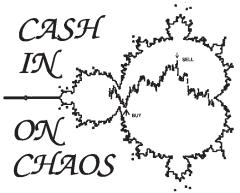
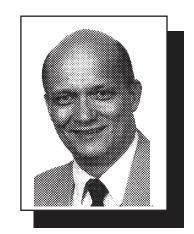
Yes, you can ....





http://moneytide.com http://daytradingforecasts.com

> CASH IN ON CHAOS NEWSLETTER - June 25, 2002-6 Dr. Al Larson, voice 303-452-5566, fax 303-457-9871, email allarson@moneytide.com

Stocks continue their bear market. Thonds rally a bit more. IBM collapses. Economy still struggling. Swiss Franc rallies still more. Gold probing for a top. Wheat rallies strongly, ready to fly. Japanese market gets sick. Aussie market heads down under. The Moon creates a chaotic low. A powerful energy tool is brought to light. Annual forecast recapped.

# **STOCKS**

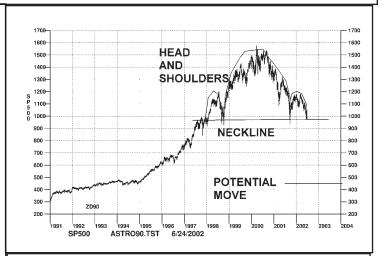
Stocks have continued their bear market by dropping to the 990 neckline of the massive head and shoulders pattern shown on the long term chart.

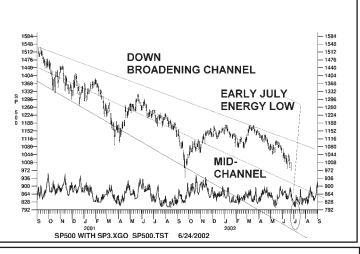
The head and shoulders pattern is one of the more reliable patterns in technical analysis. About 70 percent of the time the neckline is broken and the drop that follows tends to be equal to the distance from the neckline to the top of the head of the pattern. If this occurs in the S&P, prices would drop to the vicinity of 450. While this may seem like an extreme forecast, it is typical of these patterns, especially ones associated with mania markets.

The near term chart shows the continued declining stock prices. The decline has retraced nearly all of the rally off of the September lows. The decline is contained within a down channel that is increasingly getting wider. This means that as the decline continues, the volatility will increase.

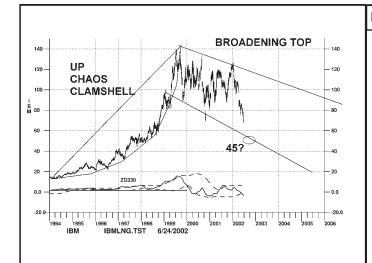
This down channel has a well defined mid-channel, which serves as a minimum target for the decline. We have a ways to go. The SP3.XGO energy has a low the first week of July, so we may get a rally off of that.

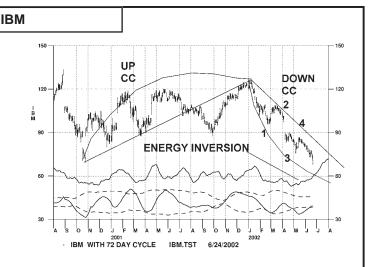
Investors should remain out of stocks.





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. Hotline 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 continued to fall apart.** The long term chart shows the huge broadening top. The current move within that top may bring prices as low as 45.

The near term chart shows that any hope of a rally has vanished, because the energy curve has inverted. The current move is a steep down Chaos Clamshell. It also contains a breakaway gap. Several months ago I suggested LEAP PUTS. That was a good suggestion.

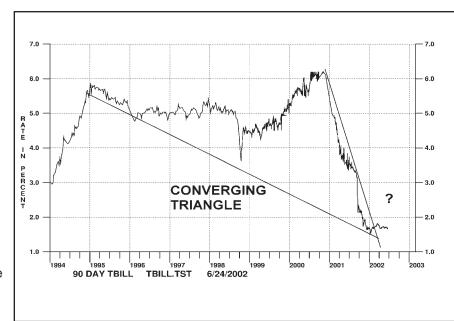
For stocks or commodities not covered in this newsletter or on the hotline, you can track the cycles and trade the Chaos Clamshells using the Trading System Toolkit.

# **ECONOMY/RATES**

Interest rates have remained quiet. It is very clear that the Fed would like to raise interest rates, but that the economy is too weak for them to do it. While the official numbers still do not tell us that we have a double dip recession, the forecast 2nd quarter rebound has not shown up.

I suspect that, as in the past, when the news gets worse there will be some readjusting of these numbers after the fact.

The numbers that I watch have more to do with the economy I see every day. Yesterday I got a letter from my long time travel agent announcing that she had gone out of business. It is a little hard to see that happen to someone who has been doing business in the same place for over 15 years.



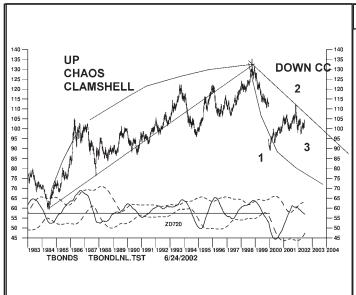
Meanwhile, the local giant, Qwest, has admitted that things are very bad by replacing the grossly overpaid CEO, Joe Nacchio. So both the big and the small are struggling. Amtrak claims they need money. United Airlines would like to borrow more. And the list goes on.

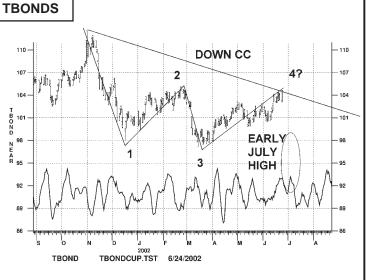
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I think what business is suffering from now is a collapse of consumer trust-trust in the efficiency of business, trust in the ethics of business, and trust in the ability of business to take care of its people. This problem is going to take some time to correct.

In order to succeed, we must first believe that we can.

Michael Korda





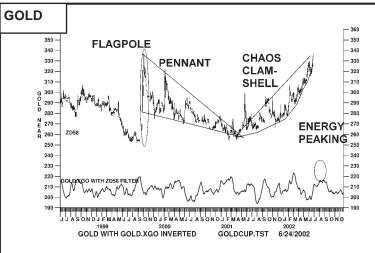
**The long term chart shows** that they are probably in move 3 of 7 down within that CC.

The near term chart shows this third move in more detail. It is a smaller CC. It appears to be in move 4, indicating move 5 down is just ahead. The energy forecast shows a top in early July. So, it looks like Tbonds are about to turn down.

The surest way to go broke is to sit around waiting for a break.

Unknown

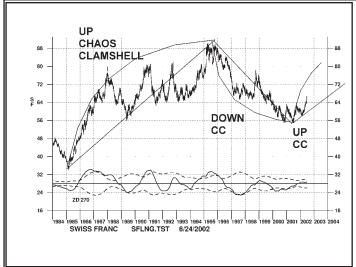


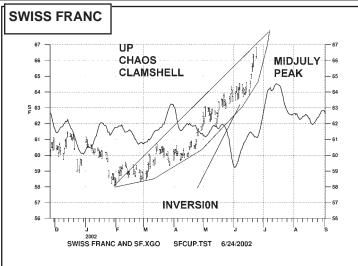


**Gold seems to be probing for a near term top.** The long term chart shows that gold has broken out of the Mother of all converging triangles. It also shows that the ZD540 energy cycle is in a sell ready position. This says that gold is currently overbought.

The near term chart shows the recent rally forming an up Chaos Clamshell. Prices have climbed along the arc forming the bottom of this CC. The downturn will start as a sharp break from this arc. This should come within the next few weeks.

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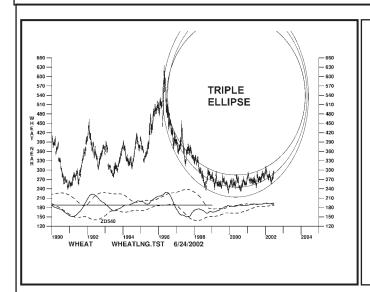


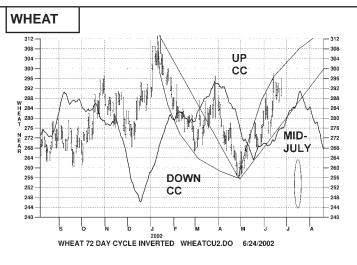
The Swiss Franc has continued to rally. The long term chart shows that it is in the early stages of a new up Chaos Clamshell.

The near term chart shows that the 55 day energy cycle has inverted. That accelerated the rally rather than turning it down. That energy curve is up into mid-July. Hotline subscribers are long in the Swiss Franc, having detected the inversion.

Always remember that your own resolution to succeed is more important than any thing else.

Abraham Lincoln



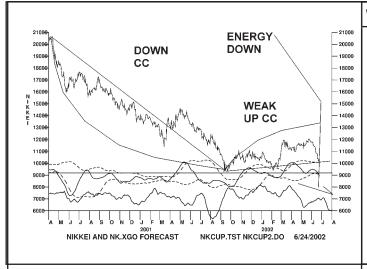


**Wheat has continued to rally.** The long term chart shows that it is now in the up portion of a huge triple ellipse pattern. That pattern says that wheat prices should now accelerate.

The near term chart shows the current rally in wheat. This rally was fueled by an inversion in the 72 day cycle. That cycle pulls back near mid-July and continues upward later in the year.

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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.

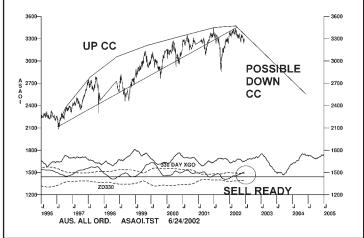




The rally in the Japanese market died abruptly. This means that the up CC is very weak. The energy forecast is down over the next several months.

The British market broke its converging triangle to the downside. Like it's US cousin, it remains in a broadening downtrend.

The Australian market has turned down. It is possibly starting a down CC. The Australian economy has held up better than most in the world. It looks like it is now headed for trouble.



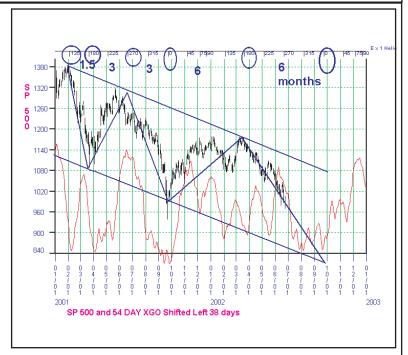
# **CHAOS CLASSROOM**

This chart shows an update of the annual forecast published late last year. That forecast is now showing a steep decline lasting into August and September.

The chart also shows a clear harmonic down channel which drops 60 S&P points every four months. It also shows "period doubling."

Period doubling is a well known precursor to chaos in chaotic systems. In this case the first swing down lasted 1.5 months. The next two swings lasted 3 months. The swing up from the September lows lasted 6 months. The current down swing is likely to last 6 months, taking us into the fall equinox.

The chaos in this pattern comes from the increase of volatility as the legs of the pattern become longer, due to the longer time cycles.



JUNE 2002

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#### ASTROPHYSICS AND CHAOS THEORY

This chart shows yesterday's full **Moon low.** The full Moon of June 24th was the first full Moon after the solar eclipse of June 10th. Such full Moons often act as if they were lunar eclipses themselves. They are not since the Earth's shadow does not touch the Moon. just comes very close.

This chart shows the MoonTide forecast at line A. Prices opened the day near 990, point C. This point was conjoin the Moon and opposite the Sun. Prices then declined steadily all morning to 972, where they squared both the Moon and the Sun. At this point price had squared time.

As the exchange passed the Moon at point D, prices turned sharply upward.

The sharp rally upward ran to E where it exactly touched the price 90 degrees to the Moon's Node. It then fell back to point F, opposing the Moon's Node. So the entire day was controlled by the Moon.

The poet Keats said, "A thing of beauty is a joy forever."



What the superior man seeks is in himself; what the small man seeks is in others.

Francois La Rochefoucauld

#### **ENERGY**

One of the supreme joys in life is knowing Jerry Pegden. Jerry is probably the world's foremost expert on various forms of energy practices, knowledge, and methods. He is a relentless seeker of knowledge. His quest has taken him around the globe and especially to Russia. Jerry has brought back many energy field devices from Russia, as well as a lovely Russian bride. Because of our mutual interest in energy fields, Jerry has shared much of what he has learned with me. For example, he is the one who first told me about the work of Valerie Hunt, mentioned in my book, Your Electric Life. So I am always interested in what new things Jerry discovers.

But I was not prepared for the email I got from him last fall after 9/11. His email said, "Here is an energy grid to protect you from anthrax." Attached was a graphic file with a collection of colored symbols arranged in a matrix. I just had to know what it was.

It seems that Jerry was invited to go to Mexico and learn some ancient shamic methods handed down from the Mayans and Aztecs. For centuries these shamas have treated various ailments in people by treating their energy field with these energy grids. The grids contain specific three dimensional symbols of specific colors. After figuring out what symbols should go in the grid, the shama "installs" the grid in the person's energy field.

I simply could not resist asking Jerry is he could create a grid to deal with a feeling of anger I often have while daytrading. Jerry replied by asking me a few penetrating questions, such as where did I feel the anger and what color was it. After mediating on the question, I told him it was red and in my heart Several weeks later Jerry called me up and said he had a grid for me. I needed to call him chakra. on three consecutive days so that he could install it. The grid is shown at the right. There is one symbol for each of my

chakras. The green torus is the symbol for my heart chakra. Green is for healing and the torus has a circular flow which dumps all of my anger into the black hole in the middle. Other symbols have other specific purposes. The intent of this grid is to "clean up my connections" to the universal mind. I cannot believe the difference this grid has made. My trading is relaxed, calm, and clear. It is much easier than ever before. Further, I have measured my energy to be twice what it ever was. I think Jerry really has something here. He plans to give a seminar on this material this fall, in Denver. When that develops, we will post a notice on our website at http://www.moneytide.com.

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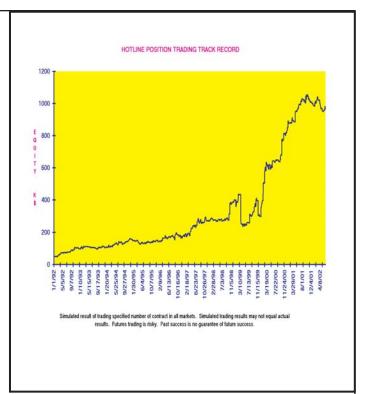


#### **QUALITY IMPROVEMENT**

The biggest improvement this month has been in our 1ADay trades on our *Tomorrow's Market Email*. So far this month we have made 16 trades with only two small losers. It is clear that the changes that we made in our methodology in February are standing up well in real time forward testing.

I am a strong believer in testing things in real time in the market. Back testing is fine, and testing on a separate data set is fine, but the real test comes when one uses a system going forward in real time.

The one thing that is unique about my approach to the market is that I optimize my trading rules, not to past data, but to the physics of the energy fields underlying market motion. Over time this approach has brought increasingly positive results.

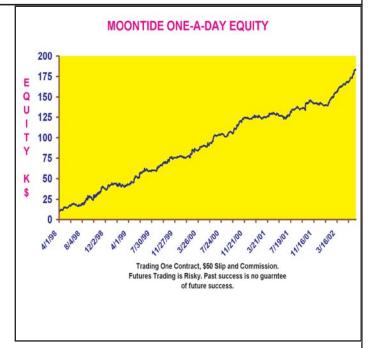


## **PEOPLE AND HAPPENINGS**

I am very thankful it is June. May in our family is Hell Month. Besides Mother's Day and Memorial Day, our family has 4 birthdays in an eight day period in late May and the first week of June. This cluster of birthdays is celebrated with the annual Birthday Bash, put on by my sister-in-law. But we always try to make each individual feel like they are having their own birthday as well, so it leads to multiple, frenetic celebrations. It is always great fun, but the pace is a bit hellish.

Clusters of birthdays are just another example of how energy harmonizes. Birthdays in families tend to cluster at key points around the year. If you want something interesting to do, check out your family and extended family, mapping the birthdays around a circle divided into 365 days.

This week starts one of several camping trips. We thoroughly enjoy getting away to nature. Hope you are doing the same. All for now. See you next month.



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.

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# JUNE S M Th Sa 3 8 4 11 12 10 17 18 19 22 20 23 <sup>F2</sup> 25 26 27 <sup>2</sup>30

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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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