RONALD L. ROSEN
October 3, 2015

SATURDAY SERMON

"Are stocks and gold inversely correlated?"

Posted on October 3, 2015 by Martin Armstrong

QUESTION: **"Mr. Armstrong, is it true that stocks and gold are inversely correlated?"**

ANSWER: "**No. That is not a correct statement. There is no such relationship that is static other than assets v money whatever that might be at the moment. Commodities peaked in 1919 and bottomed with stocks in 1932. The all rallied into 1937.**

There will be times that gold and stocks will trade together as well as in opposition. The relationship is a complex dynamic that actually involves a contango of influences.

Therefore, the answer is NO. There is no constant relationship between gold and the stock market regardless of what promoters will argue. Keep in mind they are selling something. They are not objective analysts.

Not even Gold and silver are correlated at all times either. We do not see any steady consistent ratio of silver to gold throughout history. So there is no relationship that you can ever say is constant. This applies to even two precious metals no less gold and stocks.

The golden rule is simple – assume nothing. The truth always lies in the data."

Posted in Uncategorized

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Therefore, the answer is YES. There is a constant relationship between gold and the stock market.   Ron Rosen

Ron Rosen - Elliott Wave - DJIA &S&P500

Elliott Wave - http://www.mtpredictor.com/The-rule-of-Alternation

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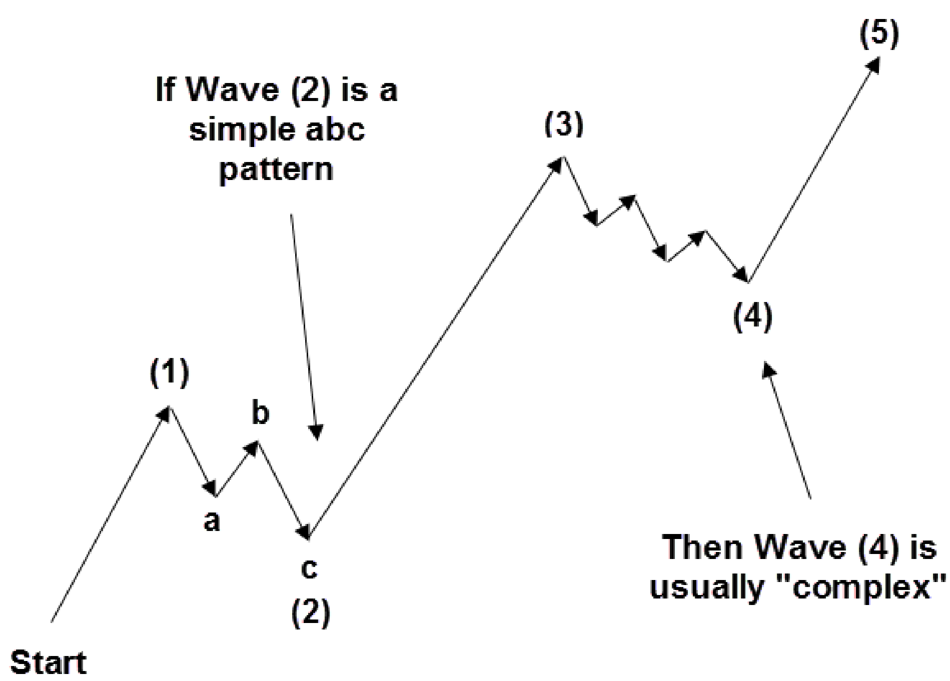
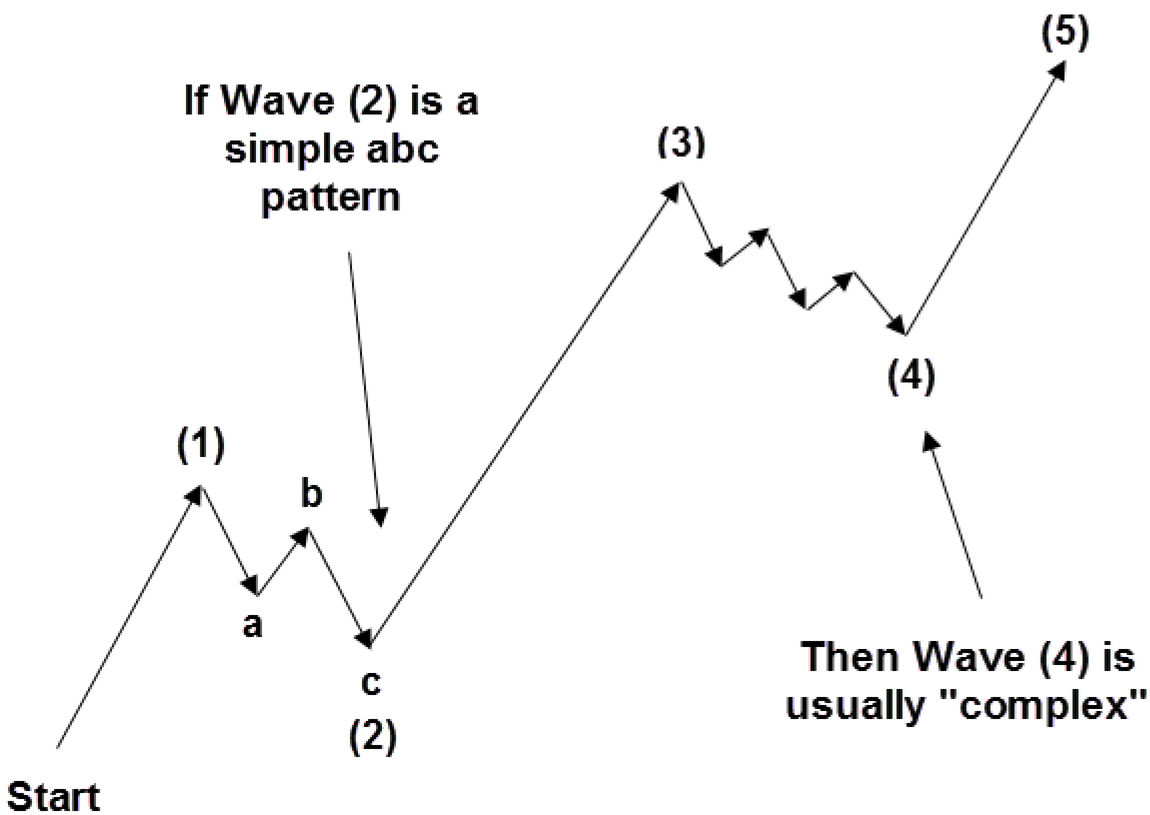
Ron Rosen
Precious
Metals
Timing Letter

http://www.mtpredictor.com/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).

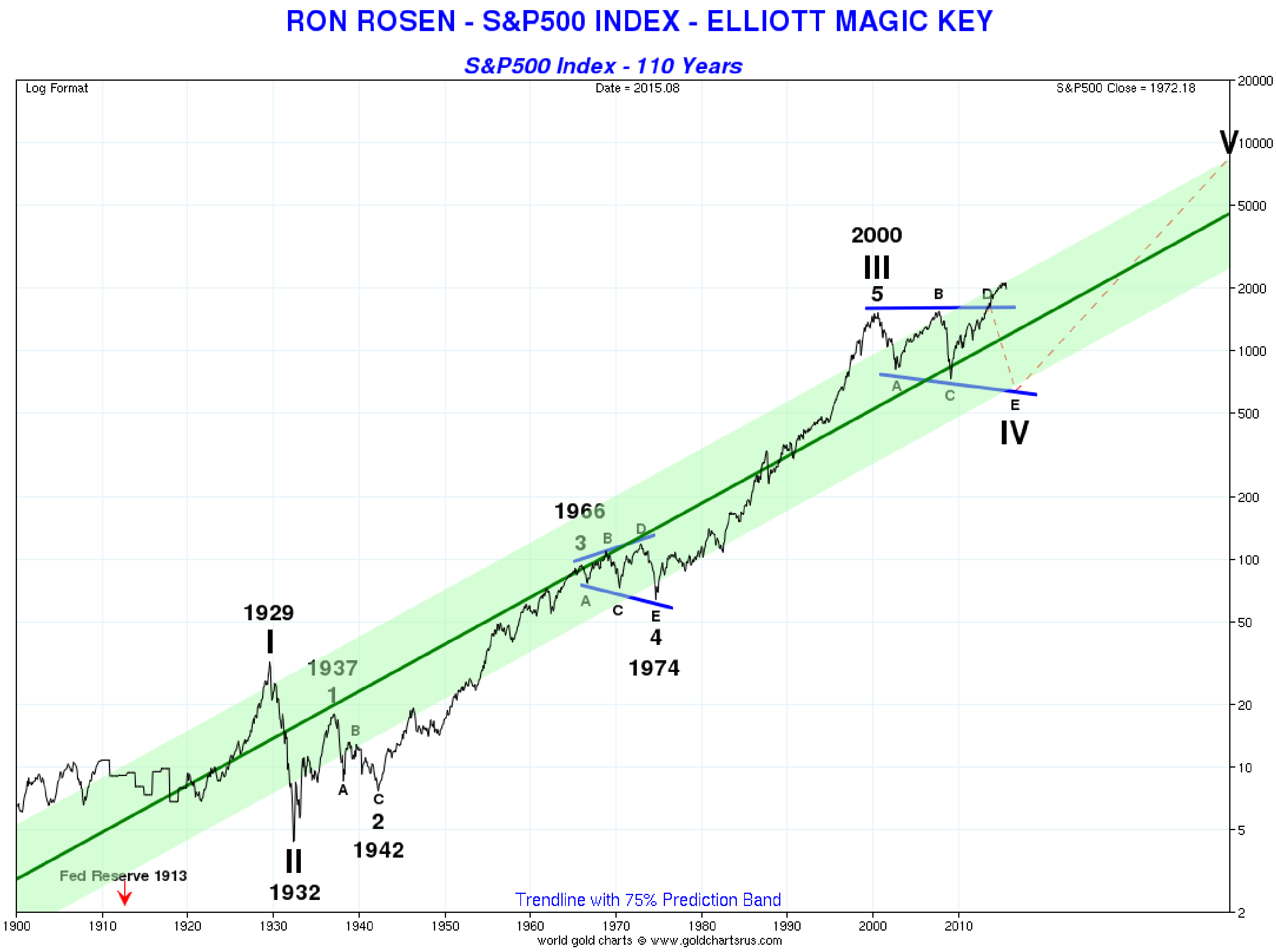


Elliott Waves - Wave (2) simple abc pattern

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.

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.

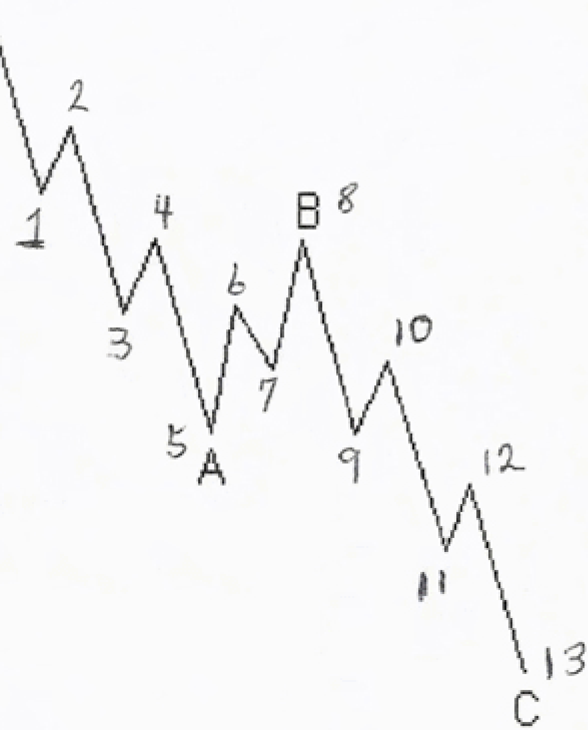
Minor wave 4 alternated with minor wave 2. Major Wave IV is alternating with Major Wave II.



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 2015 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.

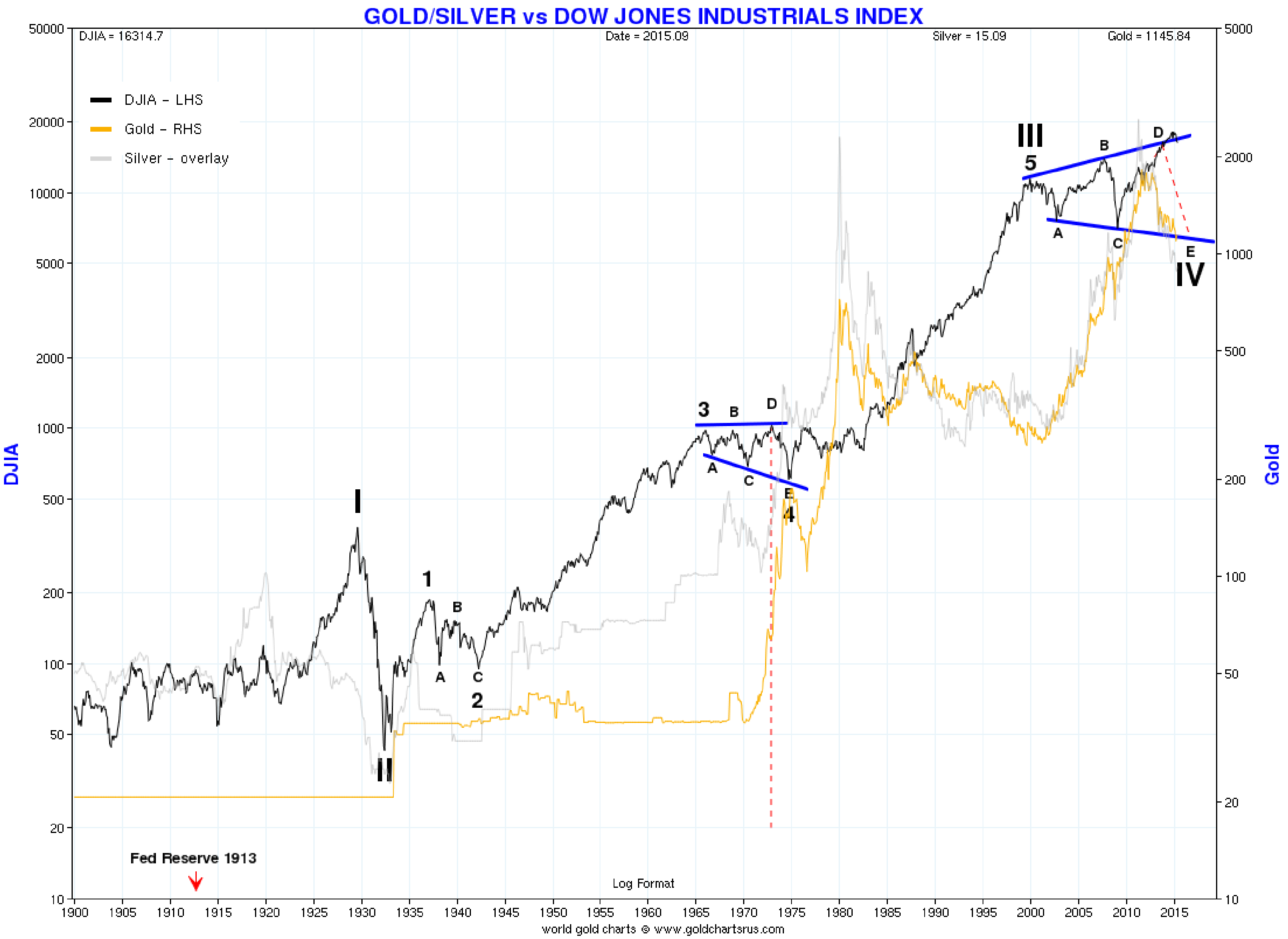
Gold and silver prosper when the stock averages are in a bear market.

The bear market in the stock averages will be entering its most damaging [E] wave decline in 2015.

At the same time gold and silver should be rising in a dynamic phase.

Minor wave 4 alternated with minor wave 2.

Major Wave IV is alternating with Major Wave II.



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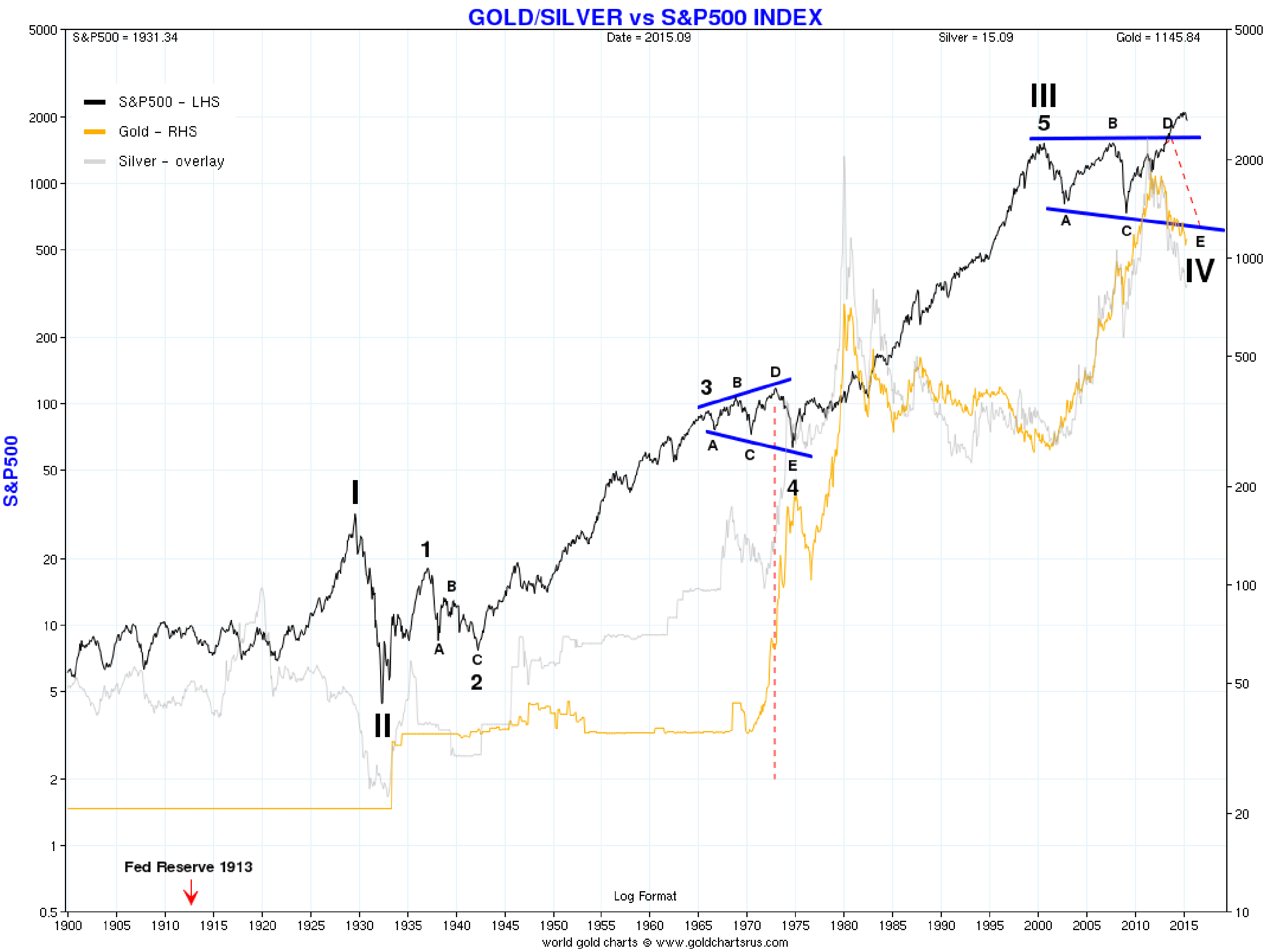


WORLD GOLD CHARTS

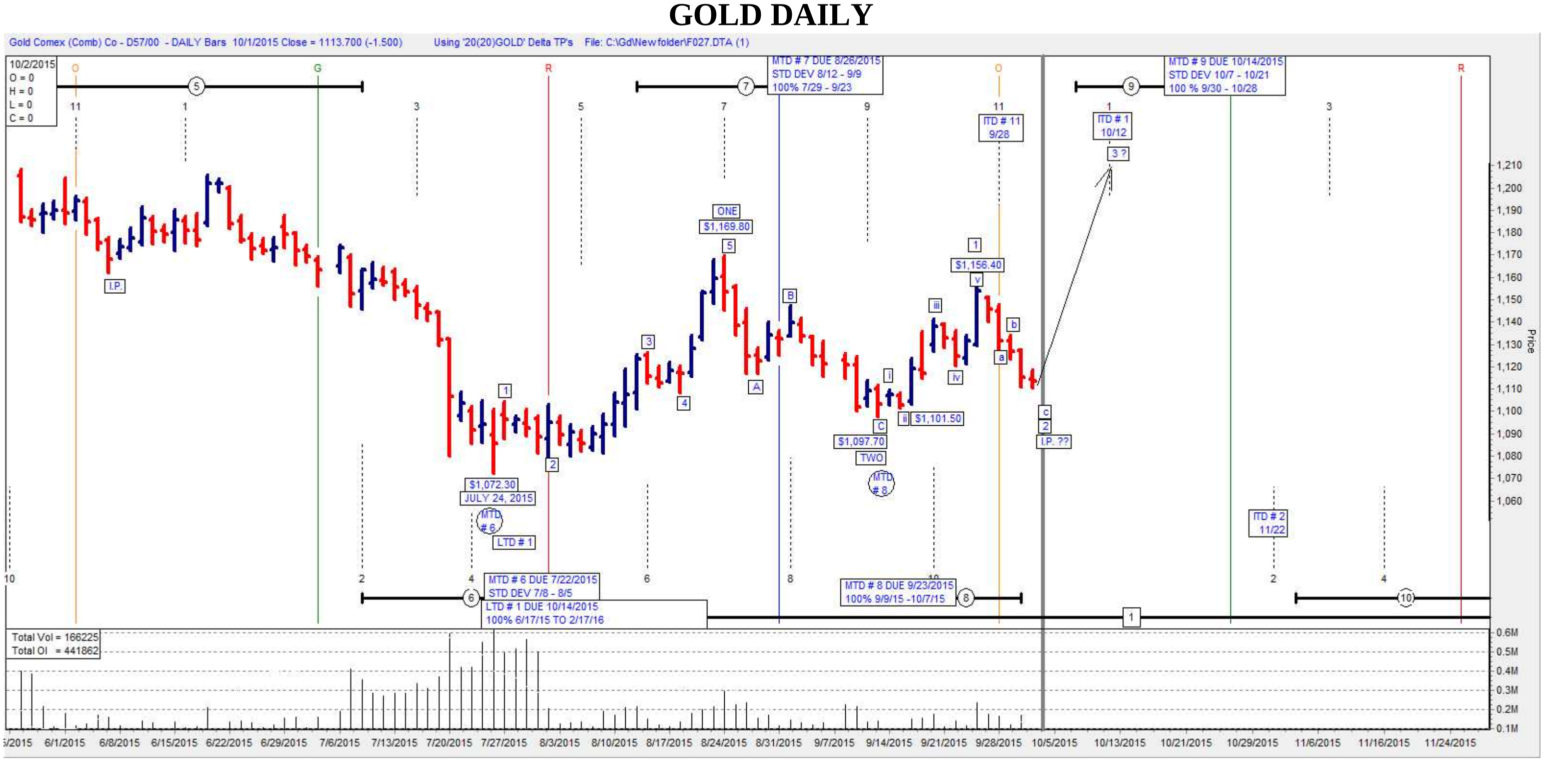
Site design & maintenance by Nick Laird

EXCERPT FROM REPORT # 1 FRIDAY, OCTOBER 2, 2015

"One of the first signs that the bull move in gold is underway would be a *substantial increase in volume* at an apparent low followed by a clear 5 wave move up. If the 5 wave move up is followed by a clear 3 waves down we would have additional evidence that the bull move is underway. That is exactly what the daily gold chart on this page is showing us.

The first 5 waves up and 3 waves down were complete at the $1,097.70 low which is labeled TWO. This was the MTD # 8 low. From that point forward there is another small 5 waves up that topped at the $1,156.40 high. From the high at $1,156.40 an apparent 3 waves down may have completed with this morning's pre-opening low at $1,104.00. A low beneath the low at $1,097.70 and this entire wave interpretation will be wrong. I am writing this at the opening for gold this morning at 8:30 AM EST. Gold opened in New York City at $1,120.00. Gold is moving up to MTD # 9 high. So far I do believe that gold bullion has bottomed, the current small 3 wave correction bottomed at $1,104.00 this morning, and wave 3 of THREE is on the way up. All of these waves I have just described are tiny compared to the waves that will take place in the future. However, a third of a third at any level is always a big move! The gold and silver opening prices demand that I post this now!! Of course there will be a follow up *REPORT* this evening."

GOLD DAILY



[Who's Sorry Now?]

https://www.deltasociety.com/content/ron-rosen-precious-metals-timing-letter

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