

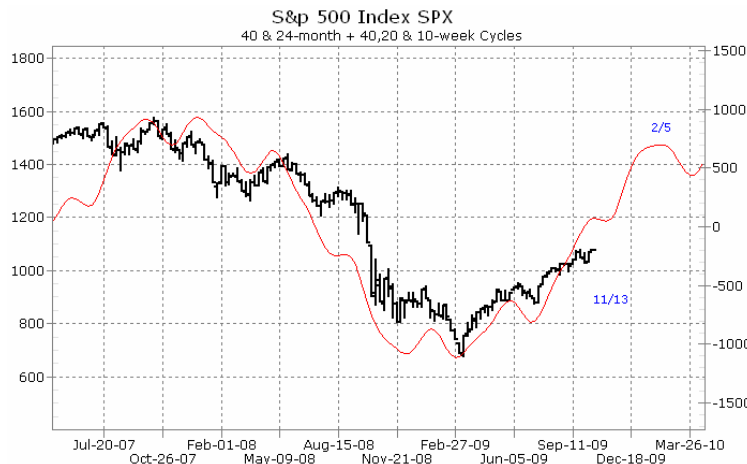
Cycle Projections ETFs

OCTOBER-NOVEMBER 2009

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

How high and how long?

The potential for a rally we spoke of in the last issue has come early. We currently have the 40, 20 and 10-week cycles all down but the longer 24 & 40 month cycles are up. What will happen? The chart below shows this picture. It shows the rally going sideways until before Thanksgiving and then the rallying finishing up in 2010. After 2010 the going gets rough. The current market is attempting to get through 10,000 level basis the Dow Jones Industrials and may well get above this, but the more important level is the 50% retracement level from the 2007 high to the March 2009 low of 10,334. This will be important resistance. If



we get through then the 40 and 24- month bullish cycles will lead the way. If we stall prior to this level then expect the shorter weekly cycles to take command and the Dow should hold the Fibonacci level of 9415. If that does not hold we will not see the significant yearend rally. We expect it to hold because the weekly cycles should cause a flat correction. But what about the overall economy? Can it continue to improve and is the recession over? The answer to both parts of this question is no and yes. The recession is likely technically over, but the economy is not likely to improve until the consumer comes back; and with credit restricted as it is that is not likely in the next several years. The cycles in retail sales have sunken to levels that have not been seen since the growth of credit in the late 1960s.

Without new growth in credit we do not believe the economy will respond. That being said there are over the next month or so opportunities in ETFs. **Domestic Equities:** Short-term US stocks should continue their ride as stated above. We want to stay primarily in the higher relative strength tech sector. **International Stocks:** We remain bullish on International Equities and want to continue to hold Brazilian and Pacific Rim equities, **Energy:** We are neutral on energy until economic activity improves. We are currently near the top of the trading range in crude. **Gold and Precious Metals:** We are bullish on metal fund and believe that any pullback should be viewed as an accumulation phase for gold ETFs. We think that 15%-20% of individual portfolios should be in metals. Again all will depend on the US dollar. If US dollar rallies, then lighten up on your positions but next begin to accumulate again as the US dollar finds resistance. **Commodities/Agriculturals:** We remain neutral due primarily to the seasonal patterns. Longer term we remain bullish but do not believe the recent highs will be taken out soon. Again the US dollar is all important. **Natural Resources:** Wait for the economy to improve in the next several years and watch the bull market slowly take off.

Written 10/13/09

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

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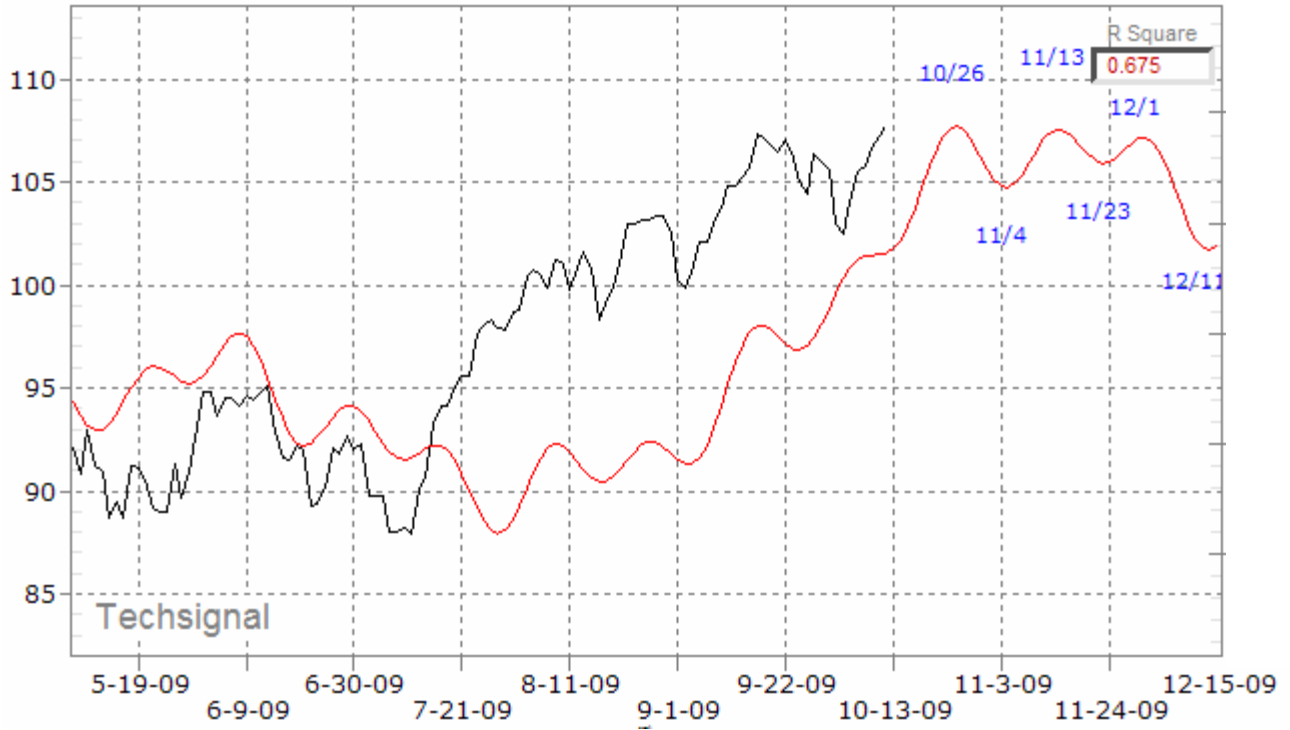
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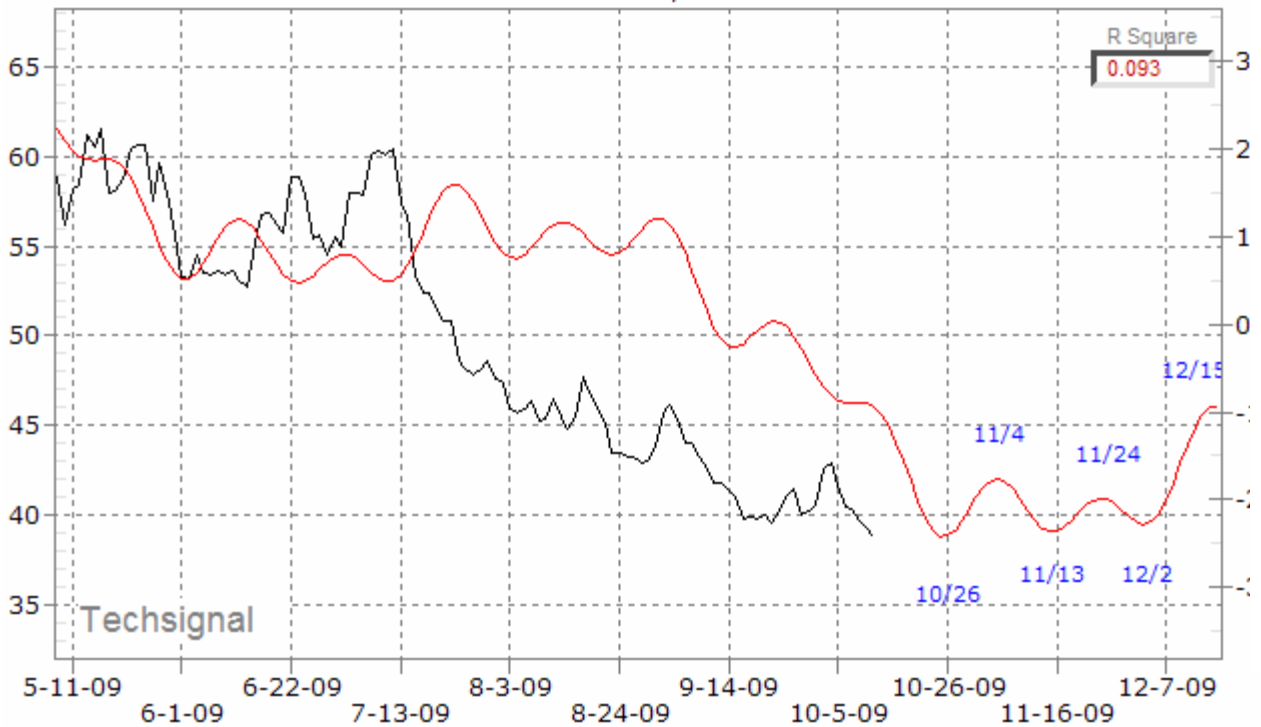
SPY S&P 500

SPDRs S&P 500 Trust Series ETF SPY
Daily



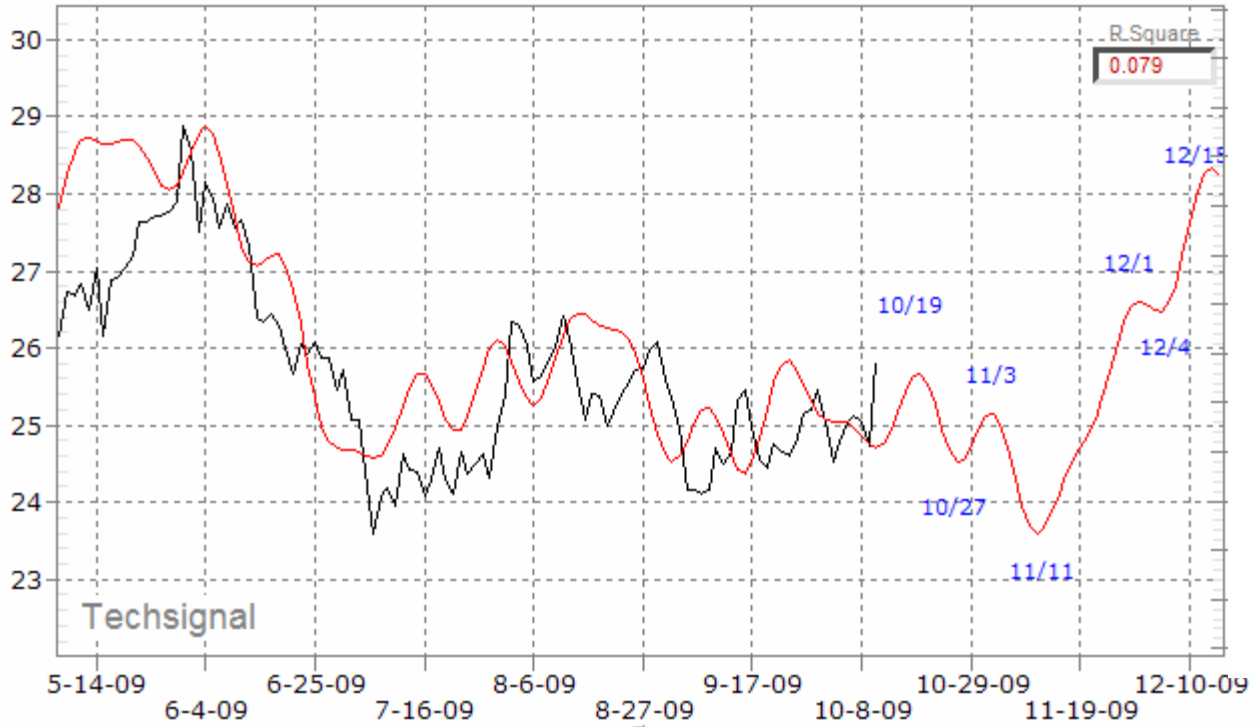
SDS (-2X) Double Beta Inverse

ProShares UltraShort S&P500 SDS
Daily



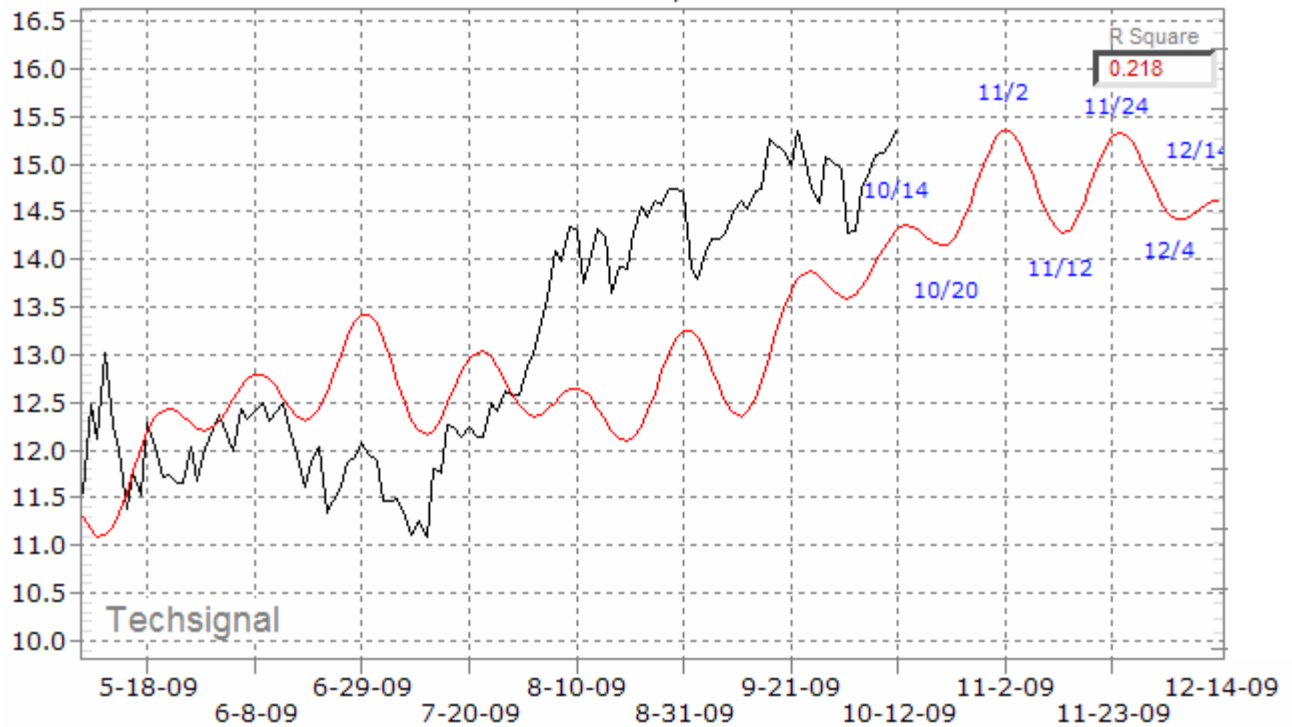
DBA Agriculture

PowerShares DB Agriculture Fund ETF DBA
Daily



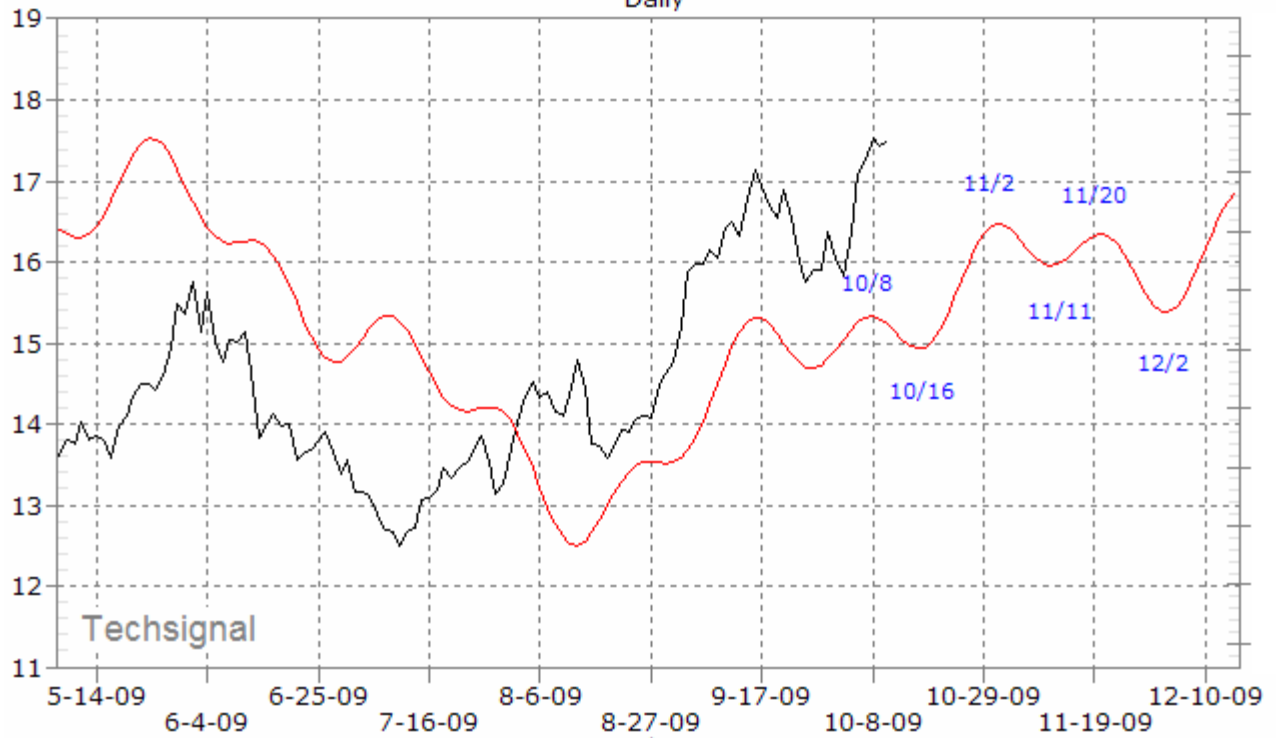
XLF Financial (SPDR)

SPDRs Select Sector Financial ETF XLF
Daily



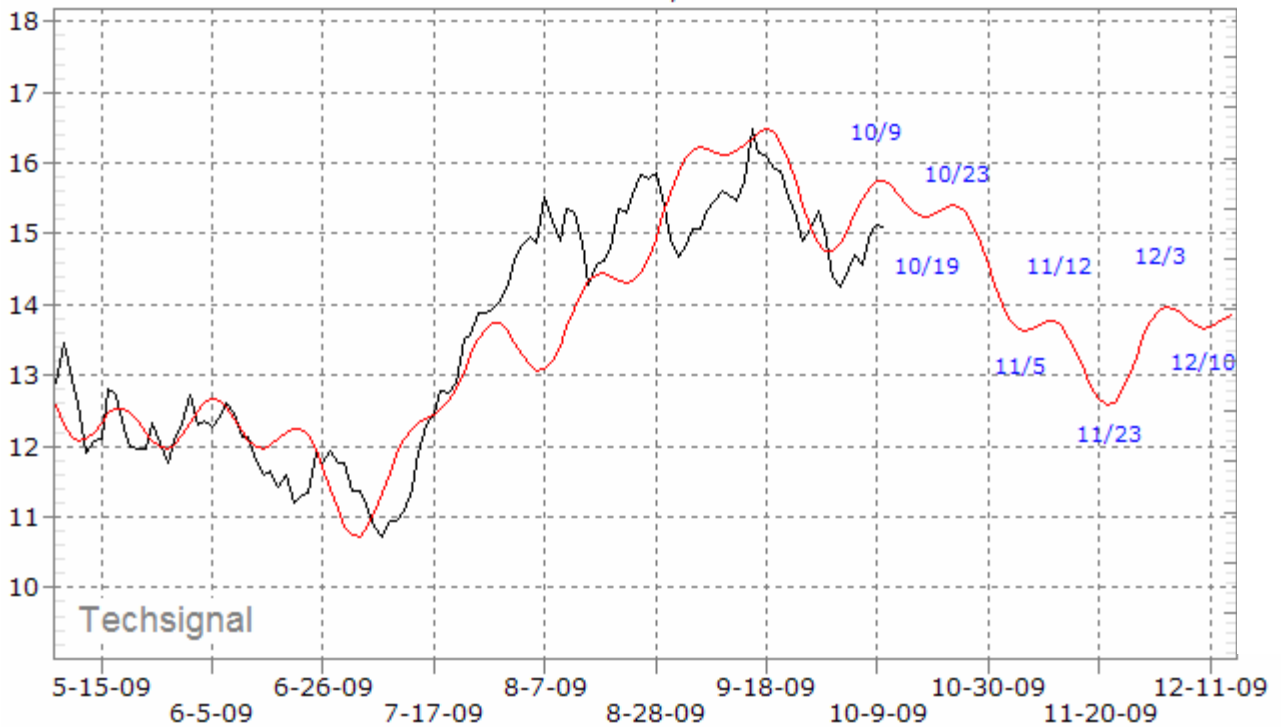
SLV Silver Trust

iShares Silver Trust ETF SLV
Daily



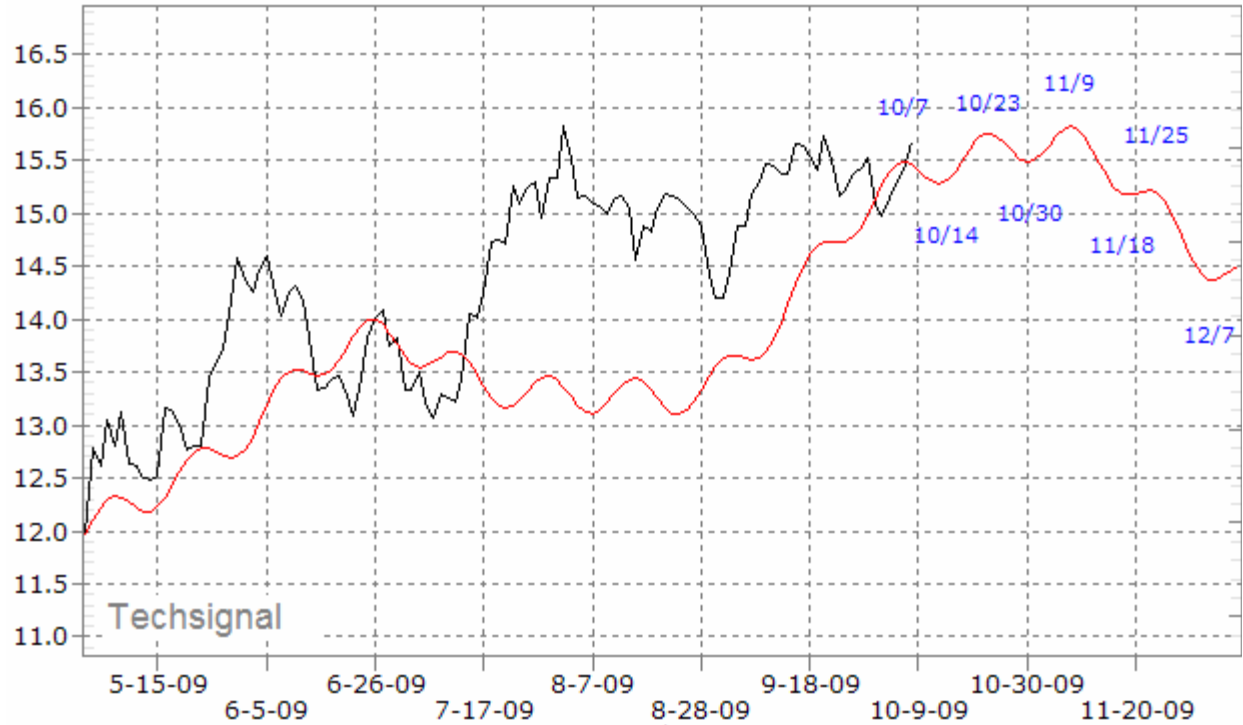
XHB S&P Homebuilders

SPDR S&P Homebuilders ETF XHB
Daily



EWI Hong Kong Index New

iShares MSCI Hong Kong Index Fund ETF EWH
Daily



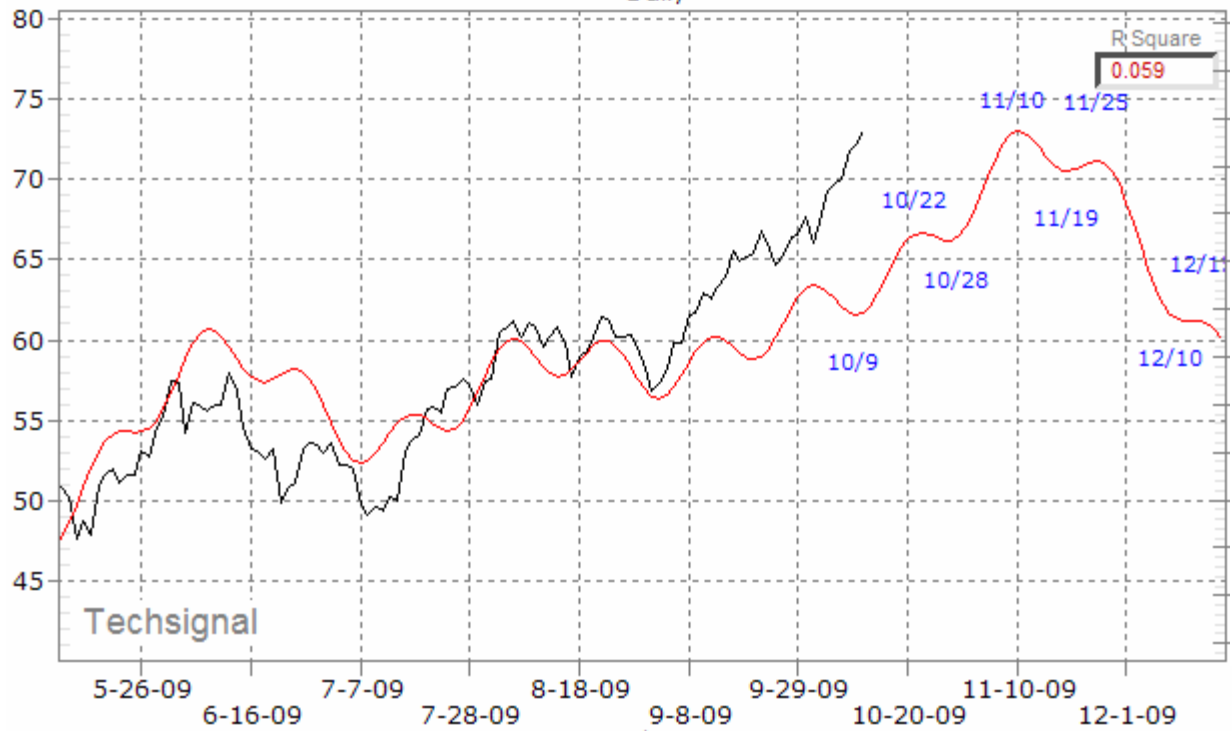
EWM Malaysia Index

iShares MSCI Malaysia Index Fund ETF EWM
Daily



EWZ Brazil Index

iShares MSCI Brazil Index Fund ETF EWZ
Daily



XRT S&P Retail

SPDR S&P Retail ETF XRT
Daily

