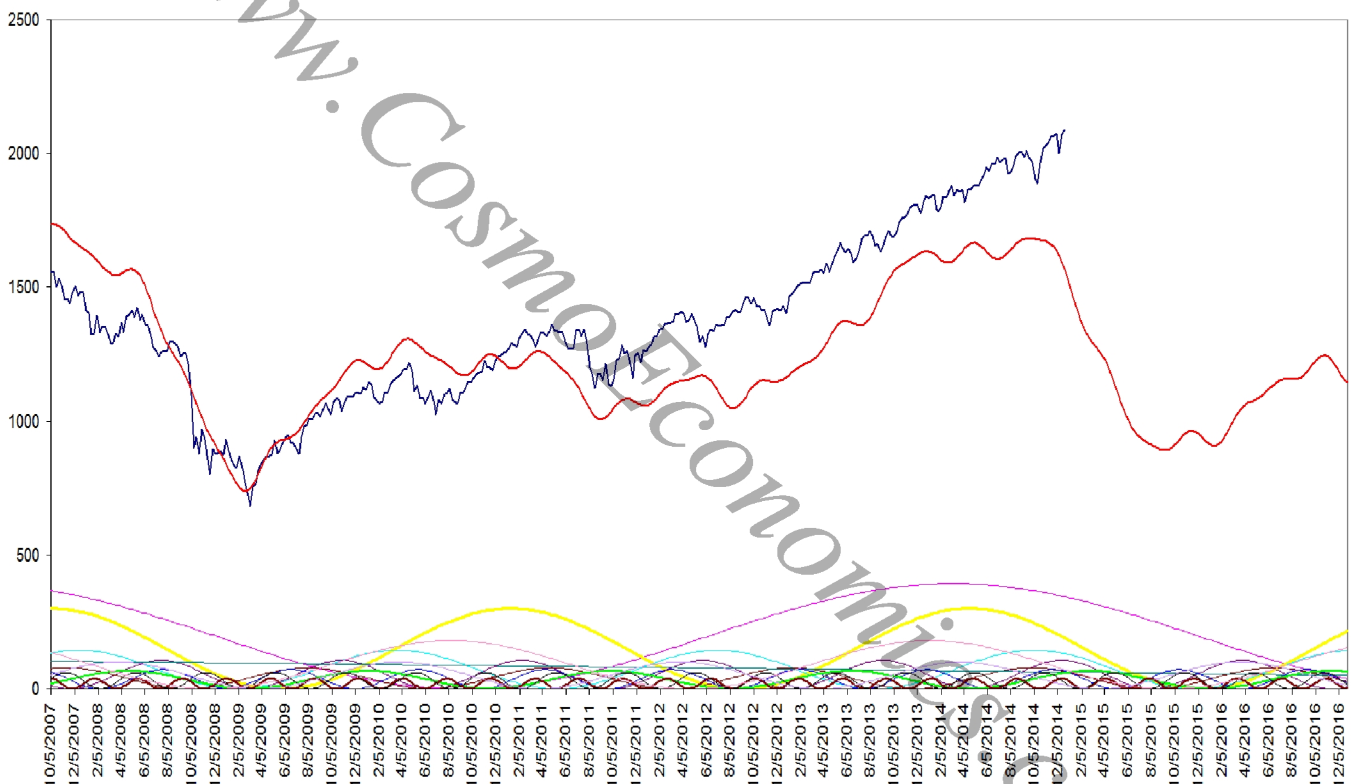
GENERAL OUTLOOK FOR 2015

THE DECENNIAL PARADOX &

A TIME FOR SUDDEN CHANGE



BY

DANIEL T. FERRERA

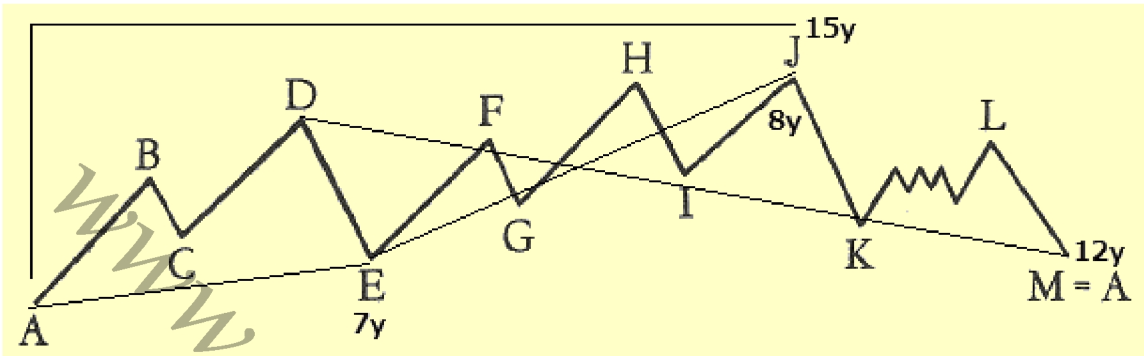
This particular stock market cycle historically has consistently caused very rapid price gains in equities regardless of the secular bull and bear market intervals frequently discussed in prior Outlooks.

For example, readers should note that 1922 to 1942 was a secular bear market within the 20 year cycle, yet still produced one of the most speculative bull markets in history (1922 to 1929). This can be readily seen in Ed Carlson's 20 year interval chart from the March, 2014 Update provided below.

In this same forecasting course, Gann discusses "Bull & Bear Calendar Years" based upon decennial rhythms or 10 year cycles. Regarding the subject year, 2015, or any year ending in "5" he said:

No. 5 *or the 5th year, is the year of Ascension, and a very strong year for a bull market.*

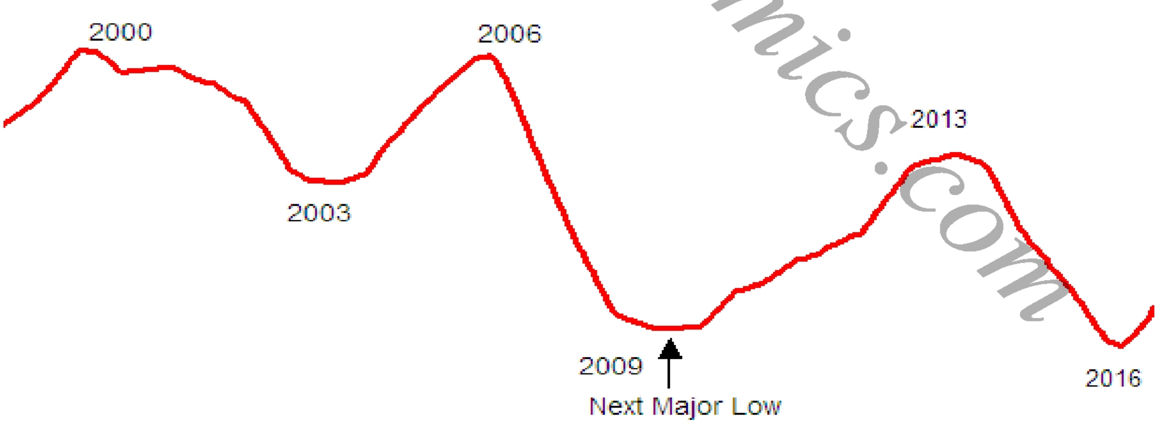
mentioned on pages 4-5 of the ***March 6th, 2014 Update***. Lindsay's detailed 20 year pattern is presented below for your reference and benefit.



Point A above would represent the October low in the year 2002, which ended the prior 20 year cycle (M = A) 1982 to 2002. The time distance from point A to E typically lasts 7 years, which is what essentially happened 2002 to 2009. Similarly, the distance from E to I is also likely to be an approximate 7 year time span, which again projects the year 2016 as an important low. A to D is usually a 5 year interval like 1982 to 1987 and 2002 to 2007, whereas E to H has a range of 5 to 6 years. Using March 2009 as Lindsay's E point, forecasts 2015 as the maximum extension of this forecasting pattern.

I'm not an expert when it comes to Lindsay's specific method of forecasting, but do have enough familiarity with some of his techniques to value them as a conformational approach to my own forecasting methods. His 20 year pattern is much easier to work with than W. D. Gann's 20 year Master Forecasting Chart. Also notice that Lindsay's long term method indicates the year 2022 as another major low, just as I have shown in several of the prior

In terms of price movement, the advance from the March 2009 Low to the May 2011 high (A to B) is now equal to current price levels (B to C).



1990	2008	2027	2045	2064	2082	2101	Legend
1991	2009	2028	2046	2065	2083	2102	A
1992	2010	2029	2047	2066	2084	2103	
1993	2011	2030	2048	2067	2085	2104	
1994	2012	2031	2049	2068	2086	2105	
1995	2013	2032	2050	2069	2087	2106	B
1996	2014	2033	2051	2070	2088	2107	
1997	2015	2034	2052	2071	2089	2108	C
1998	2016	2035	2053	2072	2090	2109	D
1999	2017	2036	2054	2073	2091	2110	
2000 E	2018	2037 E	2055	2074 E	2092	2111 E	E
2001 F	2019 E	2038 F	2056 E	2075 F	2093 E	2112 F	F
2002	2020 F	2039	2057 F	2076	2094 F	2113	
2003	2021	2040	2058	2077	2095	2114	G
2004	2022 H	2041	2059 H	2078	2096 H	2115	H
2005 H	2023	2042 H	2060	2079 H	2097	2116 H	
2006	2024	2043	2061	2080	2098	2117	J
2007	2025	2044	2062	2081	2099	2118	
2008	2026	2045	2063	2082	2100	2119	
2009 K	2027	2046 K	2064	2083 K	2101	2120 K	K
2010	2028 K	2047	2065 K	2084	2102 K	2121	

Studying the above chart we see that the *"high stock prices"* of section E occurred in 2000 bringing in major tops for the Dow Jones Industrial Average in January and tops for the S&P500 and NASDAQ100 in March of that year, ending the "dot com or Internet bubble" and stock speculation in general.

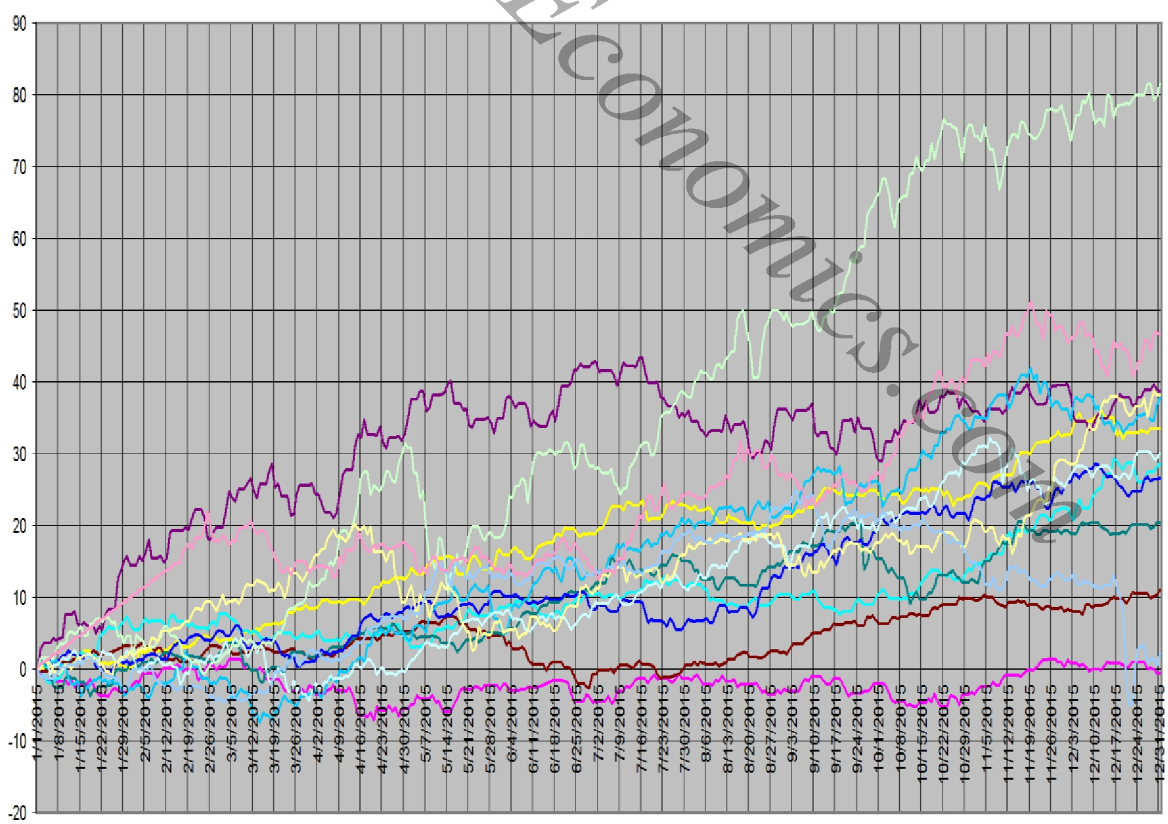
2001 accurately falls in section F and brings in a financial panic caused by the bubble meltdown, which was accelerated by the terrorist attack of September 11th. Section G *"low stock prices"* brings in 2003 with final testing lows occurring in March of that year. The *"very high stock prices, most prosperous year, waste over extravagance, most money in circulation and much speculation"* characteristics of section H did in fact occur in 2004-2005, but much of it was taking place outside the stock market in the rapid rise of home during the 2000 to 2004 time span. This is when we went to war with Afghanistan and Iraq under President George W. Bush.

At present (12/30/2014), the S&P500 is squaring its price on the 45 degree angle from the last series of tops, which include the nearly 10% correction from the September 19th, 2014 top. The top forecast for late November 2014 rode the angle a bit longer than anticipated due to a strong seasonal rally.

MASS PRESSURE CHART

The following chart will present the data for the mass pressure forecast for 2015, but at this time, I'm concerned that larger cycles will not allow this bullish decennial tendency to occur. I have always provided a mass pressure forecast and will continue to do so, but find this one to be extremely optimistic in light of the larger picture at hand. That said, if one wants to speculate on the bull side of this market, it should always be done with protection in the form of trailing stop loss orders or protective options positions.

2014 should have been a bear market year in the decennial cycle, but it inverted and produced 11% to 13 % gains across the main averages. Will 2015 also invert, just as 2009 and 2014 did?



Tech Tips

By Daniel T. Ferrera

While digging through some of my old files, I came across some technical analysis indicators that I developed or used during a unique trend in my former years in the brokerage industry.

One is a simple trend following method based upon moving averages of the open price and close price, which are commonly utilized by floor traders as pivot points. Using the open and close price with different moving average types and lengths generates a unique trend following indicator that works well for stocks.

It is important to follow the underlying stock market indexes as well as any particular individual stock on three time frames: Long, Medium, Short, which is also the order of importance. In other words, the long-term trend position is more important than the medium and short term trends. The same is true when comparing the significance of the medium term trend relative to the short-term trend.