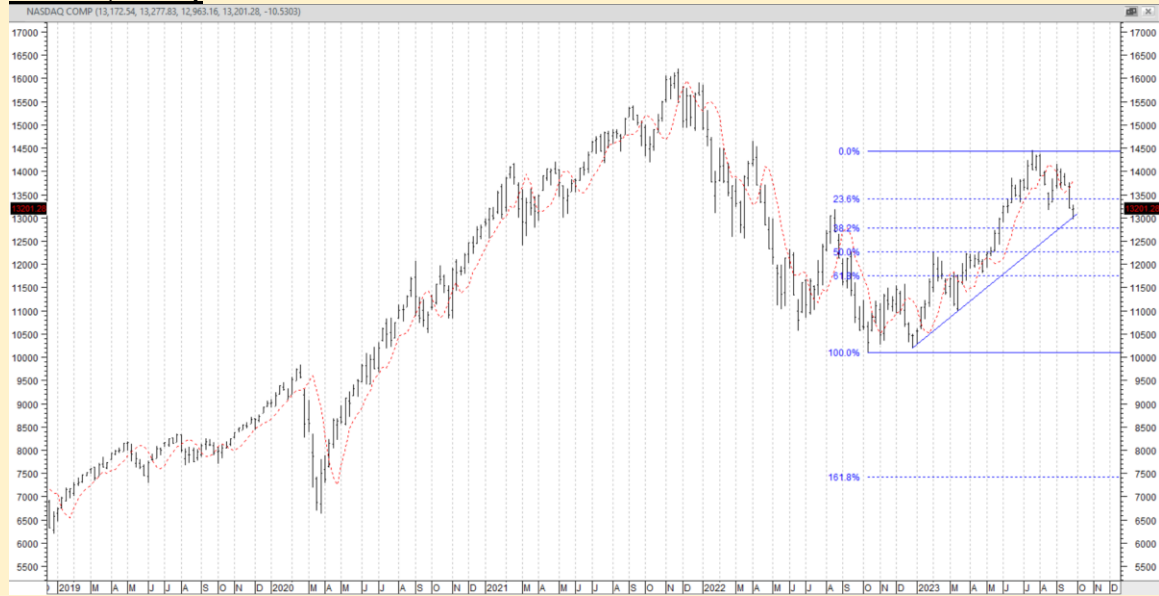
Monthly S&P



NASDAQ Daily



NASDAQ Weekly



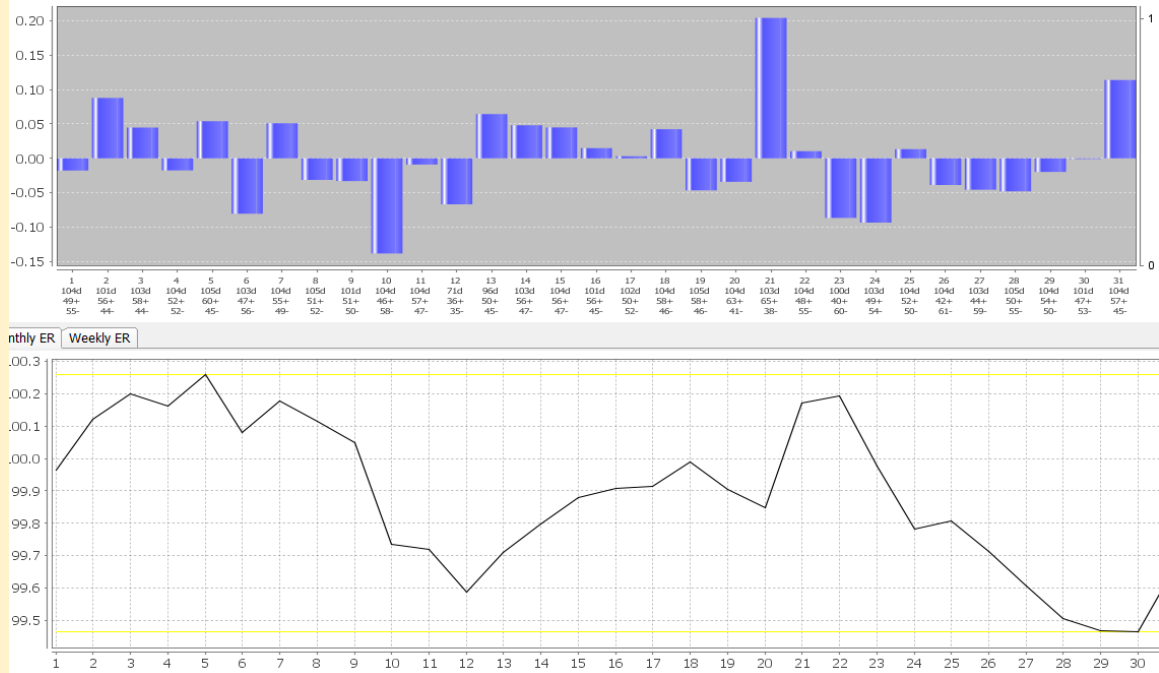
Monthly NASDAQ



October Daily Histograms

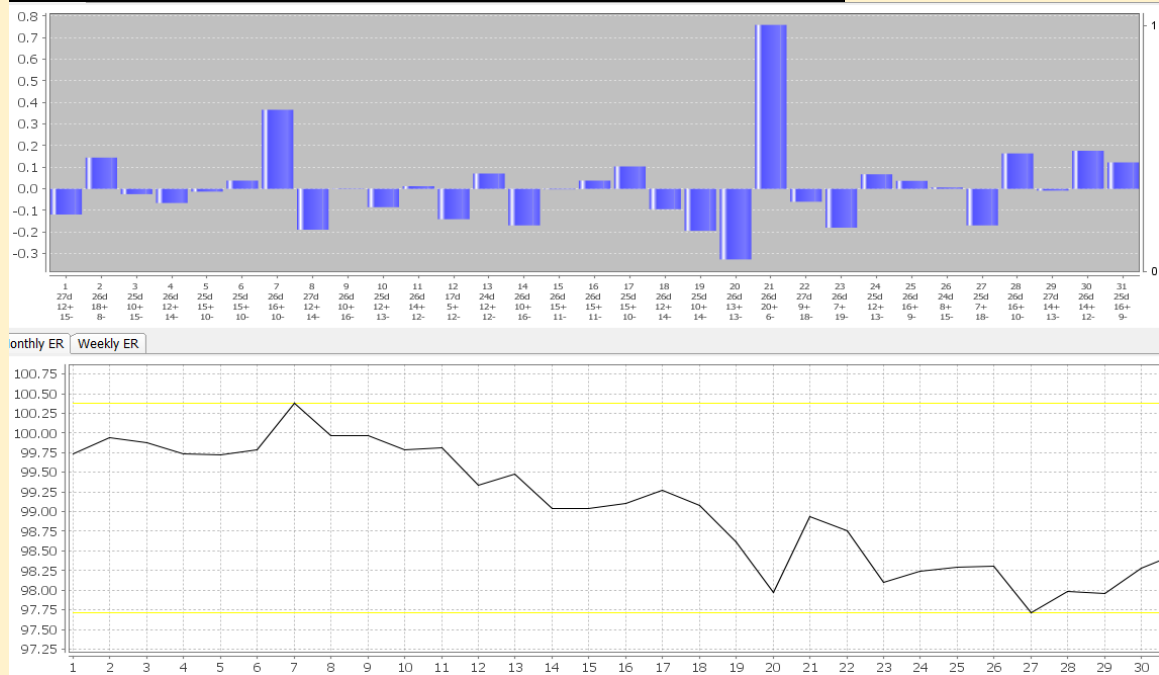
The histograms below show the average behavior of the DJIA from 1885 to 2022 in several different formats for the current month. The graph below shows the expected return (the probability of the market rising times the percent change).

Average Daily Expected Return of DJIA (1886-2022)



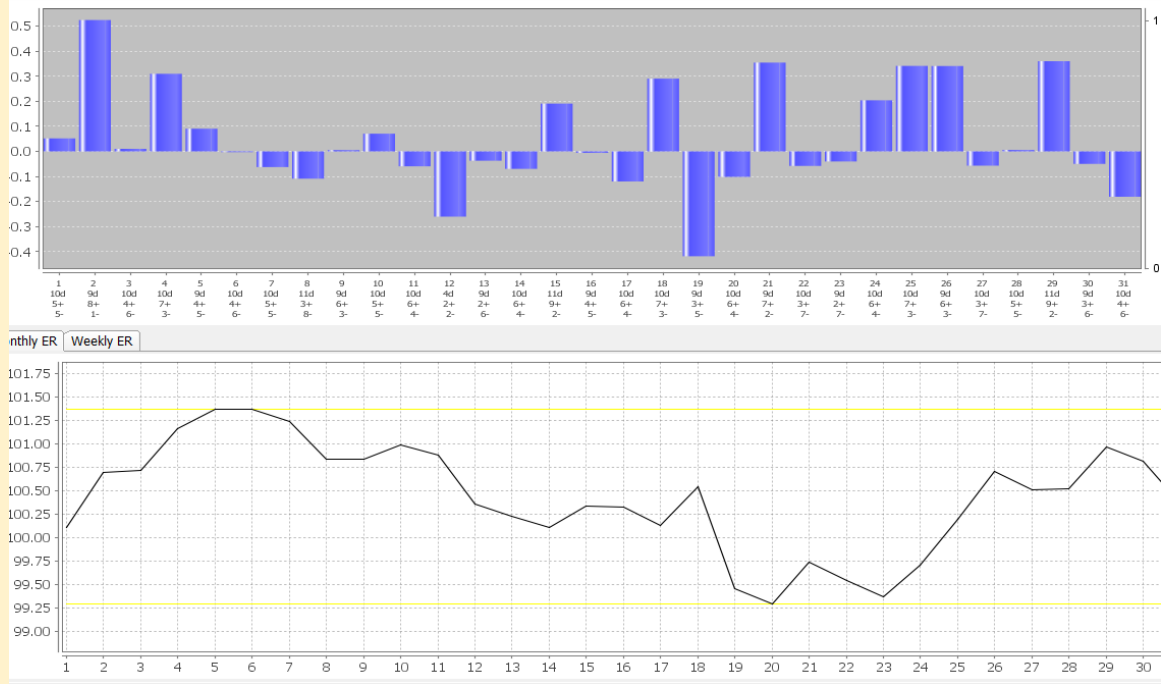
Expected Return

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 12th-13th is likely a low.

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

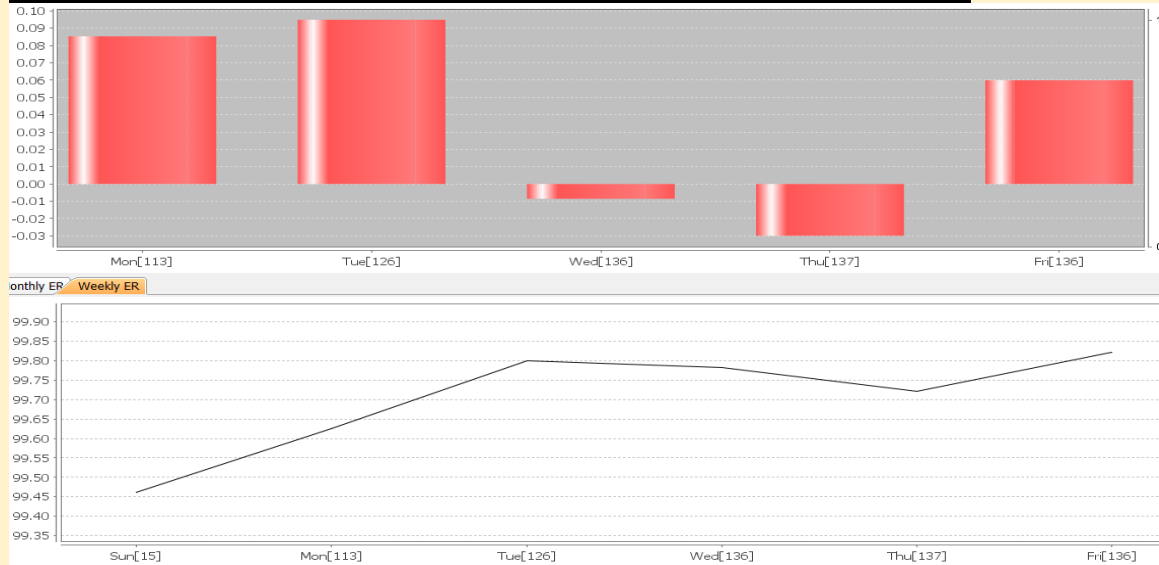
S&P

12-13*, 18*, 27

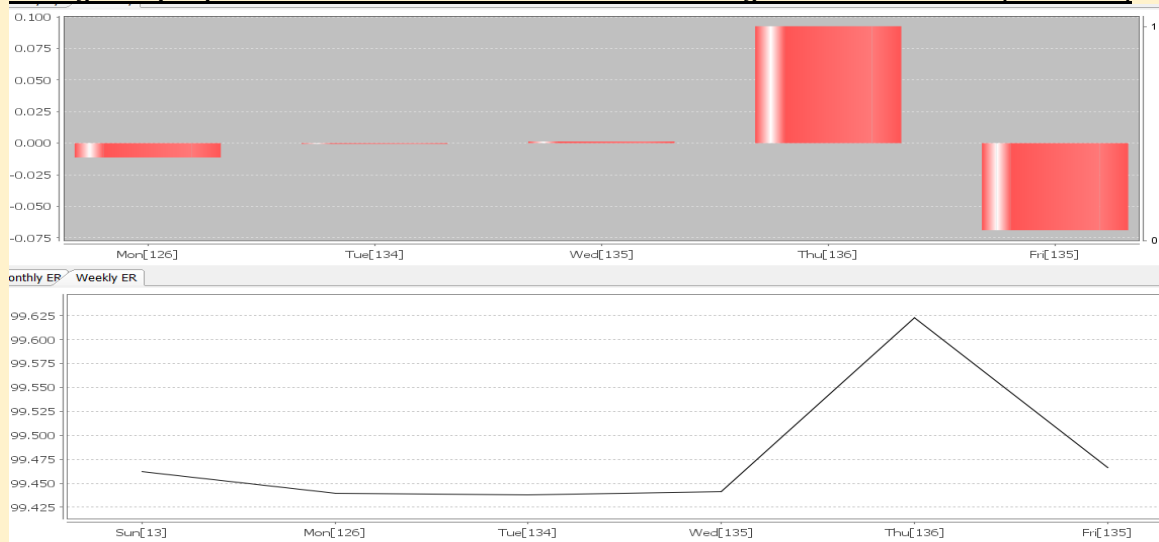
NASDAQ

5, 12-13*, 26

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:

“The month of September has been up 51% of the time for a small loss. But the month does have a very bearish week, the 17th through the 22nd. Price has fallen over 80% of the time in that interval since 1982.”

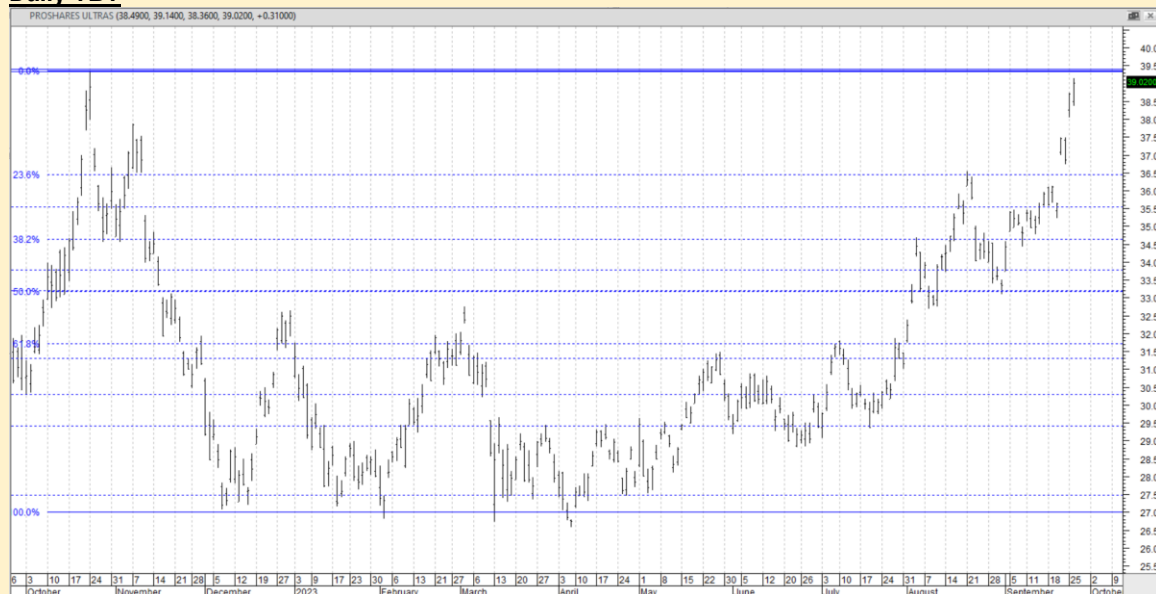
The market did follow the September cycles down, but **the more important development is the decline in the US note and bond and foreign markets which fell below the 38.2% retracement levels of the entire 1980-2022 bull markets.** It is occurring worldwide. It has been said that a break of the 38.2% level signals an underlying fundamental shift. My observation is that such shifts may be in the perceptions of investors and not necessarily in the fundamentals. Perceptions drive market prices. Bearish perceptions in the psyches of investors will lead to more selling. In this case, it is a sign that rates are going much higher globally.

This situation is like that of the 1970s in which rates went well over double digits, equity markets fell, and the economy suffered. Investors sold stocks for less than they paid and the purchasing power of the remaining funds declined; this was a period of very real wealth destruction. Real estate went into a recession (forecasted by the 18-year real estate cycle which is again at its high), and I note that this sector has fallen the most since the late July top. This trend is likely to continue.

In anticipation of this decline, TBT was bought on August 1st @ 31.04 and is now trading at 39.13, a gain of 26%. Fixed-income markets have likely entered a bear market and much lower bond prices are likely as well as a higher TBT. Looking at other markets, this is a plus for the US\$. This is bearish for the real estate, financial, and utility sectors as well as gold.

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, obviously.

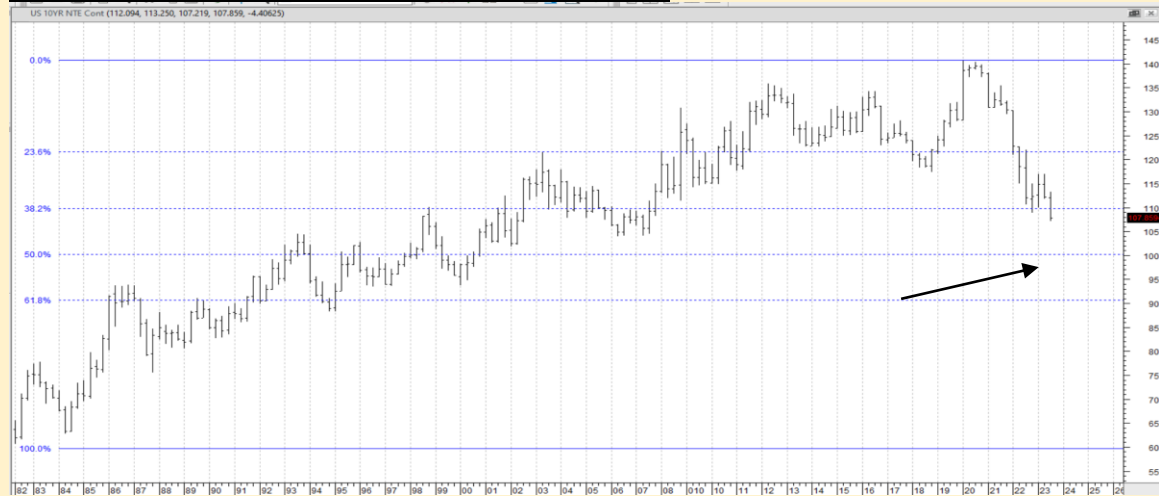
Monthly TBT



Daily Notes



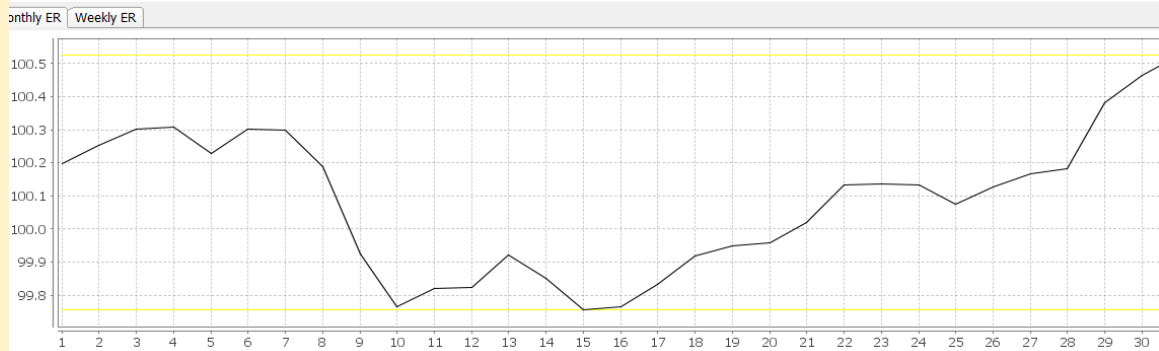
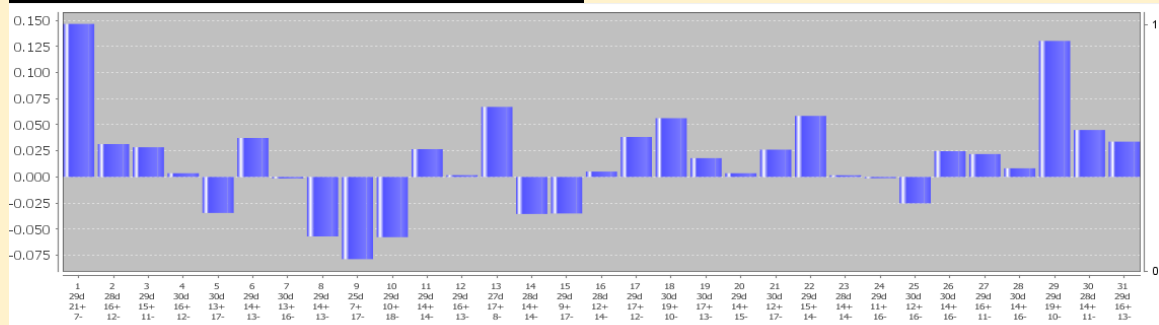
10-Year Notes Monthly Broke the 38.2% Retracement Line



Notes Monthly Cycle

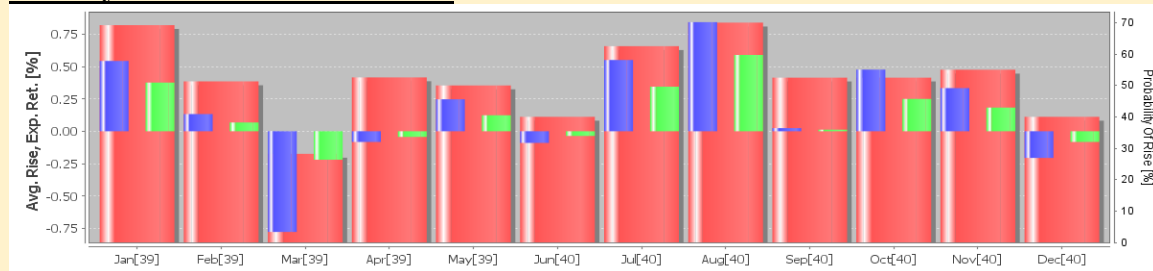


Average Daily Return US Notes in this Month



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 6th is likely a low. Daily PTPs are less useful in a strong trend, which this is.

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

6*, 16*, 20, 31*

Gold

August and September have been the 2 strongest months for the gold price. Here are the monthly price results from 1861 if gold declines in the month of August. As we can see below, the odds favor the bears over the 3 months following a down August. All cycles pointed up in August and in September but price has been weaker than expected. The reason for this anomaly is likely due to rising interest rates.

1 Month Later:	31(up)	45(down)	avg:-1.423
2 Month Later:	35(up)	41(down)	avg:-1.361
3 Month Later:	36(up)	40(down)	avg:-0.762
4 Month Later:	41(up)	35(down)	avg:-0.486
5 Month Later:	46(up)	30(down)	avg:-0.136
6 Month Later:	47(up)	29(down)	avg:0.611

The seasonality is bearish from October 10th. From that date through the 1st, gold has fallen 60% of the time from 1969. I doubt that price can make much recovery while sailing into these seasonal headwinds.

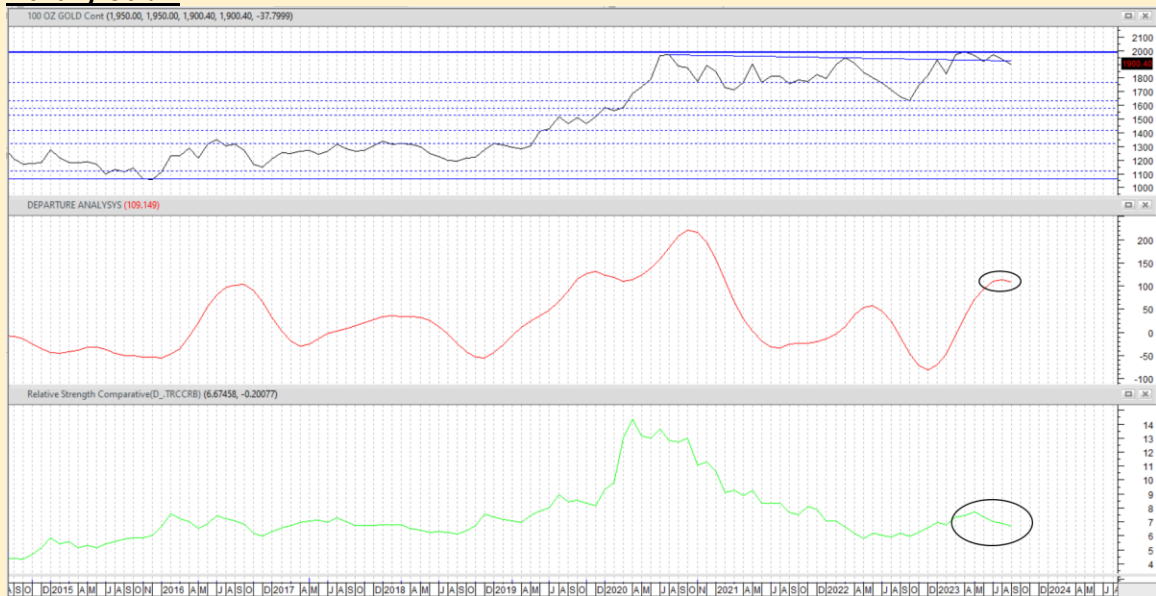
Note that price fell back below the blue support line in the following graph. That line had led me to project higher prices. The decisive break of this line negates the bullish projection. Looking as support and retracement levels, price is likely moving to \$1780 or \$1640. In response, I bought the short GLL gold fund.

Monthly Gold-Closing Prices



From this view, we see momentum turning down and weak relative strength versus the commodity index.

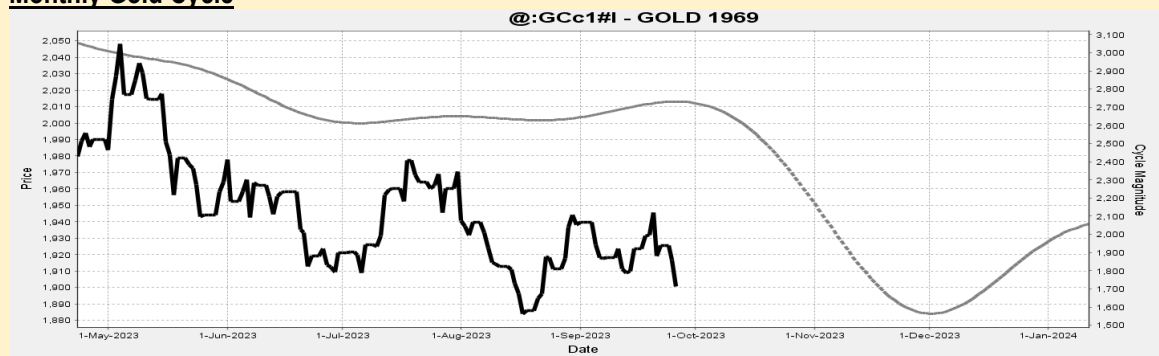
Monthly Gold 2



Daily Gold



Monthly Gold Cycle



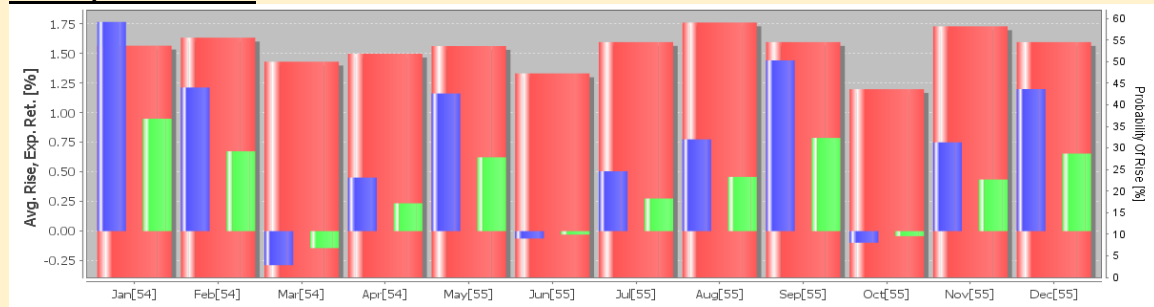
With gold falling in August and September, and with the monthly cycle pointing down, and seasonality waning, price is likely to decline.

Here is the annual price from 1861. This could be read as 5 waves up.

Annual Gold Price from 1861

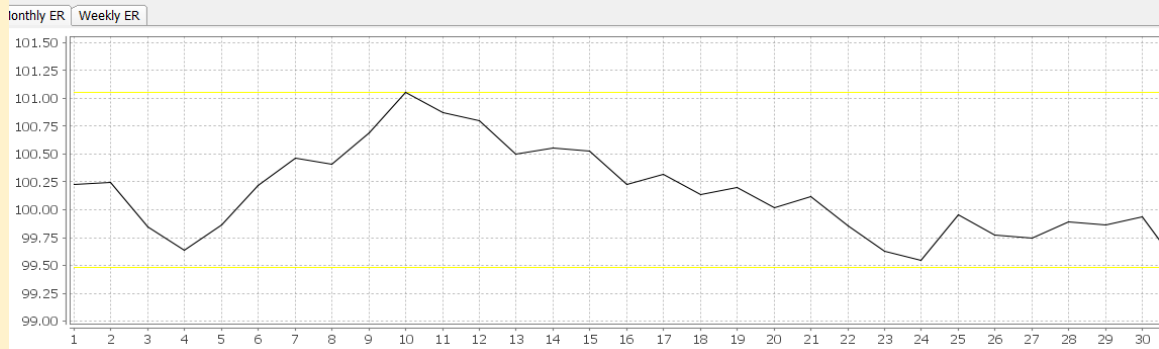
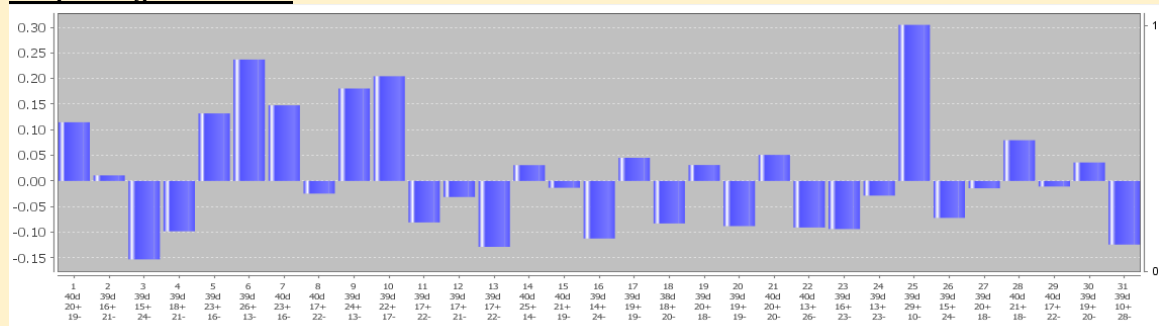


Monthly Return- Gold



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*):

11*, 16, 20, 31

Portfolio and Individual Stocks

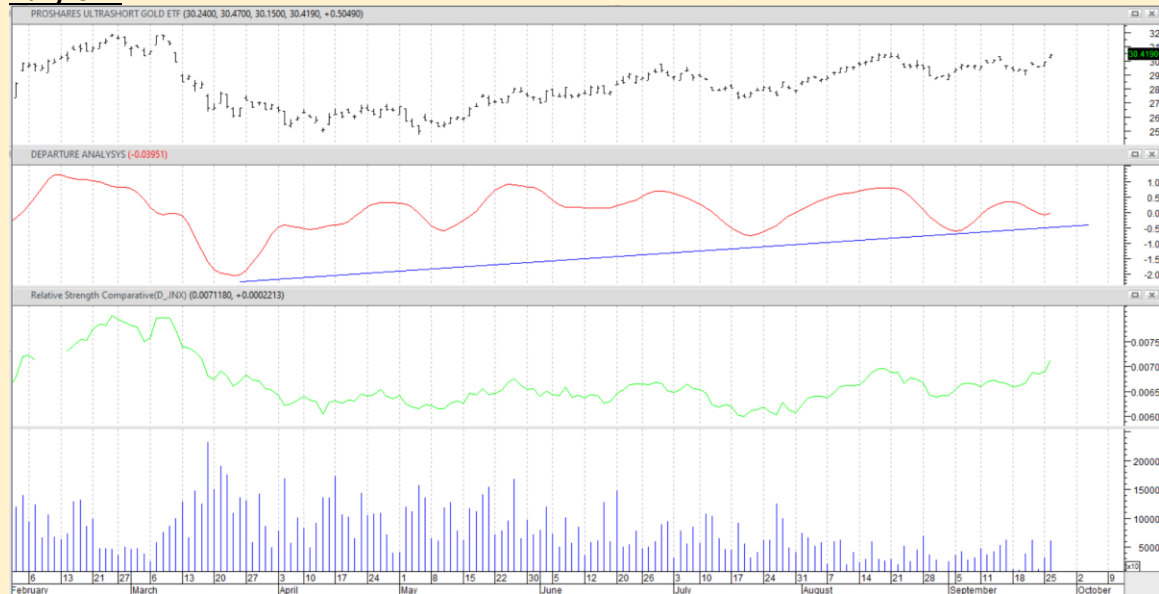
PORTFOLIO

Stock or ETF	Buy Price	Buy Date	Current Price	% Allocation
Alphabet-GOOG Stop=117.0	\$132.96	July 28, 2023	131.57	10
ProShares Ultrashort 20+ Year Treasury (TBT) Stop: 31.5	31.04	August 1	39.13	10
Stopped out at 55.9: ProShares Ultra Gold (UGL)	58.47	September 1	-	0
Buy: ProShares UltraShort Gold (GLL) Stop: 28.8	32.22	September 29, 2023	32.22	10
Added 9/6 by interim report: ProShares UltraShort S&P500 (SDS) Stop: 32.2	34.81	September 6	37.28	10
Added 9/6 by interim report: ProShares UltraShort QQQ (QID) Stop: 12.05	13.08	September 6	14.07	10
Cash	-	-	-	50

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

The GLL is giving buy signals in the form of higher lows in momentum and improving relative strength.

Daily GLL



Don't Worry, Be Happy

More NYC Notes:

I am combining these 2 postings. While in NYC, I visited with old friend Brian Dube. HI met him in the 1970s while he was juggling. He was asked by a bystander to try his juggling pins. He agreed, and the fellow asked where he bought them. Brian said that he had made his own. He became the world's largest maker of juggling pins. He turned his beloved hobby into a business that supported him through his entire life. Do not give up on your dreams!

Watch These Developments

These relate to housing:

- In the EU, a commentator/activist stated that there are many empty houses and apartments, second residences and summer homes. The person said that these should be commandeered to house the homeless.
- Mayor of NYC has offered to pay NYC residents to take illegal immigrants in.
- In Toms River, NJ, a local activist wrote that communities for people over 55 are discriminatory.

This is a continuation of efforts to erode private property rights. Property owners may have to fight to protect second homes.

You may have read that Target has closed stores in western states where crime is not being checked. There are now proposals to turn empty stores into government-run food stores. They are intentionally making private business difficult to force them out and make room for government-controlled outlets.

The Word War

If this conflict is not obvious yet, then you must be getting news from CNN and CNBC. It is becoming more and more hazardous to speak any truth that conflicts with the government line.

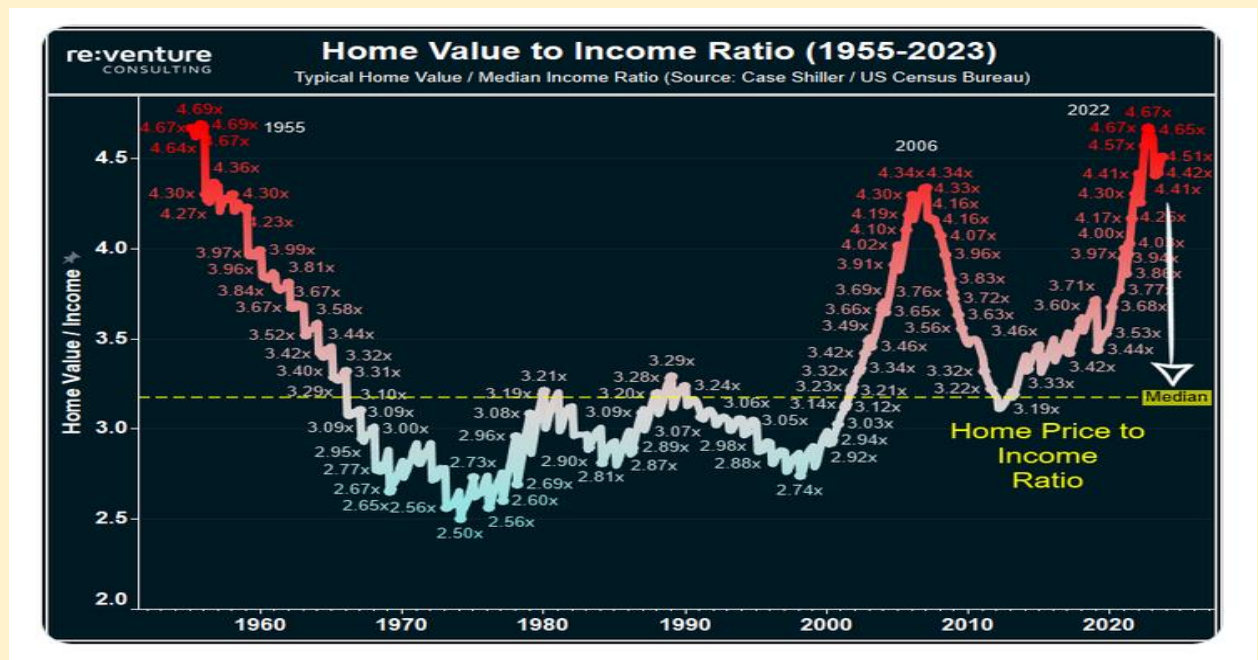
Here Is Why We Need Newspapers....



What the Media is Not Telling Us

More Signs of a Top in the Real Estate Market

According to Apollo, China's real estate market is now in recession territory. The China real estate climate index just hit its lowest levels since 2008. Meanwhile, Evergrande just declared Chapter 15 bankruptcy and the Chinese HY real estate index is down 82% in 2 years. Here is the situation in the USA. Homes are too expensive:



Politics

- How the Soviets Used Common Criminals to Destroy the Regime's Enemies
<https://mises.org/wire/how-soviets-used-common-criminals-destroy-regimes-enemies>

- Fauci Praises Lockdowns' Effectiveness in Forcing Public Compliance <https://slaynews.com/news/fauci-praises-lockdowns-effectiveness-forcing-public-compliance/>
- The USDA's War on Small Farms <https://mises.org/wire/usdas-war-small-farms>

Currency

- The big surprise from the BRICS summit in South Africa is that Saudi Arabia has been invited to join the group of major emerging countries. And that's adding fresh impetus to the de-dollarization debate, which is a potential challenge to the dominance of the US dollar in global trade. <https://think.ing.com/articles/brics-expansion-the-saudi-surprise/>

COVID

- Deadliest "Vaccine" in U.S. History Now Becomes "Seasonal" as FDA Approves Pfizer and Moderna COVID-19 Shots <https://healthimpactnews.com/2023/deadliest-vaccine-in-u-s-history-now-becomes-seasonal-as-fda-approves-pfizer-and-moderna-covid-19-shots/>
- Dr. Peter McCullough: No one should take another shot, covid vaccines are not safe for human use <https://expose-news.com/2023/09/19/covid-vaccines-are-not-safe-for-human-use/>
- Cancers erupting in ways 'never before seen' following COVID shots <https://www.wnd.com/2023/09/cancers-erupting-ways-never-seen-following-covid-shots/>
- American mRNA fanatics and health bureaucrats just made their worst decision yet <https://alexberenson.substack.com/p/american-mrna-fanatics-and-health>
- COVID-19 Stay-At-Home Policies Resulted In Excess Deaths: Study <https://greatgameindia.com/covid-19-stay-at-home-policies-resulted-in-excess-deaths-study/>
- Pfizer tested its 'Booster' on 23 people before Biden's FDA unleashed injections on all Americans; no questions asked <https://leohohmann.com/2023/09/03/pfizer-tested-its-booster-on-23-people-before-bidens-fda-unleashed-injections-on-all-americans-no-questions-asked/>
- Irredeemably Corrupt CDC Cancels V-SAFE to Hide Covid Vax Deaths and Injuries <https://stateofthenation.co/?p=184279>
- Biden Asks Congress to Fund New Covid Shot, Says 'Everybody' Will Be Vaccinated <https://slaynews.com/news/biden-asks-congress-fund-new-covid-shot-everybody-vaccinated/>
- The Centers for Disease Control and Prevention (CDC) V-safe website quietly stopped collecting adverse event reports with no reason or explanation <https://brownstone.org/articles/cdc-refusing-new-covid-vaccine-adverse-event-reports/>
- Pfizer Documents Show COVID-19 Vaccines Contain Potentially Harmful 'Modified' RNA, not mRNA <https://www.theepochtimes.com/health/pfizer-documents-show-covid-19-vaccines-contain-potentially-harmful-modified-rna-not-mrna-5478674?saved=0?welcomeuser=1>

Banking and Poverty Rates

- Christian mission serving Uganda says Bank of America closed its accounts as debanking spreads https://justthenews.com/politics-policy/finance/christian-mission-serving-uganda-says-bank-america-closed-its-accounts?utm_source=daily&utm_medium=email&utm_campaign=newsletter
- Sixty years after MLK's March on Washington, Black poverty rises from historic low under Trump. According to Census data, the African American poverty rate has gone up since 2019 and remained high during Biden's presidency. https://justthenews.com/government/congress/60-years-march-washington-black-poverty-rate?utm_source=daily&utm_medium=email&utm_campaign=newsletter

Book Review

Red Star Over Cuba by Nathaniel Weyl. Devin-Adair Publishers, 1960). This is an old book that is very relevant today. It lays out the communist takeover of Cuba. Marxism taught the intellectuals to substitute hatred for constructive work, drive and ambition, self-reliance and responsibility. The reader will recognize many of these strategies and developments being deployed in the USA today. There are 2 revolutionary strategies. Start the revolution in the countryside (China) or begin in the cities (Russian). We are seeing the latter in the USA today. The mythology of the era is replaced with truth. Fidel Castro was placed into power by the US State Department and arms supplies from Russia. The failed Bay of Pigs invasion is explained. Castro was arrested many times, even for murder, but was always released. These 2 quotes tell us much:

"The cardinal error was to allow the misshapen infant to grow to manhood. It should have been strangled in its cradle."

"I take everything that they give and serves the cause. Later, we shall settle accounts and crush them like bedbugs." -A Castro comrade

"He should not hesitate to destroy any position, and place or any man in this world."
Sergei Nechayev from The Revolutionary Catechism

"The cultivation of personal uncleanness symbolizes a desire to defile on a much larger scale."

Castro's childhood tells us much. His dad ruled their black cane cutters with guns. At age 15, in order to gain recognition, he rode his bicycle at top speed into a stone pillar, stuck his head, and was unconscious for days. This may have brought on logorrhea, a psychopathological condition described as excessive and often incoherent talkativeness. At times, after his speech became unintelligible, he had to be led away from the stage in a daze. One writer, *"He was a psychopath, devoid of any morality or honor, dedicated to nihilism and naked power."*

Also:

"The Castro forces never won a military victory."

“Cuba was handed to the communists by a combination of americans in the same way that Chia was handed to the communists.”

-Senators James Eastland and Thomas Dodd

Quote of the Month

“The conscious and intelligent manipulation of the organized habits and opinions of the masses is an important element in democratic society. Those who manipulate this unseen mechanism of society constitute an invisible government which is the true ruling power of our country. ...We are governed, our minds are molded, our tastes formed, our ideas suggested, largely by men we have never heard of. This is a logical result of the way in which our democratic society is organized. Vast numbers of human beings must cooperate in this manner if they are to live together as a smoothly functioning society. ...In almost every act of our daily lives, whether in the sphere of politics or business, in our social conduct or our ethical thinking, we are dominated by the relatively small number of persons...who understand the mental processes and social patterns of the masses. It is they who pull the wires which control the public mind.”

— Edward Bernays, [Propaganda](#)

*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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