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ACCORDING TO SCRIPT

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SPECIAL NOTE: This week's letter advises readers to refer to the in-depth studies of the past 2 weeks. In Japan, New York, the Dollar and gold, SKWC has been forecasting and identifying the respective intermediate term and cyclical turning points, real-time. With recent market activity proving corroborative, such review of these timely and critical reports is highly recommended.

TOKYO:

The Nikkei has behaved as forecast, lining up to bottom within our timelines. SKWC may not give any advance warning (forecast) of the bottom, choosing instead to only identify the historic secular price low that is now unfolding, real-time.

Truly, there is nothing to add to the Oct. 5th and 12th studies. The economic and stock market considerations *du jour* have all been covered and, to avoid redundancy, I advise readers to refer to them closely.

NEW YORK:

Again, the previous work is here referenced.

Since forecasting the week of the low and identifying it real-time - within the context of a weekly letter - the Dow erupted 1200 points from top to bottom. Apart from the unbroken streak of such Dow forecasts (see "previous comments"), last week's letter examined the case for a **new cyclical bull** trend within a massive secular bear market. Embodying that view is the disbelief with which market watchers are greeting this rally. Of course, they're the same guys who were prematurely bullish at each and every step.

The key thing to bear in mind is that the world will not return to the “new paradigm” of decadence, where trade is holy word and poetry is sludge. With bear markets come revival, we trust. All is not bad, then, no matter what.

As for the nostalgic minded, we celebrate today the 15th anniversary of the you-know-what of 1987. Was that poetry in motion (certainly not the brokers doing swan dives)?

NIKKEI/DOW RATIO:

At the beginning of this year, SKWC identified the ratio's low (at 1.03, see “previous comments”), giving it regular and special coverage.

Its level finally got media attention when it fell to its lowest point since the Korean War. SKWC was aware that the multi-decade monthly chart would not even reflect the minor and extremely brief breach of 1.00. Today, investors and position traders are being given a similar occasion to respond to the opportunity. The ratio has slipped to the very cheap level of **1.09**, en route ultimately to 2.00.

As reported then, the Nikkei/Dow ratio creates strategic possibilities for institutional, corporate and retail investors alike. Using futures, for example, position traders may set up a potentially massive profit opportunity, while index fund holders could make use of the respective futures contracts to efficiently turn their Dow holdings into a position on the Nikkei. Apart from the latter switch, one could be acting as a hedger. Similarly, if a substantial portfolio's beta were known, a reasonable calculation would determine the number of contracts required, with regard to the respective markets, to achieve the discussed hedge or switch.

GOLD:

SKWC looked for a correction to \$305 and we're getting it. Calls were received questioning the wisdom of the forecast since the Dow was spiraling downward amid gloom. Participants could only be reminded that SKWC was looking for a Dow reversal to the upside any day and that the XAU (Philly Gold and Silver Stock Index) was indicating a decline in gold, based on that index's weakness.

Sure enough, there are key stocks that have languished, even returning to critical lows. As written when this decline was forecast, SKWC will revisit the names mentioned in the September 8th commentary, when we're ready to view gold as being within striking distance of a low. The style of SKWC has been to advise the purchase of those equities that have corrected to targeted levels, once any decline in the metal is deemed to be terminating, with stock prices approximately discounting what little decline is deemed to be remaining at that point.

DOLLAR:

The Yen has achieved its first support level (.80) in a greater basing formation. The Euro and Swiss Franc have just begun what would be referred to in Elliott Wave analysis as wave c of C. Simply put, and as forecast in the previous issues of SKWC to which you are again referred, the currencies with which these reports are involved are now into their latter phases of nearer term correction.

SKWC is now vindicated in its view that the currencies would correct, along with a gold pullback toward \$305.

Having analyzed this month's commentaries, readers are well prepared for what lies ahead, yet again (we would like to believe). As well, we may celebrate having to-date been the best-positioned investors in the world, as our short-term prescience has matched our secular, cyclical and intermediate term accuracy.

Simply put, in Japan, New York, the Dollar and gold, across all time intervals, participants are 4 for 4.

“What shall I do, by nature and trade
a singing creature
as I go over the bridge of my enchanted visions, that cannot be weighed in a
world that deals only in weights and measures?”

Marina Tsvetaeva

Sid Klein

THE COMMENTS ABOVE ARE BASED ON DATA BELIEVED TO BE ACCURATE BUT NEITHER ACCURACY NOR COMPLETENESS CAN BE ASSURED. NO RECOMMENDATION TO PURCHASE OR SELL SECURITIES SHOULD BE INFERRED AND READERS ARE STRONGLY ADVISED TO CHECK WITH FINANCIAL COUNSEL AS TO THE APPROPRIATENESS OF ANY TRANSACTION FOR THEIR ACCOUNT. BARRING THE AUTHOR'S EXPRESSED PERMISSION, READERS ARE PROHIBITED FROM COPYING OR SHARING THIS LETTER BY EMAIL, FAX OR ANY OTHER MEANS.