

FOREX & METALS OUTLOOK

CORNERSTONE INVESTORS' NETWORK

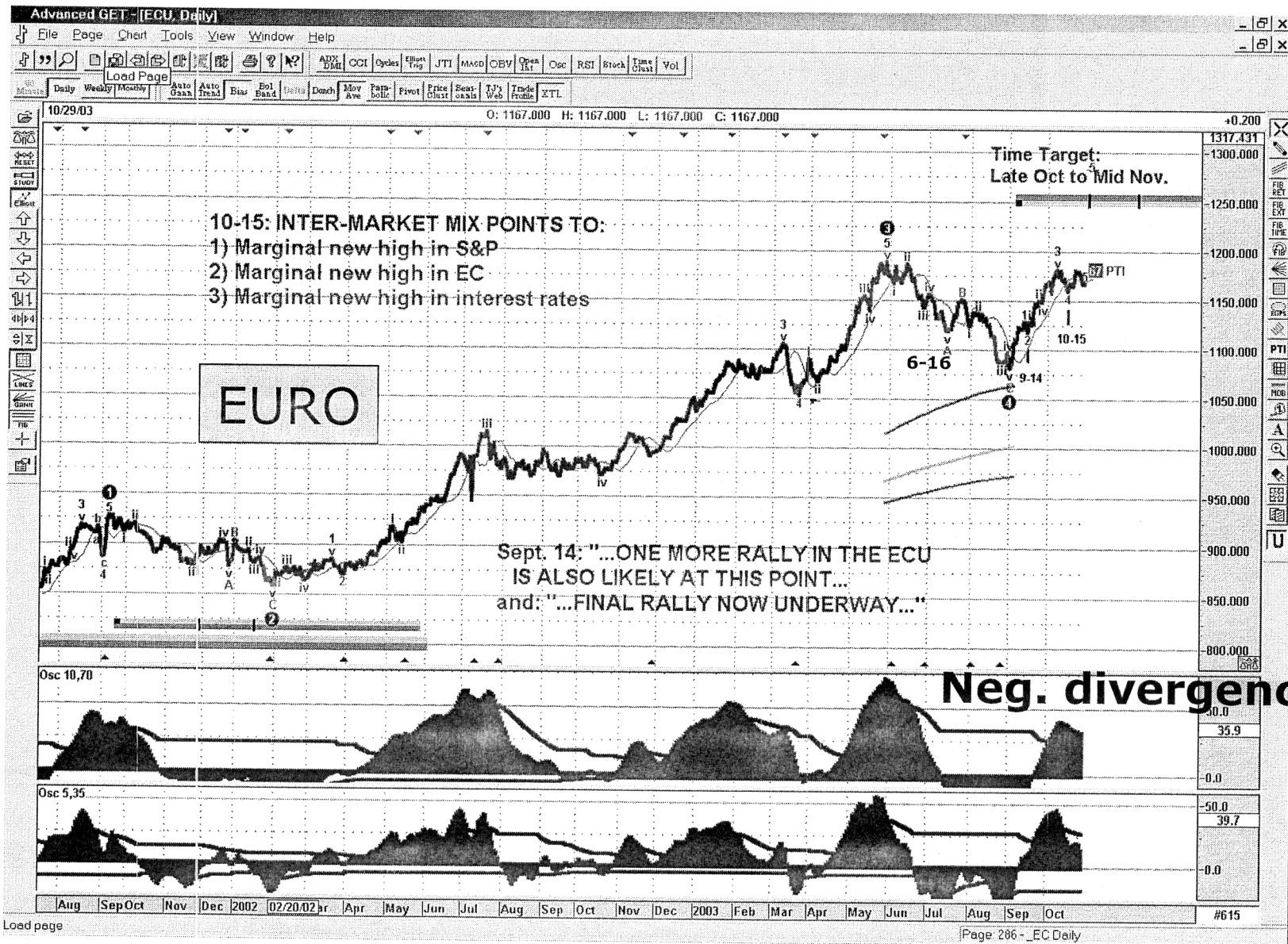
Aug. 7, 2004

Harper College, Palatine, IL

Stewart M. Bishop, Publisher



10-15 ^{-'03} Current Scenario: Inter-Market Mix = Marginal New SP & Forex Highs, Marginal New Bond Lows



FN

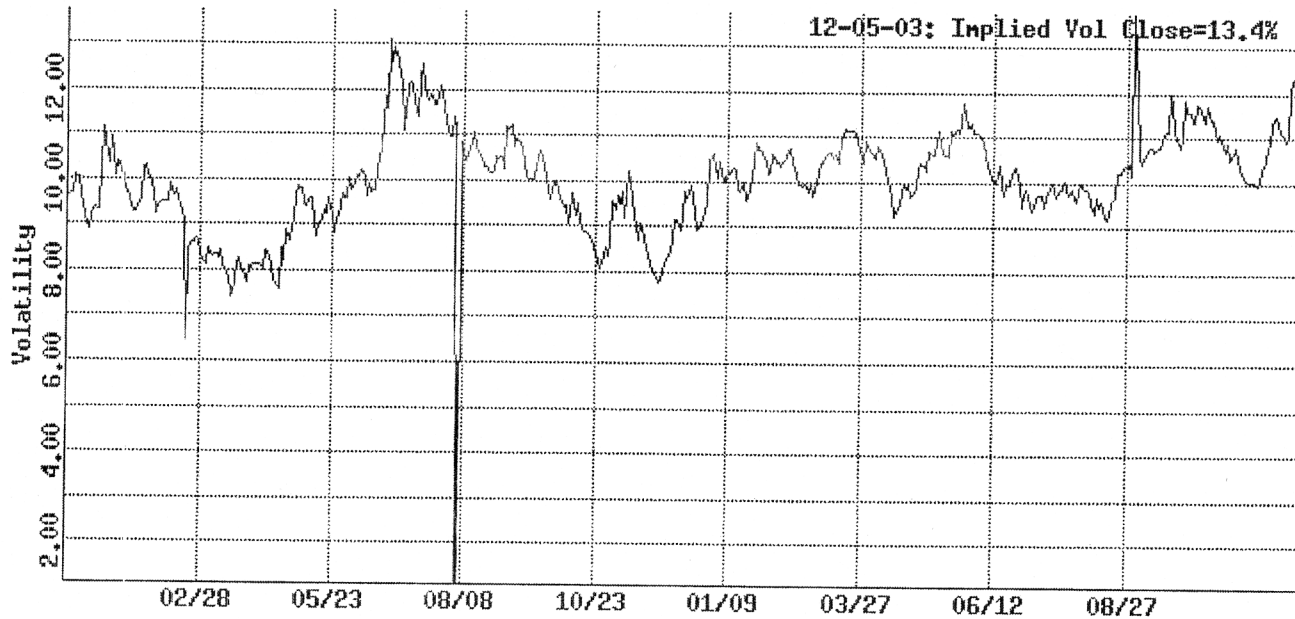
12



FM

74

VERY HIGH VOLATILITY READINGS IN MOST FOREX: SIGN OF "UNCERTAINTY" & POSSIBLE TURNING POINT



EURO VOLATILITY SKY HIGH

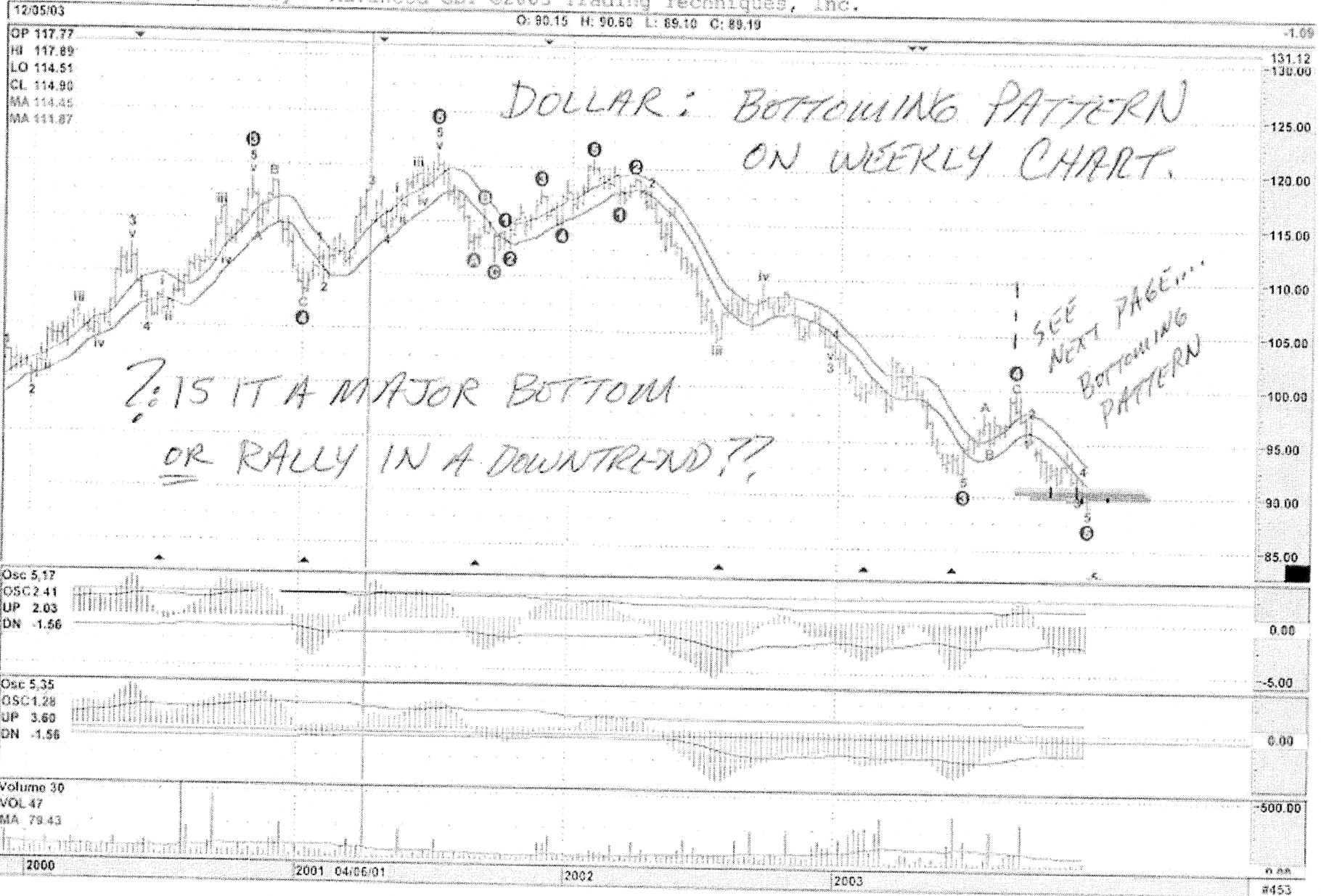
BP " " "

CD " " "

12-05-03

F4

15



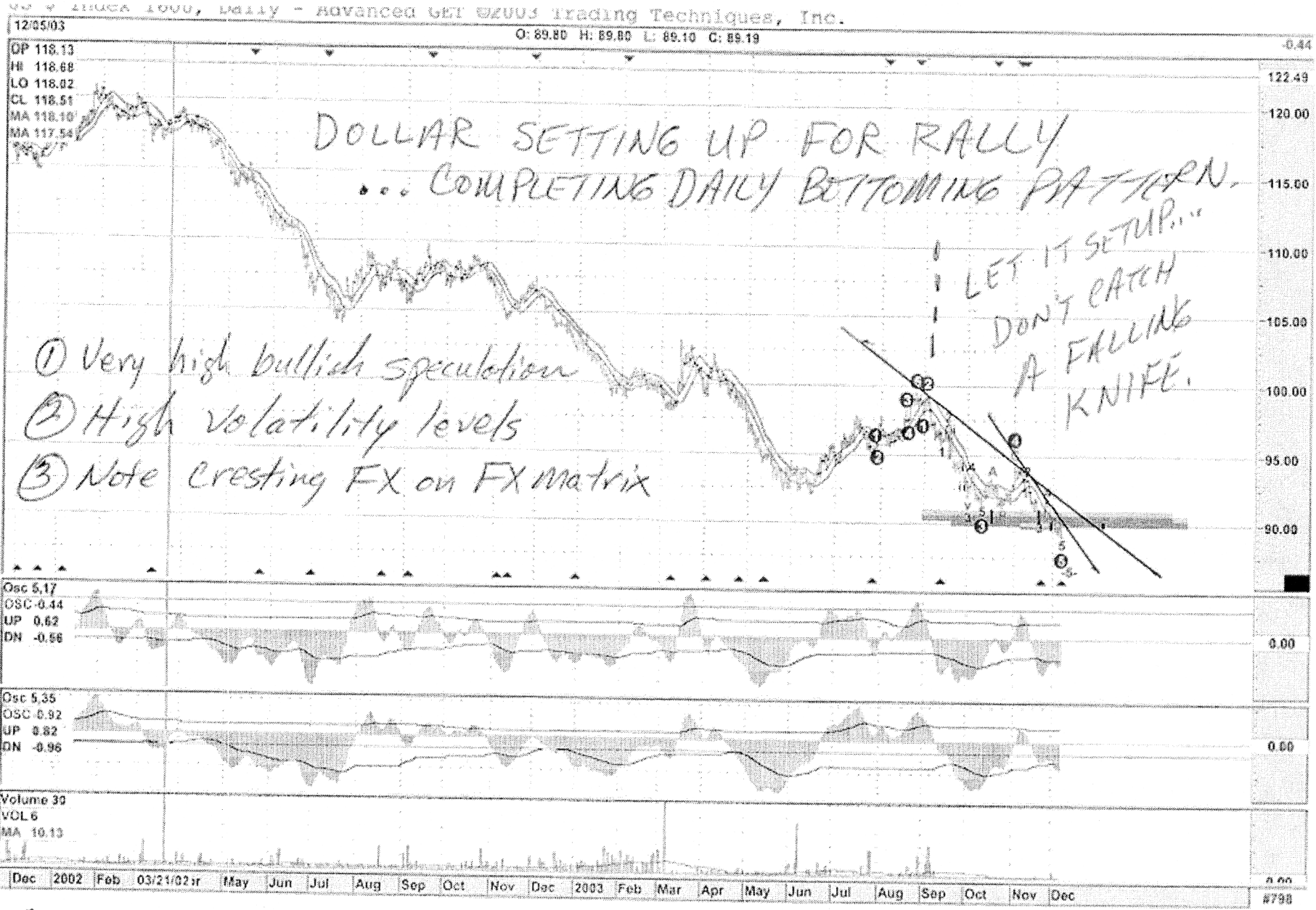
FS

IF DOLLAR BOTTOMS, WILL IT HOLD ?

76

12-5-03

IMMINENT DOLLAR RALLY IS LIKELY



FD

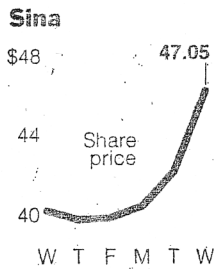
17

JAPAN: TRADE SURPLUS RISES Japan's current account surplus grew 34 percent in November from the month a year ago, the fifth straight increase. The surplus hit 1.5 trillion yen (\$14.1 billion) as imports slowed 5.4 percent. Exports also fell, but only by 1.8 percent, partly because of the rising value of the yen. Japan's deficit in services also shrank as fewer Japanese tourists traveled overseas. The current account is the broadest measure of goods, services, tourism and investment going in and out of the country. *Ken Belson (NYT)*

JAPAN: MACHINERY ORDERS FALL Orders for new machinery, a crucial gauge of capital spending plans, fell 7.8 percent in November from a month earlier as steel makers and transportation companies cut demand. The larger-than-expected decline was partly in reaction to strong increases in the previous months, and does little to dent the view that corporate capital investment will remain one of the drivers of Japan's two-year old recovery. *Ken Belson (NYT)*

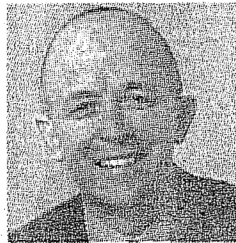
INDONESIA: INTEREST RATE FALLS Indonesia's benchmark interest rate fell to a record low amid slowing inflation and rising demand for the country's currency and stocks. The rate on the central bank's debt certificates that mature in one month fell to 8.06 percent in the weekly auction, down from 8.24 percent a week ago. Falling interest rates are buoying optimism about the economic prospects of Indonesia this year, despite the potential for unrest around parliamentary elections in April and the presidential elections that are scheduled for July. *Wayne Arnold (NYT)*

CHINA: INTERNET AUCTION VENTURE A Chinese Internet company, Sina.com, said that it would form an online auction venture in China with Yahoo Inc., setting off an 11 percent gain in the share price of Sina.com. The companies did not disclose the terms of their deal, but they said that the venture would provide an auction-based e-commerce service for small- and medium-size businesses and buyers and sellers in China. The service, which will carry both brand names, is expected to start by midyear. *(Reuters)*



RUSSIA: YUKOS CHALLENGES TAX Russia's largest oil company, Yukos, said it was contesting a claim for back taxes and fines of 98 billion rubles, or \$3.4 billion, made last month by the Russian government. Yukos said that the tax bill, the equivalent of 98 billion rubles, was unconstitutional, and that the company had formally demanded Russia's Tax Ministry withdraw its claim. Yukos called the tax bill "blackmail on the part of tax authorities trying to create a false threat of bankruptcy around the company and to openly pressure its shareholders, creditors, employees and partners." The Tax Ministry said last month that Yukos owed more than 98 billion rubles in taxes and fines, contending that the oil producer unlawfully avoided the taxes by setting up illegal tax shelters. *Erin E. Arvedlund (NYT)*

BRITAIN: RETAILER'S SALES FALL Marks & Spencer, the largest general retailer in Britain, reported a 3.3 percent decline in Christmas season clothing sales and said the executive in charge of its clothing division, David Norgrove, left, would leave the company. The decline in clothing sales, which was expected by market analysts, was partly offset by stronger food sales; the company's overall sales fell 0.3 percent in the 15 week period, which ended Jan. 10. The company, which is based in London, said Mr. Norgrove would leave the company when a replacement was found. *Conrad de Aenlle (IHT)*



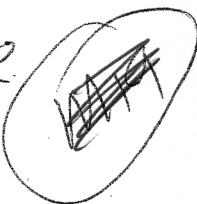
AMERICAS

CANADA: TRADE SURPLUS DECLINES Canada's foreign trade surplus shrank in November for the second consecutive month, increasing the likelihood, analysts said, that the Bank of Canada would lower interest rates at its next review of monetary policy on January 20. Statistics Canada reported that the surplus fell to 4.3 billion Canadian dollars (\$3.4 billion) from 5.1 billion Canadian dollars in October. The agency ascribed a 1.1 percent drop in exports chiefly to the strengthening Canadian dollar and unsettled demand from the United States, by far Canada's biggest foreign market. *Bernard Simon (NYT)*

1-15-04

Dollar weakness is narrowing trade gaps... and boosting U.S. manufacturing in the short run.

(E7)



12/05/03

O: 398.50 H: 406.80 L: 387.00 C: 405.40

+9.60

422.27

400.00

350.00

300.00

250.00

0.0

0.0

#309

GOLD VERY TOPPY

- ① Narrowing ascending wedge pattern
- ② Very high volatility
- ③ Vulnerable to Dollar rally
- ④ Very bearish speculation

POSITION
LONGS KEEP
STOPS ABOVE
SUPPORT
LINES
... TAKE
SOME
PROFITS

Osc 5,17

Osc 5,35

1998

1999/04/23

2000

2001

2002

2003

\$64 QUESTION: After any pullback, then what ?

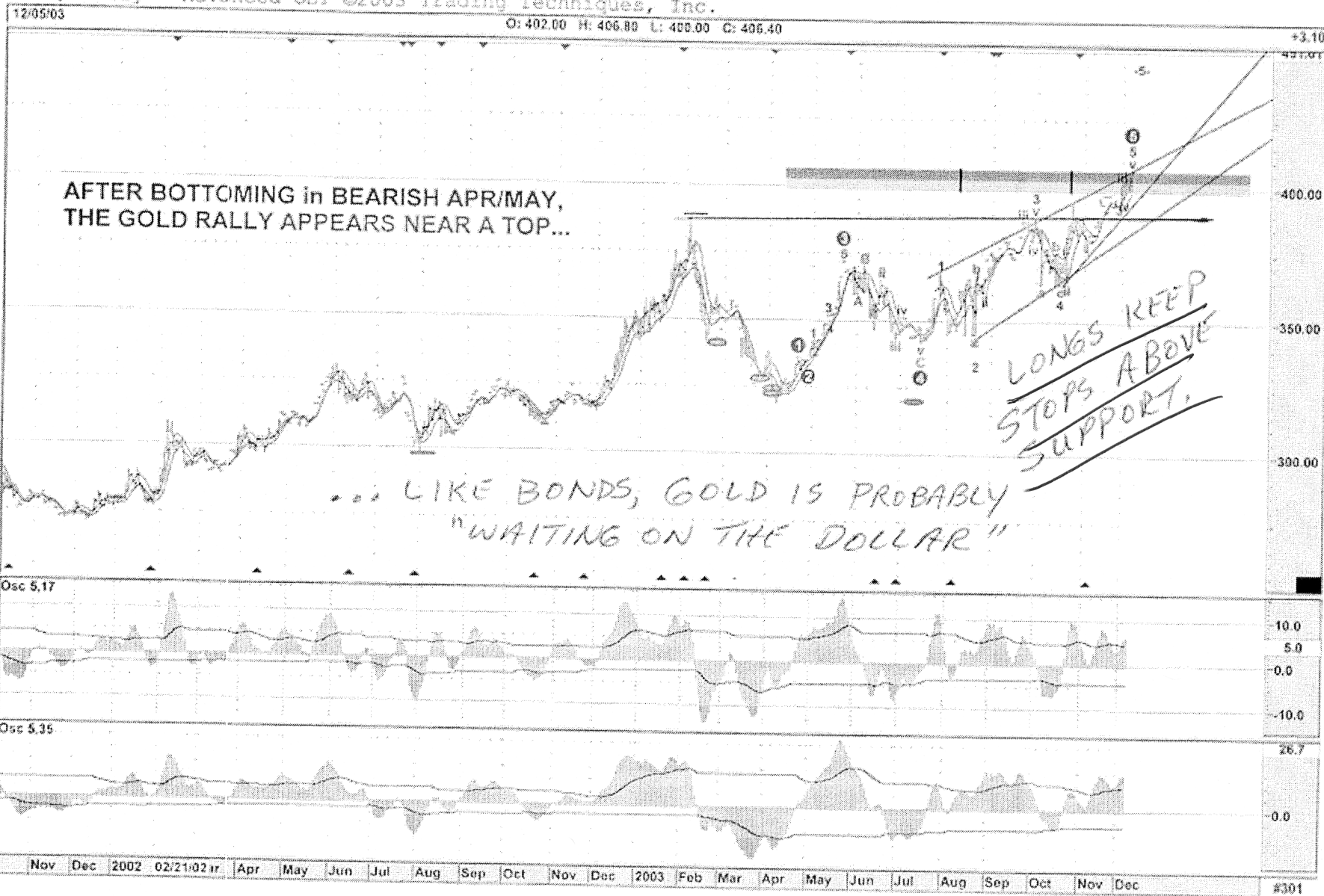
78

12-03

91

GOLD IS A CAPTIVE of the FOREX MARKETS

GOLD, Daily - Advanced GET ©2003 Trading Techniques, Inc.



FD

12-03

82