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MONTHLY JAPANESE CYCLES REPORT

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NIKKEI HITS FIRST ALL-TIME HIGH SINCE DECEMBER 1989

— by Gianni Di Poce, MMA Analyst, and Raymond Merriman

Cycle	Progress
17-year	6th year
8.33-year	8th year
4.17-year	4th year / 49th month
25-month	25th month
Primary (12-20 weeks)	10th week / 19th week

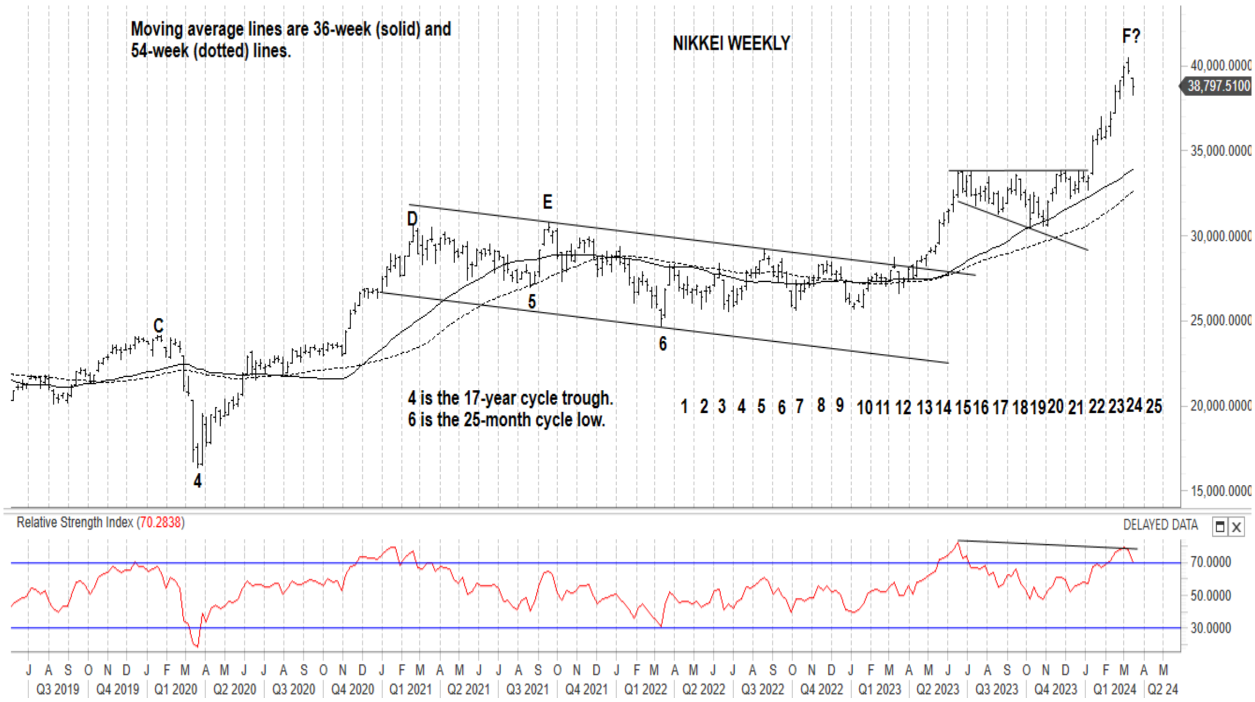
After more than three decades of failing to make a new all-time high, the Japanese Nikkei finally broke through to the upside, and rallied as high as 40,472 on March 7. This new all-time high was in alignment with our expectations, especially going into the Jupiter conjunct Uranus signature in April. But as explained last month, "*The big question in the Nikkei especially is whether it can make a new all-time high before Jupiter forms its conjunction with Uranus in April. The index is starting to mature in various long-term cycles, which is putting it at risk for a substantial decline in the coming months, and in all likelihood, at some point this year. Even so, we appear to be entering another period of central bank stimulus this year. The question is how long this stimulus will last once Jupiter starts to square Saturn in August.*" While much of the world's central banks are about to embark on a round of stimulus, it appears that the Bank of Japan may actually move to raise rates out of negative territory and modify their Yield Curve Control (YCC) program. This could have significant ramifications for both the Nikkei and the Japanese Yen.

LONGER- AND INTERMEDIATE-TERM CYCLES

Despite the first all-time high in over 30 years, the long-term cycle situation in the Nikkei paints a cautious picture with respect to further upside in the near-term. The biggest danger in the Nikkei comes from the 17-year cycle, which last bottomed in 2008. We are in the 16th year of this cycle, and it's very mature. Since it's making a new all-time high before Jupiter conjunct Uranus, we can't rule out the high coinciding with this signature. The low is due no later than 2028, and it divides into two 8.33-year cycles, and the last 8.33-year cycle trough was in 2016. The year 2024, marks the 8th year in the 8.33-year cycle, so we are due for this cycle to unfold at any time.

The Nikkei is also late within its 4.17-year and 25-month cycles. This compounds the downside risks in the index, as the 4.17-year cycle represents the half-phase to the 8.33-year cycle, and the 25-month cycle represents the half-phase to the 4.17-year cycle. The 25-month cycle has a range of 20-30 months, so we are in the time band for this cycle to unfold, too.

April starts the 49th month measured from the March 2020 low with respect to the 4.17-year cycle, and the 25th month measured from the March 9, 2022 low with respect to the 25-month cycle. As explained last month and still the case, "*Our ideal scenario is for the high to occur as close to the Jupiter-Uranus conjunction as possible. Depending on where the high forms, a retreat back down to 27,750 +/- 300 is possible, but if that breaks, a decline to 25,065 +/- 2055 could unfold too. The latter scenario is not our bias at the moment*." Due to the new all-time high, our sights for a low are more in the 30,800-33,600 zone now, but if that breaks, then those lower objectives remain possible.



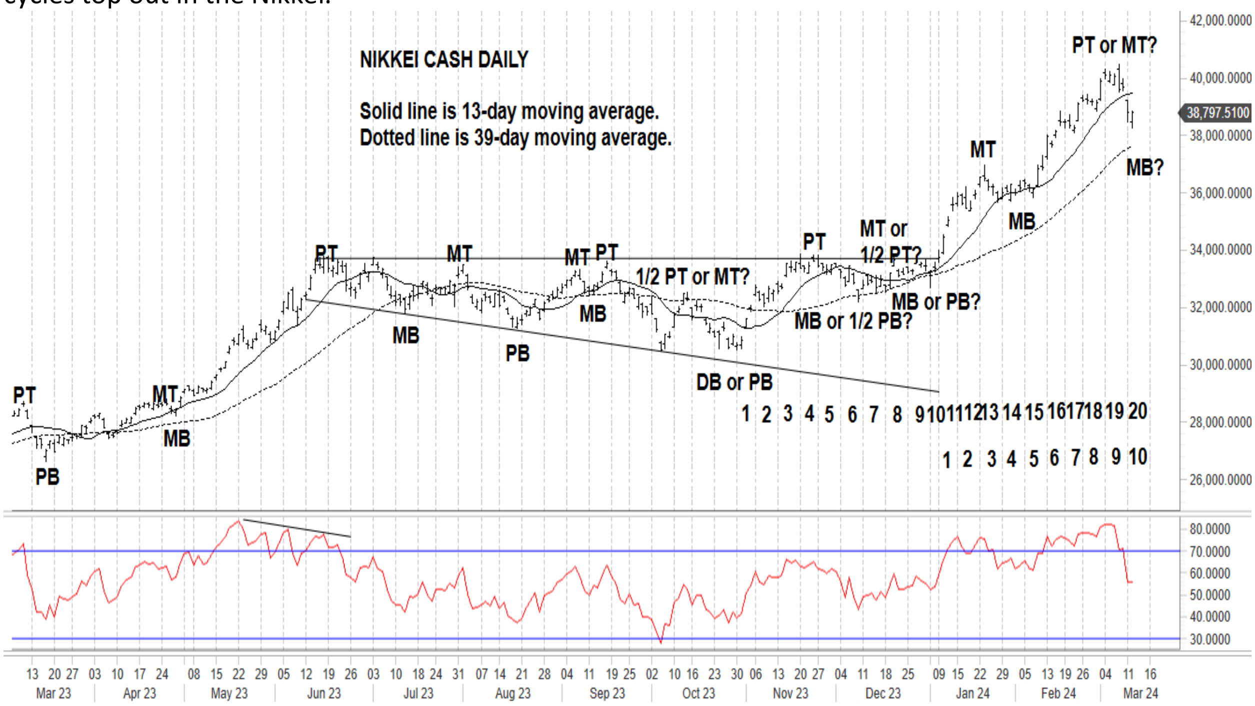
THE PRIMARY CYCLE

Over the past month, we managed to reduce the primary cycle scenarios to just two. Previously, a third was considered, but as the rally continued to new all-time highs, prices moved out of their range for a primary cycle low. Our preferred labeling centers around a trough on January 4 at 32,693. In this scenario, the Nikkei is starting the 10th week in its primary cycle. The alternative is that this week starts the 19th week measured from the double-bottom low of October 30, and that the Nikkei is dropping into a primary cycle low that would be due at any time. Primary cycles in the Nikkei last 12-20 weeks, so in the October 30 scenario, we are due for a bottom, although it would be better to see the decline last at least 2-5 weeks. This is only the first week following the new all-time high.

It could go either way between the two scenarios right now, but note that prices are falling into this CRD period that's approaching on March 19. If a low forms within 3 trading days of this time band, the Nikkei could very well start a new primary cycle, which would be bullish. But if the decline from the March 7 high continues beyond the March 19 CRD, we could even see a primary cycle low unfold in the newer cycle scenario, as the time band for a trough under the January 4 labeling begins the week of March 25.

Phases to the primary cycle in the Nikkei include half-primary cycles that last 7-11 weeks, major cycles that last 4-7 weeks, or a combination of both. Under the January 4 primary cycle, it appears that a three-phase pattern is unfolding. This week would start the 6th measured from the January 31 low at 35,704, so at the least, we're looking for a major cycle trough to unfold in the next week or two. It may have even happened on March 12 at 38,271. If this is an older primary cycle from October 30, then we are in the 6th week of the third and final major cycle phase as well, and in the time band where we have cyclical overlap between all trading cycles for a trough. In conclusion, the Nikkei is due for a low this week or next, regardless of the primary cycle labeling. The difference will be the magnitude of the rally off the forthcoming low. Presumably, if it's a newer primary cycle, it should rally more than if it's just a major cycle trough.

Last month stated, "*When it comes to the older primary cycle labels, the good news is that prices have spent more time rallying in the cycle than declining. The crest would either be in the 13th or 16th week under these older labels, which all but guarantees a case of "bullish right translation" in the Nikkei. This implies that we may yet have another primary cycle to go through before the longer-term cycles begin top out*." Indeed, in both cycle scenarios, we have all but confirmed "bullish right translation." Under an older scenario, prices have rallied into the 18th week, and under a newer scenario, prices have rallied into the 9th week. This leaves the door open for one more potentially bullish primary cycle before the longer-term cycles top out in the Nikkei.



In terms of geocosmics, we start the orb for the March 19 CRD this week. Venus moves into Pisces on March 11, and then the Sun is conjunct Neptune on March 17, followed by Venus conjunct Saturn on March 21. Mars then ingresses into Pisces on March 22. A primary or major cycle trough could unfold during this time band, but if it doesn't happen, then there is the April 4-5 CRD, which has Mercury retrograde (April 1), Venus conjunct Neptune (April 3), and Venus ingressing into Aries (April 5). The Nikkei is due for a low of significance in the coming weeks.

As a rule, new all-time highs are considered to be bullish, and from a technical standpoint, the Nikkei is under solid control of the bulls. It keeps making higher-highs and higher-lows, and the RSI indicator is confirming the rallies with moves to new highs as well, but only on the daily. The Nikkei even exceeded our upside price objectives for a potential 4-year cycle crest. It was stated, "*The divergence on the daily chart is still relatively minor, but the weekly chart is a bit concerning. If the Nikkei is in a newer primary cycle, we would expect this divergence to be worked out through time instead of price via a downside correction… As long as the Nikkei is above 33,000-34,000, we want to have a bullish technical bias. The 38,750 +/- 500 zone remains our upside target for a potential 4-year cycle crest at the least*." It went as high as 40,472, slightly exceeding our expectations.

At the least, we're looking for a test of the 39-day moving average on the pullback into a primary cycle low. Currently, it is around 37,500 and rising. However, there's also key support in the 35,000-36,000 zone. As long as prices remain above there, the Nikkei continues to favor the bullish case technically. At this stage of the long-term cycles, however, we can't rule out that the high is complete. Ultimately, we need to see where the next low forms are to get a better sense of whether a new all-time high could follow and, if not, how high a corrective rally could go. It's in the final phase of its long-term cycles, and we know that the final phases can be parabolic.

TRADING STRATEGIES:

Position traders are long with a stop-loss on a close below 35,049 now after covering 2/3 for a nice profit.

Aggressive traders are long with a stop-loss on a close below 35,049 now after covering 2/3 for a nice profit.

IS A BOJ PIVOT GOING TO LEAD TO A 4-YEAR CYCLE CULMINATION? by Gianni Di Poce, MMA Analyst

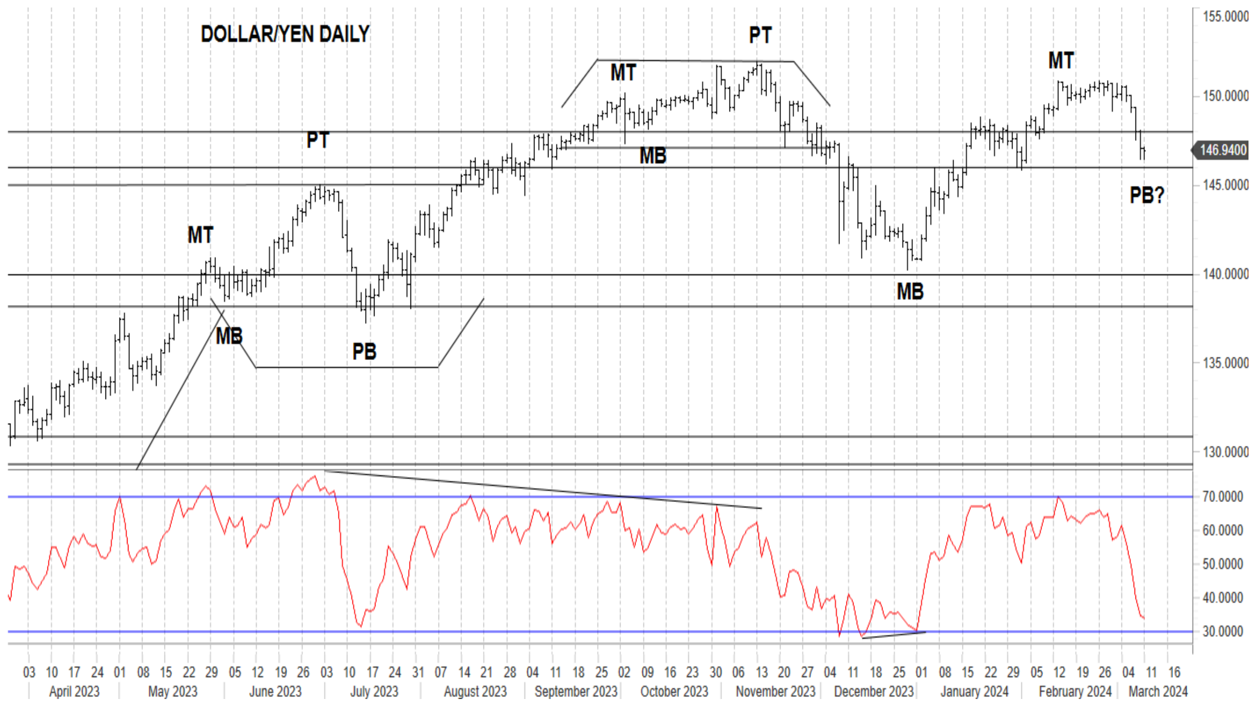
Cycle	Progress
16.5-year	13th year
8.25-year	4th year
4.125-year	4th year / 49th month
17-month	15th month
Primary (26-40 weeks)	35th week

The Dollar/Yen looks to have completed an additional lower-high over the past month, which carries significant connotations with respect to the trend, especially due to the lateness in some long-term cycles. The significance of this potential trend shift is compounded by a potential pivot on behalf of the Bank of Japan, which is considering an end to the era of negative interest rates and a modification to the yield curve control program. Thus, we have a situation where the Federal Reserve could be cutting rates while the Bank of Japan could be raising rates in a time band for a long-term cycle to culminate. This suggests that downside risks are rising in USD/JPY, especially going into Jupiter conjunct Uranus in Taurus, which rules currencies. We could be on the cusp of a massive rebound in the Japanese Yen, which USD/JPY could drop significantly this year. This was discussed in great detail in Forecast 2024, especially from a geocosmic standpoint.

The long-term cycle scenario may be at a critical turning point, especially when it comes to the 4.125-year cycle in USD/JPY. However, the longer-term cycles still favor the upside in time. The longest cycle in this currency pair is 16.5 years. The previous lows occurred in October 2011, April 1995, and October 1978. 2024 is the 13th year in this long-term cycle from the October 2011 low. So far, the high of the 16.5-year cycle is in the 11th year (October 2022), which increases the probability of a "bullish right translation" pattern unfolding. This occurs when a cycle spends more time rallying than falling.

The 16.5-year cycle breaks down into two 8.25-year cycles or three 5.5-year cycles. Our bias favors the current 16.5-year cycle breaking down into two 8.25-year cycles, with the last low occurring back in March 2020. This means we are 4-years into this cycle, and April will start the 49th month. The 4.125-year cycle breaks down into either two 22.5-month phases or three 17-month phases. As explained last month and still the case, "*We still prefer the three-phase pattern, and March starts the 14th month from the January 2022 low. The time band for a low calls for a bottom by September 2024. Ideally, we would see a retest of the second phase low, but ultimately, it depends on where the high forms*." April marks the 15th month in the third and final 17-month phase within the 4.125-year cycle. It looks more and more like the 4.125-year cycle high is in, and that the final 17-month cycle phase high was completed in October 2023.

The week of March 11 starts the 35th week in the primary cycle measured from the July 14 low at 137.23. Primary cycles in USD/JPY tend to last 26-40 weeks and include phases of half-primary cycles lasting 13-20 weeks or major cycles lasting 9-14 weeks. This cycle is breaking down into a three-phase pattern, with the last major cycle trough having bottomed on December 28 at 140.24. This week begins the 11th week in the third and final major cycle phase, and we are in the time band between all trading cycles for a low to unfold at any time. Last month stated, "*We have cyclical overlap between all trading cycles starting the week of February 26. At this point, we're keen on seeing USD/JPY make a new cycle high, but even if it doesn't, the crest occurred in the 18th week of the cycle. Thus, as long as it doesn't bottom beyond the 36th week, we'll have a case of "bullish right translation." This increases the odds that we see another primary cycle unfold before the greater 4-year and 17-month cycles culminate*." If the decline into a trough extends beyond the week of March 18, it would be a strong signal that the longer-term cycles have culminated.



The technical outlook in USD/JPY is starting to favor the bears. There are two major causes for deterioration. First and foremost, prices never took out the high from October 2022, which is the standing 4.125-year cycle crest, and then just recently, prices formed a lower high on February 13 compared to the October 2023 crest. If prices take out the December 28 low at 140.24, it will confirm that a new bear trend is in effect in USD/JPY.

Last month stated, "*Prices have also consolidated within the 146.00-147.00 technical zone very well. It looks like a resolution higher is unfolding from this zone, which could take USD/JPY back into the 151.00-152.00 zone. At this stage of the primary cycle, we could see the crest unfold there. It will be critical for an overbought reading above 70 to be registered on the RSI indicator. At this stage of the primary cycle, however, we may not get a bearish divergence signal…If USD/JPY is below 146.00-147.00, then it is vulnerable to a drop to 138.00-140.00. Above 146.00-147.00, we prefer the bullish case and want to see prices test 151.00-152.00 again*." The high in USD/JPY was 150.88, just short of the 151.00-152.00 target. Prices are testing support in the 146.00-147.00 zone now, and could be forming a primary cycle trough here. Watch the RSI indicator closely here, because if it drops below 30 and reaches oversold levels, it would confirm that bears have recaptured momentum and a drop into a 4.125-year cycle is underway. The fact that it never climbed back above 70 during the latest rally is a major warning sign for bulls. If 146.00-147.00 breaks, it will become resistance, and the next downside target would still be 138.00-140.00. However, for a 4.125-year cycle low, we would prefer to see a drop down to 125.00-127.00 to retest the previous 17-month cycle low.

On the geocosmic front, the March 19 CRD orb starts this week. Venus ingresses into Pisces on March 11, and then the Sun is conjunct Neptune on March 17. Venus forms a conjunction to Saturn on March 21, and Mars ingresses into Pisces on March 22. A primary cycle trough could unfold during this time band,

and if not then, perhaps the April 4-5 CRD, which features Mercury retrograde (April 1), Venus conjunct Neptune (April 3), and Venus ingressing into Aries (April 5).

Trading Strategy: *Position traders are flat and may stand aside this month. Aggressive traders were flat and advised, "…go long at current price levels with a stop loss on a close below 144.34." So, we are long, but let's tighten stops to a close below 146.41. Cover 1/3 on a rally to 151.50 +/- .30 if offered. If stops trigger, revert back short with a stop loss on a close above 148.55.*