

FORTUCAST FINANCIAL TIMER

PRECISE TIMING AND MOVEMENT ANALYSIS BY

BARRY ROSEN

“Serving Futures Traders Since 1987”

**UPDATED SEPTEMBER 22 FOR MARKETS OF SEPTEMBER 23,
2004**

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DATE	EDT	PERIOD	UPCOMING REPORTS	PRIOR
9/23	0830	18-Sep	Jobless Claims	+16/333k
9/23	1000	Aug-04	Leading Indicator	-0.3%
9/24	0830	Aug-04	Durable Goods Orders	+1.6%
9/24	1000	Aug-04	Existing Home Sales (NAR)	6.72 mn
9/27	1000	Aug-04	New Home Sales	1.134 mn

NOTE CONCERNING CHARTS: We will send one copy of the timer in body of e-mail message and a second copy as an attached .pdf file IF the document contains charts. Open the .pdf file to view the timer that includes charts; all the text is the same in both versions. We will not send a .pdf file if the document contains no charts.

OVERVIEW for THURSDAY: We were off one day on stocks but the market may open lower and then turn higher to recover some of Wednesday's steep losses. Gold and silver look lower into Friday. The dollar looks higher into Friday although it may retrace a day from Wednesday's quick surge. Oil is close to the 3rd-wave target of 4914 or 4940 and should pull back 2.00 from there before going higher. Bonds have resistance at 114.16 and support at 113.02 and are due for a pullback into Friday before higher prices develop into early next week.

FUNDAMENTALS: Will crude oil taking out \$50.00 into October upset the stock market? The logic says yes but it has not always been the case lately and sometimes higher oil prices help energy stocks and boost the indices. To me its ironic to see the oil industry being more concerned about consumer prices before the election, as gas is making new highs but the pumps keep going down. When will wholesalers pass on the real cost and how much will it shock consumers when it happens? Expect them to absorb costs until after the election.

TODAY'S TRADING RECOMMENDATIONS

- 1) Sell Dec S & P 1115 with a 1121 stop. Exit Friday. [swing trade]
- 2) Sell Dec NASDAQ at 1418 with a 1431 stop. [swing trade]
- 3) Sell Dec NASDAQ 1418 with a 1431 stop. Exit 1401 oco market on close Thursday. [day trade]
- 4) Buy Dec dollars 8855 with a 8815 stop.
- 5) Sell Dec Euros at 122.92 with a 123.35 stop.
- 6) Hold Dec yen shorts with a 9175 stop.
- 7) Sell Dec silver 642 with a 651 stop. Exit Friday.
- 8) Buy Oct. heat at 128.10 with a 125.90 stop.

STOCKS and DEC. S & P e-MINIS

DAILY CHART TREND: Topping and lower.
NEXT DAILY CHART TURN: Researching
NEXT SHORT TERM SWING: Lower into Friday.
NEXT WEEKLY CHART TURN: Researching.

TODAY'S EXPECTED DIRECTION: Lower and then higher.

DAY TRADING STRATEGY: If the market appears to be holding 1109 early, it might invite a countertrend buy with higher prices into late Thursday.

SWING TRADING STRATEGY: Sell Dec S & P 1115 with a 1121 stop. Exit Friday.

DAY TRADING ANALYSIS: Look for floor resistance at 1117.50 and after a weaker open that should hold 1111.25 or 1109.50 and then market may spend the rest of the day bouncing toward 1115.50 and 1117.50. Watch conditions but day-traders may have to be countertrend buyers to make any money on Thursday. Additional support is at 1103.

TODAY'S COMMENTS (9/23) We were wrong about a final spurt up to 1143 and should have heeded the warning on the DOW and all the other divergences. Very frustrating and our apologies for our misstep. Not sure the market will go that much farther than 1100-1103 by the end of the week but there is still a little room to be made on shorts. Probably we will be going long on Monday unless we see a major pattern break.

OVERALL: Until the market proves itself very bearish with some impulsive downward action, we will assume that we have to buy the break into late Friday or early Monday.

WEEKLY CHART PERSPECTIVE: (9/17) When we look closely at all the indices and patterns here, we need to see a move to DOW 9770 or 9703 and that probably means S & P cash 998-1000. If Kerry wins, there could be a negative reaction and that may be where the market goes. For now we have to take one swing at a time and all we can focus on is a minor fall Sept. 22-24 and the probably a recovery into around Oct. 13-15. Should we be looking at 1225 and 1300 if the market does not break and keeps going up?

MONTHLY CHART PATTERNS (9/17) If the market manages a secondary high into the election, we could see a fall into 2005. We think that S & P 850 at least needs to come in. For the moment, it appears the Plunge Protection team is rather effective.

S&P DAY-TRADERS HOTLINE: Updated for hotline subscribers at 9:05 AM, 9:30 AM, 10:30 AM, 11:30 AM, 12:30 PM, and 2:00 PM Central time.

S & P SWING-TRADERS LINE: Follow-up to our daily financial timer for swing traders; plus 1-2 day-trades as opportunities develop. UPDATE TIMES (Central Time): 9:05 AM, 10:35 AM, 12:35 PM and 2:05 PM (closing comments).

TO SIGN UP FOR A HOTLINE TRIAL, CONTACT OUR OFFICE AT: 1-800-788-2796.
(This toll-free number is not the hotline; you must sign-up first by calling this number and we will contact you with all the details. Fortucast hotlines are add-on products and are not automatically included with the Financial Timer.)

(6/11) **NEW POLICY** for night session and electronic trading stops for stocks--see Trading Instructions below.

DEC. e-mini NASDAQ FUTURES

DAY TRADING RECOMMENDATION: Sell Dec. NASDAQ 1418 with a 1431 stop. Exit 1401 oco market on close Thursday.

SWING TRADING RECOMMENDATION: Sell Dec. NASDAQ at 1418 with a 1431 stop. (9/23) NASDAQ finally fell and we felt like an idiot looking for the last push up. The market looks like it will congest between 1400-1418 on Thursday with additional support at 1395 still being major. Need to see some impulsive downward energy to get really concerned and next support at 1379 will probably hold over the next few days.

DOW JONES CASH & DEC. FUTURES (Full contract)

TRADING RECOMMENDATION: Sell Dec Dow at 10125 with a 10210 stop.

(9/23) We took a small profit on shorts but missed the big bang that we have been salivating for over a week. AUGHQ@! Market should at least bounce to 10126 if not a bit higher and still needing much lower prices to at least the 9995-10000 region over the next few days.

OVERALL: Are we dreaming in looking for 9730-70 at some point? It may not happen until 2005.

BIG PICTURE FOR INVESTOR'S AND POSITION TRADERS

MULTIPLE YEAR PERSPECTIVE: Lower into 2005.

MONTHLY CHART PERSPECTIVE: (9/17) Our long-term cycle work suggests a stock market rally from 2005-2009 but what kind of pullback will see first? The market is at a very critical point and closing above 1175 would start projecting 1225 and 1300. We may just be seeing a secondary high before the election and then a disappointing sell-off if Kerry wins but we still need to do more work. Violence and terrorist cycles are still above normal going into the end of September and while we do not want to think of that possibility, it will take something major to break the efforts of the Plunge Protection team.

MUTUAL FUND BIG PICTURE: (9/17) We will hold short stock funds into Sept. 24 and see what develops but without a break soon, we are wondering if this market will keep going higher despite overbought conditions. Bonds project 115.10-12 on the Dec. futures and that might finally create the weekly chart peak. Seeing lower bond prices into Sept. 24 if you are looking to exit Juno. Still like energy and gold stocks and should see both of these markets accelerate.

DEC. T-BONDS (Full Contract)

TRADING RECOMMENDATION: Stand aside.

WEEKLY CHART TREND: Topping toward 115.08.

DAILY CHART TREND: Higher to 115.10-12.

KEY SUPPORT AND RESISTANCE: 107.22, 107.26, 108.03, 108.17, 108.26, 109.12, 109.20, 110.04, 110.16, 110.28, 111.12, 111.19, 111.27, 112.09, 112.25, 113.02, 113.15, 114.10, 115.08, 115.12, 115.26.

DAILY CHART REND NUMBERS: BREAKOUT: 113.11 leading to 114.18;

BREAKDOWN: 108.07.

CYCLICAL OVERVIEW: Topping and lower into Wednesday.

TODAY'S EXPECTED DIRECTION: Topping and lower.

TODAY'S COMMENTS: (9/23) We were wrong on Wednesday and got killed and feel stupid for sticking it out with this one. Look for resistance now at 114.06-114.10 if the market has an early surge but a pullback to 113.02 is likely into Friday. We will focus on buying that pullback looking for 115.10 into next week.

OVERALL: New research suggests that bonds need to reach 115.10-115.12 to complete a major 5-count and be at a place for a weekly chart cycle high. We see the market higher Sept. 27-28 and that is a week that a linear cycle high is due and it could extend out to Oct. 5.

NOTE: Sept. bonds did reach a key target number of 113.26.

FUNDAMENTALS: (9/22) Bonds advanced on soft stocks and sharply higher crude oil prices.

WEEKLY CHART PERSPECTIVE (9/22): We feel like the 62% retracement area on the weekly chart is the best target area for a weekly chart sell at 115.08-115.12. The most important turn for bonds on the weekly charts is due Sept. 28-Oct. 5. We think that bonds will be lower in October into the election but we still need to do more long-term research.

KEY DATES: 10/5, 11/8, 11/29-30, 12/13, 1/3, 1/13.

DEC. DOLLAR NOTES

TRADING RECOMMENDATION: Buy Dec. dollars 8855 with a 8815 stop.

WEEKLY CHART TREND: Higher into late September/early October.

DAILY CHART TREND: Higher.

SWING TARGET DATE AND OBJECTIVE: Retracing and then higher.

KEY SUPPORT AND RESISTANCE: 8740, 8810, 8870, 8915, 8950, 8970, 9010, 9055, 9121, 9143.

DAILY CHART BREAK-OF-TREND NUMBERS: BREAKOUT: 9210; BREAKDOWN: 8695.

CYCLICAL INSIGHTS: Higher into Friday.

TODAY'S EXPECTED DIRECTION: Lower and then higher.

TODAY'S COMMENTS: (9/23) The quick recovery on the dollar negated our day-trade idea and now we want to be long dollars into at least Friday and possibly into Sept. 30. While Wednesday's sharp break was significant, two more days up and a close above 8920 would start to make the market attractive again and the Euro continues to fail and the yen is giving a more serious sell signal.

WEEKLY CHART PERSPECTIVE: (9/23) Researching.

KEY DATES: 10/2, 11/4-8, 1/3.

MONTHLY CHART PERSPECTIVE: Still points toward 7081 into the year 2007 or so.

FUNDAMENTALS (9/22): The dollar reacted positively to hints that the ECB will keep interest rates at 2.0.

CURRENCY TRADING NOTES: Most currency positions require a \$1500-2500 stop to be successful.

CURRENCY DAILY NEWSLETTER: Fortucast has partnered with Rockefeller Treasury Services, publisher of the best foreign exchange newsletter in the industry since 1990. This product is now available to individual traders at a special price; a two-week FREE trial is also available. Call Fortucast to sign up, 1-800-788-2796.

(6/11) **NEW POLICY** for night session and electronic trading stops for currencies--see Trading Instructions below.

DEC. EURO CURRENCY

TRADING RECOMMENDATION: Sell Dec. Euros at 122.92 with a 123.35 stop.

WEEKLY CHART TREND: Congesting and lower.

DAILY CHART TREND: Congesting.

KEY SUPPORT AND RESISTANCE: 119.22, 120.35, 120.67, 121.13, 121.57, 121.77, 122.00, 122.34, 122.42, 122.86, 123.10, 123.62, 123.86, 124.19, 124.61, 125.58, 127.20.

DAILY CHART BREAK-OF-TREND NUMBERS: BREAKOUT: 124.10; BREAKDOWN: 119.00.

TODAY'S EXPECTED DIRECTION: Retracing higher and then lower.

TODAY'S COMMENTS: (9/23) The Euro did not like the central bank decision and that may doom it until Sept. 30 and negate the reversal that we saw. Look to sell retracements as at least a move to 122.05 will happen and probably much lower to 121.73.

FUNDAMENTALS: (9/22) The European Central Bank President said that he expects GDP in the Euro zone to be up 1.9% this year and 2.8% in 2005. An ECB council member hinted that they would keep interest rates steady at 2.0.

WEEKLY CHART THOUGHTS: The market seems too impulsively downward to bottom-pick and given the feeling that the Euro is more in trouble with the EU economy, we should probably resurrect the 113.00 region for the Euro at some point for this fall. Still in a congestion-triangle pattern with the 120.50 region the next clear target.

WEEKLY CHART PERSPECTIVE (8/20) We are still attached to the weekly chart projection to 113.00 but we will start entertaining the possibility of a 4th-wave triangle, and that means we have started wave "e" which probably should not take out 120.15 region. Monthly chart patterns suggest a move to 135 and eventually 145 if we are correct about the dollar falling to a multi-year low to the 7000 region but that is starting to look like it will take into 2005 and 2006.

LONGER-TERM: (9/7) Longer-term weekly targets into the fall suggest 138.74.

DEC. JAPANESE YEN

TRADING RECOMMENDATION: Hold Dec yen shorts with a 9175 stop.

BREAKDOWN: Sell Dec yen 9080 stop with a 9210 stop (if not filled above).

WEEKLY CHART TREND: Lower to 8663.

DAILY CHART TREND: Topping.

SWING TARGET DATE AND OBJECTIVE: Congesting.

KEY SUPPORT AND RESISTANCE: 8830, 8915, 8978, 9000, 9044, 9060, 9085, 9114, 9143, 9165; 9210, 9243, 9265, 9307.

DAILY CHART BREAK-OF-TREND NUMBERS: BREAKOUT: 9335; BREAKDOWN: 8800.

TODAY'S EXPECTED DIRECTION: Lower.

TODAY'S COMMENTS: (9/23) Even if we get a minor bounce on the yen, it seems doomed to fall more. We should see lower prices into at least Friday with a strong bounce on Monday and then probably continued lower prices.

OVERALL: We think that the congestion triangle will break to the downside to 8650 at some point but it is not clear when with the G-7 meeting in early October a possible trigger point.

FUNDAMENTALS: (9/22) Japan's exports were up 2.3% in August to a new record high due to growing business from China and the U.S. but the increase was still the smallest since May and somewhat disappointing. Economic growth slowed in Japan to a 1.3 percent annual pace in the second quarter, the weakest in five quarters.

CYCLE INSIGHT: Cycles are lower into Oct. 8.

WEEKLY CHART PERSPECTIVE (8/30): Still open to a move lower to the 8665 region.

KEY DATES: 10/5-6 high.

DEC. CANADIAN DOLLAR

TRADING RECOMMENDATION: Stand aside.

WEEKLY CHART TREND: Choppy.

DAILY CHART TREND: Higher.

SWING TARGET DATE AND OBJECTIVE: Lower and then higher.

KEY SUPPORT AND RESISTANCE: 7693, 7635, 7570, 7521, 7507, 7499, 7498, 7477, 7442, 7400, 7695.

DAILY CHART BREAK-OF-TREND NUMBERS: BREAKOUT: 7770; BREAKDOWN: 7410.

TODAY'S EXPECTED DIRECTION: Higher.

TODAY'S COMMENTS: (9/23) We failed to reverse on Wednesday by a few ticks and will have to chase from higher levels, as a move to at least 7813 is coming and also 7843. Too late to chase and given how volatile this market it is, we would not be shocked to see lower prices into Friday.

FUNDAMENTALS (9/22): The Canadian dollar hit eight-month highs on ideas that Canada's interest rates would continue to rise and stay higher than U.S. rates. That would make Canadian bonds more attractive to foreign buyers.

WEEKLY CHART INSIGHTS: First upside target for the weekly chart is toward the 8150 region.

DEC. GOLD

TRADING RECOMMENDATION: Stand aside.

WEEKLY CHART TREND: Higher into early January.

DAILY CHART TREND: Congesting.

SWING TARGET DATE AND OBJECTIVE: Retracing into Friday.

KEY SUPPORT AND RESISTANCE: 385.50, 390.50, 395.50, 397.20, 399.90, 403.20, 405.20, 405.60, 406.40, 407.50, 411.30.

DAILY CHART BREAK-OF-TREND NUMBERS: BREAKOUT: 430; BREAKDOWN: 385.00.

TODAY'S EXPECTED DIRECTION: Topping and lower.

TODAY'S COMMENTS: (9/23) We have a lot of mixed signal. If the dollar comes back to life all of next week we will not want to be long gold but then again if oil breaks \$50.00, that is probably going to be more of a catalyst for gold surging into the end of the month. Gold was due for a weekly chart low here and daily stochastics are pointing up. Patterns suggest more congestion between 411-407 so we probably will not miss much and upper patterns to 416 still have a chance. We will observe for a day but it seems safer to buy this market on breaks as long as they continue to be minor.

FUNDAMENTALS: (9/22) Gold futures got pressure from the higher U.S. dollar but bounced off its lows on weakness in the equity markets.

WEEKLY CHART PERSPECTIVE (9/15) Patterns on gold suggest the current rally is headed toward 425 and that the monthly and weekly charts need a rally to the 477 region into January. Given that oil should continue higher into late September and early October and that stocks look lower into that time window, gold should benefit as a safe-haven alternative to equities. Not expecting gold to go below the 395-99 region at this point.

LONGER-TERM: Monthly chart patterns point toward 678 in conjunction with the falling the dollar to the 7000 region into 2005-2006.

STRATEGIES: We are going to continue to favor longs on pullbacks into September 21 looking to buy Feb. gold calls or futures.

KEY DATES: 9/24-27 (high)

OVERALL: Long-term patterns into January could take the XAU back to 110. We feel good staying long gold stocks at the moment and will stick with them. We are assuming that the week of Sept. 27 is the first cycle high and will be followed by a minor pullback into Oct. 13 and then we are looking for seasonally higher prices into January. We would continue to hold Rydex metals funds into January.

DEC SILVER

TRADING RECOMMENDATION: Sell Dec. silver 642 with a 651 stop. Exit Friday.

WEEKLY CHART TREND: Higher to 750-755.

DAILY CHART TREND: Lower.

SWING TARGET DATE AND OBJECTIVE: Lower into Friday.

KEY SUPPORT AND RESISTANCE: 712, 707, 703, 690, 683, 677.50, 669.60, 666, 660, 655, 646, 640, 630, 616, 610, 590.

DAILY CHART BREAK-OF-TREND NUMBERS: BREAKOUT: 705 leading to 755;

BREAKDOWN: 662 leading to 650.

TODAY'S EXPECTED DIRECTION: Topping and lower.

TODAY'S COMMENTS: (9/23) Silver looks lower into Friday but we cannot rule out a slight new high overnight to 642 or 647. Given that we should be buying this market on pullbacks into Friday, we will go cautious on the countertrend short and do it only if the set-up is ideal.

OVERALL: Linear cycle lows for silver are due right here or could be in already so metals should come alive strongly into the end of the month. Silver could quickly move above 700 and start heading toward our old target of 755.

NOV. CRUDE

TRADING RECOMMENDATION: Stand aside.

DAILY CHART TREND: Higher into at least Oct. 5.

KEY SUPPORT AND RESISTANCE: 5005, 4940, 4914, 4880, 4766, 4660, 4565, 4460, 4335, 4320, 4210, 4195, 4130, 4105, 4065, 4030, 3985, 3921, 3885, 3869, 3837, 3794.

DAILY CHART BREAK-OF-TREND NUMBERS: BREAKOUT: 5010 leading to 5330;

BREAKDOWN: 4240 leading to 3950.

TODAY'S EXPECTED DIRECTION: Topping and lower.

TODAY'S COMMENTS: (9/23) We missed the buy again and the market should hit 4940 or 4914 and then pullback 2.00 into Friday. We would not sell this market and we cannot rule out that it will just take off. We are starting to get projections to 5310 and 5500 and we still have higher cycles into Oct. 5. This could be the catalyst that upsets the stock market.

BIG PICTURE: (9/17) Cycles into Oct. 5 and possibly as late as Oct. 15 will create higher prices. The big question is whether we can make new highs during that time window or whether we are doing a "b" wave retracement. Given that products look rather bullish, we are open to new highs. May see the market pull back into late October. The worst downside scenario is the 3550 region or so but that seems like a long shot. The market looks positive into late November and probably early January.

FUNDMENTALS (9/22): The DOE said crude supplies were down 9.1 million barrels last week to 269.5 million barrels. Unleaded supplies were down 2.8 million barrels and heating oil supplies were down 1.0 million barrels. Refinery production was lower due shutdowns from Hurricane Ivan.

WEEKLY CHART PERSPECTIVE: (8/25) Monthly charts into next year are suggestion crude prices to 5968 or 6197. One of those numbers needs to hit before a \$20.00 break will happen but we are starting to think we may not see those highs until 2005 and are not expecting a deep break this year. First minor resistance this year is strong at 5176 and 5500. Ever since April when we started our monthly update of the weekly chart pattern and crude was in the 30's, we have been talking about \$50 crude and now everyone else is too. In looking at cycles, there is a major high due into Oct. 5.

KEY DATES: 10/5

OCT. HEATING OIL

TRADING RECOMMENDATION: Buy Oct. heat at 128.10 with a 125.90 stop.

(9/23) Hard to chase up here now with resistance at 137.65 and 143.23 and patterns suggesting a pullback to 127.90 over the next few days. Willing to buy pullbacks.

WEEKLY CHART PERSPECTIVE: (8/9) Heating oil has reached up to life-of-commodity highs and now has resistance at 143. With cycles supportive into early October, there is plenty of room for this market to run and with potential weather problems this winter, even higher prices to 146 could develop. We would continue to use pullbacks to accumulate long-term bull call spreads going out to the Jan. or Feb. contracts.
 KEY SUPPORT AND RESISTANCE: 113.70, 116.67, 117.00, 117.97, 119.38, 121.15, 122.85, 125.00, 127.10, 132, 134.50.

OCT. UNLEADED GASOLINE

TRADING RECOMMENDATION: Stand aside.
 (9/23) Look for resistance at 138.36 and support at 130.60 and 129.15 and 127.70. We are going to buy a pullback into Friday if it develops.

CURRENT OPEN POSITIONS

MARKET	MO.	LONG/ SHORT	ENTRY PRICE	STOP	CLOSING PRICE	OPEN PROFIT/(LOSS)
e-S & P	DEC	FLAT			1113	
e-NASDAQ	DEC	FLAT			1411	
DOW	DEC	FLAT			10092	
T-BONDS	DEC	FLAT			113.26	
DOLLAR	DEC	FLAT			8868	
EURO FX	DEC	FLAT			1.2253	
YEN	DEC	SHORT	9155	9175	9086	862.50
CANADIAN	DEC	FLAT			7766	
GOLD	DEC	FLAT			409.0	
SILVER	DEC	FLAT			6.375	
CRUDE	NOV	FLAT			4835	
HEAT	OCT	FLAT			1.3444	
GAS	OCT	FLAT			1.3430	
TOTAL PROFIT/(LOSS):						862.50

Profit or loss totals do not contain commissions.

STP=Short-term position trade

NOTE (9/17): Due to the complexity of keeping up a daily track record, we are moving toward a monthly update with more detailed info. Look for the first monthly update the week of Oct. 4.

TRADING STRATEGIES: Day-Trade= 1-day; Swing= 2-5 days; Short-Term Position= 1-3 weeks; Position= 1 month or longer.

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TRADING INSTRUCTIONS

[New Policy for Night Session and Electronic Trading Stops (6/11/04) Given market liquidity in the night session for currencies and the S & P and the ease of electronic trading and placing stops, we are going to lift our directive prohibiting night entries or night session stops for the S & P and foreign currencies. If we want to exclude night session entries, we will indicate "day session only" in the trading strategy. To accommodate this new policy, we will do our best to publish as early as possible so that you can get night session entries and stops in place; our cut-off time for accepting fills will be 10:00 pm Central time. [END OF NEW POLICY] If an exit target is hit within a few ticks, we would cancel the entry order, as the pattern is complete and the trade should be nullified. We are using stop limit orders to prevent absurd fills on a large gap open or close. Breakout and breakdown orders on stops should only be entered during the day session and should not be used at the open of a market unless they are accompanied by a limit order. Note: (early only) means first 1-1 1/2 hours of trade. Exit targets should be executed in day or night session. Market-on-open orders with limits are only executable during the opening range and should be pulled after five minutes if not filled. If the market gaps under or over our stop at the open or if the opening call indicates that it will, the order is negated and should not be entered later in the day. Fortucast assumes that if a limit order or exit is hit and you are denied a fill that you will consult your broker to get a fill within a few ticks of the exit/entry price target. Given that the New York exchanges are not accepting MIT orders, this practice will be necessary. All times cited are Central Standard or Daylight Savings time except report times are Eastern.

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