

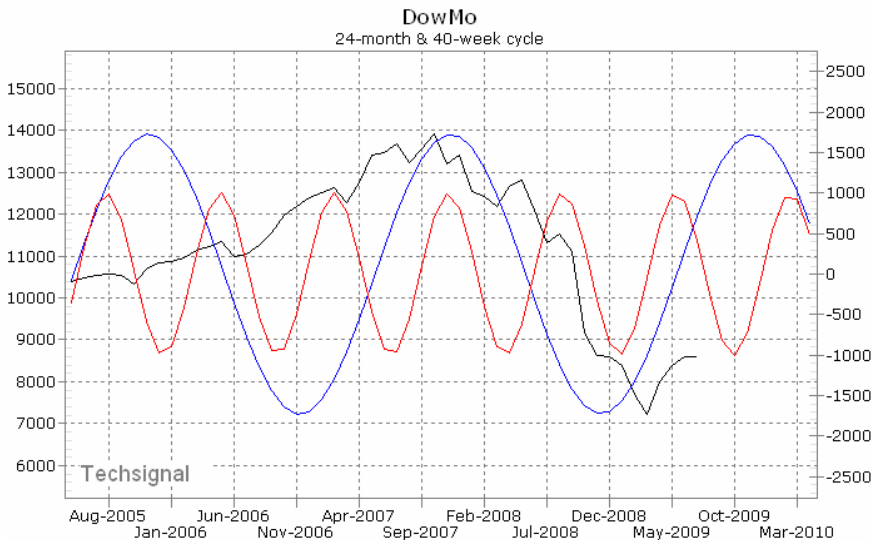
# Cycle Projections Stocks

OCTOBER-NOVEMBER 2009

STOCKS, INTEREST RATES, ENERGY, METALS AND FOREIGN EXCHANGE

## Which way will the cycles go?

There are two competing cyclic forces. One is the 24-month cycle which is up and the other is the 40-week cycle which is down. The 40-week or 9-month cycle occurs a little under three times in one 24-month cycle. This generally produces an inversion in the 9-month cycle as it did in March of 2009 when this cycle made two lows in a row instead of alternating between a low and a high. In short the November low was followed 4 months later by another low and not a high.



It now calls for a short-term high as the 40 and 24-month cycles are positive. How strong will the 9-month cycle decline be? Rarely have the corrections of the 9-month cycle been deep, much more like the correction in mid 2007. Reviewing the (30) 24 month rallies since World War II, there have been no deep 9-month corrections. Therefore we expect a shallow correction this year and then the rally to begin around

Thanksgiving.

The expected correction, albeit weak, will have its strongest downside over the first two weeks of October. The 10 and 20-week cycles also bottom over the next 6 weeks: first the 10-week and then the 20-week after the end of October. These both last bottomed in July and we had a very flat correction due to the strength of the rally off the oversold conditions of March 2009. We are no longer oversold.

**Domestic Equities:** We now expect the markets, as stated above, to correct. We still are looking at inverse ETFs but a shallow correction will not produce many profits. It is time to look at picking some stocks for the next rally. **International Equities:** We are more bullish on International equities than domestic, but again, we want to begin to accumulate over the next several weeks. **Bonds:** We remain neutral on bonds. **Energy:** We are short-term bearish on crude, but we remain in a tight range. **Metals:** The cycles are neutral in the metals but we feel it is a time to accumulate longer-term positions on the long side. **Foreign Exchange:** The US dollar base on the 15-week cycle should rally, but overhead resistance is strong. We don't expect anything but a trading range. The Finex index should not get above 82, which is a ways away.

Written 10/5/09

All data used in *Cycle Projections* provided by Genesis Financial Technologies, Inc.  
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**Cycle Projections**

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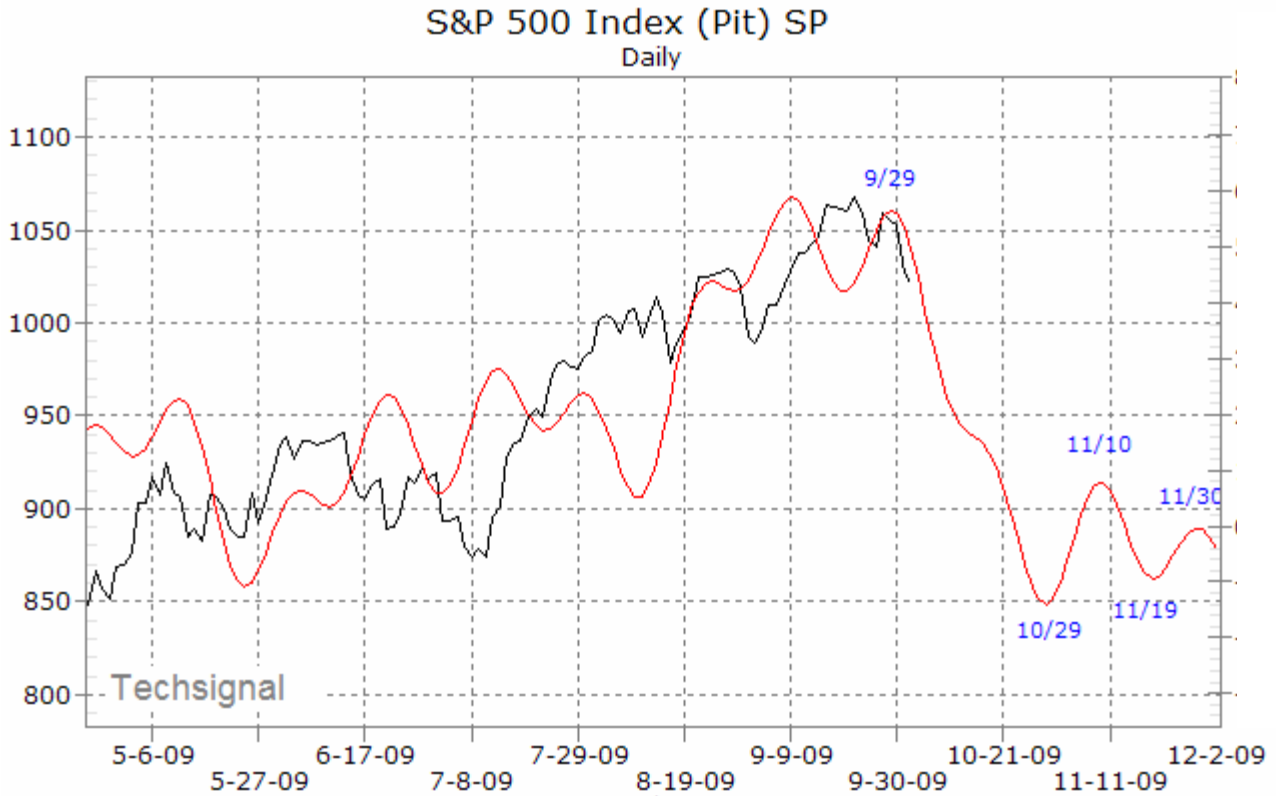
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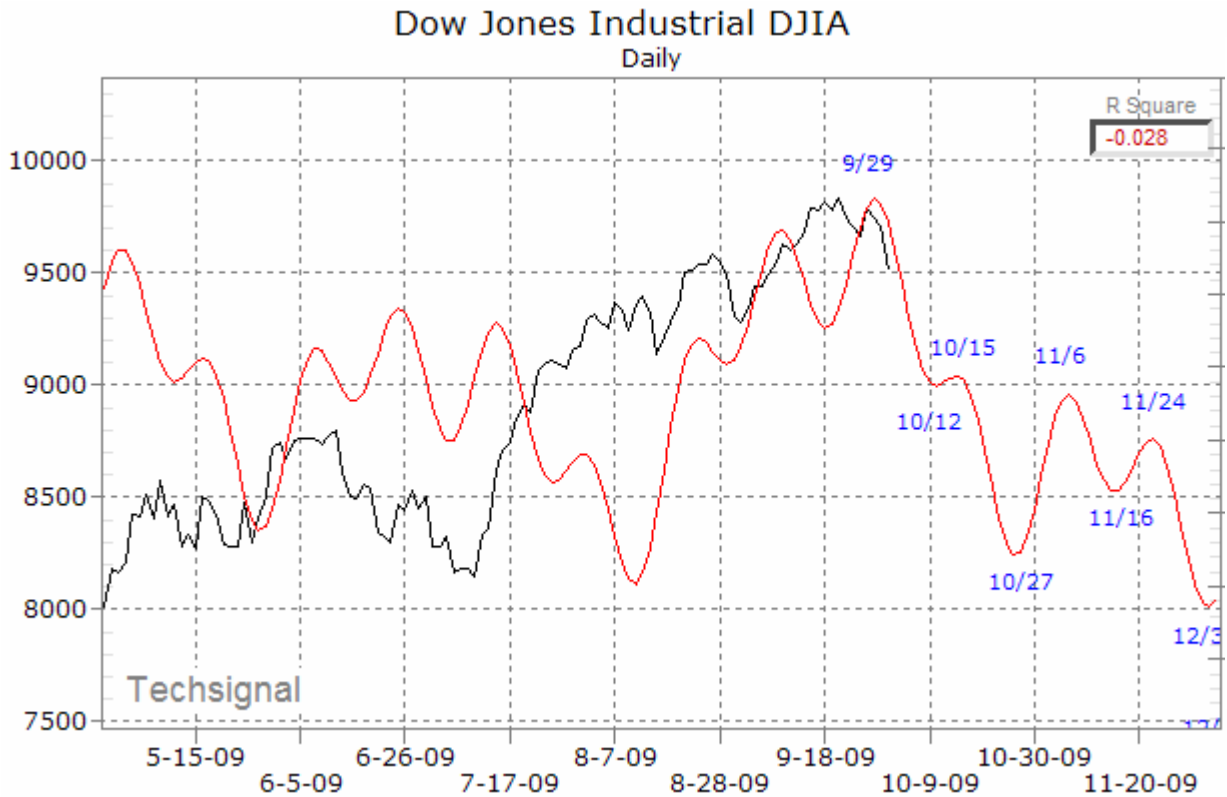
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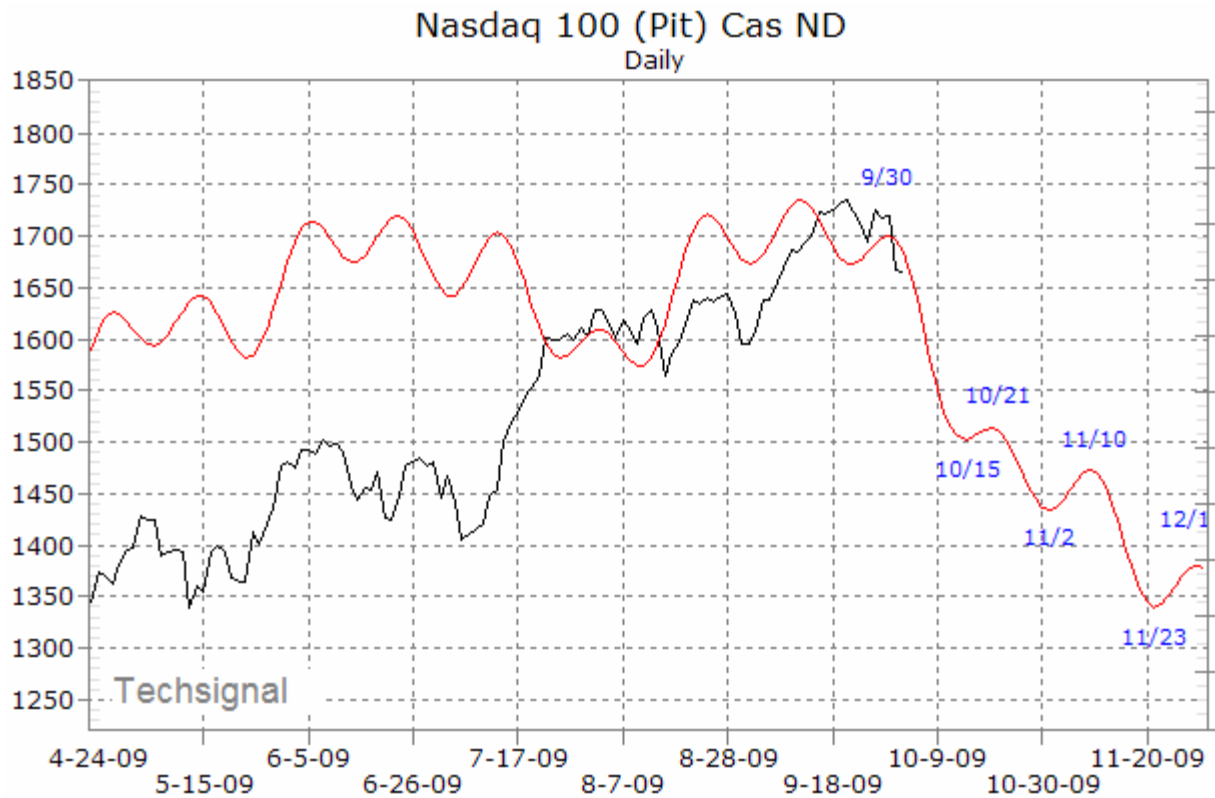
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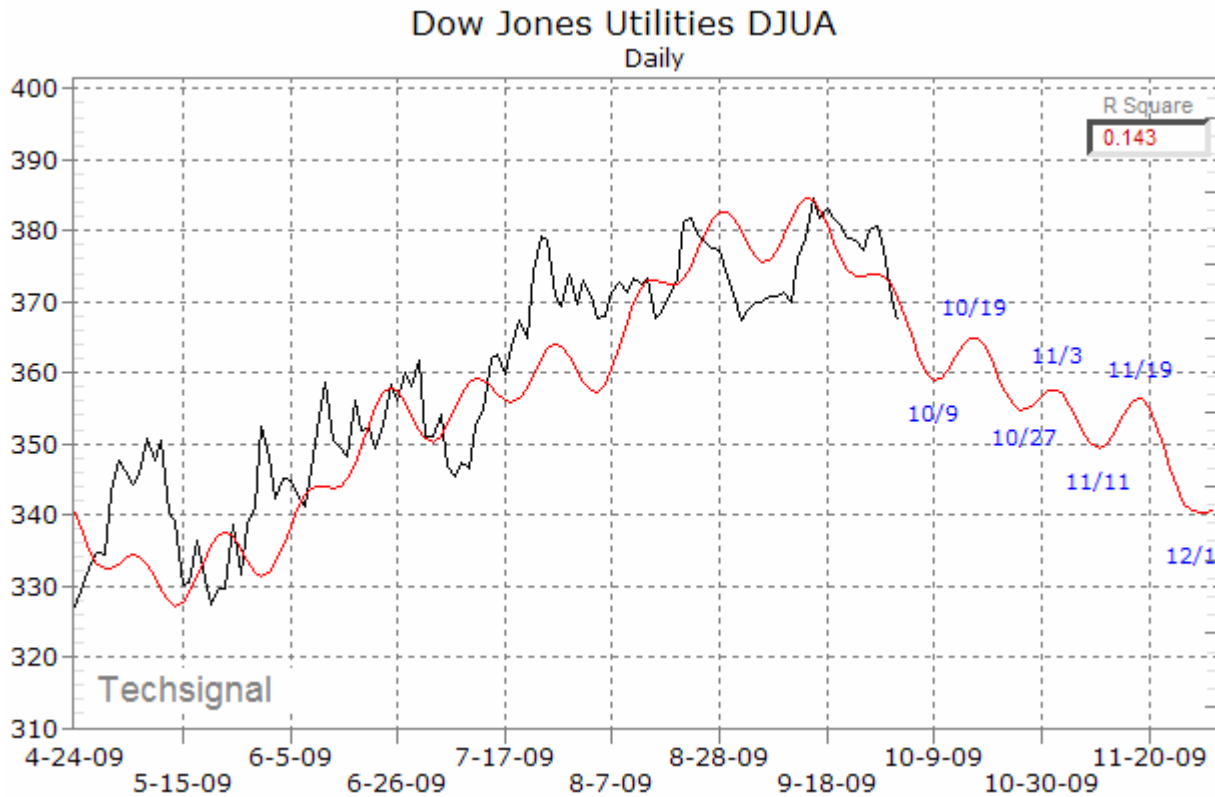
## Daily Dow Jones Industrials



## Daily Nasdaq 100

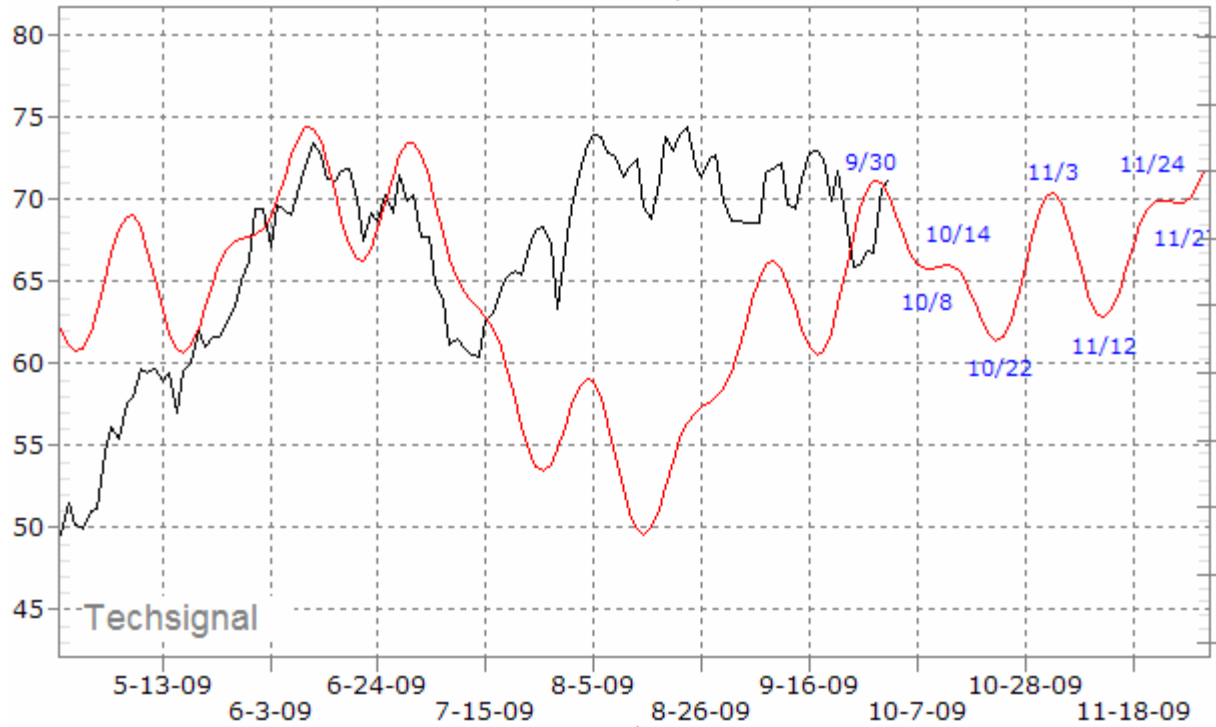


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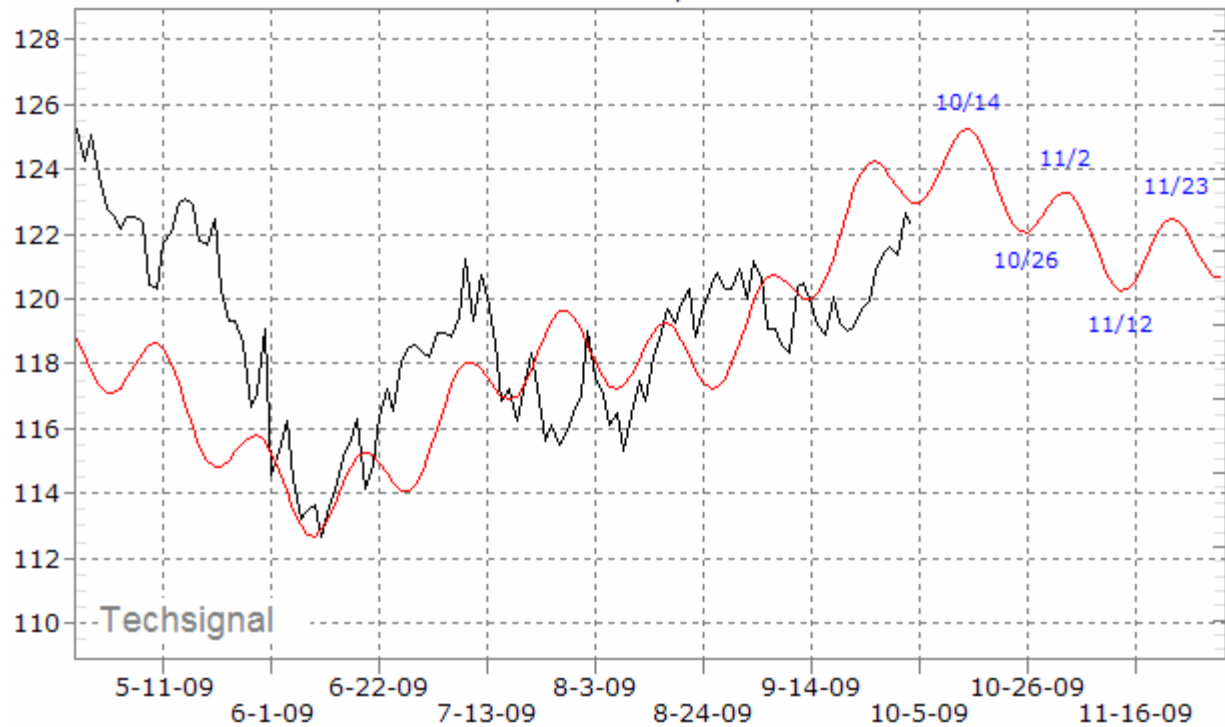
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Crude Oil NY (Pit) C CL  
Daily



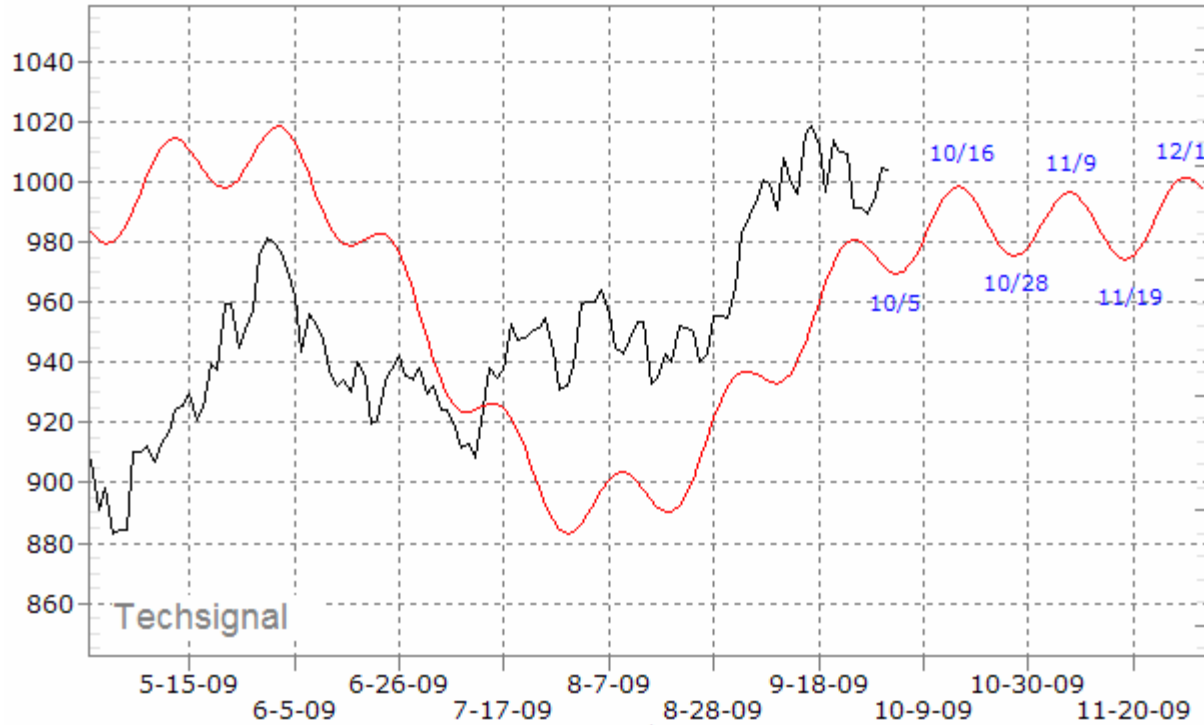
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T-Bonds 30Yr CBT Pit TQ  
Daily



## Daily Gold

Gold Comex (Pit) Cas GC  
Daily

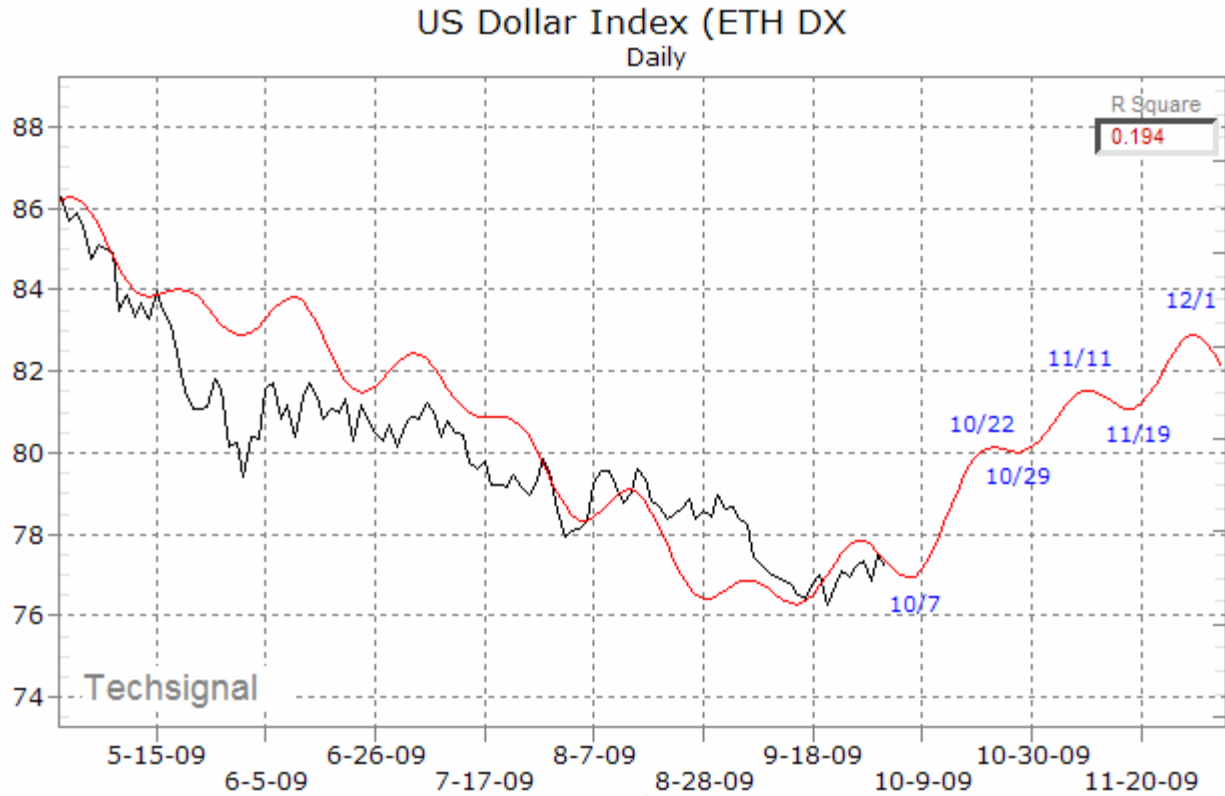


## Daily Copper

Copper HG NYMX (Pit) HG  
Daily



## Daily US Dollar



## Daily Euro EU

