

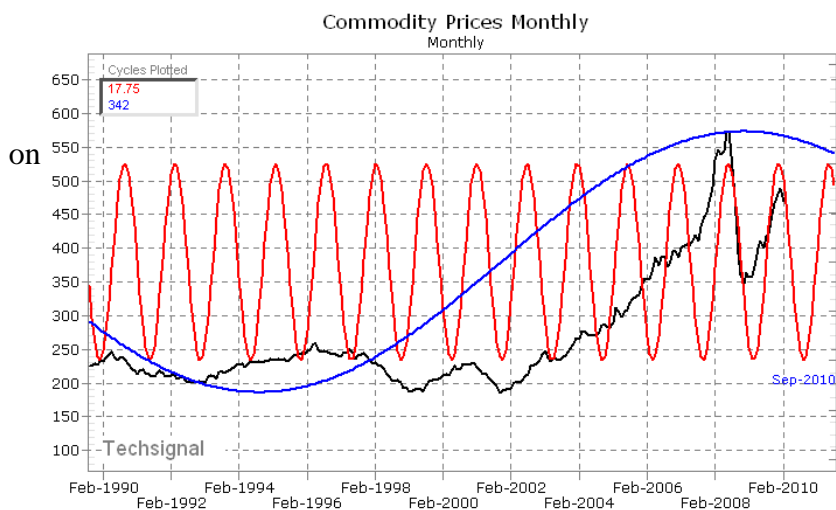
# Cycle Projections - Commodities

FEBRUARY-MARCH 2010

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

## Have historical patterns changed forever?

About every 30-years there are significant changes in trend in commodities, gold and interest rates. Interest rates and the cost of borrowing have an important 60-year cycle. We are currently at the bottom of that cycle. Commodities also have changes every 15-years as does the US dollar. At present we are in a major economic contraction which typically is marked by the lows in interest rates. Commodity prices do not have a 60-year cycle because they have highs at both highs and lows of the 60-year cycle due to how economic activity affects commodity prices.



For example despite the terrible economic activity during the current 60-year cycle in interest rates commodity prices climbed to major highs, not on the back of continued demand, but rather on the back of the falling US dollar and new demand primarily from Asia. Since the 2008 high we have had a major decline. This is in harmony with the 17.75-month cycle. This is a short-term cycle and argues for lower prices into the late fall. Typically commodity prices and gold move together and move contra the US dollar, hence the strength in the dollar should end later this year and a new rally in

commodities and gold will take place. But remember these are not ordinary times. An interesting relationship occurs between stocks and commodity prices. Usually stock indices trend opposite to commodities, except in times of economic turmoil, such as at 60-year lows in interest rates which again is the present situation.. In the 1930s commodity prices fit the stock market like a glove, just as the two charts are now. There is a lead lag relationship of a few months, but other than that they are quite tight. Now commodity prices have declined and should fall with the 17.74-month cycle and stocks should follow until the old pattern reasserts itself, as it did in the 1950s. The historical patterns have not changed; we are just at a critical juncture economically. **Grains and Oil Seeds:** The growing commodities are completing their winter rally period. They should remain in a tight range. Wheat remains the strongest, but will weaken as well. Expect no major bull market this year. **Energy:** Energy has reached the high of its range and should move lower this spring just before the summer driving season. **Metals:** The metals are following commodities but remain overall bullish. This is an accumulation phase. **Food and Fiber:** The food and fiber group should level off and drift lower although coffee and cocoa are now bullish. **Meats:** We are bullish on the meats until May.

Written 2/28/10

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

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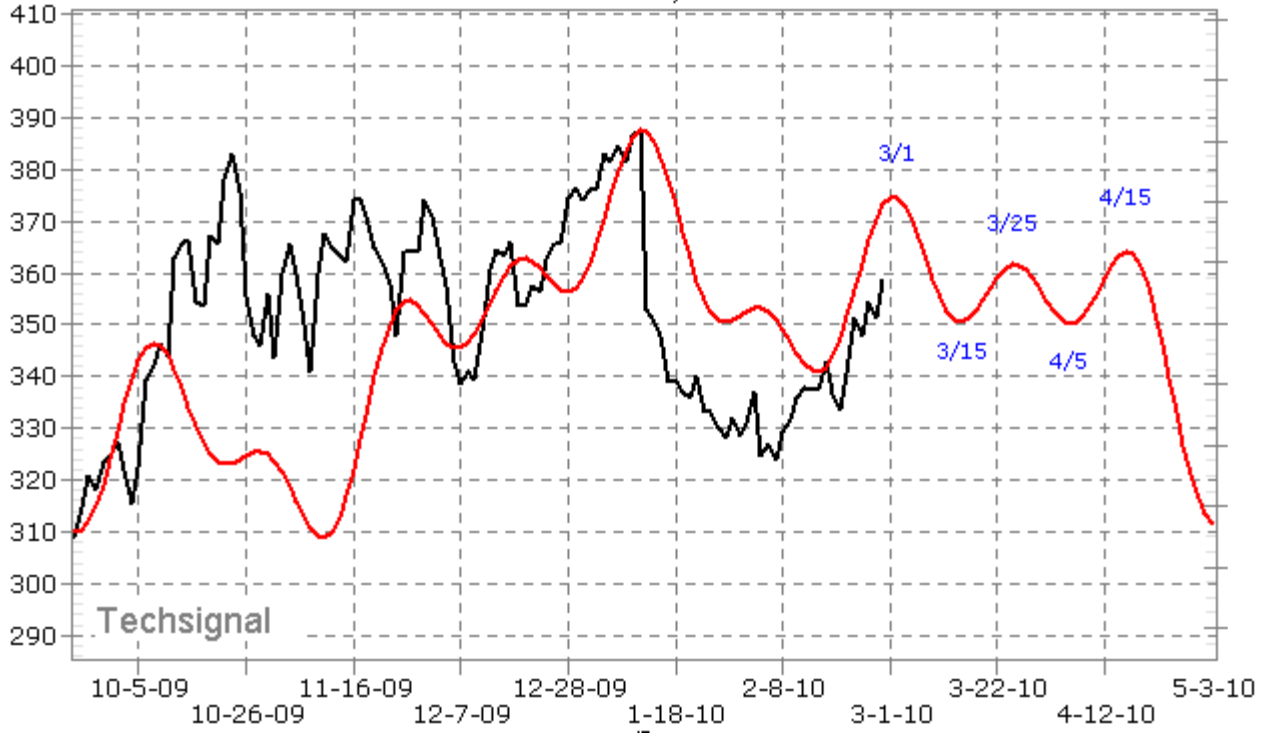
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# Daily Corn

## Corn CBT (Pit) Cash C Daily



c

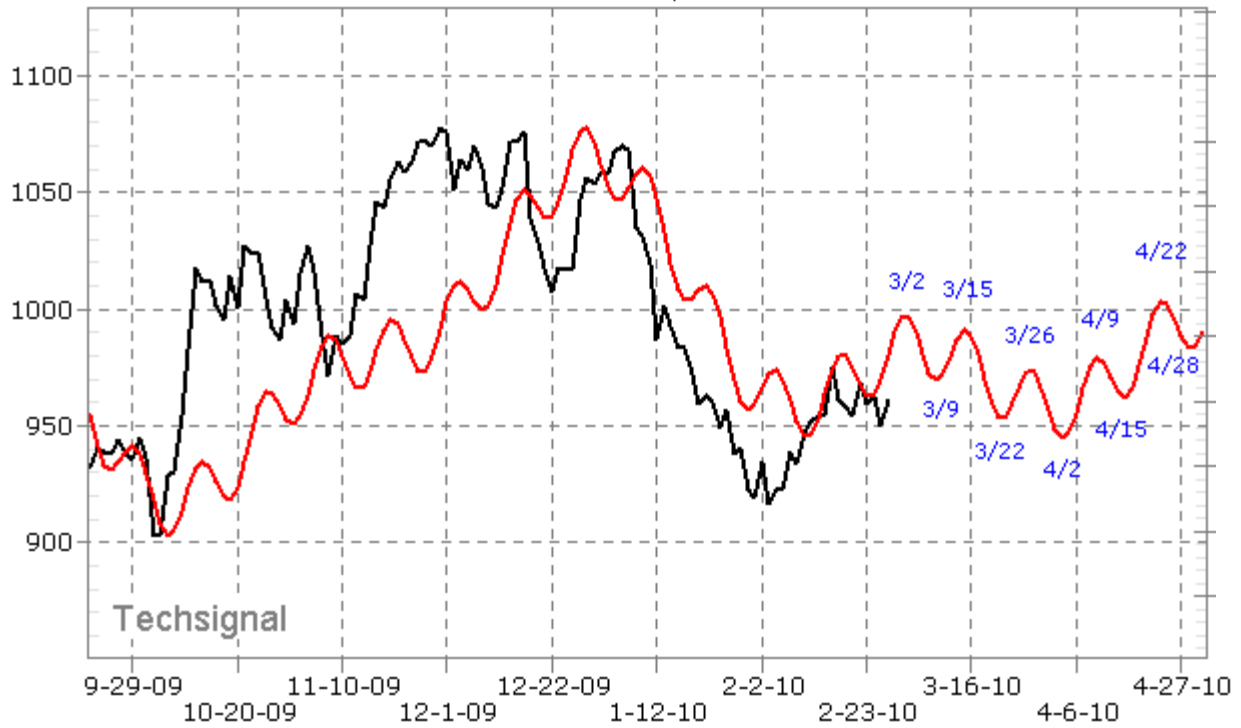
# Daily Wheat

## Wheat CBT (Pit) Cash W Daily



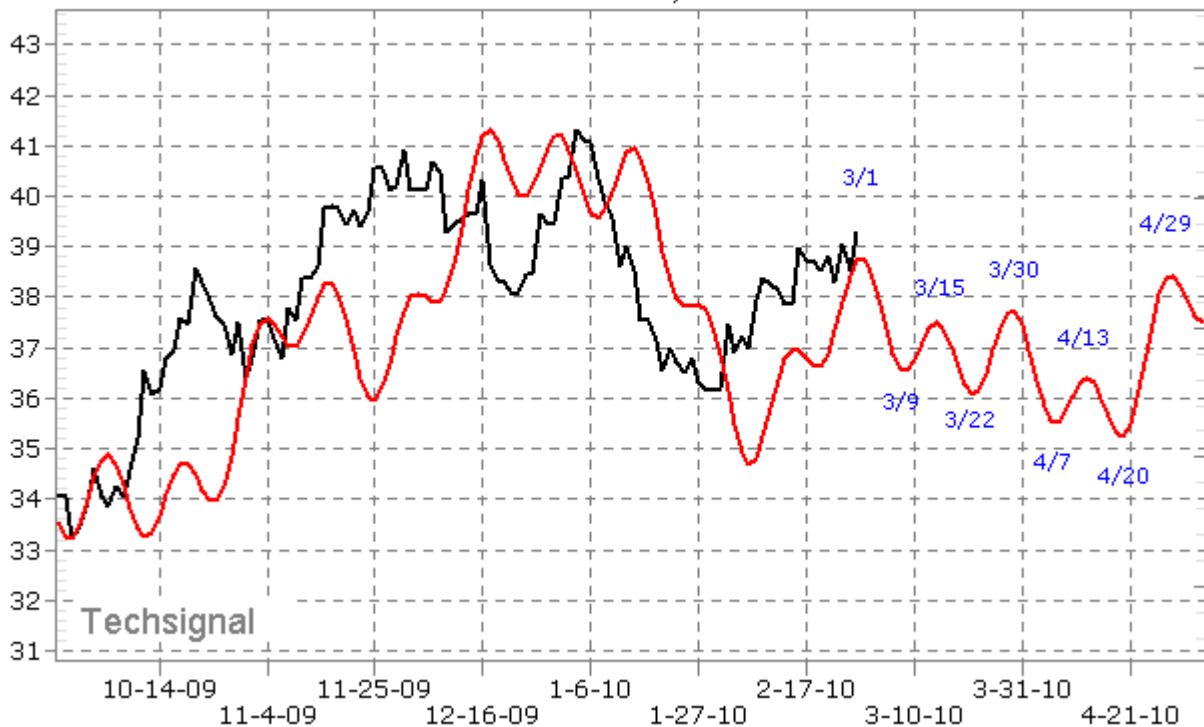
## Daily Soybeans

Soybeans CBT (Pit) C S  
Daily



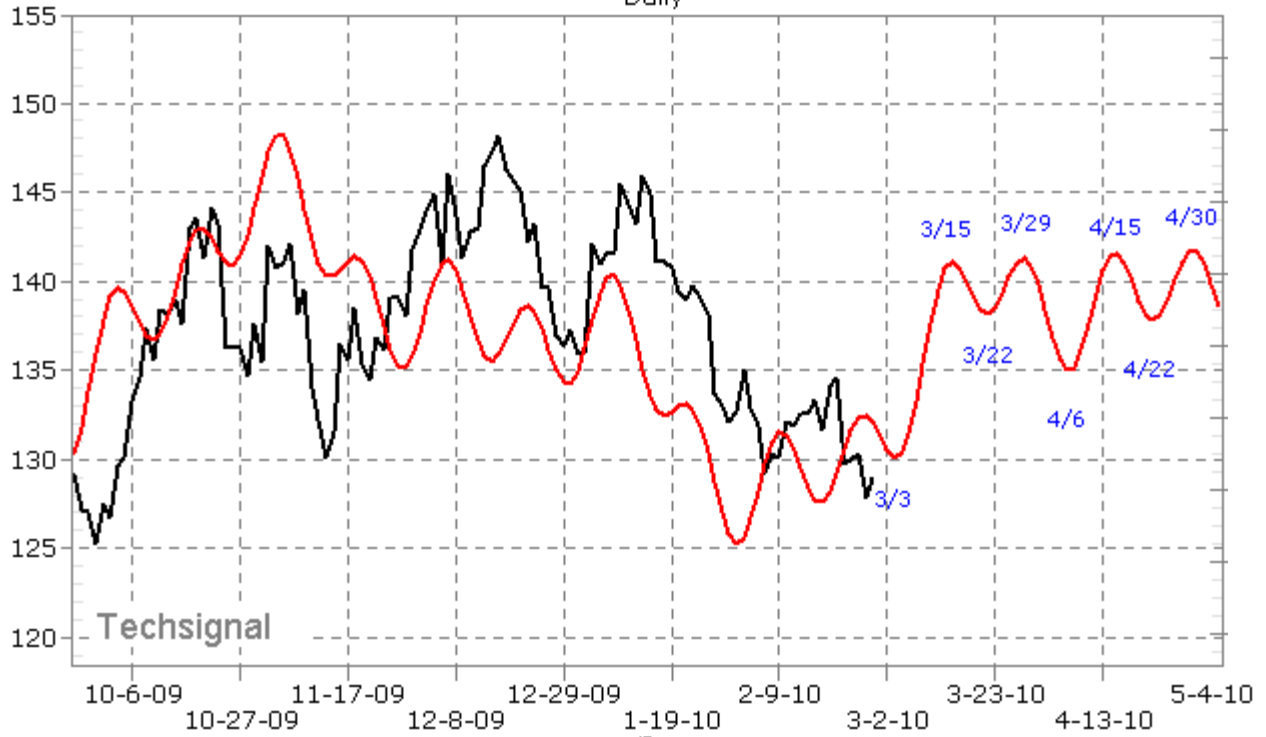
## Daily Soybean Oil

Soybean Oil (Pit) Co  
Daily



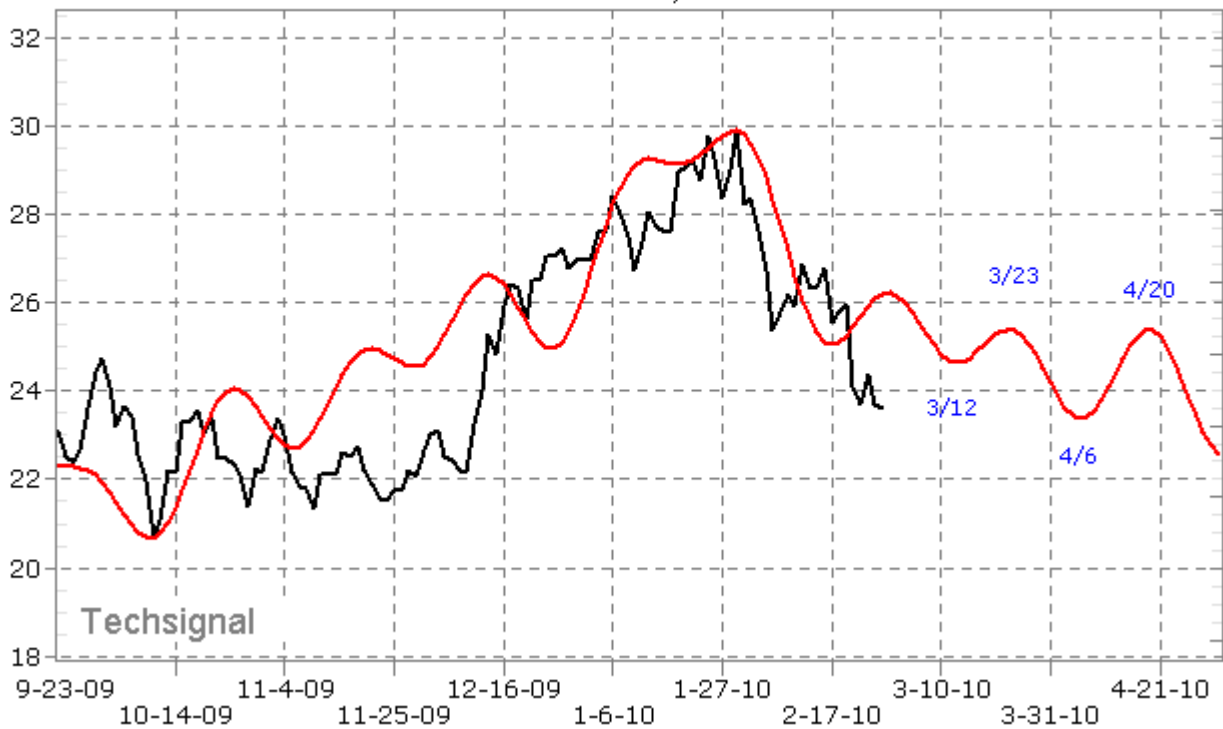
## Daily Coffee

Coffee (Elec) Cont 1 KC  
Daily



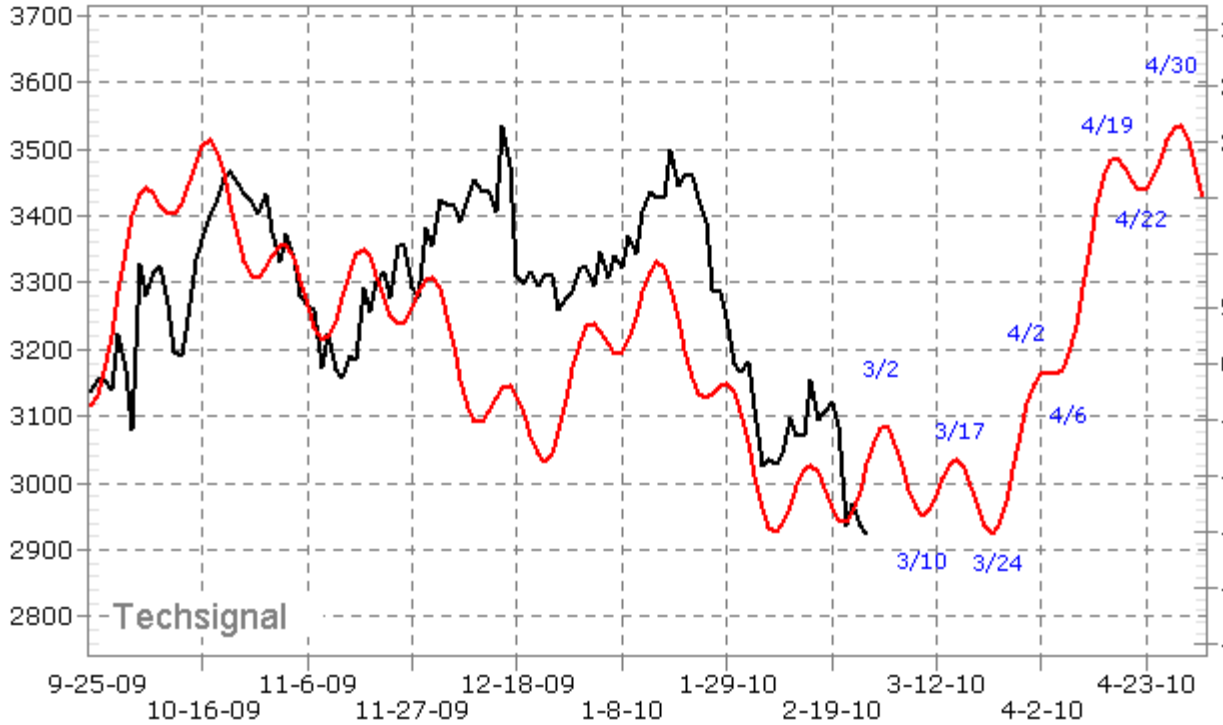
## Daily Sugar

Sugar #11 Cont 1st  
Daily



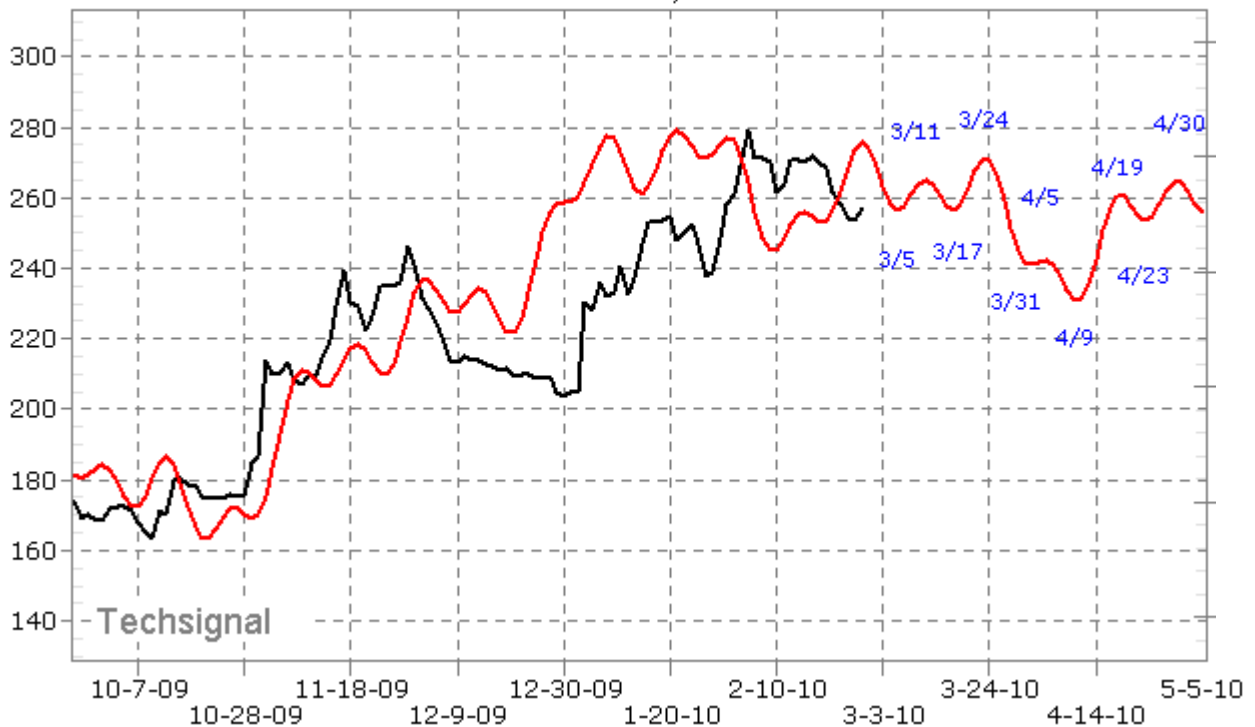
## Daily Cocoa

Cocoa NYBT (Elec) CA CC  
Daily



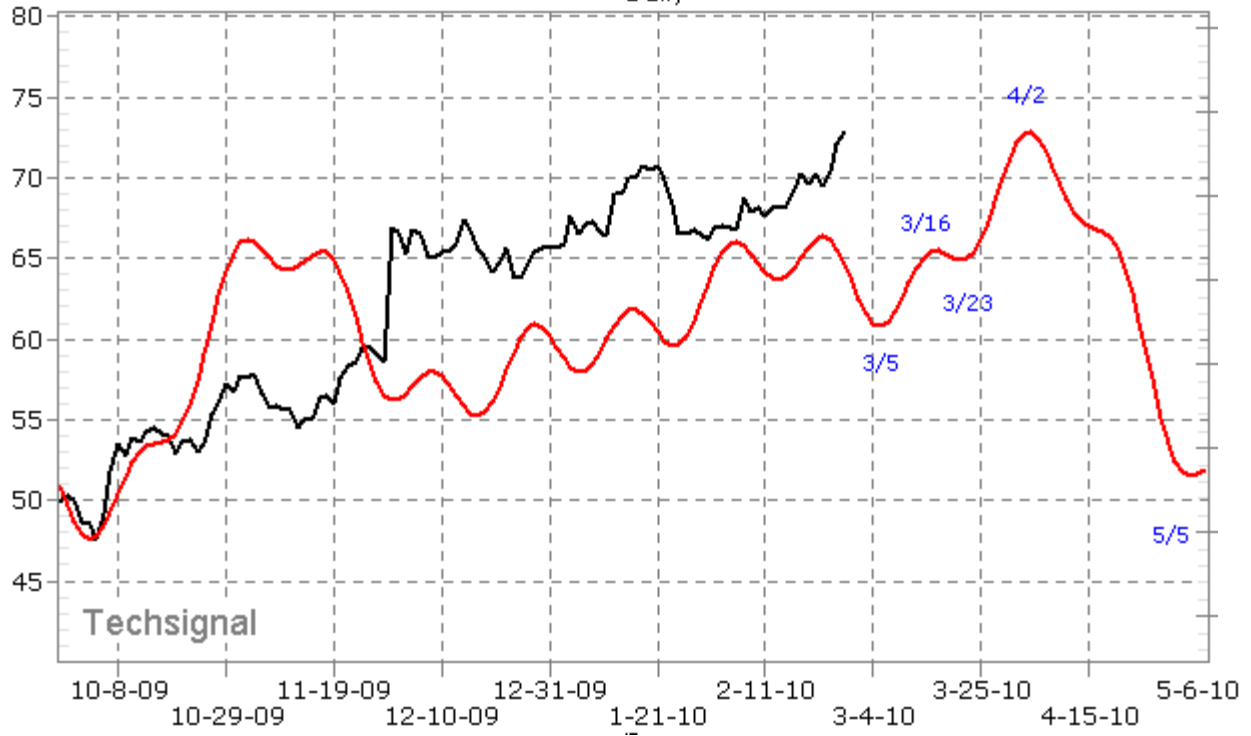
## Daily Lumber

Lumber Cont 1st LB  
Daily



## Daily Lean Hogs

Lean Hogs (Pit) Cont  
Daily



## Daily Live Cattle

Live Cattle Cash LC  
Daily

