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**Meeting of International Stock Exchange
Executives Emeriti, Inc.**

Pestana Carlton Hotel
Funchal, Madeira
September 20-25, 2012



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Global Economies and Markets: *Is there order in chaos?*

By

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**“Markets can remain irrational a lot longer than
you and I can remain solvent”**

John Maynard Keynes



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**“Markets can remain rational a lot longer than
you and I can remain irrational and solvent”**

Anonymous



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Agenda

- Cycles
- Economic cycles
- Long Wave cycle
- Example
- Stock market cycles
- Commodity cycles
- Currency cycles
- Summary



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Cycles

Definition:

- An interval of time during which a characteristic, often regularly repeated event or sequence of events occurs

Examples of cyclic “order”:

- Tidal
- Lunar
- Economic
- Market



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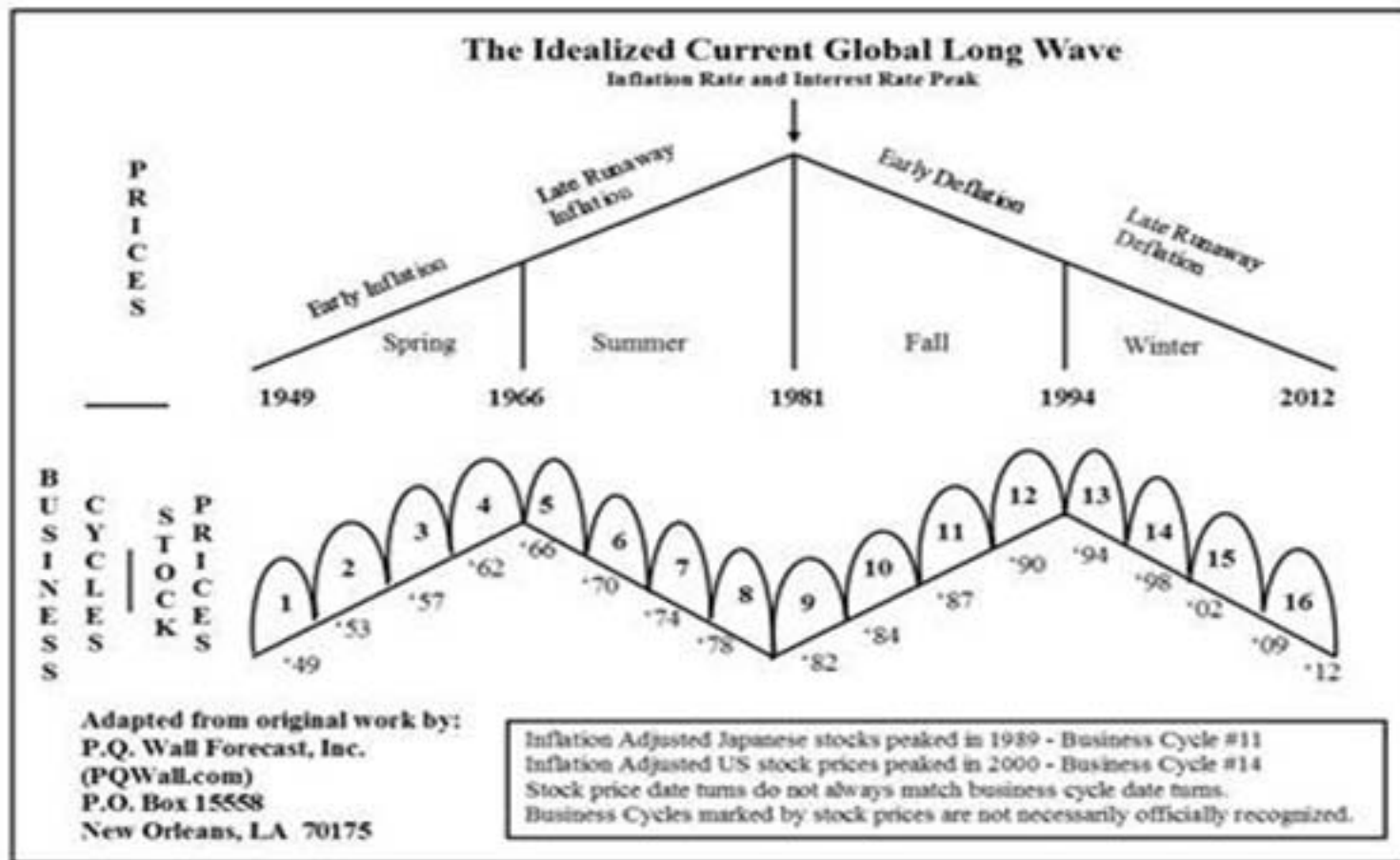
Economic Cycles

- 56 – 60+ Long Wave
- 34 Year and 17 Year Historical Cycle
- 18 Year Kuznets Cycle
- 14 year Long Wave Seasons
- Decennial (10 year) Cyclical Pattern
- 7.25 Year Juglar Cycle
- 3.5 Year Kitchin Cycle
- 14 months Kitchen Season Cycle
- 20 Week Wall Cycle
- 35 Day Quarter Wall Cycle



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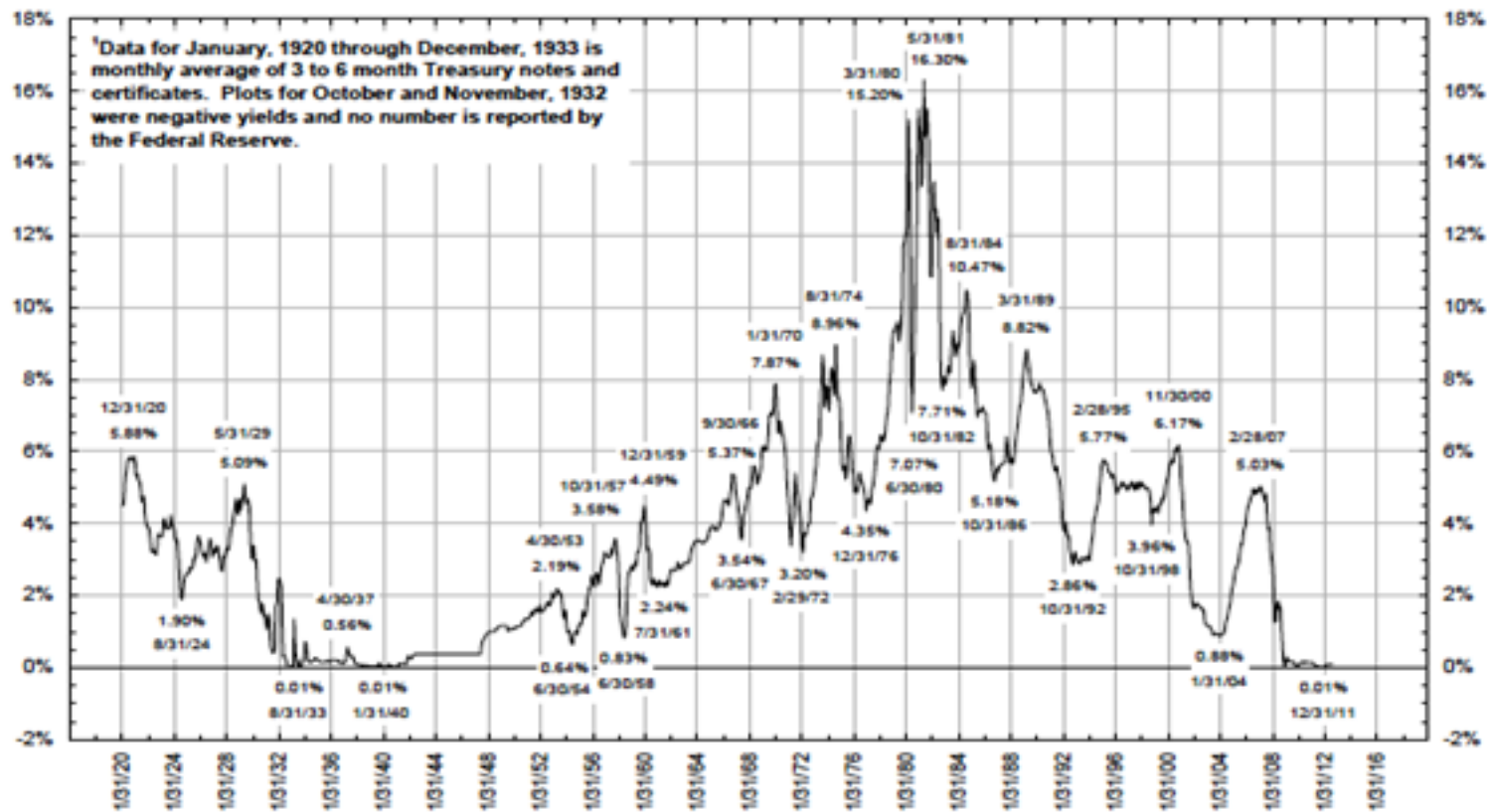
Idealized Long Wave





3 month US T-bill Average Yields

U.S. Treasury Monthly Average Yields
3 month bills (discount basis) - secondary market¹





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Stock Market Cycles - DJIA





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Stock Market Cycles – S&P 500





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Stock Market Cycles – DAX





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Stock Market Cycles – FTSE 100





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Stock Market Cycles – Euro Stoxx 50





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Stock Market Cycles – Greece





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Stock Market Cycles – Australia





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Stock Market Cycles – Hong Kong





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Commodity Cycles – CCI





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Currency Cycles – US Dollar Index





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Currency Cycles – Euro





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Bonds – US 30 Year T-Bond





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Intermarket Conclusion – order in chaos

- Commodities indices lower
- US Dollar Index higher
- USA equities lower
- US Bond yields bottoming
- Global economies to bottom after equities
- A great boom lies ahead



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Take Away Summary

- “The trend is your friend until it ends and they all end. However, the end is but the beginning of a new trend! Opportunity Abounds!”

Anonymous



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