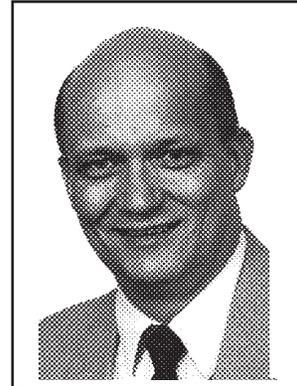
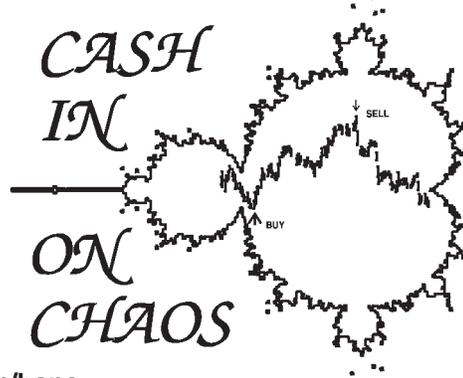


Yes,
you
can



<http://www.cashinonchaos.com/hans>
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CASH IN ON CHAOS NEWSLETTER - November 27, 2001-11

Dr. Al Larson, aka Hans Hannula, voice 303-452-5566, fax 303-457-9871, email allarson@moneytide.com

Stocks rally loses momentum. Tbonds break sharply. IBM holds up-for now. Recession now official. Swiss Franc set to rally. Gold fails to break out of the Mother of All Converging Triangles. Wheat pulls back, but heading higher. World markets mixed. 2002 forecast. Mania market review. Venus through the stars.

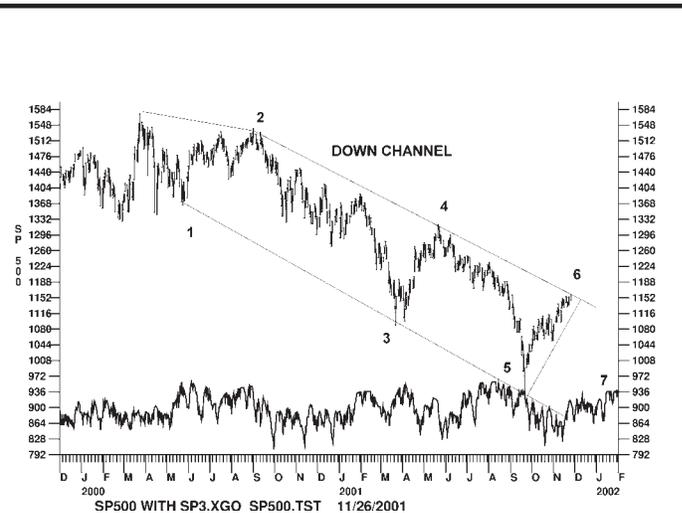
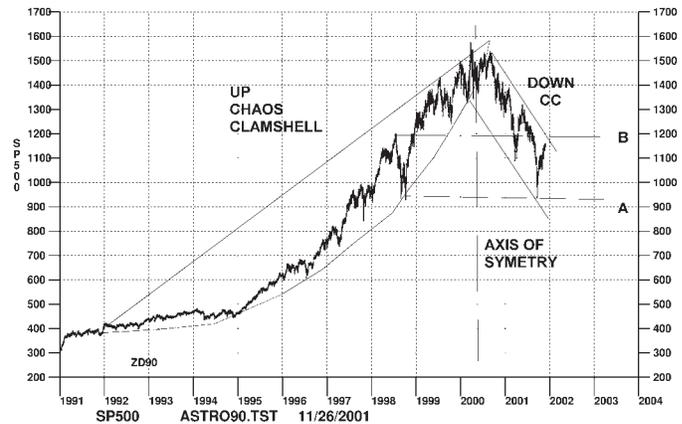
STOCKS

Stocks have rallied to a strong resistance level, and are struggling to go higher. We expect a weak last month of the year, and a nasty January.

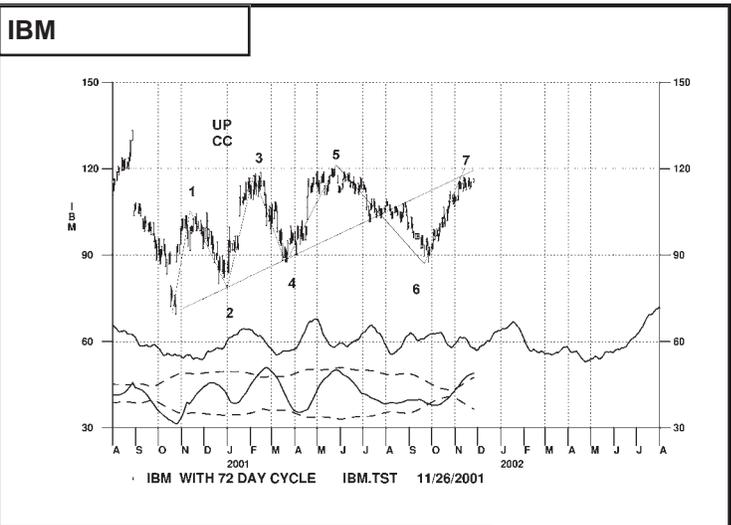
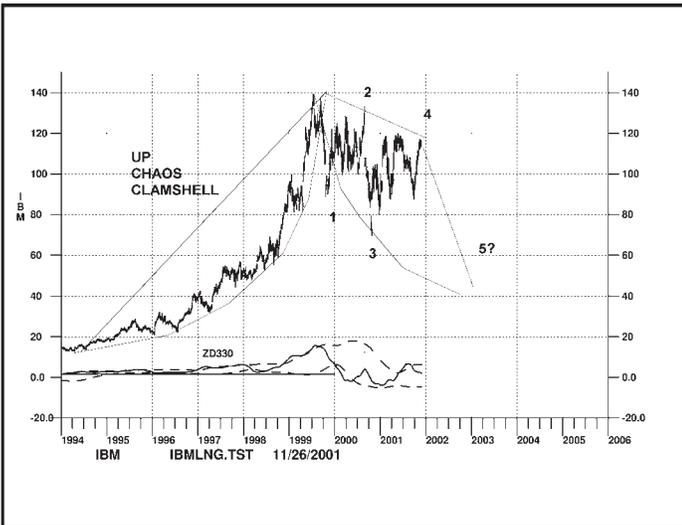
The long term chart shows that US stocks are still in a bear market. The low of the year matched the 1998 low. The current rally may match the high just before that 1998 low. Note that prices are forming a symmetric pattern, with left to right symmetry about the vertical axis of symmetry shown on the chart. That tells us to expect a decline back to the 940 level.

The near term chart shows a possible 6 moves in a down Chaos Clamshell. That would have us set up for a 7th move, which can start at any time. It will probably run into March of 2002.

As I have advised in my weekly emails, this has not been a rally in which to invest. With the country now officially in recession, and the Federal Reserve having fired most of their interest rate cut bullets, it looks like 2002 will at best be a flat year and possibly an ugly down year.



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 rallied along with the other stocks. This rally is part of a topping pattern, as shown on the long term chart. One interpretation of that pattern is that the current rally is move 4 in a down Chaos Clamshell.

The near term chart shows a clear 7 moves in the current up Chaos Clamshell. The 72 day ZD filter is sell ready indicating that this is a good shorting opportunity in IBM.

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**.

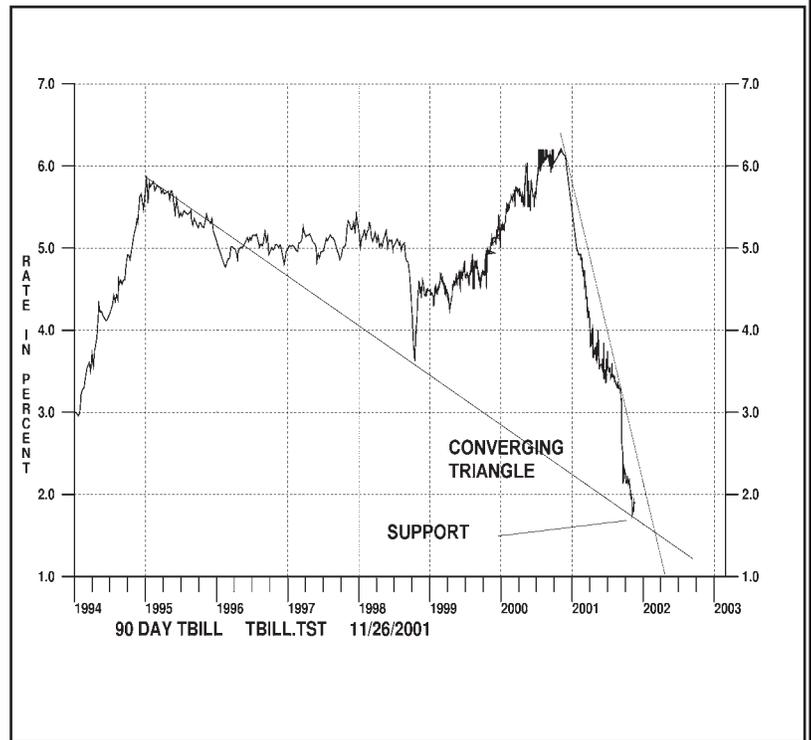
ECONOMY/RATES

The interest rate chart shows a very clear converging triangle. This converging triangle is now clearly defined by the recent support off of the support line. The sharp drop in rates has stayed under the resistance line. It will be impossible for interest rates to stay within the triangle. Before too long they will have to break to the upside.

With interest rates at 2 percent, the Federal Reserve does not have much room to cut rates further. At 2 percent rates, banks surely must be losing money on their loans. So what is keeping banks afloat? Your credit cards. If you notice, the rates on your credit cards still average 14 percent.

So everyone is watching the Christmas shopping season with great interest. If consumers charge a lot of purchases, the interest on those charges will help the banking system through these rough times. However, if consumers cut back on their spending, we will have a true liquidity crunch.

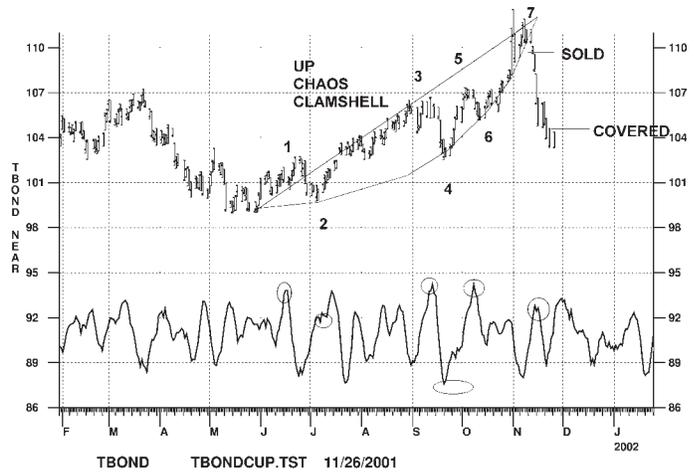
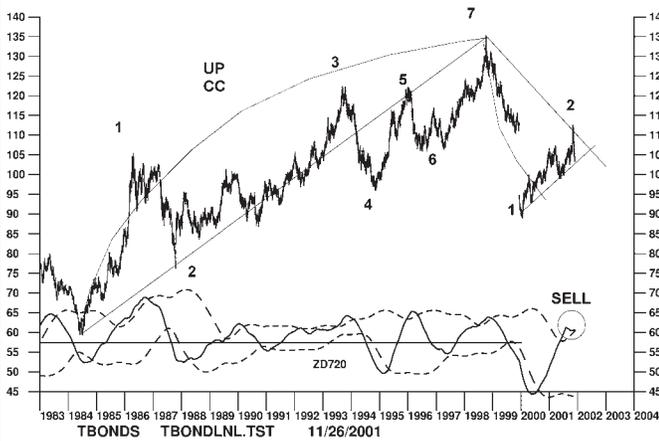
With unemployment rising sharply it is hard to believe that consumer spending will bail out the economy. Federal rate cuts have failed to work. So what is next? The only thing I can think that will help is time. Recessions tend to run in cycles and this one will end when it is time.



Patience is bitter but its fruit is sweet.

Unknown

TBONDS



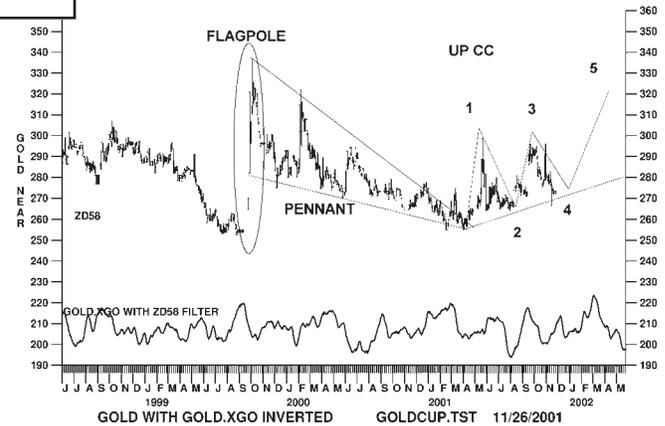
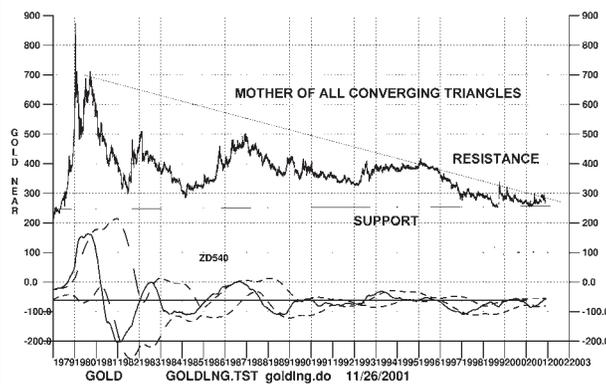
Tbonds broke sharply from their high. This break shows that the year long rally in bonds has ended. The long term chart shows that this rally was probably move 2 up in a large down Chaos Clamshell in bonds. This means that tbonds may decline for several years.

The near term chart shows the up Chaos Clamshell in tbonds. It also shows a sharp break. On our Position Trading Hotline we sold the break at 109 and covered at 103.5. Note that several of the turns within this Chaos Clamshell were made on turns in the bond.XGO energy.

Most people are about as happy as they make up their minds to be.

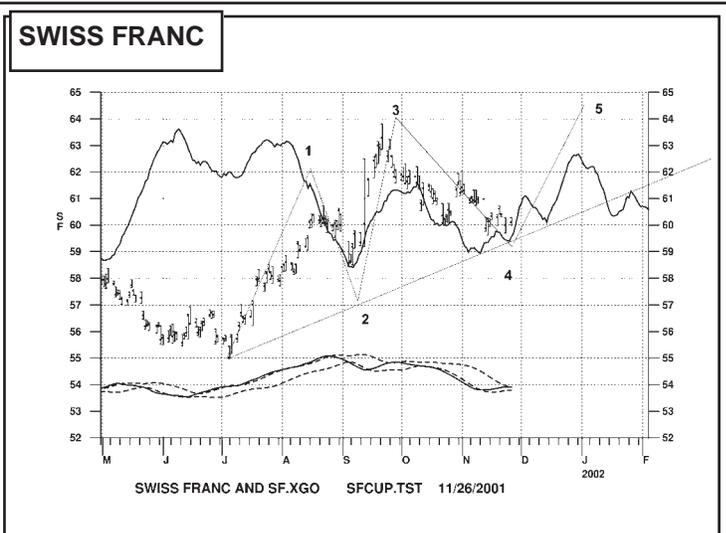
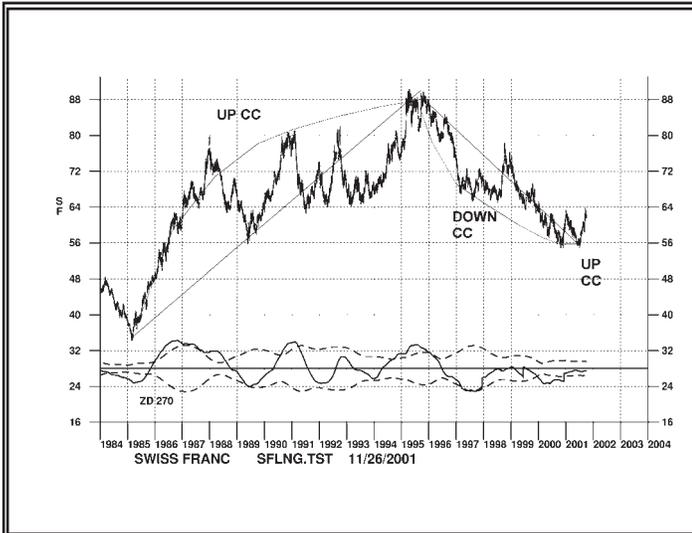
Abraham Lincoln

GOLD



Gold is still working on breaking out of the Mother of all converging triangles. The long term chart shows the current version of that triangle. It contains all of the price action in gold for the last 19 years.

The near term chart shows that the current pullback is possibly move 4 in an up Chaos Clamshell, which started after the flagpole and pennant pattern. I continue to think that gold is going to move much higher once it breaks out of this triangle. Therefore I suggest swing trading each rally but not the declines.

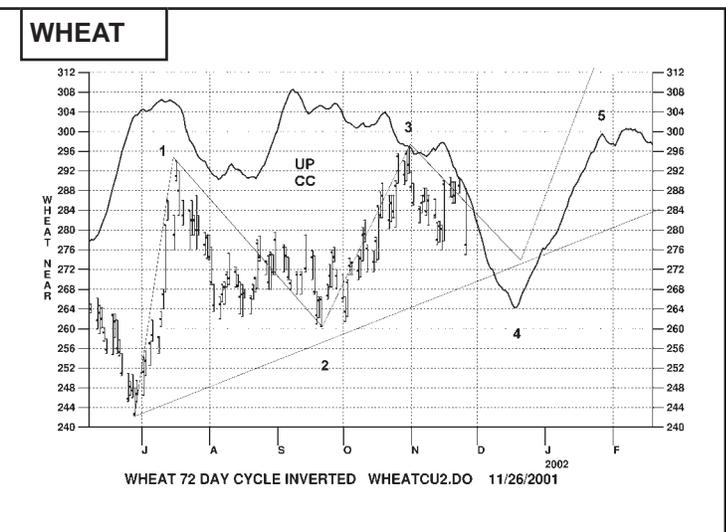
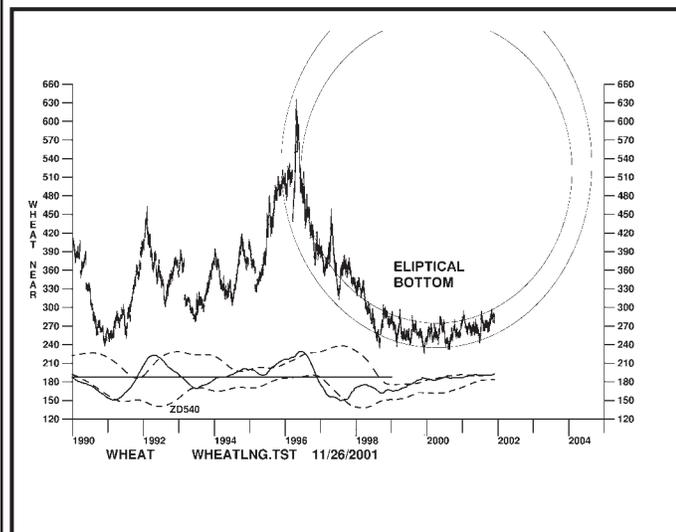


The Swiss Franc is in the early stages of a new up Chaos Clamshell. The long term chart shows two complete clamshells.

The near term chart shows the current up Chaos Clamshell. Prices are now following the 55 day XGO energy line. Prices appear to be bottoming in what is possibly a move 4 pullback in the Chaos Clamshell. If prices come off of this low, they should rally into the end of the year.

People rarely succeed at anything unless they have fun doing it.

Unknown

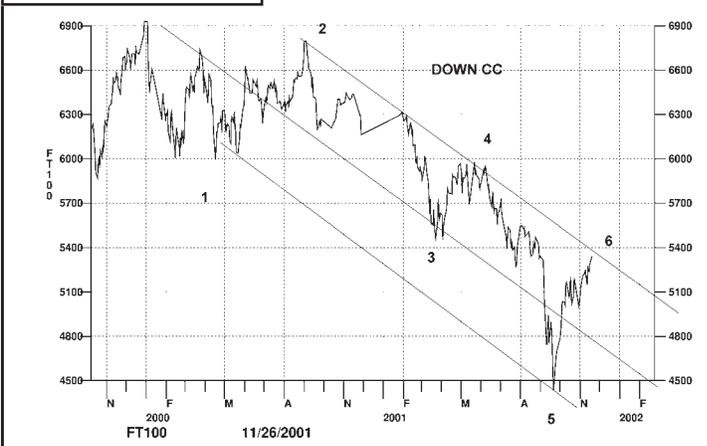
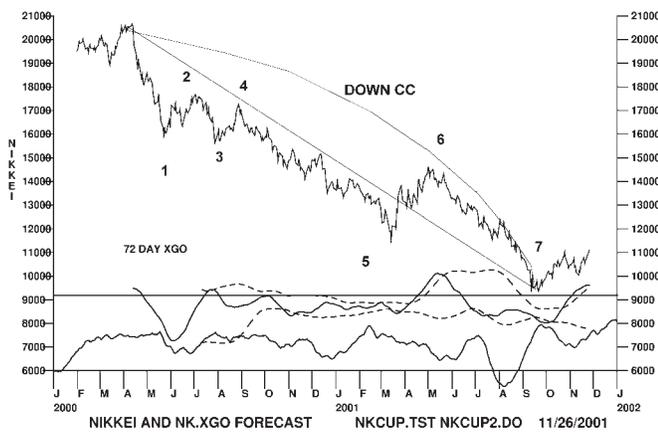


Wheat is making a short term pullback in its campaign to move sharply higher. The long term chart shows wheat prices trapped between two energy ellipses. Over the next 18 months, if prices stay between those two ellipses, we should see a sharp rally in wheat.

The near term chart shows the current pullback will probably make a low mid-December. This pullback appears to be a move 4 out of 7 in an up Chaos Clamshell.

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.**

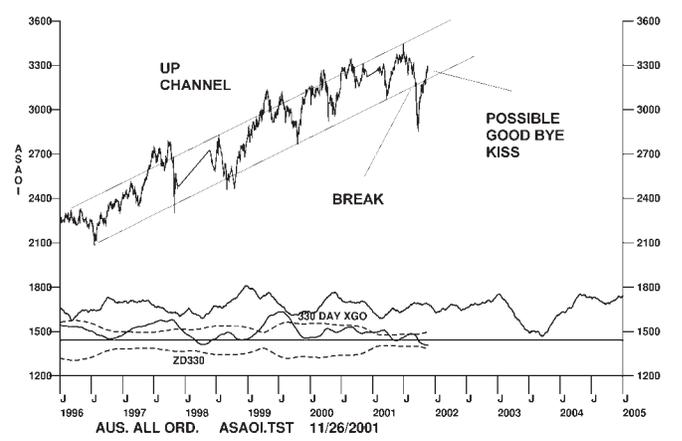
WORLD MARKETS



The Japanese market has rallied weakly off of its yearly low. It appears to be trying to start a new up Chaos Clamshell, but does not seem to have a lot of energy.

The British market has rallied in what seems to be a move 6 in a down Chaos Clamshell. The next move should be a move 7 down.

The Australian market has rallied back to give its supporting trendline a "good-bye kiss." This suggests further weakness ahead for the Australian market.



CHAOS CLASSROOM

This is an update on the Mania Market comparison between the current US market and the 1989 Japanese market.

The US market is tracking the Japanese market analog very well. The next part of this analog is a decline to test the September lows.

For 2002 it shows a 1st quarter decline, a rally into early July, and a decline for the rest of the year.

The magnitude of these moves suggests that 2002 will be a much harder market for traders. The moves will be smaller and timing will be more critical.



ASTROPHYSICS AND CHAOS THEORY

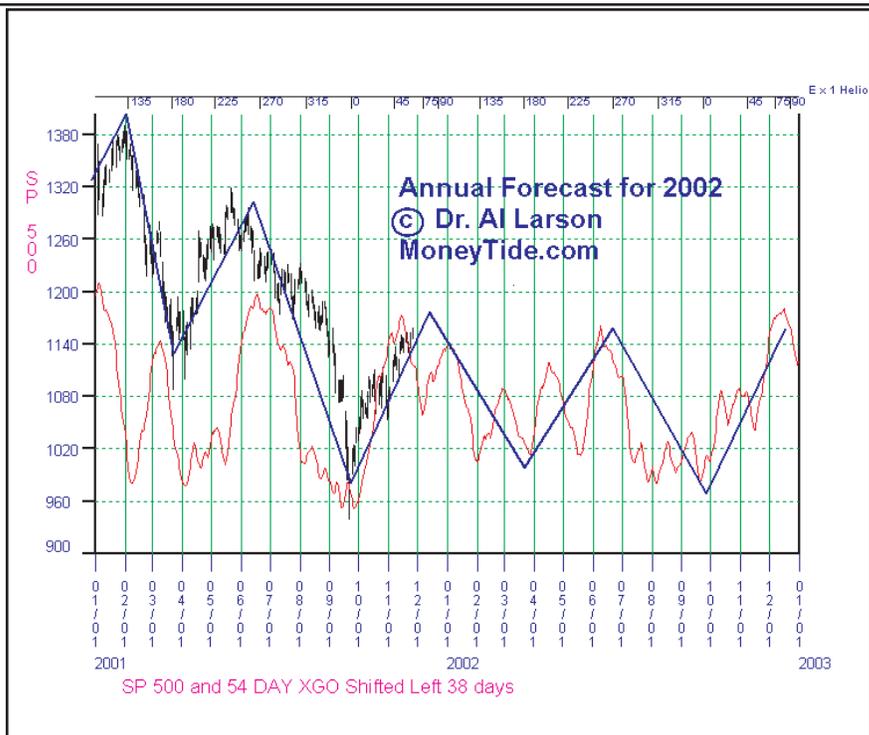
Every year I make an annual forecast.

For the past two years I have found that a 55 day XGO cycle makes a reasonably good forecast.

When I reviewed this forecast, I found that it was even better if it were shifted left 38 days. When I did that I also noticed that this forecast, when shifted, showed me the turns in the market that follow the seasonal cycle. This cycle is described in my article, "Trading The Seasonal Cycle", included in my book of reprints, **Market Astrophysics and Chaos**. (See the estore on our website for a downloadable version.)

Using this shifted energy cycle, the seasonal cycle next year looks like it will make 4 moves. The turns should be near the winter solstice, the spring equinox, the summer solstice, and the fall equinox.

This forecast does not necessarily get the amplitude of the swings correct. Further, it shows that we may see three to four week moves within these bigger moves.



**We make a living by what we get,
but we make a life by what we give.**

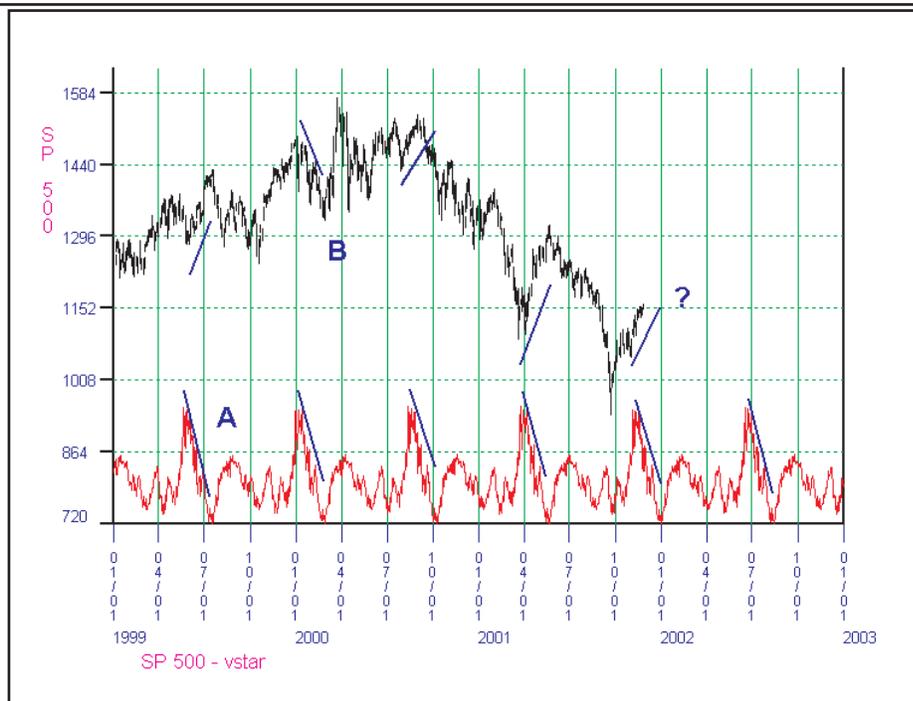
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ENERGY

This chart shows a piece of my ongoing research work. Several months ago I reported that the stars apparently provided energy background radiation that effects the sensitivity of remote viewing. I identified the major peaks and valleys in this chart with the list of lucky stars used by astrologers. Further research showed that this energy comes from the X-ray background radiation of the universe. While the stars may be small and distant, they number in the billions. So it is reasonable that the energy background might show up in markets.

So I have written a program which will generate an energy function based on the motion of a planet against this background.

On this chart the line A is the Stargo energy picked up by Venus. Line B is the S&P 500. I have marked one of the main features of the Stargo energy, the move from high to low. Notice the straight lines in both of the curves. My conclusion: **The stars do contribute energy to markets.** It seems we do have lucky stars.



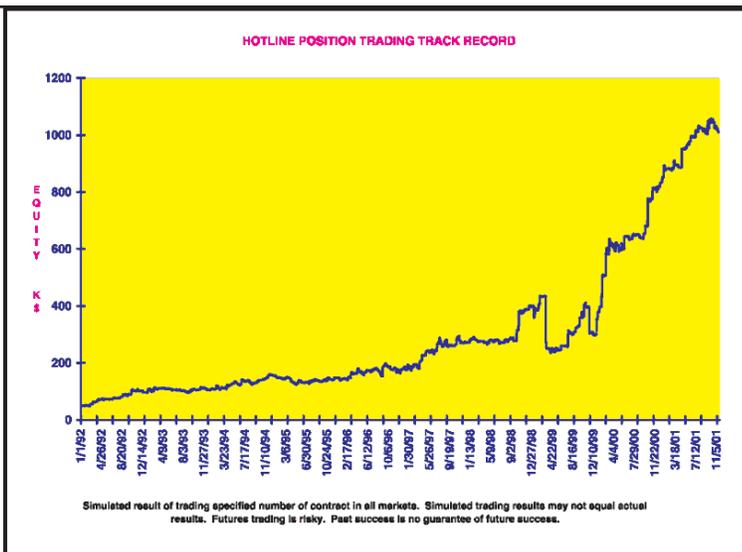
QUALITY IMPROVEMENT

This month we have focused on consolidating and stabilizing all of our recent changes.

We have been testing our new web server on our 1.1 megabit DSL line during our Friday Chaos Clinics. It has been behaving well and over the next year we plan to move our website to that server. As we do so we will upgrade and streamline our site and our services.

Our data collection systems are all now running smoothly and we have been focusing on catching up on many of our new pieces of software. We hope to have a version of Chaos Trader End of Day ready to be released in the 1st quarter of 2002.

Meanwhile, it looks like our 2001 Hotline Track records will show respectable gains. We tend to get a little conservative in the last part of the year, because we do not like to give back our gains and because the market usually shows less volatility.

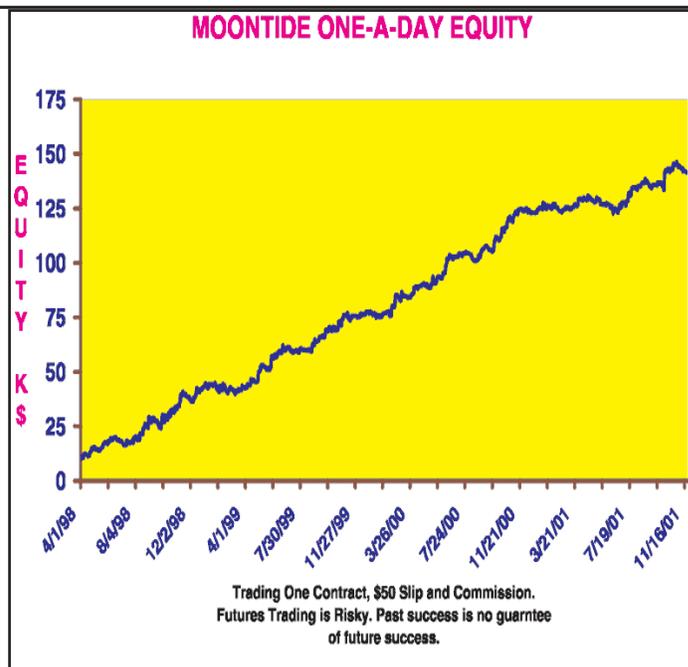


PEOPLE AND HAPPENINGS

This month has again been busy, but with a little relaxation added to the work routine. My wife and I spent a weekend at the YMCA of the Rockies in Estes Park, Colorado. From there we watched the Leonid meteor shower. In the Rockies the stars look like they are so close that you could reach out and touch them. So it turned out to be a wonderful site for watching the meteor shower. The following week saw our first winter snow, and our long beautiful fall has now turned to a cold winter. But this cold was cheered with a big family Thanksgiving, also attended by friend and collaborator, GM.

As the holiday season sets in, we encourage each of you to enjoy the season and our freedom to celebrate it however we like. This year we should each appreciate just how special each day is.

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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NOVEMBER

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DECEMBER

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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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