18=14+4

The Grand Equation That Explains Every Boom and Bust of the Past and Future

CYCLES • TRENDS • FORECASTS

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The Grand Equation That Explains Every Boom and Bust of the Past and Future

What is 18 = 14 + 4?

Alright, listen closely because it's crucial you understand this. It's the one key principle that most economists and financial advisors ignore. Yet reveals why markets rise and fall. More important…it reveals when.

Here's how it works…

The 18 in the equation refers to American land prices.

And the fact they move in an 18 YEAR CYCLE.

What do American land prices have to do with what happens here in the UK?

Or with predicting economic crashes, stock market highs and lows and commodity cycles, for that matter?

We'll get to that.

First we need to prove the 18 side of the equation.

Over the years P Anderson and Ahkil Patel have dug out, dusted-off and marshalled dozens of sources on booms and busts in the markets…

…their origins, their mechanics, and their dynamics.

Some of those sources are old and ignored. Some are recent and ignored.

Anderson's epiphany finally came when he pieced together American land sale data dating back over 200 years. He was astonished to see that American land values move in a predictable multi-year pattern.

According to Anderson and Akhil, this pattern has been proven right — almost to the month — since 1784.

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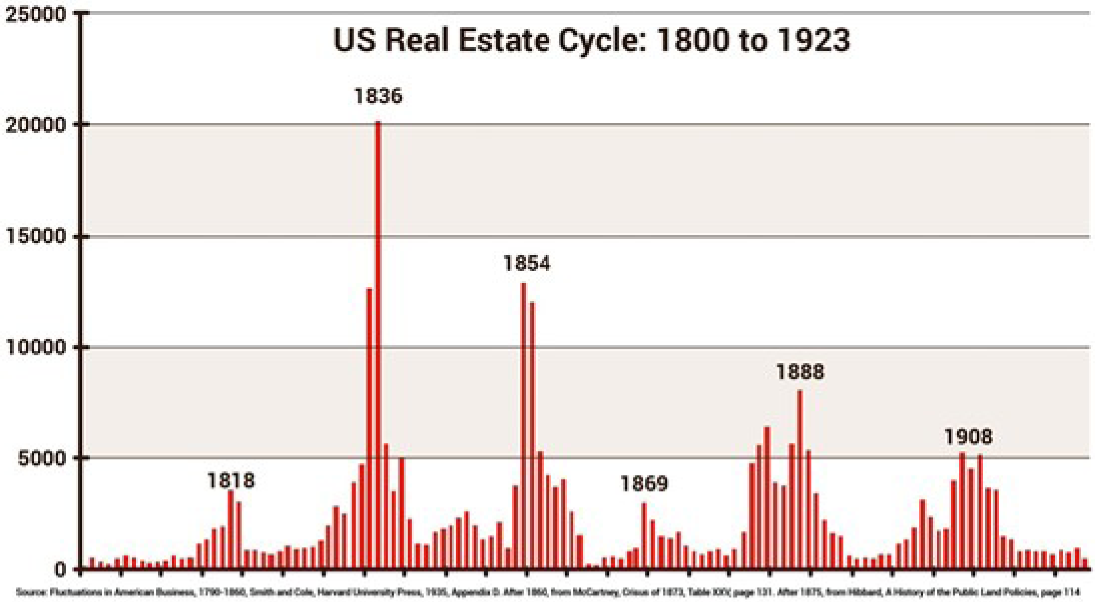
Look at the chart below. Average out the distance between every peak in American land sales since 1800 and 1910.



Source: Fluctutations 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 114

What do you get?

<u>18 years.</u>

What do you get after each 18-year peak?

A recession; 1818; 1836; 1854; 1872 and so on.

The Cycles, Trends and Forecasts team found every major recession in America between 1800 and 1900 occurred, on average, 18 years apart. That was the first epiphany.

Recessions are linked to an

18-year land cycle

This is actually a radical departure from mainstream thinking: which is that those peaks were caused by credit bubbles.

They weren't.

The team discovered that it's all about the LAND.

Bank credit blows up and deflates in synch with this land cycle.

Not the other way around.

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But again: why should you care about all this here in the UK?

That's where the second part of the Grand Equation comes in…

So what happens inside this Cycle?

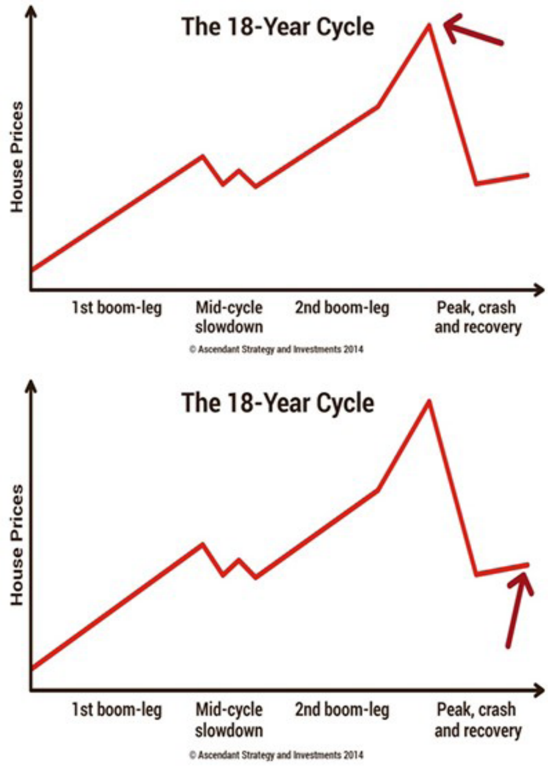
THE ANSWER IS THE SAME, EVERY TIME…

At the beginning of an 18-year cycle, land values (and thus house prices) rise for about fourteen years…

Then they hit a peak.

The banks that financed the land boom via huge credit growth get into trouble.

When banks struggle, credit contracts, property falls and the stock market follows suit.



Source: Ascendant Strategy and Investments 2014

And there's the key:

The stock market crash is effectively caused by the real estate downturn.

The real estate downturn tends to last, on average, around four years.

Then credit expansion begins again.

In the four years that follow the bottom of the stock market, new business generation leads to a recovery in stocks.

The stock market always recovers first.

The property market recovery follows…and the cycle begins anew.

14 years up, four down.

18 = 14 + 4

This equation hasn't been pulled from thin air. It's been pulled from history.

Take a look at this…

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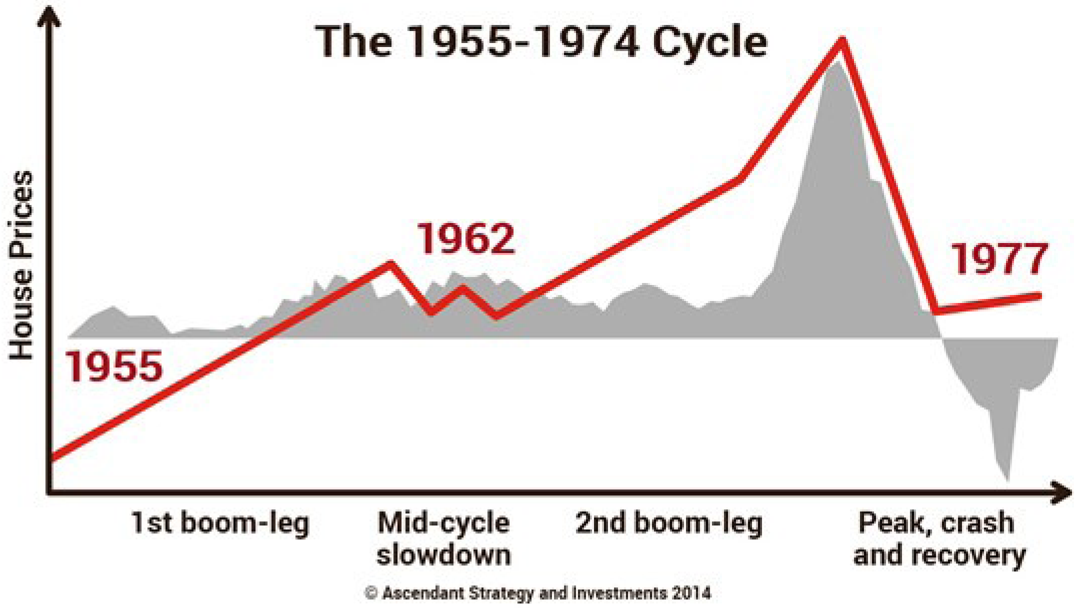
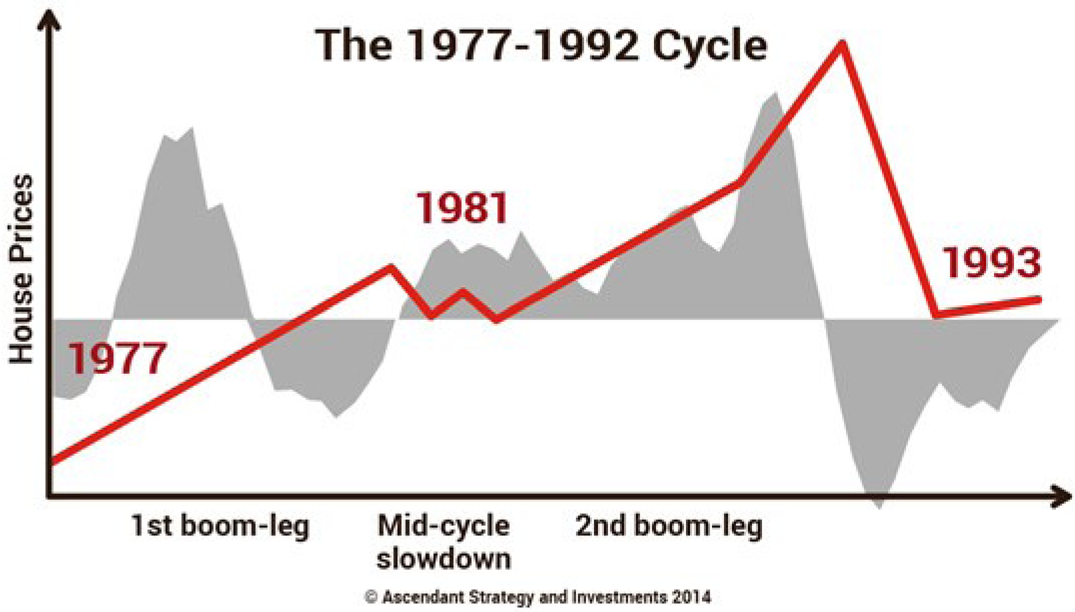


Source: Ascendant Strategy and Investments 2014

This is the American housing market between 1955 and 1973/'74.

18 years.

14 years of rising prices between 1955 and 1969. Four years of down prices to the 73/74 low.



Source: Ascendant Strategy and Investments 2014

Next cycle. 1977 to 1992.

You can see again, big recovery after the last cycle. 14 years up. 4 years down.

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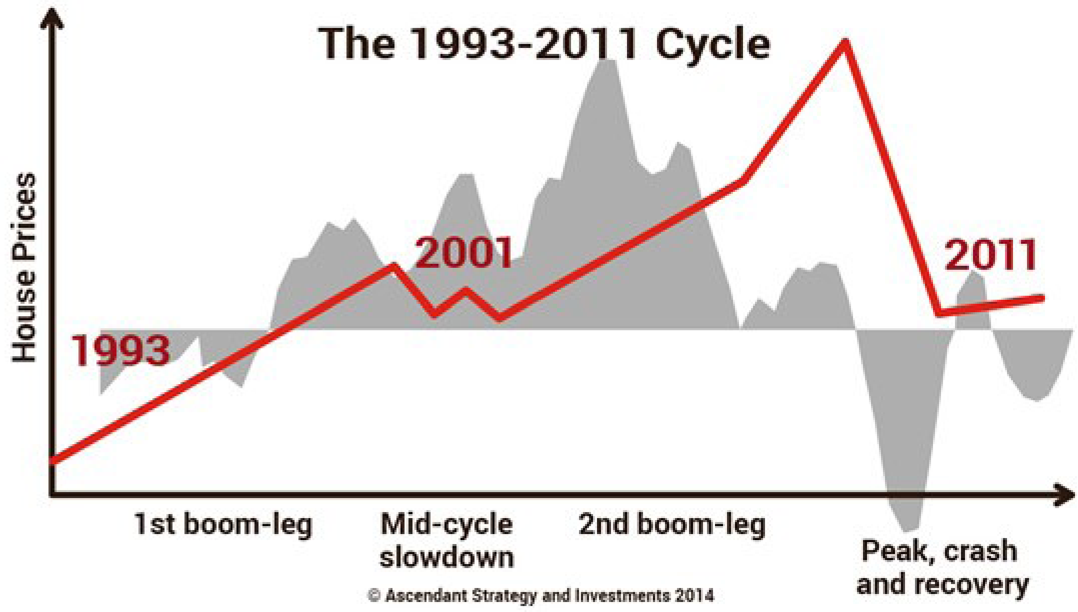
Next cycle.



Source: Ascendant Strategy and Investments 2014

14 years up. Four down.

Now we're up to date.

Look where we are on that chart. We've had our four years of falling American house prices.

We're only at the beginning of the next 18-year cycle.

So we're looking at booming American property AND stock prices until around 2025/2026!

That may seem counterintuitive with all the negative coverage that markets have gotten over the last six months. But, as you will find, much of this work is counterintuitive to what you'll continue to get fed by the mainstream press.

As Phil told his readers after the sell-off in August of 2016:

> *'The news editors, the bears and the commentators love this sort of action. Don't be suckered into an emotional response to events like these.'*

But how is this 18-year land cycle linked to the UK?

And how is it linked to your investments here?

Be they stocks, property, bonds, commodities, precious metals or currencies?

Well, this is the crucial thing to get your head around…

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18 = 14 + 4 really is the key to everything

For hundreds of years economists thought that the prices of stocks, bonds, currencies, commercial and private real estate, industrial metals, precious metals, oil and coal, and even things like fine art and wine were totally separate from each other.

We've discovered they are actually part of the same thing.

A Grand Cycle revolving around land prices.

This 18-year cycle, for whatever reason, appears to be universal. All property markets, once they reach a certain level of maturity, cycle in this way. It showed up in America first because that's where the records were best...and where analysing them revealed the pattern.

But it's here in Britain too.

As you will see, we appear to have a 6-8 month lag behind the States.

Once you figure out where you are in the Grand Cycle, you can make ***accurate predictions for almost any investable asset.***

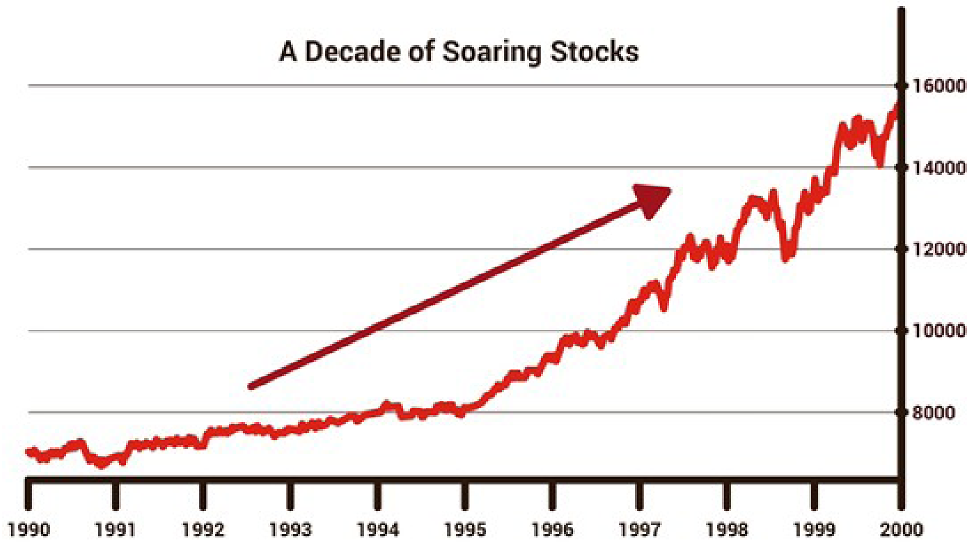
Take stocks, Remember what we said earlier, Property peaks. Property crashes for four years. Stock markets crash too.

But as the cycle begins anew, the stock market always recovers first.

Again, this is not made up. It's plain as day for all to see:

The 74-92 cycle peaked in 89.

Stocks crashed 24%. Then they LED the recovery.



Source: Ascendant Strategy and Investments 2014

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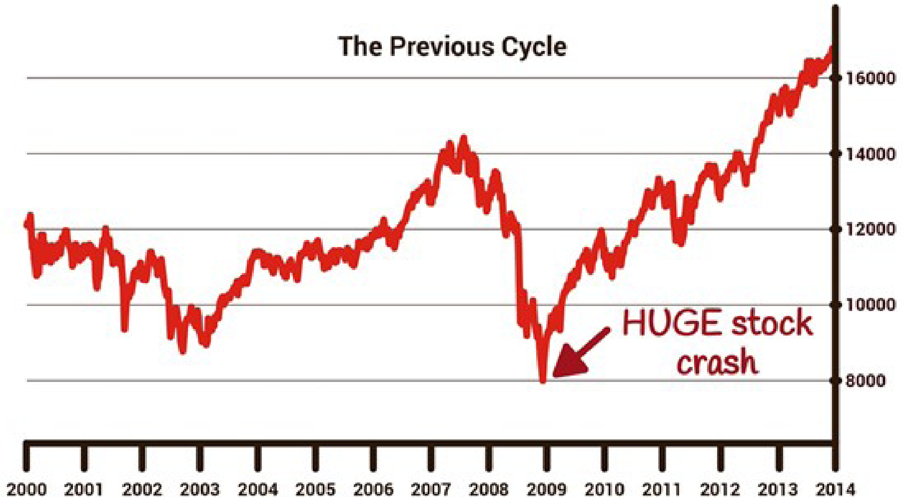
And what a recovery! The FTSE rose 139% before the peak in March 2000. And the last 18-year cycle? 1993 to 2011? Remember the crash, right on time in 2007? Remember how many people were saying it was the end of the financial world as we know it? In the midst of crashing stock markets, Phil Anderson went on the cover of MoneyWeek and said:

'The US should hit its cyclical property low at some point in 2010... (then, after that)...The US stock market will lead the way....'

That's what happened...

The property peak.

HUGE stock crash.



Source: Ascendant Strategy and Investments 2014

Then just as Anderson said way back in 2008, stocks lead the recovery to make greater highs in 2013...

Source: Ascendant Strategy and Investments 2014

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Says Phil:

'This cycle has happened every single time, in exactly the same way… It's an astounding repeat; I can't understand why more people can't see this…'

Think about how you could use this knowledge in your own investing…

It's at the bottom of the cycle where assets become available at much better prices. Not only that, there are fewer bullish investors competing for those assets.

But as Akhil's research shows in some of the other reports now available to you as subscriber to Cycles, Trends, and Forecasts, you won't have to worry about the bottom of the cycle for some time now. He expects markets to continue rise—with a mid-cycle slowdown (which many will attribute to Brexit) in 2019—for the next NINE years to 2025.

Make sure to check out Akhil's stock-market forecast for 2017, originally published on 29 March. In that weekly update, he reveals two key dates for investors THIS YEAR. And shows how the same forecasting method performed in 2016.