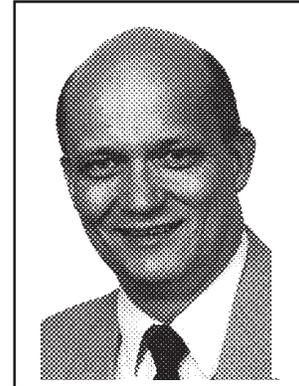
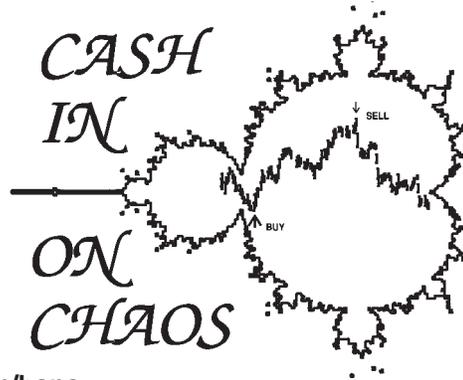


Yes,  
you  
can ....



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

CASH IN ON CHAOS NEWSLETTER - August 31, 1999- 99-8

Dr. Hans Hannula, voice 303-452-5566, fax 303-457-9871, email [allanson@cashinonchaos.com](mailto:allanson@cashinonchaos.com)

**Stocks break sharply from a new moon lower high, setting up for a serious decline. T bonds holding their bottom. Swiss Franc mixed. Gold set to go lower. Wheat continues bottom formation. World markets topping. 1987 comparison updated. Grand Cross shows its power.**

**STOCKS**

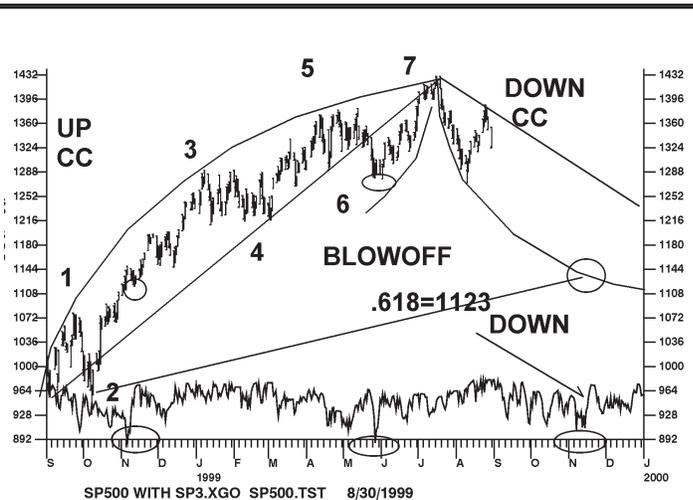
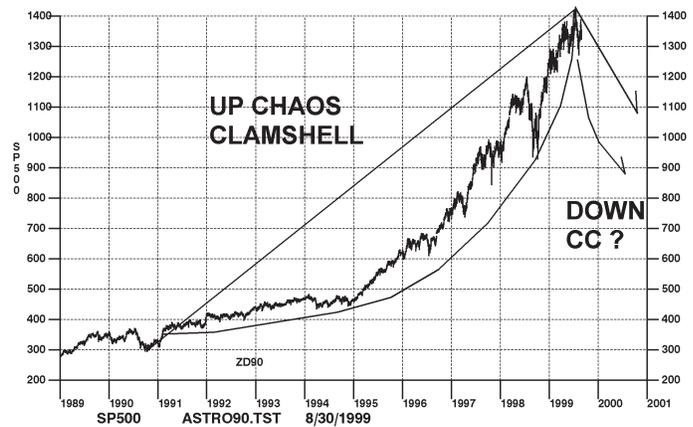
The July high in stocks now looks like the high for the year, and perhaps the high for some time to come. The August high turned out to be much lower in the S&P, although the Dow did make a higher high. This divergence is itself an indication that the market is weak.

The long term chart shows the multi-year up Chaos Clamshell, which now appears to be complete. A new multi-year Chaos Clamshell is probably just beginning.

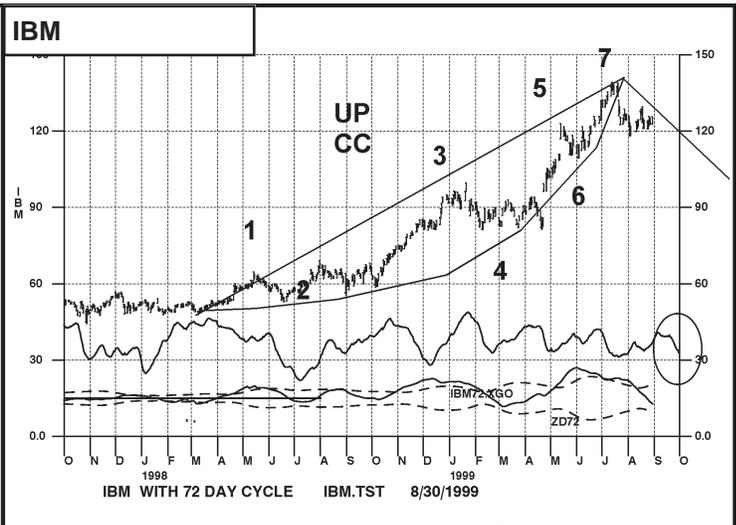
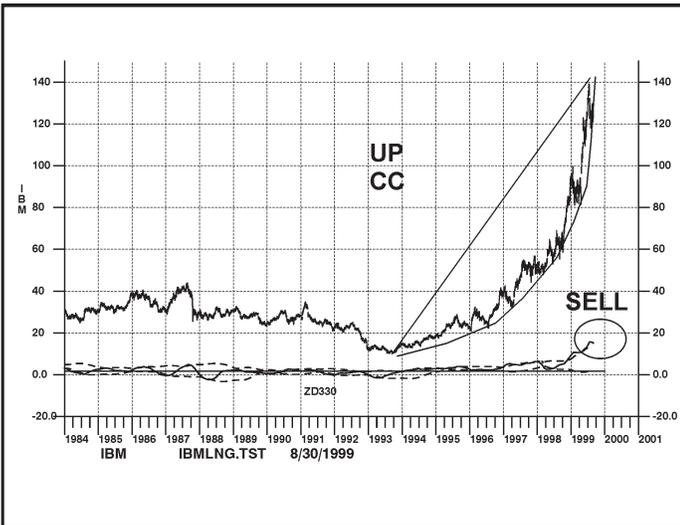
The near term chart shows the S&P for the last 16 months. Prices have formed a relatively clear up CC with the expected 7 moves. Move 7 is a blowoff move, a frequent occurrence in Chaos Clamshells. The recent high came on the full moon following the solar eclipse. This was a near eclipse, with the shadow just missing the Earth. These are often as powerful as the eclipses themselves. Combined with the lunar and the solar eclipse, this near eclipse is a potent sign. It is similar to the "two great eclipses that would occur in 1927" that W.D. Gann wrote about in "Tunnel Through The Air" (p. 56). He refers to Ezekiel 33:21, "And it came to pass in the twelfth year of our captivity..." The 12 year cycle is Jupiter. We are twelve years from 1997, and the market is setting up in a similar fashion. So I expect that we will have a serious decline between now and November.

My sketch of the down CC and a retracement estimate show a target price near 1123 on the S&P. That is equivalent to about 9250 on the Dow.

Traders are currently short from 1367. Check the hot-line for updates.



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 pulled back off of its high, possibly completing its huge up CC that is shown on the long term chart.**

The near term chart shows the last part of this pattern as a near term up CC. The pullback from the highs has congested for the past two weeks. The break from the high is relatively small, so it may not be the final high for IBM. However, the IBM.XGO energy drops sharply in September, so we can expect downside in IBM before any rally.

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**.

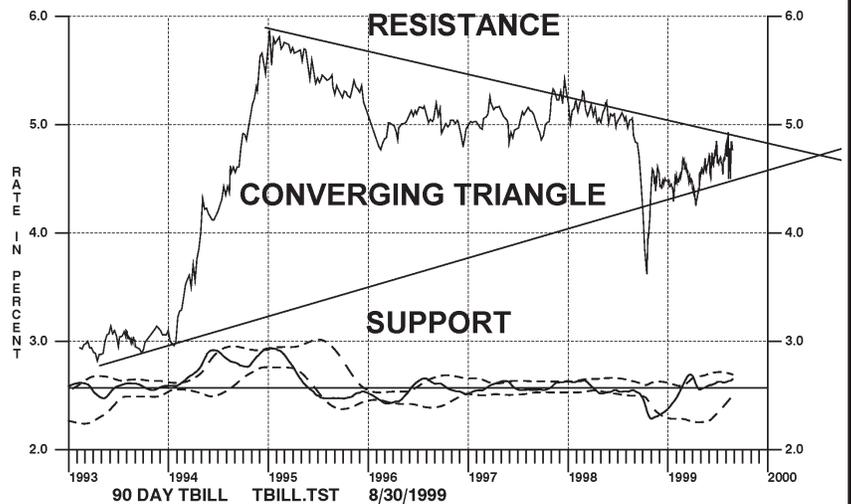
## ECONOMY/RATES

**The Federal Reserve again raised interest rates.** In July, the market reacted to the rise in rates by continuing to move upward for two weeks. In August the market reacted to the rise in rates by continuing to move upward for two days. I think this indicates that the investors are beginning to realize that the Fed is serious.

There is an old rule in markets called the "Three steps and stumble" rule. It says that the market will decline after three interest rises or rally after three interest rate cuts. Last year we saw the rally version. This year we are seeing the decline version.

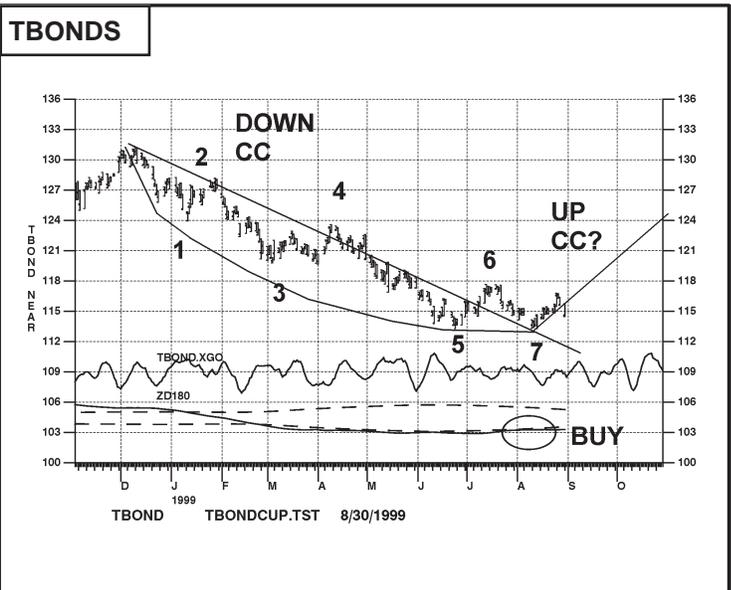
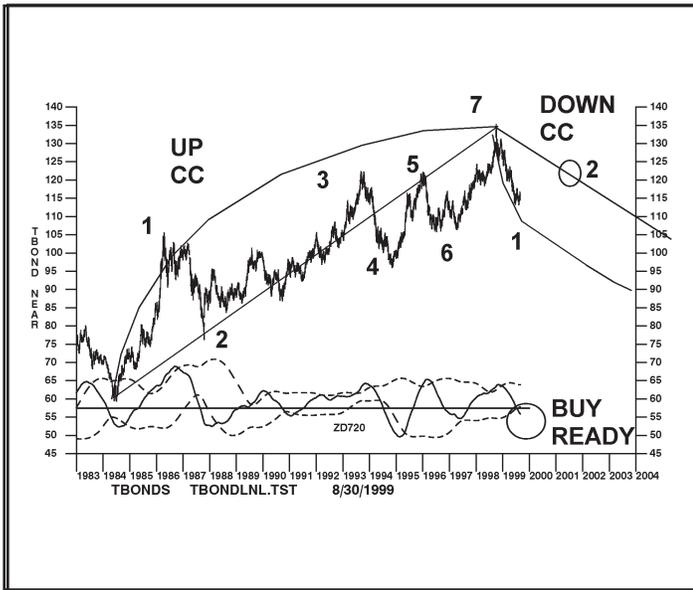
The chart at the right shows interest rates trapped near the end of a large converging triangle. This forewarns of a large sustained move in rates when the triangle is complete. This should occur before the end of next year. This can be traded with a breakout technique, buying on a break above 5 percent and selling on a break below 4.5 percent.

Meanwhile the economy continues to grow, but maybe slowing. We are now in the phase of the business cycle where companies may report earnings lower than analyst's forecasts. These earnings rate surprises are usually welcomed by investors with a sharp selloff. So if you are holding any stocks that may be in this position, you may want to get out of them now.



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

Unknown

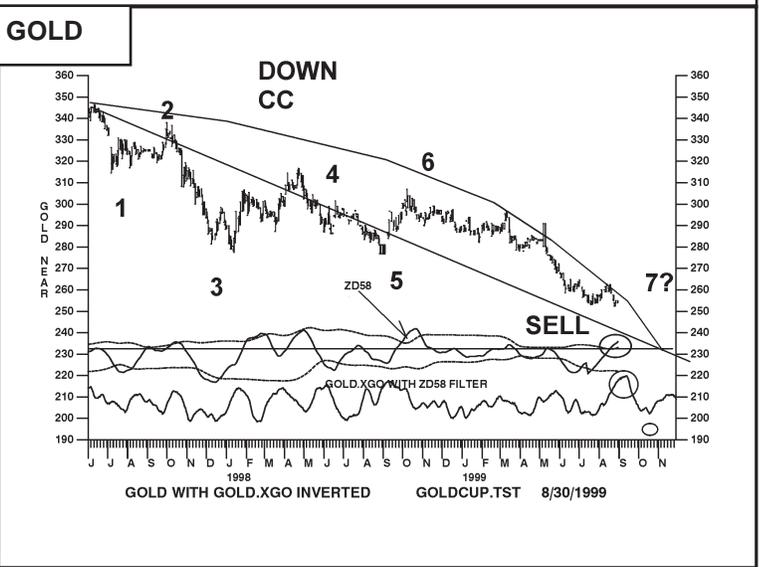
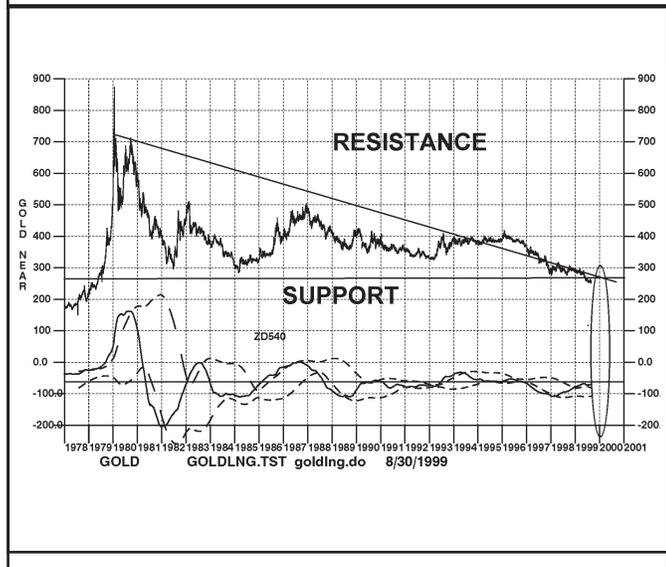


Tbonds are apparently bottoming at the end of move 1 in the large down CC shown on the long term chart. The ZD720 cycle is buy ready. This cycle has been picking eighteen month swings quite nicely. We can anticipate a move 2 to take twelve to eighteen months, bringing prices back to the 120 area.

The near term chart shows expanded detail of this move 1. It has formed a fairly clear down CC. This has ended with move 7 making a double bottom with move 5. Bonds have rallied a bit off of this double bottom. Now they need to rally more to set up a good up move.

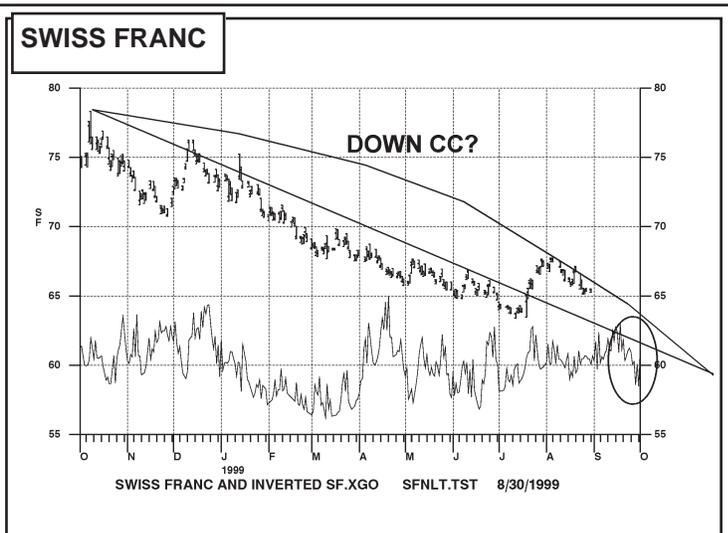
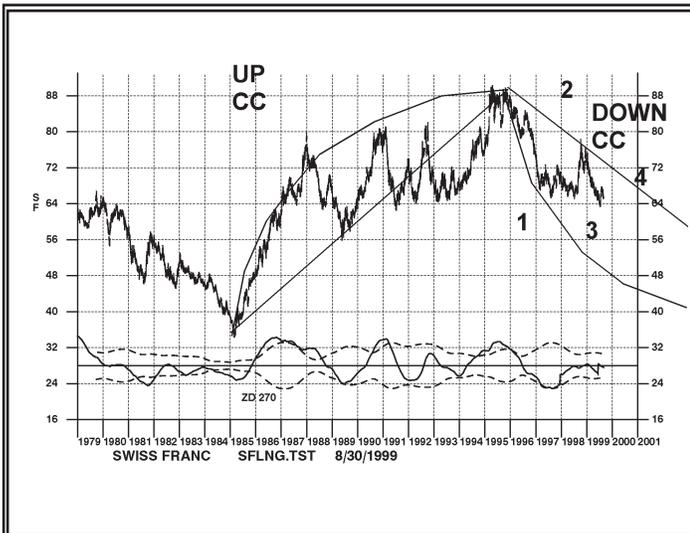
**Success doesn't come to you ... you go to it.**

Marva Collins



**Gold continues to be the most boring commodity.** It has been languishing near its lows all month. The long term chart shows that gold broke its historic support level near 280, and is now fishing for some sort of a bottom. I expect that this will come near 240.

The near term chart shows that gold is about to take a sharp drop. The ZD58 cycle, which tracks the actual energy in prices, is looking very much like the 58 day XGO cycle. The ZD58 is set up for a sell signal as the XGO cycle comes into a high. This decline should last into October.

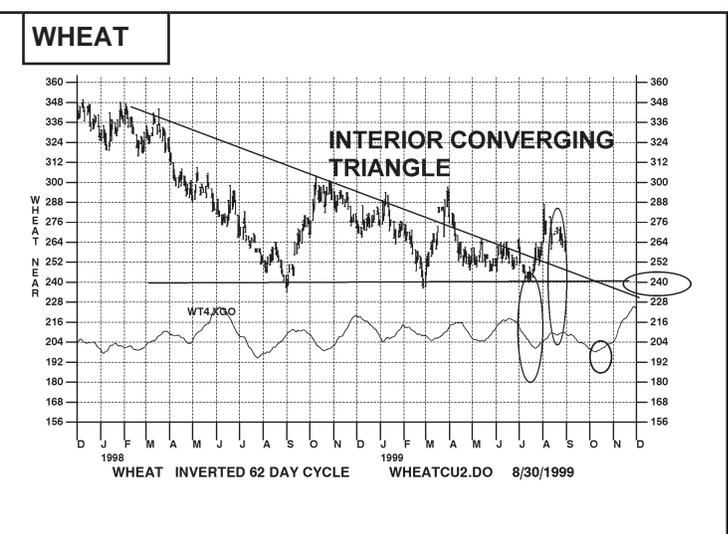
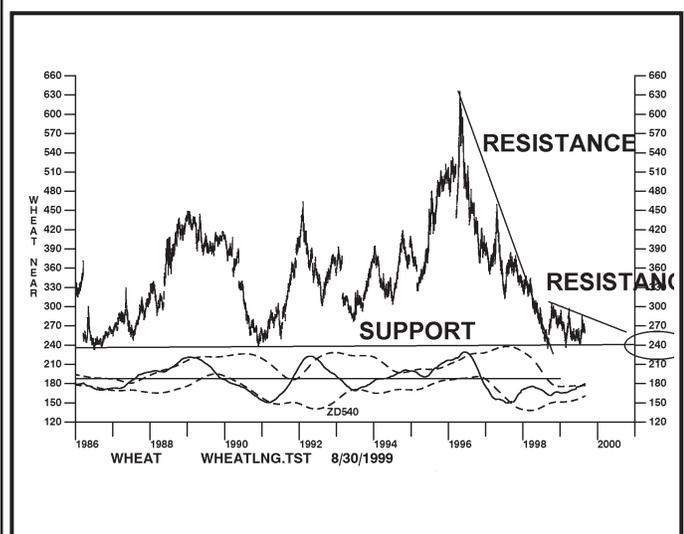


**The Swiss Franc has held above the critical 64 level.** This level has been support for nearly a decade. Any break of that level could lead to a drop to 38. That would be a retest of the 1985 low.

The near term chart shows the steady decline in the Swiss Franc. I have shown a possible down CC pattern. It is warning of a possible sharp drop. The XGO energy chart shows a sharp drop after mid September. A good way to trade this is to place a sell stop at 64, and if it is hit trail a protective stop three points above the following low.

**I do not think there is any other quality so essential to success of any kind as the quality of perseverance. It overcomes almost everything, even nature.**

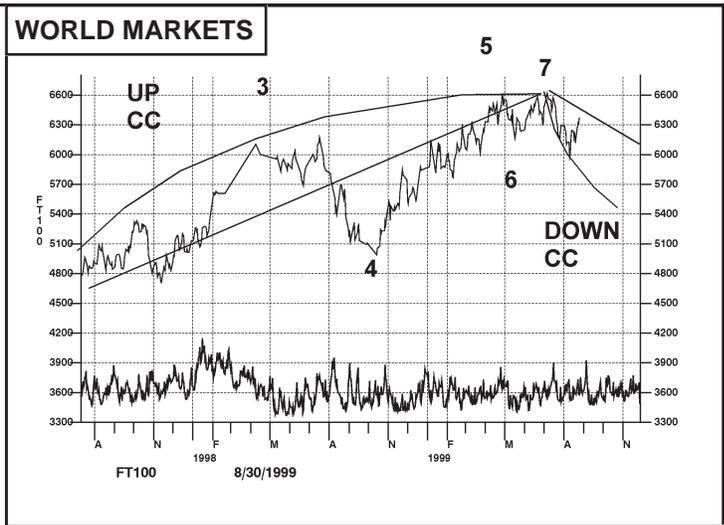
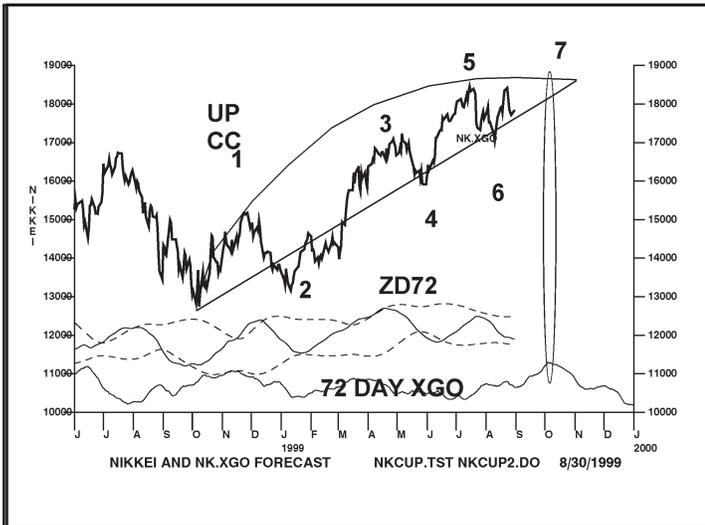
John D. Rockefeller



**Wheat continues to hold above its historic support level of 240.** As shown on the long term chart, prices are being held down by a second resistance line across the highs. This is pinching wheat into a narrowing trading range. Such "volatility pinches" are usually followed by explosive moves. I expect this one to be up.

The near term chart shows an "interior" converging triangle. Such triangles do not necessarily contain all of price, but include significant portions of the pattern. This triangle reaches its apex in October. Wheat's 62 day XGO cycle shows a major low then. That energy cycle is currently on a high, so we can expect a decline from now into October. Be alert for a chance to buy near 240.

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.**

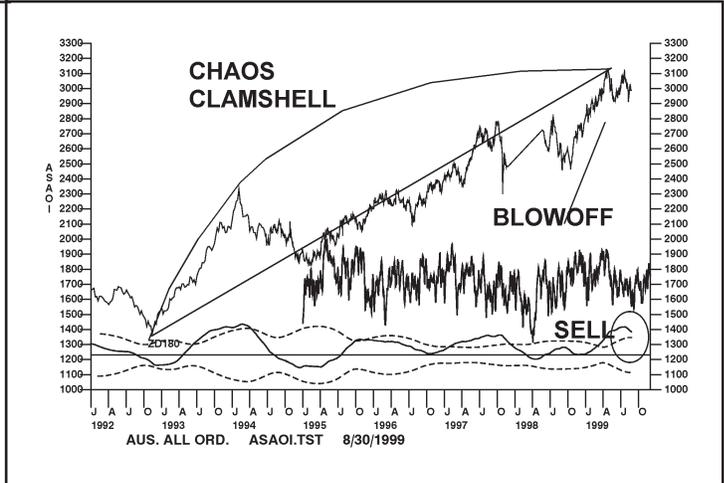


The Japanese market is nearing the end of a large up CC. It appears to be in move 7, which I expect to end before mid October.

The British market appears to have completed its up CC. Like it's Yankee cousin, it sold off sharply from the high, and then rallied to a point below that high. This is a sign of weakness ahead.

The Australian market has similarly completed an up CC, broken down, retested the high, and failed.

All these world markets look very much like tops.

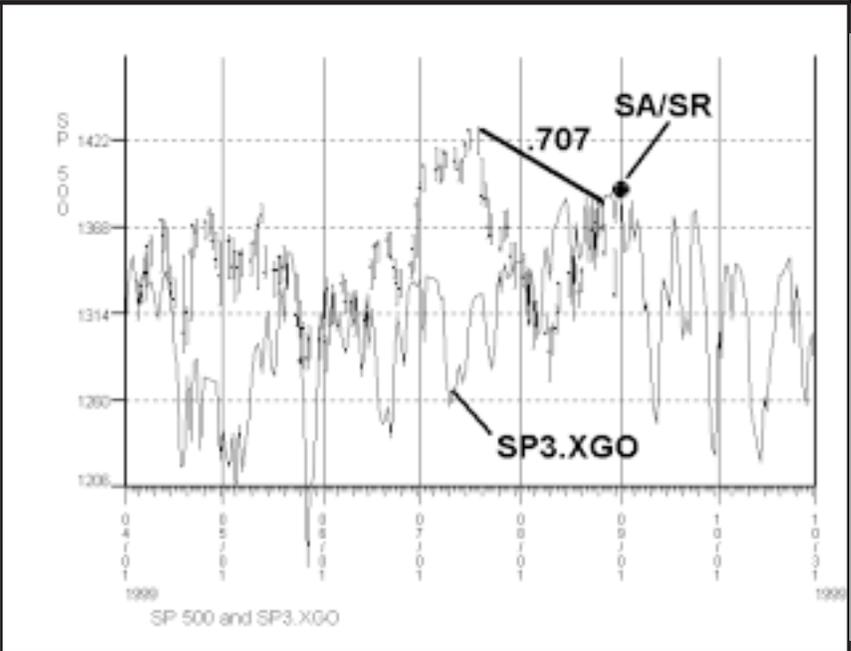


### CHAOS CLASSROOM

This chart shows the reaction of the market to a "strange attractor/strange repeller." This is marked SA/SR on the chart. In my **Chaos Theory of Markets**, prices move from one SA/SR to the next. As prices approach the strange attractor, they act like a person approaching a hot stove. At first they are drawn by the warmth, but when they get close, they may not be able to stand the heat. At that point, prices may be repelled sharply away from the SA/SR.

I use two tools to help me find SA/SR's. The first tool is the "Face Of God" pattern, as taught in my course of the same name. That pattern is not shown here because it is top secret. Foggers have been watching this pattern via our Foggers Only room on the website.

The second tool is an overlay of an XGO energy forecast. The SP3.XGO energy is shown on the chart. It was apparently inverted in July but has been tracking well in September. It warned of a sharp break, which may go to 1210 or lower. An additional tool is to watch retracement ratios. The rally high retraced .707 (square root of 2) of the decline.



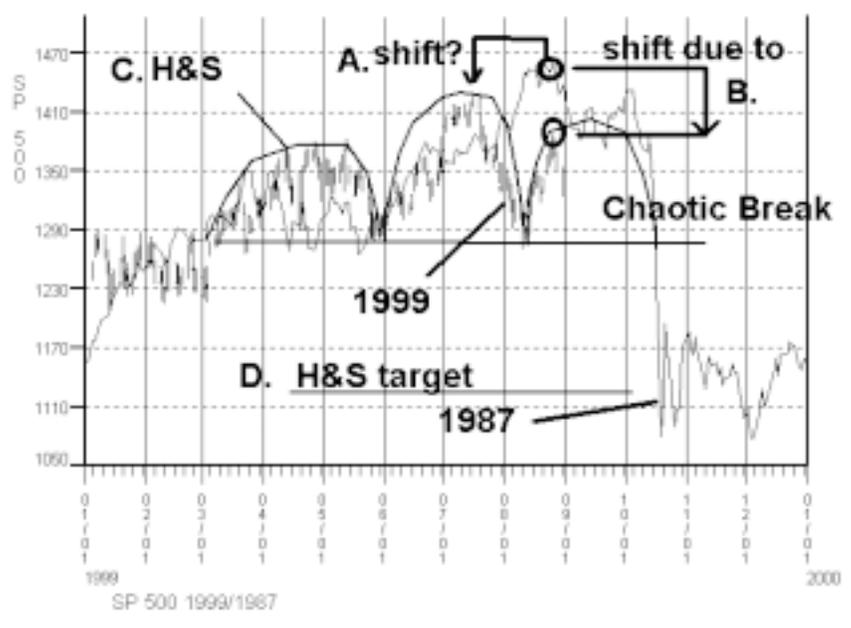
## ASTROPHYSICS AND CHAOS THEORY

This is an update on the similarity between 1987 and 1999. The chart shows 1987 prices shifted forward 12 years. The 1999 prices are following the 1987 pattern well, except for the last break. This is an indication of a shift in either price or time of the pattern. Did the pattern shift left by one month, as shown by A? Or did it shift down, as shown at B?

I think B is the more probable. The sharp drop in July was a chaotic break. That may have changed the 1999 pattern into a large Head and Shoulders pattern, as outlined at C.

If the market does break down as it did in 1987, the Head and Shoulders pattern would project a move to about 1125 as shown at D. Note that this is in agreement with the price target given on page 1.

Keep in mind that forecasts are just scenarios of what could happen. This particular scenario is warning that stocks could take a sharp drop before November. So prudence suggests that if you are holding stocks, that you move out of them now, and put your money into cash instruments.



## ENERGY

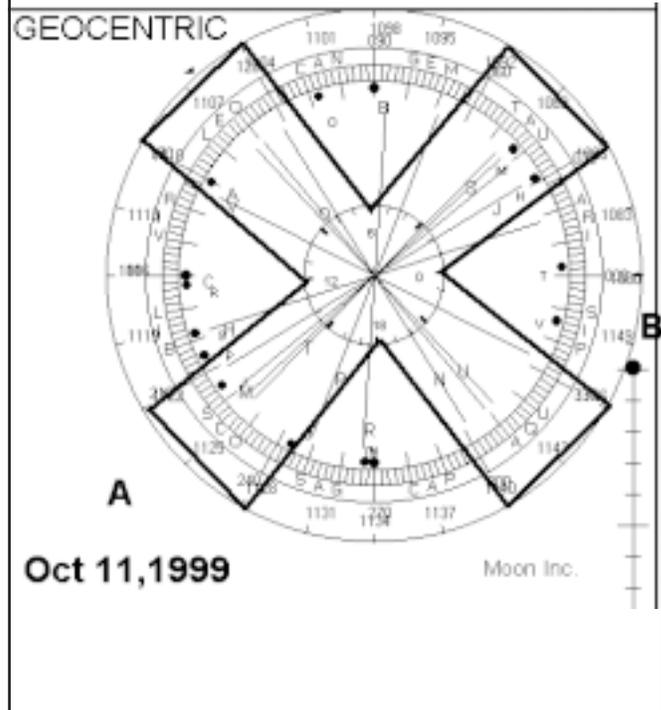
The energy for the emotional moves in markets comes from the planetary system. I have written several times about the Grand Cross pattern that is marking the end of the Millennium.

One use of that pattern is to find key price targets for these major moves. The chart shown is for October 11, 1999. On that date the Moon and Mercury align with the southwest arm of the Grand Cross as shown at A.

The outer wheel of the chart is labeled with prices. The S&P moves in circles of 72 points. The question here is, "What price level near 1120 would be set by the Grand Cross?" If you look carefully you can see that Mercury and the Moon are conjuncting at 1125.

What makes this particular day better than others in the October-November time frame? This particular date has the fast moving Moon and Mercury conjuncting as the Moon is at maximum inclination, shown at B. This was an element in the recent Turkey earthquake (see the page on the website).

So keep an eye on this point in time and price.



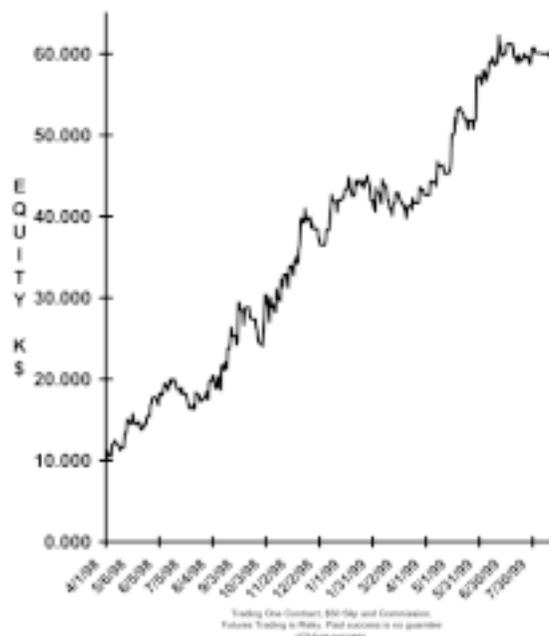
## QUALITY IMPROVEMENT

There is an old saying that "Patience is a virtue." That is particularly true in trading. It is also the underlying theme of Process Quality Management (PQM). As a former PQM instructor, I know that that means sticking with your game plan, and not overreacting to short term fluctuations from the data that comes from a process. If the process is sound, the long term performance will be consistent.

This is clearly the case with our One-A-Day trading program. Each trading day we make one trade, typically using a Trail In-Trail Out technique. This technique guarantees that you will never take a big loss. Instead you will capture small losses, small gains, and occasional big gains. Over time this will build a positive equity curve. One then adds a methodology for picking the time to do the Trail In-Trail Out technique. We do this based upon our MoonTide forecasts. That is the reason for the consistent uptrend in our equity curve.

During times when there are minor losses, or a string of losses, it is very tempting to change the process. PQM warns against this. "If it ain't broke, don't fix it."

MOONTIDE ONE-A-DAY EQUITY



## PEOPLE AND HAPPENINGS

**Ah, the good old summer time!** This month has been busy with a visit to my daughter and son-in-law in New Mexico, and two camping trips in our wonderful Rocky Mountains.

Because of our "rush to relax" we are a bit behind on our email. We are in the process of catching that up now, so if you have sent in an inquiry please be patient. We sincerely appreciate the many emails and calls.

One of those emails suggested that I read a new book by the Magi society called "Magi Astrology: The Key to Success in Love and Money", ISBN 1-56170-128-9. The book reports the results of some very good research into the astrology of relationships and business. One interesting finding is that the newly discovered (1977) planet Chiron is very significant. While I have looked at Chiron in the past, I have not integrated it into my forecast calculations. After seeing this evidence, I will be looking into the matter. Meanwhile you might want to get a copy of the book. It is the best astrology book I have ever read. (No, I don't get paid for that plug.)

All for now. See you next month,

Hans

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

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

**XGO CHARTS**

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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

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