

## ***MMA MONTHLY CHINA SHANGHAI CYCLES REPORT***

### **CHINESE SHANGHAI INDEX (SSE)**

Written by Raymond Merriman, March 21 for March-April 2022

#### **REVIEW:**

Since our last report of February 23, the Shanghai Composite (SSE) has declined sharply, to a low of 3023 on March 16, within the three-trading day orb of our three-star geocosmic critical reversal date (CRD) of March 18-21. That is the lowest price since July 1, 2020.

That low is also within multiple price target zones for a 33-month cycle low, which was discussed in our recent annual webinar to China last weekend, on Saturday, March 19. As stated then, *“The 33-month cycle price objectives for a low are 2633-3150, 2973 +/- 87 and 3047 +/- 81. The overlap is 2966-3060. The low this week (March 16) has been 3023, which is in the middle of this range, and may be the final low.”* For a recording of that webinar, please contact NoDoor.com.

In this month’s issue of the MMA China Cycle’s Report, we will examine the 33-month intermediate-term cycle in more detail, since it is the key to understanding the long-term outlook for the Shanghai SSE.

#### **Long- and Intermediate-Term Cycles**

The 33-month cycle in the SSE is a half-cycle to the greater 5.5-year (66 months) cycle, which started with the low of 2440 on January 4, 2019. Thus, the first 33-month half-cycle of the greater 5.5-year cycle is due October 2021 +/- 5 months, or any time before the end of May 2022.

As shown by the red line on the weekly chart, this low was/is due March 2021-May 2022. It is possible it could have formed with the low at 3312 of July 28, 2021, the 30<sup>th</sup> month. Or, it is happening now (even last week, the 38<sup>th</sup> month). The difference is very important, for if the cycle low was July 28, 2021, the bull market in Chinese stocks is over, and a new bear market is underway that will not bottom before this newer 33-month cycle is complete. That is because prices have already taken out the low that would have started the cycle if it began at 3312. A basic rule of cycle studies is: *Once the start of a cycle is taken out, the cycle is bearish until the lowest price comes in at the end of the cycle.* The end of a 33-month cycle that started July 28, 2021, would not be due until April 2024 +/- 7 months. It will be bearish until then.



However, if the 33-month cycle is forming now, the market is not bearish. It is bullish, for the low of the current 33-month cycle is still that low of January 4, 2019, at 2440. The low forming now is just a corrective decline within the 5.5-year cycle to its 33-month half-cycle due no later than May 2022. As given in the introduction and also in last weekend’s webinar, the price targets are *2633-3150, 2973 +/- 87, and 3047 +/- 81, with an overlap of 2966-3060*. The low of last week, March 16, at 3023, confirms this price target and time band very well, and hence our bias is that a new 33-month cycle is just beginning. It is not confirmed yet, and won’t be for a while. But in this report, we will discuss the key points to watch that will confirm either the bearish labeling or this bullish labeling that we prefer.

If last week was the 33-month cycle low, the basic trend indicator study remains bullish as the SSE still shows a pattern of higher highs and higher lows on the weekly chart until this recent decline, which is now a lower low – but not lower than the start of the 33-month cycle. We can appreciate this more if we understand that the 33-month cycle is unfolding in a classic 3-phase pattern of 11.5-month sub-cycles with a range of 9-14 months, or about one year. You can see the first yearly lows in March 2020 and March 2021. Now we probably have the end of the third phase on March 16, 2022, which completes a classic three-phase pattern. And typical of third phases in a bullish cycle, the third phase exhibited the steepest decline since the cycle began in January 2019.

The weekly moving average trend indicator was also downgraded from bullish to neutral recently as prices declined below the 25- and 72-week moving averages shown on the weekly chart, but the faster-moving average still remains above the longer one. Being downgraded from bullish to neutral at the end of a longer bullish cycle is normal. It is even normal to be downgraded for a brief time to bearish, where the faster MA falls below the longer MA, with prices below each, as long as its prices move back above both moving averages shortly thereafter and before falling below the start of the cycle. In other words, the weekly chart will not turn bearish until prices fall below the start of the cycle, or 2440 if the 33-month cycle low is happening now. And, it will resume its bullish trend when the SSE closes back above the two MAs (moving averages), currently at 3513 and 3498, and if the faster MA stays above or moves back above the slower MA. So, to support our view that this is a new 33-month cycle, the SSE needs to rally back

above 3500. Until then, we cannot rule out the possibility that the 33-month cycle is already bearish and bottomed back in July 2021.

Another point to watch is the upward trend line on the weekly chart. It is correctly about 2990-3000. Trend lines offer support to markets too, so once again, the 3000 area is important. However, it is not so unusual to break a trend line at the end of a cycle. The extension of that trend line then becomes resistance, and if bullish, the market will rally back above that trend line shortly after it broke. If not, that's bearish.

My bias is that the 33-month cycle low happened last week, March 16, at 3023. If so, the market is now bullish. But it is far from confirming my bias just yet, and until it is confirmed, we cannot rule out the possibility that the 33-month cycle bottomed July 28 at 3312. If that is correct, the China and its Shanghai Composite are in trouble for at least the next two years.

At this point, we now need to examine the daily chart and the primary cycle of the SSE for further understanding of the 33-month cycle's status.

### **The Primary Cycle**

The last confirmed 13-20 week primary cycle began with the low of 3448 on November 10. The new low of last week, March 16, was 3023, and it occurred in the 18<sup>th</sup> week, which was "on time" and, therefore, my bias for the start of the new 13-20 week primary cycle. If correct, the SSE is now bullish, for the start of all new primary cycles is bullish for at least the first 2-5 weeks, even if the overall cycle will turn out to be bearish.

If March 16 was the primary cycle trough and also the end of the 33-month cycle, then this primary cycle in the SSE will be bullish. Prices would likely re-test the highs of last year again at 3700-3750. SSE could even make a new multi-year high, for a break above 3750 points to a high for the new 33-month cycle of 3821 +/- 163 or 4314 +/- 221. Right now, I am looking more at the first price target because it is the second 33-month cycle phase in the greater 5.5-year cycle; and I am not so sure it will be that bullish. A double top around 3700-3800, in about 2-5 months, would fit the idea that the entire world economy is going to be slower than the past three years.

For now, this starts the first week of the new primary cycle. The first price target range for a rally would be 3366 +/- 81. Our expectation is for the SSE to get to this level before falling under 3023. If, instead, it does fall back below 3023, first, it means: 1) this is an older primary cycle and still due to bottom within two weeks, or 2) the 33-month cycle is still underway but due by the end of May.

Notice on the daily chart that the low of March 16 occurred with a higher stochastic reading (shown on the bottom of the graph). A higher stochastic oscillator with a lower price, in a three-star CRD when a primary cycle trough is due, is a strong signal the bottom just formed. All of these "Bullish triggers" are the reason why I think the SSE bottomed last week with at least a primary cycle low, if not a 33-month and 11.5-month low as well. But it will take a close above both the 15- and 45-day moving averages to confirm, currently at 3307 and 3425, respectively. In the meantime, a pullback to 3145 +/- 29 is possible and still bullish. In fact, the geocosmic signatures indicate we could even see a double bottom in the next two weeks before the most bullish part of the primary cycle commences.



*These dates affect all markets. They are the midpoints of geocosmic clusters and have a “normal” range of three trading days on either side. Sometimes they expand to as many as six trading days. The idea is to see a new two-week or greater high or low, and then a reversal. It is especially effective when major, half-primary, or primary cycle troughs are due. For more information, please read Volume 3 of the Stock Market Timing series. These dates are based on the Eastern Time zone, so for China, you may have to add one day.*

## **STRATEGIES**

Last month stated, *“SSE is now in the time band for a primary cycle trough due anytime in the next five weeks, and ideally the next three weeks. Traders are now advised to watch for indications of a primary and 33-month cycle trough in the next three weeks, and especially if the low is within or close to the price target of 3282 +/- 50. Short-term traders could be bearish and sell short now in anticipation of that decline, with a stop-loss on a close above 3500. But intermediate-term investors and traders alike would be advised to prepare to buy this next decline. You would probably have to start with a stop-loss below 3000 until the new trend is confirmed, which would happen once SSE rallies back above 3500.”*

It now appears the primary cycle low is in as of March 16 at 3023. Traders can trade from the long side as long as prices remain above 2950. Look to take some profits on any rally to the 3400 area +/- 50. But longer term, we are looking for 3700-3750 to be tested again in the next 2-5 months.

The next MMA China Cycles report on Gold will be issued April 13. The next MMA China Cycles report on the Shanghai Composite will be issued on April 27.

## **03/2022 SOLAR/LUNAR REVERSAL DATES IN EFFECT BY YATING HU, MMTA STUDENT**

The solar-lunar study was designed to identify correlations between Sun-Moon sign combinations and the short-term reversals in the Shanghai Composite (SSE). The study covered 6,801 trading days in effect between February 1, 1992, and January 14, 2022.

Not all solar-lunar combinations are equally important as certain planet-sign combinations occur less frequently than others because of weekends and holidays. Weighted values are used to address this. A weighted value score of each Sun-Moon sign combination is determined by comparing the percentage of times where SSE made a high or low then reversed at least 5.5% to the percentage of times in the baseline group. The higher the weighted value, the more important it is. A weighted value of 100 means the criteria was achieved as expected. Weighted values in green are over 120, meaning the signature is 20% more often than the norm value of 100. Weighted values in yellow are between 150 and 200 (at least 50% above the norm of 100). Weighted values in red are over 200 (at least 100% above the norm of 100).

The table below shows the weighted values of the Moon sign at noon in Shanghai. The overall weighted value column shows that 5.5% or greater reversal from a high or low in SSE is likely to occur when the Moon is in Aries. The next two columns display the weighted values for highs or crests (High\_WV) and lows or troughs (Low\_WV), respectively. The last column, Big\_Range\_Day\_WV, shows the weighted values for “Big Range Days,” where the difference between high and low is at least 3.5% of the value of the low on that day. This helps to identify days with a large trading range.

Sign	Planet	Overall_WV	High_WV	Low_WV	Big_Range_Day_WV
Aries	Moon	127.50	132.33	122.65	102.77
Taurus	Moon	80.57	87.72	73.40	80.83
Gemini	Moon	92.44	85.16	99.75	80.18
Cancer	Moon	86.67	110.52	62.72	116.09
Leo	Moon	117.20	107.21	127.22	110.71
Virgo	Moon	116.75	104.62	128.92	106.32
Libra	Moon	89.76	94.30	85.21	95.20
Scorpio	Moon	103.94	99.01	108.88	90.10
Sagittarius	Moon	71.35	71.21	71.50	123.25
Capricorn	Moon	104.25	125.82	82.60	99.46
Aquarius	Moon	119.96	89.79	150.25	100.72
Pisces	Moon	91.62	94.05	89.18	94.20

### Short-Term Reversal Dates in SSE

The next table displays the historical weighted values' correlation between 5.5% or greater reversals as well as the "Big Range Days" and the Moon signs with the Sun in Pisces in 1992-2021. The Moon ingress dates when Sun in Aries from March 20 through April 19 are given here as well. We take these as forecasting models to project future "high probabilities" based on these past results. Look for isolated highs or lows in SSE within one trading day of these solar lunar periods, and from which prices reverse at least 5.5%.

Sun_Sign	Moon_Sign	Overall_WV	High_WV	Low_WV	Big_Range_Day_WV	Dates when Moon in each Moon Sign	Reversal	Big Range Days
Aries	Aries	48.12	73.59	-	36.80	3/31 - 4/2 (Thursday - Saturday)		
Aries	Taurus	184.62	282.35	-	35.29	4/3 - 4/4 (Sunday - Monday)	More often a High	
Aries	Gemini	213.35	130.52	369.81	130.52	4/5 - 4/6 (Tuesday - Wednesday)	More often a Low	More often a Low
Aries	Cancer	44.34	67.82	-	67.82	4/7 - 4/9 (Thursday - Saturday)		
Aries	Leo	144.35	147.18	139.01	147.18	4/10 - 4/11 (Sunday - Monday)	Either a High or Low	Either a High or Low
Aries	Virgo	94.23	72.06	136.11	180.15	4/12 - 4/14 (Tuesday - Thursday)	More often a Low	More often a Low
Aries	Libra	46.15	70.59	-	105.88	4/15 - 4/16 (Friday - Saturday)		
Aries	Scorpio	135.69	207.53	-	103.76	3/20 - 3/22 (Sunday - Tuesday); 4/17 - 4/18 (Sunday - Monday)	More often a High	
Aries	Sagittarius	144.35	-	417.02	110.39	3/23 - 3/24 (Wednesday - Thursday); 4/19 - 4/20 (Tuesday - Wednesday)	More often a Low	
Aries	Capricorn	44.34	67.82	-	67.82	3/25 - 3/26 (Friday - Saturday)		
Aries	Aquarius	46.15	70.59	-	105.88	3/27 - 3/28 (Sunday - Monday)		
Aries	Pisces	48.12	-	139.01	110.39	3/29 - 3/30 (Tuesday - Wednesday)	More often a Low	

The following dates are most prone to a reversal from a high or a low:

**Apr 11 (Monday)**

The solar-lunar cycles show the probability of a **high** from which prices decline most likely present on:

**Mar 21-22 (Monday – Tuesday)**

**Apr 4 (Monday)**

**Apr 18 (Monday)**

The solar-lunar cycles show the probability of a **low** from which prices rally most likely present on:

**Mar 23-24 (Wednesday – Thursday)**

**Mar 29-30 (Tuesday – Wednesday)**

**Apr 5-6 (Tuesday – Wednesday)**

**Apr 12-14 (Tuesday – Thursday)**

**Apr 19-20 (Tuesday – Wednesday)**

The solar-lunar cycles show the probability of a “**Big Range Day,**” which is good for day trading. This can be used to project a big movement between the low and high of the day in the market and indicates that the market is more volatile than usual.

**Apr 5-6 (Tuesday – Wednesday)**

**Apr 11 (Monday)**

**Apr 12-14 (Tuesday – Thursday)**

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**Using this information properly:** Support may represent favorable risk/reward places to buy if the trend is up. If prices trade below support, then have a close back above it; it is considered a bullish “trigger,” and oftentimes represents a good buy signal. Resistance may represent favorable risk/reward places to go short if the trend is down. If prices trade above it, then have a weekly close back below; it is considered a bearish “trigger, and oftentimes a good sell signal.

These comments and trade recommendations are primarily for traders of commodity and futures contracts. They are provided mainly with “speculators” in mind. By its very nature, “speculation” means “willing to take risk of loss.” Speculators” must be willing to accept the fact that they are going to have several losses, many more than say “investors.” That is why they are “speculators.” Speculators are typically right about 50% of the time, +/- 10%. The way “speculators” become profitable is not so much by high percentage of winning trades, but by controlling amount of loss on any given trade, so the average trade on winners is considerably more than the average trade on losing trades. These comments can be of value to both speculators and investors. These trade recommendations will be of potential value only to speculators. Those who take these trades need to be willing to adjust stop-losses, and even the trade itself, as the week unfolds, and dependent upon technical factors that will arise with each day’s trading. There is no guarantee as to future accuracy or profitability. Each trader and reader trades at his or her own risk, and neither the author nor publisher assume any responsibility whatsoever for anyone’s financial or commodity markets decisions.