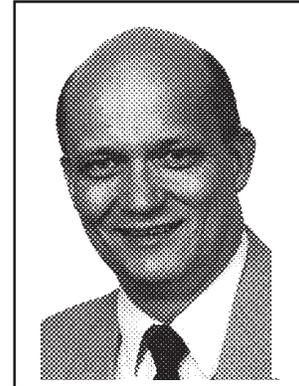
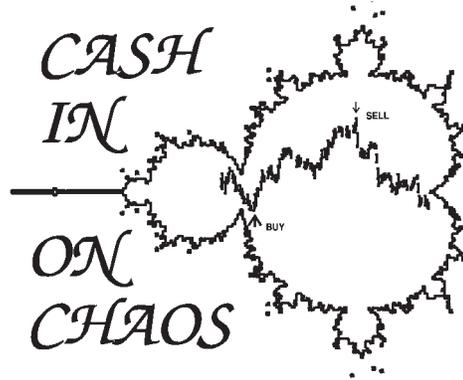


Yes,
you
can



<http://moneytide.com>
<http://daytradingforecasts.com>

CASH IN ON CHAOS NEWSLETTER - August 29, 2002-8
Dr. Al Larson, voice 303-452-5566, fax 303-457-9871, email allarson@moneytide.com

Stocks managed to rally this month, but the rally has failed to hold above the H&S neckline. Tbonds sitting on the back porch. IBM still sick. Public abandons stocks, lose confidence. Swiss Franc heads lower. Gold regroups for new rise. Wheat about to take a rest. Japanese market tests its lows. Long term energy forecasting. The Master Clock and market highs. Identifying a market top.

STOCKS

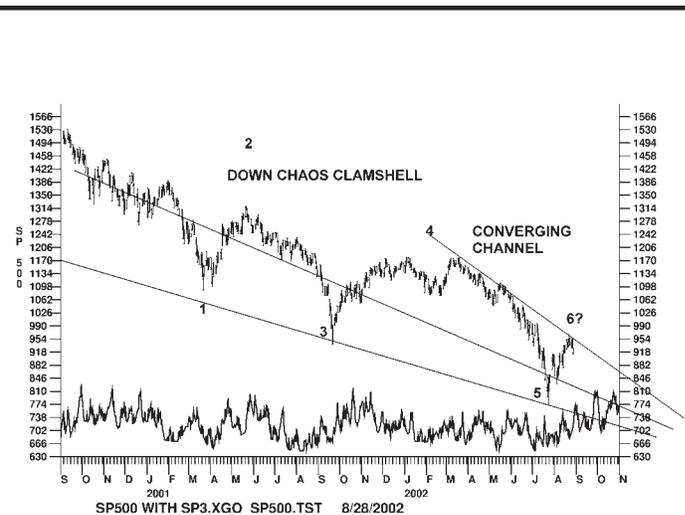
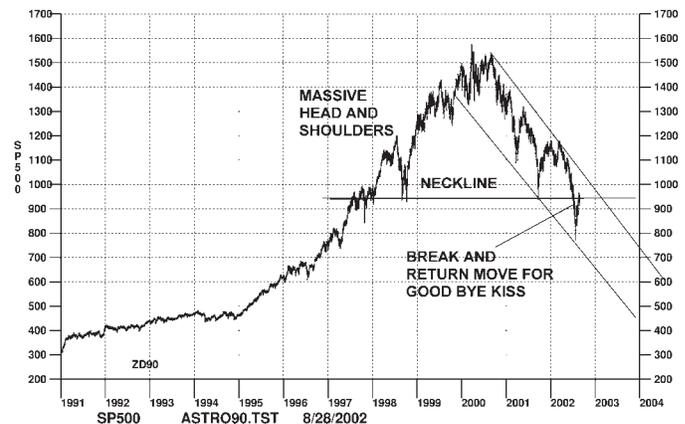
Stocks managed a rally this month. But that rally is topping out. Significantly, it has failed to hold above the 936 neckline of the massive head and shoulders pattern shown on the long term chart at the right.

Often a head and shoulders pattern will have such a "return to the neckline" move. Prices bounce back up to the neckline and give it a "good-bye kiss" and then head lower. So this brief three week rally has proven nothing. Until prices break out of the down channel shown on the long term chart, this is still a bear market.

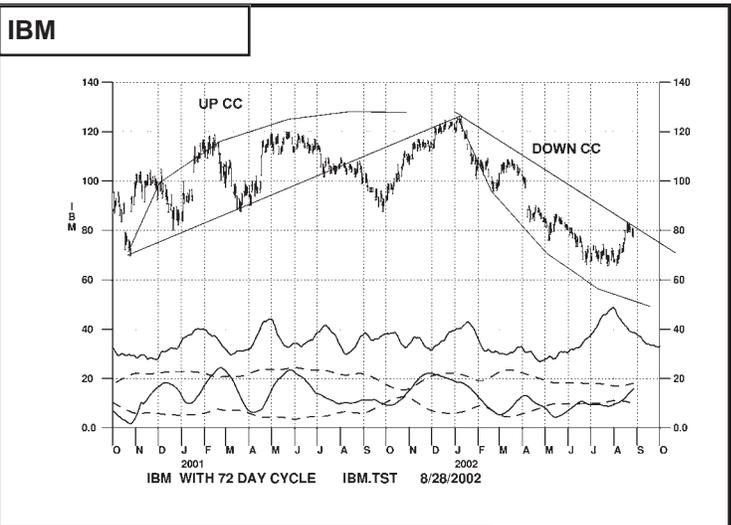
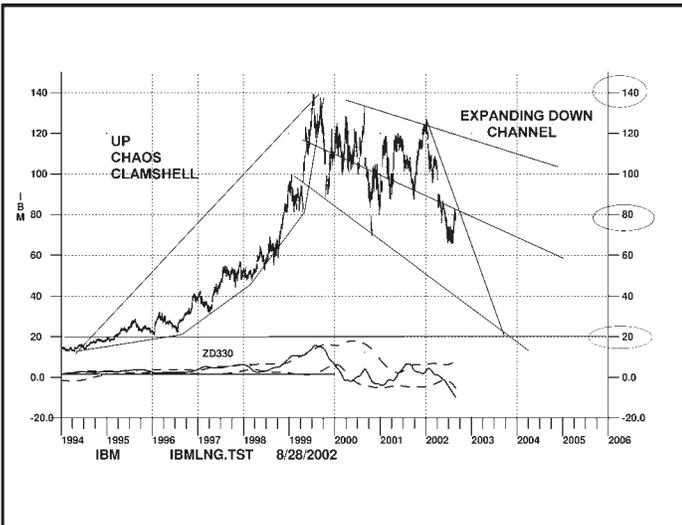
The near term chart shows that prices continue to be contained within a converging down channel. Unless prices can break above 972 on the S&P futures, the near term outlook also remains bearish.

In a bear market, each rally is greeted with shouts that the bear is dead. Trying to pick the exact low of the backside of a **Mania Market** is just as difficult as trying to pick the high of a **Mania Market**. From 1994 until 2000 every pullback was greeted by a number of bears saying the top was in. I expect this effort to catch the low to intensify as the bear market moves on. Even the last newsletter from my broker had a photocopied note saying that while the printed newsletter said the short term trend was down, it had just turned up.

Don't react to these proclamations. Wait until many stocks have turned up. You can use the tracking method outlined in the last newsletter. In the 80 stocks I track, only one of them is clearly bullish, Meridian Gold. It was recommended last year by my brother, a geologist.



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 weekly but still remains in a serious decline. The long term chart shows a very wide expanding down channel. The current downtrend could reach as low as 20. If this seems silly to you, think of all the Internet stocks that reached 140 and are now well below 20.

The near term chart shows that the recent small rally is apparently part of a down Chaos Clamshell. The energy forecast is down over the next two months which should bring weakness to 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

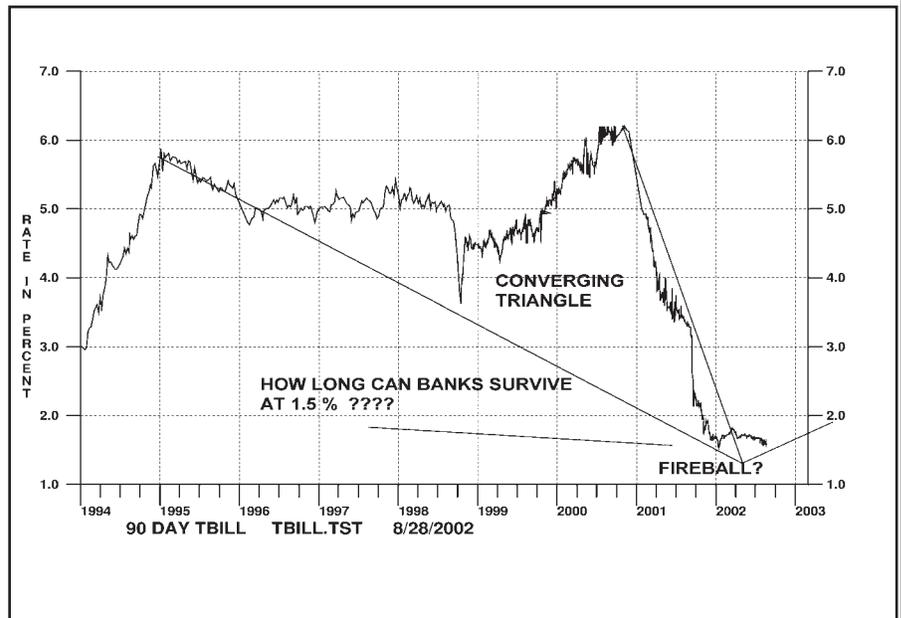
The economy has gone through the summer hoping for better times. But many corporations are announcing weak demand for their products. Not surprisingly, the US consumer has lost confidence. The latest consumer confidence index fell to 93.5 from a revised 97.4. The expected number was 97.0.

A few years ago many older Americans were planning to retire about now. Now many of them have found that their retirement accounts have been devastated and they cannot afford to retire. Sadly, many of these people had absolutely no clue as to how dangerous stocks really can be. And they certainly were not advised by the brokerage houses and the "analysts" (salesmen) that there were significant risks. And none of these brokers called their clients and told them to sell all their stocks. So the public got burned badly.

Meanwhile, reports continue to come out that in some companies, such as Qwest, management was getting rich selling stock while their profit forecast was falling far short of the mark. Further, Wall Street enriched many of these managers by providing them special deals on new stock offerings.

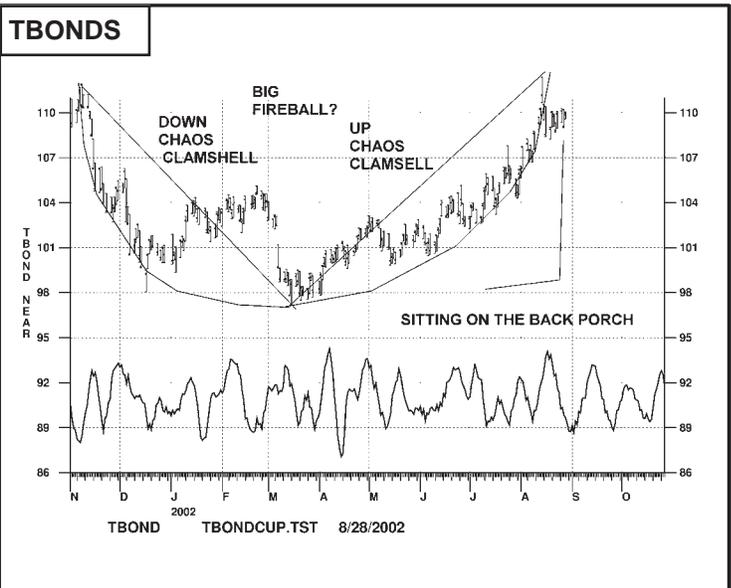
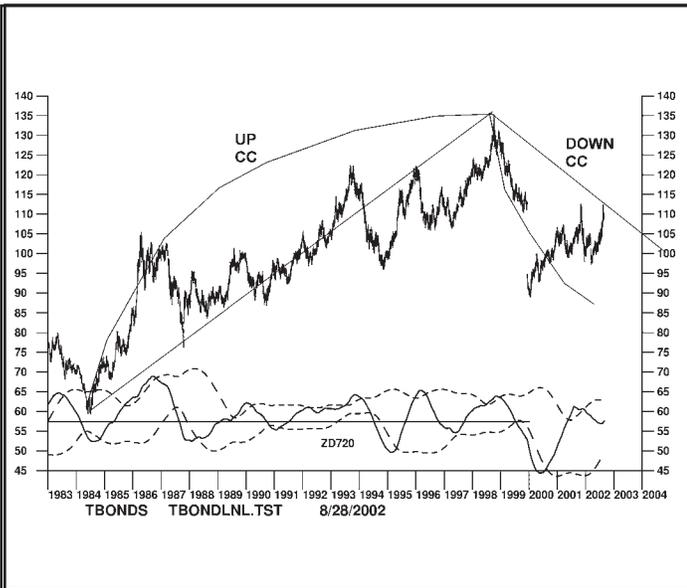
Is it any wonder now that people in offices no longer talk about the stock market, never check stocks during the day, and do not plan to put their money back in stocks, any time soon and possibly never?

The real crime here is not just that millions have been hurt, but that the entire process entrepreneurs of creating new companies and building new businesses has been severely crippled.



The world has the habit of making room for the man whose words and actions show that he knows where he is going.

Napoleon Hill

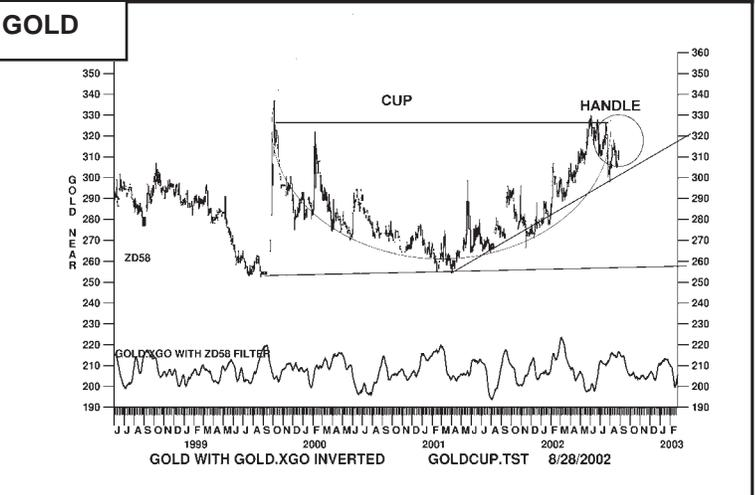


Tbonds may have peaked. T bonds have benefited from the public pouring money into bond funds as they pulled it out of stock funds. Once that new money wave is over, buying in T bonds should subside.

The long term chart shows that bonds are still in a down Chaos Clamshell. The near term chart shows that the recent rally has probably ended. The up Chaos Clamshell has peaked, followed by a formation that I call "sitting on the back porch." That pattern is usually a precursor to decline. Further, the near term chart shows 2 Chaos Clamshells, which taken together look to me like a big fireball. Fireballs are energy centers which first attract price and then repel price.

A man without a purpose is like a ship without a rudder.

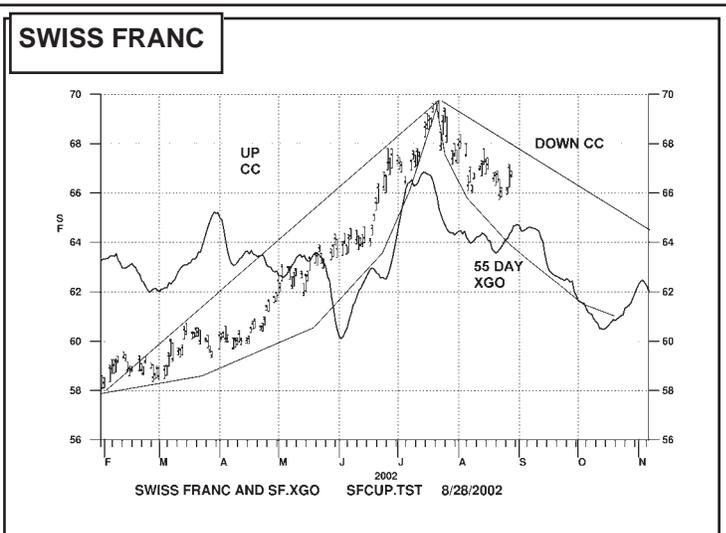
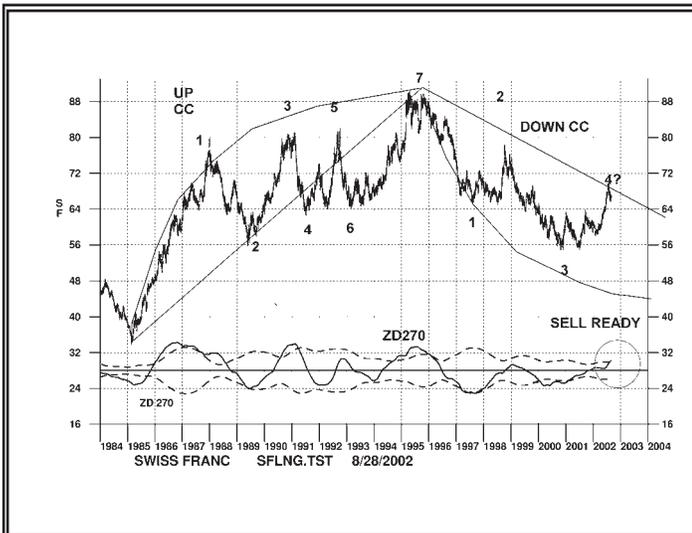
Thomas Caryle



Gold has been pulling back, getting a little rest before charging higher. The long term chart shows that gold has broken out of the mother of all converging triangles. This huge basing formation suggests a strong up move in gold.

The near term chart shows a pattern which can be interpreted as a cup and handle. This currently popular pattern is a fairly reliable one. Prices are currently in the handle. If they break above the lip of the cup, that alone will attract technical buying in gold. That break may take until early next year to develop. But right now all indications are that gold will head higher.

More on gold in the energy section.

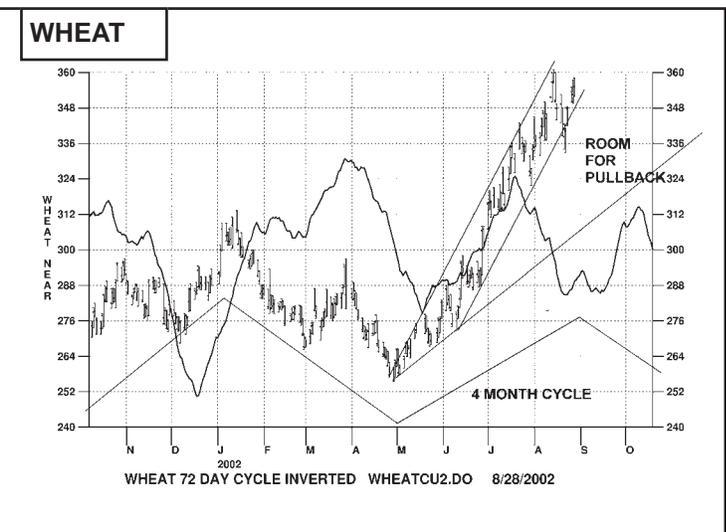
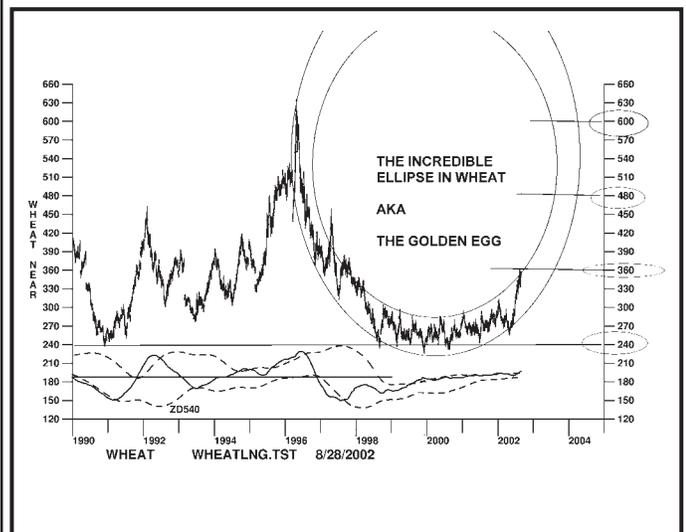


The Swiss Franc continues to be weak. It appears to be setup for further decline. The long term chart shows that move 4 in the down Chaos Clamshell is probably completing.

The near term chart shows that the Swiss Franc has been following its 55 day energy forecast quite well. That forecast is sharply down for the next 6 weeks.

The indispensable first step to getting the things you want out of life is this: decide what you want.

Ben Stein

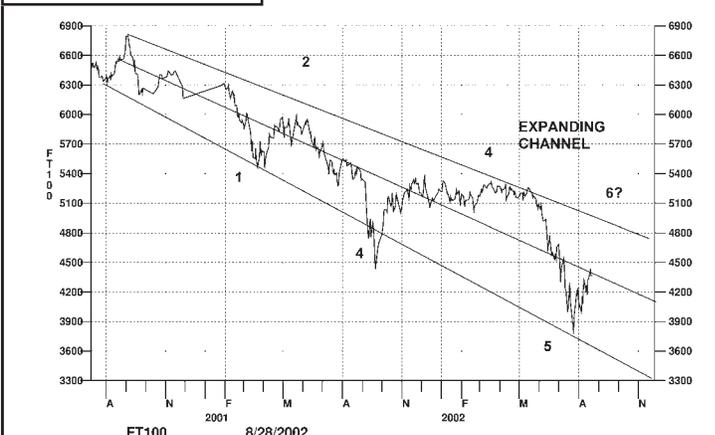
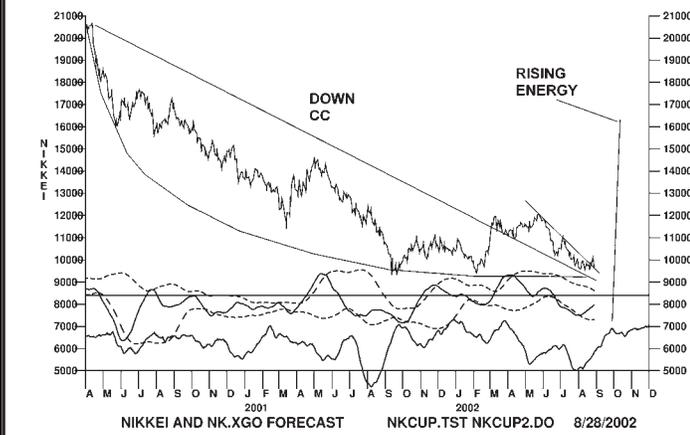


Wheat rallied up to 360. At that price it touched the inner ellipse shown in the long term chart. It is now set up for a pullback to the outer ellipse. From that pullback, wheat should rise sharply, as long as the **Incredible Double Ellipse In Wheat** holds.

The near term chart shows that the rally in wheat has formed a fan pattern. The supporting trendline of this fan pattern is near 315. This gives wheat plenty of room to pull back. So unless wheat can break above 360, traders should wait for a good pullback for a buying opportunity.

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 \$100.**

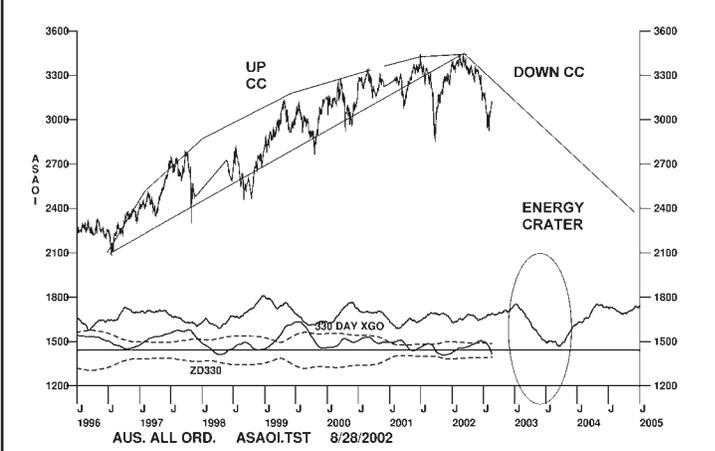
WORLD MARKETS



The Japanese market has declined to test its lows. It could be ending its down Chaos Clamshell. The energy forecast is up. Watch carefully.

The British market continues in its down channel. It has rallied only to the mid-channel.

The Australian market is sitting on the edge of a huge energy crater. If it falls into it, we could see a serious drop in that market. Heads up, mates.



CHAOS CLASSROOM

Many people have a problem in identifying a top in a major market. This may help.

First, make up a chart that covers 10 to 20 years of that market. The one to the right is for real estate (thanks to ML for the data and LP for asking).

Next try to identify a harmonic trend line supporting the market. On the chart I found a nice 3x2 harmonic trend line.

Third, look for a break well above the trend, indicating "excessive exuberance." Then watch for that move to meet resistance in a series of tests. The chart shows a 10x1 resistance line. That line has been tested three times, forming a 5 year double top, inside of which is a one year double top.

Fourth, watch for a break of the supporting trend line to come before it crosses the resistance line. If you are long in a market like this, recognize that you are living on borrowed time.

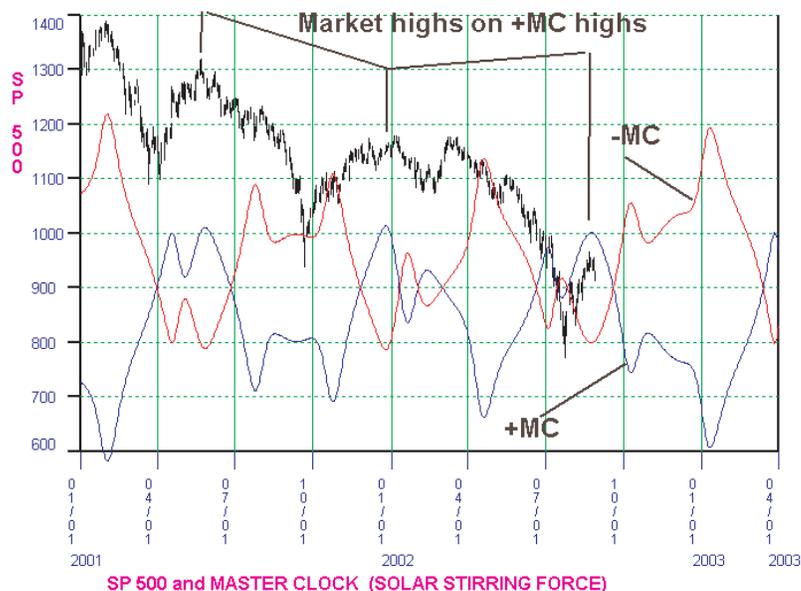


ASTROPHYSICS AND CHAOS THEORY

One of my first major discoveries in markets was that they are affected by the flow of energy from the Sun. As the planets rotate, they stir up globs of gas on the Sun, causing swirls, which result in solar flares, coronal mass ejections, and variations in the solar wind. The solar wind carries ionized particles to the Earth. These particles charge our ionosphere to a high voltage. This causes an electric current to flow through us as we stand on the Earth. Traders feel the changes in these electric currents as emotions. These show up in price action.

Because the energy waves strike the Earth and flow in both directions around the Earth, the result is that there are two energy waves to which traders can react, the positive energy field and the negative energy field. The possibility of reacting to either field is what produces chaotic markets.

This chart shows that the solar stirring force (Master Clock) and the S&P 500. Note the pattern of market highs on Master Clock highs at about seven month intervals. That shows that last week's high is, at least, a short term high. The chart also shows the possibility of an inversion in October, switching the market to the minus MC curve.



Ideas are funny little things. They won't work unless you do.

Unknown

ENERGY

This chart shows an energy forecast for gold. It comes from the work of Dr. Greg Meyer. Greg is a graduate of my Master's Course. Not only is he one of the nicest people on the planet, but he is a very smart dude.

Many years ago I developed two things - a short term energy forecast called XGO, and a zero delay filter. Greg invented a clever way to use these two tools for long range forecasting. Reasoning theoretically, Greg developed a methodology for figuring out what length energy filters would filter out the longer term energy cycles in a market. This process usually yields a handful of cycles to watch. My experience with Greg's forecasts is that they are very good.

Greg recently has been working on gold. This chart shows one of the cycles he has found, an 833 day energy cycle. That cycle is generally forecasting gold to move higher into late next year. With the aid of this forecast, one can envision a converging channel into that time frame. Thanks for sharing, Greg.



QUALITY IMPROVEMENT

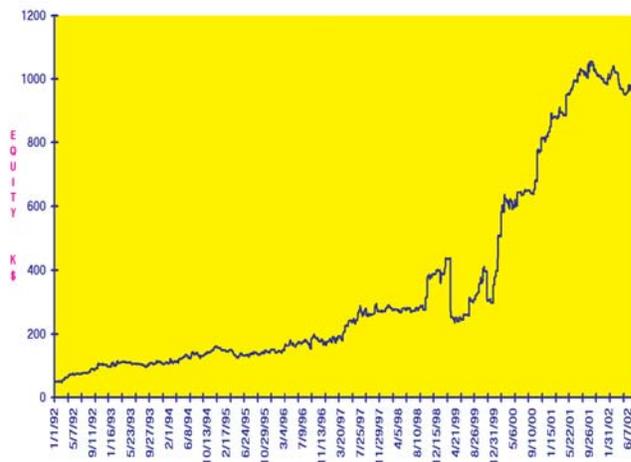
Quality Improvement is a constant process

of not only improving the way you do things little by little, but also of making major changes to the way you do things when the time is right.

The time is very near for a change in the way this newsletter is done. Now that technology has advanced to the point where I can maintain a server in my own office, rather than in some remote machine room, it is time to change this newsletter from a printed newsletter to an all electronic newsletter accessible as web pages.

This change will simplify our process of creating and distributing this newsletter. The publishing program that we use to produce printable copies is a pain to use. Producing the newsletter as a set of web pages is trivial compared to our current process. In addition to the preparation, the printing, folding, envelope stuffing, and mailing is time consuming and expensive. When we complete the conversion, this newsletter will not exist on paper and will not be mailed or emailed. When each issue is ready, you will be sent an email containing a link to the newsletter on our server. We hope to make this change by early 2003.

HOTLINE POSITION TRADING TRACK RECORD



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

PEOPLE AND HAPPENINGS

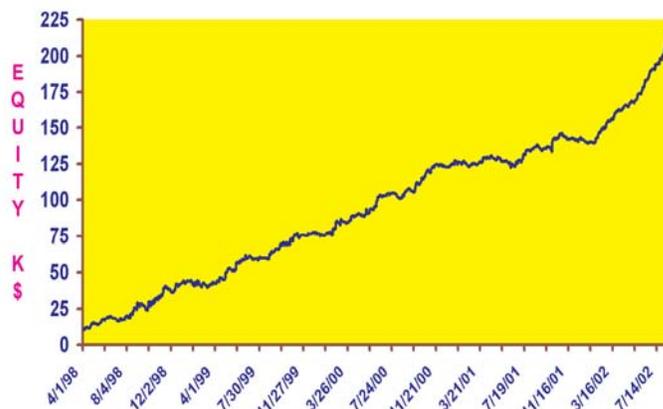
This has been a very busy month, as August usually is. Besides doing more yard work, we managed to take a week off for vacation in the Rockies. How great it was to sleep every day until I awakened naturally. I am almost embarrassed to say that I slept nearly 11 hours the first four nights. My normal nights sleep is 5 hours. A special thanks to Jim Twentyman for doing my hotline while I was gone.

This has been a busy month for inquiries, sales, and trading. Juggling all these events has taken a little effort, but we think everything has gone smoothly.

We hope all of you have also found a chance to get away and rest and rejuvenate.

All for now. See you next month.

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Futures Trading is Risky. Past success is no guarantee of future success.

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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AUGUST

S	M	T	W	Th	F	Sa
				1	2	3
² 4	5	6	7	^N 8	9	10 _M
11 _V	² 12	13	14	15	16	17
18	² 19	20	21	^F 22	23	24
25	² 26 _V	27	28	29	30	31

SEPTEMBER

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

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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