

## US 10YR YIELD - TRACK RECORD

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THE ELLIOTT WAVE PRINCIPLE

## INTRODUCTION TO THE FIXED INCOME FORECASTING SERVICES

*WaveTrack has specialised in applying **R.N.Elliott's Wave Principle** to the financial markets for over twenty years, both as traders and researchers. Publishing price forecasts for the financial community, the Fixed Income Forecasting Service has served a wide spectrum of institutional clients worldwide, spanning five continents since its inauguration in 1988.*

*Our cooperation with mainstream banks and their clients has produced a growing awareness of the robustness of the **Elliott Wave Principle** as a forecasting tool, and its place within the hedge fund and real-asset businesses is now firmly established.*

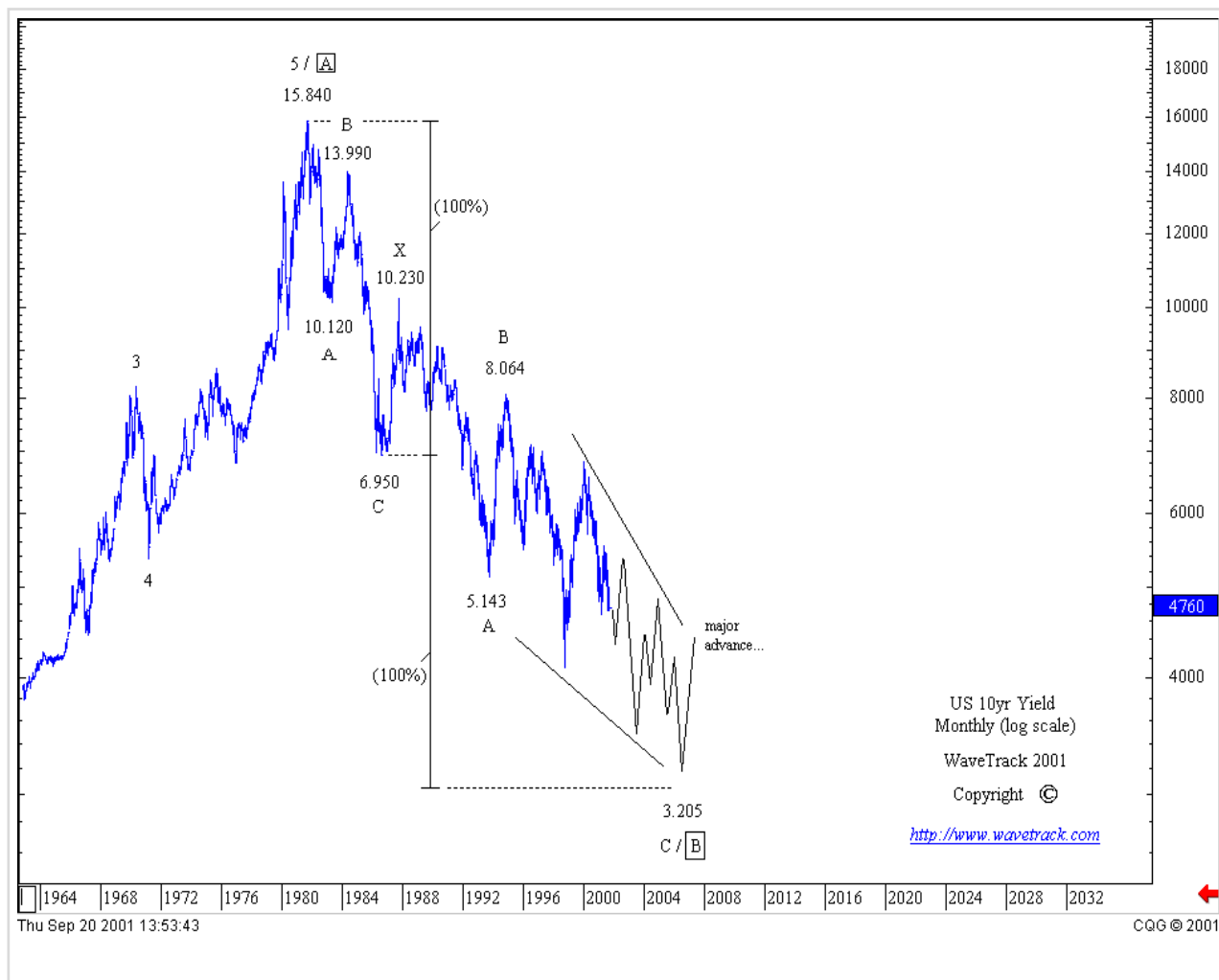
*Two principle activities are focused upon – the continuous streaming of updated forecasts are being relayed via our web-site portal and the education & tutorial services that support the clients for the translation and practical implementation of trading strategies.*

*WaveTrack's unique application of the **Wave Principle** involves the building of a matrix of fibprice-ratios overlaying the differing wave nomenclature, or degrees of waves that have unfolded over time periods ranging from many decades to just intra-day minute movements. When these converge with a specific Elliott Wave pattern, the probability of forecasting the subsequent price swing is increased exponentially.*

*Short-term opportunities do occur, and they will at times produce some larger movements normally associated with sequences of larger time-frames, but our focus is generally providing forecasts for the implementation of campaign strategies lasting several weeks and months and often longer.*

**THE FOLLOWING CHARTS OFFER** A MOMENTARY GLIMPSE INTO A FEW BUT ATYPICAL LONG & MEDIUM-TERM TRACK-RECORD EXAMPLES OF FORECASTS PUBLISHED FOR THE US 10YR TREASURY YIELD - THE PUBLICATION DATE IS FOLLOWED BY A DESCRIPTION OF THE UNFOLDING STORY OF HOW ELLIOTT WAVE APPLIED TO MEDIUM AND LONG-TERM TRENDS WERE COMBINED TO REVEAL A NEAR-EXACT PATH INTEREST RATES WERE LATER TO FOLLOW DURING A SEVEN YEAR PERIOD.

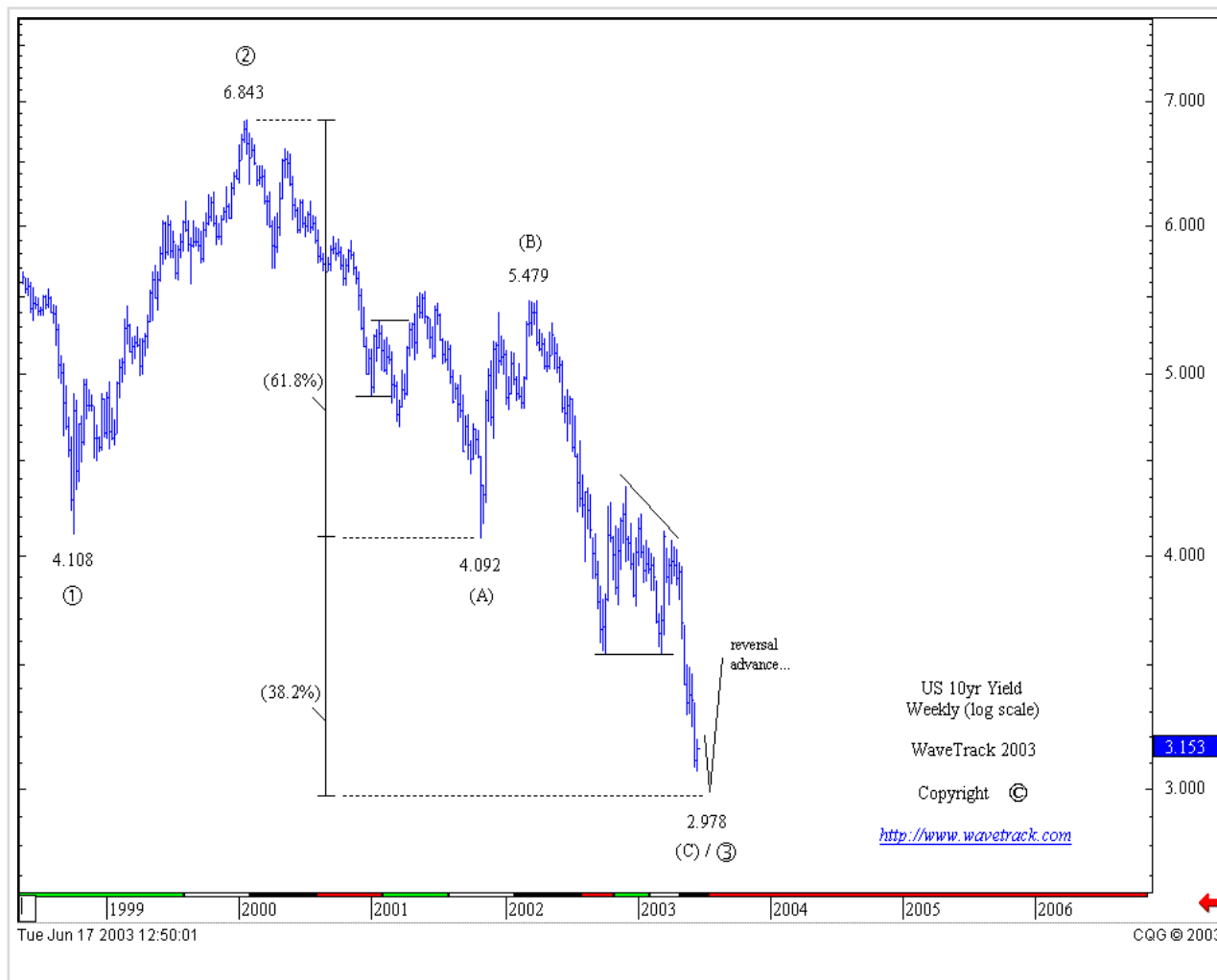
## US 10YR YIELD - SEPTEMBER 20<sup>TH</sup> 2001



SEPTEMBER 20<sup>TH</sup> 2001 - This chart depicts the long-term downtrend unfolding into a double zig zag pattern as super-cycle wave **B**. It is labelled subdividing into cycle degree, A-B-C-X-A-B-C. The secondary C wave is shown unfolding into a smaller five wave pattern, taking the form of an ending-contracting diagonal - primary wave ③ in progress projecting declines towards 3.000%. Ultimate targets for wave ⑤ of C measure towards 3.205 several years into the future..

fig 1 10yr Yield - Monthly

## US 10YR YIELD - JUNE 17<sup>TH</sup> 2003



JUNE 17<sup>TH</sup> 2003 - Primary wave ③ has declined into target area at 3.000% per cent. It is shown unfolding into a single zig zag pattern and subdividing into intermediate degree, (A)-(B)-(C). Extending wave (A) by fib. 61.8% projects the finalisation of wave (C) towards 2.978+/- . The traded low at this time was 3.069 and this effectively marked the absolute low. Yields promptly began a prolonged upswing as primary wave ④.

fig 2 10yr Yield - Weekly

## US 10YR YIELD - MARCH 16<sup>TH</sup> 2004

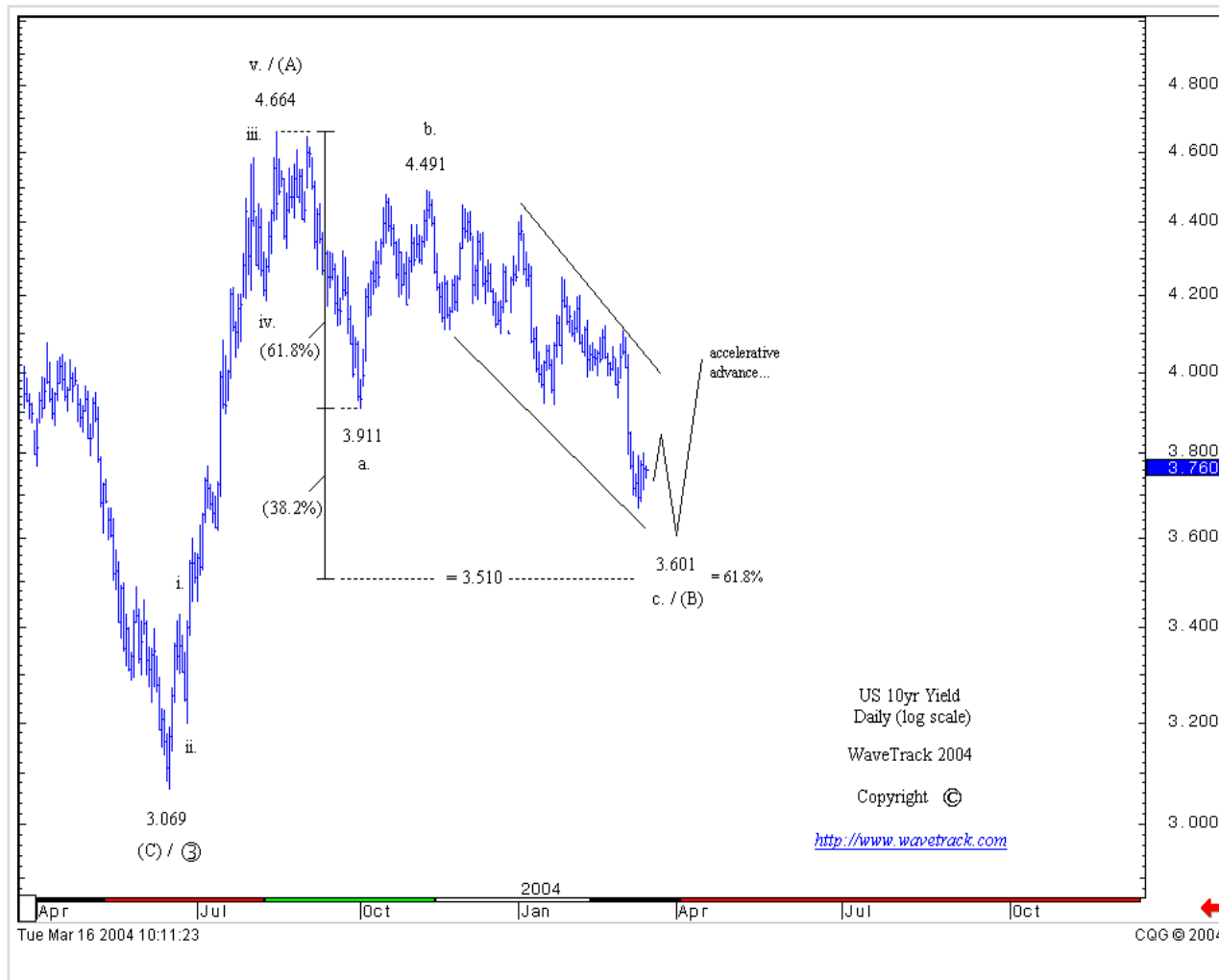
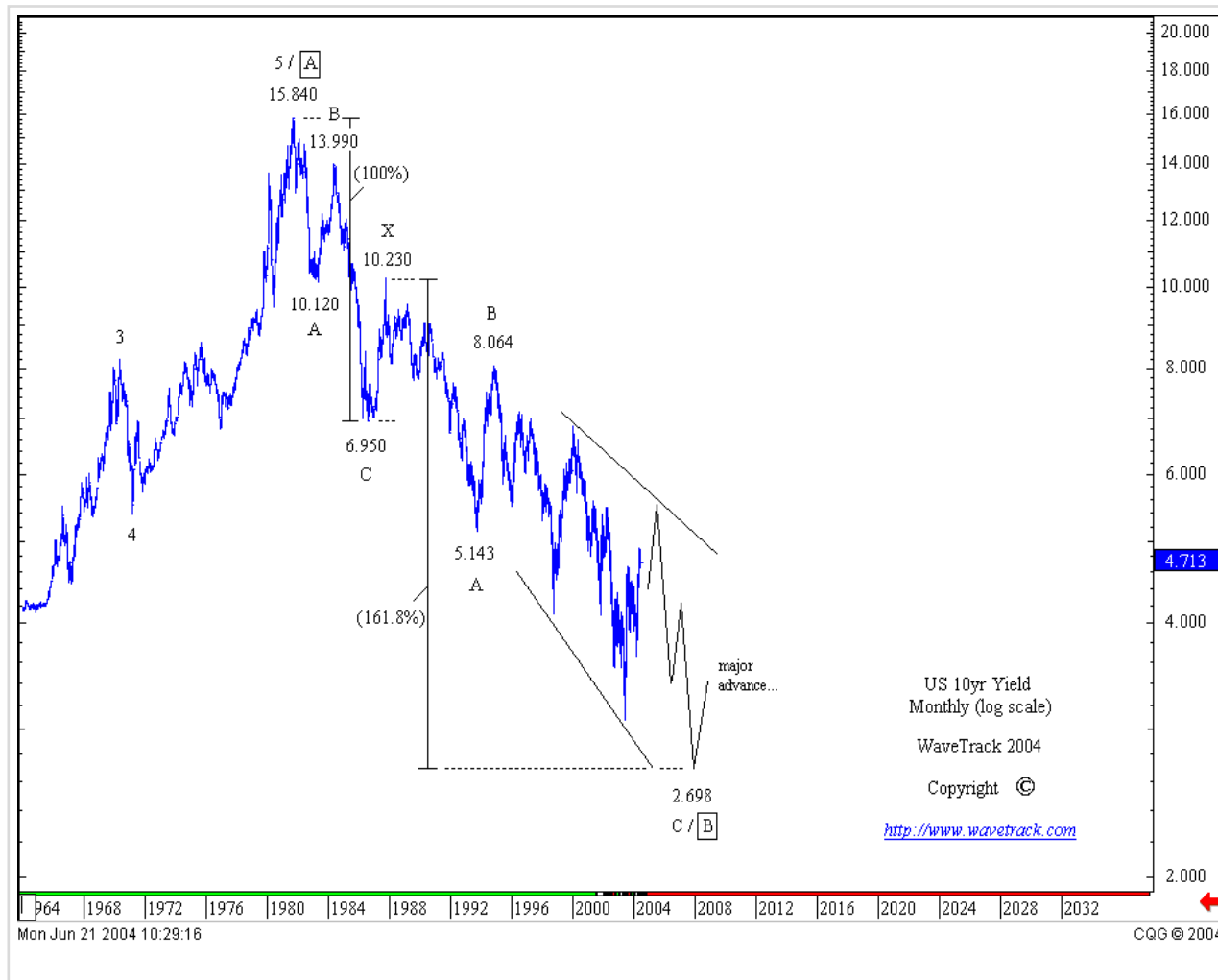


fig 3 10yr Yield - Daily

**MARCH 16<sup>TH</sup> 2004** - Primary wave ④'s advance from 3.069 is expected to unfold into a single zig zag pattern subdividing into intermediate degree, (A)-(B)-(C), 5-3-5. Wave (A) completed a five wave advance to 4.664 and is followed by wave (B) declines. At the time of this update, wave (B) was approaching completion, measured to 3.601-3.510 by extending minor wave a. by fib. 61.8% and converging with fib. 61.8% support. The actual low recorded was 3.646 resulting in an accelerative reversal that began the next advance as intermediate wave (C).

## US 10YR YIELD - JUNE 21<sup>ST</sup> 2004



**JUNE 21<sup>ST</sup> 2004** - With reference to the previous chart, intermediate wave (A) of primary wave ④ was itself a large advance from the 3.069 low, and when this high of 4.664 was extended by fib. 61.8% to project wave (C)'s high to 5.651, we recognised this would change the contracting diagonal pattern into an expanding variation. This monthly chart includes the expanding diagonal as cycle wave C for the first time. It also lowered ultimate downside targets from 3.205 to 2.698.

fig 4 10yr Yield - Monthly

## US 10YR YIELD - JUNE 21<sup>ST</sup> 2004

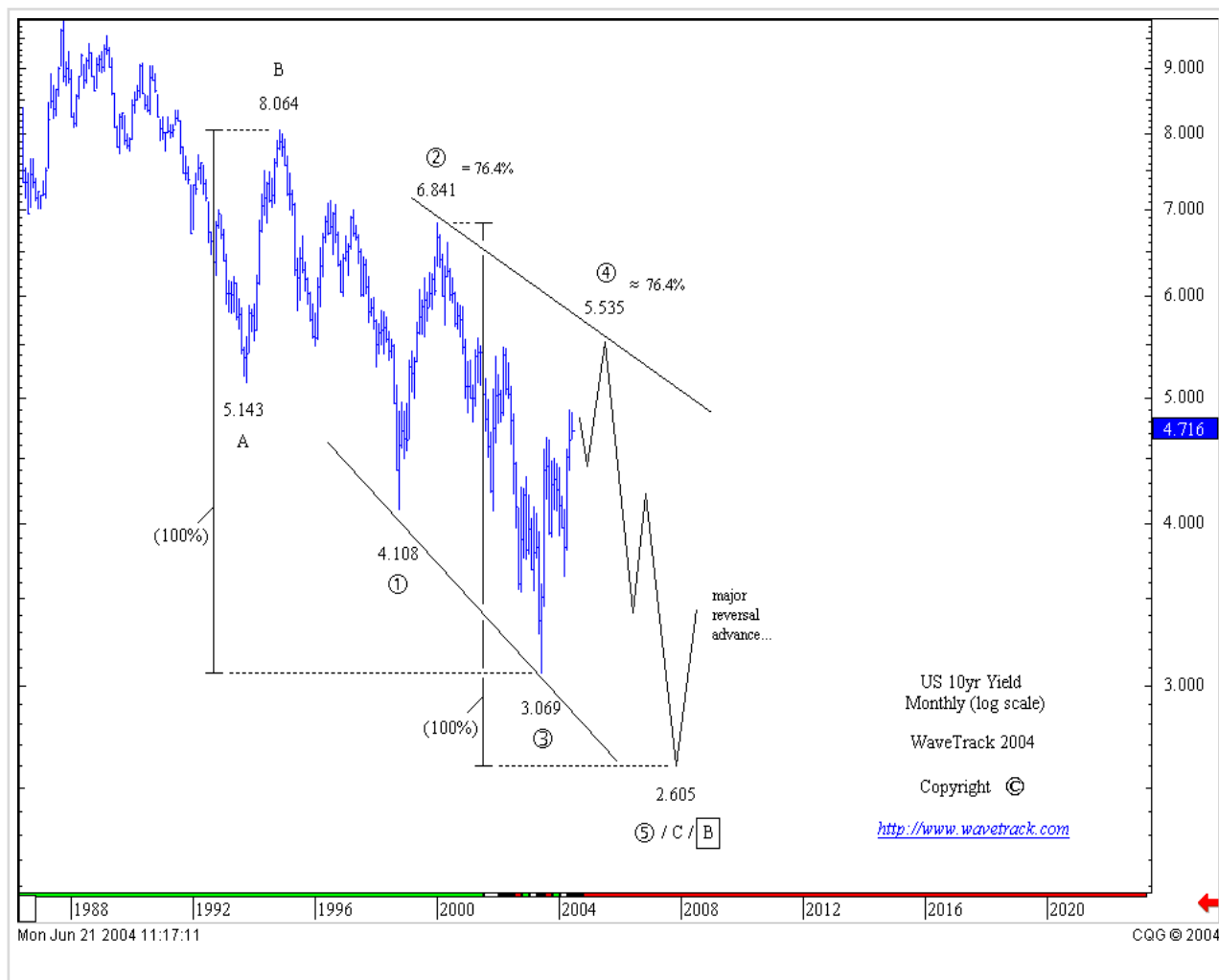
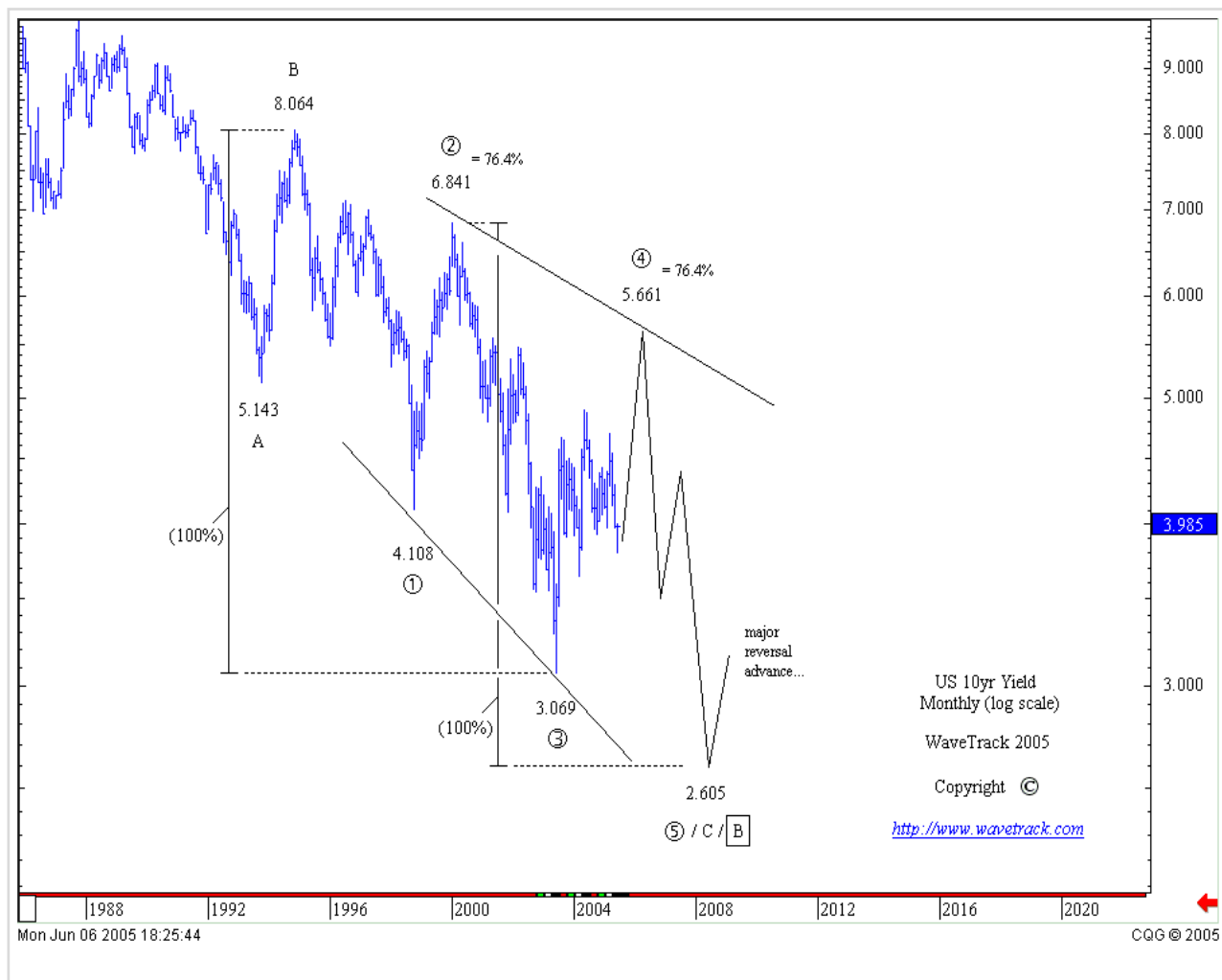


fig 5 10yr Yield - Monthly

**JUNE 21<sup>ST</sup> 2004** - This chart published on the same date as the monthly focuses entirely on the ending-expanding diagonal pattern. The revised upside targets for primary wave ④ are included towards 5.535, measuring a fib. 100% equality ratio for intermediate waves (A) and (C). After the completion of wave ④, a reversal decline is forecast to begin forcing yields sharply lower as primary wave ⑤. Fifth waves within expanding diagonal patterns are the most accelerative, and severest of the impulse sequences, 1-3-5. Ultimate downside targets are towards 2.605. This forecast was indicating an event-driven catastrophe for the economy lies ahead – why else apart from a recession, or worse, would this pattern depict a massive decline?

## US 10YR YIELD - JUNE 6<sup>TH</sup> 2005

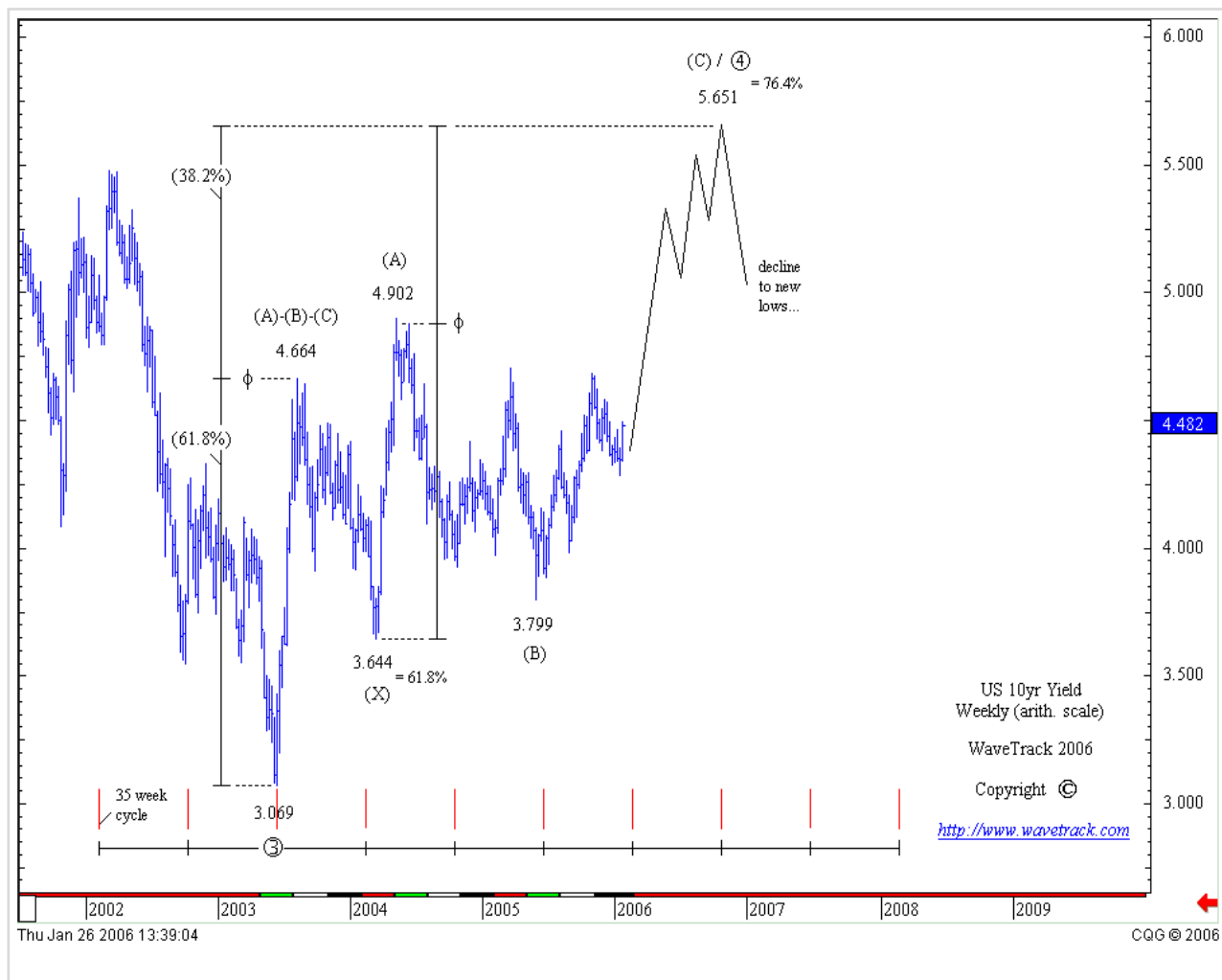


JUNE 6<sup>TH</sup> 2005 - Almost a year has passed and primary wave ④ upside targets remain unchanged at 5.535-5.661. The yield during the last twelve months has drifted lower, but in this update, was forecast to resume its acceleration higher from 3.985.

fig 6 10yr Yield - Monthly



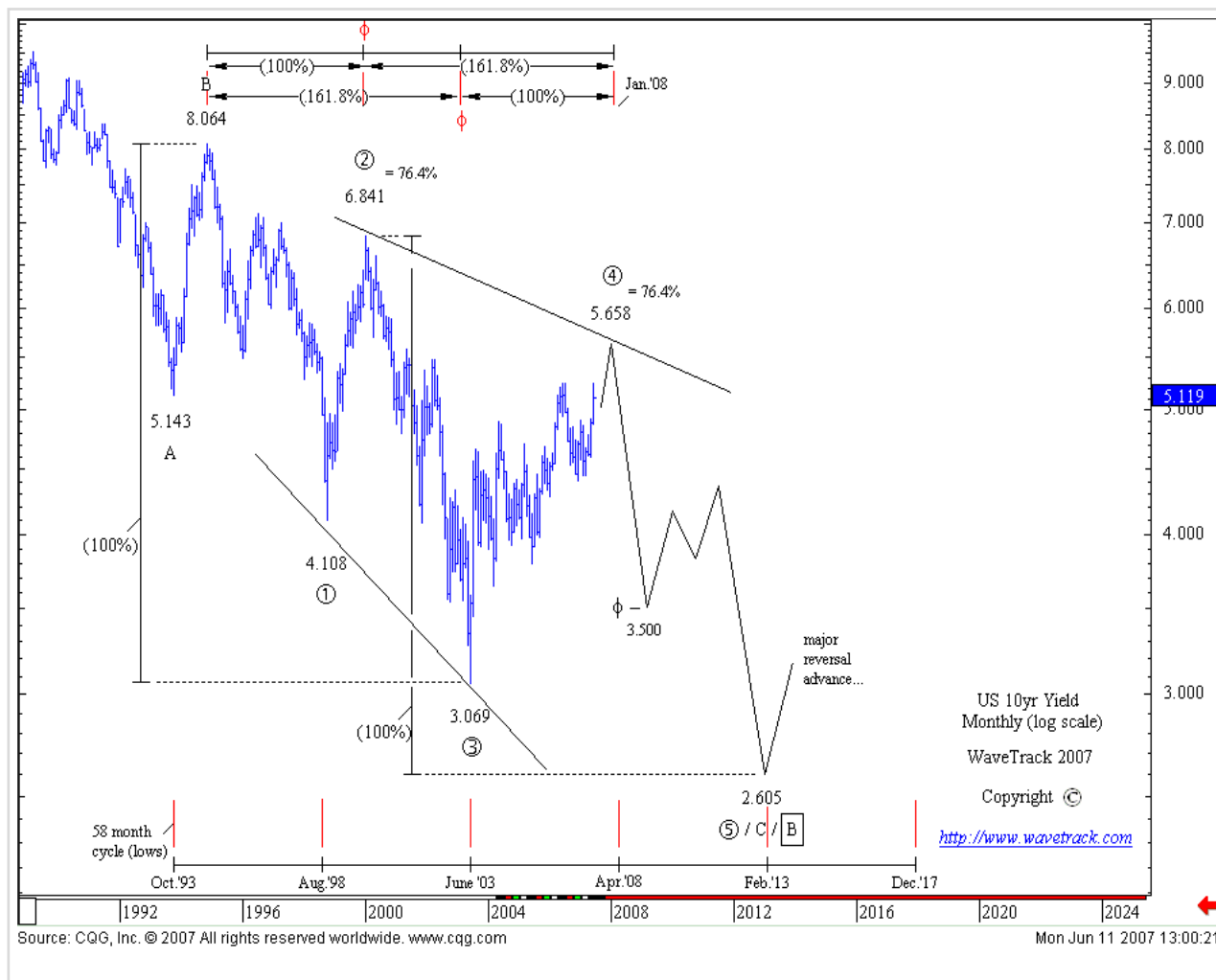
## US 10YR YIELD - JANUARY 26<sup>TH</sup> 2006



JANUARY 26<sup>TH</sup> 2006 - A continued advance from 3.985 has taken the yield to 4.482 but there is still a long way to go to complete the high for primary wave ④. Upside targets are still fixed towards 5.651 but we have changed the pattern from a single zig zag to a double pattern to justify the three wave decline unfolding from 4.902 to 3.799.

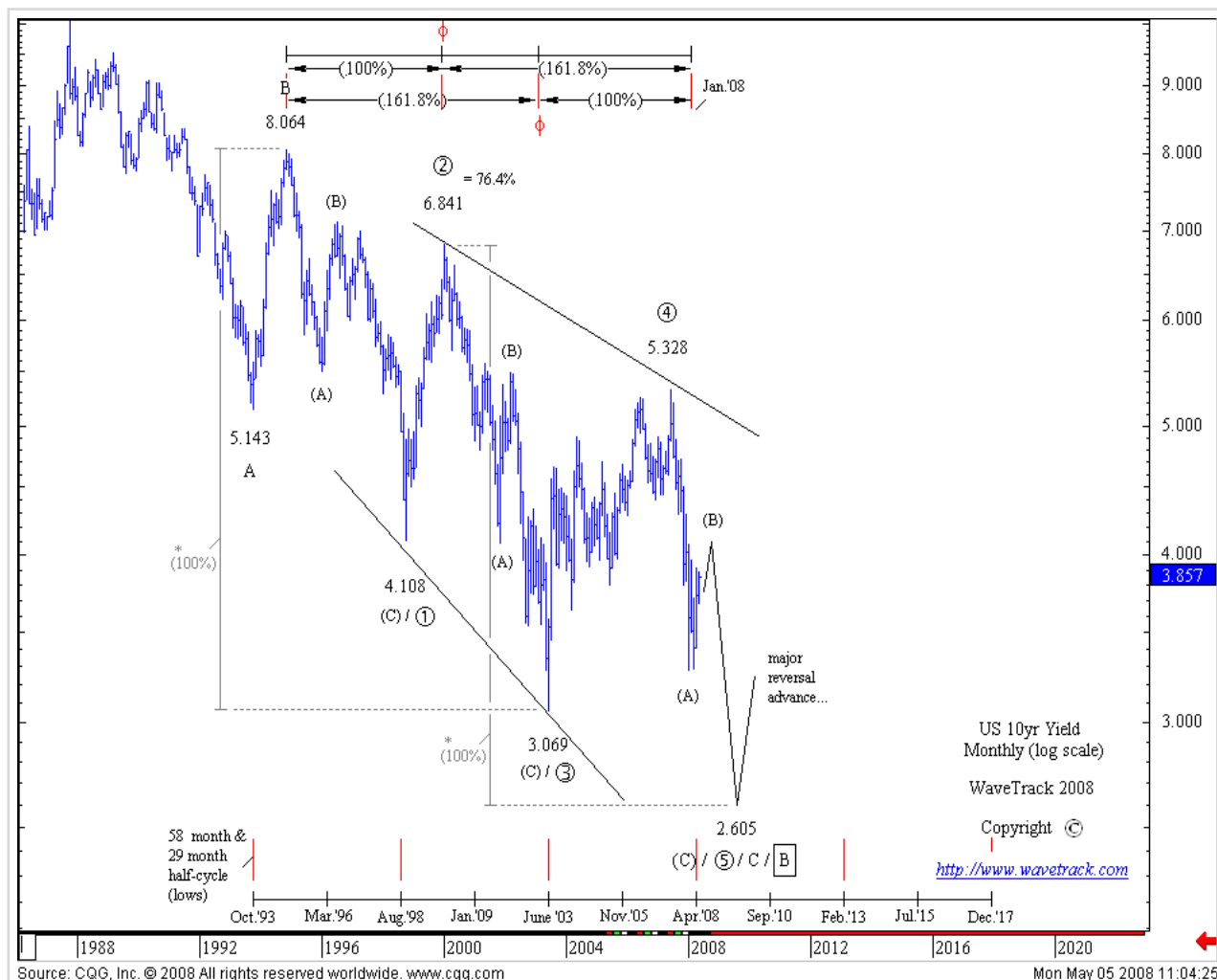
fig 7 10yr Yield - Weekly

## US 10YR YIELD - JUNE 11<sup>TH</sup> 2007



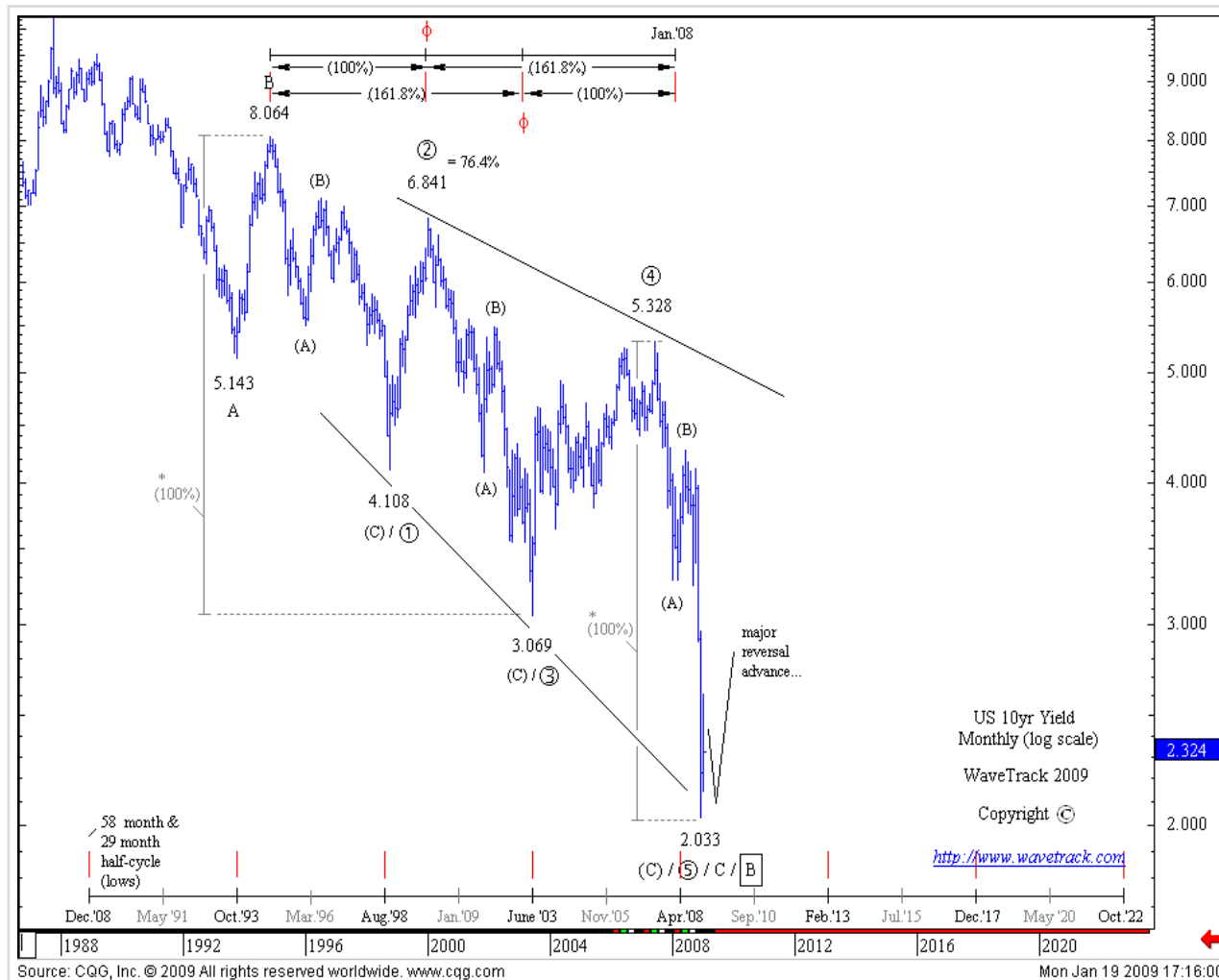
**JUNE 11<sup>TH</sup> 2007** - The last stages of primary wave ④'s advance are closing in on the 5.658 area. We realise a reversal signature would verify its end at any time. The yield traded another 20 basis points (bps) higher to 5.382 then staged its reversal to complete primary wave ④ from its beginning in June '03 to its high in June '07 - four years later! The annual cycle has created major reversals ever since! The downside forecast for primary wave ⑤ can hardly be believed - to 2.605 per cent, a total decline of 277 bps. Wave ⑤ must subdivide into a single zig zag (or multiple sequence, i.e. double) and we can immediately gain an insight to intermediate wave (A)'s downside target by cutting the entire decline by fib. 61.8% - projecting 3.500%.

fig 8 10yr Yield - Monthly

US 10YR YIELD - MAY 5<sup>TH</sup> 2008

**MAY 5<sup>TH</sup> 2008** - The yield collapsed and settled at 3.284 to end intermediate wave (A) - a total decline in this first phase of 209 bps, and only a deviation of 21 bps from original forecasts. Wave (B) rallies are expected to be short and quick in recovering, about a 50% retracement, then declines to resume as wave (C) with targets to new 21<sup>st</sup> century lows. Downside targets remain unchanged at this point, although we have issued a warning that wave (A) could be extended by fib. 61.8% to produce a lower target at 2.435.

fig 9 10yr Yield - Monthly

US 10YR YIELD - JANUARY 19<sup>TH</sup> 2009

**JANUARY 19<sup>th</sup> 2009** – Intermediate wave (C) effectively collapsed, breaking even our most ambitious downside targets of 2.605-2.435 momentarily trading at a low of 2.033%. This is typical of exhaustion sell-offs, especially characteristic of 5<sup>th</sup> waves within ending-expanding diagonal patterns. Task completed! Not only has primary wave ⑤ ended, but the entire diagonal pattern that began from the high of Nov. 1994 – 14 years in the making. But this also marks an historical low because the entire double zig zag pattern has also ended from its start point in 1981 at 15.840%. What next? As you can imagine, now that the medium-term counter-trend decline has completed, the yield resumes its long-term uptrend – the only question remains is this – how quickly do yields begin to rise and for how long?

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...for more insights to **Elliott Wave** as a key to understand financial markets and its unique cycles you are welcome to visit us @ [www.wavetrack.com](http://www.wavetrack.com).

fig 10 10yr Yield - Monthly

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