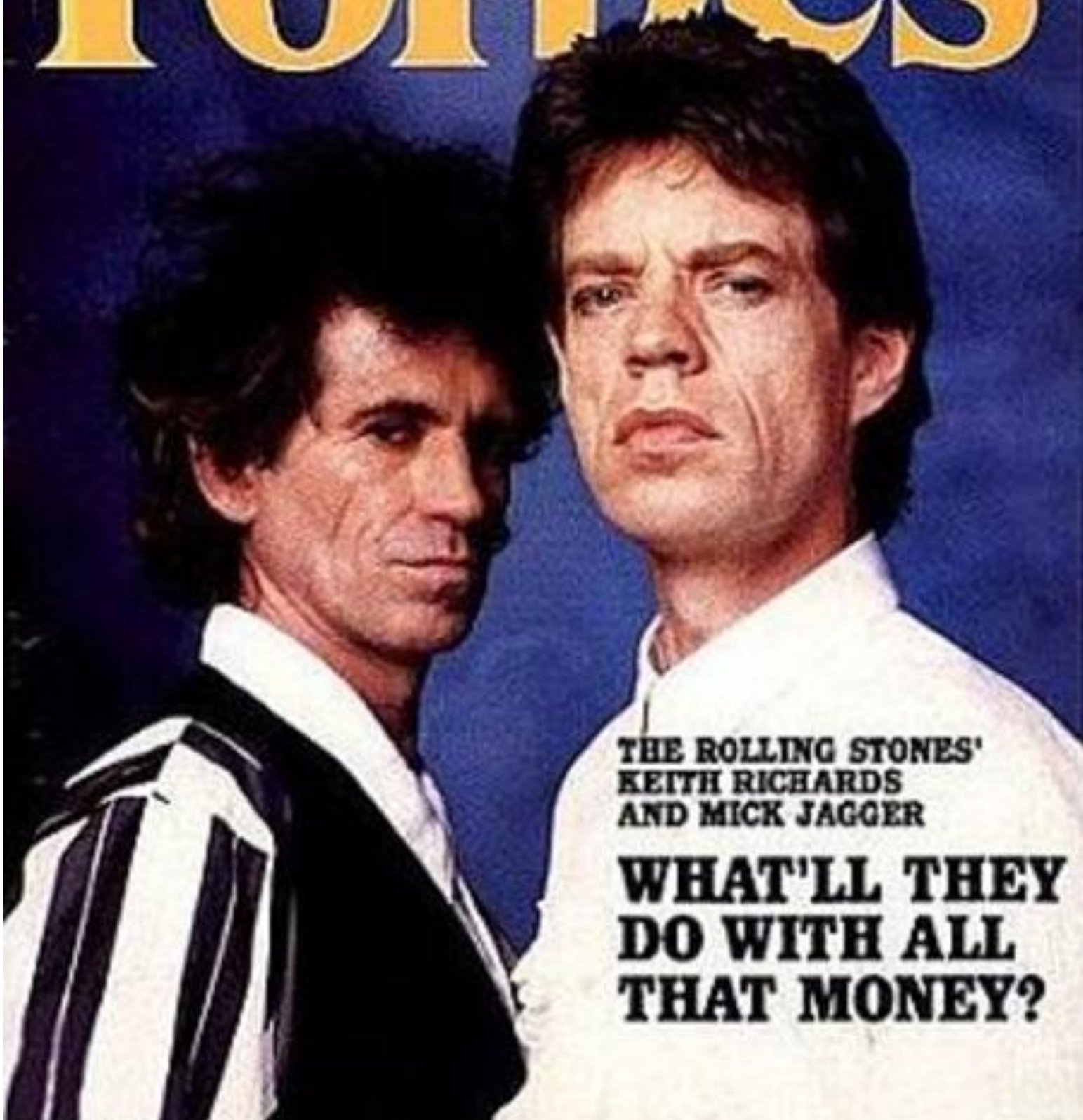


THE TOP 40
THE WORLD'S HIGHEST PAID ENTERTAINERS

OCTOBER 2, 1997

THREE DOLLARS SEVENTY FIVE CENTS

Forbes



**THE ROLLING STONES'
KEITH RICHARDS
AND MICK JAGGER**

**WHAT'LL THEY
DO WITH ALL
THAT MONEY?**

Peter G. Eliades says he doesn't really know why the stock market moves in cycles—80 to 100 of them. But they make money.

Music of the spheres?

By Peter Brimelow

IN A SUNNY southern California apartment stuffed full of computers, telephone hotline equipment and televisions tuned to financial channels, Peter G. Eliades and two aides sit in casual clothes and contemplate stock market cycles. Periodically, Eliades commutes by elevator to see his wife and newborn daughter on a lower floor.

It's only a few blocks from Hollywood and Vine, but rather further in psychological terms from the show business career Eliades once pursued. ("I like to think I had the talent," he says with his usual measured frankness, "but I was lazy.") Never mind. Eliades' 14-year-old investment letter, *Stockmarket Cycles*, and its related trading and money management services seem on the point of making him a star anyway.

Stockmarket Cycles (\$198 a year) was named "Most Consistent Mutual Fund Switcher" by FORBES columnist Mark Hulbert (May 15) on the basis of monitoring by his *Hulbert Financial Digest*. Eliades' timing beat the market in 1985, 1986, 1987 and, in 1988, assuming intra-day trading using funds that offer prices hourly, rather than just at the end of the day. Eliades also got subscribers out just before the crash of Oct. 19, 1987. Between 1985 and the end of July 1989, Hulbert says, Eliades' hourly priced timing showed gains of nearly 150%, compared with 100% for the NYSE composite index.

This record is particularly impressive because timers naturally have more difficulty beating a buy-and-hold strategy in a rising market.

Eliades, 50, has coiffed black hair, a deep voice and the solid physique of a former Lowell, Mass. high school center. He graduated from Harvard,

where he studied physical science, and from Boston University Law School. But although he passed the Massachusetts bar examination, he never practiced. Instead, he supported himself as a singer and pianist in Manhattan and Los Angeles.

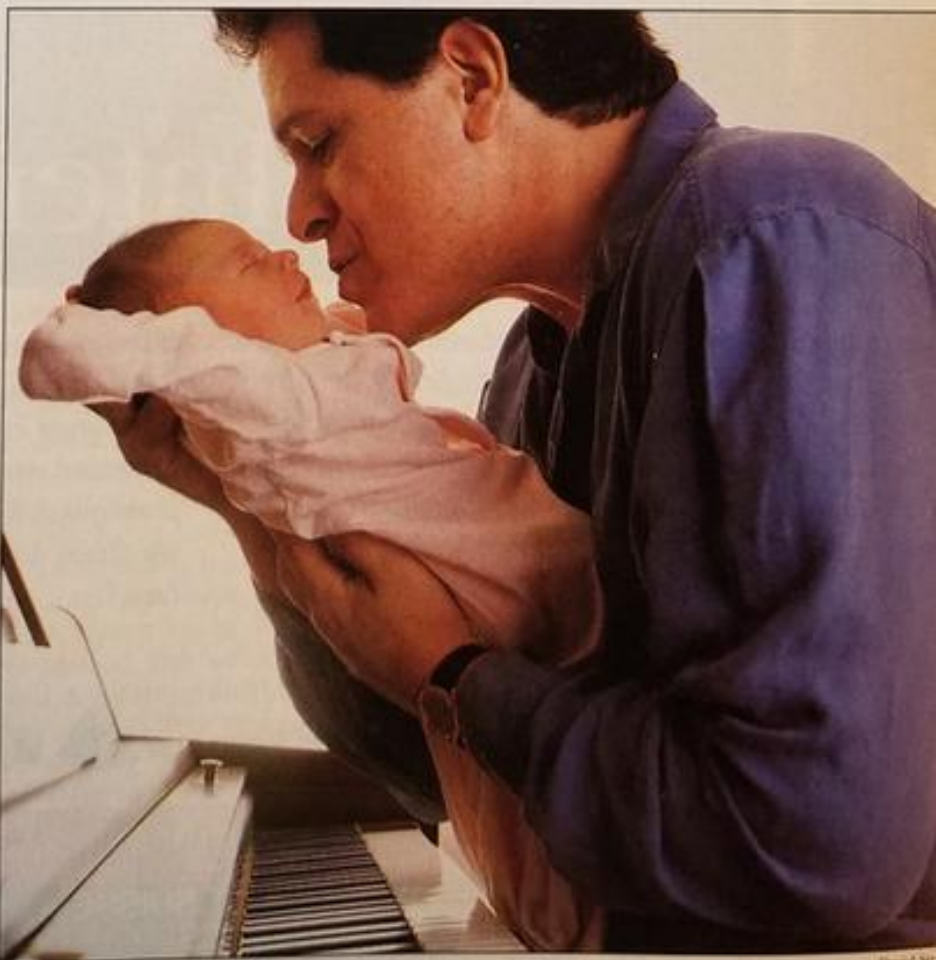
Eliades' interest in the stock market began in classic fashion: He bought the Neuwirth Fund in 1968, attracted by its 300% appreciation earlier that year, only to see it fall sharply in the next few months. Eliades reacted by reading "every-

thing I could get my hands on to figure out what went wrong.

One of the books that Eliades has his hands on was *The Profitable Stock Transaction Timing*, by H. Hurst, an aerospace engineer. Hurst argued that the market was essentially driven by interacting cycles of widely differing lengths. The goal was to distinguish the "signal" of determinative cycles from the continuous "noise"—concepts to which Hurst's interest in radar and electronics had accustomed him.

Eliades' method stems from Hurst's original work. He says that he detected some "80 to 100" cycle with varying life spans and up to 60 years in length. He actually keeps 60 years' worth of charts of the Dow, but for the purpose of his letters the shortest cycle he works with is 5 calendar years. Other key cycles extend over 20, 10, 5, 10, 20 and 40 weeks, up to 4½ years.

Eliades' customized software allows him to "offset" each cycle to trace on his computer screen a market move parallel to the current one half a frequency forward (20 weeks for the 40-week cycle). If the actual market subsequently crosses this theoretical "offset" cycle, headed either up or down, it gives a "price projection point derived from the relation-



Stockmarket Cycles' Peter G. Eliades and daughter
From singing to cycles.

David S.