PREFACE

Our forecasting technique utilizes George Lindsay's "Mirror Image" charts and several other research methods that provide data for predetermining market reversals and trends, often years before they occur. Some data may not become available until weeks or sometimes days before an event. We expect some of our predicted highs and lows to arrive slightly early or late. Consequently, we abide by the following important rule that helps us to avoid serious mistakes: "Do not make a decision about a forecasted market trend until all available relevant evidence becomes clear beyond any reasonable doubt."

We produced our first Annual Market Forecast in 1975. Over the years our directional predictions have been at least 75% accurate. Since, any long-term stock market forecast should be considered tentative, we advise clients to carefully read our periodic email messages, website postings and TAP reports for more current and accurate details.

DIRECTIONAL DETAILS

Note: Predictions 1, 2, and 3 were conveyed to clients via telephone contact around the end of calendar year 2008, and they were published in our January 22, 2009 message to clients.

1.) A market top will form in January 2009: It will most likely develop very near the presidential inauguration, which is January 20th.

2.) Market weakness will almost immediately follow the inauguration. Brief strength will interrupt in early February producing another high that might be somewhat prominent, but weakness will resume a few days later that is likely to be more momentous until a bottom formation unfolds during late February and/or March.

3.) February and March are likely to deliver somewhat of a “double bottom.” It is indeterminable at this time which month will contain the lowest low. Extending from this bottom will be a rally of some sort that will become visible no later then the middle third of March.

Note: Statements 4, 5, and 6 were emailed to clients on 4/23/2009.

4.) At the end of March, weakness will appear and precede what is likely to be a very choppy April and May. Our prediction at this time is that April and May will be more ascending than descending. April’s total basic shape will be weak-strong-weak. The shape of May’s first half will be weak-strong-weak, and the second half will be choppy with a spike up at month-end.

5.) There are no “Strong Readings” indicated between May 28th and July 10th. June, however, displays two “Weak Readings” in close proximity; so, we expect weakness to begin during or very near the second week of June. The negative effect of this solitary weakness is likely to linger into July since the remainder of June is devoid of any directional readings and more “Weak Readings" appear in July.

6.) Early July weakness will transform into a brief, punctuated downtrend; however, formidable strength on and after July 10th, will quickly become dominant. Only minor weakness near month-end will retard the ascent. Early August will contain additional strength followed by some weakness around mid-month; however, the month will display a strong ending.

Note: The remainder of our Directional Details for this year (and early 2010) was presented July 31, 2009.

7.) While strength will have a modest advantage during September, more seesaw action will be witnessed. September's shape will be up, down, up, and then choppy around month-end.

8.) During October there are three, tightly clustered "Weak Readings" just after mid month, and only two "Strong Readings" close together around month-end. This is immediately followed by five "Weak Readings" in the first ten days of November, and another lonely "Strong Reading" on November 20th. Consequently, we predict that the market trend will resemble a decisive A-B-C downtrend from early- to mid-October until just before Thanksgiving.

9.) Sparse directional readings between Thanksgiving and year-end helps us to predict a potentially uneventful up-trend from Thanksgiving into mid December, and then a drifting descent that will terminate with a brief year-end upward push. Our preliminary look at January 2010 prompts us to tie in the late December 2009 upward push with prominent, early January 2010 strength; so, late December 2009 is a potential intermediate-term buying opportunity.