

Cycle Projections

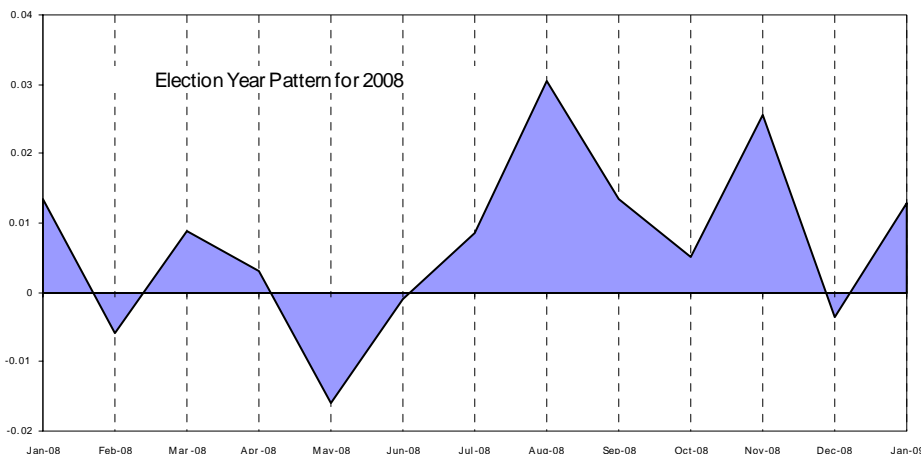
JUNE 2008

STOCKS, INTEREST RATES, ENERGY, METALS AND FOREIGN EXCHANGE

Change ahead?

The significant financial series are a major extremes and their effects will sweep across financial markets. Yields are at 60 year lows and the US dollar is at a 15 year low and these changes will have major impacts on all markets. Yearly cycles do not turn on a dime and thus we will have to monitor these two series for signs of definite change. The key to equities, crude oil and commodities will be the US dollar.

Equities: The Election Year pattern, as can be seen on the chart on this page, has pointed to a May correction and low. A further review shows that this pattern since the end of 2007 has been about a month off. The typical May low in the pattern appears to be happening in June. If that is the case then we



expect the stock market to bottom in the short term and then rally, but this should not be considered a bull market until the US dollar begins to rally.

Bonds: We anticipate yields will begin to rally in the next several weeks and begin to see a major bear market in bond prices. This assumes that the US dollar will begin to finish a trading range and then rally.

Energy: The major rally in crude is likely nearing a high in time but who knows what the price will be. The reason it is likely topping in time is that the US dollar looks as if it is making a bottom. Crude will not fall until there is a rally in the US dollar. The main problem is that the US dollar can take a number of years in a trading range prior to a significant rally.

Foreign Exchange: The 15 year cycle in the monthly US dollar is due to bottom in August but the trading range as stated above can continue in a range for some time. Trading ranges in the US dollar have lasted as many as seven years. The current trading range low began in 2004 and could well continue longer. When yields begin to rise the US dollar will rise and then commodities and crude will begin to moderate.

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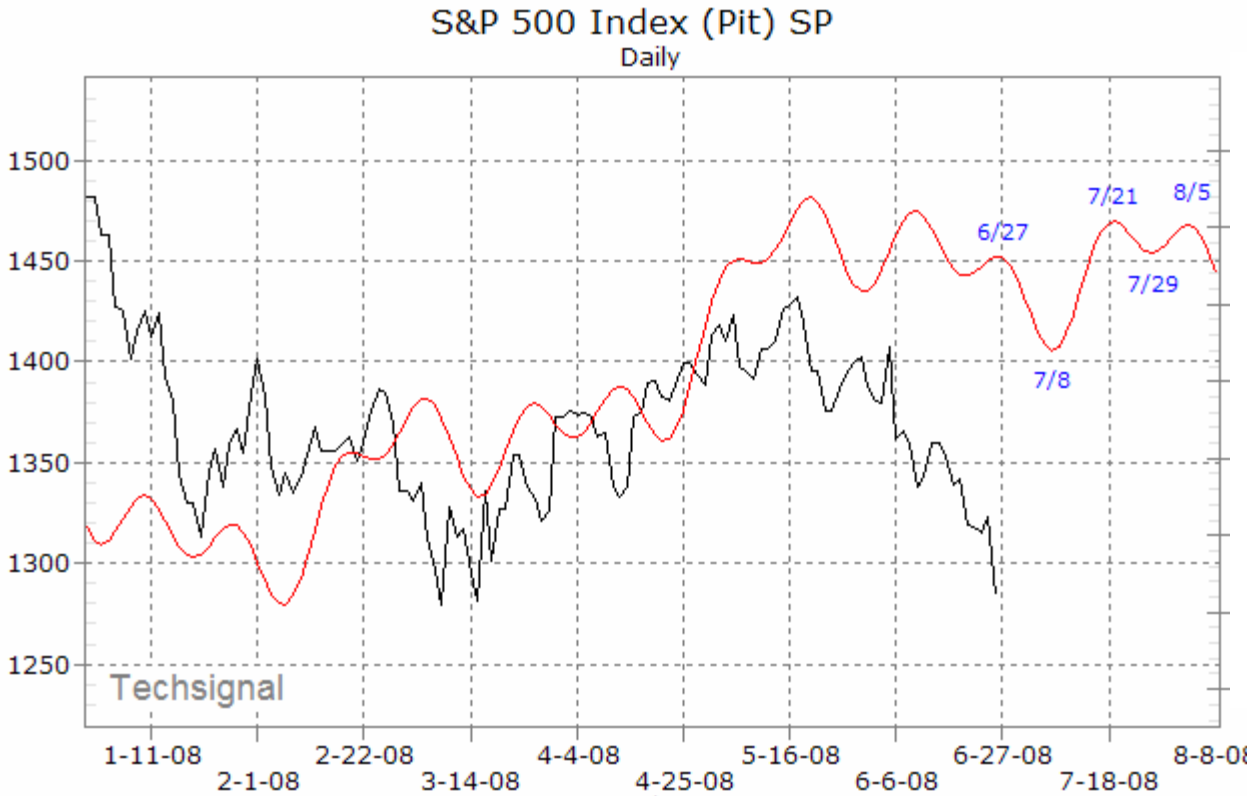
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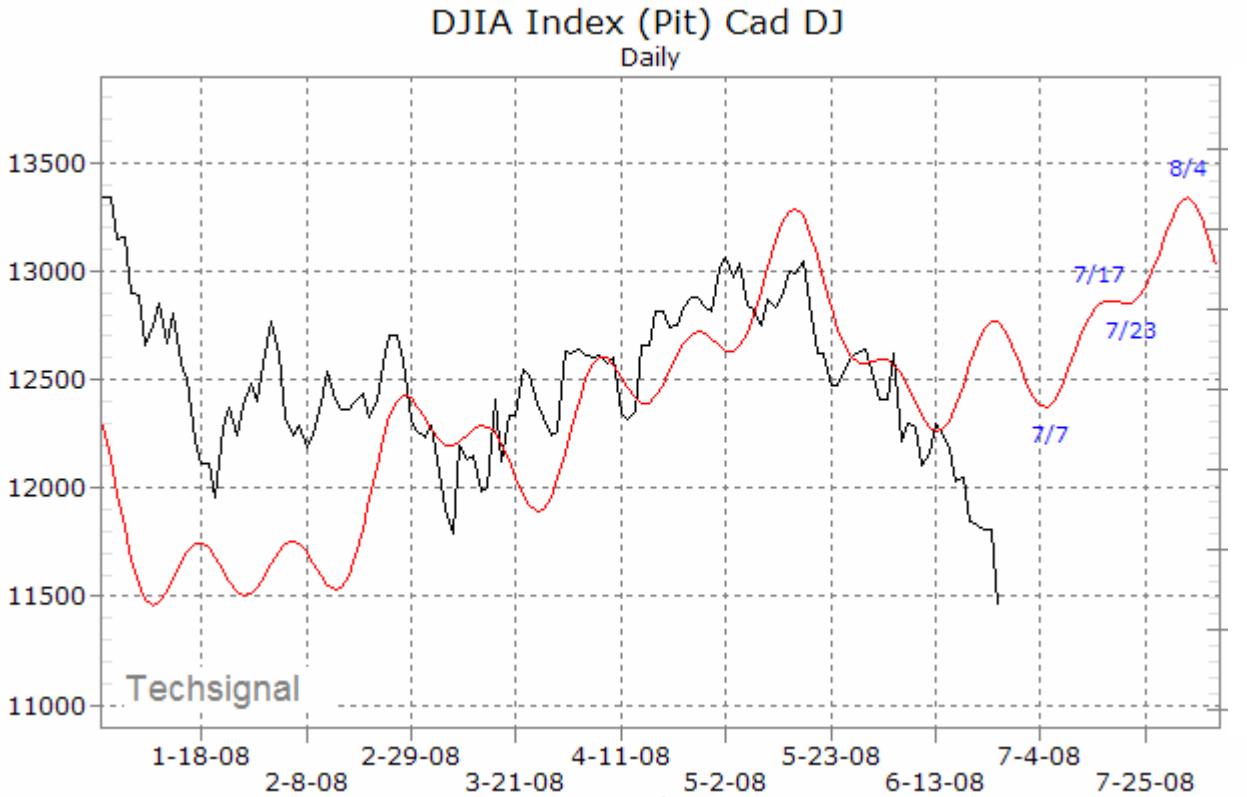
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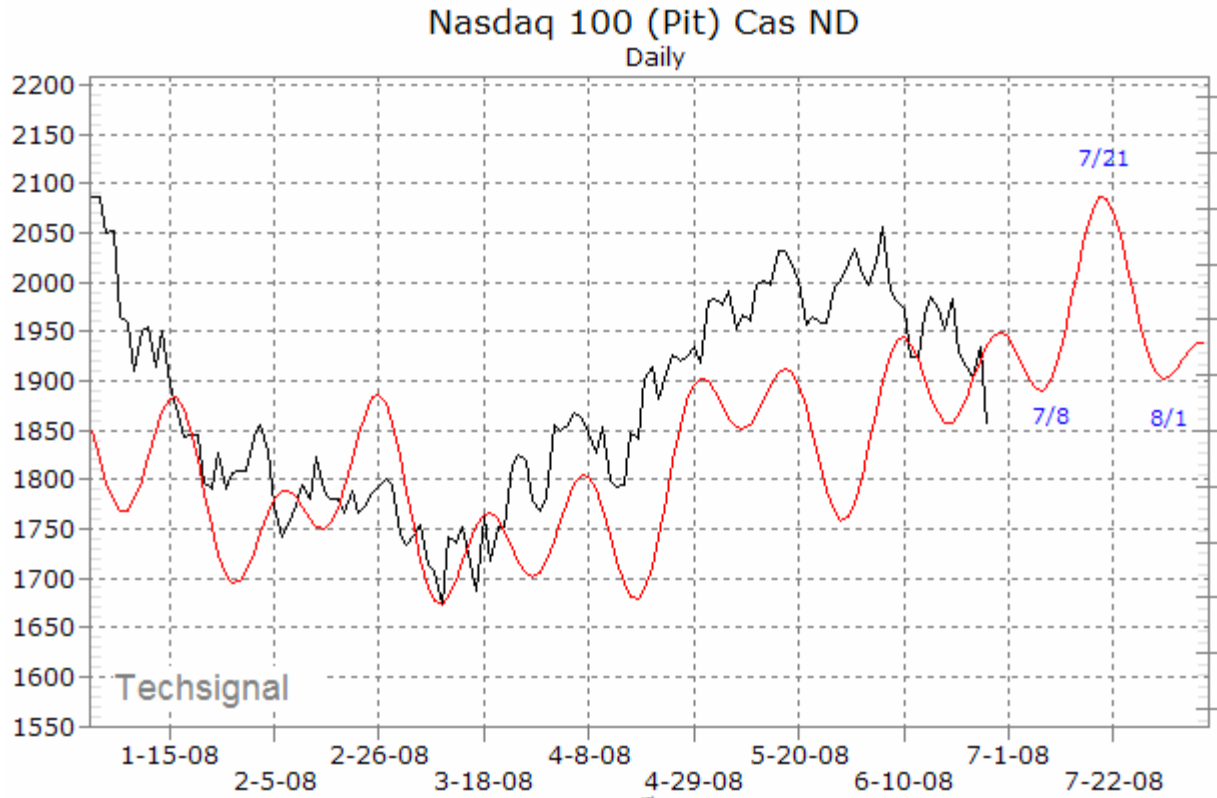
Daily S&P 500



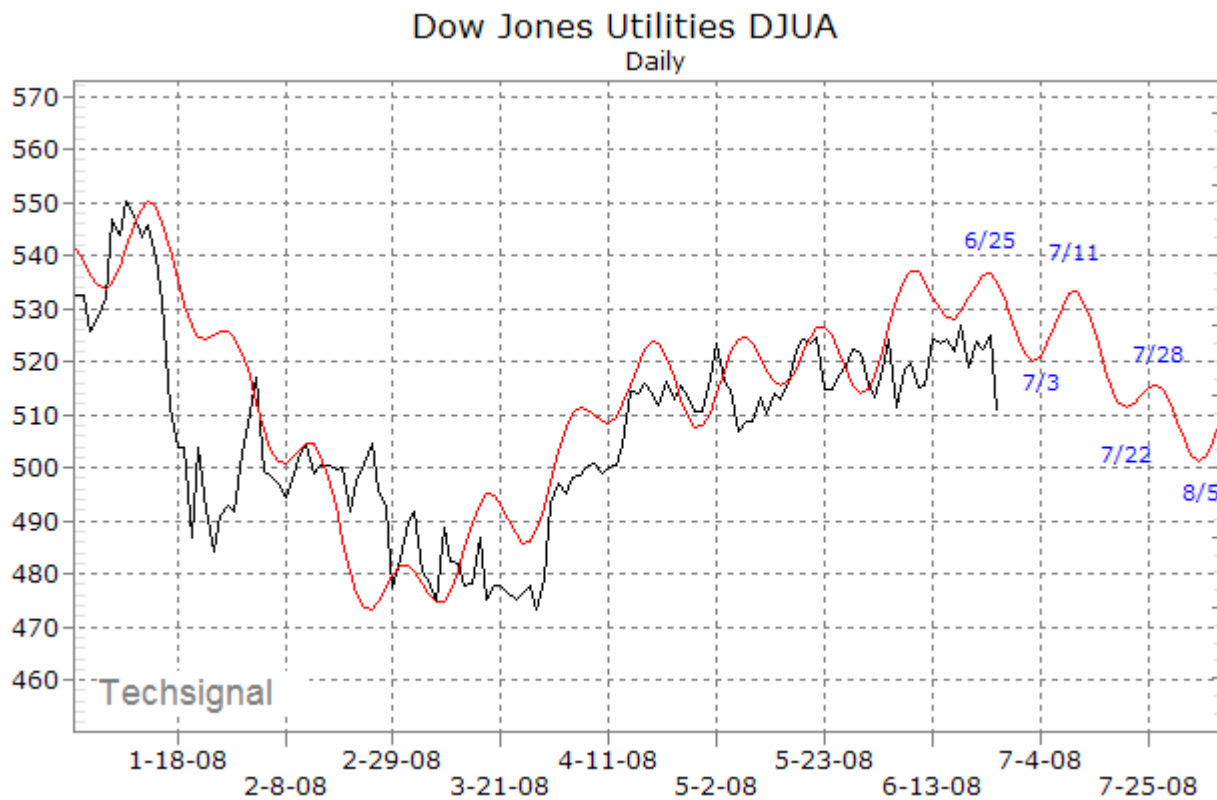
Daily Dow Jones Industrials



Daily Nasdaq 100

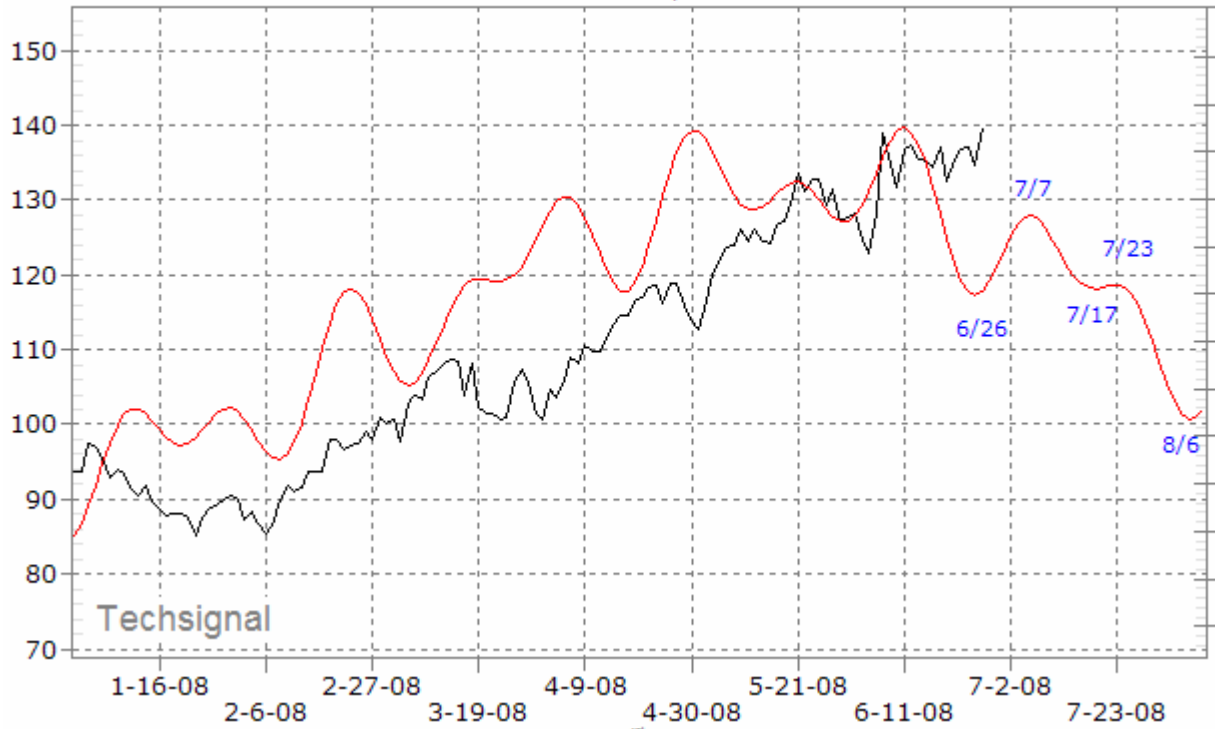


Daily Dow Jones Utilities



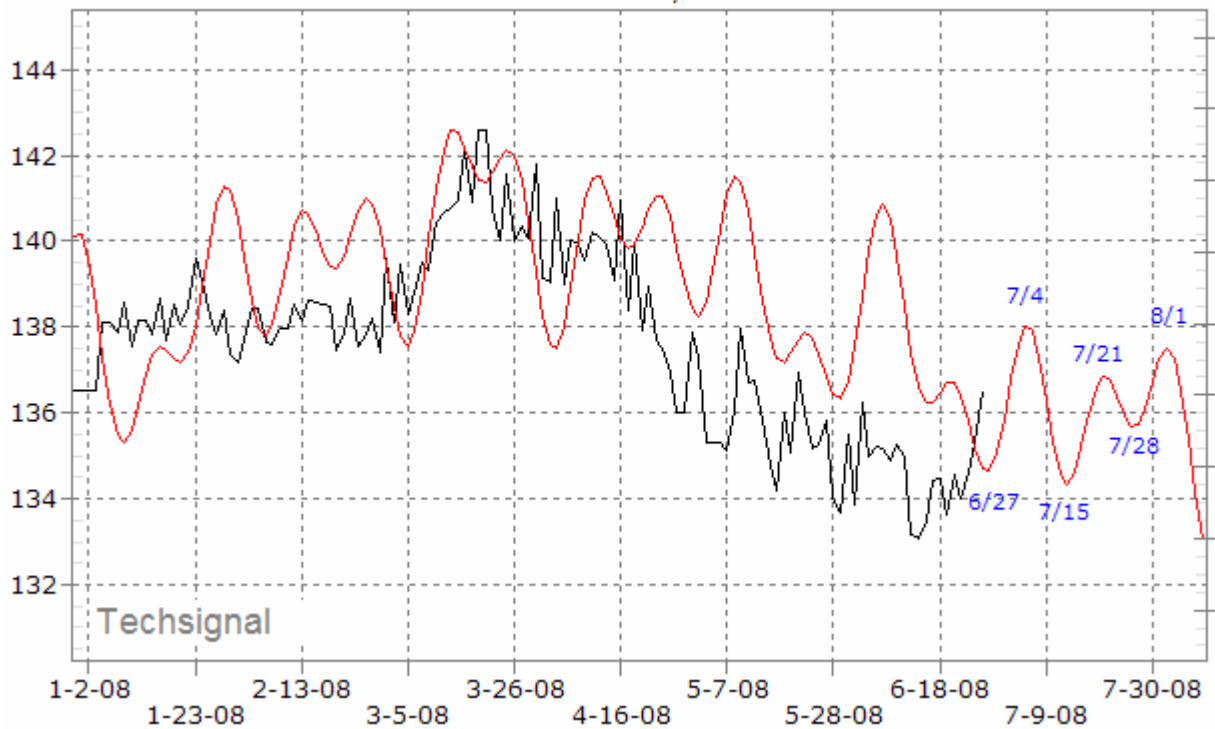
Daily Crude Oil

Crude Oil NY (Pit) C CL
Daily



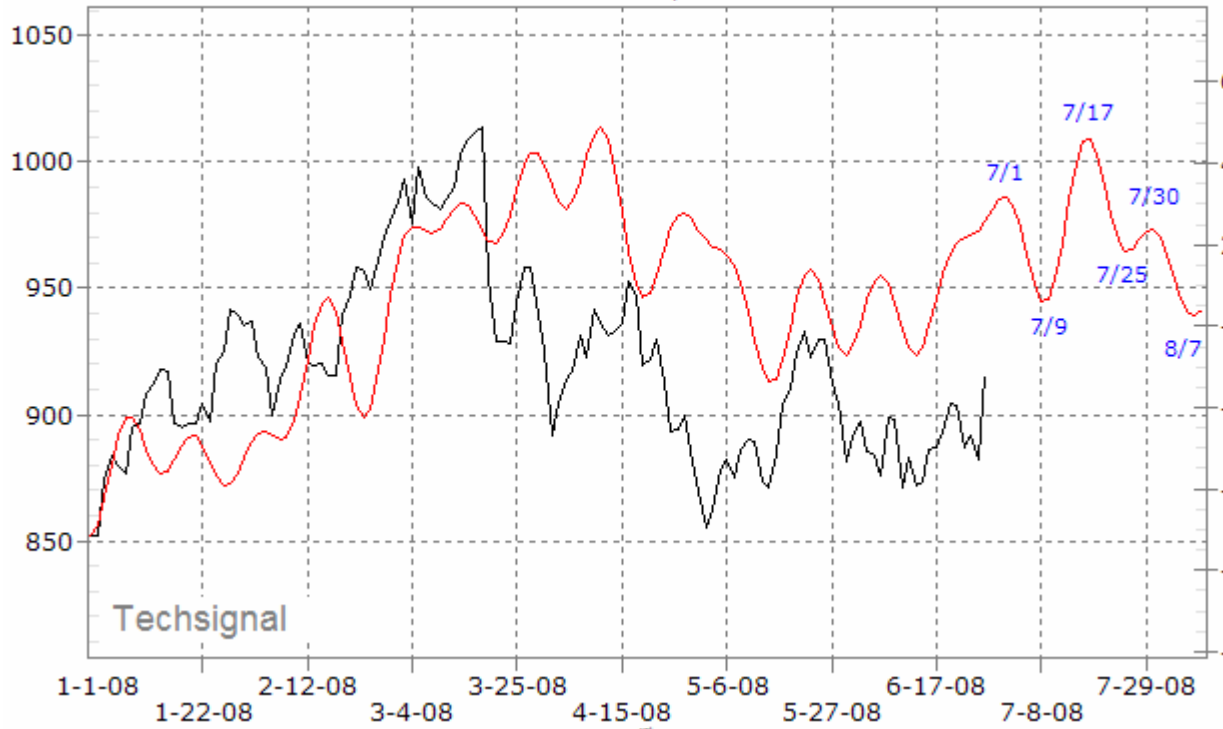
Daily T-Bonds 10 Yr.

T-Bonds 10Yr CBT Pit TQ
Daily



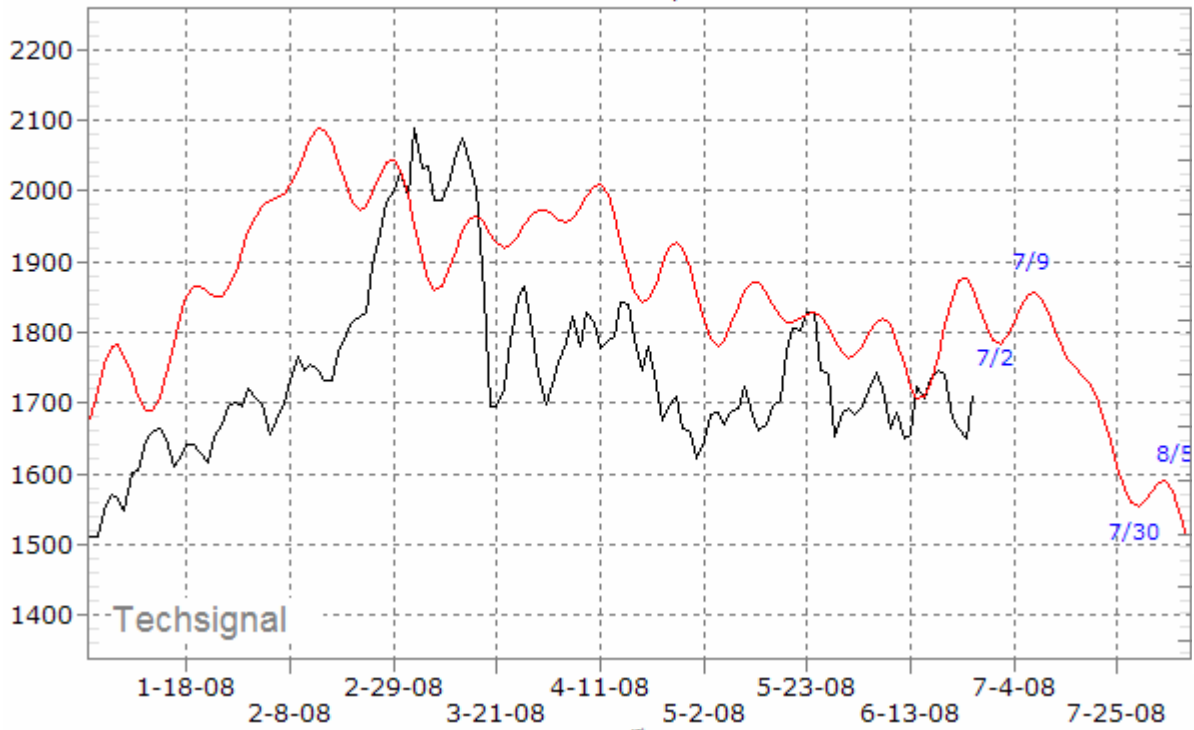
Daily Gold

Gold Comex (Pit) Cad GC
Daily



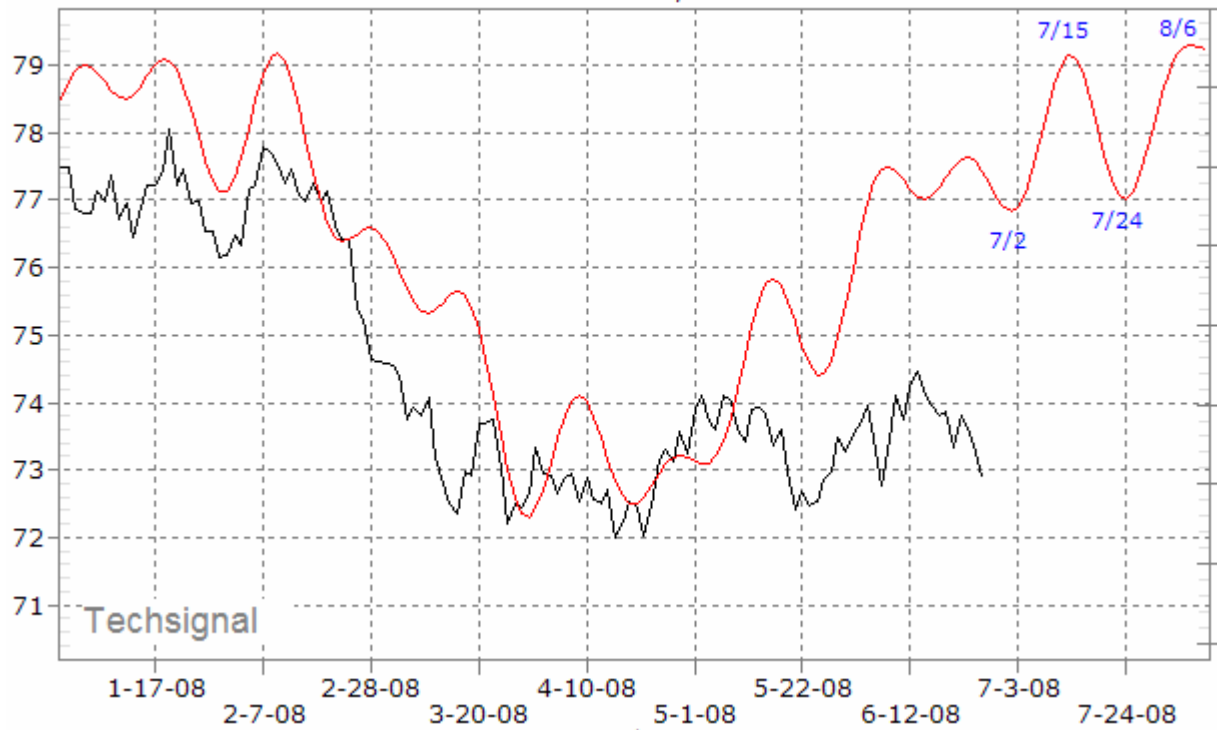
Daily Silver

Silver Comex (Pit) C SI
Daily



Daily US Dollar

US Dollar Index Cadj DX
Daily



Daily Euro EU

Euro FX (Pit) Cadj L EU
Daily

