

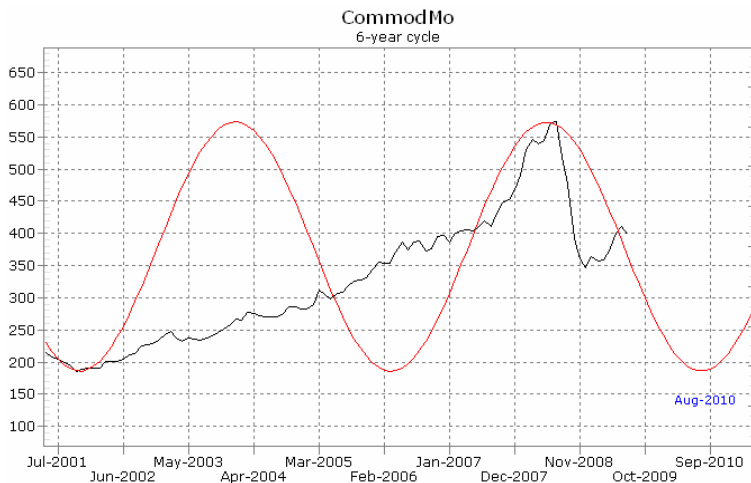
# Cycle Projections - Commodities

AUGUST-SEPTEMBER 2009

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

## Can commodities survive a fall in the US dollar?

We want to buy commodities when the economy improves and there are signs of improving but we also want to buy commodities when the US dollar goes down, which it is, so why not buy commodities now? The first reason is the economy and the second is the US dollar. The economy appears to be improving both here and in China and India and there is no doubting that conclusion. The real question is can it last? The cycles say no. The cycles in Commodity Prices as seen through the CRB Index and the 6-year cycle look for a low in August of 2010. If that is to happen; and we believe it will, it means the economy will double dip down in 2010. This would argue that China's buying is more stockpiling than growth.



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The US dollar needs to fall if commodity prices are to rally; but with the Finex US dollar index sitting below 78, how much lower can it go? We know that it can get below 72 and it has in 2008 on a daily quote. But if the US dollar falls that low what will it mean for the economy? It will mean another slump and a lack of demand. As the US dollar slumped in mid-2008 we saw commodity prices fall and the economy continue its slide in a recession. This killed demand and the CRB

Index fell from over 650 to under 375. Again we shall monitor the CRB closely, but expect it to remain in a trading range between 350 and 500. We are now near the highs and are expecting the CRB to pull back. The longer term outlook however remains bullish. We assume by 2012 demand will begin to return and commodity prices and precious metals will take off to new highs. **Grains and Oil Seeds:** Beans and the Bean complex are still stronger than corn and wheat. We considered the lows in last month with little growth and that is what we got and what we continue to expect. We could see a slightly lower low as we get closer to harvest but not much lower. **Energy:** We continue to expect a trading range and nothing has changed. **Metals:** The metals are building a base for the next big rally due in late 2010. We consider this a period best used for accumulation for the next rally. **Food and Fiber:** Cotton rose with the improving economy but do not expect too much more out of cotton now. We expect a trading range. Lumber has rallied but a bull market will have to wait for real economic growth. The other series in this sector are neutral. **Meats:** We are neutral to slightly bullish and look for only a little price appreciation. No lasting up trend until corn begins to rally.

Written 8/21/09

All data used in *Cycle Projections* provided by Genesis Financial Technologies, Inc.  
800 808-3282

**Cycle Projections**

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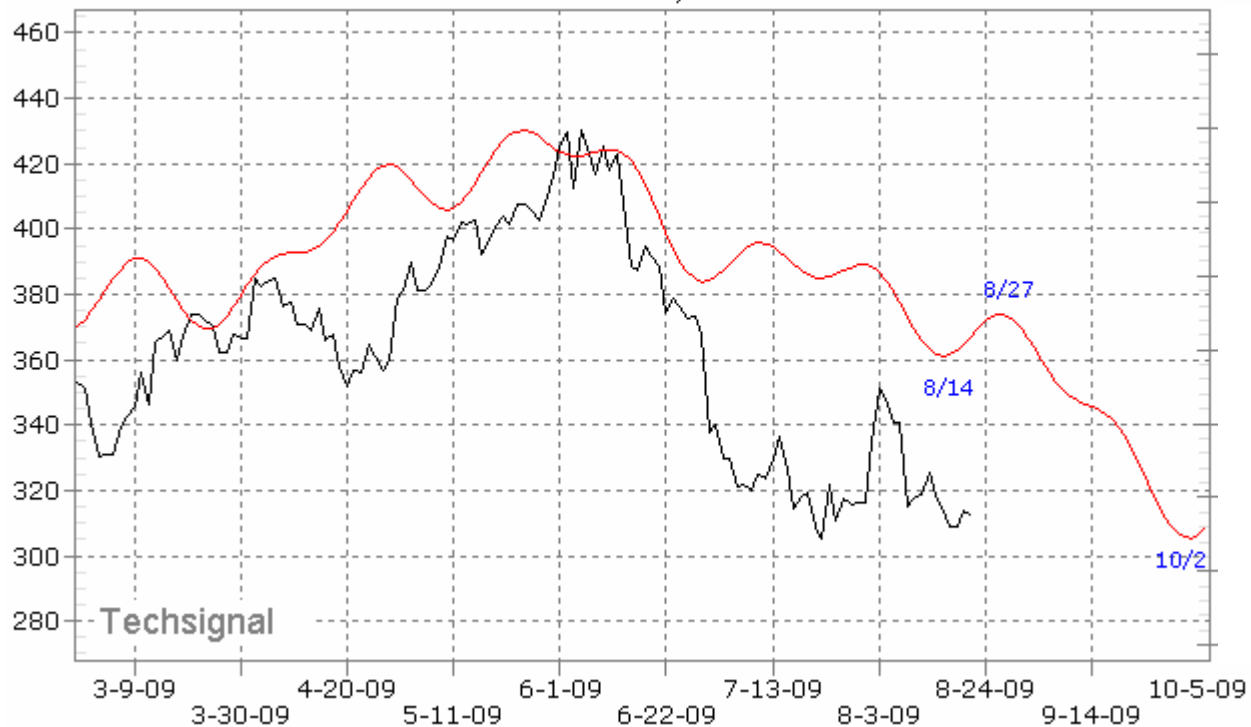
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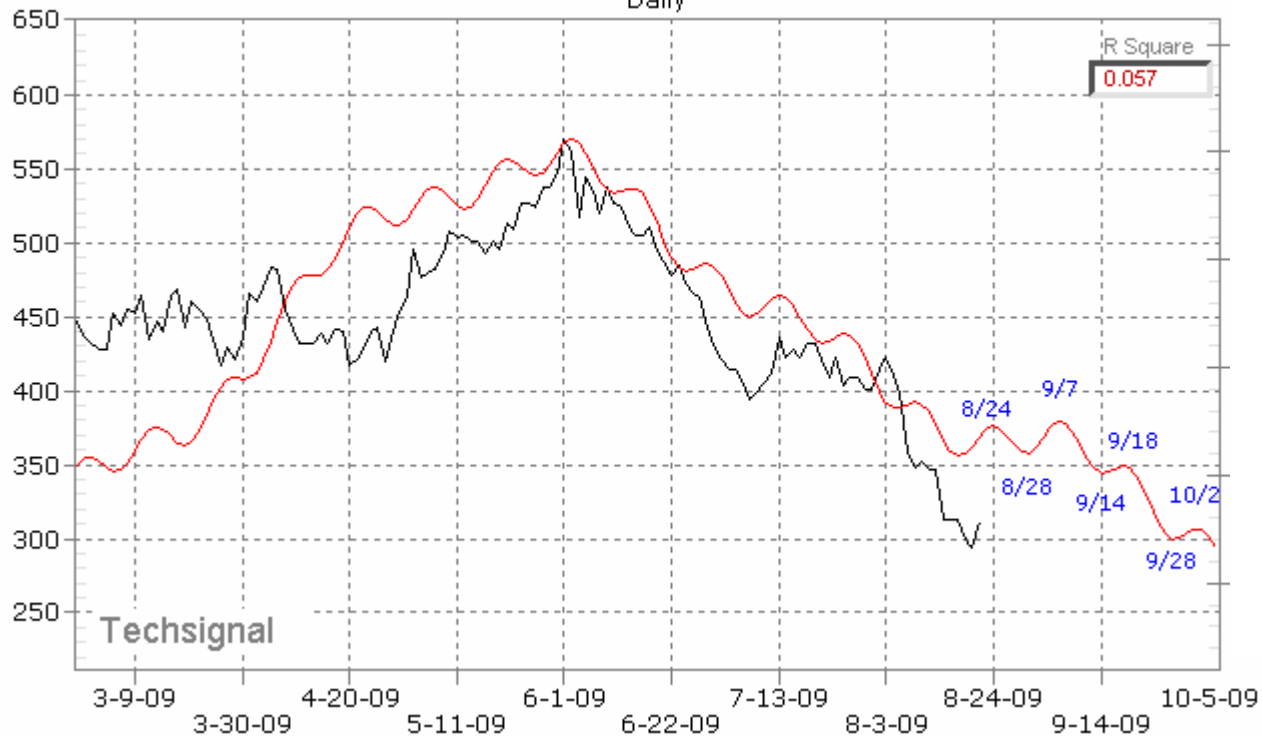
# Daily Corn

Corn CBT (Pit) Cash C  
Daily



# Daily Wheat

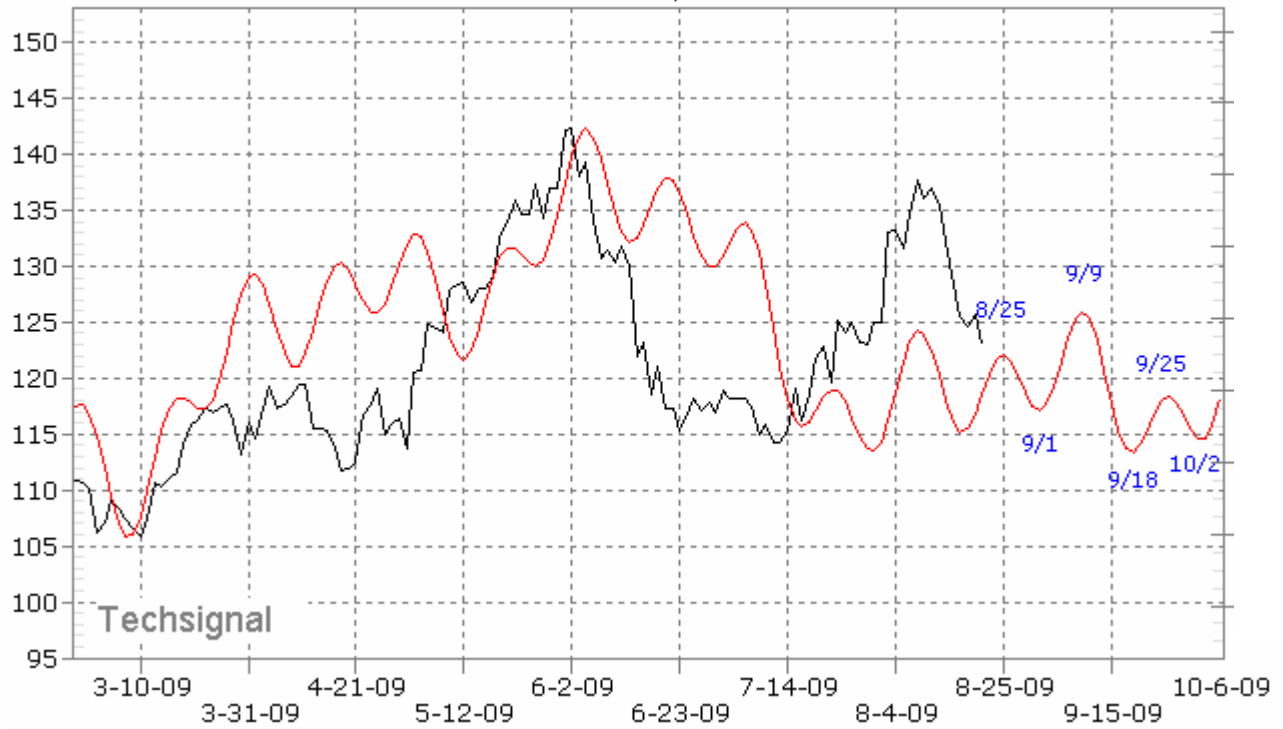
Wheat CBT (Pit) Cash W  
Daily



# Daily Coffee

## Coffee (Elec) Cont 1 KC

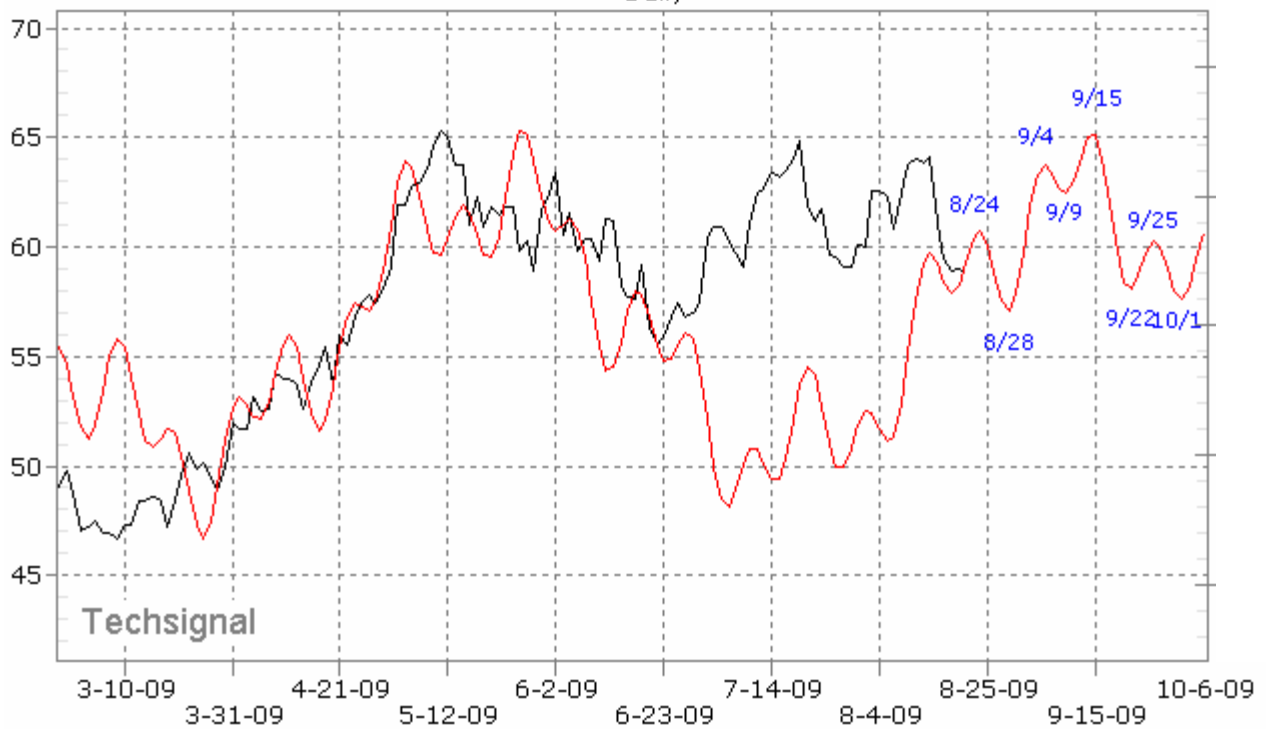
Daily



# Daily #2 Cotton

## Cotton #2 Cadj Liq

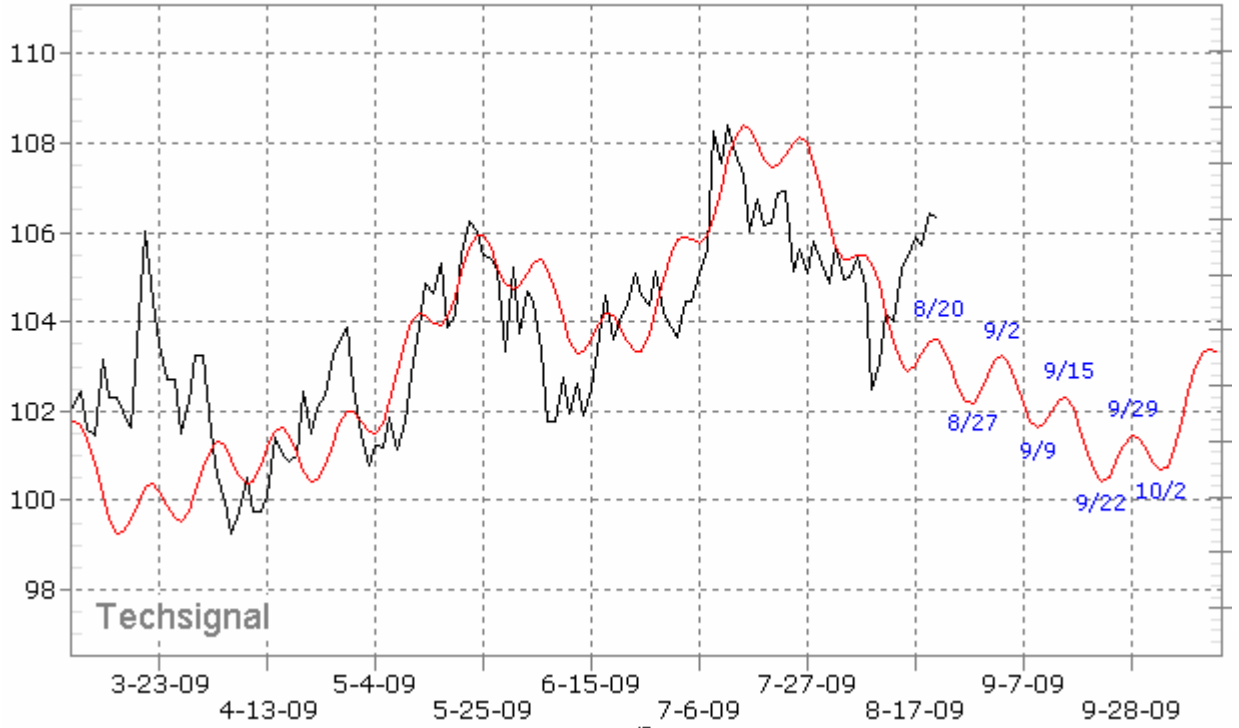
Daily



# Daily Orange Juice

Orange Juice Cadj Li 10

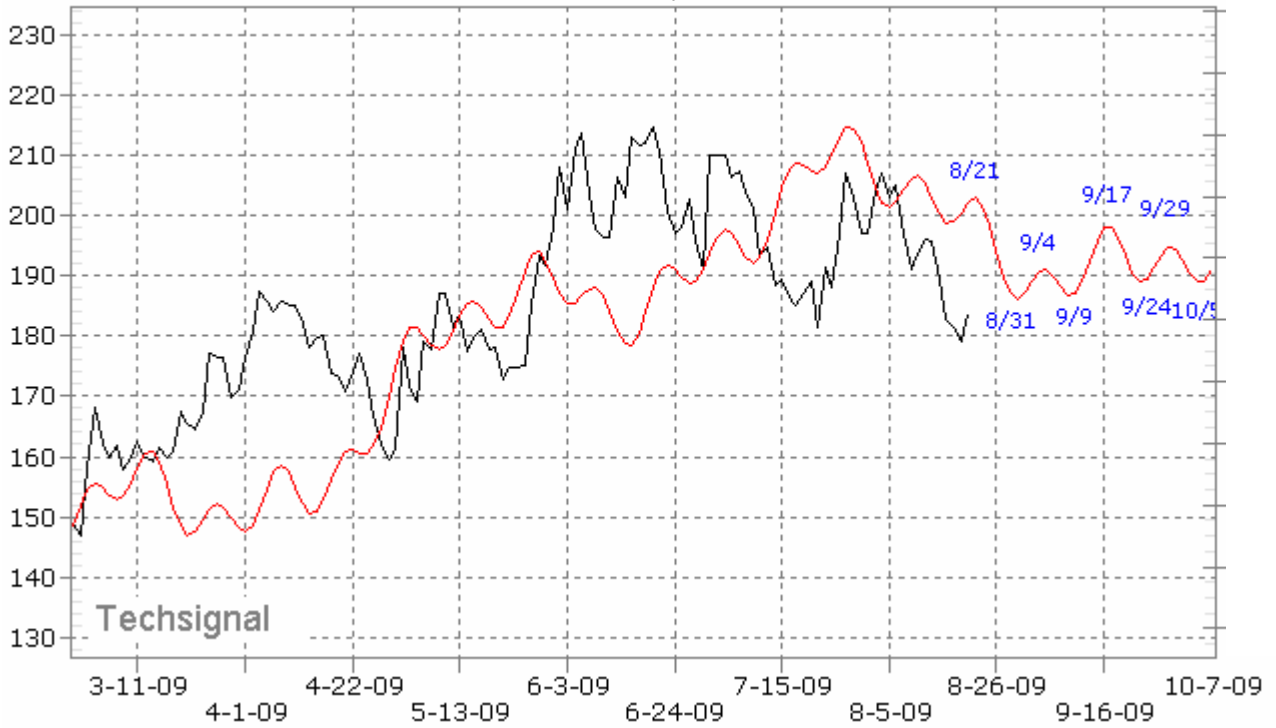
Daily



# Daily Lumber

Lumber Cont 1st LB

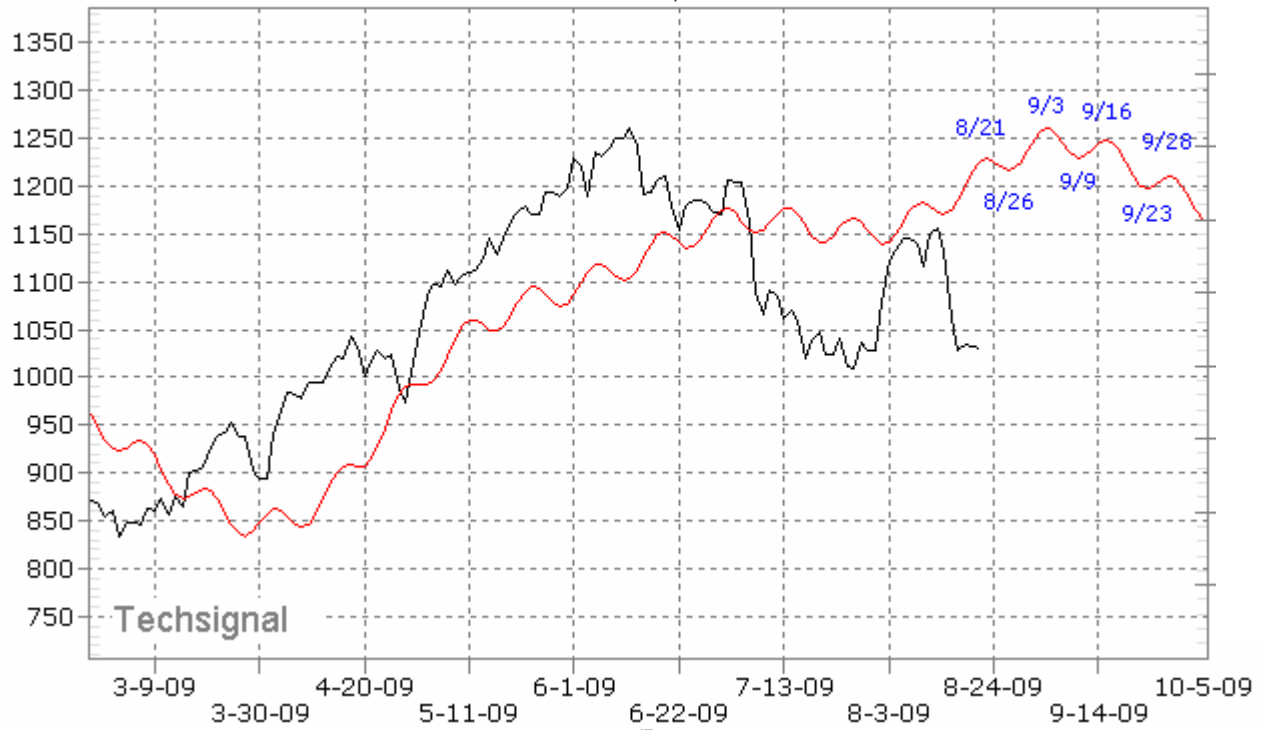
Daily



## Daily Soybeans

Soybeans CBT (Pit) C S

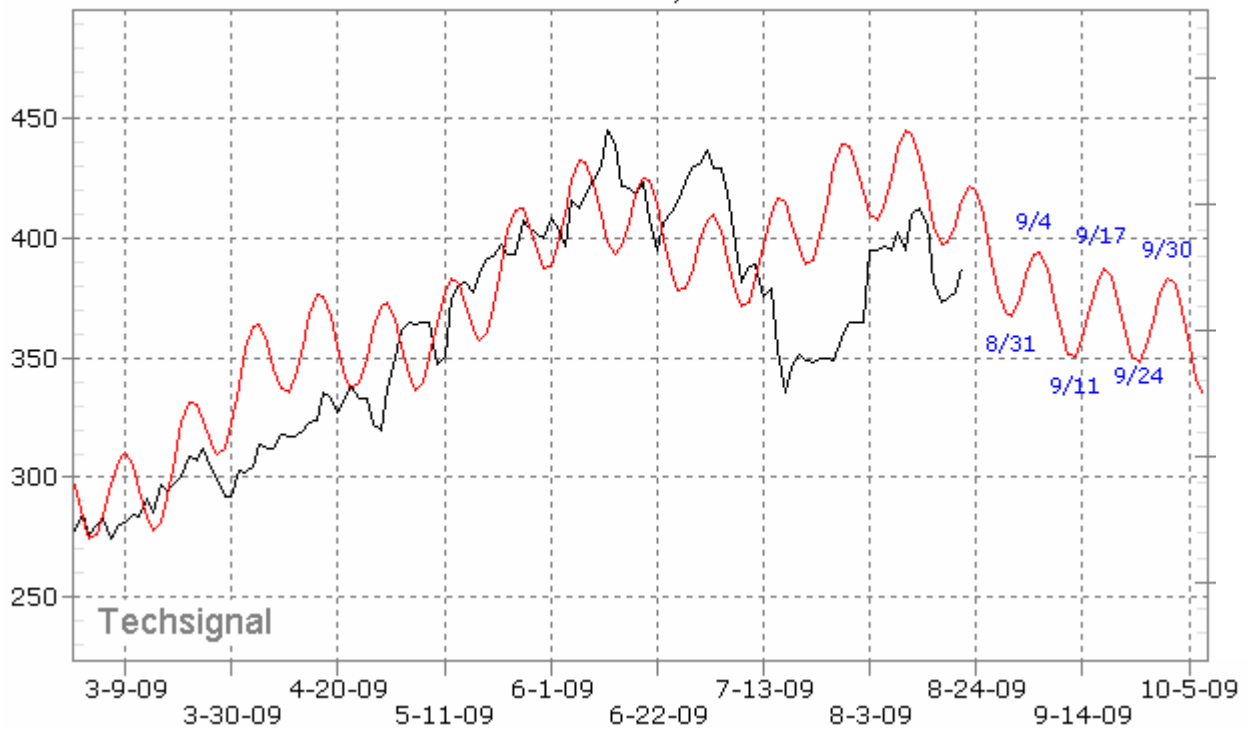
Daily



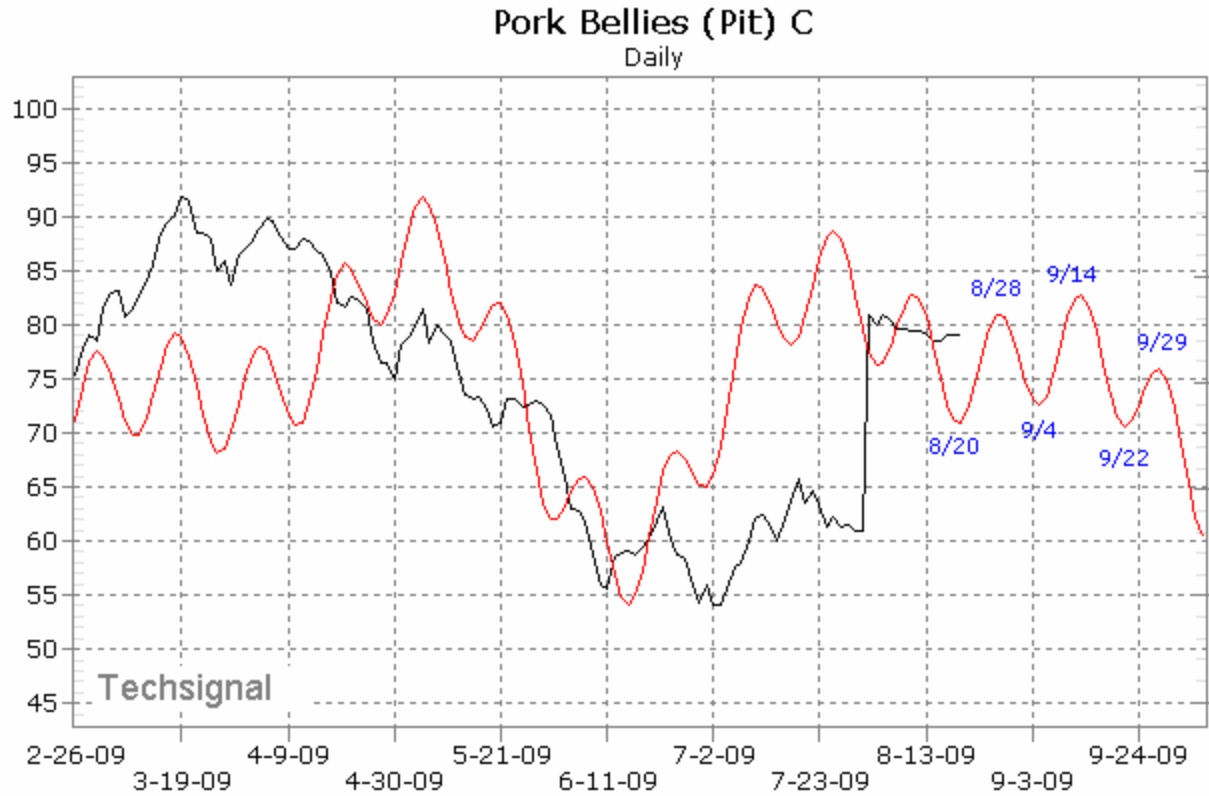
## Daily Soybean Meal

Soybean Meal (Pit) C SM

Daily



## Daily Pork Bellies



## Daily Live Cattle

