



## SPECIAL EMAIL REPORT 6-3-03

By Andre Weisbrod

### The Bull Commeth! ?

As you have probably noted, the stock markets have been rising over the past couple months. Here are some thoughts.

On March 2, 2003 I sent you a special report headlined "Last Big Buying Opportunity Near?" The S&P 500 had closed the previous trading day at 841.15. On March 11 it hit a low of 800.73. Yesterday it closed at 967. That's a gain of 20.8% in less than three months!

The S&P 500, Russell 2000 (smaller stocks index) and EAFE (international) have all broken through their previous trading range highs. Only the DOW is left before we can say a bullish trend is in place.

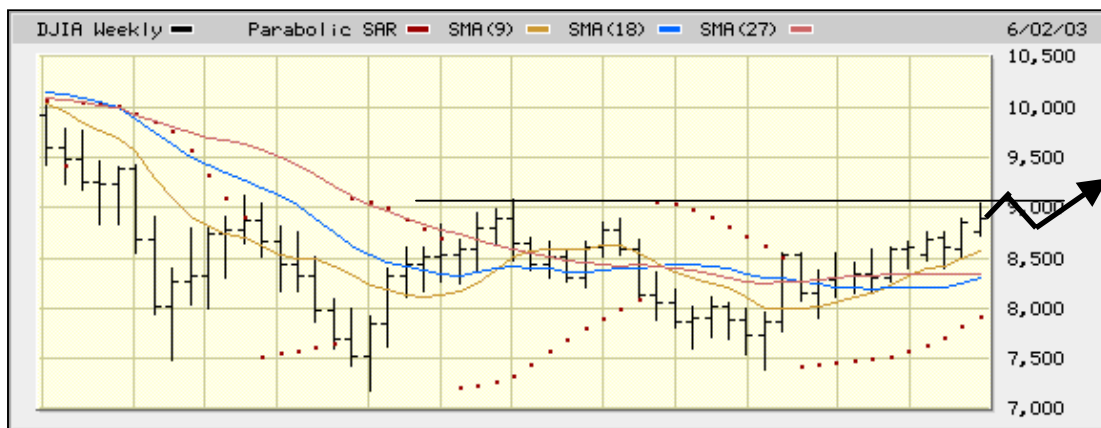
The DOW needs to exceed 9000, specifically about 9015 to break into a bullish pattern.

At this level it is reasonable to expect some "backing and filling", meaning even if the DOW breaks through, it will not be surprising to see the markets retreat 5% or so before rising to higher levels. Indeed the DOW is hitting resistance now.

I have been buying into this rally, gradually decreasing our cash positions. However, I am still keeping cash available and am willing to trail the indexes a bit at this point. The economy and the markets are not 100% in the clear.

That being said, this is the best the stock markets have looked in three years. If the DOW can advance to near 9100 or better, that would set the stage for a consolidation and then further advances. Significant support should be found around 8500-8600 and a pull back to that level would not be alarming. The chart below shows a possible pattern (arrow) for the Dow that would set the stage for an orderly and reasonable bull market.

Will something like this occur? Of course we can't know for sure, and there are still significant risks. However, this market is looking better than it's looked in a very long time.



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