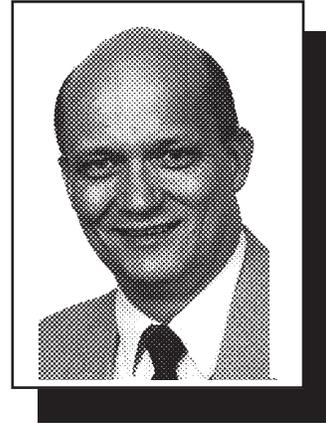
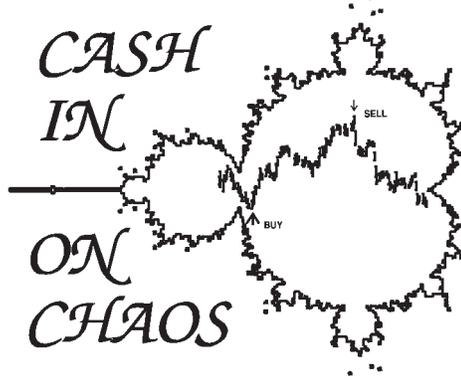


Yes,  
you  
can ....



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**CASH IN ON CHAOS NEWSLETTER - September 26, 2002-9**  
Dr. Al Larson, voice 303-452-5566, fax 303-457-9871, email [allarson@moneytide.com](mailto:allarson@moneytide.com)

*Stocks continued their bearish ways. Tbonds fly north for the winter. IBM pukes. Public loses confidence in human nature. Swiss Franc hanging fire. Gold ready to explode. Wheat rallies more, now about to take a rest. Japanese market breaks lower. Down Under Down. Clean up your energy. Using WinGephi to find key dates. The Moon, Earth, Great Pyramid, and the mile.*

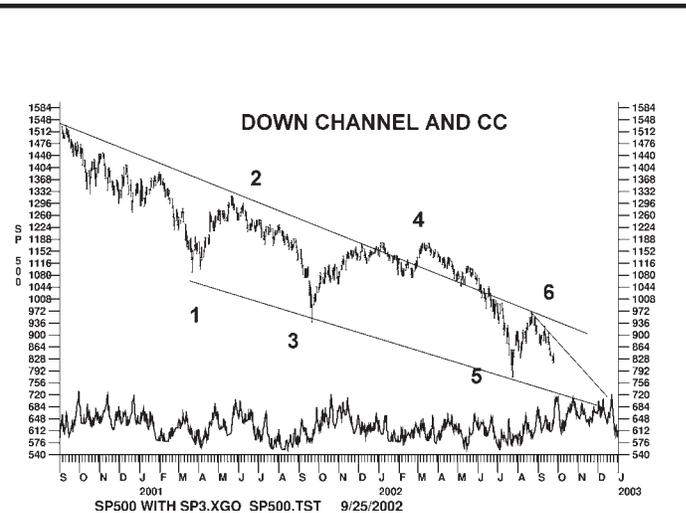
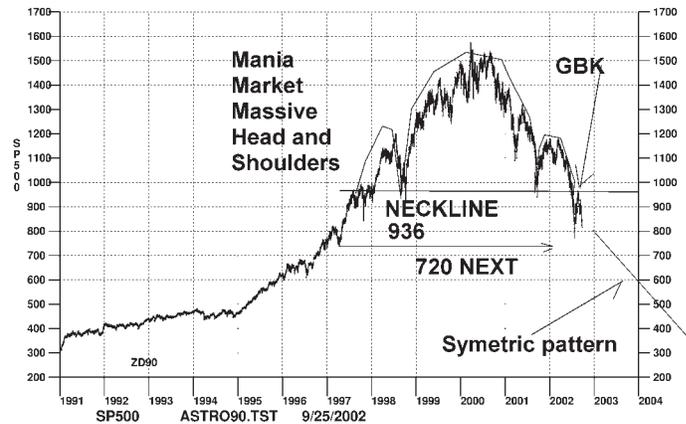
**STOCKS**

**Stocks made an emotional rally on 9/11, and then headed south.** While there are still economists saying that a double dip recession is not possible, the chart on the right says that the market is down well into next year and probably the year after that. This is the backside of a **Mania Market** and it is ugly, as they all are.

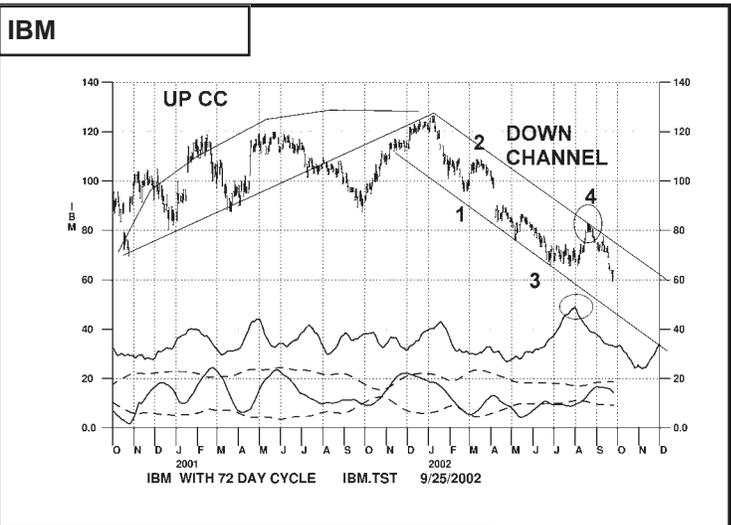
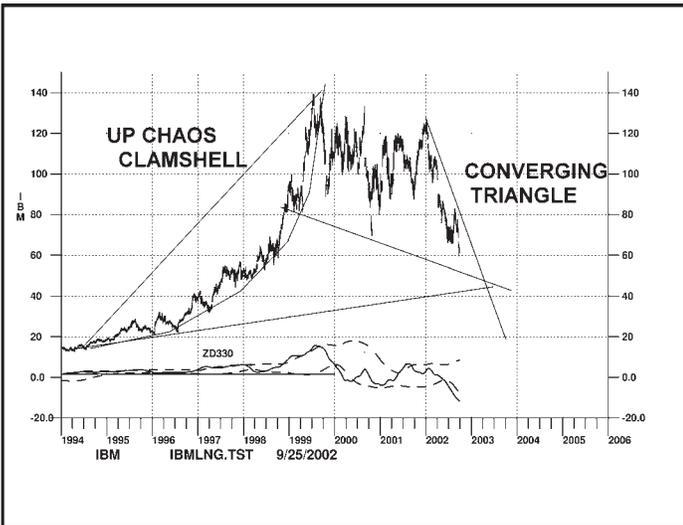
The near term chart shows a clear down channel. I have arbitrarily labeled the moves as possible moves within a down Chaos Clamshell. The only reason to do this is to acknowledge that lower lows are ahead.

By isolating the major moves in the chart pattern one can gain an idea of the strength of buying and selling. From point 1 to point 2, the rally was swift and spirited. The rally from 3 to 4 was slower, more prolonged, and then "rolled over." At that point, some people began to accept the fact that this was not just a pullback in a bull market.

The rally from 5 to 6 was spirited, but short-lived and was met with an equally spirited decline. This rally came up and gave the 936 neckline on the massive head and shoulders a "good bye kiss" (GBK). The emotion that goes with this is just like when a young man breaks up with a girl and kisses her for the last time. There is nothing left but an empty feeling. The charts tell me that's how investors feel now.



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 turned sharply lower as we expected.** The long term chart shows that IBM is probably down into next year, headed for 40 or below.

The near term chart shows the up Chaos Clamshell formed by the last rally. It also shows a clear down channel. The energy function is down sharply over the next several months. IBM looks to be following it with a modest delay.

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

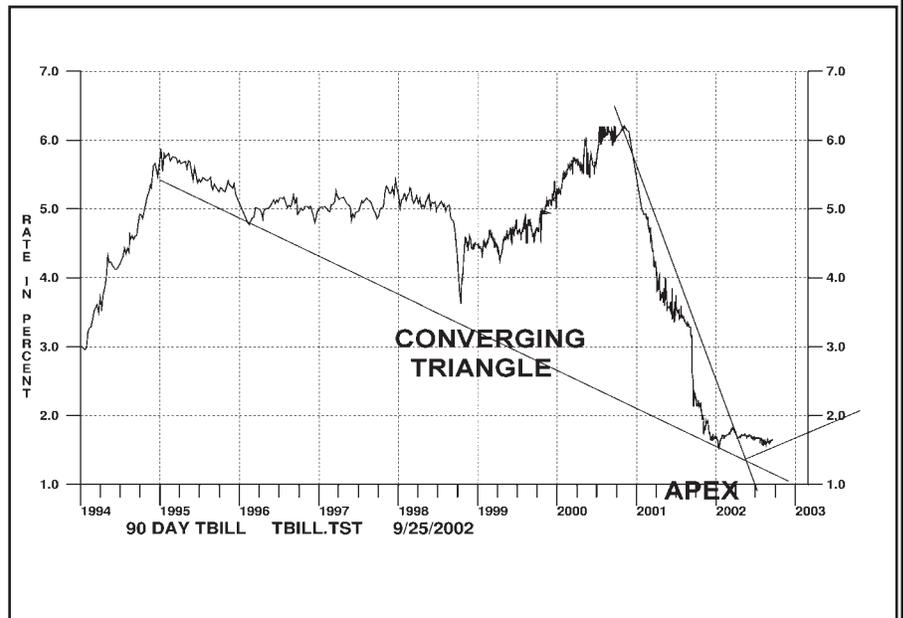
**The economy continues to struggle, the Fed is out of bullets, and war is in the making.** So how did we get from the economy to preemptive war?

It is just another sign of the backside of a **Mania Market**. **Mania Markets** are driven by the madness of crowds, and crowd psychology. Crowd psychology is well explained in two books:

***Extraordinary Popular Delusions and the Madness of Crowds***, by Charles Mackay, LL. D., ISBN 0-374-50276-5, and ***The Crowd, A Study of the Popular Mind***, by Gustave Le Bon, ISBN 0-87797-168-4. Le Bon says,

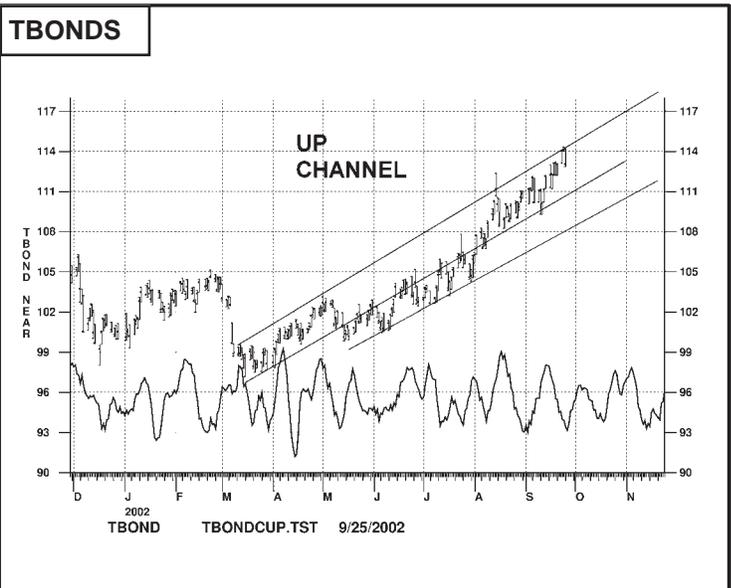
“We see, then, that the disappearance of the conscious personality, the predominance of the unconscious personality, the turning by means of suggestion and contagion of feelings and ideas in an identical direction, the tendency to immediately transform the suggested ideas into acts; these, we see, are the principal characteristics of the individual forming part of a crowd. He is no longer himself, but has become an automaton who has ceased to be guided by his will.”

From Ms. Rice and the White house staff, to the players in various board rooms, and in many financial houses, crowd psychology continues to produce actions based more on the emotion of fitting in with the crowd than with logic. Unfortunately, **THIS IS NORMAL HUMAN BEHAVIOR**. Christ saw it when they crucified him. He said, “Father, forgive them for they know not what they do.” While I think all real crimes should be punished, do not give up on the goodness of human nature. Just understand that these are extraordinary times.



**You cannot do wrong without suffering wrong.**

Ralph Waldo Emerson

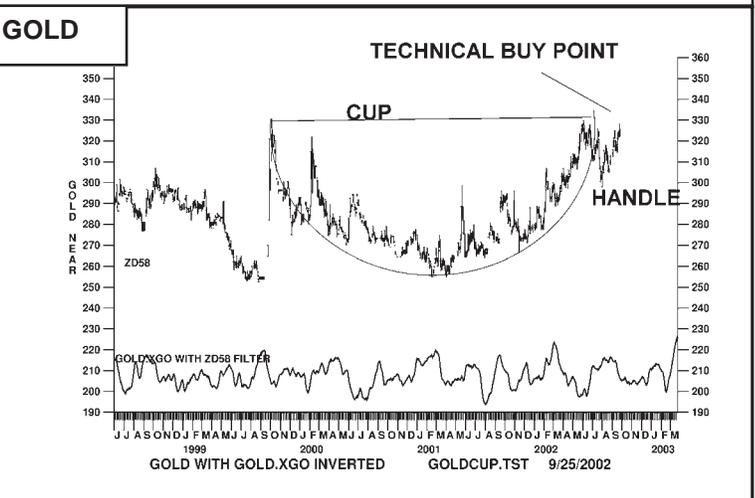
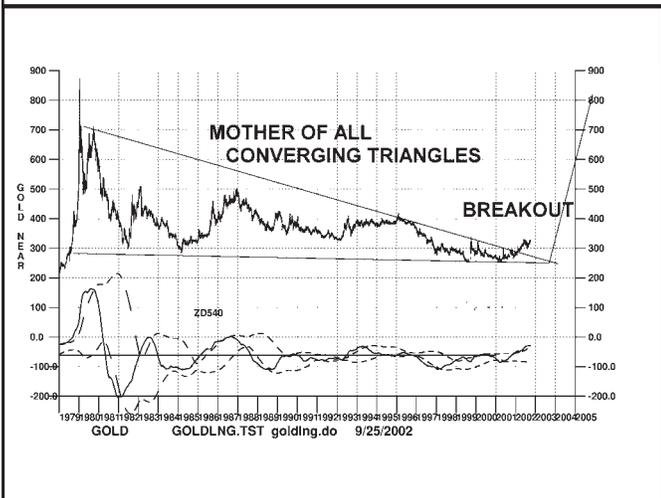


**Tbonds have frustrated me lately.** I was not getting the message. So I have taken a new look at the long term chart. The chart is now telling me that bond prices are being attracted to a chaos strange attractor/strange repellor somewhere near 140 next year. These SA/SR's attract prices like a magnet until their center time is past.

This means that bonds are likely to continue to rally. As the public pulls massive amounts of money out of stocks, they are putting it into bonds. This should continue well into next year, if not longer.

**What I do today is important because I am paying a day of my life for it. What I accomplish must be worthwhile because the price is high.**

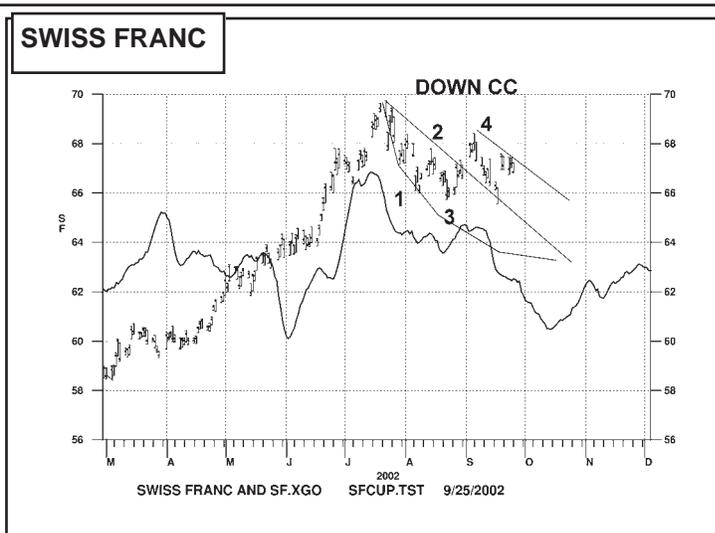
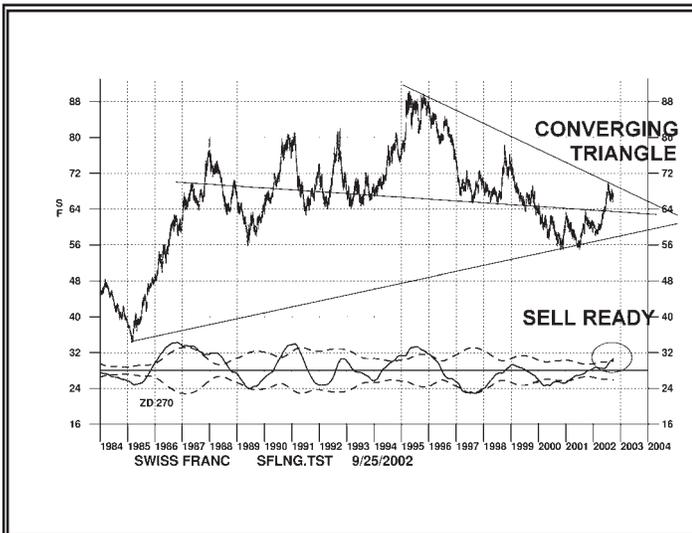
Unknown



**Gold is ready to go north.** It has made a clean breakout from the **Mother Of All Converging Triangles**.

It has drawn a textbook cup and handle pattern on the near term chart. As soon as prices rally above the lip of the cup, every stock market technician will be buying. They will be buying at a higher price than our hotline subscribers. That's okay, because when they add their volume we will probably buy more.

For those people who don't think bonds are a safe haven, gold is about the only other game available. Supposedly its price has been held down for years by central banks. At some point when the bankers decide not to sell gold, we are likely to see prices gapping higher.

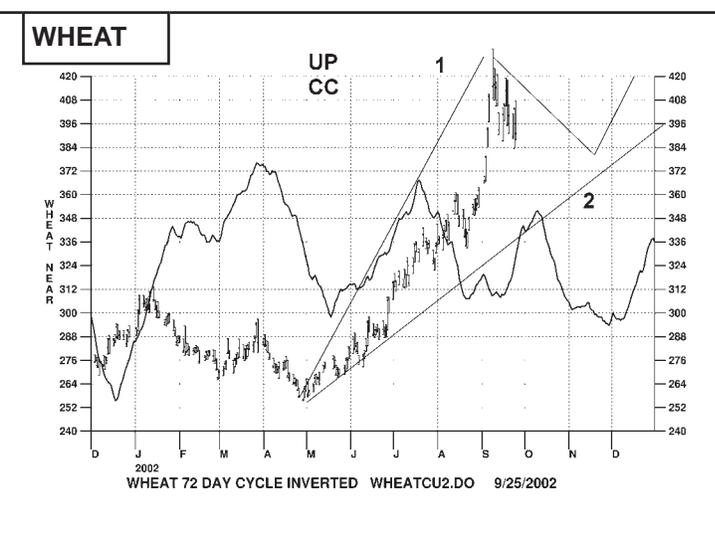
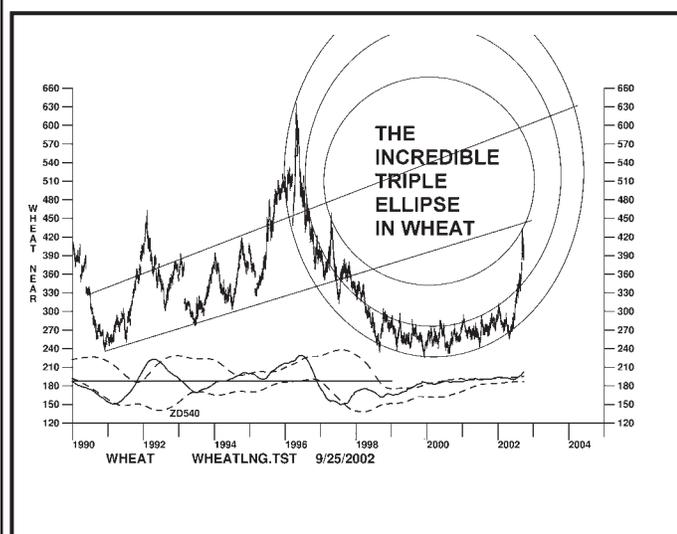


The Swiss Franc is forming a massive converging triangle. This is shown on the long term chart. Chaotic markets tend to return to a point of balance, constantly moving back to the point of balance. The balance price is near 64.

The near term chart shows what looks to be a down Chaos Clamshell about to break lower.

Problems are only opportunities in work clothes.

Henry Kaiser



Wheat broke higher to turn the Incredible Double Ellipse into the Incredible Triple Ellipse. This suggests that the bullish energy forming the double ellipse has gained a high energy partner. This will come into play on the next rally.

Right now the near term chart is showing that wheat is probably going to pull back for a month or so. Watch that pullback carefully, because it may be a great time to buy a market that is about to explode upwards.

I have studied 700 years of wheat prices. That study shows a strong 160 year cycle of major peaks. The next one is due in 2007.

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.**



## ASTROPHYSICS AND CHAOS THEORY

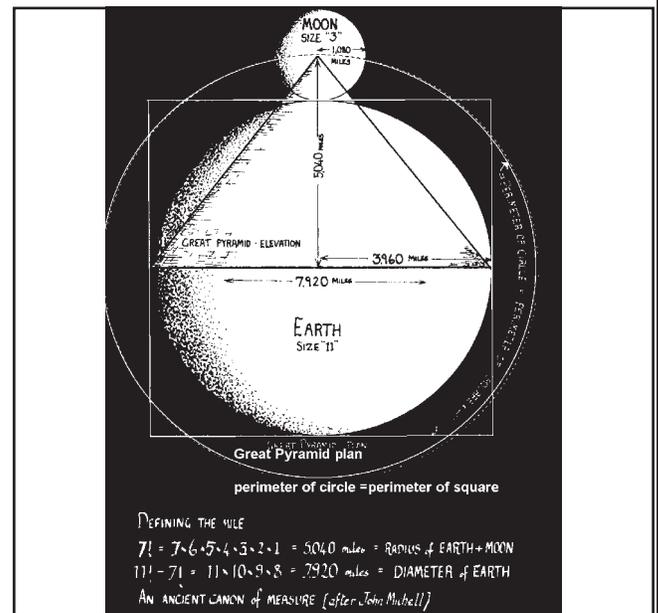
**The foundation for my market work is the physical structure of our solar system.** The basic theory is that the same laws of energy that formed and operate the solar system are affecting markets.

These laws have been sought out for centuries. These seekers of wisdom have uncovered many interesting things. The book, ***Sun, Moon, and Earth***, by Robin Heath, ISBN 0-8027-1381-5, has a neat summary of many of these findings.

The ancient Egyptians supposedly constructed the Great Pyramid to pass onto future generations some of these laws. One of the fundamental characteristics of these energy laws is that they are governed by mathematics. So the ancients went to great trouble to develop units of measure based upon the key physical bodies. This diagram from Heath's book shows the relationship of the Great Pyramid, the Moon, the Earth, the mile, and mathematics. With the mile set to the proper distance,

5040 miles = the radius of the Earth+Moon =  $7! = 7 \times 6 \times 5 \times 4 \times 3 \times 2 \times 1$  and  
7920 miles = diameter of Earth =  $11! - 7! = 11 \times 10 \times 9 \times 8$ .

With the right scaling, the base of the Great Pyramid equals 7920 miles and its height equals 5040 miles. ...And...there is more-much more.



**We don't need more strength or more ability or greater opportunity. What we need is to use what we have.**

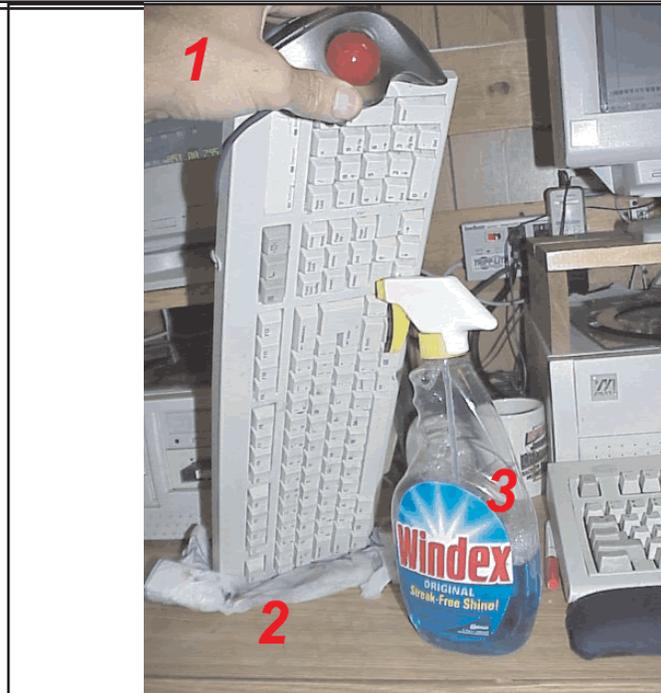
Basil Walsh

## ENERGY

**I was sitting here trying to think of what to write about energy, but I couldn't get up the energy to write anything.** I kept looking at my keyboard. It was so filthy that it was bothering me. Filth draws energy from you. You need to know this if you are going to trade well. You also need to know how to clean your keyboard.

Get a spray bottle of Windex and several paper towels. Put the towels on the desktop, and pick up the keyboard by one end with your left hand (1). Stand the other end of the keyboard on the paper towels (2), and tip the keyboard towards you so the keys point down.

Then pick up the Windex in your right hand (3) and flood the entire keyboard with repeated hard squirts of Windex. Let it drip and run onto the paper towels. Then tap the keyboard gently on the table to shake loose most of the drops that are left. Put your keyboard back, and gently wipe the areas around the keys with the now wet paper towels. It is not necessary to turn off your computer or unplug your keyboard to do this. **When you are done, you will have increased your energy and stopped the "drain of dirt."**



## QUALITY IMPROVEMENT

**Our quality improvement efforts this month have all been internal.**

We are migrating many of our software programs to newer computers and cleaning up many little problems in various pieces of software. As many of you know, I write practically all of the software that I use for market analysis and trading. This has allowed me to do research unrestricted by waiting for others to write the program that I need.

But as technology has improved the platform on which much of my software is written has shifted. It has moved from MSDOS to Windows desktop applications. Now it is moving to server based applications. The start of this new generation of software is my [daytradingforecasts.com](http://daytradingforecasts.com) website. Now I am starting migrate many of my routine office activities to the same web server based programming model. That means that many of my applications will be done in 3 layers - data storage, logic, and presentation. That is how web applications are built and the same technology can be used to build office applications.

## PEOPLE AND HAPPENINGS

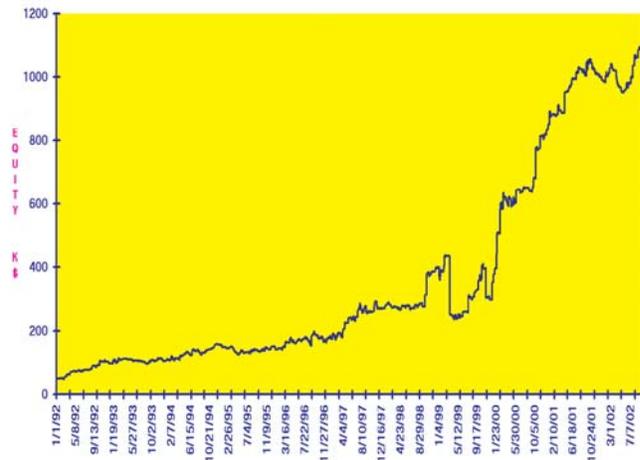
The highest energy event this month was a local celebration of freedom on 9/11. It was put on by the city of Arvada Festival's Commission. It was a musical tribute to those who died on 9/11, to our heroes, and to our freedom. I fortunately captured the spirit of that evening with my digital camera. If you would like to share that evening with me, go to

<http://daytradingforecasts.com/letsroll2002?r=ln09>

Besides that event we have been very busy with phone calls, emails, and in our [daytradingforecasts.com](http://daytradingforecasts.com) chatroom. We thoroughly appreciate your interest in our work.

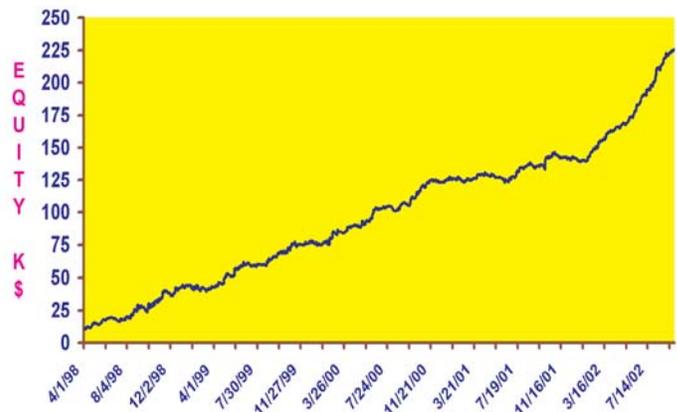
Have a good month. See you next month.

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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.

MOONTIDE ONE-A-DAY EQUITY



Trading One Contract, \$50 Slip and Commission.  
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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## SEPTEMBER

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

## OCTOBER

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

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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