

# Cycle Projections Energy

OCTOBER-NOVEMBER 2008

ENERGY AND INFLATION

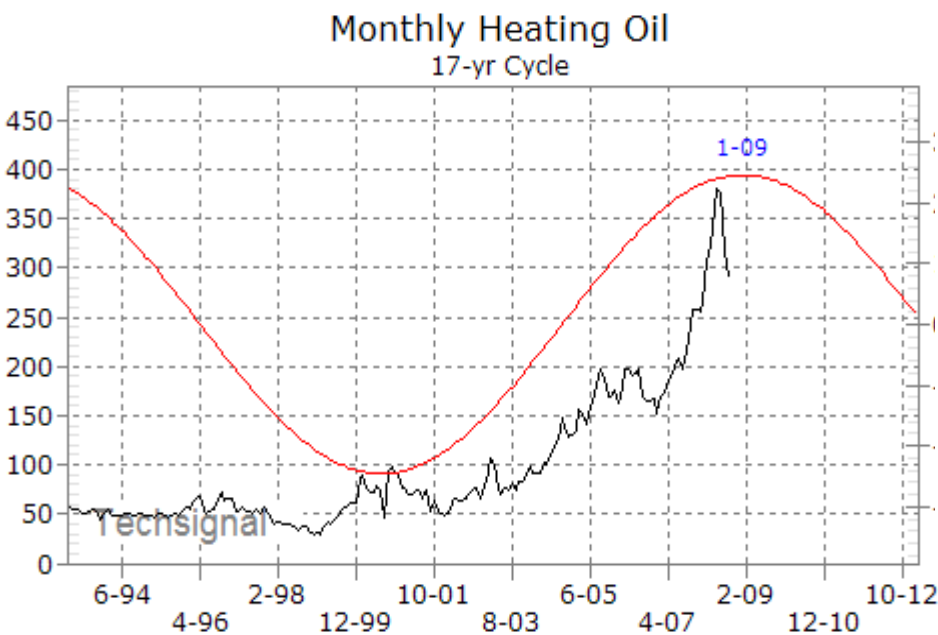
## How low can it go?

Last issue we felt that crude oil could rally one more time if the rally due in September based on the 15-week cycle was strong. The opposite happened. The 15-week cycle inverted and is due to bottom at the end of the month. We suspect we will bounce but the rally will be mild due to the demand issues caused by the serious worldwide financial problems. If there is no improvement in the next 3 months then it is likely that a major high is in in energy for the next several years. But that being said the cost of energy is unlikely to fall to old levels unless some miraculous new development in energy sources is developed. That is not expected. The next question is how will heating oil and gasoline markets do over the winter. Demand for gasoline will remain low until we see some economic improvement, which we will not see

until late 2009 at the earliest.

Heating oil is due to go a bit lower but demand is the main issue. There are some forecasts about a cold winter despite global warming but that is hardly to be counted on. If we have a severe winter that puts a squeeze on inventories then we will have a rally, but if not, we should see heating oil stay steady to lower.

**Crude Oil:** The dominant 15-week cycle inverted and should bottom at the end of the month, but we



no longer expect a new high. **Gasoline:** We anticipate the correction in distillates to continue as demand flat lines.

**Heating Oil:** Heating oil is near important support and should hold the \$1.50 level, but if the weather cooperates we could see a break of the support.

**Natural Gas and Propane:** The cycles remain down for natural gas and propane, but natural gas continues weaker. Anything less than a normal winter will be bearish.. **Alternative Energy** There is little energy in this market due to the economic malaise. We will have to reevaluate this market after the election.

**Inflation:** Despite the liquidity shot into the economy the real threat is asset deflation and not inflation.. The US dollar will not maintain the current level and that argues for some lower yields .

Written 10/23/08

## Cycle Projections

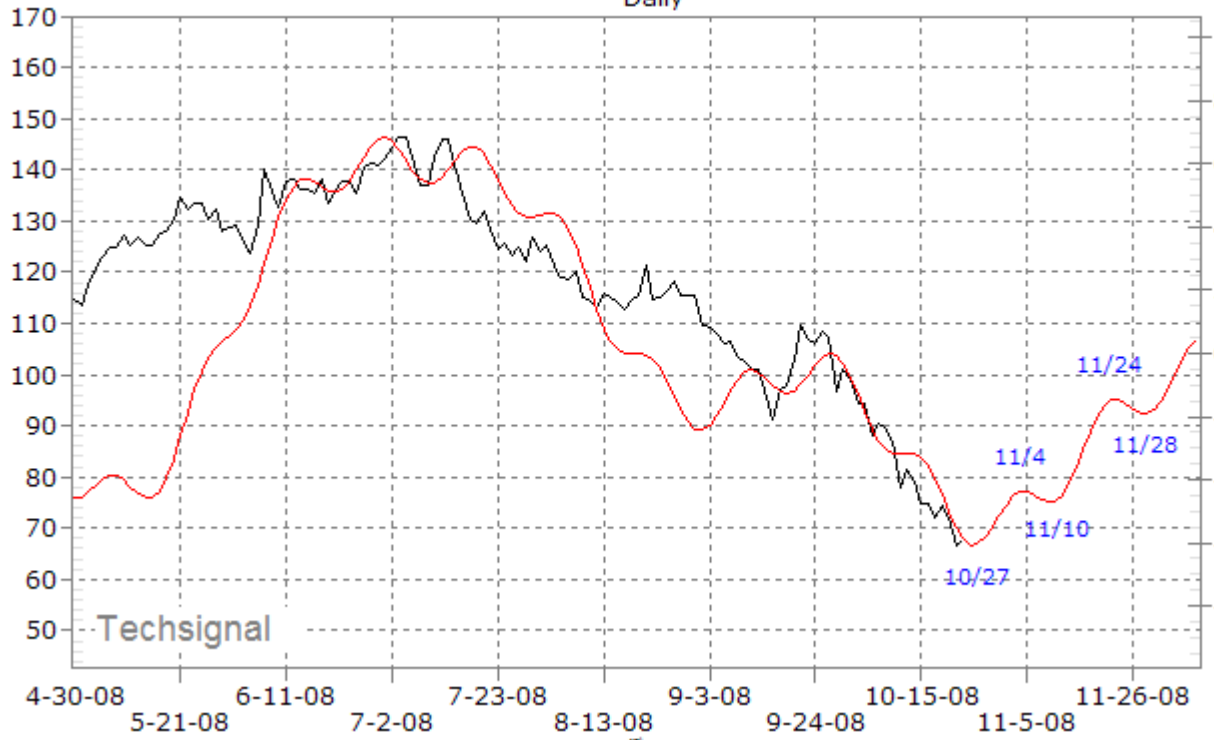
ISSN 1055-1700

Published Monthly by the Foundation for the Study of Cycles

2929 Coors Blvd NW Suite 102-D  
Albuquerque New Mexico 87120

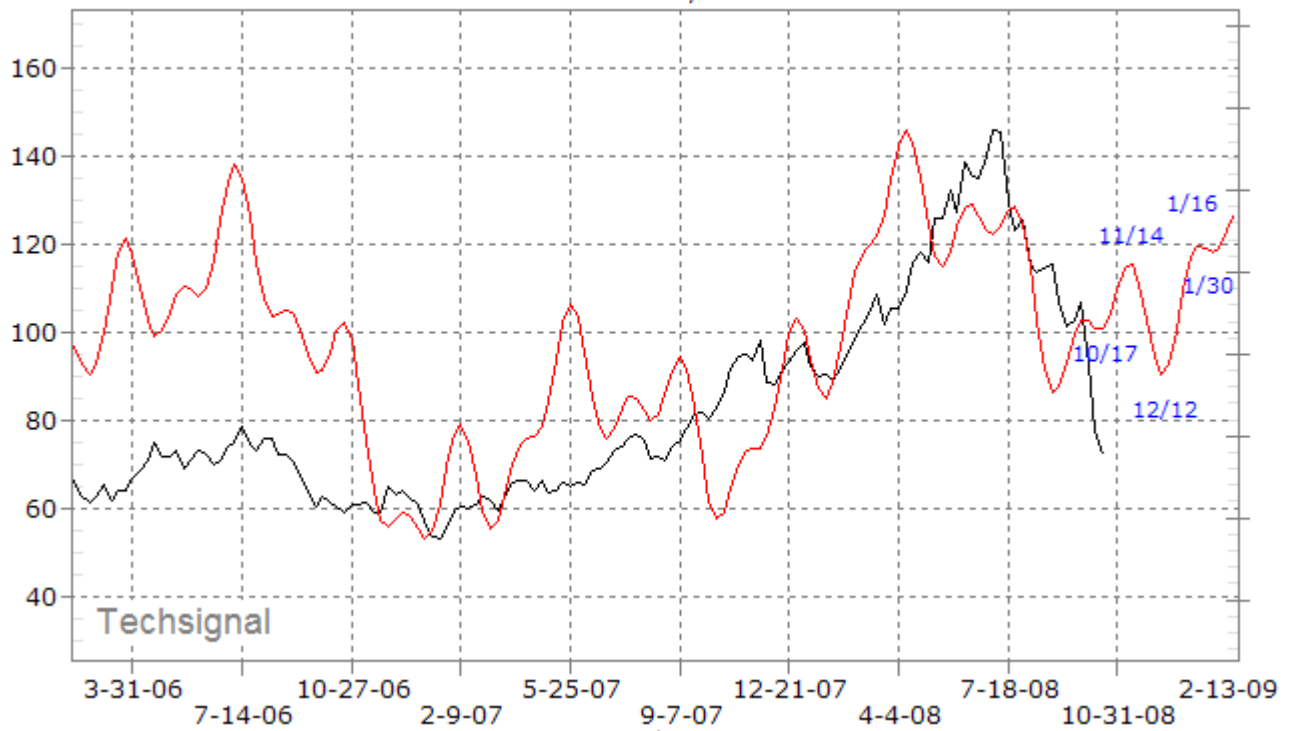
## Daily Crude Oil

Crude Oil NY (Pit) C CL  
Daily



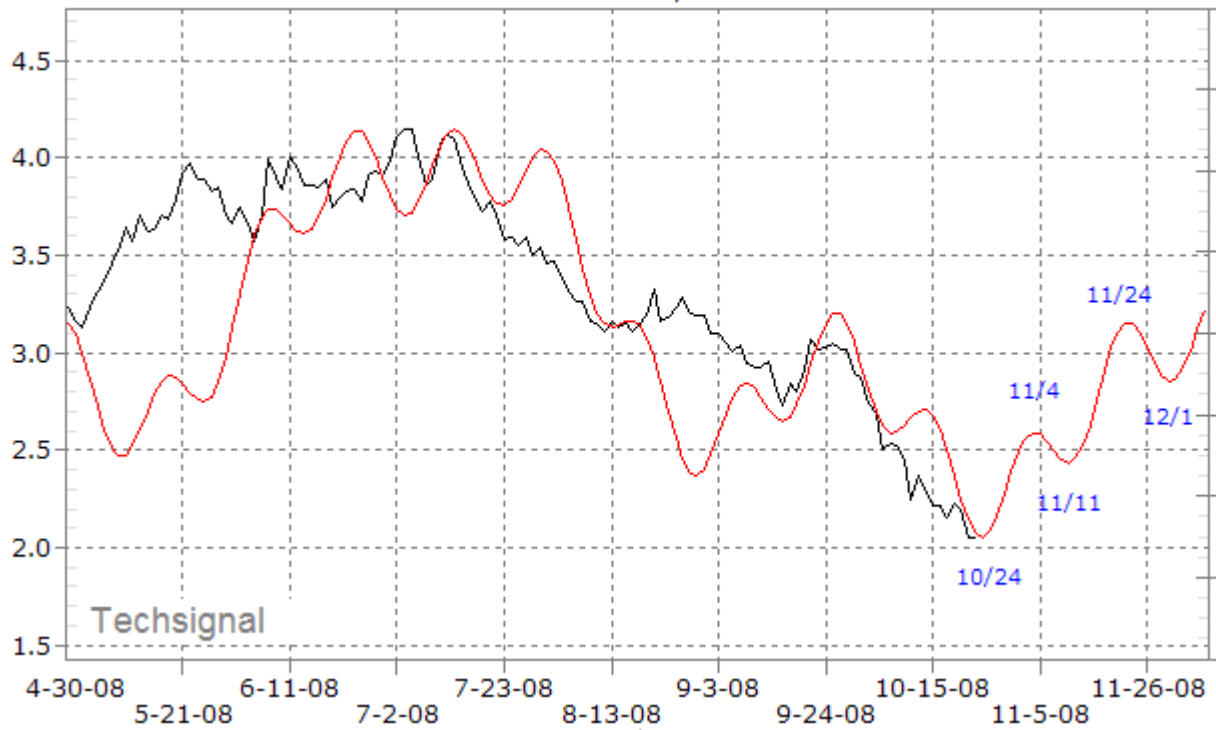
## Weekly Crude Oil

Crude Oil NY (Pit) C  
Weekly



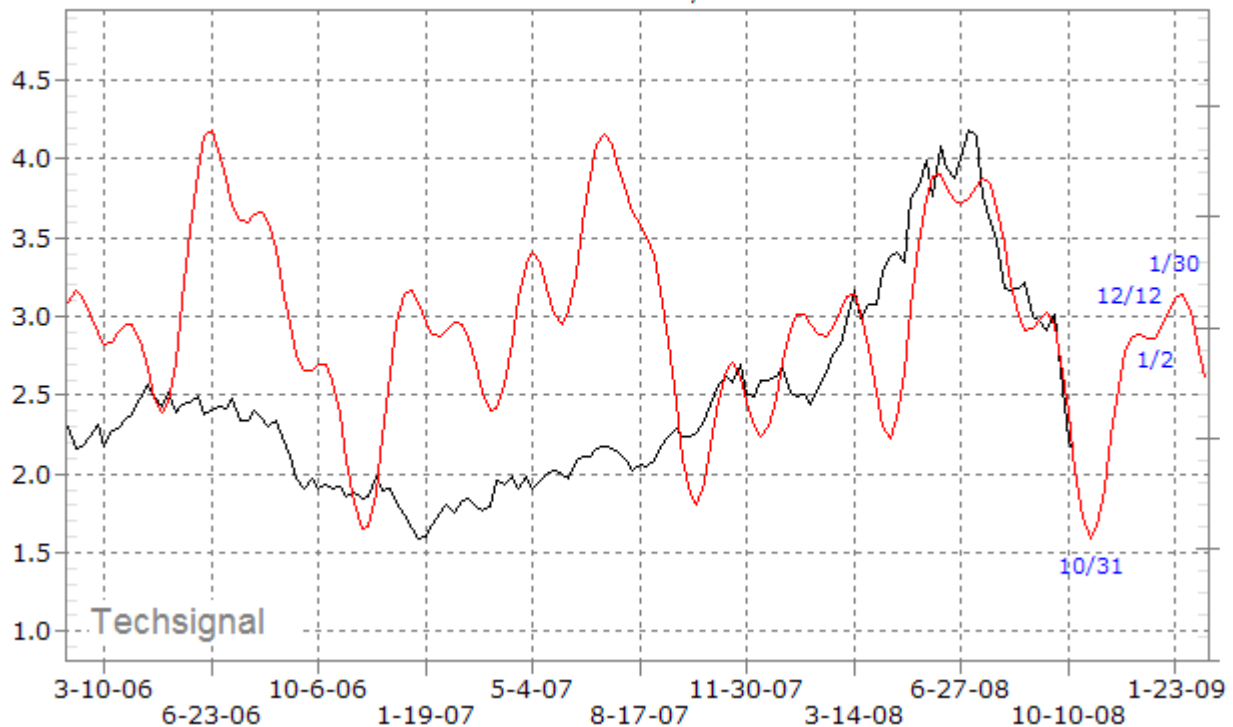
## Daily Heating Oil

Heating Oil NY (Pit) HO  
Daily



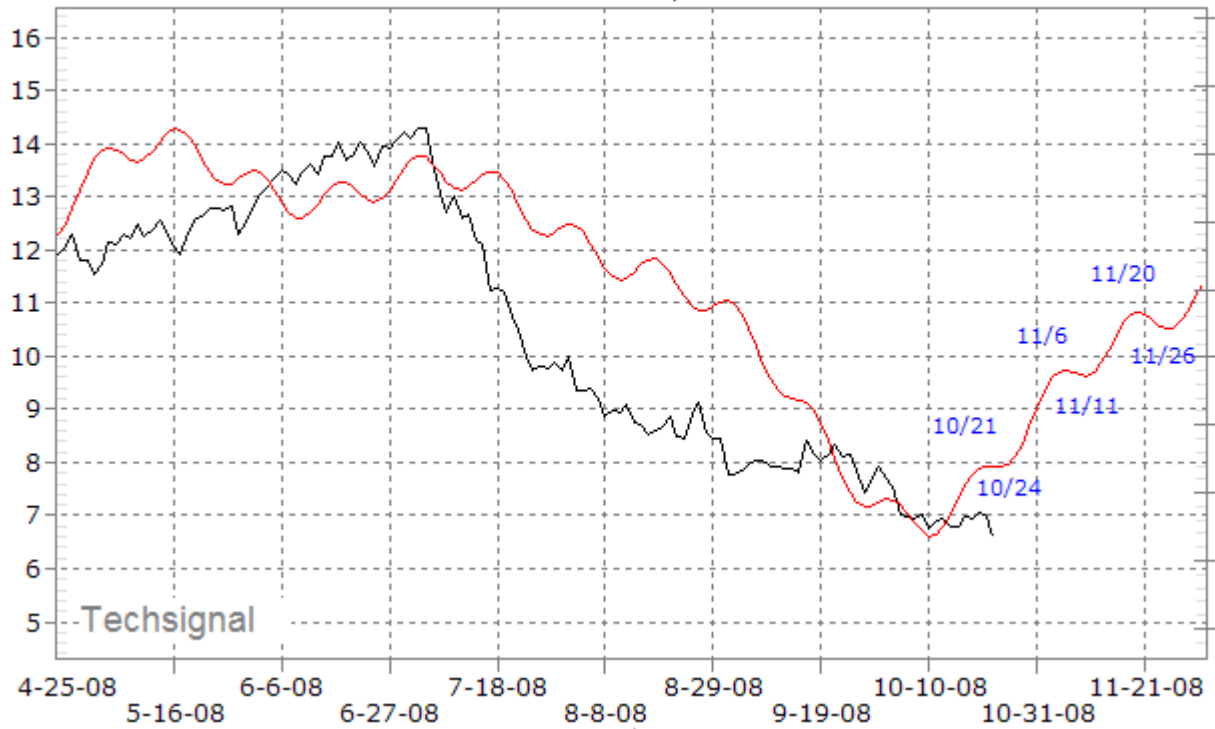
## Weekly Heating Oil

Heating Oil NY (Pit) HO  
Weekly



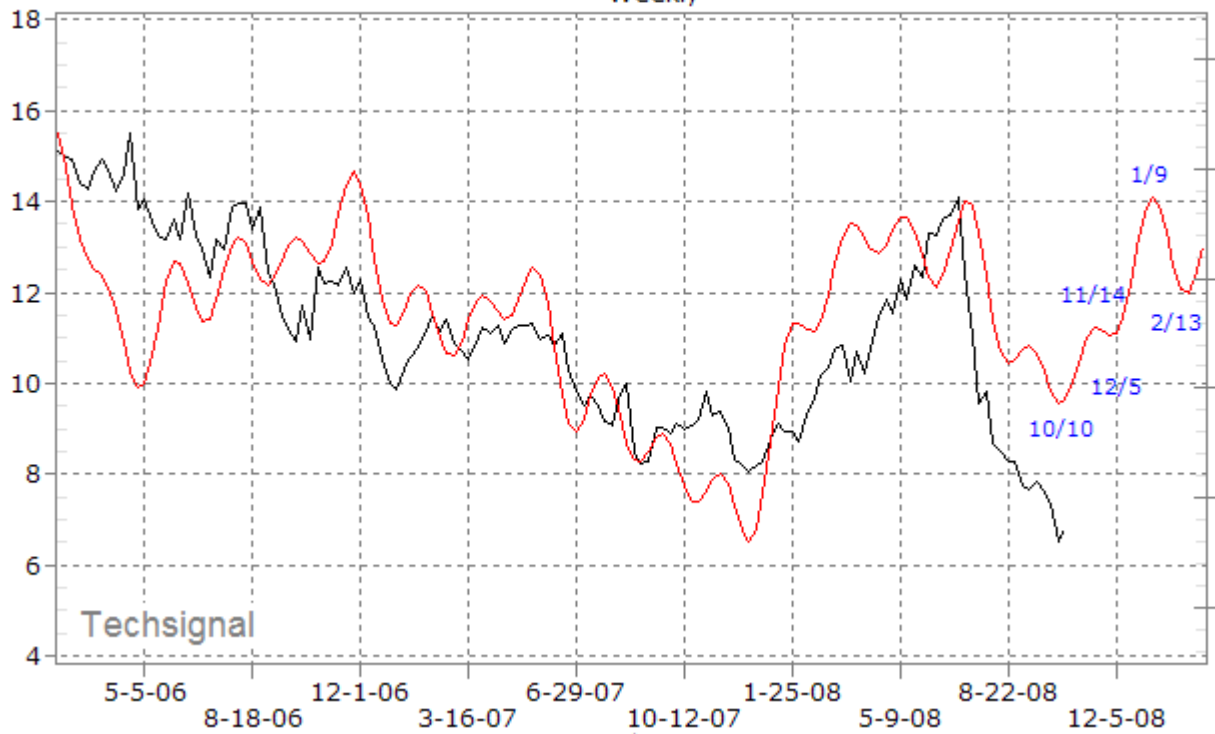
## Daily Natural Gas

Natural Gas NY (Pit) NG  
Daily

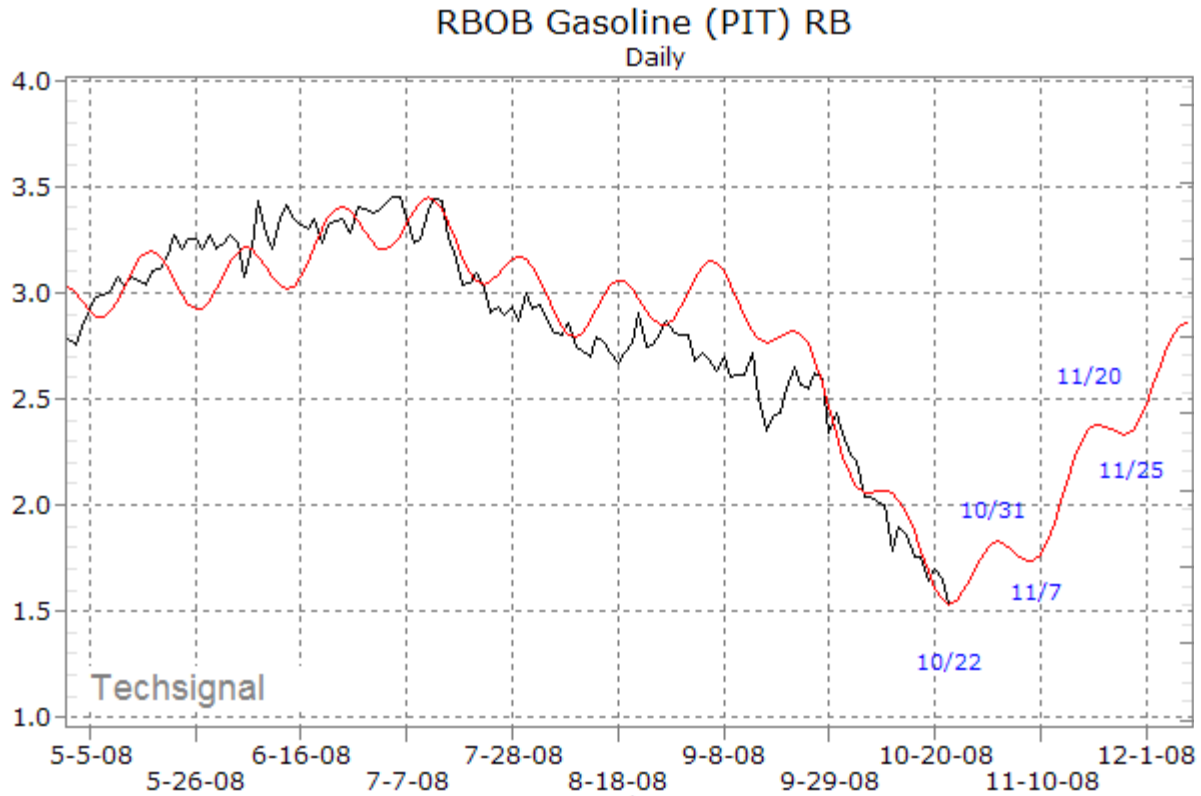


## Weekly Natural Gas

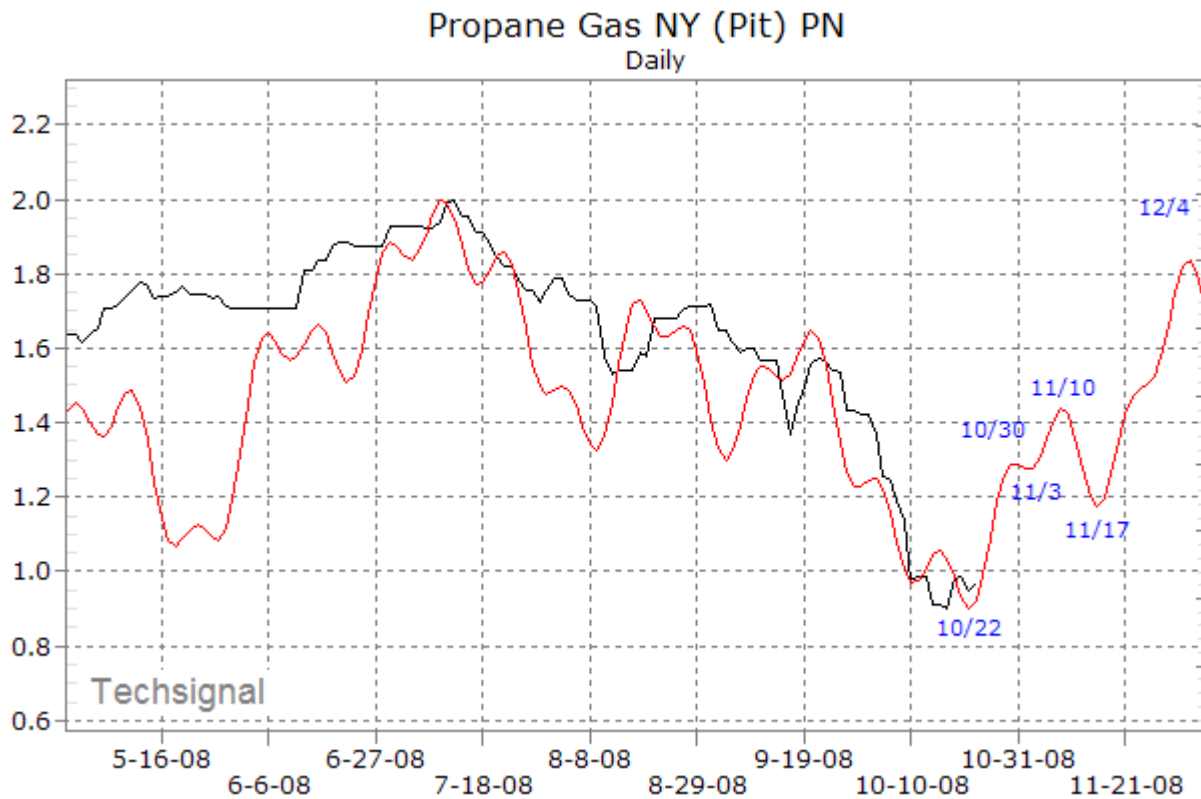
Natural Gas NY (Pit) NG  
Weekly



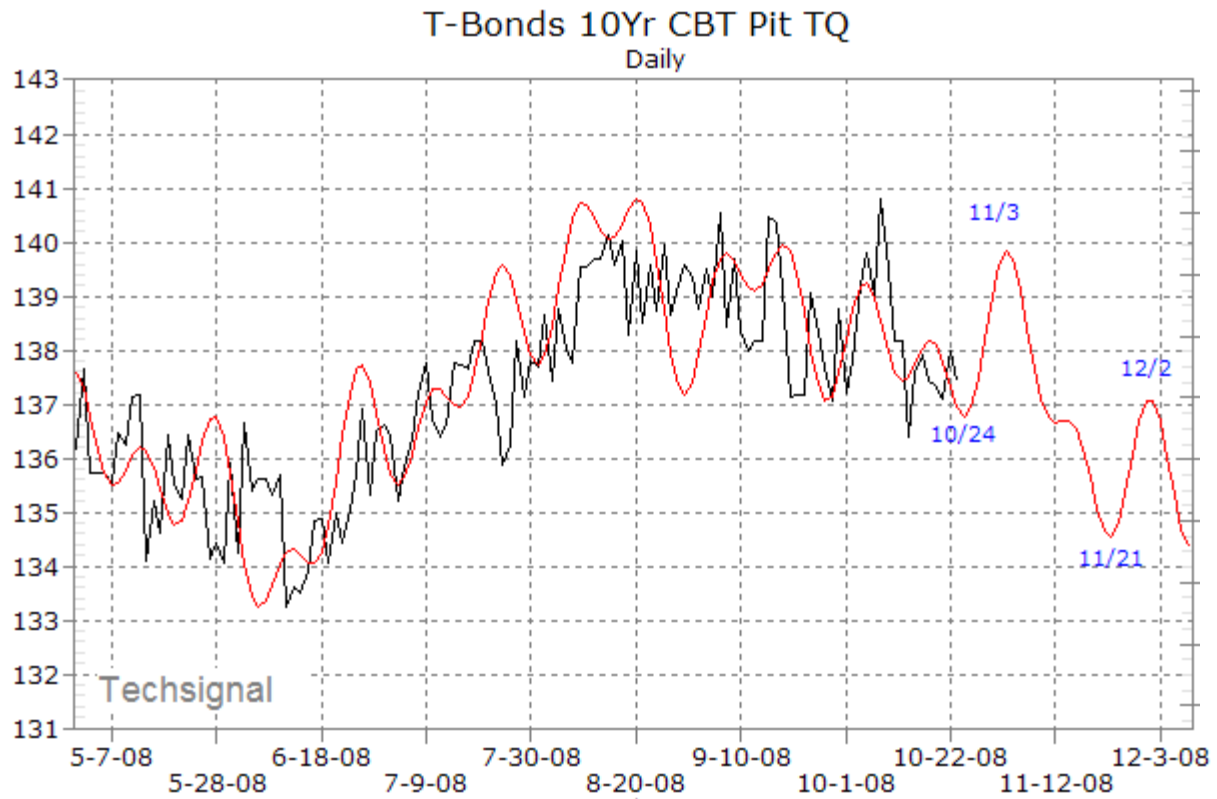
## Daily RBOB Gasoline



## Daily Propane Gas



## Daily T-Bonds 10 yr



## Daily CRB Index

