

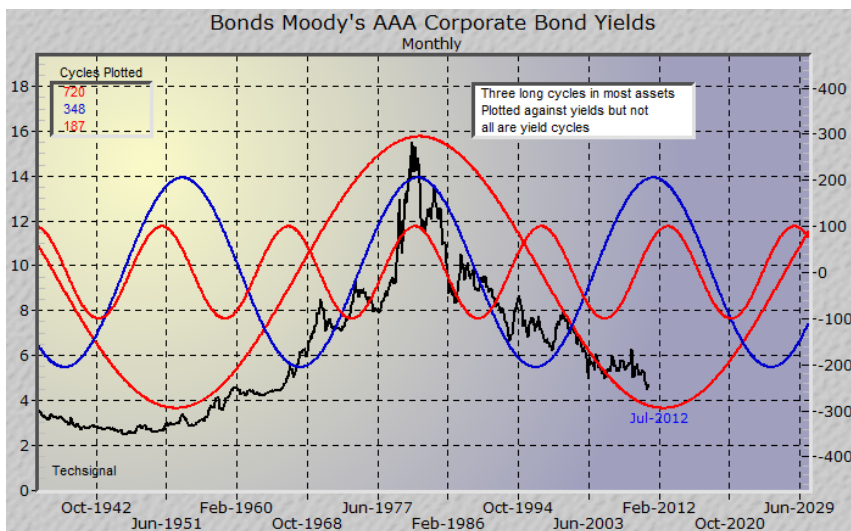
# Cycle Projections - Long Term

3rd QUARTER 2010

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

## Here it comes ready or not - An Economic readjustment

All economic data series are dominated by the 60-year cycle in the cost of money as expressed in bond yields, but not all have a dominant 60-year cycle. That may sound like a paradox at best or a contradiction at worst, but it is simply a fact. Economic series can be divided according to the type of trend: those with little or no trend, such as bond yields which show a 60-year cycle; then there those who have some trend but are not overwhelmed by it and show a cycle about half that length, of 30-years, such as commodity prices. These series react to the 60-year cycle and have two major cycles per 60 year period. Next there are series, such as those in foreign exchange, like the US



dollar and others, that are dominated by shorter cycles of approximately 15 years, or half the half of the 60-year cycle. Then there are series such as the stock market which are dominated by long term trend YET have no cycles longer than approximately 10-years. These cycles are, however, reliable forecasting tools. In essence the 60-year cycle is what Gann calls the master time factor and it coordinates the shorter sub-cycles. The chart to the left shows the three important cycles plotted with bond yields to show their coordination; but the 28-30 and 15 year are not true bond cycles. The key is that both at bond 60-year bottoms and tops you have commodity price highs and lows as well as US dollar lows. At

this point in time all of these are occurring simultaneously. The key is that bond yields only get really low at economic readjustments. The great cycle economist Schumpeter, one of the first to describe the long wave of Kondratieff in the west, suggested that innovation was a key to this longer cycle and further that innovation leads to inevitable readjustments of the old economy. In the current milieu we not only have ailing industries but we also have an excessive amount of debt that only a fiat currency can bring on. In short, bond yields are low because the economy cannot continue to support economic activity based upon profligate spending and debt. We are now at that watershed of readjustment such that in the next two years we expect that most of our time series will make significant tops and bottoms. **Bonds:** Corporate AAA Bond yields continue making their 60-year lows, and if history is a guide, which in our best estimate it is then this will be a slow process. **Forex and the US dollar:** The US dollar should complete its 15.6-year low by late 2011 or early 2012. The US dollar will continue in a trading range with a downward bias. **Stocks:** Our view is that the long term bear market in stocks that began in 2000 will continue, although we have had significant rallies along the way, such as the one that is now being completed. **Precious Metals:** Gold has rallied significantly and is probably above the half way mark in its bull market. **Commodity Prices:** Commodity prices continue to rise and have been strong based largely on the fall in the US dollar and the rise in gold. Commodities such as crude should remain in a trading range until the economy begins to pick up in a couple of years. **The Economy:** The term double dip might not be correct; but what about two separate recessions? That is the only way yields can remain low and stocks correct.

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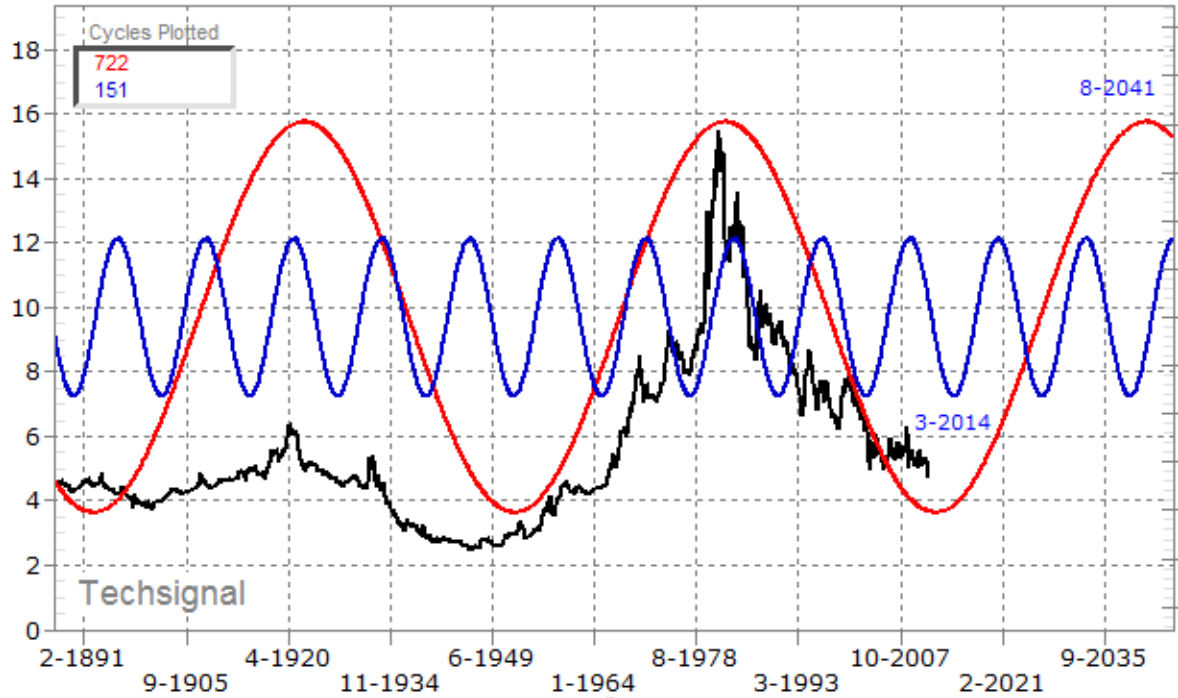
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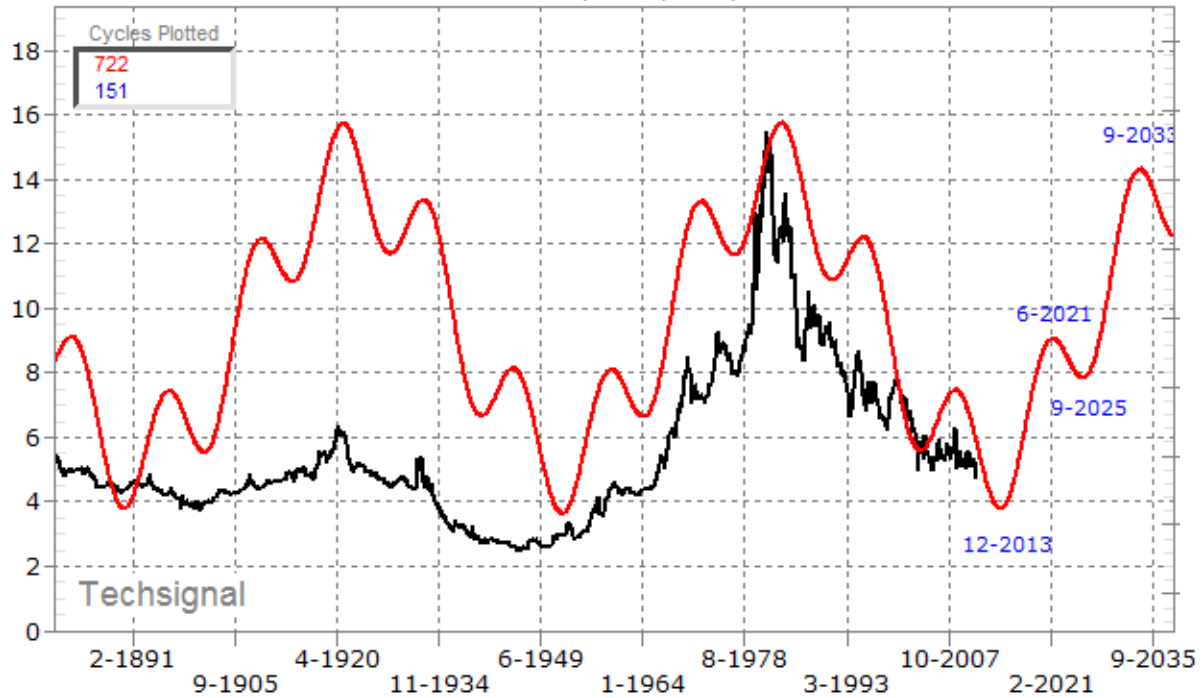
## Moody's AAA Corporate Bond Yields

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

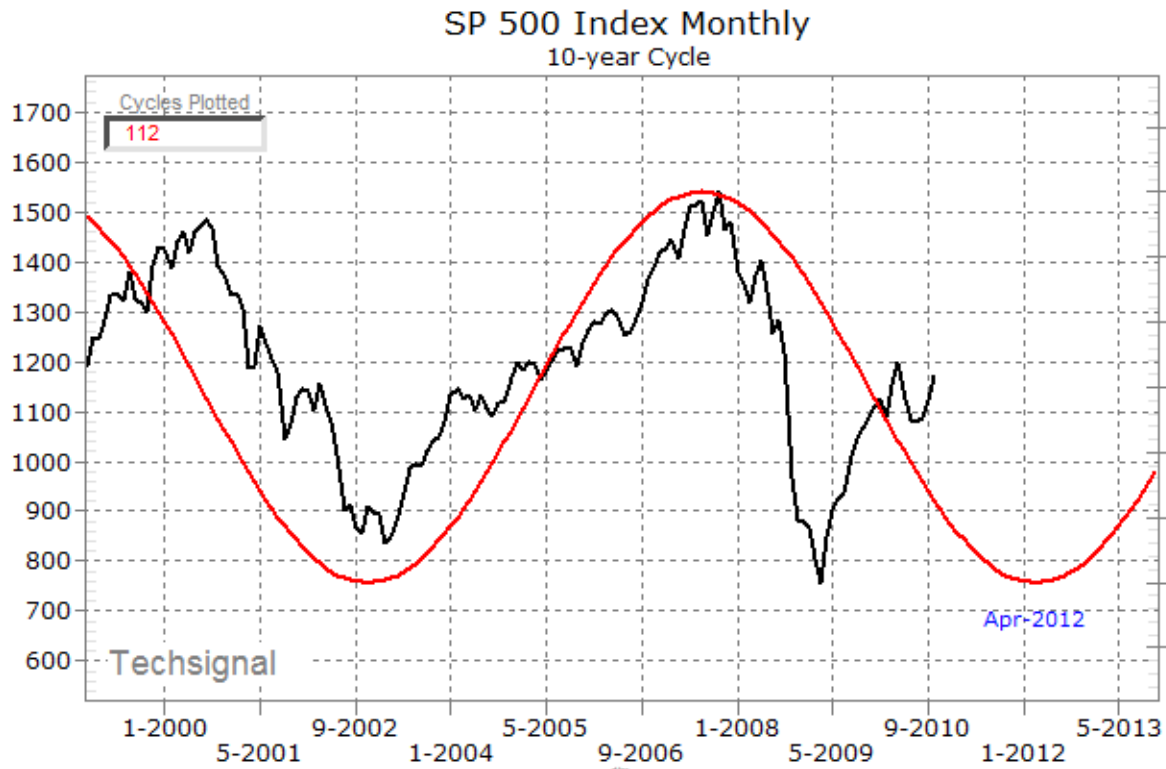


## Moody's AAA Corporate Bond Yields

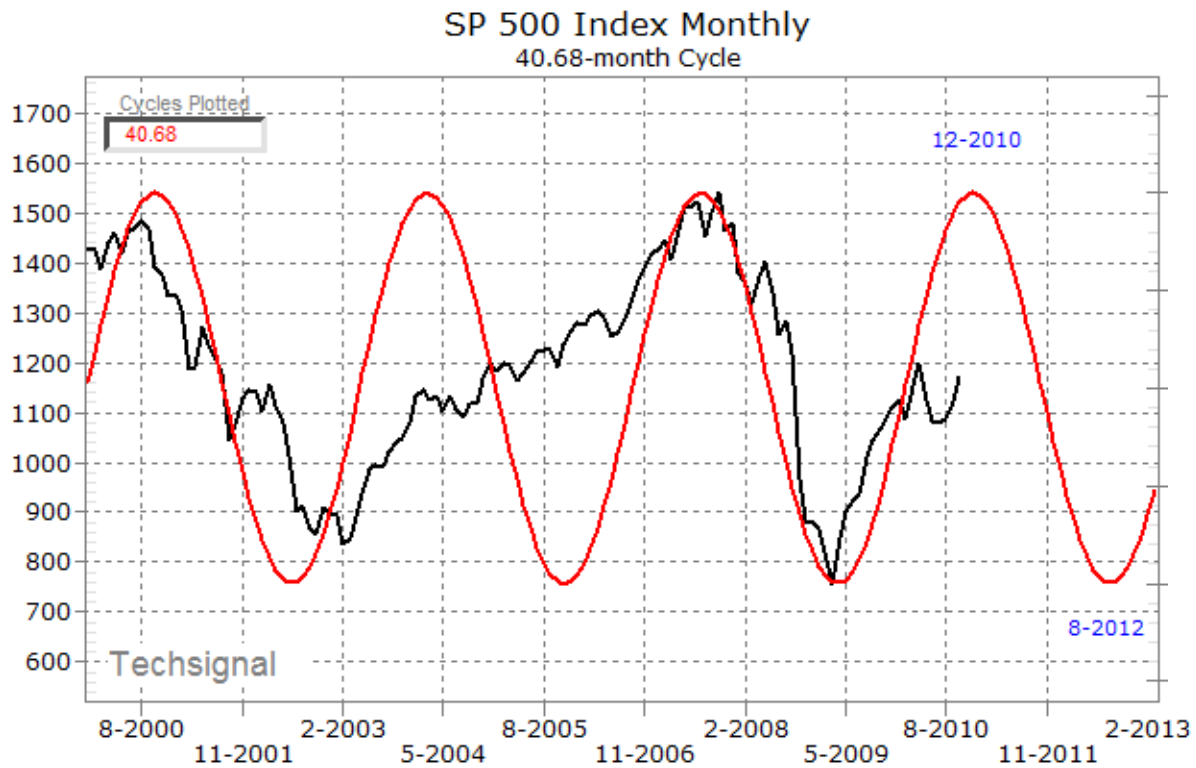
Moody's AAA Corporate Bond Yields  
60 and 12.5-year Cycle Synthesis



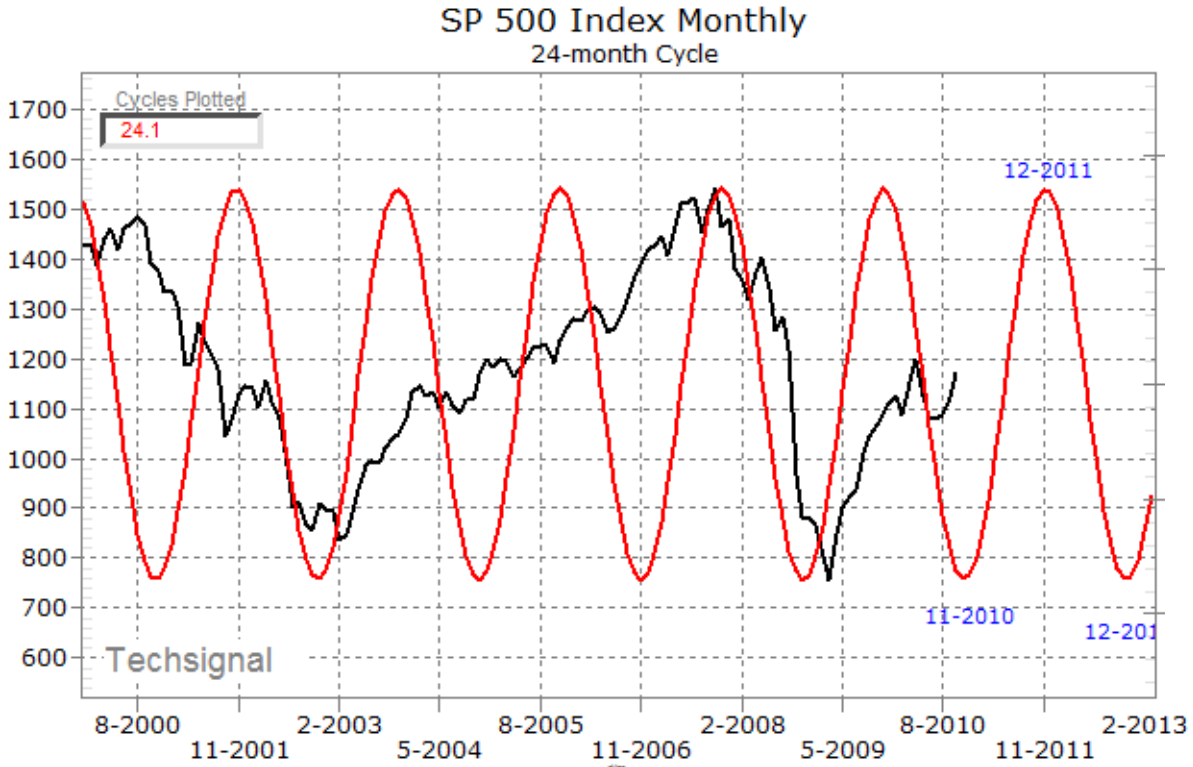
# Monthly SP 500 Index



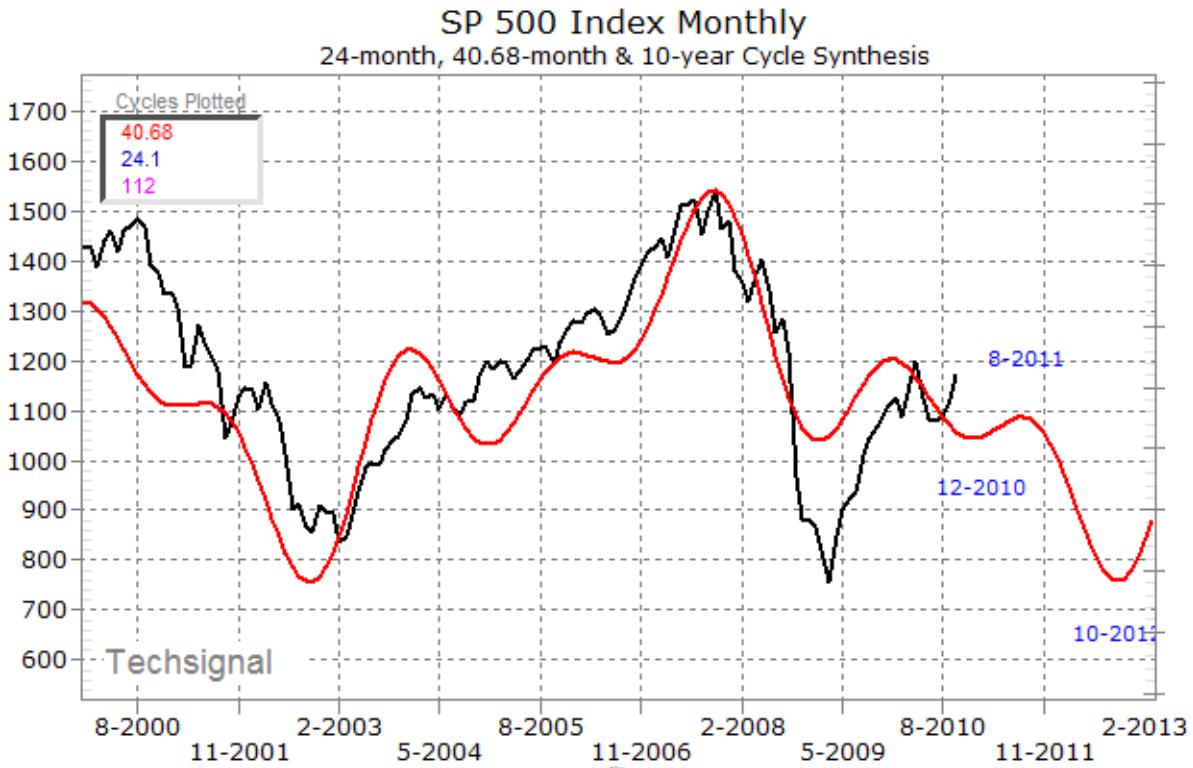
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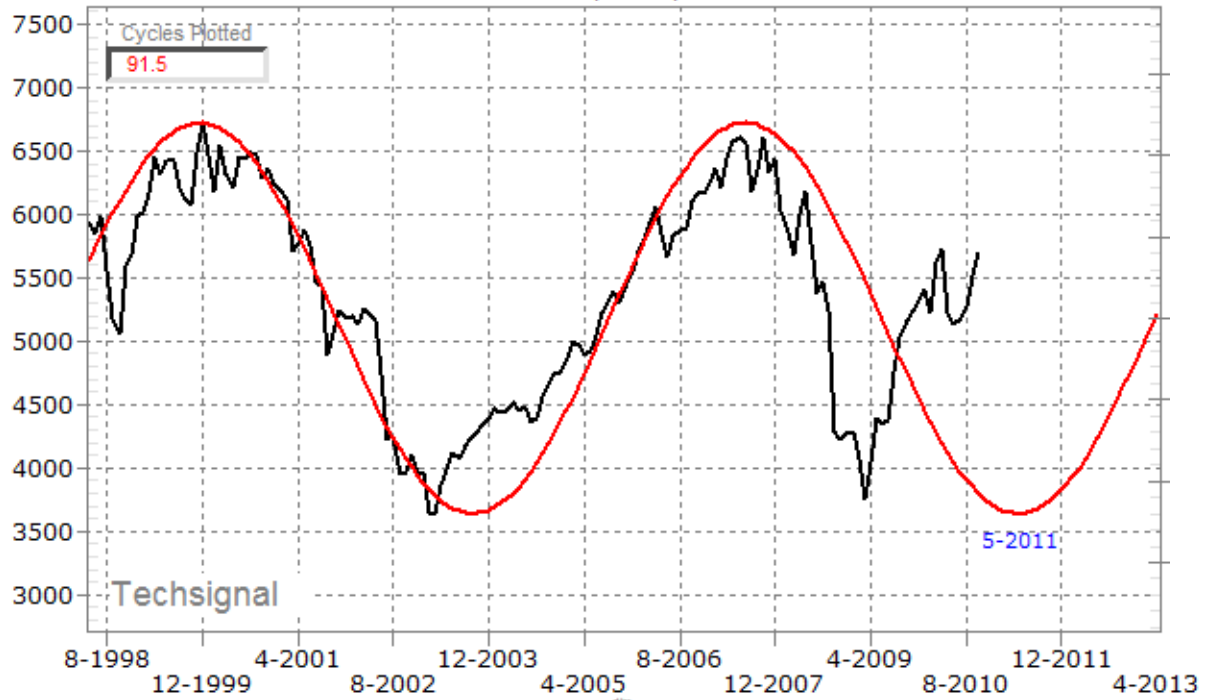


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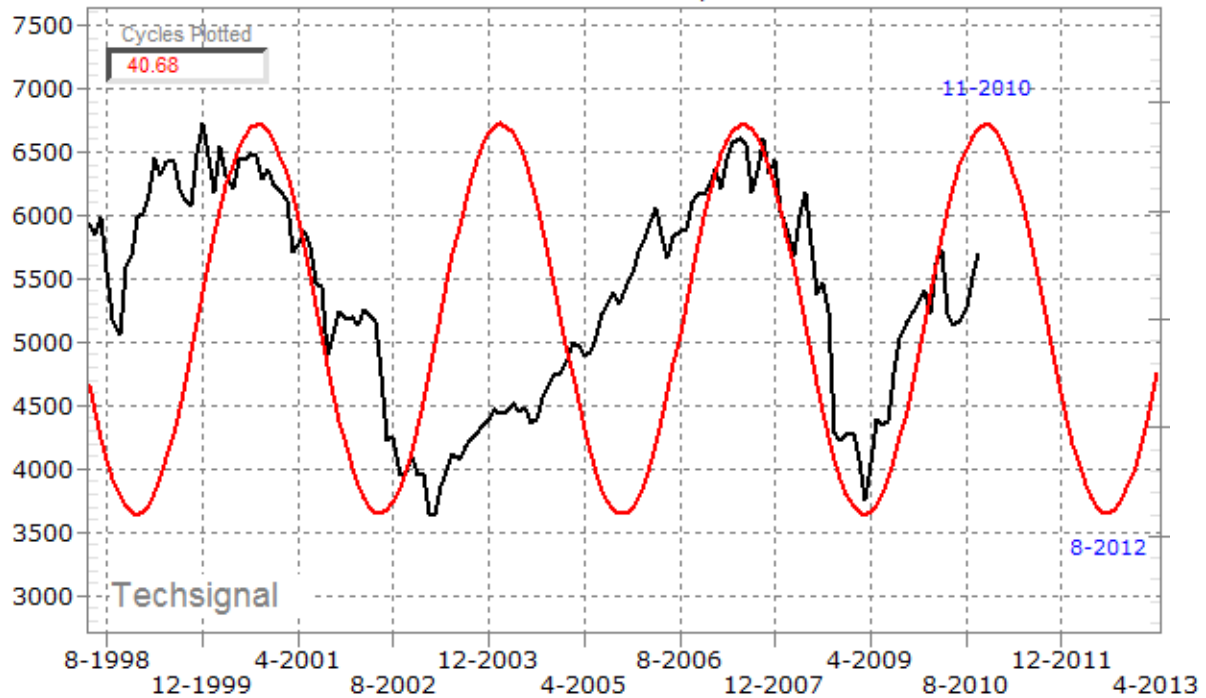
# Monthly FTSE 100 Index Averages

Monthly FTSE 100 Index Averages  
7.5-year Cycle

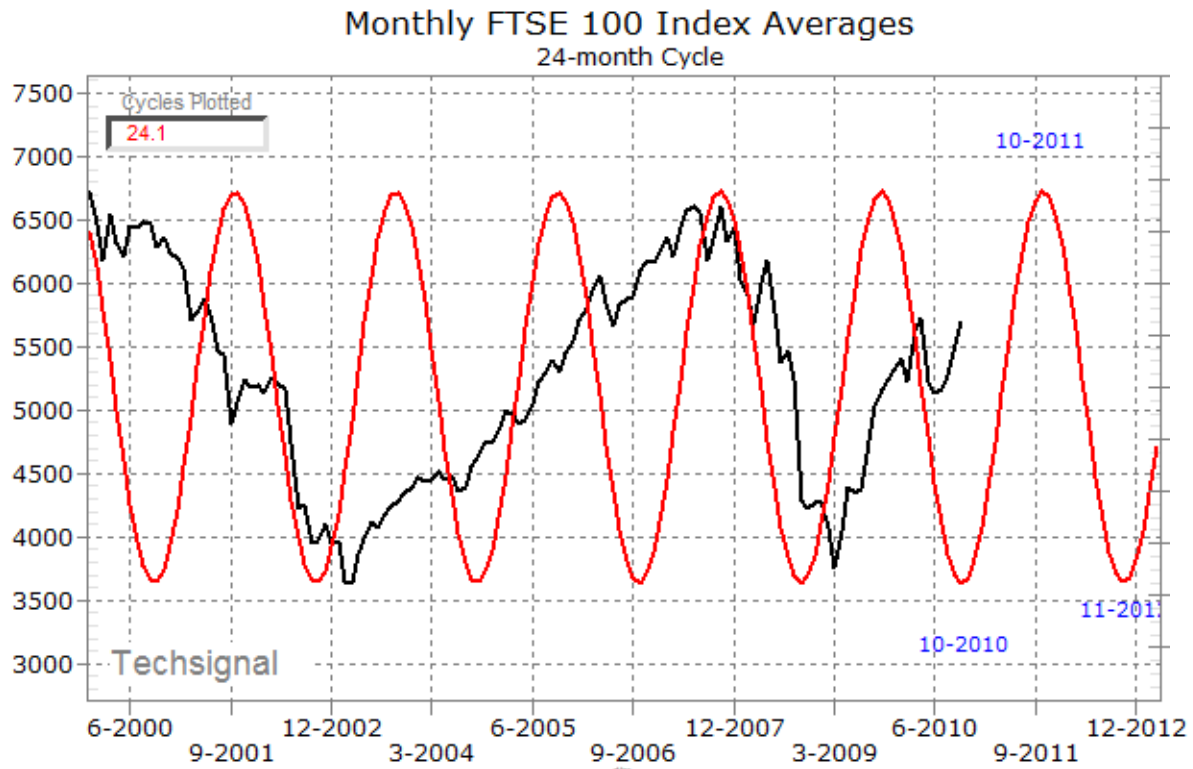


# Monthly FTSE 100 Index Averages

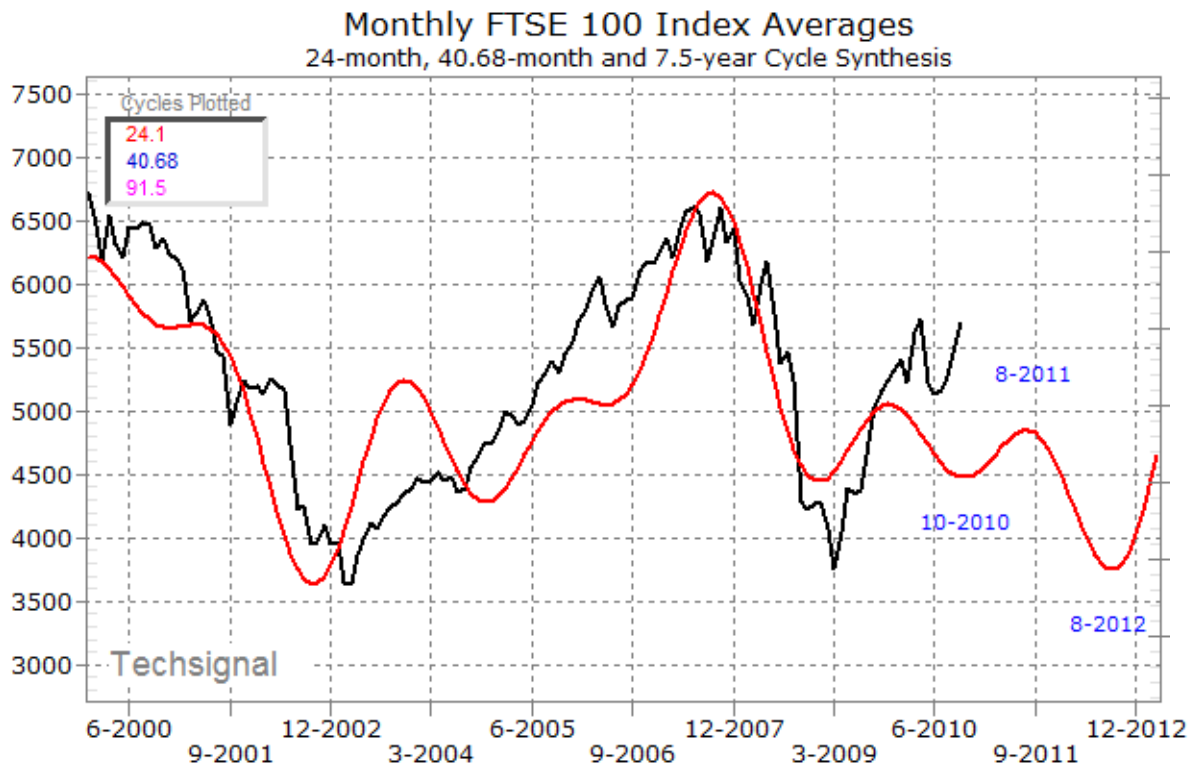
Monthly FTSE 100 Index Averages  
40.68-month Cycle



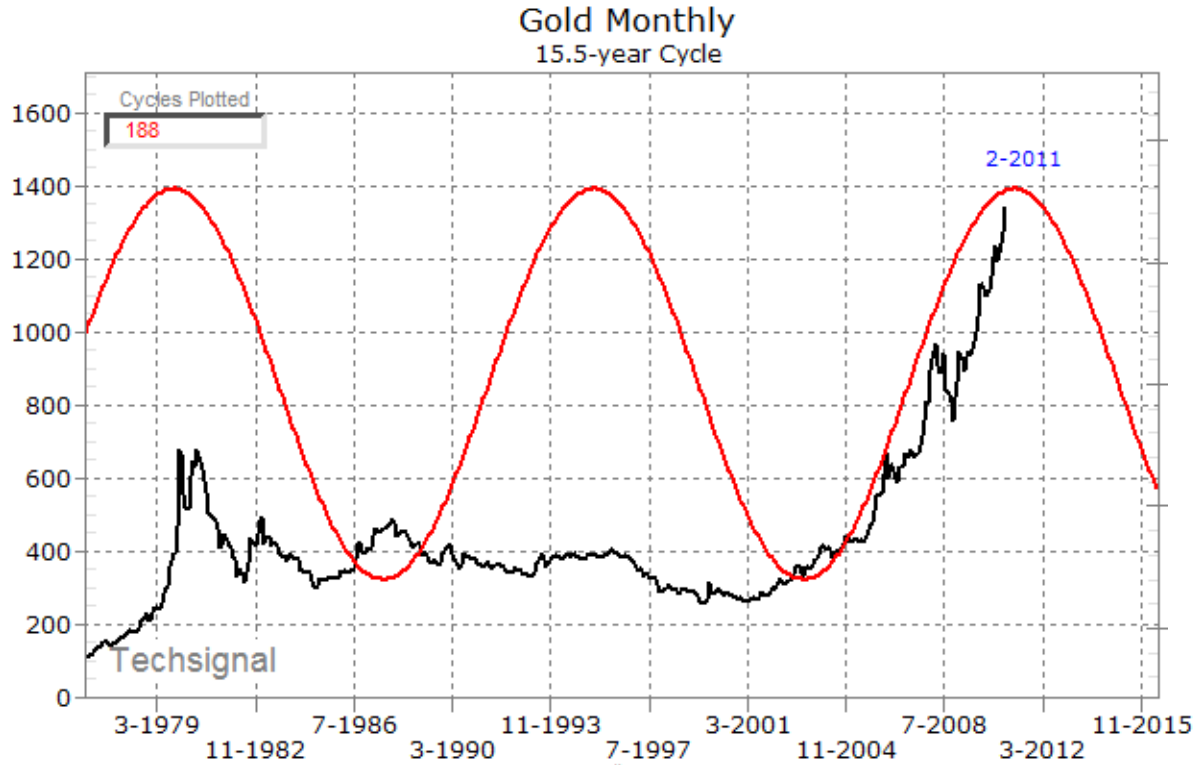
## Monthly FTSE 100 Index Averages



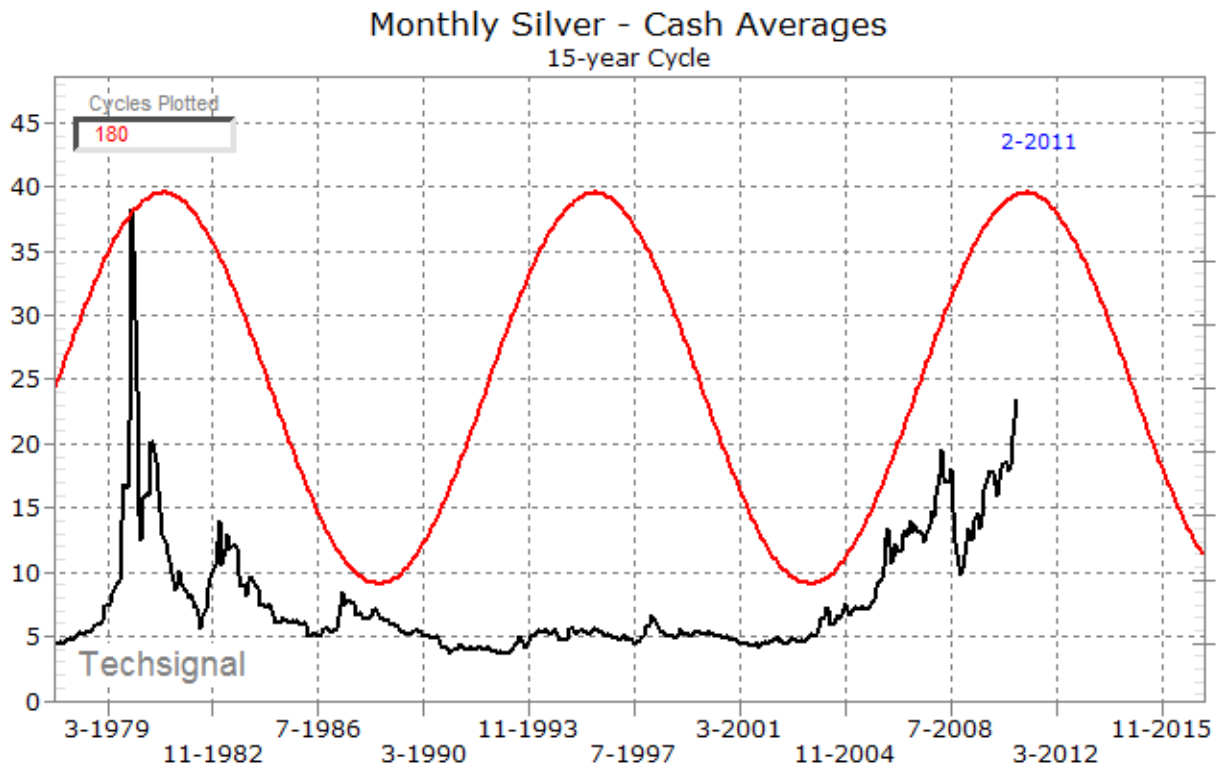
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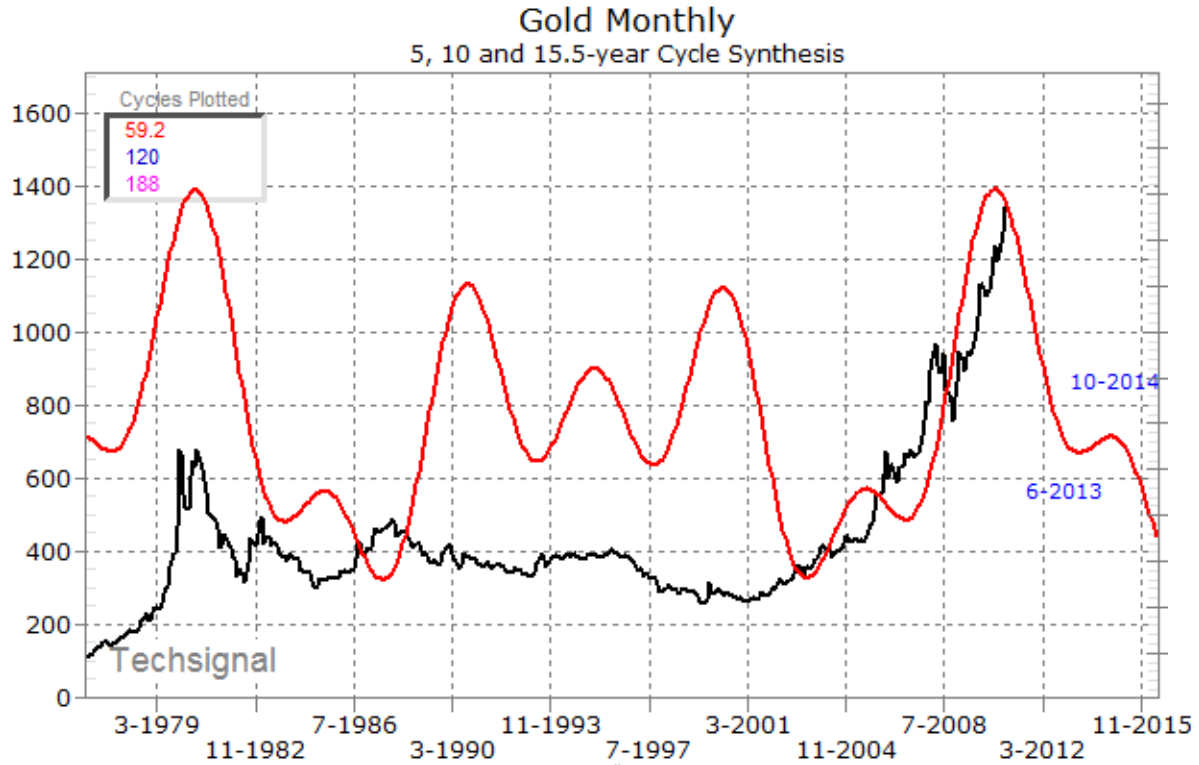
## Monthly Gold Cash Averages



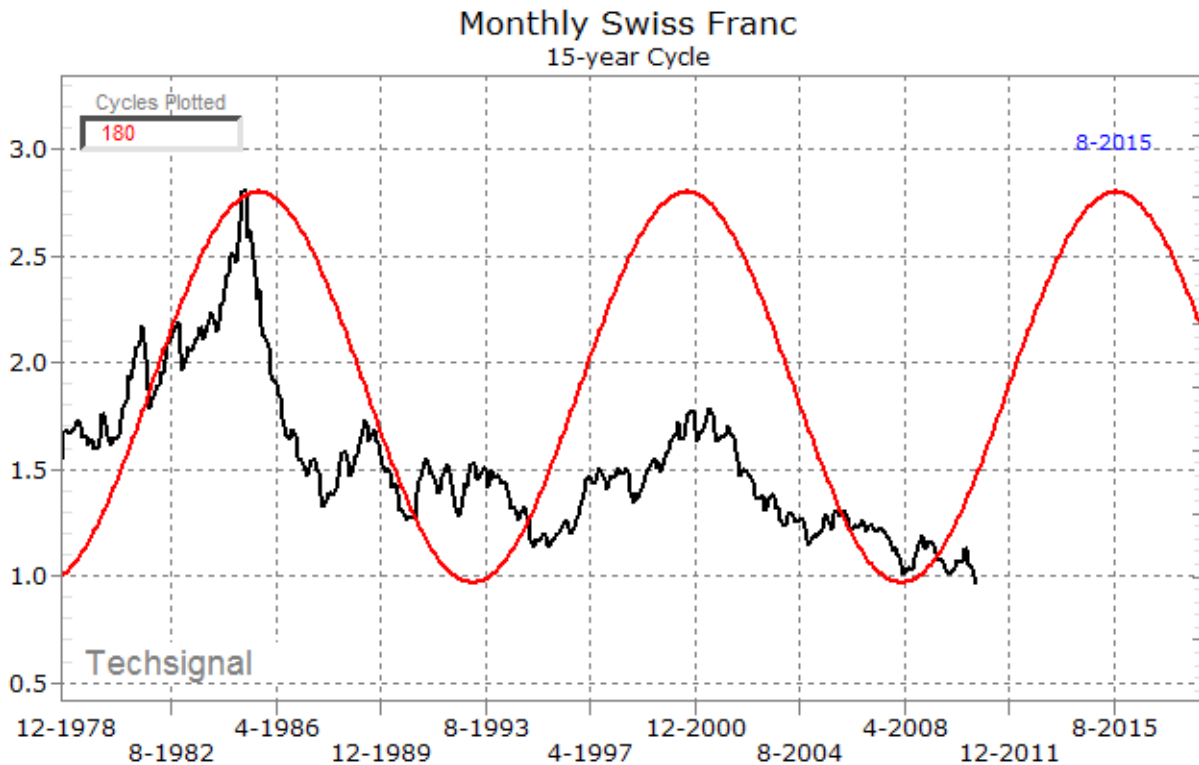
## Monthly Silver Cash Averages



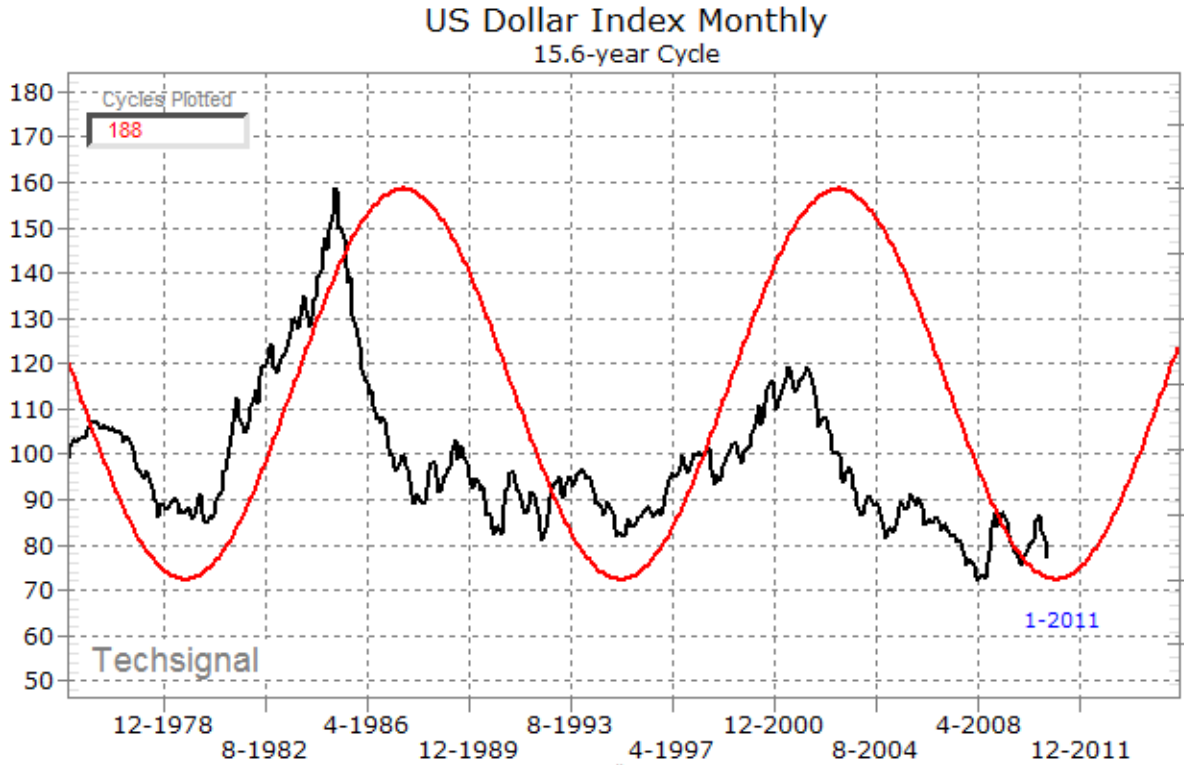
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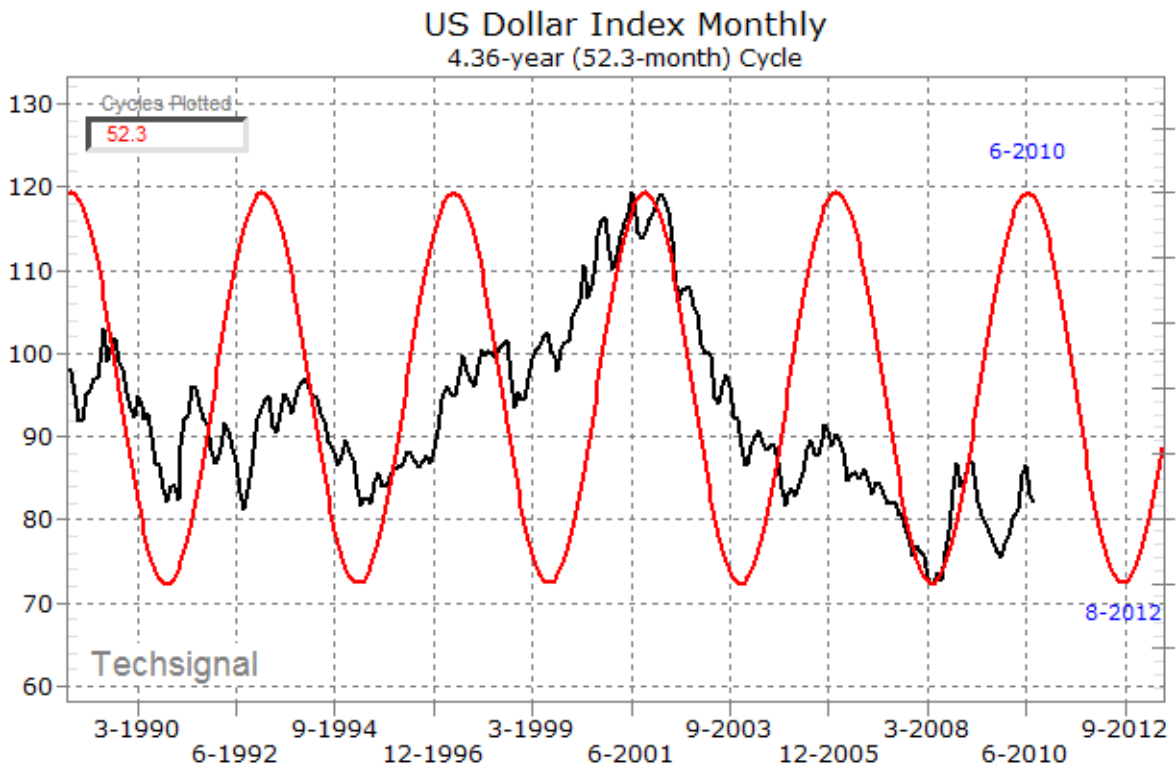
## Monthly Swiss Franc Cash Averages



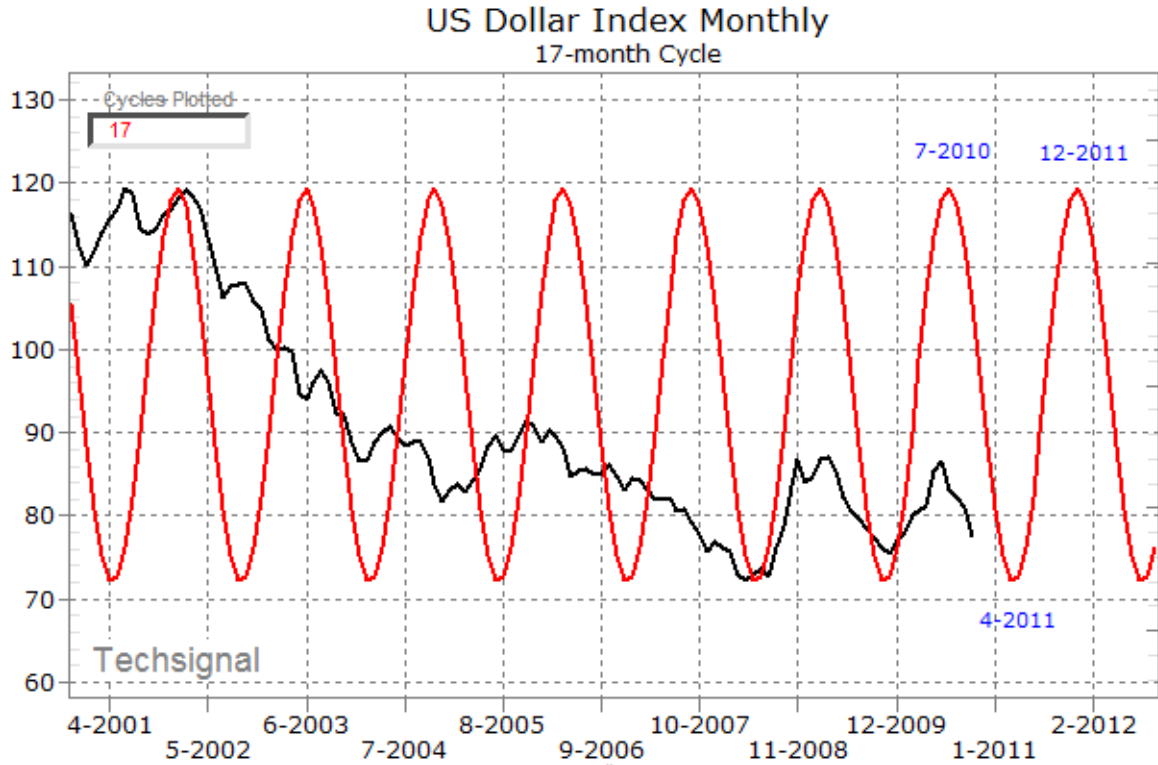
# Monthly Finex U.S. dollar Index Cash Averages



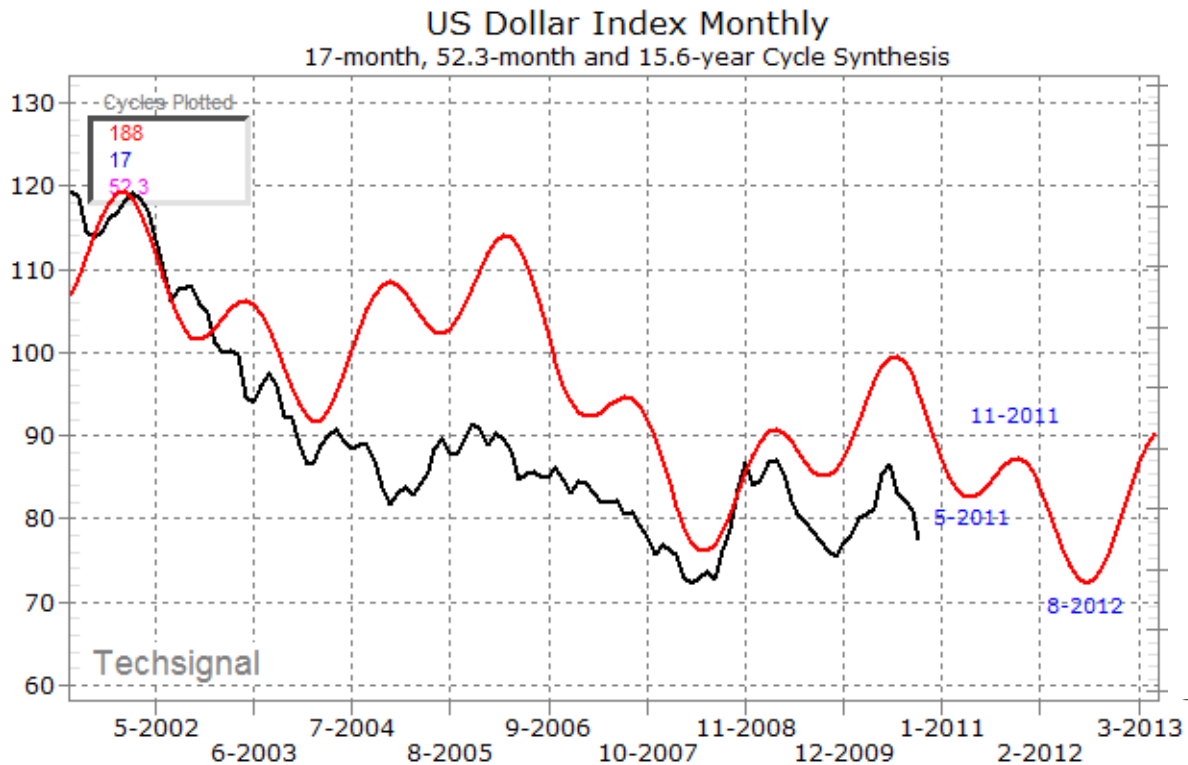
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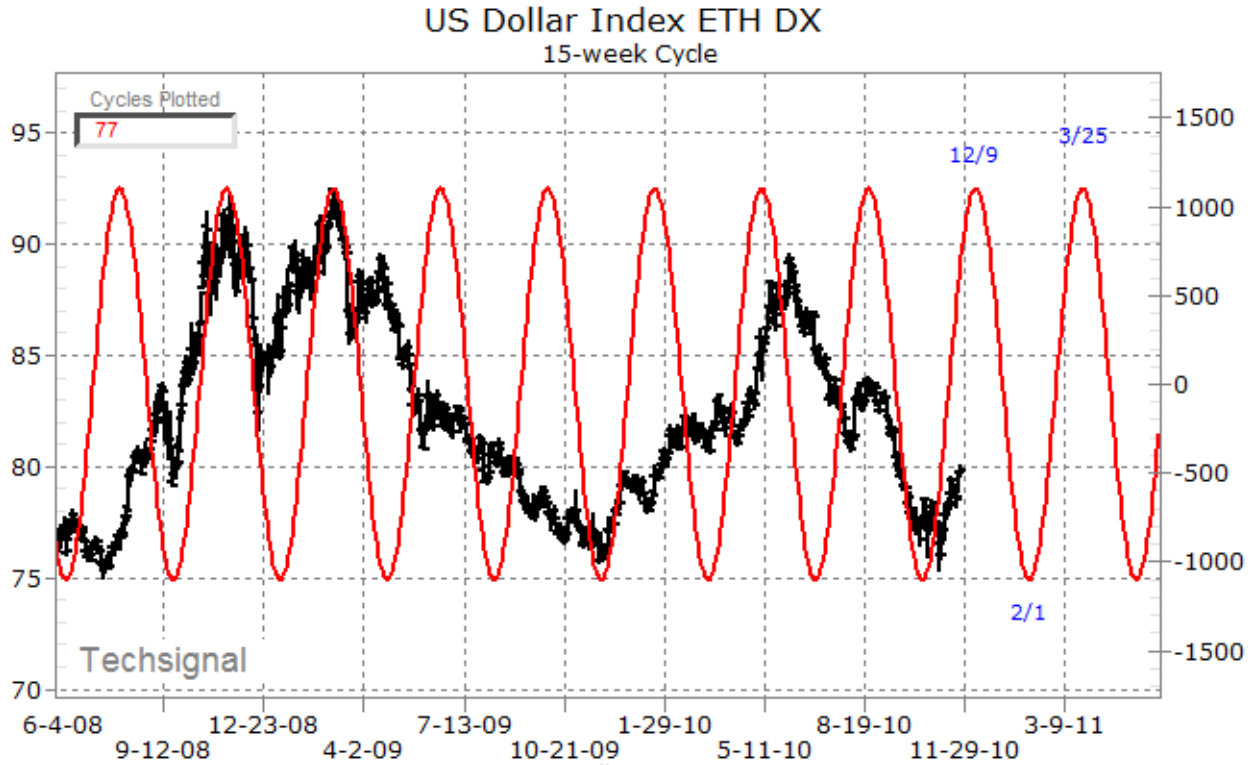
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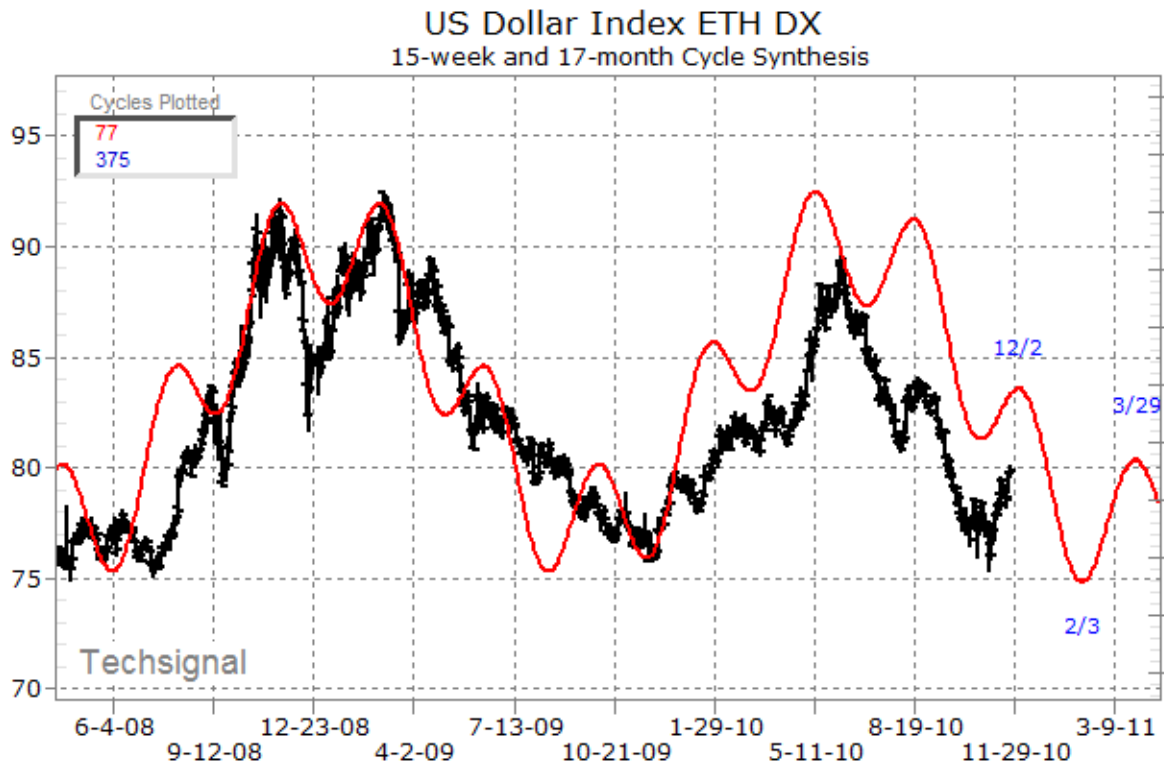
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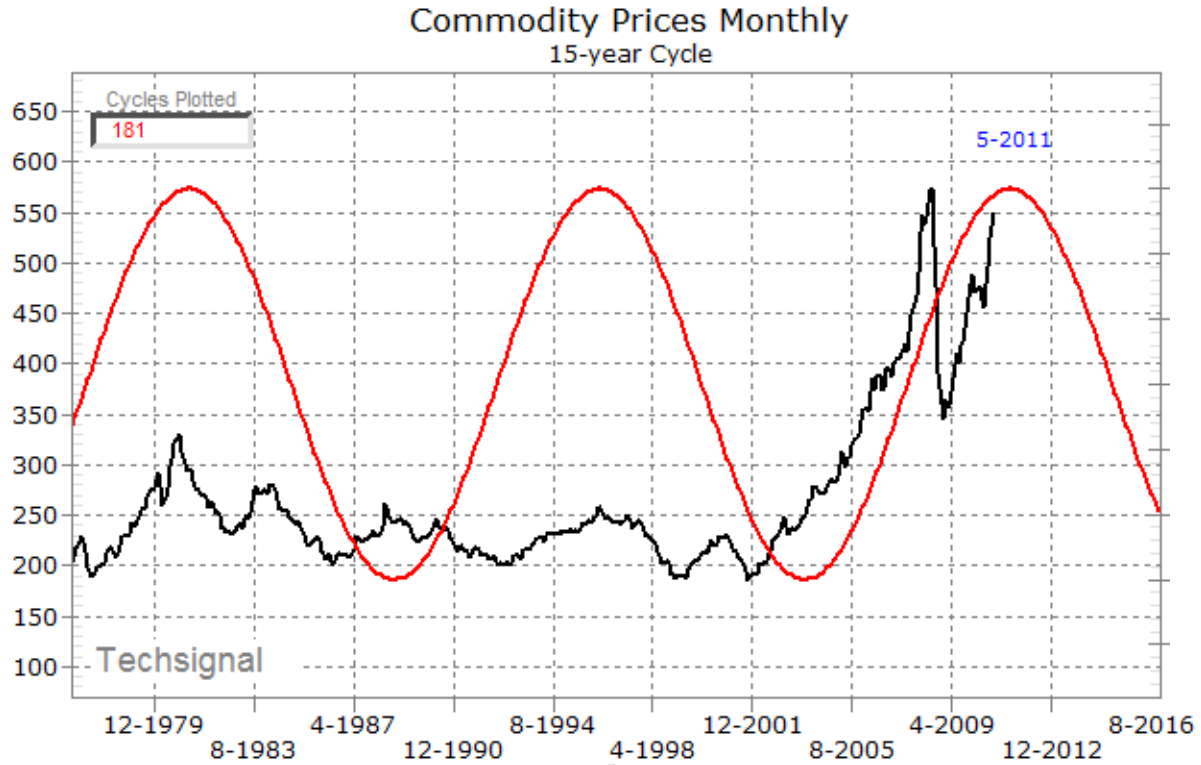
## Daily Finex U.S. dollar Index



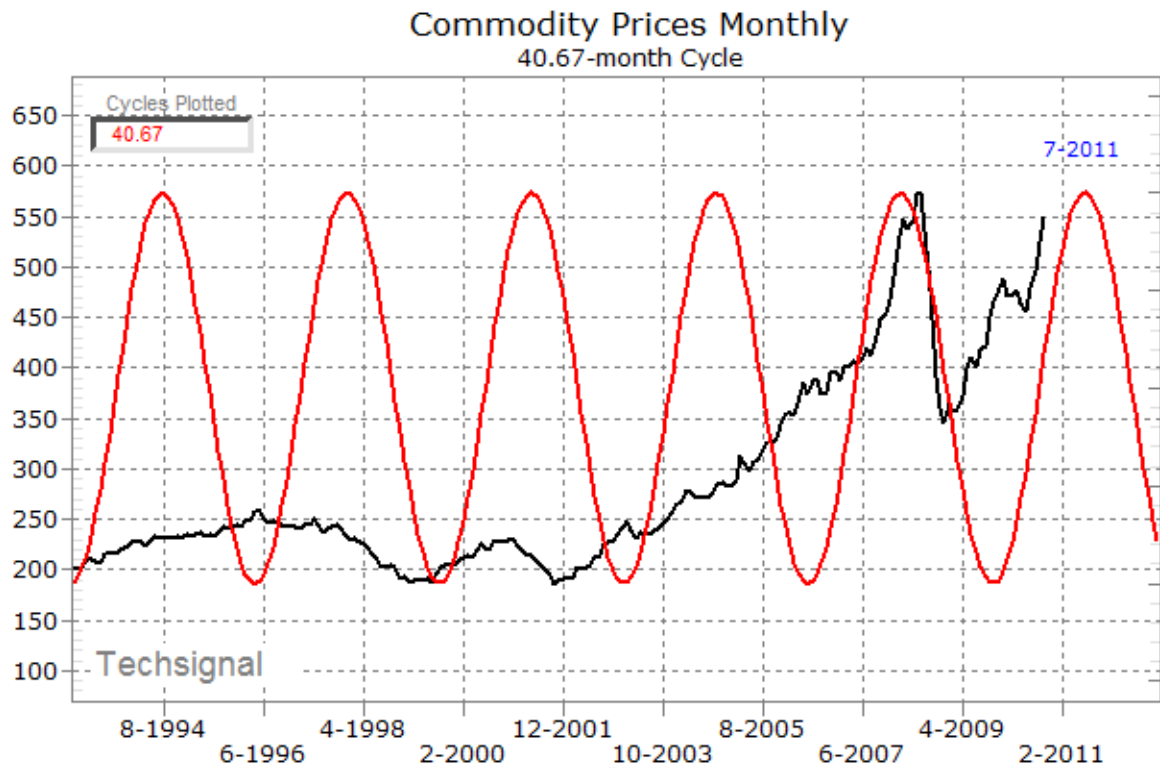
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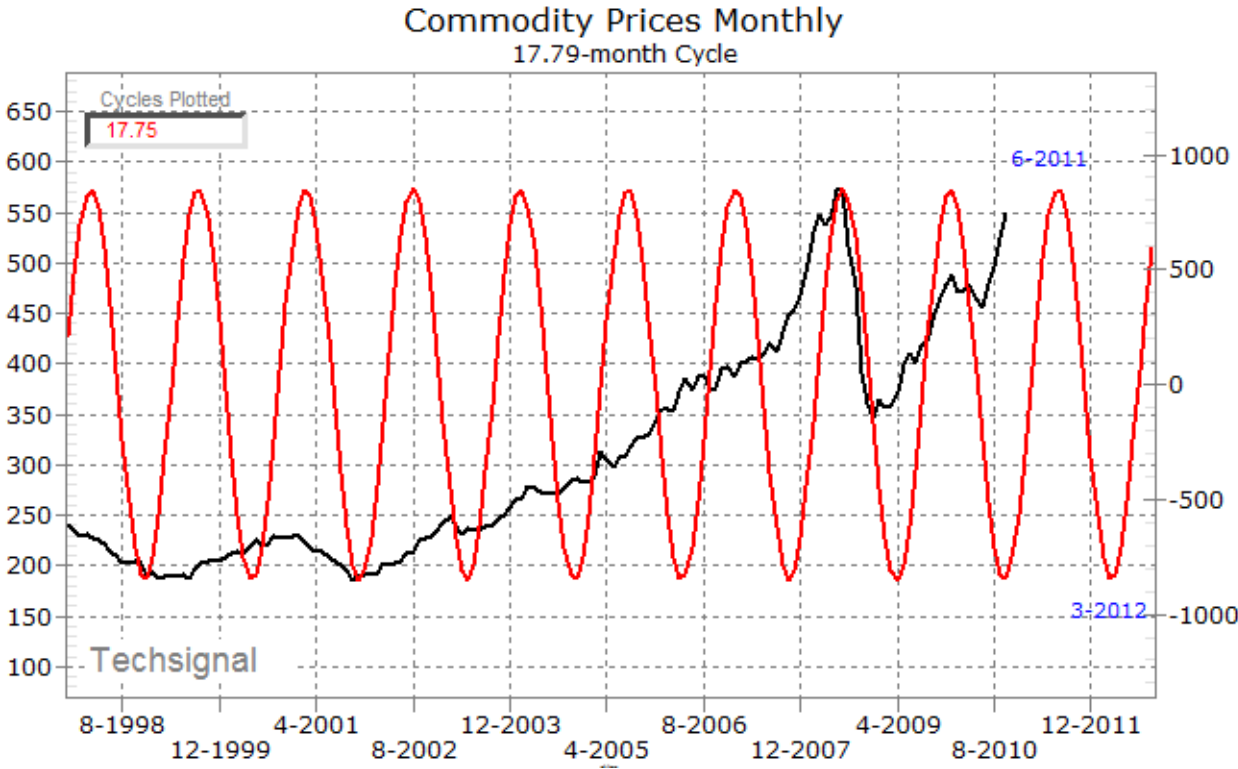
## Monthly Commodity Prices Cash Averages



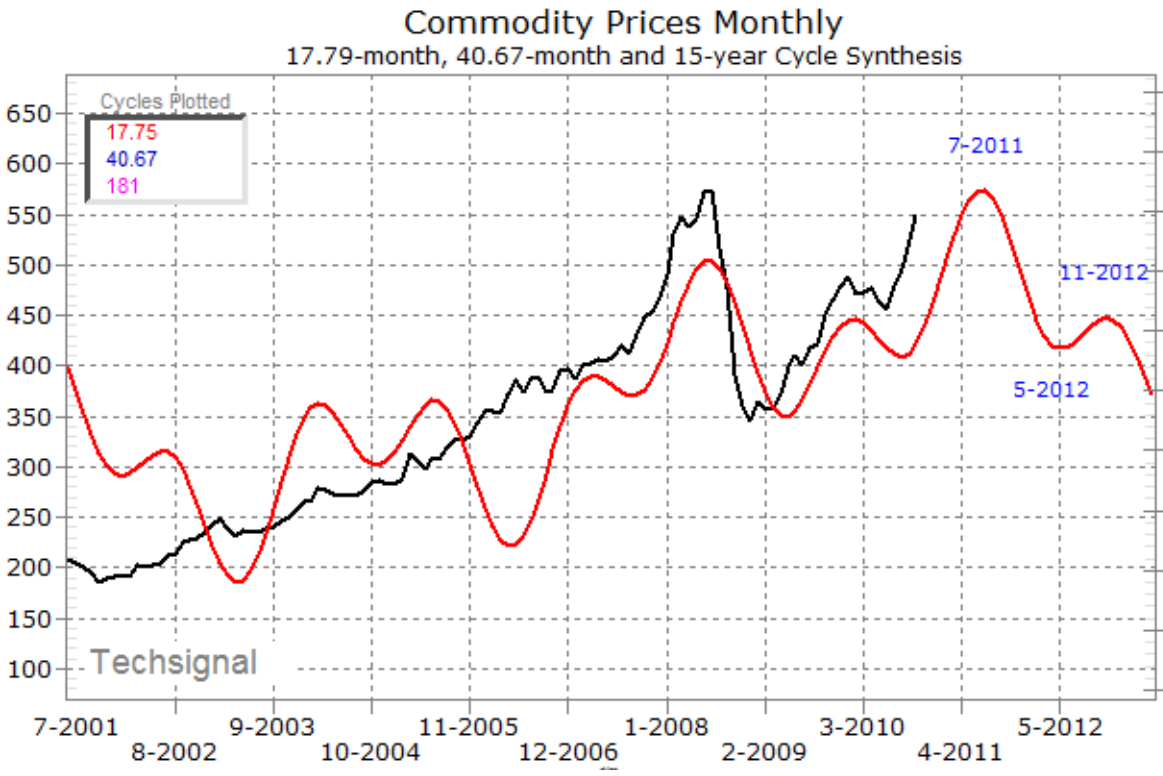
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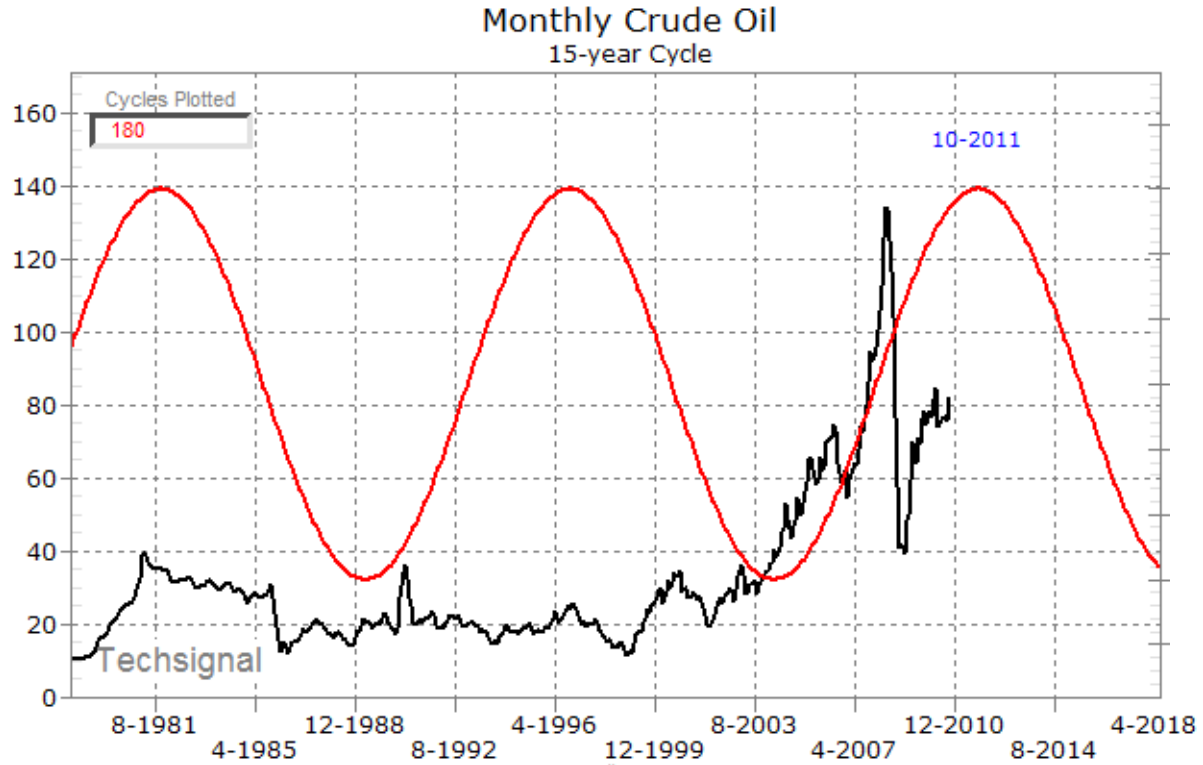
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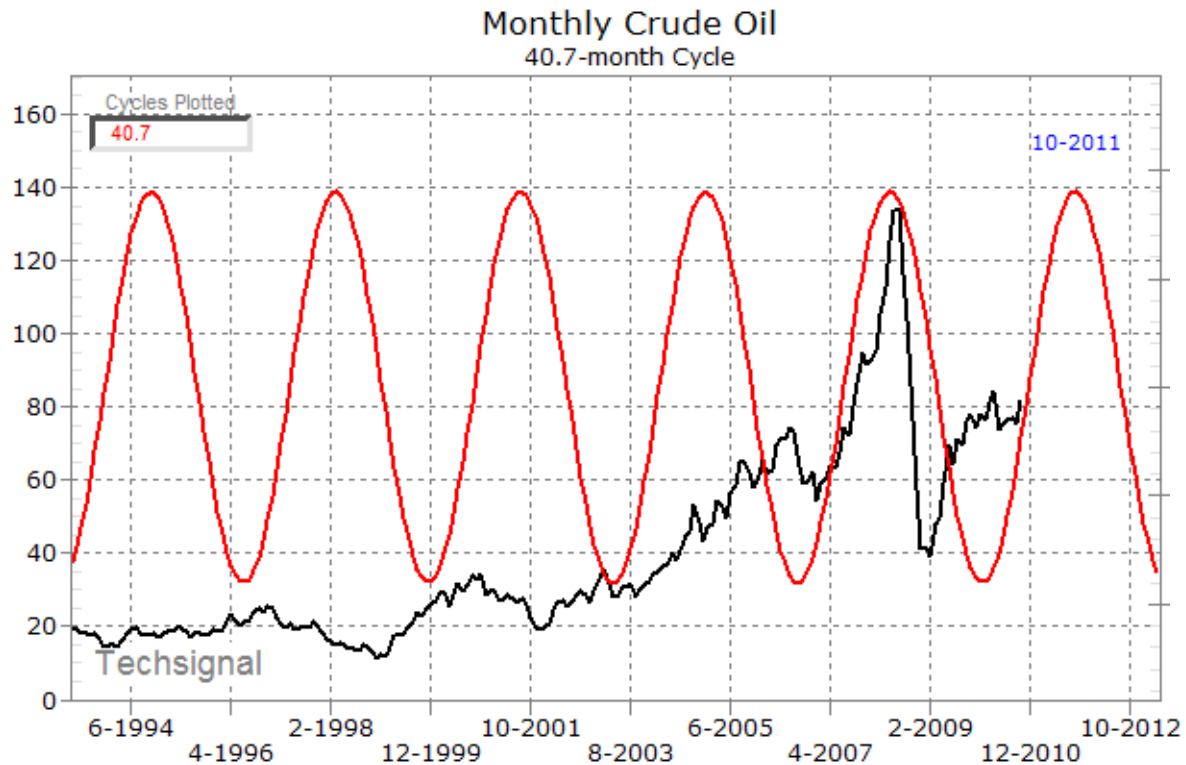
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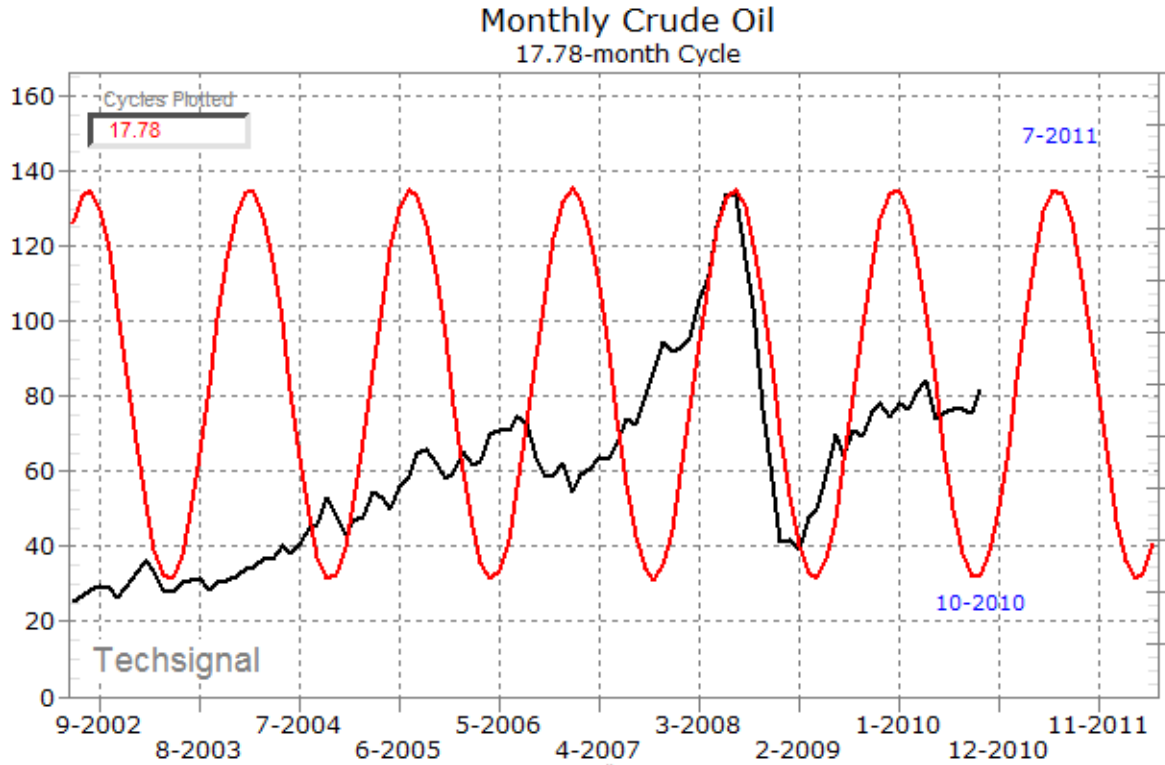
## Monthly Crude Oil cash Averages



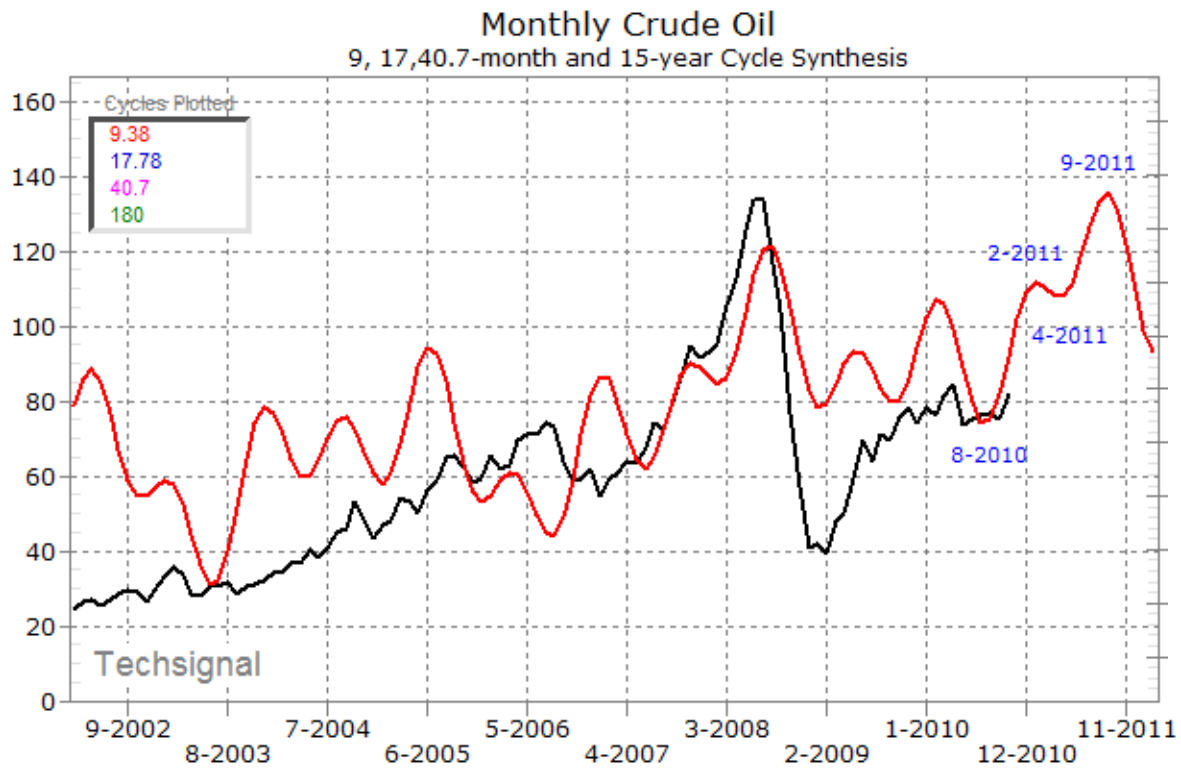
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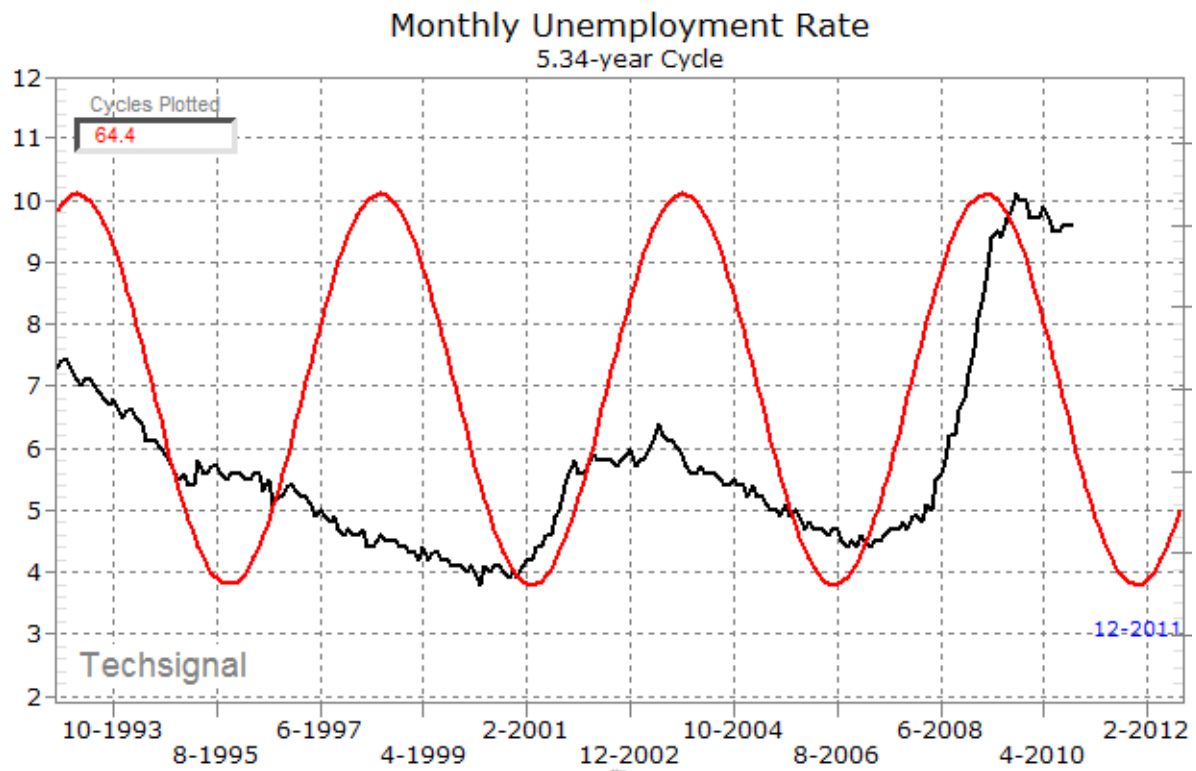
## Monthly Crude Oil cash Averages



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# Monthly Unemployment Rate



# Monthly Avg.(Mean) Duration of Unemployment

