

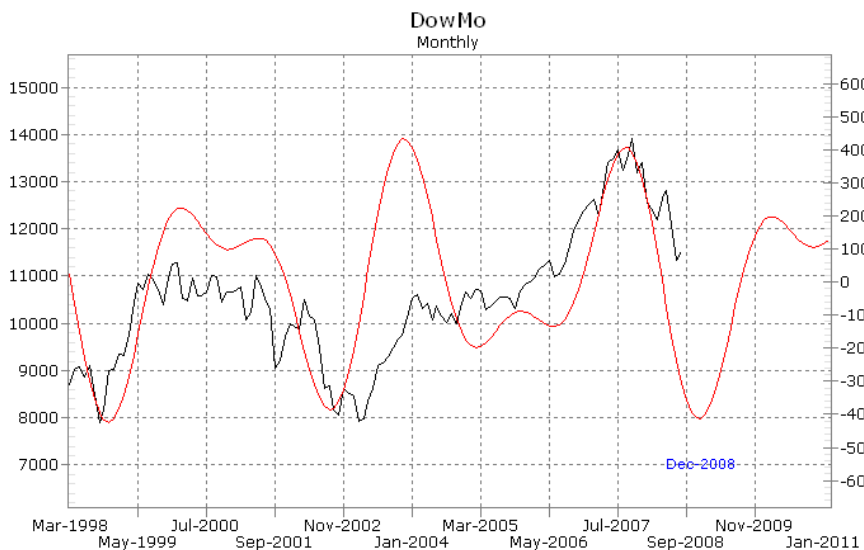
Cycle Projections

SEPTEMBER-OCTOBER 2008

STOCKS, INTEREST RATES, ENERGY, METALS AND FOREIGN EXCHANGE

Is this rally the beginning of a bull market in stocks?

The Foundation has one of the best data bases of long term data including stock prices from 1789. The long term data is dominated by the 40 and 24-month cycles. These cycles are down until the end of the year. This does not necessarily mean that we will have lower prices ahead, although it cannot be ruled



out; but it means that we will not have a bull market until next year at the earliest. In addition, major bull markets such as 82 and 95 need significant rallies in the dollar. This is not expected until next year at the earliest. The US dollar is bottoming, but it is still in a trading range and not yet beginning a new bull, although the August rally was strong. Thus we don't expect a new bull in the stock market yet.

Equities: We had a weak rally in stocks that fell apart with the financial crisis, and then came the bailout, but will politics let it happen?

Maybe or maybe not, but regardless, this is not going to be a bull market. We continue to be under-weighted in stocks and have increased our weighting of international equities due to the US dollar.

Bonds: We continue to have a bearish bias in bonds due to the likelihood of higher commodity prices; but with the economy being suspect we are not likely to see higher yields. The bottom line is expect bond prices to decline but not sell off dramatically.

Energy: The 15-week cycle has topped in crude oil and the low is in. We still expect the long cycles to top in 2009. The new rally has begun.

Foreign Exchange: The US dollar made its bottom and rallies and now has made its top in the short-term, but it is still in the bottoming process longer-term as the 15-year cycle is bottoming. We thought that the rally would hold 75.5, but it sailed above that mark. We now expect the decline to hold 71 on the Finex Index.

Written 9/23/08

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ISSN 1055-1700

Published Monthly by the Foundation for the Study of Cycles

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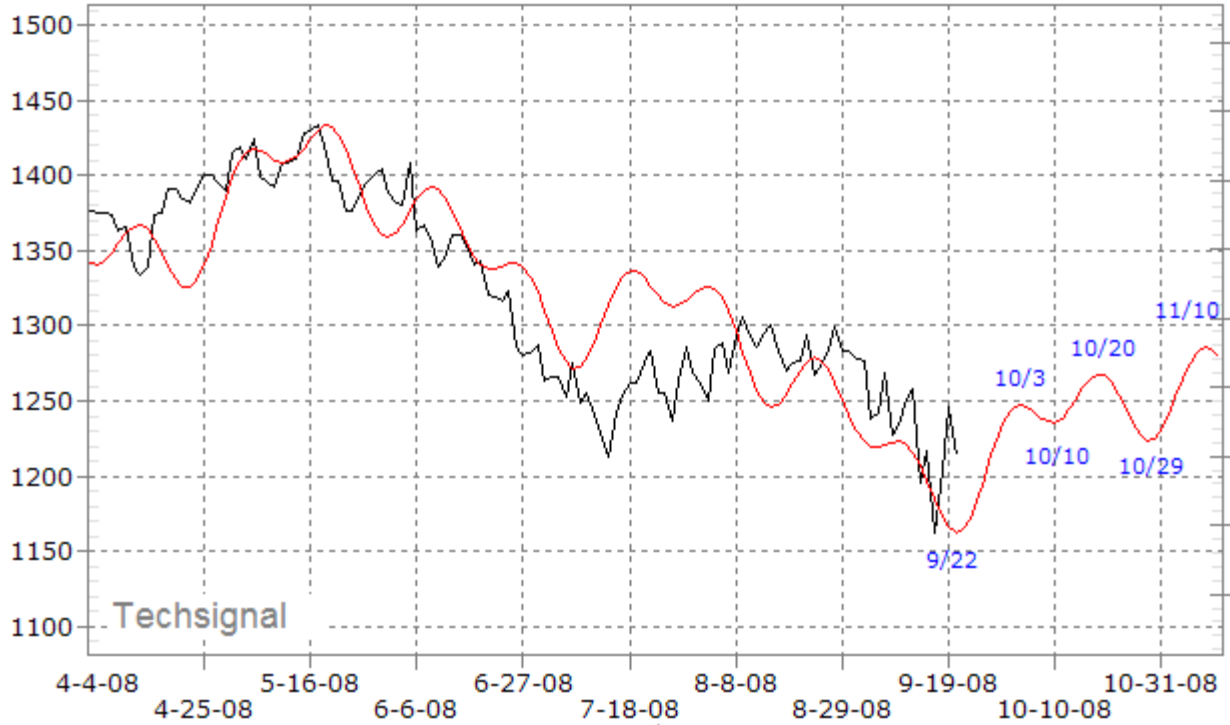
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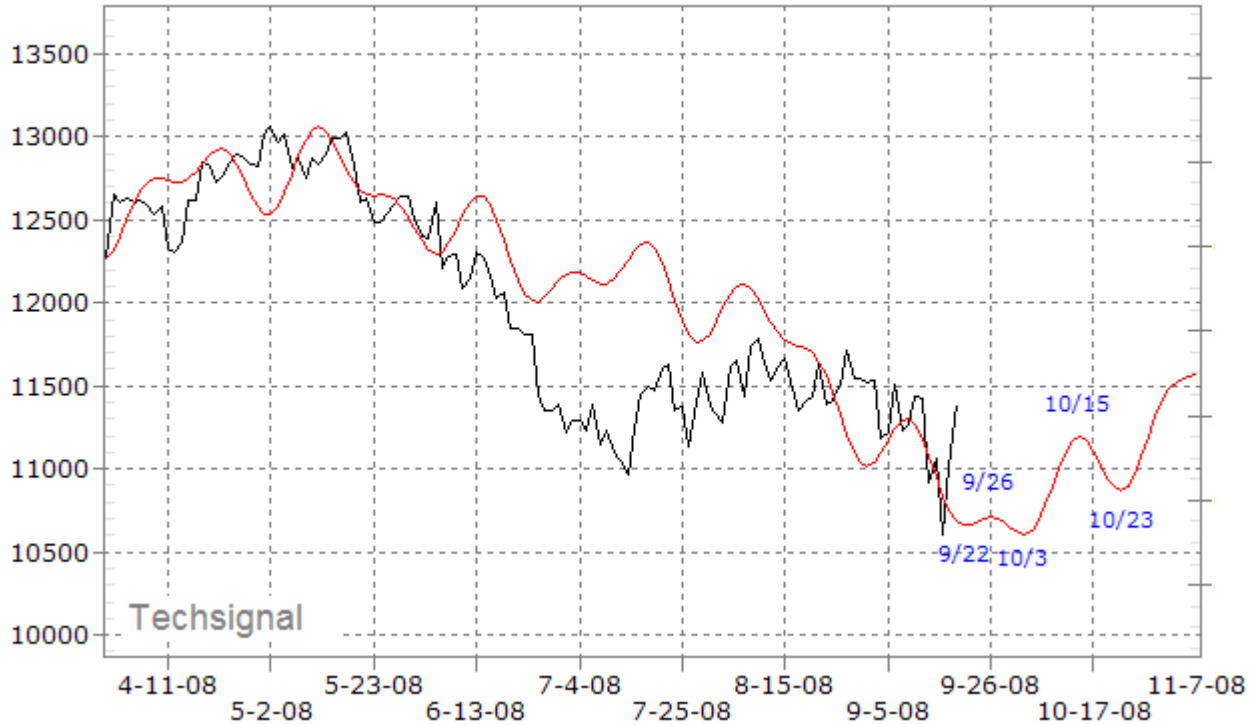
Daily S&P 500

S&P 500 Index (Pit) SP
Daily

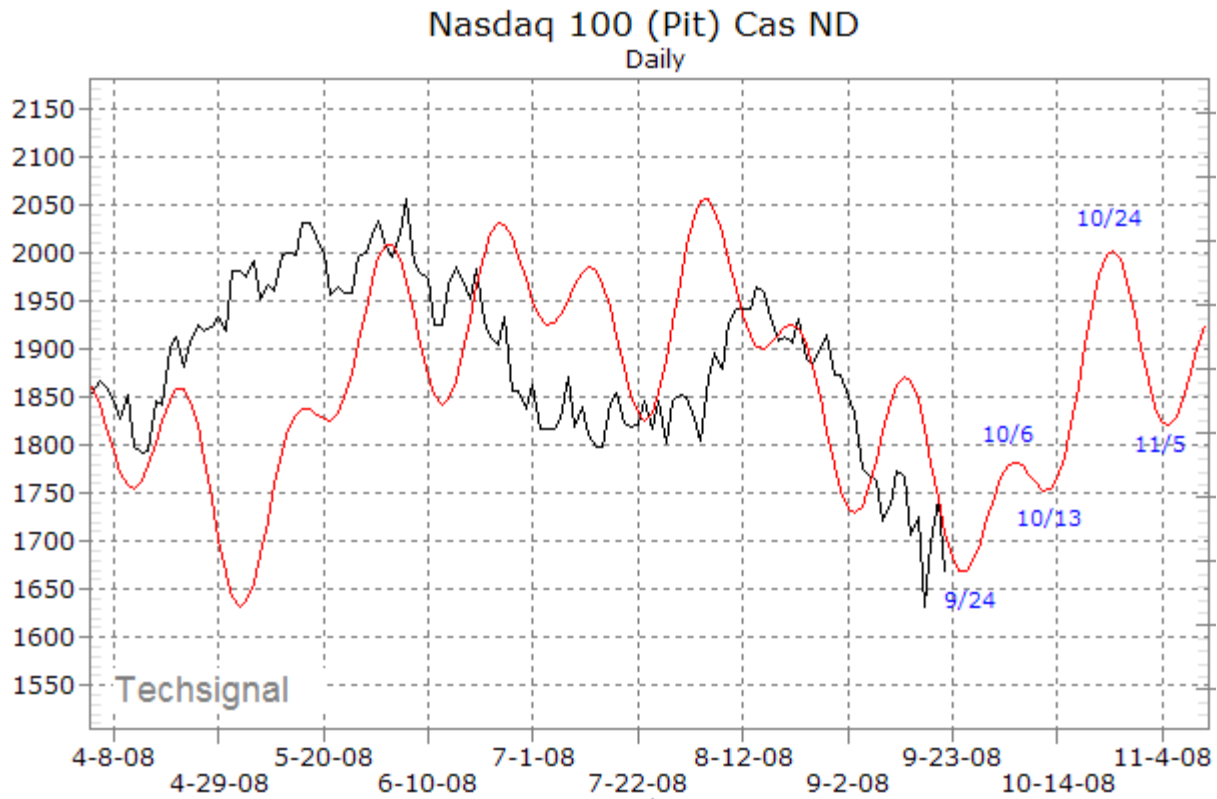


Daily Dow Jones Industrials

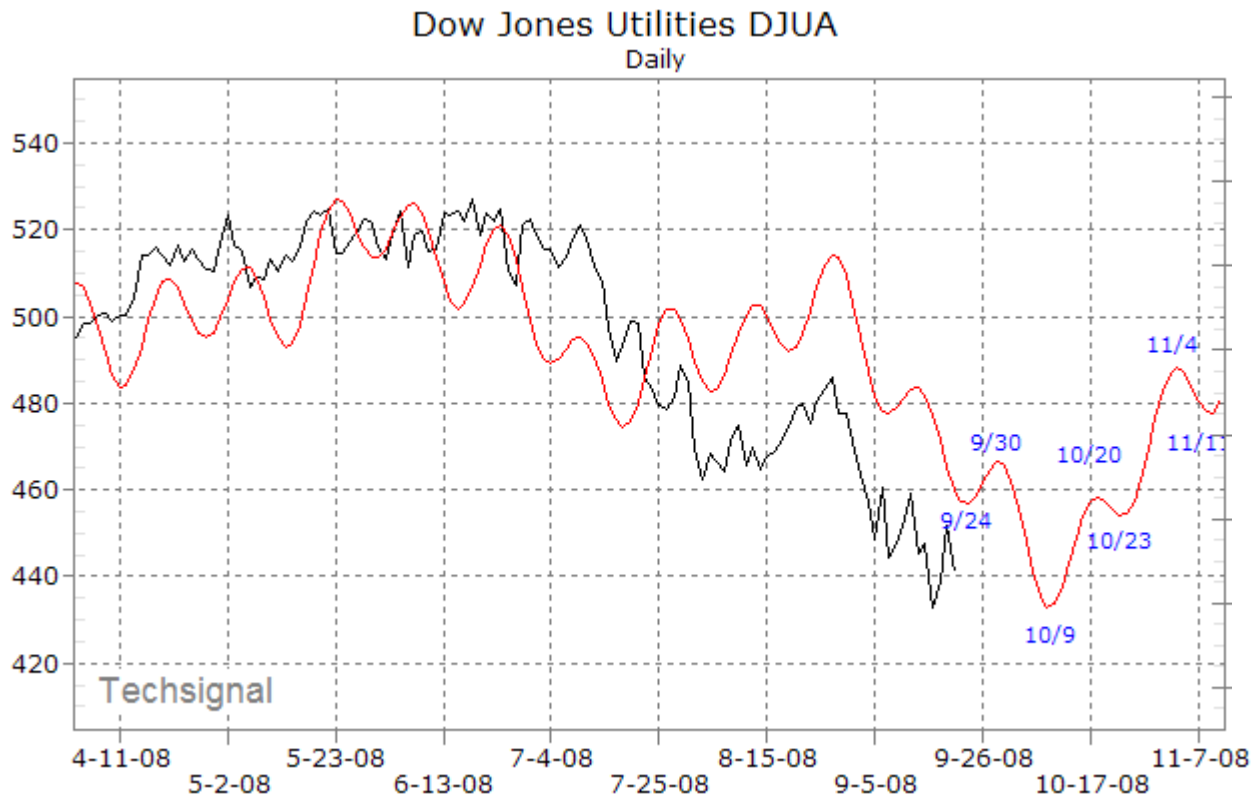
Dow Jones Industrial DJIA
Daily



Daily Nasdaq 100

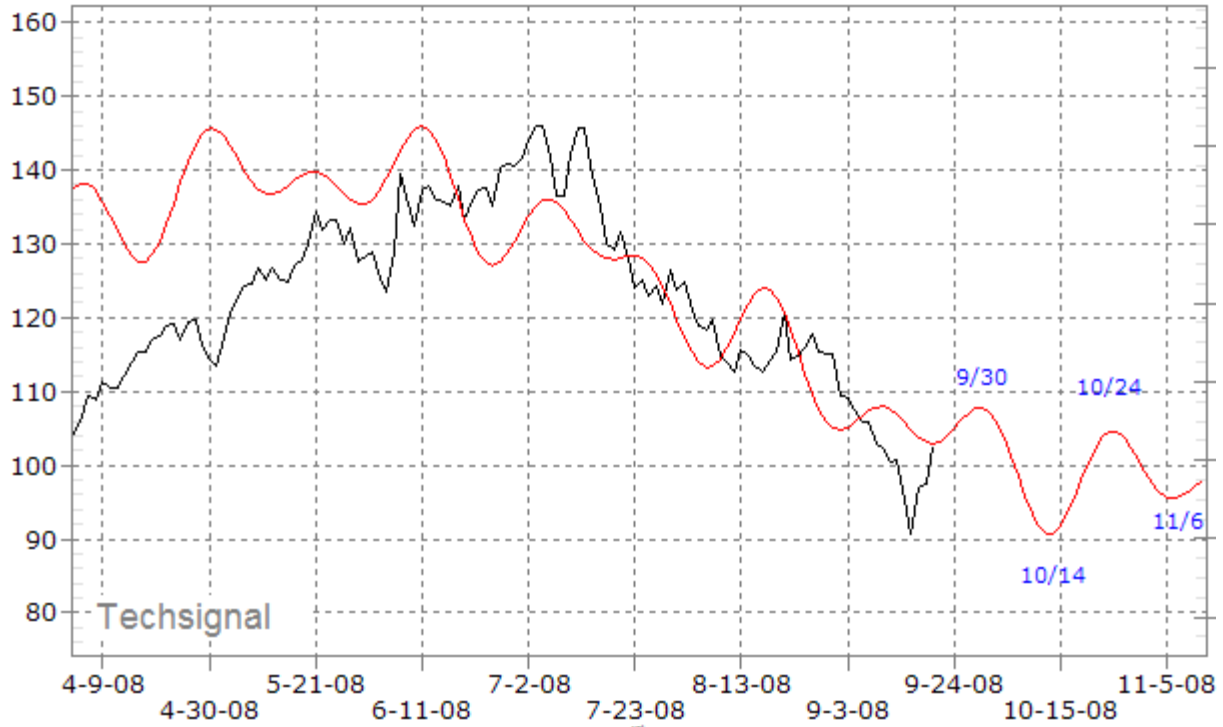


Daily Dow Jones Utilities



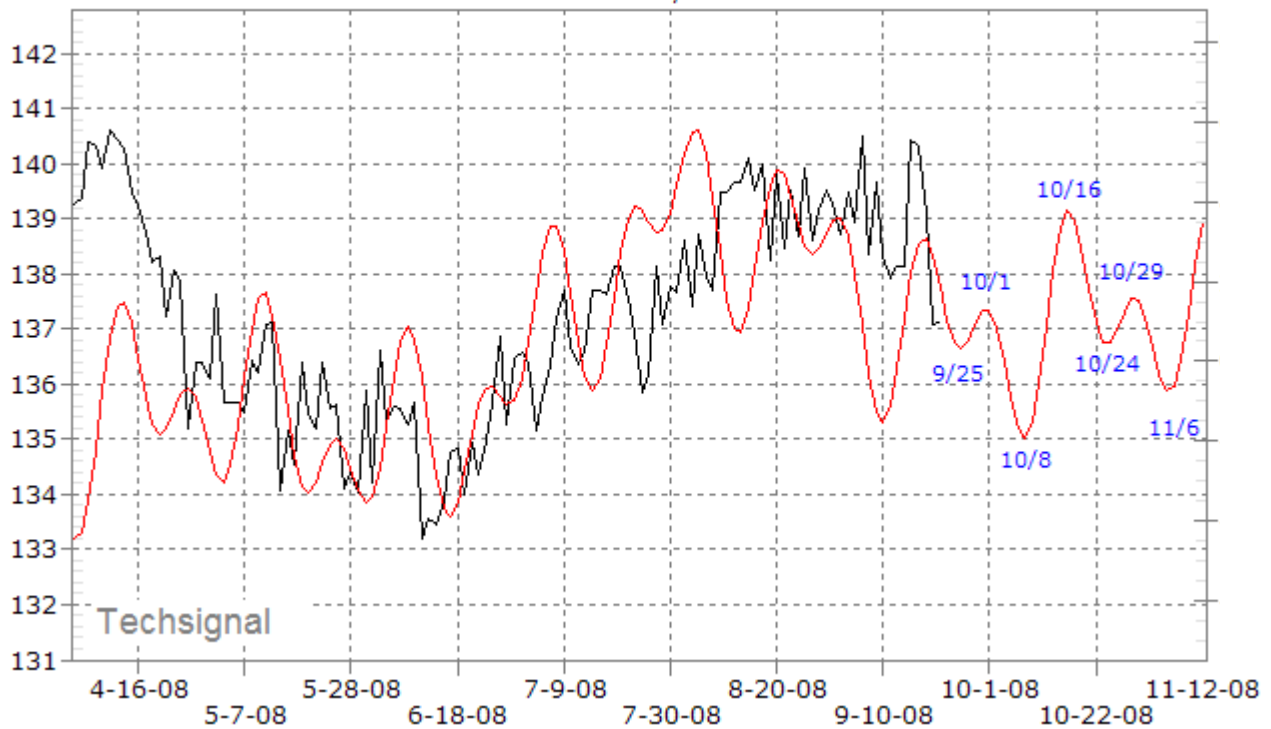
Daily Crude Oil

Crude Oil NY (Pit) C CL
Daily



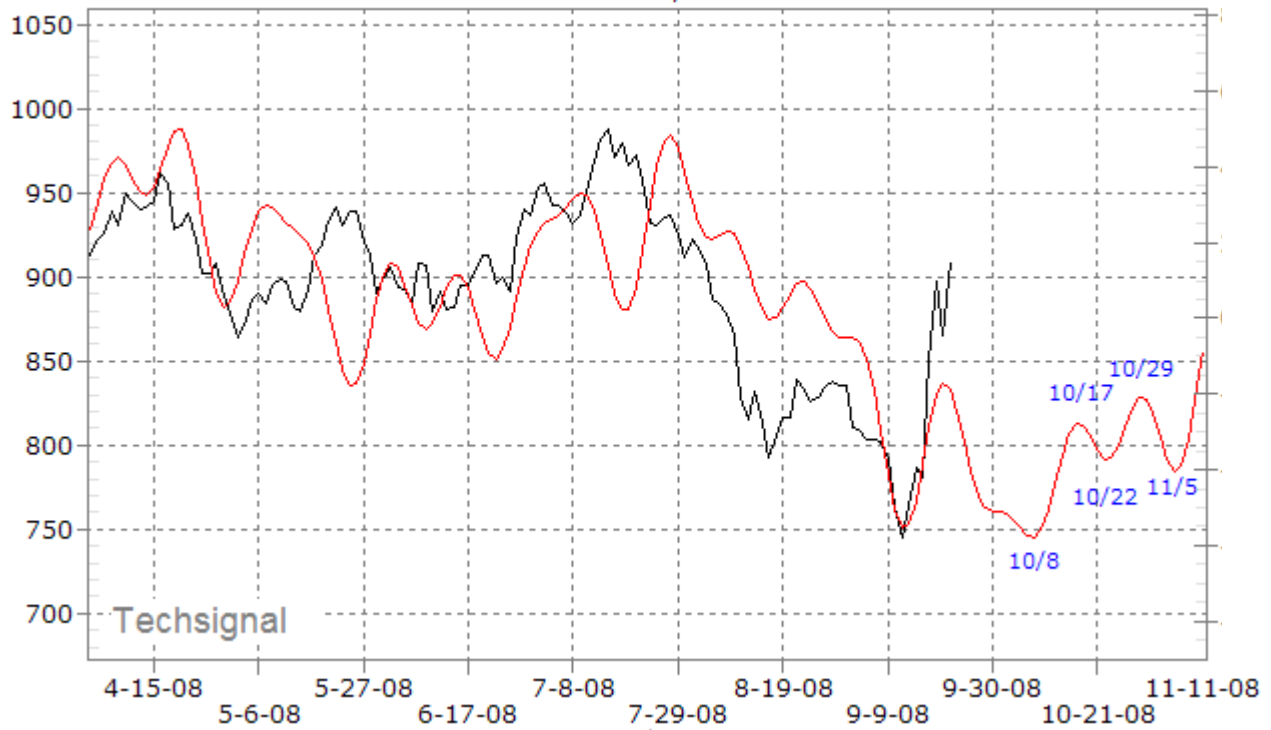
Daily T-Bonds 10 Yr.

T-Bonds 10Yr CBT Pit TQ
Daily



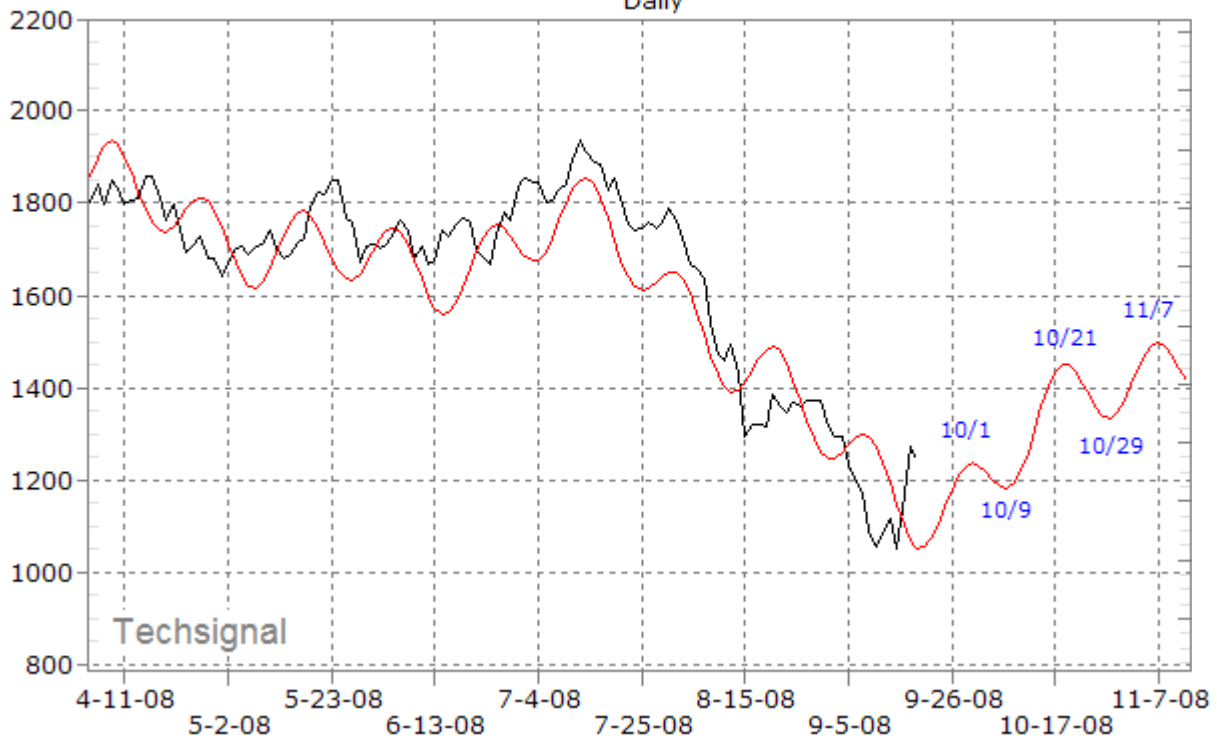
Daily Gold

Gold Comex (Pit) Cad GC
Daily



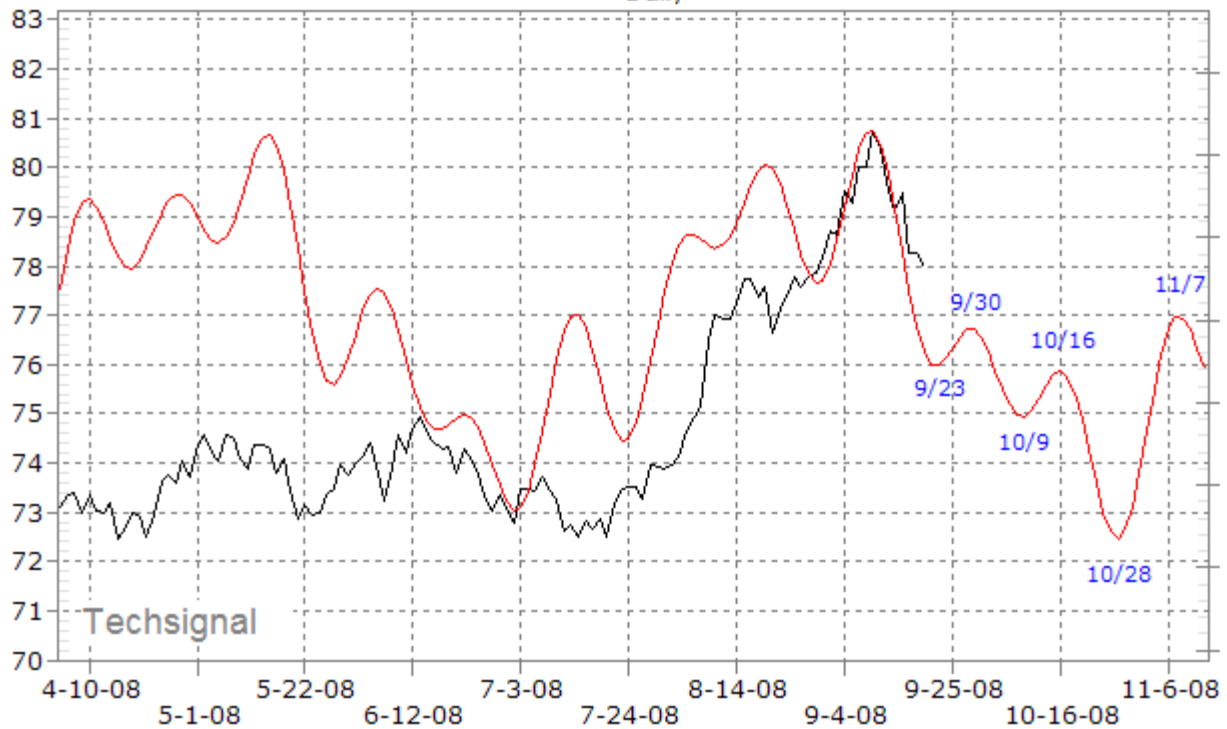
Daily Silver

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

