

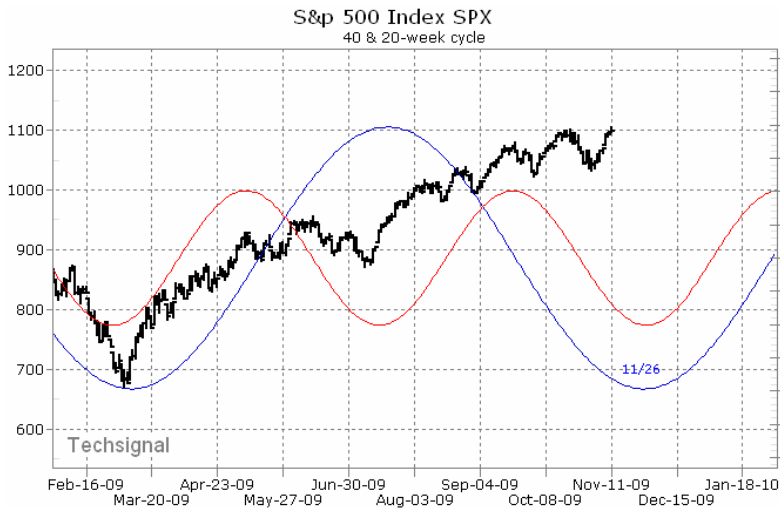
Cycle Projections Stocks

NOVEMBER-DECEMBER 2009

STOCKS, INTEREST RATES, ENERGY, METALS AND FOREIGN EXCHANGE

One more leg up until a real correction?

Thus far we have gotten or are getting the shallow correction expected and now we await the next buying opportunity. In fact, we have not yet had any kind of reasonable selling opportunity and may not until February of 2010.



Since the March 2009 low we have had two full occurrences of the important 20-week cycle. This cycle typically turns the market down over 8% and rarely does it have shallow corrections twice in a row, given every second occurrence marks the more important 40-week cycle. In July of 2009 we had an approximately 8% correction and presently we have both a 20 and 40-week cycle low due to bottom by Thanksgiving. So far we have had a minor decline of 5.5%. In the major market run up in 2006 the market moved up until just prior to the 40-week cycle low. The correction was fast and furious with most of the downside coming in one session. The whole correction lasted approximately 2 weeks out of the 40-week cycle length.

This causes us to argue that the current sideways slowdown in the current advance is not over and that we should see more downside. Our view is that we are going through a pattern like we saw in July of 2009 when the market rallied hard into May and went sideways with a slight upside bias until early July. This pattern produced three highs and lows prior to a resumption of the trend. With this cycle we have seen the market rally late in September and now we have seen two highs and lows; again with an upside bias with one more high and low expected and that again argues for one more decline. This needs to be seen in the light of the 24- and 40-month cycles which remain bullish until February. This will bring us to a period when a larger correction is due. We talked in detail about these cycles in our last issue. This market advance is very strong but it clearly is showing more counter trend corrections and that indicates some dissipation of strength, which is natural in a strong move. Thus we expect by December to put on one more leg up until the next real correction.

Domestic Equities: The only correction that we have seen is not a decline but a cessation of the advance. We expect a bit more downside and then as stated above a rally. International equities remain bullish but it is time to be very selective and buy only the higher relative strength issues.

Bonds: We have seen nothing to change our view on neutrality in bonds.

Energy: We remain slightly bearish on crude but don't want to fight the US dollar trend, which is down.

Metals: The cycles were neutral but Gold has again made all time highs, which demands that we emphasize that any decline in gold is an opportunity to accumulate the metal. This is not like 1980.

Foreign Exchange: The US dollar has tried to rally but has failed several times. It is now close to major support and not likely to break it presently, but it can break this support, and will do so over the next year or two.

Written 11/12/09

All data used in *Cycle Projections* provided by Genesis Financial Technologies, Inc.
800 808-3282

Cycle Projections

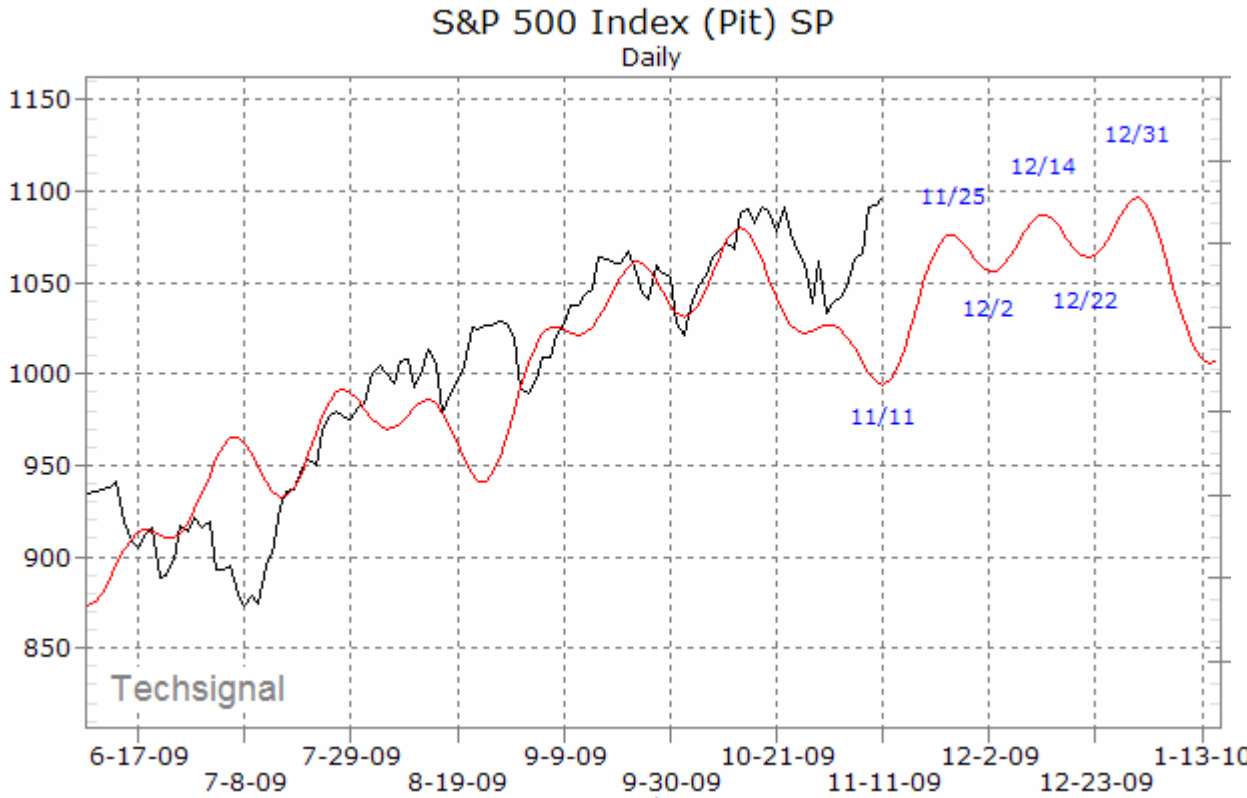
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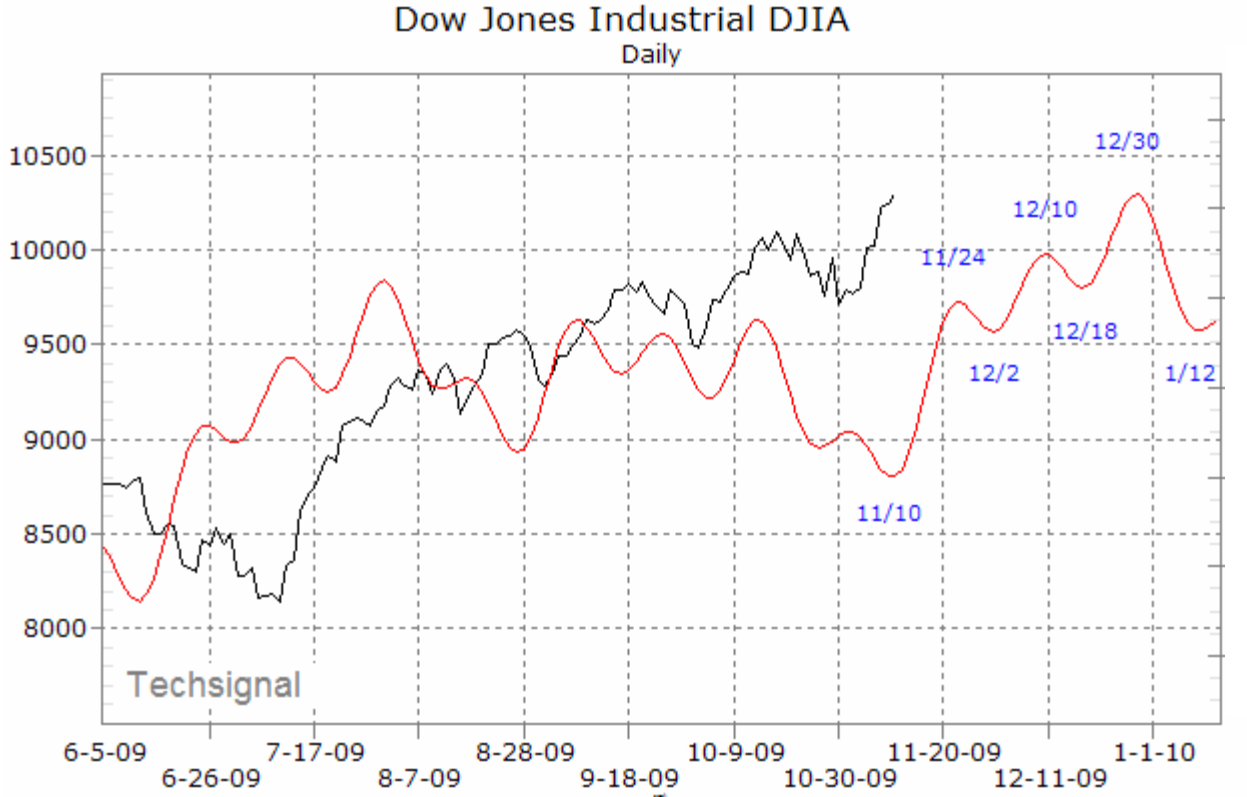
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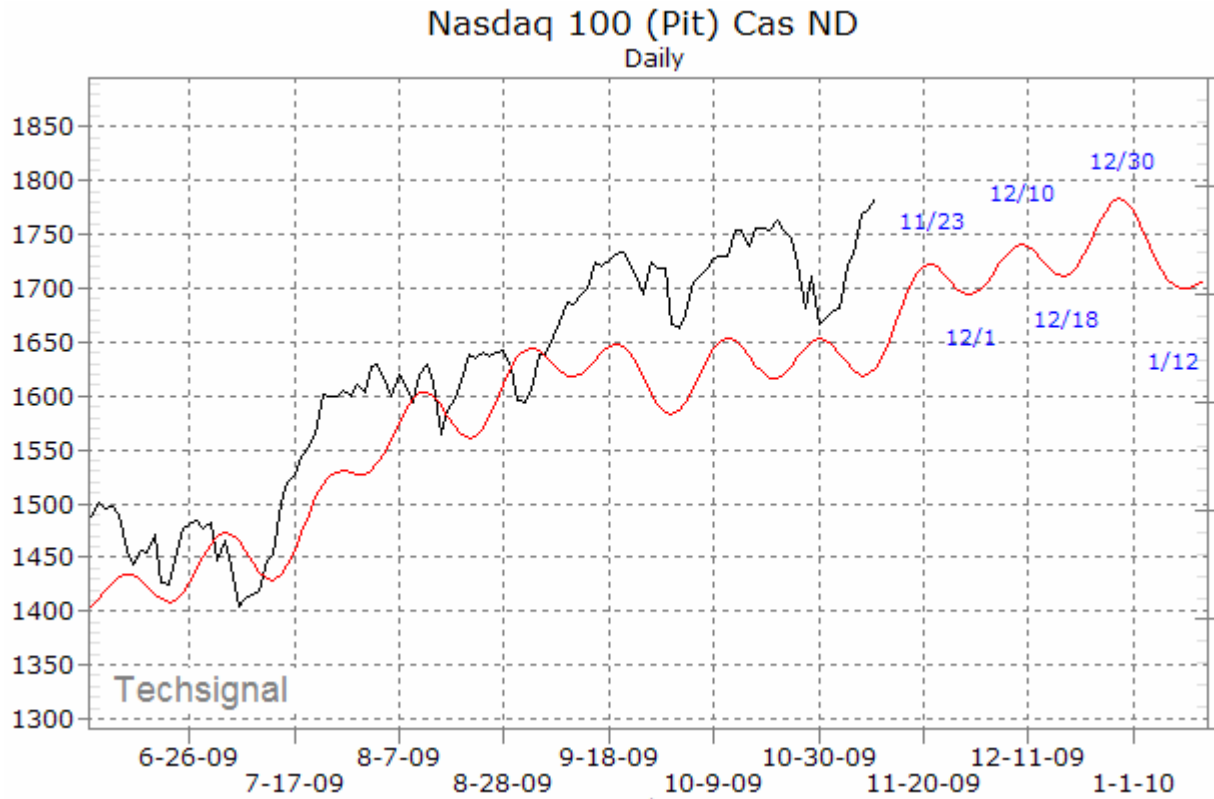
Daily S&P 500



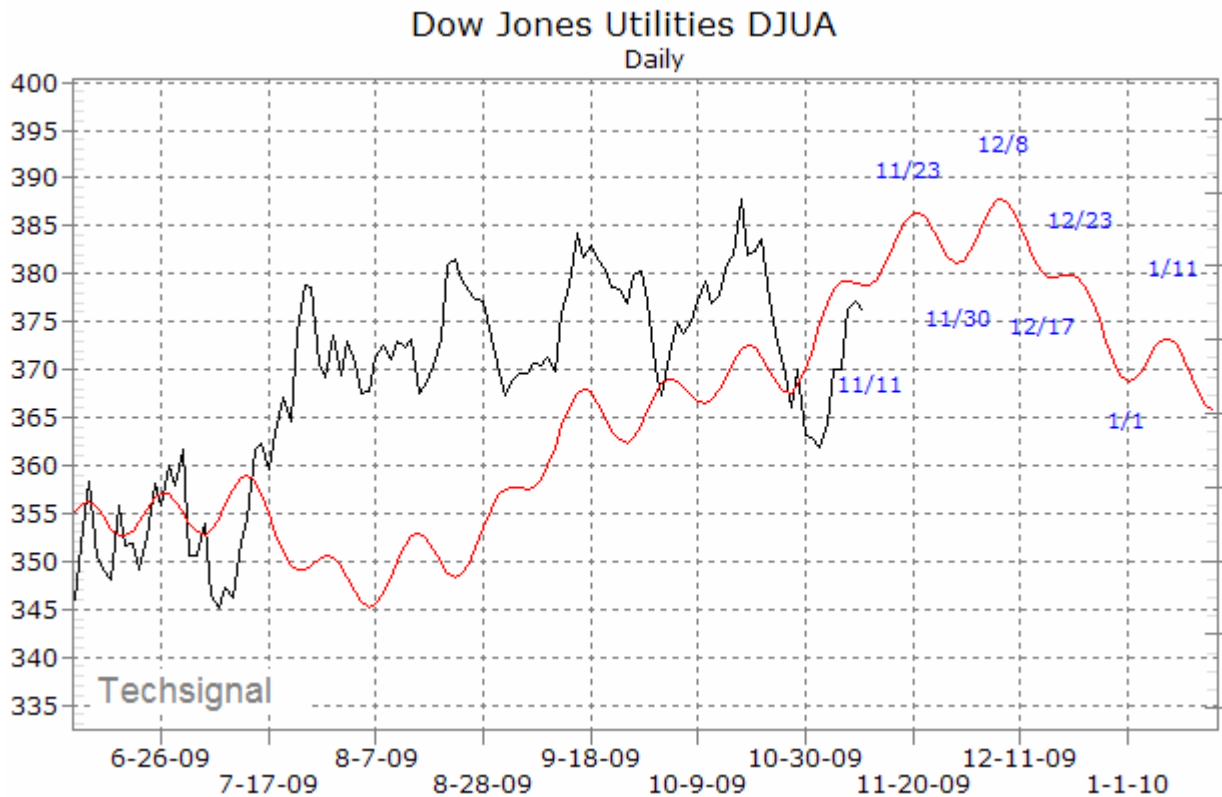
Daily Dow Jones Industrials



Daily Nasdaq 100



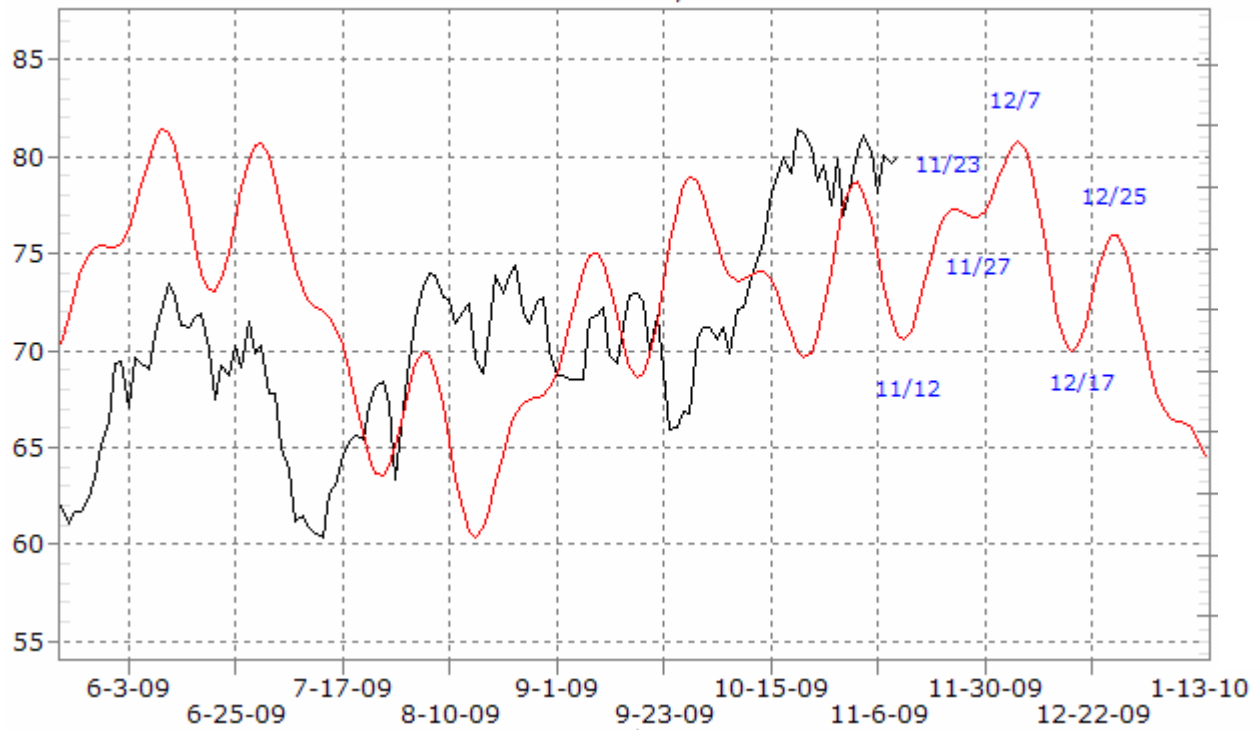
Daily Dow Jones Utilities



Daily Crude Oil

Crude Oil NY (Pit) C CL

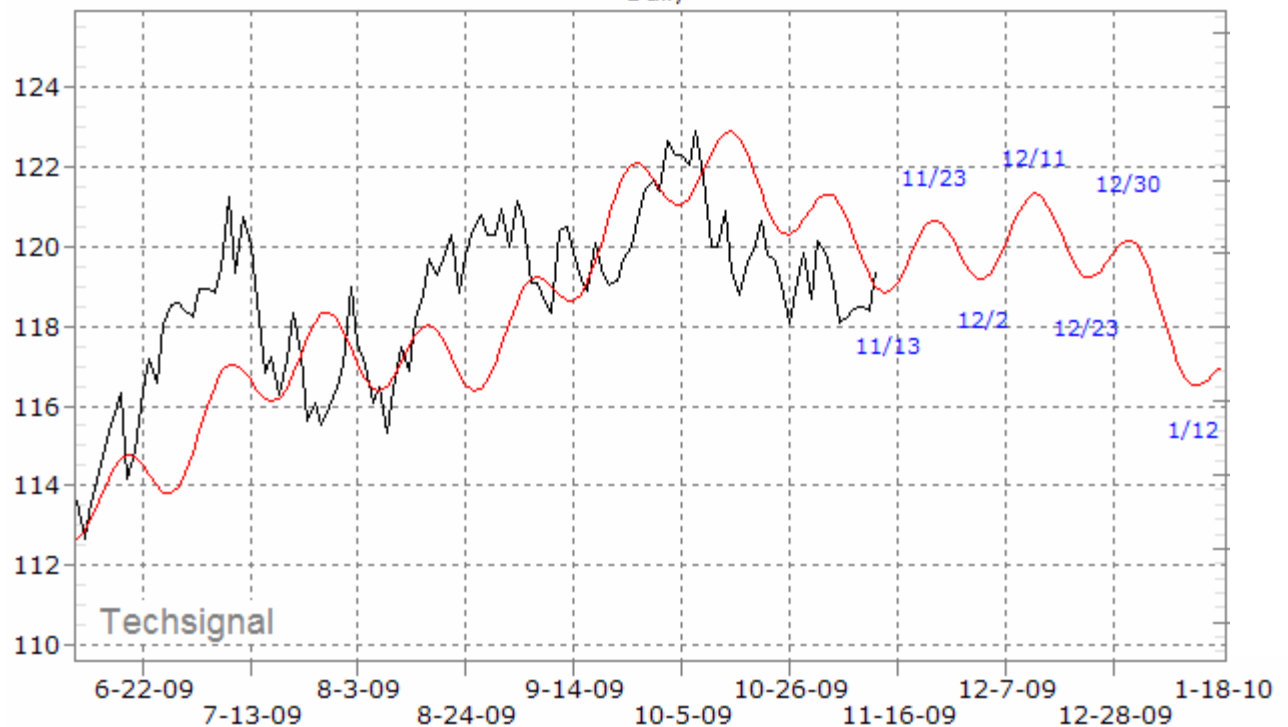
Daily



Daily T-Bonds 30 Yr.

T-Bonds 30Yr CBT Pit TQ

Daily



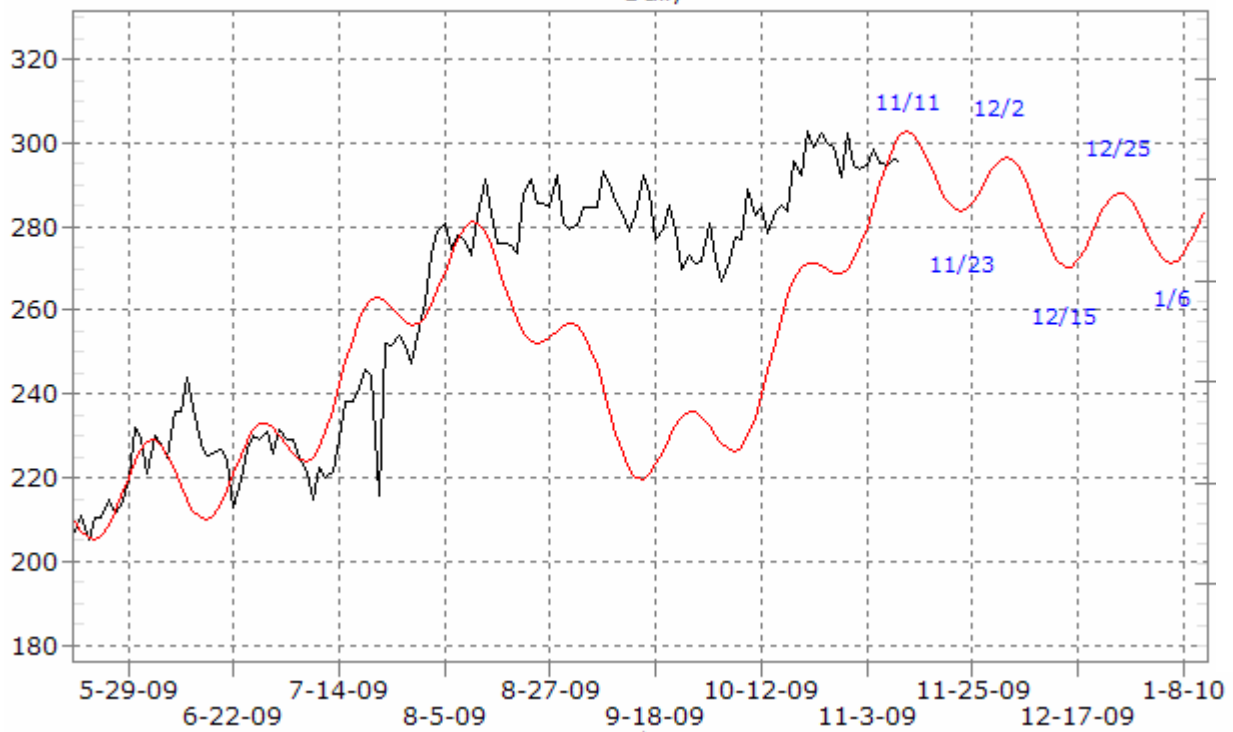
Daily Gold

Gold Comex (Pit) Cas GC
Daily



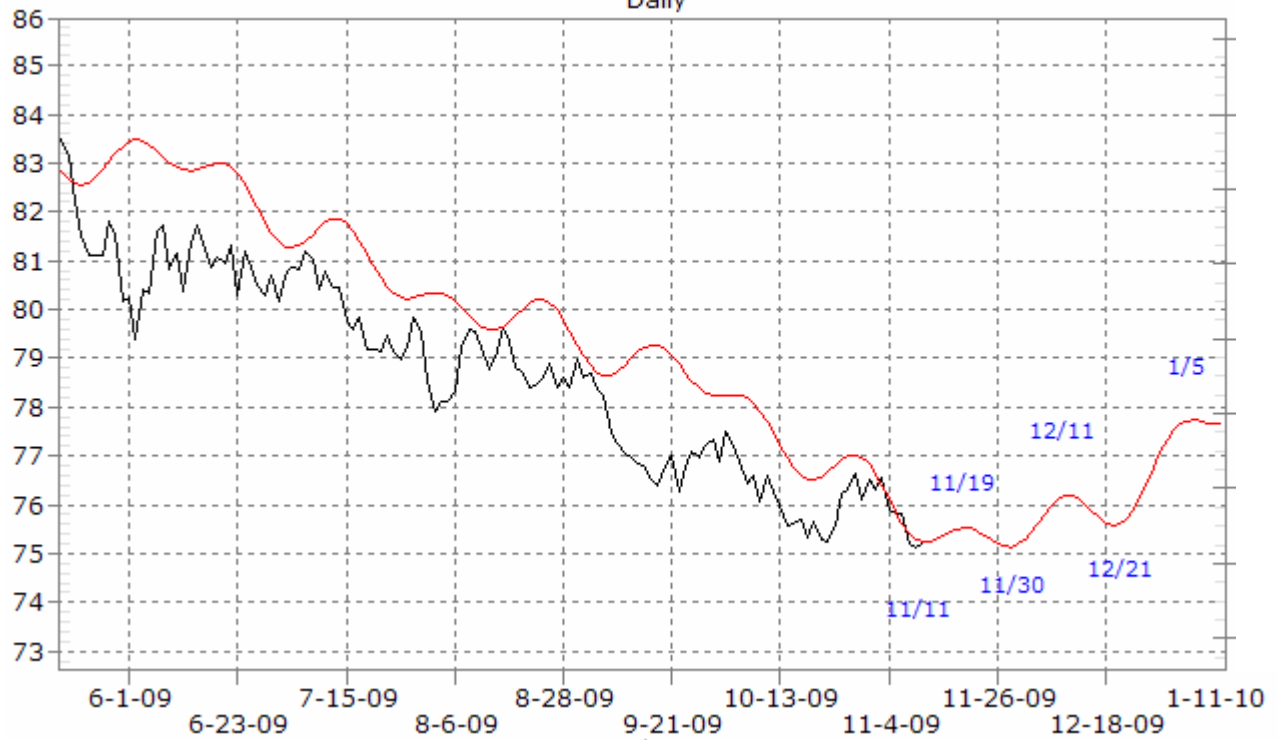
Daily Copper

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

