

## The plan for today:

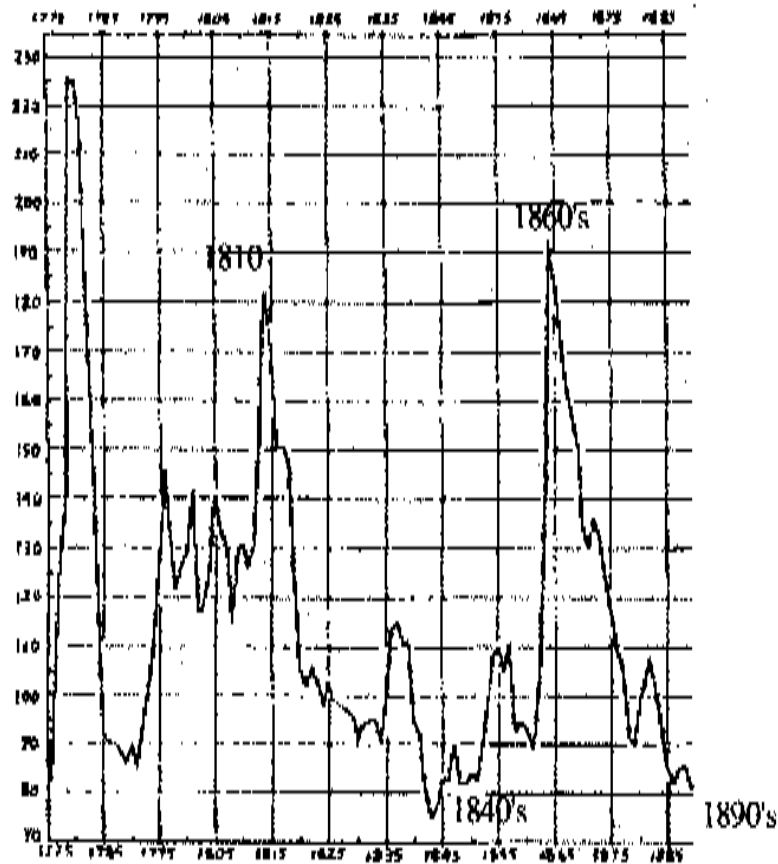
1. Introduction and overview.
2. Kondratieff waves
  1. How real estate history repeats.
  2. Illustrating Ricardo's Law of Rent (Canberra).
  3. Stock market cycles.
  4. Putting it all together.

Note the following series of years:

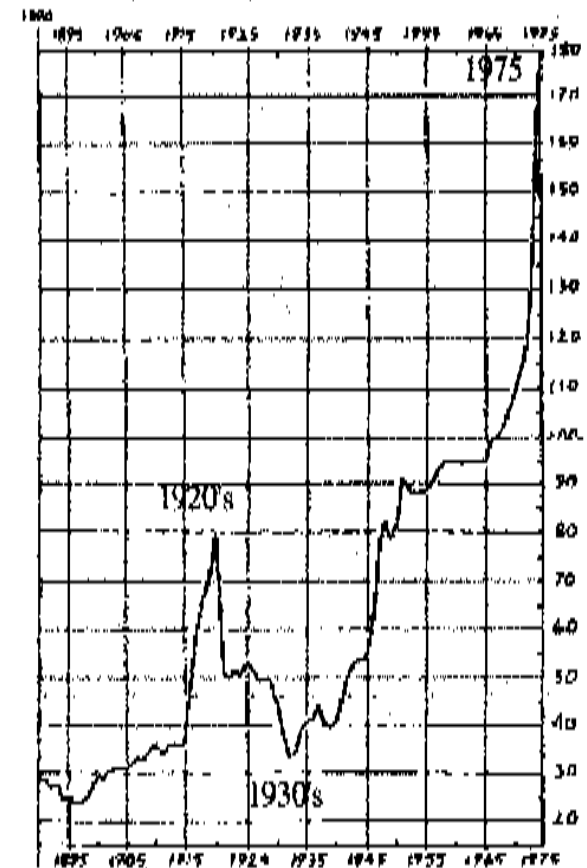
2001/2	1991	1982	1974
1961 (1955)	1949	1937	1932
1921 (1913)	1907	1897	1893
1884	1873	1866	1857
1847	1836/7	1825	1819

# - Long term commodity waves: prices

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

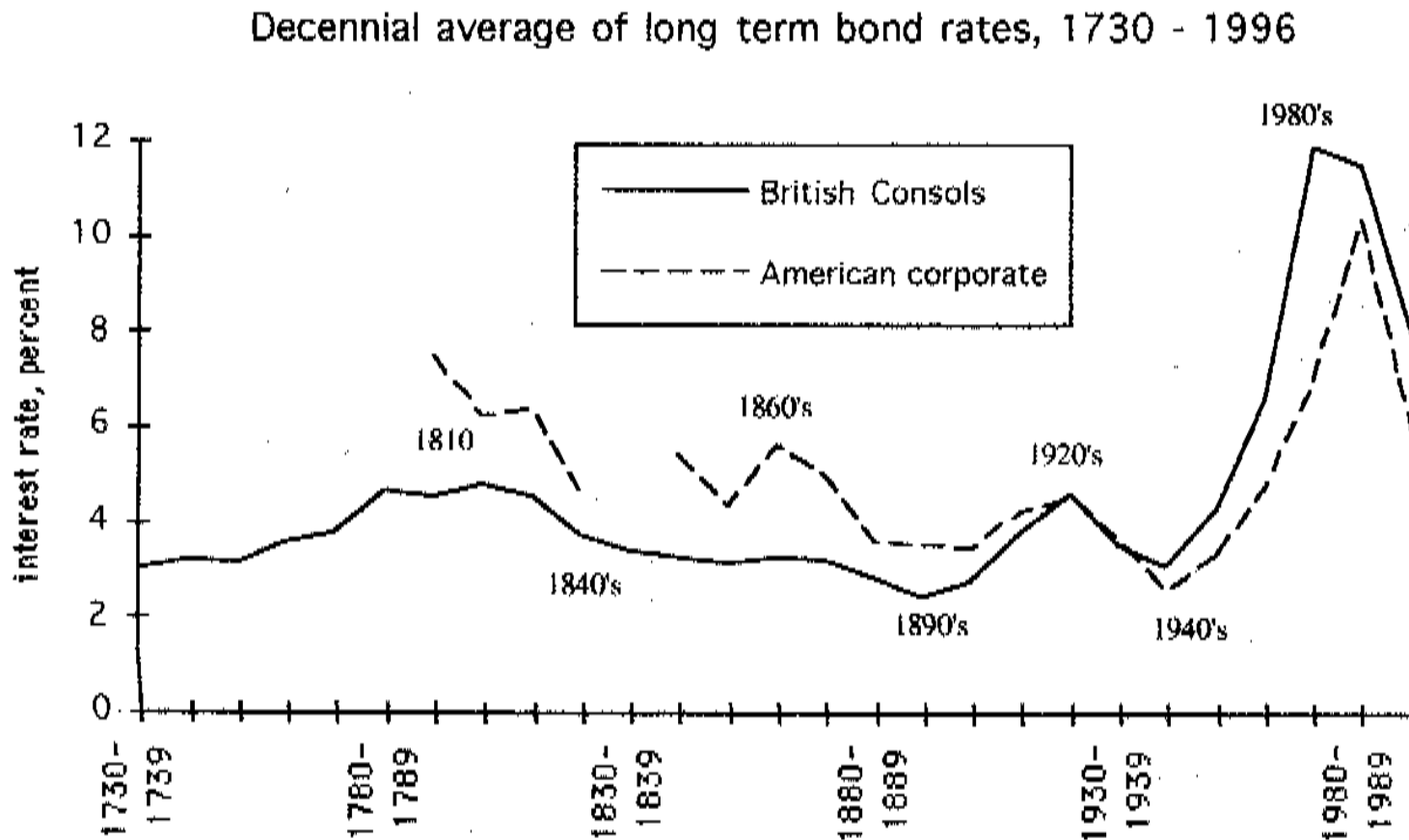


Bureau of Labor Statistics wholesale price index  
for all commodities (1907 = 100)

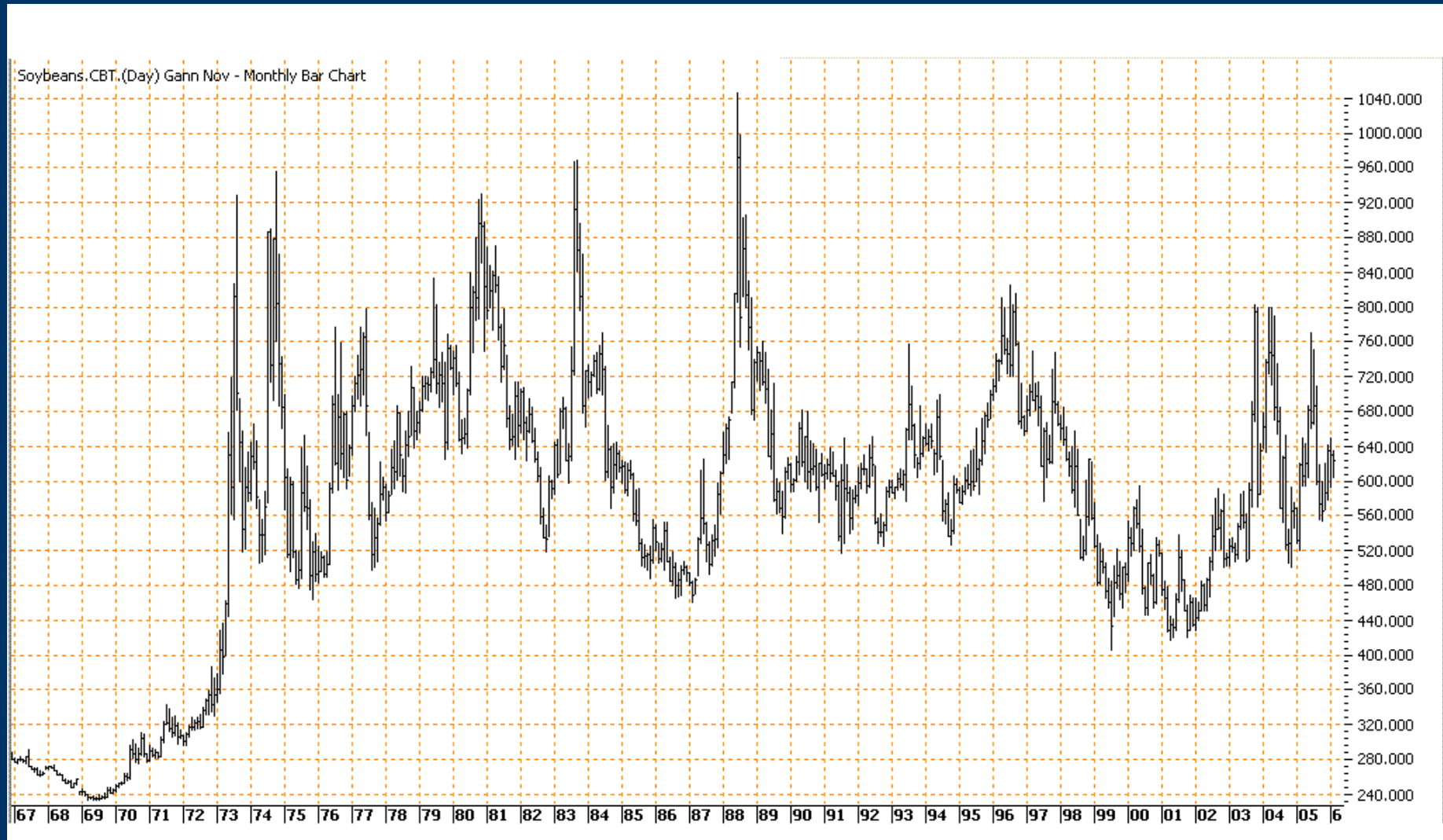


Source: Bureau of the Census, *Historical Statistics*, pp. 199-202.

- Long term commodity waves: interest rates



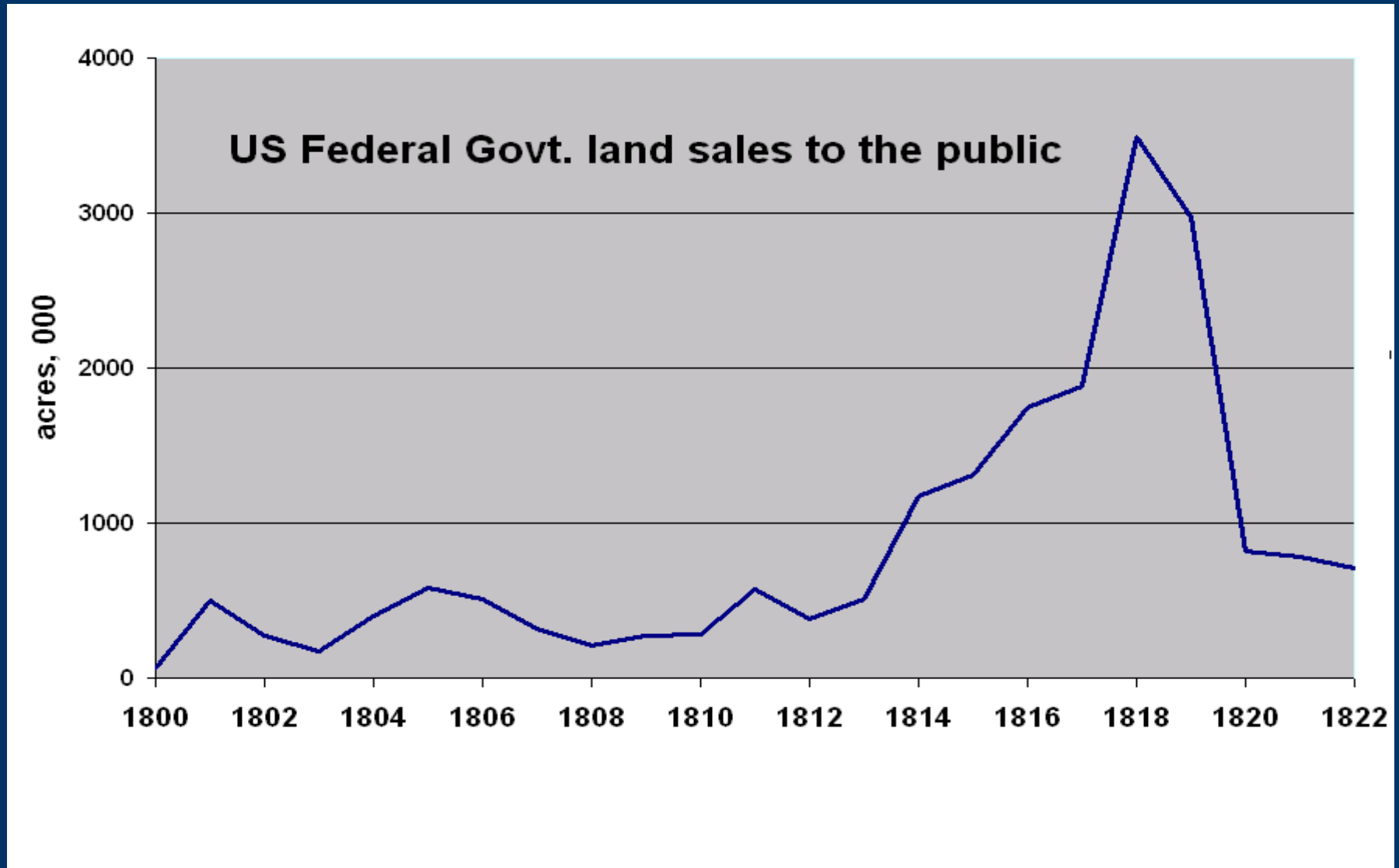
# Long term commodity waves, November beans



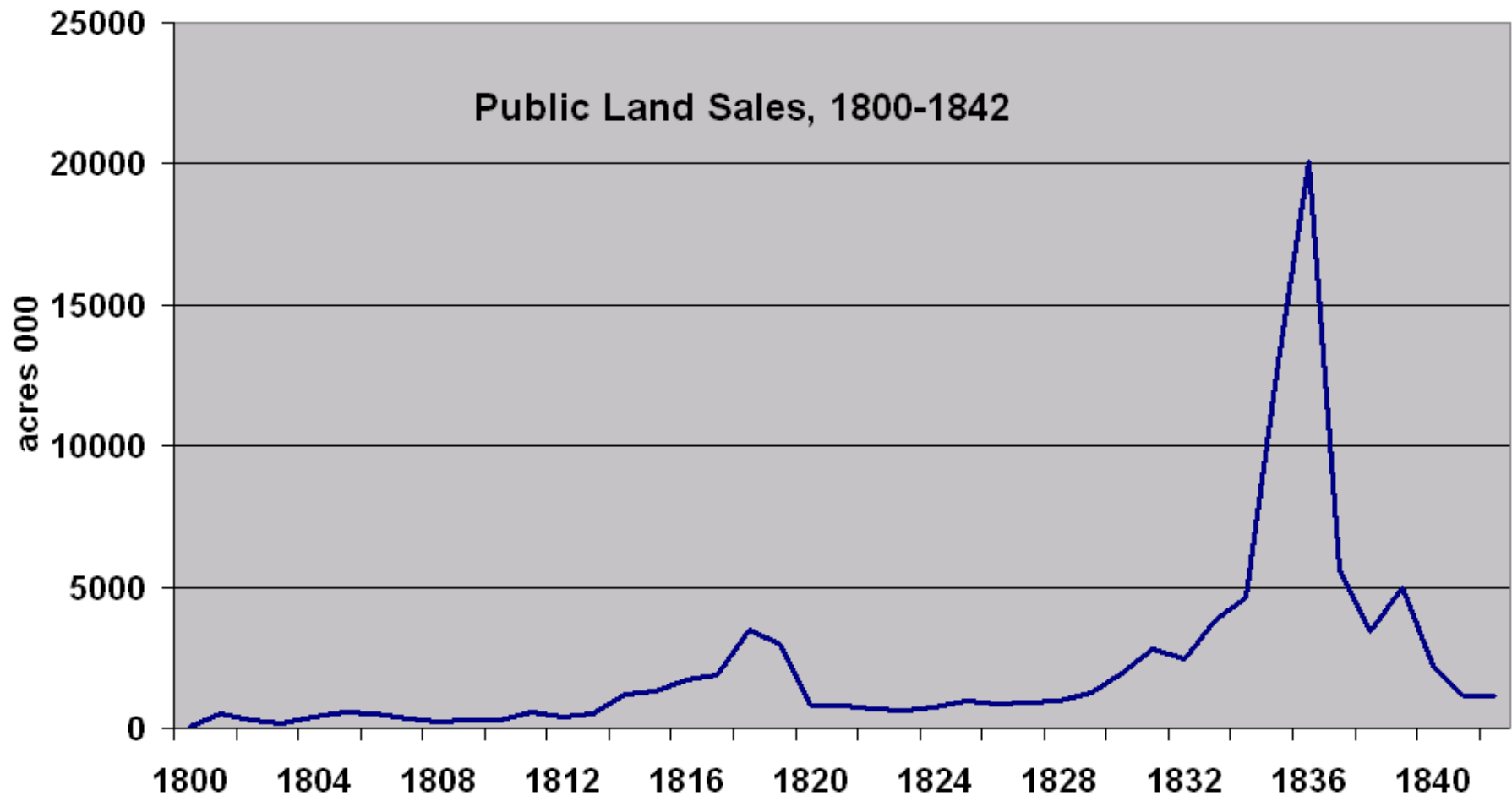
- Real estate: The US movement inwards



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



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

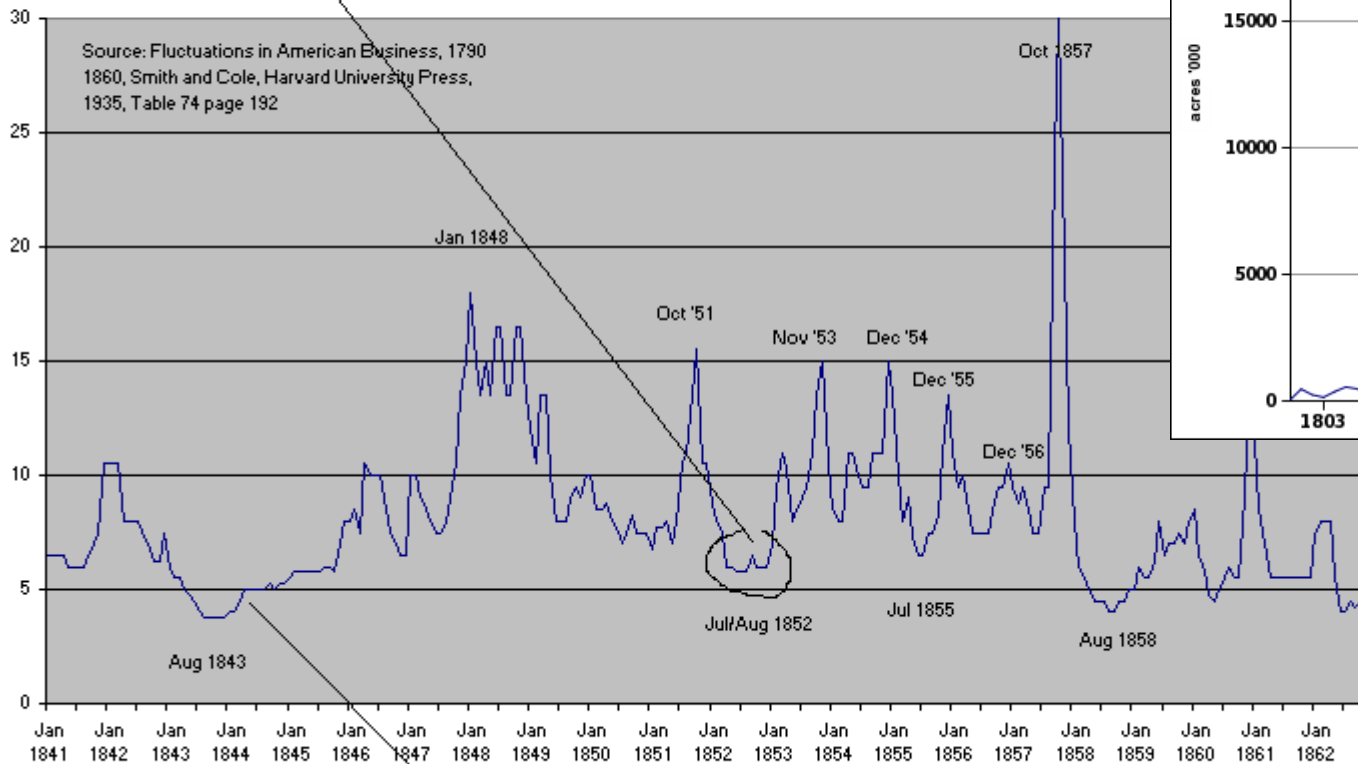




- Real estate: 1850's land speculation, then downturn

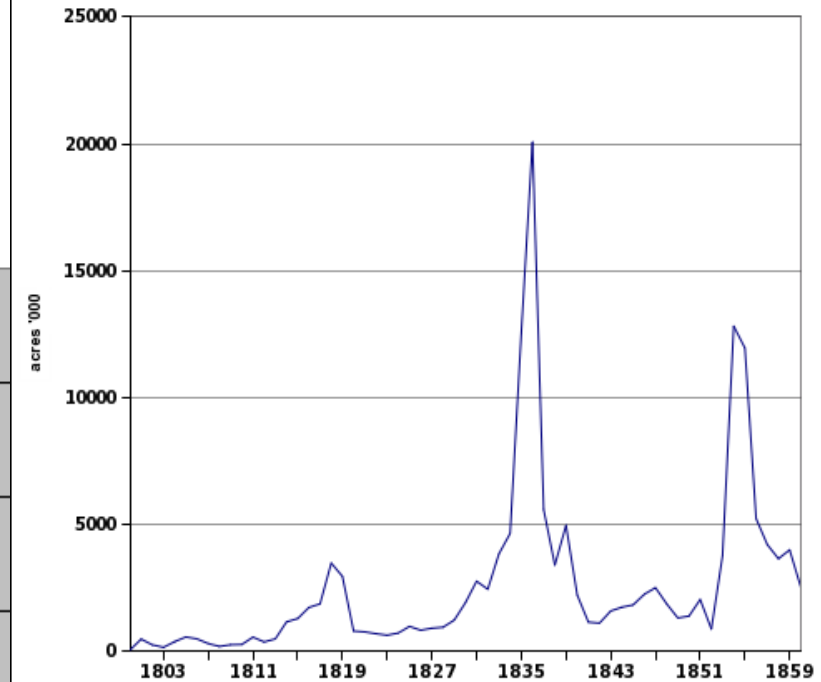
Very low interest rates, brought about by the California gold strike that vastly expanded the banks supply of specie, enabled the banks to expand their loans, their credit base, and hence their profitability, at least in the short run. Leads to an explosion in land speculation.

**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.

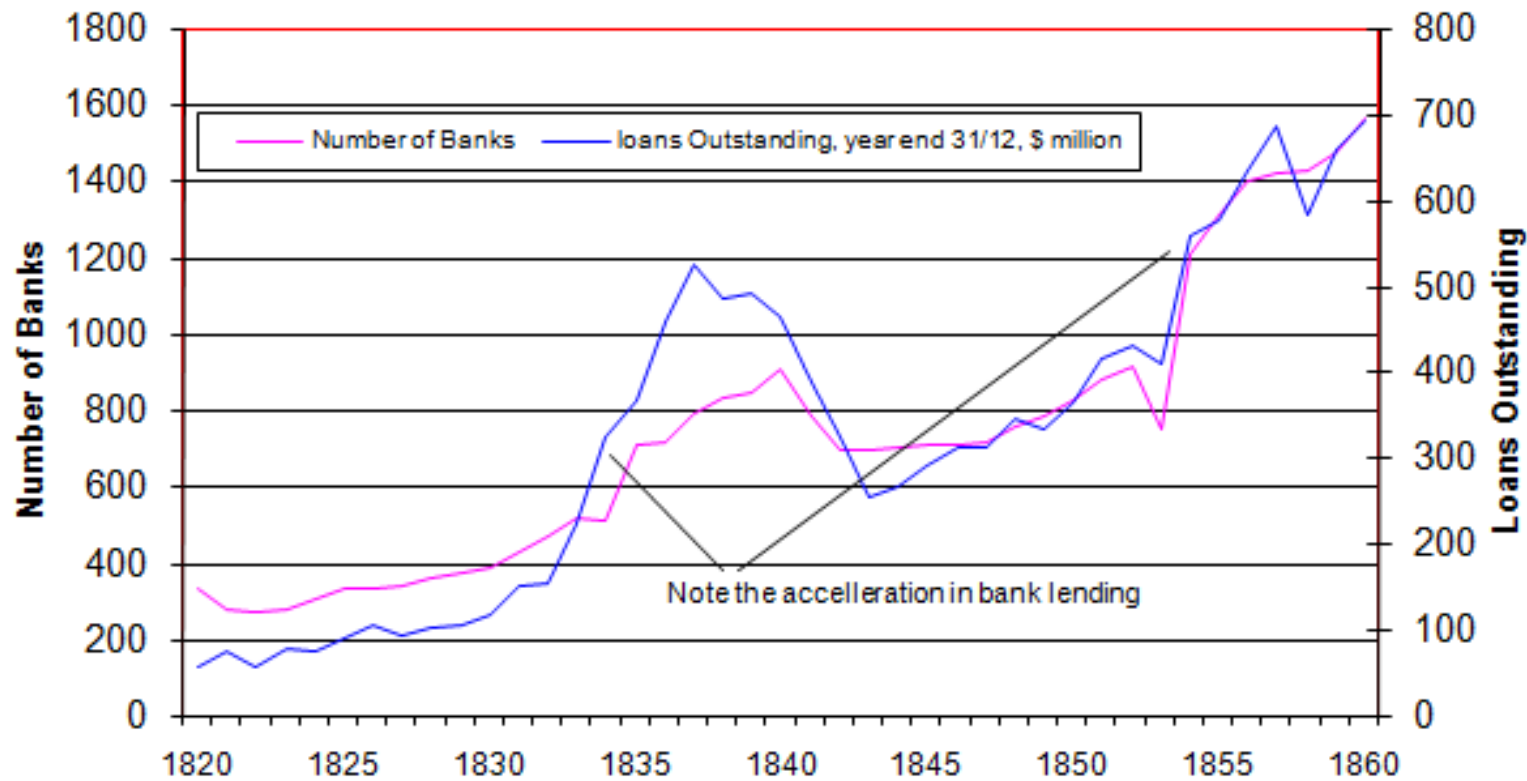
**Public Land Sales 1800 - 1860**



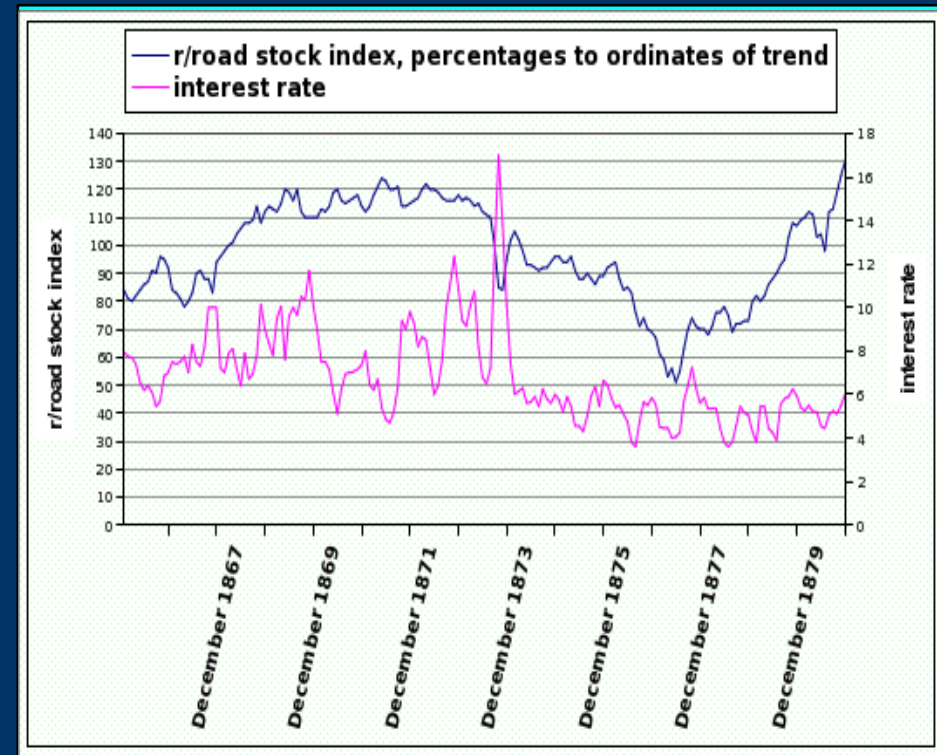
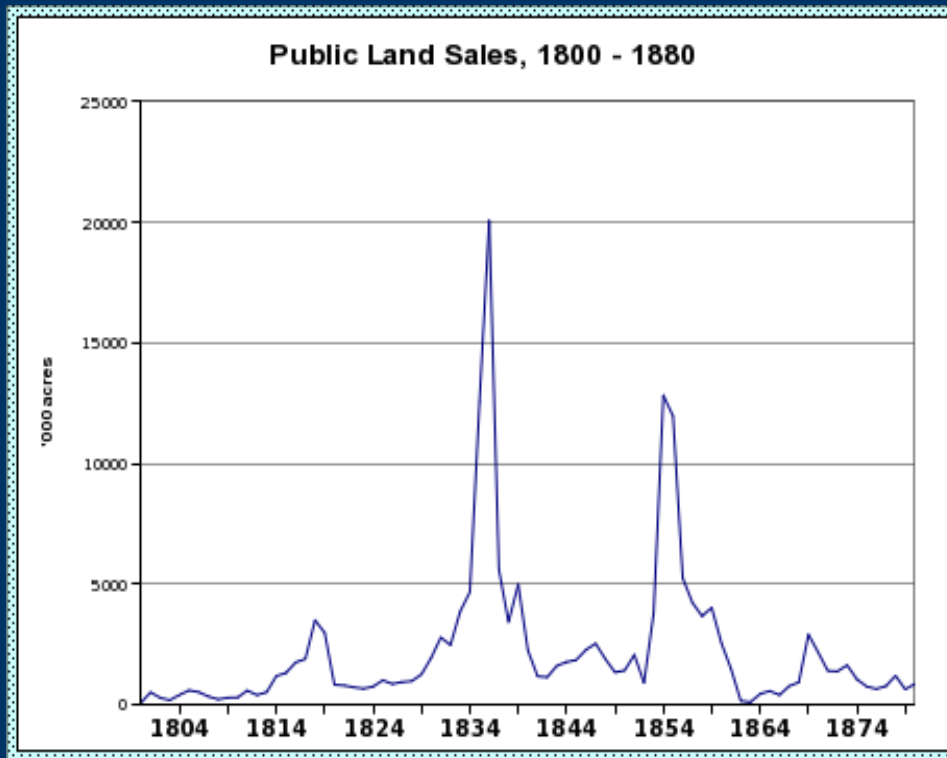
# 1830's, 1850's acceleration in bank lending:

**Bank numbers and loans outstanding, 1820 - 1860**

Source: Bodenhorn, Howard. "Antebellum Banking in the United States." EH.Net Encyclopedia, edited by Robert Whaples, Sept. 5 2001. [www.eh.net/encyclopedia/contents/bodenhorn.banking.antebellum.php](http://www.eh.net/encyclopedia/contents/bodenhorn.banking.antebellum.php)

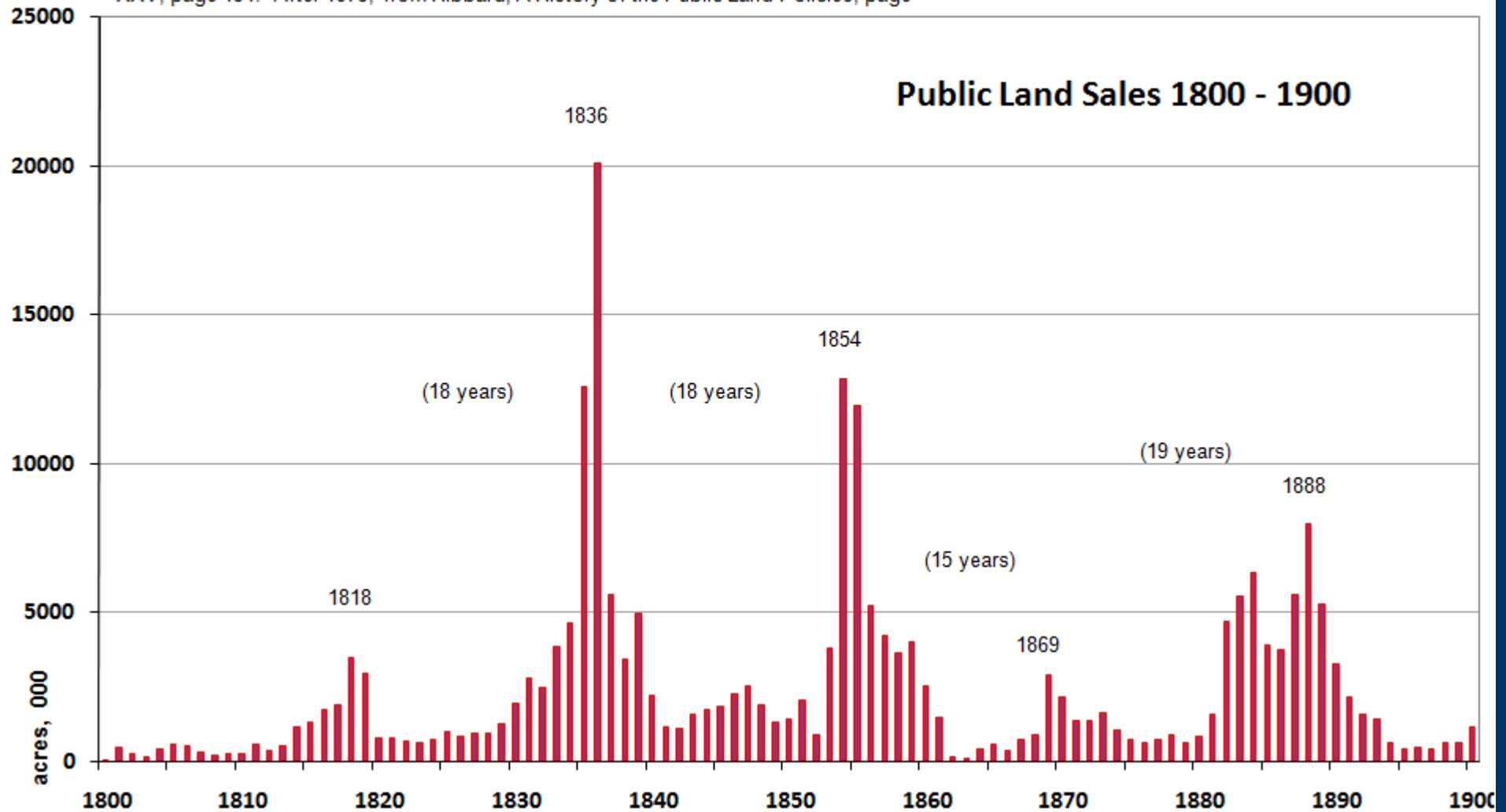


- Real estate speculation into the 1873 downturn



# US Real estate speculation into the 1893 downturn

Source: Fluctuations in American Business, 1790-1860, Smith and Cole, Harvard University Press, 1935, Appendix D. After 1860, from McCartney, Crisis of 1873, table XXV, page 131. After 1875, from Hibbard, A History of the Public Land Policies, page

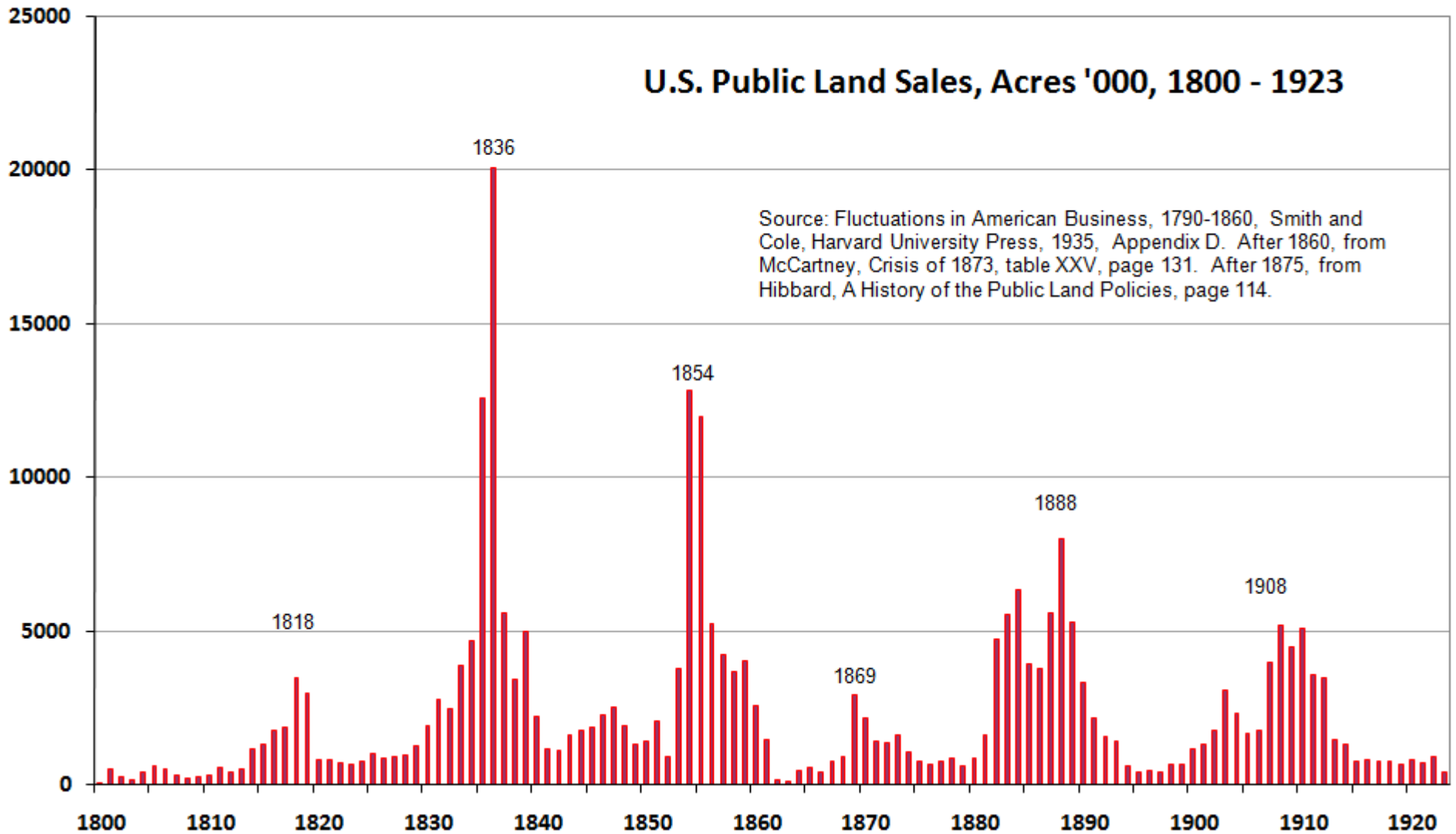


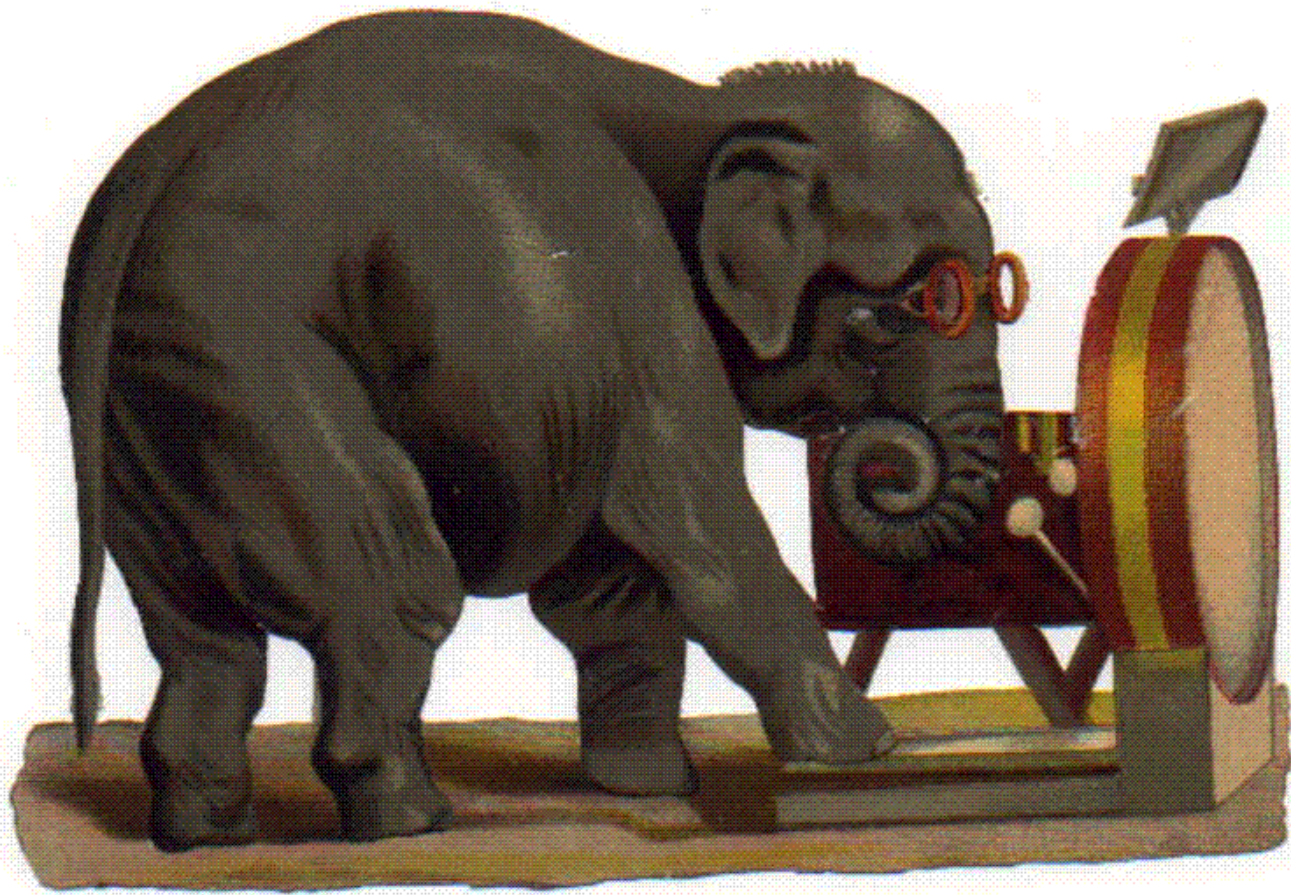


THE 1889 LAND RUN  
(Opening of the Unassigned Lands)

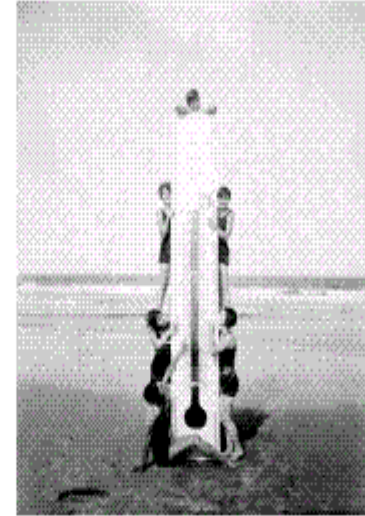
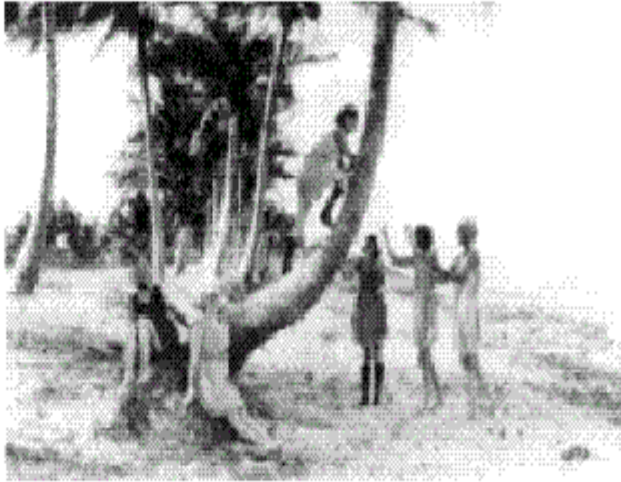
<http://www.sandplum.com/guthrie/landrun.htm>

- US real estate into 1932

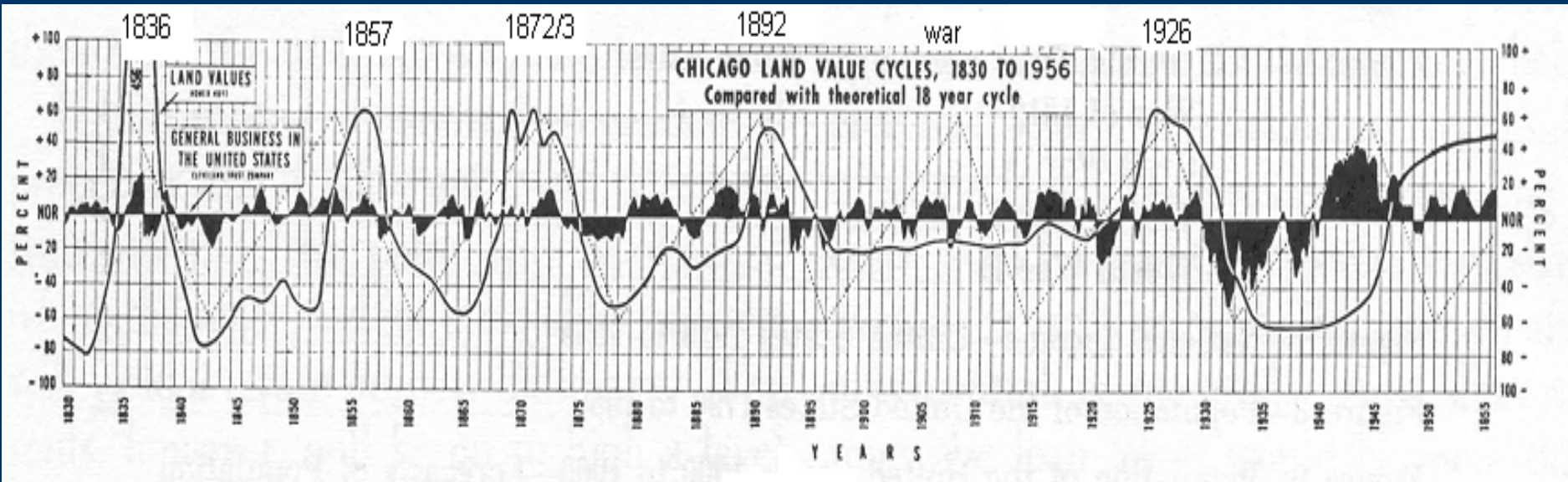






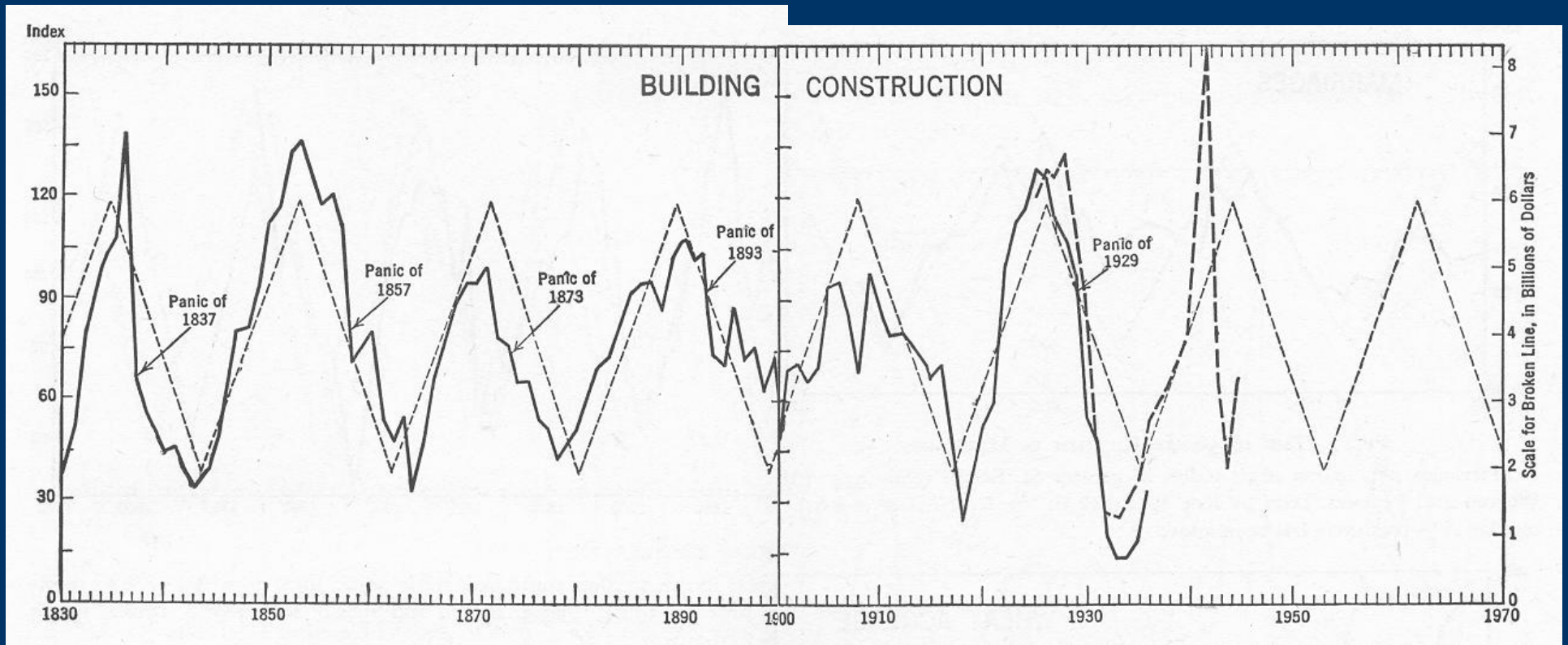






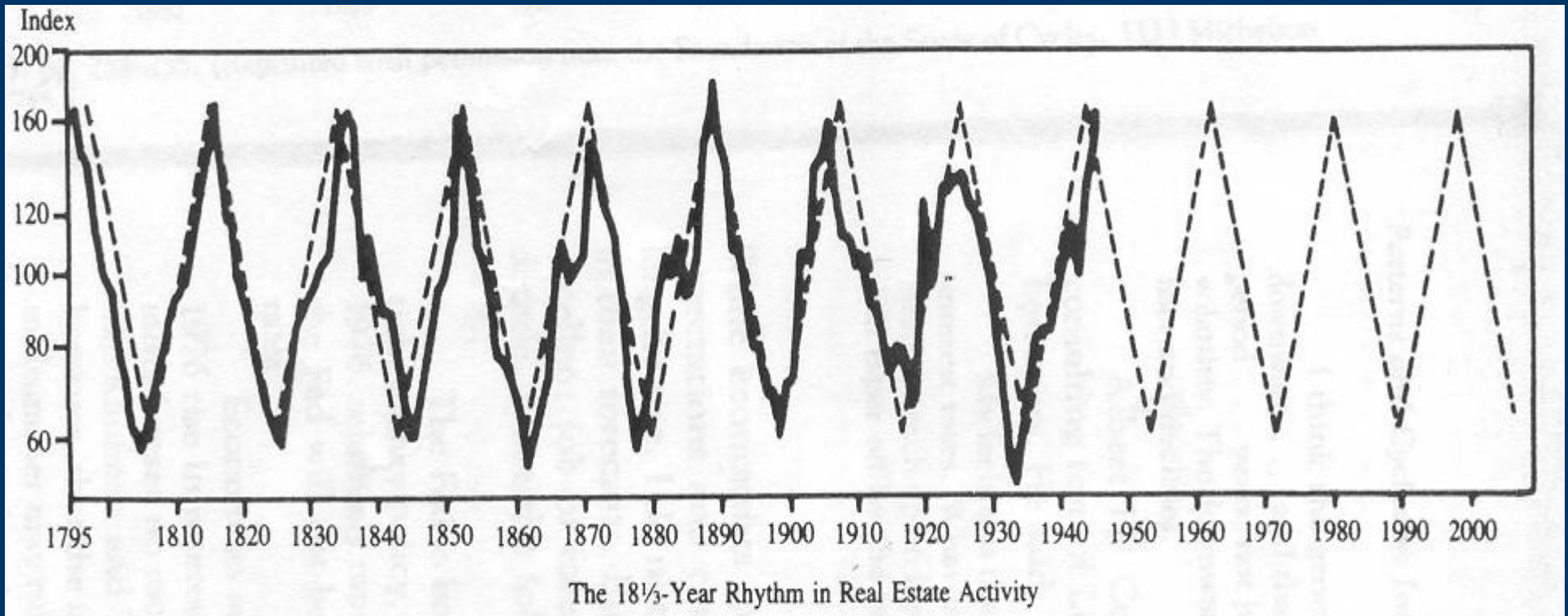
Source: According to Hoyt, 1966, page 538

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



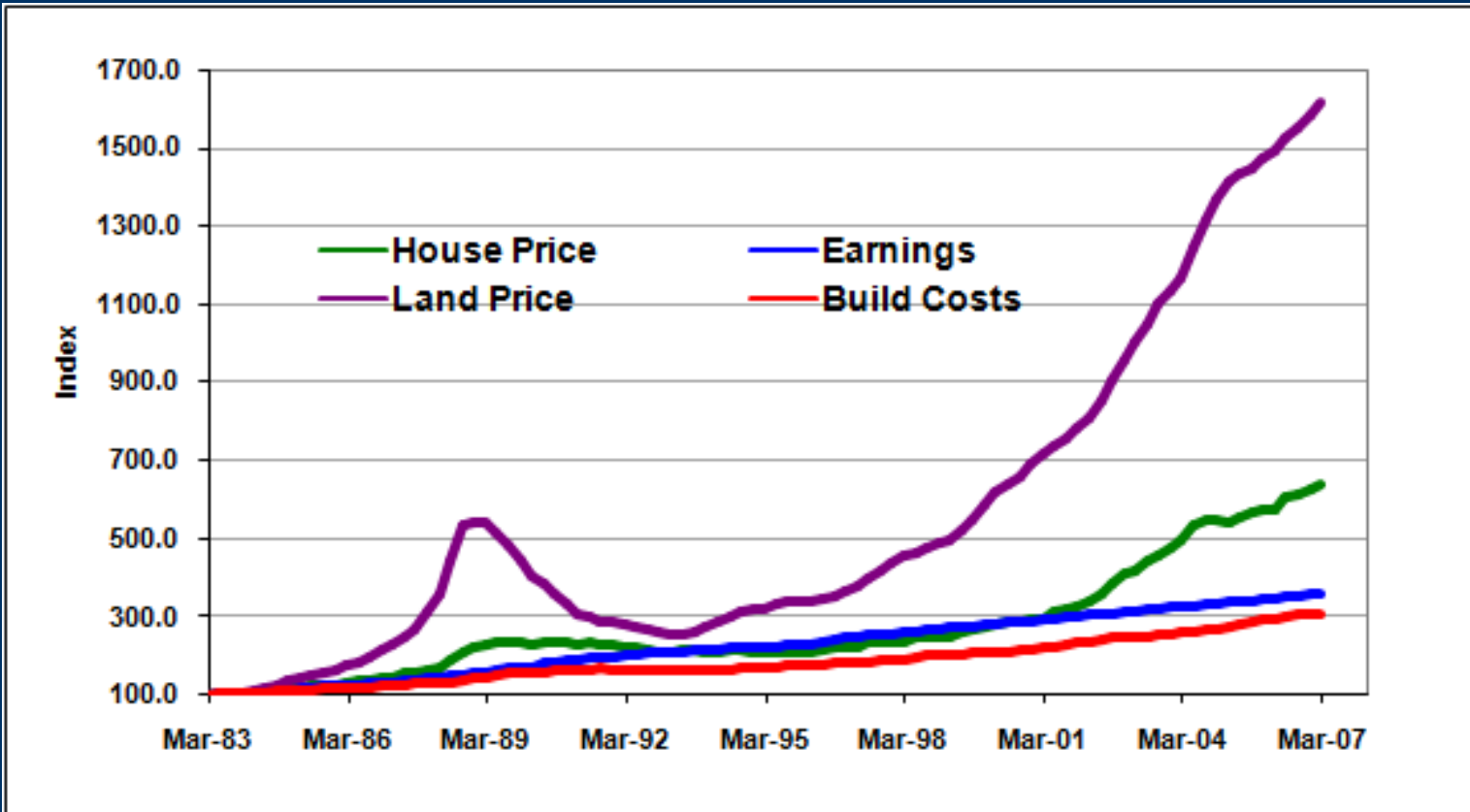
Source: Cycles, 1947, page 118

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

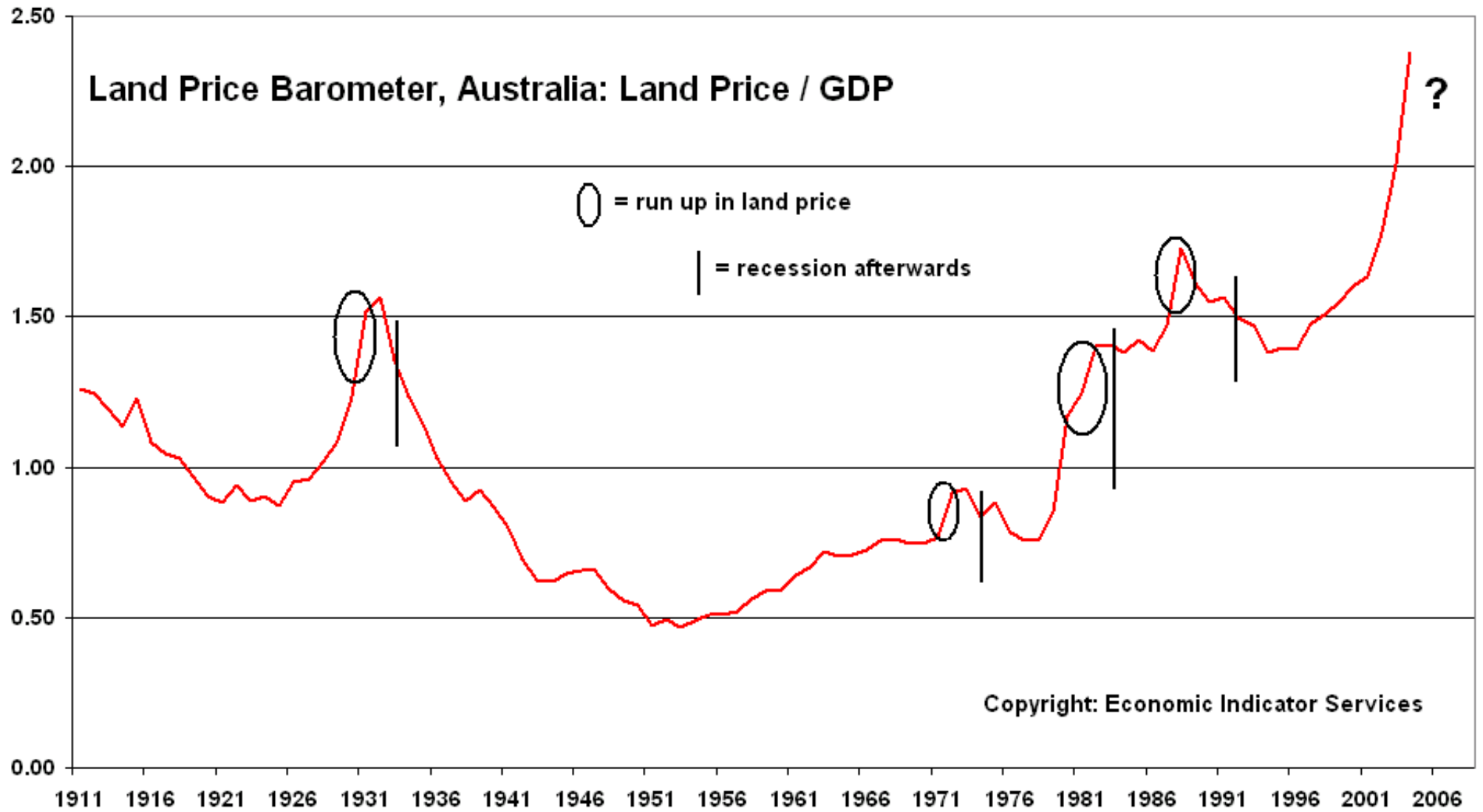


Source: Cycles, 1970, page 343

# Some UK Figures:



# Land Price Barometer, Australia: Land Price / GDP



## The real estate rhythm:

1. Recovery in business.
1. Rents move higher.
2. Acceleration in bank lending (“easy money”).
3. Peak in speculative activity, (especially land / houses).
4. Interest rates increase, leads to a bank run.
5. Credit tightening.
6. 4 – 7 year slump in house prices.

**The cycle, measured trough to trough, or peak to peak, has never been shorter than 17 years, never longer than 21.**

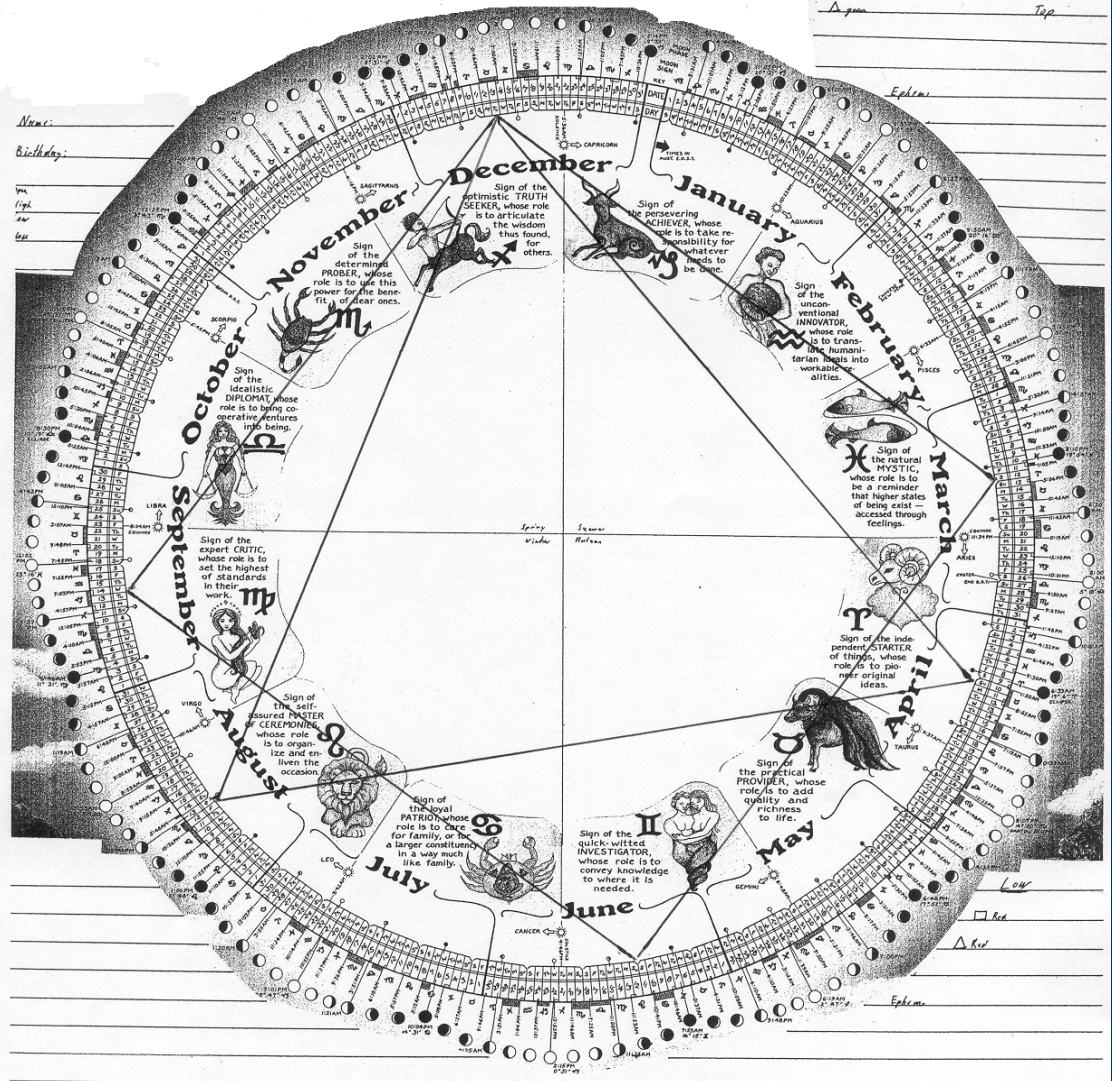
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 Birthday: \_\_\_\_\_  
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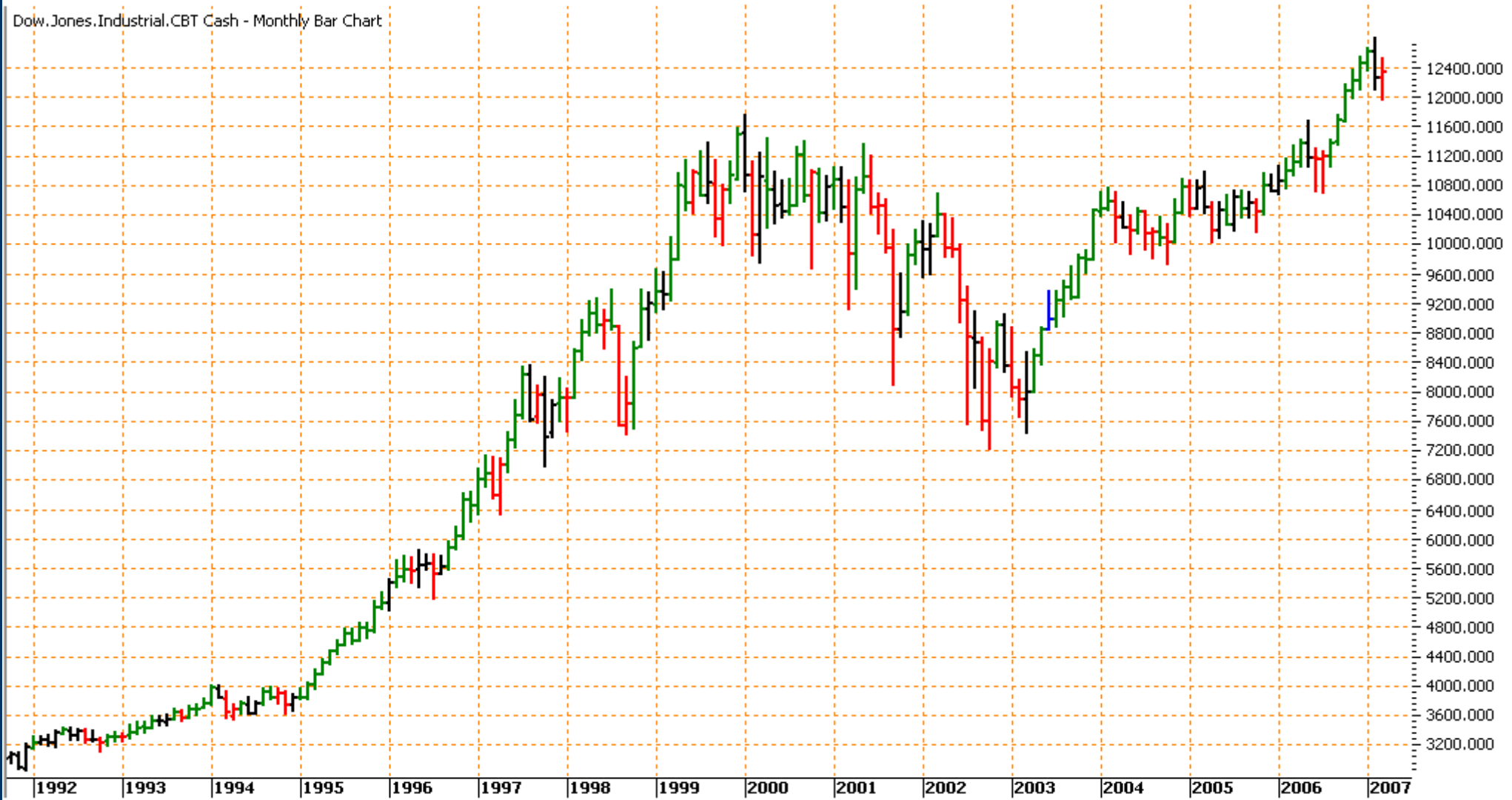


Ephemeris

Ephemeris

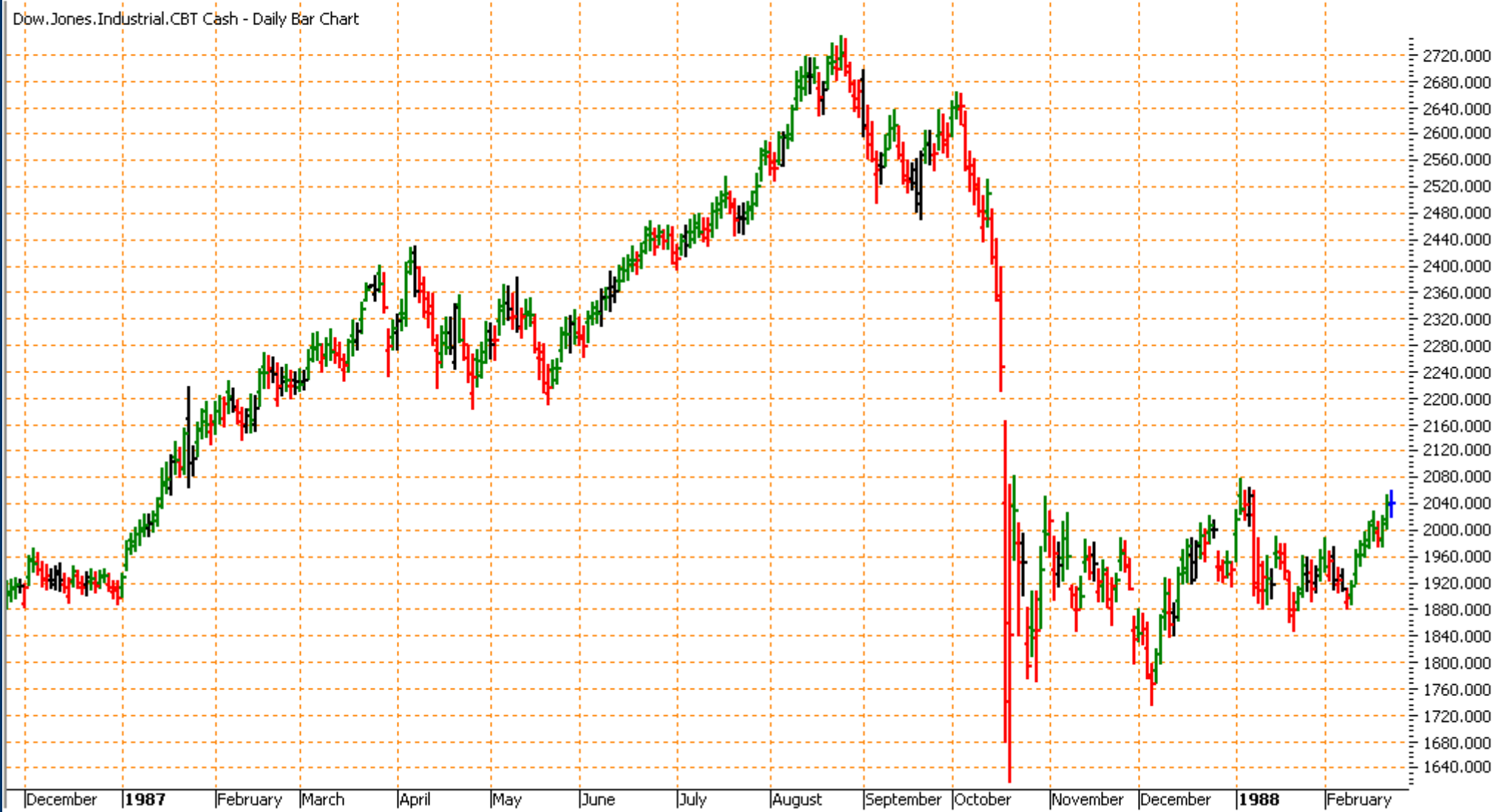
Low  
 Red

Dow.Jones.Industrial.CBT Cash - Monthly Bar Chart

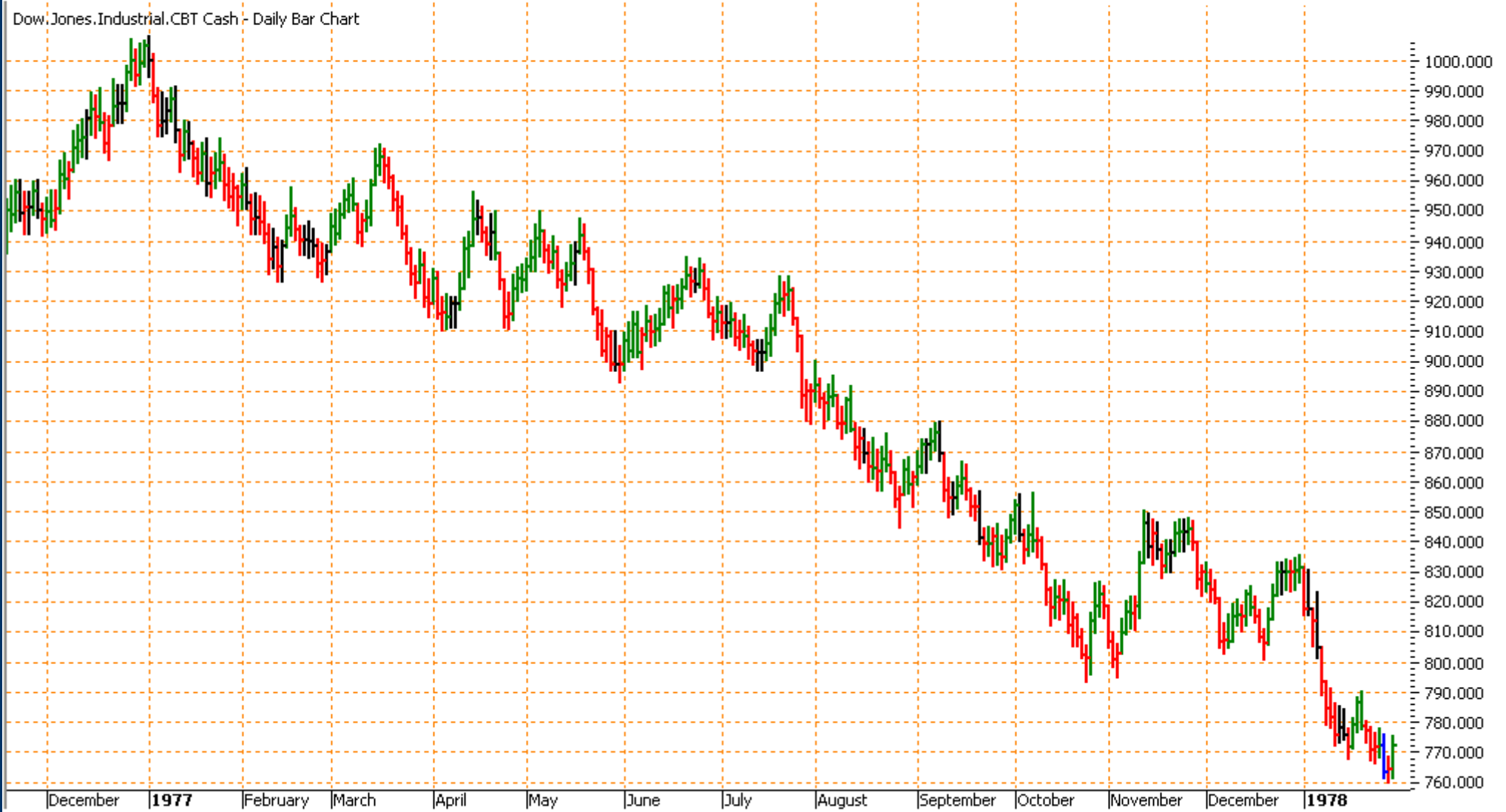




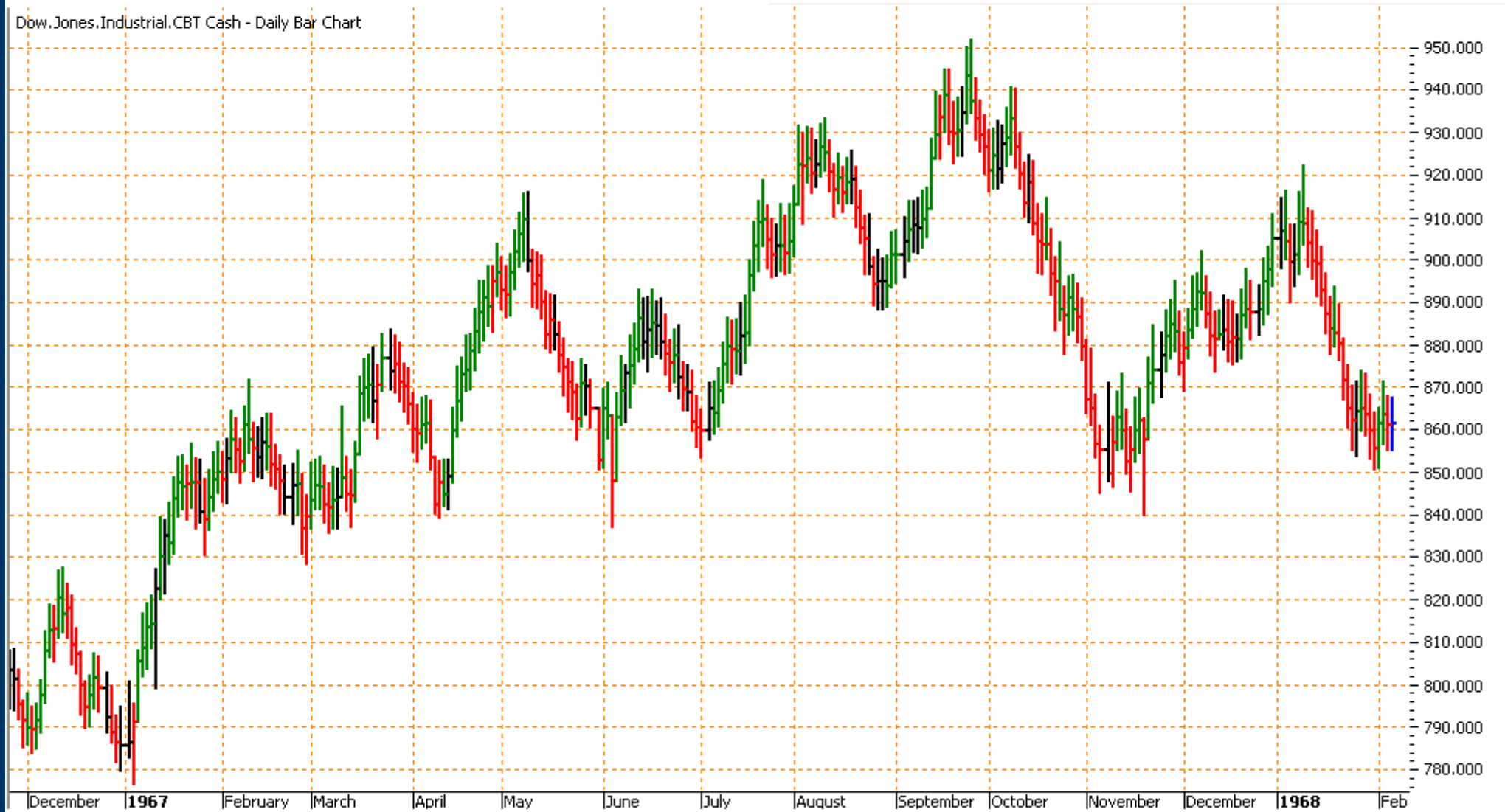
Dow Jones Industrial CBT Cash - Daily Bar Chart



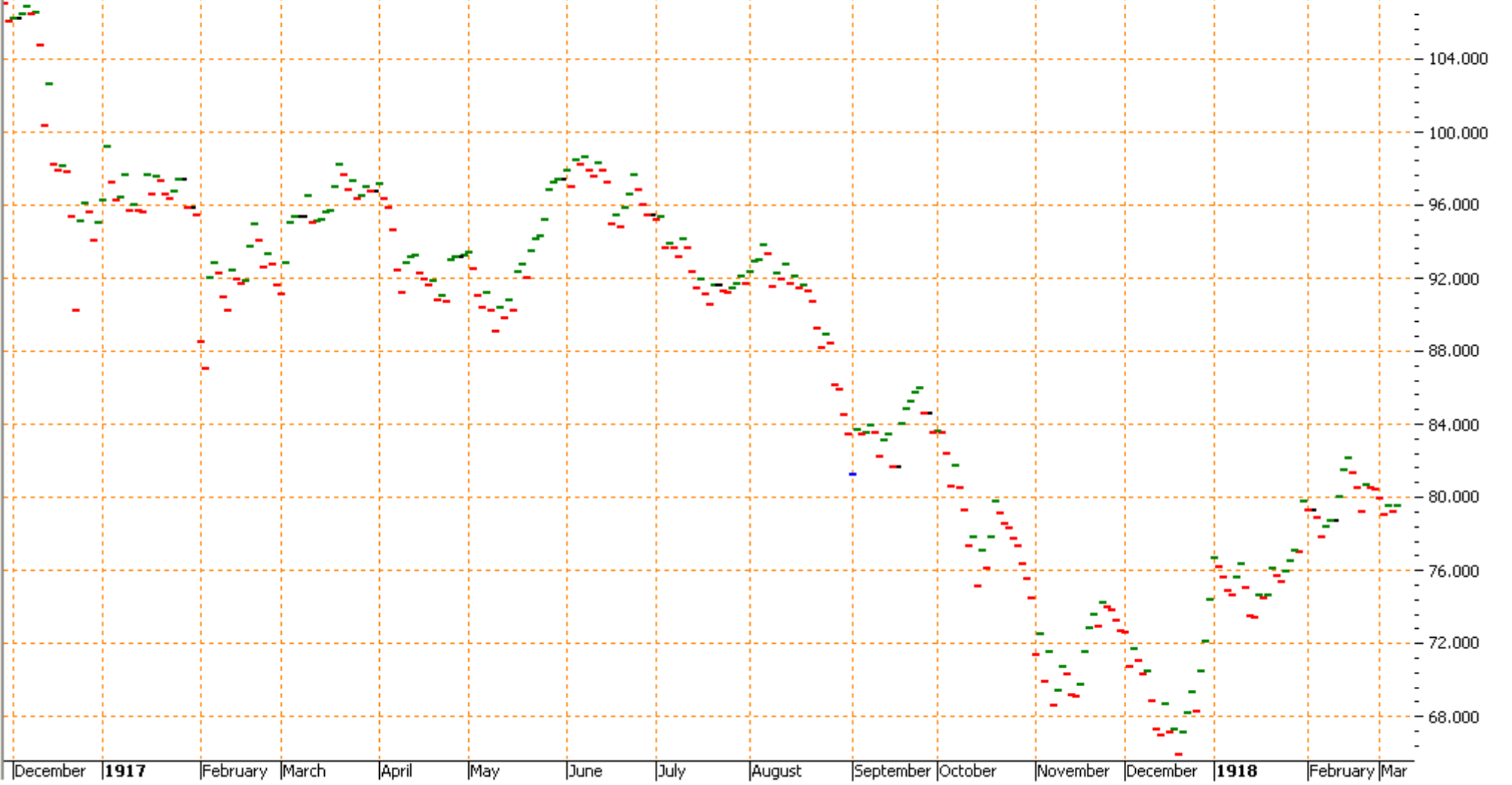
Dow Jones Industrial CBT Cash - Daily Bar Chart



Dow Jones Industrial CBT Cash - Daily Bar Chart



Dow Jones Industrial CBT Cash - Daily Bar Chart



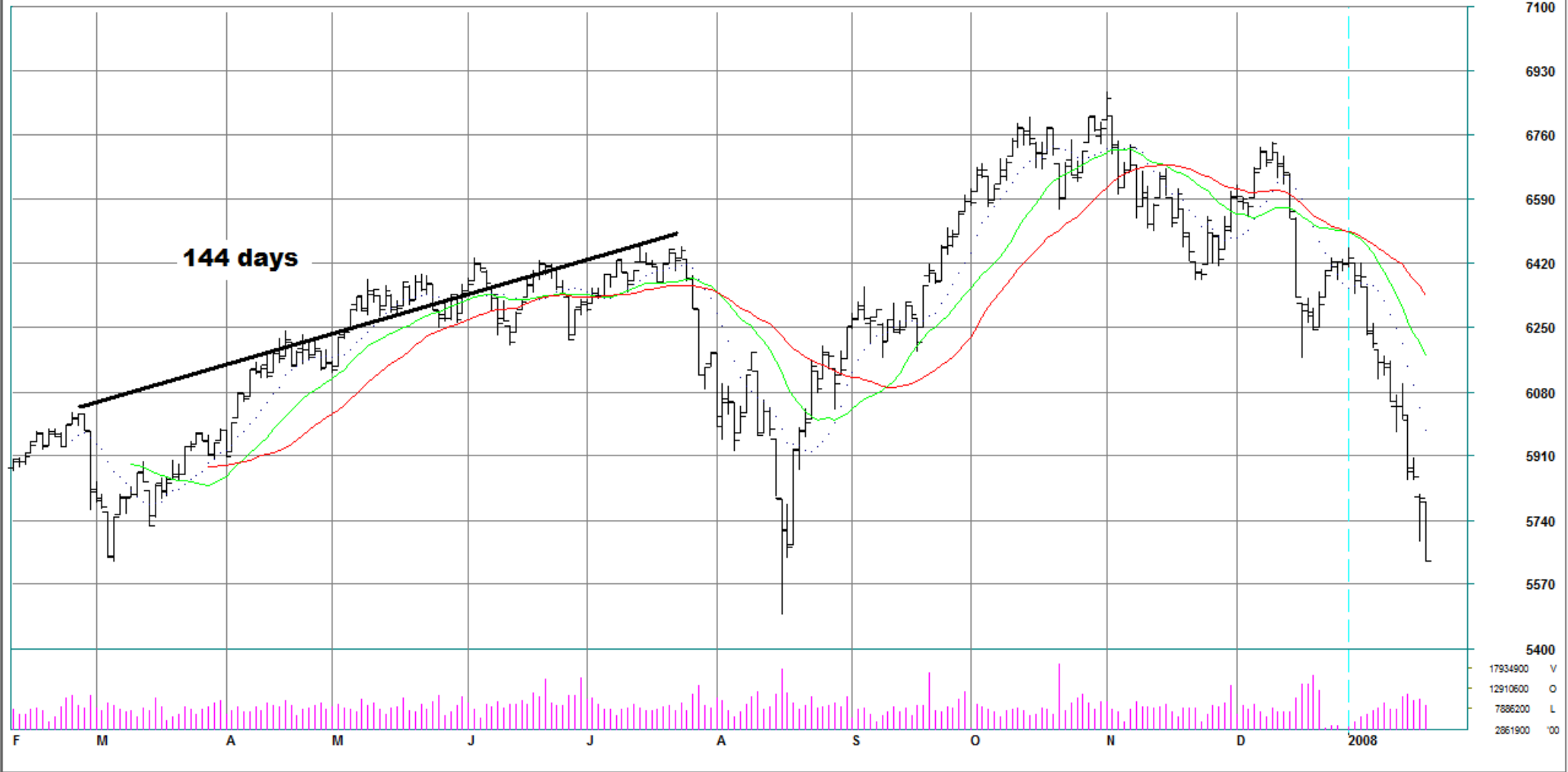
ALODA All Ordinaries Index

Last date processed 21-01-08

Closing Price : 5631 (5799)

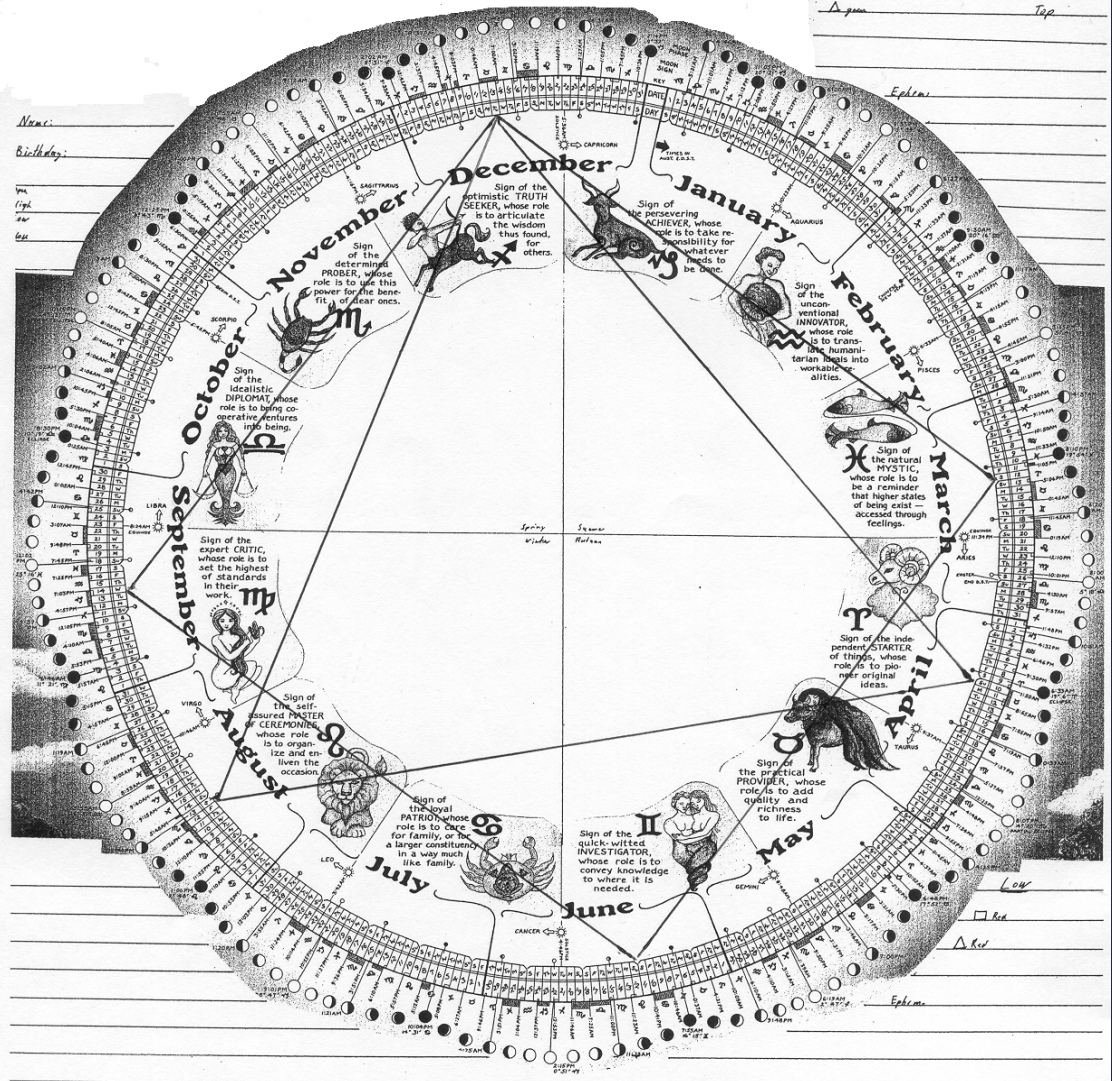
ALODA

DAILY - ARITHMETIC -



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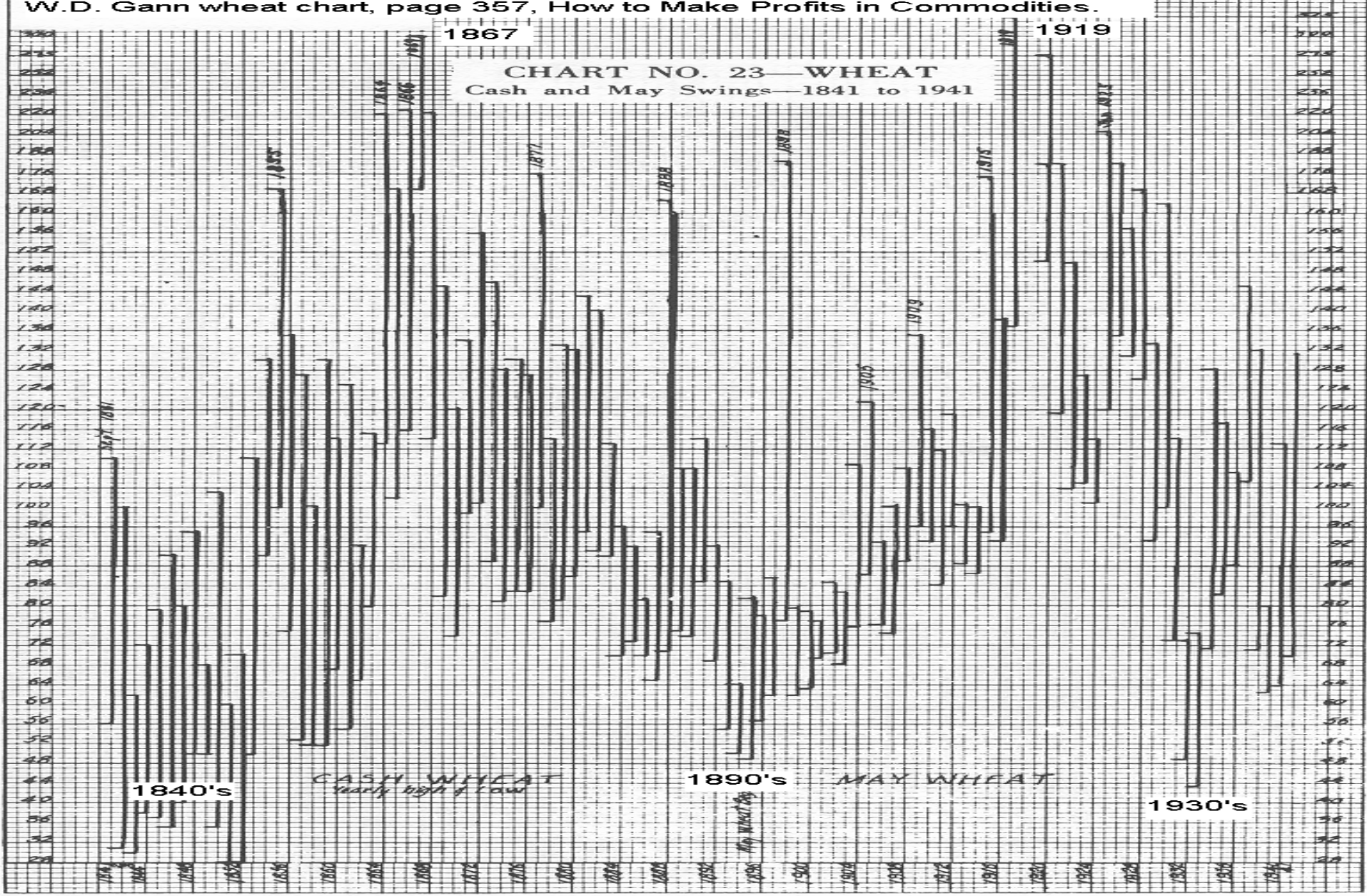
Ephemeris

Ephemeris

Low

Red





SAE SALINAS ENERGY LTD  
SAE

+D	+W	+M
-D	-W	-M

DAILY - ARITHMETIC - Industrials\_Commercial Services & Supplies



0.85  
0.75  
0.65  
0.55  
0.45  
0.40  
0.35  
0.30  
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10300 V  
6800 O  
3400 L  
30 '00