The 17.6 Year Stock Market Cycle: Connecting the Panics of 1929, 1987, 2000 and 2007

Kerry Balenthiran
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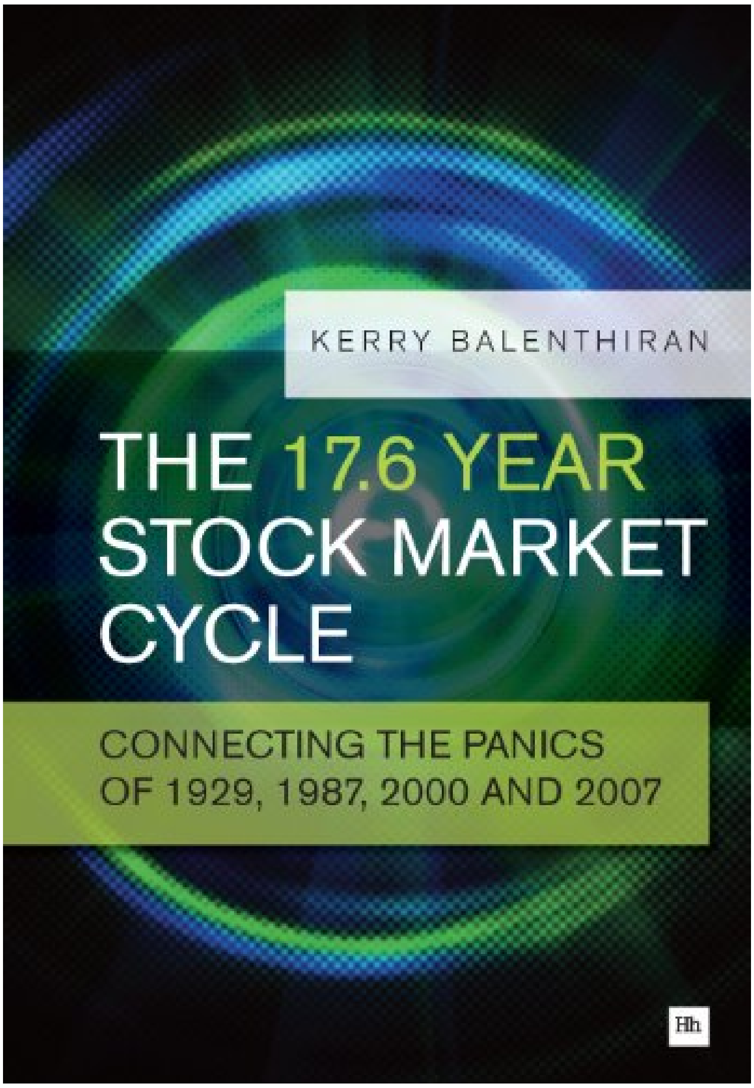

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Kerry Balenthiran : The 17.6 Year Stock Market Cycle: Connecting the Panics of 1929, 1987, 2000 and 2007 before purchasing it in order to gage whether or not it would be worth my time, and all praised The 17.6 Year Stock Market Cycle: Connecting the Panics of 1929, 1987, 2000 and 2007:

1 of 1 people found the following review helpful. A twice in a lifetime investment opportunityBy Richard BeddardMathematician Kerry Balenthiran says a 17.6 year bear market is entering its final phase. It will be followed by a 17.6 year bull market.Despite its precision Kerry Balenthiran is not the first to propose a 17.6 year stock market cycle. He's not even the second. But he's confirmed cycles identified by other analysts and elaborated on them to

identify 2.2 year sub-cycles.Balenthiran concludes the stock market follows the 17-18 year commodity bull markets identified and popularised by trader Jim Roger's writings. Rising commodity prices fuelled by demand reduce corporate profits, while falling commodity prices fuelled by over-supply, increase profits. Other business fundamentals may have an effect and human psychology does the rest, exaggerating the impact of higher or lower expectations for profit on share prices to create 17.6 year bull and bear markets."As we can't change human nature," says Balenthiran, "It is likely that the behaviour patterns of the past will continue into the future."According to the Balenthiran Cycle a 17.6 year bull market consists of three four to five year uptrends punctuated by two mid-cycle corrections lasting approximately two years. A bear market also has bullish periods of approximately 4.4 years and much sharper crashes lasting 2.2 years, typically.Absolute highs and lows can occur at any point in an uptrend, mania, downtrend or crash and Balenthiran says nothing about the magnitude of price changes, so traders hoping to bet on specific market movements are unlikely to find much use for the Balenthiran Cycle. Extrapolated back to the Great Depression for example, the cycle identified a bear period ending in 1931. The low was in 1932 and was 50% lower.Balenthiran identified his cycle and retrofitted it into the Dow Jones Industrial Average index to demonstrate its repetitiveness through trial and error, allowing plenty of scope for quibbling about where exactly particular bull and bear markets start.Imprecision may be construed as a weakness but it's reality. History repeats but not exactly. The cycle may be sufficient to provide a road map to the future but not to give us sat-nav like accuracy about when exactly we need to turn.With that caveat in mind, Balenthiran predicts the final significant low of the current bear market will happen this year, 2013 and after a period of volatility in which the market could rise somewhat, the next bull market will start in 2018. The 2013 low, he says, "Represents a great opportunity to start building long positions for the next 23 years - five remaining years of the bear market 18 years of the bull market."To trade an 18 year bear market Balenthiran suggests a value approach focused on earnings, dividends and cash flows and trimming share portfolios to adjust to the circumstances. Hold more cash in bearish phases and be fully invested in bullish phases. To trade the 18 year bull market he advocates buying and holding companies that are expected to grow strongly, as these expectations power the bull market and ultimately bring it crashing to an end.From 2018, the 17.6 year bull market and the 17.6 year bear market are detailed in the book, but you can work out much of it yourself if you add 4.4 years for each of the the bull phases and 2.2 years for the intermediate corrections. Just remember the magnitude and precise timing of each shift is unknown.Happily the next bull market ends in 2035, near my 69th birthday and, I imagine, semi-retirement. By that time Balenthiran predicts the Dow might reach 100,000 based on the scale of previous bull markets. I can't think of a better time.There's a tendency among value investors to dismiss technical analysis as astronomers might dismiss astrology, but in identifying cycles powered by business fundamentals and psychology Balenthiran is channelling respected names in finance and economics, Keynes, Shiller, and Soros, for example, as well as heroes of cycle theory like Kondratieff.I think the value discipline is the most effective method of asset allocation and hold cash only when I can't find suitable investments so I won't use the Balenthiran model to determine what I invest in. But I have no doubt these cycles exist even if their durations and start and end points are slightly more variable than the book's very precise title implies.The 17.6 Year Stock Market Cycle is a relatively slight book because it contains so few wasted words. I enjoyed the brief tours of cycle theory and stock market history and take some comfort from the conclusions Kerry Balenthiran draws.The future, in terms of share prices, is likely to be much like the past.[This review originally appeared here: [...]0 of 0 people found the following review helpful. lacking in depthBy bartthis writing is lacking in any substance. None of the cycles claimed are discussed in any way. there is no with fundamentals, technical, behavioral aspects of investors. Every cycle has its own unique variables and some common. A good writer would explain what happened each time, if any claims to validity is made. Check out any good writings on cycles, like "all about market timing". look at any book on secular bull and bear markets. Anyone claiming this has to do a better job of presentation. Don't waste your money. He must have paid the publisher to prints this. With the multitude of variables affect long term prices and how fundamental, technical, and behavior interact during a period has to be analyzed.2 of 3 people found the following review helpful. DisappointingBy Glenn CoreyI don't understand why this book costs as much as it does. I saw the page count before I bought it, so I knew it wasn't that long, but there are many pages with charts or figures that take up more than half the page space. In addition, the writing was sloppy and could have used some good copy editing. Harriman House, the publisher, bills itself as an independent publisher. Does that mean it's a vanity press, meaning the author pays all the expenses related to publishing it? The bibliography, in addition to being skimpy, lists things in alphabetical order by title, not author, as is common. Finally, neither the publisher nor the date of publication is given for any of the books in the bibliography. The last thing to note about the organization is that the appendix section is titled "Appendices," but there seems to be only one, unless one of the section headings is supposed to represent a new appendix, but it's not clear if it is.Contentwise, the author provides a cursory overview of his findings and hits the main points. Basically, you have to trust that he has identified cycles of the lengths he describes. At one point he gives a tabular summary of what should be happening or have happened in the stock market at a given point, with a column to designate if it was correct. In the table for the period we are in, the author identifies 2011 as the year in which a high is reached in the Dow Jones Industrial Average, with a high of 12810.54. In the correct/incorrect column, he has "correct." Since the Dow just hit a new high recently, close to

15,000, it's unclear how the author can call this correct. And since this is almost 2 full years before the publication of the book, it's unclear why the author left this in.While I buy into the idea of cycles, this book was a big disappointment for me. It lacked any sort of scholarly rigor that I like to see, the bibliography was poorly organized with incomplete information, and there were grammatical and spelling mistakes throughout. I gave it two stars because it wasn't entirely devoid of content, but it was a borderline 1-star case. The book can be safely skipped.

How do we know where we are in the current stock market cycle? Are we in the midst of a new long term bull market or a market rally within an ongoing bear market?The answers to the above questions are critical to forming an appropriate investment strategy to plan for the future. The difference between anticipating the end of a secular (or cyclical) bull market and reacting to the significant crash that follows will have a big impact on anyone's investment returns and retirement plans.This book is concerned with cycles. A cycle is a sequence of events that repeat over time. The outcome won't necessarily be the same each time, but the underlying characteristics are the same. A good example is the seasonal cycle. Each year we have spring, summer, autumn and winter, and after winter we have spring again. But the weather can, and does, vary a great deal from one year to another. And so it is with the stock market.Kerry Balenthiran has studied stock market data going back 100 years and discovered a regular 17.6 year stock market cycle consisting of increments of 2.2 years. He has also extrapolated the cycle forwards to provide investors with a market roadmap stretching out to 2053. He describes this in detail and outlines the changing character of the stock market through the different phases of the 17.6 year stock market cycle.Whether you are an investment professional or private investor, this book provides a fascinating insight into the cyclical nature of the stock market and enables you to ensure that you have the right strategy for the prevailing stock market conditions.

About the AuthorKerry Balenthiran studied mathematics at the University of Warwick and then worked as a Spacecraft Operations Engineer in the UK and at the European Space Agency. He qualified as a chartered accountant with Arthur Andersen and now works as a consultant within financial services. His mathematical background led to a fascination with the cyclical nature of stock market booms and busts.