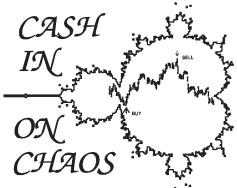
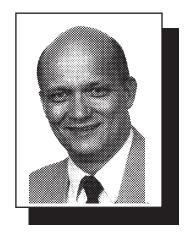
Yes, you can





http://moneytide.com http://daytradingforecasts.com

CASH IN ON CHAOS NEWSLETTER - December 24, 2002-12 Dr. Al Larson, voice 303-452-5566, fax 303-457-9871, email allarson@moneytide.com

Stocks have gone nowhere in the last month, and lower prices are expected. Thonds look bullish. IBM rally fades. Economy still in recession. Swiss Franc rallies. Gold serves up tea. Wheat pulls back. Nikkie headed lower. US-Japanese Mania Market analog update. Levels of Consciousness. Moon-Sun symmetry.

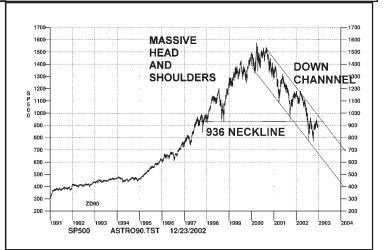
STOCKS

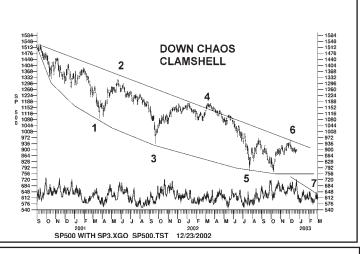
Stocks have traded in a narrow trading range this month. They made a high in the first trading day of the month and have declined slowly since. We expect further decline after the new year.

Prices have been trading near the 900 price level in the S&P. This is 36 points below the neckline of the massive head and shoulders pattern shown on the long term chart. That chart shows that the S&P remains in a clear down channel.

The near term chart shows a down Chaos Clamshell (CC). Currently prices appear to be in move 6 of that down CC. This sets the stage for a move 7 down. The SP3.XGO energy curve is down in the first quarter of 2003.

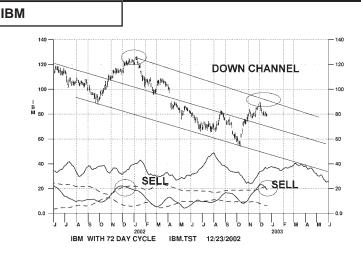
So going into 2003, the market remains weak. We think it will finally find bottom in March or April of 2003. At that time there should be some tremendous opportunities in stocks. But right now investors should remain out of stocks.





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. Hotline 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 faded in its rally attempt. On the long term chart the rally looks to have been stopped by the midchannel line in the large down channel. There appears to be 6 moves within that large channel, and a 7th move could be set up between the midchannel and the bottom of the channel.

The near term chart shows that IBM remains in a down channel. Its 72 day ZD energy has given a sell signal, as it did in January 2002. So IBM continues to look bearish.

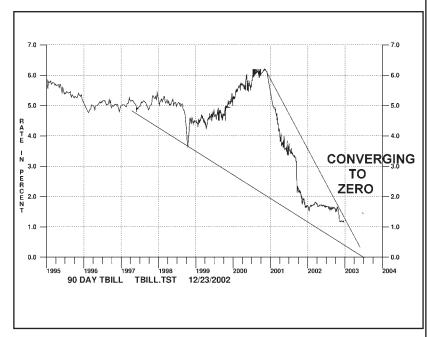
For stocks or commodities not covered in this newsletter or on the hotline, you can track the cycles and trade the Chaos Clamshells using the Trading System Toolkit.

ECONOMY/RATES

This is the season of Christmas, but in many companies The Grinch is busy stealing Christmas. Since many companies end their fiscal year on the calendar year, budgeting for the next year usually must be completed by the end of the year. This leads to the rather ugly practice of telling people, just before the holidays, that they are being laid off. When I worked at Bell Labs, the telling was usually delayed until after the New Year, because the budget arguments were never settled until the 11th hour. In a way, that was good.

No matter what, it is never good news to find that your job has disappeared. The important thing to keep in mind is that it is the economy, and not you, who is at fault. Each of these turns of events is an opportunity to take stock, redefine your goals, and head off in a new

six months, my best guess is that the economy will turn up in the second



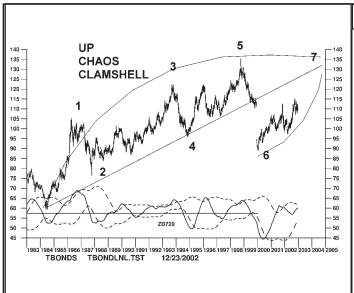
direction. So if you find yourself in this situation, think positively and remember that many have been in your shoes before, and most have landed on their feet.

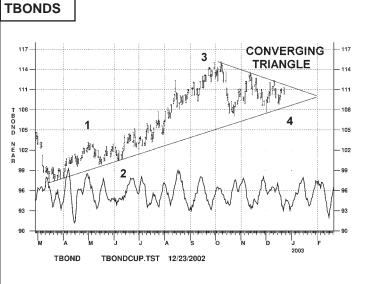
I think eventually the US economy will also land on its feet. All my forecasts are pointing to a market bottom in the first half of 2003. Since the market tends to lead the economy by about

half of 2003.

Life is like riding a bicycle. You don't fall off unless you stop pedaling.

Unknown



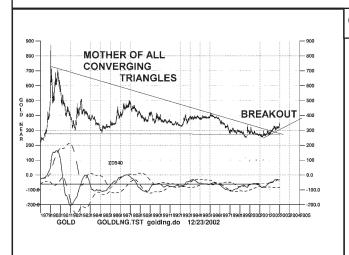


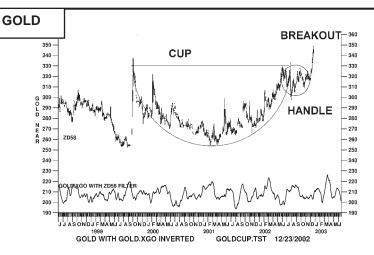
The long term chart shows an up Chaos Clamshell, with prices currently in move 7.

The near term chart shows the current pattern of Thrust-Congestion. This should be followed by another thrust upward. However, until the converging triangle is broken, traders should stay out of Tbonds.

The empires of the future are empires of the mind.

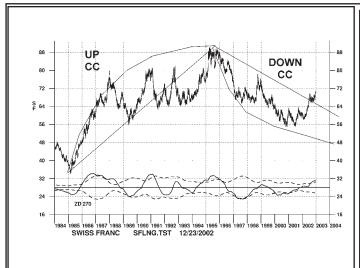
Winston Churchill

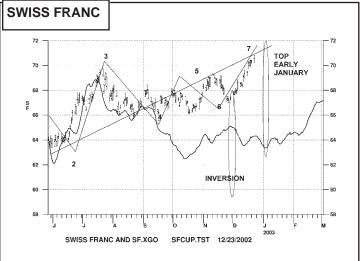




Gold has continued its bull market. Since breaking out of the *Mother Of All Converging Triangles* it has continued to rally.

The near term chart shows a perfect cup and handle pattern. Prices have now broken out of the handle, heading higher. Our long term forecast is bullish on gold for the next several months. Hotline traders remain long in gold.



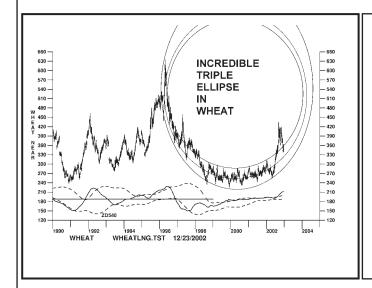


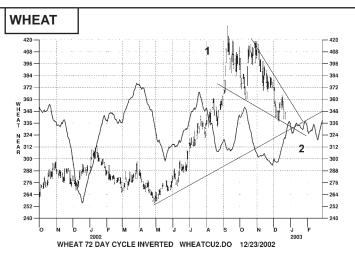
The Swiss Franc energy cycle appears to have inverted. My long term chart shows the Swissy in a move 4 rally within a down CC.

The near term chart shows more detail of that rally. The energy high forecast for the first of December looks to have inverted to a low. That suggests that the energy low forecast for the first week of January will be a high. At that time, we may have a good short setup in the Swiss Franc.

Failure is only the opportunity to more intelligently begin again.

Henry Ford

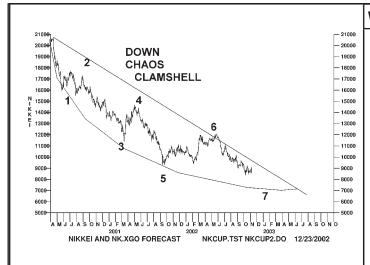




Wheat is pulling back in a converging triangle. The long term chart shows that wheat should have an upward bias over the next 18 months. It has pulled back inside the *Incredible Triple Ellipse*.

The near term chart shows the current pullback forming a converging triangle. The 72 day energy cycle turned up in early January, but wheat did not respond to it. The energy cycle is now choppy for the next month.

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.



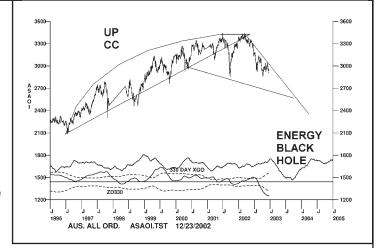


The Japanese market continues to head lower in move 7 of a down Chaos Clamshell.

The British market seems to be near completion of move 6 in its own down Chaos Clamshell.

The Australian market is now teetering on the brink of the energy black hole shown on the chart. The bottom of this hole is in the latter half of 2003.

So as of this month, these world markets, along with the US market, continue to look weak.



CHAOS CLASSROOM

concept that markets repeat patterns. This chart shows the comparison of the mania market in Japan with the mania market in the US. The Japanese Market, which peaked in 1989, has been shifted forward eleven years to create a forecast for the US market. This alignment was first posted on our website in September 2002. Since then it has served us very well.

Market students are familiar with the

One of the major benefits of studying past markets is to deduce the investment climate ahead. Now it is fairly clear to everyone that the US market, just like its Japanese cousin, has gone through a period of boom, and is now in a period of bust.

But what follows the period of bust? While your broker will try to tell you that it is another period of boom, history says otherwise.



History says that the bust period will be followed by a period of sideways consolidation. In trading terms, this is a trading range market. This means that the investment climate for the next several years will be very challenging. To do well, one will have to be more of a trader, moving in and out of the markets quickly, than a buy and hold investor.

ASTROPHYSICS AND CHAOS THEORY

Sun, Moon, and Earth by Robin Heath, (ISBN 0-8027-1381-5), contains some interesting information. One of the interesting things brought out is how the Moon mirrors the Sun 6 months before.

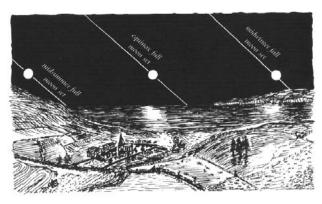
The midwinter full Moon, like our full Moon of last month (winter solstice), sets on the horizon at the same point that the Sun set in midsummer (near the summer solstice). The midwinter full Moon is the brightest and the highest, just as the Sun is in the summer.

Robin Heath says, "This reciprocation mysteriously extends into the numbers, for 1 divided by Sun = Moon, and 1 divided by Moon = Sun! 1 divided by 365.242 = 0.0027379, which in days is 3 minutes and 56 seconds, the difference between sidereal and solar days, while 1 divided by 27.322 = 0.0366, which in days is 52 minutes, the difference between lunar and solar days." Pretty neat, eh?



Persus





ENERGY

One of the most fascinating books I have ever read is **Power Vs. Force** by David R. Hawkins, (ISBN 0-9643261-1-6), available from Veritas Publishing, 151 Keller Lane, Sedona, AZ, 86336. In that book Dr. Hawkins presents his research into human consciousness, which was done by using kineseological testing to determine the truth of anything. The result of this work is a map of human consciousness, shown at the right. In the log column is an energy measurement on a logarithmic scale. There is a direct correlation with his measurements and the

MAP of CONCIOUSNESS

God-View	Life-View	Level	Log	Emotion	Process
Self	Is	Enlightenment	700-1000	Ineffable	Pure Consciousness
All-Being	Perfect	Peace	600	Bliss	Illumination
One	Complete	Joy	540	Serenity	Transfiguration
Loving	Benign	Love	500	Reverence	Revelation
Wise	Meaningful	Reason	400	Understanding	Abstraction
Merciful	Harmonious	Acceptance	350	Forgiveness	Transcendence
Inspiring	Hopeful	Willingness	310	Optimism	Intention
Enabling	Satisfactory	Neutrality	250	Trust	Release
Permitting	Feasible	Courage	200	Affirmation	Empowerment
Indifferent	Demanding	Pride	175	Scorn	Inflation
Vengeful	Antagonistic	Anger	150	Hate	Aggression
Denying	Disappointing	Desire	125	Craving	Enslavement
Punitive	Frightening	Fear	100	Anxiety	Withdrawal
Disdainful	Tragic	Grief	75	Regret	Despondency
Condemning	Hopeless	Apathy	50	Despair	Abdication
Vindictive	Evil	Guilt	30	Blame	Destruction
Despising	Miserable	Shame	20	Humiliation	Elimination

measurements I make with Owen's chain as discussed in my book, Your Electric Life.

There are many uses of this table. Every person tends to operate predominantly on one of these levels. All of the levels below 200 are negative. If you are trading and you feel an emotion, look it up in the emotion column. That will tell you what power level you are operating on. If its below 200, you are unlikely to trade well.

6

People, also, calibrate on this scale. For reference Mother Teresa in 700. Where are you?

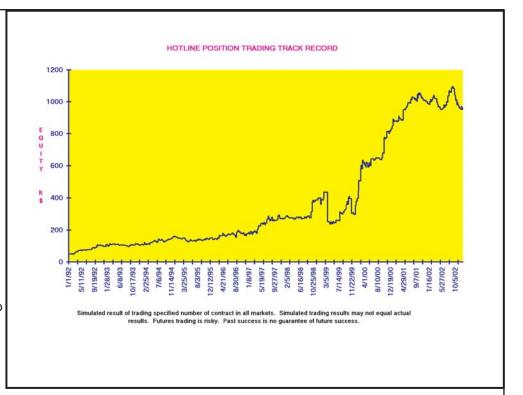
QUALITY IMPROVEMENT

This is the time of the year to look at the past, take stock, and make plans for the future.

Looking at my two equity curves, I can see that the day trading curve has done extremely well this year, while the position trading curve has not. It has held its own, but not made any major advance.

The day trading curve got much better this year as a result of a quality improvement project. It looks like it is time for a quality improvement project on our position trading.

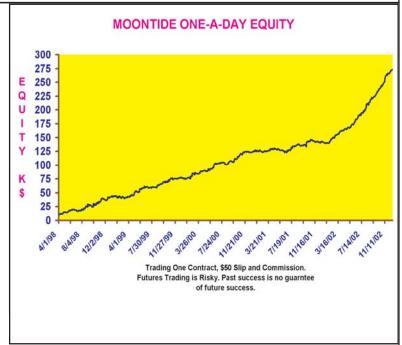
That will go on our list of things to do after we complete the movement of our website to the server in our office.



PEOPLE AND HAPPENINGS

The holiday season is always busy, so it was nice to find time to accept a holiday dinner invitation from **GM.** It was an evening of great company, fine food, and stimulating conversation. GM's cousin, who joined us, works for Qwest. One of the interesting (and appalling) stories she shared was about a threat received by CEO Nachio after the 9/11 attacks. The FBI informed him that they had a credible threat of terrorists crashing an airliner into the Qwest building. Nachio and his 40 member management team evacuated the building, leaving the employees to deal with whatever happened. Awful. The good news is that Qwest still owns the wires to the houses, still owns the switching system, still has great people, and is still providing good service. So I think Qwest will survive and later thrive.

Merry Christmas and Happy New Year!



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

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