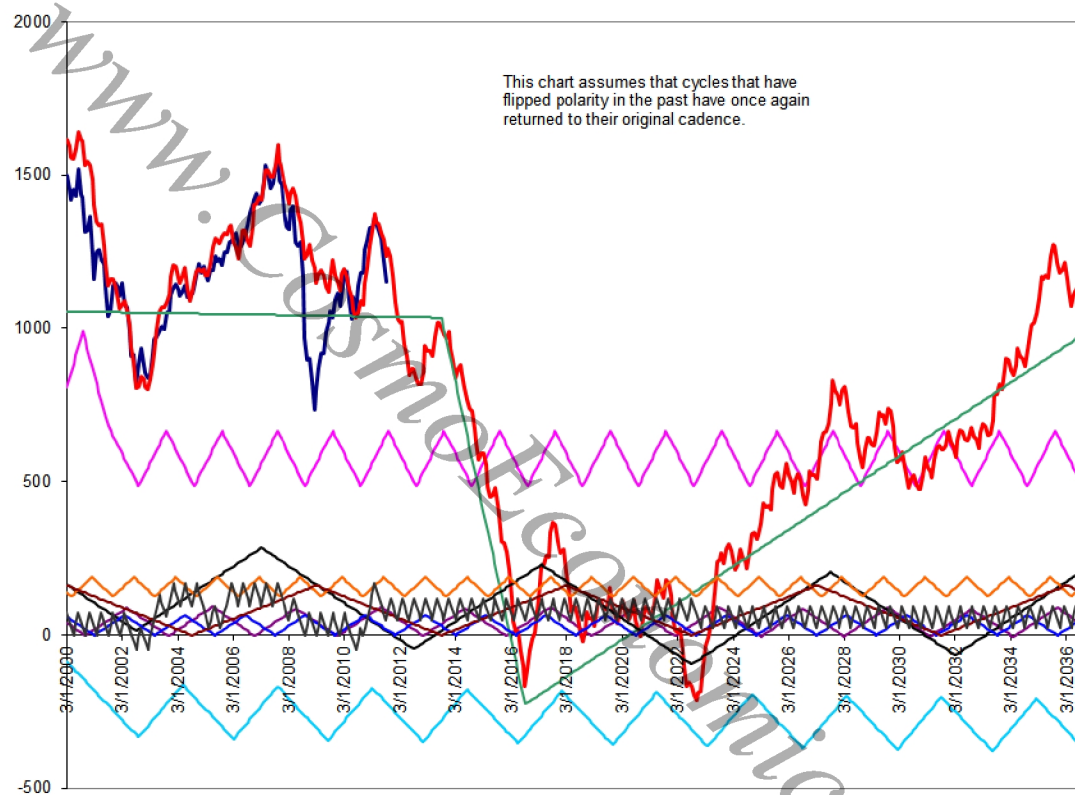


# GENERAL OUTLOOK FOR 2012

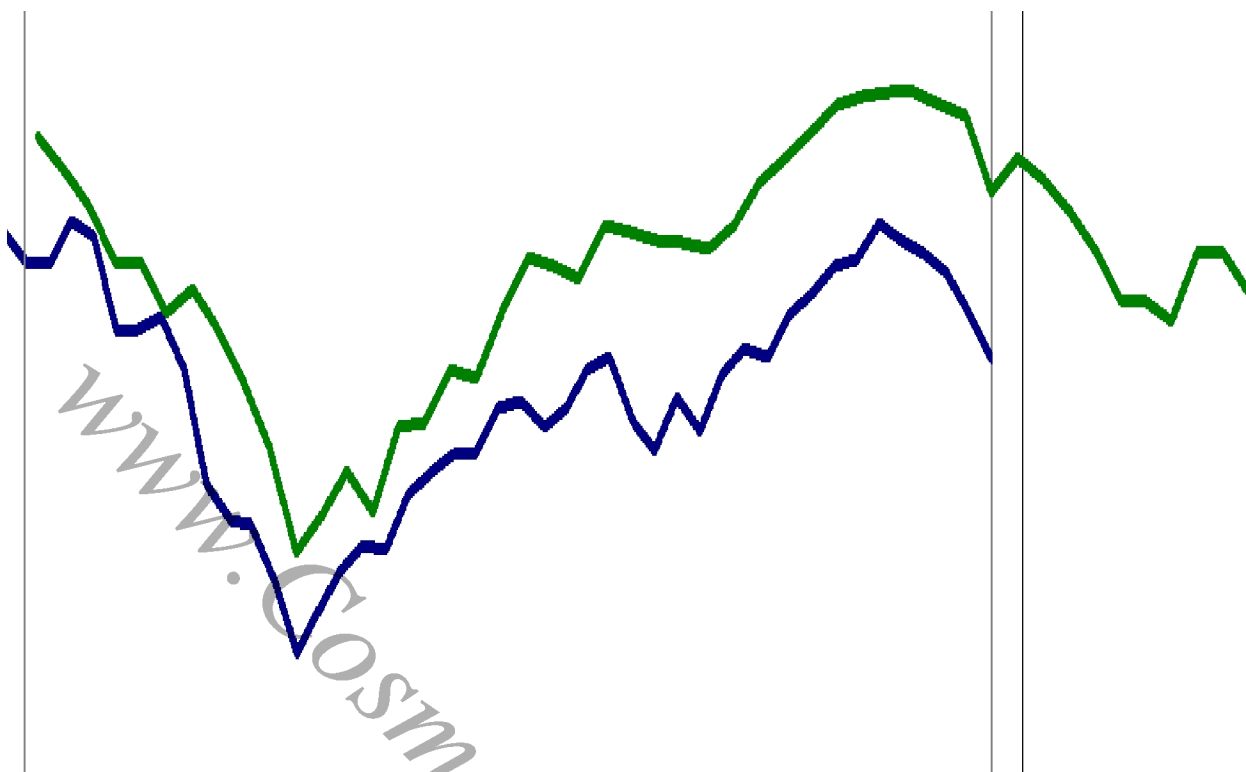
S&P500 Projection #2 using Dominant Cycles



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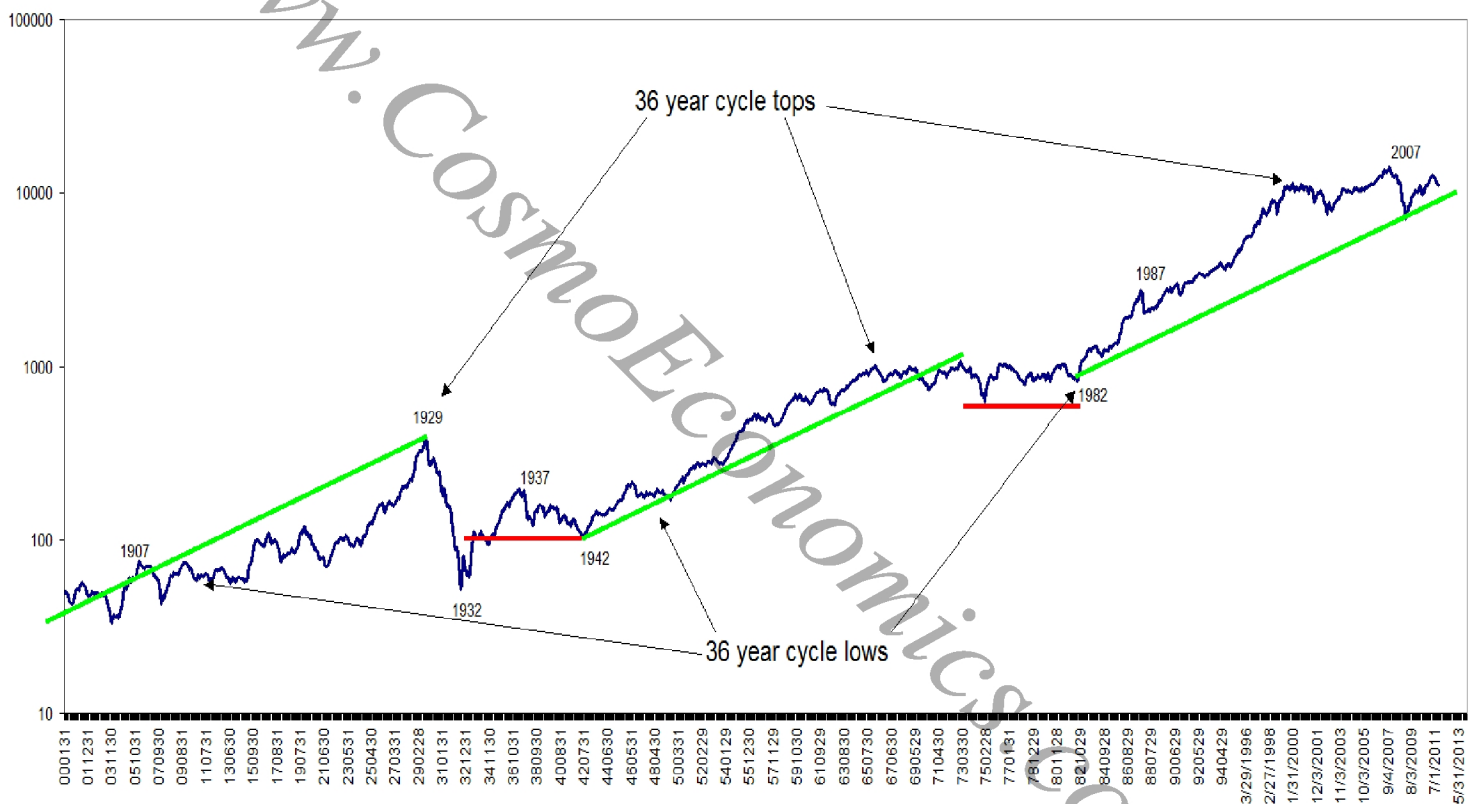
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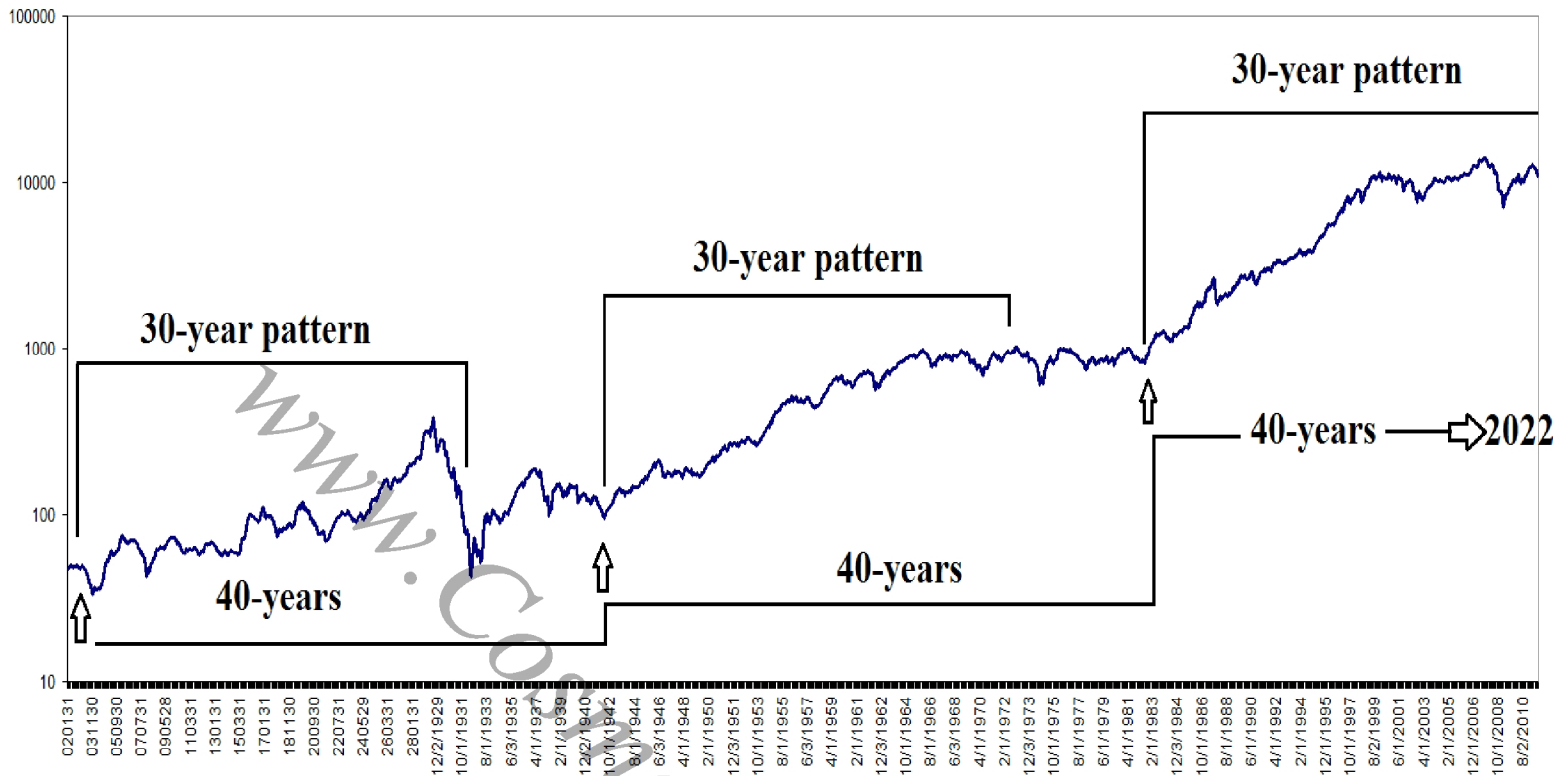
When interpreting Gann, most students make the mistake of expecting a near perfect match from historical to present times, both in terms of price pattern, and also in terms of calendar dates. However, this is not typically the case in actuality. History repeats simply because humans react and repeat their collective behaviour patterns over different generations when exposed to similar conditions of prosperity and despair. What other explanation could be given to justify why market patterns from 100 years ago or more would be so useful in predicting current market conditions? Getting back to task, the prior chart is phase adjusted so that the final panic lows align. This corresponded to November 30, 1907 and February 28, 2009 on a monthly chart. Subtracting the two dates gives a spread of 37,222 days, which we can utilize to estimate the curve or analogous projection going forward. On the chart, I have placed two thin vertical lines. The 1<sup>st</sup> one is placed where the data from our 2011 blue curve terminates. This

***end of the 20-year and 30-year cycles, and again at the end of the 50-year and 60-year cycles, which are stronger than the others.”***

The question is, how does one orientate themselves to these major cycles to discover when the greatest advances and declines occur? I suggest the following based upon historical observation. Careful attention to Gann’s particular wording, and a long-range analysis of the stock market chart reveals the year 1987 as a potential central point.

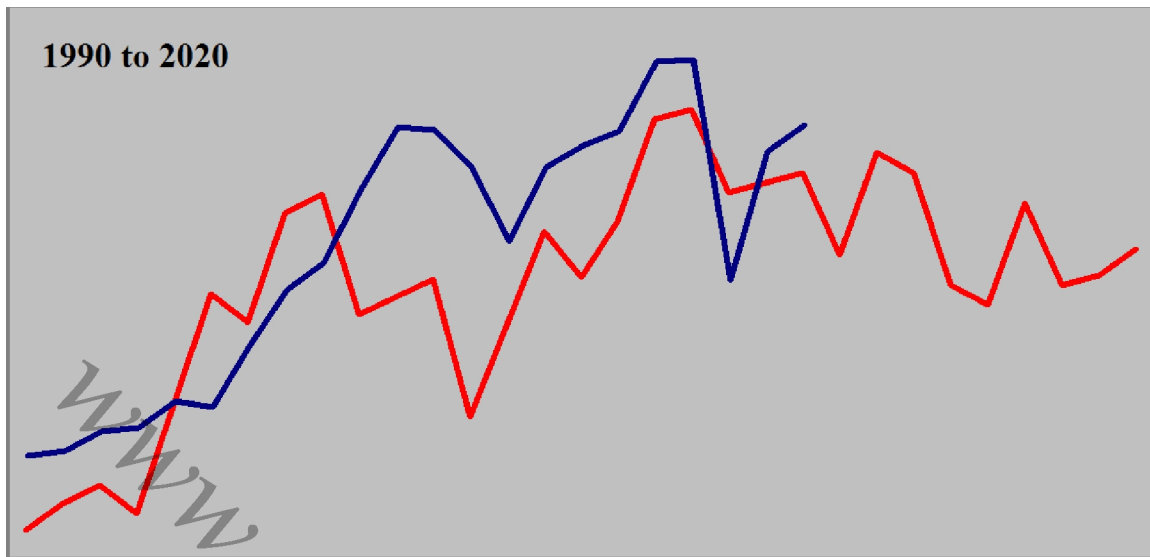


The year 1987 marked one of the largest single day sell offs since the crashes of 1929 and 1937. Subtracting 50 years from 1987 yields the year 1937, and similarly adding 20 and 30 years to 1987 yields the years 2007, which was the year of another market panic and 2017. Subtracting 60 years would give 1927, which only had a minor sell off in the month of March and the bull market continued to extend into September 1929. Gann himself



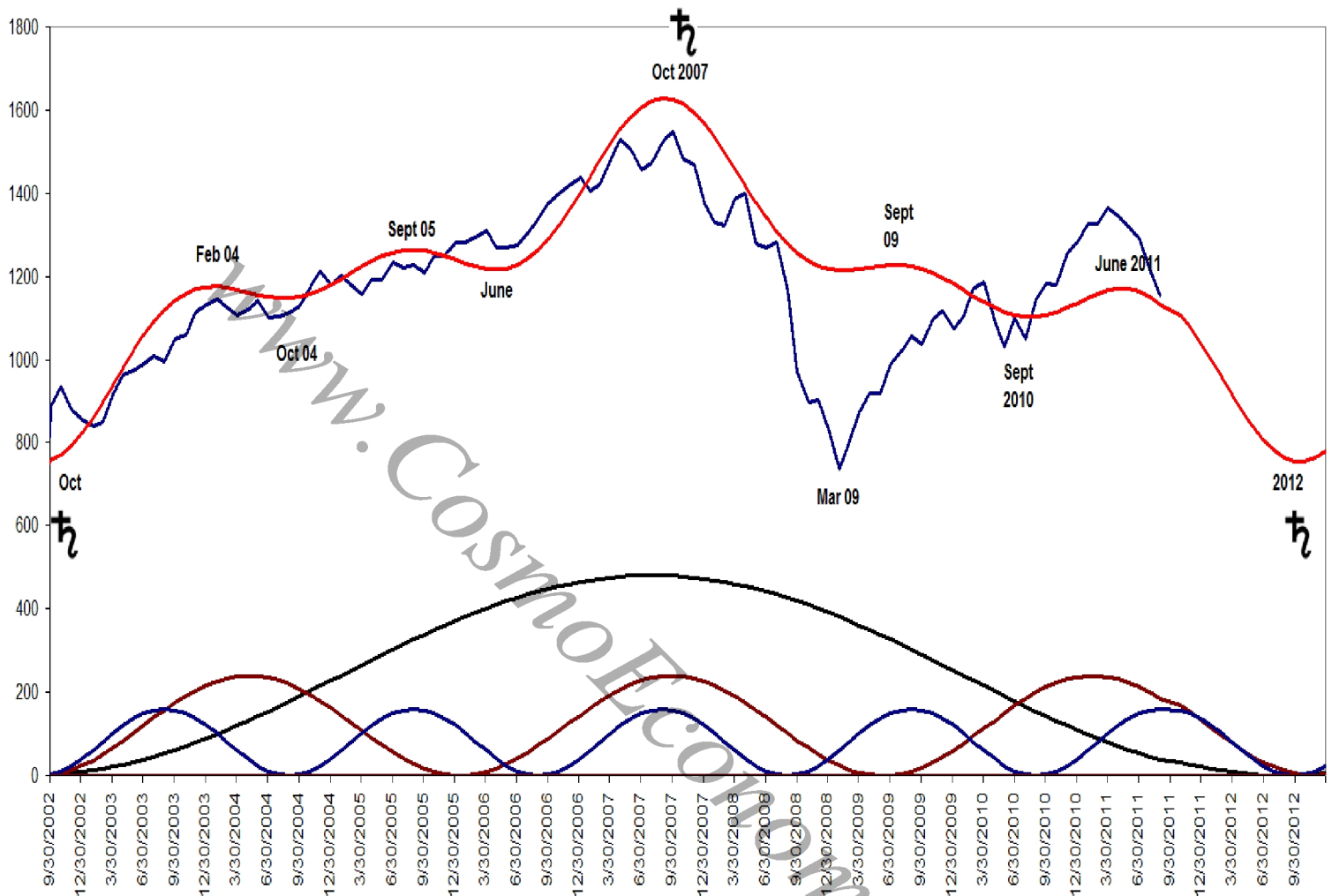
The chart above illustrates the historical 30-year patterns which Gann correlated with the planet Saturn, and also the 40-year cycles, which correlates with the 20-year synodic cycle of Jupiter and Saturn. The great mutation cycles of Jupiter and Saturn are regarded by Western mundane astrology as the Great Chronocrators (time keepers), rulers of the ages. Their recurring 20-year conjunction (synodic cycle) is the basis of three historic cycles.

First, their 20-years synodic cycle corresponds to a focus of social, cultural, and economic developments. Secondly, successive Jupiter/Saturn conjunctions occur in the same element (Fire, Air, Earth, Water), one complete cycle of three conjunctions, one in each of the three signs of the element equals a 60-year (synodic cycle), which Gann called the Master Cycle. Three 60-year cycles make up the complete 180-year Great



This 30 year pattern is showing a low for 2012 and an explosive advance into 2013 followed by market weakness into 2016. This is the same chart shown on page 13 with the addition of actual market performance shown in blue.

**Public Confidence For 2012:** Public confidence for 2012 will be more pessimistic as people grow tired of the volatility in their retirement and investment accounts. Confidence will likely be tested as the market shows signs of weakness & instability going into “Fall” of the year. Any negative news about the debt crisis will continue to weigh heavily on the minds of the investing public and banking community as there is much red in their books already. However, regardless of how the stock market performs, the economic environment will still be recovering from the “ills” of the lows of this 18.6 year cycle. Although the cycle bottom is in, it will take time before things significantly improve.



Therefore, one would expect Benner's cycle of "***Hard Times and Low Prices***" to occur around late August to September of 2012. The 24 month cycle is also making a low in this same time period, so a 1-year rally into approximately September 1<sup>st</sup> 2013 would be the targeted play for the year. Referring to pages 4-6 of the 2009 Outlook, (Gann's compiled "Financial Time Table"), we find that the year 2013 brings in "***High Stock Prices***" and precedes a panic anticipated for the year 2015, which is, coincidentally, a "***Panic year***" in Benner's forecasting sequence as well. "***Forewarned is forearmed,***" so we must be on high alert for this time period.