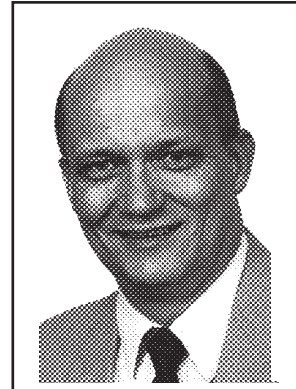
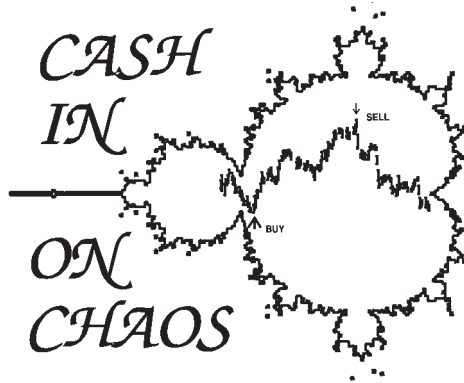


Yes,  
you  
can ....



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CASH IN ON CHAOS NEWSLETTER - March 27, 2002-3

Dr. Al Larson, voice 303-452-5566, fax 303-457-9871, email [allarson@moneytide.com](mailto:allarson@moneytide.com)

**Stocks may have broken the grip of the bear. Tbonds set for minor rally. IBM searching for a bottom. Economy marches on. Swiss Franc makes major low. Gold HAS broken out of the Mother of All Converging Triangles. Wheat makes important low. Japanese market correcting. S&P cycle outlook. 9/11 fireball discovered. Stretching the clothes line explained.**

**STOCKS**

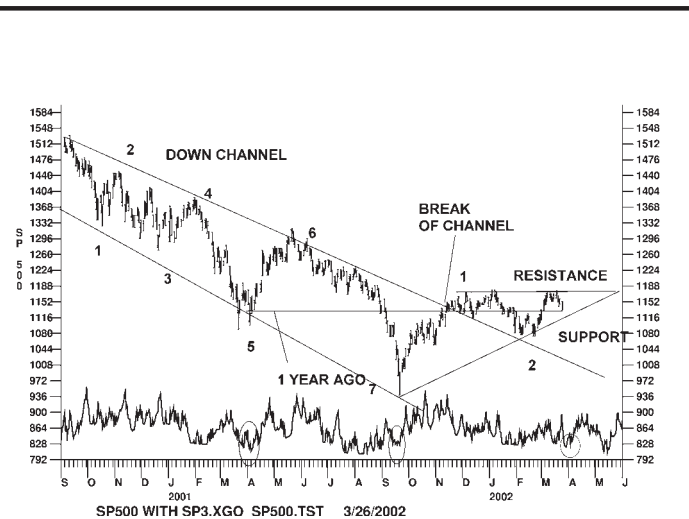
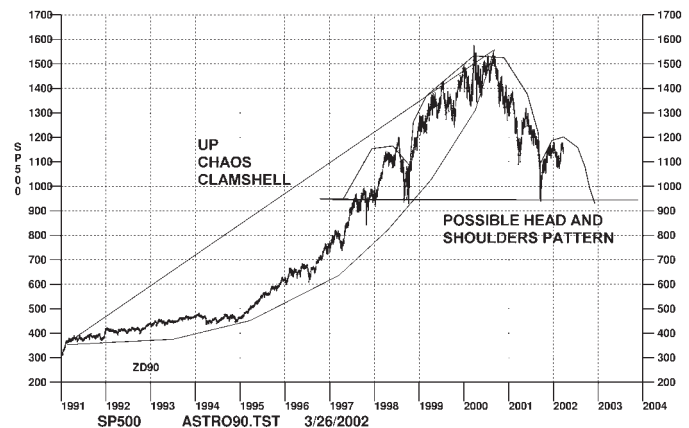
In March stocks not only held up, but rallied to the 1170 level, much faster than expected. This has caused us to reevaluate our outlook. We now believe a cautious bullish stance is appropriate.

The long term chart shows that prices are at the top of the right shoulder in a possible head and shoulders pattern. If this pattern holds, a decline to 990 is still possible. However, remember that patterns are ONLY PROBABILITIES in a chaotic system. They are NOT guarantees. Patterns do fail, and I now think this one might.

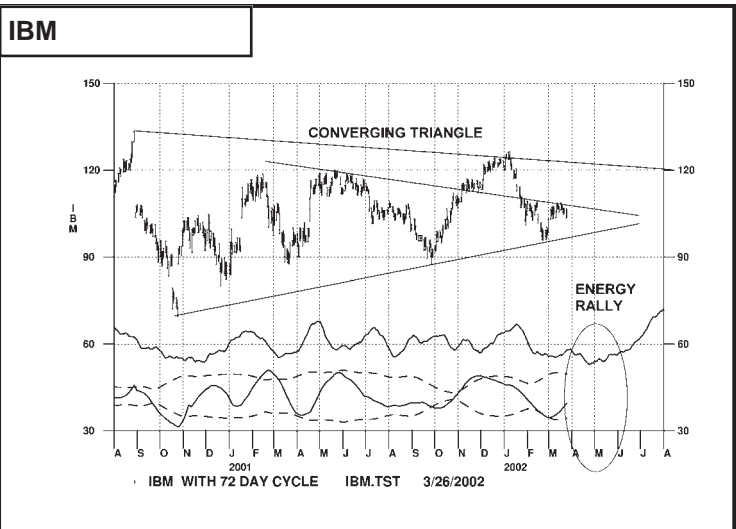
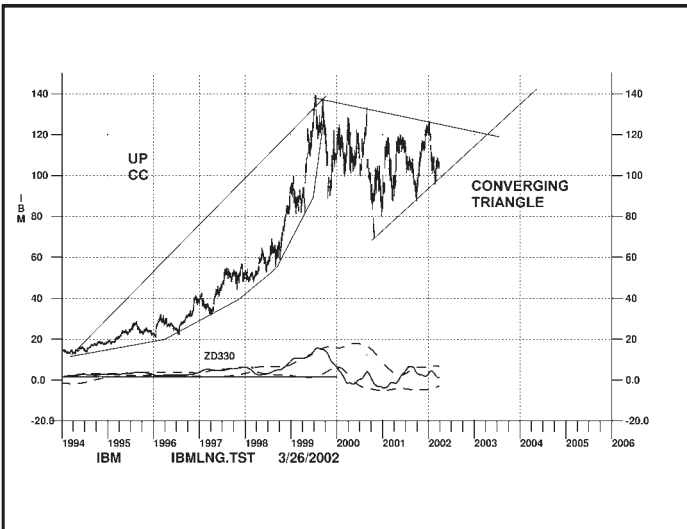
The near term chart shows why I might think so. If one simply looks at the bear market decline, it is clear that the spike low on 9/23 was a climax. Since then, the down channel has been broken by a THRUST. That thrust has been followed by a congestion. That congestion is now being pinched between rising support and a flat overhead resistance line. This is a converging triangle. It is a "volatility pinch."

Such volatility pinches are followed by fast moves. The pressure in this triangle is up. If prices do break the top of the triangle, a short squeeze will occur, and a fast rally could occur.

Investors can now look to buy select stocks. Traders are long, but should use our hotline for updates.



This letter is written by Al Larson, aka 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. **Hot-line updates to this letter are available daily on email as Chaos Trader's Hotline and Tomorrow's Market Hotline available for \$99/Mo., billed for 3Mos.at \$297, renewed automatically.** See page seven for more details.



**IBM has made a low in the large converging triangle shown on the long term chart. As long as that low holds, IBM has the potential to rally to retest it's all time highs.**

The near term chart shows this triangle a bit closer. It also shows an "interior triangle." Prices are nearing the end of this triangle. The chart shows the 72 day energy cycle in IBM. This energy cycle moves up sharply over the next few months. This suggests that prices could rally at the end of this triangle. If they do, get on board.

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**

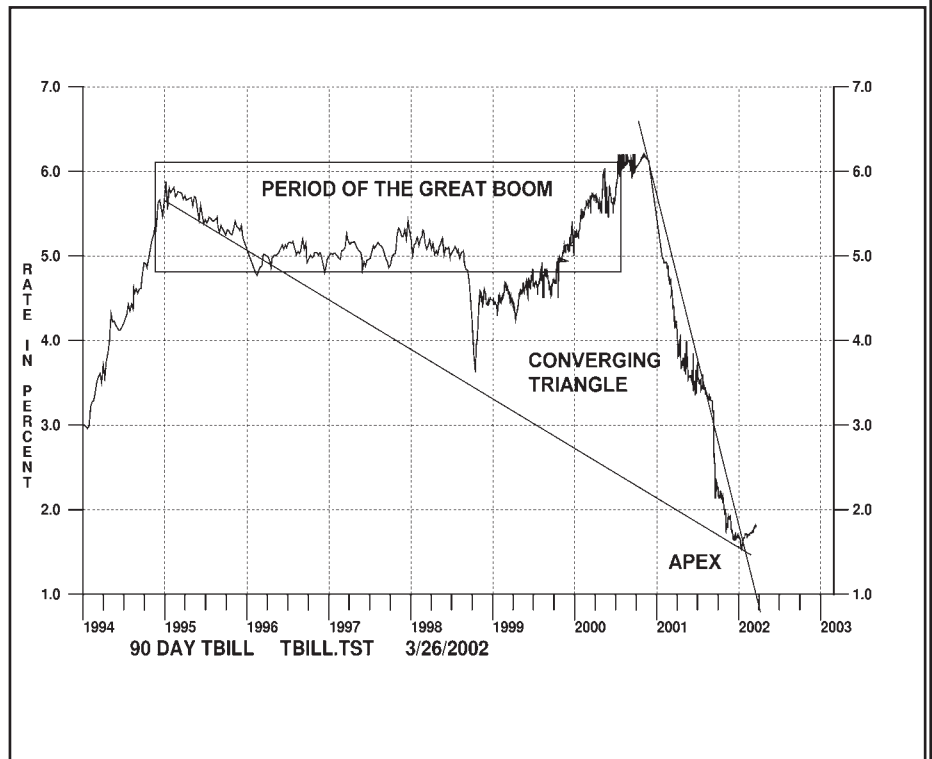
**Interest rates have now bottomed, and the Fed has warned that higher rates are ahead.** After that news, the market sold off in a pout.

Basically, the bankers have told the business men that they have done all they can to help them through the tough times, and if the economy is going to recover, it is up to them.

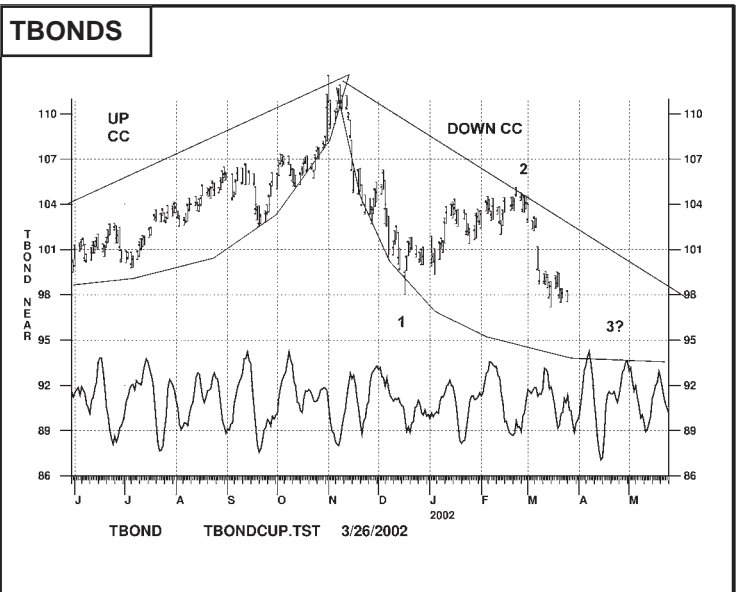
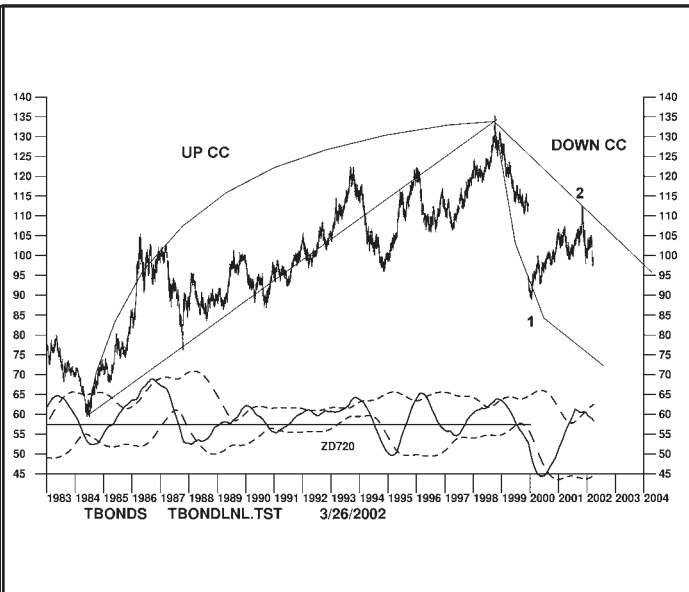
So is the economy recovering? The Fed says it is. But they are not always right, and double dip recessions do occur. So I put that in the "maybe" category.

There are signs they are right. Watch the headlines. I have now seen two headlines about hiring-United, and Qwest. Both of these companies have been hard hit. Both have needed a bunch of capital to stay in business. Both got that capital. So now they have the opportunity to get things in order. I'm cautiously optimistic they will.

I noticed an interesting thing on the interest rate chart. During the DotCom Boom, the bankers averaged about 5.5 cents per dollar loaned for 90 days. Except at the bust, most of those loans were paid off. So the bankers did very well just tapping a "small" percentage of a big river of money, at low risk. That's how they buy their toys.



**The man who believes he can do something is probably right. So is the man who believes he can't.**  
Unknown

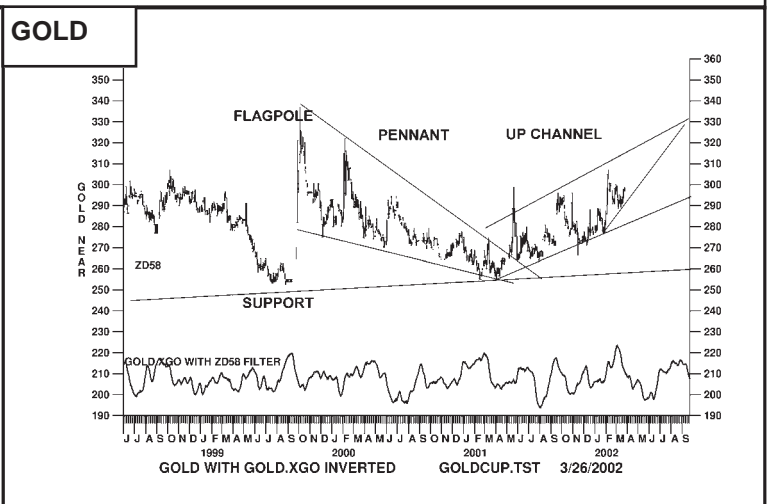
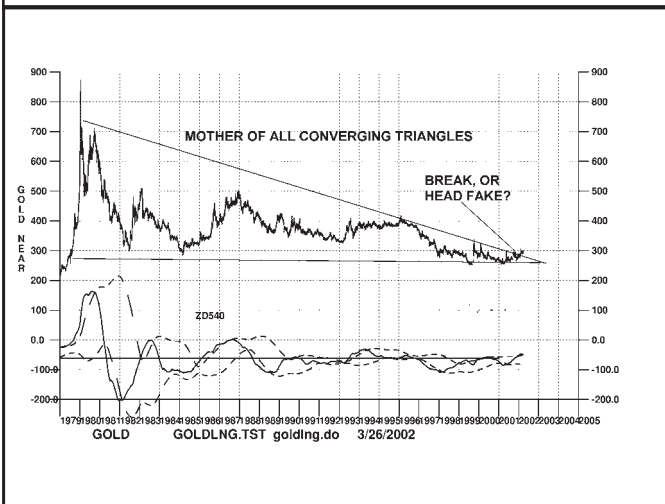


**Tbonds did move lower as forecast, and are now nearing a short term low.** The long term chart shows that this is part of a move 3 in a down Chaos Clamshell.

This move may be ending, or have a bit more to go. The energy forecasts are choppy, showing no good trading setups in the near term.

**Yesterday is a cancelled check;  
Tomorrow is a promissory note;  
today is the only cash you  
have-so spend it wisely.**

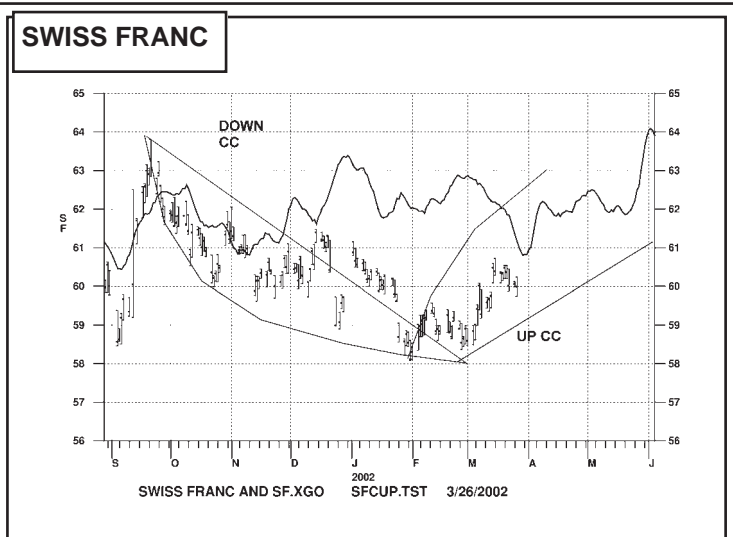
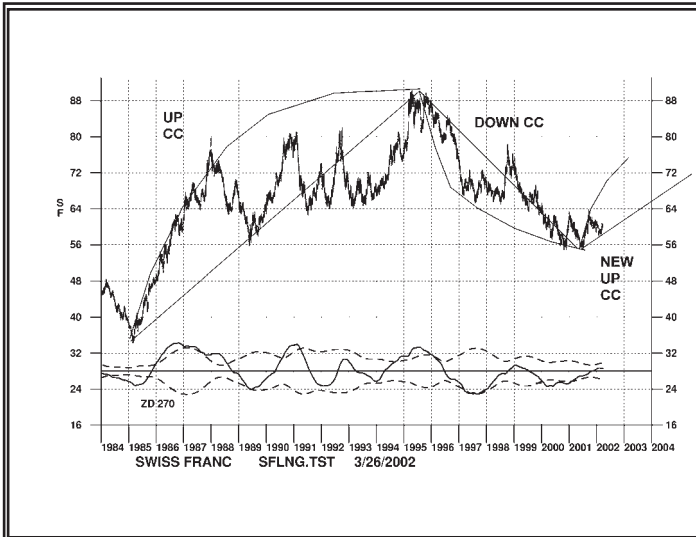
Kay Lyons



**Gold HAS broken out of the Mother of All Converging Triangles.** This is shown on the long term chart to the left. The question is, is this a breakout, or a "head fake."

The near term chart shows an increasingly bullish set of patterns. First, two years ago, gold shot up, starting a large flagpole and pennant pattern. Following that, it entered an up channel, the bottom of which is steeper than the long term support line.

More recently, the pullback forecast by the 58 day energy cycle is turning out to be weaker than forecast. This tells us that gold remains under buying pressure. A good tactic is to buy on dips, spreading purchases out over time.

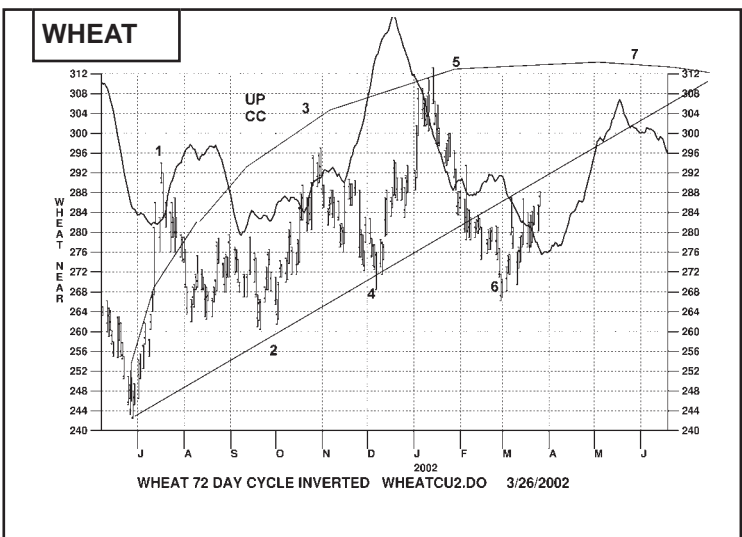
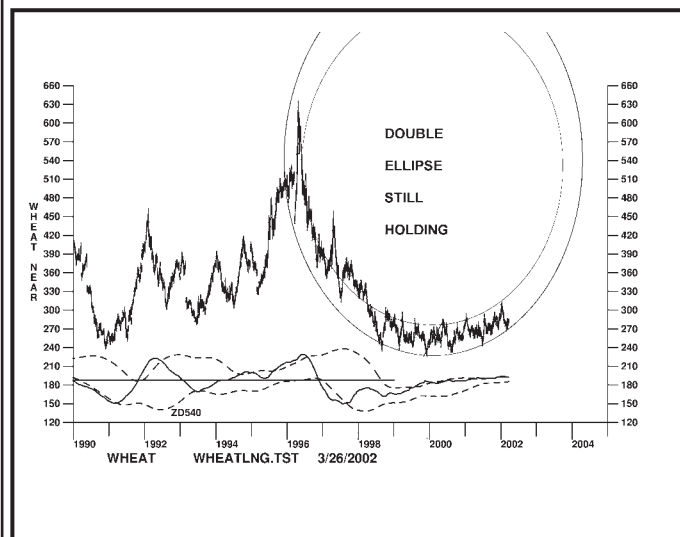


The Swiss Franc has made what looks like a significant low. On the long term chart, this low looks to be the end of move 2 in a new up Chaos Clamshell.

The near term chart shows this move 2 as forming it's own down CC. The rally off the low did not follow the 55 day energy curve, which may have temporarily inverted. But that curve heads higher over the next several months. So if this recent low holds, the Swissy should be heading higher.

Vision is the art of seeing the invisible.

Jonathan Swift.

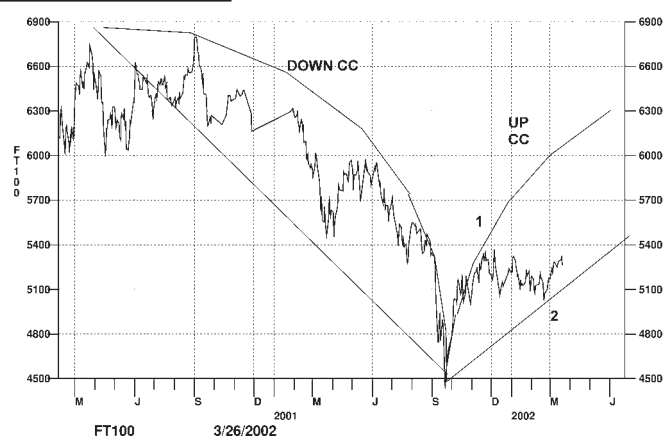
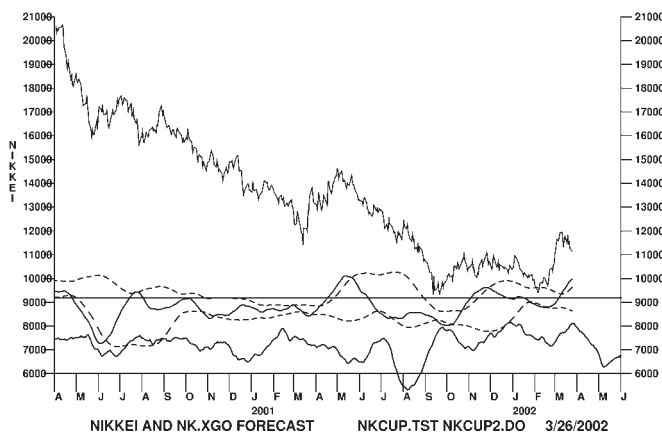


Wheat has tested and validated the double ellipse channel shown on the long term chart. This test of the channel bottom is very bullish for wheat.

The near term chart shows that wheat is poised to rally more off this important low. This rally should last into mid-May without a serious correction. As the summer passes, the chart is warning of a bad growing season. With snowfall in the Rockies at 20 year lows, I can believe that. So watch for wheat to get stronger rather than weaker.

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 \$100.**

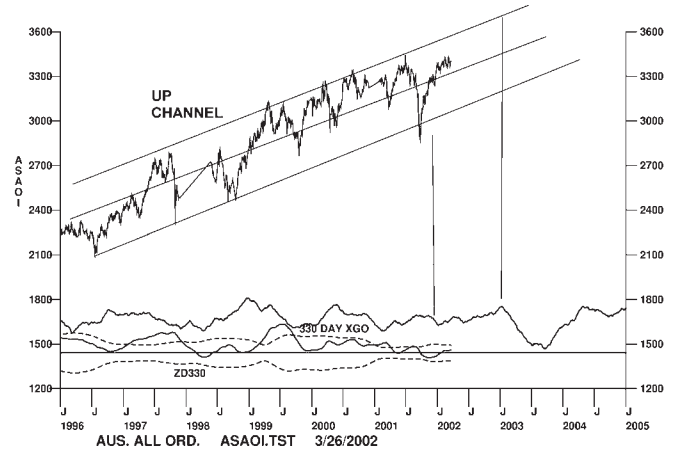
**WORLD MARKETS**



The Japanese market rallied as forecast, giving us a very nice trade. That market is now in a pullback.

The British market looks to have completed move 2 in an up CC, indicating a rally ahead.

The Australian market has remained in it's up channel. The energy forecast says it should stay in that channel until the latter part of the year. Watch for it to rally off the midchannel to the top of the channel.



**CHAOS CLASSROOM**

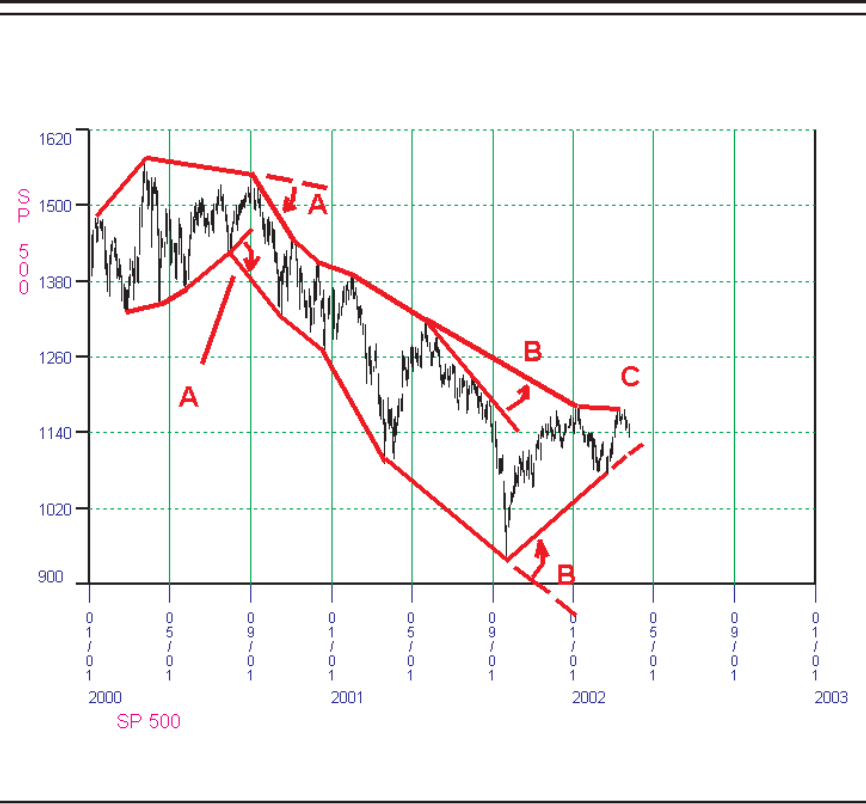
This is a quick lesson on a simple technique to find the "flow" of a market.

Take a clean price chart. Sketch a line from high to high, and one from low to low. Think of these as clothes lines. I call this sketching "clothes lining."

What you are sketching are the limit cycles of the moves. When these two limit cycles are parallel, we have a channel. If you project a clothesline forward, it helps you locate the possible next high or low.

Watch for a high or low to penetrate that projection, as at A and B. When the channel turns, the clotheslines kink sharply. That kink signals a shift in the flow of the market.

Also, when the two clotheslines pinch together, as at C, one of them has to kink. This is a good trade setup. Just go with the move coming out of the pinch.



## ASTROPHYSICS AND CHAOS THEORY

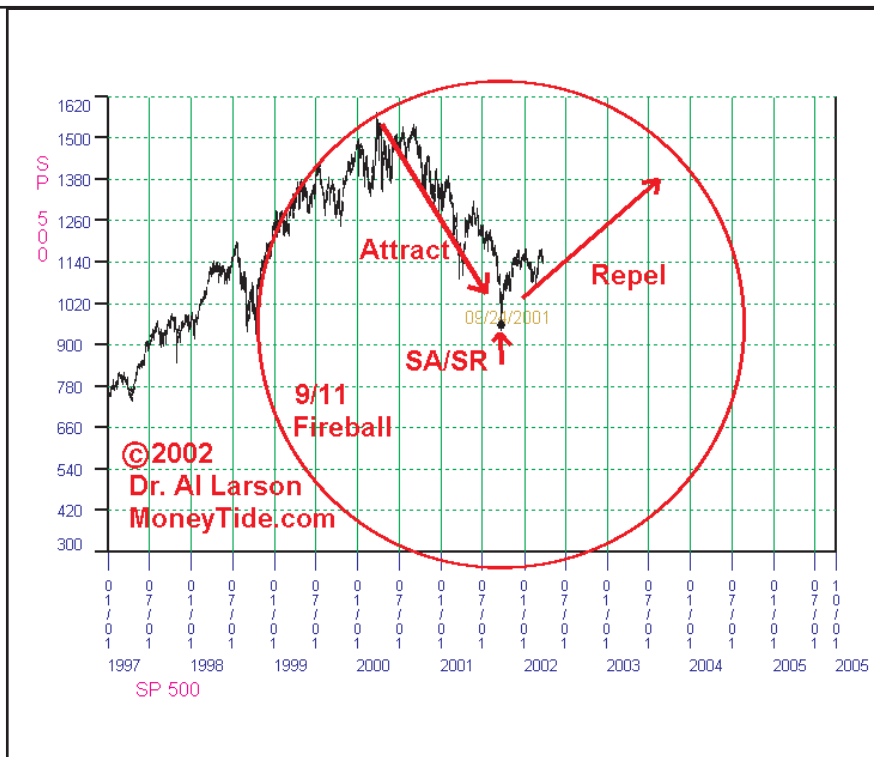
One of the discoveries of my Market Chaos theory is that markets form "fireballs." These may take on many forms, and the behavior before, within, and after a fireball vary. But certain patterns repeat.

This chart shows a newly discovered fireball that I call the 9/11 fireball. Actually, the center of this fireball is 9/23/2001, the spike low just after the terrible events of 9/11.

This fireball shows a behavior of being limited within the fireball, then attracted to its center, followed by being repelled away from the center. The center is a chaos theory Strange Attractor/Strange Repellor (SA/SR). Typically, that repel phase will send prices back out to the edge of the fireball.

These patterns are simple probabilities within a chaotic system. They simply show where the energy for a move is coming from, suggesting what the move might do.

This one is suggesting that the US stock market has seen the worst for a while. That says that if it rallies above 1179 on the S&P, get on board.



As I grow older, I pay less attention to what men say. I just watch what they do.  
Andrew Carnegie

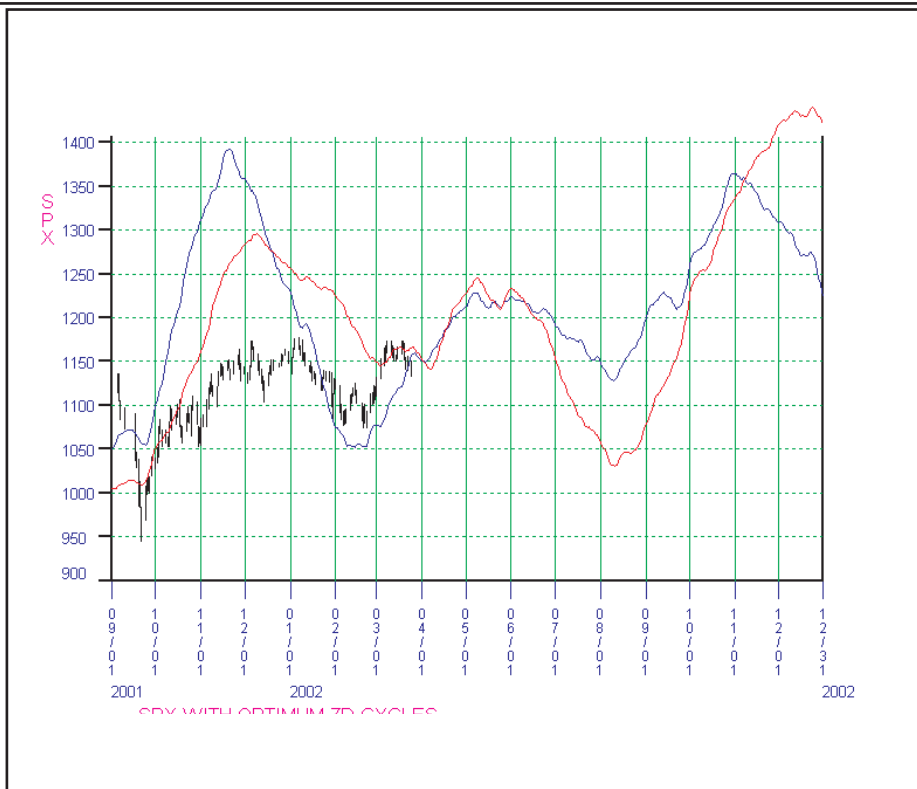
## ENERGY

One of the reasons for studying energy fields and linking them to planets is to provide a mechanism for forecasting possible market moves.

One of the techniques I use is filtering XGO energy forecasts with a Zero Delay filter. This brings out longer term cycles. The technique was developed by GM, a graduate of my Market Astrophysics Course.

By carefully analyzing the price patterns in an existing market, one can find particular cycles that a market is following. Then, using those cycle lengths, one can filter the XGO energy.

This chart shows two such filtered cycles. The interesting thing is the high degree of coincidence in these cycles. This pair of cycles is further suggesting that the US market is in a new bull market. However, keep in mind that cycles do invert.



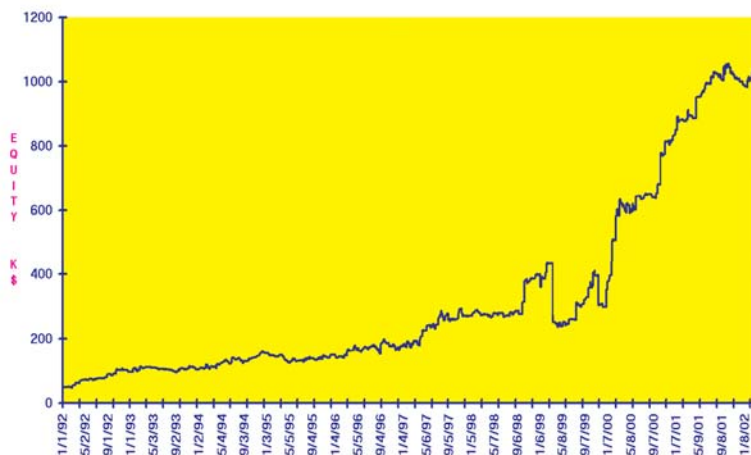
## QUALITY IMPROVEMENT

This month our quality improvement has focused on completing our [daytradingforecasts.com](http://daytradingforecasts.com) website. This website is for use by our Hotline subscribers, many of whom do our One-A-Day trade in the S&P500.

That One-A-Day trade is based upon a trade using the MoonTide forecast. We recently have refined the methodology for specifying the trade. That refinement has been producing very good results over the past two months.

Details on these improvements and more information about that program can be found by going to <http://daytradingforecasts.com>.

HOTLINE POSITION TRADING TRACK RECORD



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

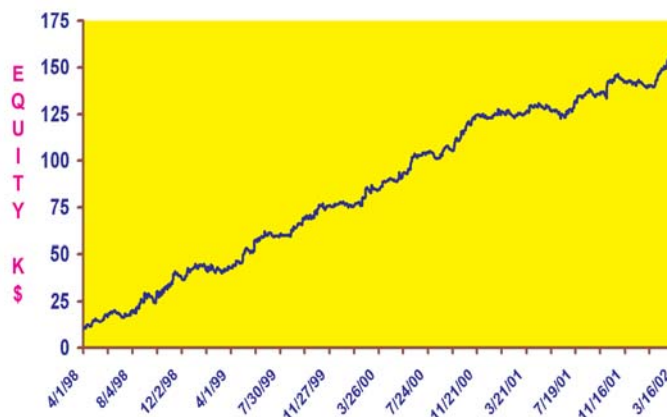
## PEOPLE AND HAPPENINGS

The second Chaos Institute went very well. On Thursday we reviewed the Cash In On Chaos, Fractal Of Pi, and Face Of God courses. On Friday we used these tools during the Chaos Clinic. I demonstrated the use of these tools and the proper mind set for applying them. The One-a-Day trade worked like clockwork. If you are interested in attending one of these sessions, check the schedule on the website, under the Chaos Institute portion of the home page

Thank all of you for the many emails and chat room discussions. ([daytradingforecasts.com](http://daytradingforecasts.com) has a chat room) This feedback is very useful to me, in that I can observe how particular instructional points are getting across. That gives me the opportunity to phrase those points better. And of course, the positive feedback when you close out a good trade is nice.

All for now. See you next month.

MOONTIDE ONE-A-DAY EQUITY



Trading One Contract, \$50 Slip and Commission.  
Futures 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 or order online.** Visa and Mastercard taken.

The **Cash In On Chaos Newsletter** (formerly the Market AstroPhysics Newsletter) is published 12 times per year, between the 20th and the 31st of the month. Subscriptions are \$240 per year, including the AstroDow and Master Clock timing information. 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. CIOC Newsletter is written and published by Dr. Al Larson, PhD, RSA, CTA. 303-452-5566., fax 303-457-9871 MicroMedia, 4224 East 126th Ave., Thornton, CO 80241. Mastercard, Visa accepted. Hotline available daily (Chaos Trader's Email or Tomorrow's Market Email). Just \$99/Mo, billed for 3mos @ \$297, renewed automatically. Sign up at: <http://moneytide.com>

## MARCH

S	M	T	W	Th	F	Sa
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<sup>3</sup> 17	18	<sub>M</sub> 19	20	<sup>2</sup> 21	22	23
24	25	26	27	<sup>F</sup> 28	29	30
<sup>2</sup> 31						

## APRIL

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28	29	30				

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

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

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 Part 2. Cash In On Chaos Course \$360(save \$360).  
 Part 3. In you've taken CIOC, then Fractal Of Pi Course \$360 (save \$360).  
 Part 4. If you have taken CIOC and FOP, Face Of God Course \$2664 (save \$936).  
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