2.0 Panic Cycle

This update [January 11, 2009] is being posted **just after**…

"The largest stock market crash of the 21st century"
is felt around the world.

QUICK RECAP

October 21, 2003 — **(RealMoney.com) Peter Eavis Senior Columnist**
"Clearly, Fannie's capital exceeds minimum capital by a relative sliver. **At June 30, "core capital," the capital measure used by regulators for this ratio, exceeded the minimum capital requirement of $ 29.2 billion by $ 1.5 billion, or just 0.16% of assets."**

The **historic** interest rate derivatives (Swaps) **blowout** on July 29, 2003 cracked Fannie Mae's "**core capital**" shell and blew through that wafer thin **.16%** barrier thus making Fannie dangerously undercapitalized. Because of Fannie Mae's non-standard accounting methods, most of the public had no idea this damage was hiding under the surface, until OFHEO released their first report 421 days later.

FIRST A LITTLE HISTORY

April 23, 2002 — (TheStreet.com) "**Greenspan** Paints Fannie and Freddie with ENRON Brush."

January 27, 2003 — (WorldNetDaily.com) "Is the Global Economy about to Crash? Among those predicting the crash of the 1990's, this writer was among the first. Unfortunately, my pullout came in **1997**, so we missed the last two and most bullish years of the great bull market. Now, let me make a new one [prediction]. The Global Economy is headed for the rocks." Patrick J Buchanan

February 4, 2003 — (U S Government) Office of Federal Housing Enterprise Oversight (OFHEO), which has oversight over **Fannie Mae** and **Freddie Mac** [Ranked 4th and 14th in the World's 100 largest public owned financial companies.] releases a report entitled

"Systemic Risk: Fannie Mae, Freddie Mac and the role of OFHEO." [PDF file only]
[Both GSE's use complex derivatives to protect their mortgage portfolio against changes in interest rates.]

February 10, 2003 (SNL Financial) "OFHEO head resigns same day systemic risk study issued." "Office of Federal Housing Enterprise Oversight director Armando Falon has been **asked to resign** by President Bush…"

March 3, 2003 (Fortune) "Warren Buffett warns against derivatives use, calling such financial instruments '**Time Bombs**' and 'Financial Weapons of Mass Destruction' he worries about a '**Mega-Catastrophe**.' "

(Berkshire Hathaway) "The derivatives genie is now well out of the bottle, and these instruments will almost certainly multiply in variety and number until some **EVENT** [H2] makes their toxicity clear."

March 10, 2003 (Federal Reserve Bank of ST. Louis) "Should Fannie Mae or Freddie Mac be rocked by a mistake or **UNFORECASTABLE SHOCK**, the result, without strong contingency arrangements, could be a crisis in U.S. financial markets that would inflict considerable damage on the housing industry and the U.S. economy."

William Poole, President, Federal Reserve bank of St. Louis.

July 29, 2003 was a **FORECASTABLE** "SHOCK"

A **FORECASTABLE** **one-day** "Shock" of unprecedented magnitude went off exactly on July 29, 2003. Most of you never even knew this "shock" occurred. The interest rate derivative, mortgage securities and bond markets sure felt it. The aftershocks from this "Financial Weapon of Mass Destruction" are still rippling throughout the fixed income community and the global economy.

Starting on

June 23, 2003

the first of **nine** different advertisements appeared in the
Rochester NY Democrat and Chronicle newspaper
(Page 9D Business Section)
(A GANETT Co., Inc Publication),
giving official **documented** notice to:

"Mark Your Calendar
July 29, 2003
The largest stock market crash
of the 21st century ***will begin***
+ or – 3 days."

According to GANETT Co. circulation figures
over 350,000 people witnessed
this first published forecast in 2003.

All nine different advertisements are now **archived** and part of GANETT'S permanent historical record.

Why July 29th ?

"The modern world regards ***business cycles*** *much as the ancient Egyptians regarded the overflowing of the Nile. The phenomenon* ***recurs at intervals****; it is of great importance to everyone, and natural* ***causes of it are not in site****."*

John Bates Clark
Overproduction and Crises
1898

July 29, 2003 is the **mathematical** **anniversary** of a very unique **one-day**, financial **panic** **cycle** that occurred only twice in the 20th century.

1. October 19, 1987 - Black Monday

2. October 29, 1929 - Black Tuesday

Those two exact dates represent the largest and most recognized **one-day** financial panics of the 20th century. Those two exact days require absolutely no explanation. Even if you know nothing about the financial markets you will recognize the significance of each day. Both of those **one-day** **PANICS** occurred **within** the context of Historic Market Crashes. Separate **one-day** **PANICS** hidden within Historic Market Crashes (1929 Stock, 1987 Stock, and 2003 Bond).

You will see **my notes** referred to throughout this report: [July 28 – Aug 01] or [**July 29**] or [H2] etc… as a helpful tool to bring out, expose or showcase this **Fibonacci** **panic** cycle even more clearly.

This **one-day** **Fibonacci** **panic** cycle [**Harmonic** 2] struck again exactly on schedule on July 29, 2003. This time [H2] struck hard in the fixed income arena. The interest rate derivative (Swaps), mortgage securities and bond market all suffered with a vengeance. Now you are witnessing with your own eyes the results of that **ticking** "**Time Bomb**" Warren Buffett warned us about. The global bond market crash of 2003 [July 28 – Aug 01], sparked a **historic** **one-day** derivatives **panic** [**July 29**] that is responsible for vaporizing a vast amount of Fannie Mae's capital, the reason for the largest stock market crash of the 21st century. All the evidence presented in sections 2.0, 3.0, 4.0 and 5.0 of this web site points to July 29, 2003 as the **panic** epicenter.

All three one-day shocks are mathematically aligned.

1929 Stock Crash	**1987 Stock Crash**	**2003 Bond Crash**
[H0]	**[H1]**	**[H2]**
October 29, 1929 Black Tuesday Financial **Panic** Strikes the Stock Market	**October 19, 1987** Black Monday Financial **Panic** Strikes the Stock Market	**July 29, 2003** Black Tuesday Financial **Panic** Strikes the Interest Rate Derivatives Market
Largest number of shares traded 16,410,030	Biggest 1 day plunge, down 22.61 %	Swaps spread curve blows out to a all time historic 2.99 percentage points

“[Mathematics makes the invisible visible.](#)”

Keith J. Devlin
Commencement address delivered to the
mathematics graduating class of the
University of California at Berkeley
May 23, 1997

“I see a certain order in the universe
and math is one way of making it visible.”

May Sarton
As we are now

AD 1 ***June 23, 2003*** *The first of 9 different advertisements appear in the*
Market Forecast *Rochester Democrat and Chronicle newspaper*
Page 9D *giving official **documented** notice to:*

“Mark Your Calendar
July 29, 2003
THE LARGEST STOCK MARKET CRASH
*OF THE 21st CENTURY **WILL BEGIN***
+ or – 3 days.”

AD 1

Lets look at July 29, + or – 3 days.

Take a few minutes to understand what is being shown here in this horizontal time line picture.

Stock Market Days (smd)

	-3	-2			-1	0	+1	+2	/	+3	
JULY	24	25	26	27	28	29	30	31	/	01	AUGUST
2003	TH	FR	SA	SU	M	T	W	TH	/	FR	2003

*

Vix Low 19.63	H2 PANIC EPICENTER Emotional Peak	Vix Surge 22.03
AD 2		**AD 3**

The 16 month VIX low of 19.63 on July 24 and the VIX surge upward on August 01 **bracket** this panic epicenter perfectly + and – 3 stock market days.

The following data (more pieces of the puzzle) provides even more evidence. You can see this **Fibonacci** **panic cycle** with the help of these additional news clips.

July 24, 2003	-3	(CBOT.com) Chicago Board of Trade Ten Year Treasury Note Options set a **historical** daily open interest record.
July 28, 2003 NO NEWS	-1	(Forbes) U.S. Swaps – "Mortgage hedging rules as rates rocket" "**On a day with no major economic releases**, swaps spreads were **slammed** by big paying of fixed rates and selling of Treasuries from the mortgage market, with **soaring yields** sending players scrambling to adjust portfolio duration."
July 29. 2003	0	(CBOT.com) Ten Year Treasury Note Options set a **historical** daily volume record.
July 29, 2003	0	(Bloomberg.com) "Treasuries decline, driving 10-year note yield to 11 month high." "Ten-Year notes slid a fourth day **[July 24-July 29]**, the longest drop since October…"
July 29, 2003	0	(Forbes) "Spreads on US Interest Rate Swaps on Tuesday **[July 29]** suffered their biggest **one-day blowout** since the Sept. 11 attacks… "
July 30, 2003	+1	(CBS Market Watch) "Key volatility indicator [VIX] hints of danger."
July 31, 2003	+2	(Forbes) "U.S. agency spreads widen on coattails of swaps." "U.S agency spreads widened sharply for the third day **[July 29,30,31]** this week, with the already jittery sector slammed by wider swap spreads and steep treasuries losses that sent some interest rates to one-

year peaks…"

July 31, 2003	+2	(CBOT.com) Ten year Treasury Note Futures set a **historical** daily open interest record.
July 31, 2003	+2	(CME.com) Chicago Mercantile Exchange Eurodollar futures contracts (used to offset interest rate risk) trade over two million contracts. A **historical** volume record for a single day.
August 1, 2003	+3	(Bloomberg.com) "Mortgage-backed bonds plunge as some head for **WORST-EVER** week." [July 28-Aug 01]
August 1, 2003	+3	(Bloomberg.com) "Emerging Market Bonds Head for **Biggest** Weekly [July 28 – Aug 01] loss in a Year."
August 1, 2003	+3	(Payden & Rygel) Weekly Market Update "Treasury **volatility was huge this week** [July 28 – Aug 01] as the benchmark 10-year note ranged between 4.18% and 4.58%." "One word can describe this week's [July 28 – Aug 01] mortgage market activity – **extreme**. The worst – case scenario for mortgages became reality as rising rates and a **spike** [H2] in implied volatility led all mortgage market participants to sell at the same time." [PDF file only]
August 1, 2003 NO NEWS	+3	(Detroit News) "Bond market sell-off plays second fiddle in financial press." "The 30-year bond contract fell more than 3 points from Monday's [July 28] high to Tuesday's [**July 29**] low, sending the yield to the highest in a year. Usually **declines of that magnitude** are associated with some kind of news. Tuesday [**July 29**] there was **no news** [H2]. Or, to be more accurate, the news that there was should have been good for bonds."
August 1, 2003	+3	(Reuters) "Mortgage havoc wreaks **100 year storm** [July 28 – Aug 01] on bond markets." "Nightmares became a reality this week [July 28- Aug 01] in the massive fixed-income sector as one of the worst bond market plunges in the past decade only got worse." "Everyone blames the same culprit: … Fannie Mae and Freddie Mac and the **interest rate swaps**

	market." "By some measures the **volatility** [H2] is the worst since the crisis of the huge hedge fund Long-Term Capital Management in 1998, when it was forced to liquidate its big leveraged positions that brought markets to a near standstill."
August 4, 2003 +4	(The Wall Street Journal) OFF THE RUN "Beyond Panic Selling…" "Given the almost tangible **panic** [H2] in U.S. fixed income markets this week [July 28 – Aug 01], it would be easy to conclude a massive bubble in government bonds burst with great fan fair."
August 4, 2003 +4	(Barrons Online) Current Yield – "Bonds extend their worst **rout** [H2] since 1980. On Friday [Aug 01], the yield on the 10-year note settled at 4.39%, but not before a **vicious sell-off** [H2] on Tuesday [**July 29**] that lifted its yield 16 basis points and on Thursday [July 31] equaling 10 basis points." "Macbeth Market: They're beginning to whisper that forbidden year, 1987." "But the fact that the latest jump in bond yields is of such **rare violence** [H2] was enough to heighten the anxiety of the market…"
August 4, 2003 +4 ECONOMIC FUNDAMENTALS MEAN NOTHING	(WescorpInvest.com) "A Tsunami, not just a Wave" "So far, I have written almost two pages of commentary without once mentioning economic fundamentals. That is because **economic fundamentals have meant nothing** in the scheme of the latest bond market drama."
August 4, 2003 +4	(Jagnotes.com) "Clearly we are coming off an important sell signal in the weekly VIX, with the prior week's [July 21 – July 25] **dip** under 20 now reversed with a recent VIX **surge**."
August 4, 2003 +4	(The Wall Street Journal) "Options Report: Volatility rises to signal turning point." "The Chicago Board Options Exchange market volatility index, or VIX, was on a bit of a roller-coaster ride." "It climbed as high as 24.90 on Monday [Aug 04] morning- **up 25% in five days** [July 29, 30, 31, Aug 01, 04] but most recently was up just 0.18 to 22.96 …"
August 4, 2003 +4	(Raymond James) "Equity Research /Market Strategy" "The recent bond bashing took on **panic** [H2] proportions last week [July 28 – Aug 01], driving the T Bond down to four standard deviations

		below its 50-day moving average (DMA) and therefore became extremely oversold. Eerily, the last time the long bond was four standard deviations oversold was back in 1994.”
August 4, 2003	+4	(Financial Times) “Bond chaos hurts US mortgage financiers.” “…Triggered by a **steep rise** [H2] in government bond yields- has worsened troubles at Freddie Mac and Fannie Mae, the US mortgage financiers. Their funding costs have increased sharply in the past week [July 28 – Aug 01] as the value of their debt deteriorated because of an extraordinary **rout** [H2] in the mortgage securities market.”
August 6, 2003	+6	(Guardian Unlimited UK) “Breaking Bonds” “For some months, articles in The Wall Street Journal, and elsewhere, have been warning of the danger of a crash in the market for bonds (**Government Stock**).” “Lastweek [July 28 – Aug 01] that sort of crash appeared to have arrived in the **UK** when **Black Friday** [Aug 01] saw **near-panic** [H2] selling of bonds, driving prices down …”
August 7, 2003	+7	(Forbes) US SWAPS- “Spreads tighten, market calm after mayhem.” “The **swaps curve** has continued to flatten after reaching its **all-time steepest level** last Tuesday [**July 29**], coming down to 2.72 percentage points from **2.99 percentage points**.”
August 8, 2003	+8	(CrownAgents.com) The Financial Review No. 302 “The month of July has been a disaster for US bonds…” “However, in the last week [July 28 – Aug 01] the market fell dramatically, as leveraged funds began to adopt a very aggressive policy of short selling in the market.” “Of the past exceptional **events**, most have been caused by major crises, such as the first Gulf War (January 1991), Long-term Capital Management or LTCM (October 1998) and the Enron collapse (October 2001). There is little evidence that the market is enduring a crisis of confidence.” “The level of volatility but the absence of an “***event***” suggests **other forces** [H2] are at Work.” [PDF file only]
NO EVENT		

The absence of an " *event* " allows us to see this unique **panic cycle** or "**other forces**" [H2] exposed for the first time, without some "news story", "news crisis" or "economic fundamentals" to cloud or distort our understanding.

[H0] [H1] [H2] are separate and distinct focused **panic** epicenters located within **historic market crashes**. Separate **one-day panics** within specific crashes. Most everyone thought they were all just one big crash. You know "A crash is just a crash, right?" WRONG. The crash (noise) helps to cover up the mathematical relationship between all three **one-day** panics.

July 29, 2003	(Forbes) "Spreads on US Interest Rate Swaps on Tuesday [**July 29**] suffered their biggest **one-day blowout** since the Sept. 11 attacks… "
August 7, 2003	(Forbes) US SWAPS- "Spreads tighten, market calm after mayhem." "The **swaps curve** has continued to flatten after reaching its **all-time steepest level** last Tuesday [**July 29**], coming down to 2.72 percentage points from **2.99 percentage points**."
August 11, 2003	(MorganStanley.com) Global Economic Forum. "The 10-year swap spread plunged 25 bp, [basis points] fully reversing the **prior week's** [July 28 – Aug 01] **record rise**, mortgage spreads narrowed even more and agency spreads about the same…"
January 2004	(Risk.net) Volume 17 / No 1 Clive Horwood, Editor

"**A dramatic dislocation**"

"Figures released by the Bank for International Settlements (BIS) in December show just how difficult and dislocated the derivatives markets became in **late July and early August** [July 28 – Aug 01] 2003." "This period of dramatic market dislocation **will be the abiding memory of 2003**." [The historic **one-day** derivatives blowout on July 29, 2003 will become the abiding memory of the entire 21st century.]

All three **one-day panics** [H0] [H1] [H2] are linked together exactly by a precise **Fibonacci** mathematical relationship. Something that any one with a **simple hand held calculator** and an **ephemeris** can use to figure out.

*"I can calculate the **motions of heavenly bodies** but not the madness of people."*

Isaac Newton

*"If the planets govern the sun, and the sun governs the vintages and harvests, and thus the prices of food and raw materials and the money market, it follows that **the configurations of the planets may prove to be the remote causes of the greatest commercial disasters.**"*

W . Stanley Jevons
Investigations in Currency and Finance,
***1884**, VI, p. 205*

One hundred and twenty four years later, world famous economist William Stanley Jevons ridiculous theory is not looking so ridiculous after all. These three days all rank the same in **panic** intensity and financial destructiveness. The stock market crash of 2008 fractured and split from the bond market crash of 2003. So [H2] has two parts [so far] or components to it this time. Both parts are connected by the derivative damage inside Fannie Mae.

1. [H2] PANIC July 29, 2003
2. [H1] PANIC October 19, 1987
3. [H0] PANIC October 29, 1929

[H2] The largest stock market crash of the 21st century [so far] is now **felt** more than five years later [Oct 6-10] in 2008.

All the **facts, history** and the Bank for International Settlements confirm this July 29th + or – 3 days market forecast.

FACT **[July 28 – Aug 01]** is the **worst week** of the first global bond market crash of the 21st century.

FACT **[July 28 – Aug 01]** is the **worst week** of the first global bond market crash of the 21st century and by several measurements the 20th century also.

FACT **[July 29]** is the exact day the **historic** interest rate derivative **blowout started**.

FACT **[July 29]** is the **historic worst day** of this multi day derivatives blowout.

FACT **[July 28 – Aug 01]** is the week that Fannie Mae disintegrated during a once in a "**100 year financial storm**."

FACT **[July 29]** is the **exact day** the derivatives **blowout** cracked Fannie Mae's "core capital" shell and made Fannie dangerously undercapitalized.

FACT **[July 29]** is the **exact day** Warren Buffet's derivative "Time Bomb" started ticking.

FACT **[July 29]** is the **exact day** the largest stock market crash of the 21st century

BEGAN!

All of the historical evidence is now in.
All of the massive financial, economic and housing destruction of the 21st century [so far]

1. Bond Market Crash 2003
2. Stock Market Crash 2008
3. Bond Market Crash 2008
4. Housing Market Crash 2008

A. Historic Derivatives Blowout 2003
B. Historic Derivatives Blowout 2008

focuses on ONE-DAY

July 29, 2003

exactly.

STOCK MARKET BAROMETER

*"Many years ago George W. Cable said: What we call **chance** may be the operation of a **law** so vast that we only touch its orbit once or twice in a lifetime. There is no need to lose ourselves in the mazes of predestination and foreordination, or reduce the Westminster Confession to absurdity by saying that life is just one damned thing after another. But we shall all recognize that **order is Heaven's first law**, and that organized society, in the Stock Exchange or elsewhere, will tend to obey that law even if the unaided individual intelligence is not great enough to grasp it."*

William Peter Hamilton
The Stock Market Barometer
Chapter VI: A unique quality of forecast
*Section heading: **Order is Heaven's first law***
*Originally published in **1922***

"A renowned newspaper reporter, economist, and publisher, Charles H. Dow was a man of varied talents and interests who left an indelible mark not only on the field of journalism, but also on the world of finance. In 1882 he established, along with Edward D. Jones, the Dow Jones financial news service, and seven years later founded the Wall Street Journal. His greatest legacy, however, may be the Dow Theory, the **stock market barometer** that is arguably the single most important- and reliable- **FORECASTING TOOL** ever developed." [that may have been true up until July 29th]

I hope you are sitting down.

Three different days exactly, spanning two different centuries, is no longer chance but a new and complex law in the universe, being revealed to the entire world, for the very first time.

"*The Universe is full of magical things patiently waiting for our wits to grow sharper*."

Eden Phillpotts

"*What is it that breathes fire into the equations and makes a universe for them to describe?*"

Dr. Stephen W. Hawking

If you have any **Fibonacci** **mathematical** experience or background you will recognize what has taken place. Thousands of scholars and laypersons from around the world have been studying or working on sections of this **Fibonacci** cycle theory for many years. Thousands of people thinking outside the box. Dozens of people have actually written books exploring this subject area.

Three different films combining **Fibonacci** mathematics and the financial markets have been made in the past few years. Independent Filmmaker Darren Aronofsky won a major directing award at the Sundance film festival (1998) for his mathematical / market sci-fi thriller "Pi". Pi explores several aspects of **Fibonacci** mathematics.

Robert Connolly of newyorker films produced "The Bank" (2001). Set in Australia, this film combines mathematics and "the holy grail of economic theory" with a Hitchcock type suspense thriller.

Director David Edmond Moore of Eyekiss Films Atlanta has spent over three years working on an hour long non-fiction video titled "History's Hidden Engine". His Two-Disc DVD is an analysis of one of the many techniques used in my forecasts. Several of the top academics in finance, mathematics, medicine, economics, psychology and even geophysics have lent their names to the production of this film. I'm proud to mention that David L. Kendig and Associates helped to provide funding for this groundbreaking documentary.

Download and view

History's Hidden Engine

FREE over the internet.

SIX MONTHS AFTER ITS RELEASE IN APRIL 2006
HISTORY'S HIDDEN ENGINE
IS A SMASH HIT
WITH NEARLY 40,000 VIEWS.

"(History's Hidden Engine) pulls together enough fascinating mathematics in the form of fibonacci ratio, fractals and patterning in nature, mixed with observations on human behavior and the psychology of crowds, to give The Da Vinci Code a run for its money."

iofilm.co.uk

You begin to see that even if you are unaware of this research, it is not uncharted territory for thousands of other people. **All of them** are responsible for building the **foundation** for what you see today. I just seem to be the one **economist**, to add the final piece of the puzzle.

This is cutting edge stuff, right up there with German Astronomer JOHANNES KEPLER (who had a intimate knowledge of **Fibonacci** mathematics PDF), PASCAL, WILLIAM

PETTY, NEWTON, MICHAEL FARADAY, JOHN DALTON, LORD KELVIN, JOSEPH CLERK MAXWELL, BERNHARD RIEMANN etc…

ALBERT EINSTEIN would be overwhelmed by the order and organization of this.

"Mathematics is only a means for expressing the laws that govern phenomena."

Albert Einstein

Numerous financial publications, major Wall Street reporters, anyone intimately involved with the

1. Government Stock Market (Bonds) or the
2. Business Stock Market

will recognize that the epicenter for the four largest market crashes

1. Global Bond Market Crash of 2003
2. Global Stock Market Crash of 2008
3. Global Bond Market Crash of 2008
4. Global Housing Market Crash of 2008

of the 21st century [so far] all focus exactly on July 29, 2003. Take a moment and just think about that.

The epicenter for the four largest market crashes of the 21st century all focus on JULY 29, 2003, EXACTLY.

The market forecast published in the Rochester D&C newspaper on June 23, 2003 was **exactly right**, at least **three times**.

You did not see it because the largest Stock Market Crash of the 21st century [October 6-10, 2008] spun off from the first Bond Market Crash [July 28- Aug 01] of the 21st century. The four largest market crashes of the 21st century are fractured and split but all focus in on July 29, 2003 [H2] exactly. This fracture is caused by the hidden derivatives damage and the non-standard accounting procedures used by Fannie Mae.

The JULY 29th 2003 MARKET FORECAST is now a

HISTORIC EVENT !

*"**A truly historic event** does not just change the world; it changes our understanding of the world – and that understanding, in turn, **has a new and unpredictable impact on how the world works.**"*

George Soros

"We know little more about cycles than was known about germs before Anton van Leeuwenhoek, in 1675, looked through his famous microscope at a drop of rainwater and saw his first microbe."

*"There is much in common between the new world discovered by Leeuwenhoek and the new world discovered by early **cycle pioneers**. In 1838 Dr. Hyde Clarke, of England, was the first to notice rhythmic ups and downs (cycles) in business activity; and Samuel Benner, in 1875, was the first American to recognize rhythmic cycles in prices."*

*"These men, and many others, noticed regularities caused by something, they knew not what. But they glimpsed a hint of forces abroad in the universe-**forces surrounding us** and influencing us-that had hitherto been unknown as Leeuwenhoek's bacteria. When these **forces** and their **laws** have been removed from the realm of the unknown it should be possible to throw light on the coming of epidemics, on future weather conditions, on the future abundance of wildlife, and hundreds of other natural mysteries."*

*"But far more important, if these **unknown forces*** [H2] *affect the behavior of human beings as they seem to, we find ourselves at the very core of the problem of wars and **depressions**."*

*"For if wars and **depressions** are not caused by generals, businessmen, or politicians, as the mass of the people believe, but are the result of-or at least **are triggered by*** [July 29, 2003] ***-natural physical forces in our environment,***

we are on the threshold of a completely different and extraordinary way of life for all mankind."

Edward R. Dewey
CYCLES
*The mysterious forces that **trigger events***
***1971**, p. 3*

*"..., insofar as cycles are meaningful, **all science that has been developed in the absence of cycle knowledge is inadequate and partial**. Thus, if cyclic forces are real, **any theory***

of economics, or sociology, or history, or medicine, or climatology that ignores non-chance rhythms is manifestly incomplete, *as medicine was before the discovery of germs."*

Edward R. Dewey
Cycles Magazine
July 1967

"Everything in the world seems to go in cycles. We even keep track of time by the cycles of the earth and moon. But does the economy have dependable cycles that signal economic events? According to many ***cycle theorists****, it does."*

"Cycle advocates generally agree that major economic downturns occur every sixty years or so. ***This would place the next depression*** **[Great Depression 2]** ***around the turn of the century*** *. Is* ***this an inalterable event governed by laws as predictable as the law of gravity****, or is it merely the logical conclusion of foolish actions?"*

Larry Burkett
THE COMING ECONOMIC EARTHQUAKE [has now arrived in 2008]
1991*, p. 82*

"The only relevant test of the validity of a hypothesis is comparison of its predictions with experience."

Milton Friedman
Essays in Positive Economics

"Extraordinary claims require extraordinary evidence!"

Carl Sagen

If you would like to **verify** this new and complex **law**
with more actual real world evidence,
please read the next three section's titled

3.0 A BRIEF HISTORY OF TIME
4.0 Mass Destruction continues

5.0 Buffett's Nightmare

GreatDepression2.com

David L. Kendig