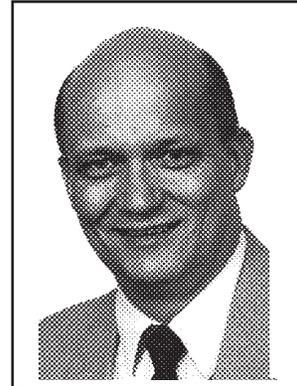
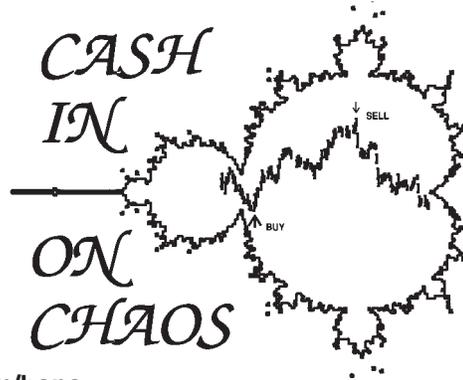


Yes,  
you  
can ....



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CASH IN ON CHAOS NEWSLETTER - May 30, 2000- 00-5

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

**Stocks setting up for a summer rally. Tbonds showing strength. IBM congesting. Interest rates pull back from peak. Swiss Franc again attempts rally. Gold remains weak. Wheat rallies. World markets now mixed. Birthday harmonics. 2000 forecast revisited. The blast cone explained.**

**STOCKS**

**Stocks appear to be set for a summer rally.** This rally may test or even marginally exceed the April highs.

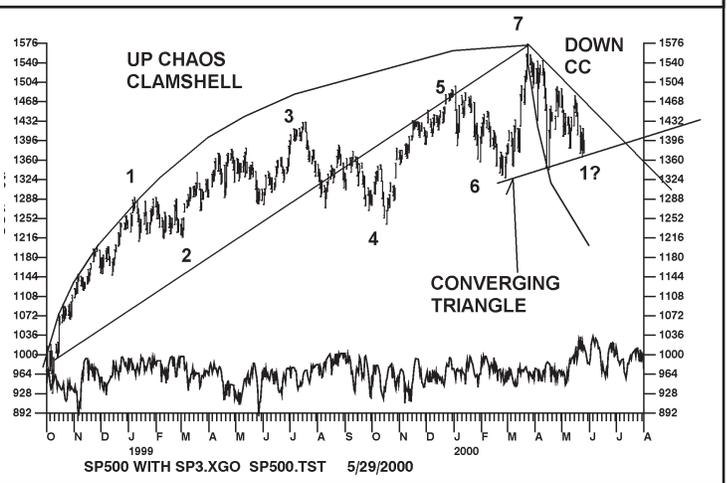
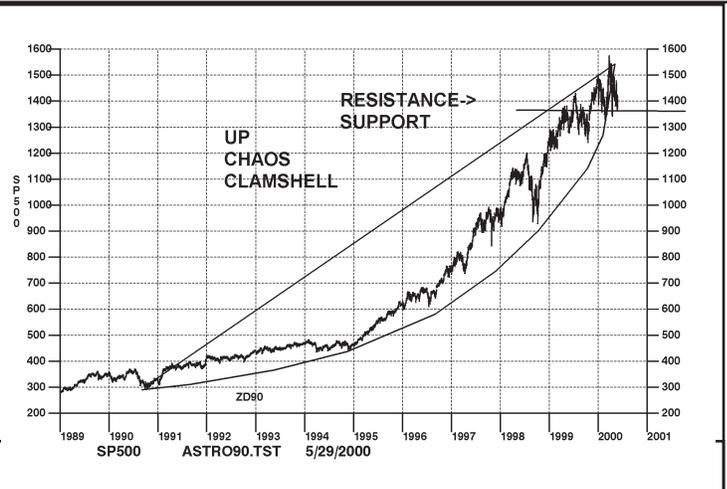
The long term chart shows the multi-year Chaos Clamshell. It is obvious from this chart that the speed at which stock prices have been rising has slowed. Prices are now finding support at the 1380 level on the S&P500. This level was previously resistance but is now support.

The near term chart shows the up Chaos Clamshell from last year. That Chaos Clamshell has been followed by a 7 swing decline. That suggests that the first move of a down Chaos Clamshell is nearing an end.

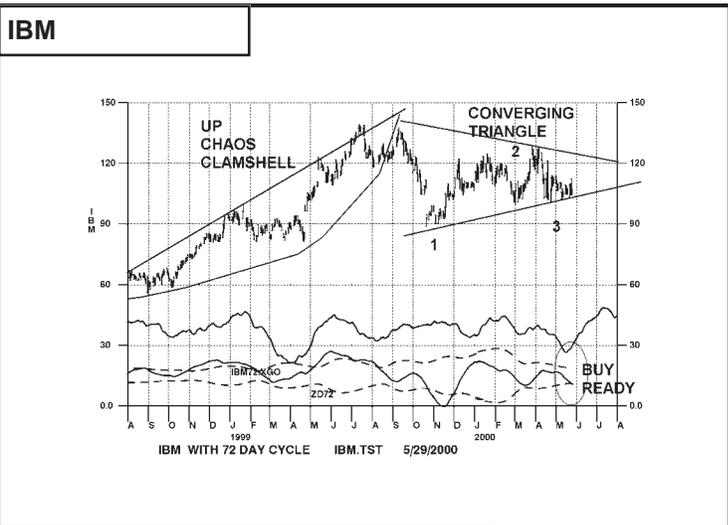
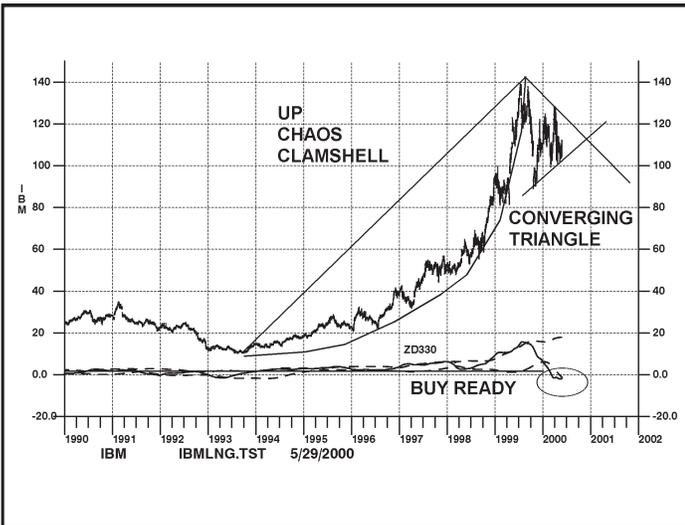
The pattern that best describes the recent action of prices is a converging triangle. The SP3.XGO has a sharp increase in energy, which should be reflected in some sort of a rally.

The last upswing brought a renewed interest in NASDAQ stocks, which have been hammered for most of the year. We may be seeing the return of buying in those stocks, since prices are lower and the fund managers continue to have excess funds to spend.

Any rally from this point should be treated as a trader's rally and not an investment opportunity. Should the rally exceed the April highs, we will reexamine that outlook.



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**

**IBM is congesting sideways in a converging triangle.** The long term chart shows that this triangle follows a large upgoing Chaos Clamshell. Often a converging triangle marks the midpoint of a larger Chaos Clamshell. That means once the triangle ends IBM could advance strongly again.

The near term chart shows that prices are set to rally off of the bottom of the converging triangle. The ZD72 cycle is buy ready and the 72 day XGO is up into July.

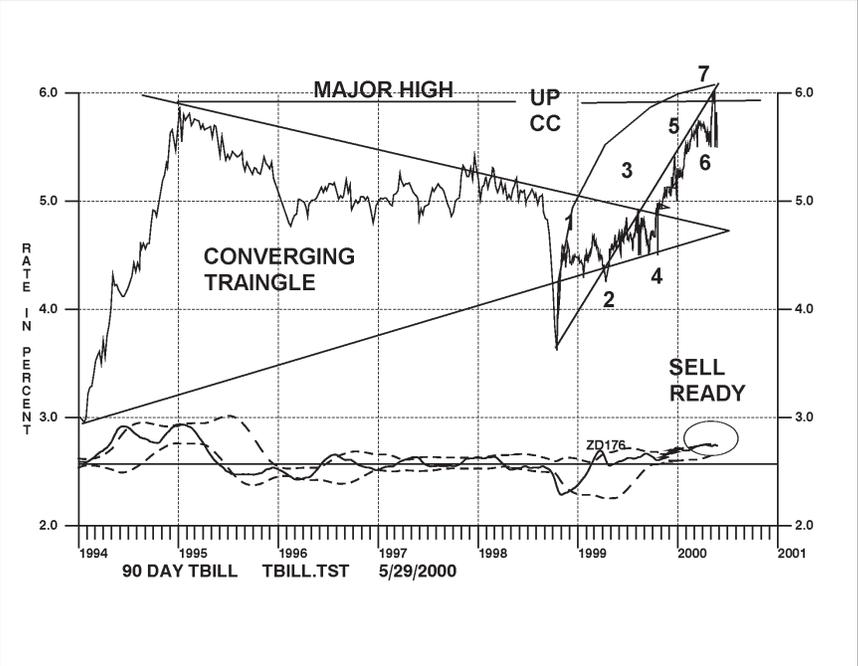
For stocks or commodities not covered in this newsletter or on the hotline, you can track the cycles and trade the Chaos Clamshells using the **Trading System Toolkit**.

**ECONOMY/RATES**

**Interest rates have pulled back from their peak.** This peak retested the high set in early 1995. It also appears to be the move 7 (final move) in an up Chaos Clamshell from the 1998 low.

This chart doesn't quite make sense considering that the Fed has raised interest rates five times. Could it be that the bout of raises is over? If so, the outlook for stocks will improve.

The economy continues strong despite slowdowns in some sectors. College graduates and summer students are finding jobs easy to come by. Technology companies can't seem to find enough qualified people. Almost anyone who has a skill and is willing to work can find a job.



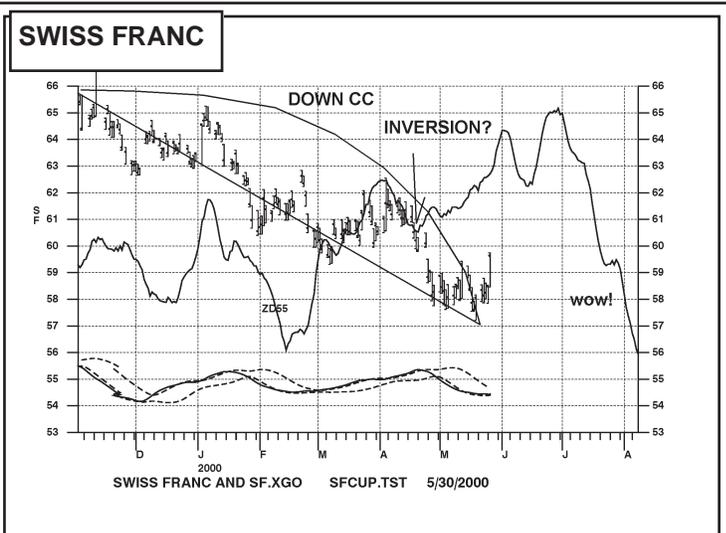
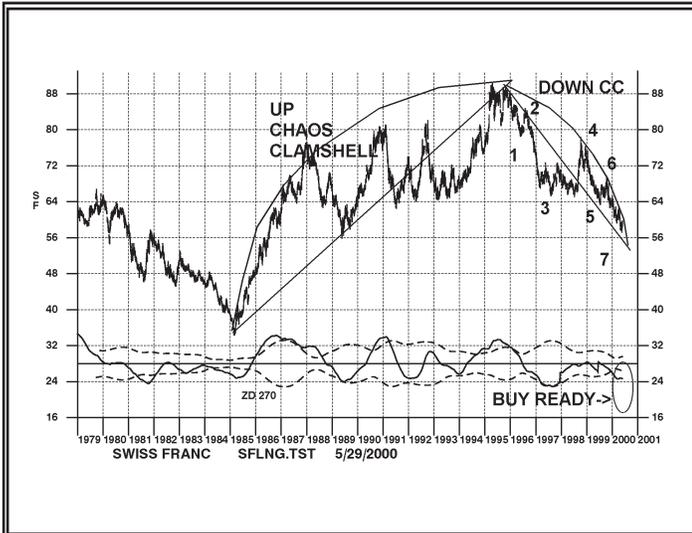
In our area, the northeast quadrant of Denver, there is a strong building boom. I have lived in this area 17 years and have never seen anything like it. New houses and apartment buildings and businesses are going up every place you look. The growth has been so fast that the city of Thornton, for the first time ever, has placed a moratorium on building permits while they develop a growth policy. It used to be that we had to drive many miles to find good shopping. Now there are many shopping malls close at hand. I keep wondering when this bubble of prosperity might burst. But for now, it looks like the boom is alive and well.

In a recent study Colorado was found to be the fastest growing high tech area in the country, replacing Silicon Valley.

**A man is literally what he thinks.**

James Allen



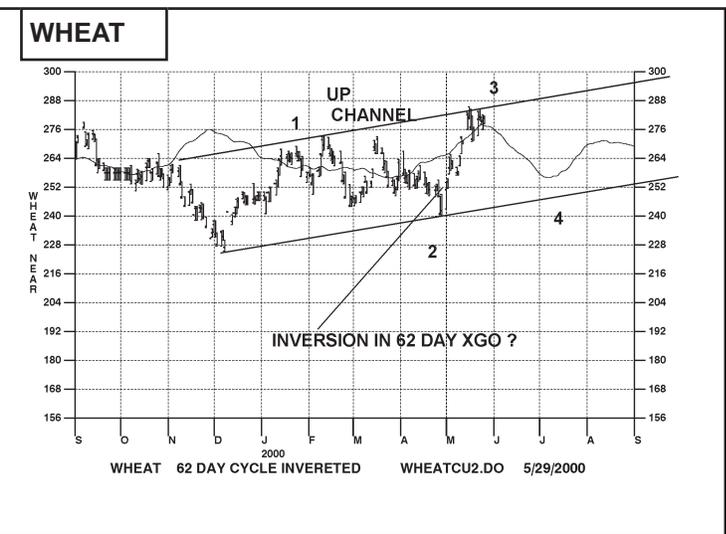
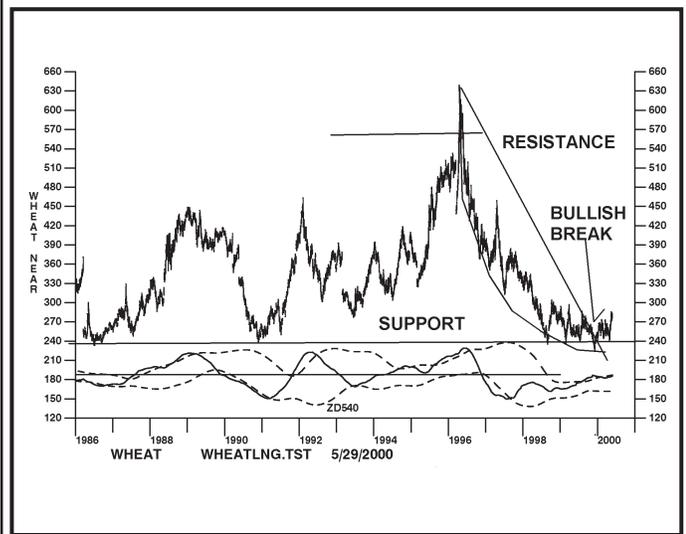


**The Swiss Franc may be nearing a major bottom.** The long term chart shows a possible down Chaos Clamshell from the 1995 high. The ZD270 cycle is buy ready. So an upturn in the Swissy may be close at hand.

The intermediate term chart shows the start of a rally. The question, though, is whether or not the 55 day XGO energy cycle inverted or not. We should be able to determine this in June. This cycle shows a high, low, high pattern. If the pattern is low, high, low, there was an inversion and a bullish July should follow. If not, July should be a nasty month for the Swissy.

**In order to succeed, we must first believe that we can.**

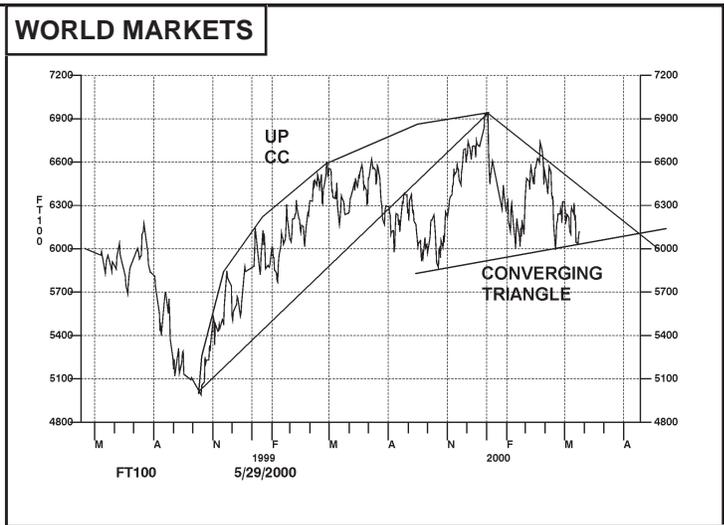
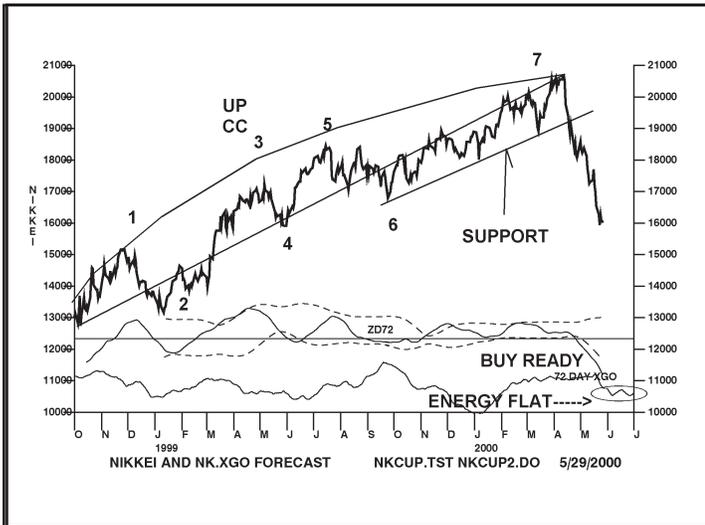
Michael Korda



**Wheat is beginning to rise off of its bottom of 240, shown on the long term chart.** The decline from the 1996 highs has gone from steep to shallow to flat. It now appears to be turning up.

The near term chart shows the up channel in wheat. It appears that the 62 day XGO energy cycle did invert. That suggests that wheat will pull back for about six weeks and then resume its rally. If it does that, buying near the bottom of the channel looks like a good tactic.

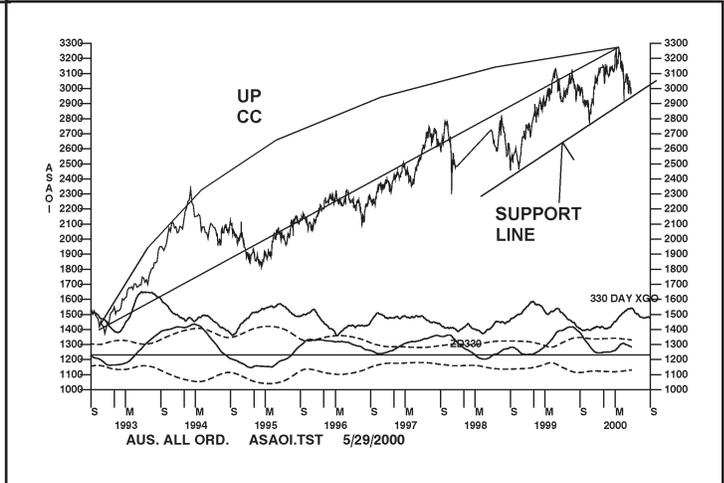
George Bayer wrote about trading wheat using Mercury, Saturn and Jupiter. You can learn to find astro-cycles with the aid of the **Trader's Ephemeris** and the **Finding Astro-cycles** video-**JUST \$99.**



**The Japanese market has dropped sharply.** It does not appear that a sharp rebound is in order in June because the 72 day XGO energy cycle is flat in June.

The British market, like the US market, is trading in a converging triangle after completing an up Chaos Clamshell. I expect it to trade within this triangle or break it to the upside in the near term.

The Australian market is holding support on the support line shown. Compare that chart to the Nikkei. If that support line is broken, the Australian market could get dicey. Hang on to your bommerangs.



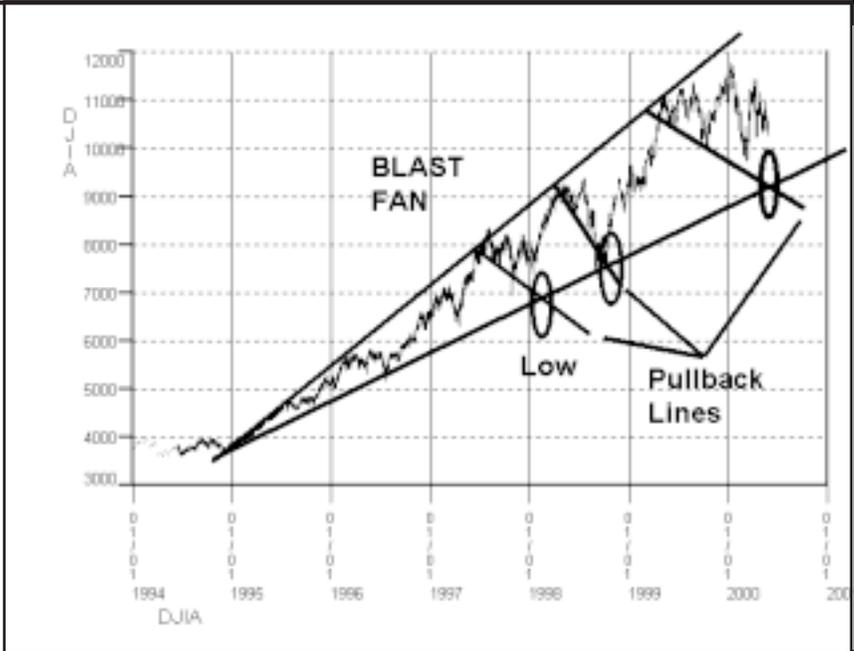
**CHAOS CLASSROOM**

Classic technical analysis maintains that prices move in channels formed by parallel lines. This is not necessarily true.

I have found that many times prices will move away from a Strange Attractor/Strange Repellor in a Blast Fan. This is a cone or wedge formed by two diverging lines. One such wedge is clear in the Dow Jones Industrials., shown in the chart to the right.

During pullbacks within this fan, lows may be forecast by drawing a line under the lows of the pullback, and noting where that line intersects the lower line of the Blast Fan. Three cases are shown on the chart.

Look for these patterns on your charts. You will find that they give you an additional tool for your trading.



## ASTROPHYSICS AND CHAOS THEORY

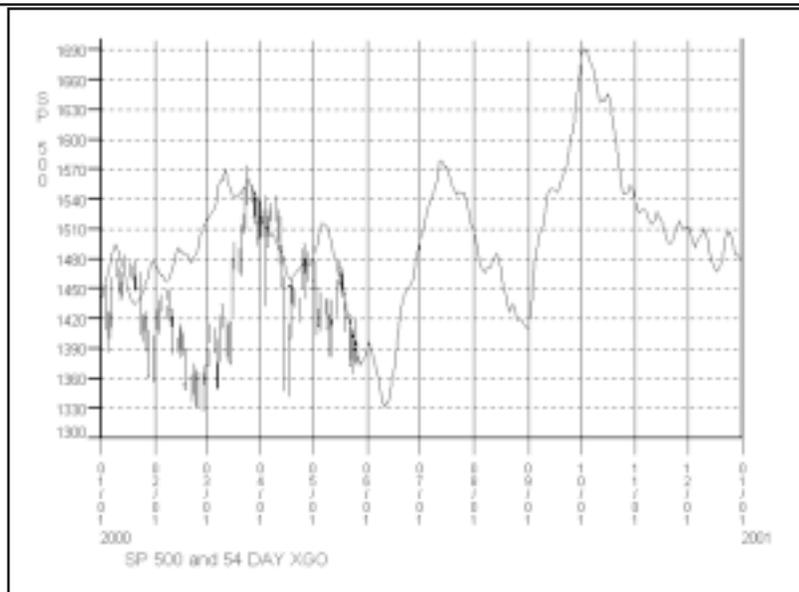
**Its time to review the annual forecast.** Six months ago I made the forecast shown in the chart to the right.

This forecast showed the 55 day XGO energy cycle for the year 2000. The cycle was chosen because it provided a good fit to prices in 1999.

As you can see, it has been a reasonably good forecast so far this year. If it continues to hold, we can expect a 3 move rally into a September high.

A 55 day XGO energy cycle is computed by filtering a market's XGO energy with a Zero Delay filter set to 55 days. A market's XGO energy is a measure of the natural energy received by that market. It is computed strictly from the market's first trade date. Individuals also have XGO energy curves. In that case the date of birth is used.

A Zero Delay filter is a proprietary smoothing filter. It works like a moving average, but without the delay. Using this type filter on the XGO energy function brings out the longer term cycles within that function. This gives a reasonably good means of forecasting the longer term swings in a market. More information about XGO may be found on the website, in the Reading Room, under the page, The XGO Files.



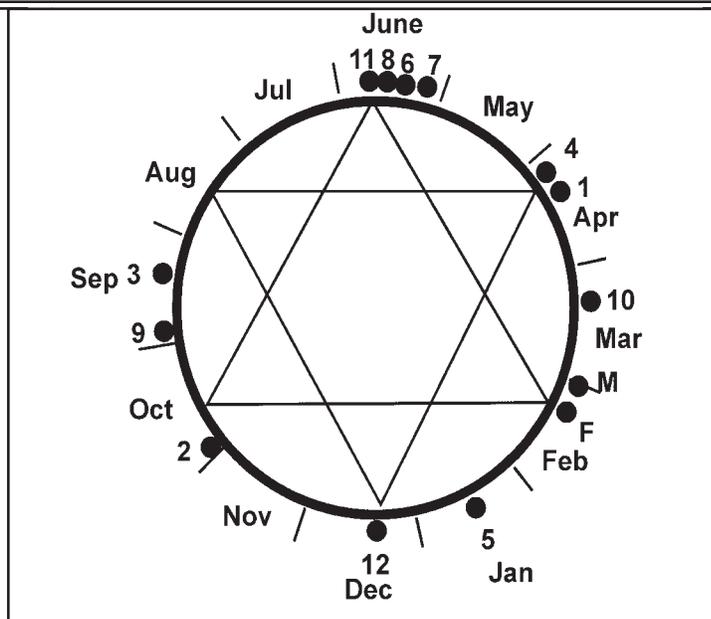
## ENERGY

**Every May I experience Hell Week.** We have 3 birthdays in our family in an eight day period-my wife's, my son's and my daughter's. That comes just a week and a half after Mother's Day, and often coincides with school graduations and other end of school activities. So it is a very busy time.

Many people are surprised to find such clusters of birthdays but it should not be a surprise to those that understand that a birth is an energy event which depends upon harmonious energy cycles. These cycles must somehow harmonize with the cycle with the year.

A good example is shown in the chart to the right. The circle represents the cycle of the year. This is a large family, with 12 children. The points marked M and F are the mother and father of the family. They obviously harmonized at the same point of the year. The 12 numbered dots show the birthdates of the 12 children.

Note that dots 1 and 4 are 1/6th of the year away from the parents. Children 6, 7, 8, and 11 are 1/3rd of the year away. Child 2 is close to 2/3rds of the year away and child 12 is 5/6ths of the year away. This shows a very strong 6th (snowflake) harmonic in this family. The other 3 children, 3, 9, and 10, fall on the 12th harmonic. Everything in nature works on nature harmonics including families.

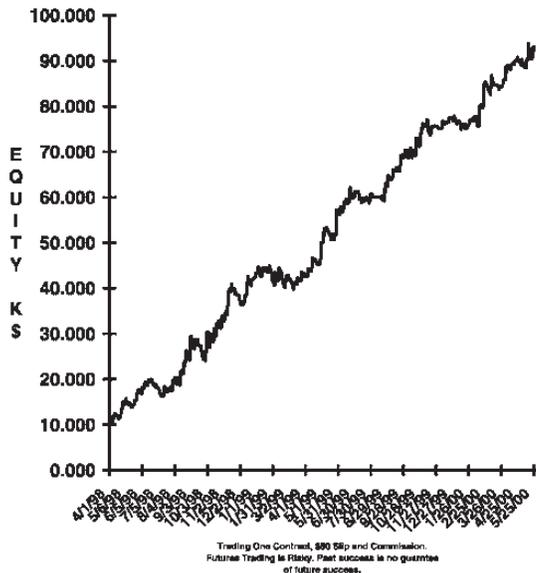


**QUALITY IMPROVEMENT**

This month we took another step forward in our development of the Chaos Trader EOD (end of day) program. This program is a Windows/NT 32 bit application which I have been developing for several years. Development was slowed by a nasty bug which has finally been fixed. This program will replace our Trading System Toolkit. It will include selectable options, such as the overlay of the Face Of God pattern. After several months of testing a preliminary version of this program in-house, we have posted a data copy for Foggers on our website.

This month we also reworked our product literature. Our printed Chaos Trader's Catalog and our online catalog had gotten out of sync and out of date. They now both agree and are up to date. You may wish to review them to see what has changed.

**MOONTIDE ONE-A-DAY EQUITY**



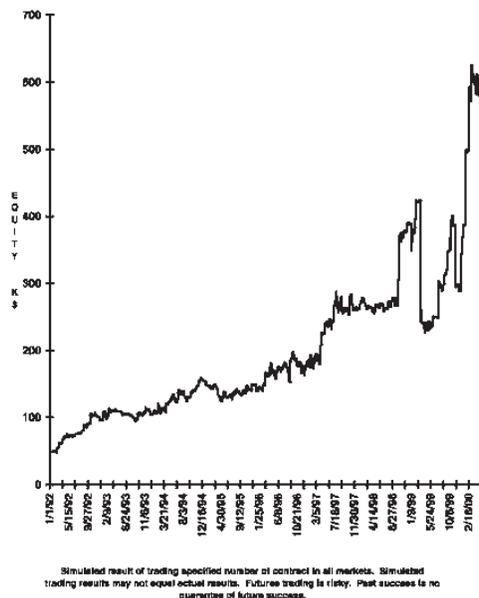
**PEOPLE AND HAPPENINGS**

Many of you know that my daughter and son-in-law work at Los Alamos Laboratory. It was an interesting couple of weeks while we got reports of a small fire, a big fire, evacuation, camping out in Albuquerque, and the return to a city damaged by not destroyed. Fortunately, their rented home was not damaged, but a wooded lot they had purchased to build on had most of it's trees burned. I couldn't help but notice that the fire came as Mercury transited the Sun (Combust), as they lined up with Mars ( war), and Pluto (nuclear). That seems to translate to "combustion at a nuclear war facility." None of my astrologer friends called me up and warned me of the event, so maybe I am stretching things. If they had, I probably wouldn't believed them anyway.

Summer is upon us and many of you will be traveling. Be especially careful. See you next month.

*al*

**HOTLINE POSITION TRADING TRACK RECORD**



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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MAY						
S	M	T	W	Th	F	Sa
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11	12	13	14 <sup>3</sup>	15 <sup>F</sup>	16	17
18 <sup>V</sup>	19 <sup>2</sup>	20	21	22	23	24
25	26 <sup>2</sup>	27	28	29	30	

2 = AstroDow2 3= AstroDow3 4=AstroDow4  
P=AstroPoint extreme  
F=Full moon N= New Moon  
M = Mercury Lunar Chaos  
V= Venus Lunar Chaos

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

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