

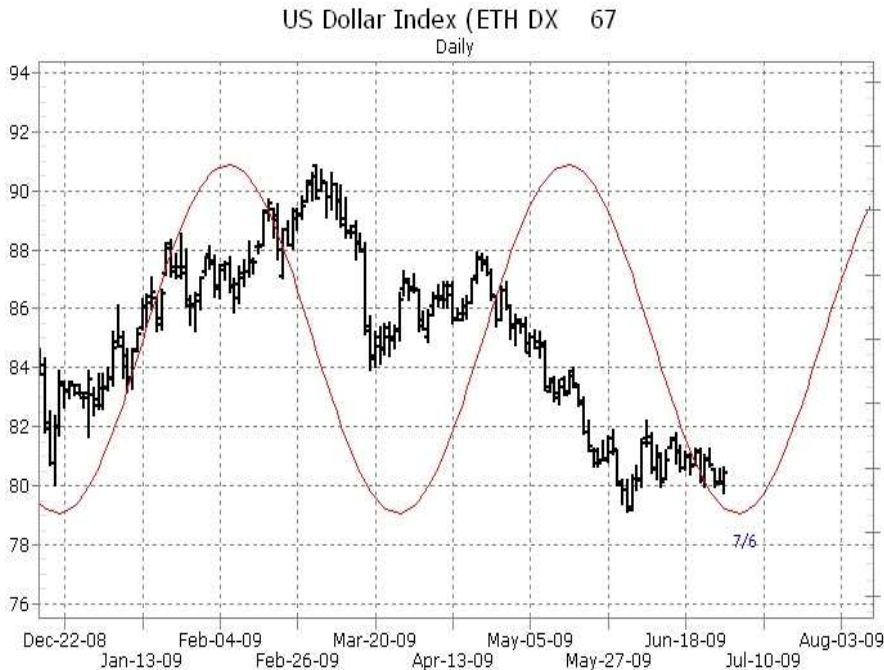
Cycle Projections Energy

JUNE-JULY 2009

ENERGY AND INFLATION

How high will crude oil go?

With the memories of last year's relentless rise in crude oil prices to over \$145 a barrel, the fear returns that crude oil will again go sky high. But is that fear warranted? We will look to the cycles in the US dollar to give us a sense of the direction of crude oil and the energy complex in general. The US dollar's dominant 15-week cycle is now pointing to a coming rally in the US dollar. In the last run up in crude,



the dollar when oil was at similar levels to the current price the US dollar was significantly higher than it is now indicating that we are likely to move as high in crude. The demand situation is very different and we are now likely in a trading range. Initially we thought that the range would be somewhere around \$35 to \$70 a barrel for crude, but we have gone slightly above this number. We still think it will be a trading range but at a higher number. It appears that we are close to the top of that range and with the cycles turning downward in crude and upward in the US dollar that reinforces that projection.

Crude Oil: The dominant 15-week cycle is topping and pointing to lower prices in crude. The last downturn in this cycle did not produce a significant correction. Crude fell only \$6 a barrel and lasted about a month. If this next correction is similar then the implications are that we will have a mild rally in the US dollar. The overall projection is for sideways action. **Heating Oil:** Cycles in heating oil are sideways with a bullish bias for the fall. **Natural Gas and Propane:** Natural gas remains slightly bullish but will remain choppy. The cycles are negative in propane. **Coal:** With coal coming under fire from the current administration we can not be bullish until the cap and trade bill is resolved. **Gasoline:** Gasoline should follow tightly the crude cycles. **Alternative Energy** A lot of money is going to go into this source of energy and we are bullish on the alternative energy stocks; but one needs to be careful. If results don't match the hype there will be fallout. **Inflation:** Inflation is waiting in the wings but it will have to be patient until we see more economic growth. We expect less price pressure over the next several months.

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All data used in *Cycle Projections* provided by Genesis Financial Technologies, Inc.
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Cycle Projections

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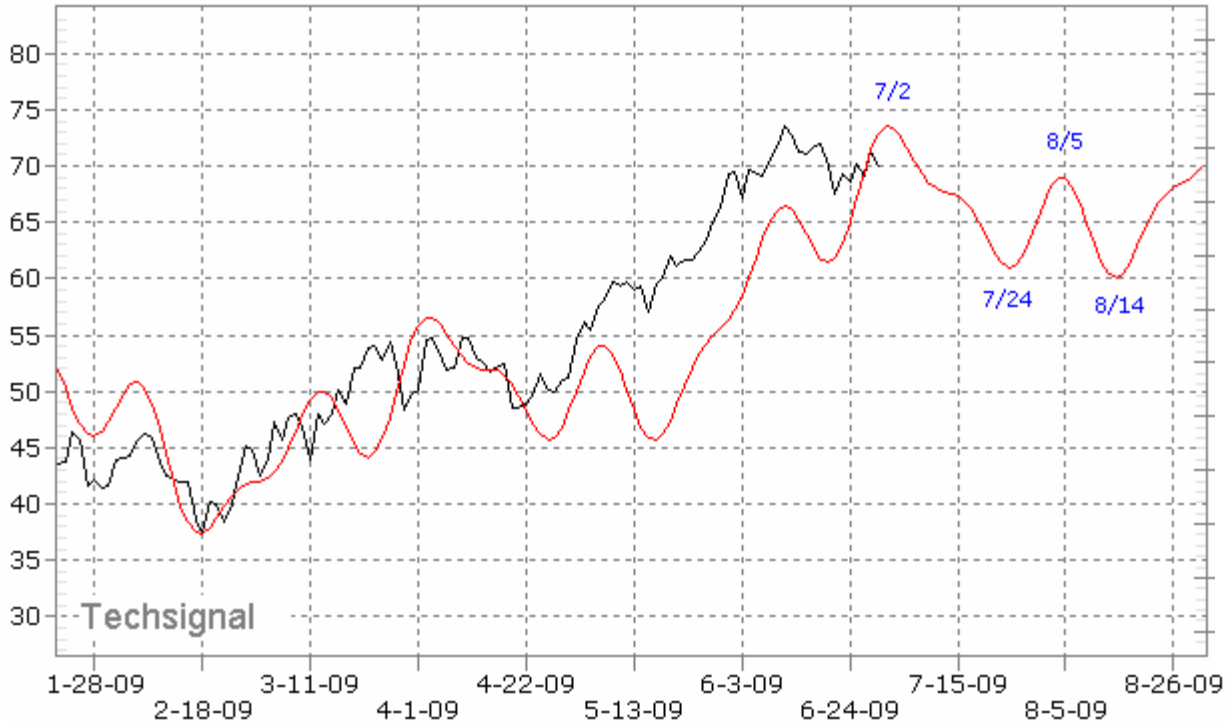
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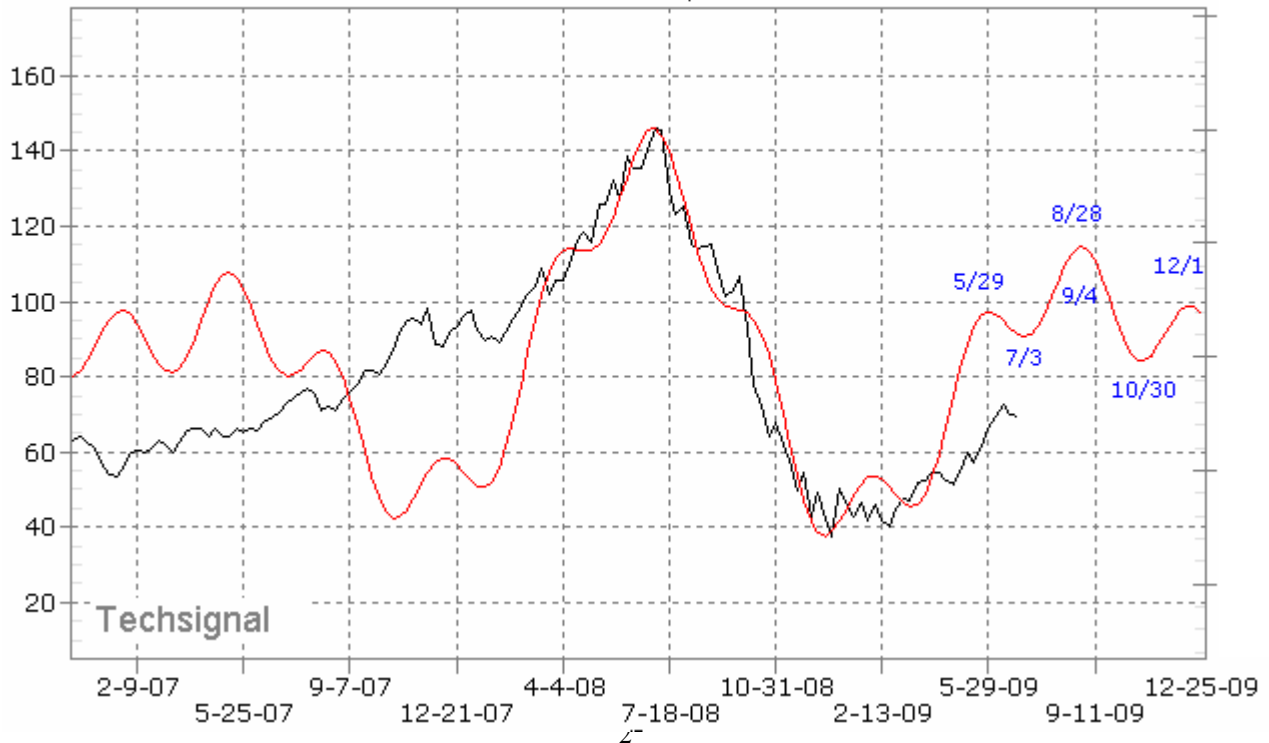
Daily Crude Oil

Crude Oil NY (Pit) C CL
Daily



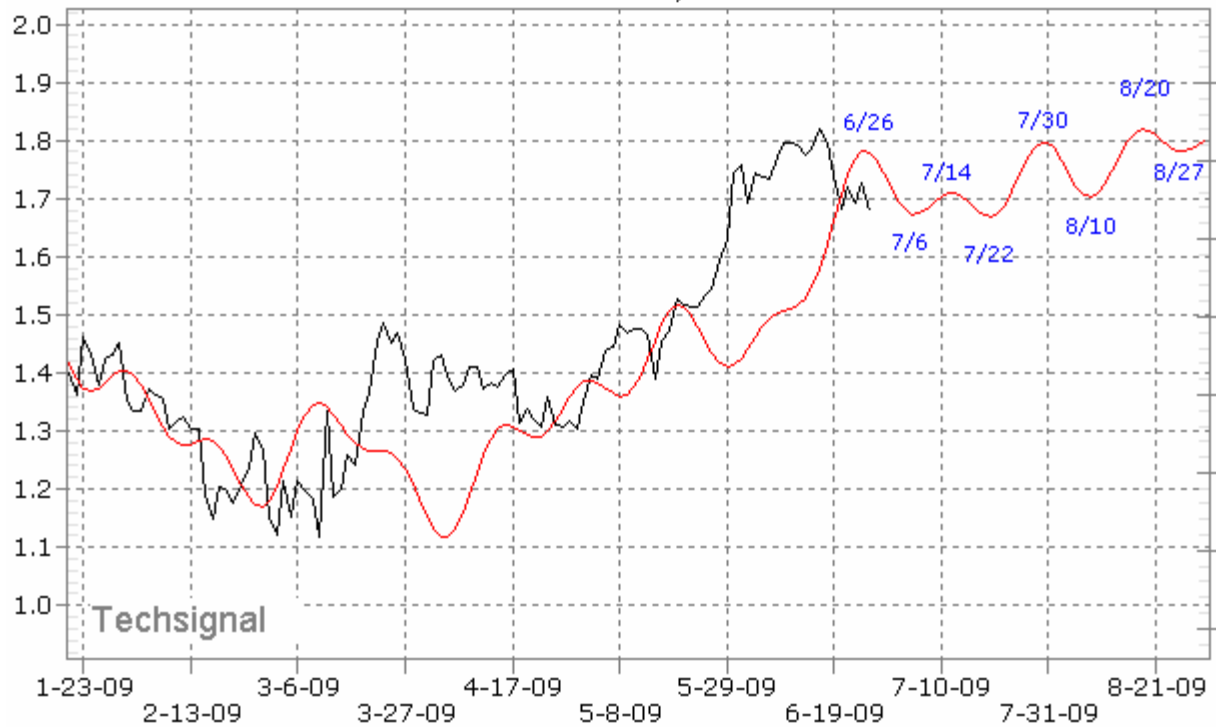
Weekly Crude Oil

Crude Oil NY (Pit) C CL
Weekly



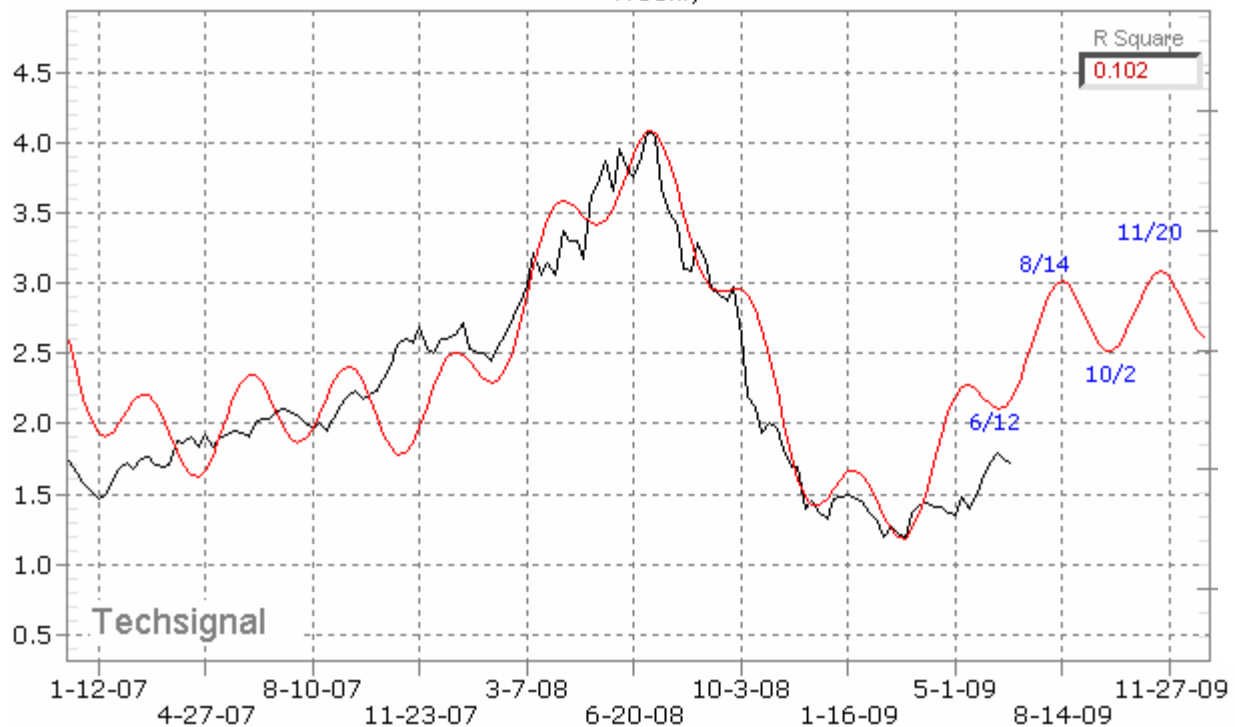
Daily Heating Oil

Heating Oil NY (Pit) HO
Daily



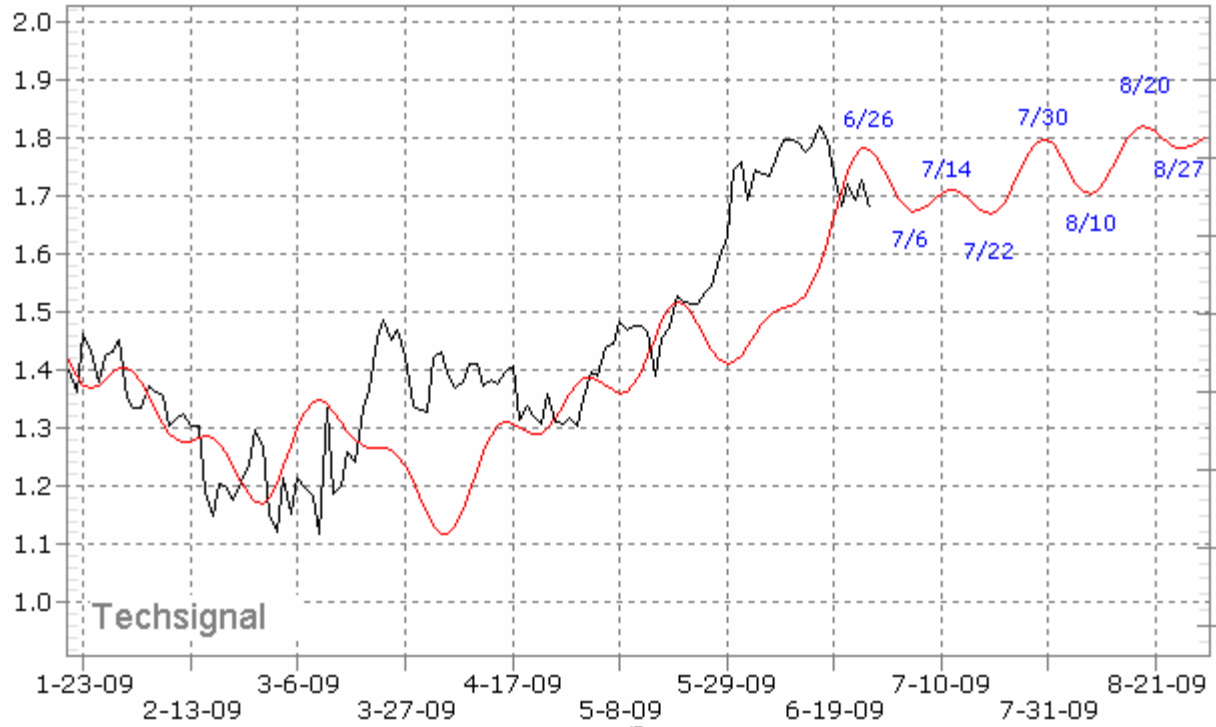
Weekly Heating Oil

Heating Oil NY (Pit) HO
Weekly



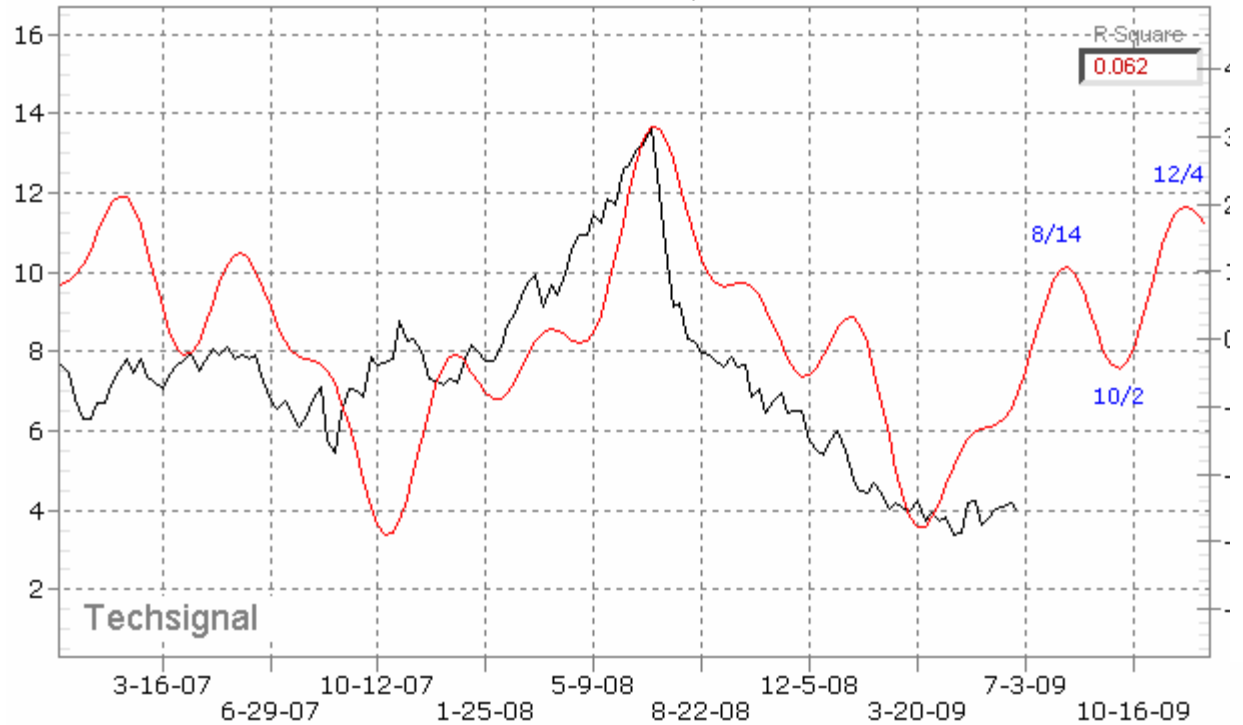
Daily Natural Gas

Heating Oil NY (Pit) HO
Daily



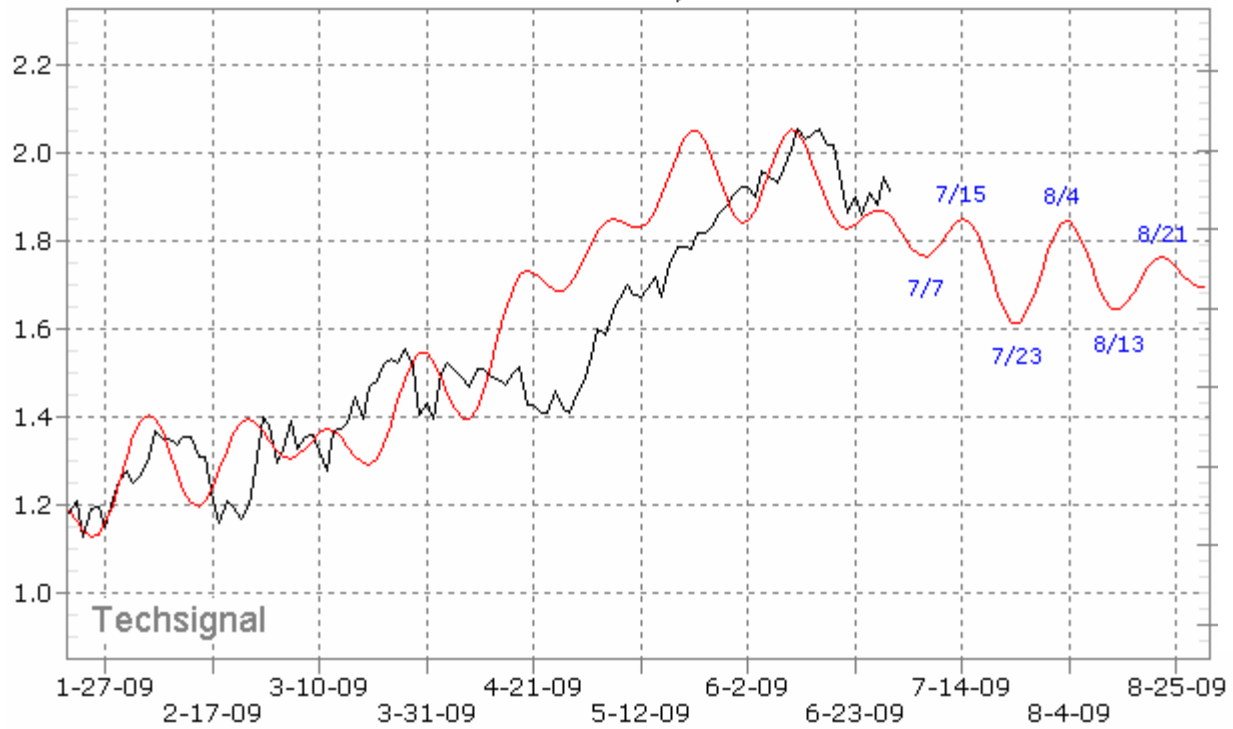
Weekly Natural Gas

Natural Gas NY (Pit) NG 55
Weekly



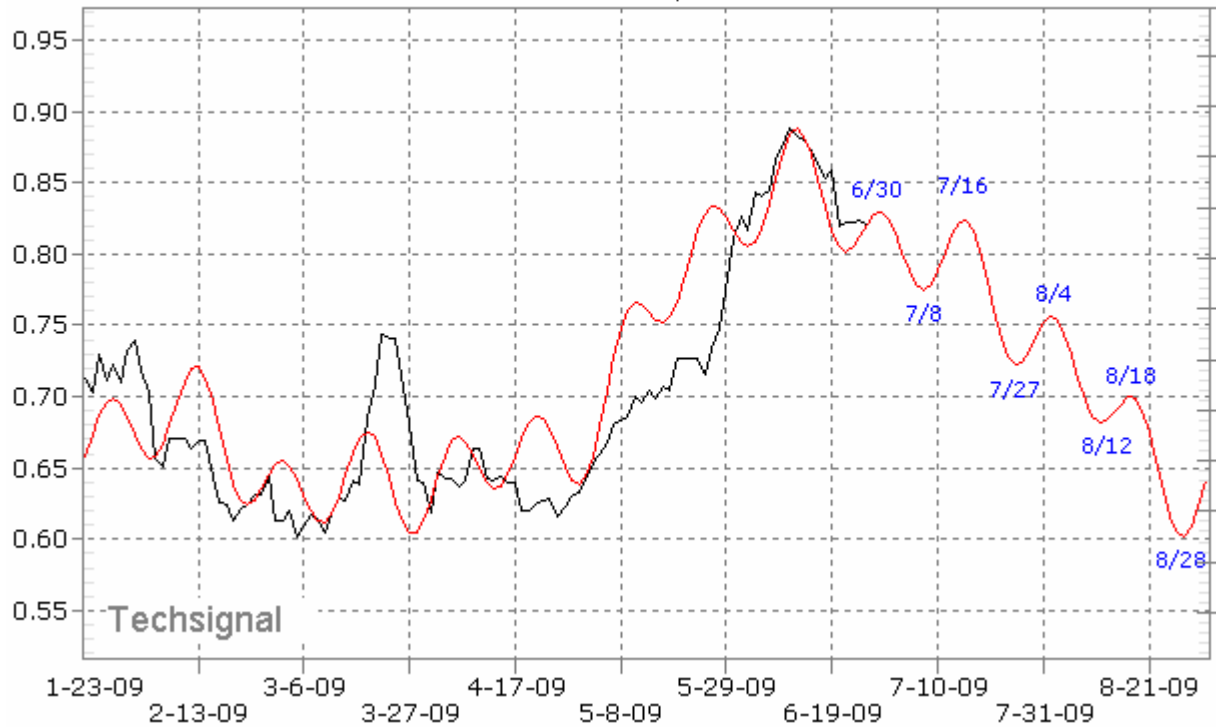
Daily RBOB Gasoline

RBOB Gasoline (PIT) RB
Daily



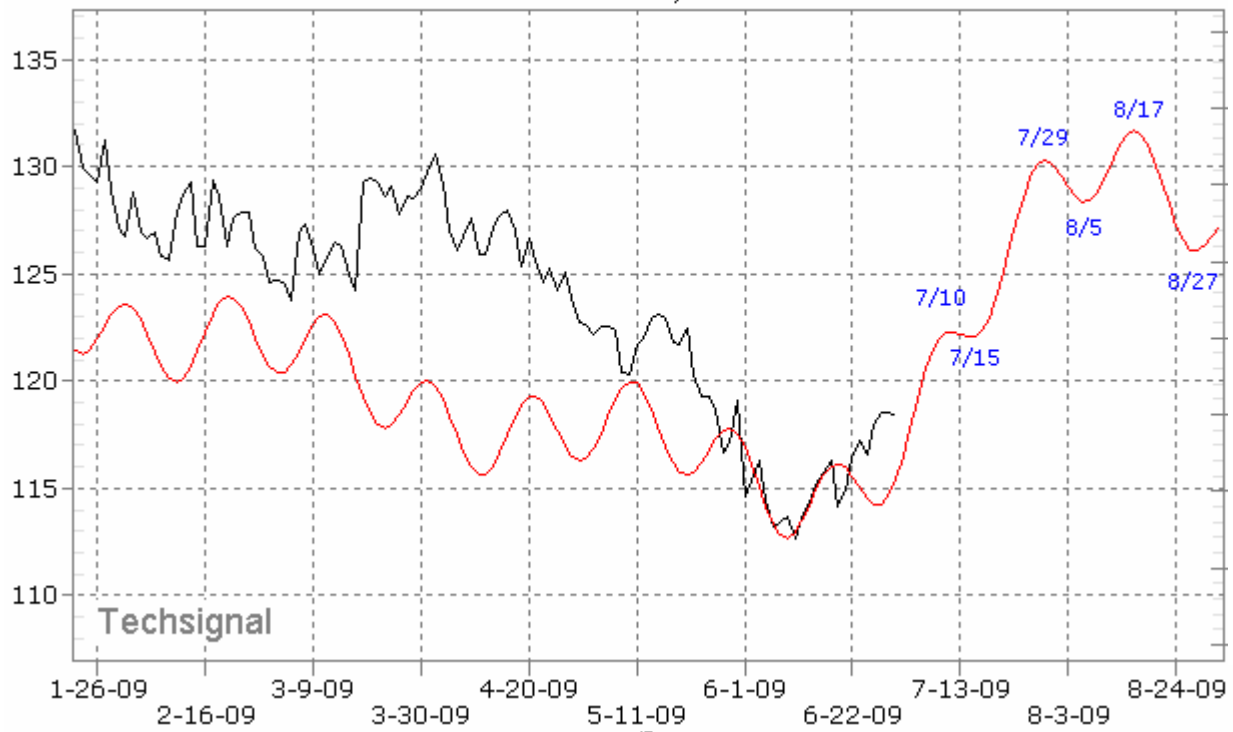
Daily Propane Gas

Propane Gas NY (Pit) PN
Daily



Daily T-Bonds 30 yr

T-Bonds 30Yr CBT Pit TQ
Daily



Daily CRB Index

Crb Index Cash
Daily

