THE ROSEN MARKET TIMING LETTER

PRECIOUS METALS - FOREX - STOCK INDICES - COMMODITIES

"Time is more important than price; when time is up price will reverse."
W.D.Gann

RONALD L. ROSEN
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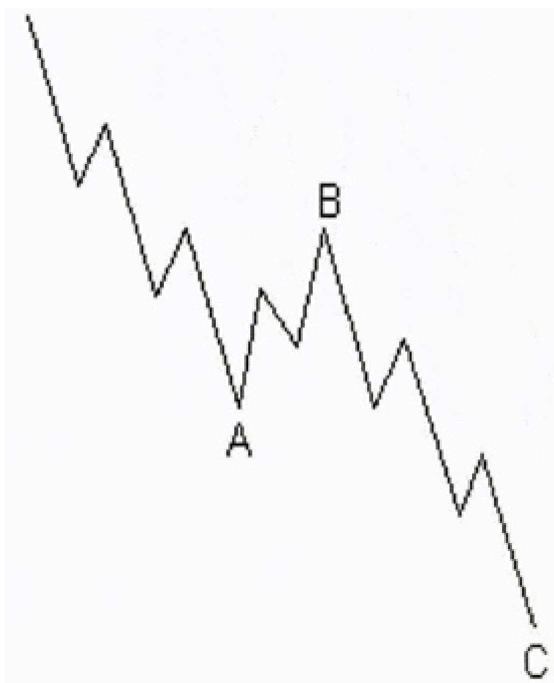
rrosen5@tampabay.rr.com

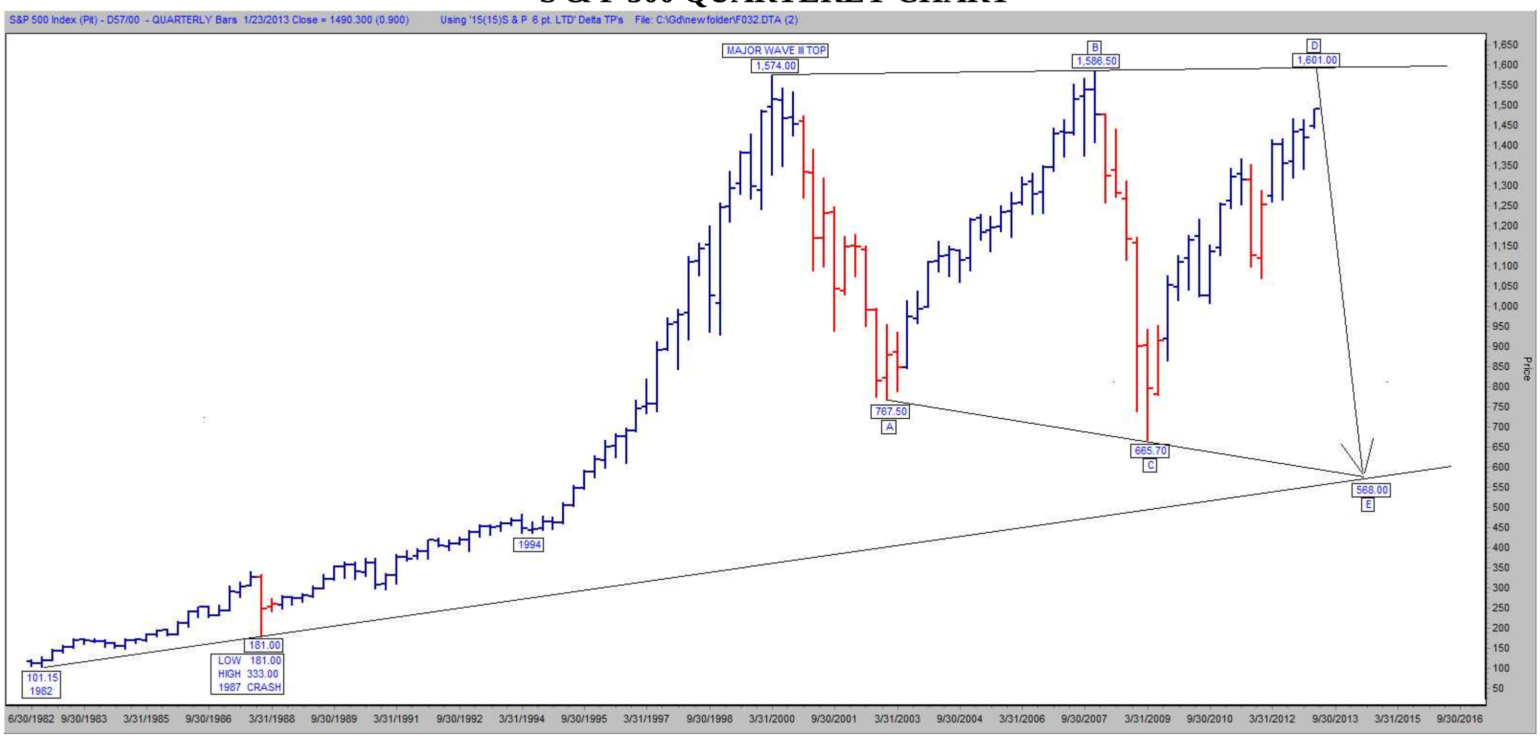
THE SECRET

The secret to future market movements is as simple as A, B, C. The only problems are recognizing it and believing it.

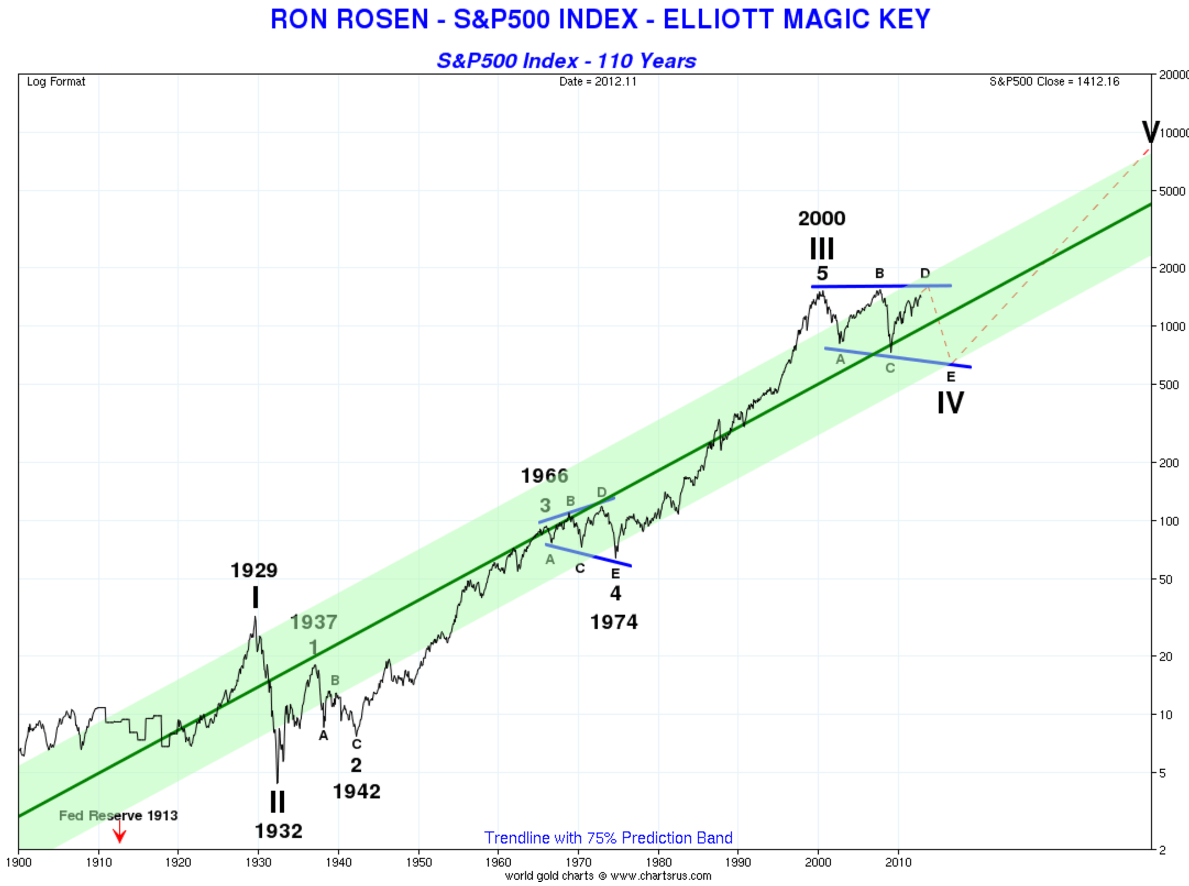


However, first things first. It is *the secret* that allows one to know that a major collapse in the S & P 500 and the DJIA will soon begin. Both averages will lose approximately 2/3rds of their maximum value.

S & P 500 QUARTERLY CHART



It is also the secret that will allow us to know that once the [E] wave bottom is in, the final long term Major Wave V (up) will begin.



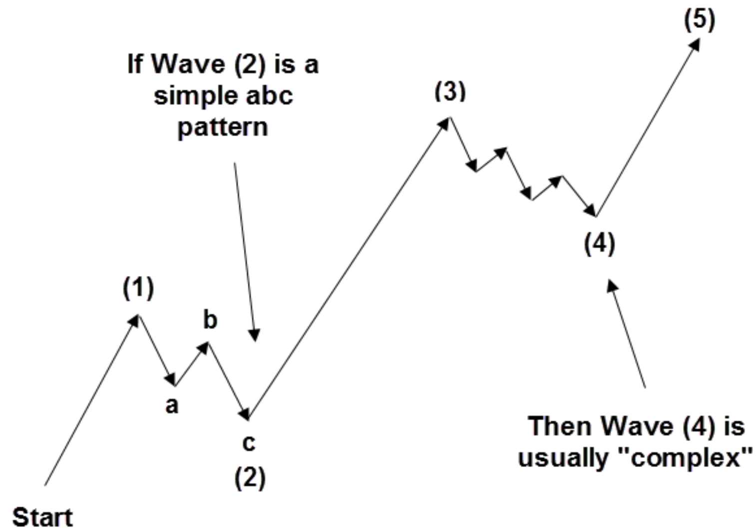
Once Major Wave V begins we will in time have to remain vigilant and alert to a possible Major Fifth Wave failure.

"Elliott used the word "failure" to describe a situation in which the fifth wave does not move beyond the end of the third. We prefer the less connotative term, "truncation," or "truncated fifth." A truncation can usually be verified by noting that the presumed fifth wave contains the necessary five subwaves. A truncation *often occurs following a particularly strong third wave.*"   E. W. P.

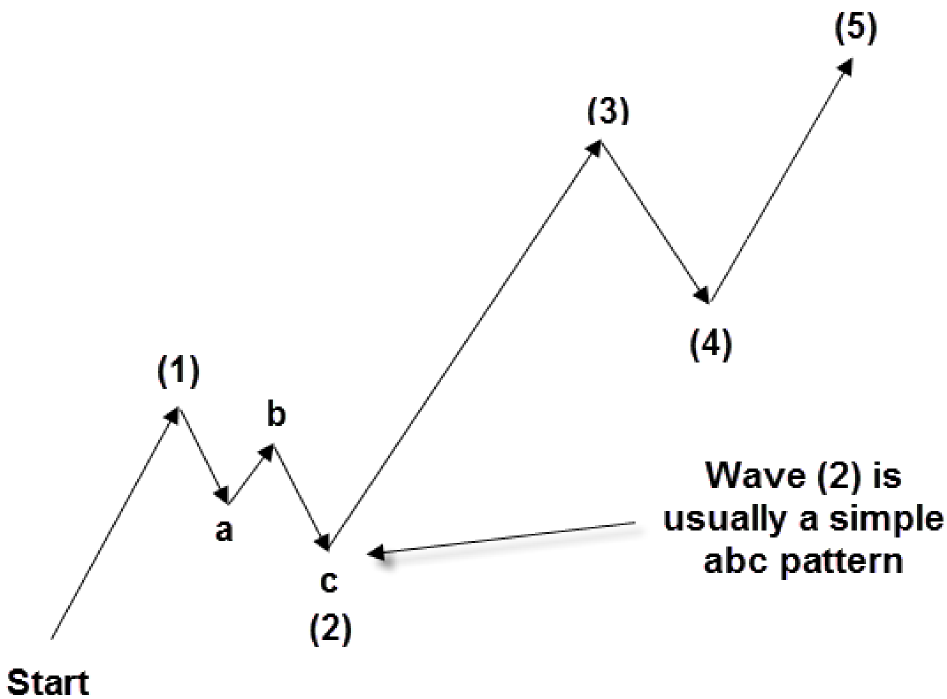
Elliott Wave - DJIA & S&P500

Elliott Wave - The Rule Of Alternation

“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.



In most cases Wave (2) usually unfolds as a simple ABC correction.
Or put another way, a simple ABC correction is found in a Wave (2) correction more often than in a Wave (4).

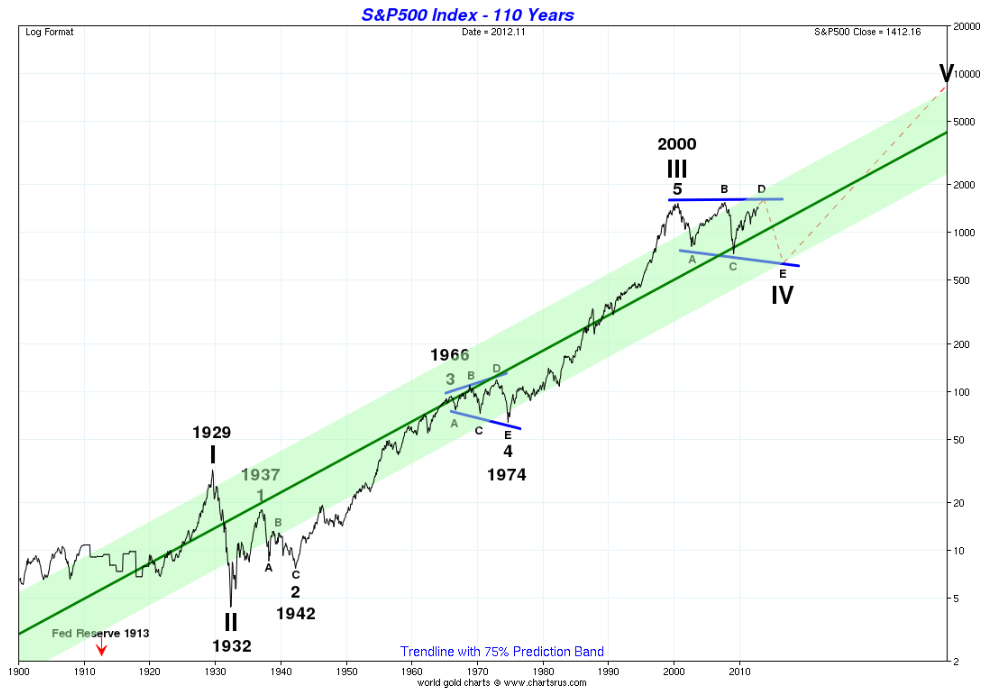


Elliott Waves - Wave (2) simple abc pattern

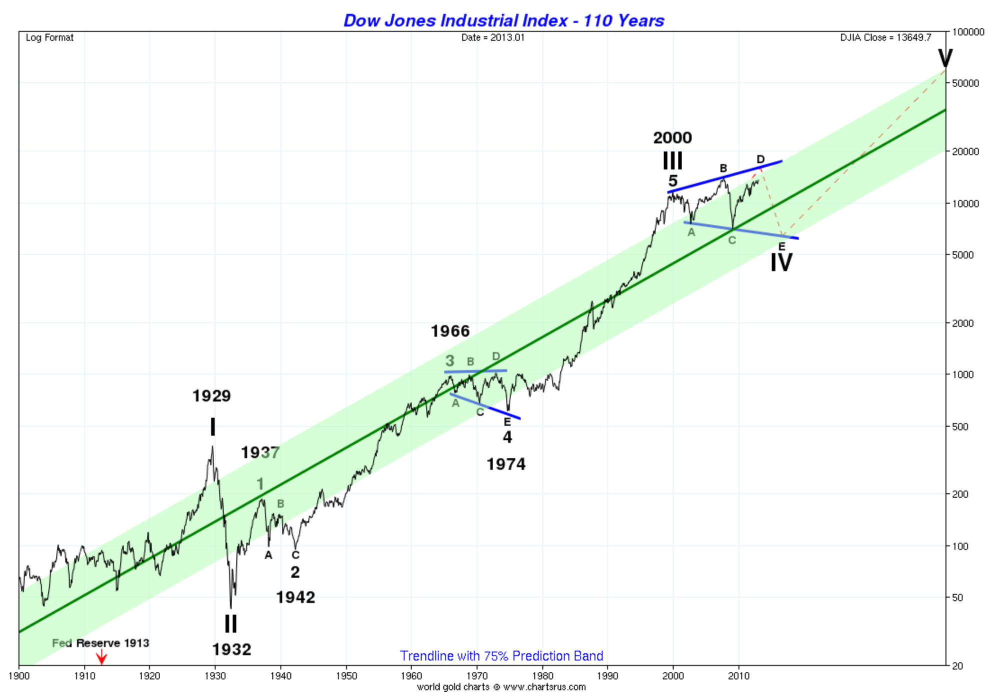
Again, this is a very useful piece of information, because once Wave (1) is complete, then the most likely pattern to unfold is a simple ABC correction. And, because of the rule of alternation, this leads onto Wave (4) usually being the complex correction in a completed 5-wave sequence."　　　　E. W. P.

Apparently the Rule of Alteration also applies to the megaphone patterns on the S&P500 and the DJIA. The 1966 to 1974 megaphone pattern for the S&P500 had a rising upper trend line. The 1966 to 1974 megaphone pattern for the DJIA had a horizontal upper trend line. Starting in the year 2000 these megaphone patterns alternated their location. The S&P has a horizontal upper trend line and the DJIA has a rising upper trend line.

RON ROSEN - S&P500 INDEX - ELLIOTT MAGIC KEY



RON ROSEN - DJIA INDEX - ELLIOTT MAGIC KEY

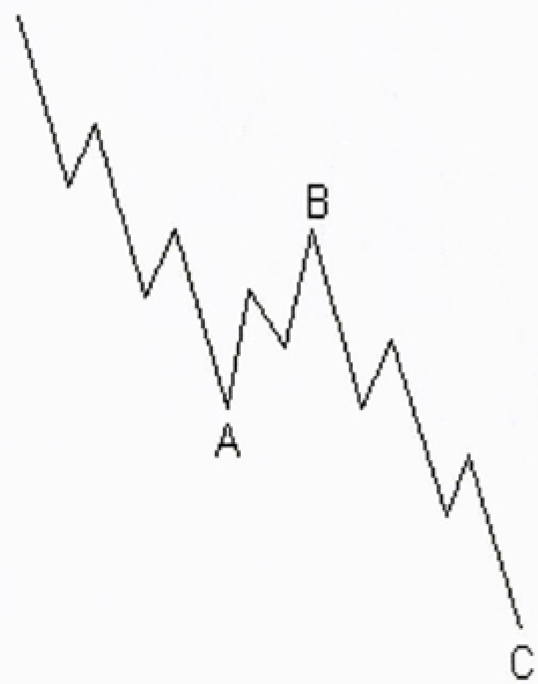


THE SECRET

THE SECRET IS THE DIFFICULT TO RECOGNIZE A-B-C 1929 TO 1932 CORRECTION.

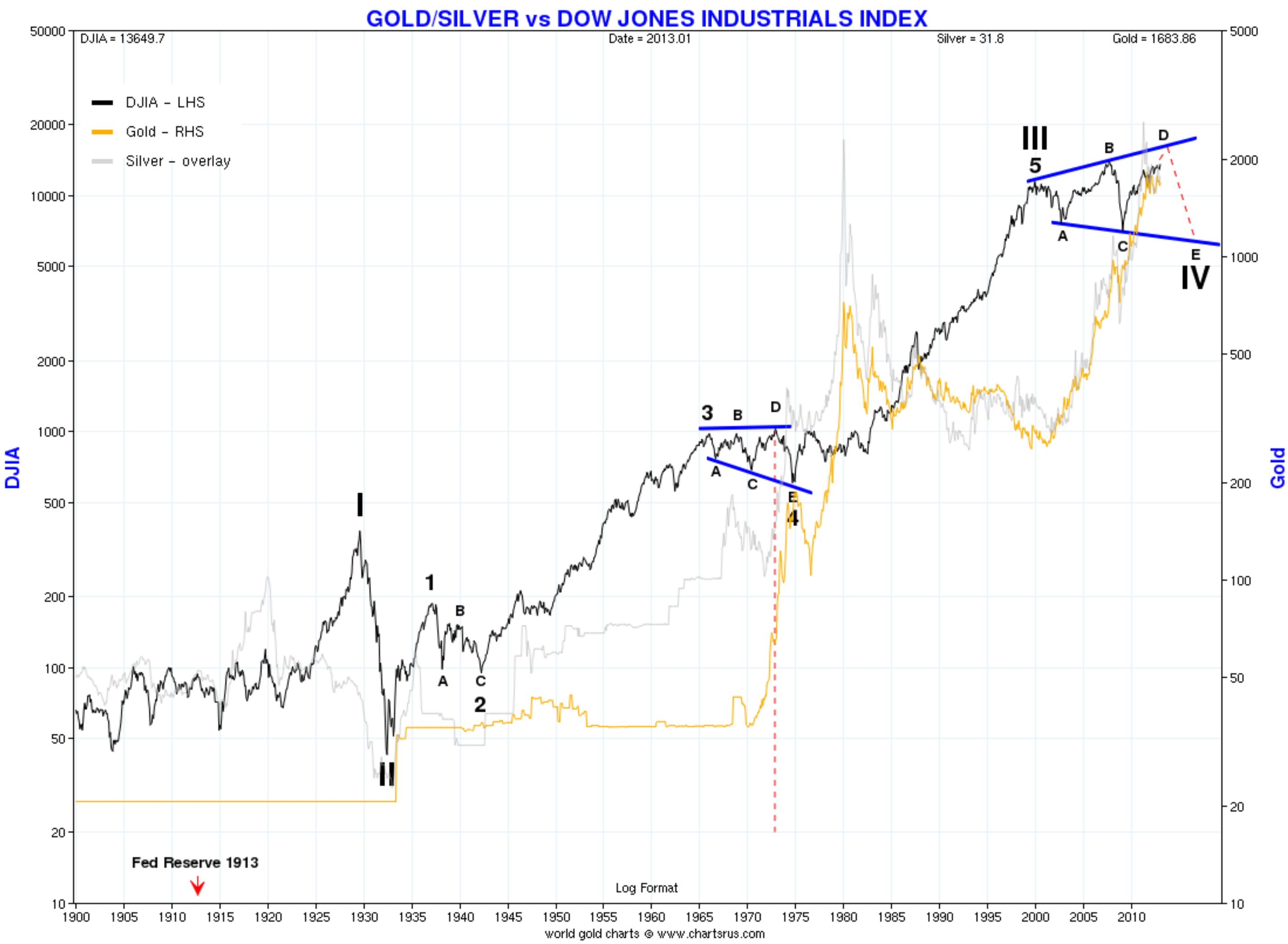
The zigzag correction in the 1929/32 period does not appear to be an A, B, C, type correction, but if we take a close look we will discover that it actually is an A, B, C. correction. The distorted appearance is due to the persistent almost unrelenting collapse in the stock market as measured by the Dow Jones Industrial Average and the S & P 500.

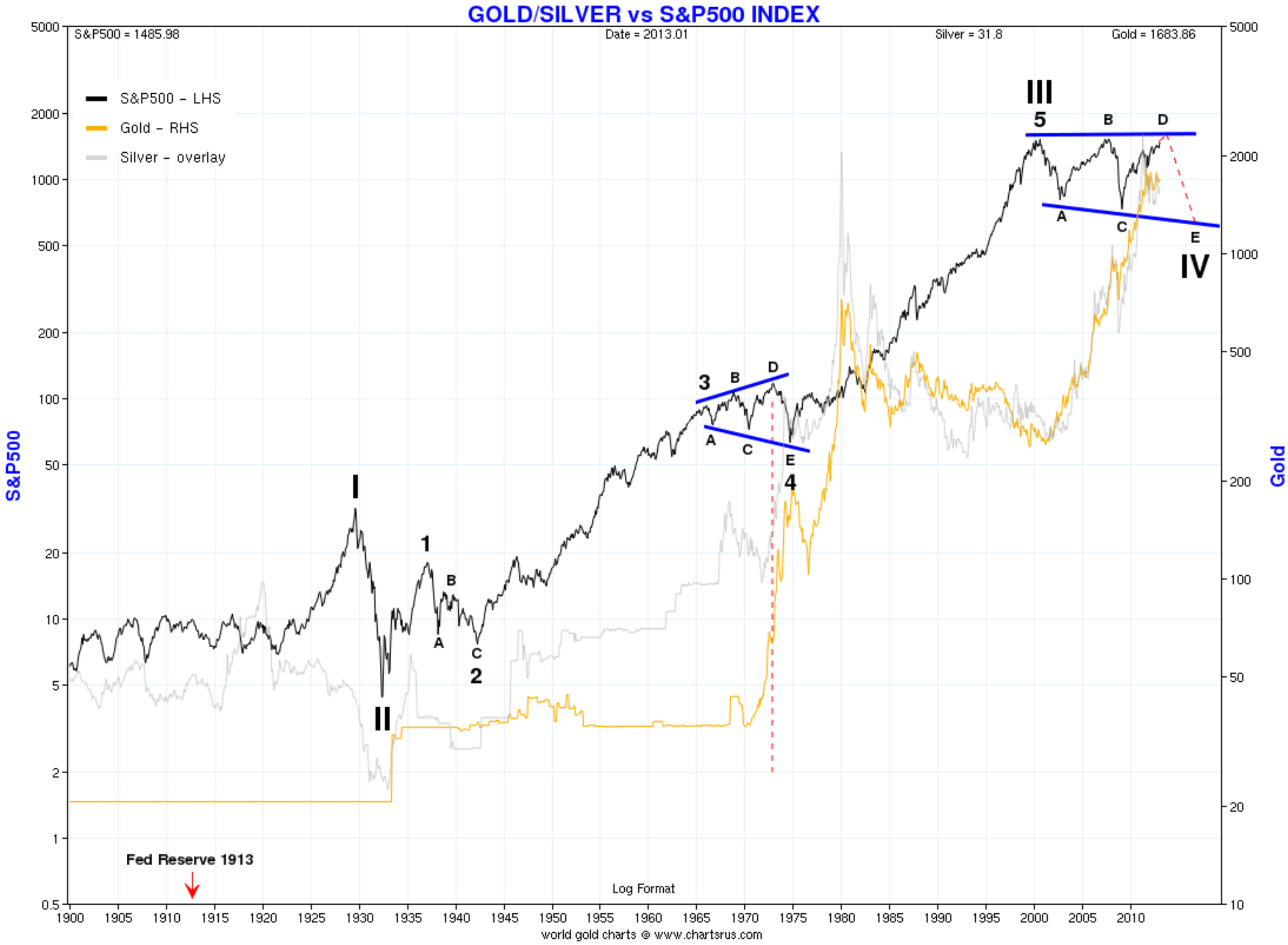
A *single zigzag* in a bull market is a simple three-wave declining pattern labeled A-B-C and subdividing 5-3-5. The top of wave B is noticeably lower than the start of wave A,



After a close examination and counting of waves I realized that the correction in1929/32 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 result of comparing movements in the gold complex to movements in the megaphone pattern in the DJIA and S&P500 during the 1966 to 1974 bear market was a potentially very rewarding timing discovery. When wave D in the 1966 to 1974 megaphone bear market pattern in the S&P500 and the DJIA topped, minor wave (3) of Major Wave III in the gold bull market began. If we fast forward to the year 2012 we find that wave D in the megaphone pattern of the S & P 500 and the DJIA is close to topping. At the same time minor wave (3) of the current bull market in gold appears ready to begin. The difference is that the current movements represent Major Waves whereas the movements in the 1966 to 1974 time period were minor waves. This difference should result in a more severe bear market in the stock averages and a more powerful bull market in the precious metals complex. Gold and silver prosper when the stock averages are in a bear market. The bear market in the stock averages will be entering its most damaging [E] wave decline in 2013. At the same time gold and silver should be rising in a dynamic phase.





GOLD/SILVER vs S&P500 INDEX
S&P500 = 1485.98
Date = 2013.01
Silver = 31.8
Gold = 1683.86
S&P500 - LHS
Gold - RHS
Silver - overlay
S&P500
Gold
I
II
III
IV
1
2
3
4
5
A
B
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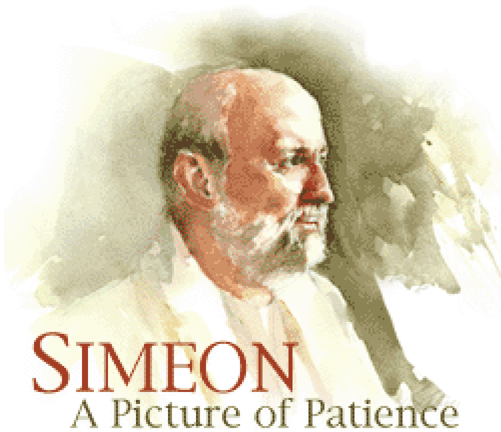
Ron Rosen Precous Metals Timing Letter

M I G H T Y I N S P I R I T



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