

How to profit from commodity, real estate and stock market cycles



ECONOMIC
INDICATOR SERVICES

Phil Anderson
Managing Director

Economic Indicator Services Pty Ltd

The world's foremost expert in business
real estate and commodity cycles

Mobile: 0408 530 414

Email: phil@glasswings.com.au

Website: www.paradigm4.com.au/eis

How to profit from commodity, real estate and stock market cycles

- The title of last year's presentation (March '05):

“The boom is ahead of us, not behind us.”



Note the following series of years:

2001/2		1991	1982	1974
1961	(1955)	1949	1937	1932
1921	(1913)	1907	1897	1893
1884		1873	1866	1857
1847		1836/7	1825	1819



How to profit from commodity, real estate and stock market cycles

The plan for this evening:

1. Commodity waves
 2. Real estate cycle (most important cycle of all)
 3. Gann timing
 4. Apply our new-found knowledge to investing / trading profitably, and
 5. finally, make some forecasts
-
-

How to profit from commodity, real estate and stock market cycles

Three things to learn this evening:

- Be well informed
- History repeats (often almost exactly)
- It's about the rent (of land and natural resources)



FORGET THE DIPLOMACY
GEORGE... JUST FIND OUT
IF THEY'VE GOT ANY
OIL

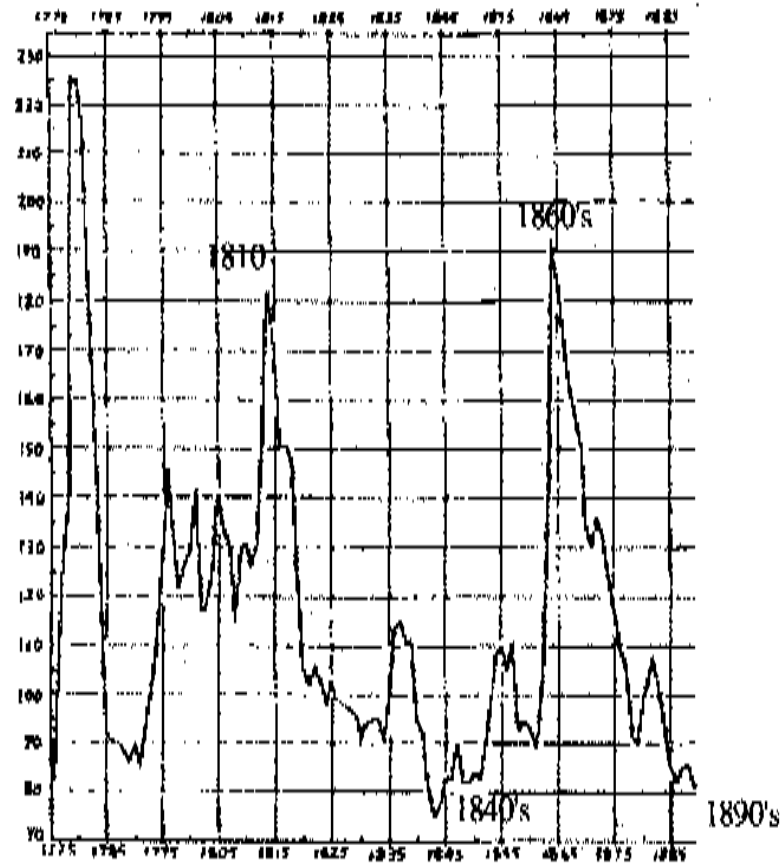
GEORGE WELCOMES
YOU TO EARTH
SPEECH

**U.S. OIL
RESERVES**

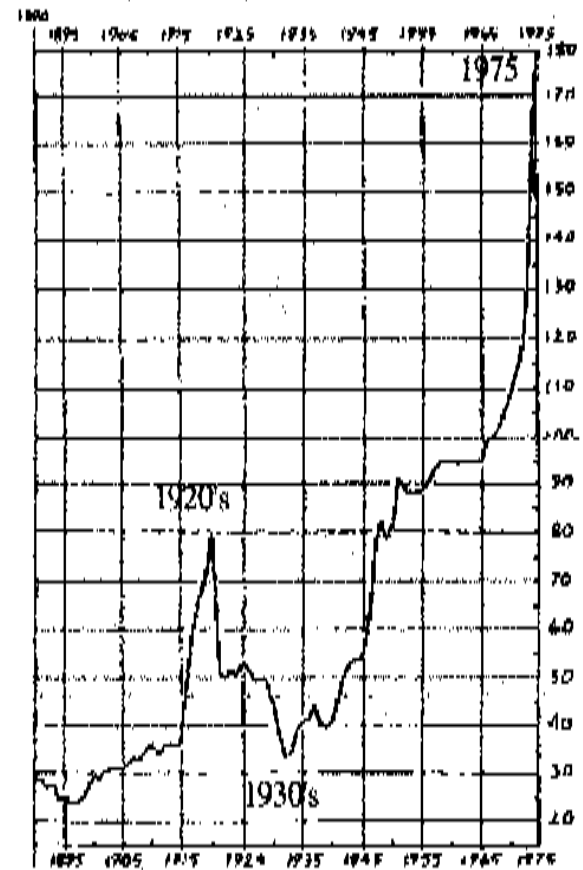
MORRIS
2006

- Long term commodity waves: prices

Wurris and Pearson wholesale price index
for all commodities (1910-1914 = 100)

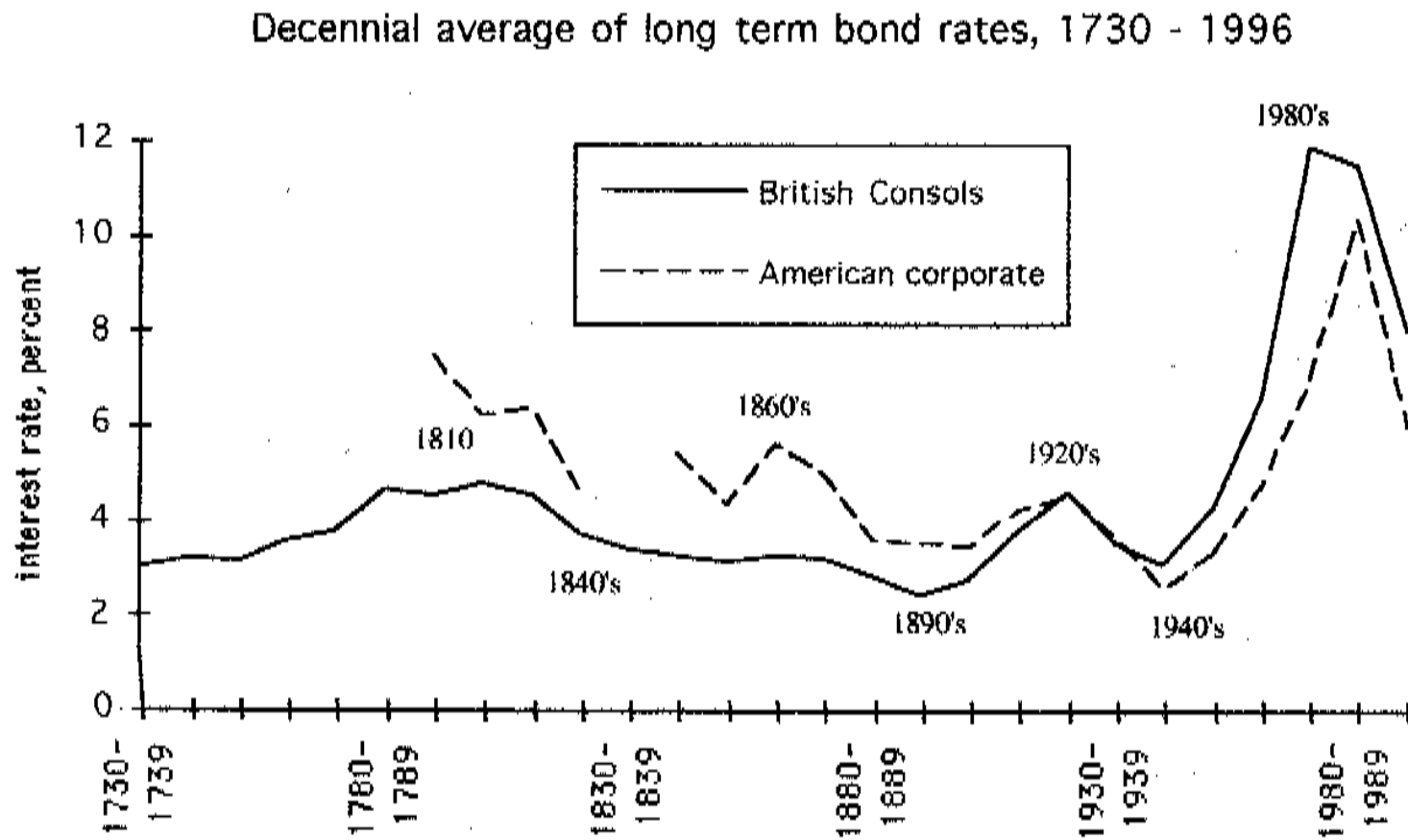


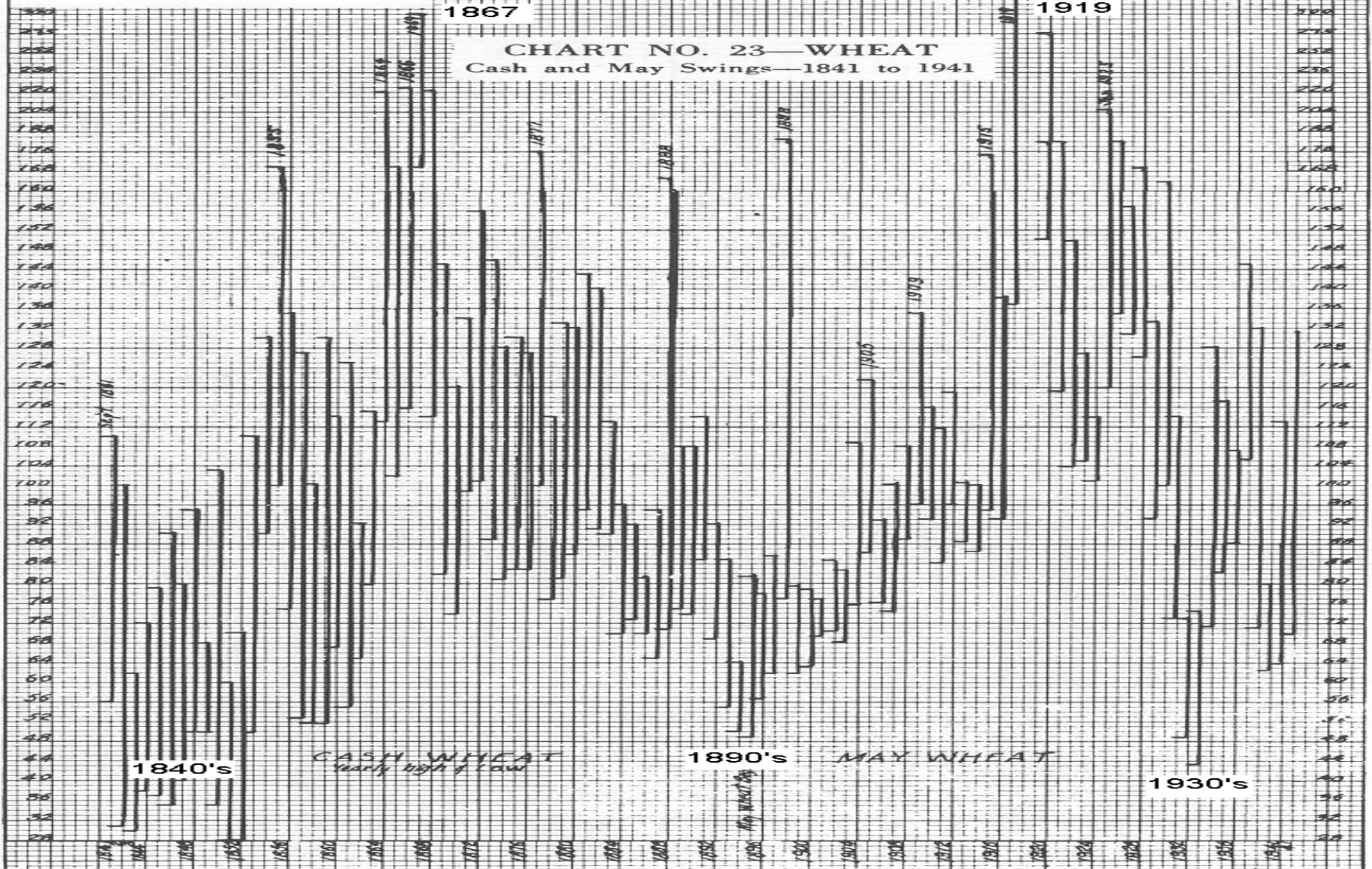
Bureau of Labor Statistics wholesale price index
for all commodities (1907 = 100)



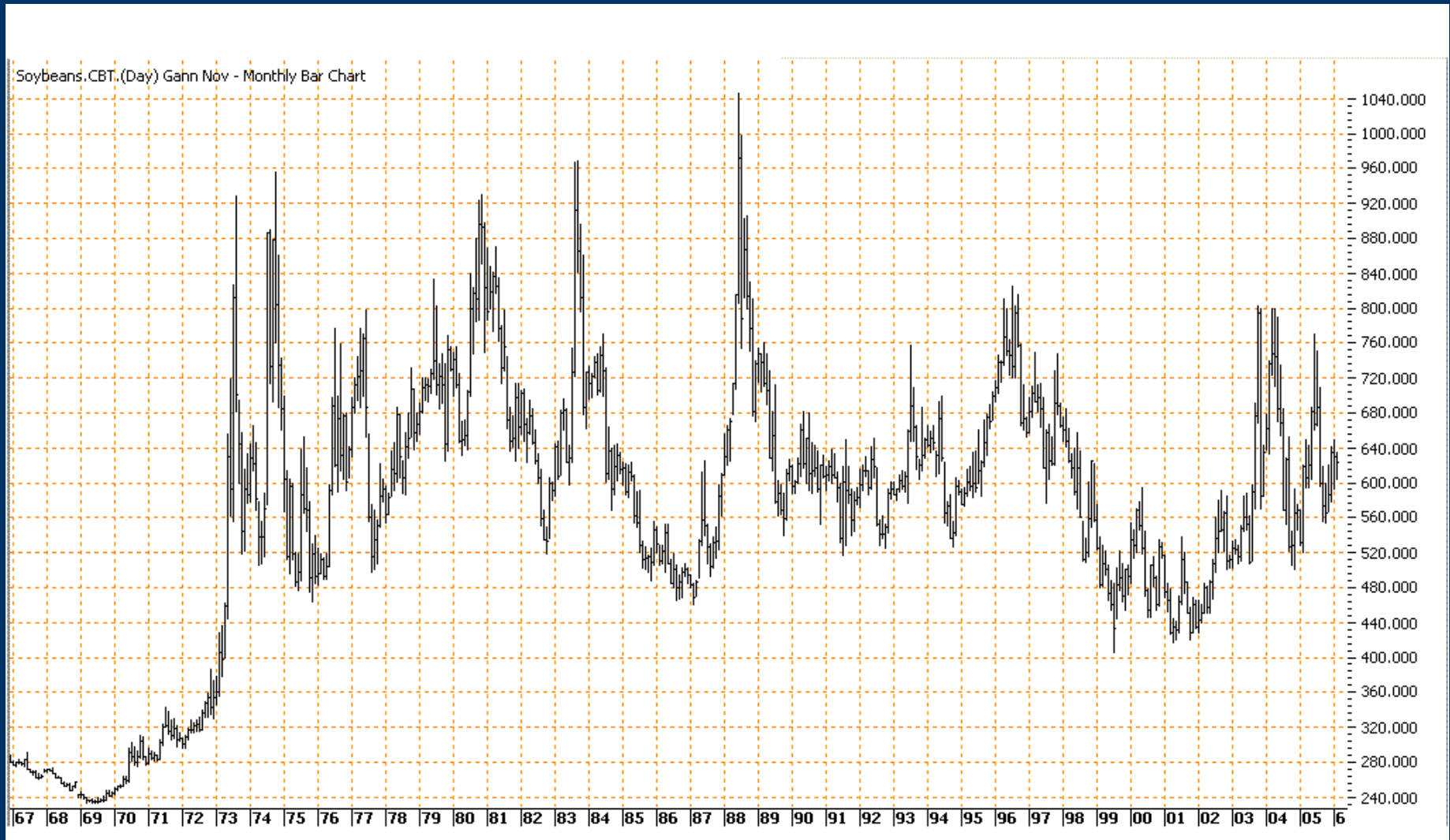
Source: Bureau of the Census, *Historical Statistics*, pp. 190-202.

- Long term commodity waves: interest rates





- Long term commodity waves, November beans



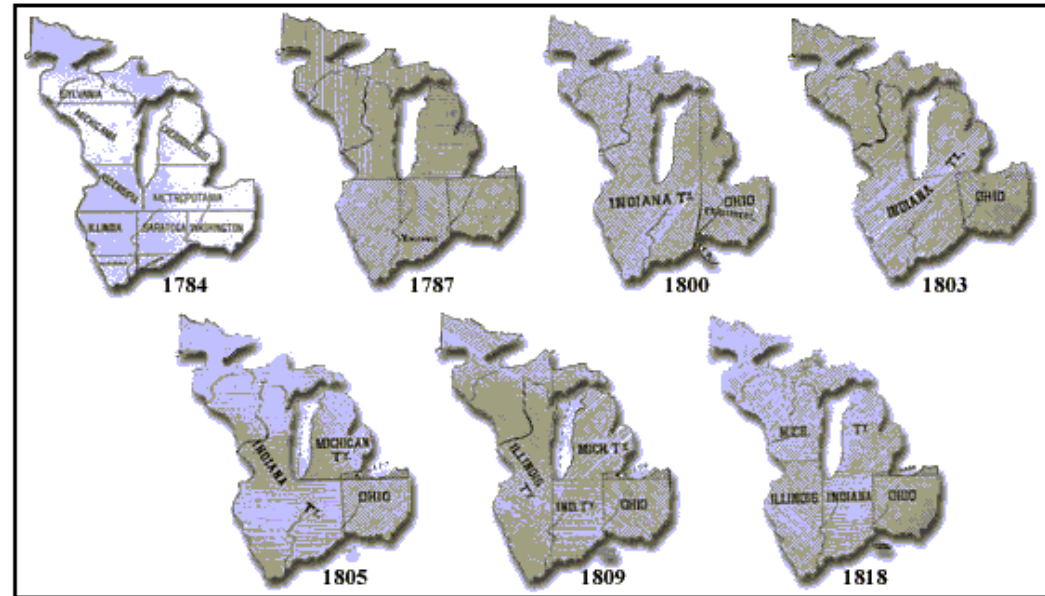
- Real estate: The US movement inwards



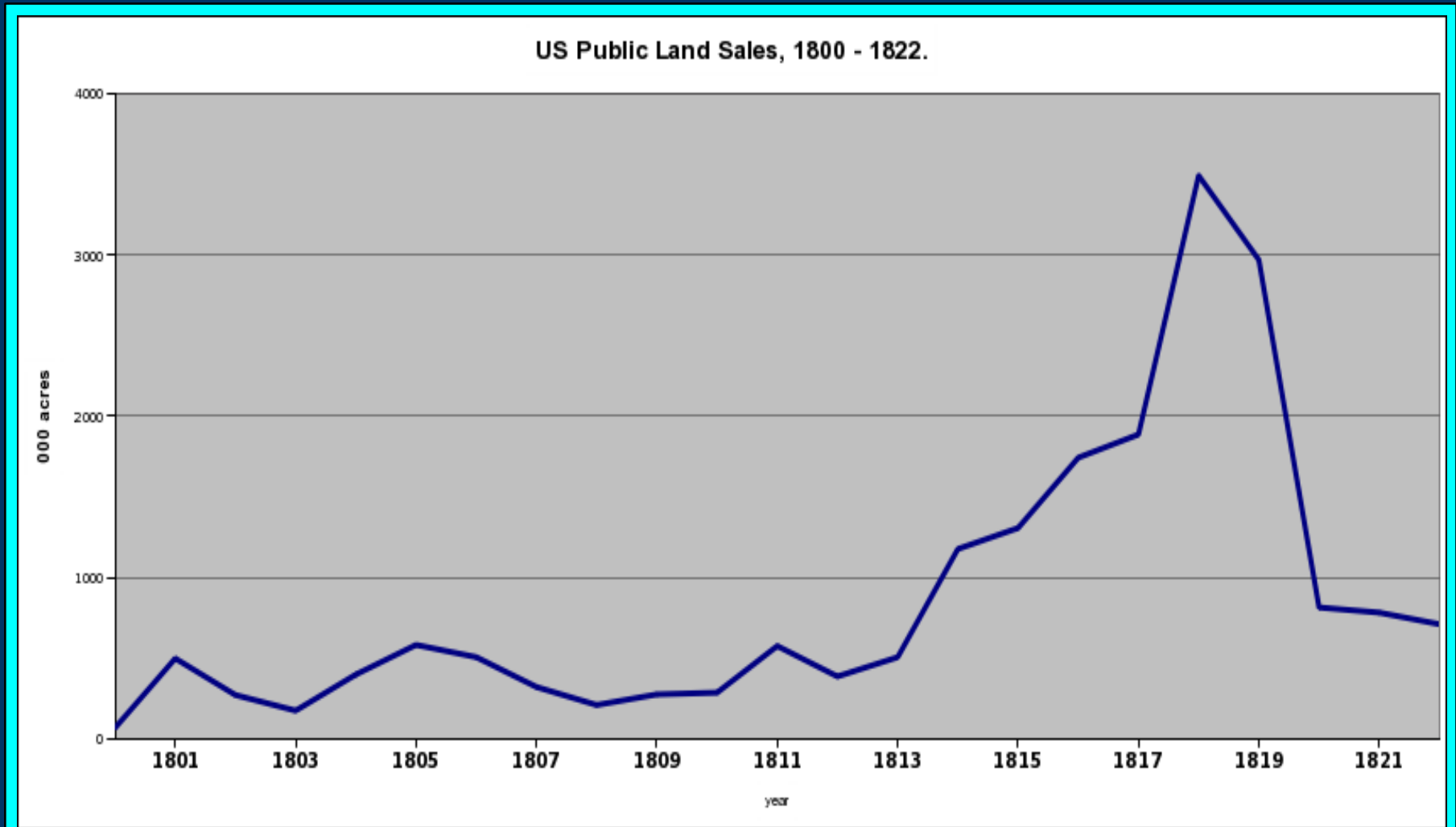
How the public domain took shape.

map available at

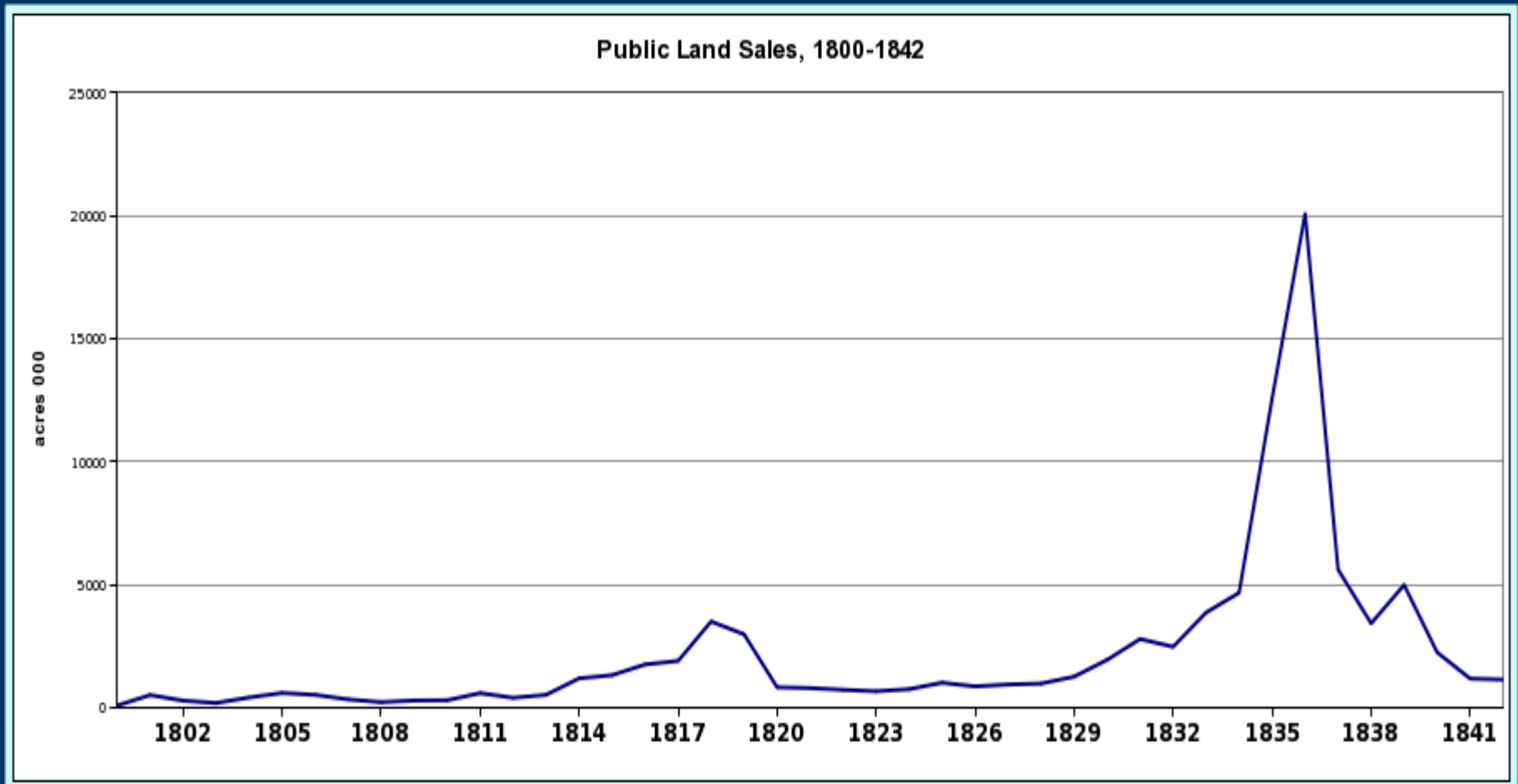
<http://memory.loc.gov/ammem/unhtml/unessay5.html>



- Real estate: 1810's land speculation, then downturn



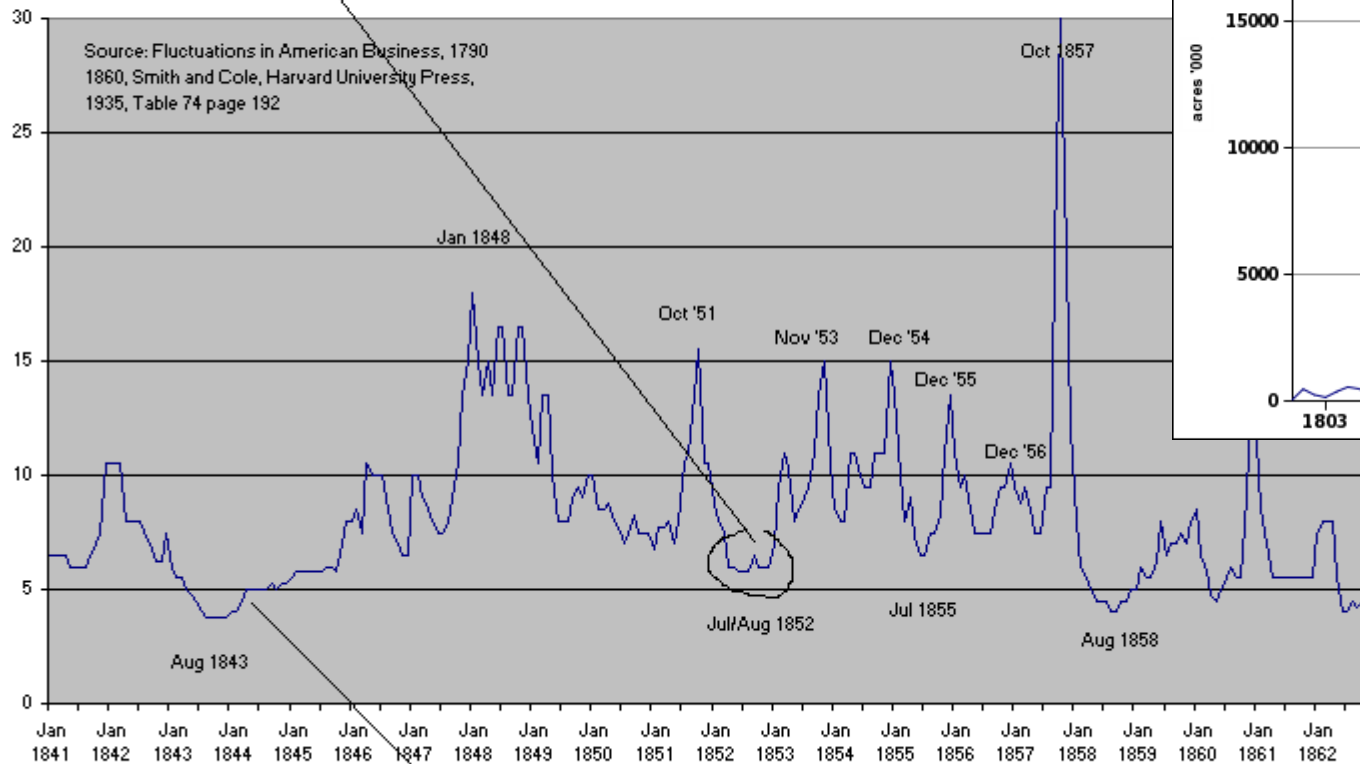
- Real estate: 1830's land speculation, then downturn



- Real estate: 1850's land speculation, then downturn

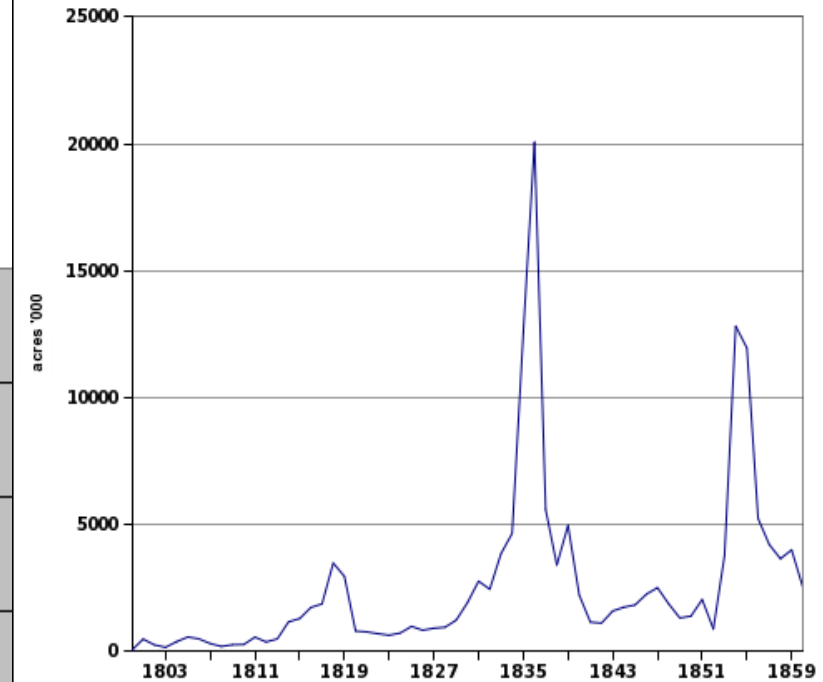
Very low interest rates, brought about by the California gold strike that vastly expanded the banks supply of specie, enabled the banks to expand their loans, their credit base, and hence their profitability, at least in the short run. Leads to an explosion in land speculation.

Discount Rate, New York City, monthly average 1841-1862

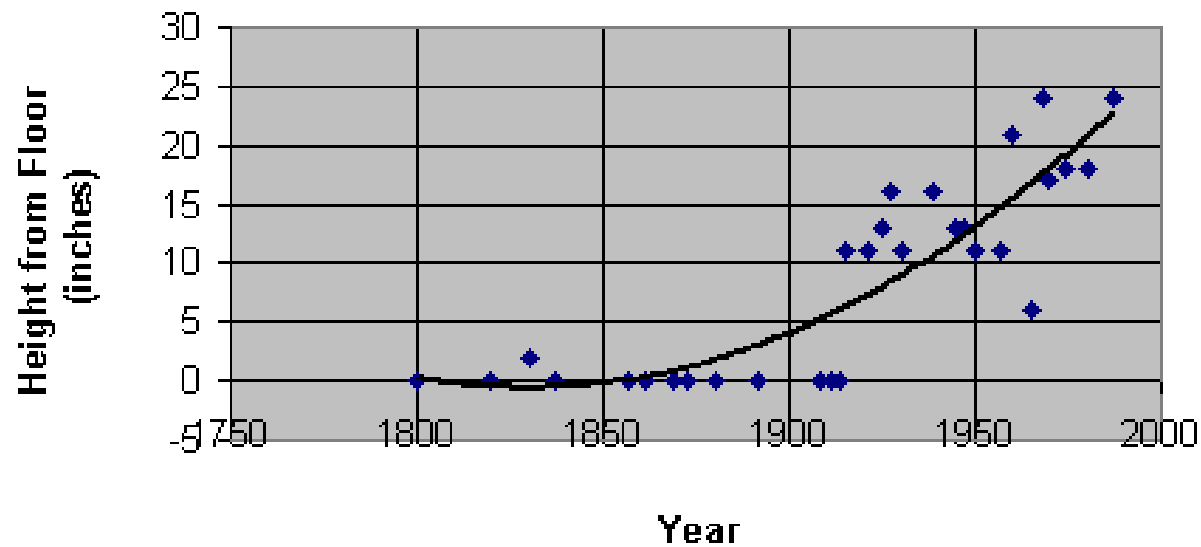


Low rates here helped fuel the rapid rise in rail stock prices in this year and the next.

Public Land Sales 1800 - 1860



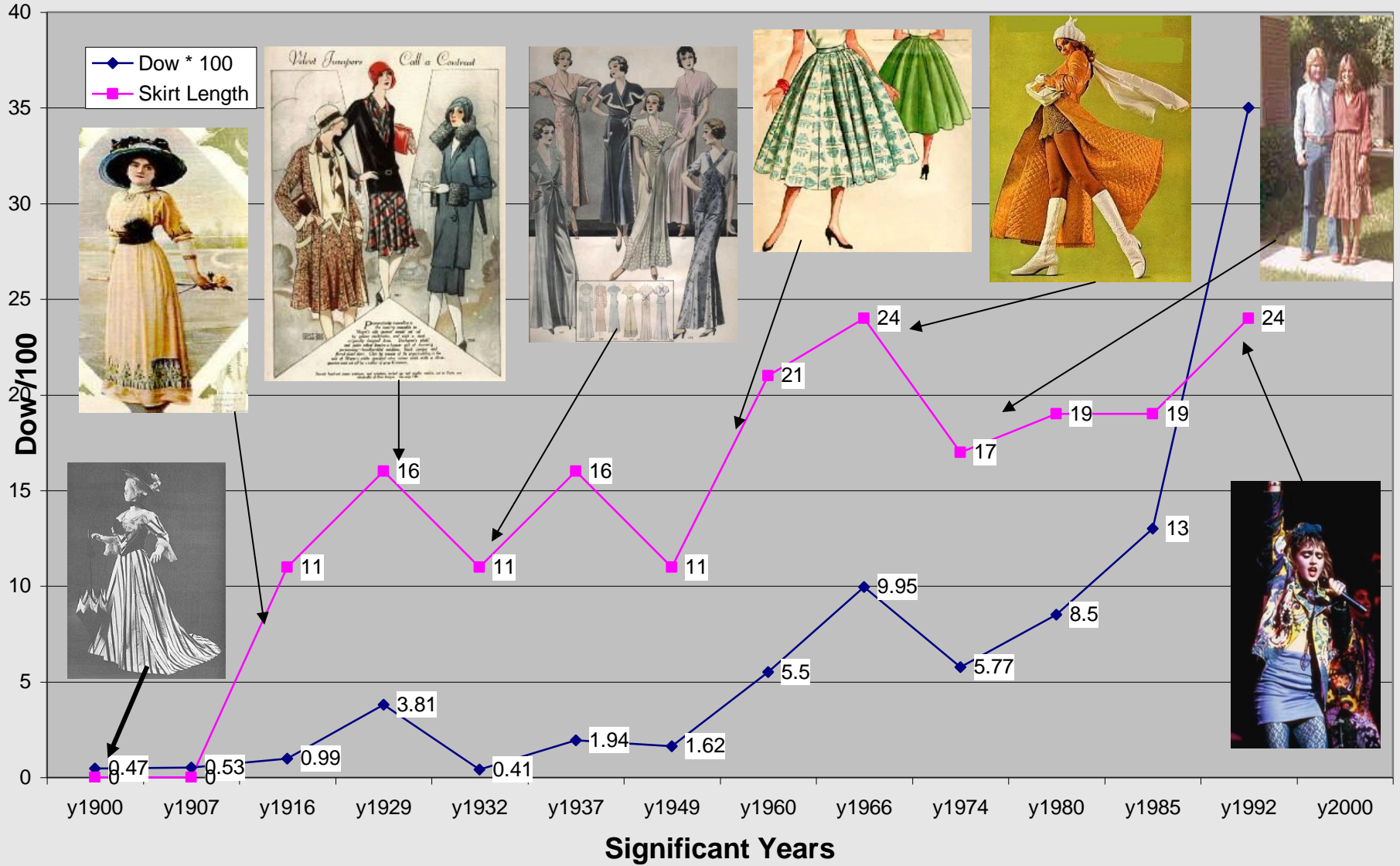
Height of Skirts from Floor (Since 1800)



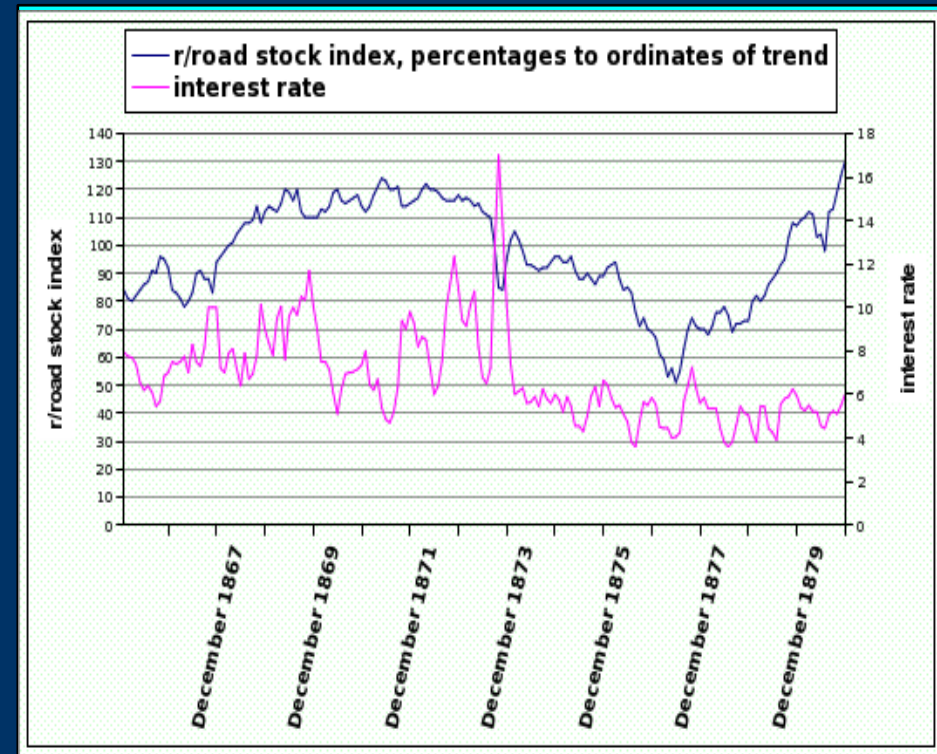
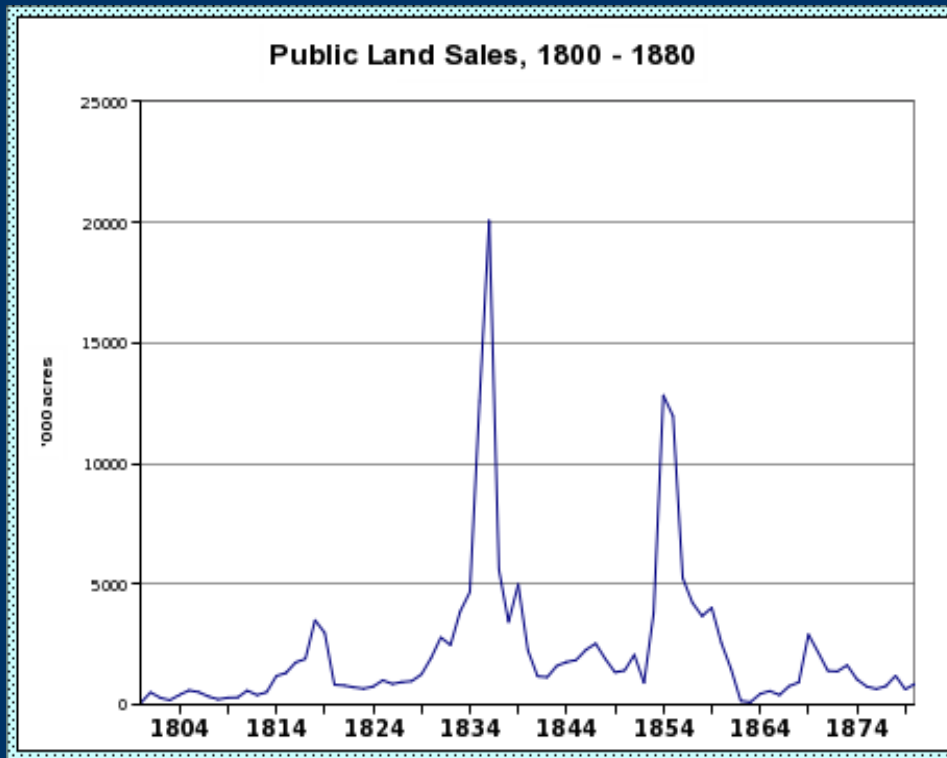
$$y = 0.0009x^2 - 3.2973x + 3012.2$$
$$R^2 = 0.7601$$

- ◆ Ht from Floor (in)
- Poly. (Ht from Floor (in))

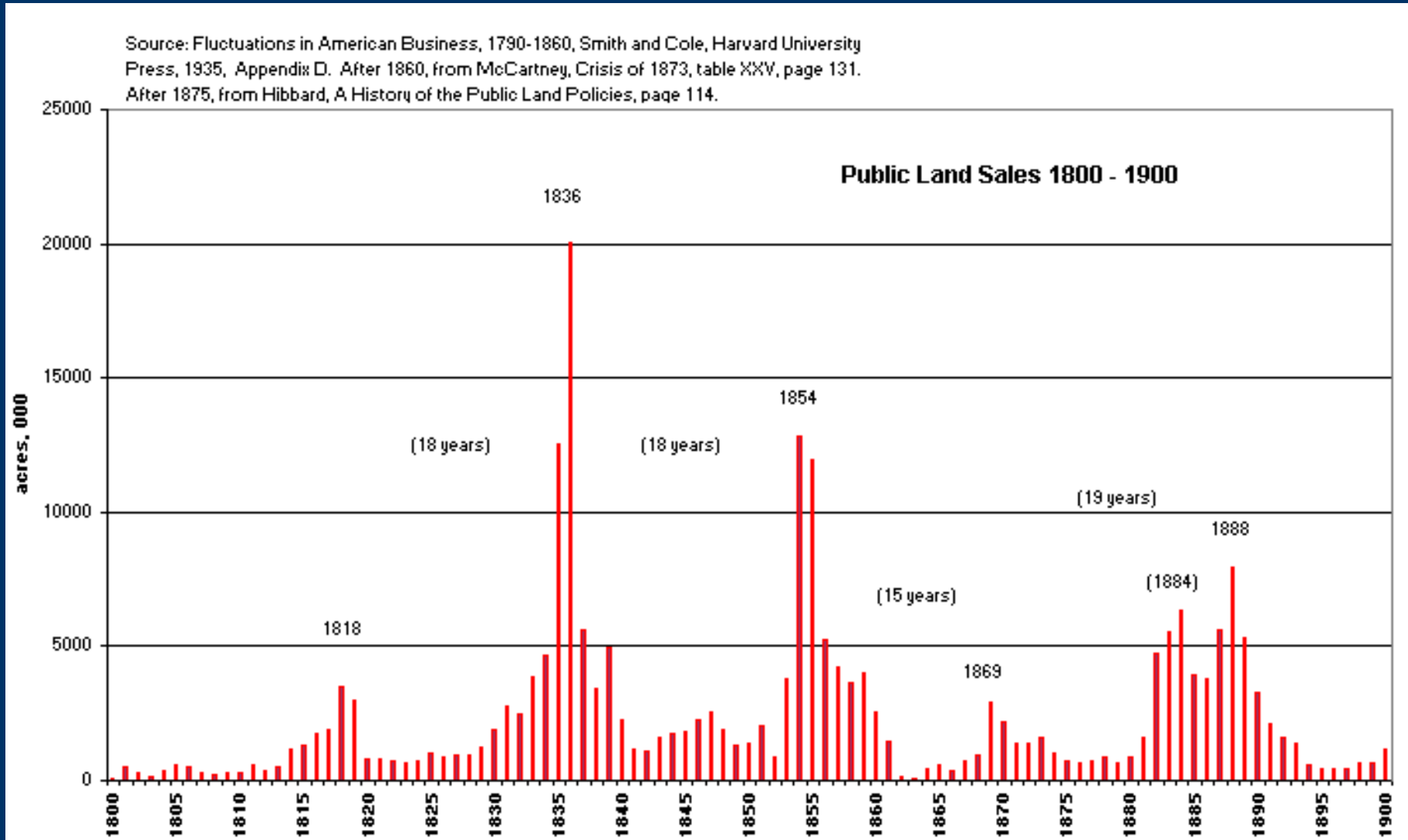
Skirt / Dow Correlation



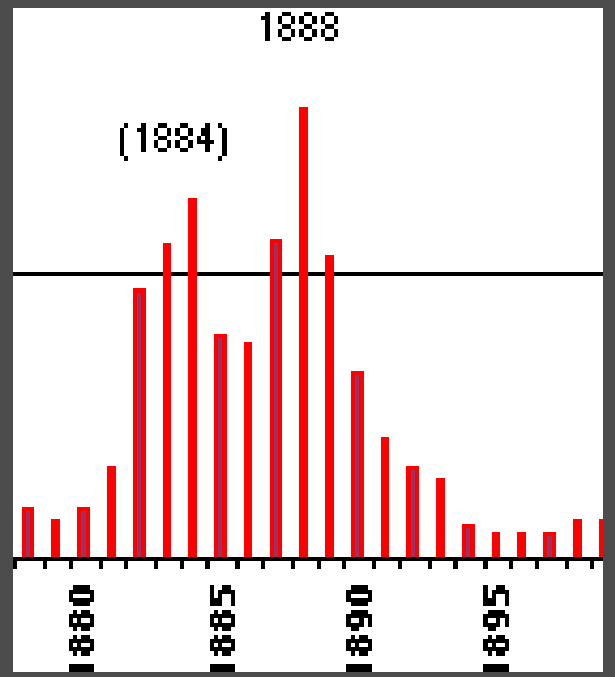
- Real estate speculation into the 1873 downturn



• US Real estate speculation into the 1893 downturn

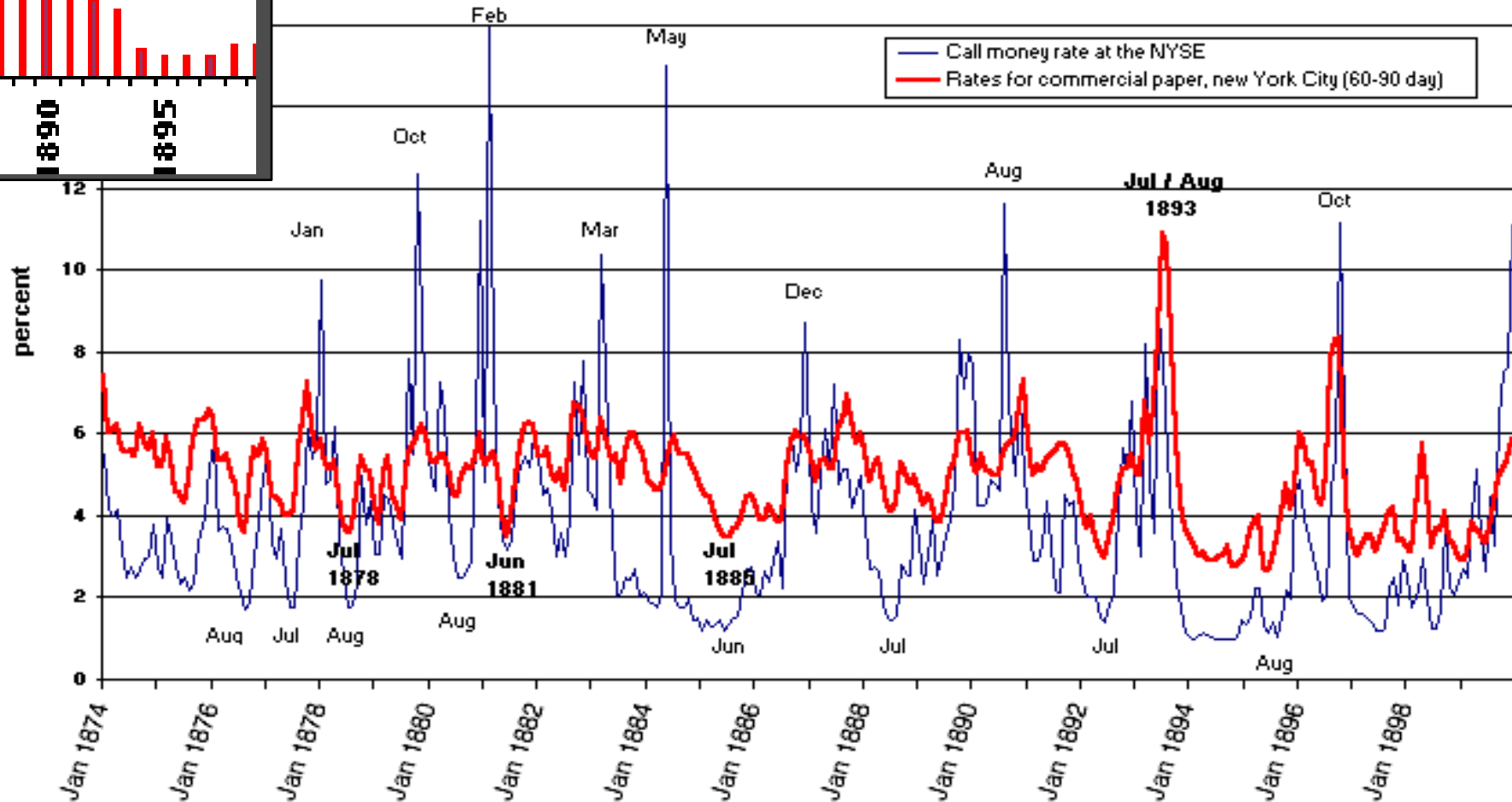


1893 continued

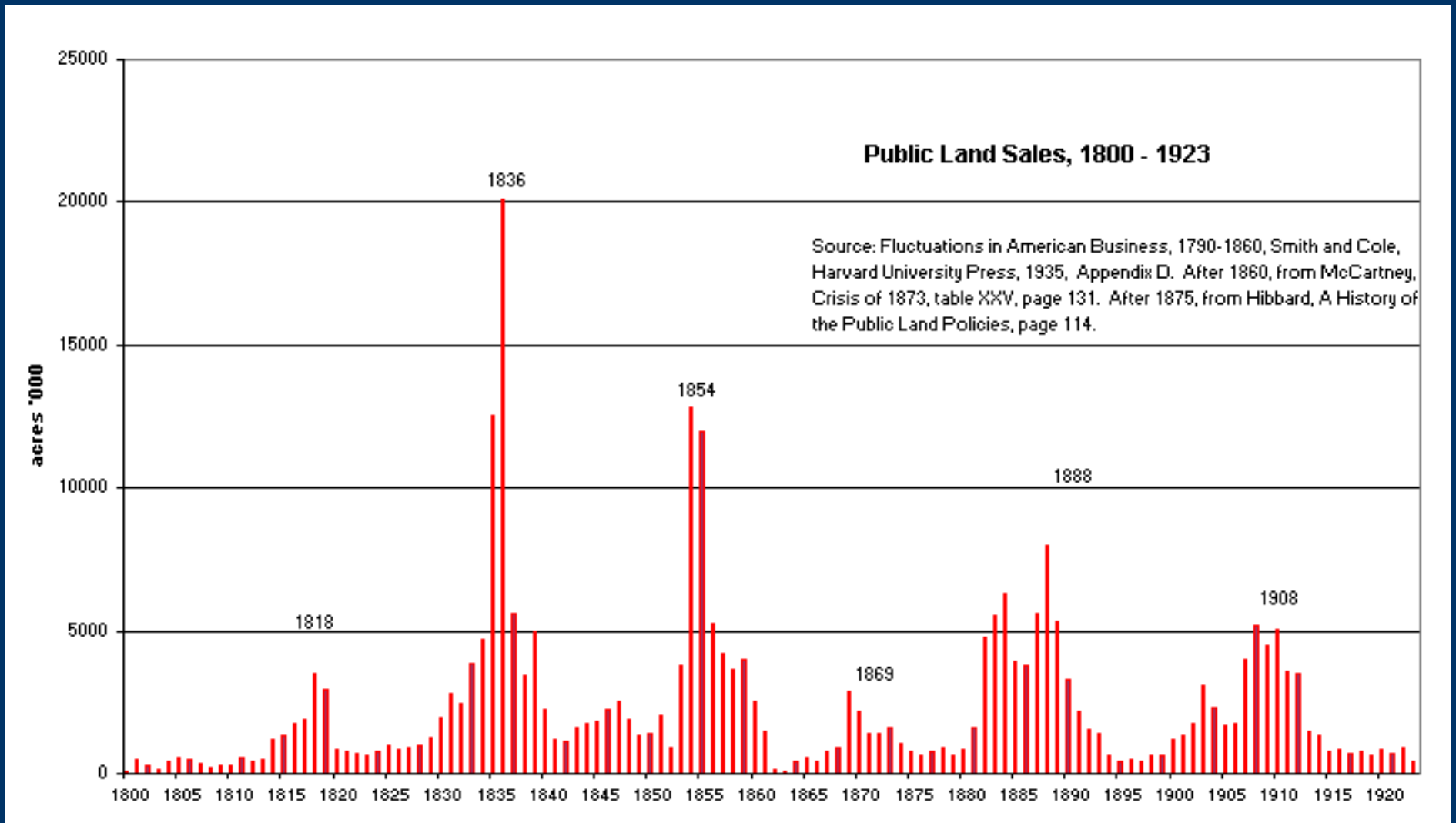


Rates, 1874 - 1900

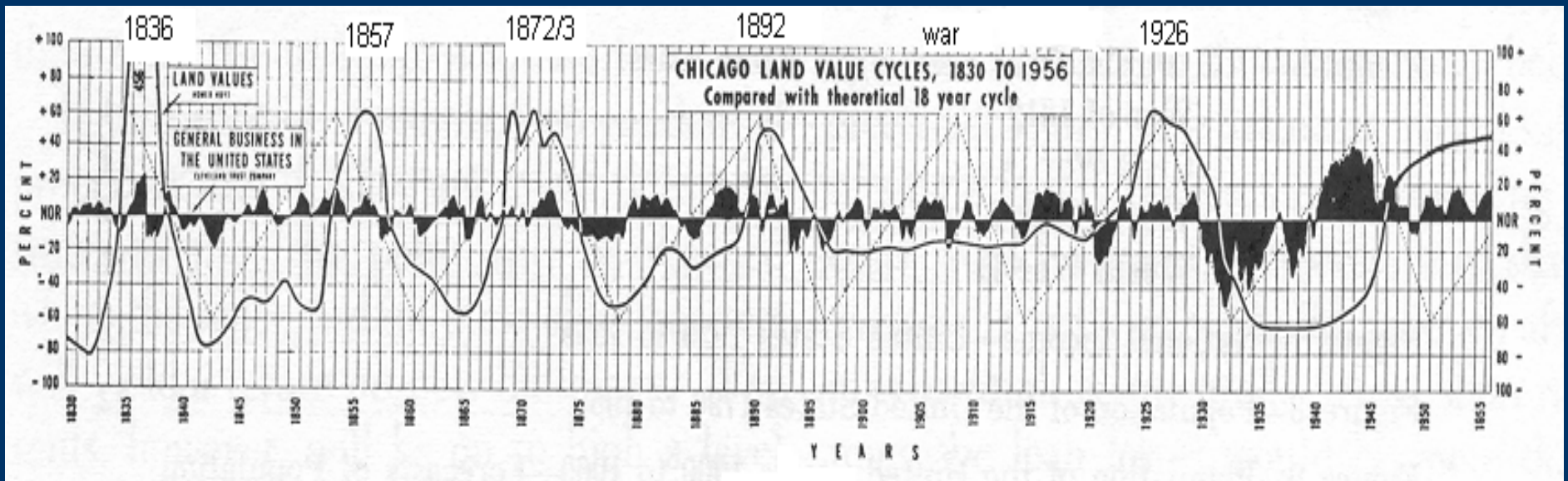
Source: Macauley, Frederick R, Some Theoretical Problems Suggested by the Movements of Interest Rates, Bond Yields and Stock Prices in the United States Since 1856, NBER Inc., no. 33, 1938.



- US real estate into 1932

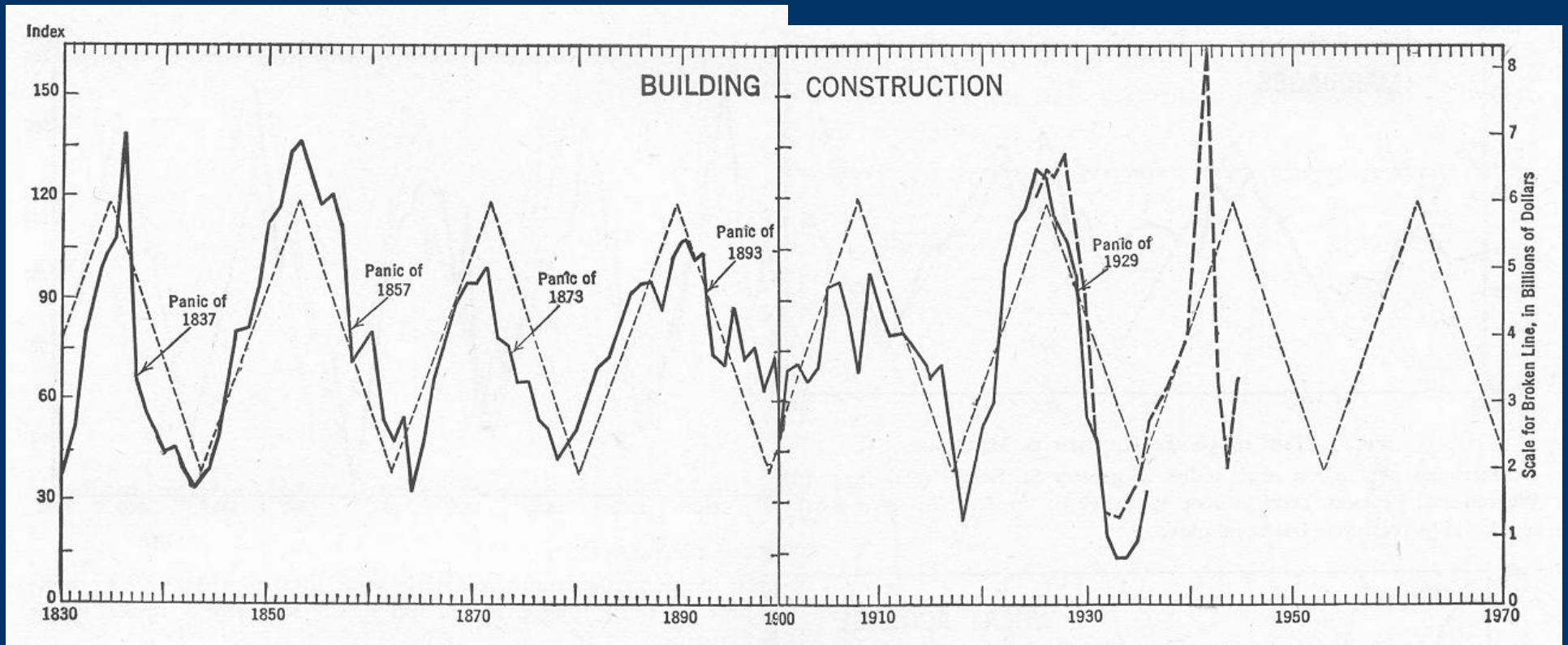


- 18 years has a good history: Chicago land value,



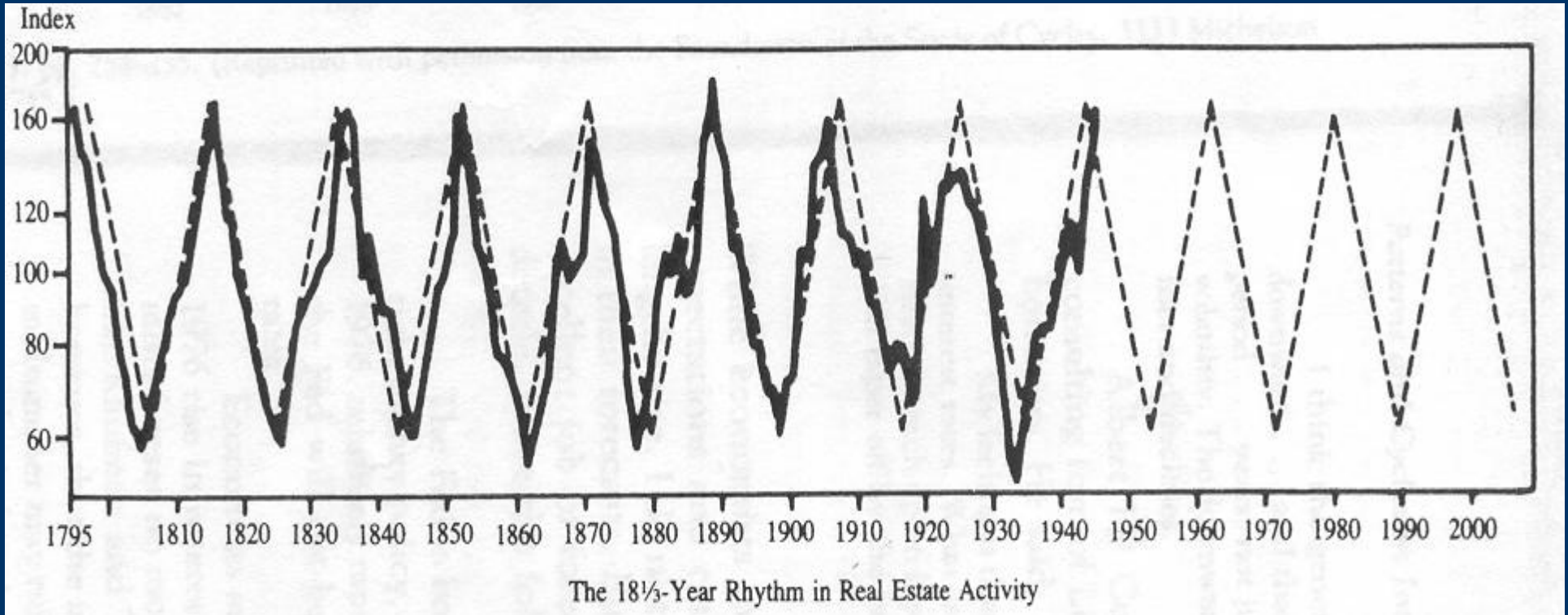
Source: According to Hoyt, 1966, page 538

- 18 years has a good history: US building construction,



Source: Cycles, 1947, page 118

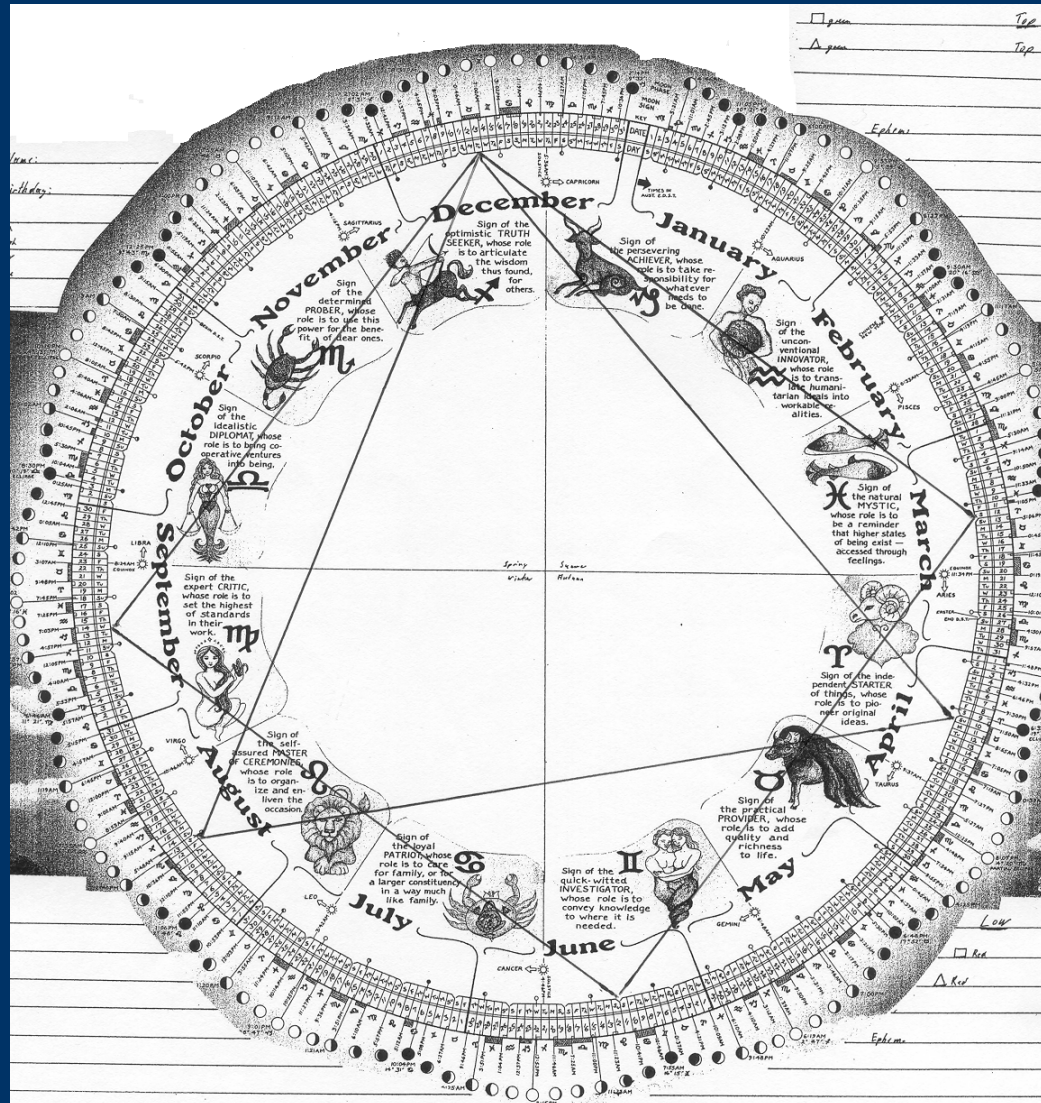
- 18 years has a good history: US real estate activity,



Source: Cycles, 1970, page 343

How to profit from commodity, real estate and stock market cycles

- Gann Timing: W.D Gann's time in a circle.

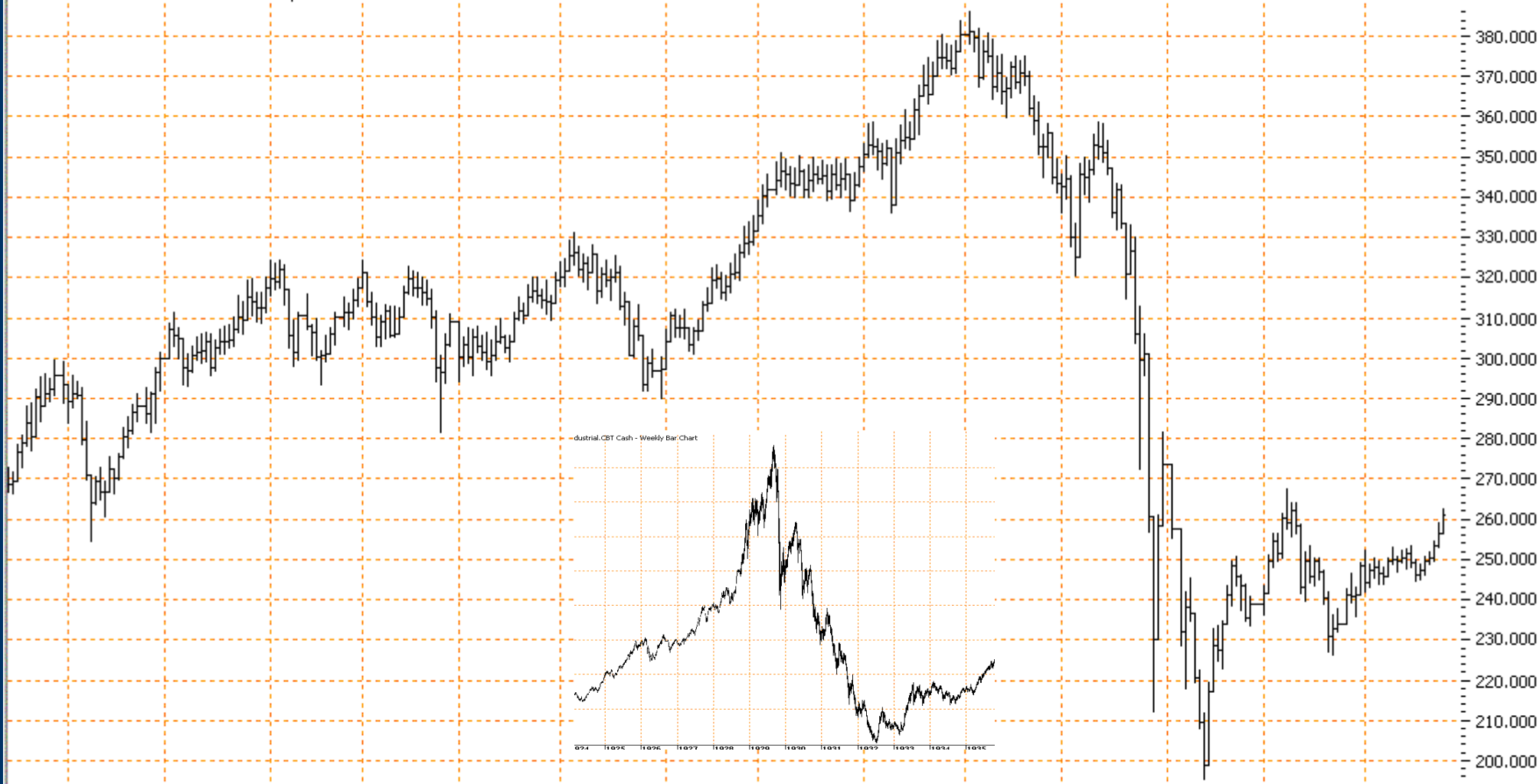


DJ-Cash 27/12/29 0:241 H:246.4 L:239.1 C:240.7 V:335

01:-

Show Last

Dow Jones Industrial CBT Cash - Daily Bar Chart



Industrial CBT Cash - Weekly Bar Chart



December 1929 February March April May June July August September October November December 1930



Some charts using STEX

(using our new-found knowledge of cycles)

but remember.....



PAY PER VIEW



The Indicators:

Stock market

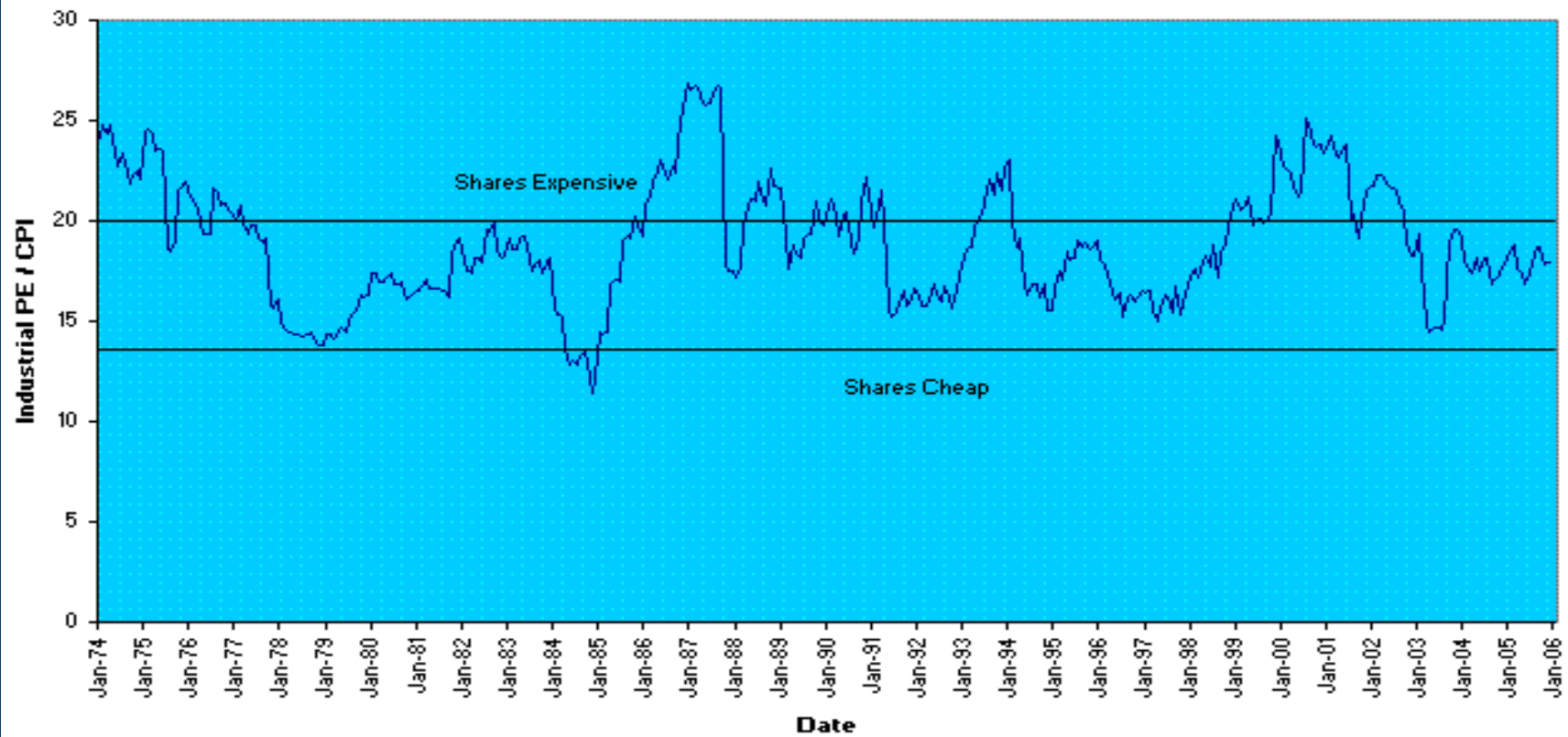
- Gann's time overbalance
- New highs / lows
- Rule of 20
- Gann's decadal cycle

Economic

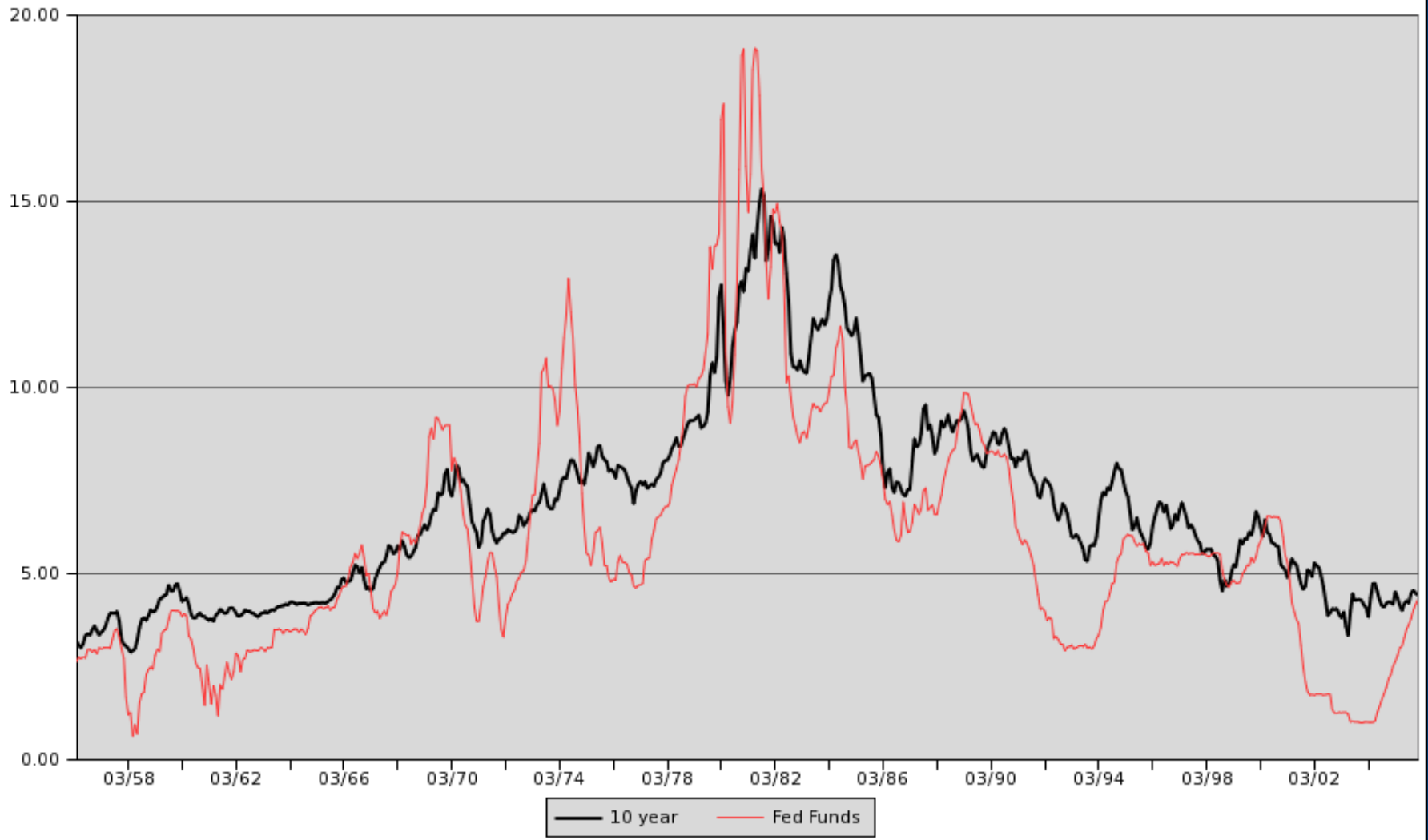
- Fashion
- Bliss index
- Cantillon indicator (tall buildings)
- Money supply
- Yield curve
- Rent enclosures (land price, taxi plates)



Rule of 20



rates, 10 year against fed funds rate



rates, 10 year against fed funds rate

