

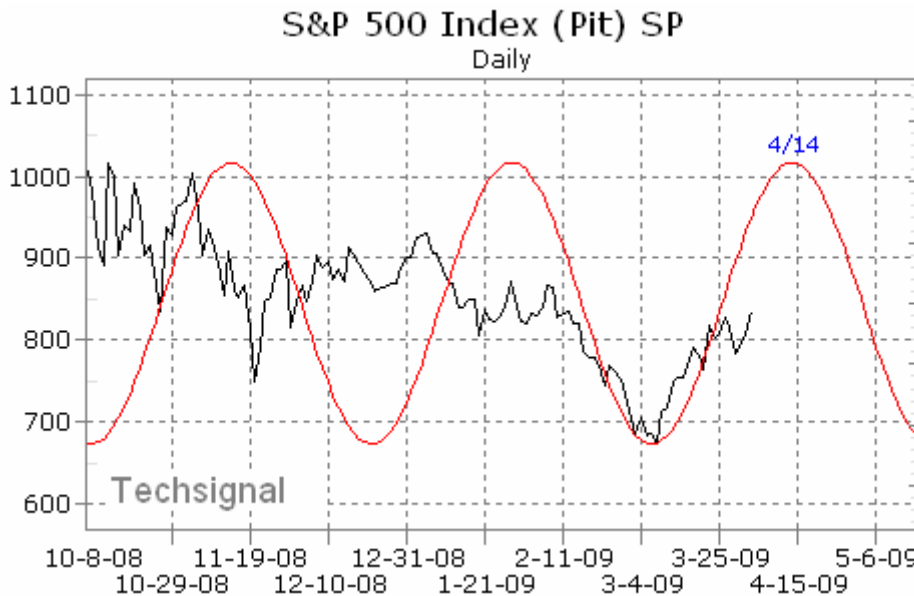
Cycle Projections

FEBRUARY-MARCH 2009

STOCKS, INTEREST RATES, ENERGY, METALS AND FOREIGN EXCHANGE

Bull or Bear market rally?

In short it is a bear market rally. We have had a great run and it is not over but it is not a bull market rally. We continue to believe that the market will have another retest most likely in May or June period and that it could produce a lower low, but we are running out of time for the market low retests. Our assumptions are that the retests should conclude by June.



The expected March rally has finally materialized and should continue through April. There are two tests of this rally: time and price. In price we have gone beyond the rally from the November low but in time we have not. In November we rallied for 32 days but we are just about a bit over half the length of the November rally. We need to see the market get above 847 on the cash S&P 500 for us to begin to entertain the

possibility of a bull market but we consider that highly unlikely at this point. The worst is not yet over so we will remain cautious for now. This is a serious recession and it is not over. One of the most important cycles is the 10-week cycle which is due to top in April. I expect that the market should be strong enough to push toward the third week.

Equities: We look for the rally to continue for almost another month, but it's scope is limited since we do not consider this a new bull market. We still favor ETFs, like SSO, to individual stocks. **Bonds:** We continue to believe a top is in and we are generally bearish. **Energy:** The all important 15-week cycle is now turning up and we expect energy to develop a trading range between the 30s and 70s in crude oil. **Metals:** Gold is also dominated by a 15-week cycle like crude oil and it is also turning up. What is odd about gold is that it apparently is making a double top and will likely remain near record levels until the economy improves. **Foreign Exchange:** The US dollar, like crude oil and gold, also has an important 15-week cycle. It is now down; but remember the US dollar is in a major trading range at a 15-year low and should not breach 72. Until then expect the same kind of action that we have seen. The US dollar has rallied but not due to positives, but due to more negatives elsewhere.

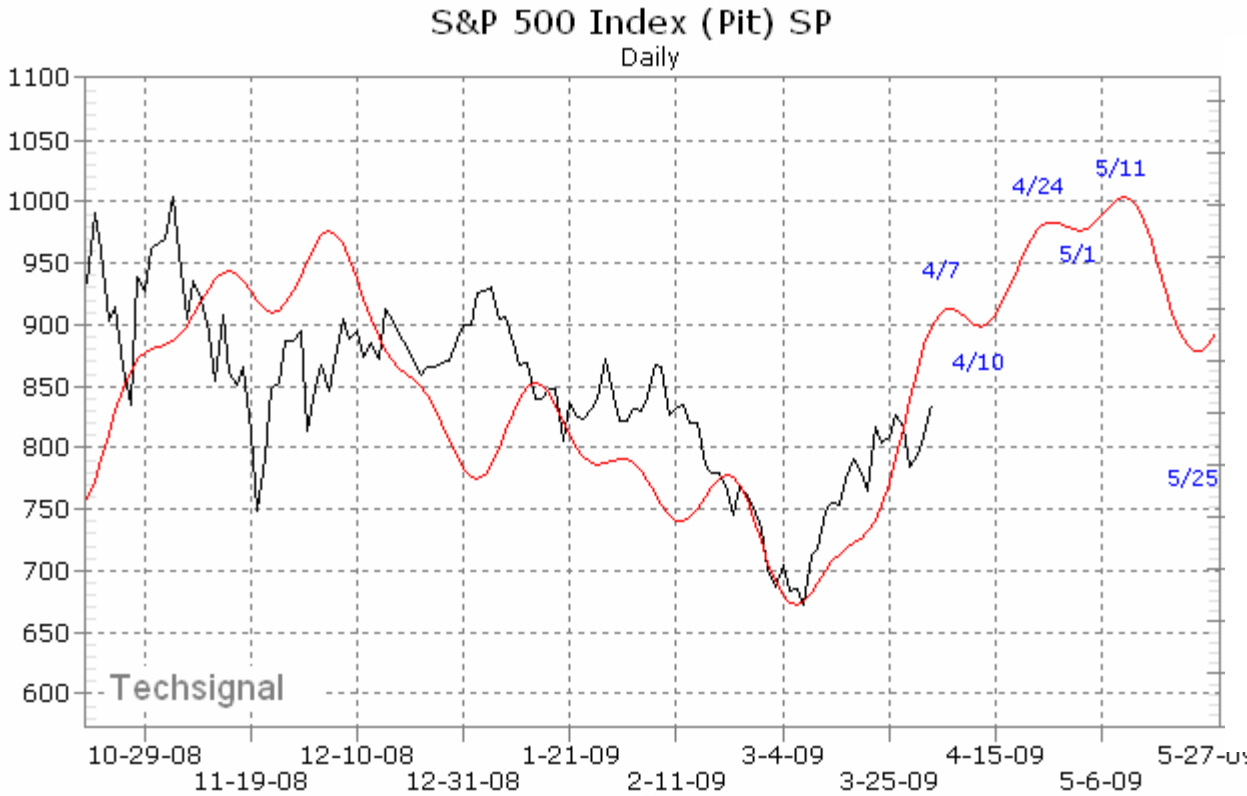
Written 4/3/09

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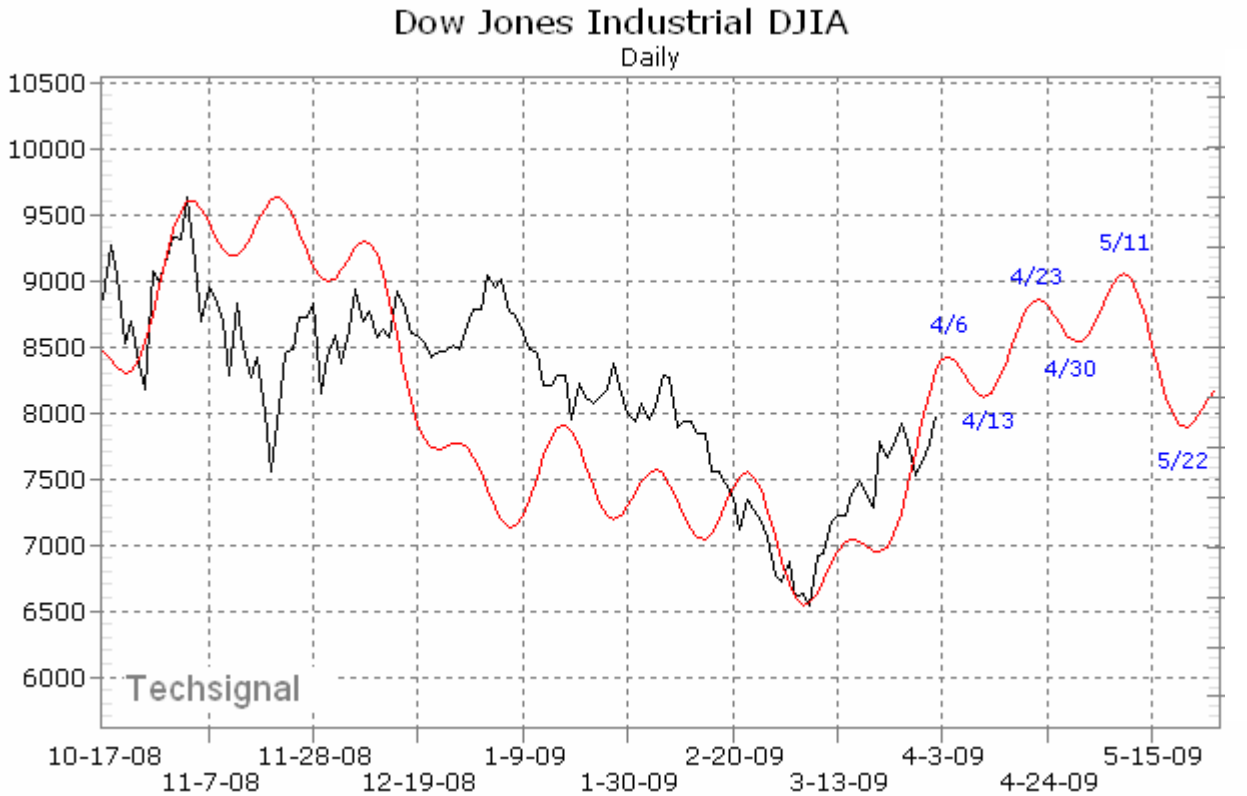
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Daily S&P 500

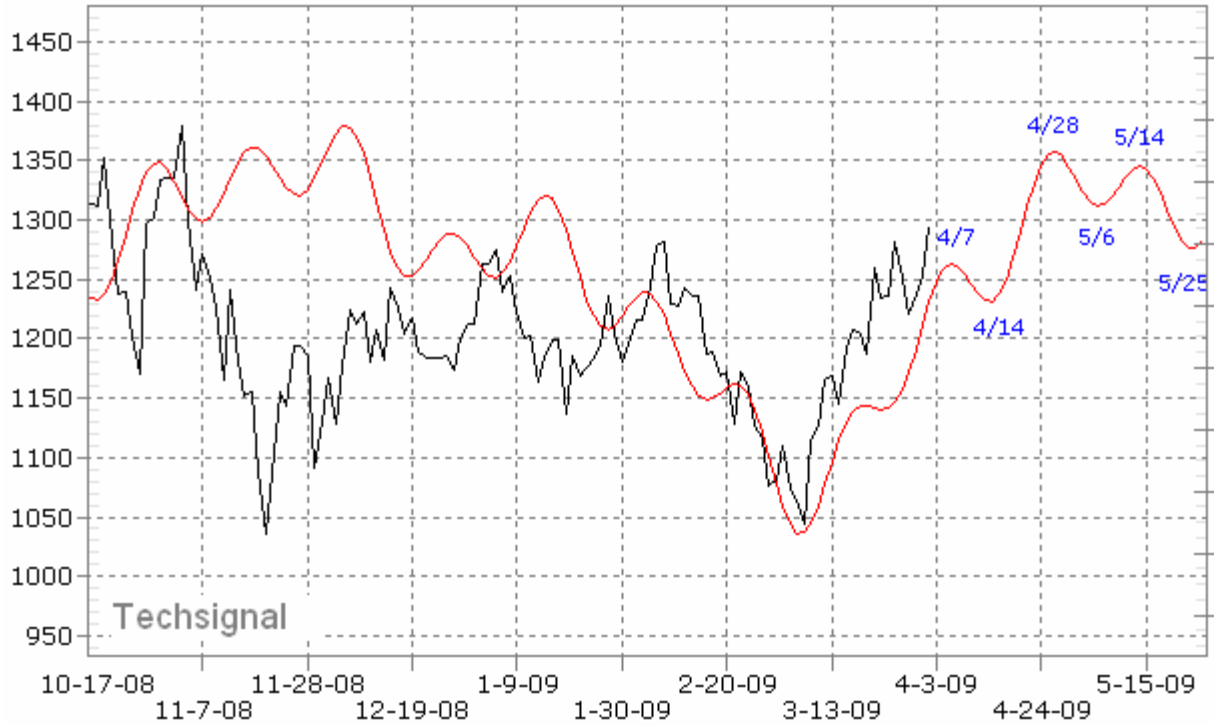


Daily Dow Jones Industrials



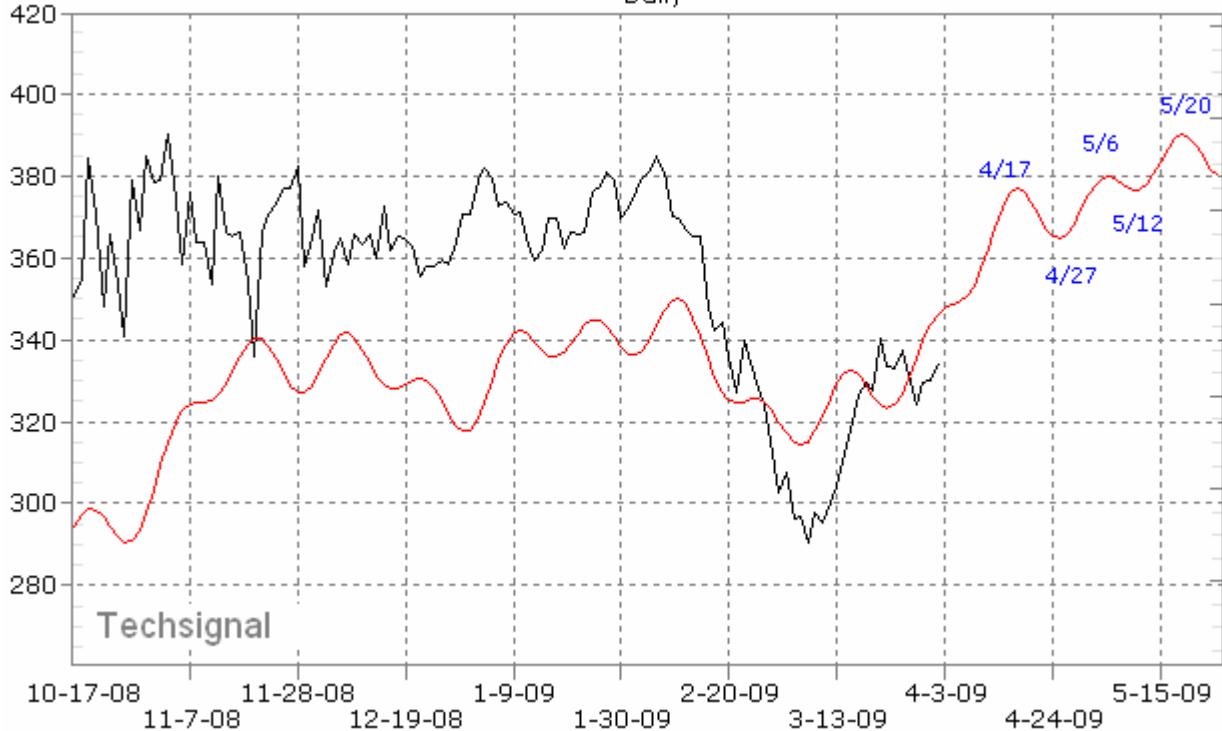
Daily Nasdaq 100

Nasdaq 100 (Pit) Cas ND
Daily



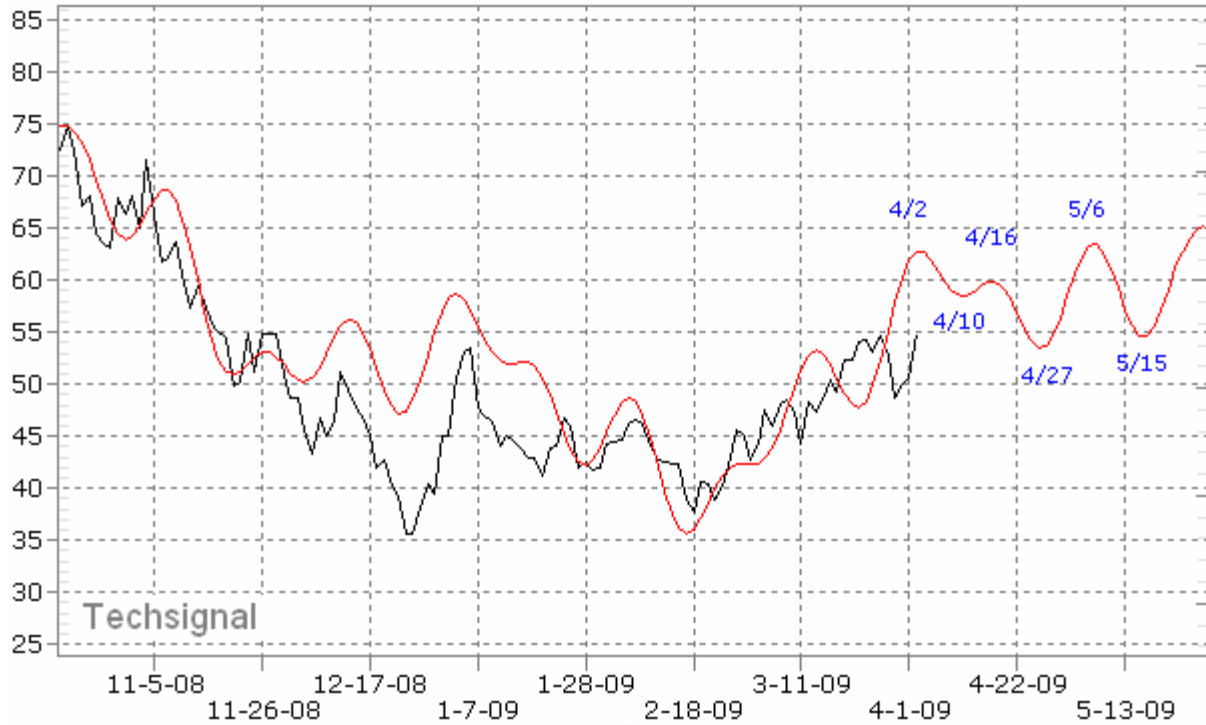
Daily Dow Jones Utilities

Dow Jones Utilities DJUA
Daily



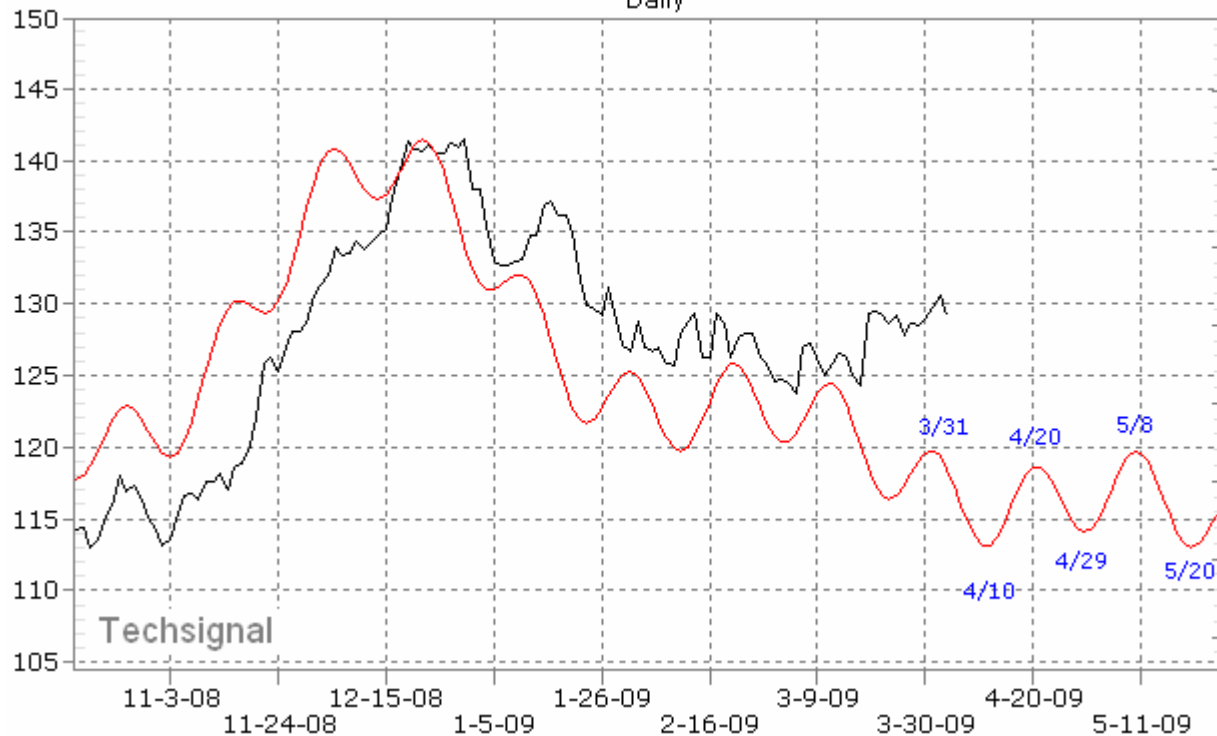
Daily Crude Oil

Crude Oil NY (Pit) C CL
Daily



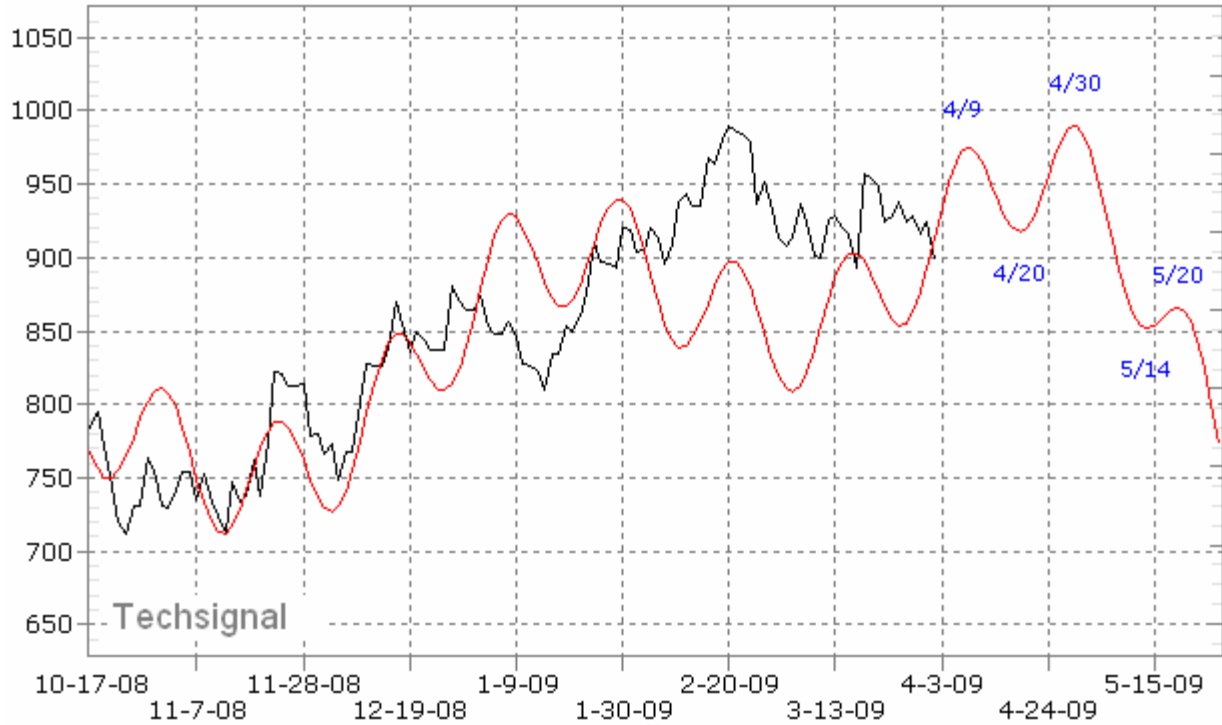
Daily T-Bonds 30 Yr.

T-Bonds 30Yr CBT Pit TQ
Daily



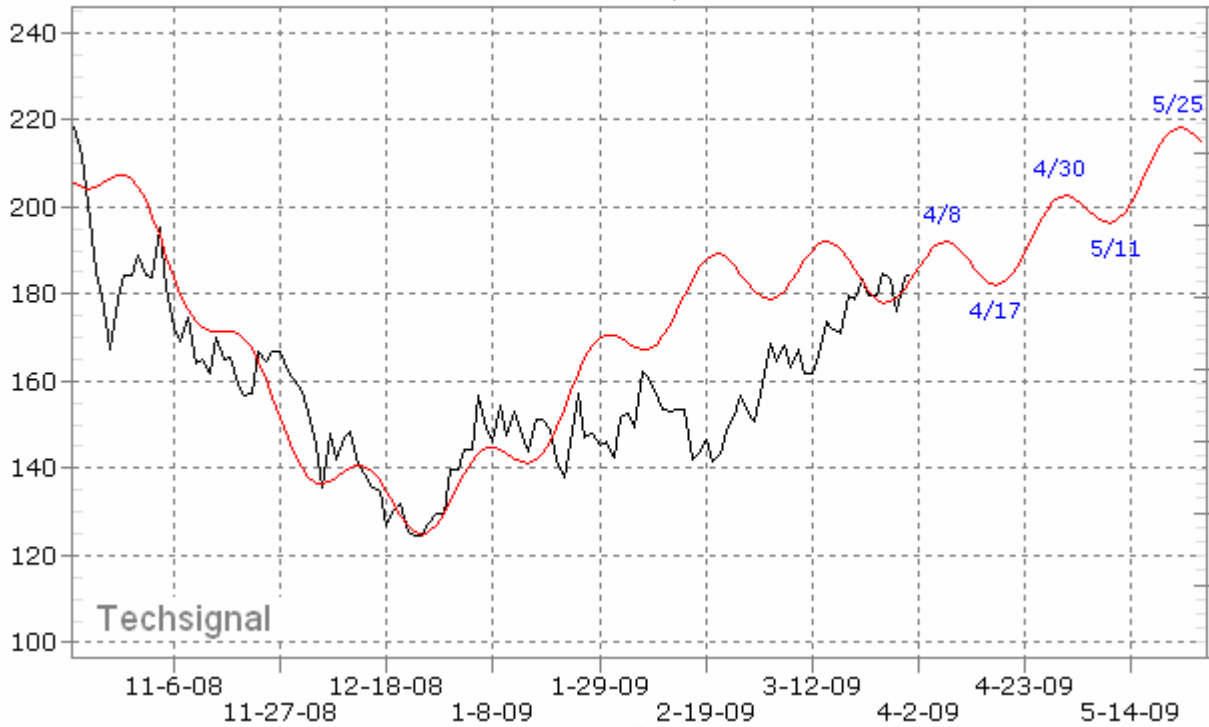
Daily Gold

Gold Comex (Pit) Cas GC
Daily



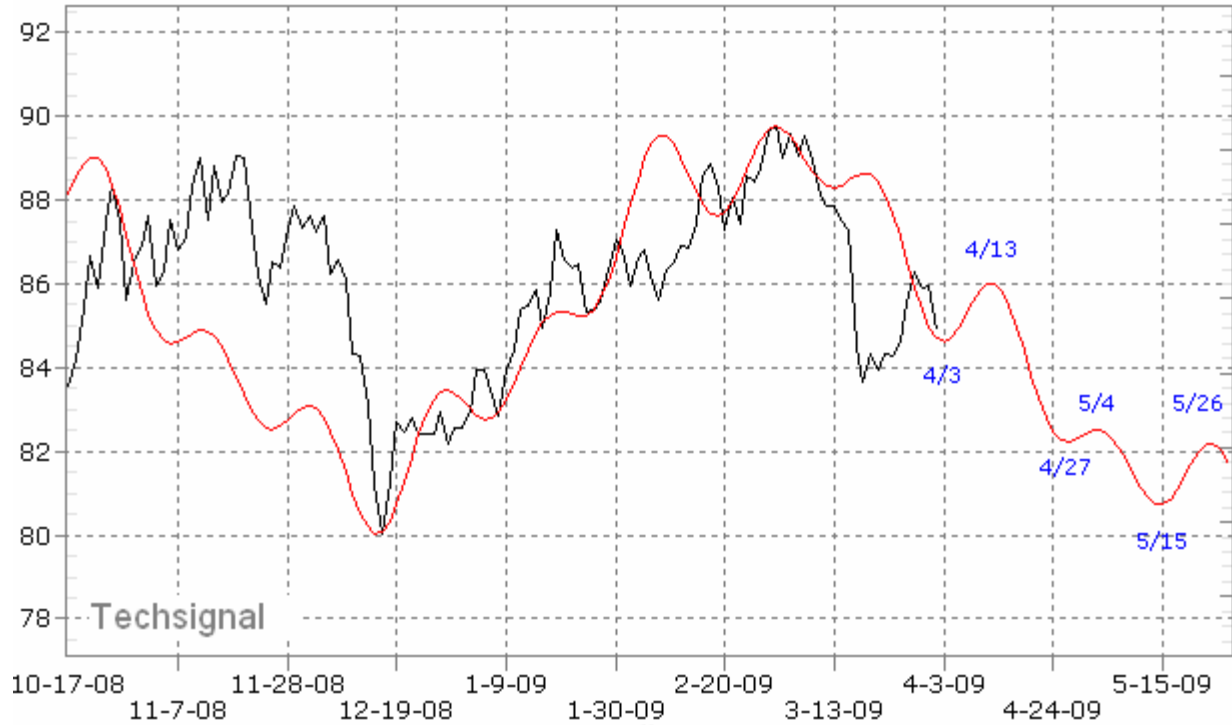
Daily Copper

Copper HG NYMX (Pit) HG
Daily



Daily US Dollar

US Dollar Index (ETH DX)
Daily



Daily Euro EU

Euro FX (Pit) Cadj L EU
Daily

