

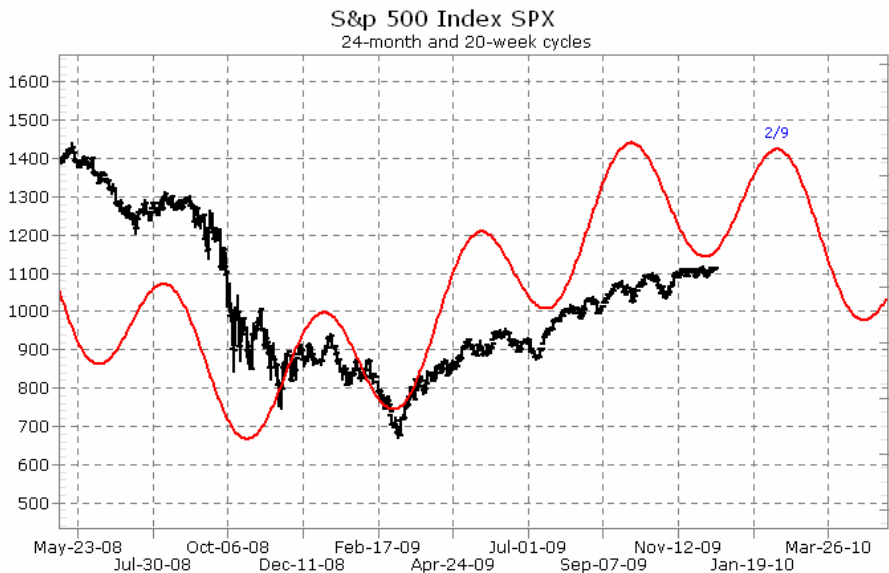
# Cycle Projections Stocks

DECEMBER 2009-JANUARY 2010

STOCKS, INTEREST RATES, ENERGY, METALS AND FOREIGN EXCHANGE

## Which Way?

Each month we ask a similar question, where are we going from here. This may seem odd for a market that has risen over 65% from the March lows, but it isn't when you think about how it did it. The S&P has rallied almost 450 points off the March low in the last 9 months, but 92% of this rally took place in only 4 of these 9 months. Consequently more than half of this rally was either sideways or down in a market that has not had any major corrections. This is hardly a normal market. All of this simply underscores why we keep asking about the direction of the market, except for two rallies, one only about a month long, the market has gone sideways. So again which



way?

When we ask these questions we look to one major source of answers and that is the cycles, and the cycle that is currently dominating the stock market is the 24-month cycle. This cycle usually points to a late year low then followed by a significant rally into the new year. The bottom in the S&P came in March and the market has been hard to the upside since then, albeit with major sideways periods as stated above. But now it is ready to top and we expect the top to come when the 20-week cycle tops. These two cycles are seen in the synthesis charted

above. In addition to this pattern there is a significant seasonal cycle of a rally from 12/15 to 1/6. This pattern has been profitable 79% of the time for over 90 years and that is very strong. We expect at least a 5% rally from these levels; but don't forget this is likely the last rally prior to the 24-month cycle top. The market has been in the doldrums and has made little or no upside progress in over two months. We are bullish, but cautiously so. The Dow and the NASDAQ 100 have been stronger than the S&P 500 and the Russell 2000 weaker. So which way?.... Up! But cautiously so into the new year. **Domestic Equities:** It is now harder and harder to find buyable stocks at this point in the rally. We therefore recommend ETFs, both single and double betas, like SSO. **International equities** We continue cautiously bullish on emerging markets but it is time to be cautious. **Bonds:** We are neutral on bonds with no clear cut trend available. **Energy:** We are neutral to bearish on energy. A potential rally in the US dollar should keep a lid on prices. **Metals:** The short cycles are bearish short term, but use this as an opportunity to accumulate gold and the metals prior to a rally to new highs. **Foreign Exchange:** The US dollar should begin an intermediate rally although there is no real reason for it since overall sentiment is for a weaker dollar.

Written 12/19/09

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

**Cycle Projections**

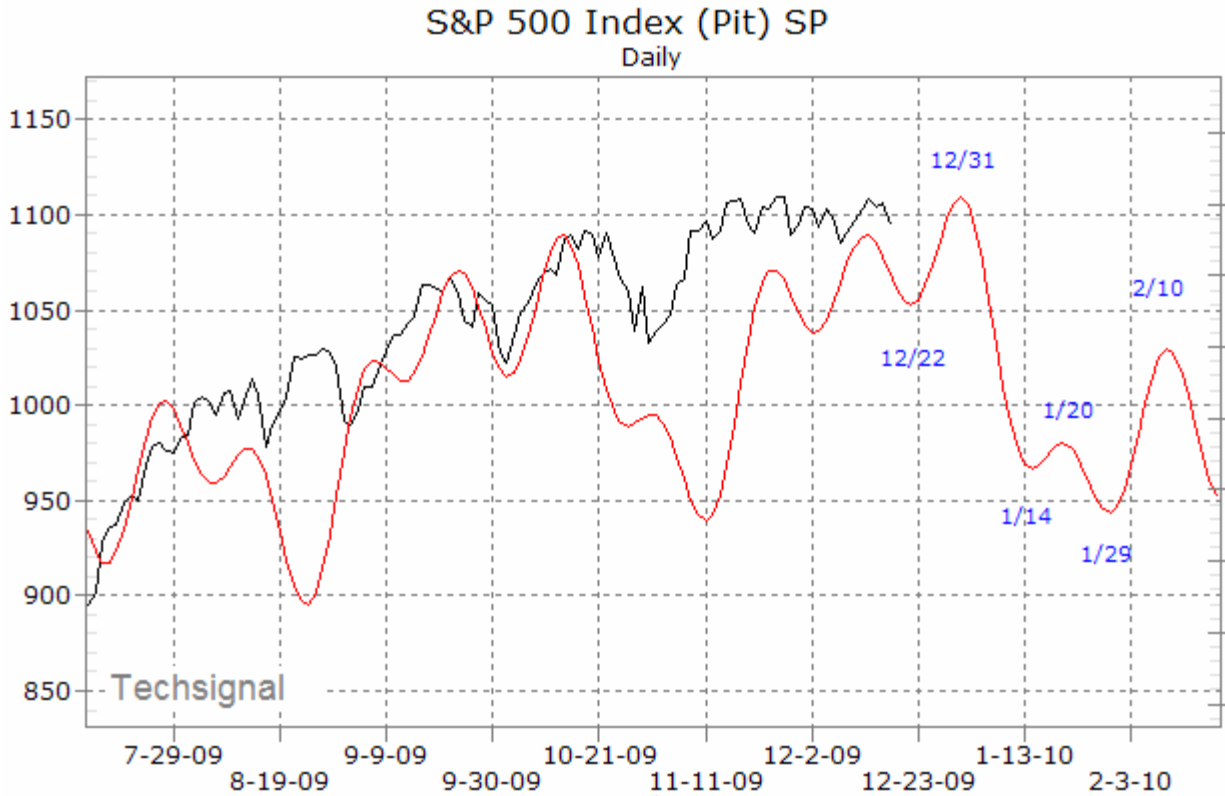
ISSN 1055-1700

Published Monthly by the Foundation for the Study of Cycles

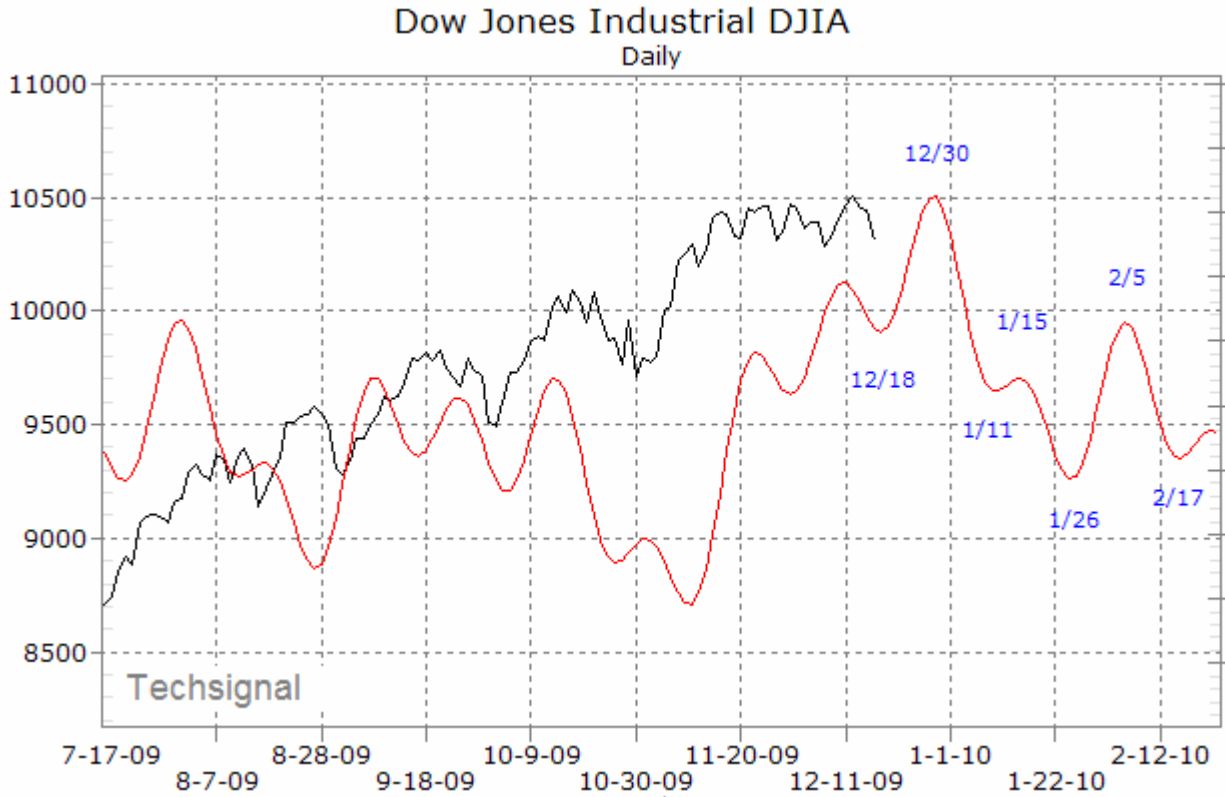
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# Daily S&P 500

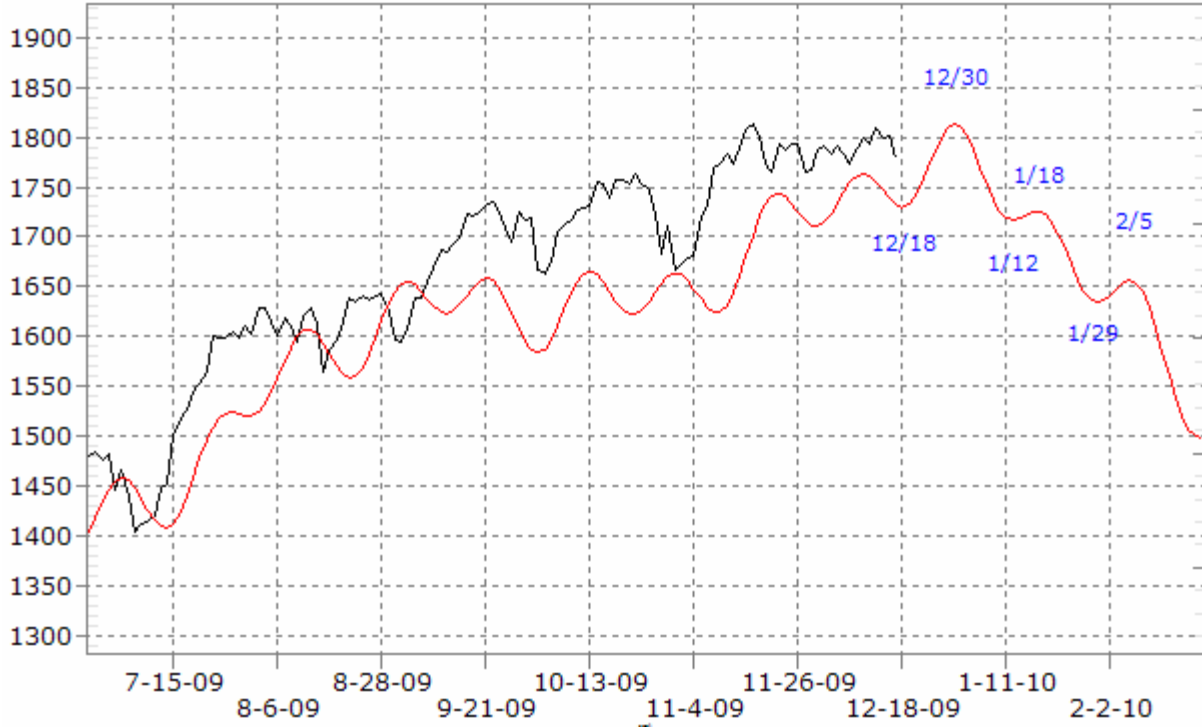


# Daily Dow Jones Industrials



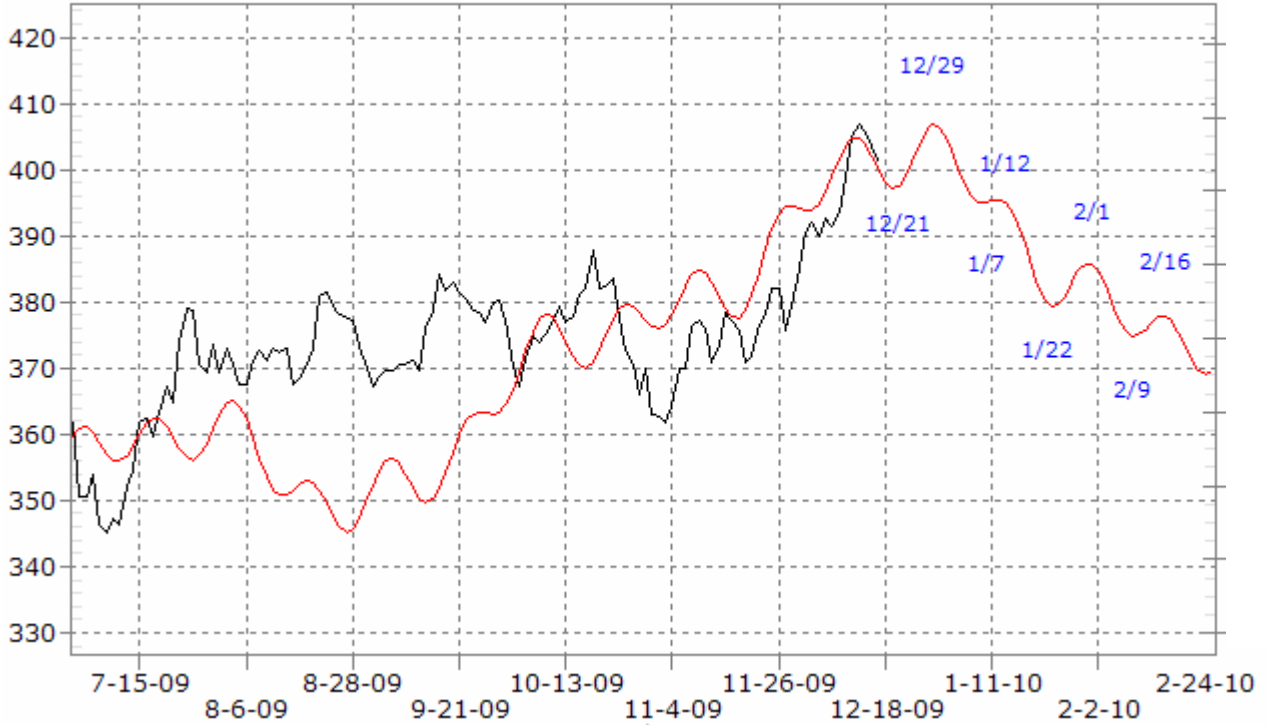
## Daily Nasdaq 100

Nasdaq 100 (Pit) Cas ND  
Daily



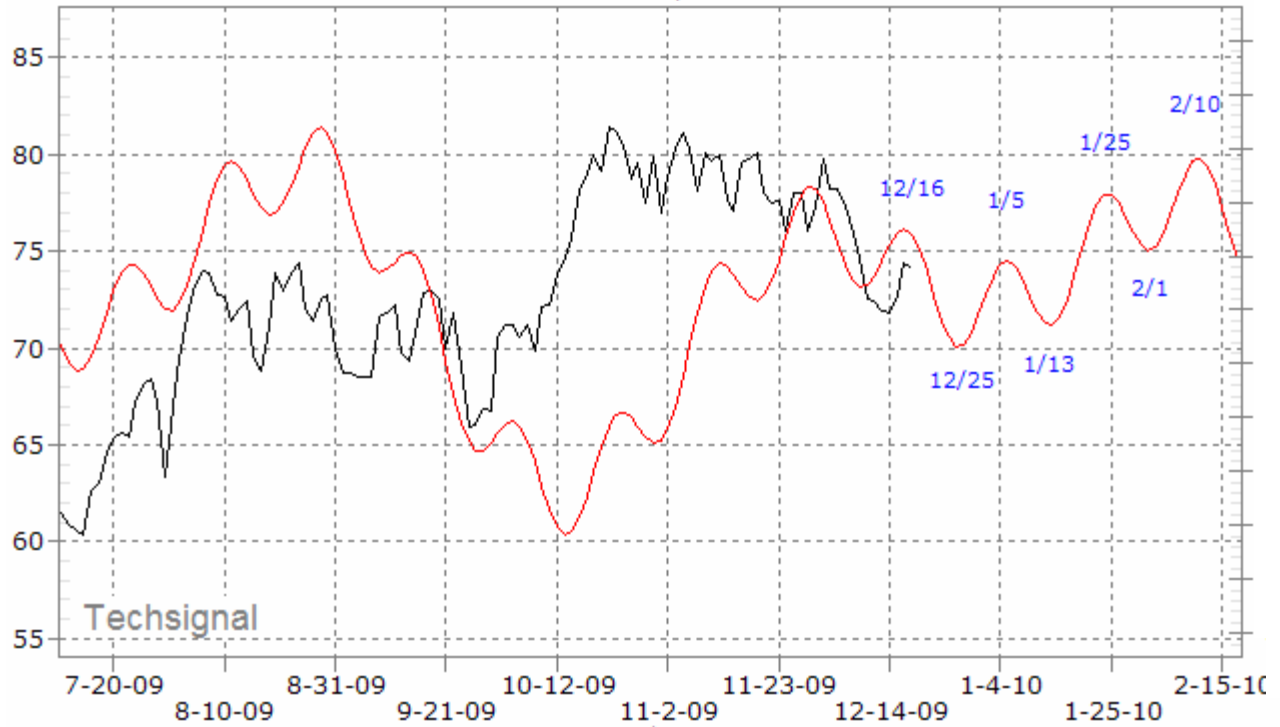
## Daily Dow Jones Utilities

Dow Jones Utilities DJUA  
Daily



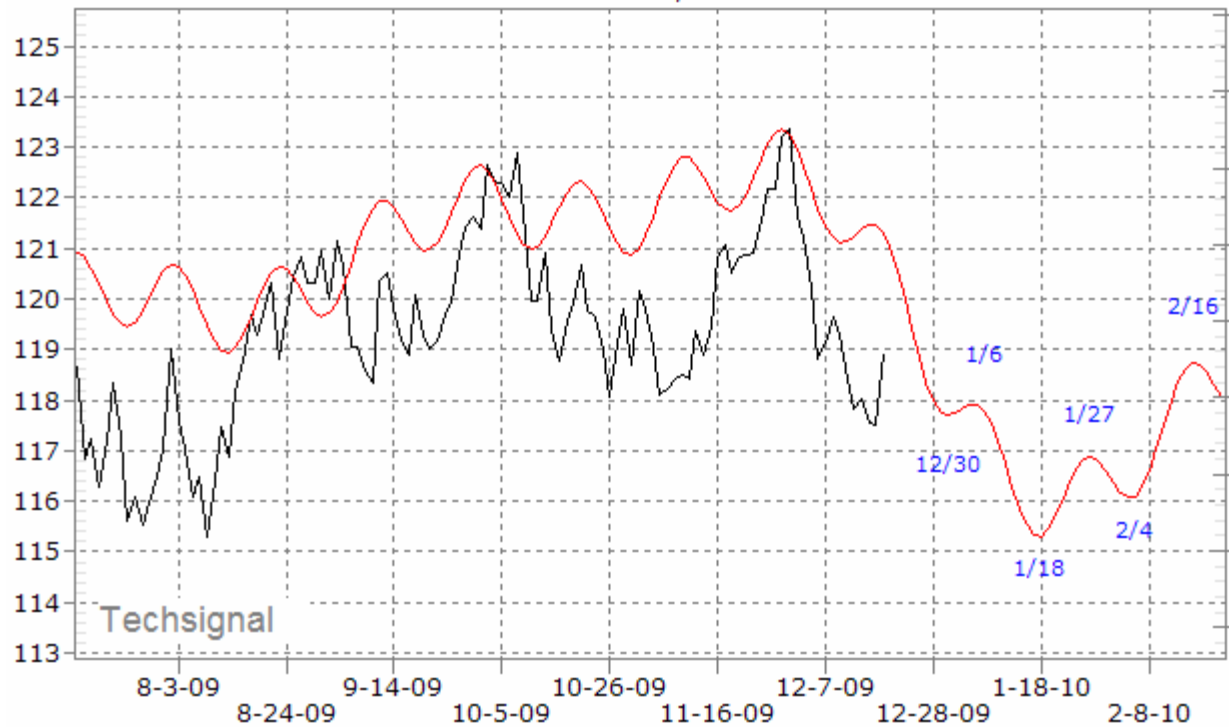
# Daily Crude Oil

Crude Oil NY (Pit) C  
Daily



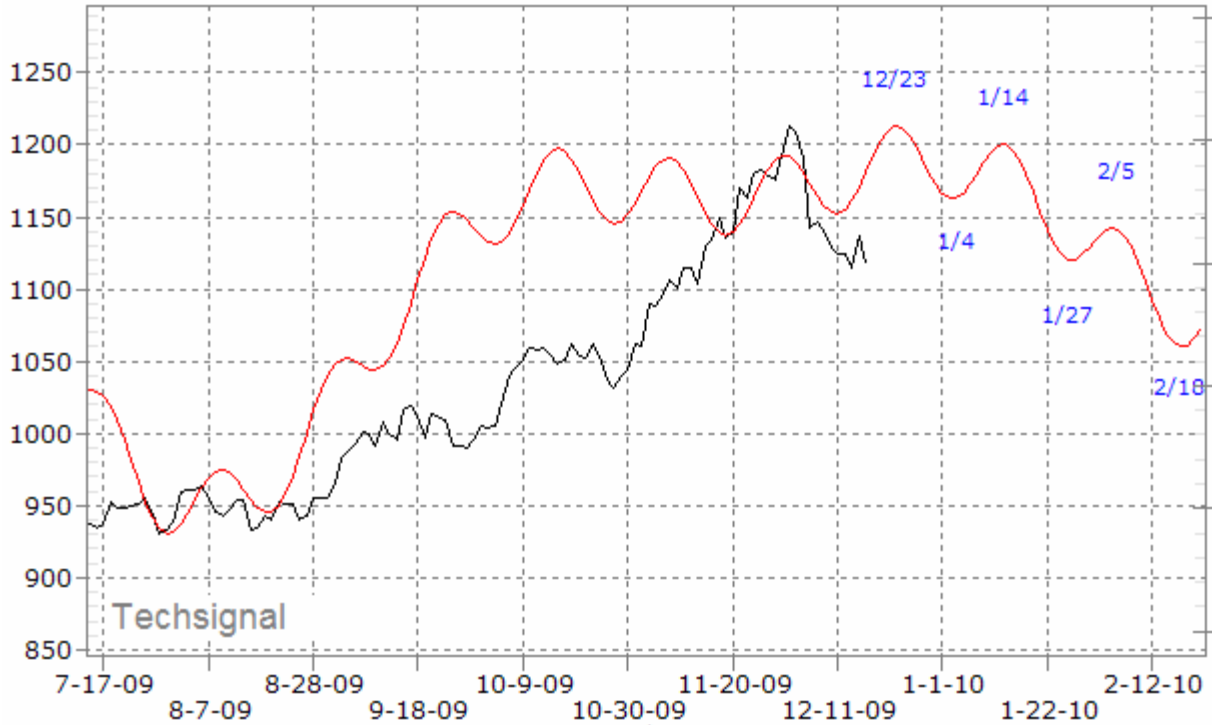
# Daily T-Bonds 30 Yr.

T-Bonds 30Yr CBT Pit TQ  
Daily



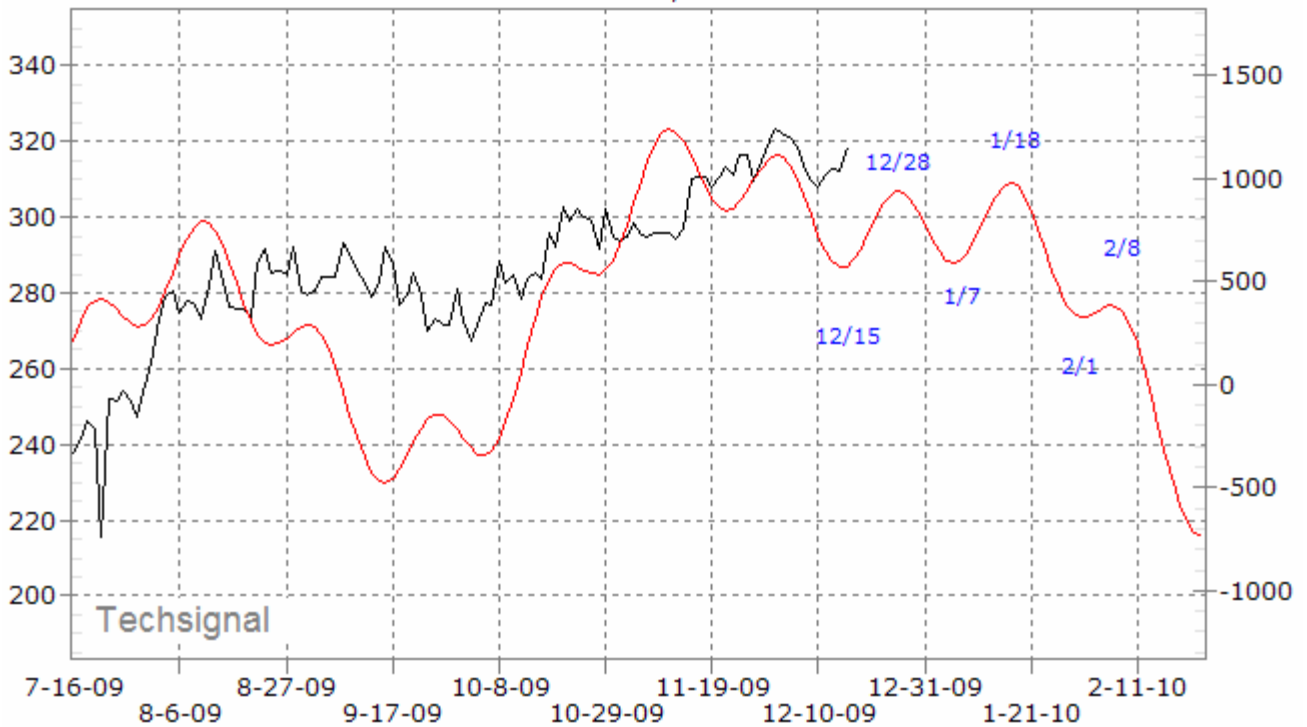
## Daily Gold

Gold Comex (Pit) Cas GC  
Daily



## Daily Copper

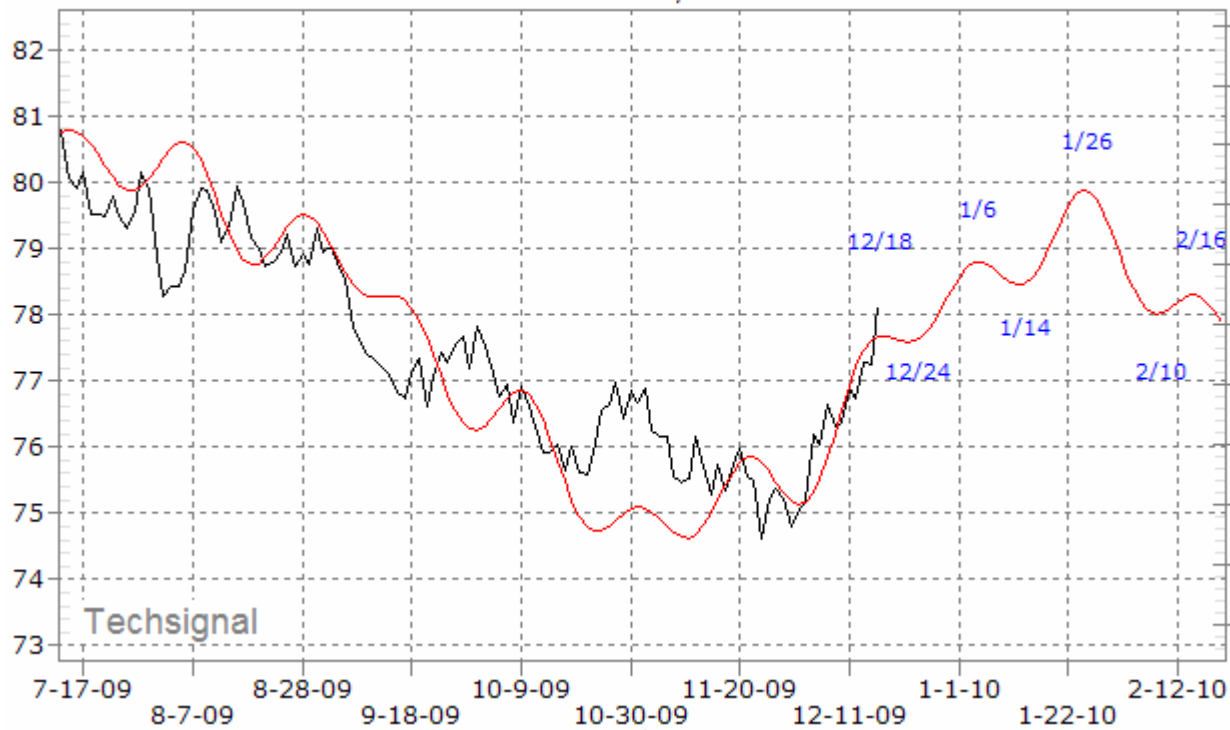
Copper HG NYMX (Pit) HG  
Daily



## Daily US Dollar

US Dollar Index (ETH DX)

Daily



## Daily Euro EU

Euro FX (Pit) Cadj L EU

Daily

