

Four Pillars Finance Newsletter

Issue #40 (4 February 2004)

The Yang Fire Tiger month starts today, and this is also the start of the new year of Yang Wood Monkey in the Chinese solar calendar.

So, a happy new year to everyone, and especially to all the new subscribers who have found this newsletter. If you know any friends that would like this letter, then just forward it to them as a nice free new year gift...

The stock market kept inching higher, and the Nasdaq ended the month at 2060. That's just another 10 points higher than last month, amazing how this market has been adding about 30 points each month since last September.

The Chinese astrology cycles, as shown in our FPF index, will weaken to slightly above neutral in February and March.

Expect some much needed downside action during these two months.

Below is the Nasdaq prediction chart for 2004.



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

Nasdaq

The Nasdaq has reached another high during the Ox month , peaking near 2150.

The brief rise above 2100 (the old January 2002 highs) opened the prospect of a further rise to near 2500 by April/ May, but the market could not sustain the level above 2100, and fell back.

This confirms the probability of a pullback / pause during the coming months.

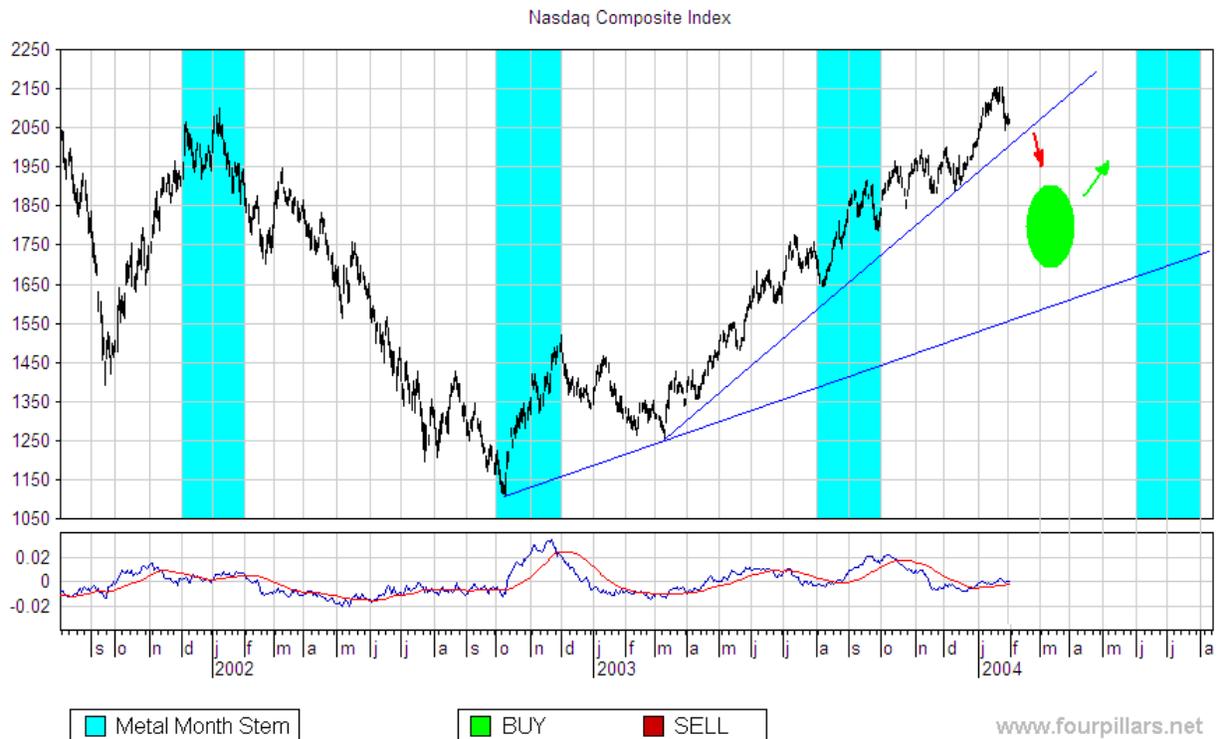
We are looking for a downside target in the area 1700-1900 on the Nasdaq Composite before the end of the Rabbit month (March 5th till April 4th)

Keep your eyes on the uptrendline that started in March 2003.
Any decline below 2040 in February will confirm the pullback scenario.

Only an eventual rise above 2160 would tilt the odds strongly towards the 2500 by May scenario

So we continue to stay out of the stock market, or keep some put options for protection.

Here is the updated prediction chart for Nasdaq:



Gold

Gold stocks dropped about 20% last month. The XAU Index is now near 95
We have been warning to stay out of gold stocks since last November.

Our FPF software predicted this peak quite perfectly.

The steep uptrendline is now clearly broken.

Our Chinese cycles predict a low in the April / May timeframe (yellow in the chart).

So, I would not be surprised to see gold try the upside again, with the XAU probably climbing back to 105 during the next two months, before falling again in April / May.

Too early to buy the gold stocks. Wait and see.

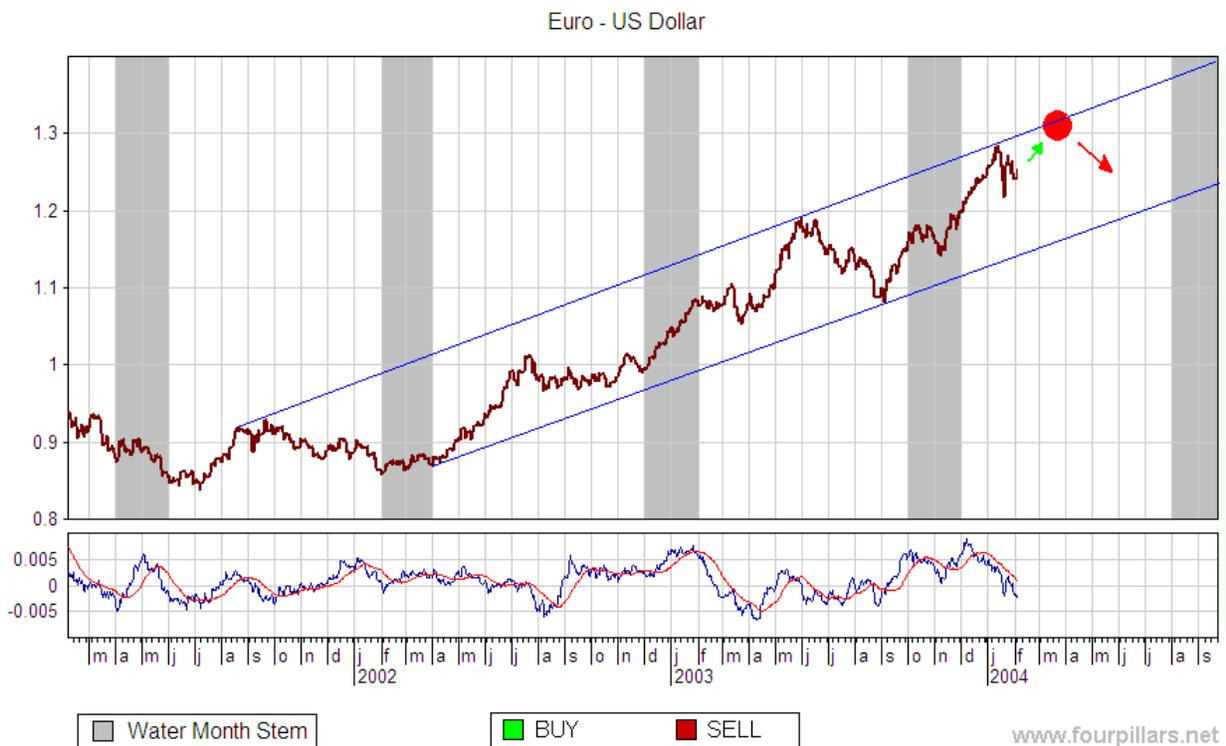


Euro - US Dollar

The Euro is still on track for our predicted March highs.
The recent correction in the Euro has not changed the picture.

The Euro is in an almost perfect uptrend channel since 2001.
Based on these trendlines we can estimate the possible March high at somewhere near 1.33 against the dollar

Get ready to sell the Euro in March.



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 Fire Tiger month: 4 February 2004 at 7:58 am EST (New York)

Start of the next Yin Fire Rabbit month: 5 March 2004 at 1:56 am EST (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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