

# Cycle Projections Energy

March 2008

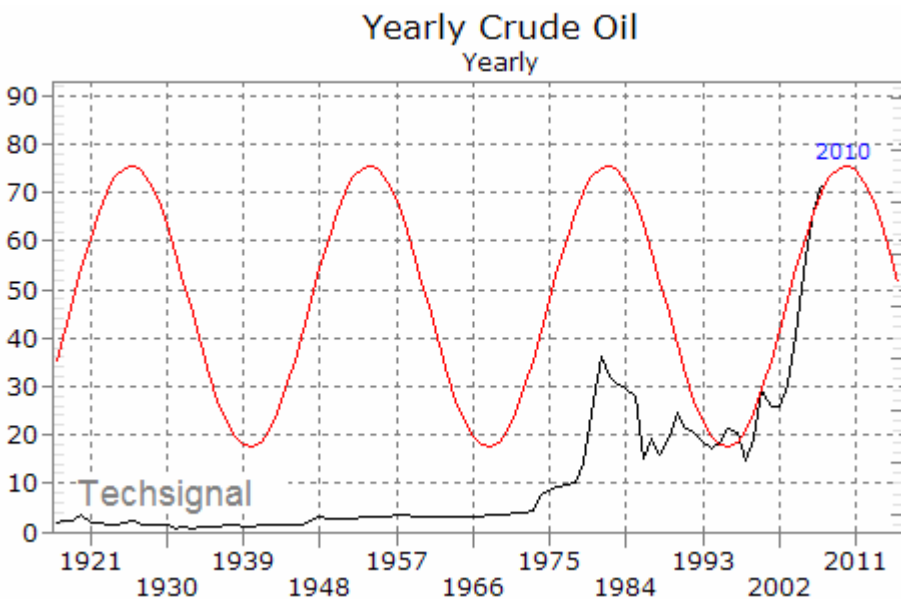
ENERGY AND INFLATION

## Whatever happened to spring?

Normally when we get to spring we have seasonal corrections in the energy complex., but not this year; inventories are down and demand is up. Eventually we will have to deal with a tug of war between a slowing world economy and sky rocketing demand for energy, but not now. Now we see the effects of sky rocketing demand and with it soaring energy prices.

But will there be a seasonal energy decline despite all this? Yes there probably will and it should, if it is going to happen, start in the next few weeks. If there is no seasonal demand then we must watch carefully for any signs of a deepening slowdown in the US and worldwide economies.

We have put a longer-term chart of crude oil on the front cover to give a sense of the long-term picture. Our data for crude oil begins in 1859 when the first oil well was drilled in Titusville, PA. It is



important to note the oil has gone through dramatic changes in use, especially after the introduction of the automobile and the burgeoning chemical industry. Yet through it all a dominant cycle has emerged in crude, the 28-year cycle. It is also a dominant commodity price cycle and is nearly half the length of the all important commodity price cycle, the Kondratieff Wave.

This cycle points toward higher energy and commodity prices into 2010. This is not good news for consumers; and the only thing that can derail this is lower demand, since there is little hope of near-term higher refining and production capacity, especially in the US.

The only thing that can change what seems inevitable scenario is a world wide depression, since this is a demand driven bull market. The first sign of serious trouble would be US unemployment over 6.2 %.

## Cycle Projections

ISSN 1055-1700

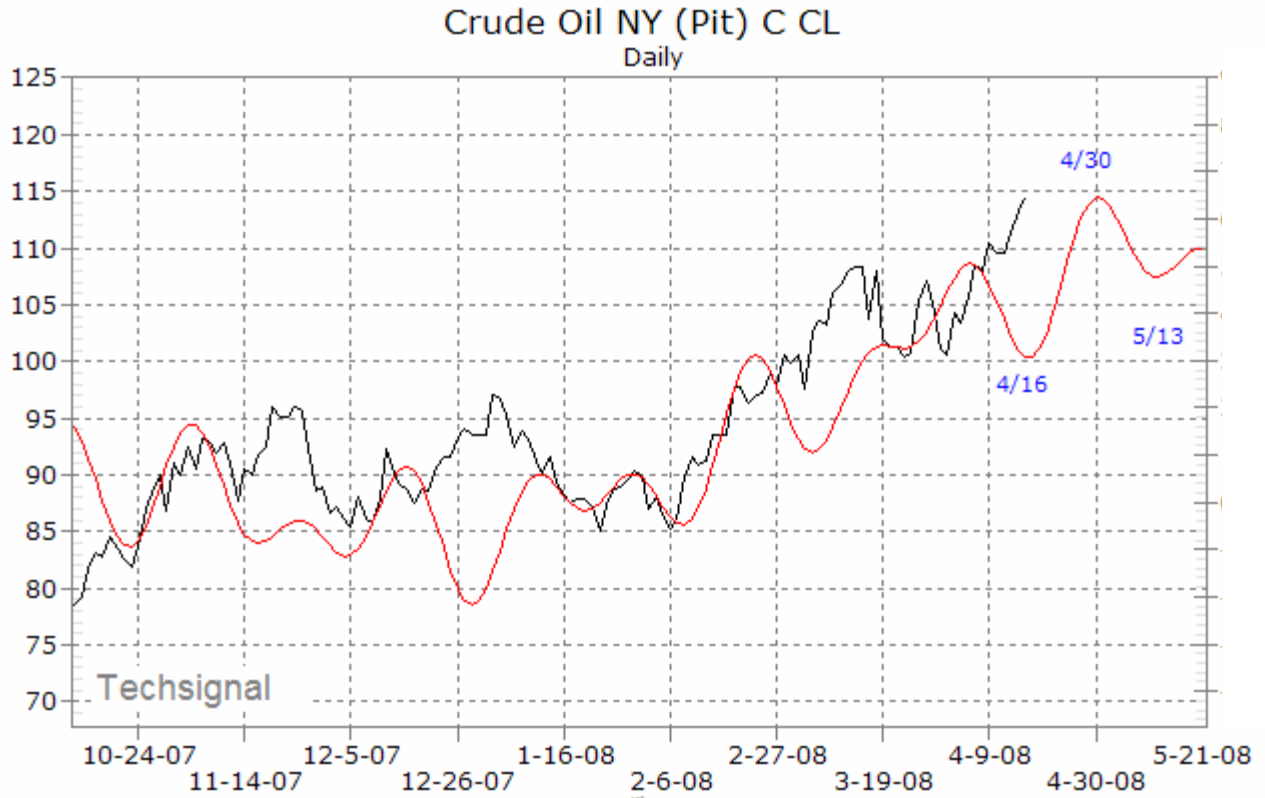
Published Monthly by the Foundation for the Study of Cycles

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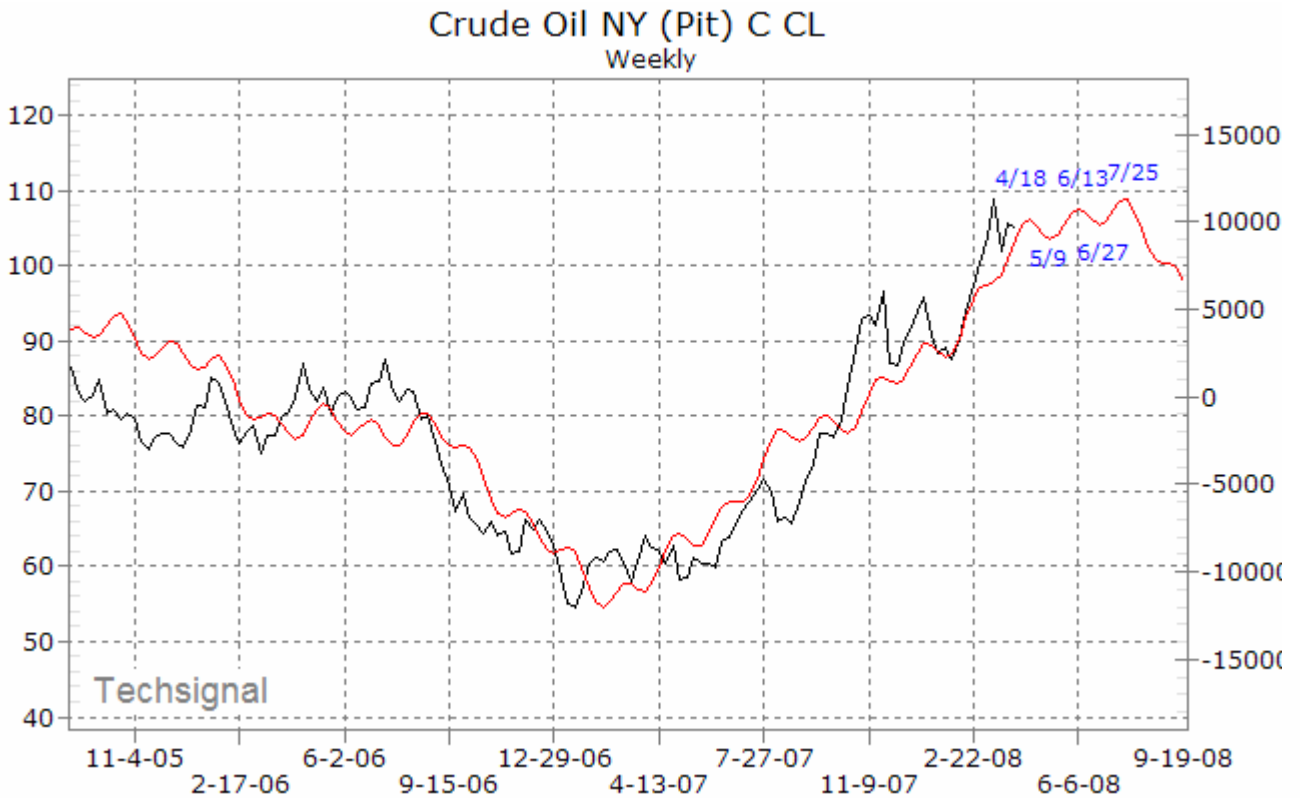
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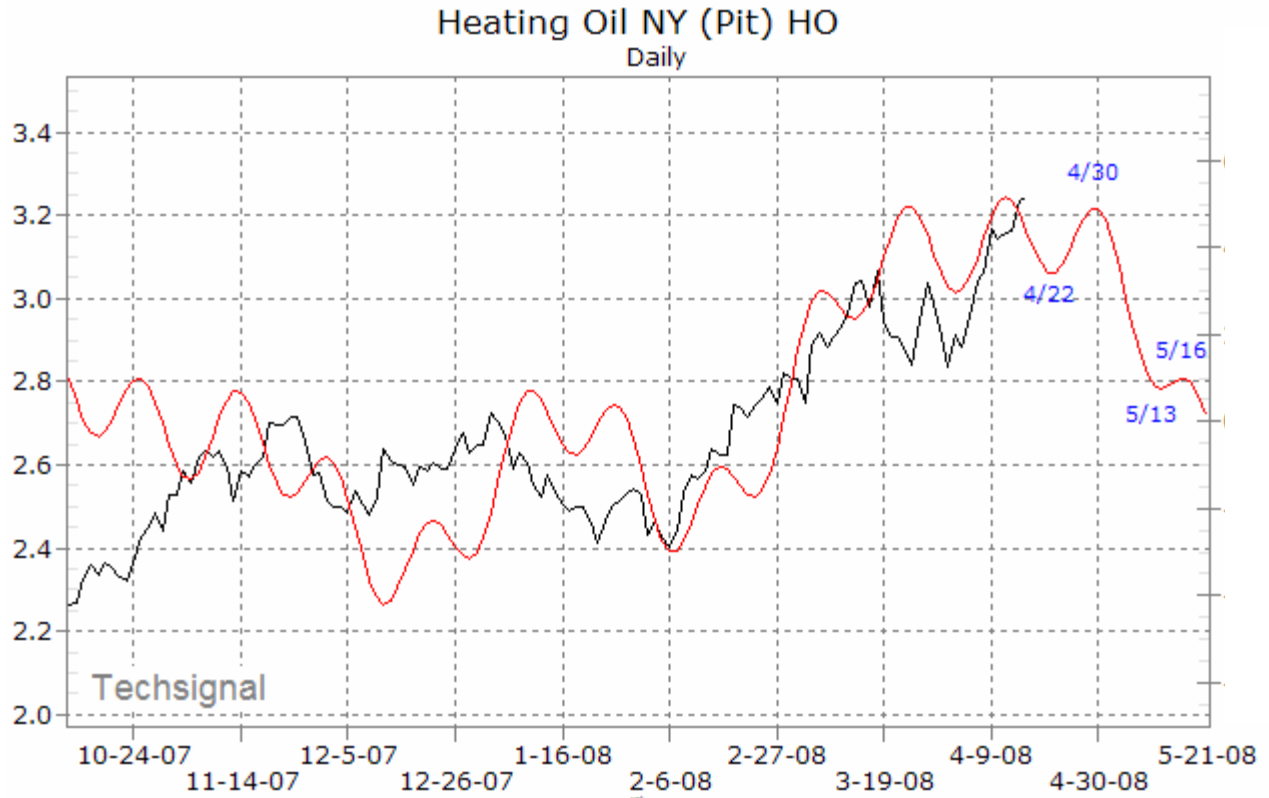
## Daily Crude Oil



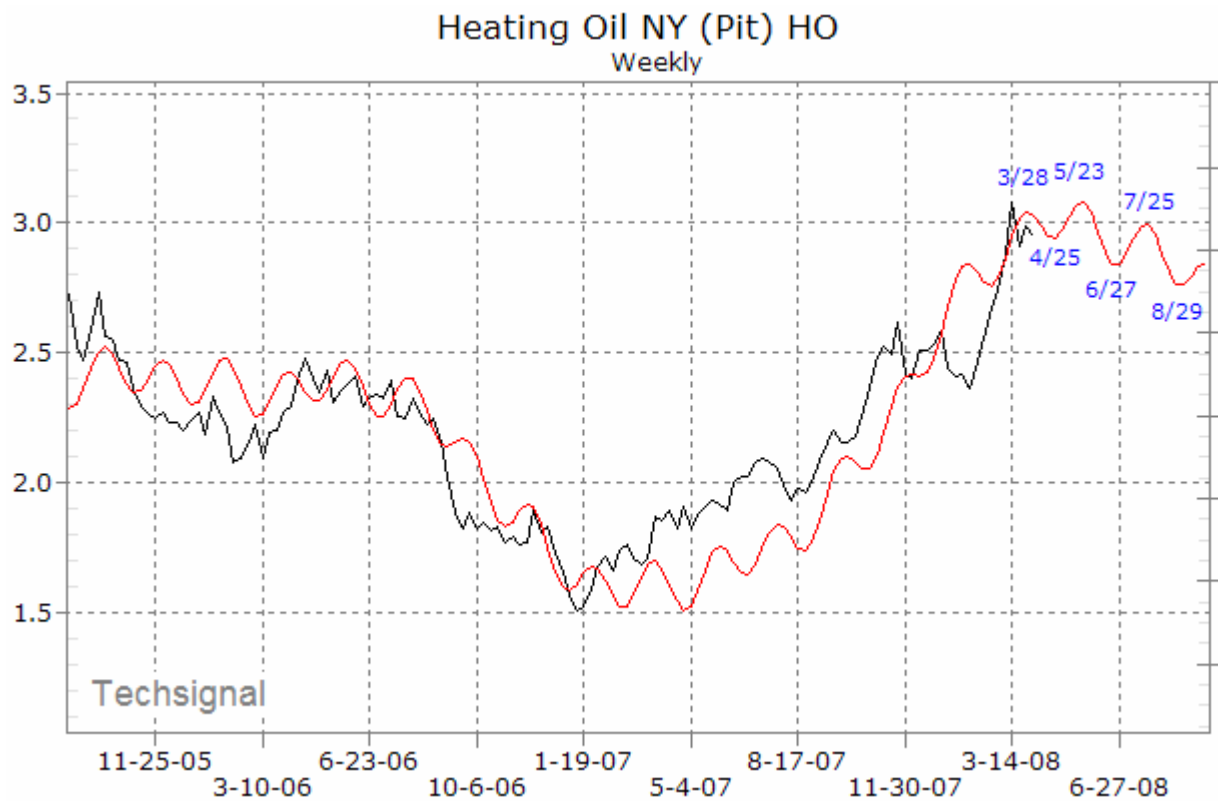
## Weekly Crude Oil



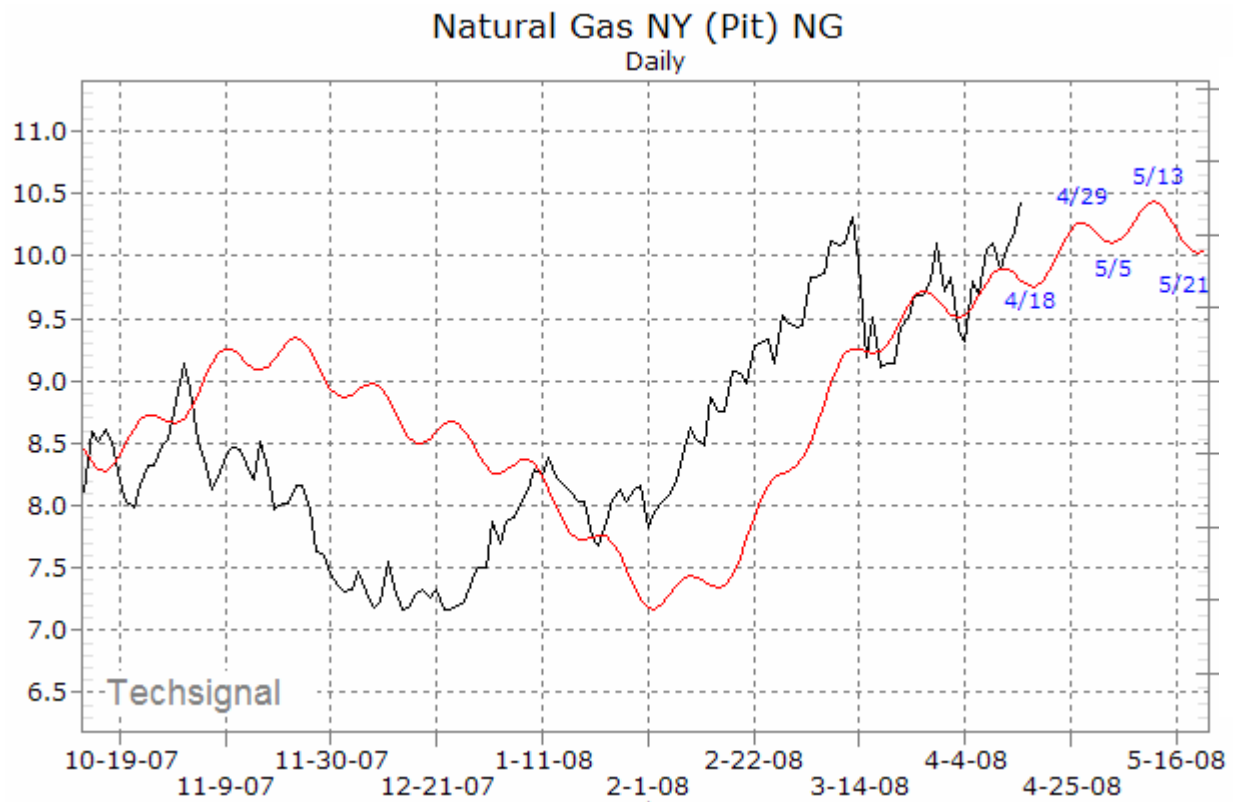
## Daily Heating Oil



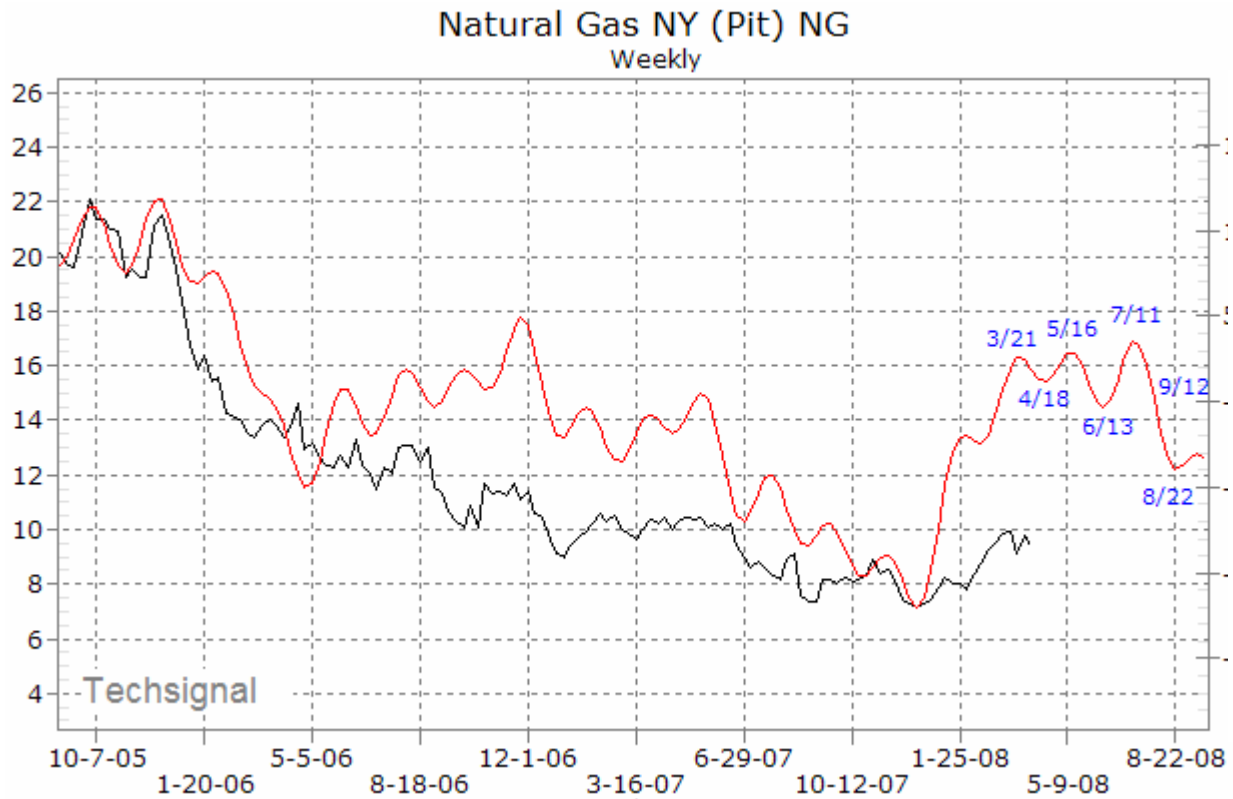
## Weekly Heating Oil



# Daily Natural Gas

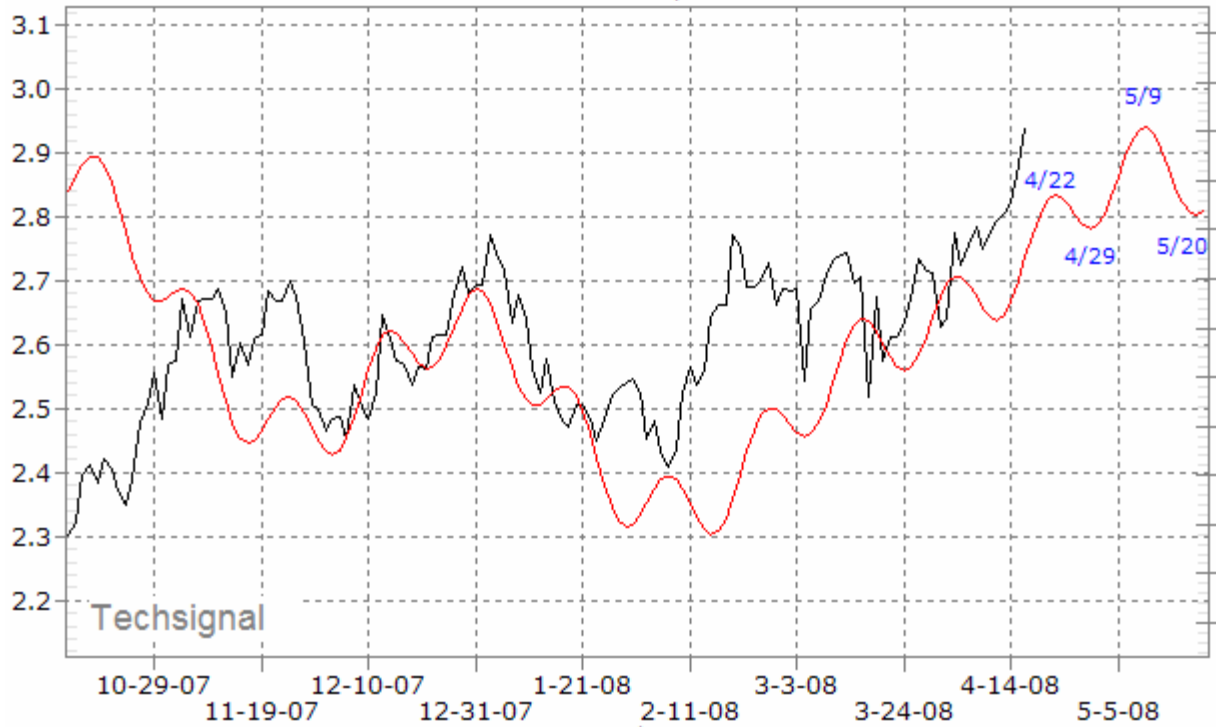


# Weekly Natural Gas



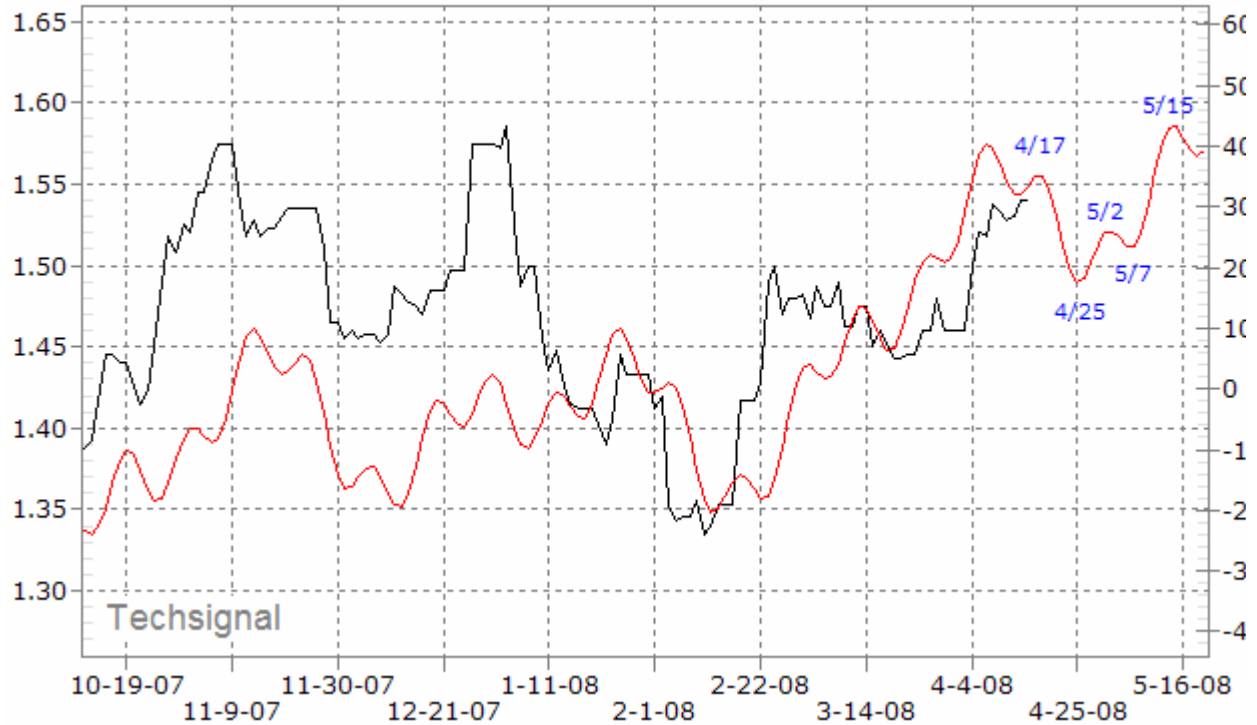
## Daily RBOB Gasoline

RBOB Gasoline (PIT) RB  
Daily

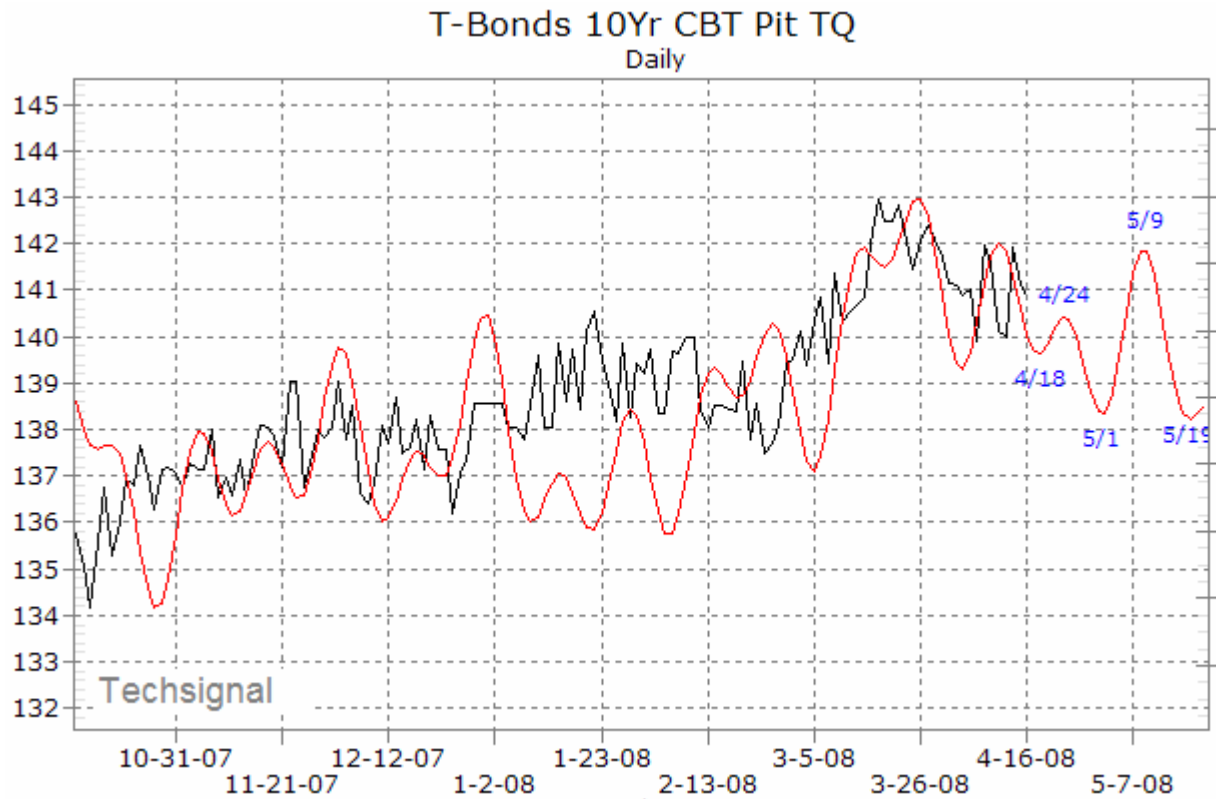


## Daily Propane Gas

Propane Gas NY (Pit) PN  
Daily



## Daily T-Bonds 10 yr



## Weekly CRB Index

