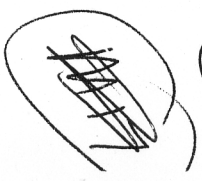




01/13/04 O: 1276.600 H: 1276.600 L: 1276.600 C: 1276.600

**ECU IS VERY TOPPY NOW THAT
MAY HIGHS HAVE BEEN TAKEN OUT!**

**Keep tightest of stops on longs...
key support trendlines are shown
Note sky-high volatility
Very bearish speculation**



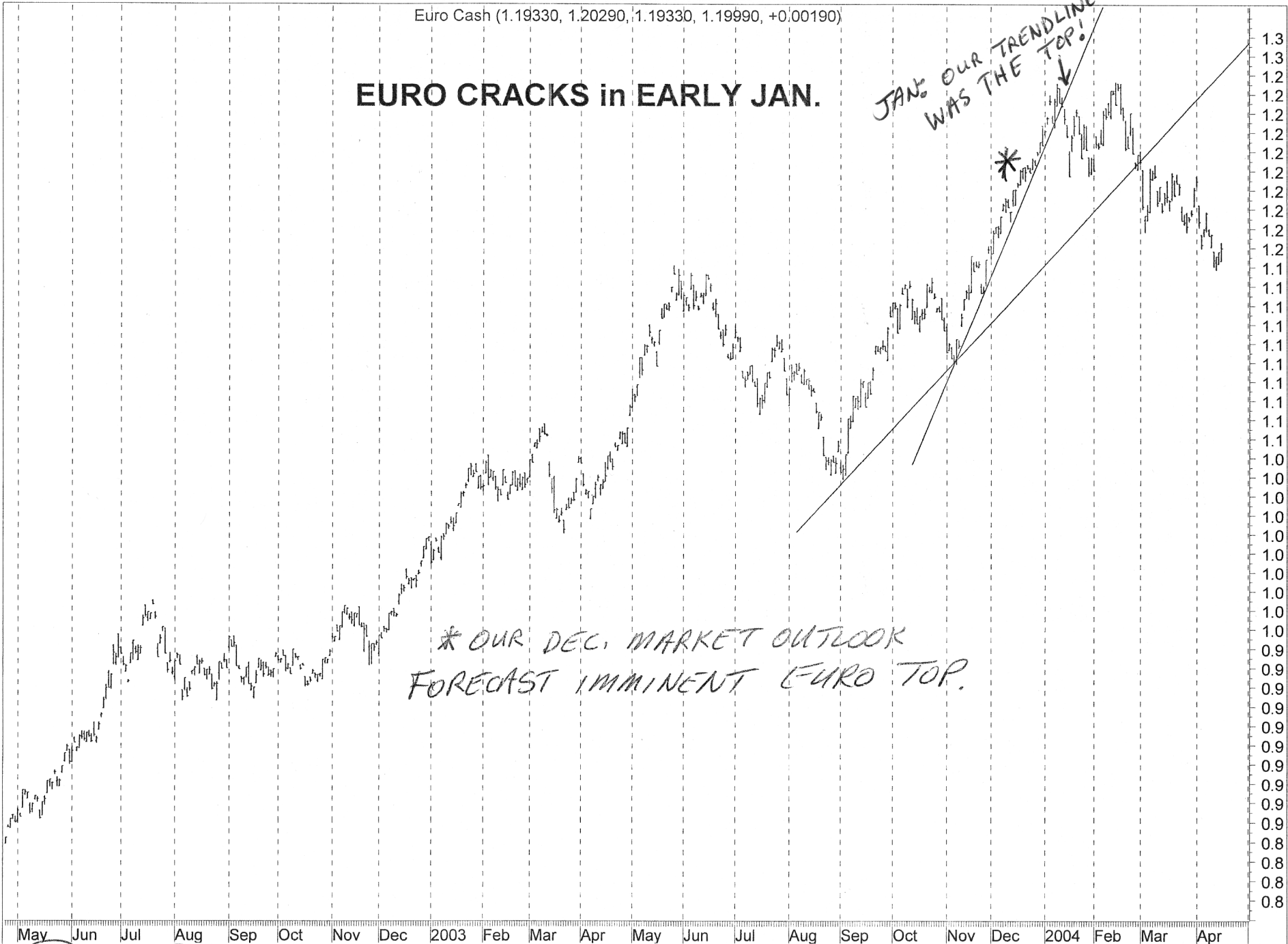




Euro Cash (1.19330, 1.20290, 1.19330, 1.19990, +0.00190)

EURO CRACKS in EARLY JAN.

JAN WAS OUR TRENDLINE BREAK
WAS THE TOP!

* OUR DEC. MARKET OUTLOOK
FORECAST IMMINENT EURO TOP.



~~EA~~
FI

Feb 13, 04

Long	33820	Chg	2515	Short	7578	Chg	-3281	Net	26242
Comm	45495		-2447	90863			6200	-45368	
SSpecs	48808		4191	29682			1340	19126	

U.S.
\$

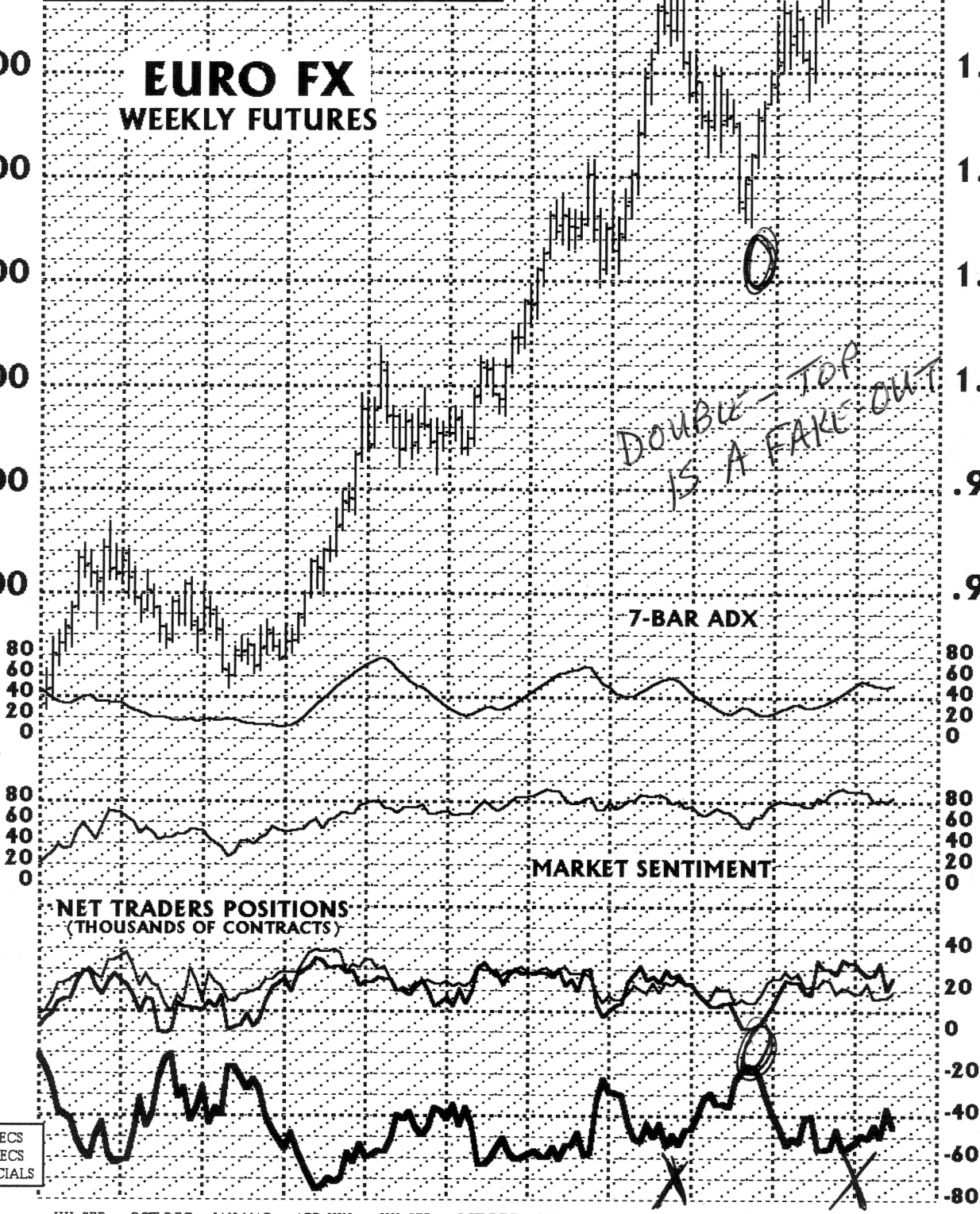
U.S.
\$

Week	Open	High	Low	Close
01/16/04	12827	12875	12332	12357
01/23/04	12370	12758	12315	12580
01/30/04	12564	12639	12335	12448
02/06/04	12471	12714	12375	12680
02/13/04	12615	12886	12612	12725

EURO FX WEEKLY FUTURES

1.2500
1.2000
1.1500
1.1000
1.0500
1.0000
.9500
.9000

1.3000
1.2500
1.2000
1.1500
1.1000
1.0500
1.0000
.9500
.9000



DOUBLE-TOP IS A FAKE OUT

7-BAR ADX

MARKET SENTIMENT

NET TRADERS POSITIONS
(THOUSANDS OF CONTRACTS)

— SMALL SPECS
— LARGE SPECS
— COMMERCIALS

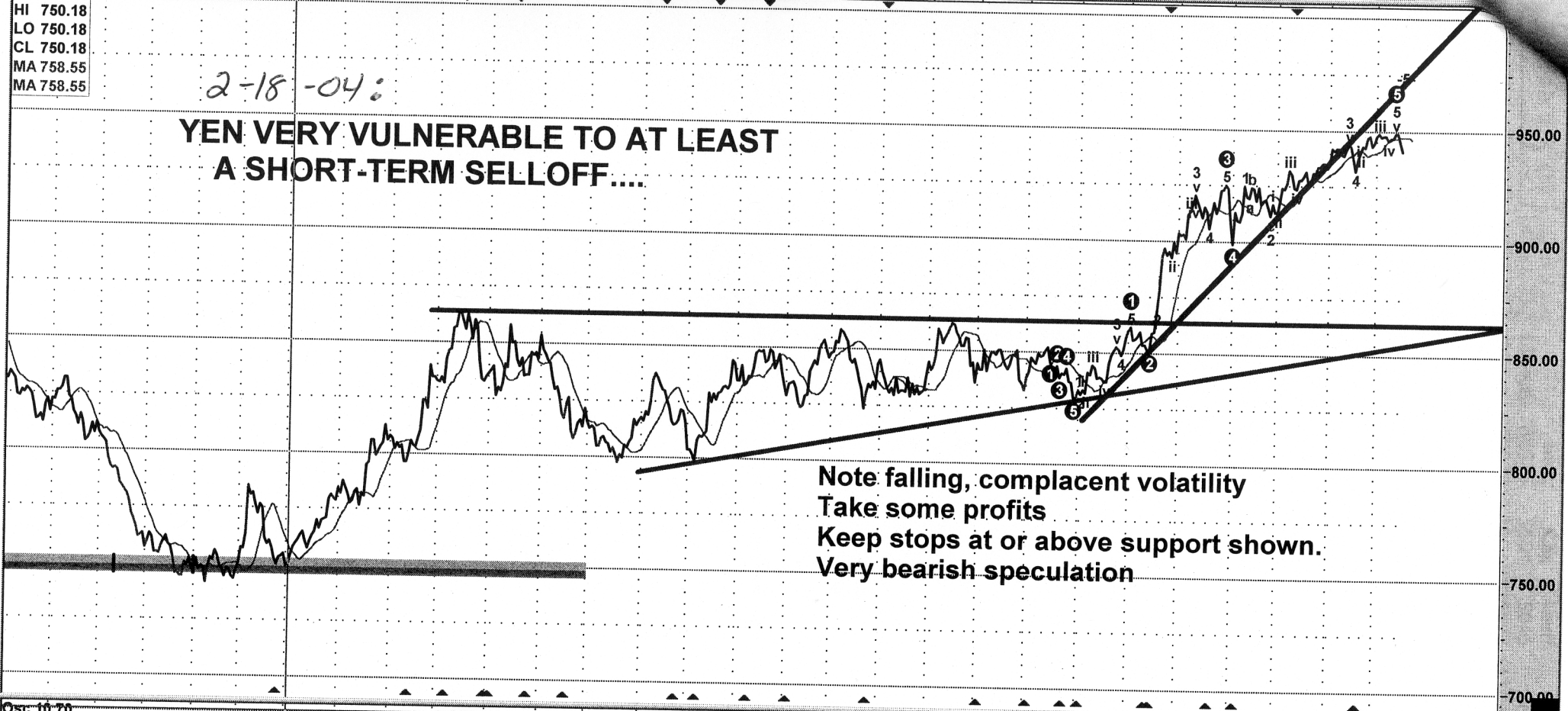
JUL-SEP 2001 OCT-DEC 2001 JAN-MAR 2002 APR-JUN 2002 JUL-SEP 2002 OCT-DEC 2002 JAN-MAR 2003 APR-JUN 2003 JUL-SEP 2003 OCT-DEC 2003 JAN-MAR 2004

HEDGER ACTIVITY BEARISH FIZ

* This chart produced by COMMODITY PRICE CHARTS 1-800-221-4352

OP 750.18
HI 750.18
LO 750.18
CL 750.18
MA 758.55
MA 758.55

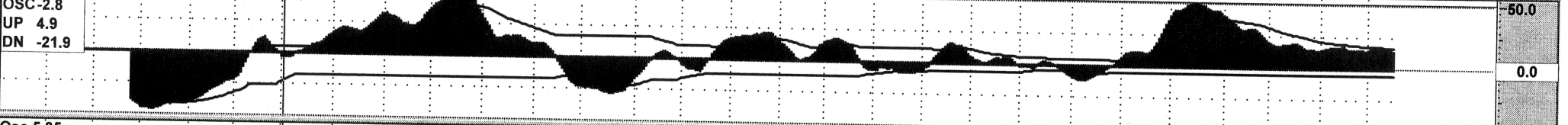
2-18-04:
**YEN VERY VULNERABLE TO AT LEAST
A SHORT-TERM SELLOFF....**



**Note falling, complacent volatility
Take some profits
Keep stops at or above support shown.
Very bearish speculation**

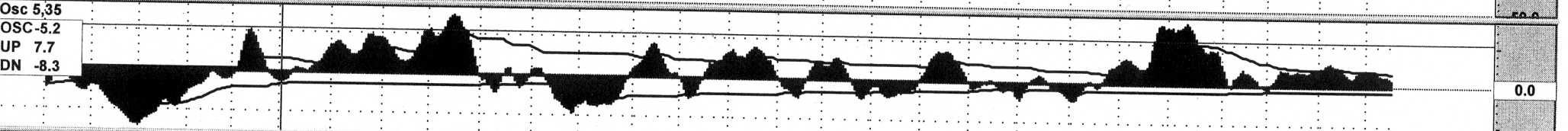
Osc 10,70

OSC-2.8
UP 4.9
DN -21.9



Osc 5,35

OSC-5.2
UP 7.7
DN -8.3



Handwritten initials: *FB* and *MB*

Feb 13, 04

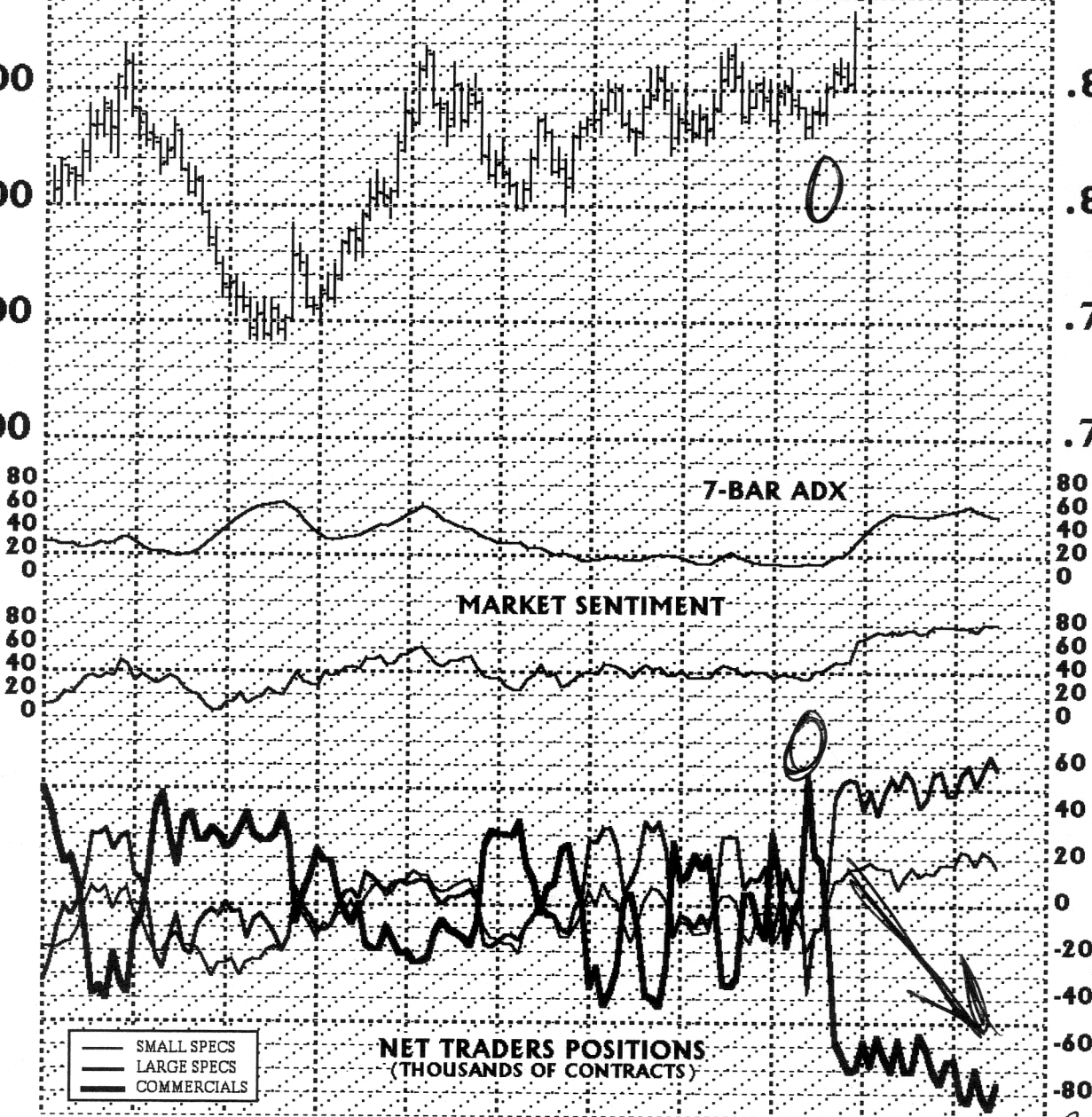
	Long	Chg	Short	Chg	Net
LSpecs	64595	-5604	5965	265	58630
Comm	59887	-1001	135673	-11097	-75786
SSpecs	35771	-2459	18615	1768	17156

Week	Open	High	Low	Close
01/16/04	9395	9475	9360	9375
01/23/04	9386	9470	9280	9426
01/30/04	9402	9497	9383	9468
02/06/04	9477	9515	9373	9482
02/13/04	9467	9518	9450	9489

U.S.
1.0500
1.0000
.9500
.9000
.8500
.8000
.7500
.7000

U.S.
1.0500
1.0000
.9500
.9000
.8500
.8000
.7500
.7000

JAPANESE YEN WEEKLY FUTURES



JUL-SEP 2001 OCT-DEC 2001 JAN-MAR 2002 APR-JUN 2002 JUL-SEP 2002 OCT-DEC 2002 JAN-MAR 2003

— SMALL SPECS
— LARGE SPECS
— COMMERCIALS

NET TRADERS POSITIONS
(THOUSANDS OF CONTRACTS)

2-13-04

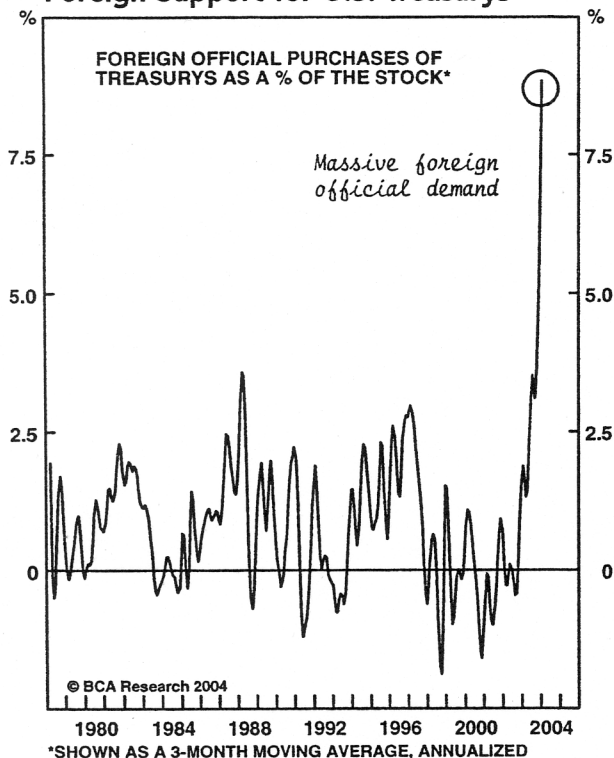
F14
BEARISH FOR YEN

* This chart produced by COMMODITY PRICE CHARTS 1-800-221-4352

FOREIGNERS BUY US BONDS HEAVY

CHART I-8

Foreign Support for U.S. Treasurys



statement from the G7. Further dollar weakness will guarantee continuing strong demand for Treasurys from Asian central banks, in particular from the Bank of Japan (BoJ).

In January, the Bank of Japan spent \$67 billion trying to keep the yen down. This was enough to fund the entire U.S. current account deficit for the month or to buy the entire lot of gross Treasury issuance – although intervention data appear to be an unreliable gauge of foreign official Treasury purchases. The Fed's custodial holdings of Treasurys on behalf of foreign central banks rose by a smaller but still considerable \$32 billion in January.

Chairman Greenspan downplayed the impact of foreign central bank purchases on U.S. Treasury yields in the Q&A period following his Congressional testimony. He argued that foreign official holdings of Treasury instruments are "still a relatively small proportion of the aggregate [of] competing securities, including private securities, which these markets integrate with." Moreover, he argued that yields on the short-term bonds favored by foreign central banks are tied closely to the fed funds rate, and therefore, unlikely to be distorted.

We think the impact could be larger than the Chairman believes. Foreign official institutions are plugging a hole in the U.S. current account deficit that private investors appear unwilling to fill at current asset prices. If foreign official institutions were no longer willing to play this role, then the U.S. current account deficit would still be financed, but at different asset prices. The adjustment would require lower stock and bond prices, and a much lower dollar. Yields probably would be higher across the entire Treasury curve in the absence of foreign central bank purchases.

Swings in foreign official Treasury purchases have not been large enough in the past to obtain an accurate reading of their effect on Treasury yields. Chart I-8 shows that in the past three months, foreign official institutions have purchased Treasury securities at nearly four times the previous peak rate.

The scale of purchases could ramp up further in the coming months. The Bank of Japan (BoJ) has a budget of ¥61 trillion (\$580 billion) for currency intervention. Thus, theoretically, Japan alone could finance the entire U.S. current account deficit this year. Adding potential demand for Treasurys from China and other Asian nations, currency intervention could *shrink the outstanding stock* of Treasury bonds available to the marketplace.

Chart I-9 shows that the supply of Treasury securities has increased sharply since the U.S. budget went into deficit in 2001. However, the amount of bonds available to the public (that is, net of foreign official and Fed purchases) has increased much more slowly. As a percent of GDP, this stock has been flat at about 20% since 2000, a level that was last seen in 1983.

It is possible that a Treasury shortage "scare" will develop this year if the dollar continues to erode. A similar scare occurred in 2000 when the Treasury canceled the 30-year bond auction. At that time, Treasurys rallied, the yield curve temporarily inverted and swap spreads blew out. A repeat of this scare is possible if the Fed and foreign official institutions gobble up enough bonds that the outstanding supply of Treasurys available to the public begins to drop.

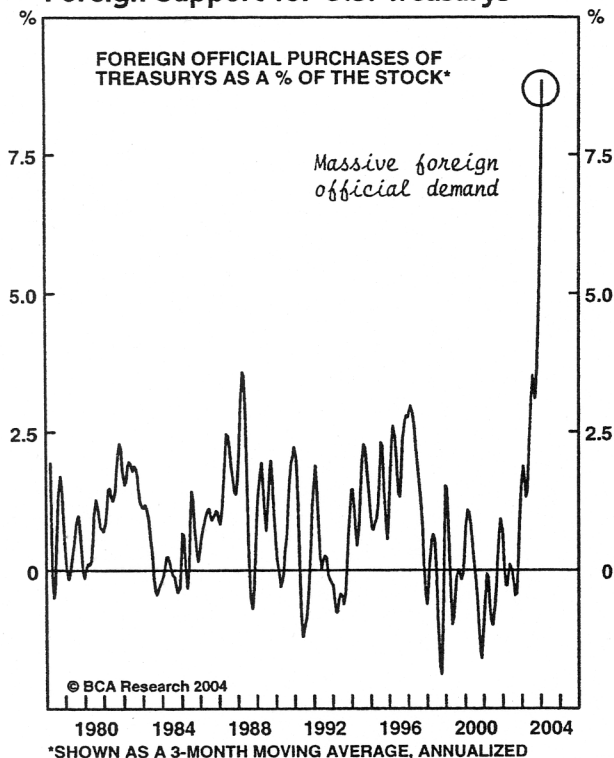
The implication is that U.S. Treasury prices will be well supported by foreign central banks until one or more of the following occur:

~~F15~~
F15

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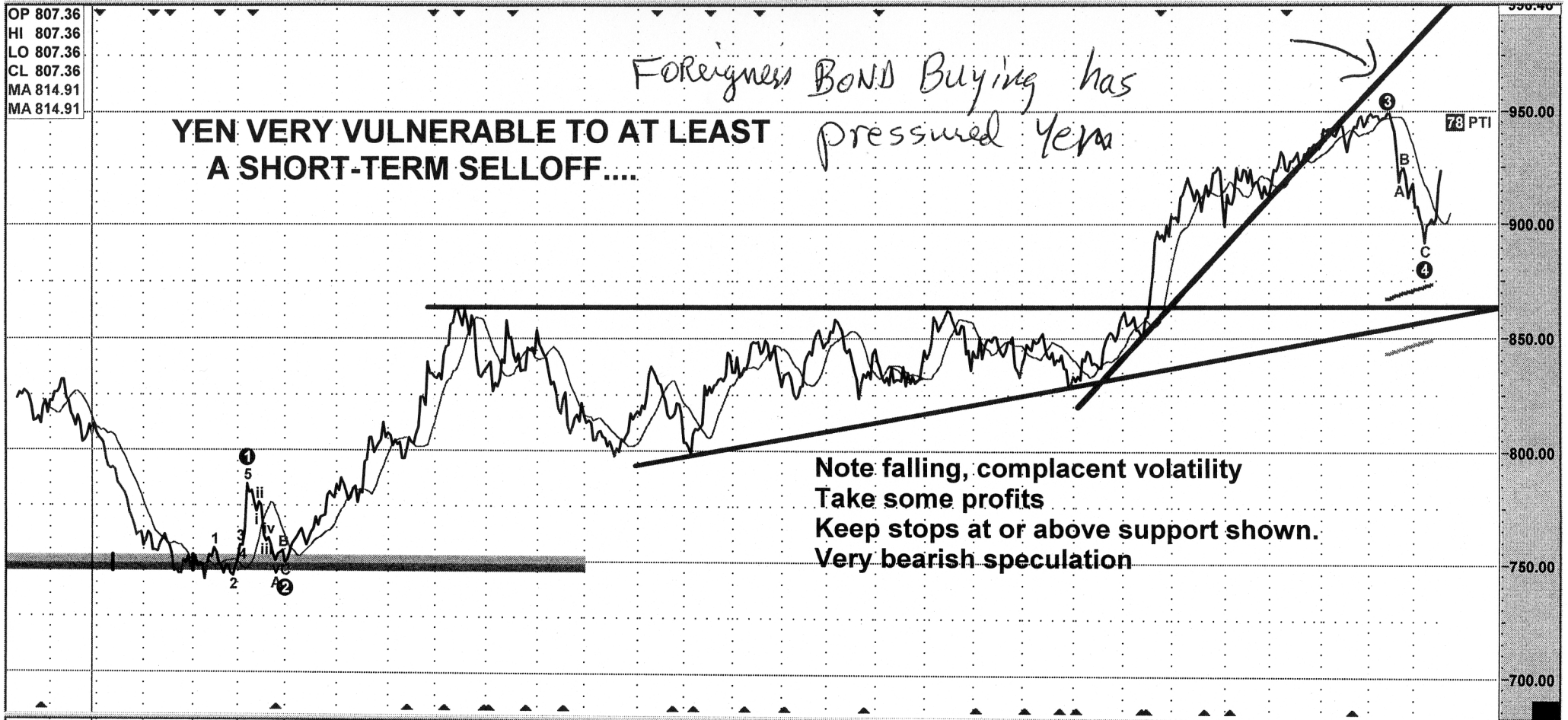
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~~F15~~
F15

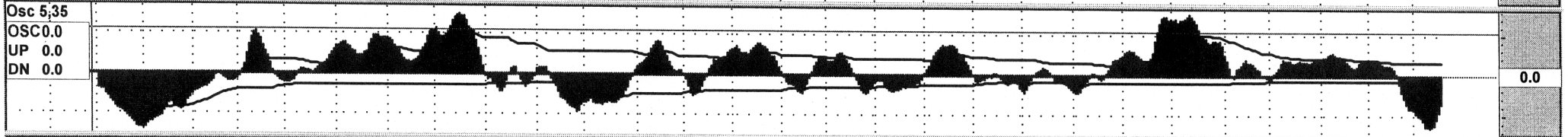
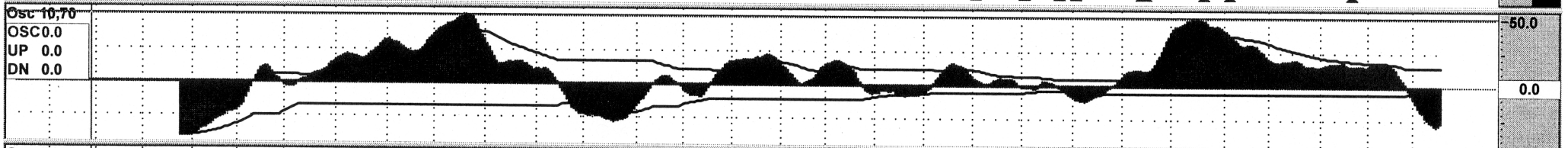
OP 807.36
HI 807.36
LO 807.36
CL 807.36
MA 814.91
MA 814.91

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FI