

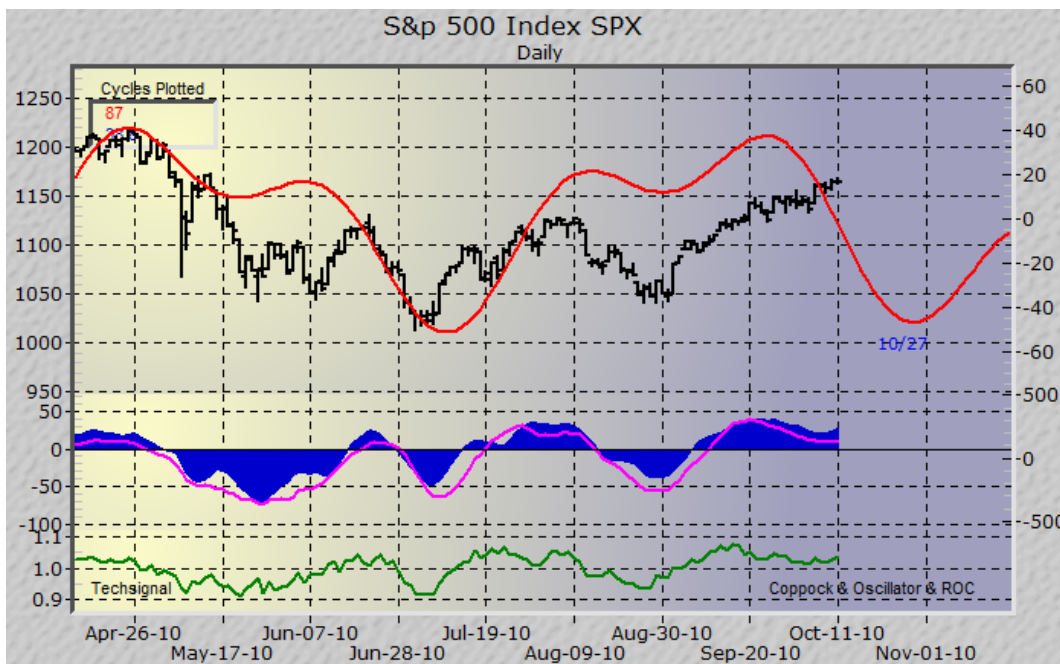
Cycle Projections ETFs

VOLUME III, ISSUE 8

ETF'S - A Diversified Selection of Major Exchange Traded Funds

Bear Market delayed but not over

From the perspective of the monthly cycles we are in a bear market, but from the perspective of the market we have been rallying. But can it continue and bring new highs or will we remain in a bear market? From the bearish perspective, we have not taken out the overhead resistance at 1172 and are still below the all time highs near 1219 in the S&P 500. From the perspective of the Fed they want to pump more liquidity into the markets if they can. We feel that until the 1219 high is taken out we are still bearish, but we are beginning to run out of time for a decline before the election; and if we don't have a decline it is hard to imagine three weeks of market action to the upside not threatening the 1219 level on the S&P 500. The cycles remain down, but the market seems to be fighting the cycles. The markets since mid-August have been riding the decline in the US dollar.



Cyclically this is due to turn, and from a technical perspective we now have nascent buy signals, which should mean pressure on the market to the downside as well as corrections in both gold and crude oil. The correction in gold should be seen in the context of a major bull market, while the correction in crude is in the context of a trading range.

It is our perspective that despite the stock market trying to fight higher it won't succeed, given the dollar is likely to rise, the market is overbought, and the cycles are all down.

The decline is delayed, but not stopped, and we expect the cycles will win and the bulls will lose. Of course we have a lot of wild cards in the election and the Fed's QE2. However, all that being said, I don't believe they are game changers, just delayers. Our strategy is to buy inverse stock ETFs, buy the US dollar ETF, UUP, buy the crude inverse ETF, DTO, and take profits in gold. We do not want to buy an inverse gold ETF. The market is too strong. All of this is happening immediately.

Domestic Equities: We want to continue to own Inverse ETFs, either double or single beta. **International Stocks:** We are bearish on international funds and here also inverse funds can be purchased; but pay attention to the forex issues. **Gold and Precious Metals:** We take profits in gold and buy back on a correction or put in a buy stop above current highs. **Forex** Buy UUP or similar ETFs. We are negative on the Euro short-term. **Commodities/Agriculturals:** We remain neutral until economic activity improves. **Natural Resources:** No change. Long-term bullish, but now neutral.

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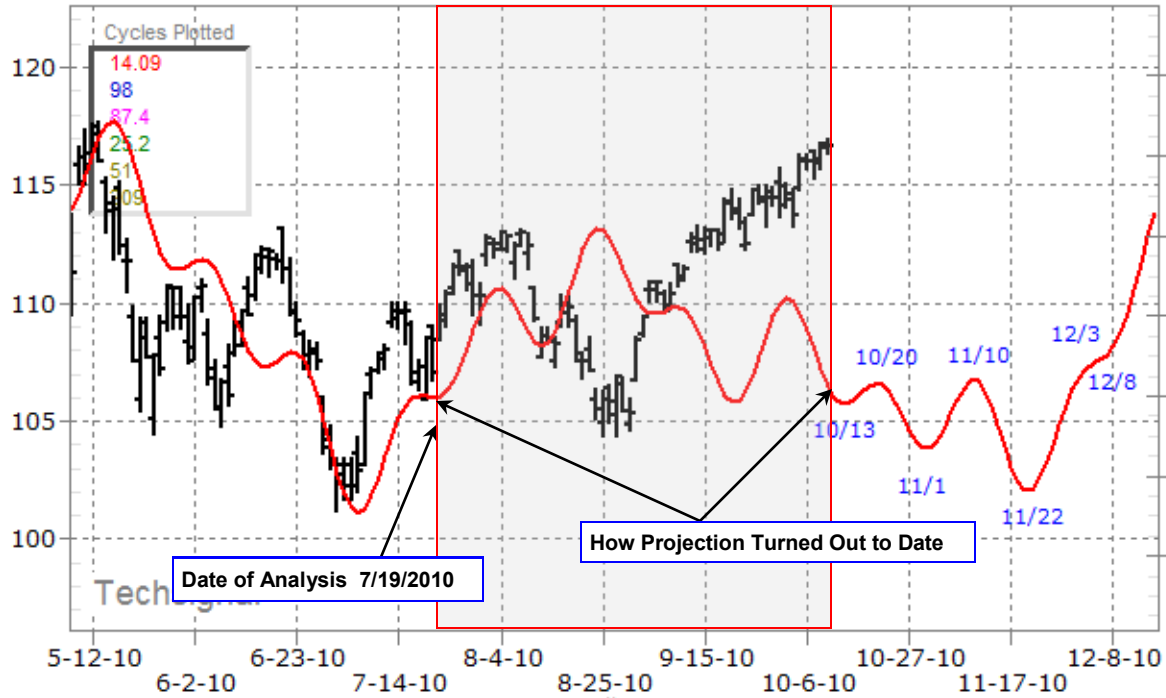
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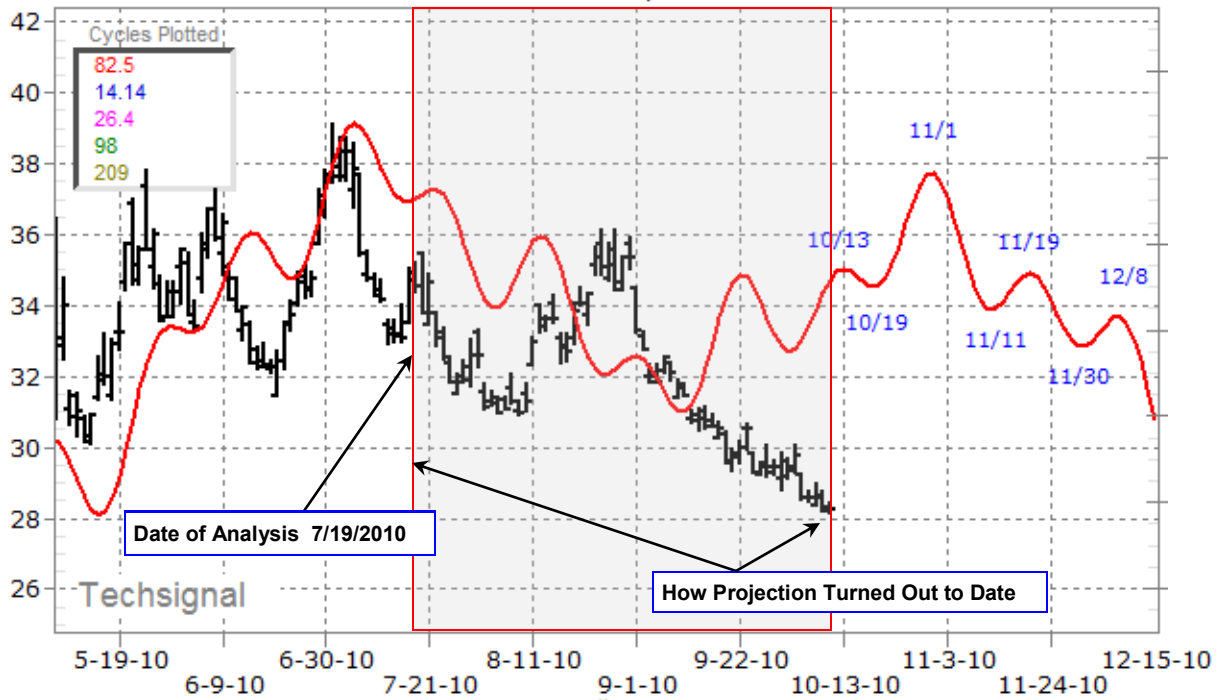
SPY S&P 500

SPDRs S&P 500 Trust Series ETF SPY
Daily

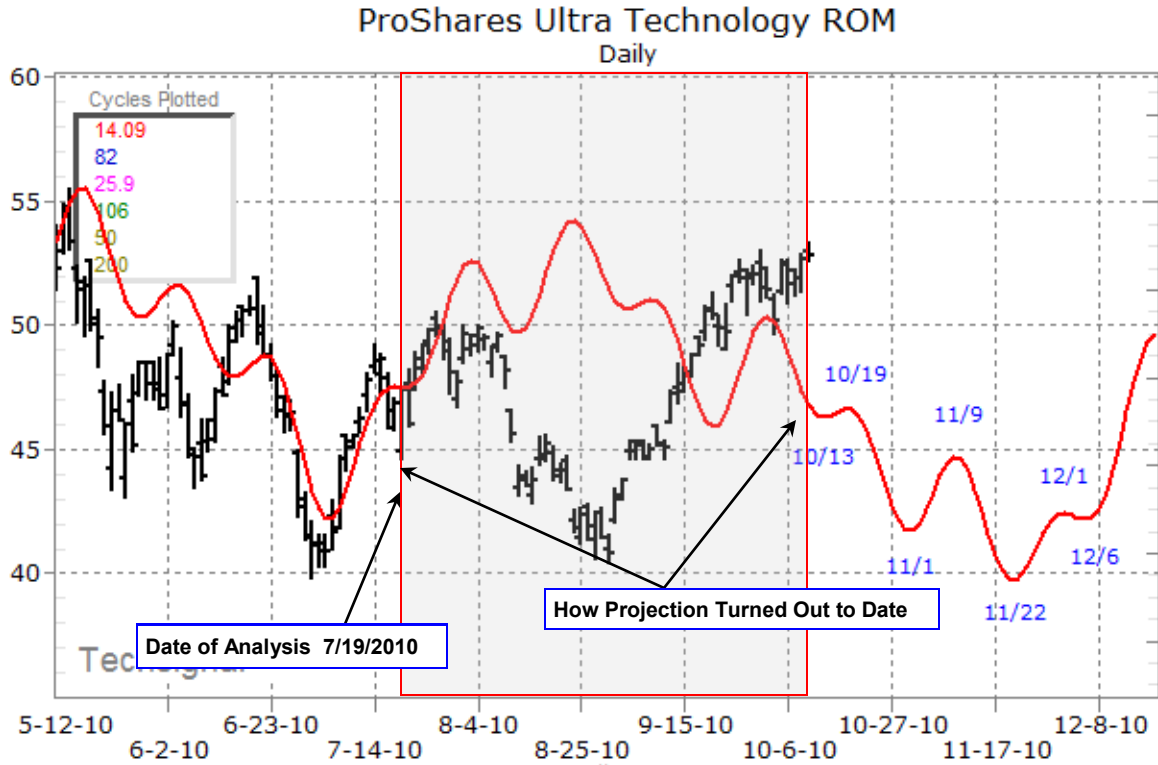


SDS (-2X) Double Beta Inverse

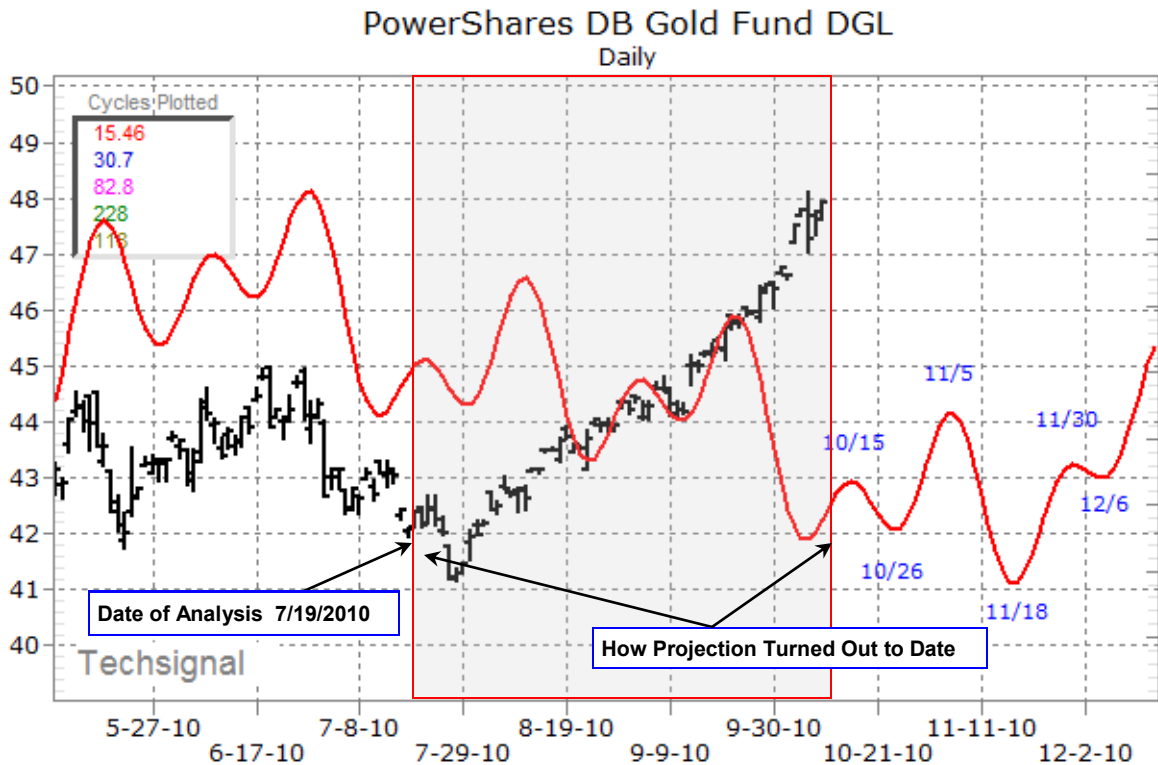
ProShares UltraShort S&P500 SDS
Daily



ROM ProShares Ultra Technology (2X)

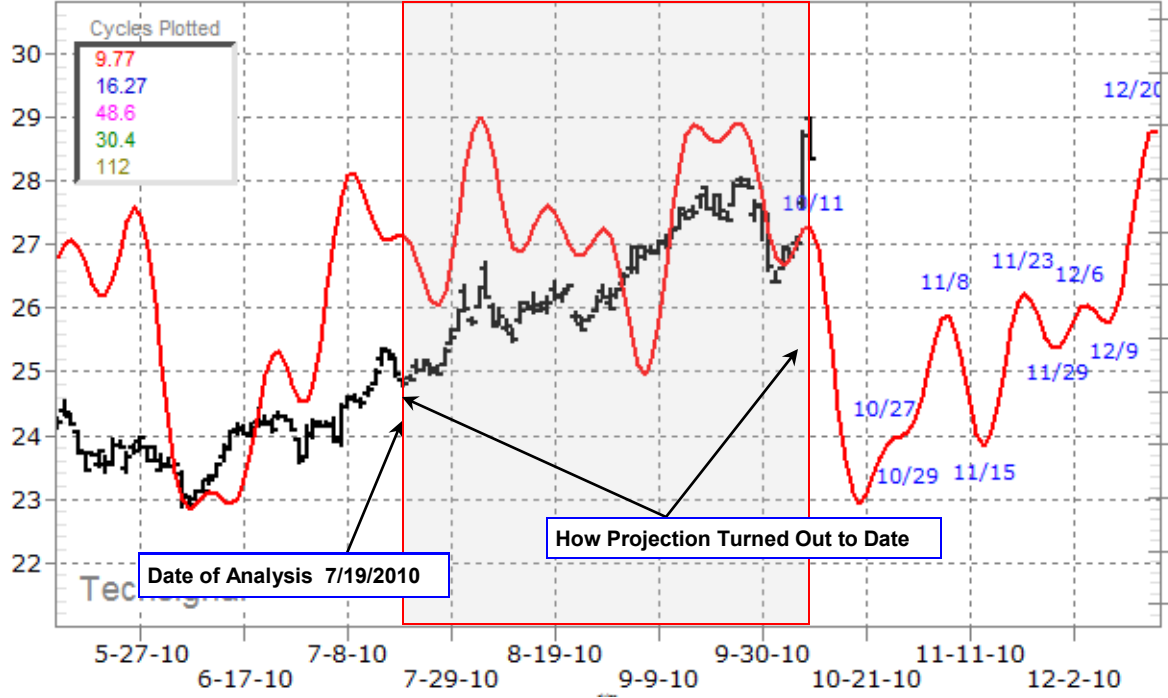


DGL PowerShares DB Gold Fund



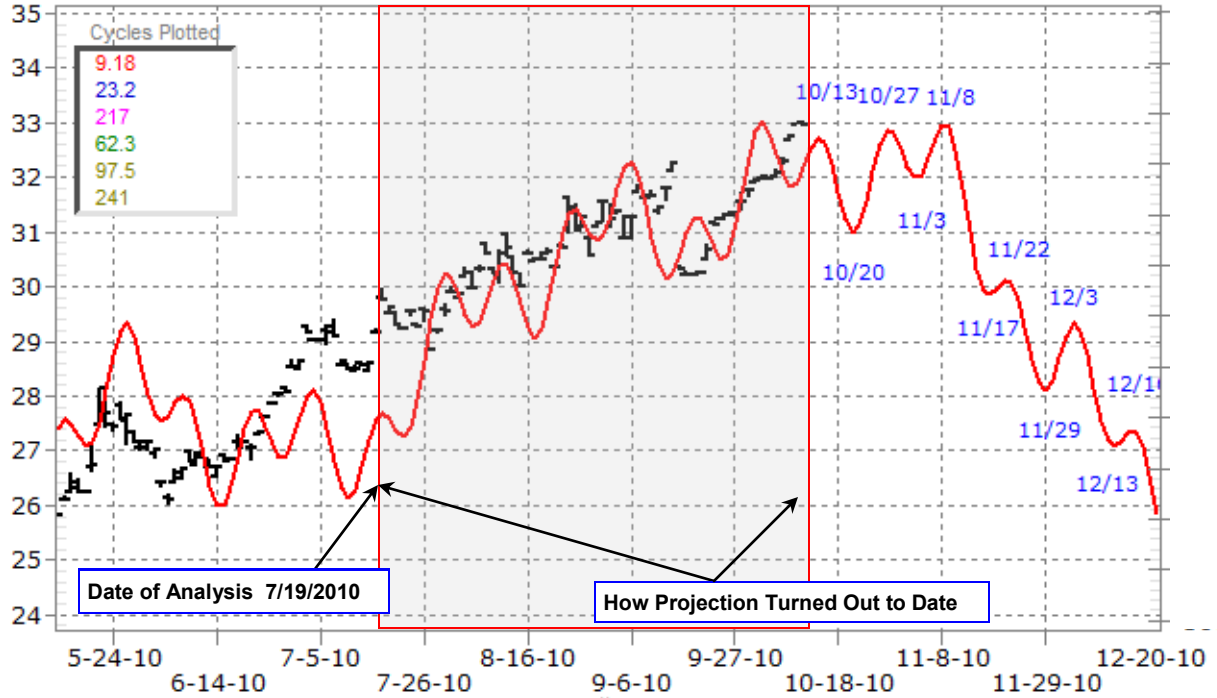
DBA Agriculture

PowerShares DB Agriculture Fund ETF DBA
Daily



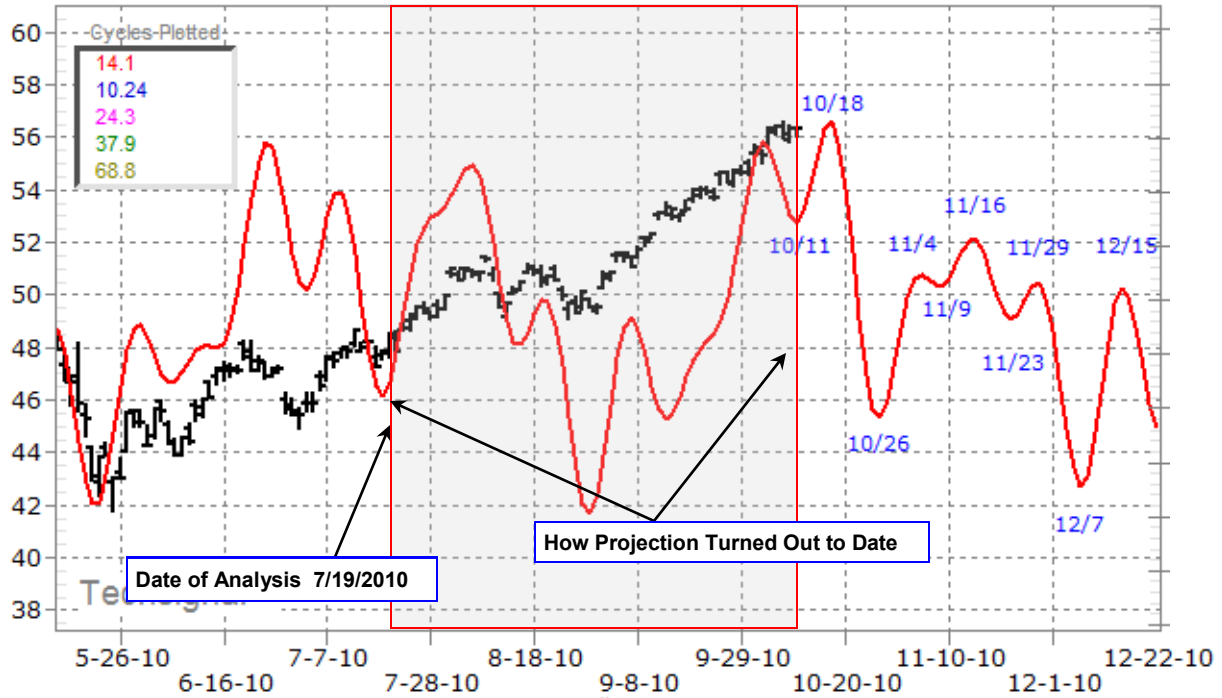
YCL ProShares Ultra Yen

ProShares Ultra Yen YCL
Daily



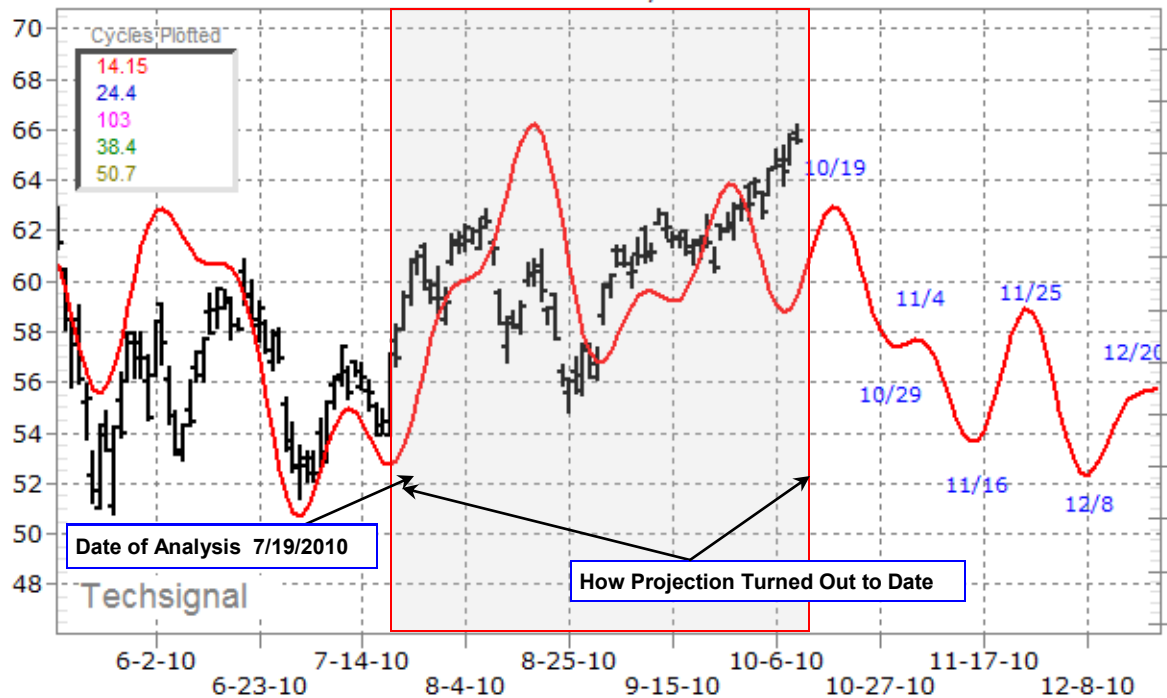
EWX SPDR Emerging Markets

SPDR S&P Emerging Markets Small Cap EWX
Daily



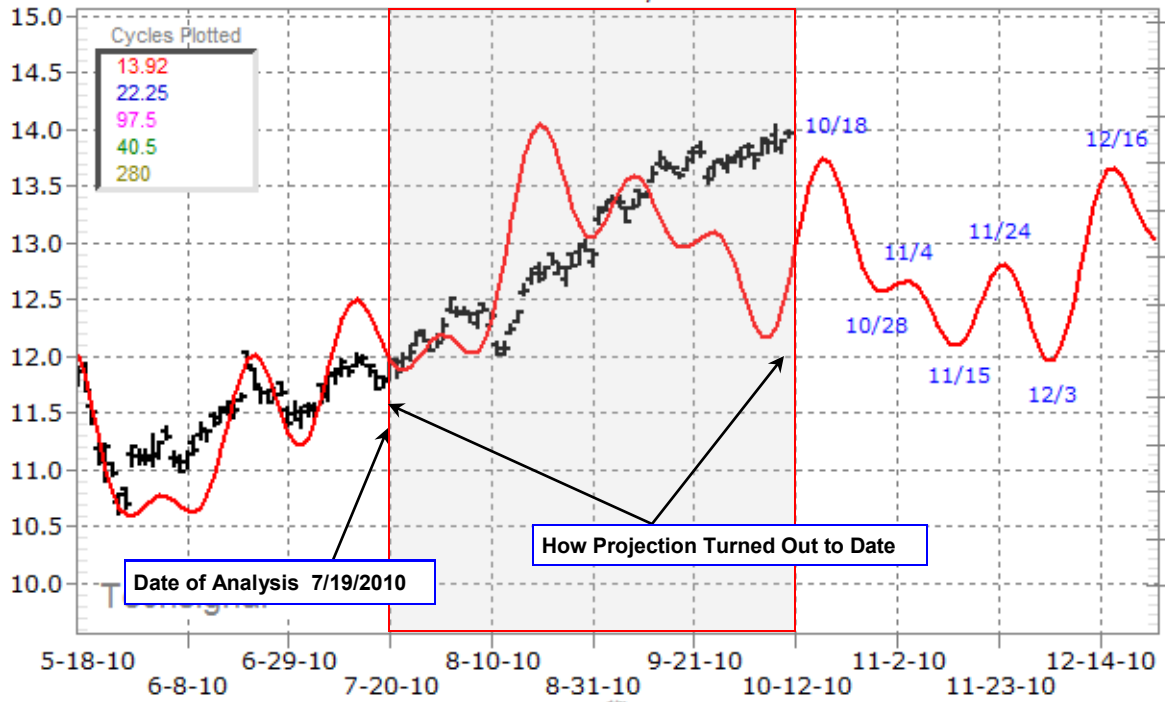
SLX Steel

Market Vectors Steel ETF SLX
Daily



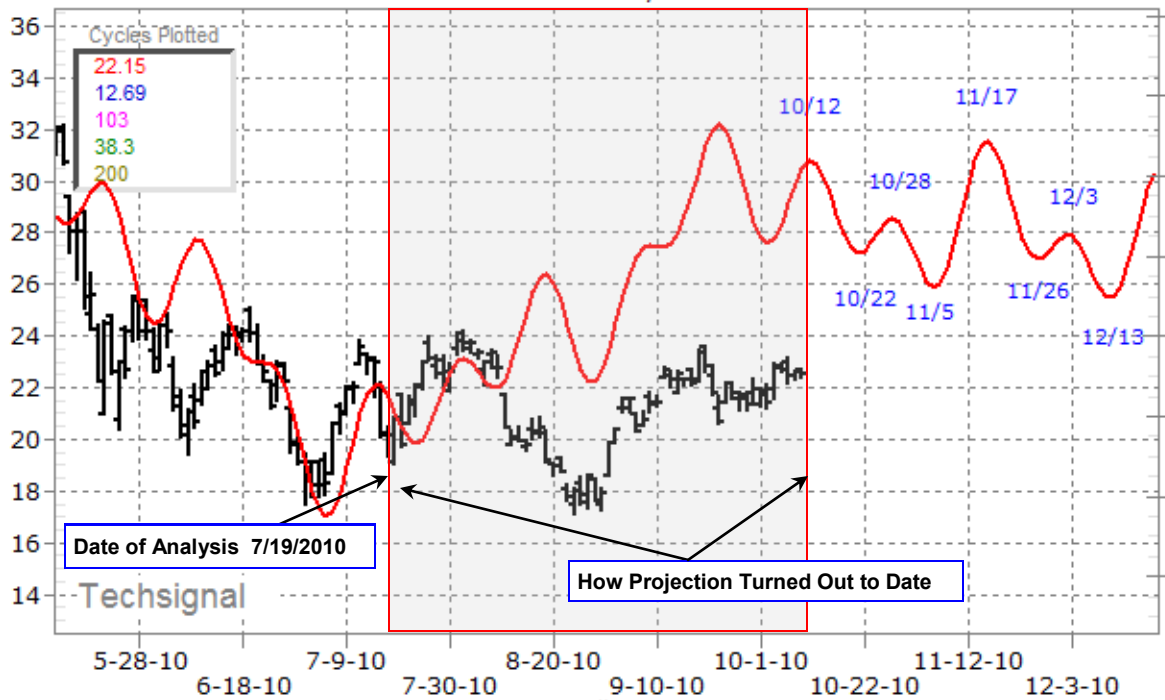
EWM Malaysi Index

iShares MSCI Malaysia Index Fund ETF EWM
Daily



FAS Direction Financial 3X

Direxion Financial Bull 3x Shares FAS
Daily



Notice to Subscribers

Starting with the previous issue, we have created a new analyses for individual market covered. Then in each following issue we have added a feature called “How It Came Out”, which shows how each projection turned out compared to the market itself for the most recent months. In the future when either time or market conditions warrant a new analysis we will not include a “How It Came Out” section until the following month. We will also let you know that it is a new analysis. Our goal is to create a way of tracking how well the analysis used performs through time. We also now include the cycles used in our synthesis as well as presenting prices in the high, low close format..

One further comment: Given we have had to construct new analyses for all series in all publications we are behind our publishing schedule. All subscribers will receive all 12 issues in their subscriptions. We thank you for your patience.