

Cycle Projections ETFs

MAY-JUNE 2009

ETF'S - A Diversified Selection of Major Exchange Traded Funds

At what point is a rally a bull market?

Most analysts have judged bull markets by how much growth has taken place in the various indices. I prefer the S&P 500 to most other averages, and by any measure that average has met anyone's measure of a bull market rally if they use the percent growth standard. I do not completely. There are two points to be made here. It is important that if you



recognize a market is rallying, even in a bear market, it is important to participate; but if you think it is a bear market rally, hold your positions close. The other point is that there are other measures of a bull market. One of the most important in my estimation is that the problems that caused the bear market are beginning to be resolved and there is a direction ahead that one can see. I do not think this test has been met. I believe that the real estate and credit problems have not been resolved, nor is there any clear path ahead despite the 40 plus percent advance in the S&P 500. Our current outlook is for a correction into the summer and then a late summer rally into the end of the year. We will continue higher but in 2010 we expect a return to a bear market. I would expect yet another multi-year bear market. Short and intermediate cycles as show in the chart above are down. Our strategies are as follows: **Domestic Equities:** We want to take profits in any long equity ETFs. Buy and sell individual stocks only for moves of about 5 weeks. **International Stocks:** We remain neutral on International Equities with the exception of Brazil and China, but a better buying opportunity is ahead. **Energy:** Energy remains bullish, but use the US dollar as a guide. **Gold and Precious Metals:** We have been bearish on metals, but if the US dollar continues to flounder you can't ignore Gold. As we stated last issue usually gold has made double tops, but these are special times and if our outlook above is close to being accurate we will see new highs in gold. **Commodities/Agriculturals:** We are now bullish on Ags and growing commodities until at least mid summer and the advance will resume next year. Keep your eye on the US dollar **Natural Resources:** We remain cautious on natural resources until we have clear trends in the world economy.

Written 6/19/09

Cycle Projections

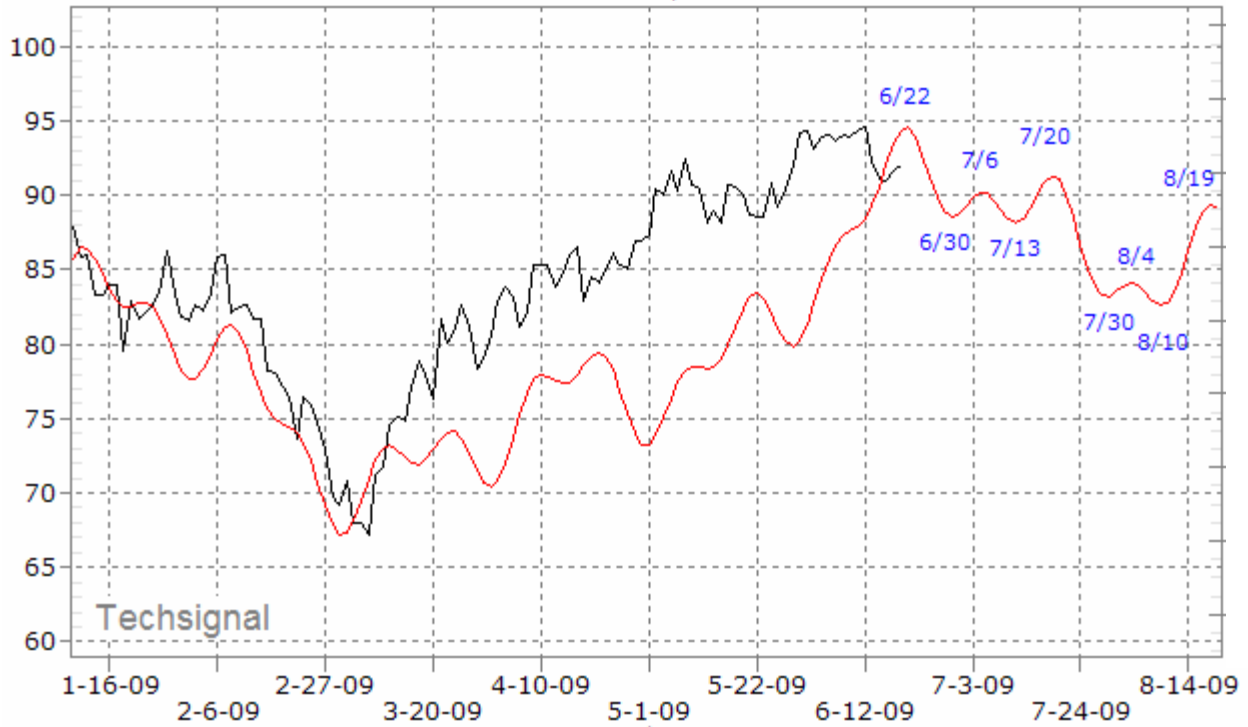
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SPY S&P 500

EXTRADED S&P 500(SPDR) SPY
Daily



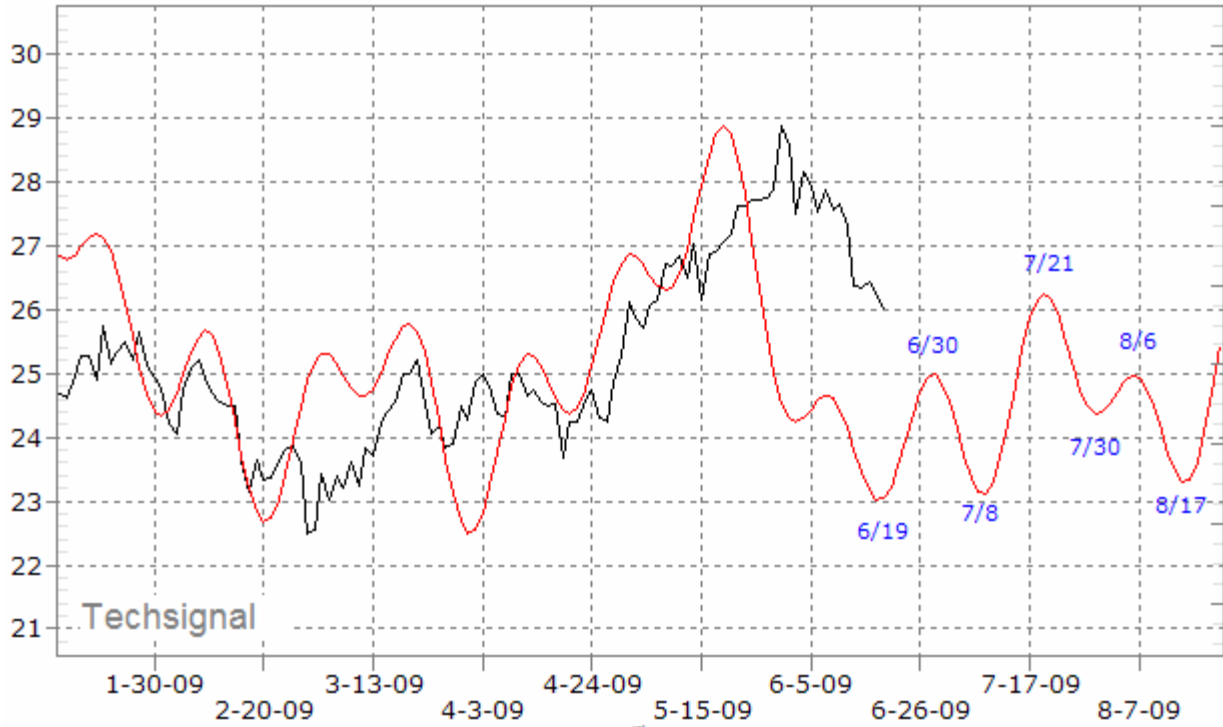
SDS (-2X) Double Beta Inverse

EXTRADED UltraShort S&P 500(ProShr) sds
Daily



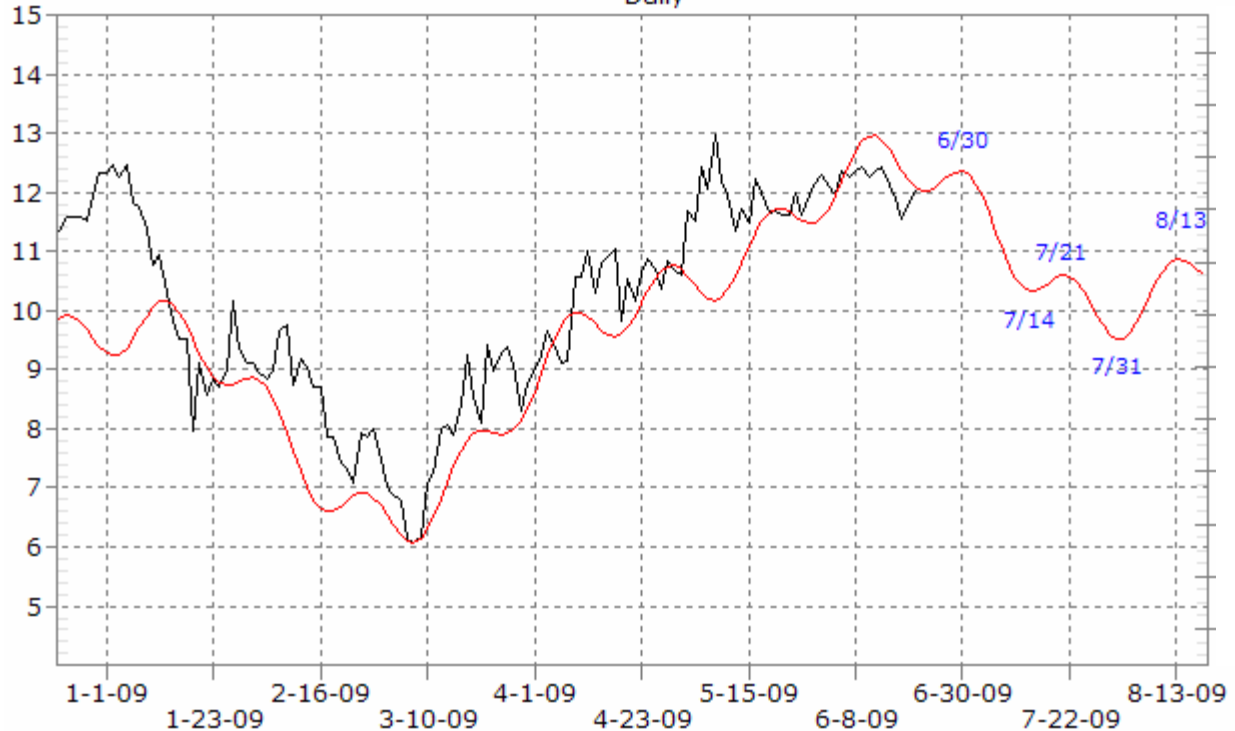
DBA Agriculture

EXTRADED DB Agriculture Fund(PowSh) DBA
Daily



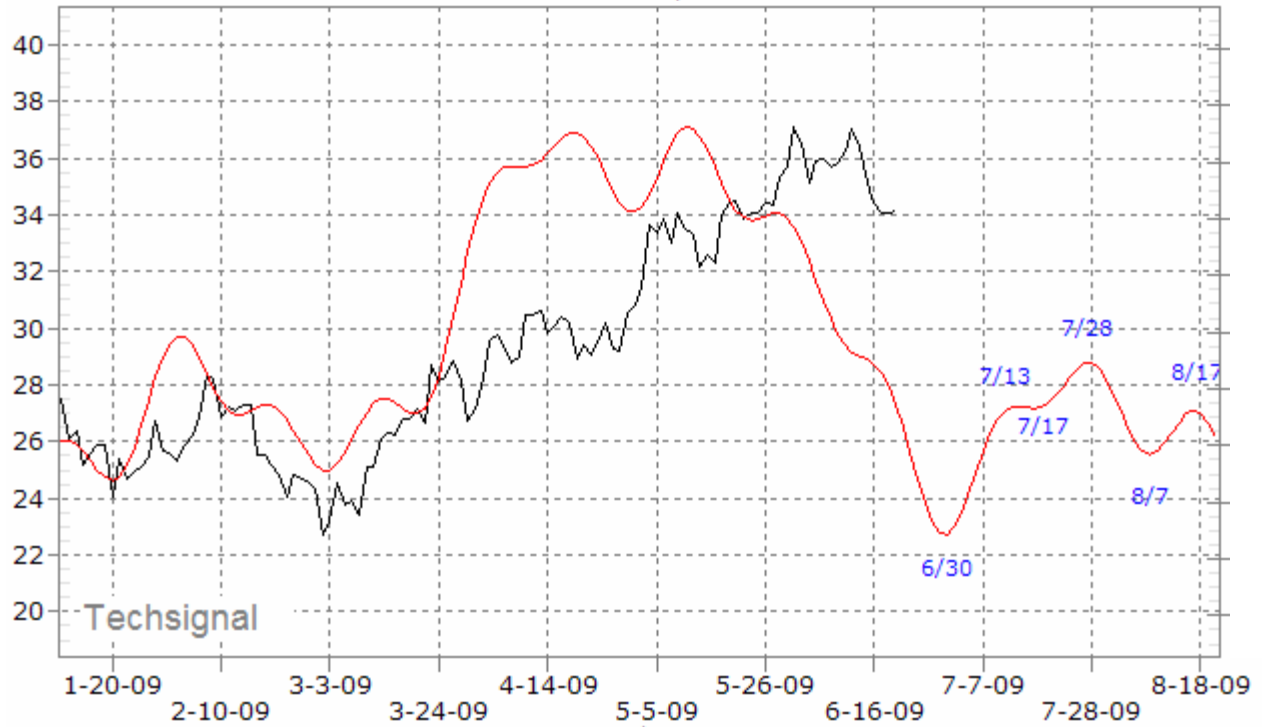
XLF Financial (SPDR)

EXTRADED Financial Select Sector(SPDR) XLF
Daily



ADRE Emerging Markets

EXTRADED Emerging Mkt 50 ADR IxFd(BLDRS) ADRE
Daily



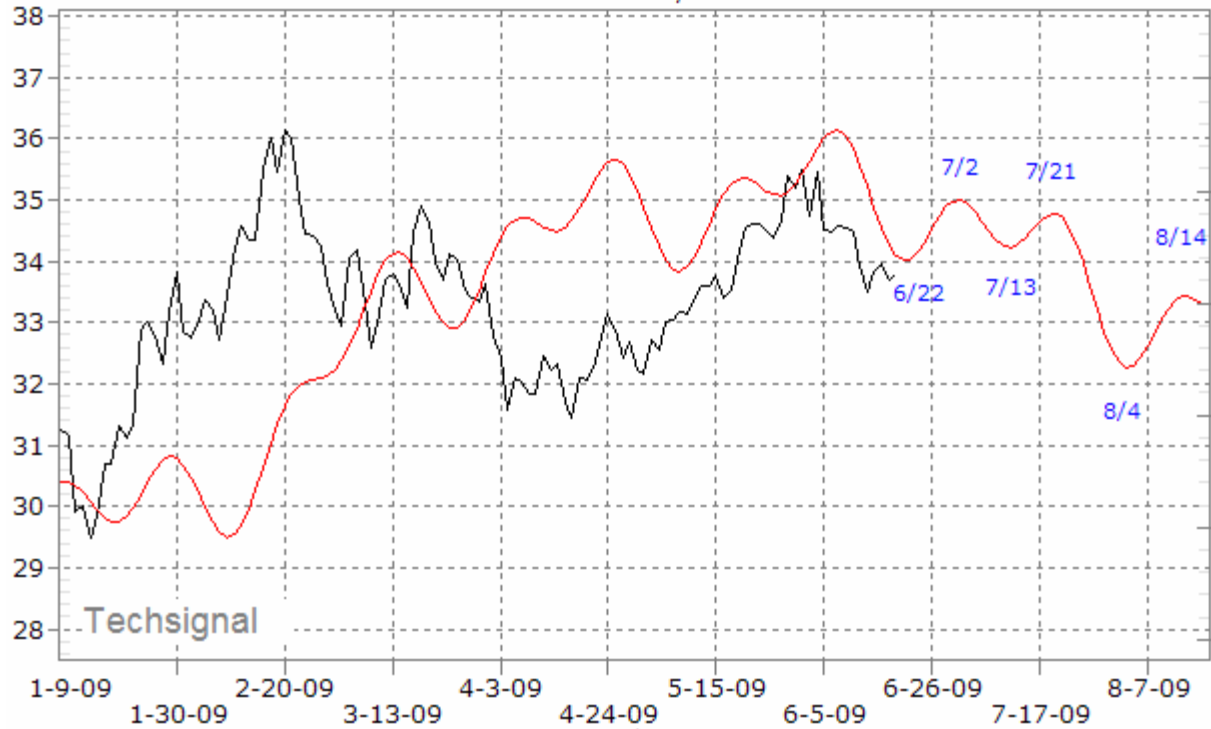
OIH Oil Services

EXTRADED Oil Service(HLDRS) OIH
Daily



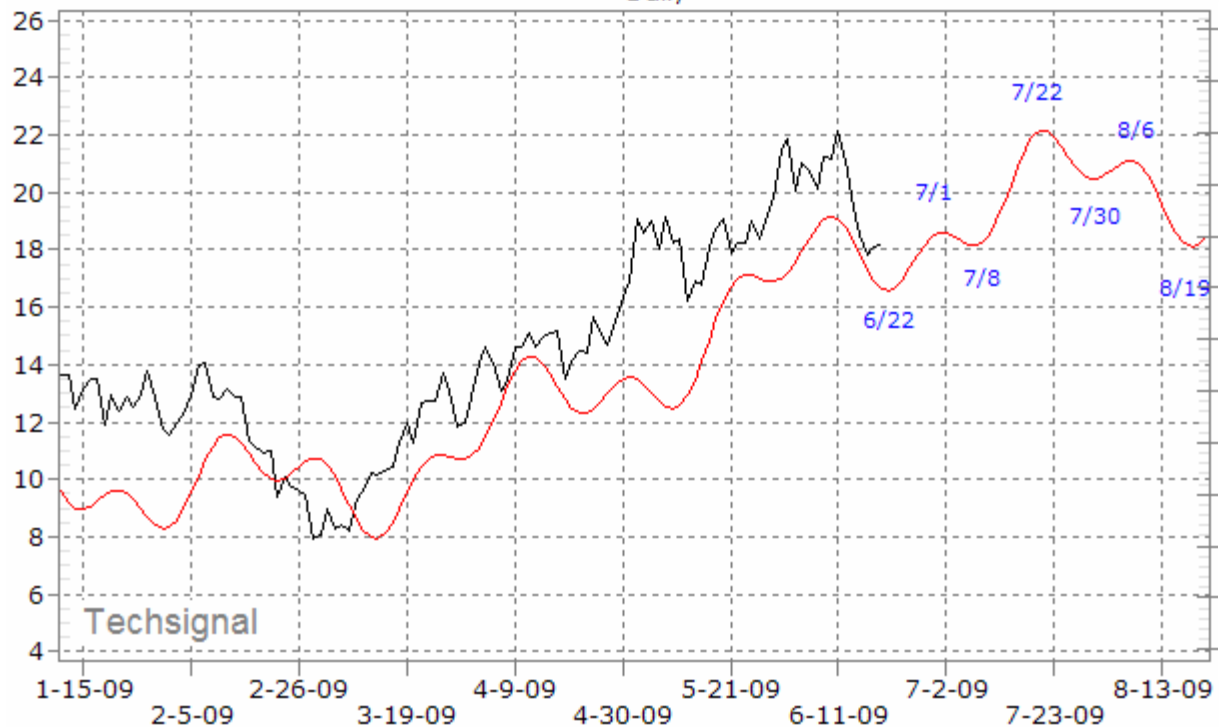
DGL Gold

EXTRADED DB Gold(PowSh) DGL
Daily



UYM (+2X) Double Beta Basic Materials

EXTRADED Ultra Basic Materials(ProShr) UYM
Daily



PGJ China

EXTRADED Golden Dragon USX(PowSh) PGJ
Daily



EWZ Brazil

EXTRADED MSCI Brazil(iShr) EWZ
Daily

