

PRIMARY CYCLE SHOCKS

Our work as market technician's involves a few shocks. Some we give to our readers, and a few we face ourselves. These shocks what we give or get are job hazards. Now that the primary cycle is turning, there are some primary price targets that might appear preposterous for our various regional readers, but this is how we see things.

Emerging market currencies like Romanian EURRON and Indian Rupee could strengthen by more than 20-25% till Q3 2010. The latest update on Intermarket CYCLES carry the conventional time cycles and a pair performance cycle between DOW and S&P 500. The pair illustrates a performance cycle between DOW (blue chips) and S&P 500 (broad market). In stage 1,3,5 DOW outperforms S&P and in stage 2,4,6 S&P outperforms DOW. We have discussed broad market pairs with blue chips. There are few ways to look at these pairs. One is when broad market underperformance reaches an extreme against blue chips (1,3,5) and the second when blue chips underperformance reaches an extreme against broad market (2,4,5). Both cases suggest a bottom, but it's when blue chips start to rise that we see the strongest part of the trend. Now that the blue chips are falling compared to the broad market, markets lack strength. The table illustrates our view.

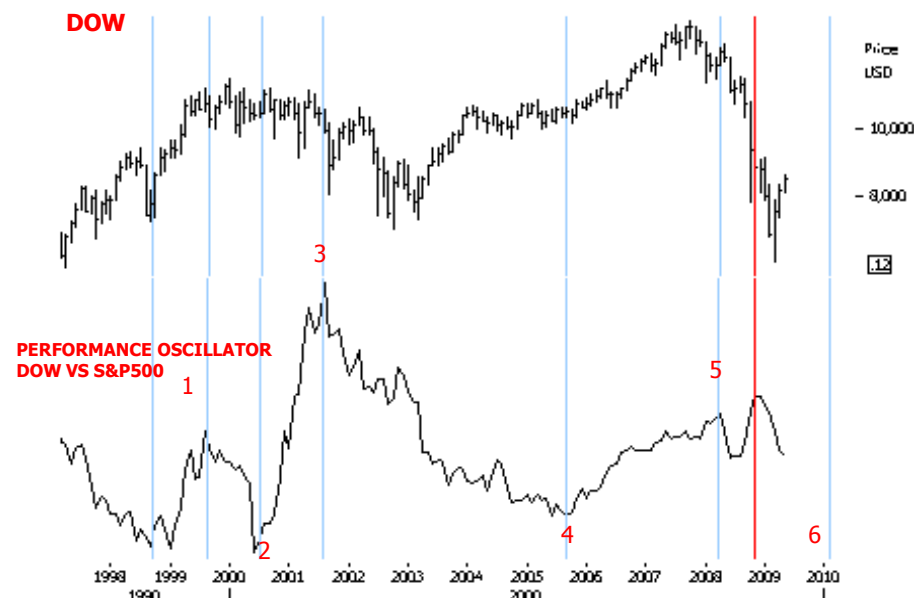
Market bottoming unlike tops are more like 'W's than 'V's. This is why our view on OIL as a corrective remains preferred than otherwise. The OIL cycles (SLIDE 15) suggests another impending dip on OIL. OIL could dip into end of MAY early JUN before hitting primary bottom.

We have illustrated two time frames in the current CYCLES report, intermediate (multi week) and primary (multi month). Though on the intermediate term our LONG-GOLD, SHORT DOW continues to hold, the primary gold cycles still suggest a secular negativity on Gold. This is in sync with the primary up turn in cycles on emerging markets.

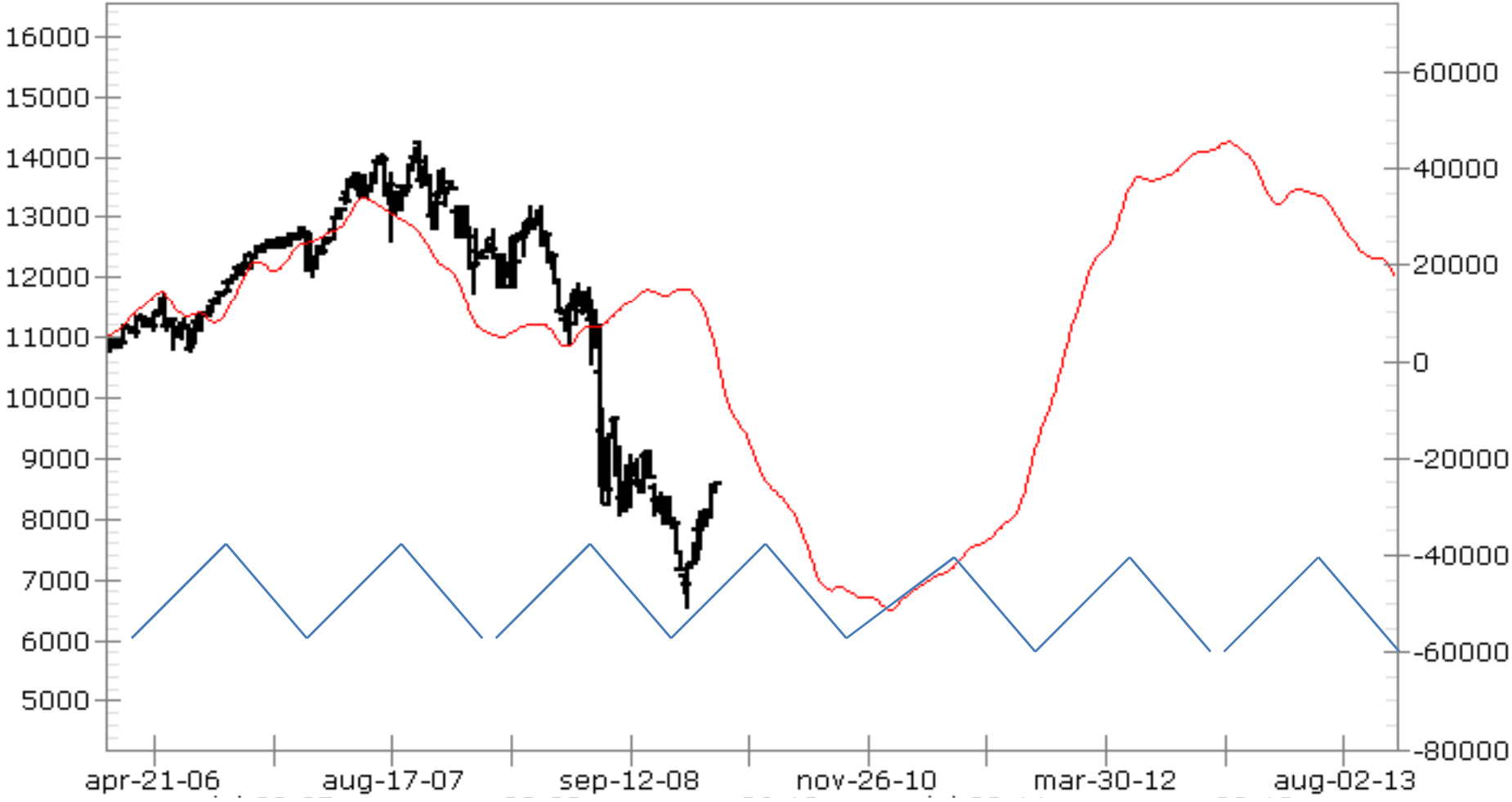
The intermediate multi week outlook on Global Indices remain murky. Dow Minor CYCLE is topping and even the primary CYCLE considers the ongoing up leg as a reprieve in an incomplete primary leg down. Barring NIKKEI most other global indices look weak and negative on the respective time frame.

Enjoy the latest INTERMARKET CYCLES.

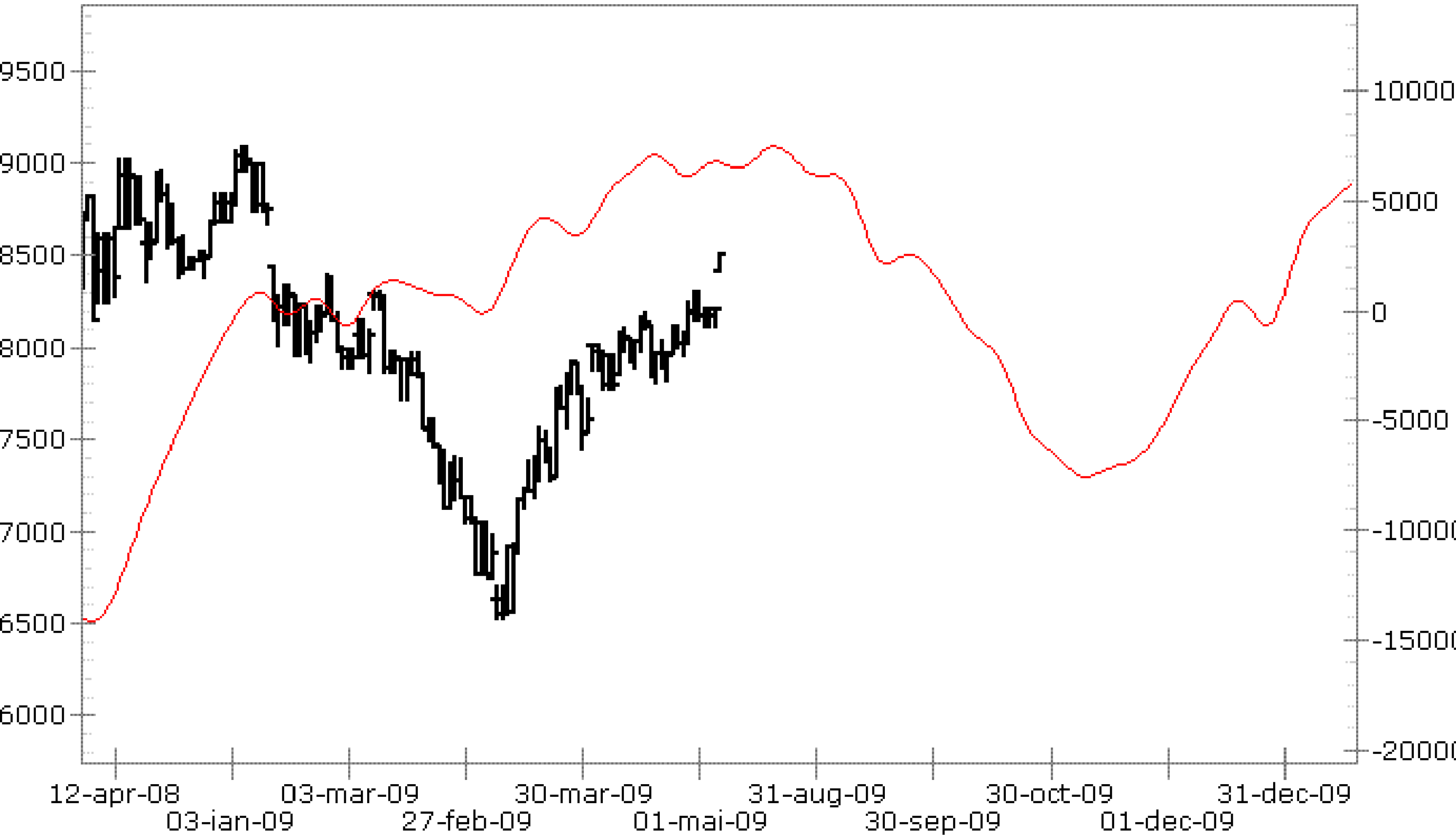
CYCLE STAGE	DATE	DOW	PERFORMERS	CHANGE
1	24-Sep-98	7539	BLUE CHIPS UP	51%
2	24-Aug-99	11365	BLUE CHIPS DOWN	-1%
3	30-Jun-00	11215	BLUE CHIPS UP	-6%
4	31-Jul-01	10522	BLUE CHIPS DOWN	0%
5	24-Sep-05	10568	BLUE CHIPS UP	23%
6	5-May-08	13010	BLUE CHIPS DOWN	-31%



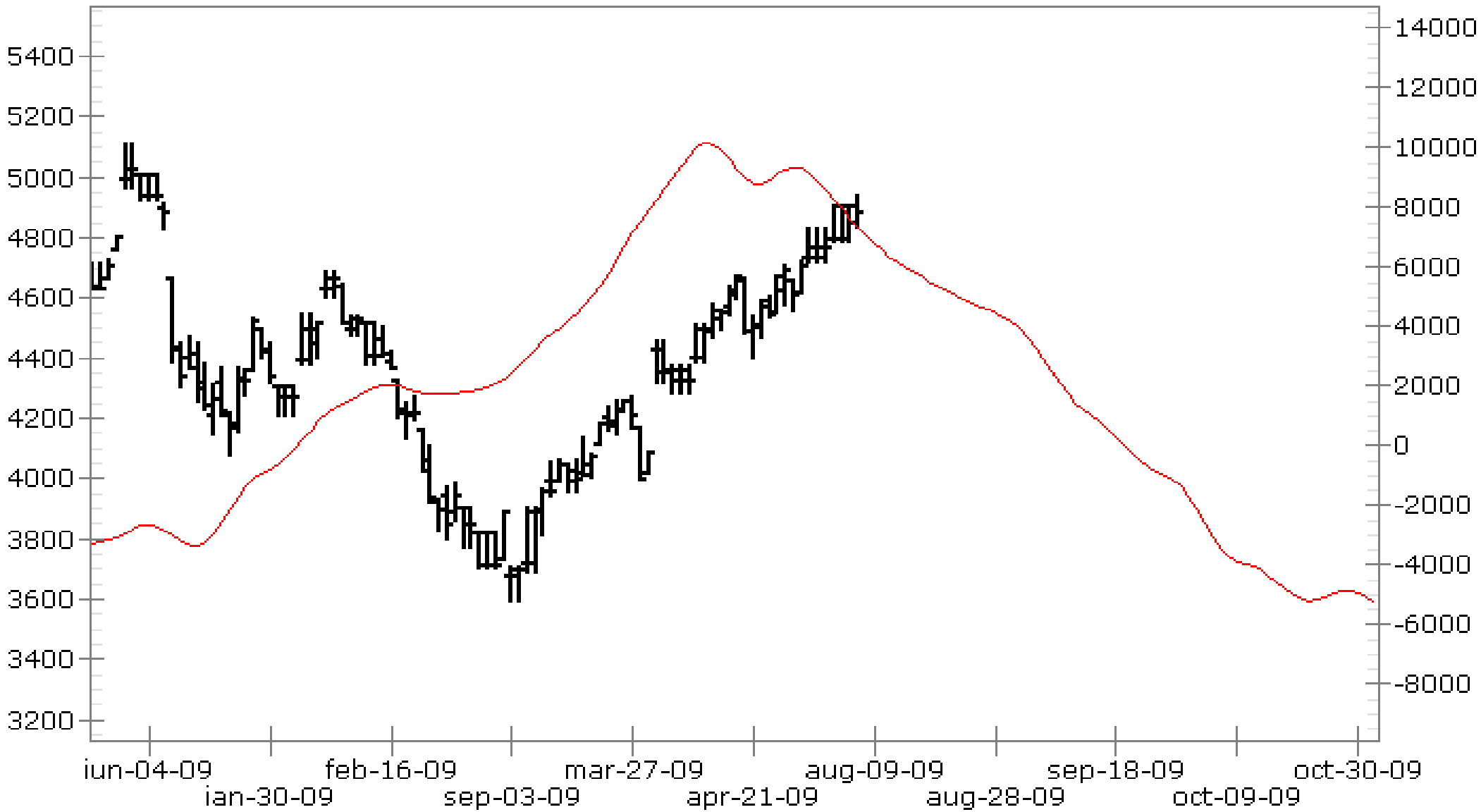
DOW CYCLE COMPOSITE REMAINS UNCHANGED AND POINTS LOWER OVER MULTIPLE MONTHS



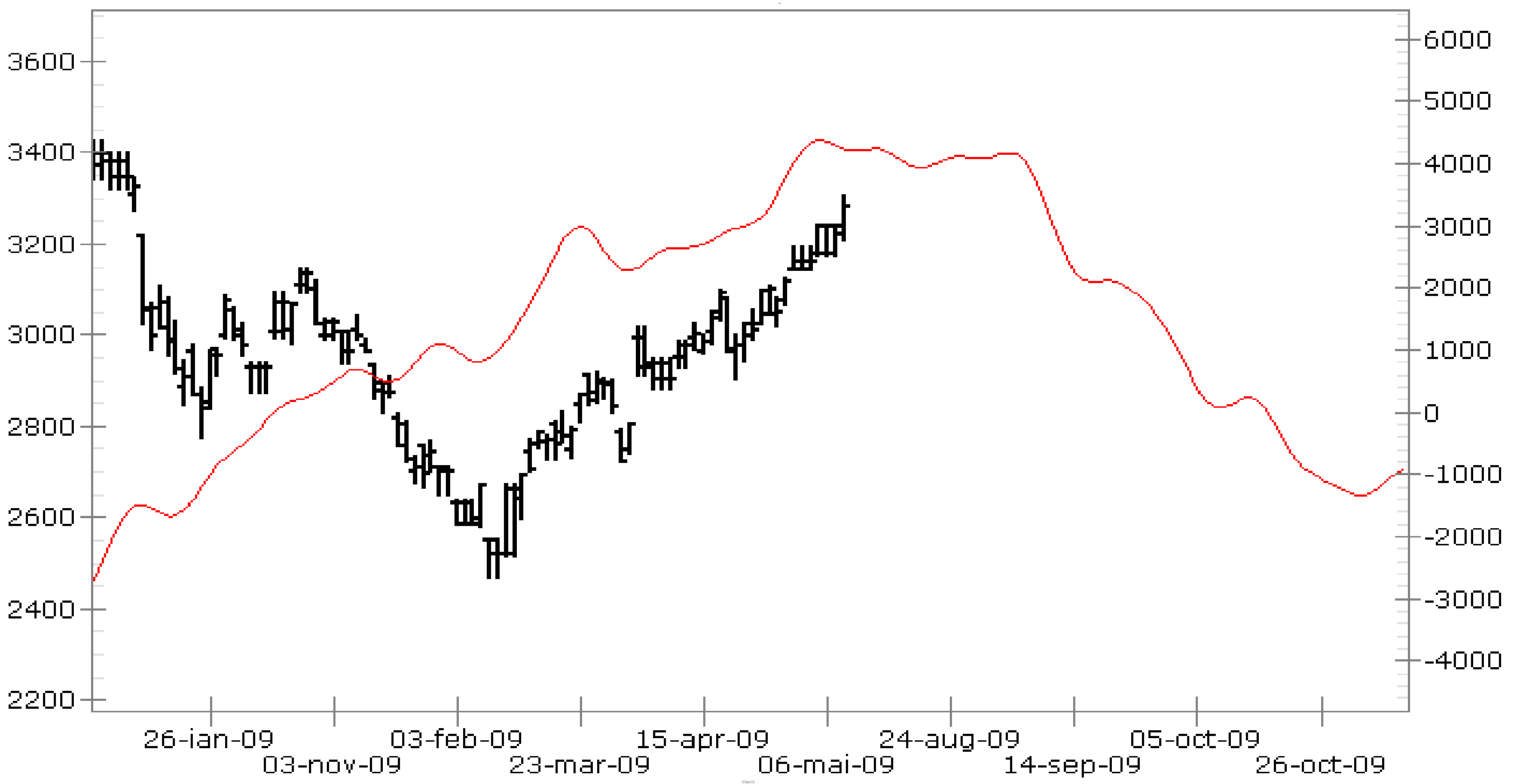
DOW MINOR CYCLE MOVING INTO A TOP



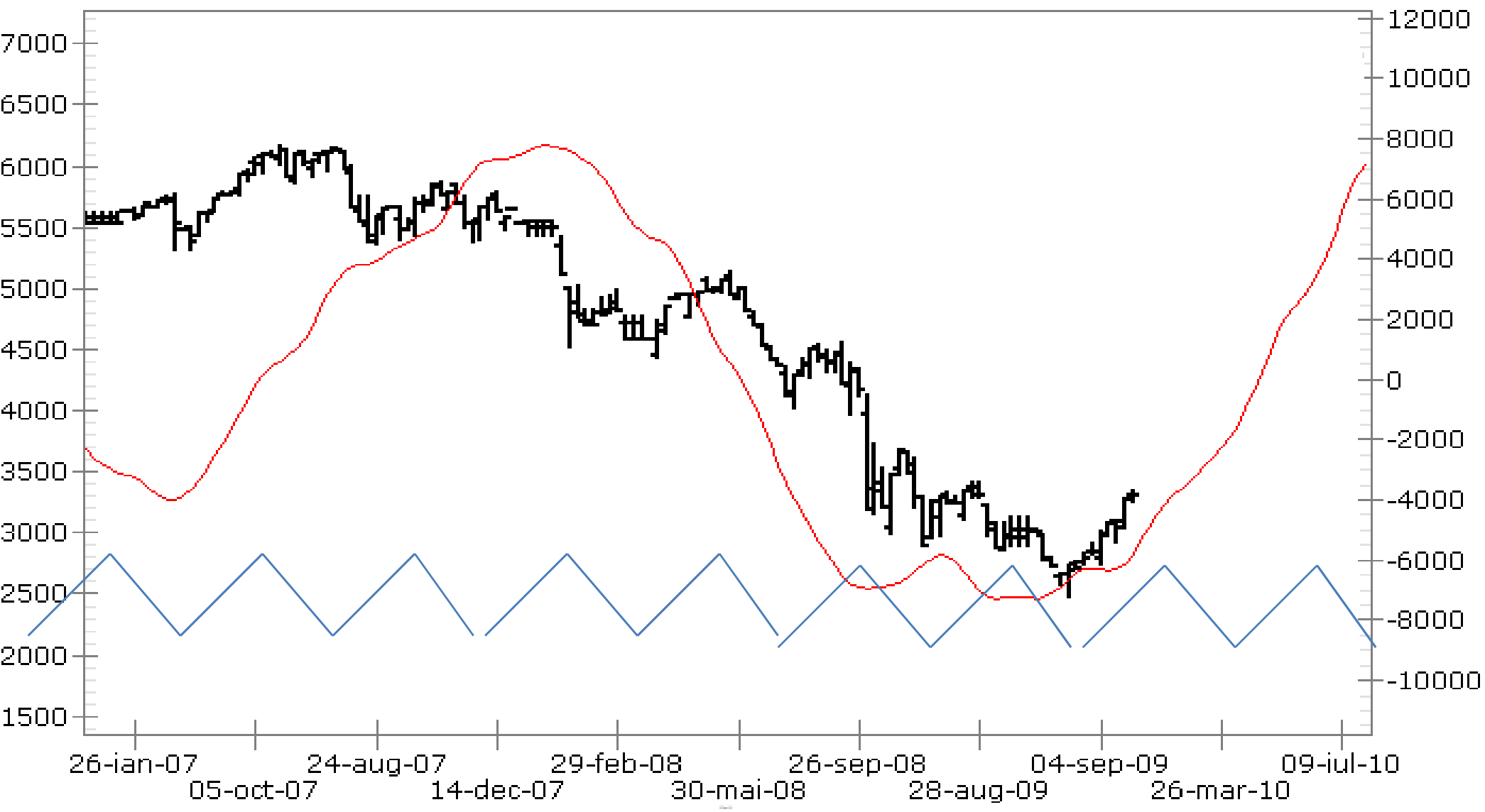
DAX. MINOR CYCLE TOP IS HERE



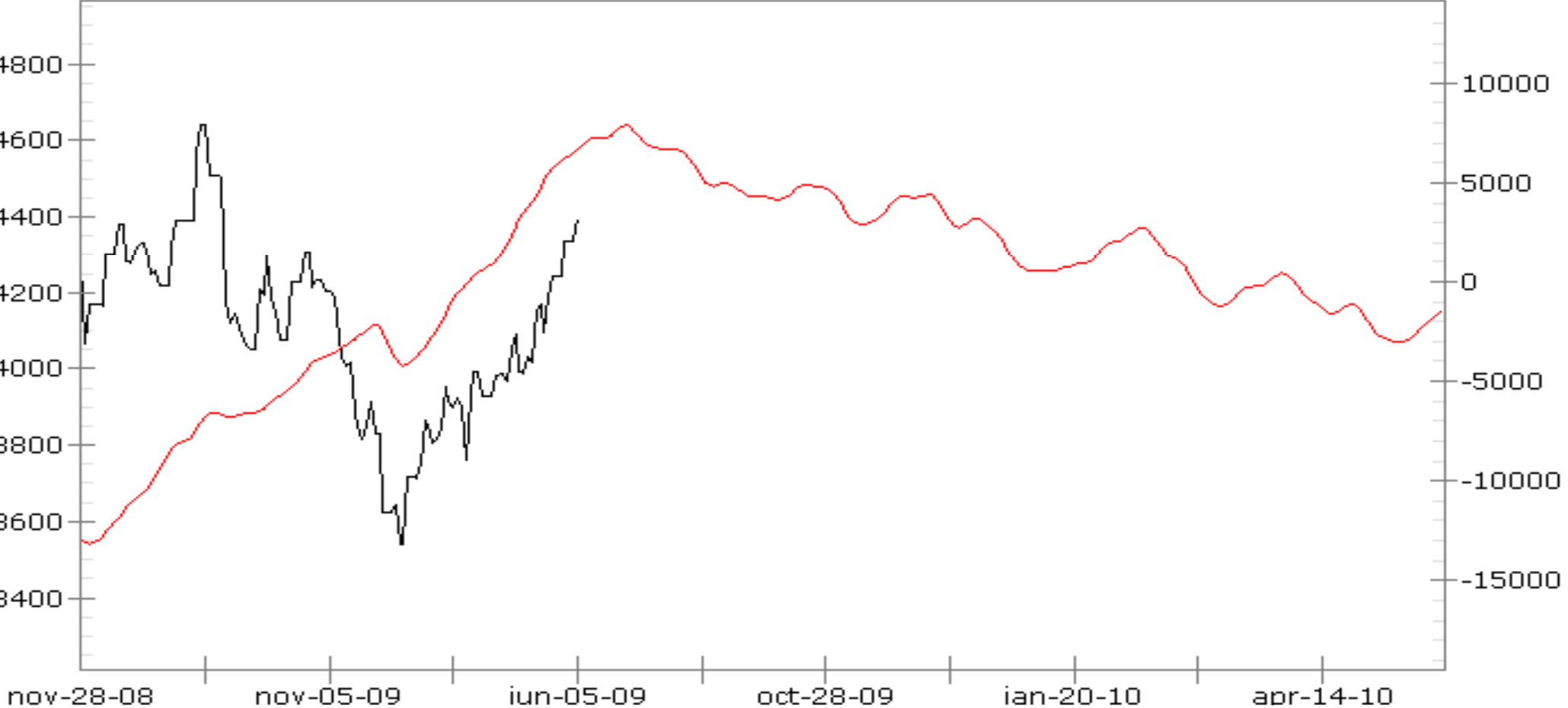
CAC. MINOR CYCLE TOP SEEMS HERE



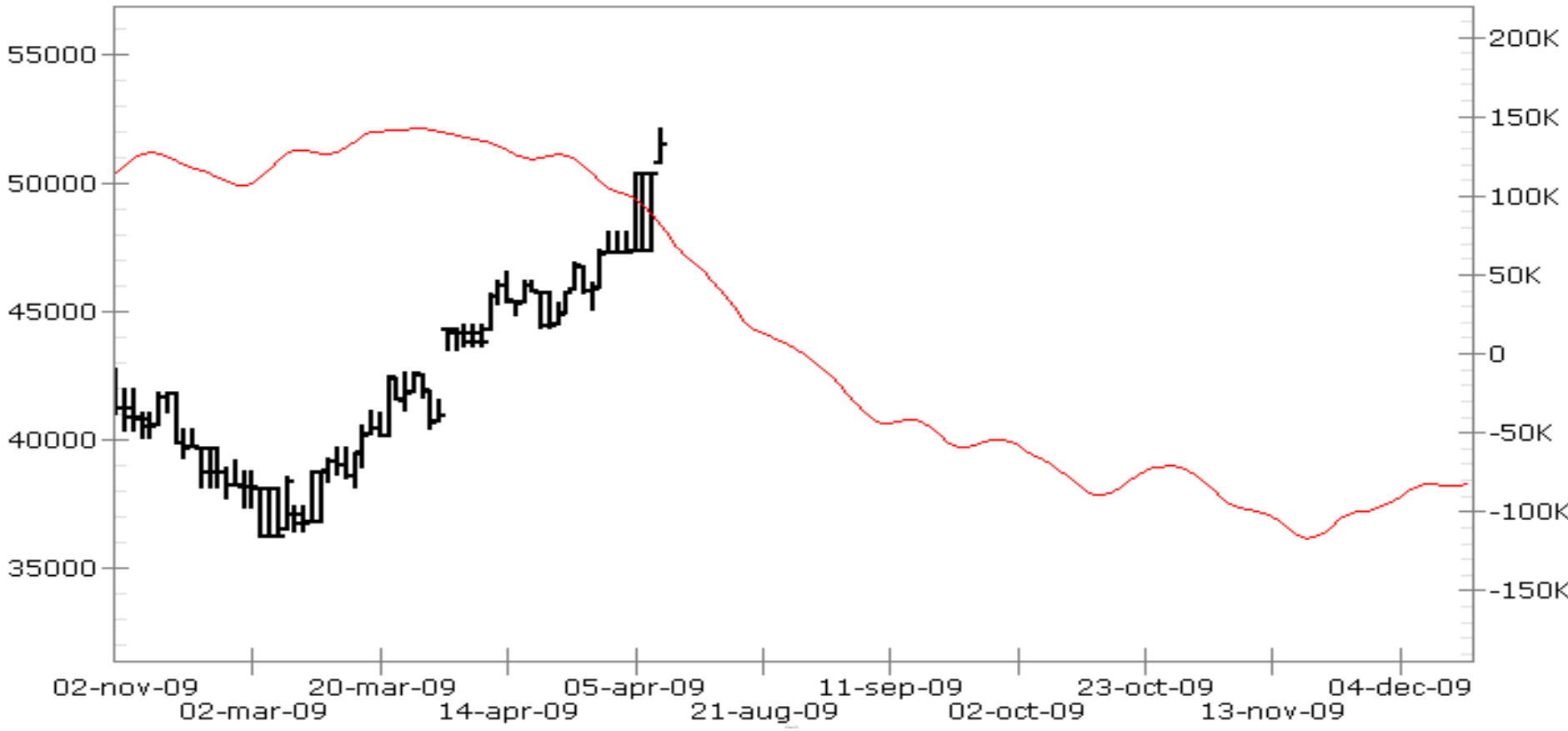
CAC40. PRIMARY CYCLES REMAIN UP. ANY INTERMEDIATE DIP SHOULD BE LAST IN 2009



THE TOP SEEMS TO BE AT THE END ALSO FOR FTSE

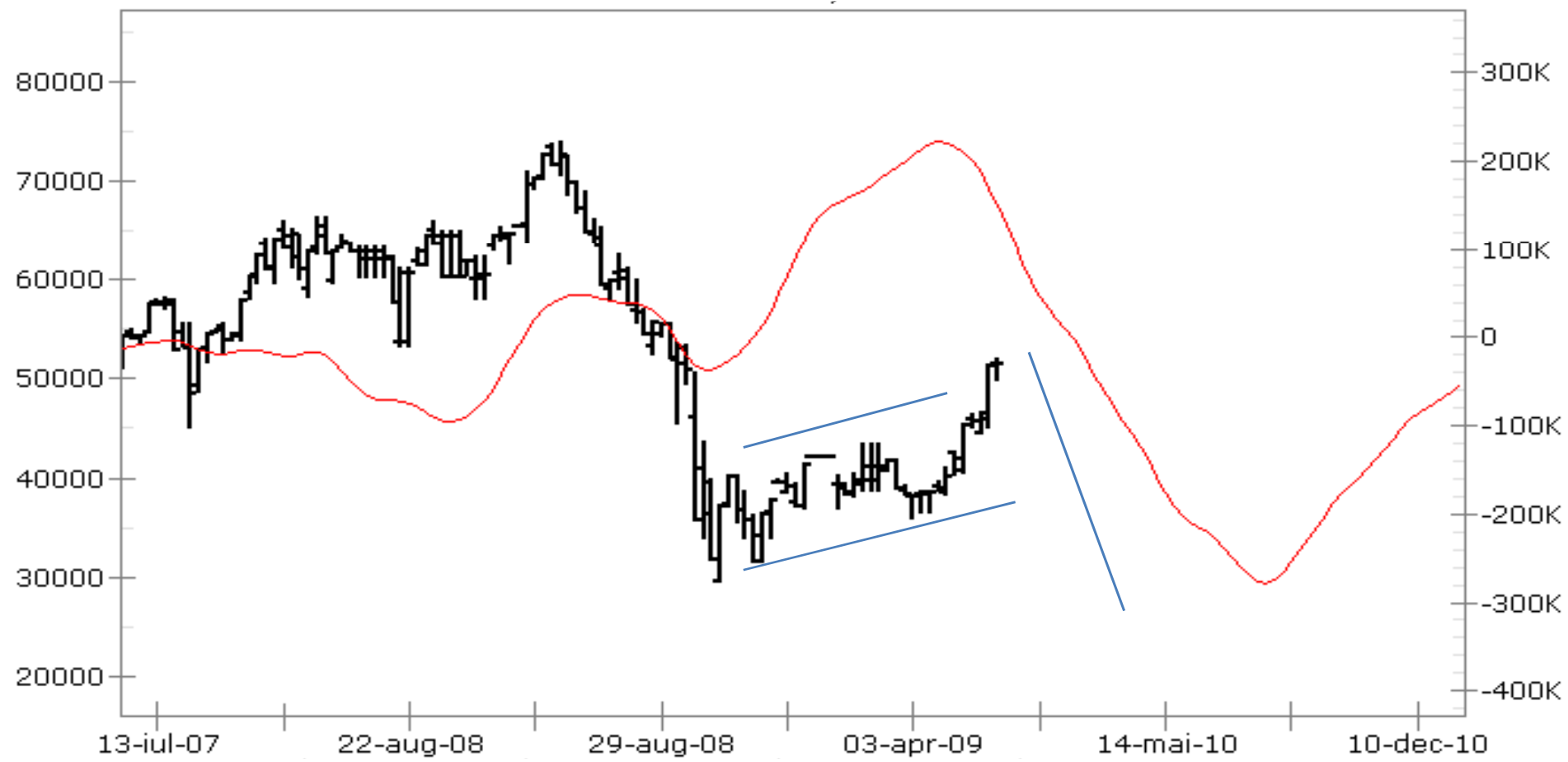


BVSP. PRICES HAVE MOVED BEYOND CYCLE HIGHS AND A CORRECTION IS DUE

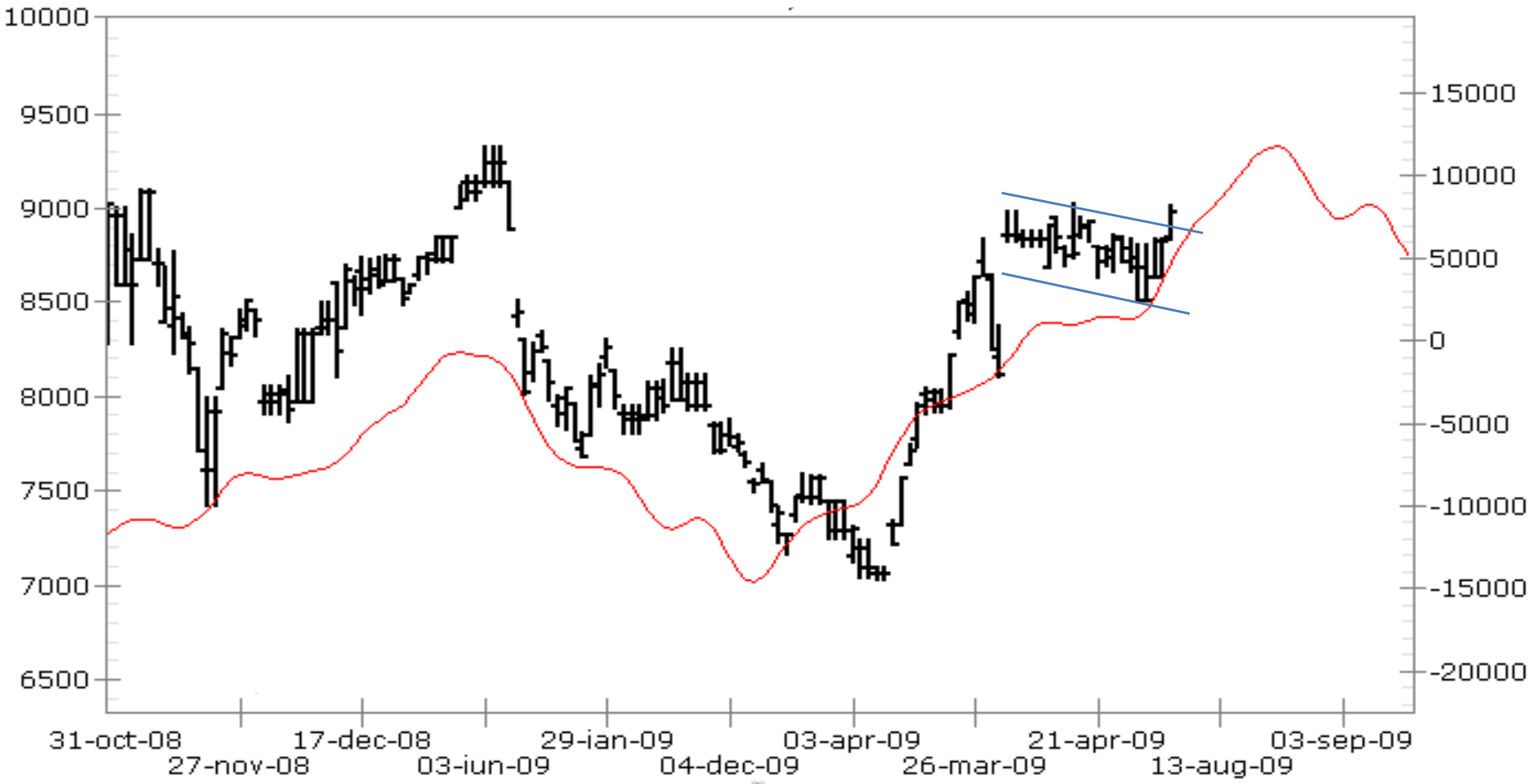


BVSP PRIMARY CYCLE POINTS LOWER TILL Q2 2010

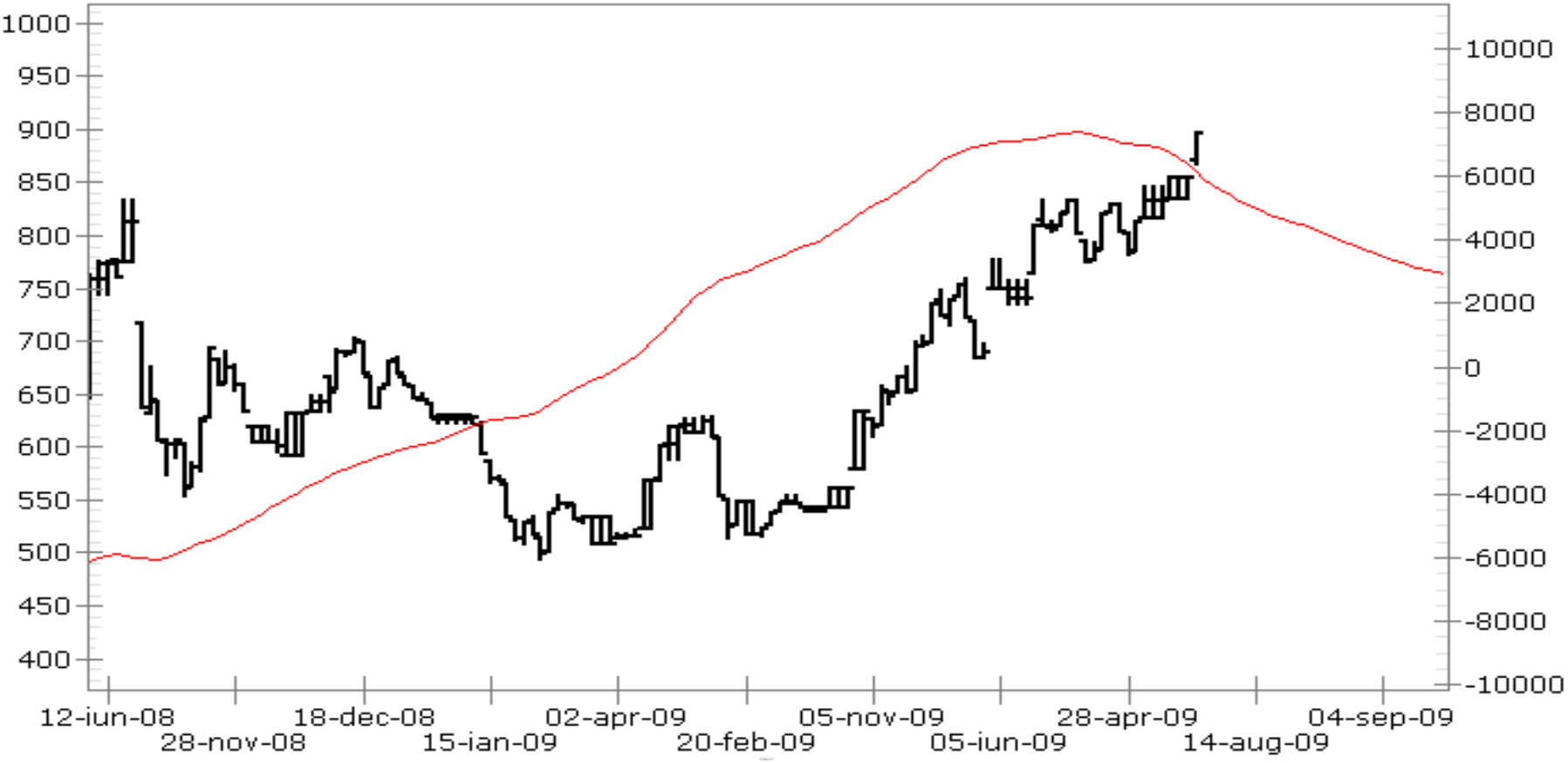
THIS COULD BE LINKED TO THE COMMODITY WEIGHT IN BVSP



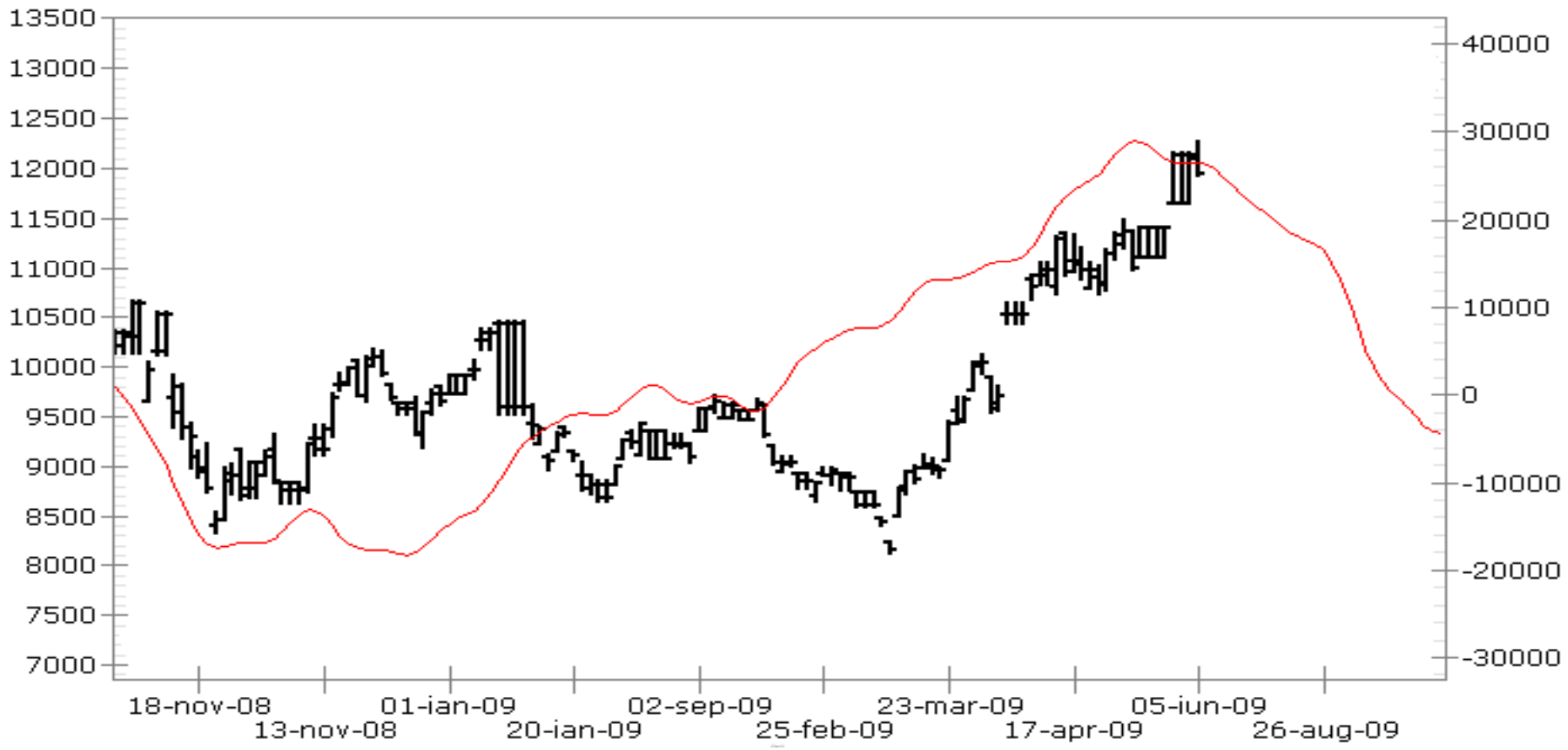
UNLIKE OTHER GLOBAL INDICES NIKKEI CYCLES CONTINUE TO POINT HIGHER



IRTS MINOR CYCLE TOP IS HERE

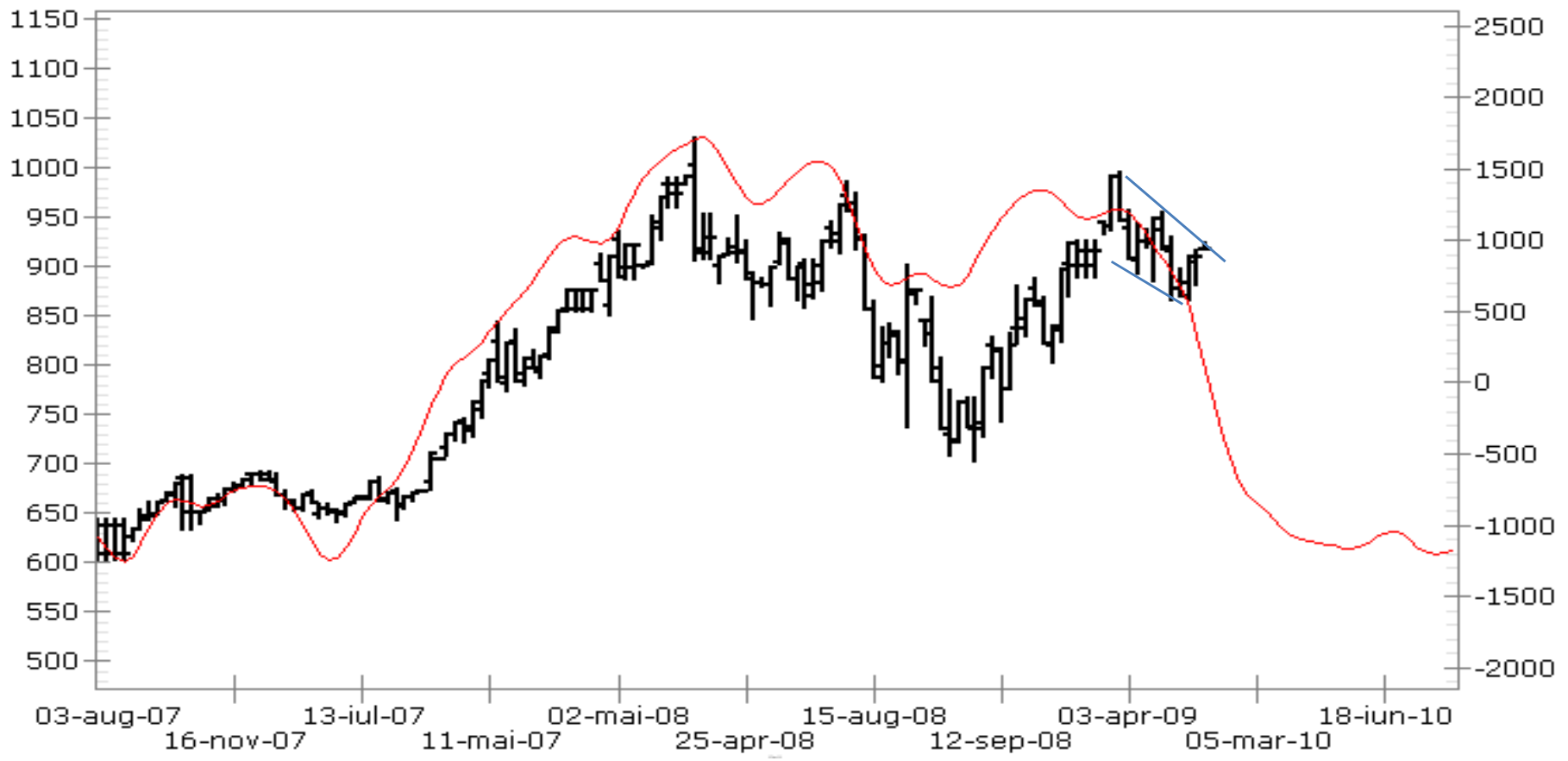


BSESN. INDIA. MINOR CYCLES SUGGEST A TOP

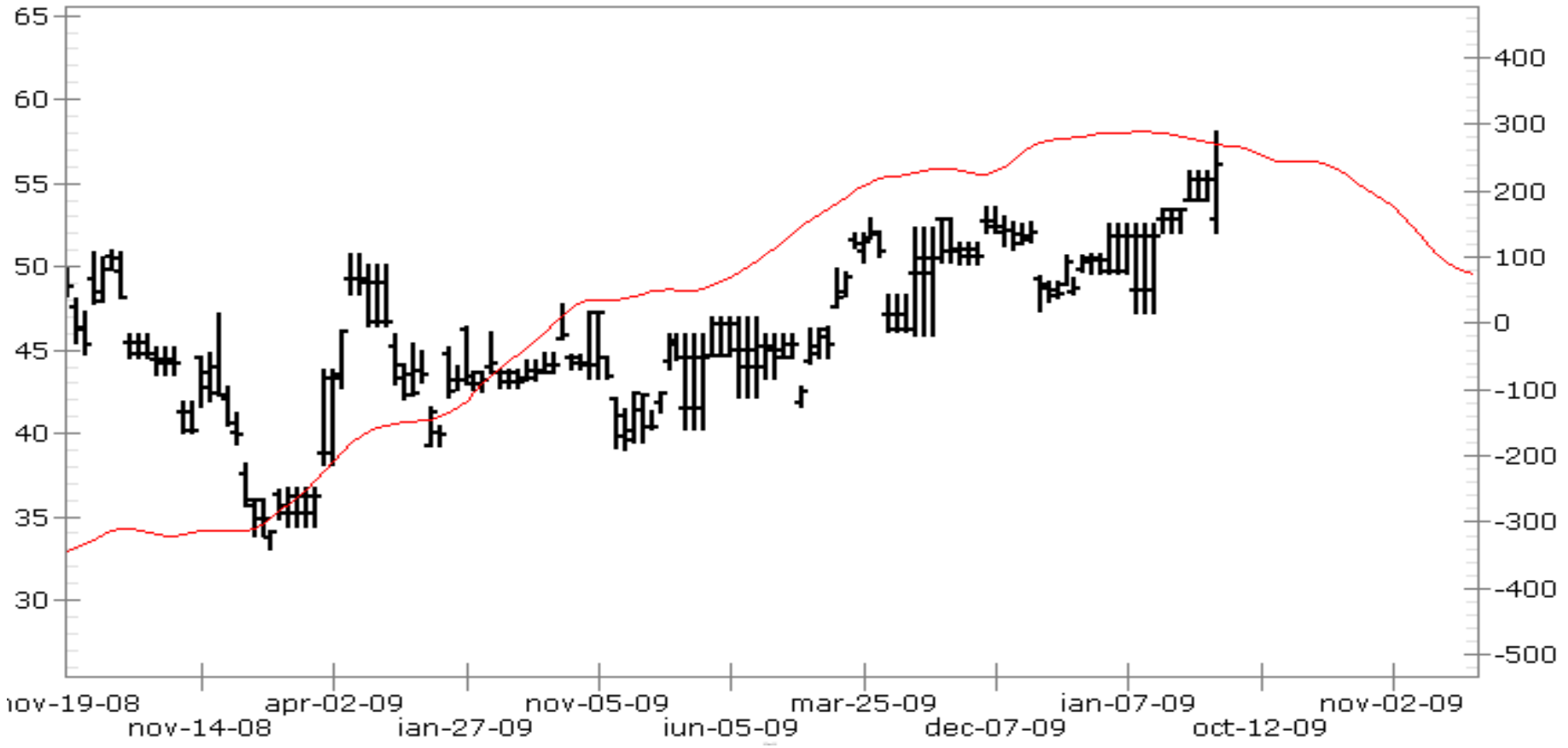


GOLD. INTERMEDIATE CYCLES CONTINUE TO POINT LOWER

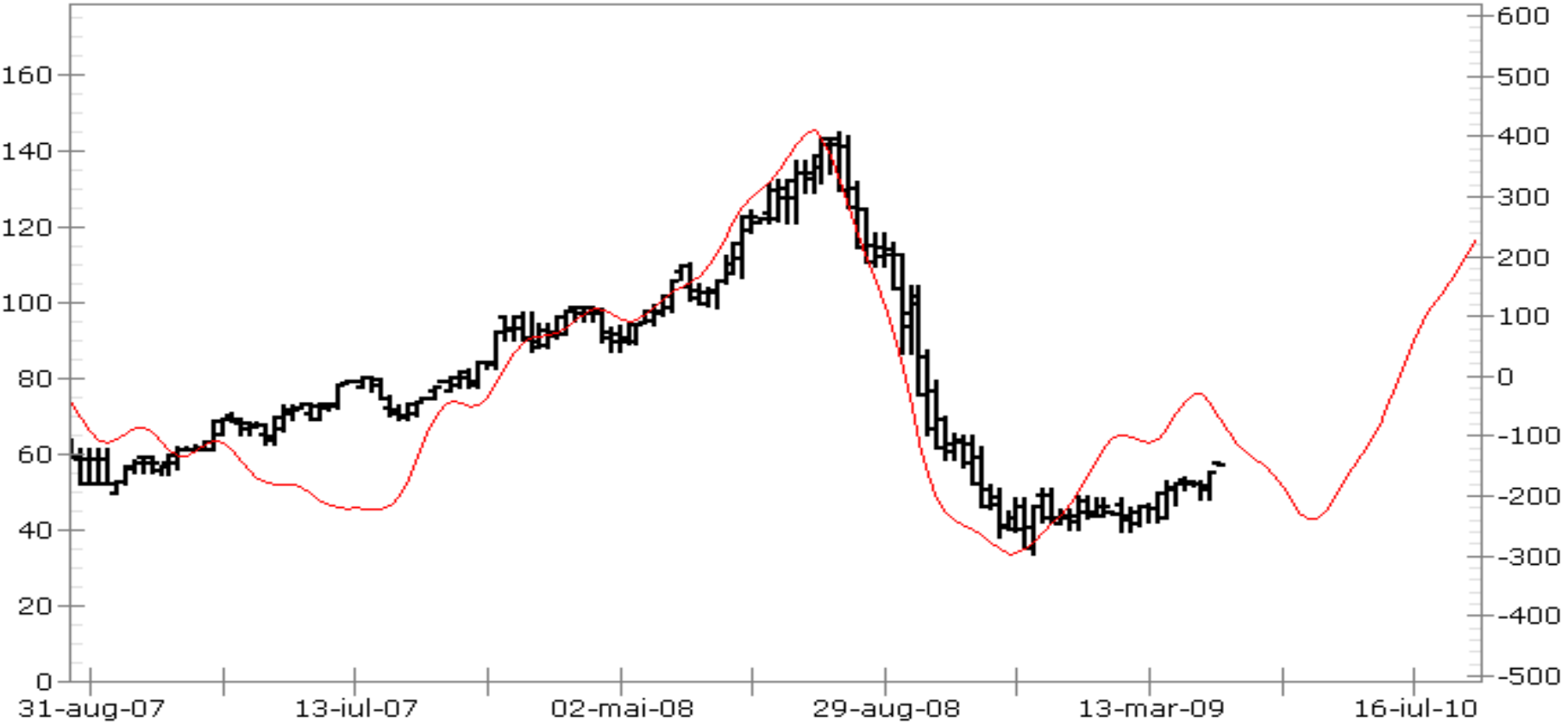
ALL MOVE UP SHOULD BE CORRECTIVE IN NATURE



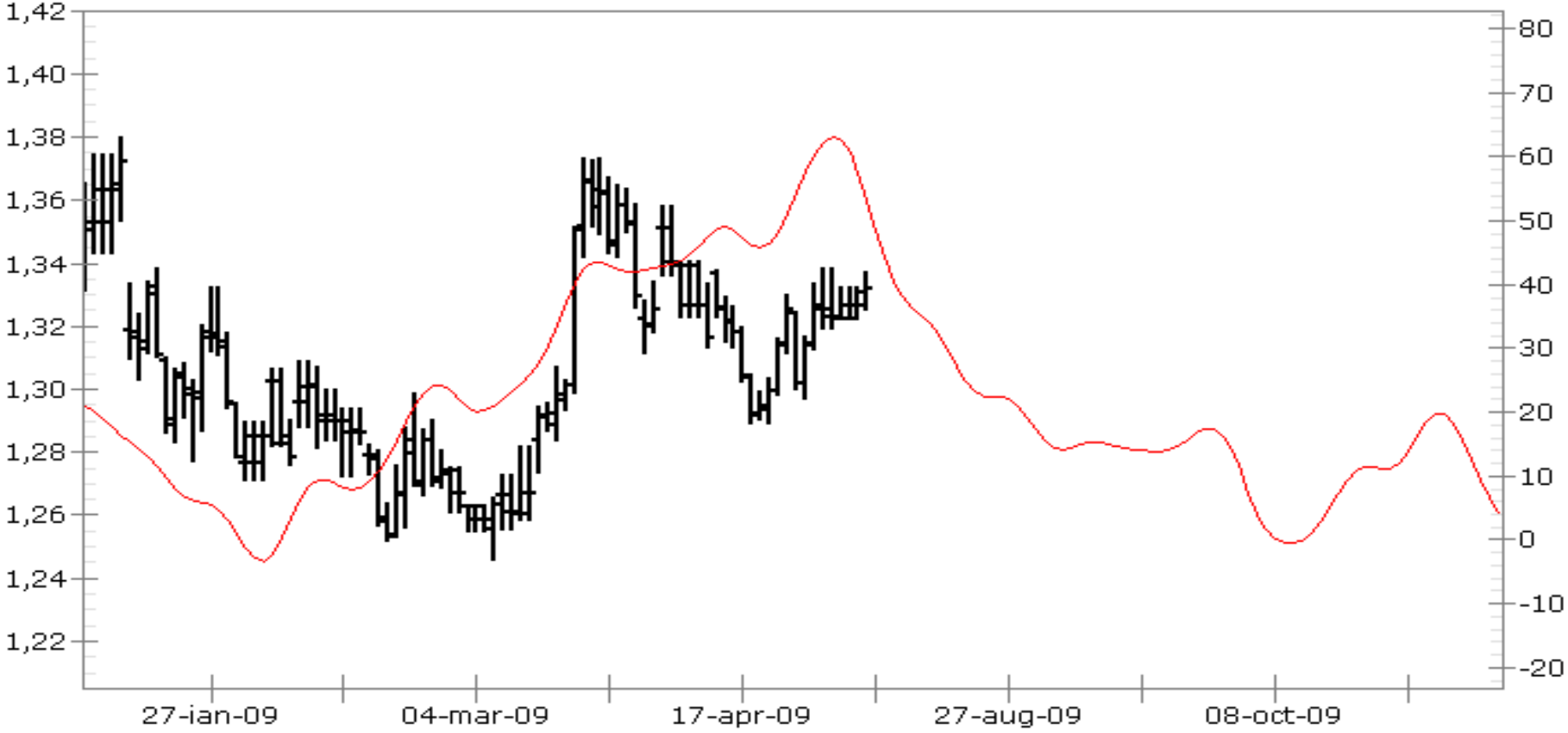
OIL. MINOR CYCLES POINT LOWER.



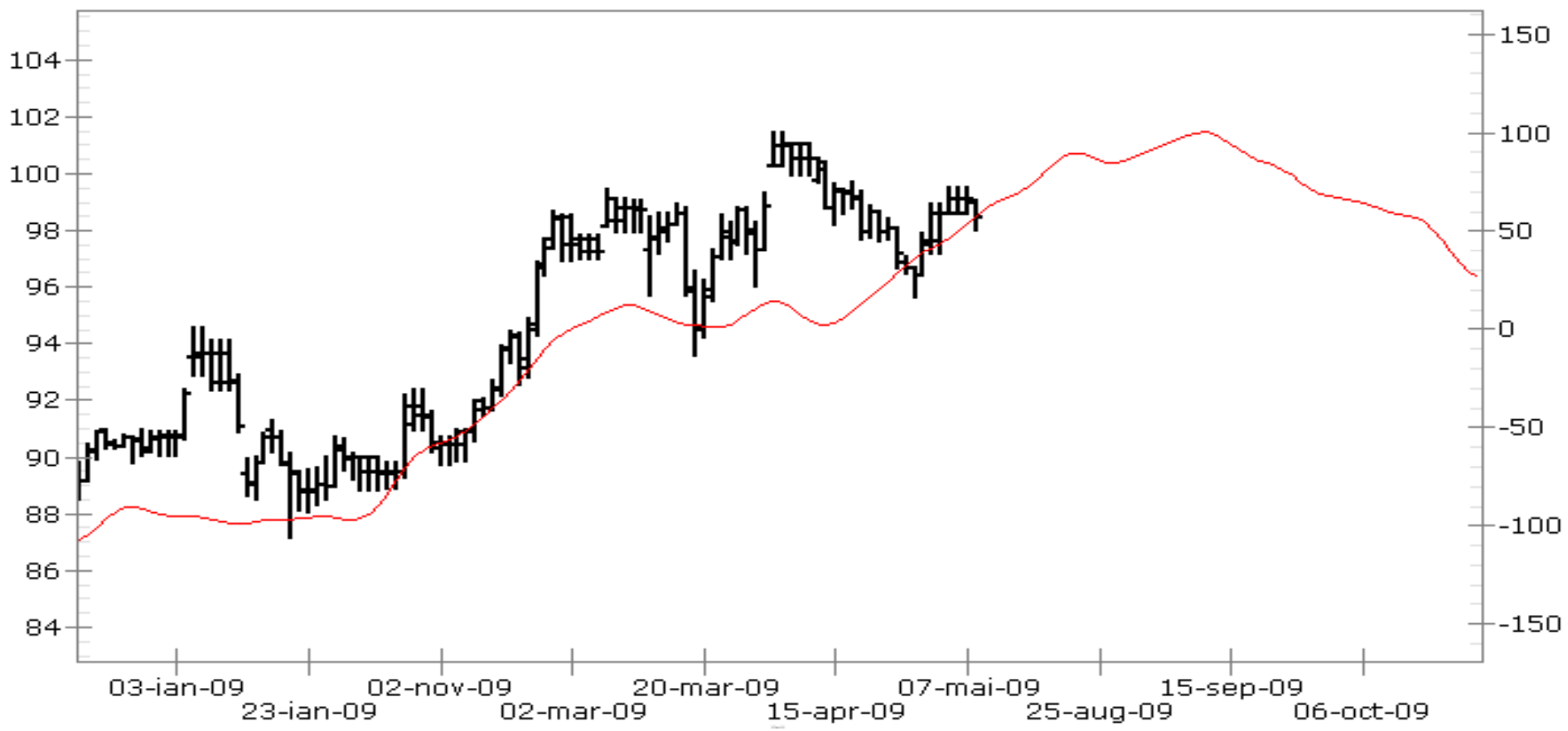
OIL. INTERMEDIATE CYCLES STILL POINT LOWER BEFORE THE MULTI MONTH REVERSAL



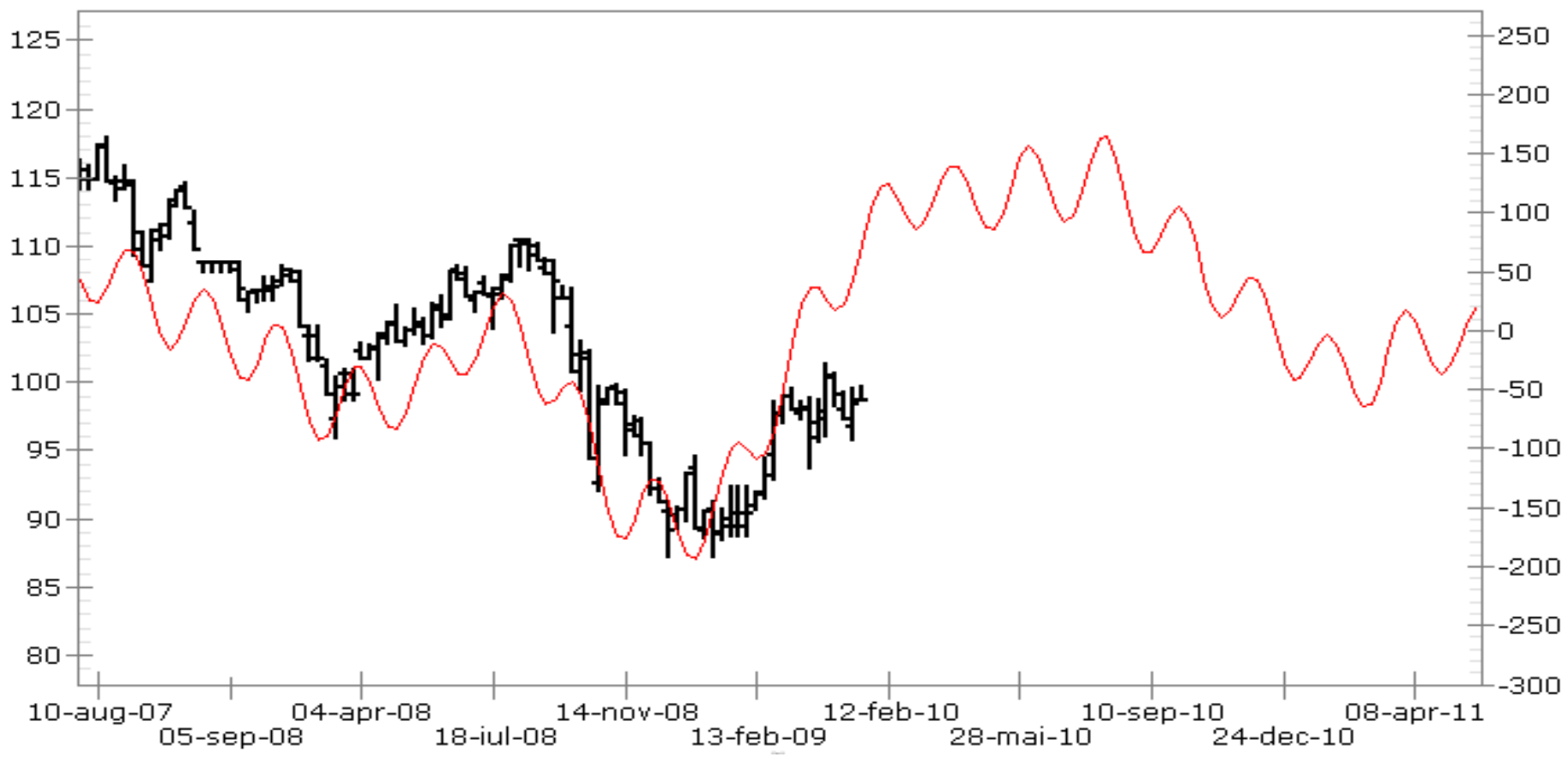
EURO DOLLAR. INTERMEDIATE CYCLES SUGGEST A PEAK IN JUNE



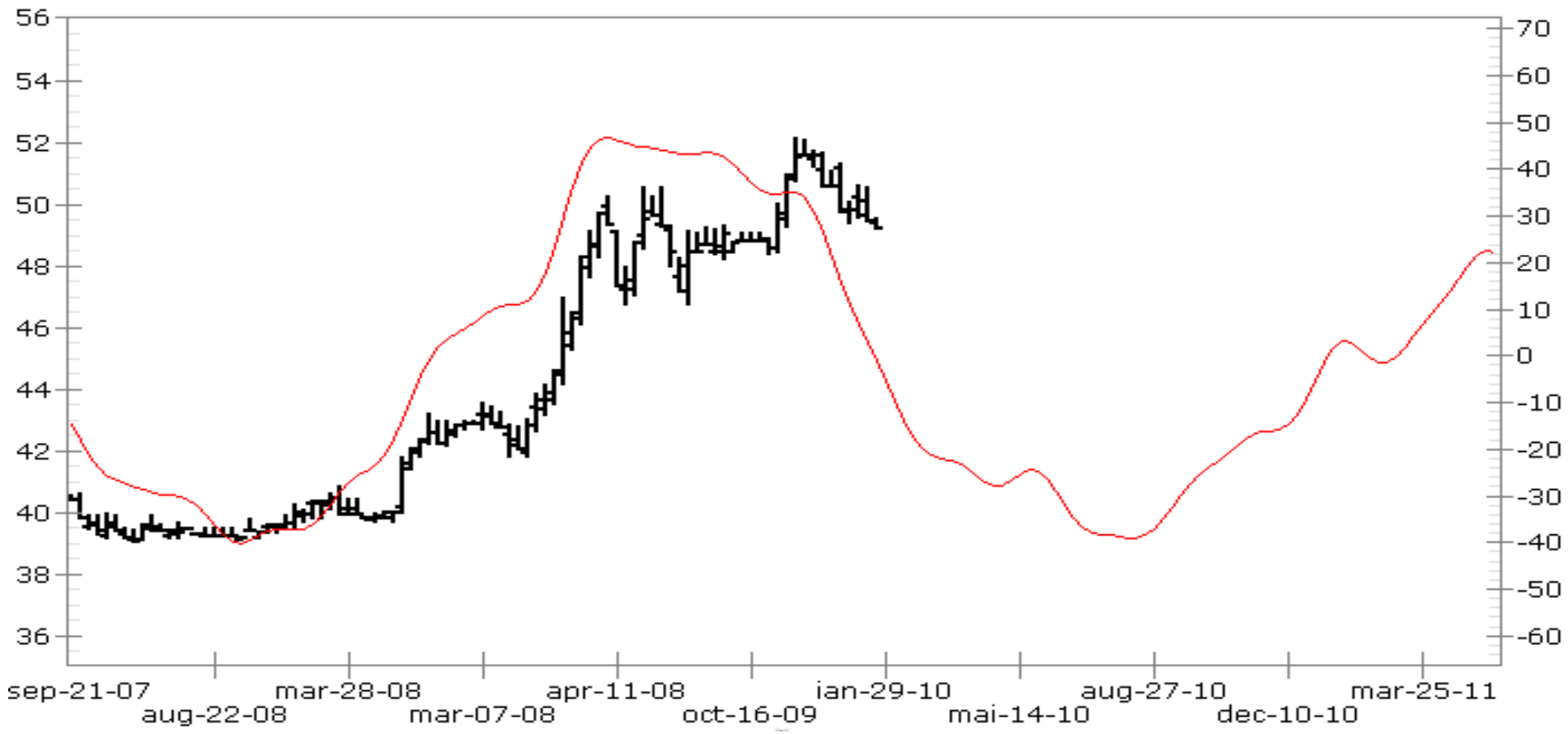
UNTIL SEPTEMBER THE JPY COULD STRENGTHEN



EVEN LONG TERM CHART SUGESTS LONG POSITIONS FOR JAPANESE YEN

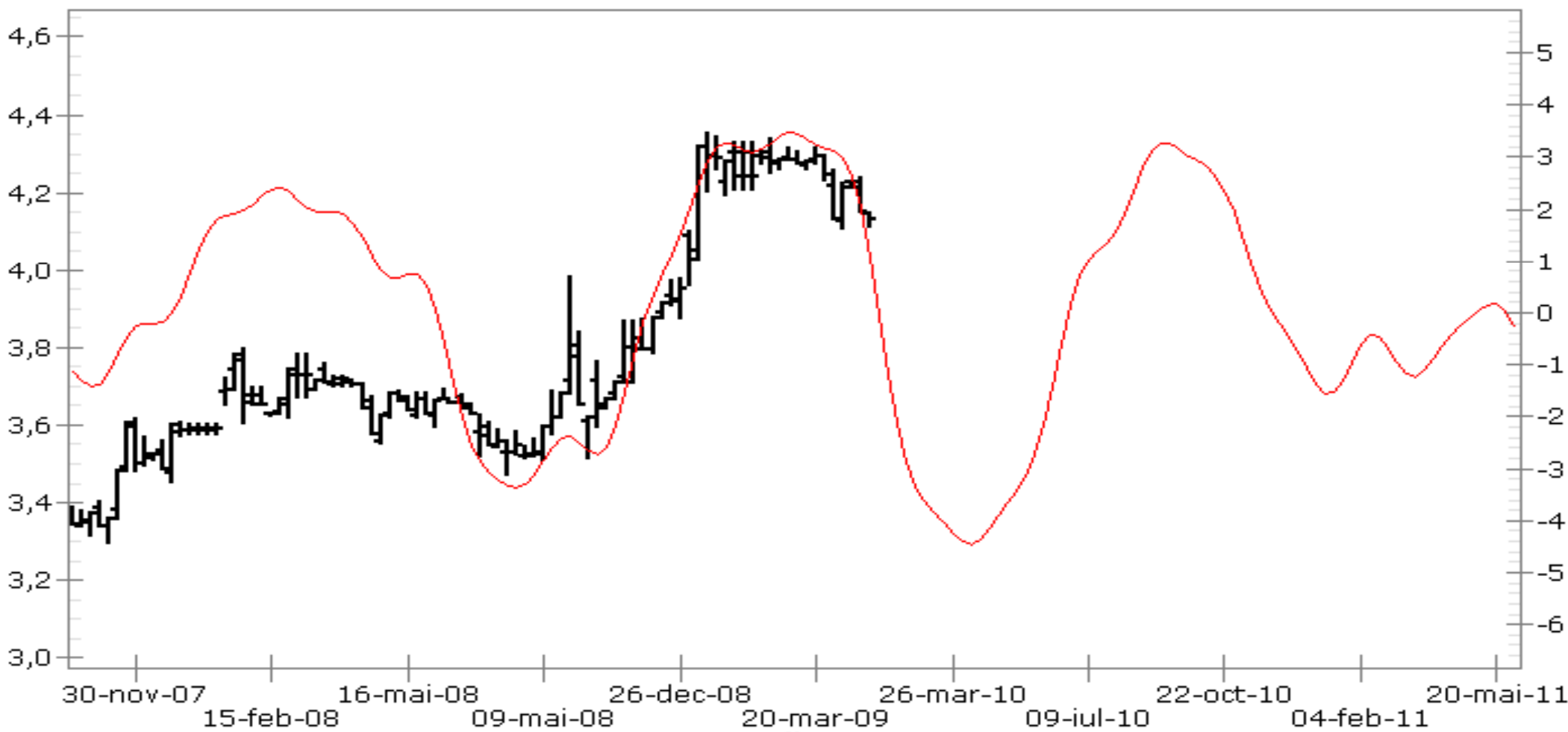


INR. LARGE PRIMARY CYCLE ALSO TURNS LOWER TILL Q3 2010. BACK TO 38



EURRON PRIMARY CYCLES HAVE TURNED

12 MONTH TARGET COULD SEE EURRON BACK TO 3.4



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