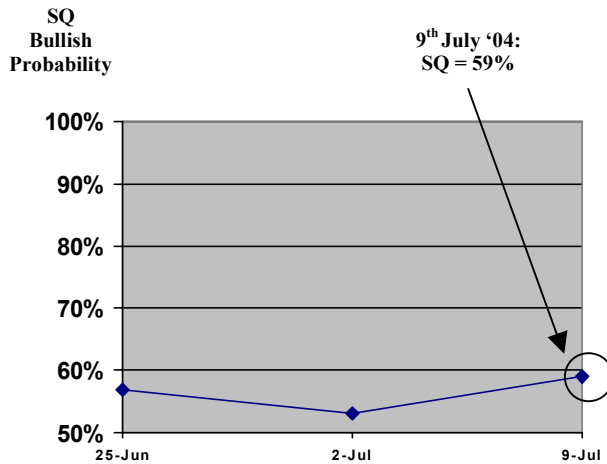
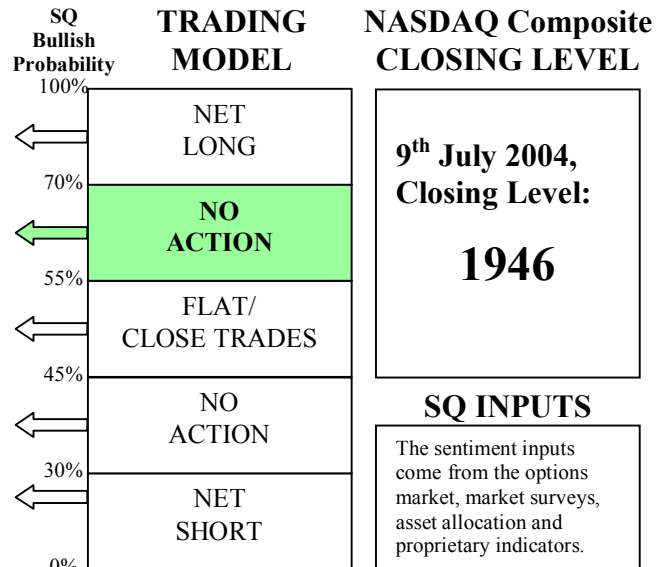


Swing Trading Bulletin

Issue 8,
Market Close,
9th 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

As expected we were closed out of our LONG position as the NASDAQ Composite fell 3% on the week. The stops we had placed at 1984 closed out our remaining LONG position of US\$500,000 on Tuesday 6th July. This added to the previous US\$100,000 closed at 2052 on 30th June. Our first completed trade was therefore entered at an average level of 1925 and closed at an average 1995 (3.7% profit). This has left cash of \$1,021,922, 2.2% up since the 21st May starting point. Although bearish sentiment is up in the last week, this trend will need to continue before we can enter a fresh LONG trade.

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\$500,000 LONG closed @ 1984 on 6th July, yielding a cash profit of \$15325.
Current Open Positions:
NONE
US\$1,021,922 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).
Currently 100% in cash with returns to date of +2.2%

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.