



MMTA Course Five – Review of Geocosmics and Cycles Plus Price Objective Calculations



PRICE OBJECTIVES – 4-YEAR CYCLES IN STOCKS

Module Lesson Six



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The purpose of this lesson is to:

- Review chart patterns of long-term support and resistance
- Determine price targets for 4-year cycle troughs and crests

REVIEWING CHART PATTERNS OF LONG-TERM SUPPORT AND RESISTANCE

- Examined 18-year and greater cycles for chart patterns
 - Double bottoms/tops

- We now continue with the 4-year cycle
 - Double bottoms and tops exist in these cycles too

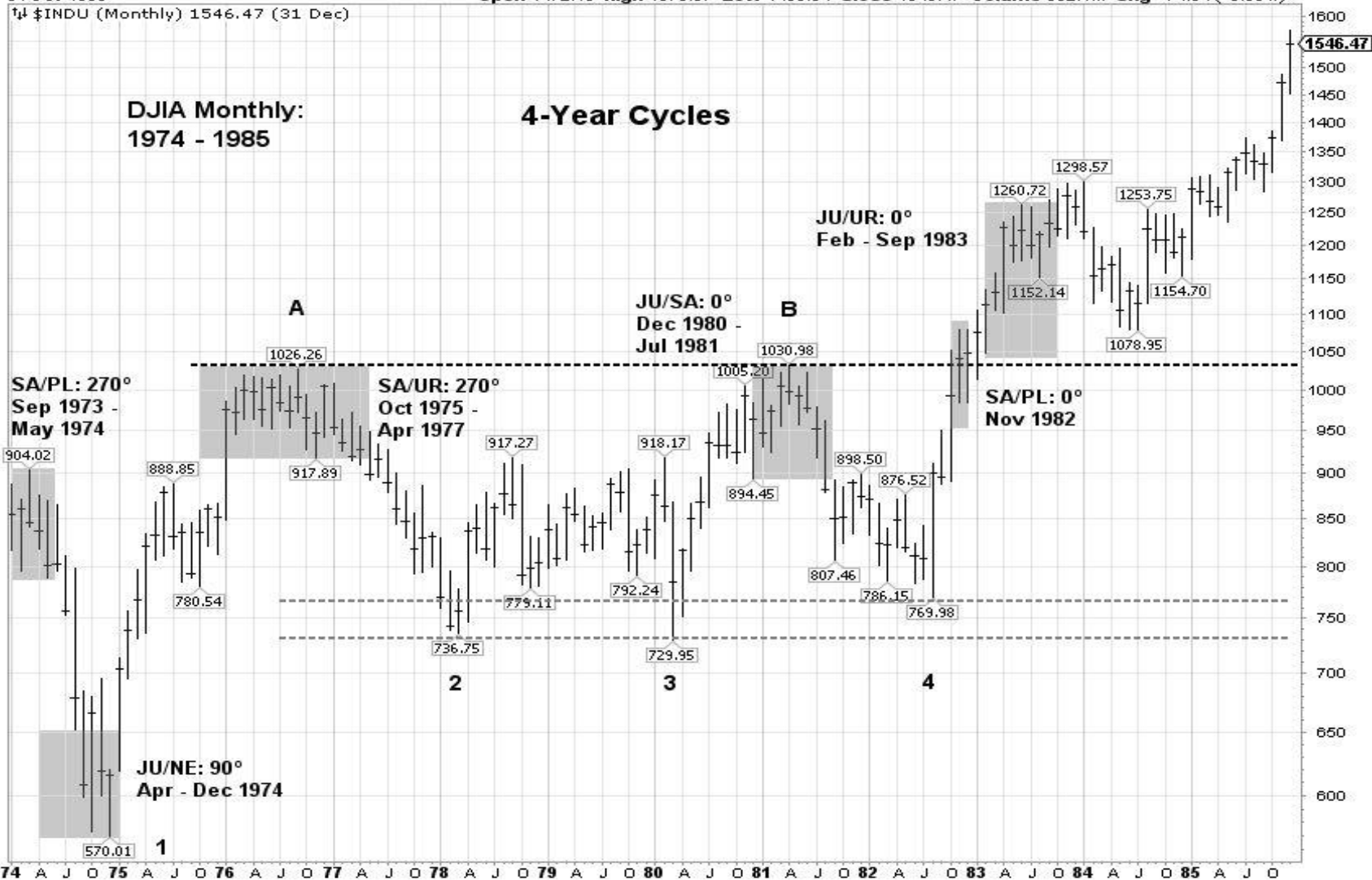
REVIEWING CHART PATTERNS OF LONG-TERM SUPPORT AND RESISTANCE

\$INDU Dow Jones Industrial Average INDX
31-Dec-1985

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Open 1472.13 High 1570.87 Low 1450.34 Close 1546.47 Volume 362.1M Chg +74.34 (+5.05%)▲

↑↓ \$INDU (Monthly) 1546.47 (31 Dec)



DETERMINING PRICE TARGETS FOR 4-YEAR CYCLE TROUGHS AND CRESTS BASED ON HISTORICAL PERCENTAGE MOVES

- Can forecast price objectives for 4-year crests and troughs
- Determine historical range of percentage loss and gain
- Narrow down to 80% of instances
 - Gives us the basis to calculate “normal” price objectives

REVIEWING CHART PATTERNS OF LONG-TERM SUPPORT AND RESISTANCE

Cycle #	Trough	Crest	Trough	Mo Up	Mo Dn	Low*	High*	Low*	% Up*	% Dn*
1	7/1893	9/1895	8/1896	26	11	44.0	63.0	27	43.2%	57.1%
2	8/1896	4/1899	9/1900	32	17	27.0	78.0	52.5	188.9%	32.7%
3	9/1900	6/1901	11/1903	9	29	52.5	79.0	42.5	50.5%	46.2%
4	11/1903	1/1906	11/1907	26	22	42.5	102.0	53	140.0%	48.0%
5	11/1907	9/1909	9/1911	22	24	53.0	101.5	72	91.5%	29.1%
6	9/1911	9/1912	12/1914	12	27	72.0	93.0	52	29.2%	44.1%
7	12/1914	11/1916	12/1917	23	13	52.0	115.0	66	121.2%	42.6%
8	12/1917	10/1919	8/1921	22	22	66.0	125.0	64	89.4%	48.8%
9	8/1921	2/1926	3/1926	54	1	64.0	175.0	145	173.4%	17.1%
10	3/1926	8/1929	11/1929	41	3	145.0	386.1	195	166.3%	49.5%
11	11/1929	4/1930	7/1932	5	27	195.4	297.3	40.6	52.1%	86.3%
12	7/1932	3/1937	3/1938	56	12	40.6	195.6	97.5	381.8%	50.2%
13	3/1938	11/1938	4/1942	8	41	97.5	158.9	92.7	63.0%	41.7%
14	4/1942	5/1946	10/1946	49	5	92.7	213.4	160.5	130.2%	24.8%
15	10/1946	6/1948	6/1949	20	12	160.5	194.5	160.6	21.2%	17.4%
16	6/1949	1/1953	9/1953	43	8	160.6	295.1	254.4	83.7%	13.8%
17	9/1953	4/1956	10/1957	31	18	254.4	524.4	416.2	106.1%	20.6%
18	10/1957	11/1961	6/1962	49	7	416.2	741.3	524.6	78.1%	29.2%
19	6/1962	2/1966	10/1966	44	8	524.6	1001.1	735.7	90.8%	26.5%
20	10/1966	12/1968	5/1970	26	17	735.7	994.7	627.5	35.2%	36.9%
21	5/1970	1/1973	12/1974	32	23	627.5	1067.2	570	70.1%	46.6%

REVIEWING CHART PATTERNS OF LONG-TERM SUPPORT AND RESISTANCE

<u>Cycle #</u>	<u>Trough</u>	<u>Crest</u>	<u>Trough</u>	<u>Mo Up</u>	<u>Mo Dn</u>	<u>Low*</u>	<u>High*</u>	<u>Low*</u>	<u>% Up*</u>	<u>% Dn*</u>
22	12/1974	9/1976	3/1978	21	18	570.0	1026.3	736.8	80.1%	28.2%
23	3/1978	4/1981	8/1982	37	16	736.8	1031.0	770	39.9%	33.9%
24	8/1982	8/1987	10/1987	60	2	770.0	2746.7	1616.2	256.7%	41.1%
25	10/1987	7/1990	10/1990	33	3	1616.2	3024.3	2344.3	87.1%	22.5%
26A	10/1990	1/1994	4/1994	39	3	2344.3	4002.8	3520.5	70.7%	12.0%
26B	10/1990	1/1994	11/1994	39	10	2344.4	4002.8	3612.1	70.7%	9.8%
27	11/1994	7/1998	9/1998	44	2	3612.1	9412.6	7379.7	160.6%	21.6%
28	9/1998	1/2000	10/2002	16	33	7379.7	11908.0	7181.5	53.2%	39.7%
29	10/2002	5/2006	7/2006	43	2	7197.5	11670.2	10683.3	62.1%	8.5%
30	7/2006	10/2007	3/2009	15	17	10683.3	14198.1	6469.9	32.9%	54.4%
31	3/2009	5/2011	10/2011	26	5	6469.9	12876.0	10404.5	99.0%	19.2%
32	10/2011	5/2015	8/2015	43	3	10404.5	18351.4	15370.0	76.4%	16.2%
33	8/2015	2/2020	3/2020	54	1	15370.0	29568	18213	92.0%	38.4%

SUMMARY:

- 4-year cycle trough usually declines at least 19% from crest (81.8% of time), usually not more than 50%
- Normal range for price decline 17.1-50.2% (81.8%)
- 4-year cycle crest usually appreciates at least 50% from trough (84.8%), usually not more than 174%
- Normal range for price rise 35.2-174% (81.8%)

QUIZ #6

PRICE OBJECTIVES – 4-YEAR CYCLES IN STOCKS

1. Study the current 4-year cycle in the DJIA. How much has it appreciated so far, percentage-wise, from the start of the cycle to its highest price so far?
2. What has happened in the past when the 4-year cycle has appreciated this much (how much has it appreciated, how long does it usually take to get to the crest, and what is the decline that usually follows)?
3. What have been the three longest rallies of the 4-year cycle in the past, time-wise? What was the duration and percent of the declines that followed?
4. What is the length of the ongoing 4-year cycle thus far? What are its percentage moves?
5. What would be the price objective range for the current 4-year cycle, as measured from March 2020?

End of Lesson 6

Break