

MARCH 25, 2002 BOB HOYE
GENERAL ELECTRIC 2000 to ??
A PERSPECTIVE ON THE \$600 BILLION BELLWEATHER

Overview:

Once the top was completed in March, 2000, the stock market was likely to correct until May (✓). A recovery was expected into early September, 2000 when the next slide would formalize the bear market.

Our models have been based upon the dramatic climax of five previous new financial eras and include credit spreads, the yield curve, and industrial commodity prices.

September 1, 2000:

The ChartWorks initiated GE coverage with a "sell" based upon current technical analysis and the typical path of following culmination of a great speculation. This is attached.

- Our Chartworks Department's research on earlier opportunities in drugs and biotechs were reliable.
- The obverse of this was used to anticipate the bottom for the Dow in March.
- The first sign of weakness in GE tested support. A second would give a MACD sell.

September 8, 2000:

Our "Checklist For A Top" concluded that "most [equity] sectors are now immediately vulnerable". What follows is a chronology of all the studies on GE since the first in September, 2000. The reason for showing the originals is to recollect the mystery at each expected turn.

Please note that confidence in the initial "sell" was enhanced with the impressive correlations with 1929 on the way up. The September 1, 2000 and May 2, 2001 show two such treatments.

Generally, the key financial items continue to follow the credit contraction model and, specifically, GE continues to follow the "Roadmaps" chart. Within this, the technical dynamics at each expected rally or slump have been remarkably similar to their equivalents in the last severe contraction (emphasized in the March 13, 2002 study).

The ultimate target has been around 12 and when bottoming conditions are developing we expect that the ChartWorks research will be equally competent and that the overall model will provide independent confirmation.

ChartWorks October 23, 2000
GENERAL ELECTRIC: UPDATED FROM SEPTEMBER 1 WARNING

ChartWorks
MONDAY, NOVEMBER 27, 2000 BOB HOYE
GE UPDATE SEPTEMBER 1 STUDY

As noted earlier this year, for 15 years GE, as an integral part of the Dow Industrials, has exhibited very close characteristics with the 1913 to 1929 Dow. It is now down 20%, which seems appropriate. We view 1929 as a magnitude anomaly. However, the structure and timing of the break has been reliable, making the most likely re-entry target in the low 40s. The worst case for GE measures to around 32. The top was due this summer with a number of items to watch for:

- upper resistance line was achieved on the weekly chart on August 28th (vs. Aug 26th 1929)
- MACD rolled over August 30th (Sept 4th 1929)
- 50 day average was tested on September 15th (Sept 16th 1929) The decline following the 1929 pattern:
- 50 day average became resistance on the recent rally as anticipated.
- renewed sell signal from the MACD is in place.
- capitulation bottom could now be in the making soon
The Exhaustion Index is now close to generating a buy alert and the Demand Index is showing signs of bullish divergence.

All going well, this current bout of selling should be over within the next few weeks and followed by a reasonable rally.

General Electric

Observations of Ross Clark January 12, 2001

On August 25th we recognized General Electric (a long standing component of the Dow Industrial Average) as at an important juncture. It had advanced in the previous fifteen years in a manner similar to the fifteen-year advance of the Dow Industrials of 1915 to 1929. A false breakout through \$60 was assumed to be the culminating ingredient to complete the upside action. Confirmation would come with a breakdown below \$56. Both events have occurred.

The subsequent market action has resulted in a 28% decline and brought prices down to the support line from 1994 at \$44. More significant support should be found at the 144 week average (\$41) or the 233 week average at \$33. Subsequent rallies should have difficulty at the 89-week average (\$47).

Our modified (and proprietary) CCI summation index is achieving oversold readings not seen in over six and one half years. Interestingly, the Dow of November 1929 was achieving its most oversold readings in over six and one half years in the index.

While the magnitude of the moves may differ, the level of the measurements by momentum, CCI and relative strength have produced similar results in both instances.

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PATTERN RECOGNITION, AGAIN

GE May 2, 2001

Observations of Ross Clark

GE is into resistance. A violation of support at \$48 could lead to a test of lower support in the high \$30s.

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AUGUST 15, 2001

"ROADMAPS" GENERAL ELECTRIC

- McD "buy" registered on August 14.
- Since employed in early 2000, this model has also been titled "Euphoric Advances And Their Consequences". These included the remarkably similar patterns of DJIA 1929, Gold 1980, and Nikkei 1990.
- Our confidence in the model was supported by the similar climaxes to the five previous New Eras (1929 was the most recent).
- This updates GE studies made on August 25, 2000, and January 12 and May 2, 2001.

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March 13, 2002

GENERAL ELECTRIC ANOTHER "SELL" SIGNAL

- The May, 2001 "overbought" aligned with a similar reading for the Dow in April, 1930.
- This March, 2002 "overbought" aligns with the equivalent reading on the Dow in March, 1931.
- For students of the market, the May, 2001 reading is attached.

