ITTC

INSIIDE Track

"17-Year Cycle & 4-Shadow: 20 - 25% Initial Plunge"

Outlook 2025

Eerie Parallels

02-27-25 - 2025 is a full *17-Year Cycle* from the last major decline in the stock market (not including the ~2-month Covid plunge of 1Q 2020).

2025 is a full *17-Year Cycle* from the inception of Bitcoin and the move toward decentralized banking.

2025 is two full *17-Year Cycles* from the start of the 1990's bull market in stocks - a run-up that culminated with the dot-com bubble in the late-1990's.

2025 is three full *17-Year Cycles* from the start of the late-20th century bull market in stocks that began in 1974, had a major correction at its mid-point (1987), and peaked in early-2000.

2025 is 7 full *17-Year Cycles* from the stock market peak of January 1906, which was followed by the *Panic of 1907* and a ~2-year decline of 50% (which looks remarkably similar in magnitude & duration to the 1973/1974 ~50% crash).

All of that, and much more, reinforces the impact of the *17-Year Cycle* - a cycle that is intimately connected to the magnetic swings in the Sun, Earth and the geomagnetic oscillations between the two.

However, this issue's focus is not specifically on the recurring *17-Year Cycle of Stock Market Peaks* (*and Declines*).

Instead, it is focused on a few eerie similarities between the 2020's and two of the more notorious examples of speculative *'over-zealousness'* of the past century.

Déjà vu?

The 2020's possess some eerie similarities to the 1920's and the 1990's.

Of course, history never repeats… it only rhymes.

No one should ever expect a carbon copy of what took place in the past.

In all three cases, specific sectors of the market became exorbitantly overvalued.

And, in each case, there were derivatives created to keep the party going and allow the most inexperienced and uninformed 'investors' to jump in near the top - exacerbating the impact of the ensuing decline.

In the 1920's, it was shell companies (modern day 'funds') that would purchase stocks (their only holding) and then issue shares.

Once the prices of those shares (funds) were driven to unaffordable levels, new shell companies (*funds of funds*, so to speak) were created that would only purchase shares in the first level shell companies… and then issue their own shares.

In the 1990's, there were many parallels connected to the dot-com craze.

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One was the emergence of ETFs & index funds. A prime example involves the QQQ, launched in March 1999… just in time for *Joe Public* to pile in to the *dot-com* craze and then watch its value plummet ~84% - from a peak of 120.50 in March 2000 to a low of 19.76 in Oct 2002… a plunge that many never recovered from.

In late-2023/early-2024, the SEC approved the launch of multiple Bitcoin & Crypto ETFs. In the final months of 2024, the public dove in with reckless abandon… just in time for the top.

Already, many of those ETFs (Ethereum-based ones) have lost over 45% of their value.

Those speculators were also invited/enticed into piling into other 'shell' investments (for lack of a better term) - like NFTs and meme coins.

The *Crypto Carnival* was in full swing in late-2024 & peaked exactly when those speculators expected exponential gains to take hold in their accounts.

The more things change, the more they stay the same!

So, what now?

First of all, this does NOT imply that cryptos are not viable in the digital age. And, it does not imply they are going anywhere.

Tech companies (at least some) did not disappear after related stocks & indexes plummeted 80+% in 2000 - 2002. However, the weaker ones were 'culled' and a new wave of stronger & more resilient companies slowly took hold and began to build a base… over a period of many years.

However, it did take over 16 years - until Sept 2016 - for the Nasdaq-100 to exceed its March 2000 peak. The QQQ waited until Dec 2016 to do the same… almost 17 years to break-even!

For further reference, the entire rally from 2002 into 2007 - before another crash in those indexes & ETFs took hold - had the NQ-100 & QQQ rebounding *less than* 50% of their 2000 - 2002 declines… and peaking at ~40% of their 2000 peak values.

That's just one example of how the markets deal with a bubble.

The good news is that every recovery, in recent decades, has been quicker than the one before.

The bad news is that the 'bursting' is (likely) not yet complete.

So, hold on tight… the secondary and tertiary ramifications could lead to unintended consequences. One of those could be in equity markets. *Stay tuned...* ***IT***

03-01-25 - This analysis is from the March 2025 *INSIIDE Track* & reinforces ongoing *17-Year Cycle* analysis that is projecting an initial 20 - 25% to take hold in stock indices (beginning in late-Nov '24 in many indexes)… and reach fruition in early-April 2025 - when multiple cycles bottom. Mid-Jan '25 *4-Shadow Signals* reinforced that outlook and recent (Feb 19-21st) sell signals confirmed. *A higher magnitude 'Danger Zone' has been entered!*

Refer to latest publications for updated analysis, cycles & trading strategies.

"17-Year Cycle & 4-Shadow: 20 - 25% Initial Plunge"

"The Roaring '20s, the dot.com '90's and…"

February 19, 2025 ***Weekly Re-Lay*** - "While it might only be one sector of the overall financial markets, there is an unfolding parallel - part 1920's & part 1990's - that warrants closer scrutiny in the weeks and months to come.

In both previous cases, it was an example of trends getting way overdone.

Another trend is showing signs of stretching to an extreme… and preparing for a sharp 'snap back' (some of which has already taken place).

In the 1920's, stocks were heading progressively higher when someone developed the ingenious idea of creating a shell company whose only value would be the stocks that shell company purchased. That shell company would issue shares - like any other company - and allow the 'average investor' to afford stocks in a market that was quickly becoming overpriced & inaccessible to many investors.

On the surface, it sounded like a reasonable idea.

As that roaring bull market became over-extended, the shares of those shell companies became too expensive… so someone had another bright idea. Let's create a shell company whose only value would be the stocks of the other shell companies it purchased (whose only value is the shares of the stocks they purchased & owned).

That shell company would issue shares - like any other company - and it would allow the 'average investor' to again afford stocks in a market that was rapidly becoming overpriced.

Great idea… except for one thing!

Any setbacks in the overall stock market - something considered next to impossible at that time - would exponentially magnify losses in the corresponding shell companies …and exponentially magnify losses in the related shell companies of shell companies.

As a result, a 10% loss in general equities might create a 20% (or greater) loss in the first level shell shares… that might create a 40% (or greater) loss in the second level shell shares. *Hmmm*.

Lucky for them - or so they thought - the roaring '20's bull market would never stop… and serious corrections were impossible. *Maybe*.

The 1990's were a bit different but were still a prime example of a market that gets WAAAAYYYY ahead of itself with shares of dot.com companies - that were years away from possibly showing any profitability (or even any income) - bid up to levels akin to the *Tulip Bulb Mania*.

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Luckily, the roaring ‘90’s bull market could never experience a serious correction. *Maybe*.

The 2020’s is seeing an amalgamation of both - though it is probably not yet to the same degree (and could stay contained to one sector of the market). *This is occurring in the digital currency arena*.

When digital (crypto) currencies - particularly Bitcoin - became overly expensive, a plethora of less-‘qualified’ cryptos were created to fill in the void.

Then came NFTs and meme coins - examples of ‘the greater fool’ type of ‘investment’ (speculation).

And now there is a race to see which tech companies can become the largest holders of Bitcoin (and others) the fastest. Even if they have a viable core company, the value of their Bitcoin holdings is rapidly overtaking the value of the core company.

What happens if Bitcoin drops 20 or 30%... and just languishes there for a few months?

What happens if Bitcoin returns to where it was when the post-Election parabola took hold… built entirely on ‘future expectations’?

If Bitcoin merely erased those 6 weeks of gains - from early-November - mid-December - it would be a normal, healthy correction in a multi-year bull market.

However, that would equate to a ~35% drop (a relatively normal correction in a bull market that has extended this far) that would be exponentially magnified in companies, funds & individual accounts that bought it since mid-December… some of which is probably on margin or debt of some form. *What then?*

Before 2025 is complete, investors might find out the answer to that question. ”   -- February 19, 2025 *WR Alert*

"17-Year Cycle & 4-Shadow: 20 - 25% Initial Plunge"

02/28/25 - Stock Indices are steadily confirming the peaks set in many indexes in November '24. That fulfilled the latest phase of the *17-Year Cycle of Stock Market Peaks* - setting multi-month highs in 4Q 2024 - that portends (at least) a 20 - 30% decline from those peaks.

That decline could stretch out for 6 - 12 months or longer but many other cycles & indicators will be used to hone that potential.

The S+P Midcap 400 was the primary focus and was projected to spur an Oct/Nov '24 surge leading into a 3 - 6-month (or longer) peak on Nov 22/25, 2024.

That index precisely fulfilled that outlook and peaked on Nov 25th, along with the Russell 2000 & DJTA… and a myriad of related stocks.

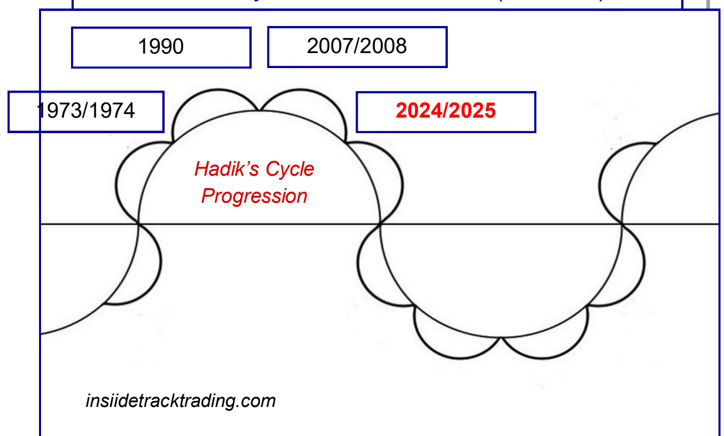
The DJTA has gone through a textbook reversal sequence on many levels, including its weekly *21 MAC* indicator.

That index could easily drop back to ~13,500 (potentially in 2025), where secondary lows were set in March - October '23, fulfilling a ~25% decline.

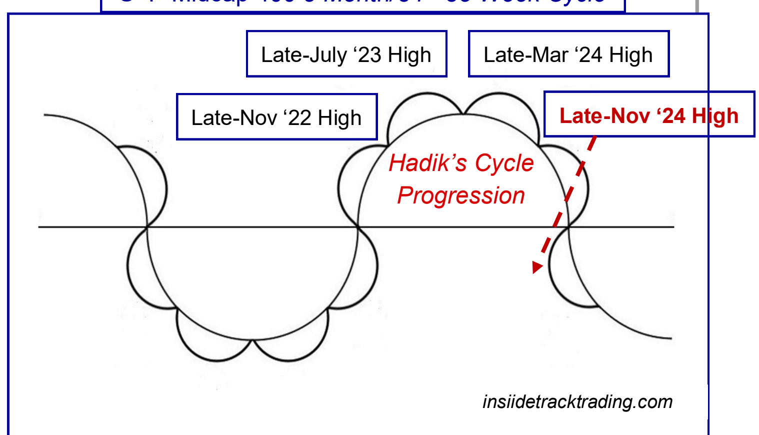
If the S+P Midcap drops to ~2750/IDX in 2025, it would fulfill a ~20% decline while returning to a very consistent range parameter that has helped set a series of highs in 2022 & 2023 and then lows in 2024.

Monthly *HLS* levels and the monthly *21 Low MAC* & *21 High MARC* show that could occur as soon as March/April 2025.

17-Year Cycle of Stock Declines (20 - 50%)



S+P Midcap 400 *8-Month/34 - 35 Week Cycle*



The NQ-100, which retested its high and fulfilled its weekly trend pattern, signaled a peak on February 18/19th and could see a multi-month drop to ~17,800/NQ - the point at which a 20% decline would reach fruition while retesting the lows set in August '24 - a type of *'4th wave of lesser degree'* support (the low before a final, wave '5' rally).

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That is the primary downside wave target - following a major peak - and a level of 3 - 6 month & 6 - 12 month support.

The NQ-100 is another index where the monthly *21 Low MAC* & monthly *HLS* levels identify March/April '25 as an ideal time for that target/support to be reached and a multi-month low to take hold.

4-Shadow

The NQ-100 rallying to a slight new high, and the S+P 500 retesting its high, were textbook fulfillments of the likely action after a *4-Shadow Indicator* signal is triggered.

The retest of those highs then projects a much larger decline than the preceding one (that triggered the *4-Shadow* signal).

As described before, that indicator possesses parallels to the weekly trend indicator with three critical (similar) facets providing important portents:

-- The most immediate portent is that both signals warn of an imminent (but only *initial*) low.

-- The second, correlating similarity is that both signals project a reactive rally to follow.

-- The third parallel is that both indicators warn of a future, more significant decline to take hold after that reactive rally has played out.

That decline could now be taking hold after the indexes rebounded from their January lows with the S+P 500 & NQ-100 retesting their highs and fulfilling that phase of the *4-Shadow Signal*. Weekly closes below those January lows are needed to confirm the onset of the next phase.

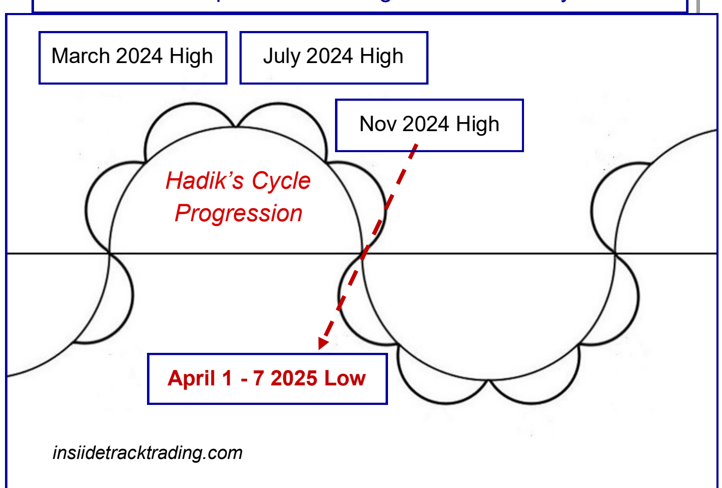
Partially leading the way, the DJTA sold off in February, fulfilling intermediate cycles and setting the lowest daily close since October 3, 2024.

It is poised to see another wave of selling in March that could extend (if key signals are triggered on March 7 - 14th) into early-April, the next phase of related 17 - 18-week high-high-high-(low?) and ~9-week high-high-(low?) *Cycle Progressions*.

Bigger Picture

On a 6 - 12 month (and intra-year) basis, the mid-January lows are now pivotal. It would take weekly closes below them to signal that a new 1 - 2 month (or longer) decline is unfolding (and to turn the intra-year trends down).

DJ Transportation Average - ~18-Week Cycle



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This overall decline - beginning in late-Nov in multiple indexes - is still expected to stretch into March/April '25 (potentially longer) - the convergence of multiple cycles & *Cycle Progressions*.

That includes an 18/19-month low-low-(??) *Cycle Progression*, a *2-Year Cycle* (DJIA peaked in late-Nov '22 & sold off into March '23) and an annual cycle that timed intra-year lows in 2020, 2023 & 2024.

Daily & weekly cycles are focused on late-March/early-April as the ideal time for that low.

That could be corroborated by an initial spike low on March 3 - 7th - when related daily cycles bottom.

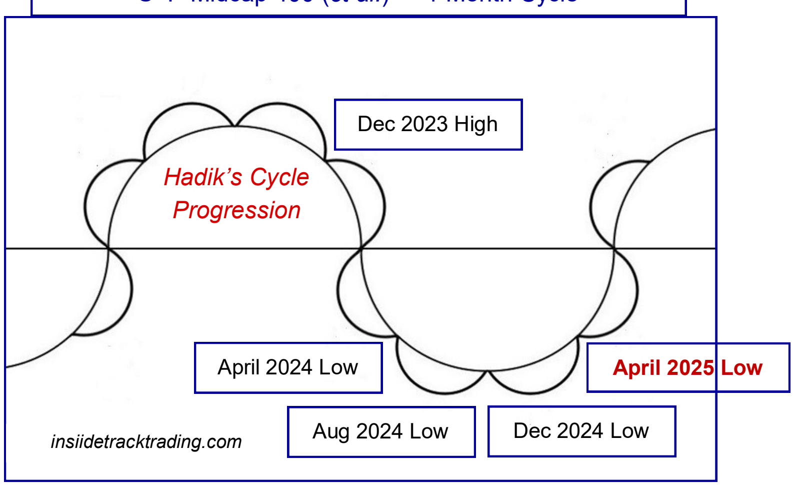
6 - 12 month & 1 - 2 year traders and investors can lighten up on long positions.

03-01-25 - The recent rally into February 19th - which had the NQ-100 fulfilling its weekly trend pattern and spiking to a new high as the S+P 500 also retested its major peak - was the perfect fulfillment of Phase 1 of the *4-Shadow Signal* 'aftermath' (see description on following page).

Stock Indexes generated these revealing (and somewhat ominous) signals in mid-January, portending a pair of likely outcomes. The first was for a subsequent multi-week rally that would have at least one index setting a new high. The second was for a much larger/significant decline to follow.

The ensuing sell signals of the past ~week have corroborated that and greatly increased the probability for a sharp decline into cycle lows in late-March/early-April '25. In sync with related *17-Year Cycle* analysis, the ideal scenario is for stocks to suffer 20 - 25% declines and set multi-week or multi -month bottoms - ideally in the first week of April '25.

S+P Midcap 400 (*et al.*) - ~4-Month Cycle



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4-Shadow Indicator

There are two simple techniques that often warn of an impending reversal. Both deal with the final corrective move before the end of a trend. *One deals directly with time while the other focuses on price*. They usually identify the final corrective move - before a final rally (and subsequent high) or final decline (and subsequent low) - while *foreshadowing* what is likely to come.

This move is commonly known in Elliott Wave terminology as Wave 4… thus the name *4-Shadow*.

For a valid *4-Shadow* signal, a market will exceed both the *duration* and *magnitude* of the preceding correction - warning of an impending top. In other words, if the most recent correction lasted two weeks and saw the DJIA drop 500 points - the ensuing correction would need to last longer than two weeks and/or drop more than 500 points (ideally it would do both) in order to generate a *4-Shadow* signal.

This 'warning sign' is an omen of a terminating trend.

The ensuing action - after the *4-Shadow* signal has been generated - can take three basic and relatively similar forms. The most common involves a market matching and/or barely surpassing previous highs but falling short of the magnitude of previous recent rallies. That rally, and that final spike high, represent wave '5' (or 'V') of the overall 5-wave uptrend. [In some cases, this final rally might be considered an irregular 'B' wave but no need to get lost in the weeds on 'distinctions without a difference'.]

While this shows additional strength on a near-term basis, it warns of an impending peak. The second most common action sees the ensuing bounce fall short of the previous high after a quick rally. This is the most bearish and usually leads to an imminent breakdown (a dynamic 'c' or '3' wave sell-off). In all cases, the market experiences a final rally after the *4-Shadow* signal is generated.

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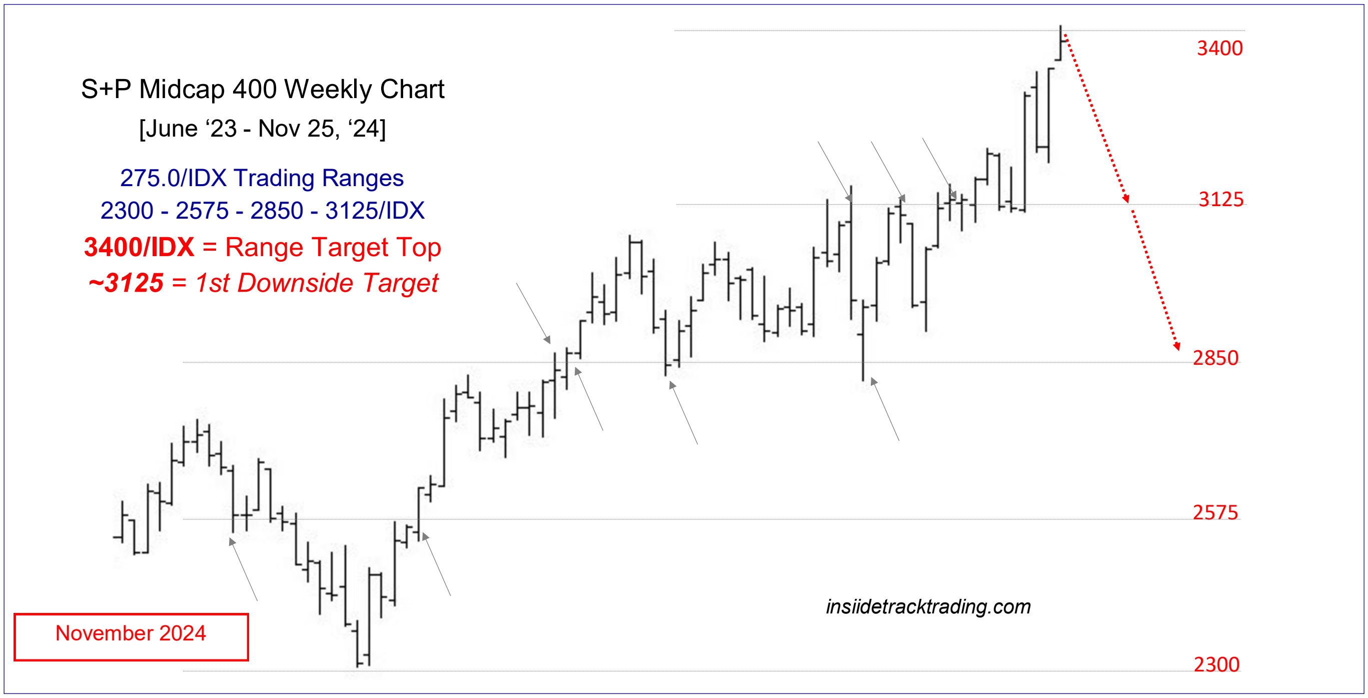

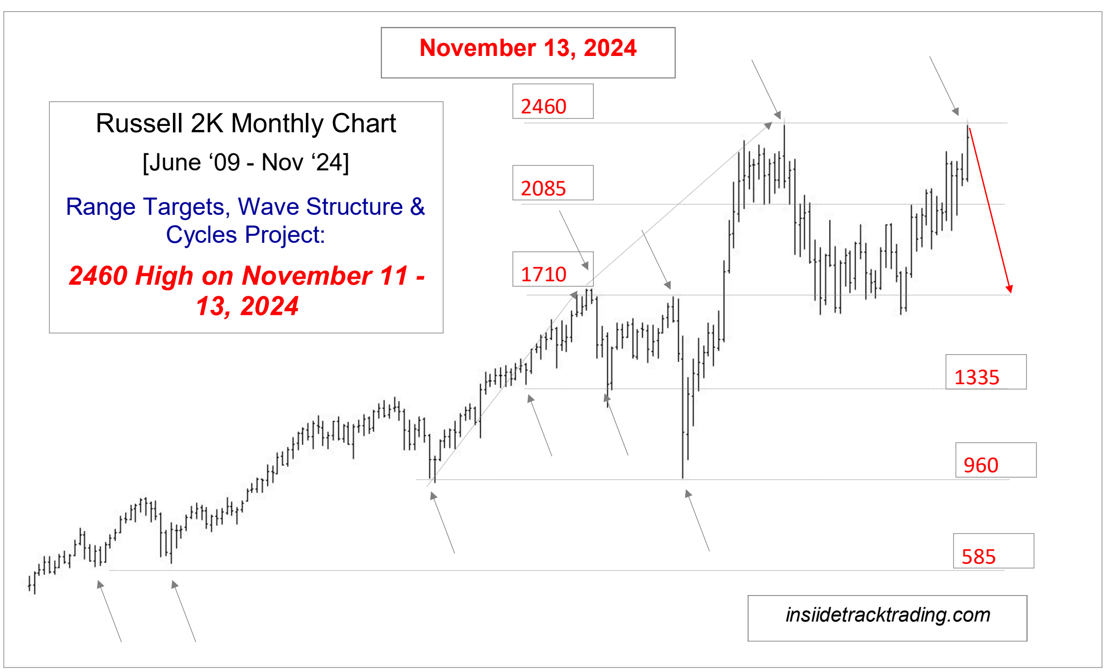

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