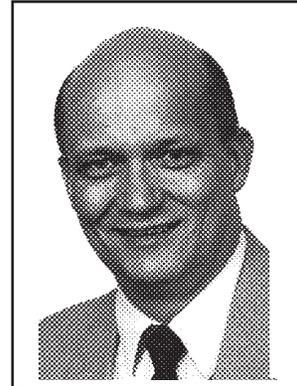
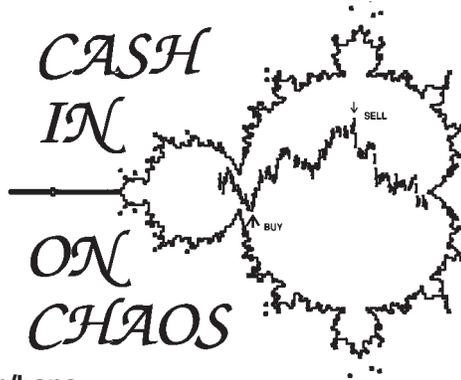


Yes,
you
can



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

CASH IN ON CHAOS NEWSLETTER - December 22, 1998- 98-12

Dr. Hans Hannula, voice 303-452-5566, fax 303-457-9871, email allarson@cashinonchaos.com

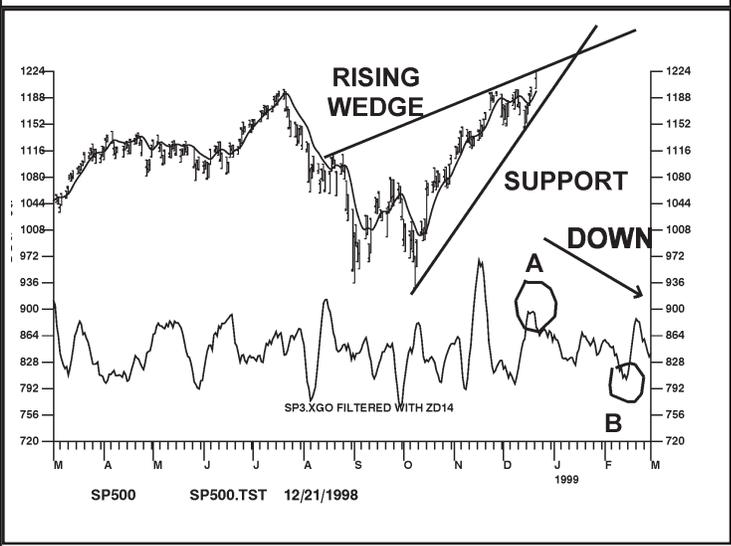
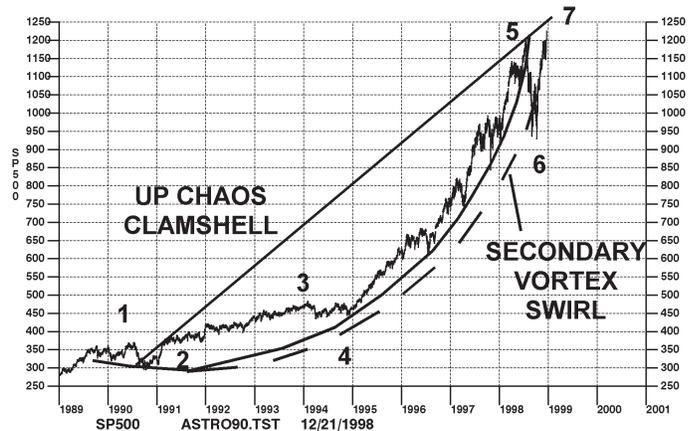
Stocks linger at historic highs. Tbonds grow weaker. Swiss Franc winding up for a rally. Gold forming base. Economy fixed for now. Wheat making historic bottom. Planets and Chaos link explained. World markets weaker than the US. Reading a moving average. Quality improvement makes 1998 a good year. XTIDE improves SP.IXGO. Seasons Greetings.

STOCKS

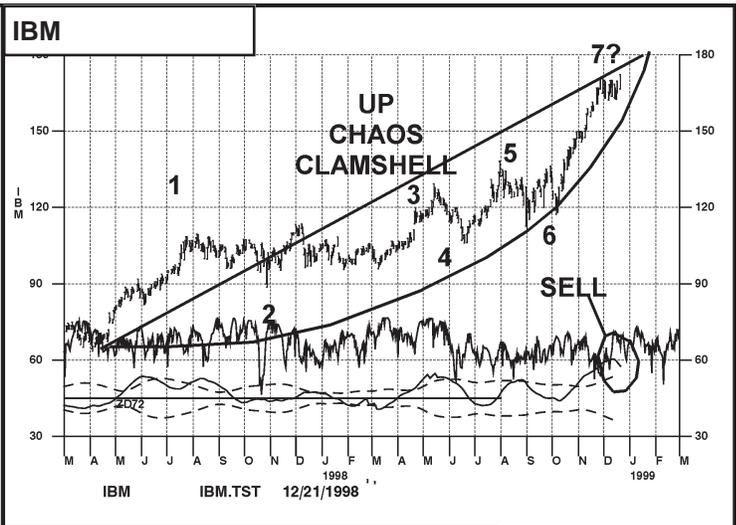
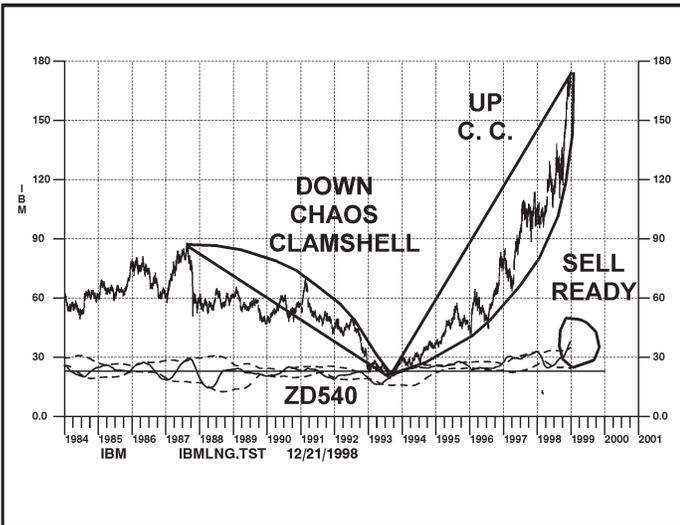
Stocks have continued to hover near their historic highs. However, these new highs are not uniform. The Dow is holding below its July high and below its most recent high while the S&P is setting marginal new highs. We expect this process to continue into the New Year, but then we expect lower prices.

The long term chart shows the up Chaos Clamshell from 1990. This clamshell formed a nice pattern into the July high. Then we had a sharp break. I have renumbered those moves to be a high of 5, a sharp breakdown of 6, and the recent rally a move 7 out of the 7 moves experienced in a Chaos Clamshell. This type of Chaos Clamshell is caused by a secondary vortex swirl occurring just under the main vortex swirl which forms the bottom of the clamshell. Once the secondary vortex swirl is over, the next drop is typically as sharp as the drop from 5 to 6.

The near term chart shows that the rally up from October is forming a rising wedge pattern. This is a dangerous pattern because when it breaks, it breaks sharply. The energy forecast from SP3.XGO with a 14 day filter shows declining energy from now into mid-February. So we can expect a sharp break in prices within the coming months.



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 held its recent high prices and extended them modestly. It is now vulnerable to a price decline. The long term chart shows the extent of this four year Chaos Clamshell. It also shows the Zero Delay 540 cycle having reached a sell ready level.

The near term chart shows the last portion of this stupendous rally as an up Chaos Clamshell of its own. The ZD72 has just given a sell signal. The XGO energy curve is choppy to down into mid-February. A break below 165 would indicate a change in trend.

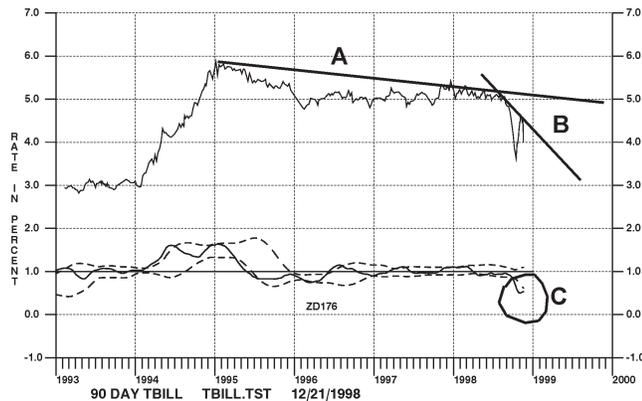
For stocks or commodities not covered in this newsletter or on the hotline, you can track the cycles and trade the Chaos Clamshells using the **Trading System Toolkit**.

ECONOMY/RATES

Interest rates have continued to hold around four percent. The chart at the right shows that interest rates declined steadily under resistance line A and are now trading under resistance line B. The recent dip has pushed the ZD176 cycle to a buy position as shown at C. It will be interesting to watch rates in 1999 to see how much more the bankers will give up.

I firmly believe that the cuts in interest rates were motivated by fear of a complete collapse in the world economic system. For now that collapse has been averted. 1999 brings many new elements into the picture. The EURO will become a strong second currency to the dollar. Many doubted that the Europeans would ever agree on replacing their individual currencies with the EURO, but they are about to do so. To accomplish this each country had to meet stringent financial responsibility guidelines. The fact that they have done this means that they have put their economic houses in pretty good order. That will make Europe a fierce competitor in the global marketplace.

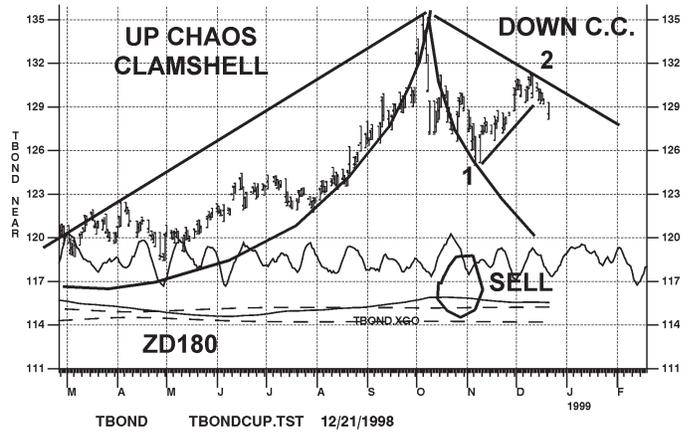
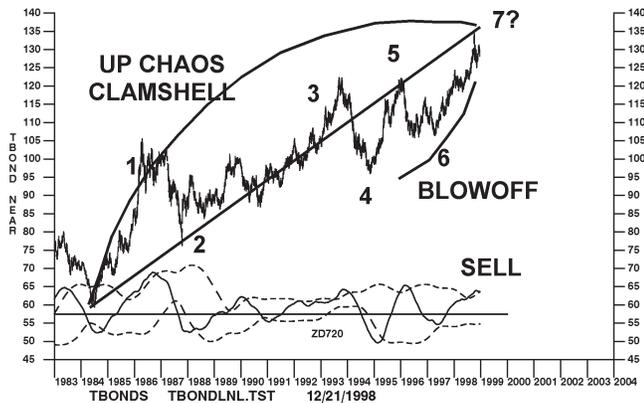
In 1999 we will see the results of the "quick fix" of the world economy. I anticipate that it will be discovered that the moves were not enough. The entire year will be overshadowed with the specter of Y2K problems. The opinions about the severity of year 2000 computer problems ranges from not a problem at all to buy a place in the desert and stock it with food for 5 years because everything is going to break. The truth is probably somewhere in between. In my own case I know that every computer in my office had a Y2K clock problem of some sort. These were diagnosed and fixed with a software program, so all of my computers will roll over their clocks properly one year from now. All of my own software has always used four digit dates, so I do not expect a problem there. Beyond that, I can only watch and wait.



Failure is only the opportunity to more intelligently begin again.

Henry Ford

TBONDS



Tbonds have just turned down in their recent rally. The long term picture shows a completed up Chaos Clamshell with a sell signal on the ZD720.

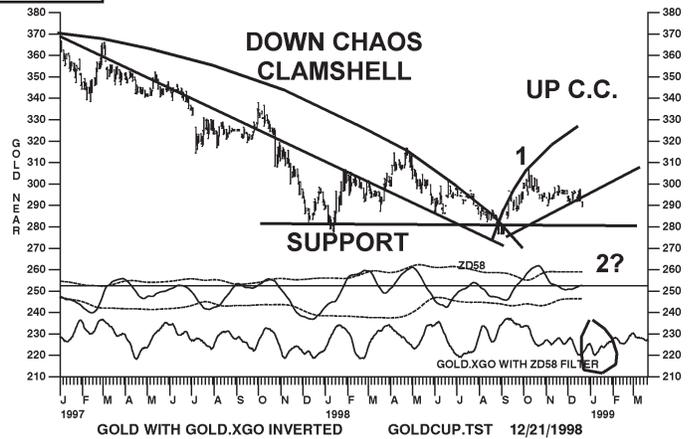
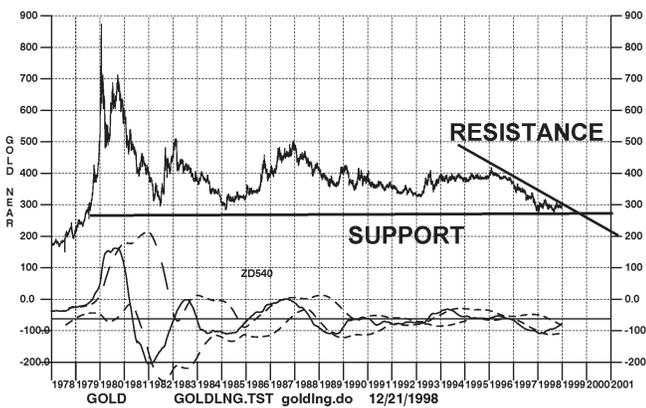
The near term chart shows the recent peak, downthrust, rally, and the beginning of what looks like a move 3 in a down Chaos Clamshell.

Tbonds normally make a high late in the year and decline during the first six months. This year that decline may be steeper than normal because it is move 3 of the down CC shown. The energy curve shows a modest peak in January and a decline into February. The ZD180 cycle which tracks the Saturn-Node cycle has given a sell signal. That signal is probably down into December 1999.

Your only obligation in any life-time is to be true to yourself.

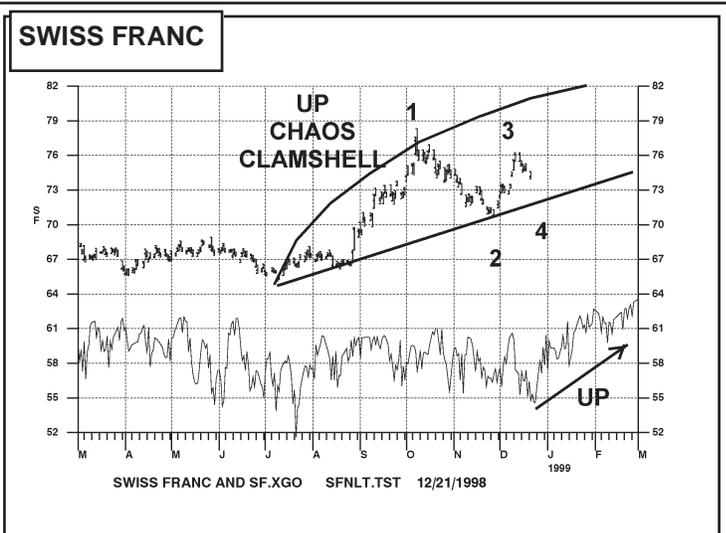
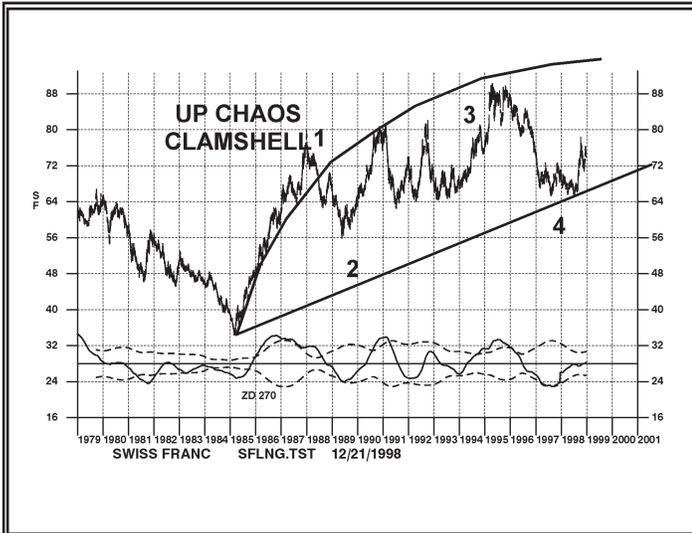
Richard Bach

GOLD



Gold continues it's base building. It has hovered between the support level of 280 and the downward resistance line shown on the long term chart.

The near term chart shows that Gold completed a down Chaos Clamshell and apparently is trying to form a new up CC. That up CC is apparently in move 2. The GOLD.XGO filtered with a ZD58 filter shows a low near January 8th and then a rally into March. On the hotline we are currently looking to buy a breakout above the recent resistance.

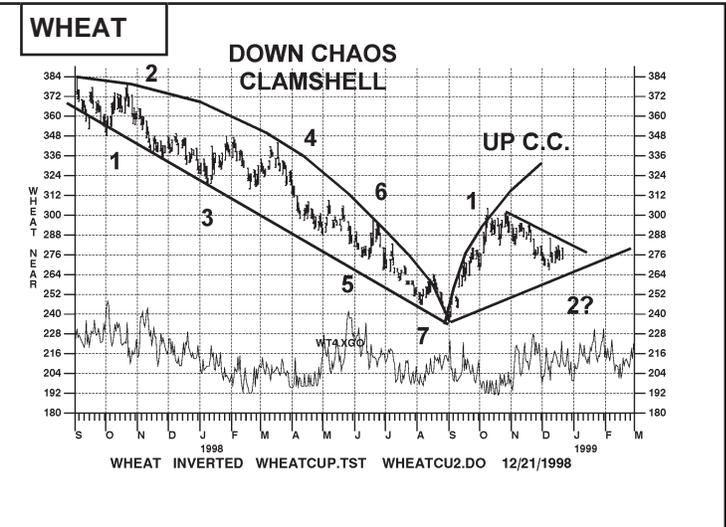
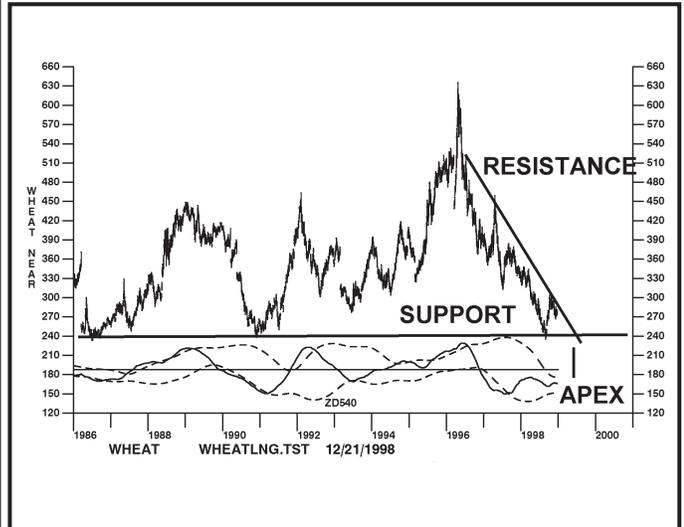


The Swiss Franc continues its rally on the long term chart.

The near term chart shows the last move of this rally forming its own up Chaos Clamshell. That rally has been following the SF.XGO curve quite well. That curve showed a low in late November, a peak in early December, and a low in late December. Those moves are numbered 2, 3, and 4 on the price curve. Late December into March the energy curve is strongly up so we are expecting a fairly sharp rally in the Swiss Franc.

He conquers who endures.

Persus

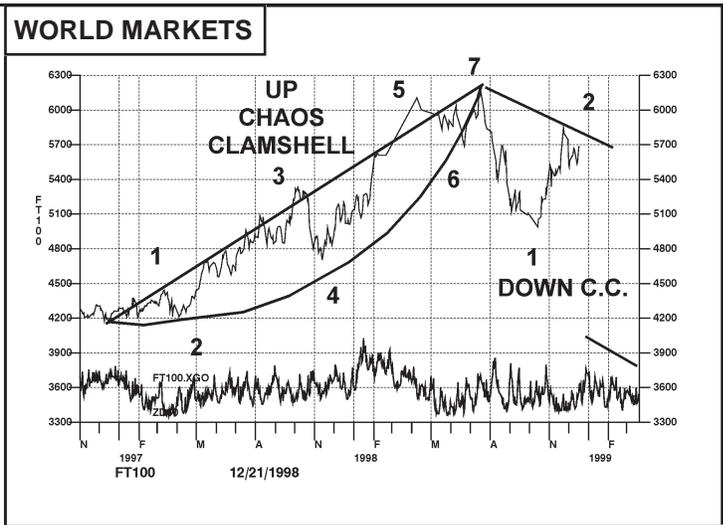
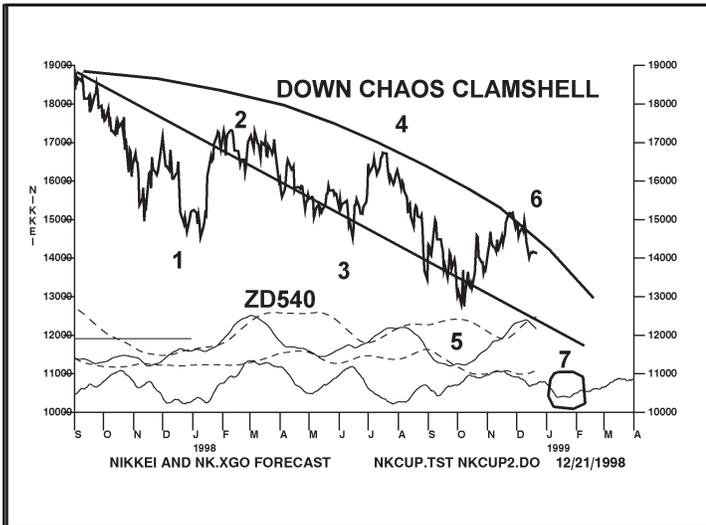


Wheat is "boxed into the corner" on the long term chart. It is pinched between the support line at 240 and the downward resistance line. These two lines cross at an apex in mid-1999. That guarantees us that before 1999 is out wheat will begin a major move.

The near term chart shows that it may already have down that. The chart shows a complete down Chaos Clamshell and a new up CC with a move 1 in place and a possible move 2 forming. Traders are trailing a buy stop above the resistance line of that move 2.

Wheat XGO indicates a low in late December, a rally in January, and another low in mid-February.

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.**

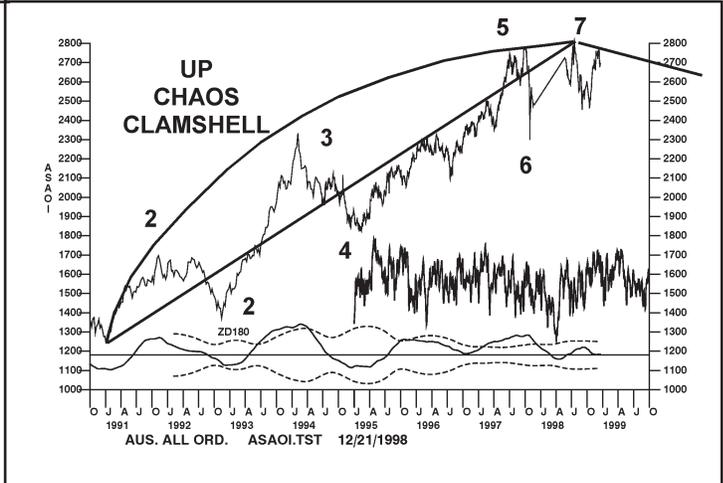


The Japanese market did turn down as forecast. This can be construed as a move 7 in a down Chaos Clamshell as shown. The ZD540 cycle gave a good sell signal. The filtered XGO is indicating a low in the Nikkei mid-January.

The FT100 is continuing to hold below its recent rally highs. If it declines from here it will confirm the down CC shown. It would be a move 3.

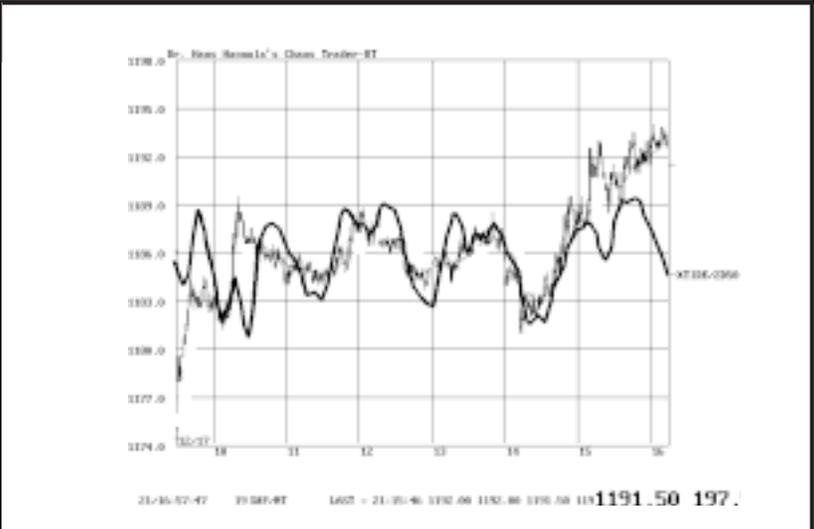
The Australian market has similarly rallied to retest its highs and is pulling back.

These markets are all telling a story different from that of the U.S. They are not even making marginal new highs. That could be very bearish for 1999.



ASTROPHYSICS AND CHAOS THEORY

My goal is to compute future prices. My approach has been to model the physics of the energy systems that drive markets. That modeling has lead me to many formulas which I keep working on to improve. My XGO formula computes the energy in a market or a person on a daily basis. My MoonTides program isolates the effect of the Moon and the shorter term cycles that show up in intraday charts. My SP.IXGO calculation discussed in this newsletter and also explained on my Website attempts to model the effect of the rotating Earth that moves that moves the exchange past all of the planets in one 24 hour period. I, also, work constantly to improve these formulas. This chart is an improvement to SP.IXGO that I call XTIDE. The improvement consists of a minor change in the formula for SP.IXGO plus the use of a 50 minute Zero Delay filter. This energy function is working quite well at helping us find the exact times of turns in the S&P during the day. It is included as one of the lines on the charts that we e-mail with Tomorrow's Market E-mail.



As one trader recently told me, "Knowing that this line has a physical source improves confidence in placing a trade." That's what its all about.

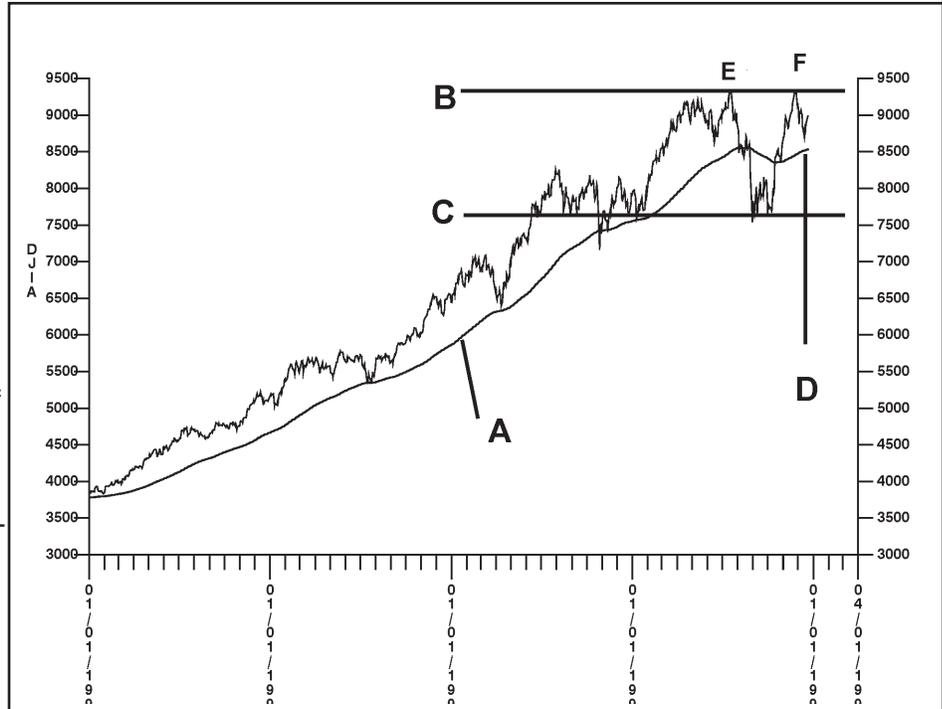
CHAOS CLASSROOM

Understanding how to read a moving average can tell you a great deal about a market.

The chart at the right is the Dow. Line A is the 200 day exponential moving average. This is about the only moving average watched by Mutual Fund managers. Notice that for several years it formed a solid supporting base for the Dow. The Dow rallied in a strong bull market. But a reading of that line now tells us that the Dow has gone flat. The recent value shown at D is halfway between the highs shown at B and the lows shown at C. So the market has now entered a trading range. It can stay in this trading range for some time.

There is also a left-right symmetry centered about the crash of '98 lows. The

July high before the crash came at E. The December after the high came at F. Many times markets will form a left-right mirroring pattern. If that happens we can expect a retest of the highs in early 1999 and then a decline back to the bottom of the trading range at C.

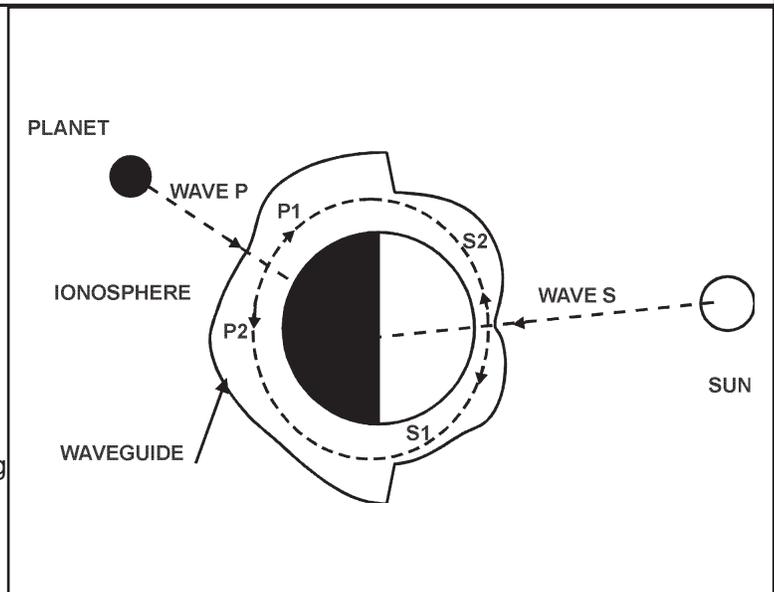


ENERGY

The drawing at the right explains how planets and the Sun work together to form electrical waves that propagate around the Earth.

These bodies distort the shape of the ionized layer about the Earth called the ionosphere. That ionosphere and the Earth's surface act as a wave guide. Electrical waves propagate in this wave guide. When a wave is generated it propagates in two directions. For example, a wave generated by the Sun would propagate clockwise around the Earth along line S1 and counterclockwise along line S2. Similarly a wave generated by a planet P would propagate clockwise around the Earth along P1 and counterclockwise around the Earth along P2.

These waves traveling in the Earth's electric field are the cause of the emotional disturbances that we feel. They are also the cause of emotional buy and sell orders which show up in prices.



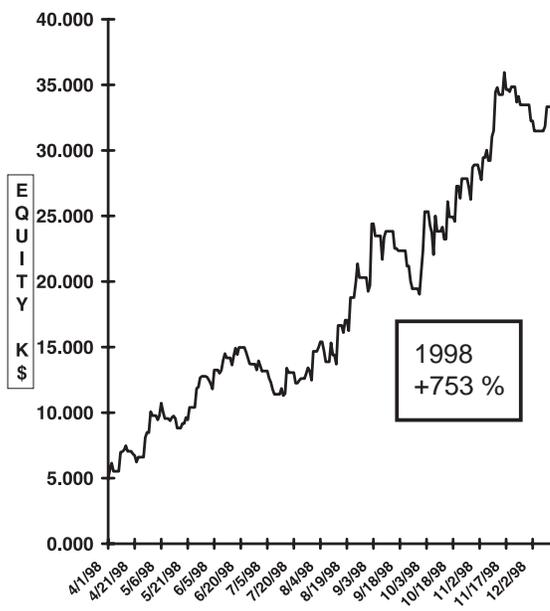
The fact that these waves travel in two directions means that when they meet one wave may be counteracting the other. This is what leads to the fact that my energy calculations always have to be treated as being normal or inverted. This is the mechanism that leads to the Chaos. Any system that has more than one solution will be chaotic. The reason for this is that at certain points both solutions try to hold true. That creates a chaos balance point. That balance point cannot exist for very long and any rapid move away from that balance point will occur. That is the essence to my approach to trading markets. Find the balance points and then go with the flow.

QUALITY IMPROVEMENT

This has been a pretty good year. Our MoonTide discovery led to a substantial improvement in our One-A-Day equity curve. The curve at right is not even the entire year but it covers the period of time during which we have been using the MoonTides. Last year's gain was 90 percent which was quite handsome. This year's gain is substantially more.

Our Position Trading Hotline also continues to outperform the market. Thanks, primarily to trading the crash of 1998 well. We anticipate even more quality improvements in 1999.

MOONTIDE ONE-A-DAY EQUITY



Trading One Contract, \$50 Slip and Commission.
Futures Trading is Risky. Past success is no guarantee.

PEOPLE AND HAPPENINGS

Christmas is nearly here and we will be taking a short vacation until New Years. All the decorations are up, the family is gathering, the presents are wrapped under the tree. It is bitter cold outside and our Broncos just lost their second game of the year. But that does not deter this season of good cheer.

We sincerely appreciate your support of our cutting edge work in markets. We look forward to doing our best on your behalf in 1999.

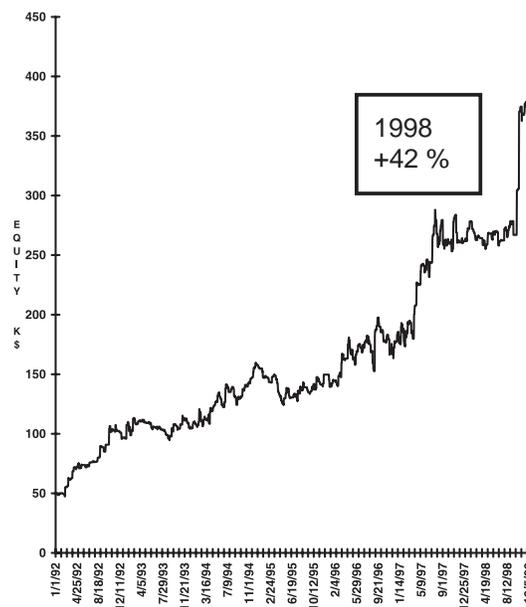
We wish each and every one of you a Very Merry Christmas and a prosperous 1999.

See you next year.

Happy trading!

Hans

HOTLINE POSITION TRADING TRACK RECORD



Simulated result of trading one contract in all markets. Simulated trading results may not equal actual results. Futures trading is risky. Past success is no guarantee of future success.

We did purge addresses last month. If this is a sample newsletter your name tells you the last month you will receive unless you **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.

The **Cash In On Chaos Newsletter** (formerly the Market AstroPhysics Newsletter) is published 12 times per year, between the 1st and the 25th of the month. Subscriptions are \$250 per year or \$300 to include subscription to the AstroDow and Astropoint timing service. We may or may not hold securities mentioned. Sources of information are believed to be reliable, but are not guaranteed. Opinions and recommendations are given with the understanding that our sophisticated investors are aware of the risks involved. Past success is no guarantee of future success. Simulated trading results may over or understate actual results. MAP Newsletter is written and published by Dr. Hans Hannula, PhD, RSA, CTA. 303-452-5566., fax 303-457-9871 MicroMedia (The Chaos Mint) , Box 33071, Northglenn, CO 80233. Mastercard, Visa accepted. Hotline number 1-900-776-7272. \$2 / minute for 2 to 4 minutes. Access from non-900 areas can be arranged by calling 303 224 4441.

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)

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