



MMTA 2
MERRIMAN MARKET TIMING ACADEMY

**ADVANCED SUPPORT AND RESISTANCE FOR
SHORT-TERM TRADING AND
BECOMING A MARKET ANALYST**

Merriman Market Analyst © 2022



MODULE LESSON NINE



**CYCLES STATUS - IS IT THE
BEGINNING, MIDDLE, OR END OF A
CYCLE?**

Disclaimer and Appropriate Use of Course Information

The content and instruction made throughout this course are provided solely for reference and educational purposes to students, traders, and analysts (Participants).

By participating in this course, you agree that all trading or investment decisions made by Participant are at the sole risk to the Participant and Participant assumes all responsibility for any and all decisions made in financial markets.

By taking this course, you also acknowledge that trading in financial markets involves risk of loss as well as the potential for gains. As a student, trader, or investor, you agree to assume all responsibility for any and all actions you initiate in financial markets, and neither the authors, instructors, or publishers affiliated with this course, or anyone whose work is cited or referenced in the course, assumes any liability whatsoever for your decisions.

Futures or options trading are considered high risk. Information provided in the MMTA course or MMA publications is provided with sincere intent, and according to MMA's own proprietary and copyrighted processes and methodologies. All content and information provided is the intellectual property of MMA and MMTA developed by Raymond Merriman and his 40+ years of experience, observation, and research. Students may use this material responsibly and solely for their own trading and investment planning. They may cite brief sections of these studies with proper credit to MMA or MMTA. However, any other reproduction or use of this copyrighted material must be with the written consent of MMA.



The purpose of this lesson is to reinforce our understanding of phases within cycles and how to incorporate them into an investment strategy

THE FIRST PHASE - BULLISH



- **First phase usually bullish**
- **We don't know beyond first phase, but we do have Basic Trend Indicator and Moving Average Studies**
- **Buy higher-lows within sub-cycles ie buy a 6-year low within an 18-year cycle**

THE FIRST PHASE - BULLISH



- **Additional studies useful on actual price moves**
- **Helps anticipate exits or short positions**
- **If long-term cycle is bearish, shorting may be appropriate**

SECOND PHASES



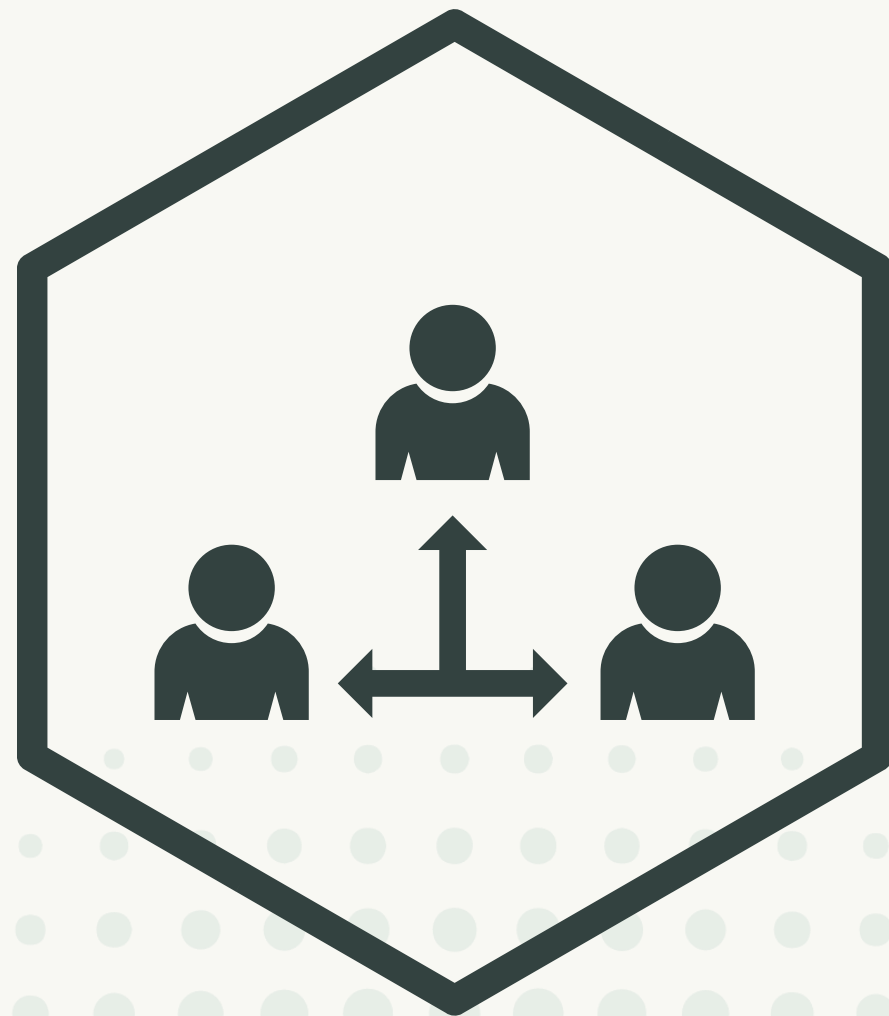
- **If trend is bullish, buy corrective declines**
- **Formal studies always stronger with price objectives and declines**
- **Look at lengths of rallies and declines too**

SECOND PHASES



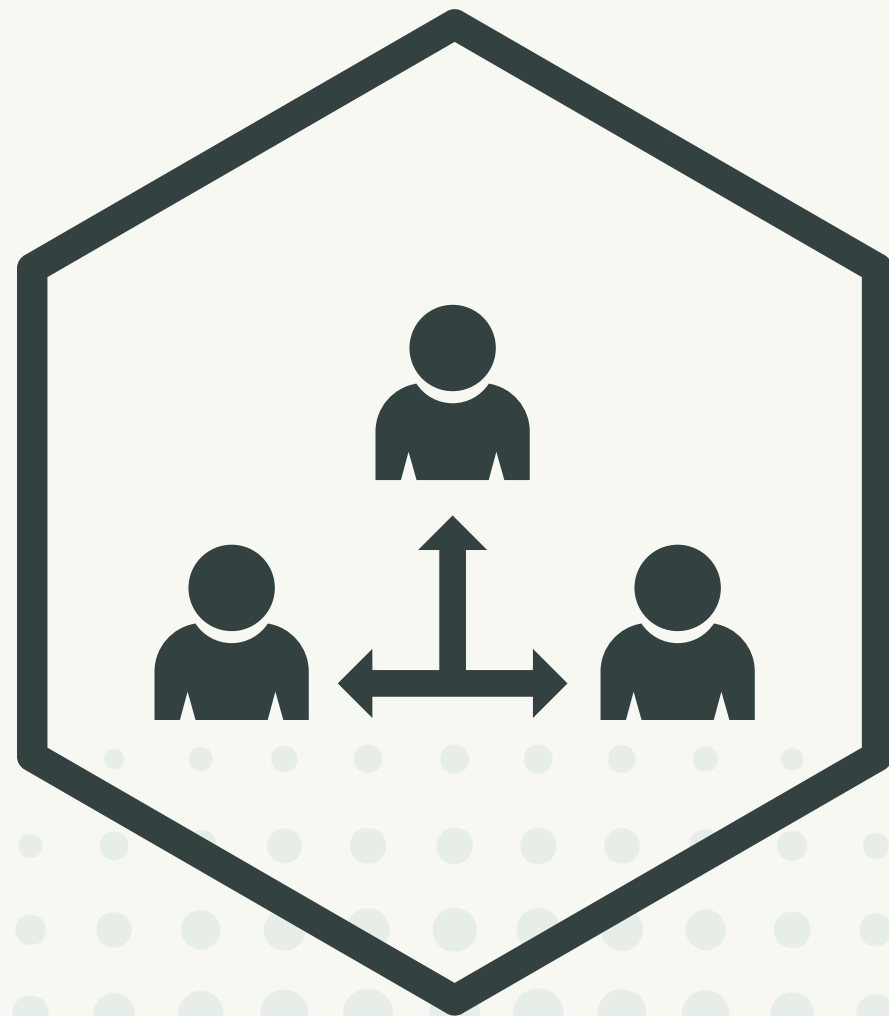
- **If cycle is bearish, examine the previous long-term cycles and do calculations**
- **Many times the crest of second phase will test crest of the first and top out before middle of the second phase**
- **If it exceeds a long-term crest, it becomes bullish**
- **Otherwise, it's a matter of selling short or standing aside**

THIRD PHASES (If They Apply)



- **Not all cycles exhibit 3 phases**
- **Warrants most caution during this time if long-term cycle has been bullish**
- **Steepest decline but also could exhibit parabolic upside moves**
- **3 types of market behavior:**

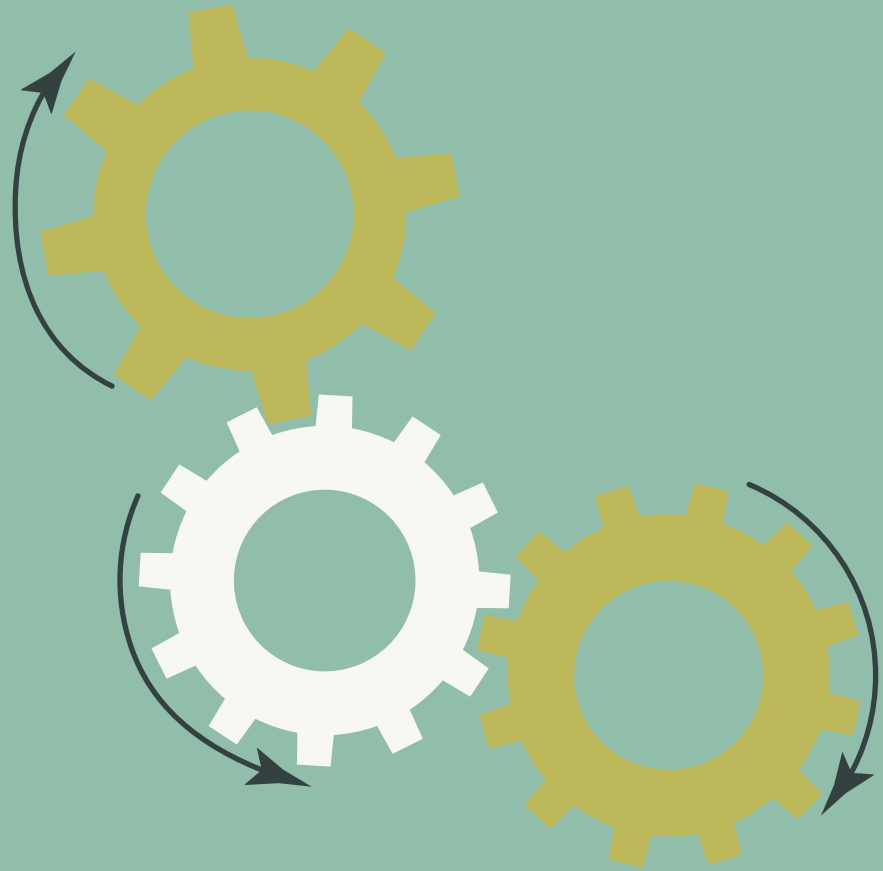
THIRD PHASES (If They Apply)



- 1) **Double-tops or secondary highs (half the time)**
- 2) **MCP or a .618 move**
- 3) **Parabolic rally; higher it rises harder it falls**

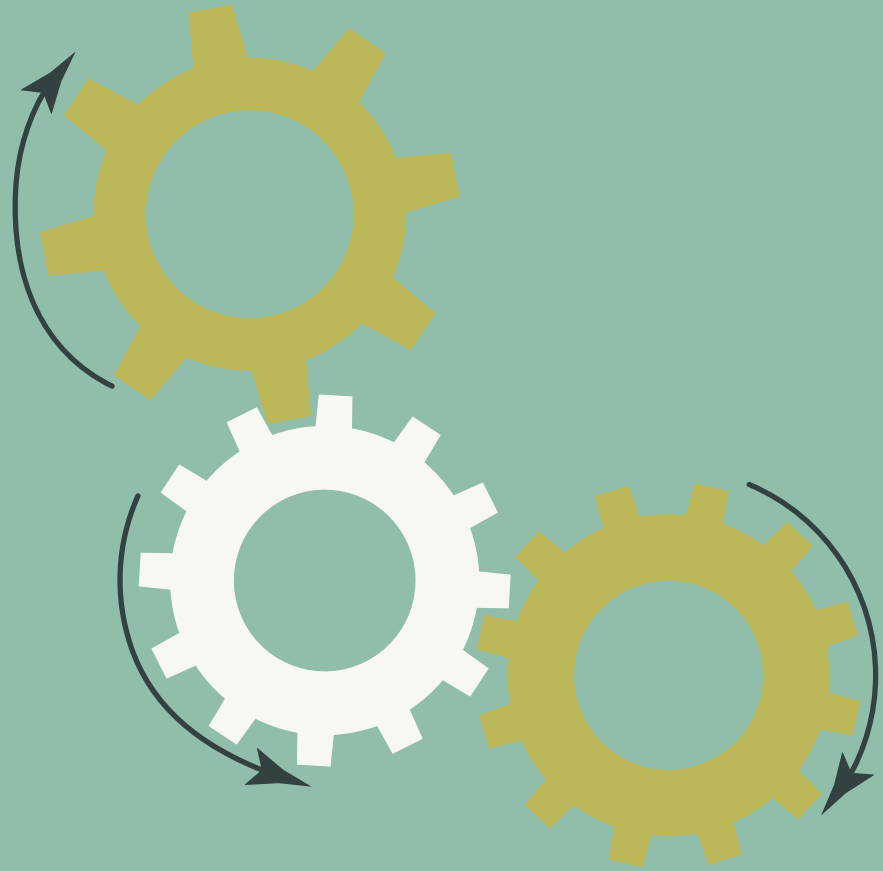
- **Decline often sharpest in third phase percentage-wise for whole cycle**
- **Often returns to price area around the second low of second phase**

STRATEGY



- **Buy the low that starts the cycle in third phase, but exit at historical price and time points**
- **Exiting on a retest of phase 2 high is prudent**
- **If trend indicators turn bearish, we would sell short or stand aside**

STRATEGY



- **Sell corrective rallies in bear markets**
- **We may be long during first phase, but that's it – exits or shorting follows**
- **Trend is neutral until prices drop below start of greater cycle (bearish) or takes out crest of previous cycle (bullish)**
- **In second phase of bearish 3-phase, look for test of first phase high or slightly lower peak**
- **In second phase of bullish 2-phase, look for lower-high or double-top**

QUIZ #6-9



- 1. What are five basic steps to review before writing market reports for investors and position traders?**
- 2. What are the two most important trend indicators we use in a longer-term market analysis report?**
- 3. What is the “Basic Trend Indicator?” When is it Bullish? Bearish? Neutral?**
- 4. What are the Moving Averages Trend Indicators? How are they determined?**

5. When is the market bullish using the moving averages?

6. When is the market bearish using the moving averages?

7. When is the market neutral using the moving averages?

8. What are the other possible changes in the status of a moving averages trend indicator?

9. What are the three basic types of market patterns?

10. Which phase is almost always bullish?

11. In a bull market, which phase usually contains the highest price or a re-test of the cycle high?

12. In a bull market, which phase usually contains the steepest decline?

13. At what point is a cycle determined to be confirmed bearish?

14. In a bearish cycle, which phase usually contain the cycle crest?

15. What does it mean when a market takes out the high of its previous cycle?

16. Which geocosmic signatures are most useful for identifying the time band for an intermediate or longer-term cycle crest or trough

**End of Module
Lesson Nine: Cycles
Status - Is it the
Beginning, Middle,
or End of a Cycle?**