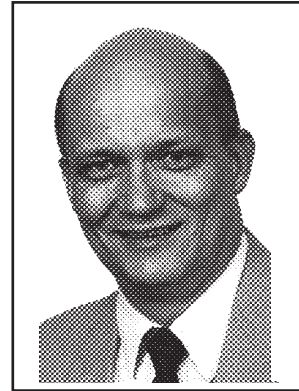
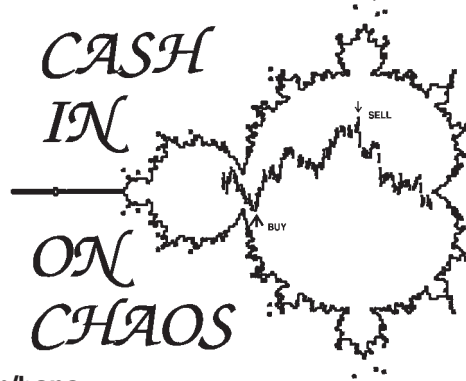


Yes,  
you  
can ....



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

CASH IN ON CHAOS NEWSLETTER - October 30, 2001-10

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

*Stocks did rally this month, but are now looking weak again. Tbonds still topping . IBM top rolling over. Interest rate low coming in. Swiss Franc resumes rally. Gold trying to break the Mother of All Converging Triangles. Wheat heads higher. World markets mixed. Basic astrocycles . Solar energy update. AstroPhysics in Australia.*

**STOCKS**

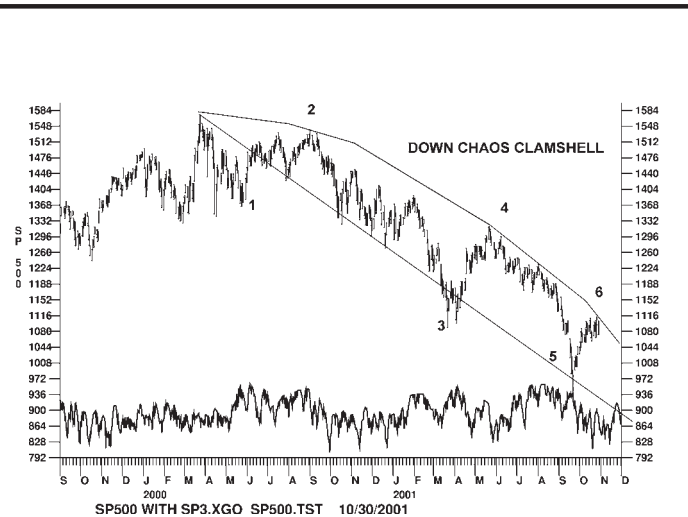
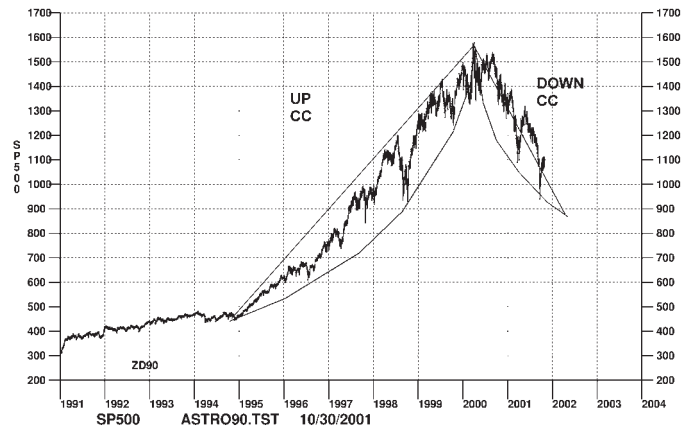
**Stocks rallied as forecast but are now encountering weakness.** If this weakness continues, prices may retest the lows of the year. This retest may extend into next year.

The long term chart shows stocks in a down Chaos Clamshell from their all-time high of last year. They may be forming a massive Head and Shoulders pattern with the neckline at 930 on the S&P.

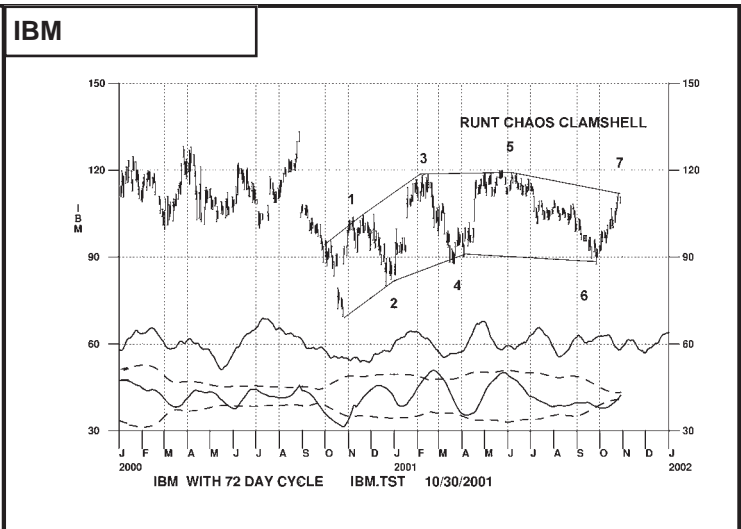
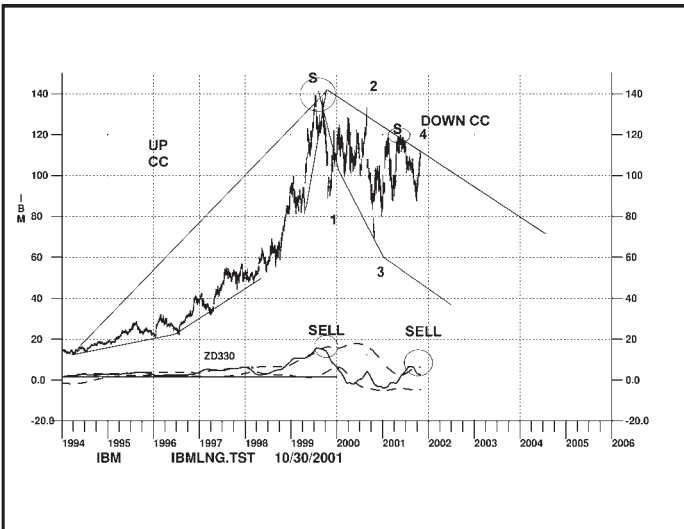
The near term chart shows what looks to be 6 moves in a down Chaos Clamshell. A 7th move could carry prices to the 930 level.

We have advised investors to be out of stocks for the past year and continue to recommend that. Traders may take advantage of the short term swings by following our hotlines.

Longer term, our forecast for 2002 is generally bearish. The huge bull market of the 1990's has yet to be corrected sufficiently. However, this is a time to be alert for longer term opportunities. While the DOTCOM MANIA turned out to be a bust, the new technology represented by the Internet will forever change how the world operates. That technological change will provide many trading and investment opportunities in the future. The key now is to conserve one's resources until those opportunities arise.



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 7th move in what looks to be a runt up Chaos Clamshell.** Runt patterns like this are caused by vortex swirls in the energy fields. These swirls "roll" prices either up or down. In this case the roll is down.

Investors should definitely be out of IBM. Traders should be shopping for long term LEAP put 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**.

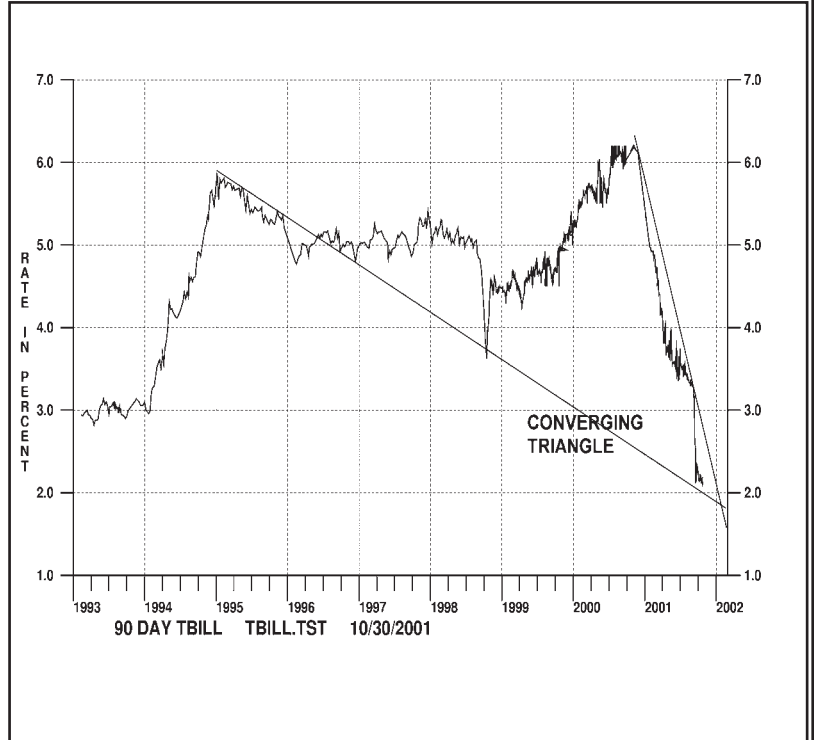
**ECONOMY/RATES**

**The economy continues to struggle.** It was struggling long before September 11th, but that event is now a convenient scapegoat. The Fed has continued to apply its interest rate tool aggressively, but without the desired effect.

The chart shows that interest rates are in a down converging triangle. That triangle suggests that rates will not go much below 2 percent. I personally cannot remember interest rates at 2 percent. They did reach that level during the Great Depression. When rates were so low many banks failed. Remember that interest rates are what banks charge for the use of money. When rates are too low, the banking system becomes unprofitable. If that continues too long, banks go out of business. When banks go out of business, businesses can't borrow money. That leads to a depression.

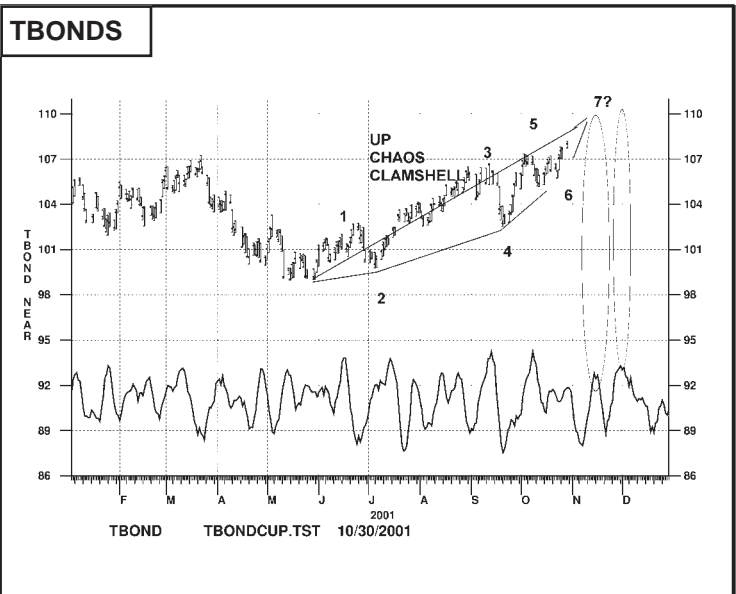
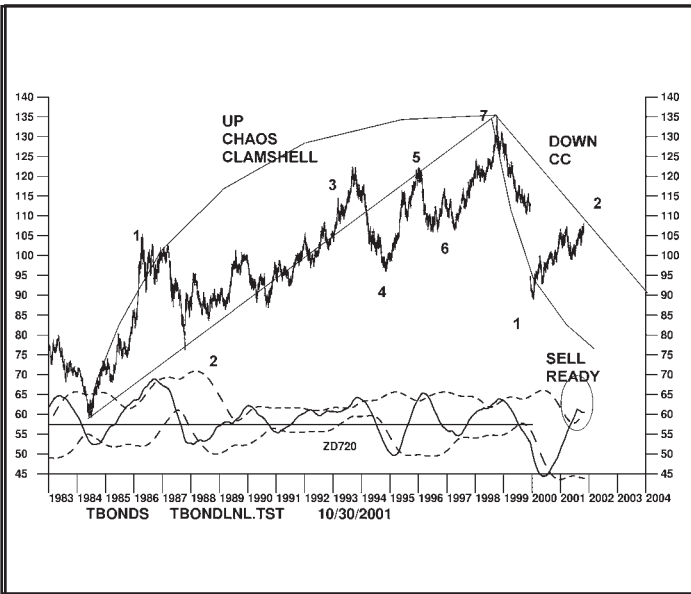
Alan Greenspan and the other members of the Federal Reserve Board are well aware of this. The economic stimulus programs being pushed in Congress are designed to head off this possibility. Hopefully, they will work.

The chart suggests that they will. I expect rates to start rising shortly. Meanwhile many companies will continue to struggle and restructure to get their costs in line. Those companies that manage to do that well will be tremendous investment bargains.



**History has demonstrated that the most notable winners usually encountered heartbreaking obstacles before they triumphed. They won because they refused to become discouraged by their defeats.**

B.C. Forbes

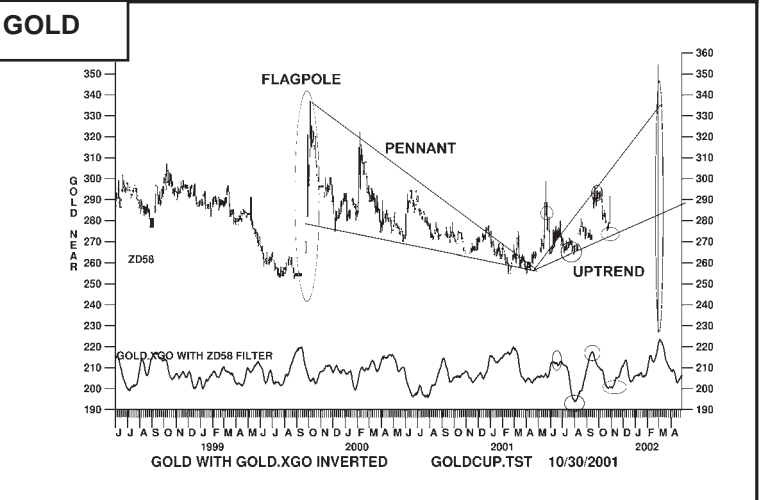
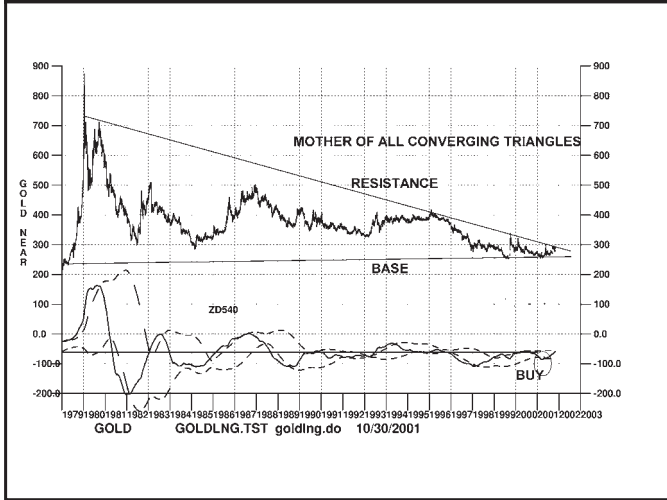


**Tbonds are near their annual high.** They usually make this high in the last two months of the year and then decline into summer. The long term chart shows that this year the high looks to be move 2 in a large down Chaos Clamshell.

The near term chart shows that this move is also a Chaos Clamshell, going up. That up Chaos Clamshell appears to be in its move 7. That clamshell should peak in mid-November or early December.

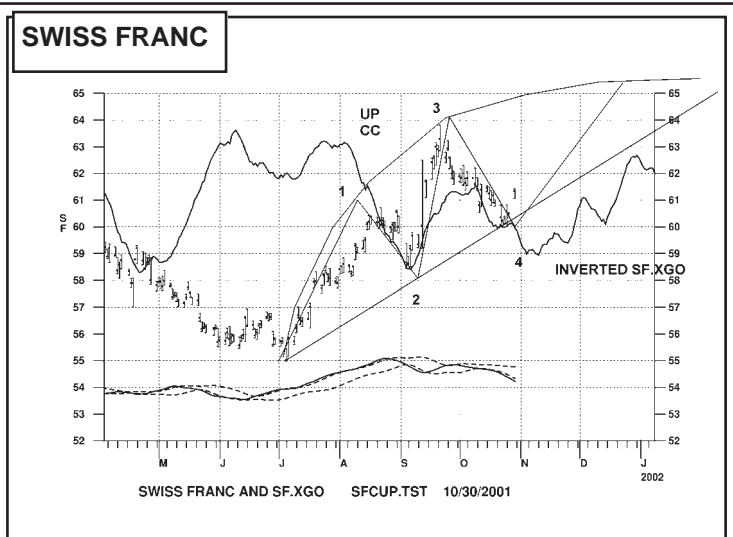
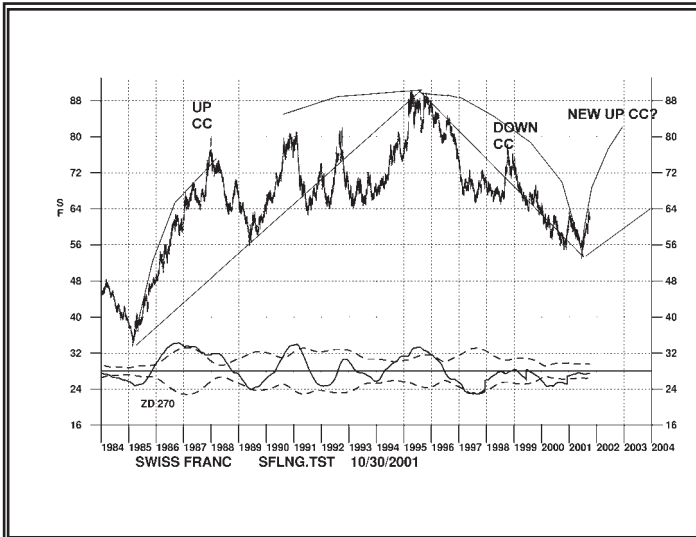
**Success. . . seems to be connected with action. Successful men keep moving. They make mistakes, but they don't quit.**

Conrad Hilton



**Gold continues its bullish ways.** While it is still trapped inside the Mother of all Converging Triangles, it looks like it may finally break out.

The near term chart shows the completed flagpole and pennant pattern. This pattern has been followed by higher prices. If the up trend shown continues, it will attract even more buyers. With the increased uncertainty and instability in the world, gold will once again become an attractive investment. While I do not recommend putting all of ones eggs in the gold basket, it might be wise to add a little gold to one's long term portfolio.

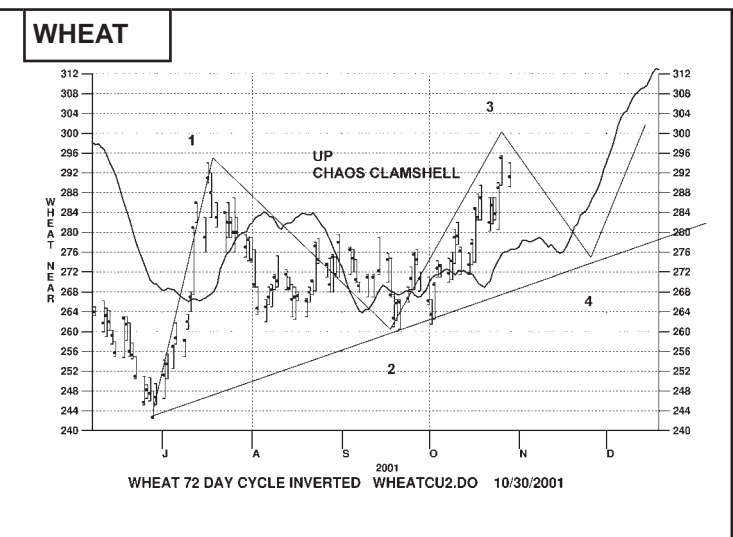
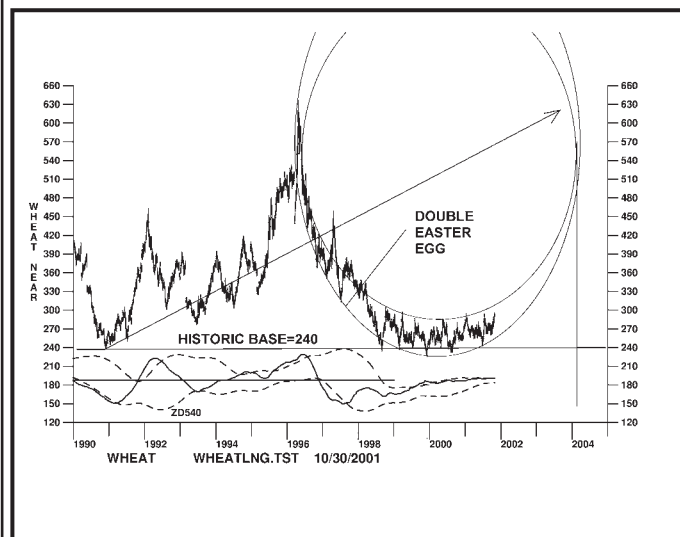


**The Swiss Franc looks like it is going higher.** The long term chart shows that it has probably begun a new up Chaos Clamshell.

The near term shows that this up Chaos Clamshell is probably starting its move 5. This move 5 should last into the end of this year. Traders should be looking for opportunities to buy on dips.

**If you can force your heart and nerve and sinew to serve your turn long after they are gone, and so hold on when there is nothing in you except the Will which says to them: "Hold on!"**

Rudyard Kipling

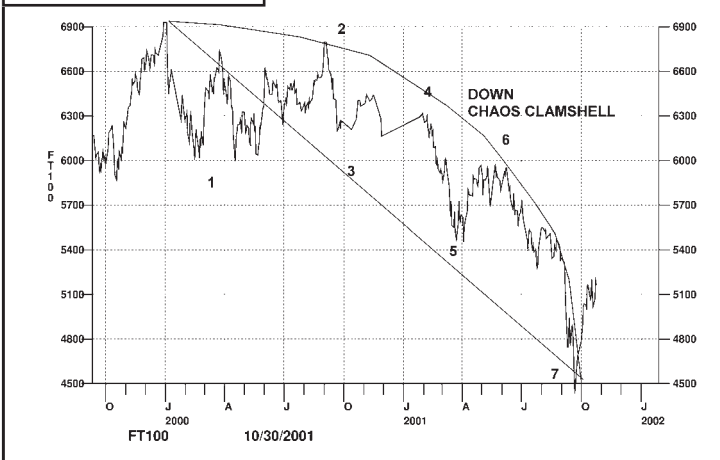
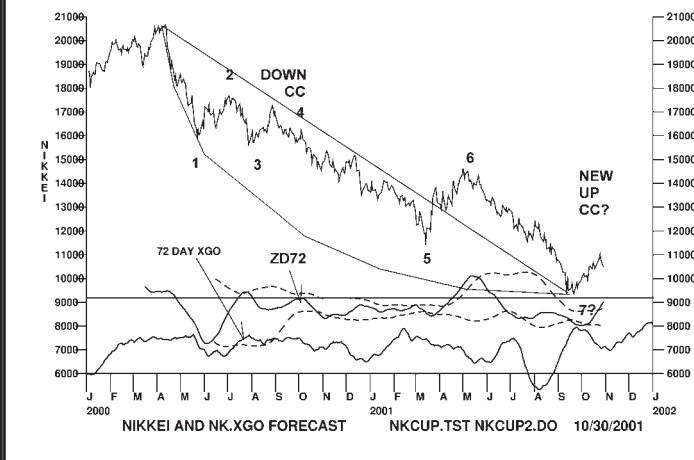


**Wheat continues to look very bullish.** The long term chart shows that it is moving inside of a large double Easter Egg (ellipse). In fact, the lows are being set by one ellipse and the highs by another. This may force wheat prices sharply higher over the next year.

The near term chart shows that wheat is in a move 4 of an up Chaos Clamshell. That move 4 should bottom next month. Following that we should see wheat accelerate sharply to the upside. This is a long term trading opportunity in wheat. Wheat has successfully tested its historic bottom at 240. That now clears it to rally much higher.

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.**

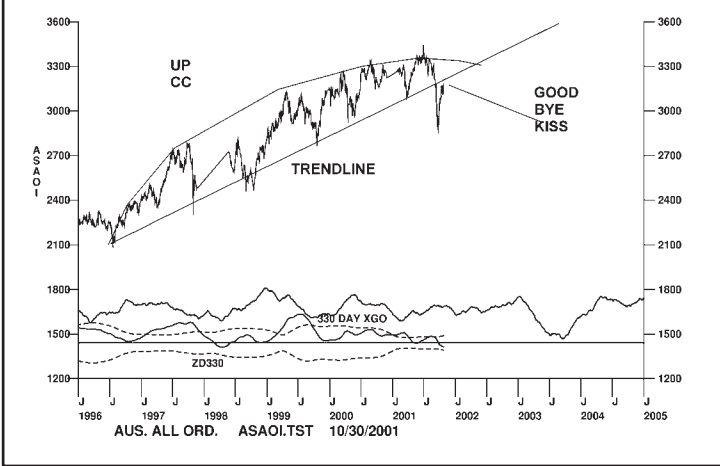
**WORLD MARKETS**



The Japanese market has rallied off of its bottom and looks to be starting a new up Chaos Clamshell. However, it does not seem to have much energy behind it.

The FT100 may have completed a down Chaos Clamshell and begun a new one.

The Australian market has broken its supporting trend line (Gann Death Line), and rallied back up to give it a good-bye kiss.

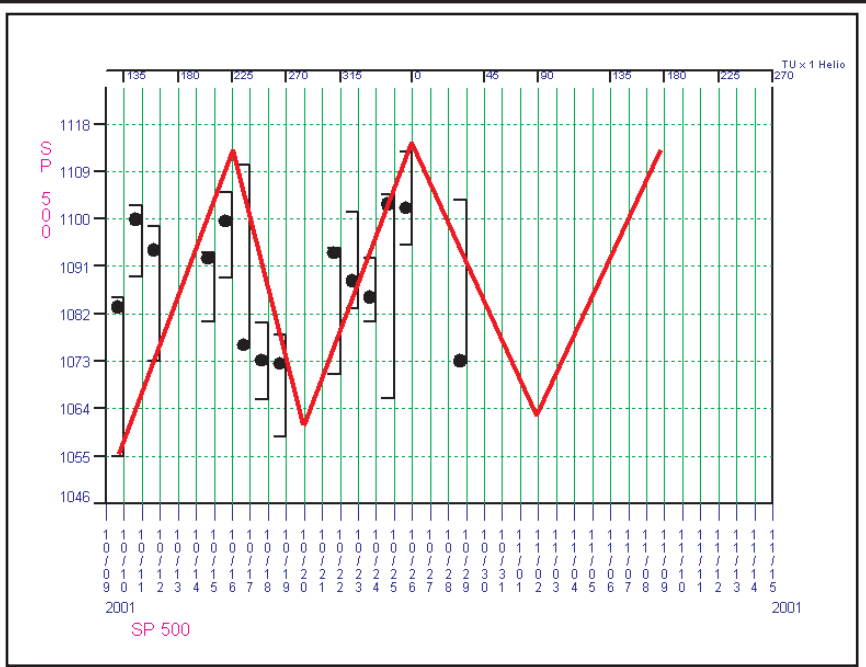


**CHAOS CLASSROOM**

This is a lesson in basic Astrocycles. Astrocycles are formed by two planets moving in relation to each other. This motion can be either heliocentric (centered on the Sun) or geocentric (centered on the Earth).

As these two planets come together, separate, and come back together, they travel through 360 degrees of a circle. Markets that respond to these cycles will tend to show turns every 15 or 30 degrees.

The chart shows a short term cycle formed by the Moon and Uranus. This cycle made a low at 135 degrees, a high at 225 degrees, a low at 270, a high at zero, and looks like it will make a low at 90. If it makes a low at 90, one could project a rally then to the 180 degree point on November 10th.



More on basic astrocycles is taught in my video courses, "Finding Astrocycles with an Ephemeris," and "Trading MoneyTides."



## ASTROPHYSICS AND CHAOS THEORY

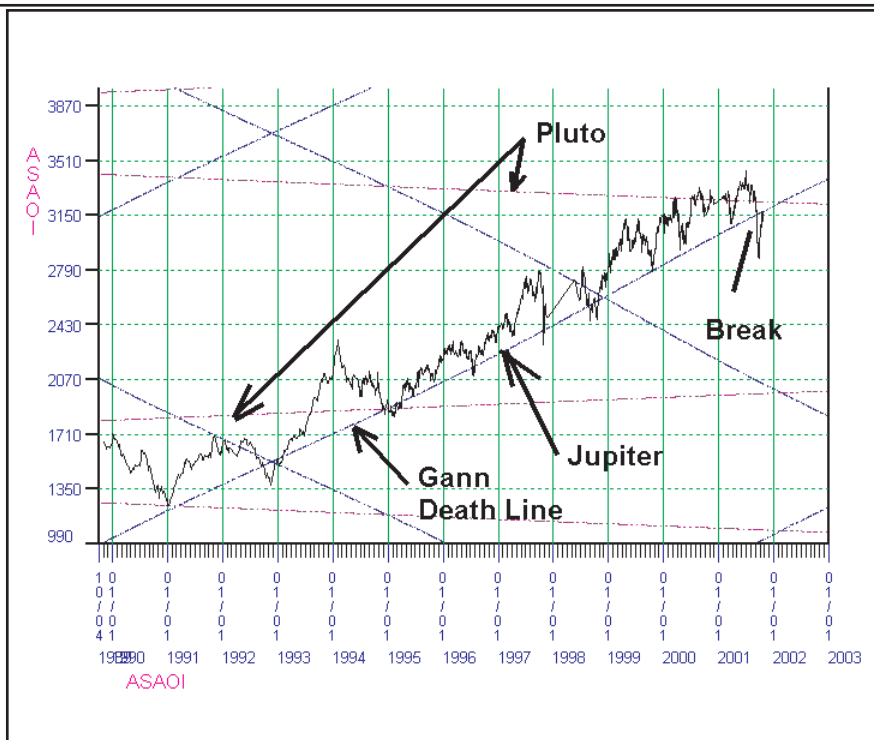
This chart shows the **Gann Death Line in the Australian market**. This chart is very similar to the chart used last year to identify the top in the US stock market. I presented it last April at the Astro Economics Conference.

All such lines have a physical cause. The physical cause can be tracked down by properly computing the electrical flux lines caused by the planets.

In this case the Gann Death Line was brought about the motion of the planet, Jupiter, just as it was in the US market. The only difference was one of timing.

Interacting with this Jupiter flux line were two flux lines generated by the planet, Pluto. When prices based off of the lower Pluto line, they rallied up the Jupiter line until stopped by the upper Pluto flux line. This is a large scale version of a "band gap energy jump."

This chart tells us that the Australian market is probably headed lower.



**Do not worry about whether or not the sun will rise. Be prepared to enjoy it.**

Unknown

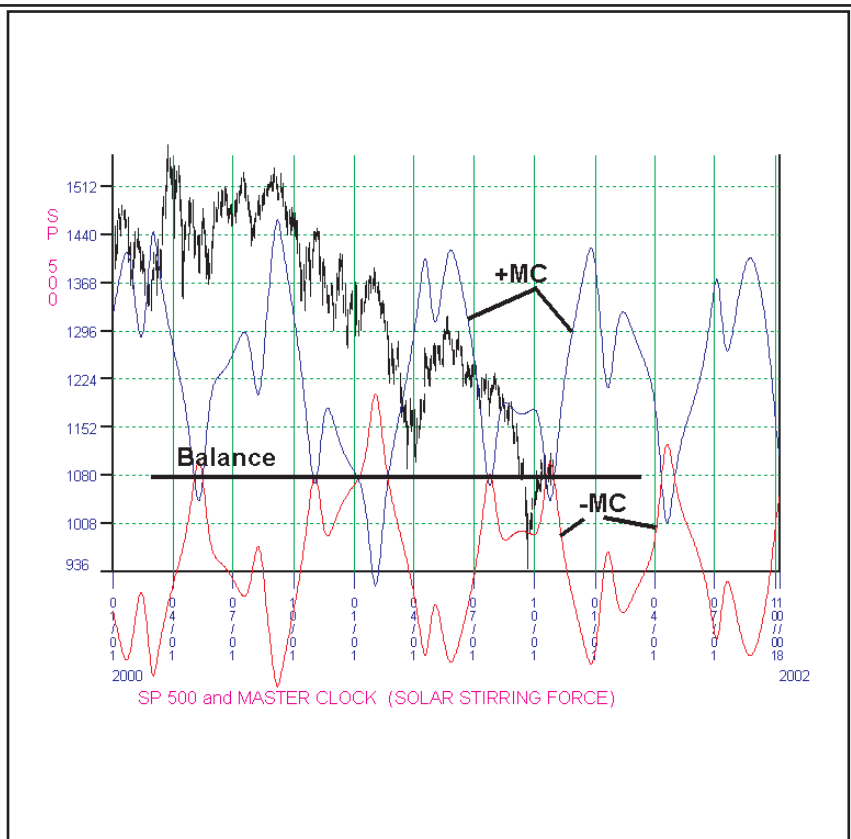
## ENERGY

This chart shows the **Master Clock and the US stock market**. The Master Clock is a computation of the tidal forces stirred up on the Sun as the planets rotate about it. Stock prices tend to follow this energy function, or its inverse.

Chaotic markets always have at least two solutions. In this case following the Master Clock is one solution, and following the inverted Master Clock is the other solution.

When the two solutions counteract each other they tend to form a balance level. This causes prices to congest and go sideways. Eventually one of the forces will win out, and prices will move chaotically until they establish a new balance.

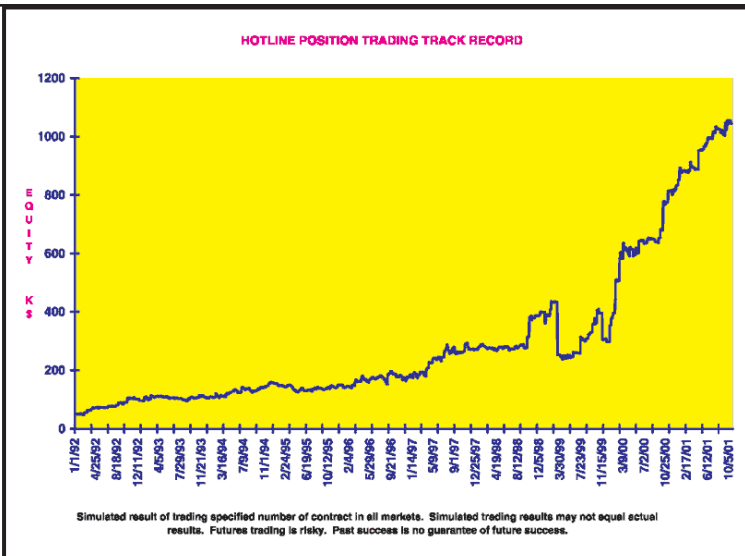
This chart shows a balance in the S&P at a price of 1080. A hard break below that level would suggest that prices will follow the inverted Master Clock, marked -MC on the chart.



**QUALITY IMPROVEMENT**

**This month our electronic networks got a little bit less chaotic.** After replacing a major piece of hardware, Qwest managed to get my DSL line working. They did this just in time to install a second DSL line. This second line is a 1.1 Mbit symmetric line. On it I plan to run a new web server. When things are ready, this web server will replace our current web server, which sits in a machine room in Boulder, Colorado. Bringing the web server into my office will simplify many of our activities, such as the Friday Chaos Clinic. Watch for changes in our web based services.

In addition to changing our Internet access technology, we have also changed both of our data feeds to eSignal. This was prompted initially by eSignal announcing that they would no longer provide futures quotes on their FM link. Just after I got the conversion done, I got a letter from them announcing that they were discontinuing their FM transmission in Denver. I am sure they knew that when they sent out the first letter. Not wanting to be blindsided twice, I also transitioned my satellite feed to eSignal. Interestingly enough, when I discontinued the satellite feed, they told me they did not want the equipment returned. Any guesses on how long it will be before I get a letter saying they are discontinuing the satellite service?



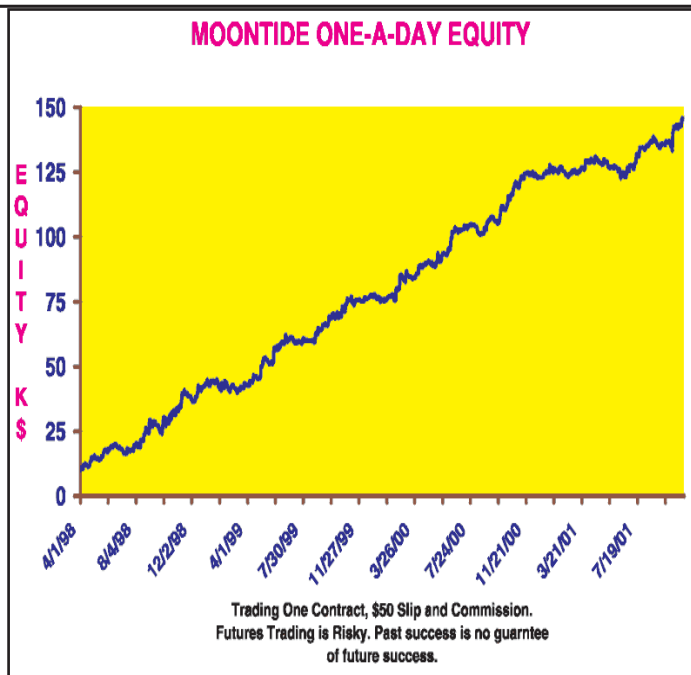
**PEOPLE AND HAPPENINGS**

**This has been a "hurry up and bury the nuts before snow flies" month.** Besides all the work needed in changing over my network and data services, I rebuilt the fence in my back yard, put a new roof on my shed, and repaired a heated bird water basin in "Bird Mountain." So now I need a vacation.

Thanks for all the phone calls and emails. We sincerely appreciate them. We appreciate the interest in our work, and have now done the Chaos Institute pages on our website. This ongoing seminar series begins in November. You can go to our website to sign up.

Also, we continue to add products to our Estore. Christmas is coming, and a great Christmas gift for someone is a set of personal XGO charts.

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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## OCTOBER

S	M	T	W	Th	F	Sa
	1	<sup>F</sup> 2	3	<sup>2</sup> 4	5	6
7	8	9	10	<sup>2</sup> 11	12	13
14	15	<sup>N</sup> 16	17	18	19	20
<sub>V</sub> 21	22	<sub>M</sub> 23	24	25	26	27
28	29	<sup>2</sup> 30	31			
		<sub>V</sub>				

## NOVEMBER

S	M	T	W	Th	F	Sa
				<sup>F</sup> 1	2	3
4	5	6	<sup>2</sup> 7	8	<sup>3</sup> 9	10
11	12	13	14	<sup>N</sup> 15	<sup>2</sup> 16	17
18	19	<sub>MV</sub> 20	21	22	<sup>2</sup> 23	24
25	26	27	28	29	<sup>F</sup> 30	
			<sub>V</sub>			

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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