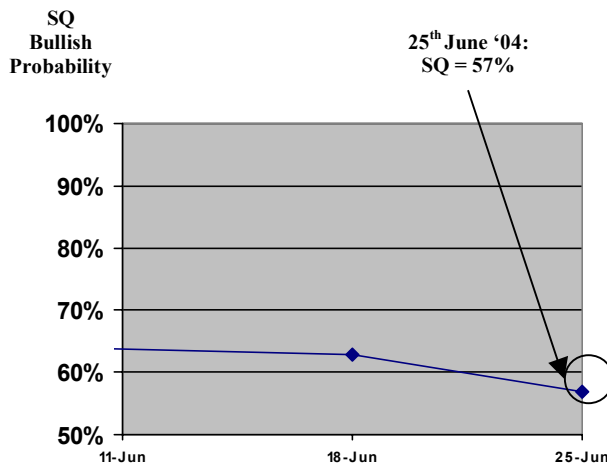
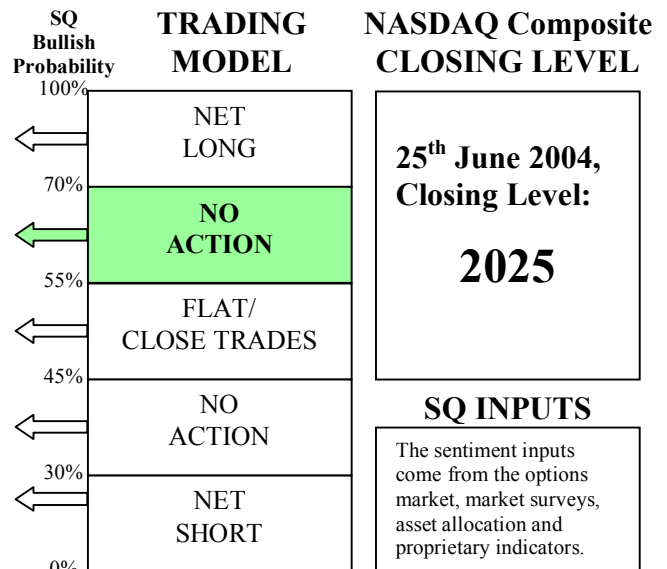


# Swing Trading Bulletin

Issue 6,  
Market Close,  
25th 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

In the last week the NASDAQ Composite returned above 2000 whilst our SQ "bullish probability" measure fell back to 57% from 63%. This leaves us poised to close our LONGs if the market rises further in the coming days (when SQ goes below 55% we naturally close trades and move flat). Hence a series of Limit Orders are now opened to close LONGS at various points above current levels. As these levels are hit we will be profitably scaled out of our \$600k LONG position (opened on 24<sup>th</sup> May at a level of 1925). If however the market pulls back without hitting these levels we will hold LONGs and monitor our model.

## Trading Model Rules

All trades are against the NASDAQ Composite and executed either:

- (i) Against the coming week's opening level of the Composite index.
- (ii) 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 24<sup>th</sup> May 2004)

Stop Order at 1780

US\$400,000 in cash

Open the following Limit Orders:

Close LONG \$US100,000 @ 2052

Close LONG \$US200,000 @ 2068

Close LONG \$US300,000 @ 2080

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 (21<sup>st</sup> May 2004).

Performance is measured at points when we are 100% in cash.

## Feedback

Please contact [info@contraquant.com](mailto:info@contraquant.com)

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