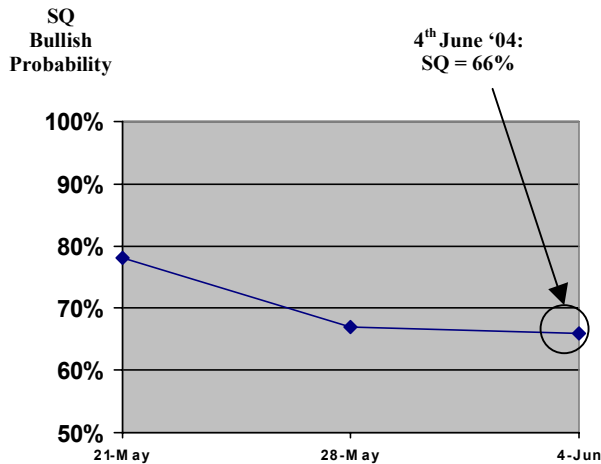
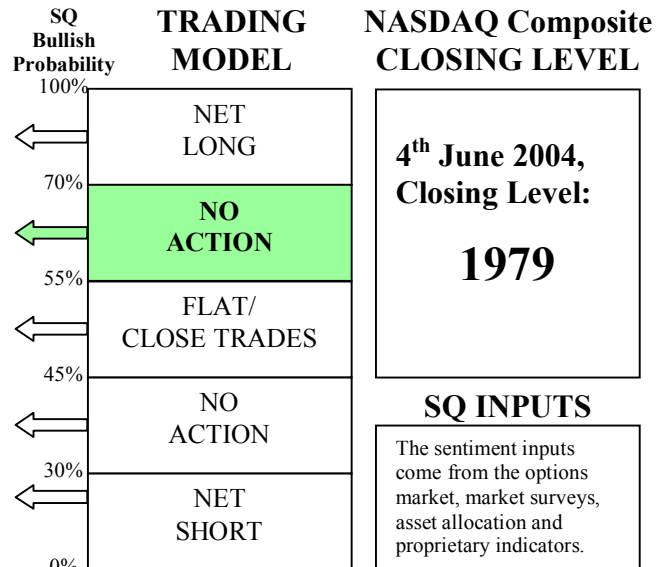


# Swing Trading Bulletin

Issue 3,  
Market Close,  
4th 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

There was little change in the level of the NASDAQ Composite in the last week and also in our composite SQ sentiment indicator. This absence of movement means that there is no change to our positioning nor are any new trades entered. The spike up in the crude oil price injected some further caution into expectations for the stock market, which for us as sentimenticians makes it comfortable to remain LONG in the near term. We will watch any sudden moves in the coming weeks with interest as volumes begin to thin out ahead of the summer.

## 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 24<sup>th</sup> May 2004)  
Stop Order at 1760  
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 (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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