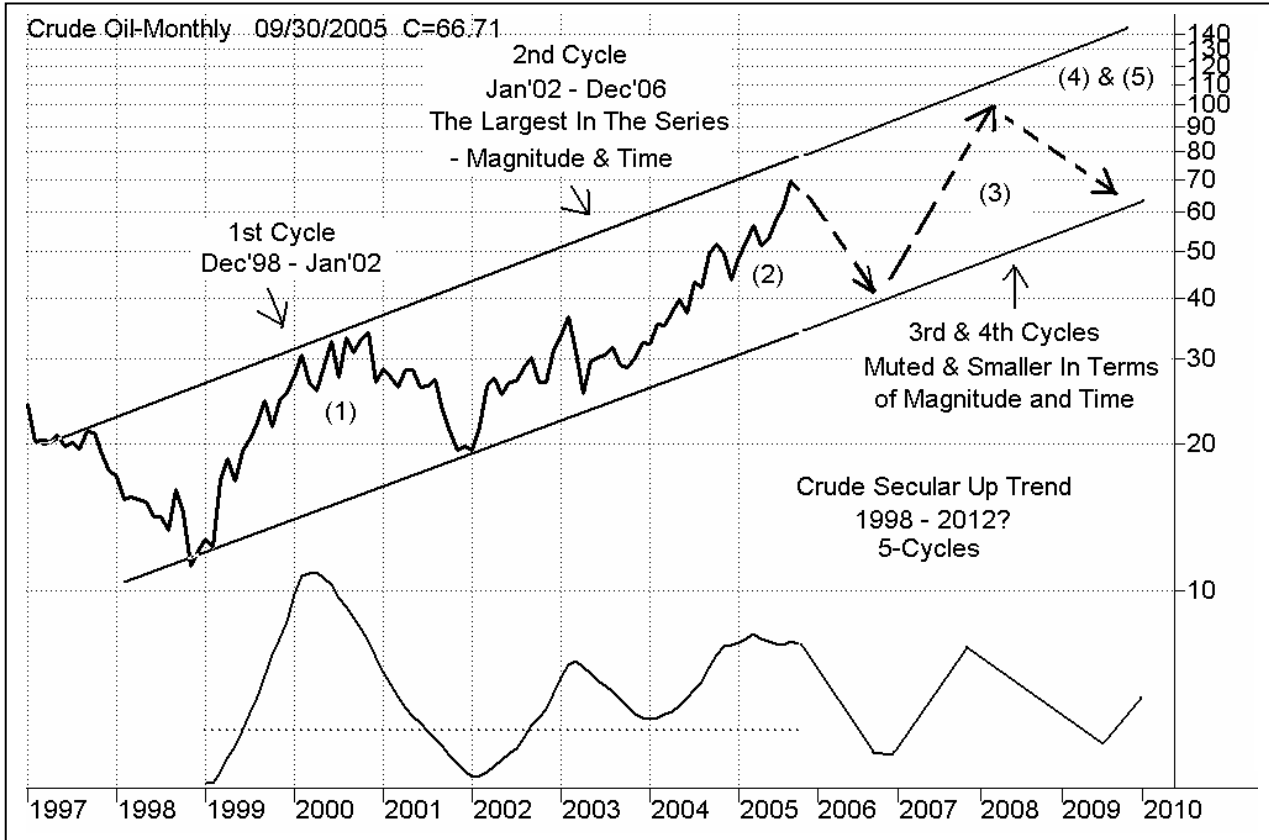


The 1998–2012 Secular Uptrend in Crude is interrupted by a 2nd Cycle Bear. Good news for the broader indices.



The probable structure of the 1998-2012 secular up-trend in the crude oil complex.

We estimate a total of 5 bull and bear cycles in the secular trend.

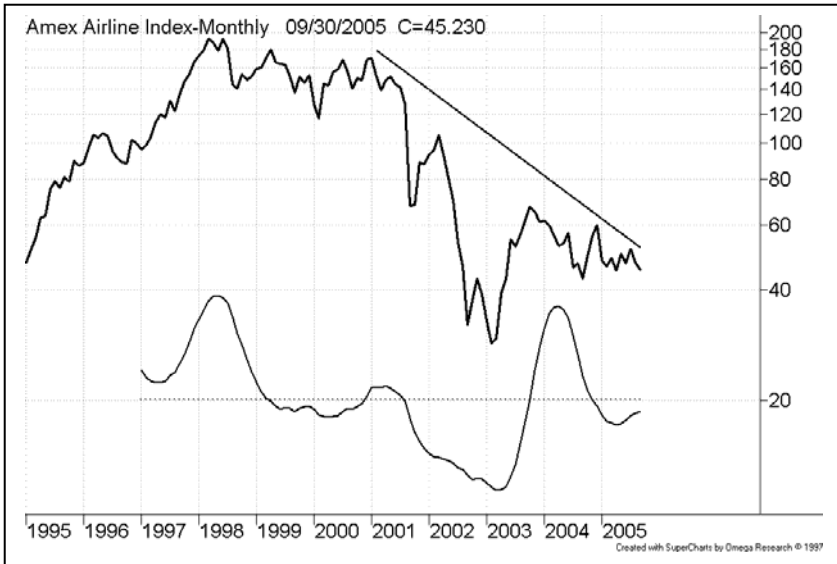
The 2<sup>nd</sup> cycle peak of the series is the largest and should now correct down to the lower growth channel.

Secular up trends typically last 12 to 20 years and consist of three to five cycles in sequence. As long as each successive bull market high and each bear market low (expressed in constant dollars) is higher than the previous one, we are in a secular bull market. The converse is a secular bear market. The last secular bull market in equities had its origin in August of 1982 and concluded in March 2000. Each new secular trend will introduce an Innovation Wave.

Innovation waves for the U.S since the industrial revolution

Innovation Wave	Example Basic Innovation	Example Maturity Innovation
Cotton/Textile (1762-1794)	Spinning Jenny (1764)	Clipper Ship (1834)
Railroad/Industrial (1831-1847)	B&O Railroad (1830)	Refrigerator Car (1872)
Mass Production (1882-1907)	Ford Motor (1903)	Automatic Transmission (1940)
Information (1961-1981)	Microprocessor (1972)	Internet

Travel continues to be the dominant theme; railroads, mass production, the automobile, integrated oil, roads, the airlines, lodging and fast food. The Crude Shock of the 1970's introduced "smart cars" with computers and fuel injection. The current Crude Shock is introducing the "smart airliners" and a new aerospace boom.



**Inverse correlation;**  
 The AMEX Airline Index peaked in 1998 at the same time the crude complex was ending a 1980-1998 (18-year) secular bear.

A short crude bear September 2005 – October 2006 should trigger a rebound in the Airline and Transportation stocks.

We prefer to enjoy the revival via the aerospace stocks.

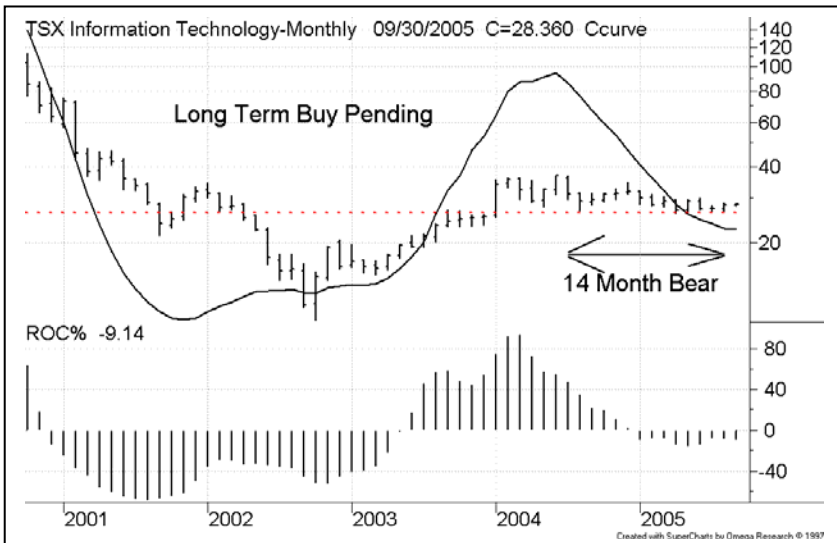
In Canada two obvious names are **CAE Inc.** and **ONEX Corporation.**

**Weekly Table - Trader Strategy: Top 5 One to Three Month Hold**

gettingtechnical.com Weekly MOM & Ranking - Most Recent to the Left

TSX Sub Groups	2-Sep-05	Rank #														
Name	Rank #															
Energy	16.93	1	1	1	1	1	1	1	1	1	1	1	1	1	3	
Utilities	11.30	2	2	2	3	6	5	3	2	3	2	2	2	2	2	
Diver Metals & Mining	10.05	3	3	3	2	2	2	2	12	12	11	13	15	16		
Income Trusts	9.17	4	4	4	4	4	4	5	5	5	4	4	4	4	8	
S&P/TSX CDN Mid Cap	7.49	5	6	8	8	8	8	8	7	7	8	9	8	10		
S&P/TSX Composite	6.81	6	5	6	7	7	7	6	4	4	5	5	7	6		
Materials	4.89	7	8	7	6	5	6	7	10	9	10	12	14	15		
<b>Industrials</b>	<b>4.53</b>	<b>8</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>12</b>	<b>13</b>	<b>16</b>	15	12	11	10	9		
S&P/TSX CDN Small Cap	4.50	9	9	9	9	9	9	10	11	13	13	14	13	13		
Gold	3.78	10	7	5	5	3	3	4	3	2	3	8	11	12		
Consumer Discretionary	3.27	11	12	12	12	12	11	9	6	6	6	3	3	1		
Financials	3.06	12	11	11	11	11	10	11	8	8	7	7	6	4		
Consumer Staples	2.20	13	13	15	15	14	13	14	14	14	14	10	9	7		
<b>Information Technology</b>	<b>2.11</b>	<b>14</b>	<b>16</b>	16	16	16	16	16	15	16	16	16	12	11		
Telecommunication	2.03	15	15	14	13	15	15	15	13	10	9	6	5	5		
Health Care	1.94	16	14	13	14	13	14	12	9	11	15	15	16	14		

The 14-Month TSX Technology Bear is over - note the 2 point ranking jump. Enjoy via the iUnit clone TSX listed XIT



**Components of the XIT**

- Aastra Technologies Limited AAH
- ATI Technologies Inc. ATY
- Celestica Inc. CLS.SV
- CGI Group Inc. GIB.SV.A
- Cognos Incorporated CSN
- CryptoLogic Inc. CRY
- Emergis Inc. EME
- Geac Computer Corporation Limited GAC
- GSI Group Inc. GSI
- Hummingbird Ltd. HUM
- MacDonald, Dettwiler and Associates Ltd. MDA
- Nortel Networks Corporation NT
- ONEX Corporation OCX.SV
- Open Text Corporation OTC
- Research In Motion Limited RIM
- Sierra Wireless, Inc. SW
- Tundra Semiconductor Corporation NTU

**We proudly introduce our new analyst Kenneth D. Norquay CMT**

Ken is a long-time associate and an officer and director of CastleMoore Inc., a portfolio management company.

A graduate of McMaster University, Ken has qualified as a Chartered Market Technician. He has also attained a number of qualifications in the trading of Futures and Options.

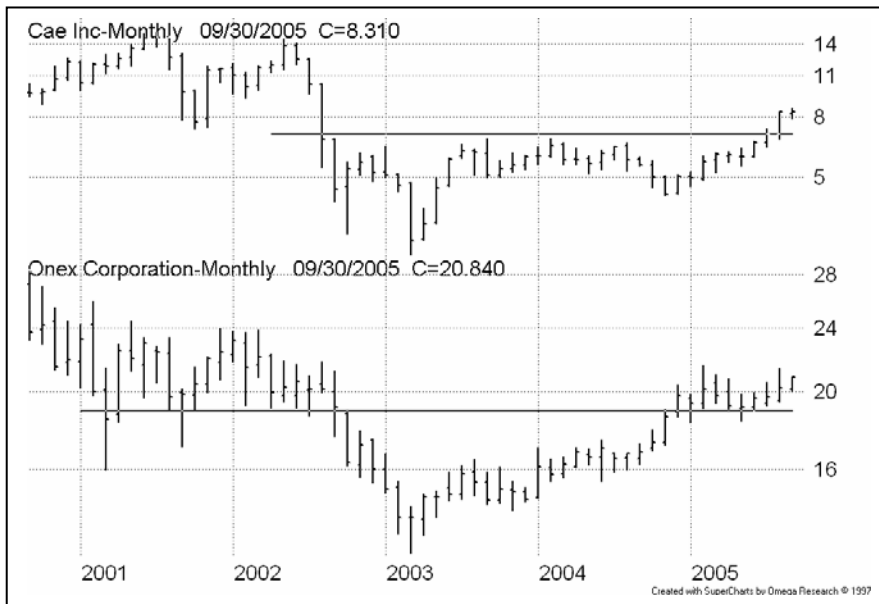
Ken entered the investment business in 1975 and became the manager of two offices of Merrill Lynch Canada. Eventually he founded Market Street Investment House Inc., a retail investment dealer. He sold his firm in the first quarter of 2000, realizing his life goal of selling at the top.

After serving as a director of Quest Capital Group, a day trading investment dealer, he established The GlenNova Division of an investment counseling firm. Ken also served as the chairman of the Hamilton Investment Dealer's Association and member of the IDA's Ontario District Council, in the late 1970's

He also served on the Board of Directors of the Canadian Society of Technical Analysts and as its President in the early 1990's.

Ken is a member of The Academy of European Arts and Culture, an international school studying art and practical philosophy. He holds a black belt in karate and studies ancient philosophies and religions as a hobby.

Aerospace  
Candidates  
CAE  
ONEX



**Aerospace Boom?**

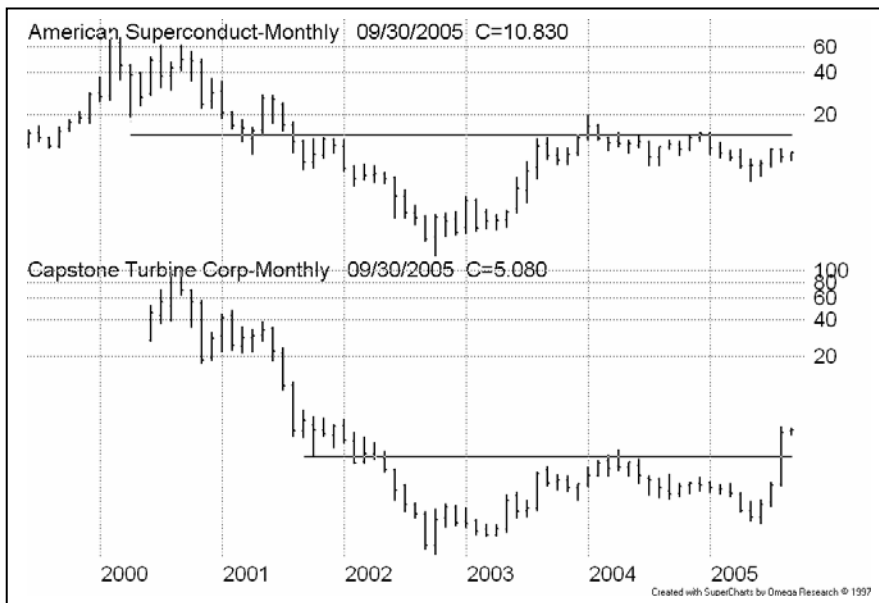
Two Canadian beneficiaries with fair liquidity are CAE and ONEX.

Both issues have completed long base breakouts.

See chart left.

Other less liquid names are Magellan Aerospace, Macdonald Dettwiler and Northstar Aerospace.

Alternate Energy  
Candidates  
AMSC  
CPST  
Investor  
Strategy  
Monthly Data



**Alternative Energy and related industries:**

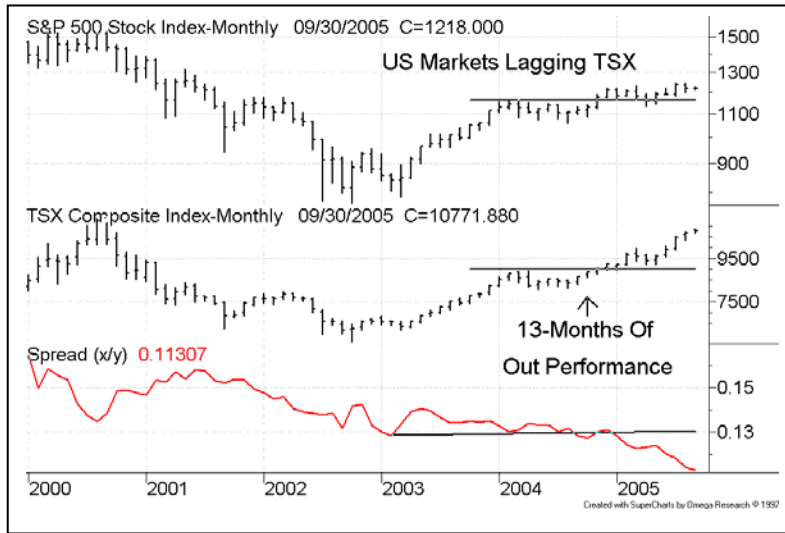
Long term bases, American Superconduct and Capstone both with long term breakouts.

Other names of interest:

- Active Pwr,
- Avista Corp,
- Echelon Corp,
- Evergreen Solar,
- Fuelcell Energy,
- Impco Tech,
- Plug Power,
- Power One,
- Satcon Tech
- UQM Tech

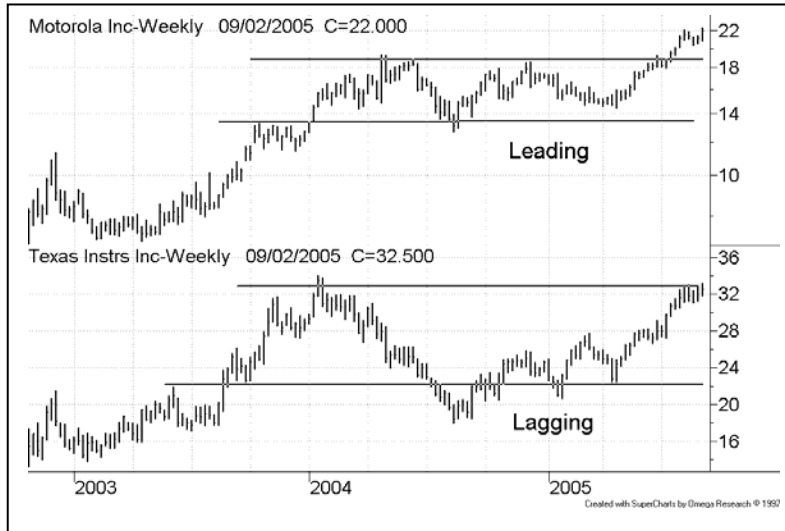
The TSX lead over the S&P500 could be ending.

Monthly Data



The semicons were the quiet winners of 2005 -

When all eyes were on energy.



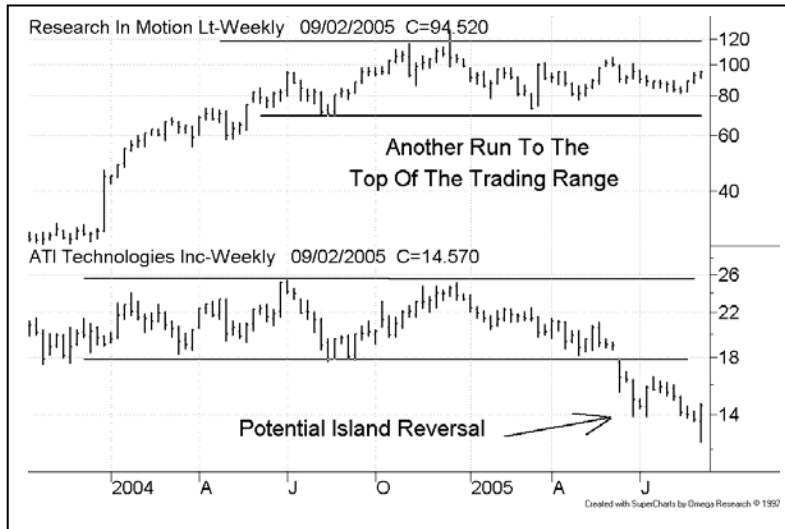
Trader Strategy

Weekly Data

RIM

ATY

Enjoy through November 2005



**Relative Analysis:**

The TSX Composite has out performed the S&P500 on a relative basis for the past 13 months.

See Chart top left.

Look for a change through year end as the S&P500 plays catch-up and out performs the TSX Composite through year end.

Technology is leading the new advance in the US markets.

See chart center left

**Strategy:**

Move to increase US equity exposure.

Monitor for opportunities in the TSX Information Technology sector.

**Low risk play** - the TSX listed XIT iUnit.

**High risk play** - the XIT component, ATI Technologies.

- Bill C

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