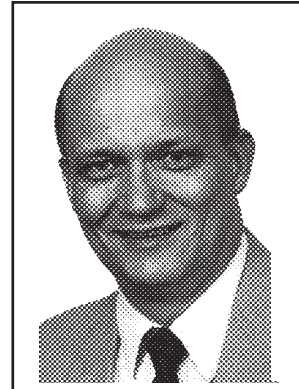
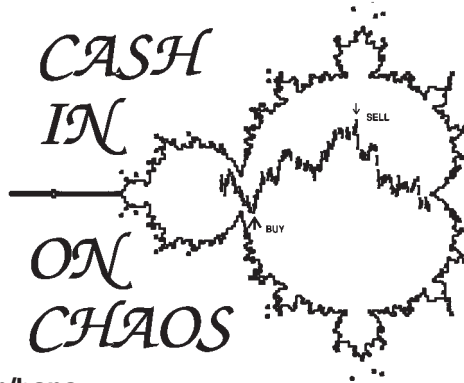


Yes,  
you  
can ....



<http://www.cashinonchaos.com/hans>

CASH IN ON CHAOS NEWSLETTER - February 22, 2000- 00-2

Dr. Hans Hannula, voice 303-452-5566, fax 303-457-9871, email [allarson@cashinonchaos.com](mailto:allarson@cashinonchaos.com)

**Stocks continue to fall. Tbonds rally. IBM setting up for a tumble. Interest rates continue to rise. Brokerage firms in turmoil. Swiss Franc bottoms. Gold rally pausing. Wheat rally slows. World markets still toppy. Concentration headband explained. Gann fans explained. The Hand of God forecast updated. Big step in quality improvement.**

**STOCKS**

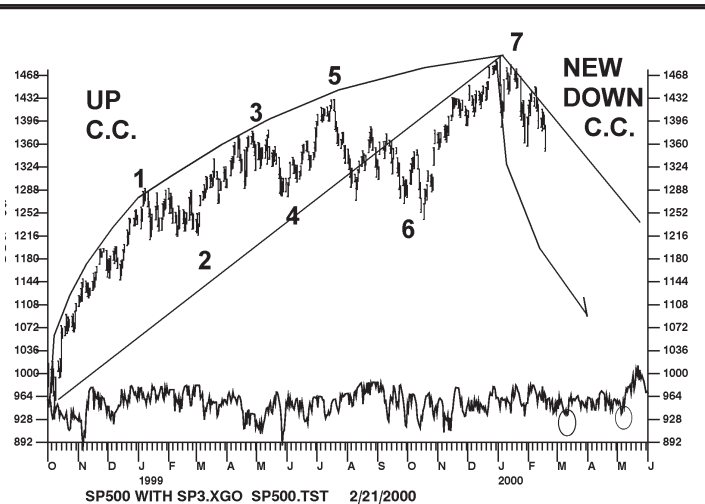
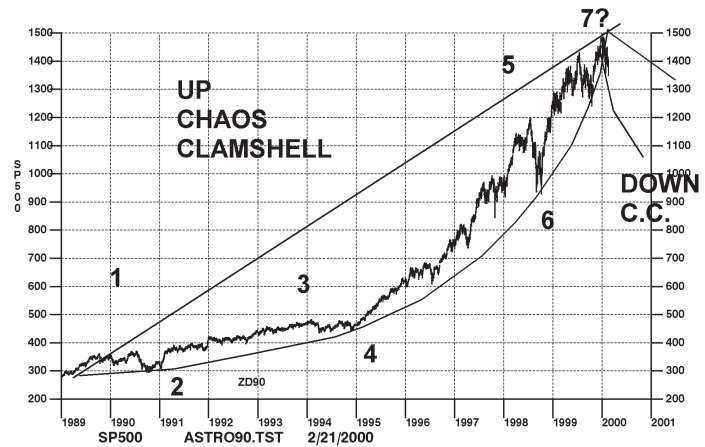
**Stocks continue to decline from their Y2K Millennium top.** January was a bearish month suggesting that 2000 will be a bearish year.

The long term chart shows the large up Chaos Clamshell of the past decade. The last six years of this pattern represented the fastest increase in market capitalization in history. So it is not unreasonable to expect this optimism to be corrected by a pullback of at least 10 percent. A more likely retracement is a full 38.2 percent. Such a retracement will cause many of the high flying Internet stocks to collapse and will wreck havoc with many mutual funds.

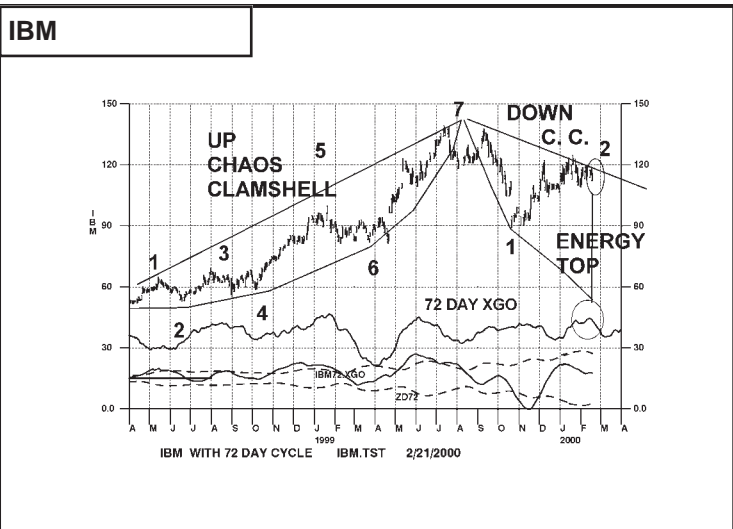
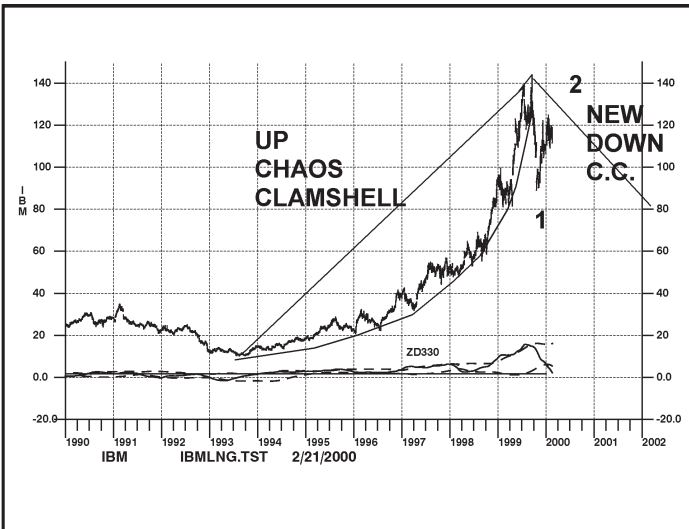
One of the oldest market analysis tools is the Dow Theory. According to that theory the market has been in a bear market since last year. (Thanks JS for the update)

The short term chart shows the beginning of what is probably a down Chaos Clamshell. That Chaos Clamshell is apparently in move 4 out of 7. The SP3.XGO energy function suggests a low near March 10th, and another low near May 10th.

Investors should now be out of stocks. Traders have been trading the short term swings, but are holding one contract short from 1422. Check the hotline for updates.



This letter is written by Dr. Hans Hannula, full time trader, PhD (Electrical and Computer Engineering), RSA, CTA. It incorporates his original scientific research into market chaos, its causes, patterns, and trading techniques. The Chaos Clamshell shown is the unclassified version of the confidential **Hannula Market Fractal**, which is taught in his **Cash In On Chaos** course. **Hotline updates to this letter are give at 7 PM Eastern, 1-900-776-7272, \$3 per minute for 2-3 minutes,\$6-9 total.** See page seven for more details.



**IBM is nearing the end of its rally.** The long term chart shows that IBM is probably starting a new down Chaos Clamshell.

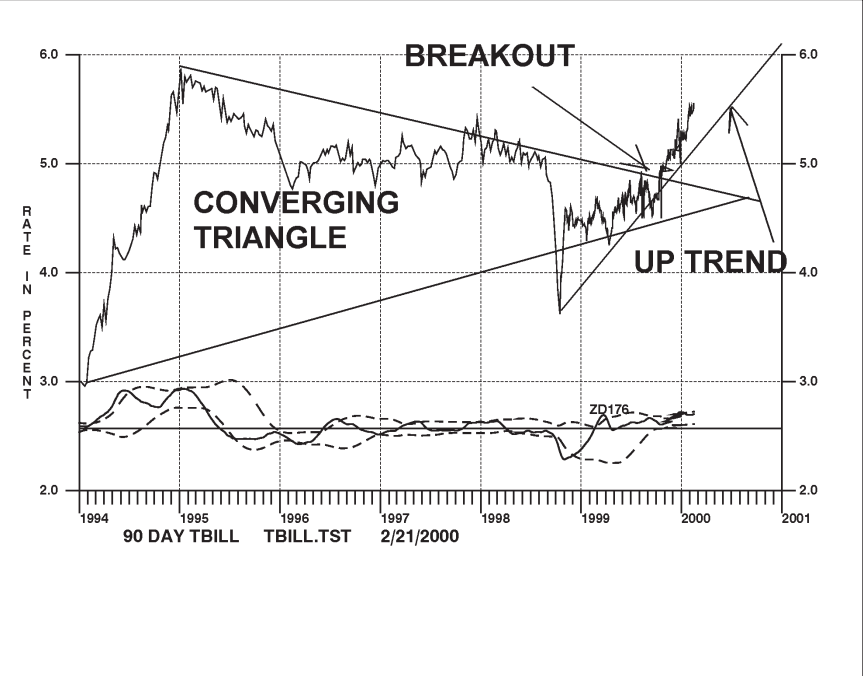
The near term chart shows the most recent up Chaos Clamshell and the first 2 moves of this down clamshell. The 72 day XGO energy cycle is currently peaking and turning down now. This is setting up as a failed retest of the highs and is a good place to get out of IBM if you are holding that stock. Speculators could attempt a short using long term LEAP options.

For stocks or commodities not covered in this newsletter or on the hotline, you can track the cycles and trade the Chaos Clamshells using the **Trading System Toolkit**.

**ECONOMY/RATES**

**Interest rates continue their climb.** The Fed has now raised rates four times and may raise them again. The economy continues to be hot, with labor in very short supply. This will quickly lead to wage inflation. As soon as that shows up in the economic numbers the Fed could become even more aggressive.

In the world economy wages can be a competitive disadvantage. In the US wages are much higher than in many other parts of the world. This is not just in manufacturing. Computer programmers in Moscow and India are often technically competitive to American programmers. Yet they can work for as little as 20 percent of what an American programmer needs for a living wage. The Fed is acutely aware of this competitive disadvantage of the American economy. American economy does have advantages in the area of productivity and efficiency, so these help offset the wage disadvantage.

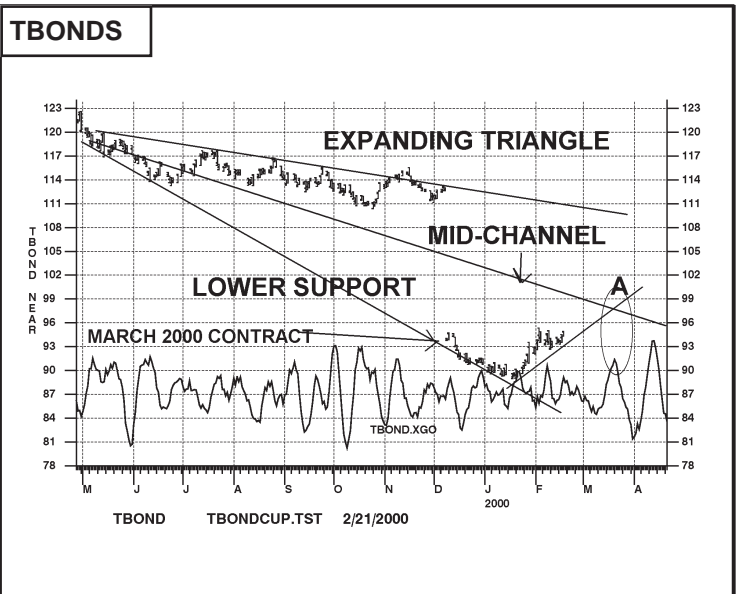
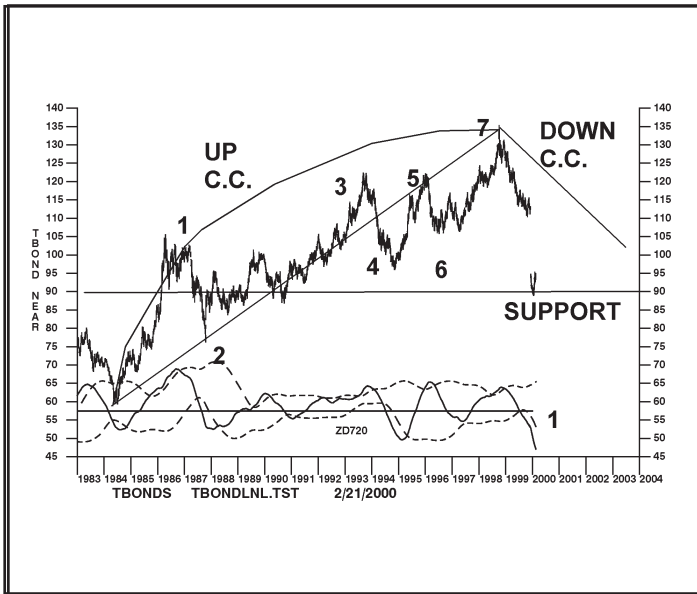


In many companies wage increases have been held down by issuing stock options. This has been a wonderful ploy during the raging bull market of the last 6 years. But if a serious bear market materializes, the substitute for wage increases will lose its glitter. That will increase pressures for wage inflation.

That raging bull market has created a new problem for brokerage houses. Many of the top brokers are taking their large bonuses and starting new Internet brokerage houses of their own. They find that customers are often loyal to them and not the firm for which they worked. This has caused a lot of turmoil within the brokerage industry. I suspect that this turmoil is just beginning. A bear market of any size will sharply increase the strains on both the traditional brokerage houses and these new upstarts.

**Obstacles are those frightful things you see when you take your eyes off your goals.**

Unknown

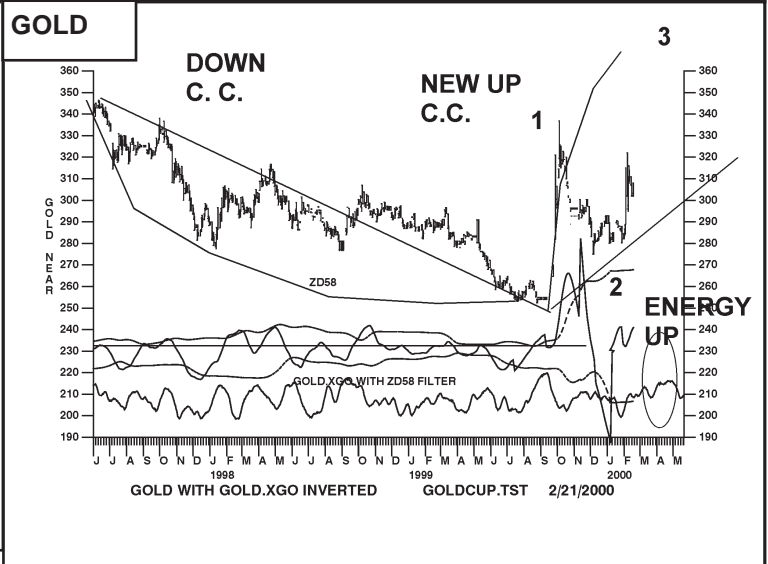
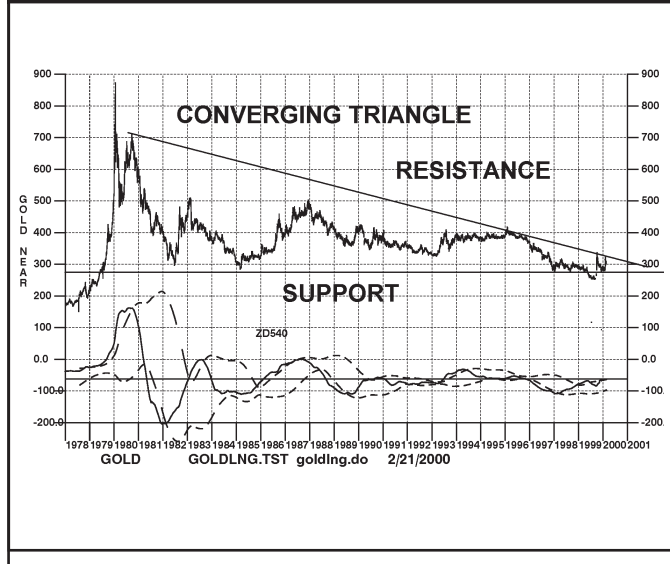


**Tbonds did find support at 90, as we anticipated.** The long term chart ZD720 is buy ready, but has not turned up.

The near term chart shows the expanding triangle covering the December '99 contract and the March 2000 contract. I did receive email telling me that this brute force merging of these two contracts was questionable. In my reply I explained that I use the technique because it represents the mental price that traders are using. I have found that such charts always reflect harmonic relationships in prices. For example, the mid-channel line shown should prove to be strong resistance. I expect that bonds will now decline briefly and then rally up to that line.

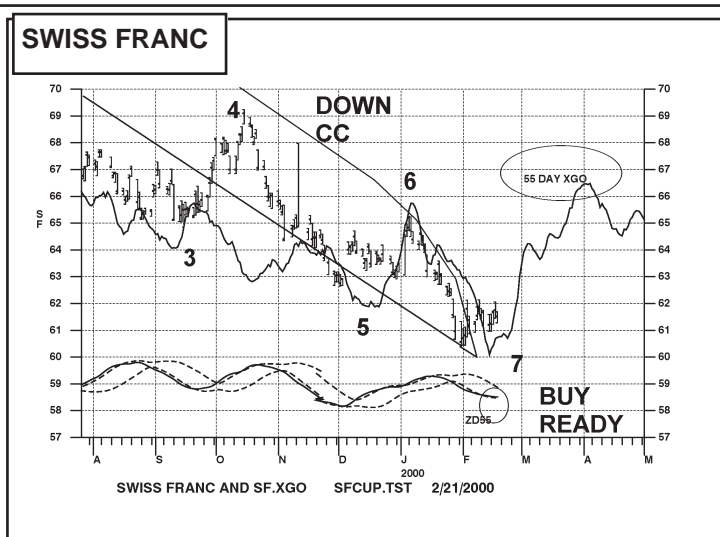
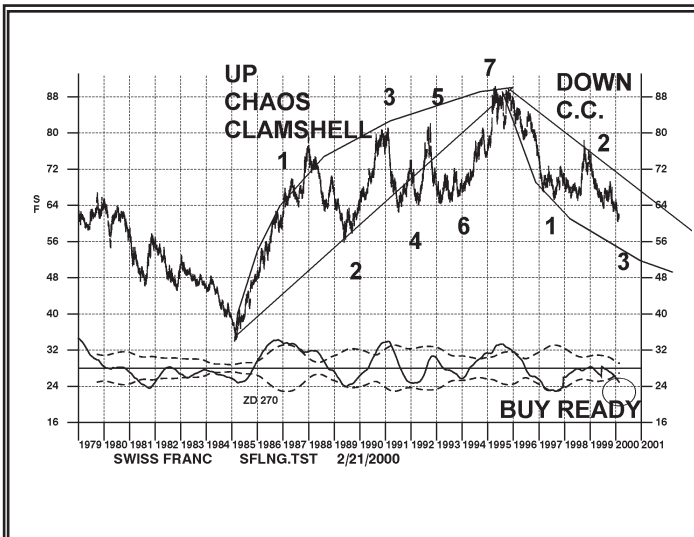
**Things may come to those who wait, but only the things left by those who hustle.**

Abraham Lincoln



**Gold is showing strength. It did rally last month as expected.** That rally tested but did not break the resistance line of the large converging triangle shown on the long term chart.

The near term chart shows the higher low of the new up CC. This is most likely move 2 of the up CC. Move 3 may or may not break the long term resistance line. If it does not, we may see congestion, forming a converging triangle. When that triangle breaks it will probably break to the upside with a great deal of energy. It is now time for investors to accumulate gold on the dips and for traders to play the short term dips, cashing in on each quick upthrust.



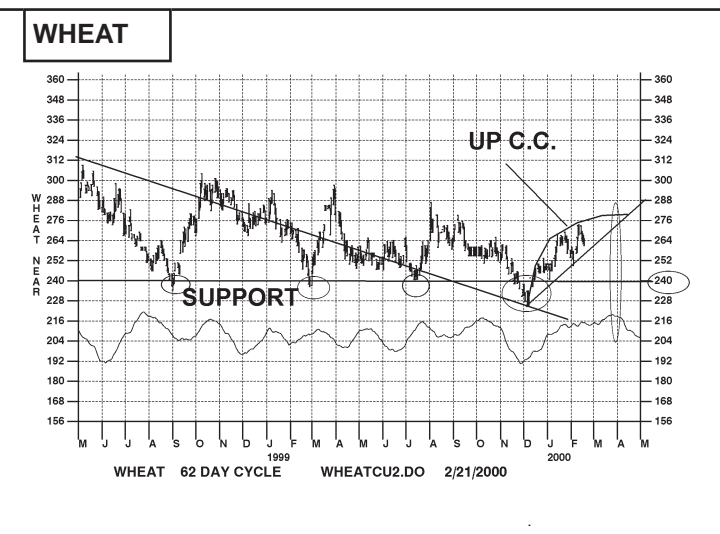
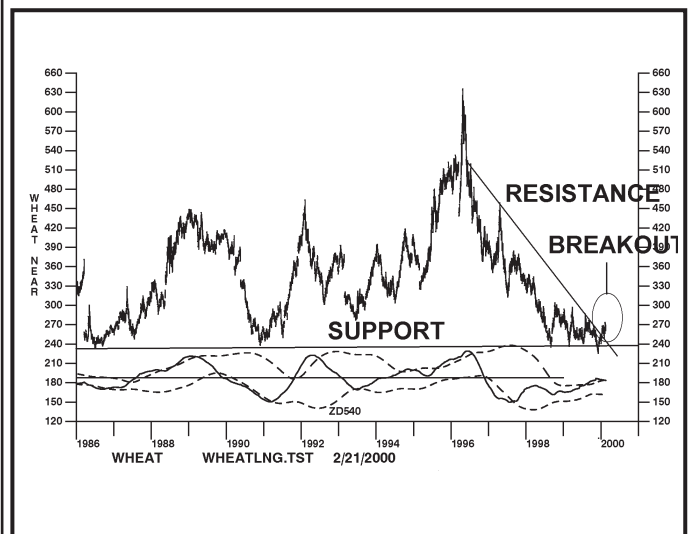
**The Swiss Franc is making an intermediate term low.** The long term chart shows that this low is probably the end of move 3 in the down Chaos Clamshell shown. The ZD270 cycle is buy ready.

The near term chart shows the formation of the low. This low is doing a good job of following the 55 day XGO energy forecast. The 55 day ZD filter, which tracks the actual energy in the 55 day cycle, is Buy Ready.

Traders are currently long. Check the hotline for updates.

**Don't wait for your ship to come in, swim out to it.**

Unknown

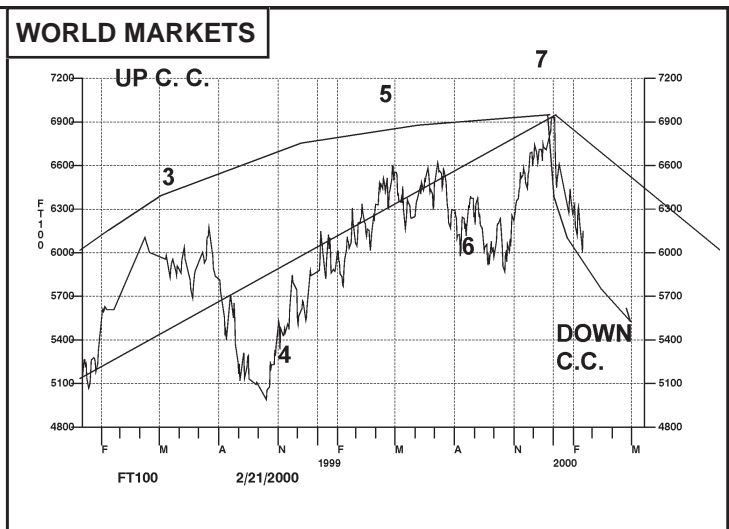
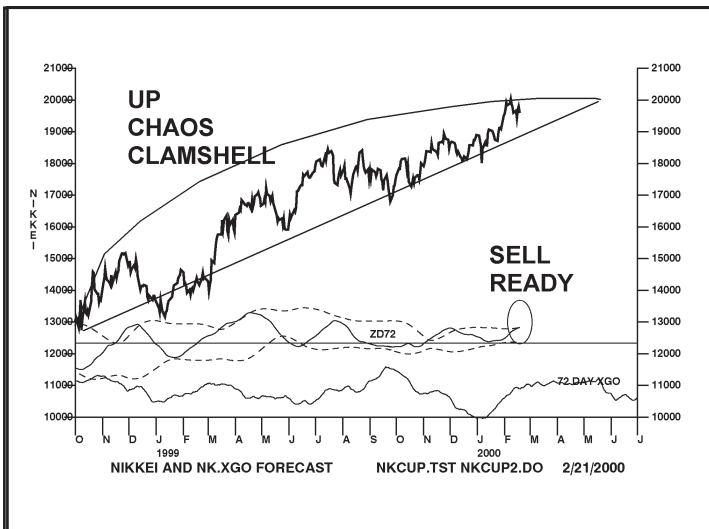


**Wheat has continued its rally off of the important 240 support level.** As shown on the long term chart, this rally is a breakout of the resistance line shown. This implies a major rally ahead in wheat.

The near term chart shows that this rally is nearly over. The rally that began in December looks like it will top out near the end of March. It appears to be in move 6 of an up Chaos Clamshell. Traders will want to watch the pullback following that peak for an opportunity to buy.

George Bayer wrote about trading wheat using Mercury, Saturn and Jupiter. You can learn to find astrocycles with the aid of the **Trader's Ephemeris** and the **Finding Astrocycles** video-**JUST \$99.**

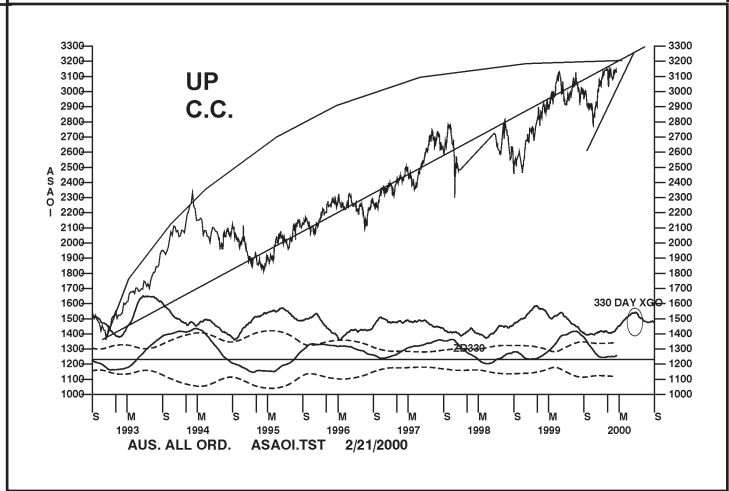




**The Japanese market continues its topping process.** The ZD72 cycle is sell ready and prices are in the final stage of an up CC.

The British market has dropped sharply from its Millennium high. This appears to be the first move of a new down Chaos Clamshell.

The Australian market has managed to hold near its highs, but is struggling to advance. The energy cycle peaks in May, so a continued rally is not probable.



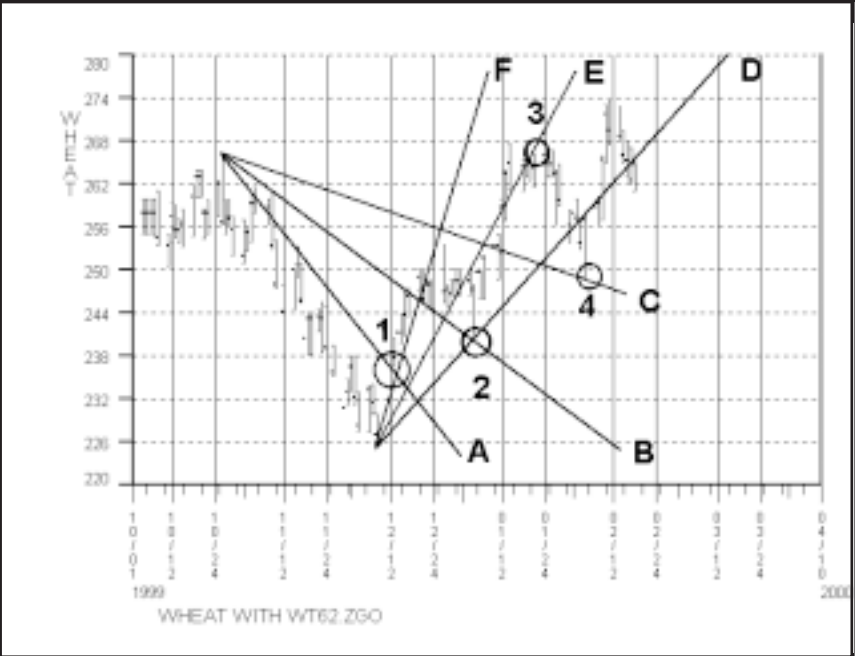
**CHAOS CLASSROOM**

**One of the many tools used by traders is the Gann Fan.** This is a set of lines fanning out from a high or a low. The lines have slopes that are harmonic to each other.

One such fan is shown by the lines A, B, and C. Another fan is shown by the lines D, E, and F. The A,B,C fan is based on the line A, which has a slope of .5 points per calendar day. Line B has a slope half of this. Line C has a slope half of line B. Line D has a slope of .5 points per calendar day. Line E has a slope twice this, and F has a slope twice that of E.

These lines are useful in finding support and resistance points. At 1, prices broke above the line A indicating a rally at least to line B. After reaching line B, prices congested until pulling back into point 2 which was the intersection of line B and D. Prices then resumed their rally roughly following line E. At point 3, prices failed to remain above line E suggesting weakness. The pullback that followed made a low at point 4, right on line C. The rally then continued, roughly along line D.

With some experience these Gann Fans can be used to help identify buying and selling opportunities. I do not recommend using them alone or exclusively, but they are a good tool to have in one's toolbox.



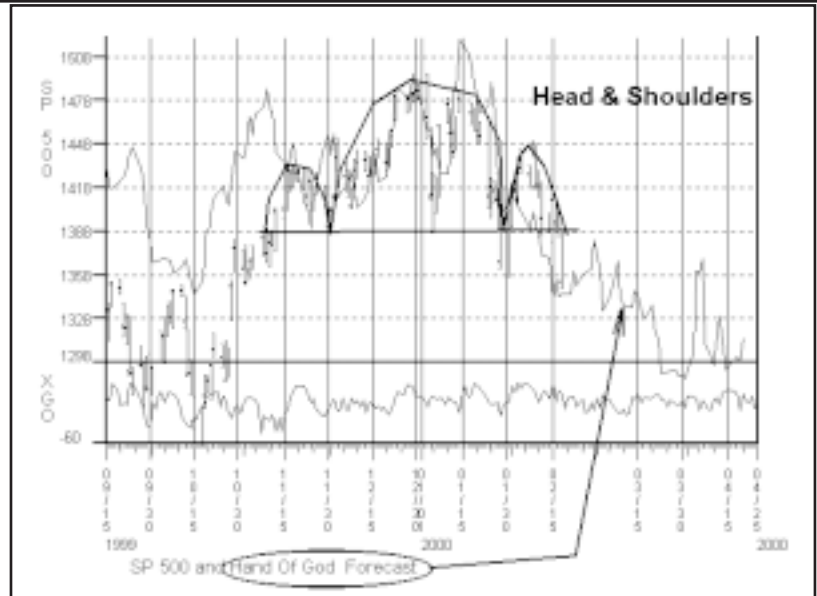
## ASTROPHYSICS AND CHAOS THEORY

I have been receiving a lot of comments about the Hand of God forecast for the S&P500. That forecast is shown on the chart on the right.

While it has not been a perfect forecast, it is one of the better forecasting techniques that I have found. It is based upon concepts taught in my Master's Course. It would not be fair to students of that course to give away the methodology here. Let it suffice to say that the methodology is based upon how energy cycles add together. This methodology is not purely mechanical. It requires the user to deduce from market action which energy cycles are most important, and then determine how these cycles are combining. Once that is done a theoretical forecast may be made. This forecast is then tested against the reality of future market action. If the theory holds water, one trades it. If it doesn't, one rethinks the problem.

Once a forecast is found to be working, other tools can be used to help trade it. For example, last week I recognized that the market had drawn a large head & shoulders program with a neckline at 1388. I anticipated a break of the neckline on Friday, and called for a drop of at least 240 Dow points. We got 300.

I am considering creating a Hand of God course as a follow-on course to the Face Of God course. Right now I recommend that serious traders take the Cash In On Chaos course, the Fractal Of Pi course, and the Face Of God course. This course would be the 4th in that sequence.



## ENERGY

Last month I explained how the earth's electromagnetic field protects us from the harsh flow of ionized particles coming from the sun.

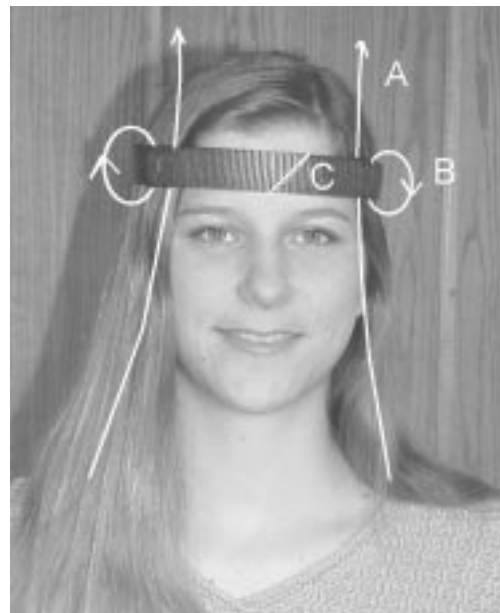
Without that electromagnetic protection, the earth would soon be stripped of its atmosphere, and we would all die.

The **Concentration Headband** does the same function for the human brain. As we stand on the earth, currents flow through us to the ionosphere. These currents are 250,000 times as strong as our biological currents. These earth-to-ionosphere currents can surge abruptly. These surges can unbalance our biological circuits.

When I discovered this, I searched for a way to shield our 10 billion neurons from these external disturbances. I discovered that a magnetic strip, properly oriented, did the trick. As the currents flow through the individual (A), these surges are resisted by the magnetic fields surrounding the headband. (B)

We carefully orient the magnetic strip properly, and mark the headband with a point (C) to indicate its proper orientation.

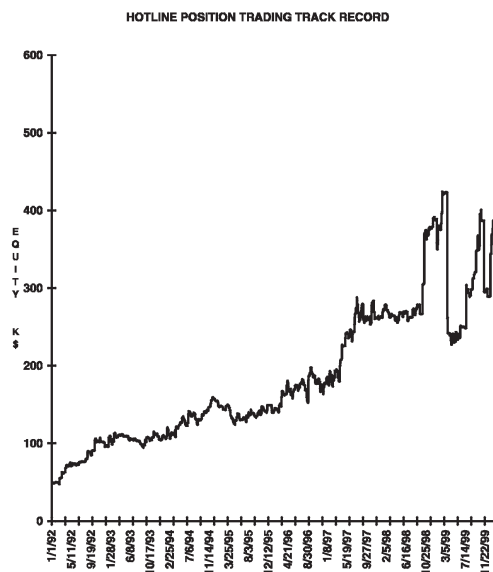
Wearing this headband greatly increases ones ability to concentrate. We have many reports of the benefits. One user reports that it took him 30 days to write a book, a task that normally takes 90 days. I personally never trade or program without my concentration headband. (You single guys forget it. She's married. She's my daughter, working on her PhD)



## QUALITY IMPROVEMENT

Last month I suggested that our new forecasting method was soon to show up in our position trading results. The chart at the right shows that improvement. This improvement is based on the Hand of God forecast. We must give some credit to our own increasing skills at managing stops. The combination has erased the sharp drop we suffered last year, when we did not manage our stops properly. The moral of the story is "Never give up, never give up, never give up!" (Winston Churchill).

Another quality improvement is not visible to you yet, but will be soon. Nearly two years ago we started on a Windows program for our daily trading. This program is called Chaos Trader (not to be confused with Chaos Trader RT-our real time trading system). This program will encompass all of our analysis tools. We have been using this tool for some time. We create Face Of God charts with it. These are posted to the private FOG room on the website. We also used it to create the charts we enclose with our weekly emails. But we have been frustrated in further developing the software by a persistent bug. We were finally able to trace that bug to a message race in Windows. It's the most subtle bug I have found in 39 years of programming. With the bug slain, we can share CT with you.



Simulated result of trading specified number of contract in all markets. Simulated trading results may not equal actual results. Future trading is risky. Past success is no guarantee of future success.

## PEOPLE AND HAPPENINGS

This has been a busy month, with lots of phone calls and emails. I sincerely appreciate your interest and support of my work.

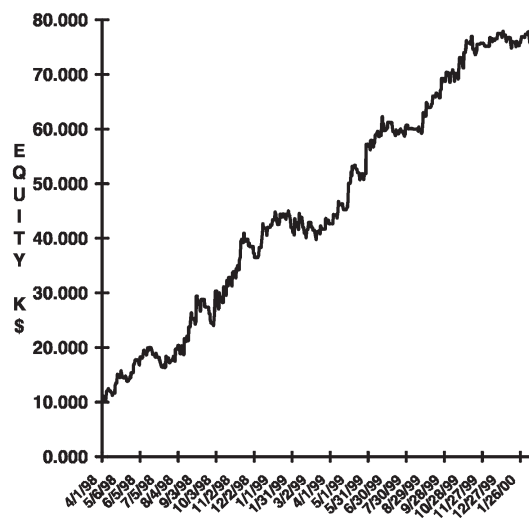
A special treat this month was an invitation from JT, a professional trader, to visit a commercial trading operation. I was impressed at the computer hardware and software technology they were using. I was also impressed by the manner in which JT trades. Unflappable is the word that comes to mind. What a pleasure.

Our website continues to be updated and revised. Our new Access customer data base is fully operational. We are finding that many of the email addresses that we have are not current, so please make sure that we have your current email address. If we do, you should be receiving our weekly email unless you have told us you do not want it.

All for now. See you next month.

Hans

## MOONTIDE ONE-A-DAY EQUITY



Trading One Contract, \$50 Slip and Commission. Future Trading is Risky. Past success is no guarantee of future success.

We did purge addresses last month. If this is a sample newsletter, you will stay on our list until purged. The date after your name tells you the last month you will receive unless you renew. **Renewals are \$240/year.** Renew now. **I do take 3 month and 6 month renewals as well.** Just pro-rate the cost. **Call 303-452-5566 with your renewal.** Visa and Mastercard taken.

The **Cash In On Chaos Newsletter** (formerly the Market AstroPhysics Newsletter) is published 12 times per year, between the 1st and the 25th of the month. Subscriptions are \$250 per year or \$300 to include subscription to the AstroDow and Astropoint timing service. We may or may not hold securities mentioned. Sources of information are believed to be reliable, but are not guaranteed. Opinions and recommendations are given with the understanding that our sophisticated investors are aware of the risks involved. Past success is no guarantee of future success. Simulated trading results may over or understate actual results. MAP Newsletter is written and published by Dr. Hans Hannula, PhD, RSA, CTA. 303-452-5566., fax 303-457-9871 MicroMedia (The Chaos Mint) , Box 33071, Northglenn, CO 80233. Mastercard , Visa accepted. Hotline number 1-900-776-7272. \$3 / minute for 2 to 4 minutes. Access from non-900 areas can be arranged by calling 303 224 4441.

## FEBRUARY

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## MARCH

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<sup>23</sup> 26	27	28	29	30	31	

2 = AstroDow2 3= AstroDow3 4=AstroDow4  
 P=AstroPoint extreme  
 F=Full moon N= New Moon  
 M = Mercury Lunar Chaos  
 V= Venus Lunar Chaos

### Your Electric Life, Science for a New Age

by Dr. Al Lason, Ph.D. (aka Dr. Hans Hannula)

Whether you realize it or not, you are being strongly influenced by a very powerful electrical force - the earth's electric field. This field produces currents through your body that are 250,000 times as strong as the currents that run your brain. Recognition of this fact, research, and experimentation have led former Bell Labs engineer and scientist Al Larson to a series of insights into many previously unexplained phenomena. His findings cover a wide range of topics, such as dowsing, the human aura, consciousness, bio-circuits, Feng Shui, natal astrology, stock markets, remote viewing, energy field medicine, de ja vu, dreams, and religious experiences. His own discovery of *sudden impulses* \*shows how we are all connected by the field in a *Cosmic Internet*\*. Al provides a rational explanation of how these phenomena work through the earth's electric field, along with guidance of how this knowledge can be used to improve your own life. Do not miss this clear, concise, convincing explanation of how things work.

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