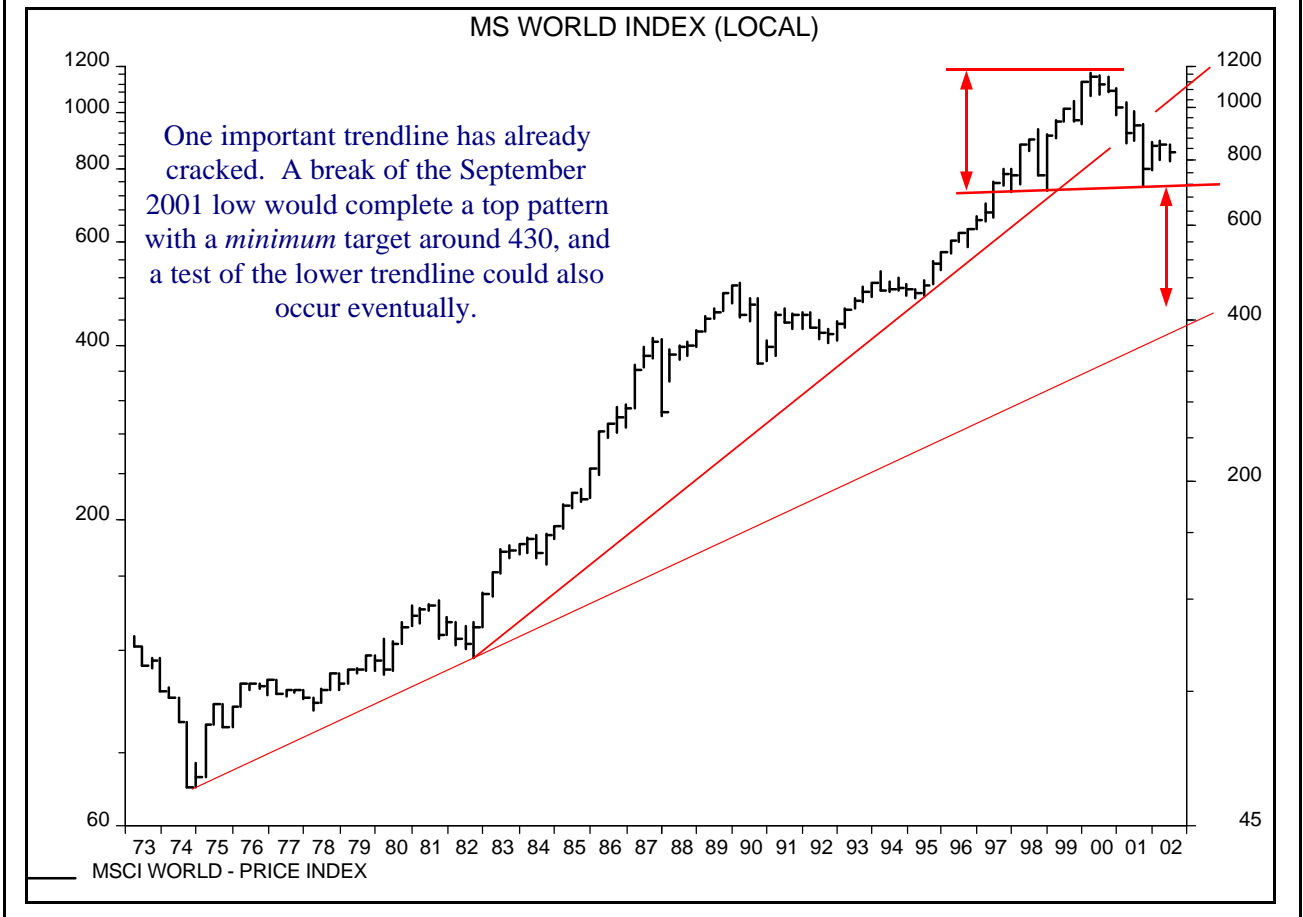
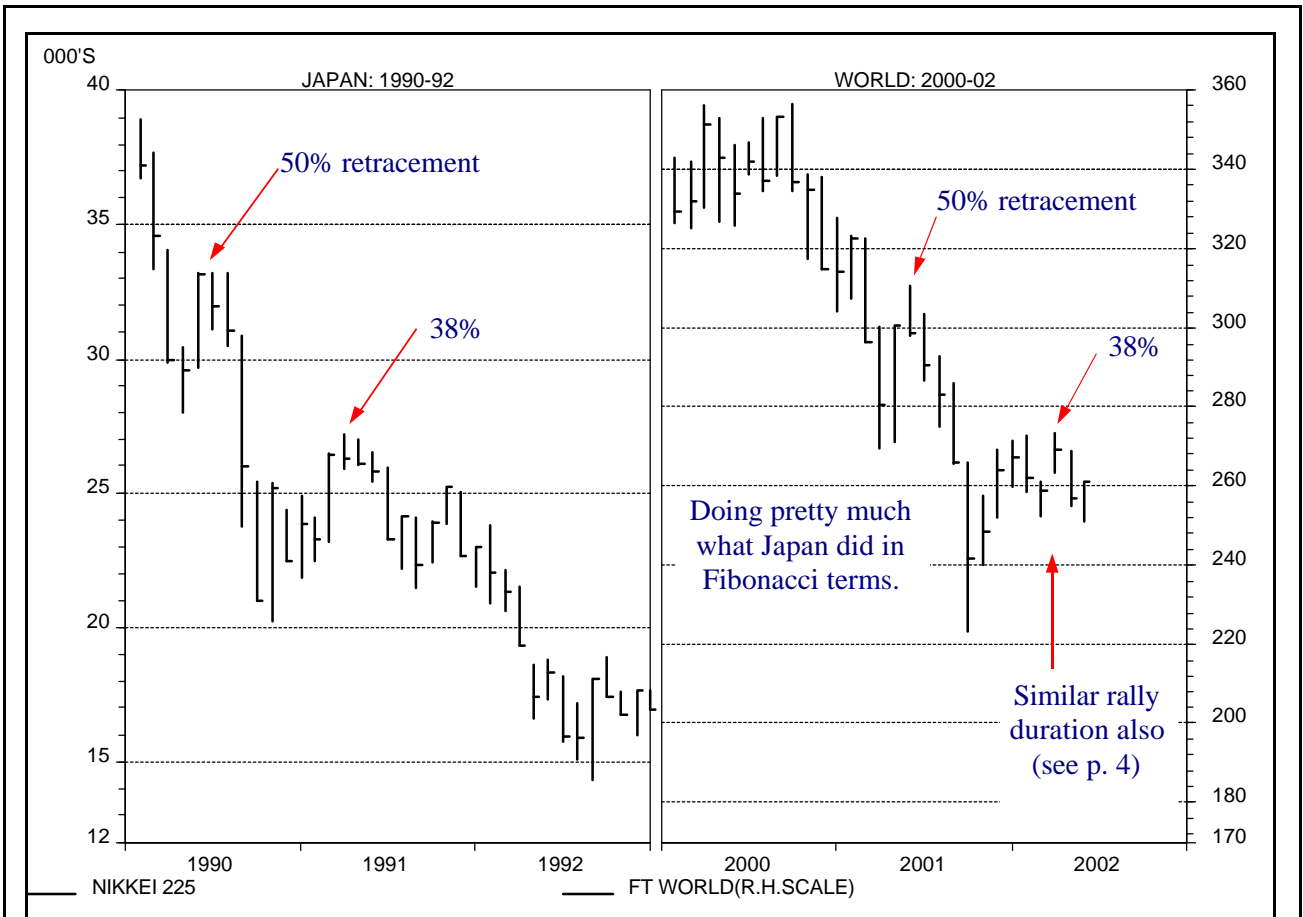
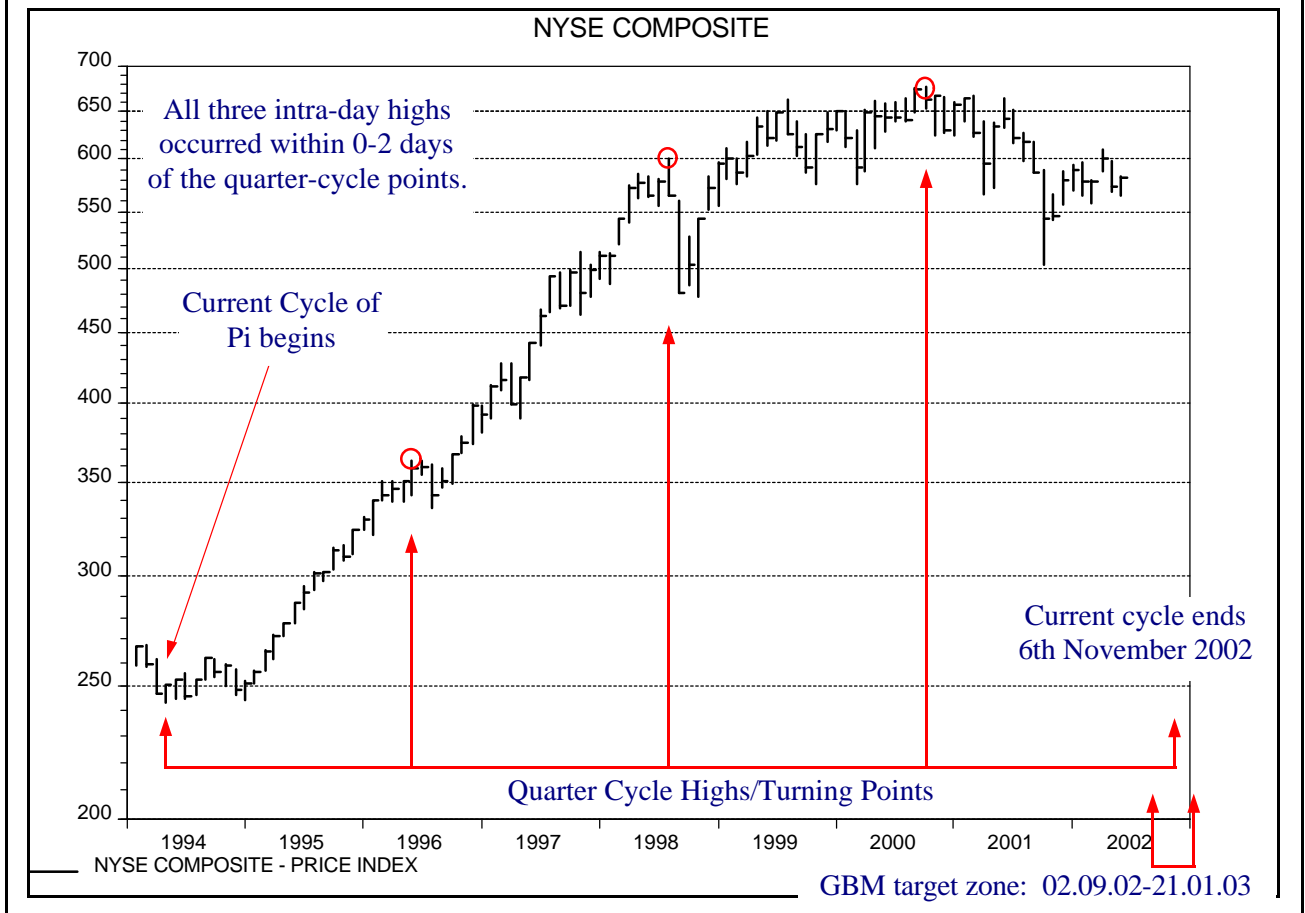
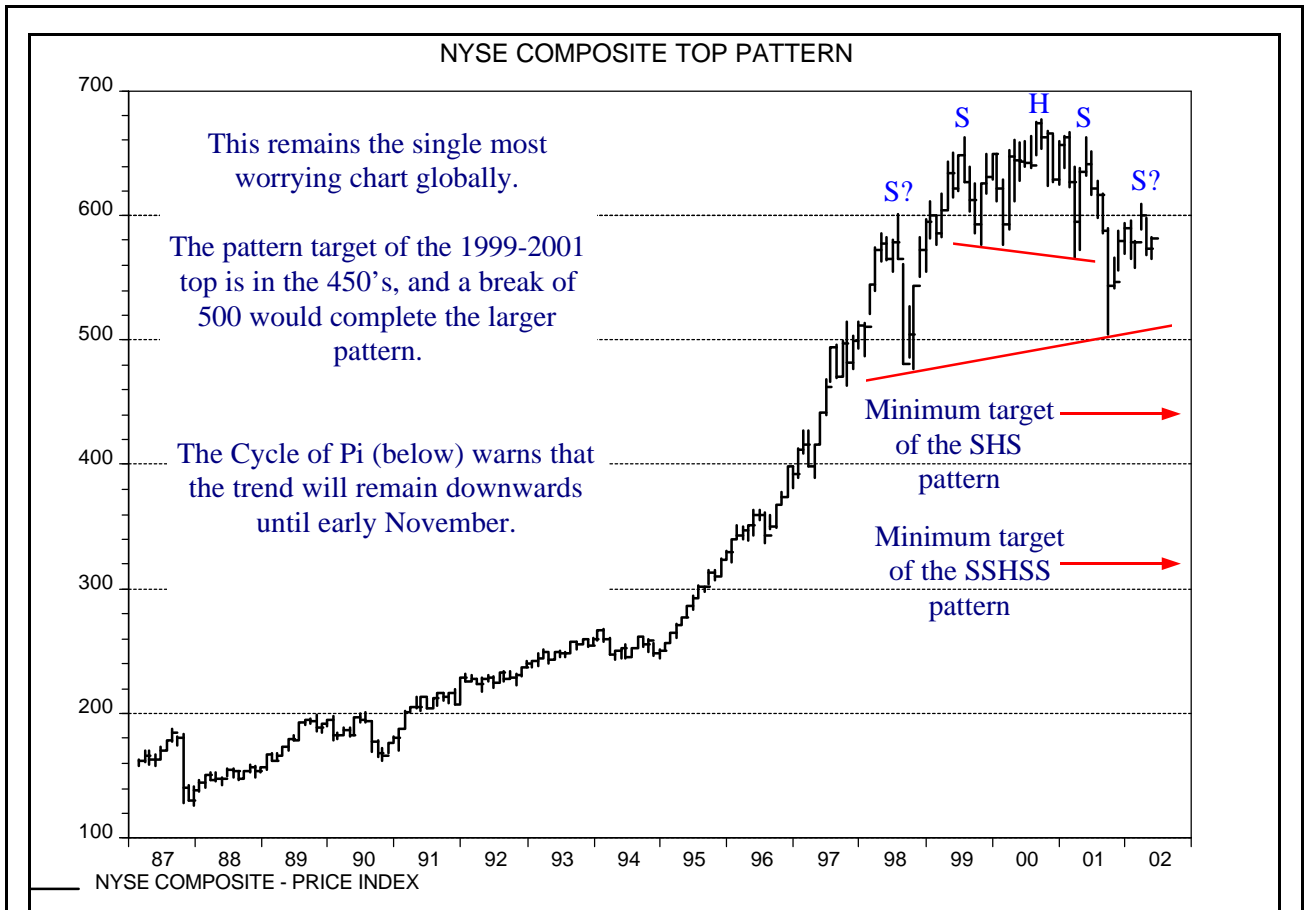

THE BEAR CASE RE-STATED

Global indices were unable to follow through on the upside after February's recovery, and recent weakness has produced some signals which suggest that the post-2000 bear trend may have resumed. The oversold condition is producing the expected bounce, but we thought that it might be useful to put together a reminder of just how many charts still carry a bearish message (or at least potential), since the rally pattern and indicator signals on this recovery are going to be pretty critical.

Page Contents

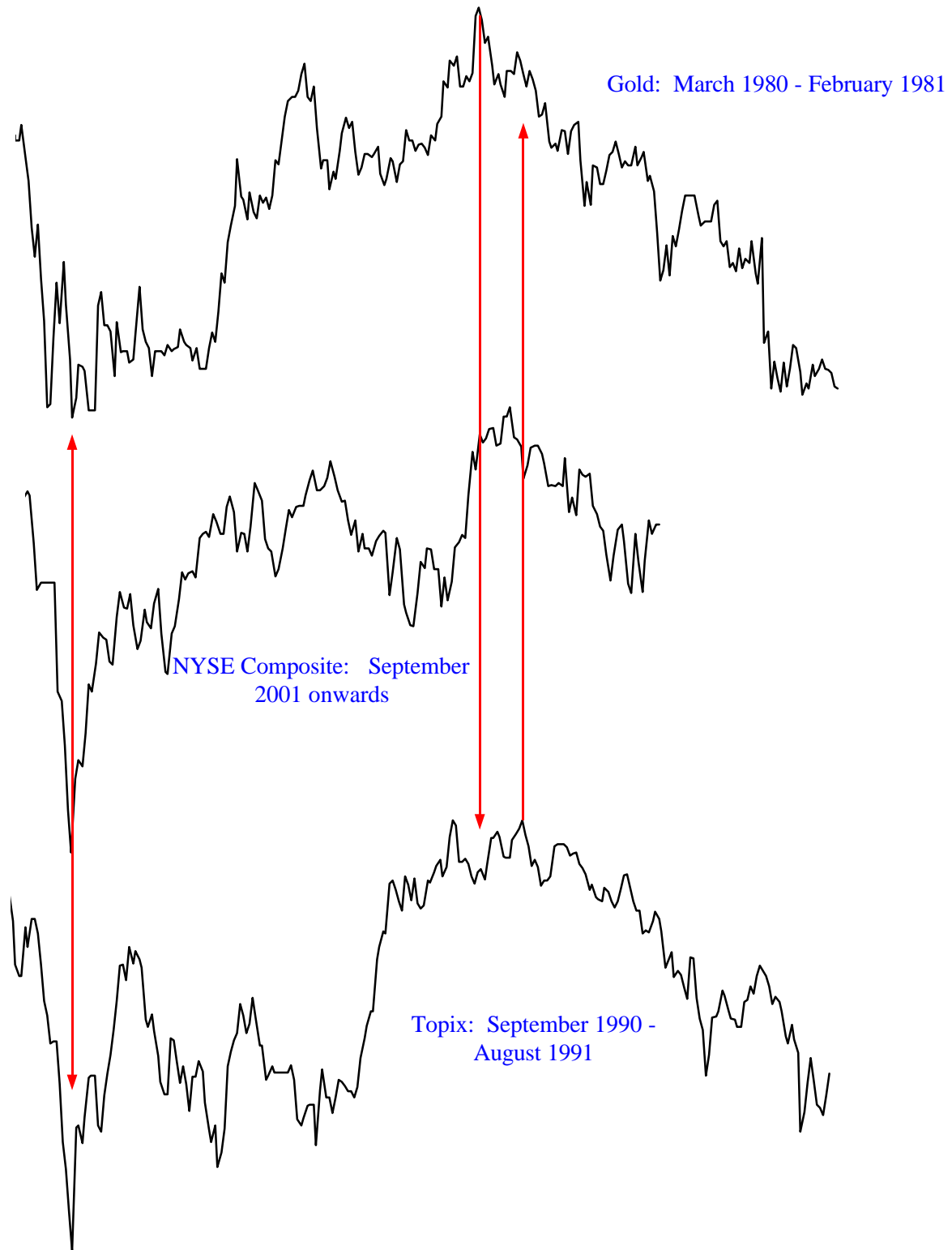
- 2 The World Index still contains the Fibonacci bear market ratios of Japan in 1990-1992. A major trend break occurred in 2001, and a larger top may be forming.
- 3 The NYSE Composite has a top pattern target around 450 - 22% lower. The Cycle of Pi warns that prices should trend lower into November.
- 4 The March rally peak hit Fibonacci Time and Price targets that normally apply in a bear market.
- 5 The US failed to rally into new highs in May, keeping in place the Great Bear Market rally tag for the post-September recovery.
- 6 Recent signals from the 14-day RSI are consistent with a resumed bear trend.
- 7 Sterling based charts for the World and US indices contain completed top-type patterns.
- 8 Europe is equally toppy, with similarly bearish RSI trend signals.
- 9 Japan is probably finishing off its fourth wave rally pattern, with Topix targets in the 1,150-1,200 range. Hong Kong has broken its 25-year uptrend and is testing major resistance.
- 10 Minor new highs from Bond yields will give bullish momentum and pattern signals.
- 11 Oil continues to act consistently with our wave (5) rally scenario (to new all-time highs).
- 12 Gold is close to a major trend break. A mini version of 1979 is a possibility for Oil and Gold.

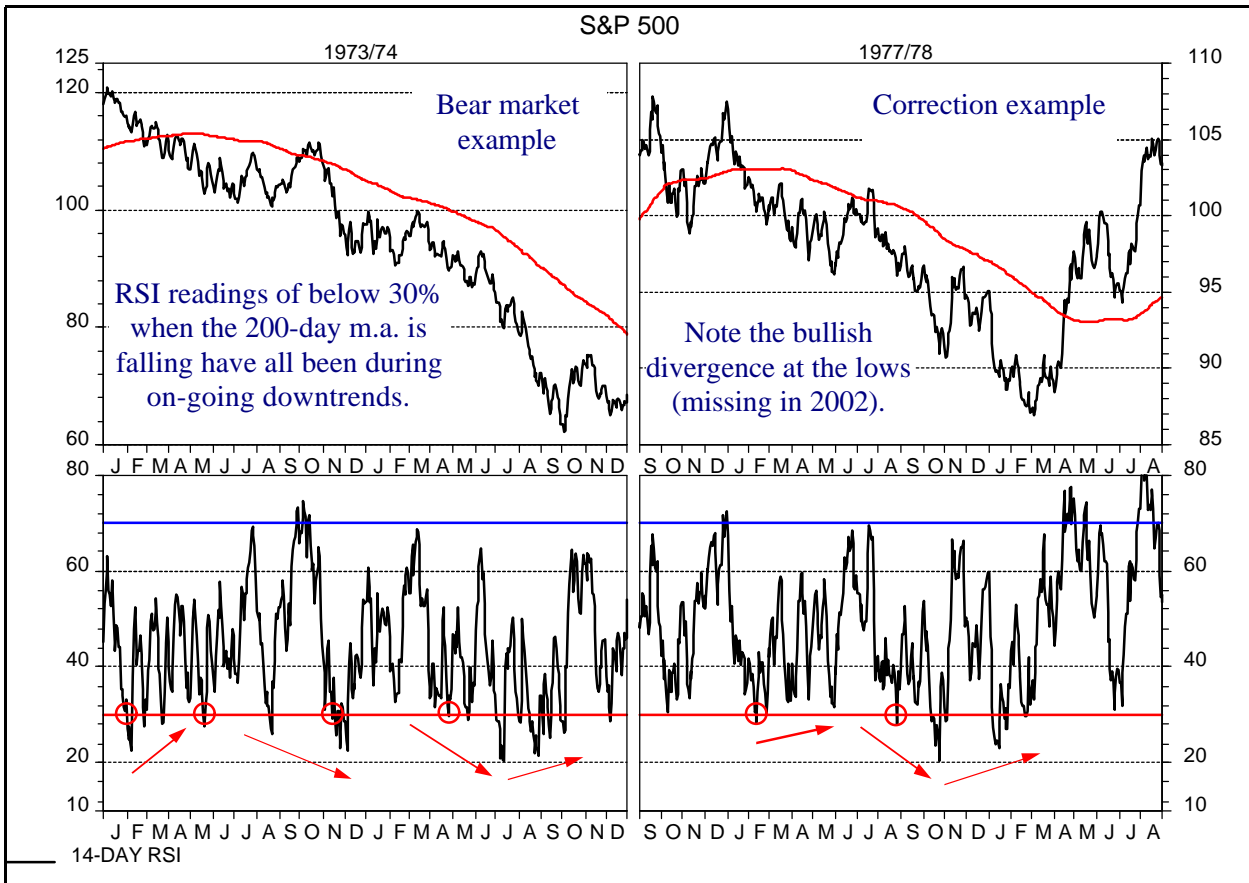
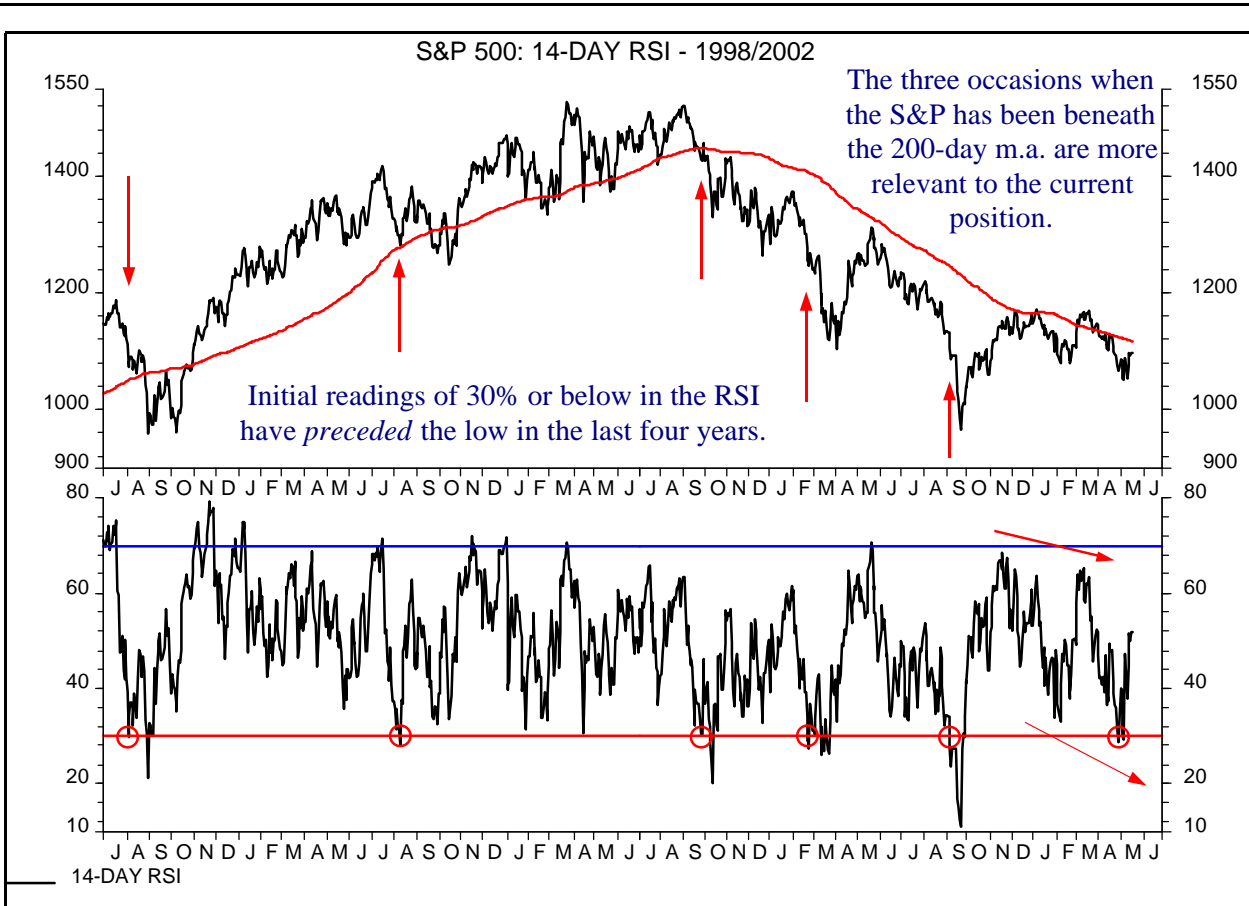


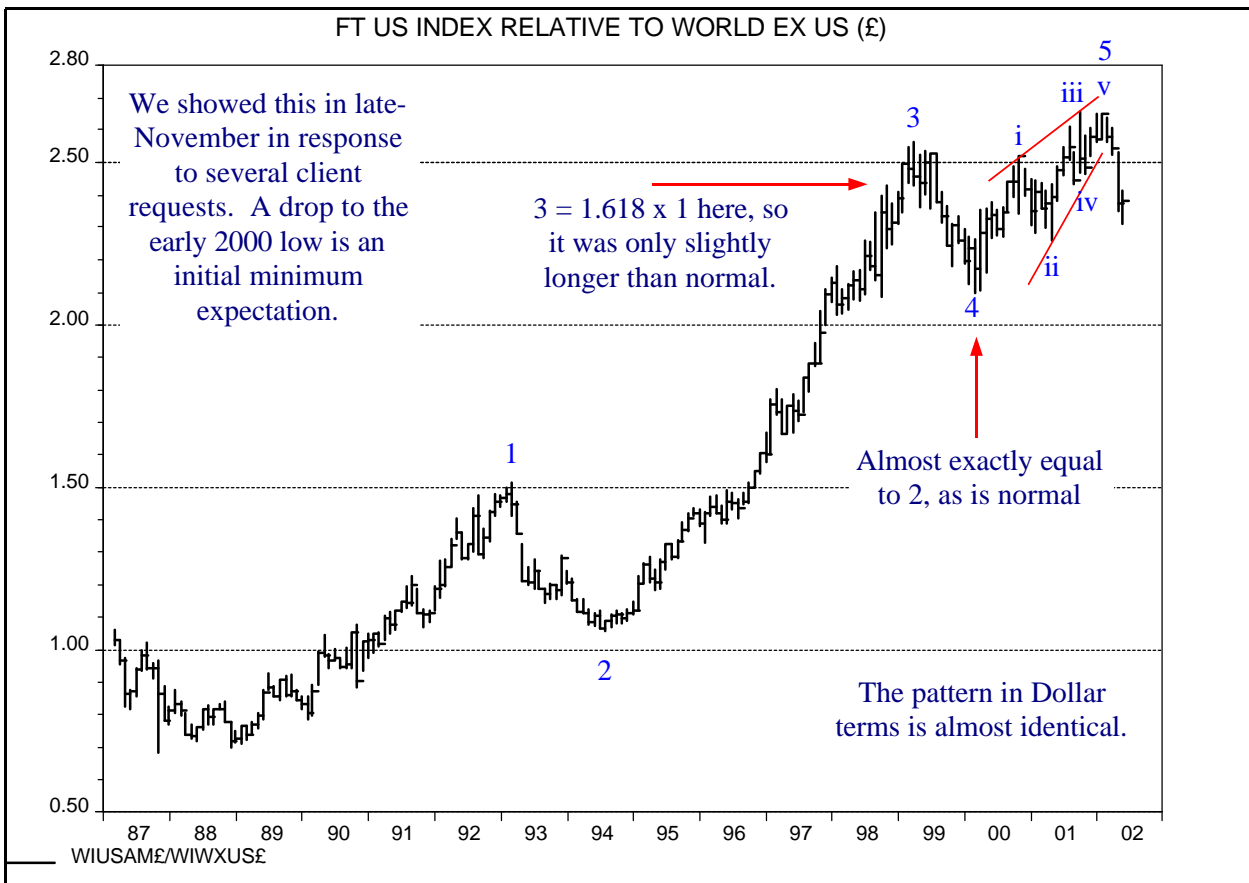


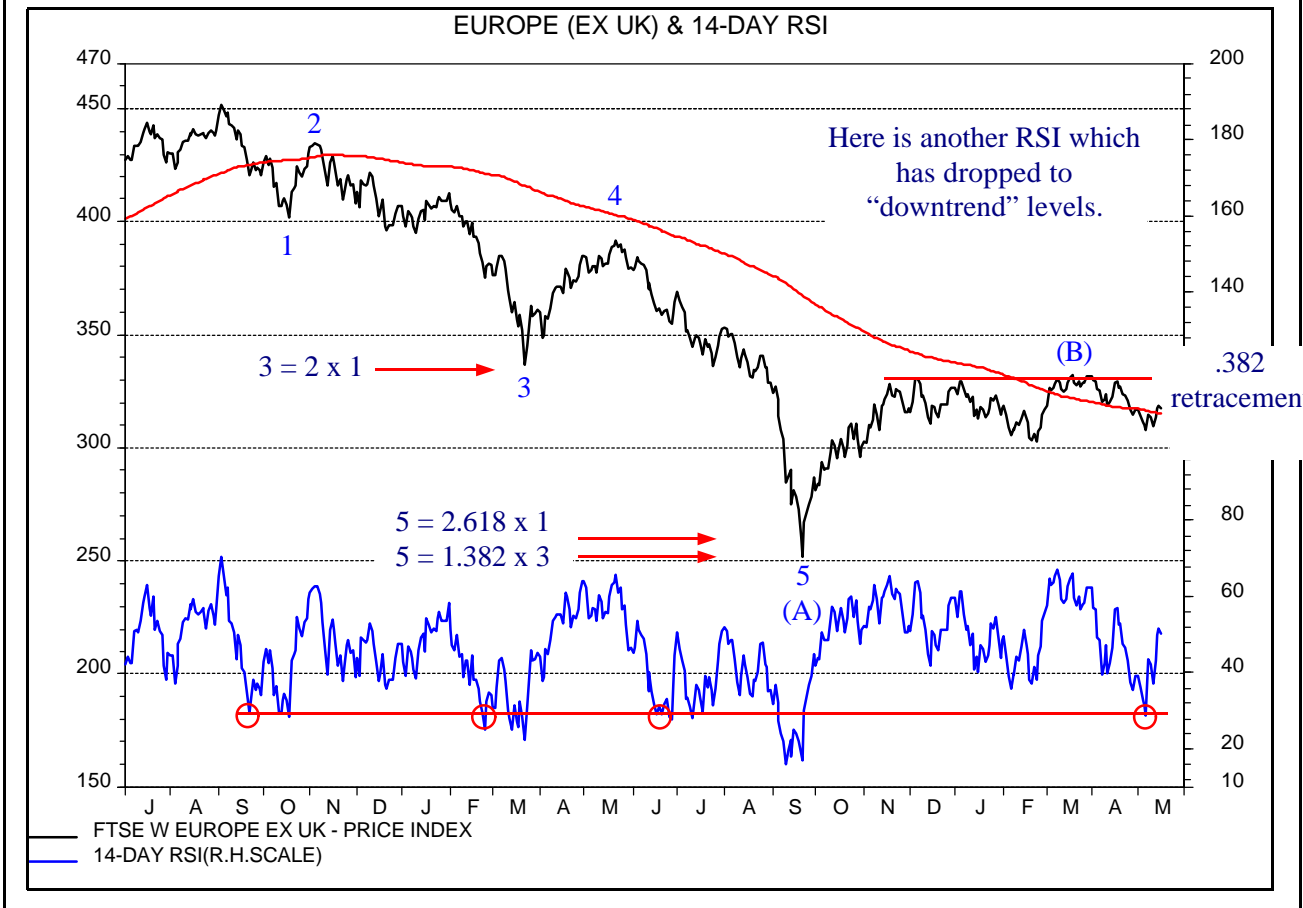
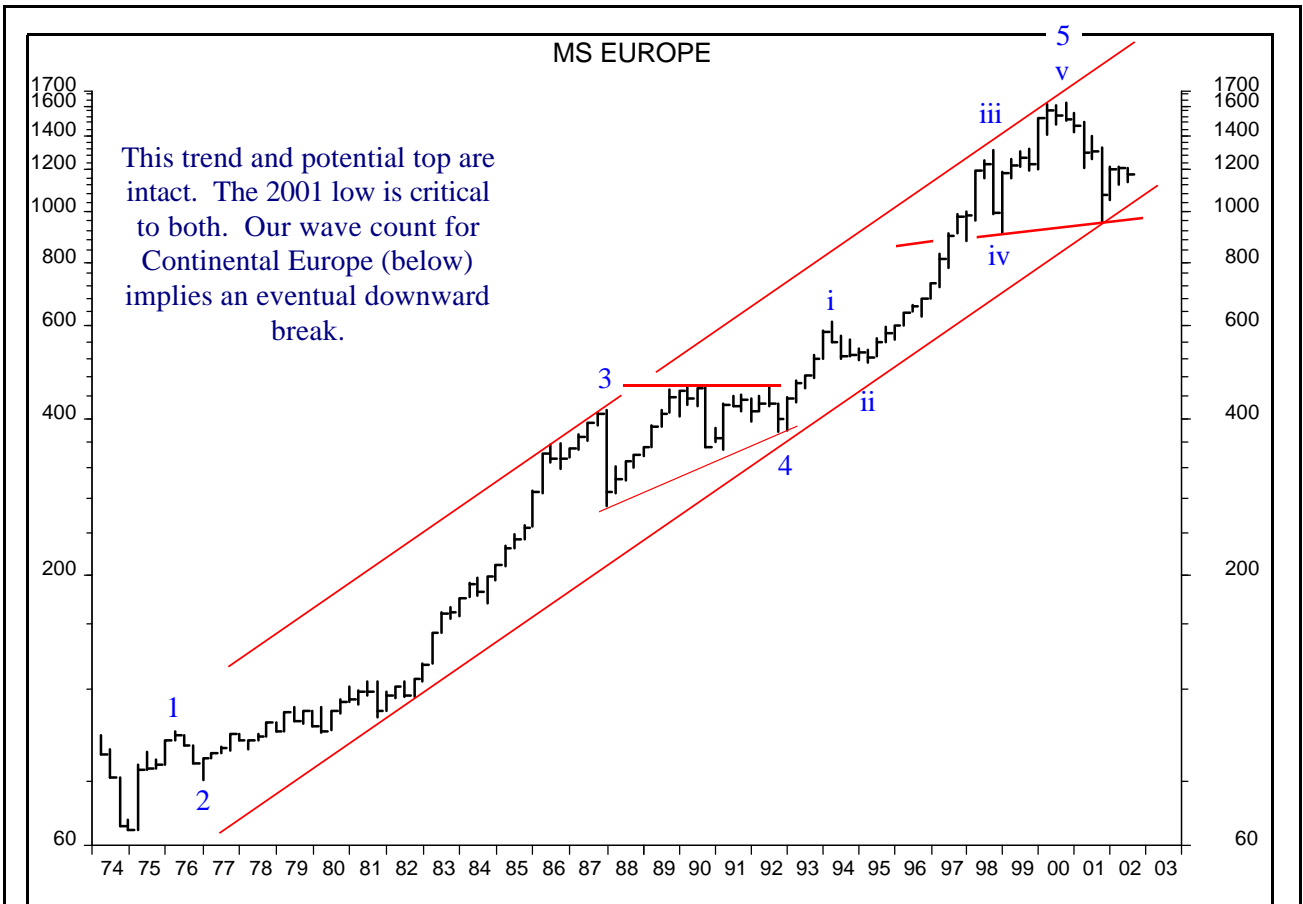


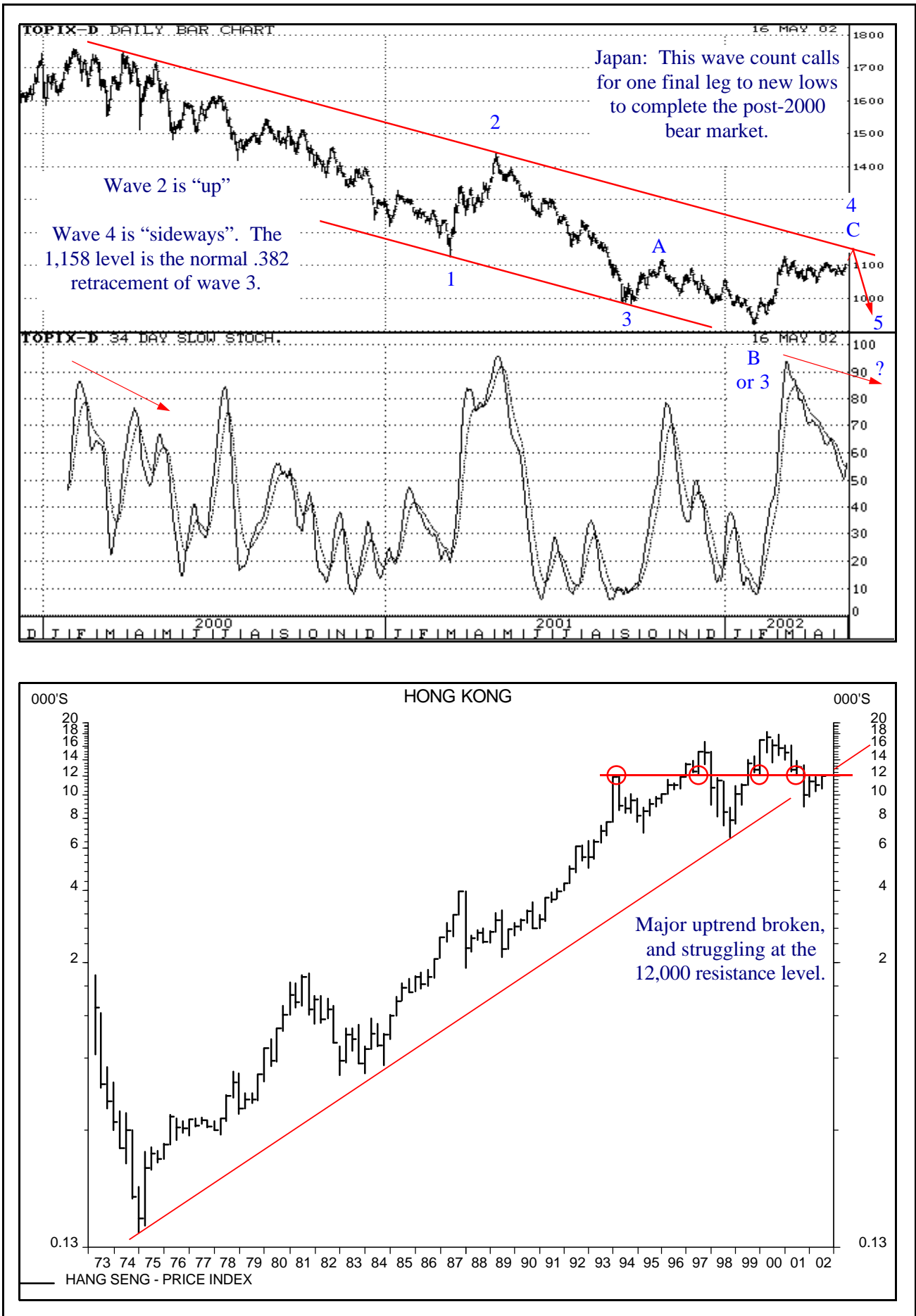
The middle chart is New York now. The top and bottom charts represent the longest rallies within incomplete Great Bear Markets. Their lows have been centred to coincide with the NYSE on 21.09.01. The NYSE has been unable to make the new highs in May needed to lessen the chances that a GBM is still in progress. It obviously could still do so, but the RSI analysis for the S&P 500 on page 6 suggests that it will not.

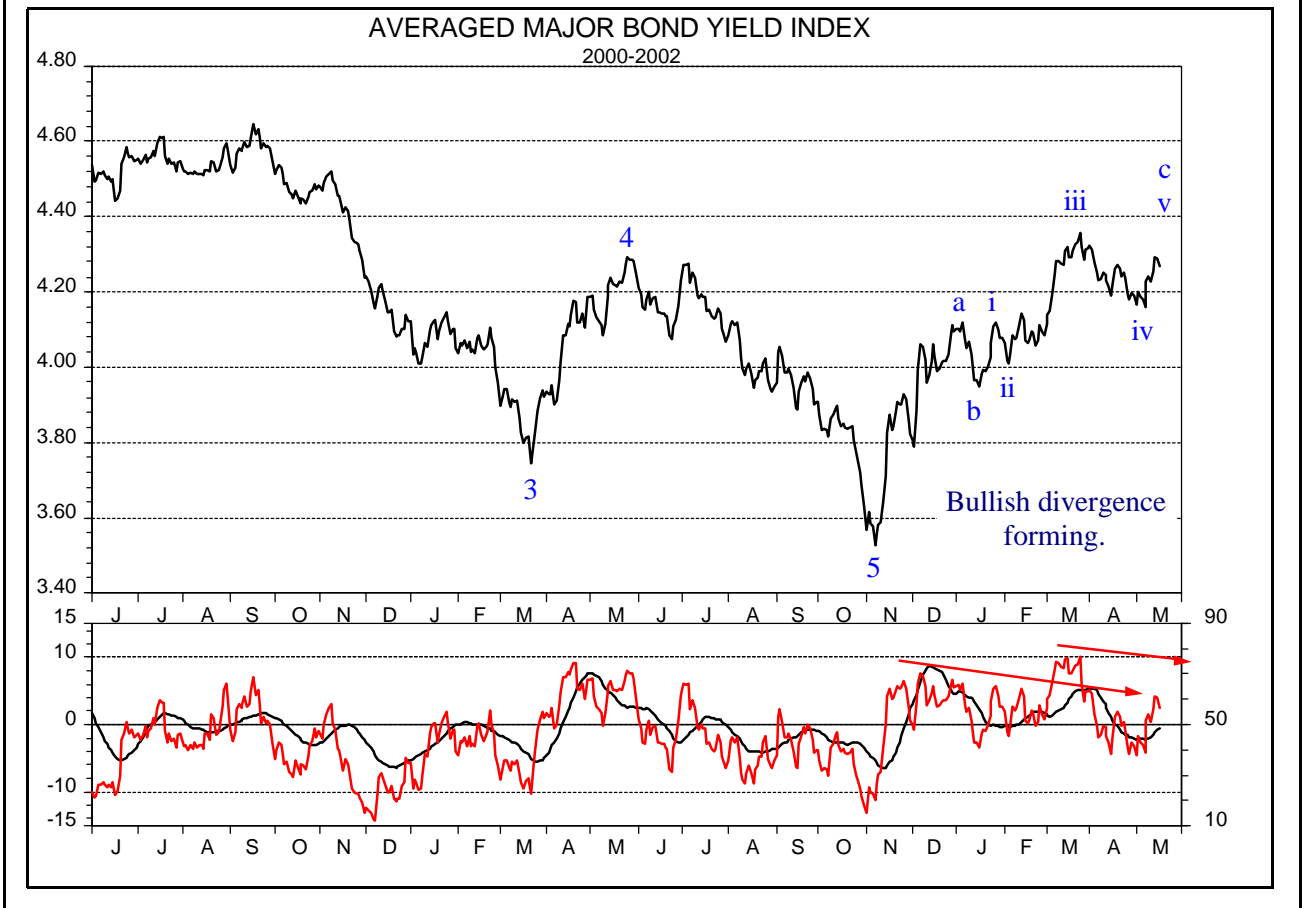
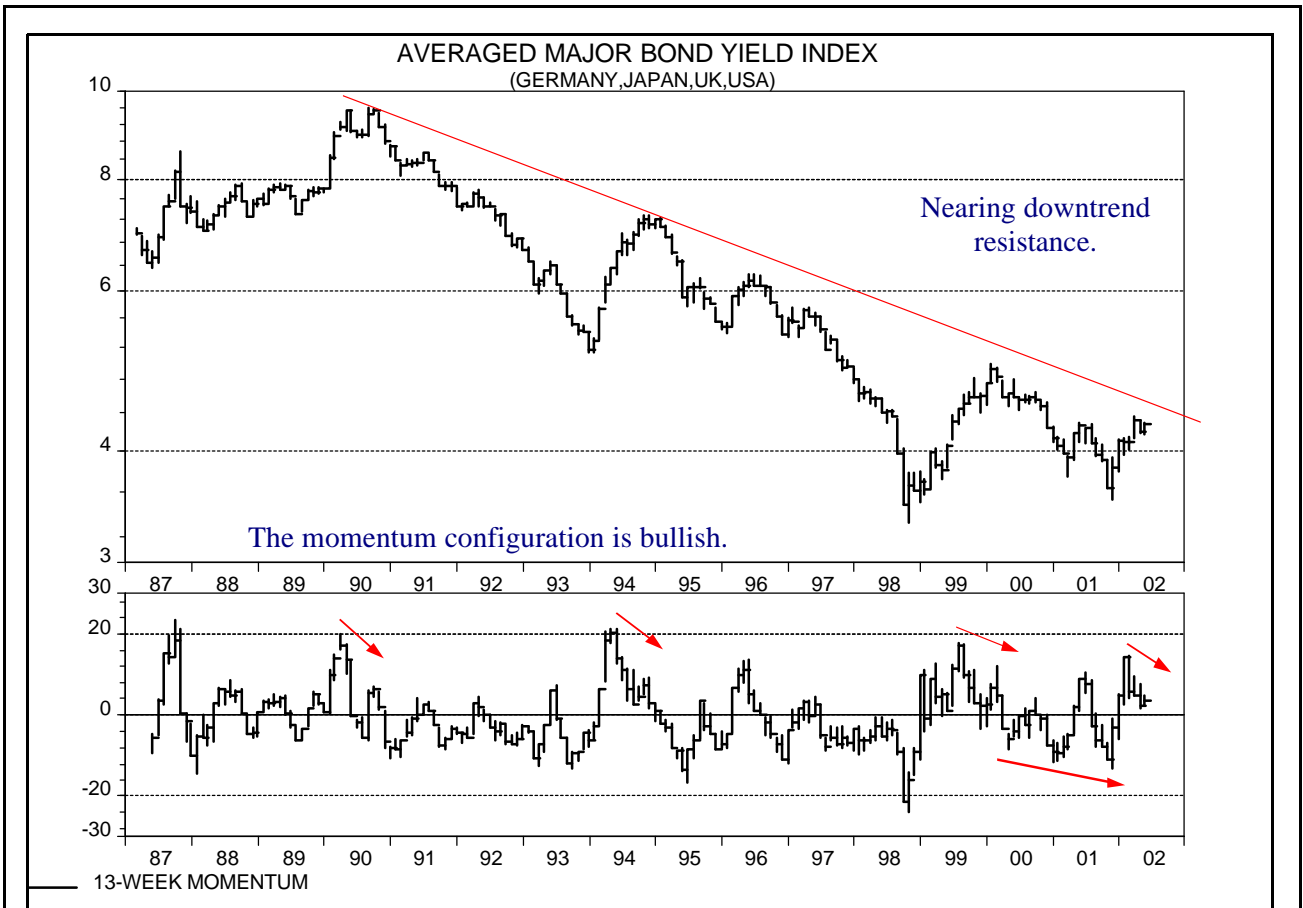
















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