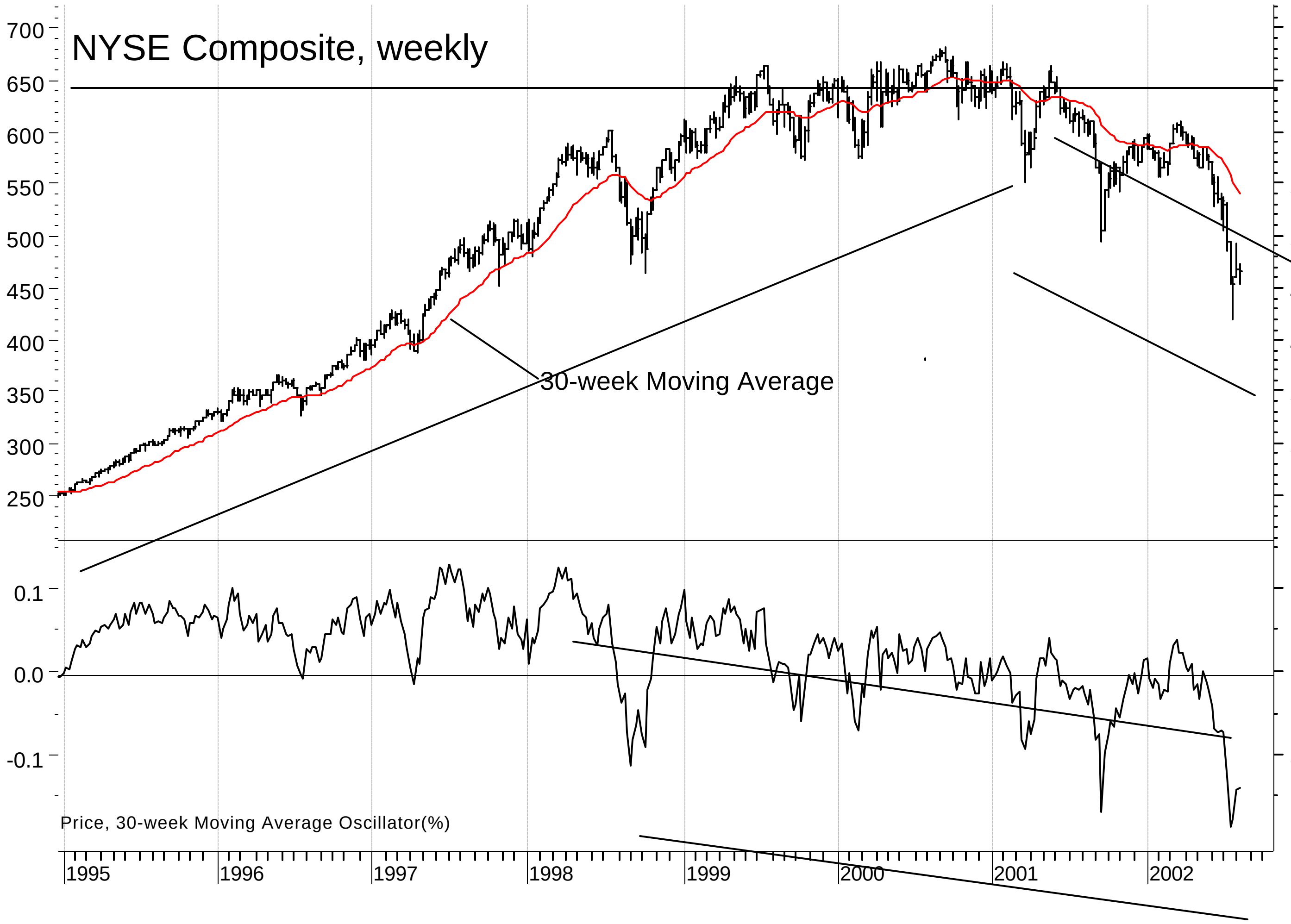
HOW EXTENDED CAN IT GET? STOCK MARKET FAR BELOW KEY MOVING AVERAGE:



NEW YORK STOCK EXCHANGE INDEX TRADING AT LOWER BOUNDARY OF CHANNEL:

Another one of those "we must be near a bottom" indicators.

The upper chart shows the NYSE Index along with its 30-week moving average, major uptrendlines (until 2001), and its current downtrend channel. (How times do change.)

With its downtrend certainly intact, the major term trend must be considered down at this time. Until proven otherwise, the bear market remains very much in effect. However, with prices barely above the lower boundary of the major downtrend channel, the odds would appear to favor a short term and very possibly an intermediate recovery as well. The potential is there for a 15 - 20% rally that would remain still within the context of a major bear market.

The lower scale shows the differential between the weekly closing price level of the New York Stock Exchange Index and its 30-week moving average. The index tracked strongly, well above its moving average for the most part, between 1995 - 1999,
weakening but essentially positive throughout 1992. Its period of maximum upside momentum took place between 1997 - 1998. In recent weeks, the average has declined to levels roughly 20% below the 30-week moving average, a negative
differential of a magnitude not seen since 1974.

An attempt at recovery, a narrowing of the gap, appears to be taking place, the resolution as yet uncertain. The extent to which the Index lies below its moving average does suggest the likelihood of recovery, at least on a temporary basis. No guarantees, of course.

SUMMING UP: A number of intermediate and even major term indicators have become extended and oversold to the downside. This situation has been creating bursts of bottom fishing rallies, with as yet minimum follow through. One of these days, something should stick but as of yet, the bears still hold the field.