WEC Morning Session

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researching the past to predict the future

Topics to be covered:

- Economic Confidence Model
- Monetary Crisis Cycle
- Reversal System
- Timing Arrays
- Key Terms
- Socrates Platform
- Webinars

Objective

In this session our goal is to further enhance your experience at the WEC by covering some topics and terms you may hear of the course of the seminar so can get the most out of this valuable session.

In the Dollar We Trust - A share market will rise as the hedge against the collapse in a currency since tangible assets have an international value provided the country is not being invaded. However, a rise in a currency and share market reflects international investment capital pouring into a country. It is this type of alignment between tangible assets and the currency value that produce the GREATEST BUBBLE TOPS in history. THE DOLLAR TRADE

Understanding the ECM

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Capital concentrates into a single region and then into a single market. There is a cycle to this as well from within a region such as the hot market will be real estate, bonds, stocks, commodities, and then back to real estate. What makes a bubble is this concentration of capital. However, every market retains its own cycle and it is when that cycle lines up with the ECM that we get the big booms and busts.

The key to comprehending the Global Economy lies in the realization that we are not alone. Everything is connected in an intricate dynamic nonlinear network where the slightest change in one region can set in motion a ripple effect of dramatic proportions around the world. Understanding this dynamic nonlinear global network is the first step in restructuring government and our idea of managing our political-social-economy.

The primary mistake many make with the Economic Confidence Model (ECM) is assuming it should be a perfect model for the stock market, gold, or some other market. It is a global model and does not track any individual market. It is tracking the phenomenon of international capital flows. There is a shift back and forth between PUBLIC and PRIVATE investment trends. For example, the wave that peaked in 1929 was a PRIVATE wave where people had great confidence in the private sector. When the crash came, we turned toward the government creating a more conservative wave of PUBLIC investment where bonds do better than stocks.

Blending Time, Price, and Pattern Recognition

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All forecasting must be presented very black and white – IF THIS; THEN THAT; OR ELSE THAT WILL HAPPEN. This style of analysis removes human subjective judgment. Under this methodology, we allow the market to show us the correct path. Any other form of analysis is a vain attempt to judge the market based upon what you may think will happen. That cannot be consistent because the majority must always be wrong for that is the very fuel that drives the market like a pendulum going back and forth.

Each aspect of PRICE, TIME, and Pattern Recognition (Global Market Watch) is entirely independent. Therefore, we gave three levels on the Dow the 18500, 23000, and 32000/40000. When we introduce **TIME**, the first opportunity for a major high was 2015.75 and the three price targets would then come into play. So while the maximum objective would have been 32000/40,000 as early as 2015, we have been unable to get through the first target at 18500. Hence, if we saw a price advance to 23,000 with the **TIME** of the **ECM** (October 1, 2015), then we should expect a correction because we met both **TIME** and **PRICE**. Failing to reach that next threshold at 23,000 means the next **TIME** target becomes 2017. Exceeding 23,000 before **TIME** means you then go to the next target in **PRICE,** being the 32,000/40,000 area.

We identify time windows and for such targets; to form important highs or lows there MUST be the the alignment of both TIME and PRICE unfolding often according to Pattern Recognition.

We use the Reversals to step in and out, letting the market guide us. So the entire object is to eliminate **HUMAN** emotion and judgment, which includes myself. I would ***sell against a Bullish Reversal based upon TIME or buy against one below also with TIME*****.**

This is how the Reversals were situated for the 1987 Crash. We can see there was a huge gap. Breaking that **PRICE** target of 286.10 on the S&P 500 futures meant you then go to the next level and that was 180. The **TIME** was just 2 days to the ECM and that was precisely what took place.

Economic Confidence Model

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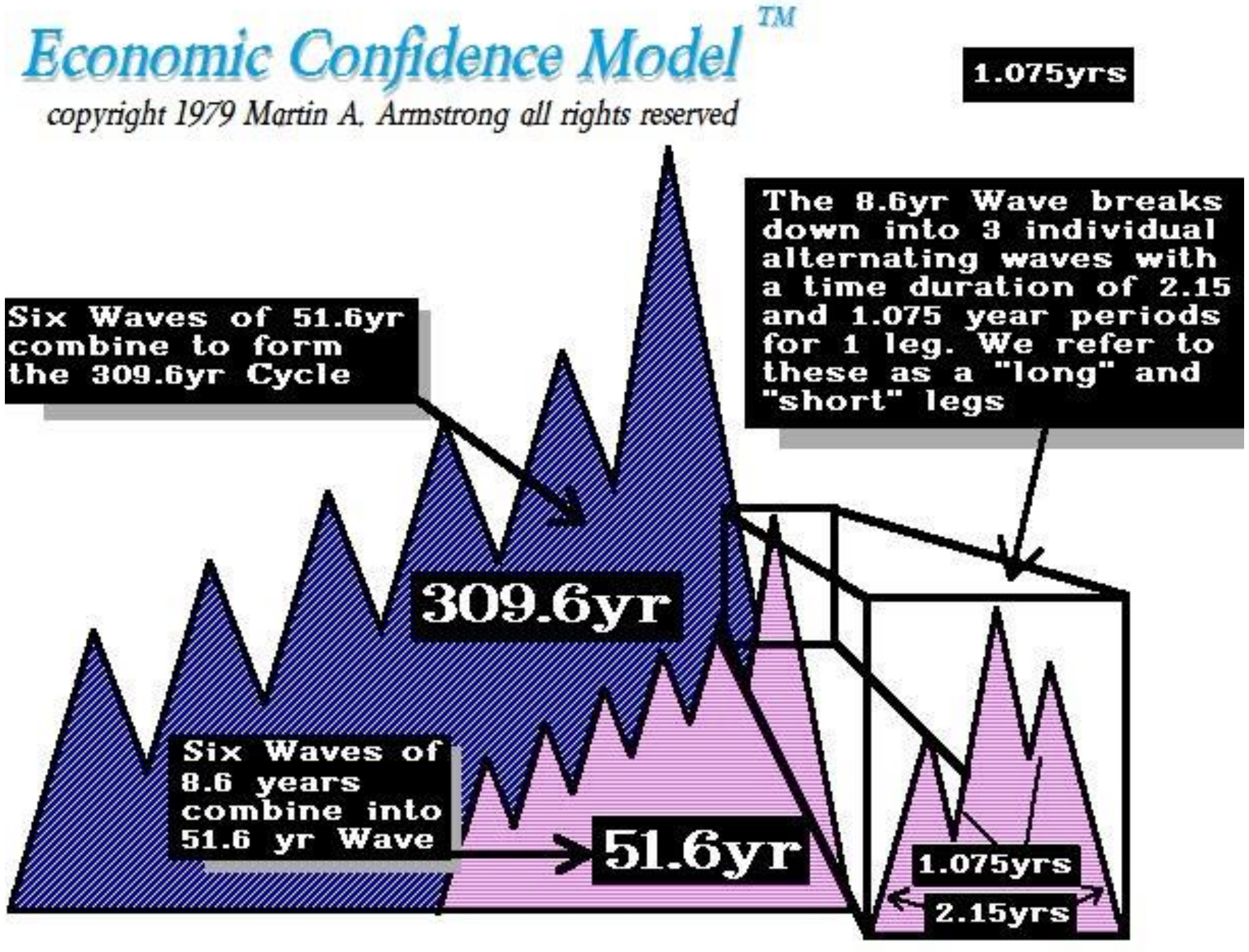
The ECM , which is effectively the global business cycle and sometimes referred to as the Pi Cycle, is a computer model that ***analyzes the global economy and business cycle by tracking capital flows and capital concentration***, providing a macro long-term perspective of when shifts in confidence are possible that could lead to notable economic events as demonstrated over the course of history.



Economic Confidence Model

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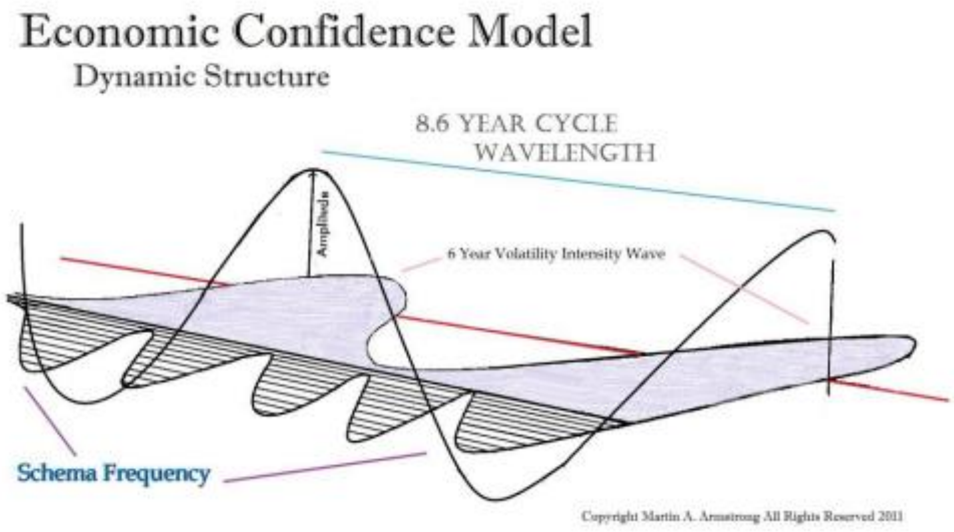
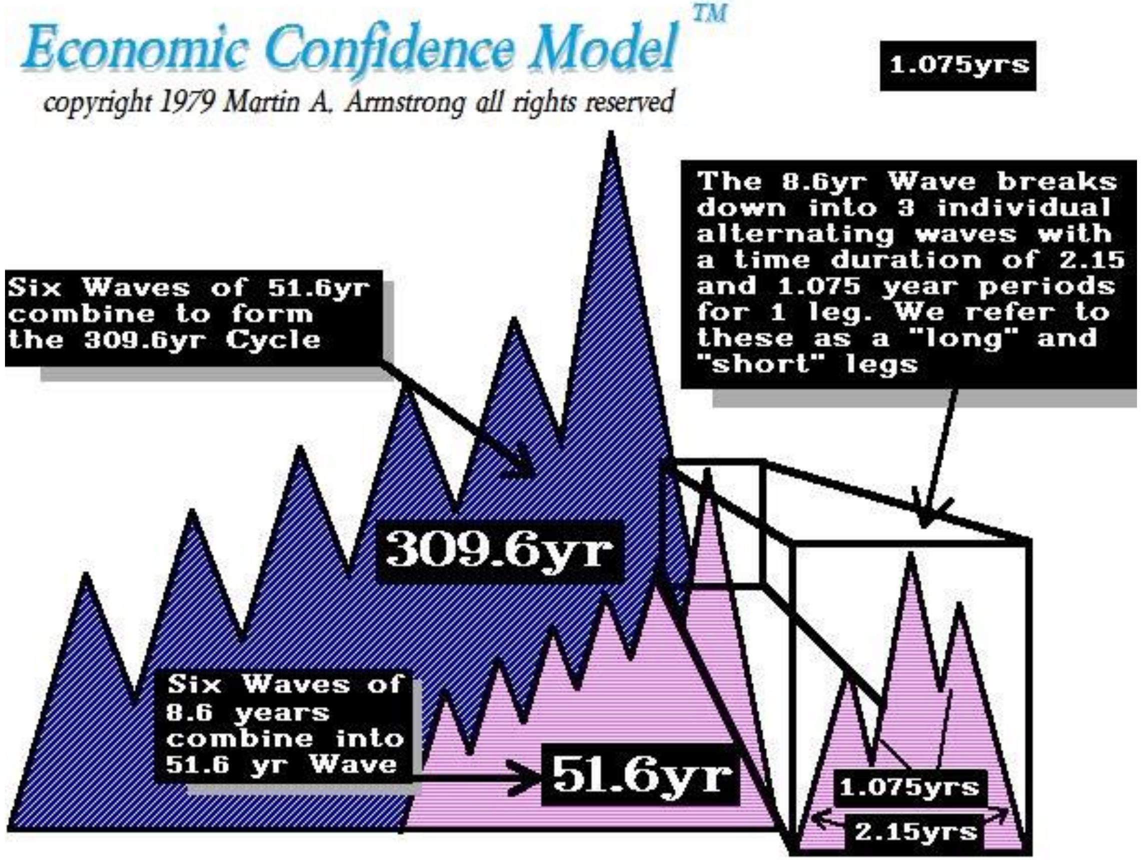
The model consists of cycle waves that vary in length, from shorter to longer, and build up over time;Volatility runs in units of 6. for example, 8.6 to 51.6 to 309.6 years





Economic Confidence Model

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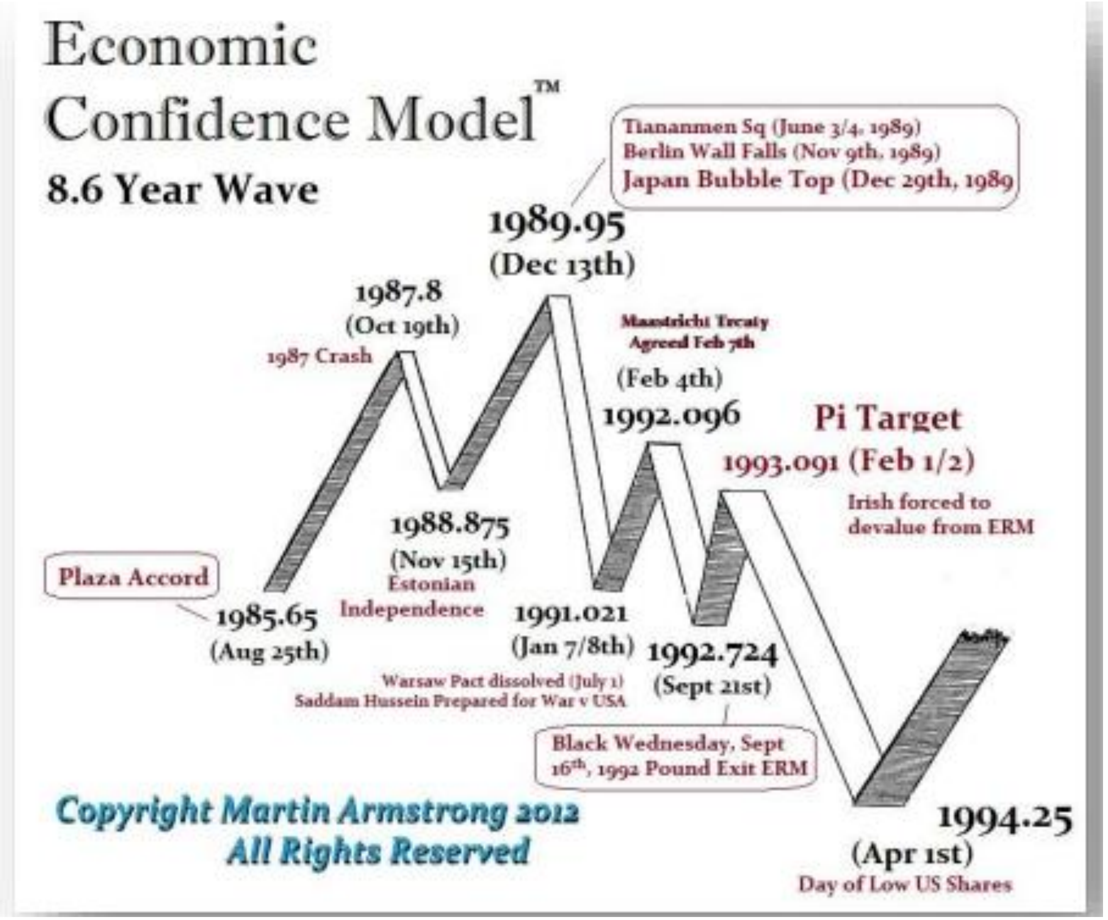
- The dates in the model that reflect possible shifts are referred to as ECM turning points.
- ***ECM peaks and troughs do not reflect market highs or lows but Turning points in Time***
- ***The peaks and troughs reflect dates when cycle waves come to a head, which can coincide with notable events based on shifts in confidence***.

The ECM does not track or forecast individual financial instruments, securities, or markets.



Economic Confidence Model

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Additional Considerations and Best Practices for ECM

- ***Do not use the ECM to determine a specific investment or trade.***
- ***Capital tends to concentrate into a single nation or region, and then into a single sector or asset class in that region.***
- ***Each nation or region, and each sector or asset class within those nations or regions, have their own cycles and considered influences; for example:***
- ***The cycle duration in agriculture tends to be shorter and more volatile because it is affected by the weather.***
- ***The markets in financials (stocks and bonds) tend to be longer than commodities.***
- ***Real estate has the longest cycle duration.***

Economic Confidence Model

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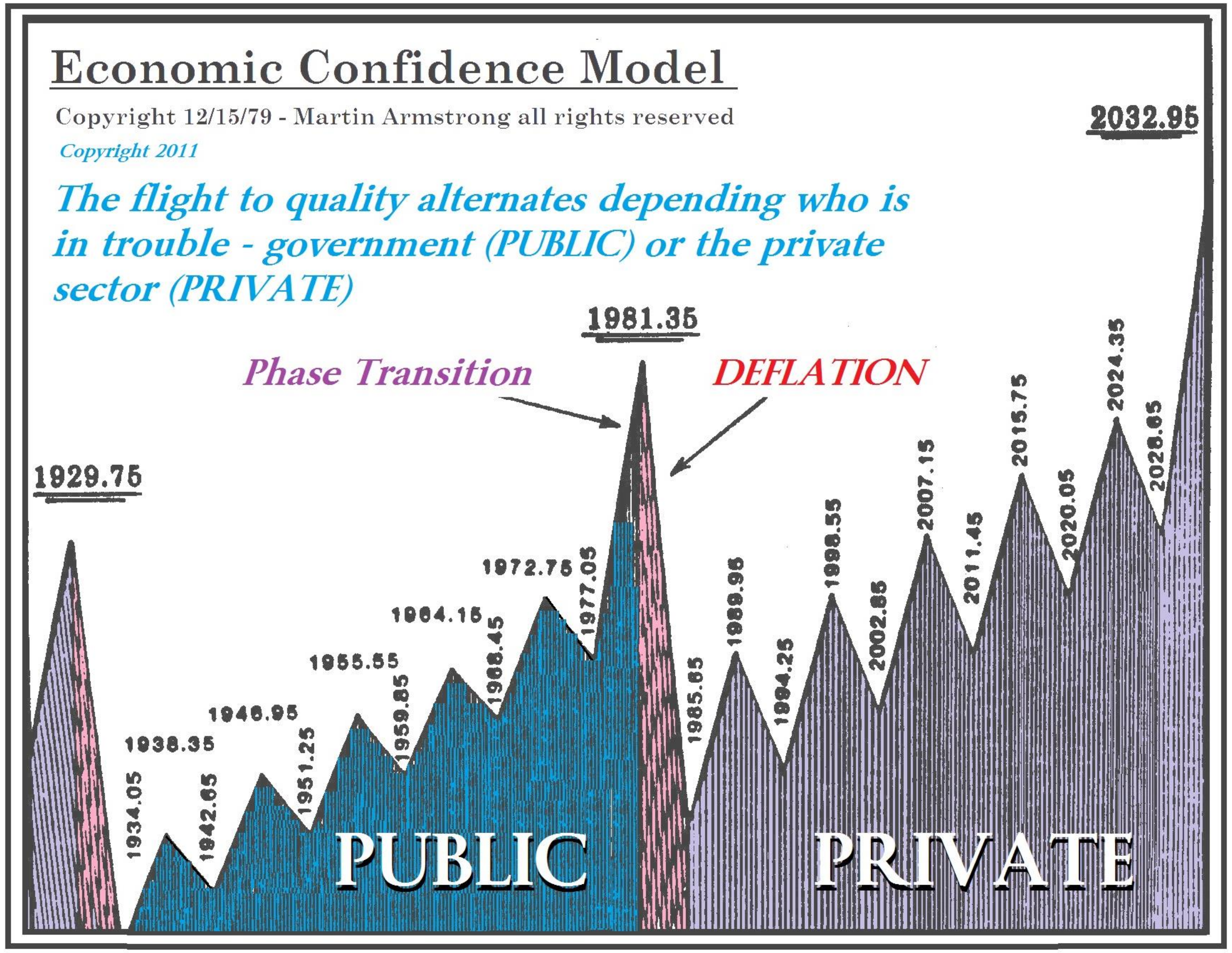
- ***In this example, capital moved back and forth from public (government bonds) to private sector (stocks) every sixth wave (51.6 years).***

- Confidence peaks by the end of the last wave in a 51.6-year period, followed by a pivot downward in confidence by the end of the first wave in the next 51.6-year period.



Monetary Crisis Cycle

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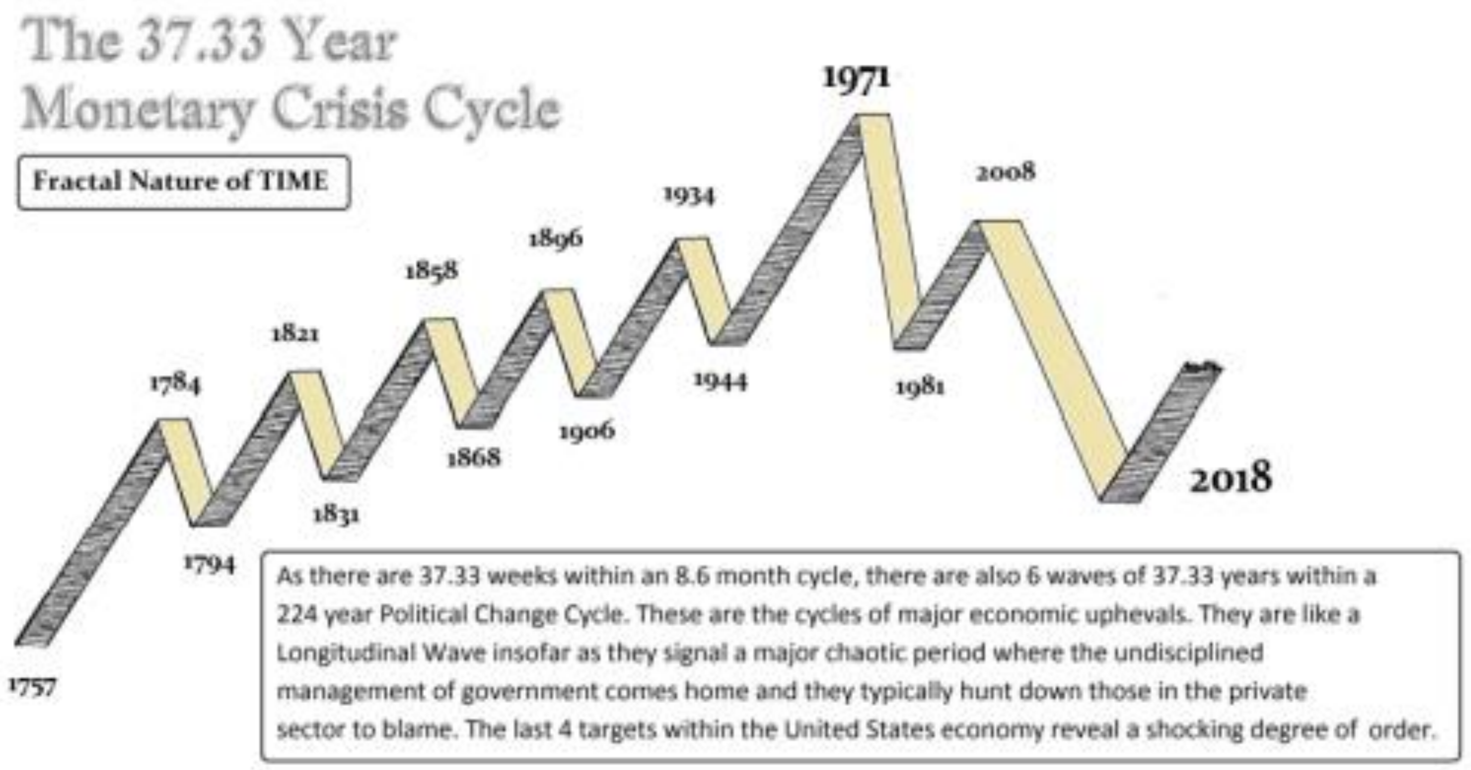
The 37.33-Year Monetary Crisis Cycle is a fractal derivative of the Economic Confidence Model's 8.6-year Pi structure.



- 37.33 Weeks within an 8.6 Year Cycle
- 6 Waves of 37.33 years within a 224 year Political change Cycle
- These are the Cycles of major economic upheavals
- ***37.33 Year MCC in 2018 lines up with the Pi target from the 2015.75 peak in the ECM***

Reversal System

*The **Reversal System** is a computer model that analyzes price activity and energy looking for pressure points in a given price range.*

*These pressure points are referred to as **reversal points**.*

“Indeed, the most important discoveries I have ever made is a tossup between the Economic Confidence Model (ECM) with its 8.6-year frequency and the Reversal System”. MA

The Reversal System was born through the theory that:

- *Market price and economic movement is anything but random*
- *Specific points exist within economic or price movement.*

Our Reversal System fulfills a very simple purpose. In any market or economic statistic, there is some point, if crossed, which marks the beginning of a change in trend.

Meaning if enough pressure builds in either direction, eventually there must be one final point which, if exceeded or penetrated, signaled a change in trend.

Reversal System

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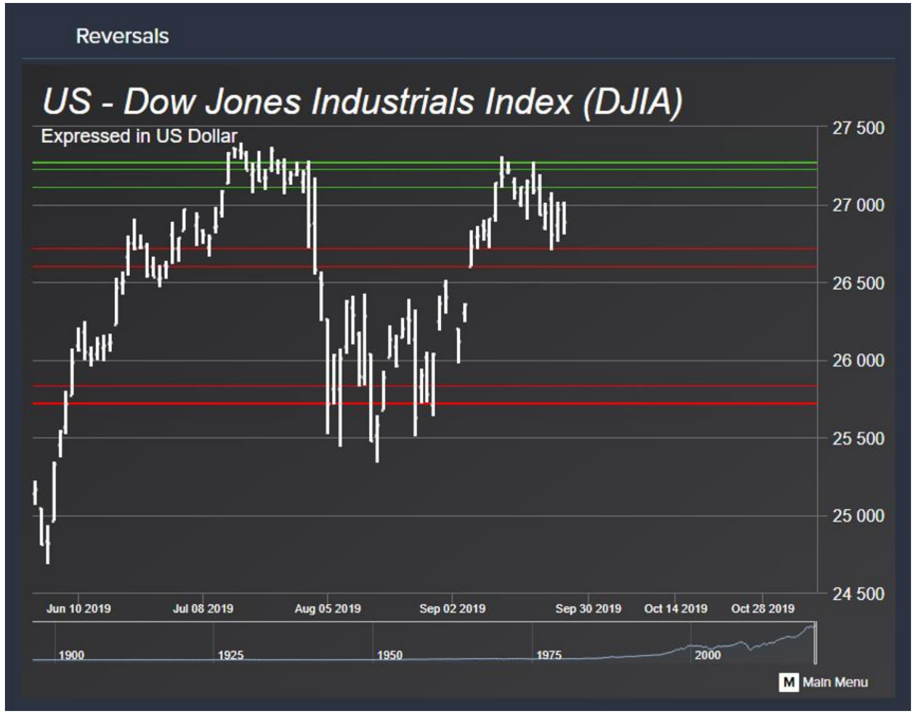
- As pressure in price movement builds up in one direction or another, corresponding **Reversal points represent possible areas of support or resistance.**
- ***Reversal points are "generated" upon market highs and lows.***
- ***Reversals are generated on all levels of price activity from daily to yearly.***
- ***A reversal point is "elected" only when it is crossed on a closing basis.***

"The difficult part, even for us, is to try and figure out what fundamentals could cause such a projection five years from the date it is generated". MA



Reversal System

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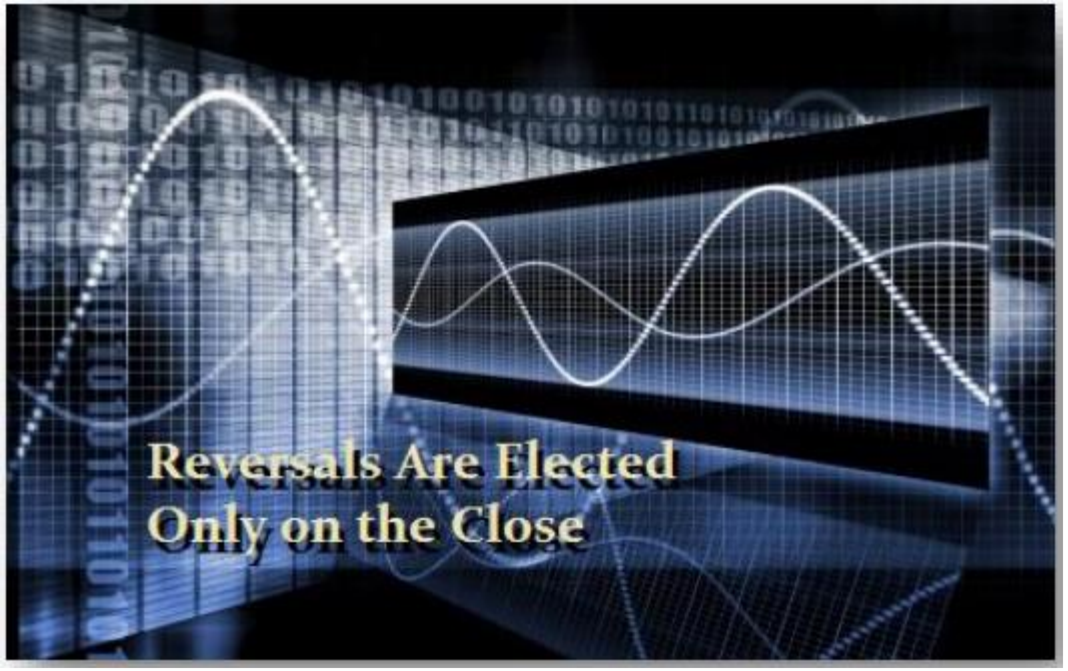
•The election of a reversal normally indicates that the expected high or low that should unfold could take place in as short a time span as 1 to 3 units of time (i.e. daily, weekly, monthly, or quarterly).

•Therefore, a low may develop the very next day following the election of a Daily Bearish Reversal or within the next few days. The same is true for all price activity levels (ie Weekly, Monthly etc).

•When a reversal is elected by a close greater than 1.0% away from the actual number, the market will trace back to the Reversal Point and retest that price level before moving in the anticipated direction of the signal.

•Once a reversal has been executed, its validity as a buy or sell signal ends.



Reversal System

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•Daily Reversals are elected on a daily closing basis.

•The election of Weekly, Monthly, Quarterly, and Yearly Reversals take place only on the last trading session of a given week, month, quarterly or yearly respectively.

In each case the next level of price activity will override the signal of a lower price level.

For example, a Weekly Reversal will override a Daily when it is the last trading session of that particular week.

•Monthly Reversals will override both Daily and Weekly Reversals on the last trading day of the month.

•A daily or weekly closing below a Monthly Reversal during the course of a month does not constitute an election of the Monthly Reversal.

Reversal System

We also differentiate between Reversals generated from highs and lows through the use of our terms "Bullish" and "Bearish."

- ***“Bearish Reversals” are reversals generated from a high.***

If the market should close below these points, then the uptrend will have been "reversed" into a bearish or declining trend.

- ***"Bullish Reversals” are reversals generated from a low.***

Should the market closes above these new Reversal Points, then the downtrend will have been "reversed" back into a bullish trend.

Reversal System

Once a reversal is generated it does not die until elected. But even after that, it can provide resistance or support in an immediate bounce.

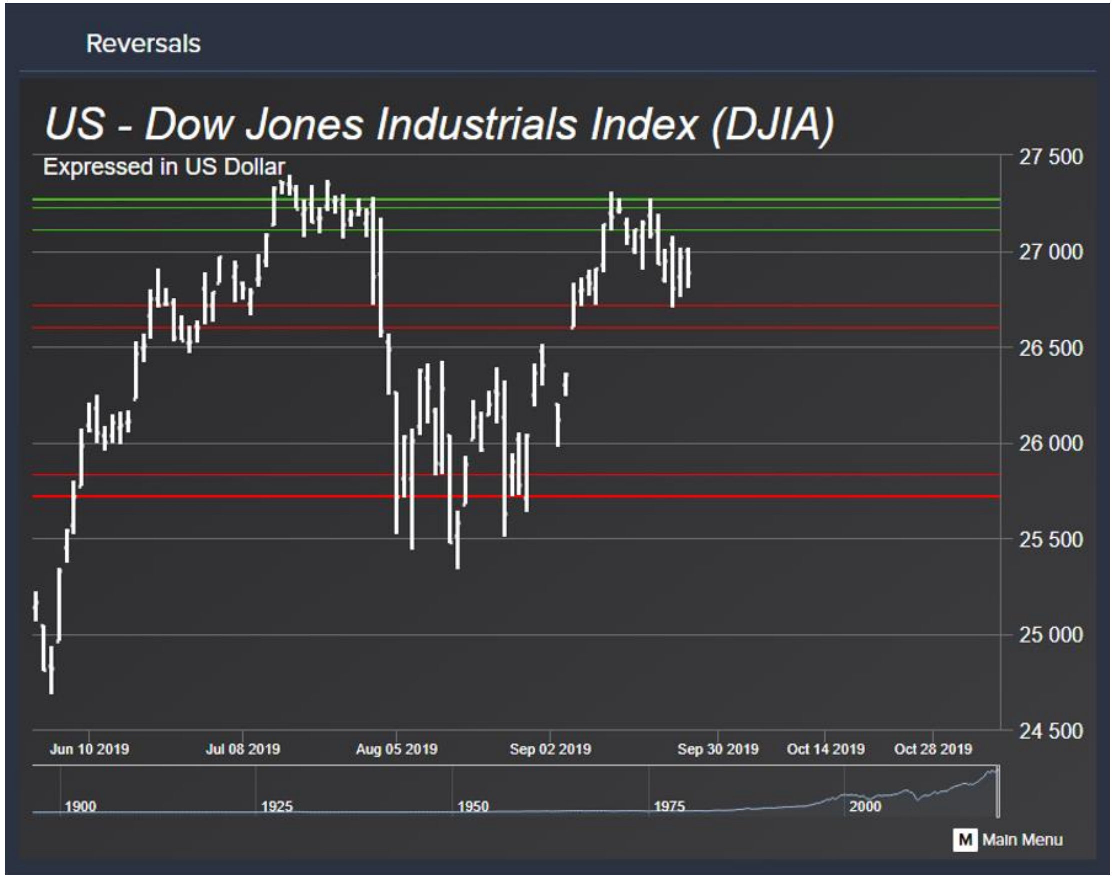
The key is to look at the gaps between reversals. When there is a cluster of them very close together, it does not indicate that there will be significant follow through.

Keep in mind that even a weekly Reversal may cause a trend to move for only a day if the following week is a Directional Change or turning point.

Between the Arrays and the Reversals, you can see generally how far and how long a trend could materialize.

You can look at the daily Array to gauge which day might be the high or low.

- ***Reversals are best used with Arrays* to identify possible convergence of time and price considerations you are researching.***



Timing Arrays

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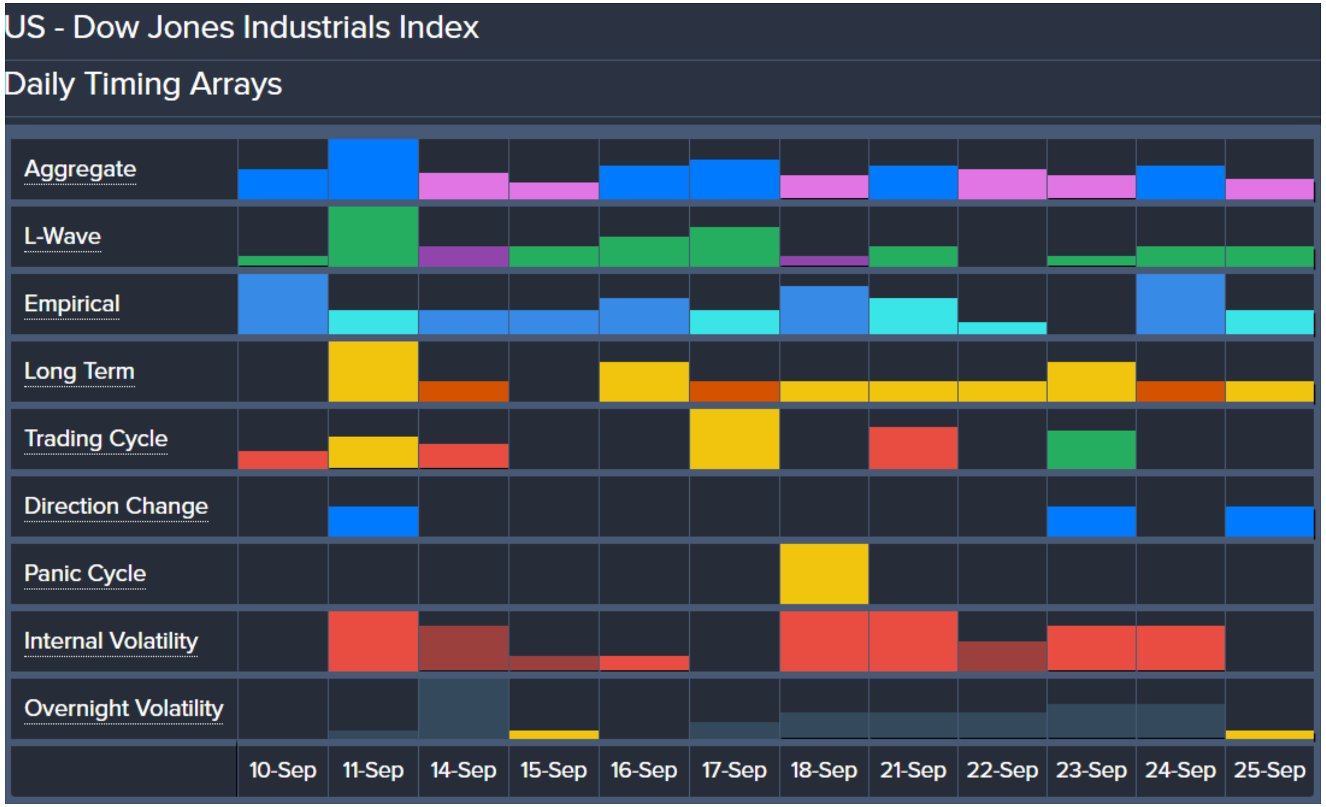
The Forecasting or Timing Arrays are a great visual display generated by our computer models.

These arrays are a composite of 72 models in total assessing possible timing of cyclical peaks that could result in market turning points (up or down), changes in trend and/or volatility.

The Timing Arrays are not dependent upon politics, economics, or any moving averages. It is not even pattern-based.

The 72 models captured in the Timing Arrays are separate and distinct.



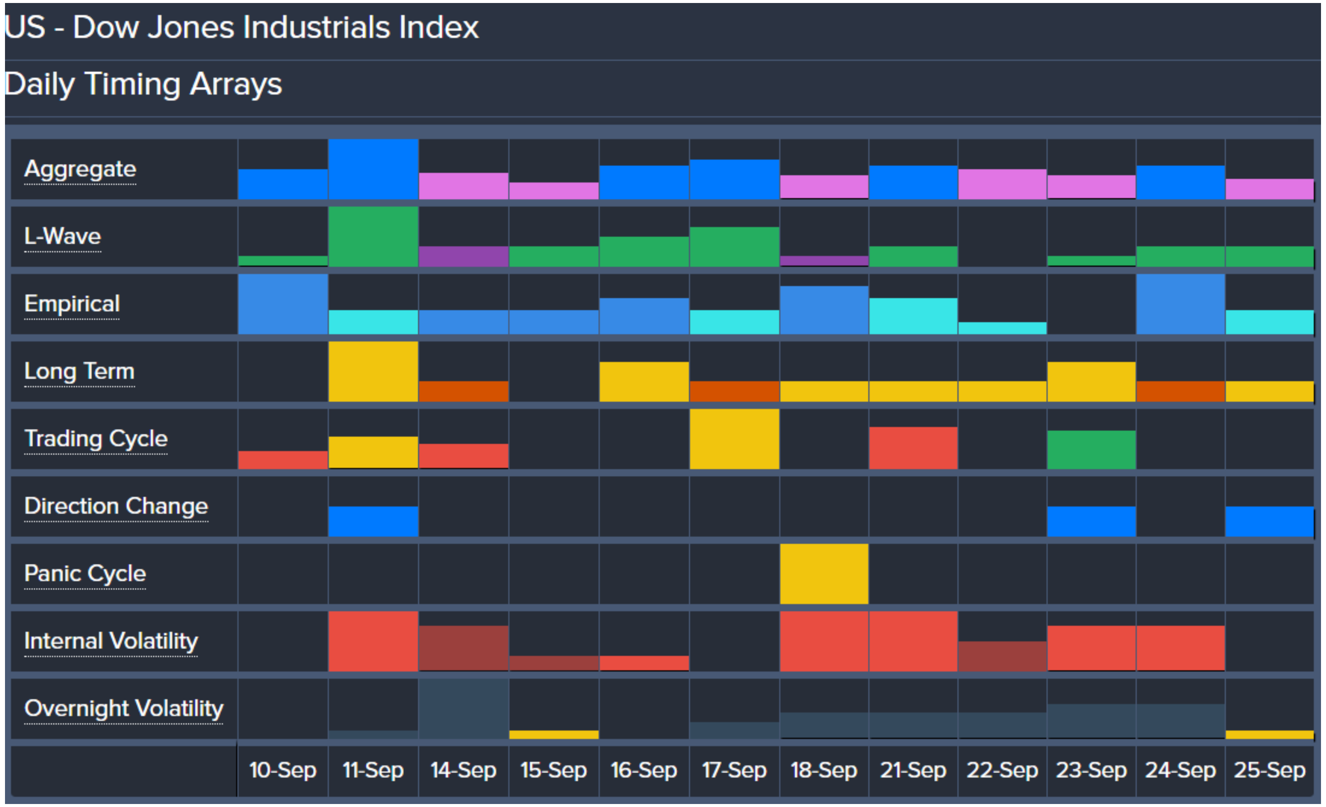
Timing Arrays

- ***Each row = a different model***
- ***Each column = a unit of time (day, week, etc)***

Some of these models include:

- Trading Cycles (i.e., measuring the differences between bull and bearish trends)
- Volatility (defined as overnight close to open), intraday, and close/close.
- Directional Changes (abrupt moves or reversals in trend)
- Panic Cycles (typically an outside reversal or a sharp move in one direction)

And of course, Turning Points from an immediate to long-term basis.



Timing Arrays

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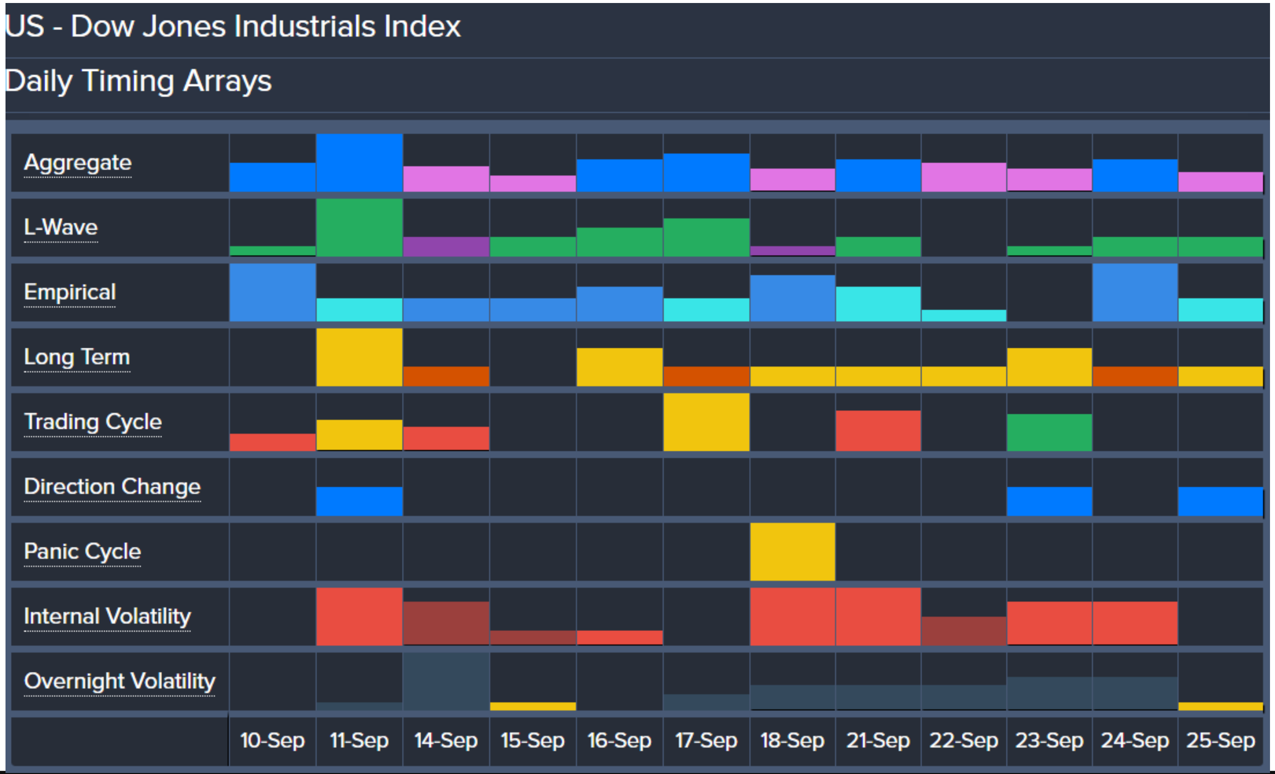
The height of a bar is determined by how many models are due.

TIMING ARRAY

	1	2	3	4	5	6	7	8	9	10	11	12
TURNING POINTS	20	24	32	28	24	32	20	28	44	24	16	12
DIRECTIONAL CHANGES	0	0	0	0	0	1	1	0	0	0	0	0
PANIC CYCLES	0	0	0	0	0	0	0	0	1	0	0	0
LONG-TERM EMPIRICAL	0	1	1	1	0	1	0	2	2	2	0	1
VOLATILITY	0	2	8	3	10	4	4	7	7	8	2	4



Timing Arrays

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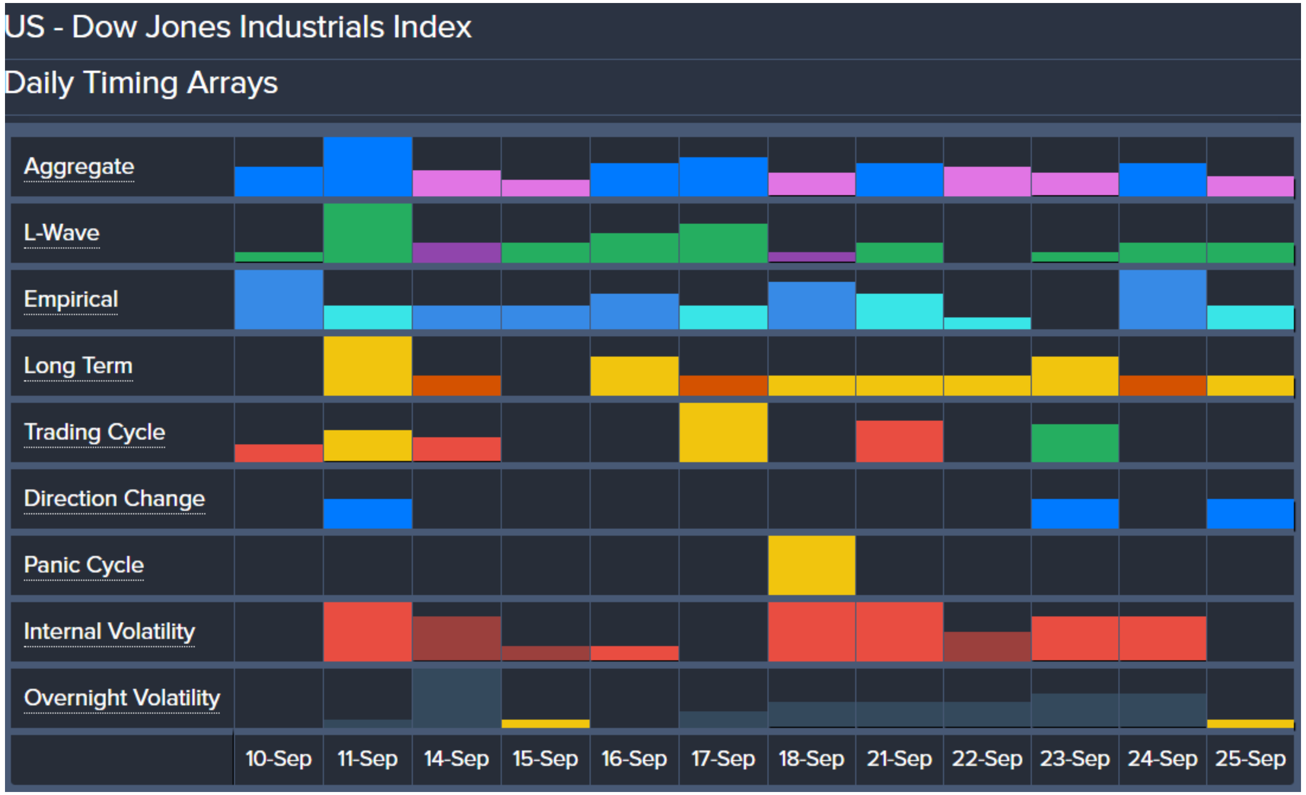
The Aggregate Bar:

The most important bar to pay attention to for Turning Points will be the top bar labeled "Aggregate."

- ***Aggregate row is a summation of cycle activity – a key indicator of potential turning points ahead (up or down), especially when activity aligns with Trading Cycle, Direction Change, Panic Cycle and/or Volatility.***

High Aggregate bars aligned with spikes in other rows can signal the possible timing of when market turning points, changes in trend, or volatility may occur.

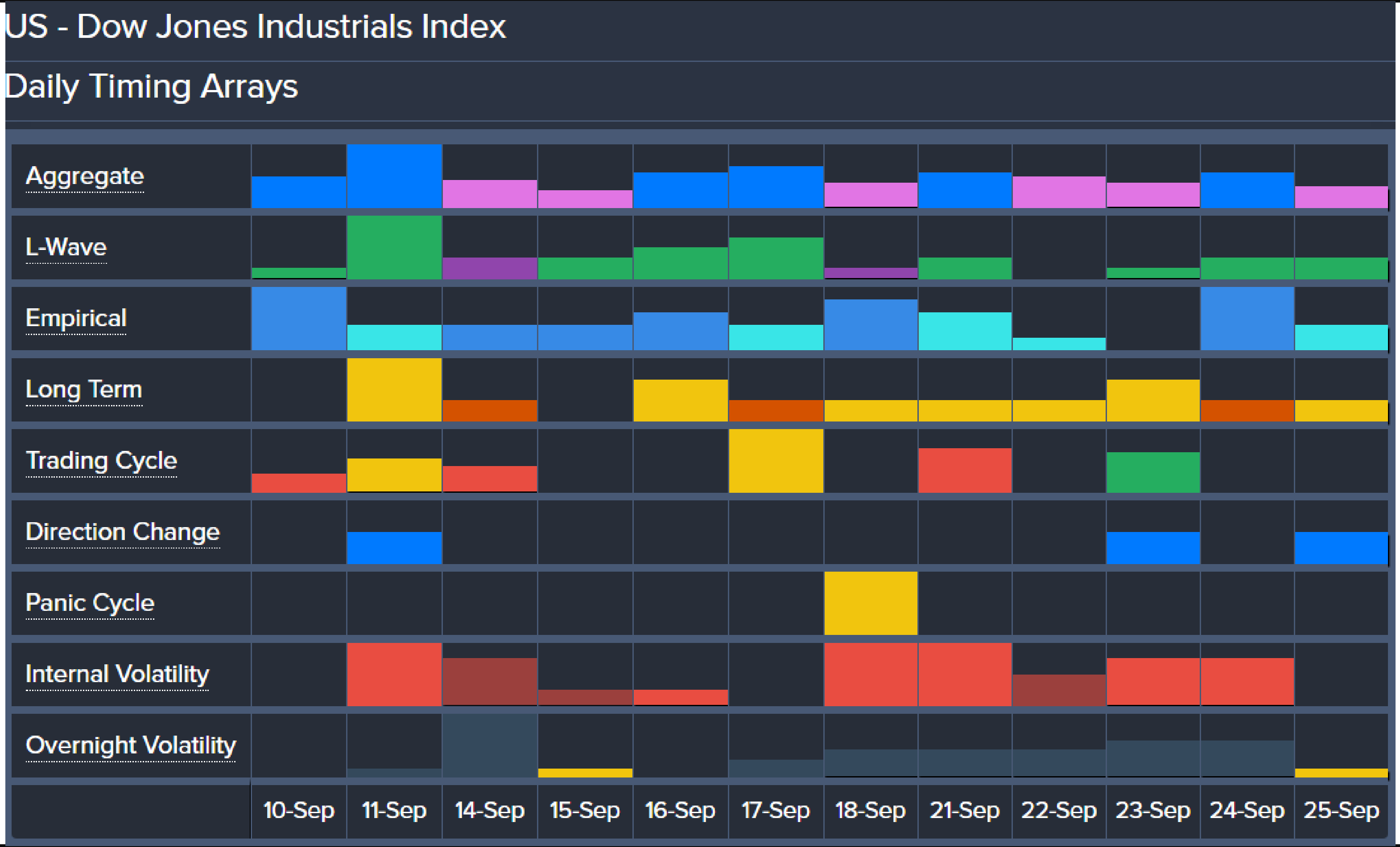


Timing Arrays

- ***Aggregate peaks (high bars) and troughs (low bars) reflect possible turning points***
- ***High bar can indicate a high or low and a Low bar can indicate a high or low.***

For example, the highest bar in an array may end up correlating to a low in that market's price and vice versa, so be sure to pay attention to such a pattern, as it may continue.

Turning points tend to alternate with Aggregate bar peaks and troughs.



Timing Arrays

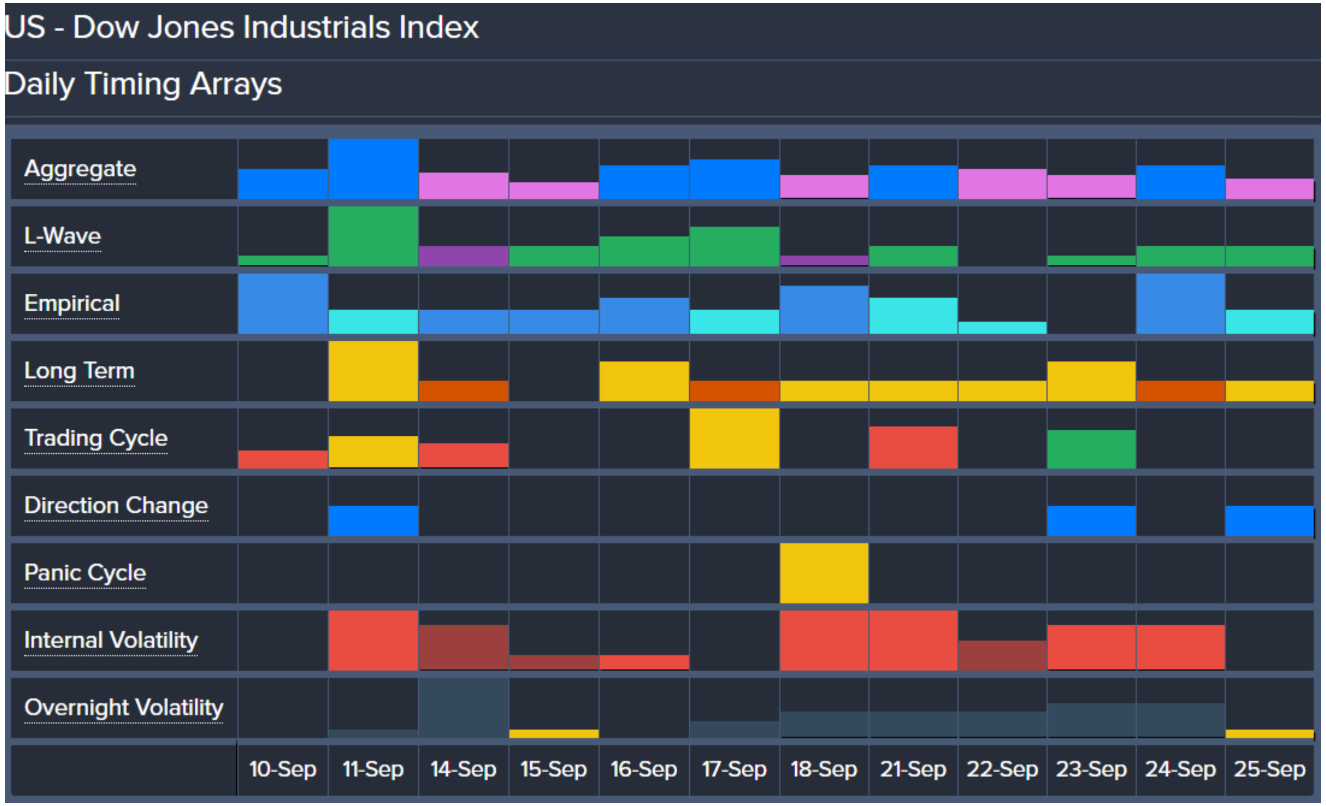
The Array models are not static; they provide a dynamic assessment of oncoming market activity.

As time moves on, an Array model may:

- Produce a new bar where one didn't previously exist.
- Change the height and color of a bar.
- Shift a bar out of a time unit.

The color differences in the bars of each row are intended only to identify if a bar is the same, higher, or lower than the preceding bar with the exception of the Trading Cycle row.

• Best used with Reversals* to identify possible convergence of time and price considerations you are researching.



Global Market Watch

Pattern-recognition computer model analyzing each covered market in the Socrates Business Platform independently to identify if any historical patterns are repeating themselves, or if any new patterns may be forming.

- ***Consider this a cyclical cheat sheet, with easy-to-read color and comment scheme.***
- ***Blue and Yellow colors in particular identify patterns pointing to possible sharp moves or turning points***
- Can help identify new possible opportunities that warrant further research.
- Or can be used as an additional point of confirmation for research that has already been conducted.

Key Terms

- ***Knee Jerk high or low, it means it is a one-time-unit event. The Knee-Jerk events can be highs or lows. They reflect choppy markets. They are confined to one unit of time***

- Knee Jerk high or low, it means it is a one-time-unit event. The Knee-Jerk events can be highs or lows. They reflect choppy markets. They are confined to one unit of time

- The pattern which seems to get the emotions flowing the most is always the Knee-Jerk Reaction before the high. This is often the strongest type of move just before the high which sucks them all in at the top thinking this is it and here we go.

- A Reaction High or Low has not penetrated the previous event and is at least a three-time-unit event.

- A Temp High or Low is normally a brief trend greater than three-time-units.

Key Terms

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- ***Cycle Inversions*** *unfold routinely when trends are shifting. Just exceeding the high intraday MAY BE good enough to qualify as a cycle inversion, but typically you need to CLOSE ABOVE it or it could be just a double top formation. The same is true in reverse with lows. You can normally assume a cycle inversion once that event is exceeded or broken on a closing basis*.

- ***International Value:*** *A share market will rise as the hedge against the collapse in a currency since tangible assets have an international value provided the country is not being invaded. However, a rise in a currency and share market reflects international investment capital pouring into a country. It is this type of alignment between tangible assets and the currency value that produce the GREATEST BUBBLE TOPS in history*

- The Dow is a reflection of the big money and international capital flows. The S&P 500 is more domestic oriented and used among institutions and fund managers, whereas the NASDAQ has more of a tendency to be retail.

- Markets are fractal. So whatever you see on only level of time, must exist on all levels of time or else it is not real. Markets are Fractal meaning the same Pattern on one Level will replicate and move forward in Time to the higher levels from Weekly to Yearly

Key Terms

- **The Phase Transition** is also referred to what is called as the Law of Movement. . In simpler terms, a Phase Transition changes in state from one form to another. This law, amplifies that everything is in place from the world of physics to economics. In the markets, the Phase Transition explains abrupt movements in price and always unfolds from a prior base in order to create the energy needed in order for the movement to take place (transitions). This is not a normal bearish or bullish state rather it is a compressed state of time that convinces the majority within the marketplace to switch sides. ***Understanding the Phase Transition is critical to understanding how to trade. The greatest amount of gain and loss is accomplished in the shortest amount of time. A phase transition is typically 52-59 weeks in general***. This is a broad measurement and not fine tuning. ***A Phase transition is a doubling in a short period of time***. It's only in one direction unlike a slingshot move which goes in two directions. In other words, this is a sudden exponential move that marks a departure from a normal trading event to an explosive move wiping out both sides.

Key Terms

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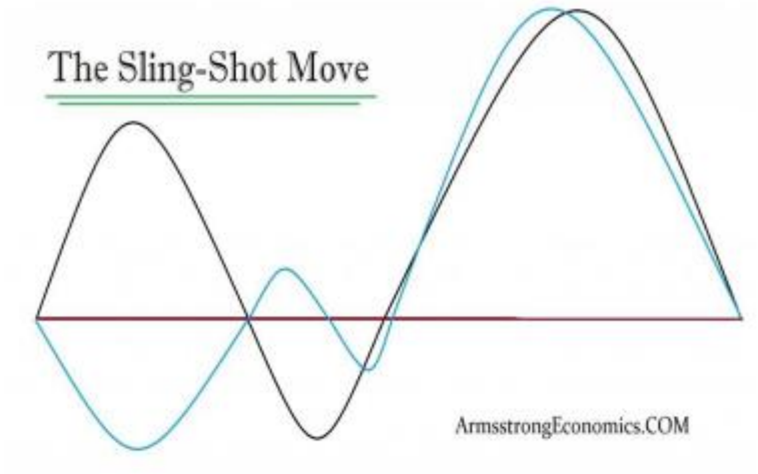
Key Terms

- *A slingshot is in both directions. First it takes out the low and then the high. Slingshots are only important Temporary highs. Major lasting highs are only through phase Transitions*



Key Terms

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- ***Waterfall Event - There is no other technical pattern worse than what I have called the waterfall event. We have all the data behind the Decline & Fall of Rome***. This chart cost over $20 million to produce. We call this the waterfall event because that is what it resembles a waterfall. It begins generally with a curve of about 45º and then it rapidly turns downward to a near 180º drop at the end. There is no major ABC type of wave or Elliot Wave Structure at this level. Such patterns are generally within the normal day to day minor price movements we might call the quantum level. Here we are looking at the big picture and it is truly awesome. ***The Waterfall Event is the opposite of a Phase Transition***.

Key Terms

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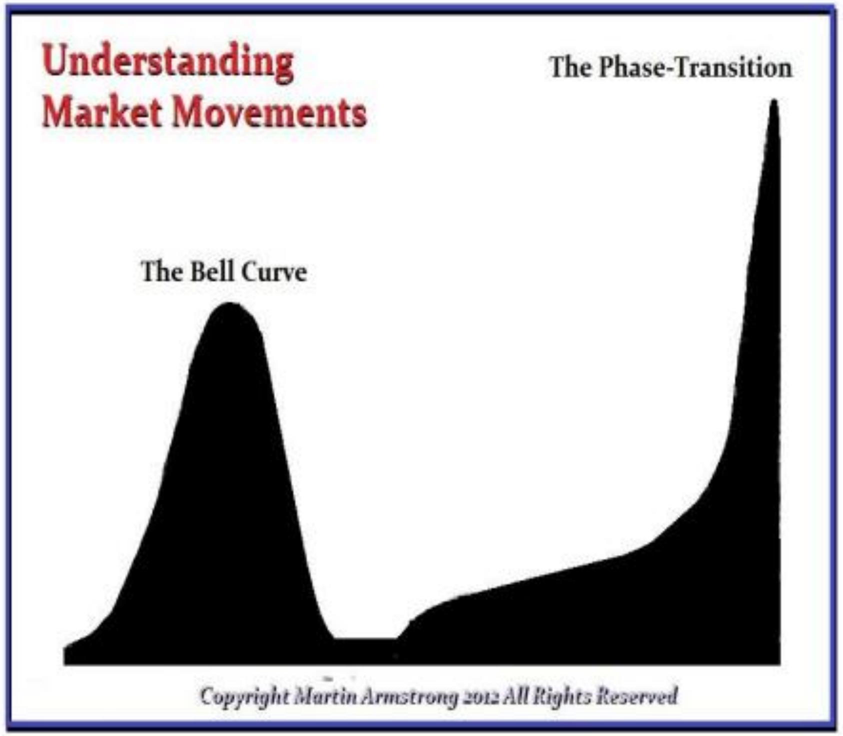

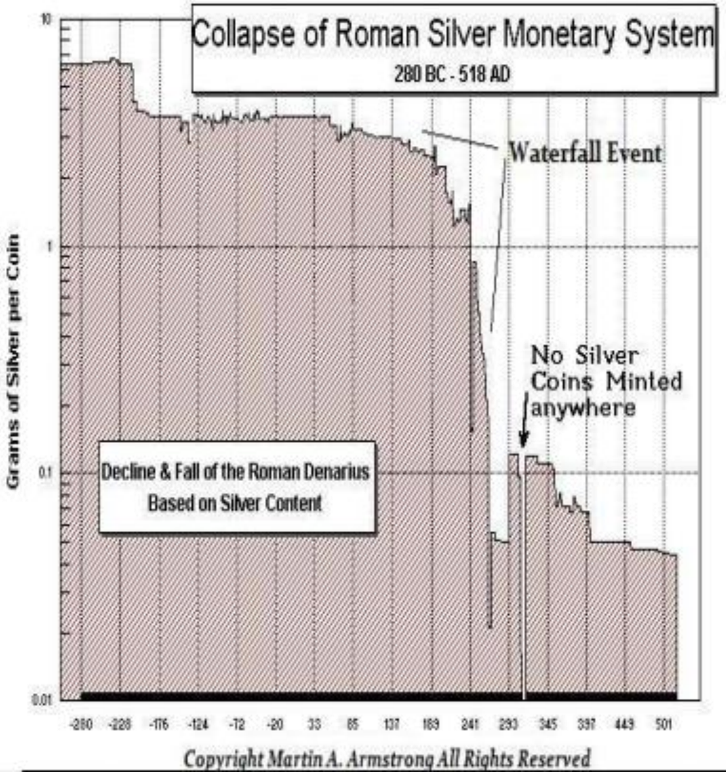

Key Terms

- ***Plateau Move :*** This is a more permanent change in the trading range creating a completely new trading level that is sustained. There is no return to the former trading range. Such events are profound, yet often are interlinked with the Economic Confidence Model. ***Fundamentally a Plateau Move took place because we were shifting from a Public to a Private Wave on the Economic Confidence Model and this is when private assets become oversold. Likewise, the same is true when the private sector collapses. That is when people flee to the quality they perceive to be government assets.***

- **A breakout move** is defined simply as a sharp short-term rally. It does not imply a doubling or a new trade plateau altogether.

Key Terms

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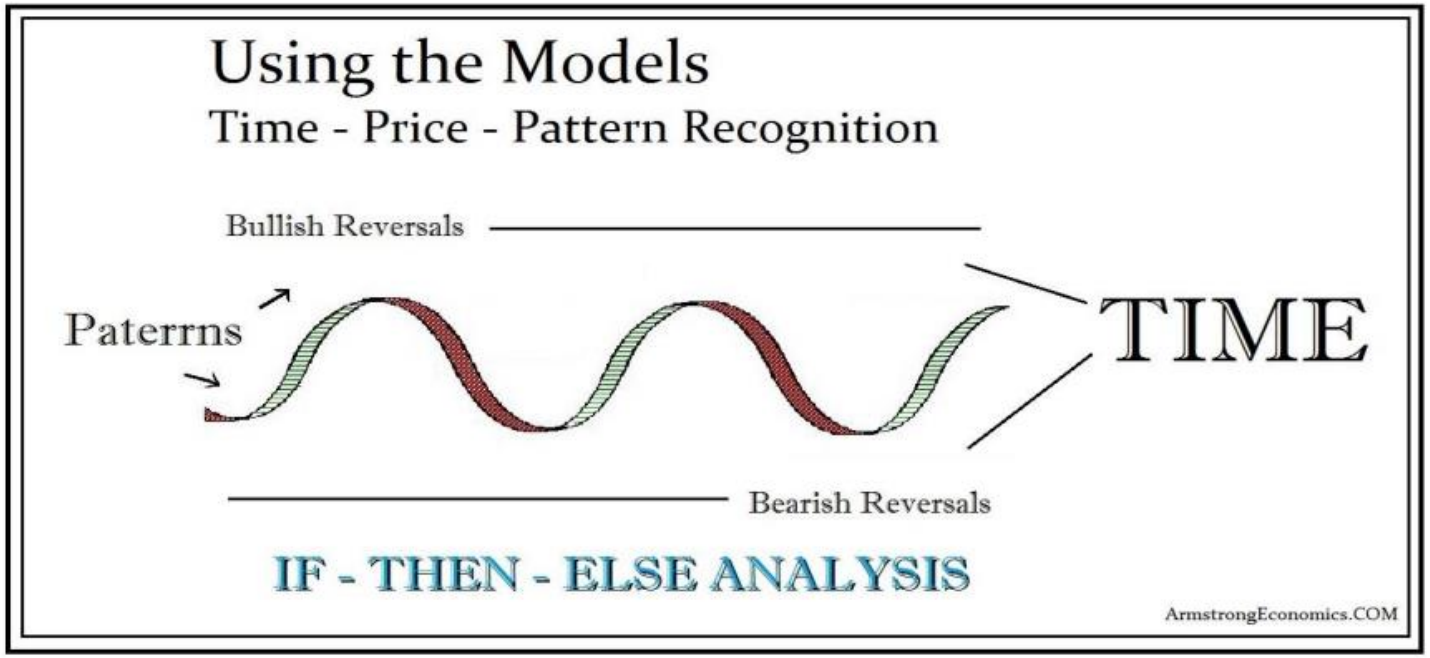

- ***Trade when Time and Price meet; it works well and takes Risk and Guessing out of Trading All else will fall in Place. Don't Trade Verbiage or what anyone says. Trade the numbers when Time (aggregate High Bar) and Price (Reversals) meet.***

Key Terms

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- ***A Panic Cycle*** *differs from a turning point or a directional change insofar as it does not reflect a high or guaranteed low and it is not the beginning of a change in trend*

- ***Here we are concerned solely with the confusing abrupt move.***

- ***70% of the time, a panic cycle is an outside reversal or capitulation***

- ***30% of the time, a panic cycle is a fast one way move***

- It is neither a target for a specific high or low, just greater price movement that can be dramatic in one direction, or an outside reversal exceeding the previous session high and penetrating its low

The Socrates Platform

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- ***A unique Software-as-a-Service platform designed to help research global market behavior across approximately ~1,000 financial instruments around the world – top Indices, Stocks, Bonds, ETF's, Commodities, and Currencies – referred to as "Covered Markets"***
- ***The Socrates Platform is built on proprietary computer models that apply technical and cyclical analysis methodologies***
- The proprietary computer models provide **system-generated** pattern recognition (**Global Market Watch**), price pressure points (Reversals*), and timing considerations (Arrays*) across all Covered Markets, and every available time level
- The platform is designed to provide access to **unbiased, unemotional, data-driven analysis of global markets** without predisposition of personal opinion

Membership Levels

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The SOCRATES Platform: Three Options for Individual Memberships

Introductory Pricing

Feature	Description	*Basic Package (starting at US $15/month)	OR: Plus Package (starting at US $55/month)	OR: Pro Package (starting at US $150/month)
Private Blog	Exclusive, brief market commentary for members. Frequency & topics vary. Some posts may be limited to certain membership packages.	✓ Select posts	✓ Select posts	✓ Unlimited posts
Global Market Watch	High level, color-coded pattern recognition with directional comment.	**Monthly, Quarterly, Yearly** *For all Covered Markets*	(+ Weekly), **Monthly, Quarterly, Yearly** *For all Covered Markets*	(+ Daily), **Weekly, Monthly, Quarterly, Yearly** *For all Covered Markets*
Summary Market Subscriptions	Access our **Summary Analysis** text (high level commentary on market behavior)	**25 included** (pre-defined list) • *Members can purchase additional Summary Market Subscriptions at any time ($7.50/month for each additional)* • *Or, members can purchase one-off Summary Snapshot Reports for 1 MAC each*	**50 included** (pre-defined list) • *Purchase additional Summary Market Subscriptions at any time ($7.50/month for each additional)* • *Purchase one-off Summary Snapshot Reports for 1 MAC each*	**100 included** (pre-defined list) • *Purchase additional Summary Market Subscriptions at any time ($7.50/month for each additional)* • *Purchase one-off Summary Snapshot Reports for 1 MAC each*
Detailed Market Subscriptions ** Requires Plus Package or higher*	Access our **Detailed Analysis** text (builds on Summary Analysis with more thorough commentary of select price and timing considerations)	*Not accessible*	**5 included** (pre-defined list) • *Purchase additional Detailed Market Subscriptions at any time ($15/month for each additional)* • *Purchase one-off Detailed Snapshot Reports for 2 MACs each*	**15 included** (pre-defined list) • *Purchase additional Detailed Market Subscriptions at any time ($15/month for each additional)* • *Purchase one-off Detailed Snapshot Reports for 2 MACs each*
Premium Market Subscriptions ** Requires Pro Package*	Access our **Premium Analysis** text (most comprehensive commentary on price, time, and risk considerations), plus our ***Premium Market Tools:*** • *Broad set of indicators and ranges* • *Full **Reversal** targets (D/W/M)* • *Full **Forecast Array** graph (D/W/M)* • *And more…*	*Not accessible*	*Not accessible*	**1 included** (member-selected)** • *Members can choose any Covered Market for this included Premium Market Subscription* • *Purchase additional Premium Market Subscriptions at any time ($25/mo for each additional)* • *Purchase one-off Premium Snapshot Reports for 3 MACs each*
Additional Benefits	• Economic Confidence Model updates • Global Capital Flow Heat Map • Customizable Watchlist • Educational content *(updated over time)* • Ability to purchase MACs to buy Snapshot Reports	✓ Included *NOTE: Only able to buy Summary Snapshot Reports*	✓ Included *NOTE: Can buy Summary or Detailed Snapshot Reports*	✓ Included *NOTE: Can buy Summary, Detailed or Premium Snapshot Reports*
			New Membership Option (2018)	**New Membership Option (2018)**

Available Webinars

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