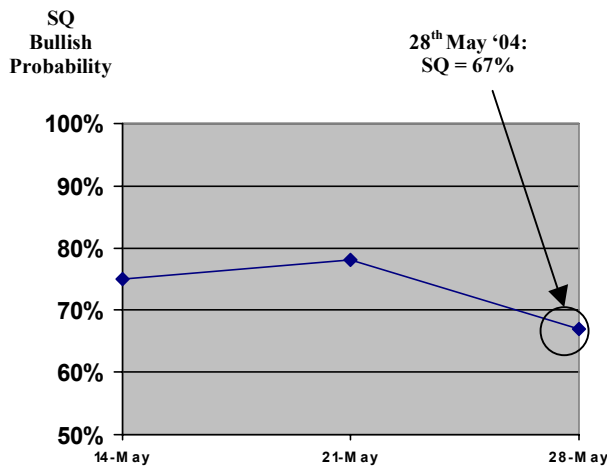
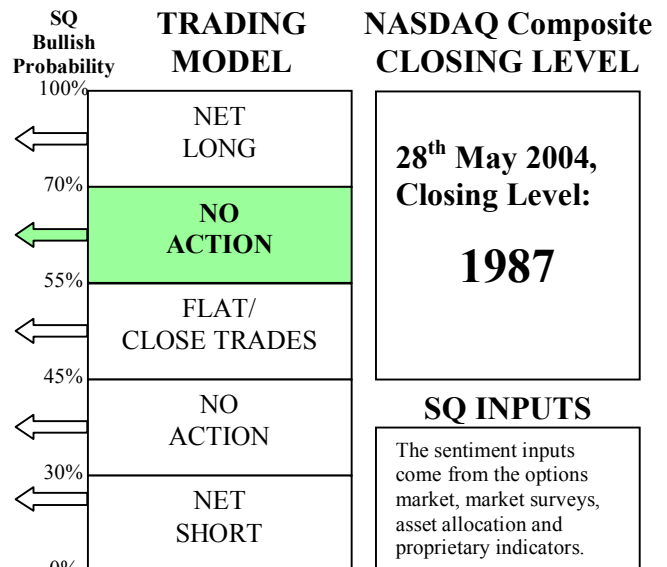


Swing Trading Bulletin

Issue 2,
Market Close,
28th May 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

As signalled in the last report we duly entered our LONG trade at the market open last Monday at a level of 1925. Subsequently the NASDAQ Composite continued to rise every day, thereby denying us the opportunity to add to our position. For this reason the Limit Orders are now cancelled, however we maintain our emergency Stop. As the market rose after we entered our LONG trade the SQ indicator fell below 70%. This is by no means an excessive move and we will continue to hold our open LONG position, already nicely in profit.

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 1760
US\$400,000 in cash
New Trades:
Cancel all open Limit Orders

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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