

Cycle Projections Stocks

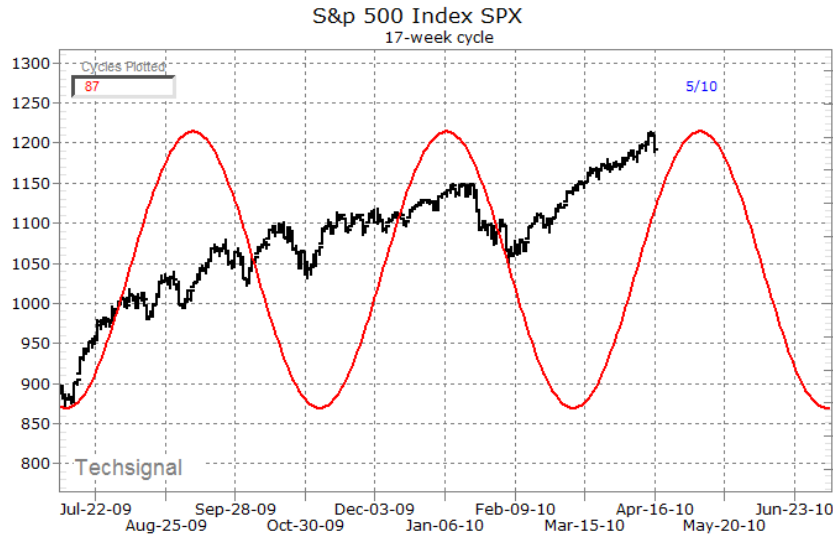
APRIL-MAY 2010

STOCKS, INTEREST RATES, ENERGY, METALS AND FOREIGN EXCHANGE

There will be a major correction but it is not likely to be now

I have every reason to believe that the Goldman decline will be short lived although the fallout might well continue for some time. I am not indicating by this opinion that Wall Street is squeaky clean or for that matter clean at all, I am just of the opinion that this will be a one or two day decline. Yes, there are those who are looking for an excuse to sell and others who are hoping and praying for a sell off after a rally that has gone on over a year with

just two minor declines. I am also not forgetting about the volcano and its potential impact on the international economy. Why should the market continue to rally for another few weeks? It is because it is not quite time for a more major correction. Could it happen now? Of course, the market does not need our approval, but it is not likely based upon the cycles and technicals. Plus it is more likely to happen during the first week of May. One of course could argue that this market is out of synch and the cycles therefore will suffer from the market not being in a typical rhythm. However, it is clear that there are forces at work that will demand real readjustment to the financial markets and right



now no one here or abroad wants to face the reality of the kinds of debt overload the world economies are piling up. This reality will no longer allow the leaders of the world economy to continue playing the game that has brought them to this place. In short, we might be delayed in our decline, but we will not avoid it. Yes, governments are putting band aids on so fast that few have noticed how empty the band aid box is at present and that clearly the bleeding has not stopped. Could Goldman and the volcano put us into free fall? It could, but not likely; but soon we will have to pay and this is one bill we really do not wish to receive. Our current roadmap calls for this rally to bounce back and continue until early May. This must happen by Tuesday or forget it. Then a decline is due until July followed by one last rally prior to a larger decline. We will have a rally into 2011, but these rallies will have lower highs. **Domestic Equities:** We are now ready to begin to scale out of individual stocks, but remain in index ETFs. **International equities:** We continue neutral on international equities, now including the emerging markets. **Bonds:** We remain neutral on bonds with a downward bias. **Energy:** We are bullish short-term on crude and neutral the other energy sectors. There is still a trading range, but at higher levels. **Metals:** No change, short-term neutral; but await the next rally, which should come by summer. **Foreign Exchange:** The US dollar should be neutral until the summer due to pressure on the Euro.

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All data used in *Cycle Projections* provided by Genesis Financial Technologies, Inc.
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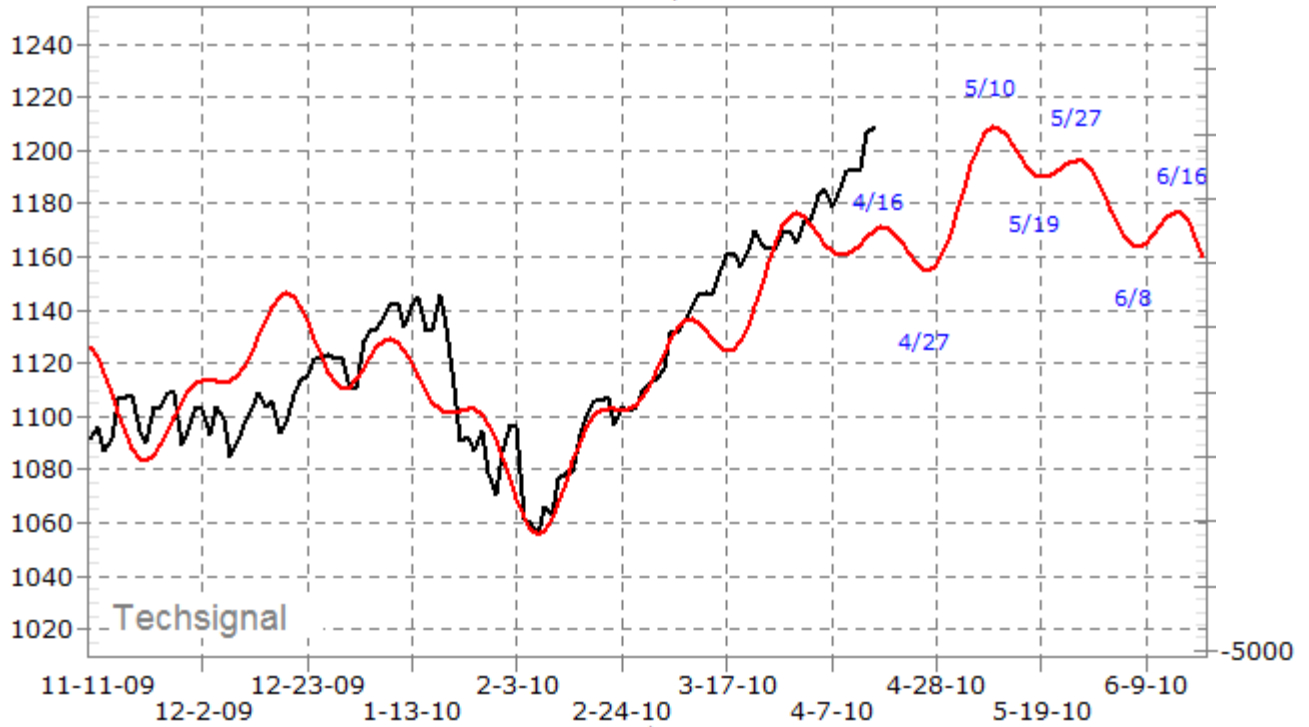
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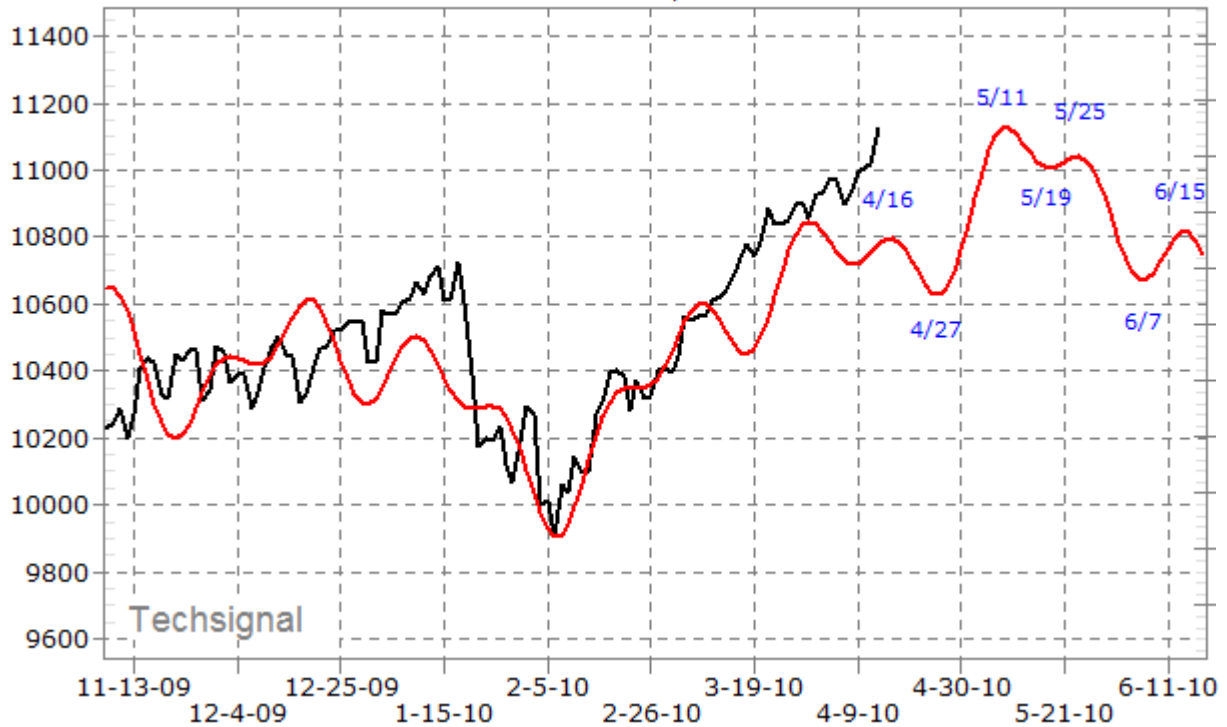
Daily S&P 500

S&P 500 Index (Pit) SP
Daily

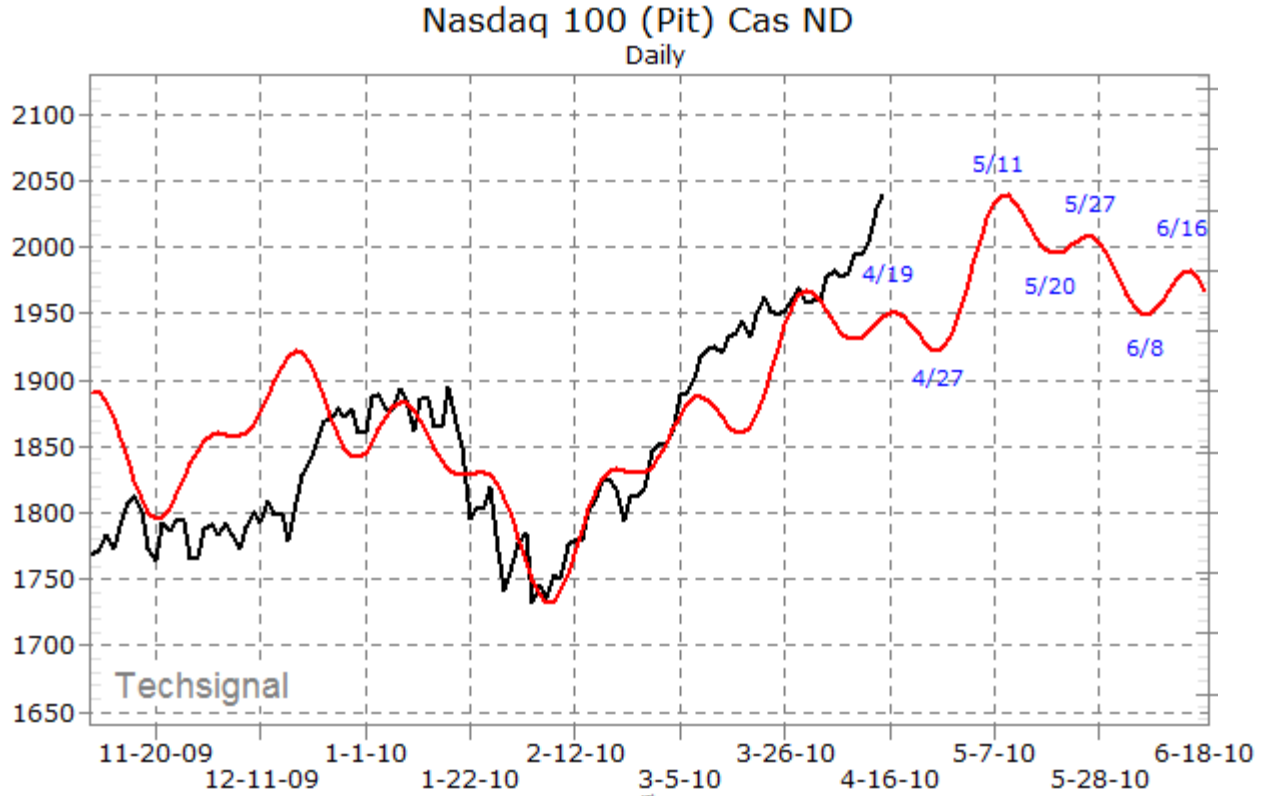


Daily Dow Jones Industrials

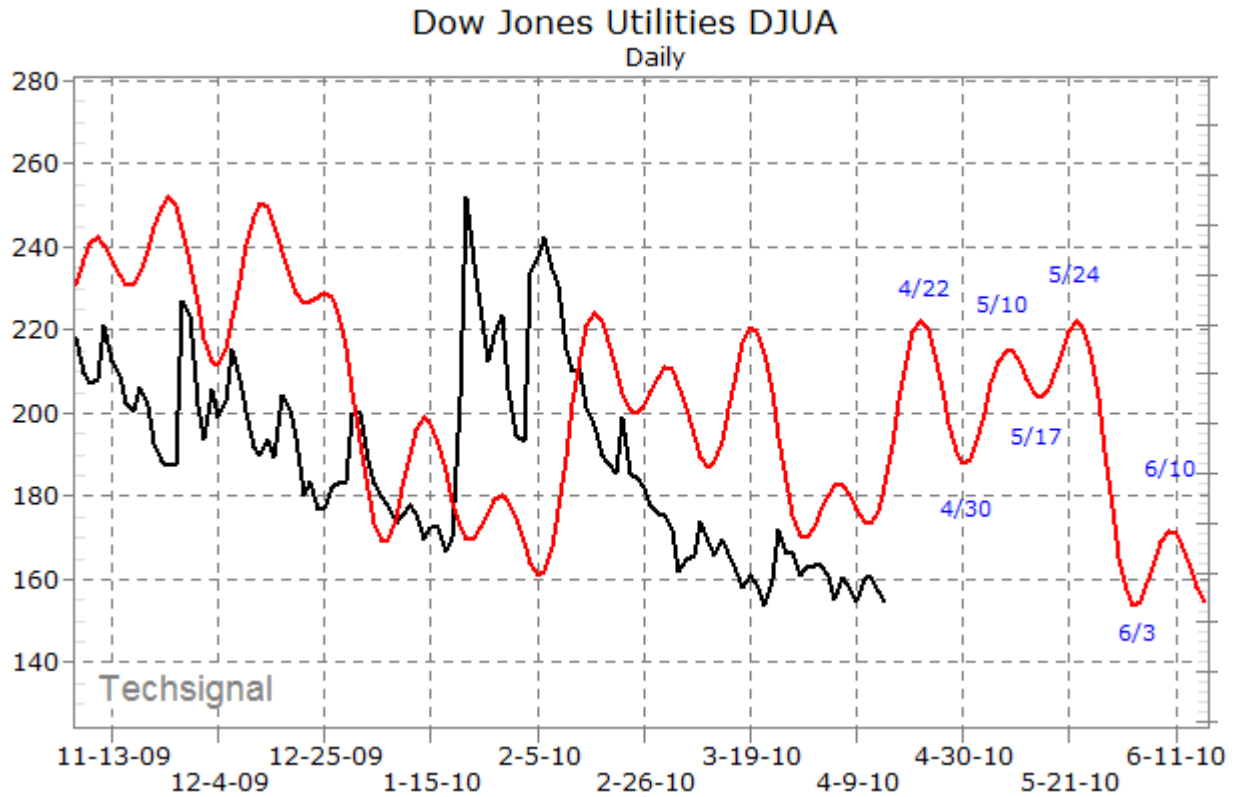
DJIA Index (Pit) Cas DJ
Daily



Daily Nasdaq 100

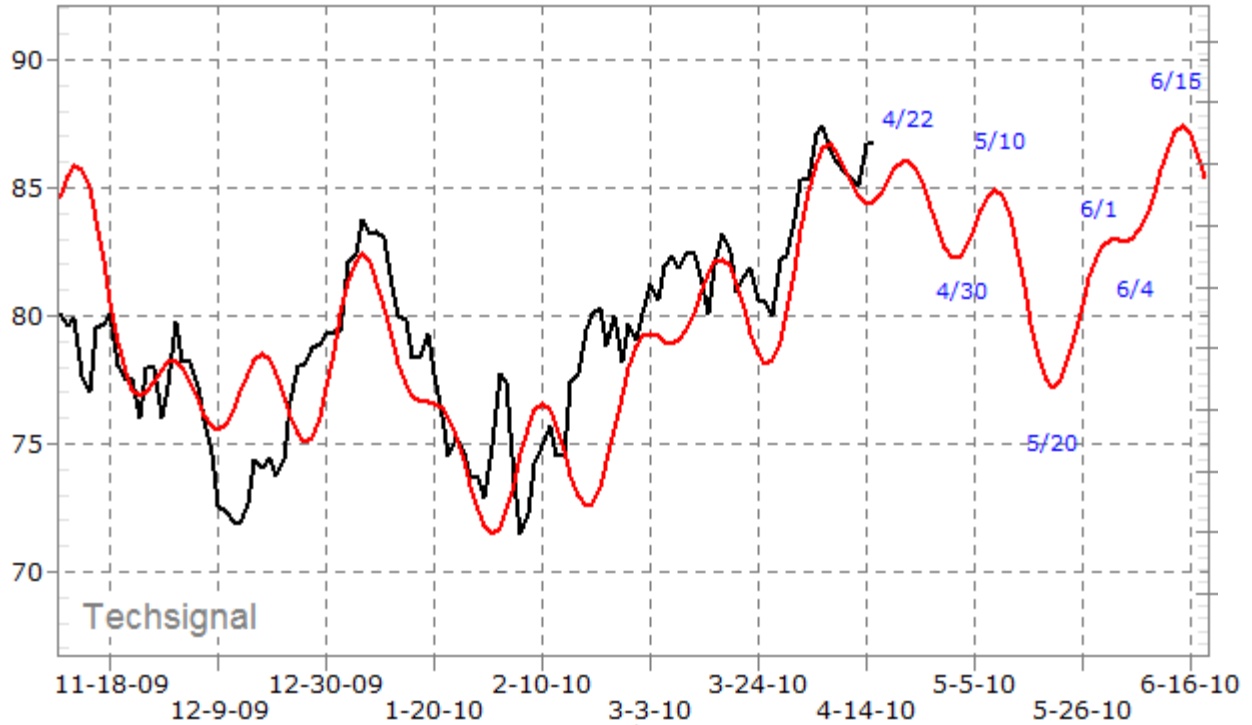


Daily Dow Jones Utilities



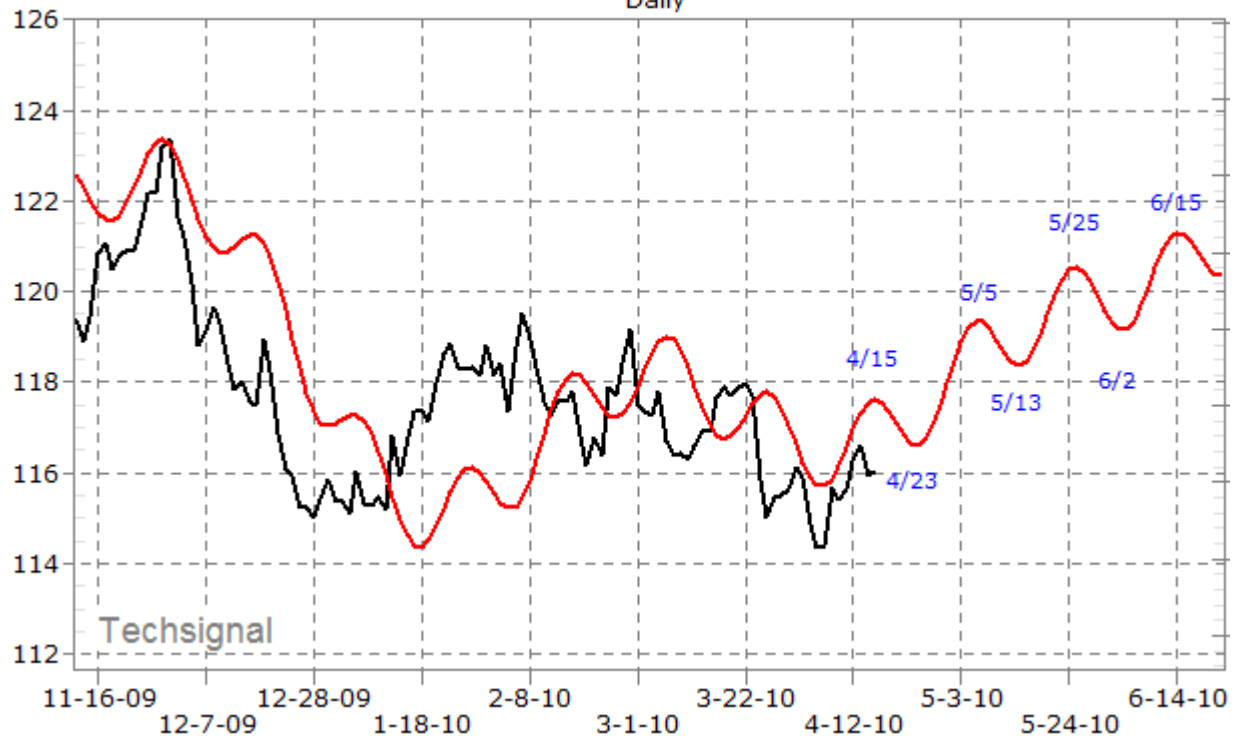
Daily Crude Oil

Crude Oil NY (Pit) C CL
Daily



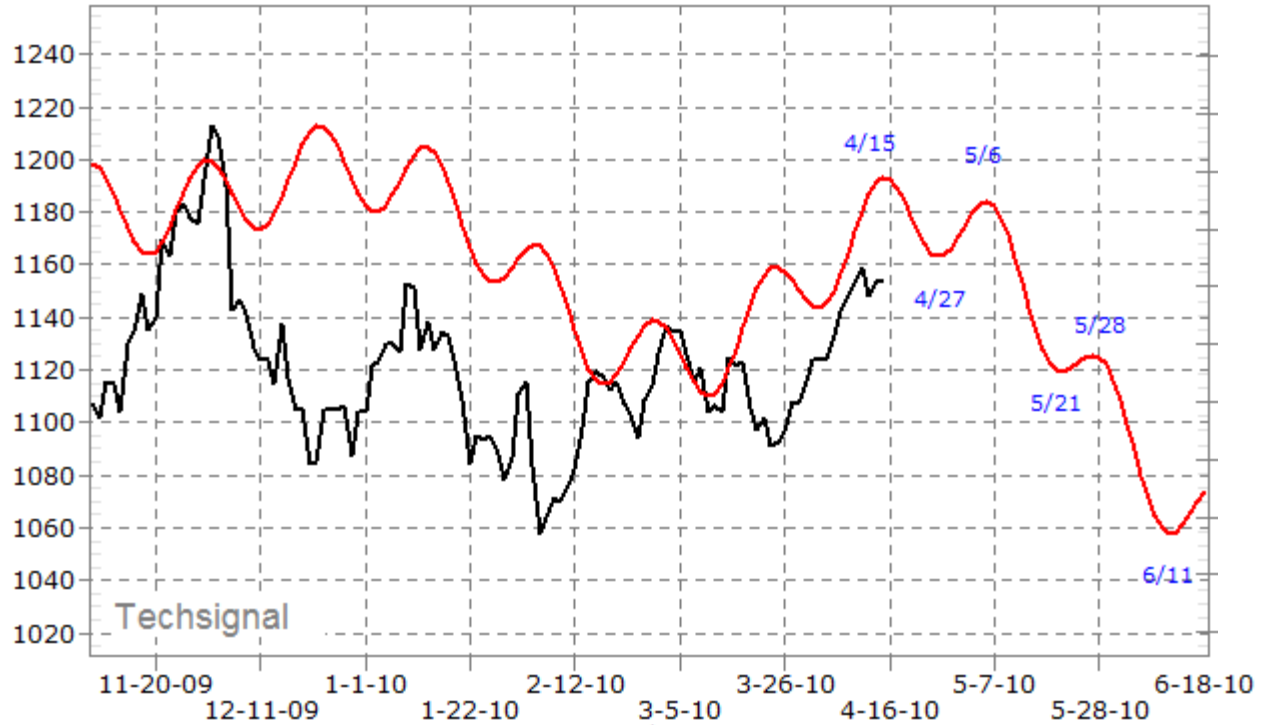
Daily T-Bonds 30 Yr.

T-Bonds 30Yr CBT Pit TQ
Daily



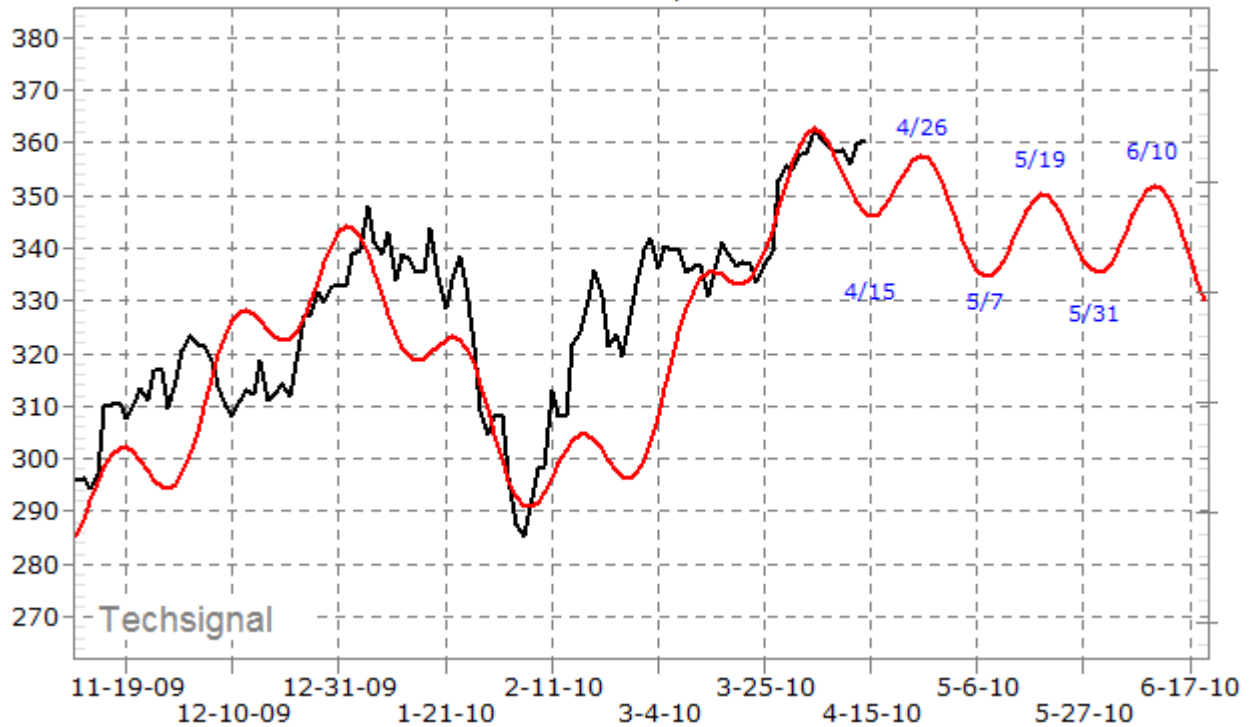
Daily Gold

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 FX EU

Euro FX (Pit) Cadj L EU
Daily

