

OBSERVING THE MANIA

OK, let's see if I understand how this works. To pull the economy out of recession following a popped asset bubble of its own making, the Fed forces short-term interest rates to near-historic lows. This drives money out of relatively safe places, like bank accounts, and into the riskier stock and bond markets where its owners are desperate for any meaningful positive return, especially one that keeps them ahead of inflation and taxes. In response, the markets embark on a big rally.

But most people don't have big savings accounts; they are in hock up to their eyeballs. For them, the Fed (claiming it smells whiffs of deflation) drives down longer-term bond rates and, synchronously, home mortgage rates, allowing people to take out much bigger mortgages to buy more things without increasing their monthly out-of-paycheck cost.

For good measure, the Fed prints plenty of dollars, making clear it will print whatever is needed to maintain a "positive rate of inflation" (that is, avoid a debt collapse and deflation). Consumers, seeing the Fed-induced asset recovery and feeling more confident, continue their profligate ways and ship those newly-minted dollars overseas, where they can buy merchandise which delivers the most bang for the buck.

The Chinese (and to a lesser extent, the Japanese) governments "sterilize" these dollars by buying our ever-expanding debt, because they know if they

refuse to do so, and as a result the U.S. economy catches cold, their economies will die of pneumonia. This keeps our interest rates low, and the charade continues.

For icing on the cake, our government hedonically adjusts the cost-of-living index for the mythical computer-based increase in productivity, and claims there is little or no price inflation even while commodity indexes are near multiyear highs, and while everybody can see prices going up in those things they use little or none of, like food, energy and medical care.

Because the Fed is the keeper (maybe "destroyer" would be a better word) of the world's reserve currency, its reflation policies have the effect of goosing not just the U.S. economy, but the economies of all the major industrialized nations. And it's working like a charm.... in China, India, Pakistan, the Philippines, Taiwan and other places where our exported Bubble II has found a comfortable home. These places are going gangbusters and hiring workers like crazy, while at home the job market is stagnant.

Whatever you say about this situation, one thing can be said for sure: It is *not stable*. Of course, the Fed's rationale is to keep consumers' spirits, and consumer spending, buoyant until the manufacturing side of the economy kicks back into gear. Any distorted situations caused by the reflation they expect (hope?)

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will slowly adjust back to normal.

Maybe it will happen this way, but history is not on the Fed's side. If liquidity-for-every-problem policies truly worked for any length of time, then the Weimar Republic would be one of the 20th-century's great success stories, and we could all have been spared the pain and horror of World War II.

More likely, I think, is that the Fed-induced distortions will cause something to "pop". And I keep scanning about for likely candidates. Most probable, I think, is that the Chinese economy, which truly is in a dollar-induced roaring bubble, will veer into recession. The Chinese will then stop buying our debt; U.S. interest rates will rise; the markets will tank; and the Japanese-style downward spiral will return.

Other possibilities for the "pop" are: Asian currency turmoil similar to what happened in 1997; or a derivatives accident in the style of 1998, but this time

around too big for the Fed to paper over. Also possible is that the U.S. consumer simply will run out of monetary gas now that the mortgage refi boom is over, and we'll just tip back into recession all on our own. (Let's hope we get to keep the tax cuts; that was the only 2003 stimulus with any long-term benefit.)

It's clear to me that the Fed means what it says when it announces that it will print as many dollars as needed to keep prices rising. What I still haven't been able to decide is, if this means we will directly go the hyperinflation route, like Argentina, or whether (because we have such highly-developed capital markets) we will first be overwhelmed by asset deflation before the money-printing delivers hyperinflation.

For the moment, I think we are likely to get the deflation, followed by the currency destruction and inflation. But this is not a decision cast in stone. Or even in concrete. It's cast in quicksand.

QUOTES FOR THE MONTH

There appears to be enough evidence, at least tentatively, to conclude that our strategy of addressing the bubble's consequences rather than the bubble itself has been successful. - Alan Greenspan [Nick's comment: We'll see. Creating a second bubble does not look like "success" to me.]

If you haven't noticed, Mr. Greenspan has often referred to the period from 1995 through today as an "experiment". He is experimenting with the economy. He has followed policies that have always failed in the past. Simply put, his experiment is to solve all economic problems with liquidity. The premise is that if you throw enough money at a problem it will go away. He did this with the currency crisis in 1997, the mini-crash in 1998 and the Long Term Capital debacle in 1999 [Nick's note: 1998]. His biggest challenge was the bear market and recession. To keep the bear market and recession from completely engulfing us, he allowed liquidity to grow at unprecedented rates. This translated into huge increases in consumer and corporate debt. Debt that eventually has to be paid off. - John Riley

History records many turning points leading to human tragedy, but few "turning-back" points. From the pointy-headed wise men at the Fed, to the stampeding shoppers at Great-Wal-of-China-Mart, this nation's economy is too far gone to reverse the unfortunate trends. We are all in this together, unless maybe you have been foresighted enough to open up an overseas bank account, or two, and squirrel away some gold. The conventional thinking is that the problem of a "jobless recovery" is a strange and new economic disease. I think that the "jobless recovery" is actually part of the cure, and we are now only suffering the sniffles that precede full-fledged pneumonia. This is nature's way of imposing a hard-edged economic phenomenon, a painful social phenomenon, and a dislocating cultural phenomenon on the world of the "dollar standard", the purpose of which is to deflect the political and economic forces that impel the nation to its own disaster. We shall have to wait and see how the body politic takes to this particular homeopathic cure. - Byron King

I remain convinced that the present 'strong' recovery phase in the US economy won't last for long, as it is

totally artificial. There are simply too many imbalances in the system, as reflected by a record low national saving rate, record household debts, and record trade and current account deficits, for this recovery to lead to sustainable strong growth that would justify the present stock valuations. - Marc Faber

I look for 2004 to be a diametrically opposite year of dramatic contrasts. Usually the impetus of the previous year carries through to the first quarter of the New Year. But in the current case I believe one can draw a line through the trading of Jan 2nd and state that this day marked the end of one cycle and the start of a completely new and opposite phase with overtones of vicious movement. At some stage during 2004 I look for the Dow to drop 3000 points from its current 10,500 level. I am not interested in the fairy tale of a presidential election year. - Clive Roffey

I continue to believe that the stock market, currency market and economy are basically all the same trade, and that the environment in which we live is as binary as any that's ever existed. That is, the market's up and everyone is partying or down and all hell has broken loose. Why do I think this? We have folks running the Fed (and the Treasury, for that matter) who are the most incompetent and irresponsible of all time. That's old news, but what's new, in my opinion, is their full-blown display of arrogance. They talk about keeping interest rates low indefinitely, while paying lip service to deflation or disinflation, when the opposite is happening in nearly every commodity market. They shrug off the decline in the dollar when it's the world's reserve currency (and no longer a monopoly). The Fed and other bulls take foreigners' dollar appetite for granted, in terms of funding our huge current-account deficit, even as our macro position is horrible vis-a-vis our unfunded future liabilities, total debt outstanding and budget deficit.... The outcome of this whole tragedy to me is quite clear: I believe that stocks will at some point collapse. Fixed income in all likelihood (though this is less clear to me) will get shredded, thanks to what's going on in the dollar. The dollar will be further bludgeoned, and, I think, metals will go to places we can't even conceive of. What I do not know is the timing of all that. - Bill Fleckenstein

As far as monetary policy is concerned, the Fed has already made it clear that it is prepared to go to extreme lengths in order to prevent the economy from slipping into deflation. If the Fed wants to create inflation, then it can do so by drowning the financial system in excess dollars. Of course, the dollar would collapse, but that would be part of the reflationary process. An end to the Supercycle would be deflationary, so one way to delay the end would be to create inflation in order to devalue the burden of outstanding debt. The bottom line is that the demise of the Supercycle is not imminent. The economy will suffer another downturn in the next few years, but the authorities should still be able to find ways to prevent a terminal shakeout. - Marti Barnes

The U.S. is running a "silent currency war" against the rest of the world by not only trying to devalue the dollar until the economy begins to grow on a sustained basis, but until employment starts to grow as well. As long as the U.S. is dedicated to 5% budget and trade deficits and 1% short-term interest rates, the fall of the dollar is guaranteed. Our government's policies are extraordinarily self-indulgent and profligate. The Treasury and Federal Reserve want to punish savers by continuing to reward financial speculation, credit creation and spending. Indeed, there is no better way to punish savers than to offer a 1% interest rate and a 20% annual drop in the value of the dollar. - Richard Benson

I believe the economy will be OK this year because of the stimulus from 2003 and the continuance of the tax cuts, at least through the elections. But I worry about the longer-term sustainability of the recovery unless we start to produce jobs at a faster pace. When almost as many people drop out of the job market as are hired at new jobs, that is most worrisome. When incomes are not rising and hours worked are falling, as is the case for the most recent periods, that is troubling. When you couple that with the most recent CPI numbers, which shows deflation is not yet wrung out of the system, it is most disconcerting for the longer term view.... If you look at the numbers from Europe and Japan, deflation is also on the rise. - John Mauldin

Contrary to popular spin, the US labor market is not on the mend. In the final five months of 2003, a total of

only 278,000 new jobs were added by nonfarm businesses — a gain that is easily matched in a single month of a typical hiring-led recovery. Moreover, literally all of the job growth that has occurred over this period has been concentrated in three industry segments — temporary staffing, education, and healthcare — which collectively added 286,000 positions in the final five months of last year. The “animal spirits” of a broad-based hiring-led revival by US businesses are all but absent. Jobs may be rising in America’s low-cost contingent workforce (temps) and in high-cost-areas that are shielded from international competition (health and education), but positions continue to be eliminated in manufacturing, retail trade, and financial and information services. The modern-day US economy has never been through anything like this. Fully 25 months into this so-called economic recovery, private-sector jobs are still about 1% below levels prevailing at the official trough of the last recession in November 2001; at this juncture in the typical recovery, jobs are normally up about 6%. Had Corporate America held to the hiring trajectory of the typical cycle, fully 7.7 million more American workers would be employed today. - Stephen Roach

Before reading any further, the Compliance Cops are requiring that I make sure everybody knows.... [that what follows is] satire and did not really happen! New York's best light show to ring in the new year was not the fireworks across the Hudson, and it wasn't the ball falling in Times Square. No, the best light show was the private, 20-foot tall bonfire at the intersection of Broad and Wall Streets. Brokerage firms and mutual fund companies piled up cases and cases of “bear market” marketing materials they had developed over the past 2 to 3 years. It was even rumored that ex-NYSE chairman Dick Grasso used a crisp \$1 thousand bill to set the inferno ablaze. Boxes of “How to Invest in a Bear Market” pamphlets burned bright red while “Bear Market Strategies” handbooks had tongues of green and blue flame dancing on them. The top strategists of each firm then met for an all-night planning session at a local NY watering hole (surprisingly called the Wounded Bear Pub). They were then sent out to every media outlet over the first few days of the new year in a coordinated effort to preach the same mantra “the bear market’s over, long live the bull, the bear market’s over, long live the bull, the bear market’s over, long live the bull...” Back at the home offices, their denizens were feverishly writing “2004 Outlook” reports that all stated the same thing – continued economic growth and a new bull market. They directed their sales managers to instruct the sales force – “bulls work for us – bears don’t”. - John Riley

It is remarkable how quickly the braggarts return. Those who managed to quietly turn \$100,000 into \$10,000 are again vocally patting themselves on the back for the 150 percent return they realized last year. Sure \$25,000 is better than \$10,000, but it is no \$100,000. - Dean Greenberg

What’s wrong with the money supply? The three-month annual rate of change in M2 was plus 10.5 percent in late August, and is now dropping at a rate of 5.2 percent. MZM, which was growing at 15.6 percent, is now plunging at a rate of 8.5 percent.... At a time when the Fed is easing vigorously, it is certainly odd that money supply is falling. Keep in mind, however, that when the Fed prints money it is not automatically included in the money supply. Money held in a Federal Reserve or bank vault that is not in anyone’s name is not money. In order for it to become money somebody must want to use it.... That is the reason why we have, in past comments, been so concerned about the Fed pushing on a string, and, is also, we suspect, the reason why the Fed is so much more concerned about deflation than inflation. Having said that, we admit that the majority of leading indicators are still positive, and that there are some definitional problems as to what constitutes money. In addition some observers that we respect think that the drop in M2 and MZM is a result of people reallocating funds from money market instruments to other investments such as equities, bonds or commodities. In this case, however, it seems to us that the money merely changes hands between buyer and seller, and there is no net change in overall money supply. All in all we suspect that the plunge in money supply may be confirming our belief that the economy is about to slow in the months ahead. It also could be related to the 80 percent drop in mortgage refinancing (REFI) since last summer. Since the annualized rate of cash-outs on these REFI's were 3.5 times the amount of the last tax cut, this also means there is less cash in the hands of consumers as we enter the new year. - Minter & Weiner

Since August, the monetary base has stayed almost constant. The currency component of the money supply has increased. So far, this tells us that the non-currency components of the money supply must have fallen. So, I went looking for other statistics that would verify what the logic of money tells us. I did not have to go far.... the public is pulling currency out of the banking system by cashing in (i.e., cashing out) its small time deposits. While no one is using the terminology, we may be witnessing a bank run. This is not a panic-driven bank run, like something out of the Great Depression. This is a steady bank run that is motivated by something other than fear.... The Fed today is not pushing on a string. It is sitting on the string. It is not pumping in new money. It is pulling reserves out of the system, though so slowly that this may be a statistical blip. But the money supply is falling, according to standard measures. Yet prices continue to rise, although in the low 2% per annum range (median cpi). The economy seems to be recovering. The stock market is up. Gold is up. The euro is up. The dollar is down internationally.... Thus, all of the major forecasting systems seem to be stymied. There is no pattern that makes sense, according to the economic models that I am familiar with. I see this as a warning. Be suspicious these days of anyone who has a quick explanation. - Gary North

Without such quick and decisive action by the feds, the U.S. might have had a real correction, instead of a phony one. People might have stopped spending, paid down their debts...and begun saving again. They might have lost their jobs and regretted having gone so deeply into debt. Stocks might have fallen to levels where they were a good buy again. By this time in the cycle, people might actually have some money to spend, and we might be looking ahead to a real recovery, instead of a prolonged, phony after-bubble. And without such prompt and reckless action by the feds, Greenspan and Bush might be sweating a disgrace they did not merit...rather than a respect they do not deserve. - Bill Bonner

Total Debt in America is now over \$34 Trillion, or \$119,442 per man, woman and child. - Michael Hodges

STOCK MARKET OUTLOOK

So far, 2004 is a continuation of 2003. Barring an unexpected "pop" (as noted in my opening comments), I think the bullish trend is likely to continue well into the spring. This probably will be one of those years where it pays to "sell in May and go away".

However, do not harbor any illusions that we are

experiencing anything more than a momentum-chasing bubble just like that of the late 1990s and, as such, stocks are currently a *high-risk* investment. This is not a time to buy anything for the long term, except for precious metals and commodity investments (which are just beginning their decade-plus bull markets). If you step aside and say "I don't do bubbles", you won't get any complaint from me.

PORTFOLIO REVIEW

Prices shown are as of January 16, 2004.

A. "Professors' Investment Group (PIG)" - investment club portfolio.

Shrs	Description	Symbol	Bought	Sold On	Sold At	Cost Was	Price	Curr Value
50	Barrick Gold	{ABX/nyse}	14Nov96			1466.01	20.82	1,041.00
30	BP	[BP/nyse]	26Jan99			1292.50	48.01	1,440.30
100	Nokia OYJ ADR	[NOK/nyse]	14Jun01			2233.00	20.92	2,092.00
468	Prudent Bear Fund (468.025sh)	[BEARX]	10Oct02			3500.00	6.00	2,808.15

Shrs	Description	Symbol	Bought	Sold On	Sold At	Cost Was	Price	Curr Value
280.4	Prudent Global Income (280.415sh)	[PSAFX]	17Apr03			3200.00	13.00	3,645.40
	CASH & money market					5982.73		5,982.73
	Totals					17,674.24		17,009.58

SUMMARY - "PIG":

Original cost: \$ 9,899.00
 Present value: \$17,009.58
 Increase: \$ 7,110.58 [+71.83%]

COMMENT on "PIG": There is no change from December.

TIAA/CREF 403(b) retirement plan; I switch between indexed stock/bond/money funds:

Date	Sold	Bought	Date	Sold	Bought
2Dec2002	i-i bond@37.68	mm@21.62 [13.22%]	8May2003	-0.4757% "profit-skim"	stk&bd to mm@21.70
31Jan2003	eq-idx@ 52.45	mm@21.66 [12.22%]	27-30Jun2003	0.0155% "profit-skim"	i-bond to mm@21.73
17Apr2003	mm@21.69	i-bond@39.52 [21.72%]	8-10Jul2003	0.0523% "profit-skim"	i-bond to mm@21.73
17Apr2003	mm@21.69	stock@130.72 [3.54%]	25-26Aug2003	0.0109% "profit-skim"	i-bond to mm@21.75
28-30Apr2003	0.0889% "profit-skim"	stock to mm@21.70	15-26Sep2003	0.0636% "profit-skim"	i-bond to mm@21.76
1May2003	0.2184% "profit-skim"	i-bond to mm@21.70	2-20Oct2003	-0.0160% "profit-skim"	i-bond to mm@21.77
2May2003	0.0714% "profit-skim"	stock to mm@21.70	6-13Nov2003	0.0553% "profit-skim"	i-bond to mm@21.78
5May2003	0.2167% "profit-skim"	i-bond to mm@21.70	3-4Dec2003	0.0141% "profit-skim"	i-bond to mm@21.79
6May2003	0.2127% "profit-skim"	i-bond to mm@21.70	9-10Dec2003	0.0179% "profit-skim"	i-bond to mm@21.79
7May2003	0.4225% "profit-skim"	bond to mm@21.70	11-24Dec2003	0.0529% "profit-skim"	growth to mm@21.80

Values, 16Jan2004: stock, 174.57; equity-index, 72.11; MM, 21.81; bond, 72.59; inflation-indexed bond, 42.44; real estate, 187.47; TIAA current yield in SRA, about 6% (new money at 3.25% through February 29, 2004). As of January 16, 2004, my retirement portfolios were invested: 50.20% in TIAA, 24.80% in TIAA Real Estate, 0.05% in CREF inflation-indexed bonds, and 24.95% in CREF money market.

Gain, 1988: 18.91%; 1989: 14.48%; 1990: 8.28%; 1991: 27.93%; 1992: 10.20%; 1993: 3.08%; 1994: 4.07%; 1995: 4.80%; 1996: 5.28%; 1997: 5.38%; 1998: 5.72%; 1999: 5.12%; 2000: 9.99%; 2001: 1.11%

Gain, January 1 through March 31, 2002: 0.97% (3.86% annual rate of return)

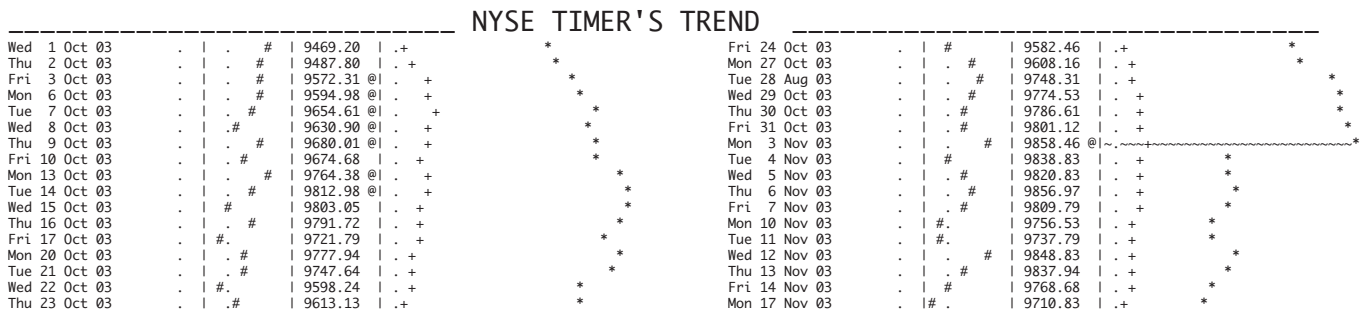
Total gain since January 1, 1988 (14.25 years): 223.43%

Compound annual rate of return: 8.59%

Gain shown excludes the impact of additional monthly cash contributions.

(Please note that I have not had the time to calculate my rate of return beyond March 2002, and may not get the time until I retire.)
 Buying CREF stock on January 1, 1988 and holding it gained 422.38%, for a compound annual rate of return of 11.46%.

Comment on NYSE "Timer's Trend": We are currently on a BUY signal of August 12.



Tue 18 Nov 03	.	#.	9624.16	..+	*	Thu 18 Dec 03	.	.	#	10248.08	..+	*
Wed 19 Nov 03	.	.	9690.46	..+	*	Fri 19 Dec 03	.	.	#	10278.22	..+	*
Thu 20 Nov 03	.	#.	9619.42	..+	*	Mon 22 Dec 03	.	.	#	10338.00	@	..+
Fri 21 Nov 03	.	.	9628.53	..+	*	Tue 23 Dec 03	.	.	#	10341.26	@	..+
Mon 24 Nov 03	.	.	9747.79	..+	*	Wed 24 Dec 03	.	.	#	10305.19	@	..+
Tue 25 Nov 03	.	.	9763.94	..+	*	Tue 26 Dec 03	.	.	#	10324.67	..+	*
Wed 26 Nov 03	.	.	9779.57	..+	*	Fri 26 Dec 03	.	.	#	10450.00	@	..+
Fri 28 Nov 03	.	.	9782.46	@	..+	Mon 29 Dec 03	.	.	#	10425.04	..+	*
Mon 1 Dec 03	.	.	9899.05	@	..+	Wed 31 Dec 03	.	.	#	10453.92	..+	*
Tue 2 Dec 03	.	.	9853.64	@	..+	Fri 2 Jan 04	.	.	#	10409.85	..+	*
Wed 3 Dec 03	.	#.	9873.42	..+	*	Mon 5 Jan 04	.	.	#	10544.07	..+	*
Thu 4 Dec 03	.	.	9930.82	..+	*	Tue 6 Jan 04	.	.	#	10538.66	..+	*
Fri 5 Dec 03	.	#.	9830.82	..+	*	Wed 7 Jan 04	.	.	#	10529.03	..+	*
Mon 8 Dec 03	.	.	9965.27	..+	*	Thu 8 Jan 04	.	.	#	10592.44	@	..+
Tue 9 Dec 03	.	.	9923.42	..+	*	Fri 9 Jan 04	.	.	#	10458.89	@	..+
Wed 10 Dec 03	.	.	9921.86	..+	*	Mon 12 Jan 04	.	.	#	10485.18	..+	*
Thu 11 Dec 03	.	#.	10008.16	..+	*	Tue 13 Jan 04	.	.	#	10427.18	..+	*
Fri 12 Dec 03	.	.	10042.16	..+	*	Wed 14 Jan 04	.	.	#	10538.37	..+	*
Mon 15 Dec 03	.	#.	10022.82	..+	*	Thu 15 Jan 04	.	.	#	10553.85	..+	*
Tue 16 Dec 03	.	#.	10129.56	..+	*	Fri 16 Jan 04	.	.	#	10600.51	..+	*
Wed 17 Dec 03	.	.	10145.26	..+	*							

Comment on NASDAQ "Timer's Trend": We're currently on a BUY signal given December 18.

NASDAQ TIMER'S TREND

Wed 1 Oct 03	.	.	#	9469.20	..+	*	Mon 24 Nov 03	.	.	#	1947.14	..+	*	
Thu 2 Oct 03	.	.	#	9487.80	..+	*	Tue 25 Nov 03	.	.	#	1943.04	..+	*	
Fri 3 Oct 03	.	.	#	9572.31	@	..+	Wed 26 Nov 03	.	.	#	1953.31	..+	*	
Mon 6 Oct 03	.	.	#	1893.46	@	..+	Thu 27 Nov 03	.	.	#	1960.26	@	..+	
Tue 7 Oct 03	.	.	#	1907.85	@	..+	Fri 28 Nov 03	.	.	#	1989.82	@	..+	
Wed 8 Oct 03	.	.	#	1893.78	@	..+	Mon 1 Dec 03	.	.	#	1980.07	@	..+	
Thu 9 Oct 03	.	.	#	1911.90	@	..+	Tue 2 Dec 03	.	.	#	1960.25	@	..+	
Fri 10 Oct 03	.	.	#	1915.31	@	..+	Wed 3 Dec 03	.	.	#	1968.80	@	..+	
Mon 13 Oct 03	.	.	#	1933.53	@	..+	Thu 4 Dec 03	.	.	#	1937.82	@	..+	
Tue 14 Oct 03	.	.	#	1943.19	@	..+	Fri 5 Dec 03	.	I	#	1948.85	@	..+	
Wed 15 Oct 03	.	.	#	1939.10	@	..+	Mon 8 Dec 03	.	I	#	1908.32	@	..+	
Thu 16 Oct 03	.	.	#	1950.14	@	..+	Tue 9 Dec 03	.	I	#	1904.65	@	..+	
Fri 17 Oct 03	.	#.	#	1912.36	@	..+	Wed 10 Dec 03	.	I	#	{	1942.32	@	..+
Mon 20 Oct 03	.	.	#	1925.14	@	..+	Thu 11 Dec 03	.	I	#]	1949.00	@	..+
Tue 21 Oct 03	.	.	#	1940.90	@	..+	Fri 12 Dec 03	.	I	#	{	1918.26	@	..+
Wed 22 Oct 03	.	#.	#	1898.07	@	..+	Mon 15 Dec 03	.	I	#	{	1924.29	@	..+
Thu 23 Oct 03	.	I	#.	1885.51	@	..+	Tue 16 Dec 03	.	I	#	{	1921.33	@	..+
Fri 24 Oct 03	.	I	#.	1865.59	@	..+	Wed 17 Dec 03	.	I	#	{	1956.18	@	..+
Mon 27 Oct 03	.	.	#	1882.91	@	..+	Thu 18 Dec 03	.	I	#	{	1951.02	@	..+
Tue 28 Aug 03	.	.	#	1932.26	@	..+	Fri 19 Dec 03	.	I	#	{	1955.80	@	..+
Wed 29 Oct 03	.	.	#	1936.56	@	..+	Mon 22 Dec 03	.	I	#	{	1974.78	@	..+
Thu 30 Oct 03	.	.	#	1932.69	@	..+	Tue 23 Dec 03	.	.	#	{	1969.23	@	..+
Fri 31 Oct 03	.	.	#	1932.21	@	..+	Wed 24 Dec 03	.	.	#	{	1973.14	@	..+
Mon 3 Nov 03	.	.	#	1967.70	@	..+	Fri 26 Dec 03	.	.	#	{	2006.48	@	..+
Tue 4 Nov 03	.	.	#	1957.96	@	..+	Mon 29 Dec 03	.	.	#	{	2009.88	@	..+
Wed 5 Nov 03	.	.	#	1959.37	@	..+	Tue 30 Dec 03	.	.	#	{	2003.37	@	..+
Thu 6 Nov 03	.	.	#	1976.37	@	..+	Fri 31 Dec 03	.	.	#	{	2006.68	@	..+
Fri 7 Nov 03	.	.	#	1970.74	@	..+	Mon 2 Jan 04	.	.	#	{	2047.36	@	..+
Mon 10 Nov 03	.	#.	#	1941.64	@	..+	Tue 6 Jan 04	.	.	#	{	2057.37	@	..+
Tue 11 Nov 03	.	I	#.	1930.75	@	..+	Wed 7 Jan 04	.	.	#	{	2077.68	@	..+
Wed 12 Nov 03	.	.	#	1973.11	@	..+	Thu 8 Jan 04	.	.	#	{	2100.25	@	..+
Thu 13 Nov 03	.	.	#	1967.35	@	..+	Fri 9 Jan 04	.	.	#	{	2086.92	@	..+
Fri 14 Nov 03	.	#.	#	1930.26	@	..+	Mon 12 Jan 04	.	.	#	{	2111.78	@	..+
Mon 17 Nov 03	.	I	#.	1909.61	@	..+	Tue 13 Jan 04	.	.	#	{	2096.44	@	..+
Tue 18 Nov 03	.	I	#.	1881.75	@	..+	Wed 14 Jan 04	.	.	#	{	2111.13	@	..+
Wed 19 Nov 03	.	I	#.	1899.65	@	..+	Thu 15 Jan 04	.	.	#	{	2109.08	@	..+
Thu 20 Nov 03	.	I	#.	1881.92	@	..+	Fri 16 Jan 04	.	.	#	{	2140.46	@	..+
Fri 21 Nov 03	.	I	#.	1893.88	@	..+								

"Timer's Trend" is based on 4% and 10% exponential moving averages of the New York Stock Exchange or NASDAQ advance/decline lines (that is, the ratio of advancing to declining stocks). There are many symbols shown above, but the ones that count are the braces: {, } = "Timer's Trend" (4% exponential confirmed by 10% exponential) SELL ({} or BUY ({} signal.

NEXT ISSUE - will appear sometime in March. Last year there was an August 2003 issue (normally there is no August issue), so this year February will be the month off. Still 11 issues per year (July through June). It's OK, nothing much exciting is likely to happen until late spring or summer, anyway.