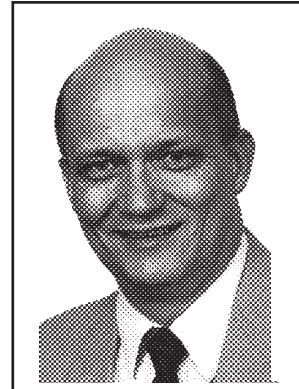
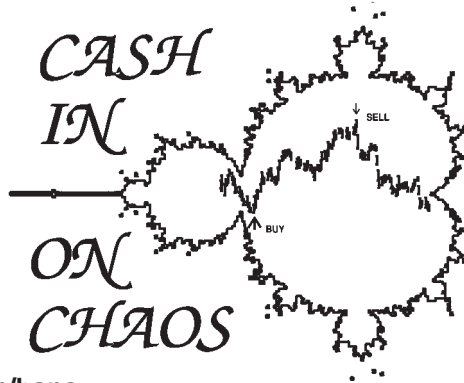


Yes,  
you  
can ....



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

CASH IN ON CHAOS NEWSLETTER - July 31, 2001-7

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

**Stocks have pulled back from the modest rally, and remain in a bear market. Tbonds again peaking . IBM top ominous . Interest rates probing for low. Swiss Franc rallies. Gold setup for rally. Wheat rockets off lows. World markets still mixed. Ten day MoonTides. To shft, or not to shift. Zero Delay filter use explained.**

**STOCKS**

**Stocks have pulled back from the June high, but have not yet taken out the low of the year.** This warns us of a possible modest rally. However, longer term, stocks remain in the major bear market.

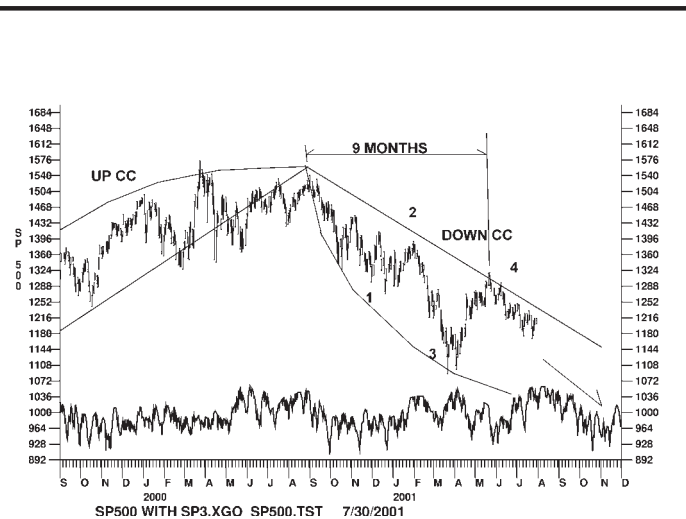
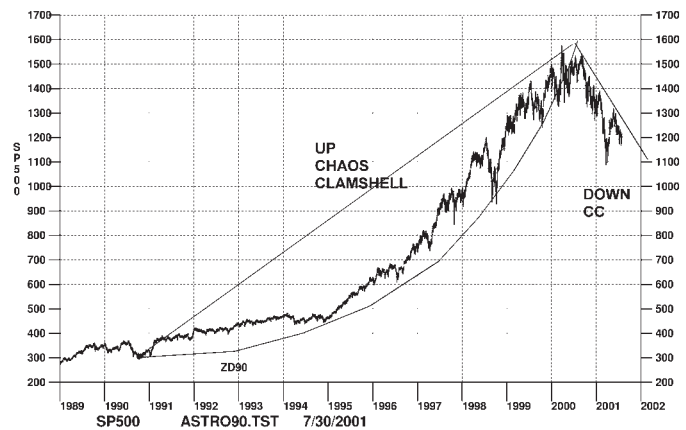
The long term chart shows why I remain bearish. The explosive bull market from 1994 through 2000 is shown by the up Chaos Clamshell. This bull market was driven by the Jupiter electric field flux. That flux changed polarity in 2000, halfway through its cycle. Unless there is a cycle inversion, stocks could well be in a bear market until 2006. Also, the Jupiter-Saturn cycle turned down in 2000. This 20 year cycle typically has swings that are 20 months long. We are now 10 months from last year's high. If this cycle runs its course, we may have another 10 months of declining stock prices.

The near term chart shows what I think is the current halfway point of the down Chaos Clamshell from the top. The recent high came 9 months from the top. If this is a midpoint, we could be down for another 8 months.

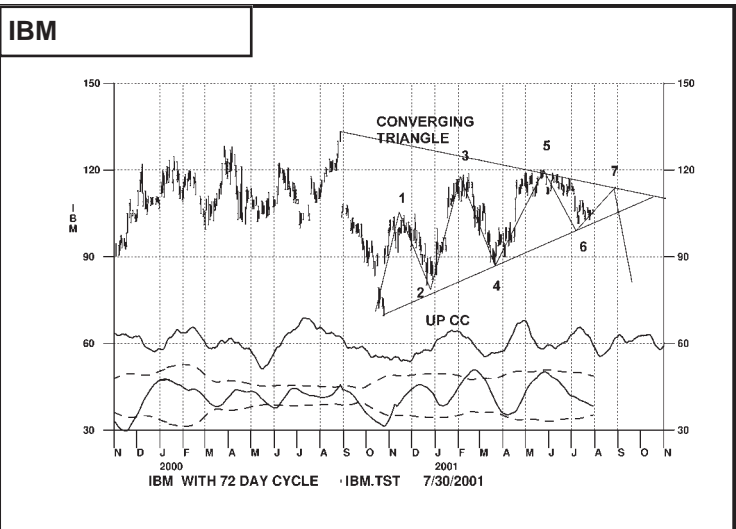
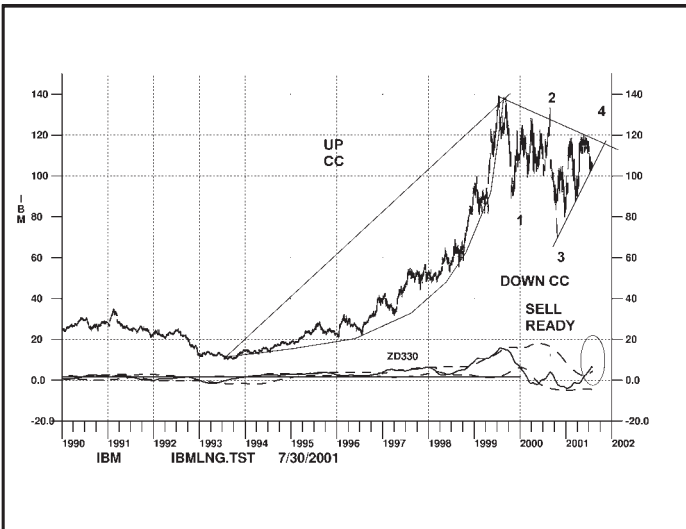
The rally and pullback of the last 4 months **could** be the start of a stronger rally. This would be confirmed if the July highs are taken out.

The SP3.XGO energy drops sharply for the rest of the year starting in August. That suggests further decline.

Avaya, the company I used to work for, wanted to cut 3000 people. So they offered separation packages. Five thousand people signed up. That is not a bull market.



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 continues to form a topping pattern.** The long term chart shows a large triangle top, following the multi-year up Chaos Clamshell. Within this triangle top one can see 4 moves. A breakdown from the 4th move will indicate that IBM is headed significantly lower.

The near term chart shows the 4th move in this pattern. This move by itself should form a 7 move Chaos Clamshell. Sometimes these Chaos Clamshells get squashed near the end. That seems to be happening here as prices are currently forming a converging triangle. A break below the supporting trendline of that triangle should be taken as a major sell signal.

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

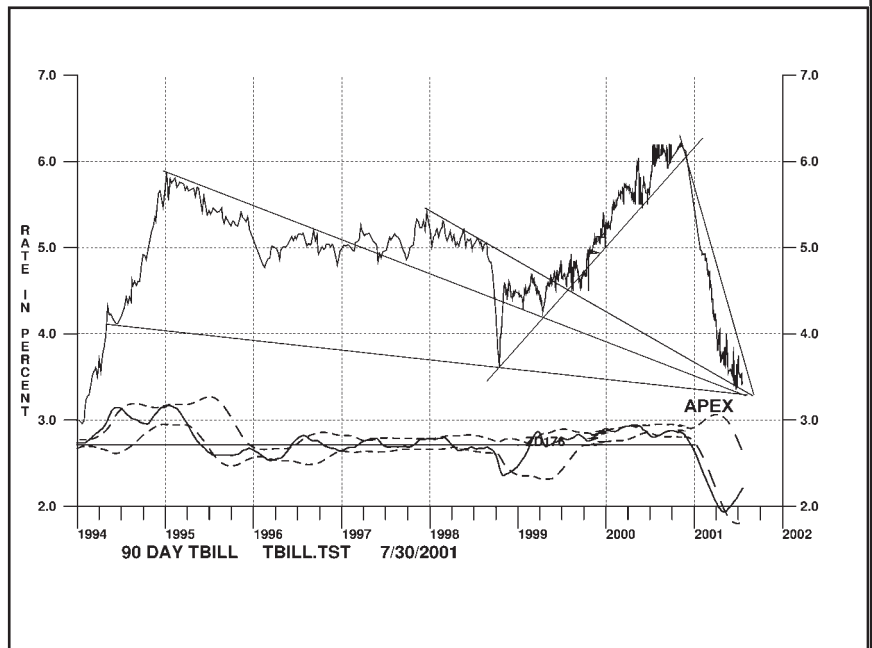
There is continued talk about the Fed making further interest rate cuts. The chart at the right shows why I think such interest rate cuts may not come.

The series of lines connect key points in the price pattern. These are pointing to an area of convergence. This technique often finds major turns. Further, the ZD176 cycle has turned up. While this indicator may lead a bottom by a bit, it usually precedes several months of rally.

The last interest rate cut by the Fed was smaller than any of the previous cuts. If there is another cut, I expect it also to be small. The Fed may be at the point of fearing that they will overstimulate a recovery.

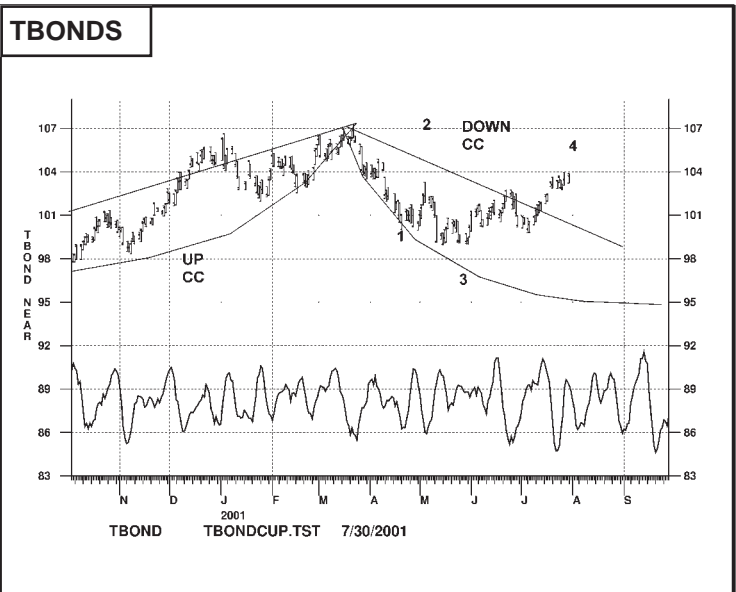
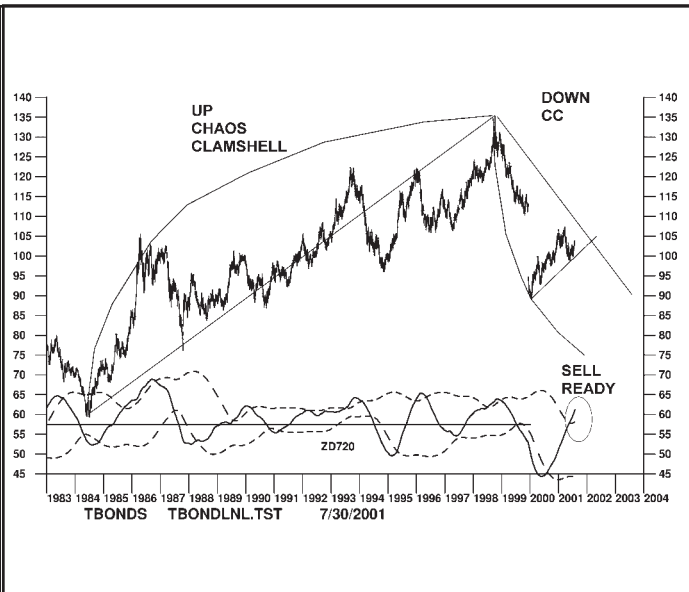
The economy continues to struggle. Major companies continue to downsize. These are not the DotCom Bombs, but companies which have substantial revenues and even profits. But as profits have shrunk and business plans are not working, management is controlling their most expensive budget item, people.

Unfortunately, when masses of people are laid off in a company, that company struggles to function, because key people who knew how to do things just aren't there any more. So these companies become less efficient. It takes a while for the streamlined company to adjust. Some never do. There is solid evidence that the last round of downsizing 8-10 years ago really accomplished little. So do not be surprised if the unemployment rate continues to rise and corporate profits continue to have downside surprises. There will be some smart companies who offer their employees a 10% pay cut, and keep their talent. Track them.



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

Abraham Lincoln



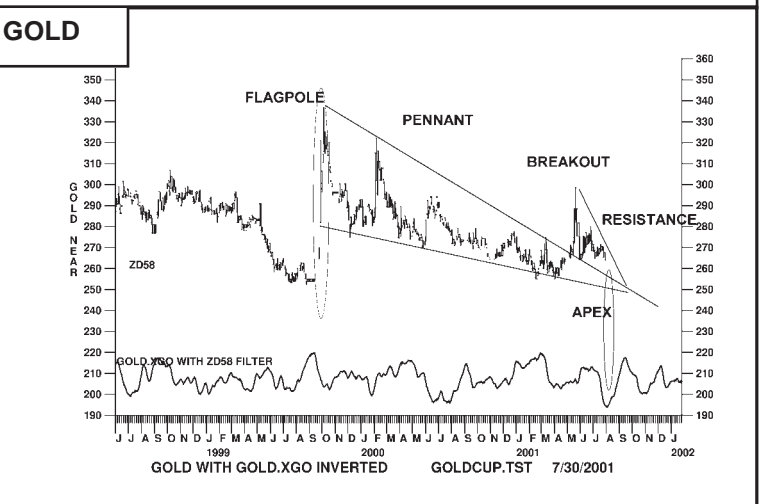
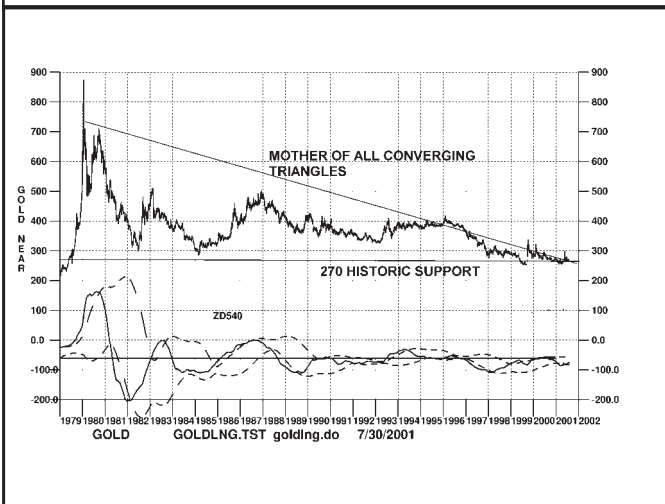
**Tbonds are nearing a top.** The long term chart shows that the current rally in bonds is a corrective move.

The near term chart shows that the recent decline in bonds is probably part of a down CC. This CC should have 7 moves. The current move appears to be move 4. That would mean move 5 is down. When a down Chaos Clamshell has a strong move 4 like this, move 5 is often large and fast.

The way to trade this is to trail a sell stop up under this rally.

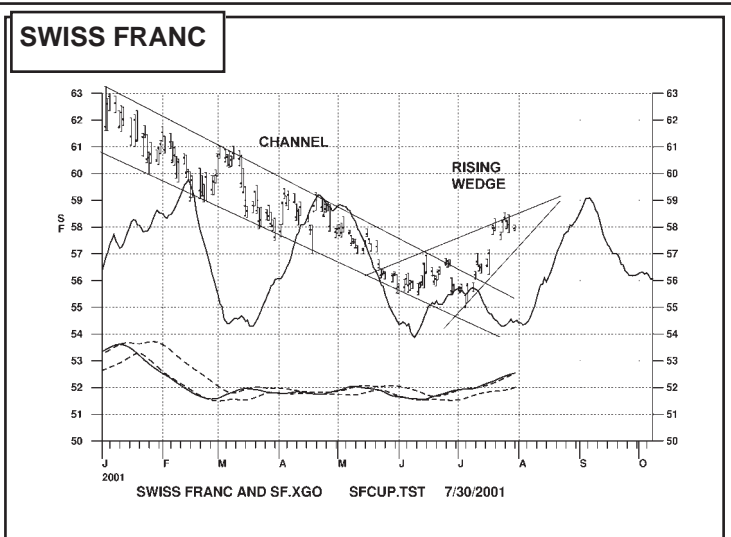
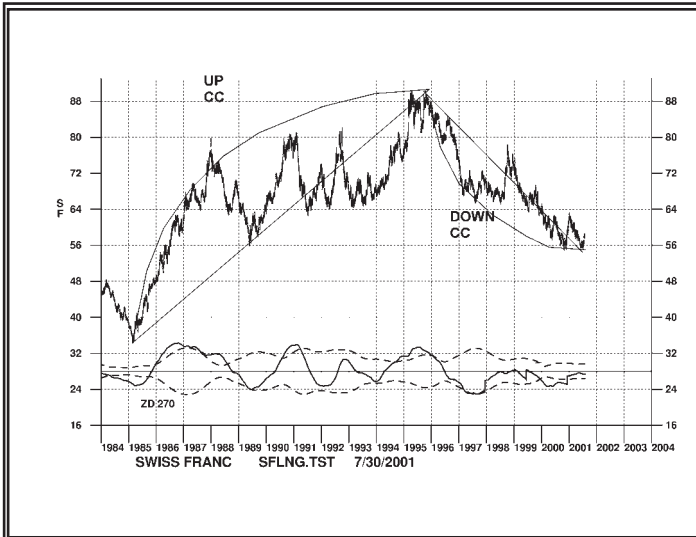
**Desire creates the power.**

Raymond Holliwel



**Gold continues its long time converging triangle.** But, it is making signs that it is about to explode upward. The near term chart shows the flagpole and pennant pattern that I wrote about previously. Prices broke above the pennant, which is bullish. They have pulled back below the resistance line shown. This line and the lines forming the pennant are converging to an apex. Further, gold's 58 day energy cycle is turning sharply up. **Traders should have a buy stop placed above gold's recent prices.**

Interestingly, yesterday I received two emails about articles in gold. One article was about the discrepancy in two government reports that supposedly report the US gold stock. The reports are different. The best explanation is that the difference is gold being used by the Treasury to trade in the gold market-something they claim they do not do. The other article was about Russia circulating a gold coin, hoping to replace the dollar as the "mattress money" that the Russians save. To motivate this change they are circulating analyses that claim the dollar based world economy is going to collapse within the year. Time will tell, but remember that these are the people who oversaw the collapse of the Ruble. This, at least, indicates increasing energy amongst gold bugs.



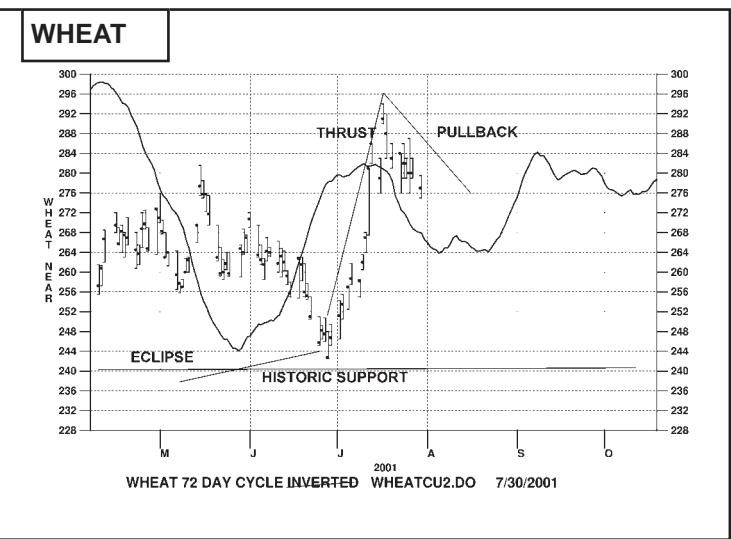
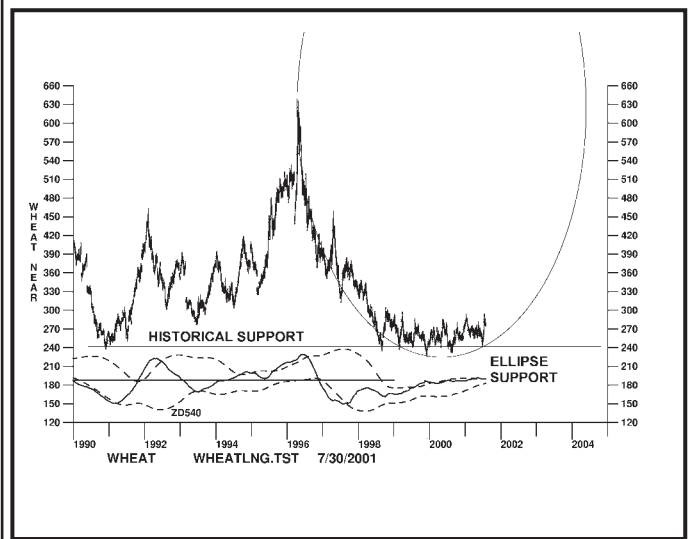
**The Swiss Franc found its expected low July 6th.** Since then it has rallied sharply. It is now at a level where we can expect a pullback.

The long term chart shows that this low may have been the final low in a down Chaos Clamshell. It retested the prior low, forming a double bottom.

The near term chart shows the 55 day energy cycle. This cycle may have inverted, since the low came two weeks early. The rally is forming a rising wedge, suggesting that short term, a pullback is probable. Given the longer term picture, traders may wish to start following a strategy of buying the dips.

**If a man has done his best,  
what else is there?**

George S. Patton



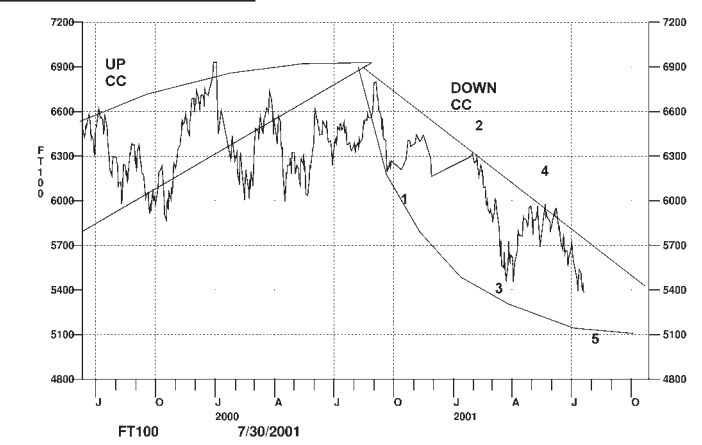
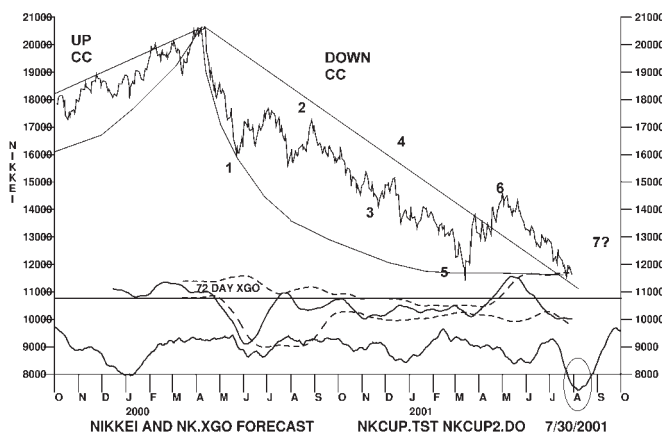
**Wheat staged a sharp rally off of the Lunar eclipse.** This rally was from a higher low, continuing to add evidence that there exists an elliptic support line, as shown on the long term chart. Domestically, the wheat market is so bad that most wheat farmers have to have other income to survive. One farm family we know made a grand total of \$300 on their wheat crop for last year. That is probably less than one penny an hour.

If this ellipse support develops though, those diehards may be rewarded for their perseverance. My study of 700 years of wheat prices shows a major rally in wheat by 2007.

The near term chart shows a clear thrust-pullback pattern. This is a good indication that higher prices are ahead. The 72 day energy cycle makes a low in August, so traders should be shopping for a 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 \$100.**

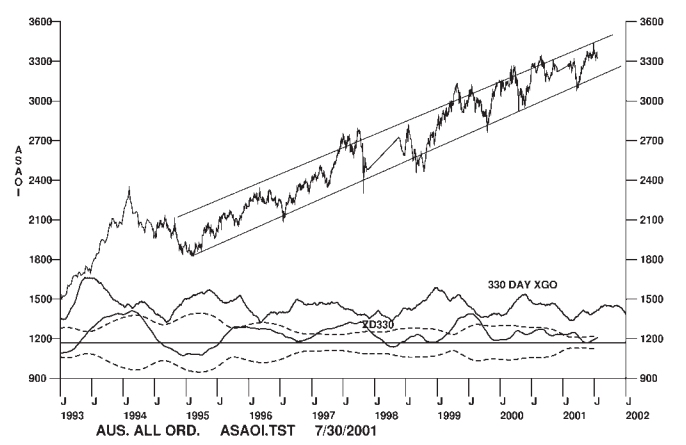
**WORLD MARKETS**



**The Japanese market appears to be probing for a bottom.** The chart shows a possible down Chaos Clamshell in a move 7. However, prices are at a chaos balance point and could slip sharply.

**The British market continues to be weak and appears to be in move 5 of 7 in a down Chaos Clamshell.**

**The Australian market remains in its strong up channel.** It has touched the top of that channel and pulled back. Should it break the bottom of that channel, it should be sold.

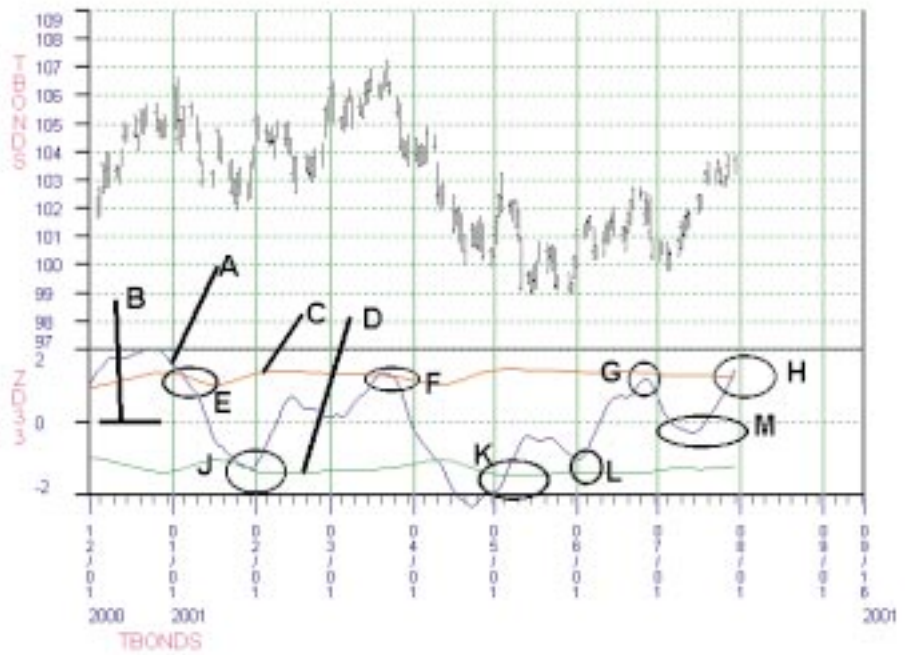


**CHAOS CLASSROOM**

**This chart shows a 33 day cycle in bonds, extracted with my Zero Delay (ZD) filter.** This special filter can be used to develop a very simple trading system. One finds a cycle, then finds when it is high or low.

Line A is the 33 day energy extracted from prices. It oscillates about the zero energy line B. Line C marks the point where the cycle is statistically high. Line D marks where it is low. Sell signals come when the cycle comes off of a high, as at E and F. G is a near miss. H is a cycle that is Sell Ready. J and K are buy signals. L is a near buy.

The ZD filter is one of the features of the Chaos Trader EOD program. We hope to release it within the next 2 months.



## ASTROPHYSICS AND CHAOS THEORY

**This is a chart of MoonTide energy, which has been filtered using a 10 day ZD filter.** The use of a ZD filter to extract longer term cycles from an energy calculation was pioneered by client and friend, GM.

A system model of a market says that the input to the system is the energy, and the output is price. To model a market mathematically one needs some form of simulation of the dynamics of the system. A ZD filter is a very simple form of such a "system function."

This chart has caused lots of "oohs" and "ahhs" recently. It has done a very good job of forecasting some very tradable turns. On the date this chart was made it was suggesting that the next good trade should be a sell.

But these forecasts have a limitation. The simulated cycle may not be the actual cycle to which the market is responding. At the time this chart was made, the forecast was most accurate if shifted left 2 trading days. So while it was working very nicely, I was aware that this 2 day shift could disappear, as the cycle shifted back to its normal 10 day statistical average.

**Little minds attain and are subdued by misfortunes; but great minds rise above them.**

Washington Irving



## ENERGY

**This is the same chart with no shift in the forecast.** It shows this morning's sharp rally. This rally was brought about by the full Moon opposing Venus. This high energy event pulled the cycle back to its 10 day average.

MoonTide calculations forecast the waves in the Earth's electric field caused primarily by the Moon, but including all the planets in a complex manner. These waves are like the waves in a pond when a rock is thrown in. They move smoothly and naturally until an obstacle or another energy event, such as another rock, disrupts their flow. Then the waves will adjust to accommodate this new "data."

It is the nature of these forecasts that shifts will occasionally occur. They are still very useful for trading. One just makes the trades with a close stop. If the forecast turn is disrupted by other energy events, the loss is quick and controlled. Following such a loss, it is advisable to stand aside until the cycles show that they are stabilized. Can you tell when the next good trade might be?



## QUALITY IMPROVEMENT

This month we are celebrating a

**significant milestone.** Our Position Trading Hotline has passed the **Million Dollar** mark.

This account was started with a theoretical \$50,000 nine years ago. The chart represents taking every single trade as advised on our Hotline. Of course, in reality no one, including myself, took all those trades.

So what does the chart really show? First, it shows that our unique approach to the market is valid. Second, it shows that our constant efforts to continue to improve have paid off over time. Third, it shows that even huge trading blunders can be overcome. The sharp drop in the chart came when I was short multiple contracts, and I kept moving my stop away as the market went higher. When I finally faced my loss, I was sure things would never get better. But I had a good talk with myself (always a trader's worst enemy) and went back to just making one trade at a time and following the rules. The fourth thing the chart shows is that over time my judgments have gotten better. Part of this is experience, and part of it is due to Adrienne Toghraie ([www.tradingontarget.com](http://www.tradingontarget.com)). Working with her resolved some emotional issues which went back to my days flying combat in Viet Nam. She cleaned out my emotional cobwebs. It's not easy to build a chart like this, but it is possible. It takes time, technology, perseverance, and being honest with oneself.



## PEOPLE AND HAPPENINGS

We ask for your prayers for the

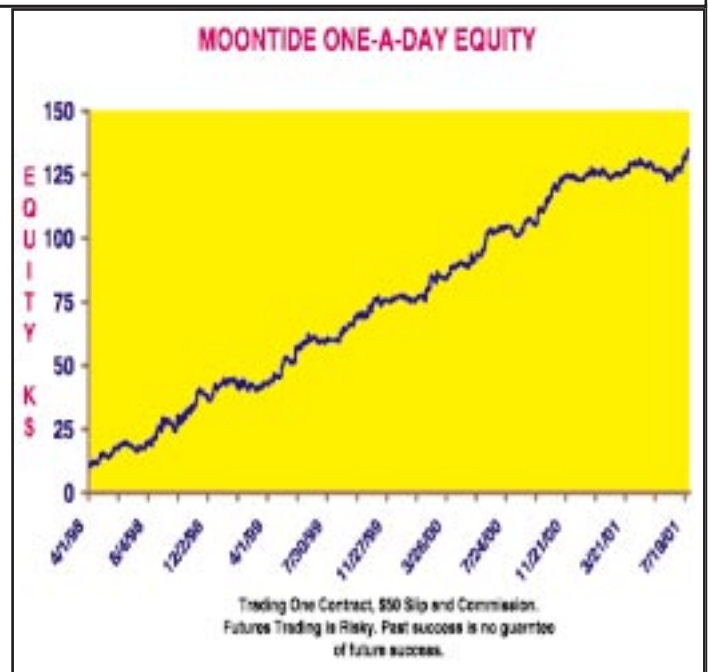
**recovery, health, and well being of friend and client, GM.** He has just undergone cancer surgery. He is doing well and hopefully will enjoy a full recovery. On two past occasions (my fall and Wava's episode) we have seen the tremendous power of prayer. So please say one for GM.

Thank all of you for your kind remembrances on the passing of my mother. We miss her, but her lessons will always be remembered and valued.

This has been a hectic and difficult month. Earthlink decided to block our email to all Earthlink clients. They did this without notifying us. We think we have resolved the issue now, but it has taken enormous time and energy.

This is camping season, so every other weekend I and my wife head for the Rocky Mountain High Country. That's where you find the best, calmest, cleanest, most nurturing energy. So do yourself a favor, and take a good vacation this summer.

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.

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>

JULY						
S	M	T	W	Th	F	Sa
1	2	3	4 <sup>2</sup>	5 <sup>F</sup>	6	7
8	9	10	11 <sup>2</sup>	12	13	14
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22	23	24	25	26	27 <sup>2</sup>	28
29	30	31 <sup>V</sup>				

**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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AUGUST						
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**XGO CHARTS**

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**STILL CAMPING SPECIAL**

Part 1:Chaos Trader's Trilogy = Cash In On Chaos + Fractal Of Pi + Face Of God Courses, normally \$5040, now \$3728. But during July, 2001, only \$3384.  
 Part 2: Cash In On Chaos Course \$360 (save \$360).  
 Part 3:If 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).

By popular demand, special extended.  
 Good until midnight on August 31, 2001.

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