

MONTHLY
JAPANESE CYCLES REPORT

VOL. 31, NO. 3
March 17-18, 2025

NIKKEI READYING FOR A MAJOR MOVE
by Gianni Di Poce, MMA Analyst, and Raymond Merriman

Cycle	Progress
17-year	17 th year
8.33-year	9 th year
4.17-year	5 th or 1 st year / 60 th or 7 th month
25-month	7 th month
Primary (12-20 weeks)	2 nd or 16 th week

The Japanese Nikkei finally broke out of its multi-month trading range over the past month, and it resolved to the downside. The good news is that it is due for a cyclical bottom at any time, assuming it wasn't complete on March 11 at 35,987. If that was the low, then it could be construed as another higher-one with respect to the longer-term trend. The weight of the evidence still supports this market being in newer long-term cycles, but the big question is how a hawkish Bank of Japan will impact the Nikkei's direction going forward.

As explained last month and still the case, *"The Bank of Japan also moved to raise interest rates last month. We now see Japanese yields at their highest levels in decades. This is helping bring global capital back into Japanese markets, but currently, it seems to be flowing more into cash than into the Japanese Nikkei. If we start seeing the Nikkei rally with the Yen, it will signal that there is great global demand for Japanese assets. While there remain some rising long-term risks in this market, there is still the possibility of significant upside before it ultimately peaks."* The Bank of Japan continues to move against other major central banks, which are lowering rates, by raising rates. This could lead to more capital inflows into the Japanese market.

LONGER- AND INTERMEDIATE-TERM CYCLES

The long-term cycles in the Nikkei warn of heightened risks in 2025, though further gains are certainly possible. This perspective is due to the 17-year cycle. Although not our primary outlook, one could argue that the August 5, 2024, low represented a 17-year bottom, but this view is unlikely given the decline's duration and magnitude. In other words, the drop to the March 2020 low was much steeper than the 26% slide to the August 2024 low, while the prior 17-year cycle bottom in 2008 saw a 60% plunge. As a result, we can't rule out a potential rally peaking in 2026, followed by a significant drop lower.

The 17-year cycle is made up of two sub-cycles, each roughly 8.33 years long. The most recent 8.33-year cycle low was complete in 2016, placing us now in the 9th year of the second sub-cycle within the larger 17-year framework. We're in the second phase now. While we can't completely dismiss the idea that the August 5, 2024, low marked the bottom, the decline wasn't particularly steep compared to past drops. A significant downturn in 2025 or 2026 would strongly hint at the emergence of a long-term low. If this unfolds in the first half of 2025, it might align with the central time band of the Jupiter-Saturn square, which runs through June 15, 2025. That said, it's also possible the Jupiter-Saturn square synced up with a slightly shorter long-term cycle in 2024. Another scenario is that a long-term high could arrive before June 15 instead.



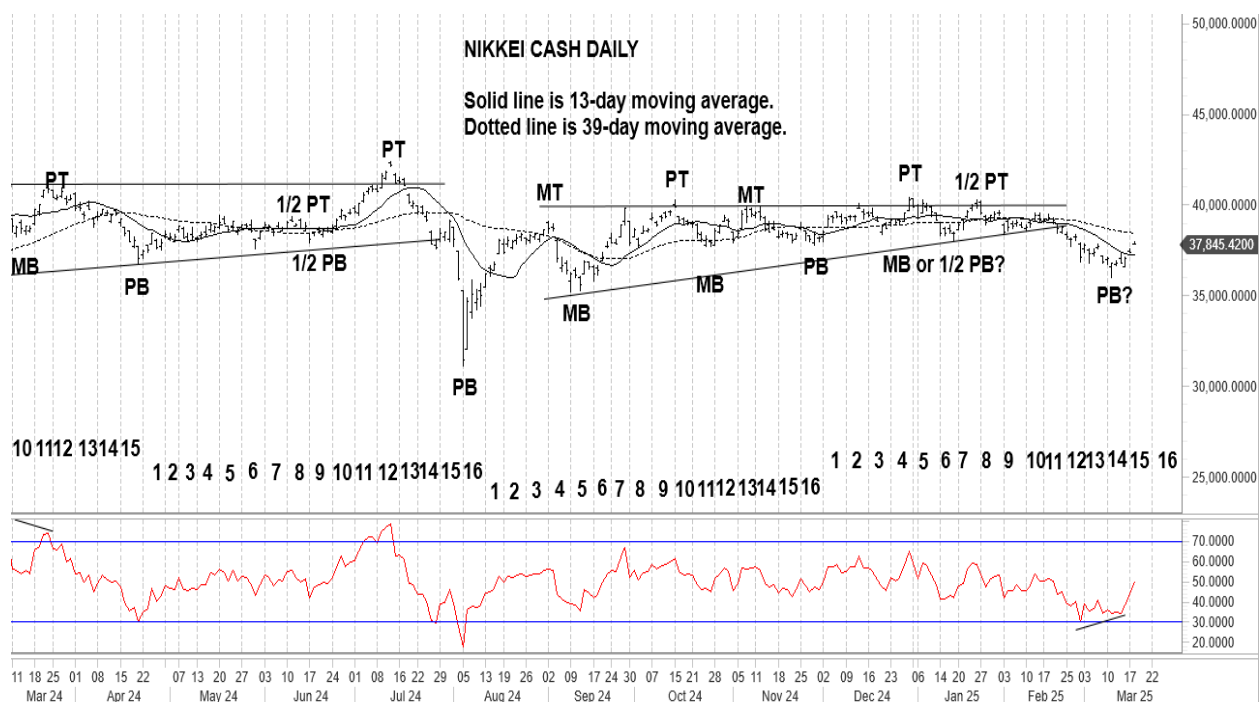
The 4.17-year cycle is the half-cycle of the 8.33-year cycle. The August 5, 2024 low came 54 months after the March 2020 low, fitting neatly into the 4.17-year cycle's timeframe. Plus, the decline matched the typical loss range for this cycle (16-26%). The key issue is whether this dip was deep enough to mark a bottom for both the 8.33-year and 17-year cycles. Current signs point to the start of a fresh 4.17-year cycle, suggesting a mostly upbeat outlook for the Nikkei through much of 2025. We're now 7 months into this cycle. A new record high for the Nikkei would solidify this cycle's trajectory.

Last is the 25-month cycle, which is the two-phase pattern to the 4.17-year cycle. The 25-month cycle has a range of 20-30 months, and the August 5, 2024 low was in the 28th month, making it was right on time. This would mean we're only in the 7th month of the 25-month cycle, and signals more upside is on the table with respect to time. We must keep in mind that it is not unusual for the Nikkei to make double bottoms when longer-term cycles form, and the second low can be several months after the first. Perhaps this will be the case with the current 25-month cycle.

THE PRIMARY CYCLE

The week of March 17 likely starts the 16th week in the primary cycle measured from the November 28 low at 37,801. Primary cycles in the Nikkei typically last 12-20 weeks, which means we are in the time band for a primary cycle trough to occur at any time. It may have even happened on March 11 at 35,987, which was right in the March 11 CRD. If this was the low, it occurred in the 14th week, and would have been in the time band for a low. It would also make the Nikkei very bullish right now as it would only be starting the 2nd week in a new primary cycle.

The only concern is that the primary cycle from November 28 exhibited a case of “bearish left translation.” This means the cycle spent more time going down than up, is it peaked in the 4th week on December 27 at 40,398. Bearish cycles typically top out between weeks 2-5, so this also fits the bill. Last month explained, *“If we have not completed a long-term cycle trough in the Nikkei, then it would make sense for its primary cycles to start exhibiting bearish tendencies before the market rolls over. This is why the low of November 28 at 37,801 is so key. If it breaks below there, it could send a strong signal that a decline into a long-term cycle trough is underway.”* It took out that November 28 low to the downside, but it was near the end of the cycle and a low is now due. The phase breakdown of the primary cycle can give us some more clues in the near-term.



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. Our bias is that a two-phase pattern is unfolding in the primary cycle from November 28, although there is some room for debate. The January 17 low was 6 weeks from November 28, which fits for a major cycle low. But the March 11 low was 8 weeks from January 17, which looks more like a half-primary cycle. It could be that the second phase cycle expanded by a week, and we’re starting the 2nd week in the third and final major cycle phase in the Nikkei. In this case, we would enter cyclical overlap for a low in as little as two weeks from now. But if the Nikkei starts to rally beyond the 4th week from the March 11 low, it would send a strong signal that a new primary cycle

is in effect. Since this cycle has turned bearish, we would only look for a 3-8 day rally off the March 11 low. We're already on day five.

When it comes to geocosmics, the March 11 low in the Nikkei is a decent candidate because it occurred right on the March 11 CRD. It featured aspects like Sun trine Mars (March 8), Sun conjunct Saturn (March 12), a lunar eclipse (March 14), and then Mercury retrograde (March 15). Of course, with Mercury and Venus both still retrograde, we need to be alert for false-moves, and especially a fake-out rally out of an apparent low.

This week starts the orb of the March 25-28 CRD, which starts with Sun conjunct Neptune (March 19) and Sun conjunct retrograding Venus (March 22). Then Venus retrogrades back into Pisces on March 27, and forms a conjunction to Neptune on the same day. A solar eclipse happens on March 29, and on the next day, on March 30, there's the initial ingress of Neptune into Aries, which begins the lineup of outer planetary sign ingresses for 2025. Mercury will be retrograde motion until April 7 and Venus goes direct on April 12. These are features of the April 6 CRD. Other aspects during this potential reversal period include Mars trine Saturn (April 4), Venus trine Mars and Sun sextile Jupiter (April 6), and Venus conjunct Saturn (April 7).

The technical picture in the Nikkei has favored the bears as of late, especially with the short-term trend. It's been making lower-lows and lower-highs since December, but if March 11 was a primary cycle trough as we suspect, then it came in higher than the lows from summer 2024. This could help bulls turn the tide, but we have to see the December 27 highs exceeded to the upside in order for the trend to turn fully bullish again.

When it comes to the moving average study, it was just upgraded from "bearish" to "bearish turning neutral" as the 13-day moving average is below the 39-day moving average, but prices are in between.

The Nikkei is coming up to a critical level now as it retests former-support-turned-resistance in the 37,000-38,000 zone. If it clears this level, it would send a strong message that a primary cycle trough is complete. But bigger picture, it needs to clear the 41,000-42,000 level to really get moving again to the upside.

Note how the RSI indicator exhibited a case of bullish divergence at the March 11 low. This implied that downside momentum had waned, and preceded a reversal. And perhaps more importantly, the RSI avoided an oversold reading (below 30) during the decline. This leaves the door open for the possibility that the decline was corrective instead of the start of a true bear trend. If this wasn't the low on March 11, then the next support zone is at 35,000-36,000. If this breaks to the downside, we could see the August 2024 lows retested and we would have confirmation that older long-term cycles are on their way to being complete. If it closes above 41,000-42,000, we could get a blowoff top into a 17-year high that takes the Nikkei as high as 60,000-62,000 in time.

TRADING STRATEGIES:

Position traders are long with a stop loss on a close below 35,600. Cover 1/3 on a rally to 42,600 +/- 500 if offered.

Aggressive traders are long with a stop loss on a close below 35,600. Cover 1/3 on a rally to 42,600 +/- 500 if offered.

USD/JPY RISKS LONG-TERM CYCLES ROLLING OVER by Gianni Di Poce, MMA Analyst

Cycle	Progress
16.5-year	14 th year
8.25-year	5 th year
4.125-year	5 th year / 6 th month
17-month	6 th month
Primary (26-40 weeks)	26 th week

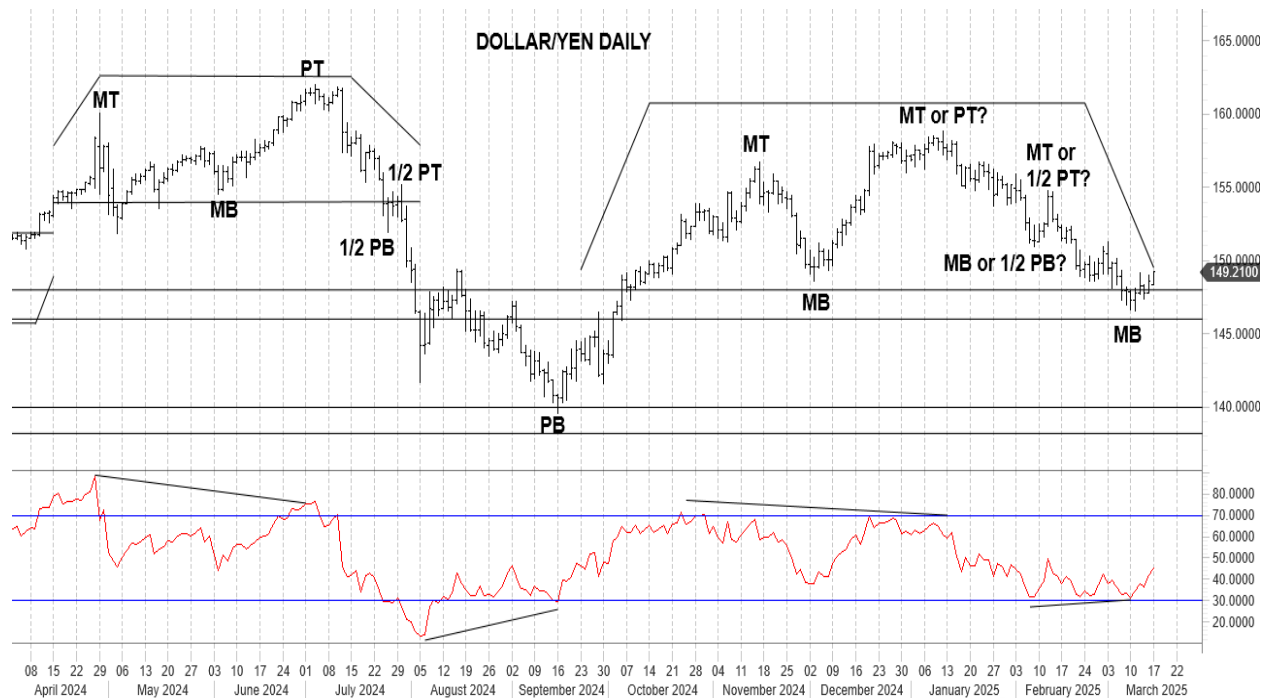
The Dollar/Yen continued its corrective decline over the past month, and has all but confirmed that a primary cycle crest was complete on January 10 at 158.87. The Bank of Japan has been incentivizing this decline in the Dollar/Yen, as the central bank has moved to raise its short-term interest rates while also letting longer-term rates rise to their highest level in years in the Japanese Government Bond (JGB) market. This is bringing money back into the Japanese market at a level not seen in years, and the result is the strong rebound in the Japanese Yen, and subsequent drop in USD/JPY.

At the same time, the Federal Reserve is moving to lower rates in the United States. This is reversing the well-known carry trade, whereby currency investors sold Yen to buy Dollars. The rate spread still favors the Dollar, but it's shrinking with each passing central bank meeting. The big question now, of course, is whether the long-term 16.5-year cycle peaked in the Dollar/Yen. This will be discussed more below.



The long-term cycle dynamics for USD/JPY haven't changed much compared to the prior month. The low on September 16, 2024, at 140.30 is still holding for what we consider the trough of a 4.125-year cycle. But if prices broke below this September 16 low, not only would it signal the 4.125-year cycle is turning bearish, but it would also signal that the longest 16.5-year cycle topped out on July 3 at 161.99. As explained last month and still the case, "Ideally, the high on July 3, 2024, was not the peak of this 16.5-

year cycle, but we cannot rule it out entirely. Past lows for this cycle happened in October 2011, April 1995, and October 1978. With 14 years having passed in this cycle, we're at a stage where a peak could occur at any time."



The 16.5-year cycle can break down into either two 8.25-year cycles or three 5.5-year phases. Right now, it looks like we're tracking a two-phase structure within this 16.5-year cycle. The last was in March 2020, putting us in the 5th year of the cycle. We favor the idea that the September 16, 2024, low was a half-cycle low in the 8.25-year cycle, which breaks down into two 4.125-year phases. This low, landing in the 4th year, fits the pattern nicely. With 2025 being just the 1st year of the new cycle, there is ample time for more upside, but if it drops below the September 2024 low, we'll start entertaining the idea that 16.5-year and 8.25-year cycles have topped out. This could actually put the Dollar/Yen on track to decline for the next 2-3 years.

The 4.125-year cycle can then be broken down into either two 22.5-month phases or three 17-month phases. March marks the 6th month in the 4.125-year cycle, as well as in both the 22.5-month and 17-month sub-cycles. If we entertained an older 4.125-year cycle labeling—which we don't support—we'd be in the 61st month of the cycle and the 27th month of the third, overstretched final phase. Last month stated, "We may abandon this outlook going into March if USD/JPY forms a higher-low of significance shortly. Nevertheless, it seems more likely that USD/JPY has entered a new 4.125-year cycle, setting the stage for new multi-decade highs in 2025." We'll give it another month before dropping this older labeling, as the bigger risk now appears to be a long-term cycle top being complete in the Dollar/Yen. If it takes out the September 2024 low, USD/JPY could implode.

The primary cycle comes next. The week of March 17 starts the 26th week in the primary cycle measured from the September 19 low at 139.56. This means we are in the time band for a primary cycle low, as USD/JPY's has a range of 26-40 weeks. The primary cycle features phases via half-primary cycles lasting 13-20 weeks or major cycles lasting 9-14 weeks.

There are some questions still around the breakdown of the primary cycle. It could be a combination pattern or a three phase pattern. A major cycle trough occurred on December 3 at 148.63 in the 11th week of the cycle. There was also a low on February 7 at 150.93, which was 9-weeks from December 3. But it may have even been a half-primary cycle trough as it was 20-weeks from September 24, 2024. This means we would be starting the 6th week in the final major cycle or half-primary cycle phase, but we would still be at least 3 weeks away from entering the cyclical overlap period for a primary cycle bottom.

The March 11 low must also be considered as a phase cycle bottom, however. It was 14-weeks from the December 3 low, and could have been the second major cycle phase low. This would mean we're only in the 1st week of the third and final major cycle phase in the primary cycle. This labeling signals that USD/JPY may not complete its primary cycle trough for another 8-weeks or so. It could go either way between the two labels right now. However, it is our expectation that the primary cycle peaked on January 10 at 158.87 in the 14th week of the cycle. If USD/JPY doesn't complete a primary cycle trough within 2 weeks, it would confirm a case of "bearish left translation." The ramifications of this could be very large given the possibility of a long-term cycle crest being complete in USD/JPY. It seems unlikely at this point that a rally beyond 158.87 is in the works for this current primary cycle, so we're looking for a lower-high right now in terms of this third and final major cycle phase. This segues into trend studies from a technical standpoint, which is also issuing some warning signs on the downside.

When it comes to the trend, the biggest development over the past month is how prices took out the December 3 low at 148.63 to the downside. This created the first case of a lower-low in USD/JPY for the first time in months, and is the first step in the establishment of a corrective downtrend. If prices rally to form a lower-high in the coming weeks, as we suspect, it would signal the trend is turning back lower. For now, however, we can consider the trend as mixed in USD/JPY.

There was a case of bullish divergence in price from the RSI indicator at the March 11 low, which signaled downside momentum had waned. It's also a very good sign for the bullish case that the RSI indicator never fell into oversold territory (below 30) during this decline. But at this point, we could look for the third and final major cycle crest to occur with the RSI indicator in corrective territory between 40-60 in the coming weeks.

In terms of price patterns, an inverted saucer formation could be forming. This warns of serious downside in USD/JPY, and it could take it as low as 136.00-137.00. But it would have to close below the key support zone in the 144.00-146.00 zone. Above there, bulls can still rely on the 4.125-year cycle being in its early-stages to support more upside. It's also a concern that prices broke below support, now resistance, at 150.00-152.00. Given the lateness of the primary cycle, we favor the bearish case more in USD/JPY as long as prices are below there. It would have to get back above 158.00-159.00 to become technically bullish again, but that's quite a distance away from current price levels.

In terms of CRDs that could coincide with a primary cycle trough in USD/JPY, there are a couple approaching that could lead to the low. The first is the March 25-28 CRD. It has Sun conjunct Neptune (March 19) and Sun conjunct retrograding Venus (March 22). Then Venus, ruler of currencies, will retrograde back into Pisces on March 27, and move into a conjunction to Neptune on the same day. A solar eclipse happens on March 29, and on the next day, on March 30, we have the initial ingress of Neptune into Aries. Mercury will be retrograde motion until April 7 and Venus goes direct on April 12. This may also be important with Venus being aspected, which make up part of the April 6 CRD. Other signatures

during this potential reversal period include Mars trine Saturn (April 4), Venus trine Mars and Sun sextile Jupiter (April 6), and Venus conjunct Saturn (April 7).

Trading Strategy: *Position traders are long with a stop loss on a close below 146.46. Let's cover all and stand aside. Aggressive traders are long with a stop loss on a close below 146.46. Let's cover all on a rally to 152.00 +/- .25 and sell short with a stop loss on a close above 154.41.*

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