

PART I
LOOKING FORWARD TO PROFITS FOR THE NEXT 6 MONTHS
YOUR NEW PORTFOLIO

Hello Everyone,

Every so often it pays to take a few steps back ... look at the charts from a longer-term point of view ... and put the markets into perspective.

This is especially true today with so much confusion in the markets ... so much misinformation in the news ... so many threats to your wealth ... and so much background noise and distractions.

But when you step back and look at the big picture, you can clearly see that *major trends do NOT change overnight.*

In a few minutes, I'll show you my market roadmaps of the Dow Industrials, the dollar, and gold.

But before I do that, let me give you the conclusions I have drawn from the latest long-term review I've done of my research, economic models, and trading cycles.

First and foremost, the mortgage, debt, and real estate crises in the United States are not over — not by a long shot. Neither is the destruction occurring in commercial real estate ... the automobile industry ... and small and large businesses alike all over the country.

Second, this also means the Fed will continue to....

- Pump even more fiat money into the economy like there's no tomorrow to prevent a financial meltdown
- Purchase more of the U.S. Treasury's debt, in one giant shell game that will forever change the value of your money, devaluing it in the greatest re-inflation campaign of all time
- Keep short-term interest rates absurdly low, with savers bearing the brunt of its policies

The end result...

- A dollar that will remain in a long-term bear market, clearly set to lose much more of its purchasing power in the months and years ahead.
- An ongoing collapse in U.S. Treasury bond prices, despite the Fed's purchases of U.S. Treasury bonds, and as the entire world awakens to the fact that the U.S. government is bankrupt:
- A continued slide into a black hole for the U.S. economy.

All this, while China, India and other Asian countries continue to barrel ahead.

But if you think any of the above means there's no money to be made in the markets, think again.

Based on what I'm seeing, I expect nice gains in the weeks and months ahead.

Our New Portfolio For The Next Six Months...

Before I get to the specifics, there's a few things to keep in mind...

First, **wild swings** will continue to dominate almost all markets, confusing investors and professional traders alike.

Consequently, those who don't keep the big picture in focus will suffer big losses. But for those who do, I think big gains are on the horizon.

Second, all major intermediate-term trends remain intact. Higher for stocks and natural resources, sharply lower for the U.S. dollar and U.S. Treasury bonds.

Third, re-inflation attempts by the Fed will continue to take hold.

Fourth, Asian markets are poised to outperform U.S. markets.

Now, let's look at the charts, so you can see for yourself what I'm talking about...

The Dow: Notice how the Dow has thrust above an important downtrend line on the weekly chart. This was one of the last indicators that I was waiting for to show a positive buy signal before I could be sure that we were in an upward trend.

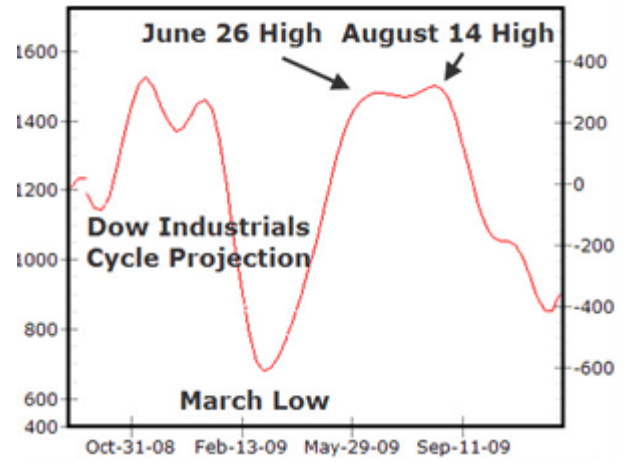


This is a significant development. While it does not mean the Dow has bottomed, it does indicate that it has certainly stabilized.

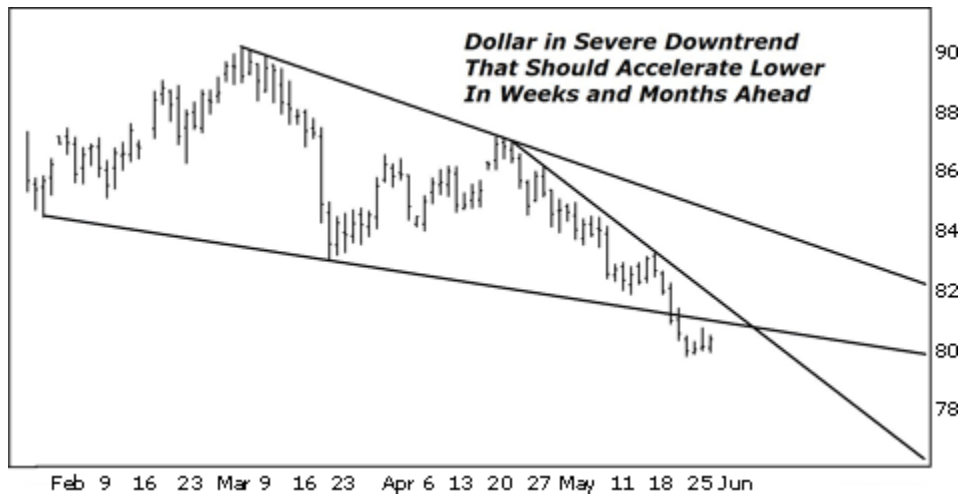
Moreover, it would be perfectly normal for the Dow to continue to rally as high as the 50 percent retracement level shown on the chart, regaining half of what it's lost from its peak. That stands at the 10,344 level.

Additionally, in this second chart, my cycle studies show the Dow rallying into the end of June, then pulling back a tad, and rallying again into mid-August, where I would expect 10,344 to be reached.

Bottom line for the Dow Industrials: I expect the rally in stocks to continue higher, albeit with **pullbacks along** the way.

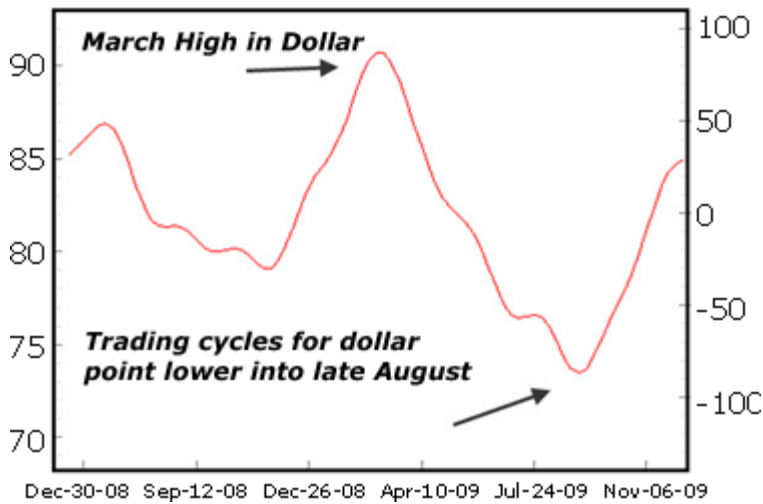


The U.S. Dollar: The dollar is a key driver of many markets.



Notice how weak the dollar is on this chart.

After a brief rally in April, the dollar has collapsed again and now lies within striking distance of its record low. The downtrend is solid, sharp, and almost relentless with no major support nearby, other than the record low at 70.698 on the index.



Plus, this cycle chart of the dollar confirms the chart action. It shows the dollar trending lower into late August, early September, before the downtrend gets any relief.

Bottom line for the dollar: It's in trouble. This supports my fundamental view that the Fed not only is printing money like crazy, but will continue to do so. And, despite what the Fed may say in public, it actually wants a weaker dollar to help re-ignite asset inflation.

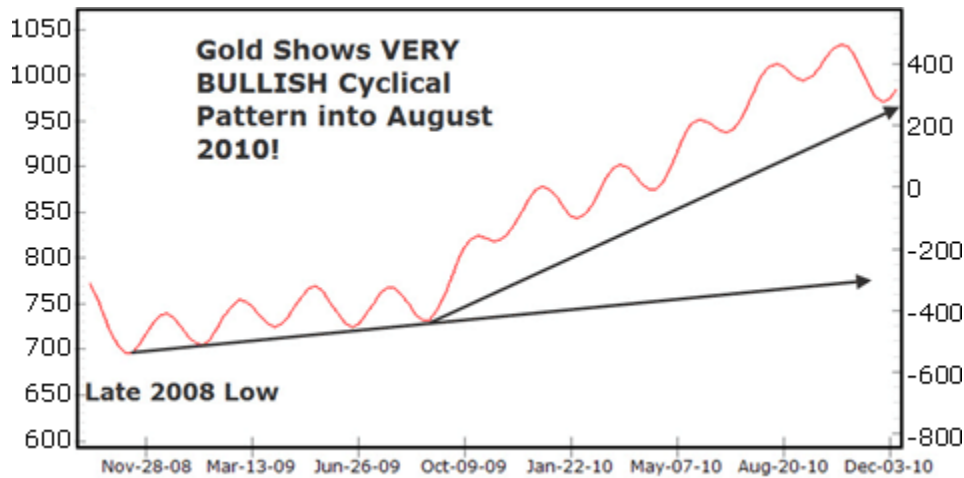
Gold: The yellow metal is in an extraordinarily bullish position, preparing to

blast off to well over \$1,000 an ounce.



Take a look at the chart. Notice gold's strong uptrend, supported by two rising uptrend lines.

Also, look at how gold has now thrust up through the downtrend line from its most recent high back in March. A very bullish picture indeed!



Even more bullish: The cycle projections for gold. It pointed to a choppy but rising trend through the first half of this year, which is exactly the action we saw, with gold rising more than \$50 last week alone.

Now take a look at the October period for this year, and see how the bullish cycle patterns literally take off to the upside, rising into the fall of 2010!

These projections in gold are entirely in keeping with the underlying fundamentals, which show...

1. A deteriorating economy
2. Massive re-inflation efforts by the Fed
3. A collapsing dollar

Bottom line for gold: It's one of the strongest assets there is, as I've been telling you all along. I expect my target of \$2,250 gold to be hit by August 2010, and possibly even sooner.

Bottom line for YOU...

Don't be afraid of the markets and don't confuse the economy with the markets. *Sometimes markets make major moves that are a complete paradox with the underlying fundamentals.*

Just like we're seeing now. The economy is still sinking, yet stocks are rallying and look like their getting set to continue.

SEE PART II
FOR YOUR NEW PORTFOLIO

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