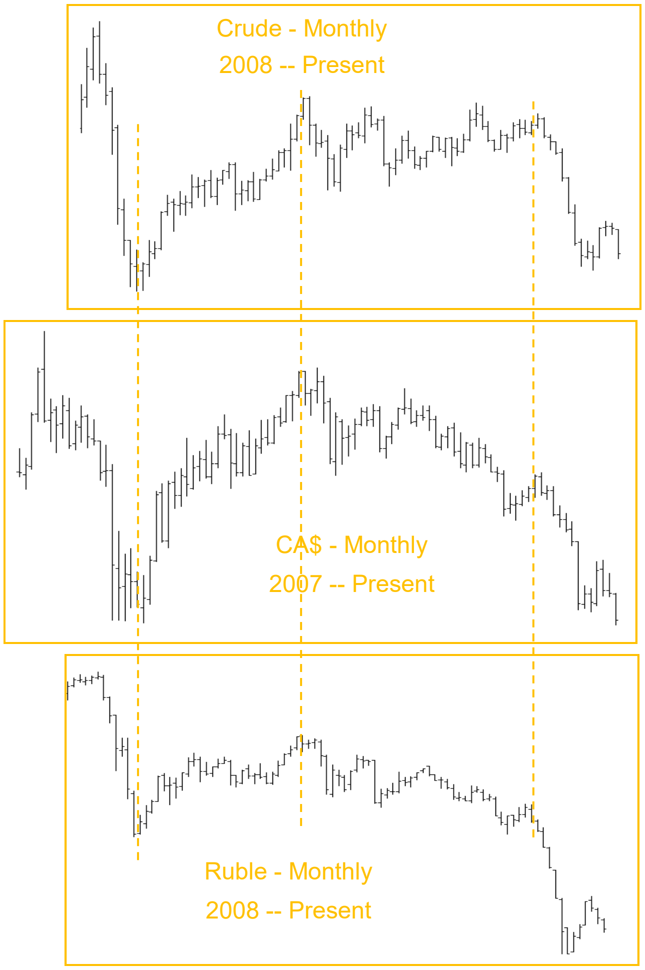
The Bridge

"Canadian Dollar Convergence" [Excerpt]

August 2015 *INSIIDE Track* Charts



08-22-18 - The Canadian Dollar is a market in a unique position with regard to its standing and its correlations. It has its own governing economic indicators but is also powerfully influenced by the price action of oil (a quasi- petrocurrency).

Similar to the US, Canada has been experiencing economic growth and developing inflation in recent years - prompting repeated interest rate hikes and expectations for at least one more in 2018.

In July, the Canadian central bank raised interest rates for the fourth time in a 12-month span - mirroring what the Fed has been doing in the US over the past two years. The consensus outlook is pretty rosy for Canadian economic growth. Even the threat of aluminum and steel tariffs is speculated to have minimal impact on growth over the next ~year.

The TSX Composite has reflected this growth and optimism since Jan. 2016 - the same month in which the Canadian Dollar bottomed. The TSX Composite has pivotal support around **16,100**.

[In a related index, the TSX-60 Index surged ~45% since Jan. 2016 and is another example of a market moving in successive trading ranges. In this case, those trading ranges encompass about 100 basis

(Continued on page 4)

The Bridge Publications: In an effort to provide a more comprehensive, balanced & holistic perspective on the markets, and to add necessary context to cyclic and technical outlooks, I will be periodically adding additional publications to *bridge* current events with prior analysis, to *bridge* fundamental events with technical patterns, or to simply add related analysis to markets that do not normally receive primary coverage in other publications. *The Bridge* Publications are currently provided to ***Weekly Re-Lay*** subscribers as an added bonus even though that is not part of the package of publications in a paid subscription. If that were to change, subscribers would be notified in advance.

Please Note: Currently, there is not a specific publication schedule. That allows *The Bridge* publications to be compiled at any time - when markets or current events warrant additional coverage. Also, markets addressed in *The Bridge* are not signaling the beginning of regular coverage. In some cases, a particular market might only be addressed one time - due to a unique set of circumstances.

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August 2015 *INSIIDE Track* Excerpt

Outlook 2015--2017

1Q '16: The 'Cru-ca-ble'

07-30-15 - ***A Cord of Three Strands***

There is an intriguing correlation (not *surprising*; just *intriguing*) between three key markets - all of which could produce important bottoms in or around **1Q 2016**... before a sustained advance...

-- Crude Oil ('**Cru**')

-- Canadian Dollar ('**Ca**')

-- Russian Ruble ('**ble**')

… ***Cru - ca - ble***.

Of course, they all have energy (oil) as their 'common denominator'. Both the 'Loon' and the Ruble are petro-currencies, swinging closely in tandem with the price of oil. And, it is the cycles governing both that are demanding attention.

2016: Bears Beget Bears?

In recent years, I have placed a bit more focus on the Russian Ruble - sensing that its demise (coinciding with a plummeting Euro in 2014) would push Russia - and Putin - to the brink.

After a decade of escalating Crude prices (almost a 1,500% advance) that bolstered the Russian economy - from late-1998 into 3Q 2008 - the opposite has been the case for the last ~7 years.

When Crude peaked & perpetuated its 3-Year *Cycle Progression* in mid-2014, it ushered in a very negative period that was/is expected to pressure oil prices for at least 18 months (1/2 of that high-high cycle).

From the July 2014 peak, that equates roughly to a **January 2016** low.

The more intriguing web of cycles appears in the Ruble. **Jan. 2016** is an exact *7-Year Cycle* from the Jan. 2009 bottom (a low that held for over 5 years). Corroborating that *7-Year Cycle*, the Ruble set an intervening low at the mid-point - in mid-2012 (creating a ~3.5 year low-low-low *Cycle Progression* targeted for **Dec. '15/Jan. '16**).

And, corroborating that *3.5-Year Cycle*, the Ruble set an intervening low at the mid-point - in 1Q 2014 (creating a ~1.75 year low-low-low *Cycle Progression* targeted for **Dec. '15/Jan. '16**).

Jan. 2016 is also the 1-year anniversary (360-degree cycle) from the Ruble's lowest monthly close - in January 2015. (See pg. 3 for *Russia Cycles*.)

7 & 17-Year Cycles Converging

Crude has a unique convergence of multi-year cycles coming into play at the same time. **Dec. 2015** is one complete *17-Year Cycle* from its Dec. 1998 major bottom.

Late-2015/early-2016 is also the next phase of a ~7-*Year Cycle* that connects the 4Q 2001 (secondary) low and the 1Q 2009 low.

Crude also has a ~9-month high (May '11)--high (Feb. '12)--low (Nov. '12)--high (Aug. '13)--high (June '14)--low (March '15)--low *Cycle Sequence* that next comes into play in **Dec. 2015**.

Canadian Cycles

Corroborating these cycles - or at least coming pretty close - is a combination of monthly & yearly cycles in the Canadian Dollar… all of which point to **1Q 2016** for a bottom.

That begins with a similar but more precise, *7-Year Cycle* that connects the 1Q 1995 low, 1Q 2002 low &

(Continued on page 3)

The Bridge

"Canadian Dollar Convergence" [Excerpt]

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1Q 2009 low to a potential **1Q 2016** low...

While these cycles create the potential for a little divergence in time, it is the bigger picture I am focusing on for the purpose of this discussion… *and the potential for important lows in/around **1Q 2016***.

The charts below show the action of the past 7--8 years with the only notable 'divergence' being the 2007 peak in the CA$ - arriving about 9 months before the mid-2008 peaks in Crude & the Ruble.

Cycles project a CA$ low to lag in **2016** (*Could a real estate bubble burst account for that?*).

That is why I have offset the chart of the CA$, to illustrate the synchronicity of the major turns in 2009 (lows) & 2011 (highs)… as well as the cycle highs in 2Q 2014 that triggered the accelerated declines in all three markets.

As the declines in the ***'Cru-ca-ble'*** hit the 'boiling point', watch for ramifications across the globe. *IT*

Aug. 22, 2018 - Accompanying this analysis was a comprehensive table, detailing an uncanny *40-Year Cycle* impacting Russia and explaining how 2016/2017 should time a dramatic shift in Russia's relationship with the West.

That table traced the *40-Year Cycle* back to 1776, when Catherine the Great established relations with the American colonies and provided tacit support for the colonies against England - who had recently spurned Russia. Russia did her best to keep this support under wraps but had reason to desire England's humiliation at that time.

Sound eerily familiar… an archetype for the present?

40 years later, in 1816, Russia took on a powerful role in European politics following the end of the Napoleonic Wars. Napoleon's failed invasion of Russia triggered the dominoes falling that would end those wars and catapult Russia to political power in 1816.

Hmmmm.

40 years later, in 1856, the culmination of the *Crimean War* and the corresponding *Treaty of Paris* was a humiliating defeat for Russia that triggered political consequences in the years that followed.

Crimea? Humiliation?? Political lashing out??? Are we talking about 1854 - 1856 or 2014 - 2016???

The ensuing phases of the *40-Year Cycle* were the coronation of the final tsar (1896), the Constitution of the Soviet Union (1936) and the final Constitution of the Soviet Union (1977) - all projecting 40-year focus on **2016 - 2017** for Russia to make another attempt at a global power grab with a combination of military conquests and political intrigue (a bit like 1776).

As 2016 began, on the heels of plummeting oil prices and a collapsing Ruble, Vladimir Putin was in a very vulnerable position and needed to reassert his power on the global stage and revitalize his image at home.

Combined with sanctions related to Ukraine and Crimea, Russia was backed into a corner and about to come out swinging. However, Putin knew he needed to fight this initial battle surreptitiously.

Crude bottomed in 1Q 2016.

The Canadian Dollar bottomed in 1Q 2016.

The Russian Ruble bottomed in 1Q 2016.

And Russia began a new phase of global political intrigue, attempting to swing the election of the most powerful democracy in the world… in PERFECT and PRECISE sync with her *40-Year Cycle*. *Could cycles really have that powerful of an impact?* You decide.

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points and involve borders at ~680, ~780, ~880 and now ~980 - at where its recent peak took hold.

That latest advance unfolded after the TSX-60 tested and held 6 - 12 month support around 880, from July '17 - Feb. '18.]

Much of the gains - in Canadian stocks and currency - were initially tied to a bottom in Crude prices, after oil had plummeted from mid-2014 into early-2016. It is that time frame, and that market bottom (Jan. '16), that sets the stage for current and future expectations in the Canadian Dollar.

In order to provide adequate context for that, it is necessary to go back to mid-2015 and review a revealing piece of analysis published in the August 2015 *INSIIDE Track* (see pages 2 - 3).

The theme of that discussion was the uncanny correlation between market movement in Crude, the Canadian Dollar and the Russian Ruble (both currencies are powerfully influenced by oil - making them essentially 'petro-currencies').

Though some of this correlation is not as strong during the current period, the overall swings have been similar. That includes the advances into 1Q 2018 (Canadian Dollar actually set its intra-month peak in Sept. 2017 but set its highest weekly close in Jan. 2018) and the *'Ca-Ble'* - as in *'Cru-Ca-Ble'* - declines since then.

The Canadian Dollar and Russian Ruble have declined through much of 2018 even as Crude is extending its advance into cycle highs in late-August.

That does usher in the possibility that a sell-off in Crude - when cycles turn more negative in **Sept. '18** - could spur a final decline in the C$ and Ruble as they complete related down cycles...

C.D.C. (Canadian Dollar Cycles)

Turning the focus to the Canadian Dollar, it has had two primary objectives in 2018:

[Reserved for subscribers; See full publication for detailed cycle & technical analysis for 2018.]

What Now?

The daily and weekly price action have been providing reinforcing action, including the weekly trend's failure to reverse up (or even turn neutral) during its recent rebound and its daily trend pattern - tracing out a textbook sequence of events...

On Aug. 16, the daily trend turned back down and confirmed the Aug. 3 peak.

That reversal signal is usually followed by a brief rebound during which a market will try to neutralize the new daily downtrend. (And that rebound should be followed by a subsequent decline that takes out the previous low.)

The Canadian Dollar has done this and just generated a second neutral signal - against that new daily downtrend - on today's (**Aug. 22**) close. That should lead to a reversal lower on **Aug. 23** and the onset of a new wave down - likely to extend into **[reserved for subscribers]**.

That is reinforced by the action of the daily *21 MAC*. Beginning on **Aug. 23**, the inversely correlated daily *21 MARC* will surge - applying downward pressure on the corresponding daily *21 MAC*.

That should also have a negative impact on price action - spurring a new wave down from **Aug. 23 into [reserved for subscribers]**.

That is reinforced by the fact today's action had the Canadian Dollar retesting its July '18 monthly close (**.76995/CDU**) and its Aug. '18 month-opening range but not closing above those levels. Those resistance levels should also help spur a reversal lower, in line with the daily trend pattern.

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Overall, the greatest synergy of daily, weekly, monthly & yearly cycles converge between **[reserved for subscribers]** for a decisive bottom.

Final Thoughts

There is much more to this analysis, including some intriguing expectations for the Russian Ruble and the outlook for Energy markets, reiterated in today's ***Weekly Re-Lay Alert***.

This *'Bridge'*, as is usually the case, is meant to provide some additional information and analysis on a market(s) that is not normally covered - or at least not covered as comprehensively - in the ***Weekly Re-Lay***… and to help prepare for what could be a decisive turning point in the near future.

Any related trading strategies will be discussed in our other publications.

The preceding is an excerpt of the Aug. 22, 2018 *The Bridge* - elaborating on expectations for another decline in the Canadian Dollar, beginning on Aug. 23/24, that could lead into a test of major support and a decisive bottom in the coming month(s) (specifics included in publication).

This analysis dovetails with an intriguing possibility for Crude and the Energy Complex - in the not-too-distant future - and also in the Russian Ruble… not to mention related geopolitical cycles in Russia, nearing an inflection point.

Out of loyalty to current *Weekly Re-Lay* subscribers, specific targets & trading strategies have been redacted from this excerpt.

Please refer to complete Aug. 22, 2018 *The Bridge* and to corresponding *Weekly Re-Lay* & *INSIIDE Track* publications for these and other specifics. *ITTC*.

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