

Cycle Projections - Commodities

OCTOBER-NOVEMBER 2009

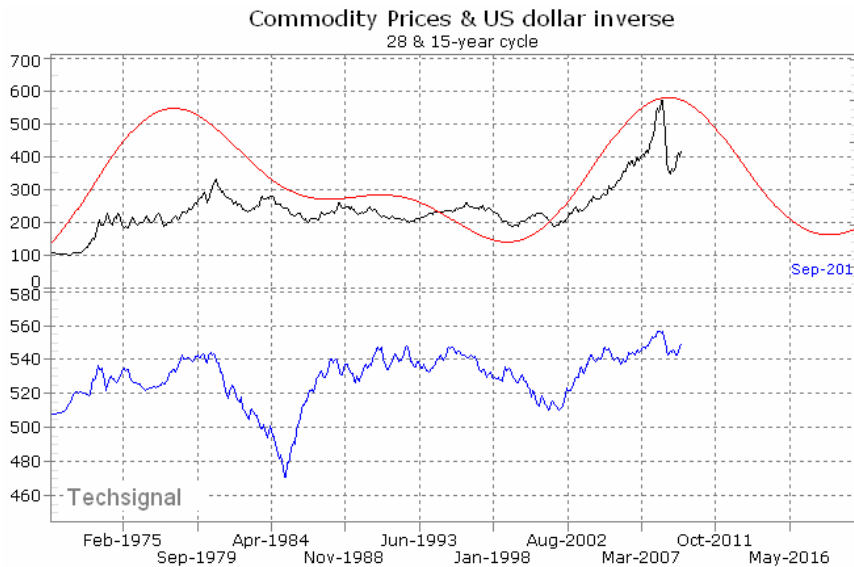
COMMODITIES : CRB, SOYBEANS, CORN, WHEAT, COTTON, MEATS, ETC.

Whither commodities - demand versus economic readjustment?

There is no question that demand for commodities and natural resources will continue to grow as the emerging markets continue to emerge. The speed of this process will be seen in the conditions of workers

and potential consumers in these markets. If the economic growth of these countries markets does not include fully their employees then the demand for commodities will be slow. If it quickens then demand will cause commodities to soar as demand outstrips current supply. Regardless, the future for commodities is bullish long term, but shorter term it must deal with debt ridden economies.

This is where the US dollar comes in. On the chart on this page you can see the commodity prices are plotted above the US dollar index inverse with the 28 & 15 year cycles.



cles. This chart shows that the cycles are down in commodity prices until 2016. This cannot reflect supply. It reflects a lack of demand, or in short, poor economic activity. The US dollar index in this chart is plotted inversely so that highs are actually lows and lows are highs. This is done to show the correlation to commodity prices. If commodity prices are to decline then the US dollar must rally. Yields however, usually rally with commodity prices, but not always. Since the year 2000 commodity prices have soared as yields fell. We expect the anomaly to continue due to an economic readjustment not seen since the great depression. We expect a slightly higher dollar due, not to the quality of the dollar, but due to the problems elsewhere. Prior to the rally in the dollar we should continue to have lower dollar prices and a rally in gold; both occurring prior to the final decline in commodity prices.. There will be a significant bull market in commodities after the economic readjustment.

Grains and Oil Seeds: It is time for seasonal corrections in this complex. We will see spring rallies because the long term bearish cycles are not due to kick in until 2011... **Energy:** The trading range will continue with an attempt to get to \$85 in crude. Heating oil and natural gas will enter the seasonal pattern which is bullish. **Metals:** Precious metals are neutral to bullish assuming the US dollar rally holds off for another year. **Food and Fiber:** This group is bullish and is due to continue its rally. Lumber remains on hold until the economy wakes up. **Meats:** We remain neutral with a slight bullish bias

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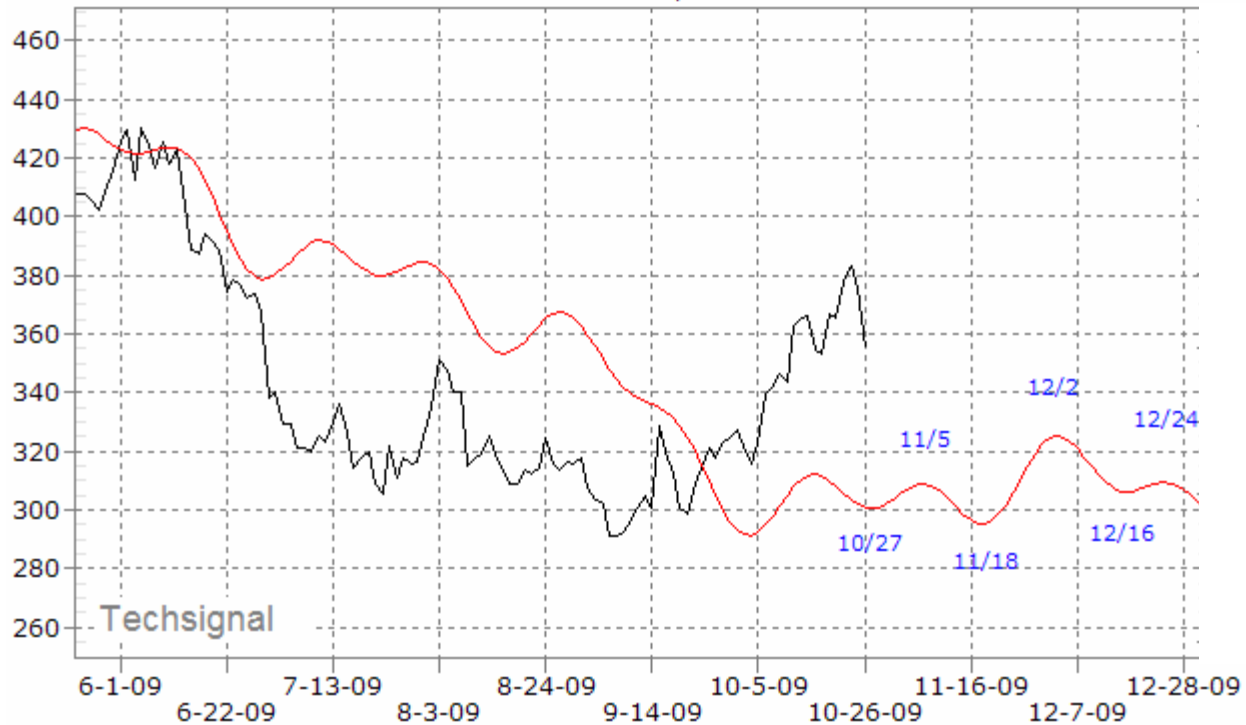
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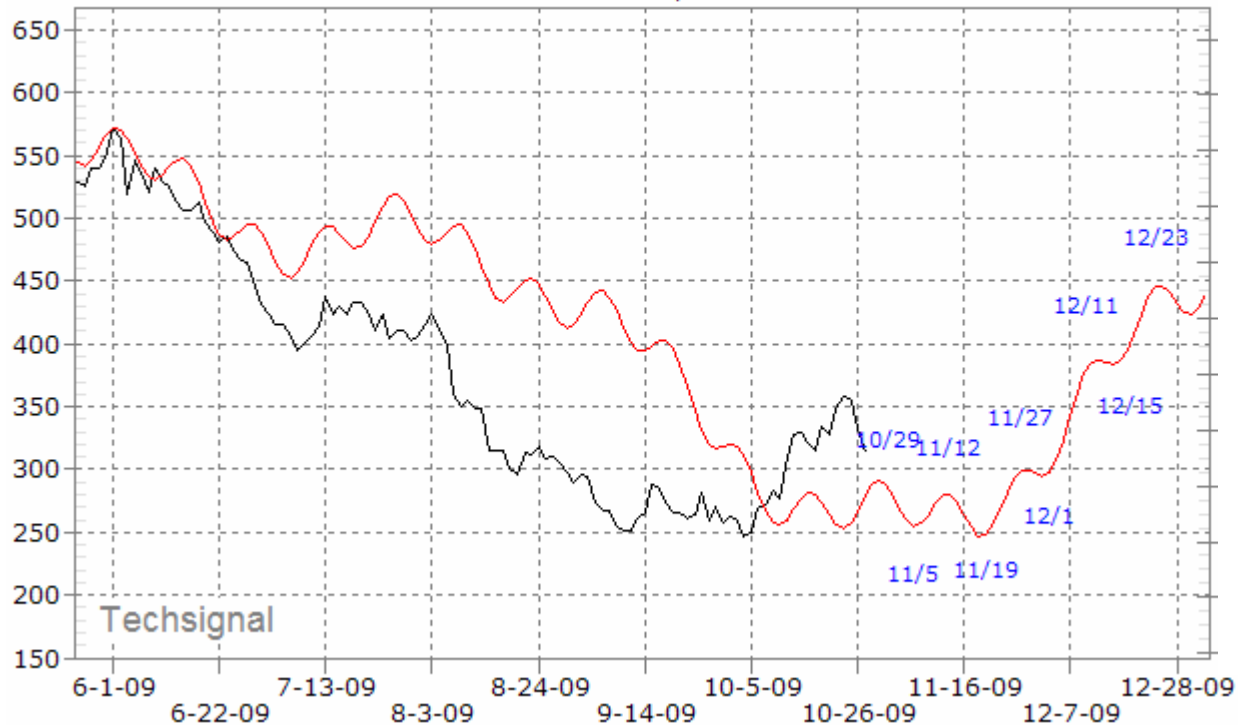
Daily Corn

Corn CBT (Pit) Cash C
Daily



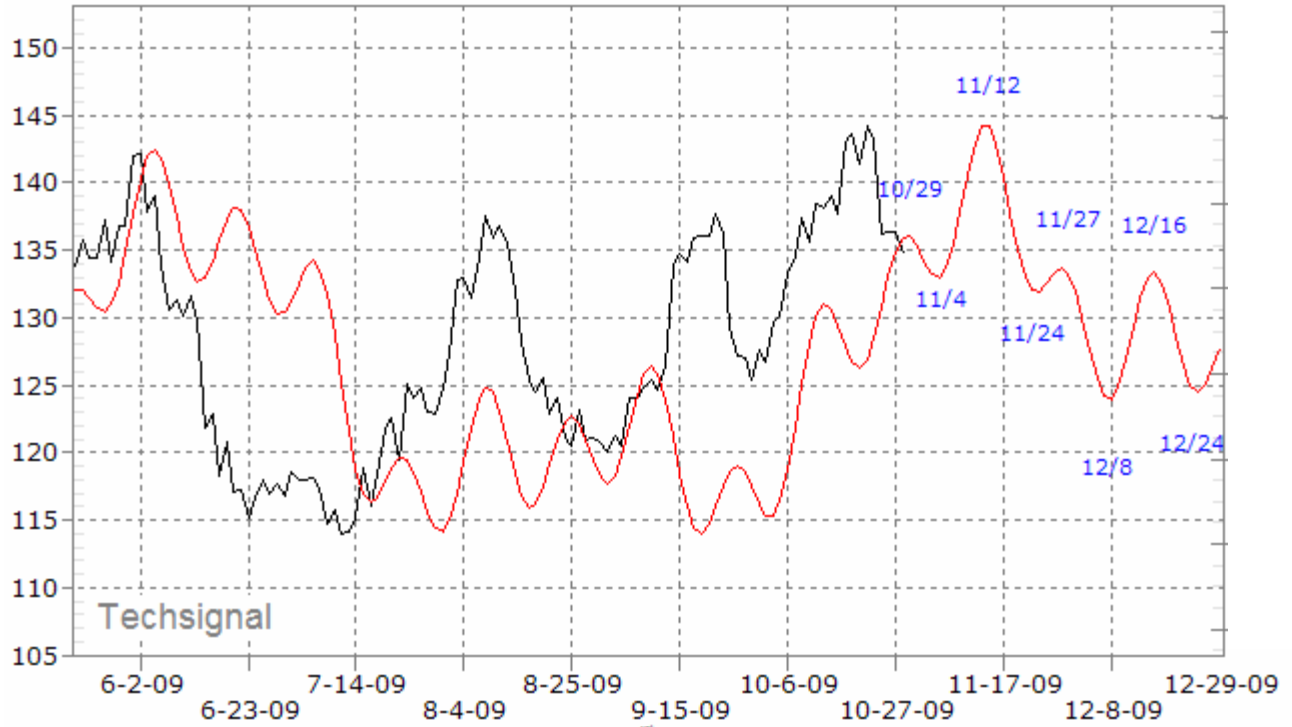
Daily Wheat

Wheat CBT (Pit) Cash W
Daily



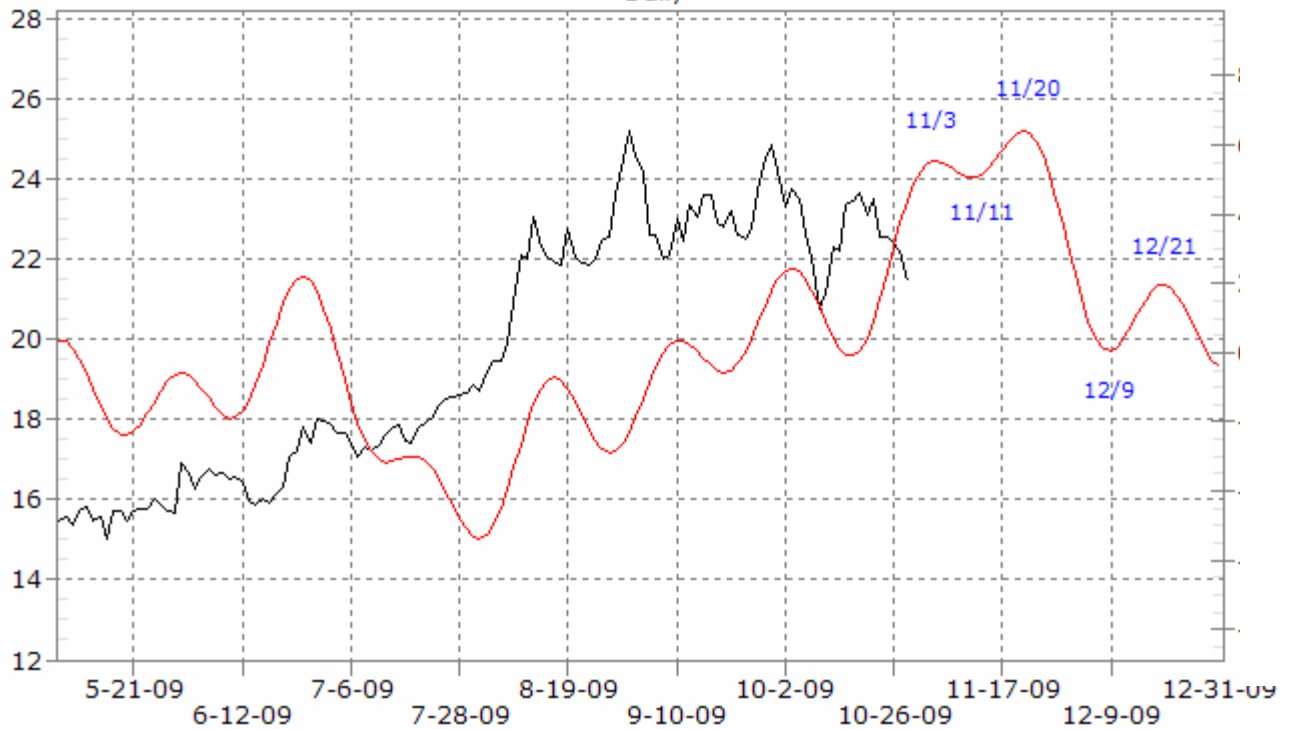
Daily Coffee

Coffee (Elec) Cont 1 KC
Daily



Daily #11 Sugar

Sugar #11 Cont 1st
Daily



Daily Orange Juice

Orange Juice Cadj Li JO
Daily



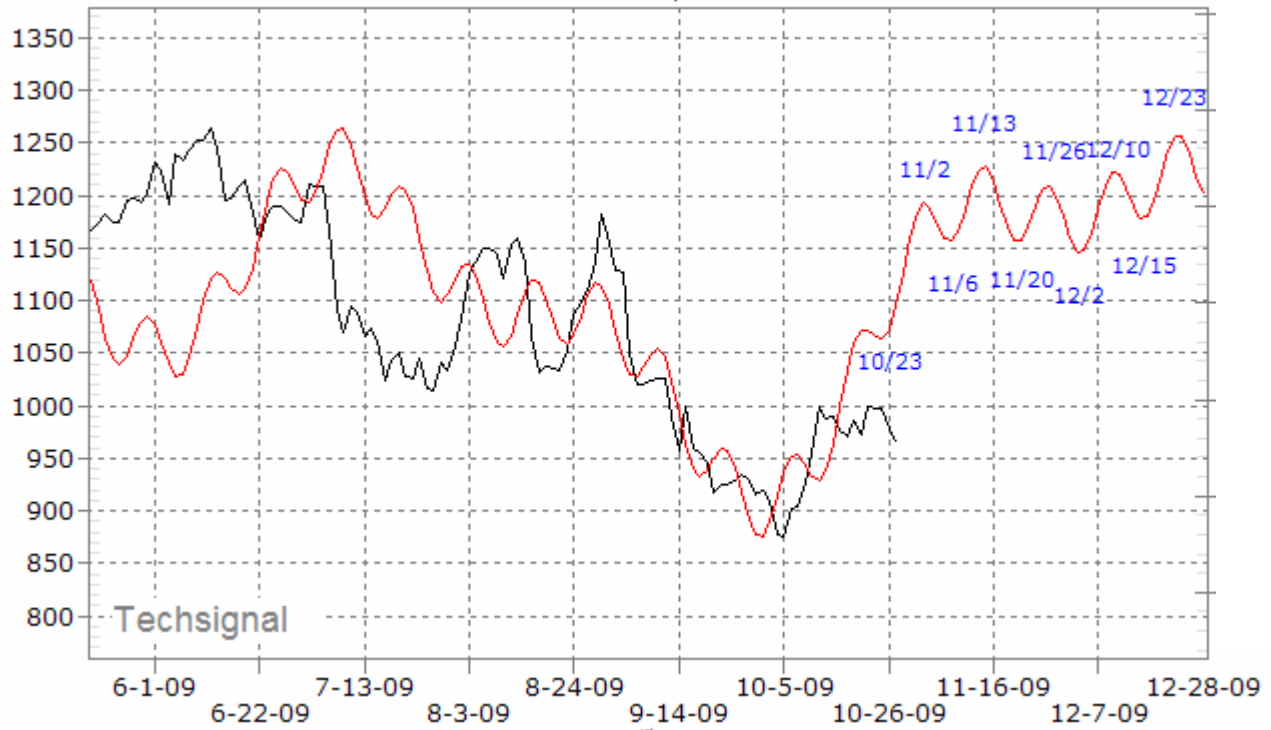
Daily Lumber

Lumber Cont 1st LB
Daily



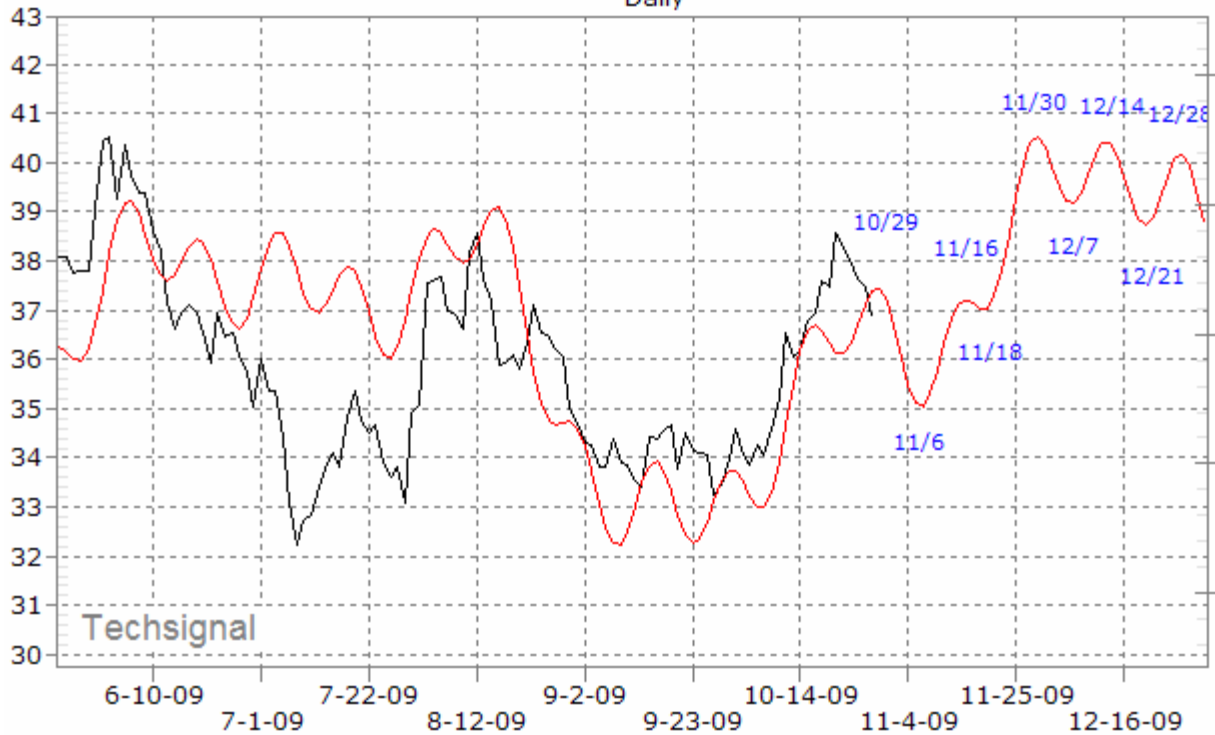
Daily Soybeans

Soybeans CBT (Pit) C S
Daily

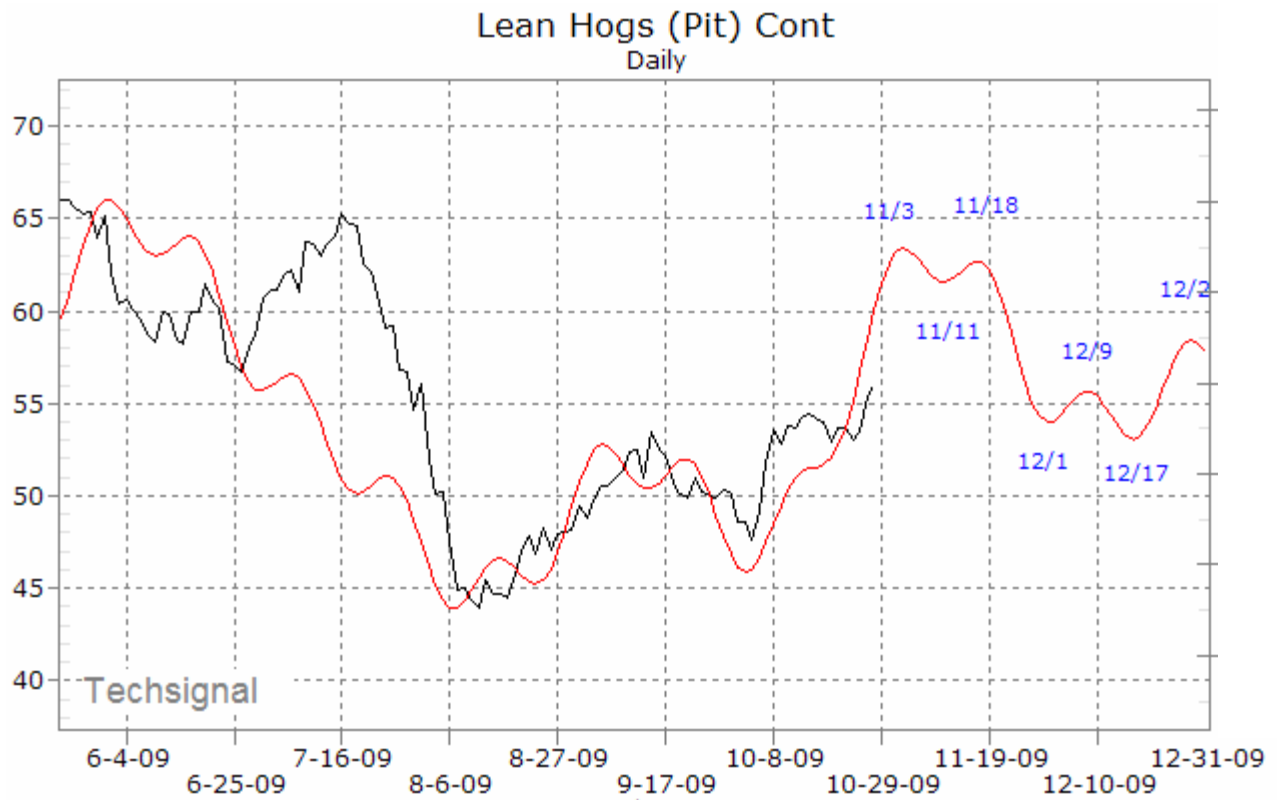


Daily Soybean Oil

Soybean Oil (Pit) Co
Daily



Daily Lean Hogs



Daily Live Cattle

