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

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January 4, 2013
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REPORT

The secret to knowing what the markets will do through time is contained in the title of this song. Know how they function through time and you will know how the markets function through time.

Click Here
V
Barbra Streisand - People.mp3

All we really must know is how people in the markets collectively function through time. Are there collective patterns of buying and selling? Do any of these patterns repeat through time? Do market movements from the past repeat in the future? The answer is yes, they do. This is what I have been studying for years. Before I could confidently and accurately see patterns in others taking place I had to see the patterns in myself and examine how I repeated them over and over. Until I began to fully recognize them I was not able to change and modify them. The markets consist of millions of participants who do not recognize that they are collectively repeating their patterns of buying and selling through time. Ever since the current financial, economic, and political environment was established in the year 1913 these patterns in the DJIA, S & P 500, gold, and silver can be seen and accurately charted right up to this very year. Participants in the markets mentioned are unconsciously responding to the economic, financial, and political environment they live in. Yes, it is just that simple. Birds do it. Fish do it. Animals do it. People do it. It is usually termed a *collective species specific response to a particular environment.*

Politicians in a democracy cater to what people want. Therefore, politicians are meaningless when it comes to influencing the markets. When it comes to projecting future movements of the markets mentioned, most of what we read in the financial press and see and hear on television financial news shows has nothing to do with overall market movements. Examine closely and study repeatedly the charts and information that is posted below. The answer to future market movements is contained in the following pages. To benefit by this information requires patience. If you understand how people function you will act financially when they have collectively given the unconscious signal that they are about to move en masse.

Just how reliable are these patterns that I have been describing for over a year? The economic and financial environment that people in the U. S. A. have been living with was created in the year 1913. That was the year that the Federal Reserve System and the income tax (I. R. S.) were created. From the year 1913 to this year, 2013, the alternating repetitive consistency of the patterns I have been describing has been 100% reliable. Will this remarkable consistency continue? I can only give you my opinion. I cannot guarantee the future outcome. My opinion is that there are several ways that the patterns could fail to repeat. The first way that a failure of the patterns to repeat could occur would be if the financial, economic, and political environment that people are unconsciously responding to changes. A second way a failure of the patterns I have been describing could occur is if people collectively become aware of what they are doing and how their actions are creating these repetitive patterns. Once Major Wave Five in the DJIA and the S & P 500 is fully expressed and complete a change or reorganization of our economic and financial system will probably take place. If a new and different economic and financial system is created, the patterns of the human response to that system may change. At this point in time I believe that we can rely on the patterns continuing until they are fully expressed. Short term violent moves like the collapsing gold price of the last few days are meaningless to the long term repetitive patterns. I believe that wave [D] in the DJIA and the S & P 500 will top in the first half of 2013. Wave [E] should begin a major collapse. At that time gold, silver, and their shares should begin a major move up.

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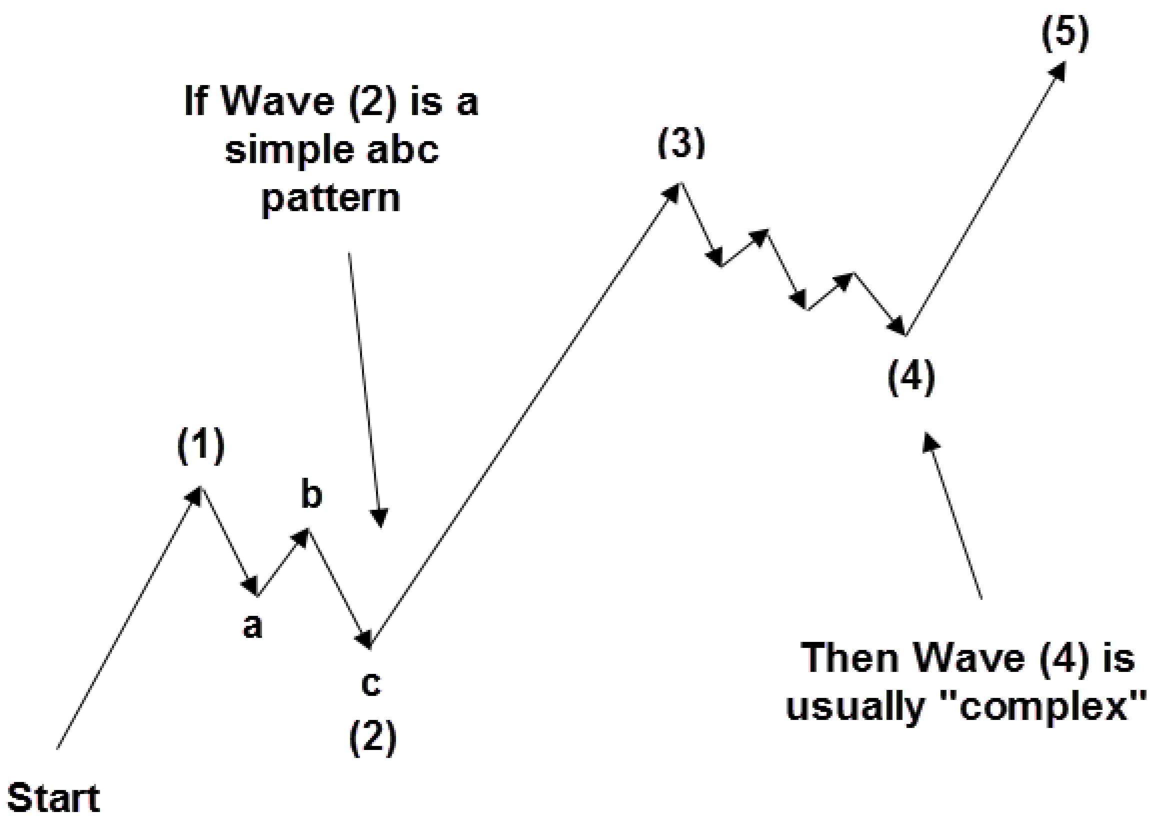
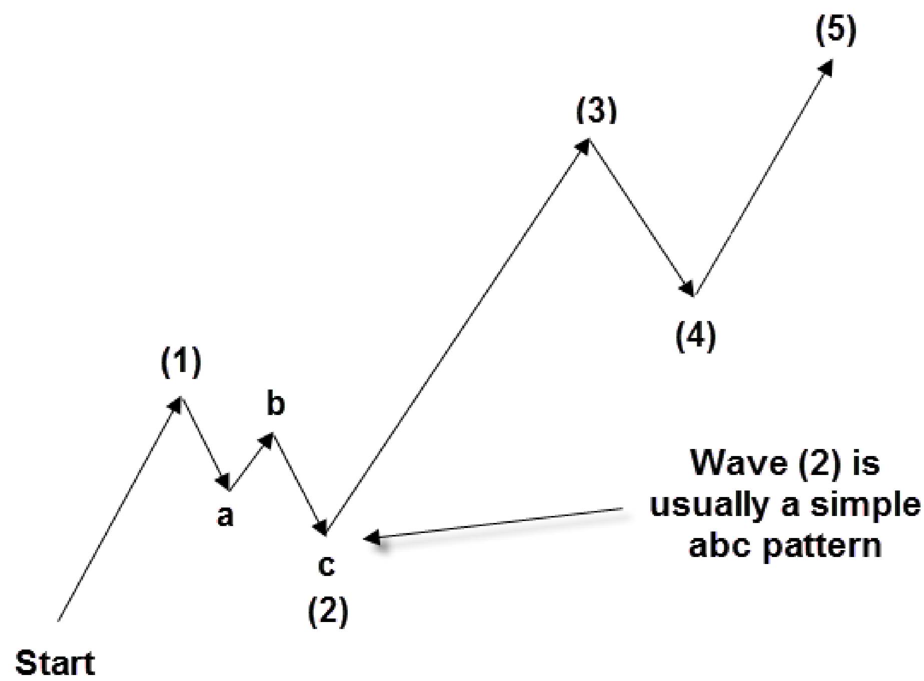
Elliott Wave - The Rule Of Alternation

"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

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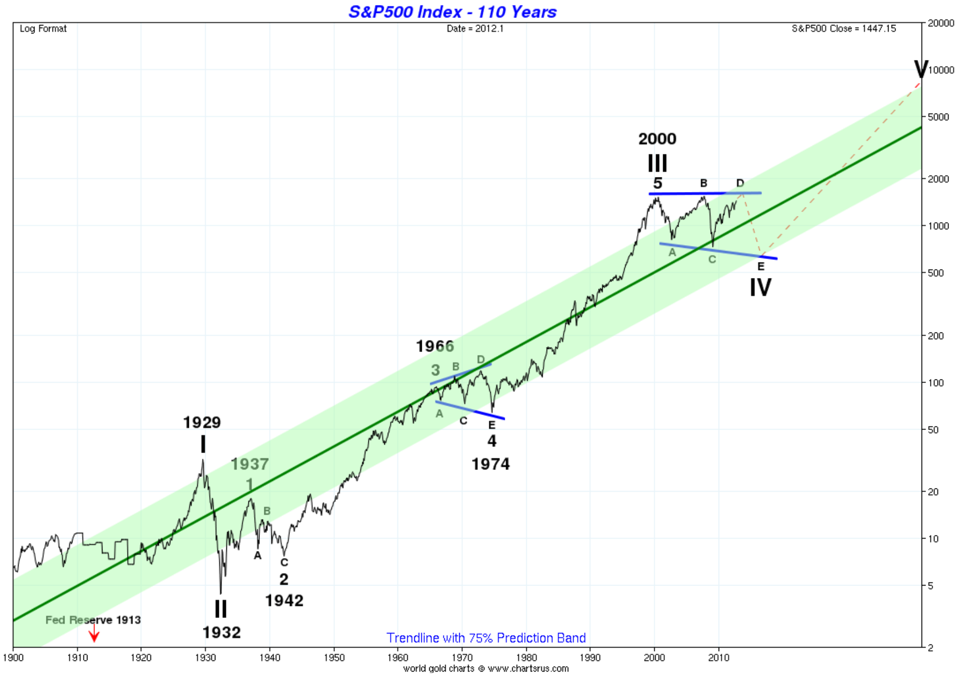
Again, this is a very useful piece of information, because once Wave (1) is complete, then the most likely pattern to unfold is a simple ABC correction. And, because of the rule of alternation, this leads onto Wave (4) usually being the complex correction in a completed 5-wave sequence."

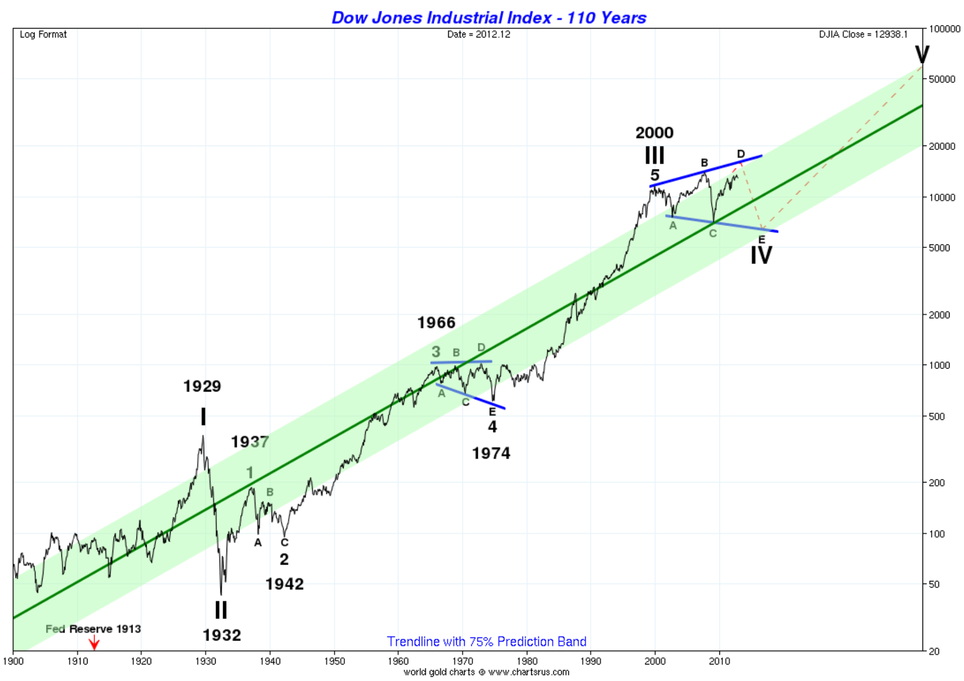
http://www.elliottwaves.co.uk/the-rule-of-alternation/

Apparently the Rule of Alternation 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 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.

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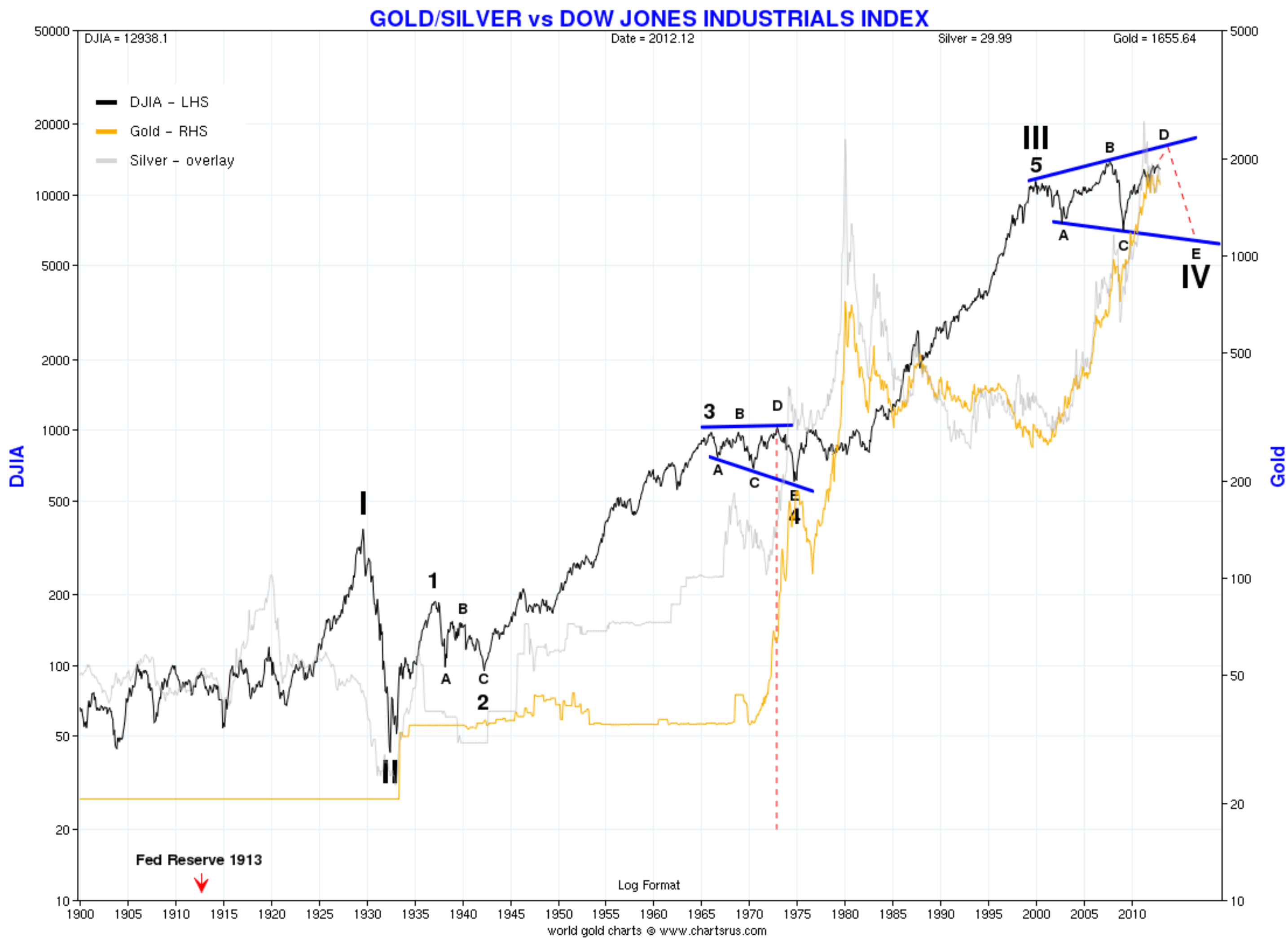
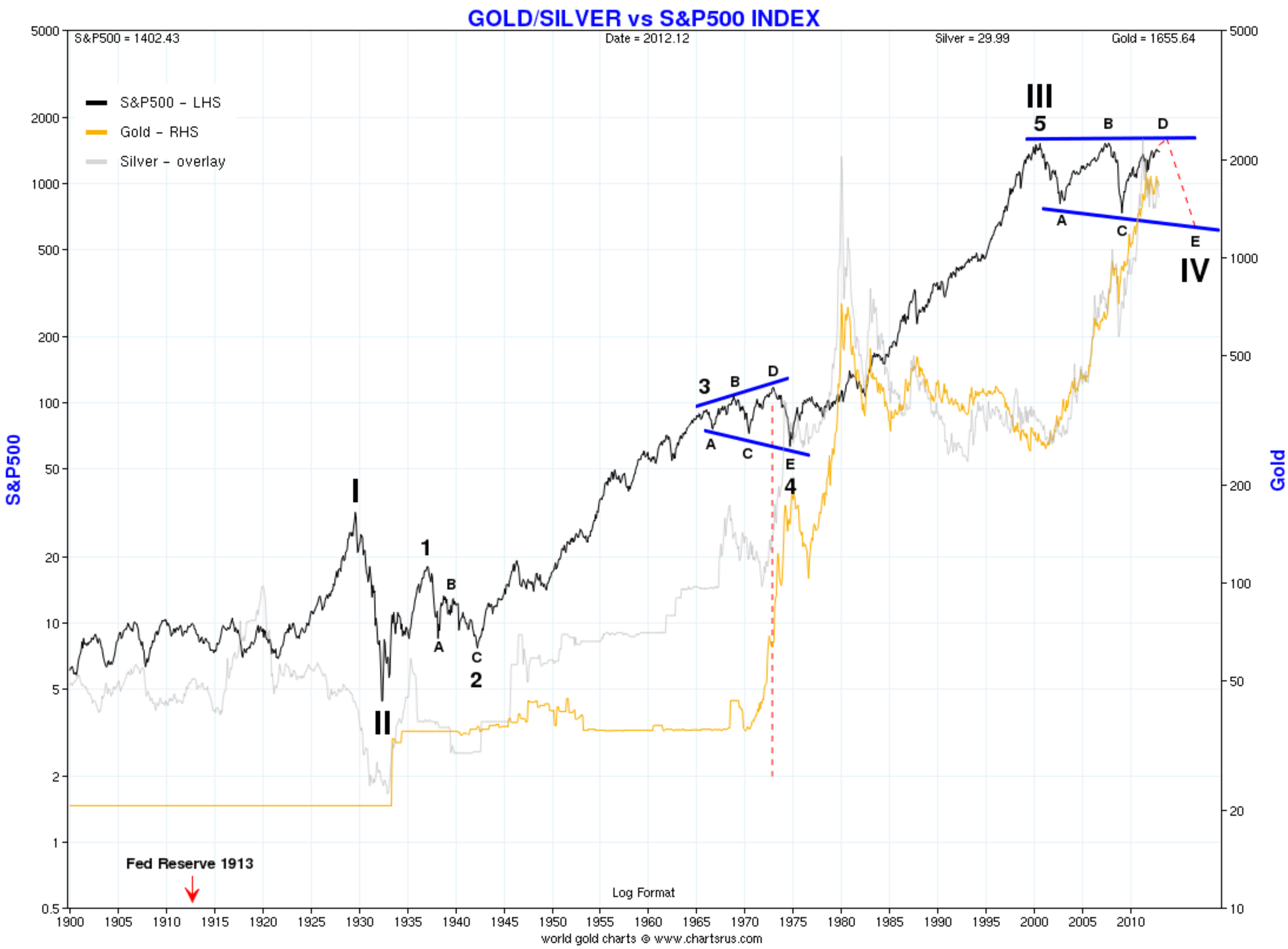
The result of comparing movements in the gold complex to movements in the megaphone pattern in the DJIA and S&P500 during the 1966 to 1974 [bear market](#) was a potentially very rewarding timing discovery. When wave D in the 1966 to 1974 megaphone bear market pattern in the S&P500 and the DJIA topped, 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 = 1402.43
Date = 2012.12
Silver = 29.99
Gold = 1655.64
S&P500 - LHS
Gold - RHS
Silver - overlay
S&P500
Gold
Fed Reserve 1913
Log Format
world gold charts © www.chartsrus.com
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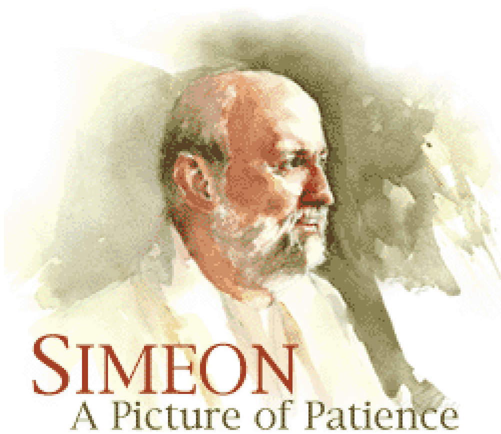
CHARTS WITH TODAY'S CLOSING PRICES WILL BE POSTED THIS EVENING.

The next report will be posted on Monday, January 7, 2013.
Updates will be posted when market action warrants.
Stay well,
Ron Rosen

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



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