11 (B). **CYCLE & WAVE FORECAST**

Elliott Wave Analysis
Recognising the Bigger Technical Picture

Elliott Wave Theory is named after Ralph Nelson Elliott (1871 –1948). He was an American accountant and author. Inspired by the Dow Theory and by observations found throughout nature, Elliott concluded that the movement of the stock market could be predicted by observing and identifying a repetitive pattern of waves.
Elliott was able to analyze markets in greater depth, identifying the specific characteristics of wave patterns and making detailed market predictions based on the patterns. Elliott based part his work on the Dow Theory, which also defines price movement in terms of waves, but Elliott discovered the fractal nature of market action. Elliott first published his theory of the market patterns in the book titled The Wave Principle in 1938.

I have used Elliot wave analysis throughout my career and is widely recognised as an exacting science of wave recognition that can produce clear projections and price recognition.

Now there are rules to which the wave analysis must perform under, otherwise the waves have simply not been recognised correctly.

Relation Between Fibonacci and Elliott Wave Theory

Fibonacci Ratio is useful to measure the target of a wave's move within an Elliott Wave structure. Different waves in an Elliott Wave structure relates to one another with Fibonacci Ratio. For example, in impulse wave:

Leonardo Fibonacci da Pisa is a thirteenth century mathematician who discovered the Fibonacci sequence. In 1242, he published a paper entitled '*Liber Abacci'*, which introduced the decimal system. The basis of the work came from a two-year study of the pyramids at Giza.
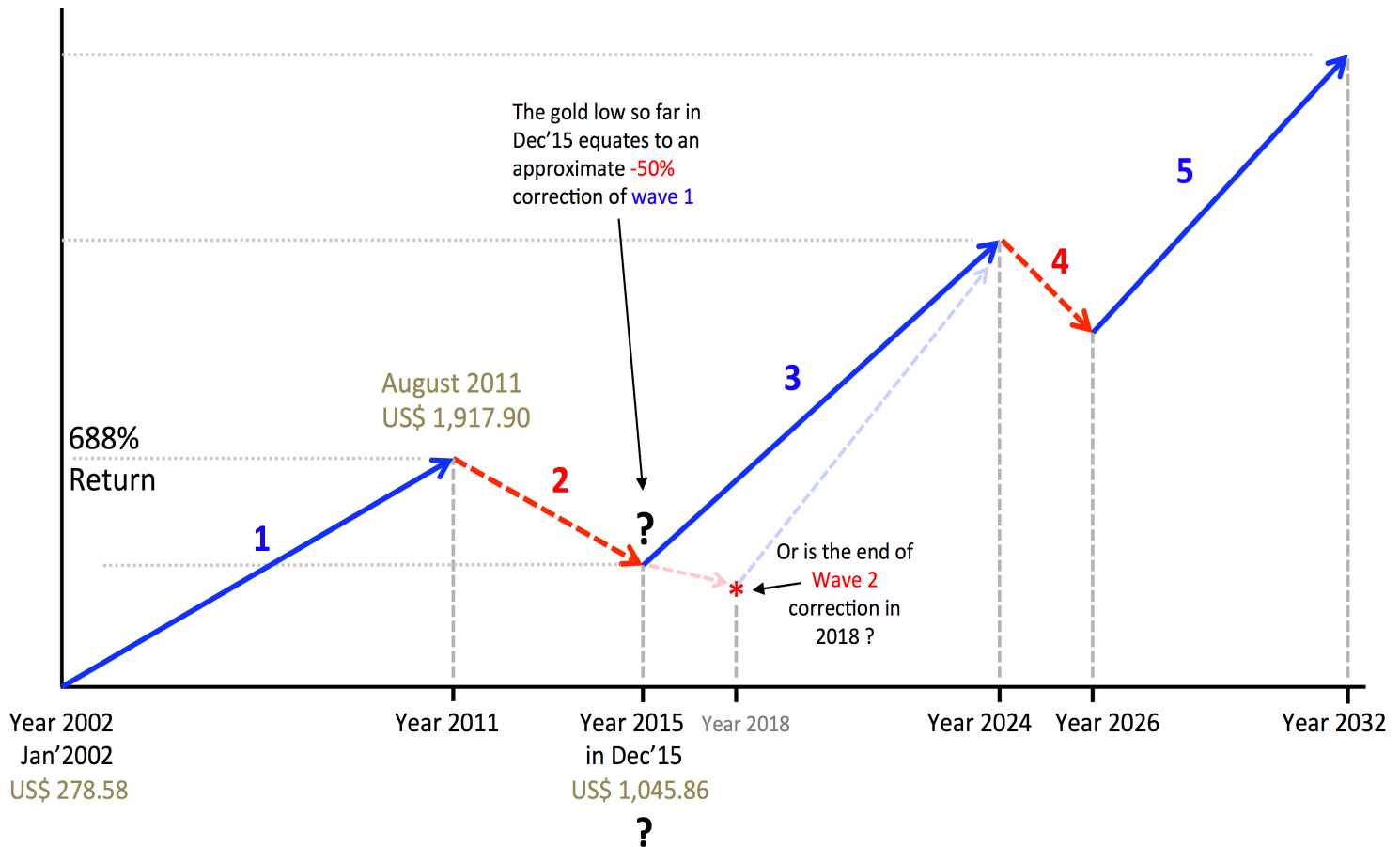
One of the most popular discoveries by Leonardo Fibonacci is the Fibonacci Summation series. This series takes 0 and adds 1 as the first two numbers. Succeeding numbers in the series adds the previous two numbers and thus we have 0, 1, 1, 2, 3, 5, 8, 13, 21, 34, 55, 89 to infinity. The Golden Ratio (1.618) is derived by dividing a Fibonacci number with another previous Fibonacci number in the series. As an example, 89 divided by 55 would result in 1.618.

On the following page is an Elliot Wave forecast for the overall gold price moving into Year 2032. We have also used long-term cycle analysis to see if they lined up with the Elliott Wave structure.

Surprisingly they line up very accurately indeed with each other.

** **Warning:** **This is purely a technical forecast ONLY**. Information contained herein is solely the opinion of the publisher and hence its accuracy cannot be guaranteed, as it's solely a forecast. It is not designed to meet your personal situation – we are not financial advisors, nor do we give personalized advice.

- Wave 1 (impulse wave)
- Wave 2 is typically 50%, 61.8%, 76.4%, or 85.4% of wave 1 (corrective wave)
- Wave 3 is typically 161.8% of wave 1 (impulse wave)
- Wave 4 is typically 14.6%, 23.6%, or 38.2% of wave 3 (corrective wave)
- Wave 5 is typically 61.8%, 100%, or 123.6% of wave 1 (impulse wave)

The gold low so far in Dec'15 equates to an approximate -50% correction of wave 1

5

August 2011
US$ 1,917.90

4

3

688%
Return

2

1

?

Or is the end of
Wave 2
correction in
2018 ?

*

Year 2002	Year 2011	Year 2015	Year 2018	Year 2024	Year 2026	Year 2032
Jan'2002		in Dec'15				
US$ 278.58		US$ 1,045.86				

?

Wave 2 correction is typically 50%, 61.8%, 76.4%, or 85.4% of wave 1 - There is however a small probability the correction is not over as of yet, **because Year 2018 in cycle analysis is pointing to a very important cycle low in gold**.

If that is the case then the small chance we could see **US$ 905** as a -61.8% retracement of **wave 1.** But in our opinion the correction is over.

Guideline 1: When Wave 3 is the longest impulse wave, Wave 5 will approximately equal Wave 1.

Guideline 2: The forms for Wave 2 and Wave 4 will alternate. If Wave 2 is a sharp correction (which in this case it most definitely has been), Wave 4 will be a flat correction (ie -14.6%). If Wave 2 is flat, Wave 4 will be sharp.