

Four Pillars Finance Newsletter

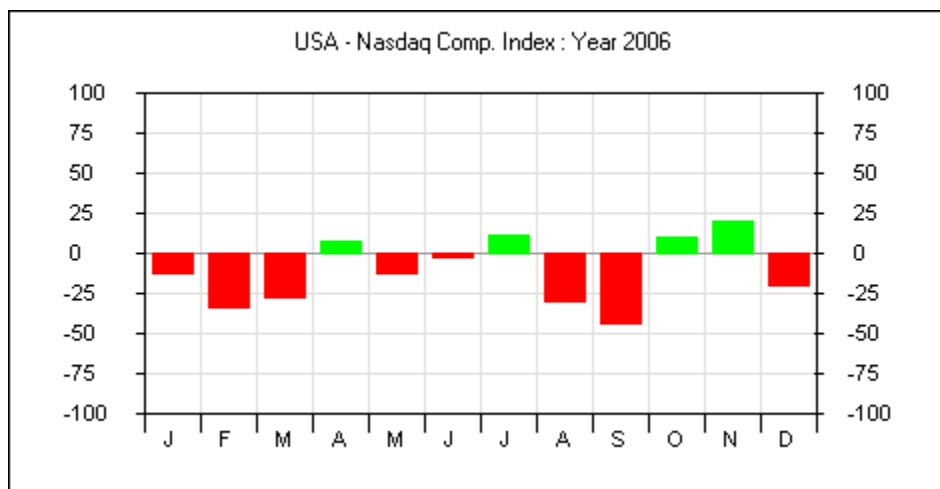
Issue #66 (4 April 2006)

The Yang Water Dragon month is starting.
The dominant energies for this month will be Water and Earth.
These elements are generally positive for stocks.

Metal months have passed with only very mild downside action, resulting in Nasdaq showing a sideways pattern since January.

We will have a positive FPF Index for this Dragon month.
We look for a push to the upside and a possible top in this month.

Here is our FPF prediction chart for the Nasdaq :



(Predictive chart made with FPF 1.1 software, available at <http://www.fourpillars.net/finance/fpf.php>)

Nasdaq

FPF Index: +7.9 (up from -27.9 last month)

A low of 2240 was reached early in the month, our buy target at 2150 was not reached. When the stock market keeps up so well during Metal months, it usually signals that it wants to go up. The Nasdaq index is now pushing higher already.

With April having a positive FPF index value, we expect this upmove to continue higher, possibly towards 2500. But as we can see on the chart below, it will require a break above the long term trendline.

Sometimes markets fail at such a point.

If the Nasdaq fails to get above 2400 in April, then it will probably reverse very quickly and drop back to 2100 in a matter of weeks.

Before the end of May we will either see a break up or down in the chart for this market.

At this moment I favor the odds for an upmove, but the coming weeks are crucial.

So, watch and use tight stops if you are in this market.

Here is the updated prediction chart for Nasdaq:



Gold

FPF Index: +17.2 (up from -14.1 last month)

Gold stocks briefly fell back unto their uptrendline, and then rebounded strongly.

We already predicted such a new move higher in last month's newsletter.

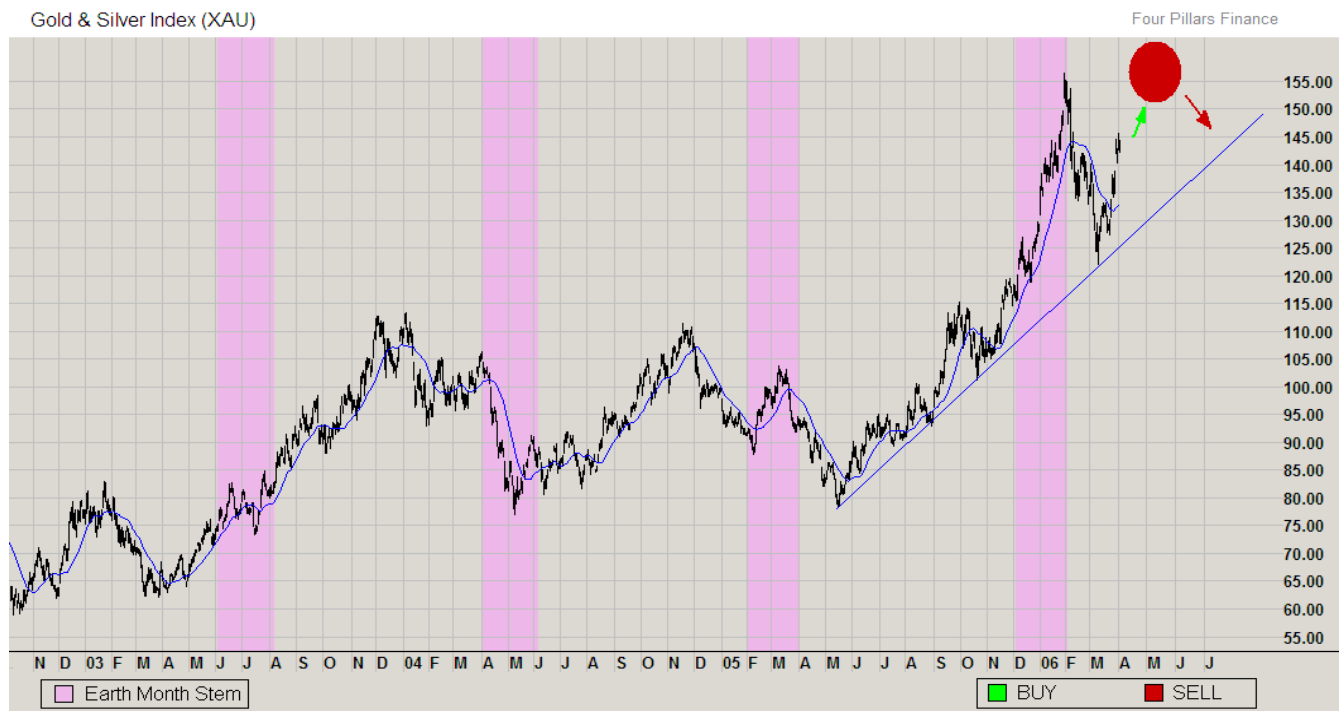
Based on our Chinese cycles, a projected peak is coming for this April/May.

We could get a doubled top near 155, or see a quick blow-off top that goes well into 160-200 area.

This would be a good opportunity to take some profits, especially if you bought near the bottom at 80 last year.

We expect more choppy and unpredictable movement in the gold markets this summer.

Here is the updated chart:



Euro - US Dollar

FPF Index: +4.5 (down from +39.1 last month)

The Euro continued to trade near the bottom level, but now breaking out to the upside in the last week of last month. Currently the Euro trades at 1.23

No changes to the prediction here.

The FPF prediction chart for the Euro is very positive till September, so we expect it to go up more.

Initial upward target is 1.26, next 1.36

Here is the prediction chart:



Question of the month.

Some subscribers have noted the quick rise in price of silver, and ask how high we expect it to go.

(As you may know, silver is our commodity pick for this year.)

Our Chinese FPF cycles tell us when tops or bottoms are more likely to happen.
But they give no clue how high or low these tops and bottoms will be.
These cycles are only a timing tool.

But we can look at a long term chart and see what have been important peaks in past decades.
Often such previous peak levels become important again.

For silver these levels are at \$11.50, \$15, \$25, and the \$40 - \$50 area.
That are the price levels I will be watching if our prediction for a 4 year rise in silver is to come true.

Here is the 30 years chart:



Four Pillars Finance software - Free trial download

For more detailed daily prediction charts you are welcome to download the Four Pillars Finance 1.1 software on our site : <http://www.fourpillars.net/finance/fpf.php>

The program calculates the Chinese cycles and shows you in advance the best days , months or years to buy or sell stocks, gold, bonds, currencies, commodities...

No experience in Chinese astrology is needed in order to use this program.

Start of the Yang Water Dragon month: 4 April 2006 at 18:17 pm EDT (New York)

Start of the next Yang Water Dragon month: 5 May 2006 at 11:32 am EDT (New York)

If you want to receive our next monthly outlook in your mailbox, please subscribe to the free Newsletter on our site: <http://www.fourpillars.net/finance/news1.php>

You are welcome to forward this free newsletter to anyone who is interested.

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