

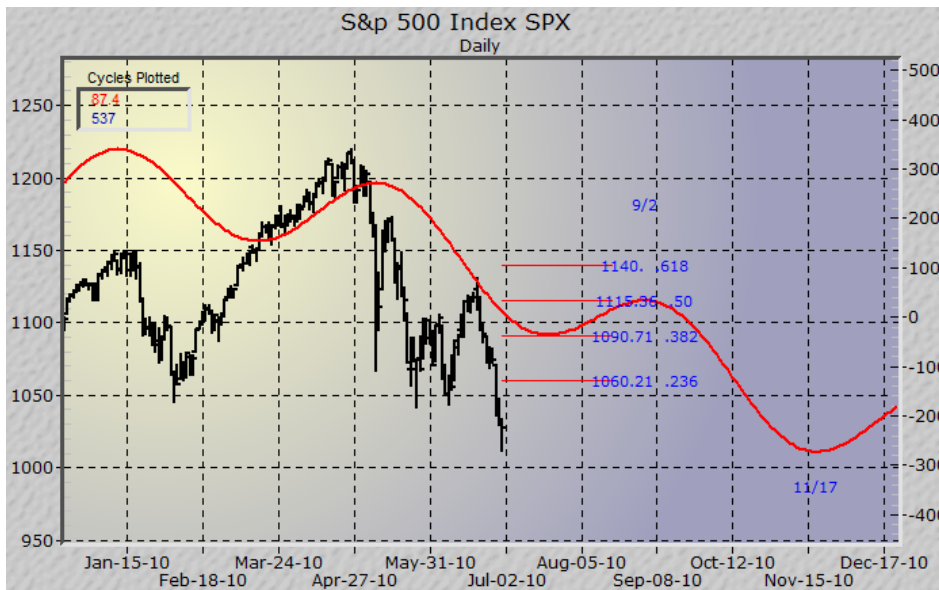
# Cycle Projections ETFs

JUNE-JULY 2010

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

## Don't forget it is a bear market!

As the market gets closer to completing its most current correction it is important to remember that things changed in April from bull to bear. Yes, I do know that the long-term cycles have been in a corrective phase since 2000, but we have had the 24-month cycle and 40-month cycle up until this spring, since March of 2009, albeit the 10-year cycle was down at that point. Thus the rally from March of 2009, although bullish, was still from a cyclic perspective a bear market rally. The rally from that point reached 1219 on the S&P 500, just below the .618 of the whole move down from 2007 to March of 2009. And now that the 24-month is down, along with the 10-year cycle, the bullishness should now be over. That does not mean that the stock market will be down every day from now on. There will still be short-term cycles such as the 17.5-week cycle;



and that cycle is due to bottom within the next two weeks. But again, like the whole move from 2007-2009, rallies are not likely to rise more than 50 to 60% from the lows. If the low is 1010, the current low of the correction, then the new rally should exceed 1140 on the S&P 500. Could all this fail? Of course, but it is unlikely. A break above the .618 level would indicate a problem with the bearish scenario, and new highs would seal the deal. However, it is more likely we will break the March 9, 2009 lows at 666, basis the S&P 500.

Our strategy here would be to buy the lows, but do err on the side of caution, as the rally continues. Also remember that rallies are for selling now and that one should err toward

the downside. Our roadmap is shown in the synthesis of the 24-month and 17.5-week cycle plotted in the SPX chart above. This calls for a low about now and then a counter trend rally until late August, or early September, followed by a decline into the fall. Our view is that the current low will hold near current levels and a rally should stay below 1140, basis the S&P 500. Conservative traders can buy a single beta index ETF such as SPY on the upside, but use a double beta ETF on the downside such as SDS.

**Domestic Equities:** We want to cover our inverse funds in the next week and begin to buy single beta long ETFs. **International Stocks:** We are neutral to bearish on international funds and inverse funds can be purchased if the US dollar is not sinking; however, a US dollar correction is expected. **Gold and Precious Metals:** We want to have 30% of our portfolio in gold by August, but gold ETFs are susceptible to major corrections until then. **Commodities/Agriculturals:** We are neutral until economic activity improves. **Natural Resources:** No change. Long-term bullish, but now neutral.

July 1, 2010

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

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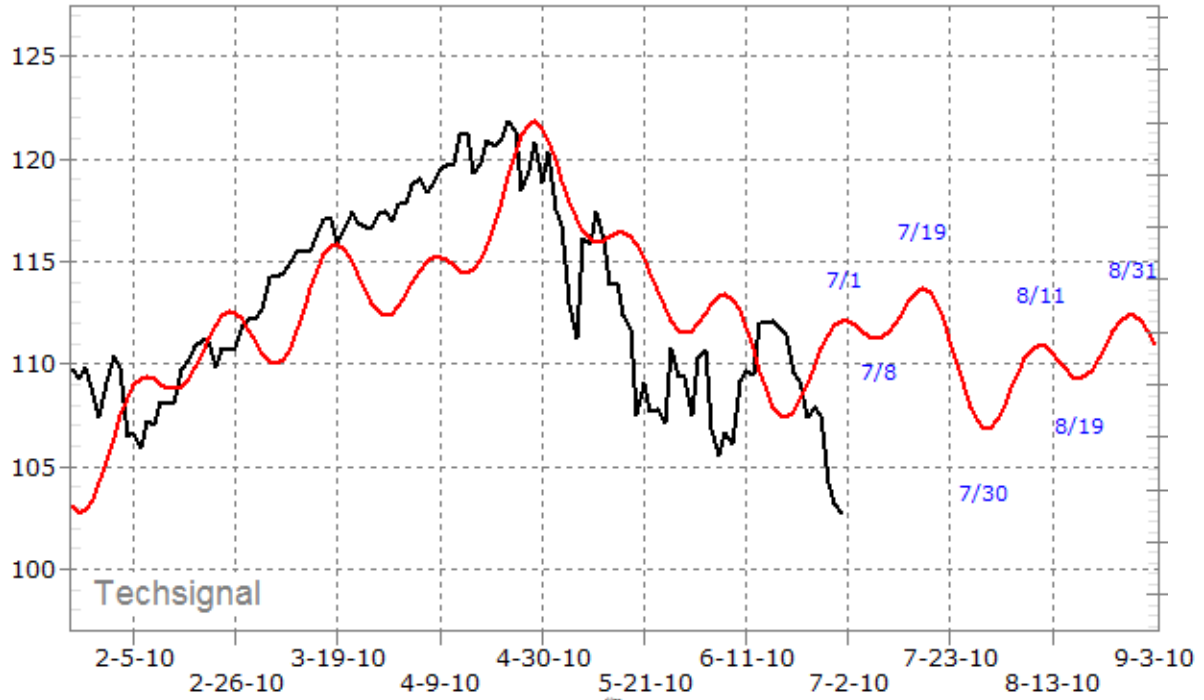
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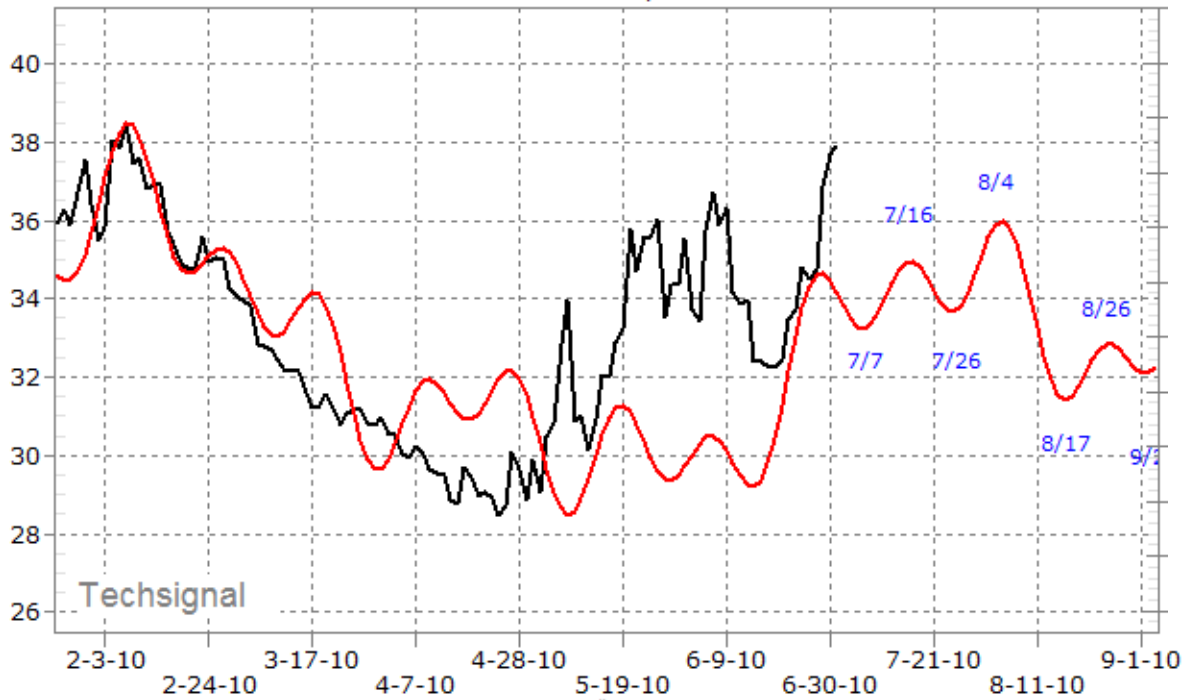
# SPY S&P 500

SPDRs S&P 500 Trust Series ETF SPY  
Daily

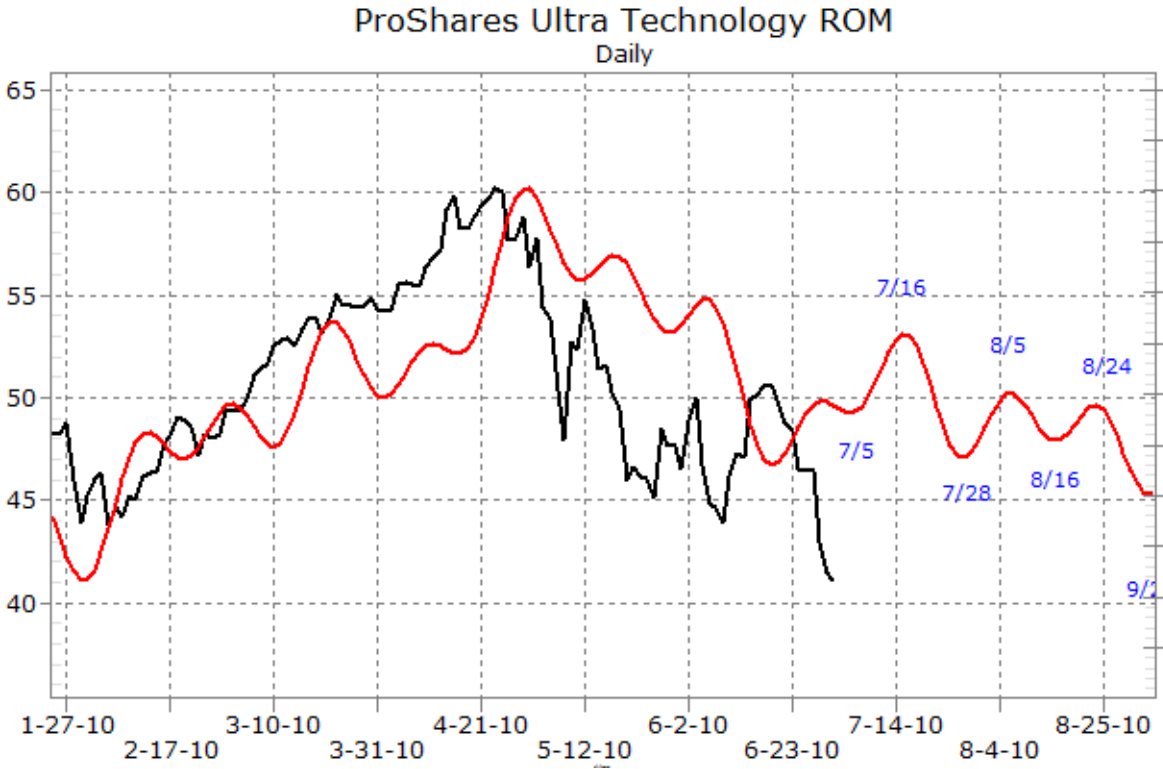


# SDS (-2X) Double Beta Inverse

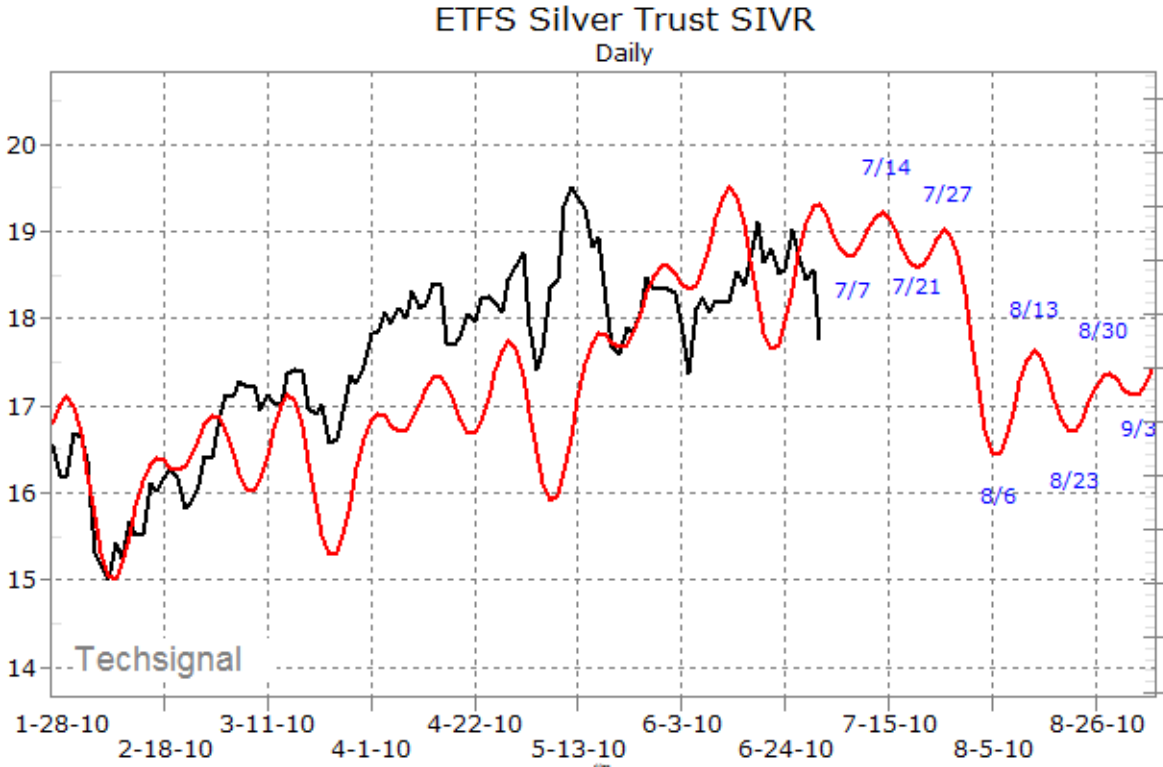
ProShares UltraShort S&P500 SDS  
Daily



# ROM ProShares Ultra Technology (2X)

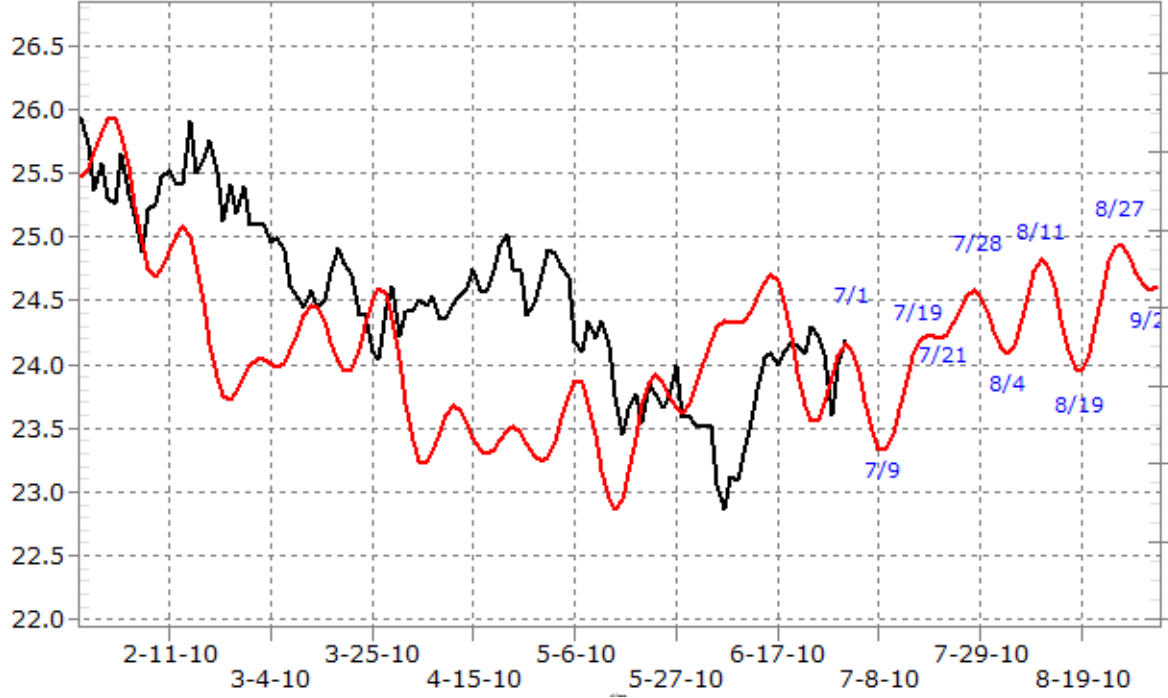


# SIVR Silver Trust



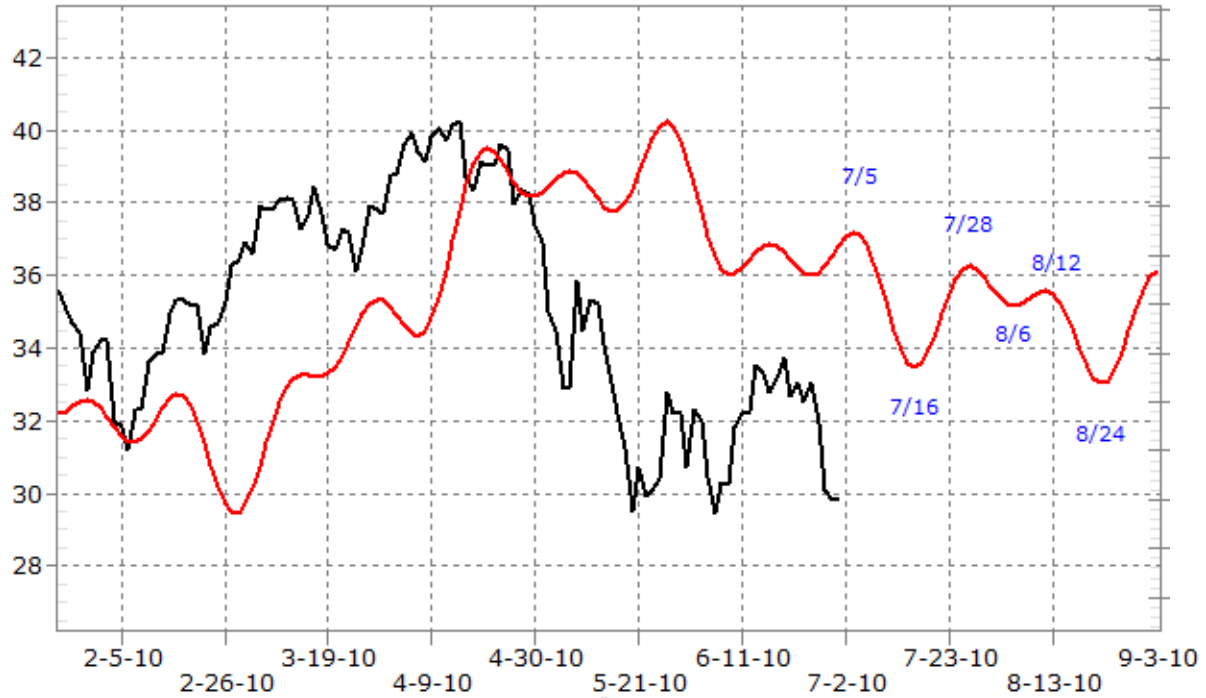
## DBA Agriculture

PowerShares DB Agriculture Fund ETF DBA  
Daily



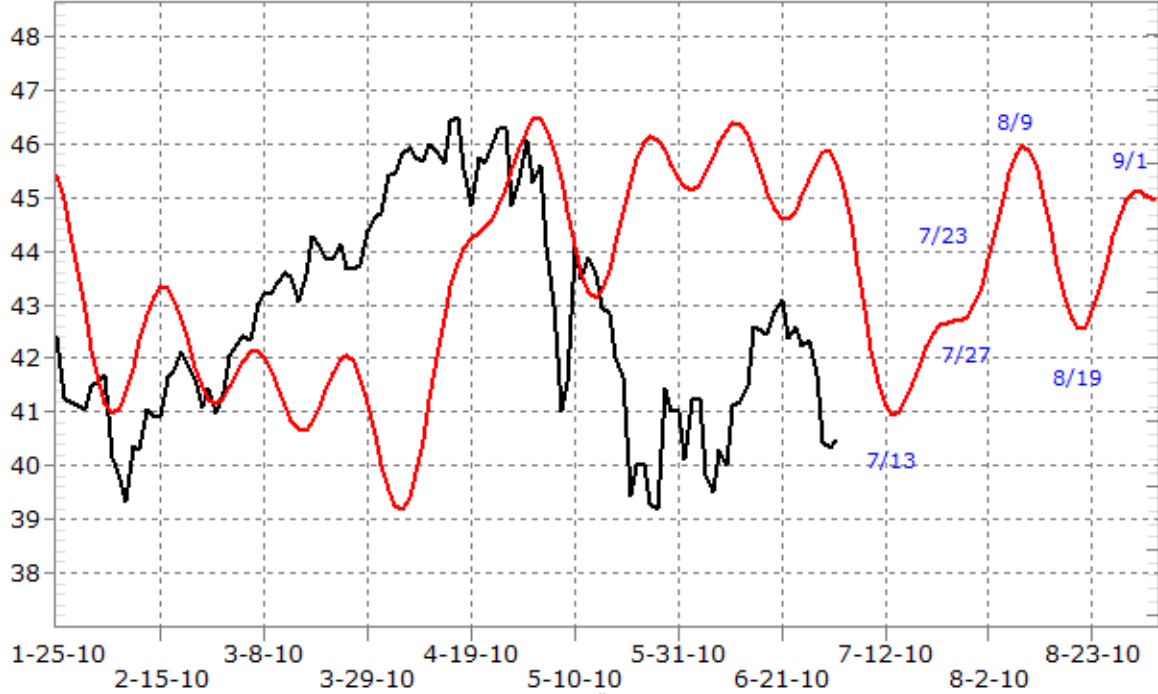
## KOL Coal ETF

Market Vectors Coal ETF KOL  
Daily



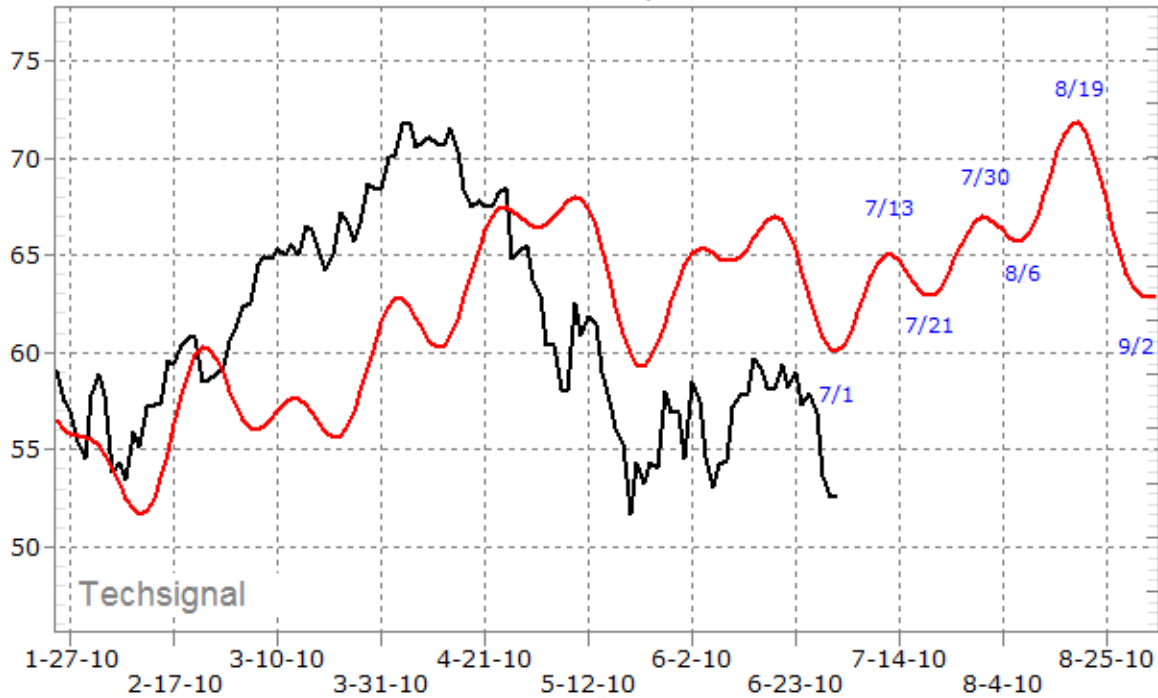
## DGS Wisdom Tree Emerging Markets

WisdomTree Emerging Markets Small Cap Dividend Fund ETF DGS  
Daily



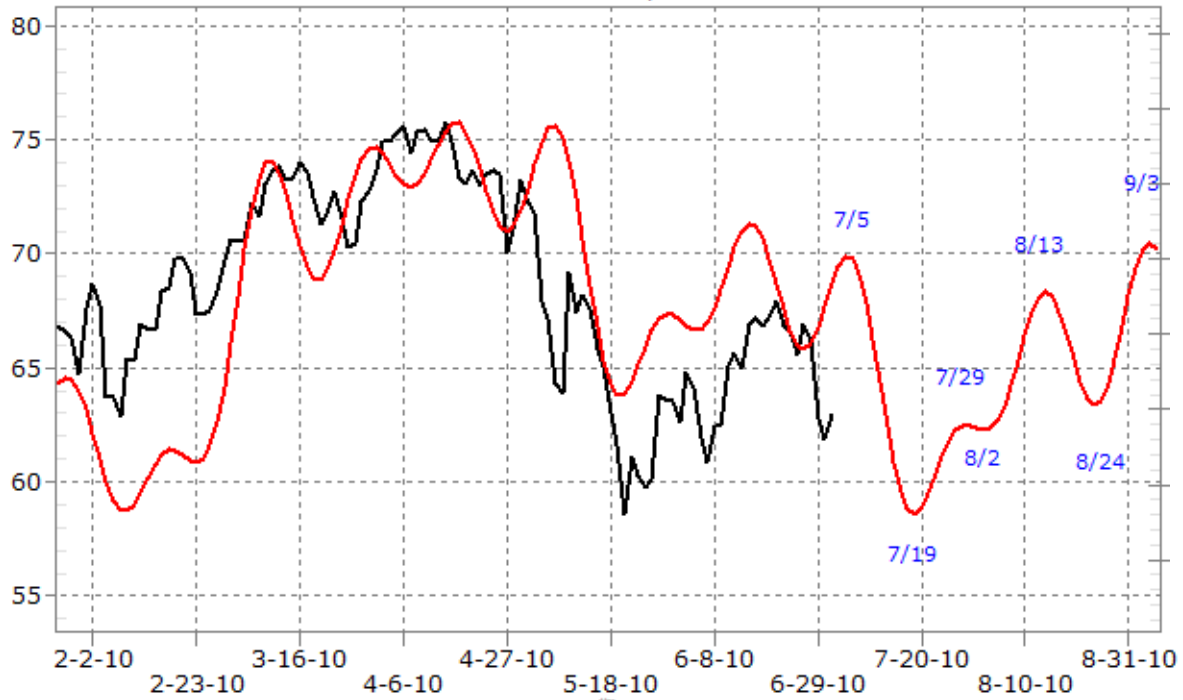
## SLX Steel

Market Vectors Steel ETF SLX  
Daily



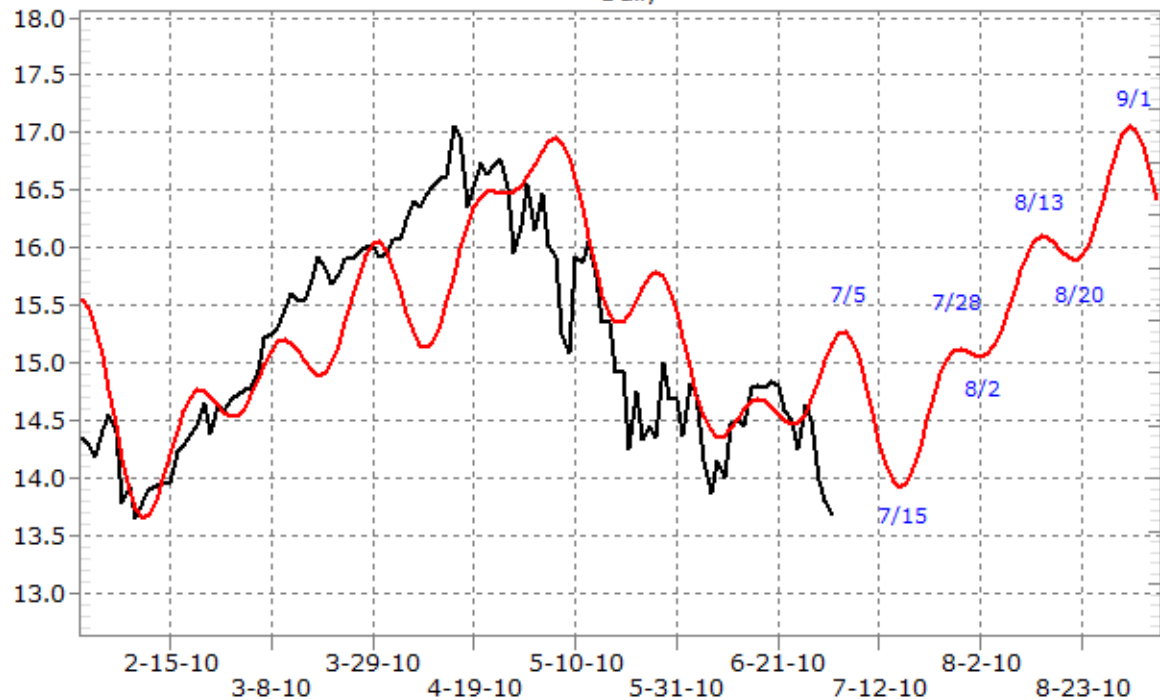
## EWZ Brazil Index

iShares MSCI Brazil Index Fund ETF EWZ  
Daily



## XLFF S&P Financial

SPDRs Select Sector Financial ETF XLFF  
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.**