

CURRENT STOCK MARKETS
CORNERSTONE INVESTORS' NETWORK

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FUTURES MARKET TIMING SIGNALS: STOCK INDICES

Last updated 8-5-04

SYM	TECH - LT	TECH - ST	SEAS	POWER	OI	VOLAT
SP:	Look to at least take out May lows	Likely to break May lows. Target 1050 ?	Bearish Sep/Oct ahead	Slightly supportive or unclear	Unc	Very low
ND:	Weak appearance	Sideways with downside drift. Targeting 1300?	Ditto	Unc	Avg to high	Very low
RU:	Needs to take out May low before any rally	Slight downside likely	Ditto	Very supportive	Avg. to high. Rising w/ selloff	

NOTES: Stocks are currently digesting an unpopular July EPS season, forward earnings growth questions, a treacherous early Fall season, and national elections. July EPS was especially disappointing given the number of "busted" uptrends. While valuations

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are not cheap, many of the other classic "topping" signs are not present (PO's, A/D divergence, high corporate bond spreads, etc.) and pullbacks from early 2004 highs have to this point been relatively shallow given the long uptrends from the Oct. '02 and Mar. '03 lows. We recommend a few weeks of patience on the sidelines here.

LEGEND

TECH - LT: Long-term technical picture, usually based on weekly charts

TECH - ST: Short-term technical picture, usually based on daily charts

POWER: Interpretation of internal market power

OI: Open interest analysis

VOLAT: Volatility analysis

Unc: Unclear or unremarkable

NA: Not applicable

12/11/2002

(*SPX) S & P 500 Index

08/05/2004

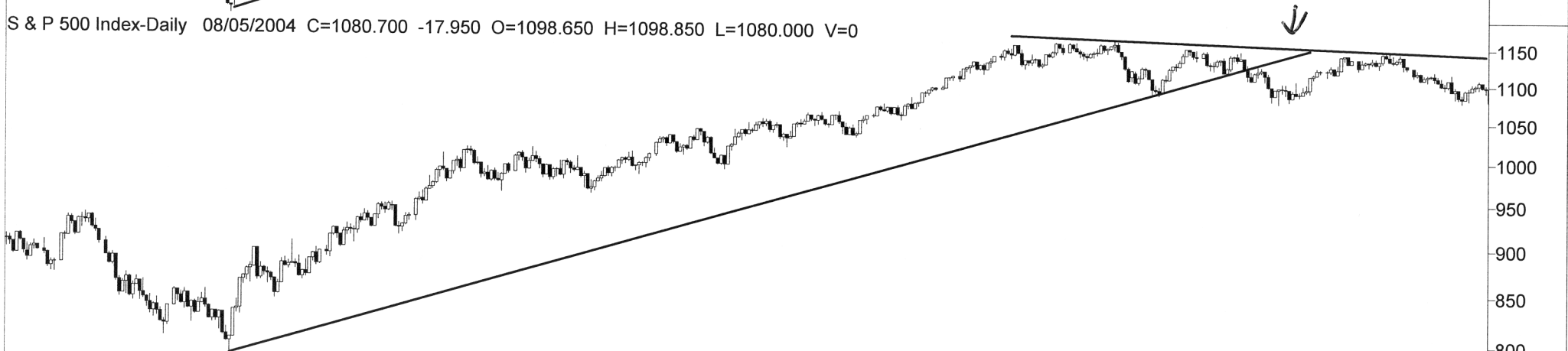
Value Line-Daily 08/04/2004 C=1518.520 -3.950 O=1525.290 H=1525.290 L=1505.310 V=0



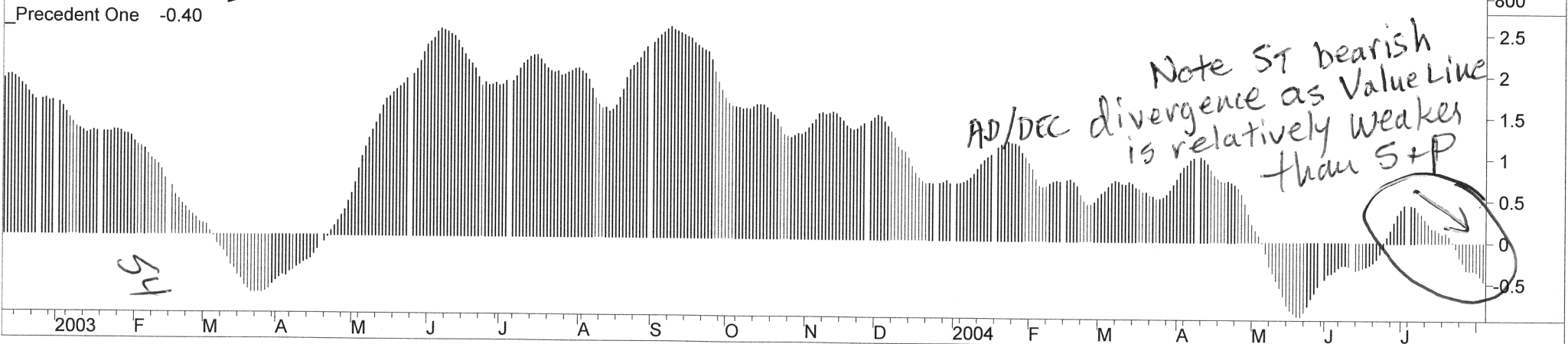
STOCKS FAIL THEIR JULY EPS "TEST"

① IN at least ST down trends + must take out May lows

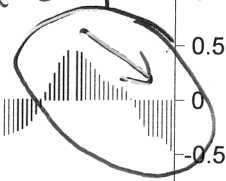
S & P 500 Index-Daily 08/05/2004 C=1080.700 -17.950 O=1098.650 H=1098.850 L=1080.000 V=0



Precedent One -0.40



Note ST bearish AD/DEC divergence as Value Line is relatively weaker than S+P

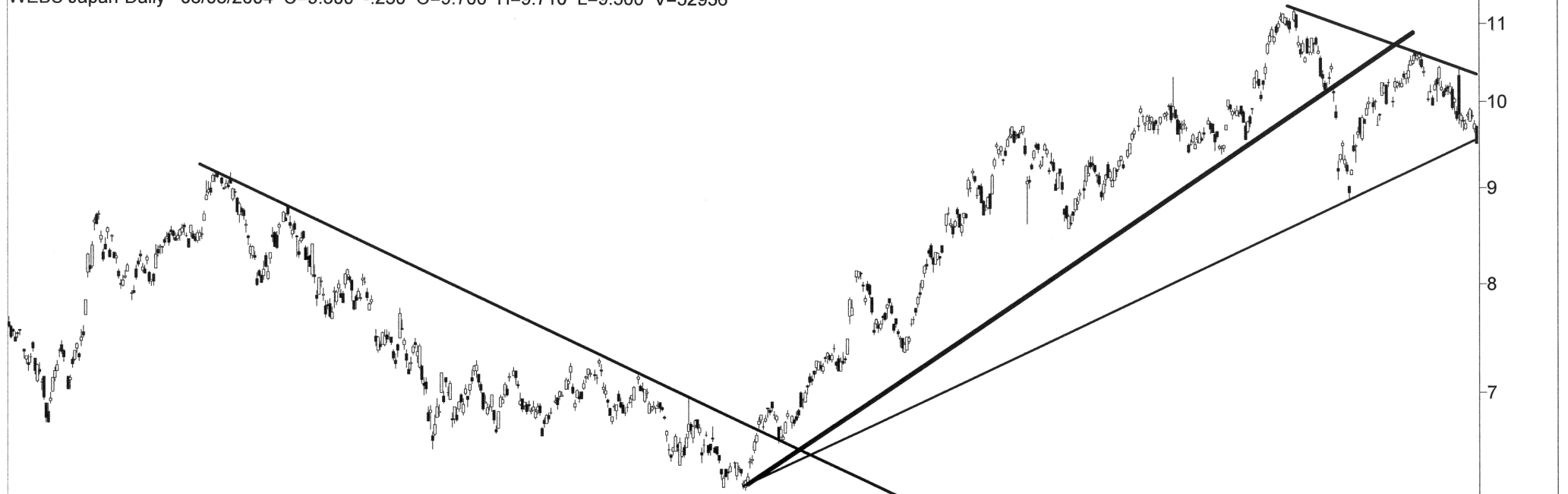


01/11/2002

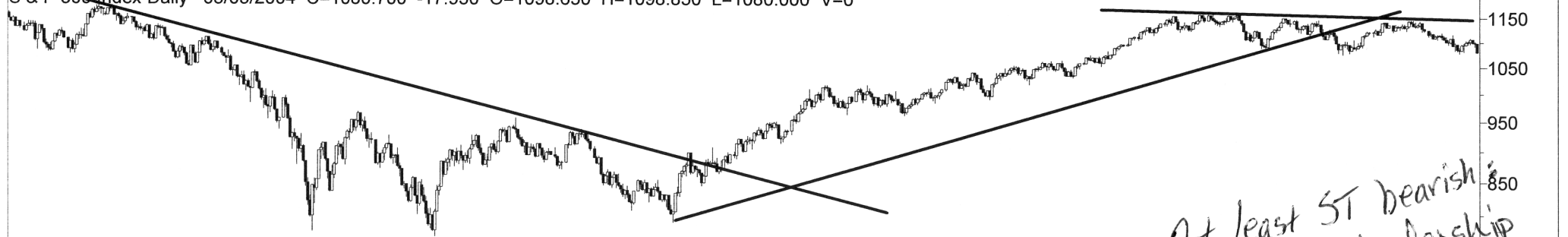
(EWJ) WEBS Japan

08/05/2004

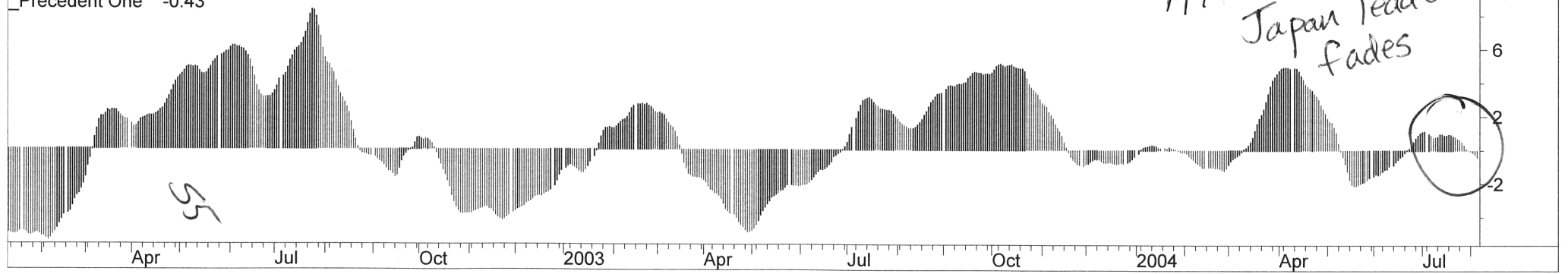
WEBS Japan-Daily 08/05/2004 C=9.500 -.230 O=9.700 H=9.710 L=9.500 V=52936



S & P 500 Index-Daily 08/05/2004 C=1080.700 -17.950 O=1098.650 H=1098.850 L=1080.000 V=0



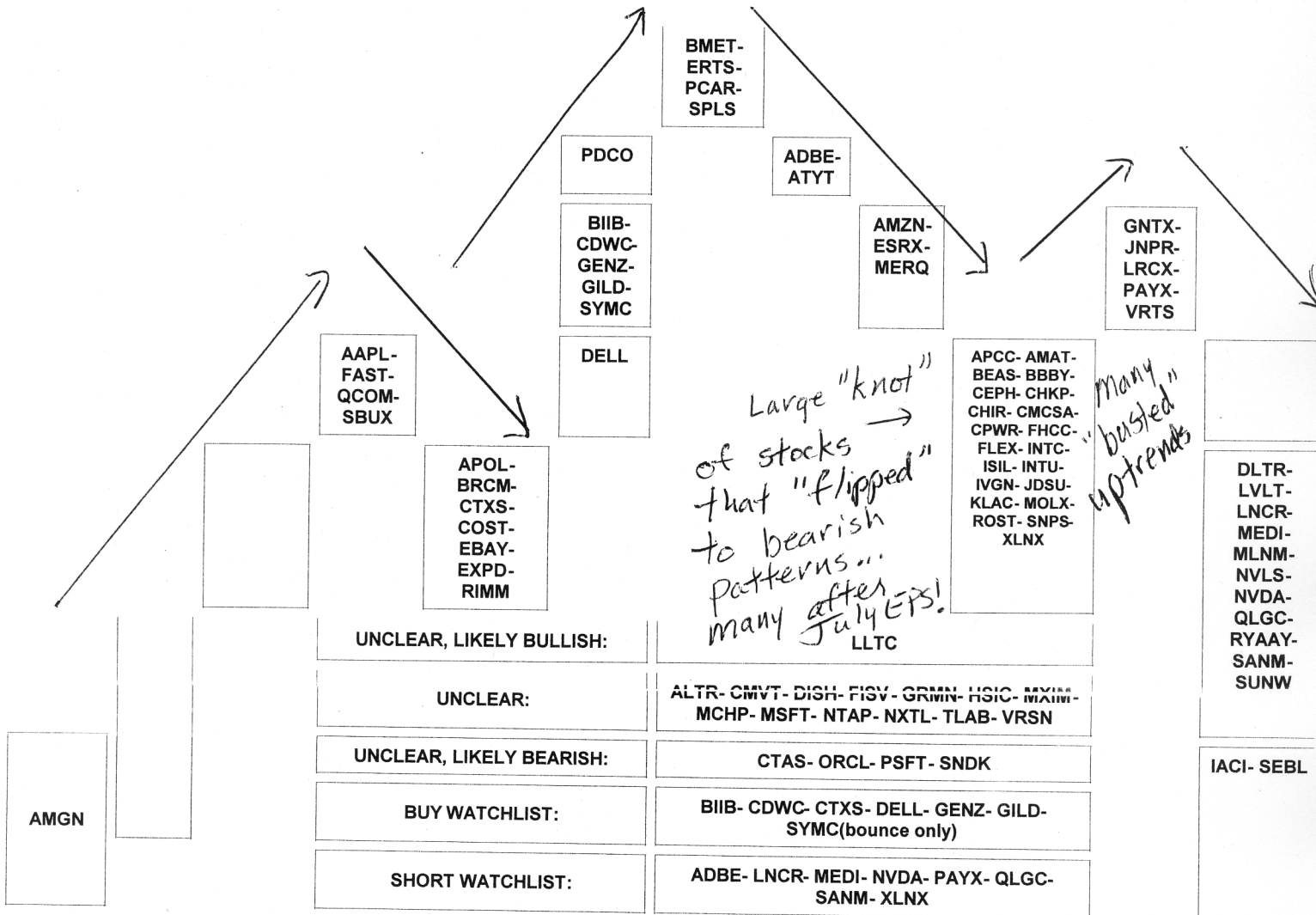
Precedent One -0.43



At least 5T bearish
Japan leadership
fades

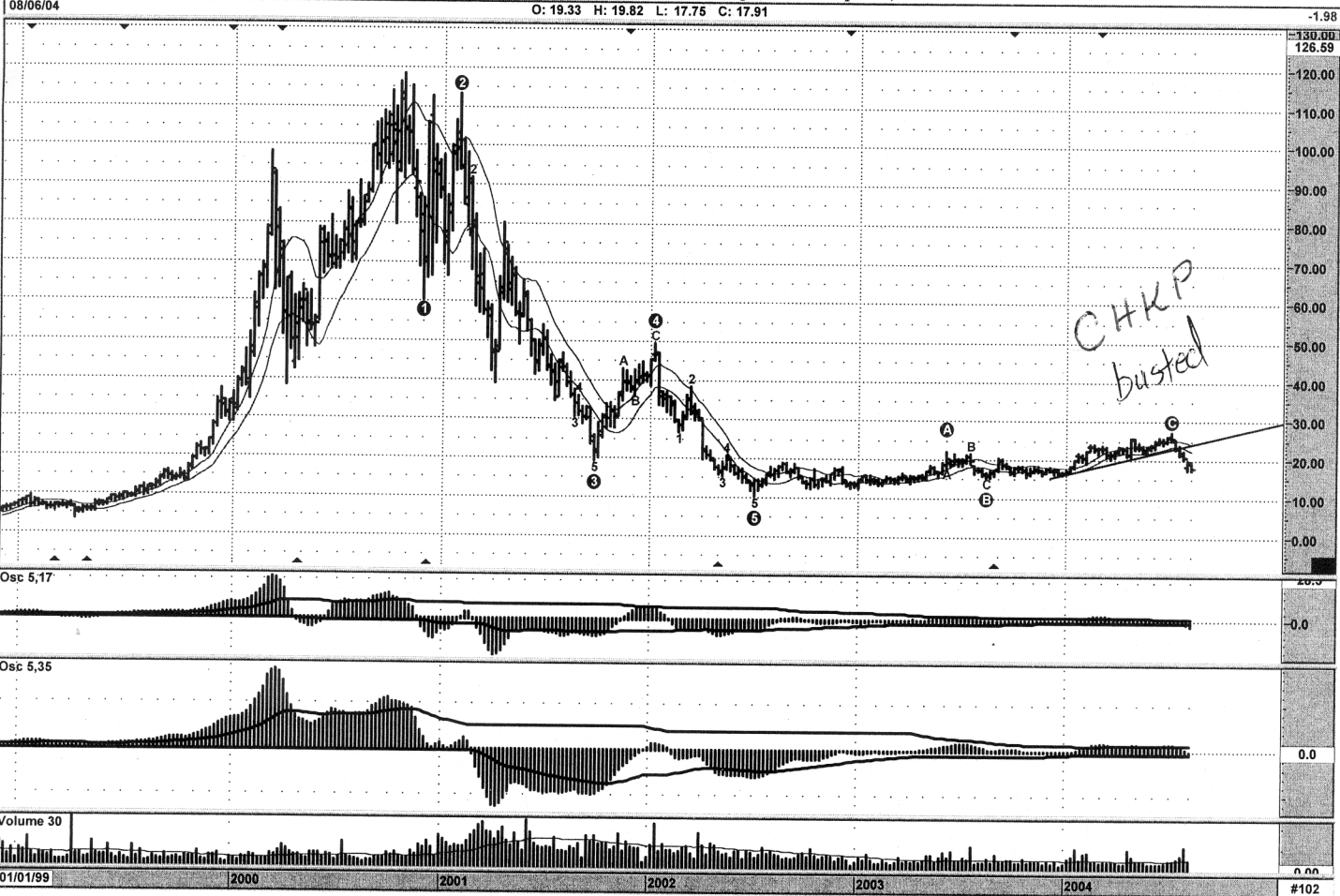
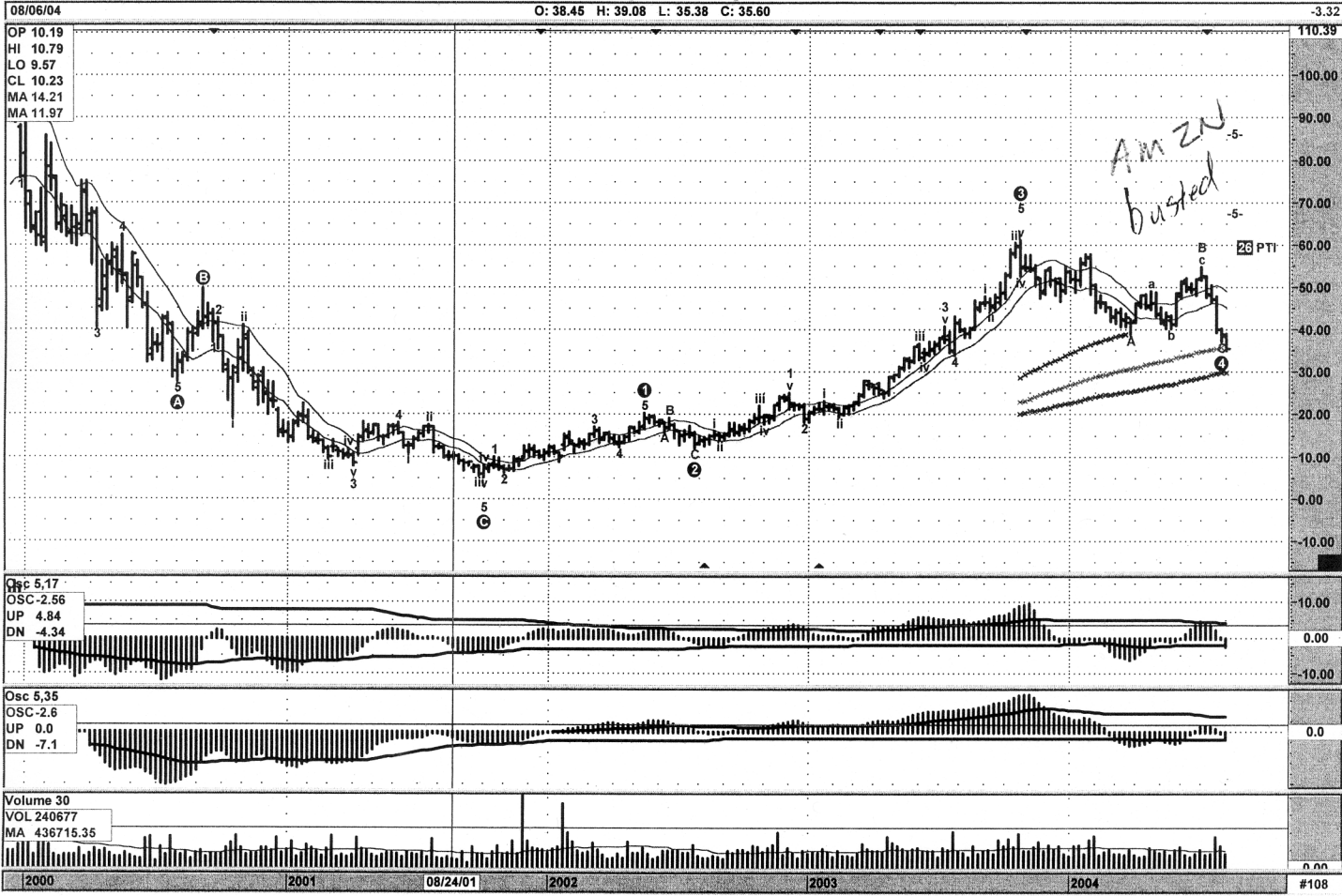
NASDAQ 100 STOCKS (NDX Components)

LOW ZONE	BULLISH PATTERNS					PEAK ZONE	BEARISH PATTERNS				
BOTTOM (W5-1)	TURN UP (W1-2)	UPTREND (W3)	PAUSE (W3-4)	RETRACE (W4)	FINAL UP (W5)	TOPPY (W5-1)	TURN DOWN (W1-2)	DOWN TREND (W3)	PAUSE (W3-4)	RALLY (W4)	FINAL DOWN (W5)

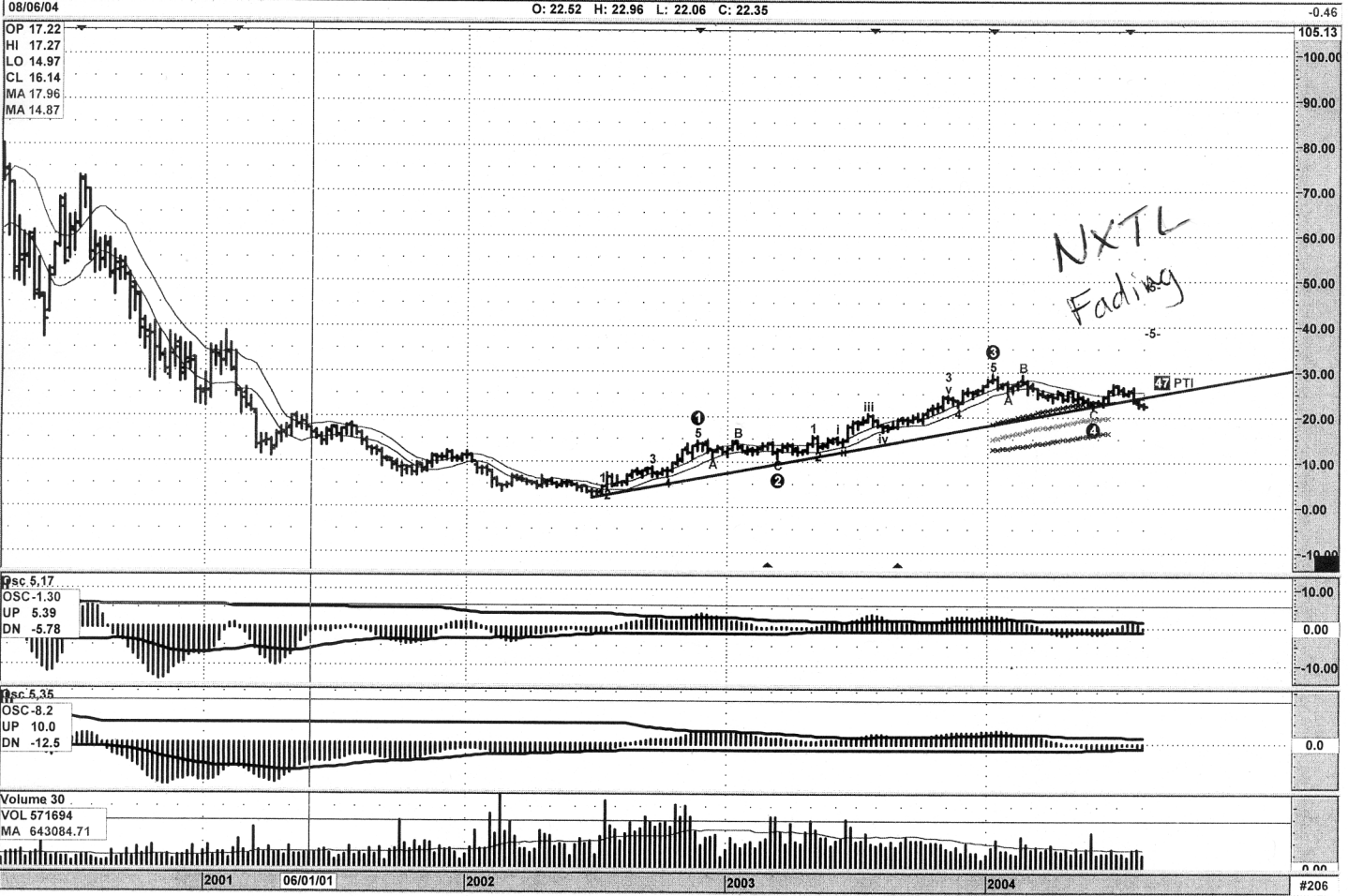
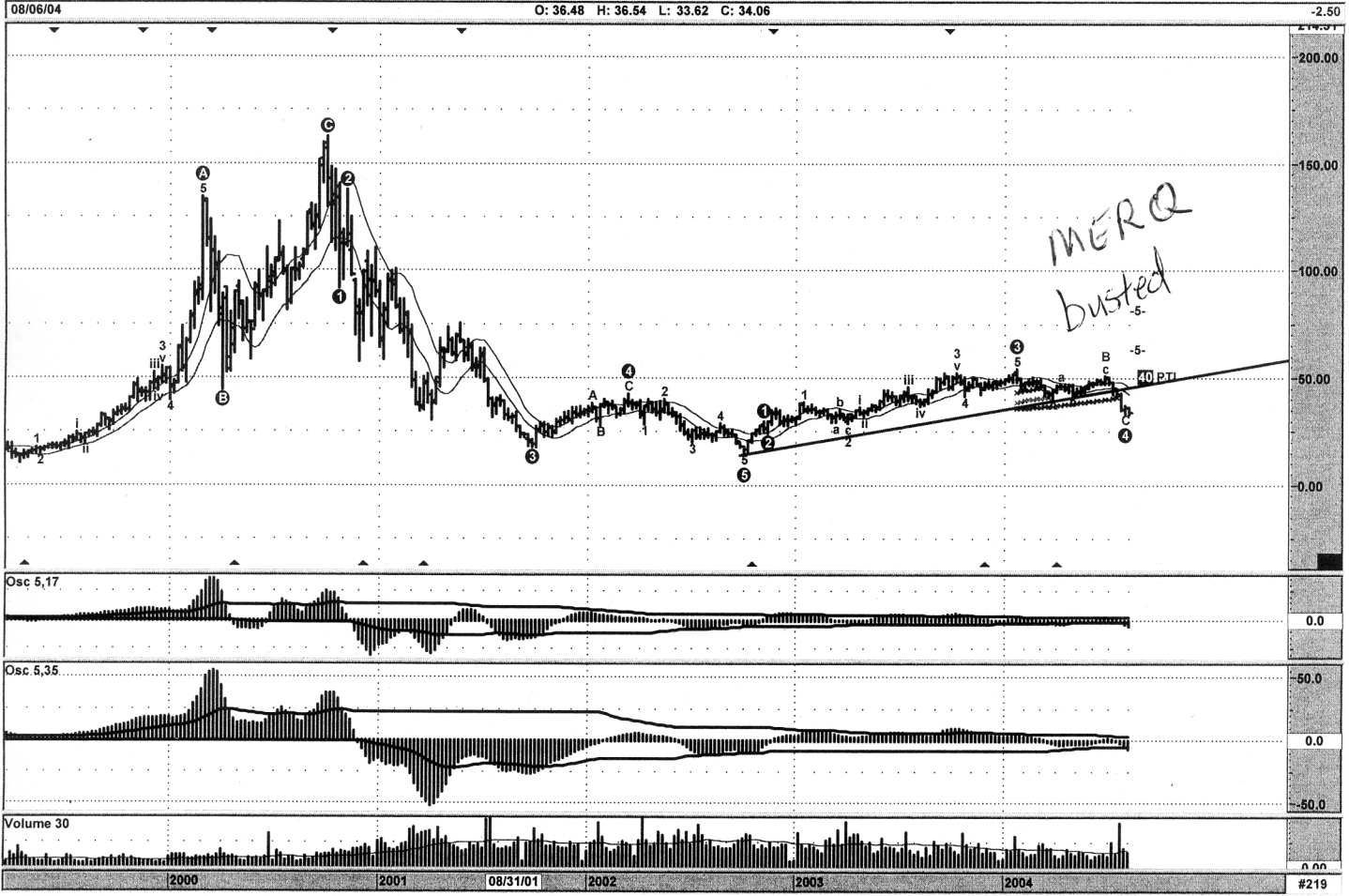


Last updated as of market close: 8-4-04

NDX INTERNALS ARE FAIRLY GLOOMY AFTER JULY EPS SEASON



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08/06/04 O: 35.30 H: 35.77 L: 34.42 C: 34.75

OP 24.44
HI 25.00
LO 22.88
CL 24.38
MA 31.18
MA 25.47

-0.72

66.14

65.00

60.00

55.00

50.00

45.00

40.00

35.00

30.00

25.00

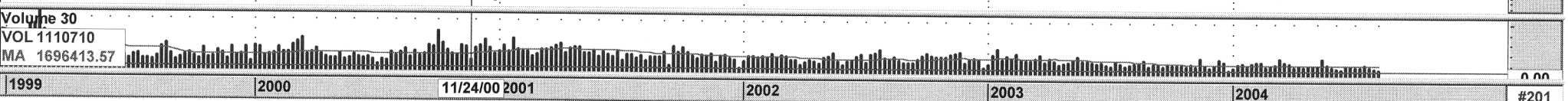
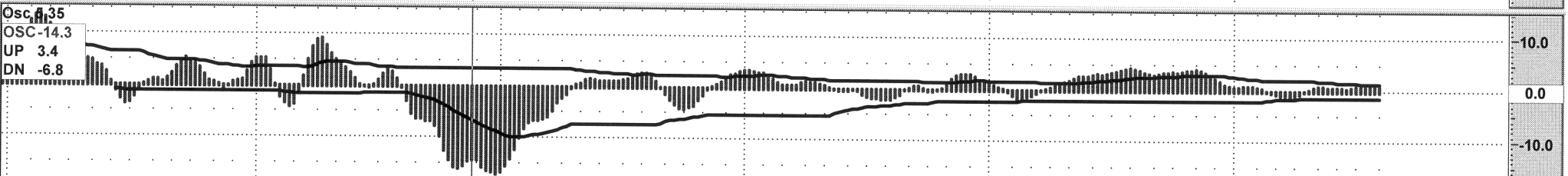
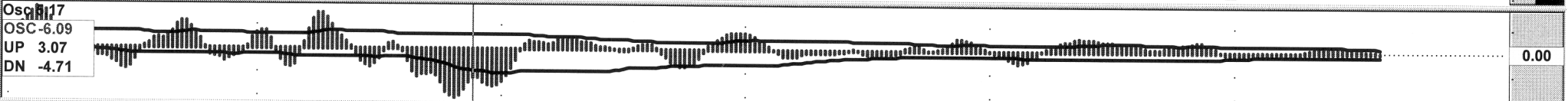
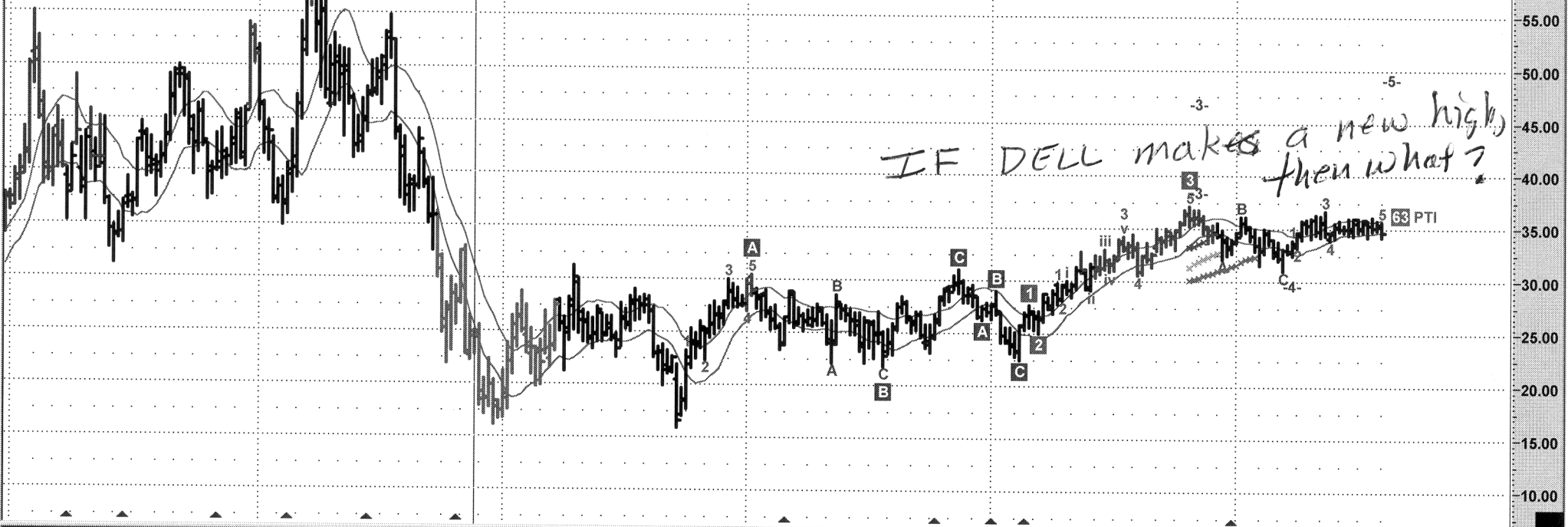
20.00

15.00

10.00

5.00

0.00



1999 2000 11/24/00 2001 2002 2003 2004 #201

59