

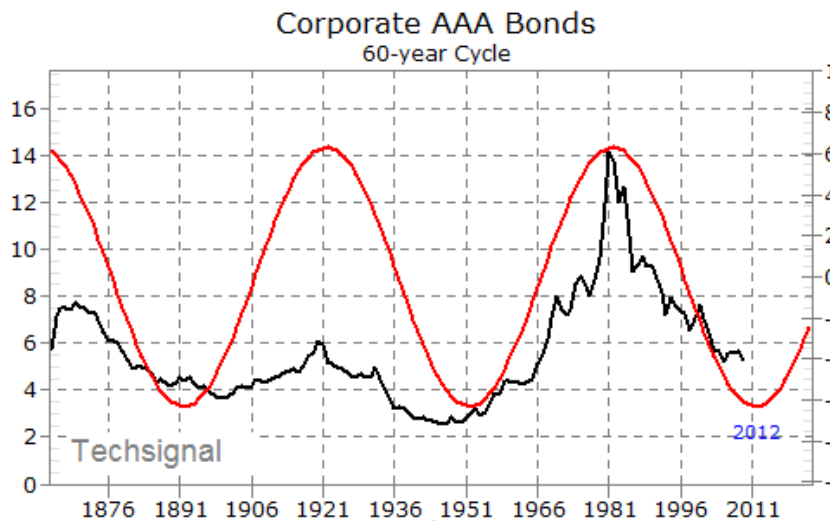
# Cycle Projections - Long Term

1st QUARTER 2010

*“Long Term Projections in Major Markets and the Economy”*

**Change you don't want to believe in – it is coming!**

Every 30 years Cycles enthusiasts have something to crow about and that is due the regularity of the 60-year cycle in Bond Yields. Every turn of this cycle brings times you wish you could forget and can't, especially the lows in



yields. It happened in the 1820s; again it happened in the aftermath of the Civil War Reconstruction Period near 1880; and who can forget the Great Depression. Now we are again in the midst of another economic readjustment. What is most interesting about all these periods is that they were punctuated with one term presidents from John Quincy Adams to possibly the current president. The assumption being that the problems are too big to be fixed in one term and that the electorate is impatient. In the 1930s FDR was reelected four times, but Truman, who served during the lows in interest rates, was not. This is not the kind of change Barack Obama wants to believe in, but we shall see. The real

story is that approximately every 60 years the damage done through the ineptitude of our financial and governmental sectors reaps its rewards. At the tops of the 60-year cycle we see inflation and its consequences, while at the bottom we see the kind of mess we are presently in. As we all know, after a natural disaster the earth heals itself, while after a man-made disaster, if the men who created the disaster are helping to transform it, the disaster will heal, very very slowly, if at all. An inspection of the following charts will indicate that the next two years will bring significant changes that will affect next generations. Much damage has occurred, but it is not far from over; consequently, investors must be prepared to deal with opportunities that are quite extra ordinary. In **Bonds:** Corporate AAA Bond yields clearly are dominated by a 60-year cycle pictured in the chart above. We do not expect massive inflation at this point, but clearly short inflations episodes can occur. In **Currencies:** The currencies will dominate all economic series now that interest rates are bottoming. With **Stocks:** Don't let the rally in stocks fool you. After the 1932 lows stocks rallied 200%; but don't for a moment think that this was good for the economy. Eventually rates fell again; not lower, but still low. There will be a 2010 low, followed by a rally, and then a final low in 2012. **Precious Metals:** Gold is still expected to rally above \$2000 an ounce by 2011. **Forex and the US dollar** The US dollar should complete its 15.6-year low by 2011. The US dollar will have rallies, but in a trading range, as it completes its bottoming process. **Commodity Prices:** Commodity prices will rise, but this will be a store of value rally, not a commodity rally. Like all contra-dollar assets, commodity prices will rally when the US dollar falls; but we only expect a retest of the 2008 highs at best. **The Economy:** Can you say double dip? With the people who created this mess now attempting to fix it what do you expect? Investors be cautious and recognize as Bob Dylan said, "The times, they are a changing!" These are changes you don't want to believe in.

*Written April 1, 2010*

All data used in *Cycle Projections* provided by Genesis Financial Technologies, Inc.  
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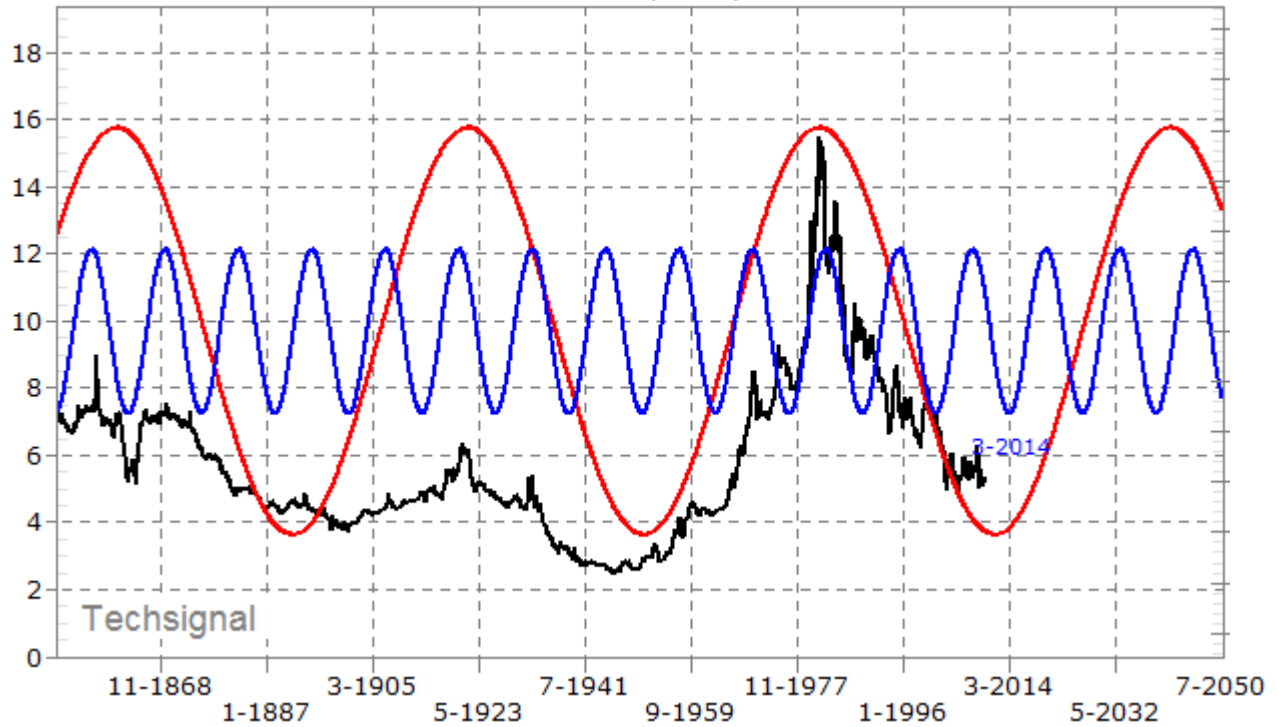
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## Moody's AAA Corporate Bond Yields

Moody's AAA Corporate Bond Yields  
60 & 12.5-year Cycles

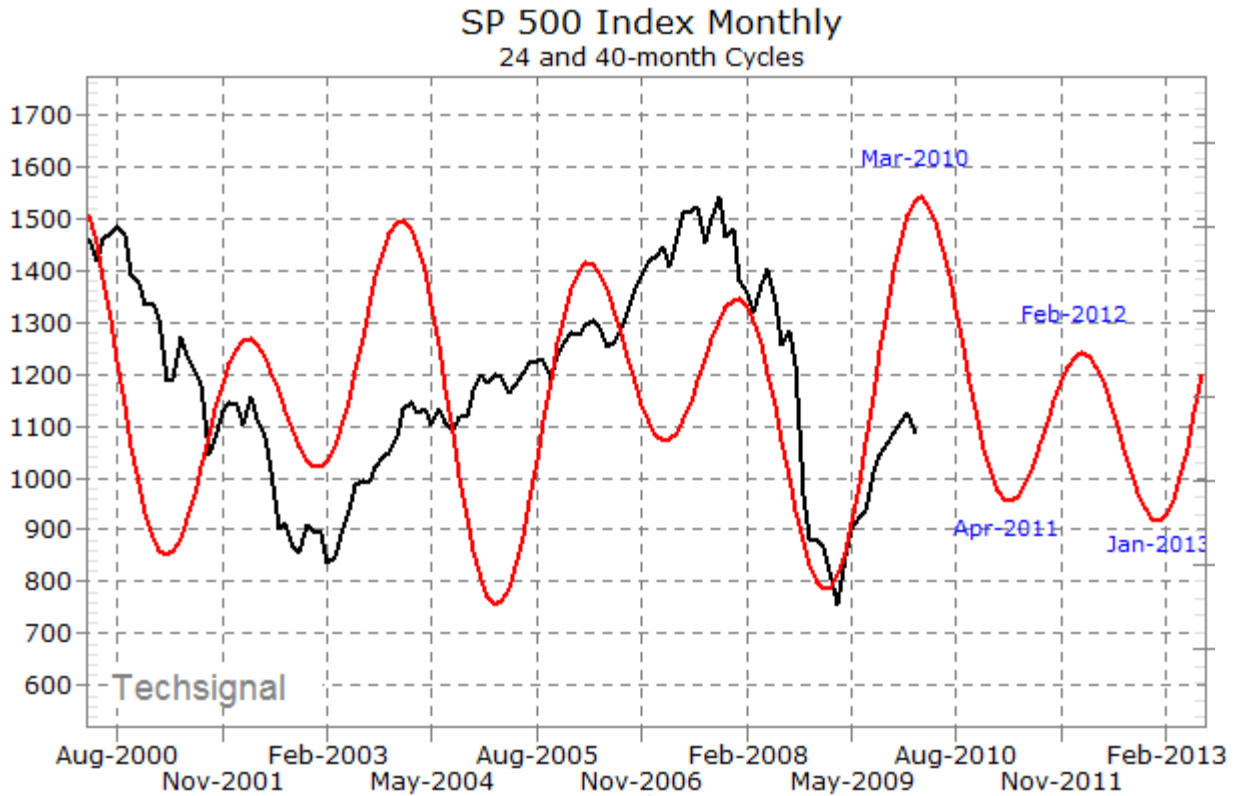


## Moody's AAA Corporate Bond Yields

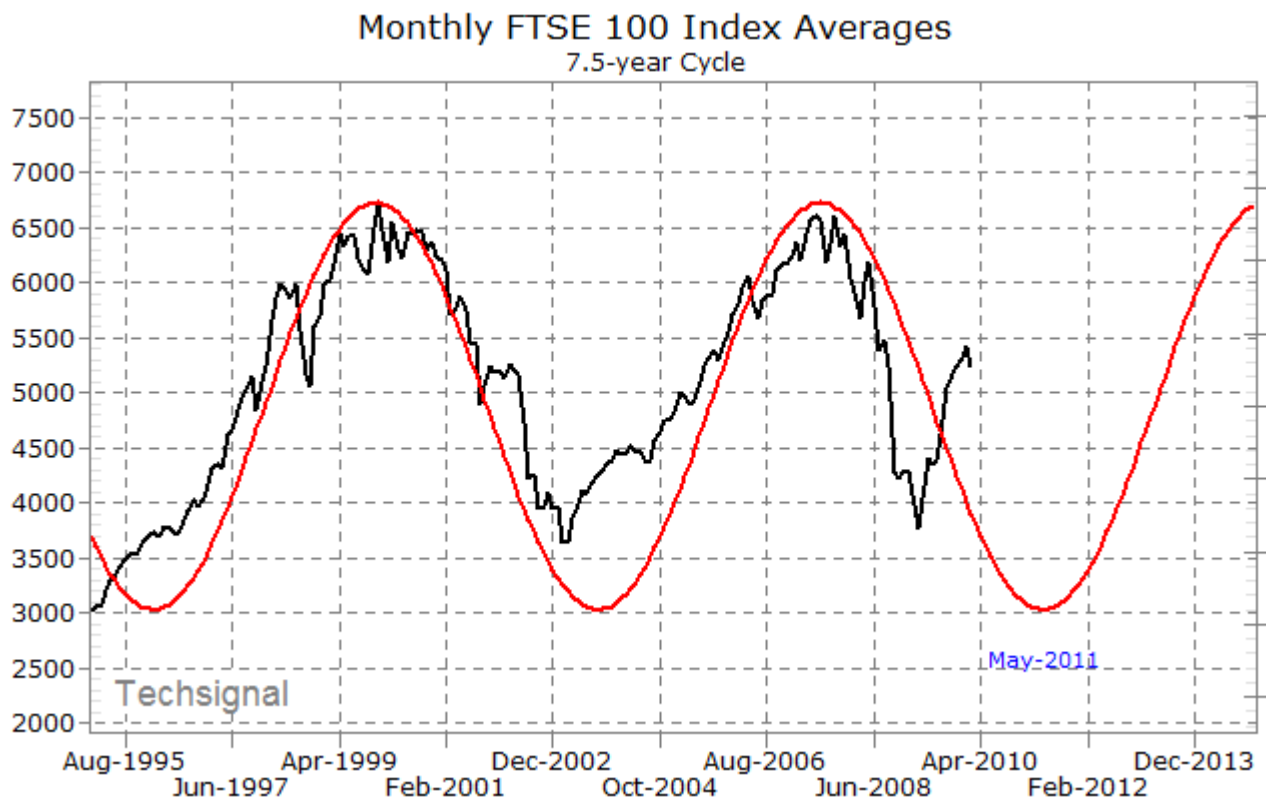
Moody's AAA Corporate Bond Yields  
60 and 12.5-year Cycle Synthesis



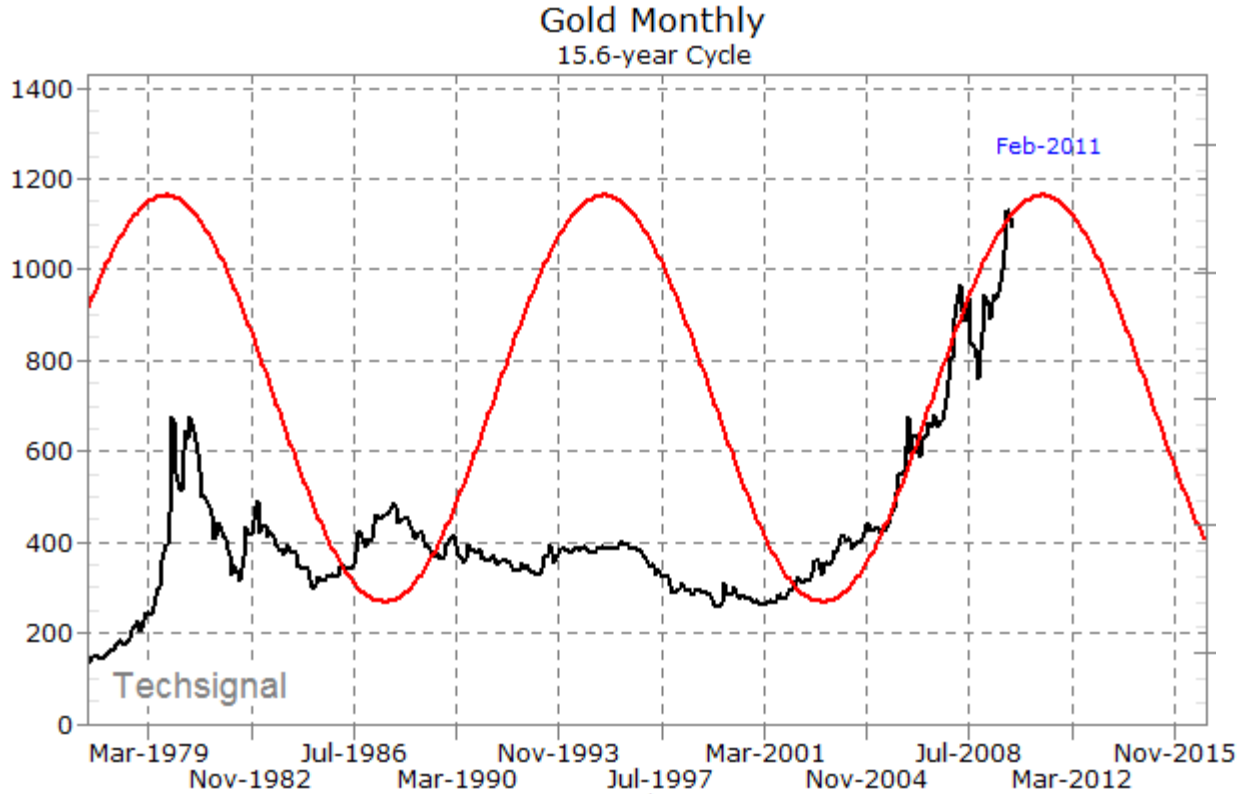
## Monthly SP 500 Index



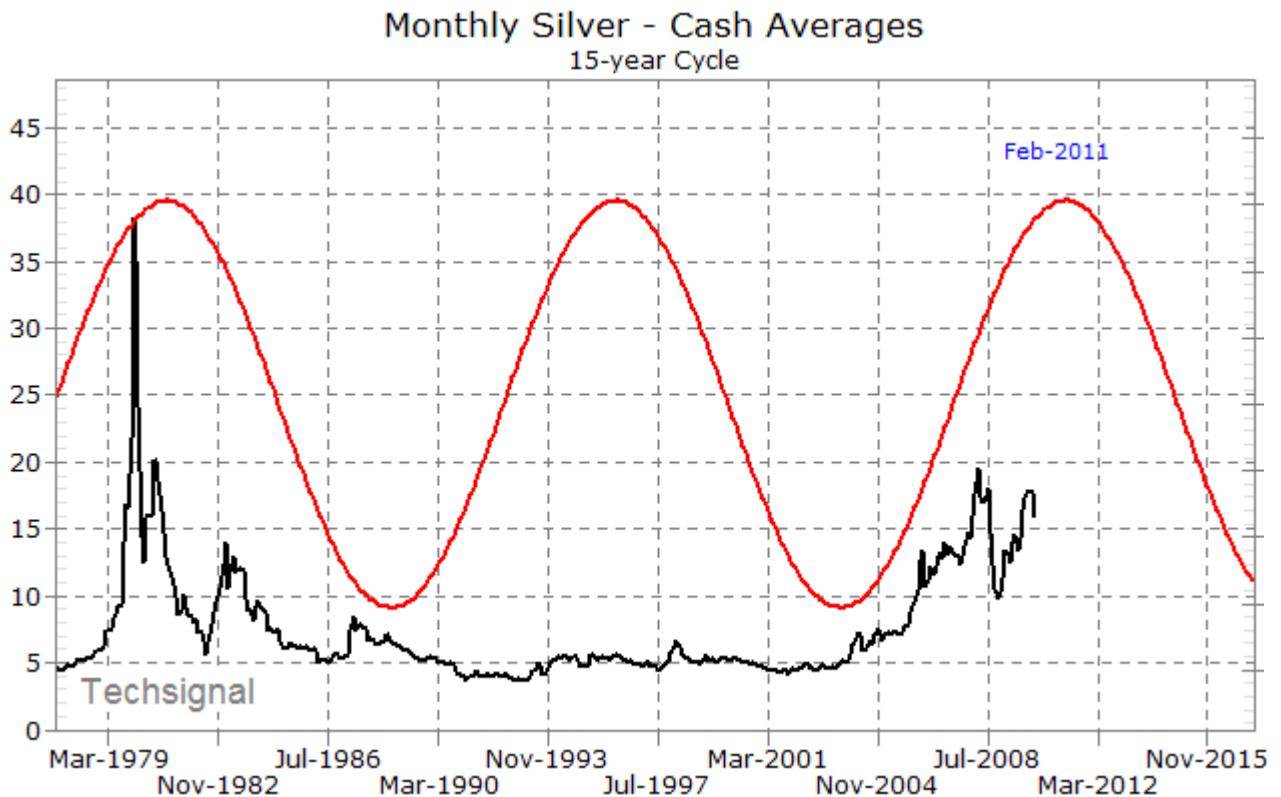
## Monthly FTSE 100 Index Averages



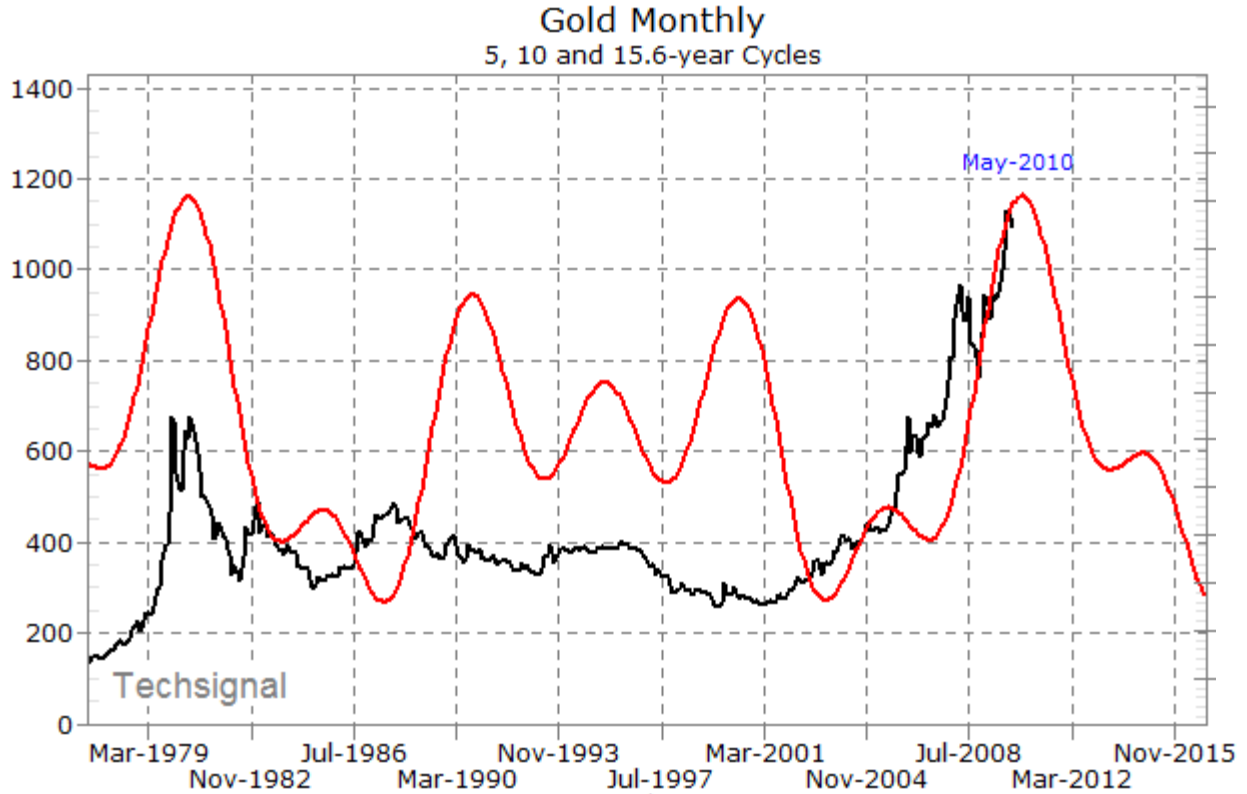
## Monthly Gold Cash Averages



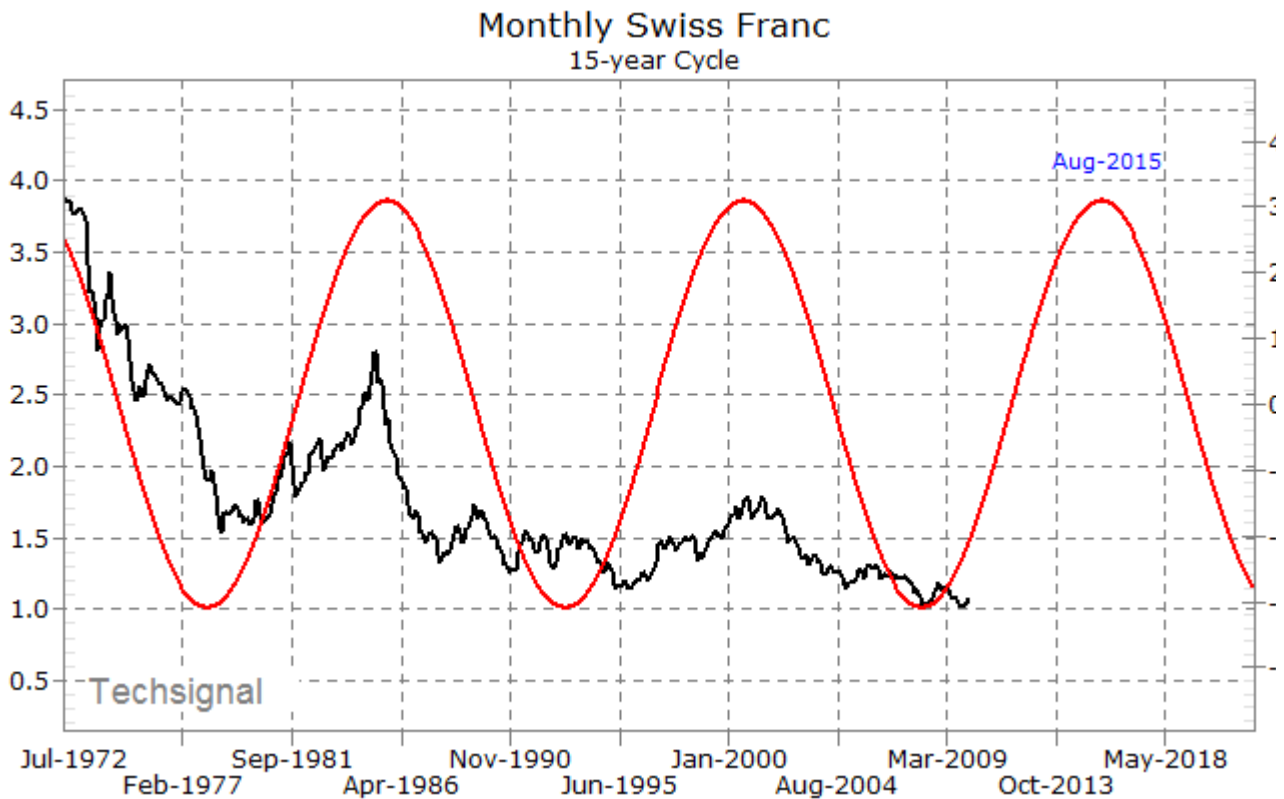
## Monthly Silver Cash Averages



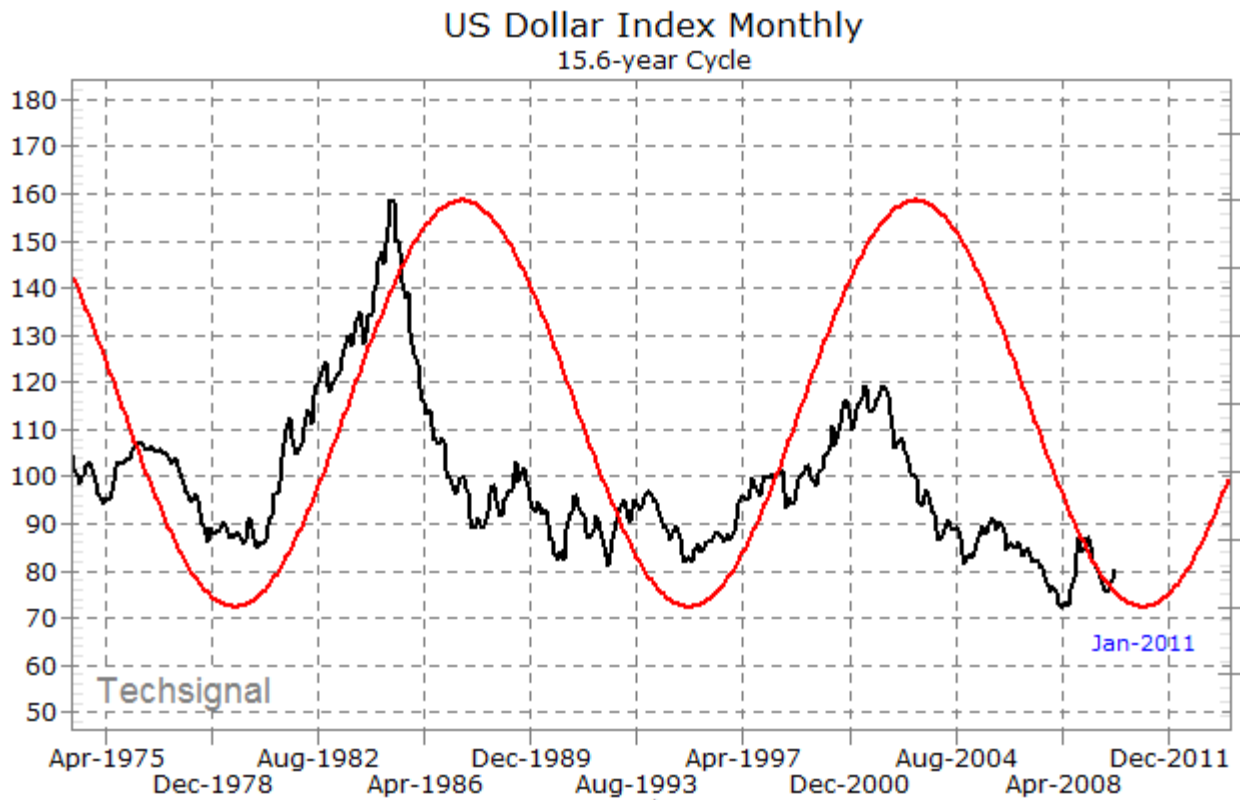
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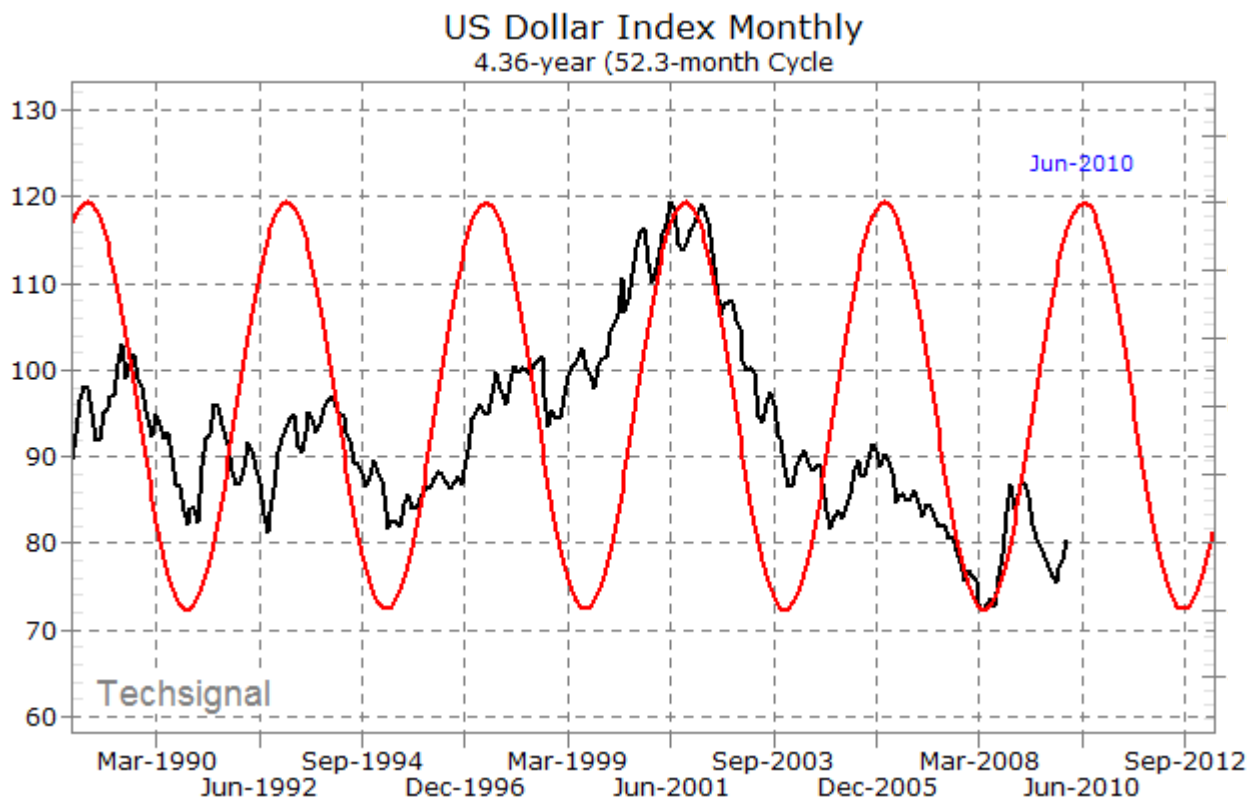
## Monthly Swiss Franc Cash Averages



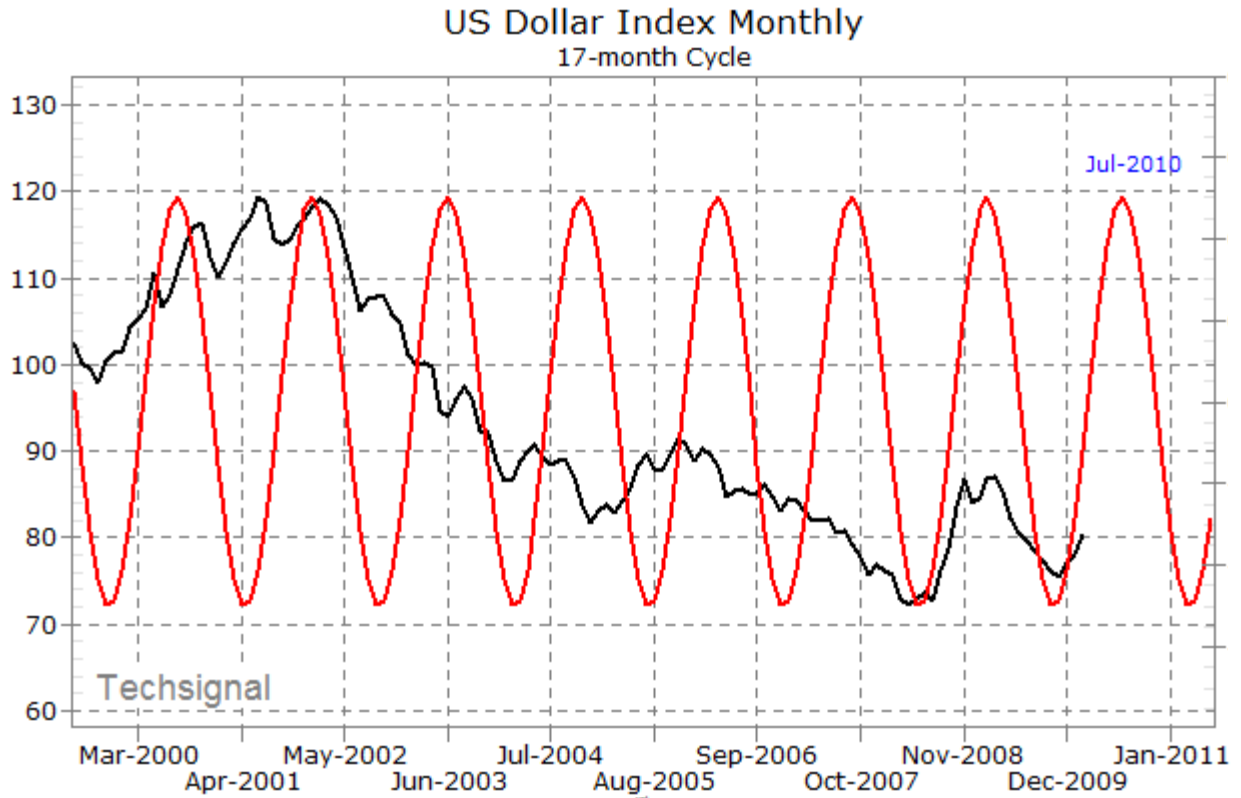
## Monthly Finex U.S. dollar Index Cash Averages



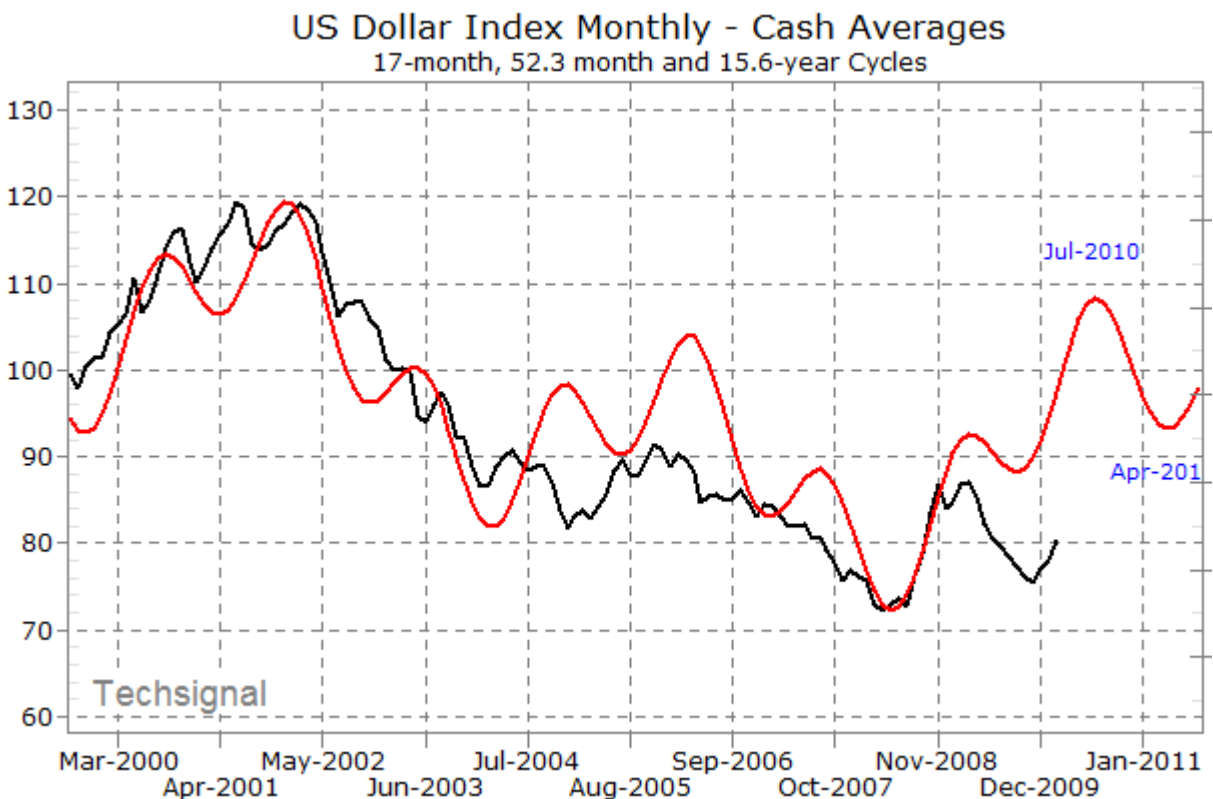
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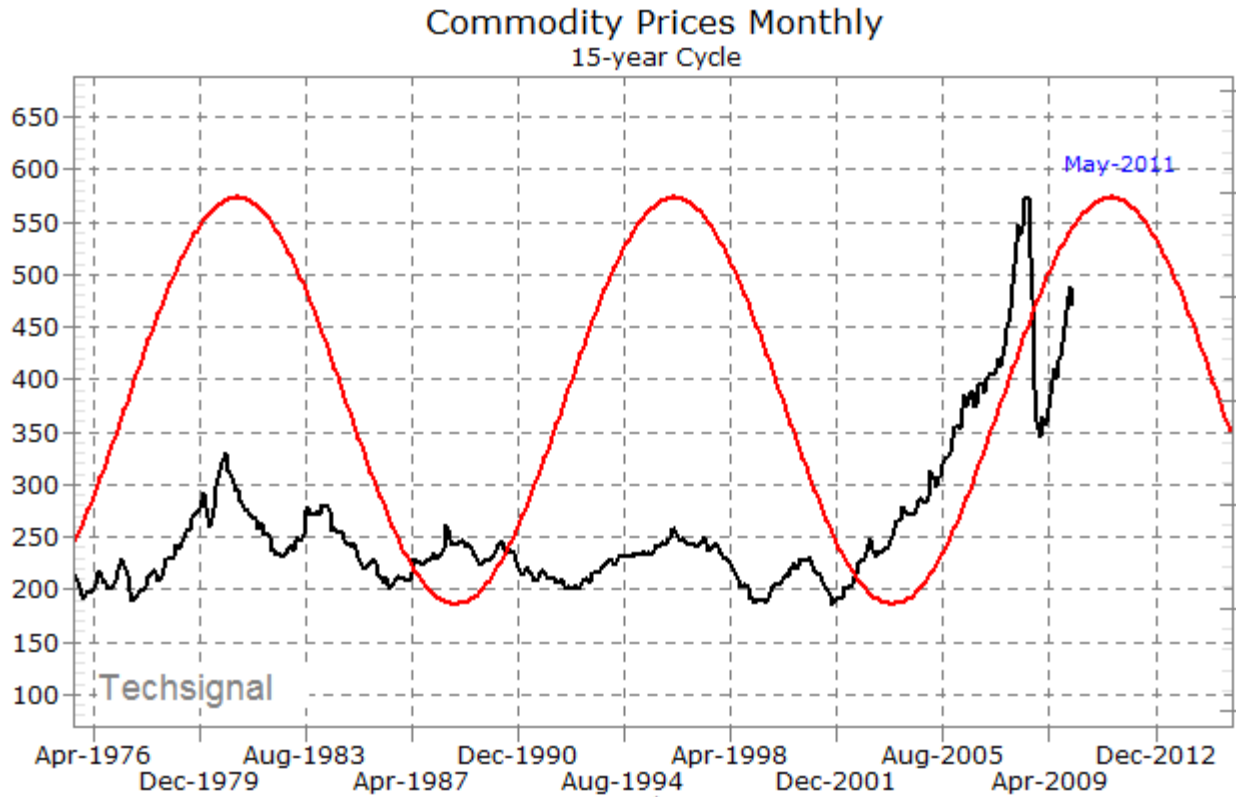
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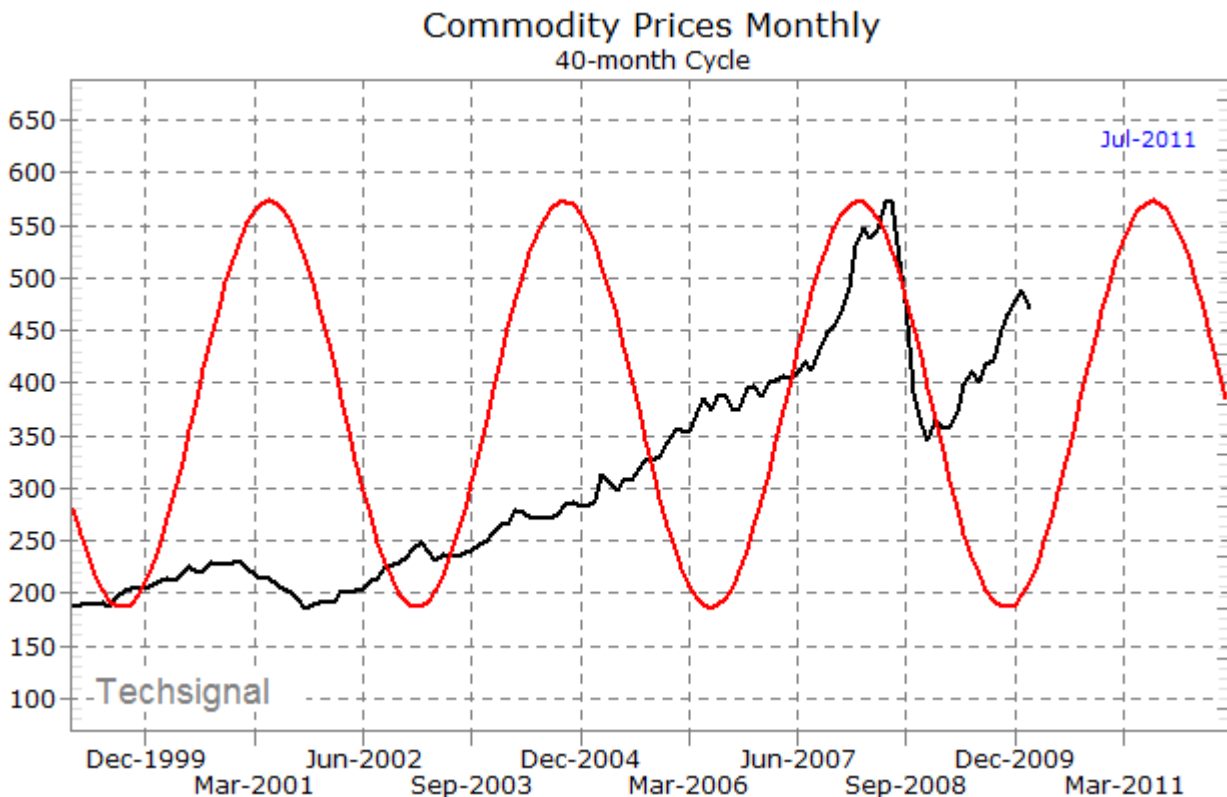
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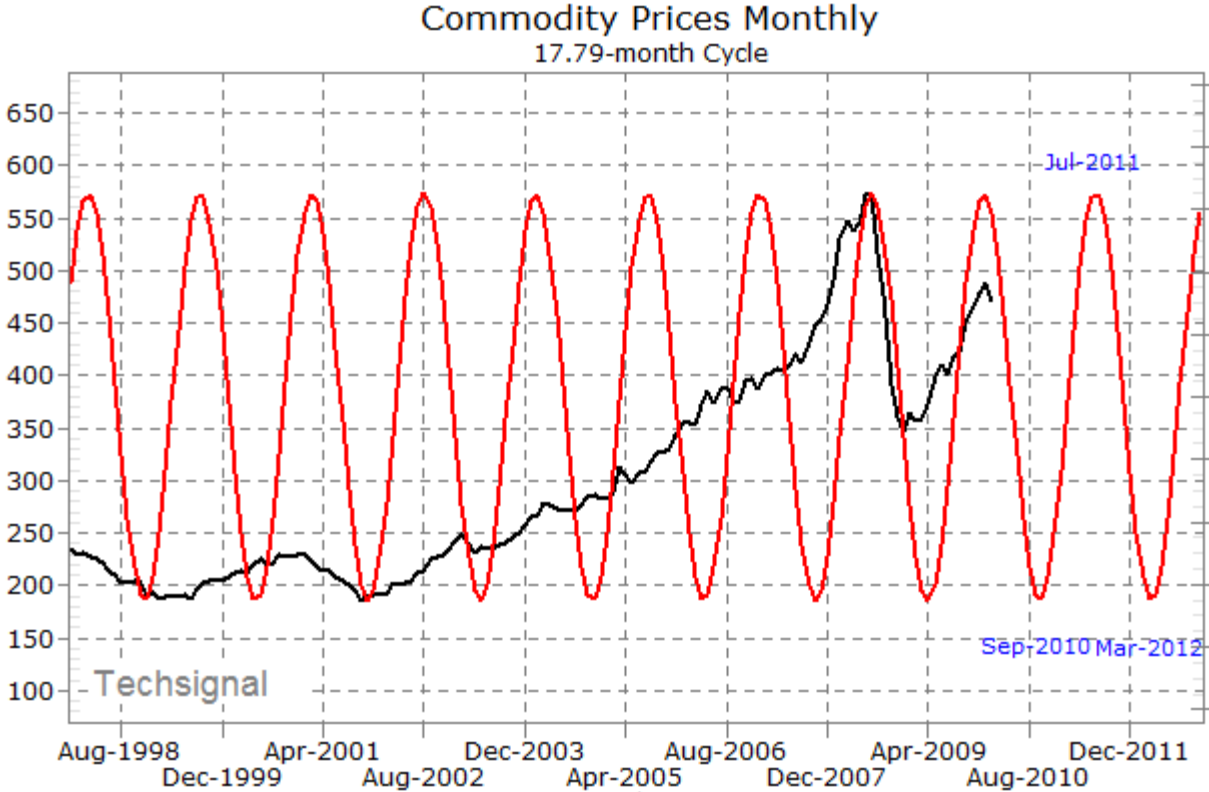
## Monthly Commodity Prices Cash Averages



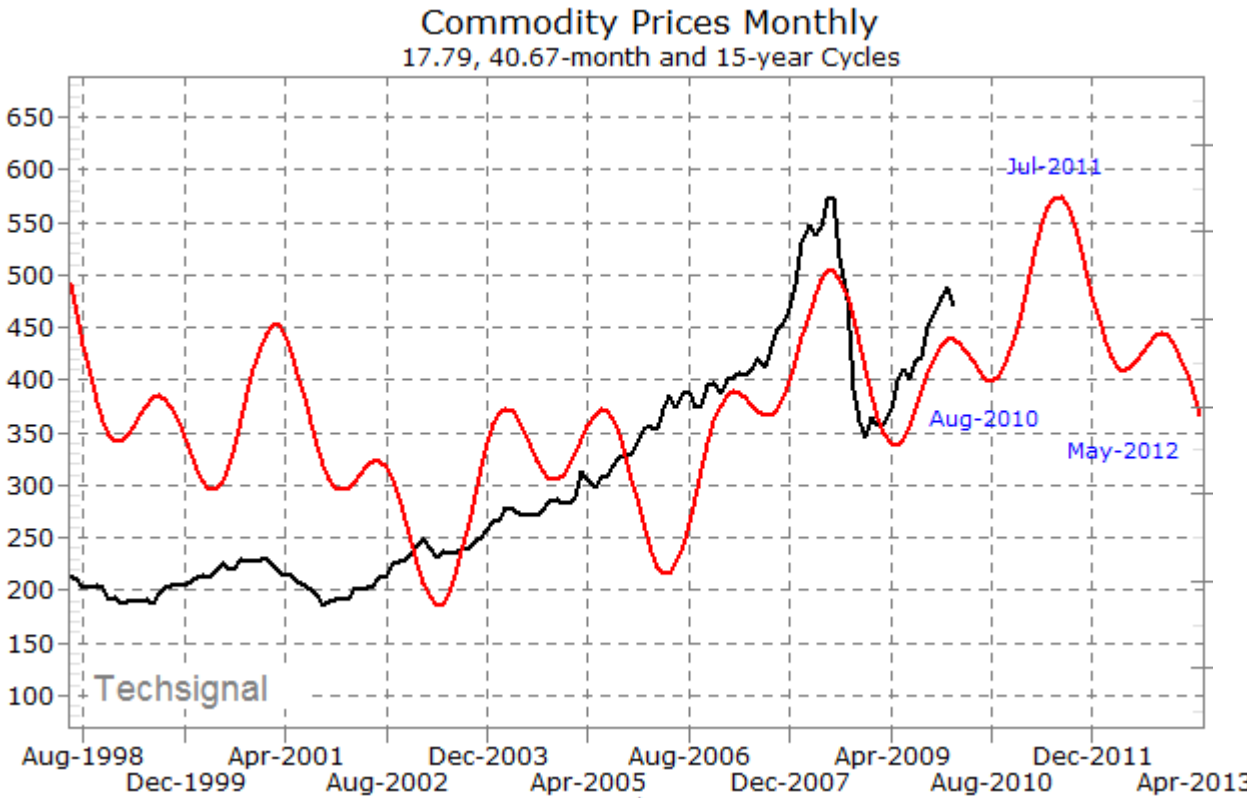
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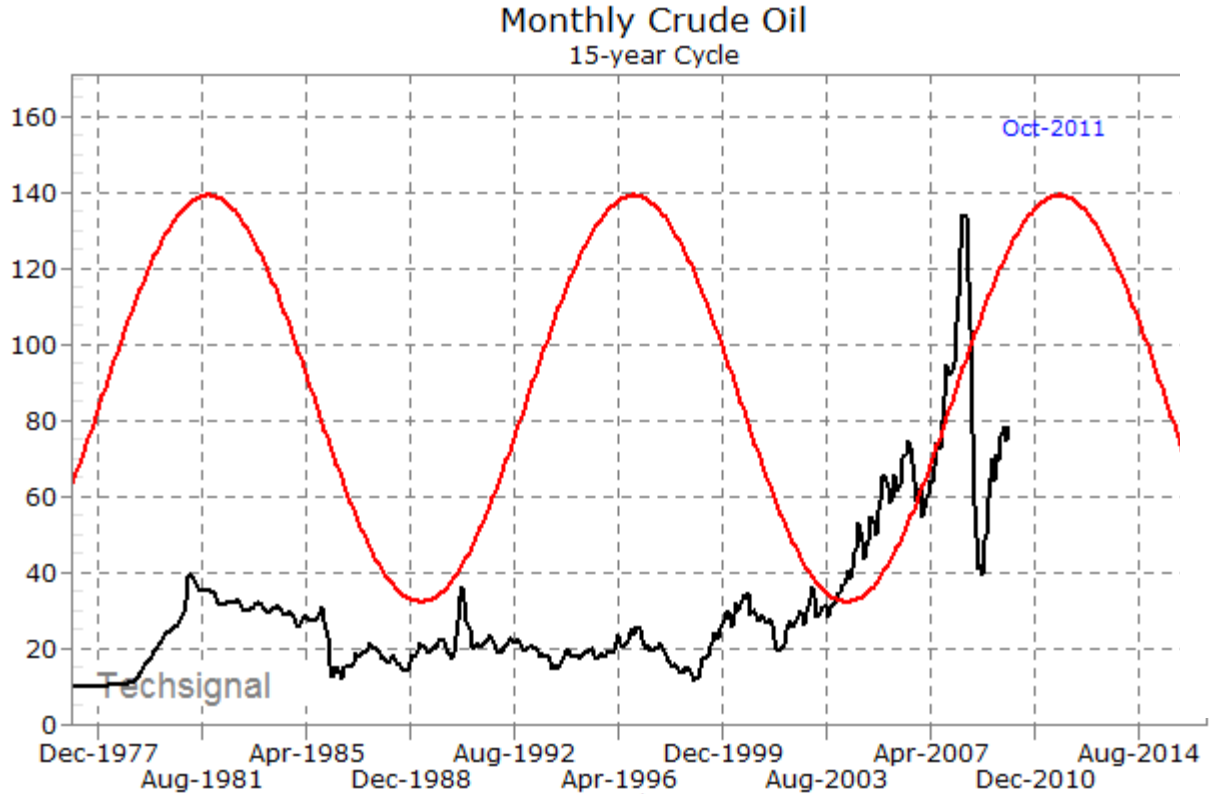
**Monthly Commodity Prices Cash Averages**



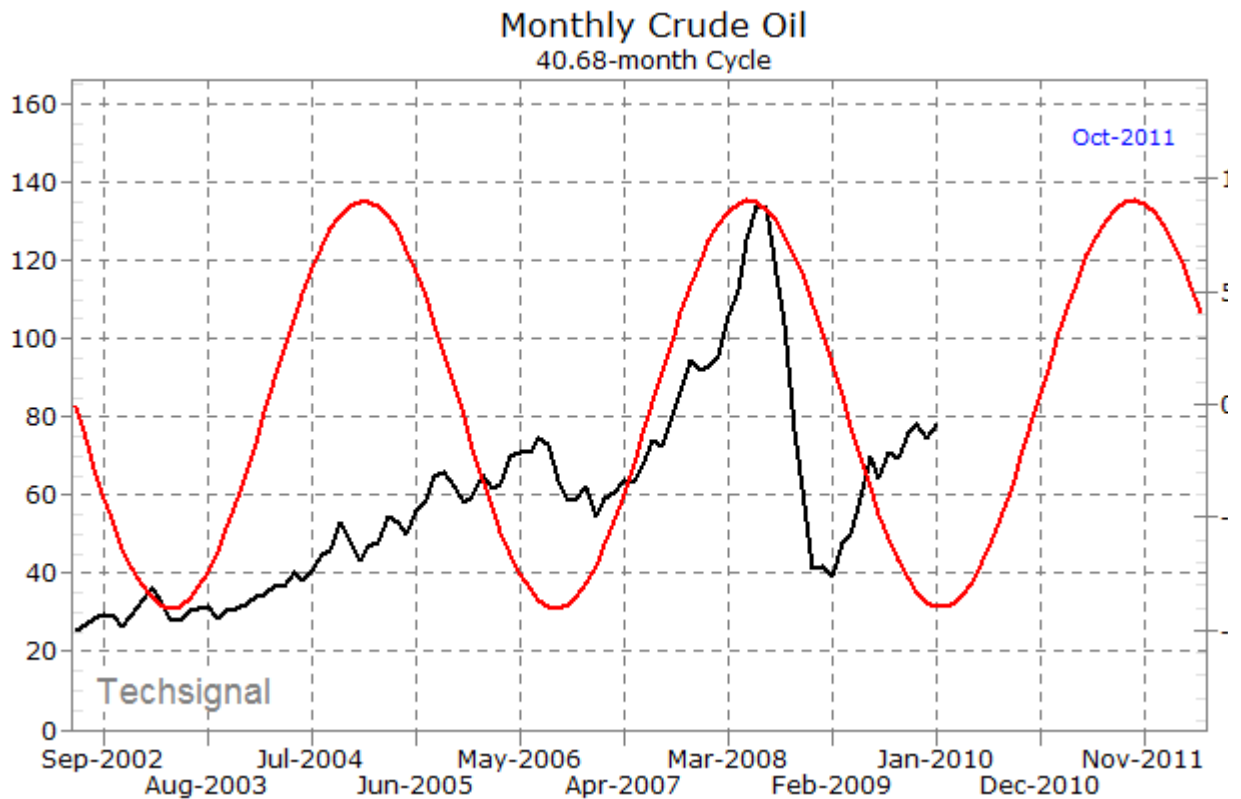
**Monthly Commodity Prices Cash Averages**



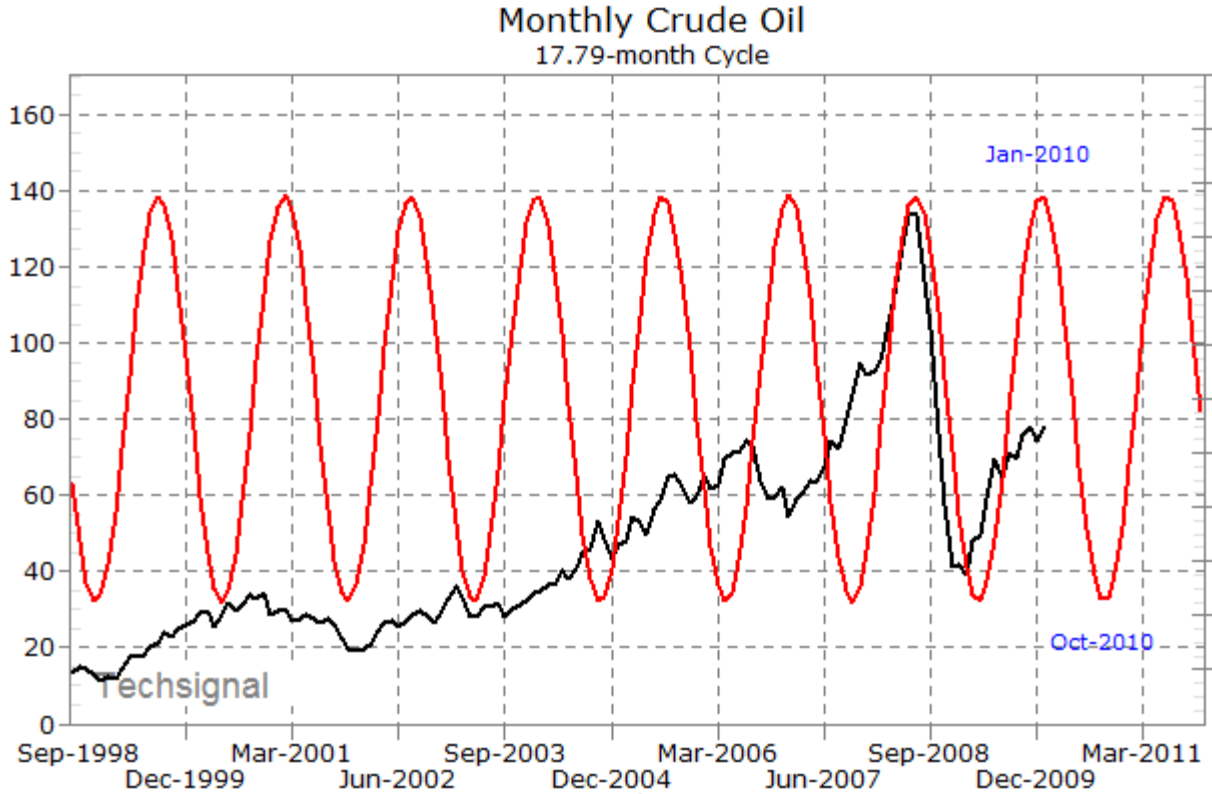
## Monthly Crude Oil cash Averages



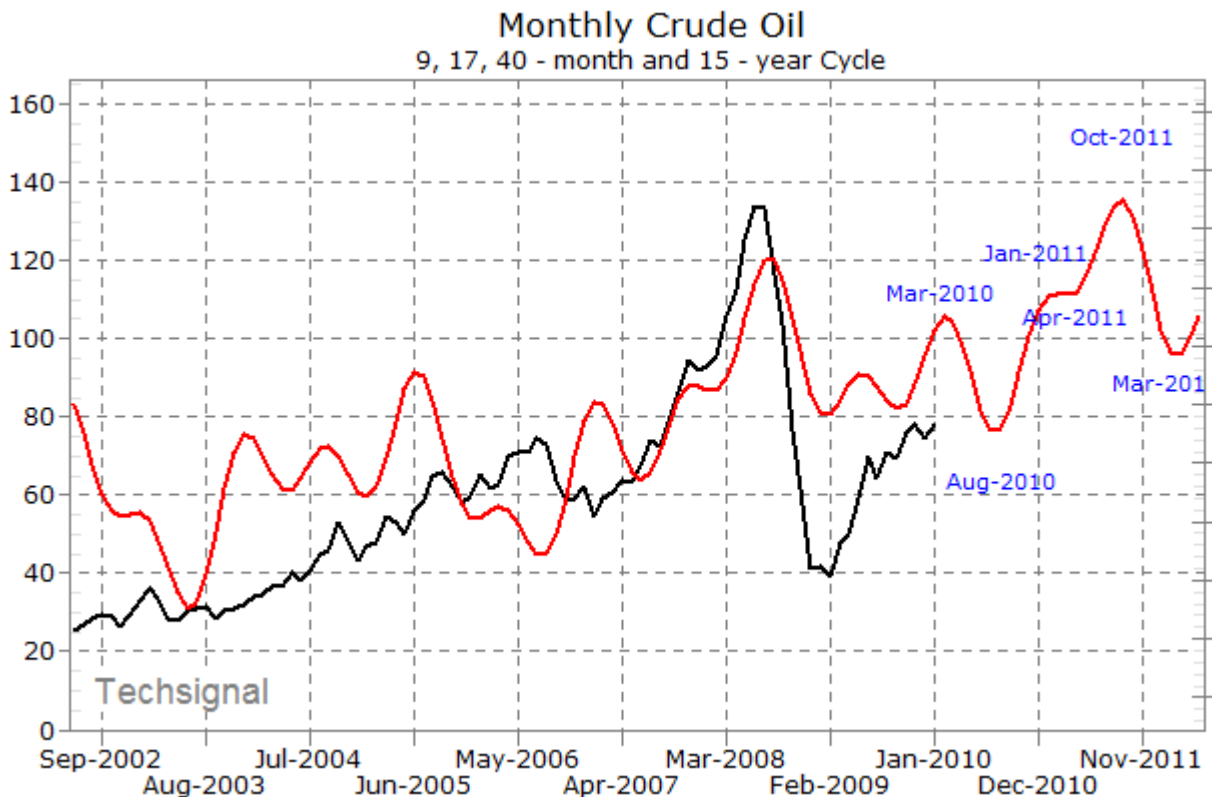
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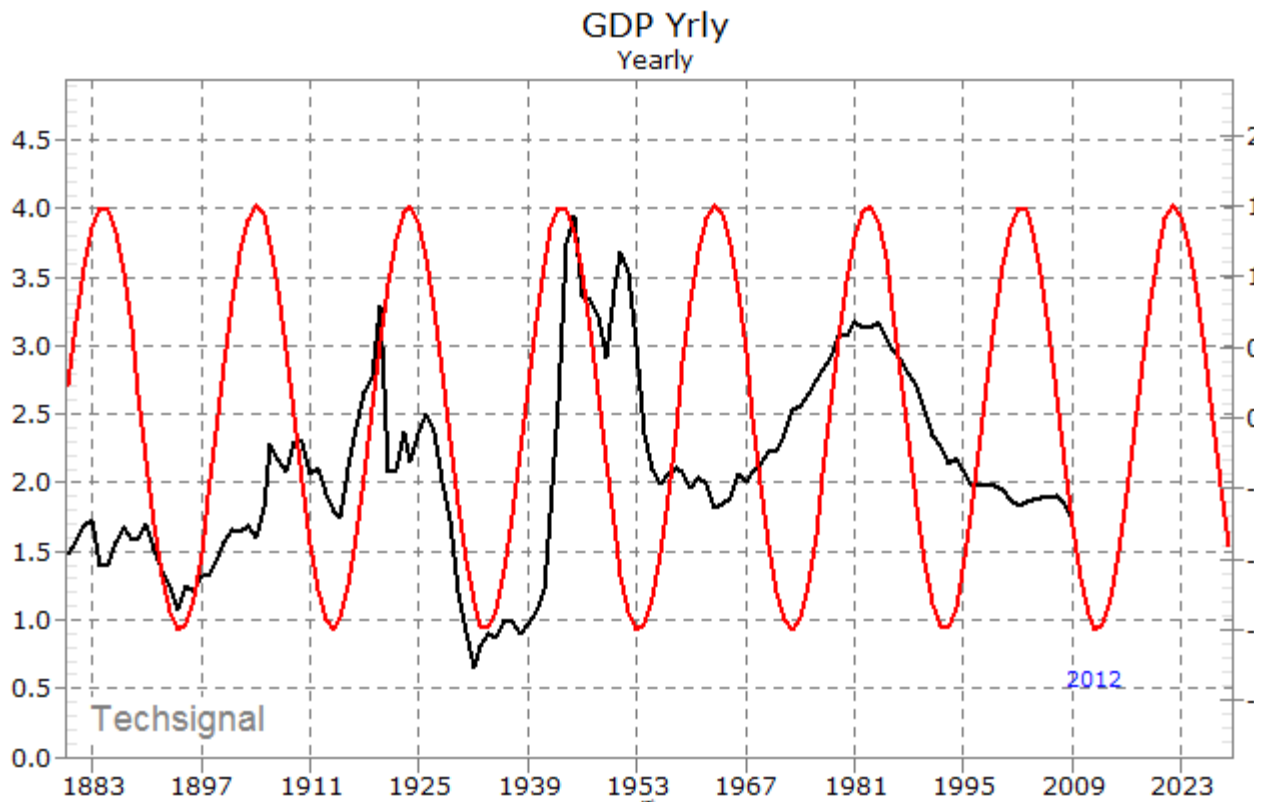
## Monthly Crude Oil cash Averages



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## Yearly Gross Domestic Product - 10 yr. Rate of Change



## Yearly Retail Sales - 10 yr. Rate of Change

