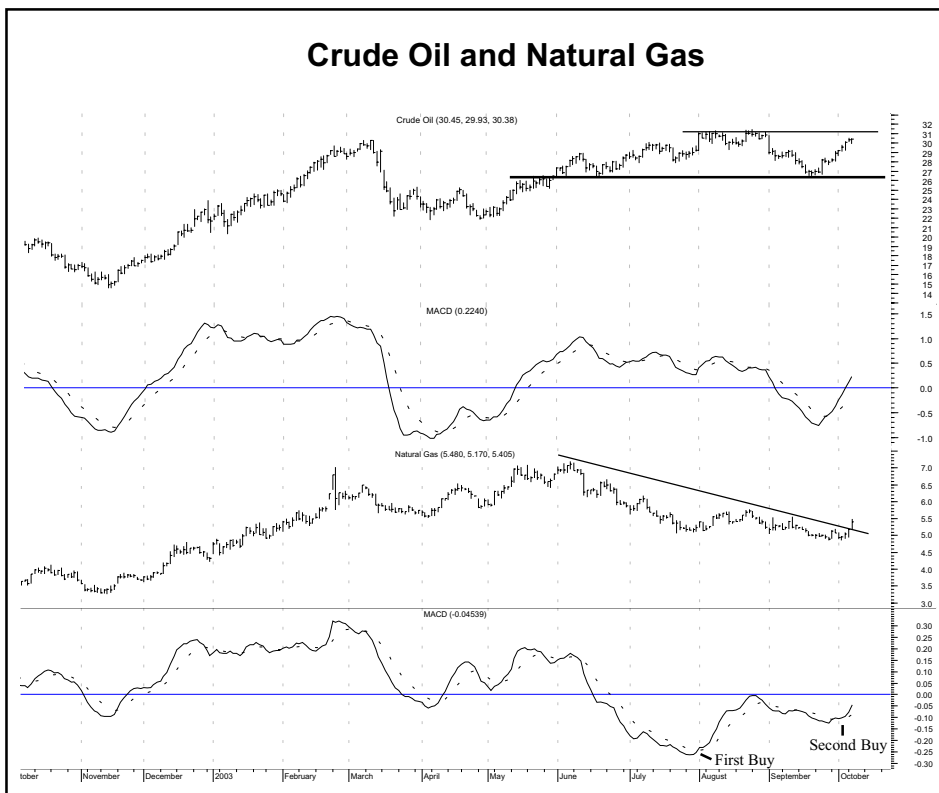


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TANGIBLE OPPORTUNITIES



- The most exciting element in the energy sector right now is natural gas.

Page 1

- The U.S. dollar is continuing its slide.

Page 3

- Our Annual Asset Allocation Model indicates no change for 2004.

Page 5

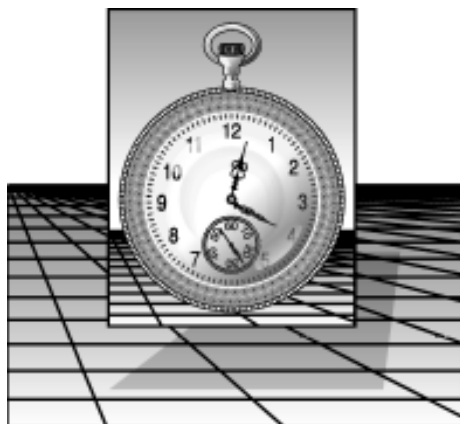
The most exciting thing I see in the markets right now is an excellent opportunity in crude oil and natural gas - especially natural gas. As you can see on the chart, crude bounced off its support level at \$26.50, just as it should have. There was also a nice buy signal from MACD to set off the current rally.

resistance level, I don't expect to see crude fall under \$30.00 again ... ever.

Currently, our Hyperion trading model is still on a sell in crude, but it will reverse if prices rise to \$31.50.

I expect we will see some resistance at \$31.00 in crude oil, and perhaps we will see one last, brief selloff once the \$31.00 level is hit. The important thing is that regardless of the near term wiggles, crude looks very good here. I expect to see it move decisively over \$31.00 this winter. Once finally through that

The most exciting element in the energy sector right now is natural gas. It peaked out at about \$7.00 last June, just as Alan Greenspan proclaimed that natural gas was going to \$10.00. If he is going to take up commodity timing, perhaps he shouldn't give up his day job. Natural gas promptly fell to \$5.00, about where it is currently.



I can't say what Alan thinks now, but he will eventually be correct. Note that natural gas has been basing at the \$5.00 level for some time. It is also important that MACD has just produced a "second" buy signal. This signal comes at a higher level than the first buy signal, while natural gas prices actually dipped a bit lower. The resulting positive divergence is very bullish.

I am presenting this analysis of crude and gas because it is important to our oil and gas stock investments - and to our opinion that we are in the early stages of a commodity bull market. Inflation cannot be avoided if oil and gas prices appreciate over the next couple of years as much as we believe they will.

I feel that if nothing else changes in the world from what we are experiencing today, energy prices will easily double in the next six years.

If anything goes awry - problems in Israel, the fall of the ruling family in Saudi Arabia, spread of militant Islamic movements in Asia and the Middle East, accelerated economic growth in China, etc. - you will suddenly wake up one morning in a new world of extremely expensive energy. All of these elements combine to make our oil and gas trusts excellent investments.

As energy prices rise, so will our dividends and the value of these stocks. With both crude and natural gas poised to break out on the up side, the time is excellent for purchasing select oil and gas producers.

On Page 6 is a list of the stocks we are recommending for buy and hold. We first recommended **Enerplus Energy Trust** (ERF-NYSE-\$27.18) two years ago when it was selling below \$17.00. We have encouraged accumulation of the stock since then. However, in the September monthly letter, we suggested that investors sell a small portion - say, 10% of their holdings - and shift that money into Primewest or Peyto.

I don't think you should buy Enerplus at this time if you don't own it already. If you moved 10% to better opportunities as we suggested in the September letter, that is fine. Hold on to the rest.

If you didn't lighten up, you still have the opportunity to do so. Just don't dump your position. Shifting 10% to Peyto or one of our other recommendations is prudent. Use limit orders, at \$26.00 or higher. My feeling is that although I still like Enerplus and have no intention of selling my holdings, there are better places to put new money.

Where should your new money go?

I like **Primewest** (PWI-NYSE-\$18.95). You can purchase initial positions at \$18.50 or add to existing positions at that level. The indicated dividend for PWI is about 15%. Now remember, I always advise that you accumulate positions.

If you don't own Primewest, buy about 20% of what you would like to own at the current price and then buy more in weakness at the downside buy price. If you already own the

stock, you can accumulate more at the \$18.50 price or less.

Shiningbank (CA:SHNUN-TSX-\$16.44) is another Canadian Energy trust I like. It has reached our downside buy price and should be purchased. Again, if you don't have a position as yet, buy 20%. Then add during further weakness.

Canadian stock symbols vary some depending on which Web site you use. If you go to the Web site www.bigcharts.com, you can bring up Shiningbank with the symbol CA:SHNUN. Shiningbank is yielding about 17% at this price.

Both Primewest and Shiningbank are energy trusts like Enerplus. You are buying oil and natural gas in the ground. As it is pumped and sold, you are paid a monthly dividend. The dividend will vary depending on the price of the gas and oil.

I believe we will see a floor under natural gas at \$6.00 and under crude at \$32.00 in the not too distant future. By the end of the decade, \$50.00 crude and \$10.00 natural gas will be the norm. Investing in Canadian oil and gas trusts is the premium method of taking advantage of this.

Kinder Morgan (KMP-NYSE-43.50) is on our buy-and-hold list as well. However, I don't think you should make initial positions in KMP any longer. Investors can add to previous positions, but only at the downside buy price.

Kinder Morgan is a bit of a sleeper, and it is a good, consistent dividend payer. At current price levels, though,



Foreign oil and gas producers will not continue to sell their products for weaker dollars. More oil and gas payments will be demanded in euros, and perhaps even in yen.

use, but this symbol works for www.bigcharts.com. Like Shiningbank, Peyto does not trade on the U.S. Exchange.

I have not had a problem buying Canadian stocks on the Canadian Exchange. Just call your broker. I can't buy them on line with Scottrade, but a phone call is all it takes.

the dividend is only about 6%. That is decent, and I have no doubt that the dividend will be increased as time goes on. It is just that KMP has done quite well to date, and you should not sell what you have. You do need to wait for weakness to do any further buying.

I mentioned that when the Japanese yen broke out of its long term consolidation, the dollar would accelerate its fall. The yen is now on a tear, and this all but guarantees that the dollar will crash through support.

Peyto has run up from about C\$17.50 when we first recommended it - to nearly C\$22.66 currently. I hate to chase stocks; but again, if you don't already own any, I would buy a 10% position at C\$22.00 or less. Then add significantly to that at the listed downside buy price of C\$18.50.

Incidentally, I have no problem in averaging up with my positions. Adding more stock to what you have at higher prices is not foolhardy. This technique can keep your average price under the market, which is a good way to manage risk. Consequently, don't be put off if your "downside buy price" happens to be higher than our initial price as the stock moves higher.

Our Canadian dividends are up by 8% since April due to the decline in the value of the U.S. dollar alone. A weak dollar is not good for investments denominated in U.S. dollars, but it's good for investments denominated in other currencies.



The U.S. dollar is continuing its slide. We posted the chart on the hotline several days ago with appropriate comments. The 92.50 level should offer support temporarily. However, it shouldn't be long before support is solidly broken and the dollar accelerates its devaluation.

Another interesting Canadian oil and gas company on our buy-and-hold list is **Provident Energy Trust** (PVX-AMEX-\$8.19). This is one you could nibble at under \$8.00 with the intent to increase your holdings at \$7.50. The current indicated dividend is about 16%.

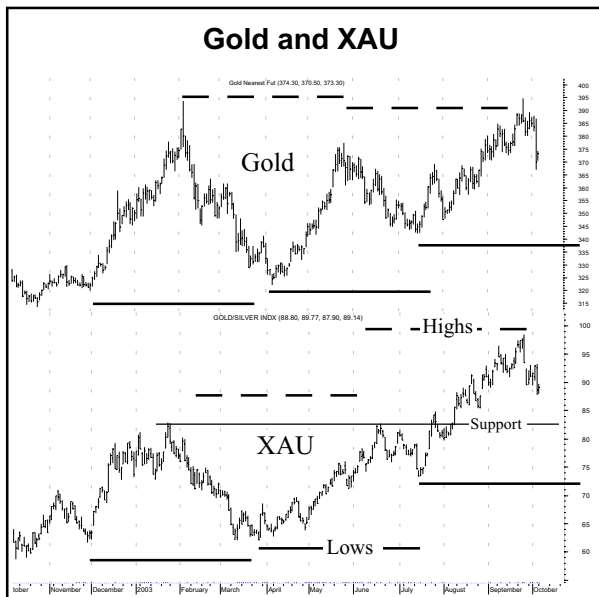
On Page 6, I have listed Web sites, along with all the current downside buy prices for our recommended buy-and-hold stocks. If you are interested in fundamentals, you can get all the details you want at the individual stock's Web site.

The dollar will fall to 80.00 - perhaps as early as next spring. The fate of the dollar is significant, regardless of where you invest your money. It is important in all aspects of your life. As the dollar falls, everything you buy will be more expensive.

Energy trusts are the best income-producing investments in today's market. Some of these shares belong in your investment portfolio.

Fundamentally, the energy trusts are quite straightforward. They own and produce oil and gas and then send you a good portion of the money they earn. Some will do this better than others, but it is really a matter of buying dividend yield and waiting for the dollar to fall and the price of oil and gas to appreciate.

Don't forget to also invest in some **Peyto Energy** (CA:PEYUN-TSX-C\$22.66). Again, the symbol may vary depending on the Web site you



The falling dollar will also be translating into higher gold prices as we move on to 2004.

I have made some changes in the Hyperion list, the first of which was to take **Newmont Mining** (NEM-NYSE-\$39.25) off the Hyperion trading list and add it to our buy-and-hold list. We had been warning that gold was ready for a correction, having probed the \$400.00 level last month. Now that the correction is under way, it is time to buy some gold. Newmont can be purchased at \$37.00 or less.

You should also own **Goldcorp** (GG-NYSE-\$14.34), which I believe is the very best gold mining company on the face of the earth. Goldcorp should be the core holding in your precious metal portfolio. They have no debt, excellent expanding reserves, and plenty of operating capital. Their Red Lake Mine is one of the richest gold deposits on the planet. If you don't own some, buy a 20% position here and then add at our downside buy target of \$13.20.

our lists.

My first experience with gold and silver stocks was back in the early 70's. The South African companies were big dividend payers back then. They were in the business of extracting a valuable natural resource, which was all but guaranteed to rise in value. The cash flow would then be passed as dividends to stockholders. This is similar to the situation we have in Canadian energy stocks today.

The problem with both the energy trusts and metals mining companies is that problems can come up. Mines can flood accidentally or fires can break out. The best investment approach is to buy the best companies you can and then let diversification take care of covering normal company-to-company business risk.

We have cut back to a 25% invested position in the Rydex Precious Metals Fund. Now that the selloff we were looking for in gold is under way, it is time to be focusing

To diversify your gold and silver portfolios, you can add or buy initial positions in **Anglogold** (AU-NYSE-\$36.89) and **ASA** (ASA-NYSE-\$41.57). In any event, only buy these at their listed downside buy prices – ASA at \$40.25 and AU at \$35.25. Start by owning Goldcorp, and then diversify into the other metals stocks on

on buying back in. There are a couple things to consider in timing our next move.

First is cyclical aspects. Gold has been making highs about every 16 weeks and lows about every 16 weeks. The chart illustrates this better than words. The next low is due in late October. Although the XAU and bullion do not usually follow the same timing, they seem to be in step at the moment.

The second aspect is price. A 50% correction in the latest rally would put the XAU back to 86.00. However, I expect prices could fall back to the support level at 83.00.

Remember, there are two elements here - time and price. It will take a little time for the current correction to run its course, even if prices don't immediately fall straight to 83.00. It would not be out of the question to see a short rally test the gaps left in early October.

So, be prepared. If you are trading the Rydex gold program, stay up with the hotlines. We will be monitoring the situation closely this month. If you are investing in our buy-and-hold gold stocks, be patient and stick with our downside buy points.

On Page 5 is a list of our junior gold and silver stocks for you to consider. Don't put the college funds into these or mortgage your ranch to buy them, but a few shares make sense. You could buy a call option on gold, but these secondary metals stocks are the ideal alternative to buying options.

Those of you who have been with us longer term and have picked up some of these have done well with them. Now - while gold is backing off – is the time to buy again.

We might want to consider how the weak dollar is going to affect bonds and interest rates. It's time to be looking for another sell signal in bonds and a move into the Rydex Juno fund, which is short 30-year U.S. bonds.

We caught the June highs very well and bought the Rydex Juno fund on June 17. We covered that short on July 15, with a very nice 9.5% profit. Not bad for a month! However, I did not get long for the rally. Nothing is perfect.

Bonds are setting up for a sell, but they are not there yet. We need a brief rally here, and then we will be able to set up some entry parameters. When they develop, we will announce it on the hotline.

There is no doubt in my mind that interest rates will go higher over the next 12 months. This will partially be the consequence of the dollar's weakness as well as foreign investors working their way out of dollar investments and into better alternatives.

One would traditionally think that higher interest rates would make the dollar more attractive. That is true to some extent, but

today's problem is that the Fed is set on flooding the world with dollars. The money supply this year alone has increased by about \$1 trillion.

We may be seeing the greatest acceleration in money supply growth ever! The result is not rocket science. When there is too much of anything, the value declines. So it will continue to be with the dollar. Higher interest rates will also have a negative effect on the economy, and it will likely be the tipping element in the coming debt default rush. Bankruptcies are already at historic levels, and this movement has only just begun.

I fully believe that the Fed thinks they can control the situation and keep the economy from failing. Perhaps they can ... but at what cost? It's much like keeping the stock market alive in the 90's at the cost of the deflation of an enormous investment bubble. This attempt is also destined to burden citizens with further investment losses. Once the house has burned down, it is too late to stop the fire.

Bill Gross, who is perhaps the world's most influential bond investor, stated in his October investment outlook, *"I reiterate: the stocks, bonds, and currency of a debtor nation in the process of reflating are not attractive investments."* This is not a secret, and it is something foreign investors are particularly aware of.

I am telling you to look for higher prices for the things you buy and a resurgence of inflation. Here is some further confirmation of this outlook. Our Annual Asset Allocation Model is recalculated each October, and the October, 2004 calculation shows no change in its advice of last year.

Tangibles still offer the best investments. Buy commodities.

Tangibles are the best investments now, with some exceptions. Do not buy real estate. It is too leveraged due to the process of refinancing, which the Fed has encouraged in order to keep spending and the economy alive. Real estate is about

Junior Gold & Silver Stocks - The Option Alternative

Company	Symbol-Exchange-Price 10/02/02	Price 10/8/03	Downside Buy Price
Kinross Gold Corporation	(KGC-AMEX-\$6.30)	\$7.61	\$7.00
Golden Star Resources	(GSS-AMEX-\$1.30)	\$4.10	\$3.45
Bema Gold Corporation	(BGO-AMEX-\$1.06)	\$2.65	\$2.20
Coeur d'Alene	(CDE-NYSE) ##	\$3.03	\$2.80
Western Silver	(WTZ-AMEX) ##	\$3.59	\$3.10
Cumberland Resources	(CBD-TSX-C\$2.10)	C\$4.55	C\$3.75
American Bonanza	(BZA-V-C\$0.15)	C\$0.31	C\$0.27
American Bonanza Warrants	(BZAWT-V-C\$0.06)	C\$0.16	C\$0.13

Note: C\$ denotes Canadian dollars
Initial recommendation was 9/2/03

to go through a massive adjustment. This is because of overcapacity - too many apartments, too many office buildings, too much retail space, too many million dollar lake homes, etc.

Along with too much real estate (remember what happens to price when there is too much of something), prices are too high and everything is over-leveraged. There is a big adjustment coming in real estate. Shy away from REIT's.

I also don't like commodities that are related to real estate, like lumber and forest products. There is a shakeout coming in this sector on the shirrtail of the real estate adjustment. Once this adjustment is in force, you will be able to buy real estate at truly bargain prices. We will be at the forefront of that movement when it comes.

Halloween is coming, so let me leave you with a scary quote from Sir John Templeton. As you know, he has been a successful investor for longer than some of us have been alive. This quote might sound extreme, but it may well end up being the most prescient thing uttered in this century.

“Every previous major bear market has been accompanied by a bear market in home prices ... this time, home prices have gone up 20%, and this represents a very dangerous situation. When home prices do start down, they will fall remarkably far. The stock market is broken, and it will take some time, maybe years, to repair it. Mass media, especially TV today, is so short term that few in its audience grasp the lasting damage and corrective impact which will continue to linger from the greatest financial crash in world history – I am also worried about the record debt and believe one should buy real estate when houses fall to one-tenth of current values.” Sir John Templeton, August 2003.

Finally, below is the most recent list of our recommended buy-and-hold stocks, along with downside buy prices. I also recommend that you visit their Web sites as you will find a wealth of information there.

Recommended Stocks For Buy And Hold

Stock	Symbol/ Exchange	Price 10/8/03	Downside Buy Price	Web site
Enerplus Resources	ERF-NYSE	\$27.18	HOLD	www.enerplus.com
Primewest Energy	PWI-NYSE	\$18.95	\$18.50	www.primewestenergy.com
Shiningbank	SHNUN-TVX	C\$16.44	C\$16.50	www.shiningbank.com
Provident Energy	PVX-NYSE	\$8.19	\$7.50	www.providentenergy.com
Peyto Energy	PEYUN-TVX	C\$22.66	C\$18.50	www.peyto.com
Kinder Morgan Partners	KMP-NYSE	\$43.50	\$41.00	www.kindermorgan.com
Knightsbridge Tankers	VLCCF-OTC	\$9.22	\$6.25	www.knightsbridgetankers.com
Nordic American Tank	NAT-AMEX	\$13.17	\$10.50	No Web site
Anglogold	AU-NYSE	\$36.89	\$35.25	www.anglogold.com
ASA, Ltd.	ASA-NYSE	\$41.57	\$40.25	www.asaltd.com
Newmont Mining	NEM-NYSE	\$39.25	\$37.00	www.newmont.com
Goldcorp	GG-NYSE	\$14.34	\$13.20	www.goldcorp.com

**Our Web site: www.protiming.com
e-mail: protiming@hotmail.com**