Vol. XIX, #1 July 31, 2004

# THINGS I THOUGHT I'D NEVER SEE

Now that I'm retired ("retired" = working part-time) I thought I might do what a lot of old geezers.... except that I'm not yet an old geezer, just a late-middle-aged geezer.... do, which is to reminisce. Though much of life during the past 40-plus years has transpired linearly (that is, you could project into the future by extrapolating the past), there have been a few curves which I totally did not expect. Some of these are:

1. *Victory in the Cold War*. I never, ever expected to see the Soviet Union crumble in my lifetime. I grew up in the days of nuclear sabre-rattling (Cuban missile crisis and the like) and when it really did appear that communism was, economically speak-ing, a successful-enough system to improve the lives of its subjects and have enough resources left over to be a formidable military threat. Of course, now we know that the Soviets cooked the books and that the subjects of the Evil Empire were miserably poor while the military aspects of empire commanded absolute priority.

But two decades ago, it looked like the stalemate might drag on forever, if the two military superpowers didn't first make some stupid mistake and blow us all up in a nuclear Armageddon. Today we may snicker at the small size and manipulated condition of the Russian stock market, but for me the mere words "Russian stock market", just to identify its existence, are music to my ears.

2. *"Political correctness"*. When I was a boy I carried a penknife with me all the time, as a useful tool or just for whittling. Every boy did. Today, if a child carries a knife into a school it is taken as the sign of a deranged persona. Even medications cannot be self-administered in school, but must be given by a nurse.

Years ago, if you saw a yellow caution sign "BLIND CHILD" (or whatever) while driving, you knew what to look out for. These have been replaced by the ubiquitous "HANDICAPPED PERSON" so as not to single out the affliction of the physically-challenged designee. So what am I supposed to watch for? Somebody with a seeing-eye dog and cane? Somebody in a wheelchair? An epileptic? Lepers, maybe?

While I am very glad to see the rigid role-casting of the sexes (men are breadwinners; women are wives and mothers) disappear, today the language (and sometimes the rules) has become so gender-neutral that it is meaningless. I am especially saddened to see racial and ethnic discrimination continue, long after the passage of the Civil Rights Act of 1964, in the form of "affirmative action".

3. *Mass communication by the masses*. The Internet became a much bigger part of everybody's lives (especially mine) than I ever expected, and I was around when Larry Roberts left M.I.T. Lincoln Labs to join DARPA, the Defense Advanced Research

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Projects Agency, to help lay the groundwork for the Internet, so I had some inkling of what it could eventually become. (P.S. Al Gore was nowhere in sight.)

Of course, when I was much younger the flow of news was pretty much controlled by the mainstream press, but back then they largely stuck to facts in their news reporting and kept the editorials on the editorial pages (in spite of the liberal bias of the reporters), and they certainly were more thorough and more patriotic in their reporting than we see today. Today's "news" is unbelievably superficial, especially on TV, and the bias of the reporters has taken over the stage, both in what is deemed to be newsworthy and therefore reported (or overreported) and in the slants of the stories.

Fortunately, the Internet allows anybody to log on and do a quick search for information on almost any desired subject, and come up with a wide variety of ostensible facts, together with opinionated interpretations, to fairly quickly sort out the truth..... and completely bypass the lazy and lying mainstream media.

But the real power of the Internet is that *anybody can publish,* because it's virtually free. Before the 'net, if you were not a mainstream reporter or published author, it was virtually impossible to express your thoughts to a wide audience unless you had the financial means to self-publish. This was still true in 1986 when I began putting out **The Contrarian's View**, a newsletter to a paid subscriber list then still being the cheapest means to get your words out. Today, *anybody* can publish his or her research, thoughts and opinions electronically (as the popularity of "blogs" demonstrates) at virtually no cost, and Internet search engines virtually guarantee that your words will be seen by people interested in the subject you write about. I definitely plan to take advantage of this still-new capability in my retirement, not only by just beefing up the Web presence of **The Contrarian's View**, but also adding to the daylily data and pictures, and possibly putting up some historical documents, such as pictures and articles on the birth of computer graphics, or the history of Sugamo Prison (outside Tokyo) immediately after World War II as written by a Japanese P.O.W. - which is currently just a typed document my wife has (her father was provost marshal at Sugamo during the Allied occupation of Japan).

History may record the mid-1990s, when Web browsers first became popular, as a watershed. Before then, publishing was primarily on paper, and the information would quickly become lost or forgotten. After that time, source-material information would freely circulate on the Internet and might float around and be accessible for decades for research and information-seekers; possibly more information will be retained than is lost.

*4. Living in debt.* When I first started my post-college career, credit cards were hard to come by (they usually were corporate cards), and houses were bought with 20%-down conventional mortgages. Auto loans ran no more than three years, and store charge cards were more a buying convenience than a profit center for the issuers. There is just no way back then that I could ever have conceived the existence of today's massive indebtedness: The average family carrying thousands of dollars of credit-card debt at 18%-plus rates; home equity loans to "cash in" on the rise in home values; auto loans which outlive the car; college students embarking on their careers saddled in debt; virtually no net private savings.

Now, when I was young people were used to having the Fed take away the punchbowl just as the party was really getting going, so boom and bust times almost always were induced by Fed actions. This helped correct the excesses of lending and, psychologically, keep people in balance with their obligations. It would have been inconceivable back then for the Fed to use the Greenspan approach, which is: (a) feed the bubble (b) let it pop, then (c) "address the consequences" by creating new bubbles. Today's total levels of debt at 300% of GDP exceed the 260% ratio of debt-to-GDP that preceded the 1929 crash and, frankly, I have no idea how high this percentage can or will go before something finally gives way. But just the current levels of debt boggle my mind.

Then we have the $55 trillion notional value of derivatives which were virtually nonexistent in my youth, the efforts of parties in the financial system to pass risk of to somebody else. This may (in theory) protect single entities against default, but does not protect against *systemic* risk.

*5. The rise of fascism.* When I was a boy, the defeat of fascism (the Nazis and Japanese militarists) was a fresh memory, and there were only a few unimportant residual fascist countries left , such as Peron's Argentina and Franco's Spain. Nobody expected fascism to be a military threat, ever again. Communism (Soviet military empire-building) was the new military threat.

With our victory in the cold war and the apparent supremacy of "capitalism", a large number of nations were essentially set loose to find their roots which had been established before they were overrun by the "isms" of the 20th century. Fortunately, most of the countries of eastern Europe reverted to democratic traditions. But Russia never had any tradition of democratic rule.... its progression early in the 20th century was aborted by the Bolsheviks.... and after a brief fling with free-wheeling and oligarchical capitalism it appears to be regressing to a fascist dictatorship.

Similarly China, which had only a brief democratic experiment in the first half of the 20th century after centuries of imperial rule, is discarding the economic shackles of communism in favor of fascism. It's being called "capitalism", but regardless of how much Wall Street is in love with today's China, it's not.... it's *fascism* (privately owned, but state controlled). China lacks the individual freedom and protection of private property needed for its system to be called capitalist.

Then there are the Arab Muslim countries, such as Iran, with enough oil wealth to afford to be theocratically fascist.

Though none of the new fascist nations is currently a military threat (except Iran, which supports the Islamic terrorist nut cases in their war against us), it seems only a matter of time before one or more of them has delusions of empire and starts flexing its military might.

Maybe, in the 21st century, communications have shrunk the world enough and we have become economically enough integrated that any country embarking on conquest for empire will end up mostly damaging itself. I sure hope so.

## QUOTES FOR THE MONTH

*My gut feeling -- though there is no way for me to quantify it -- is that probability of a crash at some point in the next six months to a year is far higher now than in 1987. One subjective reason is that I just don't think it's possible for all the thousands of hedge funds and hundreds of thousands or millions of people who think they're talented enough to outwit the stock market -- and who believe they can play this game of speculating in an overvalued, dangerous stock market -- to get out whole. My belief in the perversity of markets leads me to conclude that after 10 years or more of folks getting away with whatever they wanted, Mr. Market might just be ready to take some folks' money. What comes to mind are put sellers, who, euphemistically, win 99 times in a row but on the 100th time get wiped out. That's my vision of the stock market eventually taking back a lot of the paper wealth that's been created.* - Bill Fleckenstein

*To me, it feels like the economy and stock market have absorbed everything that the Fed and government could throw at them in order to keep them afloat. Unfortunately, the bearish forces are now beginning to gather and threaten all of their efforts. If this assessment is correct the end result will be sharply lower stock prices, and a following weakening economy.* - Richard S. Appel

*The outlook for over-geared investors everywhere...whether in stocks or housing...is grim. In the U.K., the authorities are trying to gently prick a record housing bubble; so far, they've failed. In the U.S., on the other hand, the authorities are still pandering to it. Neither set of policy wonks will get what they want. Both will get what's coming. Sell early to avoid the rush.* - Tom Dyson

*I would argue that for monetary policies the 'Mother of all Monetary Tests' is unfolding right now, as it may be that monetary stimulus is no longer going to boost the economy, but inflation alone, which would lead in a benign scenario to stagflation and in a worst case scenario to a inflationary depression a la 1980s in Latin*

*America. Whereas one could argue that the US dollar is about where it should be against the Euro, the dollar is certainly grossly overvalued against the Asian currencies.* - Marc Faber

*Consumer spending posted a new historical record in the sense that it outpaced total economic growth. With an overall increase of $625.8 billion, for the first time in history it exceeded the simultaneous GDP growth, up $581 billion. The consumer achieved this with a debt surge of $1.7 trillion.* - Zbigniew Piekarski

*If one examines individual incomes and corporate cash flows, you will realize the U.S. economic system can not service the mountain of private debt that has already been created at higher nominal interest rates. This watershed year could turn into a cliff side waterfall unless money growth keeps increasing to encourage the growth in personal and corporate incomes. Inflation is needed to push up cash flows to service old debt. Without inflation, there remains a massive risk of deflation. If old debt is paid down, or forgiven in bankruptcy, money that has been previously created will vanish from whence it came. If the money and debt goes, asset prices will crumble.... Where will enough money come from to keep the U.S. economy liquid and solvent? Where will the massive amounts of new money come from to service the debt mountain? Let's not forget that central banks can create new money with a few strokes at a computer keyboard to purchase whatever assets they wish. The Federal Reserve can create any volume of money it needs to keep the economy servicing both old and new debts. It seems virtually certain that the Fed, and other friendly central banks, will print as much new money as they need to because "inflation tomorrow is better than a collapse of the financial system today." Since the U.S. Treasury is running a $450 Billion deficit and a 5 percent trade deficit, central banks have actually begun the "Great Money Printing." In the past 12 months, global central banks have created about $800 Billion worth of new money (as measured by the increase in world central bank reserves). This is what the Federal Reserve Governor, Ben S. Bernanke, lovingly calls "Helicopter Money."* - Richard Benson

*The race in November has turned out to be a classic contest between a fool and a knave; we're not quite sure which is which. On the one hand, George W. Bush - scion of a rich, New England family, with the most powerful connections in the nation, a Yale graduate, Skull & Bones member and Harvard MBA - pretends to be a dumb cowboy who just follows his instincts. On the other, John Kerry - also from Yale, also a Skull & Bones member, with a billionaire wife, fabulous homes all over the place, and a 'go along' attitude to practically every piece of pork-barrel legislation ever served up in Washington - pretends to be a 'man of the people' determined to restore justice to the tax system. Both the men, and the process that put them where they are, are frauds. But Americans love fraud and self-delusion. They take up one flim-flam after another as if they were free drinks. They keep at it until their legs buckle.* - Bill Bonner

## STOCK MARKET OUTLOOK

My call for an essentially ugly stock market in May through July seems to have been right on target, though July turned out to be the ugliest of the three months. The popular indexes are trading below their 200-day moving averages, yet volatility remains low, which together indicate that new bear-market lows lie ahead.... but not just yet. August is likely to be a rally month; September another ugly month, when a crash, if it were to happen as some market watchers expect (see Quotes), is most likely to occur; and October a month which will likely leave the averages not too far from where they are now. This is an election year, after all, and even if the powers that be (read: Fed) weren't struggling mightily to keep things afloat until after the elections, people tend to put their financial expectations on hold until it becomes clear which political party will be put in charge of destroying the country for the next four years.

The real story of the stock market gets lost in the day-to-day tugs-of-war between the bulls and the bears, which is.... it is slowly being bled to death. On most days computerized program trading comprises half or more of total trading volume, and on some days as much as 70%. The computers interpret small-scale technical trading signals, which is why stocks chop around their moving averages without really going anywhere. But each of those trades exacts a small commission (and maybe a small profit), so the Wall Street pros are making money at the expense of the "little guy", probably still mostly people who are plowing money into mutual funds through their 401(k)s in the belief that "stocks always go up over the long term".

With the pros sucking out the money and thereby giving stock prices a "natural" slow downward bias, disillusionment is setting in for small investors, which only exacerbates the effect of program trading on trading volume, even while overall trading volume does not decline much. This is classic behavior for a long-term deflationary bear market.... loss of interest by the public.... which will eventually culminate in despair (as in the 1930s or mid-1970s) a decade or two from now.

Since optimism about stocks is still greater than warranted by actual conditions (leaving them about 20% overpriced on a historical basis), pleasant surprises are already priced into stocks at current levels, while unpleasant surprises are not. This is definitely one of those times when the risk of being in stocks far outweighs the potential rewards.

# PORTFOLIO REVIEW

Prices shown are as of August 3, 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 ..22 | {ABX/nyse} | 14Nov96 | | | 1466.01 | 19.30 | 965.00 |
| 30 | BP 1.70 | [BP/nyse] | 26Jan99 | | | 1292.50 | 56.75 | 1,702.50 |
| 200 | GTC Biotherapeutics | [GTCB/otc] | 7May04 | | | 408.55 | 1.65 | 330.00 |
| 100 | Nokia OYJ ADR ..30 | [NOK/nyse] | 14Jun01 | | | 2233.00 | 11.40 | 1,140.00 |
| 468 | Prudent Bear Fund (468.025sh) | [BEARX] | 10Oct02 | | | 3500.00 | 5.73 | 2,681.78 |
| 290.2 | Prudent Global Income (290.157sh) | [PSAFX] | 17Apr03 | | | 3200.00 | 12.01 | 3,484.79 |
| | CASH & money market | | | | | 5961.32 | | 5,961.32 |
| | *Totals* | | | | | 18,061.38 | | 16,265.39 |

SUMMARY - "PIG":

Original cost: $10,224.00
Present value: $16,265.39
Increase: $ 6,136.88 [+60.02%]

COMMENT on "PIG": There is no change from the last issue.

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

| Date | Sold | Bought | Date | Sold | Bought |
|---|---|---|---|---|---|
| 31Jan2003 | eq-idx@ 52.45 | mm@21.66 [12.22%] | 28-30Apr2003 | 0.0889% "profit-skim" | stock to mm@21.70 |
| 17Apr2003 | mm@21.69 | i-ibond@39.52 [21.72%] | 1May2003 | 0.2184% "profit-skim" | i-ibond to mm@21.70 |
| 17Apr2003 | mm@21.69 | stock@130.72 [3.54%] | 2May2003 | 0.0714% "profit-skim" | stock to mm@21.70 |

| Date | Sold | Bought |
|---|---|---|
| 5May2003 | 0.2167% "profit-skim" | i-ibond to mm@21.70 |
| 6May2003 | 0.2127% "profit-skim" | i-ibond to mm@21.70 |
| 7May2003 | 0.4225% "profit-skim" | bond to mm@21.70 |
| 8May2003 | -0.4757% "profit-skim" | stk&bd to mm@21.70 |
| 27-30Jun2003 | 0.0155% "profit-skim" | i-ibond to mm@21.73 |
| 8-10Jul2003 | 0.0523% "profit-skim" | i-ibond to mm@21.73 |
| 25-26Aug2003 | 0.0109% "profit-skim" | i-ibond to mm@21.75 |
| 15-26Sep2003 | 0.0636% "profit-skim" | i-ibond to mm@21.76 |
| 2-20Oct2003 | -0.0160% "profit-skim" | i-ibond to mm@21.77 |
| 6-13Nov2003 | 0.0553% "profit-skim" | i-ibond to mm@21.78 |
| 3-4Dec2003 | 0.0141% "profit-skim" | i-ibond to mm@21.79 |
| 9-10Dec2003 | 0.0179% "profit-skim" | i-ibond to mm@21.79 |
| 11-24Dec2003 | 0.0529% "profit-skim" | growth to mm@21.80 |
| 5-7Apr2004 | -0.0282 "profit-skim" | growth to mm@21.84 |
| 15-16Apr2004 | -0.0133 "profit-skim" | growth to mm@21.84 |
| 30Apr2004 | re@190.59 | mm@21.85 [42.34%] |

Values, 2Aug2004: stock, 169.89; equity-index, 70.03; MM, 21.89; bond, 72.50; inflation-indexed bond, 43.10; real estate, 197.63; TIAA current yield in SRA, about 5.2%.

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 2005)

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 retirement plan: The last switch shown above (30Apr2004) was in my regular retirement annuity, in preparation for my retirement in July, where I expected to move the funds into an IRA, put them in TIAA Traditional, then follow interest rates upward while still receiving monthly payments. But it turns out that while I am still employed part-time at the same institution TIAA-CREF puts me into some sort of limbo status where I am unable to touch the regular retirement annuity money, even though I don't work enough hours to be eligible to participate by contributing to the retirement plan (nor am I eligible for other non-retirement benefits; they have all terminated).

This is not exactly what I had planned. Currently I am living off monthly withdrawals from the supplemental retirement annuity (and Social Security) until I finally finish up at Assumption College, by the end of the year, and can finally transfer my money to *individual* retirement accounts where I can access it without having to ask anybody's permission. I continue to be amazed at the arcane, convoluted and sometimes cruel rules which inhibit my accessing what is supposed to be my own money.

In the meantime, in the regular retirement annuity I am transferring 10% of the money-market balance, weekly, on Tuesdays, half into inflation-indexed bonds and half into TIAA Real Estate, until I reach about one-third in each, in an effort to earn a greater yield than is provided by the money-market alone. I make no claim for investment performance during this transition period; sometime in 2005, after the SRA withdrawals stop and I can re-establish a tracking portfolio for **The Contrarian's View**, I'll "pick up" where I left off on June 30, and we'll just throw away this difficult interim period.

Comment on NYSE "Timer's Trend": We are currently on a BUY signal of July 29, 2004.

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____________________________ NYSE TIMER'S TREND _________________________________
Mon  5 Apr 04        .  |  . #    |10558.37 @| .   +                        *
Tue  6 Apr 04        .  | #.      |10570.81  | .  +                         *
Wed  7 Apr 04        .  | #.      |10480.15  | . +                       *
Thu  8 Apr 04        .  |  #      |10442.03  | .+                       *
Mon 12 Apr 04        .  |  #      |10515.56  | .+                         *
Tue 13 Apr 04      #.  I  .       |10381.28  |+.                      *
Wed 14 Apr 04    #  .  I  .      {|10377.95  |-.                      *
Thu 15 Apr 04       .# I  .       |10397.46  | -                       *
Fri 16 Apr 04        .  I  #      |10451.97  | -                        *
Mon 19 Apr 04        .  I  #      |10437.85  | -                        *
Tue 20 Apr 04       .# I  .       |10314.50  |-.                     *
Wed 21 Apr 04        . #I  .      |10317.27  + .                     *
Thu 22 Apr 04        .  I  . #    |10461.20  |+.                        *
Fri 23 Apr 04       .# I  .       |10472.84  + .                        *
Mon 26 Apr 04       #  I  .       |10444.73  |-.                       *
Tue 27 Apr 04          . #I  .       |10478.16  |-.                            *
Wed 28 Apr 04      #   .  I  .       |10342.60  | -                          *
Thu 29 Apr 04      #   .  I  .       |10272.27  | . -                      *
Fri 30 Apr 04       #  .  I  .       |10225.57  | .  -                    *
Mon  3 May 04          . #I  .       |10314.00  | . -                        *
Tue  4 May 04          .  &  .       |10317.20  | . -                        *
Wed  5 May 04          . #I  .       |10310.95  | .-                        *
Thu  6 May 04     #    .  I  .       |10241.26  | .-                      *
Fri  7 May 04    #     .  I  .       |10117.34  | . -                  *
Mon 10 May 04    #     .  I  .       | 9990.02  | .  -             *
Tue 11 May 04         .# I  .       |10019.47 @| .   -             *
Wed 12 May 04       #  .  I  .       |10045.16 @| .   -              *
Thu 13 May 04        #.  I  .       |10010.74 @| .   -             *
Fri 14 May 04        #.  I  .       |10012.87  | .  -              *
Mon 17 May 04     #    .  I  .       | 9906.91  | .  -          *
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Tue 18 May 04      .  &  .     | 9968.51  | . -       *
Wed 19 May 04     . #I  .      | 9937.71  | . -      *
Thu 20 May 04    #.  I  .      | 9937.64  | . -      *
Fri 21 May 04      .  I# .     | 9966.74  | .-        *
Mon 24 May 04      .  |  #     | 9958.43  |-.        *
Tue 25 May 04      .  |  .  #  }|10117.62 |+.            *
Wed 26 May 04      .  |  #     |10109.89  |+.            *
Thu 27 May 04      .  |   . #  |10205.20  | .+             *
Fri 28 May 04      .  |  .#    |10188.45  | . +            *
Tue  1 Jun 04      .  |  #     |10202.65  | . +            *
Wed  2 Jun 04      .  |  .#    |10262.97  | .+               *
Thu  3 Jun 04     . #|  .      |10195.91  | .+             *
Fri  4 Jun 04      .  |  . #   |10242.82  | .+               *
Mon  7 Jun 04      .  |  .   # |10391.08  | .+                   *
Tue  8 Jun 04      .  |  .#    |10432.52  | . +                   *
Wed  9 Jun 04      .  |# .     |10368.44  | .+                  *
Thu 10 Jun 04      .  |  #     |10410.10  | . +                  *
Mon 14 Jun 04    #.  I  .      |10334.73  | +                  *
Tue 15 Jun 04      .  |  . #   |10380.43  |+.                   *
Wed 16 Jun 04      .  |  #     |10379.59  |+.                   *
Thu 17 Jun 04      .  |  #     |10377.52  | +                   *
Fri 18 Jun 04      .  |  . #   |10416.41  | +                    *
Mon 21 Jun 04      .  | #.     |10371.47  | .+                  *
Tue 22 Jun 04      .  |  .#    |10395.07  | .+                   *
Wed 23 Jun 04      .  |  .  #  |10479.57  | . +                    *
Thu 24 Jun 04      .  |  #     |10443.81  | . +                   *
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Fri 25 Jun 04       .  |  #     |10371.84  | .+                        *
Mon 28 Jun 04       .  |  #     |10357.09  | .+                        *
Tue 29 Jun 04       .  |  #     |10413.43  | .+                         *
Wed 30 Jun 04       .  |  .  #  |10435.48  | .+                          *
Thu  1 Jul 04       .  |# .     |10334.16  | .+                       *
Fri  2 Jul 04       .  | #.     |10282.83  | .+                      *
Tue  6 Jul 04       .  #  .     |10219.34  | +                     *
Wed  7 Jul 04       .  |  .#    |10240.29  | +                     *
Thu  8 Jul 04      . #|  .      |10171.56  |+.                   *
Fri  9 Jul 04       .  | #.     |10213.22  |+.                     *
Mon 12 Jul 04       .  |# .     |10238.22  |+.                     *
Tue 13 Jul 04       .  | #.     |10247.59  |+.                      *
Wed 14 Jul 04       .  |# .     |10208.80  |+.                     *
Thu 15 Jul 04       .  |# .     |10163.16  |+.                   *
Fri 16 Jul 04       .  |# .     |10139.78  |+.                   *
Mon 19 Jul 04       .  |# .     |10094.06  |+.                 *
Tue 20 Jul 04       .  |  .#    |10149.07  |+.                   *
Wed 21 Jul 04      . #|  .      |10046.13  |+.                *
Thu 22 Jul 04      #  I  .      |10050.33  + .                *
Fri 23 Jul 04   #  .  I  .      | 9962.22  |-.            *
Mon 26 Jul 04    # .  I  .     {| 9961.92  | .-           *
Tue 27 Jul 04       .  &  .    ]|10085.14  | .-                *
Wed 28 Jul 04      .# I  .      |10117.07  | . -               *
Thu 29 Jul 04       .  |  #    }|10129.24  | -                  *
Fri 30 Jul 04       .  |  #     |10139.71  |-.                  *
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Comment on NASDAQ "Timer's Trend": We're currently on a SELL signal given July 6, 2004.

## NASDAQ TIMER'S TREND

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Thu  1 Apr 04      .  |  .  #  }| 2015.01  | .  +            *
Fri  2 Apr 04      .  |  .   # | 2057.17 @| .   +             *
Mon  5 Apr 04      .  |  .  #  | 2079.12 @| .   +              *
Tue  6 Apr 04      .  | #.     | 2059.90  | .  +              *
Wed  7 Apr 04      .  |  . #   | 2050.24  | .  +              *
Thu  8 Apr 04      .  |  . #   | 2052.88  | .  +              *
Mon 12 Apr 04      .  |  .  #  | 2065.48  | .  +               *
Tue 13 Apr 04      .  I# .    {| 2030.08  | .+              *
Wed 14 Apr 04      .  I# .     | 2024.85  | .+              *
Thu 15 Apr 04     . #I  .      | 2002.17  | +              *
Fri 16 Apr 04      .  I# .     | 1995.74  |+.             *
Mon 19 Apr 04      .  I  .  #  | 2020.43  |+.               *
Tue 20 Apr 04     . #I  .      | 1978.63  |+.            *
Wed 21 Apr 04      .  I  #     | 1995.63  |+.             *
Thu 22 Apr 04      .  I  .  #  | 2032.91  | .+              *
Fri 23 Apr 04      .  I  . #   | 2049.77  | .+               *
Mon 26 Apr 04      .  I  #     | 2036.77  | .+              *
Tue 27 Apr 04      .  I# .     | 2032.53  | .+              *
Wed 28 Apr 04     .# I  .      | 1989.54  | +             *
Thu 29 Apr 04    #.  I  .      | 1958.78  + .           *
Fri 30 Apr 04   # .  I  .      | 1920.15  | -          *
Mon  3 May 04      .  &  .     | 1938.72  | -          *
Tue  4 May 04      .  I  #     | 1950.48  | -           *
Wed  5 May 04      .  I #.     | 1957.26  |-.           *
Thu  6 May 04   # .  I  .      | 1937.74  |-.          *
Fri  7 May 04    #.  I  .      | 1917.96  |-.        *
Mon 10 May 04  #    .  I  .    | 1896.07  | .-       *
Tue 11 May 04      .  I# .     | 1931.35  | .-         *
Wed 12 May 04    #.  I  .      | 1925.59  | . -        *
Thu 13 May 04     . #I  .      | 1926.03  | .-         *
Fri 14 May 04   # .  I  .      | 1904.25  | . -       *
Mon 17 May 04 #     .  I  .    | 1876.64  | . -     *
Tue 18 May 04      .  &  .     | 1897.82  | . -       *
Wed 19 May 04     . #I  .      | 1898.17  | .-        *
Thu 20 May 04    #.  I  .      | 1896.59  | . -       *
Fri 21 May 04      .  I# .     | 1912.09  | .-         *
Mon 24 May 04      .  I #.     | 1922.98  |-.          *
Tue 25 May 04      .  |  .  #  | 1964.65  + .            *
Wed 26 May 04      .  |  . #   | 1976.15  | +            *
Thu 27 May 04      .  |  . #   | 1984.50  | .+            *
Fri 28 May 04      .  |  #     | 1986.74  | . +           *
Tue  1 Jun 04      .  |  #     | 1990.77  | . +           *
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Wed  2 Jun 04       .  |  .#      | 1988.98  | . +              *
Thu  3 Jun 04      . #I  .        | 1960.26  | +               *
Fri  4 Jun 04       .  |  . #     | 1978.62  | +               *
Mon  7 Jun 04       .  |  .   #   | 2020.62  | .+                 *
Tue  8 Jun 04       .  |  .#      | 2023.53  | .+                 *
Wed  9 Jun 04      . #I  .        | 1990.61  | +                *
Thu 10 Jun 04       .  I# .       | 1999.87  | .+               *
Mon 14 Jun 04      #  I  .        | 1969.99  |+.              *
Tue 15 Jun 04       .  I  .#      | 1995.60  |+.                *
Wed 16 Jun 04       .  I #.       | 1998.23  + .               *
Thu 17 Jun 04      . #I  .        | 1983.67  + .               *
Fri 18 Jun 04       .  &  .       | 1986.73  + .               *
Mon 21 Jun 04      . #I  .        | 1974.38  + .              *
Tue 22 Jun 04       .  I #.       | 1994.15  + .               *
Wed 23 Jun 04       .  |  .  #    | 2020.98  |+.                 *
Thu 24 Jun 04       .  |  #       | 2015.57  | +               *
Fri 25 Jun 04       .  |  #       | 2025.47  | +                 *
Mon 28 Jun 04       .  | #.       | 2019.82  | .+              *
Tue 29 Jun 04       .  |  .  #    | 2034.93  | . +               *
Wed 30 Jun 04       .  |  . #    }| 2047.79  | .+                 *
Thu  1 Jul 04      . #|  .       [| 2015.55  | .+               *
Fri  2 Jul 04      .# |  .        | 2006.66  | +                *
Tue  6 Jul 04    # .  I  .       {| 1963.43  + .              *
Wed  7 Jul 04      .# I  .        | 1966.08  |-.              *
Thu  8 Jul 04   #  .  I  .        | 1935.32  | . -          *
Fri  9 Jul 04      . #I  .        | 1946.33  | . -           *
Mon 12 Jul 04    # .  I  .        | 1936.92  | . -          *
Tue 13 Jul 04     #.  I  .        | 1931.66  | . -          *
Wed 14 Jul 04    # .  I  .        | 1914.88  | .  -        *
Thu 15 Jul 04      #  I  .        | 1912.71  | . -         *
Fri 16 Jul 04  #   .  I  .        | 1883.15  | .  -       *
Mon 19 Jul 04     #.  I  .        | 1883.83  | .  -       *
Tue 20 Jul 04       .  I# .       | 1917.07  | . -          *
Wed 21 Jul 04    # .  I  .        | 1874.37  | . -      *
Thu 22 Jul 04      .# I  .        | 1889.06  | . -        *
Fri 23 Jul 04 #    .  I  .        | 1849.09  | . -     *
Mon 26 Jul 04   #  .  I  .        | 1839.02  | . -    *
Tue 27 Jul 04      . #I  .        | 1869.10  | .  -      *
Wed 28 Jul 04    # .  I  .        | 1858.26  | .  -     *
Thu 29 Jul 04       .  I #.       | 1881.06  | . -        *
Fri 30 Jul 04       .  I# .       | 1887.36  | -          *
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"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 near the end of August or September. Normally there is no August issue (1-year subscription = 11 issues), but similar to 2003, I may do an August issue and skip one of the winter ones. We'll see.