

Four Pillars Finance Newsletter

Issue #46 (8 August 2004)

The Yang Water Monkey month started yesterday.

Our predicted downturn in the stock market came out nearly perfectly with the Nasdaq dropping to 1776 (from almost 2000 last month)

That's the biggest one month drop in quite a while.

Again Metal months have proven a dangerous time to hold stocks.

Our FPF prediction chart for the Nasdaq is neutral for August, with another negative value coming for September:



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

Nasdaq

You can see the sharp drop in Nasdaq on the chart below.

The market is now very close to our target of 1750, which we already predicted back in early May newsletter.

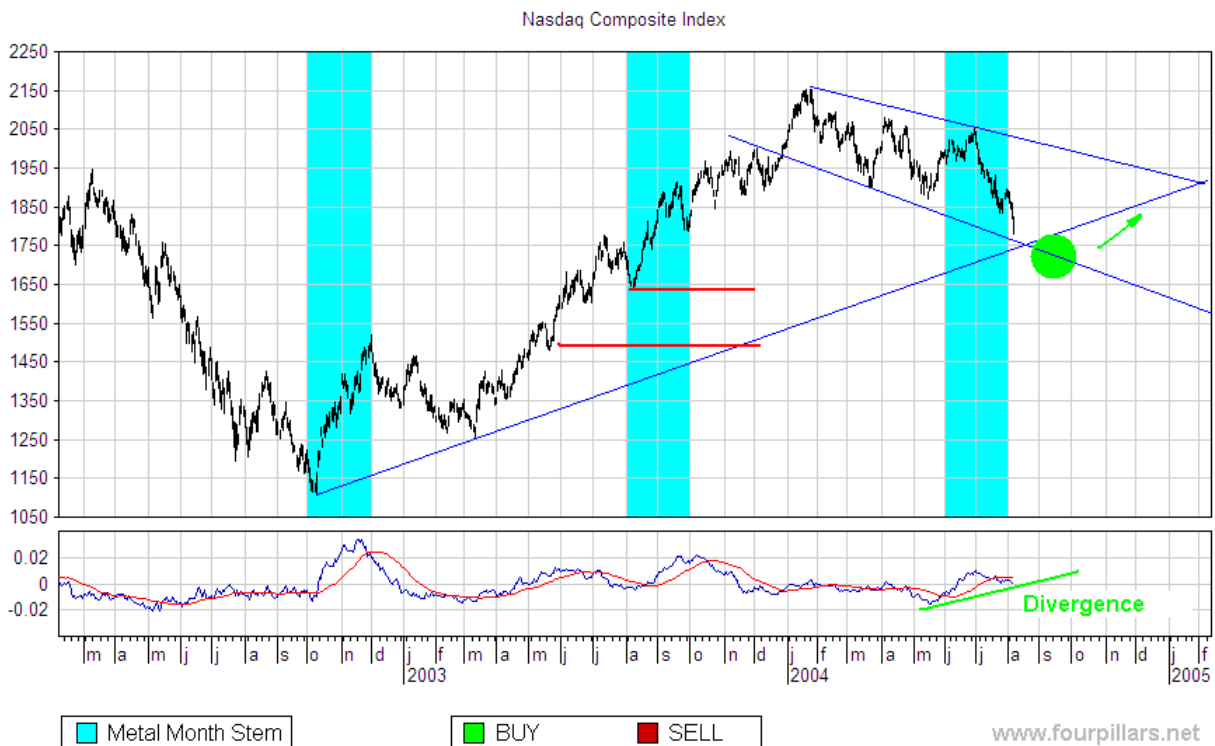
The final low on this move could come as late as next September, so even lower stock prices may be ahead. But we are now sitting on some important support levels (see the trendlines), so I expect the market to steady itself here and try to bottom out.

In case we do drop further right into September lows, then the levels of 1650 and 1500 become important to watch (see the red lines in the chart)

Investor who are not risk averse could already do some modest buying now, but basically we get ready to buy in September.

Our FPF momentum indicator (below the chart) shows positive divergence, indicating a probable rise coming up in the next two to four months.

Here is the updated prediction chart for Nasdaq:



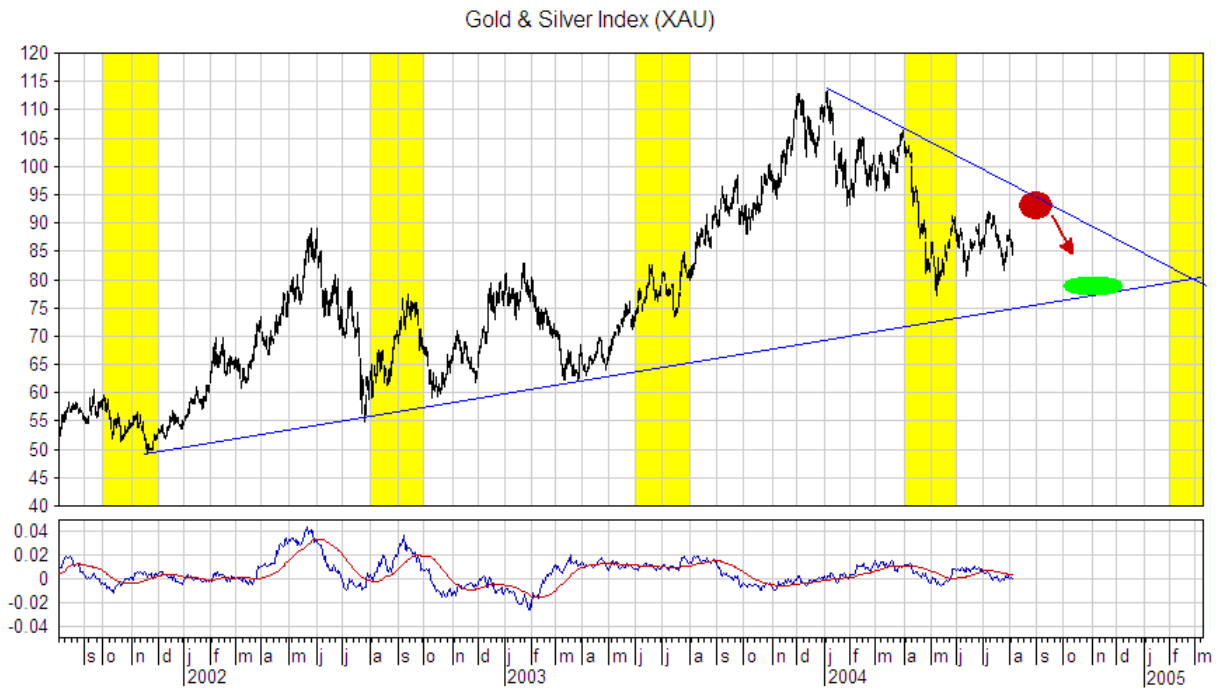
Gold

Gold stocks performed not as strong as expected.
A rally attempt early in the month was quickly reversed.

The odds are now shifting towards a retest of the May low at 75.

So, we would sell XAU if it reaches 90 – 95 in August/September
That still means a nice profit for those who bought at the lows in May

A buying opportunity at lower prices is likely for October/November coming:



Earth Month Stem

BUY

SELL

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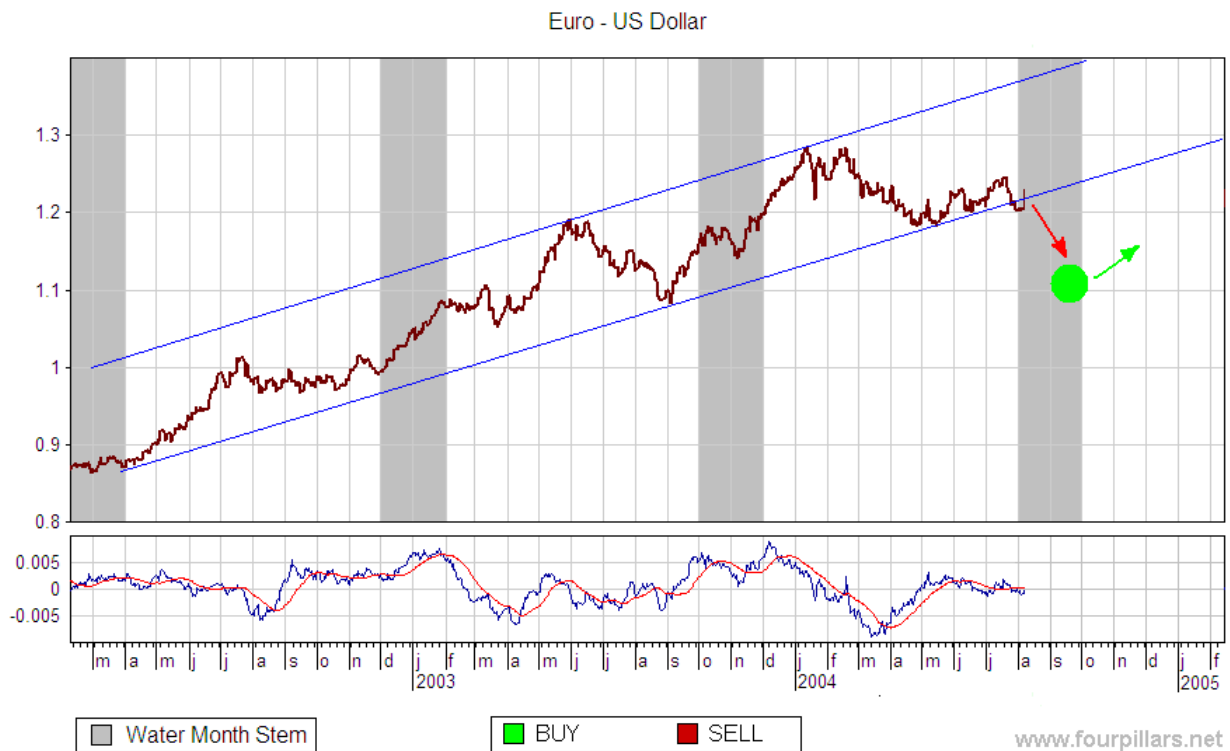
Euro - US Dollar

The Euro is showing signs of weakness too.
It is struggling to stay in the long term uptrend channel.

Moreover we are now entering the Water months, which have historically been a weak period for the Euro against Dollar.

I do expect the Euro to drop out of its long term uptrend here, with likely target of 1.10 Euro/Us\$
That would mean a 10% drop from here.

Sell Euro and go to neutral position.
Risk takers could buy \$ for a short term bet.



Crude Oil

Our approach also works for commodities.

Many investors have been surprised by the continuous rise of oil prices this year.

People who are using our FPF prediction software are smiling.

As a little extra this month, we show you the FPF prediction chart for Crude Oil , which has been available to our software users all year long.

As you can see only positive values, accurately predicting the continuous rise in oil prices.

While we cannot cover all markets in this free newsletter, you are welcome to try and buy our software program, which covers many markets, individual stocks, commodities and currencies.

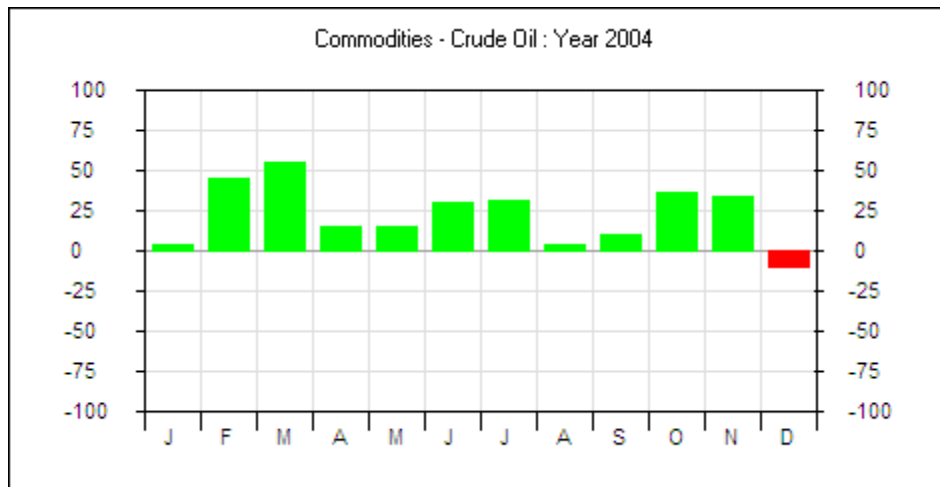
Then you have access to all the prediction charts, and can use them for your trading.

We have also more and more people asking: "how you do it?".

If there is sufficient interest for it, then we might offer a detailed course explaining our approach.

This will not be free of charge, obviously.

Just let me know in private email if you are interested.



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

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://finance.fourpillars.net>

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 Monkey month: 7 August 2004 at 00:21 am EDT (New York)

Start of the next Yin Water Rooster month: 7 September 2004 at 3:13 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.html>

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

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