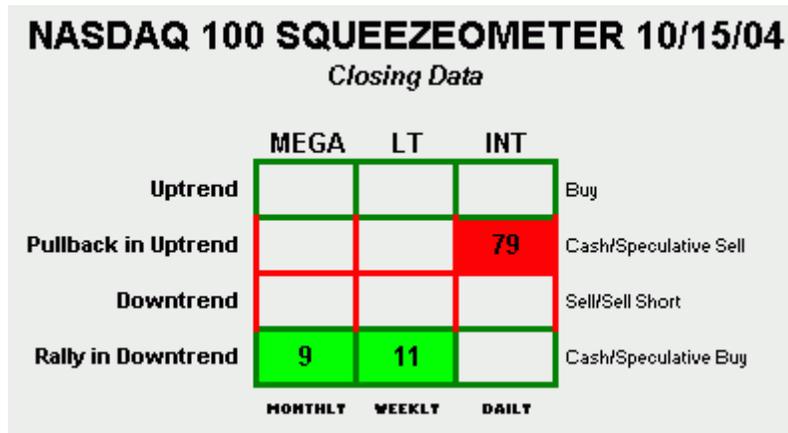
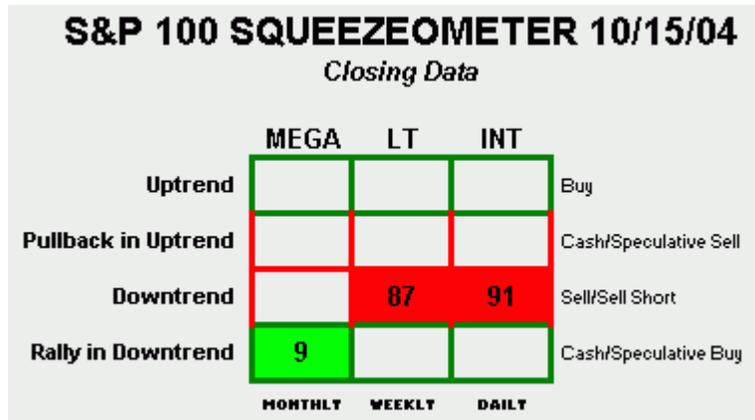


Monday, October 18, 2004

SQUEEZEOMETER REVIEW

On a long-term basis the S&P 100 Squeezeometer moved to "downtrend" status.



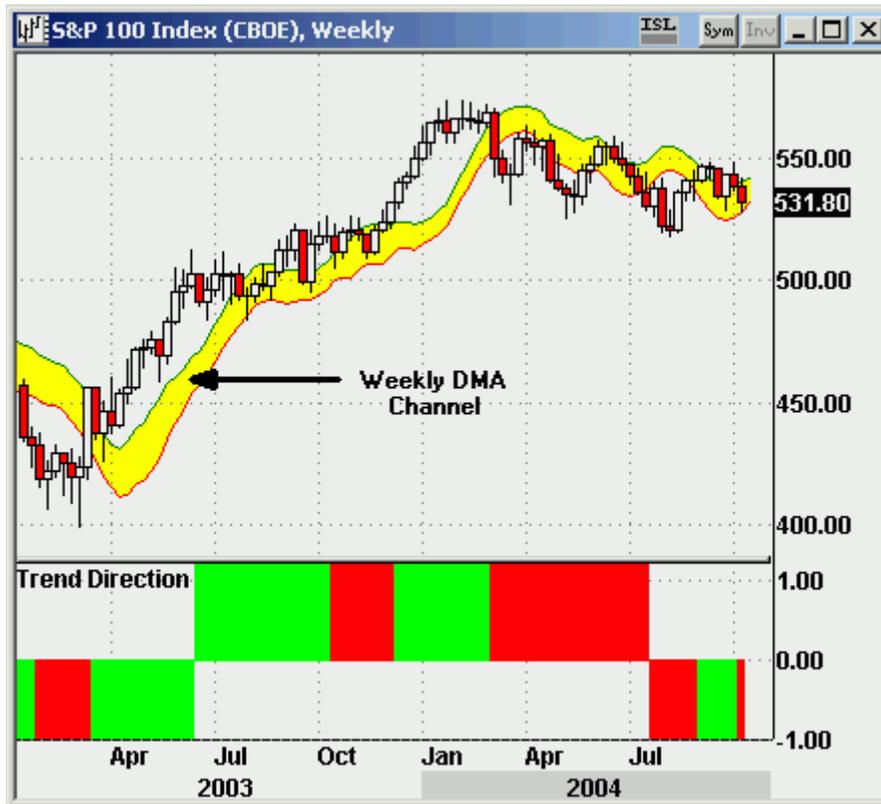
SECTOR REVIEW

SECTORS	SectorRank ▲	Tech Rank	AvgShortRank (M)
Energy Minerals	1	72	39.66
Transportation	2	65	45.64
Industrial Services	3	62	46.77
Utilities	4	61	47.86
Finance	5	60	46.90
Non-Energy Minerals	6	62	37.04
Consumer Services	7	57	46.53
Commercial Services	8	54	49.83
Miscellaneous	9	62	31.23
Process Industries	10	53	47.81
Health Services	11	52	48.06
Technology Services	12	52	42.02
Consumer Non-Durables	13	48	48.92
Electronic Technology	14	49	46.58
Producer Manufacturing	15	50	43.94
Retail	16	46	49.62
Consumer Durables	17	44	48.13
Health Technology	18	42	48.60

Energy minerals remain the strongest sector in our work. Health technology remains our worst ranked sector. Retail and consumer durables are also ranked poorly.

MARKET COMMENTARY

The trend signals change, but the reality is that this market is range trading:



Range trading is not necessarily a bad thing, especially during weak seasonal periods. However, we don't want to see continued range trading during positive seasonal periods. Positive seasonality is what the market will have following the Presidential election. Until then, the best scenario would be continued range trading until an eventual break-out to the upside into the New Year. The above long-term picture is key. Back to downtrend status on a long-term (weekly) basis, the price pattern remains entrenched in a trading range. It is key that the lows of this range are not violated. Those lows are 1060 on the S&P 500, 1750 on the NASDAQ Composite, 1300 on the NASDAQ 100, and 518 on the S&P 100. Barring a break of these critical levels, we are hopeful that the next long-term rally will lead to a true uptrend. But we are not placing bets on that hope just yet.

We get a fresh read of NYSE and Amex short interest on Thursday, after the close. Stay tuned.

Readers should not assume that present or future recommendations will be profitable or will equal past performance or that any chart, theory or philosophy can guarantee profits in the stock market. Recommendations based on technical analysis are primarily suitable for the trader and may differ from fundamental opinions. The material is based on data obtained from sources believed to be reliable but cannot be guaranteed. This report is for the information of clients only and does not constitute an offer or solicitation to buy or sell any of the securities mentioned herein. Phil Erlanger Research Co., Inc., its employees, officers or affiliated companies may, in some instances, hold securities mentioned herein. No part of this report may be reproduced or forwarded without prior written permission. Please understand that the information contained in this document is copyrighted and therefore should not be forwarded, posted on the internet or reproduced in any way without written consent. Violation of the copyright law is punishable by law.

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