TRACK RECORD 1999

MARCH 2000

WAVETRACK INTERNATIONAL

THE ELLIOTT WAVE PRINCIPLE

WAVETRACK TRACK RECORD 1999

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INTRODUCTION

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You're about to view some of the best forecasts from WaveTrack in 1999. It is not a complete list by far, but this selection has been chosen because these best illustrate the balance and symmetry contained within the dynamic waves of the market. Fibonacci calculations which are religiously employed in combination with wave pattern identification have provided some insightful moments at key reversal points of the year.

The fact that the system of Elliott's Wave Theory is timeless in its origin is a testament to the man who unravelled the complexities of action and reaction processes of stock prices only seventy years ago. Others before him such as Pythagoras and Aristotle were the keepers of the Ancient Wisdom of arithmetic, logic and geometry which has been passed down through the ages and which we blindly use today. P.G.

GERMAN BUND

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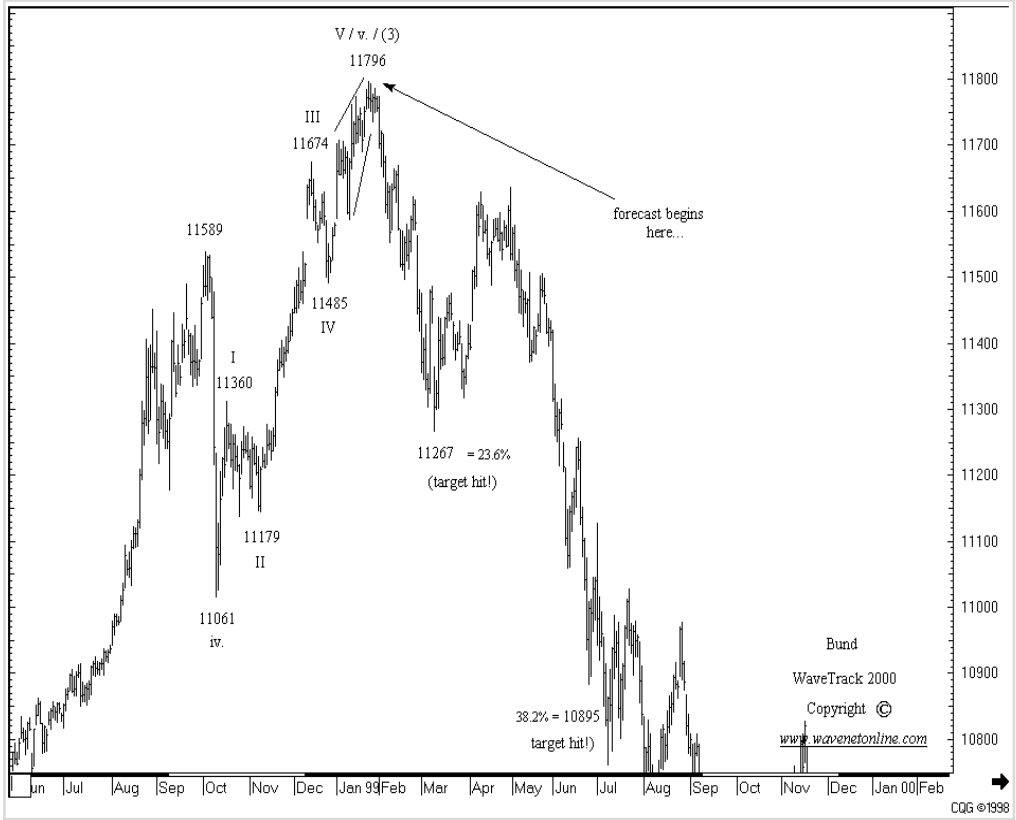
Bund (bund990126) - Forecast



Bund (bund990126) - Result!

The German Bund forecast above turned out to be one of the most significant of the year – note that a text book five wave pattern completed an advance from October 1998's low of 11061 to the January 1999 high. The fifth wave also unfolded into a classical 'di-agonal triangle' pattern providing the timing for an imminent reversal.

Downside targets calculated towards 11240 and 10895 were achieved three and seven months later!

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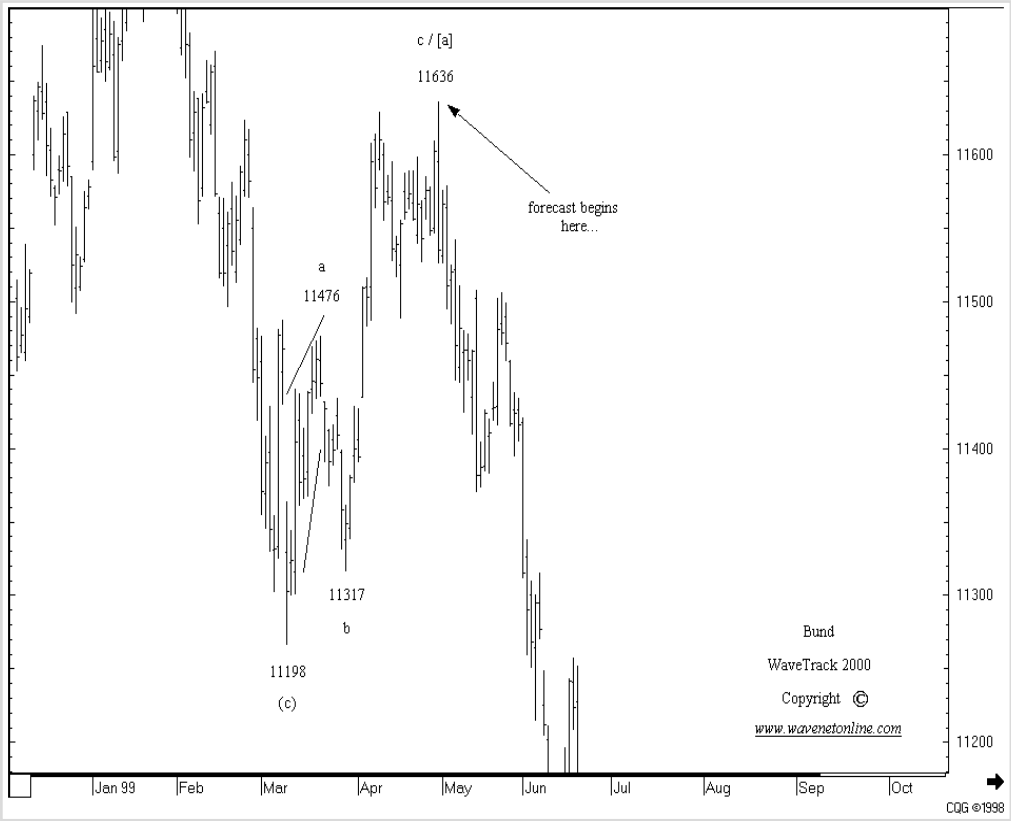
GERMAN BUND

Bund (bund990412d) - Forecast



Bund (bund990412d) - Result!

From the 11198 low, the Bund begins a counter-trend advance which unfolds into a simple 'zig zag' (a-b-c,5-3-5) sequence.
Note the perfect symmetry contained in this pattern – wave a. multiplied by fibonacci ratio 61.8% and added to this high yielded the target for the ensuing reversal at 11648…the actual high was 11636 – new lower lows eventually unfolded.

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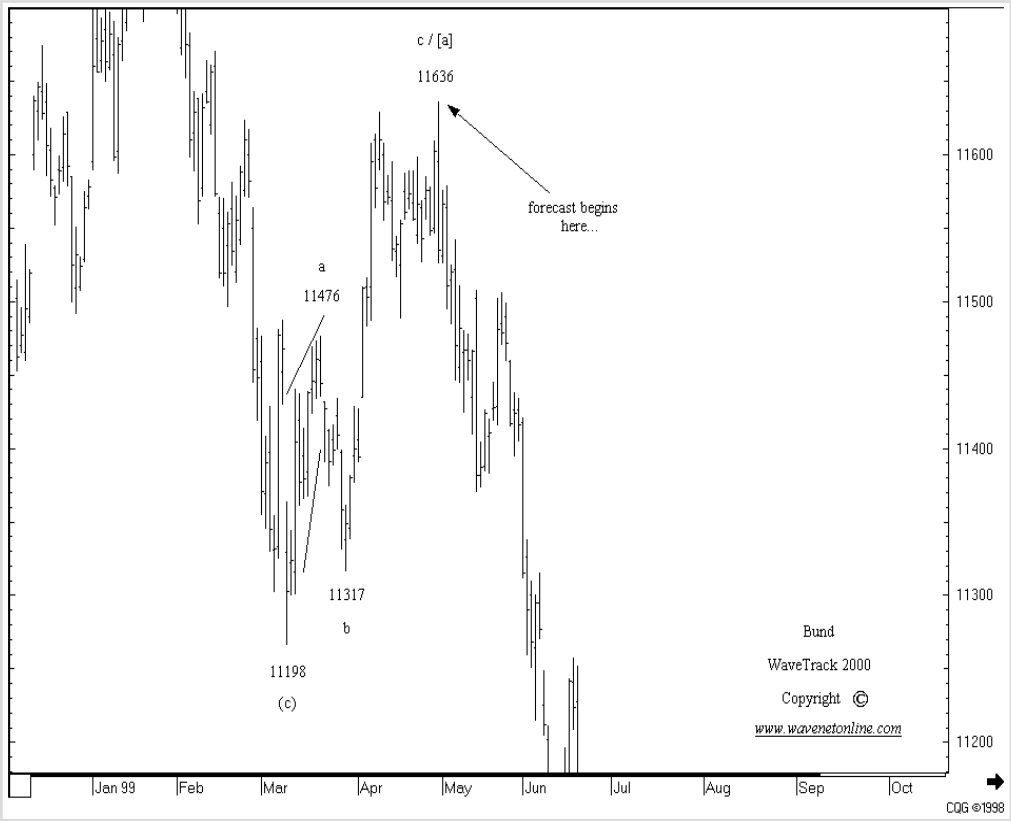
GERMAN BUND

Bund (bund990412d) - Forecast



Bund (bund990412d) - Result!

From the 11198 low, the Bund begins a counter-trend advance which unfolds into a simple 'zig zag' (a-b-c,5-3-5) sequence.
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GERMAN BUND

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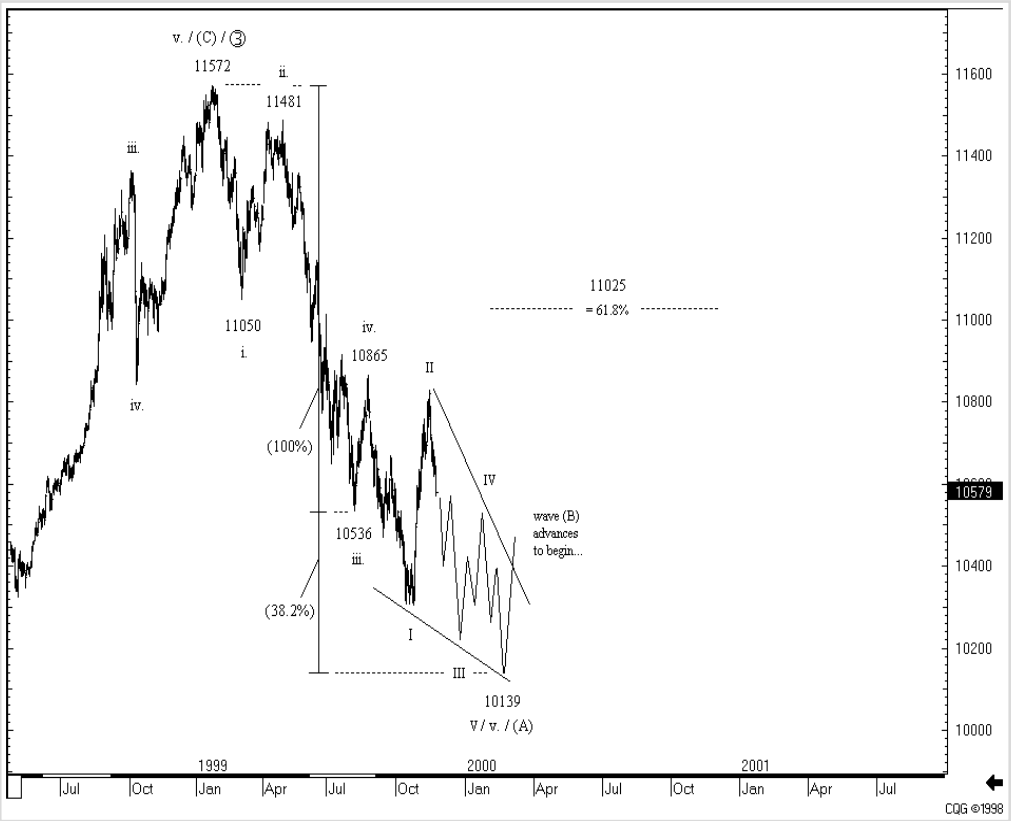
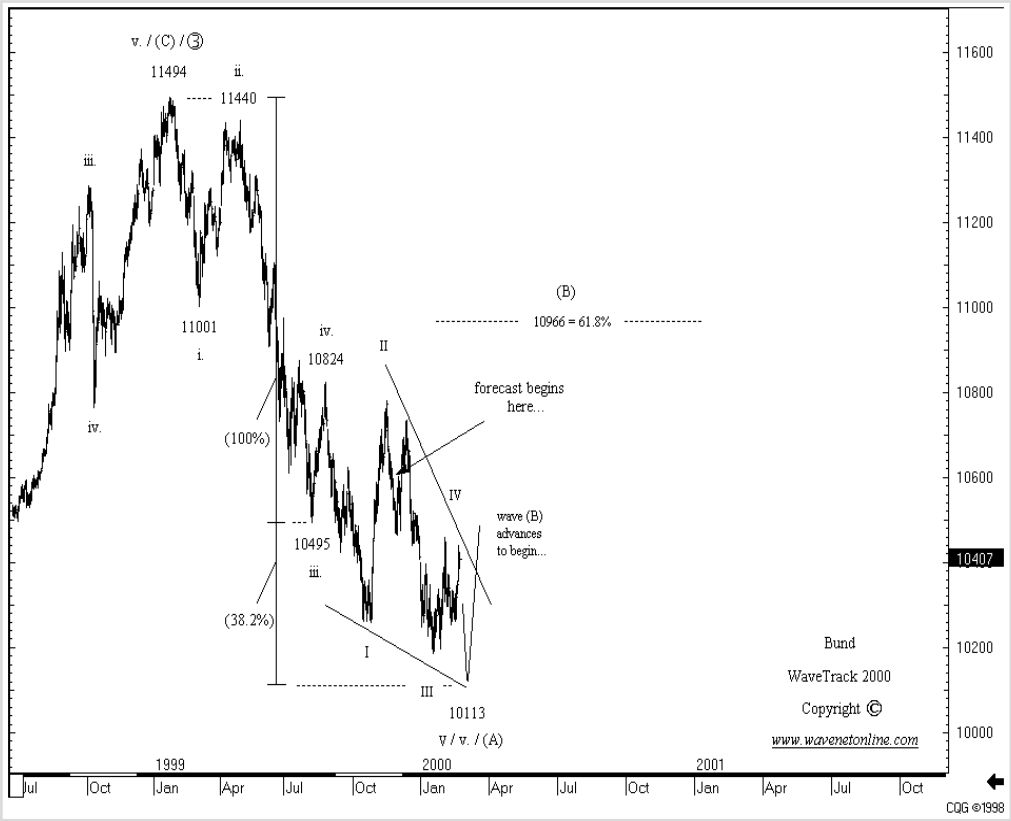


Bund (bund991124a) - Forecast



Bund (bund991124a) - Result!

Three wave progression both in declines and following advances led to the 'diagonal triangle' interpretation in this daily chart of the Bund. Forecasts into new lower lows when prices were above 10579 in November seemed irrational at the time – following declines led to 10185 being traded in mid January.

GERMAN BUND

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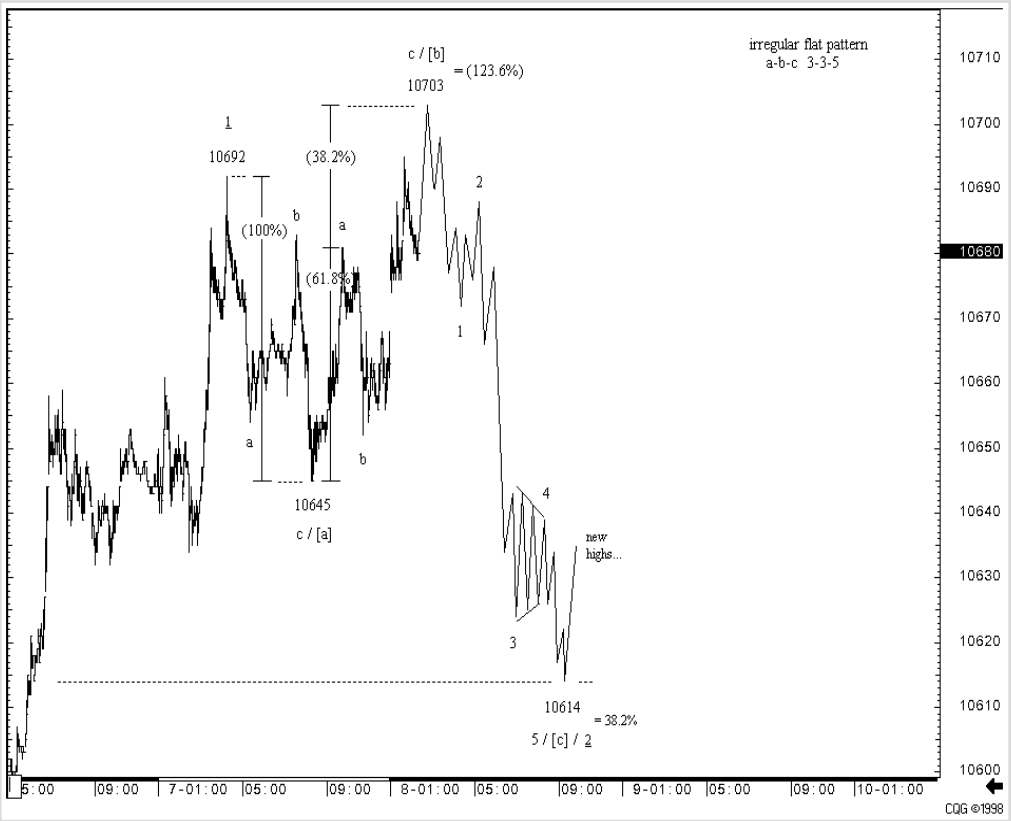
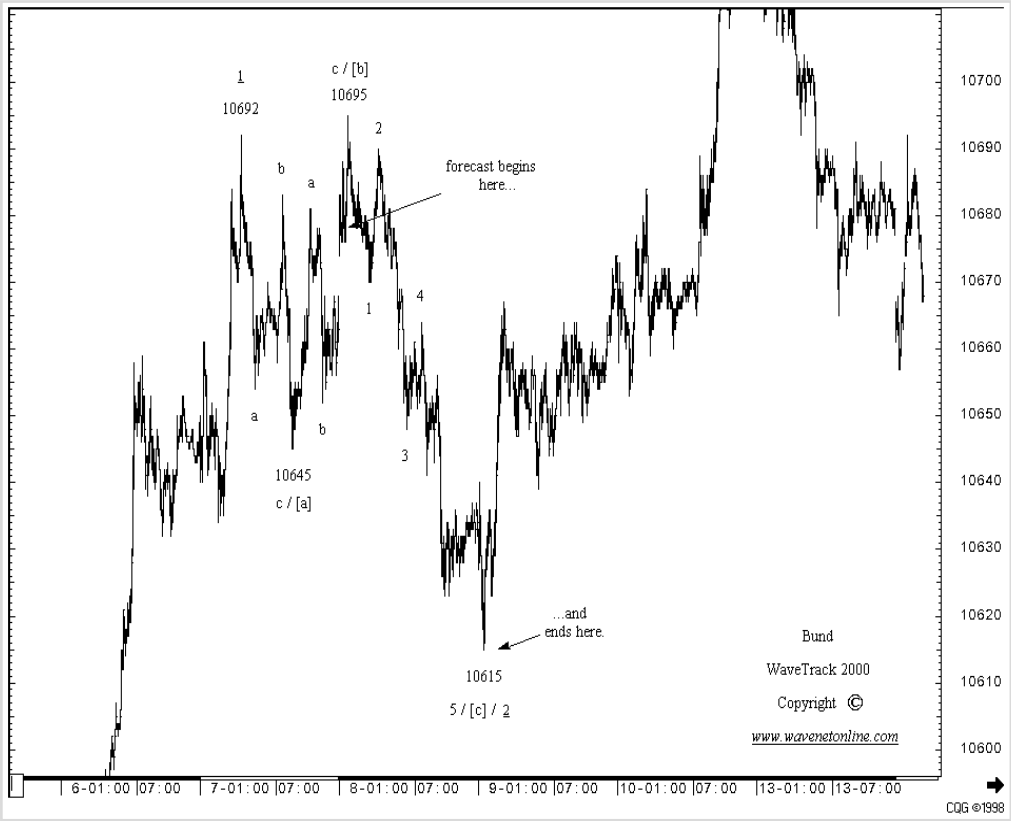


Bund (bund991208) - Forecast

A fifteen minute bar chart was used to study the Bund unfolding into a short-term 'irregular flat' ([a]-[b]-[c], 3-3-5) pattern within an ongoing advance. At this point, wave [b] was forecast to achieve 10703 before a decline began for wave [c] with targets towards 10614.



Bund (bund991208) - Result!

In reality, wave [b] hit 10695 then declined as wave [c] which eventually traded at 10615! The correction over, the price began another advance to a higher high…

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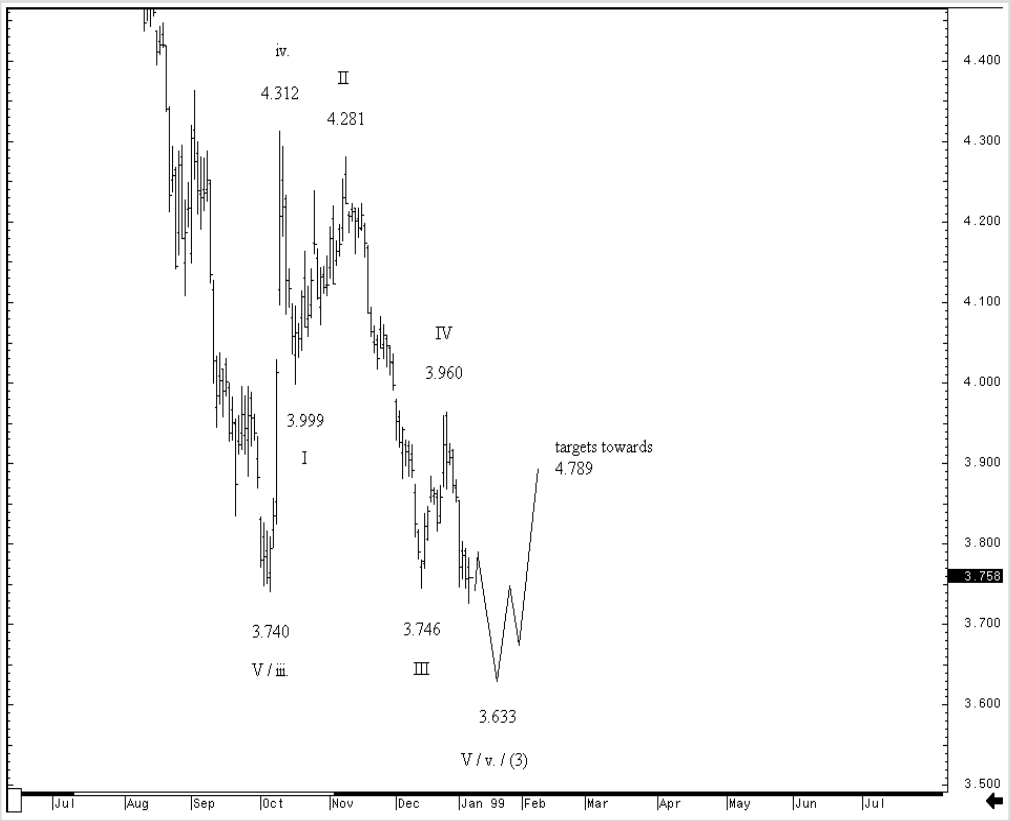
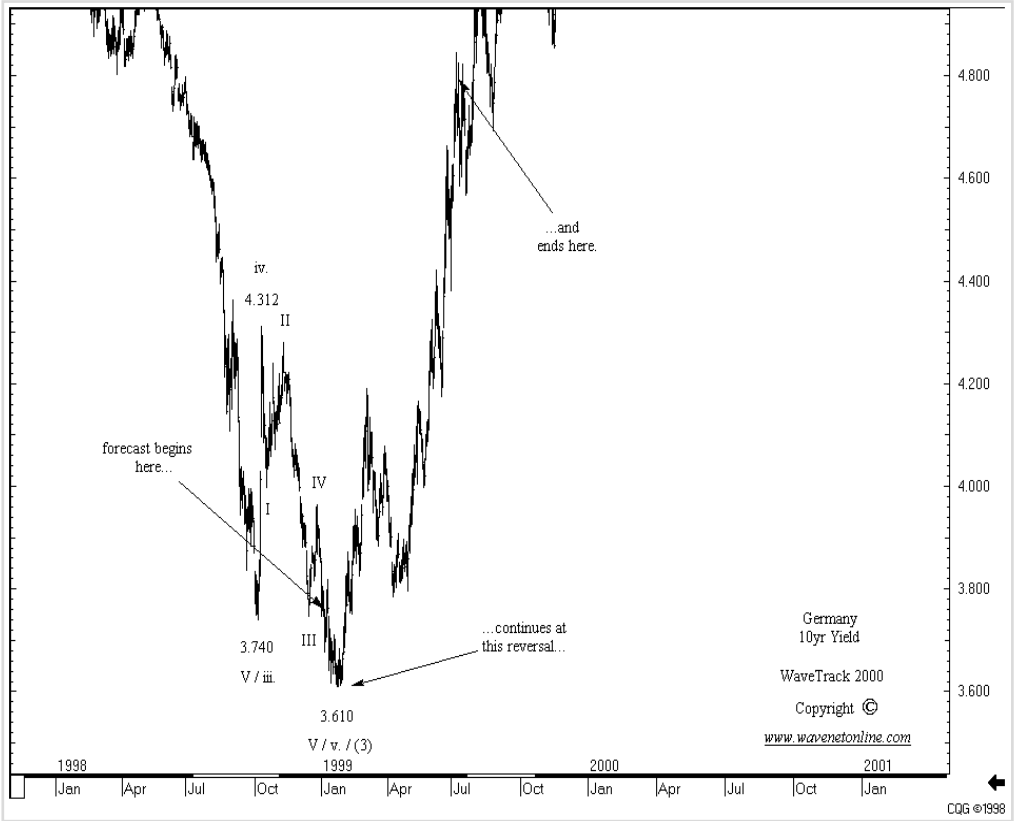
GERMANY 10YR YIELD



Germany 10yr Yield (de10yr990107) - Forecast



Germany 10yr Yield (de10yr990107) - Result!

The German 10yr yield was still in a long term downtrend when this forecast was made. Wave patterns looked for a five wave sequence completing from 4.312% at 3.633% and then stage a reversal that would begin a substantial advance for yields for months to come.

The reversal occurred at 3.610% and later hit upside objectives at 4.789% in July.

GERMANY 10YR YIELD

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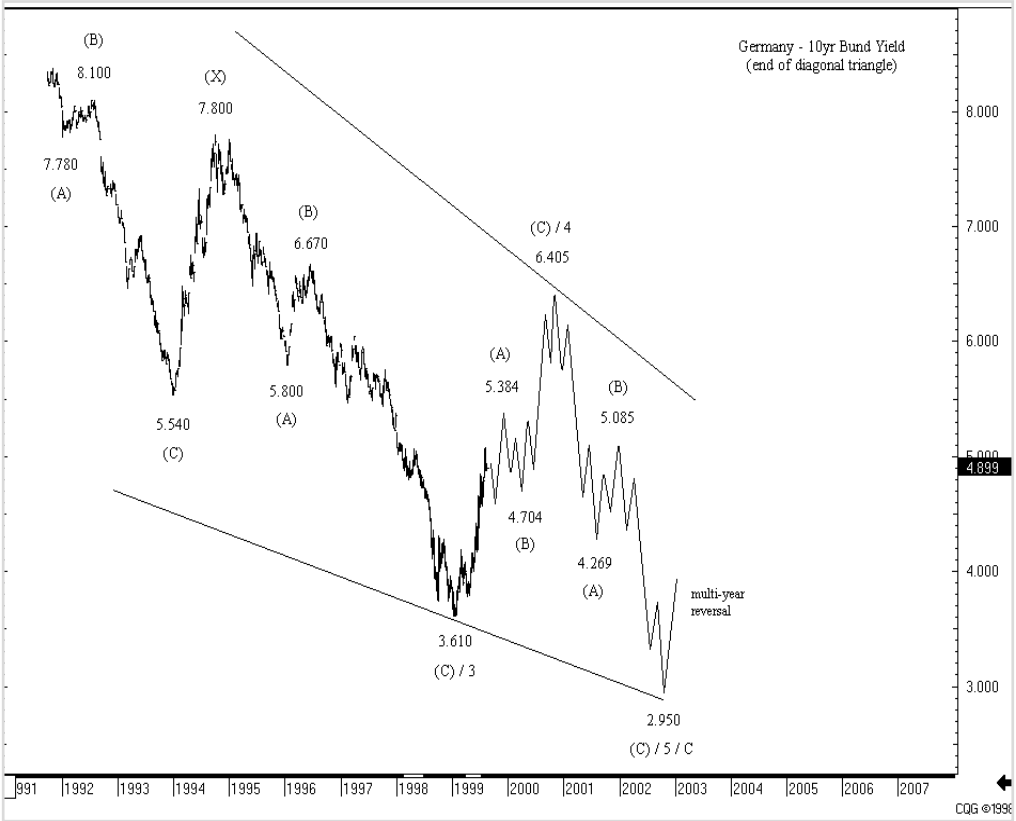
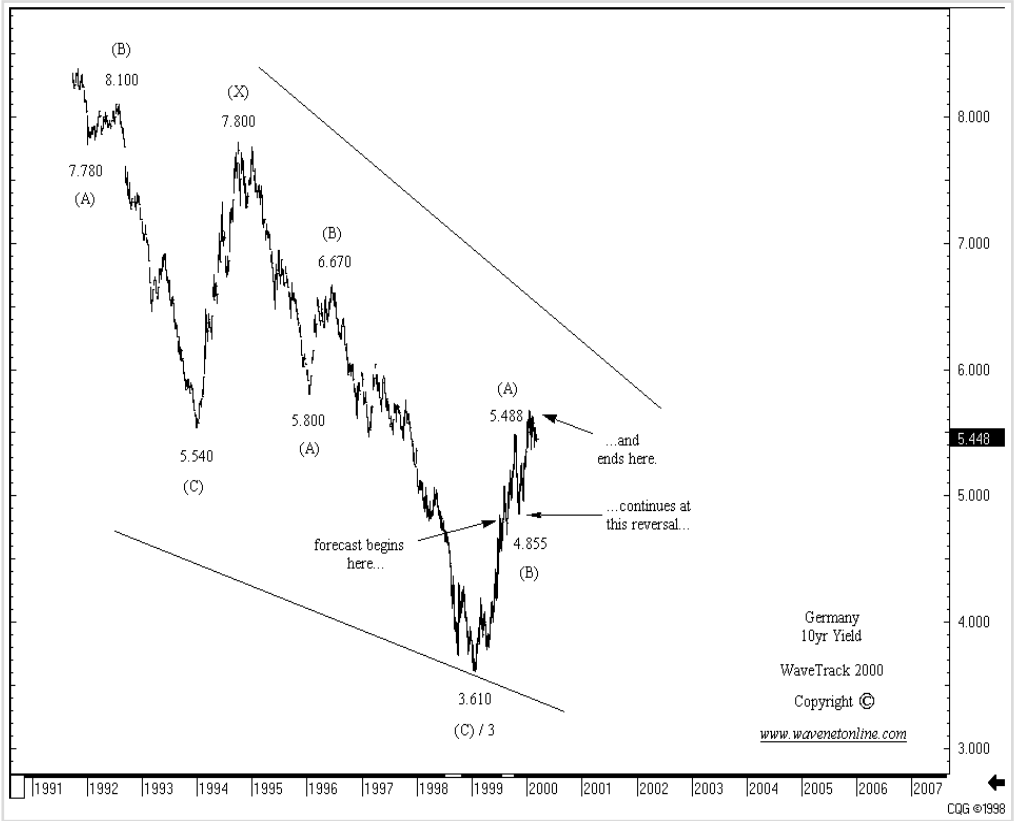


Germany 10yr Yield (de10yr990816a) - Forecast



Germany 10yr Yield (de10yr990816a) - Result!

Longer term trends suggested the German 10yr yield would advance from 3.610% into a simple 'zig zag' with ultimate objectives towards 6.405%.

The termination for wave (A) at 5.384% was calculated where (A) advanced by 61.8% of the entire 'zig zag' pattern, i.e. 6.405 – 3.610 x 61.8% + 3.610. The actual high for wave (A) completed at 5.488%!!

GERMANY 10YR YIELD

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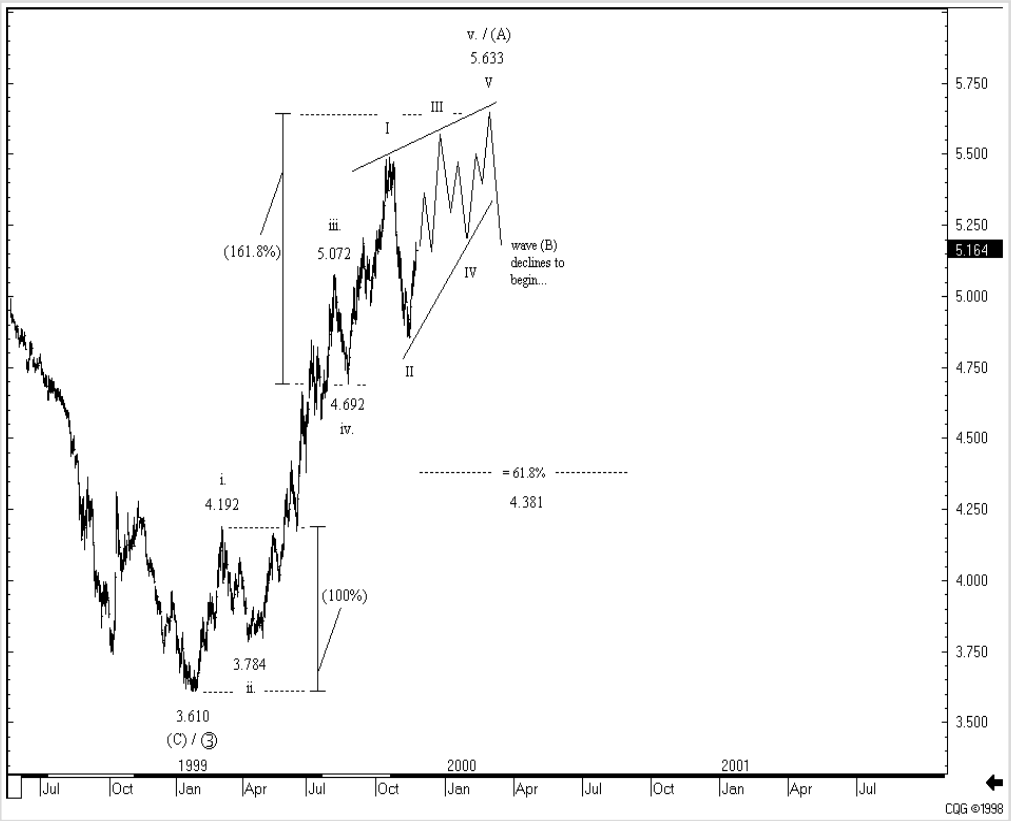
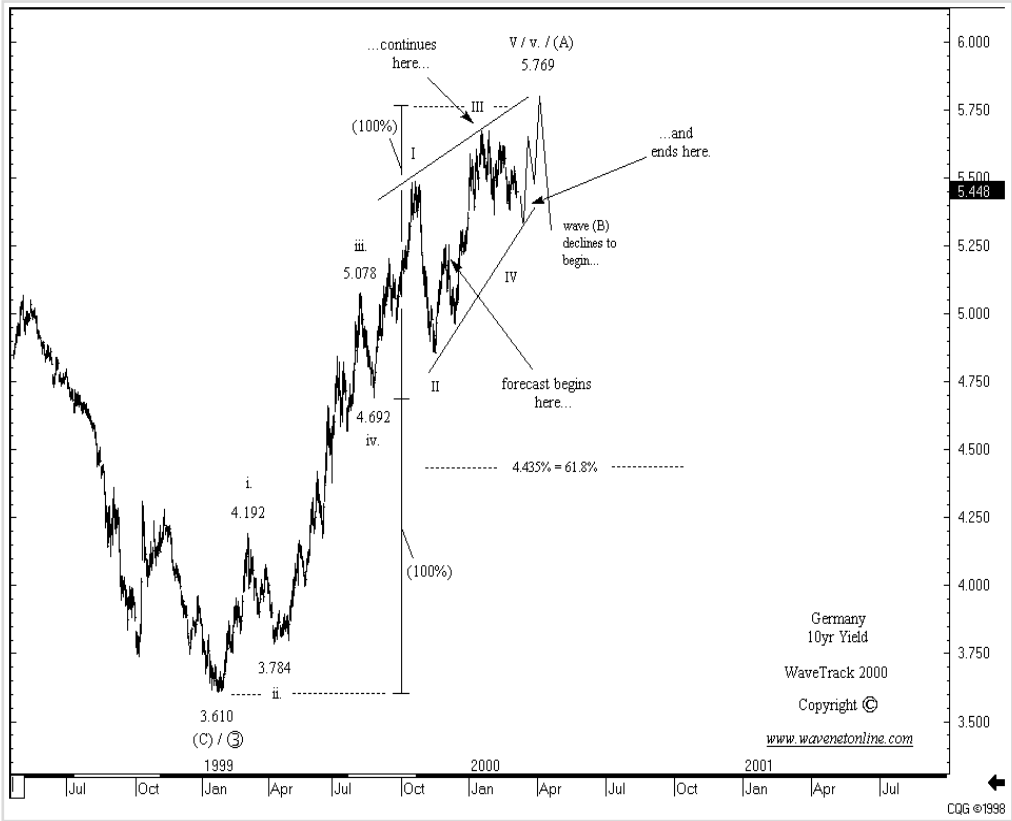


Germany 10yr Yield (de10yr991124) - Forecast



Germany 10yr Yield (de10yr991124) - Result!

Wave III of a 'diagonal triangle' is shown unfolding within minor wave v. of the German 10yr yield chart. Targets were forecast into new highs at 5.633% - by mid January, 5.674% had traded which began an immediate reversal – note that targets for minor wave v. were calculated by multiplying wave i. by fib. 161.8%.

EURIBOR 3MTH

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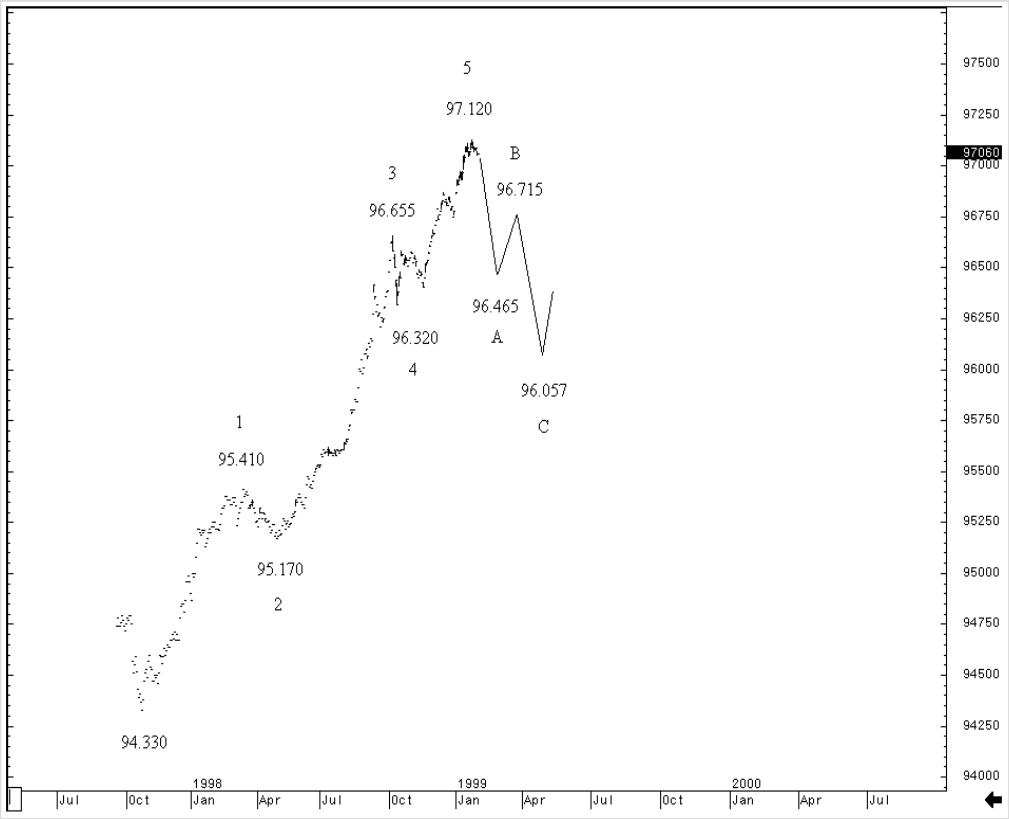
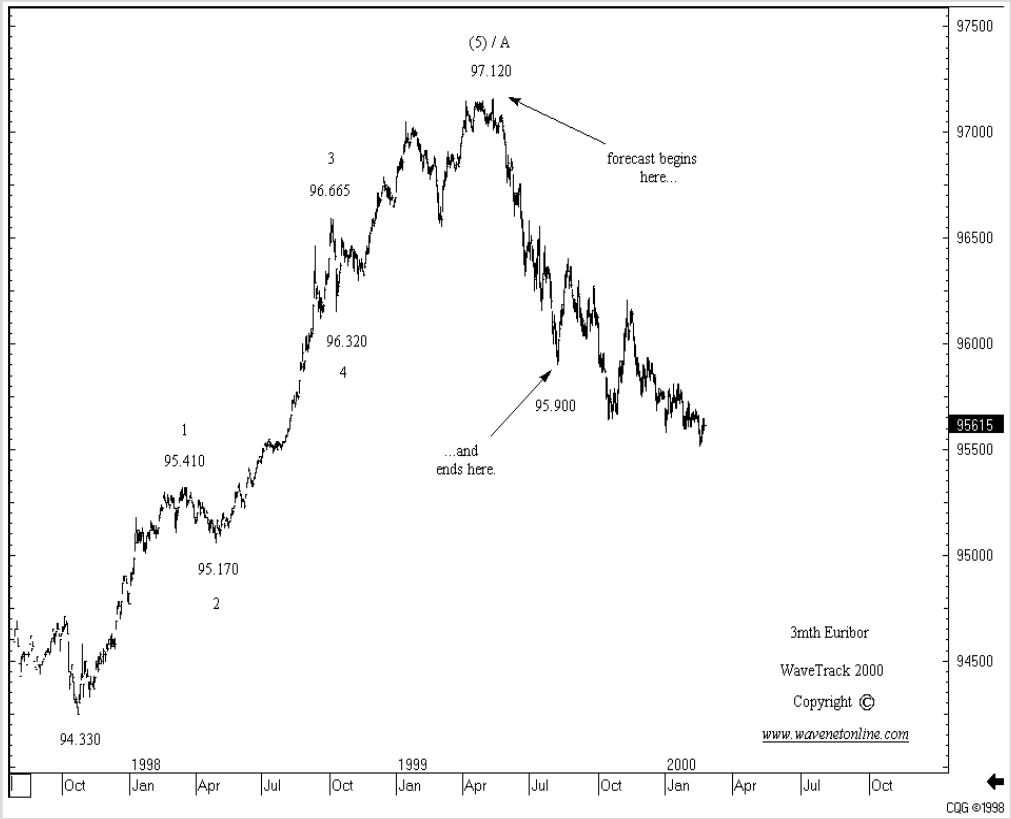


Euribor 3mth (ebor990201) - Forecast



Euribor 3mth (ebor990201) - Result!

Short term interest rate futures in Germany highlighted the Euribor 3mth completing a five wave advancing pattern from 94.330 in October 1998 at 97.120 in early January 1999.
The forecast for a subsequent decline of significant magnitude to 96.057 seemed improbable at the time – but as the right hand chart clearly depicts, decline it did!

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T-BOND

T-Bond (tb990413) - Forecast

T-Bond (tb990413) - Result!

And now the U.S. Treasuries – the trend was already well established as down by April when this forecast was made. A three wave advance which unfolded as a 'zig zag' correction to 12319 was a bright beacon that forewarned of another series of declines to new lows – below 11909.

Targets to 11506 were calculated where this decline was a 100% ratio of the previous decline from 12722 – 11909. That ratio provided an almost exact reversal two months later.

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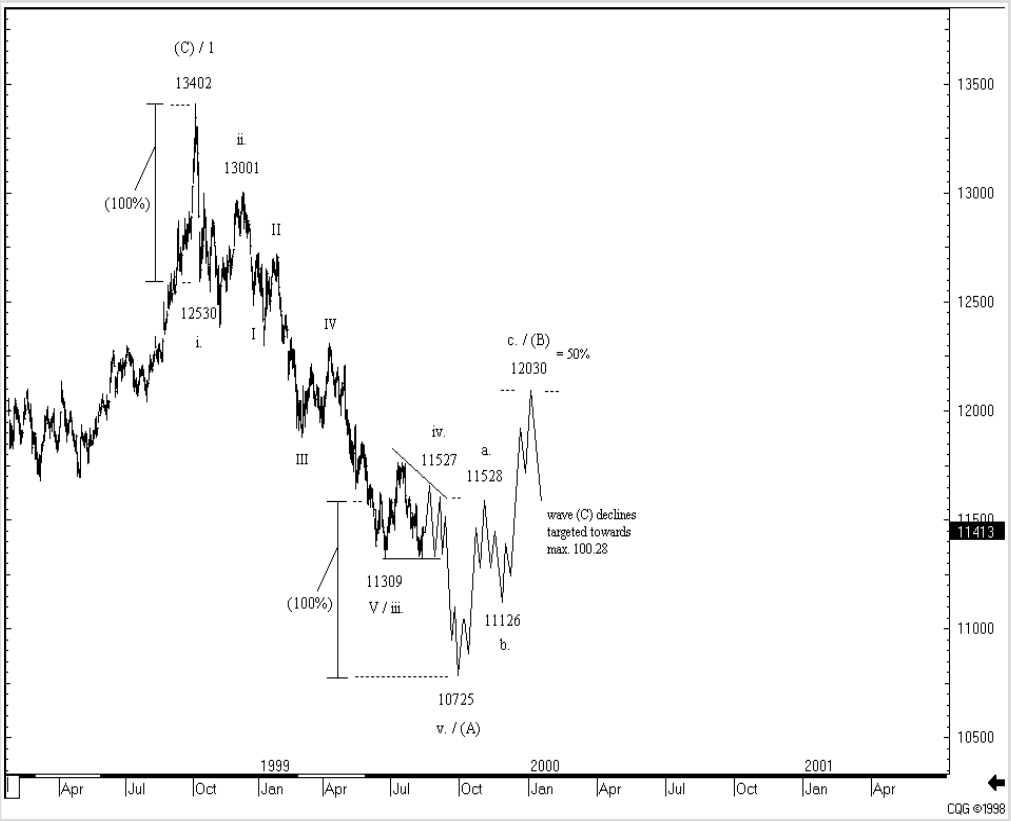
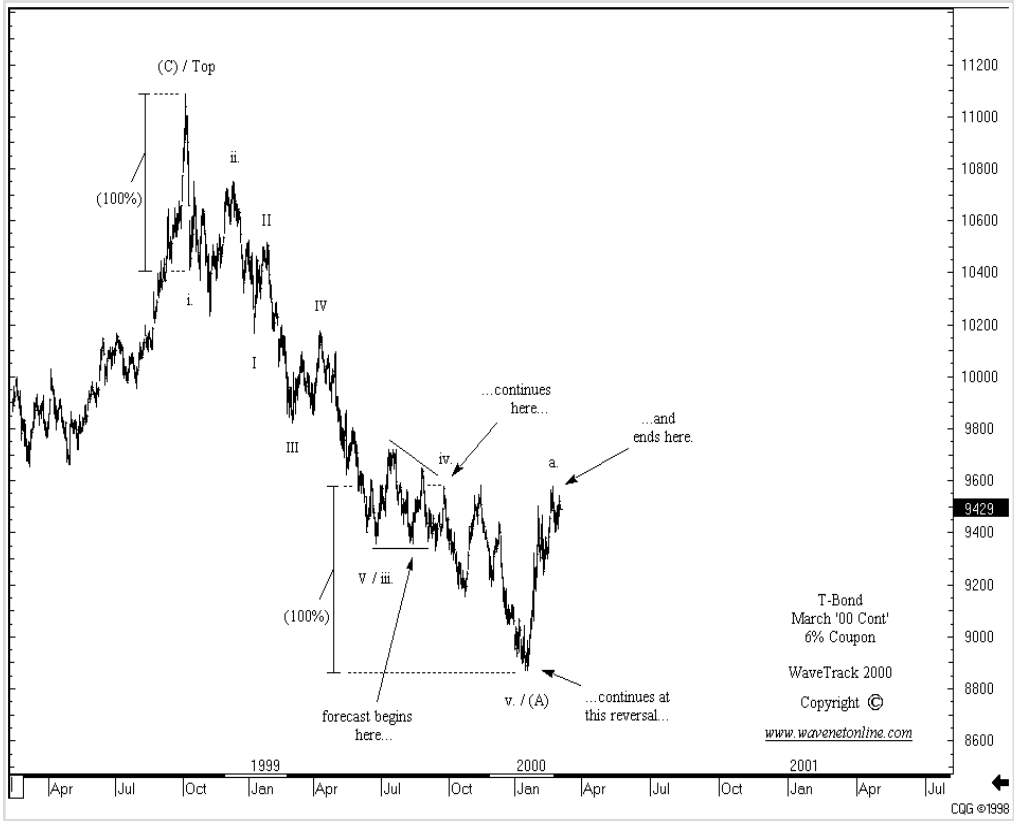
T-BOND



T-Bond (tb990817a) - Forecast



T-Bond (tb990817a) - Result!

An ambitious forecast by any means – the U.S. T-Bond future above is observed as un-folding into a fourth wave 'triangle' with ultimate targets for a fifth into a new lower low. Targets for wave v. were forecast to unfold to a 100% ratio of wave i. at 10725 basis the September contract (before coupon change).

The final low for wave v. traded exactly to this ratio relationship in January 2000.

T-BOND

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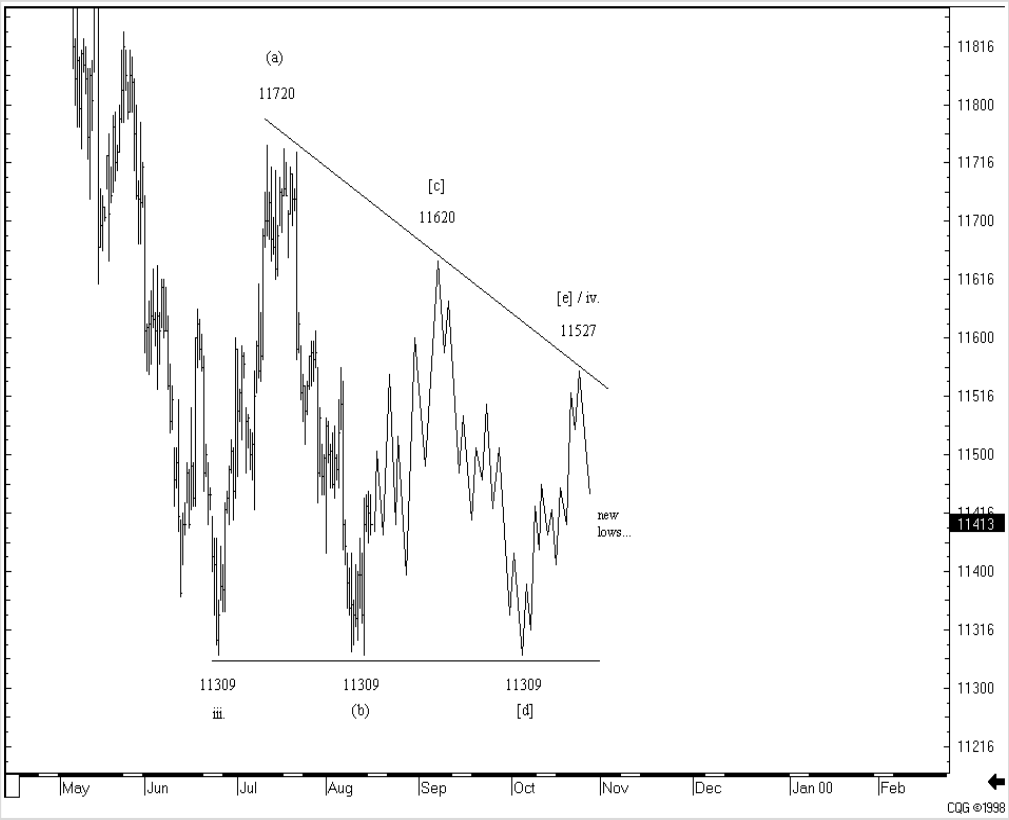
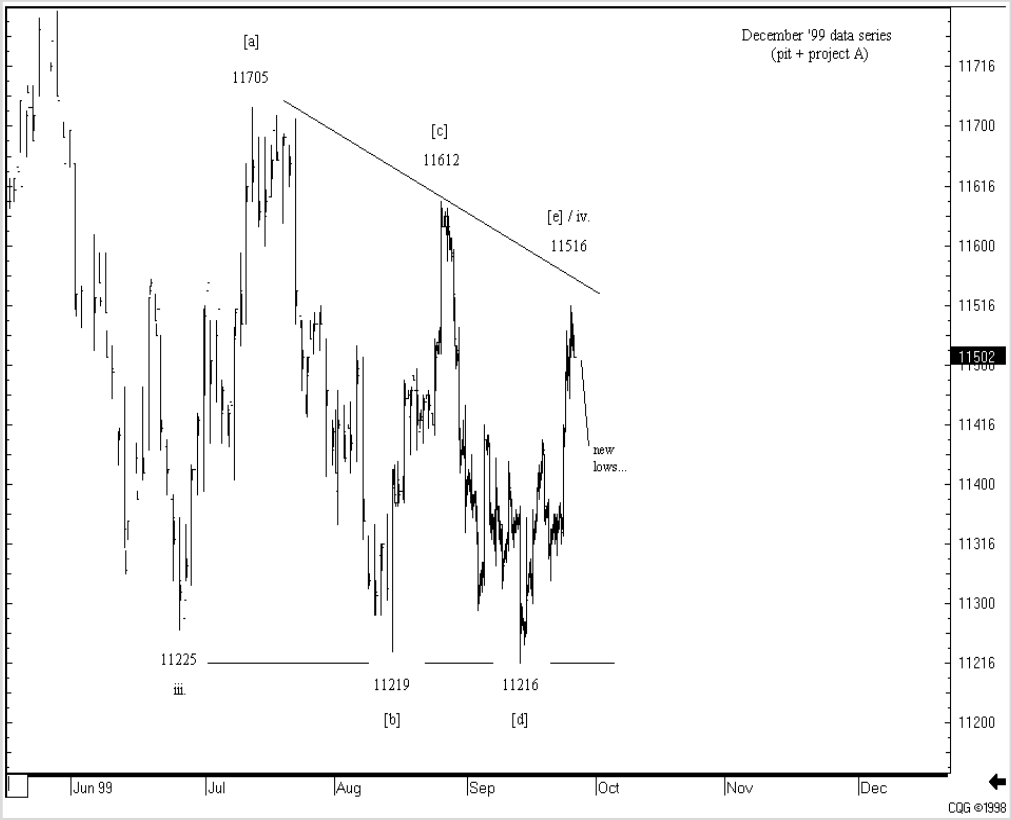


T-Bond (tb990817b) - Forecast



T-Bond (tb990817b) - Result!

Wave iv.of the 'descending triangle' in U.S. T-bonds is examined close-up and drawn subdividing into a classical a-b-c-d-e sequence. At this stage in August, wave [b] had just completed at 11309 and waves [c], [d] and [e] were forecast to subsequently unfold in the months ahead.

The result was an astonishing portrayal of perfectness – not only did the subdivisions adhere to orthodox 'zig zags', but targets traded at every rever-sal point.

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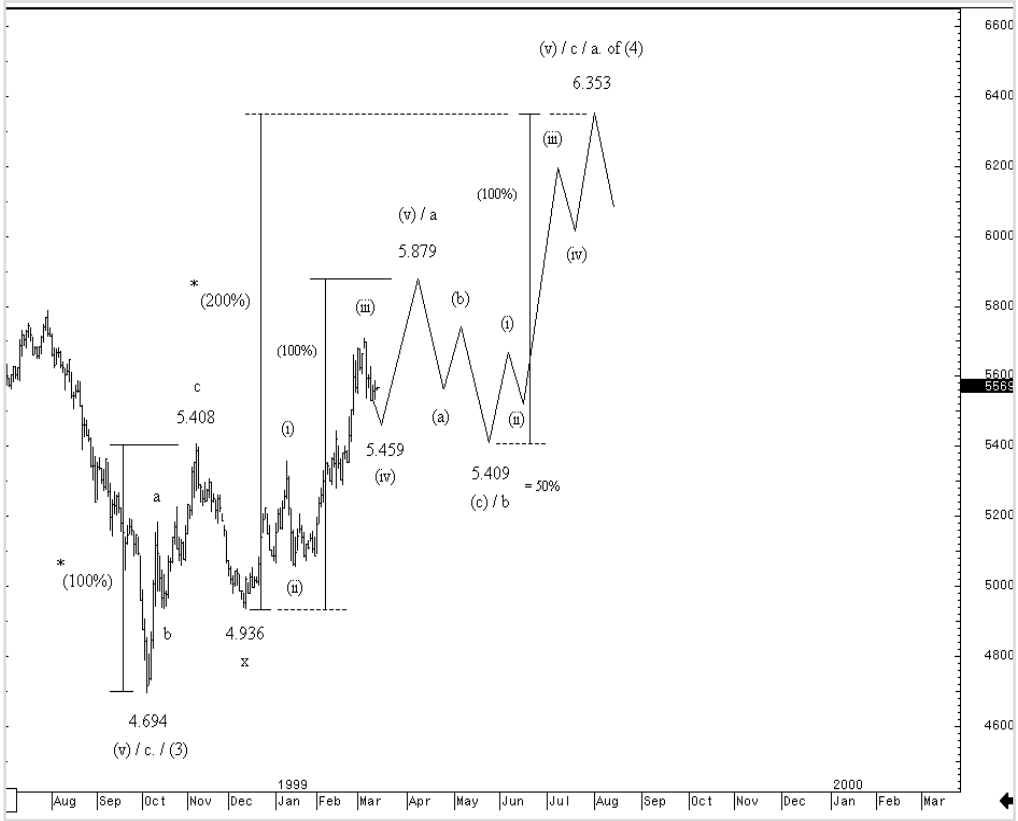
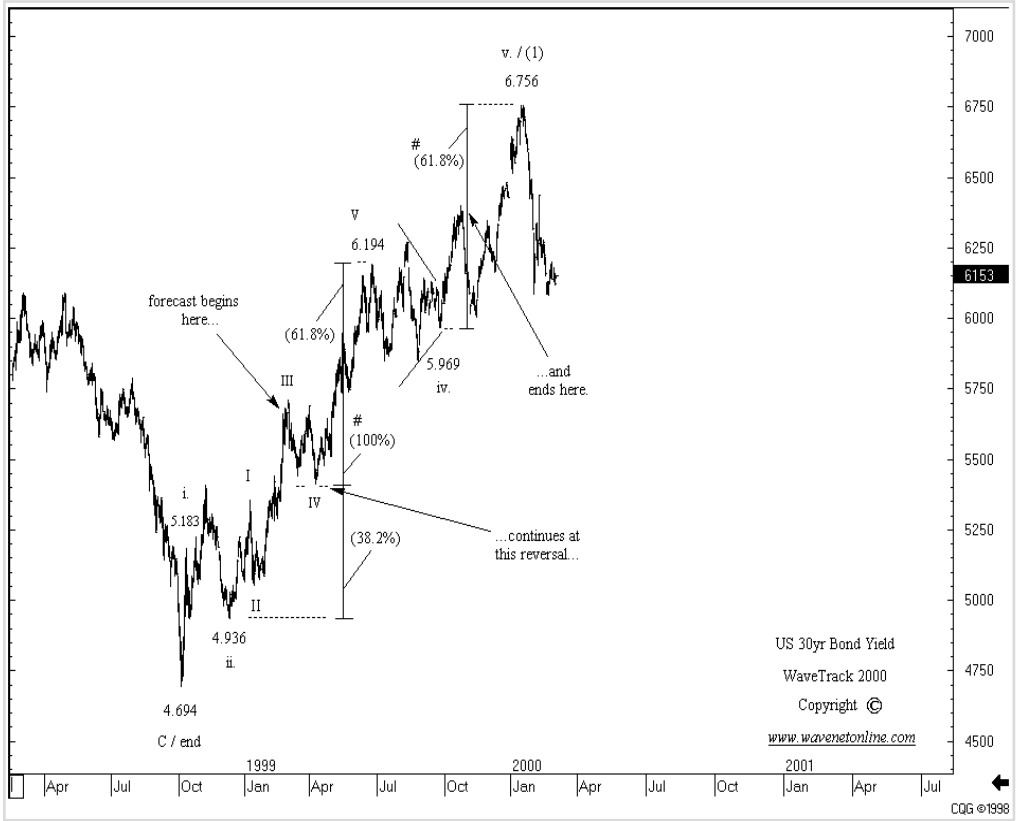
US 30YR YIELD



US 30yr Yield (US30yr990312) - Forecast



US 30yr Yield (US30yr990312) - Result!

Meanwhile U.S. 30yr yields were trending higher – counting from the lows of October 1998 , targets were towards 6.353% - a substantial rise given the current level of 5.569%. The result was the yield advancing to our target in October – and eventually beyond…

US 30YR YIELD

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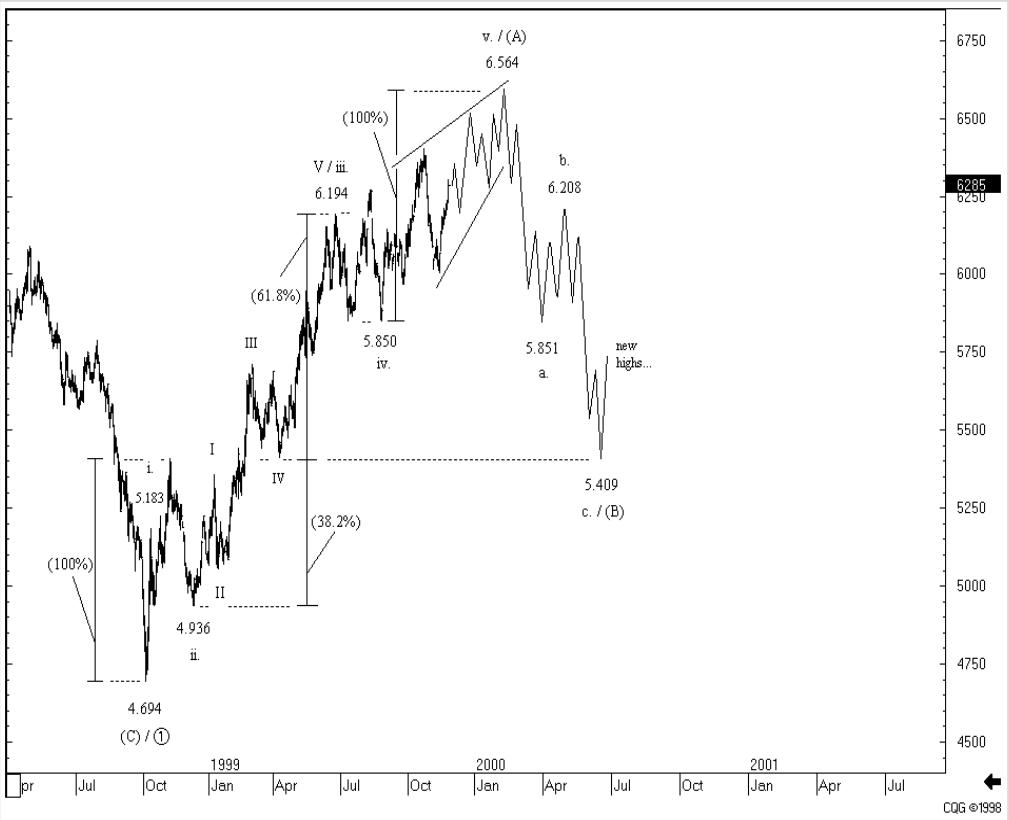
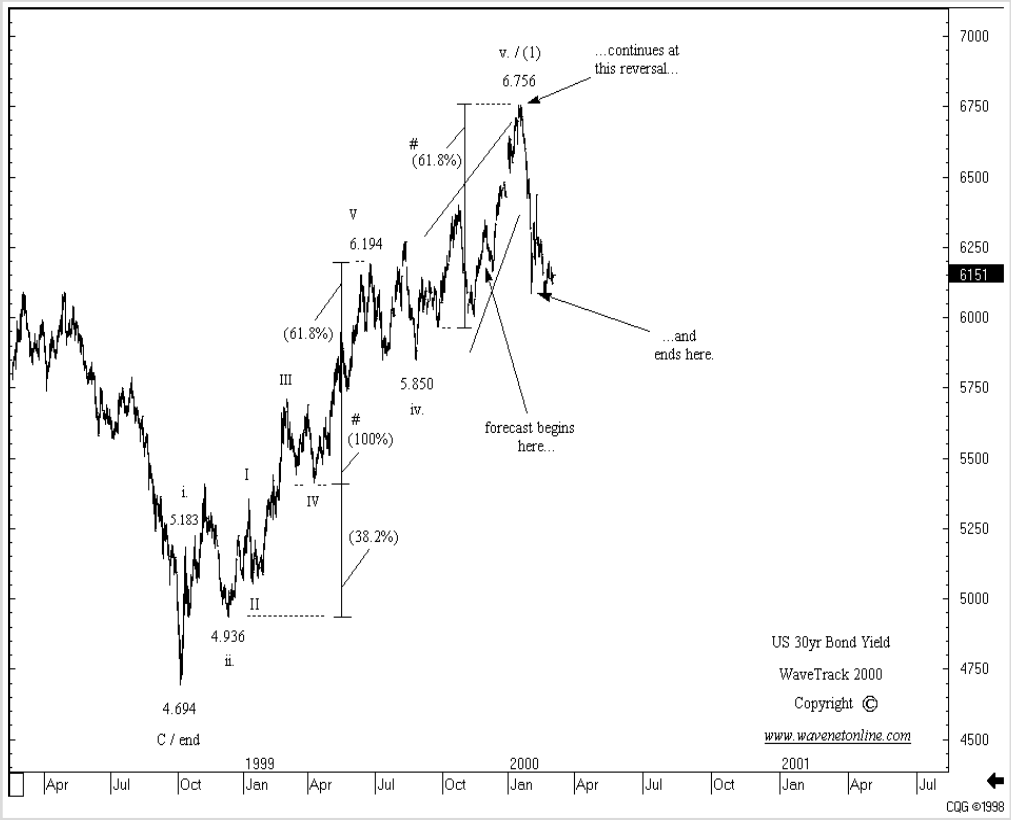


US 30yr Yield (US30yr991129) - Forecast



US 30yr Yield (US30yr991129) - Result!

…and updating the yield in November suggested the entire advance from the 4.694% low was unfolding into a five wave pattern. Wave v. was forecast to conclude at 100% ratio to wave i. towards 6.564% then begin a sharp reversal as the correction begins to exert itself. The high was recorded at 6.756% and then declined sharply!

EURIBOR / 10YR BUND

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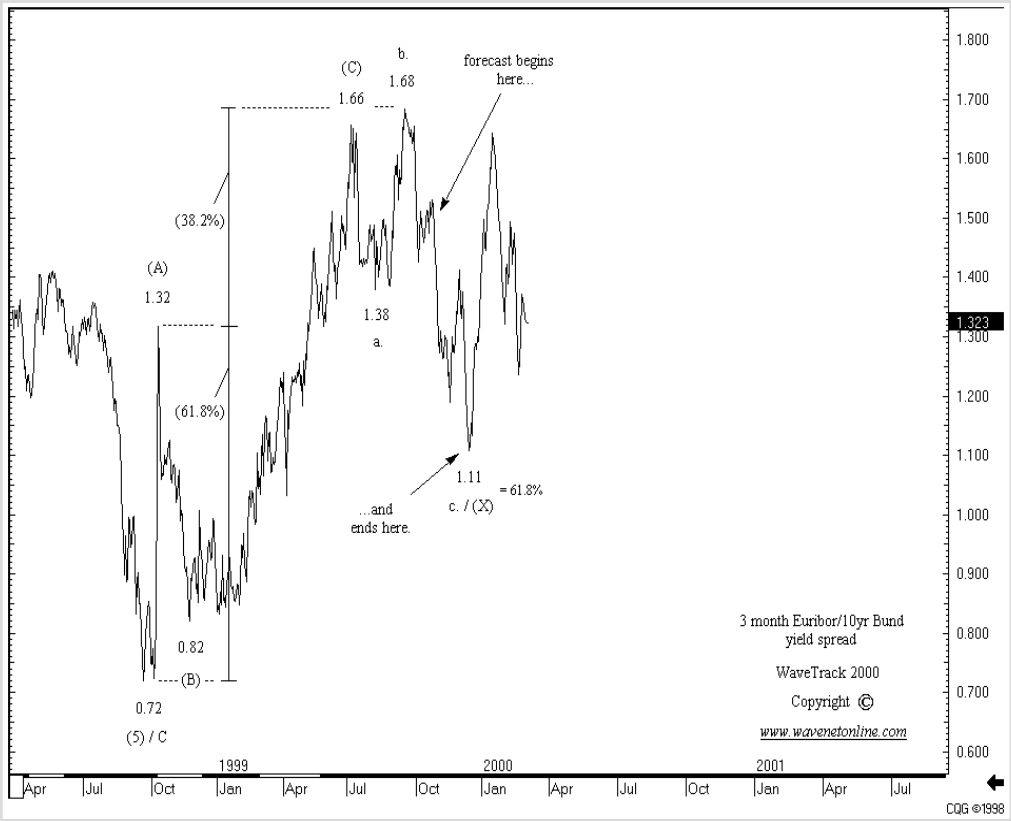
Euribor / Bund (Bund991007) - Forecast



Eurbor / Bund (Bund991007) - Result!

The Fixed Income spreads also provided some interesting reversals – and confirmation of trends. In this example, the 3mth Euribor / 10yr Bund differential clearly emphasises an a-b-c- 'zig zag' advance from 0.94 to 1.90 suggesting at the very least a decline (narrowing of yield) thereafter.

Note that the 'zig zag' exhibits the 61.8% ratio rela-tionship – wave a. multiplied by 61.8% and added to its high provides the target for wave c.

GERMAN 10YR / 5YR SPREAD

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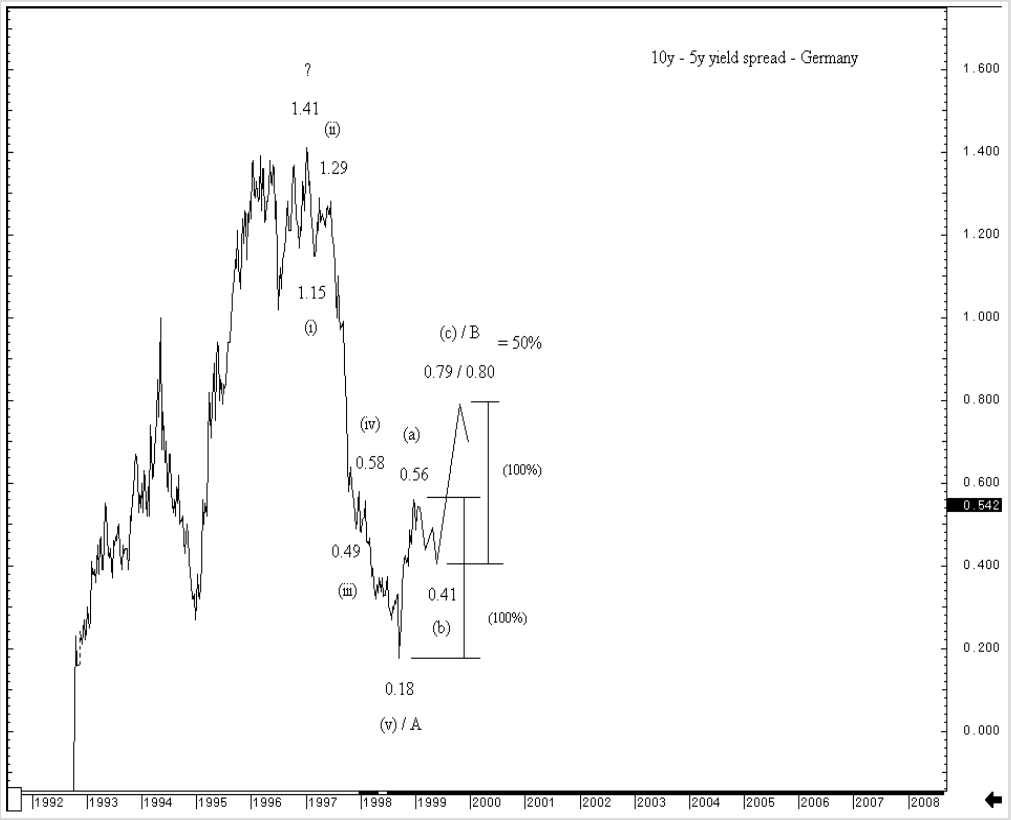
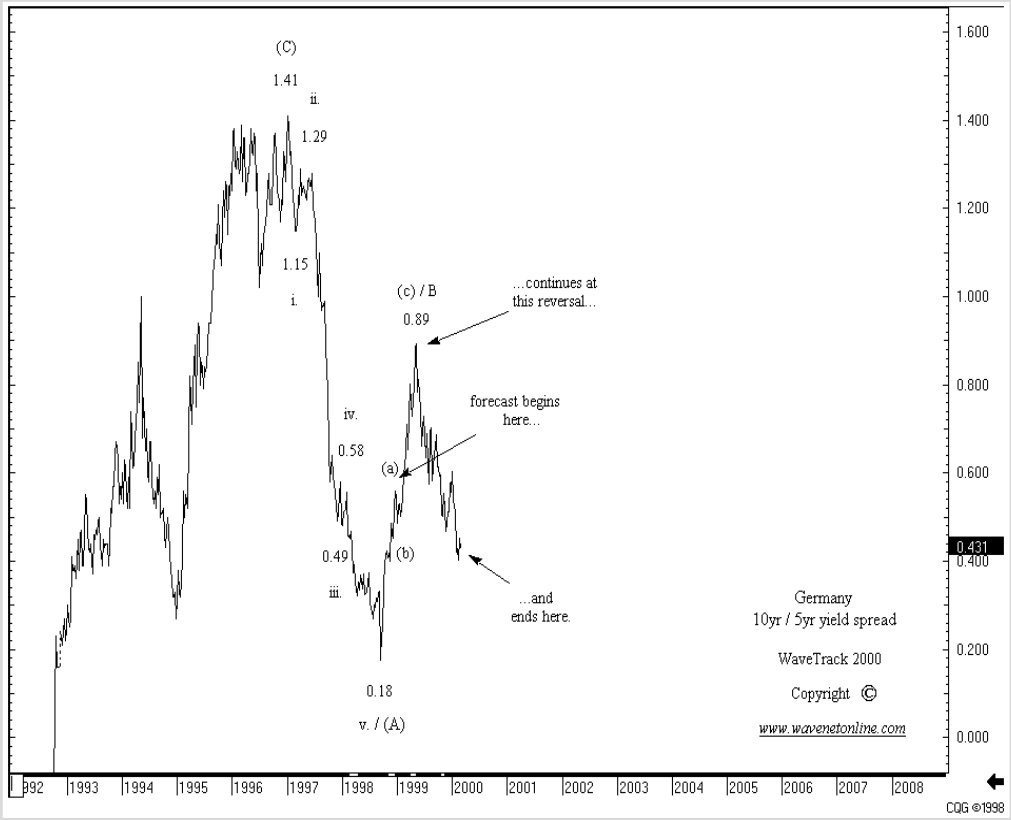


German 10yr / 5yr spread (de10y-5y990118) - Forecast



German 10yr / 5yr spread (de10y-5y990118) - Result!

The German 10yr/5yr spread labels a five wave decline (narrowing) on this weekly chart from 1.41 to 0.18. An (a)-(b)-(c) 'zig zag' counter-trend advance is then forecast to follow, with targets towards 50% resistance at 0.80 – the result was the spread widen-ing again to 0.89 as shown in the right hand chart before a reversal at this point re-sumed the trend.

T-BOND / BUND SPREAD

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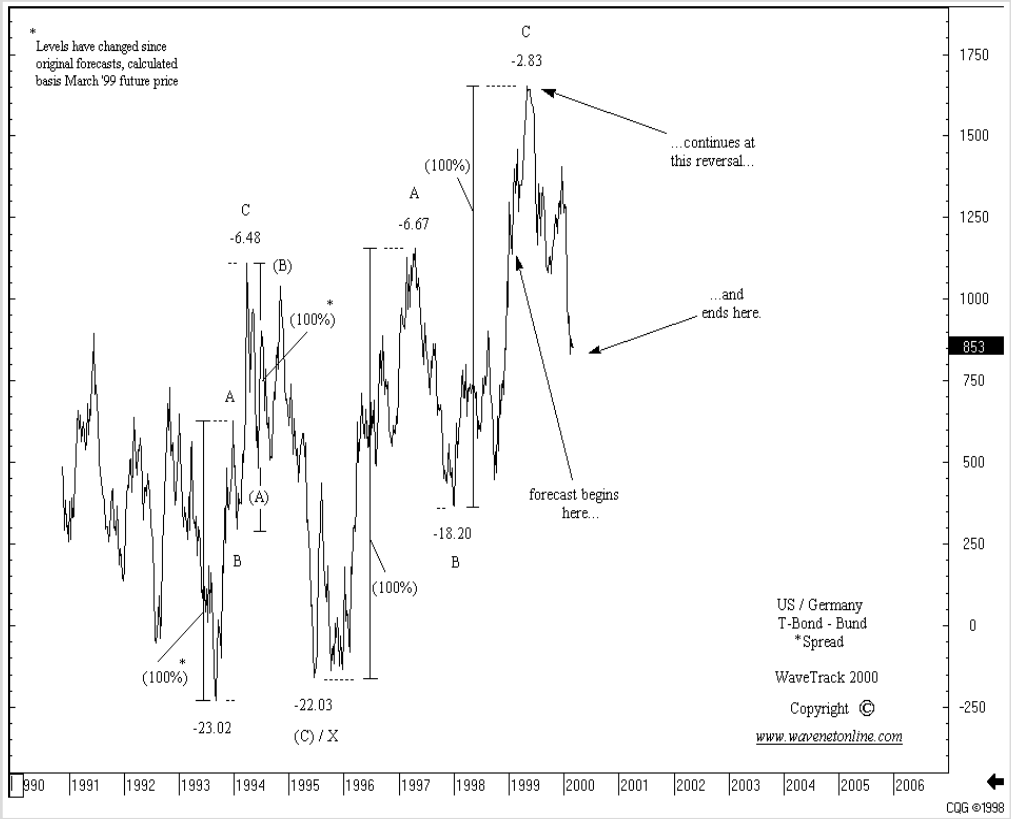
T-Bond / Bund spread (bund990201) - Forecast



T-Bond / Bund spread (bund990201) - Result!

The monthly chart above compared the Spread on the futures of the T-Bond and the Bund. The entire pattern counting from the 1993 low at –23.02 was seen as unfolding into a 'double zig zag' sequence. Waves A and C adhere to 100% ratio relationships to each other with forecasts to complete towards –2.83.

This almost exact level finally traded which resulted in a significant reversal…

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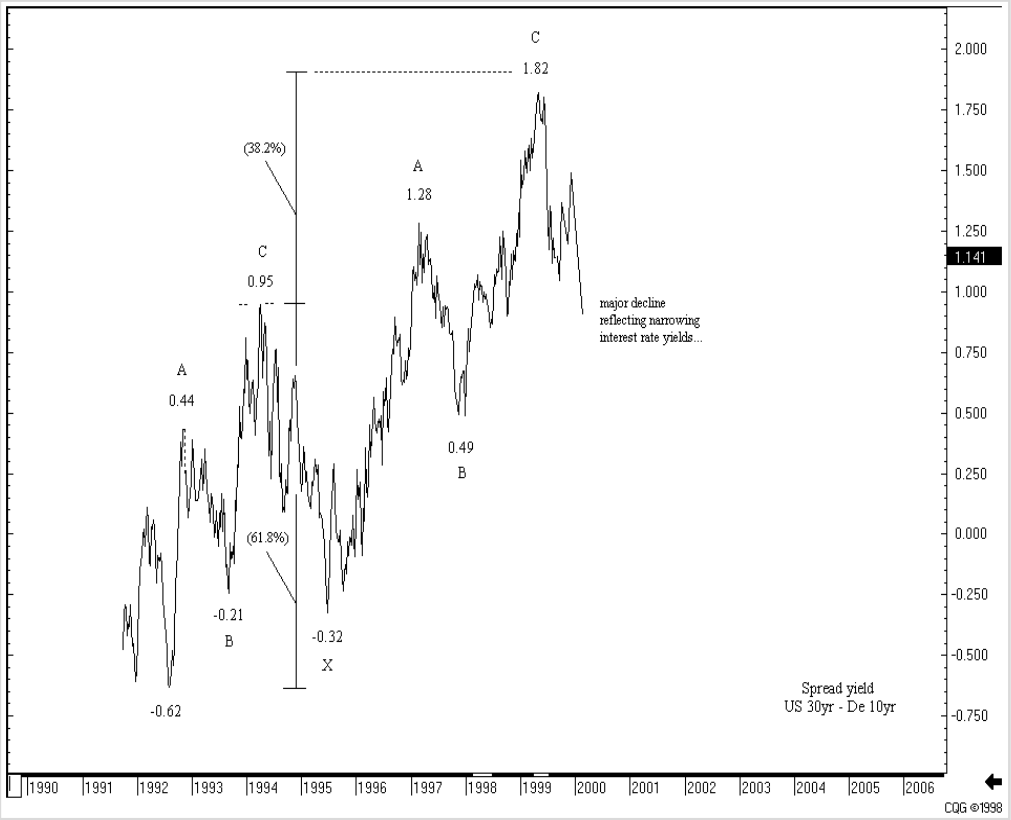
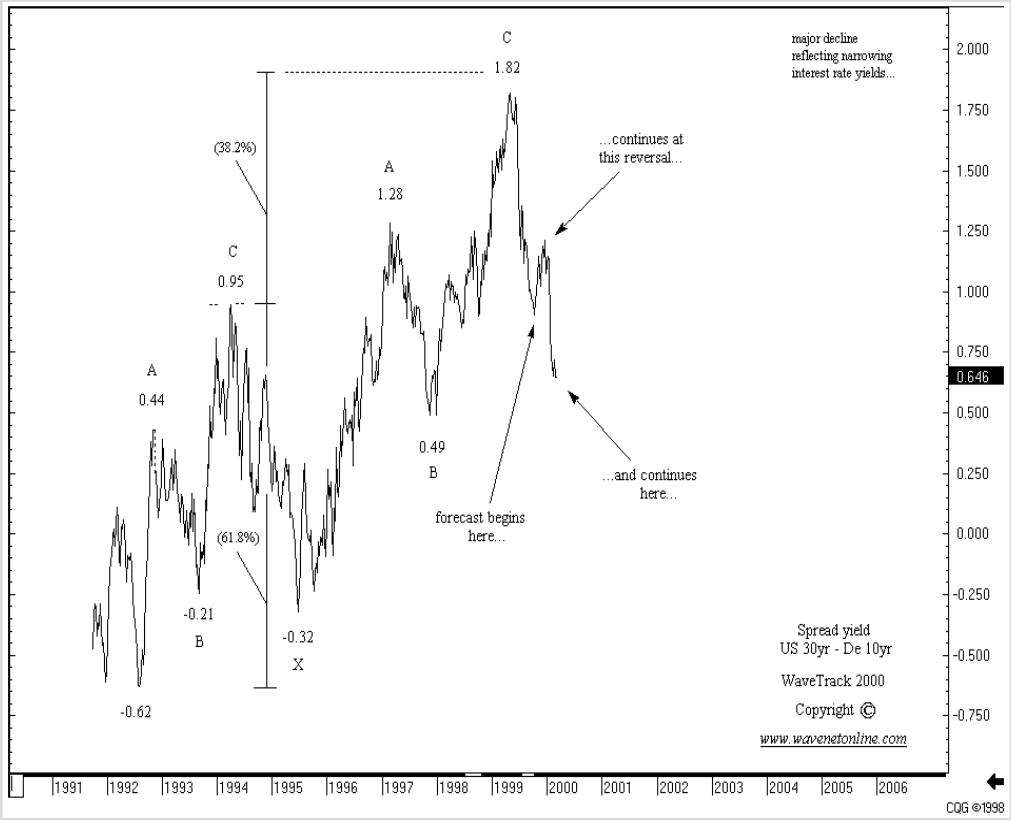
US 30YR / DE 10YR SPREAD



US 30yr / DE 10yr spread (US30y-De10y990819) - Forecast



US 30yr / DE 10yr spread (US30y-De10y990819) - Result!

…and continuing this in a yield basis, the reversal level of 1.82% meant that the first A-B-C 'zig zag', when multiplied by fib. 61.8% and added to its high provided the tar-gets for the second 'zig zag' and the confidence to forecast a reversal.

US 30YR / DE 10YR SPREAD

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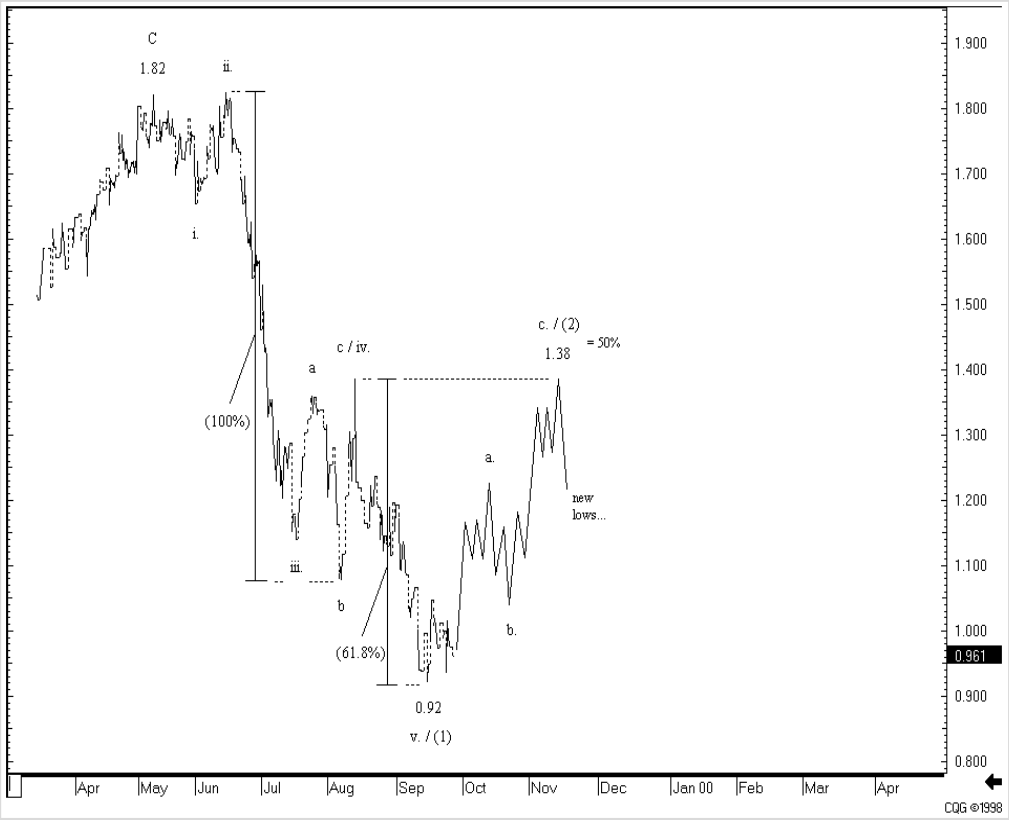
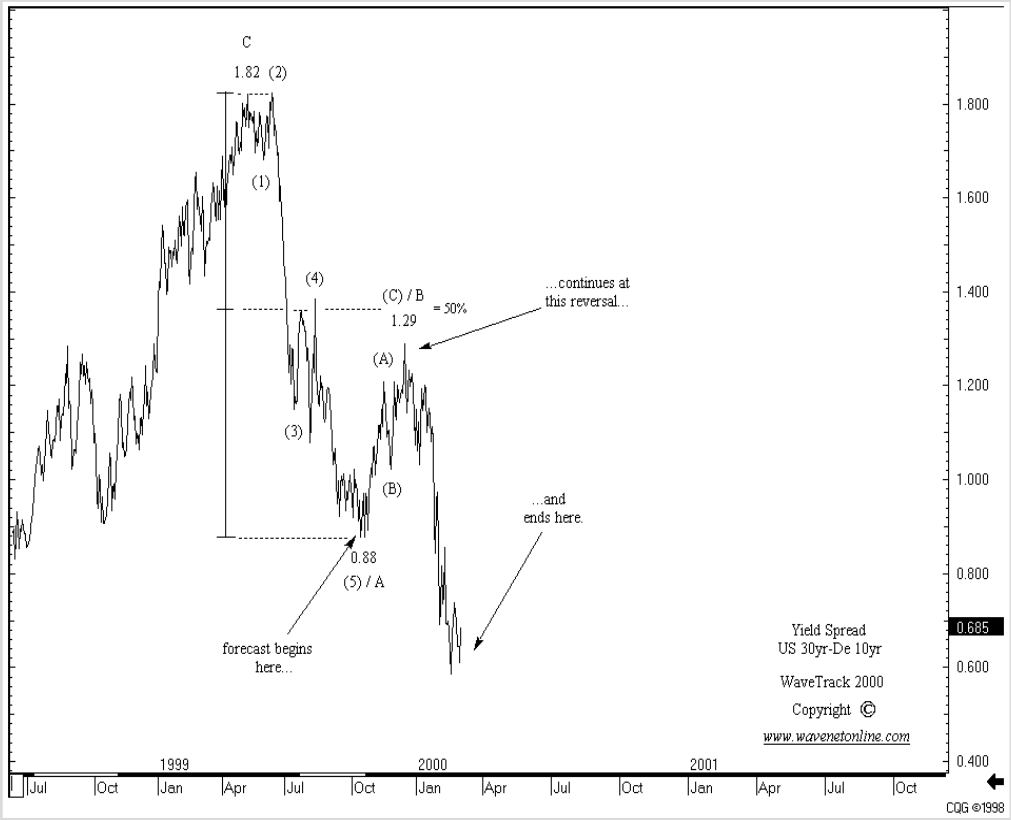


US 30yr / DE 10yr spread (US30y-De10y990927) - Forecast



US 30yr / DE 10yr spread (US30y-De10y990927) - Result!

In the shorter term horizon, the same spread chart of U.S. 30yr / De 10yr yields had just completed a decline (narrowing) in five waves from 1.82% at 0.92%.
An ensuing a-b-c 'zig zag' reaction advance (widening) must unfold and here the targets were forecast towards 1.38%.- the result was a three wave advance to 1.29 and a reversal decline beginning a rapid resumption of trend.

US 30YR / US 10YR SPREAD

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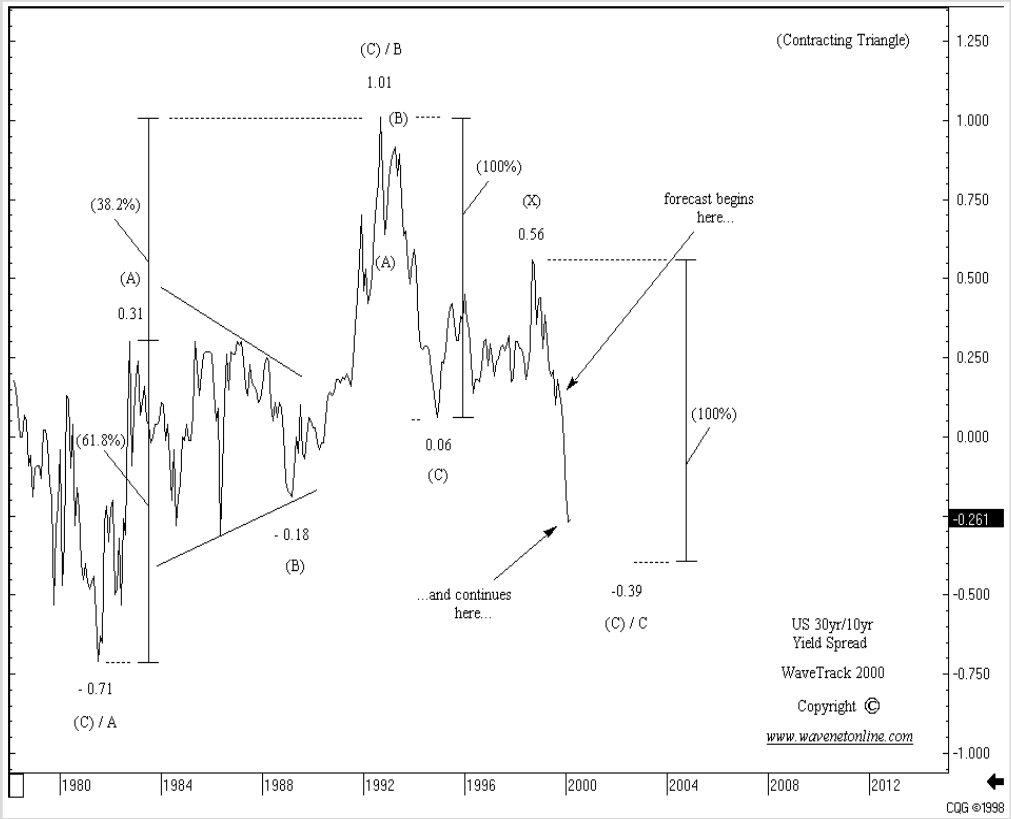
US 30yr / US 10yr spread (US30y-US10y990617) - Forecast



US 30yr / US 10yr spread (US30y-US10y990617) - Result!

The monthly chart of the U.S. 30yr / U.S. 10yr yield spread revealed a most interesting and contrarian forecast last year. Counting from the 1980 low of –0.71 basis points, the advance shown above clearly depicts an unfolding 'zig zag' with intervening wave (B) as a 'contracting triangle'.

Multiplying wave (A) by fib. 61.8% and adding to its high once again provides the forecast for a conclusion for wave (C) at 1.01. Reversal occurs.

EURO / US-DOLLAR

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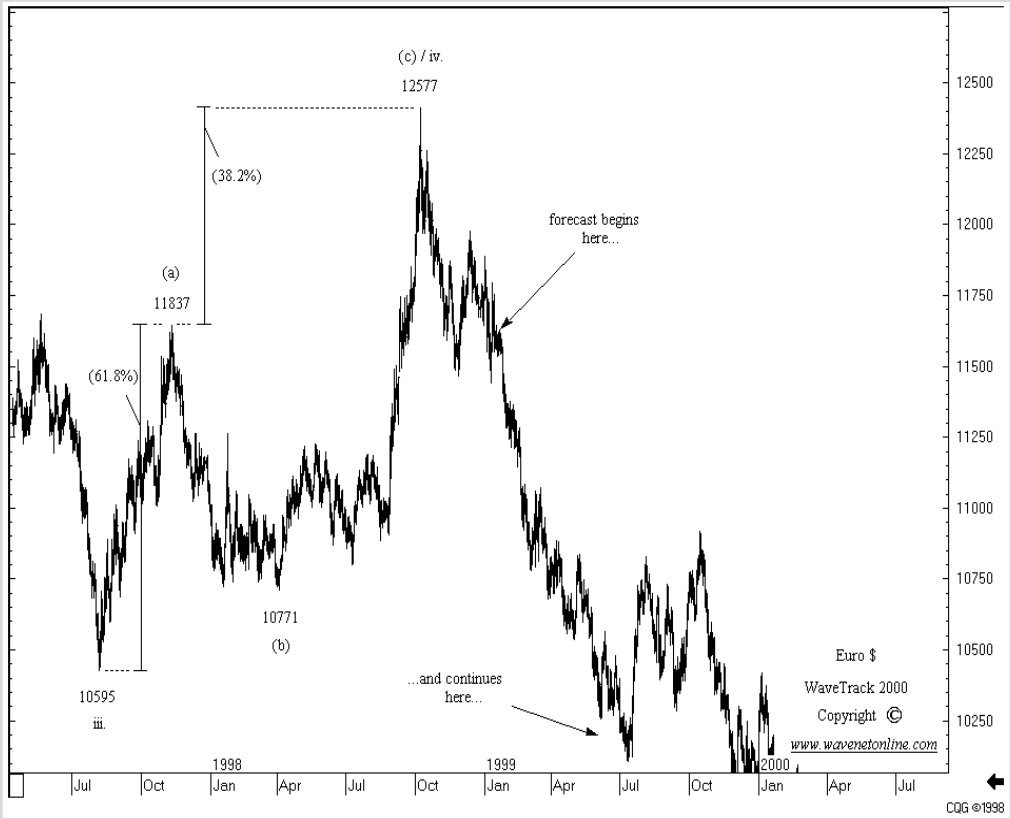
EURO / US$ (EURO$990104a) - Forecast



EURO / US$ (EURO$990104a) - Result!

From birth, the Euro began life trading soon after its predecessor had completed a suc-cinct (a)-(b)-(c) 'zig zag' advance which denotes counter-trend. As a consequence, the Euro /$ rate continued to depreciate as the trend resumed thereafter.

Note that wave (a) multiplied by fib. 61.8% and added to this high (11837) provides the exact conclu-sion for wave (c). Forecasts for new lows (below 10595) were realised 6 months later.

US-DOLLAR / DMK

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US$ / Dmk ($Dmk990407) - Forecast

US$ / Dmk ($Dmk990407) - Result!

Old habits die hard – maintaining one eye on the Dollar Dmark suggested an equally bullish forecast for the Greenback with expectations for an ongoing five wave advance to unfold from current levels of 18099, with targets towards 19794. Targets were achieved in January 2000.

US-DOLLAR / STERLING

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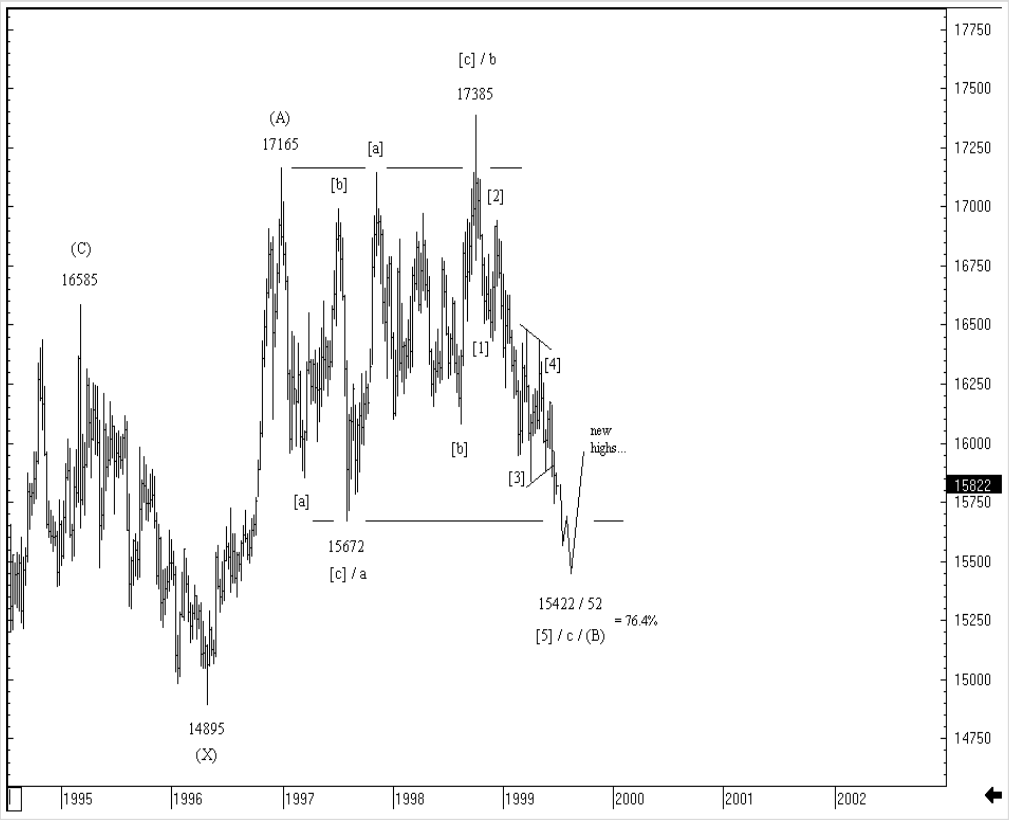
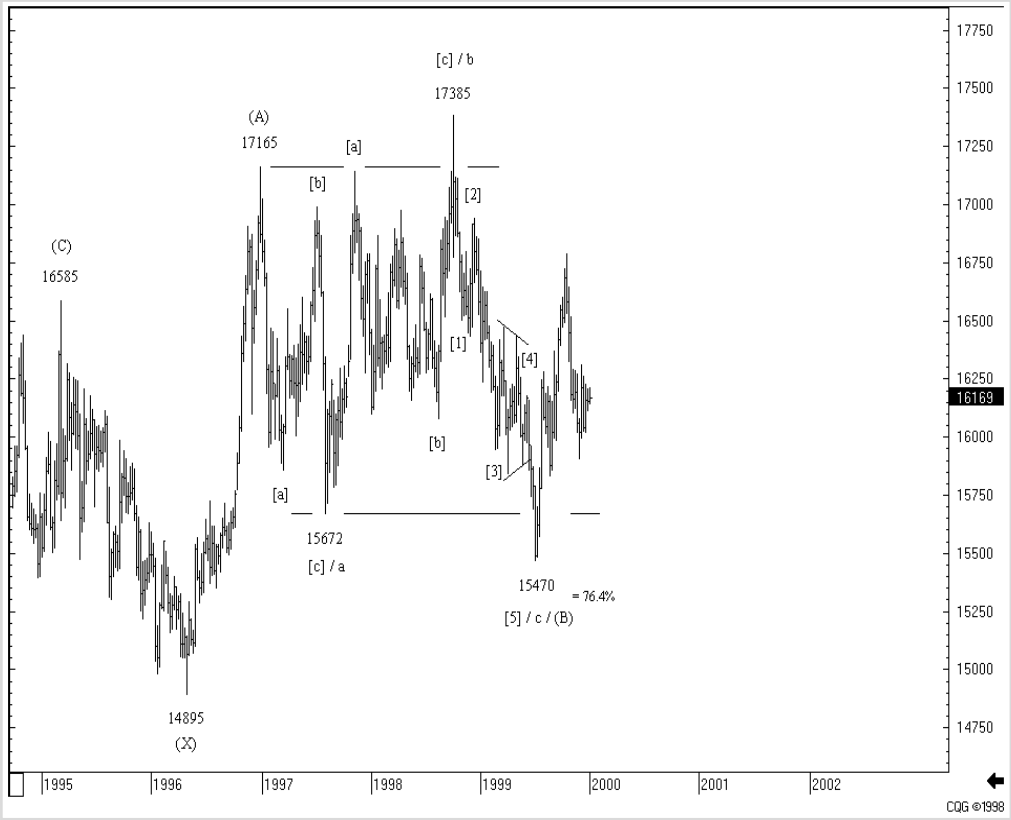


US$ / Sterling ($stlg990629) - Forecast



US$ / Sterling ($stlg990629) - Result!

Sterling / Dollar was forecast to decline towards 15452 as wave c. of an 'irregular flat' pattern (a-b-c, 3-3-5). This target was calculated where the distance travelled for waves b. and c. beyond the extremities of wave a. are equal. The conclusion for wave c. was finally recorded at 15470 – the reversal trading as high as 16280.

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US-DOLLAR / YEN

US$ / Yen ($yen990119) - Forecast

US$ / Yen ($yen990119) - Result!

The Dollar had just completed a five wave decline versus the Yen from 14762 to 10824. This denoted the longer term trend was down, but an interim counter-trend advance would be needed to unfold beforehand. A fib. 38.2% retracement was calculated to 12328 and was forecast to lift the dollar temporarily. This target was achieved at 12372 two months later.

US-DOLLAR / YEN

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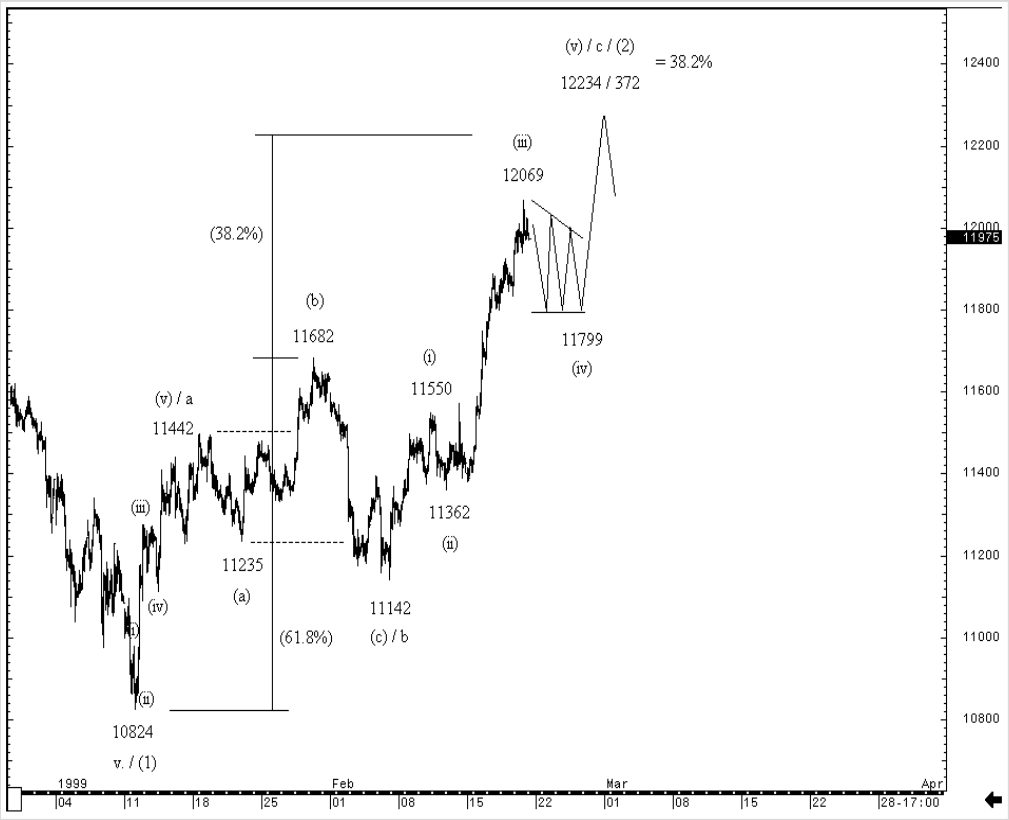

US$ / Yen ($yen990219) - Forecast

US$ / Yen spread ($yen990219) - Result!

The counter-trend advance for the Dollar Vs Yen began from 10824 and was identified unfolding as an a-b-c, 5-3-5 'zig zag' with ultimate targets for conclusion towards 12372.
The exact target finally traded at 12372 which provided the reversal point for the resumption of Dollar declines.

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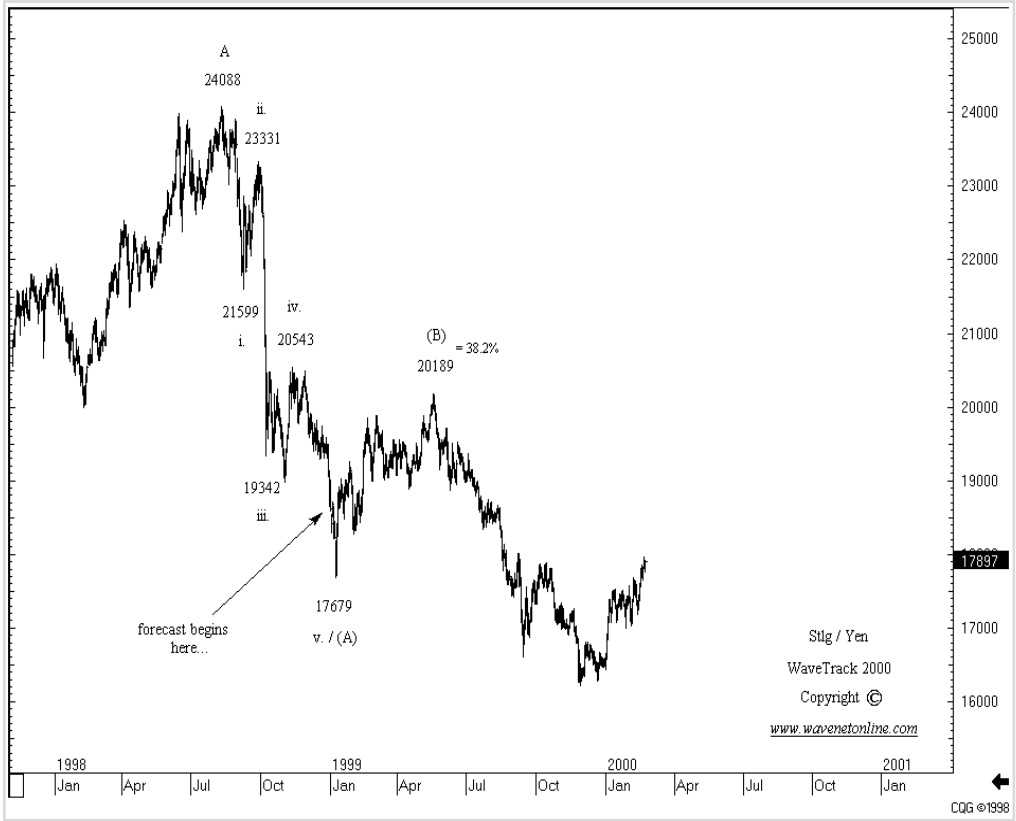
STERLING / YEN

Sterling / Yen (StlgYen990105) - Forecast



Sterling / Yen (StlgYen990105) - Result!

Sterling / Yen patterns were similar to that of the Dollar. A forecast for the con-tinuation of a five wave decline counting from 24088 targeted the v.th wave towards a maximum of 17610. The actual low recorded was 17679, thereafter the reversal began to advance Sterling in a countertrend pattern.

Although forecasts were then for a 50% recowvery, the fib. 38.2% area finally resulted in conclusion at 20189.

EURO / CZK KORUNA

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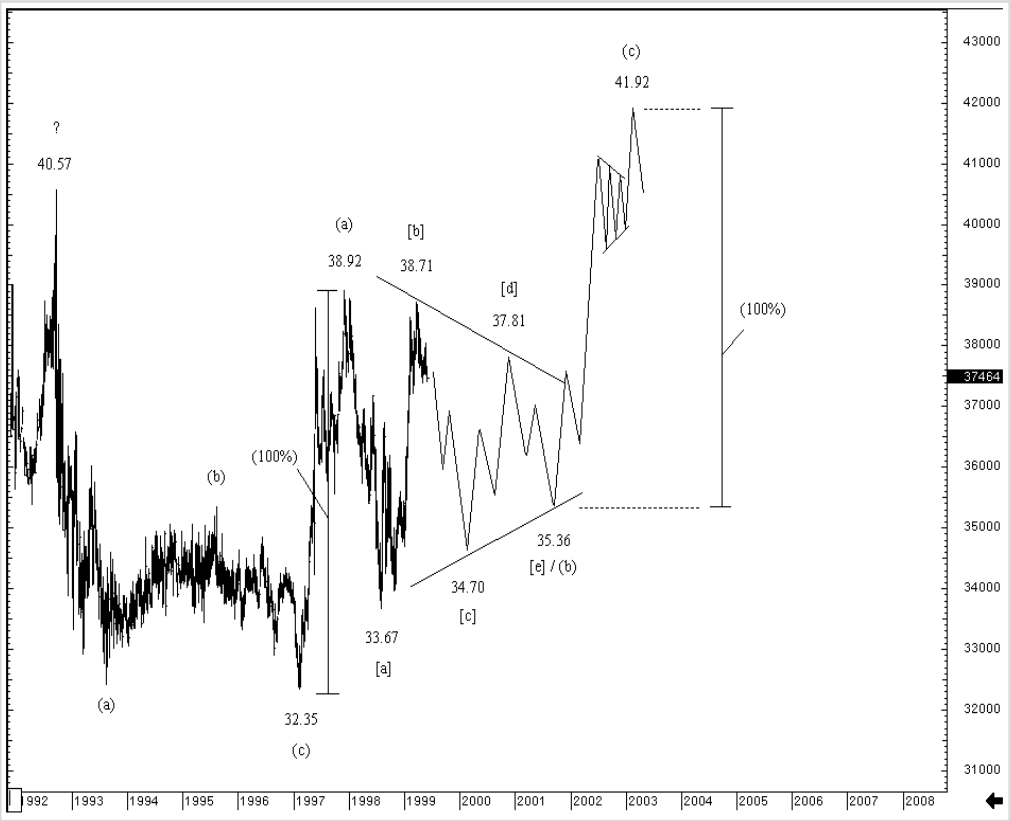
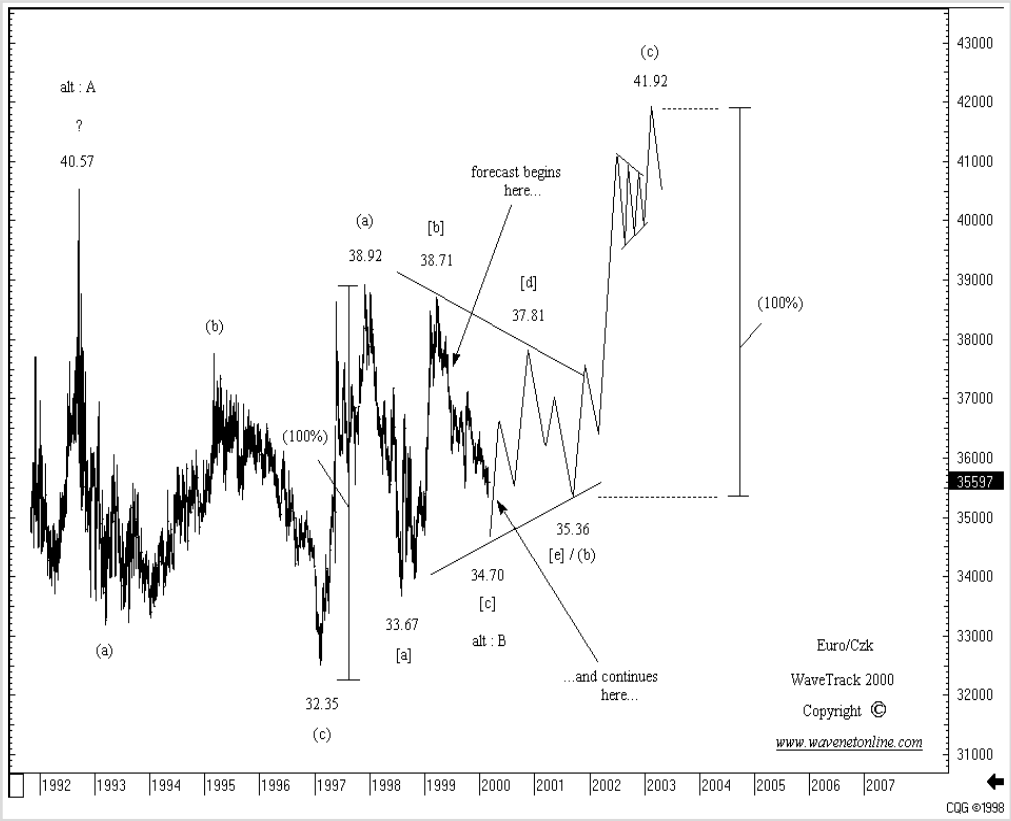


Euro / Czk (EuroCzk990602) - Forecast



Euro / Czk (EuroCzk990602) - Result!

The Euro / Czk Koruna was identified as unfolding into a series of three wave 'zig zags' within which contained a 'contracting triangle'. This forecast a Euro decline from 38.71 to 34.70 during the year – to date, still unfolding but subsequently reach-ing a low so far of 35.34.

DOW JONES

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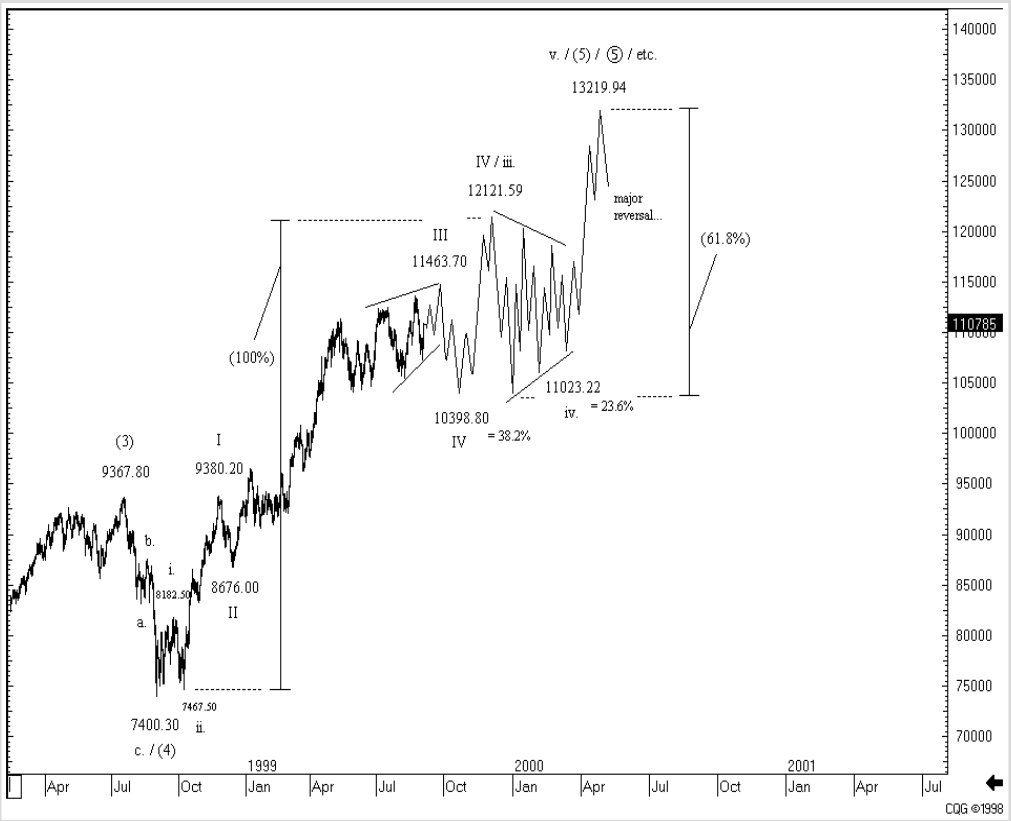

Dow Jones (DJ990906) - Forecast

Dow Jones (DJ990906) - Result!

A minor five wave pattern was forecast to advance in the Dow Jones Index from the 7400.30 low of September '98 with minute wave III of minor iii.due for completion at 11463.70. A following decline resulted in targets being achieved at 9976.- the follow-ing advance also making new record highs.

Not only did wave iii. complete at 11750.30 but it also provided the reversal for declines in wave iv.

DOW JONES

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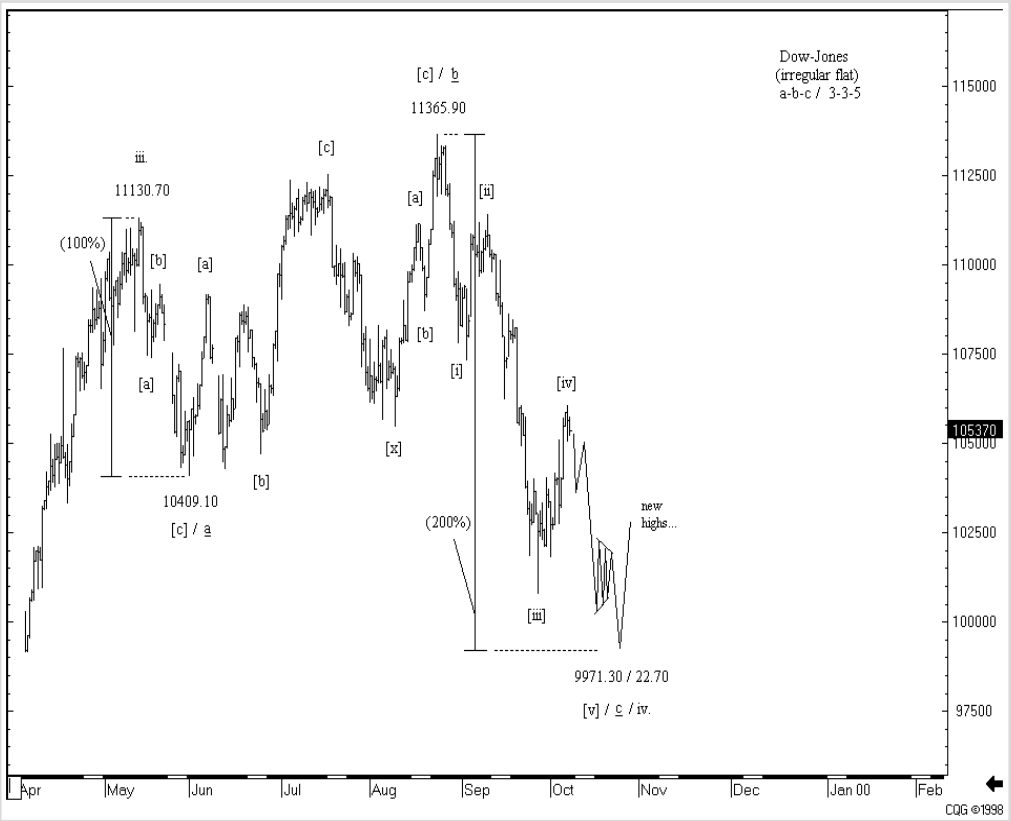
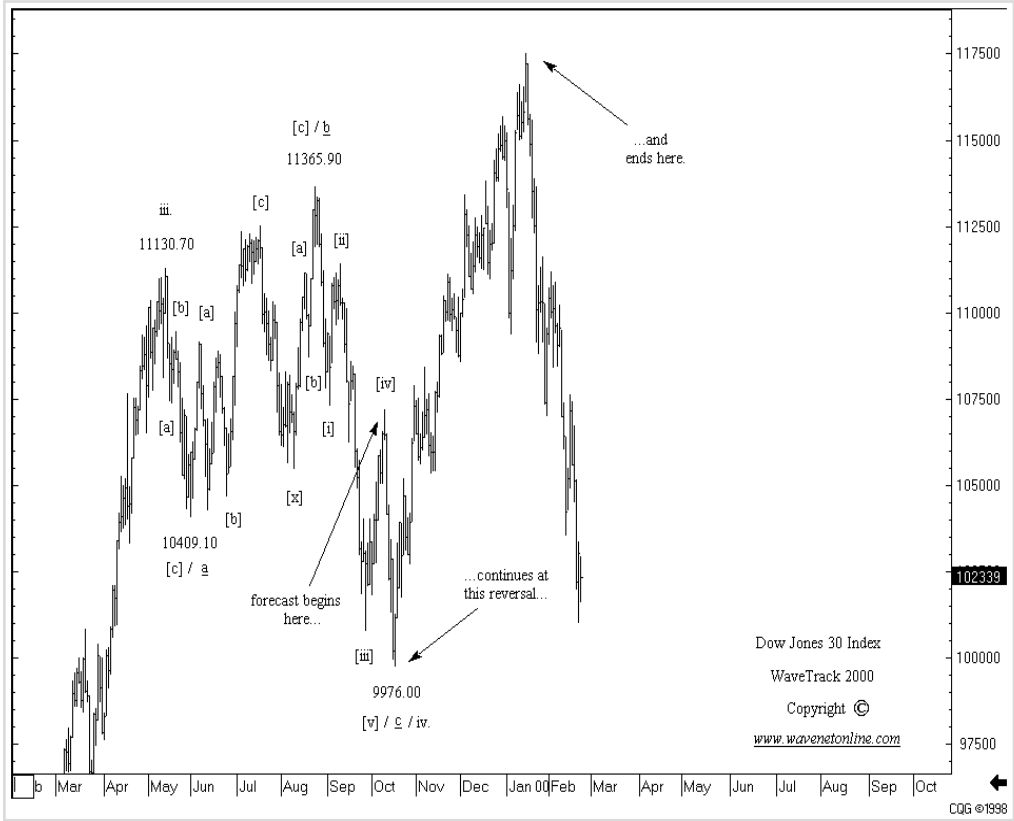


Dow Jones (DJ991008) - Forecast



Dow Jones (DJ991008) - Result!

This short-term count for the Dow Jones focused on the decline in wave iv. and recognised it unfolding as an 'irregular flat' (a-b-c, 3-3-5) sequence. Wave c. of this formation was forecast to unfold as a smaller five wave pattern and trade to a fib. ratio of 200% of wave a. and reach targets towards 9971.30. The actual reversal point was 9976.00!

S&P 500

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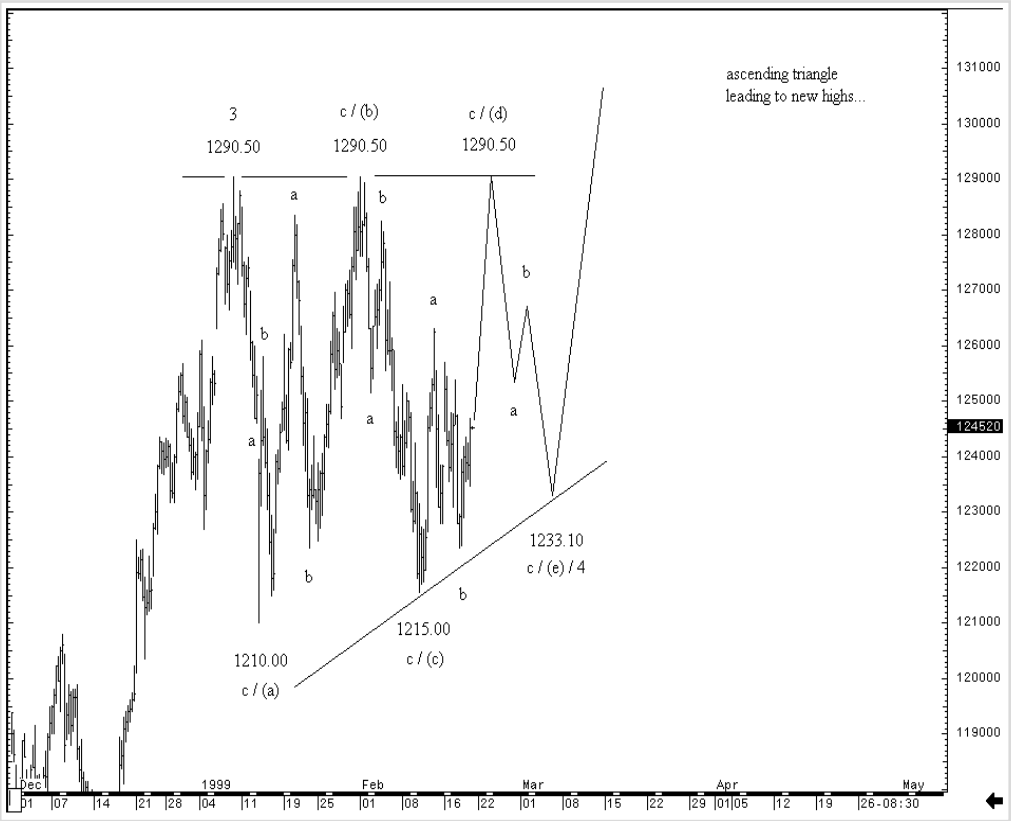
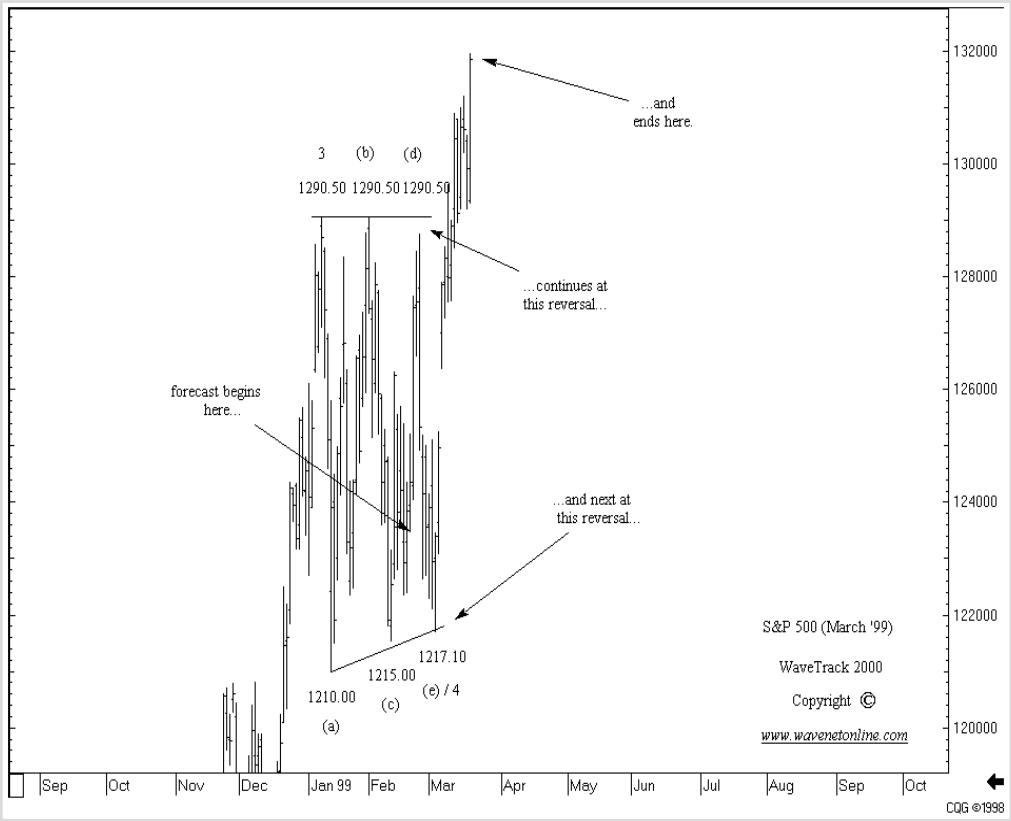


S&P 500 (SP990219) - Forecast



S&P 500 (SP990219) - Result!

During the S&P's advance last year it paused for breath unfolding into an 'ascending triangle' as wave 4 within a 5 wave sequence. The forecast for an advance / decline as waves (d) and (e) of the triangle proved exact as the index rallied just short of 1290.50, then declined to 1217.10 to complete the pattern.

The subsequent advance for wave 5 was almost vertical – as one might expect…

S&P 500

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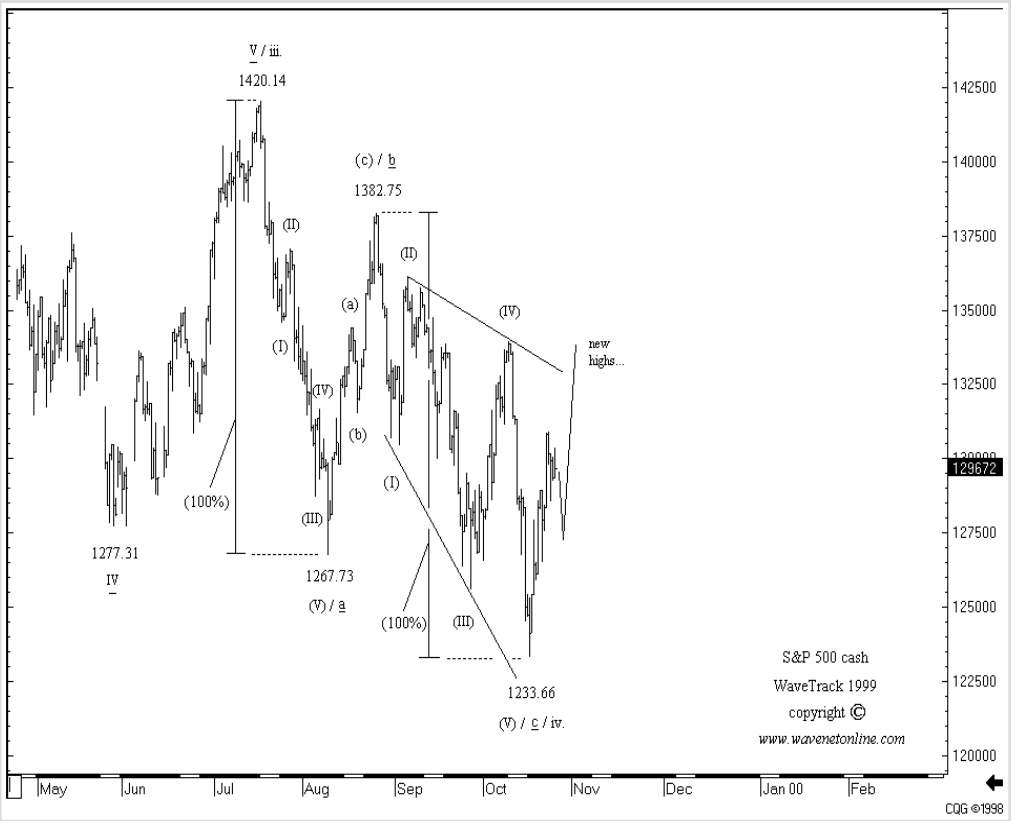
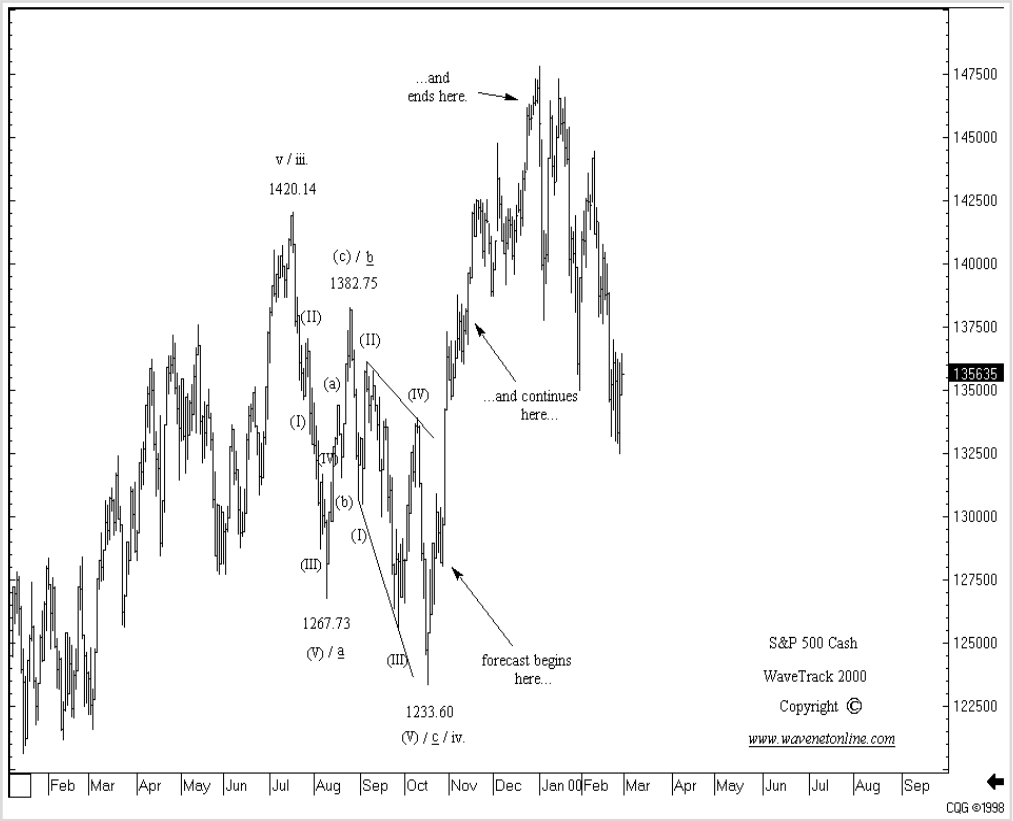


S&P 500 (SP991026) - Forecast



S&P 500 (SP991026) - Result!

…and much later in the year, another pause in the bull run resulted in a counter-trend decline unfolding into a simple 'zig zag' (a-b-c, 5-3-5) from 1420.14 to 1233.66. Note that wave c. of this pattern subdivided into a rare 'expanding diagonal triangle' for-mation – instantly recognisable. The result was a forecast into new highs…

XETRA DAX

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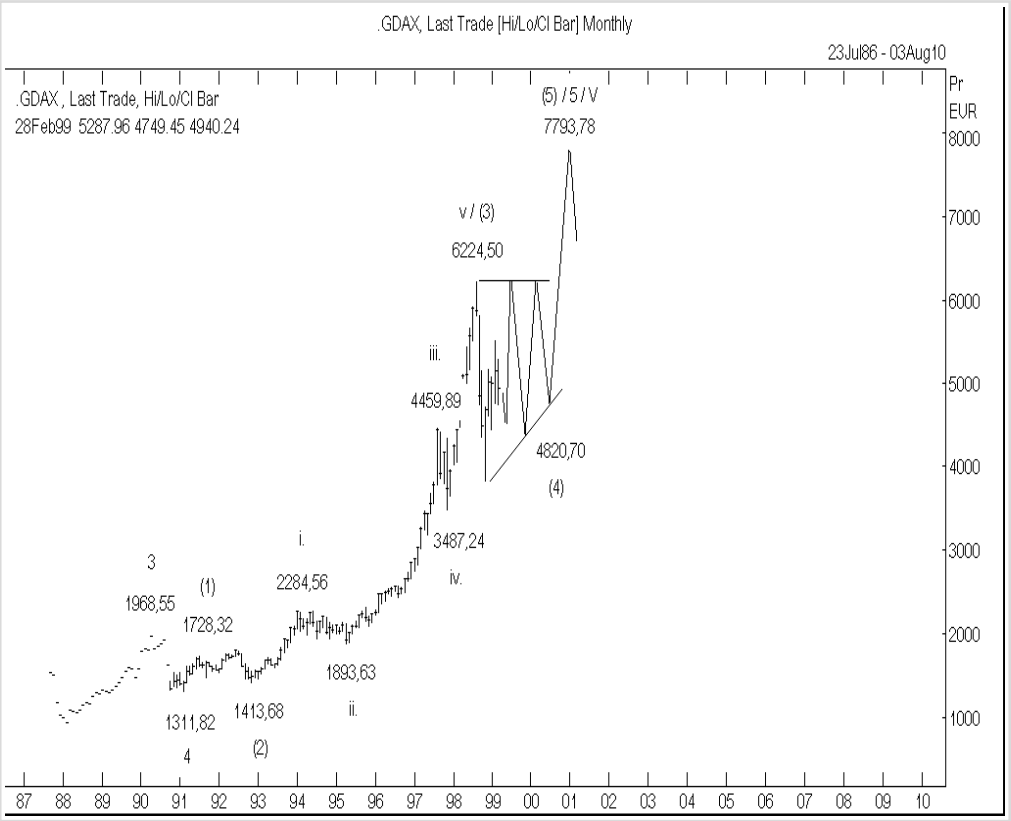
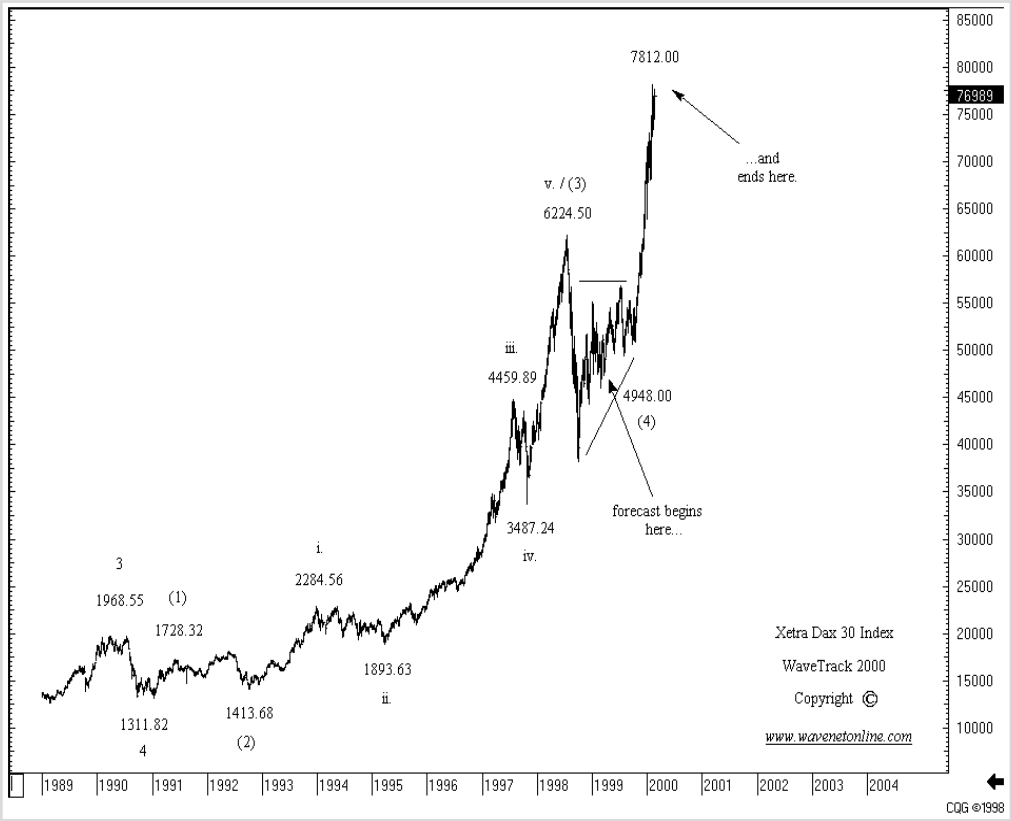


Xetra Dax (dax990212) - Forecast



Xetra Dax (dax990212) - Result!

The Xetra Dax was also unfolding into a five wave advance counting from the lows of the late eighties – and for possible acceleration in wave 5 with targets towards 7793.78. After some months of range trading, the Dax advanced into new highs and traded at 7812.00 by February 2000…

XETRA DAX

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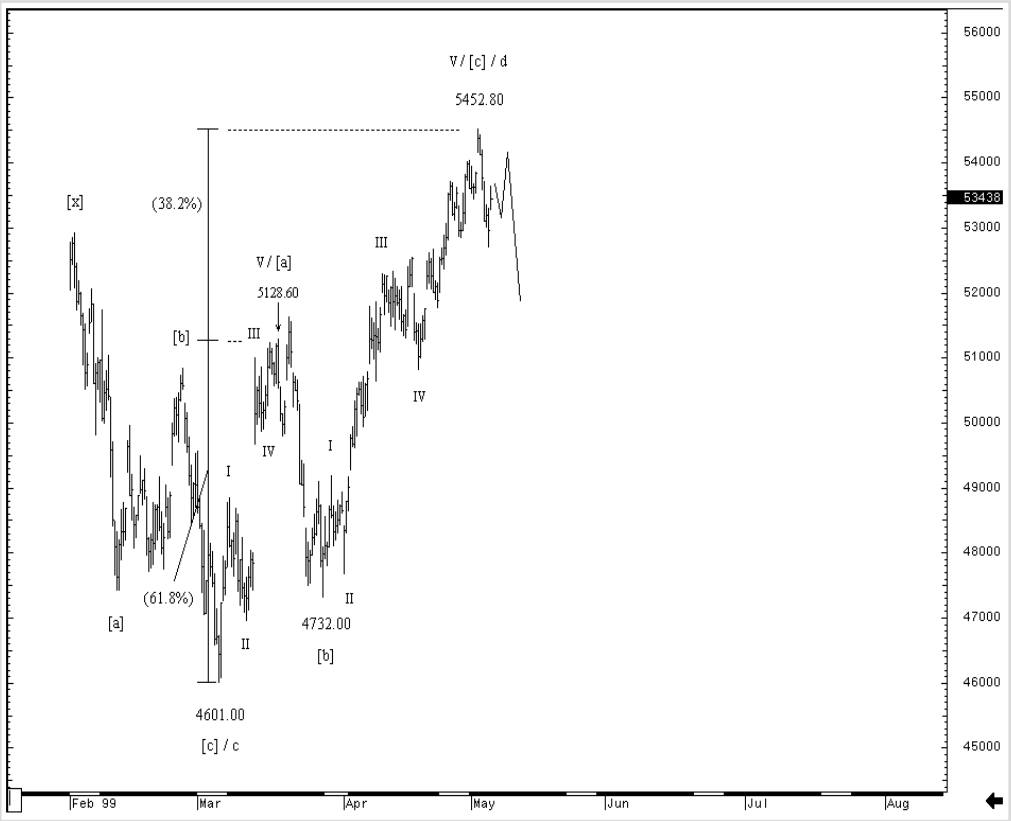
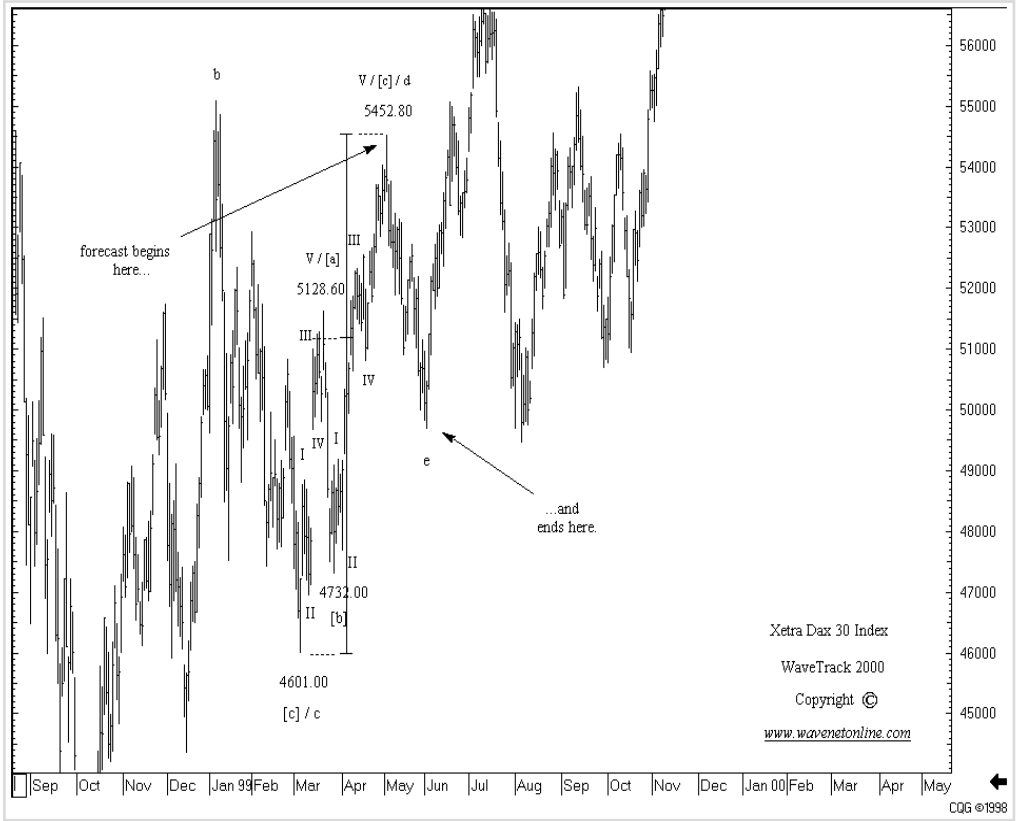


Xetra Dax (dax990506) - Forecast



Xetra Dax (dax990506) - Result!

…and in this shorter-term sequence, the Dax was observed unfolding into a 'triangle' and wave d. was forecast to complete towards 5452.80 before a reversal began a decline for wave e. Note the fib 61.8% ratio again within calculations for wave d. A reversal did begin a decline for wave e. which finally completed at 4965.00.

FTSE 100

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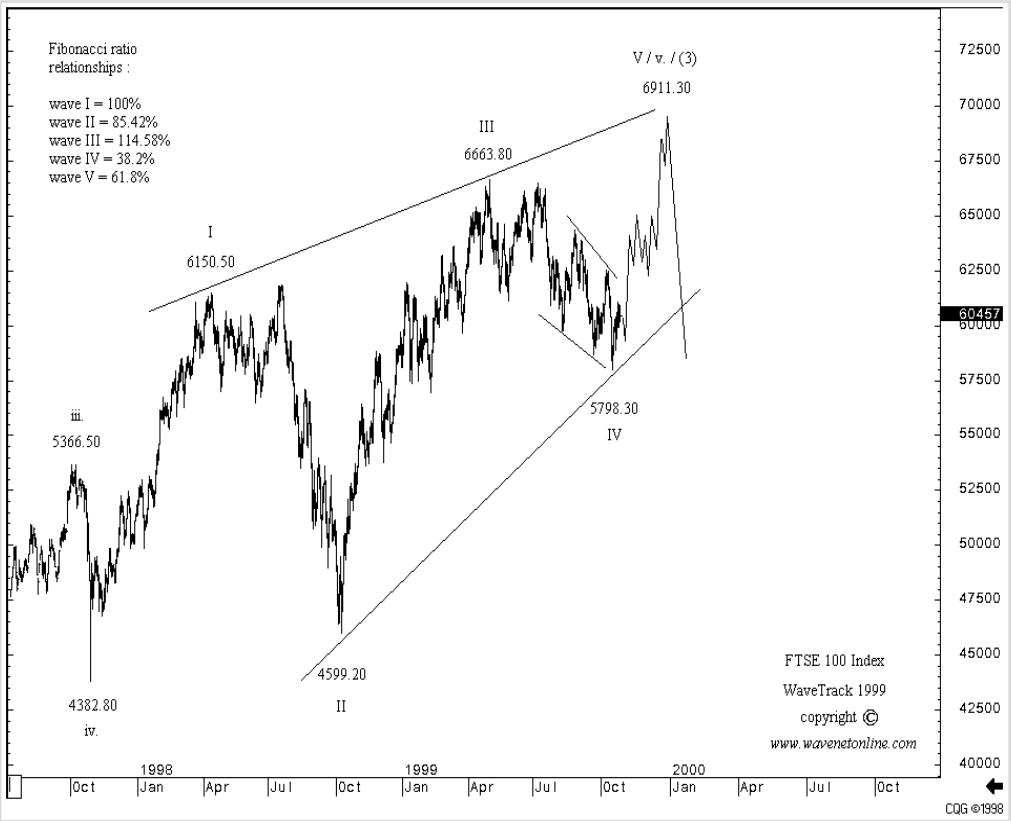
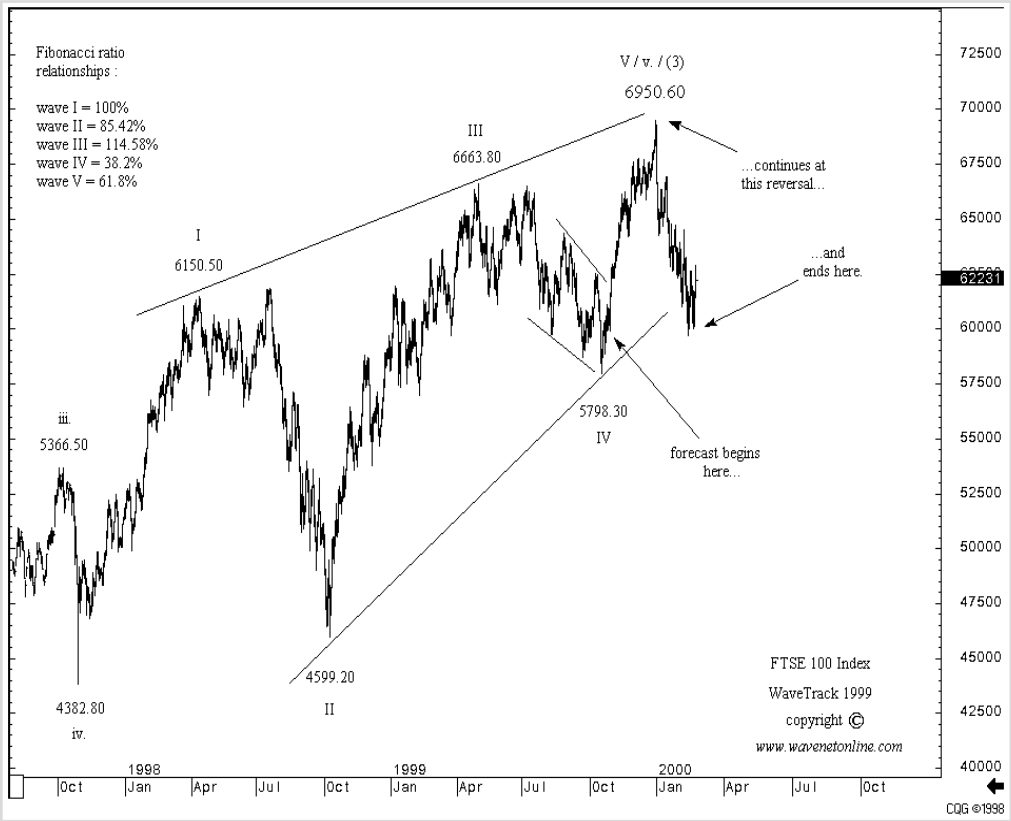


FTSE 100 (ftse991027d) - Forecast



FTSE 100 (ftse991027d) - Result!

The London FTSE 100 Index was diagnosed as unfolding into a multi-year 'diagonal triangle' pattern counting from the lows in 1997 at 4382.80. In order to complete this, a forecast was issued for an advance to 6911.30 but then a major reversal to begin a decline. The result was an advance to 6950.60 and then a sharp decline!

HANG SENG

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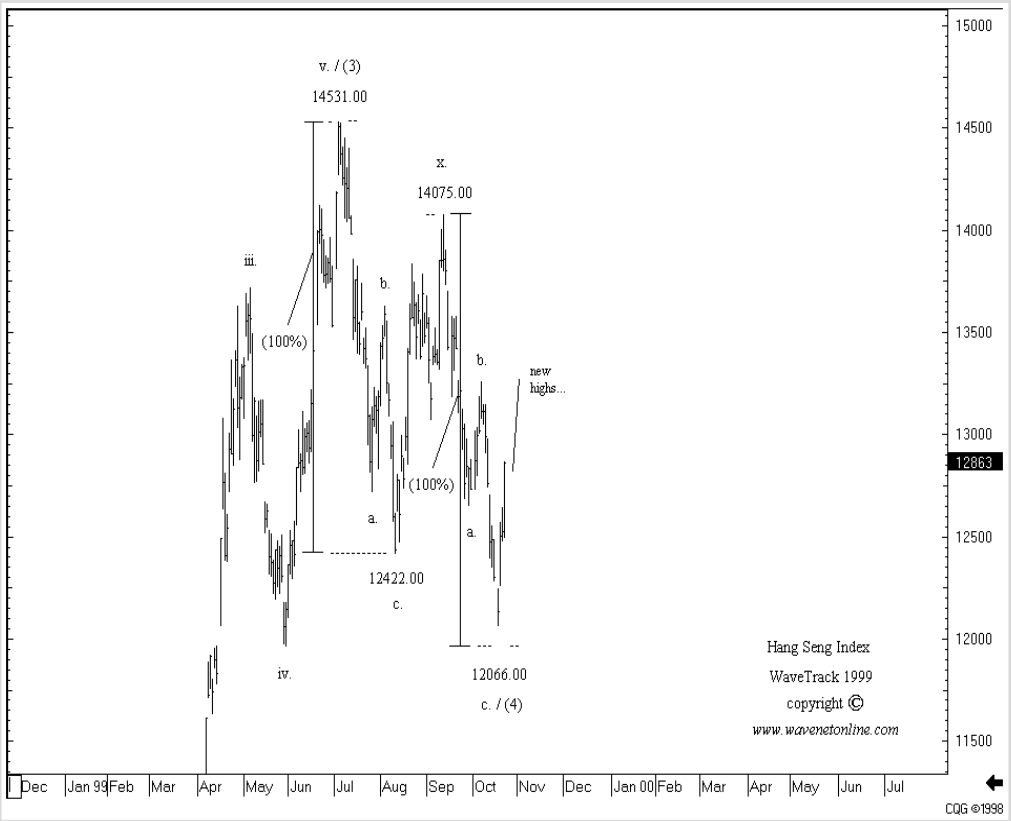
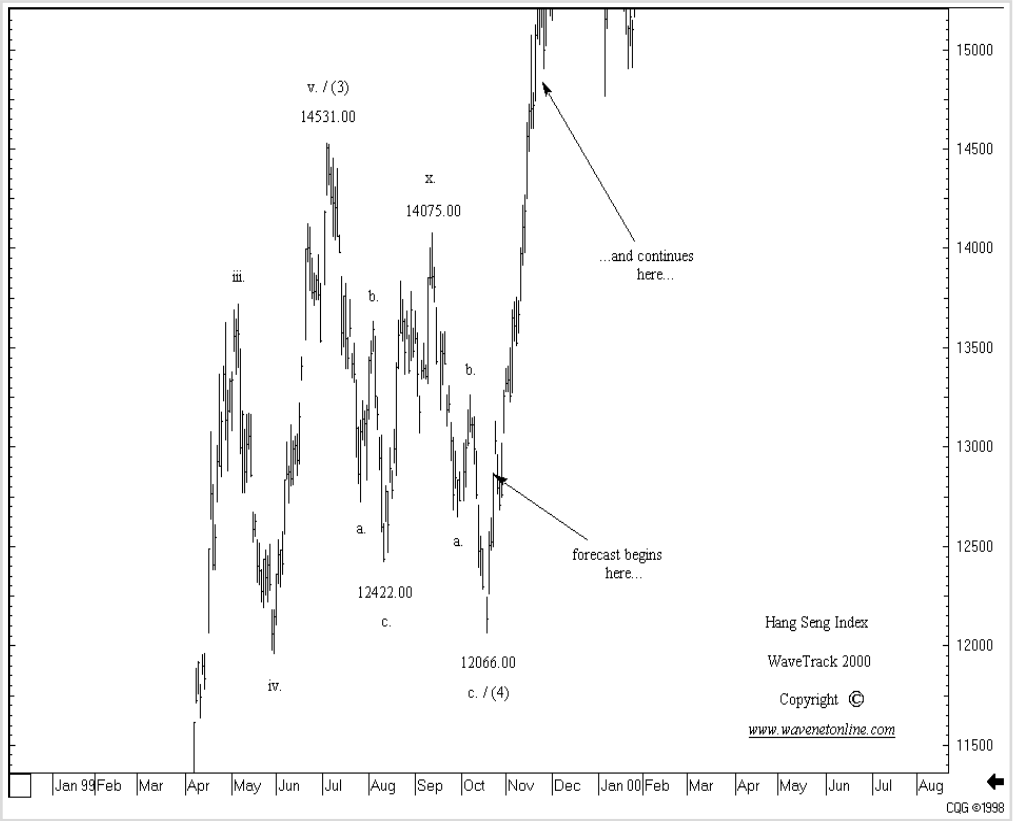


Hang Seng (Hseng991025) - Forecast



Hang Seng (Hseng991025) - Result!

During the bull market advance for the Hang Seng, an Intermediate wave (4) decline began to unfold from 14531.00 high. It subdivided into a 'double zig zag' and measuring each 'zig zag' to one another by a fib. 100% ratio suggested a completion of this decline towards 12066.00.

As you can see from the chart on the right, this reversal was correct and the subsequent advance accelerated exponentially.

NIKKEI 225 INDEX

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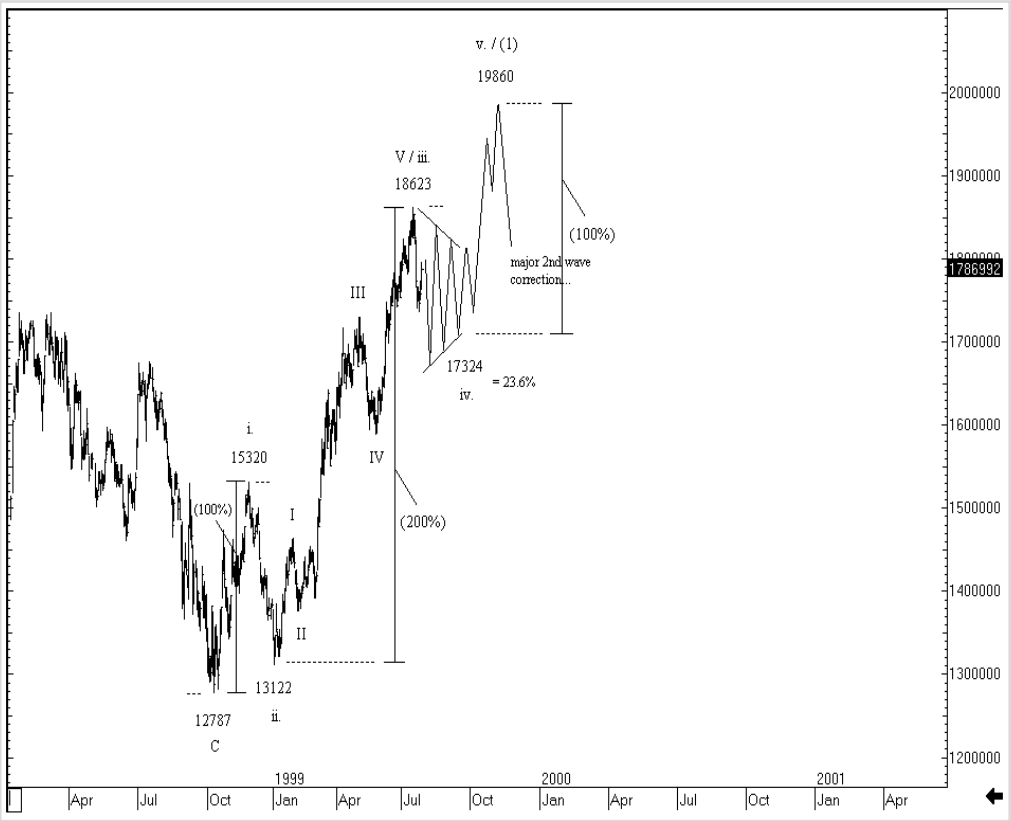
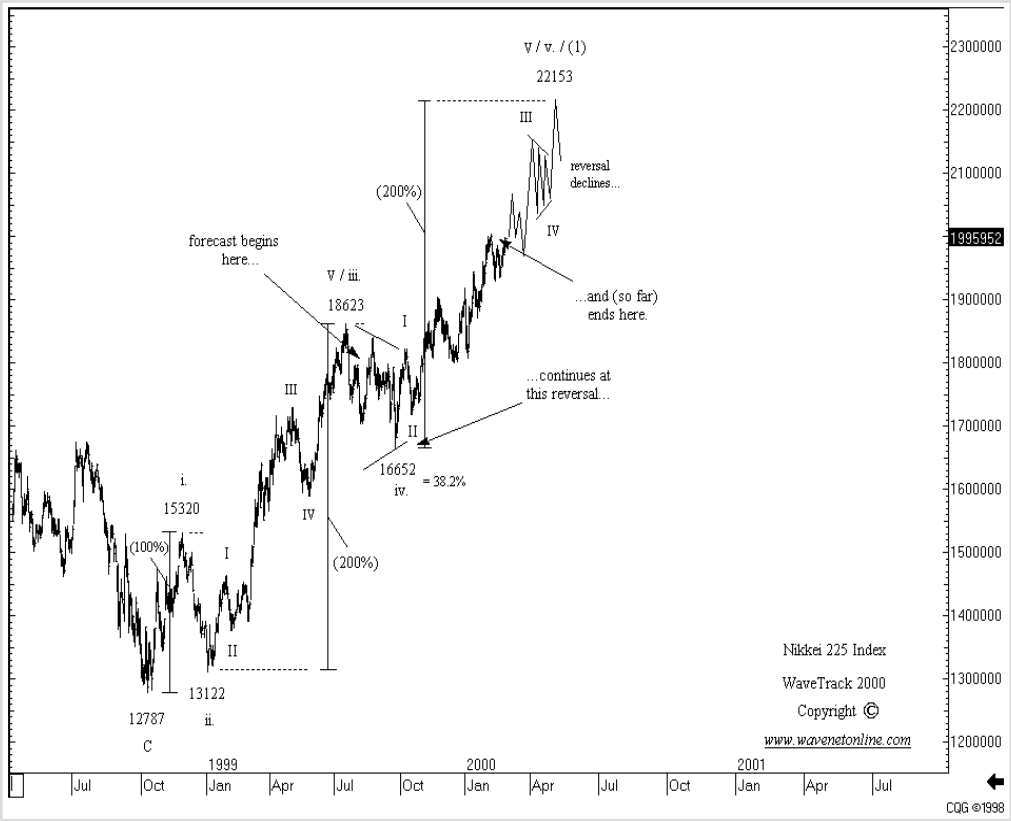


Nikkei 225 Index (Nikkei990729) - Forecast



Nikkei 225 Index (Nikkei990729) - Result!

The Nikkei 225 Index in Japan was also in the process of a five wave advance counting from 12787.00 in late 1998. Wave counting identified minor wave iii.'s completion last summer at 18623.00 and that wave iv. and v. targets were 17324 and 19860 respectively. A decline for wave iv. did unfold, hitting 16652 before reversing to a new high at 19959.52 in January 2000.

OIL

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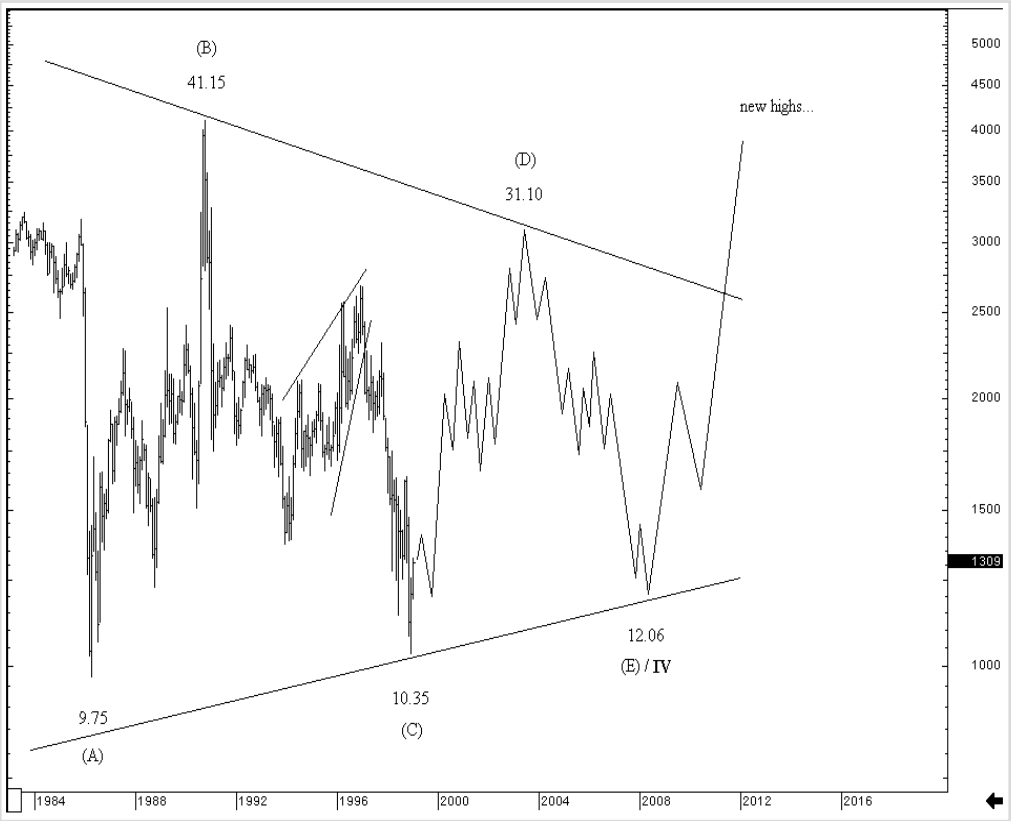
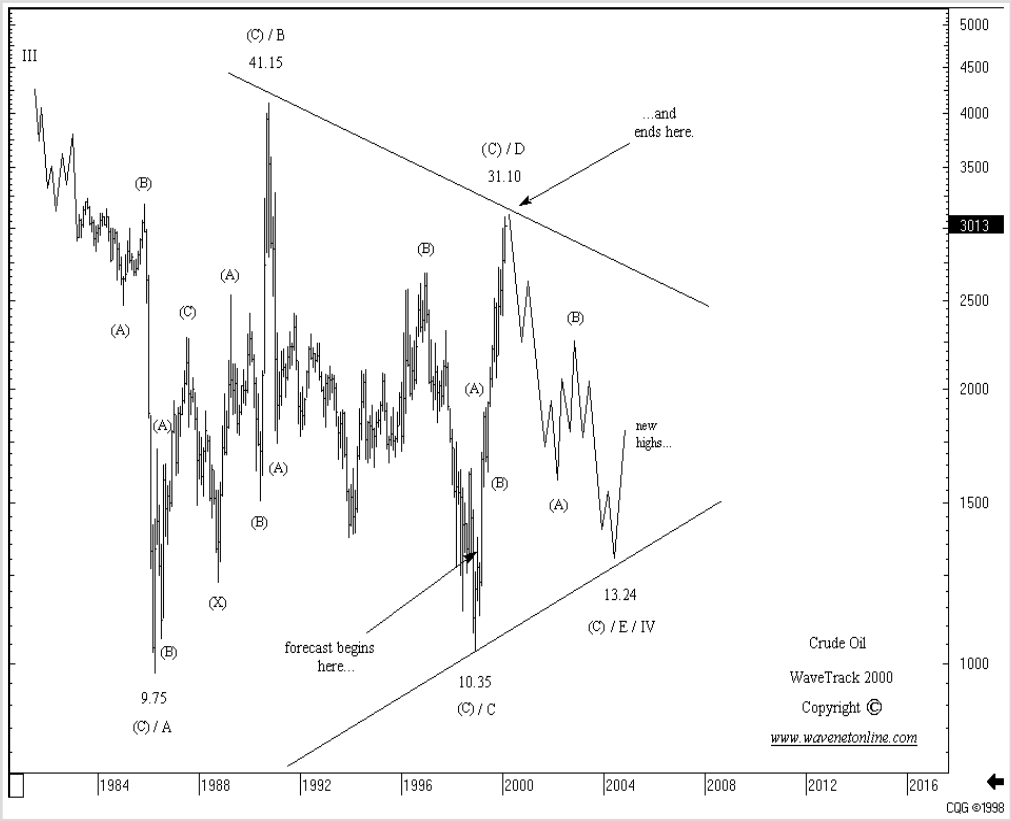


Oil (oil990108b) - Forecast



Oil (oil990108b) - Result!

Oil was recognised as unfolding into a multi-year 'contracting triangle' which began from the highs in 1981. Cycle wave C's decline from $41.15 subdivided into a simple 'zig zag' (A-B-C, 5-3-5) pattern – multiplying wave A by fib. 61.8% and subtracting from it's low yielded a target for wave C at $10.27 (log scale).

The actual low was $10.35 which resulted in a major reversal and our forecasts for wave D advances to $31.10…achieved in March 2000!!

GOLD

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Gold (gold990615a) - Forecast

Gold (gold990615a) - Result!

Gold's decline from the January 1996 high of 418.40 was labeled as unfolding into a conventional five wave pattern. Intermediate wave (4) unfolded into a 'contracting tri-angle' which made measuring the target for wave (5) relatively easy by taking 100% ra-tio of wave (1) and subtracting from (4)'s conclusion.

The exact target at 251.70 was finally achieved – and even the reversal target of 315.40 (38.2%) was met only weeks later…

GOLD

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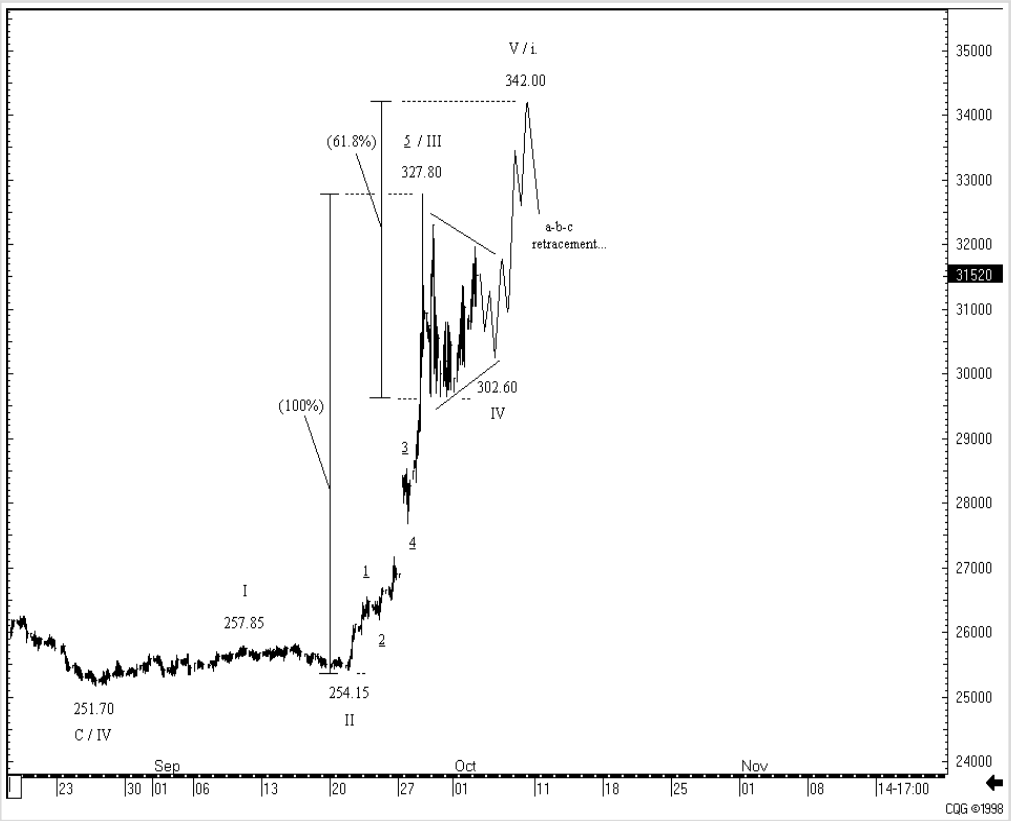
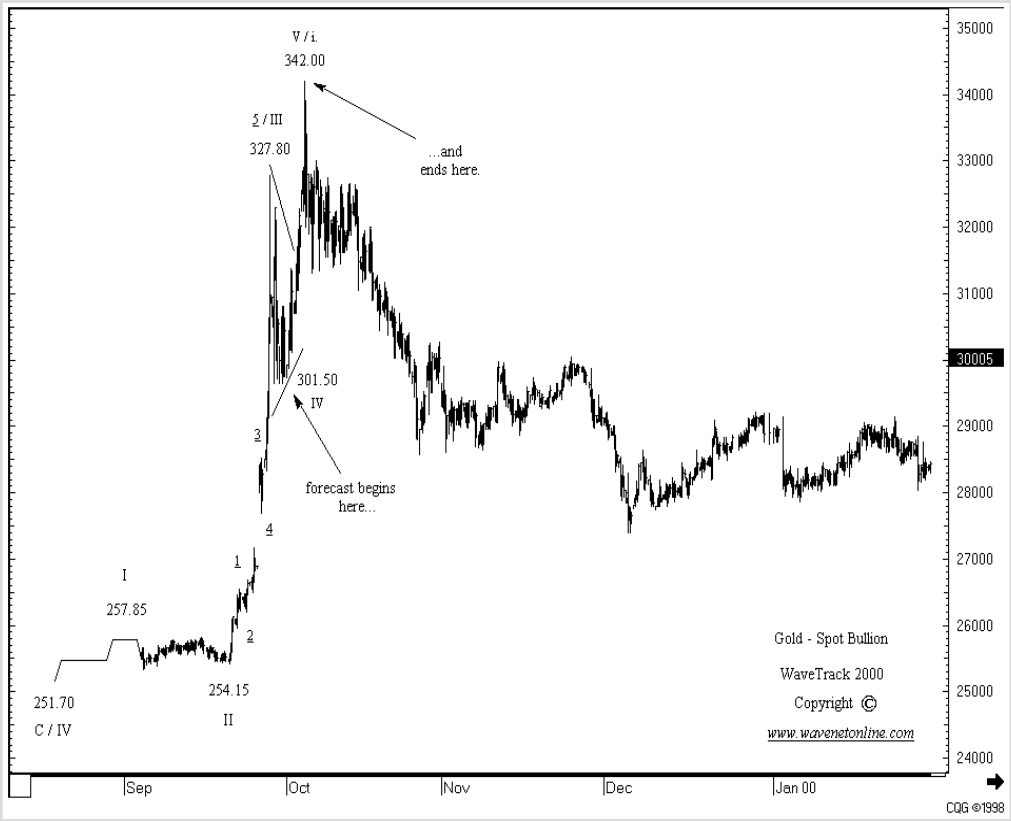


Gold (gold991004c) - Forecast



Gold (gold991004c) - Result!

…and during this advance, it became apparent that Gold was unfolding into a five wave sequence – not a three. Above you can see the count adjusted accordingly and that min-ute wave IV of this sequence was forecast to unfold into a 'contracting triangle' be-fore an acceleration for wave V would unfold.

Measuring the net advance of waves I-III and multiplying this by a ratio of fib.61.8% and adding to the low of IV yielded tar-gets for wave V towards 342.00…wave IV did complete as expected, and 342.00 also pro-vided the exact high for waveV !!

EPILOGUE

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Whether we analyse Bonds, Currencies or Stocks, Wave Theory manifests amongst them all. These are the characters of the play and the participants are the audience. Each may have a different character or resonance, working within different time sequences and patterns, but all are adhering to the script – a script that binds them together ac-cording to Universal Law.

Some of the forecasts have since changed, others not. The extent of Bond price declines combined with five wave patterning has suggested the necessity to adopt more bearish forecasts for the long term. Currencies have been mixed and varied – whilst the Dollar continued to advance against the Euro, it declined against the Yen. What does this mean? Will it continue this way?

And what about the Stock Indices? Is it possible the Dow Jones ignores the action, re-action process that Wave Theory expounds and instead, continues it's exponential ad-vance undeterred?

And is there really such a thing as the 'New Paradigm' everyone talks about? The word itself means "…an example that serves as pattern or model…" so why a new one? The new concept has its advocates because conventional methods and ideas fail to understand the true forces that work in the markets. That is, until we study other manias of our past history and realise that these conditions are quite normal. The 'Old Paradigm' is alive and kicking but we fail to recognise it!

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