STOCK INDEX SERVICE

Ftse 100 / DJ EuroStoxx 50 / Nasdaq 100 / Ftse Techmark DID YOU KNOW...?
29.04.2003

» **Summary**

Declines from the all-time highs have unfolded into single zig-zag patterns for many of the Stock Indices - and recent lows have found support at Fibonacci retracement levels as measured from the 1987 lows.

This suggests phase 1 of a long-term downtrend has concluded, and that substantial price advances can begin to unfold from the March 2003 lows.

Did you know...?

Ftse 100 / DJ EuroStoxx 50 / Nasdaq 100 / Ftse Techmark

These charts have been sitting on my desk for the last couple of weeks. I wasn't going to publish them because I thought their implications could be misunderstood, but then I realised that if I didn't, an important message would be missed.

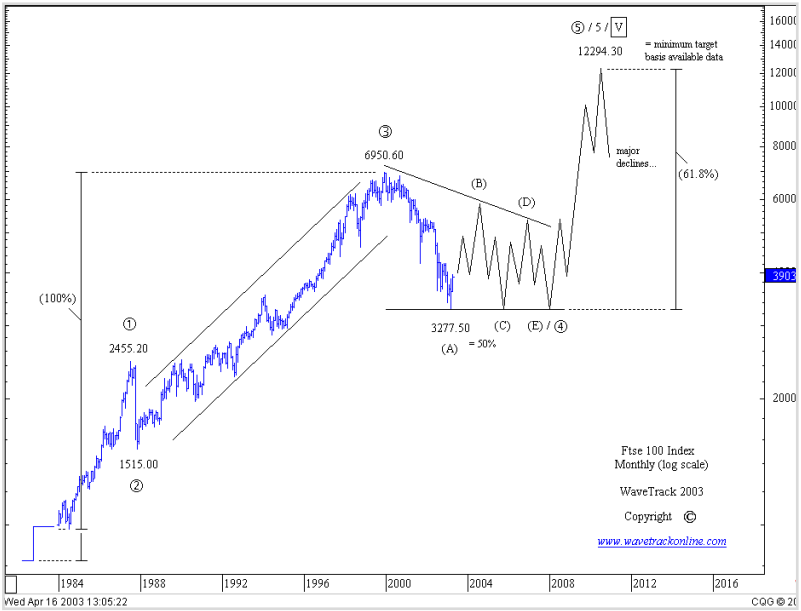

fig. #1 - Ftse 100 Index

Did you know that each of these indices completed declines into perfect fibonacci retracement targets as measured from the 1987 lows?

Amazing to see and witness the subtle harmonic symmetry that unfolds over such long-term periods. The Ftse 100 completed a fib. 50% retracement at the March low of 3277.50 and even more incredible, the decline from the all-time high can be described as completing an (A)-(B)-(C) zig zag where (A) & (C) equate to 100% ratio - see fig 's #1 & #2 (go to fig. #2).

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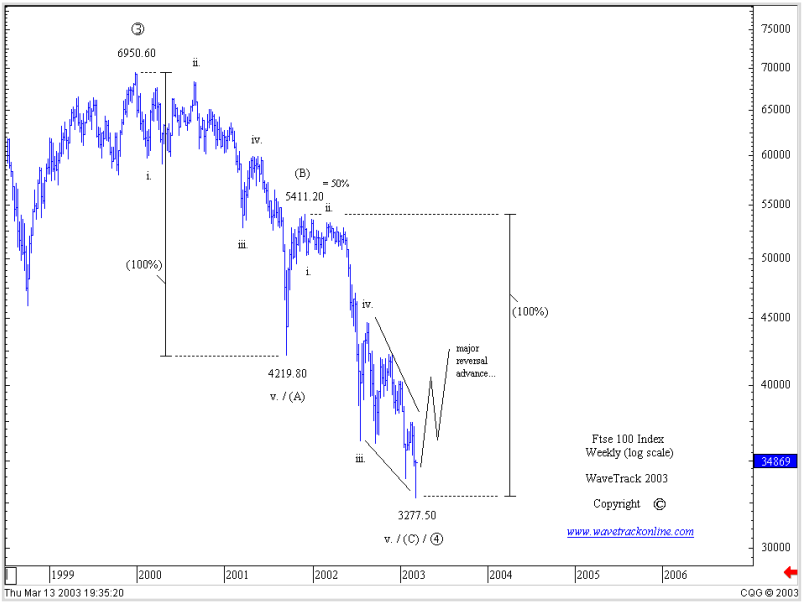

fig. #2 - Ftse 100 Index

The **Eurostoxx 50** also completed a fib. 50% retracement at its March low of 1847.62 and waves a. & c. within the zig zag decline that unfolded from the all-time high of 5522.42 also measure to 100% ratio - see fig's #3 & #4 (go to fig. #4).

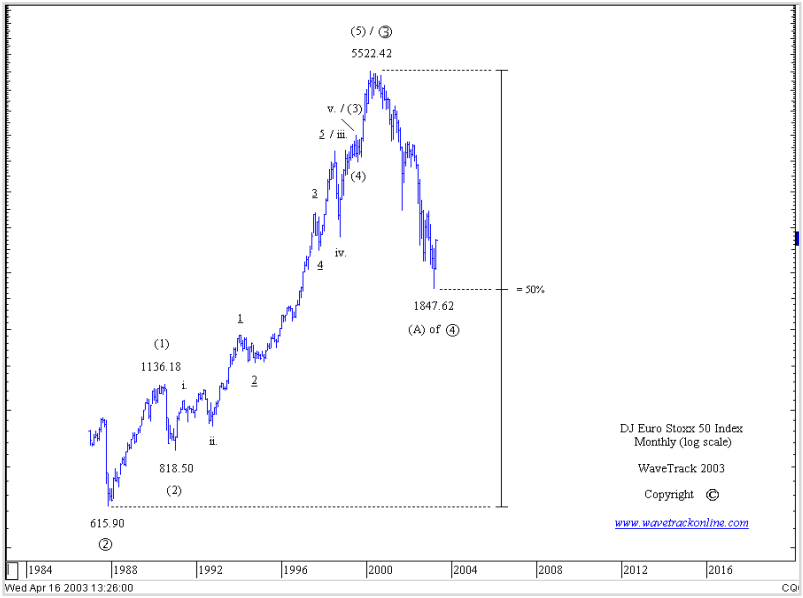

fig. #3 - DJ Euro Stoxx 50 Index

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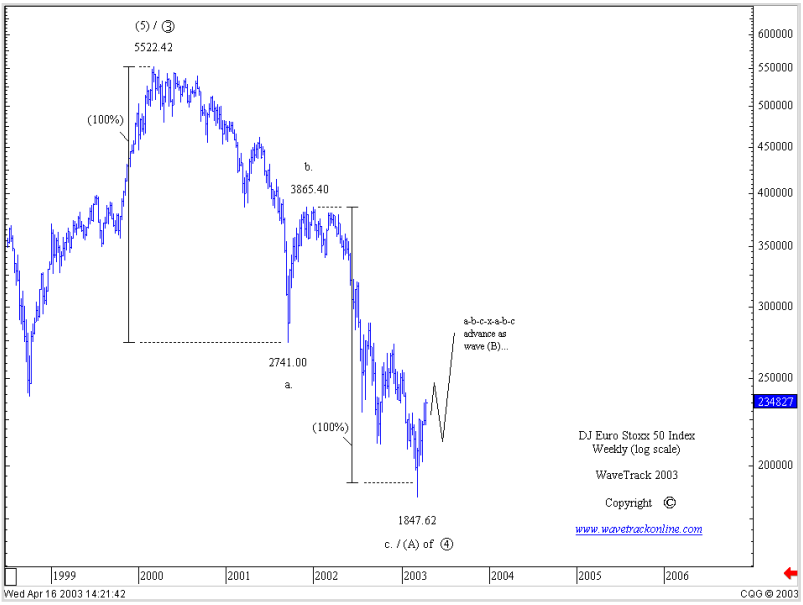

fig. #4 - DJ Euro Stoxx 50 Index

When observing the **Nasdaq 100**, again we see the 50% retracement level holding the bear market decline, but unlike its European counterparts, the pattern has unfolded into an impulsive five wave sequence - see fig. #5 & fig. #6 (go to fig. #6).

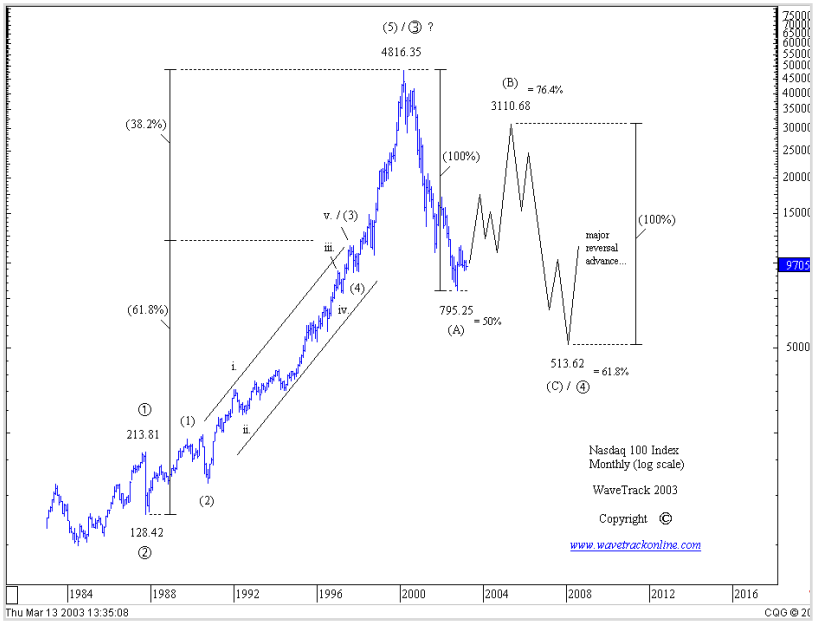

fig. #5 - Nasdaq 100 Index

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And finally the **Techmark**. We don't have data for this one going back to 1987 but interestingly, it did decline from its all-time high of 5719.00 to a low in March '03 at 586.00 like the nasdaq - into an impulsive five wave pattern - see fig #7.

fig. #6 - Nasdaq 100 Index

So what can be learnt from this? This is where I don't want to be misunderstood - my important message is this - firstly, that substantial price advances can unfold from the March lows. Secondly, that evidence of five wave impulse patterns contained within the declines of two of these indices suggests that at some later date, another, similar percentage price decline will unfold. The possibility exists that the **Ftse 100** and the **DJ Eurostoxx** will ultimately unfold (years from now) and complete their bear trends as huge 5-3-5-x-5-3-5 double zig zag patterns whilst the **Nasdaq** and **Techmark** unfold into a more simple 5-3-5 zig zag sequence. We can describe the 2000-2003 declines as phase 1 and the future declines as phase 2.

One of the reasons I was originally reluctant to publish these findings was because there still remains a high degree of probability that the main US indices such as the **Dow Jones** and the **S&P** will only advance marginally above recent levels before declining to new lower lows - below the March lows (Dow targets, up to 9483.00 down to 6387.90 and S&P up to 1060.72 down to 694.93) before completing phase 1. This is because the patterns and fib. ratio target calculations never really completed to their full extent last October.

Nevertheless, with a little stretching, it is possible to conclude the Dow and S&P's phase 1 stage of the bear market at the respective lows of last October 2002 at 7197.50 and 768.63. For the moment, however, both scenarios will necessitate some further advances during the next few months (even though at the time of writing this, I am expecting some short-term retracement declines) and so the question as to whether the Dow and S&P have also completed phase 1 can be addressed later without risk. Ultimately, the extent of the current advance in addition to the examination of the unfolding pattern will enable us to clarify this discrepency - watch this space! PG.

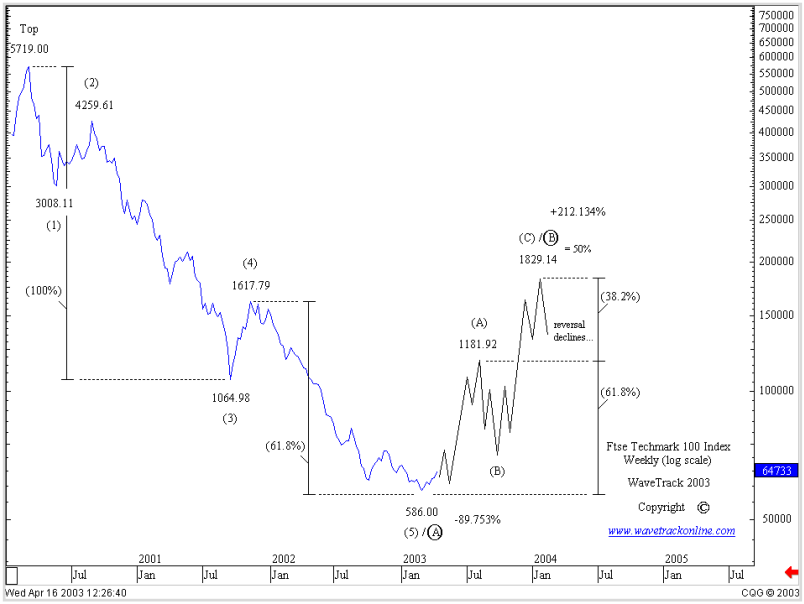

fig. #7 - Ftse Techmark 100 Index

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