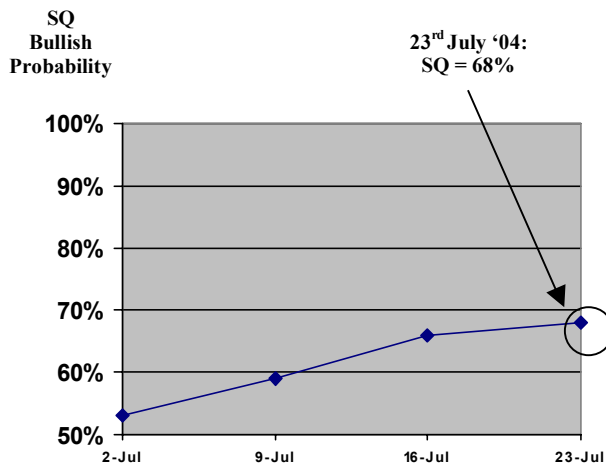
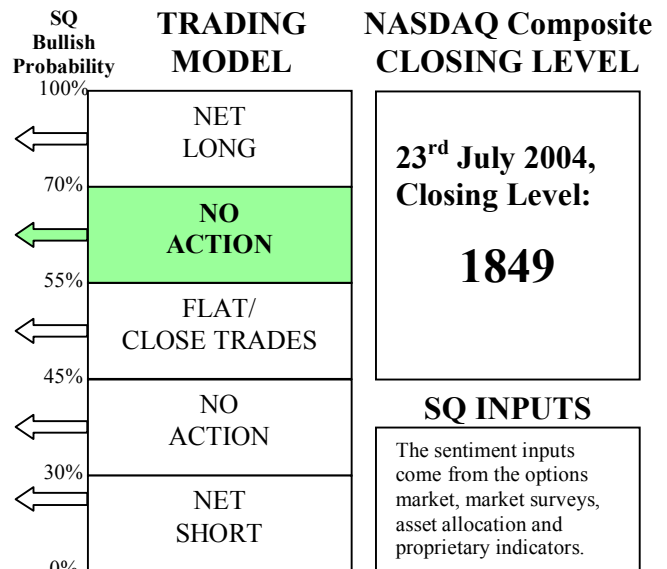


Swing Trading Bulletin

Issue 10,
Market Close,
23rd 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

There were further declines in the NASDAQ Composite leading to a step up in pessimism, though still not quite enough to lift our SQ bullish probability indicator above the 70% LONG trigger level. Nevertheless, it is close enough at 68% to open some Limit Orders below current levels in case the market drops further. If all of these Limit Orders are triggered in the coming days then we will scale in to a fresh LONG position that commits a maximum of less than 40% of our capital. The magnitude of the final position will be determined by the projected probability of the trade as measured by SQ.

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:

Limit Order to Open LONG US\$100,000 @ 1820

Limit Order to Open LONG US\$100,000 @ 1810

Limit Order to Open LONG US\$200,000 @ 1795

Open Stop Order to Close LONGs at 1610

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.