

Project Firebird Lectures Preview



Albuquerque, Summer 2008

(The entire set is 253 slides)

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Project Firebird Lectures on Cycle Analysis

A complete course in cycles

The Cycle Context

Getting the Big Picture

Every Situation has a context

- The universe is interrelated as is the financial universe
- There are relations in time between time periods and relations between assets within any particular time
- Knowing the temporal relations and the asset relations are essential to understanding human activity

Cycles the Temporal Context

- Long Cycles are the context for all other time frames
- The turn of the 21st Century is historically similar to the time of the renaissance
- Many of the most significant long cycles are turning and impacting the world now
- Although they take time to work out the changes can be seen everywhere
- There are significant events now

Long Cycles

- Wheeler and Foundation Super Cycles
- The Kondratieff Wave
- Kuznets Cycle 18-year cycle
- Juglar Cycle 9-12 years
- Patterns - Decennial and Election
- Kitchin Cycle – 40 month
- Schumpeterian System
- Spectral and Nominal Cycles

Long Cycles Price Series and Climate

Found by observation

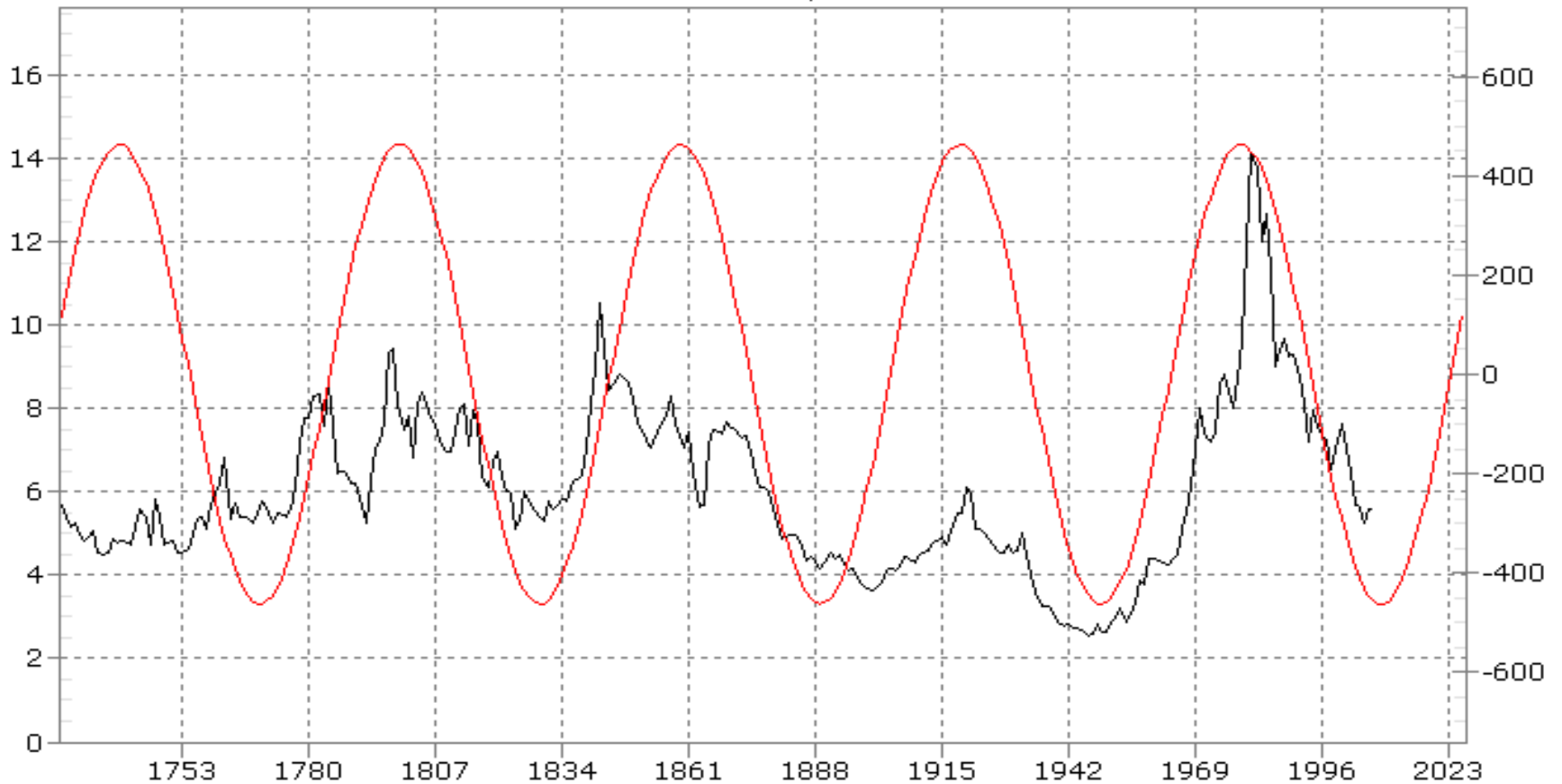
- 170-year cycle
- 100-Year cycle
- 60-year cycle
- 30-year cycle
- 18-year cycle
- 11-year cycle

Found with Spectral Analysis

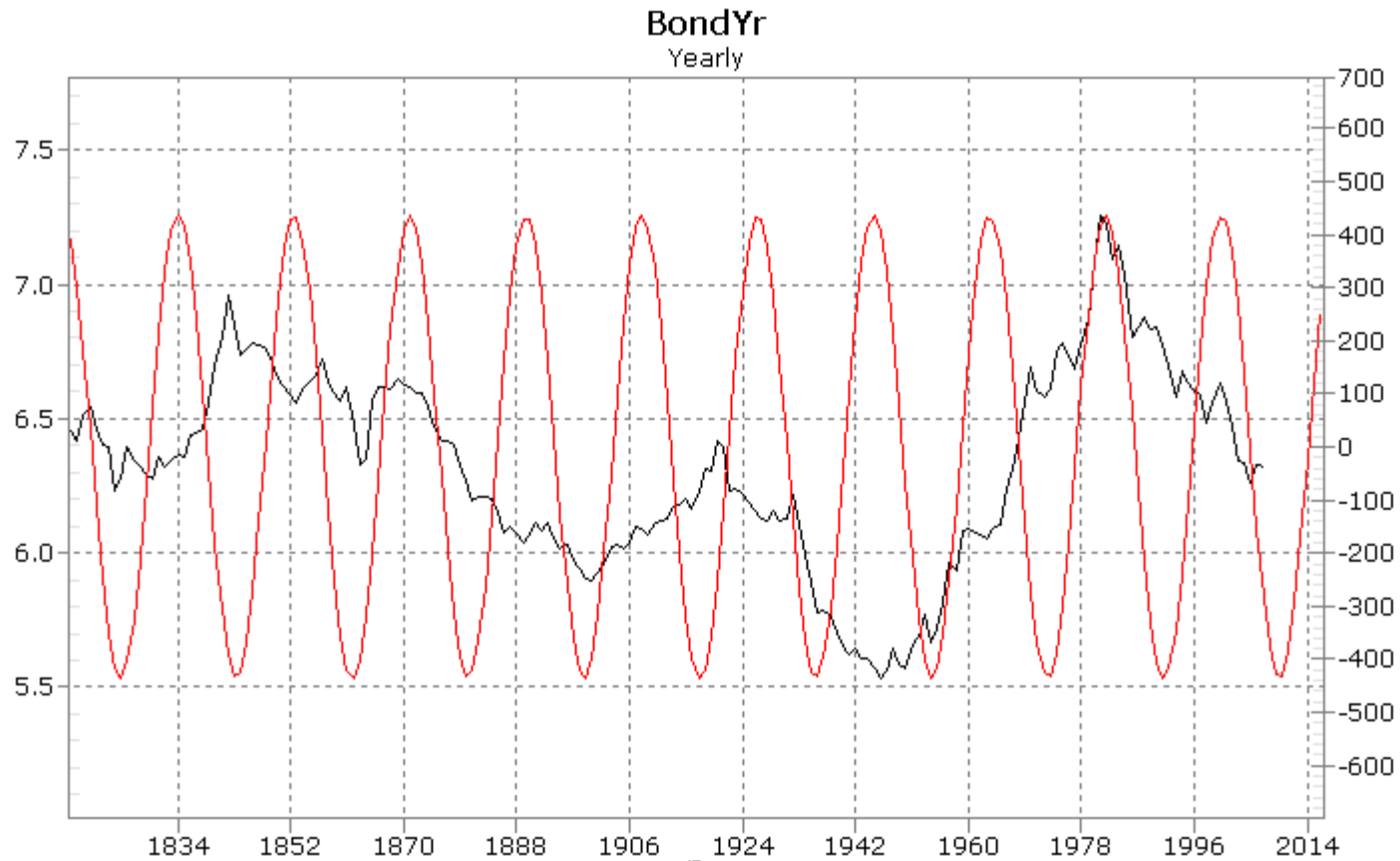
- 178-year cycle
- 98-Year cycle
- 59.5-year cycle
- 29.97-year cycle
- 18.3-year cycle
- 10.83-year cycle

The Kondratieff Cycle

BondYr
Yearly

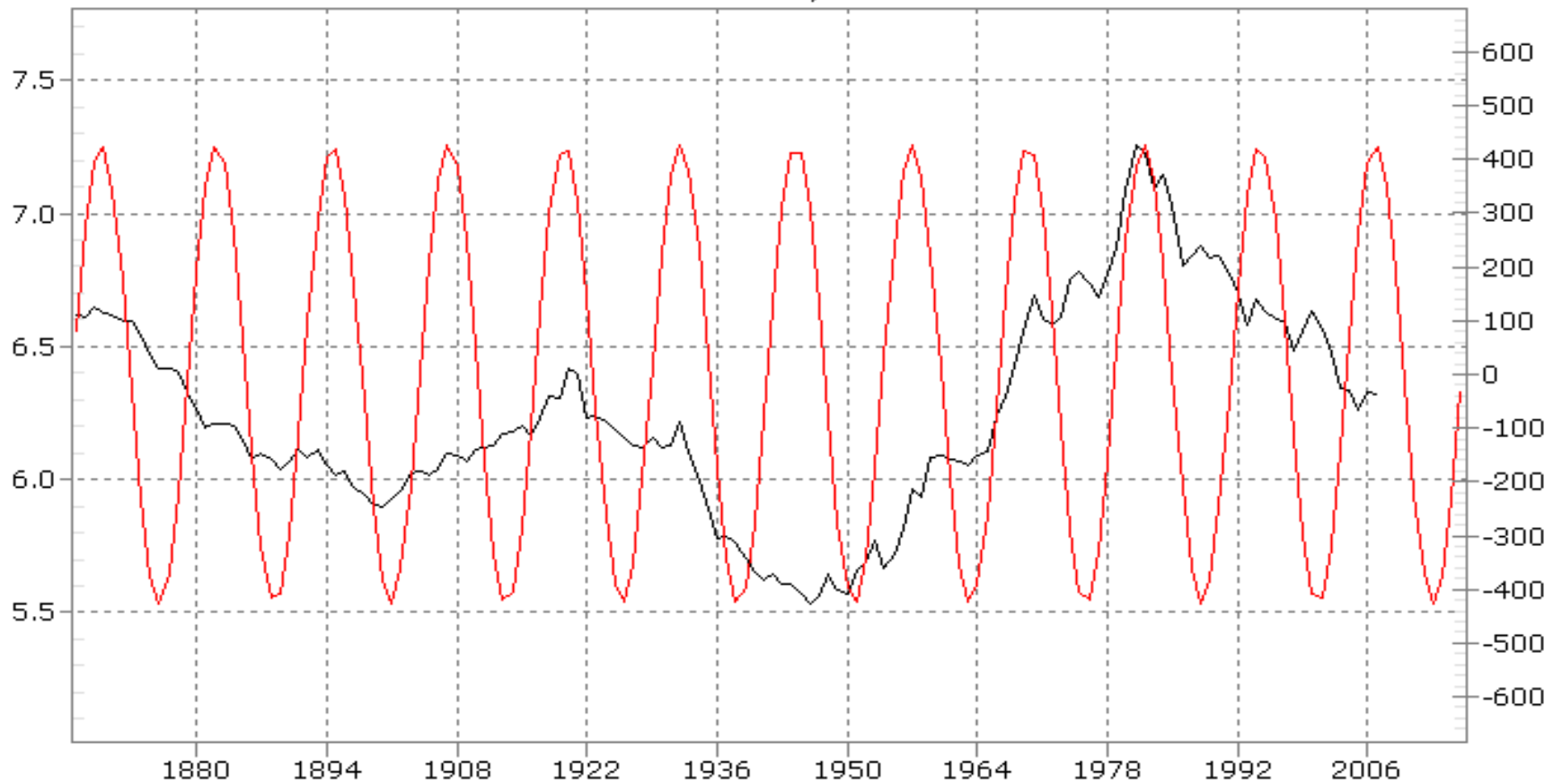


Kuznets Cycle

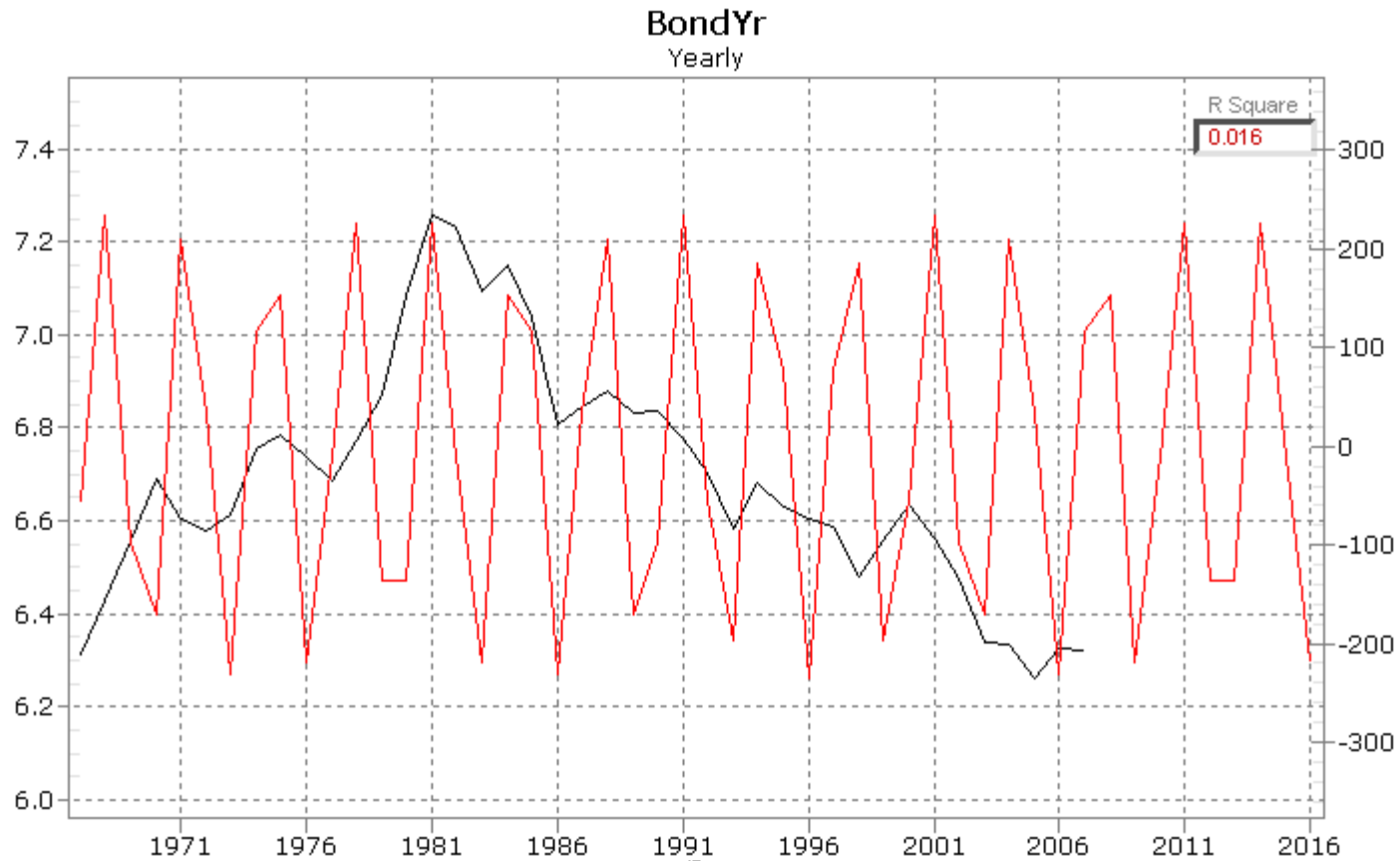


Juglar Cycle

BondYr
Yearly

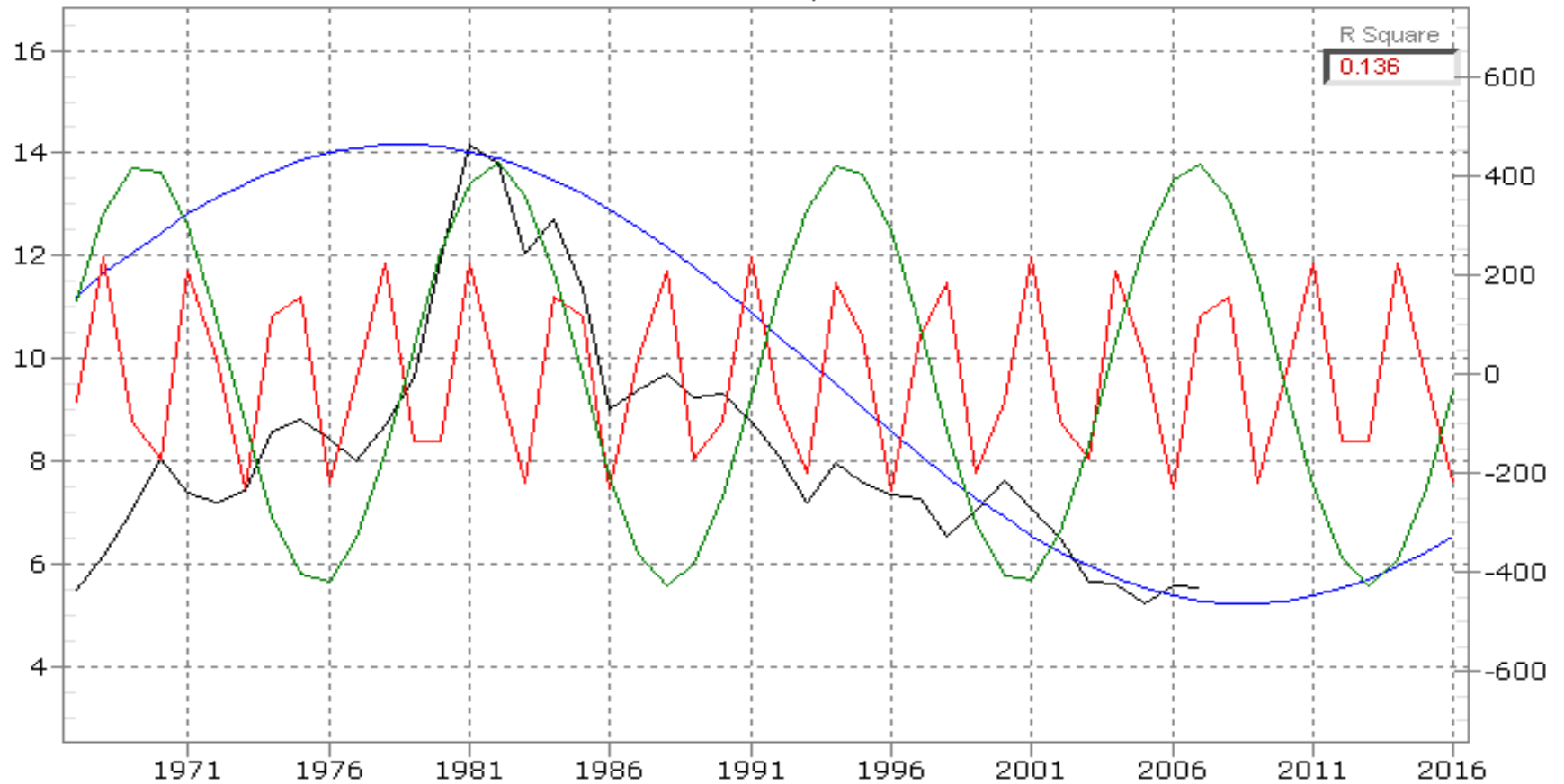


Kitchin Cycle



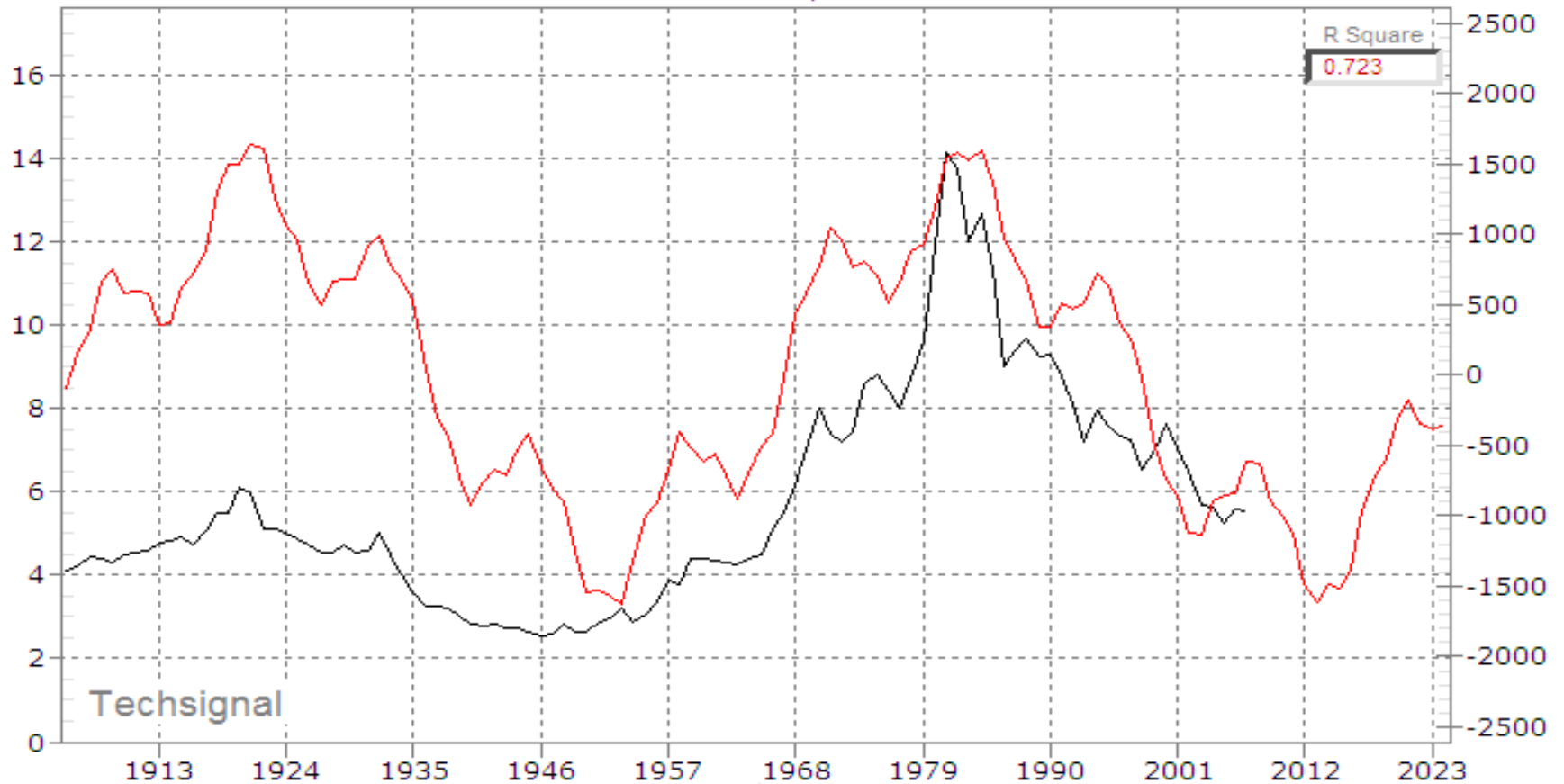
The Schumpeterian System

BondYr
Yearly



Schumpeterian Synthesis

BondYr
Yearly



Assets and Cycles

- Assets exist in relation to each other in value and time
- All economic cycles are related and thus all assets are related
- Capital will flow to whatever asset and whatever place offers the best return
- Tracking capital flows through cycles

The Asset Context

- The value of assets is going through irrevocable changes
- The changing world economic conditions is changing investment opportunities
- The thirst of all human beings for economic freedom has been kindled and the fire will not be put out
- It will take the world 30 years to catch up with demand

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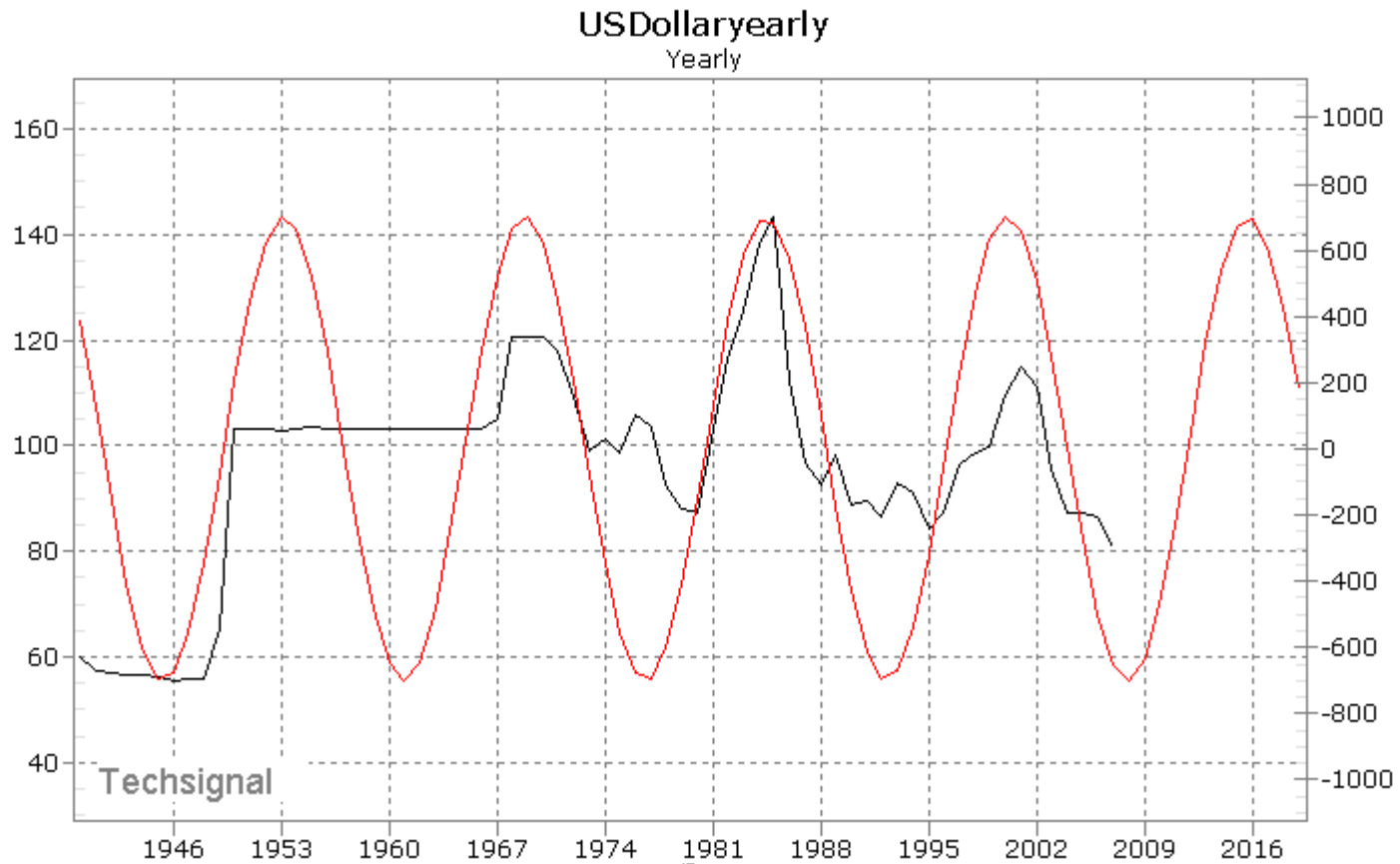
Asset Classes

- Equities, domestic and international
- Bonds and Fixed Income
- Cash Equivalents
- Precious metals
- Energy – This is typically not an asset class but it is so important it is listed
- Commodities, primarily growing commodities
- Raw materials and Natural Resources
- Fixed Assets such as real estate
- Collectibles
- Forex

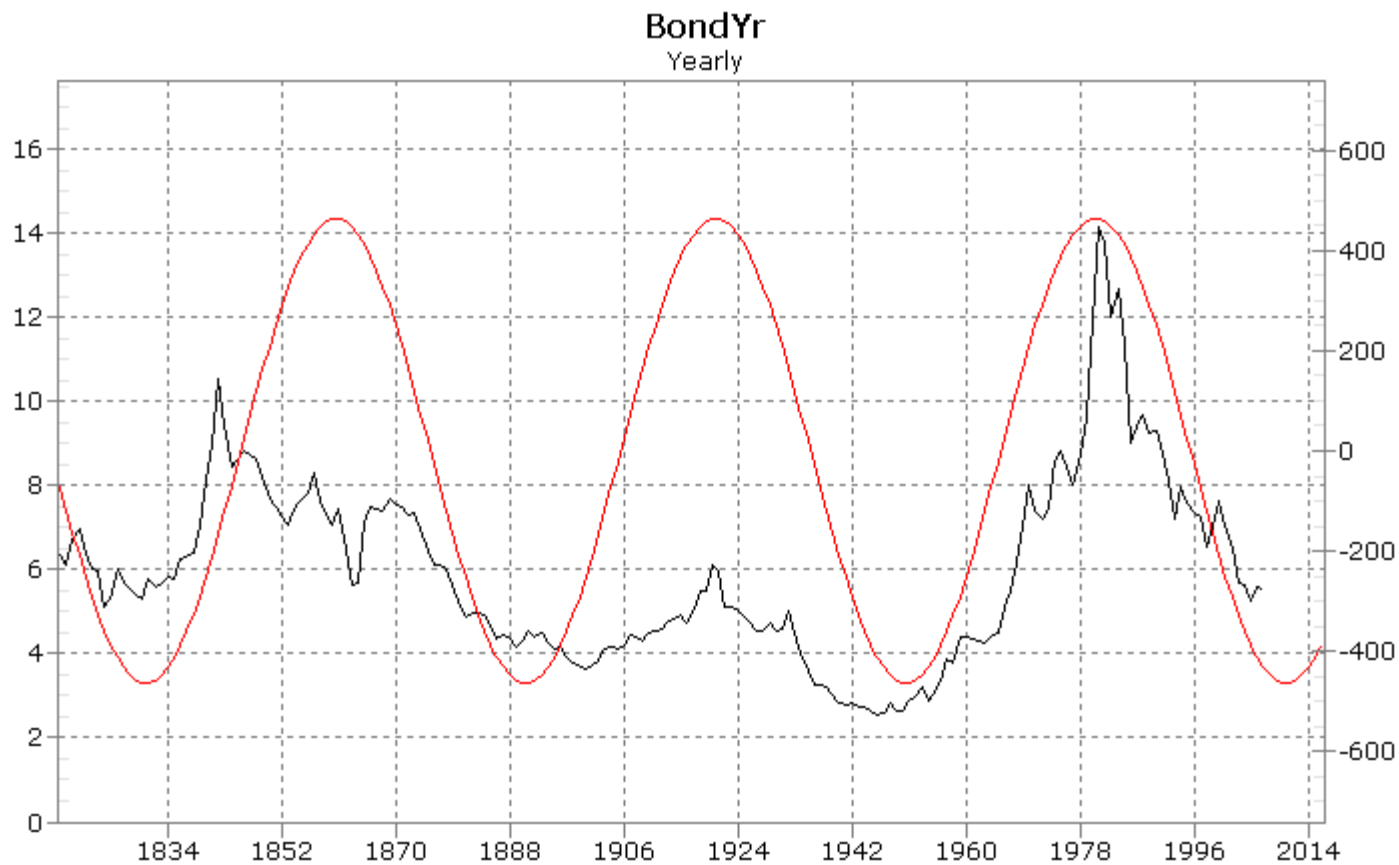
Cycles in Major Assets

- Gold and Precious Metals – 15–year cycle
- Real Estate – 22-Year Cycle
- Dollar- 17 - 18-year cycle
- Stocks Decennial Pattern & 40–month cycle
- Bonds 60-year and 12-Year cycle
- Commodities and Energy 28-year cycle

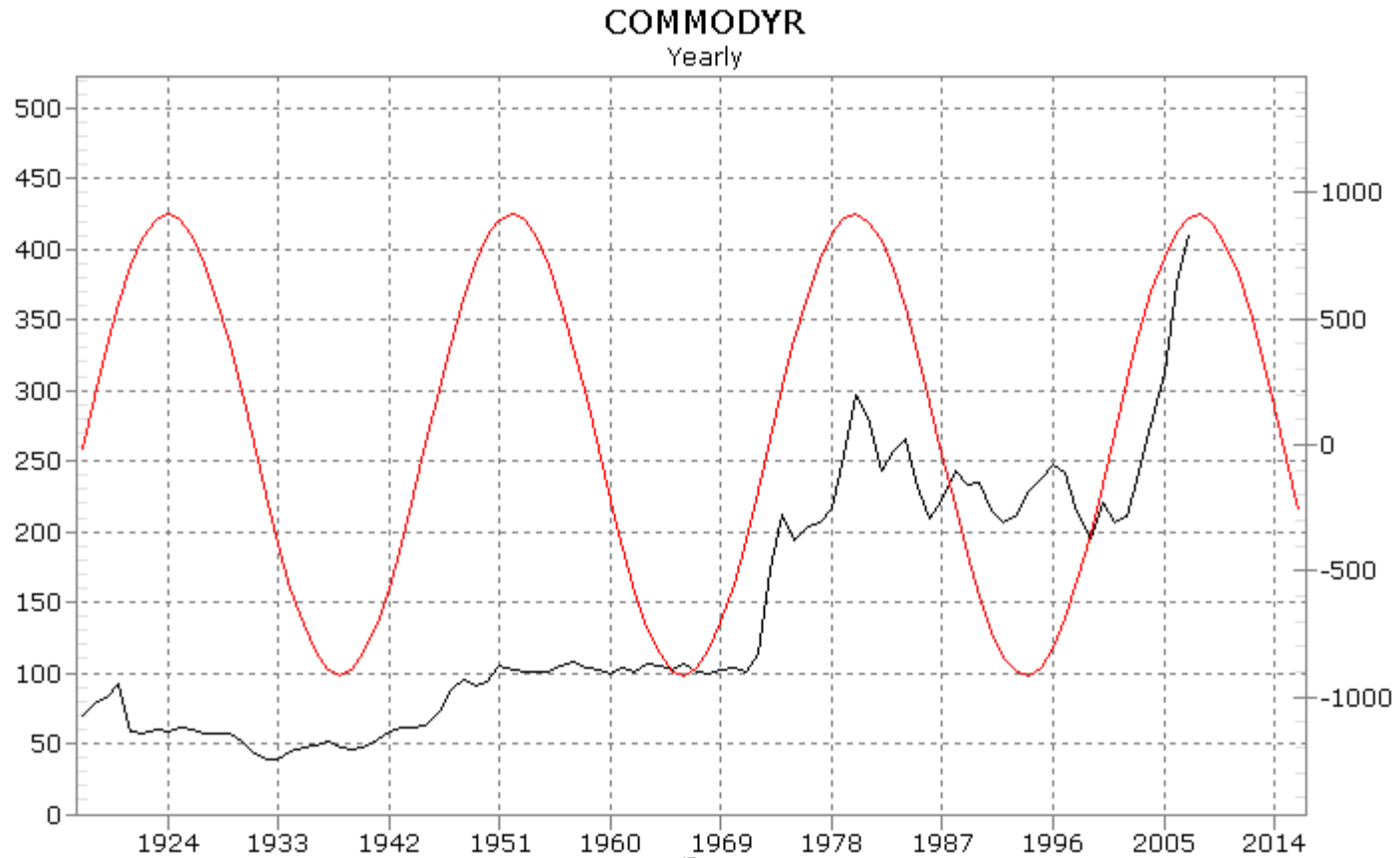
US Dollar



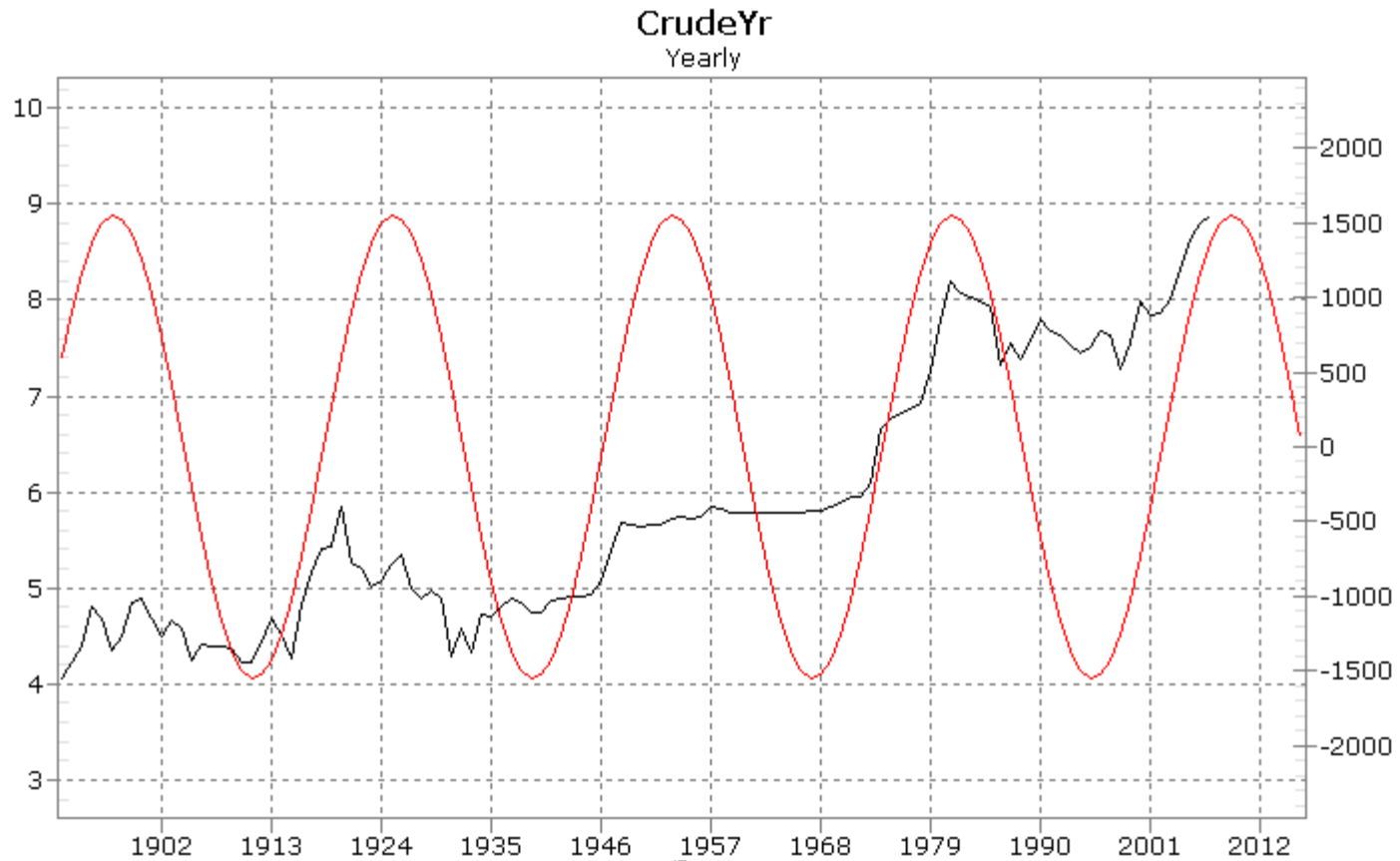
Bond Yields



Commodity Prices

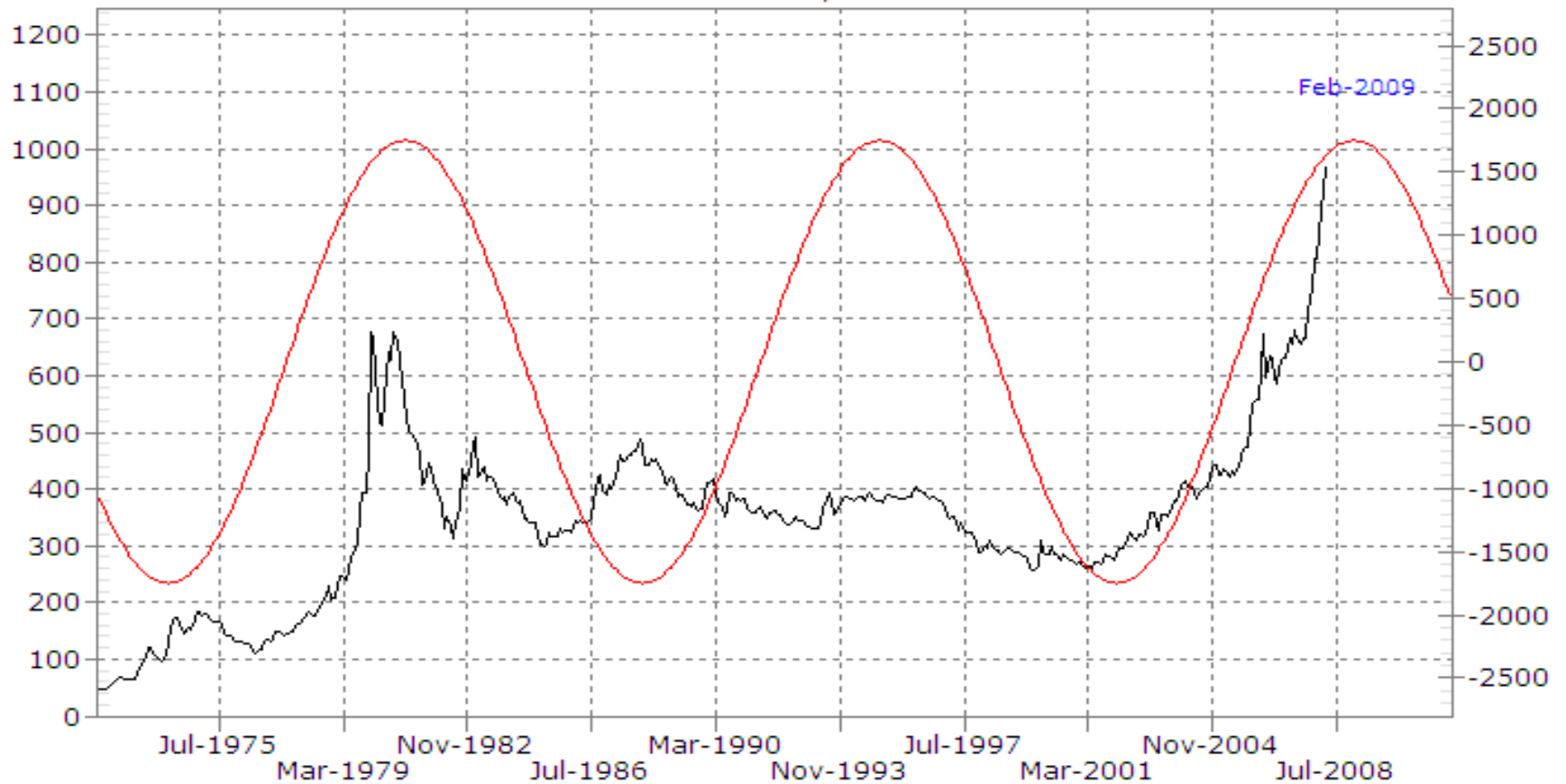


Crude Oil

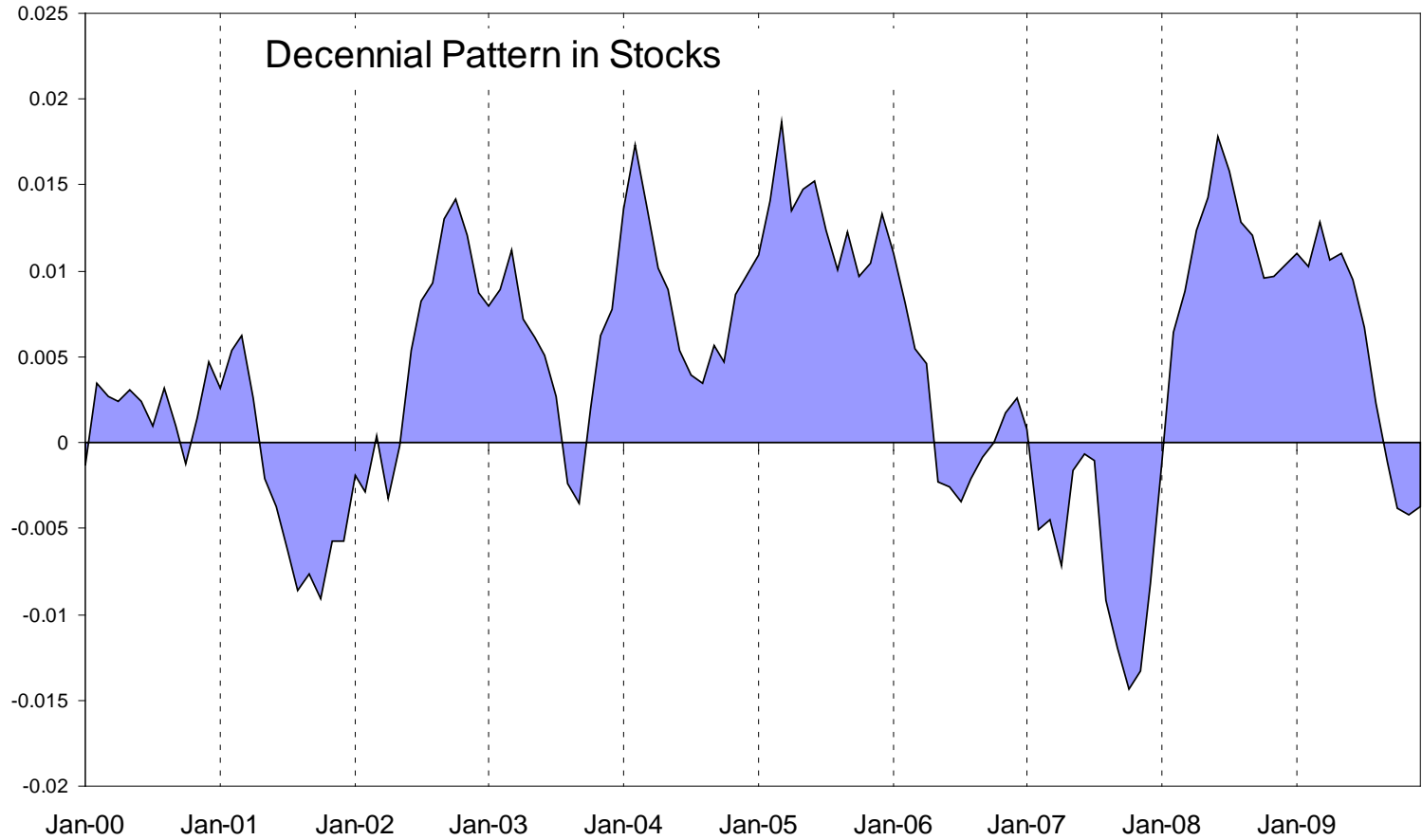


Gold

GoldMo
Monthly

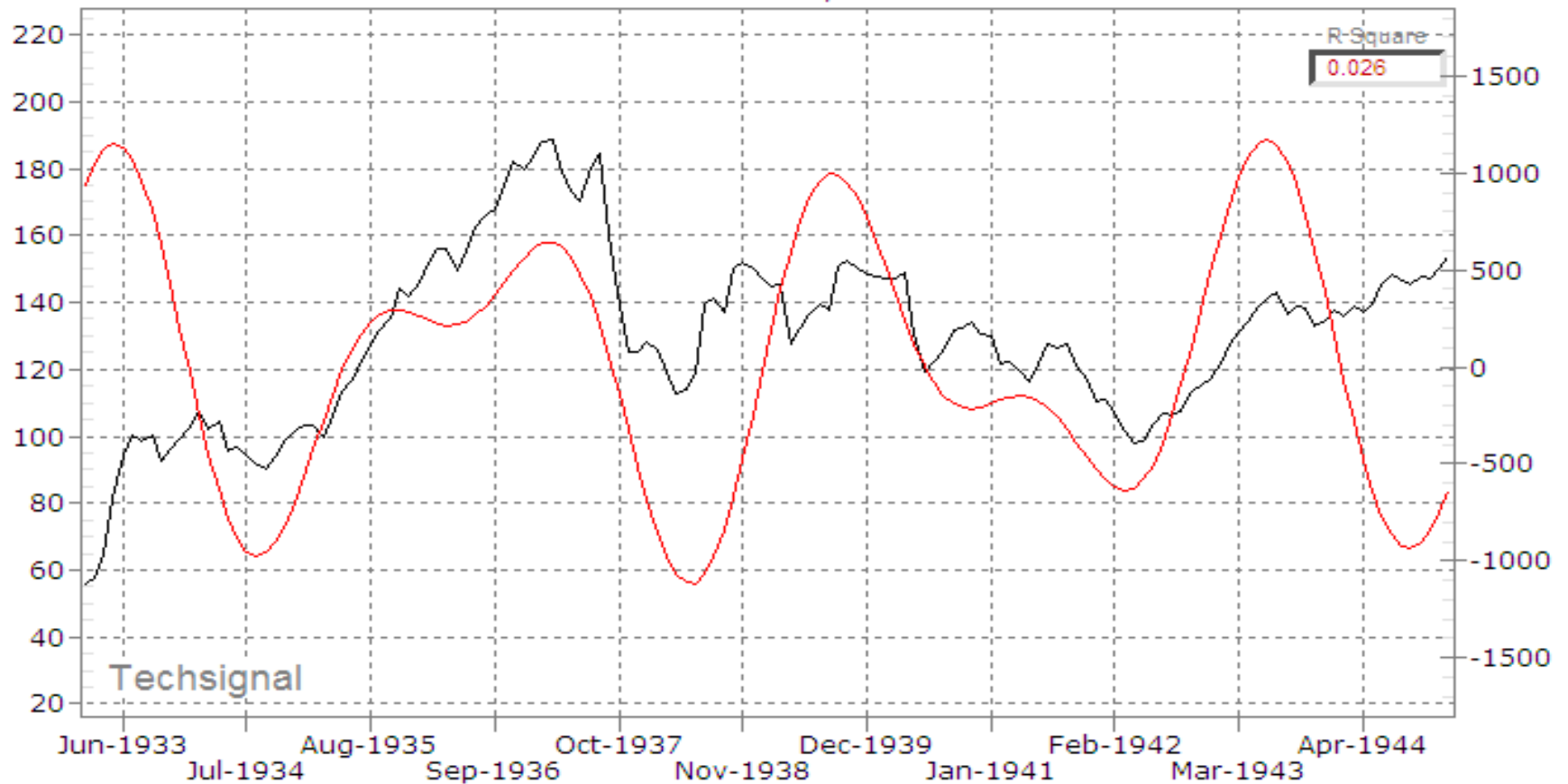


Decennial Pattern in Stocks

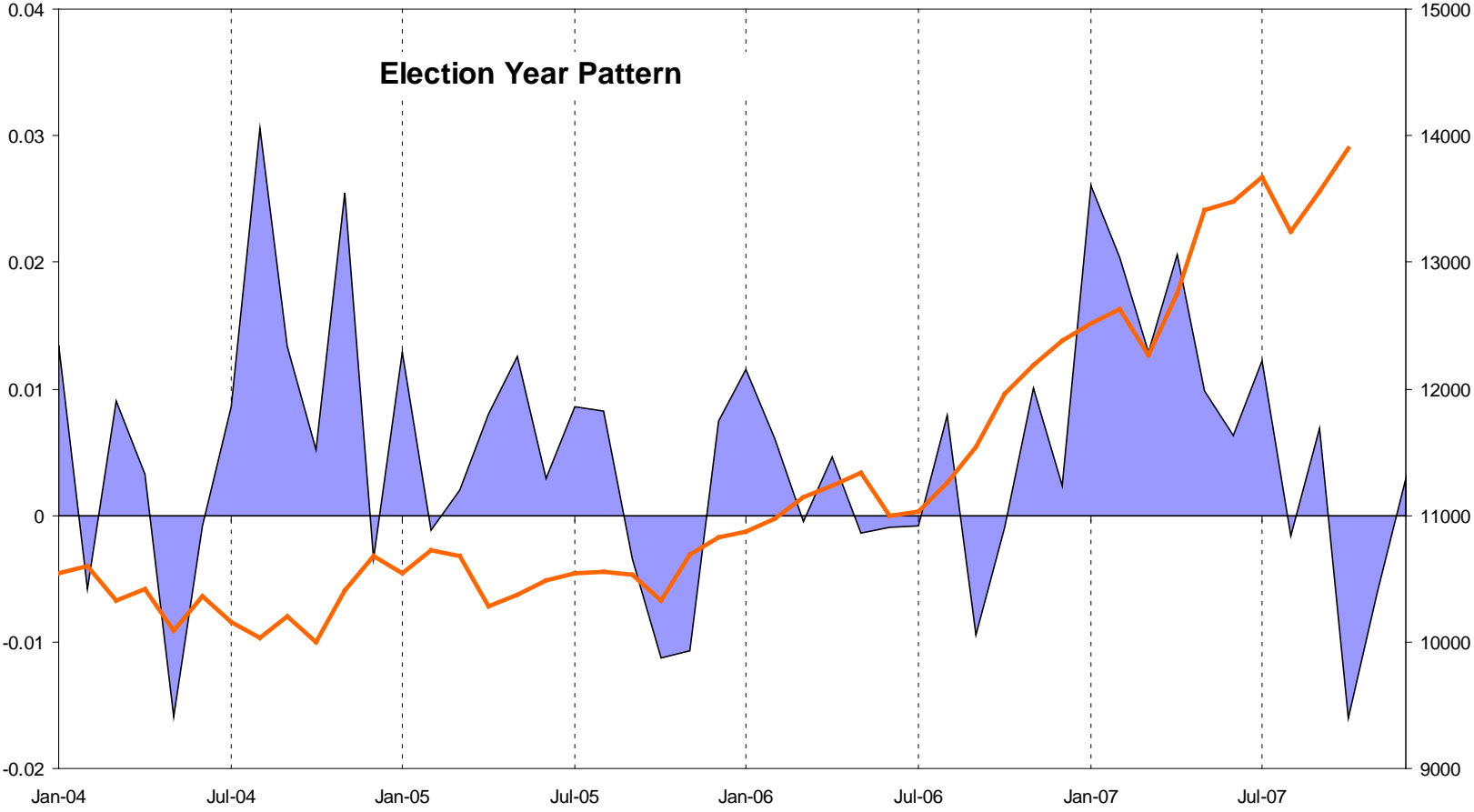


8th Year of Decade & Low in Yields

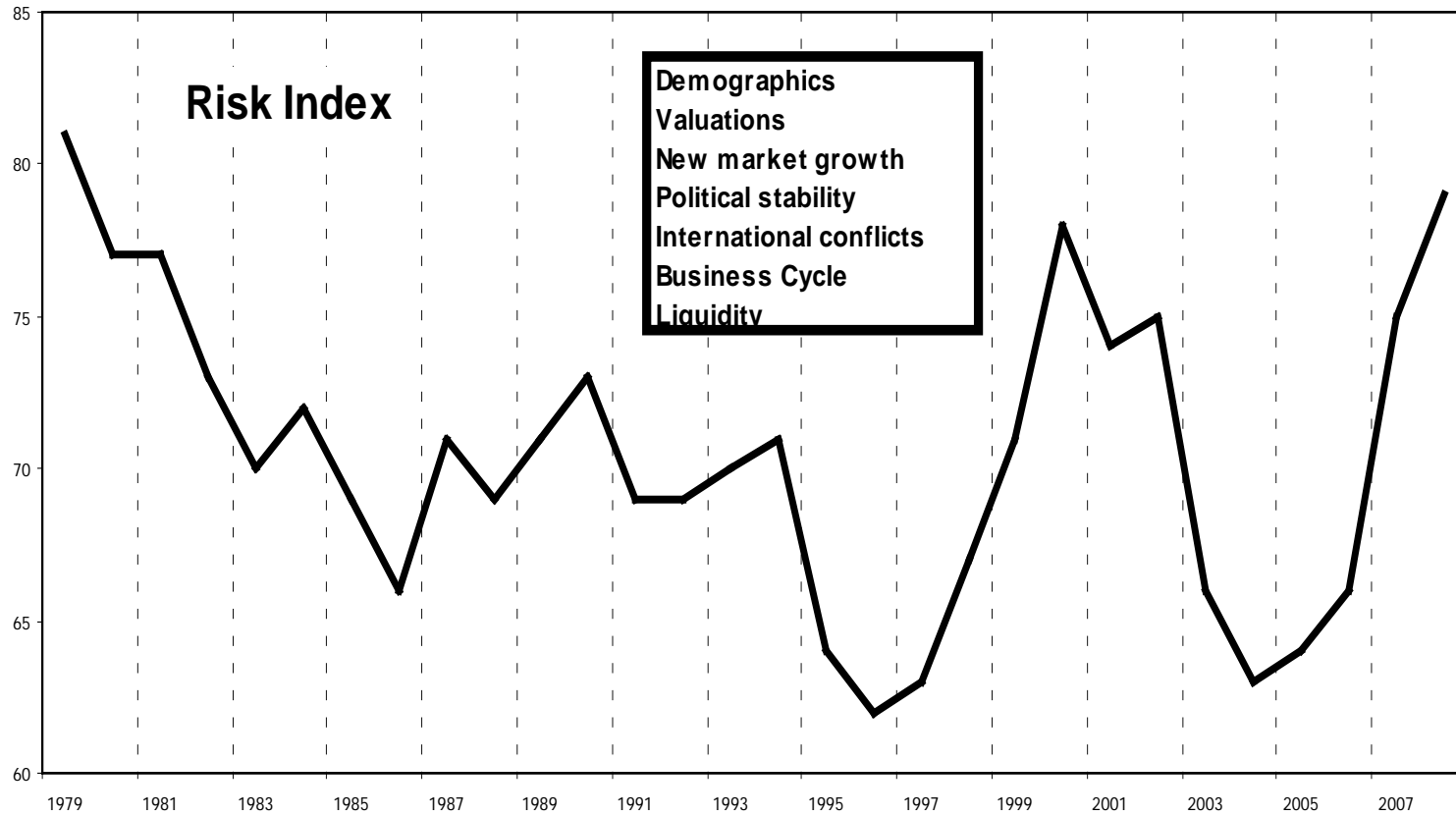
DowMo
Monthly



Election Year Pattern in Stocks

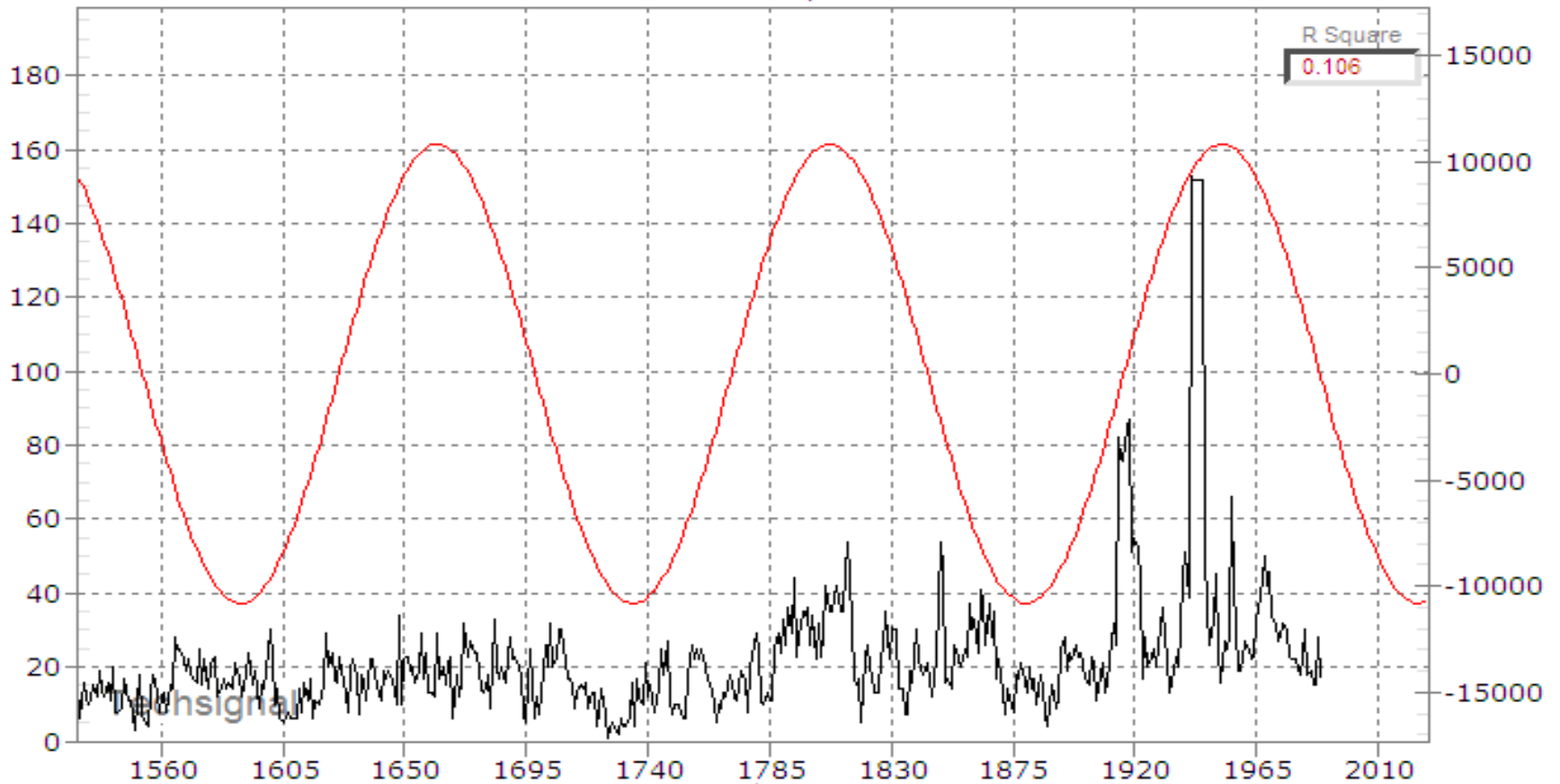


Foundation's Risk Index



Wheeler's War Index

Wheeler Combined Index of Civil Wars and Intl Battles
Yearly



Integrating Assets and Risk

- The demand and cost of money drives asset class
- Risk in one asset affects all assets
- “When there is blood in the streets” in the words of the Rothschilds there is always opportunity

Intermarket Cycle Analysis

- The Cyclic Context is based upon synchronies and sequences
- Assets are synchronized
- Asset turns are sequenced
- Prices lead yields but it is the 60 year cycle in yields that is dominant
- Capital and determines the asset class and forex shows the flow

Early work on Synchronies

THE 9.2-YEAR CYCLE

The 9.2-year cycle (9.17 years–9.34 years), like the 9.0-year cycle, is predominately an economic cycle. Of the 28 phenomena where this cycle has been definitized, 19 have to do with economic phenomena, 2 with animal abundance, 3 with weather, and 4 with other behavior. These various cycles and their characteristics are shown in Table 6. Their synchrony is shown in Figure 6.

Their mean timing comes at 1975.27 and a majority of the crests fall within a 1.13-year bracket.

The 9.2-year cycle is one of the best substantiated cycles known. It was first discovered in 1860 by Clement Juglar of France (but called a "9-Year" cycle) and again in 1875

in the United States independently by Samuel Benner who declared its crests came at 8, 9, and 10 years and repeat; its troughs at 7, 11, and 9 years and repeat. His forecast of pig iron prices, based on this cycle, came true up to 1935 with a gain-loss ratio of 31 to 1. Since then it has been out of step with reality, as the true apparent length of the cycle is 9.2 years instead of 9 years. The recent trough of the 9.2-year cycle in the U.S.A. stock market created considerable stir in financial circles, both in the States and abroad.

Twenty-one of the 28 crests fall within a third of the cycle—a concentration that would be very hard to achieve by chance.

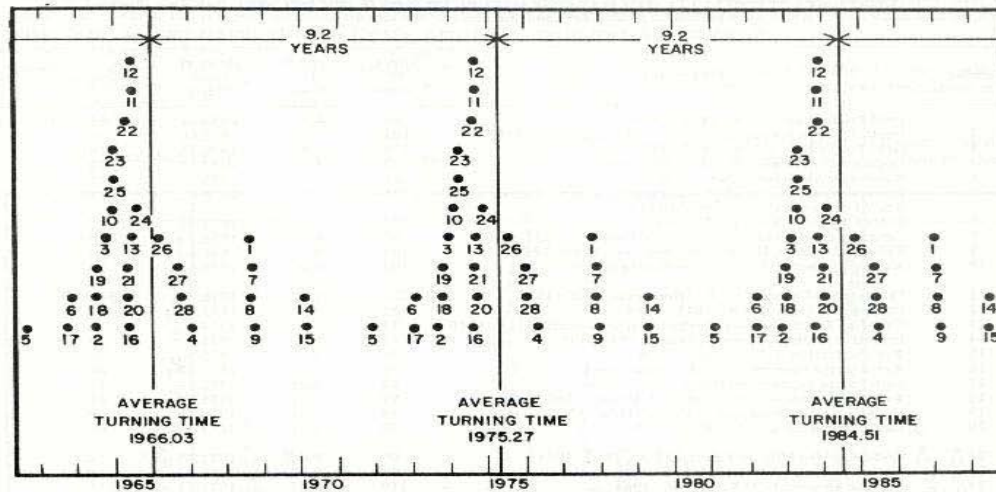


Fig. 6: IDEAL CRESTS OF ALLEGED 9.2-YEAR CYCLES

Diagram to Show the Calendar Timing of All Idealized 9.2-Year Cycles.

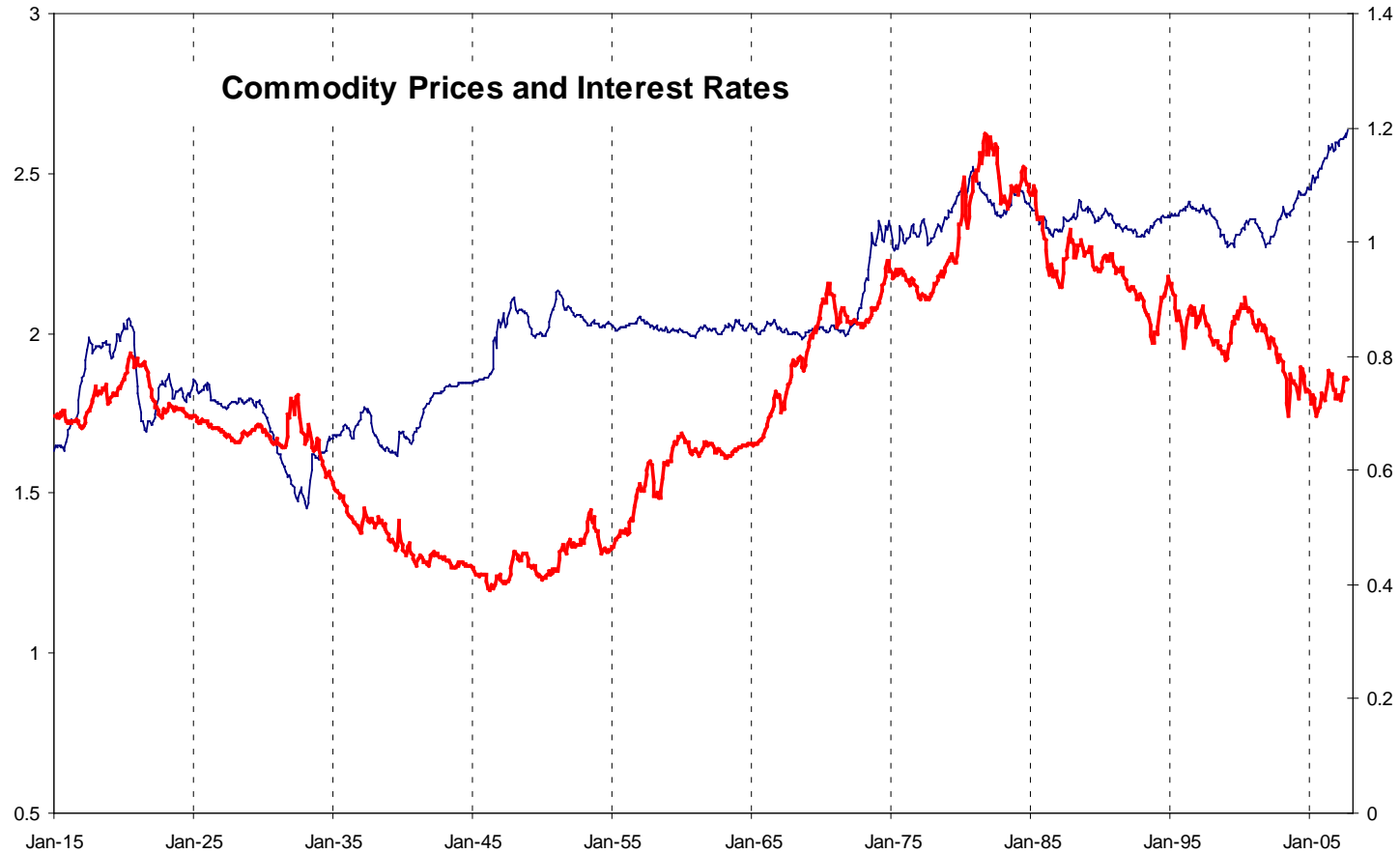
The dots are numbered to indicate the phenomena and are repeated time after time across the page at cycle length intervals. The dots

represent idealized time of crests. Their vertical positions have no significance.

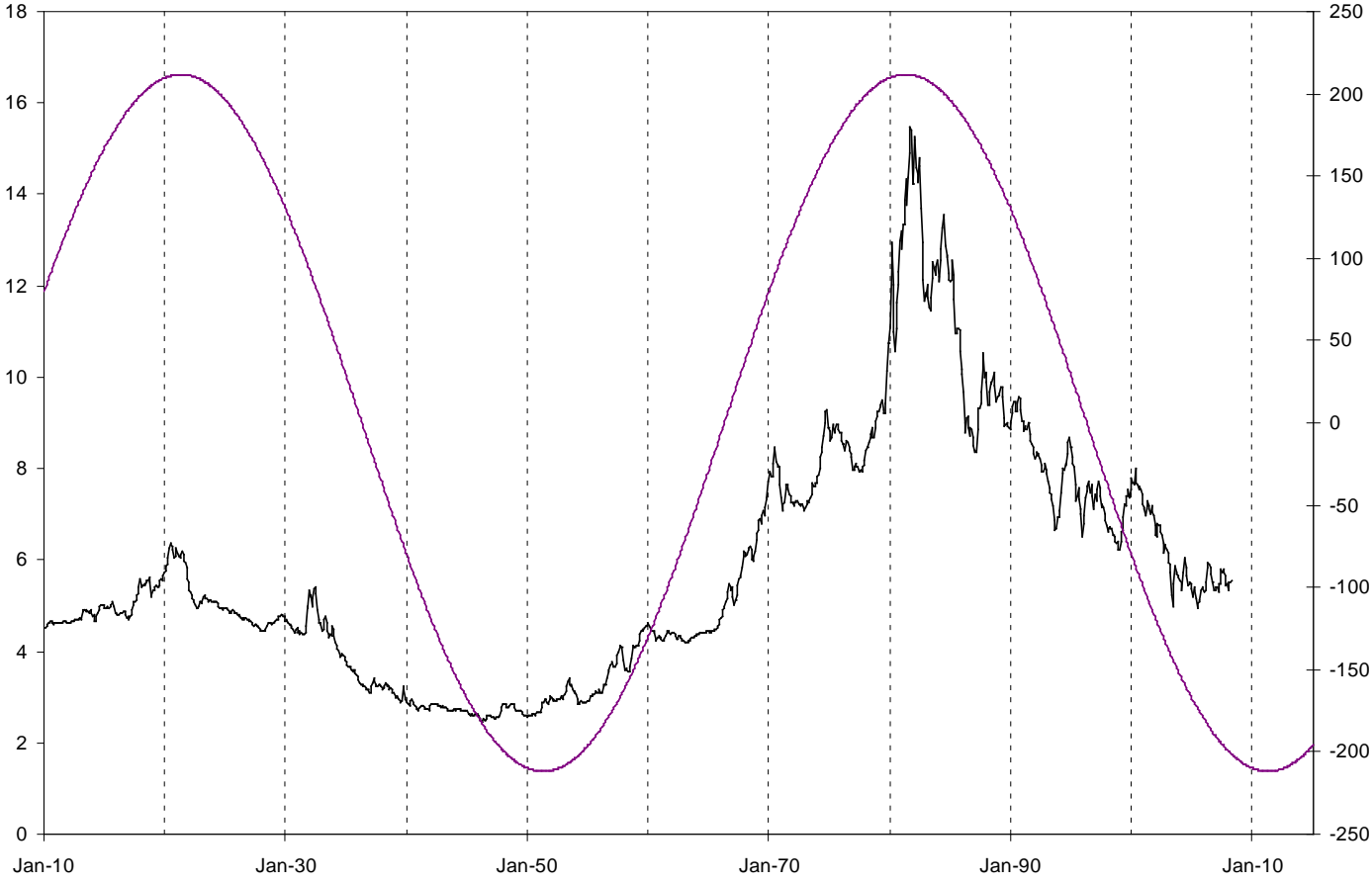
LEGEND:

- | | | |
|--|---|--|
| 1. Patents Issued | 10. Pig Iron Prices | 20. Copper Share Prices |
| 2. Rail Stock Prices | 11. Average Wholesale Prices, U.S.A. | 21. Lead (Pig) Prices |
| 3. Industrial Stock Prices | 12. Average Wholesale Prices, Great Britain | 22. Copper Prices |
| 4. Grasshopper Abundance | 13. Average Wholesale Prices, Germany | 23. Manufacturing Production |
| 5. Consol Prices | 14. Crops in Germany | 24. Sunspot Numbers |
| 6. Lake Levels, Michigan and Huron | 15. Tree Rings | 25. Wheat Prices |
| 7. Liabilities of Commercial and Industrial Failures, Inverted | 16. Common Stock Prices, Combined | 26. A Manufacturing Company's Sales |
| 8. Partridge Abundance | 17. Automobile Sales | 27. Wholesale Price Index, All Commodities |
| 9. Electric Potential Gradient | 18. Lewes River, Closed Days | 28. Silver Mine Production |
| | 19. Lewes River, Years of Early Closing | |

Bond Yields and Commodities



Asset Clock - 60-year cycle in Yields



Integrating the Asset Picture from a domestic perspective

- US dollar, gold and energy
- US dollar and Stock prices
- US dollar and Yields
- Commodities and Bonds
- Stocks and Yields