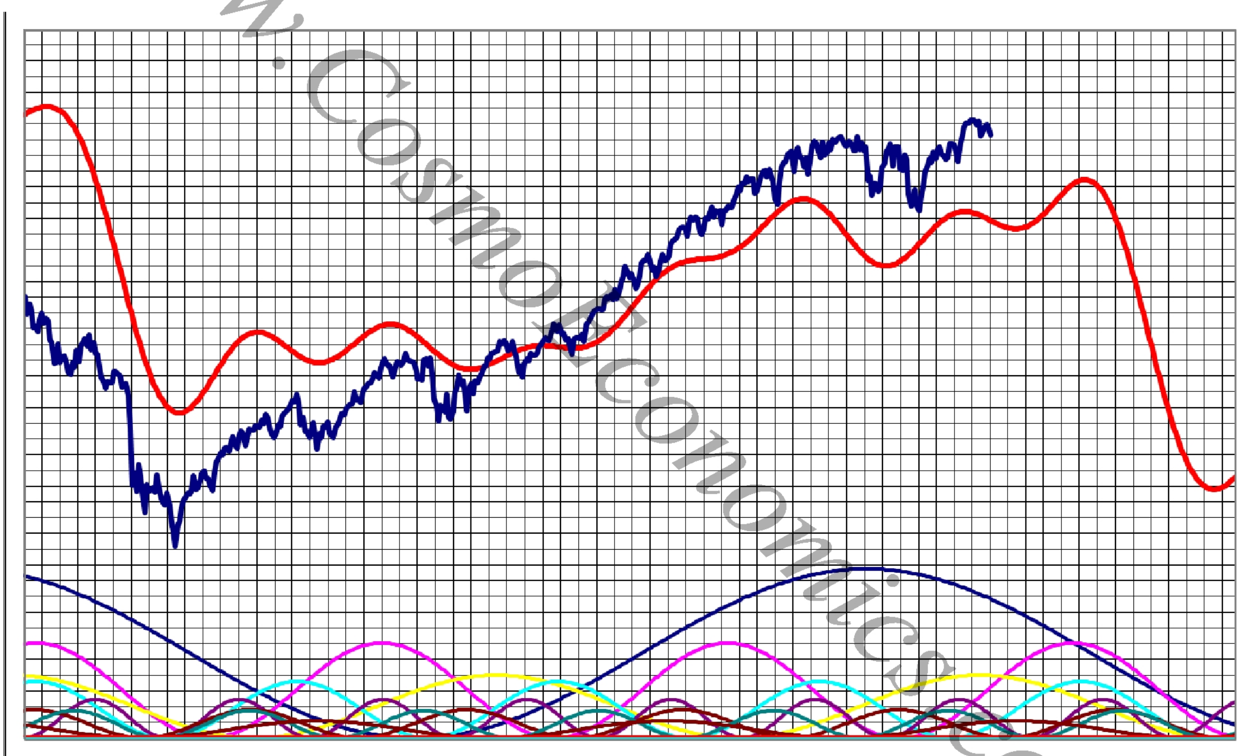
GENERAL OUTLOOK FOR 2017

THE TRUMP CARD HAS BEEN PLAYED,

LEAVING TWO SCENARIOS



BY

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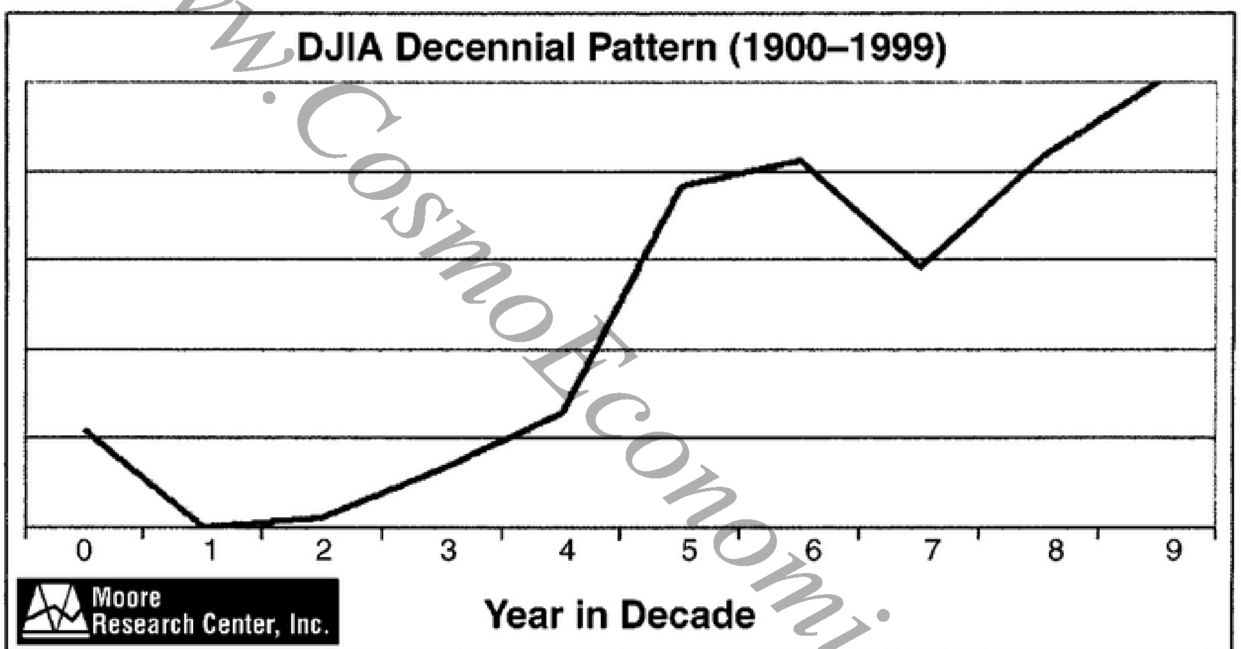
The 1987 market interval topped on August 25th, with a minor secondary top on October 6th, followed by consistent weak performance (down closes) culminating into a severe panic occurring on October 19th. The 1997 interval was similar and had a significant top on August 6th followed by a slightly higher top on October 6th (same as 1987's bounce back top) and a panic break pattern, which began on October 21st due to a currency panic in Asia. In the 2007 interval, stocks made an initial top on July 16th, followed by a modestly new all-time high on October 11th.

W.D. Gann's Bull and Bear Calendar Years Indicates the Following:

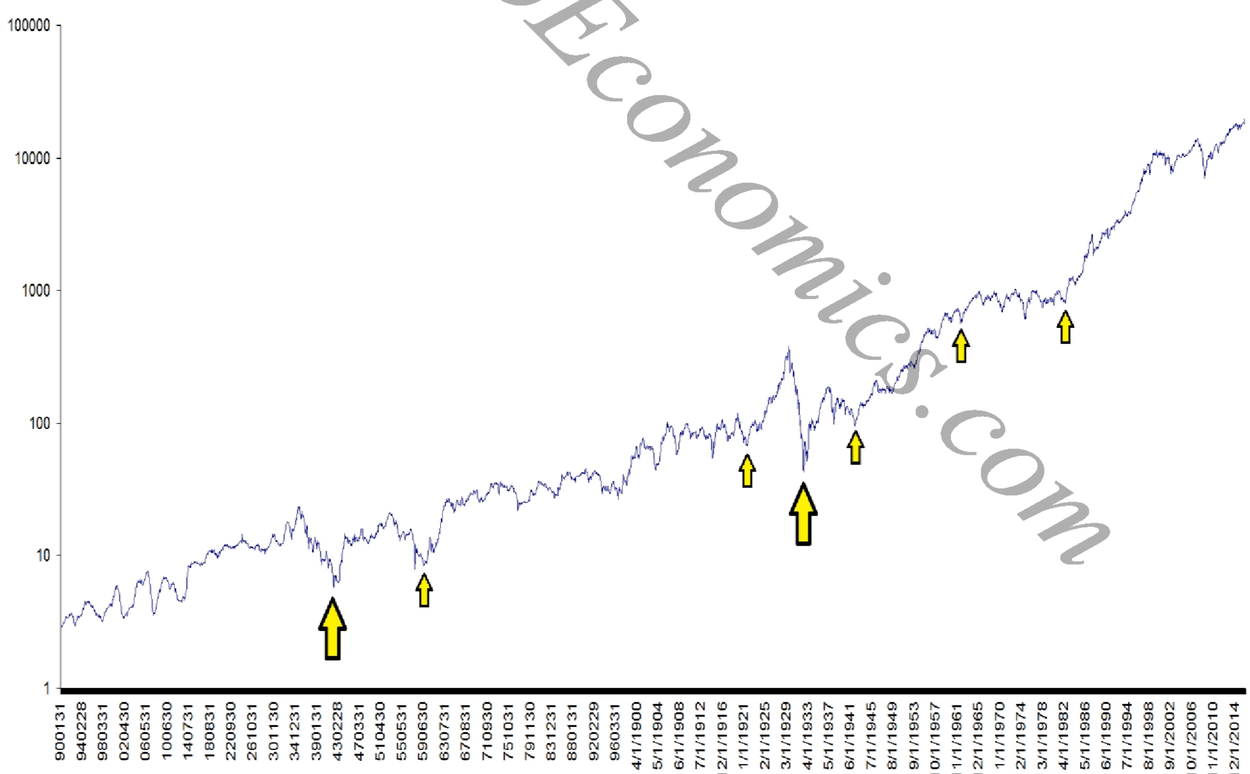
No. 7 or the seventh year is a bear number, and the seventh year is a bear year because 84 months or 84 degrees is 7/8 of 90. See 1897, 1907, 1917, but note 1927 was the end of a 60-year cycle, so there was not much decline. Also, see 1937, 1947, 1957, 1967, 1977, 1987, 1997, and watch for 2007, 2017, and 2027. This prior sentence was added by this author in the year 2000 as a personal note.

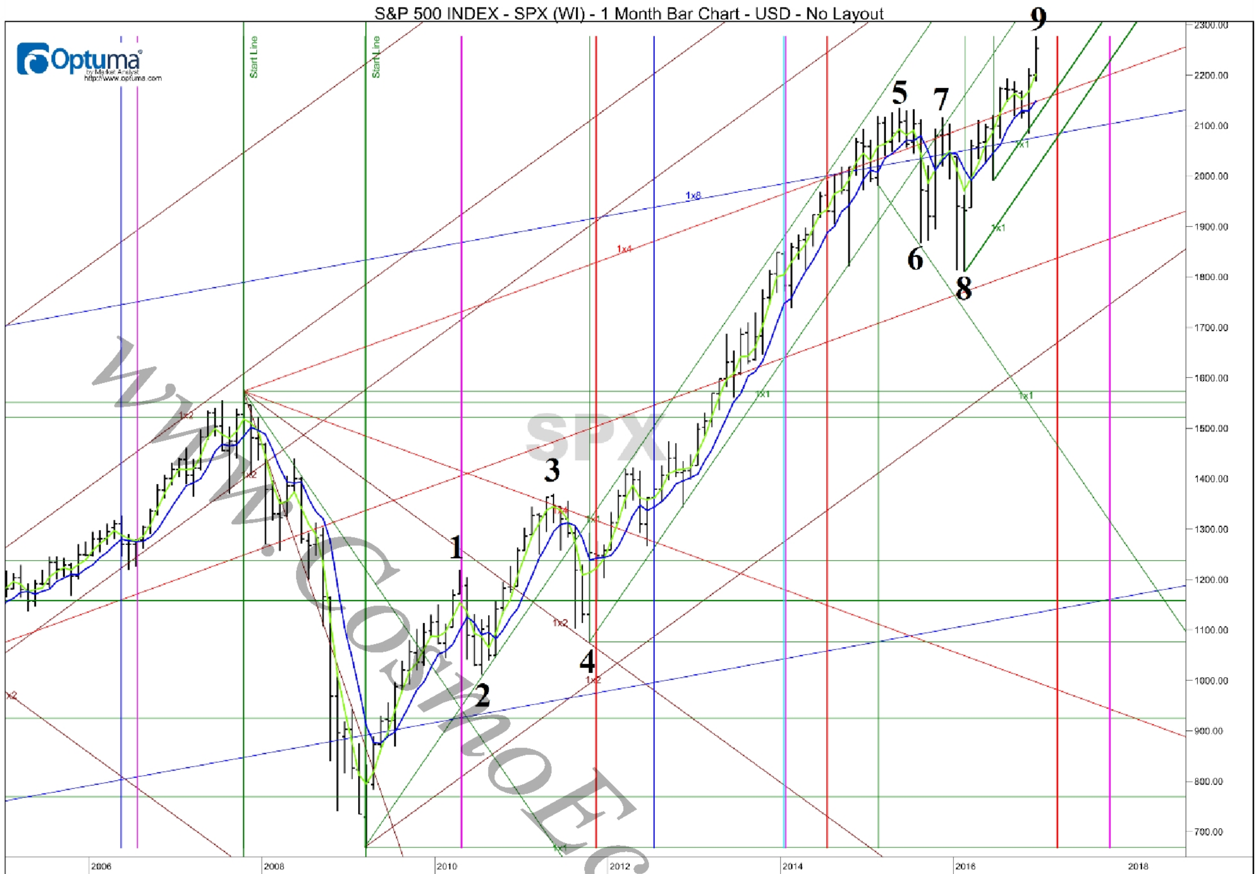


The above chart presents the 100-year compiled history of 10-year cycles in equities supports Gann's original work on the subject. This research was done by Edson Gould, another well-known market prognosticator of his day. However, as mentioned in prior updates to the ***2016 Outlook***, this pattern has shifted in recent years. The low of the cycle tends to bottom in a year ending in "2" with the peak of a 5-year advancing cycle culminating in a year ending in "7." In any case, over the past 100-years, this has been a very noticeable recurring pattern in each 10-year

- The prior 90-year low occurred at the stock market bottom of the “long depression” in 1842.
- The next 90-yr interval is projected to occur in the year 2022.
- The specific years 1932 and 1982 are very important anchoring dates for future projections of large cycles.
- 1932 is the bottom of a 90-year cycle, 50-year cycle and 10-year cycle.
- 1982 is only +1-year from the bottom of a 60-year cycle and is simultaneously the bottom of a 50-year cycle, 40-year cycle and 20-year cycle.

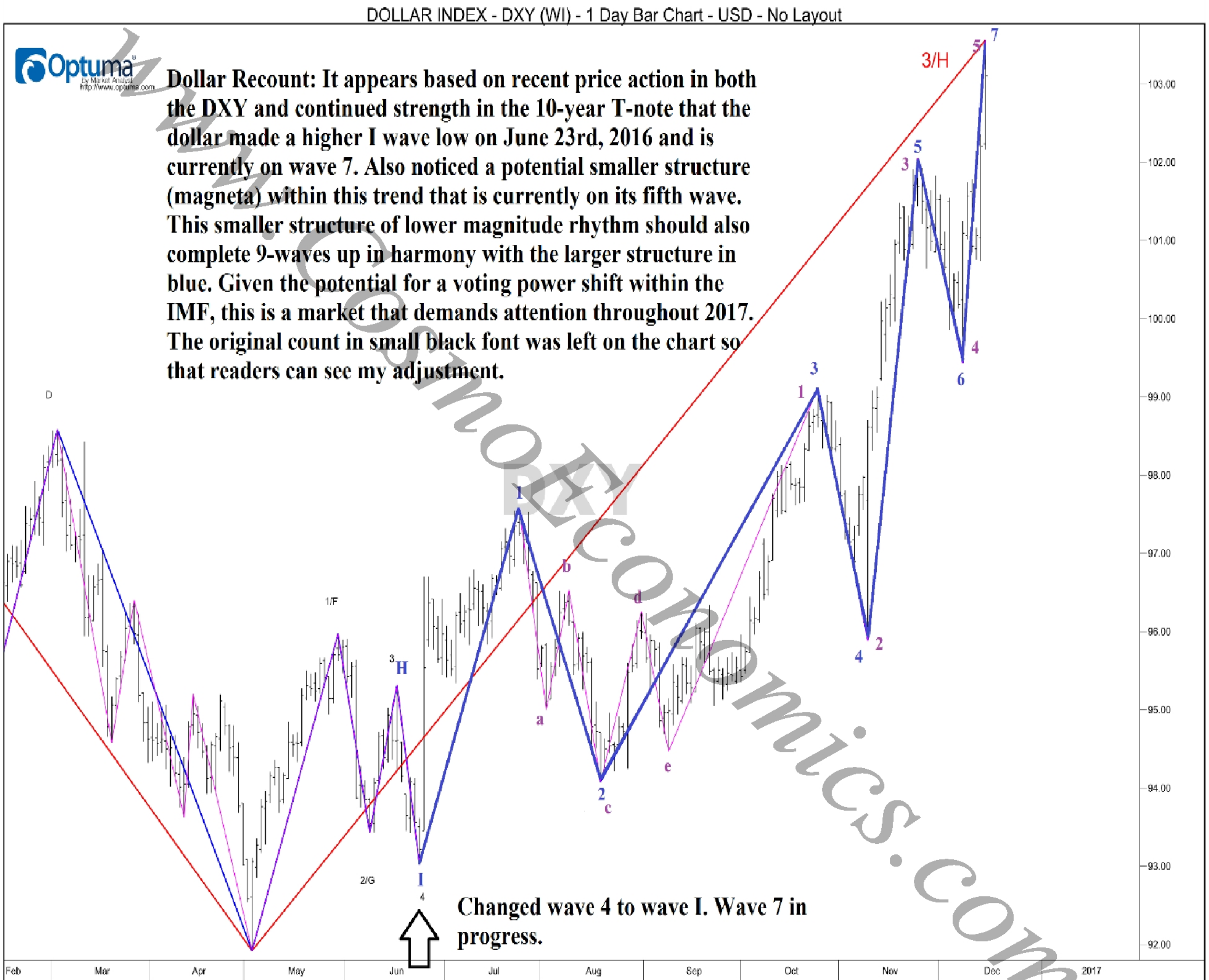
The significance of this information will become more clear as we work with the 20-year cycle and its harmonic divisions in conjunction with the above projection of 2022 and Gann’s “MAJOR TIME CYCLES.”



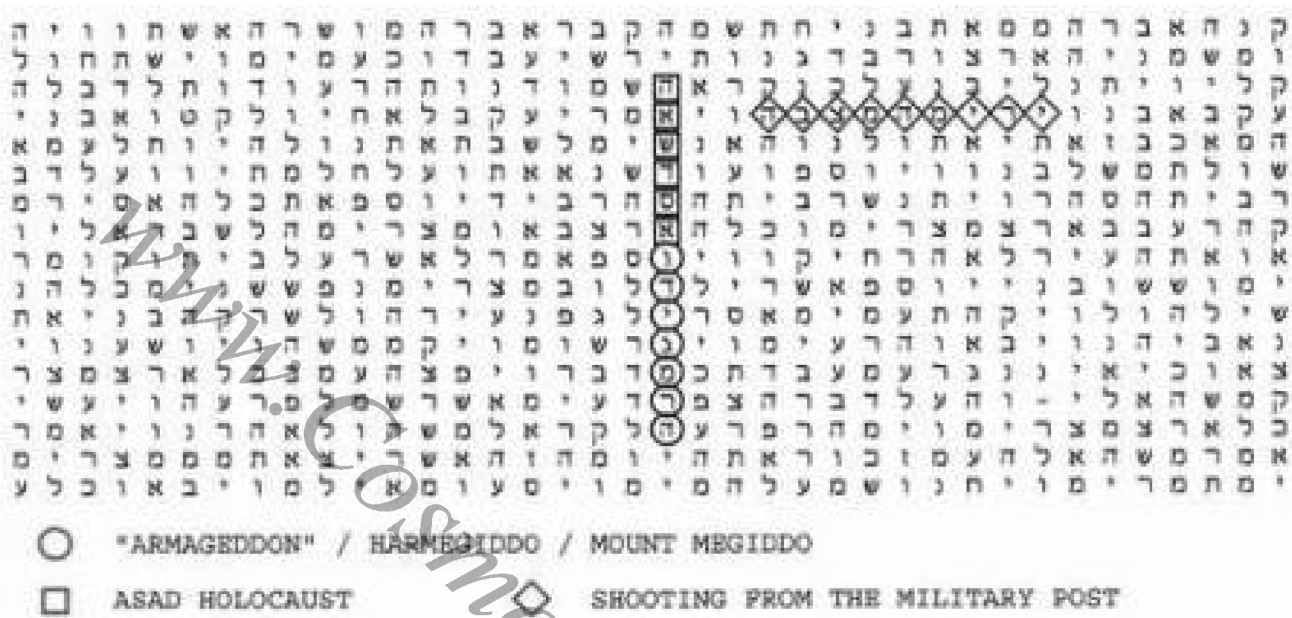


The mildest version of a down structure would be a sideways correction requiring a minimum of five waves all in the magnitude of 10% or greater as illustrated below. The only time periods where volatility produced this many structural waves of this degree over just a 1-year period or less was March 2008 to the final low on March 2009 and the crash of 1987, which produced five waves in just 2-months from October to December of that year.

Thus in both cases, the emotional sentiment was in full crisis mode. I cannot find nor recall a single historical example where a down structure completes in short duration without panic. The sideways stock market from January 1994 to December constitutional revision to the Articles of Confederation, you end up in 1861 where the Civil War divided the union of federated states. The next interval gives 1934 (great depression) and the next is 2007 (financial crisis and origin of the Great Recession.) The dollar will be monitored closely as a result of this situation.



***"Whoever controls the money – controls the country! Give me control of a nation's money and I care not who makes her laws"* -** Meyer Rothschild said this in 1790 just after the First privately owned central "Bank of the United States" was being coincidence? Hopefully so. Wouldn't want this scenario to happen, period. But it is an event that could potentially end the U.S. economic system.



A finial thought regarding the potential of an economic collapse would be related to all the liquidity the Fed pumped into the markets and the enormous amount of leveraged debt and speculative derivatives that could implode as rates rise and regulations are lifted potentially causing something similar to the financial crisis of 2007 to 2009, which nearly destroyed the housing industry and our economy in the first place.

The same can be said about other central banks employing Quantitative Easing, negative interest rates, currency manipulation, purchasing corporate bonds and so on. It really seems like the Federal Reserve and the other central banks around the world are playing a game with no idea of the consequences. A year ago, in December 2015, the Federal Reserve finally raised rates by a tiny fraction of ¼ basis points and pledged three more hikes throughout 2016, which never took place. When they did