

# Cycle Projections - Commodities

APRIL-MAY 2010

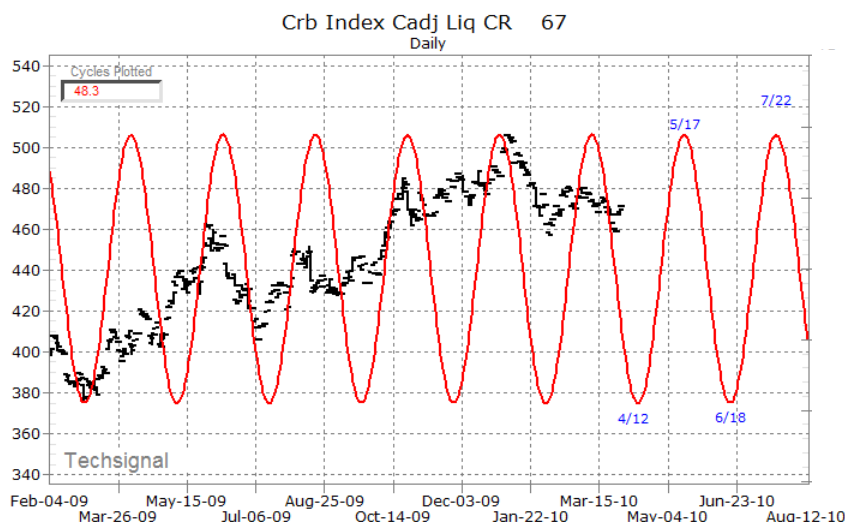
COMMODITIES : CRB, SOYBEANS, CORN, WHEAT, COTTON, MEATS, ETC.

## Commodities, the US dollar and Bond Yields

Commodity prices in general are contra dollar series. If the trend in the US dollar is up then commodity prices are down and vice versa. In the longer term this is certainly the case, but it is not the whole story. In the short term the US dollar can rally along with commodity prices which has been the recent condition. However, this resonance cannot be maintained for long. It especially can occur with seasonal moves. In late 2009 we had a case where the US dollar and CRB index rallied together but they are now back to their normal inverse relationship.

Currently the US dollar is at a crossroads. It is making an important 15.5-year low while bond yields are making a 60-year major low. The 60-year cycle marks the major economic crises. Whenever yields move to an extreme it is due to major economic woes which happen every 30 years: one a high in yields and one a low.

When yields move higher there is inflation associated with the high yields and commodity prices make significant highs. When yields make their 60-year lows then commodity prices rally as well, but not due to inflation, but rather to currency crises and issues. At the present time the US dollar is making a critical low and currencies from every corner of the globe are involved in the economic troubles of the day. The US dollar turns lag the turns in bonds and hence there should be another year or so of lows in the US dollar; but most of the work on the downside is done, which would argue for some bullishness as commodities inverse track the US dollar, but with no new significant highs.



On a shorter term basis commodity prices have been trading in a tight range for almost a year and the short-term is dominated by a cycle around 9.6-weeks, a bit longer than the crude oil and US dollar cycles, but basically a similar rhythm. This would argue for regular moves going into planting season with an April low and then regular 9.6-week (48.30-day) turns.

**Grains and Oil Seeds:** The growing commodities have completed their winter rallies with just a slight rise and now should be neutral until June or July. Wheat still remains the strongest of the major series. **Energy:** Crude is due for a cyclic correction but will remain in a tight range as lack of demand throttles the upside and the need for existing supplies does not diminish. **Metals:** The metals continue to follow commodities in a general way but should make new highs where commodities are more apt to test the all time highs at best. **Food and Fiber:** The food and fiber group should continue under pressure due to the lack of consumption. Lumber remains strong but will need better economic activity for a major advance. **Meats:** We are bullish on the meats until grain prices begin to rally.

Written 4/1/10

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

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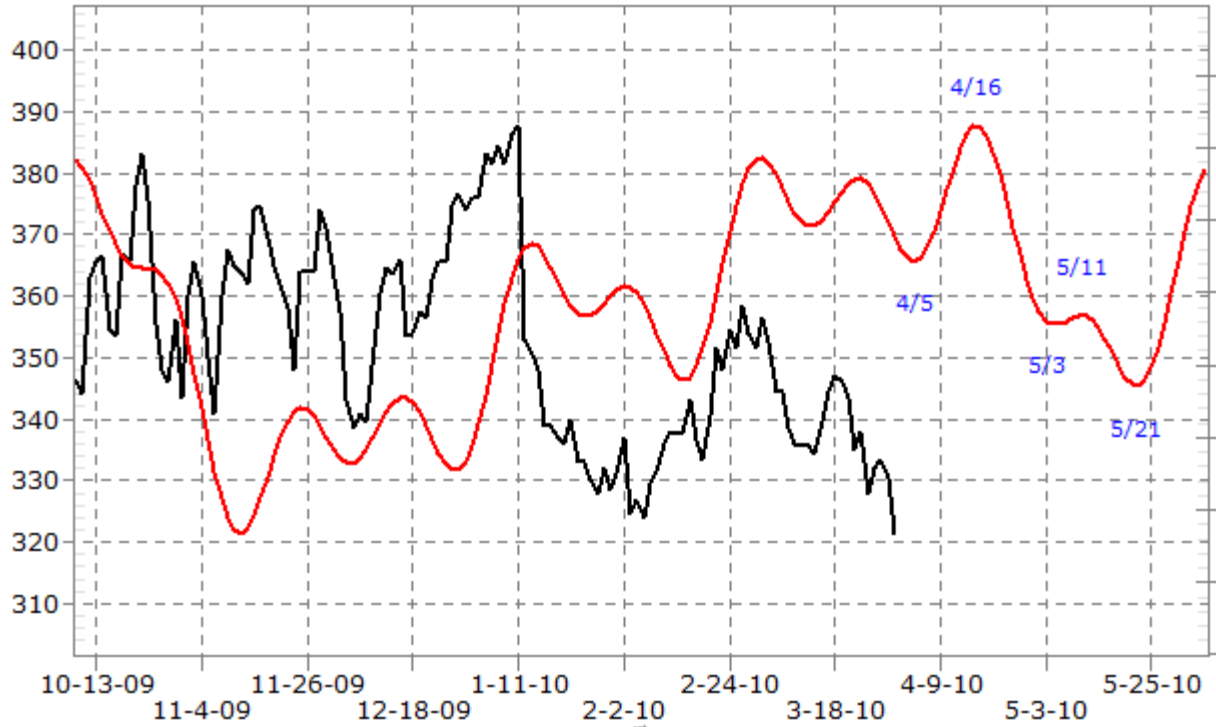
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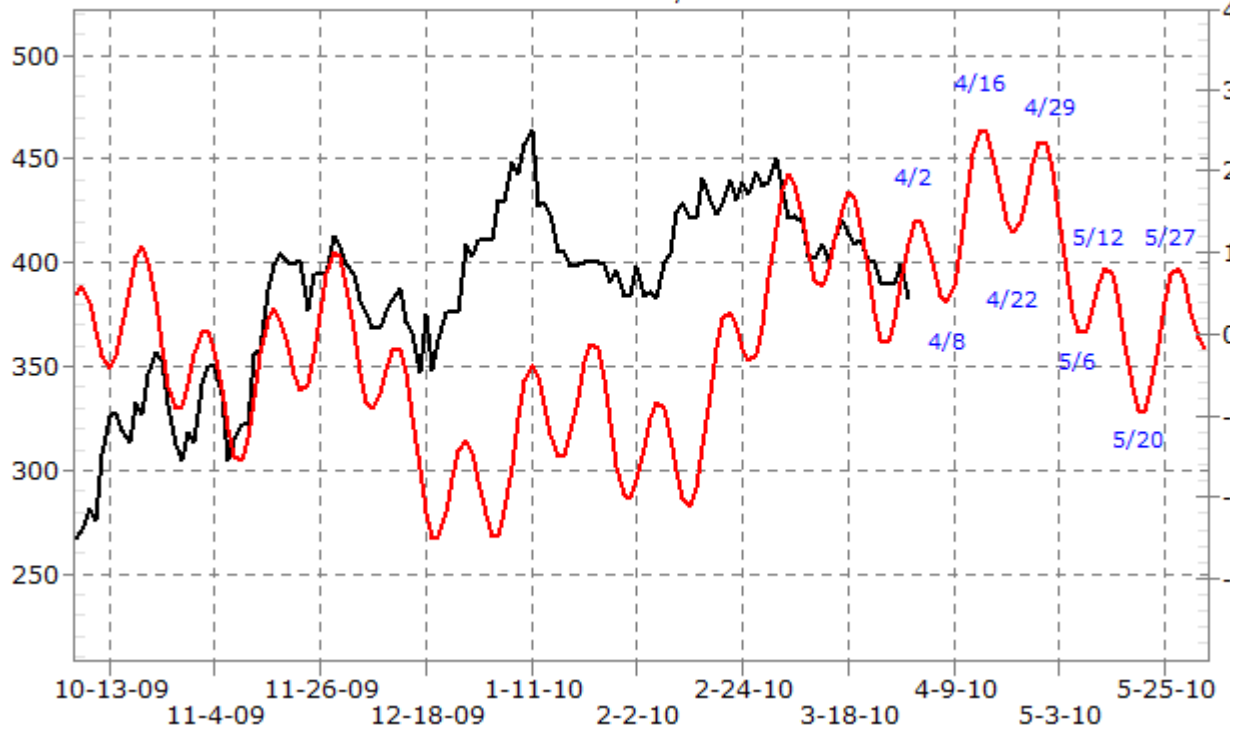
# Daily Corn

Corn CBT (Pit) Cash C  
Daily



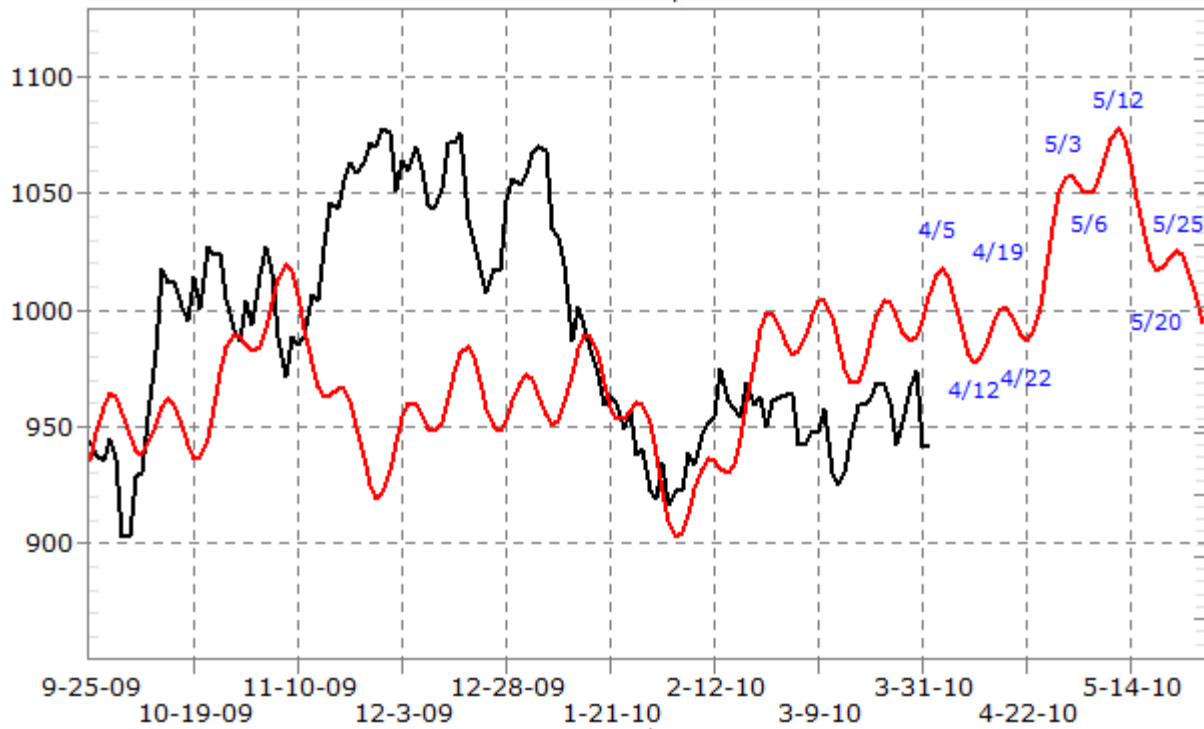
# Daily Wheat

Wheat CBT (Pit) Cash W  
Daily



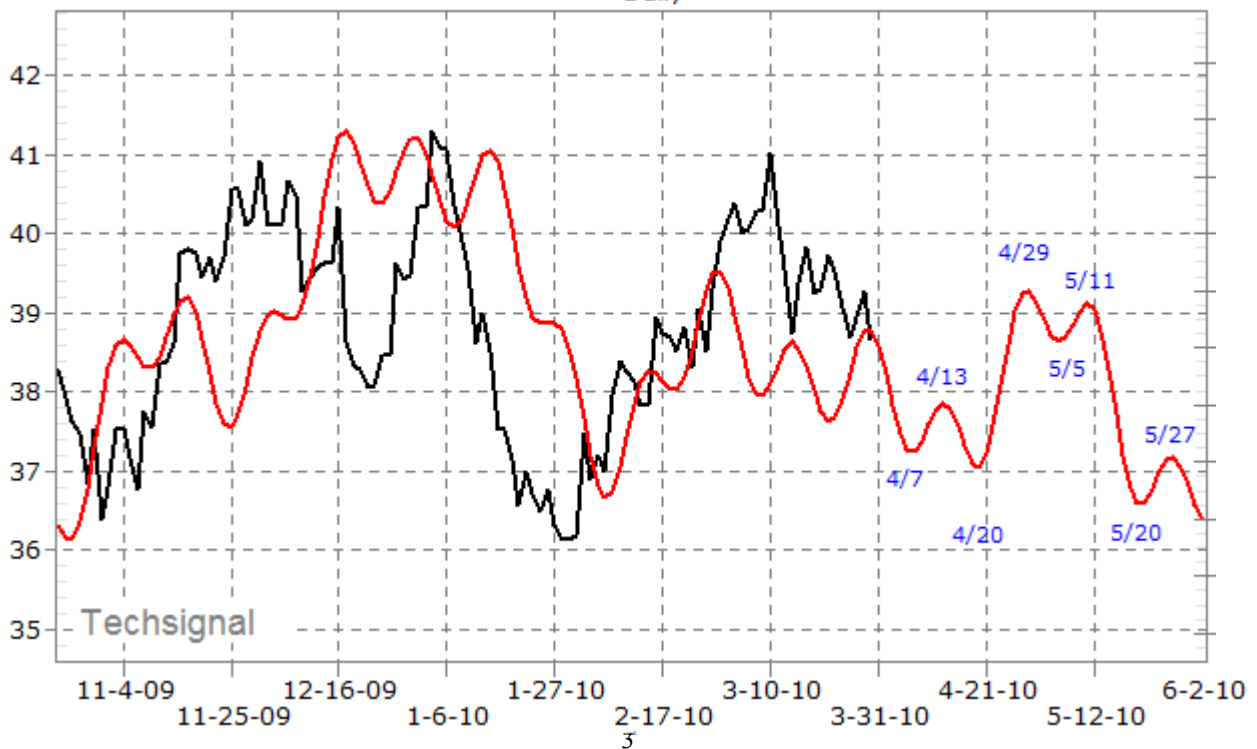
## Daily Soybeans

Soybeans CBT (Pit) C S  
Daily



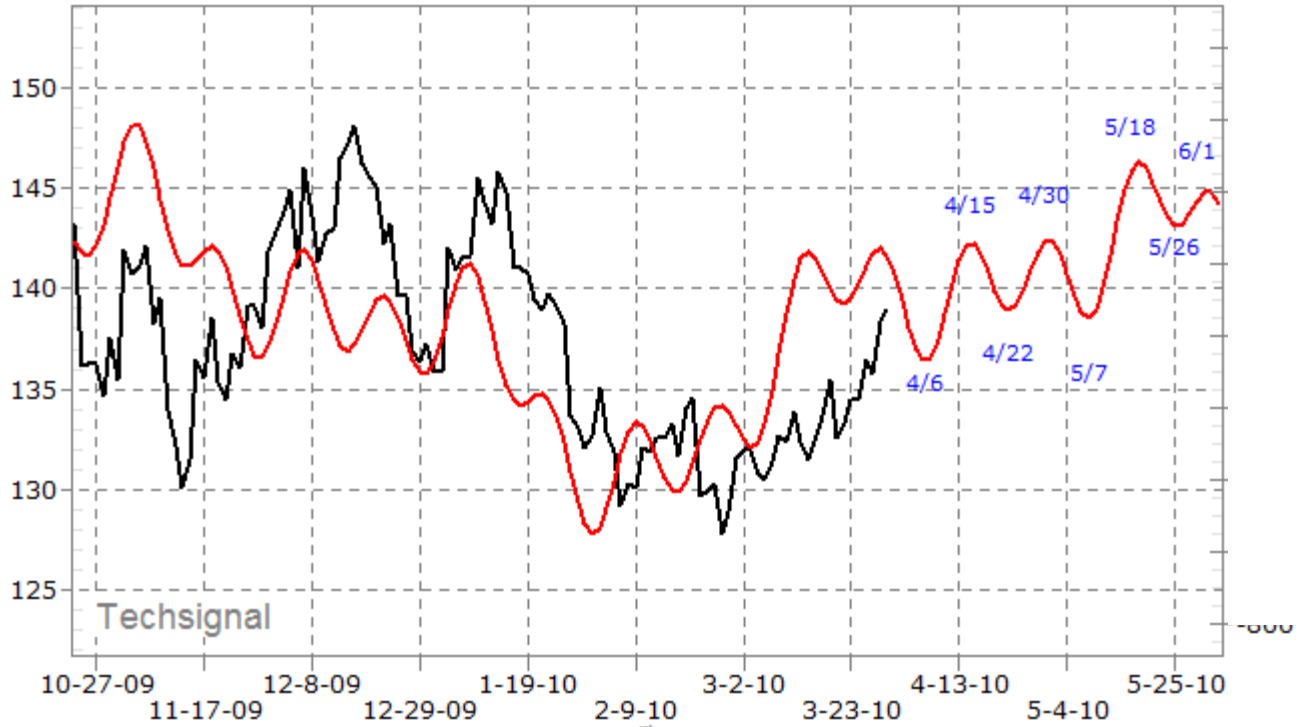
## Daily Soybean Oil

Soybean Oil (Pit) Co  
Daily



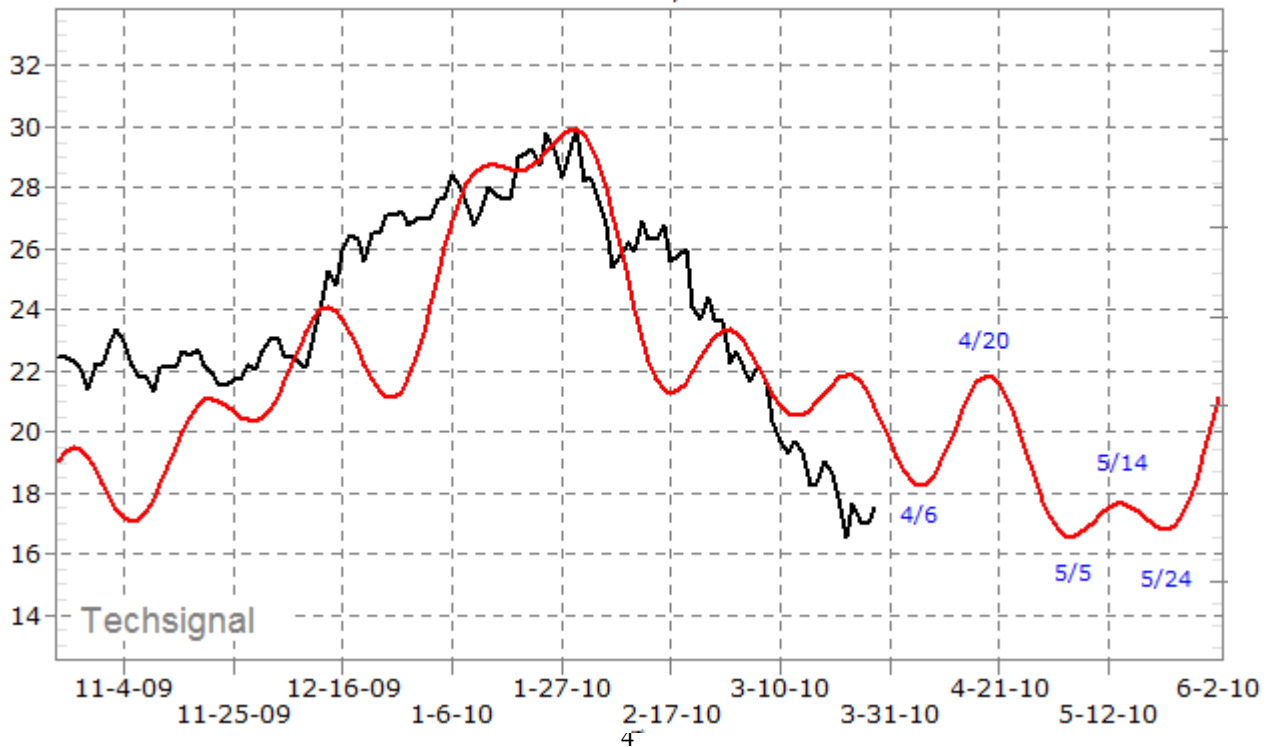
## Daily Coffee

Coffee (Elec) Cont 1 KC  
Daily



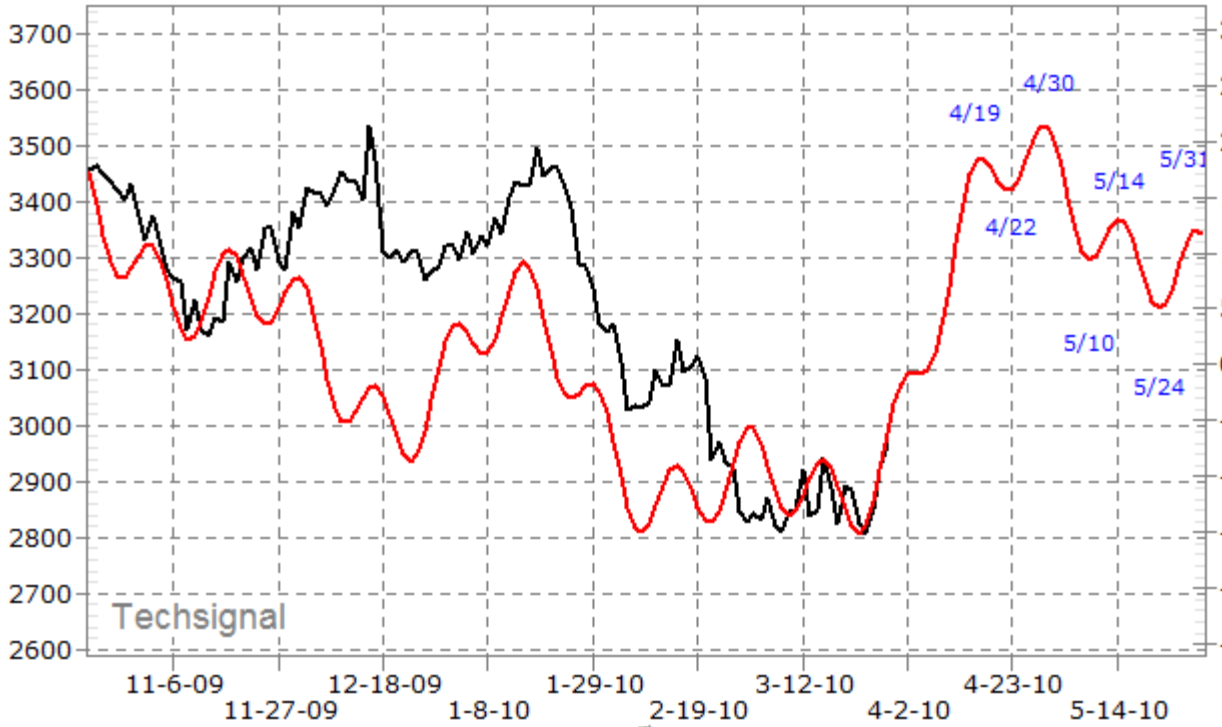
## Daily Sugar

Sugar #11 Cont 1st  
Daily



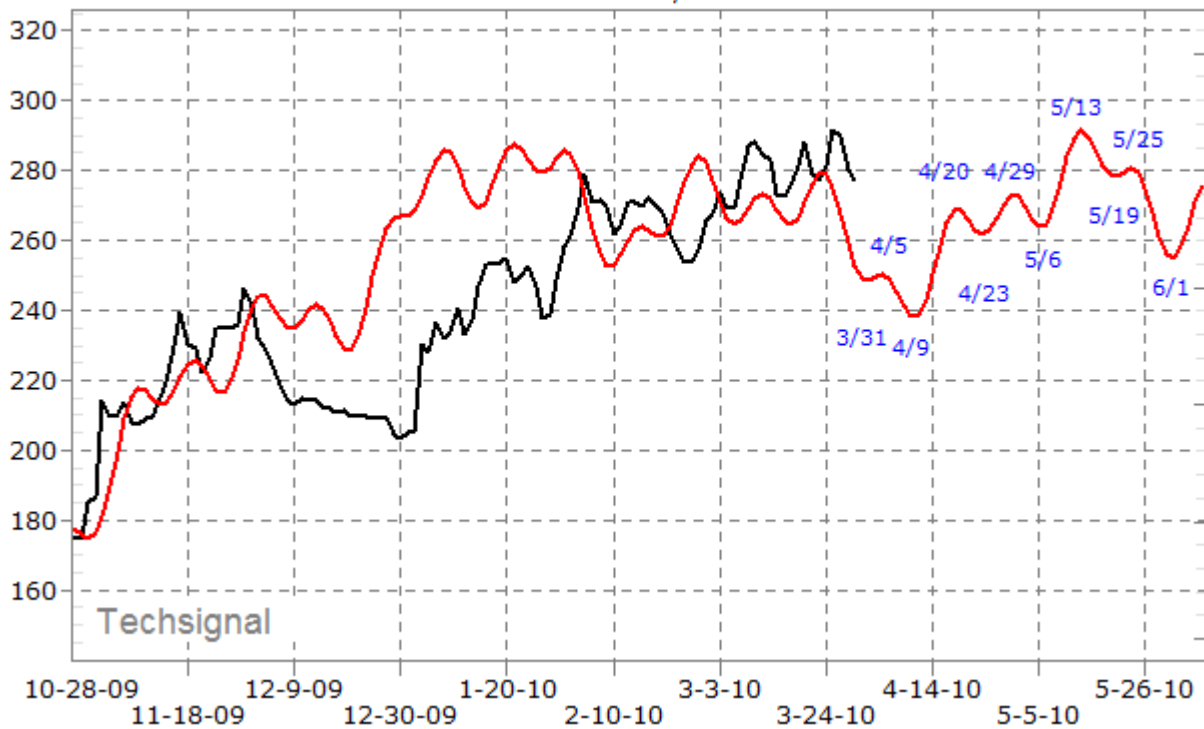
## Daily Cocoa

Cocoa NYBT (Elec) CA CC  
Daily

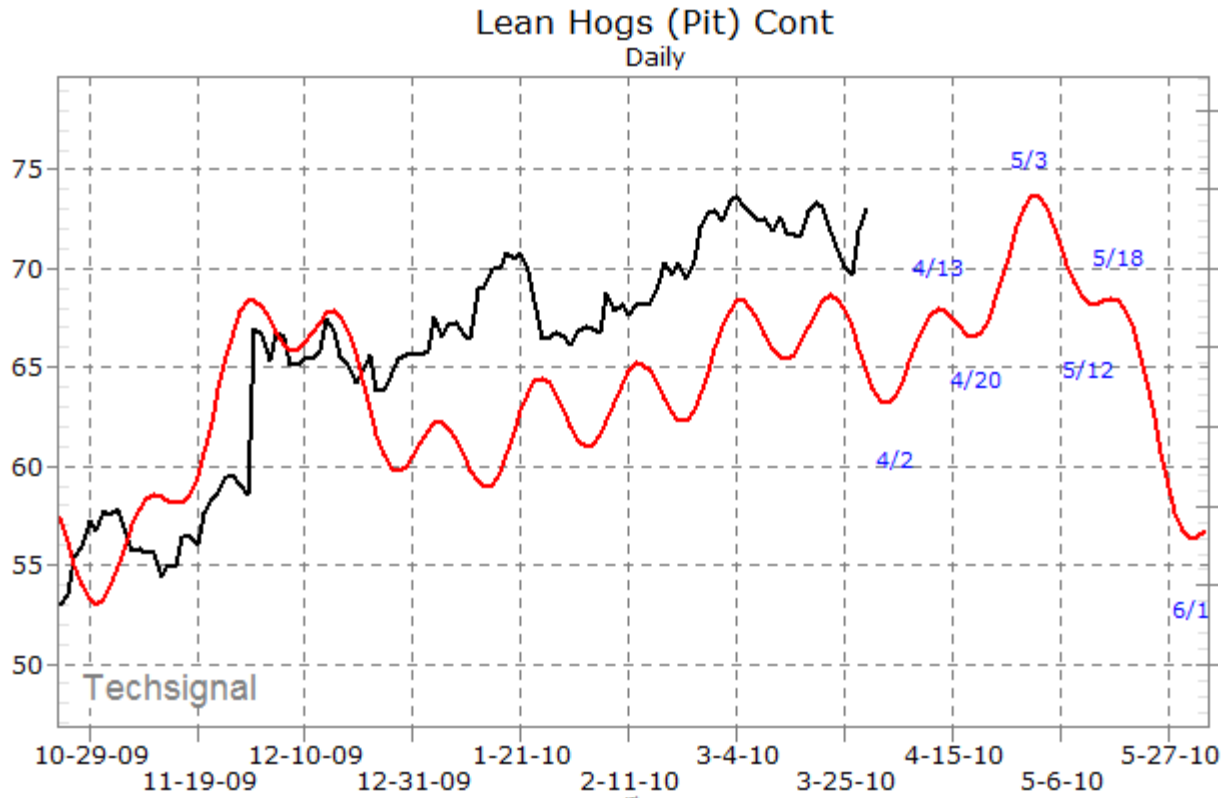


## Daily Lumber

Lumber Cont 1st LB  
Daily



## Daily Lean Hogs



## Daily Live Cattle

