

Stock market indices have completed most of their initial upward leg.

Chart patterns remain consistent but much of the good news has been discounted

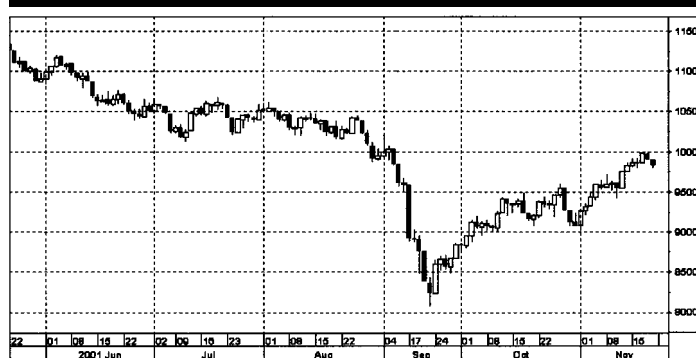
The stock market recovery has unfolded in line with FMP157 and earlier reports. Namely, V-shaped reversals for indices have been followed by slower, ranging upward trends. Until recently, these gains had occurred against a background of general disbelief - the first psychological stage of a bull trend, as taught at The Chart Seminar. The rallies have been impressive, qualifying as bull markets by the usual definition of 20 percent plus gains following a major decline. Among North American and European indices rebounds have ranged from 20 percent by the US's DJIA, which has been among the least volatile in recent years, to 47 percent by Germany's DAX. These gains provide additional confirmation that the bear market ended on 21st September. However they have also at least partially discounted a considerable amount of good news, including further cuts in short-term interest rates, a steep decline in the price of crude oil, prospects for a US-led economic recovery in 2002, a more successful campaign in Afghanistan than many had feared and no further terrorist attacks of consequence to date. I can think of only one more very favourable development that we could see over the near term - the elimination of Osama bin Laden and his chief al-Qaeda cohort, Ayman al-Zawahiri. Investor confidence is fragile at this stage of a market recovery and there will be uncertainties, including the extent and sustainability of next year's economic recovery, ongoing problems from Argentina to Japan, the next stage of the US-led war against terrorism and the remaining possibility of further terrorist attacks by al-Qaeda operatives still at large. While chart patterns for stock market indices remain consistent within their now ranging upward trends, a short-term overbought condition has developed. Overhead supply, particularly evident on longer-term charts, is likely to check upward progress before long. Consequently, any further near-term gains will be difficult to maintain without a prior correction. Watch for reactions in excess of the small 2 to 4 day pullbacks that we have seen to date. A larger decline will indicate that stock markets have completed their first upward leg, which should be followed by a retracement of at least a third of the gains seen since September's lows. However, given the prior bear market and liquidity sloshing around following rate cuts, I believe downward risk is limited

to a base extension phase prior to some additional gains during the first half of 2002.

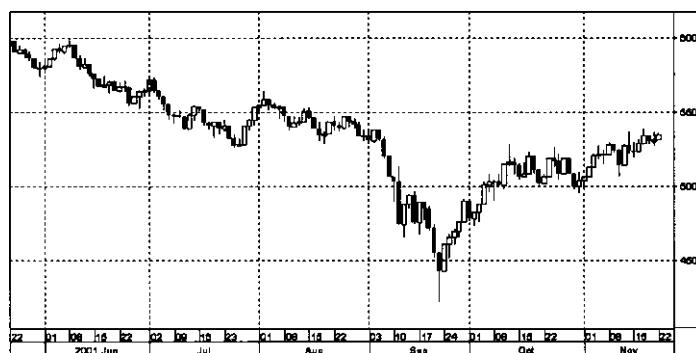
FM210 will be released in the middle of next week.

Best regards - David Fuller

US Dow Jones Industrial Average: 9835 (Daily)



UK FTSE 100 Index: 5346 (Daily)



German Dax Index: 5134 (Daily)



Charts supplied by Bloomberg.

Fullermoney a division of Stockcube Research Limited Suite 1.21 Plaza 535 Kings Road London SW10 0SZ UK
Website: www.fullermoney.com **Email:** research@chartanalysts.com **Tel:** +44 (0) 20 7351 5751 **Fax:** +44 (0) 20 7352 3185 **Single Issue Price** £3

You are strongly advised to read the following: This report has been produced and compiled by Stockcube Research Limited ("Stockcube") which is regulated by the Securities and Futures Authority Ltd, according to the requirements of the Financial Services Act 1986. It is distributed by Stockcube and is provided for information purposes only. Under no circumstances is it to be used or considered as an offer to sell, or a solicitation of any offer to buy. While all reasonable care has been taken to ensure that the information contained herein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. From time to time Stockcube and any of its officers or employees may, to the extent permitted by law, have a position or otherwise be interested in any transactions, or investments (including derivatives) directly or indirectly the subject of this report. Also Stockcube may from time to time perform other services (including acting as adviser or manager) for any company mentioned in this report. The value of securities can go down as well as up, and you may not get back the full amount you originally invested. Derivatives in particular are high risk, high reward investment instruments and an investor may lose some or all of his/her original investment. If you make an investment in securities that are denominated in a currency other than that of GB Pounds you are warned that changes in rates of foreign exchange may have an adverse effect on the value, price or income of the investment. The investments referred to herein may not be suitable investments for all persons accessing these pages. You should carefully consider whether all or any of these are suitable investments for you and if in any doubt consult an independent adviser. This report is prepared solely for the information of clients of Stockcube who are expected to make their own investment decisions without reliance on this report. Neither Stockcube nor any officer of Stockcube accepts any liability whatsoever for any direct and consequential loss arising from use of this report or its contents. This report may not be reproduced, distributed or published by any recipient for any purpose without the prior express consent of Stockcube.