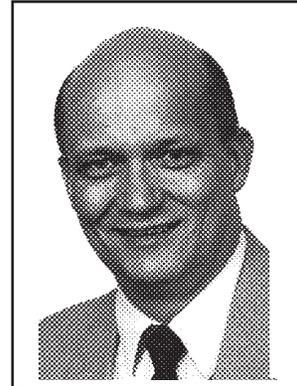
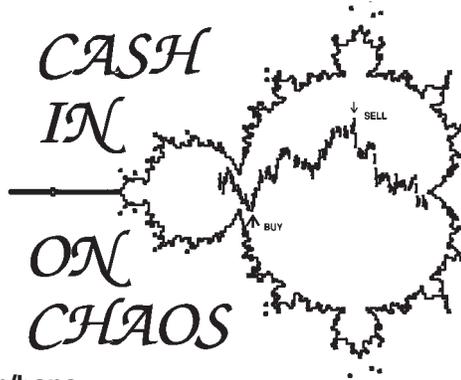


Yes,  
you  
can ....



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

CASH IN ON CHAOS NEWSLETTER - October 27, 1999- 99-10

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

**Stocks continue in a serious decline. A bear market may have begun. Tbonds break support. Swiss Franc peaks. Gold pulls back from thrust. Wheat advances off the lows. World markets look bearish. The magic of counting to 7. How to see your aura. SA/SR convergence cones explained.**

**STOCKS**

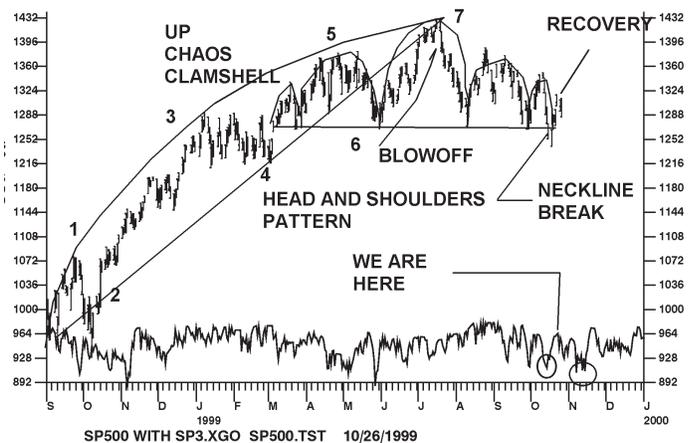
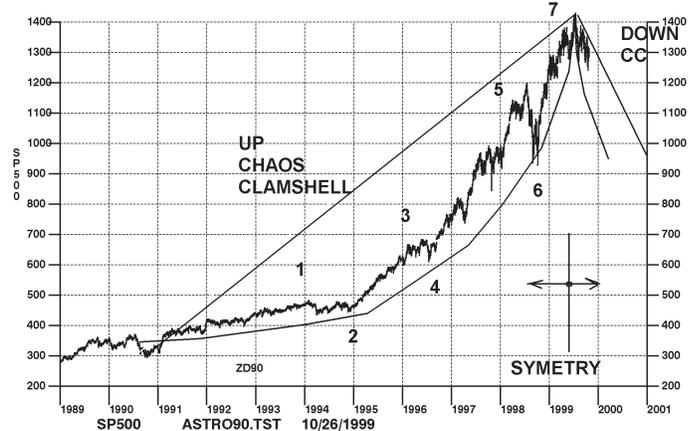
**Stocks have ended a long bull market, and are beginning a bear market. A sharp decline remains possible.**

The US stock market continues to look bearish. The long term chart shows a completed up Chaos Clamshell from 1990. The congestion at the end of this pattern looks like massive distribution of stocks. The decline from such "resonant peaks" often form symmetric patterns, centered on the high. If this happens with this pattern we could see a multi-year bear market.

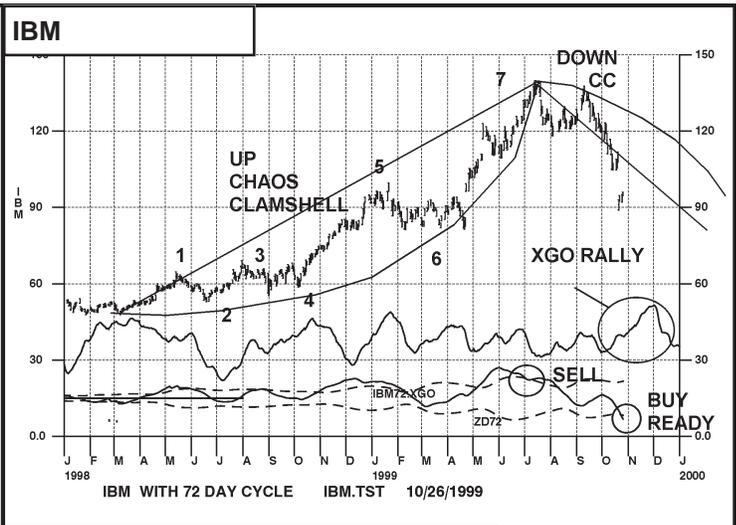
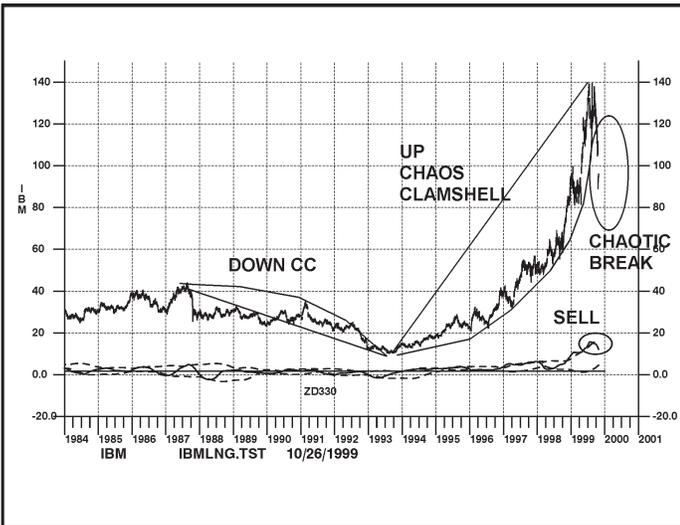
The near term chart shows the completed up CC from last years October low. It also shows the head and shoulder pattern discussed in previous newsletters. The last near term decline broke the neckline of that pattern. The last near term rally has recovered to a point just above the neckline. Head and shoulder patterns are one of the most reliable chart formations. Pattern failures do occur, so we must be alert to the possibility that this one will fail.

However, the SP3.XGO energy function, shown at the bottom of the chart, shows a sharp decline into mid-November. So if the neckline is penetrated in the next few days, a chaotic break to the downside is possible.

This is not a time to be holding stocks. The risks are extreme. This is a time to cash in any profits and to move into cash.



This letter is written by Dr. 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 give at 7 PM Eastern, 1-900-776-7272, \$2 per minute for 2-3 minutes,\$6-8 total.** See page seven for more details.



**IBM has dropped chaotically, as we forecast.** The long term chart shows the completed up Chaos Clamshell since 1994. The ZD540 gave a good sell signal.

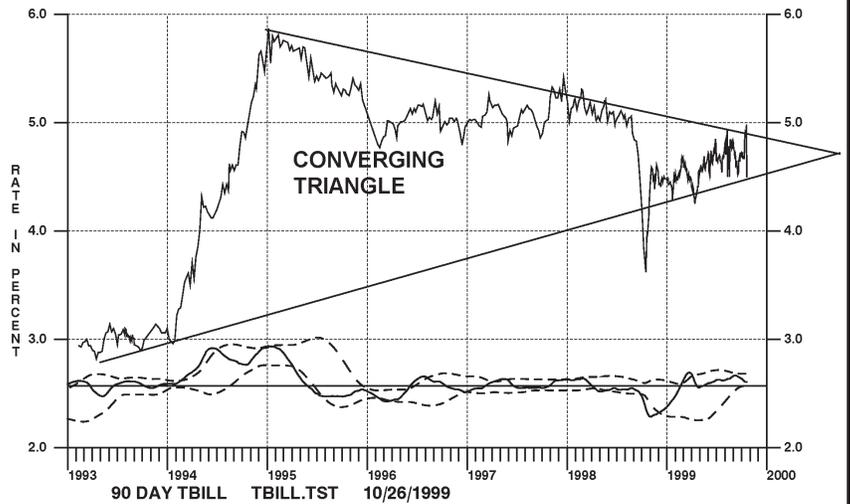
The near term chart shows the completed near term up CC. The double top shown last month set up the chaotic break. Now we can expect a corrective rally. The XGO energy function rises into early December. The ZD72 trading system gave a good sale signal at the top, and is now buy ready. This will be a good stock to short after the corrective rally.

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 continue to vibrate inside a converging triangle.** Before the end of the triangle they should make a large move. The odds are that this move will be up.

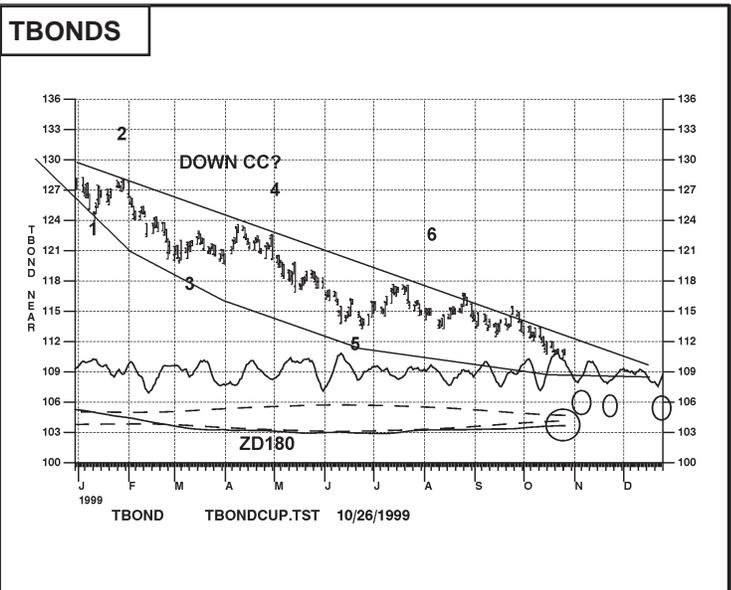
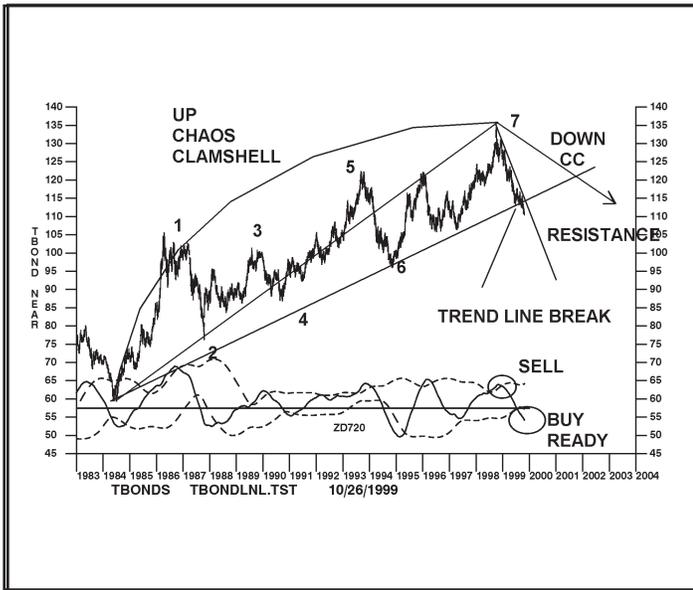
Stock markets tend to anticipate economic conditions six or more months in advance. Every stock market I have looked at is showing a multi-year top. The advances of these stock markets were in a large part fueled by low interest rates. The markets themselves are suggesting that interest rates will now rise. Increases in interest rates have a serious impact on new housing construction. That has a ripple effect on the economy.



We are now in the "panic window" of the Y2K problem. Most major corporations are taking every precaution possible to insure that there are no problems. Many, for example, are doing things such as not updating their web sites or other computer systems until February of 2000. Others are scrambling in a panic to install the flood of Y2K software fixes. Nearly every software vendor has sent out some form of Y2K update. Many of these updates modify things that are probably not all that important. It's just that no one wants to be liable for a client's problems. All this energy is being diverted from the main core business, so service levels and customer satisfaction are dropping. This suggests a slow down into the economy lasting at least into the first quarter of 2000.

**Failure is only the opportunity to more intelligently begin again.**

Henry Ford

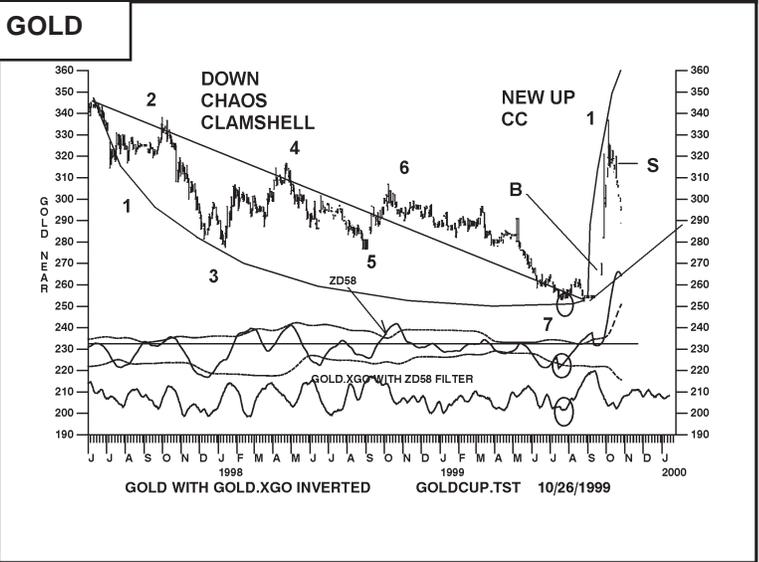
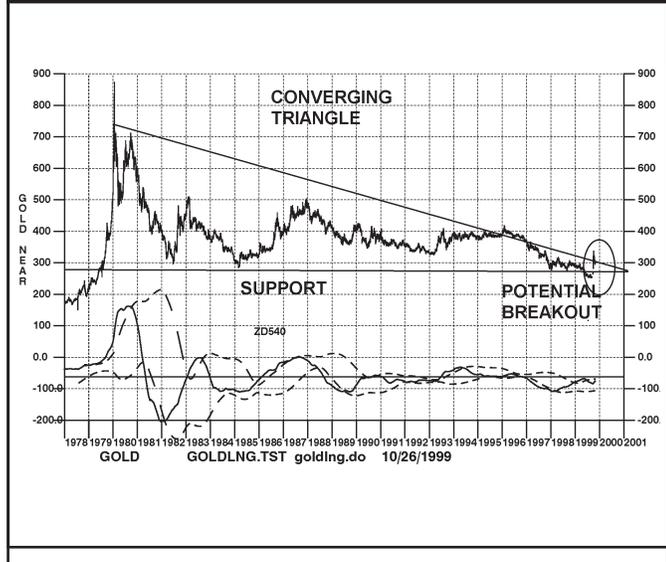


**Tbonds have broken the supporting trend line on the long term chart.** They are holding below a sharp downward resistance line. This resistance line may be broken soon. The ZD720 energy cycle has now declined to the buy ready area.

The near term chart shows a possible down CC from the 1998 highs. This CC appears to be nearing an end in a move 7. The TB.XGO energy cycle gives 3 possible times for the end of this move: November 8th, November 23rd, and December 29th. Watch for a spike low in bonds on one of those dates.

**The more sand that has escaped from the hourglass of our life, the clearer we should see through it.**

Jean Paul

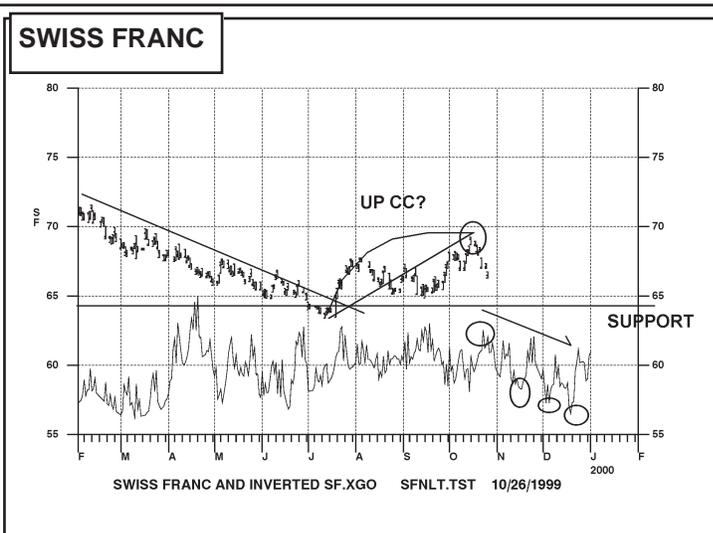
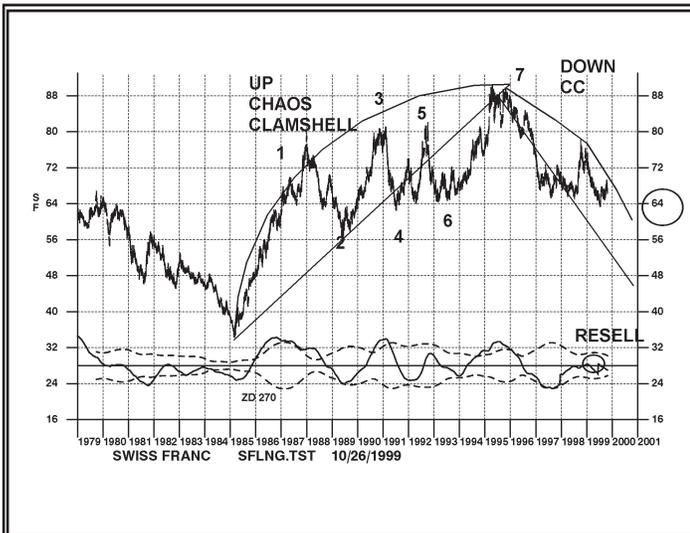


**Gold has pulled back sharply from its explosive rally.** This is normal behavior following such a chaotic move. The explosion in gold signals a major change in the long term prospects of gold.

The long term chart shows a 20 year converging triangle. The recent rally is a potential breakout from this triangle. It will be confirmed as a breakout if gold advances above the high of the recent rally.

The near term chart shows this thrust as the start of a new up CC. We must wait for this move to consolidate before expecting further advances. That will probably not happen this year. I base that on the 72 day XGO energy function. That function called the lows (circled) nicely, and forecast the thrust. Now the energy is relatively flat into February.

Long term investors should begin using pullbacks to accumulate gold.



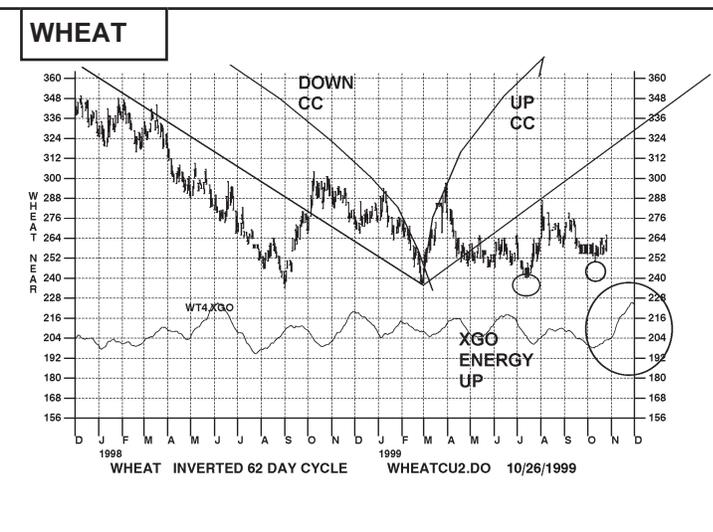
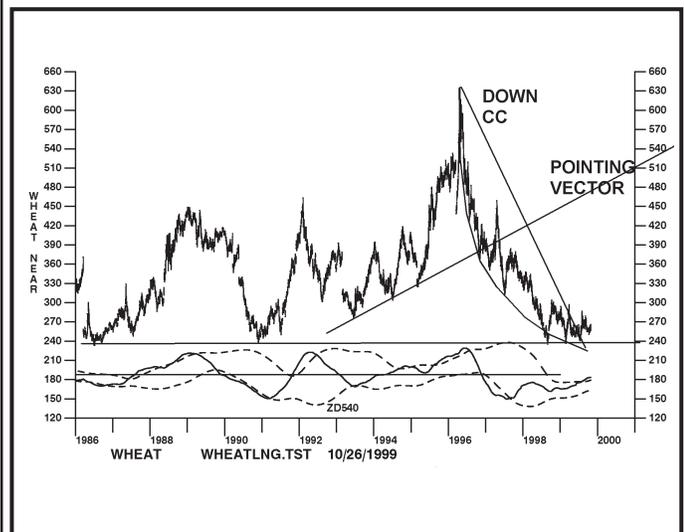
**The Swiss Franc has turned down as forecast last month. A serious decline in the Swiss Franc is probable.**

The long term chart shows the current down CC. The ZD270 has given a RESELL signal. A break below the multi-year support level of 64 could lead to a drop to a price of 54 or lower.

The strange attractor/strange repeller discussed last month formed a small up CC. Prices have turned down from the end of that CC. The XGO energy function shows a decline dead ahead. A large decline would tend to follow 7 XGO moves. This would suggest a decline into late December.

**Waste of time is the most extravagant and costly of all expenses.**

Unknown

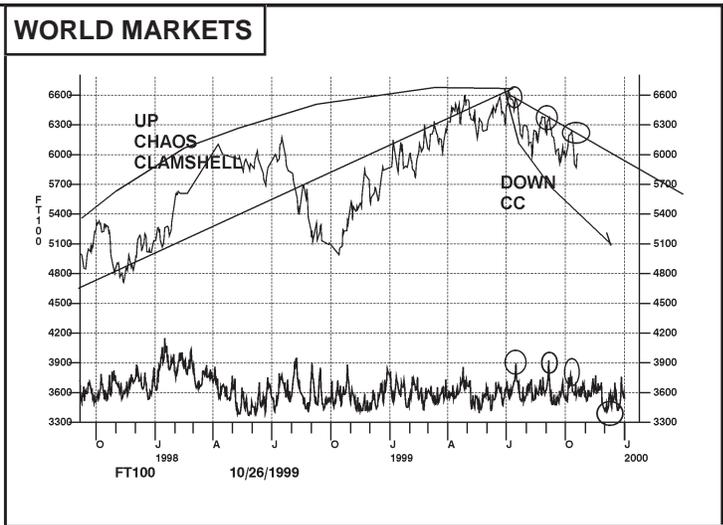
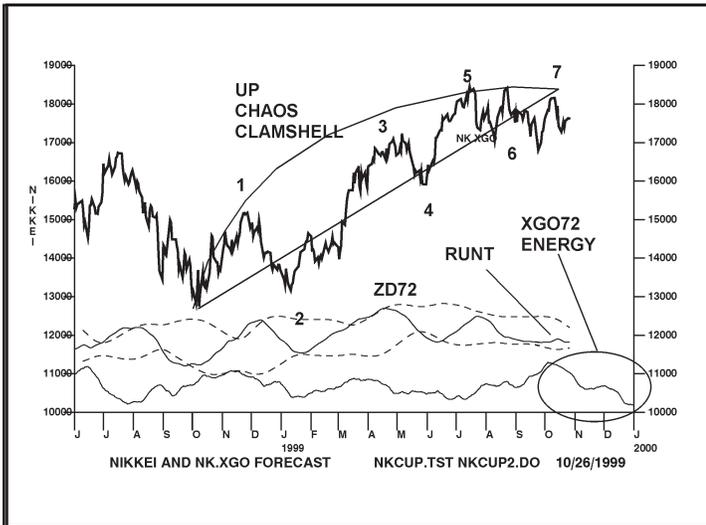


**Wheat has firmed up a bottom and is now set for a multi-year advance.**

The long term chart shows the historic support level of 240. Wheat has made a triple bottom of this support level. The long term chart shows the recent down CC. Also shown is an energy "pointing vector." This vector is a concept from electrical field theory. It points the direction in which an electrical wave is traveling, even though it is rotating about the pointing vector.

The near term chart shows a sharp increase in the 72 day XGO in November. This energy function has done a wonderful job of calling the last several swings in wheat. This is a good time to buy wheat options.

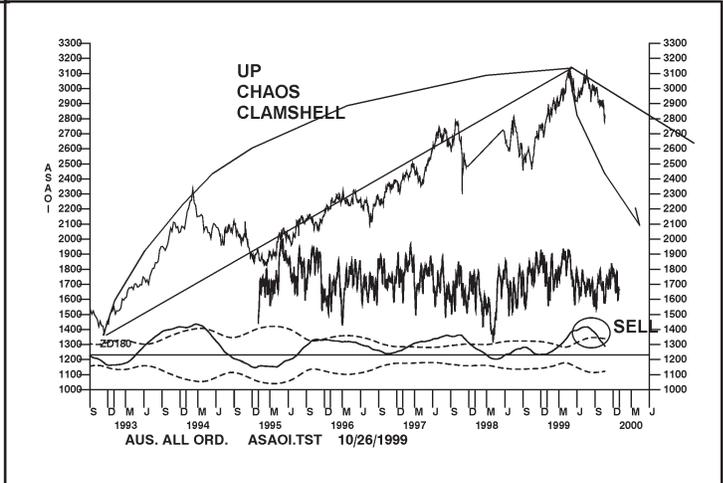
George Bayer wrote about trading wheat using Mercury, Saturn and Jupiter. You can learn to find astrocycles with the aid of the **Trader's Ephemeris** and the **Finding Astrocycles** video-**JUST \$99.**



The Japanese market is extremely vulnerable. The up CC shown had a runt move 7. This means a sharp decline as per the XGO 72 energy forecast is probable.

The British market remains bearish. It has made three consecutive lower highs and lower lows. The trend is down.

The Australian market has dropped sharply from its peak. It is now set up for at least several months of decline.

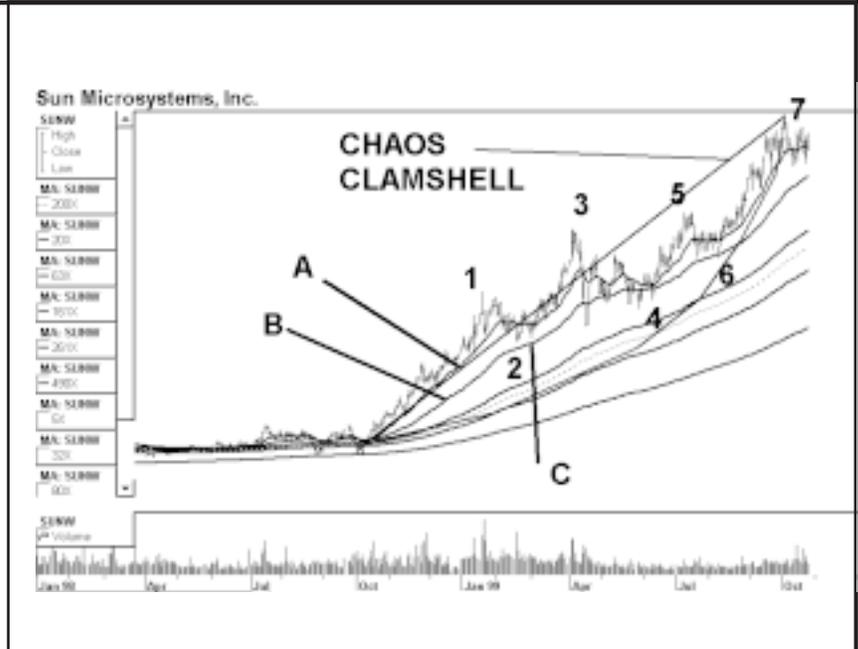


### CHAOS CLASSROOM

This is a short lesson on how to tell when a stock has probably peaked.

The Chaos Clamshell is a simple pattern of 7 moves. One can use two exponential moving averages to find the 7 moves. The chart to the right shows Sun Microsystems with several moving averages. The moving average A is 20 trading days long, and tracks the Moon. The moving average B is 63 trading days long and tracks Mercury. These two moving averages spread apart and contract together. Counting these spreads and contractions helps find the 7 moves in the Chaos Clamshell.

Note the contraction at C. This is move 7 of the up CC. The spread before the contraction marked move 1. The next contraction came at 4, and the spread prior to that was move 3. Move 4 tends to mark the halfway point in the Chaos Clamshell, and is usually a point of serious congestion. The move from 4 to 7 will usually be close to the same size as the move from the beginning of the CC to 3. So when that point in time and price is approached one can look for a moving average spread and contraction for move 5 and 6. This tells you that move 7 is nearing completion. At that point one can usually draw the straight line and the arc that form the Chaos Clamshell.



## ASTROPHYSICS AND CHAOS THEORY

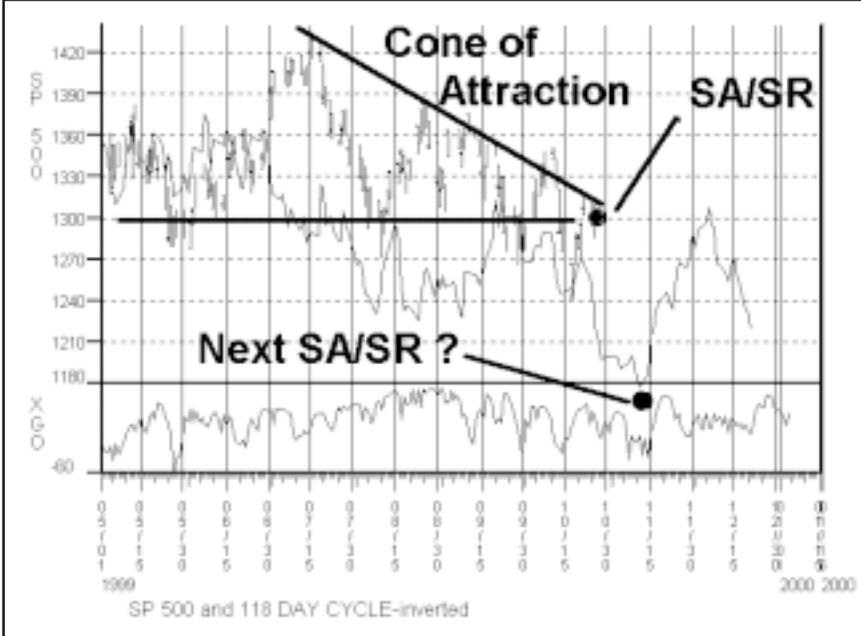
### Last month I explained the behavior of strange attractor/strange repellers (SA/SR).

Markets tend to move from SA/SR to the next. This movement is not in a straight line. That would make trading far too easy.

The movement usually takes the form of swings within a "cone of attraction" as prices approach the SA/SR. Many times prices do not quite reach the SA/SR. It sometimes acts like a hot stove, being "too hot to touch."

The chart shows how the S&P has recently been drawn into such an SA/SR. One can use energy forecasts or the Face Of God pattern to help find the next SA/SR. This is not a perfect exercise, since chaotic systems always have two or more solutions. However, it often gives a trading edge.

The next SA/SR shown derives its energy from Mercury helio conjunct Saturn helio, as both square Uranus helio. Astrophysically, this will be a high energy point. Watch for a "cone of attraction" into this point.



## ENERGY

**Most people do not realize how much electrical energy is flowing through their bodies.** When you stand on the surface of the earth, a current flows through you to the ionosphere. As it flows through you this current leaks out of your body in many places. This creates electrical waves around the body similar to the heat waves one sees coming off of a hot sunlit roof. This is the human aura.

A few people can see the human aura in color and without training. But everyone can see their own aura easily. To do this, sit in a dimly lit room near a table. Place your hands between your knees as shown in the picture at the right.

Gaze between your fingers at a point on the floor. Let your eyes relax and "stare into space." Then move your fingers in and out, varying the distance between your fingertips from one inch to six inches.

As you do this you may feel a tingling in your fingertips. This is caused by the flow of electrical current. You will also begin to see "smoke trails" between your fingertips. This is your aura.

As a trader you must realize that you are affected by this electric flow through you. For more information see my book, ***Your Electric Life***.

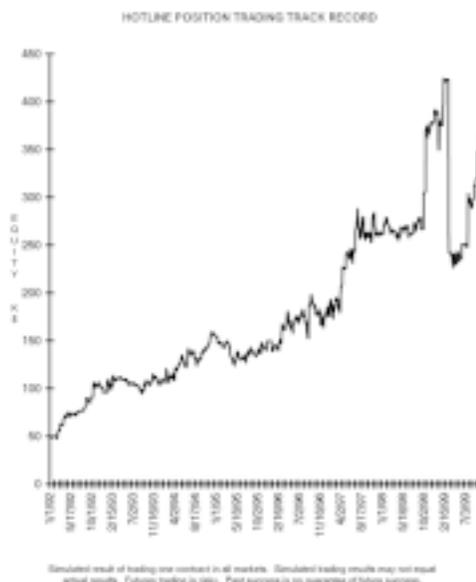


## QUALITY IMPROVEMENT

Quality improvement efforts this month have focused on continuing our comeback in our position trading equity curve.

In addition to the "stick to your rules" approach discussed last month, we have been using a new piece of software which combines two of our tools - The Face Of God pattern and the XGO energy function. This is really not a major change in our techniques, but an evolutionary one. It has helped us reduce the number of losing trades and increase the gain captured on each trade.

Another focus of our quality effort has been the migration of our customer data base into Microsoft Access. After 10 months of work that conversion is complete. We are now testing our new data base. When we are certain that it is solid, we will be adding it to our website as a SQL Server 7 data base. We will add active server pages which will give you access to your entry in our data base. This will let you update your address, change your email address, and your password. The data base will be used to grant access to privileged portions of our website.



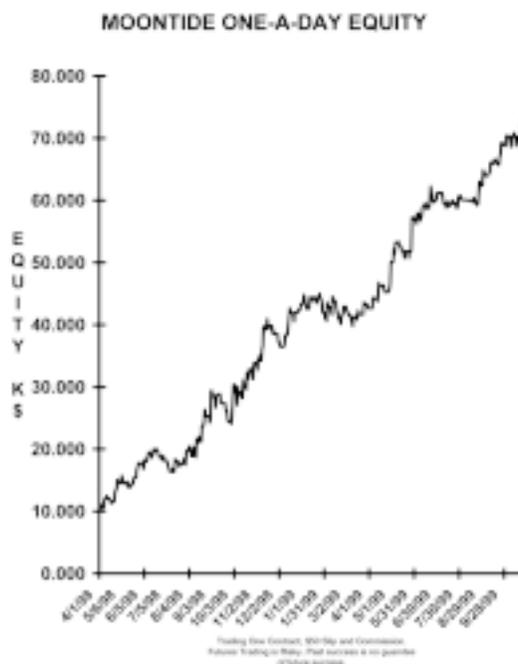
## PEOPLE AND HAPPENINGS

Somehow it doesn't seem like the summer should be over but the end of daylight savings time is here. I don't know where we put all that daylight we saved, but I wish I knew because we could use some in the morning hours and evening hours now. Keep in mind that the shortened daylight hours reduce melatonin and make people more gloomy, irritable, and bearish.

Thank you for the many emails and phone calls. We have been processing them as quickly as possible within our time constraints. Besides running my trading and consulting business I have been "taking my house through IRAN." That means "inspect and repair as necessary." In this case, it meant fix everything and give it two new coats of paint. Its the sort of task one cannot hire done if you want it done well. But it is the kind of task that I enjoy doing to rest my foggy brain.

See you next month. Happy trading!

Hans



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.** Visa and Mastercard taken.

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OCTOBER						
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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)

Whether you realize it or not, you are being strongly influenced by a very powerful electrical force - the earths 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 earths 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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