

Four Pillars Finance Newsletter

Issue #51 (5 January 2005)

We wish a Happy 2005 to all our subscribers.

The Yin Fire Ox month is starting today.

We predicted a mild pullback for the Nasdaq Index, and that's what we got.
The index declined to 2100 from 2150 last month.

Our FPF prediction chart for the Nasdaq stays negative in January, but will turn up for February and March, so we expect a probable bottom in January, followed by a new attempt to rally higher:



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

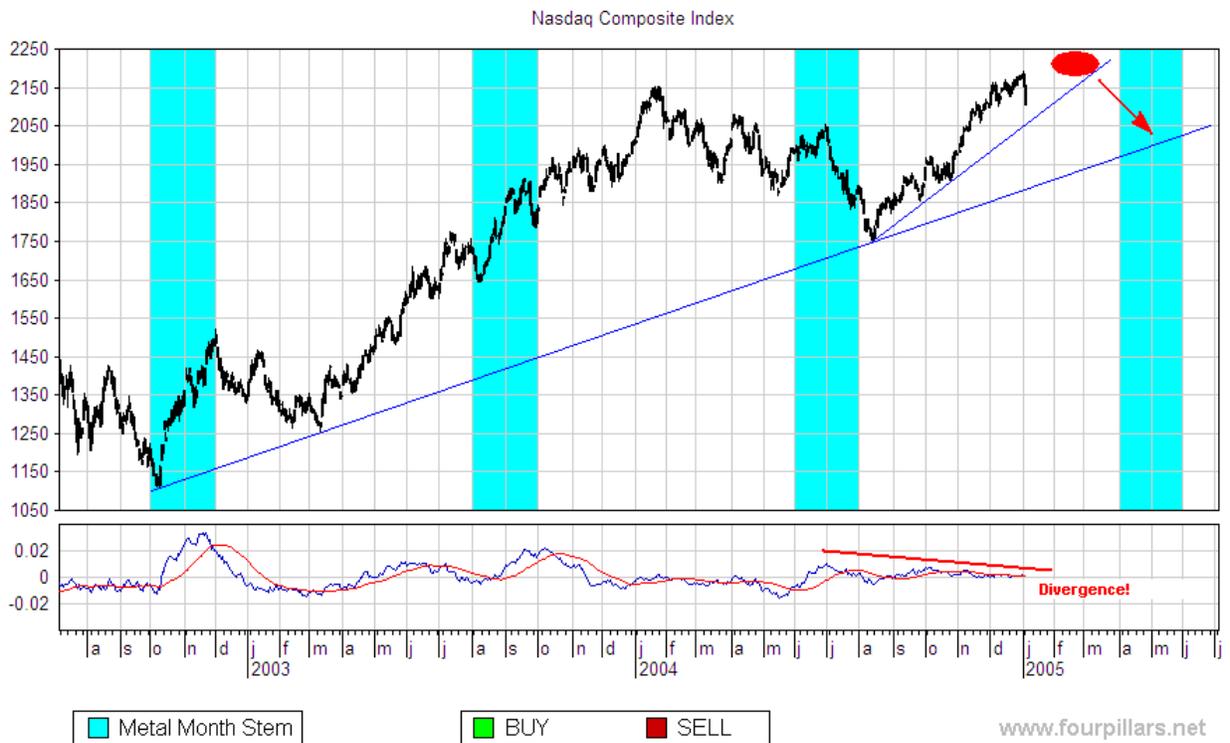
Nasdaq

FPF Index for January: -15.8 (down from -10.5 last month)

The Nasdaq fell to 2100 last month, which is still just 50 points above our downside target of 2050. There is a good chance we will reach this target in January, from where a new rise to 2200 area is likely to start.

Get ready to sell Nasdaq if it tops near 2200 in February/March.

Here is the updated prediction chart for Nasdaq:



Gold

FPF Index for January: +2.7 (down from +23.8 last month)

We have been pointing to upcoming lows in gold markets for February/March 2005.

This decline seems well underway already.

Even a positive FPF Index for the XAU could not spark new life in the gold stocks, and it fell further to 93 on the XAU.

The FPF momentum indicator (below the chart) reflects this weakness, and is now at its lowest level since early 2003.

The FPF Index for gold stocks stays slightly positive for January, so a brief rise back up to 100 is possible, but we will wait till the Earth months to consider buying the XAU stocks.

Our projected buy target still stands at 85-90 on the XAU, but given the speed of the recent decline we also have to consider the possibility of a larger drop which could take the XAU down to 65 area.

So, use a stop loss at 80 if you buy the gold stocks at 85.

Here is the updated chart:



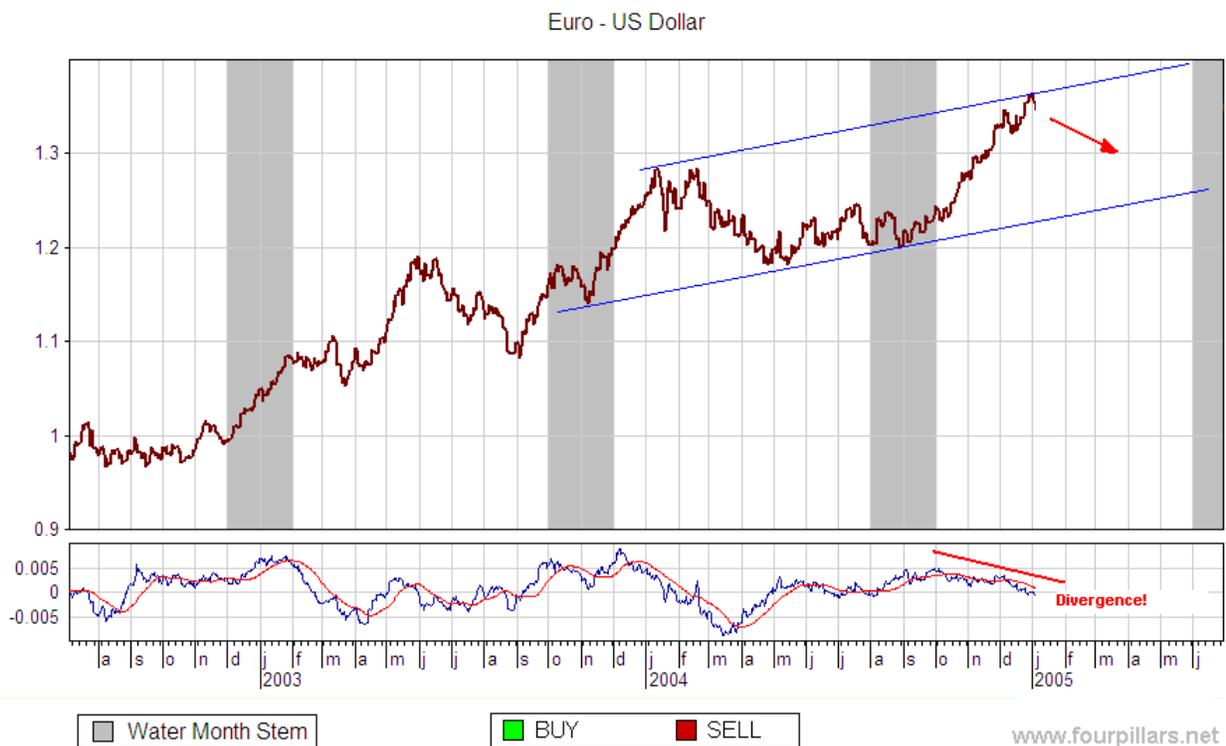
Euro - US Dollar

FPF Index for December: +3.5 (up from -3.2 last month)

The Euro peaked at 1.36 last month and subsequently fell back below 1.35
The sideways movement we predicted seems to be starting.

We could well see a weakening Euro till the projected June/July bottom period.
Expect range bound trading, with the Euro fluctuating between 1.36 and 1.30

Here is the new 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.html>

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 Yin Fire Ox month: 5 January 2005 at 1:03 am EST (New York)

Start of the next Yang Earth Tiger month: 3 February 2005 at 12:43 pm 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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