

Four Pillars Finance Newsletter

Issue #57 (6 July 2005)

The Yin Water Goat month starts today.
The dominant energies for this month are Water and Earth.

Stocks did not move much last month and the Nasdaq Index stays near its recent peaks.
Even sharply higher oil prices did not create much selling pressure.
No change to our general outlook here, look for the markets to start going down into the second half of the year.

Our FPF prediction chart for the Nasdaq peaks this month and will then fall into negative territory for the rest of the year, so we look for the market to top out here:



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

Nasdaq

FPF Index: +7.4 (up from -1.5 last month)

The Nasdaq briefly jumped above 2100 in June, but could not produce any further gains. With the positive FPF Index for July we may see another attempt to go above 2100, but I don't expect it to last. At best we will see a double top near 2200, but I wouldn't bet on it. The window for a further rise is closing soon, and our FPF will turn sharply negative after August.

So, long term investors better stay out of stocks. We may get an intermediate term buying opportunity towards the end of the year. Just wait.

Short term aggressive investors can consider bets on the expected downmove (with put options for example).

Here is the updated prediction chart for Nasdaq:



Gold

FPF Index: -4.6 (down from +1.8 last month)

Gold stocks have kept up very nicely, and did not suffer from the falling Euro, like they usually do. That's a sign of strength.

We may see some further pause in the Gold stocks (while the Euro bottoms out; see below..), but longer term we are probably in a new gold uptrend already.

Gold stocks can still be bought on weakness over the next months, preferably between 85-90 on the XAU. We expect XAU to go back up to 100-105 by year end.

Here is the updated chart:



Euro - US Dollar

FPF Index: -12.7 (down from +2.0 last month)

The Euro has ended the month at 1.19 against the US Dollar, well within our target buy zone 1.17 – 1.20. We have been predicting a Euro bottom for June/July since the beginning of this year, so this cycle seems to be right on the mark.

Euro can be bought now, we are likely to see this market turn around within the next four weeks.

Here is the new prediction 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 Yin Water Goat month: 6 July 2005 at 20:18 pm EDT (New York)

Start of the next Yang Wood Monkey month: 7 August 2005 at 6:04 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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