

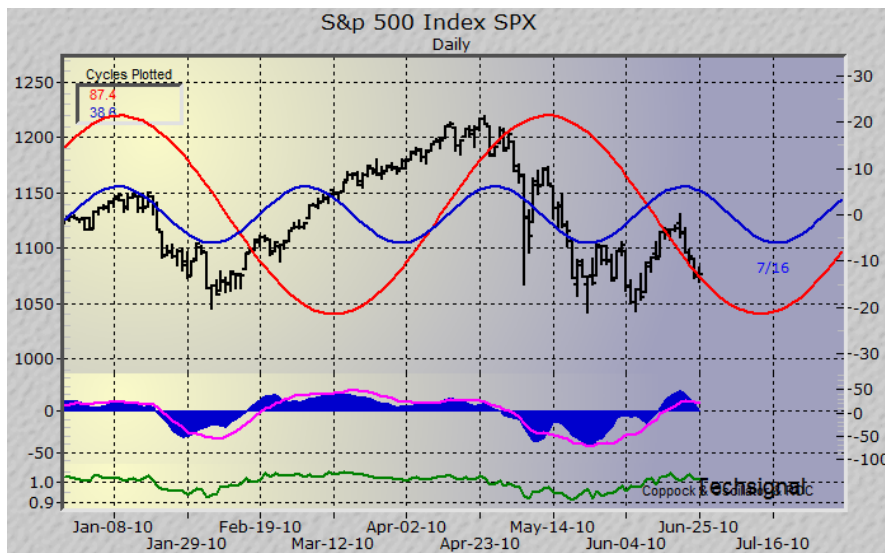
Cycle Projections Stocks

JUNE-JULY 2010

STOCKS, INTEREST RATES, ENERGY, METALS AND FOREIGN EXCHANGE

It is time to look short and only short

Last month we asked the question of whether we were in a new bear market and we answered it by saying yes. The last close at that time was just about where the market is today and that was about three weeks ago. For a market to make no progress in three weeks at about 11% below the highs is not a sign of a bull market. At the current time all major cycles except the 40-month cycle are down, and we have discussed the status of this cycle previously. The bottom line here is that we are in a bear market and that the current correction which should end by mid-July is not over and is expected to break the recent previous lows around 1040. Our view is that if we have a bear market then the market needs to begin to make lower highs and lower lows.



We have yet to really make lower lows since the market has been down to these levels in February. Our road map is as follows: between now and mid-July we break 1040 on the S&P 500 and then we rally into late August. We expect at that time a lower high with the S&P holding 1089. This would be followed by a further loss and perhaps even a re-test the March 9, 2009 lows in the fall. In the later fall of 2010 the 24-month cycle will bottom and we should see a counter trend rally. This rally will fail and set up the final low of the structure in 2012.

Currently the structure is simple. The dominant 17.5-week cycle is down. The 3-week cycle is down and the 38.6-day cycle is down. The 38.6-day cycle marks change in the overbought/oversold conditions. When this cycle bottoms the market should be oversold enough to begin its counter trend rally

Domestic Equities: We are short or in inverse ETFs. It is time to scale out of long positions prior to the next major decline. Get out of longs on any counter trend rally if you are not in cash or short. **International equities:** We remain neutral on international equities. We will stay out of all international equities until we see some change in economic activity, which is not expected for more than a year. **Bonds:** We are neutral and feel bonds are vulnerable, but we are not bearish. **Energy:** We are in a trading range and do not expect much out of oil for the next 6 weeks. **Metals:** We want to be heavily invested in gold on the long side but not until August. Do not sell gold. **Foreign Exchange:** The US dollar is neutral to bearish, but with the Euro finding its sea legs it is hard to justify a short this month.

Written 6/28/10

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

Cycle Projections

ISSN 1055-1700

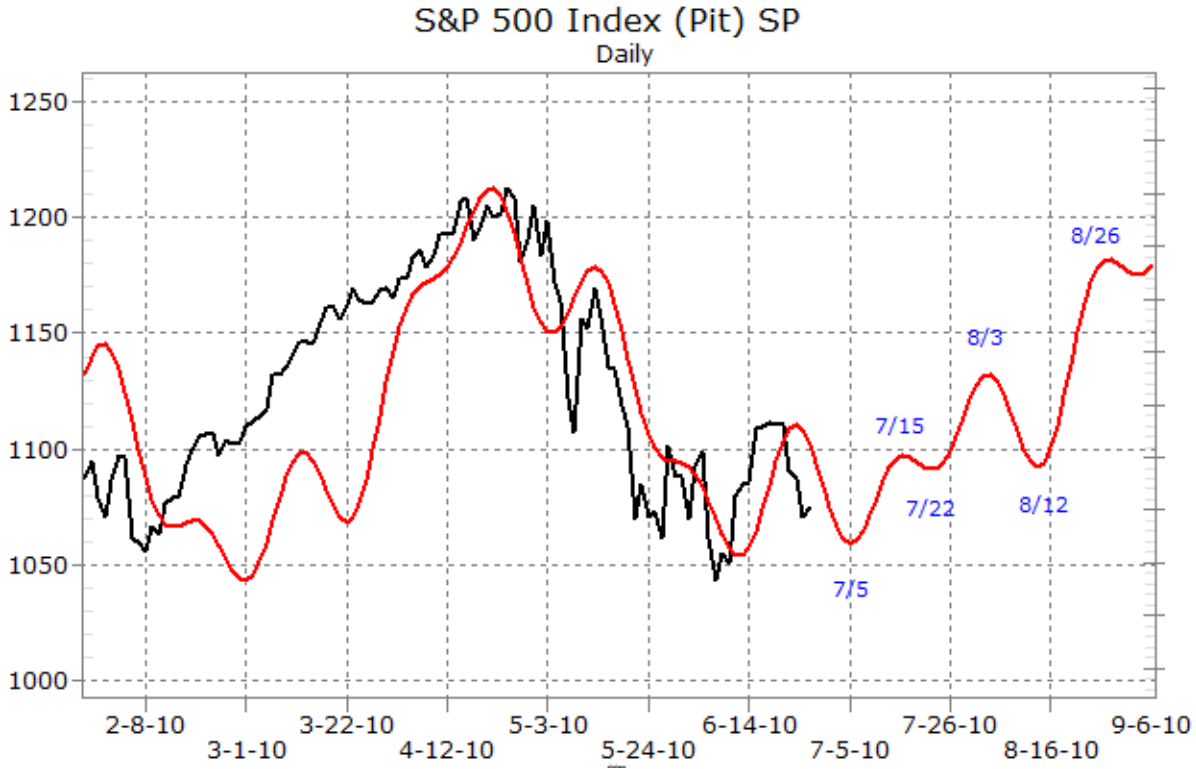
Published Monthly by the Foundation for the Study of Cycles

2929 Coors Blvd NW Suite 102-D

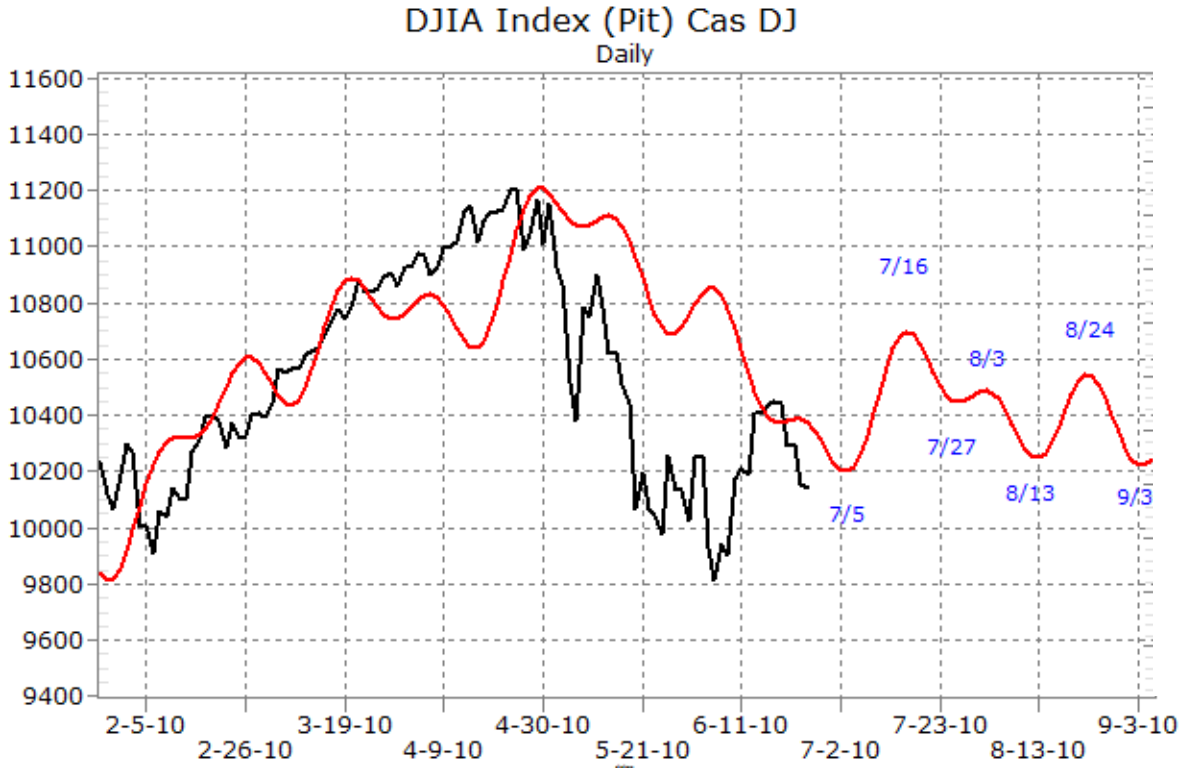
Albuquerque New Mexico 87120

(505) 796-5699 FAX (877) 799-0309 editor@techsignal.com

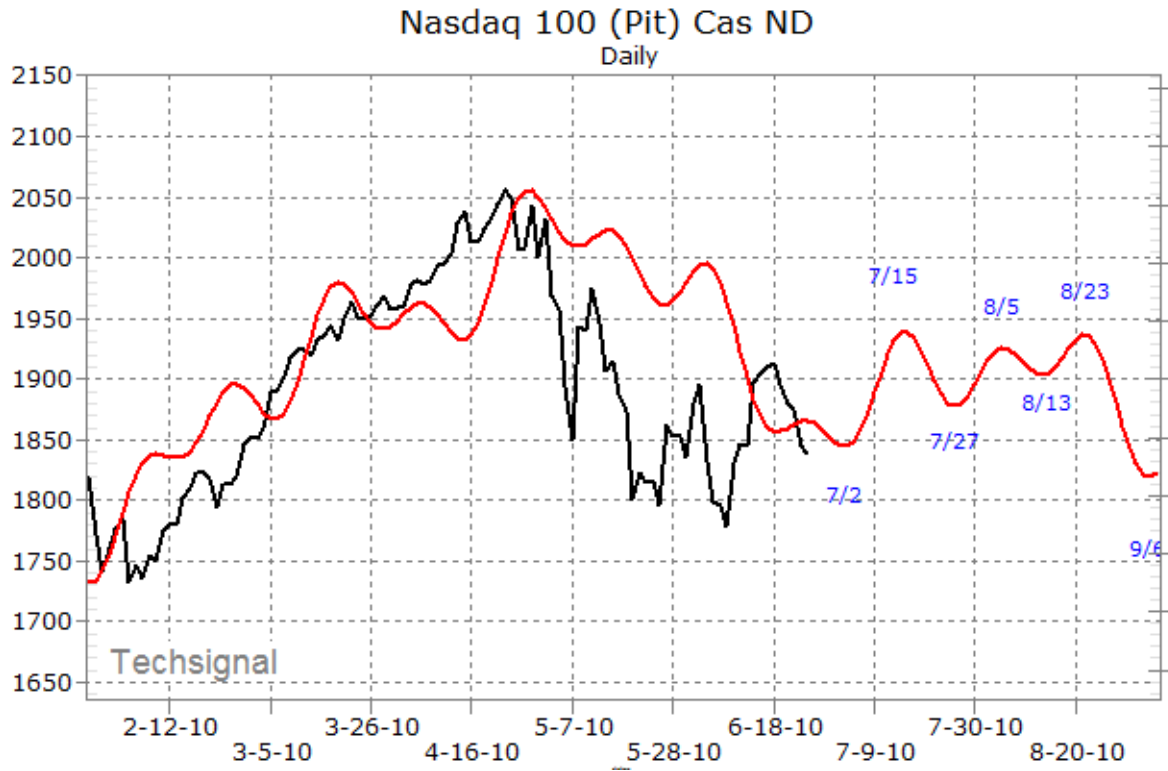
Daily S&P 500



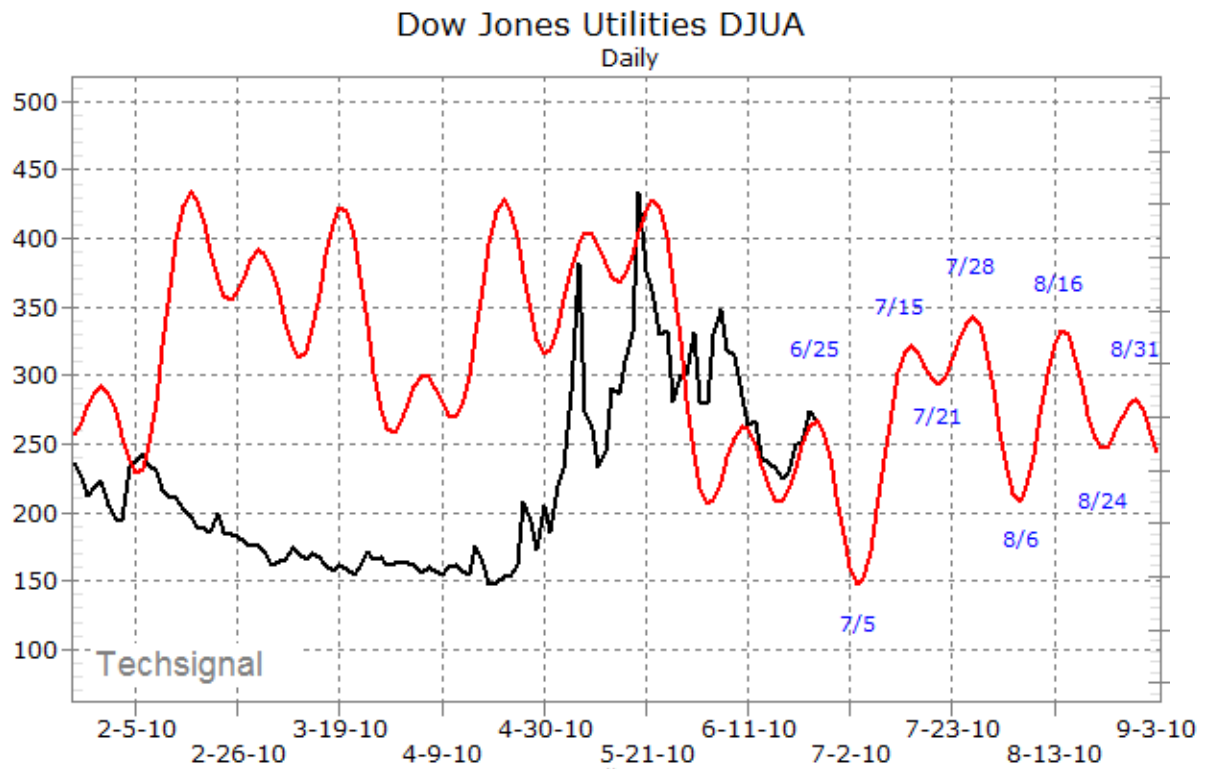
Daily Dow Jones Industrials



Daily Nasdaq 100

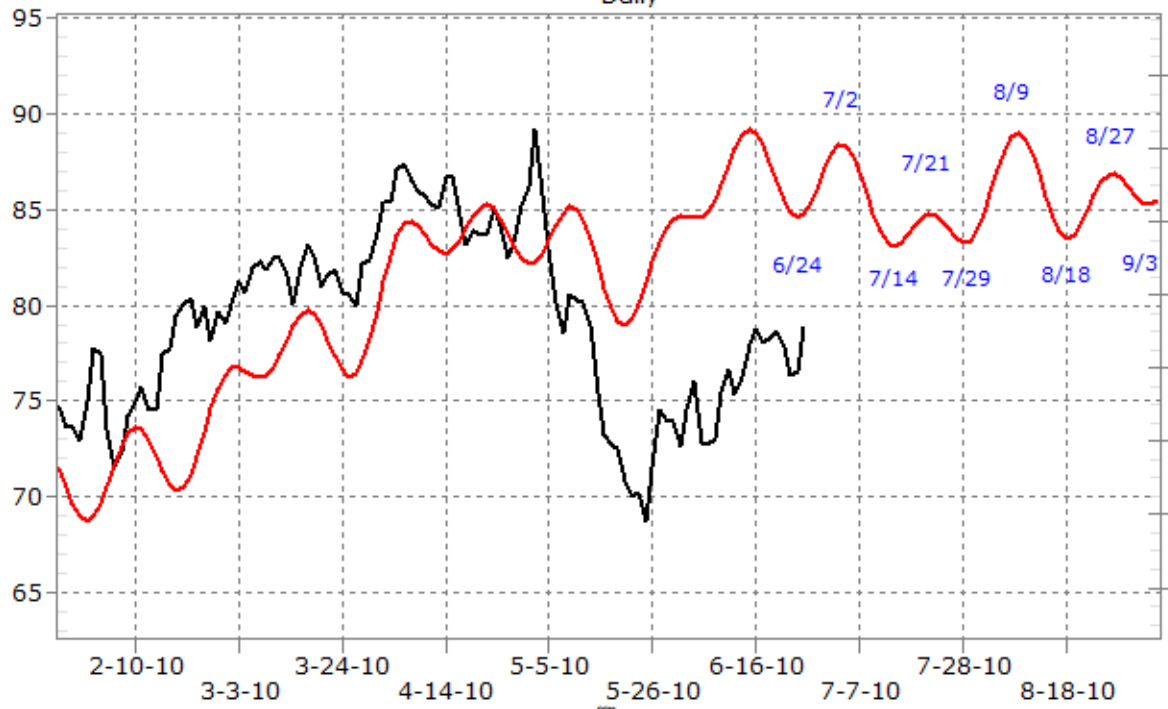


Daily Dow Jones Utilities



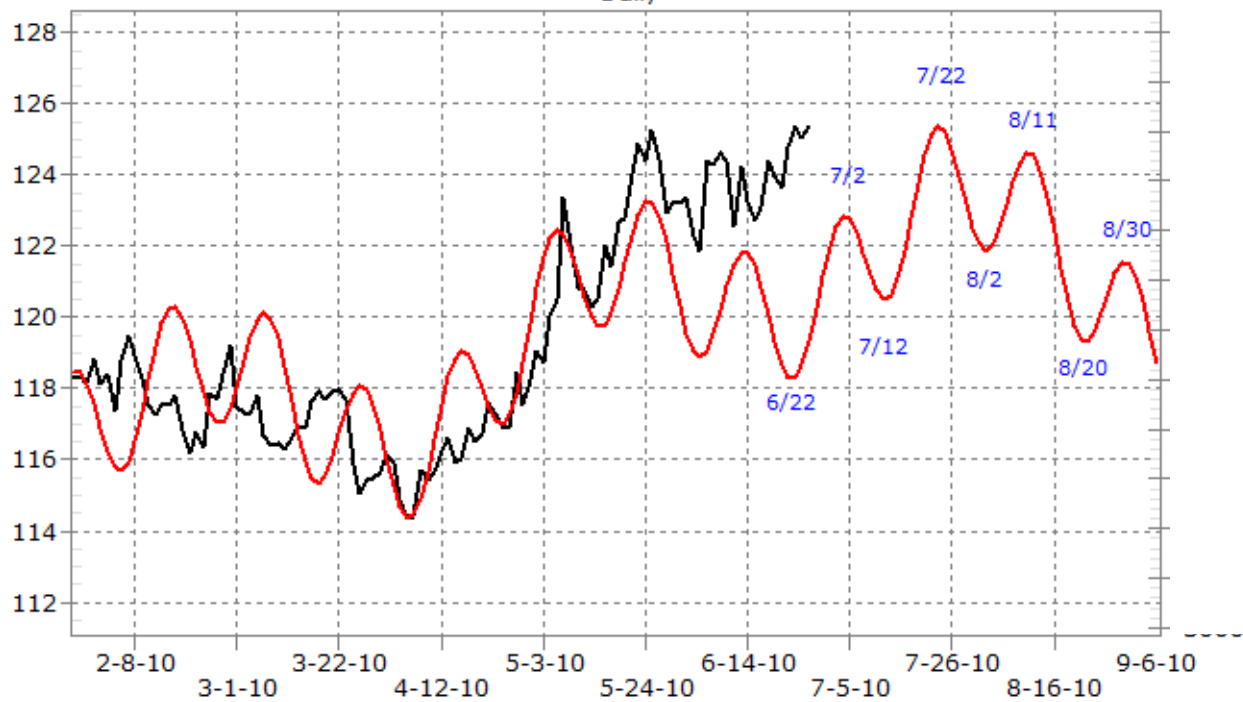
Daily Crude Oil

Crude Oil NY (Pit) C CL
Daily

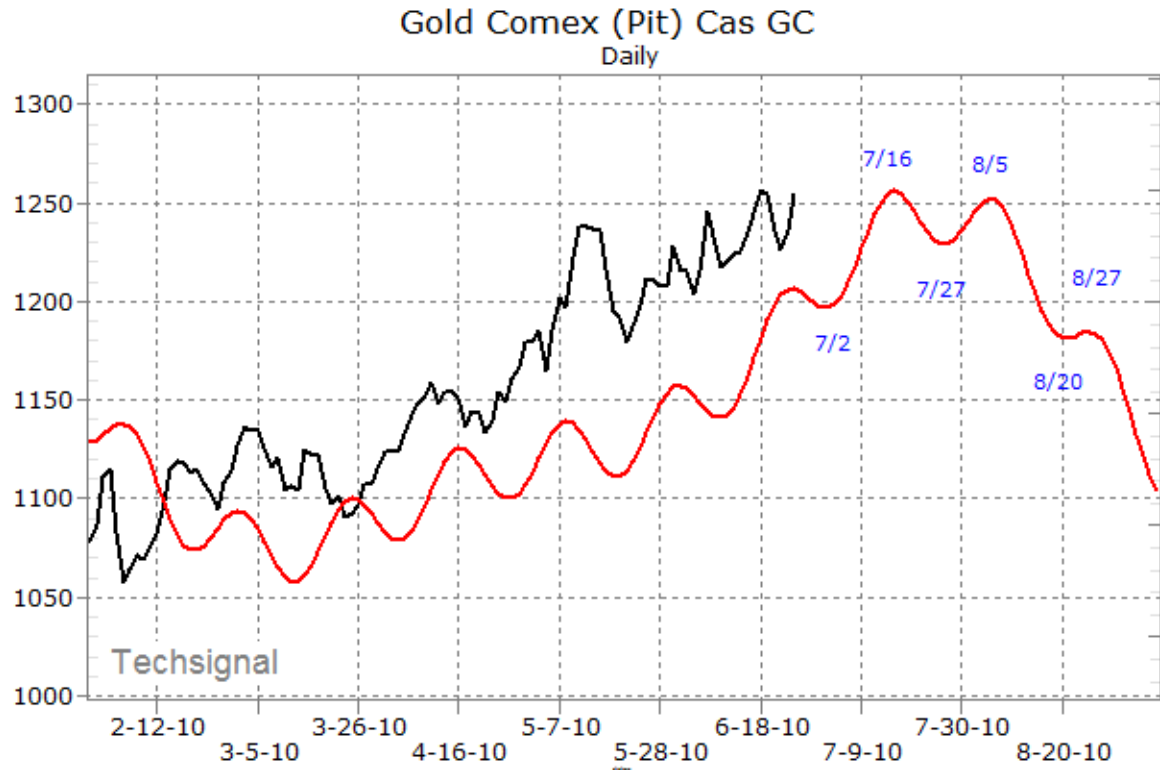


Daily T-Bonds 30 Yr.

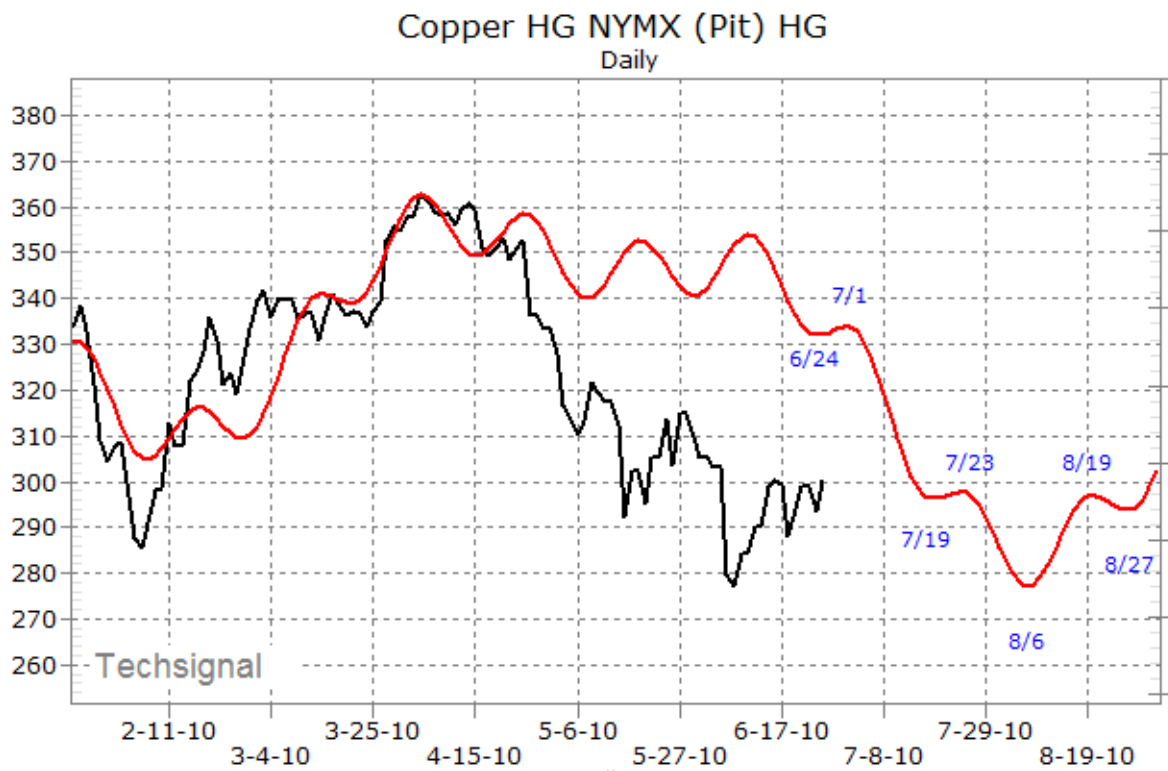
T-Bonds 30Yr CBT Pit TQ
Daily



Daily Gold

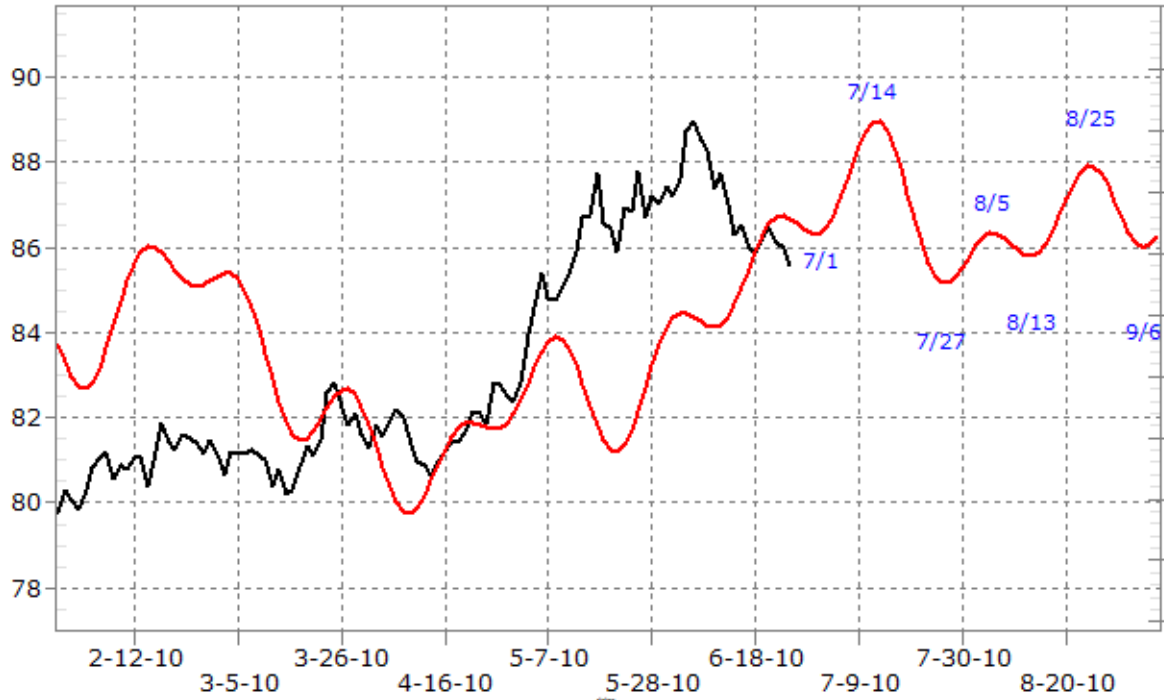


Daily Copper



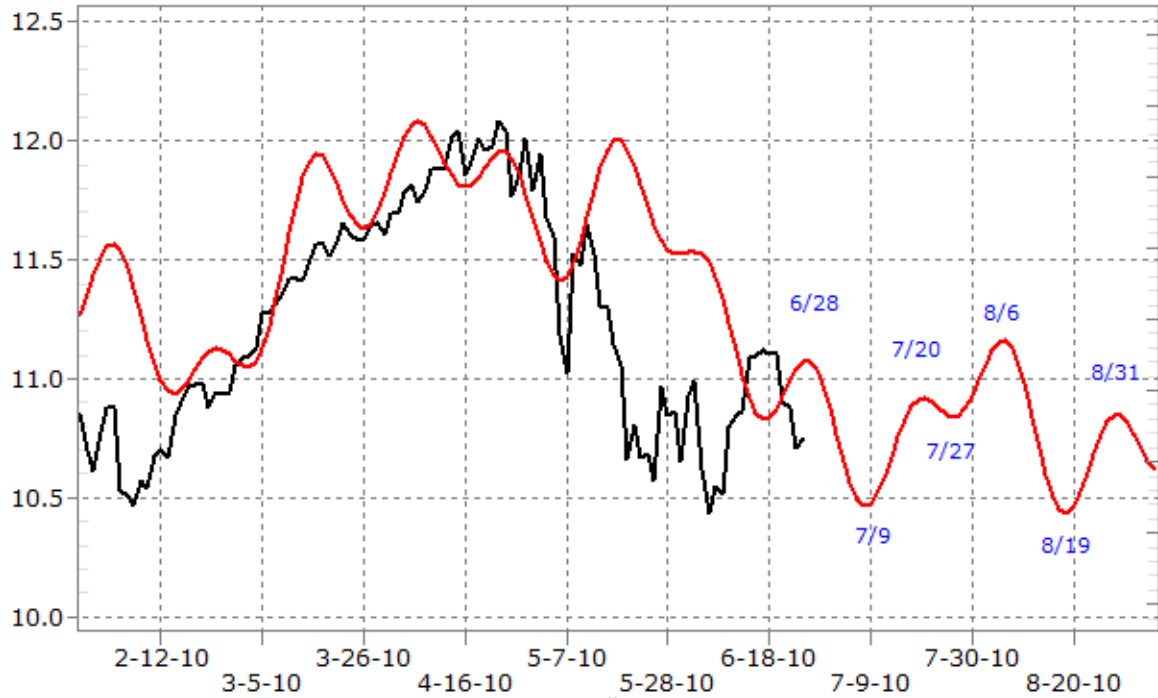
Daily US Dollar

US Dollar Index (ETH DX)
Daily



Daily Euro FX EU

Euro FX (Pit) Cadj L EU
Daily



Notice to Subscribers

Beginning next month, in each publication, we will be adding a feature called “How It Came Out”. We will be creating new analyses for all individual markets covered. Then for each following month we will show how each projection turned out compared to the market itself for the most recent month. In the situations where market conditions warrant a fresh analysis we will not include a “How It Came Out” section until the following month. We will also let you know that it is a new analysis. Our goal is to create a way of tracking how well the analysis used performs through time. We will also be showing the cycles used in our synthesis as well as presenting prices in the high, low close format.