FM11

FullerMoney

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THE INTERNATIONAL INVESTMENT LETTER

A market letter doesn't have to be dull to be good

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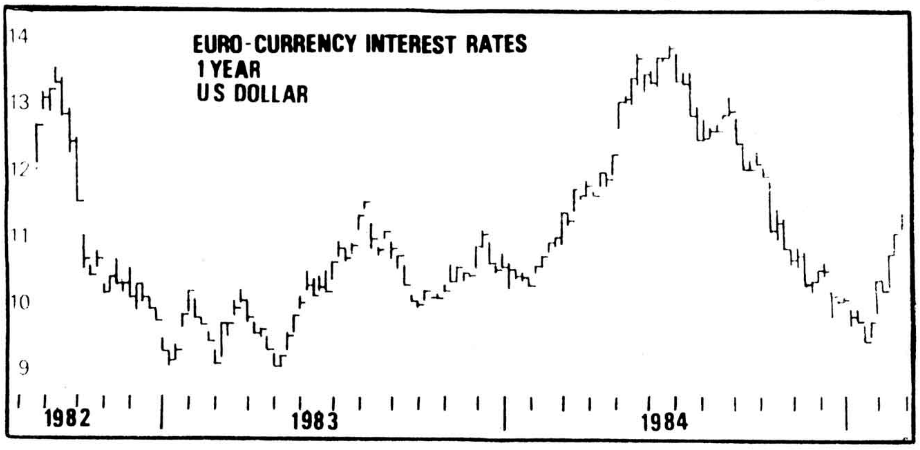
Currency turmoil to continue as $'s real return advantage widens

Dollar bulls could hardly believe their good fortune a short while ago when Paul Volker announced his intention to play 'hard ball' with Congress and the President over the US budget deficit. All that passing of the deficit buck and real men wouldn't hurt my sacred cow stuff, brought out the animal in the Fed chief. They could sabotage the abattage but he wouldn't print play money Bolivia style. There was a certain amount of 'jawboning' in Volker's remarks because the US economy remains buoyant (as forecast in FM9 & 10) despite all those predictions of a slump or "growth recession" in 1985. With the real GNP cruising along at a steady, respectable rate he has no need to press down on the monetary accelerator.

The President resorted to a little 'boondoggle' of his own by blaming European economies for the strength of the dollar. God knows, there is a lot wrong with Europe such as national unions, ridiculous subsidies and confiscatory taxation, but the old world isn't responsible for the high real return on dollar deposits. FM10 pointed out that while the charts indicated continued strength for the dollar the fundamental prop was deteriorating due to a 'scissors effect' as US interest rates declined while those of Europe and Japan rose. At the end of January the dollar still had a 2% plus real return advantage over all other reserve currencies except sterling, but that was down from a 5.5% return advantage, for example, against the yen last spring. However, US one year euro-currency rates cut their seven month downward trend in February, following the decline to within a whisker of the 1982/83 lows at 9%. It is too soon to say how long this interest rate rally will last, but it represents a fundamental shift in favour of the dollar and helped to fuel February's additional surge against all other reserve currencies. Ironically, last month's dollar strength has improved



the dollar's real return advantage by lowering estimates for US inflation in 1985. I have lowered the average inflation estimate to 2 1/2% from 3% shown in FM10.

Reserve currency real returns (twelve months)

Currency	Euro-currency 1 year rates	1985 Inflation (av estimate)	% Real Return (pre-tax)
Dollars	10 14/16	2 1/2	8 6/16
Sterling	12 15/16	5	7 15/16
Yen	6 6/16	2	4 6/16
Marks	6 11/16	2	4 11/16
Sw Francs	5 11/16	2	3 11/16

The dollar's upward acceleration has led to the inevitable correction, but. . . .

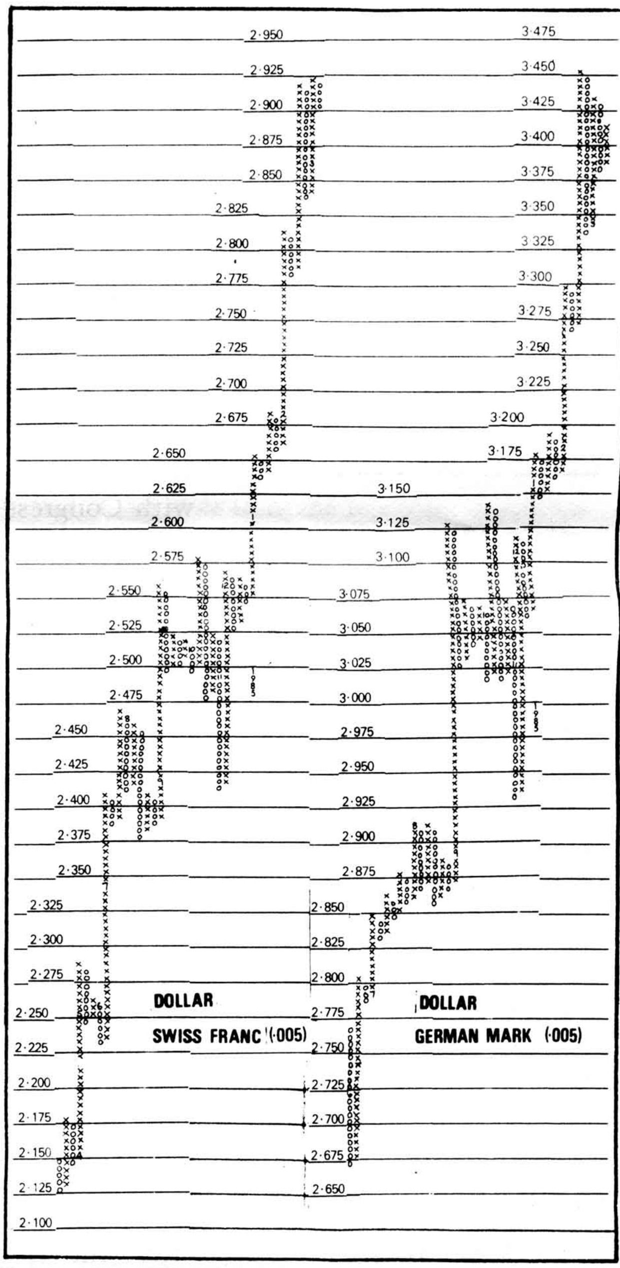
Once the dollar hurdled that psychologically significant DM3.20 level against the Mark, which I cited in FM10, currency traders knew that another upward leg had commenced. Central Banks talked tough but intervened with little more than a swizzle stick. When both Chairman Volker and President Reagan indicated that there was little point in "toying" with the foreign exchange markets, the dollar's advance accelerated, creating another short term "overbought" condition.

The word toying may have been chosen carefully, first in reference to the previous intervention efforts of Europe's exasperated central bankers, and second, to demonstrate that at least some monetary authorities know how to play high stakes international poker. As the dollar soared at an unsustainable rate towards an obvious target level of DM3.50 against the mark, central banks waded in to sell. The entire script resembled a re-run of last September as the dollar suddenly plummeted, ensuring a new psychological resistance level near the recent peak.

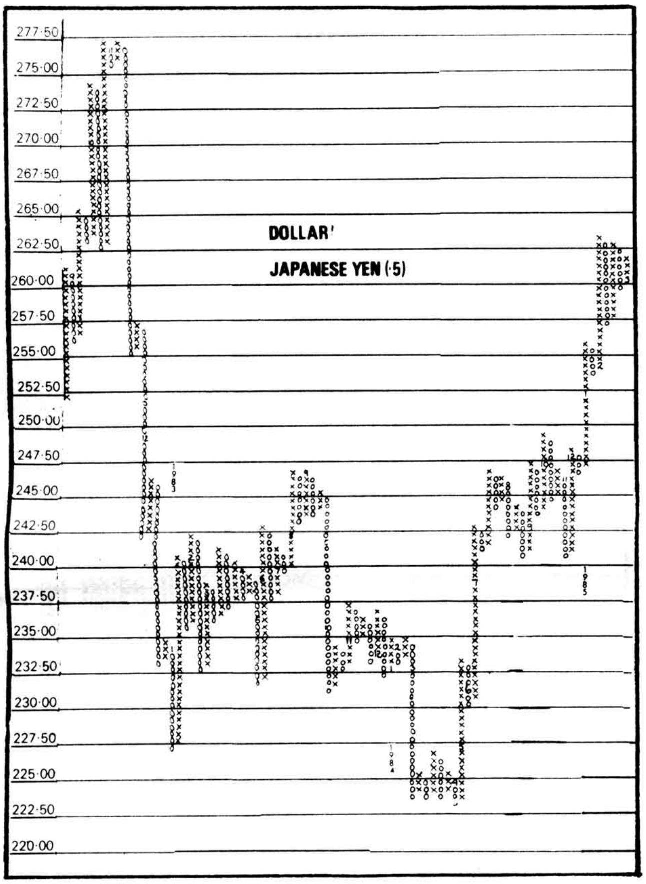
Subsequently there has been much mutual back slapping and chest thumping as central bankers feel less impotent in coping with the market's trend. Reading between the lines of the "how we dished it out to the evil speculators" stories I detect an air of hysteria. I doubt that any of these people privately believe that the 'beast' is tamed beyond the short term. Whichever way the dollar jumps in a few week's time, it won't suit all monetary authorities who will indulge in further verbal buck passing.

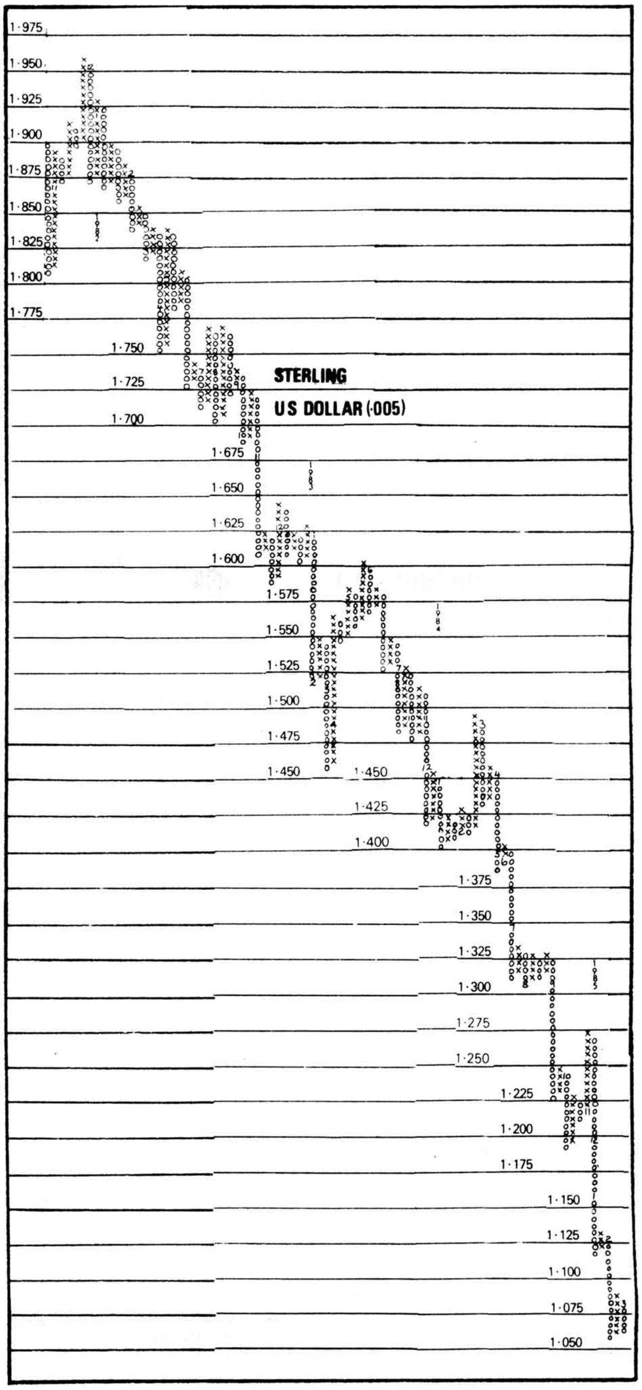
Blaming the dollar's bull markets on speculators is either the height of naivety or pure chicanery. I suspect more speculators have lost money pre-empting the dollar's peak than made profits on the advances. In any event, most speculators operate on a very short term basis, increasing market liquidity as they jump in and out. Without speculators the dollar would have risen faster and carried even further. The trend sustaining buyers have been pension and insurance company fund managers looking for the best return, plus normal commercial demand from all over the world.

With the key real return advantage widening in favour of the dollar, there is little incentive for the long term investment passengers to abandon ship. If they sell it will probably be due to the fear of profit erosion rather than a fundamental change. The fundamental/technical ratio has altered considerably since FM10, with the dollar widening its real return advantage but fulfilling its short term upward potential. We can



expect further resistance near the dollar's end-February peak as buyers will become cautious while others book a profit given the chance. Therefore we have seen a peak of at least near term significance. To date there has been no more than a 20 pfenning decline in the dollar against the mark. I doubt that central banks will retire from the fray so further intervention can be expected. This combination of events should cause the dollar to range sideways to lower against most currencies over the short term, avoiding dollar sterling parity, for example. However, it will take a much greater decline, retracing this year's gains, at least, to break the long term bullish sentiment for the dollar. If that does not happen over the next few weeks, the present ranging activity will be viewed as a consolidation of gains prior to a further dollar advance on all fronts.

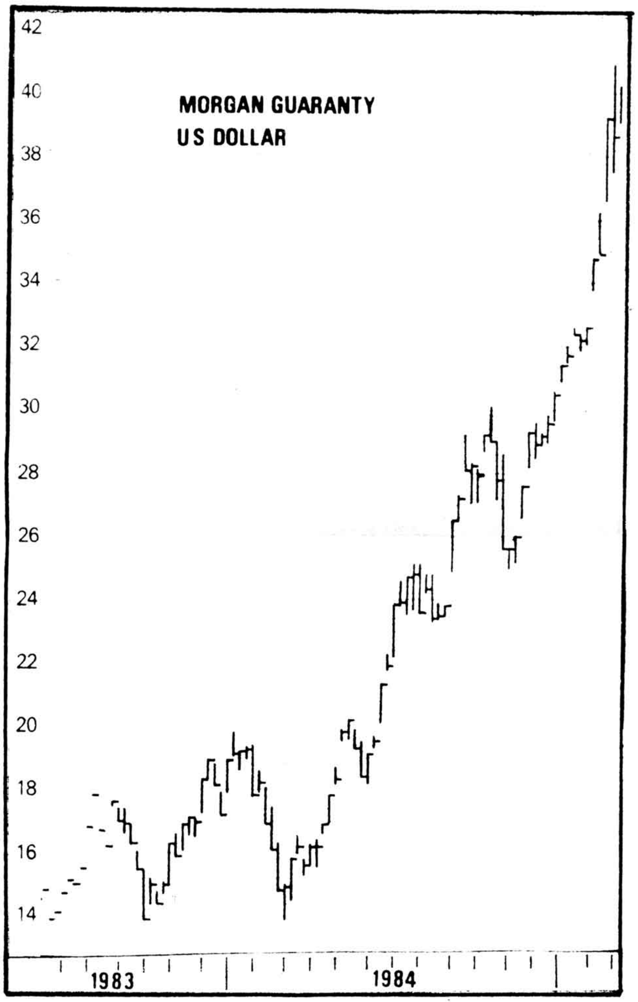




Market psychology, editorial licence and fundamental labels . . . a nostalgic trip with the dollar

While wandering through Chart's archives, I stumbled across a typical comment from the Currencies, Money and Gold page of the Financial Times dated January 3, 1980. The following comments appeared beneath a "Dollar weak" headline. "The dollar lost ground against most currencies yesterday, with the current uncertainty over events in Afghanistan undermining confidence. The US unit was also affected by gold's sharp rise, and central banks probably gave support during the day. The dollar fell to its second lowest fixing level ever yesterday to DM1.7145" . . . "prompting the Bundesbank to buy $24.5m at the fixing, and a further $125m outside the fixing. Unrest in the Middle East saw the dollar fall to a three month low against the lira. . . ."

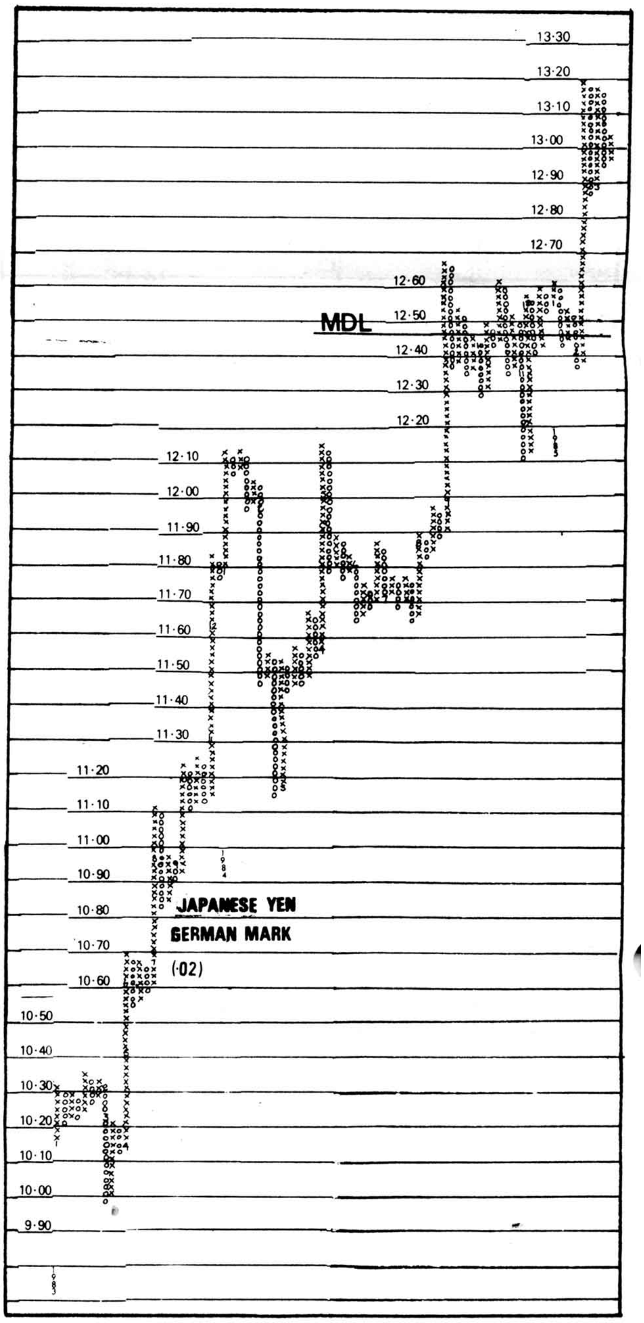
The prospect of the dollar plunging on Russian troops in Afghanistan or unrest in the Middle East sounds unreal today. The first hint of global tension has been used as an excuse to pile into dollars during the last two years. It all proves that price trends influence peoples' perception of fundamental developments while any and every news event is trotted out to explain why the market moved. Is it any wonder that no one in their right mind would dream of forecasting currencies today without looking at the charts?



Looking for something different? Try a "saki/iron cross"

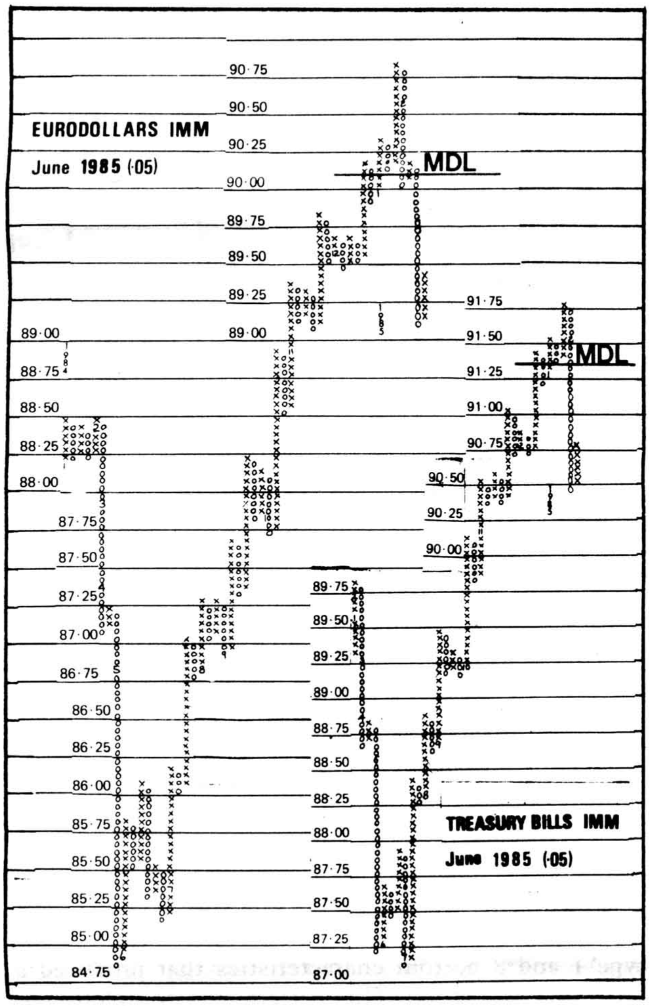
What is the world's second favourite reserve currency? The charts reveal all – the yen is in an unrelenting uptrend against marks, sterling and Swiss francs. For example, in February the yen broke up out of a five month trading range against the mark. This pattern can support a further advance to 13.50 and possibly 14.00 (marks per 1000 yen). It would take a decline down below an MDL near 12.45 to neutralise this potential.

FMs who weary of riding the dollar (or pre-empting its peak) should consider selling the mark or Swiss franc against the yen on the interbank spot market and then roll the position out for three months, or however long you like. Alternatively, you could establish a "saki/iron cross" or "saki/alp" straddle on the IMM. This is achieved by buying June IMM yen futures and simultaneously selling short the June mark or Swiss franc contract. What the dollar does thereafter won't matter, because you would be betting on the yen falling less or rising faster against the dollar. A note of caution: at current value the yen contract is worth $47,000 versus $36,000 for the mark. Therefore to avoid dollar exposure you would have to sell four mark contracts for every three yen contracts purchased. The interbank procedure is more practical because you can establish a perfect match at any size.

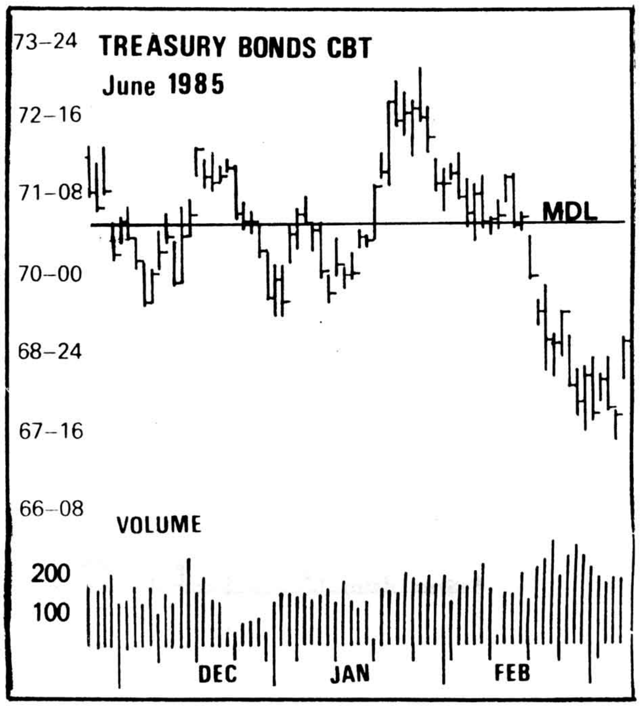


US interest rate futures slice MDLs, ending staircase trend

Chart traders know that the best moves are often the most consistent, forming orderly staircase upward trends. When that happens the mid-point danger line (MDL) is more effective than jumping in and out of the market or waiting for an arbitrarily selected target to be reached. Following the latest upward revision of MDLs in FM10, I included a word of explanation worth repeating. The MDL is a disciplined tactic for orderly staircase trends that keeps you in the market while the pattern remains consistent, but takes you out on the first serious loss of momentum, well before the obvious crowd panic point is reached.



Shortly after FM10 was released Treasury Bill and Eurodollar futures fell back through their MDLs for the first time since their bull market began last summer. FMs who have attended my chart seminars will have observed mild type 2 top characteristics as well. More recently Treasury Bonds also fell below their MDLs. This action confirms the completion of a peak that will not be challenged for at least the short term. The environment for US interest rate futures has switched from safe and reliable to unpromising and perhaps risky, and FMs will find better investments elsewhere, like the US stock market, for example. Traders can often justify reversing a position once the MDL is crossed, but I will not advise short positions in US interest rate futures. My reasons are fundamental, as I



see little justification for more than a temporary rally in US money rates at this time. Higher rates are not necessary to fight US inflation estimated at 2 1/2 % per annum, and they would damage the economy, worsen the debt crisis and put the dollar well above its present lofty levels. A further rise in interest rates sufficient to make Treasury Bills and Bonds a good short is a no win scenario for the world economy. Investors are booking fixed interest profits because the Federal Reserve is no longer nudging rates lower, but that doesn't amount to a money squeeze.

Where will bond traders go next?

They could always go back into Bills and Bonds if interest rates turn quickly and head lower, but I suspect that stock markets will be the major beneficiary. Wall Street should soon complete its correction of last month's overbought condition, and the next advance won't be short of fuel to propel it well above DJIA 1300.

Global equities – the great bull market rolls on and on

The Chart Analysis World Indicator has chalked another eleven point gain since FM10. It will take a six point reversal (currently 2.6%) to flash a warning sign for equities, but that has not happened since the early August buy signal. When the next sell signal occurs on the Indicator I will stop issuing buy recommendations and jam up closing stops, or advise taking profits, depending on what happens during the interim.

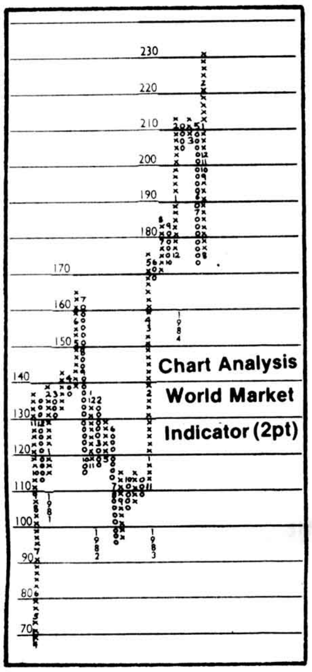


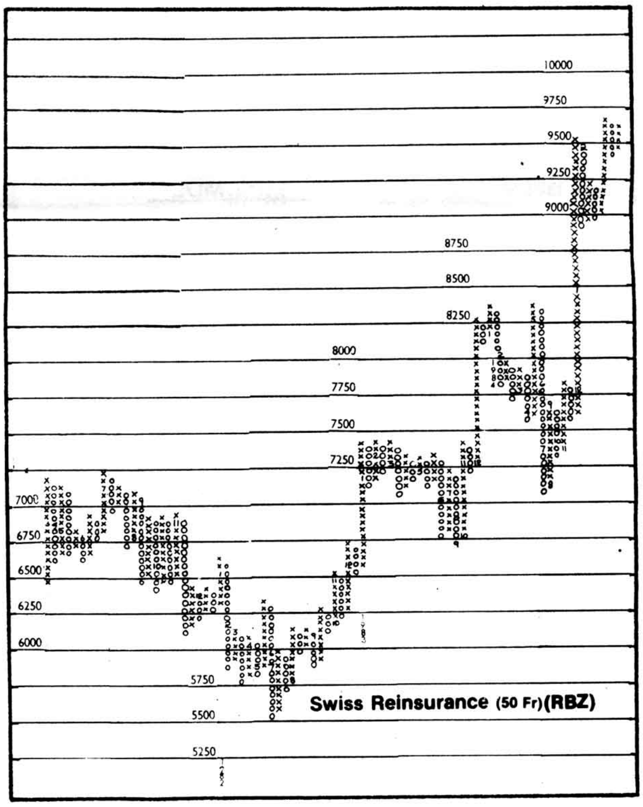
Chart patterns for the major indices can easily support further gains before the next Indicator sell signal. Performance varies considerably, but of the eighteen markets that I follow only four are arguably in overall downward trends: Denmark, Sweden, Singapore and South African Industrials. Of these, Denmark and Sweden are challenging their top formations, while previously weak Singapore shows definite type two bottom characteristics. Only South African Industrials remain under pressure.

Fortunately analysts are by no means universally bullish despite the preponderance of upward trends. Draconian forecasts of slump, crash and a deflationary maelstrom are not hard to find. Others are cautious because "we have seen too much of a good thing". Certainly last summer's recovery from the short sharp bear markets during the first half of 1984 was uncharacteristic of post war market cycles in the West and is worthy of comment. I can think of three explanations for current market strength and the potential for further gains indicated by chart patterns.

First, real economic growth is now well established in the industrialised economies and shows no sign of ending. Second, investment capital is increasing faster than the supply of equities. Third, just as the 1970s demonstrated that double digit inflation is bad for equities, perhaps the '80s will prove that disinflation is bullish for shares.

New share recommendations

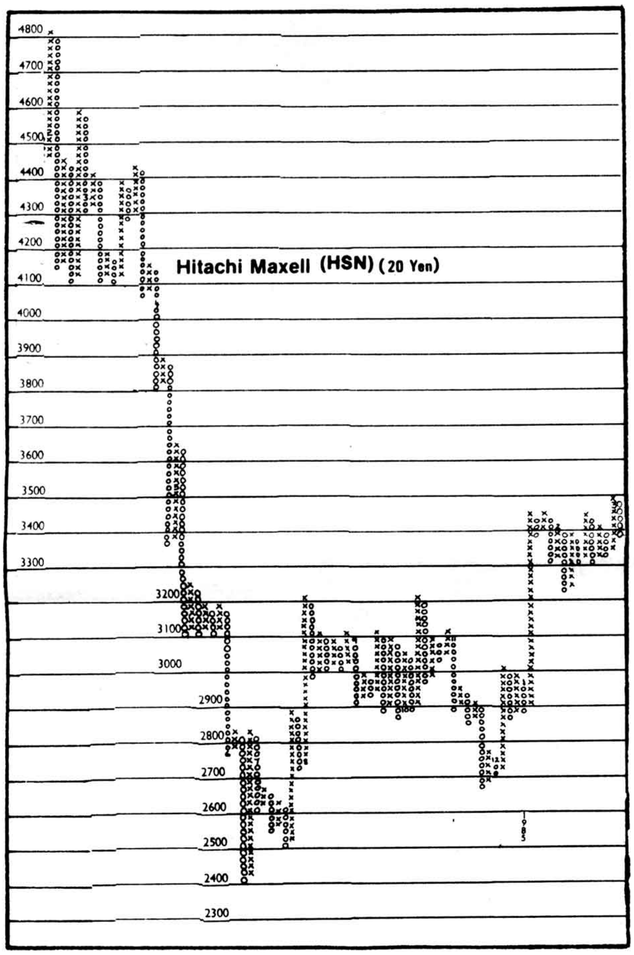
The Swiss Franc remains a weak reserve currency due to the low real return (shown earlier) and the gold backing 'cuts no ice' with investors in today's disinflationary environment. However, a weak currency can do wonders for the profits of a company with revenue in other currencies, especially dollars. Swiss Reinsurance is a prime beneficiary of the franc's weakness. The share rose rapidly in December and January and these gains are now being consolidated in a range centred on SF9250. I suspect that we have seen the initial rise only since the chart has a very large four year base formation. *Buy Swiss Reinsurance, currently at SF9500, and protect this position with a closing stop at SF7900.*

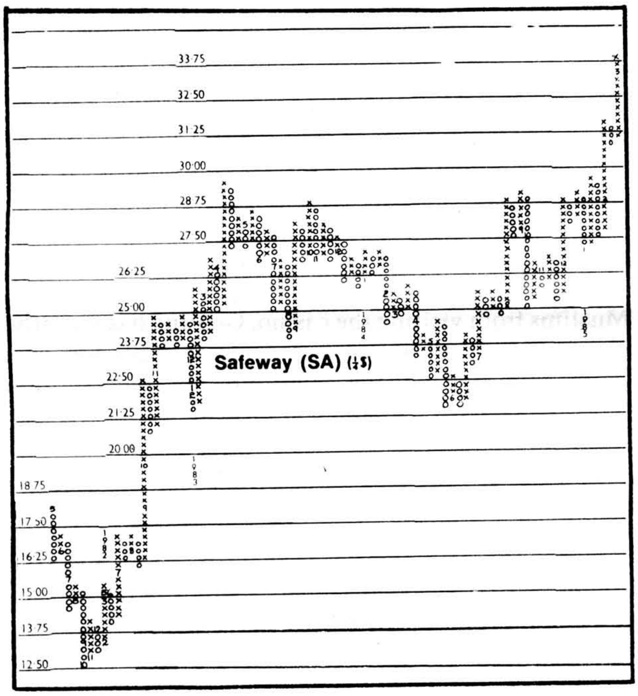


Hitachi Maxell looks like another Japanese recovery candidate. The share plunged from its February 1984 peak at Y4800 to a low of Y2400 last June. FM chart seminar delegates will recognise the type 1 and 3 bottom characteristics that produced a large base formation. This pattern was completed on January's break above Y3200, and those gains have now been consolidated above that point. A resumption of the recovery appears imminent. *Buy Hitachi Maxell, currently at Y3380, and protect this position with a closing stop at Y2900.*

Buy more US shares during present consolidation

FMs should take advantage of Wall Street's consolidation of the January gains and buy shares during the present lull. The short term overbought condition mentioned in FM10 has been corrected, and with the DJIA at 1269.66, I rate the downside risk at 25 points against potential for an advance of at least 200 points this year.

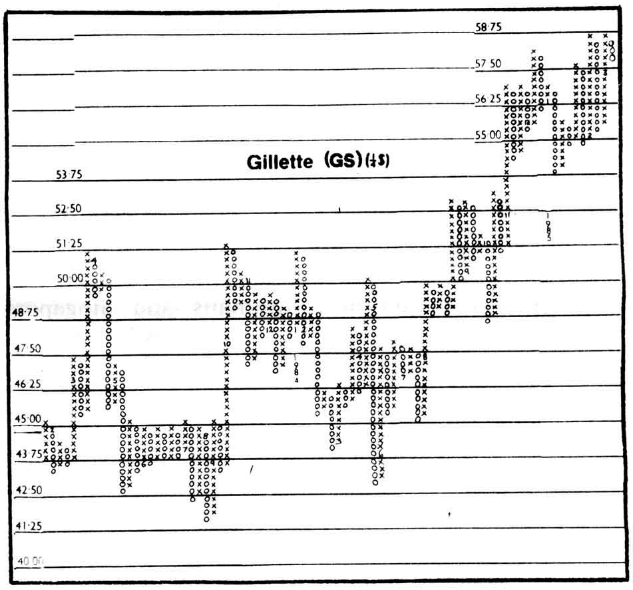




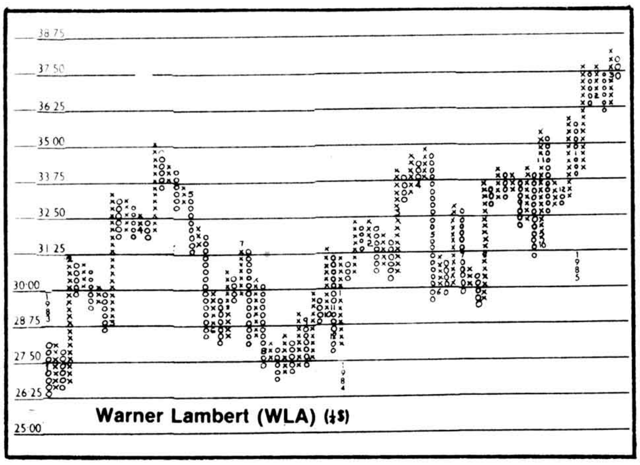
The bullish consensus of a few weeks ago has been replaced by many cautious or even bearish voices, which is a healthy sign. I could argue the bear's fundamental case concerning the expanding US budget and trade deficits, rising interest rates, a dollar induced squeeze on US profits and risk of deflation. Equally, I could debate on behalf of the bulls citing the strongest US growth for many years, a strengthening world economy that will also consume more US goods, better quality earnings, i.e., not based on the inflation induced asset or inventory increases of the '70s, and lower inflation.

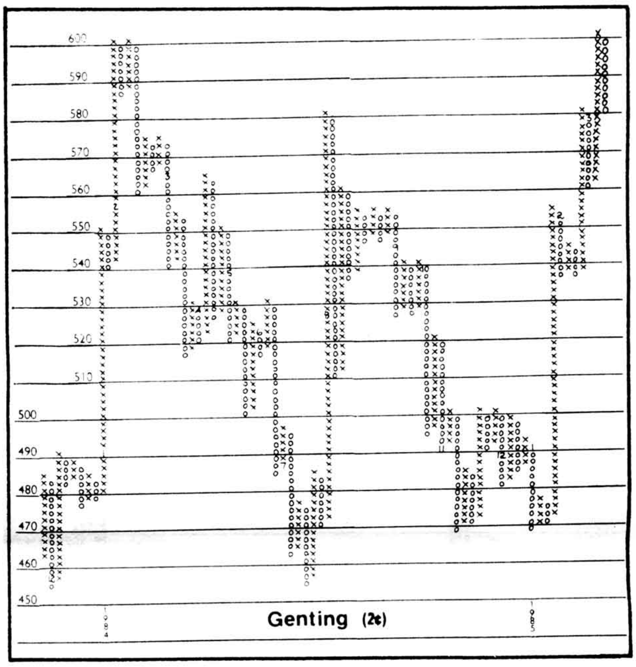
Although the issues are well known, they remain absorbing, but what about the market? I think the charts are a much more practical tool in answering this question and my interpretation of the evidence remains very bullish for the intermediate term. Too many important shares, not to mention the NYSE and S & P Indices, have broken decisively up out of extensive trading ranges. These patterns reveal areas where accumulation occurred and the strength of January's advance illustrated the demand for stocks that will strictly limit the present reaction. There are no large supply areas to thwart a further advance. **Renewed demand should push prices substantially higher in an environment of thin supply.**

Safeway has one of the most impressive patterns following last month's break up out of a two year base formation. This pattern should strictly limit downward risk and fuel an orderly rise in coming months; however, I would hope to purchase the share on a reaction. *FMs should buy Safeway in the event of a reaction to $31 3/4 or below.* (I will not list Safeway in future follow-up tables unless a pullback to at least $31 3/4 occurs.) If purchased, protect with a closing stop at $27.



Gillette spent two years in a trading range between approximately $41 and $51 before breaking upwards last autumn. These gains are now being consolidated in a range centred on $56, which should support a renewed advance before long. *Buy Gillette, currently at $58, and protect this position with a closing stop at $50.*





Warner Lambert's pattern is very similar to the two previous recommendations. The dominant chart feature is extensive underlying support which should strictly limit downward risk and also push prices higher. *Buy Warner Lambert, currently at $37 3/8, and protect this position with a closing stop at $32.*

Time to buy a Singapore share

Several weeks ago I asked a Singapore FM, broker, technician and '84 chart seminar delegate, to list several leading shares that were cash rich. My plan was to review the charts for these shares and recommend the one with the best relative strength. The shares to buy at the end of a bear market are the ones that bottomed ahead of the index and also lead the initial recovery. This initial relative strength is usually maintained throughout the first three quarters of the following bull market, at least.

My new friend, too shy to be mentioned by name, listed Genting, Lee Kim Tah, Lum Chang, KL Kepong, Consolidated Plantation, Rothmans and Singapore Press as cash rich leading companies. All had chart patterns on a par with or stronger than the Singapore Straits Times Index, but one stood out far above the rest – Genting.

If one compared the Genting chart with the other shares recommended in this issue, one would be unimpressed, and also miss the point. Study the Genting chart in conjunction with the Singapore Index. Between February and early July 1984, Genting showed no relative strength and actually fell slightly further than the Index. However, the subsequent rally got to within 3.3% of the closing peak while the Index faltered after a lesser gain. More significantly, Genting held above its July '84 low when the Singapore Index plunged to a closing low near 765 in January '85. Genting also held above its November '84 low, showing a loss of downward momentum ahead of the market, and soared as the Index began to recover.

This spectacular performance relative to the Index has enabled Genting to develop a large base formation that will propel the share much higher during the next phase of Singapore's market recovery. The relative performance will not be overlooked by my many chartist friends in Singapore; nevertheless, I am hoping that volatile Genting will now pause and consolidate prior to a decisive break above S$6.00. *I recommend that all FMs try to buy Genting, currently at S$6.90, between this level and S$5.50.* Protect this position with a low closing stop at S$4.80. I will switch to a much higher stop on a decisive break above S$6.00. FM12's table will show as purchase price the middle of the range recommended and reached.

What does Genting do? The company is in the money-spinning business through its ownership of Malaysia's only casino. This is popular with tourists and the local Chinese, although a ban has been imposed by the government preventing Malaysian Muslims from visiting the casino. Genting has recently obtained licences to open casinos in Adelaide and Perth. Additionally the company has moved into property development and plantations.

Share portfolio review

Among the FM7 recommendations Thorn-EMI was stopped out at a break even level. H.K. Electric continues to consolidate January's strong advance. The big chart base can easily support another run in coming months which will be confirmed by a decisive break above 805c. When that happens we will be able to raise the closing stop significantly. Dunlop advanced another 10% before losing upward momentum. I now expect a consolidation of gains before a renewed advance. Skis Rossignol remains quietly steady and the chart can support further gains. Deutsche Bank has a very orderly pattern which enabled me to raise the

Late September (FM7) Share Buy Recommendations

Market	Share	Price Then	Closing Stop (c/s)	Price Now	Strategy
U.K.	Thorn-EMI	420p	stopped out at 424p	–	–
Hong Kong	H.K. Electric	615¢	645¢	750¢	hold unchanged
Australia	Dunlop	A$1.87	A$1.89	A$2.32	raise c/s to A$1.95
France	Skis Rossignol	FF1620	FF1640	FF1970	hold/unchanged
Germany	Deutsche Bank	DM356	DM374	DM418	raise c/s to DM396
Germany	Gutenhoffnungshutte	DM152	DM147	DM158	sell
Holland	Nederlandsche Middenstandbank	FL149	FL143	FL178	raise c/s to FL164

Late October (FM8) Share Buy Recommendations

Market	Share	Price Then	Closing Stop (c/s)	Price Now	Strategy
U.K.	British Telecom	50p on issue	117p	128p	hold/unchanged
S. Africa	Vaal Reefs	R173	none	R161	hold
S. Africa	Randfontein	R210	for shares	R170	shares
S. Africa	Kloof	R71	as fully	R71	and protect
S. Africa	President Brand	R60.5	hedged by	R52	April
S. Africa	Harmony	R28	gold	R25.8	short
S. Africa	Unisel	R17.2	short	R13	with stop
COMEX hedge	April gold short (Nov 28)	$340.4	$315 (basis London spot)	$291	at $306

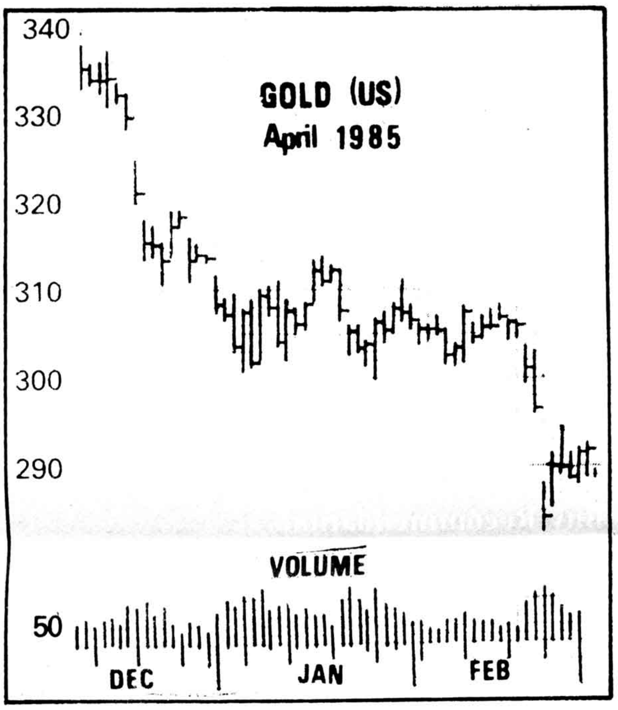
End January (FM10) Share Buy Recommendations

Market	Share	Price Then	Closing Stop (c/s)	Price Now	Strategy
U.S.A.	General Electric	$63⅝	$53	$63¾	hold/unchanged
U.S.A.	McDonald's	$57⅞	$49	$61⅝	raise c/s to $52
U.S.A.	Johnson & Johnson	$37¼	$32	$39⅜	raise c/s to $35
U.S.A.	Merrill Lynch	$32	$26	$34½	raise c/s to $27
Japan	Sony	Y3800	Y2900	Y4880	raise c/s to Y3900
Germany	Daimler-Benz	DM626	DM525	DM689	raise c/s to DM595
Switzerland	Ciba Geigy	SF2860	SF2200	SF3050	raise c/s to SF2400

closing stop 22 pfennings this month while leaving the door open for further gains. Gutenhoffnungshutte is taking too long to perform so I suggest you sell it, freeing the capital for opportunities elsewhere. Nederlandsche Middenstandbank surged ahead to FL192 last month before encountering resistance from the '84 peak. These gains have enabled me to raise the closing stop, further reducing your risk. The stops act as a quality control, taking you out of non-performing positions while enabling you to run the winners.

British Telecom held above its closing stop and may have completed its correction; however, a decisive break above 134p is necessary to confirm a resumption of the upward trend. Yoyo gold shares were dragged down by the latest decline in bullion but this was more than off-set by a fall in the April COMEX hedge short position. You can now protect most of the hedge profit with a lower stop. If you hedged with a down bet instead, continue to open a new bet as each existing position expires and key your stop to the new April COMEX stop at $306. The present gold share holding represents 50% of our eventual position in this unique sector which has the best long term bounce back record among stocks. The strategy will be to use hedge short profits to purchase the shares at lower prices. When gold eventually bottoms and begins a recovery, the shares will soar due to the extremely thin supply. In the meantime the hedged share position is providing a high yield as FMs receive the dividends and also take the contango out of the futures short position.

The FM10 buy recommendations are off to a reasonable start as price action has ranged from steady



to strong. This has enabled me to raise closing stops for all but General Electric. The outstanding performer was Sony which surged up out of that big "sleeper" base formation. I now expect a brief pause and consolidation, but the Sony chart can support a huge advance over the intermediate term. The Hillsdown tender removed any chance of a bargain as I feared. The issue was allocated at 145p, well above my bid at 125p, opened at 155p and ran to 180p before settling back.

Chart Analysis – a wholly independent research company

They say that in his 40s a man is tempted to change either his work or his wife. I've chosen a partial change of work by resigning from the Boards of CAL Futures and CAL Investments, while buying out the previous minority shareholder in Chart Analysis. For the first time in its illustrious eighteen year history Chart Analysis has no outside shareholders or directors.

During the last 20 years I have been formally associated with broking companies, principally in a research capacity and also as a shareholder. I bought a small stake in CAL Futures in 1982, to ensure that the people I introduced as clients, and also myself, received a first class broking service. My credo for dealers paraphrased the Golden Rule: "Provide your clients with the service that you would want in their position." That ought to be a universally accepted principle for all brokers but unfortunately the pressure for more commissions causes too many to view clients as 'production' and 'churnover' becomes the name of the game.

CAL Futures' majority shareholders since 1982 had not become actively involved in the broking business and were interested in selling. I introduced them to a consortium with considerable experience as both brokers and dealing clients, who bought the broking company. While I have sold my CAL Futures shares to this new management team and bought CAL's shares in Chart, I have several ongoing commercial links with CAL and will enjoy my role as a client. I look forward to establishing closer links with several other brokers that also have good management/dealer teams. FMs ask me to recommend brokers from time to time, which I am willing to do if I can speak from personal experience. However, I won't list any individual names or firms here, because although there are many good brokers, it is a 'horses for courses' situation.

In 1970 I bought 20% of Chart Analysis and several years later I was able to increase my holding to 40%. In 1982 I gained control with 75% and this month I purchased the remaining 25% of Chart. This achieved a long standing ambition of mine and was also important for Chart personnel because all 16 of them receive a portion of company profits. With no outside shareholders there is no dilution of profits to be shared among the team that make Chart successful.

Chart is run on a Japanese style management basis without the bowing. In other words, the company represents the family away from the family. People work in teams, the women aren't called girls or given less responsibility, there is no 'chiefs and indians' or 'them and us' management barrier. The directors make their own coffee just like everyone else. Chart currently produces what are probably the four most comprehensive weekly chart book services in their respective categories – CURRENCY – COMMODITIES – INTERNATIONAL EQUITIES and UK EQUITIES. These publications get bigger and better every year; for example, INTERNATIONAL's Far East and European equity coverage will be substantially increased this year. CURRENCY and COMMODITIES contain twice as many charts as any rival publication that I have seen. Some people who don't really use charts think that computers will make the books redundant. Nothing could be further from the truth since both are complimentary. If I were a Forex dealer I would have a continuously updated 10 point scale P & F chart on a screen right in front of my nose, but just try using a computer when you want to scan lots of charts on a survey and select basis. It's a waste of time.

More services in the pipeline

Chart will greatly expand its forecasting and trading recommendation programmes available through electronic services in 1985. Four analysts are completing a package of technical services that will provide daily trading advice on Prestel in a few weeks time. Potentially, these services will be able to cover anything we chart, which is practically every market that moves. If you are a Prestel user write and tell me what markets you would like covered. Let us know what other electronic screens you use for price data as we may be able to provide recommendation services on those systems, subject to negotiations with the parent company.

We are also considering another rapid access trading recommendation service that would be ideally suited for Chart's many non-UK based clients. This could be sent via telex or more likely our own computers as the former technology is rapidly becoming obsolete. We would feed market views and recommendations into a computer which would place this information in an electronic 'mailbox' such as British Telecom Gold. Subscribers with a modem attachment would have access to this information via their own computers. Let me know what type of coverage would suit you or your colleagues so that we can prepare the most useful service.

Commodity Trading Recommendations (CTRs) are available once again. Since 1982 the CTR service has been on restricted access, available to pre-'82 subscribers or CAL Futures clients only. CTRs are not confined to commodities but cover all futures markets. The recommendations are issued when we feel the timing is right, rather than at fixed intervals, and include entry points, protective stops and targets. A typical year would contain about 60 recommendations. You can subscribe to CTRs at the pre-'82 price of £250 per annum or the equivalent in your local currency. CTRs are mailed, but a telex alert is available for an additional £75. Current CTR open positions are a sugar short, plus long positions in UK coffee, LME nickel (sterling contract) and the S & P 500 index. Each of these positions is showing a profit so stops will be tightened shortly to minimise risk and ensure a 'free ride'. I will send you a recent CTR for perusal on request.

"The Chart Seminar"

Seminar road shows have become a regular Chart feature. I personally conducted 2 day chart forecasting and trading seminars on five continents last year, and also gave many speeches, usually on aspects of international investment. Four of Chart's other technicians featured regularly in seminars, especially Research Director, Anne Whitby. I may make fewer appearances this year as there is so much to do 'back at the shop', but I like to actually see as many of Chart's clients each year as possible. Furthermore I don't think it is possible to produce an international investment letter without 'on location' experience. My charts and overseas newspapers keep me in touch but one needs to taste the flavour of a place.

My next big road show will be a seven city European tour from late May to late June. These will be chart forecasting and trading seminars at the following venues:

Edinburgh on 30 & 31 May 1985, Sheraton Hotel, 1 Festival Square, Edinburgh, EH3 9SR. Stockholm on 3 & 4 June 1985, Sergel Plaza, P O Box 16411, Stockholm 10327, Sweden. Amsterdam on 6 & 7 June 1985, Amstel Hotel, Prof Tulpplein 1, Amsterdam, The Netherlands. Vienna on 10 & 11 June 1985, Vienna Hilton, Am Stadtpark, A-1030, Vienna, Austria. Geneva on 13 & 14 June 1985, Geneva Hilton, 19 Quai du Mont Blanc, C P 2493, Geneva 2, Switzerland. Paris on 17 & 18 June 1985, Sofitel Hotel, 8a 12 Rue Louis-Arman, 75738 Paris 15, France. London on 20 & 21 June 1985, London Press Centre, Shoe Lane, London EC4, UK.

As Chart is sponsoring these seminars there will be a discount for FMs. I intend to make these my most comprehensive seminars to date, but they will also be fun. If delegates and I didn't share a lot of spontaneous humour I would have stopped doing seminars years ago. The food will be first class and I will host a cocktail party after each seminar for delegates and invited guests. If FMs have already been to one of my two day seminars but would like to drop by for the cocktail party, let me know. If you plan to attend, my suggestion is that you turn the seminar into a working holiday and come to the away venue that most appeals to you. Delegates must make their own booking but Chart has arranged room discounts at the seminar hotels. If you will be nowhere near Europe during May-June, but know of a colleague, client, etc., who would benefit from these seminars, let me know and a brochure will be forwarded.

More time for FullerMoney

Now that I am free of broking responsibilities there will be more time to do the work that I enjoy most – analysing the world's financial markets. FullerMoney has become a very important part of my research output. I enjoy writing the letter but find it very time consuming. More time for writing will, hopefully, mean fewer weekends in my dining room 'study'. New FM subscriptions arrive daily, helping to keep my enthusiasm at a high level. Most new subscribers find out about FM by word of mouth. Thanks for the help.

Stop press

A new tape service called Insiders Forum is up and running. The monthly tapes are the inspiration of Jerry Bass of Audio Bass Ltd., 16 Longland Drive, Totteridge, London N20, UK, and cost £138 (12) or £46 for a 3 month trial. There are two regular panel members, Brian Marber and myself, who are interviewed separately by Douglas Moffitt, Financial Editor of LBC Radio. The coverage is international, examining trends and potential for stock markets, currencies and commodities. In addition to the regular panel Douglas also interviews a different guest 'star' each month. The current tape features C. Fred Bergsten, Director of the Institute of International Economics and former Assistant Secretary for International Affairs at the US Treasury, 1977 to '81, who discusses the dollar's possible impact on the world economy.

Financial market drama and travel have left little room in FM recently for comments on art. I hope to return to this subject in future issues because collecting makes financial sense and is by far the most enjoyable form of investment diversification, provided of course that you buy what you really like. FMs in London during March should enjoy an inaugural exhibition, "A Celebration of British and European Painting of the 19th and 20th Centuries", at a new gallery opened by Peter Nahum and Chris Beetles, at 5 Ryder Street, London SW1Y 6PY.

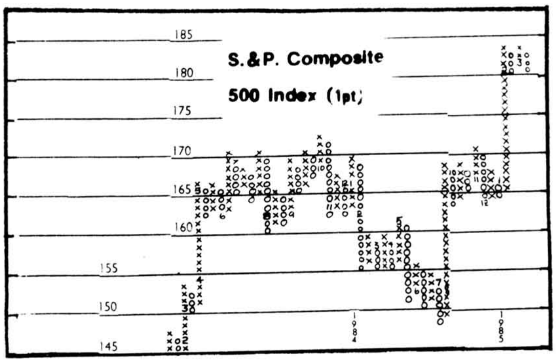
Among the few English watercolours shown is one of the finest that I have ever seen – St Leonard's by Albert Goodwin. This artist transformed from good draughtsman to genius around 1900 and St Leonard's, dated 1908, has an ethereal quality worthy of Turner. The picture had been snapped up by a private collector in the States for £22,000, a record for Goodwin, who is developing an international following. Good English watercolours remain one of the best value and fastest appreciating sectors of the art market.

The Nahum-Beetles exhibition contains a fine Rossetti pastel, Aspecta Medusa, which is another rendition of the artist's main obsession, Jane Morris. Among the excellent oils shown, my favourites were two Lord Leightons, Little Fatima and King David; a bizarre Richard Dadd, Titania Sleeping; a striking full length portrait by Edward Walton; Sir William Orpen's powerful portrait of The Flycatcher; a harrowing Burne-Jones called Souls on the Bank of the River Styx, and a still life by William Somerville Shanks. Also worthy of mention and especially recommended for psychoanalysts, is the show's main conversation piece, a triptych by an Italian artist previously unknown to me, Giovan Battista Crema.

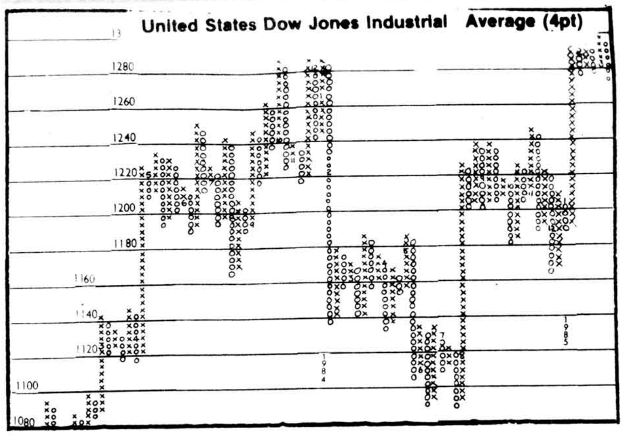
Stop stop press market update

For an eight page market letter FM is stretching to twelve once again, because there is so much to talk about. The dollar is whip-sawing as forecast, which makes this currency difficult to trade over the short term.

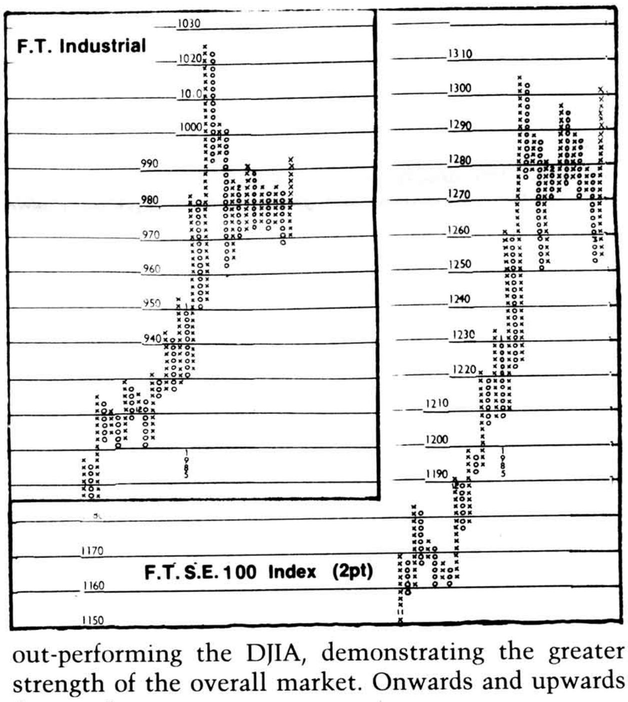
The London stock market is inching towards a test of its high after several weeks of sideways trading. I am mildly optimistic and will remain so provided a decisive break below 970 (FT-30 Index) and 1250 (FT-SE Index) does not occur. The slightly steadier performance of the latter index is a bullish sign as it is more representative of the overall market.



The DJIA dipped to 1260 on March 13th, which is well above crucial support levels. I would not be surprised if this is close to the low point during the



present consolidation and is followed by a decisive break above 1300. I have included charts of the indices mentioned above plus the S & P. Note how the S & P is



out-performing the DJIA, demonstrating the greater strength of the overall market. Onwards and upwards dear reader.

Best regards,
David Fuller

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