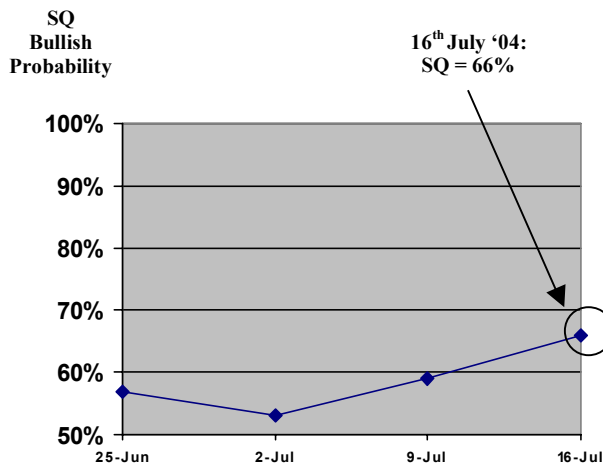
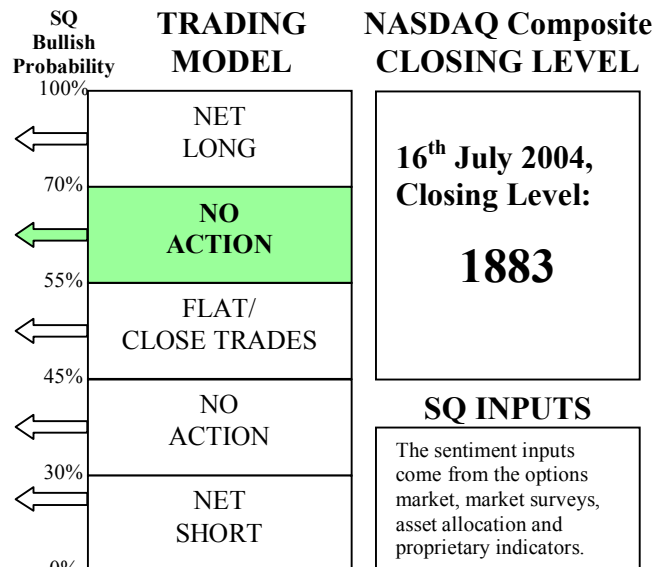


Swing Trading Bulletin

Issue 9,
Market Close,
16th July 2004



NOTE: "SQ" is a market timing system for contrarian "swing traders" (2 weeks to 4 months). It is 100% sentiment and probability based. A unique process of "scoring" various sentiment input indicators derives a bullish probability for the market - SQ. This activates the trading model (above right) at certain trigger points.



Commentary

The NASDAQ Composite fell a further 3.2% on the week making for a significant drop of 6.2% in the last fortnight. This has indeed pushed our bullish probability up to 66% as pessimism builds. However, although the market is now below the level at which we last went LONG a couple of our sentiment inputs still need to show more fear to push SQ above 70% and to trigger fresh LONG trades. In particular, volatility has not moved up greatly despite the market pullback. We also need to see more evidence of bearish asset allocation before we establish a LONG entry point. Therefore for the moment we remain flat.

Trading Model Rules

All trades are against the NASDAQ Composite and executed either:

- Against the coming week's opening level of the Composite index.
- Via limit/stop orders at a specified level as described in the prior week's report.

Note: Zero transaction/trading costs assumed.

Current Trades and Open Positions

Trades Executed Last Week:

NONE

Current Open Positions:

NONE

US\$1,021,922 in cash

New Trades:

NONE

Note: All stop and limit orders are entered at the next market open on a "good until cancelled" basis. Cancellation can take place only within a report such as this one. All trades are executed at the closest exact level (no fractions) and without spread. No interest on cash balances.

Performance to Date (without leverage)

Starting Capital: US\$1,000,000 (21st May 2004).

Currently 100% in cash with returns to date of +2.2% (US\$1,021,922 in cash).

1 Winning Closed Trade, 0 Losing Closed Trades.

Feedback

Please contact info@contraquant.com

Disclaimer: The timing signals and comments provided by ContraQuant Limited are for research and information purposes only, and should not be considered as investment advice. Descriptions of trading posture and trades simulate our own investment activity, and do not in any way infer that such actions are likely to be profitable. Reliance upon information provided by ContraQuant Limited is at your own risk, and we shall not be held liable for any loss due to posted timing signals and comments. Further, ContraQuant Limited is not registered with any association in any capacity to give investment advice. This document may not be reproduced nor copies circulated without prior authority.