

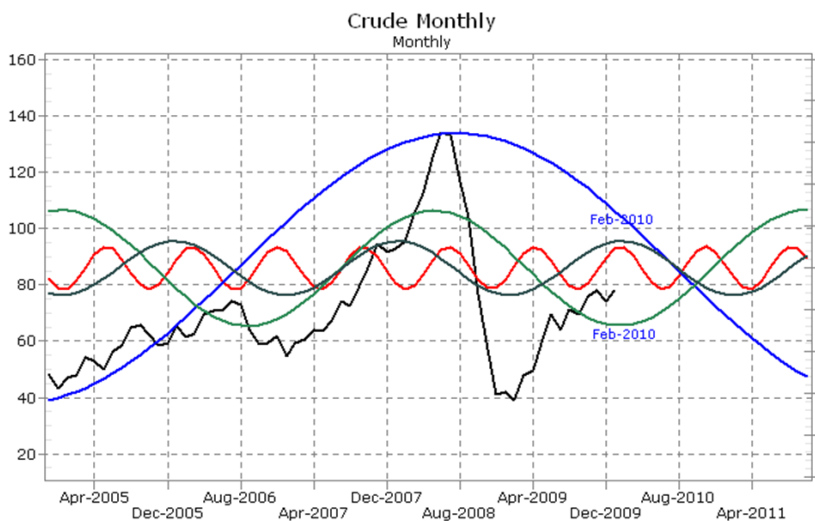
Cycle Projections Energy

FEBRUARY-MARCH 2010

ENERGY AND INFLATION

Which cycle, long or short will dominate?

In past issues we showed the long 28-year cycle and how it has topped and that means lower prices ahead, but that is a very long trend. There is also an 8-year cycle that topped in June of 2008 when the long cycle topped and it is down as well. The next shorter cycles are 3.3 and 2-year cycles. These are pictured in the chart below. These cycles are better known in the stock market but play a roll across the economic spectrum. The other cycle of note is the 40-week cycle. All these cycles are down but the 40-month or 3.3-year cycle. This cycle topped in June of 2008 and called for a bottom 20-months later or February of 2010. Only one problem is that the crude oil market bottomed in not 20-months but 7 months or less than half the time. Now crude has rallied



into the 40-month bottom while every other cycle continues to point down. We think that this cycle is inverting, the turn of the cycle is opposite to the market turn. So we basically don't think this normally dominant cycle is dominant now. Right now the two longest cycles, 28 and 8-years are down and two of the three dominant cycles, 24-month and 40-week are down

Last issue we pointed out that the weekly cycles remain bullish for another month or so, especially the 51-week cycle. So again which will dominate? The answer from our perspective is simple. The longer cycles will dominate over the longer term but the shorter

more bullish cycles will help to support the energy and crude markets over the next month or so. This will mean that we will remain in a trading range in crude oil for another month and likely move to the upper limits of the range, around \$85 and then in April begin fall to the bottom of the range, about \$60 per barrel.

Crude Oil: The cycles continue neutral to bullish with the seasonal pointing higher, but the long cycles ARE down. **Gasoline** Gasoline prices should continue to remain stable in a trading range like crude and should continue to be moderate. **Heating Oil:** The Seasonals are now topping and we expect the seasonals to moderate prices. **Natural Gas and Propane:** Natural gas and propane continue in a range with a neutral outlook... **Alternative Energy** No change in Alternative energy. We are now looking at uranium prices again. These could rise above 50 by next fall. **Inflation:** Interest rates are rising slightly but overall neutral which inflation is tame as the economy continues to languish.

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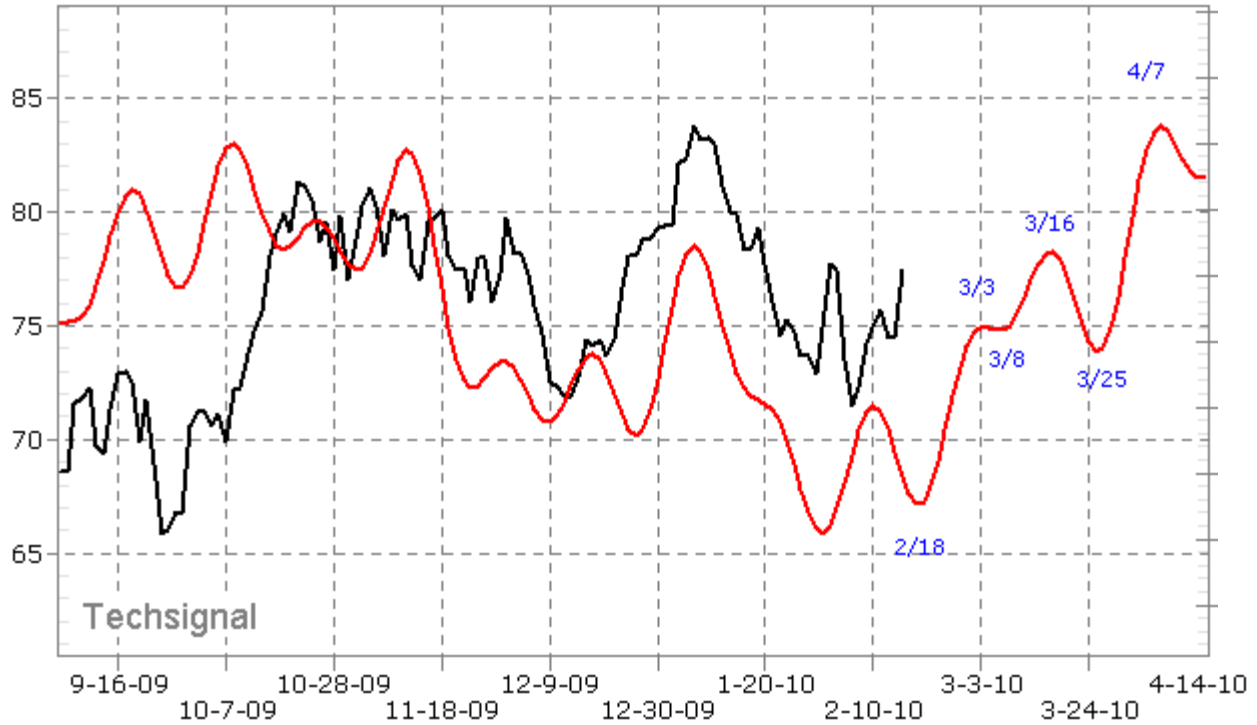
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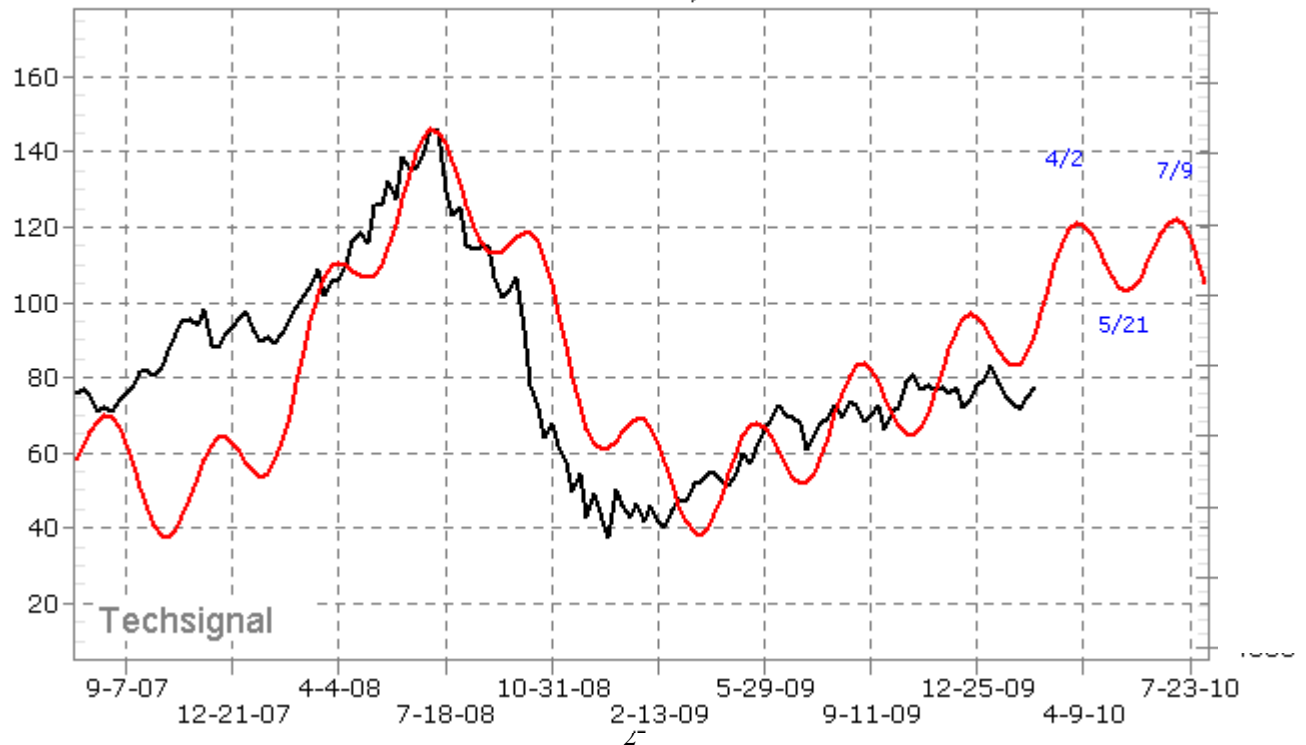
Daily Crude Oil

Crude Oil NY (Pit) C CL
Daily



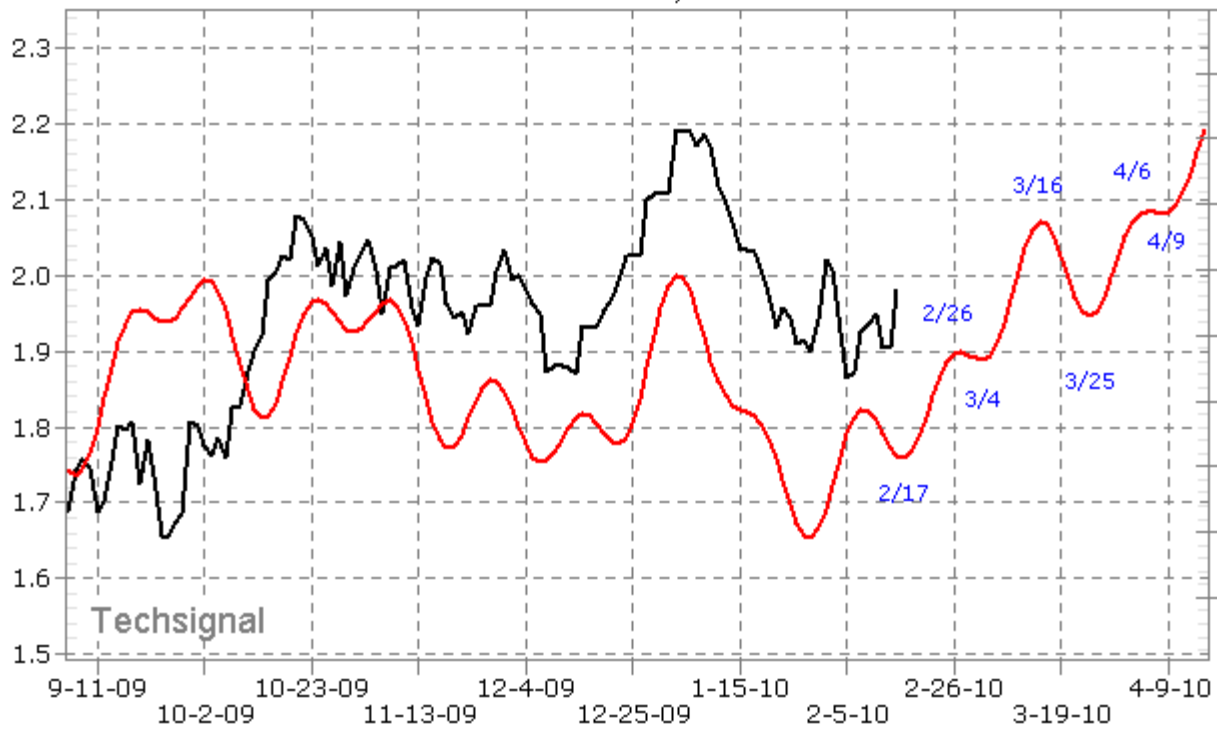
Weekly Crude Oil

Crude Oil NY (Pit) C CL
Weekly



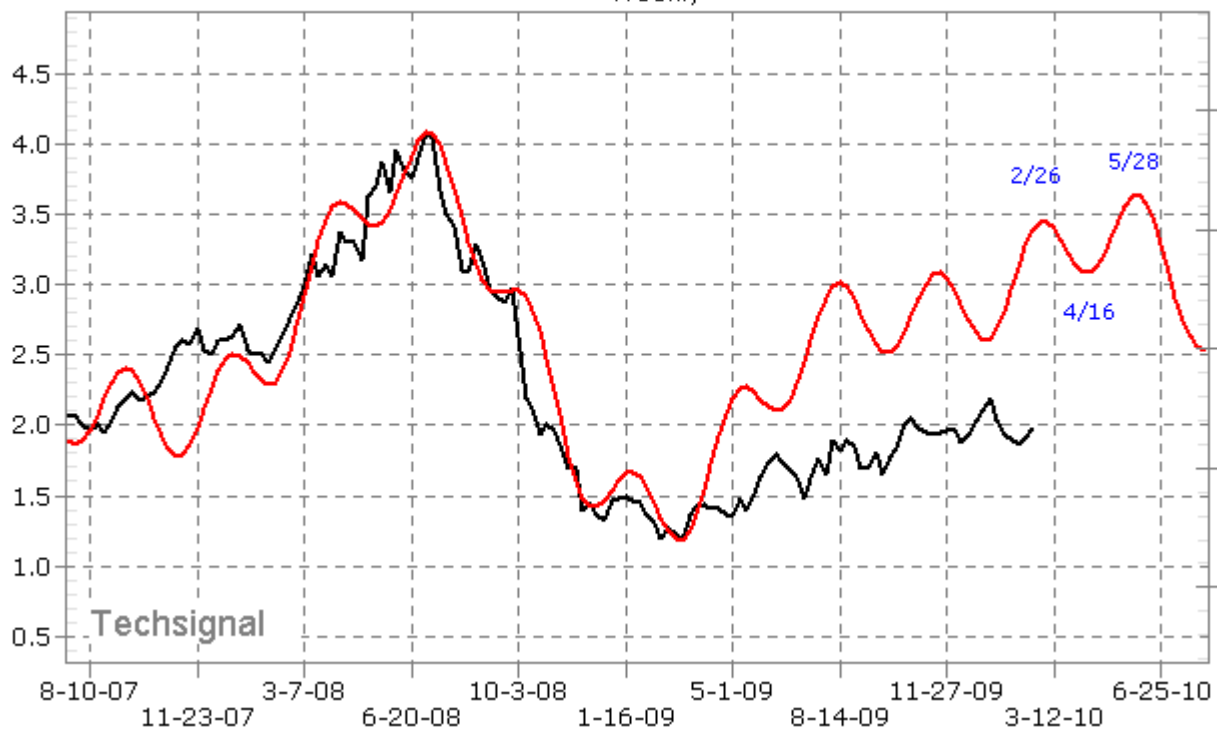
Daily Heating Oil

Heating Oil NY (Pit) HO
Daily



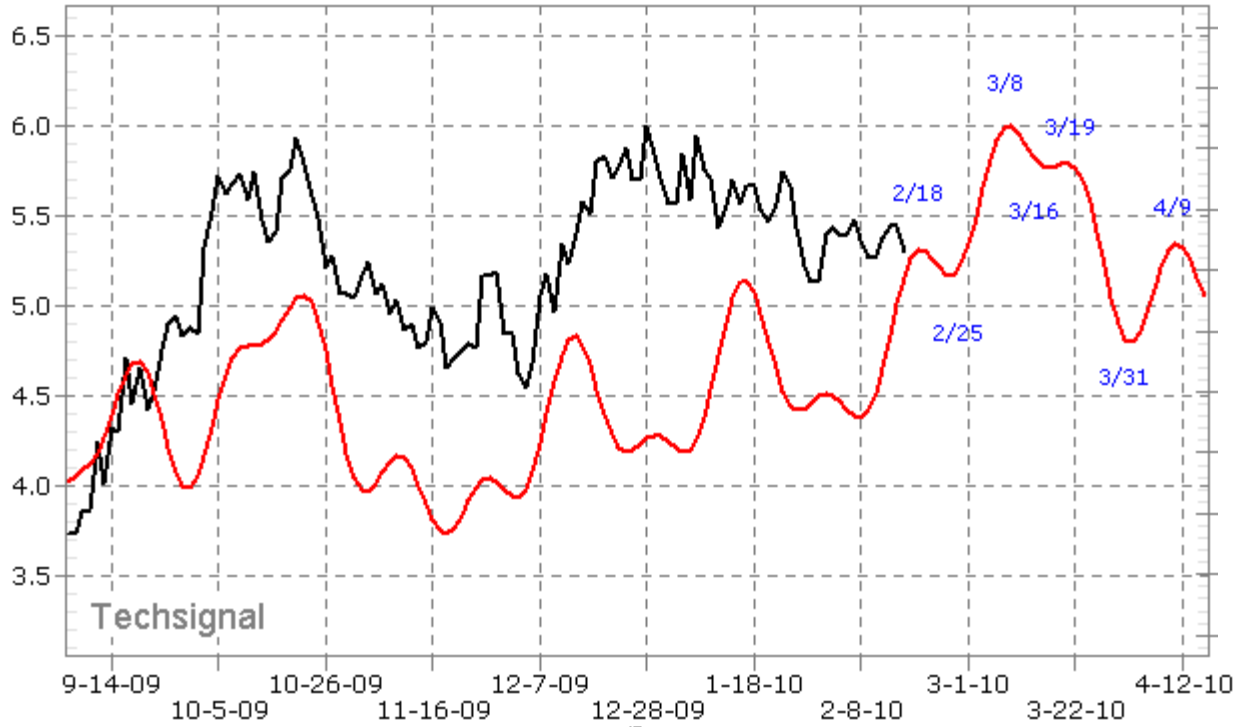
Weekly Heating Oil

Heating Oil NY (Pit) HO
Weekly



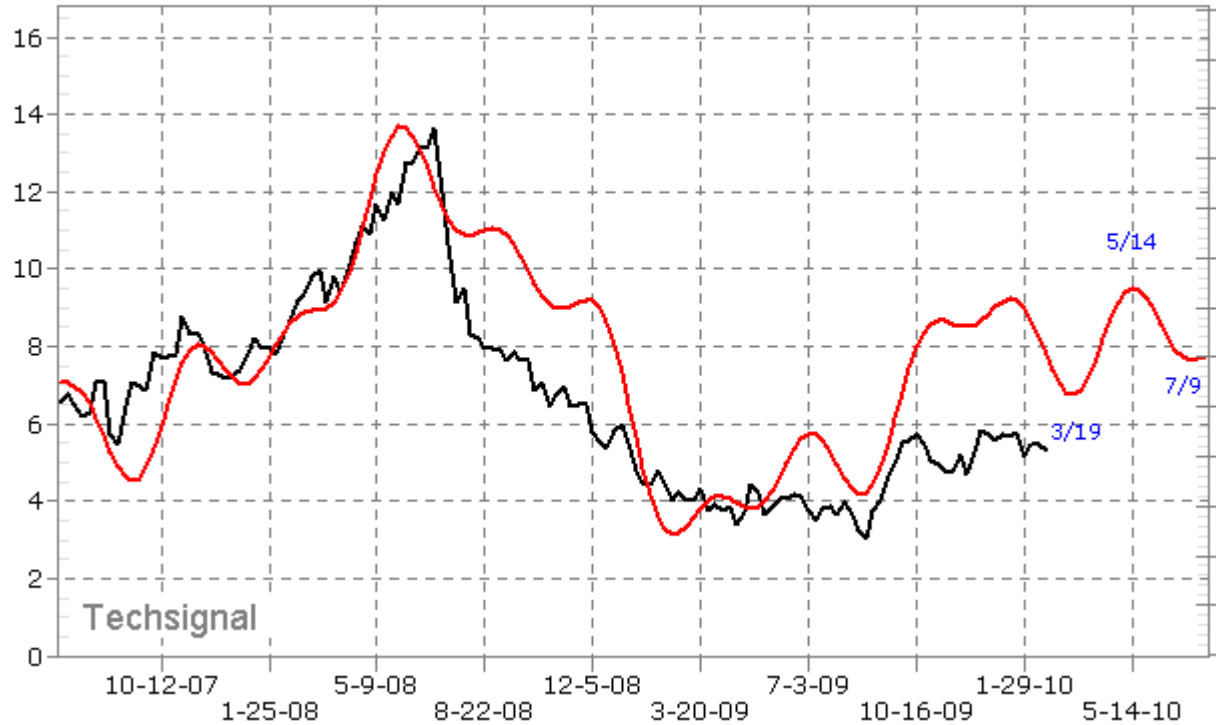
Daily Natural Gas

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

T-Bonds 30Yr CBT Pit TQ
Daily



Daily CRB Index

Crb Index Cash
Daily

