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Editors

Systems & Forecasts

Timing the Market since 1973

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PLEASE NOTE: You will notice a four or five digit number on the front of your envelopes above your name. This is your "subscriber" number. Please use this number as reference for future correspondence.

We would like to welcome --

The large number of new subscribers that derived from our participation in the Online Trading Expo in New York City at the start of the month.....

Those subscribers that derived from the Alex Elder Investment Camp in the Dominican Republic, at which we were teaching participants.

Those subscribers that have come on board as a result of recent articles by Dr. Marvin Appel, who was recently asked to consult at the state capital in Albany, NY.

New feature.....

Check your e-mail at the start of each month for the latest ranking of mutual funds by relative strength. Remain invested in funds that themselves remain in the top 10%.....

March 21, 2003

THE STATE OF THE MARKET: UNLESS SOMETHING DIRE TAKES PLACE TODAY (FRIDAY), THE STOCK MARKET WILL BE GOING INTO NEXT WEEK ON SHORT TERM, INTERMEDIATE TERM, AND VERY POSSIBLY LONG TERM BUY SIGNALS AS WELL.

THAT SAID, WE MUST ALSO NOTE THAT WE WILL CONTINUE TO APPROACH THE STOCK MARKET WITH CAUTION UNTIL THE FUNDAMENTALS IMPROVE AND/OR STOCKS ARE FINALLY ABLE TO ACTUALLY MOVE THROUGH OVERHEAD RESISTANCE.

The good --

MACD patterns are now favorable for both the short and intermediate term. What is more, monthly MACD lines appear to be generating major term bull market signals of a type that has been extremely reliable for more than half a century!

Tape action has improved. Market breadth has not been as strong as we usually see at the onset of major bull markets but has been better than OK. The interest rate climate is favorable. The public remains very pessimistic. The war seems to be going right on schedule. The president is warning of a potentially long campaign but his willingness to allow television crews on the battlefields implies otherwise. The defense and oil service industries may be major beneficiaries.

The bad --

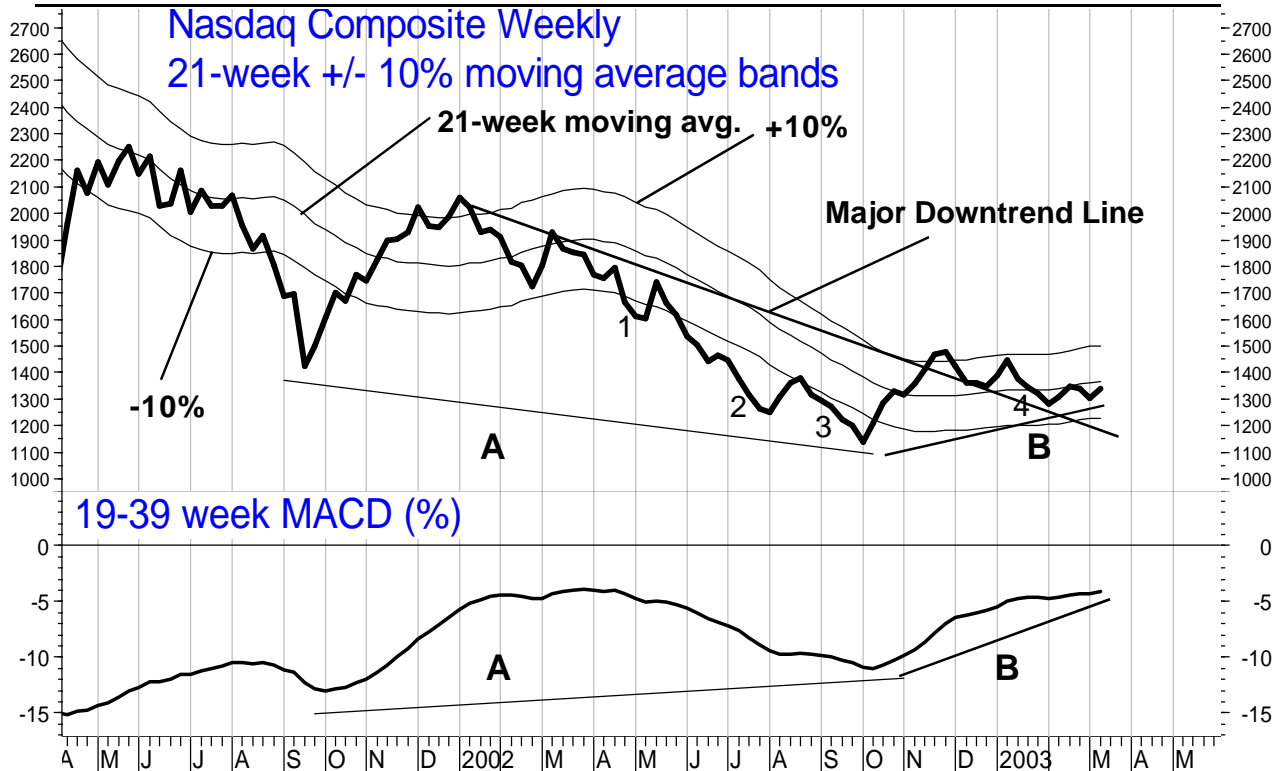
As Ned Davis observes, the price/earnings ratio of the S & P 500 stands at 28. At the time of the gulf war of 1991, it stood at 15.5. The dividend payout is now 1.9%. 1991? How about 3.75%. Mutual fund cash position? Now, 4.4%. Then, 11.4%.

It is not at all clear that the worldwide economy is ready for significant improvement. Nor is the cost of the war and occupation to come very clear. They estimate \$20 billion a year to remain in Iraq. If the government estimates at \$20 billion.....?

Lots of overhead resistance, though a penetration of the 930 level for the S & P 500 Index would carry definite bullish implications, reversing the trend from down to neutral. We expect rising cycles to turn down within a few weeks. Near term targets? Roughly 920. Early April.

In short, though the indicators remain mixed, the bulls are having better days, longer term momentum patterns improving. We do not look for great market action but do have to respect that long term MACD buy signal. Join in. With care. But you can join in.

LONG TERM MOMENTUM PATTERNS OF NASDAQ IMPROVING.....SIGNIFICANT BUY SIGNALS MAY BE TAKING PLACE. NASDAQ IS LEADING THE NYSE INDEX IN RELATIVE STRENGTH WHICH IS A BULLISH INDICATOR.



LET'S STUDY THE KEY PATTERNS.....

The chart above, a weekly based chart of the Nasdaq Composite, includes a moving average trading channel, in this case a 21-week moving average (center line), and bands 10% above and below the moving average. The bottom scale shows a relatively slow MACD pattern, created by subtracting a 39-week exponential average from a 19-week exponential average. The MACD line is a measure of market momentum.

THE MOVING AVERAGE CHANNEL -- POSITIVE INDICATIONS:

The moving average channel has reversed direction, is now moving to the upside. This is bullish.

Let's look at areas 1, 2, 3 and 4. At 1, prices declined to slightly below the moving average channel, a sign of weakness since the previous decline had remained within the channel. At 2, the decline penetrated even further below the moving average channel. The decline at 3 did fall below the moving average channel, but not as far as 2 (a positive sign that downside momentum was decreasing). At 4, prices did NOT decline to below the moving average lower channel boundary. This is bullish. Since Area 4, the price levels of Nasdaq have traced out a rising double bottom -- bullish.

LONG TERM DOWNTREND HAS BEEN REVERSED:

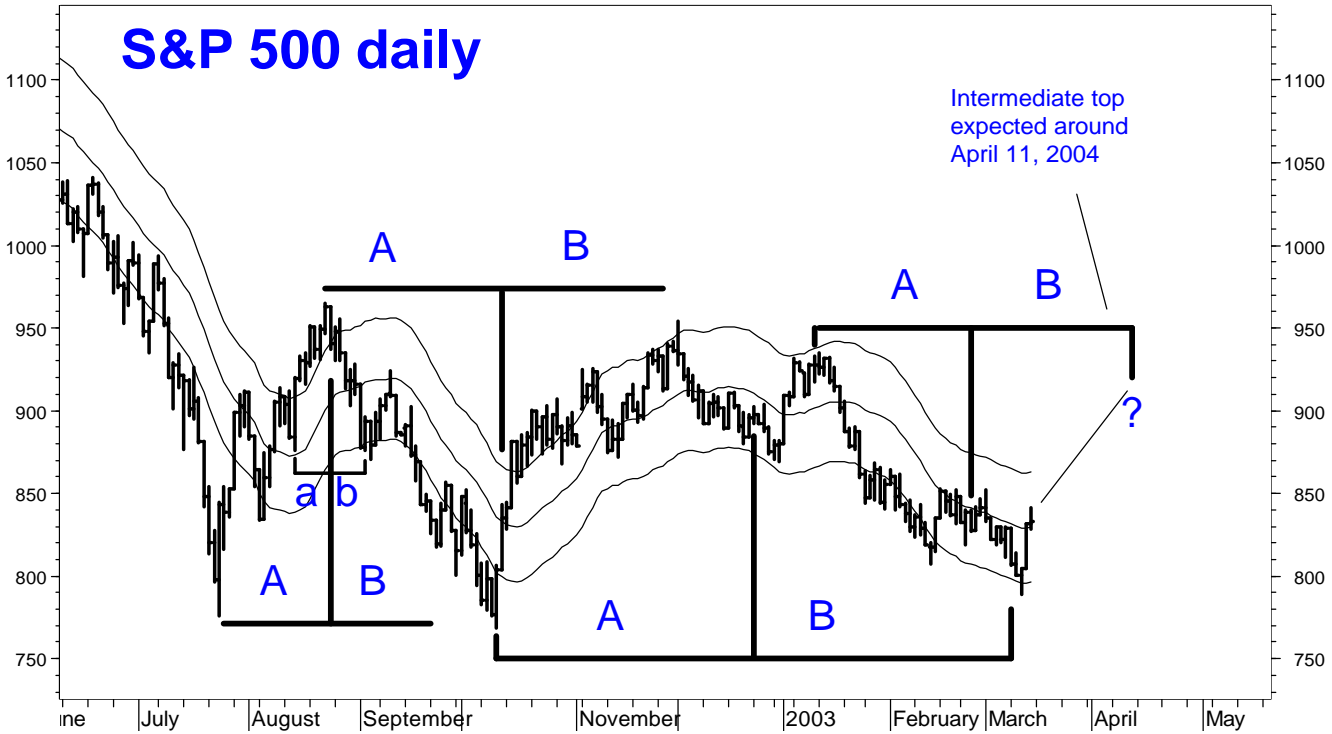
A major term downtrendline, going back to the start of 2002, has already been penetrated, and has been tested by retracements back to that trendline late last year and early this year. The pattern is rapidly improving, a shorter term rising double bottom in place.

MACD PATTERNS HAVE BECOME POSITIVE -- POSITIVE DIVERGENCE IN PLACE:

As you can see, MACD patterns in Area A did not confirm the market's decline to new lows -- rising as prices declined. This is a positive divergence -- price falling to new lows, momentum not confirming. MACD patterns have since turned upwards, remaining well below the levels at A. We would like a somewhat stronger slope in MACD -- the slope of advance has not been very dynamic -- but do rate the indicator as favorable.

SUMMING UP: Lots of fundamental questions do remain, but the technical picture has become more favorable.

T-FORMATIONS PROJECT RISING MARKETS UNTIL MID-APRIL.....



S&P 500 daily, 21-day moving average +/- 4% bands and Magic T's. During trading range conditions the projected reversals often occur in the vicinity of the upper or lower trading bands (as in the November 2002 top and the January 2003 low).

T-FORMATIONS -- HOW TO USE THEM:

The chart above, of the Standard & Poor's 500 Index, illustrates the construction of T-formations which are employed to project in advance likely turning points for the stock market.

To project the next market bottom --

Measure the distance IN TIME between the most recent market low and the most recent market high. Draw a vertical line down from the high to the level of the low. Draw a line from the low to that center line down. This is Area A. Project forward that distance, securing Area B. This will show when the next low is due to occur.

If the market high takes the form of a double top, make your measurement to the center of the formation between the two tops.

Reverse this procedure to locate upcoming market high periods.

QUICK EVALUATION:

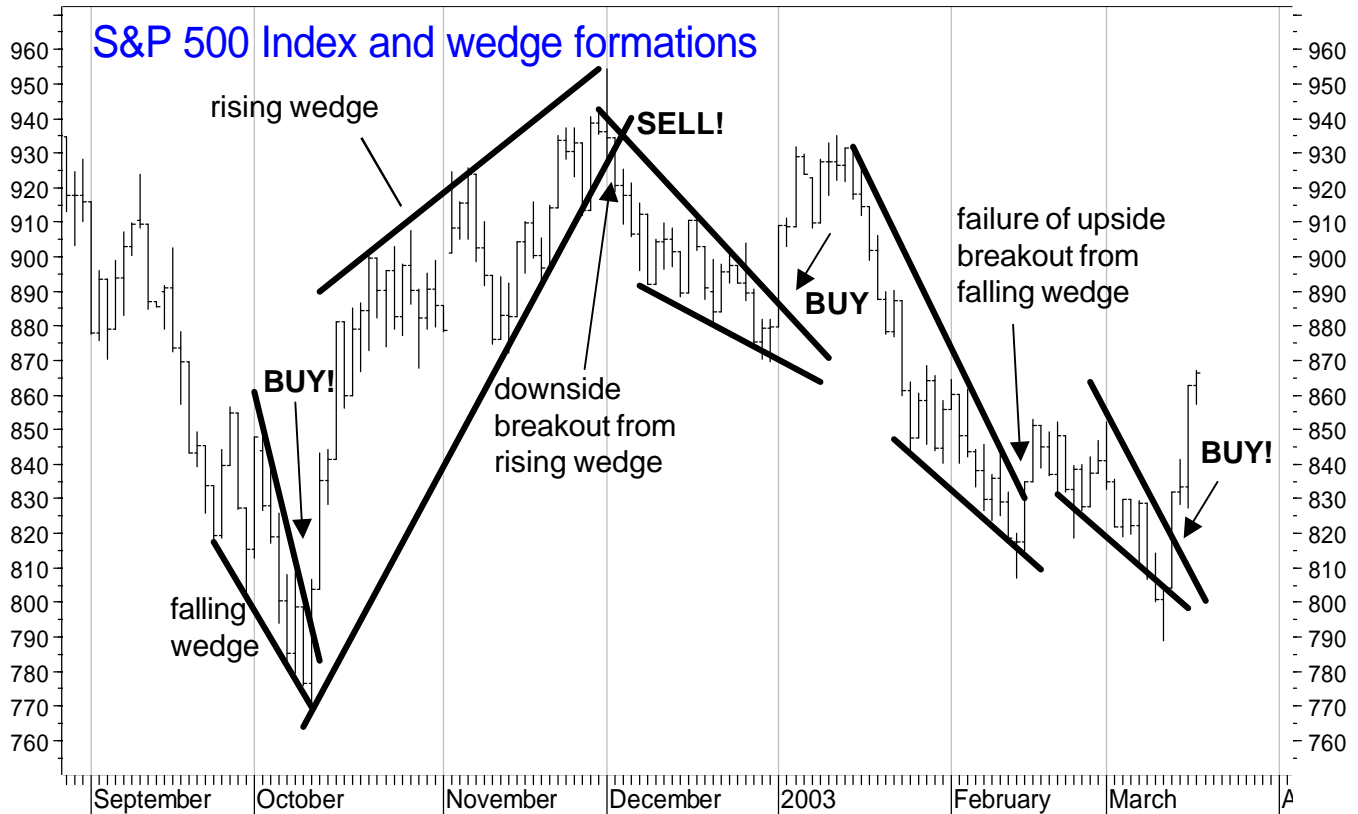
This technique produced a near perfect projection of the November 2002 market peak, a near perfect call of the September bottom.

It appears that an excellent projection has been made for the rally that got under way last week.

There are a number of potential T-formations I have not included. Perhaps you might try to locate some yourself.

CURRENT STATUS: Quite bullish for the present time frame . Reversal at the cyclical low seems to have taken place right on schedule. The next intermediate high based upon T-formations is scheduled for April 11. BE READY TO BUY ANY NEAR TERM RETRACEMENT TO THE 21-DAY MOVING AVERAGE.

THE POWER OF WEDGE FORMATIONS! RECENT BUY SIGNAL HAS PRODUCED A GOOD FOLLOW THROUGH.....



WEDGE FORMATIONS -- POWERFUL REVERSAL PATTERN:

The chart above illustrates the strength and high (not perfect) reliability of wedge formations.

A falling wedge takes place when the upper and lower boundaries of downside channels converge, the upper boundary declining at a more rapid rate than the lower boundary. Wedges are normally confirmed if volume decreases as the formation moves along.

In our experience, falling wedge patterns are USUALLY followed by upside breakouts. There are four falling wedges on the chart. Three were followed by very tradeable rallies, the fourth by just a brief follow through.

Rising wedges, a similar pattern in reverse, are generally followed by market decline. A significant wedge formation developed between October and December last year. You can see the result of the signal.

WORKS FOR DAY TRADING AS WELL.....

Wedge formations are occasionally seen on intra-day charts as well as on daily charts, can be quite useful to day traders.

Wedge formation signals, incidentally, tend to take place earlier than head and shoulder formations, provide more rapid entries and exit signals. You might want to review the chart above and judge for yourself.

Systems and Forecasts

The Top 100 “Relative Strength” Roster

The table below shows the top 10% of almost 1,000 mutual funds and ETF's that we rank each month for relative strength. Funds and ETF's with extremely high volatility (eight or nine on a scale of one through nine) have been eliminated from this roster, leaving lower volatility (one through seven) equities which generally produce superior risk/reward ratios.

S&F Relative Strength	SYMBOL	Fund Name	OBJECTIVE	Risk 1 = Low 7 = High	One Month % Change	Three Month % Change	One Year % Change	Short Term Momentum
1	RYURX	Rydex:URSA	Large Cap Blend	5	1.22	9.56	22.79	-
2	BRPIX	ProFunds: Bear/Inv	Large Cap Blend	5	1.25	9.52	21.53	-
3	POSSX	Potomac Sm Cap/Short/Inv	Small Cap Blend	6	2.81	11.01	15.61	-
4	PSPSX	Potomac US/Short/Inv	Large Cap Blend	5	1.17	9.03	18.65	-
5	PRPFX	Permanent Port Permanent	Asset Allocation Flexible	1	-0.53	4.16	12.25	+
6	CVSIX	Calamos Market Neutral/A	Convertibles	1	0.28	1.63	7.23	-
7	RSPFX	RS:Partners/A	Small Cap Value	5	0.83	2.29	5.91	+
8	RPFCX	Davis Convertible Sec/A	Convertibles	4	1.03	2.13	-0.14	+
9	IARAX	AIM Real Estate/A	Real Estate	3	2.01	0.69	5.66	+
10	RPFRX	Davis Real Estate/A	Real Estate	3	2.35	1.42	4.03	+
11	NAIQX	ING Convertible/Q	Convertibles	6	0.28	1.17	-0.14	+
12	SAUPX	WM Flexible Income/A	Asset Allocation Income	1	0.39	0.61	1.4	+
13	BRSIX	Bridgeway: Ultra Sm Co Tx	Small Cap Blend	5	-2.49	-1.55	3.78	+
14	MURAX	Munder Real Est Equity/A	Real Estate	3	2	0.85	3.18	+
15	FREAX	First Amer Real Est/A	Real Estate	3	2.09	0.15	3.54	+
16	DLIRX	Dreyfus Life: Income/R	Asset Allocation Income	1	0.66	0.16	0.48	+
17	DLIIX	Dreyfus Life: Income/Inv	Asset Allocation Income	1	0.66	0.06	0.06	+
18	GHAAX	Van Eck: Gbl Hard Asset/A	Materials	5	-0.55	5.41	-2.76	+
19	OICAX	One Grp Inv Cnsvr Gr/A	Asset Allocation Income	1	0.3	-0.85	1.82	+
20	GABCX	Gabelli ABC	Asset Allocation Flexible	1	0.21	-0.2	0.52	+
21	MERFX	Merger Fund	Asset Allocation Flexible	1	-0.14	0.53	-3.89	+
22	KSRAX	Kensington Stgc Realty/A	Real Estate	3	-0.29	0.91	2.49	+
23	CSEIX	Cohen & Steers Eqty Inc/A	Real Estate	3	2.08	0.27	1.46	+
24	URTLX	Undiscovered REIT/Ist	Real Estate	3	2.05	0	1.95	+
25	GRSPX	Greenspring Fund	Asset Allocation Flexible	3	0.76	2.11	-6.55	+
26	FMAAX	Federated Market Opport/A	Mid Cap Value	2	-0.27	1.77	-0.6	+
27	SACIX	SEI Ast Dvsfd Cnsvr Inc/A	Asset Allocation Income	1	0.29	-0.61	-1.17	+
28	GCHAX	Alliance Greater China/A	China	7	-0.14	5.89	-7.94	-
29	SBFCX	Victory: Convertible/A	Convertibles	3	0.29	-0.28	-4.66	+
30	DEMAX	Delaware Emerging Mkts/A	Global Emerging Markets	5	-1.38	0.83	-2.92	-
31	PBRTX	PBHG REIT/PBHG	Real Estate	3	1.53	1.52	-1.66	+
32	SAIPX	WM Conservative Bal/A	Asset Allocation Income	1	0	-1.04	-2.41	+
33	AREAX	AllianceBrnstn RE/A	Real Estate	3	1.61	0	0.69	+
34	IVSRX	INVESCO Real Est Opp/Inv	Real Estate	3	1.37	-1.58	2.16	+
35	CVTRX	Calamos Cnvr Gr&In/A	Convertibles	4	-0.58	-1.44	-2.52	+
36	DPRSX	Delaware Real Est Inv/I	Real Estate	3	1.36	-0.15	0.49	+
37	PWREX	Pioneer Real Est Shrs/A	Real Estate	3	1.69	-0.72	0.48	+
38	ACIAX	Alliance Cnsvr Invtrs/A	Asset Allocation Income	1	0.82	-1.6	-1.47	+
39	DPREX	Delaware Real Est Inv/A	Real Estate	3	1.29	-0.29	0.17	+
40	UMREX	Excelsior Real Estate	Real Estate	3	1.25	-0.83	-0.18	+
41	EMAAX	Enterprise Mrgs & Acq/A	Small Cap Growth	1	-0.21	-1.34	-3.31	+
42	ACHBX	Van Kampen Harbor/A	Convertibles	5	-0.33	0	-6.1	+
43	WSPAX	Wells S&P REIT Index/A	Real Estate	3	1.62	-0.67	-0.49	+
44	IGNAX	Ivy: Gbl Natrl Res/A	Energy	7	0	2.38	-7.8	+
45	SUSIX	Security Cap US RE Shres	Real Estate	3	2.01	0.51	-3.15	+
46	CSRIX	Cohen & Steers Realty/I	Real Estate	3	1.8	-0.72	-0.84	+
47	YAFFX	Yacktman Focused Fund	All Cap	5	-3.81	-5.66	5.69	+
48	SACNX	SEI Ast Dvsfd Cnsvr Fd/A	Asset Allocation Income	1	-0.11	-2.04	-2.66	+
49	CGMRX	CGM Realty Fund	Real Estate	4	0.96	1.27	-5.63	-
50	LCORX	Leuthold Core Investment	Asset Allocation Flexible	3	-0.28	-2.08	-5.75	+

** Data as of March 3, 2003. Future Top 100 reports will be emailed to subscribers as they are generated, usually at the beginning of the month.

Systems and Forecasts

The Top 100 “Relative Strength” Roster

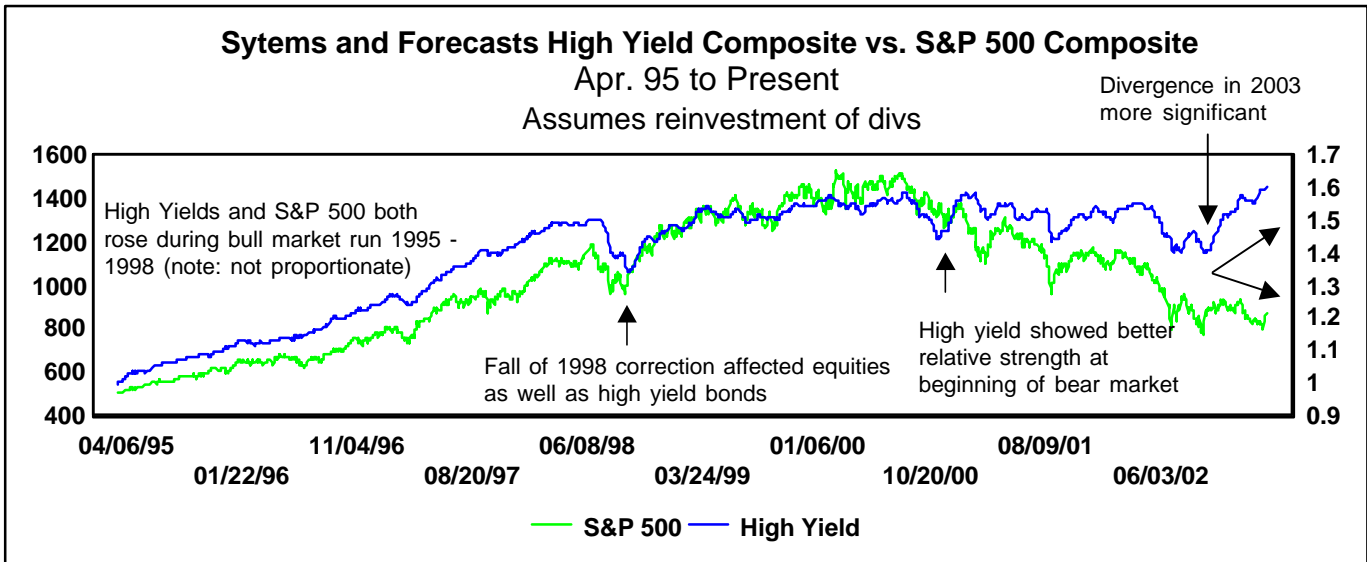
Risk, or volatility, is based on three year monthly standard deviation. As a point of reference, the S&P 500 has a volatility of five. A volatility of one is considered lowest risk, a nine the highest risk (money market funds would be zero). Our research has shown that funds with volatilities above seven are likely to involve greater risk but not improved long term return. Therefore, equities with a volatility of eight and nine have been eliminated.

Funds within these listings have been screened for commissions, redemption fees and the like but we do advise investors to verify such items prior to taking positions.

S&F Relative Strength	SYMBOL	Fund Name	OBJECTIVE	Risk 1 = Low 7 = High	One Month % Change	Three Month % Change	One Year % Change	Short Term Momentum
51	MSUSX	M Stanley Inst:US RE/A	Real Estate	3	1.67	0.04	-3.14	+
52	FMCGX	Federated Mgd Cns Gr/I	Asset Allocation Income	1	-0.11	-2.26	-3.87	+
53	PCGAX	Strategic Part Dvs Cns/A	Asset Allocation Income	2	-0.22	-1.66	-6.1	+
54	SSREX	SSgA Tucker Active REIT	Real Estate	3	-0.06	-1.77	1	+
55	PRSIX	T Rowe Price Pers Str Inc	Asset Allocation Income	1	-0.17	-2.05	-4.27	+
56	CCVIX	Calamos Cnvt/A	Convertibles	3	-1.08	-3.3	-4.22	-
57	LTFAX	Liberty Acorn Twenty/A	Mid Cap Growth	5	0.14	-4.6	-4.54	+
58	FLMVX	JPMorgan Mid Cap Value/I	Mid Cap Value	4	-1.19	-4.3	-2.3	+
59	DFIAX	Delaware Income Alloc/A	Asset Allocation Income	1	0	-2.18	-5.56	+
60	UMESX	Excelsior Engy & Ntrl Res	Energy	7	2.42	1.04	-10.39	+
61	ACREX	Van Kampen Real Estate/A	Real Estate	3	1.43	-0.53	-4.62	+
62	SUCAX	Scudder Pathway Cnsv/A	Asset Allocation Income	1	0.1	-2.46	-6.12	+
63	STWRX	Wells Fargo:Outlk Today/A	Asset Allocation Income	1	-0.33	-2.77	-4.64	+
64	FANIX	Fidelity Adv Natrl Res/Is	Energy	6	2.79	1.41	-12.73	+
65	YACKX	Yacktman Fund	All Cap	4	-4.02	-6.44	3.31	+
66	PACIX	Nations Conv Sec/Inv A	Convertibles	3	-0.29	-1.18	-8.5	+
67	STBLX	STI Classic Balanced/Inv	Asset Allocation Balanced	2	0.27	-1.78	-7.99	+
68	PRBLX	Parnassus Inc Equity Inc	Large Cap Value	4	-1.38	-7.35	-5.1	+
69	GLRBX	James Adv Golden Rainbow	Asset Allocation Flexible	1	-0.71	-1.88	-4.21	+
70	RWR	stTRACKS Wilshire REIT	Real Estate	3	1.86	-1.11	-4.68	+
71	MATRX	Gabelli Mathers	Asset Allocation Flexible	1	-0.19	-0.09	-10.76	+
72	OPPEX	Oppenheimer Cap Inc/A	Asset Allocation Balanced	4	-0.21	-1.01	-11.43	+
73	GATEX	Gateway Tr:Gateway Fd	Large Cap Blend	2	-1.36	-4.36	-6.77	+
74	CVLOX	Calamos Glb Cnvt/A	Convertibles	3	-0.95	-3.25	-6.45	-
75	ICF	iShares:Cohen&Steers RE	Real Estate	3	2.41	-2.58	-4.37	+
76	PRWCX	T Rowe Price Cap Apprec	Asset Allocation Balanced	2	-1.7	-3.59	-5.37	+
77	OGIAX	One Grp Inv Balanced/A	Asset Allocation Balanced	2	-0.07	-3.05	-7.97	+
78	NAINX	Phoenix-Okhrst:Inc & Gr/A	Asset Allocation Balanced	2	0	-3.37	-8.29	+
79	RYEIX	Rydex:Energy Fund/Inv	Energy	6	1.37	-0.34	-13.7	+
80	SABPX	WM Balanced/A	Asset Allocation Balanced	2	-0.59	-3.56	-8.29	+
81	PAXWX	Pax World Balanced	Asset Allocation Balanced	2	-0.57	-3.31	-9.25	+
82	NBMSX	Nuveen Bal Muni & Stock/A	Asset Allocation Balanced	1	-0.28	-1.66	-8.3	+
83	RYEAX	Rydex:Energy Fund/Adv	Energy	6	1.39	-0.46	-14.1	+
84	JABAX	Janus Balanced	Asset Allocation Balanced	2	-0.17	-3.12	-8.02	+
85	PCVAX	PIMCO:NFJ Sm Cp Value/A	Small Cap Value	3	-2.29	-4.31	-3.54	+
86	PZMAX	Phoenix-Okhrst:Mgd Asts/A	Asset Allocation GlobalFlex	2	-0.63	-4.31	-7.49	+
87	JABRX	Janus Adv:Balanced/I	Asset Allocation Balanced	2	-0.24	-3.2	-7.91	+
88	NBSRX	Neuberger Soc Respv/Inv	Large Cap Value	5	1.12	-4.68	-10.92	+
89	FABLX	Fidelity Adv Balanced/A	Asset Allocation Balanced	2	-0.3	-3.56	-8.97	+
90	MOMIX	Pioneer Balanced/A	Asset Allocation Balanced	3	-0.24	-2.69	-10.79	+
91	EBALX	Eclipse Funds Balanced	Asset Allocation Balanced	1	-1.3	-2.79	-7.3	+
92	TWBAX	Amer Cnt Balanced/Adv	Asset Allocation Balanced	3	-0.08	-3.83	-8.95	+
93	PRNEX	T Rowe Price New Era	Energy	6	1.35	-1.61	-11.05	+
94	XLE	Sel Sctr SPDR:Energy	Energy	6	2.94	-0.13	-15.85	+
95	DODBX	Dodge & Cox Balanced	Asset Allocation Balanced	2	-1.22	-4.7	-6.5	+
96	JAMBX	Jamestown Balanced	Asset Allocation Balanced	3	-0.51	-2.95	-9.33	+
97	RIMBX	Rainier:Balanced	Asset Allocation Balanced	2	0.07	-3.81	-9.69	+
98	IYR	iShares:DJ US Real Estate	Real Estate	3	1.93	-3.47	-5.47	+
99	BNGLX	UBS Global Allocation/A	Asset Allocation GlobalFlex	2	-0.95	-4.89	-6.09	-
100	PABRX	Phoenix-Engemann:BI Ret/A	Asset Allocation Balanced	4	0.53	-4.02	-11.72	-

Do High Yield Bond Funds correlate with the S&P 500? Yes....until recently.

by Howard Spieler



The chart above displays the S&P 500 overlaying the Systems and Forecasts High Yield Composite, from 1995 to present. The Composite is composed of corporate high yield bond mutual funds who have been in existence at least 15 years, have the largest assets under management and were given equal weighting, to create our own "Index", or benchmark for high yield funds.

High yield bonds (sometimes known as junk bonds) are characterized by their higher dividend payouts, in comparison to investment grade corporate bonds and treasury bonds. By definition, investment grade bonds are rated BBB or better. Anything less is considered "junk". With a credit rating lower than those of other bonds, the need to promise higher interest payments is necessary. The extra risk, obviously, is rewarded with a higher payout.

As displayed on the chart above, our high yield bond fund composite has tracked relatively close historically to the S&P 500. (Caveat: This chart is NOT in log scale and is not proportionate.) Note from 1995 to 1998 the steady rise for both equities as well as high yield bond funds. The correction in 1998 punished both equities as well as high yield bond funds. The bull market again moved forward for both the junk bonds and equities until the crash of 2000. At this point, you start to see the divergence between high yields and the S&P 500 develop. During the bear market, rate cuts by the Federal Reserve never got the economy - or the stock market - on track. They did, however, significantly reduce interest on money markets, CD's, and bonds. With equities in a severe bear market, and interest rates at 50 year lows, assets flowed into one of the last remaining havens for interest -- high yield bond funds. In fact, another well known dividend producing instrument, REIT's, has also performed excellently during this bear market.

Implications:

Historically, high yield bond funds have correlated well with equities. While the chart above displays the S&P 500, a strong correlation with the Nasdaq Composite exists as well. The bear market has seen the returns diverge slightly; however, we expect that high yield bond funds will participate in the next market rally.

Below is a list of the five corporate high yield bonds that comprise our index.

As a point of reference, through March 19, the S&P 500 has declined .66%, our high yield Composite has gained 4.38%.

Name	Symbol	YTD Return
Fidelity Capital & Income	FAGIX	+ 8.48%
Putnam High Yield A	PHIGX	+ 4.32%
T. Rowe Price High Yield	PRYHX	+ 3.13%
Lord Abbett Bond Debenture	LBNDX	+ 2.77%
Vanguard High Yield Corp.	VWEHX	+ 2.69%

Systems and Forecasts Timing Models and Portfolio

New signals may be generated by the time this reaches you.

Check our website (www.systemsandforecasts.com) or email us (newsletter@signalert.com) for up to date signals.

MODEL PORTFOLIO:

Symbol	Fund Name	Objective	Allo	Buy Date:	Buy Price:	Price as of 3/19/03:	% Gain/Loss:
Low volatility funds purchased Relative Strength System							
OSTFX	Osterweis Fund	Mid Cap Blend	10.00%	2/4/03	20.5	20.81	1.51%
PBRTX	PBHG REIT/PBHG	Real Estate	10.00%	1/3/03	8.07	8.12	0.62%
AVALX	Aegis Value	Small Cap Value	10.00%	1/3/03	18.15	18.04	-0.61%
High Yield Bond funds:							
NTHEX	Northeast Investors Trust	Corporate High Yield Bonds	12.50%	2/24/03	6.88	6.96	1.16%
FHYTX	Federated High Yield Trust	Corporate High Yield Bonds	12.50%	3/3/03	5.44	5.46	0.37%
More aggressive Weely funds, in money market now							
AMGAX	Alger:MidCap Grth/A	Mid Cap Growth	15.00%	Pending	1.00	1.00	0.00%
QQQ	SPDR: NASDAQ 100	Large Cap Growth	15.00%	Pending	1.00	1.00	0.00%
VALSX	Value Line Spcl Situation	Small Cap Growth	15.00%	Pending	1.00	1.00	0.00%

Starting value on Jan. 2, 2003:	Value on March 19, 2003:
Portfolio: \$10,000	\$9,598.07
S&P 500: 909.03	874.02
Portfolio return as of March 19, 2003	-4.02%
S&P 500 return as of March 19, 2003	-3.85%

PORTFOLIO AND GENERAL COMMENTARY:

The Systems and Forecasts portfolio consists of 75% equities and 25% bonds (currently all allocated to high yield bond funds). More aggressive investors can tweak this portfolio by reducing their bond portfolio and/or making their equity investments more aggressive (higher volatilities).

As of the close of business March 19, 2003, our sample portfolio is 55.00% invested. From the time of investment on January 2, 2003, until the time of this writing, the S&P 500 is down 3.85% while our sample portfolio is down 4.02%. The jury is out on whether the market will continue to rally as the war gets underway. At the time of this writing we have a possible "Weely" buy, but again we are sticking to our low volatility (risk:reward) approach until market conditions warrant more aggressive investing.

Weekly Timing Models:

Weely: Timing Model went on a sell March 7, 2003.

Monetary Conditions, Measured by Treasury Notes (Three to Five year): Positive as of Monday, July 15, 2002.

10 Day Ratio of NH / (NH+NL) on the NYSE: 35.91%, rising. When the average fell below 30% on February 18 and climbed back above it on February 24, a new buy signal was generated.

Relative Strength between NYSE/NASDAQ: Nasdaq has the lead in relative strength over the New York Composite since February 14, 2003. Historically, the market has shown greater returns when the Nasdaq leads the NYSE in performance. We shall be posting the results of this study on our website shortly.

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