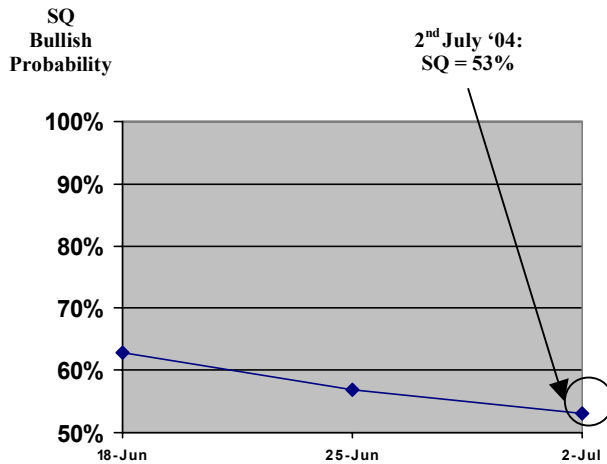
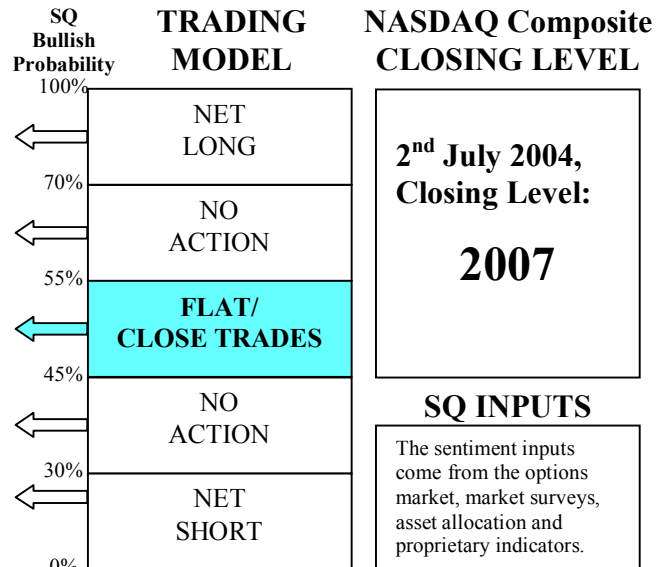


Swing Trading Bulletin

Issue 7,
Market Close,
2nd 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

Whilst the NASDAQ Composite moved up to peak above 2050 it later pulled back. There was a notable uptick in complacency causing SQ to fall to 53% - levels at which we look to exit from LONGs. Indeed, US\$100,000 was closed already at 2052 on Wednesday 30th June due to one of last week's Limit Orders being filled. We now move the remaining Limit Orders nearer to current levels to close out if the market rises. In addition, reflecting our desire to flatten our exposure we move our Stop Orders up considerably to trail 1% below current levels. Either way we do expect to be closed out during the coming week.

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:

US\$100,000 LONG closed @ 2052 on 30th June, yielding a cash profit of \$6597.

Current Open Positions:

US\$500,000 LONG on NASDAQ Comp. @ 1925 (entered 24th May 2004)

US\$506,597 in cash

Amend the following Open Orders:

Stop Order @ 1780, Move to 1984

\$US200,000 Limit Order @ 2068, Move to 2028

\$US300,000 Limit Order @ 2080, Move to 2042

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

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.