

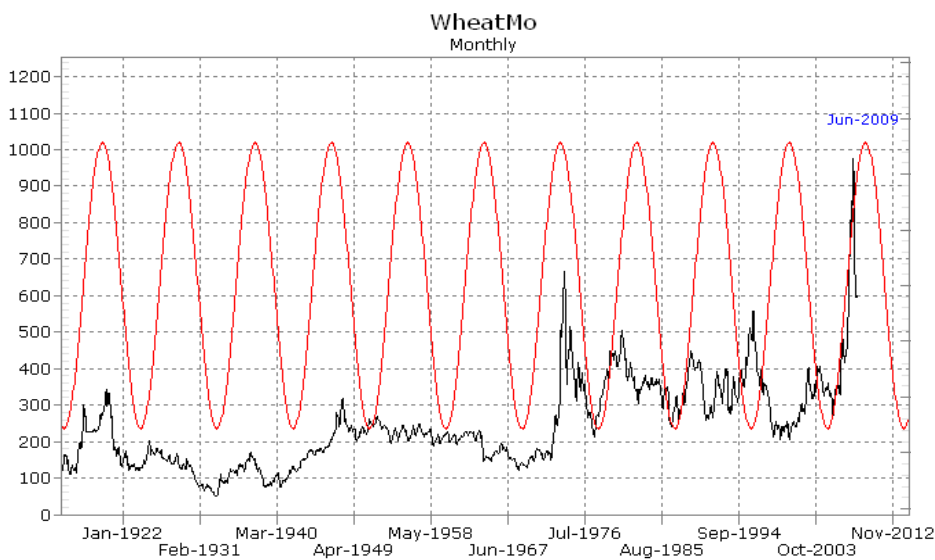
Cycle Projections - Commodities

AUGUST/SEPTEMBER 2008

COMMODITIES : CRB, SOYBEANS, CORN, WHEAT, COTTON, MEATS, ETC.

Are Commodities through?

There are many commentators who have declared the commodity bull market is over. Fortunately the Foundation has a major advantage over the opinions of commentators who are frankly reasoning on hypotheses that are based on guesses. They have cycles. Cycles are not magic or guesses they are history. In the case of growing commodities the cycles are bullish. In addition to the cycles there has been a fundamental change in demand due to the growth in the emerging markets, especially China and India. The supply has not grown to the same extent as demand and this has changed many fundamental relationships.



It is not likely these economies are going back to their previous demand levels. Thus it is unlikely that we will see prices return to the previous trading range of \$5.50 to \$2.00 just as the 1970s rally created a new range (see cover graph). Thus although the growth of 2007 will not be repeated this year, prices will stay high.

Grains and Oil Seeds: Wheat continues to try to put in a bottom and we expect current levels to support the market. Any rally is not likely to take out the recent highs. Corn is nearing

harvest and I do not expect any significant rallies until November. Current levels will support the market. Soybeans are the most bullish of the commodities and we expect a strong market after harvest. The demand remains high for beans. **Energy:** Energy finally pulled back but it is not likely that the high is in. We expect highs in 2009 barring an all out depression. **Metals:** The metals will inversely follow the US dollar and the US dollar is due to turn down and this should provide a rally to new highs in gold. Copper is off its highs and we are currently neutral to bullish on copper. **Food and Fiber:** We remain mildly bullish but without much conviction. The cycles are fairly neutral. Cotton and lumber will need more economic activity to break out, although we are bullish overall. No change in our outlook on sugar, cocoa, or coffee. **Meats:** We are bullish on cattle, bellies and hogs. The trend is up, but better economic activity is needed for a big bull market which is now overdue.

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Cycle Projections

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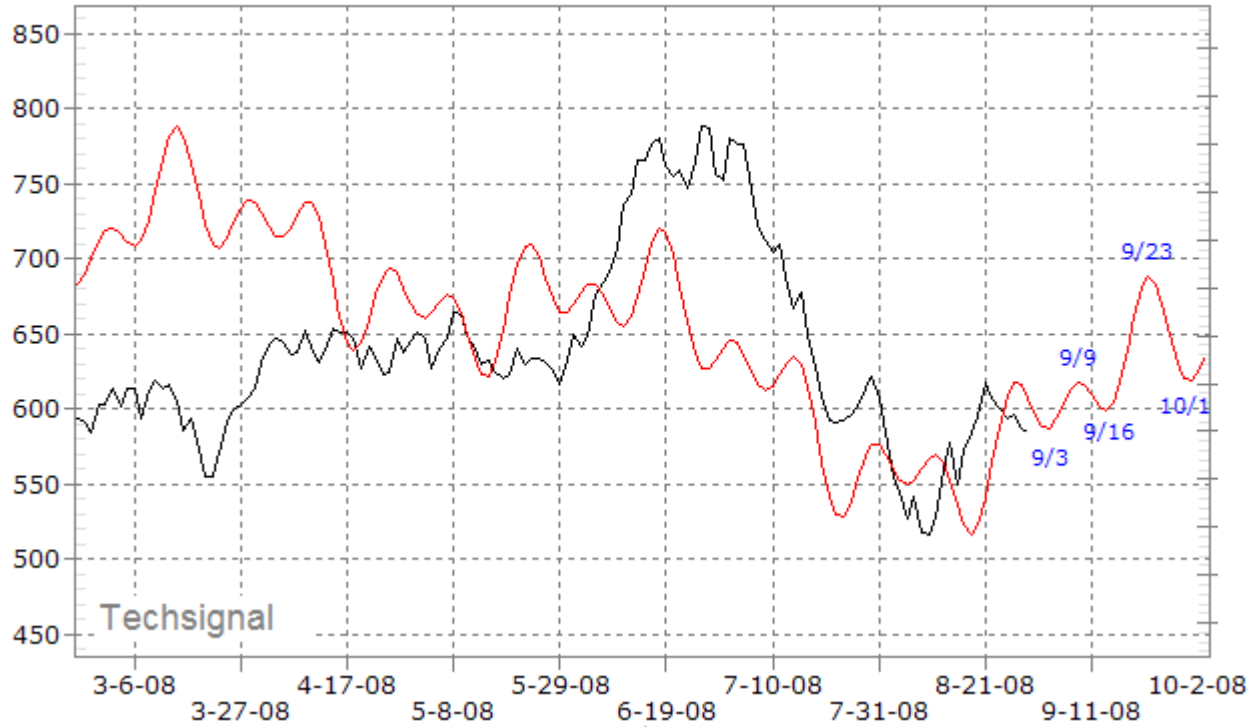
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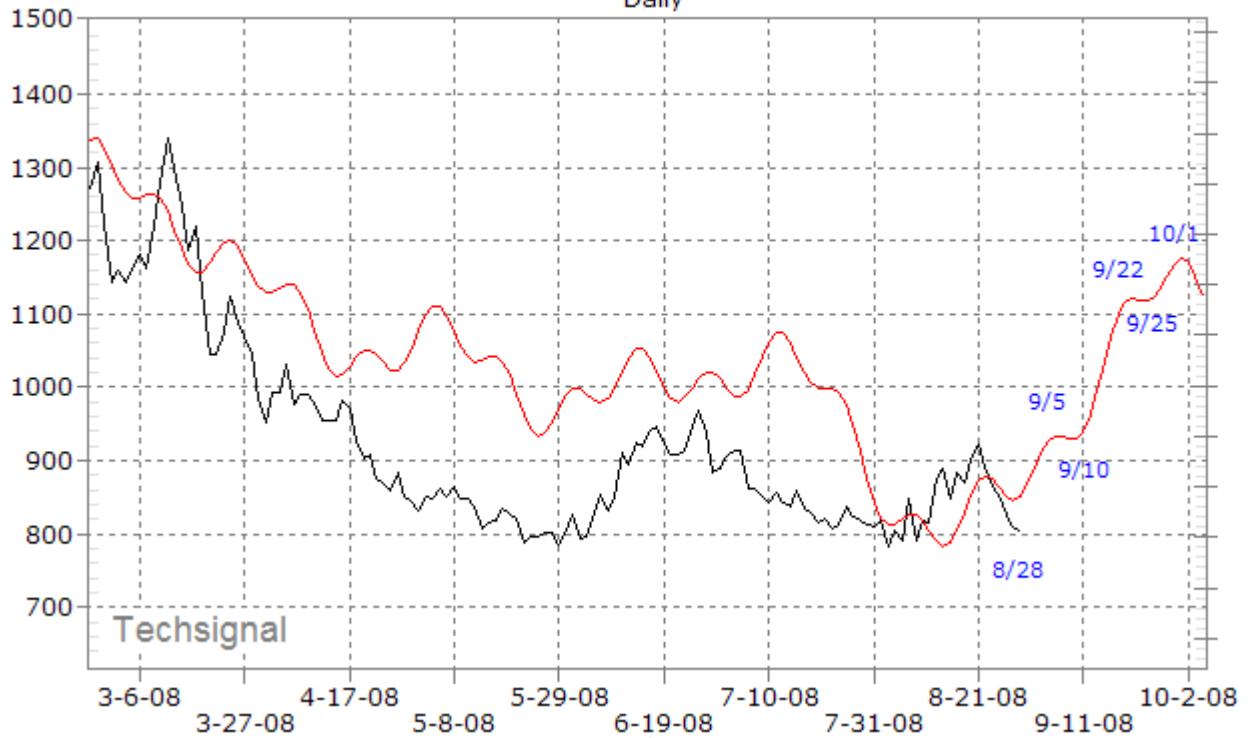
Daily Corn

Corn CBT (Pit) Cadj C
Daily



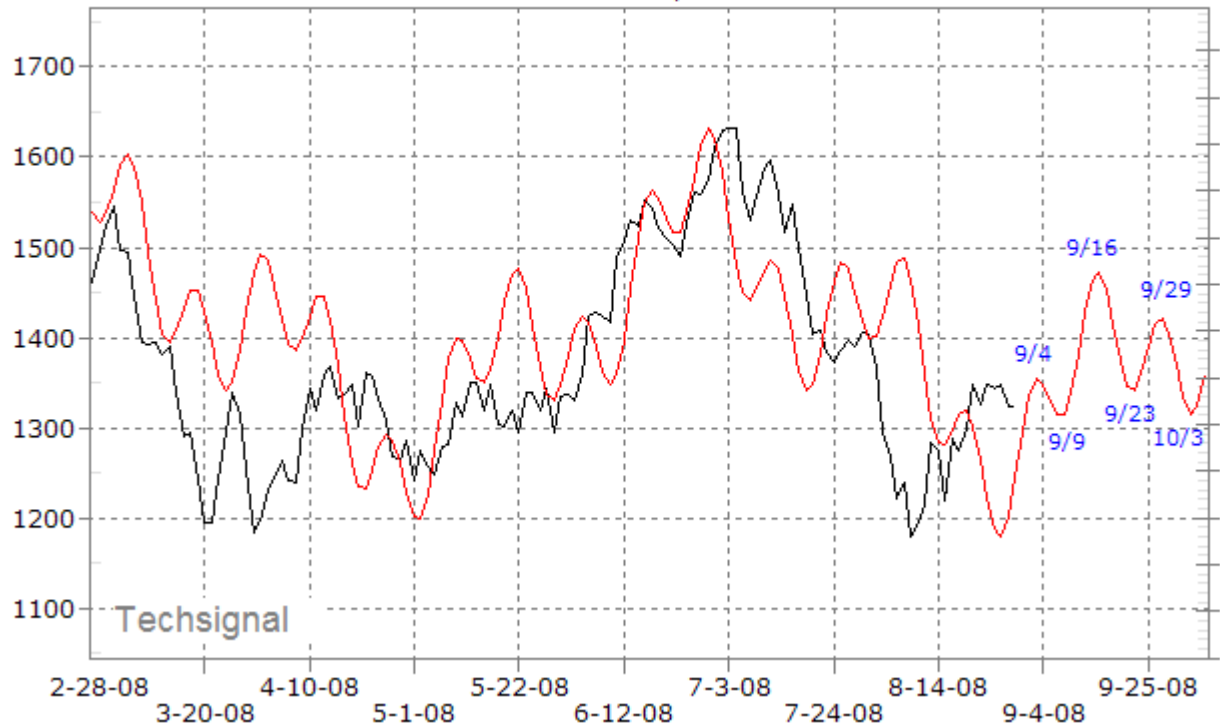
Daily Wheat

Wheat CBT (Pit) Cadj W
Daily



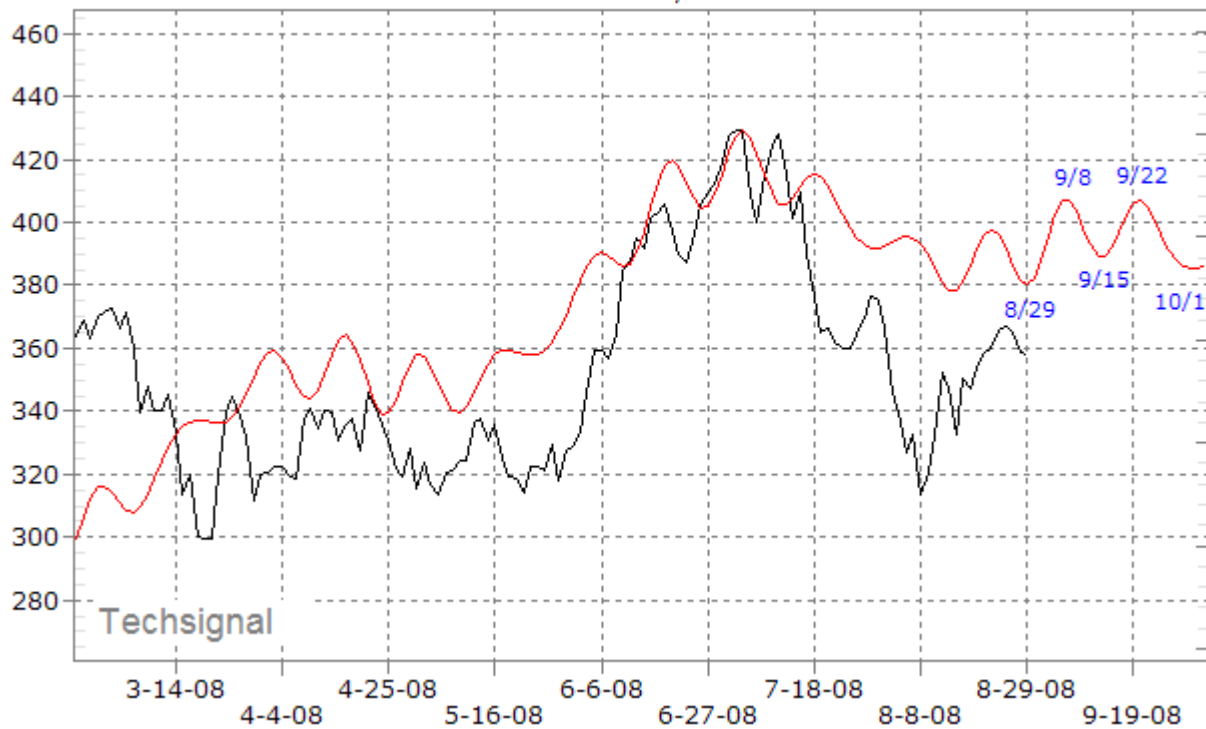
Daily Soybeans

Soybeans CBT (Pit) C S
Daily



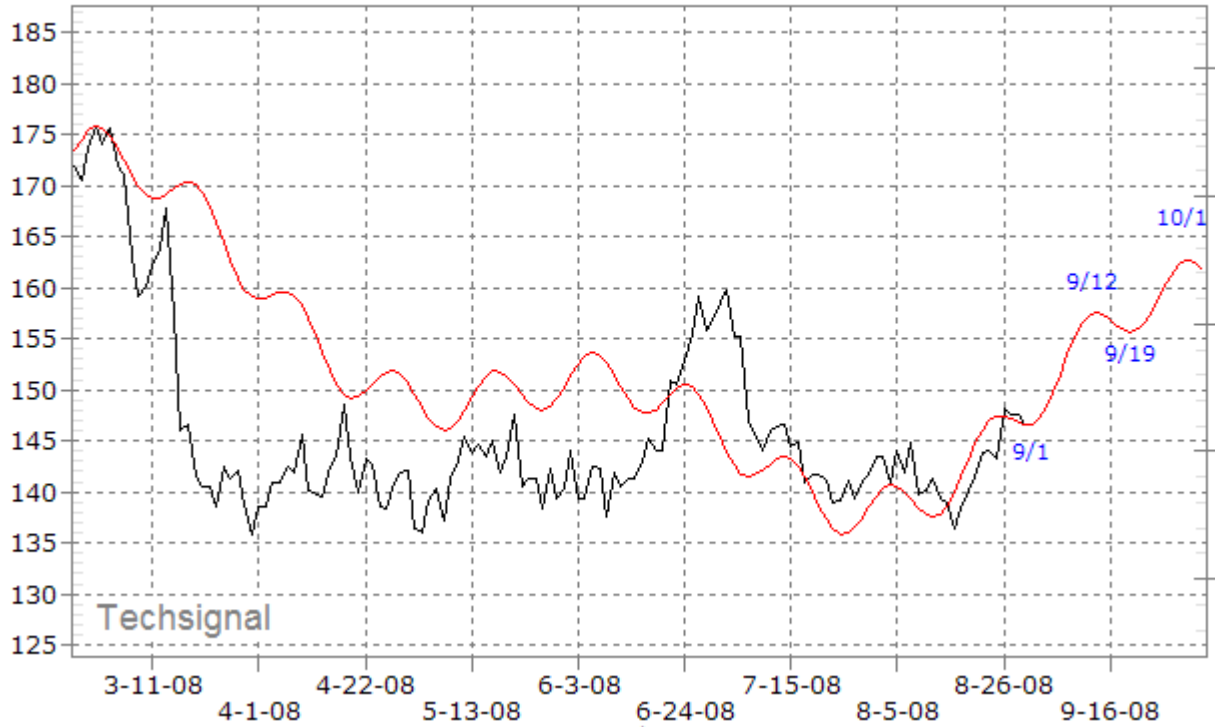
Daily Soybean Meal

Soybean Meal (Pit) C SM
Daily



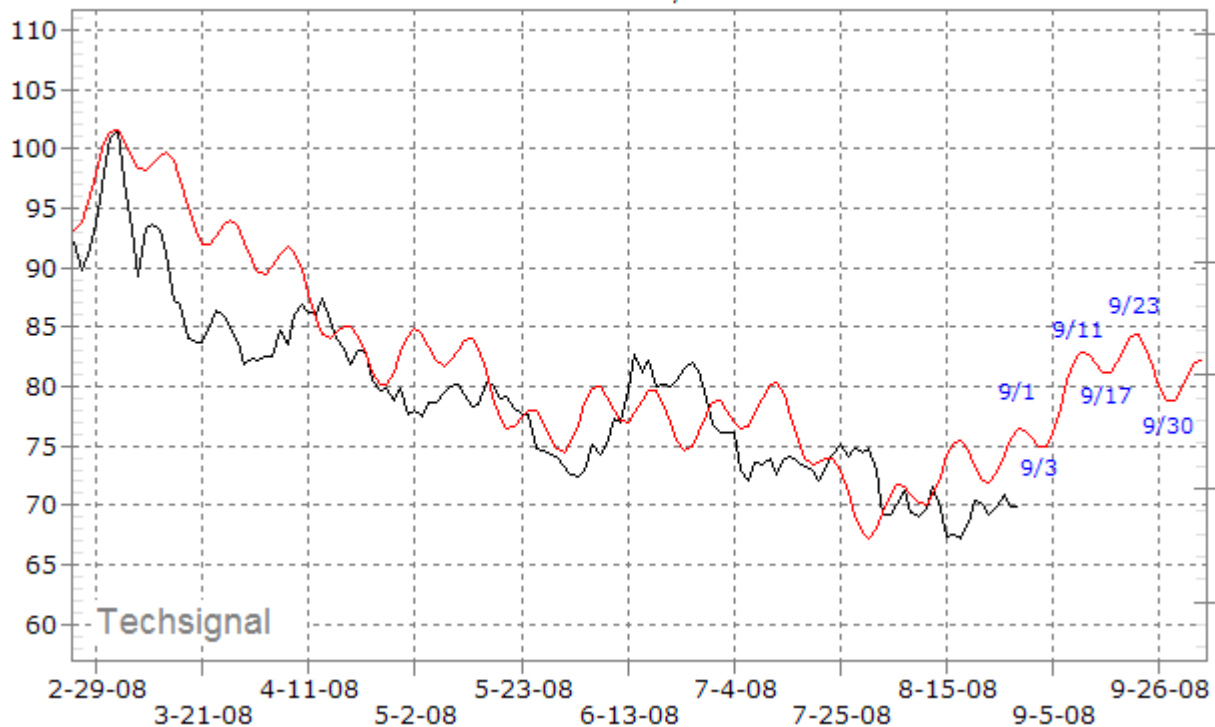
Daily Coffee

Coffee Cadj Liq KC
Daily



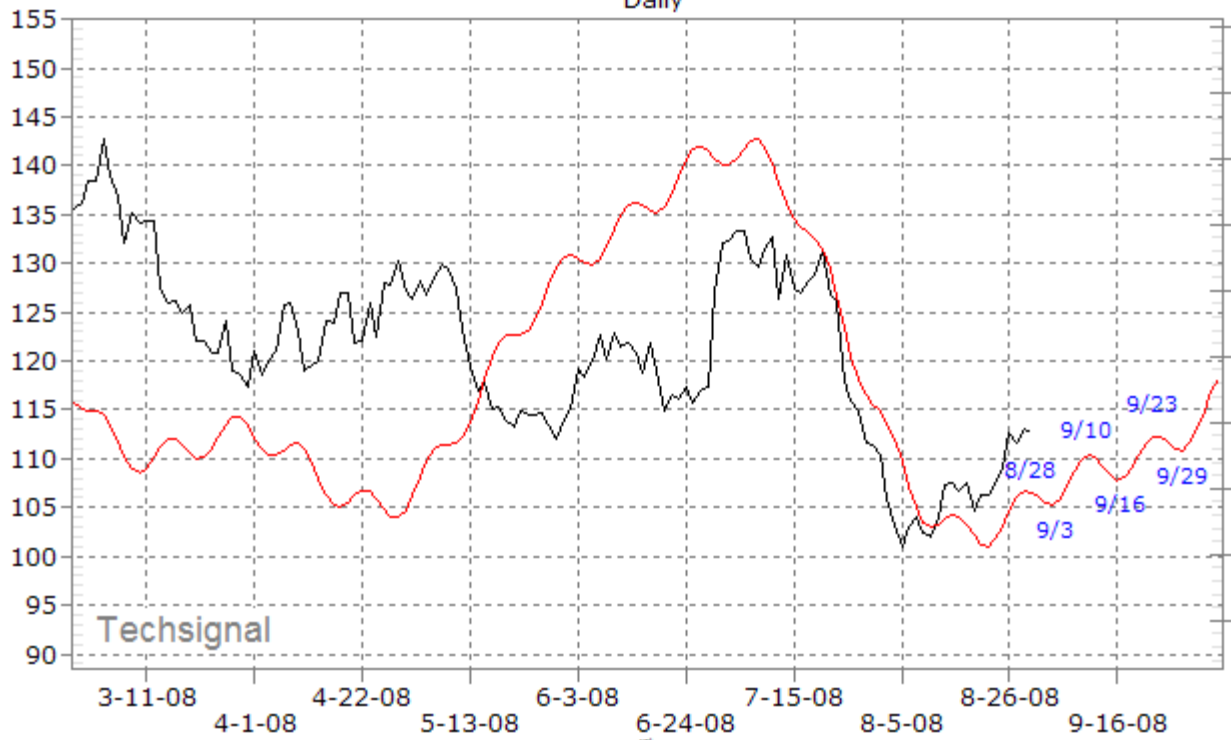
Daily #2 Cotton

Cotton #2 Cadj Liq CT
Daily



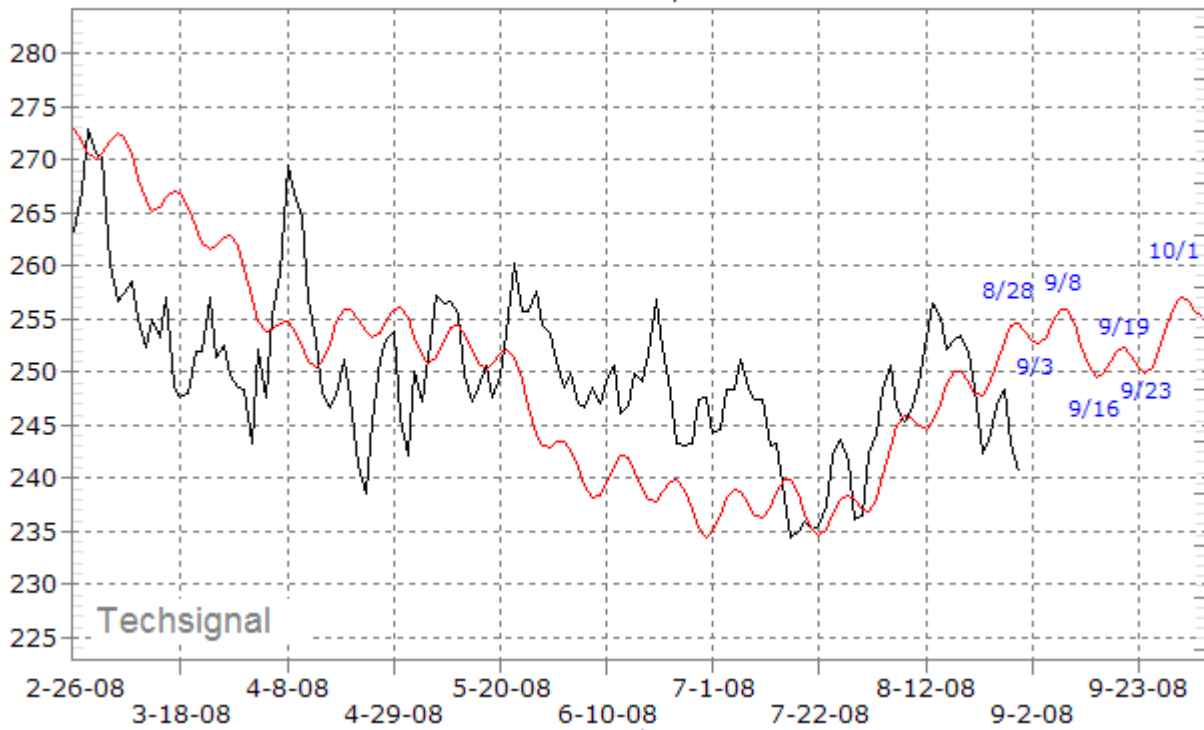
Daily Orange Juice

Orange Juice Cadj Li JO
Daily



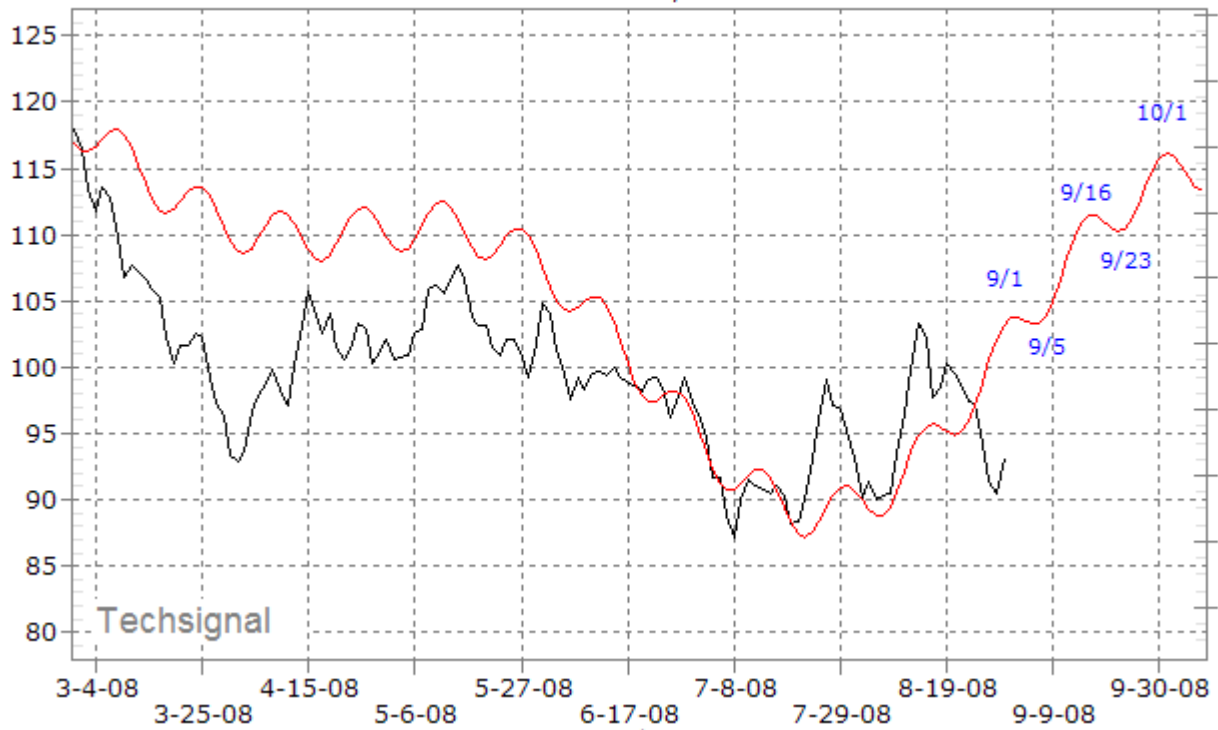
Daily Lumber

Lumber Cadj Liq LB
Daily



Daily Pork Bellies

Pork Bellies (Pit) C PB
Daily



Daily Live Cattle

Live Cattle (Pit) Ca LC
Daily

