The Brogan Group

H.G Wellington & Co., Inc.

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"The Brogan Group Called All Major Equity Market Turns Over The Past 6 Years!"

The Brogan Group first started publishing market calls in the "Signal Report" market letter January 1995 edition. The Signal Report is an Institutional/ Technical/ Quantitative market letter provided to professional money managers to help them with timely entry/ exit strategies on the equity markets. The Brogan Group has forecasted all the major turning points in the equity markets over the past 6 years which has helped their Institutional clients outperform.

During the blow off top of 1999 - 2000, the Brogan Group editor, Bob Brogan, was writing on the markets and telling all their Institutional clients to take $$ off the table and get defensive. He spoke at the Emerald Research Ground Hog Day Conference Feb 2000, stating "Money Flow Persistency in all the major market averages was not in line to confirm the advance and the markets were vulnerable to a significant correction."

During the Bear market 00-03, The Brogan Group helped their clients capture alpha by trading the equity markets with their proprietary trading methodology using price momentum, Bomar Price Bands, and Money Flow Persistency Analysis.

By the End of the 3 year Bear Market the Brogan Group was there once again, writing that the markets were experiencing a major Triple Bottom/Inverted Head & Shoulders Bottom. The Internal Low/Left Shoulder was July '02 the primary low/Head was Aug '02 and the External Low/Right Shoulder was March '03. They were able to spot the Bear Market Bottom by doing VIX/SPX Ratio (Positive/Negative) Spread Analysis. This analysis at the time was showing major positive/negative spreads never recorded before, which was signaling the markets were in the process of a major cyclical trend change.

After the final March '03 bottom, the market had an Intermediate term advance that peaked January 2004. The Brogan Group was recording peak reading on all their technical indicators from the % of Stock > 200 day m.a., % Stocks > 40 day m.a., New High/New Low Ratios, SPX Last Hour Indicator, Divergence on Price Momentum Indicators and Rate of Change Indicators.

During the Correction from January 2004 to November 2004, (which was another Intermediate term bottom market call) the Brogan Group's indicator that really proved to be correct in the prediction of the year-end advance was the historical market strength pre/post election year of the Presidential Cycle.

The next significant Intermediate term Top Call the Brogan Group made was the advance from Nov '04 peaking January 2005, During this time frame The Brogan Group was doing extensive research on the creation of a proprietary indicator called The Brogan Index ©.

The Brogan Index © is made up of the number of securities in any given index that are recording positive Money Flow accumulation patterns over 45 days and longer. This indicator was the key (added with their arsenal of indicators) that lead to the remainder of their timely market calls to date. Since Jan '05, The Brogan Index © identified the April '05 Market Bottom, July '05 Market Top, Oct '05 Market Bottom and presently the May '06 Market Top.

Since the January '05 Market Top to March '06 The Brogan Index © has recorded five consecutively lower highs. During this time frame the equity markets have been in a cyclical bull market advancing from 15% in the Large Cap to 30% advance in the Small Cap. At the same time the majority of the markets have been making new highs on a weighted and un-weighted basis and The Brogan Index © has been signaling major divergence not seen since the 1999/2000 market top!

"Money Flow Persistency Divergence Signals Caution Mar/Apr 06"

During the '99/'00 advance the Brogan Group recorded negative divergence on the number of stocks in the SP500 recording positive Money Flow Persistency. This divergence lead to a substantial decline in the overall equity markets. As of March '06 we have recorded the same divergence with five consecutive lower highs which is signaling that buying pressure is diminishing as the market is making new highs.

The Brogan Index © was correct in the prediction of a substantial correction March '00. The question is: will this correction lead to a market top similar to the market top in 2000? The Brogan Group thinks we are store for a substantial correction into the fall of 2006.