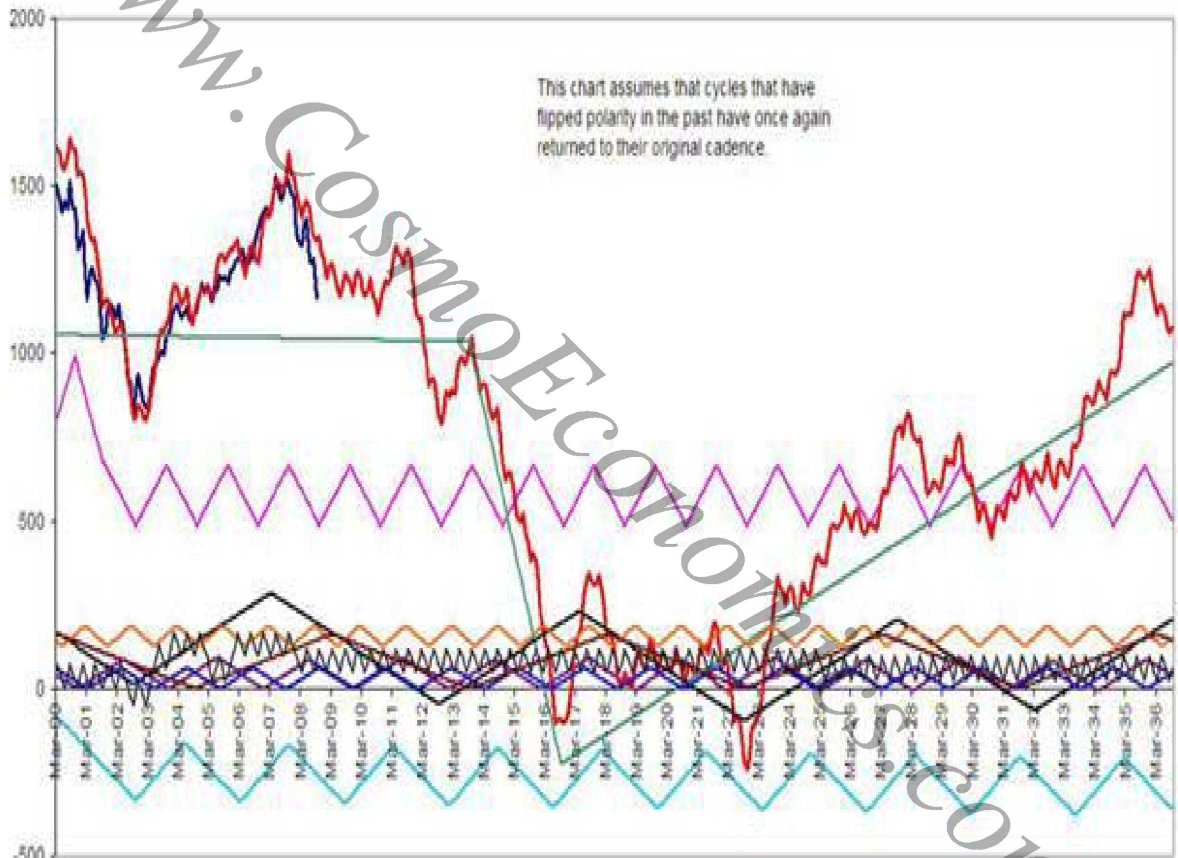
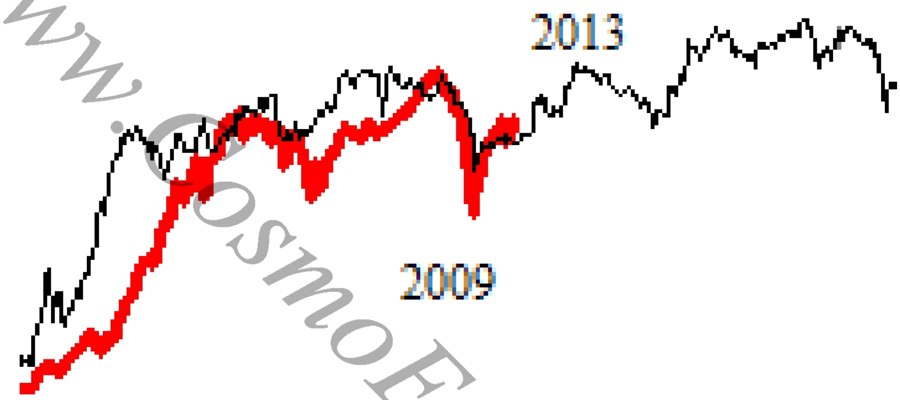
OUTLOOK FOR 2011



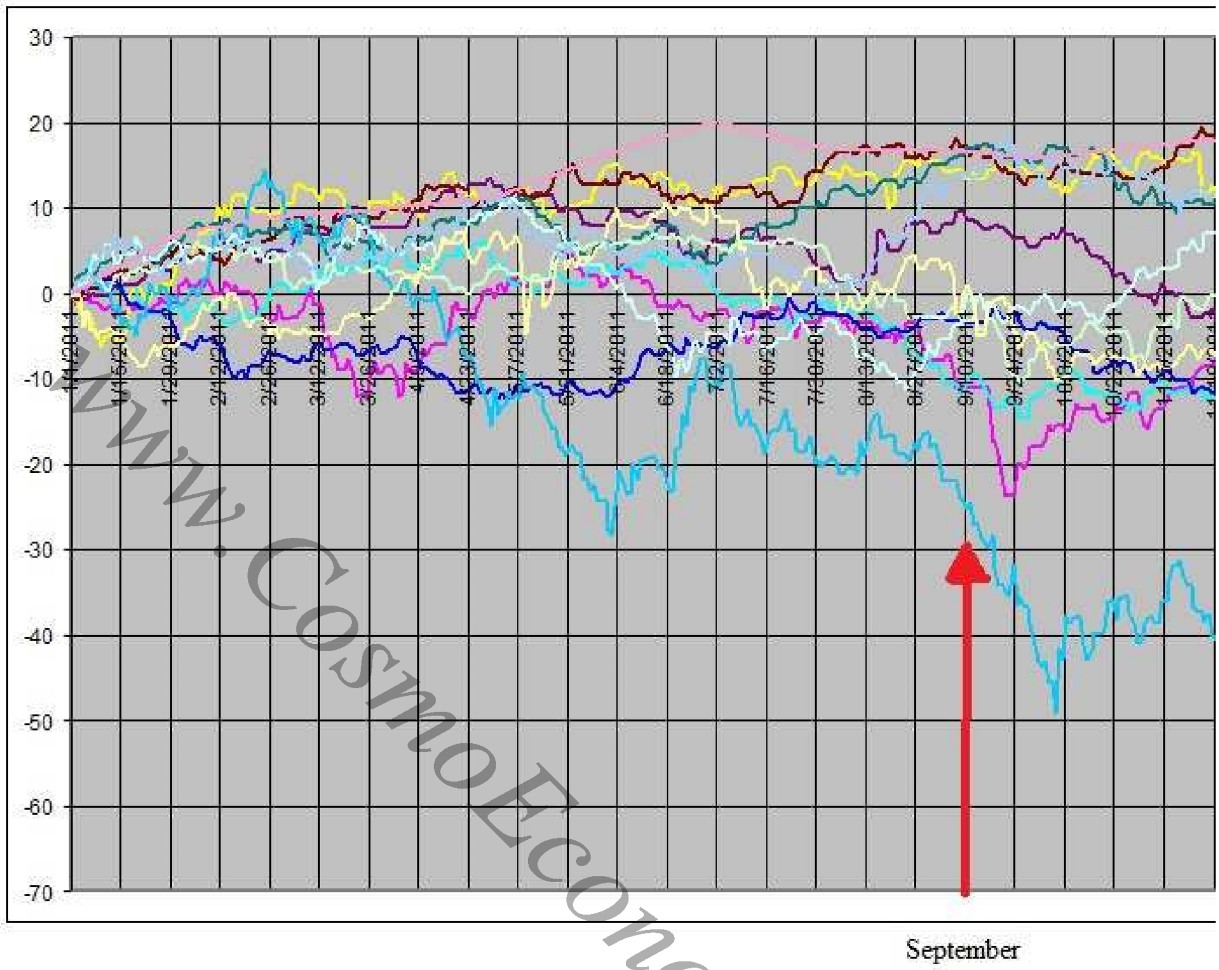
BY

DANIEL T. FERRERA

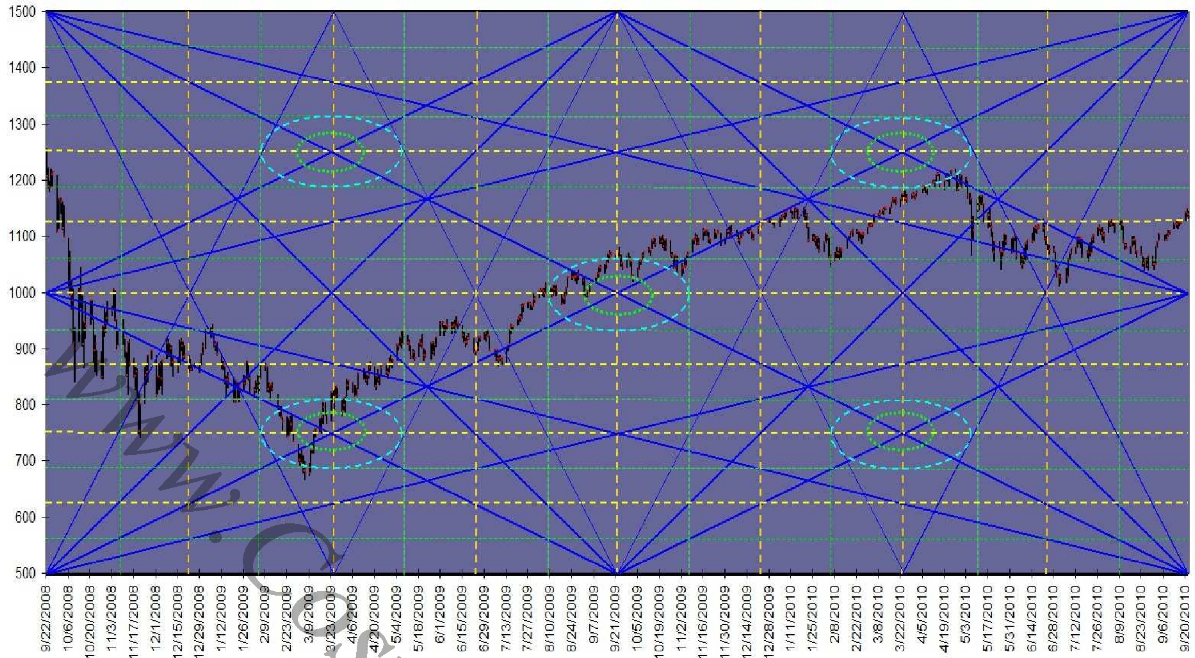
look for: “***Extreme low stock prices, strikes, recession, despair, beginning of new business generation for 18-3/5 years. 4 years of rising stock prices and improving business, markets bare of goods. Young men becoming prominent. Along with: strikes, unemployment and many prominent deaths***.” Four years of rising stock prices (2009 + 4 = 2013) indicates in general a rising market into the year 2013.

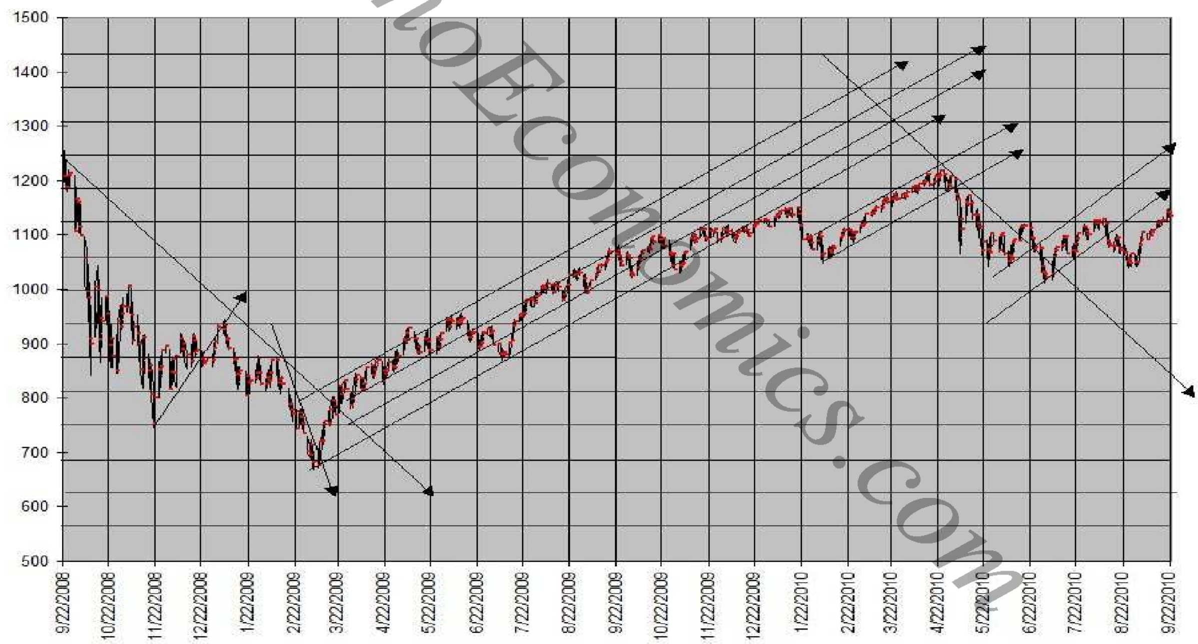


The above chart is an example of how periodicity provides a simple method of anticipating how a particular market may behave under similar cyclic circumstances, thus providing a forecast. In addition, we have many other forecasting techniques based upon cycle theory that also indicate or cross validate the overall trend. For example, the DTF-Barometer comprising of 16 large stock market cycles of various lengths also predicts a 4-year advancing market from the low in 2009 into 2013, which is identical to the forecast indicated by the analogous 1867 time era. In addition, both of these prognostication methods anticipate a 2 to 3-year decline from the highs in 2013, which forecasts another stock market low in the year 2015. The chart



The Patterns above suggest the following rule: 1) if the stock market has been strong and advancing into August, then September is likely to be negative. 2) If the market has been weak and declining into August, the September is likely to advance during the 1st week. Overall the majority of September lows occur around the 22nd to 24th and initiate a market rally that lasts into the end of the year. The mass pressure chart created by averaging all of the above data together, shows a market that is quite strong for the first 5-months of the year, which then gets progressively weaker, (especially so after June) that eventually manages to finish the year in positive territory.





These are all based on calendar days, not trading days so adjust your charts accordingly. Those who utilize these angles on their charts will find them of value. Particularly in combination with other trading tools.

Market (Japan) as a viable long-term investment area for portfolio diversification as the current decline should complete a large decay structure. The FED will likely see a need to raise rates, depress gold prices and support the dollar.

The Dollar: Despite cycles turning up in 2008 and nearly a 30% advance into November 2008 from the all time lows, the dollar has once again started a downward slide. The summations of cycles were positive into March-April 2010, but from this point forward they indicate a downward trend to potentially new all time lows around April of the year 2012. This can cause some serious problems with China & the United States, as China is the largest holder of US-treasuries. Long term, this relationship in my opinion could get very ugly if China isn't compensated fairly in some way! This in my opinion increases the likelihood of the FED increasing rates to strengthen the US-Dollar and weaken highly appreciated gold prices.