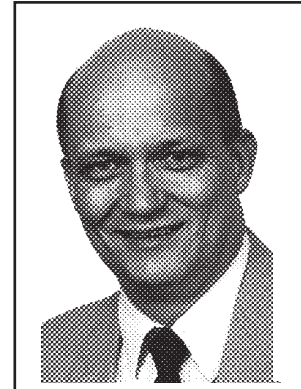
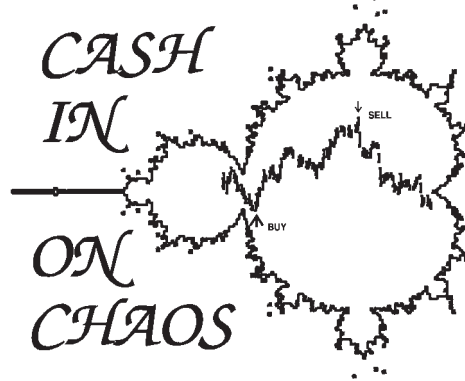


Yes,
you
can



<http://moneytide.com>
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CASH IN ON CHAOS NEWSLETTER - October 29, 2002-10
Dr. Al Larson, voice 303-452-5566, fax 303-457-9871, email allarson@moneytide.com

Stocks have nearly completed their rally, and should at least test them lows. Tbonds have dipped and are set to rally. IBM rallies a bit. Telecom companies find no champagne in the glass. Swiss Franc ready to rally. Gold nearing end of correction. Wheat takes a rest. Japanese market rolling over. Master Clock Fractal Set. Position trading made simple. The 2 year Martian cycle.

STOCKS

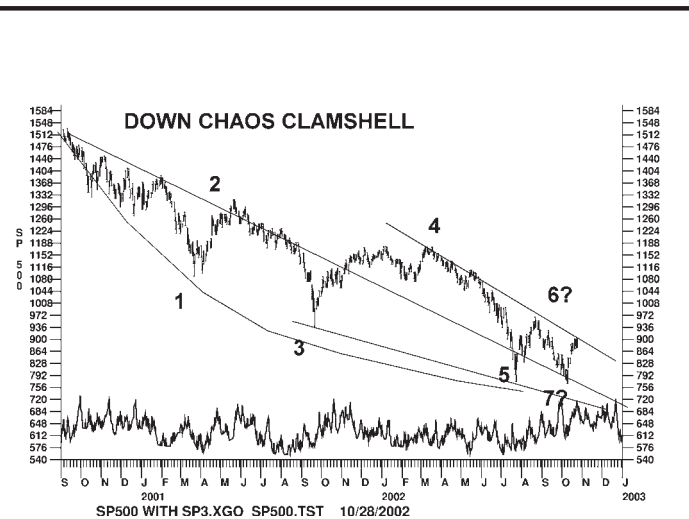
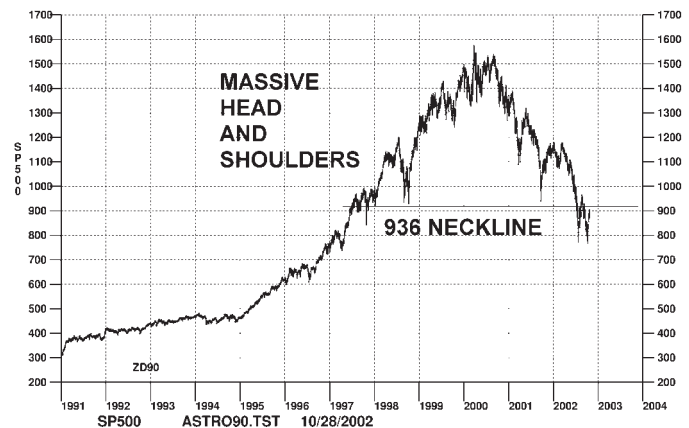
Stocks rallied sharply from the 10th of October to the present. This pre-election rally is nearing an end.

The long term chart shows that the rally brought prices back to 900 on the S&P, falling short of the 936 neckline of the massive head and shoulders pattern. Failure to break above 936 is a strong bearish indication.

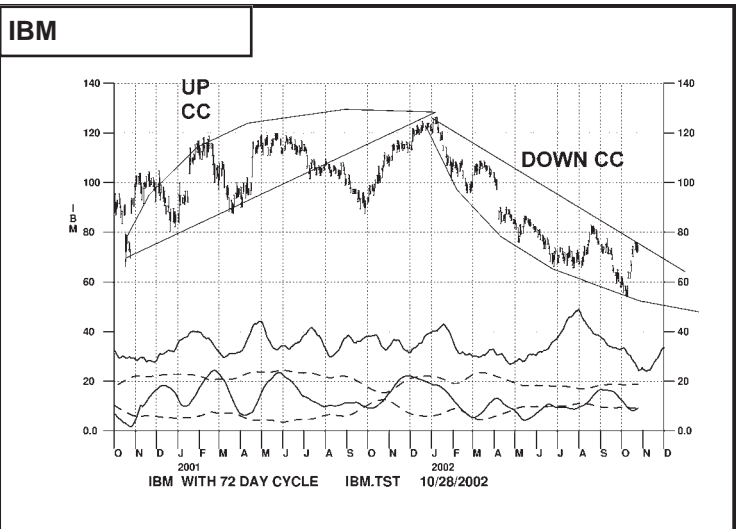
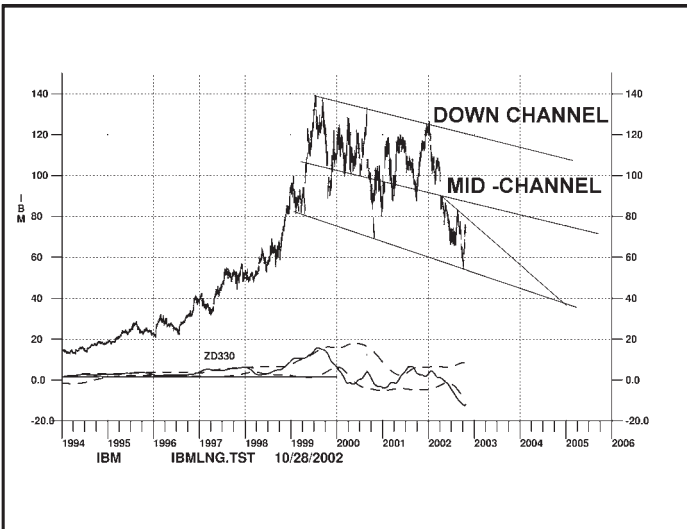
The near term chart shows that this rally has not made a new high. There is the possibility that the October 10th low will hold up as the low of the bear market. Since that low was a retest of the July low, many analysts are loudly proclaiming that the bear market is over because we have formed a "solid base."

In my experience, a solid base will have the market setting a series of higher lows and higher highs. We have not seen either case yet. One can also look back at last year's September low and the rally that followed it and proclaimed a double bottom. That rally did hold prices up into early this year, after which they began a serious decline.

For a new bull market to be established two things to happen. Companies need to start making a whole lot more money. Consumers need to be convinced that stocks are where they should put their money. I don't see either one of these yet.



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 managed a rally off of the bottom of its down channel. Inside that down channel it has now made three moves. Its fourth move may carry it up to the midchannel shown on the long term chart above. Following that we can expect serious weakness in IBM over the next several years.

The near term chart shows that the rally in IBM may yet turn down. Until major stocks like IBM start making new highs investors should stay in cash.

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 will be admitted to be in worse shape than thought after the elections. At that time, expect Bush to change his economic team.

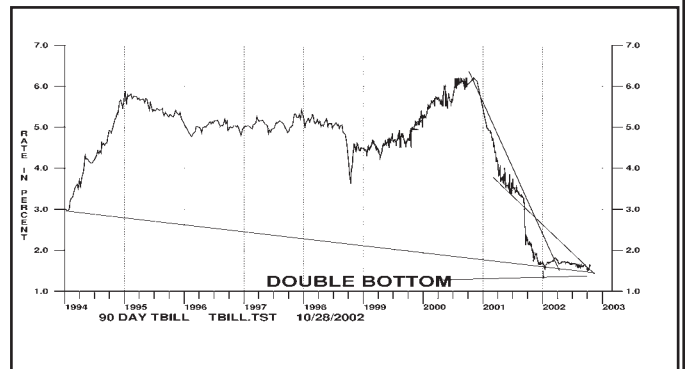
The interest rate chart shows an interesting double bottom. I have said many times that bankers cannot afford to keep interest rates this low for very long. So I think the next interest rate surprise will be to the upside. If you have a mortgage that could benefit from refinancing, you had better hurry up and do it.

This morning's paper carried a story on Qwest writing down their assets by \$40 billion dollars. This is final admission that the glass fiber road to riches turned out to be a total myth. There was no champagne in that glass.

In 1985 my group at Bell Labs invented and installed an optical fiber based Video Information System for the **Campus of the Future** project for the University of Pittsburg. In the process I learned a bit about fiber. We also learned that there was a huge demand for bandwidth. That huge demand for bandwidth is what prompted companies like Qwest, Worldcom, and Level3 to bury miles and miles and miles of fiber. They figured that with the Internet growth rate exploding, that they could become very rich with selling the bandwidth that people demanded.

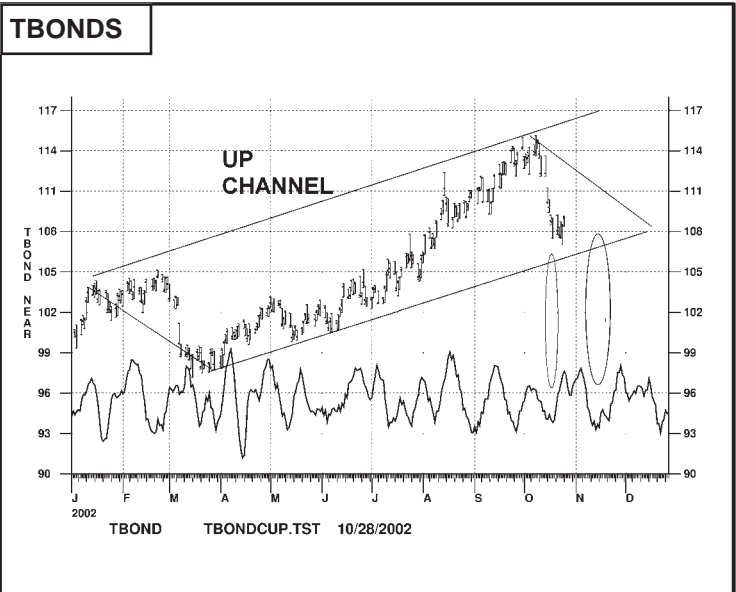
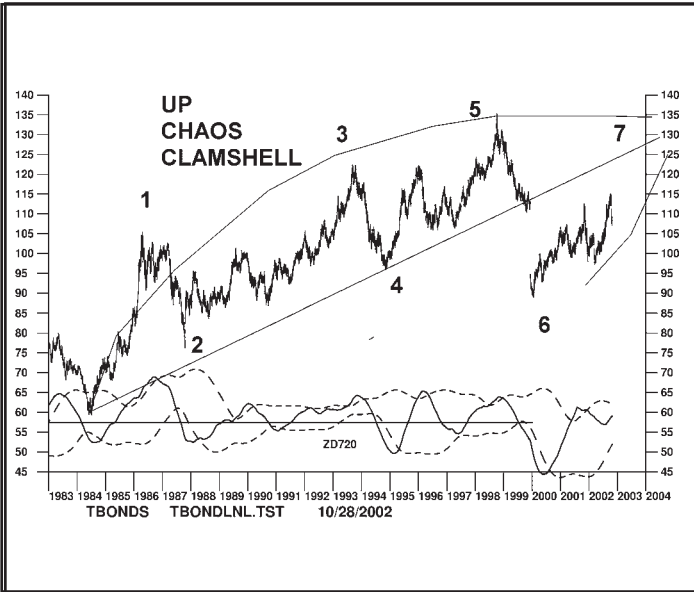
There were two flies in the ointment. First, all of these companies counted the bandwidth as if it were their own. Their estimates of the demand were extremely optimistic. The second major problem was that none of these companies found a way to deliver that bandwidth cheaply all the way to the home.

Fiber itself is much more expensive than copper wires. Further, just connecting fibers to each other is problematic. The ends of the fibers must be polished to the smoothness of an optical lens, accurately aligned, and joined together in a weatherproof connection. This costs a whole lot more than punching a copper wire down into a terminal block. So both the installation costs and maintenance costs of fiber are very high. It is, technically, THE way to get bandwidth. However, other technologies such as wireless have provided cheaper short term solutions. So now all of the physical plant that the telecommunication companies paid a fortune for and priced based upon what they expected to make off of it must be realistically priced at less than its cost. In time these companies will recover, but not for a while.



In the middle of difficulty lies opportunity.

Albert Einstein

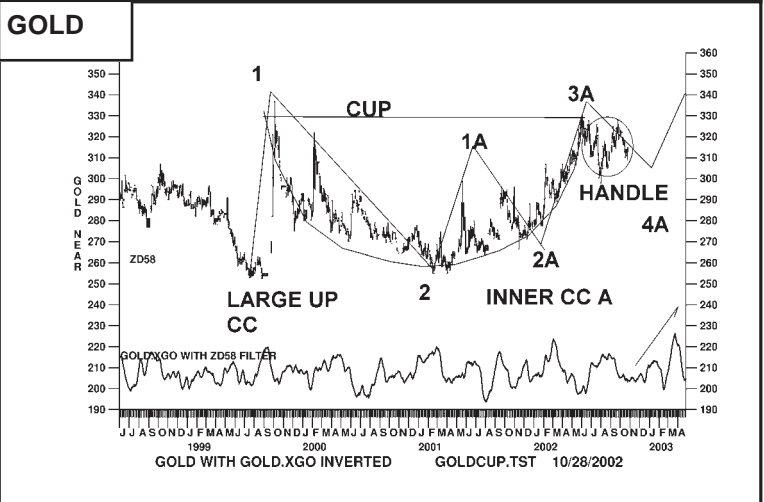
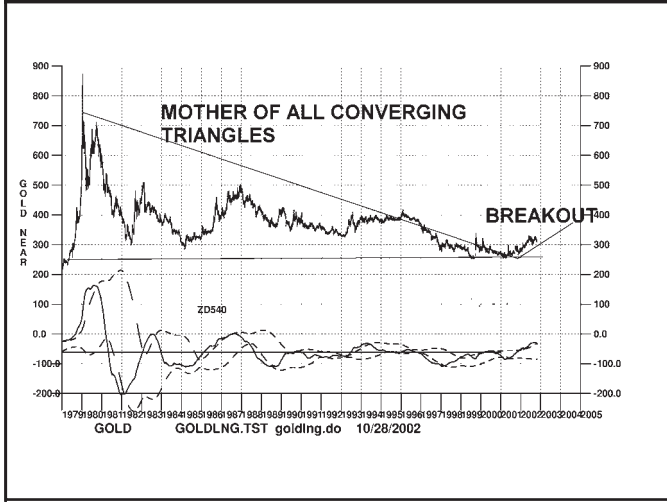


Tbonds have sold off sharply, but are still in a major uptrend. The long term chart shows T bonds in move 7 in a large up Chaos Clamshell.

The near term chart shows the up channel in T bonds. The 10 day XGO energy is showing a low now and another low in mid-November. I expect bonds to resume their bullish ways on one of these two energy lows.

The price of success is perseverance. The price of failure comes cheaper.

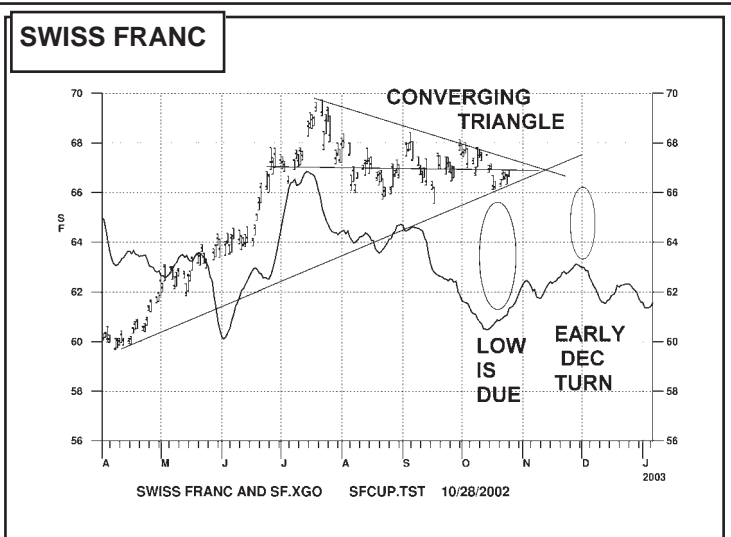
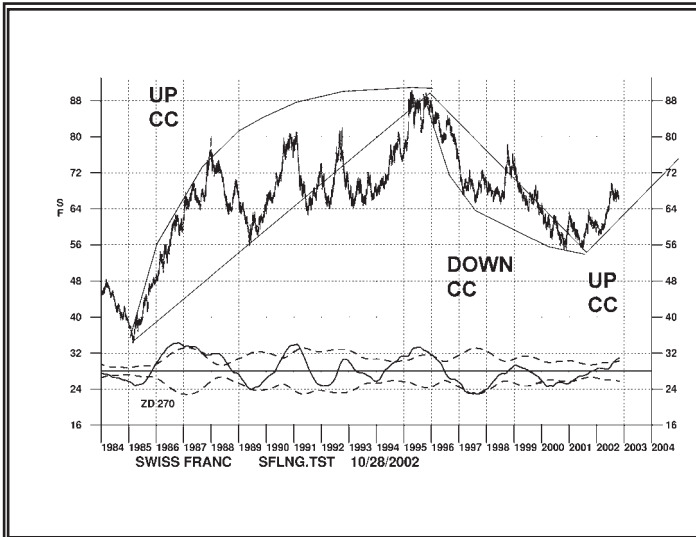
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Gold continues in a bull market. The long term chart very clearly shows that it has broken out of the Mother Of All Converging Triangles.

The near term chart shows gold still forming the handle of a cup and handle pattern. It also shows what looks to be a Chaos Clamshell inside of a Chaos Clamshell. The large up Chaos Clamshell has formed a move 1 and 2. I have labeled the inner Chaos Clamshell 1A, 2A, 3A, and 4A.

If this analysis is correct, gold is about to rally sharply. In Chaos Clamshells move 5 is often large and swift.

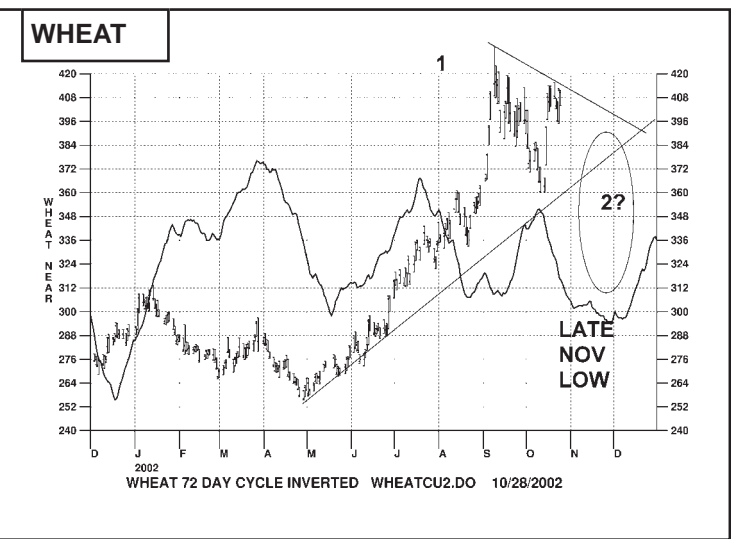
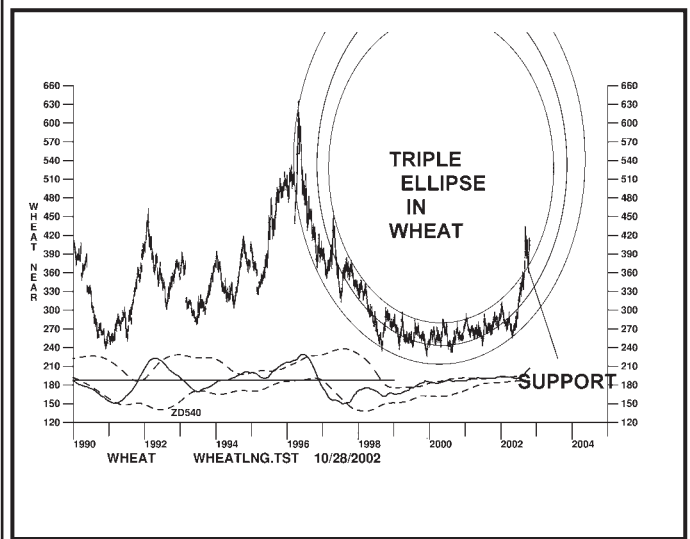


The Swiss Franc has held up quite well during its pullback. The long term chart shows that it is still in an up CC.

The near term chart shows that it has been forming a converging triangle, which is about to end. The 55 day XGO energy shows a low about now and another turn in early December. Between those two points the energy rises, so I am looking for a rally of some sort in the Swissy.

The greatest thing a man can do in this world is to make the most possible out of the stuff that has been given him. This is success, and there is no other.

Orison Swett Marden

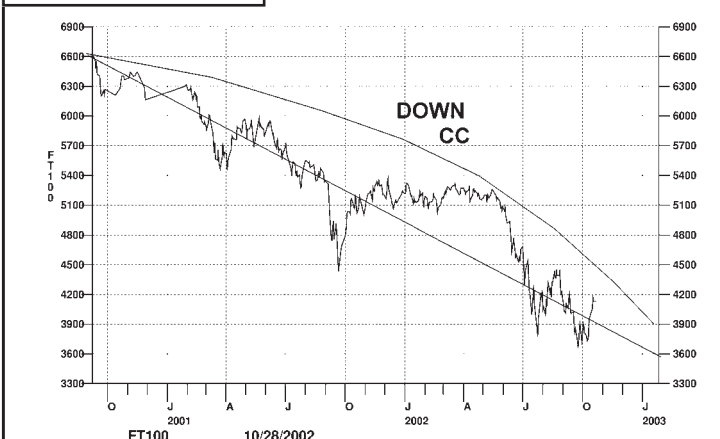
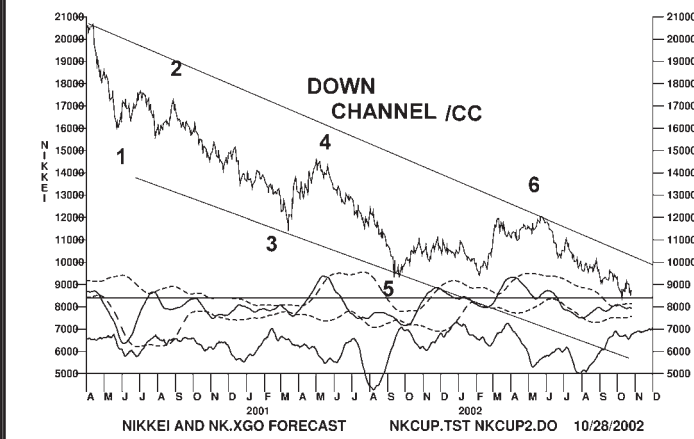


Wheat is currently pulling back in a resting mode. The long term chart shows that it has rallied sharply in response to the triple ellipse in wheat. It has even broken above the smallest ellipse, and found support on it. This is significant.

The near term chart shows that wheat is in a converging triangle. The XGO 72 energy shows a sharp rally after late November. So at that time I think we will see wheat heading 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.**

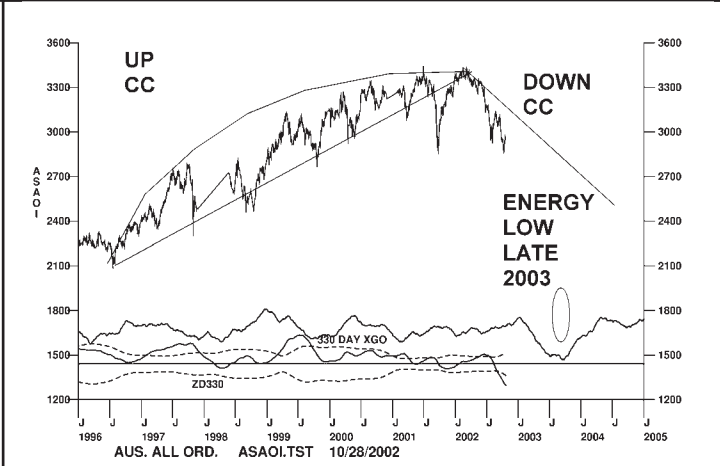
WORLD MARKETS



The Japanese market has rolled over and headed south.

The British market remains in a down Chaos Clamshell.

The Australian market continues in a down CC. Its energy function has a major low in late 2003.



CHAOS CLASSROOM

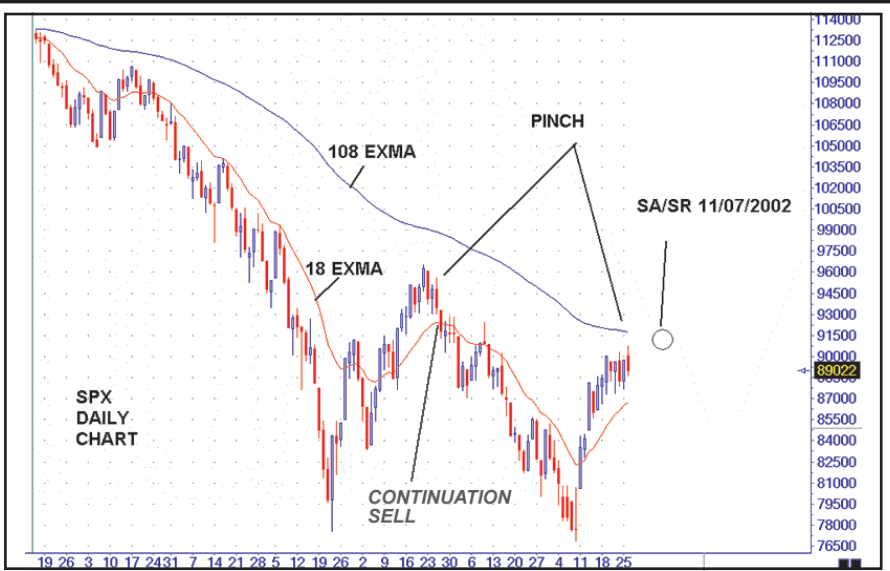
If you are looking for a few trading opportunities each year, you can use the technique shown here.

This chart shows the SPX daily chart with two indicators. The two indicators are a 108 day exponential moving average, and an 18 day EXMA.

The 108 day EXMA shows the major trend. The 18 day EXMA shows the pullbacks towards the trend. It may also cross the trend, giving a major buy or sell signal. These signals will come once every few years.

More often and more commonly, the 18 day EXMA will approach the 108, and then pull away from it. When it does that, it gives a continuation buy or sell signal. So when you see these indicators pinched together, watch for a continuation of the trend or a major trend change.

One can also sketch the averages forward as straight lines, noting where they cross. This will be a chaotic strange attractor/strange repeller. Prices will tend to be drawn to that point until time passes it. After that, they will be repelled away from that point. This gives you a simple way of timing position trades.



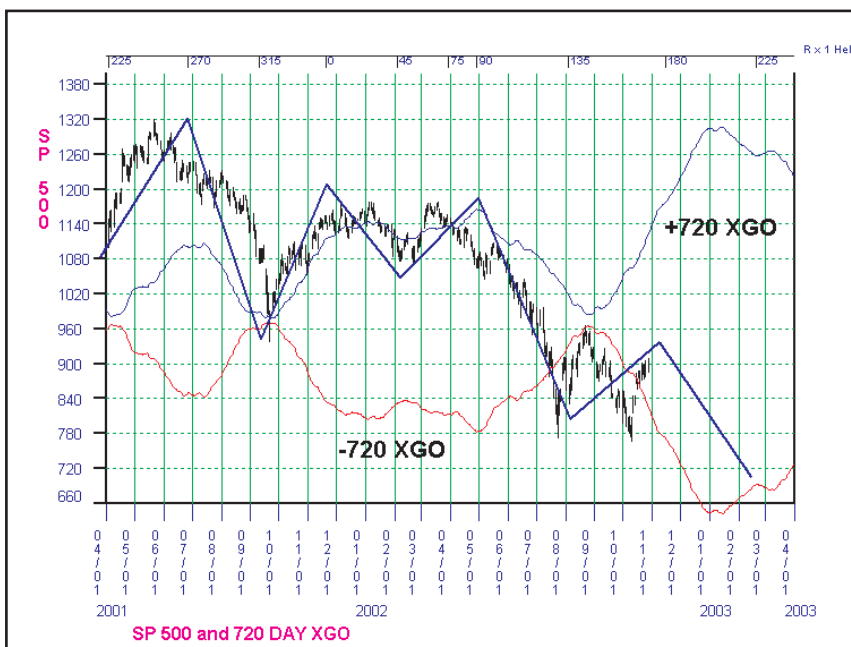
ASTROPHYSICS AND CHAOS THEORY

On several of my long term charts, I have found that a 720 day XGO energy does a fairly good job of forecasting.

This chart shows the 720 XGO energy curves for the S&P. They are computed by taking my raw XGO energy calculation, which uses no data except the first trade date. That raw XGO energy is then filtered with my proprietary Zero Delay (ZD) filter with the length set to 720.

This special filter tracks cycles whose length can vary from 720 by as much as 15 percent. This particular filter does a good job of picking up the influence of the planet Mars on the market.

Across the top of this chart I have marked the heliocentric aspects of Mars. Notice how nicely the market tends to turn on every 45 degrees of Mars motion.



No legacy is so rich as honesty.

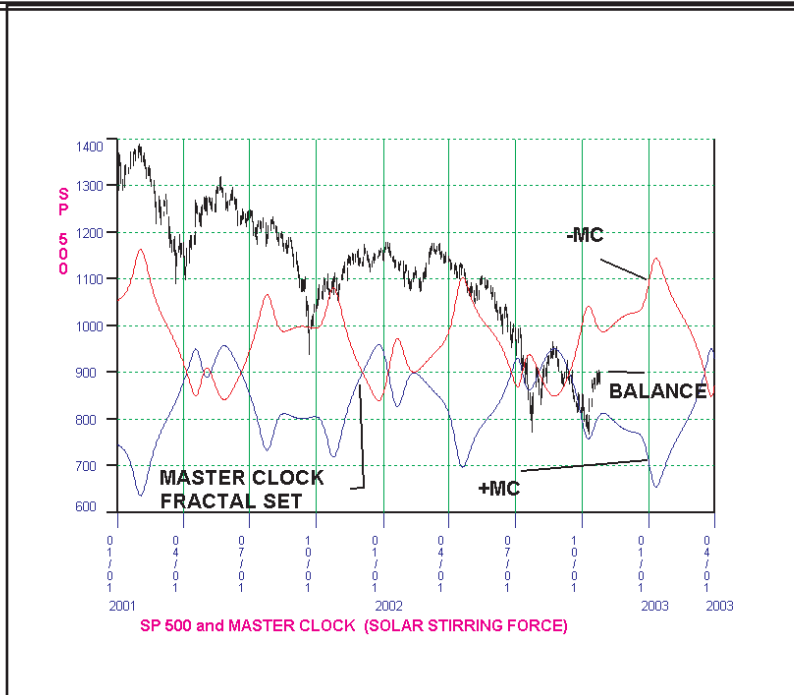
William Shakespeare

ENERGY

This chart shows the Master Clock and the S&P 500. The Master Clock is a computation of the stirring force the planets exert on the Sun. This stirring force is a major determinant of how the radiation coming off of the Sun changes.

This radiation pattern shows up in all economic time series. The time series will tend to follow the pattern directly, the upside pattern, or some combination of the two. Together these two energy waves form the Master Clock Fractal Set.

Right now the S&P is following the +MC curve. That curve now turns down and slides into a low in January. The balance in this fractal set is at 900. The further prices are from 900, the more likely it is they will continue to follow the respective curve.



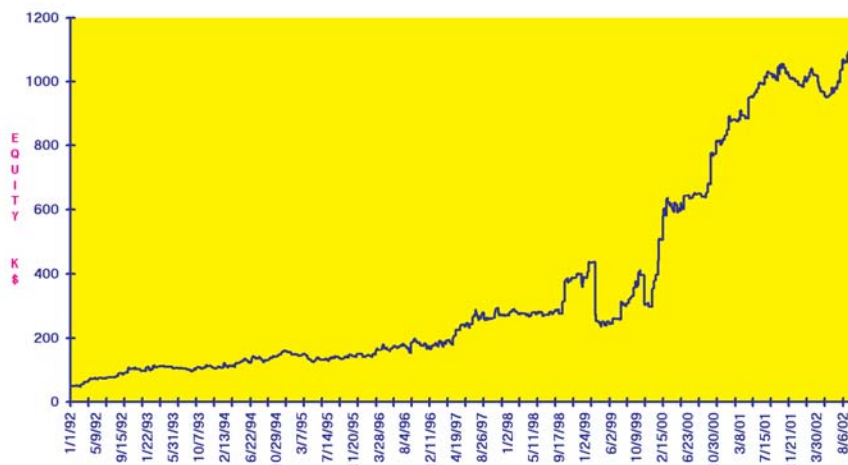
QUALITY IMPROVEMENT

Quality improvement efforts this month have been focused on paying a little closer attention to our own homework.

On our position trading hotline we mistraded the October 10th low. We were expecting a low then, but we got confused early on the 10th by the sharp drop. The market then reversed sharply, leaving us in the dust.

When these things happen, one needs to simply back off, let go of the event and the emotion associated with it, and refocus on doing things according to the processes you have developed. Over time this always works.

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

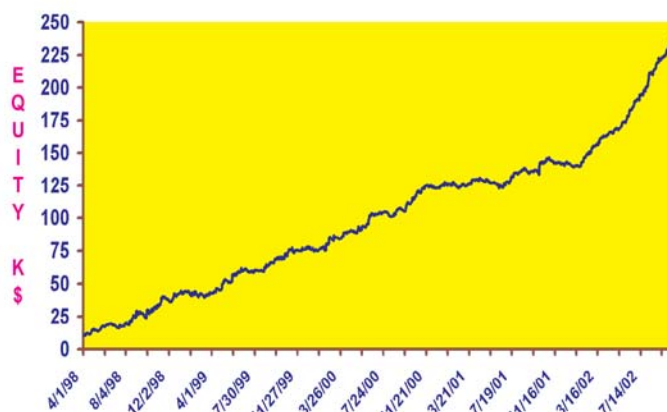
This has been a busy month with many emails, phone calls, and chatroom conversations. I appreciate your interest in my work.

This is also the time of year when one must harvest the fruits of the labor for the year, store things for winter, and look ahead to the next year. As I look back on this year, I am very pleased with our quality improvement efforts on our One-A-Day trading. Our website at daytradingforecasts.com has proven to be very popular.

Now is the time to make your holiday plans. Many people put them off until it is too late to get good reservations. Most of you have worked hard throughout the year, so you deserve to really take the holidays off and enjoy them. So make your plans and do it 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.

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OCTOBER

S	M	T	W	Th	F	Sa
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^N 6	7	8	9 _V	² 10	11	12
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NOVEMBER

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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

Your Electric Life, Science for a New Age

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

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