

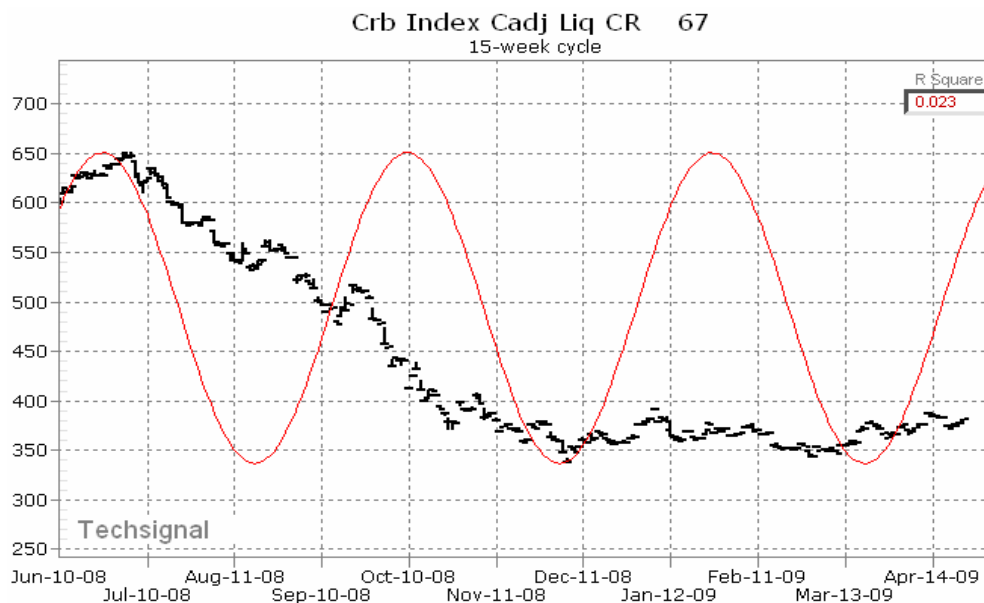
# Cycle Projections - Commodities

APRIL-MAY 2009

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

## Can commodities rally in this recession?

Commodity prices as seen in the CRB Index have declined from last year's highs almost 50% and are now in a 5 month tight trading range. The index doesn't appear to be able to go down but it can't get above 400 either. The current conditions give us an opportunity to explain how to interpret cycles. In this case we have almost all commodity cycles in bullish mode, but we also are at a 60-year low in interest rates. This cycle is significant because rates only get this low when the economy is really in trouble and that happens every 60 years. The excesses of any long expansion of the economy have to go through an important readjustment. In this case we are readjusting just about every asset class including fixed assets (real estate), precious metals, equities and fixed income.. Until this readjustment is finished don't expect any significant inflation or rally in commodities. Thus even though the seasonals are bullish and the cycles are bullish, all one can do is use the shorter cycles, such as the 15-week cycle pictured in the chart on this page. The bottom line is that until demand perks up that we are not likely to see any major rally, but we also must understand that shorts are not great either. The key is simple: when economic activity picks up we will be very bullish but until then be careful.



## Grains and Oil

**Seeds:** The lows are in but the upside as stated above is minimal. We will expect small rallies in wheat, corn and beans but with a lid on until world wide demand improves.. **Energy:** We had expected energy to rally a bit more than it has but demand again is so poor the upside is likely limited. Our target of 70 for crude is now in question.

Heating oil and Natural gas will not have a significant rally until the fall, but natural gas is at its lows. **Metals:** The metals keep trying to move higher but can't quite get above \$1000. It will take a major economic issue to put in a new high and that is hardly out of the realm of possibility.. **Food and Fiber:** We continue to be neutral to bullish. Again demand is the answer.. **Meats:** We continue to be steadily bullish and as long as no disease such as the swine flu causes issues we are not expecting a big rally.

Written 4/26/09

## 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

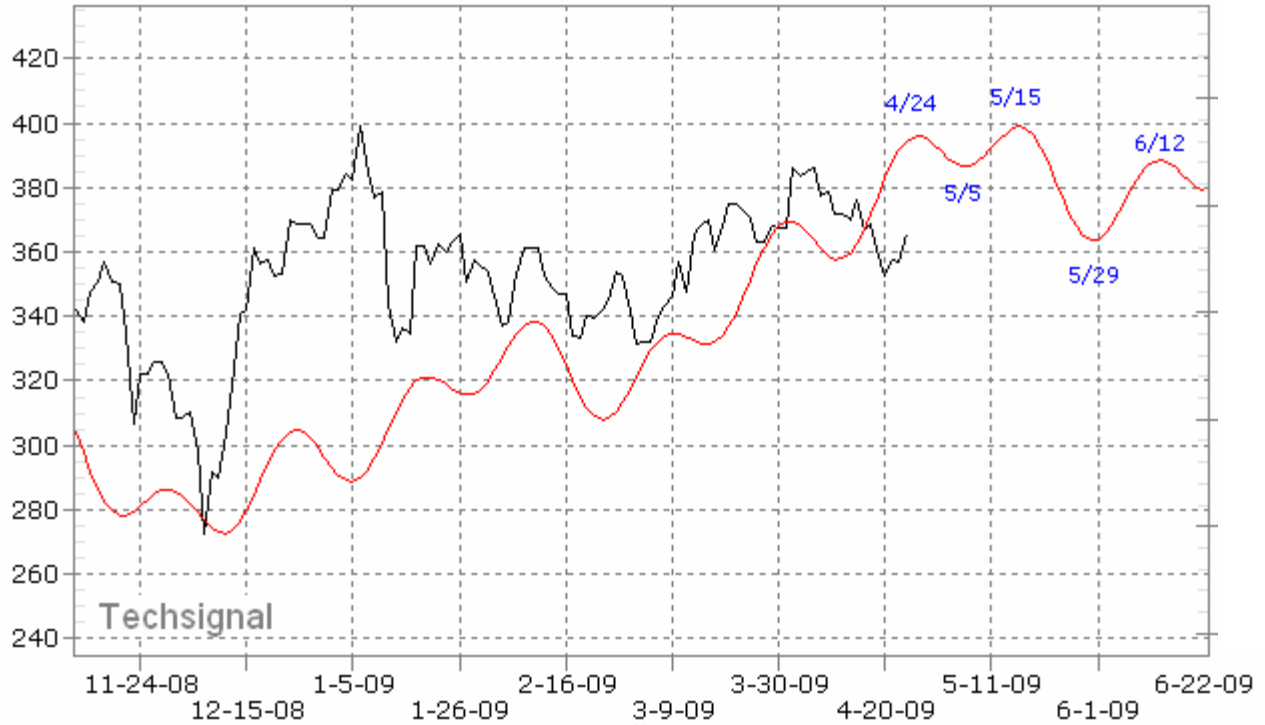
(505) 217-3867

FAX (877) 799-0309

editor@techsignal.com

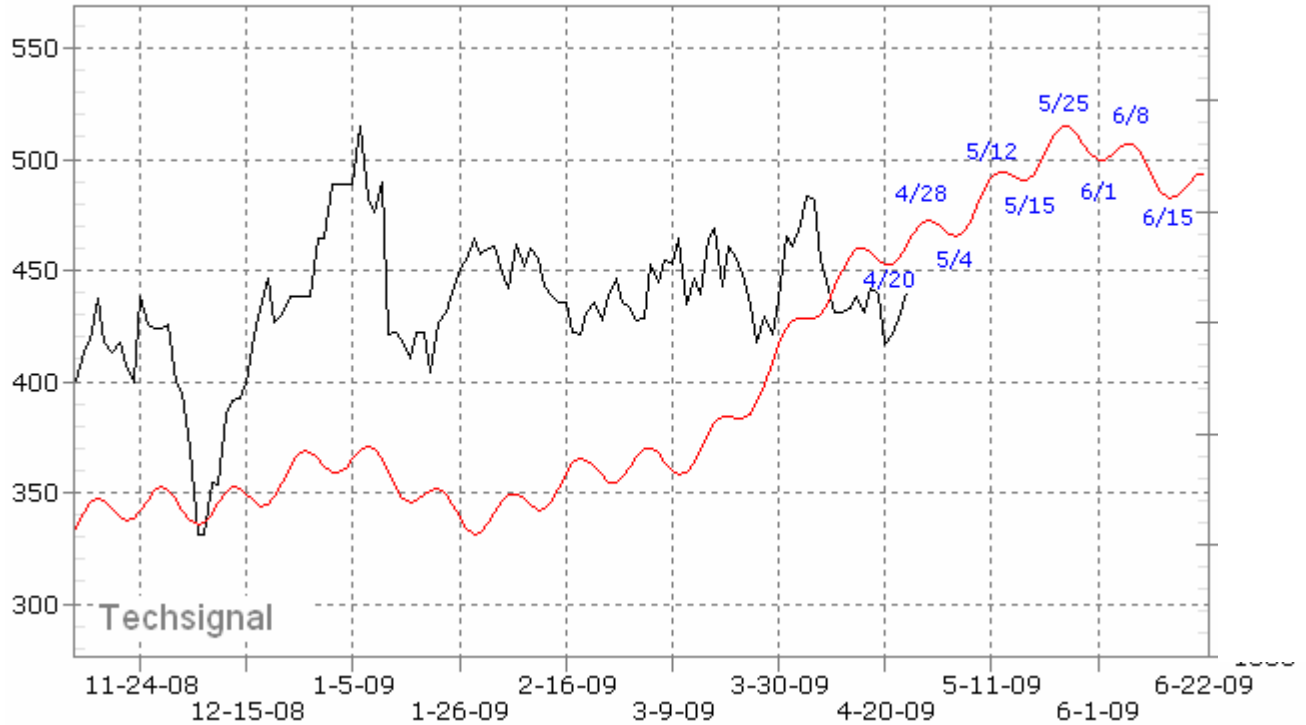
# Daily Corn

Corn CBT (Pit) Cash C  
Daily



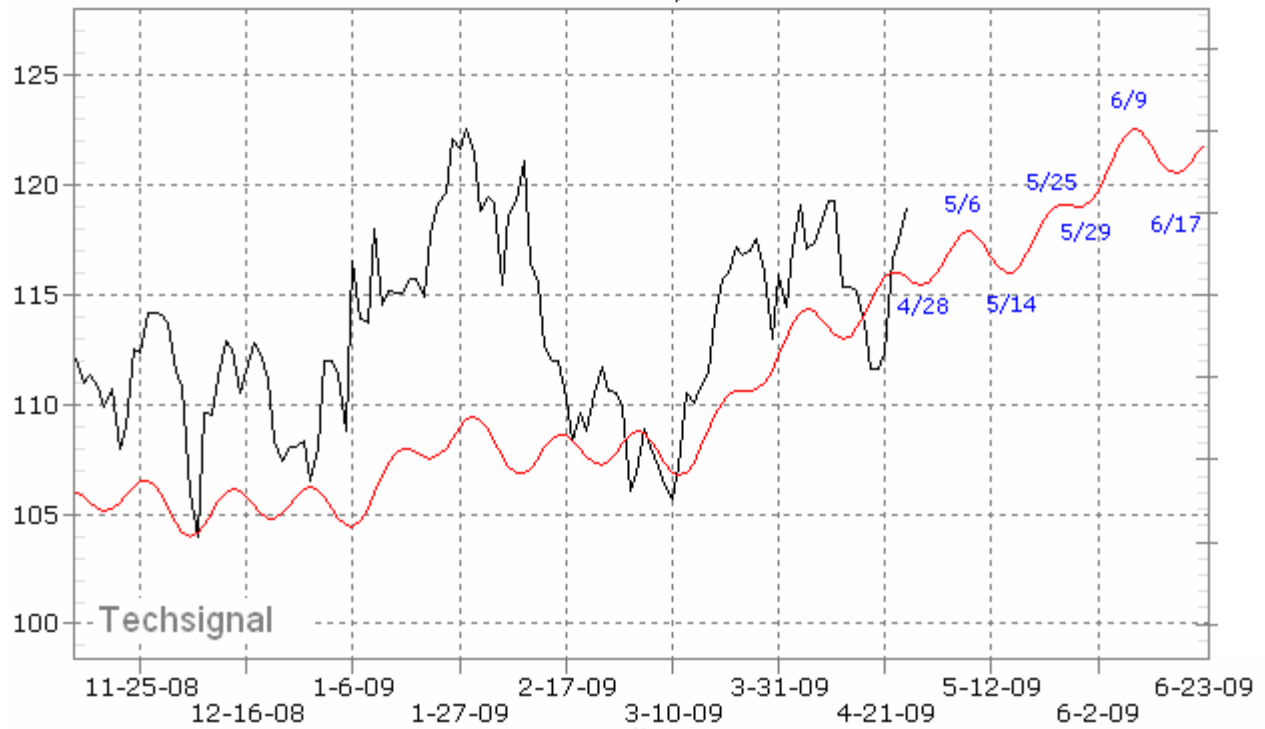
# Daily Wheat

Wheat CBT (Pit) Cash W  
Daily



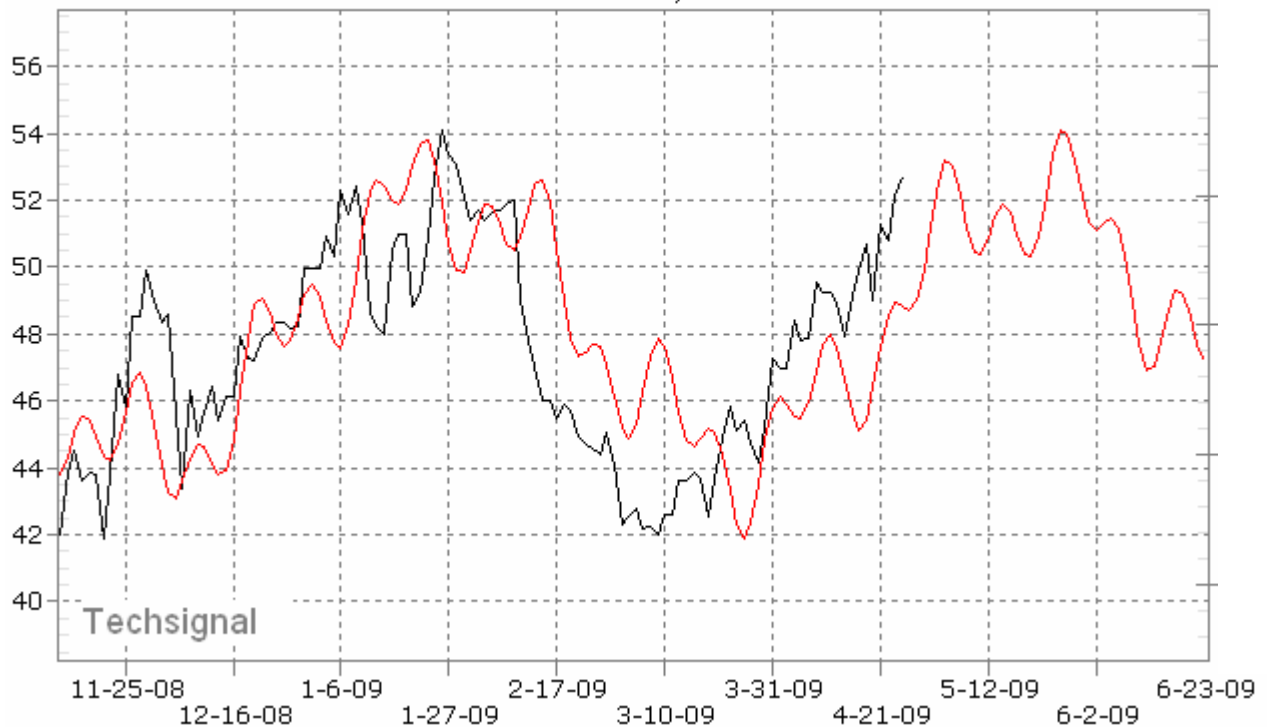
## Daily Coffee

Coffee (Elec) Cont 1 KC  
Daily



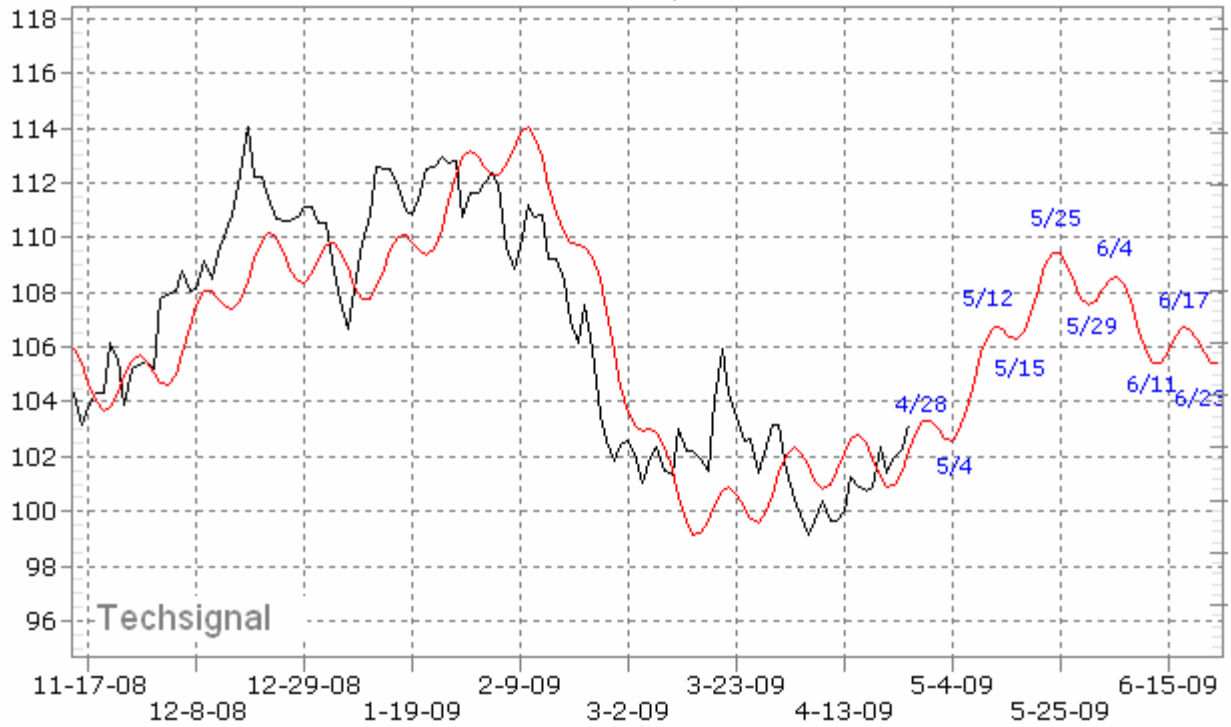
## Daily #2 Cotton

Cotton #2 Cadj Liq  
Daily



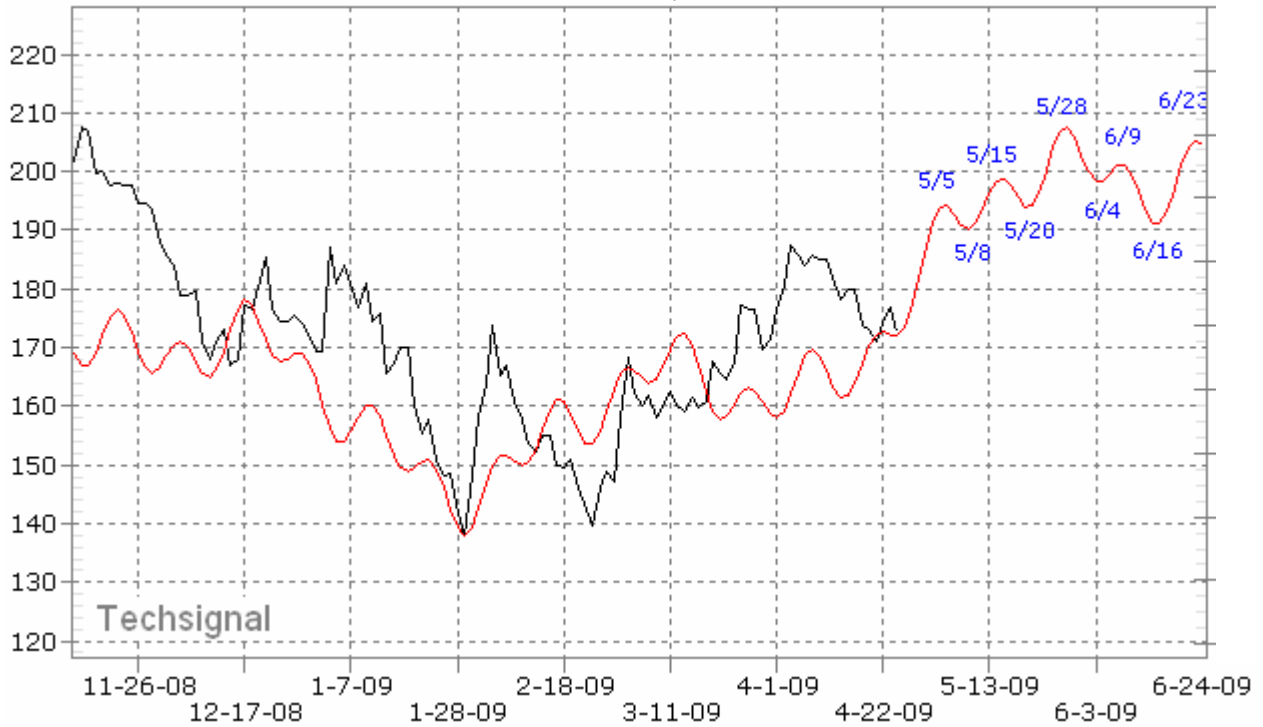
# Daily Orange Juice

Orange Juice Cadj Li JO  
Daily



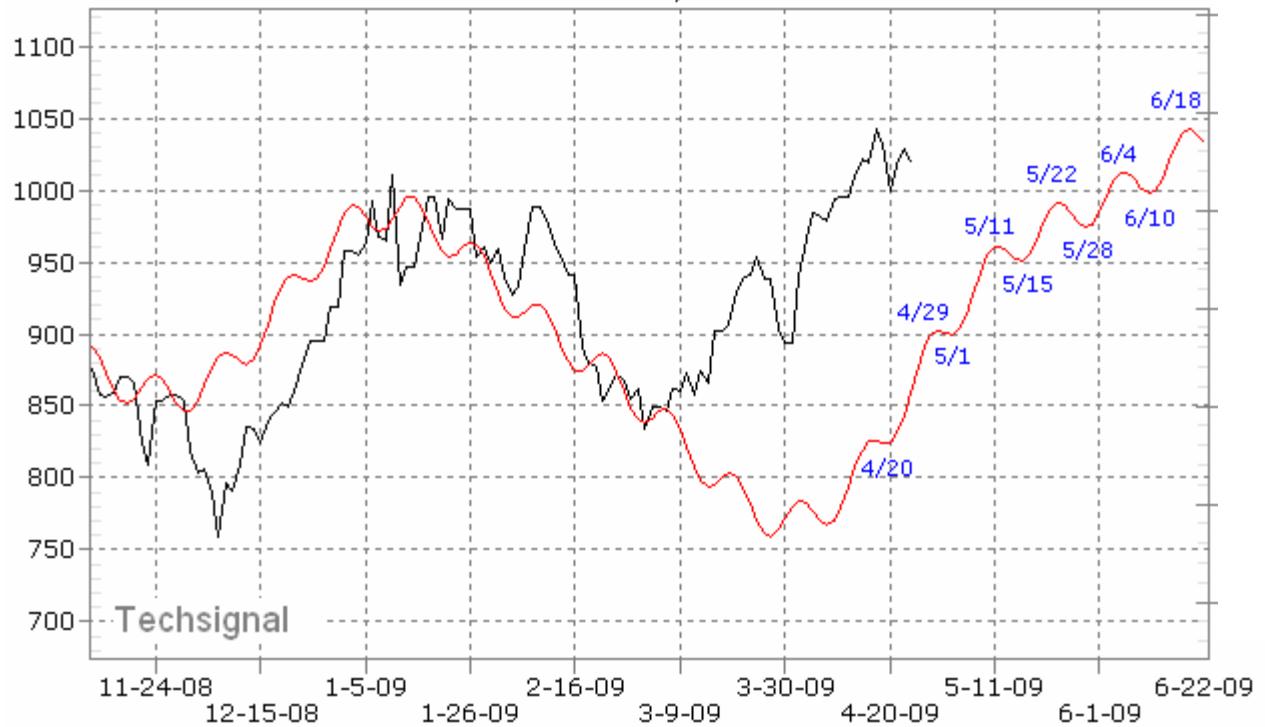
# Daily Lumber

Lumber Cont 1st LB  
Daily



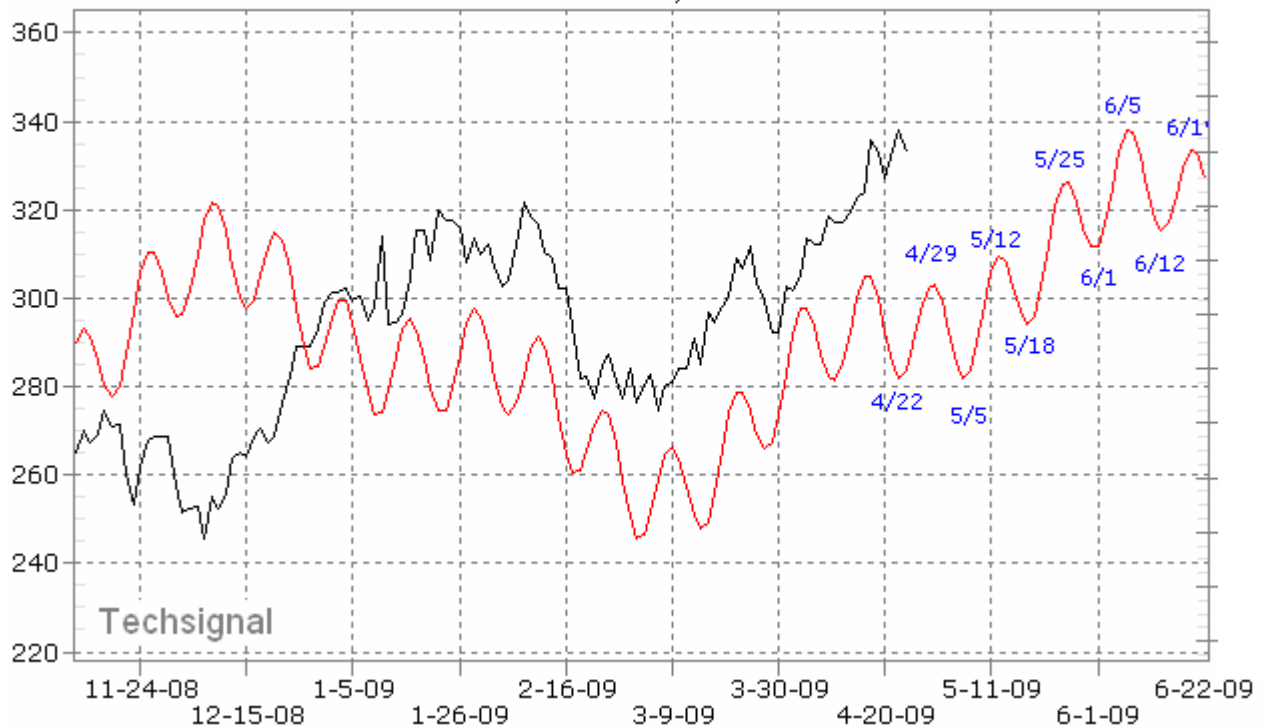
## Daily Soybeans

Soybeans CBT (Pit) C S  
Daily



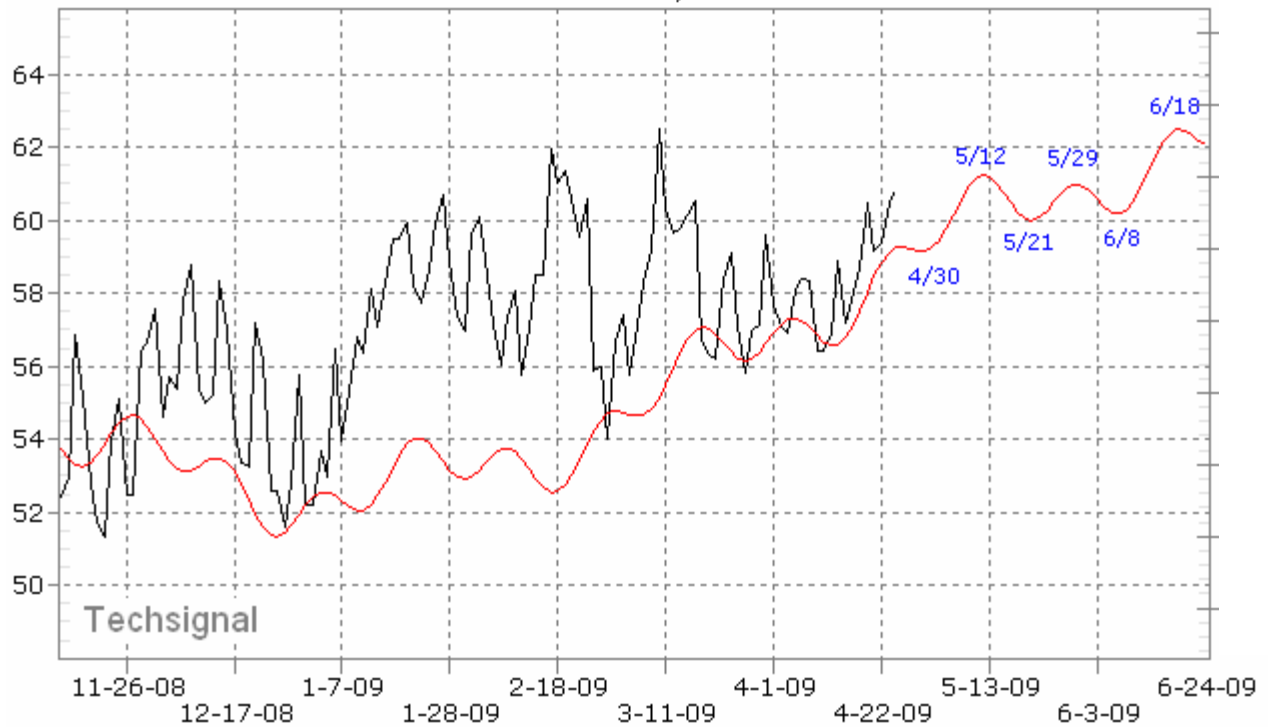
## Daily Soybean Meal

Soybean Meal (Pit) C SM  
Daily



## Daily Lean Hogs

Lean Hogs (Pit) Cash LH  
Daily



## Daily Live Cattle

Live Cattle Cash LC  
Daily

