

# THE ROSEN MARKET TIMING LETTER

**PRECIOUS METALS - FOREX - STOCK INDICES - COMMODITIES**

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January 1, 2016, 2014

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## **THE REMARKABLE RULE OF ALTERNATION**

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**What is so remarkable, so amazing, so obvious and so universally ignored is the fact that *The Rule of Alternation* has predicted and/or controlled the movement of the DJIA and the S & P 500 since the beginning of the Federal Reserve System in the year 1913. This Rule has provided the timing for Major Bull Markets in gold and bull and bear markets in the stock averages. So, why isn't it universally known, written about, and used by all investors and traders? I don't have the answer to that question but here it is in all its obvious predictive glory and accuracy.**

Please click here

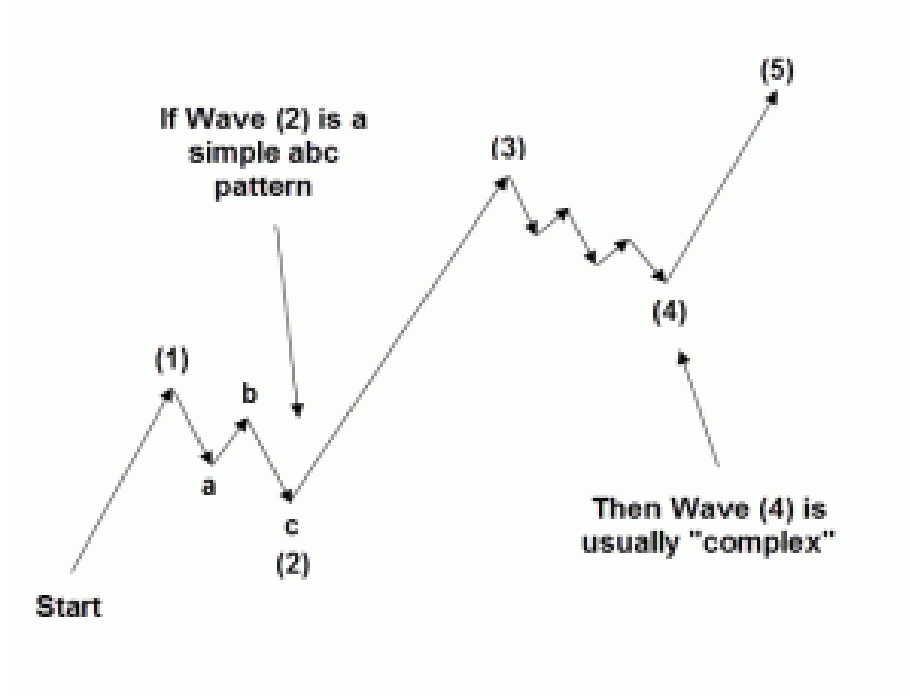
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<http://www.mtpredictor.com/The-rule-of-Alternation>

## The Rule of Alternation

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“There is a general tendency for the pattern of the two corrective swings in a completed 5-wave sequence to alternate between a simple (very often an ABC) correction and one of the more complicated or “complex” Elliott corrections.”



# The Dow Jones Industrial Average

<http://www.mtpredictor.com/The-rule-of-Alternation>

In both the DJIA and the S & P 500:

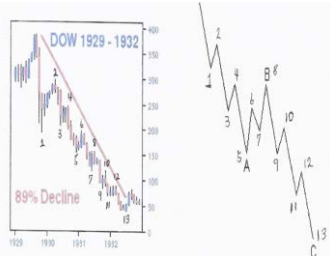
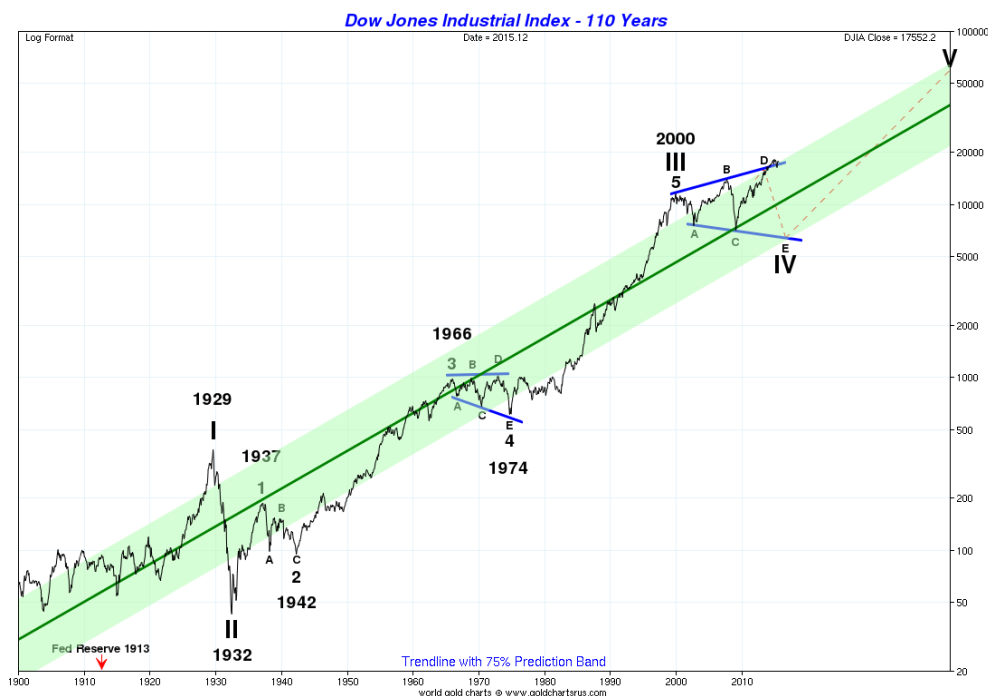
Minor wave 4 alternated with minor wave 2

Major Wave IV is alternating with Major Wave II

Major Wave III contained alternating waves 2 and 4

Major Wave II (1929 to 1932) as shown and explained beneath the chart is, as required by the Rule of Alternation, an A, B, C, zig-zag correction.

RON ROSEN - DJIA INDEX - ELLIOTT MAGIC KEY



After a close examination and counting of waves I realized that the correction in 1929/32 had exactly 13 waves. An A, B, C, zigzag correction has 13 waves. I was satisfied that the correction in 1929/32 qualifies as an A, B, C, zigzag with 13 waves even though it does not look exactly like the illustration.

# The S & P 500

<http://www.mtpredictor.com/The-rule-of-Alternation>

In both the DJIA and the S & P 500:

Minor wave 4 alternated with minor wave 2

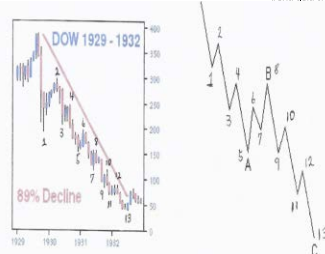
Major Wave IV is alternating with Major Wave II

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RON ROSEN - S&P500 INDEX - ELLIOTT MAGIC KEY

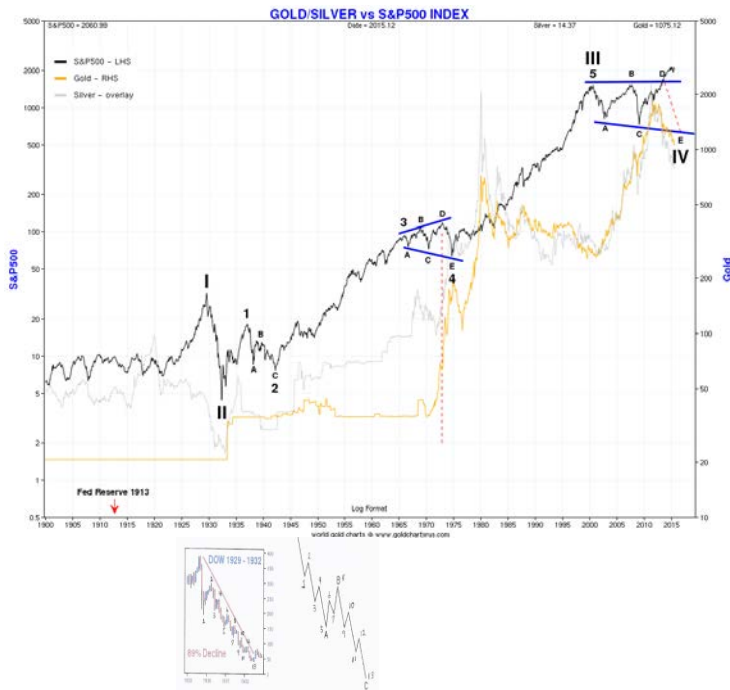
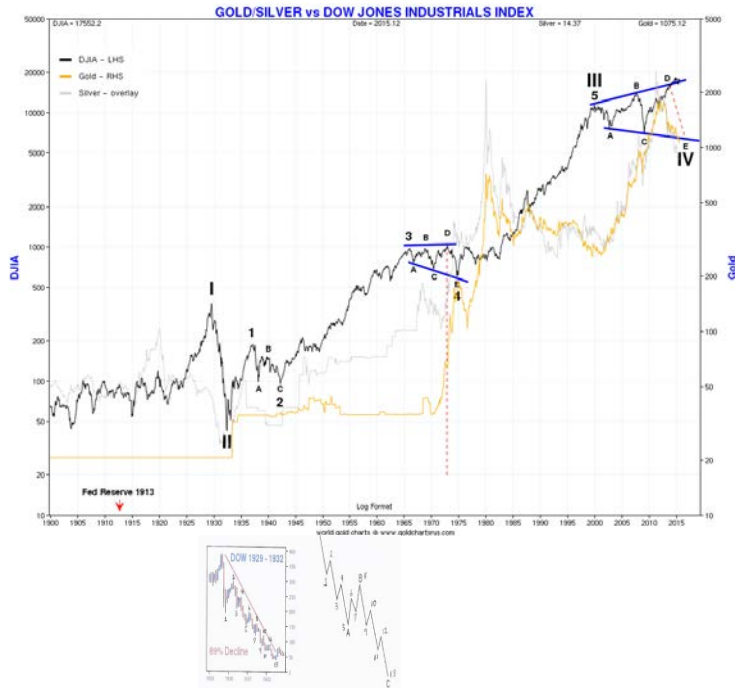
S&P500 Index - 110 Years



After a close examination and counting of waves I realized that the correction in 1929/32 had exactly 13 waves. An A, B, C, zigzag correction has 13 waves. I was satisfied that the correction in 1929/32 qualifies as an A., B, C, zigzag with 13 waves even though it does not look exactly like the illustration.

The following charts of the DJIA and the S & P 500 show that gold and silver began huge bull moves once leg D of the megaphone pattern minor wave 4 topped.

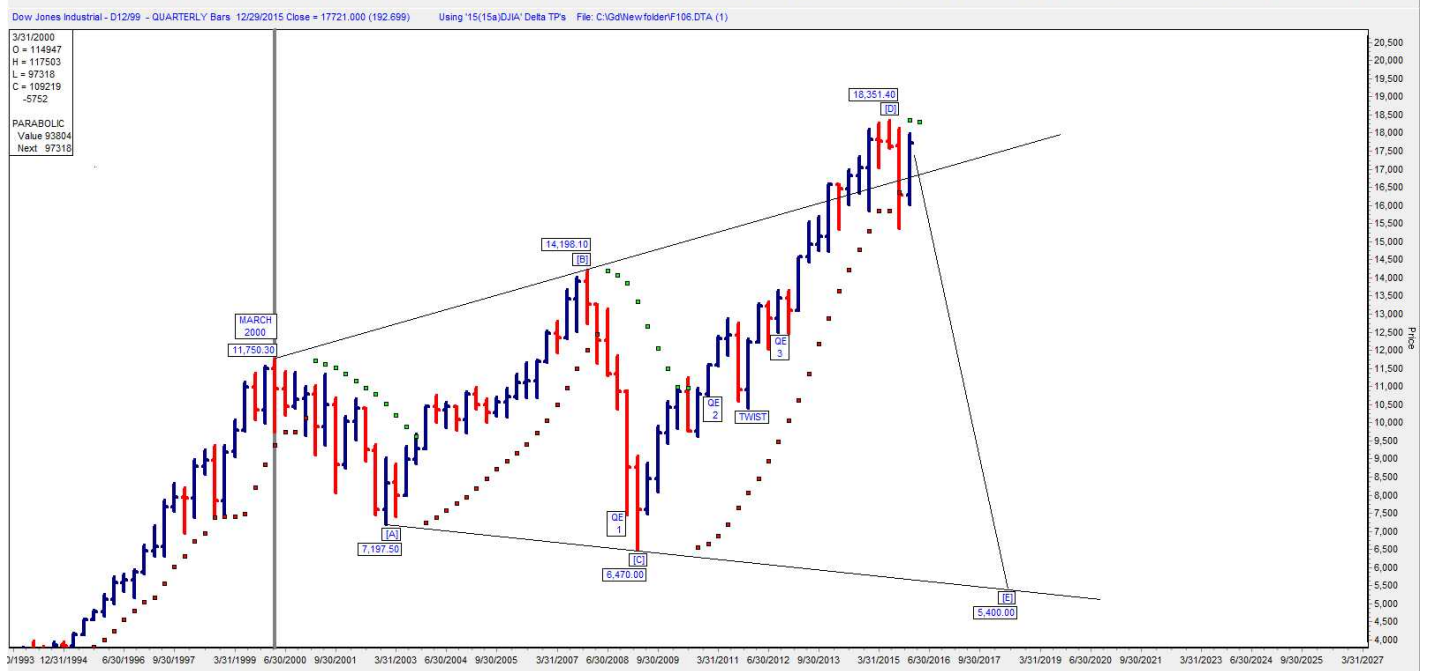
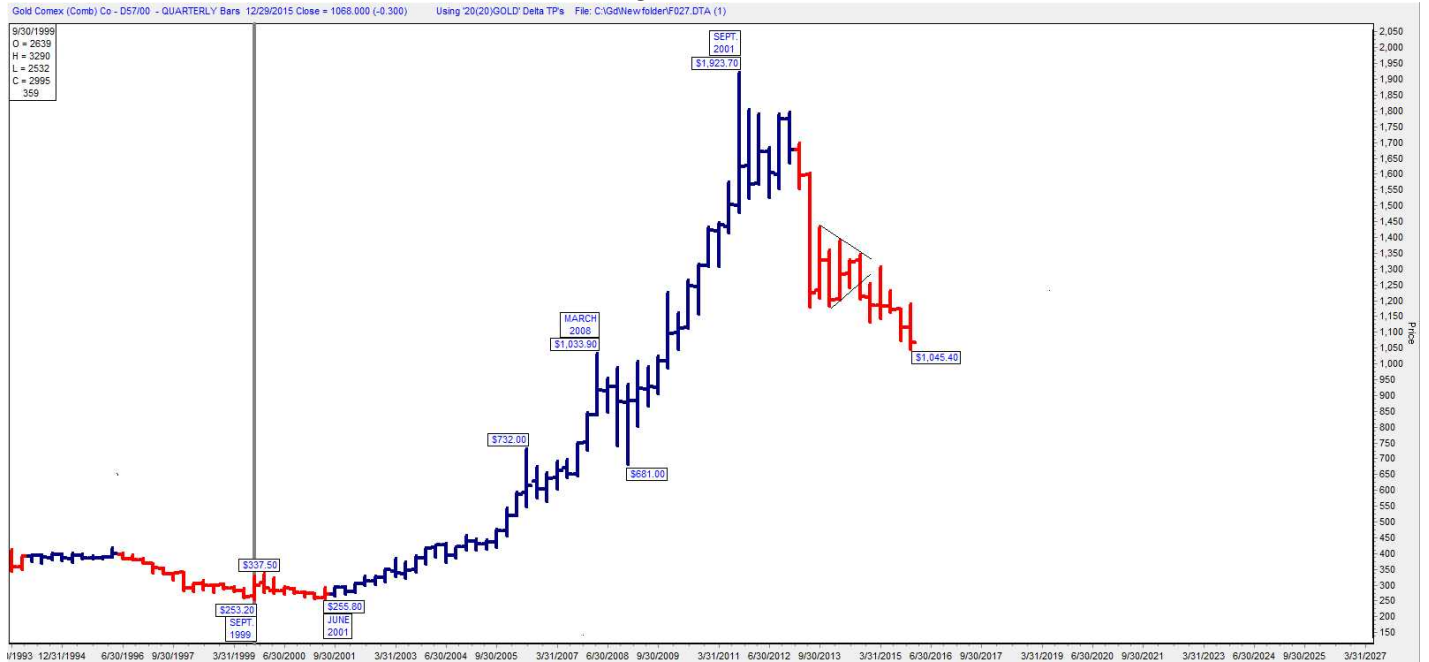
Leg D of the megaphone pattern Major Wave IV is currently topping or has topped. Gold and silver are currently in a similar position to leg D of minor wave 4. In other words, “All systems appear to be go!”



# Gold and The Dow Jones Industrial Average

The gold quarterly chart shows us that its bull market began in the September 1999 quarter. *The DJIA quarterly chart shows us that it began its 5 wave bear market megaphone pattern in the March 2000 quarter. The Parabolic Green Dots on the DJIA quarterly chart have indicated every major correction since the year 1950. They have appeared once again when a final leg E collapse is due to begin.*

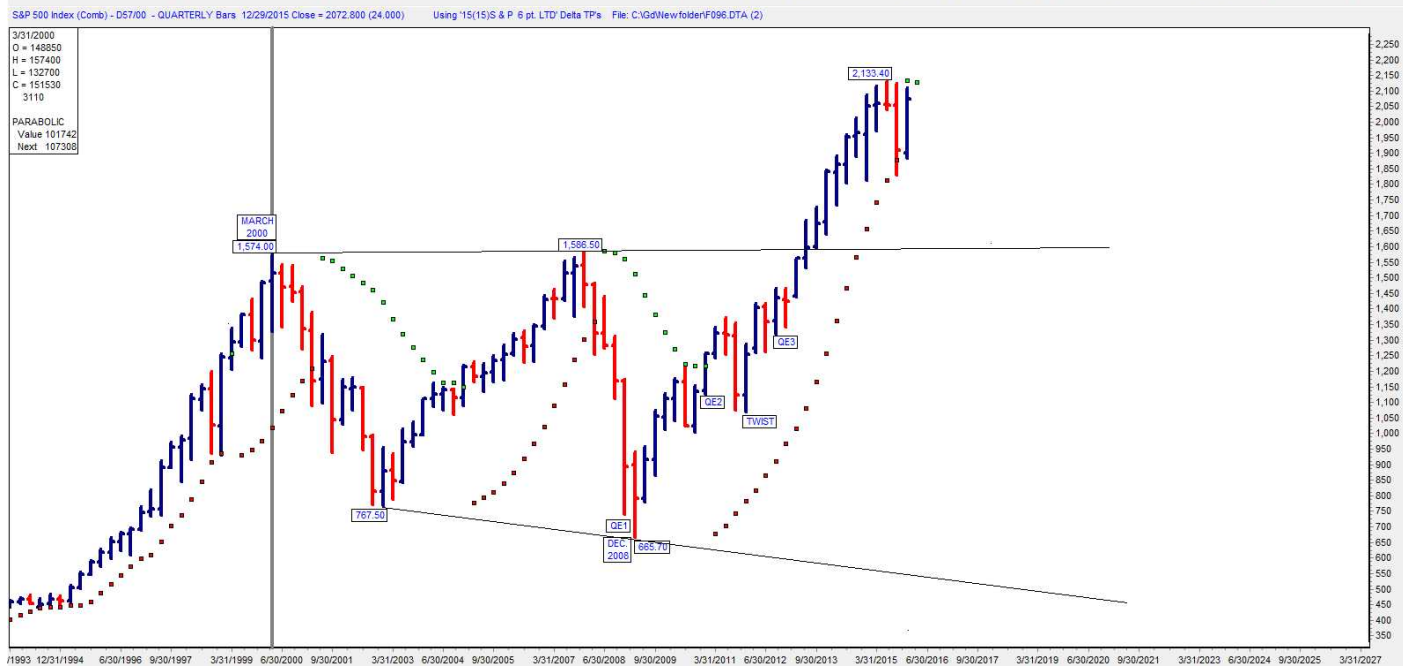
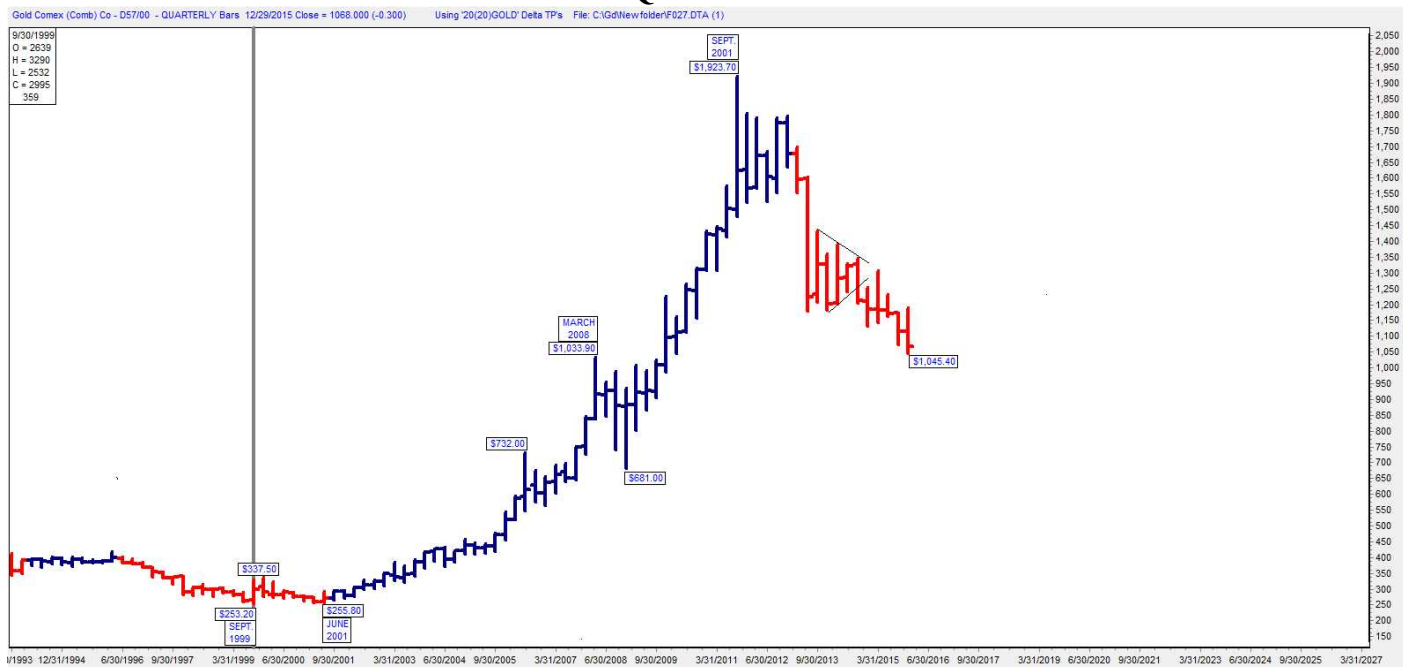
## GOLD QUARTERLY



## DJIA QUARTERLY

The gold quarterly chart shows us that its bull market began in the September 1999 quarter. *The S & P 500 quarterly chart shows us that it began its 5 wave bear megaphone pattern in the March 2000 quarter. The Parabolic Green Dots on the S & P 500 quarterly chart have indicated every major correction since the year 1950. They have appeared once again when a final leg E collapse is due to begin.*

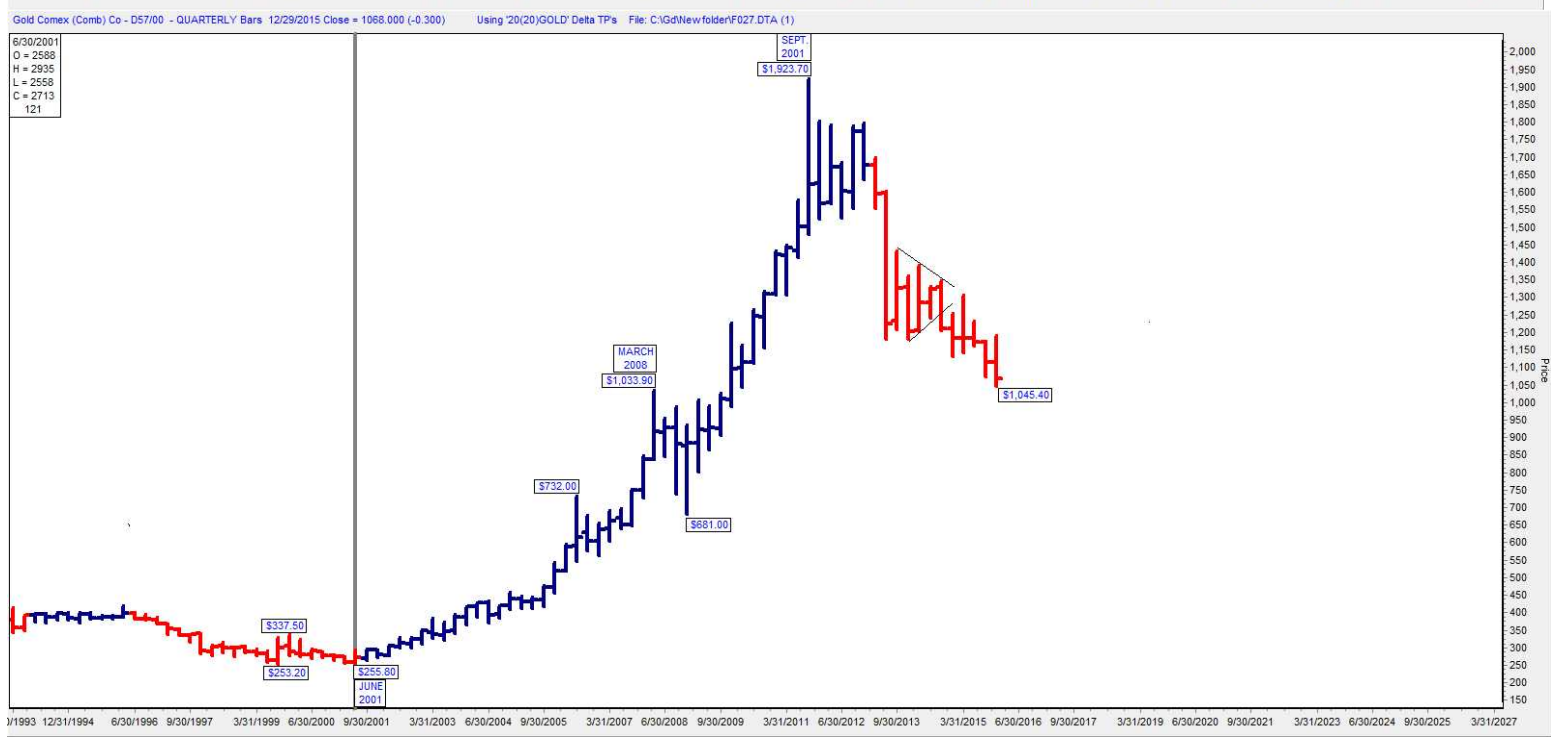
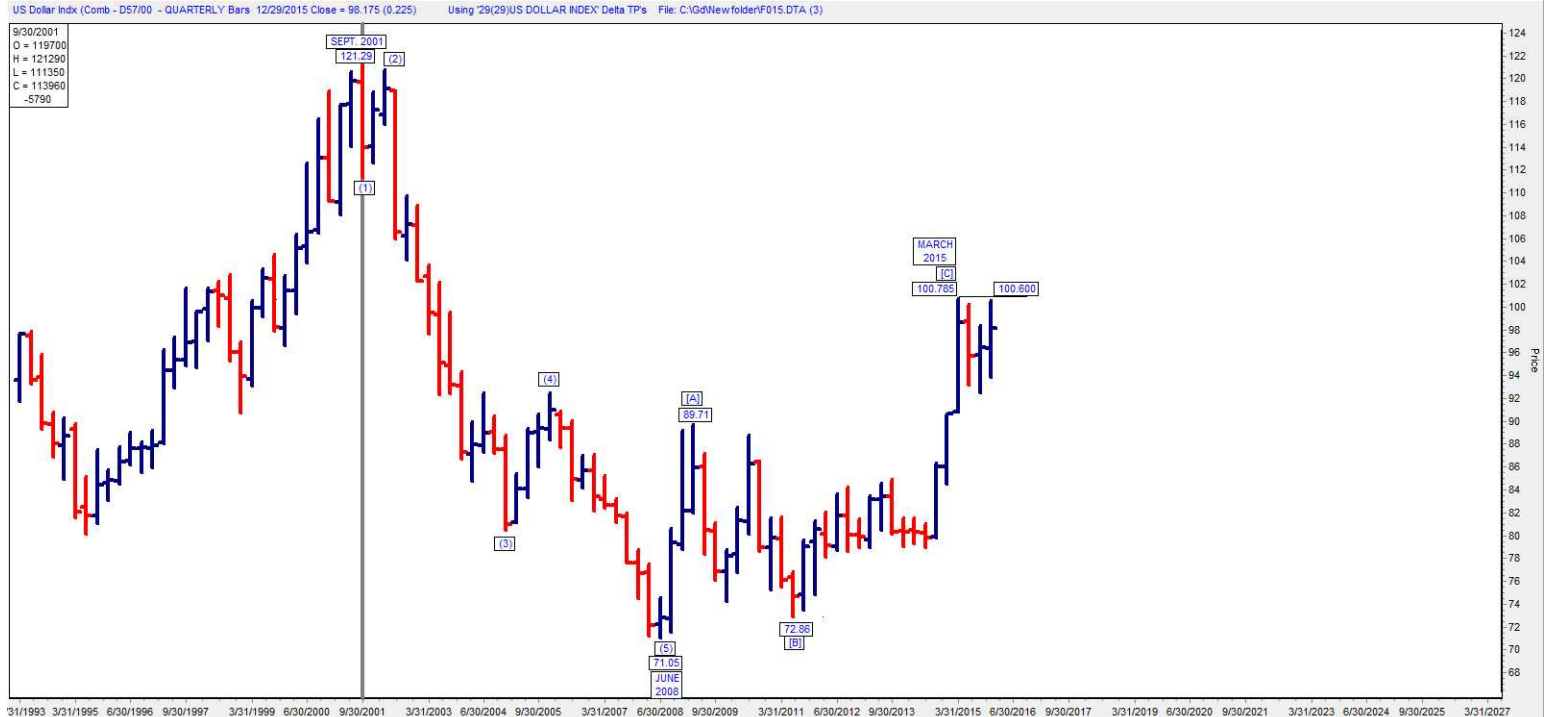
### GOLD QUARTERLY



### S & P 500 QUARTERLY

The Dollar Index began a major 5 wave collapse in the September 2001 quarter.  
 Gold began a bullish Major Wave III at \$255.80 in the June 2001 quarter.

### DOLLAR INDEX QUARTERLY

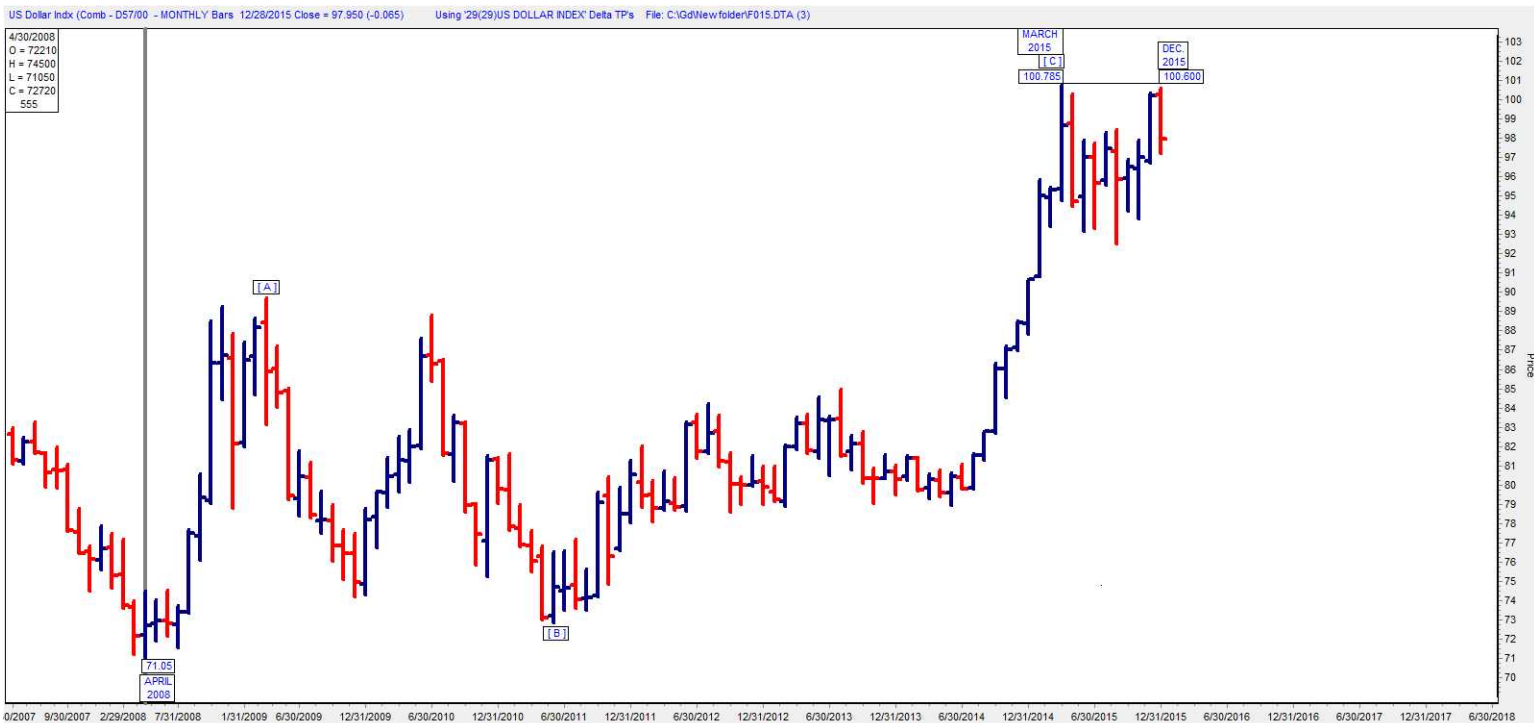


### GOLD QUARTERLY



When the 5 wave collapse in the Dollar Index bottomed in *April 2008* it began an A, B, C, upward correction of the collapse. What appears to be universally unrecognized is the fact that gold began a bull market *Running Flat Correction* down one month earlier in *March 2008*. This is a very rare form of correction. When complete it calls for an extremely powerful bull move to take place.

### DOLLAR INDEX MONTHLY



### GOLD MONTHLY

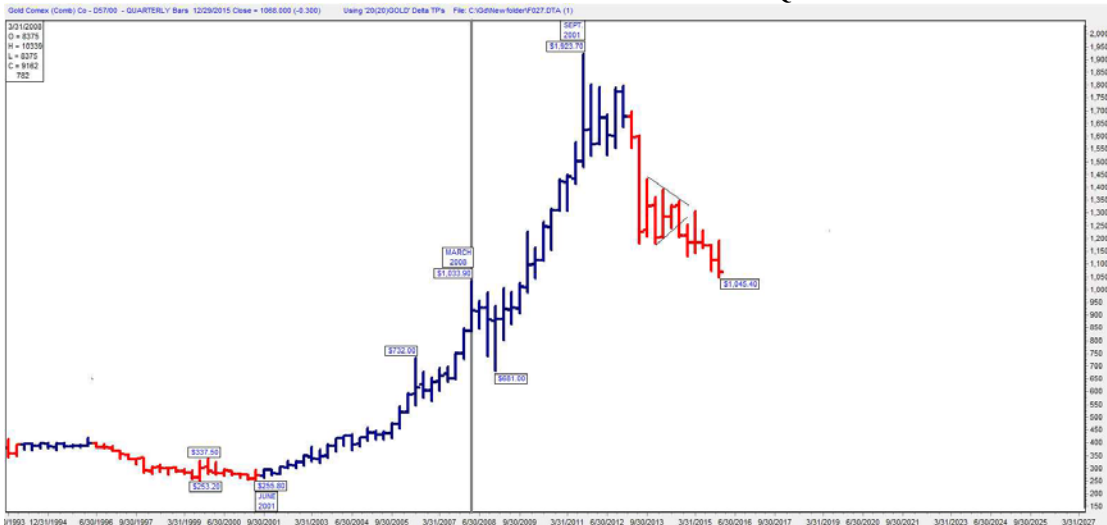
*The Running Flat is the rarest form of correction ever seen.*

“The forces in the direction of the larger trend are *so powerful* that the pattern becomes skewed in that direction.”  
 E. W. P.

**Running flat correction**



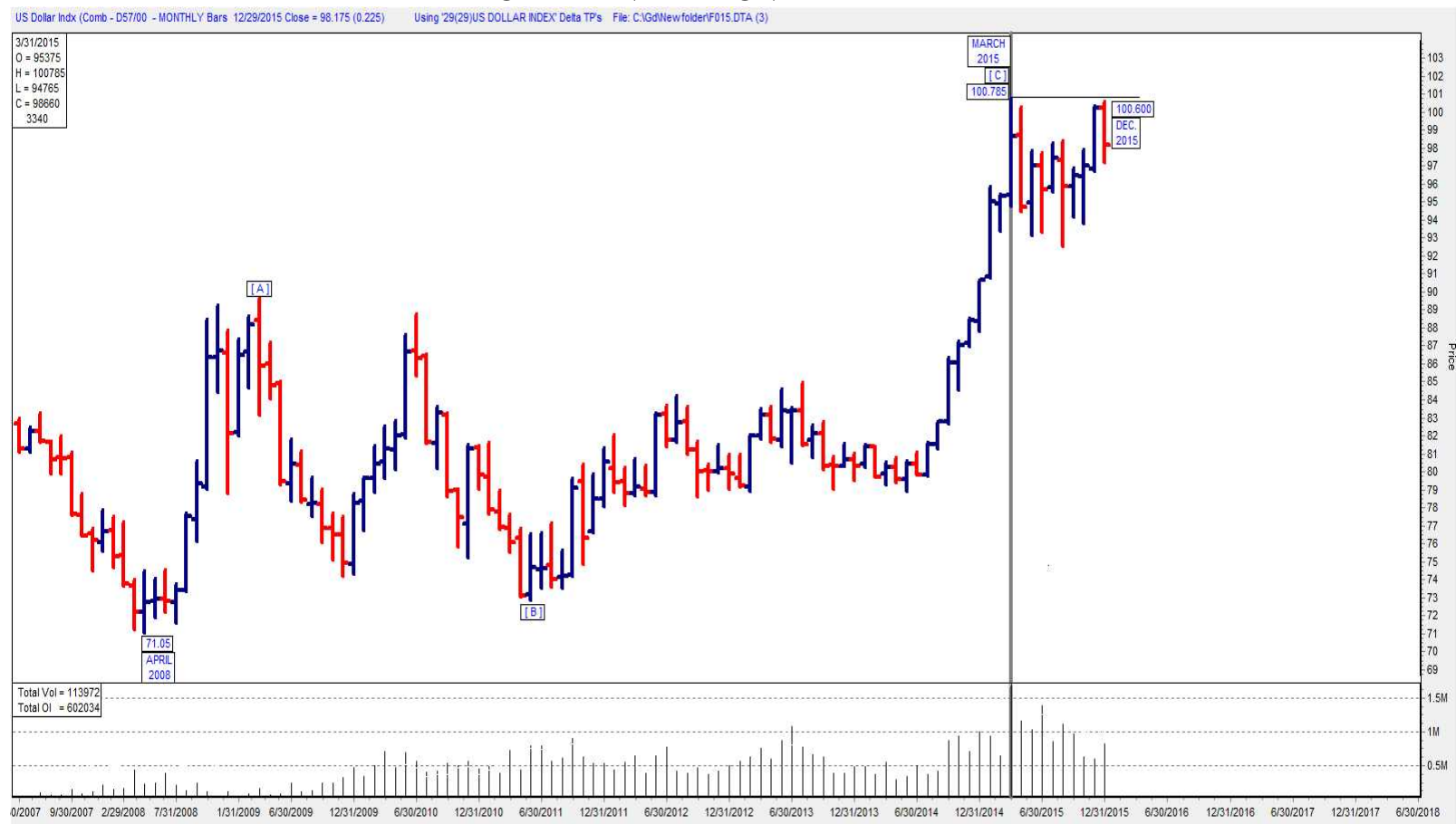
**GOLD QUARTERLY**



**DOLLAR INDEX QUARTERLY**

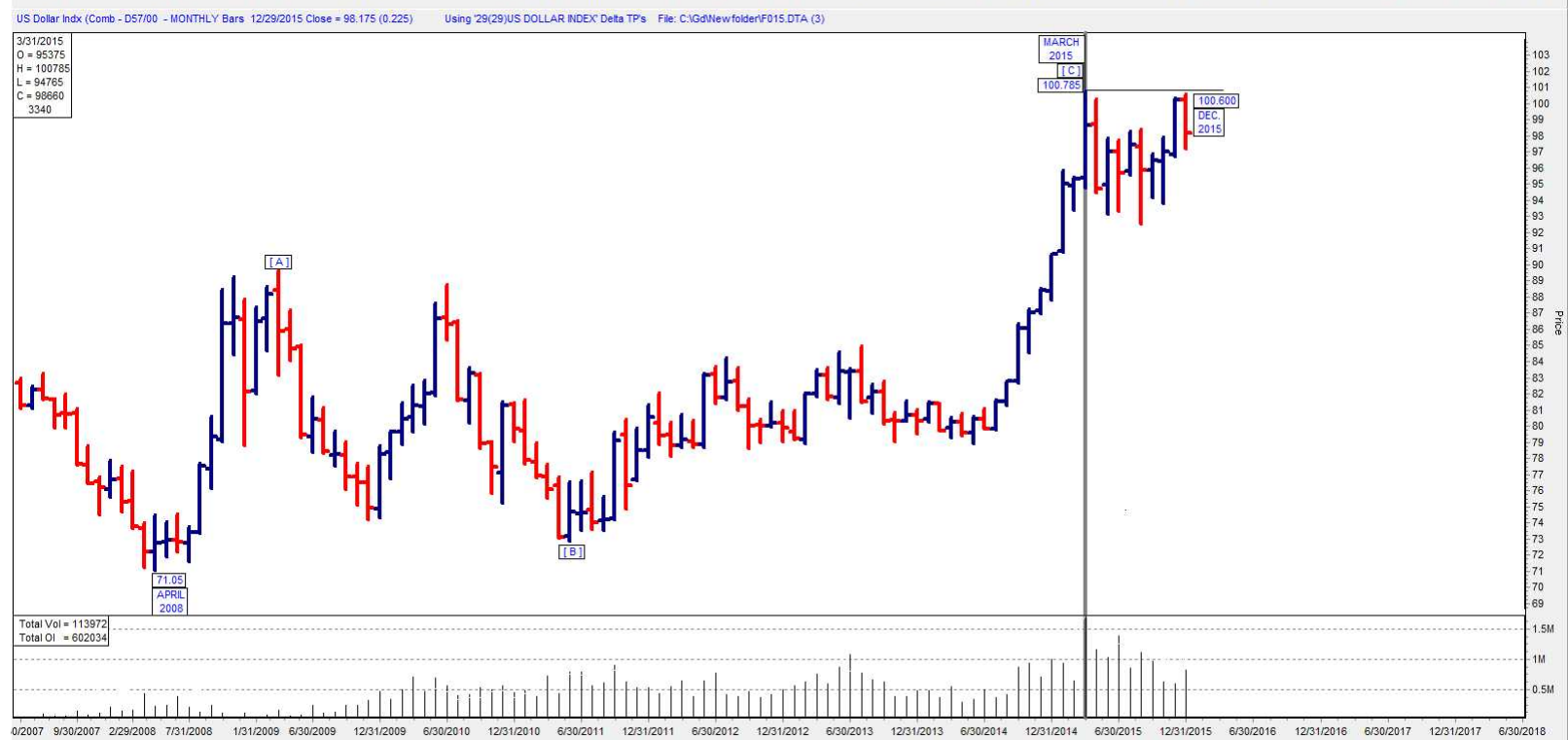
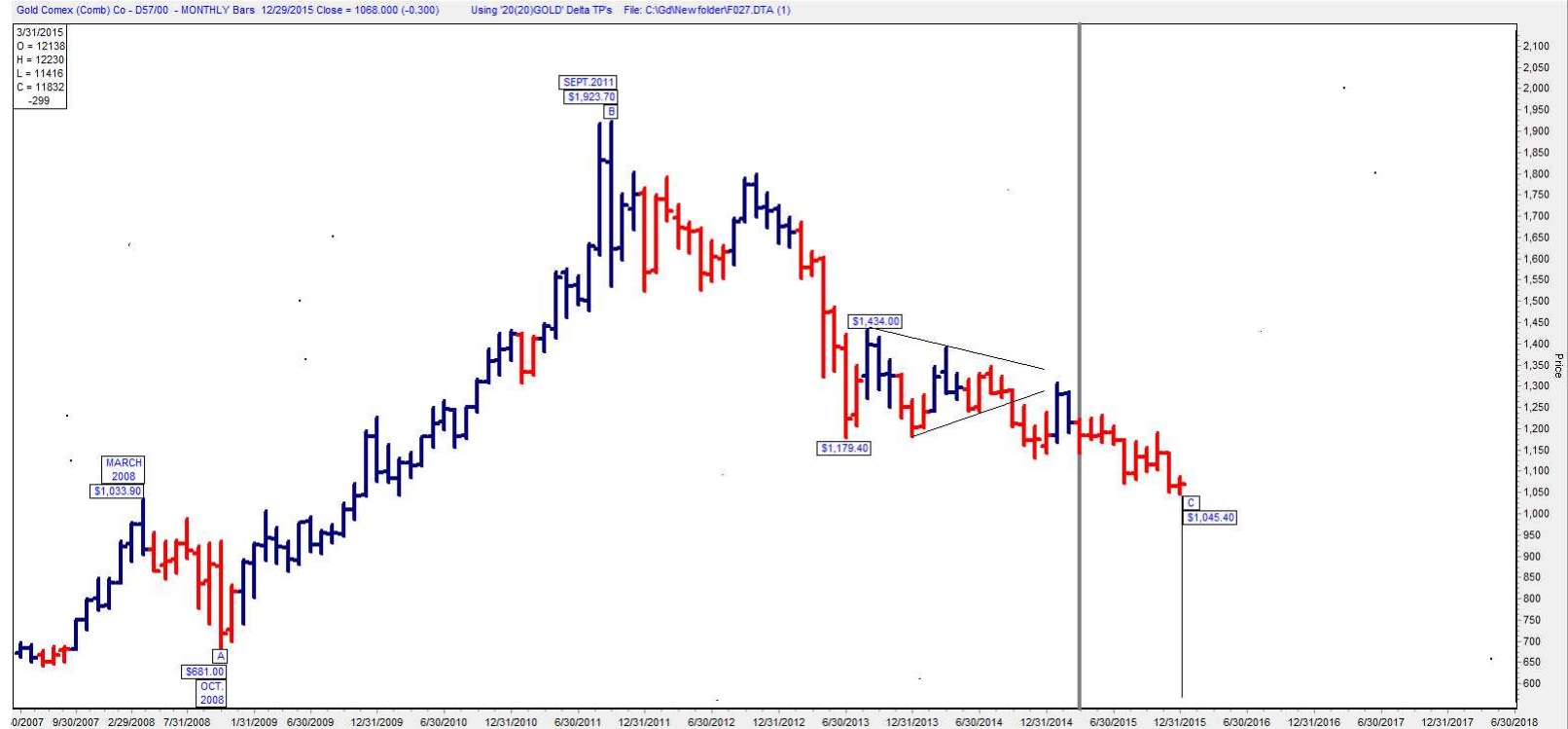
**The Dollar Index topped at 100.785 in March 2015. It has not gone higher since then. The Dollar Index appears to have topped when the volume peaked. The current price on December 30, 2015 is 98.270.**

### DOLLAR INDEX MONTHLY



**Gold and silver should complete their *Running Flat Correction* even though the Dollar Index refuses to go any higher and topped 10 months ago.**

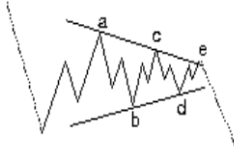
**GOLD MONTHLY**



**DOLLAR INDEX MONTHLY**

The triangle is telling us that the entire *Running Flat Correction* in gold (and silver) will be complete when a fifth and final wave is complete.

“A triangle *always occurs* in a position prior to the *final actionary wave* in the pattern of *one larger degree, i.e., as wave four.*”  
**Elliott Wave Principle**

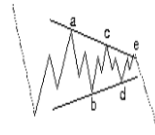


The *one larger degree* is the [C] leg of the [A], [B], [C], *Running Flat Correction* in gold.

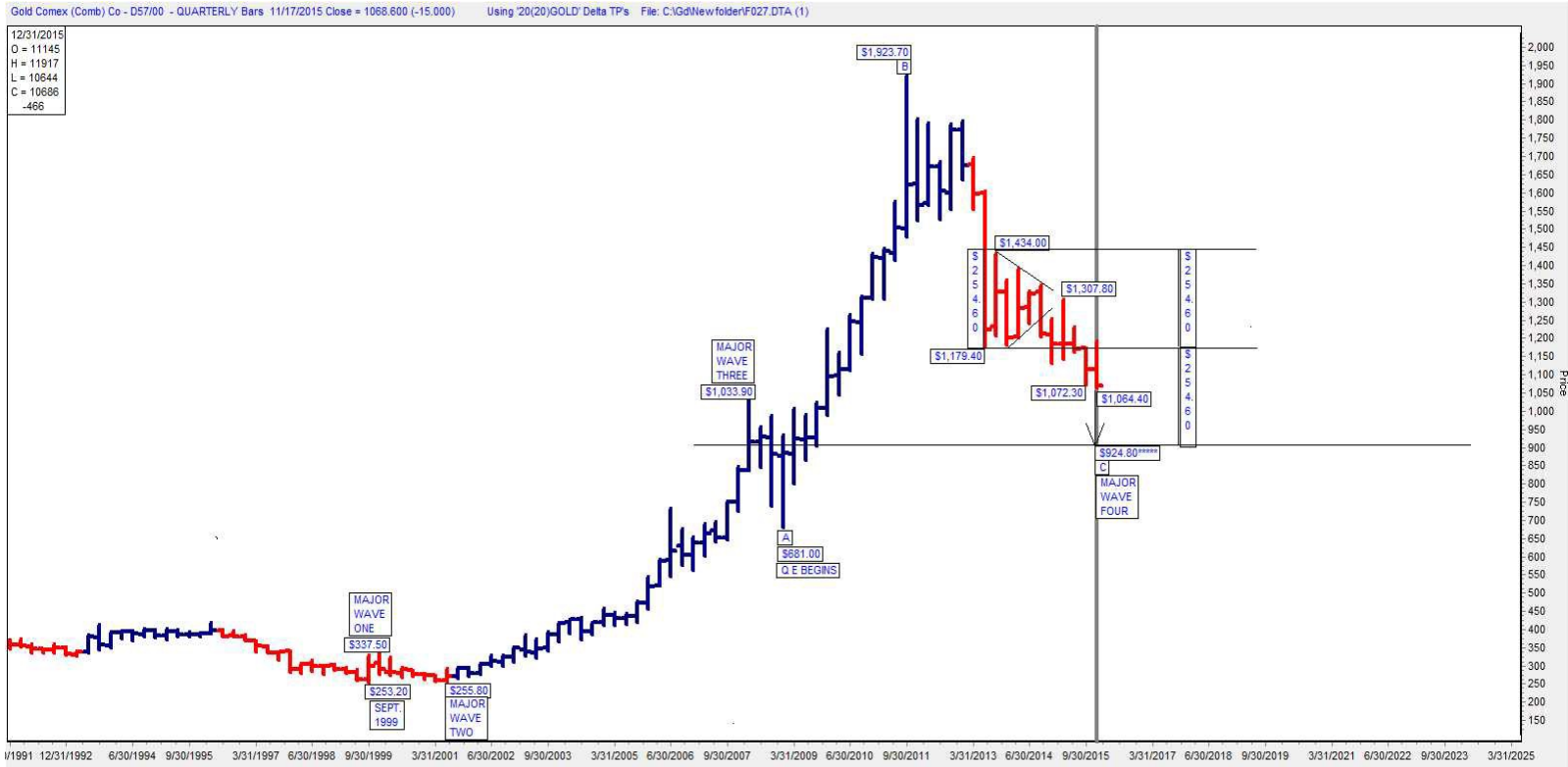
We also know that the completed length of the final leg 5 down is often equal to the width of the triangle. The width of the triangle is \$254.60. The completed length of leg 5 is measured from the bottom of the triangle which is \$1,179.40. If we subtract \$254.60 from \$1,179.40 we arrive at a *potential low* for leg 5 of \$924.80.

***This is a potential low and not a guaranteed low!***

The current low for gold as of December 30, 2015 is \$1,045.40.

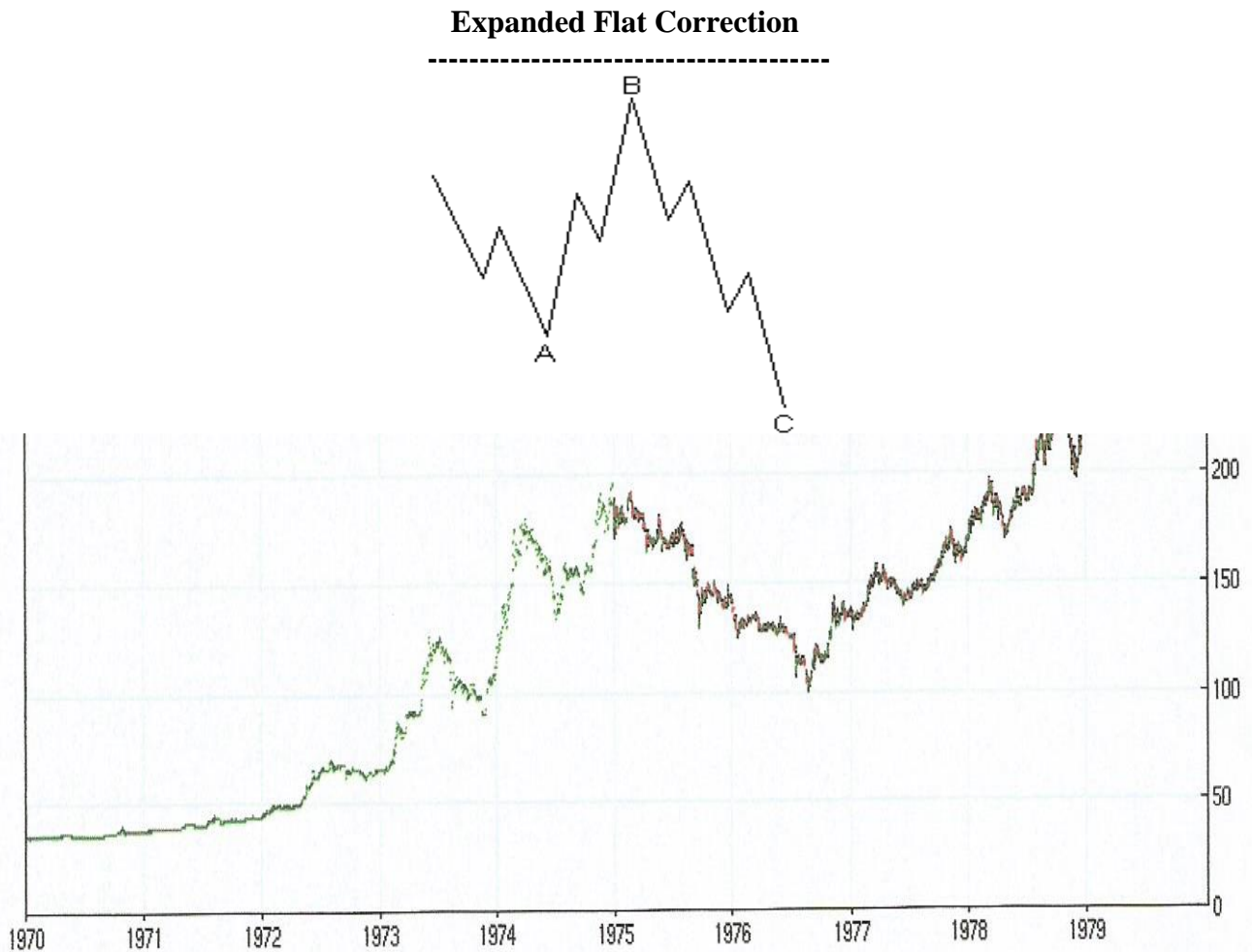


### GOLD QUARTERLY



**“Far more common, however, is the variety called an *expanded flat*, which contains a price extreme beyond that of the preceding impulse wave. In expanded flats, wave B of the 3-3-5 pattern terminates beyond the starting level of wave A, and wave C ends more substantially beyond the ending level of wave A.” E. W. P.**

**This gold chart shows the, “Far more common...” correction in gold between early 1974 and August 1976. This correction in gold bottomed at \$100.00 an ounce. Gold proceeded to top at \$850.00 an ounce in January 1980.**



“In a rare variation on the 3-3-5 pattern, which we call a *running flat*, wave B terminates well beyond the beginning of wave A as in an expanded flat, but wave C fails to travel its full distance, falling short of the level at which wave A ended. There are hardly any examples of this type of correction in the price record.” E. W. P.

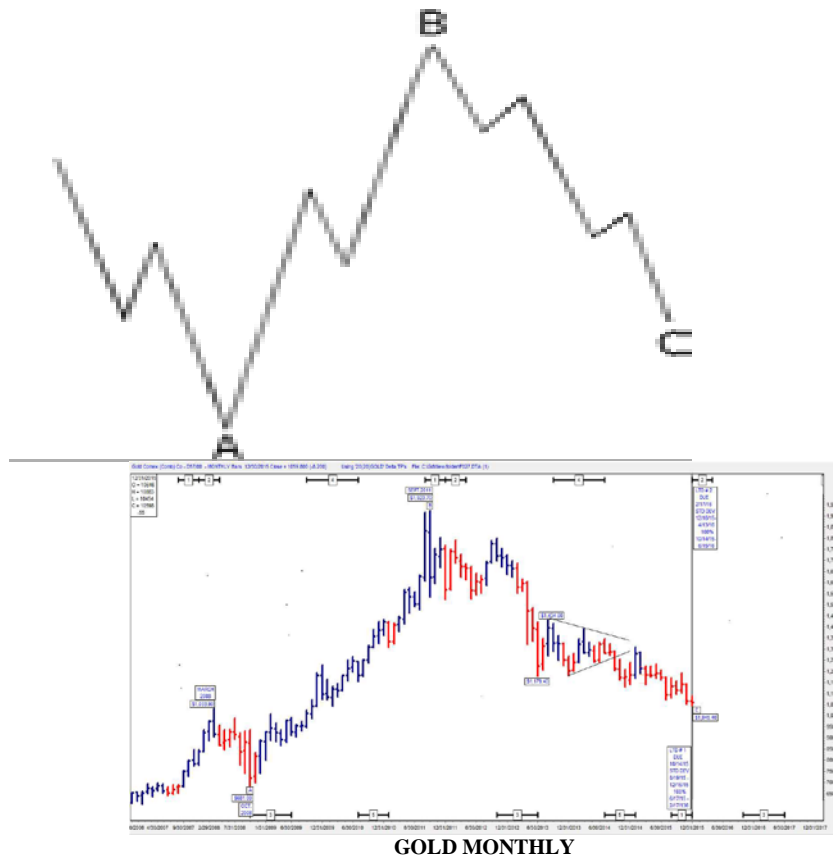
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This gold chart shows the, “... rare variation on the 3-3-5 pattern, which we call a *running flat*,” in gold between March 2008 and December 2015. We do not know for certain that the recent bottom at the \$1,045.40 low is the final low. However, we know that the triangle was a wave iv and therefore the final wave v is either complete or will be in early 2016. This next quote indicates the extent of the bull move in gold that we should expect to occur once the *Running Flat Correction* is complete.

“The forces in the direction of the larger trend are *so powerful* that the pattern becomes skewed in that direction.” E. W. P.

### Running Flat Correction

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# Three final observations for the year 2015

## # 1

The Major Correction II that bottomed in 1932 plus the minor correction 2 that bottomed in 1942 and the minor correction 4 that bottomed in 1974 all fell below and bottomed below the green shaded area. It appears highly probable that Major Wave IV will also fall below and bottom below the green shaded area.

Of course, if our government panics and decides to create an electronic form of the Weimar Republic disaster we will probably witness the stock averages continue to rise. However, as during the Weimar disaster gold and silver dramatically outperformed their stock averages. The final charts show the Weimar Republic's experience with a government created hyperinflation.

### RON ROSEN - DJIA INDEX - ELLIOTT MAGIC KEY

#### Dow Jones Industrial Index - 110 Years

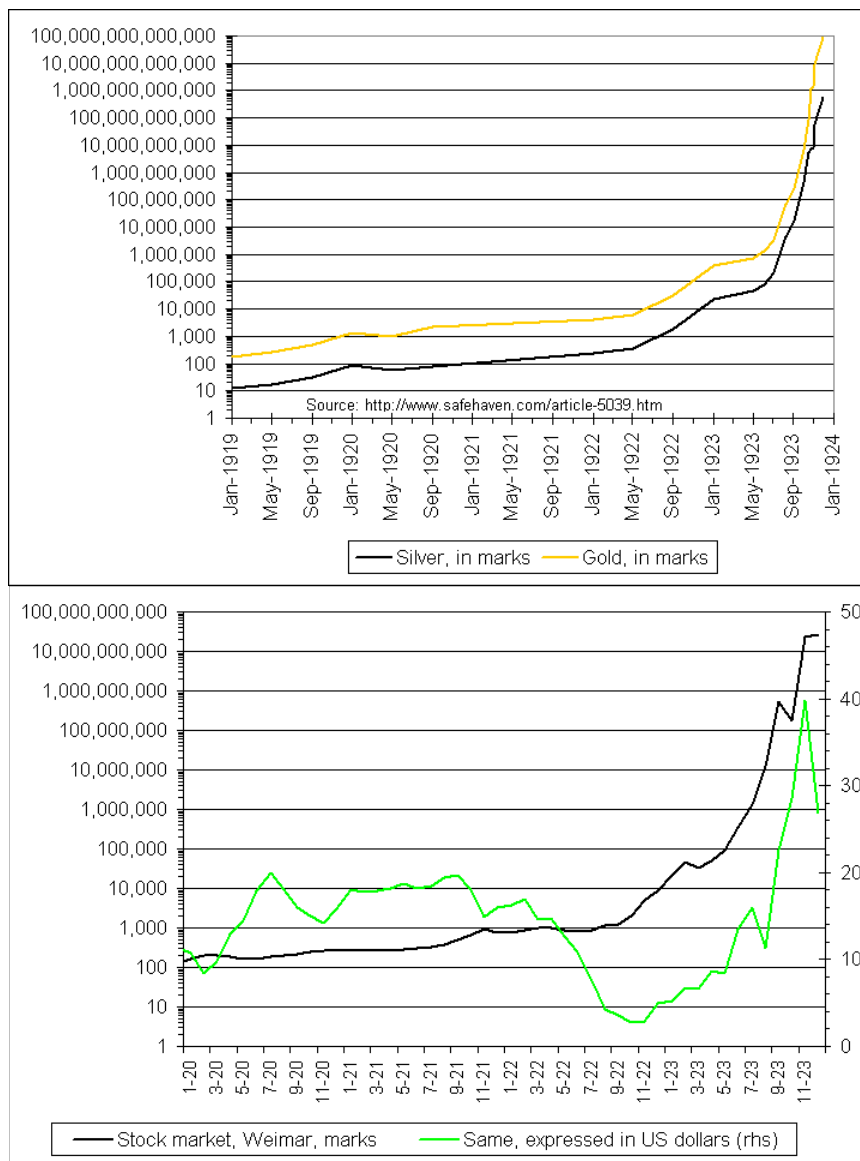




## # 2

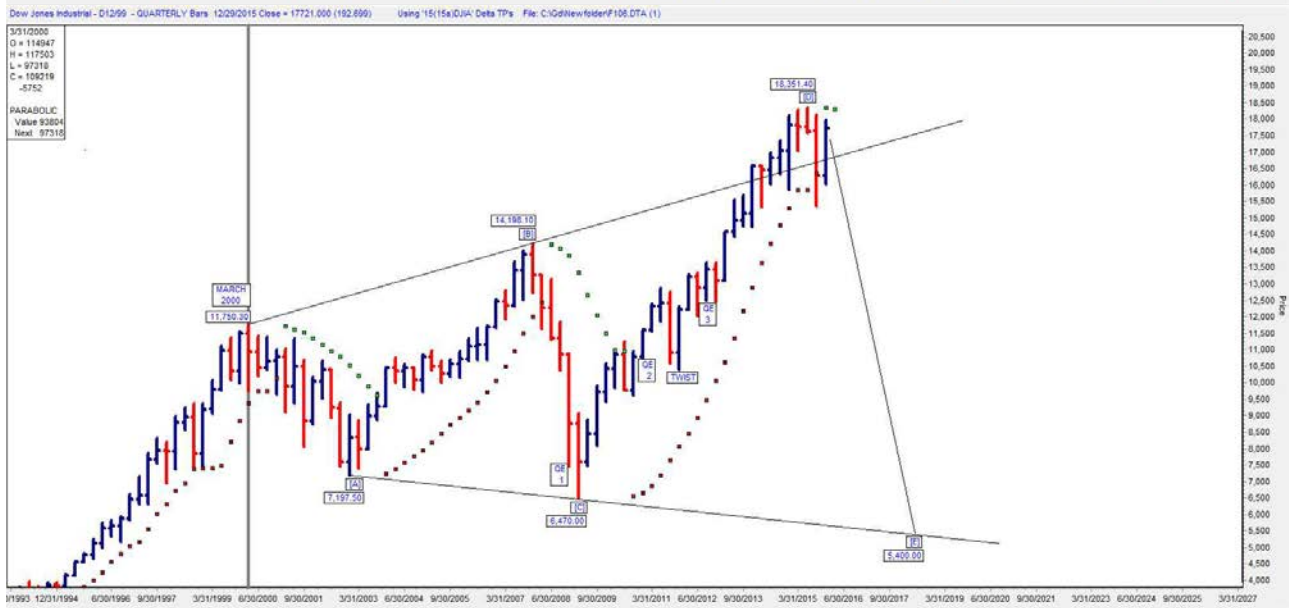
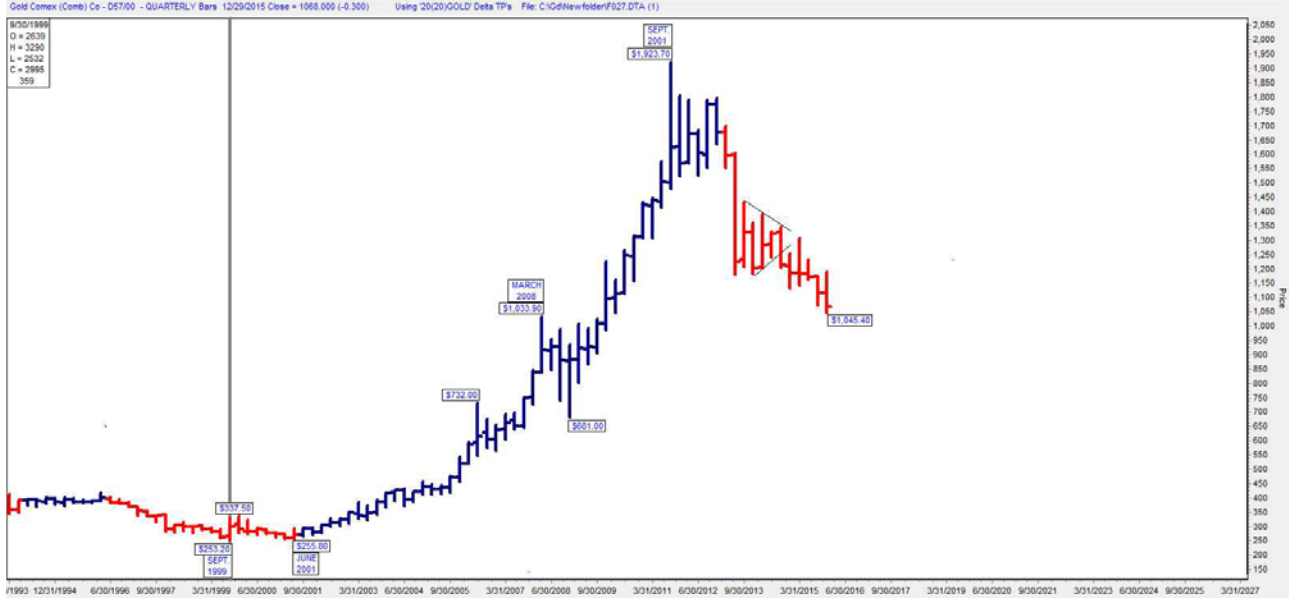
If our political leaders and the Federal Reserve once again panic as the stock averages decline they may embark on a plan that produces an electronic type Weimar Republic hyperinflationary disaster.

Under that scenario the stock market will continue to rise but gold and silver will accelerate their rise to an extent that mimics the price disaster of the Weimar Republic. These charts show how much greater was the rise in the price of gold and silver compared to their stock averages.



# # 3

## GOLD QUARTERLY



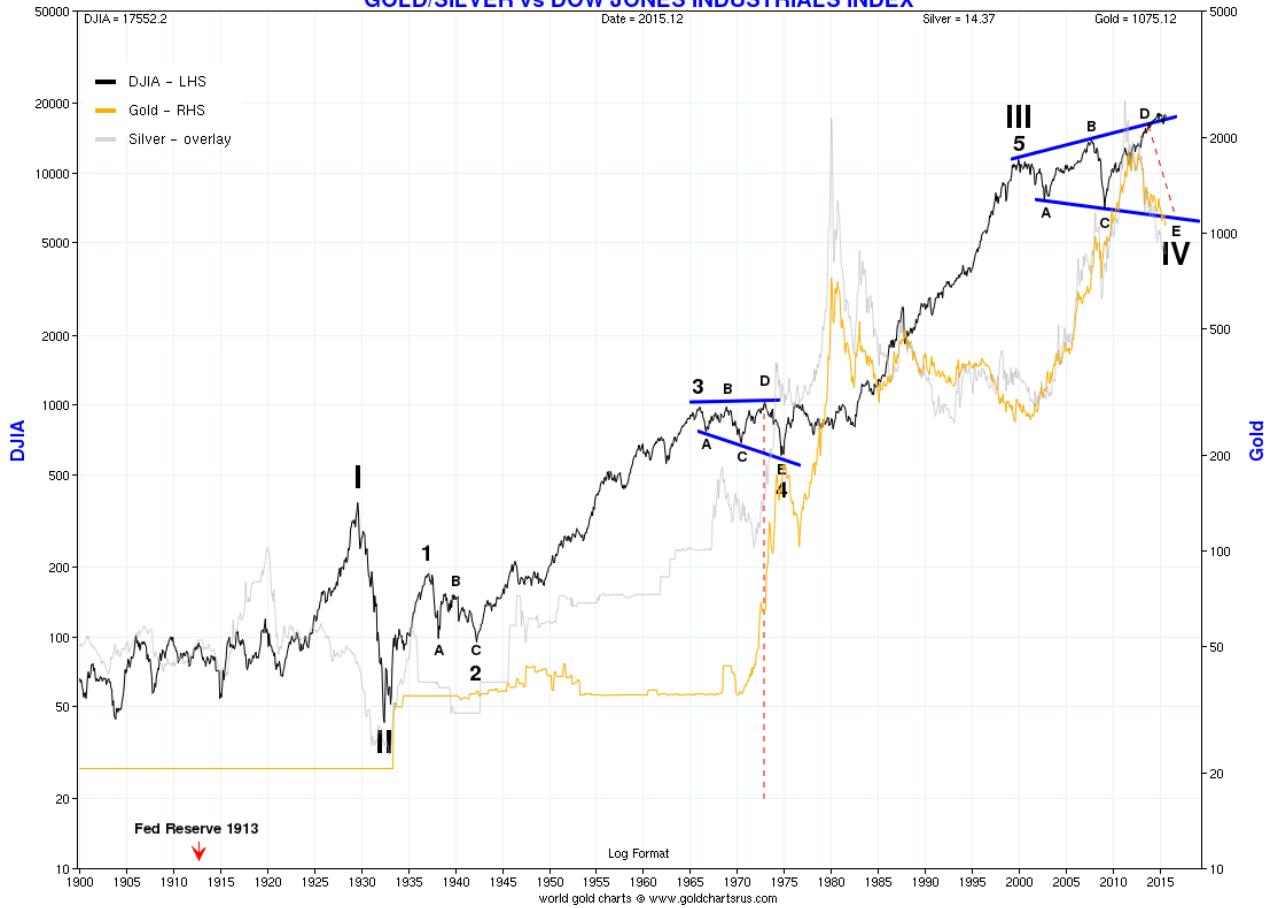
## DJIA QUARTERLY

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### GOLD/SILVER vs DOW JONES INDUSTRIALS INDEX



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