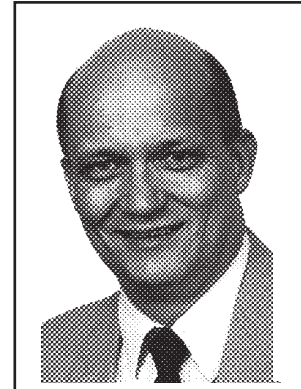
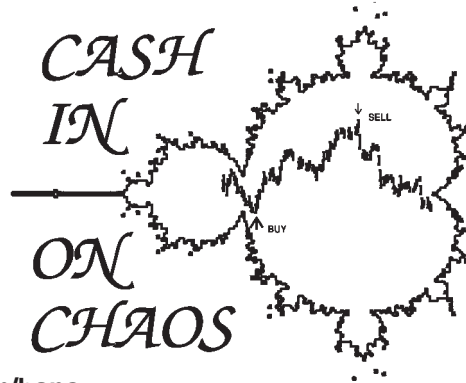


Yes,  
you  
can ....



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

CASH IN ON CHAOS NEWSLETTER - June 28, 2001-6

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

*Stocks are sagging after the solstice eclipse. Tbonds peaking . IBM forming top. Interest rates cut again. Swiss Franc probing for bottom. Gold turns down. Wheat low falters, retries. World markets still mixed. Annual forecast update. Nikkei analog revisited. Summer solstice eclipsed.*

**STOCKS**

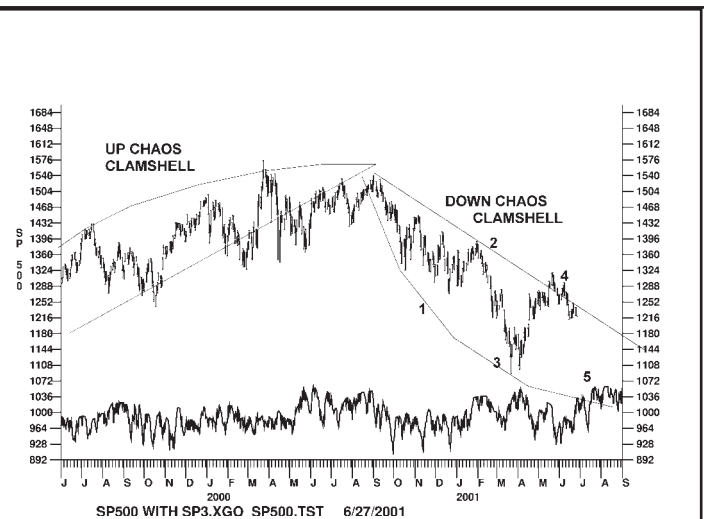
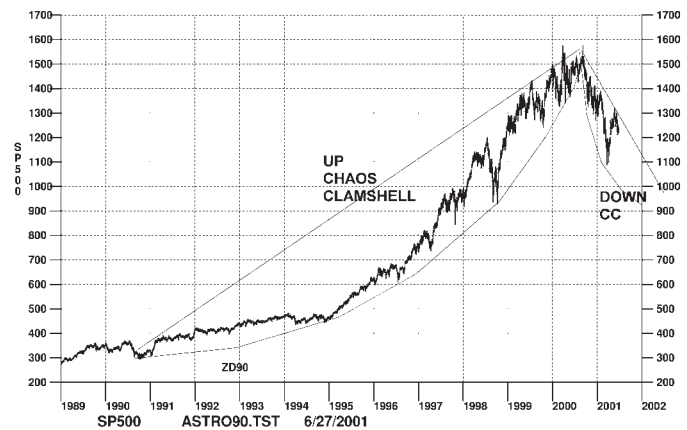
**Stocks are setting up for another move down in the bear market.**

The long term chart shows that the trend of stocks remains down. After a spirited two month rally, stocks sagged in June, and are poised to head sharply lower in July.

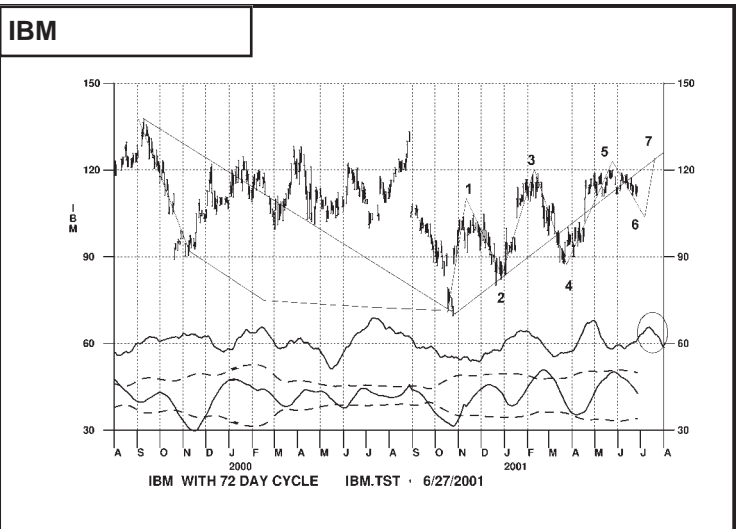
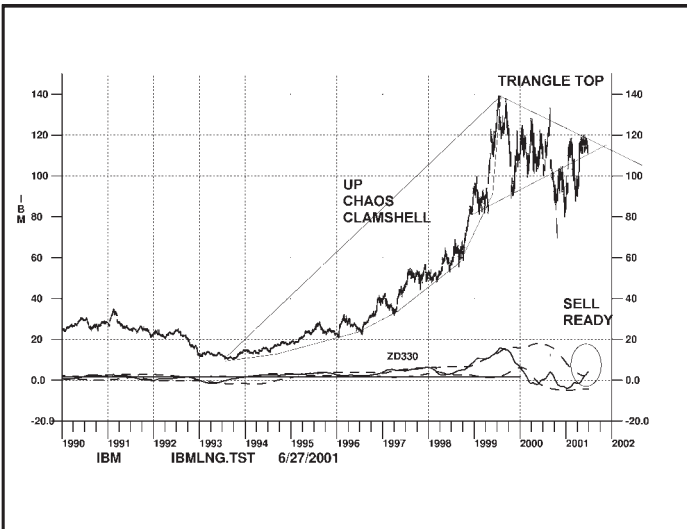
The near term chart shows the developing down Chaos Clamshell. It is at a critical point in its development-in the pullback of what I have labeled as move 4. If the pattern shown is correct, the rally that began in February was counter the longer term trend, and is a correction, rather than the birth of a new bull market. While the possibility exists that this **is** the start of a new bull market, I think it is a **much lower probability** that the one that says the bear is alive and well.

Despite the interest rate cuts, the economy continues to slow. In one day, I heard that my old employer, Lucent Technologies, had their bonds downgraded to junk, and that their spin-off of what was the organization I worked in, Avaya, was cutting 3000 jobs, 11 % of their work force. That's not a bull market economy.

So the summer rally is at best, in serious doubt, and lower prices can be expected dead ahead.



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 looks to be topping in it's move 2 up in its down Chaos Clamshell.** On the long term chart, it is nearing the apex of the large triangle top shown.

The near term chart shows that the rally since last October has made 6 moves, and is setting up to top out in a 7th and final move. The energy forecast says that should occur in July. Also, because of the convergence of the triangle top, the move 7 may well be a runt move.

A good way to trade this setup is with long term LEAP puts.

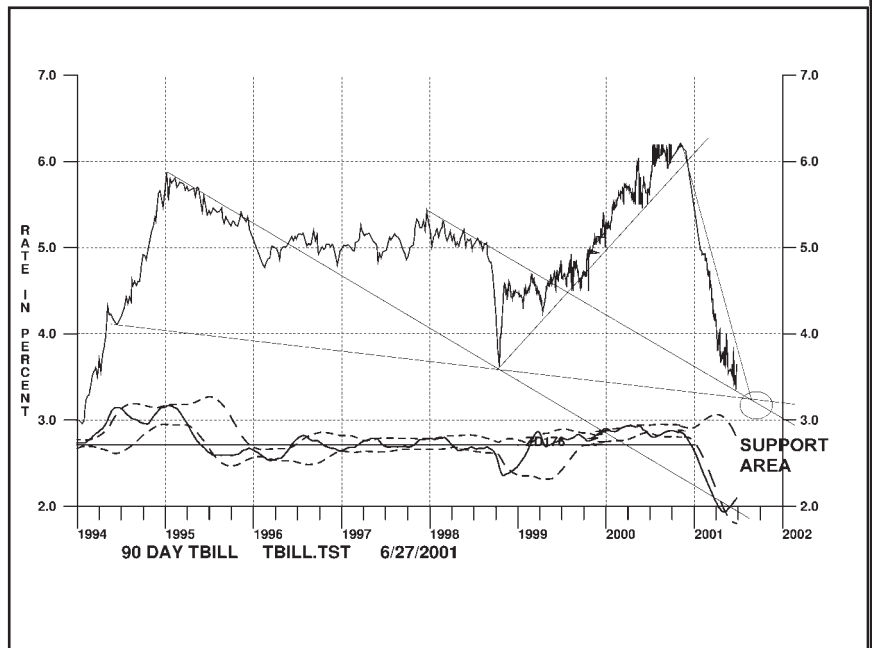
For stocks or commodities not covered in this newsletter or on the hotline, you can track the cycles and trade the Chaos Clamshells using the **Trading System Toolkit**.

## ECONOMY/RATES

**The Federal Reserve again cut rates yesterday, but only by a quarter of a point.** While the official reason for this is that they don't want to over-stimulate the recovery, I think there is a more basic reason.

Remember that the US money supply is controlled by banks, not the government. The federal reserve banks are chartered by the government to do this job. So while politics can enter into their actions, they are first and foremost bankers. And bankers have a very simple method of making money. They borrow it from people, and then lend it out at a higher interest rate than they are paying to borrow the money. Retail banks can borrow money from the reserve banks, at a rate set by the Fed. So when the Fed cuts rates, member banks can borrow more cheaply. But they also have to, because of competition, lend more cheaply. As rates get lower, the difference between what they can borrow at and lend at gets squeezed. And bankers don't like their profits squeezed too much. So I read this small cut as a sign that the banks are now resisting further cuts. Its OK for a while, but they can't take too much of a profit squeeze.

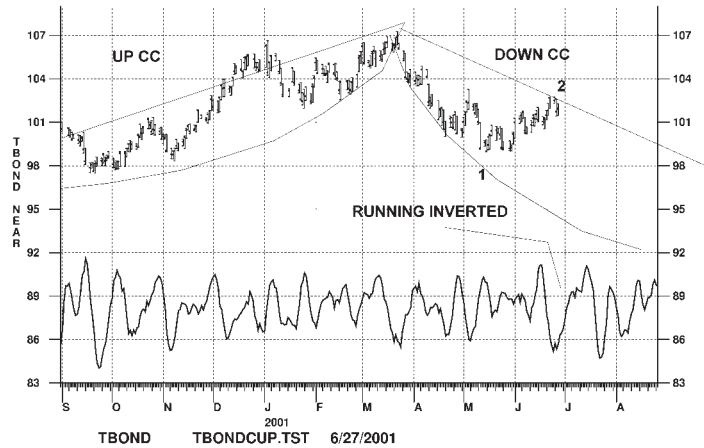
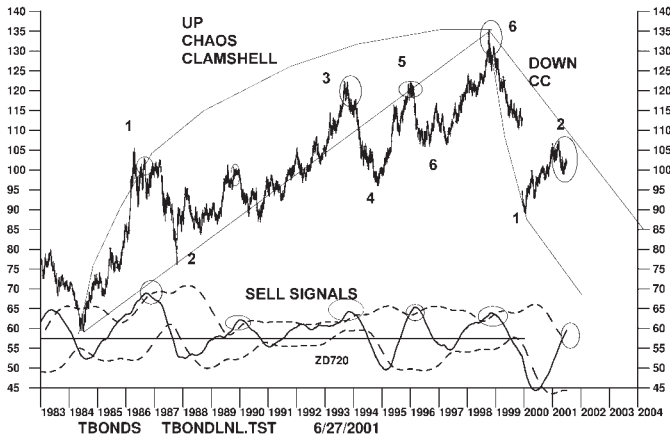
The chart shows a support area forming at the intersection of several "interior trendlines." It says that rates may bottom in the next few months, then head higher.



**If there is a will, there is a way.**

Dorothy G. Larson Harvey

## TBONDS



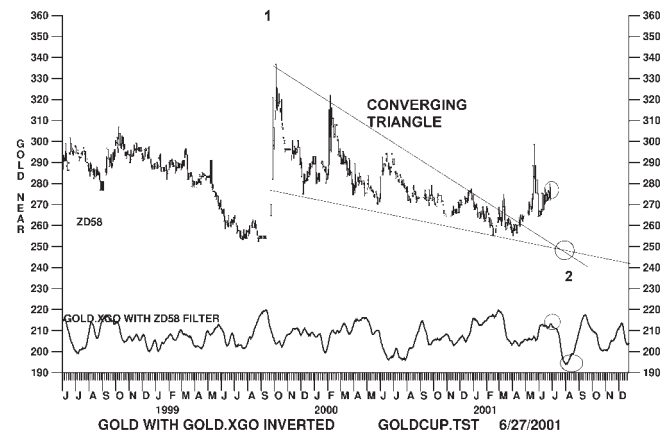
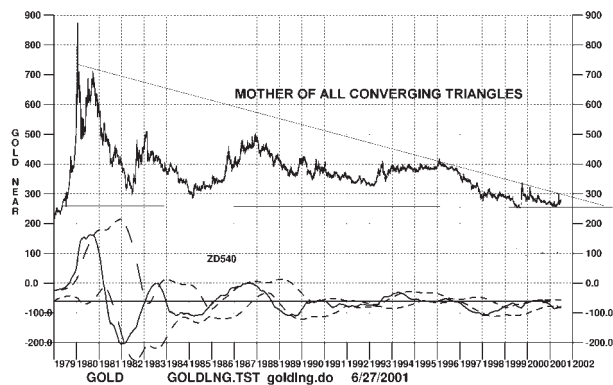
Tbonds appear to have completed their move 2 rally in the major down Chaos Clamshell shown on the long term chart. The 720 day energy cycle, measured by the Zero Delay filter, is clearly showing a top. This cycle has a perfect record over the last 20 years of indicating major tops in bonds. The past 6 such tops are marked on the chart. Any further weakness in bonds will cause this cycle to issue a sell signal.

**Hard work never hurt anyone.**

Dorothy G. Larson Harvey

The near term chart shows that the move 3 down is dead ahead. Tbonds are currently following an inverted form of their energy curve.

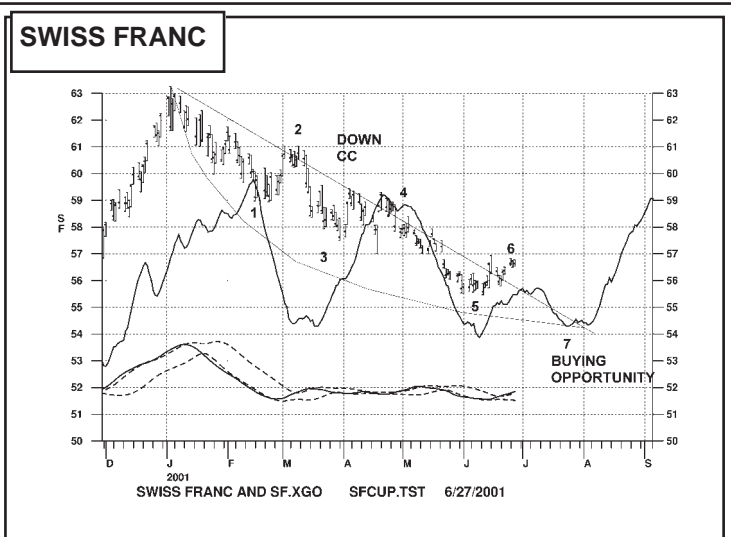
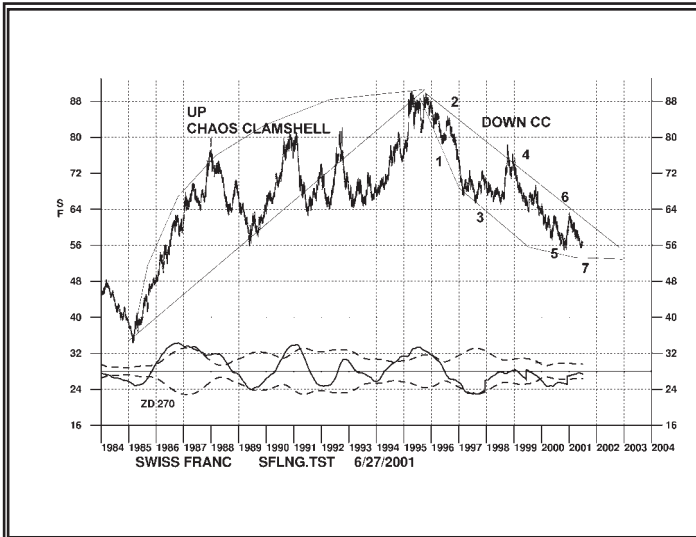
## GOLD



Gold is set up for another drop in its corrective pullback from the recent rally. The long term chart shows that once again, gold has managed to extend its Mother of All Converging Triangles. But I still think gold is changing into a bull market.

The reason I think so is shown on the near term chart. We have a thrust, a large converging triangle, and another thrust that broke above the converging triangle. This could be a move 1 and move 2 of a new up Chaos Clamshell.

The 58 day energy cycle is down much of July, but shows a sharp upturn in August. So the next decline is a buying opportunity.



**The Swiss Franc is seeking a bottom, which should come in July.**

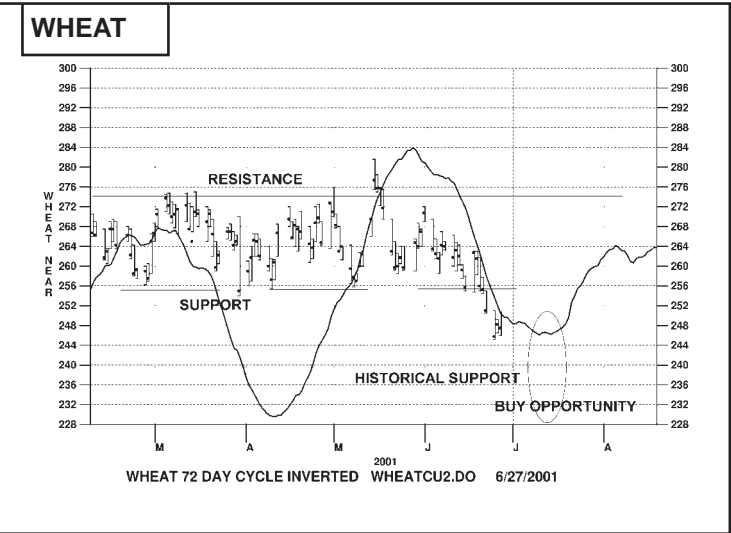
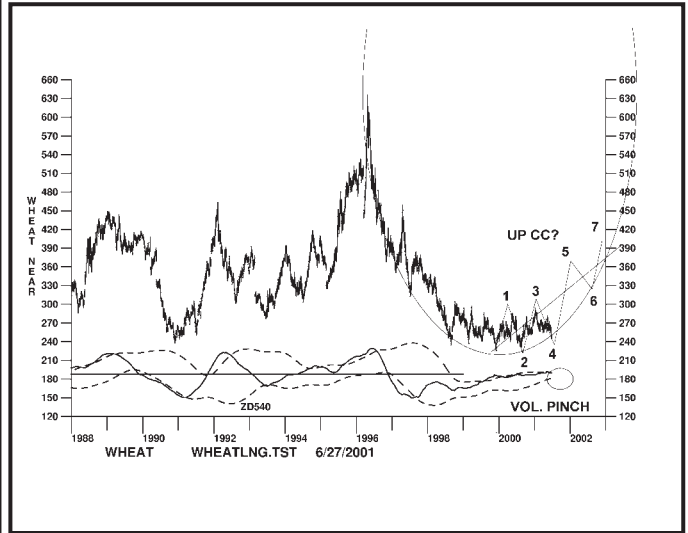
On the long term chart I have relabeled the down Chaos Clamshell from past newsletters. It shows the current drop in the Swissy is probably move 7 in that CC. The CC being formed by this move 7 is shown on the near term chart.

The 55 day XGO energy cycle shows this move 7 making a low in late July, followed by a nice rally. If this setup continues to hold, that low should be an excellent buying opportunity.

**You won't learn it any younger.**

**You can learn something from everyone you meet.**

Dorothy G. Larson Harvey

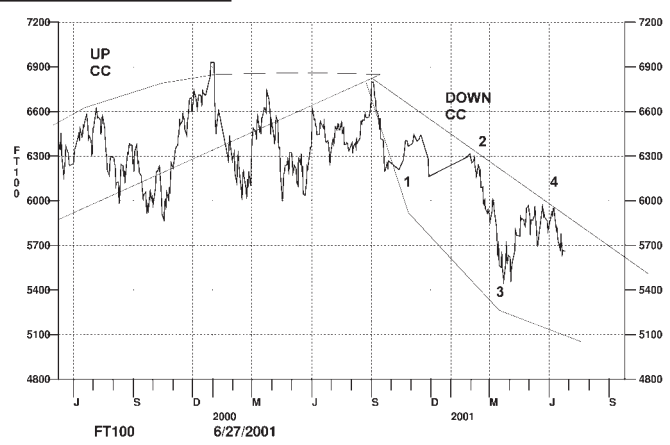
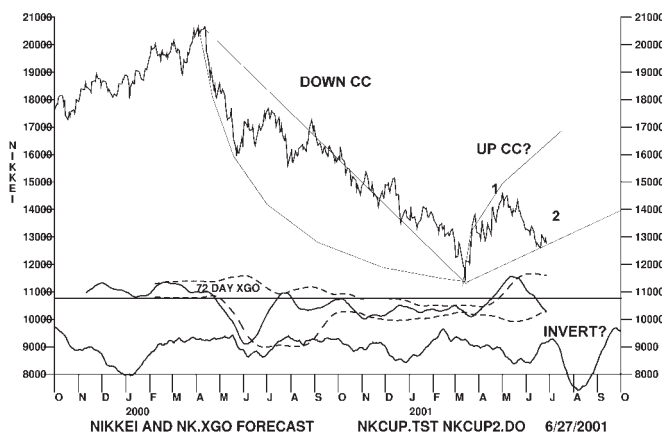


**Wheat faltered in its attempt to make a bottom, delaying that bottom into next month.** But the long term pattern is still one of a major bottom. The current decline looks to be the move 4 of an up Chaos Clamshell on the long term chart.

The near term chart shows that wheat broke its trading range support at 258, and now is probing for support near 244. The 240 level is a very strong historical support, so a bounce off that level could spark a strong rally. The 72 day XGO energy cycle turns up in July, so watch for a major buying opportunity this 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.**

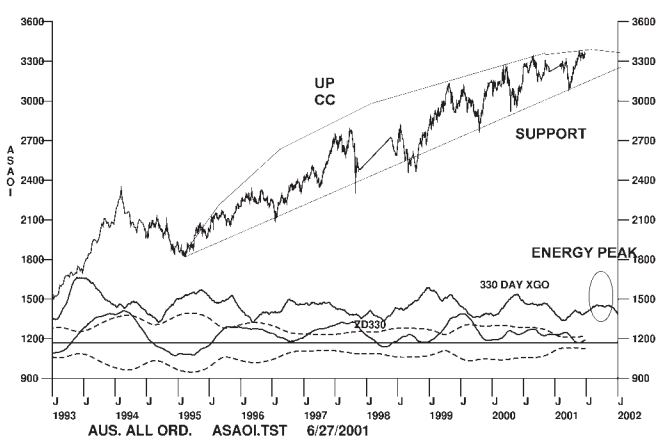
**WORLD MARKETS**



**The Japanese market has pulled back in what looks like a move 2 in a new up Chaos Clamshell.**

**The British market has resumed its bear market.** Since it usually leads the US market, this is bearish for the US market as well.

**The Aussie market is still holding above its supporting trendline.** It is now at marginal new highs. As it comes to an energy peak in July, I expect it to pullback from those highs. If the supporting trend line is broken, it will be a major sell signal.



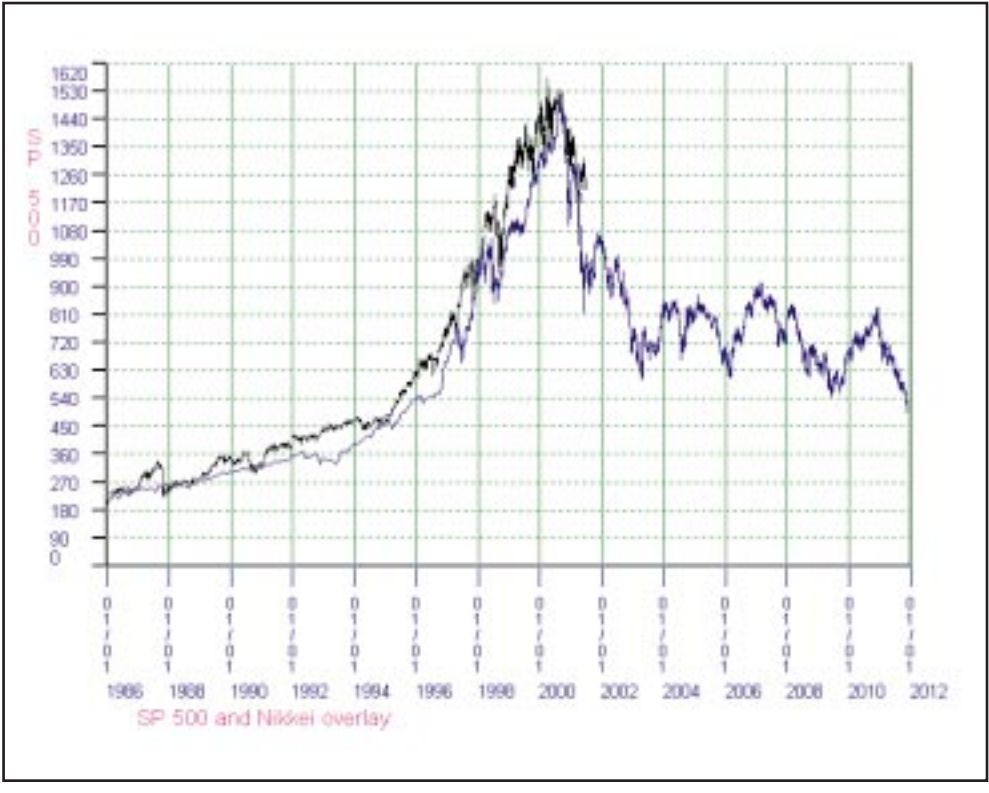
**CHAOS CLASSROOM**

This chart

is an update to the one I did 3 months ago.

A serious trader must study the past if they are to win in the markets. Human nature does not change. It goes through many interesting patterns. One of the most interesting of these is the Mania Market.

This chart shows the Mania Market in the Nikkei, shifted forward in time to match the S&P 500. The market behaviors are very similar, because the madness of crowds was very similar. The Japanese thought their economy could never falter. We Americans thought our New Economy could never falter. It has, and may well falter more. Mania Markets do that. Interesting that the movie **Pearl Harbor** just came out, isn't it?



## ASTROPHYSICS AND CHAOS THEORY

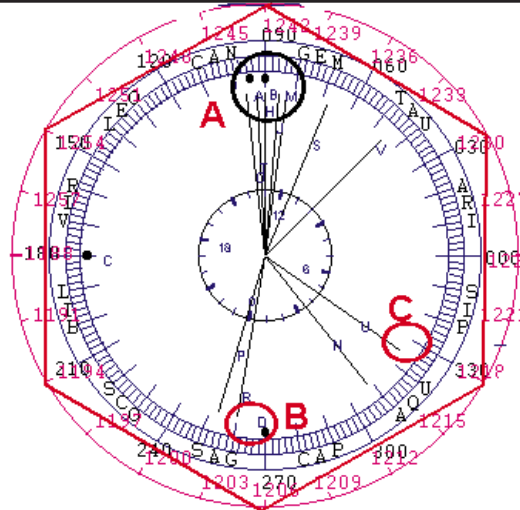
This chart is the ephemeris wheel for June 21, 2001. This day saw the summer solstice, a solar eclipse, the closest approach to Earth by Mars, and a Harmonic convergence of several planets. They all put energy at the top of the wheel, at A. This position is nearly opposed by Mars, near the bottom, at B.

The S&P usually works on the 6th harmonic. It's harmonic points are normally 0, 60, 120, 180, 240, and 300 degrees. But events at the top of the wheel can rotate those to 30, 90, 150, 210, 270, and 330 degrees. This rotated position of the hexagon is shown on the chart. It is often a precursor to chaos, since the sides are vertical. So a chaotic move may be coming shortly in the market.

Uranus, at C, is harmonic to this vertical hexagon. So the Uranus cycle, and all cycles with other planets, will add energy to this chaos. Uranus is the planet of big and sudden changes. It is about to be squared by Venus, the money planet.

So that warns of a sudden, big change in markets.

Nature calls your attention to important cycles by surrounding you with events that contain them. Last week, my mother died, one day prior to this huge pattern, in her 84th year, the period of Uranus. She was a great teacher.



6/21/2001

**The solstice was eclipsed, and the mighty Sequoia fell.**

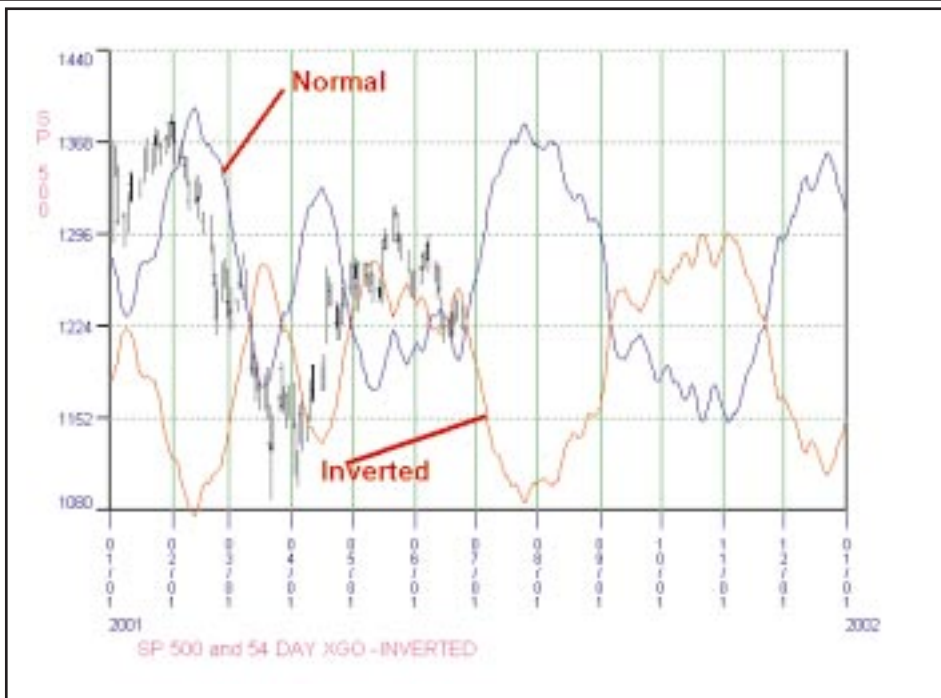
Katrina Larson-grand daughter of Dorothy - she didn't miss it either

## ENERGY

This chart shows the 54 day XGO energy forecast, which I used for my annual forecast for this year. Both the normal and the inverted forecast are shown.

The pair of forecasts form a fractal set, a pattern of chaos. This pattern is centered on 1224. Prices just before the eclipse were at 1224. They jumped up to the eclipse price at 1242, then fell back below 1224. Now they have jumped above 1224, and just today regained the eclipse level, but are showing resistance. So the eclipse may be to be acting to repel prices down the inverted forecast.

Chaos theory says they may also run up the normal forecast. This is a chaotic "bifurcation point." So while the eclipse level and the economy are siding with the inverted forecast, either is possible. What is fairly certain, though, is that the next market move will be pretty big. So it's actually easy to trade-just go with the flow when the move starts.



## QUALITY IMPROVEMENT

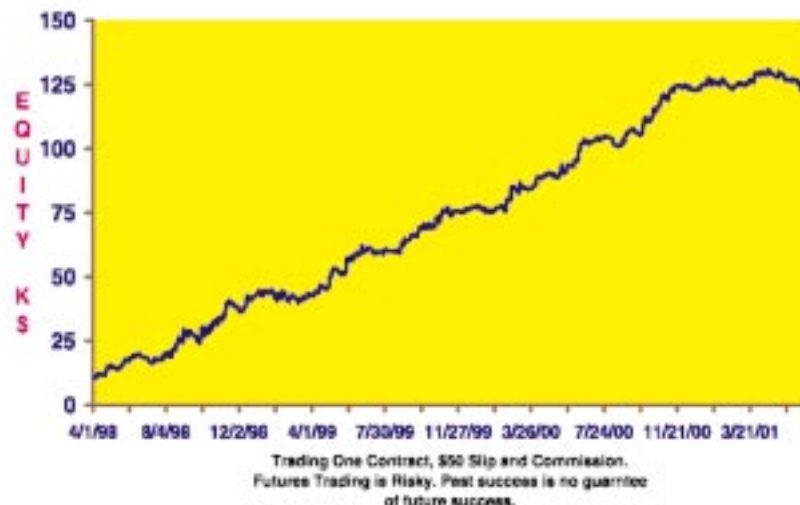
This month, quality work was focused mostly on continued development of our Chaos Trader EOD program. Work is progressing pretty well, and we hope to have a releasable copy of the program by late July.

Chaos Trader EOD is a basic charting program for end of day data. It will be a replacement for the Trading System Toolkit, which is an old MSDOS program. Chaos Trader EOD will contain the Zero Delay filter and Polarized Fractal efficiency functions.

It will also have add-ons for the patterns taught in my courses, such as a Hannula Market Fractal, a Fractal of Pi, and a Face of God overlay. Each of these add-ons will be available to graduates of the courses in which the patterns are taught.

The program will also be able to overlay the XGO energy forecasts. Used with the patterns, this gives a pretty complete toolkit for position trading. Watch the website for release information.

### MOONTIDE ONE-A-DAY EQUITY



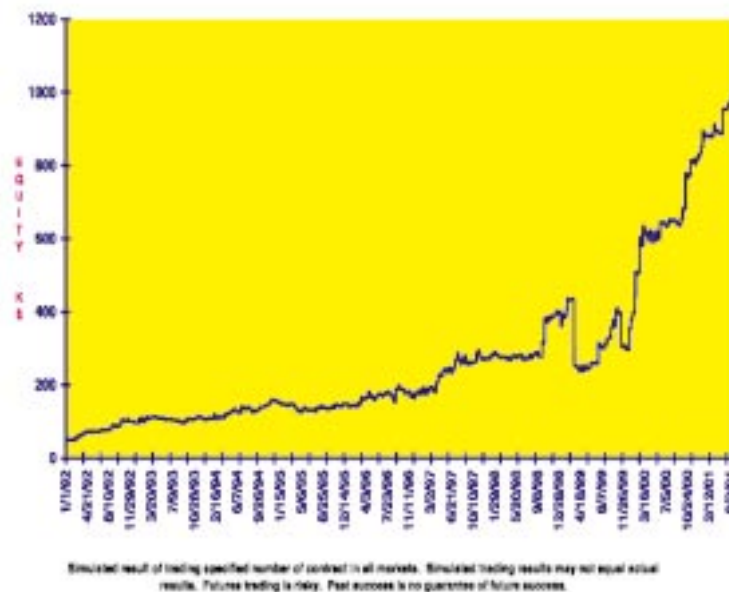
## PEOPLE AND HAPPENINGS

This has been a very hectic month, catching up on all the things that fell behind while I was gone. We're now almost caught up, so things should return to normal soon.

It is with sadness that share the news that my mother passed away this month. My mother was in her 84th year, so it was not unexpected. But it does not make it any easier to loose her. She was fascinated by nature, and taught me to observe everything in nature. She taught me the cycle of the seasons, to plant by the moon, and a thousand things that are such a part of me now. All of her children, grand children, and great grand children were able to attend her funeral, for which we are grateful. She will always be with us in spirit. Thanks to the many of you who sent condolences.

See you next month,

### 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 or order online.** Visa and Mastercard taken.

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## JUNE

S	M	T	W	Th	F	Sa
					1	2 <sub>V</sub>
3	4 <sup>3</sup>	5	6 <sup>F</sup>	7	8 <sup>2</sup>	9
10	11	12	13	14 <sup>4</sup>	15 <sup>2</sup>	16
17 <sub>V</sub>	18	19	20	21 <sup>N</sup>	22	23 <sub>M</sub>
24 <sup>3</sup>	25 <sup>2</sup>	26	27	28	29	30 <sub>V</sub>

## JULY

S	M	T	W	Th	F	Sa
1	2	3	4 <sup>2</sup>	5 <sup>F</sup>	6	7
8	9	10	11 <sup>2</sup>	12	13	14
15	16	17	18 <sub>V</sub>	19 <sub>M</sub>	20 <sup>N2</sup>	21
22	23	24	25	26	27 <sup>2</sup>	28
29	30	31 <sub>V</sub>				

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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Part 3:If you've taken CIOC, then Fractal Of Pi Course \$360 (save \$360).

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