

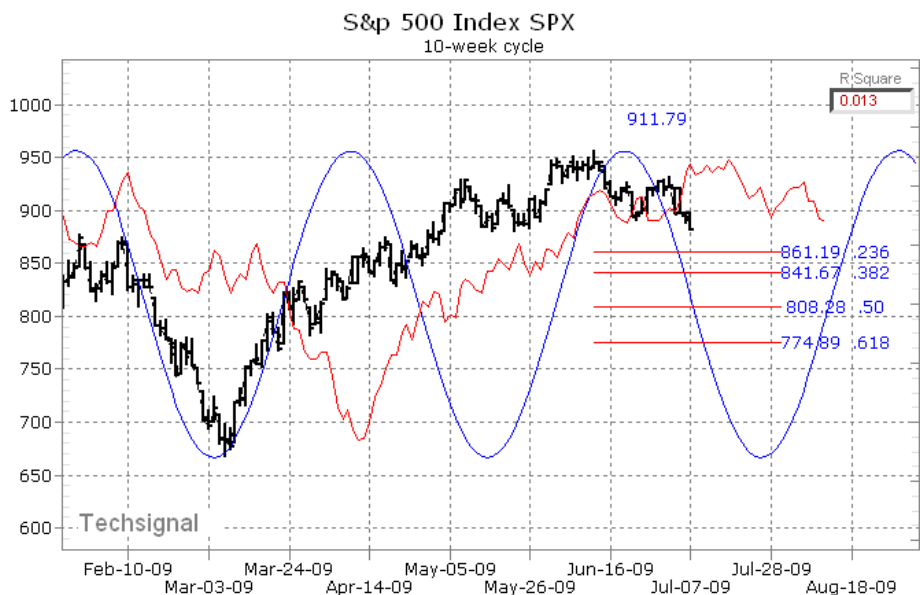
Cycle Projections

JUNE-JULY 2009

STOCKS, INTEREST RATES, ENERGY, METALS AND FOREIGN EXCHANGE

Green shoots in a dry summer

When so many are saying the storm is over the question lingers are we in the eye of a hurricane or is the storm really over? Time of course will tell us the real story but there is some evidence that we are not done with the downside. The first sign is that the market has moved up significantly with virtually no



corrections and then flattened out since May. The important 10-week cycle had an inversion in May. It pointed to lower prices but instead it put in two highs in a row. The Hurst half cycle projection now calls for a low below 871. We have come close to that level but we are far above the minimum support at 861. This support is based upon the move from the March 9th level. The important equity cycles, the 24 and 40-month cycle have bottomed and we should see higher prices until the beginning of 2010, but that rally needs an in-

intermediate correction, the one to which the 10-week cycle is now pointing. None of the problems that brought the markets down have been resolved. If anything they have been made worse by the policies coming out of Washington. The bottom line is that the so called green shoots will likely wither this summer.

Equities: We expect a correction in stocks. We are now ready to buy individual stocks as well as ETFs.. **Bonds:** We are now bullish on bonds but short term only. Longer term we think bonds will continue in a trading range as the longer cycles in yields complete its bottom.. **Energy:** The 15-week cycle is now turning down. We initially expected a trading range between 70 and 30, but now it appears that it will be a bit higher a range.. **Metals:** Gold is now down like crude oil. It too has an important 15-week cycle and it is now down. **Foreign Exchange:** The US dollar is still working a 15-year cycle bottom and is locked in a trading range. If crude and gold decline we should see some upside in the US dollar but in the context of a major bottom

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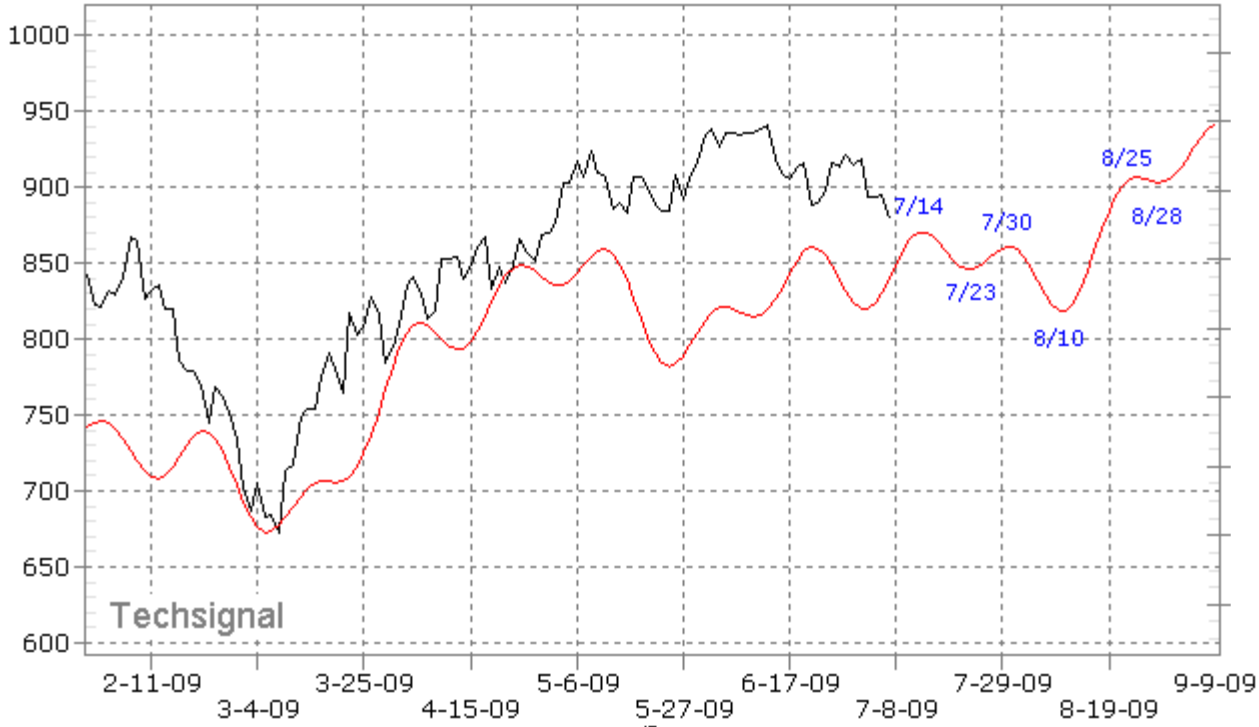
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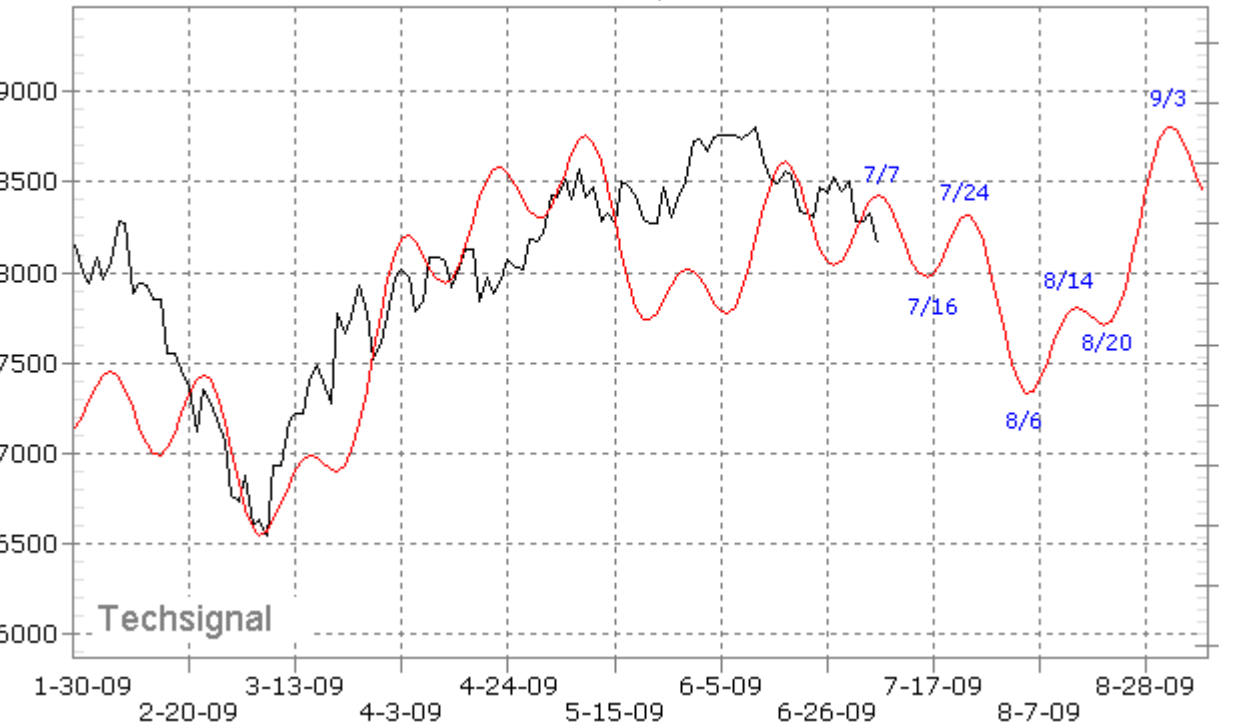
Daily S&P 500

S&P 500 Index (Pit) SP
Daily



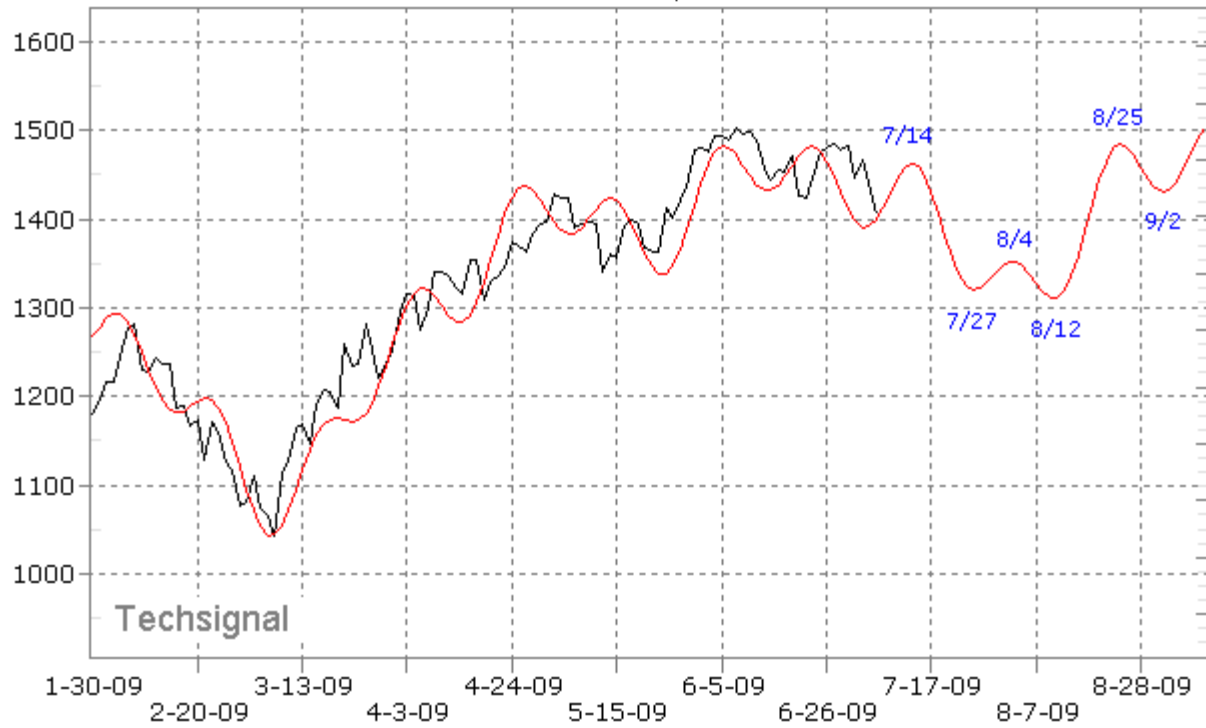
Daily Dow Jones Industrials

Dow Jones Industrial DJIA
Daily



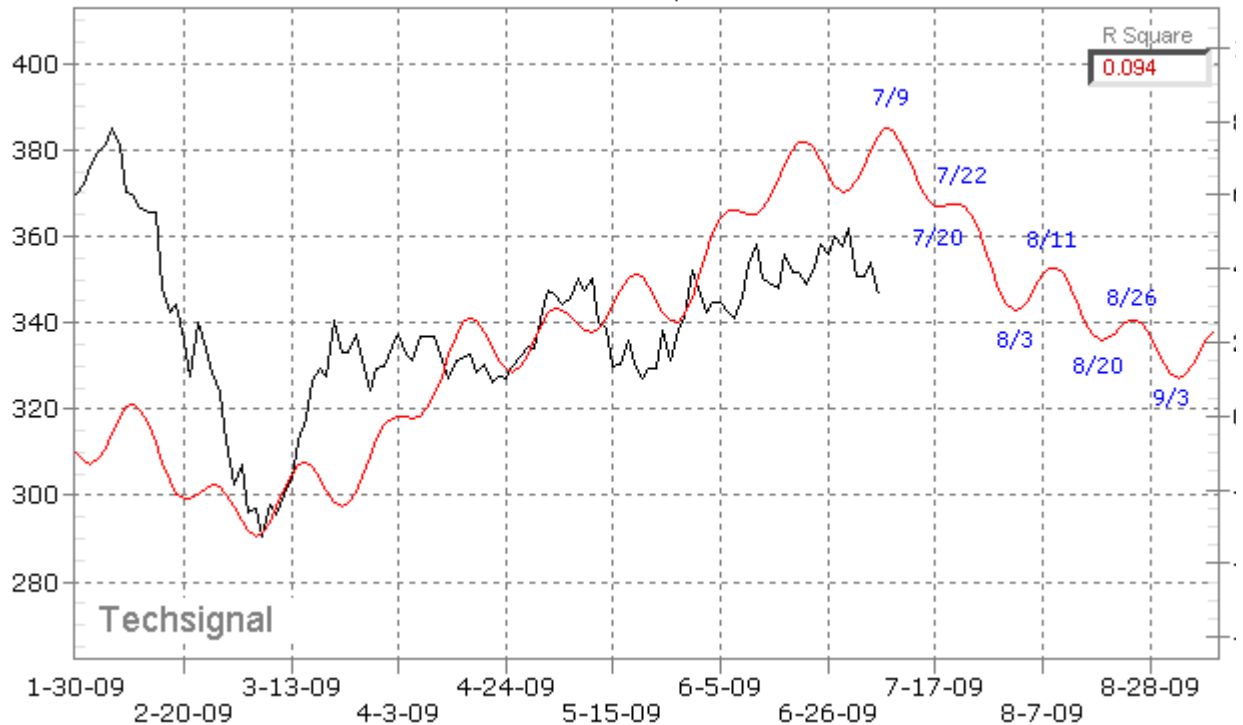
Daily Nasdaq 100

Nasdaq 100 (Pit) Cas ND
Daily



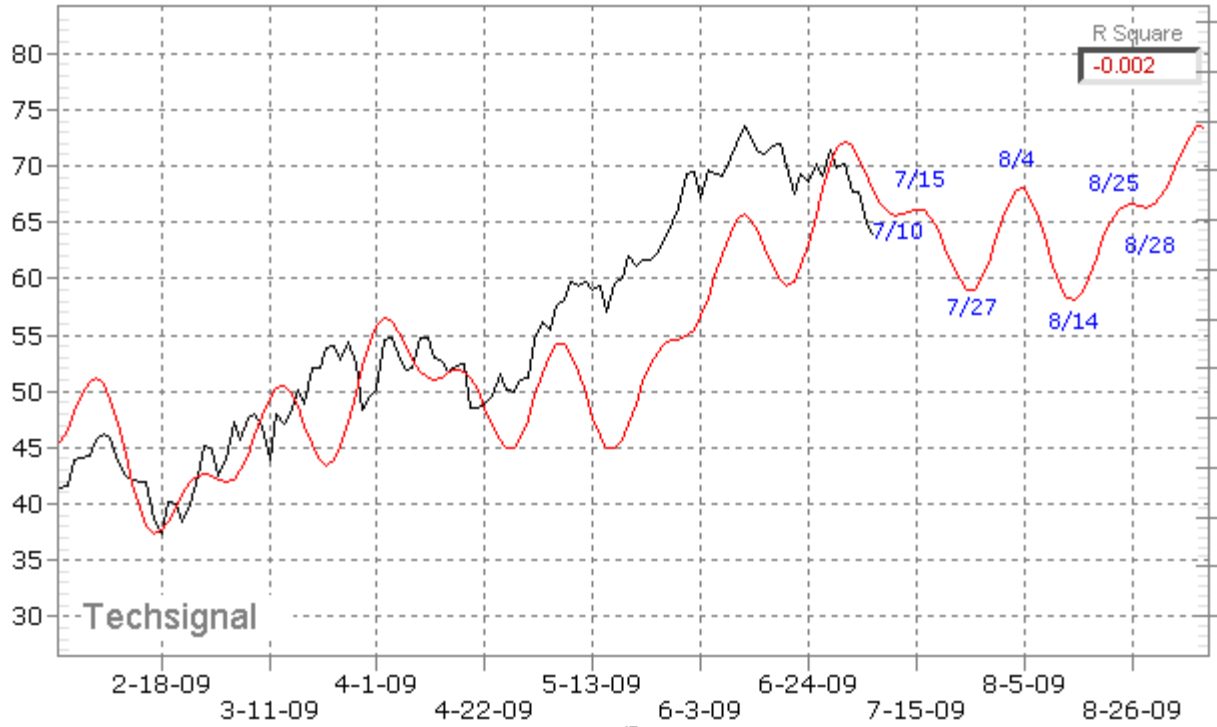
Daily Dow Jones Utilities

Dow Jones Utilities DJUA
Daily



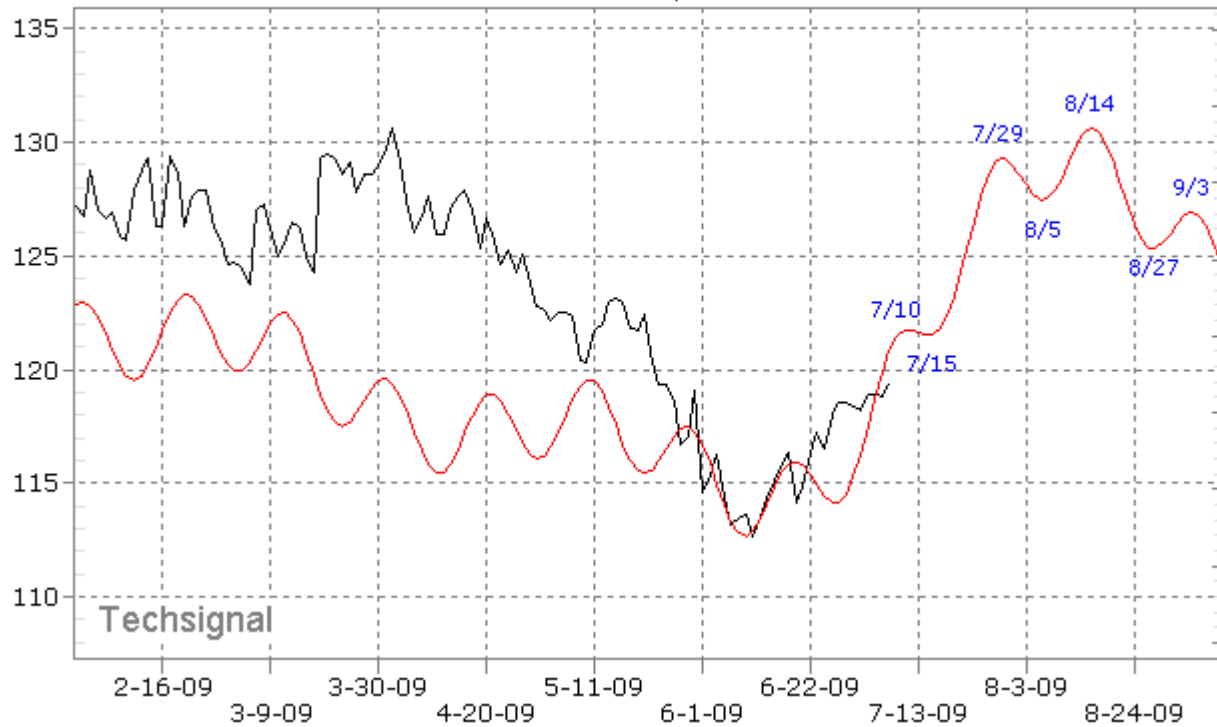
Daily Crude Oil

Crude Oil NY (Pit) C CL
Daily



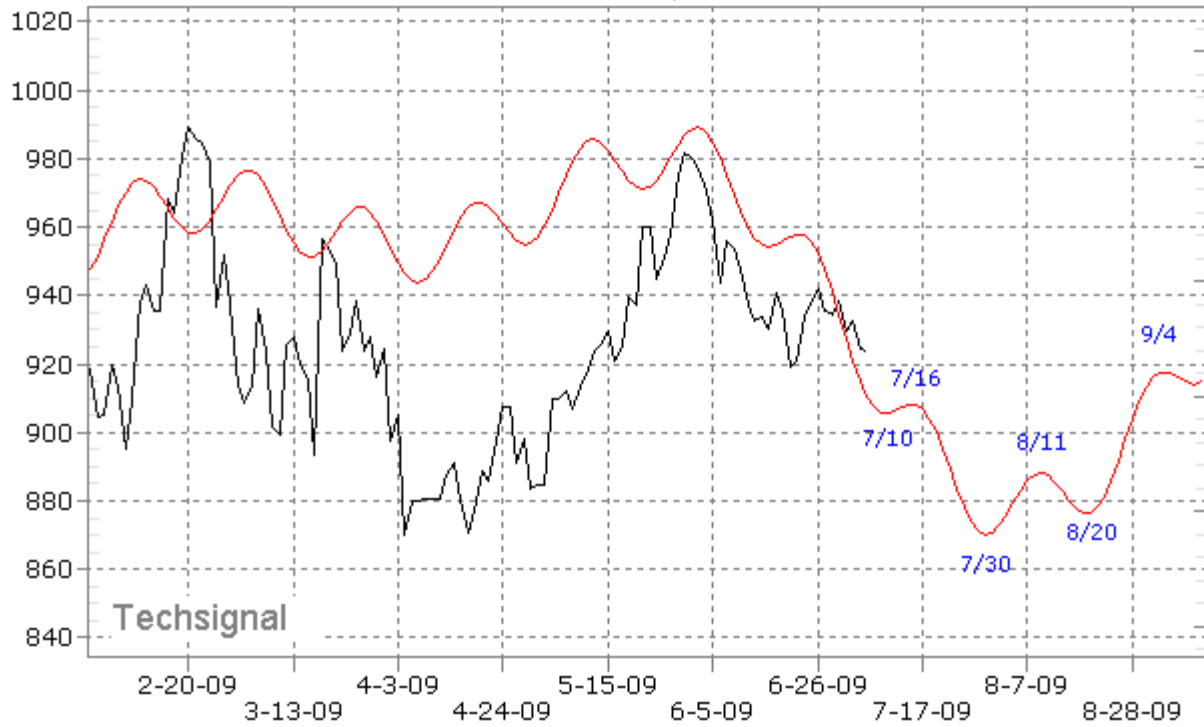
Daily T-Bonds 30 Yr.

T-Bonds 30Yr CBT Pit TQ
Daily



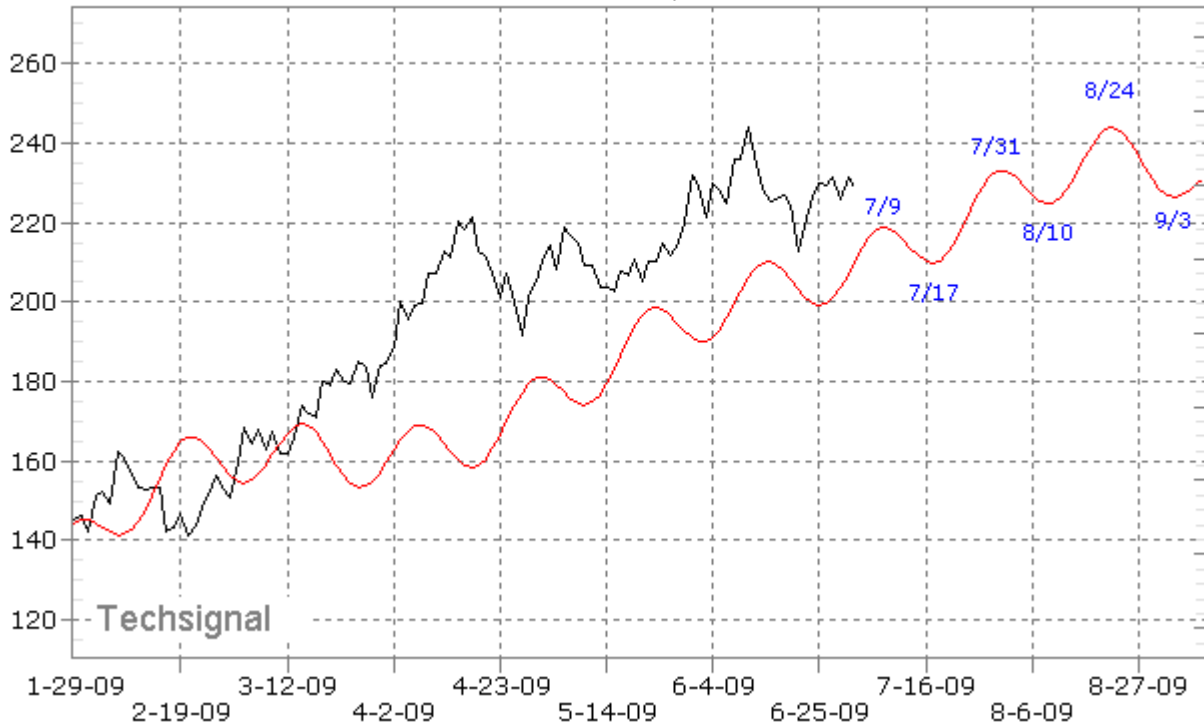
Daily Gold

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

