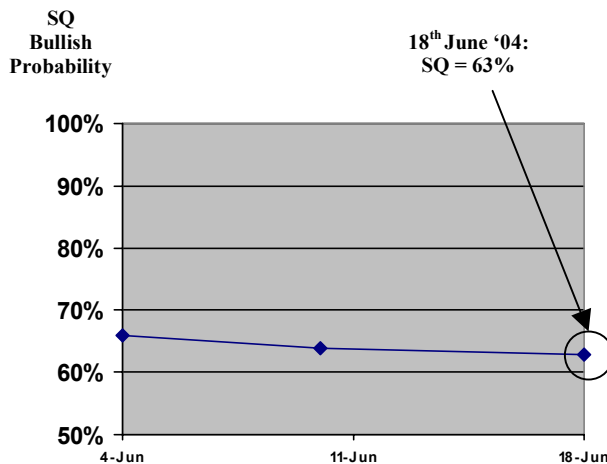
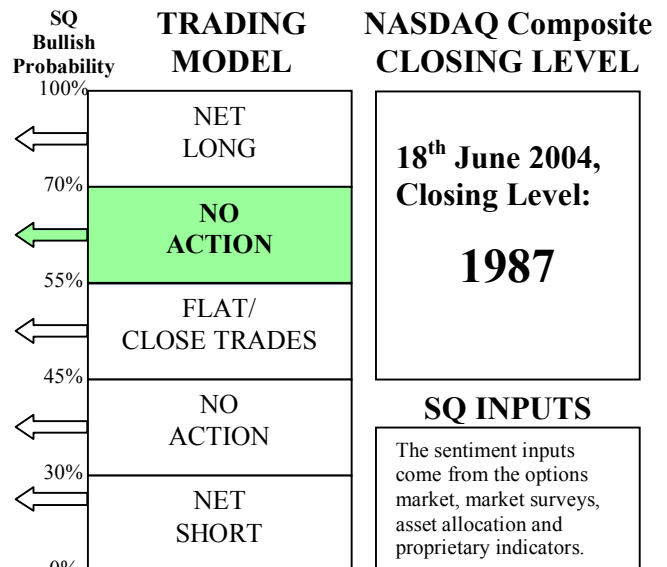


Swing Trading Bulletin

Issue 5,
Market Close,
18th June 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

This was a fairly uneventful week when the NASDAQ Composite edged back slightly. There was a marginal increase in complacency as tracked by our SQ measure, however this was not a significant move. Since we believe that there is still room for our open LONG position to mature further into profit, no action is taken for the moment. If the market spurts up causing optimism to rise and SQ to drop below 55% we will look to close LONGs. If on the other hand the market pulls back and pessimism rises as reflected in SQ reverting back above 70% we will add to LONGs. For the moment we wait and see.

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

Current Open Positions:
 US\$600,000 LONG on NASDAQ Comp. @ 1925 (entered 24th May 2004)
 Stop Order at 1780
 US\$400,000 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.

Performance to Date (without leverage)

Starting Capital: US\$1,000,000 (21st May 2004).
 Performance is measured at points when we are 100% in cash.

Feedback

Please contact info@contraquant.com

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