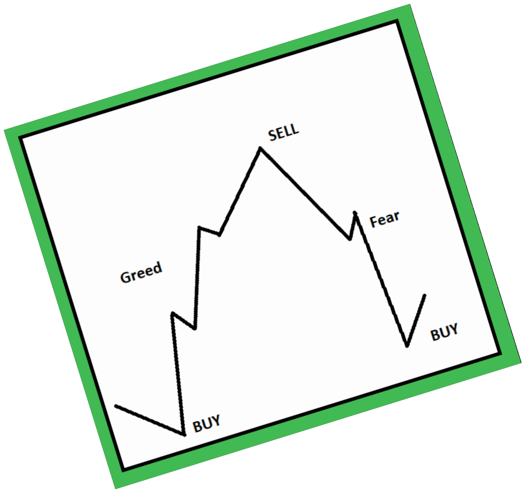


Cycle Report

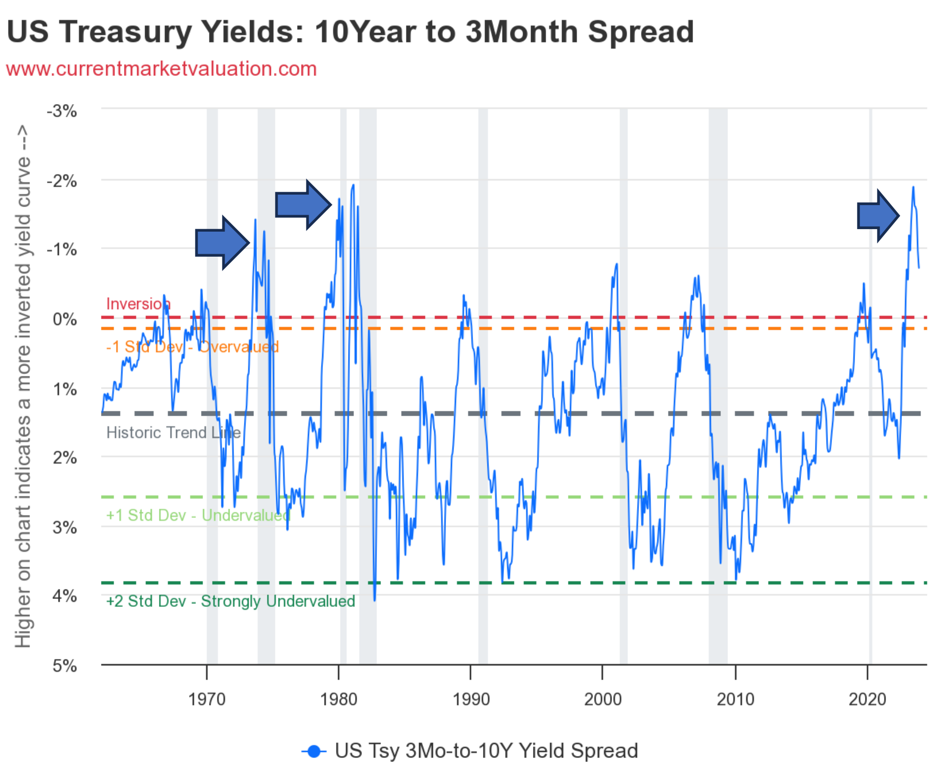
November 26, 2023

Welcome to the November 26 issue of the Cycle Report.

In this issue, I introduce you to BTFP. If you have never heard of this before, don't feel bad. I had not heard of it until a few days ago either.

This past week I happened to watch a YouTube video from Kitco News. The video segment was filmed at the New Orleans Investment Conference which was held Nov 1 to 4, 2023.

The gentleman being interviewed was commenting on the subject of yield curve inversion. His observation was that as a yield curve starts to *un-invert* itself, there is a high propensity for the economy to suffer.



The chart on the previous page (courtesy of the website *currentmarketvaluation.com*) serves to illustrate his point. In 1972, the yield curve inverted and shortly thereafter started to *un-invert*. The early 1970s were a tough time for the equity markets.

In 1979, the yield curve inverted and shortly thereafter started to *un-invert*. This was the era of Fed Governor Paul Volker hiking rates to quash inflation.

These two *un-inversion* events of the 1970s can be looked at through the lens of the McWhirter 18.6 year cycle of the Node through the zodiac wheel. (For recent subscribers, I suggest you obtain a copy of soon-to-be-released *2024 Financial Astrology Almanac* to read more about the McWhirter model.) Of all the cycles I refer to in my writings, I regard the 18.6 year cycle to be the most important.

- In March 1972, Saturn moved into the sign of Gemini. Not a very good development according to McWhirter.

- By October 1972, Uranus was 90-degrees square to the Node. Not a very good development according to McWhirter.

- In June 1979, Uranus was 90-degrees square to the Node. Not a very good development according to McWhirter. To add to the gravity of the situation, shortly thereafter Saturn was 0-degrees conjunct to the Node.

These astro-events involving the Node seemingly were triggers for subsequent weakness of the economy and markets.

More recently, the yield curve inverted as Fed Governor Jerome Powell started hiking rates to quash inflation. Look carefully at the chart on the previous page. The yield curve now looks as though it wants to start *un-inverting*. Watch the spread between the 3-month T-bill yield and the 10-Year Note yield in the coming weeks.

- In late 2022, Uranus was 90-degrees square to the Node.

This likely was the trigger point that will translate into market weakness in the not too distant future.

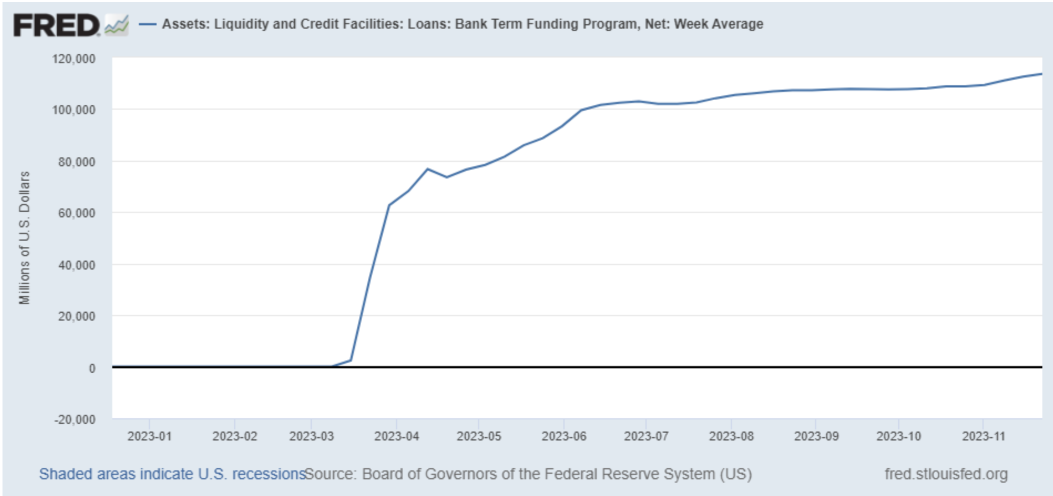
In fact, the gentleman being interviewed was warning that there could be a stretch of weakness starting in March 2024 if history repeats itself and the yield curve *un-inverts*.

He suggested that the markets might respond to an *un-inversion* starting in March 2024 when the BTFP program technically ends.

So….BTFP – what is it, you ask?

Recall that earlier in 2023 the US Treasury and the Federal Reserve had to scramble to address the failure of Silicon Valley bank. Recall also that in Switzerland, Credit Suisse failed. What the Fed engineered to confront this crisis was the *Bank Term Funding Program* (BTFP). This was an emergency program to lend money to banks using collateral investments that the banks had on their books.

This program has now provided $120 billion to the US banking system. This offers at least a hint of how *shaky* the banking system is.



The explosive growth of BTFP from $0 to $120 billion – how safe is your bank?

The BTFP program is due to wind up in March 2024. The gentleman interviewed by Kitco News suggested that the Fed will be forced to keep the program going past March 2024. The banking system in the US is just *too* shaky.

It is also interesting to note that the loans the Fed is making to the banks are *recourse* loans. In the world of lending, there are two types of loans: recourse and non-recourse.

Suppose a borrower takes out a <u>non-recourse</u> loan to buy a car. Suppose he defaults on that loan. The bank would seize the car. End of story.

Suppose a borrower takes out a <u>recourse</u> loan to buy a car. Suppose he defaults on that loan. The bank would seize the car. If the market value of the car was less than the loan value, the bank would then pursue other assets owned by the borrower.

In the event that some more banks (despite having taken loans from the BTFP) run into trouble, the Fed will simply take over the banks. More correctly stated, the Fed would give the nod to an entity like JP Morgan to take over the troubled bank. The banking system would thus be consolidated. The big would get bigger. The small will perish.

Going with the notion of a lag time from *un-inversion* to market difficulty, the McWhirter model provides us with insight into what may be about to happen.

- Pluto was 90-degrees square the Node in July 2023. This was likely the second trigger point that will lead to market volatility as *un-inversion* occurs.

But remember – the 18.6 year cycle is getting long in the tooth, so to speak. The current cycle will end in 2026-27. Having an all-out crisis now is *not* in the cards. **Instead, expect occasional bouts of market weakness and volatility (and likely some bank failure issues) in 2024.**

Heading into 2025, the situation will remain volatile also.

- In February 2025, Saturn will be within orb of being 0-degrees conjunct to the Node. Not a good situation according to McWhirter. By July 2025, Uranus will be entering into Gemini. Not a good situation as well according to McWhirter.

The mitigating factor in all of this will be Jupiter in the sign of Gemini from June 2024 to June 2025 (a positive occurrence according to McWhirter).

The bigger crisis event will come in 2026-27. More particularly, in May 2026, Uranus will be square the Node. The Node will enter Aquarius in late 2026. As this Uranus square aspect fades, Pluto will move towards a conjunction with the Node by mid-2027.

Now, let's take a look at the Regional Banking ETF (ticker symbol KRE). Mathematical analysis using the Periodogram function shows that price action on this ETF generally follows Hurst cycles of 165, 250, 301, 355, 400, and 469 price bars. The OPTUMA program only projects the Hurst cycles short way into the future. What is apparent from the following chart is that there is a Hurst Cyclic interval (250 bars) in late March. This aligns to the timeframe when we can expect some news from the Federal Reserve on its BTFP strategy. Looking further at the following chart one can see that a rally effort from May through July failed right at a Fibonacci 48.6% retracement of the large decline in February-March-April. This is not a constructive chart.

KRE Regional Banking ETF (daily)

KRE Regional Banking ETF (weekly)

The weekly chart shows that price has now retraced a Fibonacci 78.6% of its move from 2020 to 2022. Twice now the 78.6% level has held. Will it be re-tested a third time? Only a move above $49 (the pivot swing high made in late July) will get my attention. This price level also happens to align to the 200-day moving average.

I suspect the regional banking sector will make headlines again in the near future….

E-mini Nasdaq

Daily Chart Trend: bullish

Weekly Chart Trend: bullish

Long Term Trend: bullish (the 200-day average provided support)

The chart above has been overlaid with points A through K. The chart has also been annotated with descriptions of what happened at each of these points.

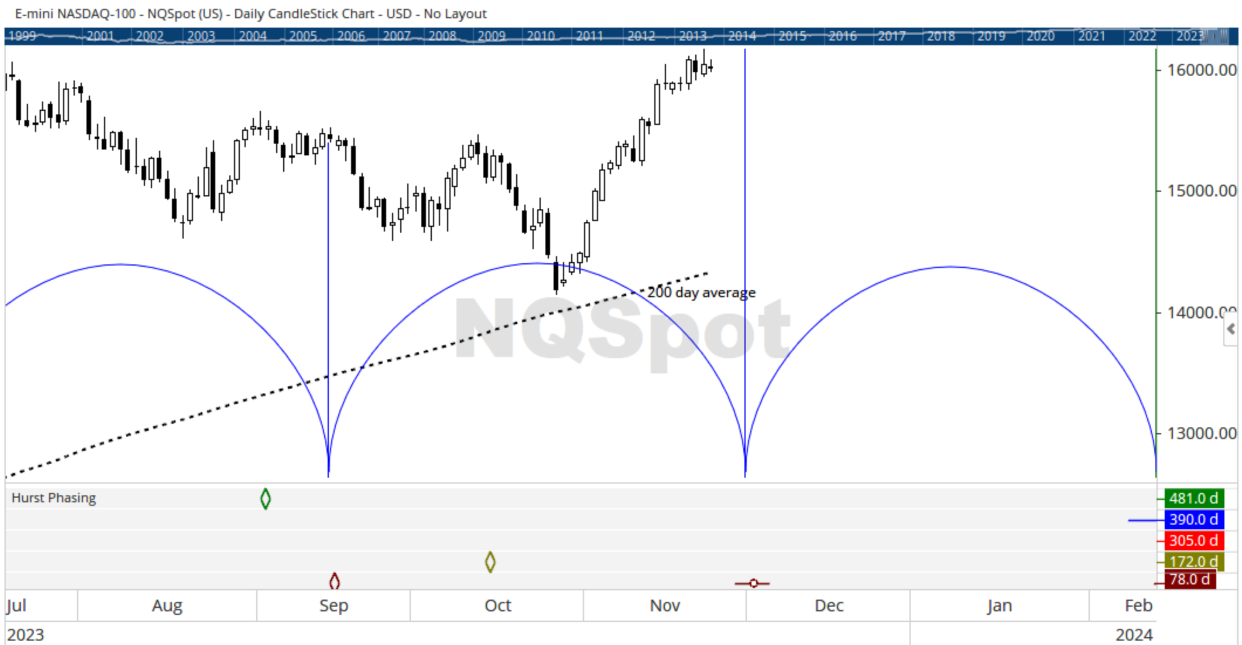
In the last issue of the *Cycle Report*, I described how the Nasdaq e-mini index was hovering just above its 200-day moving average. A violation of this key average would have sent panic through the streets of New York. Price action held and did not violate the 200-day average. Why? The answer is- point K on the chart was a Fibonacci 38.2% retrace of the overall move from point A to point F. Fibonacci values *never* cease to amaze me!

If W.D. Gann were looking at this chart now, he would observe that price action took out the swing pivot at Point J, thus triggering a buy signal.

What Gann would have scoffed at is how a small group of stocks (the 'magnificent seven' big tech stocks) have once again pushed the Nasdaq higher. The daily chart trend is bullish. The weekly chart trend is bullish. The major trend is bullish. Surely a small handful of stocks moving the market is not a healthy situation.

The cyclical movement of Mars around the zodiac will see it pass the Nasdaq 1971 natal Mars point from **November 28 to December 15.** The Sun will also pass the natal Mars point during this timeframe too. Watch for a possible trend change during this time interval.

Price action has surpassed the Fibonacci 78.6% retracement of the overall decline from the late 2021 peak (16,600) to the late 2022 lows at 11,000. This caused the mainstream media to start waxing prophetically. As to where from here….the next logical move for this index will be a 100% re-test of the 2021 highs which are some 500 points away. A re-test of the late 2021 highs (and subsequent trend change) just as Sun and Mars pass the 1971 natal Mars point would be nicely in keeping with patterns of astrology.



Optuma

The dominant cycle on Nasdaq is the 78-day (calendar day) cycle. This equates to *about* 53 trading days (bars on the chart). A recent cycle reached its terminus on June 27. The most recent 78-day cycle ended in mid-September. The current cycle will run to late November/early December, when Mars and Sun will start transiting past the 1971 natal Mars point.

The next Hurst intervals of interest will not occur until February 2024.

The trend on Nasdaq is bullish. Wall Street has apparently decided (once again!) that the higher-for-longer interest rate scenario will not be a detriment to the handful of big tech stocks that have powered the markets in 2023. The reason is – these big names are enmeshed in our lives. We cannot seemingly live without Amazon, Facebook, Apple, Microsoft and Google. Fund managers know that the earnings of these companies will be reasonably stable because consumers cannot live without these big tech names. Therefore–buy the dip….sell the rally, even if the P/E multiples might be stretched on these stocks.

Be careful with such a skewed situation. It is not healthy for a small collection of stocks to have so much influence.

E-mini S&P 500

Daily Chart Trend: bullish

Weekly Chart Trend: bullish

Long Term Trend: bullish

In the most recent Cycle Report I noted that the price decline on the S&P 500 had stopped in late October at a Fibonacci 61.8% retracement of the overall move from March 2023 to July 2023. Looking at a wider timeframe, it is now apparent that price action has retraced 78.6% of the overall decline realized in 2022. This is a critical retracement level. Very often price trend will reverse at 78.6% retracements.

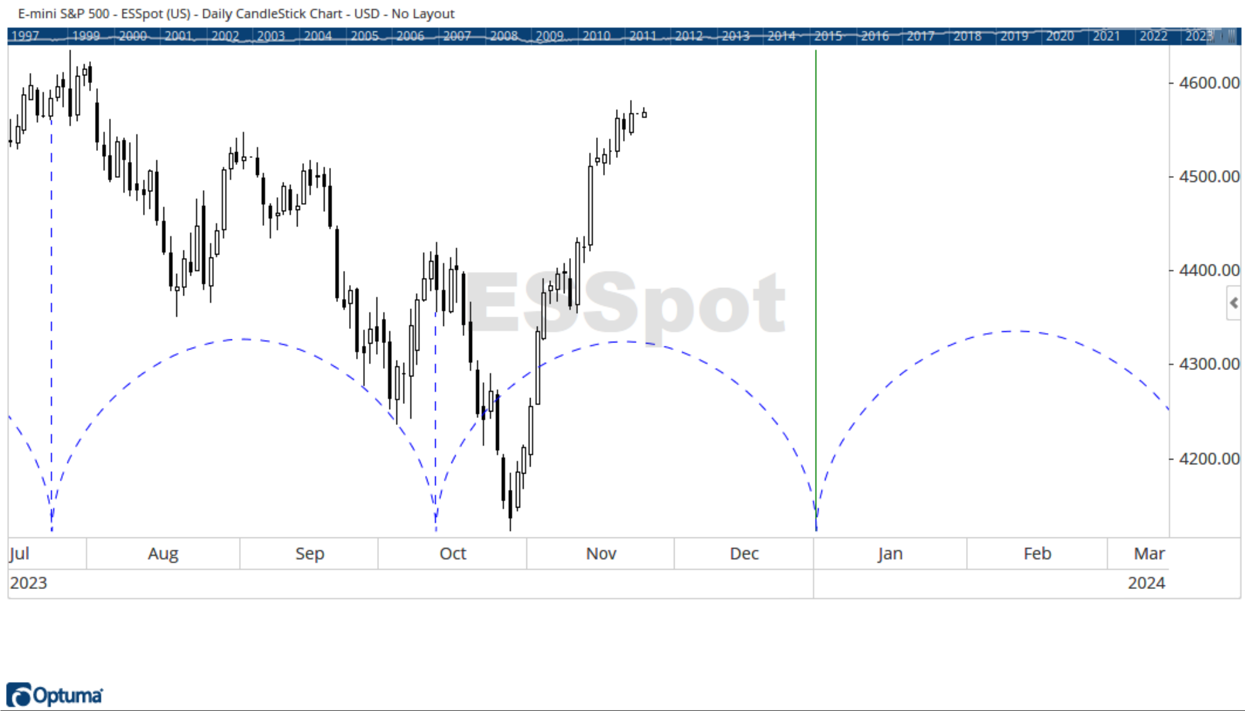
As I explained in the most recent report, cyclical movements of Venus and Mars also affect human emotion and thereby the markets. It takes Venus 225 days to orbit the Sun (as viewed from the vantage point of the Sun). Mars takes about 693 days to orbit the Sun from a heliocentric viewpoint. As I explain in my annual *Financial Astrology Almanac*, Kabballah sacred mathematics reveals some key numbers which can be translated into degree intervals. Applying these intervals of planetary movement to Venus and Mars reveals that these planets somehow affect human emotion and by extension the markets.

For example, using a start point of the February 2020 market peak, a Venus 137.5-degree cyclic interval just landed on November 21. A Venus 222.5-degree interval will land on **December 9**. It is very possible that a trend reversal could develop in the coming days.

Venus 137.5 degree intervals

Venus 222.5 degree intervals

For the benefit of recent subscribers, German researcher Theodor Landscheidt developed a cyclical model based on the gravitational attraction between the solar system's center of mass and Jupiter. The center of mass of the solar system is located very close to the Sun. The Sun behaves like a fluid in its movement – always slowly shifting in shape. As the Sun fluidly changes shape, the solar system center of mass is also slowly shifting (thanks in part to Jupiter's gravitational pull). Landscheidt concluded that the shifting center of mass influences human emotion and thereby the financial markets which are a proxy for human emotion. NASA scientists have modelled the changes to the center of mass of the solar system. With that data in hand, I can calculate the dominant Landscheidt cycles. Here and now, the Landscheidt cycles I watch for on the S&P 500 are now about 56-58 days long. This time span might change over the coming year as the solar system's center of mass shifts.



A Landscheidt cycle ended in July. Note what happened to the S&P 500 –it reached a peak. The most recent Landscheidt cycle ended around October 11, just as a counter-trend rally effort failed. The current cycle will run until late December. We are now at the mid-point of this cycle.

For recent subscribers, it is further interesting to note that in the early 1970s, NASA mathematician J.M. Hurst realized that time series price data from a market index is comprised of overlapping, interwoven smaller cycles. The mathematical algorithm used to identify these smaller cycles is called the *Periodogram.*

Between now and year end there are some shorter Hurst intervals (51-day interval on November 29 and a 78-day interval around December 19).

The cyclic movement of Sun and Mars relative to the NYSE 1792 natal birth horoscope is also important. Sun and Mars have now completed their transits past the natal Neptune point of the 1792 horoscope. In the October 20 issue of this Report, I mentioned this transit and said… *This leads me to suspect the 200-day average on the S&P 500 will hold and markets will stabilize.*

I was *mostly* correct in my prognosis. The 200-day average ended up being violated, but a Fibonacci retracement level came to the rescue and a recovery effort started.

Looking into the near future, **Venus** will be passing the 1792 natal Neptune point from the **end of November through the first week of December**. Moon will transit past the natal Neptune point on **December 8.**

Curiously enough, this is also the timeframe for the 222.5 heliocentric degree interval of Venus (as discussed above).

Mercury will be retrograde from **mid-December to Jan 1, 2024**. Mercury retrograde often provides some surprises. I find it curious that a Landscheidt cycle will end in late December just as Mercury retrograde finishes.

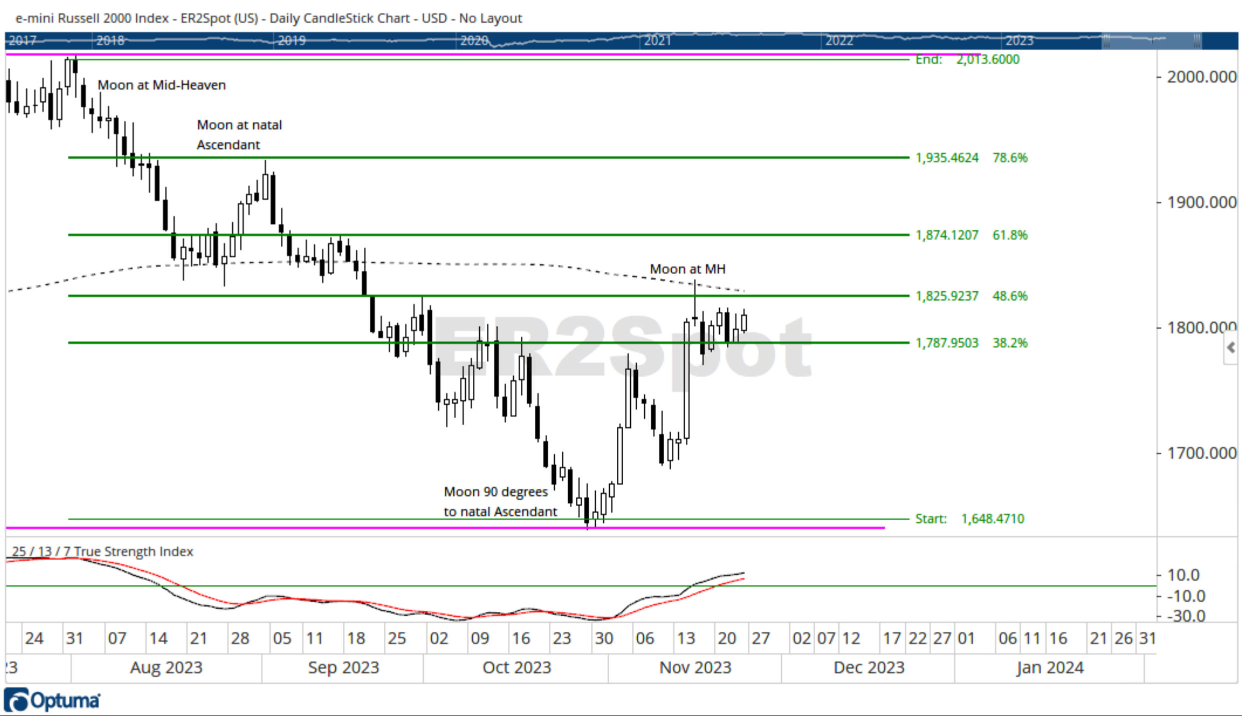
The trend on the S&P 500 is bullish in the short term. Wall Street has apparently decided that the higher-for-longer interest rate scenario will not be a detriment to the handful of big tech stocks that have powered the markets in 2023. The reason is – these big names are enmeshed in our lives. We cannot seemingly live without Amazon, Microsoft and Google. It is these tech names that are helping the S&P to move higher. Many individual stocks are still, however, suffering.

Russell 2000

Daily Chart Trend: bullish

Weekly Chart Trend: bearish

Long Term Trend: bearish



The above chart of the Russell 2000 shows that smaller-cap companies are struggling. The index has been in a broad sideways channel since 2022. Fibonacci retracements have been overlaid (green lines). The major trend is solidly bearish which speaks to the effect of higher-for-longer rates on smaller-cap stocks. The weekly chart trend is also bearish. The daily chart trend is bullish, but that could easily change to bearish. Price will have to get above the Fibonacci 48.6% retracement level before a convincing argument can be made for better times ahead for the smaller-cap sector.

Between **mid-December and early January 2024**, both Sun and Moon will transit past the 1984 natal Mid-Heaven in the Russell 2000 horoscope.

Analysis using the *Periodogram* function reveals that the Russell 2000 functions according to 108, 126, 152, 177, 286, 401, and 511 bar (trading day) cycles. There is a collection of three Hurst intervals that will arrive in late November/early December. This is exactly when Sun and Mars will begin their transit past the 1984 natal Mid-Heaven point in the Russell 2000 first trade horoscope.

Crude Oil

Daily Chart Trend: bearish

Weekly Chart Trend: bearish

Long Term Trend: bearish (price less than 200 day average)

After making a high of $123 per barrel in June 2022, the price of oil started to grind lower. Support was found in June 2023. Price then retraced Fibonacci 48.6% of this larger decline. As price hit the 48.6% Fibonacci retracement level, the rally failed and price started to falter.

Here and now, price has retraced Fibonacci 78.6% of the rally that occurred from June to September 2023. This recent decline was triggered by both Sun and Mars passing the 1983 natal Saturn point in the first trade horoscope.

As I explain in my annual Almanac, in the 1983 natal horoscope wheel for WTI Crude four celestial objects form a rectangle pattern. The corner points of the rectangle are Neptune, Mars, Node, and Saturn. Sun and Mars making their cyclical transits past these corner points very often aligns to short term trend changes.

The next sensitive timeframe for oil pricing will be December 2023 and January 2024 when Sun and Mars pass by the 1983 natal Neptune point.

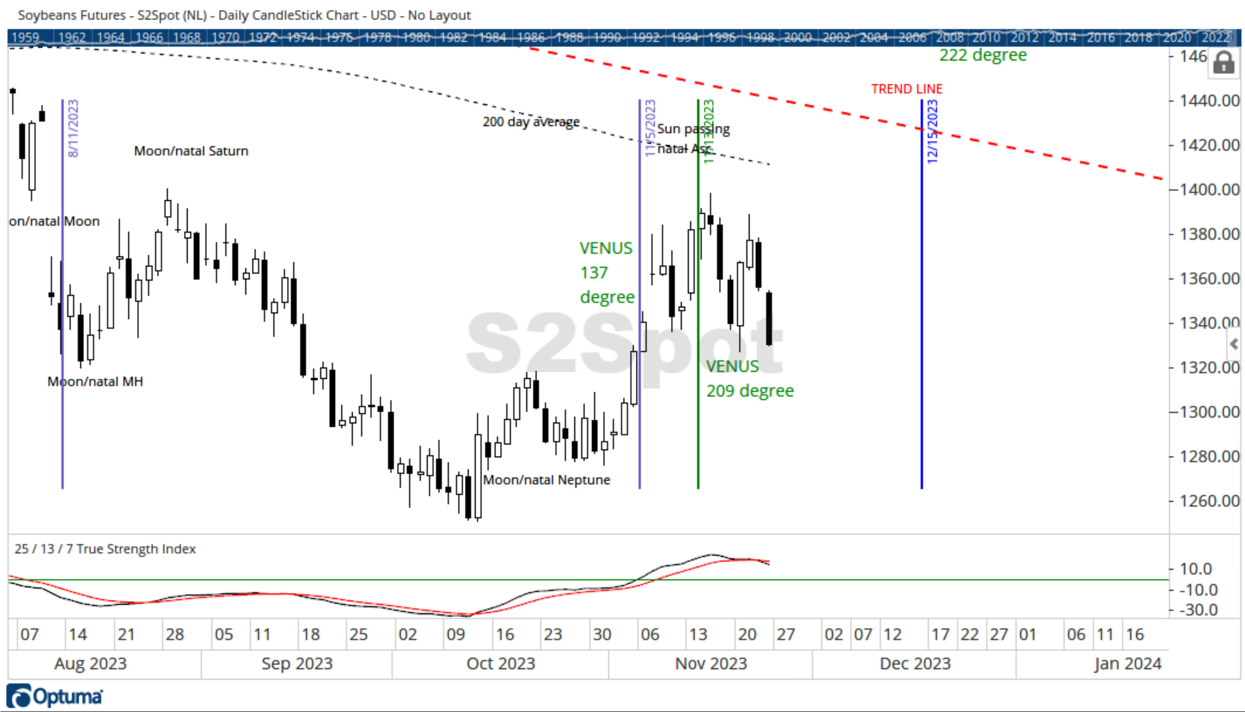
There is reportedly dissension amongst OPEC+ members regarding production cuts. It is very possible that Oil prices could move lower to test the July $67 level.

Soybeans

Corn Daily Chart Trend: bearish

Corn Weekly Chart Trend: bearish

Corn Long Term Trend: bearish (price beneath 200-day average)



The trend on the daily chart of Soybeans is bearish as evidenced by the True Strength Index. The weekly intermediate trend is bearish. The longer term major trends remain bearish.

Moon passing key points in the Soybeans 1936 natal horoscope continues to do a masterful job of denoting pivot price points.

Heliocentric Venus advances of 137, 209, and 222-degrees (starting from the highs at April 26, 2022) are also potent cycles to follow. December 15 will bring the next 222-degree Venus interval.

If you are wondering whether commodity prices are having an effect on farm operators, the answer can be found by looking at the price chart of implement maker Deere & Co.

The famous maker of green-colored farm implements and machinery (Deer & Co) traces its IPO date to January 13, 1978. In all, 2023 has *not* been a good year for Deere (NYSE:DE). Share price declined into late May, rebounded into July and has been falling ever since. Commodity prices are low and the cost of obtaining financing to purchase crop input supplies is rising. (I recently had a farmer in my area here in western Canada tell me his crop input loan for 2024 will be at an uncomfortable 10.1% interest.) The average farm operator in North America is getting squeezed. When a farm operator is getting squeezed, he will not be buying new farm equipment. The chart of DE speaks to this reality.

I have overlaid the above chart with events of celestial bodies passing key points on the 1978 natal horoscope. If there will be a turning point for DE share price look to December when Mars and Sun pass the natal MH point. However, the general weakness could continue until the end of Q1 2024 when Saturn *finally* moves away from the natal Asc point and Mars passes the natal Asc point.

Gold

Daily Chart Trend: bullish

Weekly Chart Trend: bullish

Long Term Trend: bullish above the 200-day average)

In the recent issue of this Report, I noted that price had retraced Fibonacci 38.2% of the push higher in October 2023. This push higher failed at the $2016 level which was also a Fibonacci 78.6% retrace of the overall 2023 price decline.

I also noted the 200-day average was under assault. I questioned whether the 200-day average would hold or whether price would give a Fibonacci 61.8% retracement? I ended my comments by noting that price was mid-way between a Saturn 3rd and 4th harmonic quantum line and I pointed out that the coming days would be critical to the story of Gold….

No sooner had I penned these comments than Gold prices started to rebound. The Fibonacci 78.6% retracement level at $2016 is now in play again.

In the 1974 Gold futures horoscope, there is a saw-tooth pattern with corner points Neptune, Jupiter, Moon, and Saturn. Here and now, Sun and Mars are starting their transit past the Neptune point. Look for a price response to develop in the coming days. And note too that Mercury will turn retrograde in mid-December which could further agitate prices.