

Tim W. Wood's

Cycles News & Views

Specializing in Dow Theory and Cycles Analysis



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Cycle Turn Indicator Direction and Swing Summary of Select Markets as of the close on August 30, 2019

Market	Daily CTI	Daily Swing	Weekly CTI	Weekly Swing
Industrial	Positive	Low	Negative	Low
Transports	Positive	Low	Positive	High
NDX	Positive	Low	Negative	Low
S&P Inverse Fund	Negative	N/A *	Positive	Low
CRB Index	Negative	High	Negative	Low
Gold	Negative	High	Positive	Low
XAU	Negative	High	Positive	Low
Dollar	Positive	Low	Positive	Low
Bonds	Negative	High	Positive	Low
Crude Oil	Negative	High	Positive	High
Unleaded	Negative	High	Negative	High
Natural Gas	Positive	Low	Positive	Low

*Since this fund is quoted at the end of the day it is impossible for the concept of swing highs and lows to apply on a daily level. The primary interests here are the weekly developments.

The daily is representative of the short-term and the weekly is representative of the intermediate-term

Short-term Updates

Note on the Cycle Turn Indicator

The most important indicator we have is the Cycle Turn Indicator and the most important timeframe, at least in my mind, is the intermediate-term. This indicator has proven itself time and time again. In reality, this is all we really need to know. Everything else is secondary. That being said, please be sure to monitor the "Cycle Turn Indicator Direction and Swing Summary" above. Red indicates that a swing high and down turn of the Cycle Turn Indicator has occurred and lower prices should follow. The only exception here is that on the daily stock market signals we also want to see both the slow cycle Turn Indicator and the New High/New Low Differential in agreement with the original Cycle Turn Indicator, which is what is covered in this summary above. Yellow, is cautionary meaning that the Cycle Turn Indicator and the swing are not in agreement, which is typically indicative of a trend change. Green, means that a swing low has occurred and that the Cycle Turn Indicator is positive, which should be followed by higher prices. Again, the only exception here is the daily stock market signals in that we want to see both the slow Cycle Turn Indicator and the New High/New Low Differential in agreement with the original Cycle Turn Indicator, which is what is covered in this summary above. For everything else, all that matters is the formation of a swing and the direction of the Cycle Turn Indicator.

All subscribers who do not understand cyclical translation should click here "[Notes for New Subscribers](#)." It is important that you read and understand the content found in both of the PDF files that you will find at this link.

September 1, 2019

Stocks

End of Week Intermediate-Term Indicator Summary Intermediate-Term Sell	
Primary Indicators	
Formation of a Weekly Swing Low	Bullish
Cycle Turn Indicator (CTI)	Bearish
CTI on Rydex Tempest Fund *	Bearish
Confirming Indicators	
Trend Indicator (TI)	Bearish
Advance/Decline Issues Diff	Bullish
New High New Low Diff	Bearish
Secondary Indicators	
5 3 3 Stochastic	Bearish
Cycle Momentum Indicator	Bearish
<i>*When this indicator is Bullish it is negative for the market and visa versa.</i>	

Daily Indicator Summary Short-Term Neutral	
Primary Indicators	
Formation of a Daily Swing Low	Bullish
Cycle Turn Indicator (CTI)	Bullish
Slow Cycle Turn Indicator (CTI)	Bullish
New High/New Low Differential	Bullish
Confirming Indicators	
Trend Indicator (TI)	Bullish
McClellan Intermediate Term Breadth Momentum Oscillator (ITBM)	Bullish
McClellan Intermediate Term Volume Momentum Oscillator (ITVM)	Bullish
McClellan Summation Index	Bullish
McClellan Volume Summation Index	Bullish
Secondary Short Term Indicators	
5 3 3 Stochastic	Bullish
Cycle Momentum Indicator	Bullish
Trading Cycle Oscillator	Bullish
Momentum Indicator	Bullish
Ratio Adjusted McClellan Oscillator Crossover	Bullish
Accumulation/Distribution Index	Bullish

The Leading Economic Index moved to a new post-April low and its growth rate continues weakening following the recent retest of its zero line. The other Leading Economic Indicator that we have been tracking continues forming a divergence with the current 4-year cycle advance as well as the higher level top that began forming in 2018. The deterioration of key leading indexes and sectors continues to weaken and we closed the month with a broad array of monthly swing highs in place, which means that we have not only the intermediate-term cycle top in place, but every indication is that we have the seasonal cycle top as well. The most recent short-term bounce in Equities has been accompanied by a bounce in the 3-month T-Bill rate, but the longer-term yields continue to weaken. The short-term bounces in Raw Materials, the CRB Index and Crude Oil have re-triggered short-term sell signals and are showing signs of having run their course. Knowing the similar cyclical rhythm with Equities suggests that Equities should follow. All in all, the deflationary setup that we have been watching is slowly continuing to take form, but Equities also remain the hold out and in doing so they continue to mask the higher level setup, which keeps the masses calm. Once

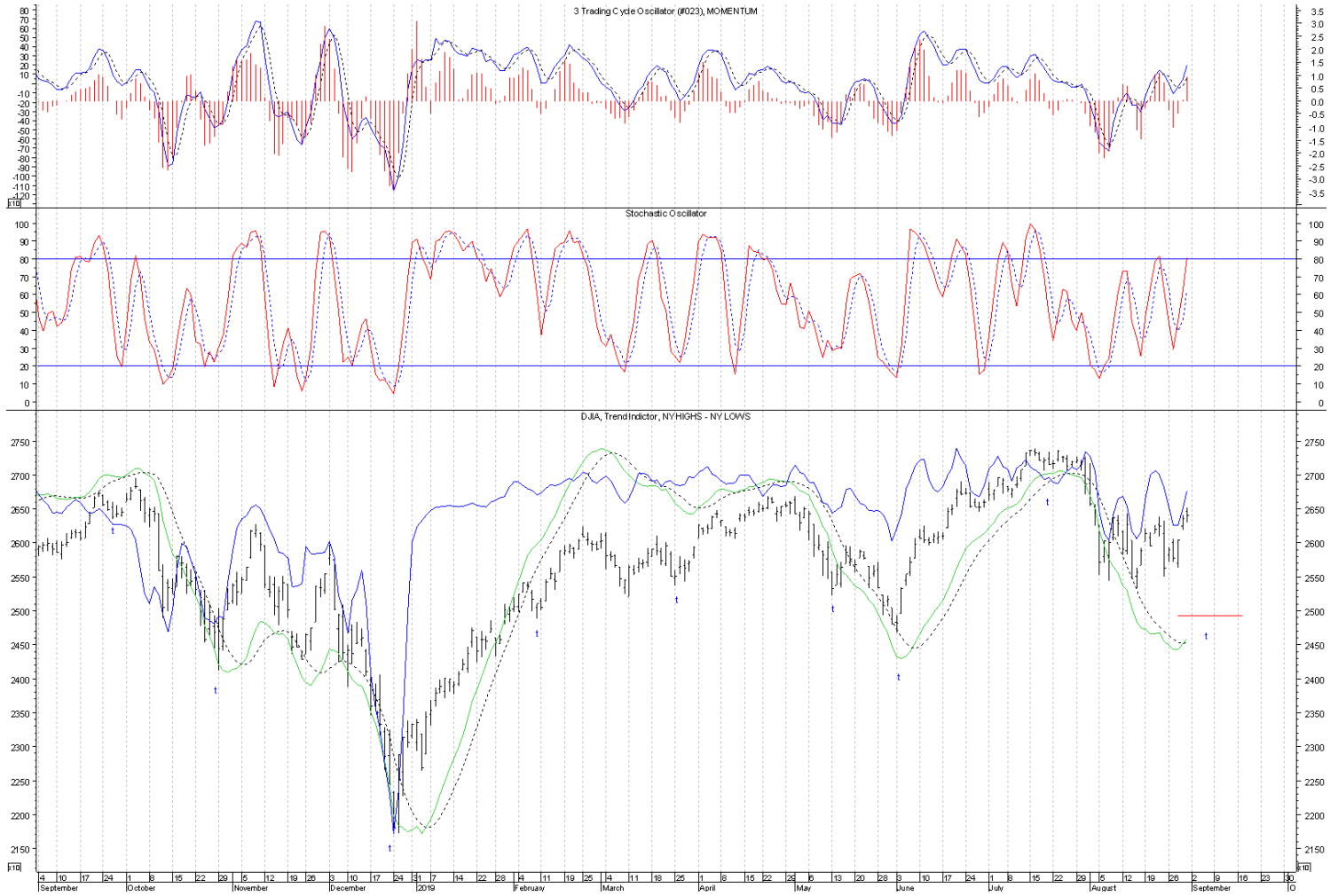
the short-term is realigned with the intermediate-term sell signal, Equities will again be repositioned for continued weakness. For now, the short-term buy signal that was finally triggered on Thursday will stand until another daily swing high and downturn of the Primary Short-Term Indicators are seen.

On Friday another short-term sell signal was triggered on Crude Oil, which is once again suggestive of the counter-trend advance having run its course. Another short-term sell signal was also triggered on the CRB Index on Friday. In order to confirm that these counter-trend tops are in place, I want to see the previous daily swing low violated. Thursday's short-term sell signals on both Gold and the XAU remain intact and the trading cycle tops should ideally be in place. If so, we should also prove to have the intermediate-term cycle tops in place as well. The continued strength in the Dollar on Friday only served to further confirm Monday's trading cycle low. With Bonds, I continue to think that the trading cycle low was seen on August 23rd, but as a result of the triggering of another short-term sell signal on Thursday, Bonds are at risk of a left-translated top if this sell signal isn't reversed.

The red intermediate-term Advancing issues line is tied to the intermediate-term cycle, which closed the week on an up tick, but overall remains weak. The Green and Black MA lines continue to weaken as well, which continues to be suggestive of the intermediate-term cycle top.

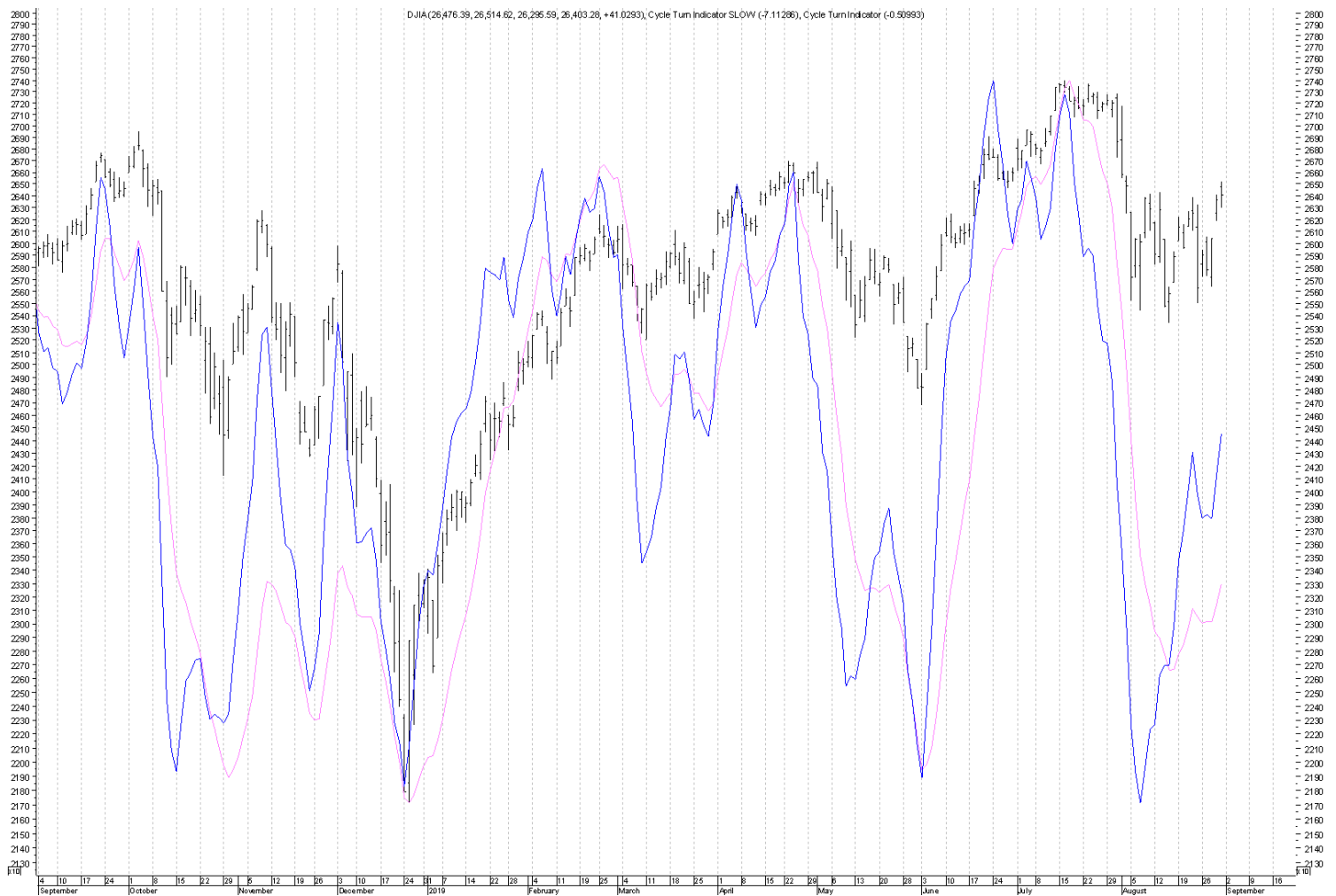


The **Trading Cycle Oscillator** in the upper window remains above its trigger line. The **Momentum** indicator is also plotted in the upper window and has crossed well above its zero line. The **5 3 3 stochastic** in the middle window is again in the zone where the last two short-term tops were seen. The first of our **Primary Short-Term Indicators** is the **New High/New Low Differential**, plotted with price, which remains positive. The **Trend Indicator** has ticked just above its trigger line.



The Three Primary Short-Term Indicators are the **Original** and the **Slow** Cycle Turn Indicators, both plotted below, and the **NYSE New High/New Low Differential**, plotted with price above.

As a result of the completion of a daily swing low on Thursday and upturn of ALL Three of the Primary Short-Term Indicators, a short-term buy signal has been triggered and Equities moved higher on Friday. But, based on the cyclical phasing, this does not change the expectation of this advance being counter-trend or that lower prices into the intermediate-term cycle lows should still follow. Once a daily swing high and downturn of ALL Three of the Primary Short-Term Indicators are seen, another short-term sell signal will be triggered. Until such time, the short-term buy signal stands.

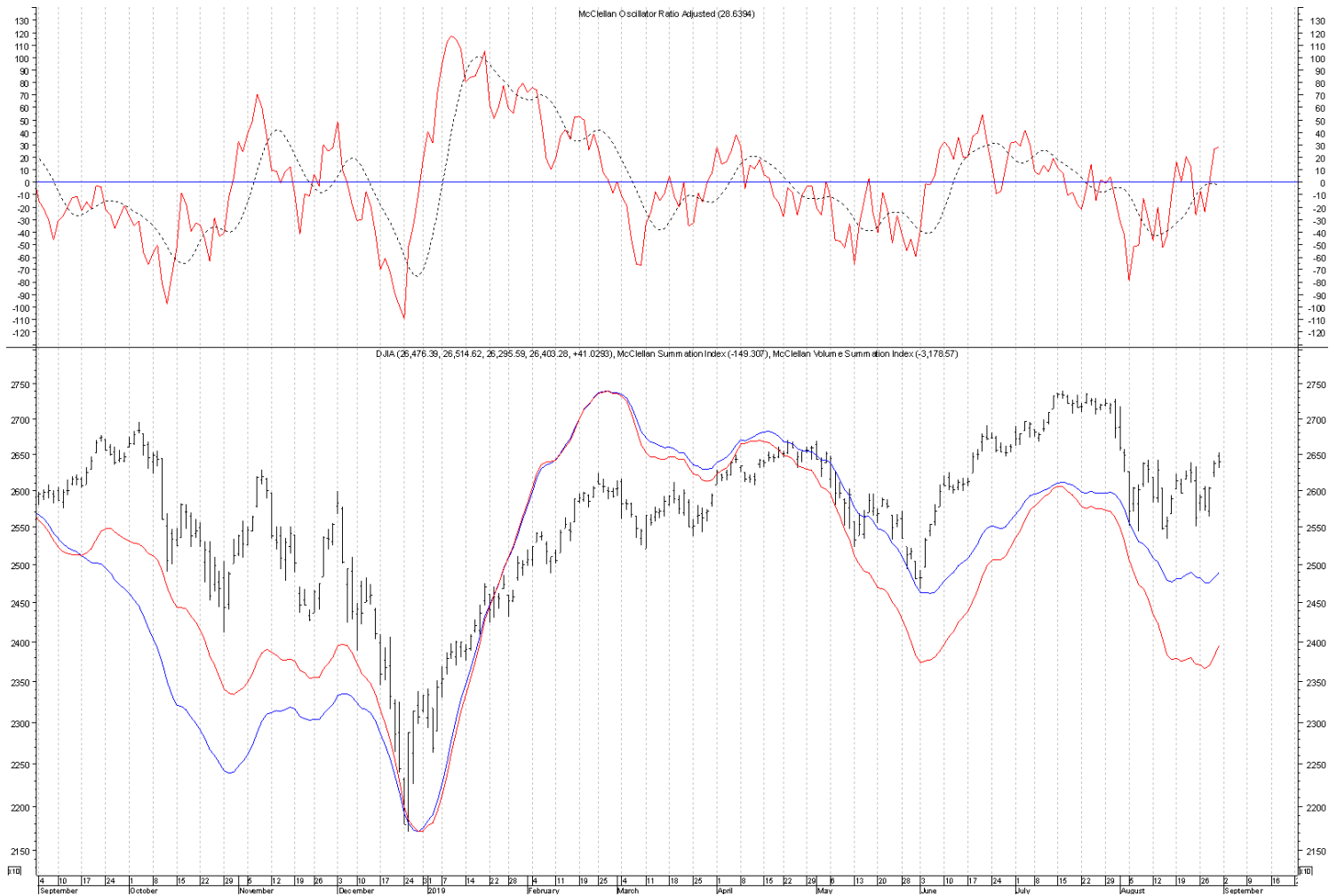


Both the **Intermediate Term Volume Momentum Oscillator** and the **Intermediate Term Breadth Momentum Oscillator** are now sitting above their trigger lines.

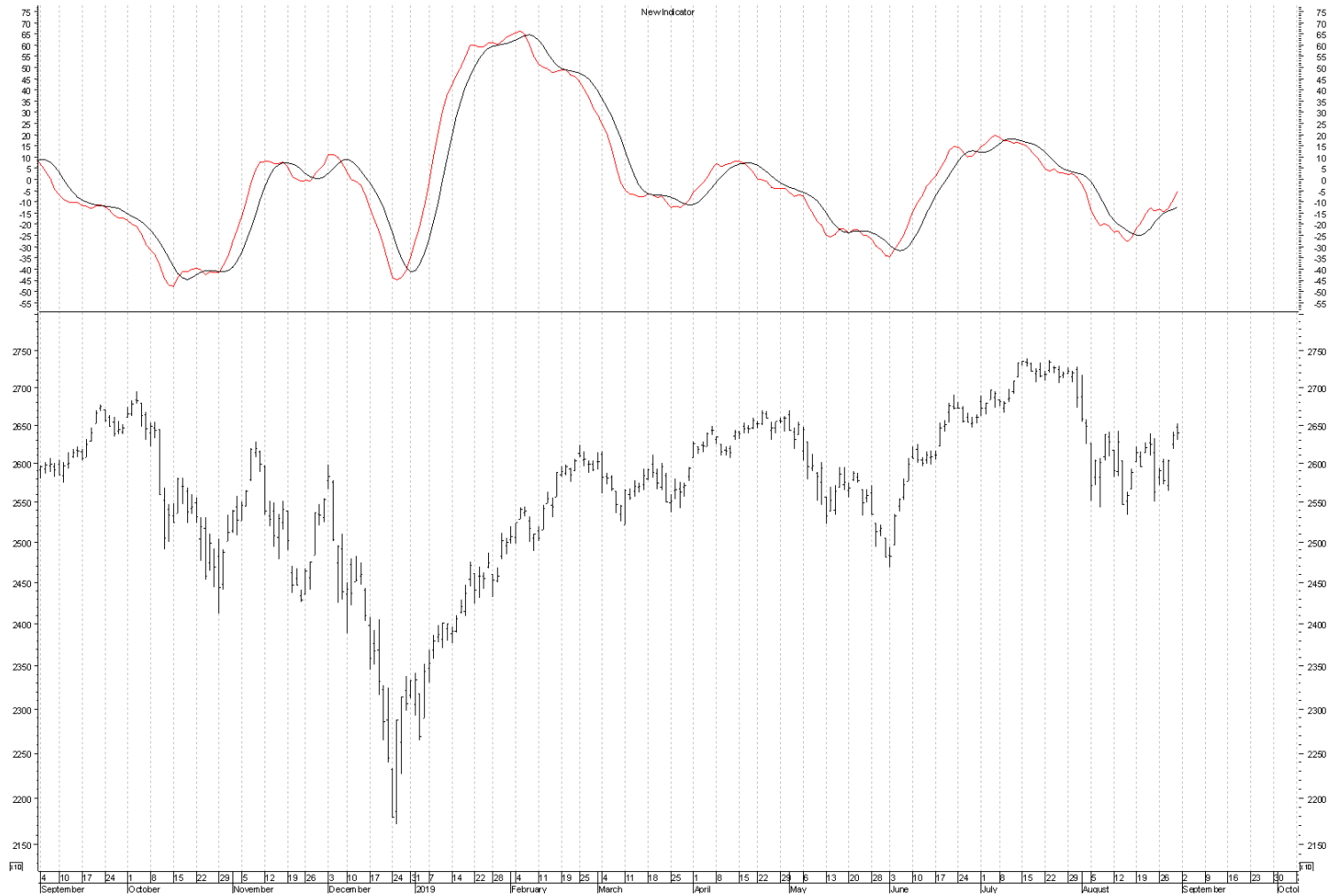


The McClellan Oscillator and Summation Indexes are also used to measure the intermediate-term internals. The **Ratio Adjusted McClellan Oscillator** in the upper window is shorter-term in nature and is therefore used to help identify the shorter-term tops and bottoms, but it is also useful in identifying intermediate-term cycle tops and bottoms.

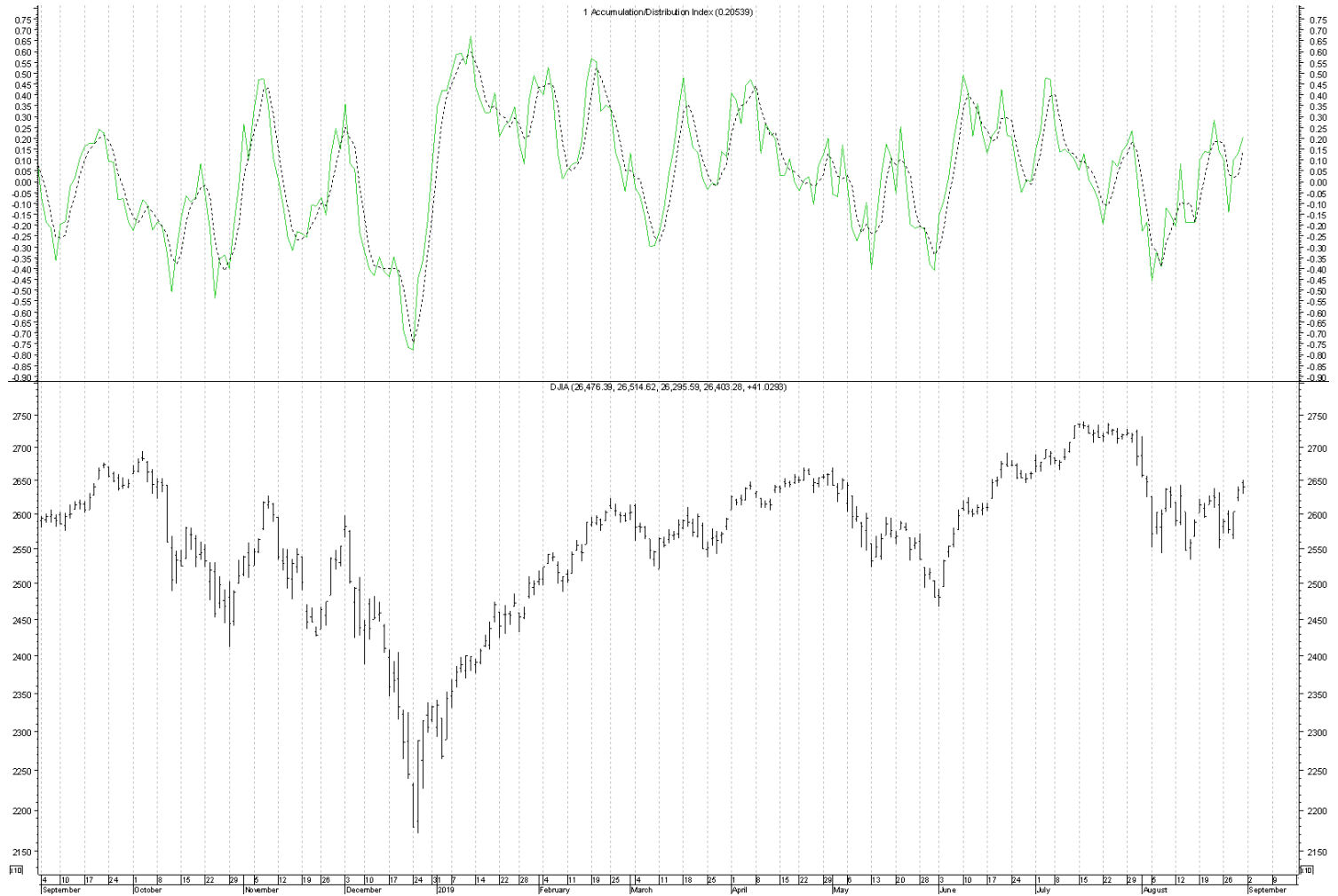
Both the **McClellan Summation Index** and the **McClellan Volume Summation Index** remain positive. The **Ratio Adjusted McClellan Oscillator** also remains positive, which has relieved the oversold condition.



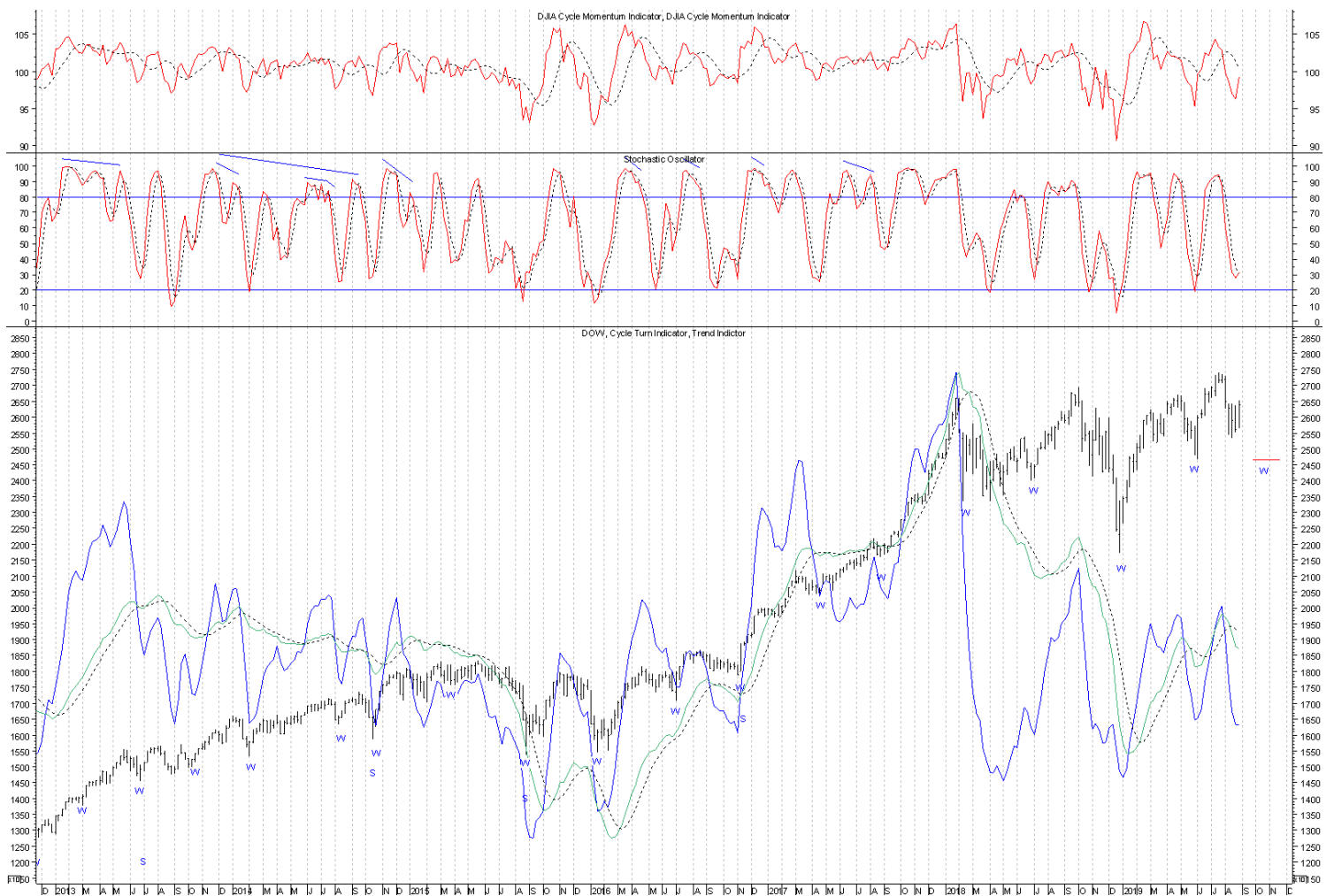
Next is the Smoothed McClellan Oscillator, which remains above its trigger line. A cross back below the trigger line will serve as additional evidence of the counter-trend advance having run its course.



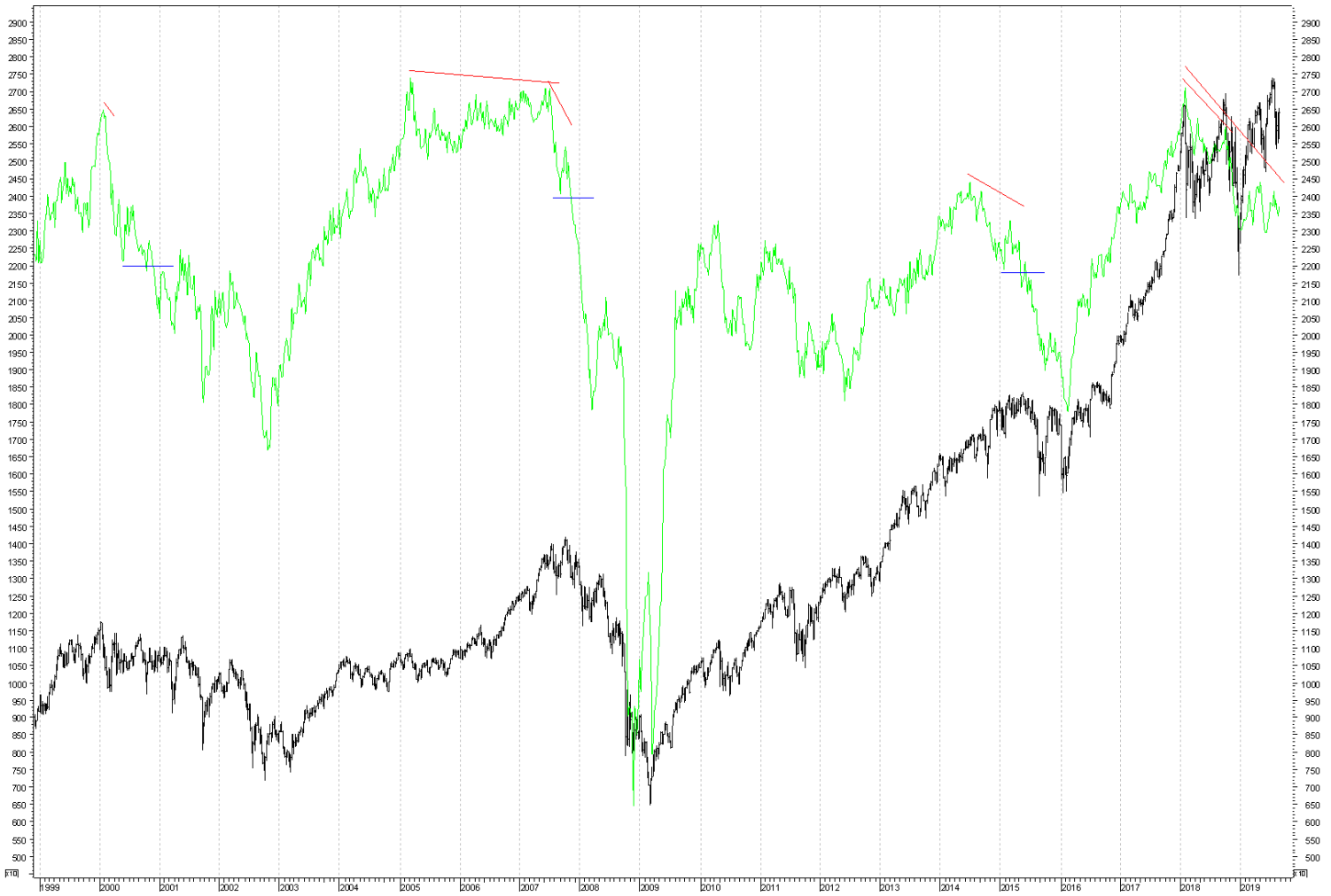
The **Accumulation/Distribution Index** remains above its trigger line, but the divergence that is now forming is hinting of the possible counter-trend top. However, we have to see the completion of a daily swing high and the triggering of a short-term sell signal before there is evidence to say that this top has been seen.



Our weekly chart of the Industrials is next. We did see the completion of a weekly swing low this past week, but the intermediate-term sell signal remains intact and the assumption continues to be that the intermediate-term cycle top has been seen. The timing band for the intermediate-term cycle low runs between September 24th and November 19th. Based on the evidence with regard to the intermediate-term cycle top and in light of the fact that price has not moved into the window for the intermediate-term cycle low, along with the cyclical phasing of the trading cycle, the expectation has been and continues to be that the bounce we have seen in association with the August low is counter-trend and that it will be followed by greater weakness. The risk in association with this intermediate-term sell signal remains high, but the short-term sell signal has relieved some of that pressure. Once another short-term sell signal is re-triggered, the higher risk setup in association with the decline into the intermediate-term cycle low and out of the higher degree cycle top/s should again weigh on the market.



I have again included the weekly chart with the Leading Economic Indicator that myself and a colleague developed while playing with ideas. The divergence in association with the higher level top that began in 2018 continues as does the divergence in association with the advance out of the December 4-year cycle low. I have explained before that a break below the previous low of the divergence is the trigger, but the one issue is that you can't know ahead of time how long the divergence is going to be. It is clear to see that this top is continuing to take form and the fact that this indicator has not broken below its recent low is telling us Equities are still not there yet.



I am also including the current monthly chart of the CRB Index, because I just happened to notice that we have the same setup we are seeing with Equities with a brief upturn of the regular CTI that was followed by another downturn while the **slow CTI** remained negative. When I pasted the chart in this update the regular **CTI** appears to have only been flat back in June and July, but it actually did turn marginally to the upside. I'm not sure why the scaling is slightly different when repasting the chart.



Back to Equities:

In Summary, the cyclical phasing continues to be suggestive of the advance out of the August 15th low being counter-trend. But, in the short run, we have a short-term buy signal and higher prices will remain possible until a daily swing high and downturn of the Primary Short-Term Indicators are seen.

Gold

End of Week Intermediate-Term Indicator Summary **Intermediate-Term Neutral**

Primary Indicators

Formation of a Weekly Swing Low	Bullish
Cycle Turn Indicator (CTI)	Bullish

Confirming Indicators

Trend Indicator (TI)	Bullish
Cycle Momentum Indicator	Bearish

Secondary Indicators

5 3 3 Stochastic	Bearish
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Daily Indicator Summary **Short-Term Sell**

Primary Indicators

Formation of a Daily Swing High	Bearish
Cycle Turn Indicator (CTI)	Bearish

Confirming Indicators

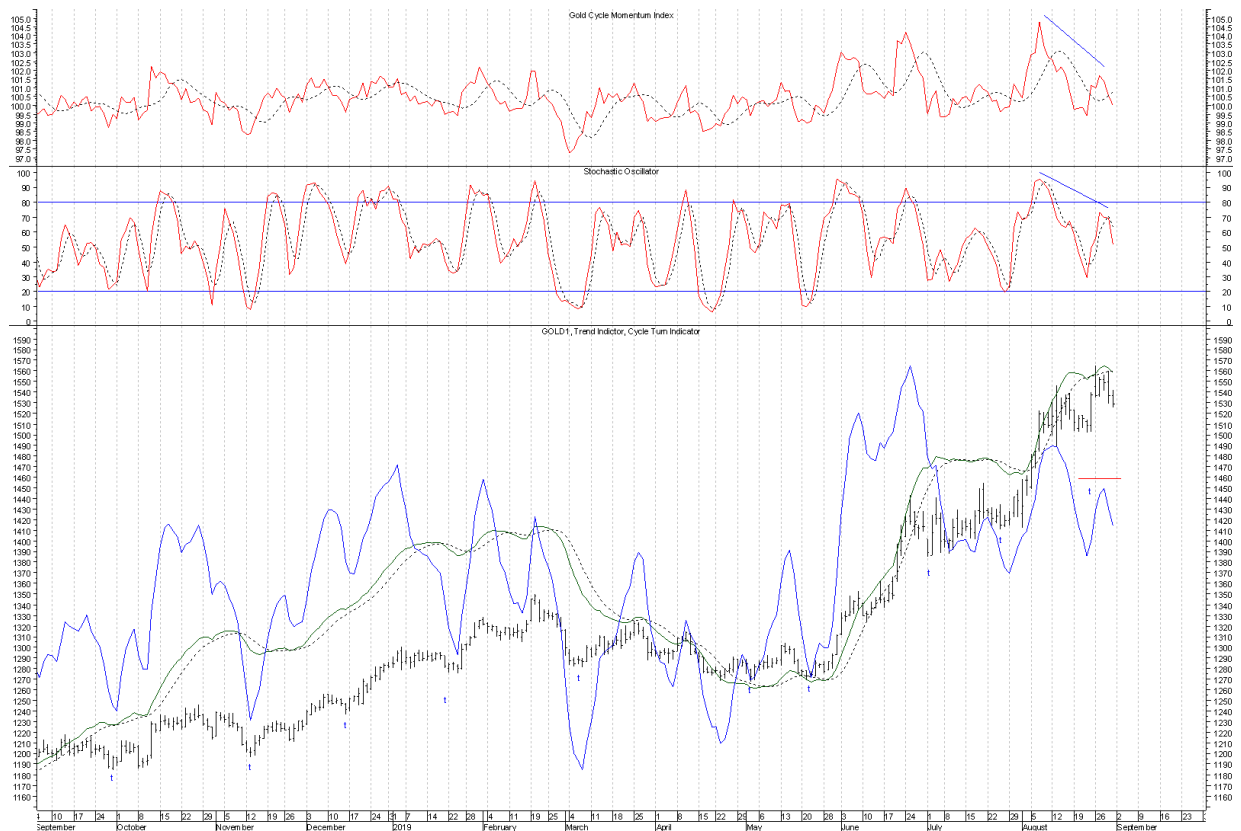
Trend Indicator (TI)	Bearish
Cycle Momentum Indicator	Bearish

Secondary Short Term Indicators

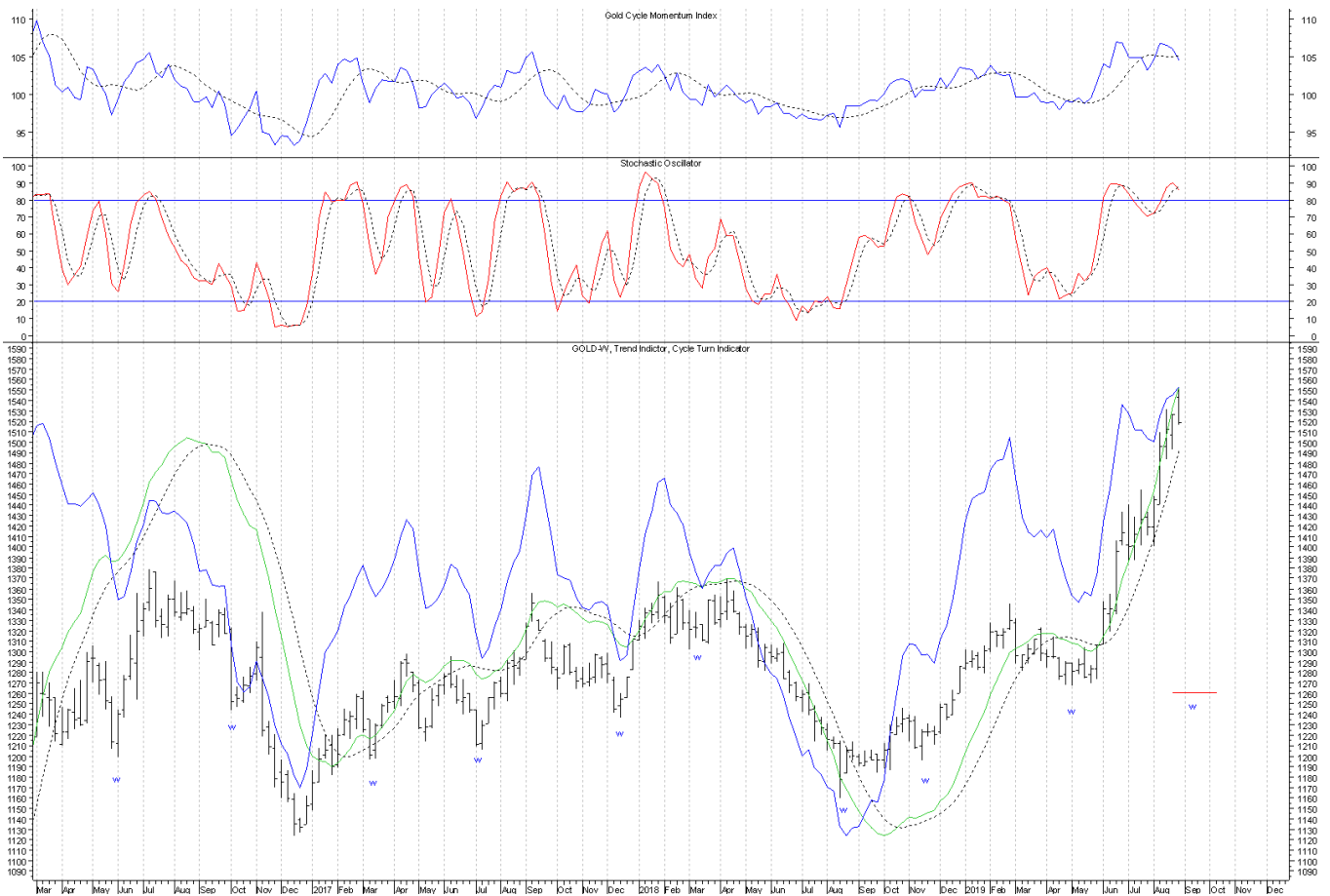
5 3 3 Stochastic	Bearish
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The timing band for the current trading cycle low runs between August 20th and September 3rd. Coming into this week, we knew that the trading cycle top was in place. As of the Tuesday evening update, we knew that the price/oscillator picture was suggestive of the trading cycle low having been seen on August 22nd and I explained that despite this unorthodox behavior, the price/oscillator picture was more in favor of this having been the case versus an additional push down into the trading cycle low by September 3rd. The

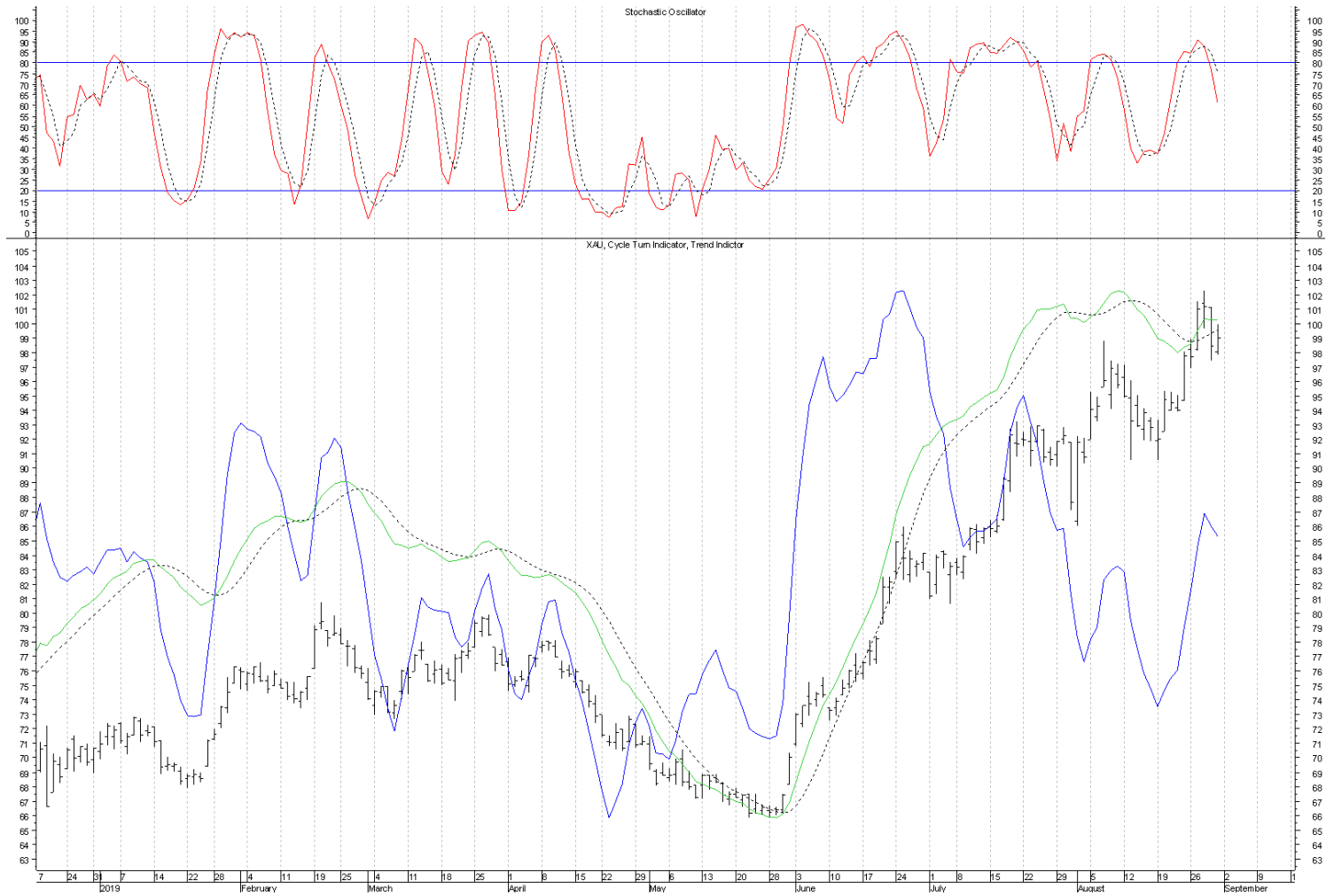
weakness on Friday was marginal, but it, nonetheless, serves as further evidence of a left-translated trading cycle top, which should serve to cap the intermediate-term cycle advance. Any further weakness below the August 22nd low, as we move into the end of this next week, will serve as further evidence to this effect.



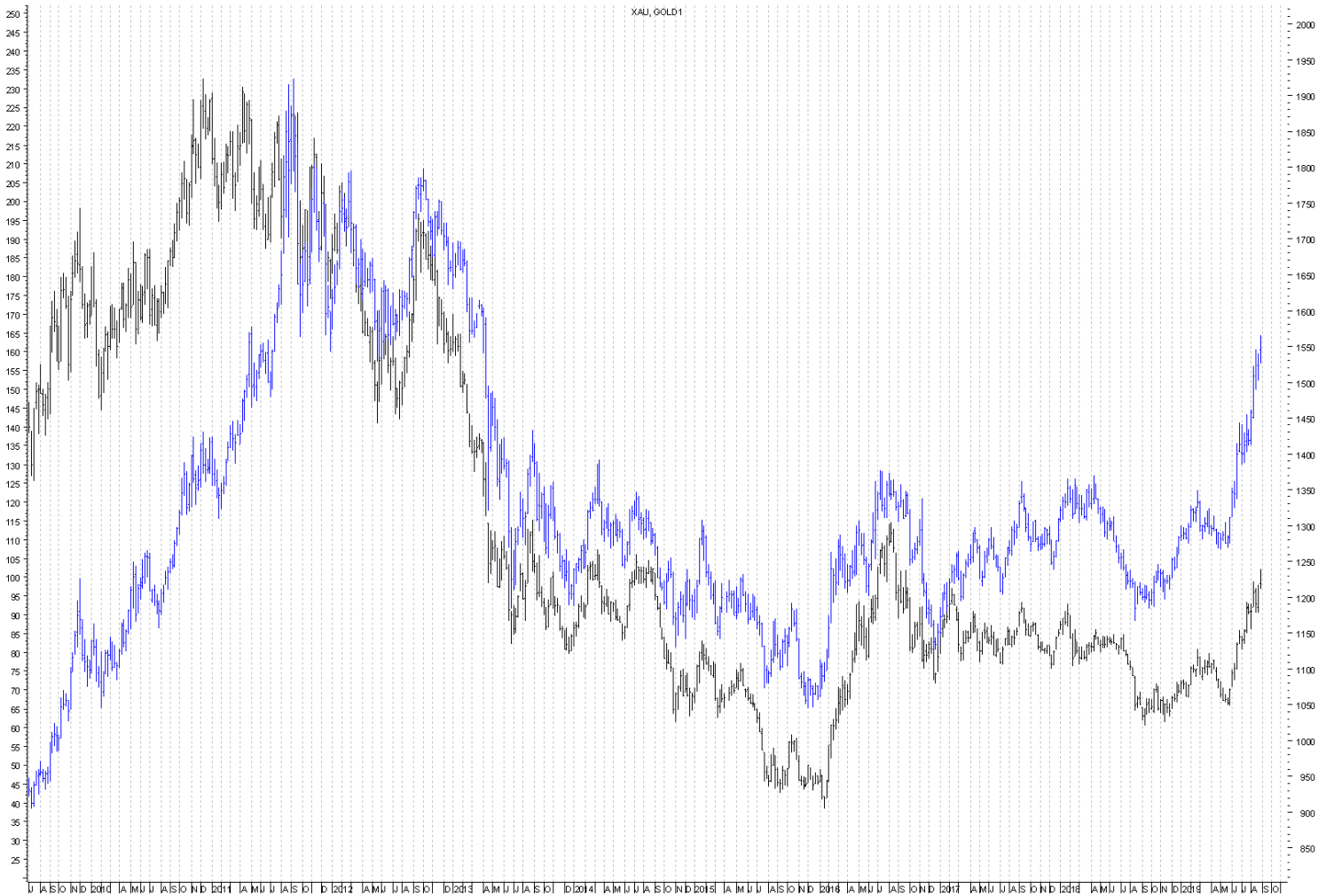
Our weekly chart of Gold is next and the intermediate-term buy signal remains in force. With that said, we saw an intra week reversal lower and every indication is that we have a left-translated trading cycle top in place. As a result of this price reversal and seemingly left-translated trading cycle top, along with the downturn of the weekly Cycle Momentum Index and the 5 3 3 Stochastic, the price/oscillator picture is increasingly ripe for the intermediate-term cycle top. Any further weakness in the coming week that completes the formation of a weekly swing high, in conjunction with a downturn of the weekly CTI, will trigger an intermediate-term sell signal and the intermediate-term cycle top should be in place. The timing band for the next intermediate-term cycle low runs between August 23rd and October 11th. The rally out of the May low has obviously been a good one and I again admit that I was not expecting such an advance. Nonetheless, this does not change the historical relationships between Gold, Raw Materials, the CRB Index and other base metals. Therefore, once an intermediate-term sell signal is triggered and this intermediate-term cycle top is in place, Gold is going to be at great risk of re-syncing with these historical relationships. But, until a weekly swing high and downturn of the weekly CTI, plotted with price, are seen, the intermediate-term buy signal stands. A weekly swing high will be completed in the coming week if 1,565.10 is not bettered and if 1,525.60 is violated. Once the intermediate-term cycle low is seen, the REAL test as whether this time is different, in that something else is going on with Gold, will be its failure to re-synchronize with the historical relationships. More on that once we get there.



Next is our daily chart of the XAU and Friday was an inside day, which yielded no changes. The trading cycle low was seen on August 19th and as with Gold, this was an unorthodox trading cycle low, but it is what it is. As a result of the August 29th short-term sell signal, as is the case with Gold, the XAU is at risk of both a left-translated trading cycle top as well as the higher degree intermediate-term cycle top, which we will assume to be the case until both can prove otherwise.



A weekly chart of the XAU is plotted below along with a weekly chart of Gold. As is the case with Gold, the intermediate-term advance remains intact, but upon the completion of a weekly swing high and downturn of the weekly CTI, the intermediate-term cycle top should ideally prove to be in place. With that said, the primary point here is that just as the advance in Gold has not been confirmed by Raw Materials, the CRB Index and other base metals, note that the XAU did not confirm Gold's bettering of the 2016 seasonal cycle top, as was also the case with the HUI. I cannot point to another time this far into a 9-year cycle advance in which gold stocks had formed such non-confirmations with Gold. Again, once an intermediate-term sell signal is triggered and this intermediate-term cycle top is in place, the REAL test of Gold will be at hand.



Dollar

End of Week Intermediate-Term Indicator Summary **Intermediate-Term Buy**

Primary Indicators

Formation of a Weekly Swing Low	Bullish
Cycle Turn Indicator (CTI)	Bullish

Confirming Indicators

Trend Indicator (TI)	Bullish
Cycle Momentum Indicator	Bullish

Secondary Indicators

5 3 3 Stochastic	Bullish
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Daily Indicator Summary **Short-Term Buy**

Primary Indicators

Formation of a Daily Swing Low	Bullish
Cycle Turn Indicator (CTI)	Bullish

Confirming Indicators

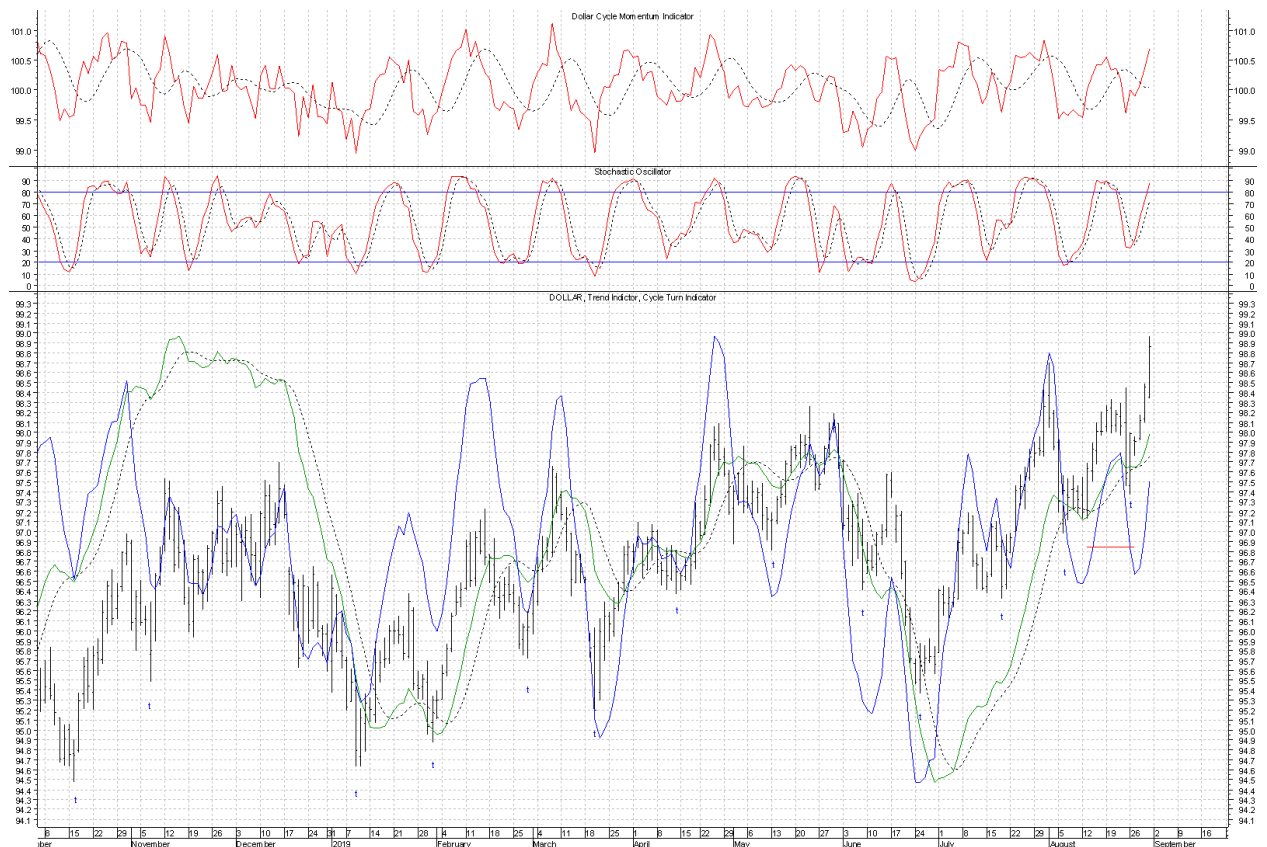
Trend Indicator (TI)	Bullish
Cycle Momentum Indicator	Bullish

Secondary Indicators

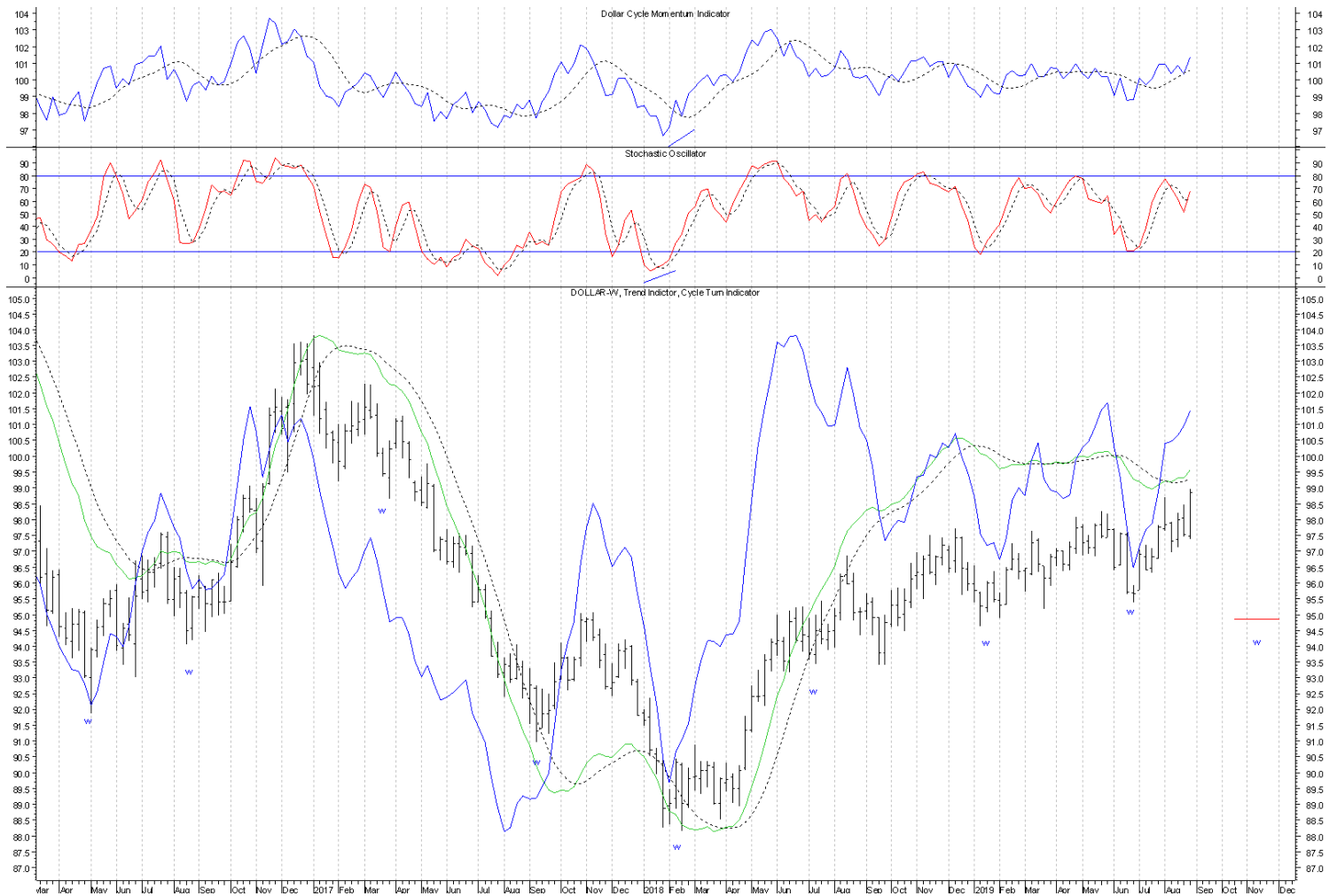
5 3 3 Stochastic	Bullish
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The Dollar has been at an important technical juncture, which has caused me great concern. But, knowing what I think I have known with regard to the bigger picture, I have said that I also had to give the Dollar the benefit of the doubt as we worked through this juncture. The timing band for the trading cycle low ran between August 13th and August 27th. In the Tuesday night update I explained that I suspected we had seen the trading cycle low on Monday. On Wednesday a short-term buy signal was triggered, which served as further evidence to that effect and as explained in Thursday's update, the price/oscillator picture and structure suggest that we saw an abbreviated trading cycle low on August 6th and another one on August 26th. The continued advance on Friday serves as further confirmation of this having been the case and in the process it

carried the Dollar to new highs in association with this 4-year cycle advance. This buy signal and advance out of the August 26th trading cycle low will remain intact until another daily swing high and downturn of the daily CTI are seen.



Our weekly chart of the Dollar is next. At this level, my concerns were that the Dollar was flirting with a possible left-translated intermediate-term cycle top. But, an intermediate-term sell signal was never triggered and this past week the Dollar completed the formation of another weekly swing low, which served to reconfirm the intermediate-term advance and the associated buy signal. Bottom line, the ongoing intermediate-term buy signal will remain intact until a weekly swing high and downturn of the weekly CTI are seen. Longer-term, our ongoing expectations of a higher Dollar in association with the advance out of the February 2018 4-year cycle low remain on track.



Bonds

End of Week Intermediate-Term Indicator Summary **Intermediate-Term Buy**

Primary Indicators

Formation of a Weekly Swing Low	Bullish
Cycle Turn Indicator (CTI)	Bullish

Confirming Indicators

Trend Indicator (TI)	Bullish
Cycle Momentum Indicator	Bullish

Secondary Indicators

5 3 3 Stochastic	Bullish
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Daily Indicator Summary **Short-Term Sell**

Primary Indicators

Formation of a Daily Swing High	Bearish
Cycle Turn Indicator (CTI)	Bearish

Confirming Indicators

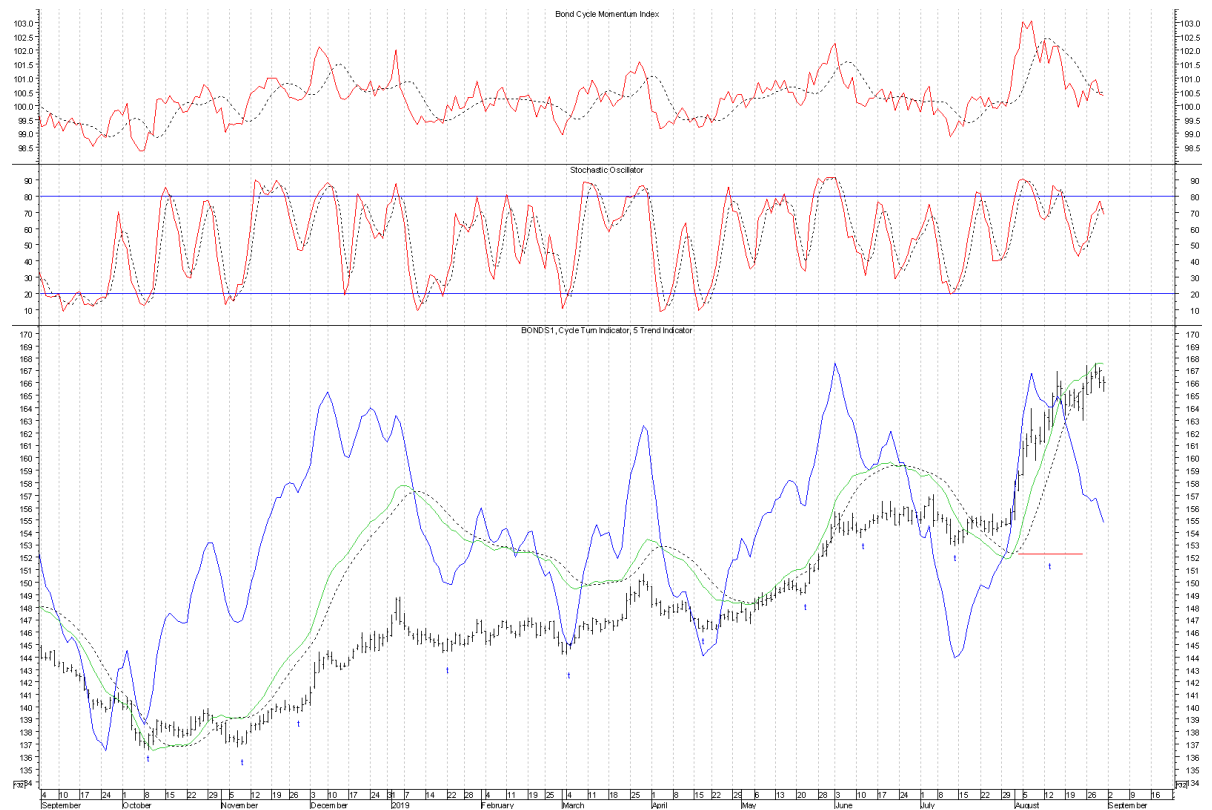
Trend Indicator (TI)	Bullish
Cycle Momentum Indicator	Bearish

Secondary Short Term Indicators

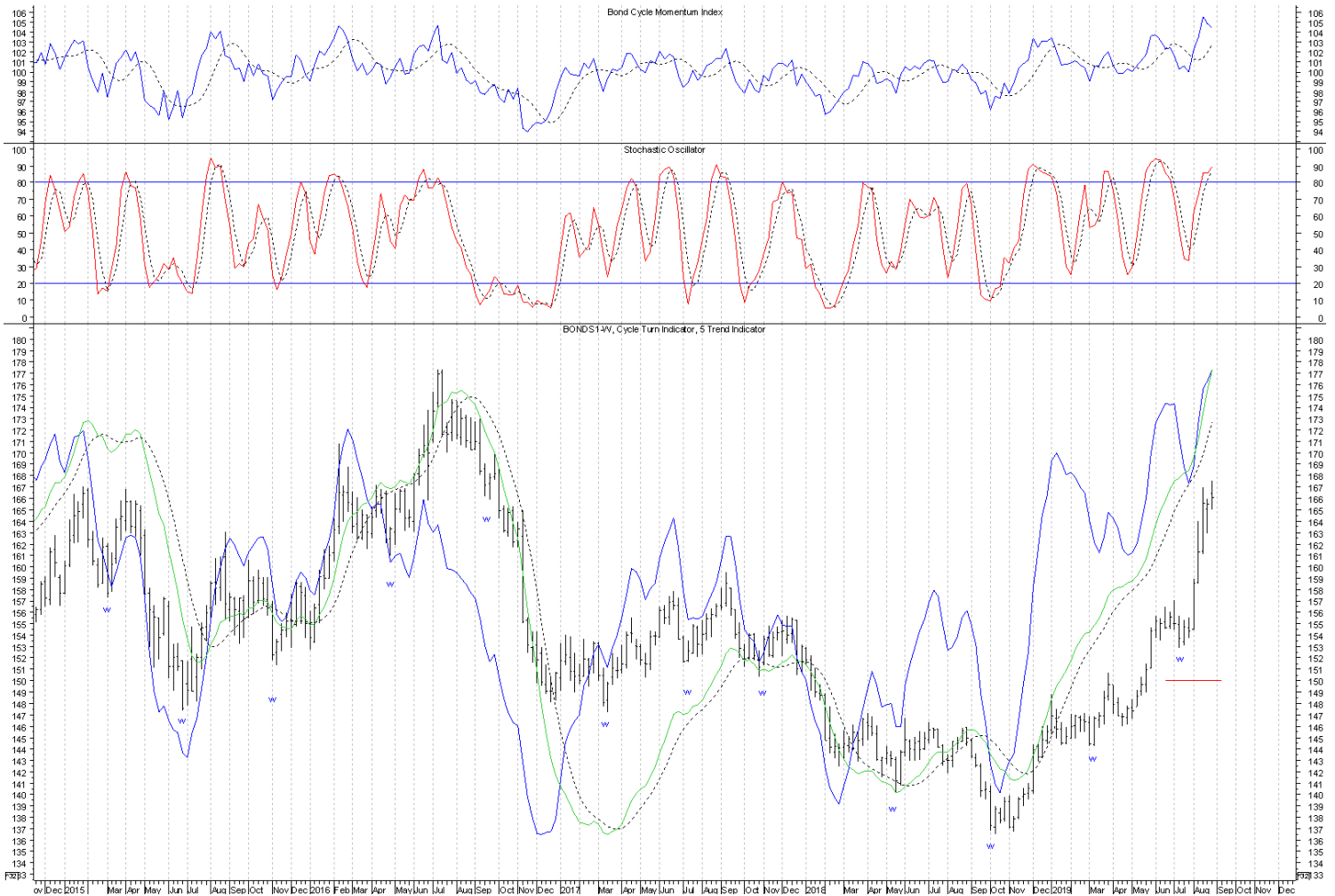
5 3 3 Stochastic	Bearish
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The timing band for the trading cycle low runs between August 2nd and August 23rd. The price action on Monday completed the formation of a daily swing low and the price/oscillator picture tends to be suggestive of the trading cycle low having occurred on August 23rd rather than August 8th. As a result of Thursday's completion of a daily swing high and downturn of the daily **CTI**, a short-term sell signal was re-triggered and the accompanying

divergent price/oscillator picture puts Bonds at risk of a left-translated trading cycle top. In order to keep the higher degree intermediate-term cycle advance alive, this potentially left-translated trading cycle top must be corrected and in order to do so, we have to see higher prices and ultimately this trading cycle has to unfold with a right-translated structure.

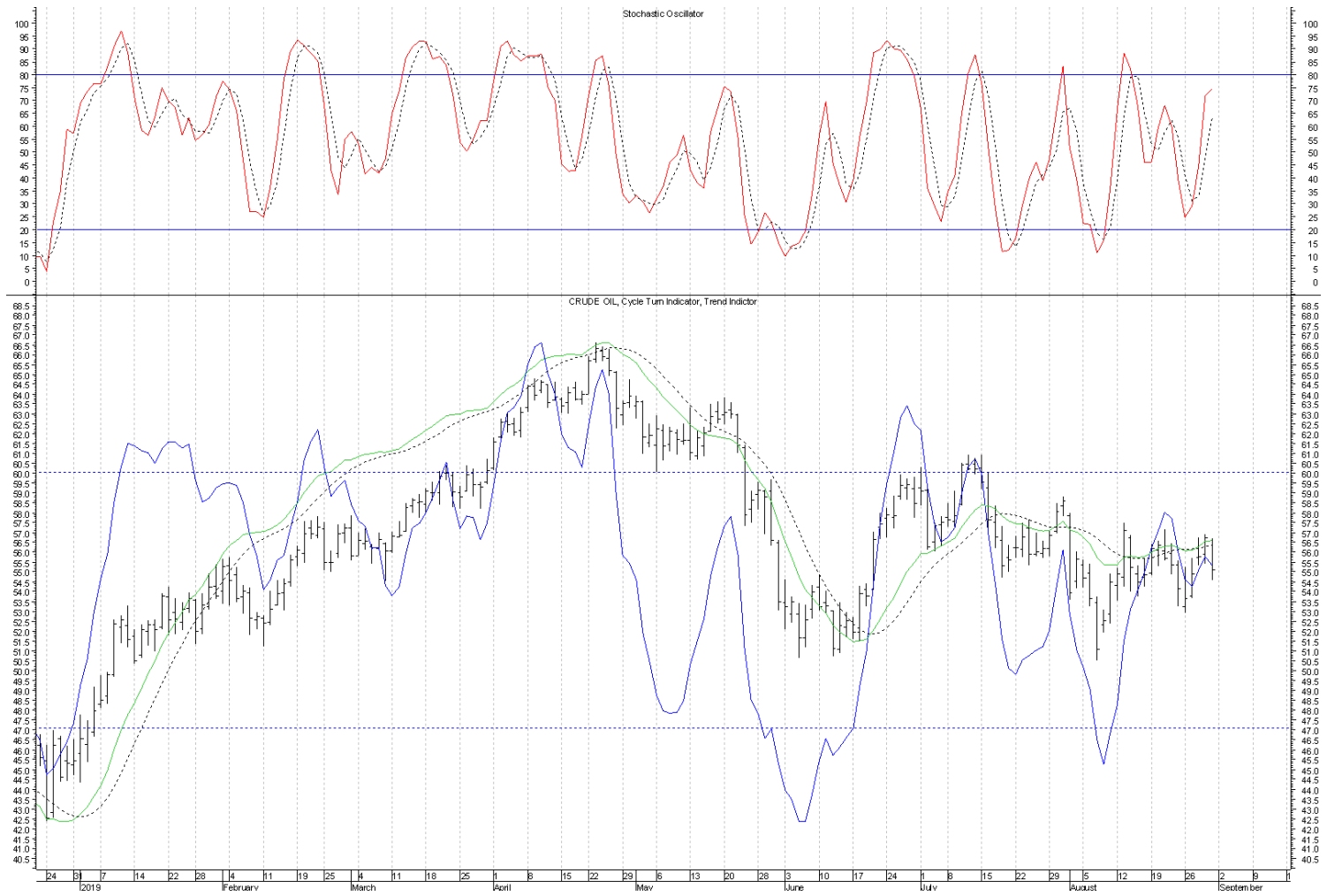


Our weekly chart of Bonds is next and the intermediate-term cycle advance out of the July 12th trading cycle low remains in force. The advance out of this intermediate-term cycle low has been strong, but beware that there is a higher degree seasonal cycle top due. In order to keep the higher degree seasonal cycle advance alive, this intermediate-term cycle cannot peak with a left-translated structure and in order to keep the intermediate-term cycle advance alive, we cannot have a left-translated trading cycle top. Therefore, the structure of this intermediate-term cycle advance remains key with regard to the higher degree seasonal cycle. For now, this intermediate-term buy signal remains intact.

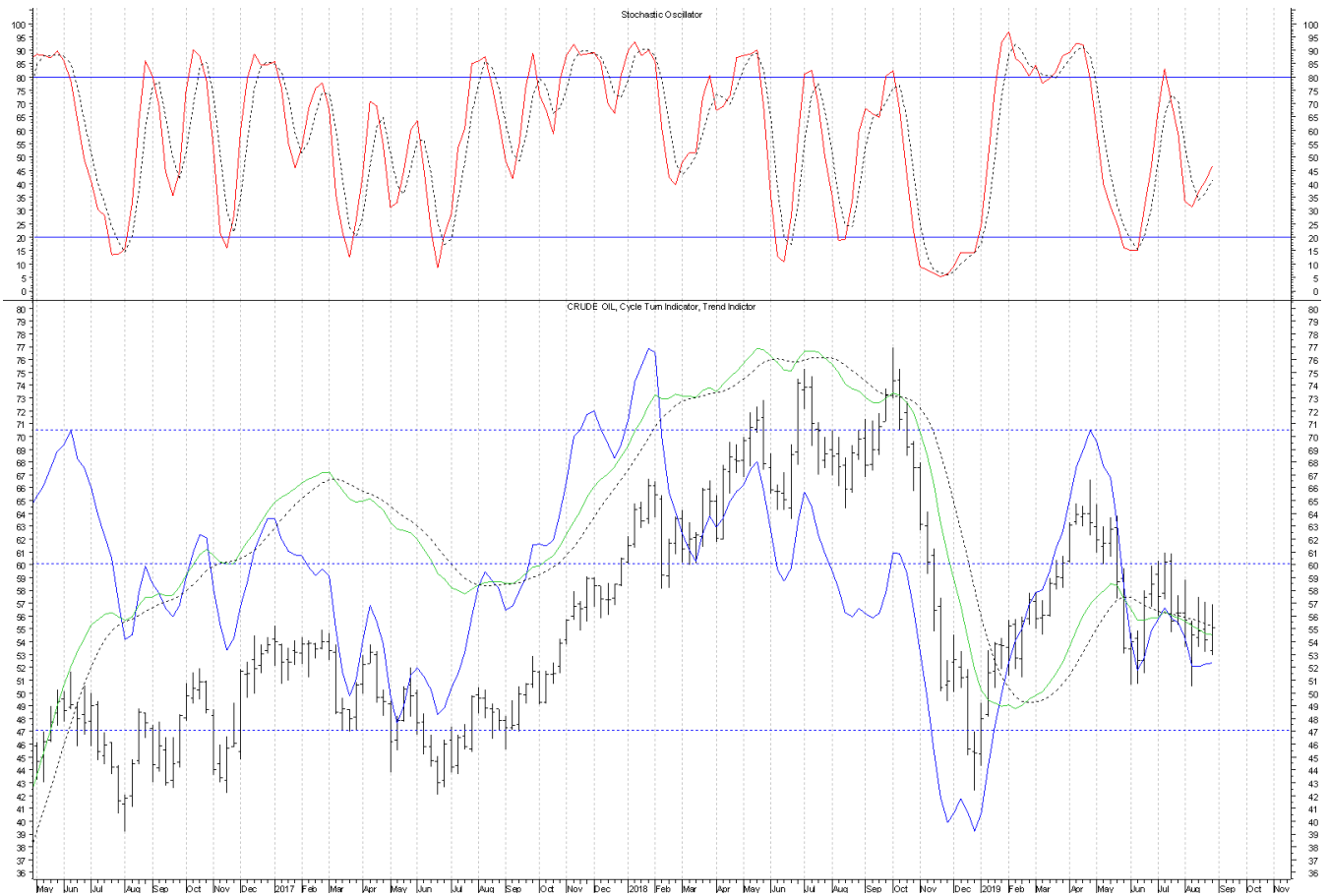


Crude Oil

Per the parameters given in the Thursday night update, the price action on Friday completed the formation of a daily swing high that was confirmed by a downturn of the daily **CTI**, which re-triggered another short-term sell signal. As a result, we are again seeing evidence that the counter-trend advance out of the August 7th low may have run its course with this second retest of the August 13th high. Any further weakness and close below the previous daily swing low will be further suggestive of this having been the case in that this will give us new structural evidence of a failure.



Next is our weekly chart. The week of August 16th Crude Oil completed the formation of a weekly swing low in association with the counter-trend advance, but the **CTI** remained flat in association with the completion of that weekly swing low. The following week, the weekly **CTI** turned marginally up, but Crude Oil completed the formation of another weekly swing high and for that reason an intermediate-term buy signal was not triggered. This past week we saw another retest of what should ideally be the counter-trend top and the weekly **CTI** is marginally positive, but we also continue to have a weekly swing high in place and therefore the intermediate-term sell signal stands. As a result of Friday's triggering of a short-term sell signal, Crude Oil is positioned once again for a resumption to the downside and evidence that this has begun will come with a violation and close below this past week's low and a turn back down of the weekly **CTI**. More on that in the short-term updates as it develops. For now, we have a short-term sell signal in association with what currently looks like a second retest of the counter-trend top. In order to reconfirm the ongoing intermediate-term sell signal, we need to see a close below this week's price bar and another downturn of the weekly **CTI**.



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