

GAME OVER

June 2021 - The cycle of death

*"Blessed is the one who waits for and reaches the end of the 1,335 days."
Daniel 12:12*

Crazy times we live in right? Economies in lockdown, markets in bubble mode, people scared to death of what others call cronyvirus, mainstream media ignoring the truth and praising the lies, governments broke yet spending money like crazy, ... I have found a nice impression of it all in this comment :



I often disagree with politics, definitely with central bank policies, see through the complicity of mainstream media but at the same time I stay away as far as possible from anything that even smells like a conspiracy theory. I know many things are wrong or simply lies, I know there is an elite behind the scene anxious to grab more power and like vampires feeding on the blood of what is left of the productive economy just as much as there is a unknowing population that just does not care other than to get government handouts when things turn bad (or good) so they can keep up their excessive lives. Brainwashed, apathetic and ignorant. And covid19 just added an exponential layer to all of it. Crazy on steroids.



On the bright side, we should be close to a bear market low in common sense. We just did not make the turn yet. Be patient, it is coming soon. What God has in store for us will happen regardless. We get what we deserve.

"Oh father tell me, do we get what we deserve? Oh we get what we deserve."

Kaleo : Way down we go <http://www.youtube.com/watch?v= RUAFt-rIHw>

I'm not here to judge, I just observe. Maybe there is a great reset as announced by Klaus Schwab but it sure is not great and it does imply that this elite pushing it is in control of the system at all times and will remain so after they push the reset button. I respectfully disagree with the latter. Our economic and social system just like our climate is a very, very, very complex system with a million variables most of which we don't even understand. You cannot predict nor control it from a human point of view even if you are part of this "elite". Remember chaos theory of Lorenz? It's my conviction that only God understands and rules our systems and that is why I'm so deeply passionate about the Danielcode.

"I find rest in God, only He gives me hope. He is my rock and my salvation. He is my defender, I will not be defeated. My honor and salvation come from God. He is my mighty rock and my protection."

Psalm 62:5-7

Basics on macro, econometrics and our money system

Before I get to the heart of these writings I want to clarify a few things on our money system. This will look like complicated stuff but bear with me. I'm of the opinion it is important that you get an idea of the current economic situation before we get to the fun part of market forecasting.

In our western economic system money gets created through loans. Whenever a bank lends you money it creates that money out of thin air, by a keystroke on a computer, deposits it into your account which is a bank liability and at the same time books the loan contract with you on it's asset side. You do not borrow someone else's savings, there is no such thing as fractional reserve banking and it is certainly not the central banks that create all the money. We the people create money whenever we sign a loan contract with a bank.

In some countries there is even no legal reserve requirement to do so and if there is it is small and usually met after the lending took place. Banks extend loans and if needed, look for the legal required reserves afterwards in the interbank market.

The only limit that banks have in extending loans is having a healthy capital structure and finding a creditworthy customer. That's it. Nothing more to it. If you want to learn more about this I suggest the readings of professor Richard Werner. He's the authority on this. This video is a good start if you want to dig deeper.

<http://www.youtube.com/watch?v=IzE038REw2k>

Now here is the tricky part. Money gets created out of thin air in a loan, when the loan gets paid back that money disappears again. However when we repay a loan we repay principal and interest. The money we repay got created from the loan contract but the interest never was created. So in essence there is never enough money in the system to repay all the loan contracts. This is a mathematical fact by design. It is important that you understand this because this is the very definition of a ponzi scheme. Looking at our credit based fiat money system and understanding it's design we can mathematically conclude that this system on which our economy is based can only be sustained if we keep lending more money and if the speed with which we lend also increases. Interest compounds so we are talking about an exponential function here. So whenever you hear your local politician or central banker talk about stimulating economic growth he or she is essentially telling and steering society to get deeper into debt faster.

To steer this model, central banks have a few levers they can pull to manipulate us. One of the most common known ones is setting the short-term interest rate. Lowering rates makes lending cheaper which makes loans more attractive. More loans means more economic growth. However, when the interest rate approaches the zero bound this policy is exhausted.

Another lever that central banks pull to stimulate is to increase the monetary base aka central bank liabilities. These days central banks do this by buying treasury paper from primary dealers. The paper gets added to the balance sheet of the central bank and is paid for with freshly printed liabilities deposited in the reserve account that these primary dealers have with the central bank. The primary dealer's holdings of treasury paper goes down and his reserve account goes up which is basically an asset for him that has an overnight maturity that remains on the books of the central bank. Understand that these reserves are not money and can not be used by banks to purchase other stuff. Banks can lend against these reserves and thus create the money out of loans to stimulate the economy (aka the money multiplier) but in order to do that they need to have an adequate and healthy capital structure that enables them to take the risk and on top of that they need to find a creditworthy customer also willing to risk his capital. Flooding the banking system with reserves through quantitative easing will not help if the latter two conditions are not met. Important also to stimulate is that the velocity of money or the speed with which we exchange money with each other is stable or constant. If we keep doing business with each other and we do not have to use too much money to pay down debt velocity is usually stable. The authority on this is Dr Lacy Hunt at Hoisington asset management. He is an absolute expert in econometrics and central banking. Take a look at this video to get started if you want to learn more. Also take a look at his quarterly reviews.

<https://www.youtube.com/watch?v=MnFCacYvdy8>

Dr Hunt has written detailed explanations on how record levels of public and private debt trigger the law of diminishing returns on debt.

GDP = technology interacting with resources, labor and capital

When an economy over uses the capital (debt) factor GDP gets a transitory boost from the spending. However soon afterwards the negative effects of the over-indebtedness undermine economic growth especially when debt is used to finance unproductive spending and there is no income stream to repay principal and interest. Debt financed stimulus programs will therefore eventually lead to lower GDP growth, lower inflation and lower interest rates. This triggers the temptation for governments to spend more borrowed funds which adds pressure to the debt spiral. It gets even more complex as over-indebted economies need capital to repay principal and interest of existing loans which drags down the money velocity and limits GDP growth even more. All of this leads to an immense wave of speculation and an increasing amount of overcapacity in everything except common sense.

Philipp Rother at the ECB also has written very interesting papers on the effect of high debt levels on GDP.

<https://www.ecb.europa.eu/pub/research/authors/profiles/philipp-rother.en.html>

In over-indebted economies central banks have little power to stimulate. Abundant reserves and low interest rates are not enough to stimulate loans as healthy capital structures in the bank sector and economy becomes scarce and the willingness to take on more risk diminishes. GDP suffers from disinflation, an increasing output gap and declining money velocity. It is caught in a debt trap. A debt problem cannot be solved with more debt.

Forecasting financial markets

What is a financial market? It is a place where buyers and sellers of financial assets meet and agree on a price to buy or sell. They do so by putting on a bid price or ask price for an asset. When there is a price agreement a transaction takes place which then notes the latest market price for that asset which lasts until a new transaction takes place. Buyers and sellers make decisions on buying and selling constantly. They do so based on emotions following what they learn or know or think they know about the market. All the knowledge about a market and the emotion as a result of that knowledge therefore is discounted in price at all times. As the knowledge and emotion changes over time so does price. The market of an asset therefore is the electrocardiograph of the consolidated emotions of all market participants changing over time.

Markets have a few properties that are similar to what we learn in Physics. Ever heard of the term "gravity" in markets? Not that there is the actual gravity force in a market but what it means is that what goes up also comes down. Another one is the famous third law of Newton about action and reaction. When a force creates a severe action in markets there usually comes an equally forceful reaction of the market. Other important properties of markets are speed of the market measured by the VIX and acceleration of a market measured by the VVIX.

All these properties can help you assess how a market is doing and what is happening under the hood of the action. The problem is that by the time we measure changes in these properties the market already has changed course. It's like measuring temperature. By the time you read the thermometer the change in temperature already took place. By then it's too late to get ahead of the market.

The question we want to see answered is "Why markets do what they do?" Why does a market go up, suddenly tops for no reason and then reverses course back down. Is such action random? You always read reasons in the financial press why a market has topped or bottomed but these news items almost always come after the fact and can therefore not be the cause of a market reversal. Financial news is merely the human explanation of a change in course of the market that already happened.

I am of the view that whatever move a market makes is destined in the DNA of that market. Similar to the DNA of the seed of a flower. How many leaves the flower will grow, how the leaves are positioned, how, when and in what color the flower will blossom, all of it is encoded in the DNA of the seed of the flower. You can manipulate the flower somewhat by artificially watering, providing nutrients and light but in the end it will grow, blossom and die regardless pretty much on a similar time line. The same happens in markets. Central banks and politicians can manipulate and stimulate markets all they want, the market will eventually do what is encoded in its DNA regardless what tricks took place. And the crazier the manipulation was the more violent Newton's third law will kick in when the inevitable happens. The good news is that the DNA of markets is hidden in the Danielcode numbers.

What is the Danielcode ?

The Danielcode is a mathematical sequence of numbers hidden in the book of Daniel in the old testament discovered by our mentor John Needham. How these numbers are calculated is beyond the scope of this article. You can discover all about these numbers on the <https://www.thedanielcode.com> webpage. If you really want to understand how and why financial markets do what they do you have found the one and only truth. Understanding the Danielcode numbers, what they mean, how they work and how they rule any market will be the only thing you need to know and understand to predict markets. And by predicting we mean telling ahead of time what will happen to a market days, weeks sometimes even months in advance. Straight thinking people will immediately ask themselves what the hell I am smoking but it is my job to show them the real power of the Danielcode. The funny part of it is that this stuff is not even difficult to understand. These numbers are not privileged to smart people, they are privileged to the believers.

"Markets are perfectly mathematically organized and sometimes even predictable."
John Needham : [thedanielcode.com](https://www.thedanielcode.com)

In this article I'm going to focus on forecasting the SPX. I use this market because the SPX is a proxy for the global equity market. On top of that equities, just like bonds, cash and pretty much everything in between are a derivative of debt so forecasting the SPX will give you a good view what will happen to global debt markets as everything in markets is now interconnected even more so in our age of digitization.

The first thing you need to accept is to forget all that you know about markets. Forget about the first paragraphs of this article, forget what you ever learned about a market as it will not help you forecast it's future. The second thing you need to understand is that all the info you need to know to forecast a market is hidden in the chart of that market. Markets reveal their DNA in the charts and when you look at the charts through Danielcode lenses you will start to see that DNA.

*"What has been will be again, what has been done will be done again; there is nothing new under the sun."
Ecclesiastes 1:9*

The third and most important part you need to accept is that price is not very important. Investors, money managers, traders, ... everybody constantly looks at the price of a security anxious to know at what price they need to buy or sell. You should know by now that price is the most manipulated variable on every chart because when you manipulate price and availability of credit all the derivatives of credit will move accordingly. On top of that the BOJ and SNB have been buying equities the last few years faster than a junkie sniffs heroine. Prices are distorted. They are human. They are of this earth.

The key variable, the most important piece of information on a chart available to predict it's future is **TIME** . More specifically Danielcode market time. If you understand the Danielcode ratios and how they work on the time variable to create Danielcode time cycles you can predict markets sometimes with uncanny precision with this one variable only. Time is the universal variable. It cannot be manipulated and ticks away second by second for all people equally. It is of the hand of God.

*"Six days you shall work, but on the seventh day you shall rest; in plowing time and in harvest you shall rest."
Exodus 34:21*

To do medium term forecasting we use the 6 day charts where every bar consists of 6 trading days analogues to Exodus 34:21. Long term forecasting is done with a fractal thereof which is the 24 day chart (each bar is 24 trading days). The Danielcode ratio's are 29.7 , 37.5 , 44.5 , 50 , 62.5 , 59.3 , 74.2 and the powerful 89 black line. These ratios can be used to find support and resistance levels of previous ranges on the price axis but we are going to use the on the time axis to do long term forecasting. The main time cycle to find important highs in equities is the 59.333 number which is twice Danielcode time or 2×29.666 . We round the numbers down to 29 and 59 because we can only count per one bar, but remember how they are calculated. Next is an example how the 59 cycle is the dominant vibration for giving us important highs in the SPX



This chart demonstrates how the 59 cycle gave us the 2007 top in the SPX. This cycle came from a swing high early May 2006. 59 cycles coming from a swing high on the first iteration can give us major highs in markets. We call them death cycles because they have the power to end whatever bubble is blowing. Danielcode time cycles give us a vibration either on the swing high or the closing high. In 2007 it gave us the closing high for the move. Notice how the following crash ended in March 2009 exactly 59 bars from the 2007 top. Chaotic markets? I don't think so! The next chart demonstrates the same setup for the market crash in 1987.



You can find this chart in the "Master Class" articles on the Danielcode website. On this chart each bar is 9 trading days or "times and an half" as explained in Daniel 12:7. Markets where running slower then. For investors these long term Danielcode time cycles are worth a fortune. They are the ultimate hedge as they warn you ahead of the danger of a market Tsunami that can devastate years of work. And they do so with uncanny precision.

The mother of all death cycles

Early 2019 I spotted a major setup in the structure of the SPX that got me on high alert for another powerful death cycle setup. It comes from the 2015 corrective structure in that market. Then it was only visible on the 24 day or monthly chart and I warned for danger coming up late May 2021 in last year's article. A year ago we could not use the 6day or weekly chart to confirm the setup or calculate the date of setup more precise. But we can now!



This cycle has been on my watch since early 2019 and revealed more and more clues and evidence around it's importance during 2019 and especially during 2020. It originates from the corrective structure late 2015 in the SPX. During 2019 and 2020 we got additional evidence in the 12 day and 6 day chart around it's setup and importance. It was this cycle that gave me the confidence that nothing really bad would happen to markets in 2020 when I wrote last year's article. It was this cycle that gave me the confidence that the scary

Covid19 decline in 2020 was a massive buying opportunity. It is this cycle that makes me very, very afraid for what is ahead in 2021. To show you the importance of the 59 death cycle setup in the 24 day SPX chart I will show you some Danielcode forensic evidence of the setup. To spot the setup in a Danielcode chart takes a combination of knowledge and skill. But to asses and confirm it's importance is a matter of simple math. The setup comes from the corrective action in equities late 2015 where we got a high on 5/20/2015, a correction, then a rally back up into a lower high on 11/3/2015 and then another correction. It is the lower high that set's up the danger. To show you how important that lower high is on future market moves in the chart I'm going to calculate the complete Danielcode sequence from that lower high on the next chart.



The black cycles come from the lower high 2015 structure, the orange cycles are the same Danielcode numbers coming from other market structures. First thing you notice is that every significant turn in the SPX chart can be forecasted with the Danielcode time cycles. This is what we do in the weekly 4th seal commentary. Second thing you see is that every single Danielcode number on the sequence originating from the lower 2015 high (black cycles) gives a market reaction in the chart. That confirms the importance of the 2015 lower high structure in the SPX as a key Danielcode DNA mark. Next thing you see is that the closing high before the March Covid19 panic came on a 44 cycle top. 44 cycles in

equities forecast corrections, not the end of long term trends. That gave us the confidence that no matter how bad the Covid19 decline would get we would eventually make new highs. We did not know that the Covid19 correction would be so deep as we cannot forecast momentum but we did know that new highs were coming after the swing low. Funny that that swing low also came on a 44 cycle. We knew it was a major low and we warned for it. Sharp eyes also notice that the market reactions on the the numbers of the binomial (29, 44, 59, ...) are increasing in intensity. The black 29 cycle gave us a modest correction, the black 44 cycle gave us the Covid panic. I wonder what 59 will bring us.

As everything now has turned out OK thanks to the unprecedented stimulus of global authorities the bull market is as strong as ever. The good news is that it will continue into June. The bad news is that this is where the game ends. The next important cycle coming from the lower 2015 high structure is the 59 death cycle. This one has the power to end major bull markets especially when they are in bubble mode. This cycle is extremely powerful. The hand of God in markets. There is no amount of stimulus that can save us from it. In June 2021 the manipulation game of extend and pretend is going to meet the power of God and mother nature and I'm sure you can guess who I think will win. The cycle on the 24 day chart runs from June 7 until July 8. In the 2019 article I warned for a setup late May. As a year passed we can improve the precision of that forecast to a early June. If we do the same analysis on the 6day or weekly Danielcode chart we can narrow the window of the cycle to 6 trading days. Here is the chart.



If we do the same study on the 6 day chart in the hunt for 59 death cycles we find a strong setup coming from the high before the famous top in February 2020 just before the Corona crash. That cycle runs from June 8 until June 15. The closing high setup comes 1 DC week earlier. Regardless, this cycle falls in the window of the 59 cycle on the 24 day chart and confirms again what we concluded there. Looking deeper we can see that the 59 cycle on the 6 day chart also has a 29 and a 74 cycle expiring on the same bar. 29 being times, 59 being times and 74 being times and an half. There is even an 89 cycle (89 or three times 29.6) expiring on that bar. Coincidence? I think not. Solid forensic Danielcode evidence that a major top is coming early June this year.

A crystal clear message

We can make our market forecast In the spirit of "there is a chance that" or "the odds are" but if we really believe in what we do a crystal clear message is mandatory. We are confident and believe in what we preach.

*"Let us then approach God's throne of grace with confidence, so that we may receive mercy and find grace to help us in our time of need."
Hebrews 4:16*

The Danielcode death cycle has a clear message that this amazing bull market that started in March 2009 is going to end early June 2021. As we get closer to June we will be able to make the forecast even more precise where it may be possible to pin the top to the day it happens. What happens after June is something I don't know. Will the system fail? Are we going to see a long term gradual decline? I don't know. All I know is that this bull market has an appointment with "death" early June 2021. In June the game is over. Finished. Done, over and out. I don't care what central bankers come up with, after this date they will loose control over the market. All their crazy stimulus programs will work no more no matter how big they are. After June the market will go down. How fast and in what structure I don't know but putting it in Jedi terms; "going down it will".

Bear markets are nothing new. We just forgot about them. The danger here is the econometric setup. We know that an over-indebted economy cannot be stimulated into growth and we know that the debt based fiat money system is a ponzi scheme dependent on ever lasting growth. A debt cycle in this kind of environment can kill the patient especially if the patient is on life support and barely breathing. This is why I'm so afraid of this death cycle. You have no idea how much. We are moving towards the bang point.

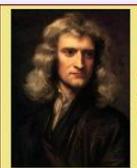
*"It is as I told Pharaoh; God has shown to Pharaoh what he is about to do. There will be seven years of great plenty throughout all the land of Egypt, but after them there will arise seven years of famine, and the plenty will be forgotten in the land of Egypt."
Genesis 41:28-30*

The good news is that there are still 5 full months of bull market to prepare. Use them wisely. Look at this cycle with a sense of humility, respect and fear. May I also remind you that we now live in an age of digitization. Markets run at a higher speed than they used to. Bear markets are there to clear previous build up excess. They are experts at it and they forget no one. Speed and acceleration of the market are allies of the Bear in doing just that. The good news is that when speed and thus volatility increases the Danielcode numbers become even more precise than when the market is calm. It is the never ending proof of how important the discovery of the Danielcode is.

One more warning. It is not our job to become prophets nor do I want to emulate what Isaac Newton described as "the folly of interpreters". I'm just the messenger here. I read the Danielcode numbers on financial charts. I look at financial markets through Danielcode lenses and try to translate what it is telling in plain English. I encourage you to study this stuff. I promise you, you will be amazed. I know however that most don't care. We live in an age where many just want to be shown the money. And in case you did not get it, I just did. There is a universal truth we must never forget. Markets are ruled by the Danielcode. Markets move within the boundaries of Danielcode numbers and make turns on Danielcode time cycles. If we want to know what is ahead we have to listen what it is telling us. The only limitation that the Danielcode has in forecasting markets is our ability to decipher it.

"The fear of the Lord is the beginning of wisdom; all those who practice it have a good understanding"
Psalm 111:10

Isaac Newton knew that there was major knowledge hidden in the Book of Daniel. He gives us solid warnings.



With great knowledge comes great responsibility. In this light it is wise to reconsider Sir Isaac Newton's words on prophecy.

"The folly of Interpreters has been, to foretell times and things, by this Prophecy, as if God designed to make them Prophets. By this rashness they have not only exposed themselves, but brought the Prophecy also into contempt. The design of God was much otherwise. He gave this and the Prophecies of the Old Testaments, not to gratify men's curiosities by enabling them to foreknow things, but that after they were fulfilled they might be interpreted by the event; and his own Providence, not the Interpreters, be then manifested thereby to the world. For the event of things predicted many ages before, will then be a convincing argument that the world is governed by providence."

Sir Isaac Newton, the Father of Modern Science. Observations upon the Prophecies of Daniel, published 1733.

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My best wishes for 2021

Frank De Baere

Belgium

New Year's eve 2020

PS A copy of this article will be delivered at the official registration of documents in the Netherlands (Nederlandse kamer voor registratie) where it will be confirmed, deposited and be provided with a timestamp and checksum. It will give the Danielcode official proof that this forecast was done in writing at the time registered.