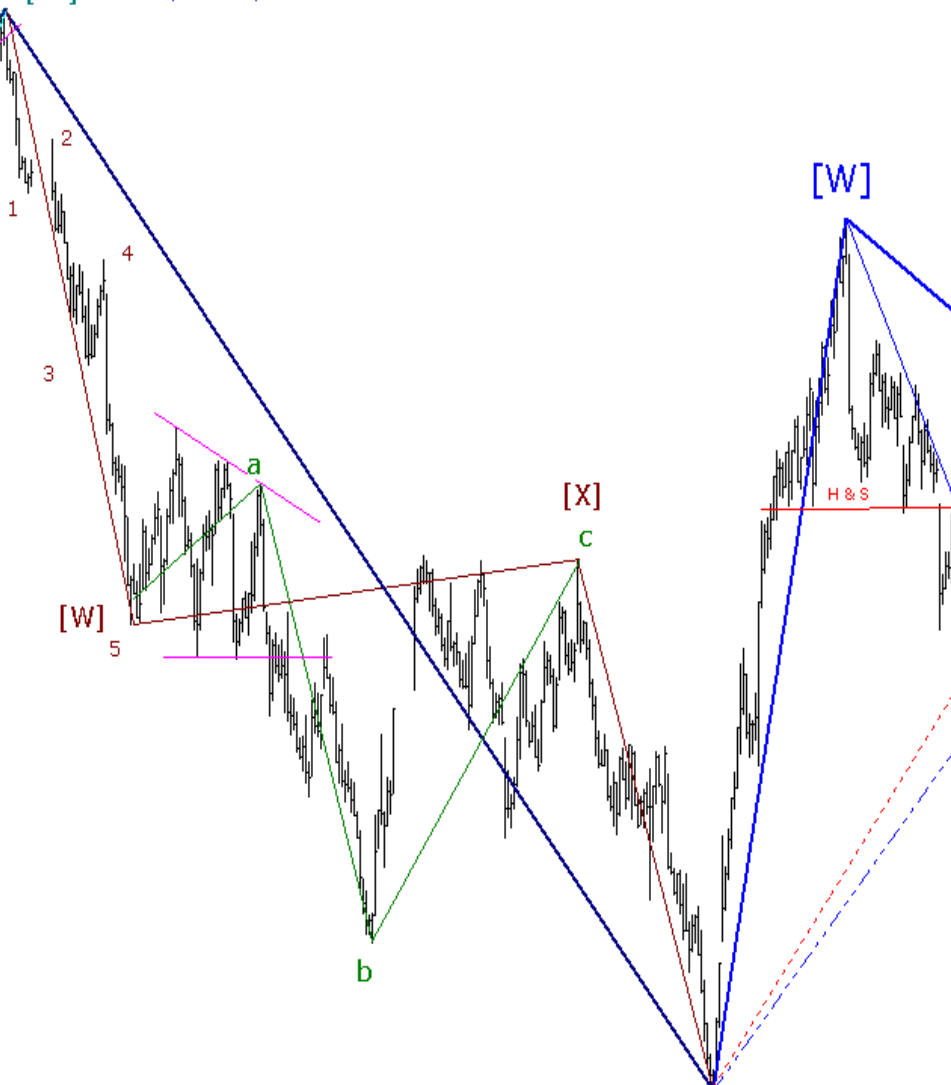


EWP on the S&P 500 index

20 May 2003

[C]

[T5] <---Completion of upmove from 10 Oct 2002



[Y] [D]
788.90

12 March

S&P 500 Cash 5 bars/day

To confirm that there is in fact "A REVERSAL" and that "A TOP" is in there is a need that the move departing the BIFURCATION points is of high momentum, the more volatile the better. From this point of view, the BEARS may have hit pay dirt.

There is also a need that the position shows some order at it completion. The market is a self-order seeking mechanism. This is also the case, in that the third segment of the ZIGZAG completed exactly on $0.707 * [W]$. Note this would not be obvious without selecting the correct position for [X] completion.

A false break of the IRAQI WAR TRIANGLE top containing line is a third attribute. It is a TYPICAL FALSE TEXT BOOK BREAK.

What is now need is needed is that the down move keeps reaffirming itself. The best control in this aspect is the speed of the down move. It should be considerably faster than the [E] wave. The next step is now to plot the down move constantly checking that it is meeting the rules for a genuine break.

Since the up move is a zigzag and not a TERMINAL there is an excellent chance that the high momentum move will continue. The next critical levels are between 38.2 to 61.8% of [E] wave range.

All other aspect of last weekends report stands as written.

960
940
920
900
880
860
840
820
800
780

DISCLAIMER

This information is intended for educational and discussion purposes only. Please direct any discussion to the site where you have obtained the update and not to me personally. I trade for a living. I do not have time to answer all queries. Directing your discussion to the posting site will allow others to participate in the discussions and resolve some of the issues independently. It will also give me the opportunity to learn from the comments.

This update does not suggest nor recommend that any trading position to be taken. **This is NOT financial trading advice.** If you trade, and need assistance or advice, it is suggested that you seek a qualified financial advisor in accordance to the rules and regulations in your country.

Zoran