

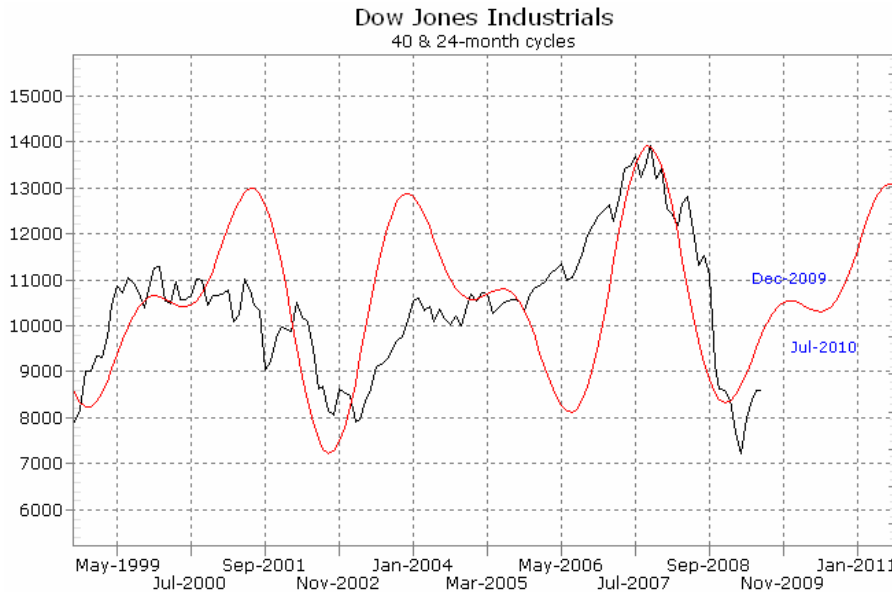
Cycle Projections Stocks

AUGUST-SEPTEMBER 2009

STOCKS, INTEREST RATES, ENERGY, METALS AND FOREIGN EXCHANGE

Waiting for Godot or a Correction, Is it futile?

Waiting for a correction is a little like Beckett's play where two men wait for Godot to arrive and of course he never does arrive and neither did the summer correction. Now of course those who are still waiting for Godot are now pointing to the fall and this commentator is not among them. The market will now have to demonstrate that it is ready to correct and it has only just begun that process.



I want to be clear that the underpinnings of this rally are not strong, and I have not changed my mind about the fact that we have not fixed the economic problems that caused the bear market. This basically means that we will have another significant correction; but whether it is in the fall or next spring is the issue.

I now favor that the correction will come after December of 2009 or at the latest the spring of 2010 due to the 40 & 24-month cycles that show a correction at that time. This is pictured in the

cover graph of the 40 and 24-month cycles.

Equities: We now expect the markets to roll over and the best case scenario is a correction like June of 2009. We recommend scaling out of long positions and buying inverse ETFs.

Bonds: We are neutral on bonds due to the major distortions created by the economic crisis. The only thing bullish for bonds would be a flight to quality; but it is not clear how much quality is left in US debt.

Energy: We are neutral to bearish in crude and the 15-week cycle is turning down. Demand should continue sub par for the complex.

Metals: The cycles are bullish, but we are in a longer term trading range in precious metals. We are bullish but not until next year. This is an opportunity to accumulate positions for the next rally.

Foreign Exchange: The US dollar will need to fall if Gold is to rally; but again we expect that to happen in the next few weeks.

Written 8/11/09

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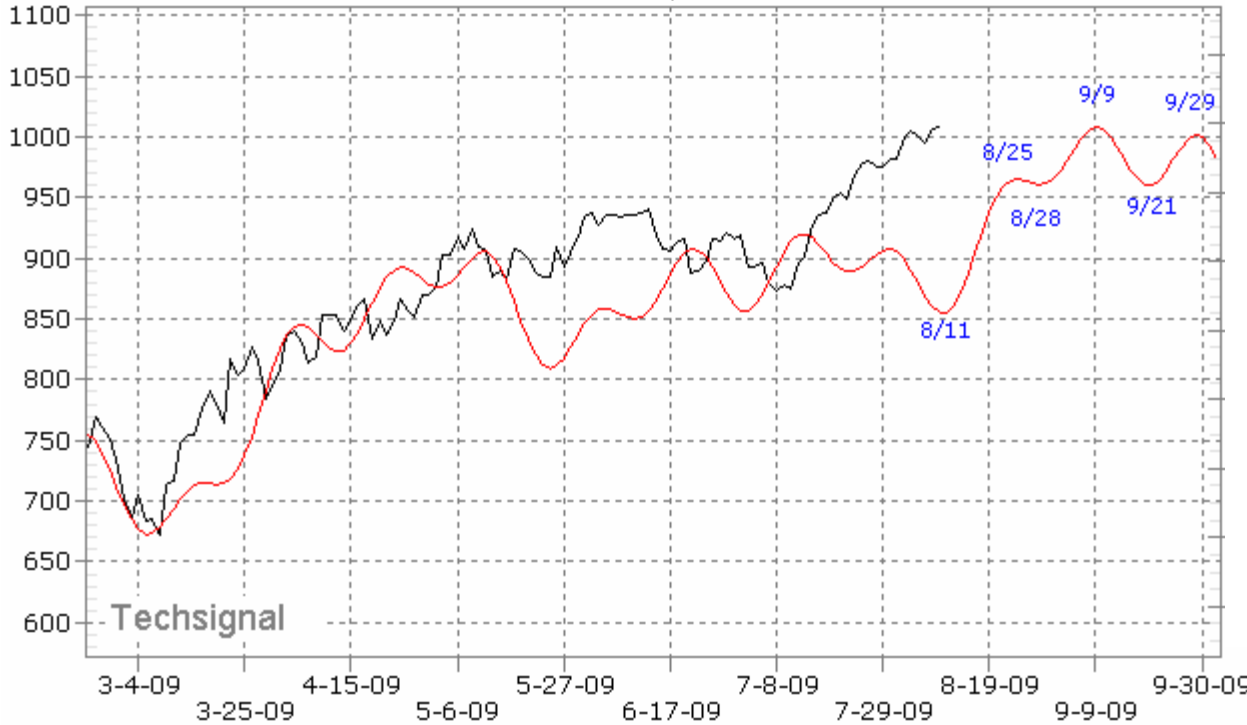
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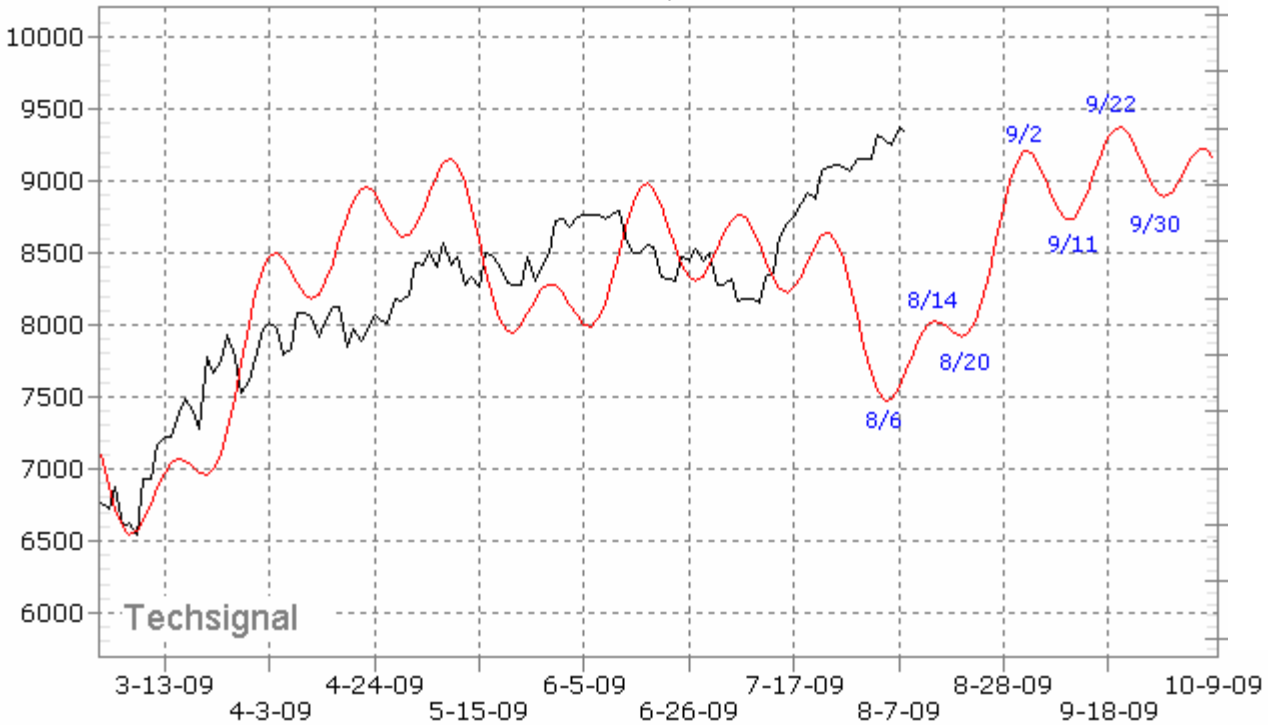
Daily S&P 500

S&P 500 Index (Pit) SP
Daily

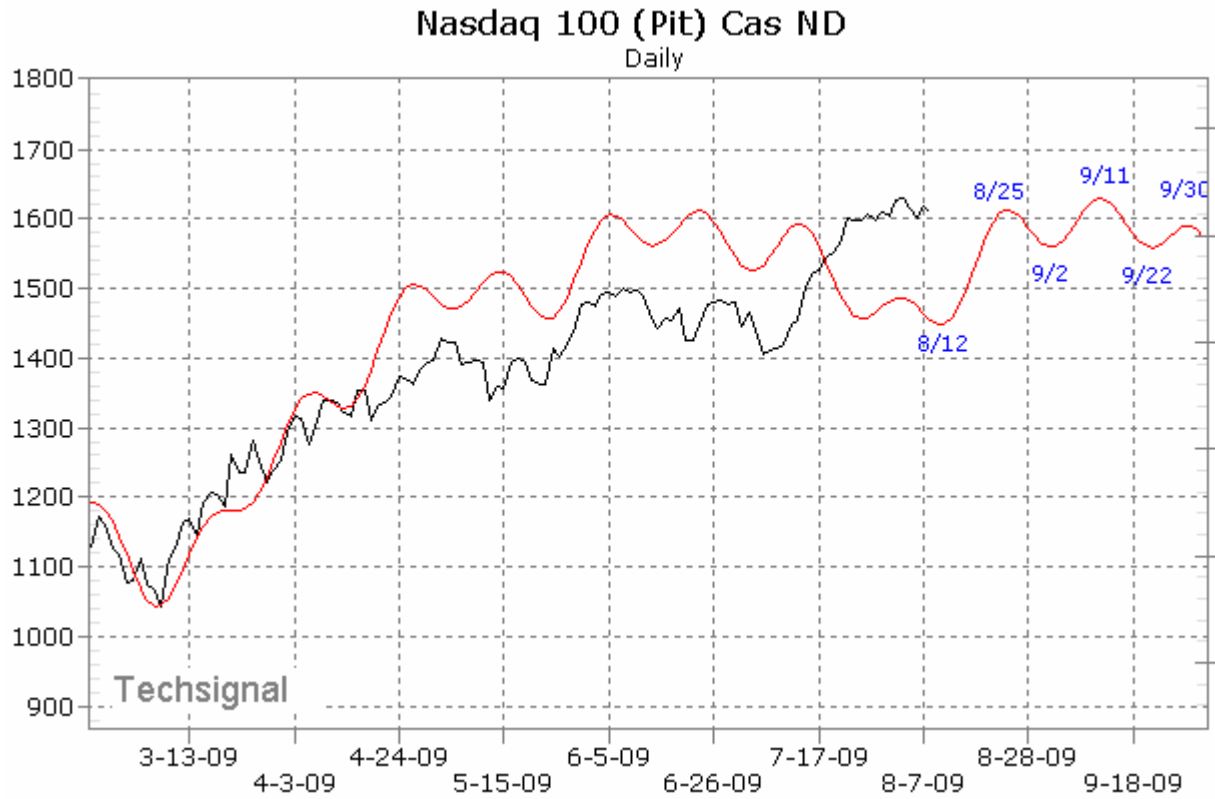


Daily Dow Jones Industrials

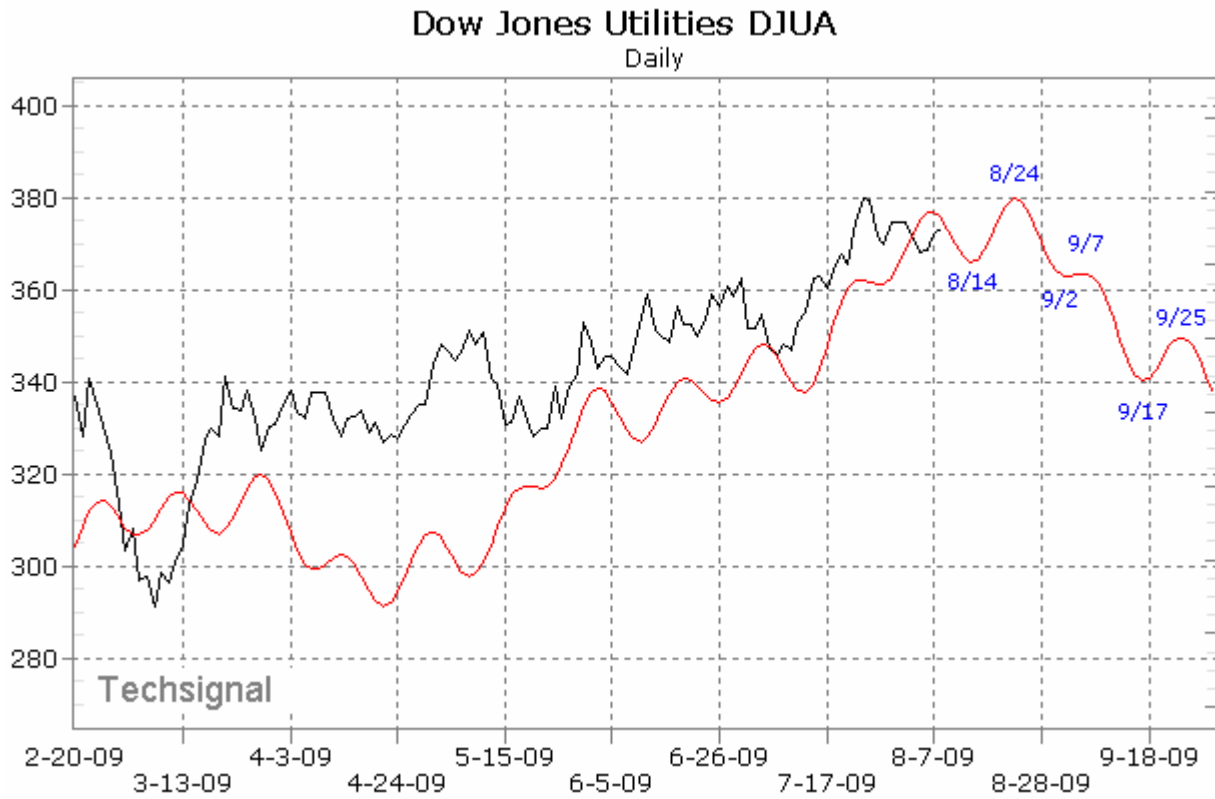
Dow Jones Industrial DJIA
Daily



Daily Nasdaq 100

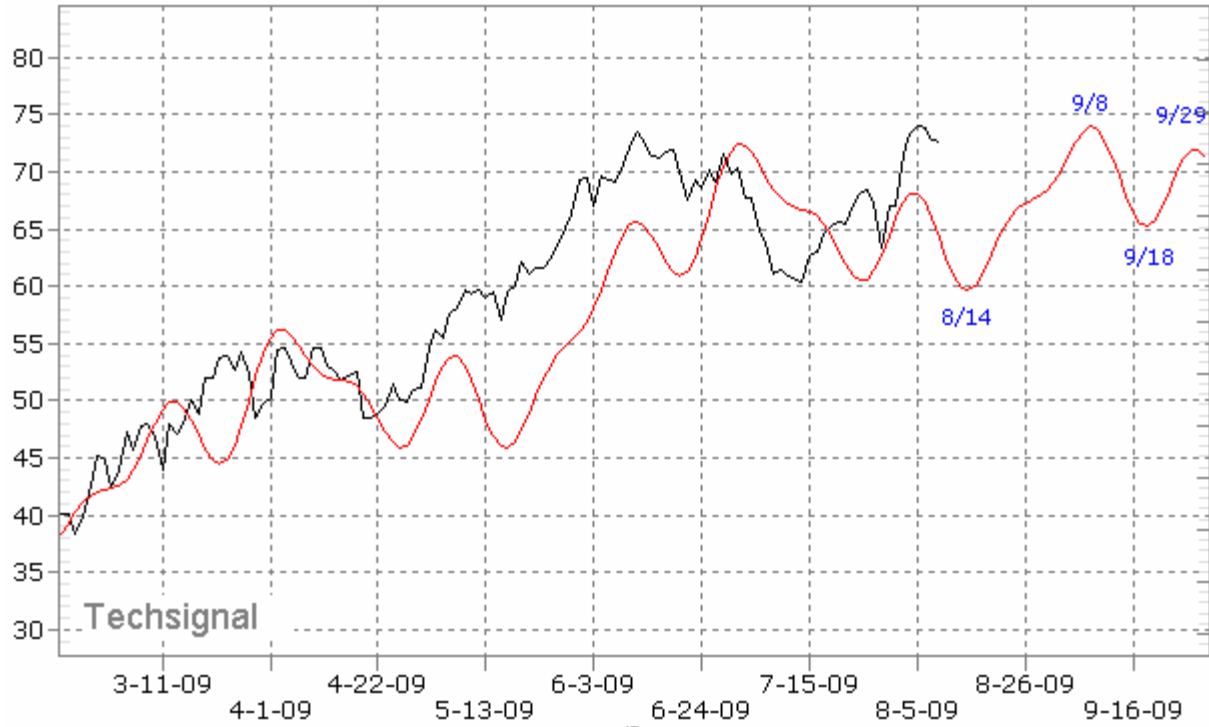


Daily Dow Jones Utilities



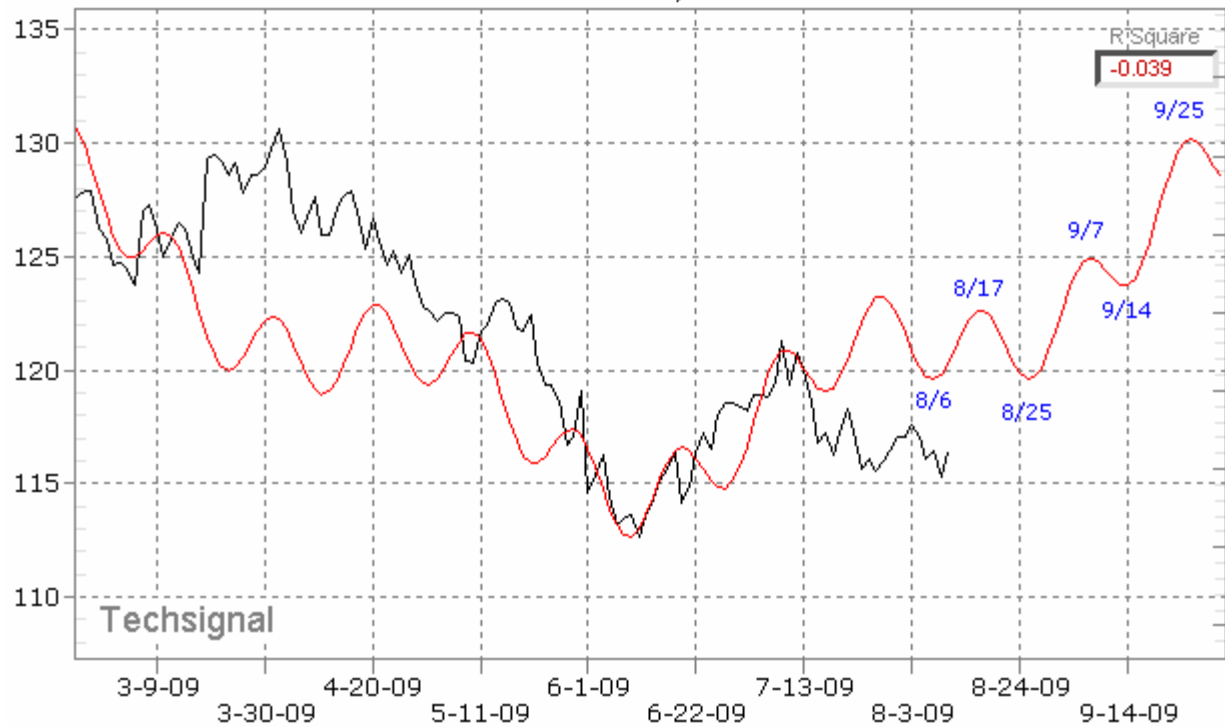
Daily Crude Oil

Crude Oil NY (Pit) C CL
Daily



Daily T-Bonds 30 Yr.

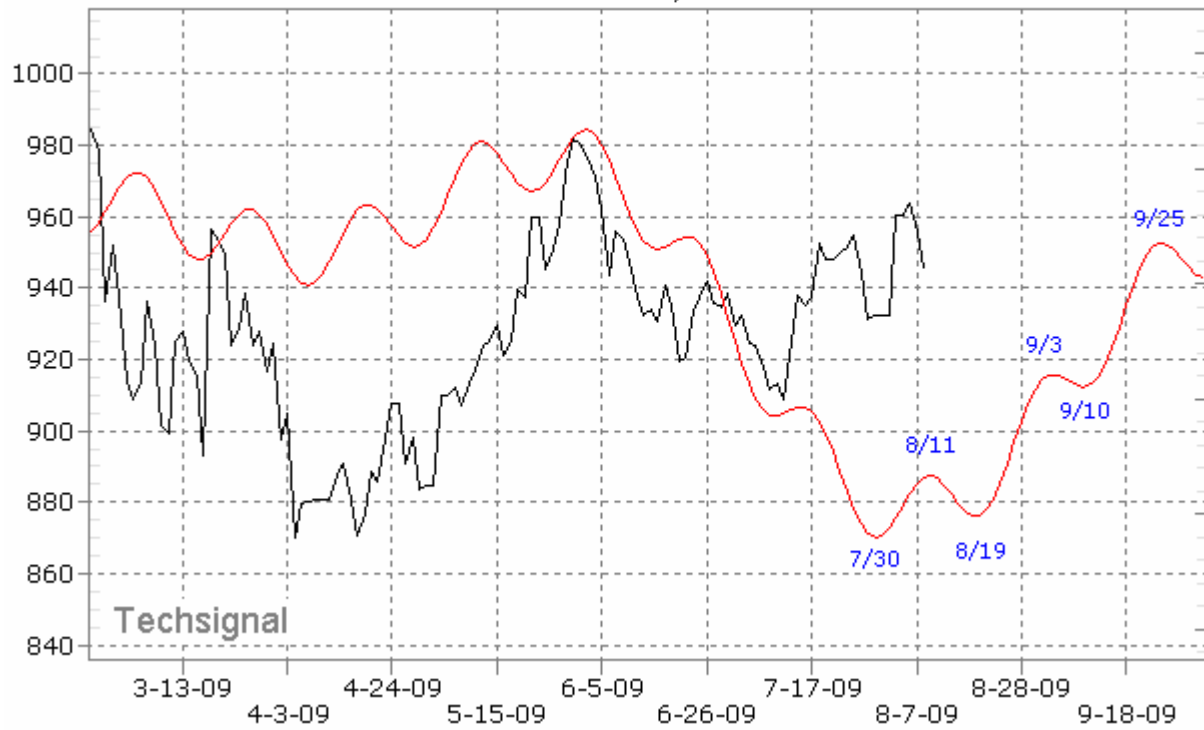
T-Bonds 30Yr CBT Pit TQ
Daily



Daily Gold

Gold Comex (Pit) Cas GC

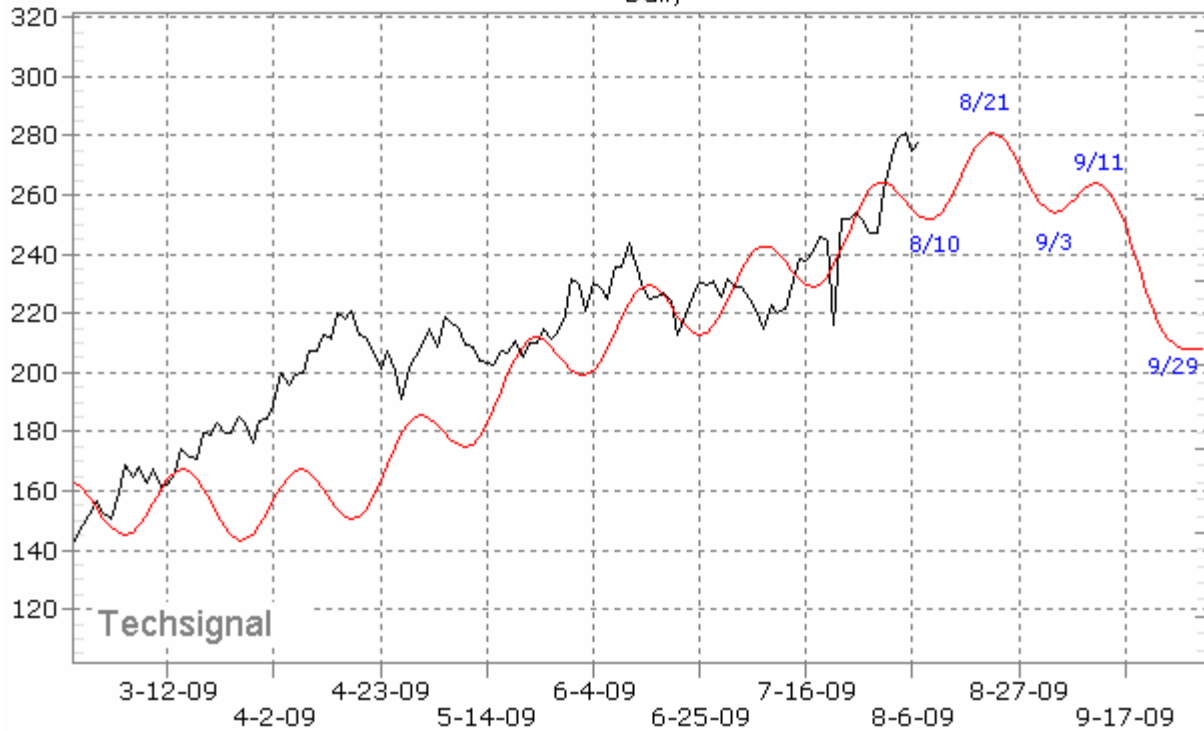
Daily



Daily Copper

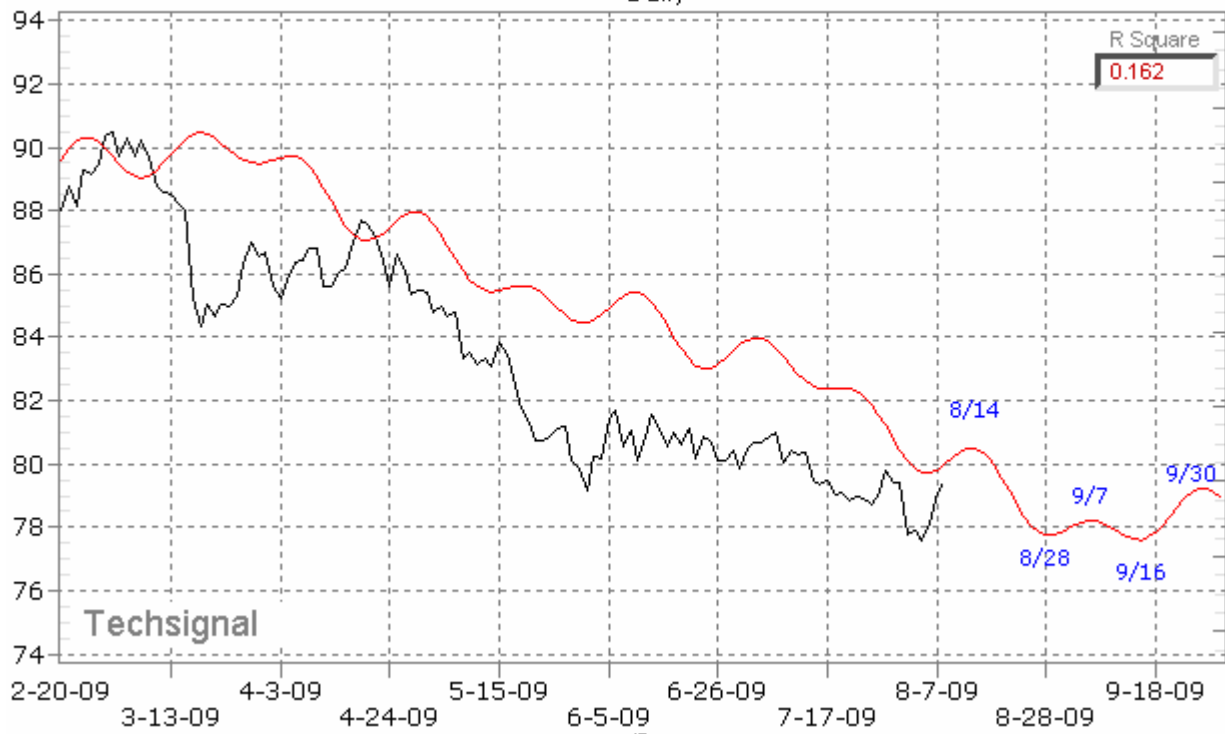
Copper HG NYMX (Pit) HG

Daily



Daily US Dollar

US Dollar Index (ETH DX)
Daily



Daily Euro EU

Euro FX (Pit) Cadj L EU
Daily

