

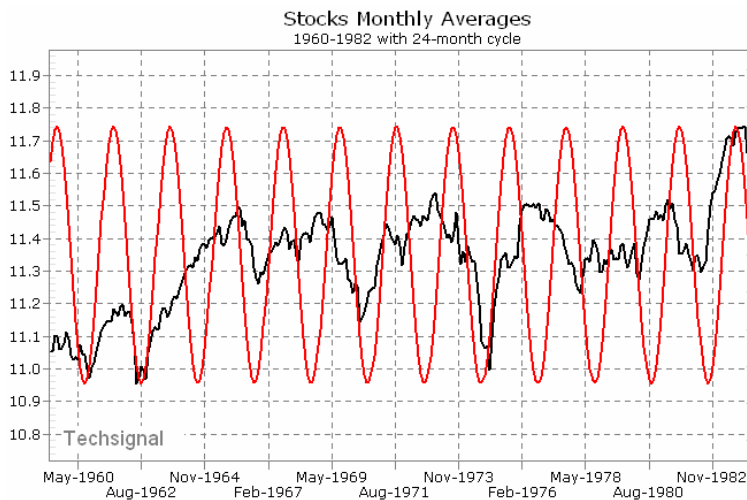
Cycle Projections ETFs

NOVEMBER-DECEMBER 2009

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

Correction is overdue, when will it happen?

We have been over 38 weeks without any significant correction and that is in a market that typically has significant corrections every 40-weeks or 9 months. If we are to have a 40-week correction then we have only a couple of weeks to for it to happen, and a correction that lasts only a short time is not a major correction. With time running out for the 40-week cycle we must again focus on the 24-month cycle that is up until January. Historically when this cycle is up we usually get only very minor 40-week cycle corrections. In 1975 we did have an almost 10% correction after 7 months of uninterrupted rally prior to the 24-month top.



There is typically one 40-week cycle low in a 24-month cycle rally and it is most significant on the downside of the 24-month cycle. We consider this period to be a model for what is happening today. In 1965 after a 16 year bull market, the market began a correction that lasted until 1982. In 2000 an 18-year bull market came to a corrective sideways market that thus far has lasted a decade, albeit with some excellent rallies as did the sideways market of 1965 to 1982. This model argues for another decline once the 24-month cycle tops in 2010. We believe it will.

The economy is indicating a similar picture with slow economic growth limited credit and consumption accompanied by the fear of inflation. Until the top of the 24-month cycle we will buy equity ETFs while watching them carefully.

Domestic Equities: Short-term we want to buy index ETFs and carefully play the end of the year bullish tendency. **International Stocks:** We continue cautiously bullish on International Equities with an emphasis on the emerging markets; but the US dollar is clearly a worry. **Energy:** We continue to be neutral on energy. Nothing has changed. Demand will keep us in the trading range in crude. **Gold and Precious Metals:** We are short-term neutral on the metals and any pullback should be seen as an accumulation opportunity for significantly higher prices. We will continue to monitor the US dollar, which is expected to find a short-term bottom in a continuing bear market. **Commodities/Agriculturals:** It is winter and not a bullish seasonal time for commodities. We will continue neutral until late winter. Demand will also put a lid on things. We are still long-term bullish. **Natural Resources:** In another 6 months an accumulation period will begin in the natural resource sector, but not now.

Written 11/30/09

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Cycle Projections

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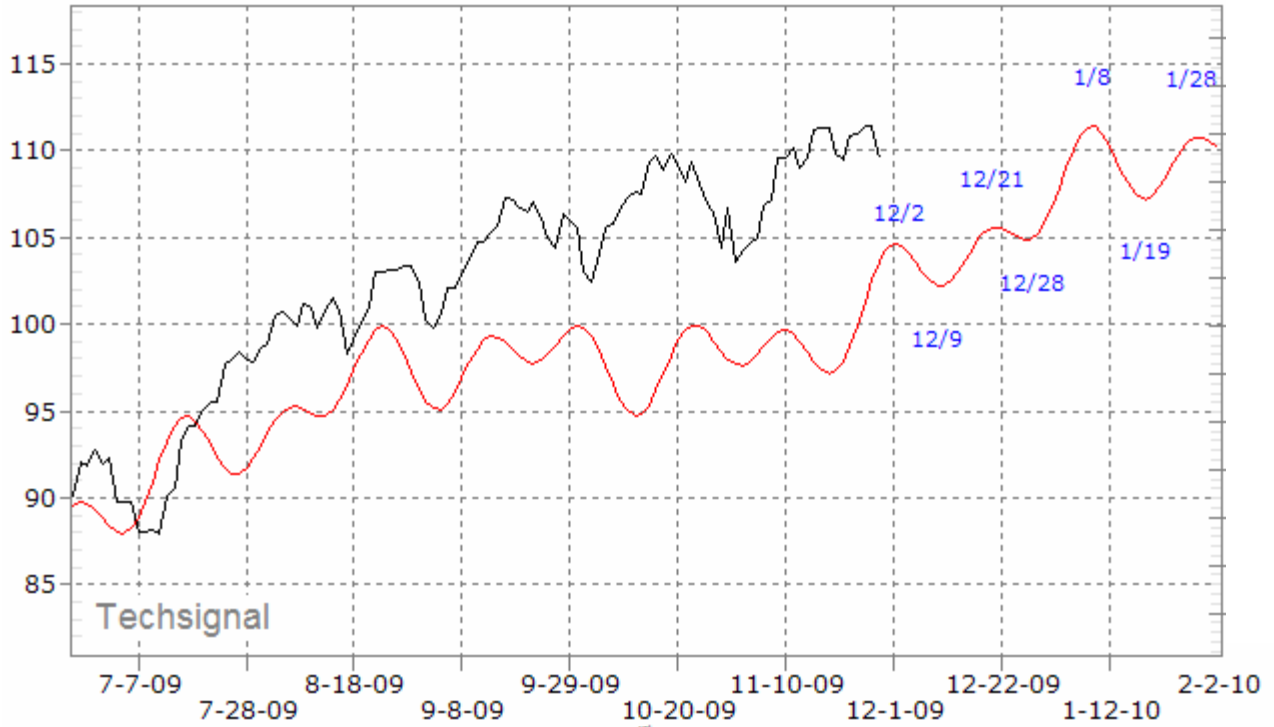
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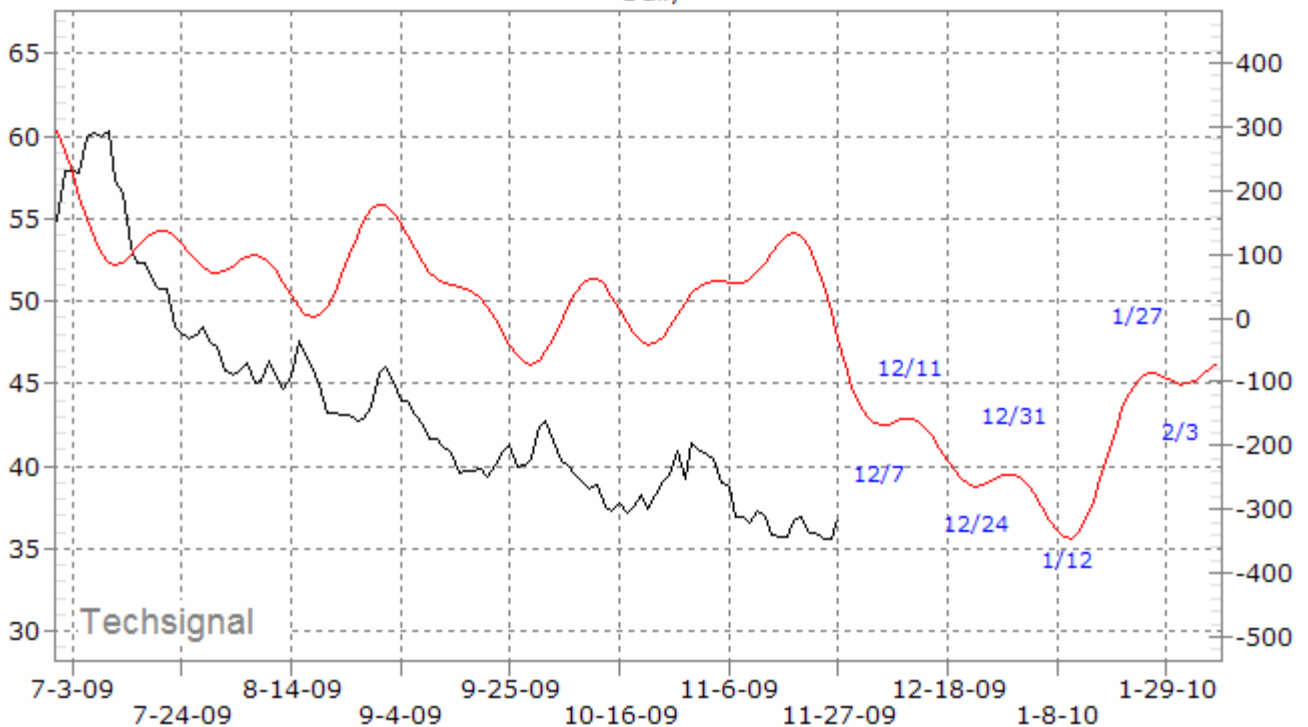
SPY S&P 500

SPDRs S&P 500 Trust Series ETF SPY
Daily



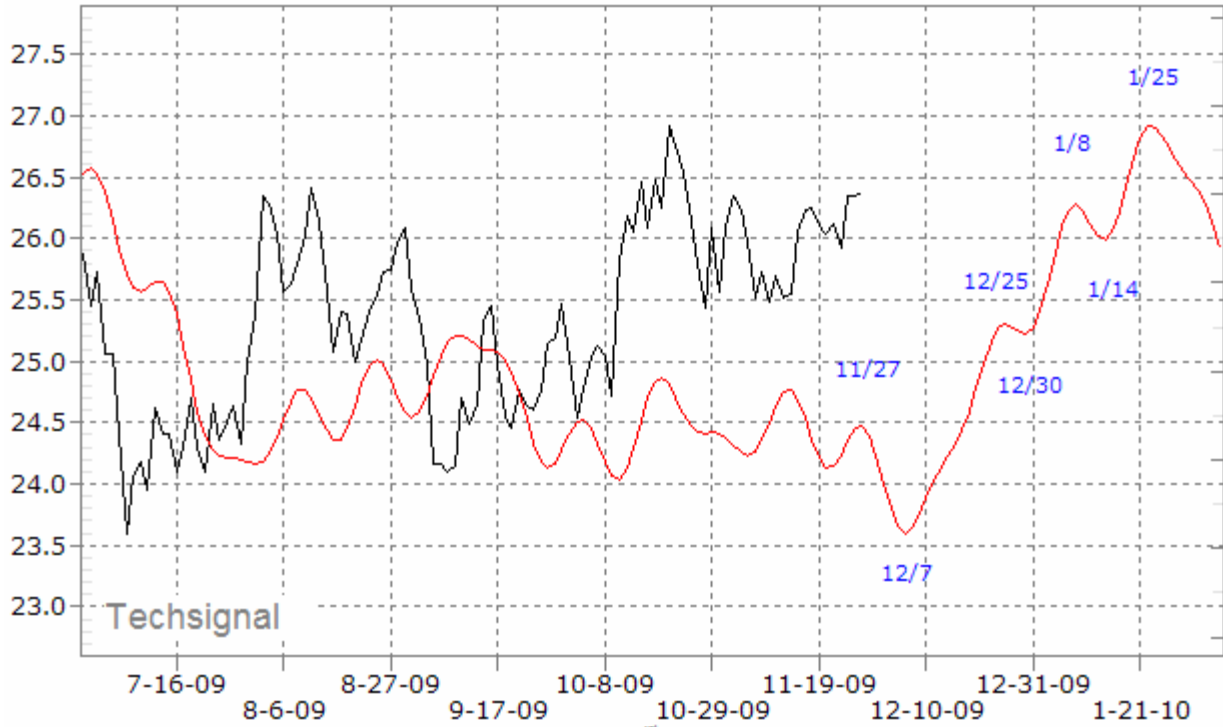
SDS (-2X) Double Beta Inverse

ProShares UltraShort S&P500 SDS
Daily



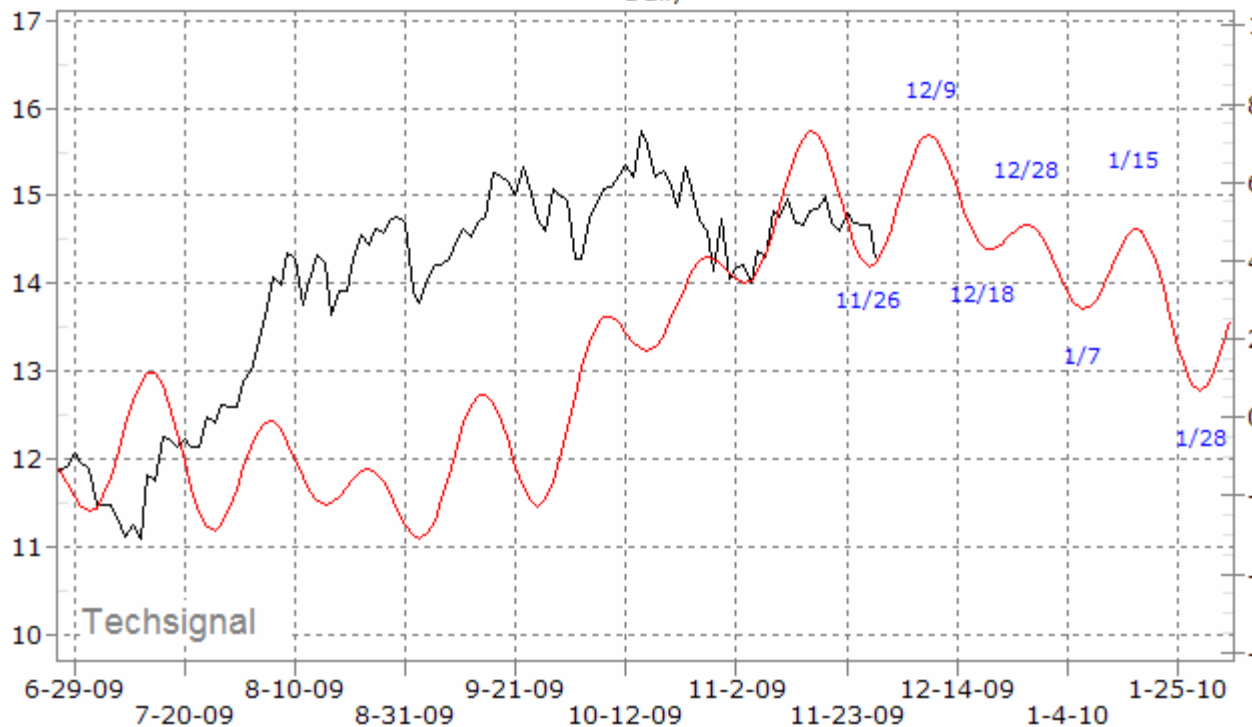
DBA Agriculture

PowerShares DB Agriculture Fund ETF DBA
Daily

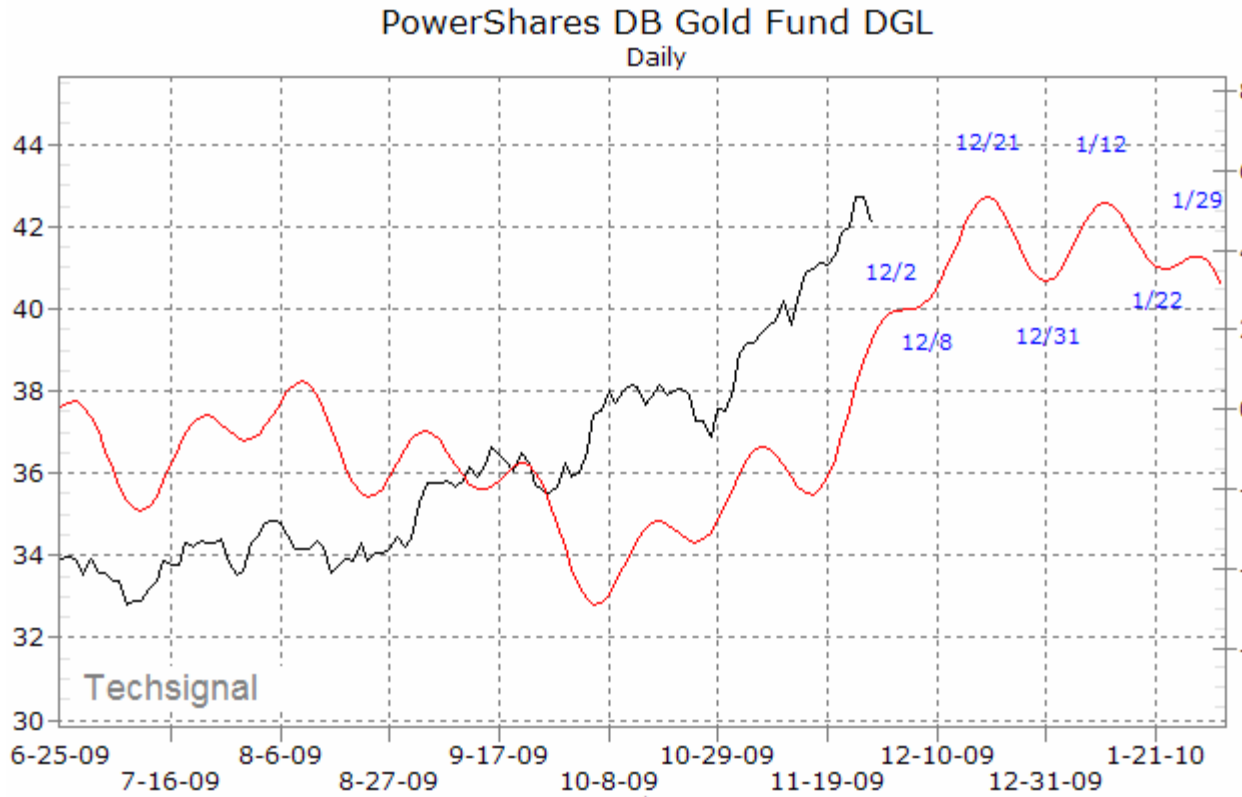


XLFFinancial (SPDR)

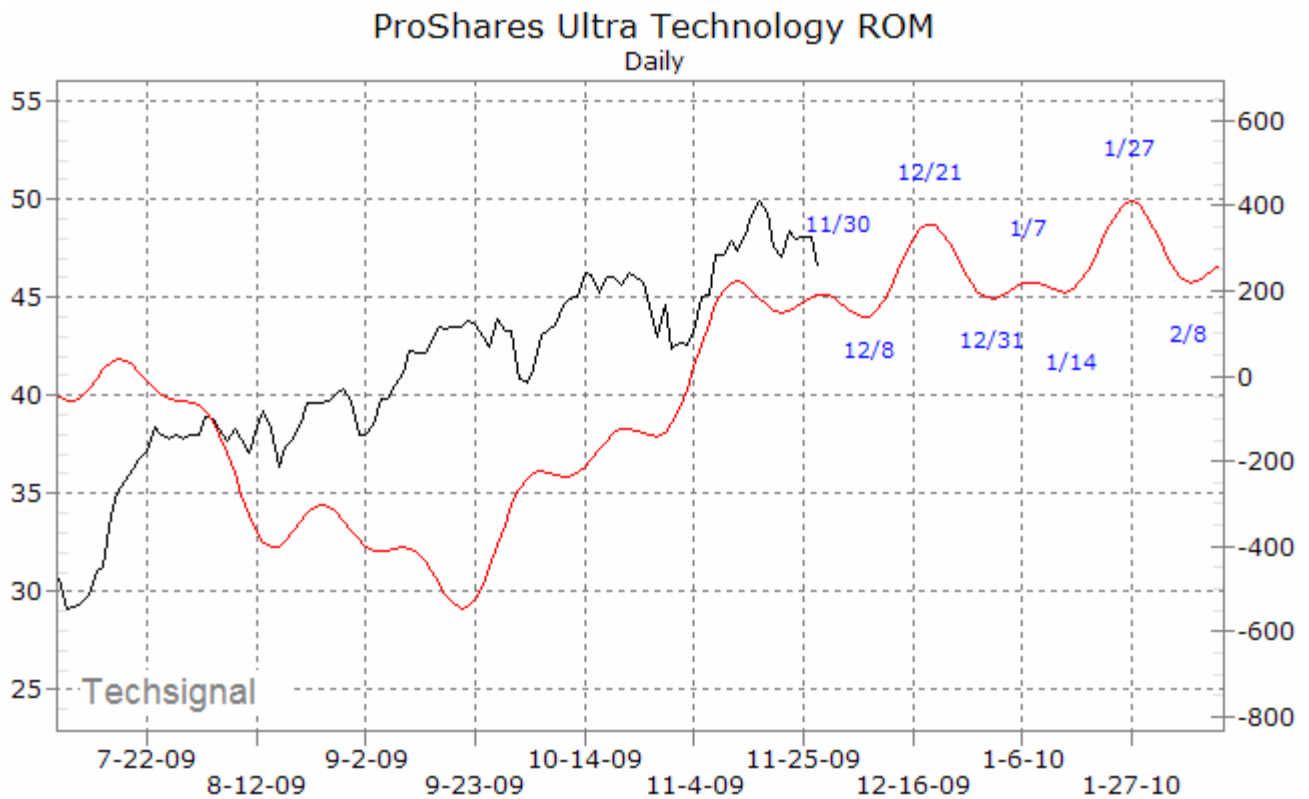
SPDRs Select Sector Financial ETF XLFF
Daily



DGL Power Shares DB Gold Fund

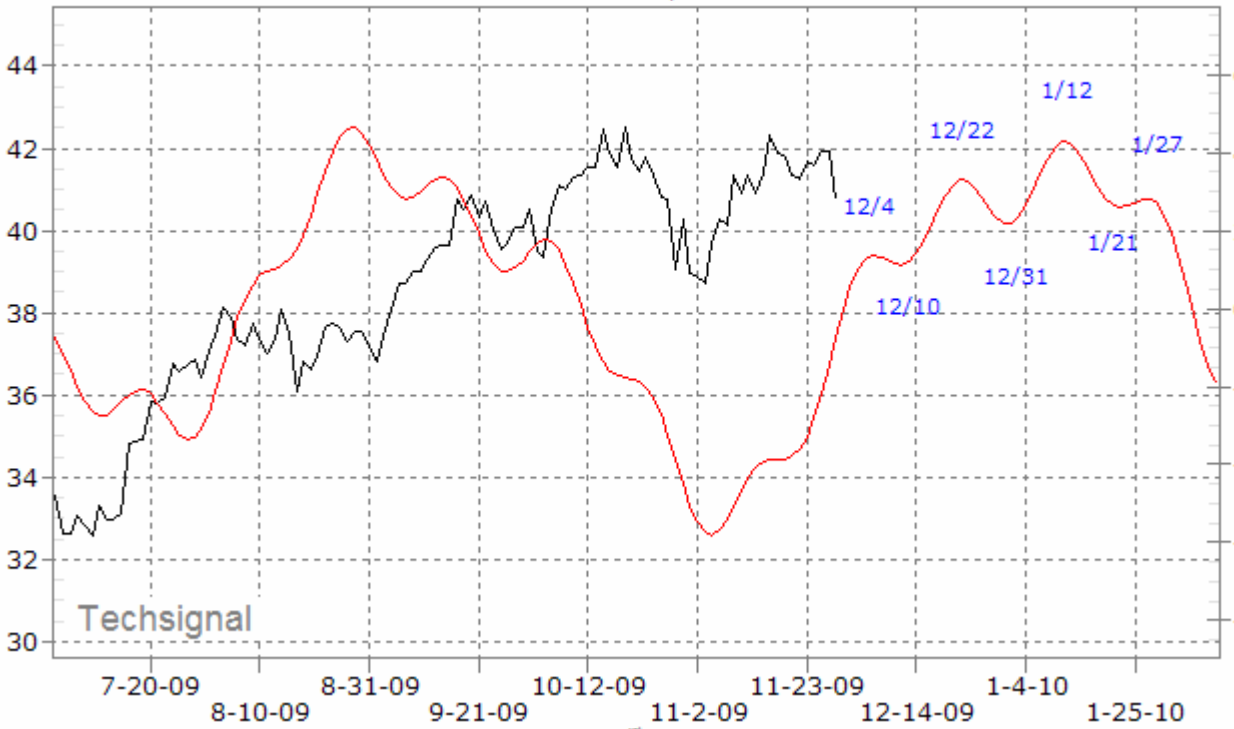


ROM ProShares Ultra Technology (2X)



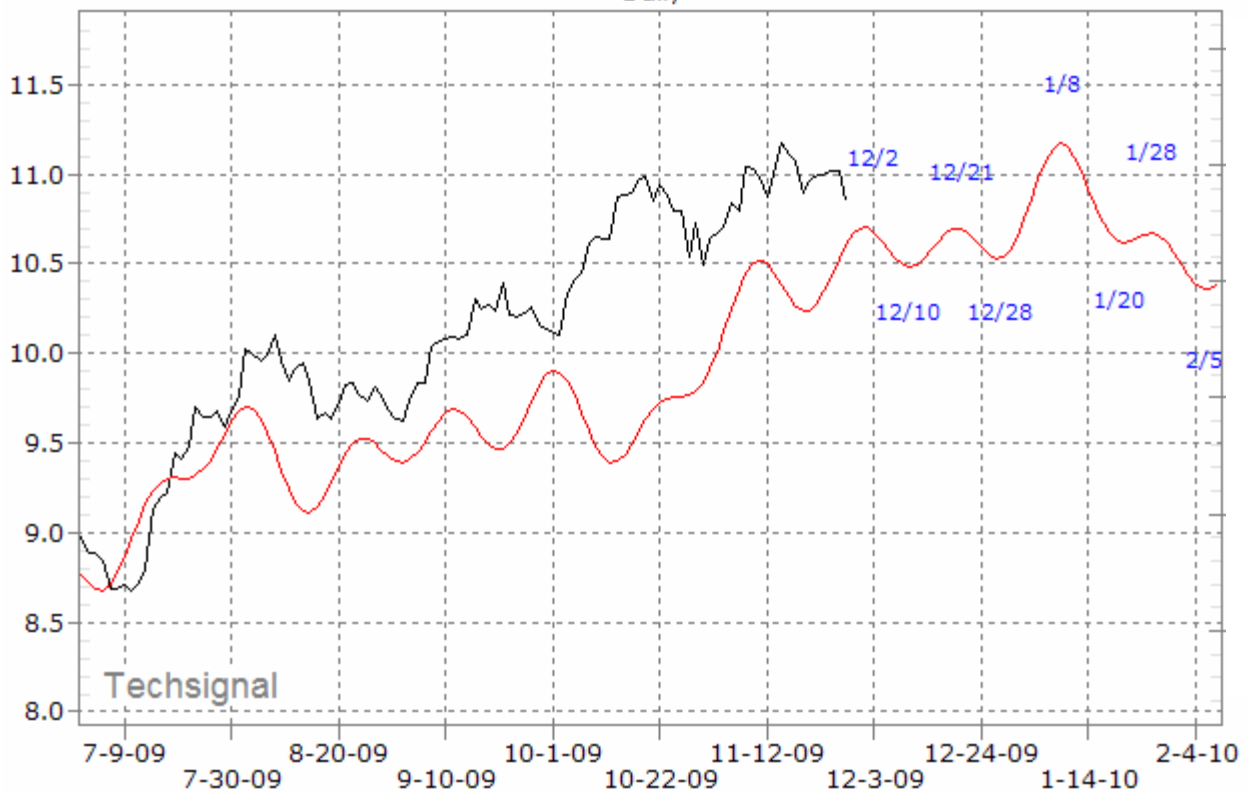
DGS Wisdom Tree Emerging Markets

WisdomTree Emerging Markets Small Cap Dividend Fund ETF DGS
Daily



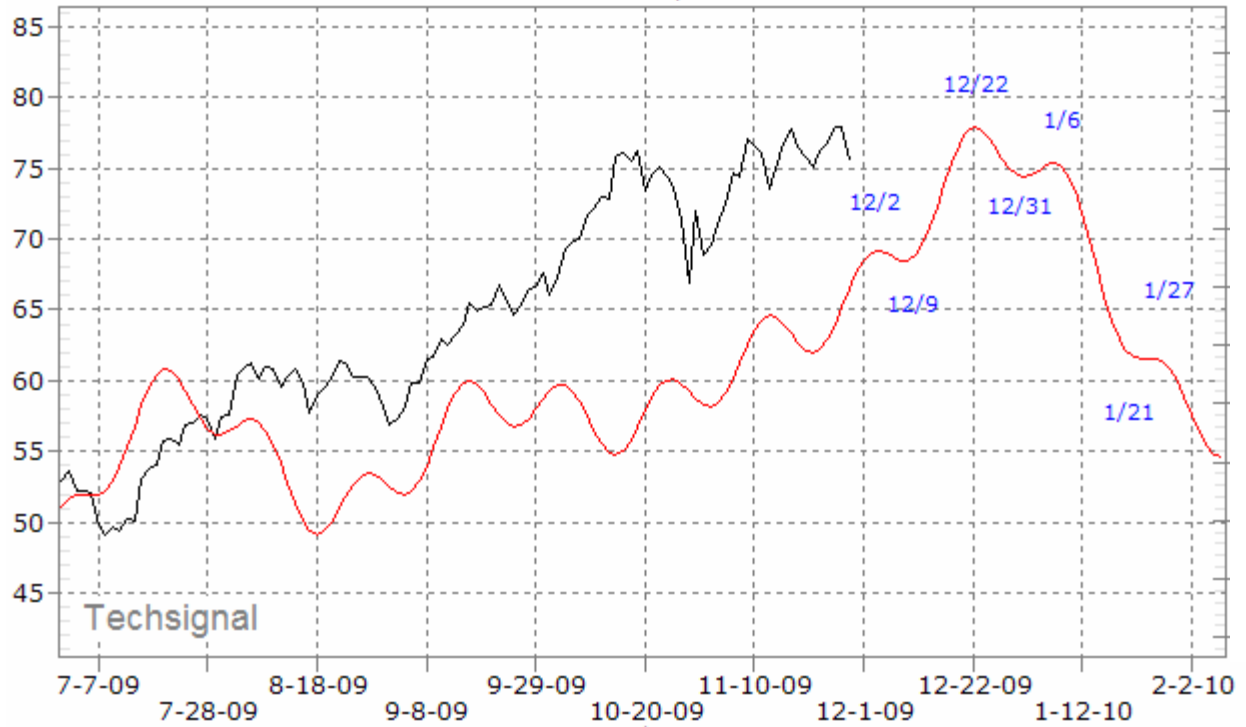
EWM Malaysia Index

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

