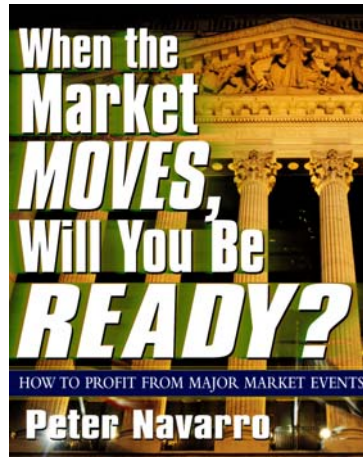


Peter's new book, "When the Market Moves, Will You Be Ready?" is NOW available at Amazon.com at a stellar price. Click this link or just go to Amazon and type in "Peter Navarro":

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The Savvy Macrowave Investor: Bulls, Bears, Pigs, and Lambs

David W. Aloyan is a Technical Analyst providing analysis of the markets and securities. Peter Navarro is a business professor at the University of California-Irvine. He holds a Ph.D. in economics from Harvard University, and is the author of "If It's Raining in Brazil, Buy Starbucks." They are the founders and managing members of Platinum Capital Management, the general partner of the Macrowave Investor Hedge Fund.

Market Trend: Up, for now

Market Outlook: Cloudy With A Chance of Correction

Sector's Watch: Broad market (+), Gold, precious metals (-)

David's Pick: LBW

Peter's Pick: Cash

Peter's Big Picture Market Take: Bulls vs. Bears

As an analyst for the KNX1070 Business Hour in Los Angeles, I've engaged in a series of "Bulls vs. Bears" debates that have earned me the status of late of "resident bear." That's no exactly my position on this market, and it's worth a few minutes of explanation to see just how I view it.

If I were a true bear, I would be strongly favoring the short selling side of the market. Instead, my view at this juncture is that it remains a time for patience while the market and the economy remain in flux.

On the economy, it is true that things appear to be looking up. Most noticeably, there is an improving GDP picture as the U.S. engages in one of the most aggressive double doses of fiscal and monetary policy this country has ever faced.

On the other hand, as Stephen Stills once put it, "there's something happening here and what it is ain't exactly clear." This has to do with the persistence of a soured job market and the

underlying structural change in our manufacturing, software, data processing sectors as jobs move out of Pittsburgh and Silicon Valley to China, India and beyond.

On the stock market front, there is less ambiguity. We've had a very big rally fueled as much by optimism over the economy as pre-2000 bubble bursting speculation in small cap stocks. At some point, there will likely be both a broad overall correction or, if not that, at least a reshuffling of funds from the more speculative to the more certain profit-bearing sectors.

My bottom line is that in such times of flux, it's better for unsophisticated individual investors to stay on the sidelines in cash and for more sophisticated investors to hedge most or all of the downside risk in various fashions. This bottom line is consistent with the three golden rules which I have set forth in the Brazil book as well as my new book: "When the Market Moves Will You Be Ready?"

- Buy strong stocks in strong sectors in an upward trending market
- Short weak stocks in weak sectors in a downward trending market
- Stay in cash and on the sidelines when there is no clear trend

My take is that the third rule is now the operative one until we are sure this is a new bull market rather than a bear market rally trap. Despite the rhetoric of some of those who I have debated about getting into the market now so as not to miss the bullish boat, there's no hurry. That's because during the meat of the bull market move, there still will be plenty of opportunities to make lots of money but to do so with far less risk than jumping in with both feet now.

So I'm not really a bear. Nor am I a bull. Rather, I exist in an alternative universe to that of both the greedy pig and the sheared sheep. It's a universe called safe and intelligent speculation; and it's a place where being in cash for long stretches of time is perfectly cool.

The Week's Macro Data Market Movers:

The Macroeconomic Calendar

DAY	EVENT
Tuesday	<ul style="list-style-type: none">• California election day• Chain store sales
Wednesday	<ul style="list-style-type: none">• Mortgage applications
Thursday	<ul style="list-style-type: none">• Jobless claims
Friday	<ul style="list-style-type: none">• Trade deficit• PPI

** Potential major market movers in red*

A pretty slow week on the data front will make the earnings reports that will start trickling in even more interesting. Watch the mortgage apps to see if there has been a big rebound since mortgage rates fell back. Watch any sign that jobless claims surge back up over 400,000 – a big downside market mover. Watch for any signs of an improving trade deficit because of the weakening dollar – but don't bet on it.

Up – The Broad Markets—for now. Continue to re-iterate to be bullish on Asian and International markets (Russia/Eastern Europe, Chile, India, and others.) over the U.S.!

Down – Precious metals (Gold/Silver), Bonds.

David's Pick: Long "LBW" Labor Ready Inc.

Long "Labor Ready Inc" (LRW) in the Staffing/Outsourcing service sector. This is a play on "cheap labor"--the boost on the fact that growth in jobs is coming on lower wages and temporary help. This company seems to be benefiting from this. Technically it has a bullish "rising bottom" turn-around pattern that it is breaking out. The stock closed Friday at \$10.64, support is around \$9.50 first upside target is around \$14. As always, use money management and bail if the stock's trend begins to break down.

Peter's Pick: Cash

For reasons described above.

David's Technical Market Take:

All three major indices reversed their bearish deterioration from the previous week on a broad sector advance. The S&P, Dow, and Nasdaq all finished the week in the green, once again, led by speculation in small-cap and Nasdaq shares.

Despite this reversal, the internals of the price action remain questionable. Consider that on Friday, the market gapped up on what, in reality, was a pretty poor jobs report.

So what did the bulls find bullish about lower wages and rising temporary jobs (jobs without employer commitment and benefits)? Perhaps that the news wasn't worse.

Note, however, that when price momentum equities surpasses the underlying fundamentals, there eventually comes an adjustment—usually severe, ala 2000! Remember, your broker makes his\her living off the sale of stocks, mutual funds, etc., and CNBC and much of the rest of the business media make their living off of the advertising dollars of the Wall Street firms selling you these products. So buying is what they want you to do each and every year, each and every trading day! As an example, Morgan Stanley's strategic reports have been encouraging increasing your allocation of U.S. equities all throughout this continuing bear market! Most of those following their advice, are still suffering severe losses!

Please read between the lines, and remember "A fool and his money are soon parted!"

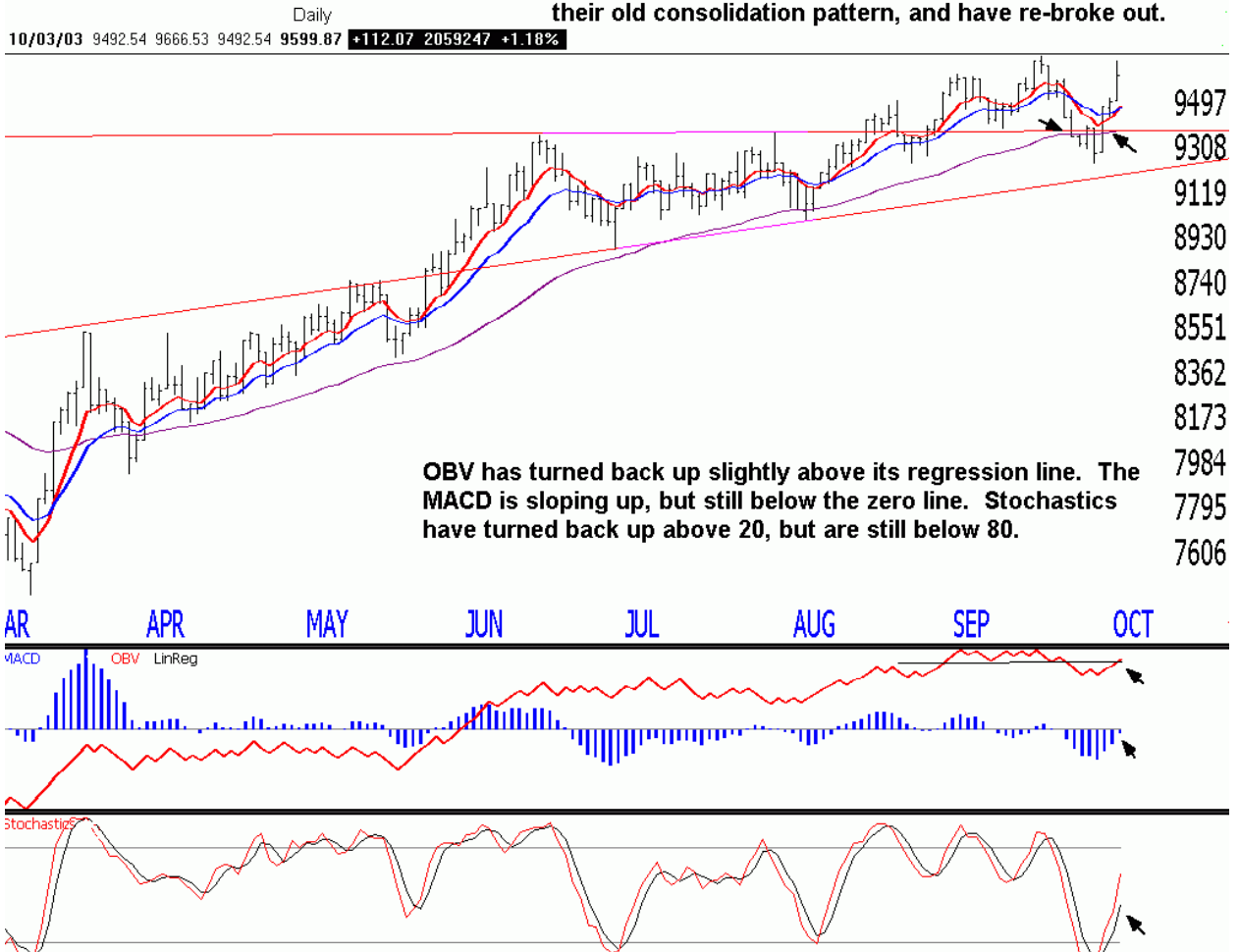
Bottom line: My shorter-term view is Neutral, and my longer-term view remains bearish. We continue to believe this is no more than an impressive bear market rally that will come to an end.

We enter this week: Neutral.

The Dow finished the week up 287 points at 9600. The daily chart below shows prices have reversed their bearish breakdown from the previous week, into their old consolidation pattern, and have re-broke out. On Balance Volume (OBV) has turned up, but is just slightly above its flat regression line. The MACD is upward sloping, but is still below the zero line. Stochastics have turned up above 20, but are still below 80. Together, these could support some more upside movement in the short-term. Support is at: the 9600, and 9500 area, 9400 area, 9353, 9230, 9134, 9127, 9077, the 9000 area, 8855, 8575, 8541, 8509, 8404, the 8200 area, the 8000 and 7900 area, 7800 and 7600 area, 7555, and 7197. Resistance is at: 9686, 9802, and 10353.

DJ-30 - Dow Jones Industrials

Prices, this week, reversed their bearish breakdown into their old consolidation pattern, and have re-broke out.

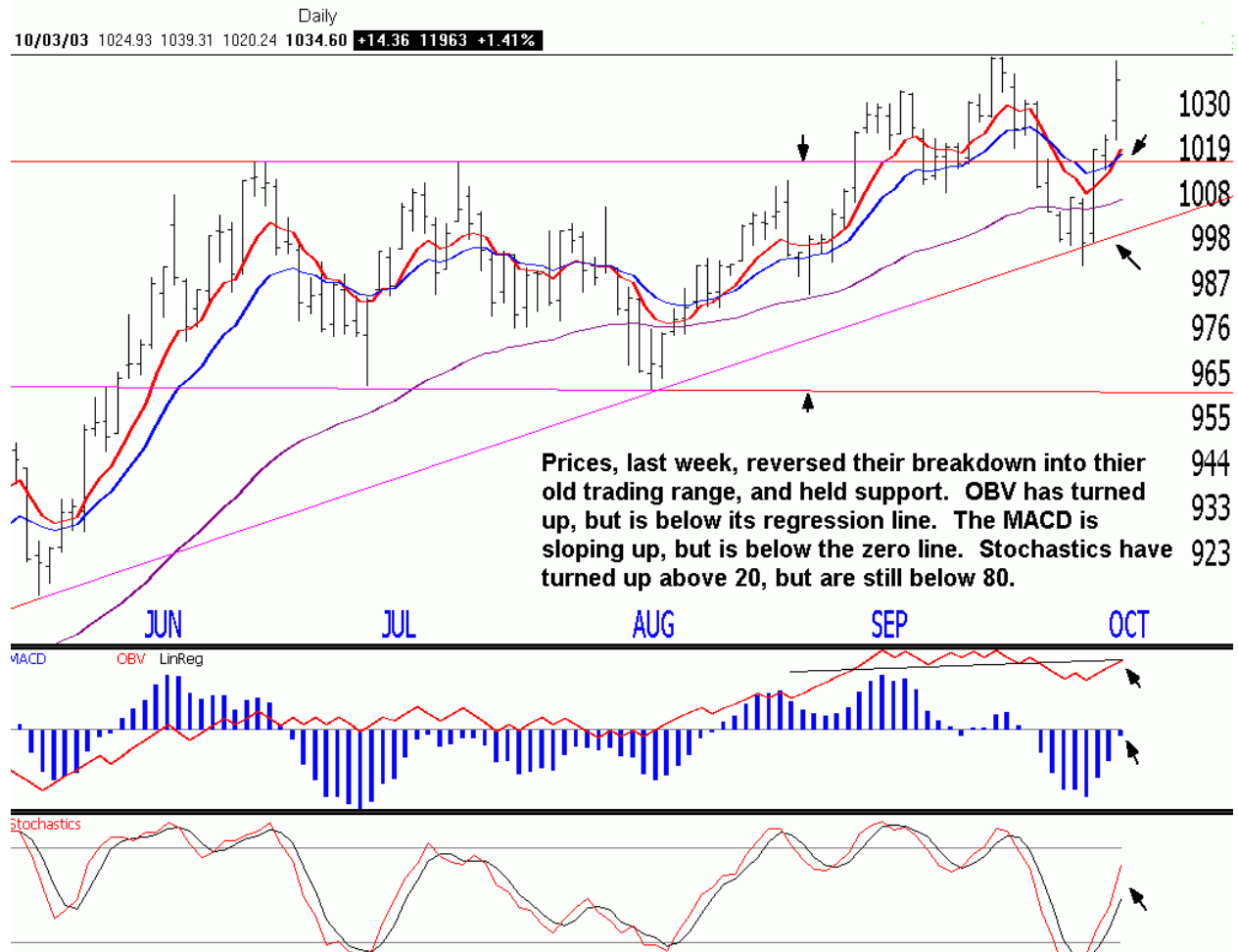


S&P 500

The S&P 500 finished the trading week up 38 points at 1035. The daily chart below shows prices have reversed their bearish breakdown from the previous week, into their old trading range, and have re-broke out. On Balance Volume (OBV) has turned up, but is below its regression line. The MACD is upward sloping, but is still below the zero line. Stochastics have turned up above 20, but are still below 80. Together, these could support some more upside

movement in the short-term. Support is around: 1030, 1020, 1015, 1010, 1000, 993, 984, 974, 965, 954, 927, 900 area, 869, 853, 820, 804, 789, 769, and the 700 area. Resistance is at: 1040, 1072, 1091, 1107, and 1174.

SP-500 - Standard & Poors 500



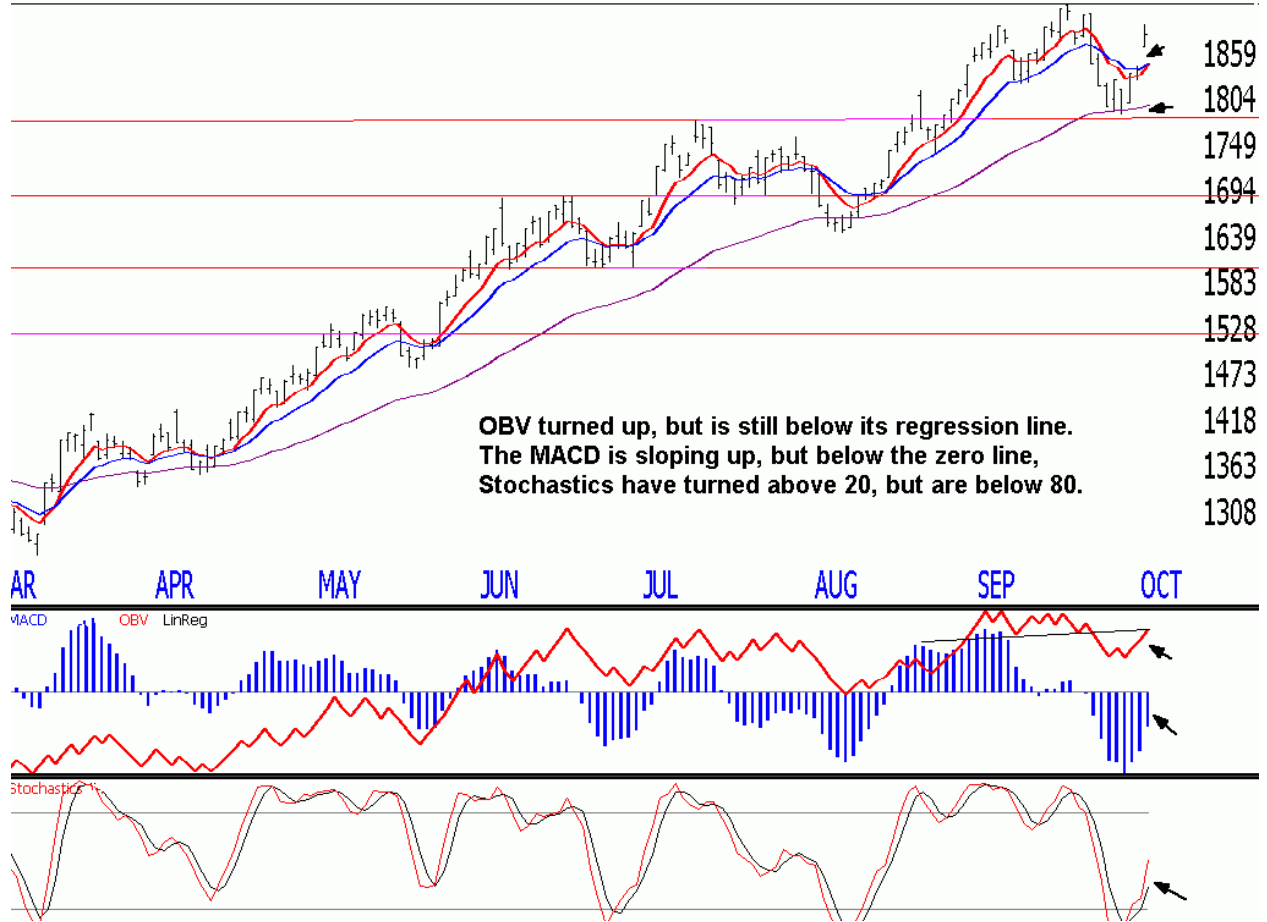
Nasdaq Composite Technicals

The Nasdaq Composite closed the week up 87 points at 1879. The daily chart below shows prices “gapped” up on Friday and held support and their uptrend at the 50-day SMA. On Balance Volume (OBV) has turned up, but is below its regression line. The MACD is upward sloping, but is still below the zero line. Stochastics have turned up above 20, but are still below 80. Together, these could support some more upside movement in the short-term. Support targets are: 1848-1843, 1776, 1750 area, 1700, 1681, 1661, 1600, 1550, 1521, 1489, 1467, 1449, 1420, 1403, 1361, 1359, 1337, 1315, 1320-1310, 1291, 1280, 1262, 1254, 1222, 1180, 1166, and 1108. Resistance on the Nasdaq is at: 1896, 1914, 1959, 2059, and the 2100 area.

COMPQX - Nasdaq Composite Index

Prices "gapped" up Friday, and held support and their uptrend at the 50-day SMA.

Daily
10/03/03 1864.54 1891.62 1864.54 1879.02 +42.80 17021 +2.33%



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