

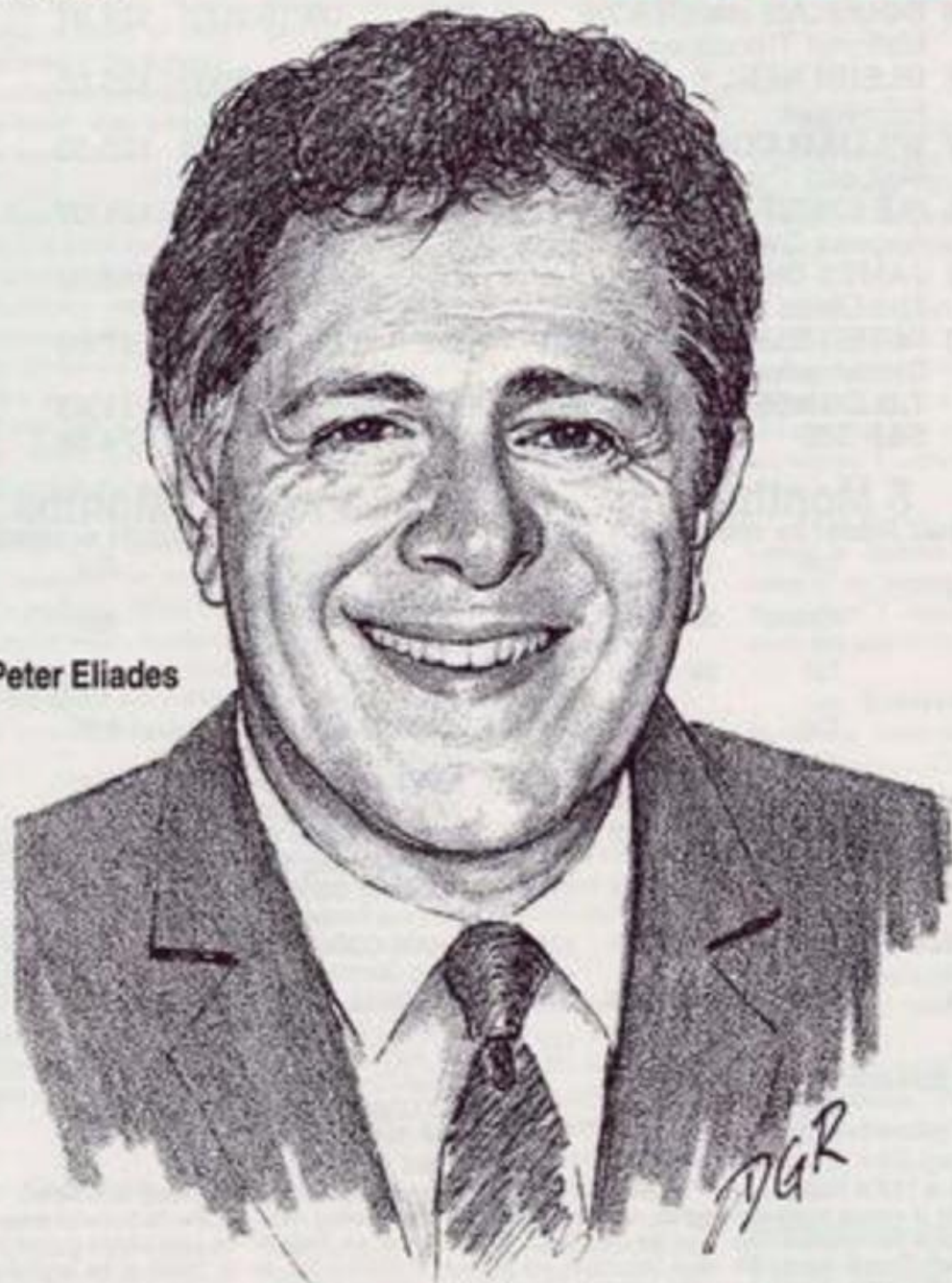
October 8, 2001

Timer

DIGEST

ISSUE NO. 356

Peter Eliades



Stockmarket Cycles



FINANCIAL INSIGHTS INTERNATIONAL
FOUNDED NUMBER

S&P 500: 1071.38

TOP TEN TIMERS

DJIA: 9,119.77

ONE YEAR - FROM: 10/05/2000 TO: 10/05/2001

	<u>CURRENT</u>	<u>SINCE</u>	<u>INDEX</u>
1 CRAIG CORCORAN Craig Corcoran Futures	Bull	09/18/2001	169.44
2 CHRISTOPHER CADBURY Cadbury Timing Service	Bear	04/10/2001	159.33
3 DALE WOODSON Woodson Wave Report	Bull	09/19/2001	144.22
4 MARK LEBOVIT VRTrader.com	Bull	08/22/2001	130.67
5 DOUGLAS JIMERSON National Trendlines	Bull	09/18/2001	127.91
6 GLENN NEELY NEoWave	Bear	09/26/2001	125.05
7 WILLIAM CORNEY No-Load Portfolios	Bear	06/25/2001	123.35
8 IKE IOSSIF Aegean Capital	Neutral	09/19/2001	121.07
9 JAMES DINES The Dines Letter	Bull	09/28/2001	118.64
10 PETER ELIADES Stockmarket Cycles	Bull	09/24/2001	117.69
T.D.CONSENSUS S&P 500	Bull	09/28/2001	111.43 74.59

6 Months

From: 04/05/01 To: 10/05/2001

CRAIG CORCORAN Craig Corcoran Futures	Bull	09/18/2001	131.34
IKE IOSSIF Aegean Capital	Neutral	09/19/2001	123.42
DALE WOODSON Woodson Wave Report	Bull	09/19/2001	120.94
SY HARDING Street Smart Report	Bull	10/03/2001	118.45
P.Q. WALL The P.Q. Wall Forecast	Bull	09/25/2001	116.54
RICHARD MUELLER Mueller Market Cycles	Bull	09/18/2001	116.47
ARCH CRAWFORD Crawford Perspectives	Bear	08/10/2001	113.68
CHRISTOPHER CADBURY Cadbury Timing Service	Bear	04/10/2001	112.14
DOUGLAS JIMERSON National Trendlines	Bull	09/18/2001	110.15
BERNIE SCHAEFFER Schaeffer's Investment Research	Bear	08/28/2001	107.76
T.D.CONSENSUS S&P 500	Bull	09/28/2001	95.69 93.05

3 Months

From: 07/05/01 to: 10/05/2001

DALE WOODSON Woodson Wave Report	Bull	09/19/2001	123.62
DOUGLAS JIMERSON National Trendlines	Bull	09/18/2001	115.18
IKE IOSSIF Aegean Capital	Neutral	09/19/2001	114.66
PETER ELIADES Stockmarket Cycles	Bull	09/24/2001	113.73
*CHARLIE HOOPER mutualfundstrategist.com	Bear	08/13/2001	112.18
*CHRISTOPHER CADBURY Cadbury Timing Service	Bear	04/10/2001	112.18
*WILLIAM CORNEY No-Load Portfolios	Bear	06/25/2001	112.18
CRAIG CORCORAN Craig Corcoran Futures	Bull	09/18/2001	112.12
P.Q. WALL The P.Q. Wall Forecast	Bull	09/25/2001	110.00
SY HARDING Street Smart Report	Bull	10/03/2001	109.85
T.D.CONSENSUS S&P 500	Bull	09/28/2001	104.98 87.82
* Tied			

NOTE: A regular feature of TIMER DIGEST is a report of the current opinion of various forecasters and an analysis of how accurate their forecasts have been over the most recent 52-week period (104 weeks for Long Term Timers). In every instance, we have tried to be as fair as possible in the comparisons, although reliability of the information given cannot be guaranteed. Because of mail delays, it is possible that the current opinion may have changed before press time.

While all the services rated provide buy and sell signals, some do not recommend short selling. However, for purposes of illustration only, the Performance Index takes into account the gain and loss on sell signals as well as buy signals. Some of these forecasts are designed to identify short term market moves while others are long term in nature. The Index measures the efficiency of the services over a 52-week period in the same manner for all. The Long Term Timers are measured over 104 weeks using

their Long Term models.

The Performance Index is calculated by considering each advisor and the S&P 500 Index to be equal to 100.00 at the beginning of the period. Timing signals assume either long or short positions in the S&P 500. This study is hypothetical and is for the purpose of comparison only. Past results are not an indication of future results. For more information call or write: **TIMER DIGEST**, P.O. Box 1688, Greenwich, CT, 06836-1688 (203) 629-3503

Stockmarket Cycles

Peter Eliades' first appearance in *Timer Digest* was on the cover of the March 19th, 1984 edition. In 1985, he was named *Timer of the Year* and in 1986, the race for *Timer of the Year* went down to year end, when Bob Prechter edged out Peter for the title on the last day in December.

Peter also appeared on the cover of the May 19th, 1986 *Timer Digest*. The story in that issue described Peter's unusual background. He graduated from Harvard College in 1960 and from Boston University Law School in 1963. After taking his bar exam upon graduation, he left for the great "White Lights of Broadway," where he was intent on pursuing a career in show business. Peter relates the story about his father's advice when dad had been notified about Peter's interest in show business. Dad said, "Get your education first and then you can become a bum." Peter jokingly continued, "I took him up on it." In 1967, Peter left the white lights of Broadway for the glitter of Hollywood, little knowing at the time that the fame and fortune he was seeking in show business would come in a completely different field.

His financial career began on KWHY-TV, the nation's first full time financial television station in Los Angeles in 1972. Those television appearances created a growing demand for his market analysis and he began his newsletter in July 1975. The analysis was on the technical side of the stock market with a particular emphasis on cycles. In late 1981, Peter's media appearances expanded to a nationwide basis when he became a frequent guest on Financial News Network. For a short time, Peter did daily technical analysis on that network. In 1991, two events occurred which changed the pattern of his media appearances. He moved from Los Angeles to Santa Rosa in Northern California and Financial News Network ceased broadcasting, yielding to CNBC, its Eastern competition. Peter's move to Northern California was precipitated when he and his wife Marie

had their first child. They now have three children, Lia 12, George 9, and Alexander 7.

Peter has always been a 100% market technician. He claims that, although fundamentals are obviously important for the long-term, they have nothing to do with market timing. He considers his most important market tools to be his cycle price projections, which are a derivation of the techniques developed by J.M.Hurst, and the Trading Index (Arms Index). Although he did not invent the concept of the "Open" Trading Index, he gave it its name in the early 80s and popularized it in a *Barron's* article written in the summer of 1987.

Peter admits that his belief in the very long term market and economic cycles, and especially in the Kondratieff Wave, caused him to become overly bearish in the late 1980s and throughout most of the 1990s. He said that his cycle work was tainted by this overbearing negative prejudice and he admits to being a decade early in his analysis of where we are within the current Kondratieff Wave. He continues to believe, however, that the market has a severe price to pay for the excesses of the past decade, especially since 1994. He believes the very best that can be expected is little to no market progress over the next decade with large trading ranges until the market reverts to the mean. The very worst that can be expected could be bad indeed—perhaps a devastating bear market that would accomplish a paring down of the rest of the market in the same fashion as the technology and Internet stocks were trimmed over the past 18 months.

In his newsletter, Peter gives specific recommendations for mutual fund switchers. His recommendations relate to specific model portfolios for the Rydex Group of funds and the Fidelity Select group of funds. His timing signals are currently not objectively based. Signals for both the Rydex and the Fidelity Select group of switchers are derived mostly from his cycle price projection work in association with other technical indicators, but there are no specific objectively based buy and sell parameters.

Over the past several years, Peter has spent more and more of his time developing Trading Systems. The motivation for this development derived from his observation that no single market discipline can be successful at all times. He continues to swear by the effectiveness of his price projection technique, but offers the opinion that the day to day emotions that the market engenders are a hindrance to the art of market analysis. Trading Systems have no emotions, and although the development of an individual system can take as long as a few years, once the system has been satisfactorily honed, emotions should never enter the picture. He has recently licensed his favorite system to one of the world's largest commodity management firms.

This is not to say that Peter has changed his market focus completely. His love of the markets motivates him to attempt to learn more each day about market analysis. He likes to think he approaches the subject with an open mind and is willing to investigate any theory, no matter how apparently far-fetched, if it appears to produce winning results. Although he hopes to be able to spend more time with his young family, and although that remains difficult for someone who does a daily market commentary, he believes he will never lose his fascination for the beat of the stock market.

Timer Digest has been monitoring Stockmarket Cycles since 1984, and it currently ranks number 4 for the most recent 6 months and number 10 for the most recent 12 months, please see page 2. For more information please contact the following:

Stockmarket Cycles
P.O. Box 6873
Santa Rosa, CA 95406-0873
800-888-4351
1 Year, (12 Issues) with periodic mutual fund updates \$252
email \$219
1 Year, letters & daily updates \$480 - email \$420

Summary and Outlook

Since the September 17 Issue, the stock market as measured by the Dow Jones Industrial Average, declined 485.74 points (-5%), and closed at 9119.77 on October 5. In the period, the stock markets were influenced by the aftermath of the terrorist attacks and news of the "war", the economy, interest rates and the administration's aid packages. In the process, the market appears to have made a successful retest of the September low and according to several analysts, now has a better than average chance of further recovery.

Overall, the financial markets remain very fragile, but there are beginning signs of potentially positive resolutions for the economy and the rebuilding of consumer confidence. Interest rates are at the lowest levels in decades, inflation is favorable and the world is rallying together in the fight against terrorism. While there is significant downside risk in the markets, with bond yields and saving account returns falling, there is an enormous amount of funds available for investment in the equity markets. When the economy and employment numbers begin to improve there is the potential of a strong recovery in the stock market. Meanwhile investor patience is suggested.

Currently, the Consensus of the Top Ten is Bullish with 6 Bulls, 3 Bears and 1 Neutral.

Craig Corcoran is Bullish. He anticipates three advancing segments from the September 21 bottom and the first rally phase should end next week. Overall he expects this to be a multi-month bear market recovery for equities.

Christopher Cadbury is Bearish. He said the stock market is reaching an area of resistance where people can and will recoup most of their losses from the post-attack plunge. A top is also shown by the very heavy volume the past two days as the stock market has moved sideways and by three over-

bought sentiment indicators.

Dale Woodson is Bullish. However, he expects the current advance in the S&P 500 index to hold below 1168, and once complete, this rise will give way to a decline below the 944 low registered on September 21. However, any move above 1168 would negate this wave count and will likely signal higher prices.

Mark Leibovitch is Bullish. He said bull markets have often come out of moments of despair and panic and a very big low could have been formed. Currently his Annual Forecast Model continues to show upside potential through year end.

Doug Jimerson is Bullish. He said although short-term cycles are negative and trend analysis is negative, sentiment readings are supportive for stocks and his Timed accounts remain invested.

Glenn Neely is Bearish. He said the S&P 500 Index should drop to the 1020 level under the most bullish scenario, and could then rally a little more, consuming as much as two more weeks.

William Corney is Bearish. He believes the best course of action is to wait until the turbulence in the market plays itself out before making any major changes or commitments. He said uncertainty is still the dominant factor affecting investor sentiment and the odds favor more weakness when the current rebound fades.

Ike Iossif is Neutral. His proprietary forecasting model has produced two scenarios for the S&P 500 Index for the next 3-5 weeks. On the bullish side he has a target of 1150, with a probability of 41.72% to materialize, and on the bearish side the target is 925 and a probability of 44.52% to materialize. This is a neutral reading that suggests it is just as likely for the index to fall to 925 as it is to rise to 1150.

James Dines is Bullish. Although this may only be a short-term rally he said there is a possibility of a news inspired

rally that would take the Nasdaq to the 2000 level. He believes it is a good time to commit some reserves and perhaps average down on your favorite stock.

Peter Eliades is Bullish. He said we have begun to see the consolidation that he expected, but he does not believe that a large correction is in the works. Overall, significant higher projections from current levels are possible but have not yet been confirmed.

The comments which follow are provided in response to subscriber requests that previous "Timers of the Year" be monitored on a continuing basis, despite their absence from the current rankings.

Gerald Appel of Systems and Forecasts is Bullish. He said the most likely scenario is for 2-4 weeks of backing and filling and then a more spirited market advance, but it is difficult to factor in the intentional situation.

Stan Harley of the Harley Market Letter is Bullish. However, he said a retest of the September low is likely in the November 1, time period which should mark the low in this decline.

And, **Robert Prechter and Steven Hochberg** have provided the following evaluation from **The Elliott Wave Financial Forecast**, October 2001 Issue. "The DJIA will have to decline below 8800 before we can conclusively say that the retest of the September low is underway. Absent a break to this level, the near-term momentum picture suggest that prices will attempt to reach the higher resistance area of 9370-9533 before topping out."

Please check the Hotline for the latest updates. The Hotline is updated every Wednesday and Saturday by 7:00 p.m. ET, with special updates as necessary.

**Next Issue to be mailed
on October 29, 2001**
