

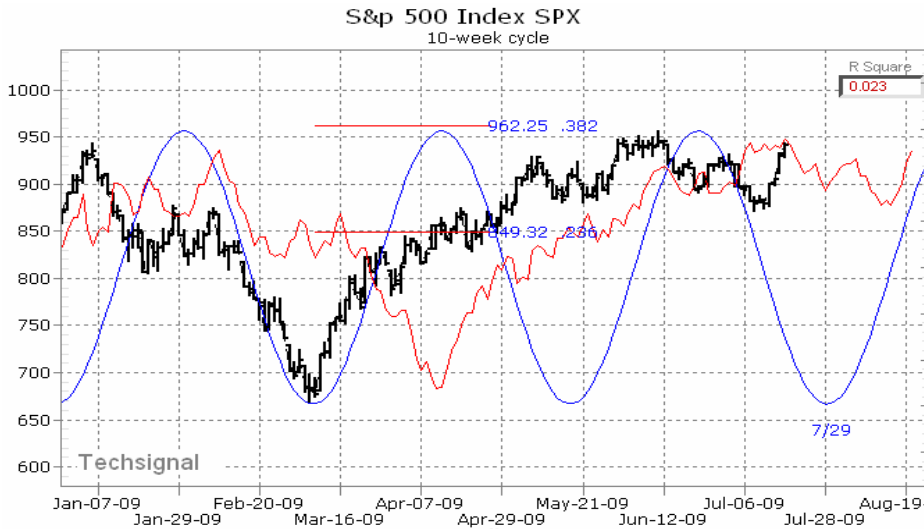
# Cycle Projections Energy

JULY-AUGUST 2009

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

## Is this really a breakout?

Last month we were looking for a correction in the S&P 500 but alas we had a small correction to about 869 on the cash S&P. This was very close to our downside half cycle projection of 866, well within the 10% margin for error. Now we are moving up again and the important resistance is 945 and a true breakout would be a close above 962. Until then we need to be patient. Clearly this week has been very strong and a



great ride but I am concerned about the lack of volume and real progress to the upside since early May; but that being said there has been little deterioration on the downside. The reality of this market will depend, in the long run, on the progress of the economy and on that issue we are not bullish. The monthly cycles call for a rally to the end of the year while the intermediate cycles call for a summer correction. Which one will win is difficult to judge, but the more certain

scenario is next year when we expect the economy to worsen. We expect at this point a double dip recession like 1980 and 1981, when we had two short recessions in a row. The main difference is that the current recession is not short. The bottom line is that we have a major economic crisis and it will not be healed this year and therefore hold any ETFs short-term only. Avoid triple beta funds and stay loose. Double betas can be used for short-term trades **Domestic Equities:** The long side is the side to be on, if you are nimble, but do not hold too long. There is a tug of war going on until we break through the above named resistance. Sector ETFs add to risk and reward and can be used judiciously. **International Stocks:** We are bullish on International Equities with an emphasis on Brazil and China. **Energy:** Energy has moved from bullish to neutral. **Gold and Precious Metals:** The metals are in a trading range and may not break out until next year. Any trade should be considered longer term. It is hard to make money in a trading range in the metals. **Commodities/Agriculturals:** We are now neutral on Ags and growing commodities due to the seasonal patterns, but bullish longer term. **Natural Resources:** We are still cautious on natural resources until the economy comes back. The key to energy, gold and resources is the direction of the US dollar. A rally will not be bullish for commodities.

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

**Cycle Projections**

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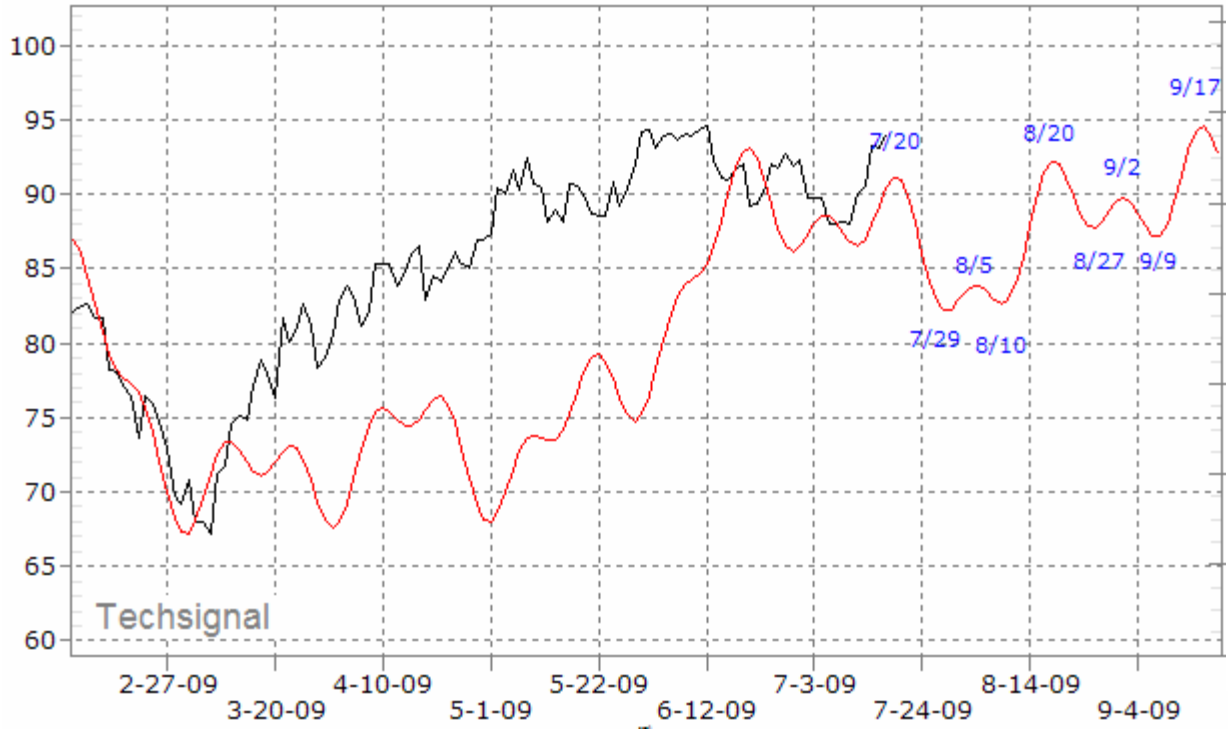
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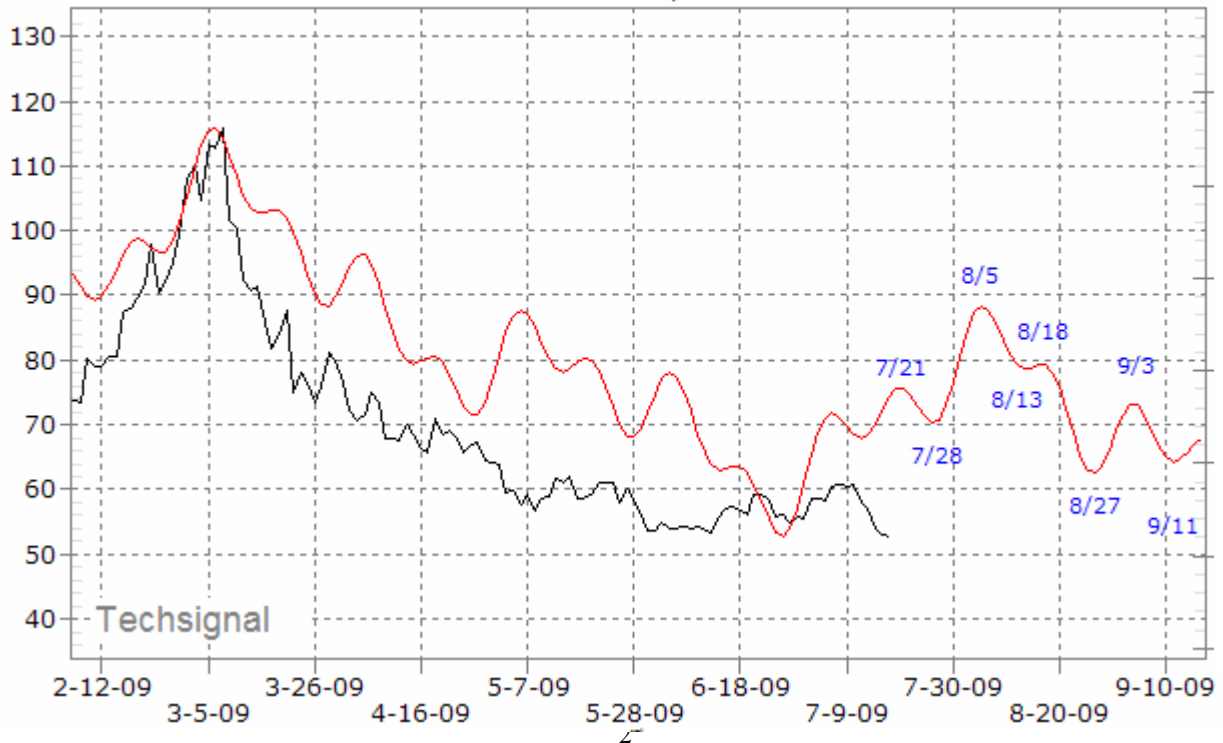
# SPY S&P 500

EXTRADED S&P 500(SPDR) SPY  
Daily



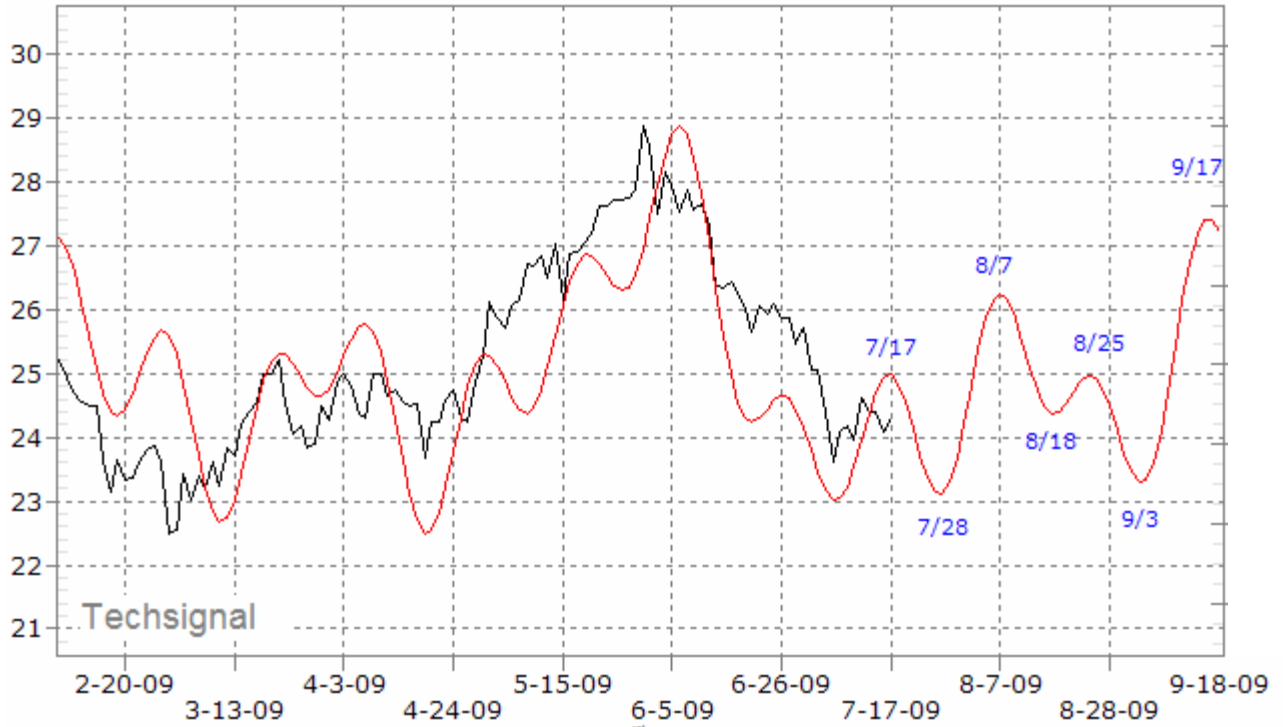
# SDS (-2X) Double Beta Inverse

EXTRADED UltraShort S&P 500(ProShr) sds  
Daily



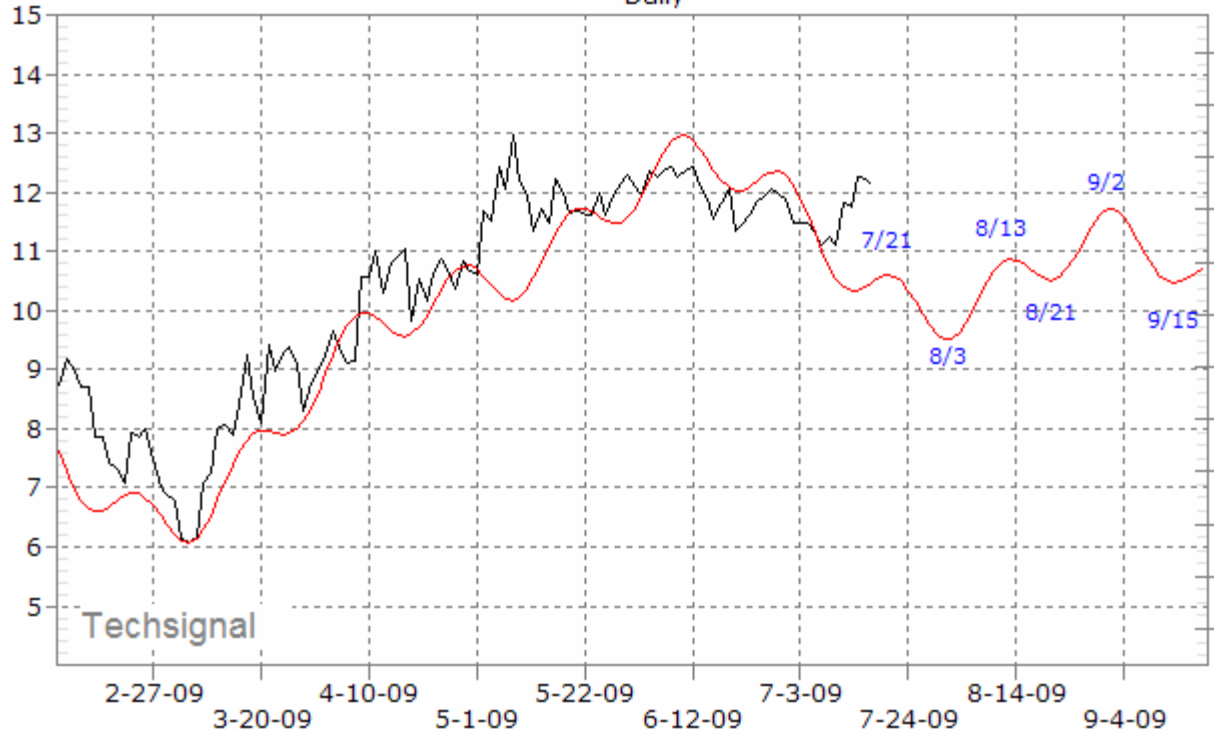
# DBA Agriculture

EXTRADED DB Agriculture Fund(PowSh) DBA  
Daily



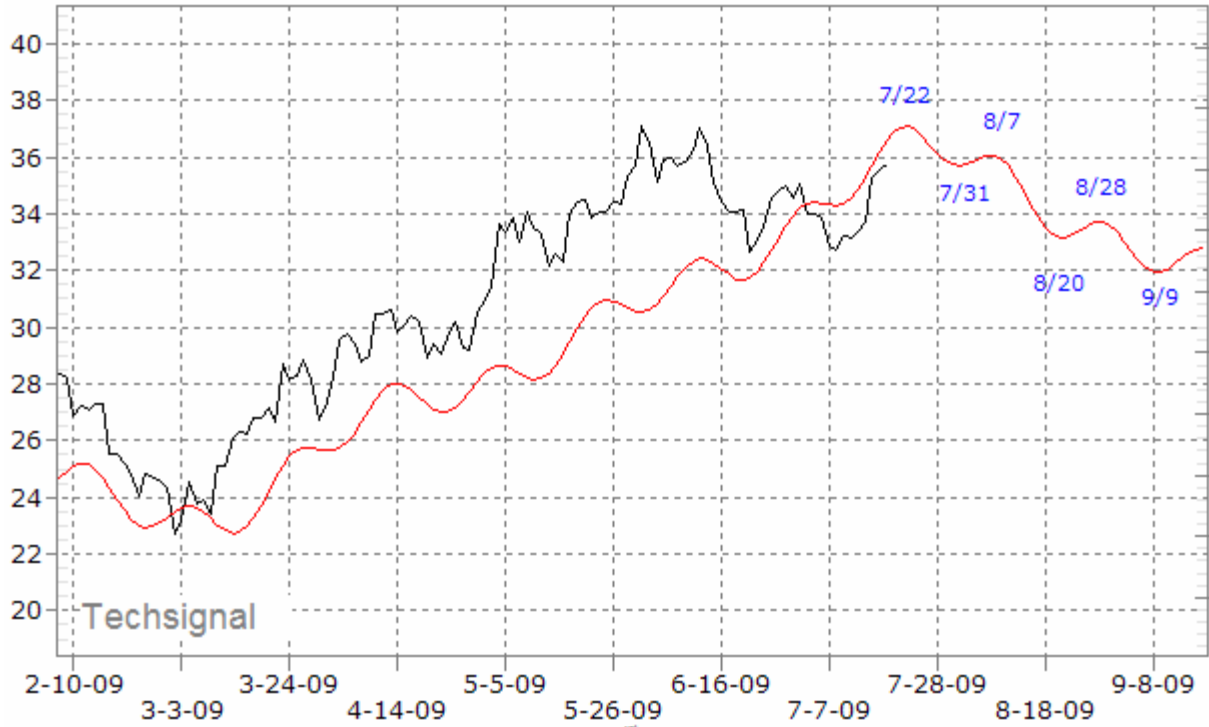
# XLF Financial (SPDR)

EXTRADED Financial Select Sector(SPDR) XLF  
Daily



# ADRE Emerging Markets

EXTRADED Emerging Mkt 50 ADR IxFd(BLDRS) ADRE  
Daily



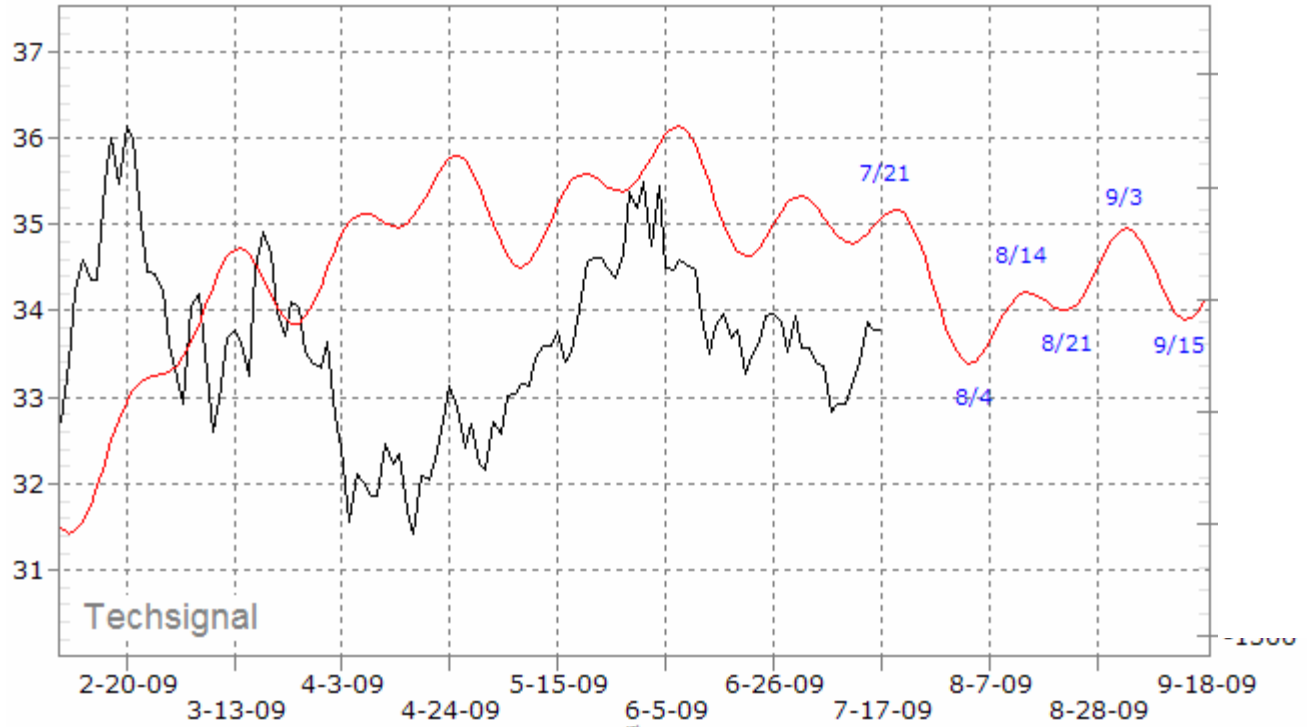
# OIH Oil Services

EXTRADED Oil Service(HLDRS) OIH  
Daily



## DGL Gold

EXTRADED DB Gold(PowSh) DGL  
Daily



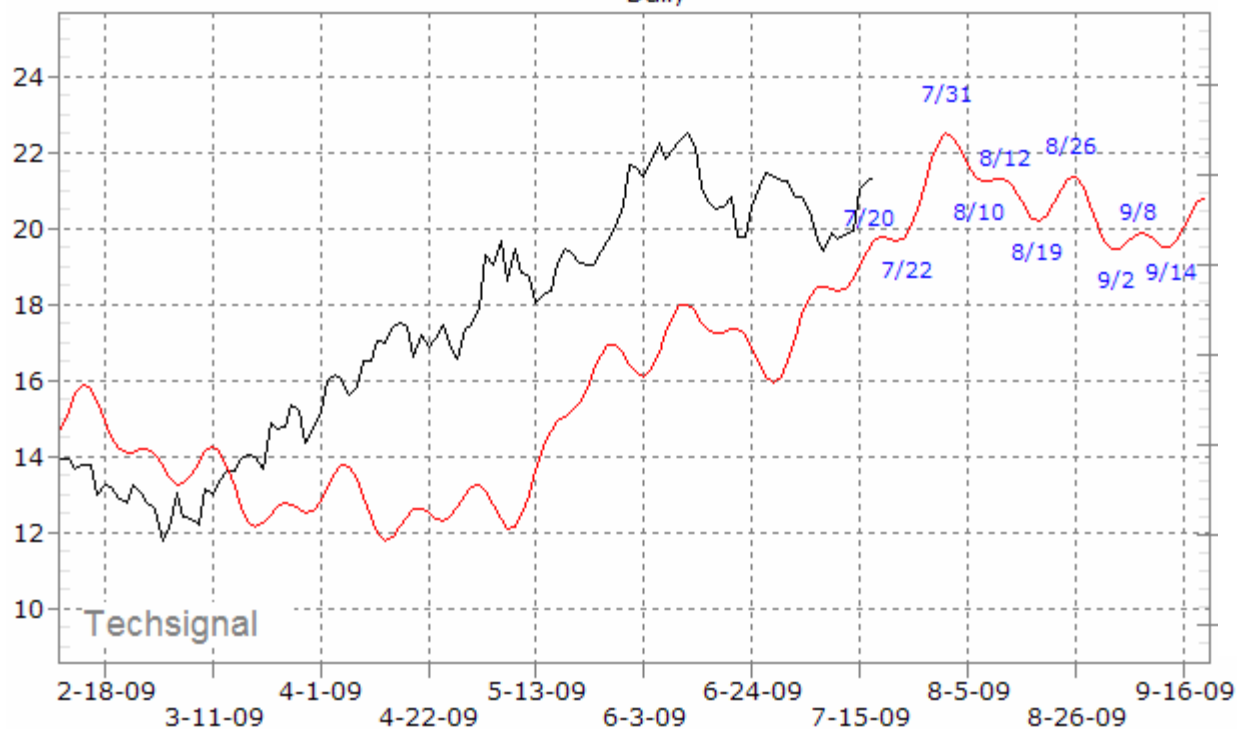
## UYM (+2X) Double Beta Basic Materials

EXTRADED Ultra Basic Materials(ProShr) UYM  
Daily



## PGJ China

EXTRADED Golden Dragon USX(PowSh) PGJ  
Daily



## EWZ Brazil

EXTRADED MSCI Brazil(iShr) EWZ  
Daily

