THE ELLIOTT WAVE NAVIGATOR

WAVETRACK INTERNATIONAL

MONTHLY UPDATE »

Stock Indices | Currencies | Commodities

AUGUST/SEPTEMBER 2015

(data through 10th August 2015)

HIGHLIGHTS

» **STOCK INDICES** - *The majors remain in an upward trajectory despite concern over interest rate hikes and weakening breadth. Our current benchmark/proxy is Europe's Eurostoxx 50 index with upside forecasts +15% per cent for the next couple of months – for the S&P, this translates into a corresponding +7% per cent advance. Once targets are reached, five wave patterns measuring from the Sep/Oct.'11 lows will be completed, opening the way for substantial corrective declines that will last into early next year.*

» **CURRENCIES** – *The US$ dollar is finalising its entire advance that began from the March '08 lows. The existing March '15 high for the index at 100.39 remains our preferred climax although we have made allowance for one additional but final upswing into September/October to 102.38+/- if necessary. A more immediate decline below the May low of 93.13 would however, confirm the dollar's high in March and forewarn of an accelerative decline that resumes the long-term downtrend.*

» **COMMODITIES** – *The script could not be written more perfectly – sentiment has reached extremes, analysts are marking-down prices to a degree not seen during the entire 4½ year decline and more importantly, Elliott Wave corrective patterns are now synchronising completion across the sector, especially in the mining industry. Gold has traded down to long-awaited targets below $1100.00 whilst the gold-silver mining companies have extended lower although maintaining their pattern integrity into major downside support. The US$ dollar's medium-term switch in direction is seen as a contributing factor in aiding an overall commodity recovery, and later, a surge higher to confirm a new uptrend is established.*

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IN THIS EDITION

This month's Elliott Wave Navigator updates the 'Secular-Bear' vs. 'Secular-Bull' themes and through the lens of the EW methodology, assesses the probability of each with focus on the timing of the next peak using a new composite cycle. Also, we examine validity of the 7-year Shemitah cycle – this has gained awareness in recent months through different media outlets but prominently from Jonathan Cahn's book 'The Harbinger' and subsequently exploited by Jeff Berwick. It states that the end of the current Shemitah cycle is on the 13th September 2015, in a month's time. On two previous occasions, this cycle has triggered a significant stock market sell-off – in September 2008, during the 'financial-crisis' when the Dow Jones collapsed by -29% and when the World Trade Center was destroyed in September 2001 with the Dow falling by -16% per cent. But this time, the current Shemitah cycle also begins a 50th year 'Jubilee', something that W.D. Gann was aware of from his cycle work. So we'll be taking a look at what happened during the two previous 50th year jubilee cycle periods of years 1917 and 1966! .

INVITATION

The **Live-Update-Forum (LUF)** is our conference-call access point to ensure we communicate the most important aspects of market price development directly to you! There are some amazing changes on the horizon, many of which feature in this month's EW-Navigator report, but there are others that are simply uploaded into the EW-Forecast database that could be critical to view – so why not save time hunting around, call us now to take the next LUF conference-call meeting and we'll ensure you see what is relevant to your very own portfolio.

The EW-Forecast database also includes many additional time-series for the following contracts:

Stock Indices: *S&P – DJIA – DJTA – Nasdaq – Eurostoxx 50 – Xetra Dax – Ftse 100 – IBEX 35 – Hang Seng – Kospi – Nikkei – Topix – Shanghai Composite – Jakarta Composite – Thai SET – Straits Times – All Ordinaries – Sensex – Bovespa – Russia RTS*

Currencies: *US$ Index - Euro/US$ - US$/Stlg - US$/CHF - US$/Yen - US$/CAD - US$/SK Won - Euro/Stlg - Euro/Yen - Euro/CHF - Stlg/Yen - Yen/SK Won - AUD/US$ - AUD/NZD - AUD/Yen*

Fixed Income: *US10yr – US2yr – DE10yr – De2yr – US10yr-De10yr Spread – Spain 10yr – Italy 10yr – Greece 10yr – Japan 10yr*

Commodities: *: CRB-Cash index – Crude Oil – Brent Oil – Energy Arbitrage – Gold – Silver – Gold/Silver Ratio – GDX – XAU – XME – Copper – Aluminium - Lead – Zinc – Nickel – Tin*

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OVERVIEW – 'Themes & Observations'

Global stock markets are in their final stages of an advance that began from the September/ October '11 lows although the final push higher to upside target levels is expected to take another 6-8 weeks before completion. Europe is leading the way with indices like the Eurostoxx 50 and Xetra Dax evolving higher from the Oct.'14 lows into a five wave expanding-impulse patterns. Its 5th wave has already begun from the early-July lows, so it won't be too long before this runs its course. Using proprietary Fibonacci-Price-Ratios (FPR's), upside targets are still +14-16% per cent above current levels. This is twice as much for equivalent levels of the benchmark S&P 500 index with upside targets +7% per cent.

Despite this, the probability of a subsequent -20-25% corrective decline is increasing basis cycle analysis. During the last few years, the monthly composite cycle of the S&P has been regularly updated, showing an important top-building high forming into the time-zone that begins from March '15 *(phase adjustment 7-10 months)*.

But in this latest update, a weekly composite cycle is introduced that does a similar job in tracking the major peaks and troughs since March 2000, and whilst it corroborates an imminent peak forming into September-October, unlike the monthly cycle, it prolongs the overall uptrend into August 2018 once a corrective downswing has completed.

This month's report also takes a look at the growing awareness of the 7-year Shemitah cycle. This cycle is based from the Hebrew texts and extracts of the Holy Bible – the famous scholar, analyst and trader W.D. Gann often commented on this cycle-periodicity.

The current Shemitah 7-year cycle ends on the 13th September 2015 and it is also the beginning of the Jubilee year where 7 x 7 cycles = 49. The Bible states that the 50th year becomes another year of 'releasement and rest'. On the two previous occasions of ending Shemitah, stock markets declined rapidly, during the Financial-Crisis of 2008 and the destruction of the World Trade Center in 2001. So here we have another important cycle forewarning of an important, up-coming peak.

SECULAR-BEAR VS. SECULAR-BULL

Let's assume the analysis is correct – stock markets put on another 14% per cent in Europe whilst the S&P trades higher by +7% per cent inside the next 6-8 weeks. And taking a step further, the markets then begin a sizable sell-off.

Q. Is this the beginning of a 'secular-bear' or a counter-trend correction within a 'secular-bull'?

We return to this secular bear/bull theme once again but hopefully, not boring you in the process – naturally, it's probably THE MOST IMPORTANT QUESTION TO ANSWER right now.

In previous editions of the Elliott Wave Navigator, we have thoroughly examined both scenarios and listed why our original hypothesis will probably change during the next few years. The original hypothesis forecast the S&P unfolding higher from the financial-crisis low of 666.79 into a multi-year three price-swing *(waves)* zig zag pattern, labelled in cycle degree, A-B-C – ***see fig #1***. Taking into consideration that this analysis forecast the S&P 'doubling' in price from the Oct.'11 low and the fact that upside targets derived from fib-price-ratio measurements have only now been realised, short by just a handful of points, is in itself, a great testament to the Elliott Wave process. So when examining this pattern in isolation, yes, it all seems to come together in highlighting a potential crash beginning soon!

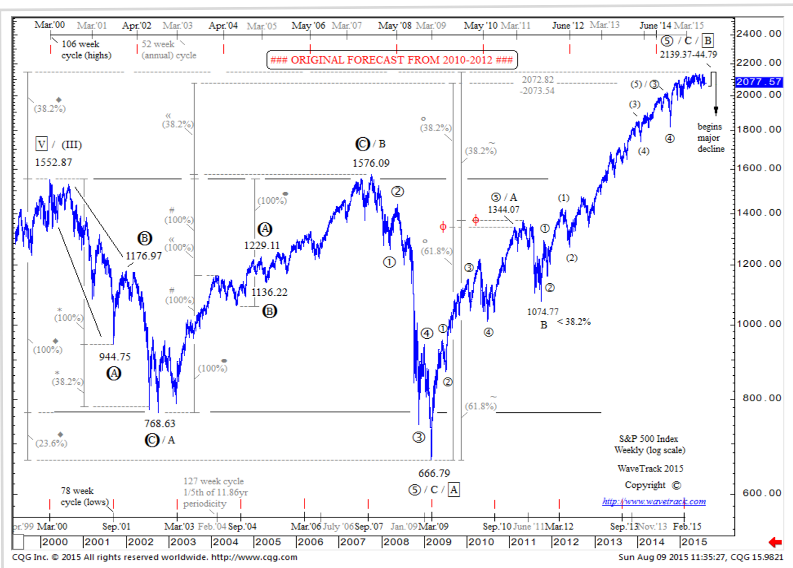

fig. #1 S&P 500 - Weekly

But when this chart is placed into a more global context, alongside comparisons with Asian indices and many individual equities we track in our portfolio, ***we discover discrepancies, where the other markets are not synchronously aligned into a similar peak-formation***. This is not what happened into the last major peak of 2007/08. At that time, all the major stock markets were aligned in forming synchronous ending patterns. This time around, Asian and Emerging Market indices have many more years left in them to complete uptrends that began late 2008, early 2009.

So in answering the question, the only rational explanation is that the three price-swing advance of the S&P is not a corrective counter-trend pattern after all, but the first three sequences within an ongoing five wave expanding-impulse pattern. Should the S&P eventually unfold in this way, it would then synchronise itself with global markets whilst projecting much higher levels, but years in advance.

This change of thinking will have more near-term effects too! It means that once stock markets and the S&P form a peak into the September/October time zone, prices will begin a decline but **THIS WILL NOT BE THE BEGINNING OF A SECULAR-BEAR - RATHER, IT IS SIMPLY A COUNTER-TREND CORRECTION – OF BETWEEN -20-25%** - ***see fig 2***.

The S&P upside targets into September/ October remain towards the 2229.43-39.02+/- level. These are in close proximity to each other, thus forming a 'Fibonacci-convergence' and derived by using two different aspects of the 'golden-number', ratios 161.8% and 61.8%. In this chart, a five wave pattern is unfolding higher from the Oct.'11 low of 1074.77.

Basis the original secular-bear scenario, this was annotated/labelled cycle wave C but under the secular-bull scenario, becomes intermediate wave (3). The results of applying these fib-price-ratios is however, the same for both.

Extending the initial 1-2-1 sequence between 1074.77 to 1422.38 by a fib. 161.8% ratio produces the higher of the two levels at 2239.02 whilst extending the 1-2-1-2-1-2-3 sequence into the May '13 high at 1687.18, the point where 'price-expansion' ends by a reciprocal 61.8% ratio projects to 2229.43.

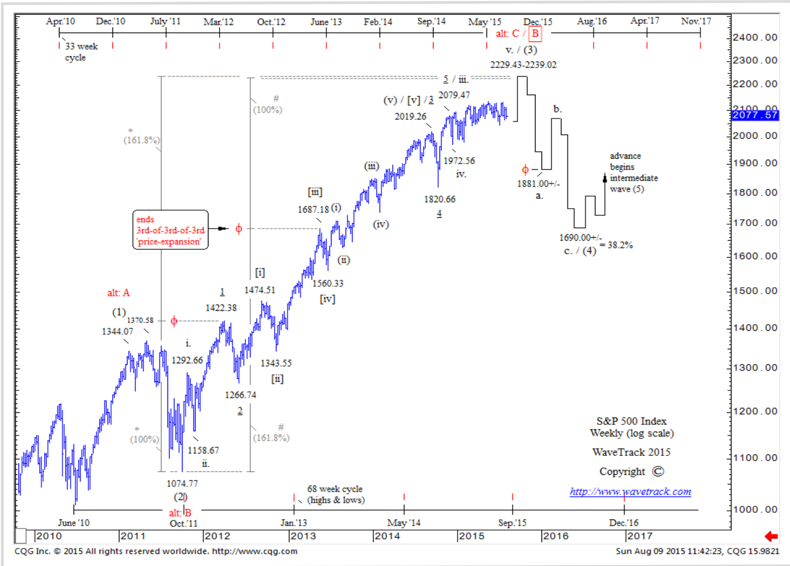

fig. #2 S&P 500 - Weekly

From this we can discern that the S&P's price is 'attracted' to this level with the probability it will test the upside into late-September, early October, ideally in time to synchronise with the seasonal cycle high. Basis the completion of a five wave upswing from 1074.77, and assuming the decline is acting out as a 4th wave correction, a fib. 38.2% ratio is used to measure the downswing – this projects to 1690.00+/- representing a depreciation of minus -24.5% per cent.

LOOKING FURTHER AHEAD

Of course, we rely on the pattern synchronisation with other global markets to discern this decline is simply a counter-trend (4)th wave rather than the beginning of a secular-bear, but if this analysis is correct, then the ongoing five wave development from the financial-crisis lows will ultimately look like this – ***see fig #3***.

The five wave pattern is labelled in intermediate degree, its correct hierarchical nomenclature that fits into the long-term picture, (1)-(2)-(3)-(4)-(5). One of the impulse waves, (1)-(3)-(5) will always 'extend' or will measure larger than the other two – commonly, wave (3) is the longest/largest sequence but as we already know, wave (3) is about to complete and so far, it measures equally with wave (1) at slightly higher than current levels, at 2166.45. Even an attempt to 2240.00+/- would not change this drastically.

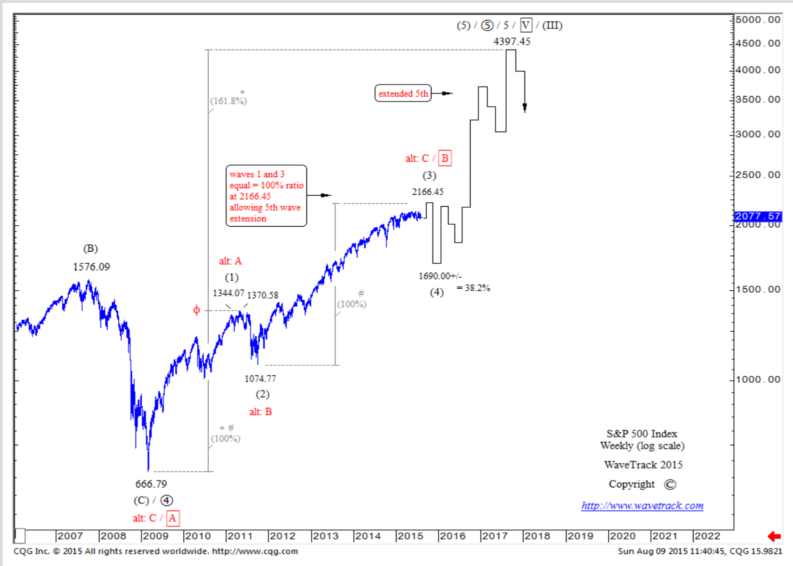

fig. #3   S&P 500 - Weekly

R.N. Elliott stated that when 1st and 3rd waves are approximately equal, the 5th wave will 'extend' or will evolve much larger than the other two. To get some idea of wave (5)'s upside potential, we have applied some proprietary fib-price-ratio measurements to the ongoing sequence. In this case, wave (1) is extended by a fib. 161.8% ratio and this projects a terminal high for wave (5) to 4397.45+/-. That's an incredible +160% per cent gain from 1690.00+/-!

This may seem like fantasy right now, but then so did our forecasts for the S&P to trade higher by +100% per cent back in 2011. To really gain a perspective of what the future holds, we must shed the shackles of preconception and analyse in an impartial, objective manner *(Warren Buffett just bought Precision Castparts for $37bn – what vision does he foresee that us mortals don't?)*. The concept of a 5th wave 'extension' is also backed up by the long-term measurements for the Dow Jones *{see May's monthly EW-Navigator report and the accompanying video for more information}*.

S&P'S WEEKLY COMPOSITE CYCLE

This updated weekly composite cycle of the S&P is similar in performance to the monthly-periodicity shown regularly over the last few years *{see fig #6 in the May/June edition}*. Both have tracked the major peaks and troughs perfectly over the 15-year period but looking ahead, there begins some divergence.

Whereas the monthly cycle formed a peak last year, since turning lower but in mid-2016 recovering only modestly higher to form a lower secondary peak by August 2017, the weekly turns lower from last year's peak forming a low earlier, in Jan.'16 and when resuming higher, the cycle surpasses the previous peak forming into a new higher high by August 2018 *– see fig #4*.

This would support the possibility that the S&P undergoes a corrective sell-off, perhaps short and sharp so that it forms the next important low early in 2016 as intermediate wave (4). Later, resuming higher as wave (5).

We cannot know whether the monthly composite cycle that more lends itself to the secular-bear theme is correct, or whether the weekly composite is a more accurate guide to price development over the next few years – this will eventually fall on the validity of the Elliott Wave Principle to determine an accurate view of what's to come – and if our pattern synchronicity analysis has anything to say, the secular-bull story will ultimately prevail.

SHEMITAH – 7 YEAR CYCLE

Shemitah is the Hebrew Sabbath, the seventh year of the seven-year agricultural cycle as described in the Torah and the Old Testament of the Holy Bible. The Shemitah is still observed in contemporary Judaism although its interpretation differs from the literal to the inner spiritual meaning.

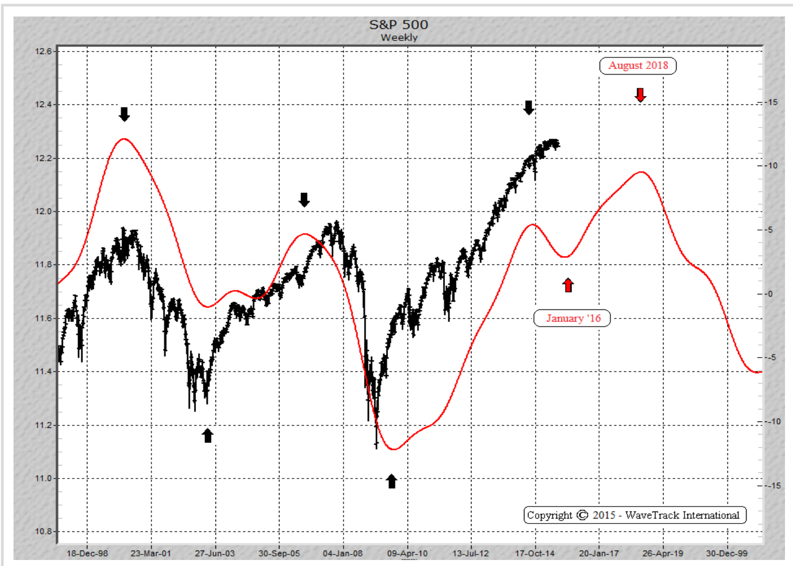

fig. #4   S&P 500 - Weekly - Composite Cycle

The number 7 is often referred to as a sacred number and there are more references to it in the Bible than any other number – Shemitah relates to the 'releasing of the land', a 'time of rest'. Leviticus 25: 1-4, 8-12 'As every Seventh day was the Sabbath day, so every Seventh year was the Sabbath year' – also, Exodus 23: 10-11, Deuteronomy 15: 1-6, Jeremiah 34: 13-14, Nehemiah 10: 31, 2 Chronicles 36: 20–21 and 2 Kings 19: 20-30.

A Shemitah year is usually September-September, beginning with 1-Tishrei and ending on 29-Elul, one year later (7th year). All Shemitah years are divisible by the Sacred Number 7. Since 1900, the Shemitah years begin with 5663 to recently 5775. A Jubilee Year occurs every 50th year – e.g. 7x7 years = 49 +1 year. ***The Jubilee year signals an additional year of 'releasement/ rest'***.

The famous speculator W.D. Gann often refers to the 7-year cycle and is widely thought to have left behind many clues to its importance in his fictional novel 'The Tunnel Thru the Air' – *'New York City was founded in 1614. Adding a period of six times forty-nine (7 x 7 = 49) brings us to 1908 and adding 24½ years or one-half the time of forty-nine years, brings us to 1932...The last half of the seventh period of forty-nine years, or from the dividing of time, is another jubilee period for New York City. The smaller cycles and seven year periods mentioned so often in the Bible, also indicated that twice seven, or fourteen years from 1914 will bring war again in 1928'* (Was Gann was alluding to a social, economic calamity of some kind – perhaps the start of the Great Depression?).

SHEMITAH/JUBILEE YEARS - 7 Year Cycle
EVENT CHRONOLOGY - Jubilee every 50th Year

SHEMITAH 1917	JUBILEE 1917-1918	SHEMITAH 1924	SHEMITAH 1931	SHEMITAH 1938	SHEMITAH 1945	SHEMITAH 1952	SHEMITAH 1959	SHEMITAH 1966
WWI	ISRAEL-BRITISH/ OTTOMAN EMPIRE	GREEK KING DEPOSED	GREAT DEPRESSION	HITLER SEIZES CONTROL	END of WWII BRETTON WOODS	U.S. / KOREAN WAR	CUBAN REVOLUTION	U.S. CIVIL UNREST/RIOTS
Major Correction	Markets Advance	Roaring Twenties	Markets Crash!	Major Correction	Markets Advance	Markets Stagnant	Markets Advance	Major Correction

JUBILEE 1966 - 1967	SHEMITAH 1973	SHEMITAH 1980	SHEMITAH 1987	SHEMITAH 1994	SHEMITAH 2001	SHEMITAH 2008	SHEMITAH 2015	JUBILEE 2015 - 2016
ISRAEL/SYRIA/ EGYPT/JORDAN WAR	OIL SPIKE/END BRETTON WOODS	IRAN-IRAQ WAR	NATURAL DISASTERS	BOND MARKET CRASH!	WTC DESTROYED	LEHMAN BROS. FIN-CRISIS	STOCK MKT CORRECTION?	STOCK MKT CORRECTION?
Major Correction	Markets Stagnant	Markets Advance	Markets Crash!	Markets Advance	Markets Crash!	Markets Crash!	Markets Stagnant	-20/-25% forecast

fig. #5 Shemitah/Jubilee Years - 7 Year Cycle

'...adding half a period of a cycle of seven, or forty-two months, would indicate the duration of the war, as spoken by Daniel in the dividing of times and seasons' (42 months from end 1928 does project into the July 1932 low!).

I must add that this fictional novel was published in 1927!

Contemporary Shemitah & Jubilee Yovel

The Shemitah 7-year cycle has gained awareness in recent months through different media outlets but prominently from Jonathan Cahn's book 'The Harbinger' and subsequently exploited by Jeff Berwick. It states that the end of the current Shemitah cycle is on the 13th September 2015, in a month's time. On two previous occasions, this cycle has triggered a significant stock market sell-off – in September 2008, during the 'financial-crisis' when the Dow Jones collapsed by -29% and when the World Trade Center was destroyed in September 2001 with the Dow falling by -16% per cent.

But this time, the current Shemitah cycle not only ends in the 13th September, it simultaneously begins a 50th year 'Jubilee' (YOVEL) year.

Leviticus 25:10 - *Each seventh year is to be kept as a Sabbath year - Each fiftieth year is to be one of jubilee, in which liberty is proclaimed throughout the land - Laws are revealed for the sale and redemption of lands, houses, and servants - The land is the Lord's, as are the servants.*

It's our intention to examine the significance of the Shemitah 7-year cycle and to check the mainstream perception that it signals a major sell-off for the Down Jones and S&P indices.

In order to gain some insight of the Shemitah effect on stock markets, we are going to take a larger sampling of the data than just the last two occasions of 2001 and 2008 – see chart/table ***in fig #5***. Beginning with the year 1917, this relates to the Jewish year of 5677 *(5677 divided by 7 = 811 – all Shemitah years are divisible by the Sacred number 7).*

As you can see from this chronological table, a large percentage of Shemitah years do actually coincide with major global events.

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Notably, the 1916-17 Shemitah year occurred in the middle of WWI followed by the 50-year Jubilee that ended it in 1918 also marking the handover of Israel from the Ottoman Empire to the British *(The Prophecy of Jerusalem's Deliverance in 1917 - Daniel 12:4-12. The year 1335 corresponds to the year 1917, the exact year when the Turks handed over the City of Jerusalem to the British)*. ***This was the Jubilee 50th year of the cycle***. As we roll through the years, notable Shemitah cycles occur at major historical events like the Great Depression, the end of WWII and the introduction to Bretton Woods, the Israeli/Syria/Egypt/Jordan war, the end of Bretton Woods in 1973 and the high for Crude Oil, the stock market crash of 1987 and then into the last two previous occasions of stock market sell-offs in 2001 when the World Trade Center was destroyed and the financial-crisis of 2008.

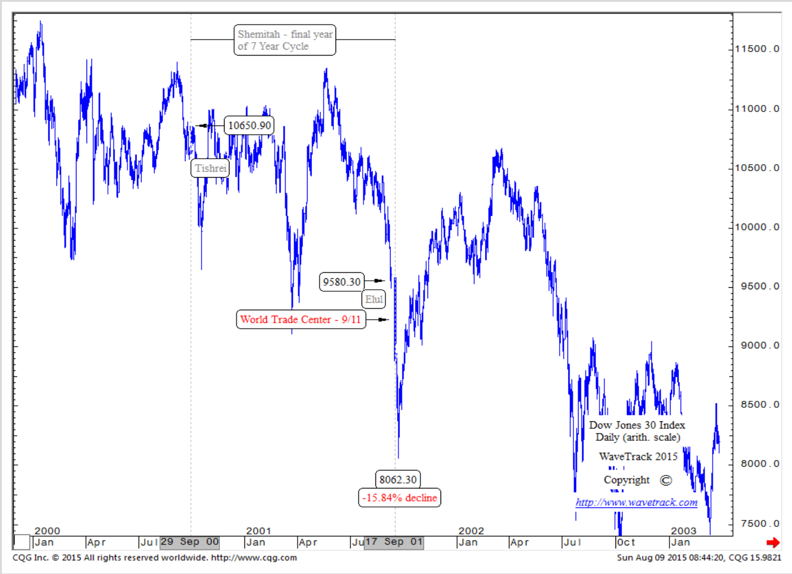

fig. #7 Dow Jones - Daily

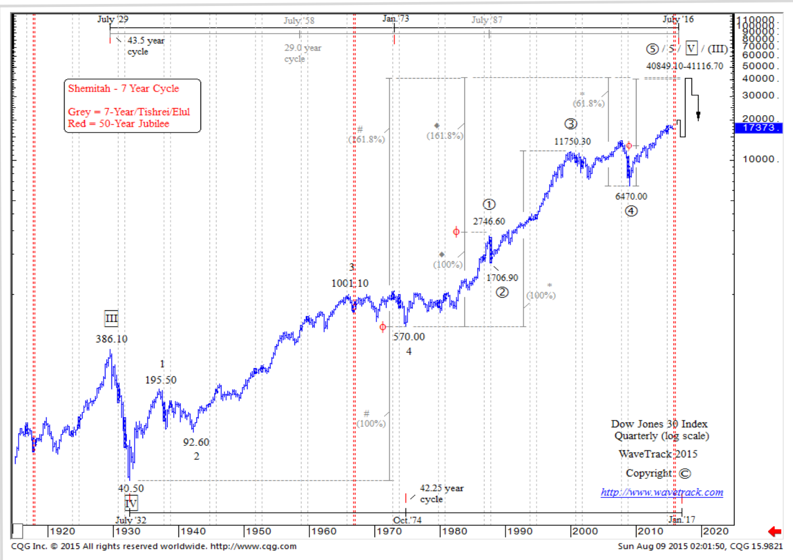

fig. #6 Dow Jones - Quarterly

Following the .dot com bubble-burst of 2000-2002, the Dow Jones (DJIA) was already staging a major corrective decline when the Shemitah cycle began on the 30th September 2000 *(a Saturday)* ending on the 17th September 2001 – ***see fig #7.*** The last day of Shemitah is the day of Elul, and this occurred on September 17th six days after the World Trade Center was destroyed – ***Wall Street was closed from the day of Elul to its reopening on the 17th at which time it immediately declined from high-low by 697 points, or -7.27% per cent***. It continued lower into the 21st September low of 8062.30, a decline from Elul of -15.84% per cent.

Next, we compare this to the following Shemitah cycle of 2007-08. It began with 1-Tishrei, near the top of the Dow Jones peak in Oct.'07 – ***see fig #8***. The day of Elul was on the 29th September, the last day of Shemitah – that day, the high-low range was a decline of 774 points, or -6.94% per cent.

The next/current Shemitah year actual began on the 25th September 2014 and lasts until the 13th September 2015, next month. Let's take a look at all the Shemitah years since 1917 and compare the last two Jubilee 50th years with the two previous ones in this long-term Dow Jones index chart – ***see fig #6***. The grey vertical lines depict the Shemitah 7-year cycle, the red lines are the Jubilee 50th years that follow immediately after the end of a Shemitah cycle. At first glance, yes, it does seem that major events, even stock market declines occur around these dates but we need to take a closer look.

We begin by first taking a look at what has caught the attention of what I term as 'sensationalist journalism', the last two occasions of the Shemitah 7-year cycle.

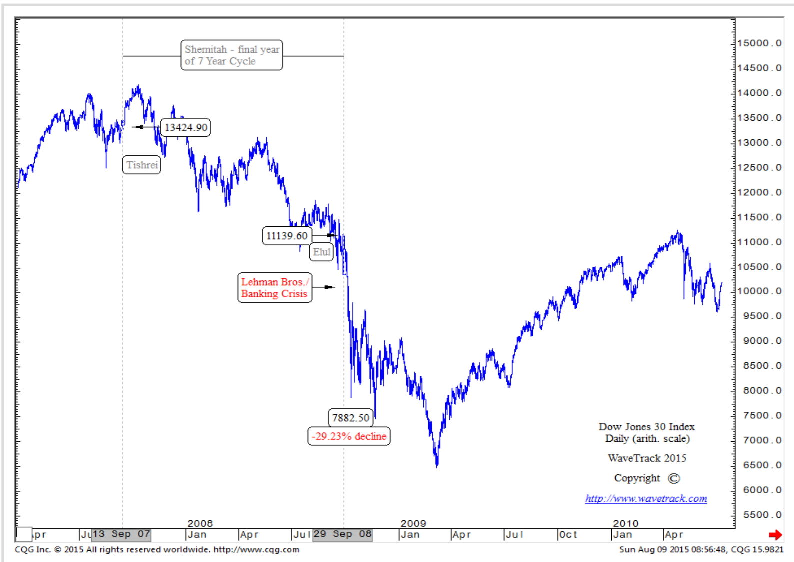

fig. #8 Dow Jones - Daily

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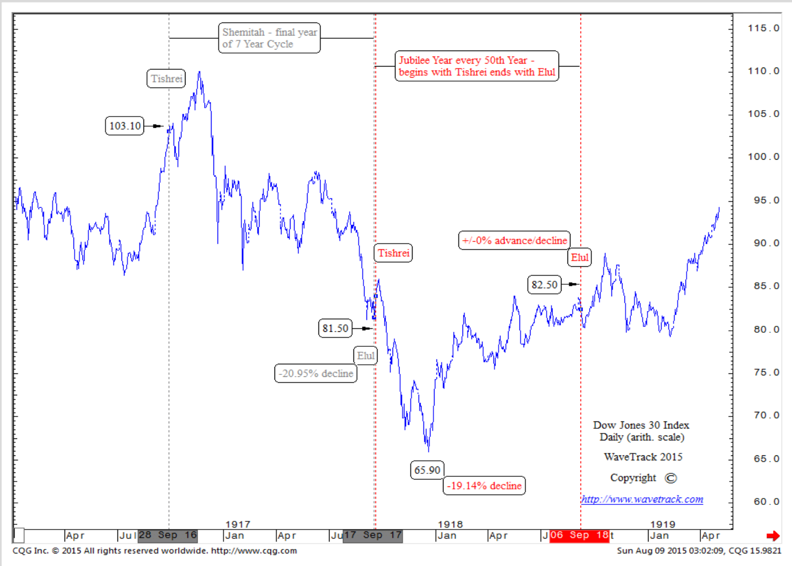

fig. #9 Dow Jones - Daily

It continued lower for another month into an Oct.'08 low of 7882.50, extending the decline from Elul to -29.23%.

From just these two examples, it looks like we've been alerted to a possible repetition on the 13th September 2015. But the current Shemitah year, ending on the 13th September, is also the beginning of the 50-year Jubilee *(Yovel)*. Does this change anything? Let's now take a look further back at the two previous occasion a Jubilee 50th year occurred.

This next chart focuses on the Shemitah year of 1916-1917 – ***see fig #9***. The Dow Jones (DJIA) began the year at 1-Tishrei, a Dow Jones level of 103.10 on the 29th September, 1916. It rallied higher into November, then declined for the remaining period until 29-Elul on the 17th September 1917 at a level of 81.50.

But this date also began the 1-Tishrei of the Jubilee year – actually, it didn't behave much differently to any other day of Elul in the Shemitah calendar – prices declined afterwards, to a low in Dec.'17 at 65.90, a -19.14% decline. ***So nothing unusual about this Jubilee.***

The next Shemitah that is followed by a Jubilee year began on the 27th September 1965 – ***see fig #10***. On the first day of Tishrei, the Dow Jones was trading at 937.80, trading initially higher but later repeating the theme from fifty years earlier, by staging a progressive decline thorough the year into 29-Elul on the 14th September 1966. The Dow Jones was trading at 806.20 and then it declined a month later into October by -7.67% per cent. As the Jubilee year began, *{red vertical lines}*, the overall declines of the Shemitah were eventually eradicated entirely by a steady advance into the end of the Jubilee date of 4th October 1967.

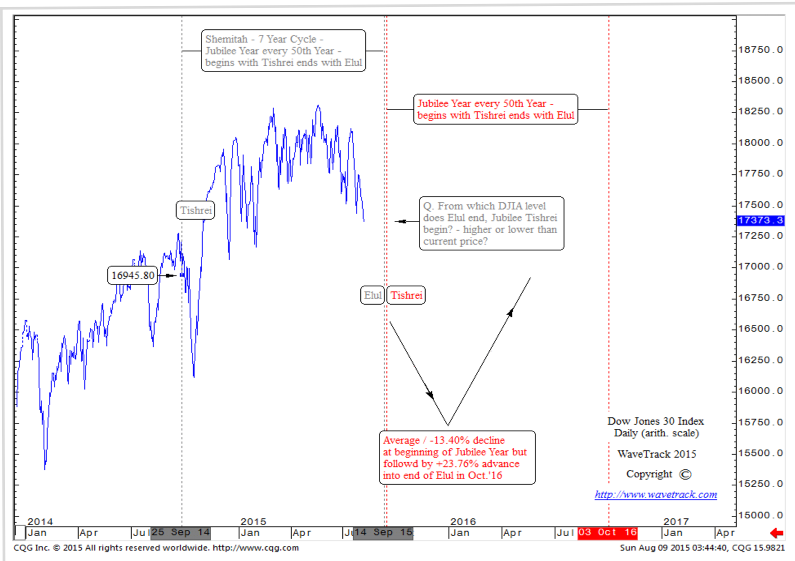

fig. #11 Dow Jones - Daily (arith. scale)

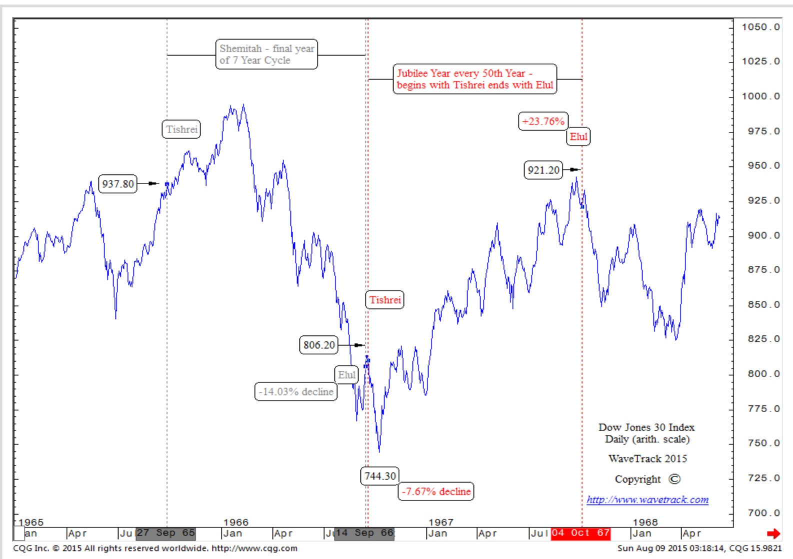

fig. #10 Dow Jones - Daily - (arith. scale)

From these two previous occasions, we can discern that the Jubilee year begins weaker, but after an average decline of -13.40% per cent after 29-Elul, prices then trend higher during the remaining twelve month period, an average gain of +23.76% per cent. So it's not all doom and gloom!

SHEMITAH – SEPTEMBER 13TH 2015

The Elliott Wave analysis for the Dow Jones (DJIA) and S&P depicts an important high coming into the September-October period. At what level trades into the Shemitah date of the 13th September is unknown so far – short-term analysis suggests a higher high into this date, above the existing record set last May at 18351.30 – ***see fig #11***.

SHEMITAH/JUBILEE YEARS - 7 Year Cycle

Hebrew Date	Tishrei - 1st	Elul - 29th	Dow Jones - net % Decline/Advance	Jubilee Year	3-Month Decline/Advance	29th Day of Elul/Ends Jubilee	net % Decline/Advance
5663	October 2 - 1902	September 21 - 1903	-27.10%	n/a	-13.01%		
5670	September 16 - 1909	October 3 - 1910	-18.58%	n/a	6.69%		
5677	September 28 - 1916	September 16 - 1917	-20.95%	1917-1918	-19.14%	September 6 - 1918	0.00%
5684	September 11 - 1923	September 28 - 1924	9.93%	n/a	-3.69%		
5691	September 23 - 1930	September 11 - 1931	-43.44%	n/a	-32.60%		
5698	September 6 - 1937	September 25 - 1938	-20.93%	n/a	21.17%		
5705	September 18 - 1944	September 7 - 1945	22.04%	n/a	8.72%		
5712	October 1 - 1951	September 19 - 1952	0.73%	n/a	-2.77%		
5719	September 15 - 1958	October 2 - 1959	21.60%	n/a	7.68%		
5726	September 27 - 1965	September 14 - 1966	-14.03%	1966-1967	-7.67%	October 4 - 1967	23.76%
5733	September 9 - 1972	September 26 - 1973	-1.21%	n/a	-16.97%		
5740	September 22 - 1979	September 10 - 1980	4.97%	n/a	6.57%		
5747	October 4 - 1986	September 29 - 1987	46.02%	n/a	-32.89%		
5754	September 16 - 1993	September 5 - 1994	7.37%	n/a	-5.74%		
5761	September 30 - 2000	September 17 - 2001	-16.24%	n/a	18.03%		
5768	September 13 - 2007	September 29 - 2008	-22.78%	n/a	-26.79%		
5775	September 25 - 2014	September 13 - 2015	2.52%	2015-2016	?	October 2 - 2016	?

A Shemitah year is usually September-September, beginning with 1-Tishrei and ending on 29-Elul, one year later (7th year). All Shemitah years are divisible by the Sacred Number 7.

Since 1900, the Shemitah years begin with 5663 to recently 5775.

A Jubilee Year occurs every 50th year – e.g. 7x7 years = 49 +1 year. The Jubilee year signals an additional year of 'releasement/rest'.

fig. #12 Shemitah/Jubilee Years - 7 Year Cycle

But as we've seen from previous comparative cycles, when the 29th day of Elul comes into focus, it doesn't matter whether the trend is up, down or how long it has so far taken to evolve – all we know from the empirical testing of past cycles is that there is a high probability of an immediate shake-out to the downside.

From an Elliott Wave perspective, it is interesting to also note that on previous Jubilee dates, after an initial sell-off, prices then resume higher for the remainder of the year. This would suggest our secular-bull scenario is the correct approach to work from.

Not every Shemitah year causes a decline for the Dow Jones *(see blue/black text comparison for percentage movements in a Shemitah year)* – ***fig #12***. Of the 17 x 7 year periods tested, 9/17 were declines, or 52.94% per cent. The average decline for those occasions is minus -20.58% per cent. Only two previous comparisons are made for Jubilee years *{red text}* so this is not enough data to gauge how the coming cycle will behave during 2015-16. But if we were to include all Shemitah years *(not just Jubilee years)* to see how they behave during the next 3-month period of the next cycle, the results show that the Dow Jones declines by an average of minus -16.12% per cent – 10/17 or 58.82%, but later resumes higher.

Armstrong's 8.6yr Economic Confidence Model

Martin Armstrong is forecasting a major bond market collapse into the end of September, beginning of October *(see WaveTrack's Special Report from the 'Forecaster' Film-Night, May 2015 – or contact us for details/copies).*

We already know that some of his cycles, particularly his 8.6yr economic Confidence Model uses the Pi Φ irrational number 3.141 as the calendar days of this cycle. Interestingly enough, if we take the 3rd September high of the Dow Jones (DJIA) in 1929, the actual high that began the Great Depression collapse and extend 3141 days *(3141 days = 8.6yrs)* by a factor of ten, 31,410 days, *(3141 x 10 = 31,410 days)* into the future, we arrive at...

Wednesday 2nd September 2015!

This doesn't necessarily translate into the same circumstances as in 1929, but it could signal an important peak even if it is of smaller magnitude – anyway, a date to bookmark!

EUROPE'S BENCHMARK INDICES

Europe has outperformed the major U.S. indices so far this year and we expect that to continue during the next couple of months. Not only is outperformance an aspect between these two regions, but also Elliott Wave pattern integrity. By this we mean the 'qualitative integrity' of identifying its pattern, grading it in terms of clarity and conciseness. The S&P and Dow Jones (DJIA) indices are by comparison, complex and messy when viewed from the Oct.'14 lows and this opens up a Pandora's Box of ongoing permutations of price development. In contrast, the Eurostoxx 50's advance from the same date can be seen unfolding into a 'clean' five wave expanding-impulse pattern – ***see fig #13***.

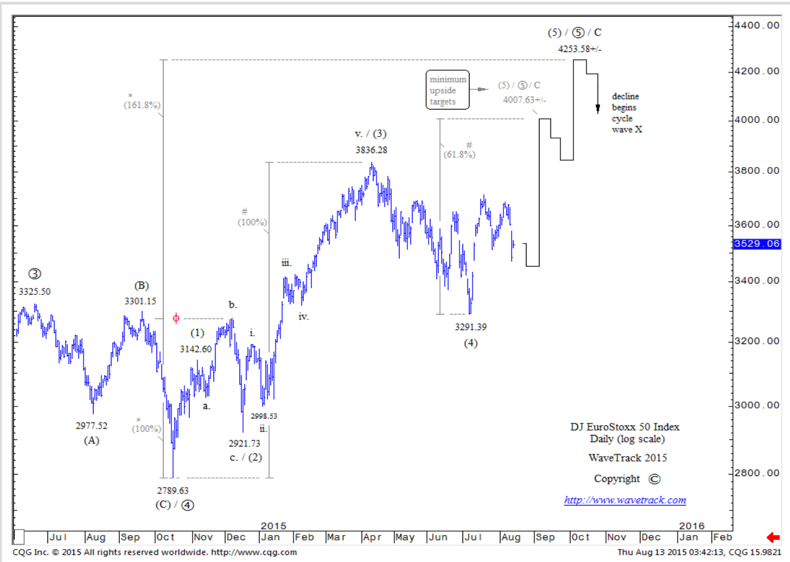

fig. #13 EuroStoxx 50 - Daily

This five wave sequence is assigned intermediate degree, labelled (1)-(2)-(3)-(4)-(5) and remains incomplete, but because its appearance is taking the form of an archetypal expanding-impulse pattern, with its 3^{rd} wave larger than the 1^{st} and probably the 5^{th}, it becomes our international proxy to compare with everything else. At the moment, its fifth wave, intermediate (5) began a final upswing from the early-July low of 3291.39. Testing a combination of different fib-price-ratios, idealised targets are still +19% per cent above current levels, towards 4253.58+/-. Such a large move will naturally, pull the S&P and other U.S. indices into record highs during the next month or two.

Once completed though, this five wave pattern ends an even larger five wave sequence in upward progress from the Sep.'11 lows – *see **fig #14**.* This larger pattern is labelled unfolding as a primary degree impulse, ①-②-③-④-⑤ with again its 3^{rd} wave as the longest in the sequence. Extending primary wave ① *(inclusion of high in wave ②)* by a fib. 161.8% ratio projects the high for primary wave ⑤ at 4238.48+/- and this forms a Fibonacci-convergence with the intermediate degree measurements shown earlier.

This means that once the upside is completed, this market, in fact all global markets will undergo a severe percentage corrective decline, proportional to the upswing from the Sep.'11 low. A fib. 38.2% retracement of the 1935-89-4238.48+/- advance projects down to 3035.00+/- for the following months into next year – that's a depreciation of about minus -28% per cent.

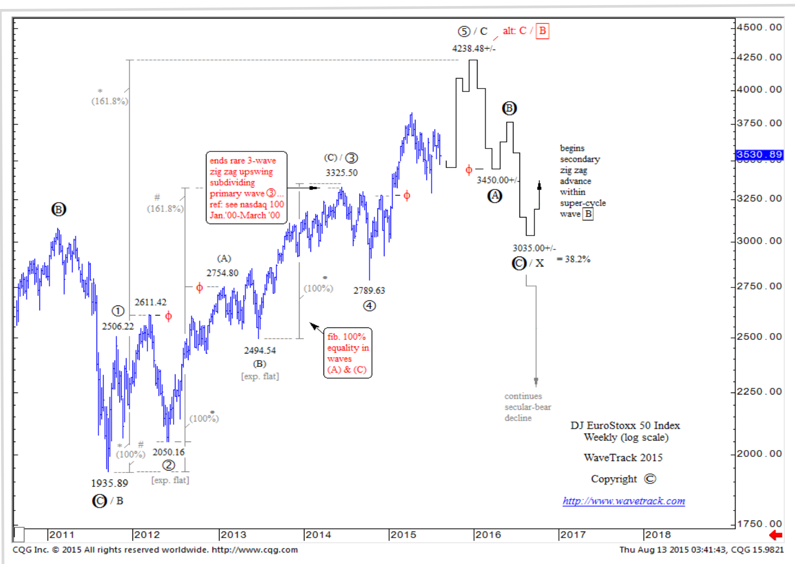

fig. #14 EuroStoxx 50 - Weekly

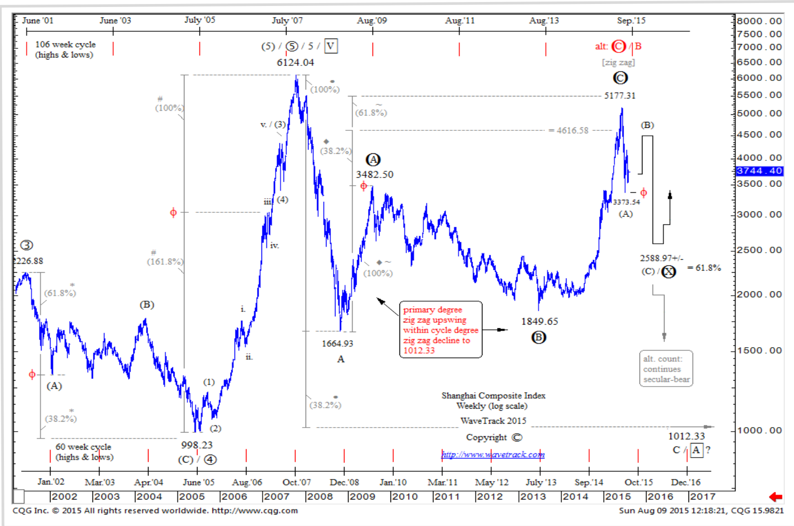

fig. #15 Shanghai Composite Index - Weekly

This is very informative because it alerts us to a stock market downturn beginning from September/October and lasting into several months of 2016.

ASIA'S STOCK MARKETS

The Shanghai Composite has shot into mainstream finance as this year's exponential rise that began back in June '13 formed an important peak in June '15, a two-year anniversary date! ***See fig #15***. The June '13 upswing was in fact the third sequence of a counter-trend zig zag pattern that began from the financial-crisis low of 1664.93 and with fib-price-ratio measurements, a forewarning of an imminent peak was already telegraphed in our reports in May. So it came as no surprise when a subsequent decline unfolded into the early-July low at 3373.54, wiping out -34% per cent of its value.

Now it's interesting to note that the early-July low coincided with important price & time calculations. In terms of time, its low coincided with the lows forming in Europe and the U.S. – in terms of price, the 3373.54 low was ended at the exact fib. 38.2% retracement level of the preceding zig zag that began from the Oct.'08 low of 1664.93. That's remarkable! This tells us two things – first, while European and U.S. stock markets are staging a final upswing into September/October, the Shanghai Composite will follow higher, but only as a counter-trend corrective sequence – it will not break above the existing June high – second, when other major indices begin a multi-month decline

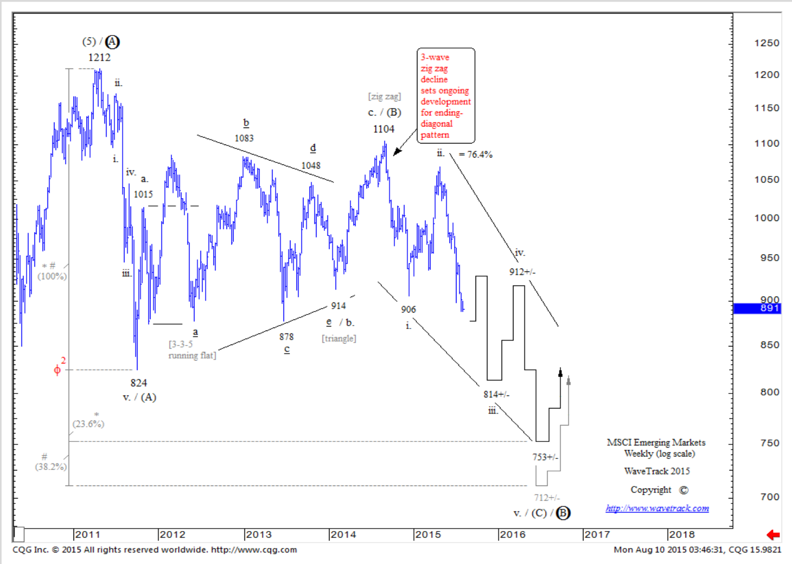

fig. #16 MSCI Emerging Markets - Weekly

(see commentary above for the Eurostoxx 50), the Shanghai Composite will resume its decline with next downside targets to 2588.97+/-, the fib. 61.8% retracement level. Assuming the index first trades back up to 4500.00+/-, then its subsequent decline represents a sell-off of minus -42% per cent, underperforming U.S. and European indies.

But even more important than this is the fact that the exact fib-price-ratio attempt in early-July to the 38.2% retracement level of 3373.54 means that it is almost certainly part of a counter-trend zig zag – yes, it will terminate lower to 2588.97+/- at a later date, but as primary wave Ⓧ within an ongoing double zig zag. That translates into even higher highs when we look much further into the future, into the end of the decade and perhaps into the early period of the next.

EMERGING MARKETS

The Emerging Markets have been out of favour this year, ever since the markets began expecting a liquidity drain due to an imminent interest rate hike by the Federal Reserve. This is no great surprise when taking a look at the MSCI Emerging Markets index ***– see fig #16***.

In fact, if there is any surprise, it is in the fact that it is taking so long to finish a counter-trend zig zag declining pattern that began from the April '11 high. This pattern is labelled in intermediate degree, (A)-(B)-(C).

It only took twenty-three weeks to complete the initial decline as wave (A), ending at 824 in Oct.'11. But the corresponding rally as wave (B) too an amazing 152 weeks to unfold to completion in September '14 at 1104. But wave (C) has since begun a final decline and by extending wave (A) by a fib. 38.2% ratio, downside targets for the next several months remain towards 712. This is a minimum downside target – if a fib. 61.8% ratio is used, then targets measure to 650!

This lower target is possible especially since the index will continue to underperform once other major indices begin declines after October this year.

CURRENCIES -

US$-Dollar

This is just a quick recap of the US$ dollar progress – for more detailed information and updates on the many pairs and crosses maintained in our portfolio, please log-in to the EW-Forecast database, or contact the Live-Update-Forum conference-call lines.

So much depends of the US$ dollar for the remaining period of this year. US$ dollar-based commodities comes to mind and the fact that we expect major lows to form and for significant upside potential once the dollar resumes its medium/long-term downtrend.

Also, stock market portfolio managers remain overwhelmingly underweight the commodity sector, remaining long global equities at the cost of holding little cash.

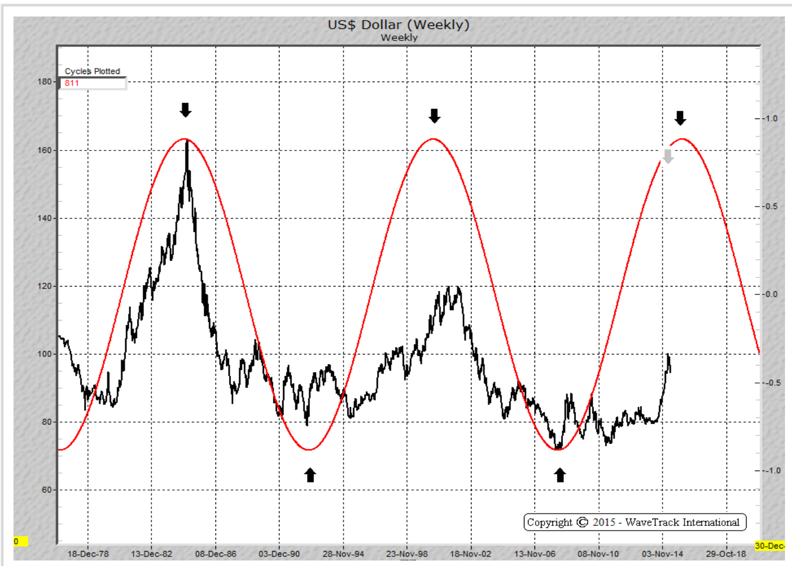

fig. #17 US-Dollar - Weekly - Composite Index

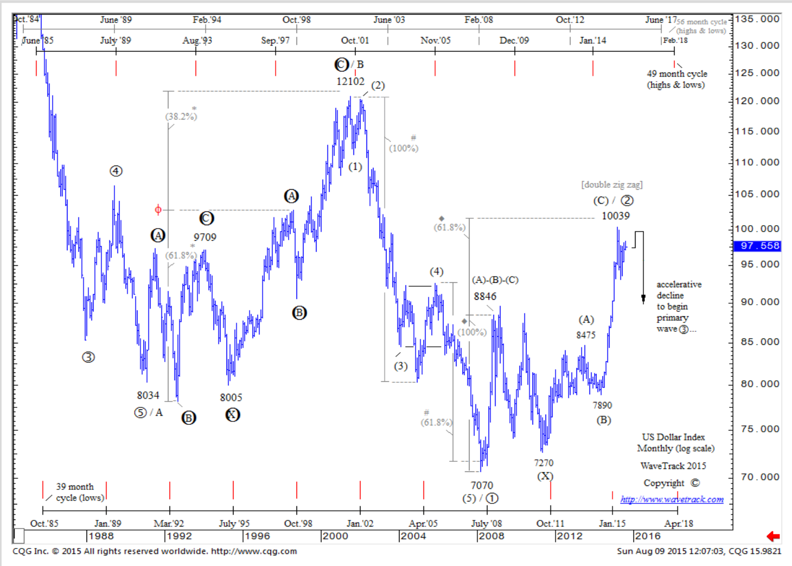

fig. #18 US Dollar Index - Monthly

The exact timing can be refined basis the Elliott Wave model and fib-price-ratios. The entire upswing from the March '08 low of 70.70 is labelled as a counter-trend sequence...it is balancing the preceding decline from 121.02 – ***see fig #18***. Labelled in intermediate degree, (A)-(B)-(C)-(X)-(A)-(B)-(C), extending the first zig zag to 88.46 by a fib. 61.8% ratio projects the second zig zag high to 101.60-103.77+/- depending on the two highs forming in Nov.'08 and March '09. The existing high of March '15 at 100.39 is therefore close enough to have already ended the pattern and signal the beginning of a new downtrend for the dollar.

As yet, there has not been any five wave decline from this high of 100.39 to validate the new downtrend. This opens the possibility that one additional, but final advance is still unfolding **– *see fig #19***.

It seems that these two sectors are negatively correlated at the moment, although, next year, we expect that to change once stock markets have undergone a severe rout.

In the meantime, the 15.5-year cycle of the US$ dollar shows an imminent high forming into the final-quarter of this year, 2015 **– *see fig #17***. It could come in bang-on-time, as it did in 1985 when the cycle-peak occurred in February of that year, repeating this year in the month of October/November – alternatively, it could peak several months later as it did between Nov.'00 and May.'01.

But the key message here is to expect a major directional change with the US$ dollar resuming its medium/long-term downtrend soon!

fig. #20 Copper - Daily

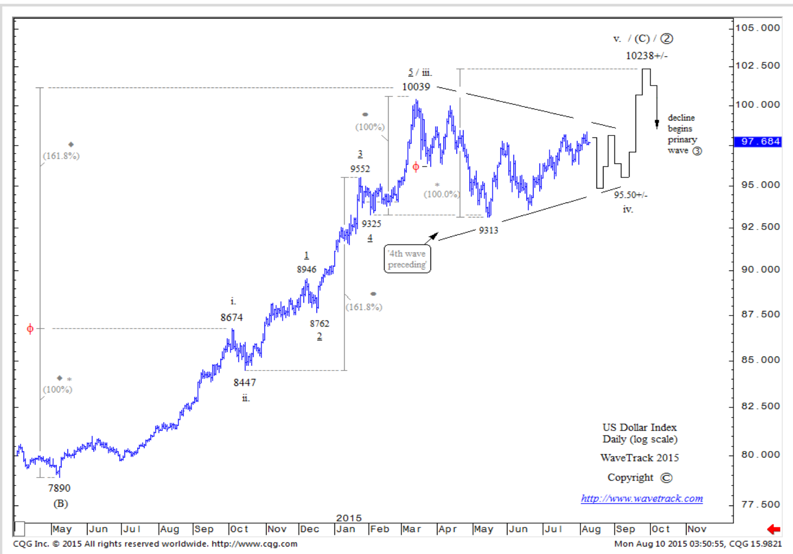

fig. #19 US Dollar Index - Daily

If this scenario plays out, the index should hold above the May '15 low of 93.13 and eventually break above the March high in one last upward acceleration with targets to 102.38-103.77+/-. This is not guaranteed however – any immediate break below 93.13 would otherwise signal the downtrend has already resumed.

COMMODITIES -

COPPER | GOLD | GDX | XAU

After 4½ years of declines, only now are Copper prices trading into idealised downside targets towards 5090+/-. ***See fig #20***. The overall decline from the Feb.'11 high of 10190 is taking the form of a counter-trend double zig zag pattern, labelled in intermediate degree, (A)-(B)-(C)-(X)-(A)-(B)-(C).

This is balancing the preceding five wave upswing from the financial-crisis lows (for more details, see the monthly Base Metals report).

The double zig zag is assigned a high probability pattern because the initial zig zag down to the Oct.'11 low unfolded into a clearly visible three price-swing pattern. Extending this by a fib. 61.8% ratio projects a final low for the second sequence to 5090+/-. We've been waiting all year for this attempt, and it's finally tested the levels – all that has to happen now to validate a reversal-signature is some price-rejection and some gains that pull prices away from this low.

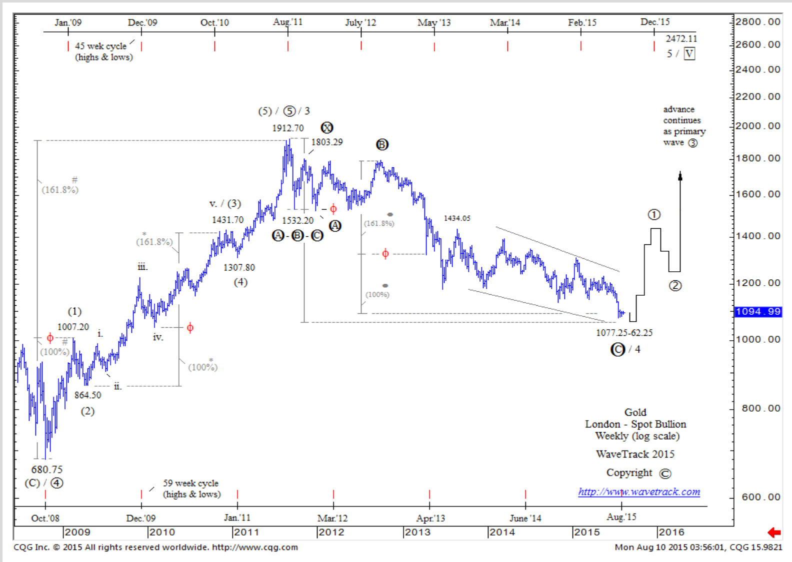

fig. #22 Gold - Weekly

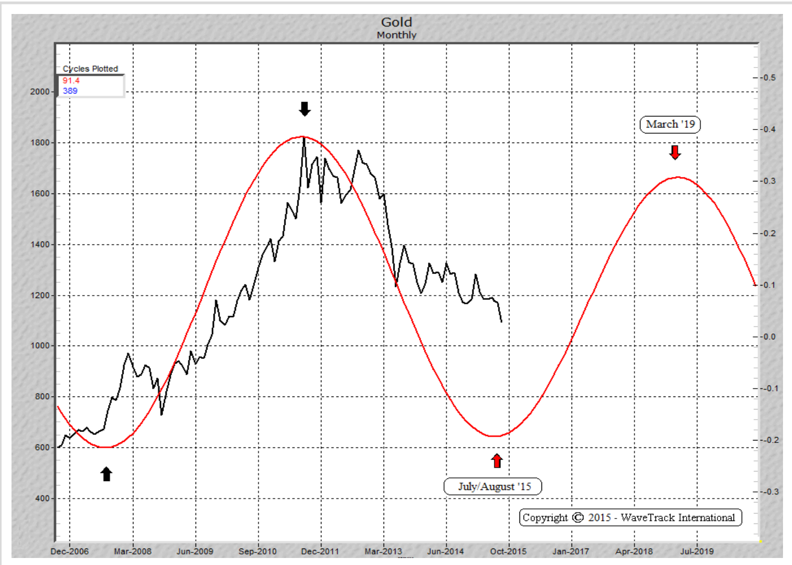

fig. #21 Gold - Monthly - Composite Cycle

Meanwhile, the Elliott Wave labelling of gold's decline from the 'orthodox' high of Aug.'11 at 1912.70 labels a counter-trend 'double-three' pattern in downside approach for completion towards the price levels of 1077.25 (already traded) and 1062.25+/-. ***See fig #22***. The short-term movements have yet to confirm a major low – the bi-weekly EW-Navigator supplement continues to monitor the short-term sequence. But looking further ahead, to the next few years, we expect gold to ultimately break into new record highs basis our evaluation of the gold and silver mining stocks.

The GDX Gold Miners index has been engaged in a multi-year counter-trend (counter-cyclical) decline since reaching record highs in March '08 at 56.87 – ***see fig #23***.

It is no coincidence that Copper is approaching the 5090+/- number at the same time that other base metals are also ending their equivalent 4½-5½ year declines. Tin prices have traded ahead of the pack and are already up from the measured lows traded late-June by +24%. As Copper is the most watched base metal outside the industry itself, it becomes a proxy not just for the sector, but also for the general trends developing right across the commodity markets.

Precious metals are also approaching major downside targets. Gold's monthly composite cycle that has successfully tracked the last two major cycle-troughs/lows and cycle-peaks/highs since 2008 and is now forming another cycle-trough/low into July/August '15 – ***see fig #21***. The red cycle line begins turning higher, lasting the next several years into the next major cycle-peak/high due in March '19.

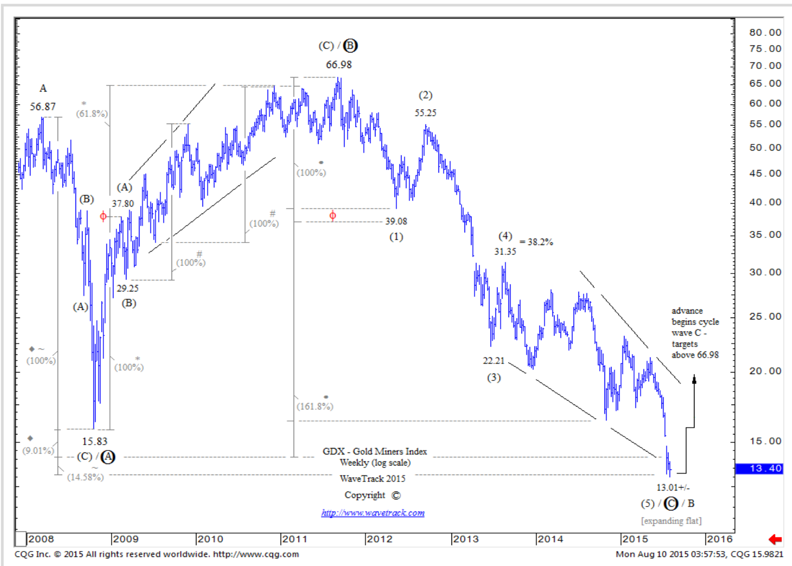

fig. #23 GDX - Gold Miners Index - Weekly

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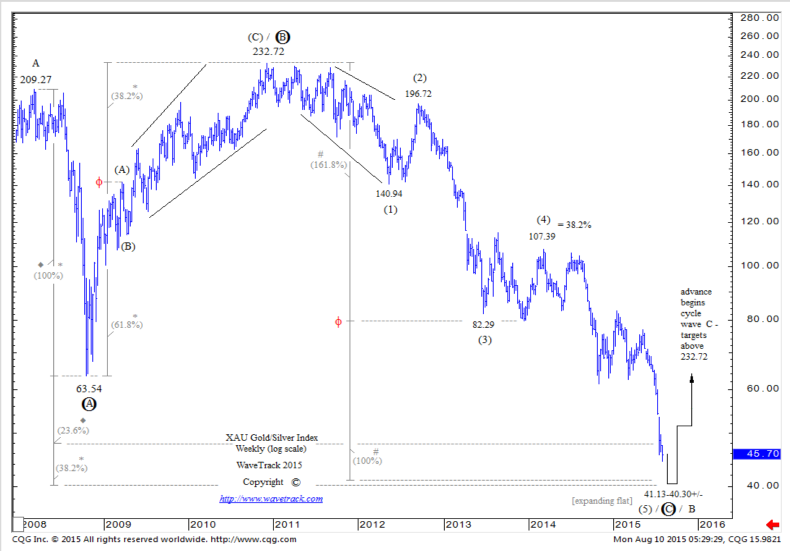

fig. #24   XAU Gold/Silver Index - Weekly

Since that time, declines have taken the form of an Elliott Wave expanding-flat pattern labelled in primary degree, Ⓐ-Ⓑ-Ⓒ. As in all expanding flats, this one subdivides into a typical 3-3-5 sequence, three waves down for primary wave Ⓐ, labelled in intermediate degree, (A)-(B)-(C) ending into the financial-crisis low at 15.83 – next, primary wave Ⓑ's advance as another (A)-(B)-(C) zig zag trading into a marginal but required higher high to 66.98 in Sep.'11, matching the bullion gold price's high – and finally, primary wave Ⓒ's decline, subdividing into a five wave 'expanding-impulse' pattern (1)-(2)-(3)-(4)-(5) with a conclusion being approached into the current low at 13.01+/-. So far, not enough upside from 13.01 has confirmed this low as ending the entire 7½ year pattern has completed, but the integrity suggests it is not too far away. An advance that reintegrates the March '15 low at 17.29 would suffice.

The XAU Gold/Silver Miners index is unfolding similarly to the GDX, a counter-trend expanding flat pattern that began from the March '08 high of 209.27 **– *see fig #24***. The approach to a major low has already tested minimum downside targets at 44.45 but could yet extend down to 41.13-40.30+/-. Await confirmation.

But the big, unquestionable result of this pattern is this – **ONCE A REVERSAL ADANCE IS CONFIRMED, A NEW MULTI-YEAR UPTREND WILL BEGIN – ITS UPSIDE TARGETS ARE FAR BEYOND THE OLD HIGHS OF 2008 AND 2010, TOWARDS 350.00+/-**.

Final Comments

Stock markets are heading into an important high within the next couple of months, even though there are some good gains coming beforehand. But once a top has formed, a multi-month counter-trend decline begins. We don't know what the catalyst will be to trigger this event, even though we can make a good educated guess – most of the possibilities are already known to us (you and me) but we should consider something new – something new that will cause the US$ dollar to decline, force stock markets lower, and perhaps, fuel a commodity revival. Once the stock markets reach a low sometime next year, and return higher, the US$ dollar will have already established its downtrend, commodities their uptrend and perhaps, a re-synchronisation between stock and commodities as both head north.

END | FIN | ENDE

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APPENDIX

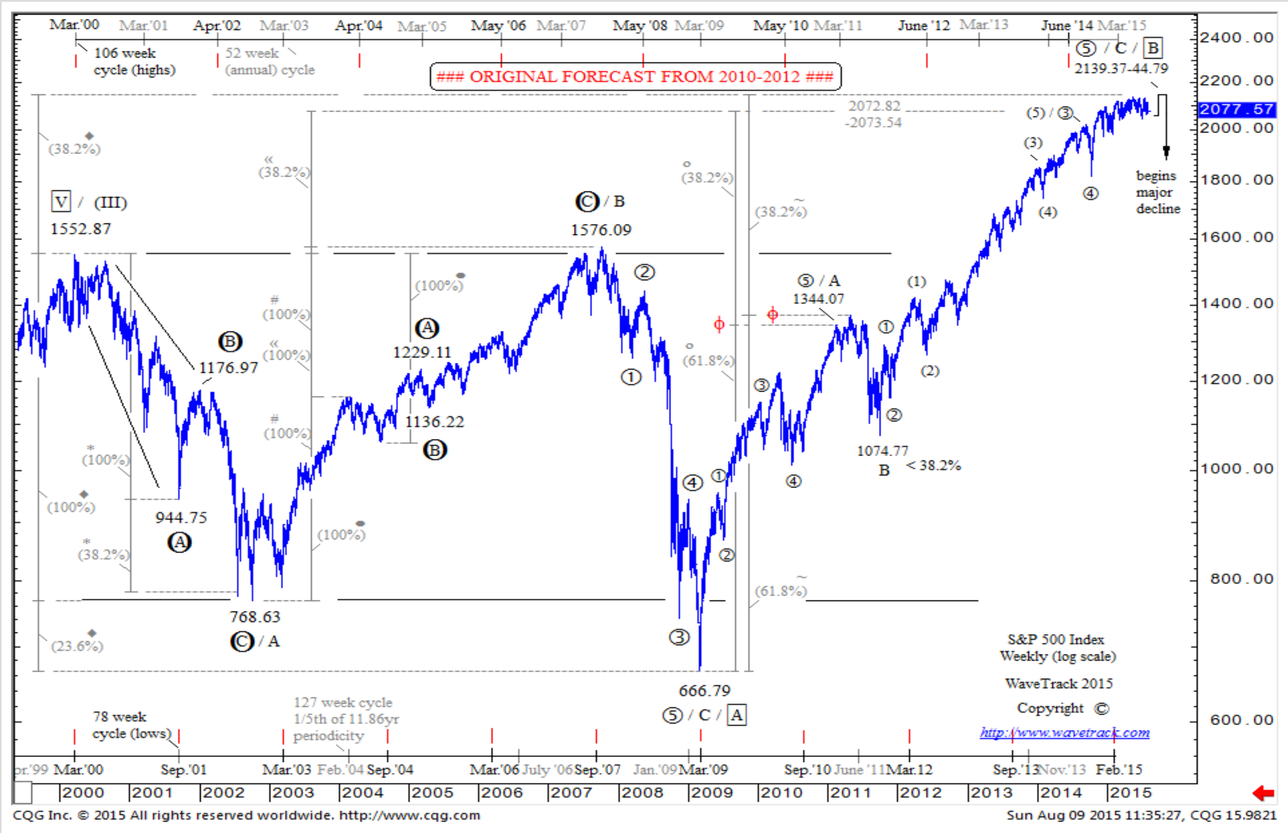

fig. #1 S&P 500 - Weekly

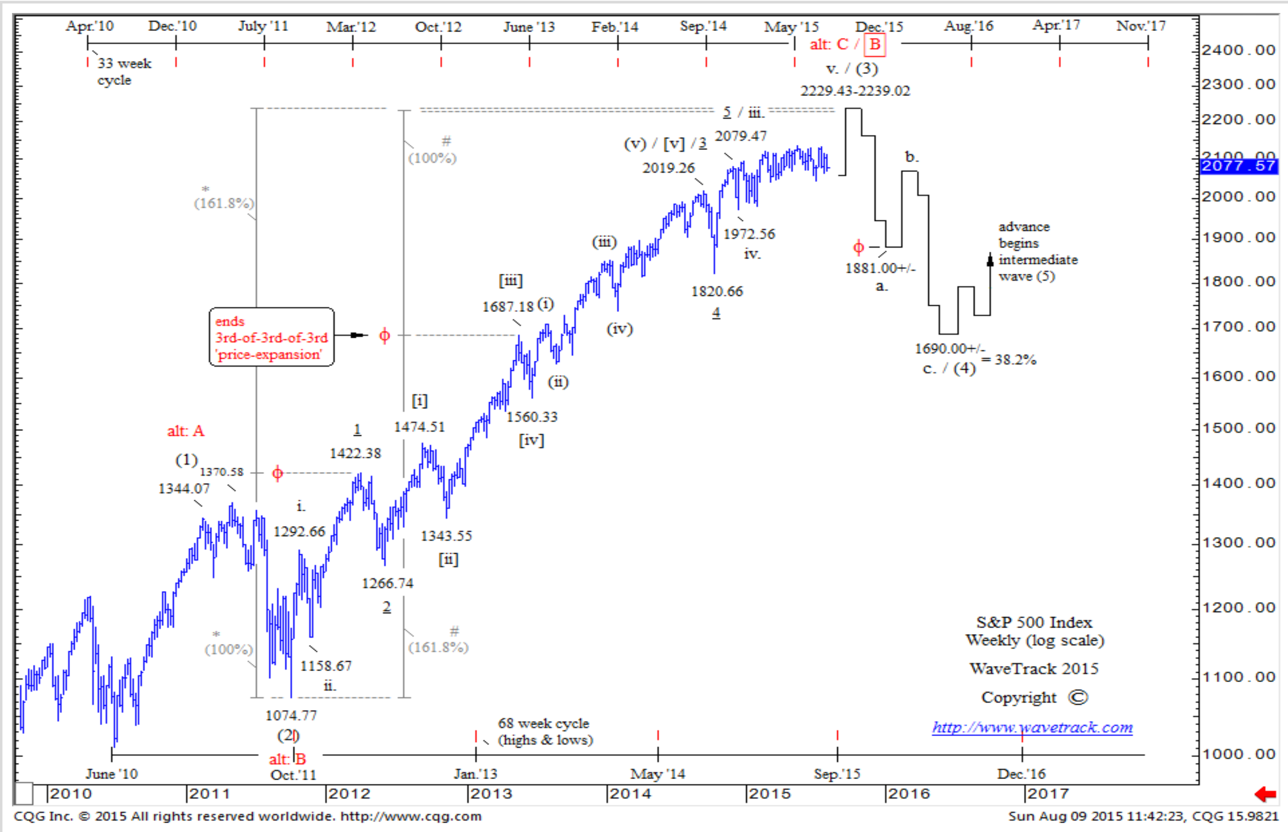

fig. #2 S&P 500 - Weekly

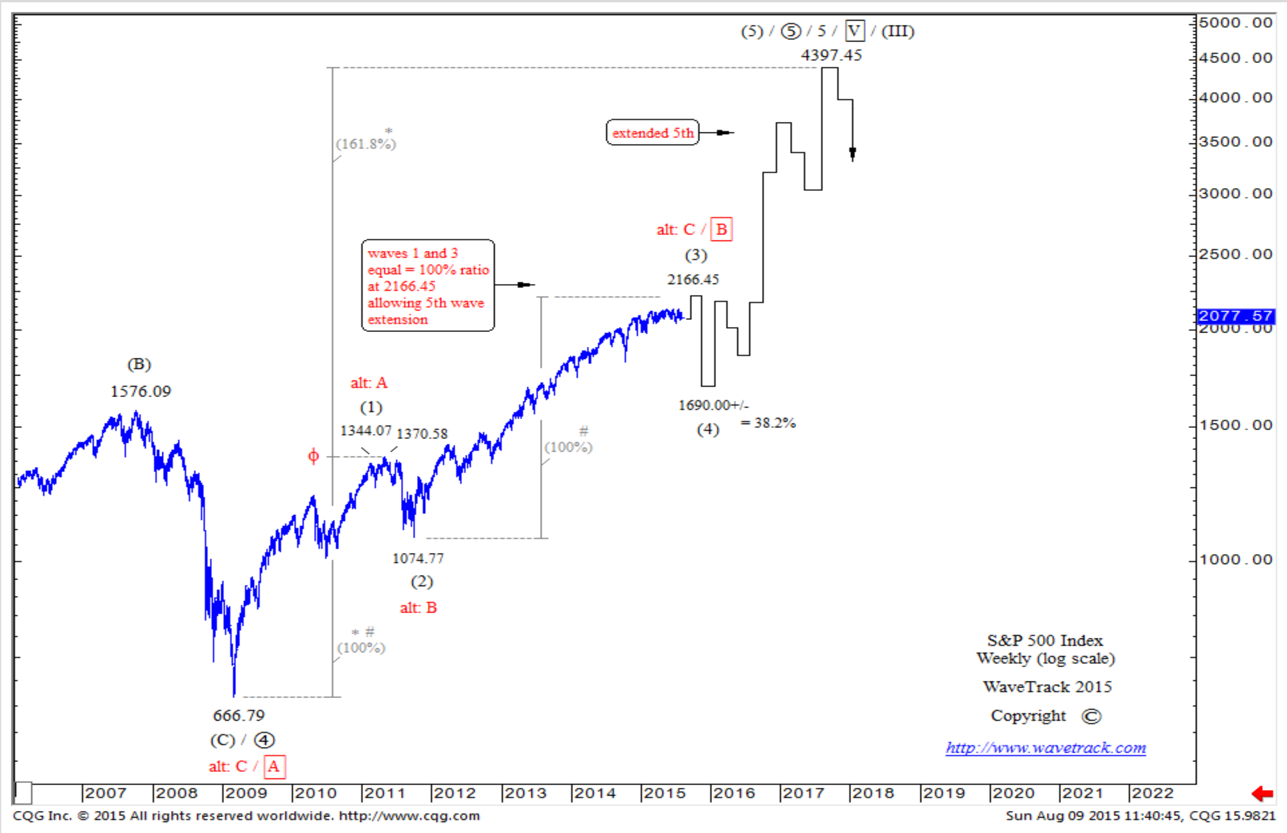

fig. #3 S&P 500 - Weekly

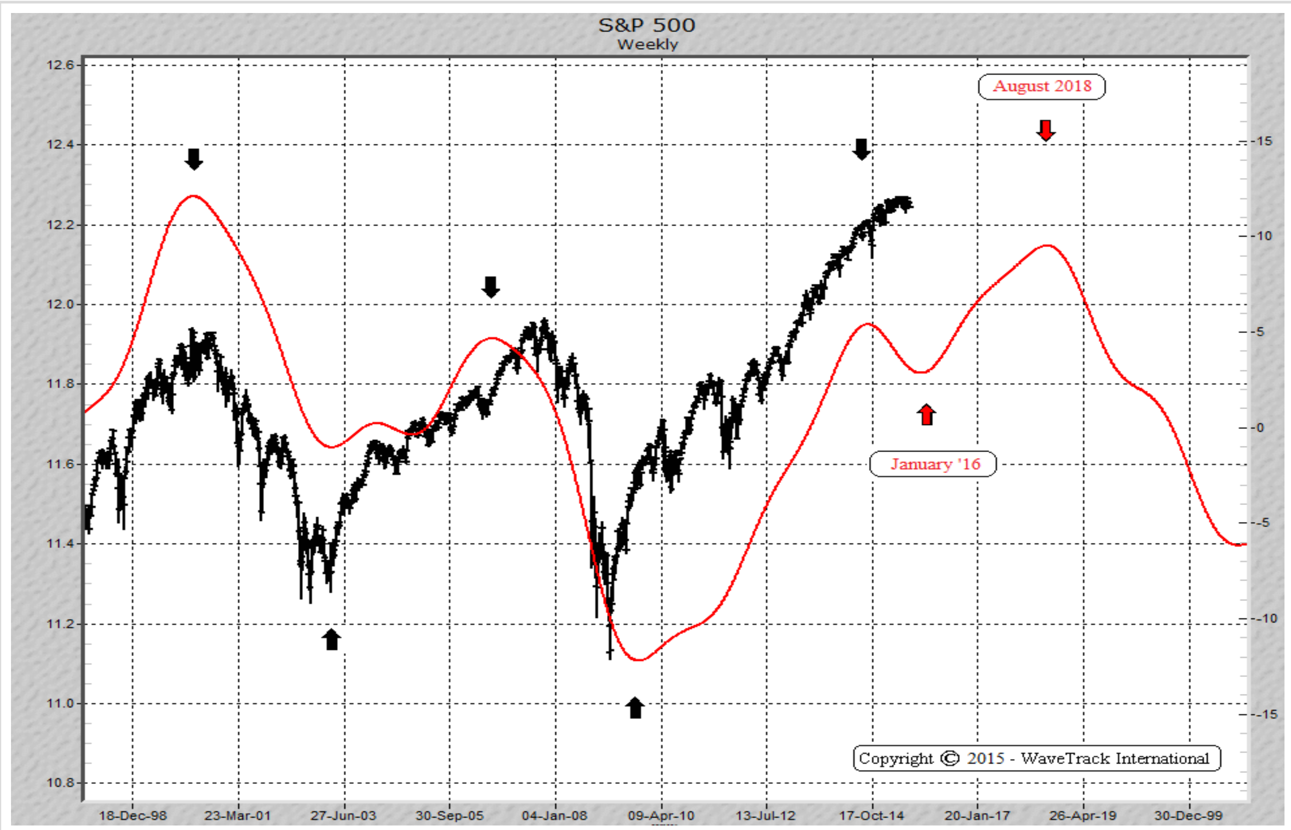

fig. #4 S&P 500 - Weekly - Composite Cycle

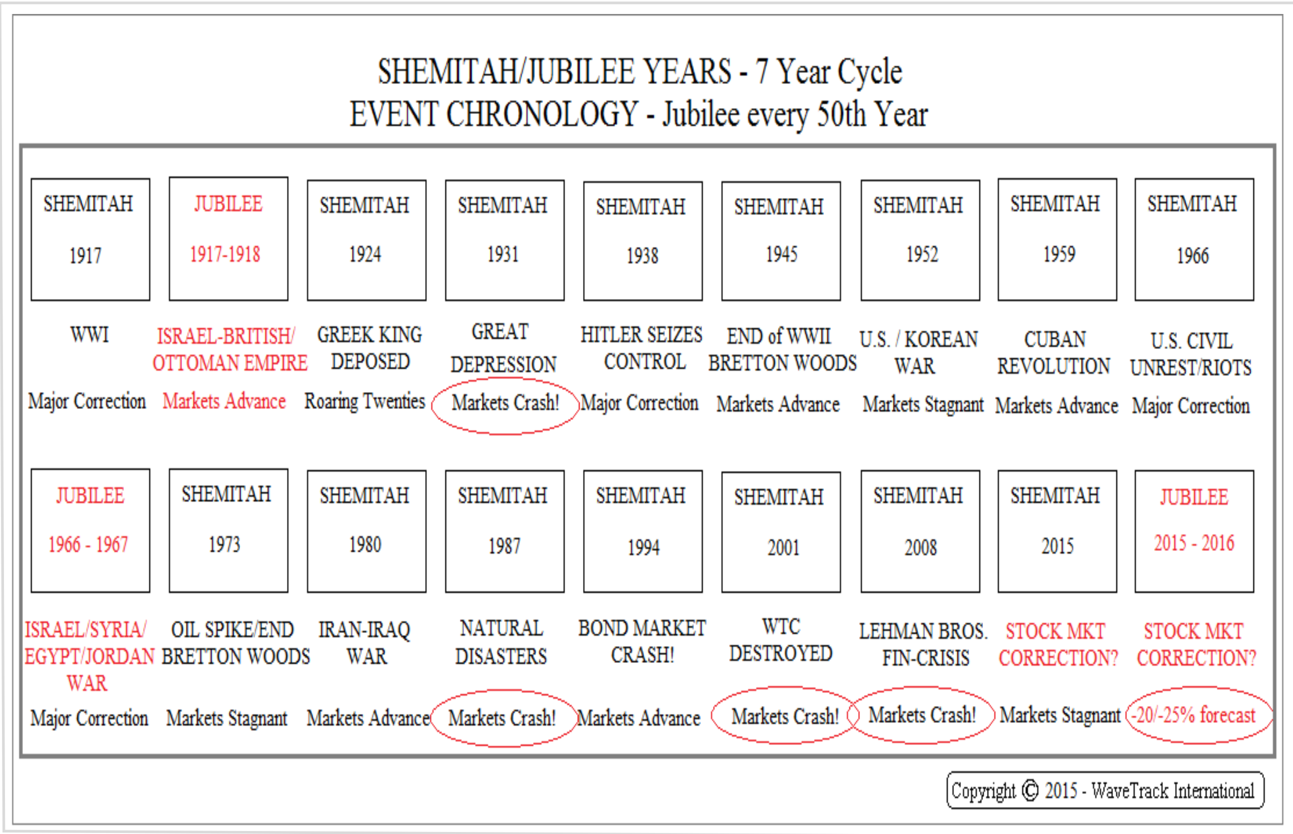

fig. #5 EuroStoxx 50 - Weekly

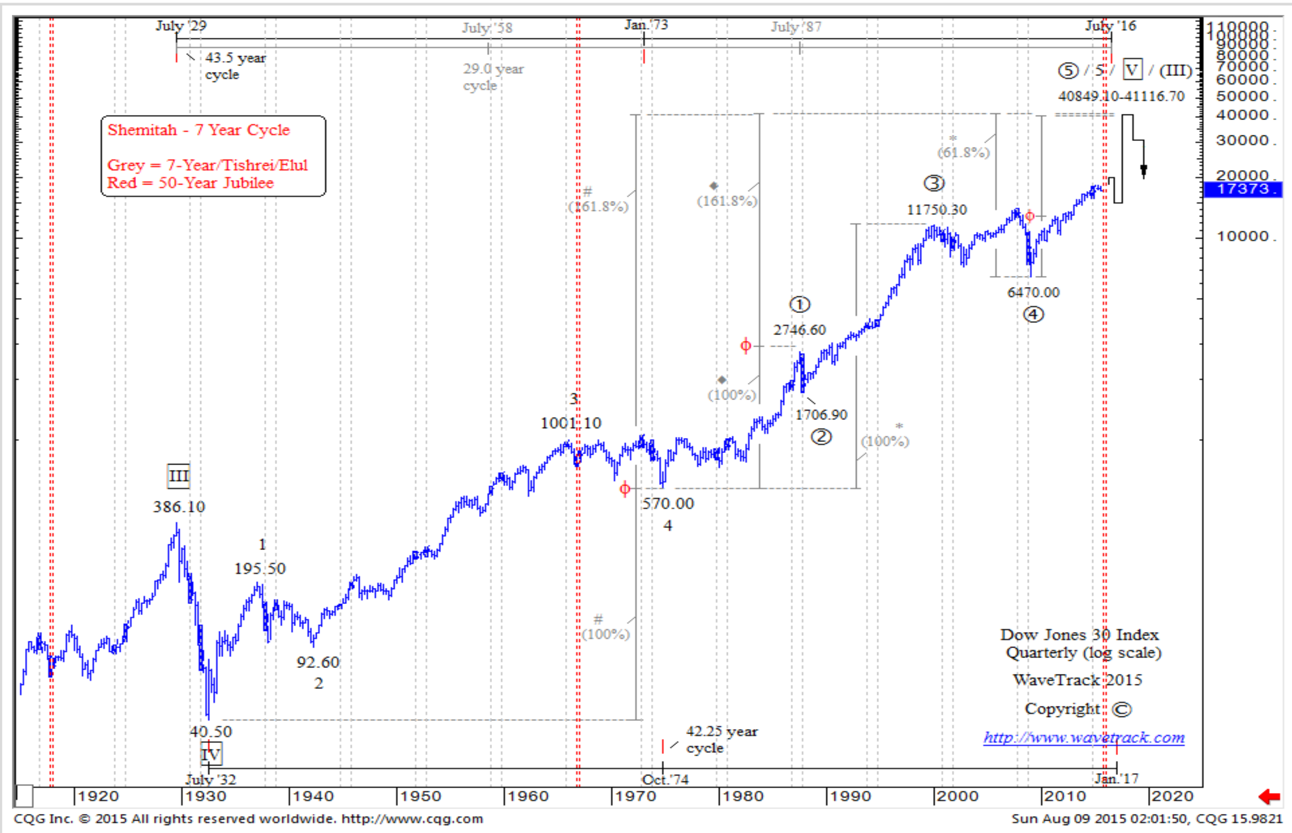

fig. #6 Dow Jones 30 - Daily (log scale)

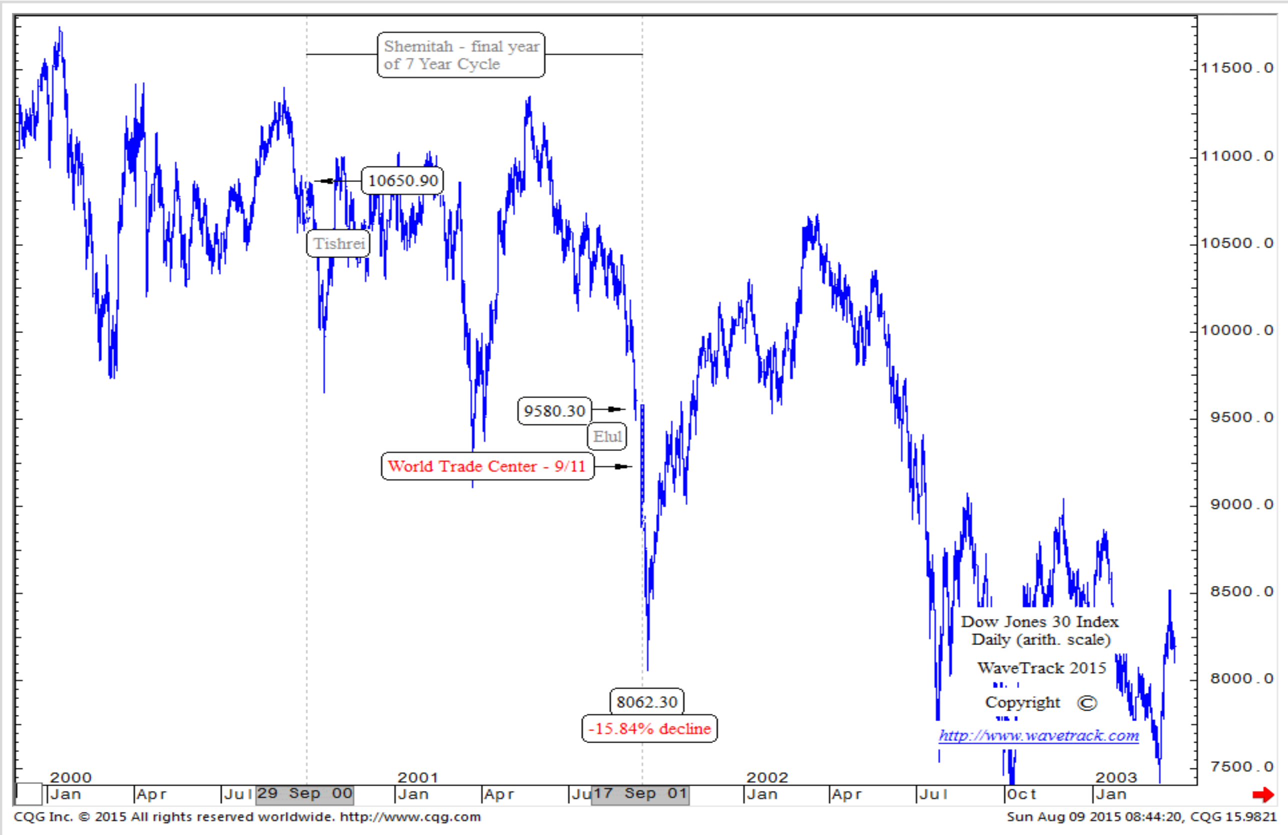

fig. #7 Dow Jones 30 - Daily (arith. scale)

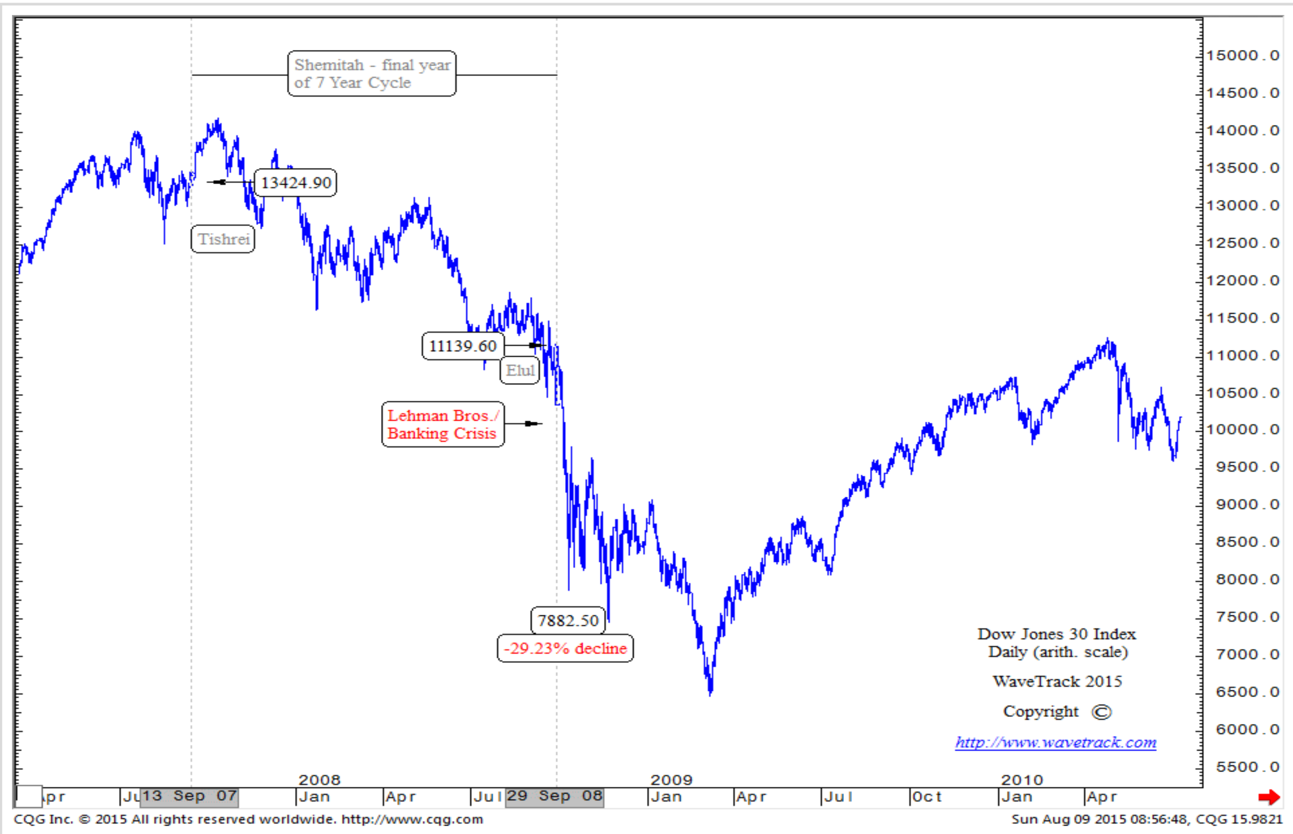

fig. #8 Dow Jones 30 - Daily (arith. scale)

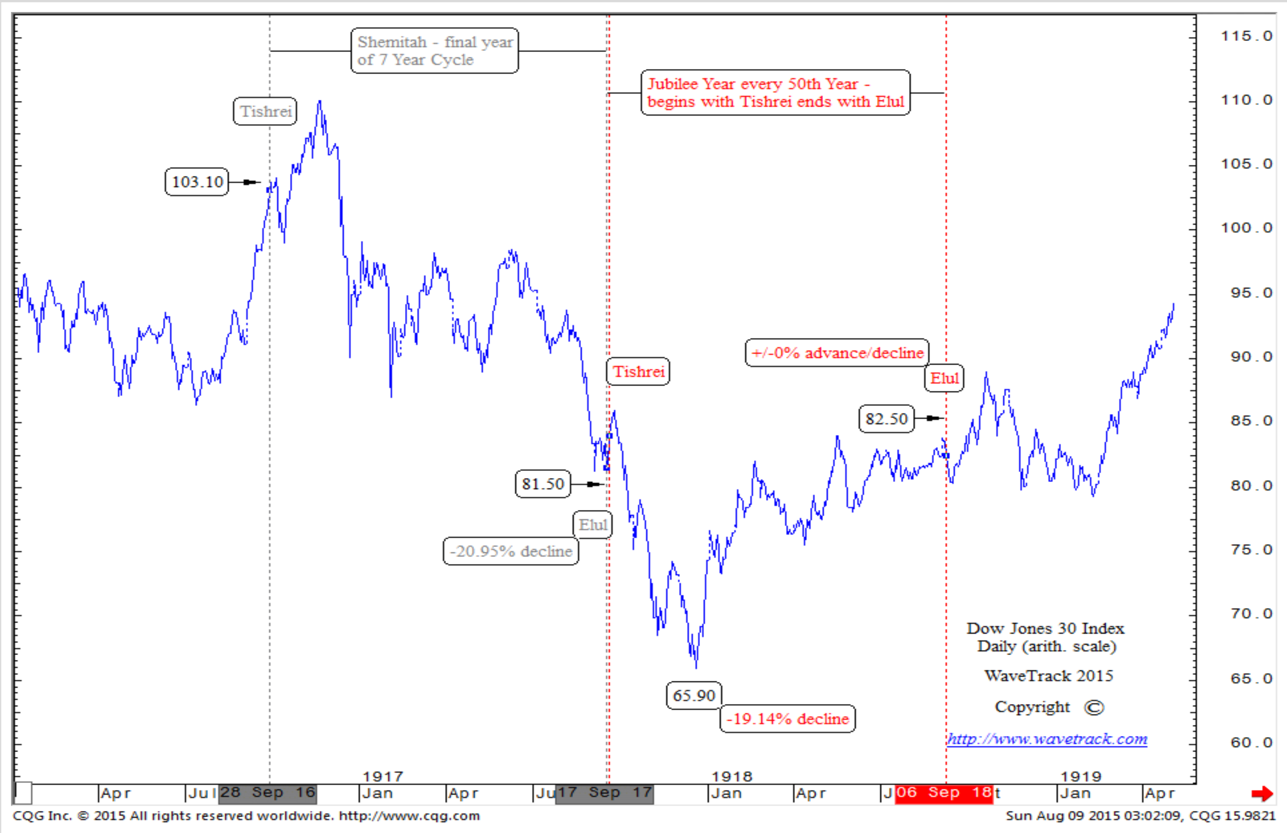

fig. #9 Dow Jones 30 - Daily (arith. scale)

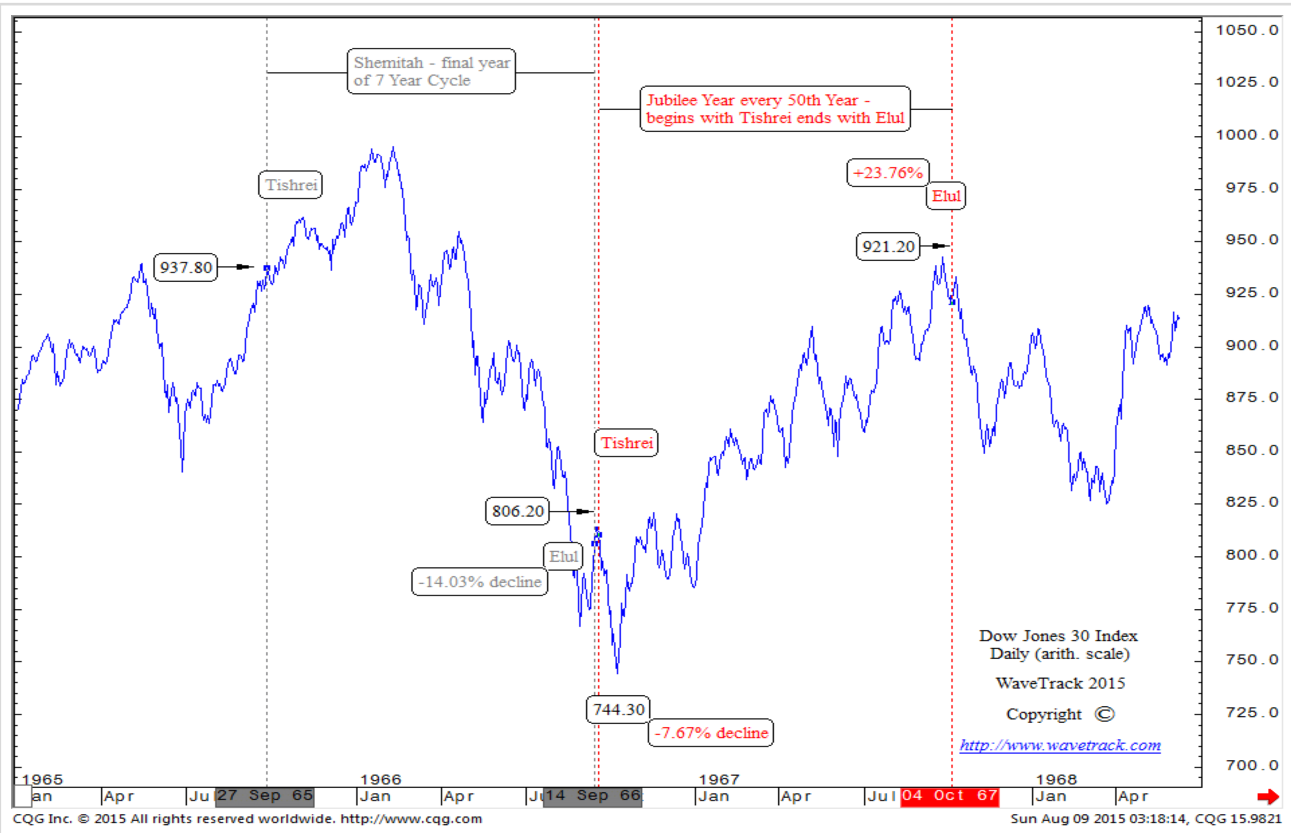

fig. #10 Dow Jones 30 - Daily (arith. scale)

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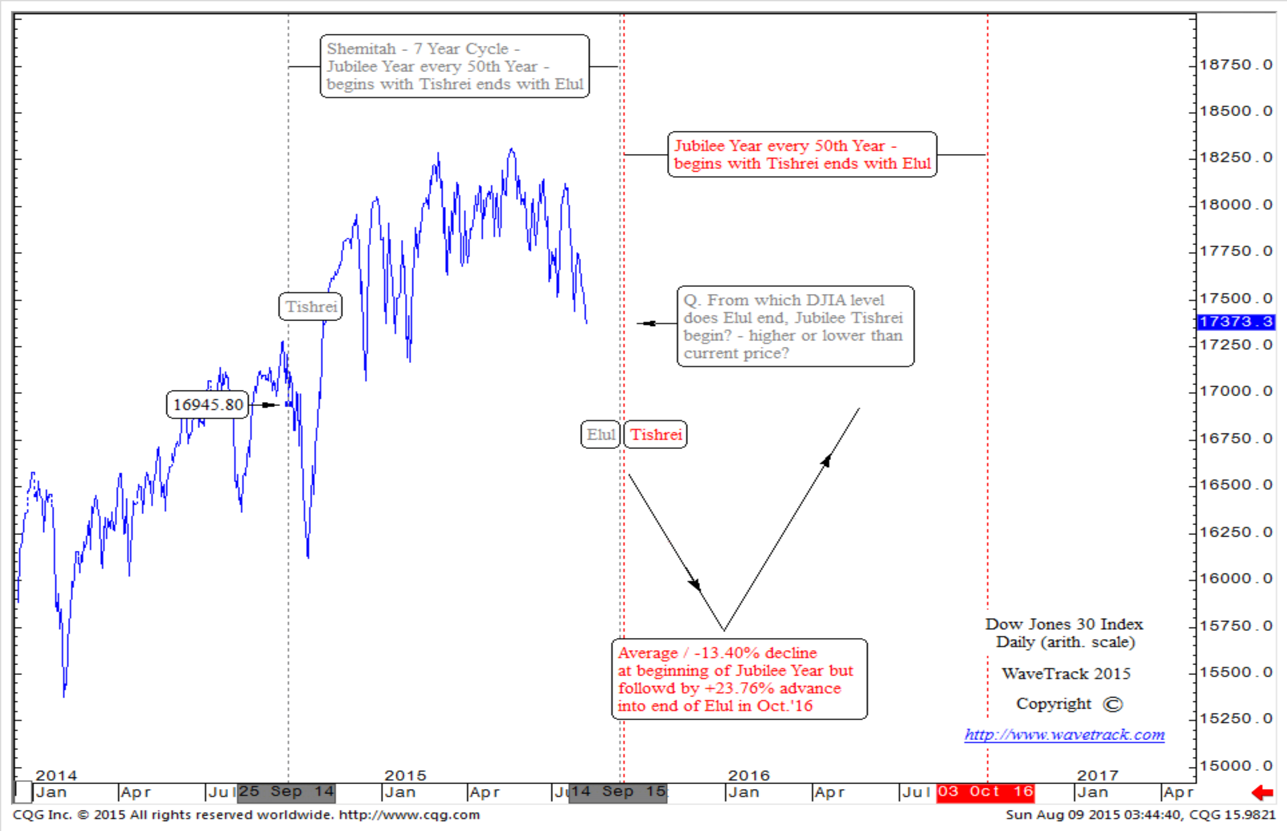

fig. #11 Dow Jones 30 - Daily (arith. scale)

SHEMITAH/JUBILEE YEARS - 7 Year Cycle

Hebrew Date	Tishrei - 1st	Elul - 29th	Dow Jones - net % Decline/Advance	Jubilee Year	3-Month Decline/Advance	29th Day of Elul/Ends Jubilee	net % Decline/Advance
5663	October 2 - 1902	September 21 - 1903	-27.10%	n/a	-13.01%		
5670	September 16 - 1909	October 3 - 1910	-18.58%	n/a	6.69%		
5677	September 28 - 1916	September 16 - 1917	-20.95%	1917-1918	-19.14%	September 6 - 1918	0.00%
5684	September 11 - 1923	September 28 - 1924	9.93%	n/a	-3.69%		
5691	September 23 - 1930	September 11 - 1931	-43.44%	n/a	-32.60%		
5698	September 6 - 1937	September 25 - 1938	-20.93%	n/a	21.17%		
5705	September 18 - 1944	September 7 - 1945	22.04%	n/a	8.72%		
5712	October 1 - 1951	September 19 - 1952	0.73%	n/a	-2.77%		
5719	September 15 - 1958	October 2 - 1959	21.60%	n/a	7.68%		
5726	September 27 - 1965	September 14 - 1966	-14.03%	1966-1967	-7.67%	October 4 - 1967	23.76%
5733	September 9 - 1972	September 26 - 1973	-1.21%	n/a	-16.97%		
5740	September 22 - 1979	September 10 - 1980	4.97%	n/a	6.57%		
5747	October 4 - 1986	September 29 - 1987	46.02%	n/a	-32.89%		
5754	September 16 - 1993	September 5 - 1994	7.37%	n/a	-5.74%		
5761	September 30 - 2000	September 17 - 2001	-16.24%	n/a	18.03%		
5768	September 13 - 2007	September 29 - 2008	-22.78%	n/a	-26.79%		
5775	September 25 - 2014	September 13 - 2015	2.52%	2015-2016	?	October 2 - 2016	?

A Shemitah year is usually September-September, beginning with 1-Tishrei and ending on 29-Elul, one year later (7th year). All Shemitah years are divisible by the Sacred Number 7.

Since 1900, the Shemitah years begin with 5663 to recently 5775.

A Jubilee Year occurs every 50th year – e.g. 7x7 years = 49 +1 year. The Jubilee year signals an additional year of 'releasement/rest'.

fig. #12 Shemitah/Jubilee Years - 7 Year Cycle

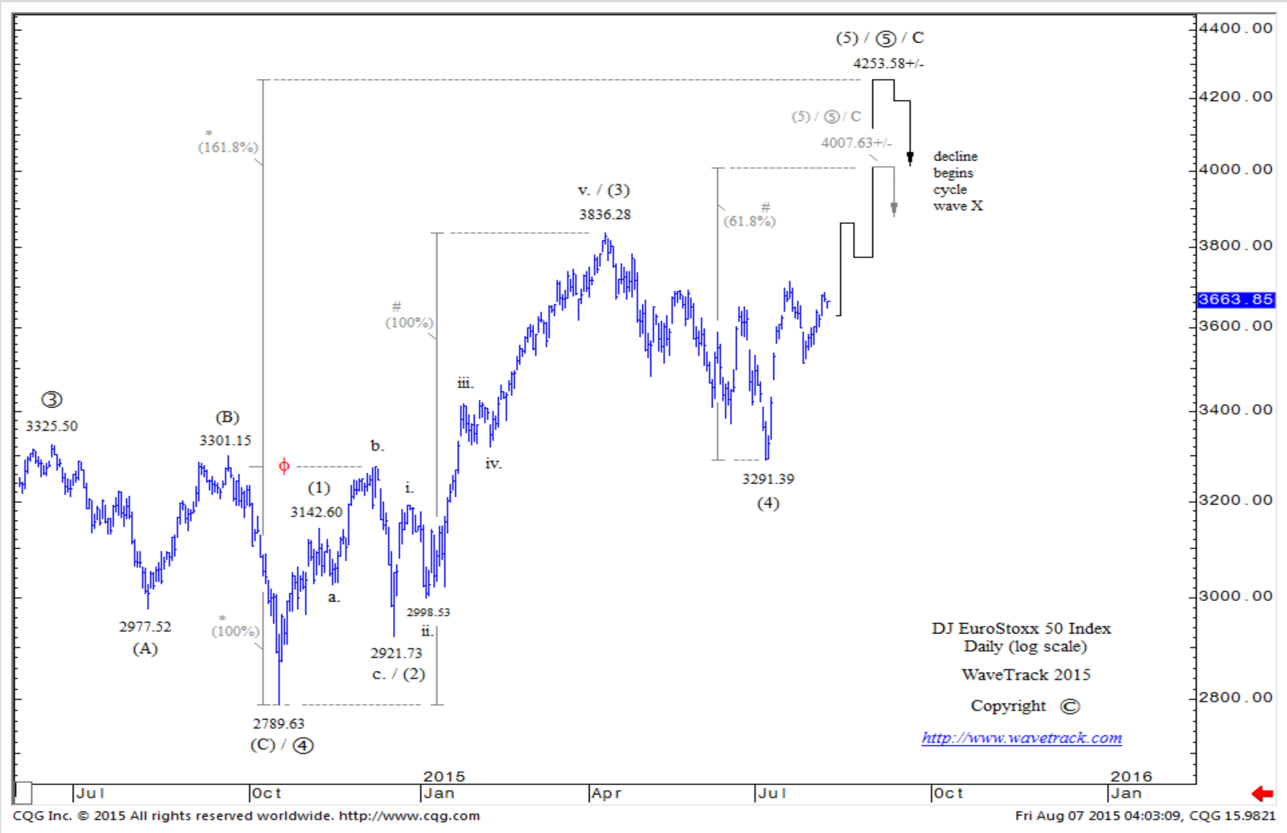

fig. #13 EuroStoxx 50 - Daily

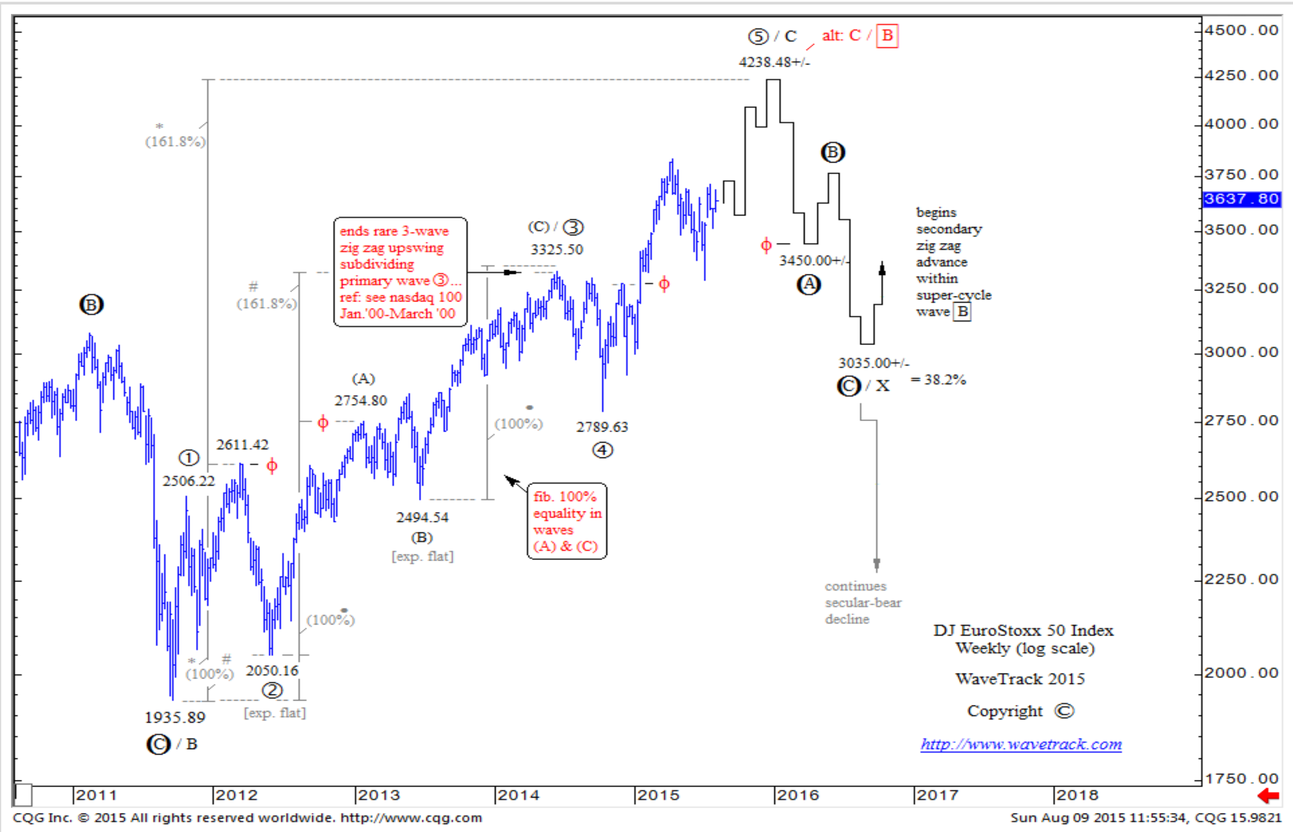

fig. #14 EuroStoxx 50 - Weekly

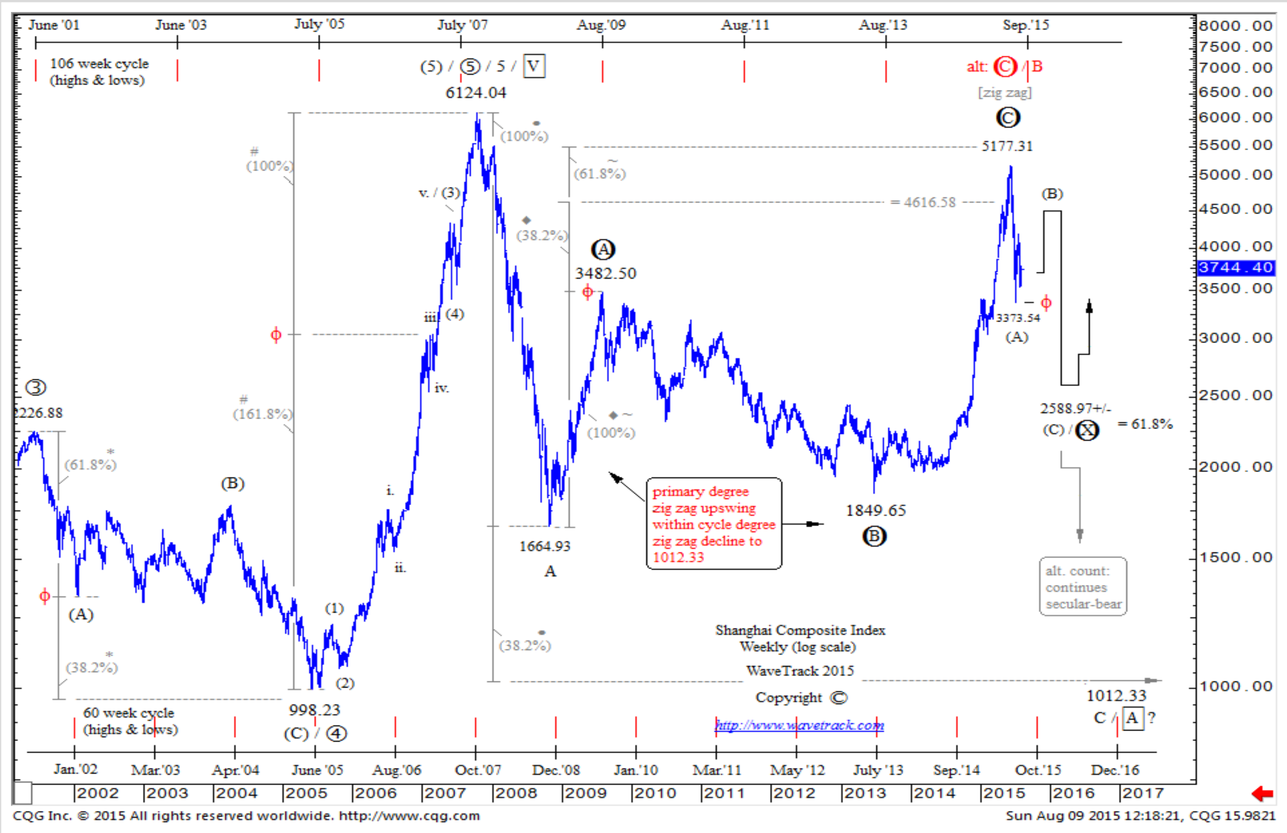

fig. #15 Shanghai Composite Index- Weekly

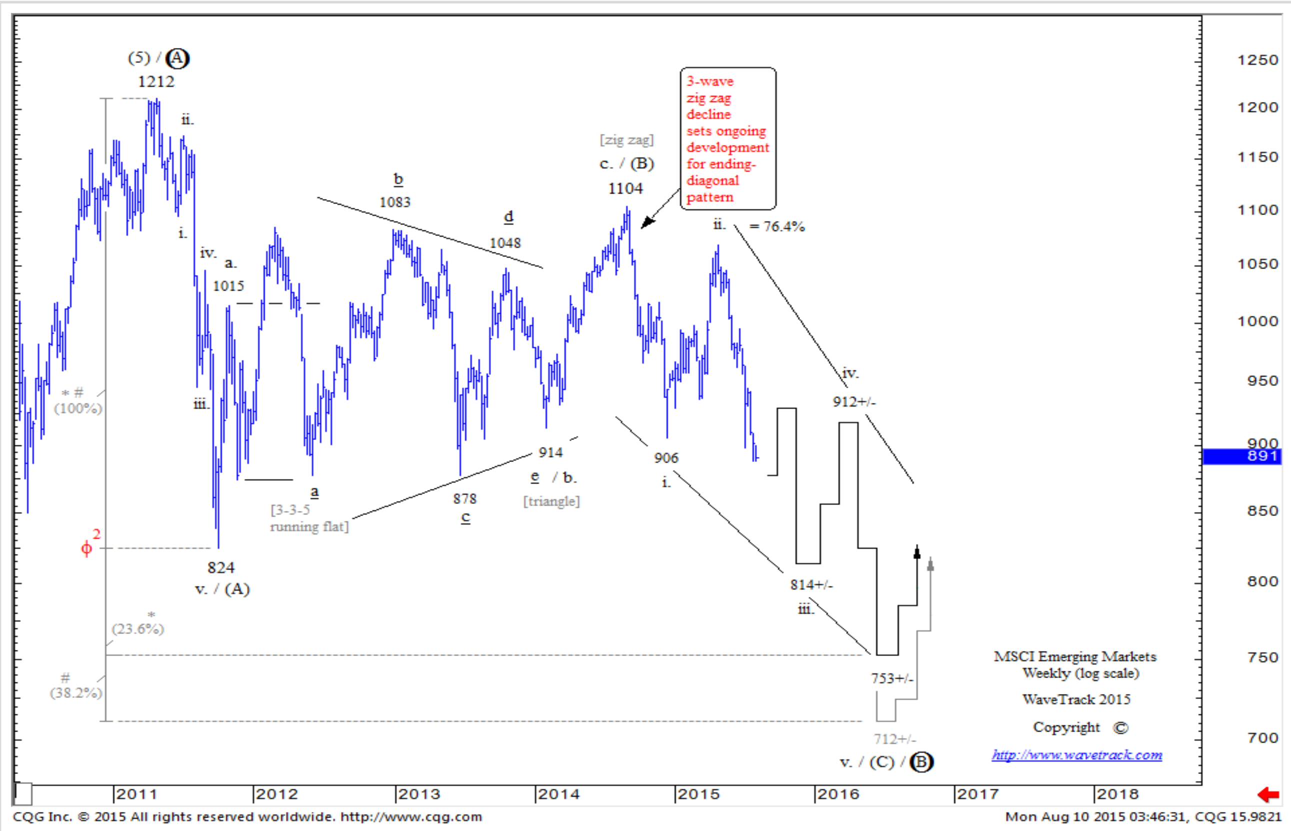

fig. #16 MSCI Emerging Markets - Weekly

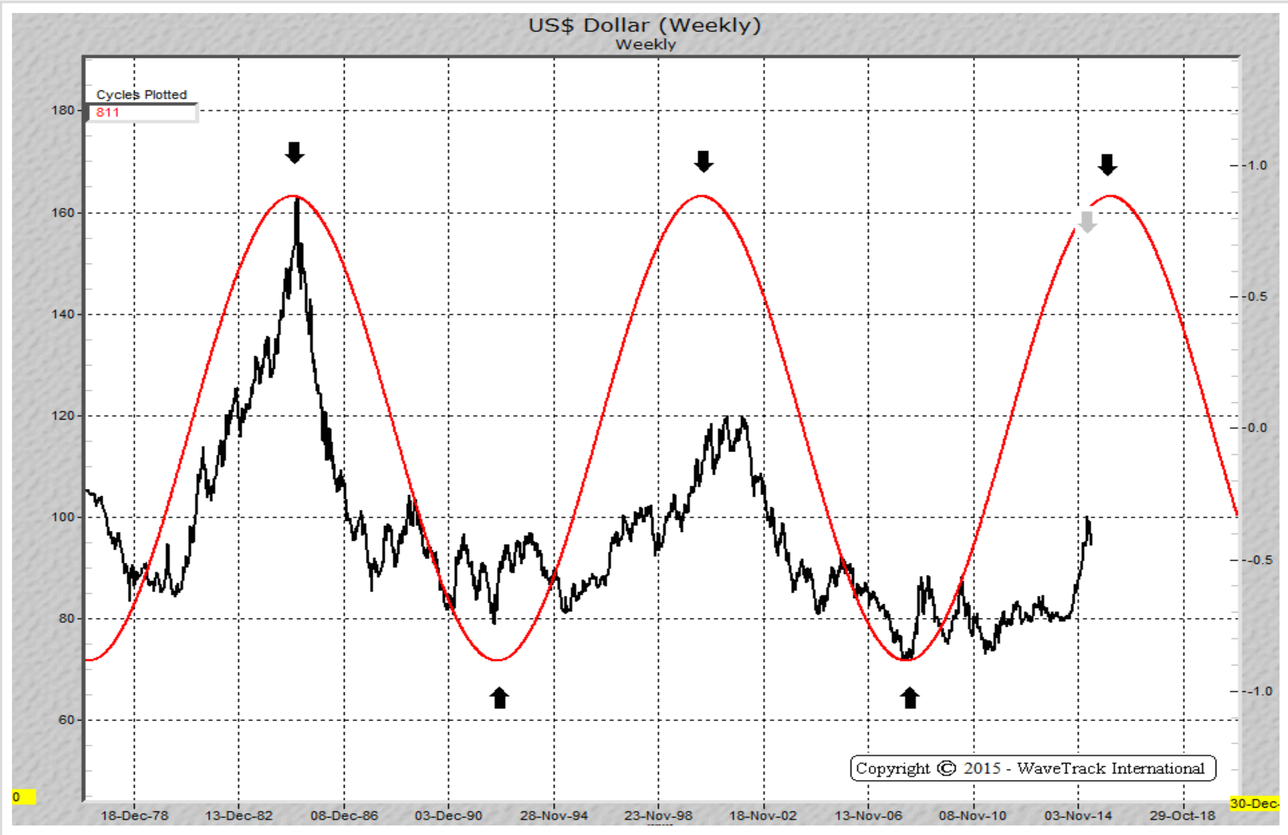

fig. #17 US-Dollar - Weekly - Composite Cycle

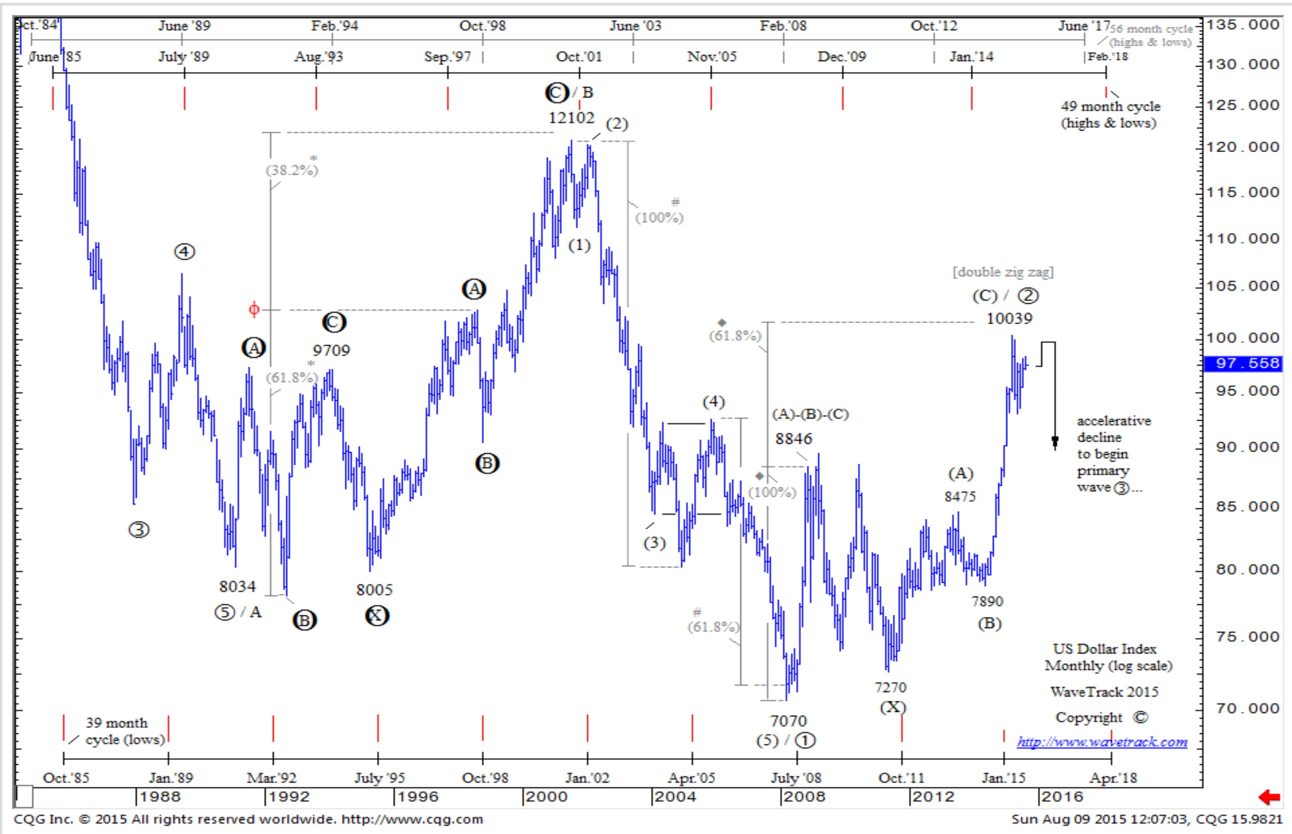

fig. #18 US-Dollar - Monthly

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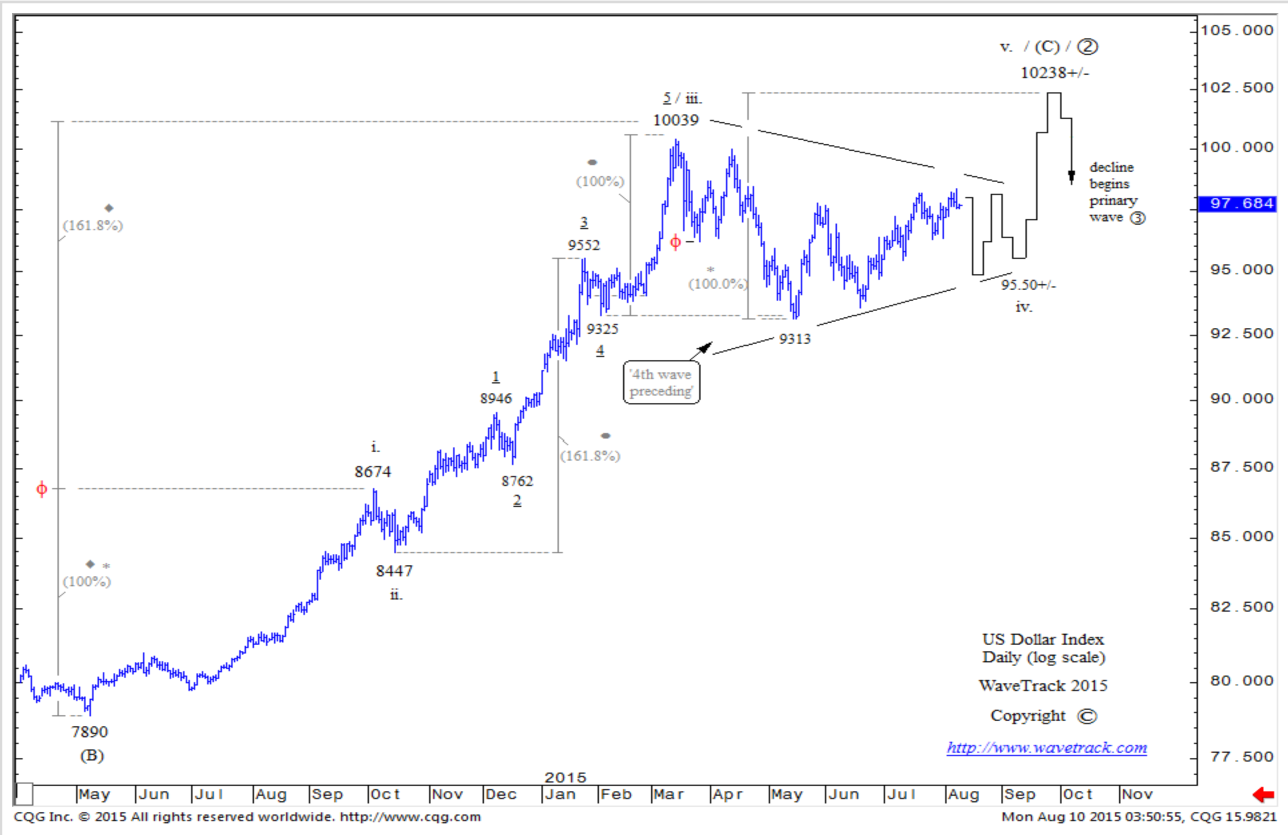

fig. #19 US-Dollar - Daily

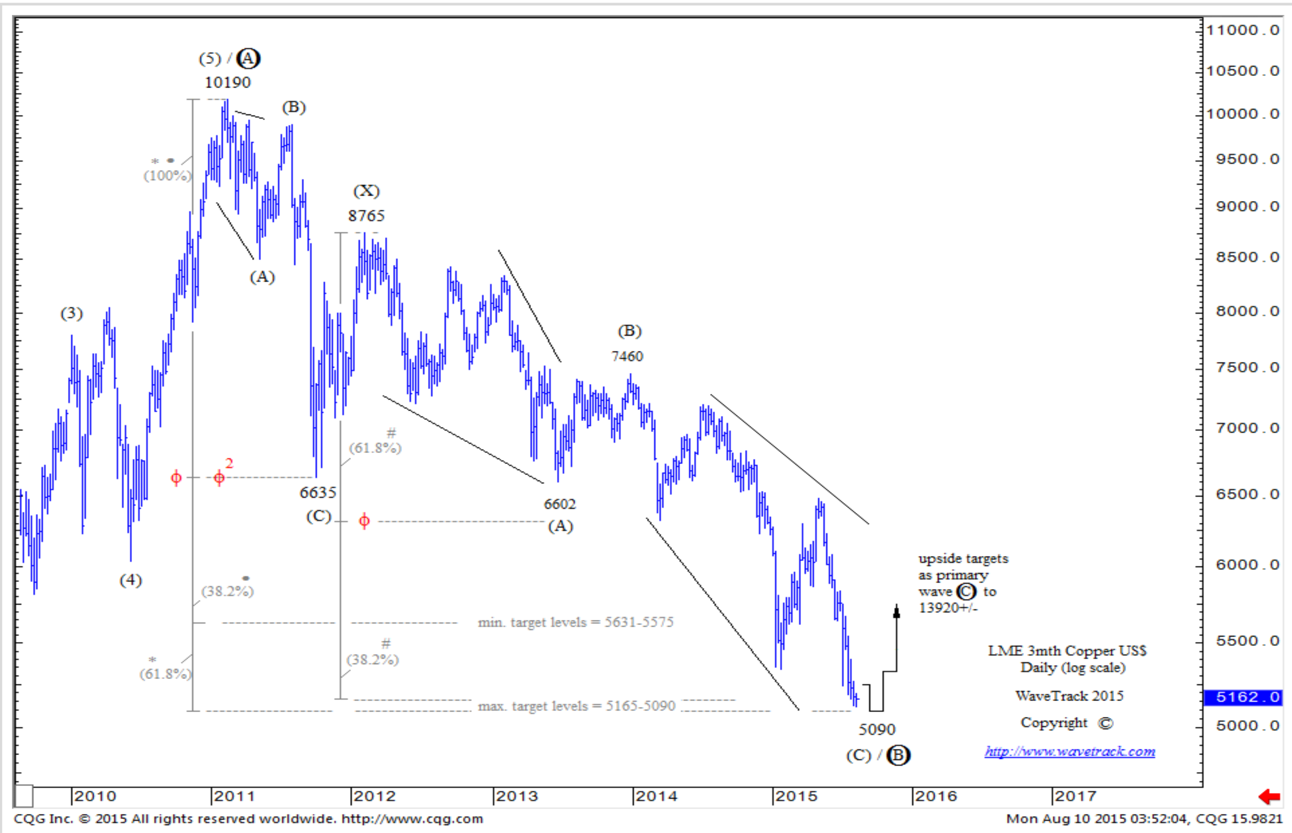

fig. #20 Copper - Daily

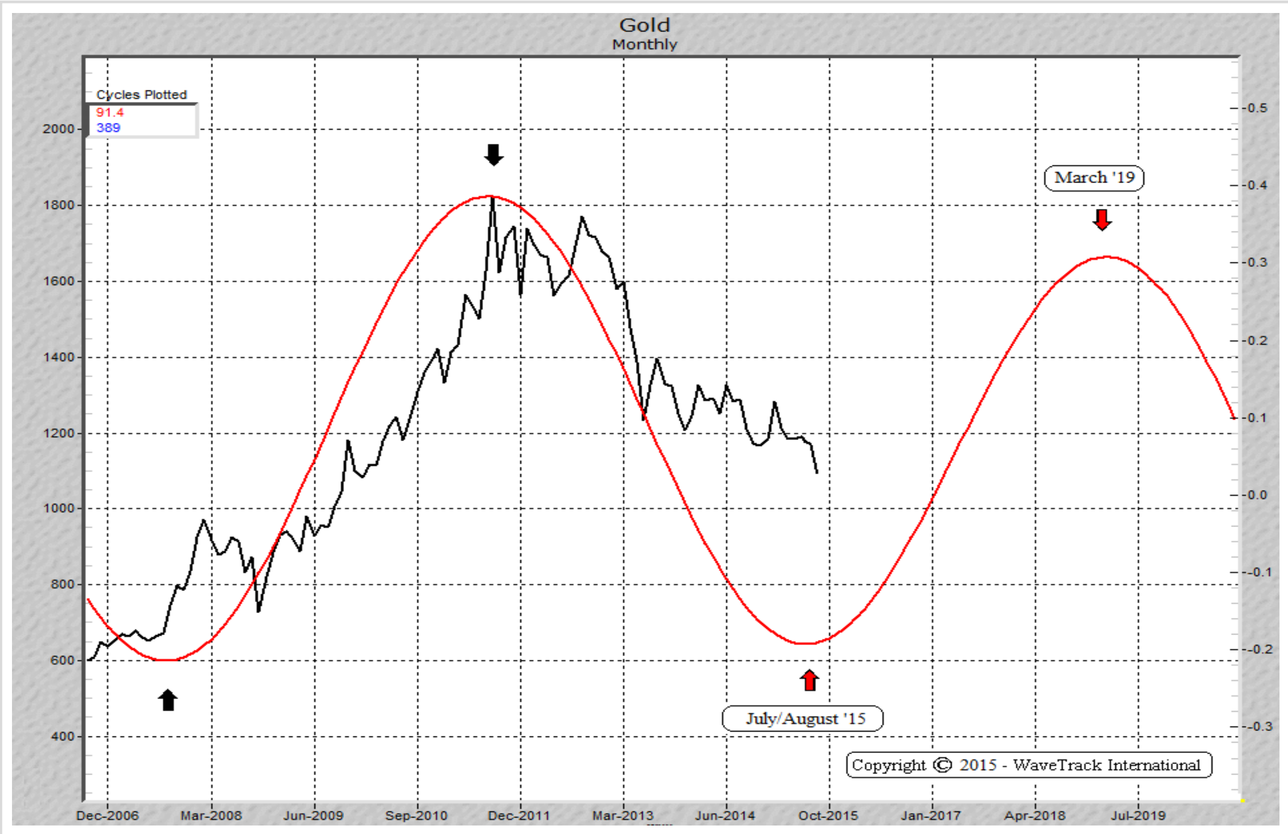

fig. #21 Gold - Monthly - Composite Cycle

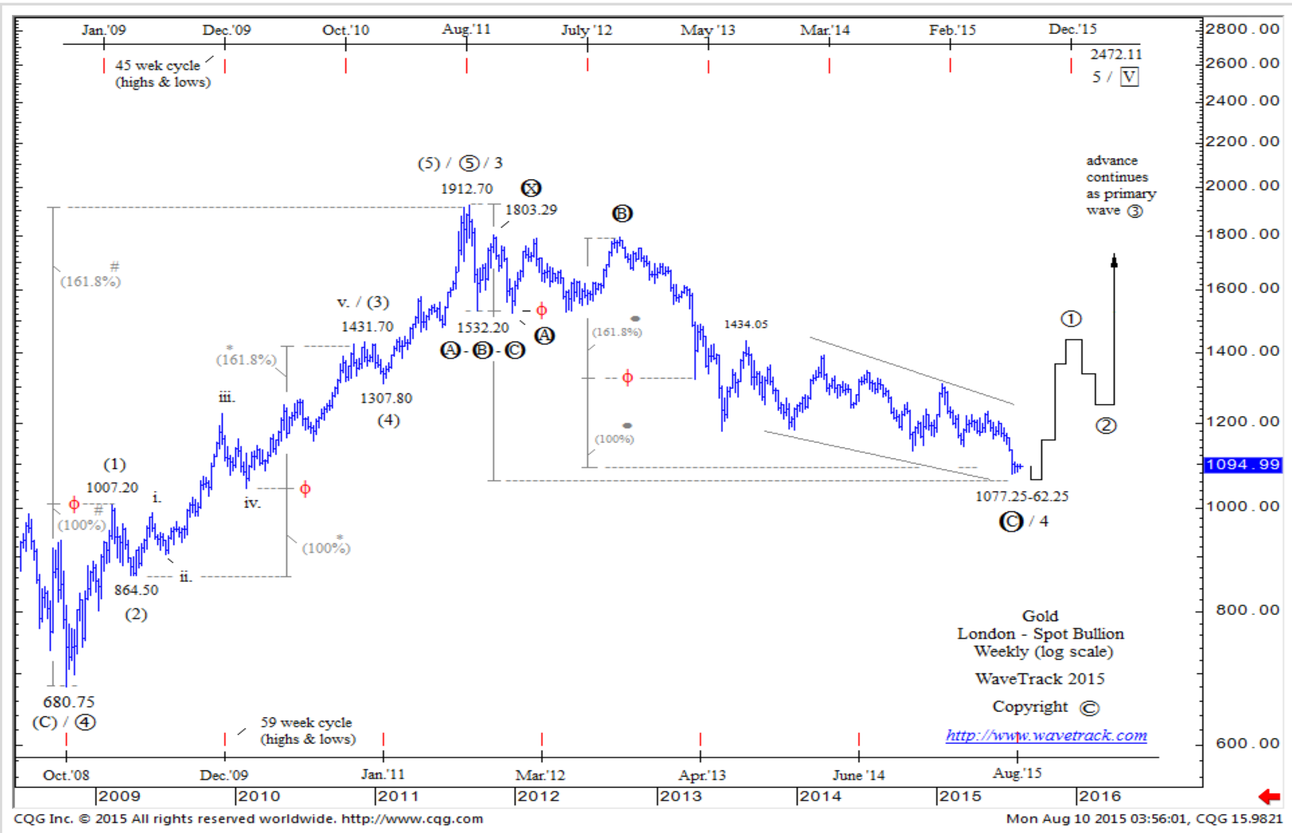

fig. #22 Gold - Weekly

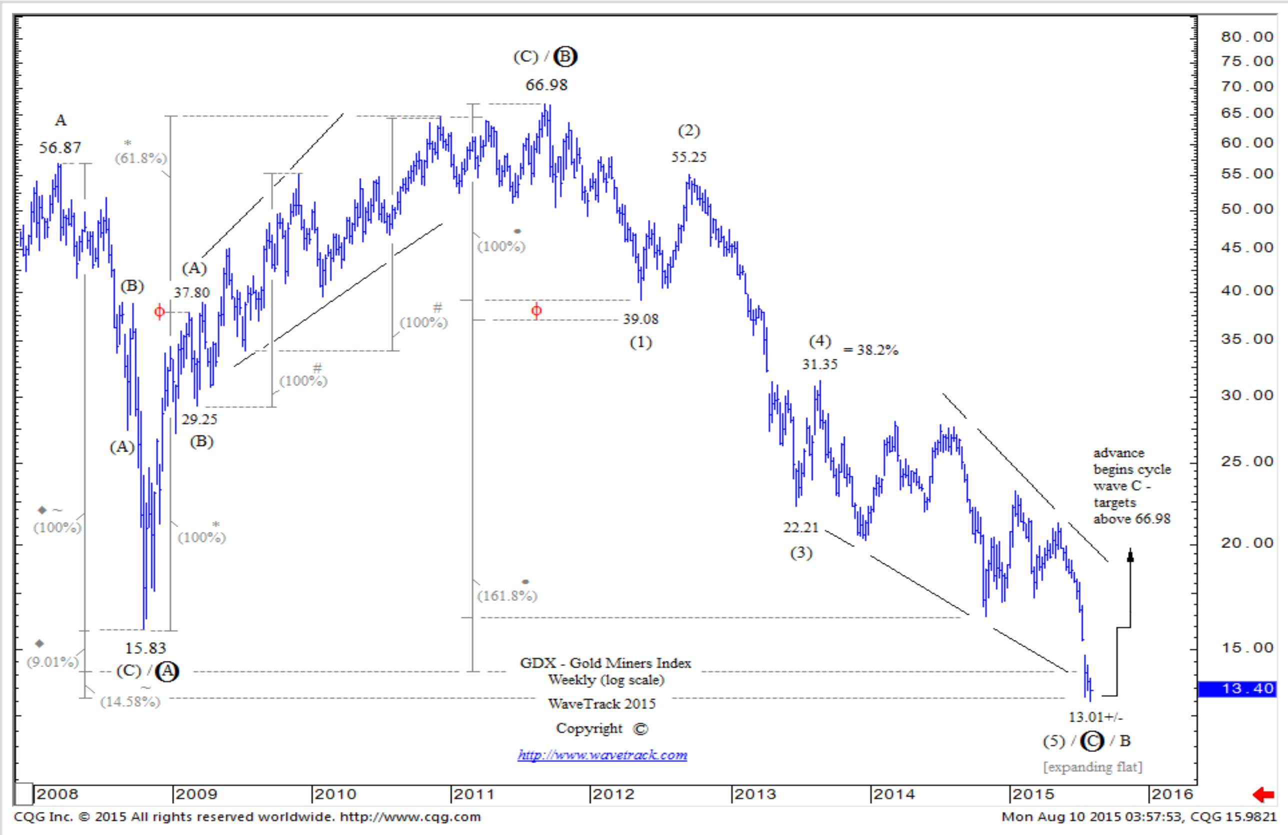

fig. #23 GDX - Gold Miners Index - Weekly

fig. #24 XAU Gold/Silver Index - Weekly

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