

PHASES & CYCLES®

THOUGHT FOR THE DAY

There is a strong possibility that the last four days (May 17, 18, 19 and 22) constituted "exhaustion" days.

1. Advancing vs. Declining stocks in New York had a 1 to 5 ratio on Wednesday.
2. Upside vs. Downside volume had a 1 to 9 ratio on Wednesday.
3. There were only 3 new highs in Toronto on Thursday.
4. The 70-day cycle bottomed on Friday.
5. Our own Net Day indicator had a -8 reading on Friday (-10 is the maximum).
6. The percentage of S&P 500 stocks above their 10-week moving averages fell to 25.9 (any reading below 30 is an oversold signal).
7. The VIX rose to a high not seen since mid 2004.
8. Monday was the day after option-expiry; this day often brings a low.
9. Monday, the DJI and S&P both fell in the morning, but closed up from the lows of the day.

The New York and Canadian markets will probably meander for the rest of May, but the worst could be over. This means that the rest of May could be a good time to accumulate stocks that had significant declines.

PAC-06-118; THOUGHT-21; May 23, 2006

Ron Meisels

P & C Holdings, 2020 University, Suite 1903, Montreal, QC H3A 2A5

Tel.: (514) 393-3653 Fax: (514) 393-4103 E-mail: RonMeisels@phases-cycles.com

The opinions and projections contained herein are those of Ron Meisels and his associates and are subject to change without notice. The information contained herein has been obtained from sources that we believe to be reliable but cannot guarantee its accuracy or completeness. This report is not and under no circumstances is to be construed as an offer to sell or the solicitation of an offer to buy any securities. This report is furnished on the basis and understanding that Ron Meisels nor his associates are to be under no responsibility or liability whatsoever in respect thereof. Ron Meisels, his associates and his employees may, from time to time, buy, own or sell securities mentioned herein. "Phases & Cycles" is a trademark of 104443 Canada Inc.