

Cycle Projections Energy

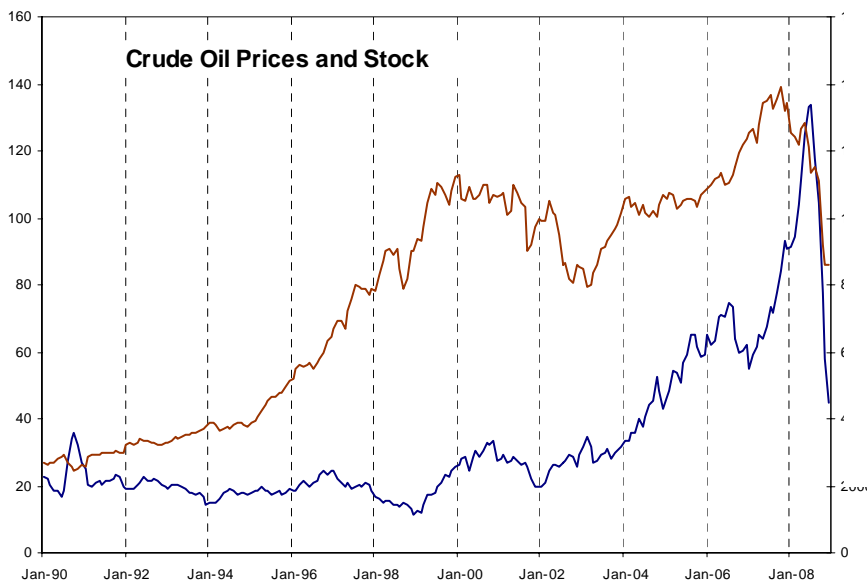


APRIL-MAY 2009

ENERGY AND INFLATION

Oil and the stock market?

There has been many who have noticed that crude oil prices and stock prices often especially recently have moved together. How does this hold up historically? Not well. The reason is simple. During good economic times there is demand for crude and some inflation and that is good for both stocks and crude oil and during poor economic times demand for crude and less economic activity send both down at the same time. Now in the recession we see both going up and down together but they are reflecting the economy not each other. It is evident from the chart that take away recessions and the relationship is tenuous. So yet they are moving together but it is due to the economy not any relationship between the



two series.

The cycles in the energy complex are all up but we must take those projections with a grain of salt due to the terrible economic times. We do not think that energy will go down significantly but the upside will be muted do to demand issues. Heating oil too which is up in both daily and weekly is fighting seasonal factors as temperatures warm. The underling is that cyclic pressure is up but it is not likely to rally too far until demand changes.

Crude Oil: The dominant

15-week cycle is now topping and should put the breaks on crude for the next several weeks.

Heating Oil: Cycles in heating oil are bullish but the seasonals and demand are not. We do not recommend selling or buying at this point...

Natural Gas and Propane: Natural gas is neutral but the decline should halt as the cycles are now up.

Coal: Northern Appalachia 12,500 btu coal is now bottoming and should begin to rally but again demand it the issue.

Alternative Energy There continue to be more hype than substance but we are bullish on this sector.

Inflation: Inflation will remain tame until the economy improves. That will not happen this year.

Written 4/22/08

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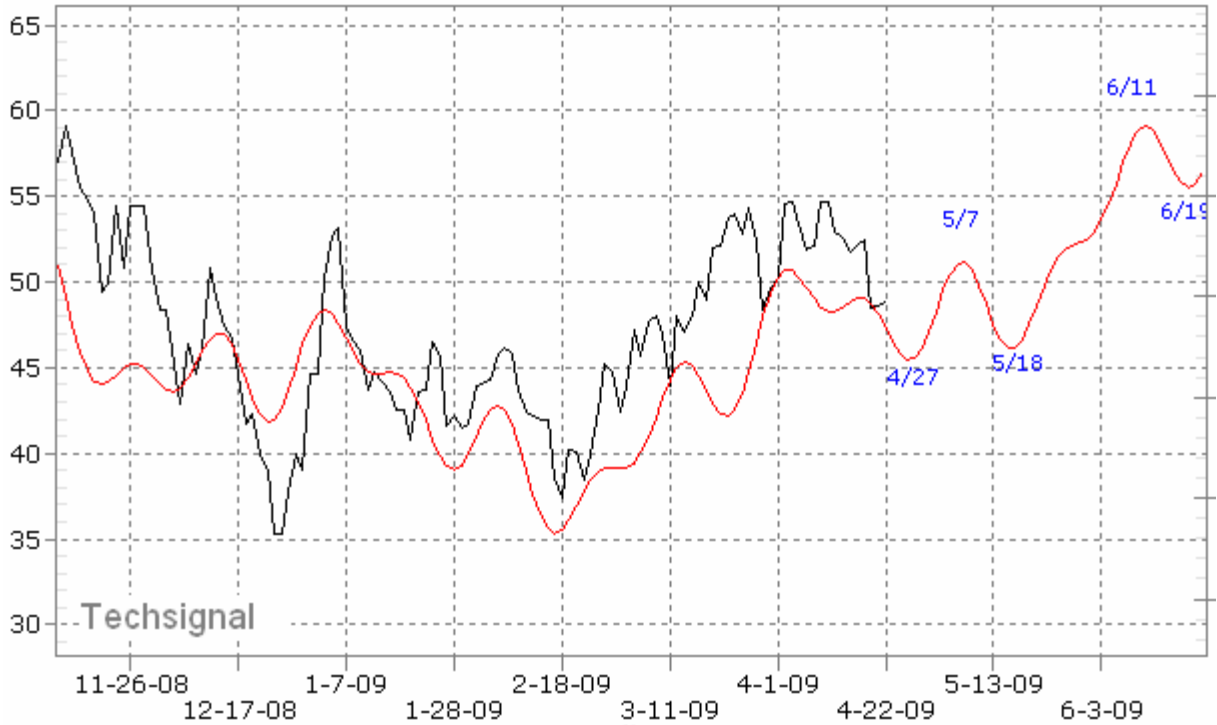
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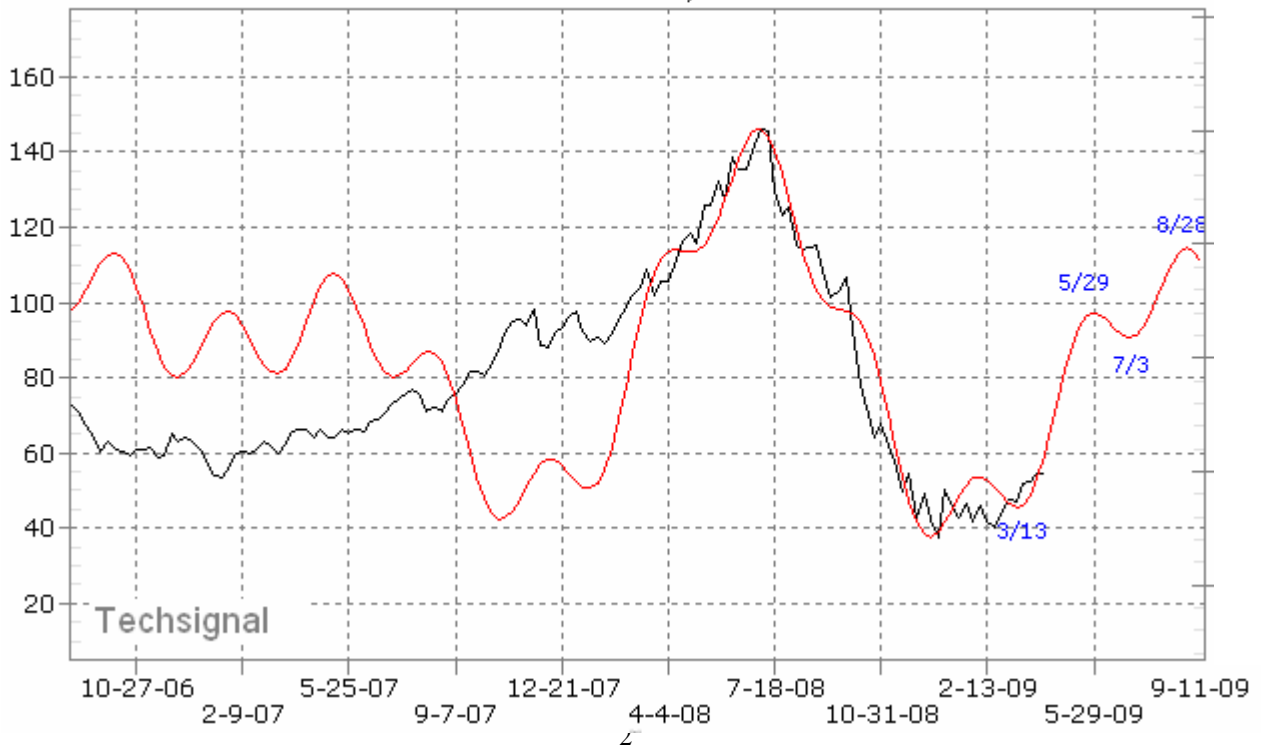
Daily Crude Oil

Crude Oil NY (Pit) C CL
Daily



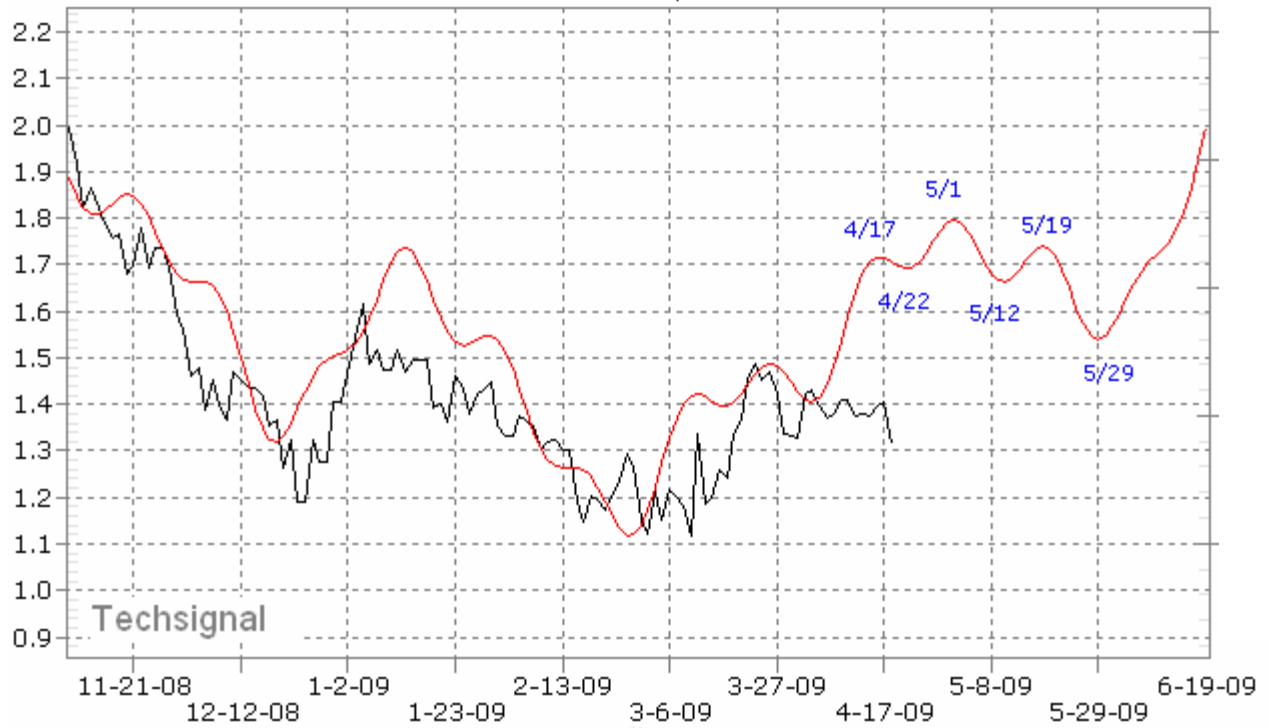
Weekly Crude Oil

Crude Oil NY (Pit) C CL 55
Weekly



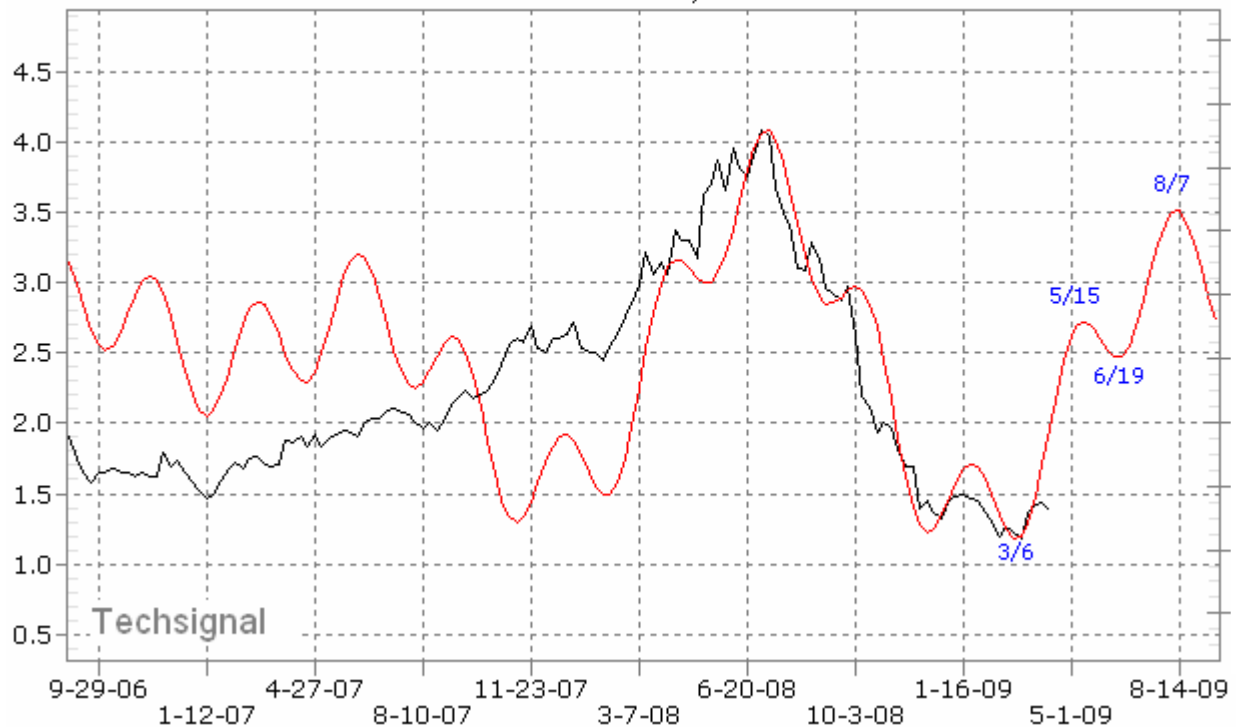
Daily Heating Oil

Heating Oil NY (Pit) HO
Daily



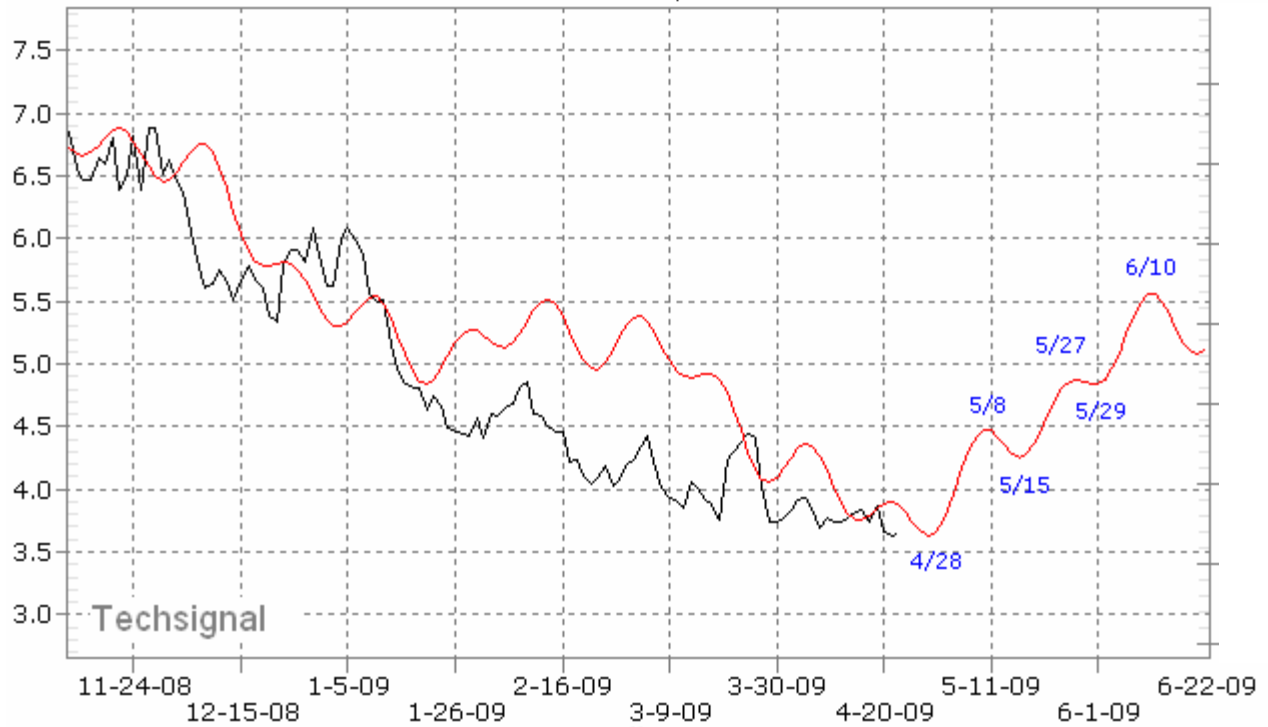
Weekly Heating Oil

Heating Oil NY (Pit) HO
Weekly



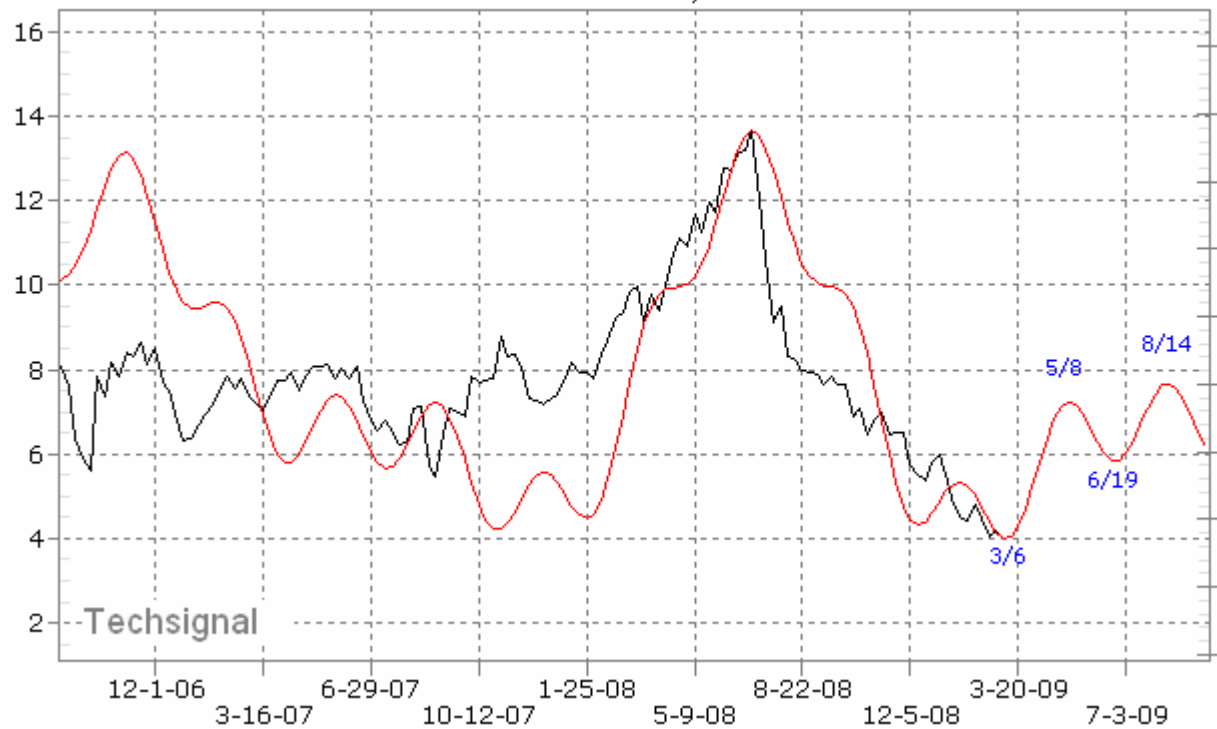
Daily Natural Gas

Natural Gas NY (Pit) NG
Daily



Weekly Natural Gas

Natural Gas NY (Pit) NG
Weekly



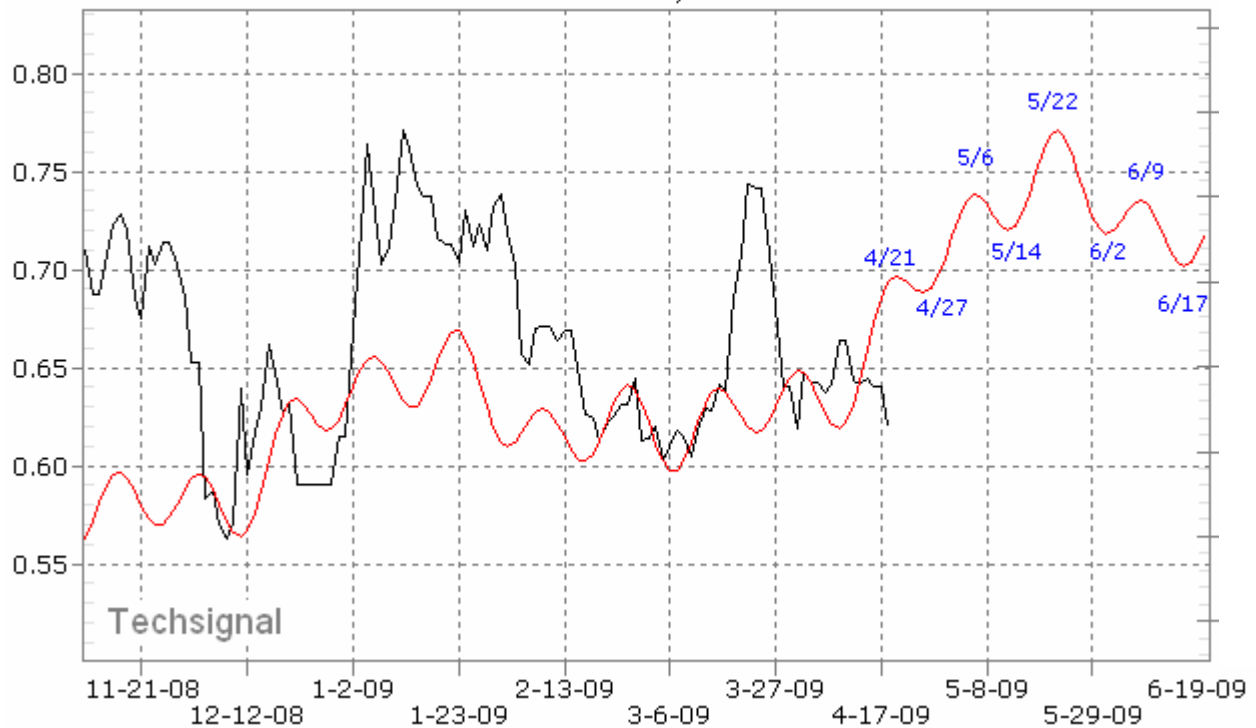
Daily RBOB Gasoline

RBOB Gasoline (PIT) RB
Daily

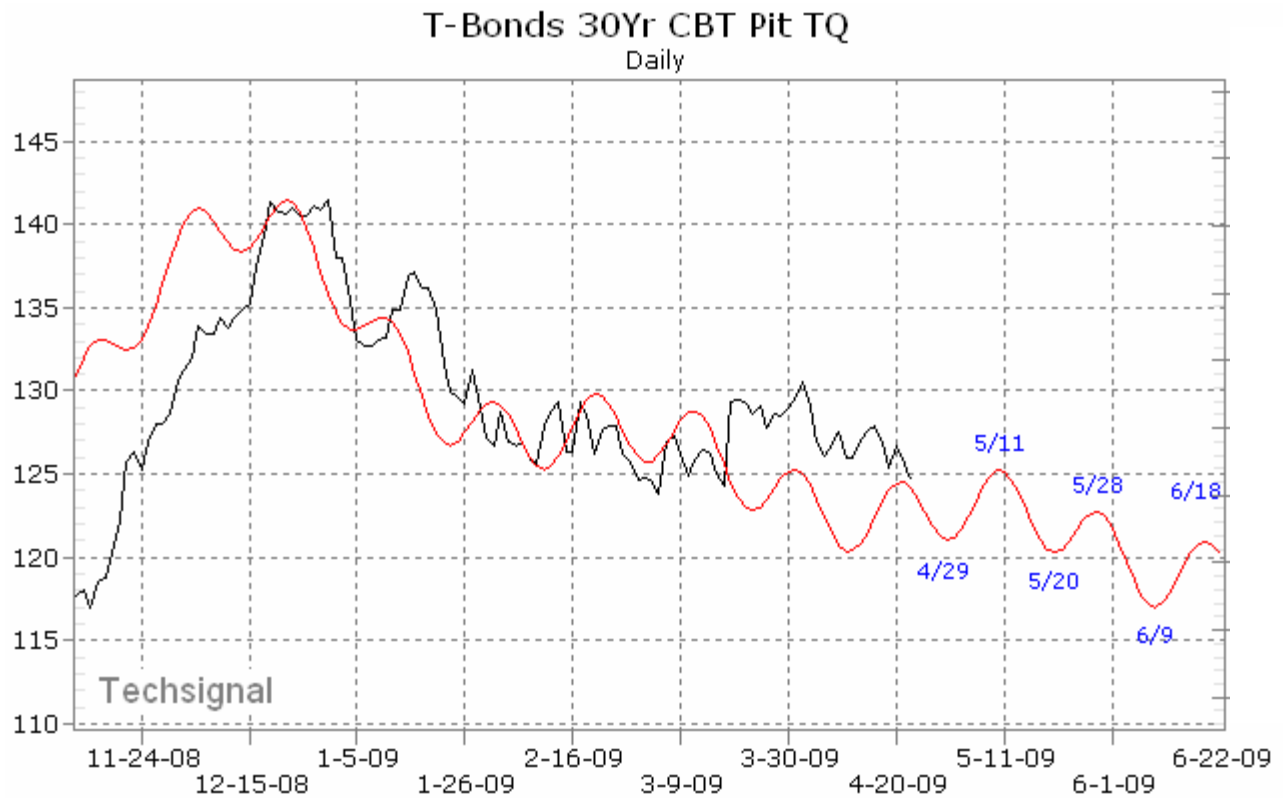


Daily Propane Gas

Propane Gas NY (Pit) PN
Daily



Daily T-Bonds 30 yr



Daily CRB Index

