

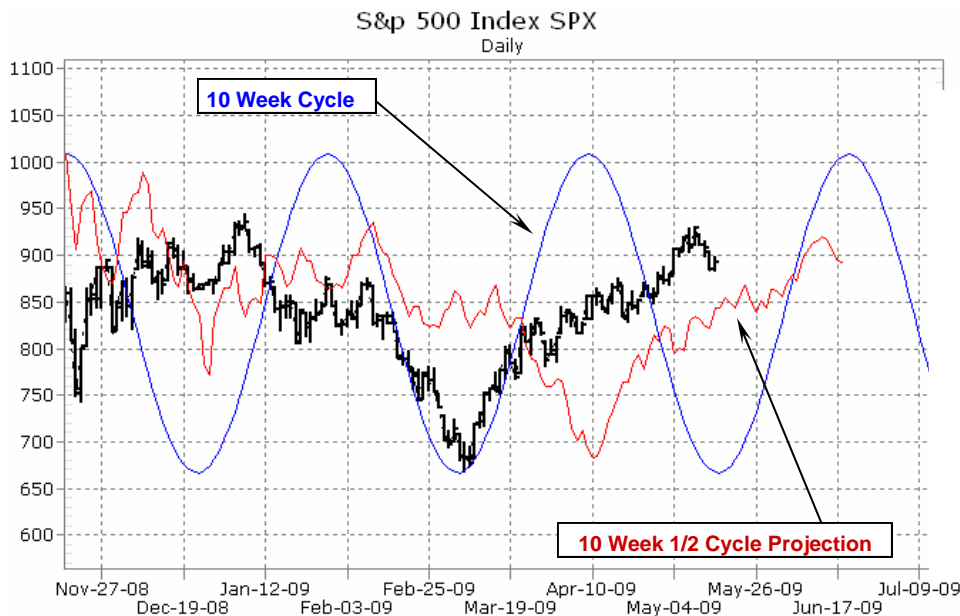
Cycle Projections

APRIL-MAY 2009

STOCKS, INTEREST RATES, ENERGY, METALS AND FOREIGN EXCHANGE

Is it still a Bear market rally?

The rally out paced our cycles this last month. We have felt that this current rally was a bear market rally but now that the current rally has risen to almost 40% it is harder and harder to make the statement that this is a bear market rally. But there are other issues. In 2002-2003 we had two significant rallies: one was a 25% rally and the other 24%, significantly less than the current rally. The facile definition of a bull market rally is a rally of more



than 20%. I add one more dimension. It must structurally be a bull market. In 1932 the market rallied from around 40 on the Dow to 187, which is 300% plus rally. I do not think the structure was bullish. Nor do I think the rallies in 2002 there were bull market rallies. Structure can be a vague term but what I mean is that what caused the bear market has been mostly resolved. In 1987 the selling of US bonds and the fall of the US dollar mostly was resolved and the selling pressure ended and we had

a bull market. In 2002-2003 we saw many of issues that brought the market down begin to be resolved in mid 2003 but not 2002. The tech bubble was no longer a bubble and 9/11 was over. In other words we got back to normal. In 1932 nothing had been resolved and we did not get back to normal and that brings us back to 2009. We have not resolved anything yet. In fact we are in the middle of the biggest change in governmental change since the 1930s and that structure was bearish. In essence I consider this rally a bear market rally because the economic woes have not been resolved nor healed and are not likely to be this year. If anything they are being made more complicated by government interference. This is real change but not the kind I can believe in. **Equities:** The market is turning down toward the 10-week half cycle projection which is bearish and could give a projection as low as 770 basis the S&P 500 Cash. We still are recommending ETFs, like SSO, but we will be also recommending individual stocks. For those wanting information on half cycle projections call the Foundation. **Bonds:** We remain negative on bond prices. We expect a choppy market. **Energy:** The important 15-week cycle continues up but we believe this is a large trading range. The ceiling is near 70 and the floor near 40.. **Metals:** Gold is completing its 15-week cycle high and will turn bearish.. **Foreign Exchange:** The 15-week cycle in the US dollar is now turning up and should rally into mid June.

Written 5/15/09

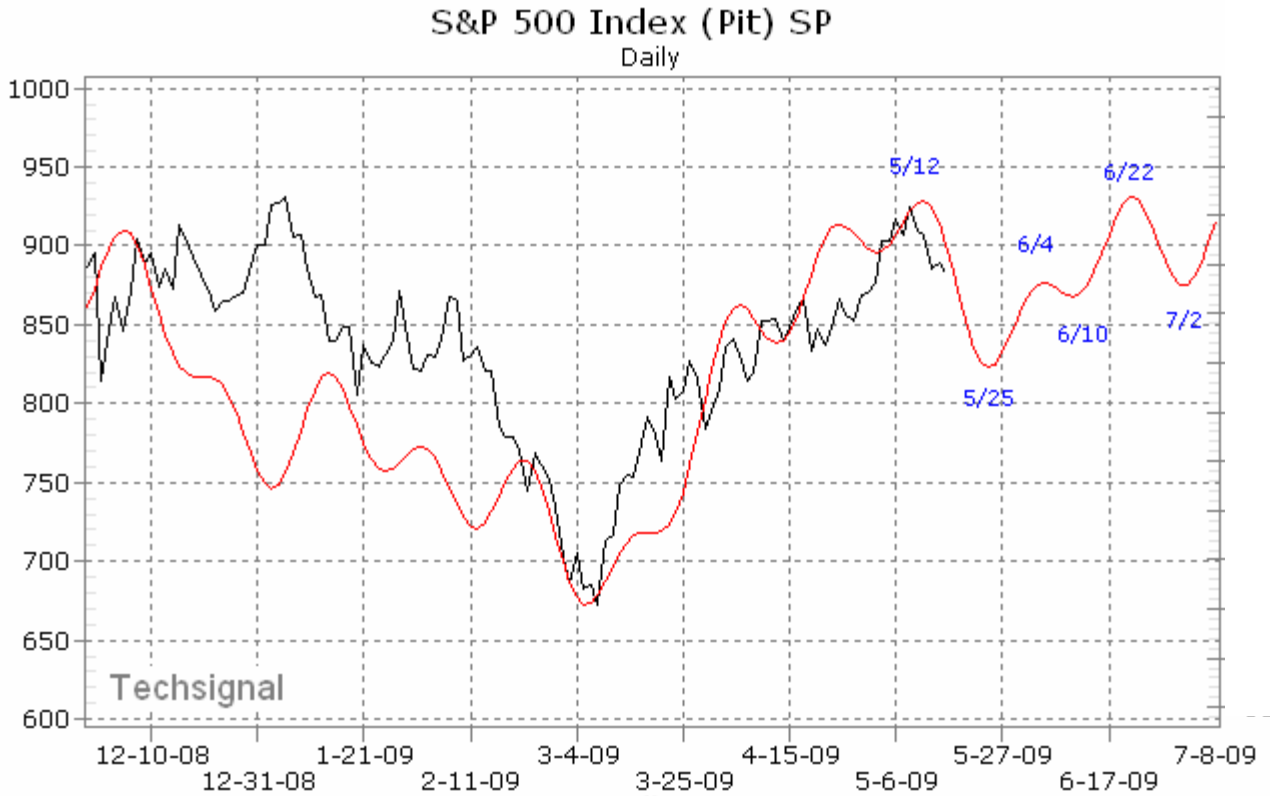
Cycle Projections

ISSN 1055-1700

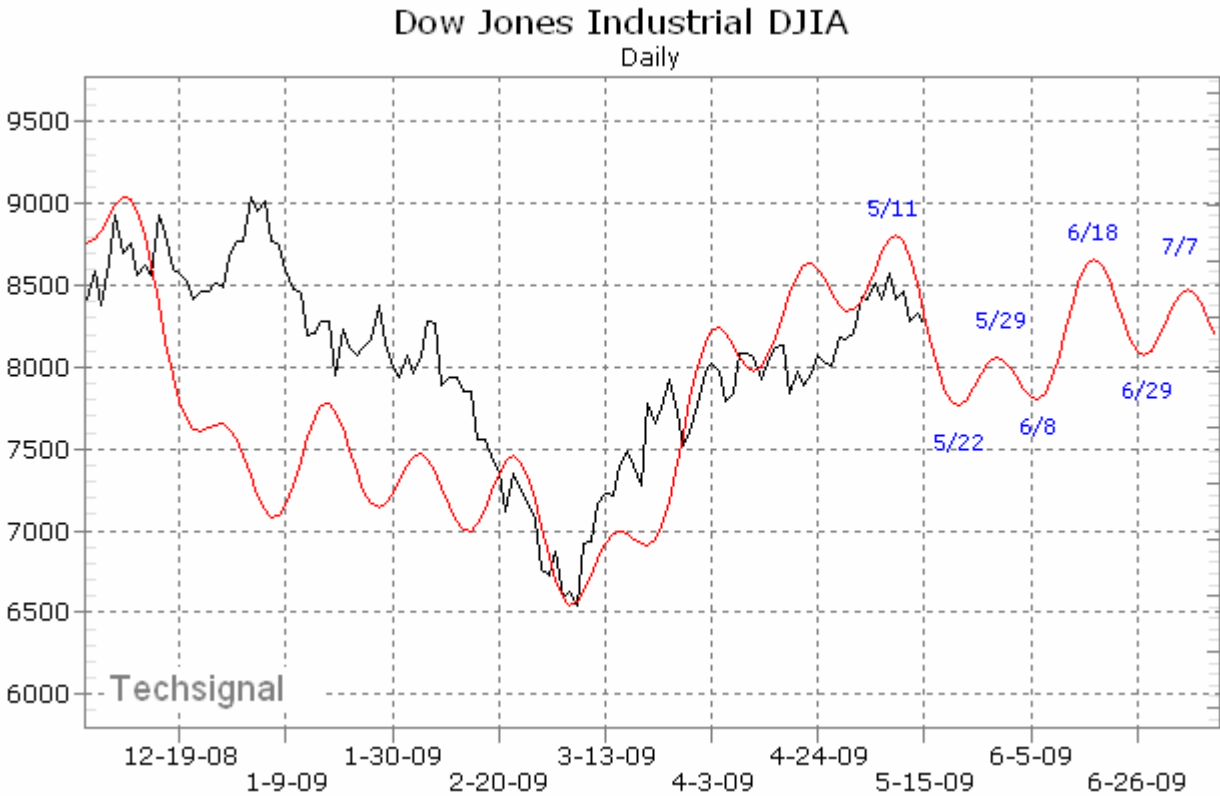
Published Monthly by the Foundation for the Study of Cycles

2929 Coors Blvd NW Suite 102-D
Albuquerque New Mexico 87120

Daily S&P 500

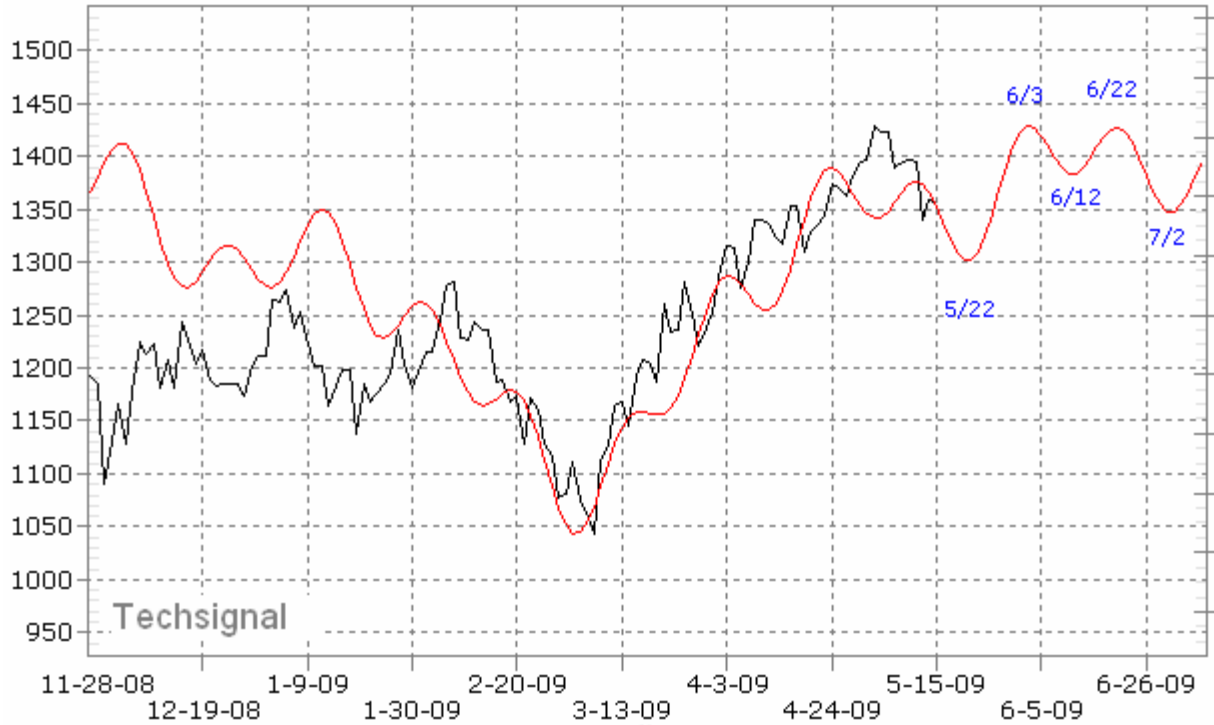


Daily Dow Jones Industrials



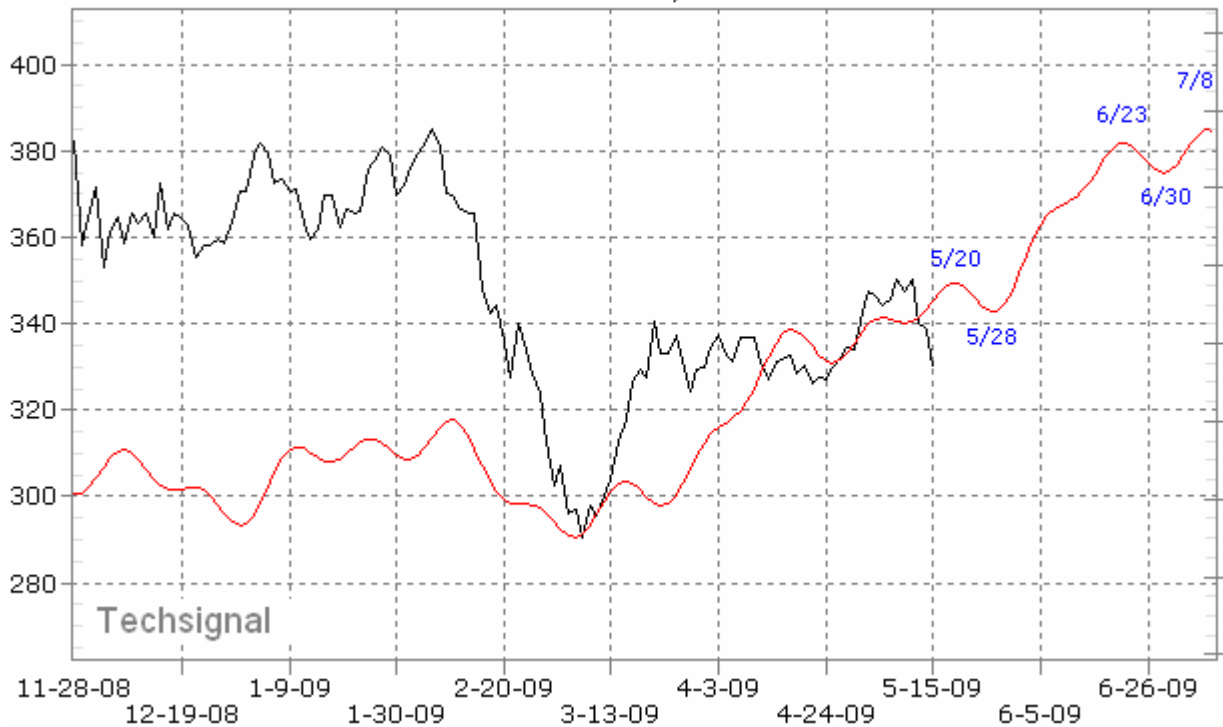
Daily Nasdaq 100

Nasdaq 100 (Pit) Cas ND
Daily



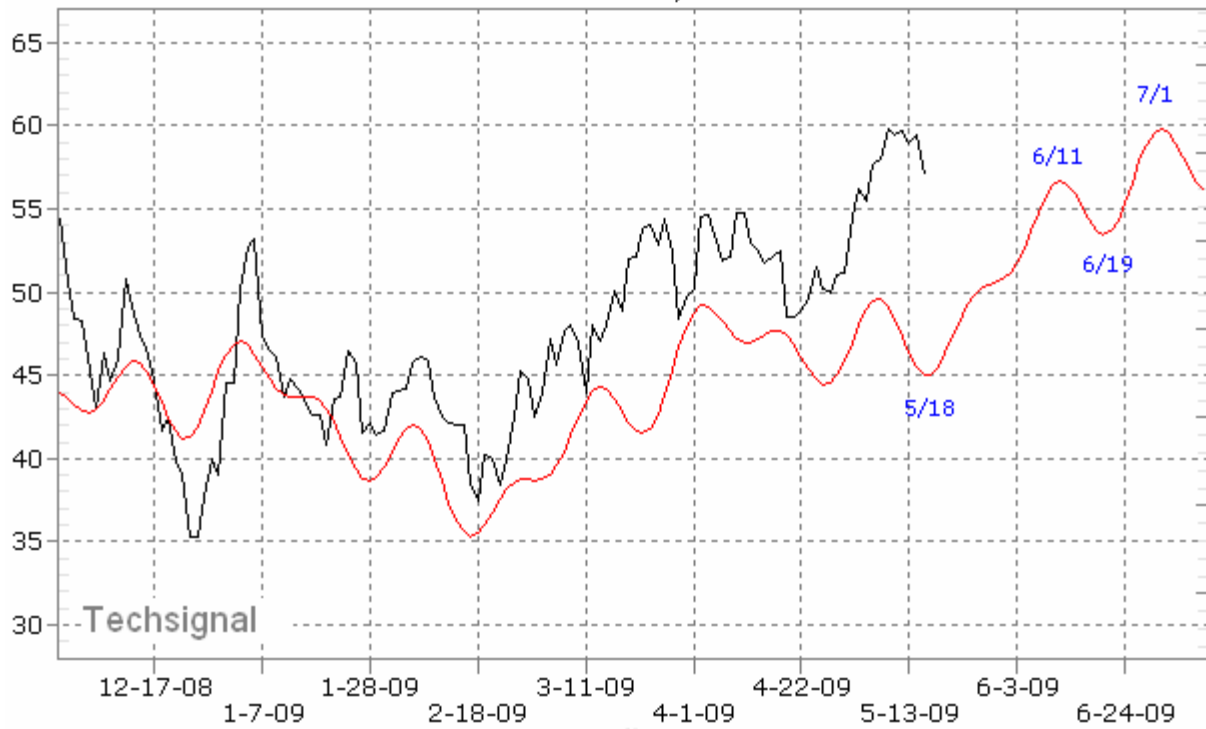
Daily Dow Jones Utilities

Dow Jones Utilities DJUA
Daily



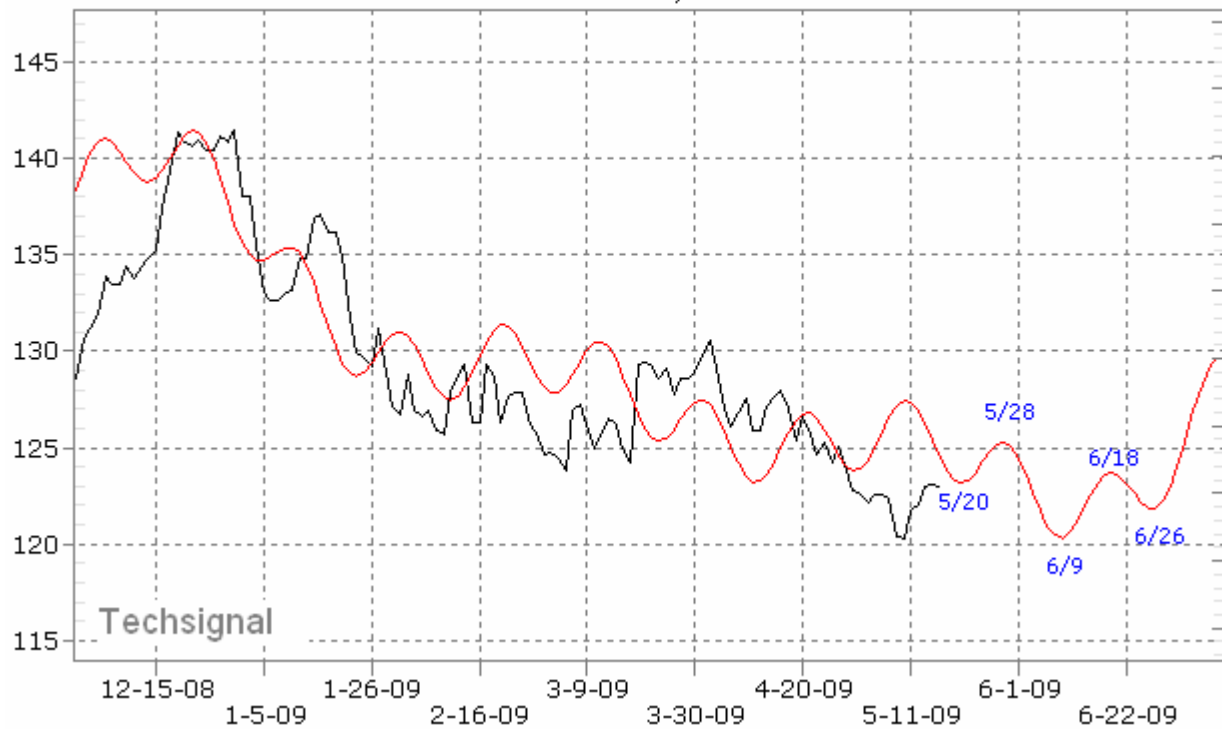
Daily Crude Oil

Crude Oil NY (Pit) C CL
Daily



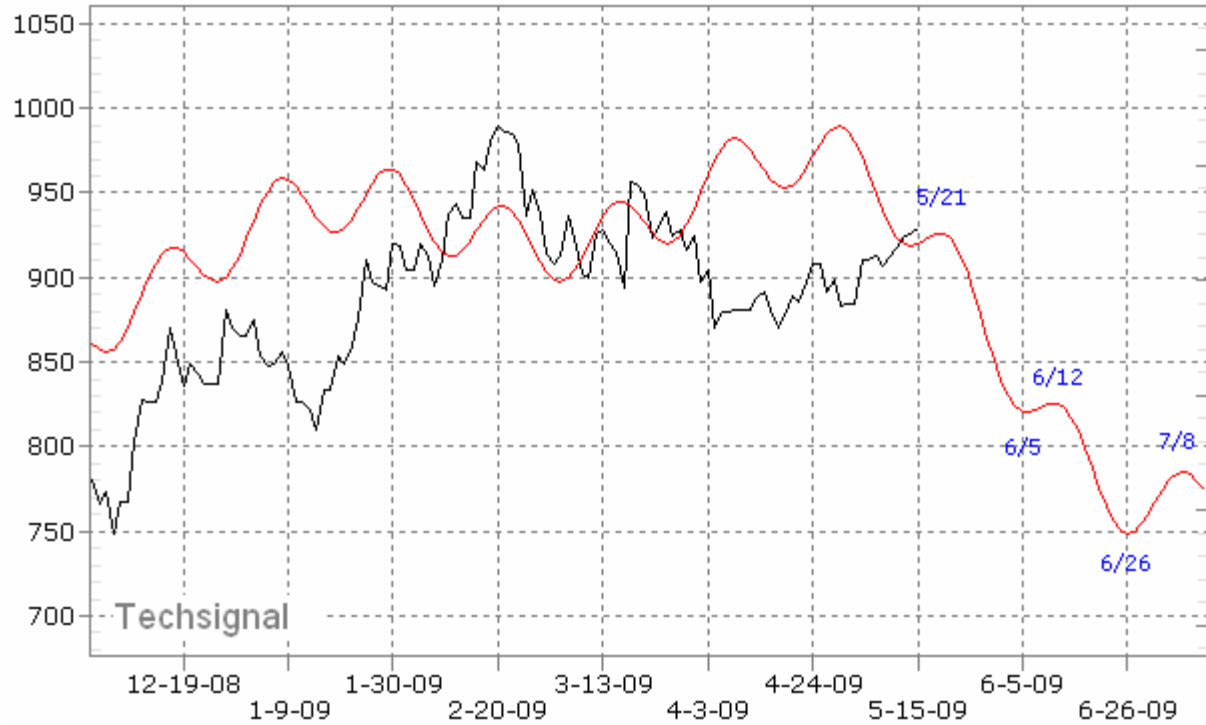
Daily T-Bonds 30 Yr.

T-Bonds 30Yr CBT Pit TQ
Daily



Daily Gold

Gold Comex (Pit) Cas GC
Daily



Daily Copper

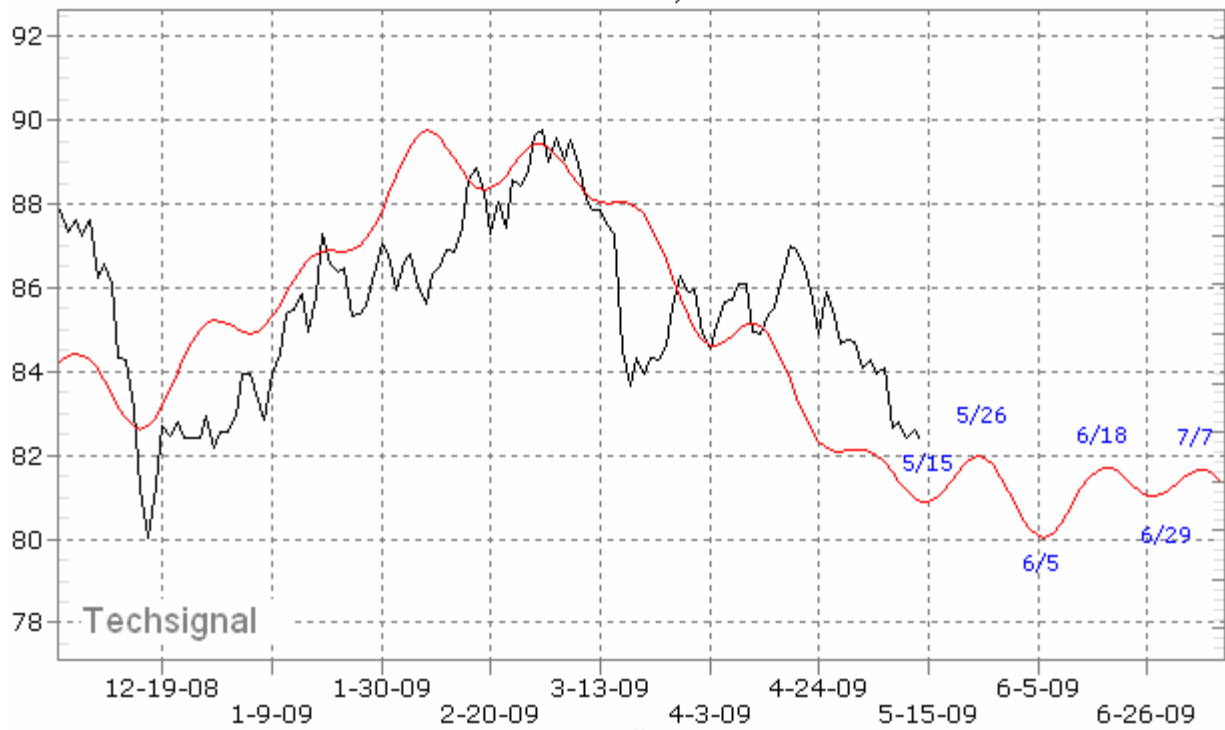
Copper HG NYMX (Pit) HG
Daily



Daily US Dollar

US Dollar Index (ETH DX)

Daily



Daily Euro EU

Euro FX (Pit) Cadj L EU

Daily

