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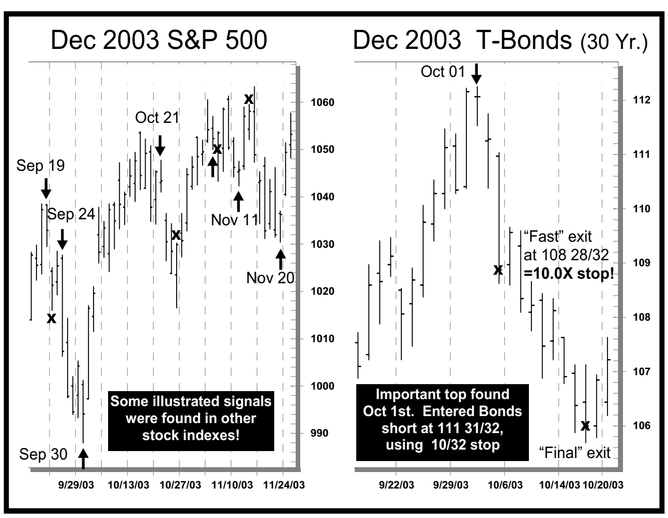

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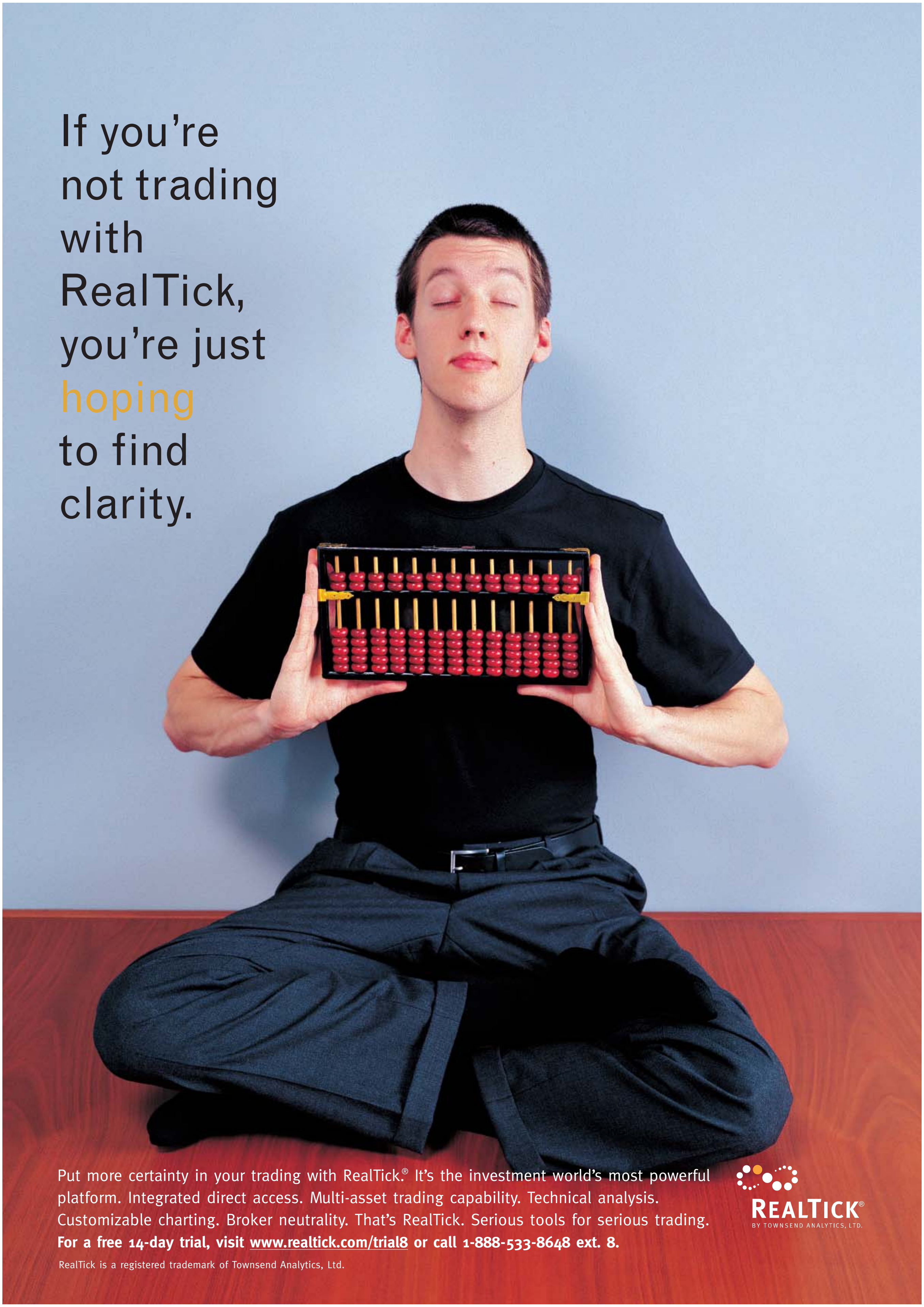
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Time-Space-Reality Oneness-Markets

By Bennett McDowell

What do the above all have in common? That's right, "non-linear" concepts!

It is interesting that of the great minds of humanity, Albert Einstein spent his time on "nonlinear" concepts such as "time, space, reality, and oneness." I find it interesting that the interdependence of these "nonlinear" concepts is what makes a market tick as well.

As a trader, "timing" your trade within the "market" is based on "reality" in relation to the "oneness" of other traders and your outcome is determined by the "space" or movement of your position.

It is my opinion based on consulting with many traders that most traders incorrectly view the markets from purely a "linear" mindset and instead should view the markets from a "nonlinear" mindset as the markets are "nonlinear" themselves. This is why rigid logical thinkers or "linear intellectuals" find trading the markets so frustrating. Since they operate from their logical "linear" "beta" mind state, and become frustrated when market behavior does not do what it "should." This is also why I feel that successful trading has to be both "art" & "science."

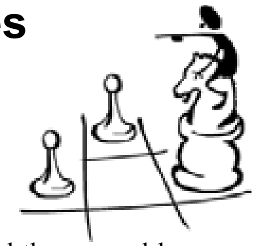
Think about how you approach the markets and to what degree you have a "linear" vs. a "nonlinear" mindset. Also try and remember a trade or trading day where it seemed effortless and you just "let-go" and flowed with the market. In days like these, I'll bet logical thinking was secondary to enjoying yourself, and selecting trades based on both your trading "tools" and your "intuition" which represents trading the markets as an "art" & "science." Compare that to days when you where frustrated because the market did not do what it was supposed to do based solely on logical assumptions.

Usually fear and greed are by products of logical thinking. Fear and greed are emotions and "nonlinear" in concept, but created by "linear" thinking. Isn't it interesting that fear and greed are present in the markets and are "nonlinear" as well. Or is it because fear and greed are "nonlinear" and that they are present in the markets?

Maybe the key to a good trading system should be based on how to measure or determine "nonlinear" market events such as fear and greed. The purpose of this article is to have you look at the markets from a "nonlinear" point of view so that you can perhaps "see" market relationships that where invisible to you before.

Bennett McDowell can be reached at TradersCoach.com

How to Use Trading Strategies in Forex (For People Who Really Don't Like Trading Strategies)



By Joe Krutsinger, CTA

I would like to share with you today some traditional trading strategies, the ones based on indicators, the ones you've heard about. You may be interested in knowing more about the theories behind these trading Strategies.

The four Strategies I'm going to feature today are:

1. The Channel Break Out (31)

2. The Moving Average Cross Over System (28,32)

3. The Exponential Moving Average Cross Over System (5,2)

4. The RSI Oscillator System (12,28,80)

For those of you who have TradeStation or SuperCharts or almost any other charting program, you will probably know the indicators, which these strategies are based upon. When these Strategies were originally written, back in the 1950's or 60's, when commodities trading Strategies became popular, most Strategies were some form of either a moving average indicator or a channel break out.

Traditional strategies were always long or short. That means they were never out of the market. This technique is PERFECT for FOREX! An interesting observation about the channel breakout system is, it is pretty efficient, even today because as a market gets more active and develops wider ranges, the channels widen, so the trailing stop reverse is further away from the market. If the market is quiet, then the channels are narrow, then the stop is close, and the reversal becomes a much closer possibility.

The concept of having a strategy that is always long or short may be scary, particularly in today's market where you don't know what is going to happen as far as risk on any one market. I believe the concept is still valid, especially for those of you who do your own research or your own discretionary trading. Wouldn't it be great to have one of these strategies running on whatever it is you are trading and you told yourself, "If my base strategy is LONG, I'll go ahead and do my long trades, but I will or not take new LIQUIDATE any SHORT positions." If I feel like I want to go short, I won't go short, I'll just liquidate my longs and wait for the next long signal, and because this is the way my base strategy is pointing. What this will do is this:

1. It is tremendous discipline
2. It will cut out half of your trades, mathematically you will only be trading one side of the market, and hopefully if you have chosen the right base strategy, you will be on the right side.
3. It will cut your draw down, the risk you will have with your own discretionary trading. It will focus you on the side of the market, which is technically strongest. This is the way I suggest most of you use these "always in" trading strategies.

When larger funds are looking at a strategy that has its own trailing stop, the administrators are looking at some form of a channel breakout strategy. The Famous Turtle Strategy is an example of a channel breakout based strategy.

I have optimized these simulations on $10,000 worth of Euro FX with a $5 per trade commission deducted for the last two years. (Optimization is nothing more than allowing the computer to test every channel, one day range of the high, to the thirty-five day range of the high, in steps of one and a one day range of the low to the thirty-five day range of the low, In steps of one. This means I let the computer do what it does best.)

The computer finds the best channel using this piece of data. The trick, of course, is figuring out a way for that math to go forward in the future, rather than backwards, into the past.

If you take a look at Figure 1, I've shown a channel break out strategy on two years of trading $10,000 worth of Euro FX with a $5 per trade commission deducted, you can see what the net profit is, what the draw down is, and the number of trades in the two year simulation. Figure 1. 31 Bar Intra Bar Channel Breakout, First trade 3/30/2001 thru 3/27/2003

The second most popular trading strategy of all time probably is the moving average cross over strategy. The way a moving average is computed, if you have a 28-day moving average versus the 32-day. To compute the 28 day moving average, you add the closes of the last 28 days, divide them by 28, and this new number is the 28 day moving average. To compute the 32 day moving average, you add the closes of the last 32 days, divide them by 32, and this new number is the 32 day moving average. The concept is:

If the 28 day number is higher (or above) the 32 day number, you go long. If the 28 day number is lower (or below) the 32 day number, you go short. Again, you are always in the market when you are trading a moving average cross over strategy.

TradeStation Strategy Performance Report

TradeStation Strategy Performance Report - JK- Channel BO EUR A0-FX-Daily

Performance Summary: All Trades

Figure 1

Total Net Profit	$18,170.75	Open position P/L	($449.86)
Gross Profit	$21,518.47	Gross Loss	($3,347.73)
Total # of trades	6	Percent profitable	83.33%
Number winning trades	5	Number losing trades	1
Largest winning trade	$9,293.46	Largest losing trade	($3,347.73)
Average winning trade	$4,303.69	Average losing trade	($3,347.73)
Ratio avg win/avg loss	1.29	Avg trade (win & loss)	$3,028.46
Max consec. Winners	4	Max consec. losers	1
Avg # bars in winners	88	Avg # bars in losers	60
Max intraday drawdown	($4,284.24)		
Profit Factor	6.43	Max # contracts held	11,528
Account size required	$4,284.24	Return on account	424.13%

Summary | Trades | Analysis | Annual | Monthly | Weekly | Daily | Win I Loss | Time | Graphs | Settings

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TradeStation Strategy Performance Report

TradeStation Strategy Performance Report - JK-Mov Crossover EUR A0-FX-Daily

Performance Summary: All Trades

Figure 2

Total Net Profit	$33,520.32	Open position P/L	$666.90
Gross Profit	$41,778.53	Gross Loss	($8,258.22)
Total # of trades	24	Percent profitable	62.50%
Number winning trades	15	Number losing trades	9
Largest winning trade	$10,946.91	Largest losing trade	($3,636.86)
Average winning trade	$2,785.24	Average losing trade	($917.58)
Ratio avg win/avg loss	3.04	Avg trade (win & loss)	$1,396.68
Max consec. Winners	4	Max consec. losers	2
Avg # bars in winners	28	Avg # bars in losers	6
Max intraday drawdown	($4,555.67)		
Profit Factor	5.06	Max # contracts held	11,715
Account size required	$4,555.67	Return on account	735.79%

Summary | Trades | Analysis | Annual | Monthly | Weekly | Daily | Win I Loss | Time | Graphs | Settings

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Historically, the problems with trading a moving average strategy is that when you have big breakaway markets, the reversal takes a lot of the market back in order to keep up with the market, which is turning around. Also, if you have a long moving average, which a lot of people like to trade, 30, 40, 50 day moving averages, you are counting today's price equally with the price of 50 days ago. You are betting on past history rather than today's pricing.

Take a look at Figure 2. You will see the summary, which shows the net profit and loss for this two-year simulation. The variables are listed below in the caption.

Figure 2: 28 vs. 32 Bar Moving Average Crossover, First trade 5/07/2001 thru 3/27/2003

You want to ask me, "Joe, how can we make this system better or at least more sensitive to the market?" (In other words more trades!) Many strategy designers have transferred their perspectives to an exponential moving average. This may sound scary, but it is simplistic.

You merely front-load the moving average so if you are doing a 5 day moving average, you take today's price by 5, yesterday's price you multiply by 4, the price of the day before, you multiply by 3, the day before that's price you multiply by 2. Then you add up these five prices and divide by 5. What you are doing is insuring that today's market data is weighed more heavily in your math formula than the math of five days ago.

The same principal applies on what you do next. If the five day number is higher (or above) the two day number, you go long. If the five day number is lower (or below) the two day number, you go short.

(Just a note: When the LONGER xmoving average is above the shorter one and you BUY, you are in fact FADING the short term trend, as in this example)

You can see those figures in 3.

Figure 3: 5 vs. 2 Bar Exponential Moving Average Crossover, (Fade the Trend)

First trade 4/16/2001 thru 3/27/2003

The last generic strategy I'm going to talk about is the relative strength indicator cross over system (RSI). Wells Wilder developed RSI in 1978. It is an excellent math formula to show when a market is strong, and when it is weak. The basic concept is: You compute the 12 period relative strength, and when it comes above 28 and rising, you get long.

When it comes below 80 after being above 80, you go short. The RSI strategy tends to not give as many signals, however, you are always in the market. Looking at Figure 4, you can see there are a smaller number of trades and the average trade size is bigger, but because of the FEW number of trades in our two year test, it is very easy to "get stuck" on the wrong side (look at the large LOSING open trade equity)

Figure 4. 12 Bar RSI, 28 Buy Zone, 80 Sell Zone, First trade 5/24/2001 thru 3/27/2003

I develop trading strategies, not just different looks beginning with traditional trading strategies, but I attempt to develop unique logical strategies, which will hopefully hold-up in the future.

If you want additional information about any of my custom strategies Email me at: joekrut@aol.com and let me know what additional information I can provide to you.

Good luck and good trading!

You should know that all track records shown on this site are hypothetical simulations. Trading is risky. Traders can and do lose money. See the disclaimer for hypothetical systems on bottom of page 9 of this magazine.

Mr. Krutsinger's book, The Trading Systems Toolkit was Fortune Book Club Selection and his book Trading Systems; The Secrets from the Master published by McGraw-Hill in 1997 has been highly rated. His newest book, Trading System Secrets, Selecting a Winning System, is in paperback. Joe Krutsinger is a Commodity Trading Advisor, registered with the CFTC. Mr. Krutsinger is President of Joe Krutsinger Inc., a trading strategy design-consulting firm. You my visit Joe's website at:www.joekrut.com. Joe can be contacted at: joekrut@aol.com or direct during market hours at: 660-665-2218.

TradeStation Strategy Performance Report

TradeStation Strategy Performance Report - JK-XAvg Crossover EUR A0-FX-Daily

Performance Summary: All Trades

Figure 3

Total Net Profit	$26,777.69	Open position P/L	($572.42)
Gross Profit	$62,316.11	Gross Loss	($35,538.42)
Total # of trades	101	Percent profitable	74.26%
Number winning trades	75	Number losing trades	26
Largest winning trade	$3,127.32	Largest losing trade	($3,909.00)
Average winning trade	$830.88	Average losing trade	($1,366.86)
Ratio avg win/avg loss	.61	Avg trade (win & loss)	$265.13
Max consec. Winners	12	Max consec. losers	2
Avg # bars in winners	3	Avg # bars in losers	11
Max intraday drawdown	($8,901.17)		
Profit Factor	1.75	Max # contracts held	11,866
Account size required	$8,901.17	Return on account	300.83%

Summary | Trades | Analysis | Annual | Monthly | Weekly | Daily | Win | Loss | Time | Graphs | Settings

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TradeStation Strategy Performance Report

TradeStation Strategy Performance Report - JK-RSI Osc EUR A0-FX-Daily

Performance Summary: All Trades

Figure 4

Total Net Profit	$31,068.94	Open position P/L	($16,341.34)
Gross Profit	$31,068.94	Gross Loss	$0.00
Total # of trades	5	Percent profitable	100.00%
Number winning trades	5	Number losing trades	0
Largest winning trade	$8,860.97	Largest losing trade	$0.00
Average winning trade	$6,213.79	Average losing trade	$0.00
Ratio avg win/avg loss	100.00	Avg trade (win & loss)	$6,213.79
Max consec. Winners	5	Max consec. losers	0
Avg # bars in winners	72	Avg # bars in losers	0
Max intraday drawdown	($16,574.63)		
Profit Factor	100.00	Max # contracts held	11,743
Account size required	$16,574.63	Return on account	187.45%

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Sagebrush Trails & Ghosts of Wealth

By Greg Donio

During the decline of vaudeville, a certain stage ventriloquist found his bookings dwindling. He became a fake spiritualist, using his voice-throwing ability to make it sound as though the deceased were speaking from the Beyond.

One day, there entered into his reception parlor a wealthy society matron dripping with diamonds and furs. She said, "If you can have my husband talk to me from the spirit world, I'll pay you 500 dollars."

The amount so startled him that he replied, "For 500 dollars, I'll have him talk to you while I'm drinking a glass of water."

Other "demonstrations of the supernatural" were known to go more smoothly. The lights went dim in a Currier & Ives type parlor as women in bustles and men with waxed moustaches gazed at a tall mahogany cabinet with wooden doors, said to be a "spirit compartment." In the darkened interior, an unseen entity picked up a tambourine lying therein and shook it, then picked up a horn and tooted it.

An eerie female voice echoed from the compartment, "Engraved on the treasure chest is a seven-word question. Answer the question and you unlock the chest."

Fake spiritualists who give comfort to the bereaved for hard cash have a perennial excuse: "If I don't take their money, somebody else will."

This thought degenerates in the mouth of a two- or three- pack-a-day smoker. "What's the use of quitting? If I don't smoke, somebody else will."

Yet there is truth in it. One man bought an adult movie theater. Subsequently he became a born-again Christian and proceeded to show only family films. A news piece in the Philadelphia Inquirer said, "Purged of its sins, the theater died peacefully a few weeks later."

From a strictly box-office viewpoint, one man "seeing the light" did not convert the adult house crowd to Walt Disney. They simply took their wallets elsewhere. When a bookmaker leaves the business or is closed down by police, does it cause gamblers to stop betting and start banking? When you track the flow of dollars, they flow independently of the Dow theory, the cross, the badge, the H.L. Mencken essay on skepticism, and plenty of other things.

Nor is it all horse parlor tawdriness. Several months ago, the Wall Street Journal ran an article entitled "Can This Portfolio Be Saved?" The husband was a medical doctor, the wife an executive management consultant. Both had hefty stock portfolios that had shrunk to a fraction of their value in the market slide of 2001-2003. The wife said that despite it all, she planned to stay in the market because she "liked the excitement of stocks."

Excitement. Financially, is there a word more rigged with TNT? For years the horse-player would have fared better stashing the wampum in a mattress but that would lack the excitement of the bell at the starting gate or the voltage he feels during a photo finish. He can claim myriads of counterparts in stocks, futures and options, myriads whether degree-holders or dropouts, whether in mansions or trailer parks or where you live. Excitement is great but too many people gain it and lose cash.

When you track the flow of dollars . . . The Houdini- style magician's melodrama of the "spirit cabinet" mentioned a seven-word question inscribed on a treasure box. Let us say a gumshoe reporter sneaks in, gets a glimpse, and jots it down. Then he looks at his pad and remarks, "It ain't 'rosebud' but it's got me curious." That key question: "Who gets the money other people lose"

With bookmakers and phony spiritualists the answer is clear enough. With stocks, the sad soul who bought at the top paid some happy one who sold at the top. With "wasting assets" bearing expiration dates--futures, options--the seller enjoys a complete triumph on expiration and the buyer suffers a total loss.

Expiration date securities are often called "crap shoots" because they are not something granny can stash in the back of her elderberry wine cabinet for years to come. You either fly a cargo of ivory or are shot down as of expiration. My specialty--stock options, also called equity options--are not shares that last a century, and the time limit boosts the risk for the option-buyer. This works to the advantage of the option-seller. Since in effect he sells IOUs that turn worthless on a specific date, he gets the money other people lose.

During the l970s, I had a conversation in a restaurant with a young black woman who had just received her stockbroker's license. As she rose from the table she said, "We're recommending covered calls." She meant you should sell call options once a month every month, options covered by stocks you own. This was and is probably the most conservative "call" strategy. It also provided the preliminary step to the "time spreading" (options covered by other options) that I do now.

For the sake of clarity, I should explain what the horse- player does before explaining what the bookmaker does. Shares in Jenny's Pink Ribbons, Inc. sell, let us say, for 19 and a fraction per. You buy one call option with a strike-price of 20 and an expiration date of April, three months in the future. During the next three months, that gives you the right to buy 100 shares of Jenny's for the strike-price--20 dollars a share.

Let us say that during the three months, the price-per- share climbs to 25 or 30, so that 100 shares rise in value from less than ,$ 2,000 to $ 2,500 or $ 3,000. That call option gives you the right to buy 100 shares for just $ 2,000, even though the market price of the stock is markedly higher.

But before you exercise the call and buy the stock, please note that there is a wonderful "side effect." You paid perhaps $300 for the option. A rise in the stock to 25 can boost the call's re-sale value to $700, a climb to 30 to $ 1,200. Never mind the. Just re-sell the option before it expires.

Therefore, many speculators buy "options entitling them to buy shares" with no intention of purchasing the underlying stock. They are hoping to profit from the price-changes of the options. In the example given, the share's rise to 25 is a little over a 25-percent increase but the option it underlies has more than doubled. The climb to 30 is just over 50 percent but the option quadruples.

Great so cash in those certificates of deposit and buy thousands and thousands of dollars worth of options Yeh, right. Alas, most stock prices do not move so spectacularly, so that more than 90 percent of all out-of-the-money options expire worthless. Multitudes of option-buyers slump on bar- stools next to long-shot horse-players. Gee, I don't see how I could've lost. How could the Powers-that-Be shaft a nice guy like me?

So who gets the money they lose? You can track the flow of dollars partly to stockholders and partly to various option strategists including spreaders. Yet not all stockholders are created equal. Smith owns 1,000 shares of Jenny's Hair Ribbons, Inc. but does not care about options. It annoys him that the stock just sits in his portfolio for the longest time without doing much, just fluctuating between 18 and a fraction and 19 and a fraction. Jones also owns 1,000 shares and sells covered calls--one per 100 shares. He sells 10 options

with a January expiration. When they turn worthless, he sells 10 Februarys. Calendar page after calendar page.

"Turing Worthless" is a sad song for high-risk buyers of near-in-time options. If Jones does not take their money, somebody else will. The somebody else's include myself--an option spread strategist. Buying options with far-in-time expirations gives you the right to create and sell near-in-time ones. Buy Jenny strike-price 20s that expire in January 2005 or January 2006 and you have the right to sell ones that expire next month and the month after that and . . . just as if you owned the stock.

It is not risk-free. If the Jenny shares plunge, Smith Jones and Mr. Spread Strategist could all get scorched. The Iron-Clad Axiom: Do not buy a stock for option-selling purposes unless you would also buy it for its own sake. Likewise buying far-in-time options. Careful choosing makes spreading a business risk as opposed to a roulette one or a poker-with- shady-characters one.

The far-in-time "bought end" of the spread and the near- in-time "sold end" can be as little as a month apart. Example: Buy 10 April options, sell 10 March. Optimally, however, they should be plenty far apart for more potential sales. Buy January 2005, sell March 2004, then April 2004, then this enables you to call forth more ghosts without needing yen- triloquism vanishing ghosts of wealth for excitement-hungry dice-rollers.

My specialty carries the name of the Horizontal Calendar Spread--Calendar because the "bought" and "sold" options are different months and Horizontal because they are the same strike-price. This strategy uses only "out of the money" options--call options with a strike-price above the price of the underlying shares or put options with a strike-price below the underlying. I have used only calls in recent venturing.

For example, on January 5th, Cisco shares fluctuated at round 24- so the nearest "out of the money" call options had a strike-price of 25. Here are their numbers for that day: January 25s traded at .35, volume 7,900; Februarys traded at .95, volume 5,325; Aprils 1.45, volume 1,105; Julys 2.05, volume 576. The "July 2.05" means one would cost $ 205. If you bought 10 Julys they would cost $2,050 and selling 10 Februarys would bring $ 950 into your brokerage account, for a net investment or outlay of $1,100 plus commissions.

The above describes a Horizontal Calendar Spread with a July "bought end" or "long end" and a February "sold end" or "short end." The near-in-time Februarys lose value rapidly--to the advantage of the seller and the disadvantage of the buyer. Many traders do not look at volume figures but please stare intensely at the above. The near-in-times attract far more buyers than the far.-in-times. High-risk pig-out. This swells the near-in-time prices. The Julys contain four times more time value than the Februarys but are little more than twice the price due to February's fatness--a seller's advantage. - -

Buyers lament when near-in-times turn worthless, with more teardrops next month and the month after. Money down the drain? No, into the pockets of stockholders and spread strategists. Trader's Diary: The 10 Intel February calls I sold or "shorted" on January 6 for $ 550 now (Jan. 26) trade at * 100. Am looking to sell March. Hope the buyer at least got excitement. II' I do not send. people to the dubious mercies of Abe the pawnbroker, somebody else will. Am watching Microsoft, Cisco, Dell Siebel. (These are items from my notes, not recommendations.)

Recently I went to the Met to see the opera Benvenuto Cel-lini by Hector Berlioz--tumultuous life and era of the Renaissance Man sculptor/author/Swashbuckler of 16th-century Florence. The significance for my trading? I did riot need financial fluctuations to "make life interesting."

I used to carry on an occasional debate-by-letter with conservative author/critic Michael Medved in which I chided him about all those American Conservatives whose "cherished past" dated back to Donald Duck and Tin Pan Alley. Part of my gripe sprang from Italian roots. I could do without so-called "traditionalists" who think Caruso and Correggio were mob corpses in a Jersey swamp.

In the genuine past, the McKinley Era gentleman reading the ticker-tape also looked forward to nude Cellini bronze, a Chopin recital, Babylonian archaeology at the museum. He has too few counterparts today even among alleged "golden yesteryear" folks. Now too many investors get their thrills from John Wayne movies, the six-pack in the duck blind, sports betting and. The brokerage account.

The speculator who also collects Civil War memorabilia is doing something right. They who find fascination in Titian's artworks are less likely to seek it in a risk portfolio. As for those excited by sagebrush movies and market fluctuations, well, if I do not profit off of them, somebody else will. Such are the trail-markers when you track the flow of dollars.

Mr. Donio is author of The Donio Option Writing.

A Trader's Guide To The Wash Sale Rule

By Joe Wishcamper

Have you ever been bitten by a snake in the grass? It is unpleasant, to say the least. First, there is the pain and agony of the bite. Then there is the further pain that comes with the knowledge that if you had only known about the snake and where it was, you might have been able to avoid the whole miserable incident to begin with.

The Wash Sale Rule (WSR) is a bit like that. It is a Congressionally created serpent, lurking in the tall grass of the Internal Revenue Code. Its favorite diet consists of unwary traders. Its habitat of choice is within the shadowy recesses of your trading portfolio.

The purpose of this article is to provide you with a bit of educational antidote to this Congressional snakebite. Actually, with the knowledge you receive from this article, maybe you can avoid being bitten in the first place!

This article is going to cover several key points. First, we will explore the definition of the WSR, determine when it operates, and what its effects are. We will then turn to one of the more troublesome aspects of the WSR, namely trying to determine whether the stock or securities you are trading is "substantially identical" to the ones you sold. Finally, we'll explore the ways to avoid the WSR in the first place.

WHO CARES ABOUT ANY OF THIS?

If you are a trader or investor, you do! If the WSR operates in your situation, it can wreck havoc on your taxable income. As is explained later in this article, the WSR *may* distort your actual economic situation by deferring the recognition of losses to a later taxable year. If that happens, the result is that you'll get taxed on all your gains in the year they occurred, but you may not be able to take advantage of all your losses in that year to reduce those gains. So you wind up with a higher tax bill than is warranted by the economic reality reflected in your portfolio.[1]

As if that is not bad enough, you may have to pay significantly higher fees to your tax preparer to sort through your trades and determine the extent of the damage. So it is a double-whammy: You have higher preparation costs to determine the figure on which you will have to pay taxes, and that figure is higher than what you expected!

THE INTENT BEHIND THE WASH SALE RULE

Congress deemed it to be an abuse of the revenue laws for taxpayers to recognize losses when there had not been a genuine, material change in the taxpayer's investment position. Combine that notion with the fact that taxpayers always have their fingers "on the trigger," so to speak. Each taxpayer decides when to sell a particular stock or security, so it follows that each taxpayer is in a position to sell the losers at will while continuing to holder the winners. If that were to occur on a widespread basis, then there could be a drastic drop in revenue. If the taxpayer then turns right around and repurchases the same stock, then the taxpayer has not really changed his or her economic position—so the argument goes—but the taxpayer has succeeded in generating an "artificial" paper loss.

Ergo, to combat this real or imagined evil, Congress enacted the WSR.

THE WASH SALE RULE—WHAT ARE THE ELEMENTS?

The first step to enlightenment about this snake—I mean WSR—is to identify its elements, to focus closely on the definition. Once we understand exactly what the definition is, it is easier to focus on the situations where it operates.[2]

The governing provision of the Internal Revenue Code ("Code") is Section 1091. Here are the elements If:

1. The taxpayer sustains a *loss*;
2. On a sale or other disposition;
3. Of stock or securities [specifically defined to include options];
4. And then the taxpayer acquires *substantially identical* stock or securities;
5. Within 30 days before, or 30 days, after the sale that generated the loss ["the wash sale window"] . . .

then the WSR operates.

There are several important things to note about the definition. First of all, it only operates with respect to sales that generate a *loss*. It does not operate when you sell at a gain.

The term "stock or securities" does not include commodity futures or foreign currency. So it does not apply to sales of Section 1256 contracts. However, the term specifically <u>does</u> include contracts or options to buy or sell stock or securities.

Traders typically do not get into fuzzy situations that create doubt whether the "acquired" element is present. We know from a couple of IRS Revenue Rulings that "acquired" includes a purchase or exchange; it includes receipt of stock as compensation; and it includes the receipt of a compensatory stock option.

The real area of trouble is trying to figure out when the "substantially identical" element is present. What constitutes "substantially identical" stock options when different expiration dates and different strike prices are involved? We will explore that topic in depth later in this article.

CONSEQUENCES WHEN THE WASH SALE RULE OPERATES

If the above elements are present, then you have a wash sale transaction. What are the consequences? There are two direct consequences:

1. Losses from wash sale transactions are "disallowed."
2. The taxpayer's basis in the replacement stock or securities is adjusted, i.e., the basis is increased to reflect the loss that was disallowed.

Don't over-read the point that losses within the WSR are disallowed. The losses are not disallowed in the sense that they disappear forever. A more accurate way of saying it is that the losses are not *recognized*. The loss actually happened, of course. The WSR just says the loss will not recognized at that time. The loss will be recognized eventually, just not then.

This leads to the second point. The mechanism for deferring recognition of the loss is the basis adjustment in the stock or securities that the taxpayer purchased within the wash sale window. The basis is increased by the loss that was disallowed. Hence, when the taxpayer eventually gets around to selling the replacement stock/securities for a profit, or even at a loss outside the wash sale window, the adjusted basis will result in either (a) a lower taxable gain than would otherwise have occurred; or (b) a larger loss than would have otherwise occurred.

Either way, the taxpayer is eventually put back in the same economic position that the taxpayer would have held but for the WSR . . . maybe. That is true if the sale outside the WSR occurs within the same taxable year.

But if the loss disallowance occurs in Tax Year 1 and the eventual sale outside the WSR occurs in Tax Year 2, then the taxpayer's reportable income in Tax Year 1 can be a whole lot higher than it otherwise would have been. And on top of all that, the higher taxable income comes in a year when the taxpayer may not have the cash to pay the tax since, by definition, the transactions that generated the WSR problem were sold at a loss!

INJURY ON TOP OF INJURY

That is a good lead-in to the observation that the consequences of the WSR can extent beyond simply the disallowance of the loss and the corresponding adjustment of basis in the replacement securities. As noted above, the WSR can result in a distortion of your taxable income in a given reporting year.

Stated differently, you can wind up with a greater tax bill in Year 1 (when your losses were disallowed) and a lower tax bill in Year 2 (when you finally sell the replacement stock or securities with the adjusted basis). That's great for Year 2. But Year 1 can be a killer.

Here's a real world example. We had a client who came to us to do her taxes. She'd lost approximately $100,000 on trades in and out of the same five stocks. When we analyzed her transactions, we found extensive wash sale transactions. After we traced those transactions and did the basis adjustments, we discovered she had approximately $60,000 of taxable gain, not $100,000 of taxable loss!

She was not happy, and understandably so. But she was even less happy when she got the CPA's bill that was incurred to sort through her mess. The analysis of her trades was very time-consuming. She had over a thousand trades, and the CPA had to look at each one of them, compute the loss, determine whether the loss occurred within the wash sale window, and if so, adjust the basis in the replacement stock accordingly. The snake bit her again!

WHAT DOES "SUBSTANTIALLY IDENTICAL" MEAN?

Goodness only knows. We have zero guidance from Congress, either in the statute or the legislative history. The IRS gives no guidance in the regulations that construe the Code, presumably because it doesn't know what Congress intended either.

Nevertheless, we have some decent clues in a couple of IRS General Counsel Memoranda[3] and also in several revenue rulings.[4] One of the General Counsel Memoranda[5] addresses the question whether stock options that differ only in their strike price are "substantially identical" for purposes of the WSR. The conclusion is that they are, hence they are within the WSR.

There is even less guidance on what constitutes "substantially identical" for options whose only difference is different expiration dates. The leading commentaries, and there are not many of them, argue that options with different expiration dates are <u>not</u> substantially identical, therefore they are *outside* the WSR.

The reader needs to understand that the following rules are not binding on the IRS, and hence each taxpayer should access their risks accordingly. Nevertheless, the best guidance that is presently available is:

1. Options whose only difference is in the strike price <u>are</u> "substantially identical" for purposes of the WSR;

2. Options whose expiration dates are different <u>are not</u> substantially identical, hence the WSR does not apply.

HOW TO AVOID THE WASH SALE RULE

There are four ways to avoid the WSR:

1. If the sale is going to generate a loss, make the sale outside the wash sale window.

2. If you qualify as a trader,[6] you can make the mark-to-market (MTM) accounting election[7] under IRC § 475(f).

3. The WSR does not apply to Section 1256 contracts.

4. The WSR does not apply to dealers.

CONCLUSION

The wash sale rule is part of the everyday life of a trader, at least one who has not made the MTM election. Hopefully this article will serve as a "snake-bite kit" that enables you to better understand the WSR and maybe even help you to avoid it.

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The Secret to Timing All Markets in All Time Frame

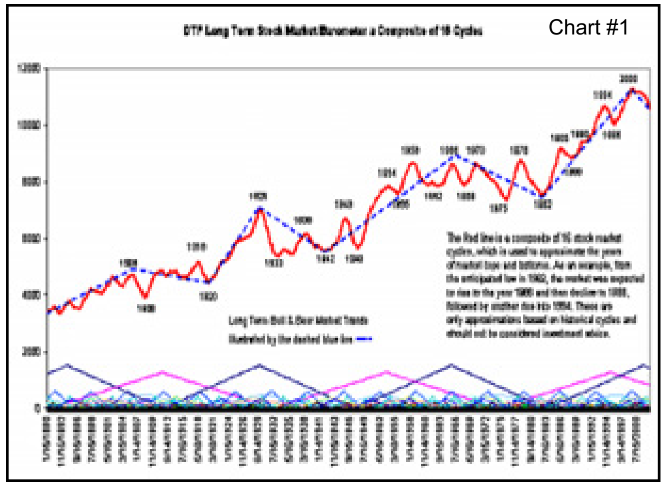
By Daniel T. Ferrera

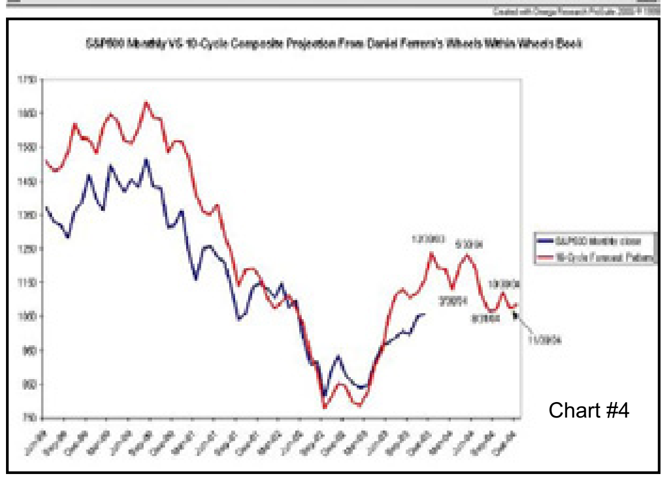
Dear reader, my name is Daniel T. Ferrera. I am an author/trader and market timer who has developed a unique proprietary method of timing all markets. My approach combines traditional "Time Cycles" with "Cycles of Price". Time cycles consist of regular periodic rhythms that manifest in most time series data. By isolating the dominant cyclic forces, a basic structural road map can be synthesized and projected that anticipates when future market tops and bottoms will occur in time. Chart#1 illustrates the technique applied to the U.S. Stock Market. This chart uses 16 cycles the longest being around 42-years and the shortest being about 4-years. This simple cyclic barometer correctly identified 2003 as a bottom several years in advance. Owners of my Wheels Within Wheels book have access to this forecasting tool.

Cycles of Price- are a set of specific mathematical sequences based on a fundamental tone or vibration that measure the markets position within a growth or decay spiral. This method uses a noise filtering process along with a type of polar coordinate system to organize the markets growth or decay spiral into 90-degree segments along the 45-deg diagonal lines of a square. Once this is done, and the market's individual vibration is determined for a specific time frame (hourly, daily, weekly, monthly, etc.), and the data that once appeared to be random chaotic motion will now present itself as highly organized and predictable on many different timing levels. The reason that I term this measurement of a markets structure as a "Cycle of Price" is simply because all trend changes occur specifically at 360-degrees of price movement or 720-degrees of price movement when measured by a polar coordinate system. Simply stated, the origin of a price trend will also become it's future terminus where a new trend will be born and so on. The monthly chart of the Dow Jones Industrial Average illustrates the long-term application of this method (see chart#2).

The Red down arrows represents the completion of growth spirals, i.e. the origin of Bear Markets. The Blue arrows illustrate the completion of decay spirals or the origin of Bull Markets. All of these points follow exact mathematical sequences that enables one to forecast or anticipate future trend changes. This technique can also be applied to all markets and time frames. You should note that these Major turning points also show up in the 16-cycle composite. In other words, the "Cycles of Time" agree with the "Cycles of Price". Chart#3 of the NASDAQ-Composite Index on the right illustrates the "Cycles of Price" on daily data. The arrows will once again illustrate the terminal points of the growth and decay spirals that occurred in price fluctuations of this market.

All of the trend changes on this chart where predicted with the "Cycles of Price" methodology. This proprietary analysis technique can be applied to all types of individual securities such as stocks, commodities, currencies and indexes. One of the main benefits of timing market indexes is that the majority of all securities will follow the same trend. The indexes provide the direction of the tides current flow, which each individual security must swim in. Also, with so many derivative investments, such as the tracking stocks (QQQ, SPY, DIA), options and futures, indexes provide great hedging and leverage possibilities. Excluding the short sell trades, the two long signals alone in the year 2001 produced gains of +30% (4/4/01 – 5/23/01) and +38% (9/24/01 – 1/10/02) in the QQQ tracking stock without the use of any leverage. Studies have conclusively proven that investment returns are significantly enhanced by simply avoiding market corrections. The current "Cycle of Price" structure at the time of this writing (1/23/04) indicates another market correction developing, i.e. a decay spiral is near. Will you be prepared to take advantage of this opportunity? Will you be able to avoid the next correction in this Bear Market? It is my opinion that the current advance is a minor bull market contained within a much Larger Bear. More information is provided with





my Wheels book or the "Special Stock Market Reports" available through this magazine. Also, a "bottom picking" Stock Market timing system is provided to enable students to more accurately time significant market lows to their advantage.

Chart#4 on the right will show the combined analysis (Time Cycles & Cycles of Price) on the S&P500 index to illustrate how I determine changes of trend in both price and time.

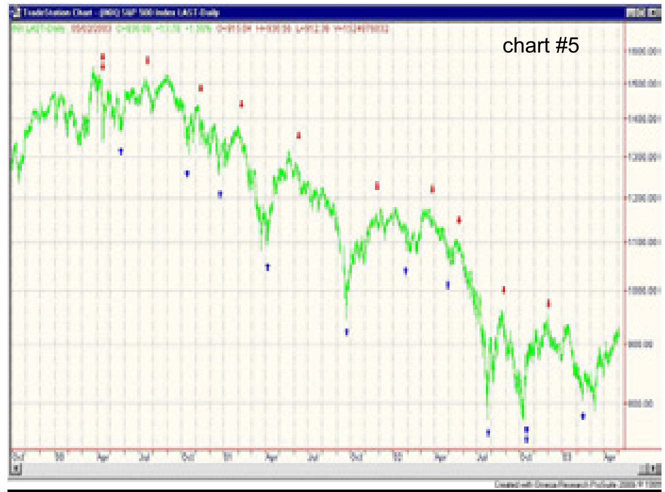
This shows the "road map" based on 10-intermediate cycle lengths on a monthly close basis. The forecast does not attempt to catch every wiggle that occurs in between the months. The focus is placed on the overall general trend. This forecasting tool is also included with the Wheels Within Wheels material. The next chart#5 shows the terminal points of trends based on the growth and decay spirals in the S&P500 index. The double arrows signify the termination points on a much larger time frame. As you can see, both techniques provide incredibly powerful information in regards to timing the market.

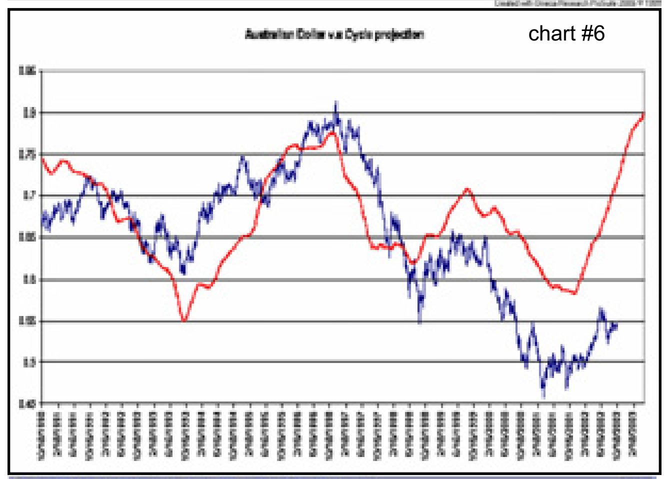
As I have stated previously, the "Time cycles" technique and the "Cycles of Price" technique can be applied to almost any data expressed as a price and time series. The current growth structure of the S&P500, Dow Jones Industrials and NASDAQ-100 indicate that these markets will see a 10-12% correction this year, followed by an advance to either double top or make slightly new highs. After this sequence has completed, it is my opinion that the potential for a violent 1987 style panic is very high. Forewarned is forearmed. The next chart#6 illustrates both approaches applied to the Australian Dollar continuous pit contract. This chart and projection is also included in the Wheels Within Wheels book.

The chart illustrates the Time cycle forecast; the next chart#7 shows the "Cycles of Price" signals. Again, the two techniques confirm each other. Either approach is extremely powerful when used alone, but when the two methods are combined, the results are greatly enhanced. Other than this article, I have not published any information on the "Cycles of Price" technique. This was something I discovered around 1993 after 10 years of research. In terms of public information, the market timers who came the closest to this unique discovery (or market perspective) would be R.N. Elliott, Henry Wheeler Chase and possibly Dr. Baumring. This information will at least provide the reader with the "clue" that the fundamental vibration and mathematical sequence is found in the individual markets swings or "waves" as Elliott & Chase would most likely describe them.

As a final example, chart#8 I will show the "Cycles of Price" on an individual stock. As I have already said, it can really be applied to almost anything. Note, typically I do not calculate the time cycles for each individual equity because I already have cyclic models for the stock market as a whole. The following chart is Trans Technology Corp. on a long-term weekly chart. The arrows mark the terminal points of Trans Tech's growth and decay sequences or growth/decay spirals. Shorter-term signals can be calculated and generated, but for investment purposes, however, the long-term signals will certainly appeal to the majority of individuals, financial institutions and money managers due to more favorable tax treatment, i.e. "Long Term Capital Gains".

The long-term & intermediate term cyclic models of the U.S. Stock Market are included with my book "Wheels Within Wheels, The Art of Forecasting Financial Market Cycles" and is available for purchase through Traders World Magazine and The Sacred Science Institute. Several other market models and forecasts are provided in the material to form the foundation for future work. These include Bonds, Australian Dollar, Gold, Wheat and Soybeans just to name a few. Analysis software in Excel format is also provided that allows the user to make their own cycle composites for any markets of their choice and overlay them directly on top of the market data. This is a very nice tool for anyone interested in cycle analysis.





Dan Ferrera is author of The Gann Pyramid: Square of Nine Essentials, Studies In Astrological Bible Interpretation, Wheels Within Wheels: The Art of Forecasting Financial Market Cycles.

Trading Denial

By Bennett McDowell

Denial is a insidious and serious human condition that can be extremely dangerous to traders. I think out of all the human conditions, denial is one of the most harmful.

Denial keeps us stuck in doing a negative event over and over again regardless of the outcome. Have you ever heard the saying that madness is doing exactly the same thing over and over again and expecting a different result? Denial is usually why people do this!

Are you a losing trader who is trading the same way over and over again expecting different results? If so, you could be in denial. Look at the list below and see which of these apply to you:

1. Poor or no record keeping
2. Consistently losing month after month
3. Not profitable
4. Feeling helpless
5. Frustrated and stuck
6. Lying about your trading results to others
7. Creating diversions to distract you from reality
8. Needing to appear successful to feel successful
9. Spending out of control
10. Drinking or wild behavior
11. Anxious when alone, can't sit still

If you can identify with two on the above list then you may have a denial issue. If you identify with three or more you have a denial issue. There are different degrees of denial and the idea is that to be a successful trader you must objectively look at yourself and your trading. If you are in denial, or flirting with denial, you are not being objective and are stacking the odds against you that you will be a successful trader.

Denial is insidious meaning that it begins without you really being aware that is has begun. Be on guard for denial. To catch denial before it get out of control, look for the occasional twisting of the truth about your trading results or being lazy about keeping good trading records all indicate that you may not want to face the truth about your trading.

Denial is a disease in that is rarely ets better on its own. Denial rarely just goes away without being proactive and taking conscious action to intervene. Always seek the truth in yourself, your trading and in life and you will be less likely to have a denial problem. Seeking the truth usually takes energy and at times is the harder path to follow and accept, but this is the path you must always follow to avoid denial. As a trader you will not be successful living in denial. Do whatever it takes so that you do not live in denial. If you cannot fix it on your own, get help. You must learn to deal with reality and get a better result!

Bennett McDowell can be reached at www.TradersCoach.com

Beware the Ides of January

January 12--16th, 2004 Cycles

By Eric S. Hadik

The year 2004 will start out with a very important cycle in the middle of its first month. January 12--16th, 2004 provides the culmination of a long-term Cycle Progression in Gold (directly linked to the Feb. 2001 low and an omen of a very likely major peak by mid-Jan. 2004), the recurrence of a Dollar/Euro cycle that aided in pinpointing the start of the bear market in 2002 (and now projects a multi-month and potentially multi-quarter Dollar low/Euro high in mid-January) and the first of two weeks that should be very important in the energy complex (Jan. 20--22nd is most synergetic date for this group of markets).

Stock market cycles converge a little after Jan. 12--16th, while Bond cycles are most significant in late-February (these are topics of separate discussions). The Dollar & Gold are the main focus of this discussion and this key cycle (reinforcing the belief that price action in Gold is more closely linked to currency stability than to inflation or war) and provide an excellent real-time application and test of an important indicator that bridges the gap between Gann analysis and the Elliott Wave Principle.

Mid-January 2004 is an important time in Gold & Silver, exceeded in significance (so far in this decade) by only the April 2--6th, 2001 cycle low in Gold & the Nov. 2001 cycle low in Silver.

In a preceding Trader's World article (submitted in Sept. 2001), cycles concluded: "Gold bottomed 19 years (Cycle of Time) from its major peak and is forecast to begin a second surge in late 2001 and continue into 2003. Silver was expected to drop to 413.5/SI before beginning a multi-year bull market." This coincided with the anticipated onset of a 7-12 year war cycle projected to begin in August--October 2001 and was also linked to a century-old pattern in Silver that had been reiterated - as follows - throughout 2001:

"Throughout this year, I have described why Gold & Silver should bottom this year and then see a strong surge in the end of 2001 and the beginning of 2002…In the last 100 years, Silver set 10 important (what would be termed 'major') lows. 4 of these lows (40%) occurred in the '01' year of the respective decade. Another 3 of these lows (30%) occurred in the '02' year of the respective decade. In other words, 70% of the major lows in Silver of the last century occurred in the '01' or '02' year of the decade (1902, 1921, 1932, 1941, 1971, 1982, & 1991). 2001 - 2002 fits within this ongoing sequence. 2001 is also both 30 & 60 Gann/geometric years from the 1941 & 1971 lows. It is a Cycle of Time 19 years from the 1982 low. Silver is still within striking distance of its major downside objective (411 - 415.0/SI)..." [? ITTC - August 2001 INSIIDE Track]

It is important to recognize and acknowledge these long-term cycles so as not to place disproportionate emphasis on the impending Jan. 12--16th cycle reversal. The overall, longer-term outlook remains bullish in Gold & Silver (into at least 2006--2007) but a very important correction is expected to begin in January.

One of the longer-term cycles that plays into this analysis is a 75--76-week low-low-high Cycle Progression that connects the February 2001 low (the first half of a double-bottom along with the ensuing April 2--6, 2001 low) and the August 2002 low and projects a minimum 3--6 month top on Jan. 5--9th or Jan. 12--16th, 2004.

The surge in Gold from August 2002 was part of a '3' wave advance, the time within a cycle sequence when cycles that had been influencing the lows are then expected to begin influencing subsequent highs. This is explained in a cycle indicator, called 'Hadik's Cycle Progression'. The Cycle Progression - when combined with a standard Elliott Wave progression - looks something ***like*** Illustration #1 (Hadik's Cycle Progression).

For those familiar with a basic Elliott Wave count, think of cycles within a trend as unfolding in the following manner (this pattern would begin with the 4th arrow and/or 4th small sine wave from the left in the diagram on this page, labeled: '(0)' wave low)...

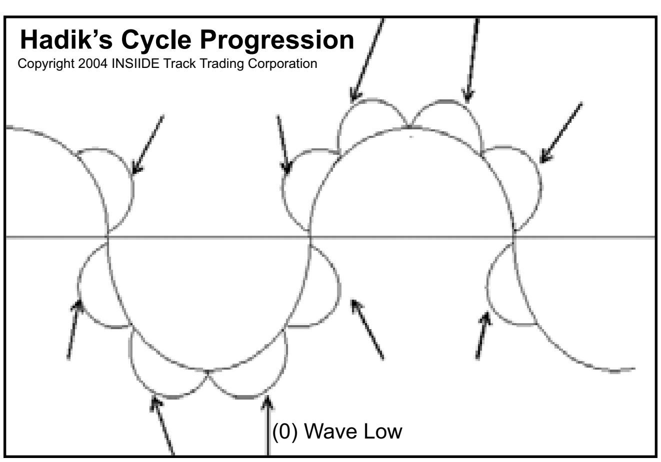
#1--Low-Low	(0) -- (2) wave low
#2--Low-Low	(2) wave low -- 2 of (2) wave low
#3--Low-High	2 of (2) wave low -- (3) wave high
#4--High-High	(3) wave high -- (5) wave high
#5--High-High	(5) wave high -- B wave high
#6--High-High	B wave high -- 2 of C wave high
#7--High-Low	2 of C wave high -- 3 of C wave low
#8--Low-Low	3 of C wave low -- 5 of C wave low

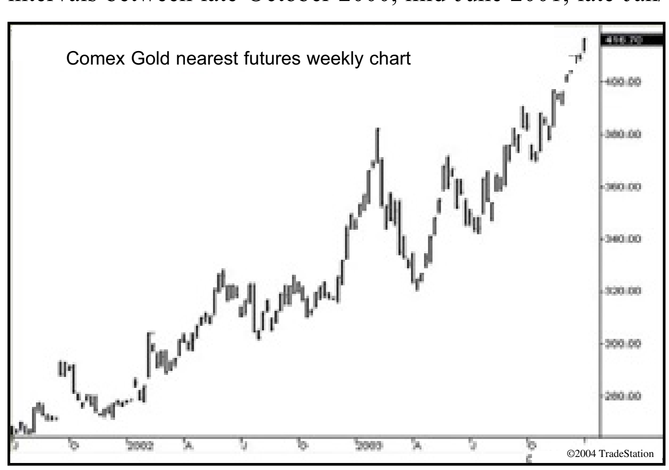
Several articles could be devoted to the nuances of this Cycle Progression. However, for now, it is important to simply recognize the basic pattern… and to see how it is setting up Gold for an important (3) wave high in mid-January, 2004. This is expected to be followed by a 26--28 week correction, another prevailing cycle in Gold. [Mid-July - early-August 2004 is another critical cycle in Gold, which has implications into 2006--2007.]

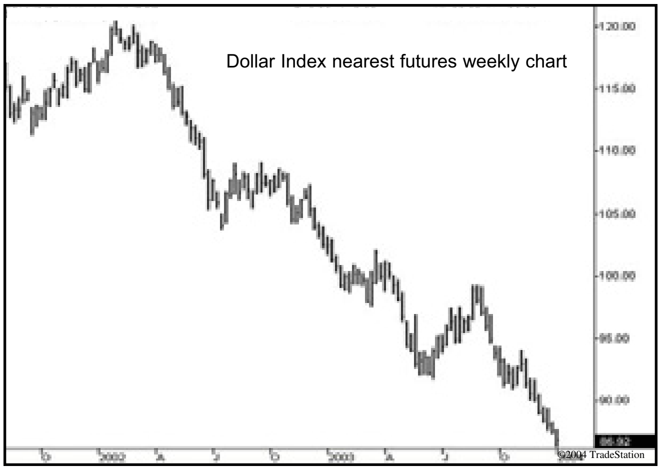
Coinciding with this cycle, the Dollar will see the convergence of much different cycles - most notably a 33-week cycle. This 33-week cycle has governed the Dollar Index movement for several years and was key to analysis for a bear market beginning in March 2002.

The week of January 12--16th, 2004 is 33 weeks from the preceding, late-May 2003 low. It is also the completion of 4 33-week cycles (a 132-week drop) from the major top of July 2001. As the Dollar is completing a '5' wave decline, the Dollar could be in for a substantial rebound in the months to come.

[As a reference, the Dollar previously provided a series of peaks - first ascending to a crescendo and then descending in line with the Cycle Progression previously noted - at 33-week intervals between late-October 2000, mid-June 2001, late-Jan/







early-Feb. 2002 and September 2002. If it follows a related pattern between the lows, the Dollar should rebound for at least 13 or as much as 26 weeks (to be better determined in February or early March 2004) and then pull back to a secondary (higher) low in early September, 2004.]

These key financial markets are just two current examples of the application of Hadik's Cycle Progression. Others are unfolding and explained in our publications. This is just the proverbial 'tip of the iceberg' when it comes to the outlook for 2004 and for longer-term cycles that culminate in 2006--2008. Suffice it to say that 2004 is likely to begin with a bang. An 'aftershock' could be felt in mid-July--early-August 2004. More to follow…

Eric S. Hadik is President of INSIIDE Track Trading and editor of INSIIDE Track & The Weekly Re-Lay. Comments can be directed to him at INSIIDE@aol.com, by calling 630-637-0967 or by faxing 630-585-5701. More information and copies of previous reports are available at www.insiidetrack.com.

Mentors For Traders

By Adrienne Toghraie, Trader's Coach

One of the most common regrets that I hear from my trader clients is the lack of mentoring received in their professional lives. They regret not having the support and guidance of a trusted person to whom they can talk about their trading problems, fears, experiences, and feelings. What they miss is someone who can give them advice, correct them when they are making mistakes, protect them from danger, teach them the secrets of doing things well, watch over them, care about their progress, and take pleasure and pride in seeing their eventual success.

If you look closely at the requirements for the job of mentoring, you begin to realize that the model for a mentor is a good, supportive, loving and wise parent-figure. In fact, a mentor is a parent-like teacher for an adult who no longer needs a parent. Just because, we have become fully responsible for our lives does not mean that we no longer need support and guidance. We need this mentoring support for the rest of our lives. Why, then, do so many traders feel that they do not have mentors or access to mentors? Why do they feel so isolated and lonely, the result of having no one around who takes an active interest in their professional and personal lives?

The answer to this question comes from the early relationship that a trader had with his parents. It is usually the case that the parent who is the same sex as the trader is the most significant and influential parent-mentor model for the trader. If that parent does not take an active interest in teaching the young trader how to grow into a productive, well-balanced, happy, and responsible adult, then the trader will have no future model of a mentoring relationship. Later on, that adult trader may have a very difficult time finding a mentor because he cannot recognize an obvious potential relationship. Furthermore, even if he finds a mentor, he may be unable or unwilling to ask for support and guidance. Instead, he may resist the assistance, even if it is the very finest help that he could receive because it is a way of getting back at his own father for not mentoring him.

A Mentor Dad

Recently, I visited the home of one of my clients. This trader, Dave, has a three-year-old son whom he loves deeply. Wherever he goes, Dave takes his son. He has already taught him how to catch a ball, swim, tease the cat, and a host of minor masculine activities. In return, the three-year-old son idolizes his father. When Dave bought a new red work shirt to wear around home, the little boy pestered his mother for days until she finally located a red shirt just like his dad's shirt. That little boy walks and talks like his trader dad and wants to be just like him in every way. In short, Dave has started his son on a life-long path of having a mentoring relationship.

You can see what would have happened if Dave had ignored his son until he was old enough to be interesting and helpful. In fact, many fathers never take an active interest in their sons because they use the excuse that they are either too busy or they never had the experience of being mentored by their own fathers. The result is a young man who does not have a sense of having people to whom he can go for advice, support, and guidance.

What's so important about having a mentor as a trader?

"So, I don't have a mentor," you say. "So what? What difference does it make?" The answer is that it makes a great deal of difference. From my professional experience and observation in counseling traders over the past twelve years, I have found that traders who have mentors do better as traders for the following reasons:

- Having a mentor allows traders to seek help when it is needed, which is a vital resource and one that provides traders with a competitive edge.
- If traders are heading for trouble, a mentor can help to steer them in the right direction.
- A mentor can save a trader a great deal of time by not having to repeat the same mistakes that he made or common mistakes that most new traders make.
- A mentor not only saves a trader a great deal of money by preventing losses, he can also make a great deal of money for a trader by guiding him to the best trading decisions.
- A mentor can protect a trader's career by providing him with emotional support. Even the most technical mentoring provides emotional support because it reduces anxiety, increases confidence, and allows the trader to feel that he is not alone.
- Traders with mentors are more disciplined and good discipline is the backbone of successful trading. Good discipline comes from having a strong sense of purpose and self-worth, which are side benefits of having a mentor.
- A mentor can steer a trader to other valuable resources that might have been previously unavailable or unknown to the trader.
- A mentor can act as a safety valve for a trader who is feeling pressure and is unable or unwilling to share his feelings with his family. This list is only a sampling of the benefits that accrue to a trader who has a mentor. Suppose you do not have a mentor and you feel that you are not in an environment where you can find a suitable mentor?

Finding a Mentor

Have you ever been asked by a friend to retrieve something for him from a room in his home? After you have searched for the requested item unsuccessfully, your friend comes to rescue you and you find that the sought-after item was plainly within your sight the entire time. If so, you were probably looking for something without knowing what it looked like or what it really was. That is the situation for many traders who are looking for a mentor: they are not really certain what they are looking for or what a mentor really looks like.

What is a mentor? How would you recognize a mentor if you saw one? First, let's define a mentor: A mentor is a person who teaches, guides, and supports you in your efforts. You must have great confidence in the advice and guidance you receive from your mentor so that you will have no qualms about following his advice. A good mentor gives value to your life, providing you with the kind of information that makes you a better person or gives you the resources to develop a particular skill or ability. A potential mentor can be someone who is or could be:

- any age, sex, or occupation - potential mentors come in all shapes, colors, and sizes
- a pillar of his community excelling at everything he touches or he may not be very astute in any areas other than the one you

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Presented by Adrienne Laris Toghraie, Trader's Coach

Adrienne is an internationally recognized authority in the field of human development for the last 15 years. She is a master practitioner of Neuro-linguistic Programming (NLP) which is the science of modeling success for the financial community. Adrienne is a highly recognized lecturer, author of eight books and trader's coach. Her articles have been featured in most of the major financial magazines and she is a regularly featured guest on several national financial news programs.

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Email Adrienne@tradingontarget.com
Website: www.TradingOnTarget.com

are pursuing. Of course, it is probably better that he is someone whom you respect outside of his area of expertise because his influence may also extend to other areas of your life.

- a person you know very well, but never thought would be interested in helping you
- a co-worker
- a contact you have in your industry
- a friend of the family
- a relative
- a total stranger to you now, but someone whom you respect and would like to meet and get to know

Direct Mentors

All of these listed potential mentors are what I call "direct" mentors. You can meet and talk to them directly and receive one-on-one advice and support. They are genuine people who are accessible to your requests for help. There is a give-and-take relationship in your personal exchanges. Recognize the people in your life that may be sources for mentoring.

Indirect Mentors

Indirect mentors are people who instruct from a distance. You can access their wisdom, experience, and support through their written or spoken words. You may have access to them through seminars, books, or tapes.

You can develop a relationship with these indirect mentors by getting to know them so well that you can actually have conversations with them in your head. When you know enough about how a person thinks, you will hear answers to your questions as if they were directly from him.

A Mentor Versus a Role Model

Another alternative to a direct mentor is a role model. People of action and achievement, who become famous for their self-discipline and successes, become role models when they are neither directly or indirectly accessible as teachers and/or coaches. A role model is someone whose life, ability, or achievement is an inspiration to you. They may not be accessible to you directly or indirectly, but your imagination alone can come up with their strategies for success.

For example, Benjamin Franklin can be a great indirect mentor. He spent his life writing about the lessons that he had learned. Franklin was eager to mentor as many people as he could reach. On the other hand, George Washington is a great role model. His life was a study in taking the high road, doing the right thing, and accepting the challenge to greatness. Although he wrote a fair amount during his lifetime, his written legacy is not what we use to learn from him.

Trading Mentor and Role Models

Our ever-increasing technology benefits us with more possibilities for finding mentors and role models. Now, most of the major financial magazines offer expert advice for free. The ever-increasing published works of trading experts in books and magazines, as well as their expertise presented in seminars and in conferences all help to bring mentors and role models to us on a silver platter. This abundance of support and guidance is available to any seeker who is willing to feast on it. For example:

- Pristine.com
- tradingontarget.com
- moneymentor.com
- Traders.com
- Tradersworld.com
- futuresmag.com
- Ino.com

Conclusion

A trader who has a working relationship with a mentor has a competitive edge. The support offered by a mentor shows up in the bottom line as well as in the overall well being of a trader. Since mentors can come in many different forms, a trader has so many options from which to choose that he does not have to feel that he is "doing it all alone." However, traders who grew up without a mentor-like relationship with their parents are often unable to recognize a potential mentor, seek his help, or utilize his support should it be offered. In order to overcome this obstacle to their success, they must be willing to work on their underlying issues and recognize the fact that mentors are available to support them.

Trading Live with Murrey Math Real Time Software S&P 500 Futures with data feed from www.quote.com

By T.H. Murrey

ES04H March futures Contract S&P 500. Look up at the upper left hand corner and you will "see" that our data is being feed through www.quote.. Chart #1 We have a template using Q Charts from www.quote.com displaying several major indexes, reflecting direction and price changes "live" interday. Chart # 1

Question: How does this chart appear?

Answer: Simply type ES04H and the software figures it out in one second.

Why waste time trying to guess the best lines to accept as support or resistance? Purpose of articles on trading for profits: To make it so simple, for rookies, the same rules, work for every market, disregarding, news, or, fundamentals. Mental Acceptance I.Q. Requirements to understanding this article shall be:

1) no experience trading: easy,
2) 1 – 5 years trading: confused,
3) MBA or degree in Finance: mad, envious, jealous, refusal to convert.

The Murrey Math Trading System discovered in 1993 – 1994: no market is random in its reversals. Gann told you to subscribe to random extremes: Natural Percentages: Chart #2.

Please look at: Chart #2.
Dow 30 Index: reverse up: 7,187.50,
MM 2/8th – 7,812.50
IBM reverses up: 78.125,
S&P 500 Cash reverse up: 781.25,
Nikkei Dow Index reversed up: 7,812.50.

Our Universe (Sun, Moon, Earth, and stars) was created in about three seconds, at its present outer boundaries, so we shall use .305175 as our starting price (point).

We must have a (smallest: starting from zero) Murrey Math 1/8th, which will sometimes actually be 8/8th, if you are trading markets, such as the Euro Currency, so we would simply say that .305175 is our starting point, although a slow trading day for currencies shall have 1/8th set at .038146 of one point. Don't worry about it (now).

Please look at Chart #3. These nine different markets are set to: .305175 x2, x2, x2, etc:

BKX – 1,000,
COMP – 2,125,
Dow 30 Index – 10,625,
Nikkei Dow – 11,250,
OEX 100 Cash Index
SOX Index – 562.50,
SPX 500 – 1,156.25,
Transports – 3,093.26,
Utilities – 281.25

These nine markets reversed lower exactly off MM 7/8th, 8/8th, + 1/8th or + 2/8th set in Murrey's book in 1995 (and have never been altered).

Murrey presented all of these (exact) numbers, for all these markets to reverse lower, to his Private Weekly Predictions Group subscribers, so his predictions are public knowledge one week in advance on our web board. Predicting reverses is fun.

If you double .305175 (2x) (our starting price), you will know any future highs or lows, by simply memorizing the (15) next doubles, so you don't have to continue the:

1) the Buy and Hold or Giving up,
2) random guess off TV news,
3) pick any high or low extremes,
4) believe "brother in law" broker,
5) latest "new" method of trying to predict future market reverses.

Every market wants to reverse at exact doubles of our "starting price, which shall be referred to in the future as: Murrey's Prime Number: .305175. Murrey's Universal Number: is 19.5125 or .(305175 x 64 = 19.53125).

T. Henning Murrey has thousands of students, who have come to classes, used his end of day and real time software, and bought and read his book and learning CD, and has seen the power of his Internal Harmonic Numbers set to Gann's Price and Time, so they set them (price reversals) to Squares that will determine the exact price reversal of any market traded off Base Ten.

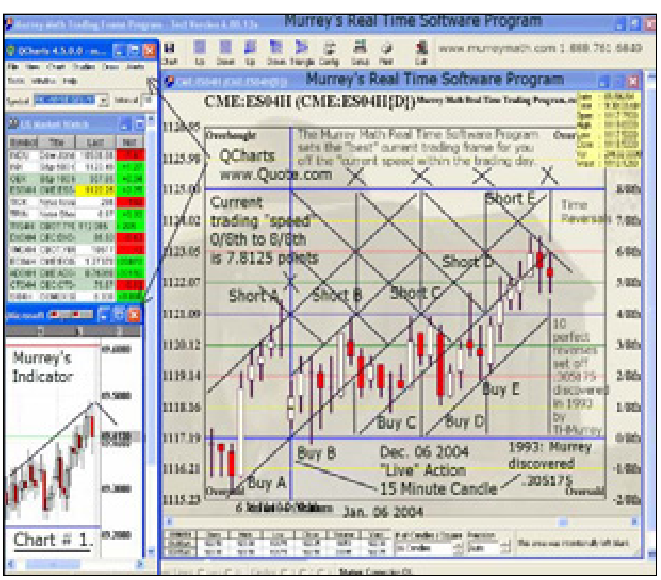
You are about to be "dumb founded" or relieved, to finally understand, how Gann and Murrey, can predict future market reverses off Price (Murrey does that) and Time (Gann does that) with no regard to news, tips, or fundamentals. You will be amazed.

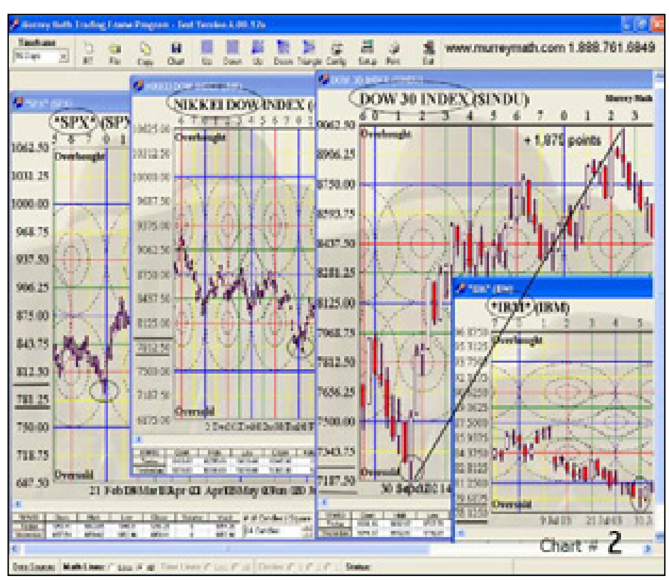
We must take the "poetic license" and simply use .305175, when we actually know that it may be: .00305175, .035175, or .305175, depending upon what your current price is (set inside 0/8th to 8/8th).

In 3,125 B.C., Chinese "thinkers," (high I.Q.) set Logic forward, from zero to the next contiguous integers to: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 or (100), 12 (1,000), or 13 (10,000).

Murrey's Master Squares: Thus, T. Henning Murrey in 1993 - 1994 discovered his three master squares:

1) Murrey's Master Square 100,
2) Murrey's Master Square 1,000,
3) Murrey's Master Square 10,000.





By knowing these Murrey's Master Squares, one is able to set an artificial musical scale, of which there are (3 major) and as many as 384 (smaller) internal octaves, and two minor octaves totaling 256 more, or 640 different Murrey Math Trading Frames (artificial musical scale).

Your job is to trade, not learn how to set the 640 internal frames, for all markets, so we have provided you, with the exact "best" trading frame, for the "current speed" of the market you are presently trading, by offering the trading world, our real time software program, which automatically sets the Murrey Math Trading Lines, by (only) typing in the market's symbol. Please contact Larry Jacobs about renting it.

There are over 125 excellent Fibonacci, Gann, Elliott Wave, software programs, out there, set to Gann's (high / low) 0/8th - 8/8th.

It takes "good" traders, up to five years, to learn to trade, any market (up or down), if they think (only) in the current direction, of the prevailing market. Most give up fast.

Traders, who are optimistic, made money from, 1998 to 2000, on the way up (only).

7.18 Trillion Dollars was lost from young, dumb, greedy, rich, traders, who were Long Term, Buy and Hold, on stocks from 1997 up to 2000, then down to 2002.

Murrey is hated by:
Wall Street,
Universities with MBA Programs,
Mutual Fund Managers,
Brokers,
Financial Planners,
Gurus, who teach Indicators and m/a, and promote "all markets are random."

Wall Street hated W.D. Gann. He was born 12.50 years after The Civil War, so Wall Street, refused to side with any "southern hick trader," with a strong religious back ground, and high I.Q. trading system. The South killed 2 to 1 Yankees.

If you didn't go to an Ivey League School, or, if your family can't be traced back 200 years, you don't count in NYC, (on any subject). Why did Vanderbilt come to Nashville to start a university?

18.75 blocks from Vanderbilt University, is the new Nashville City Library on Church street, and on the 3rd floor are five murals from 1789 to present in Nashville, and The Henning House, located on Market Street, is painted on the 1st mural from 1789 to 1804, showing that Murrey has been in Nashville for over 200 years, procreating in the same county. Henning, Tennessee, where <u>Roots</u> Alex Hailey was born, was created by Dr. Henning MD, Nashville.

Sir David Murrey sailed into The Jamestown Colony in 1620, and was paid 20 pounds. Please add + 2% to $50.00 for 400 years for inflation adjusted value of money.

Gann was born near rural Texas, in 1878, and lived in New York, in the 1920's and warned Wall Street: (two years prior in his book) <u>Tunnel Thru the Air,</u>

1) there will be a worse World War

Starting with economic chaos from 1927 through 1932, with highs ending in '29,

2) the low in the stock market would be July 4th 1932, (he missed it by one day),

3) Crash in Fall of 1929, so all the rich geniuses on Wall Street laughed at him, as being a hill Billy fool, who grew up running, to the outhouse (without a tight trailing paper stop).

Gann published, in a New York newspaper, his trades for 25 straight days, and recorded 261 out 288 trades as winners, turning $ 10,000 into $ 1,000,000 but, no MBA School of Higher Learning, will mention Murrey or Gann.

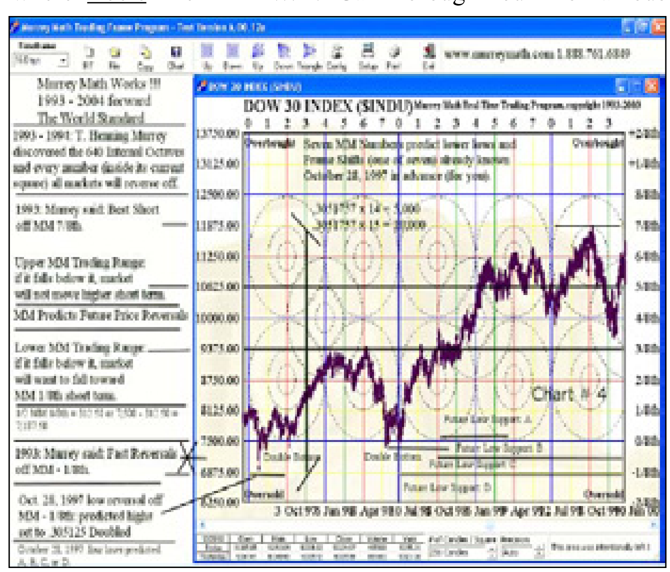
In 1929 rich, smart, NYC stock market experts, at M.I.T., Harvard, Yale, and The Wharton School of Business, said the markets would go up to 500, so the rookies should stay long from 1776 A.D. (and zero on the Dow) up + 375 + 15.625 + 156.25, which was the high in 1929. Our President in 1929, said, "stay long and everyone would get a "chicken" and high school diploma."

Gann died in 1995, when T. Henning Murrey, was 12.50 years old: .00305175 (x 40.96), which is why Murrey was the only trader to know Gann's brain or Holy Grail.

Gann decided to be buried on a hill in Brooklyn, New York, so he could laugh, at Wall Street, till the next crash in 1971-74, 1987, 2000, and next October 2004.

Gann traded more commodities, since he distrusted all stock brokers (on Wall Street).

W.D. Gann brought out his famous



book, How to Make Profits in Commodities, in 1942. His wife died in 1942.

T. Henning Murrey was born Oct. 09, 1942, Nashville, Tennessee, into the city projects, in poorest section of town.

There are three different types of "readers" attracted to technical trading magazines:

1) the curious rookie,
2) tired of losing (grasping) losers,
3) trying to write software gurus.

Serious market "traders," don't want to waste their trading time, typing in hours of syntax, to create a piece of software that is equal to, or worse, than simply "eye balling" the last highs or lows, or getting Murrey's.

Every serious trader, finally, knows Murrey's Numbers.* Why guess how to set 640 Octaves?

But, on the other hand, if you want to learn how to set the 640 different internal trading frames, you may want to contact one of my 13 year old students, Ryan Waring, or his brother John, who is 17, and they will help you, since they figured it out for their father Mike, while seated in Murrey's class, in Santa Ana, California, or you might want to get a 60 trial version, of our real time software and figure it in one second.

Murrey has classes in California in Feb. 2004, so the boys want Murrey to meet their high school teacher, who instructs a class on investing. John won the contest.

Tennessee Titans Coach Jeff Fisher

Personal Note: You may be thinking that Mike's son Ryan, is a computer "nerd," since he is one of the smartest, and best looking 13 year old kids in his school?

Answer: wrong.

Titans Coach, Jeff Fisher's, wife's, sister's son, played on a Little League World Series Team with Ryan Waring.

Is your son on the baseball team, good looking, an A student, and Murrey Math Trader making + $150.00 in an hour trading futures (in the summer)? Which one?

Why force your teenager to mow lawns, sack groceries, or serve fast food, to make $ 8.50 an hour and learn the meaning of what?

Your children have a better chance, if the mother is bright, stern but kind, and pretty, and let's her sons learn how make money trading, instead of mundane repetition.

Maybe this is why these teenagers are great traders? They don't carry the baggage "loser" in their portfolio (at a young age).

In 1993 – 1994, T. Henning Murrey started telling the "trading world" that all markets should be traded against the decimal point, instead of the 1/8, ¼, 1/16th of a point (divisions).

Wall Street converted to Murrey's 1993, "decimal" way of thinking, (many years later), after seeing that Murrey was correct, by accepting the simple fact that T. Henning Murrey, owns the "intellectual rights" to any number that is a division (or double) of .305175 in the future.*

There are two ways to "think" and arrive at the correct answer:

1) start with Prime (base) Logic, zero,
2) or, deduct from the answer where to begin: start with 10,000.

If you doubt my basic starting premise (.305175), then simply move up to one of Murrey's Master Squares and work down till you arrive (at the same answer).

These are the numbers for the Dow 30 Index and Japanese Nikkei Dow. Chart

#2 and Chart #3.

Murrey's Master Square: 10,000:

5,000	(1)
2,500	(2)
1,250	(3)
625	(4)
312.50	(5)
156.25	(6)
78.5	(7)
39.5	(8)
19.53125	(9)
9.7656	(10)
4.8828	(11)
2.4414	(12)
1.2207	(13)
.61035	(14)
. 305175	(15)

Plus, all small moves, will want to reverse 25, 50, or 75 percent in between each of each (15) numbers.

Historical Confirmation:

Article finished Jan. 30 2004: YM04H Dow Futures closed at 10,468.00, so 10,000, + 312.50, + 156.25 = 10,468.75 Jan. 30 2004.

Please remember this truth. Now, show your friends. Tell the trading world Murrey Math Works 1993 – 2004 forward.

In 1993, T. Henning Murrey formulated (his) Murrey's Universal Laws of Trading set to .305175,* so "teachable" traders could learn to trade inside (13) lines until it explodes out (up or down) into a Binary Doubling.

Please do your homework and add in the 25, 50, and 75% numbers between each (above).

Now, every rookie trader, knows, finally, that any prediction for the future, should be set off market reverses, off the week of the Harvest Moon (Murrey Time) and on the closest, largest Murrey Math Trading Line (owned)* by T. Henning Murrey: 1993 – 1994.

Logic Deduction: the larger the horizontal MM Trading Line and the wider the spread will predict faster reversal.

This past year's starting Trading Time (date), set by T. Henning Murrey, was October 06, 2003.

In 1999, the starting date was Oct. 09.

See Chart # 1.

Now, please look at the attached chart accompanying this article, and you will see that it is set to the correct trading frame, based exactly on what Gann said about Price variance (highs and lows) and Time elapsed based on how much data you need (to know). This is an interday chart.

Murrey has given you Time set to the Harvest Moon. Do you need more?

Murrey has given you his Three Master Squares. Do you need more?

This is the age old question of the chicken or the egg? Time or Price determines the other. Who really cares?

Follow the money: Price will always give you a better reversal signal than Time.

What if you are dead, still afraid, or divorced, and have no money, when the best time to trade arrives? How long you wait?

People, who talk about the best Time to trade, can't pull the trigger at extremes.

March 2002 through March 2003, there were (64) reverses (26,000 points) of 406.25 points each, so you had (64) opportunities to make + 2% on your mutual fund or futures contract, but the Great Institutions of Higher Learning, tell you Buy and Hold works best, over Time.

Are you still a "loser" from 2000 highs?

1929 till 1954: Gann (1927) predicted Crash Fall 1929, then, he promised not to die, till Dow 30 got back even, which it did in 1954, so he died in 1955, thanks W.D.!

Murrey's Prediction: 1st low reversal will be down at 7,187.50 in the future. Why?

Murrey confides in Jim and Tom Roberts 05/20/2002: Nashville, Tennessee, at Princeton's Grille Restaurant.

Murrey established 7,187.50 as 1st time down lows on 05/20/2002, since it failed up at 10,625, then – 312.50 at 10,31250.

Simple: The last higher reversal lower before 05/20/2002, was up at 10,625 and it came down to 10,000 and reversed up ½ way to 10,312.50, so it will remember 7,187.50 as Murrey's Harmonic Balance against 8,750 (Key of B).

Murrey told Nashville residents, Mr. Tom Roberts and his brother Jim, who have engineering degrees from Vanderbilt and Georgia Tech and in 1955, lived on Sweetbriar Ave., across from Mr. & Mrs. Rotier, and Murrey lived one street down on Oakland Ave, to expect support 1st time down at 7,187.50, back in 05/20/2002. They have owned a business with over 312 employees.

Mr. Tom Roberts and Murrey humor the fact that Mr. Patrick Arbor, past Chairman of the Board of the CBOT, was in Nashville, several years ago, giving a speech at Vanderbilt's MBA Owens Graduate School, invited by Jimmy Bradford, of J.C. Bradford "retail" stock brokerage firm, and the next day, Mr. Roberts, Mr. Joe Prone, who owns two "seats" in Chicago, and Murrey, were having our pictures made, after our meeting in Chicago, in Mr. Arbor's office, and Murrey asked Mr. Arbor, if "Jimmy" had taken him by the Parthenon, and he said yes, then Murrey said, he learned to find .305175 in the spacing of the 17 columns on long side, but five of the managing partners at J. C. Bradford laughed at Murrey, and called him Moon Man Murrey, back in 1995, when he made his upside target projections about prices above 10,000, off 2,500 base: to be + 5,000, + 6,250, + 7,500, + 8,750, + 9,375 or 10,000. 2,500 base + 9,375 = 11,875. It is a small world.

After 2,000, the Bradford family, decided to close their doors. Why? They opened in 1929, on the highs, and closed near highs.

Over the past 50 years, mutual funds have averaged 12.5%, so why not close out your fund, now, if you have made this much from the 7,187.50 lows, and wait for a – 25% pull back to buy more shares cheaper: greed?

Example: October 09 2002: Dow 30 Index down – 4,687.50 points to 7,187.50 off 11,875 from Jan.2000, highs: Chart #2.

1,250 x3 = 3,750; + 625, + 312.50 = 4,687.50, is the exact low from the highs January 2000. How hard is this?

1997 the Dow 30 reversed up down at

6,875, which is – 312.50 below 7,500. It moved up + 5,000 points to 11,875 Jan 2000, then fell:

Chart #4.

Do you want to (change) from random measurements, to set your (s/r) lines?

Could you trust your child to multiply .305175 x2 15 times, or divide 10,000 (x2), then, ask them to instruct you, every time the Dow 30 Index moves up or down, off MM Lines set to 312.50 (x2, x2 ,x2) points inside Murrey's Master Square 10,000, so you will be able to break the Buy and Hold till you grow old mold that failed January 2000, when the Dow 30 Index reached 11,875 (up + 5,000 points) from 6,875.

Math Brain teaser: 2 to the eleventh power = 4,096, or 64 x 64 equals the same, just as 1 doubled 13 times = 4,096, so, .305175 x 4,096 = 1,250, or a Major $1/8^{th}$ inside Murrey's Master Square: 10,000.

The human brain is 87.5 % fat composed of the Double Helix set to 64 "codons" of D.N.A., so your brain is set to .305175 inside each cell, of which we have 256 different (kinds), plus your "trading" eye can see only 256 different moves or colors.

You may choose, not to believe me, with your present thought patterns, or your twisted words from a "losing" trading habit, but your "birth brain" accepts what I say, before you hear it. You confuse the simple truth with averaging indicators.

Ask your child what .305175 (x2) 14 times equals? Answer: 5,000.

They have it if they just doubled .305175 15 times, or divided 10,000 in ½ 15 times.

They are using either inductive or deductive reasoning. Please explain the difference.

If your child is having trouble with their calculations, please have them contact Ryan Waring (13) at ryan@murreymath.com.

Declaration of Appreciation: Any school may request Murrey's software at full price, then, Murrey will make out a check for the entire price, back to the school's fund.

Your child would know that if the Dow 30 Index moves up or down (interday) at a minimum of 19.53125 points (slowest trading width) of 1/8th (.305175 x64), it would move at 1,250 points (19.53125 x64), then start to double after it has appreciated + 1,250 points, or one MM $1/8^{th}$, so, a major move up for the market would be 2,500, then + 5,000 points.

Let's ask your child to find the last five low supports of the Dow 30 Index, between 5,000 and 10,000.

They will tell you that there were five, down at 7,500, then one down at 7,187.50, which is exactly – 312.50 points below 7,500, which is one of Murrey's Binary Doubling numbers off .305175.

So, your child would set our base (MM $0/8^{th}$) at 7,500, so, we would move up + 1,250, + 2,500, then + 5,000, and set 12,500 as the maximum highs of these past five lows, except October 09, 2002, on Murrey's Birthday, which was the last exact low reversal in the Dow 30 Index since 6,875, 1997 lows, which are exactly 312.5 points difference, or $1/8^{th}$ higher with The Murrey Math Trading System.

Your child already has 5,000 marked as being .305175 x14, so 6,875 1997 lows (minus 312.50 below 7,500) added up + 5,000 = 11,875, which is the exact high in the Dow 30 Index in January 2000, which is Murrey's $7/8^{th}$ line (yellow) fast reverse down, which it did, and it is still lower.

1993: Murrey said: fastest reverses off: down off (yellow) $7/8^{th}$, + $1/8^{th}$, and up off – $1/8^{th}$ and $1/8^{th}$: Chart 2.

Murrey Math Trading System: 1993 – 1994: predicted (in advance), exact all time high in Dow 30 Index six years in advance off .305175, off Time and Price set to 1st week in October and Murrey's Universal Numbers.

The Murrey Math Real Time Software Program sets Price and Time exactly as Gann instructed (you to do) in his book, published in 1942, which is the same year Murrey was born, into the trading world.

October 09, 2002, was the exact low reversal for all major indexes all over the trading world. Every guru has to point it out for the next ten trading years.

The October 09, 2003 high reversal (interday) for S&P 500 Cash Index was 1,046.87, then the exact high reversal for the S&P 100 Cash Index was 523.43: ½?

October 09, 2002 – 7,187.50 interday low and October 09, 2003 closing high – 9,687.50, equals 2,500, or .305175 x2 (13 times), which is 8th grade math for Murrey.

Please go back as many years as you like, and look at major market reverses the 1st week of October, or 3, 6, or nine 12, 15 or 18 months from this starting point.

You will be surprised when you back test any market, how many major Price reverses are off .305175 doubled x2, x2, x2, etc.

Murrey's Master Square 1,000, and its Harmonic Internal Octaves, will accurately predict, present and futures reverses, down to .975 of one point, for this market (ES04H), so you may know (just before the market opens) support and resistance.

Most traders are confused when markets run past their Gann $0/8^{th}$ or $8/8^{th}$.

Rookies believe in the Breakout "theory" that works only 43% of the time.

The entire trading world never (ever) considered knowing what the $+ 1/8^{th}$, $+ 2/8^{th}$, $- 1/8^{th}$, or $– 2/8^{th}$ are affecting markets interday, before T. Henning Murrey discovered this truth in 1993: Chart #2.

These two areas are called:

1) Over Bought (on highs),
2) OverSold, (on lows), which means that if they don't breakout, they want to reverse and try and touch the "current" MM $4/8^{th}$ trading line.

Now, if it closes above or below our MM $+ 2/8^{th}$ and $– 2/8^{th}$, what happens? Chart #3.

Answer: the trading frame "doubles" up or down, depending which end was exceeded.

But, if the "current" MM trading frame is not violated, we simply make our trades off what the day offers set to your tolerance to "see" the trading frame on its safest scale.

Proof: Chart #2 and Chart #3 (OEX).

Why imagine future "breakouts" when you know the exact price it takes to shift the frame (up or down)? Chart #2 and Chart #3.

7,187.50 MM $– 2/8^{th}$ October 10 2002 up to 9,062.50 at $+ 2/8^{th}$ = 1,875 points. Both numbers forced the Dow Prices in the direction of 8,125, till it can close above 9,062.50 4 to 7 days in a row.

Please look at our chart (#1) and find MM $4/8^{th}$ – 1,121.09. Gann said to short up at $4/8^{th}$, so we made four short trades against moves up to this number (trusting Murrey's Numbers).

This week our market is trying move up toward MM $8/8^{th}$ 1,125 set Oct. 09 2003.

This is a Major Internal Octave inside Murrey's Square 1,000 – 2,000. 1,125 is actually MM $1/8^{th}$ or the key of "C" inside Murrey's Master Square.

If you grasp the 1^{st} MM $1/8^{th}$ (inside 1,000) you will be able to deduct how our real time software program sets today's trading frame $8/8^{th}$.

You "see that this market (Chart #1) reversed (up) the day before, off 1,115, which is one of the "fives" Gann warned all expert traders reverse off interday.

If you don't know the significance of the "fives" we shall pass it on to you.

Please look how this market was bought up (five times) on higher lows off MM Trading Lines. Five times in a row, this market was bought higher $+ 1/8^{th}$ higher than the last low. 87.5% of all traders will not take these higher lows (long) trades.

You have been taught that the safest trade is always off the double or triple bottom.

Gann said to buy the third trade in any direction, so Buy C, should have been a strong up move, just as Short C should have been a strong sell off. It didn't happen.*

Why expect more than a $+ 2/8^{th}$ move in either direction for ½ your contracts? Greed wins over need?

Murrey's Momentum Lines:

Please look at the 45 degree angled momentum lines, moving to the right (up and down). This market already knew its "bounces" (off these angled lines) without having to use Andrews Pitch Forks, who added his knowledge from Roger Babson, who added from Furrier Wave Transform Pattern, originating with the Yalu River.

These lines are set as soon as the 1st price is set (on the opening) for the day. There is no need to use Andrew's A, B, then C highs and lows to predict future reverses.

Please look at the vertical time line reversals: 25, 50, or 75% lines.

This market is reversing off MM Price along Murrey's Internal Harmonic Trading Lines set off .305175 (x2).

Please look at Murrey's Indicator (displayed) in the lower left hand corner of the chart. This Indicator signaled every reversal (at the same time).*

We keep an eye on the tick and trin (set to Murrey Math Lines)* as signals that traders are reversing their "buy" and "sell" attitudes interday.

Every successful trade on the S&P 5 0 will reward you + $ 50.00. Ten trades would have netted you 20 points, so you could have made + $ 1,000 profit knowing nothing about fundamentals, or why the software chose its current trading range.

What is the 1st thing you imagine when you enter your trade?

Answer: Most rookies decide how much they want to lose, after they enter order.

T. Henning Murrey (alive) has gone past Gann's 1st Square, and discovered, the next two major and two minor Internal Octaves.

Please look at Gann's book and go to page 68 and you will see his Natural Numbers (percent) of one point. Did you understand?

The next favorite number he mentioned was 18.75, which is how long a trader at 12.50 "disappeared" and reappeared when he was 31.25 years young and "traded" 3.12 years.

Let your child tell you the future

Your child would learn (to predict price reversals), if you show them a Murrey Math chart of the Dow 30 Index the past three years, when we had two reversals off 7,187.50, which would be 9,062.5, or 1,875 points run up or down, which occurred on Murrey's Birthday Oct. 09, 2002.

Most gurus are mad, because Murrey is giving himself credit for saying markets reverse off his birthday, but, simply check the E Mail from Murrey in October 1999, when he predicted the market to be set to October 09, 1999 - 2000, then be affected by his birthday for the next 100 years.*

Please ask Larry Jacobs and he will tell you how to get Murrey's predictions.*

If you read two of Gann's books, you will find hints of these numbers "hidden" in his Holy Grail conversation, but you won't be able to find Murrey's Universal Number 19.53125 discovered in 1993 by Murrey.

Thanks for wanting to know how to keep it simple and hopefully more profitable.

Live Classes through Hotcomm.com:

We are starting on line classes using www.hotcomm.com, so we can instruct you "live" right into your computer (no matter where you are).*

Savant Geniuses: Orville and Wilber Wright were bicycle makers who set wing stabilizers to artificial harmonic pitch, so they wouldn't vibrate wings apart as plane turned at 45 degree angle. Do you change plane wings?

Savant Genius: Thomas Edison had less than one year of grade school and invented 1100 items set to artificial harmonic pitch. Do you improve on telephone?

Savant Genius: Ben Franklin: created Harmonic Pitch musical instrument with 37.5 glass rings set to 437.5 cycles per second. Do you change the library system?

Savant Genius: T. Henning Murrey sets all markets to his Internal Harmonic Pitch inside 3 major Octaves and two minor Octaves with Murrey's Universal Number .305175, learned while playing golf, when he set his 3 wood to 43.75 inches long, vibrating to 62.5 cycles per second, at 15.625 degrees loft, which keeps it in the fairway 87.5% of the hits, which is more important than length.

Why not trade off Murrey's high I.Q. set to his simple Music Scale Pitch (artificial) from 1878, when music was set to 437.50 cycles per second, and the year W.D. Gann was born(1878)?

Historical Note: Some years ago, before anyone heard of Murrey Math, Quote.com offered only eight horizontal (retracements) lines, so everyone had to leave out one line, when they were setting their Gann 8/8th, but after T. Henning Murrey, came on the trading scene, and got his real time software connected, to the quote.com data feed, hundreds of Murrey Math students E mailed them to finally correct the two errors:

1) not enough lines, (need nine),
2) and to change them to (13) lines, so they could come up to date with Murrey's (13) lines, by seeing the OverBought and Over

Sold on either side of Murrey's $0/8^{th}$ and $8/8^{th}$.

They converted to Murrey's 13 lines. *1.

After you read this article, you have three clear choices:

1) hate Murrey for exposing the simple truth (hidden by Gann),
2) convert to a simpler way to truth,
3) rush to write a software program, which is more accurate than .305175

Please ask Trader's World about Murrey Math Learning Tools:

1) classes (different cities)
2) software (end of day and real time)
3) predictions (indexes, currencies, bonds, commodities)
4) live online classes (fee and free)
5) book

No one had (even thought) to subscribe to exact numbers, for any market, much less, all markets, until T. Henning Murrey, in 1993 – 1994, deciphered Gann's Natural Percentages on page 68 in his book, How to Make Profits in Commodities, and again, in his 1927 book, Tunnel thru the Air, where he mentioned the Natural Numbers many times, but failed to tell you how to apply them to any market, since he want to reveal them, or he really didn't know them: you decide.

Larry Jacobs has received thousands of articles, the past 18.75 years, and there has never been one mention, by any market "guru" already knowing, the exact price, it wants to reverse on, until, Murrey allowed you to "see" the obvious: Murrey Math.

Thus, Murrey owns the Intellectual Rights to this math formula: .305175 (x2, x2, x2, etc) x 15 as Murrey's Exact Determiner for every traded market set inside the Base Ten.

Murrey owns the "look," as presented in his software program, since 1998, which is confirmation, of Murrey's Binary Doubling: .305175.

Gann hinted at trading inside The Natural Numbers of percentages (on page 64) How to Make Profits in Commodities published in 1942, but never presented and exact numbers, and again hinted at Natural Numbers in Tunnel Thru the Air published in 1927. Murrey drank of Gann's Holy Grail as his "blood" toward the truth.

Feltman, in NYC, was the 1st man to wrap a hot dog into a bun. Who knows it now?

Russian Prince Tartar, created the 1st raw hamburger. Who knows it now?

The Earle of Sandwich got credit for what?

The Cheek Family, in Nashville, during The Civil War, made the best coffee in USA, Maxwell House Coffee, which their family still gets a fat check from an S&P 500 corporation located in NYC. Why did they share it with others: pride or greed?

Please E Mail us, and we shall introduce you, to our real time software, for a rental 60 day trial, if you go through Trader's World Magazine and Larry Jacobs.

The sandwich is the outside (holding together) the taste of choice, so Murrey Math Lines will hold together all tasty internal trading systems (for ever now).

Murrey made 81 -86 trades in two months in 2000. Trading is fun. Who cares?

2003 – 2004 Murrey made 2,600 predictions on Major Indexes, Bonds, Commodities, and Currencies and was 90% accurate, within 1% per market.

Please ask us for C.D. proof for "doubters."

Murrey teaches "live" real time S&P 500 E Minie classes and Dow Futures $ 5.00 and OEX Options position trading.

Murrey converts Long traders (only) in commodities to shorting highs off Murrey 64 day trading frame.

T. Henning Murrey can predict future reverses off any New IPO from the 1st 12.50 minutes after its (birth) opening bell.

Gann said: 1942: "start with price at birth of any market, (date and price) to determine its future reversals."

Open Challenge: to all other article writing "gurus:" please write an article using NFP, which opened a few months ago, by Jessica Bibliowitz, who is the daughter of Sandy Weil, who headed up Citigroup, and predict its upside four tiers, from the opening price.

Let's see how you may do it with Fibonacci.

And Murrey will use .305175 (only).

Please look forward to the next article with NFP predicted from its "birth."

You need no history, or fundamentals, to predict future price reversals.

Murrey knew what Gann was hinting at. Now, you know the rest of the story.

Presently, 37,500 traders have converted to Murrey Math Lines, as a result of Trader's World helping traders to see a simpler way to small profits (and smaller losses).

We encourage all other "gurus" to incorporate Murrey's Math Lines into their presentations, everyone else is already using them, in their current trading strategy.

Murrey enjoys sharing his knowledge, with those who are open minded enough to convert from random to specific thinking.

Mr. Murrey is the author of the book Murrey Math Trading and complementary software available in this magazine.

Geometric Look at the Euro Currency

By Larry Pesavento

There is an old Chinese proverb that states one picture is worth a thousand words. This is certainly true when you look at the Euro currency chart. One of our favorite patterns, the Butterfly pattern, is forming as 2003 draws to an end. Butterfly patterns are unique because they are formed by multiple price swings that conform to the numbers intrinsic to Sacred Geometry, including the Fibonacci summation series.

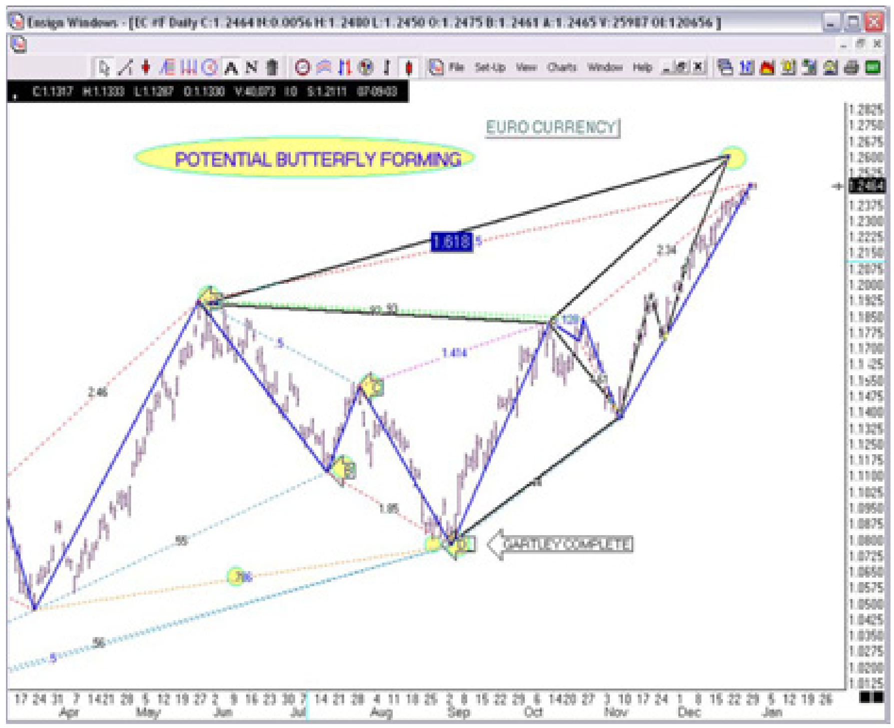
Every year since 2000 I select a trade of the year and all have been Butterfly patterns. Here is a summary of the past Butterfly patterns that have been chosen as trades of the year;

- 2000 - Crude oil at $11.00 a barrel - went to $36.00 a barrel
- 2001 - Euro currency at 85.00 - went to 124.00
- 2002 - Soybeans at 4.37 a bushel - went to 7.00 a bushel
- 2003 - Nikkei Dow at 7800 - went to 11,000

Does this mean this is a top in the Euro Currency? Of course not! It means there is a probability of a top in the Euro. We deal in probabilities - not certainties. The ultimate job of the trading strategist is to control risk?

It is the only variable that can be controlled. We never know how much we will make on a trade and we never know which trades will be successful. Risk is the only thing you can control.

Remember the words of the great Amos Barr Hostetter, one of the founders of Commodity Corporation and mentor to many of the Market Wizards - "Take care of your losses and the profits will take care of themselves."



Gann Planets and the U.S. Stock Market 2000-2003

By Myles Wilson Walker

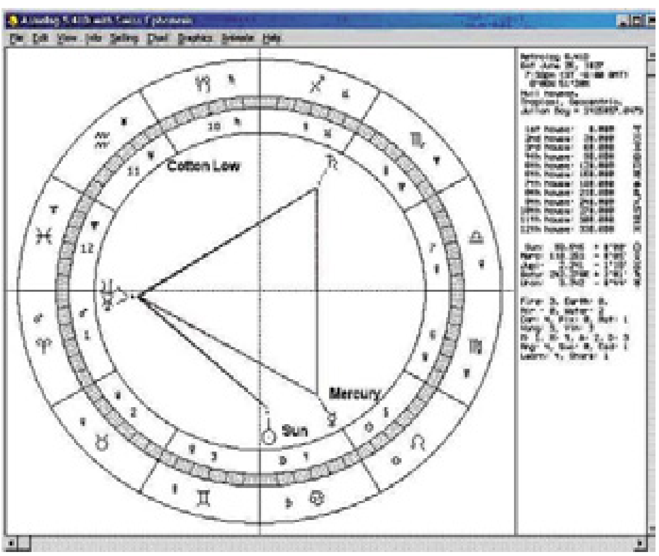
This is a summary from two of my other articles that have appeared in Traders World. This summary will give you some necessary background. I will then show you how this Gann Method has worked in the U.S. Stock Market from 2000 to 2003 to time major reversals.

First we will look at one of Ganns astrological methods from his book "The Tunnel Thru the Air" This is a technique that I picked up when analyzing the sequence of trades that make up Robert Gordons great campaign in cotton. Gann writes,

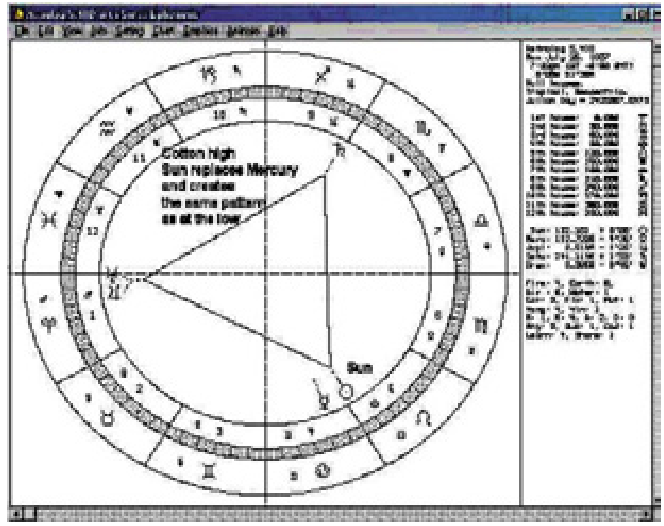
June 25th 1927. October cotton declined to 16.80 Bought 500 October at 16.83 and 500 December at 17.15. He figured that it would run up for about thirty days.

July 25th 1927. Sold 500 October cotton at 19.00 Sold 500 December at 19.20 Went short 500 December at 19.20. Decline followed as he expected.

To understand the reason for the timing of these trades just imagine a triangle and at each corner there is a planet. This is called a grand trine. What is happening in this case is that there are two slow planets that don't move much and they are 120 degrees apart (trine) Then a fast planet, Mercury in this case comes around so that it forms a triangle with the other planets (at the low of the market) it moves away so that there is no grand trine anymore but a month later the Sun comes around to where Mercury use to be and forms the triangle again (at the high of the market).



Cotton Low June 25th 1927



Cotton High. The Triangle shape is a grand Trine Note that the triangle is produced again but with another planet.

Soybean Example

So from the above you can see the planets form the same shape again but use different planets. The next example from May soybeans will show how an opposition with a conjunction in the middle was found at both the low and the high of the swing. May soybeans had a low of 460 on 13th Dec 1999 and ended on 28th January 2000 at 538.

On Dec 13th Mars was conjunct (joined with) Uranus,

This was happening exactly at 90 degrees to Venus and Saturn which were both opposite each other.

This is what it looked like. Low on Beans 13th December 1999

Mars
Uranus
|
Saturn________________________Venus

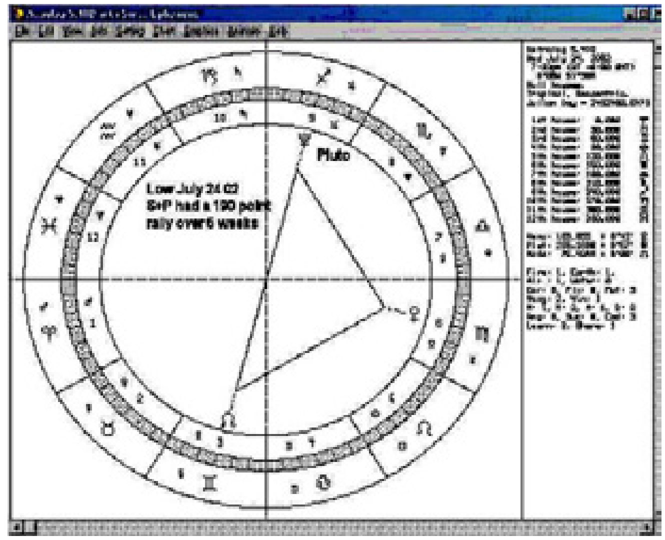
High on beans 28th January 2000

Mercury
Uranus
|
Saturn________________________Moon

So here we have Mercury replacing Mars and the Moon replacing Venus. This was the only time in the whole price move where any planets could reproduce the original pattern that was at the low.

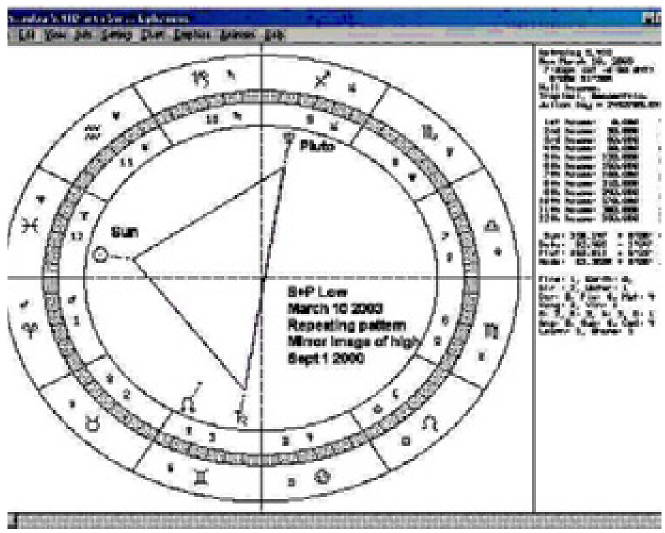
S+P Sept 1 2000 High to March 12 2003 Low

The articles above were written in 1999 and early 2000. I thought it was time to do a follow up showing how the technique has timed to within one and two days two major lows on the S+P since the high of Sept 1 2000. In this case the pattern at the high in 2000 was a T square (the same as in the soybeans above) The pivotal planet in this S+P example is Pluto. At the lows planets will come in and reproduce the pattern made at the high.



(above) High Sept 1 2000 - Pluto and Jupiter are opposite while the Sun is an equal distance from both (called square in astro)

At the July low Pluto is now opposite the moons node (replacing Jupiter) and Venus is an equal distance from both (replacing the Sun) The S+P then had a 190 point rally over 5 weeks.



The S+P had a major low on March 12th 2003.

I have drawn the astro chart for the time where the repeating pattern was exact on March 10. The March 12th low was the actual Super Timing date as Forecast in the 2003 Annual Forecast. The above examples show once again how effective Gann methods are for timing the markets. The period covered in the S+P covers a lot of market action surely there must have been some more of the same repeating patterns in this time. Yes there were but they did not occur within 2 days of a Super Timing date and so were either losers or produced minimal profits. This proves the Value of the Super Timing dates when combined with repeating patterns as a filter to obtain profitable trades.

Myles Wilson Walker is author of the hot selling Super Timing book available in this magazine.

Enhancing Stock Market Profits With A Comprehensive Covered Call Strategy

By Ernie Zerenner

Despite the dread that many investors feel for any type of stock option, covered calls are relatively safe and simple to trade, and a reliable way to increase the income from stocks you already own.

What makes a call "covered" is your ownership of the underlying stock, which means you have the shares to deliver to the option holder, if required. Naturally, you receive the full price (less commissions) when you sell your stock. The significant difference is that the stock's sale price is fixed at the strike price of the option you write.

Once you've developed a clear understanding of option contracts and learned to obtain complete information about them, it's easy to use covered calls to increase the overall returns from your portfolio.

As the covered call writer (seller), you receive money the moment you open your position. This income is made up of two parts: "**time-premium**", which is the value investors place on the option based on how much time remains before it expires, and "**intrinsic value**", which is the inherit value of the option based on the underlying share's current market value.

For any given strike price, shorter-term options carry less time-premium than options with later expiration dates. This time-premium declines slowly during the first months of an option's life, then much more rapidly during its last weeks and days.

For a stock selling at $25, the $20 option has $5 per share of intrinsic value, while the $30 option has no intrinsic value. Should the stock price go to $35, the $20 option will now have $15 per share of intrinsic value, while the $30 option will intrinsically be worth $5 per share.

After the Option Sale

Once you've written a covered call, there are only three possible outcomes:

1) you buy back the option before it's assigned for execution, effectively canceling or closing the transaction
2) it's "assigned", resulting in you having to sell (deliver) your shares at the strike price
3) it expires worthless.

Which one of these three outcomes you'll select depends on many factors: the movement of the underlying stock price, the tax implications, and your desire to hold the underlying stock. But until the last few days of the option contract's life, when assignment can become very likely, the choice remains yours.

No matter what, though, you keep all the option income you've received.

The only risks from a covered call are:

1) you might have to sell your stock at a low strike price (although you've already been compensated by the premium you received)
2) you won't participate in any further appreciation if the stock moves up past the strike price (your profit, while limited, is still a profit).

Because these risks are so benign, you're allowed to sell covered calls within many IRA accounts. And while other option strategies are more complex and require your rapt attention, writing covered calls can be a kind of "set'em and forget'em" tool in your investment portfolio.

Mastering the Three Parameters

The important parameters in writing a covered call are the stock you write against, the strike price, and the duration of the option you write. Most of your success depends on choosing well.

Emotionally, it's better to write covered calls against stocks you're willing to hold. In addition, look for stable companies, with bright prospects for the future, so the stock price is likely to stay flat or rise slightly. Writing covered calls is a mildly bullish strategy.

Your choice of strike price and duration should reflect where you expect the stock price to be when the option expires. If you have a strong conviction about price for the next 30 days, write a one-month option. Only if you can see farther out should you consider accepting more premium income by writing an option with a later expiration date.

Generally, the strike price can be:

1. In The Money (ITM) –the strike price is below the current price of the stock.
2. At The Money (ATM) –the strike price is near the current price.
3. Out of The Money (OTM) –the strike price is above the current price.

In addition to your stock price expectations, your choice of strike price should reflect your desire for protection against decreasing prices and for profits if your option is assigned.

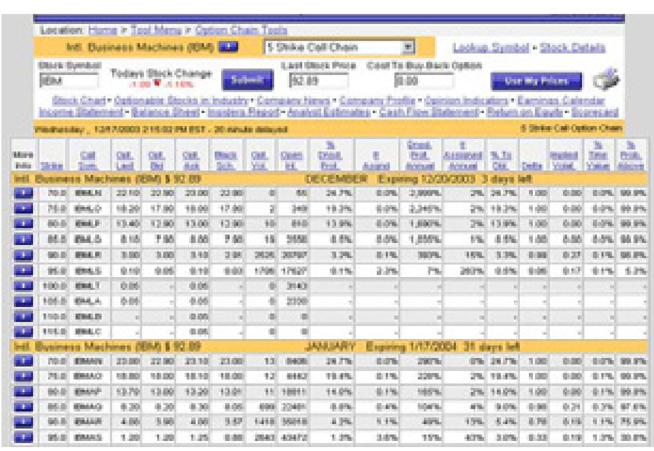
You can examine the interplay of these parameters by studying a table of prices and percentages called an "option chain" (such as those shown in the screenshots accompanying our examples).

Option chains show all the available option strike prices and expiration dates for a given underlying stock. The chain at Poweropt.com contains additional data, including: the theoretical (Black-Scholes) price of each option, calculated probabilities for various amounts of price change over time, plus monthly and annualized percentages for downside protection and for return if the option is assigned.

Writing an ITM Option

Example: IBM, $92.89 on December 17, 2003.

If you wrote the 2004 January call at a strike price of 90, you would have received $3.90 per share, or $390 per option contract. This gives you 4.2% of the shares' value, as protection against a drop in price, and locks in a 1.1% return (13%, if you can do this 12 times per year) if your option is assigned. The lower the strike price you select, the greater the downside protection, but the lower your return if the option is assigned. Essentially, each strike price locks in a different risk/reward ratio.



In The Money options are the most conservative, offering premiums with higher intrinsic value: compensation for stock price depreciation or for having your stock called away. But the more you pocket up front, the less you'll receive in the (likely) event your ITM option is called.

Evaluating the annual return on an option (the return produced by writing new calls every time the old calls expire) will help you understand the trade offs between immediate income (downside protection) and total return upon assignment, and thus helps you decide which option month to write.

Deep ITM strikes (for example, $20 on a stock now trading at $25) yield larger premiums, but some of this money ($5, in this example) is essentially pre-paid value on the underlying stock. When the option is exercised, you'll sell your stock at a price that is discounted by this amount. With little time value in the premium, total return on these options may be too low to be attractive. It's conservative to sell options with deep ITM strikes, but it's desirable only when the annual returns exceed about 20%.

If you're going to sell covered calls with ITM strikes, make sure you feel OK about selling your underlying stock, too. It is not unusual for 80% of all ITM options to be assigned. This strategy works well in IRA or tax sheltered accounts because the higher turnover and adverse tax consequences of the stock sales are not important.

Writing an OTM option

Example: Eastman Kodak (EK), $23.66 on December 17, 2003
If you wrote the 2004 January Call at a strike price of 25, you would receive $0.25 per share, or $25 per option contract. This gives you 1.1% of the shares' value, as protection against a drop in price, and offers a 6.8% return (80%, if you can do this 12 times per year) if your option is assigned. The higher the strike price you select, the lower the downside protection, but the higher your return if the option is assigned. Essentially, each strike price locks in a different risk/reward ratio.

Out of The Money is the most speculative strategy for covered calls, but is still not very risky. You don't receive much immediate income, however, and your profit depends almost entirely on price appreciation in the underlying stock. Use this approach when you anticipate the stock price will rise, and you want some extra income even while your stock is appreciating.

But scrutinize the option chain carefully before you write: if you select a strike price too far OTM, you will not receive much income and you'll need a dramatic run up in the stock price to realize the percentage of gain expected if the option is assigned.

Because the stock price must rise all the way to the strike price and beyond before the option will be assigned, the probability of having your stock called away is much lower with OTM options than with ITM options.

OTM positions work well in cash accounts with large capital gains exposure. Also, deep OTM options can sometimes, but not always, provide some extra profits in a raging bull market.

Maximizing The Yield From Covered Calls

Once you become familiar with writing covered calls, it's relatively simple to tweak your strategy and tactics to make more money from every option you write.

One technique is to write multiple contracts. Option commissions are low, but they're even lower when you amortize them over five, ten, or more contracts at a time. Because each contract controls 100 shares, you'll have to own more shares to cover the writing of multiple option contracts.

The most important maximizing strategy, however, is to write new options as often as you can. Generally, shorter term options bring you the best annualized returns because the time-premiums you receive from these sales evaporate the fastest during the last weeks of an option's life.

But always check your favorite option chain to see if you can get comparable annualized returns writing longer term options. If you can, selling those options instead will save you a few transaction fees during the year.

The author can be reached at: www.poweropt.com

Review Fibonacci/ Galactic Trader 4.00

By Brice Wightman

If you read the book "New Market Wizards," you'll recall an interview with Robert Krausz. A trader with considerable experience, Mr. Krausz created Fibonacci Trader and added many of the tools he used in his own trading, some of which he created. Jeanne Long is the creator of Galactic Trader and author of several books, *Basic Astrotech* and *The Universal Clock.* The programs can be purchased separately, or together. Though we lost Mr. Krausz this past year, we still have access to many of his trading ideas through FTGT.

You might imagine, with a name like Fibonacci Trader Galactic Trader, that the program offers Fibonacci technical analysis and astro analysis, which it indeed does, but there's actually much more to it than that.

First, some basics. The program installs smoothly in minutes, aided by an excellent "Help" section on the FTGT website. Adding symbols is easily accomplished with just a few clicks, and you have the ability to view multiple time frames.

The program features two versions: real time and end-of-day. Real time traders can choose data from several sources, including E-Signal, Metastock, MyTrack, CQG, AT Financial, RealTick, Interactive Brokers, and Quote.com. End of day Metastock???

There are numerous drawing tools contained in the program some standard and others proprietary. Robert Krausz added several of his own indicators, based on his own research, among these…

There are X drawing tools contained in the program. Two of my favorites are the Andrews Pitchfork and the Action/ Reaction lines, See Chart 1.

The system tester…

ability to formulate and back test trading procedures.

Now for the Fibonacci tools. In addition to standard price retracement and extension tools, the program also has time a Fib study. If you're not using time Fib, try it. Also, the Fibonacci Arc tool combines price and time to point to likely reversal areas.

(maybe a chart here)

As traders, we are always on the lookout for potential reversal zones and overall market bias, and the astro part of the program gives you plenty to work with. If you're into backtesting and researching, you won't be bored.

The program gives you the ability to draw planetary lines, which frequently act as support and resistance. In some cases, these lines correspond to standard Fib levels, and as such don't seem to be much of a surprise. In other cases, the planetary lines show price turns seemingly "out of the blue." And that's when the fun begins.

What was happening "in the sky," for instance, on 9/21/01, the swing low after 9/11? Or the swing lows on 7/24/02 and 10/10/02? And what might happen when these planetary combinations reoccur? Maybe you've heard that there is some significance to full moons and new moons. "Buy on the new moon, sell on the full moon." At least that's the trader's adage. Just how good is this strategy? With FTGT, you can easily research these questions, and many more.

This isn't a trading program; it's a market timing program

Don't think you have to be a professional astrologer to figure out how to use this part of program – you don't. Some basic knowledge of astronomy and astrology is helpful, but not required. I was pretty intrigued by the program and learned a lot about the subject matter in fairly short order. The new version of the Fibonacci/Galactic Trader and the Galactic Trader now has asteroids & transneptunian lines."

To help get up to speed with the program, I used the technical support, which is outstanding. The folks handling that area are not only well versed in the program, but they are very responsive, and friendly. To find more information please go to www.galacticinvestor.com or www.fiboanccitrader.com.

If you're considering purchasing the program – or even taking the 30-day free trial – note that there is a very active Galactic Trader Yahoo Group, which is an excellent source of ideas and tips.

Brice Wightman is editor-in-chief of www.tradingmarkets.com and can be reached at that site.

Investing 101: The Psychology of Trading

By Mike Swanson

I have recently been reading a study by Terrance Odean, an assistant professor at the University of California.

Odean received the trading history of over 60,000 accounts that where active been 1991 and 1996 from a discount broker and used the data to study the trading behaviors of online investors. Not surprisingly, most of them under performed the stock market and only a small minority beat the market. In fact only half of active traders managed to just break even. Most simply made little or lost a little. Only a small minority produced outstanding returns (the top 5% had an average return over 2.41% a month and only 1% had a return over 4.86% a month). Professional investors do not fare all that much better as half of all mutual funds fail to beat the S&P 500 index every year.

The failure rate of investors and traders is a different picture than that which is portrayed by online and traditional brokers through their advertisements. In fact if most people actually lose money in the stock market, then the market is more like a pyramid scheme in which wealth is simply transferred from the mass and given to the brokers, stock manipulators, market makers, and a small super trading elite at the top than the get rich fantasy that is so often presented. A view that some might find romantic would picture it as a pure Darwinian survival of the fittest and leave out the part about the manipulators. One would need more data to confirm if either of these views are true. A study on how many trading accounts are opened and closed would prove or disprove this. If brokers must continually recruit new accounts to replace ones closed or becoming inactive due to losses than these two pictures of the market are correct. Money earned outside of the market is brought into it and given to professionals and manipulators. Just like a ponzi scheme, more money has to be recruited to keep the engine running. For a pyramid to continue new blocks must be placed on it. No matter how the market is structured, what is more interesting is trying to figure out why it is that many people lose money and a few make a lot of money in the stock market. What can we learn from that to increase our own returns?

How do most people lose money? Odean's trading data shows that almost all individual investors generate poor returns by selling winning stocks too soon and holding on to losers. He argues that they do this because they are "overconfident." They consistently believe that their losers will come back and the market ends up proving them wrong. When they have a winner they sell them too soon, fearing that it will become another loser.

Odean's study provides a great resource about the behaviors of active investors. However, any conclusions about motivations that can be drawn from the data are merely theoretical and cannot be proven. This isn't his fault; it's simply the nature of proof and evidence. There is no way one can extrapolate the motivations of thousands of individuals by studying number data and one doesn't have the resources to ask all of these people about their motivations. One can only manufacture logical explanations from the data.

This isn't a bad thing. You can learn a lot by thinking in that manner. My guess is that people do not lose money in the markets because they are stupid or because they aren't pros. Remember that most mutual funds also under perform the stock market. I believe the primary difference between winners and losers is psychological. Winners and losers are presented with the same set of information, however the winners take different actions. What guides their actions? From my own history of losing and then making a lot of money in the stock market and study of general and trading psychology I'll try to come up with some explanations. I believe that the actions of losing traders are guided by fantasy and a fear of losing while winning traders are guided by confidence. Without the proper mindset and attitude you cannot make money in the stock market. It's not a guarantee to being successful, but it's a prerequisite. However, the stock market is an environment that makes it difficult for most people to obtain this proper mindset, let alone maintain it.

environment -> senses -> beliefs -> identification -> motivation -> action

The human mind gathers information about the outside world through the uses of its senses. It recognizes the information and then processes it. It then identifies it and responds to it with a whole host of beliefs, unconscious and subconscious. Based upon a person's motivations and interpretations of what is taking place he carries out an action. The key is that actions that people take are based upon their own set of associations with what is going on in the world outside of them. These associations are based upon past experiences and a person's beliefs about himself and the task at hand. The world consists of inputs that make people feel and they respond.

To relate this to trading, winning traders and losing traders experience the trading environment differently. It makes them feel different and as a result their actions consistently vary. In psychological terms, they interpret the market differently because they have a separate belief system in the way that they see themselves relative to the stock market.

Let's list these beliefs and actions below. Belief statements that different traders can make:

Winning Traders
The markets provide an opportunity.
The markets exist to give me profits.
If I get stopped out then I have to reevaluate the trade.
If the market doesn't do what I expect then I must reconsider.
I'll take one trade at a time.
I don't have to be perfect; I just have to do my best.
Money is not that important.
Losing is part of the process of making money.
Trading is a game, I know I can win.
Every setback provides me with new market information.
I can wait for an opportunity to come.

Losing Traders
I must be in the market now.
If I lose on this trade I am a loser.
If I wait for my trading rules I'll miss out.
If I get stopped out I have bad luck.
I can't lose money.
The market makers got me again.
I'm an idiot, how could I lose money.
What will they think when I tell them I lost money on this one?
The stock market is rigged.
It's impossible to get a good fill.
I cannot take a loss.
If I take my profit then I am right.

These different beliefs create different characteristics of winning and losing traders:

Winners:
Get pleasure from trading the market as an end in itself.
Not motivated primarily by money.
Confident that they can make money in the market.
Not afraid to take a loss.
Patient - waits for opportunities.
Uses a highly planned strategy.
Is well prepared, done his homework.
Measures the risk/reward ratio of every trade.

Losing Traders:
Never define a loss.
Locked into a narrow belief system.
Hesitate to make a trade.
Do not stick to a system.
Trade by whim.
Trade by emotion.
Have no consistent strategy.
Do not practice risk management
More interested in proving themselves right then being a success.

Financial markets are structured in such a way that make it very difficult for someone to approach them with a confident psyche; and that is why it is so difficult for most people to make money trading them. Almost all environments - the workplace, family, and friends - provide external forces that limit a person's behavior. They provide a set of rules of what is right and wrong and what actions are to be rewarded or punished. This is not true for the stock market.

The stock market does not care if you make or lose money. The market has no control over you. Since the market does not exert any external control over your actions you have to fashion your own system of rules and have the discipline to obey them in order to be successful. No one else will do it for you. You have to have the confidence to take this responsibility yourself. It takes enormous self-control and discipline.

Most people cannot take this approach. Instead they construct a fantasy in which the market provides them with future riches. They transplant these fantasies on to the individual stocks that they purchase and have difficulty confronting the reality of being wrong. When events don't match their illusions they simply ignore them. If a stock they bought drops below their purchase price they refuse to reject the fantasy that their decision to purchase the stock will make them money and instead convince themselves that it is a winner that merely isn't in favor yet.

However, stocks do not make successful traders money. They do it themselves. Instead of believing in the power of stocks, they believe in the viability of their own trading strategy. They have faith that their own disciplined interaction with the stock market will make them money and not the other way around. The decision-making freedom the stock market gives ruins most active investors, but handsomely rewards the few prudent traders.

As I said earlier it takes extreme confidence to execute a well-planned trading strategy and most people cannot find it. Instead, they often experience intense anxiety in the market. They may come to believe that the markets are rigged against them. The market doesn't cause this. It's their lack of strategy that twists them into emotional knots.

What one has to do to move from a fear stricken psyche to one capable of building enough confidence to make money in the market is to first believe in oneself and develop a strategy that consists of strict money management techniques. I'll discuss how I have done this later. But, once you have a strategy in place you have to have the fortitude to continue to believe in it when you suffer losing trades. Losses are a part of the game. The way to make money is to accept them and to use money management techniques to keep your winners larger than your losers.

You have to move away from a mindset that stocks will make you rich and believe that your trading method will make you money. Then you must come to realize and hold the belief that being right or wrong on each individual trade does not matter. You have to be able to move through the adversity of losing trades and hold the faith that you will make money in the long run. This is why people find it so difficult. People focus too much on the individual trades and hold unrealistic fantasies about them, while they cannot take responsibility for the decisions that go wrong. The worst ones take it personally. Most never understand what is required to succeed.

The bad news in all of this is that if you are trying to generate large percentage returns on your account the odds are stacked against you. The odds of someone starting small and making a lot of money in the stock market are probably the equivalent of a rookie league baseball player making it into the big leagues. The good news is that most people trade recklessly, on pure emotions, and with little or no strategy so the competition isn't so hot. Dedication and following a sound strategy can go a long way. I try to demonstrate that and encourage you in that direction with this newsletter and website.

To read the Odean studies yourself click this link:
http://www.gsm.ucdavis.edu/~odean/papers/returns/returns.html

Mike Swanson can be reached at TimingWallStreet.Com

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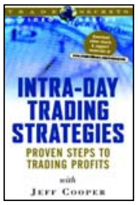

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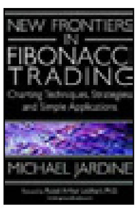

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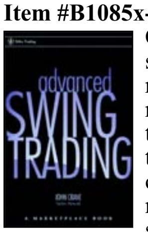

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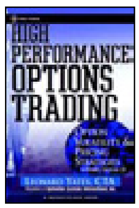

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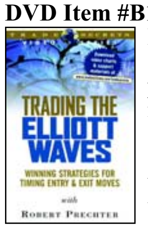

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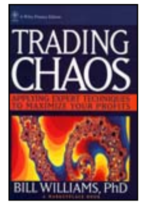

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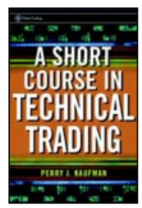

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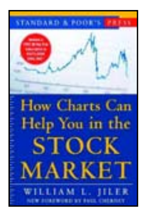

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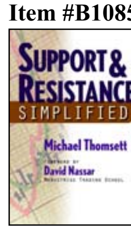

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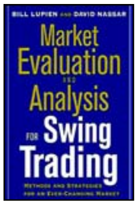

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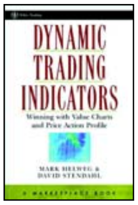

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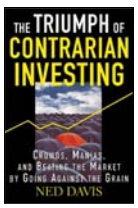

What it is, how it works, and why millions of successful investors see it as the only logical choice. Contrarians say that, when it comes to investing, the crowd is wrong more often than right--and they prove it with their 200-year history of success! Now, learn to use long-proven contrarian strategies to uncover tremendous buying and selling opportunities. Ned Davis, one of today's biggest names in investing, reveals: How to ignore the temptation to "join the crowd," Consistent signs that a stock's price has been driven too high or low, Strategies for protecting contrarian portfolios when--as sometimes happens--the crowd is right - and more.

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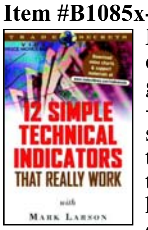

Discover how the right technical indicators will help you get in and out of the markets - with profits in tow. Larson shares his 12 favorite indicators and details how he picked them, how he tested them, and how they work together to create spectacular returns.

Mastering Option Volatility with Sheldon Natenberg
Video Item #B1085x-982362
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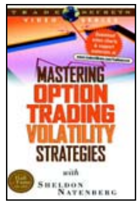
For years, we've been experiencing a volatile market, yet most investors don't understand how to use the power of volatility to their trading advantage. Now, Trader's Hall of Fame winner Sheldon Natenberg outlines a step-by-step approach to understand-



ing the key role volatility plays for successful trading. Covers everything from the strengths/weaknesses of using option models to comparing implied volatility to future volatility. It's a unique opportunity to learn from the best. Start mastering the most effective volatility strategies - and avoid mistakes most average traders make.

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With Jon Markman video
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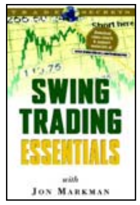
DVD Item #C84x-1674562



Master proven methods for reaping even bigger profits by Swing Trading, from the bestselling "Swing Trading" author & popular CNBC/MSN Money host. Swing Trading or buying stocks for holding periods of a week to 6 months – is becoming the new trading paradigm and this home-study course is a great place to start. INCLUDES: Online Support Manual

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Strategies for Combining Price, Volume, Time, and Velocity with David S. Nassar Video
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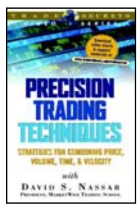

Go beyond basic chart patterns, as Nassar's outlines a full program of "Foundational Analysis". Gives you the tools needed to spot trends and seize opportunities - all in easy-to-follow detail! Discover why viewers are raving, "some of the best usable ideas presented - far exceeded my expectations!"

A Trader's Guide to Self-Discipline: Proven Techniques to Improve Trading Profits
With Brett Steenbarger 90 min $64.95
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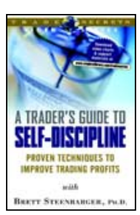
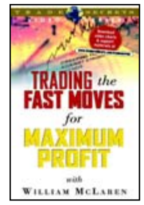


It's the easiest ways to improve your trading profit: Stop working against yourself. Learn to overcome negative trading behavior and take emotions out of the mix with this excellent new workshop from bestselling author and MSN Money columnist, Brett Steenbarger. He's also a real trader - just like you. Now, in easy-to-understand language, this lively presentation illustrates how to reduce impulsive trading, increase your self-discipline and - ultimately - your trading success. See why traders are saying, "This is one of those rare tapes that I would listen to several times!" "Best course there is!"

Trading the Fast Moves for Maximum Profit ~~$129~~ now: $99
William McLaren
90 min video Item # B1085x -1674573
DVD item # B1085x-1674607

Getting in or out of the market at the precise moment is a trading "art." Now, Gann



expert Bill McLaren shows you how to master this vital art form in a brand new home-study workshop. He shows you:How the markets set up to trigger fast moves; How to recognize when this will occur; How to make the most money – in the shortest amount of time; How to recognize trends and, most importantly, analyze and apply price/volume data; Viewers claim, "There were just too many usable ideas in this presentation to list them all!"

High Probability Chart Reading with John Murphy
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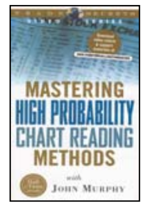

The master of Technical Analysis brings together the key elements including the: Price Patterns he's found most reliable; His favorite technical indicators; The importance of using them in conjunction with each other

Spotting Price Swings & Seasonal Patterns Precisely: Timing Major Market Moves with Jake Bernstein
90 min video Item #B1085x-960927
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Want to know a simple price pattern for trading on Monday? Or a price pattern that signals a powerful trend is about to get underway? Powerful new Bernstein workshop features his favorite price patterns for trading S&P futures on Monday based on the price action on Friday.

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Timing Models and Proven Indicators for Today's Markts With Nelson Freeburg
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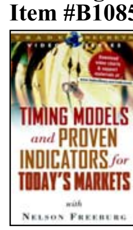
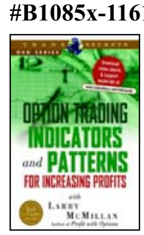


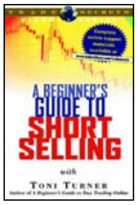
Exposes all buy/sell signals and proven price patterns, then details classic systems that work in all timeframes, like the Zweig 4% and Wilder Volatilty System. Plus, tips for testing your timing strategies before risking real money. With its comprehensive online companion manual, you'll see why trading luminaries like Linda Raschke and Paul Tudor Jones regularly follow Freeburg's guidance - and now you can, too.

Option Trading Indicators and Patterns for Increasing Profits with Larry McMillan
Item #B1085x-1161009 DVD Item #B1085x-1161012 ~~$99~~ $69



Packed with fresh new methods McMillan has adopted to continue prospering even in the face of market uncertainty. Cuts new ground, offering key indicators and pattern recognition tips for: Analyzing shifts in volatility to redefine entry/exit points.

A Beginner's Guide to Short Selling
With Toni Turner 90 min Video Item #B1085x-12288 ~~$64.95~~ $49



Fear Short Selling no more as Toni Turner takes you step by cautious step through the entire process. Her systematic "top down" approach shows how to select the right stocks for short selling - and proves it's not as hard as you think. Plus: How Candlestick formations identify selling candidates; Why the convergences of signals can shift odds in your favor; What it takes to "Make your Shorts fall" and more
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Gary Smith
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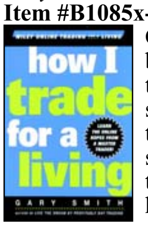

Quickly becoming the new bible of the trading industry, this 15+ year veteran shows a new generation of traders not only core trading strategies -- but what it takes to successfully trade from home, and for a living. A must for all active traders.

7 Secrets Every Commodity Trader Needs to Know
James Mound
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Larry Williams
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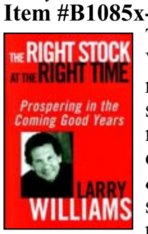

The incomparable Larry Williams lays out his winning system for picking great stocks – even in the worst market conditions. When others are gripped with fear & selling off, Williams is seizing overlooked opportunities. Learn his key strategies for riding the rally in any market. Tips for removing the mystery from the use of technical analysis. Easy-to-understand definitions of technical analysis topics. Examples and explanations of essential configurations, patterns, and formations

Swing Trading: Power Strategies to Cut Risk and Boost Profits
Jon Markman
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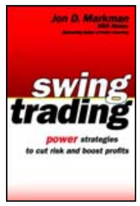

CNBC/MSN Money's Jon Markman presents the highly profitable, risk-abating benefits of swing trading in a thorough, move-by-move playbook. Features different swing strategies of renowned traders such as George Fontanills and others.

The Option Advisor
Wealth Building Techniques using Equity & Index Options
Bernie Schaeffer
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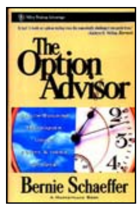

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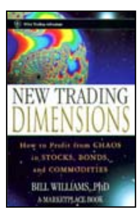

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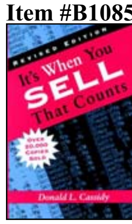

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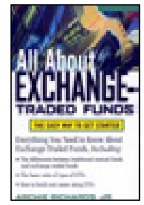

ETFs – priced like a stock and traded continuously throughout the day – are the hottest thing in investing today. From the various types and basic rules to effective strategies; this guide is the best place to start.

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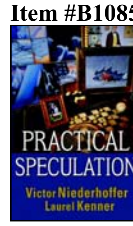

He had it all – then lost it ALL – forcing him to close operations. Now – he's back to the world of stocks, futures and options with a new approach, new insights, new methods and compelling lessons on risk and survival. Even top traders need to dust off their methods and reinvent themselves – and this inspiring new work is the place to start.

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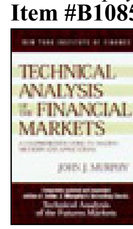

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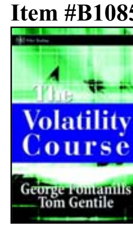

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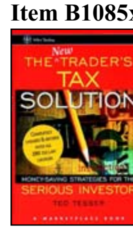

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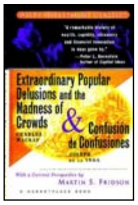

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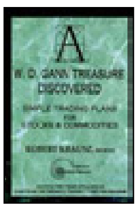

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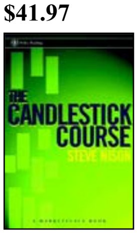

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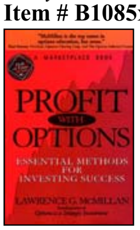

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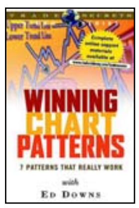

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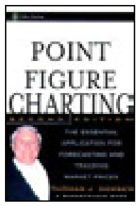

Everyone loves Dorsey and his technical analysis classic, which provides the essential applications for forecasting and tracking market prices. He makes it so clear and simple to implement even novices can realize improved returns immediately. See why readers rave: "Worth every penny - and MORE!"

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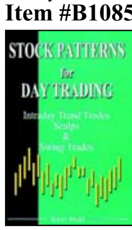

Profit from short term and intraday price swings with the winning methods this professional stock trader reveals. For seasoned players and novices alike sure to help all traders improve their skills and, ultimately, their returns. Covers: Intra-day trend trades, scalps, swing trades and more; How the "Wiggle" works; Why and how to use Bar Charts

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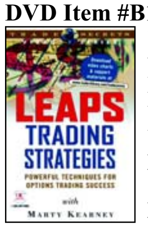

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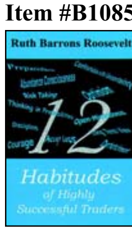

The mental aspect of trading contributes more to the success or failure of a trader than the system he uses, the trading rules he uses, or any other factor. Now, discover 12 key "habitudes" (habits and attitudes) that are vital to trading success. From preparedness, Detachment, and a willingness to accept loss, to taking controlled risk, being comfortable with uncertainty, courage, discipline and more- this is a great guide.

Swing Trading Simplified
Larry Spears
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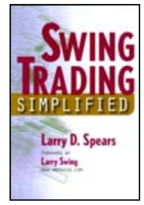

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The Definitive Guide to Forecasting Using W.D.Gann's Square of Nine

A new book titled The Definitive Guide to Forecasting Using W.D.Gann's Square of Nine" has just been published in October 2003! This new book contains 17 comprehensive chapters of forecasting techniques for W.D.Gann's Square of Nine. For **Beginners,** Chapter 1 contains the most comprehensive explanation of the Square of Nine's construction, layout and mathematics ever put in print. For the **Advanced** this book contains virtually every forecasting method for the Square of Nine. Learn to forecast prices, see chapter 2, chapter 3, chapter 6 and more. Learn to forecast time cycles see chapter 4 chapter 5 chapter 13 and more.

Spreadsheet formulas! This book contains spreadsheet formulas for the Square of Nine's mathematics and presents two technical indicators which you can program. See Chapter 16 for "Mikula's Square of Nine High-Low Forecast Indicator". This indicator uses the Square of Nine's square root mathematics to forecast tomorrows high and low price. See Chapter 17 for another technical indicator based on the Square of Nine mathematics which you can program.

Planetary Angles! See chapter 15 for one of the best planetary angle techniques you will ever see for locating support and resistance levels.

Price and Time Forecasting Grids! See chapters 13 and 14 to learn how to draw Price and Time Forecasting Grids which work like a road map to the future!

A Word From The Author:

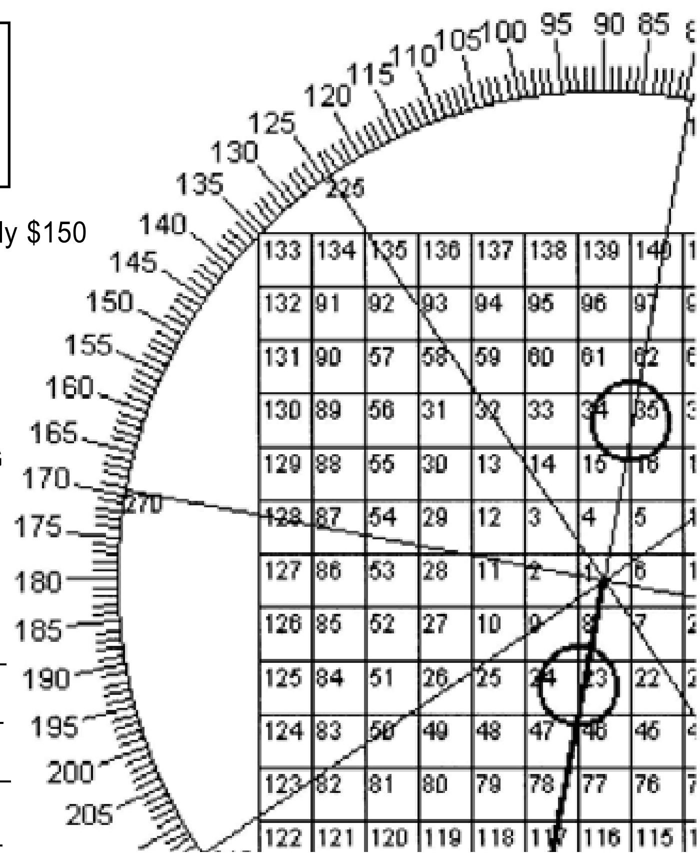
It has been almost ten years since / wrote a book about W.D. Gann's forecasting tools. I wanted to return to this subject with a book that would stand the test of time. This book was written with the intention of creating the official book of record for all the Square of Nine forecasting methods. I believe I have achieved that goal. This book contains virtually very Square of Nine forecasting method.

Patrick Mikula.

> What are traders saying about this book.
>
> *Your book has so much material I will be studying it for at least a year!*
> Bob K. in Ohio

205 Pages 81/2x11 Brand New in Oct 2003! Now only $150
Author Patrick Mikula.

Order <u>The Definitive Guide to Forecasting Using W.D.Gann's Square of Nine</u> with a Visa or Mastercard for $150 + shipping at **www.MikulaForecasting.com**. To order by mail for $150 + $6 Priority Mail shipping for a total of $156 make a check payable to MIKULA FORECASTING COMPANY and mail it to Mikula Forecasting Company, P.O. BOX 152672, AUSTIN, TX 78715-2672, USA.



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Ganntrader 3.1- Review

The Ganntrader is an extremely powerful research and charting tool for the student and trader of W.D. Gann methods. The program is very easy to use and most of its commands are just a mouse click or keyboard selection. For those who have read Gann's books or studied his Trading Courses, the name of W.D. Gann and his accomplishments are well known. He was considered to be one of the most successful commodity traders in history. His career spanned over 50 years. Gann discovered some valuable but often unbelievable laws that govern the markets. Many have tried to duplicate his trading methods. The primary purpose of Ganntrader is to allow an efficient way to test Gann's discoveries in order to confidently integrate them into your own trading system. As far as we know, this is the only program that fully allows a trader to illustrate and test all of Ganns rules of trading with the markets. Ganntrader 3.1 works with any pc compatible computer. It works with Windows 95/98 in high resolution screen modes and it works using Microsoft Virtual PC in an optional environment with Windows 2000/XP systems with high resolutions screen modes up to 1280X1024. GannTrader uses three types of data MetaStock and CSI data. These three types of data are standards in the industry available from several data vendors.

The program is easily used with pull down menus. The file menu is used to load data and finally to print out charts. This is where initially the file type is selected. There is a choice of intraday, daily, weekly, monthly, quarterly and yearly display. The bars can be in high, low, close format, open, high, low, close or the popular candlestick format.

W.D. Gann was known to use the daily, weekly and monthly charts to do his analysis. This program has the capability of using calender daily charts. It will insert spaces in for weekends and holidays. The reason for this is that time does not stop even if the market is closed. Therefore cycles can be more accurately forecasted in the future. Volume and Open interest can also be displayed with these charts. For a uptrend to be valid, you must have rising volume and open interest. Something W.D. Gann monitored closely.

Several angle modes are available in the program. All Swing Angles, Main Trend Angles, Selected Angles and Back 360 Hi/Lo Angles can be selected. Gann's True Trend Line indicator is also available which is a variation of the Selected Angles mode. The program will also display the price and time difference between the origin point of a selected angle and the current cursor's position.

One of the most confusing parts of Gann's work has to do with the 1x1 angle or the 45 degree angle. A 1X1 angle in its simplest form rises at the rate of 1 cent or 1 dollar per day, week or month. It is questionable whether most trading programs draw this or any other angle correctly. The Ganntrader allows you to use this angle and other complementary angles based on the rate of the rise of 1X1 angle regardless of the charts scale!

Ganntrader also includes the Michael Jenkin's Mirror Image Foldbacks. This seems to work in the market because most markets reflect or mirror themselves due to the ending and beginning of natural cycles.

Gann's price and time squares are one of the most important part of his methods. Gann's natural or permanent squares include the square of 52, 90, 120, 144 and 180. Ganntrader can do all of these squares as well as squaring the high low and range of markets.

The Square of 9 is one of Gann's most powerful tools. Almost all expert Gann traders use these spiral charts. The Ganntrader uses both the natural number and the Square of 9 based on the natural cycle of 365.5.

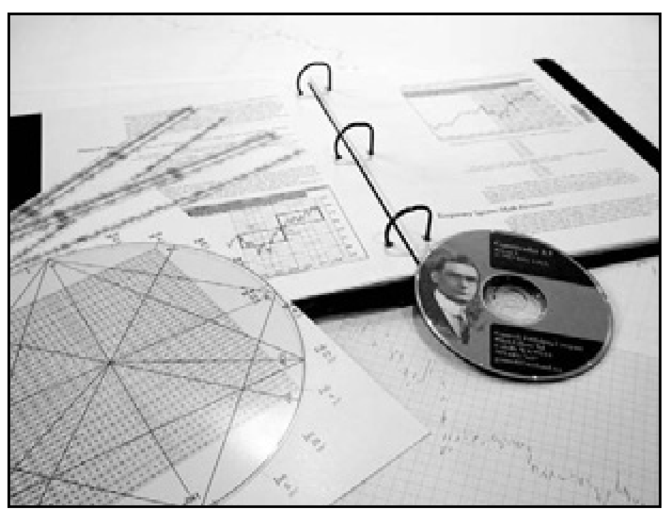
Gann's use of Astrology in the markets has been controversial. Some students don't include it in their analysis, but if you want to try to duplicate Gann's work you should include it. Astrology is defined as the study of correlations between the planetary positions and the market's activity. The trader looks for correlations but not necessarily causation. Almost all technical trading is based on the correlation of a certain setup of rules and the markets past performance. Ganntrader allows the use of both planetary Geocentric and Heliocentric Mercury, Venus, Sun/Earch, Mars, Saturn, Uranus, Neptune, Pluto, Moon Longitude and node aspects. All the tools are here to fully test all of Gann's astrological methods of trading, including Time Cycles and Time Measurement, Transits or Time by Degrees, Average of the Planets, Latitude and Declination, Parallels and Contra-Parallels. These astrological methods are not available in virtually any other technical analysis program.

Ganntrader also uses the Third Dimension method. According to Gann a future price will be related to an important low or high in a simple arithmetic relationship. A number of Gann's charts and overlays contained both circles and squares superimposed on one another. Ganntrader is full use this technique activating its PT Circles or PT Arcs.

The program comes with an excellent color manual which contains many explanations of how to use the different functions of the program and supporting illustrations. It also contains Gann's Square of Nine Wheel and a template that goes over your function keys on your keyboard.

One of Ganntrader's strong points is its ability to printout high quality charts with grids. These can be printed in different grid sizes: 12,15, 18, 20, 22.5, 30 and 36 grids per inch. These charts can now be multiple color. The charts can also be printed using laser or dot matrix printers in letter, legal, A4, B4, A3, 11X17" or 13X19". A banner mode is also available to print them out on long roll paper.

Ganntrader 3.1 is highly recommend for those traders who want to be able to have big and excellent charts and to be able to duplicate both the mathematical and astrological trading methods of W.D. Gann. As we stated above it is only of the only programs that is capable of drawing correct chart angles as well as many other functions other programs just don't have available. For more information contact Gannsoft at 509-684-7637 or go to: www.gannsoft.com



Applied Reality Trading Home-Study Course - Review

The belief of the author of this course Bennett A. McDowell is that no one was born as a great trader and that those with the commitment, capital, and proper education can become a successful trader. He believes that trading is the perfect business. There are no bosses or other employees to deal with. You can trade from just about anywhere in the world in a variety of markets. He believes the trader can align his own personality with his own trading approach to be successful trading the markets. Mr. McDowell believes that price and volume in the markets are the real truths in the market. These represent all the reality there is in the market. There is no such thing as overbought or oversold as indicated by computer oscillators such as stochastics, RSI and other indicators. These indicators can actually confuse the trader by creating incorrect illustrations about future price movement. He believes that trading must be based on actual trading entries and exits on what is happening in the markets now as it unfolds. That means trading from realities or truths of the market rather than unfounded forecasting of future market prices. The author believes that paper trading should be done to develop your skills before risking real money in the market. If you can't profitably trade by paper trading then you surely don't need to be trading with real money. The trader should also only trade with money they can risk to lose and with strict money risk management.

The Applied Reality Trading Course contains:

1) Four Week Study Manual Complete with Chart Examples
2) Four Video Tapes and
3) Video
4) CD-ROM Tutorial with Charts
5) "ART" Charting Software CD-ROM "Plug-in"
For TradeStation & eSignal Charting Software
6) Unlimited E-mail Support for Three Months
7) Access to their Secure Website Course Information
8) Proprietary " Trade Size Calculator Software.
9) "As You Wish" A Gem of a Book
10) The Sunrise Trading Journal

The course teaches you how to use the science of the "Applied Reality" Trading Signals with the art of how to apply these signals and integrate them into an individual trading approach. Signals are given through plug-in software to be used either on eSignal or TradeStation platforms. The software automatically indicates and draws "Pyramid Trading Points, Reversal Bars and Two Bar Reversal Patterns directly on the charts. The course study manual fully explains how these signals are created and used so the trader fully understands how they work. This gives the trader more confidence in the method.

The course is broken up into four weeks, which are also backed up with a video tape. The best way to study the material in this course is to complete one study session each day Monday through Friday. Begin the course by watching the video tapes first, which walks you through the lessons in the course. It is important to understand each segment before moving onto the next topic. Take the weekends off and relax. The following basically explains what is covered each week:

Week 1 - Overview & Philosophy of "ART"
Reviews the basics of the home study course. It stresses that the trading method should be simple and easy to understand and not complex. It explains all about price and volume and its importance in the market and why it should be the basis of method of trading. The money market method is explained and why it works and why the Trader's Mindset must be developed to be successful.

Week 2 - The "ART" Trading Principles
This week goes through the trading principals of the course, price bar meaning and interpreting volume of the markets. It illustrates reversal bars on high volume and what they mean. It describes trades on elongated bars with high volume and two bar price patterns & pyramid trading points.

Week 3 - The "ART" Trading Principles
More explanation of how to set stops, calculate risk and set trade size and how to know when to change time frames, It describes the four trading styles and their patterns and reversals (SARs) and re-entry patterns. How to trade set-ups, and how to choose the best trades and use stock sectors and groups to increase your odds.

Week 4 - Putting It All Together to Become a Trader
The last week of the course shows you examples of implementing the entire system with live trading. How to use the Traders Assistant record keeping system and how it improves your trading by running it like a business. How to handle your emotions while trading and how to finally use trend lines on higher time frames.

Appendix - Various Charts
Includes over 60 full-color "ART Charts" which illustrates how to use the various signals given by "ART".

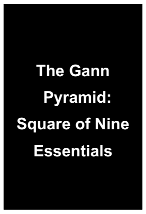
Also the course supplies the student with the Sunrise Trading Journal to record their morning thoughts and emotions before trading. There is also a Graduate Level of study, which is a personal two day trading tutorial for those who have taken the home study course. The trader actually will trade with Mr. McDowell for two days in real time to further their trading education. This course comes highly recommended by Traders World.

Bennett A. McDowell, can be reached by calling (858)695-0592.

SPECIAL TRADING BOOKS

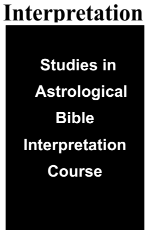
CALL 800-288-4266 or go to: www.tradersworld.com

The Gann Pyramid: Square of Nine Essentials
by Daniel T. Ferrera



A new ground breaking course on the Square Of Nine, W. D. Gann's most mysterious calculator. This course is full of never before seen principles and techniques of analysis using Gann's Square of 9, with detailed explanations of their applications to the markets. **$395.00**

Studies In Astrological Bible Interpretation *by Daniel Ferrera*



An interesting exploration of the process used in coding astrological and astronomical cycles into literature. Engages in a thorough analysis of the book of Genesis, exploring coding systems by which astrological symbolism is veiled. **$55.00**

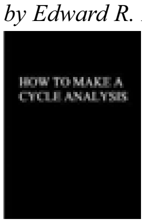
Wheels Within Wheels
by Daniel Fererra. Breaks down the

16 primary component cycles of the DOW Jones Averages, producing an accurate map of the last 100 years of history, and projecting the cycles ahead to 2108. Includes all Excel Spreadsheets with all cycle calculations and charts, and the 100 year projection DFT Barometer. **$450.00**

GannTrader 3.1
by GannSoft Publishing

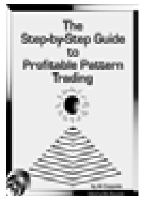
If you are a true Gann trader and you need to do to necessary research using all the Gann methods and techniques, this is the only program for you. New version also includes candlestick charts, support for intraday studies such as Quote.com & Esignal. Also supports CSI. Now works under Microsoft Windows XP. **$1695.00**

How To Make A Cycle Analysis
by Edward R. Dewey



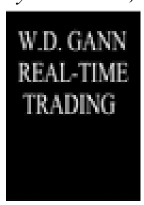
Approx. 630 pages, with charts. This how-to manual on cycle analysis was written by E.R. Dewey in 1955 as a correspondence course. It provides step-by-step instructions on the elements of cycle analysis, including how to identify, measure, isolate and evaluate cycles. The most elaborate cycle course ever written, by the star of cycle analysis, founder of the Foundation For The Study of Cycles. This course had a limited release in the 50's at a price of $350.00. It has been unavailable since then. Now **$350.00**

The Step-by-Step Guide to Profitable Pattern Trading
by Al Coppola



Not just another "How to book" but a wonderfully clear and illustrated guide to trading a system which assures *high probability* Day and Position trading. Master Trader, Larry Pesavento says that this book, "is soon to be a classic". The author, Al Coppola, provides a unique presentation of the complete method - from identifying the patterns, exact entries, targets, and trade management. No mysteries here, and nothing left out. The steps used to evaluate each trade are illustrated clearly with over 200 actual *recent* charts. **$125.00 Shipping is $12.00** (Please see display ad in this issue.)

W.D. Gann in Real-Time Trading
by Halliker's, Inc.

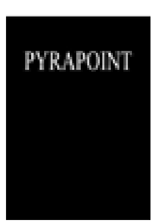


If you feel that you would like to do short term scalping or swing trading in the markets, then this book might be for you. It illustrates many short-term Gann mathematical trading techniques which have a high tendency to work intraday. Various intraday time frames are shown and how they can be used together to keep you in the direction of the market. 200 pages **$69.00**

Patterns & Ellipses
by Halliker's, Inc.

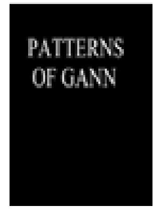
Stocks and futures move in elliptical paths. When a market makes a gap, its price action usually passes into a new sphere. All its activity will remain in the current sphere until it moves into another new sphere. Ellipses along with pattern analysis can be used to determine if a market is bullish or bearish. This new book tells you how to use ellipses along with detailed chart patterns to determine if a stock or futures contract is bullish or bearish. 100 pages **$49.95**

Gann Grids Printing Program
At last…an affordable computer printing program that allows the user to plot and chart almost all stocks, commodities and indexes in the legendary WD Gann grid chart format making them mathematically and harmonically perfect for Gann, Bayer or Elliot style cycle research. No more time consuming hand drawn charts to worry about. The Gann Grid Printing Program will allow the user to set the price scale data from .001 - 32.00 per grid box. **$79.95**



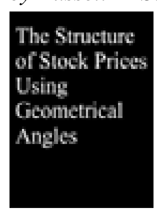
Pyrapoint
by Don E. Hall
Mr. Hall discovered a secret from one of Gann's associates "Reno" who shared a desk with him on the floor of the Chicago Board of Trade. Apparently Gann carried a piece of paper with him to the floor every time he made a successful recorded trade. Mr. Hall found out what that paper was and developed the Pyrapoint trading method around this. An easy to understand trading software program was fully developed. It creates a natural trend channel and areas of both support and resistance. It's clearly tells you when the trend changes. 300 pages. **$150.00**

The Patterns of Gann
by Granville Cooley



The author of this book has been researching W.D. Gann's work since 1983. Cooley has found patterns (cycles) using numbers. His approach to understanding of cycles will enlighten any student of Gann. If you are serious about the study of Gann and the study of cycles and patterns, this book is a necessity. 611 pages (8 1/2" x 11") perfect bound book. **$159.95**

The Structure of Stock Prices Using Geometrical Angles
by Russell M Sedlar

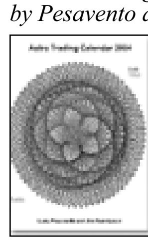


"This chart based book shows how the Geometrical Angles described by W.D. Gann, when used is this newly discovered way, literally become the controlling force of stock price fluctuation, causing tops and bottoms to form and trendlines to be determined."
$49.95

Gann Master Charts Unveiled
by Halliker's, Inc.

Complete 100 page book explaining how to use Gann's Master Square of Nine Chart, The Gann Hexagon Chart and the Gann Circle Chart. **$49.95**

Astro Trading Calendar 2004
by Pesavento and Twentyman



The stars are shining for traders looking for a high quality astrological calendar for 2004. Veterans Larry Pesavento and Jim Twentyman have produced just what the doctor ordered! . Heliocentric positions, Geocentric positions, All retro and direct positions, Mercury retrograde and shadow positions, Exclusive Pesavento Index, Declinations, Max-min-zero all planets with, Parallels, All conjunctions and oppositions, Both Helio and Geo, Astro Glossary like Astronomy 101, Ephemeris Helio-Geo, Julian Days and day of Year, Tables for researching of events, 5 years Bradley Model, Eclipses and Occultations, Chiron phenomena included. **$49.95**

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AstroCycles: TradersViewpoint
by Larry Pesavento

Pesavento begins at the very beginning of this book by teaching the basics of astrology. He includes the basic definitions and explanations fo the planetary movements. Included in the topics covered are explanations of the Zodiac and its relationship to the signs and houses, eclipses, equinoxes and solstices as well as Lunar phenomena.(190 pgs) **$40.00**

Geometry of the Markets
by Bryce Gilmore

Book explains the theory behind time in the markets, Ancient Geometry and Numerology, Squaring Price Levels, Time Support and Resistance. Heliocentric Planetary Cycles. **$40.00**

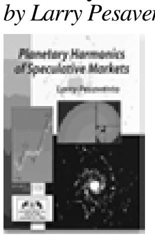
The Opening Price Principal
by Larry Pesavento

There is an amazingly reliable relationship between the opening price and the high/low range for the entire day. This relationship is generally known only to seasoned veterans. This new book from 2 traders with over 50 years combined experience reveals this consistent pattern, illustrates it with many tabular and charted examples, and tells you how to trade profitably using it. **$23.70**

Complete Stock Market Trading and Forecasting Course
by Michael Jenkins

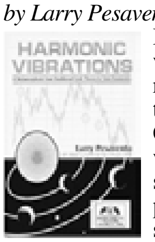
In this course Jenkins teaches you to trade the markets using the time and price principals of Gann.. He also reveals his secret trading techniques which he only has revealed to some of his close friends.(284 pgs) **$529.00**

Planetary Harmonics
by Larry Pesavento.



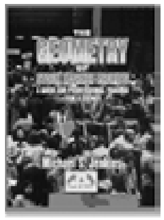
Provides phenomenal trend change dates and Applies George Bayer's Secrets of Forecasting Prices to financial markets, Proves the validity of planetary harmonics, Illustrates hidden Fibonacci ratios. 202 pgs. **~~$49.00~~ $44.10**

Harmonic Vibrations
by Larry Pesavento



In this book, Pesvanto deals with planetary aspects and their relationship to day-trading. He takes you to the floor of the Chicago Mercantile Exchange with wave trading techniques such as a geometric trading plan based on George Bayer's secret message, Combust (one of the most important astro-harmonic cycles in soybeans) and the Rosh Hashanah Cycle. 176 pgs. **~~$49.00~~ $44.10**

The Geometry of Stock Market Profits *by Michael Jenkins*



This book is about Jenkins' proprietary techniques, with major emphasis on cycle analysis, how he views and uses the methods of W. D. Gann, and the geometry of time and price. **$45.00**

Chart Reading for Professional Traders
by Michael Jenkins

This book is a complete, comprehensive study on reading charts, forecasting the market, time cycles, and trading strategies. Explains reversal of trends, when to expect them, and how to know the trend has change. Shows you how to forecast with great reliability how long the new trend will last and its price target. **$67.50**

Fiboancci Ratioş with Pattern Recognition
by Larry Pesavento

This new book is well focused and organized. The bulk of the book describes a limited number of high probability patterns which coincide with clusters of Fib price projections that provide the short-term trader with high probability and low capital exposure trade set-ups. These trade set-ups are equally valuable for intermediate term traders as well. The short-term set-ups can also be used to enter for an intermediate term position. **$43.95**

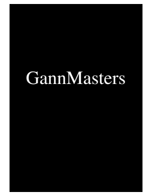
Profitable Patterns for Stock Trading
by Larry Pesavento

Over the past 20 years the use and misuse of the Fibonacci Summation series has proliferated to the point that commentators on the nation's TV business channels are now resident experts. I lay no claim to being an expert. I have, however, studied the subject of Fibonacci numbers extensively, especially how it relates to trading. **$43.95**

Intro to Astro Tech Trading of Stocks and Commodities
by Myles Wilson Walker

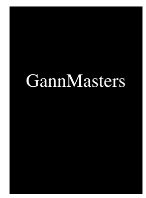
Part One: For Beginners, Planet glyph, Wheel explanation, Terms, Fixed (Automatic) Astro Cycles and examples, Stock Indexes, Grains and Bonds, How to Find Fixed cycles for any Stock or Commodity, Planetary Ingress, Retrograde - Direct planets as a Cycle timer, Jupiter Ingress and Soybeans, Repeating Aspects, How to Find the Dynamic Astro Cycle for any Stock or Commodity, Natal Astrology, Bradley Indicator, Time by Degrees, Chart Patterns, Trading Organization, Profit goals, Appendix, Complete Glossary. 130 pages. **$49.95**

Gann Masters
by Halliker's, Inc.



Due to the overwhelming interest in the W.D. Gann trading techniques, Traders World created the Gann Masters Trading Course to help traders become successful. The course was created by Traders World Research in combination with asking large traders how they used the techniques of W.D. Gann. This was put together in an easy-to-understand course designed for the average person. The course includes dozens of charts and illustrations which were not included in the courses of W.D. Gann. i200 pages. An Excel template was also developed to help the students with master table and circle charts. **$90.00**

Gann Masters II
by Halliker's, Inc.



This course shows you how to implement Gann's mathematical techniques to trade the markets including using angles, swings, the squares, time cycles, astrology and many other techniques illustrated with the software program GannTrader 3.0. Much of the course is taken from the GannTrader 3.0 sofware manuel. **$90.00**

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Getting the Right Trading Computer

By Larry Jacobs

Traders World in the past two years has developed it's own special trading computer to meet the needs of our subscribers. This article is to help you in the selection of a trading computer whether you buy it from us or another company. Getting the right trading computer is very important to your success in trading. The type of computer you need for your trading style might be different from what some other trader needs.

What kind of trader are you? You're answer will determine what kind of computer you need. Are you a day trader, a swing trader or an investor? The day trader demands the fastest CPU. He needs the Pentium 3.0 GHz or higher speed. He can now go up to the 3.4 GHz extreme CPU. The extreme CPU has 2 GB of cache memory vs. the standard 512 MB. For this reason the extreme is much faster. The swing trader or investor does not necessarily need that extra speed. In most cases the 2.8 GHz is sufficient.

What amount of RAM memory do you need? That depends on the number of programs you are running at anyone time and the number of moni-

tors you have connected to your computer. Normally based on the number of software programs most traders use, we usually recommend 256MB per monitor. That means if you are using two monitors then you need 512MB of RAM. If you are running four monitors, then you need 1GB of RAM. If you have eight monitors, then you need 2GB of RAM. If you run a lot of programs and keep a large number of charts up at one time, then you may have to double the amount of memory.

The type of memory you use is very important. We recommend matched DDR memory. This memory needs to be in pairs to work correctly in the computer. It is very important that each memory module is exactly the same. Any difference will cause incompatibilities in running the computer or your trading software. You must remember that a trading computer runs more intensely that other computers.

You as a trader need the best motherboard available. You can't skimp in this area. The motherboard is the brain of your computer. Based on all the reviews and tests we are currently recommending the Asus P4C800-E Deluxe motherboard. It has the Intel 875P Chipset, Intel Hyper-Threading Technology, 800 MHz FSB, Dual-Channel DDR400 Memory capability, Intel PAT, Multi-Raid, Intel Gigabit LAN, AI audio, AI bios, AI over clocking, AGP8X/Pro, IEEE 1394 interface, and USB 2.0 ports.

Which hard disk drives do you need? If speed is important I would recommend using the Western Digital Raptor 36 GB drives. These are 10,000 RPM drives and are extremely fast. In fact they are almost twice as fast as most other drives available.

Many traders want a raid system. This means that you have two hard disks that basically work together to make your computer run faster. There are basically two types of raids. One is called raid 0 for speed. It can increase the speed of your drives by 40%. This is excellent if you back test data in a trading program such as TradeStation. The other type of raid is 1. This means that the second drive mirrors your drive two as a backup.

What Type of CD/DVD Drive do you need? We normally recommend the standard CDRW/DVD drive. It will allow you to play any CD or DVD disk and backup or copy to a CD. A CD holds around 700MB of data. Also the DVDRW is now available. It allows you to backup up to 4.7 GB of data on a DVD disk. This is excellent as a bigger source of backup rather than using the CDRW drive. It is also especially good to get if you are into photography and are planning on putting movies on DVD drives.

What About the 1.44 Floppy? This is a standard item on most computers. It sometimes is necessary for installing or transferring data on a computer.

What type of Video Card do you need? How many monitors are you planning to trade with? If you are using just two then I would recommend the Quadro NVS 280. It can support up to two DVI or analog monitors up to a resolution of 1200X1600. If you are using four monitors then I would recommend the Quadro NVS 400 for up to four DVI or analog monitors up to a maximum resolution of 1280X1024. If you want the fastest 4 port monitor card then go with the Xentera GT card. It can run resolutions of up to 1200X1600 on a DVI monitor. It has twice the RAM

Your display monitor is extremely important to your trading. This is what you look at all day. A quality monitor will not tire your eyes. The new flat panel monitors have several advantges over CRTs. There is virtually no flicker. They don't put out high electro-magnetic harmful waves. They don't take a lot of energy and save you a great amount of money each year in energy costs.

The Samsung SyncMaster 213T is an elegant, flexible, and most importantly, high-performance 21.3" dual-input analog/digital LCD display. Form, function and finesse are embodied in this stunning monitor that pivots, turns, and rotates, all with a simple touch. The dual inputs accommodate an analog or digital signal, all-the-while showcasing ultra-crisp, ultra-vivid graphics and text. The 213T boasts a contrast ratio of 500:1, 1600 x 1200 active native resolution, pixel pitch of 0.270mm H/V, Xtrawide™ 170°/170° viewing angle, analog and digital video inputs, and a scanning frequency of 30-93 kHz horizontal and 56-85 Hz vertical.

The 213T's Pivot Technology lets you turn your display from landscape to portrait without breaking a sweat. With a narrow bezel (measuring a mere 0.75") the 213T is a desktop space-saver – and if you're feeling more permanent, you can even mount the display on a deskstand or the wall and get it off your desk completely.

To ensure long, reliable performance, the 213T comes with a three-year parts and labor warranty, including the backlight. Add toll-free, 24/7 support for the life of the monitor, and you'll have a worry-free, high-end display for years to come. This is my personal favorite monitor, which I highly recommend to traders. I like this monitor in a dual or triple deskstand configuration.

as the Quadro NVS 400 card. There is also an eight monitor Xentera GT card available.

What kind of internet connection do you need? The Asus motherboard comes standard with the Intel Gibabit LAN. It has the ability to transfer data at a much higher rate with lower latency than other LAN cards. This is what you would connect your DSL or Cable modem to. For safety sake, some traders also opt for a regular telephone modem. We only recommend the best, which is the US Robotics 56K Performance modem. If your DSL or cable modem goes down then you can use the telephone modem for a backup.

What Type of Case do you need? We recommend the two quietest cases on the market. These are the Sonata and the P160 case. They are both basically constructed the same. The Sonata is a steel case and the P160 is aluminum. The Sonata comes with a standard 385 Watt power supply and the P160 does not come with one. We usually can put in a 400 Watt power supply, which is quieter and more powerful than the Sonata's. We now also have an option of a new (no fan - 0 decibels) power supply. This gives you an extremely quiet computer.

What about the keyboard and mouse? I recommend the award winning Logitech MX Keyboard and Mouse combo. These two are completely wireless.

What About the Operating System? I only recommend Microsoft XP Pro. This works best with multiple monitors. It also gives you hyper-threading improving your multi-tasking.

What about technical support and PCAngel. As far as technical support, we install your trading software on your computer to make sure everything works OK. We also optimize the computer to make sure it works as efficiently as it can. You can also call us with technical support questions. Your computer also includes PCAngle in non-raid systems. If you have problems with your operating system, with PCAngle, you just reboot your computer and press R. It then gives you a choice of going back to a previous date to restore the system to that date. You have another option that will restore the operating system without erasing your trading programs and a last resort option of a complete destruction of your all programs with the replacement of a new clean hard disk with only the operating system on it.

What About Warranty Service? Our computers come with an option of 1, 2, or 3 years onsite warranty with parts replacement. So if you have hardware problems you can call a toll-free number generally 24 hours a day. A technician will ask you to run a program already on the computer, which checks for hardware problems. When it is determined what is wrong they will usually send via two day package express a new replacement part. A local technician will then install the part on your computer at your site.

What About Monitors? I recommend either of 17", 19" or 21" monitors. The 17" and 19" monitors are the most popular due to their lower cost. Here is how to decide what monitor you need. The 17" has a tight dot pitch of around .26mm. They are very nice for reading both text and charts. The 19" gives you more space for display of larger charts, but they are not as good for reading text. So if you don't read a lot of text on the internet then just get the 19". If you read a lot then get the 17". The 21" is my favorite. It has the dot pitch of .27mm. It is the best for both charts, and reading and It can display resolution of up to 1200x1600.

Do you Need a deskstand? If you are trading with two or three monitors, you don't necessarily need a deskstand. If you are using four or more then deskstands are a must. They give you a very clean desktop. You can hide all of the ugly cables in the deskstands. You can slant all the monitors directly to your eyes giving you glare free seeing. The look of multiple monitors in deskstands is beautiful.

To help you decide what type of a computer system you need, we have a free quotation service. Please go to this link on the internet: http://www.tradersworld.com/masterpage.htm. Just answer the questions and we'll design and recommend a system for you. Or you can call us at 800-288-4266 and we'll help you over the phone.

Cotton or Coffee?

By David Burton

In one of W.D.Ganns writings most people would have noticed what appears to be written at the top of the page "Coffee" using heliocentric Mars as an indication for a low. This is in fact data for cotton; people have been calling this coffee for years which is completely wrong. To prove this, where Gann has written 1932, 9th June Mars heliocentric 31.30 degrees equals 1.30 degrees Taurus, cotton bottom on the 9th June depending which contract you are looking at. Go to Gann's book "How to make profits in commodities" and you will see that he has written the final low on the 11th June 1932 at 520 cents. In the same book coffee never made its final low until October 1936 at 3 cents. The second row of data starts at the 10th December 1938 with Mars at 182 degrees or 2 degrees Libra, again if you look in the above book you would see the low was on this date at 726 cents. You would note the 4th cycle he has written 1440 degrees or 360 times 4 and next to that he has added the low of 727 cents plus 1440 equals 2167, Gann was looking for a price at 2167 cents in 1946. The high was 3670 and the low was 2250 in that year. Below in both columns is the date that Mars has traveled 360 degrees.

1932 9th June low	1938 10th December low
1934 27th April	1940 27th October
1936 13th March	1942 14th September
1938 31st January	1944 1st August
1939 18th December	1946 18th June
1941 4th November	1948 8th May
1943 22nd September	1950 23rd March
1945 9th August	1952 8th February
1947 27th June	
1949 14th May	
1951 1st April	

This proves that the above information is for cotton not coffee and I have not seen this written anywhere else. You can't read Gann you have to study Gann.

Since I have been teaching, I have discovered that most students of Gann, haven't draw the correct hand drawn charts up, and you will never get the astrology cycles to work if you don't understand Gann's math's, angles, square of nine etc, before you do astrology. Don't try to master both at the same time, master the maths first.

David Burton can be reached at www.commhedge.com.au
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Timing Wall Street

PROFIT

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Did you know the 1st quarter of this year gold stocks were one of the top performing sectors in the stock market while Nasdaq big cap techs were the worst? We at **TimingWallSteet.Com** did. During April of 2000 we warned our subscribers that the bull market was over. That summer we shorted technology stocks until April 2001 and racked up enormous gains while all of the experts and talking heads on CNBC told you to buy the dips.

Despite the bear market there have been stock groups that have gone up. In 2000 tobacco, utility, and health care stocks bucked the market to go up30%, 50% and in some cases even over 100% while the tech stocks crashed. Last year auto dealerships and auto parts stocks, such as Autozone, more than doubled while the rest of the stock market tanked. And this year it is gold stocks that are running wild and will likely to continue to do so for the rest of the year.

The world and the economy are constantly changing and in the stock market sector rotation is the name of the game. Money is made not by being a bag holder of falling stocks while insiders cash out, but by going long in the top performing sectors and staying out of the worst sectors. And during market downturns you can profit by short selling.

Despite what Wall Street says, the stock market is not on the verge of beginning a new bull market. After this bear market ends it will enter a trading range that will last for years. During this time high stock valuations will be worked off and the path will be set for a real bull market, but market timing and stock selection will easily defeat a buy and hold strategy while this happens. A market that is stuck in a trading range provides plenty of opportunities for those who know how to take advantage of it.

Go to **TimingWallStreet.Com** and try our free trial. Our head editor, Michael Swanson, has generated a gain of 800% In his personal account in the past 4 years. Find out what he is buying and selling right now. His record includes issuing sell and short warnings on the Nasdaq at major market tops in September, 2000, January 30, 2001, August 15, 2001, and January 14, 2002. Each of these warning came at the end of broad market advances and were used by Mike to enter short positions in technology stocks.

Mike combines a technical and fundamental approach to investing, going long only in stocks that are in the top performing sectors of the market and using fundamental analysis to spotlight overpriced and scandalous stocks. In 2001 Mike exposed a stock scam operation that manipulated the shares of a company called GenesisIntermedia (GENI). The operation was run by Adan Khashoggi, an infamous international arms dealer wanted by the government of Thailand for bank fraud, a convicted drug smuggler living in California, and a Florida boiler room operation. Several months after Mike's articles the SEC removed the stock from the Nasdaq. It now trades on the pink sheets at a penny a share. Mike had shorted it just under $18, weeks after a guest on CNBC recommended it as a buy. You do not want to miss the next newsletter. Go to **TimingWallStreet.Com** today.

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Open + HLC
Space Between Bars

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Live 1X1 Angle
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Planet Hour
Third Simension Factor
User Defined Expansion
Swing Charts
Sq of 9 Increment Value
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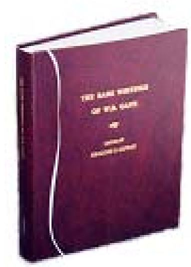

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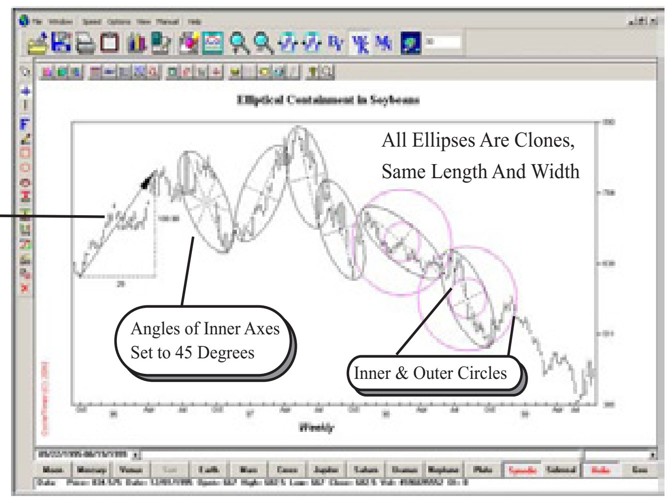

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