

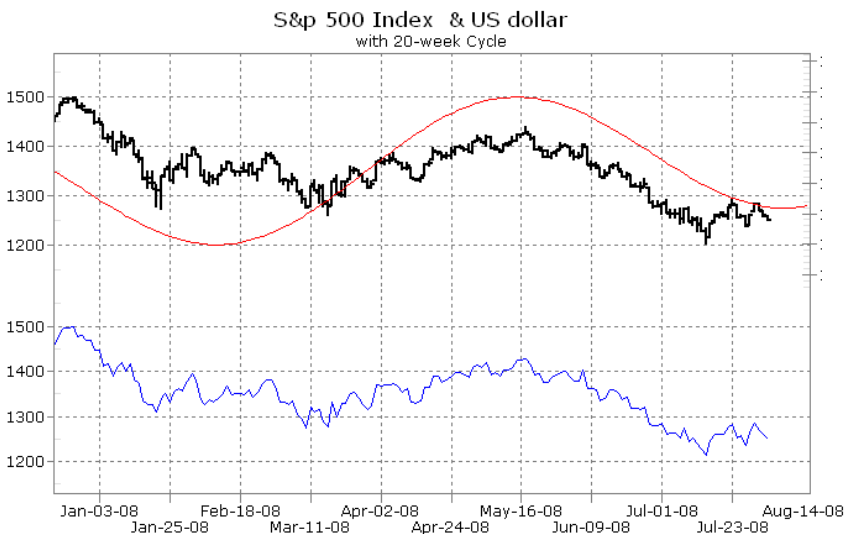
Cycle Projections

JULY/AUGUST 2008

STOCKS, INTEREST RATES, ENERGY, METALS AND FOREIGN EXCHANGE

Do we have a bottom in stocks?

The Foundation has pioneered the concept of inter-market cycle analysis. First with E.R. Dewey's Cycle Synchronies, then the concept of cycle sequences and now we have furthered the concept with our new research on the relationship of the most important financial series including the subjects of this report.



report.

Our approach to inter-market cycle analysis is to understand the relationship between key series with most of the important ones being obvious with others less so. The most critical series are the one's at extremes such as interest rates (60-year lows) and the US dollar (15-year lows). The falling US dollar is bearish for stocks and a small rally in the US dollar should accompany a rally in stocks. We have been expecting a bottom in the stock market for some time

Equities: We have been expecting a bottom in the equities market for some time with one sign that the overall rally will begin is a rally in the US dollar; which we can see is presently occurring. We anticipate a summer bear market-rally which should take us to the third week in August at least. We are now underweighted in international equities.

Bonds: We have a bearish bias to bond prices due to the expected rise in yields that is overdue and needs only a bit more economic activity and here in lies the problem. We don't expect the economy to improve this year.

Energy: The long awaited top has finally arrived and the question is whether it is "*the*" top or "*a*" top. The long cycles are due to top in 2009 so we expect one more run up in energy prices, but not immediately. When the US dollar tops and begins to fall then look for the next rally.

Foreign Exchange: The US dollar is making a short-term bottom but it is not the 15-year cycle bottom. We still expect a trading range to continue and expect the current rally to not get above 75.5 on the cash Finex Index.

Written 8/4/08

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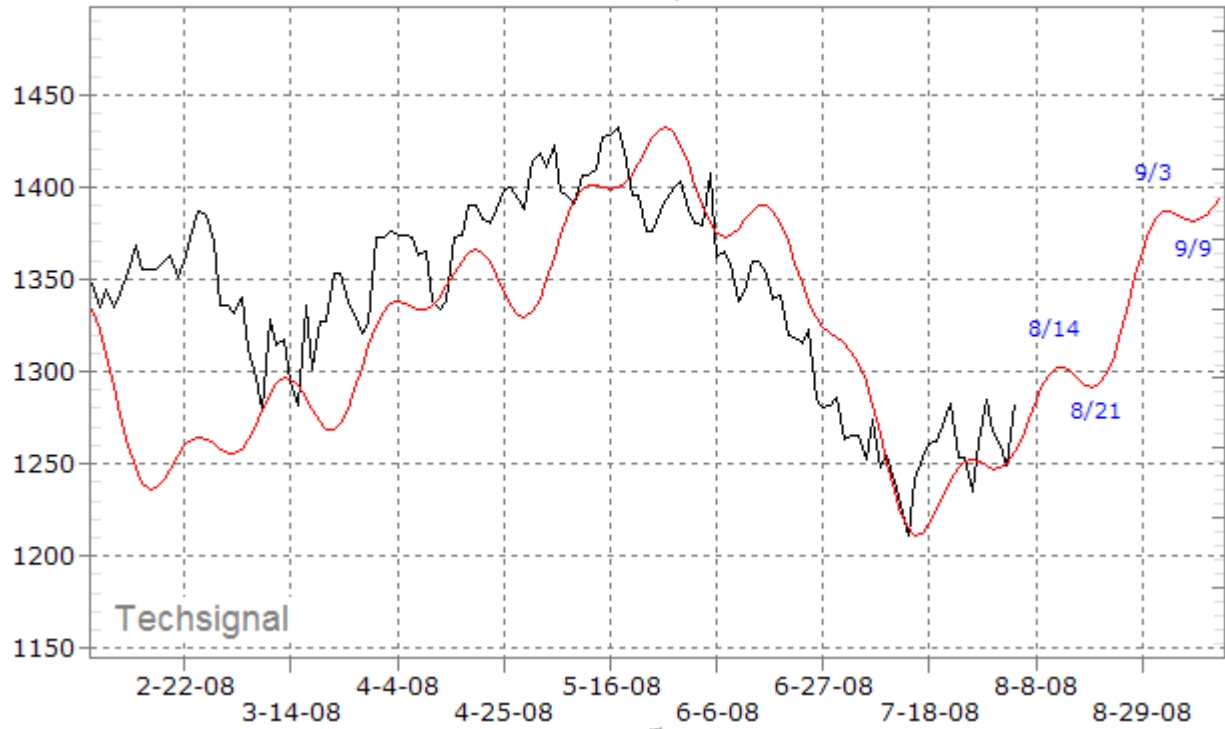
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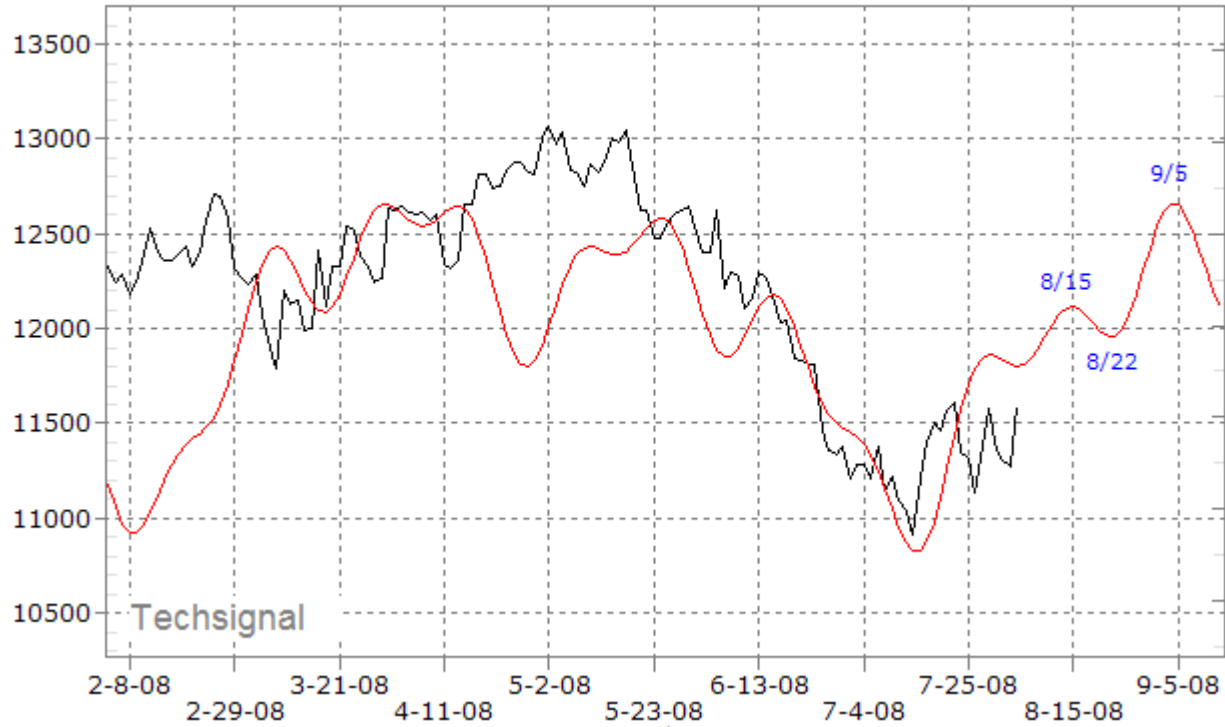
Daily S&P 500

S&P 500 Index (Pit) SP
Daily



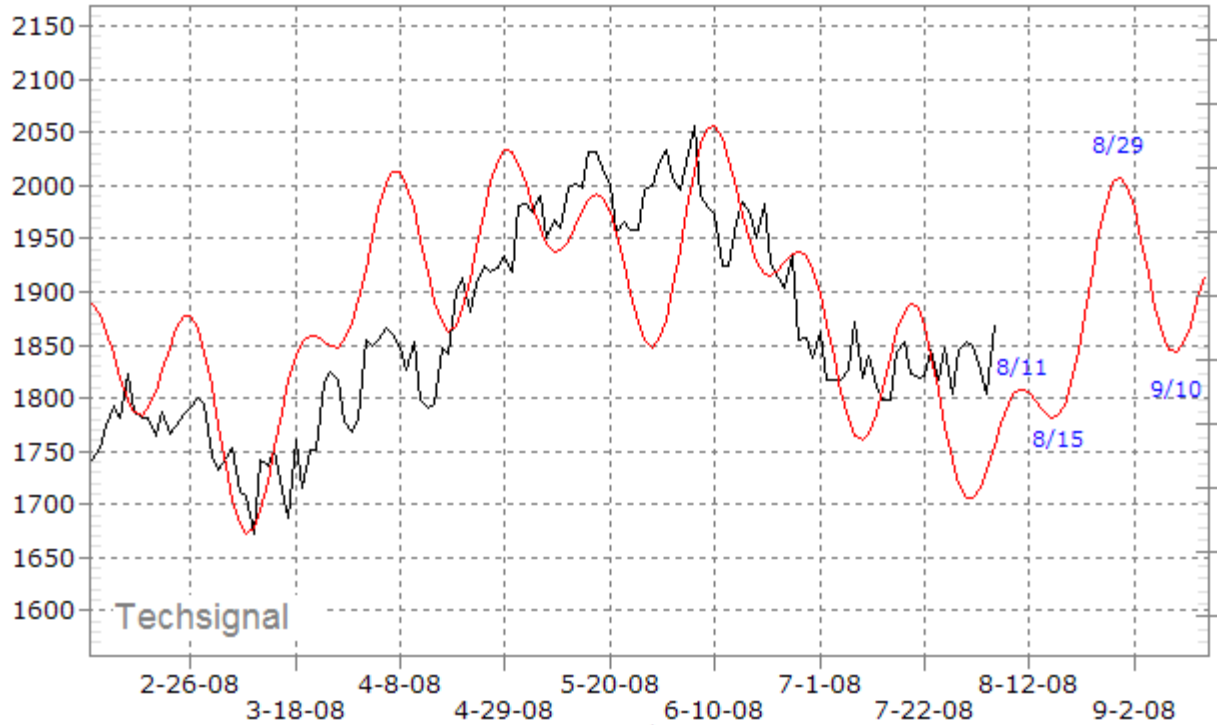
Daily Dow Jones Industrials

DJIA Index (Pit) Cad DJ
Daily



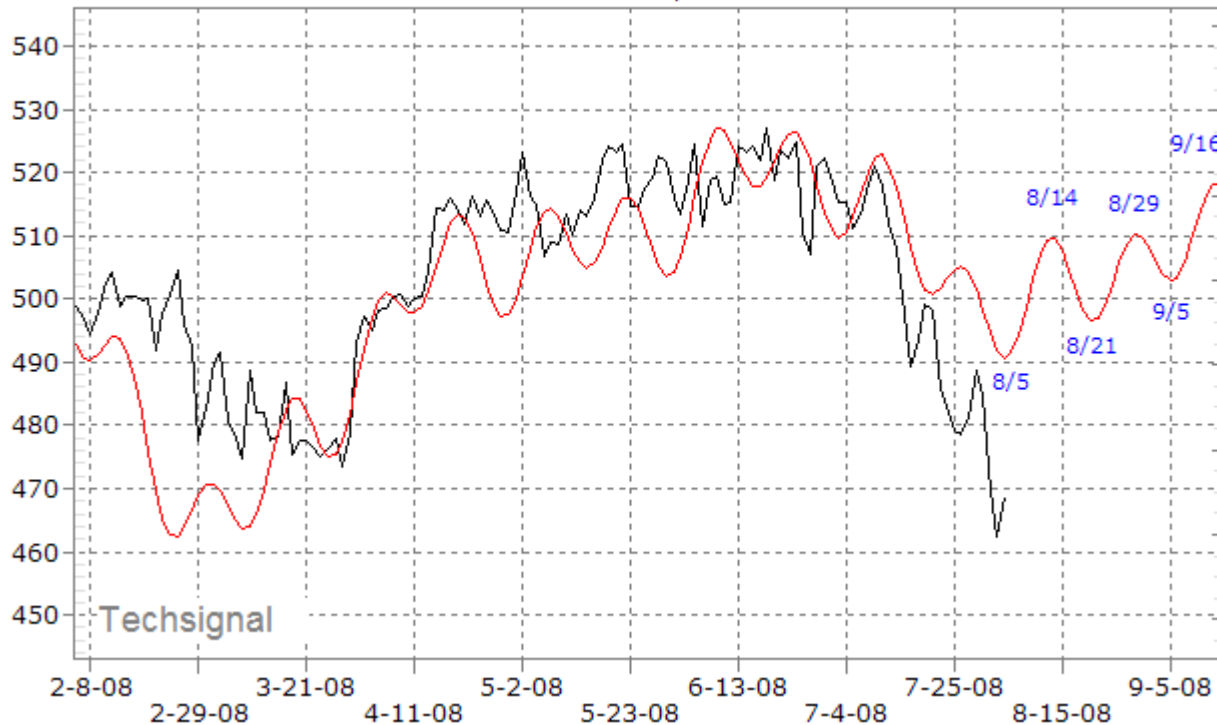
Daily Nasdaq 100

Nasdaq 100 (Pit) Cas ND
Daily



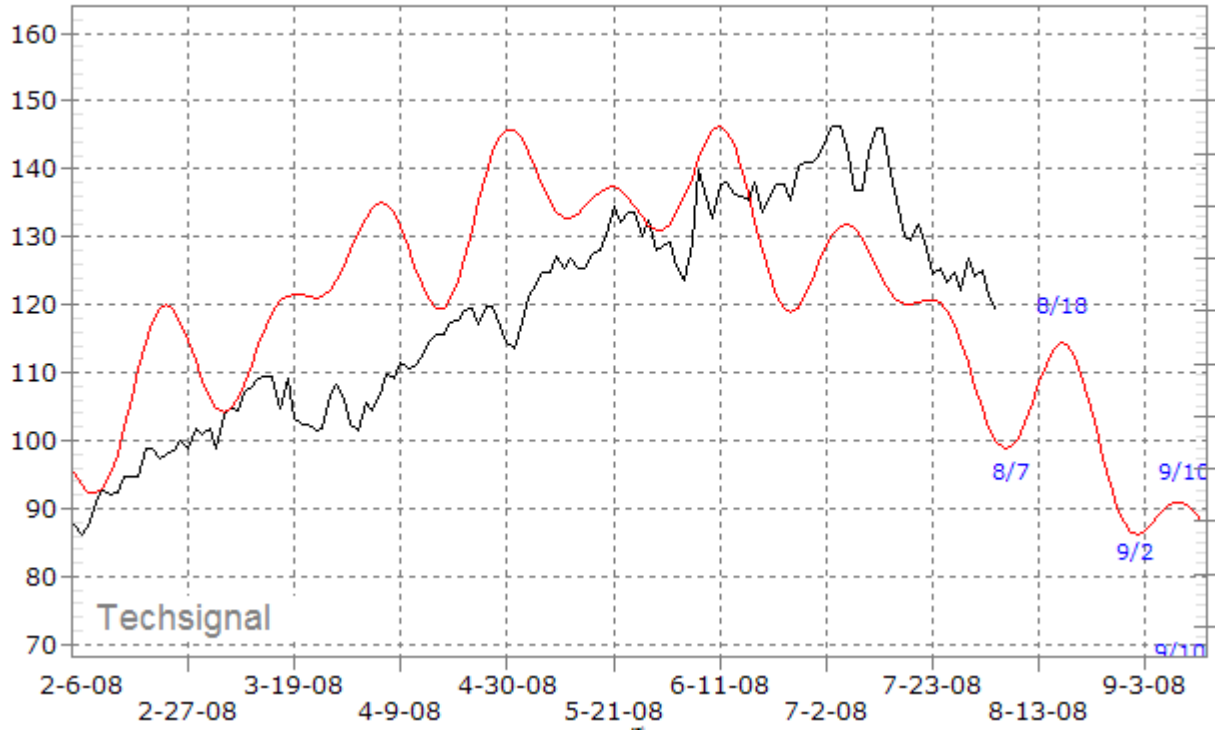
Daily Dow Jones Utilities

Dow Jones Utilities DJUA
Daily



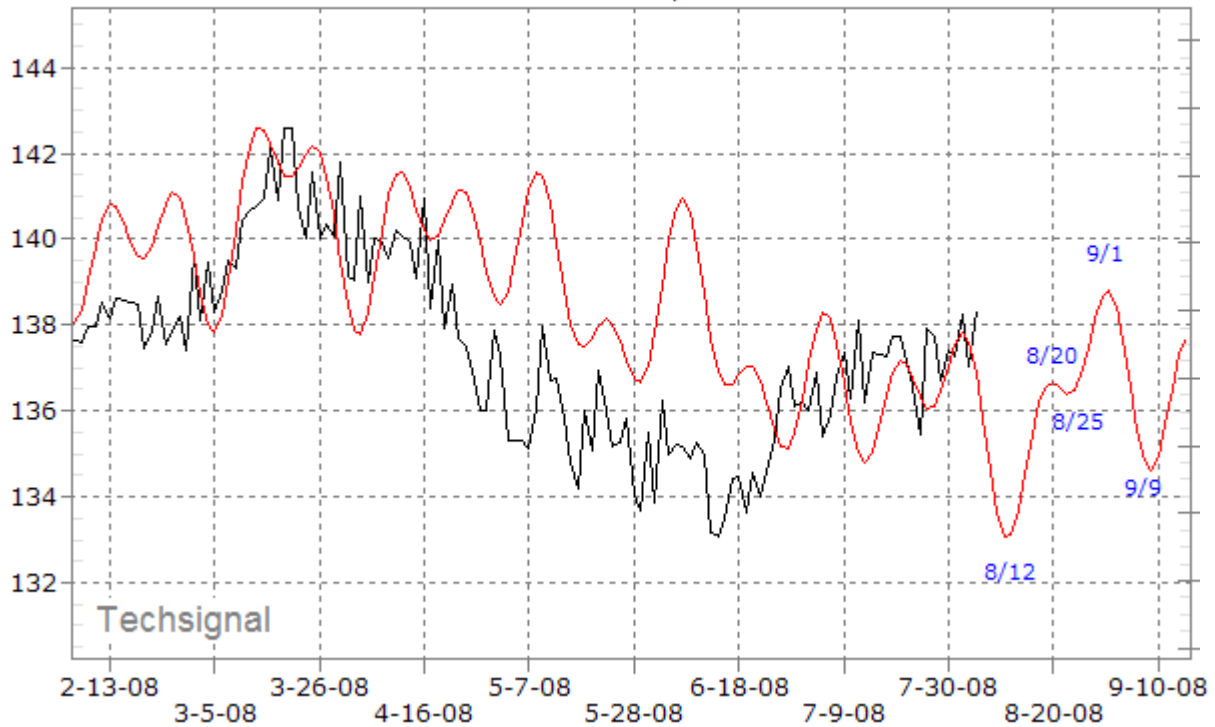
Daily Crude Oil

Crude Oil NY (Pit) C CL
Daily



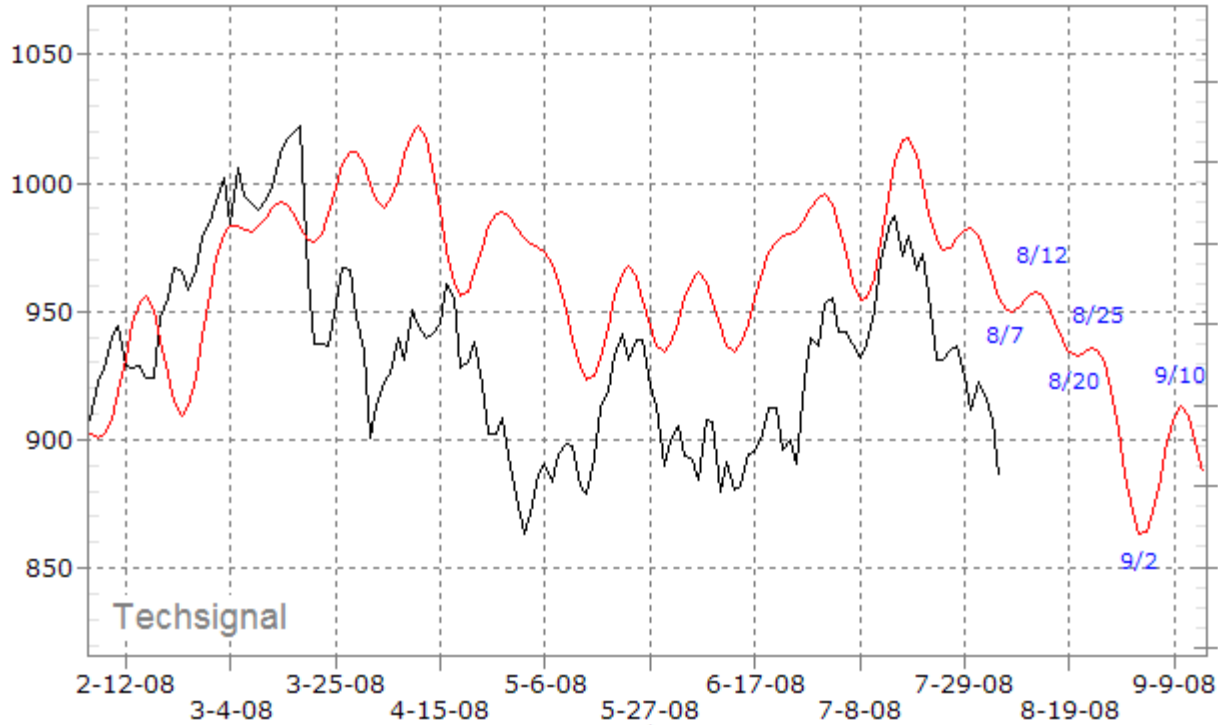
Daily T-Bonds 10 Yr.

T-Bonds 10Yr CBT Pit TQ
Daily



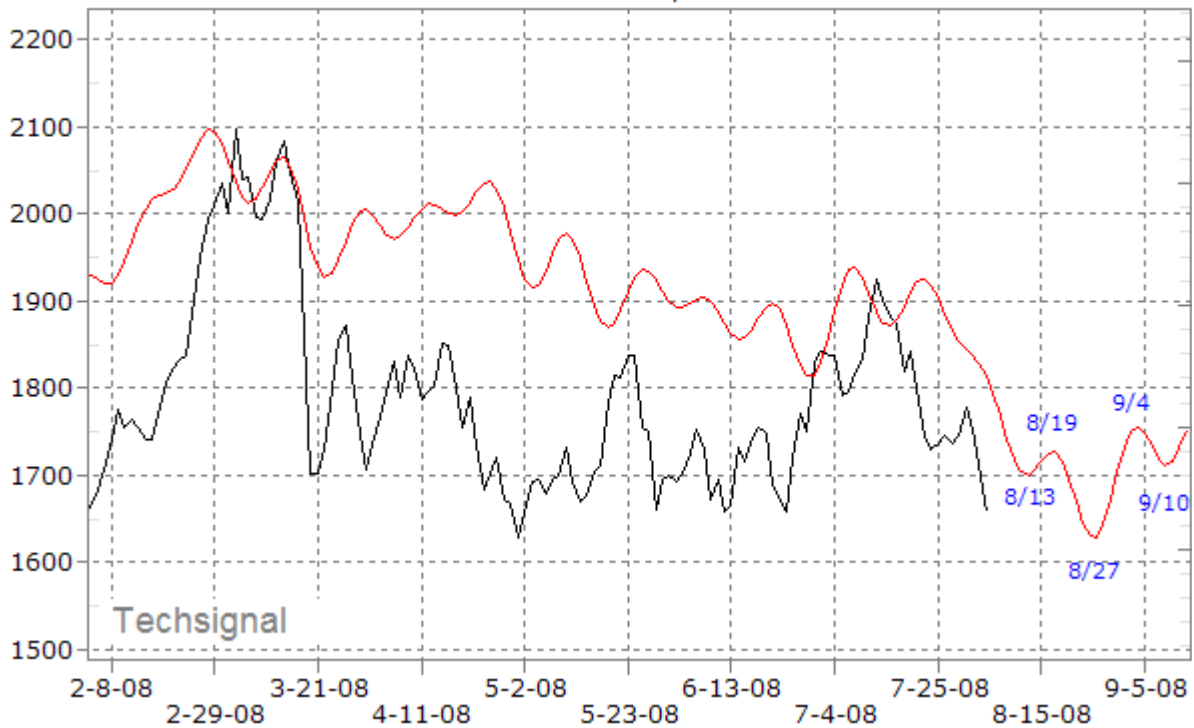
Daily Gold

Gold Comex (Pit) Cad GC
Daily



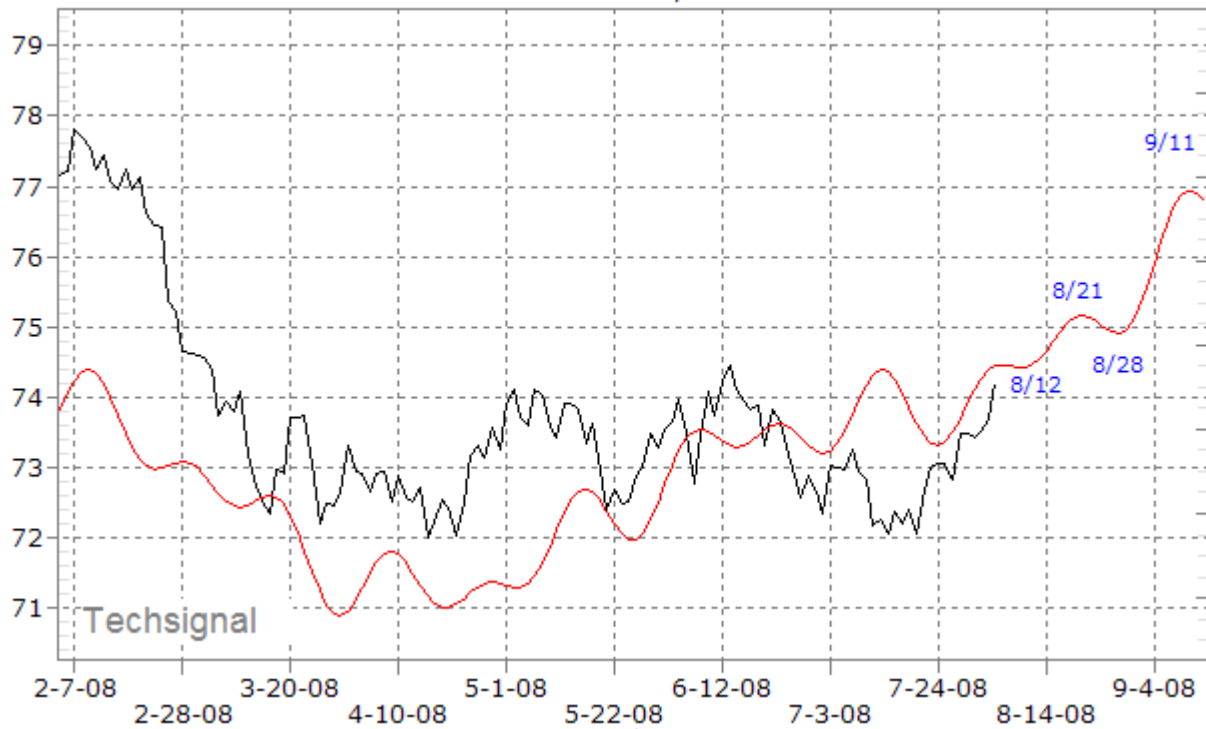
Daily Silver

Silver Comex (Pit) C SI
Daily



Daily US Dollar

US Dollar Index Cadj DX
Daily



Daily Euro EU

Euro FX (Pit) Cadj L EU
Daily

