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MMA COMMENTS FOR THE WEEK BEGINNING October 16 - 2006

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Review and Preview :

The Dow Jones Industrial Average nearing 12,000, Corn prices now well above \$3.00/bu, Wheat pressing \$5.50/bu, and Crude Oil well below \$60.00/barrel. It was quite a week. Still, as the DJIA continues blasting to new all-time highs, the NASDAQ Composite and S&P 500 remain well below their all-time highs of six years ago. Is this divergence important? I think so, but it may not be until later this week - or even the week after - before we start to see a significant change in sentiment. And in the case of Corn and Wheat, this is just the beginning of a move that I think could last for most of the rest of this decade. As forecasted in this column several weeks ago, just before the move began, I think Corn will eventually double its all-time high of \$5.50/bu as the flex and alternative fuel movement gets well underway.

Short-Term Geocosmics :

The psychology of the collective is about to commence a big shift, according to my understanding of astrology. And according to my understanding of financial astrology, this shift will be reflected in change of trend in many financial markets.

First of all, the Moon will enter Virgo this week, October 17-19. As reported in the soon-to-be-released and revised edition of *The Sun, the Moon, and the Silver Market*, this solar-lunar combination has a huge correlation to "Big Range Days" in Silver prices. And if Silver is likely to experience a strong price swing during that time, so too could other financial markets. The new moon in Libra then takes effect October 22 - in the last degree of Libra. Then the fun begins. The Sun and Mars both exit Libra within a couple hours of one another on Monday, October 23. They are conjunct. The next day, Venus does the same. Venus, at home in its ruling sign of Libra, was conducive for a strong rally in stocks, since Venus rules things of value, like equities. But it is not such a favorable position for Silver, for this planet-sign combination has a reliable history of coinciding with primary cycle troughs in this precious metal. It looks like that happened again back in the first week of October when Silver fell to 1055, and Gold down to 563.

But all that could change when so many Libra planets give way to Scorpio, the sign of darkness, mysteries, and deep concerns rising to the surface that have been suppressed (or kept hidden and out of sight) for so long. This will be a time of revelations and exposures. The more these matters will be tried to be kept under cover, the more likely they are to come to light. And chances are the public will not like what they see, hear, and learn. The past few weeks have been riddled with one scandal and corruption after another, and yet the equity markets continue to rally. One would think with this sea change suggested by the changing signs of so many planets, will coincide with a markedly different financial climate in about 1-3 weeks. Let's see how it plays out, just in time for the elections.

The changing signs of the planets are not the only geocosmic concern of the next couple of weeks. On October 25, Jupiter will complete the last of its three passes in square to Saturn. That's a big one, a 20-year planetary cycle involving Saturn, the planet of accountability. With all the scandals now coming to the surface, one can only wonder about the flood of demands for accountability that will escalate with Jupiter square Saturn. The Mark Foley sex scandal won't die quickly - in fact, there is likely more sensationalism yet to be revealed. And with both Mercury turning retrograde and Neptune turning direct immediately afterwards - October 28-29 - one can also only wonder at the level of deceit, denial, and misinformation that is also likely to occur as they revelations leak out. When two planets change direction back-to-back like that, the theme of those planetary principles comes front and center onto the world stage. Mercury represents information, and the communication of it. Neptune with Mercury represents inaccurate information, or intentional misuse of facts. This is a great combination for poetry, music, and story-telling. It is entertaining. However, it is not usually accurate, and the intention is not usually for truth as much as it is for the creation of a picture that makes the situation look better (or worse) than it really is, or the person look like a hero instead of a felon, or vice-versa. In other words, look for some very negative political campaigning to take place now, stories that could ruin reputations of those running for office in this mid-term election that takes place November 7. As we come down the stretch, you may not believe what you are about to read, see, and hear.

But the question for us is: how will the markets behave? Well, as stated last week, "The Sun conjunct Mars part of this set up (October 23) has a very high correlation to 10% or greater reversals in U.S. stocks within 10 degrees (approximately three weeks), as reported in *The Ultimate Book on Stock Market Timing Volume 3: Geocosmic Correlations to Trading Cycles*. We are entering that time band now, and obviously stocks are making new highs. This signature implies that traders should be preparing for a substantial decline shortly. I wonder what that says about the mid-term national elections in the U.S.A. ?" We are about to find out.

Long-Term Thoughts :

There were several responses to my column on taxes last week. Let me

explain the basis for those thoughts (you may wish to stop right here if you do not wish to here "politics"). Based on studies of the 32-37 year Saturn-Pluto cycle, the period from the opposition to the conjunction has a correspondence to more difficult economic times. This is the period where, historically, governments of free market economies tend to increase spending and hence their federal deficit. As spending and federal deficits increase, interest rate increases follow. Governments must borrow more money, in the form of bonds and notes, to cover these deficits, and the more they need to borrow, the higher the yields must go in order to sell them. This translates to higher interest rates. When that doesn't pay down the debt (and it doesn't - it only increases it more), then politicians resort to raising taxes. At first this helps, but soon this transfer of monies from the individual and business community into the hands of the government, results in two things: less money available for business expansion, and mismanagement of those funds by government. All sorts of problems then begin to trickle down into the economy, which starts to slow and even enter into more frequent and more enduring recessions.

So far, the U.S. economy has started down the path of two of these problematical areas that are consistent with the 16-20 year downside of the Saturn-Pluto cycle (2001-2020 this time). Deficits have increased, and so have interest rates. But the one thing - the only thing - that has held up this stock market and economy has been the lowering of taxes.

Now, as a financial astrologer who is keenly aware of the history of these Saturn-Pluto themes, I think it is only a matter of time before taxes (the third factor) will rise. And supporting this possibility is the fact that next chair of the Ways and Means committee - Charles Rangel - has made it clear that indeed, tax increases will be "on the table." To me, this is fitting together perfectly (but sadly) with this part of the Saturn-Pluto cycle. Unfortunately, it also implies that if the Democrats do win control of the House and/or Senate, and indeed taxes will be increased, that the rest of the cycle will fall into place, just like dominoes toppling one after the other. All three pieces of the cycle will be in place, and that spells trouble for the economy in the remainder of this Saturn-Pluto cycle, just as it has in 80% of the prior instances of this planetary cycle (1966-1982, 1929-1946 were last two, for comparison). It is not that I am trying to convey an anti-Democrat message (I could care less about Republican versus Democrat). I am only relating the picture that the Democrats are painting themselves, and how it ties into the trap of the Saturn-Pluto cycle. It doesn't have to do this. The Democrats - and particularly Charlie Rangel - can offer a message that transcends the history of this cycle, and not one that conforms to it.

Now some will argue that raising taxes will enable the funding for more socially conscious programs. There are two things wrong with this argument as supported by my observation of the Saturn-Pluto cycle. First, the idea that taking money out of the hands of businesses and individuals, and putting it into the hands of politicians, will translate to ethical, conscientious, and better funded or managed oversight of these socially conscious programs. It is just not likely at all. When have government leaders demonstrated effective business management of funds for such programs, and not given in to the constant temptation of wasteful spending? And secondly, what happens when you take money out of the pockets of individuals and businesses by taxation - especially small businesses - and transfer those monies into the fiduciary oversight of government? With less money available to hire people and increase production, businesses have to contract. There is less and less money coming from them into the current taxes that do exist. The reason the economy has been so strong is because these businesses - large and small - are finally making money and employing more people, instead of sending their earnings to the tax man to be managed by the government. Reverse that trend now, and the history of the Saturn-Pluto is much more likely to kick in.

The character of this country (USA) wasn't founded on the creation of socially conscious programs, even though they are necessary and important - and affordable within the current tax structure. The character of this country was founded upon something else entirely. It was founded upon the revolt against

rounded upon something else entirely. It was rounded upon the revolt *against* taxes. That is why every politician who promises to raise taxes is fighting an uphill battle. It is against the primal character of this country. And if the Democrats want a slam dunk victory in the election in three weeks, all they have to do is go on record of saying: "Read my lips. No new taxes." Do not let themselves be painted in the corner of the party that will raise taxes. Without this promise, could they still win? Yes. But it won't be as "across the board" as they could have it. But more importantly than who wins the election is this: raising taxes is not necessary and will not lead to economic prosperity now - with interest rates already rising and deficits not yet under control, but moving in the right direction. Controlling wasteful spending is all that is required, because with the current economic prosperity brought about through lower taxes, more and more individuals, and small businesses and large corporations, are paying more tax monies than ever before. But Washington is spending it more than ever before too. And that is the problem - corruption and wasteful spending.

But all that will likely change with this (or maybe the next) national election. Very soon I expect the third and final component of the Saturn-Pluto downside cycle will kick in. Taxes will be raised and that will reduce the number of individuals, as well as small and large businesses that pay in to the current tax structure. Recession will follow - hard. And the collective mood will then get worse, not better, just in time for the Saturn-Uranus-Pluto T-square of 2008-2010 and especially the Uranus-Pluto square that lasts in the middle of the next decade.

But let's not be totally negative. After all, we have a choice. And so do our elected leaders.

Announcements :

LAST CHANCE to order special pre-publications discounts on forthcoming books!

The pre-publication discount period for the Forecasts for 2007 Book ends October 15. The actual release date of this year's book will be December 15, same as always. But every year we have a special pre-publication discount price, approximately 10-15% below the normal sales price, which expires two months before publication. So order now and save "big bucks." For more [information](#).

The newly revised The Sun, The Moon, and Silver Book: Secrets of a Silver Trader, is also now completed and with the editor, being readied for publication in the next few weeks. This book will retail for \$125.00, but is available at the pre-publication discount price of \$95.00 for those who order before October 15. For ordering either of [these two books](#).

The "SOS Stock Market Cycles Report" and will come out this week, October 18-19. These reports come out every 6-8 weeks to subscribers of these reports. This report is in two parts. The first report - **"SOS Stock Market Cycles"** - focuses purely upon the long-term cycles in the U.S. stock market, specifically the Dow Jones Industrial Average, followed by discussions on both intermediate and short-term cycles. It is the "big picture ahead". The second part is the **"SOS Global Stock Markets Report."** This covers the German DAX, London FTSE, Netherlands AEX, the Australian All Ordinaries, Hang Seng of Hong Kong, the NASDAQ Composite Index, and the XAU Gold and Silver Mining index. For ordering information, please go to <http://www.mmacycles.com/services.htm>

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The next "MMA Cycles Report" and "MMA Japan Markets Cycles Report"

will come out this Monday-Tuesday. These reports come out every three weeks to subscribers of these reports. The "MMA Cycles Report" (Monday night by email) is our market advisory report for traders of the U.S. stock indices, T-Notes, Gold, Silver, Euro, Swiss Franc, Grains, and Crude Oil. The "MMA Japan Cycles Report" covers the Nikkei, Dollar/Yen, and JGB Bonds, and comes out Tuesday afternoon. For more information and subscription, please go to <http://www.mmacycles.com/services.htm>.

I have had several calls regarding a "crisis investing" portfolio that I suggested could be developed with the help of a money manager who subscribes to my reports, and shares my views about the next few years. If you are interested, you can contact him at ted.fisher@comcast.net. He will be more than happy to assist you.

Disclaimer and statement of purpose: The purpose of this column is not to predict the future movement of various financial markets. However, that is the purpose of the MMA (Merriman Market Analyst) *subscription* services. This column is not a subscription service. It is a *free* service, except in those cases where a fee may be assessed to cover the cost of translating this column from English into a non-English language. This weekly report is written with the intent to educate the reader on the relationship between astrological factors and collective human activities as they are happening. In this regard, this report will oftentimes report what happened in various stock and financial markets throughout the world in the past week, and discuss that movement in light of the geocosmic signatures that were in effect. It will then identify the geocosmic factors that will be in effect in the next week, or even month, or even years, and the author's understanding of how these signatures will likely affect human activity in the times to come. The author (Merriman) will do this from a perspective of a cycle's analyst looking at the military, political, economic, and even financial markets of the world. It is possible that some forecasts will be made based on these factors. However, the primary goal is to both educate and alert the reader as to the psychological climate we are in from an astrological perspective. The hope is that it will help the reader understand these psychological dynamics that underlie (or coincide with) the news events and hence financial markets of the day.

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