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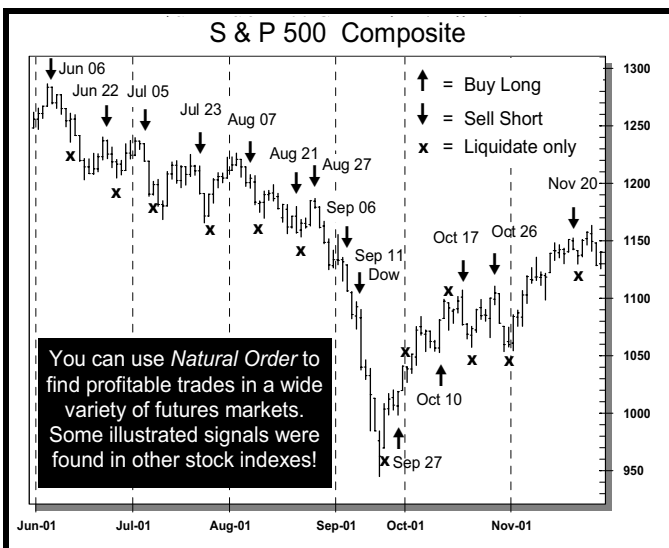
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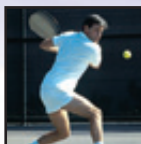
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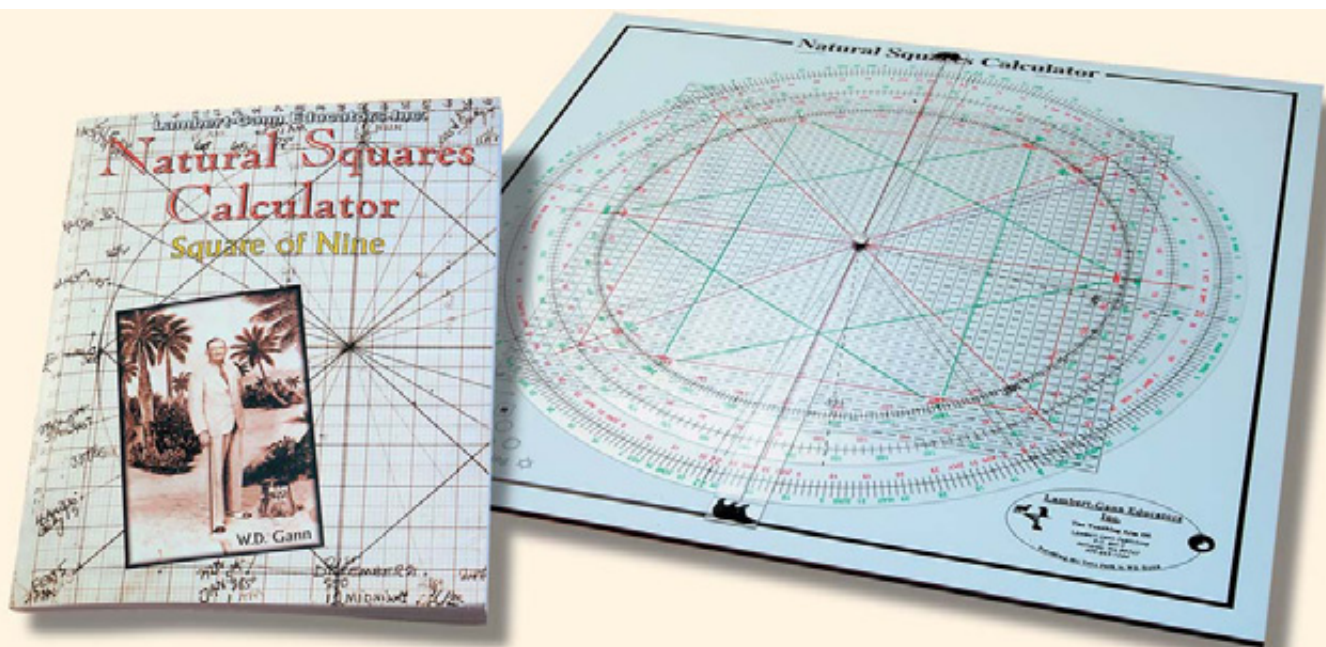
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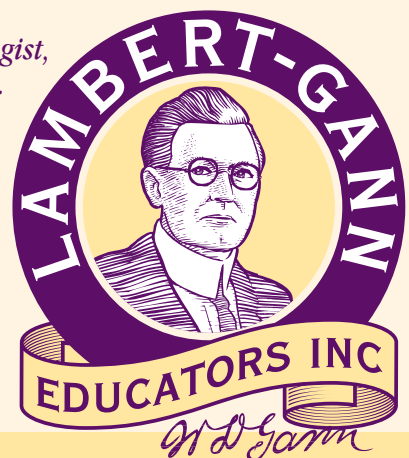
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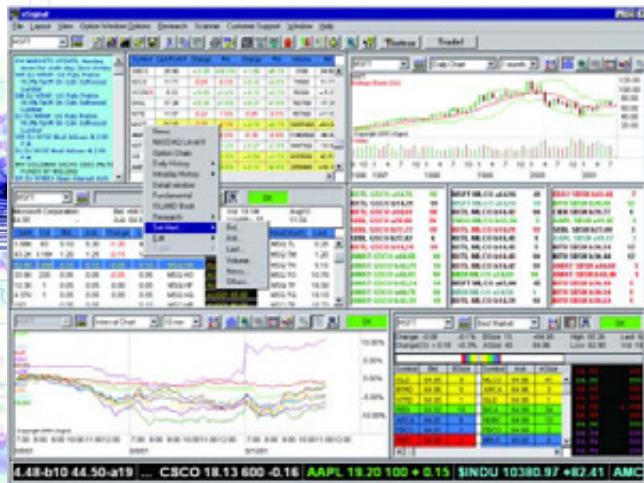
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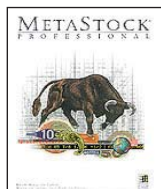
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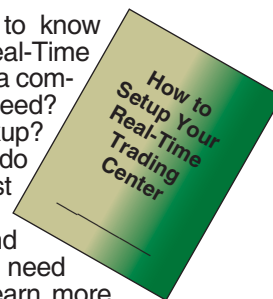


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Elliott Wave, Price and Time Targets and the S&P



By Robert Miner, Dynamic Traders Group, Inc.

In Jan. of 2000, the Dynamic Trading method of analysis and forecasting projected the S&P would make a final bull market top by March 2000 which would be followed by at least a three year bear market and the S&P price would be cut in half before the bear market was over. That is not an after-the-fact forecast but one that was specifically included in the Dynamic Trader Report in early 2000. The final top was made in March 2000 as projected. As of the date of this article, Feb. 2002, the S&P is well on the way to fulfilling the second part of the forecast for a continued bear trend to well below the Sept. 2001 low.

Let's look at the current position of the S&P and see why the evidence is *overwhelming* for a continued bear trend. Chart A below is monthly S&P data from the Aug. 1982 low through early Feb. 2002. The bull trend from the Aug. 1982 low completed a textbook Elliott five-wave impulse trend where each of the interior impulse waves clearly subdivided into five-waves of lesser degree.

The bull trend from the 1982 low is not a "historical" bull market, but one of three similar bull markets made in the past century. Each had very similar time, price and pattern characteristics. The aftermath of this bull market is likely to be similar to the aftermath of the prior two bull markets with a prolonged bear trend lasting years, not months.

In Elliott wave terms, the initial decline from the March 2000 high to the Sept. 2001

low is just a Wave 1 or A. From a trading or investing point-of-view, it does not matter whether it is a 1 or A. In either case, the S&P will eventually decline much lower.

Chart B is a weekly chart of the S&P from the March 2000 high to mid Feb. 2002. The weekly chart shows the unmistakable five-wave decline. A Wave 1 or A should sub-divide into five-waves. A correction should never be a five-wave impulse trend like the March 2000 to Sept. 2001 decline. This implies from an Elliott wave pattern perspective, the Sept. 2001 low should not be the end of a "correction" but must be just the first phase of the bear trend.

What typically follows a five-wave impulse trend? A correction greater in time and price than any correction within the five-wave trend that typically unfolds in an ABC pattern. As we will see from the daily chart, the Jan. high should only be a Wave-A of the ABC correction up from the Sept. 2001 low.

The initial assumption is a correction to a five-wave trend should be a *minimum* of a 50% price retracement and 38.2% time retracement. The Jan. high fell short of both the minimum time and price targets which further supports the probability that the Jan. high is only the Wave-A high. If this is the case, the S&P should exceed the Jan. high before the corrective rally is complete.

Chart C is the daily data from the

Sept. 2001 low through mid-Feb. If clearly shows that the Sept. to Jan. rally subdivided into five-waves which is typical of a Wave-A. The Feb. 6 low had not reached the *minimum* time and price retracements to complete the Wave-B low so the assumption is it is not complete. Once the Wave-B low is complete, the S&P should complete a Wave-C rally to above the Jan. high to complete the larger degree correction before the long-term bear trend resumes to well below the Sept. 2001 low.

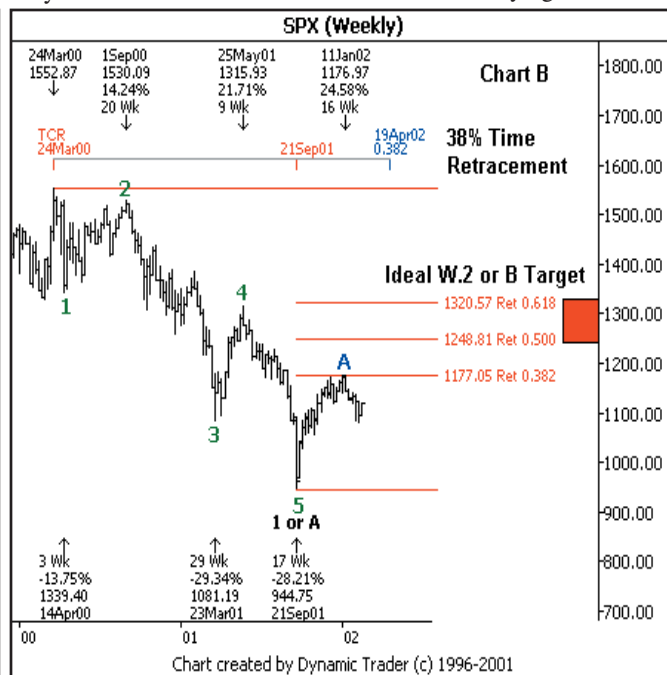
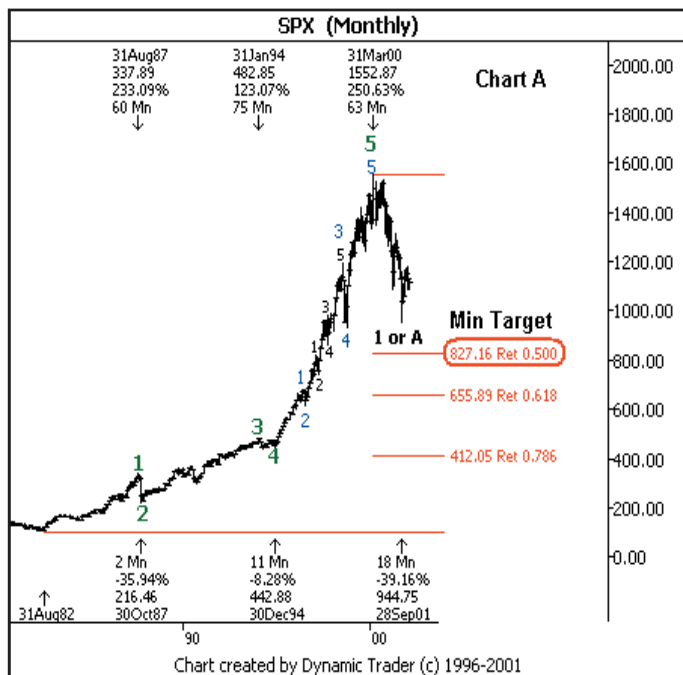
Every thing appears to be falling ideally into place for a bear market corrective high in the second quarter of 2002 followed by a resumption of the bear trend into at least 2003 reaching a *minimum* of 827 and possibly much lower.

Even if the S&P should vary from this ideal outlook, it would not invalidate the projection that Sept. 2001 should not be the bear market low. The bear market rally off of the Sept. low may take a more complex form or may top before reaching the Dynamic Trading minimum time and price targets but the bear trend should still have a long ways to go.

Fair Warning

Why have I stuck my neck out in print with such a specific forecast? One reason is that's my job. It is what I have been doing since 1986 in my advisory reports. The integration of practical Elliott wave pattern analysis with my unique Dynamic Trading time, price and trend target analysis has served me well for over 15 years often projecting weeks and months in advance the minimum and typical time and price targets for trend of any degree.

A continuation of the stock market bear trend should coincide with many events that could be costly to readers. I want you to be prepared. A continued stock market bear trend should decimate many savings, investment, educational and pension funds for those who insist on staying invested for



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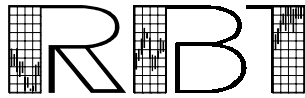
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Continuing The Bruce Babcock Legacy

the "long-term" when a cash position is the only one that makes sense if the odds favor a continued bear trend.

A continued stock market bear trend should coincide with a worsening recession where jobs, businesses and careers could be threatened, an increased level of military conflicts and increased level social conflict.

The analysis and forecast shown above are not meant to frighten anyone or sug-

gest the world as we know it is going to disappear. The probable continuation of the stock market bear trend and deepening of the recession is simply the natural and inevitable outcome of the speculative excesses into the bull market top in 2000. If we are aware that it is the probable future, we can not only protect our capital, businesses, jobs and investments, but even profit by it from short sales and bear market mutual funds.

If the S&P continues to advance to above the Jan. high as projected, the overwhelming conclusion of the financial media will be the bear market and recession are over. Quite the opposite should be the truth. A continued rally above the Jan. high should be the ideal fulfillment of the bear market rally and quickly followed by a continuation of the bear trend.

The next one-three years could be the most important in our lifetimes. It will clearly be a time to deal with realities and not hope and illusions. It could be a time of immense opportunity or of personal and financial disaster. Please remain alert, aware and make logical and rational decisions.

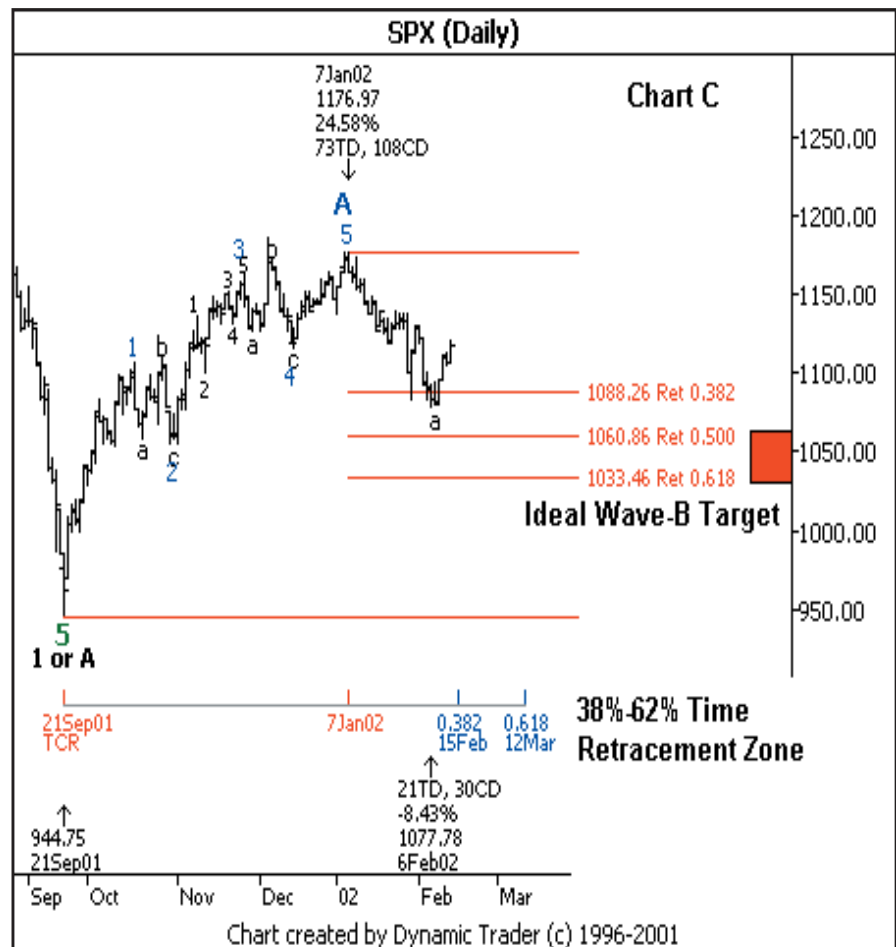
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Robert Miner is the author of Dynamic Trading which was named the 1999 Trading Book of the Year. He publishes the Dynamic Trader Futures and Mutual Funds reports and will soon begin the Dynamic Trader Stock Report. His company Dynamic Traders Group also offers the Dynamic Trader Software and Trading Course. He can be reached at www.DynamicTraders.com

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Gann stated: Everyman must get his stock market education and must remember that one never graduates from Wall Street School. You must take Post Graduate courses every year to keep up with the times.

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Don't Get Enron'd

Candlesticks Can Protect Your Retirement

By Stephen W. Bigalow



Millions of Americans work for good stable companies. So we think! Yet consider the twenty thousand plus employees that worked at Enron. September 2001, the atmosphere in the Enron offices was not any different than what it had been for the previous five years, robust and vibrant. People were proud to work there. The management policies made the daily business environment a place people looked forward to everyday.

Everything was great, and there were no problems whatsoever.

The majority of Wallstreet analysts were recommending the stock. Top management was painting a rosy picture for the company's future. New projects were being introduced. Money was flowing. The future looked great. Enron employees, like millions of other corporate employees around the world were immersed in the day-to-day activities of the corporation. How could they ever have known there was any trouble?

This could be the same description for thousands of corporations across the nation, across the world. So how does the individual employee protect themselves from the unthinkable? What precautions can be taken that will alert you to something not being right in your own company? Something that was not detected by the "diligent" Wallstreet analysts, the scrutiny of professional accounting firms, the safeguards of your company's management.

The odds of another Enron debacle could be extremely minute. But can you afford to lose your retirement money, can you afford to be hit by the same ramifications that thousand of ex-Enron employees are facing today? There was a simple tell-tale indicator that could have saved peoples retirement accounts. Japanese Candlestick charts.

If you are not familiar with Japanese Candlestick analysis, it will be worth your while to learn how to use the charts. It is simple and easy. The visual illustration of what is happening in a company's stock is clearly apparent on Candlestick charts. This simple, yet accurate depiction of what is the cumulative sentiment of the investment community reveals valuable information. For the employee, it cuts to the chafe as to whether investors are buying or selling the stock.

Japanese Candlestick signals are the result of hundreds of years of successful rice trading. Successful is really an understatement. The Honshu family refined the technique. Observing the highly accurate reversal signals not only made them wealthy, it made them legendary wealthy. Their influence is the basis of today's Japanese investment philosophy, stem-

ming from the observations derived in Candlestick analysis.

The basic function of investing is to make money. However, few investors develop a trading program that put the probabilities in their favor. If searching for the "Golden Goose" of investment programs, the criteria would be simple; well researched, proven track record, and easy-to-identify reversal points.

All three of these elements are incorporated into Candlestick signals. Hundred of years of rice trading resulted in the identification high probability profitable trades. Make one assumption. The signals would not be around today if it were not for one convincing result. PROFITS! Candlestick signals exist today because of hundred of years of actual profitable trades. Not computer back testing. Not questionable results. Profits produced from utilizing the signals are the only reason we are witnessing these signals today.

Reversal points were identified by rice

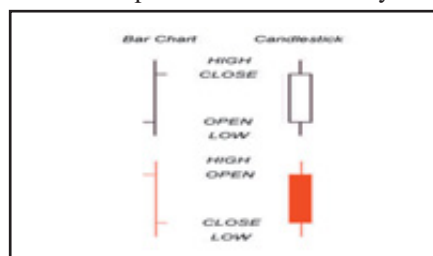


Figure 1

traders using very simple charting techniques. You can take advantage of these clear profitable signals? Japanese rice traders used the same information found on a standard bar chart. The difference is that they put more weight on the open and closing prices as well as the high and the low of a time period. As illustrated in Figure 1, an open that is lower than the closing price creates a white candle. An open that is higher than the close creates a black candle. The positioning of these candles, with analysis of the colors of the candle, provides valuable information.

Learning how to use the signals correctly is now easy and can provide tremendous investment profits. Until recently, mastering the Candlestick technique had its drawbacks. First, there were very few places to go to learn how to use the signals effectively. That resulted in a lot of misinterpretation of the signals. This created a questioning of the effectiveness of the candlestick signal technique. However, websites such as www.Candlestickforum.com provide investors with a learning forum as well as being exposed to different degrees of candlestick analysis. Trying to master approximately

40 signals has been the major deterrent for the methodology becoming overwhelming popular during the past couple of decades in the U.S. Fortunately eight to ten of the signals will be responsible for 90% of the potential profits. This makes the learning process immensely easier.

Trying to decipher what is corporate Rah-Rah and what is true facts becomes difficult when one is right in the middle of the forest. Also, the amount of loyalty demonstrated to the company usually has an underlying impact in ones career progress. However, maintaining ones retirement security is a high priority. It is easier to accumulate your own companies stock in your retirement account than trying to analyze alternatives. The company has been good to you. The stock price has been growing well. Owning the stock demonstrates your loyalty and dedication to the company. However, like all investment vehicles, your company stock can oscillate just like any other stock. There will be times when it is ahead of itself in price. There will be times that management makes mistakes in which direction to take the company's growth. There will be times that the market in general is not favorable for being in any stocks.

Japanese Candlesticks can act as a monitor for when an investor/employee should be accumulating stock or moving to other investments. Note in Figure 2, Enron's monthly chart, that a Long-legged Doji signified that the current uptrend was over. The corresponding stochastics indicated that the stock price was overbought and starting to curl down. This would have been an indicator for employees to lighten up on their stock position in their retirement accounts and temporarily diversify to other investments. Would the Candlestick charts have projected the magnitude of the stock price pullback? Of course not. But it would have alerted investors and employees to reduce their positions until the stock became oversold and a buy signal appeared.

Figure 2- The rosy picture of Enron's future did not correspond with what the rest of the investment community envisioned.

The situation with Enron has awakened the investment community to the pitfalls of Wallstreet analysis, professional accounting, and management stop-gap procedures not always alerting investors of problems. It magnifies the need to be diversified. At worst, it alerts employees that some due diligence is required in our own company's stock. Working there day in and day out doesn't always insure that the employees know everything that is going on. Having Candlestick knowledge is a tool that all investors should have in their arsenal.

Becoming familiar with Candlestick signals provide other powerful investment ramifications. The roaring bull market of the late 1990's brought many inexperienced investors into the market. The huge growth of many 401k programs opened the eyes people who had not invested previously. The "technology boom" created the elusion that everything was going up and always

would. Investing in the stock market was a place to make easy money.

The late 1990's was the first time in the history of the Dow that double digit growth occurred more than two years in a row. Unfortunately, the "technology" crash of 2001 more than took back the gains produced in the prior four years. New dynamics entered the market. The "Buy and Hold" investment strategy may have been severely compromised. The resulting changes permanently altered how investors should look at the markets. Those changes could produce huge profits for the Candlestick analyst.

During the mid-70's to the early 80's, the "buy and hold" philosophy was preached under the guise that the market was undervalued and would eventually move prices towards their true value. This was a period during which the U.S. economy was struggling. Interest rates went sky high. The Japan auto manufacturers were producing much better product than the U.S. manufacturers. The U.S. manufacturing facilities were old. Modern plants in Europe and Asia were more efficient. New American industrial plants needed to be built to compete; yet the cost of money prohibited any new construction.

Slowly, technology started making U.S. manufacturers and service industries competitive again. The mid 80's to the mid 90's had an American economy that was again competitive in the world markets. Stock prices grew steadily. Technology was slowly being implemented into the production of American products. Quality increased, manufacturing costs were being controlled. Inflation was abated. The Dow moved from 1000 to 9000. The buy and hold strategy was a reasonable strategy.

Then in the mid 90's, a duo dynamic developed. First, the availability of investor information became instantly available through the internet. The American public did not have to depend upon brokerage firms anymore for their investment information. They could access the information and interpret it for themselves. The "intelligent" analysis from stockbrokers and investment analysts was not required. The common man not only did not need investment advice, as it was doled out in the past, they could place their own transactions with out exorbitant commissions through discount brokers. The once popular adage, "when the public is buying, it is time to sell." dissipated. It became evident that the average investor was capable of making intelligent choices. During some severe one-day market crashes, it was the institutions bailing out at the bottom and the general public buying the bargains.

"Buy and Hold" may not be effective for the next market environment. Technology, despite its current blemished reputation, makes Candlestick analysis a must for the next few years. Consider what we have witnessed during the past five years. The markets roared, led by technology stocks. Although they got ahead of themselves and came plummeting back down, an important

Pyrapoint Trading Course



Don E. Hall

From the early '60's when I began to study somewhat in earnest, and following at least to the mid-seventies, I attended many seminars, but I especially attempted to attend all seminars available

Alas, however! I never found the secret as shown by Gann's verified results.

It was only after attending most of the Gann seminars, administered by people, all of whom were claiming to have his secret, that I came to the conclusion that there was a question as to whether the teachers were actually duplicating his record. Indeed, they were usually not even in fair range of his results.

It was then that I began dissecting his seminars and assimilating certain segments of different seminars. I came to some conclusions, not the least of which was, in my opinion: THAT HE WASN'T ALWAYS TEACHING THAT WHICH HE WAS ACTUALLY TRADING.

I can stand corrected, but the next ten years proved to me the validity of my convictions. Mr. Gann indicated that he would not reveal the true secret of the math involved. However, he also indicated that if one were to spend the time which he had (25 years) and covered the material at least three times, that it could be revealed to a serious student.

I have qualified for the years, plus some, and have subjected my family to at least ten of those years, sometimes to their exhaustion, I'm sure.

I SUBMIT TO YOU THAT THE PYRAPOINT SYSTEM IS THE PRINCIPLE WHICH HE USED. I can prove it, I feel. Gann never taught this in any of his seminars, even to his associate, who I had the privilege to personally know for some seven years, Mr. Renato Alghini. "Reno" was with Gann for six years, actually sharing close trading desks. Reno revealed that Gann carried into the trading pit a piece of paper when he did his most successful recorded trades. I have figured out how Gann used this piece of paper to successfully trade. I will teach you in my complete PYRAPOINT course how I feel he used this piece of paper to successfully trade. I will teach you in my complete PYRAPOINT course how I feel he used this piece of paper.

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Part II: Core Basics of PYRAPOINT

- What is the derivative of this PYRAPOINT system?
- Studies and the theorems of which make PYRAPOINT valid
- Basics of the simple square
- Specific PYRAPOINT rules
- The core data

Part III: Developing the Application of Learned Basics

- The square applied
- A word about trendlines
- A word about the charting program per the computer
- Overbalance as a tool of trend
- Using the three-place floating decimal

Part IV: Charting Our Knowledge of Learned Basics

- Chart and "setup" recognition
- Continuing our study in chart application

Part V: Learning to Use Our Charts to Guide Our Decisions

- A further review with July Oats and July Corn
- A study in synchronizing what we now know

- Some additional uses to assist your understanding in charting PYRAPOINT
- A parallel example using the stock market

Part VI: Principles & Examples Applied to the "Firing Line"

- Quick examples of assistance to us
- A word about 2 x 1 and 4 x 1 lines
- Further use of 2 x 1 lines
- A longer look at a complete trend cycle, and related uses for successful trading
- Integrating squares
- Coordinating more than one time frame

Part VII: In Conclusion

- Observations for "setup" recognition
- Summarily Speaking

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message was delivered.

Up until five years ago, manufacturing pursued technology to develop new and innovative advances. When manufacturing needed to become more competitive, it went to research departments and companies to develop a better way to do things. However, a dynamic change occurred in the mid 90's. Technology, with constantly improved computer tools, started to leap frog on itself. Technological improvements for manufacturing, medicine, software, and the service industries started to advance in geometrical proportions. Improvements were being made on improvements before they could get it to production.

Having knowledge about Candlestick signals now becomes more vital to investors performance. Sector stock trends may not have the long growth cycles anymore. It will become important to observe where and when funds are flowing to particular industries. This is the valuable aspect that Candlestick signals present to the investment community.

Because technology stock prices are greatly reduced from their recent lofty heights does not mean that the results of the technology that each company produced is diminished. The speed to which new technology processes can change the face of an industry has not been abated. Technology is now pulling industry along versus industry having to push for better technology. It will be important to follow when each company has great growth potential and when new technology being introduced to a competitor can stop that growth rate. Fortunately, Candlestick analysis easily identifies when the buyers and sellers are coming

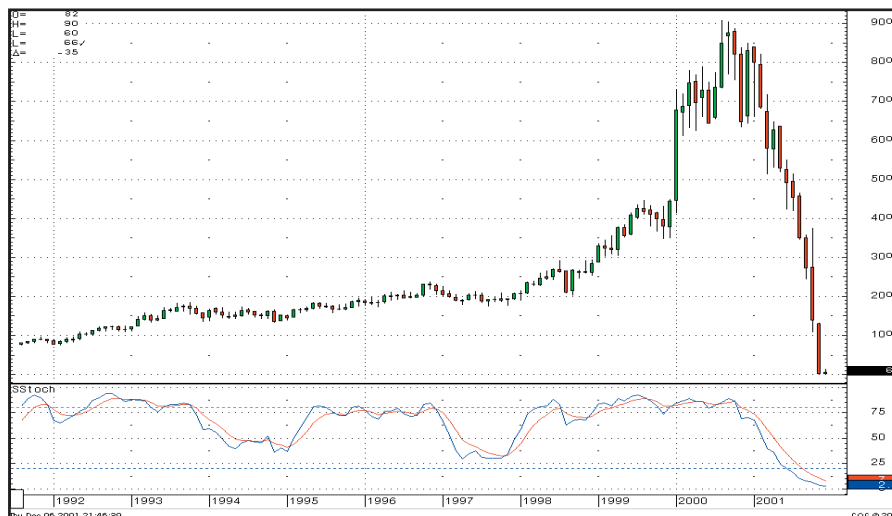


Figure 1 Enron Corporations monthly chart could have alerted shareholders to modify or hedge their stock positions. Note the Long-legged Doji at the top.

into a stock price. Instead of one or two years or more of a leader of an industry being able to maintain their leadership position, technology may compress leadership positions into a six month to a year time frame.

Investment cycles may become relatively short. The buy and hold method could prove to be low returns in the future. Holding a stock that goes up 25% in six months, then back down to even over the next six months does not add any value to an investors portfolio. The best investment program in this technology-stimulated market may be to take profits after three, six, or nine months.

Candlestick charts are a great way to

enhance returns for the fundamental research investors. Being the best research analyst in the world does not do any good if it requires sitting in a stock months or years before the rest of the market takes notice of what your analysis discovered. The Candlestick signals provide fundamental research analysts with two valuable functions. First, it develops a platform for the most effective timing to enter a position. Fundamental research can prepare an investor to be ready for good things to come in a particular company. Candlesticks charts provide the mechanism for maximizing returns, entering and exiting positions at the exact times. Returns on managed money can be greatly enhanced utilizing Candlestick signals.

Second, established positions can be better protected by monitoring the Candlestick charts. Once a company has been researched and a position has been put in place, a strong candlestick "sell" signal can warn investors that a severe change may have occurred in the fundamentals of a company. It would allow for a quick review of the company's operations to see if a change of status had occurred. As in the Enron situation, all the good news from the company was not verified by what the accumulative actions of the investment community was thinking. The charts showed selling. Something did not match.

Candlestick signals have been around for hundreds of years. They were introduced into the U.S. investment community twenty-five years ago. New teaching methods are making candlestick signals very easy to learn and use. Whether to use them as a high profit investment program or to use them for monitoring your existing portfolio, every investor should utilize the powerful aspects incorporated in the signals. Being able to see what stocks are doing versus relying upon what "the professional sources?" are telling you, could keep you from ending up with a worthless retirement plan someday.

Stephen W. Bigalow is author of "Profitable Candlestick Investing, Pinpointing Market Turns to Maximize Profits". He can be reached at www.candlestickforum.com,

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Trading the "Truths" of the Market



By Bennett McDowell

In this article let's explore how "Trading The 'Truths' Of The Market" can actually improve our trading while at the same time simplify our trading.

Here is a list of five major "TRUTHS" of the market:

1. We cannot predict the markets!
2. To be a successful trader we must trade the current market as it is happening and not rely on opinions, theories, or fantasies about what WILL happen.
3. The market will tell us exactly how to trade if we know how to listen to what it is telling us.
4. Money management is essential. But more important is how to develop the right money management system.
5. Developing "The Trader's Mindset" is a pre-requisite for trading any approach or system successfully.

Each and every trading day the market talks to us. It speaks to us if we know how to listen to it. The problem with most traders is that they are so busy trying to predict the market or find some indicator that will lead to trading profits

that they never really hear what the market is saying to them.

The market talks to us through price and volume. We all have to agree that current Price and Volume are absolute, agree? Price and Volume are not subject to system optimization, formulas, etc. They are true market facts, absolute! Well, if opinions cloud our trading, then we want facts, and Price and Volume are the best facts in the market. The markets speak to us through Price action and Volume, period! They are absolute truths!

If we learn how to listen to Price and Volume, the market will talk to us and if we know how to listen, it will tell us when to enter trades and exit trades. The market talks to us through Price activity. Price peaks and reverses are statements, and so are increases in Volume. And the key is that they are statements of REALITY, not misleading information such as bullish/bearish divergences or oversold and overbought conditions.

The market itself is never overbought or oversold. Think about it. Markets

work to bring Price in line with Supply and Demand. Markets are efficient. Therefore, if supply always equals demand then how can a market be over bought or over sold? It may be expensive, but expensive can be a relative term as well.

When Supply equals Demand, both the seller and the buyer disagree on value, but agree on Price. When this happens, it is a truth in the marketplace! The amount of Supply and Demand is Volume and that also is a truth! Both Price and Volume are absolute and are "truths" of the market because they are not distorted. Indicators used in technical analysis often distort Price and Volume.

Think of how much less stressful your trading would be if at any given moment you could know if you should be long, short or out of the market based not on a forecast but on the REALITIES of the market.

When trading we work in the world of probabilities and risk and therefore since we acknowledge that we cannot predict the future, we therefore cannot predict the outcome of each trade. So how can we use money management in our trading to really control risk? The idea behind money management is that even with the best trading systems we will only be right about 60% to 65% of the time. That means about 40% of the time we will be wrong and have losing trades.

So, for every 10 trades, we lose an average of 4 times. And this is probably the best we can hope for. Even trading systems with theoretically higher rates of returns nearing 80% usually fall back to a realistic 60% to 65% return when actually traded.

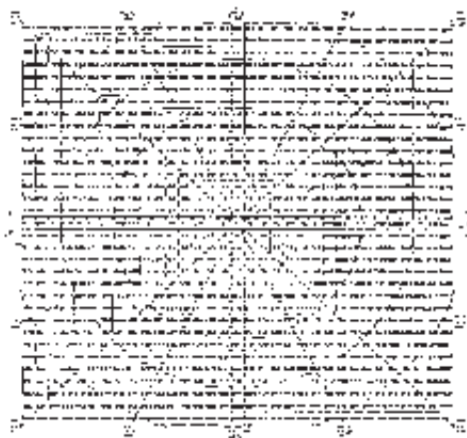
The reason for this is that human beings trade trading systems. And when human beings get involved, we usually lower the rates of returns on most trading systems given enough time. Why? Because we make trading mistakes, and are subject from time to time to emotional trading errors. That is what the reality is and what research indicates with good quality trading systems traded by experienced traders.

If we are losing 40% of the time then we need to control risk! This is done through using stops and controlling position size. When we trade we never really know which trades will be profitable. So, we have to control risk on every trade regardless of how sure we think the trade will be.

Think about these concepts and how applying them could help your trading. If you're trading the REALITIES of the market, then you are not hoping, wishing, or relying on some news event to make your trade profitable!

Bennett McDowell, is president of TradersCoach.com and can be reached at 858-659-1985.

Gann's Master Charts Unveiled



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An Investment Strategy For Everyone

By Robert Fischer

After the huge losses in the recent past, many investors are asking themselves whether there are possibilities of participating on the stock and futures exchanges with reduced risk.

In the following method, I will show a trading strategy which will work for everyone who is willing to invest the time and has the skill and patience to execute the trading strategy described here.

I trade very successfully with this strategy using my own money, so I know it works. I have no qualms to write about it, for it can be applied universally and there will never be a conflict of interest with the many markets and products available for trading.

Systematic Investment Strategies

The most important decision every investor has to make—other than choosing a reliable investment tool—is what kind of risk he or she can live with. The problem with most investors is that they only think about the chances, not about the risk involved. Being invested in the long term automatically means that huge equity swings may occur, but that no work is involved. If we look to reduce the risk in a portfolio, than there is, in my opinion, only one way to achieve this in the long run:

Make the investment decision yourself; Analyze every product in the portfolio individually; Always work with a pre-determined stop-loss protection; Work with profit targets or trailing stops; The PHI-Ellipse as an Investment Tool

The PHI-ellipse is a very little-known investment tool, which is closely connected with the Fibonacci sequence. Whenever the name Fibonacci comes up, many investors think of 'magic rules' which cannot be defined; exactly the opposite is true. In our books 'The

new Fibonacci Trader' and 'The new Fibonacci Trader Workbook' (John Wiley, New York, October 2001), we introduce Fibonacci trading tools such as PHI-spirals and PHI-ellipses which analyze investors' behavior expressed in price patterns. Working with the Fibonacci trading tools is equally important to working with technical or fundamental trading tools. The big advantage gained by working with a PHI-ellipse is that price moves are no longer random, but can be used for profitable trading.

The disadvantage of working with PHI-ellipses is that—other than the fact that it is an unknown trading tool—they can only be drawn using a computer. On my website, www.fibotrader.com, I offer every investor the opportunity to work with the Fibonacci trading tools (on a trial basis, free of charge) on more than 1,000 products online on daily or intra-day data, in order to get used to these unique trading tools.

Working with the PHI-Ellipse

In general, it can be said that investing with the PHI-ellipse means buying low and selling high. This does not mean that we will always catch the lowest low of the highest high. But it is very important to understand that we will always invest against the direction of the main trend.

The basic structure of the PHI-ellipse is always the same, although it can be longer or shorter, thinner or thicker. The strength of the PHI-ellipse is that it can be adjusted dynamically to price patterns and can identify those which would not be detected normally.

In order to be able draw the correct PHI-ellipse, we need at least three points: the starting point and two side points. The PHI-ellipse can always be drawn when wave 3 is at least as long as wave 1.

In the figure 1, a PHI-ellipse in a 3-



wave price move is shown.

At the same time when we can draw a PHI-ellipse with three points, we focus on the final point. The second side point of the PHI-ellipse has to be adjusted over time; the final point is variable as long as the second side point is not established. The final point of the PHI-ellipse is confirmed by the market price. We have to wait until the market price reaches the final point and then breaks out of the parallel to the median line of the PHI-ellipse. This is shown in the following figure 2.

The PHI-ellipse can be applied to any data compression. The thinner the PHI-ellipse, the more difficult it is to find the correct final point. The further the two side points are apart, the safer it is to determine the trend change of any product or market when the final point of the PHI-ellipse is reached. A very important turning point is reached when we can envelop three smaller PHI-ellipses with a larger PHI-ellipse. This is shown in figure 3.

The steeper the angle of the PHI-ellipse, the bigger the price correction will be, once the end of the PHI-ellipse is reached. It is very important that we always stay invested in products with a high volatility and market participation such as the S&P500 Futures Index, the DAX Futures Index, major cash currencies, or stocks with a large market capitalization.

Analyzing Price Patterns to Confirm a Trend Change

The final point of the PHI-ellipse is not the only element which confirms when the market price breaks through the parallel to the median line of the PHI-ellipse. We will add a second element to make the analysis even safer.

Most of the time, trend changes can be identified on price patterns. From the many price patterns available, we want to select three which appear very often, have a good chance of profit and can be executed easily by every trader. See Figure 4.

These price patterns can be applied to all products and markets system-

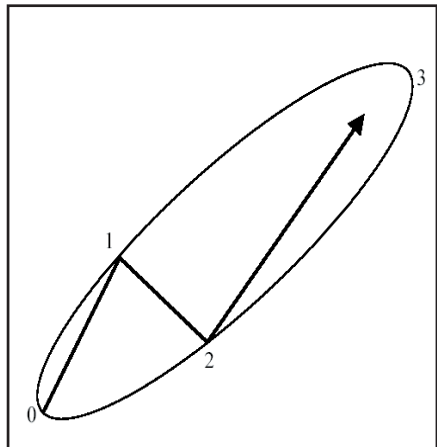


Figure 1

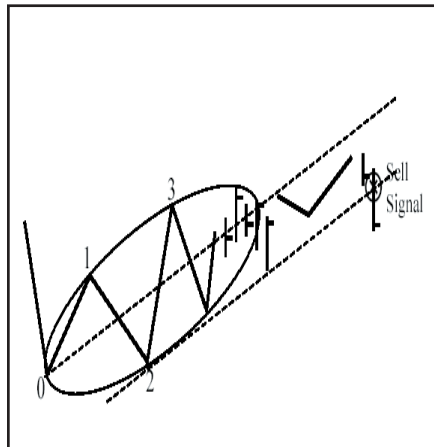


Figure 2

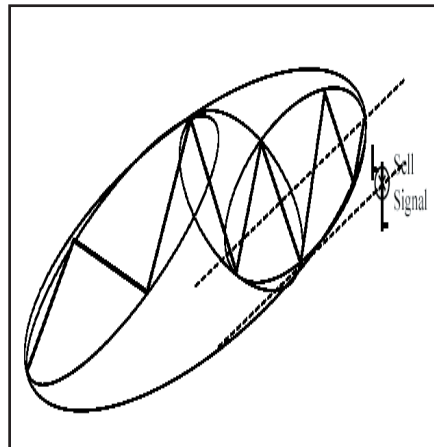


Figure 3

atically and are, therefore, to be used on different products, in order to be diversified. It is very important that all three price patterns be used in combination. If executed systematically, the combination of PHI-ellipse and the price patterns give reliable trading tools. The equity curve will be very stable if the investor is well diversified.

Practical Application of the Trading Strategy to the DAX Futures Index

An investment strategy is only valid if it can be applied systematically to different products and can be tested on historical data. In general, this is the reason why technical indicators are used. It is a very little known fact that using price patterns can achieve the same goal. We applied the price patterns shown above to real time trading—and they worked very well. The combination of price patterns and PHI-ellipse cannot be programmed, but this combination offers increased profit potential to the skilled investor; therefore, we describe it here.

To show how our investment strategy works, we look at the trading signals on the DAX Futures Index in the time between February 2000 and November 2001. During this time, we had six signals which are all based on the same parameters. The combination of price patterns and PHI-ellipse reduced the number of trades dramatically without reducing the profit potential. The three parameters are Wait for the end of the PHI-ellipse; Wait for the break of the parallel to the median line of the PHI-ellipse; Confirmation of one of the three price patterns. See Figure 5.

B 1, B 3, B 5: Buy Signals—S 2, S 4, S 6: Sell Signals

Where are we today?

With the sell signal S 6, the investor would have participated on the dramatic drop of the DAX Futures Index down to about 3,600 points. At the low point B, we did not have a buy signal, because the final point F of the PHI-ellipse was not reached.

The profit-oriented investor could

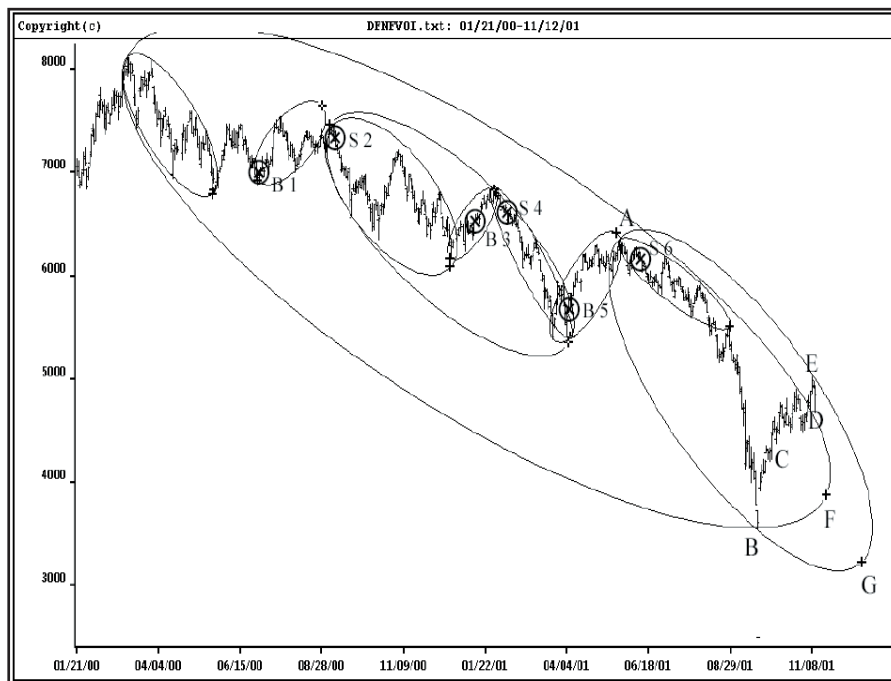


Figure 5

have covered his short position at point C, where we had a buy signal out of a price pattern. In hindsight, we know that this would have been the correct decision.

Following our investment strategy, we would have covered the short position at point D, where the market price left the PHI-ellipse.

Right now we are in the PHI-ellipse at the starting point A and the two side points B and E, along with the end point G. While points A and B remain stable, points E and G are still unstable and have to be adjusted according to price moves in the future.

Each PHI-ellipse consists of a 3-wave price pattern. If we look at the PHI-ellipse at our position, we can see that we are still in wave 2, which constitutes the correction, and that Wave 3 is still ahead of us. Right now, we expect wave 3 to go back at least to 4,200 points, but this depends on when side point E is finally established. But even if wave 3 brings the DAX Futures Index back to 4,200 points, we will only get a

buy signal if we identify one of the three price patterns; the market price breaks out of the PHI-ellipse; the market price breaks the parallel to the median line of the PHI-ellipse.

Waiting for the best entry point takes patience, discipline and skill. It is also very important to remember that the recommended trading strategy is only one of the many possibilities to invest. We have attempted to supply a trading tool that can be used by anyone and which is easy to understand and to execute, does not give too many trading signals, and can be applied to many different products.

Because the PHI-ellipse can only be drawn by a computer, we offer this trading tool on our website www.fibotrader.com to every investor who wants to make his own trading decisions. We will update our analysis weekly.

Robert Fischer is author of the new book Fiboancci Trader: Tools and Strategies for Trading Success. He can be reached at www.fibotrader.com.



Figure 6

Dealing With Distractions



By Adrienne Laris Toghraie, MNLP, MCH

For investors or traders to make important money-risking decisions, they must possess the ability to focus on the important tasks at hand. To focus, you must have a quiet place where only you, your rules, and the execution of an opportunity exist. This formula sounds simple. But, in the Twenty-First Century, we live with myriad distractions that enter our lives on a second-by-second basis. Distractions arrive through our mailboxes, over our televisions, by way of our cellular telephones and, of course, "You've got mail." With this chaos surrounding us, it can feel miraculous when we do make intelligent, profitable decisions. For most investor/traders, the problem of distractions is even worse when you are working from home than if you are investing and trading from an out-of-the-home office. That is the reason I have listed the five most common distractions and strategies for handling them.

The Biggest Distraction

The biggest distraction to sound decision-making in investing/trading is your own self-talk. Of course, this distraction is present at your office, but it is even more intrusive when you are in your own environment and surrounded by all of the cues that can trigger thoughts about the problems and issues in your life. Your self-talk is that voice in your head that interprets everything that you are feeling and doing and everything that is happening around you. Self-talk can be positive, as in "That was a really good decision," or it can be negative, as in, "How could I have been such a fool?" While other people are talking to you, self-talk can be running in your head at about 125 words per minute. But, when they stop, it can hit top speeds of up to 400 words a minute. If your self-talk is filled with a lot of emotion, it can be very, very distracting.

Imagine that you are investing with a money manager. If you could hear his self-talk, and he is saying, "Maybe I should wait on this trade, suppose it goes against me, suppose I lose money on this trade, I know it will come back!" Would you want this person to handle your money? Of course not, you would pull your account very quickly from a so-called money manager who thought in this way. But the fact is you are letting your investments be handled by a money manager who thinks like that and that individual is you. When you engage in negative, conflicting self-talk, you distract yourself from making sound decisions. Trading/investing cannot be profitable if you are not willing to look at the big picture of winning. This big picture is the motivator toward positive thoughts and actions. You might lose a battle or two along the way to making money, but you will never win the war if your thought distractions prevent you from taking action.

Dealing with Self-Talk

Notice what you are saying to yourself and when you are saying it:

Example:

What are you saying? "Ah, a good opportunity but is it a false signal? I'll wait a bit. Should have taken it before. Maybe it's too late. No, it's still a good opportunity. But suppose it reverses itself? Better wait for the next opportunity. Oops, should have taken that one. I would have made \$6,000."

When are you saying it? Is it first thing in the morning or later in the day?

Are you comfortable with the risk you are taking?

Strategies for Dealing with Self-Talk

If you took all of your money-making opportunities, what would the results be?

If the results were positive, remember that many good methodologies lose at least 50% of the time and you say to yourself: "All

opportunities in my methodology will lead me to a win." If you do not believe you will make money, proceed to Strategy #2.

If you were to take only 50% of the best opportunities, what would the results be? (This could be any percentage)

If the results would be positive, say to yourself:

"I feel confident that when I take ____ % of my opportunities, I have predetermined that the probabilities of making money are in my favor."

If your analysis does not have a profitable outcome, go back to the drawing board and rework your rules.

If your negative self-talk occurs mostly in the morning, you need to prepare more either the night before or earlier in the day. Run through scenarios to mentally rehearse taking signals as a result of positive thinking. In addition, low adrenal function can prevent you from sleeping properly and can lead to a feeling of exhaustion and hopelessness as you begin your day.

If your negative thinking occurs late in the day, you could be tired and your neurology could be protecting you from making wrong choices. Take time during the day to rejuvenate by taking a short nap or meditating.

How much are you risking at any given opportunity? Are you comfortable with that risk?

You might want to adjust your risk based on how you feel about the probabilities of the investment going in a profitable direction. Regardless of your risk choices, they must be based on your predetermined criteria. It is important to be consistent. Consistency gives you a base for improving your criteria for opportunities. Negative self-talk is your way of protecting yourself when you are not comfortable about the risk you are taking. If you cannot handle risk, give your money to someone who can, employ a coach, or give up investing.

But It's Ringing!

Did you ever notice how people give immediate priority to a ringing telephone over anything else that is happening in their lives? How

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many calls are actually that important for us to answer? Not many. Should answering the telephone take priority over making important decisions about your money? It is interesting how most people complain about interruptions from telephone solicitors, relatives, friends and associates when it is unlikely that there is an emergency, but they still continue to answer the telephone immediately when it rings.

Strategies for Dealing with the Phone

Sometimes the most obvious actions for improvement must be stated to make the changes, so here goes:

Let your answering machine screen calls. Ask people not to call during certain times, unless it is an emergency. Have two separate telephone numbers: The first number is for everyone, including telephone solicitors. The second number is only for those whom you need or want to hear from and who respect your time. If a telephone solicitor is calling you on this line, you usually can hear a click and relevant noises in the background. Just say, "Sorry, no solicitation" or simply hang up. Solicitors are usually on a rotary dialing system and move on to the next call. Arrange for someone else to screen your calls.

Honey, It's Just 10 Minutes

Your spouse is running to the store, the school, or the neighbors, shouting from the door as you hear the rattle of keys, "Honey, would you take care of the baby for ten minutes?" or "Honey, could you entertain the guys while I run out for ten minutes to buy some beer?" Ten-minute requests always seem to come at the same time as an opportunity for making money. And, the time spent is very seldom ten minutes. After all, you don't really have a

job, so why should it be a big deal for you to take the time to help someone out for ten minutes? This is how many people view traders/investors who work from home.

Here are some more 10-minute distractions. I'm sure you can identify with them:

- Your mom just dropped by and wants to say "hello."
- The kids want to ask a question about their homework assignment.
- The cat just wants to love you.
- Your husband just wants a kiss.
- Your daughter needs you to 'baby-sit' the grandchildren for the morning.

Aren't these excuses all good reasons for taking breaks from the task of making choices in your investments?

Dealing with the 10-Minute Time-Grabbers

Have a meeting with the people in your life who are the potential time-grabbers.

Share your goals with them and tell them what cooperation you need from them.

Establish your rules for interruptions. Put a sign on your door that lets them know that you are at work and are not to be disturbed unless there is an emergency.

If you prefer to keep your door open, arrange hand signals that indicate when you will get back to them or how involved you are.

Reward the people who support you in following your rules. For example, provide attentive time later or a special dinner at their favorite pizza place at the end of the week. Make sure you thank them often for their cooperation.

The People in the Know

All day long, interruptions arrive in the form of predictions, suggestions, tips and announcements on the television, on the computer, and in the mail from authorities supposedly making money in the markets. How could you possibly ignore them? They are there to help, guide and give you the best advice available. After all, they have access to more knowledge and better technology than you do. Who are you to disregard their advice? Who are you to make your own decisions?

Dealing with the So-Called Experts

If what you receive in the mail, see on television, or any other outside influences tend to take you off course, save it for the end of the day or avoid as many of the outside influences as you can.

If you need to use some of this outside information, have someone screen it for you and only look at what you need and want.

If you do take advice from an authority that you trust, run the advice through your own criteria for making choices. Remember, in the final analysis, you are responsible for your own decisions and results.

Environmental Attractions

Is the refrigerator beckoning? Are clean-up and organizational projects screaming for attention? Do your other businesses demand attention? Is the sun shining just to get you out on the golf course? When you are bored, unhappy, or unsure of yourself, everything will take priority over your investing/trading.

Strategies for Dealing with Environmental Attractions

First, you need a business plan!

Next, you need a monthly plan that organizes all of the activities in your life. Make certain that you give attention to all of your activities. It is important to stick with your plan as much as you possibly can. The more you stick with your plan, the more your neurological system and the people around you will support you.

If you do not enjoy the process of making money, you must either develop a strategy for enjoying it or give it up. Otherwise, you will sabotage your efforts.

Conclusion

You can allow any of the countless distractions in your life to draw your attention away from the tasks at hand. However, if you plan and manage these potential distractions with some of the guidelines I have listed, you will not only be able to manage them but yourself, as well. This exercise is a good one to use when developing the discipline necessary to become a top investor/trader.

Adrienne Laris Toghraie can be reached at www.tradingontarget.com

Know Your Future?



It is the desire of Traders World Magazine that the magic of astrology should become available to as many people as possible as inexpensively as possible. Traders World will have a professional astrology report done for you. The professional report is approximately 30 pages beautifully presented in columns with beautiful fonts covering both your personal and professional life. You can use the professional part of the report to develop your talents, so you will be better able to attain your desired growth in your profession. Problems can be avoided and transformed into positives through insight and wise action. The personal part of the report given will deal with your identity, emotion, love, destiny, etc. Another section of the report deals with the major times of change in your life, showing clearly in graphic form the months when these changes are the strongest. Through this timing you will know what to do and what not to do during these changes. The report is \$19.95 plus \$3.00 shipping and will be sent to you by U.S. Priority Mail. Without any extra charge. To receive the report fill out the following form:

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Trader's Coach

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**Why have the best system in the world
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- Do you find it hard to get out at the right time?
- Is your money management inconsistent?

**How much money have you lost
by not following your rules?**

**Don't you think it is about time
to do something about it?**

"I went from \$75K to \$3M in one year as a result of Adrienne's coaching." (Y. H., Trader, Canada)

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Murrey Math Real-Time Software Predicts Reversals

By T. H. Murrey

Please look at Figure 1. This has four charts: DJ02H Futures:

- A) Intraday – Real-Time,
- B) Day,
- C) 64 Day,
- D) 32Day.

This chart is four different views of the Dow 30 Futures Contract: March 2002. These four charts go back only (64) trading days from Feb. 15, 2002. Please notice that you are looking at four different views of the same market. Chart: A. Live Real-Time: 60 Minute: (upper left hand corner).

The Murrey Math Real-Time Software is displaying (automatically for you) the 8/8th: 10,078.125, 4/8th: 10,000, 0/8th: 9,921.875. Any student of trading, who has attended any of T. Henning Murrey's Learning Academies, will know that this market is "rolling over the Octave."

We don't have time (here) to explain how "markets stall out on highs (or lows) and trade in a narrow range." Gann explained this stall out on highs and lows in one of his books. Every Gann student has read it many times in his books.

Most traders would rather trade "Gann Gossip" than to want

to learn from a Gann Master Level Trader.

Larry Jacobs says that T. Henning Murrey knows what Gann meant exactly. The Murrey Math Trading Frame Software knows exactly what Gann knew, but never revealed, until it was presented to you through my last 12 articles in this magazine the past five years. Please ask Larry for old copies of his magazine for knowledge from Murrey.

Reading what Murrey has said in the past will make you a better trader in the future. Chart: A: produces the current (price) speed of this market (intraday). The software does it for you automatically. It will change the frame as the market changes speed. You don't touch it. 87.5% of all traders cannot accept this statement: the software sets the best trading frame for you. Most traders think their brains can create a better frame. Why challenge Logic?

Why do students (of trading) keep searching for a better way to lose? My last article in this magazine showed how the markets are preset to Price and Time as Gann said. How many markets did Murrey predict exactly on the preset MMT Line?

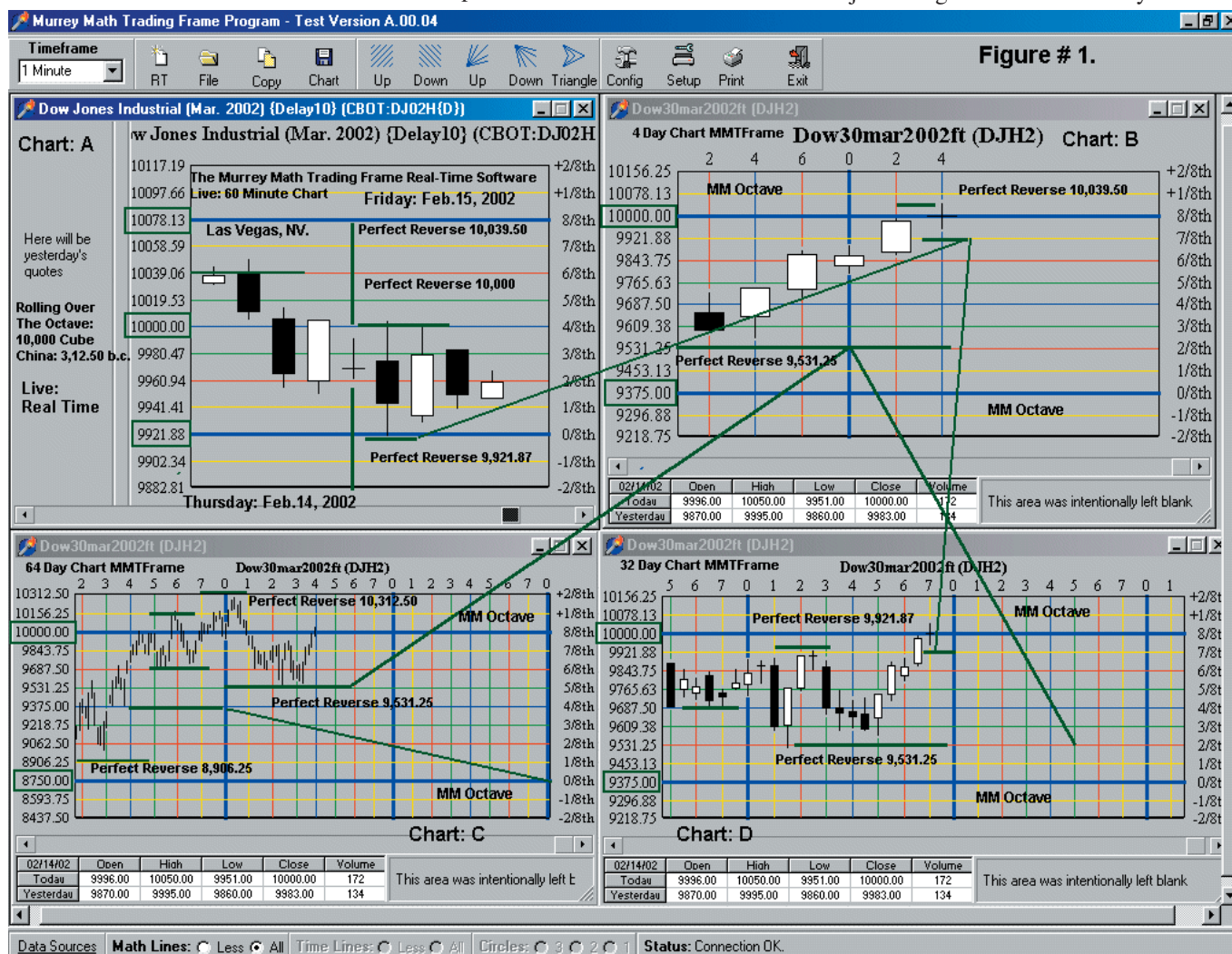
Please read this (last) article and you will see that all markets already have their own Harmonic Balance set to its pre-chosen Octave over Price and Time.

T. Henning Murrey found the six "clues" to Gann's Holy Grail and has been telling you (them) the past five years in Trader's World Magazine. Please reread them all.

87.5% of all traders won't believe Murrey, because they are still thinking they can create their own better way to trade. You must decide if you want to experiment or make money trading. What is it?

T. Henning Murrey discovered that a high I.Q. is worse than a low I.Q., when it comes to making profits trading.

T. Henning Murrey discovered that a lot of cash in your account is worse than just enough cash to trade. Are you a "ran-



dom search” trader? Or are you a Pure Murrey Math Trader?

You may read all the theories imagined the rest of your life, but you will never be able to beat math (music) set to the Astrological 3:4 Time of the Harvest Moon.

Gann told you about the Harvest Moon Affect in his famous May 1948 Soy Bean chart and changed the name to: “the May 1948 Soybean chart,” so you would go back to the last high, which was the 1st week in October, which is the Harvest Moon. He did these little jokes to throw you off. Did you fall for this one?

Gann and Murrey discovered that trading is easy and fun when you keep it set to music: Murrey Math Music.

The Frame will change the width of each internal 1/8th if the market speeds up or slows down. You should already know this simple “gear change” as soon as the markets break out above or below their “baby 2/8th.”

Murrey is the world’s only “guru” to know how to teach the “gear change.” Gann told you about them on page (71), when he mentioned the 5 cent failure of 1861 Wheat to move up.

Most traders can’t see the current speed of any market. Too many traders are looking at too long a Time Frame, so they are trading too wide (price) 1/8th.

Gann said to take the largest range between any extreme (high and low) and set it to its 8/8ths. But, he didn’t finish here. He said, “when markets approach old highs (or lows), they stall out, stop, and want to rest and decide whether they will to continue higher or reverse and fall.” 87.5% of all Gann traders refuse to add this Logic to the equation. Why?

Gann and Murrey are seeing the markets at three speeds all the time, while most everyone is still in slow motion. How do you see markets? Which speed are you?

Most traders are using one of the 104 different software programs that are set to: Gann/ Fibonacci Ratios of two random extremes, which is the wrong theory.

Folks, no University would accept this as any Truth. The Fourier Wave Pattern over time will smooth out small variances, but it doesn’t know how to shift gears from random to specific smaller waves. We do it right with math set to music. You can too.

T. Henning Murrey is the only Master Level Trader who can predict any set of highs or lows for any market (using The Murrey Math Real-Time Software).

Why is T. Henning Murrey the only “guru” to be able to know when any reversal will occur? The “baby” 2/8th predicts it.

Logic and Music and Math: The Murrey Math Trading Frame Software do (it). Please look at charts B, C, and D.

These charts have different 0/8th and 8/8th, since the Time and Price are different inside each Time Frame.

Would you be able to change Price as Time changes? Depending upon your I.Q. and your personality, I would be able to teach you in an hour. If you aren’t smart enough, no amount

of time will get you to see Time and Price change the frame. Don’t try.

T. Henning Murrey and Kristof Werling studied the Law of the Squares, so we were able to decipher algebra rhythms of music as they react inside a Cube. We were the only two humans on Earth the past 6,250 years to set stocks to Music.

John Searl rediscovered the law of Squares. We spoke to this subject in our last article. Please refer back to it.

T. Henning Murrey flew to London, England, and explained all this (concept) to Kristof Werling. Two weeks later Kristof replied with the statement that the “discovery” was worth the Nobel Peace Prize in Math. It is and will be accepted.

Please look at Chart: B.

This is a Four - Day Chart:

Width Price: 625 points.

Each 1/8th equals 78.5 points.

8/8th: 10,000,

4/8th: 9,687.50,

0/8th: 9,375.

Please go back to Chart: A.

Width Price: 156.25 points.

Each 1/8th equals 19.53125 points.

You notice that our intraday chart is trading inside only two 1/8th (now).

The Murrey Math Real Time Software knows you would never expect any market to trade on a range of 78.5 points per 1/8th, since Gann said, “most moves were going to stall out after a 3/8th move, so it moves down to a “tradable range.” How many times do we get 235 points moves per trading day? Few.

Please look at Chart: D.

This a Thirty-Two - Day Chart:

Width Price: 625 points.

Each 1/8th equals 78.5 points.

8/8th: 10,000,

4/8th: 9,687.50,

0/8th: 9,375.

You will notice the last lower support reversal occurred on MMT Line 2/8th: 9,531.25 went (up) fast. The longer the Time Period, the more security you get to know the market direction. But you win fewer trades.

Security (over a long period of time) will not allow you to make profits intraday. The shortest Time and tightest Price Frame will make you the most short - term profits.

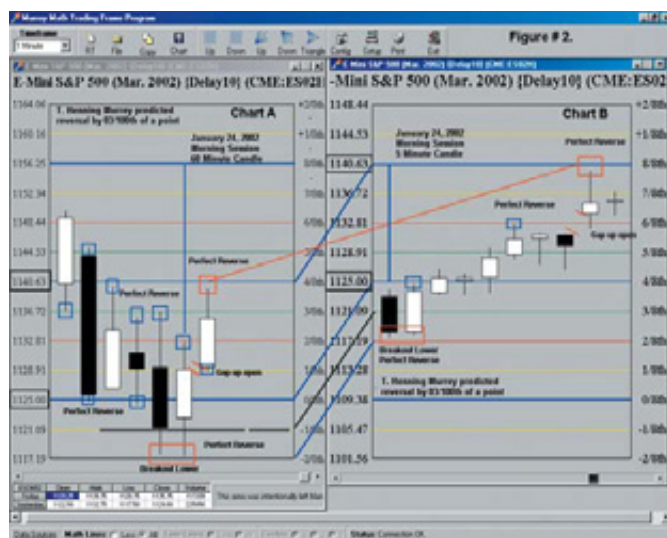
This is “reality trading” off the last high or low. Why look back six months to trade the next hour? We don’t need to do it now.

Gann made 288 trades and won 264 in a total of only 25 trading days. His longest trade averaged only 43.75 minutes. How long do you hold a winner? Do you hold “losers” twice as long?

Men hold “losing positions” longer than women traders. Men have a chemical gene missing (that will allow them to admit “defeat”) or they are sinking in quick sand). They won’t ask for directions?

T. Henning Murrey taught 15 women traders in Brentwood, Tennessee, for the past three months. Every female Murrey Math trader is a winner the past 90 days.

They average between + 25% to + 125% profits on going long on stocks from 3.12 to 12.5 dollars. They go long (only). They were taught to take small profits (3/8th) and small losses (-1/8th). Their win to loss ratio is 2:1. Why? Simple. They don’t want to “outguess” the guru. Their object is to make money not create another indicator. Profit is their “indicator.” They just count their “potatoes” +1, + 2, +3/8th and they are out of the trade. If the longest run up was only +15 days the past two years, why would you want to hold any stock position more than 12 days? They brain wash you on TV. to “Buy and Hold” when they know you will end up giving 50% of your profits



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back soon.

Please look at Chart: C.
This is a Sixty-Four - Day Chart:
Width Price: 1,250 points.
Each 1/8th equals 156.25 points.
8/8th: 10,000,
4/8th: 9,375,
0/8th: 8,750.

You have just looked at the Dow 30 Futures Contract on four different Time Frames that produce different Price widths for each 1/8th over its given Time. Do you look at any market from all four different perspectives? Should you start?

Every Murrey Math "student" is taught to go from a (64 Day) perspective down the smallest 8/8th, so one may trade off the smallest move that provides the present Harmonic Octave Rhythm (only the Murrey Math Real-Time knows).

Feb. 13, Wednesday, (in class) in Las Vegas, at Palace Station Casino, T. Henning Murrey "predicted strong resistance the next day up at 10,039.5.

Thursday morning, (just before we went to play golf at The Anthem Golf Course, on the property of a Dell Webb Community at Sun City, Nevada), Murrey was informed by Judy and Janice, (two new students), that the 1st high reversal in the Dow 30 Index was up at 10,038.80. The market fell below 10,000. Murrey missed by .70/100.

Personal Aside: Judy pared the 1st (8) holes. And Janice out drove the men by 62.5 yards on hole nine. They played golf.

It closed the day below 10,039.50. Murrey said one week before, it had to close above 10,039.50 and it had to do it by Friday Feb. 15, 2002, or the market would fall (lower).

Thursday afternoon after playing (18) holes of golf, Murrey found another of his intraday predictions true: the Dow closed below 10,000 because it could not trade and close above 10,039.50.

Murrey told his classes in Las Vegas, Nevada, (all week), the Dow 30 Stocks must close above 10,039.50 or it falls lower this week. It did: 9,903.

Please look at the four charts (in one) and you will see there were (16) exact reverses off MMT Lines preset last October and brought forward and projected on the chart automatically for you.

Why do you want to learn some new "indicator" when we already know exactly each MMT Line any market should reverse on (before it does it)? Keep it simple. Please look at figure 2: Chart: A: This is the S&P 500 E Minie Futures Contract for January 23, 2002. This market sold off fast all day.

Please look at Chart: A: Figure 2. This a Sixty Minute - Inter Day Chart:
Width Price: 31.25 points.
Each 1/8th equals 3.90 points.
8/8th: 1,156.25,

4/8th: 1,140.625,
0/8th: 1,125,
-2/8th: 1,117.1875.

Please notice that The Murrey Math Trading Frame Real-Time Software automatically predicted (for you) the exact "breakout" price lower, if it closed 03/100th below 1,117.1875. It didn't.

The 23rd and on the 24th, it closed within 03/100th of a point from dropping lower into the next lower MM Octave.

Is your software program this accurate? How much would you pay for real-time software that would tell you your "long position was going to be a winner?"

This market reversed twice on a double bottom off our - 2/8th MMT Line.

Everyone knows to buy double bottoms. 12 of 14 (60) minute candle (perfect) reverses were predicted automatically for you using The Murrey Math Trading Frame Real-Time Software.

You simply call your broker or enter the order through your online brokerage house.

This Chart A: trading frame is the long -term picture of the market from yesterday to today. Why look at any more Time and Price? We want to conserve Time.

The next day: Chart B: the market slowed down and The Murrey Math Trading Frame Real-Time Software slowed down with the market and set the intraday trading frame to:

Please look at Chart: B: Figure 2.
This is a Five Minute - Inter Day Chart:
Width Price: 31.25 points.
Each 1/8th equals 3.90 points.
8/8th: 1,140.625,
4/8th: 1,125,
0/8th: 1,109.375

Are we expecting lower highs from this market after it almost closed below 1,117.1875 (-2/8th)?

We had (4) perfect reverses intraday off our 5-minute chart on the 24th of January.

This market stalled out up on our MMT Line 4/8th line (just as Gann said it would).

Gann said, "markets want to reverse on 0/8th, 8/8th, and then on the 4/8th the 1st time up or down to (it)". It did exactly.

The S&P 500 E Minie Futures Contract is set at a risk of \$ 50 either way (win or lose). This is a 20 - point winner from the lows. \$50 x 20 = \$1,000 profit in only two hours with the faith in math: Murrey Math.

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T. Henning Murrey taught one man, Ken Lewis, Brentwood, Tennessee, and he introduced Murrey Math to different golfing friends, who had no active interest in trading stocks. But they listened.

Now (15) different students trade intraday and profit each week off pre-set MMT Lines set inside the Murrey Math Trading Frame. These Brentwood, Tennessee, above average income and I.Q. and personality Rookies have learned to trade off Pure Math Lines set inside a Cube: 100, 1,000, or 10,000.

How many thousands of dollars have you lost (invested) in:

- 1) Buying software,
- 2) Books on trading theories,
- 3) Going to seminars,
- 4) Hot tips for next quarter,
- 5) Listened to friends for insiders?

The Murrey Math Learning Center was created to teach specific trading reactions to specific market reversals.

Gann and Murrey have seen every market reversal. We know how to teach you to trade off what you see, not what you imagine you see.

T. Henning Murrey has documented predictions made in front of 25 different students what the markets will do the next day, and he has missed by only one or two points most of the time. But who counts?

Perfect Example: Three weeks ago, IBM was up at 126.56. People were on TV, projecting it to go to 150.

T. Henning Murrey predicted it would drop to 103.12 before it went to 150.

On the 3rd day of class in Brentwood, Tennessee, IBM went down and closed at 103. The class clapped and everyone shared an arm- stretched "high five."

Why did they cheer for joy? No they cheered for profits. The IBM Feb CALL

went from 4.00 to 22.

This is + \$18,000 profit in three weeks. You are now seeing market predictions from all perspectives:

- 1) Intraday,
- 2) 4 Day Chart,
- 3) 16 Day Chart,
- 4) 64 Day Chart,
- 5) Intraday from day to the next,
- 6) 32-Day Option Chart.

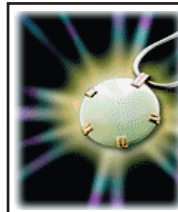
We hope you are as successful trading your Gann "system" as we do daily, weekly, and monthly. Trading is fun when you start with the correct horizontal lines.

How close can you predict profitable reversals? Are you really sure your position is set at the best reversal price point inside your 8/8th range? Are you ready to try and make simple(r)

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T.H. Murrey is author of the book Murrey Math Trading and can be reached at www.murymathtrading.com



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Practical Application of an Authentic 'Square of Nine' Part One

Ken Gerber



The 'Square of Nine' or 'Pythagorean Cube' or 'Odd Squares Calculator' has been talked about as one of W. D. Gann's most important trading tools. There is no doubt that he used it extensively.

One of the most important discoveries made by Lambert-Gann Educators, Inc. in the Lambert-Gann Publishing Co. archives is a 'Square of Nine' with a date ring on top revolving around a center pin. This revolving ring allowed the date to be moved over the top of the price of a major top or bottom.

Lambert-Gann Educators, Inc. created the 'Natural Squares Calculator' to bring to the public a trading tool that teaches the principles that Mr. Gann used in trading with the 'Square of Nine'. Without a movable date ring, a 'Square of Nine' calculator cannot be synchronized with the current market vibration. This is like drawing a Gann angle, but not starting it from a high or low. This visual synchronization clearly demonstrates how accurate this tool can be. It also shows that learning the basics of using a 'Square of Nine' in this manner is not difficult.

Part One of this article will deal with the price aspect of a synchronized 'Calculator'. Part Two of the article will use the 'shifted time' to show how the synchronized 'Calculator' repeatedly forecasts changes in trend as harmonized time and price align.

The following chart is of continuous December Corn. According to Mr. Gann's writings, we should link together December Corn contracts forming one continuous contract of corn containing only the December contract. The major high shown in this chart is at the price of \$2.62 on the date of December 28, 2000.

Mr. Gann repeatedly described the Cardinal Cross (90-, 180-, 270- and 360-degree angles) as the most important points of support and resistance. The second most important was the Ordinal Cross (45-, 135-, 225-, and 315-degree angles).

By timing the calculator to the major high price of 262, we have shifted the Cardinal Cross and Ordinal Cross prices so they are in harmony with the market vibration. To do this on a 'Natural Squares Calculator', we simply move the center ring (Square of the Circle) so that the Zero Degrees line is over the price of 262.

We have now created a new Cardinal Cross and Ordinal Cross (see Square of Nine picture). The Cardinal numbers have shifted from 249 to 245 1/2, from 233 to 229 1/2, from 218 to 215 and from 204 to 201 1/2. The Ordinal Cross numbers have shifted from 257 to

253, from 241 to 237, from 225 to 221 and from 211 to 207. From now on, any reference to the Cardinal and Ordinal Cross numbers will be to the 'shifted' numbers.

In addition, I have circled the referenced highs in green and lows in red as Mr. Gann did on his Calculators to make the visual application clearer.

From the major high at 262 the market made the first move down to No. 2 (on the chart) at 243, holding within 2 1/2 cents of the 90-degree Cardinal Cross support. It then made two more attempts at the same level, finally rallying from the 3rd bottom to the high marked No. 3. The price at No. 3 is 252 3/4, which is exactly one-half way back and also back to the 45-degree Ordinal Cross.

The next leg down goes to No. 4 at the price of 229, which is at the 180-degree Cardinal Cross. Mr. Gann said the strongest angle was the 180-degree angle, making this a place for a potential rally. The rally to No. 5 stopped at 241 1/4, which is at an unshifted Ordinal Cross providing resistance.

The next move down to No. 6 stops at 220, which is one cent from the 225-degree Ordinal Cross. From there the rally back up to No. 7 is to the old bottom of 230, which again is the 180-degree Cardinal Cross.

Once more, the market starts down through the old bottom of 220 and the 270-degree Cardinal Cross to the 315-Cardinal Cross support price of 206 1/2 at No. 8. The rally back up to No. 9 is back again to the old bottom of 221 and the 225-degree Ordinal Cross.

The final move to the bottom at No. 10 goes to the price of 202 1/2, which is within one cent of the 360-degree Cardinal Cross and next to the beginning at 262.

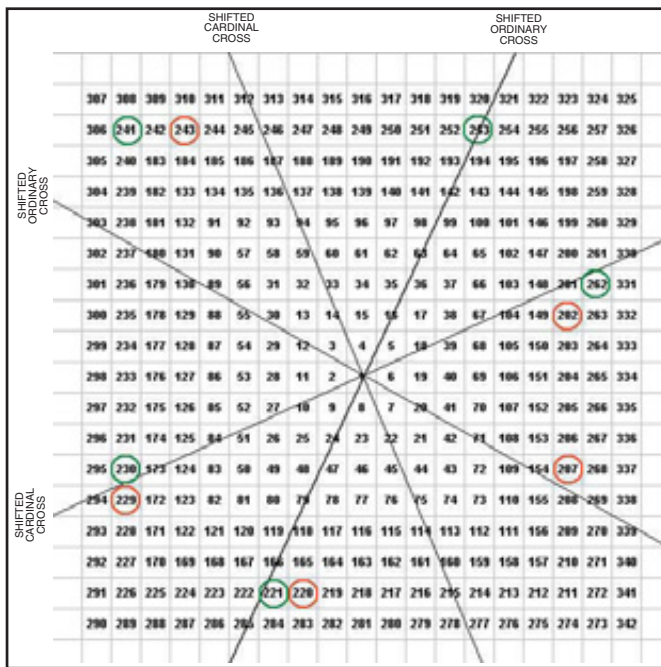
Of the five waves down, three were almost exactly 135 degrees on the calculator. They were from No. 3 to No. 4 (45 degrees to 180 degrees), No. 7 to No. 8 (180 degrees to 315 degrees) and No. 9 to No. 10 (225 degrees to 360 degrees).

The 'shifted' Cardinal and Ordinal Crosses provided the resistance or support for 8 of the 9 changes in trend during this down move. The 9th resistance point came from the 'unshifted' Ordinal Cross.

There is no doubt that a synchronized 'Calculator' will provide superior harmony for a market.

In Part Two I will show how Mr. Gann would have known when the aligning of time and price is occurring simply by checking his 'Calculator' daily. Chart of December Corn from December 2000 through June 2001. Hand Drawn Square of Nine Synchronized with Dec Corn Market at 262.

Ken Gerber is a full-time trader and writes and teaches for Lambert-Gann Educators, Inc. He can be contacted at info@lambertganneducators.com (www.lambertganneducators.com)



W.D. Gann's Mass Pressure Forecasting Technique



Daniel T. Ferrera

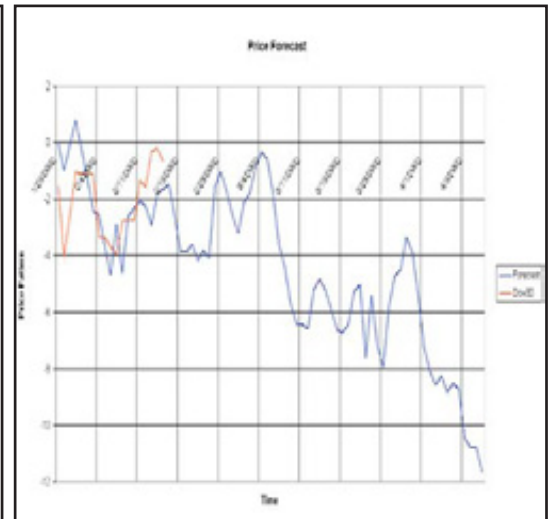
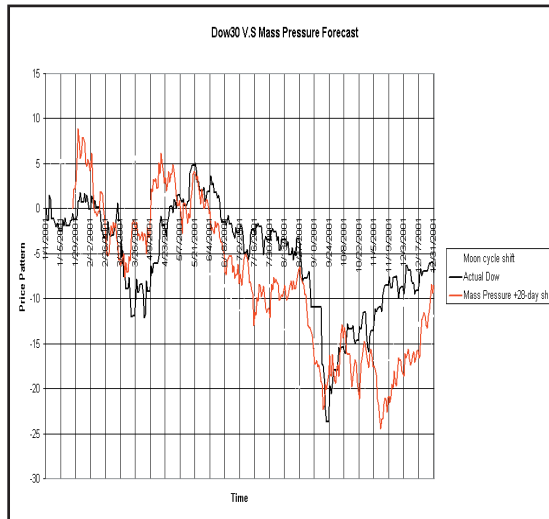
Of all the Gann forecasting techniques known, the Mass Pressure Formula has been one of the most closely guarded secrets. In fact, there are very few "Gann Experts" that even know how to create a Mass Pressure Chart or anything about the nature of its construction. Many people have wondered if there were any "signs" that 2001 was going to be such a bad year. To that I say "YES" there were clear indications of what 2001 would be like in the stock market. My interpretation of Gann's Mass Pressure Formula certainly did an outstanding job of predicting the basic trend changes of the market as the chart provided with this article clearly shows.

Although I will not discuss the Mass Pressure Formula in this article, I will say that it is based entirely on Gann's philosophy that "the future is nothing but a repetition of the past". For example, one of the best-known Gann cycles is the cycle of 60-years. What happened in the year 1941? The

Japanese bombed Pearl Harbor and the pilots crashed their planes into their targets. The Pentagon's ground breaking ceremony was held on 9/11/41. 60-years later in the year 2001, the movie Pearl Harbor was released, suicide pilots once again attacked the USA and the Pentagon experienced another "ground breaking".

What does the Mass Pressure say about 2002? I'm including a portion of my Mass Pressure forecast, which shows that the Market is pretty much bearish until 4/11/02. Just remember that even though the Mass Pressure formula provides valuable information about the possible future, it will not necessarily make you a better trader. You have to trade the market based on what it is actually doing. That said, enjoy the small sample of the 2002 Mass Pressure chart.

Daniel T. Ferrera is author of the course Mysteries of Gann Analysis Unveiled and his book The Gann Pyramid: Square of Nine Essentials.



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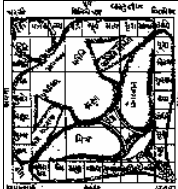
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Market Cycles An Outlook for 2002!

By Tim Wood
Dollar

When analyzing the Dollar Index I must first point out that we don't have a hundred years of data to analyze. Back in those days we had real money.

The last 4-year cycle low in the Dollar occurred in October 1998 at 90.74. This would make the next 4-year cycle low due in late 2002. I do not feel that 30 years of data is sufficient to properly analyze the 4-year cycle in the Dollar.

However, we do have the smaller seasonal cycle and we certainly can use this cycle to forecast future expectation for the Dollar. 88% of the seasonal cycles in the Dollar run 8 to 16 months. If bearish (the expectation that the previous seasonal low will be taken out) then we have to look for that seasonal cycle to top in 5 months or less. Out of 9 seasonals that topped in 5 months or less, 100% of them took out the previous seasonal low. There has been 3 seasonal cycles that have topped in 6 months. Two of the seasonal cycles that topped in 6 months the previous lows held. The other one the previous low was violated. The 6th month is a pivotal count. I think it can go either way. If bullish (the expectation that the previous seasonal low will hold) then expect the cycle to top in 7 months or more. 86% of all seasonal cycles that top in 7 months or more the previous seasonal cycle low has held.

The last seasonal low in the Dollar was January 2001 at 108.04. This cycle topped in July 2001 at 121.29. This is a count of 6 months from the January lows. From the July seasonal top we moved down into the weekly cycle bottom on September 17, 2001. From this low we have moved up as the new weekly cycle has advanced to a top that has yet to come. I look for this weekly cycle top to occur within the next month and then turn down into the seasonal cycle low which is due in the first quarter 2002. As of November 2001 it appears that the January 2001 seasonal lows will hold as the current seasonal moves into the coming seasonal low. Once the current seasonal cycle has

bottomed, I feel that we will see the next seasonal cycle setup for a move into the 4-year cycle low which is due in late 2002. As this next seasonal cycle sets up we should see it top in 5 months or less. It's a bit too early to say exactly when the next seasonal top will occur because we have not seen the current seasonal bottom as of yet. However, I would estimate that we will see the next seasonal top in late first quarter or early second quarter 2002. Then we will see the Dollar sell off hard into the 4-year low.

How could a collapse in the stock market and the dollar impact the rest of the economy? What do the cycles show?

Gold

The dominant long term cycle in Gold is the 9 year cycle. The last 9 year cycle low occurred in March 1993. The ideal timing for the next 9 year cycle bottom is 1st quarter 2002.

The next cycle of interest is the Seasonal cycle. This cycle averages 1 year in duration. It can however, vary from 8 to 15 months and it last bottomed in April 2001 at 255.

The next shortest cycle is the weekly cycle. This cycle averages 18 weeks in duration and it can vary from 16 to 23 weeks. The last weekly cycle bottomed the week ending August 3, 2001 at 264.10 and topped the week of September 21, 2001 at 296. As of November 25, 2001 we are in the 16th week since the August low. As stated earlier this cycle generally runs 16 to 23 weeks in duration. So, the current weekly cycle is due to bottom between now and the week ending January 11, 2002.

Now for more on the Seasonal cycle. In analyzing over 30 years of Seasonal cycle tendencies, I found a few points worth noting. First, if the Seasonal cycle tops 1 to 5 months from the previous Seasonal cycle low, expect the previous Seasonal low to be taken out on the move down from the Seasonal top. To be exact, 81% of the Seasonal cycles that topped in 1 to 5 months from the previous Seasonal low took out the

previous Seasonal low. Second, 88% of the Seasonal cycles that topped in 6 months or more, the previous Seasonal low held as the cycle moved down from the Seasonal top. So, the expectation is that if a top occurs in 6 months or more the previous Seasonal low should hold. Third, 94% of the Seasonal cycles that top above the previous Seasonal top also bottom above the previous Seasonal bottom. Fourth, only 6% of the Seasonal cycles that top above the previous Seasonal top, bottom below the previous Seasonal bottom. Fifth, the average advance from the Seasonal low to the Seasonal top for cycles that top in 5 months or less is 12.05% and the move down from the top averages 18.28%. Sixth, the average advance from the Seasonal low to the Seasonal top for cycles that top in 6 months or more is 55.98% and the move down from the top averages 18.58%.

So, Where Are We Now?

Well, Again the Seasonal cycle last bottomed in April 2001 at 255. As of November we are sitting with a Seasonal top on September 21. We have had a price advance of 16% from the April lows to the September high. Also, September is only the 5th month from the April low. So, in order to have a bullish outlook we should have seen a move above the September highs in October. Obviously this has not happened. Remember, 81% of the Seasonal cycles that top in 5 months or less move lower and take out the previous Seasonal low, that was 255.

However, 94% of the Seasonal cycles that top above the previous Seasonal top also bottom above the previous Seasonal bottom. Well, the previous Seasonal cycle top was in June 2000 at 292.90 and the current Seasonal cycle has already exceeded this level with the September high of 296. So, looking at this statistic you would expect to see the April 255 level hold. This is indeed a conflicting indication.

So, What Do We Do?

The 9 year cycle is due to bottom in early 2002. I feel that the move out of this bottom will be substantial. This should occur with the bottoming of the current Seasonal cycle low. The question is, will it be in conjunction with the bottoming of the current weekly cycle which is due in December 2001 or early

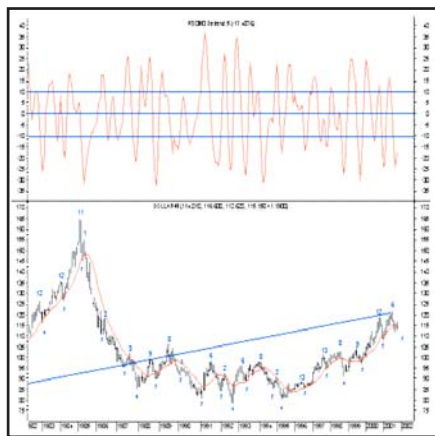


Fig. 1 U.S. Dollar

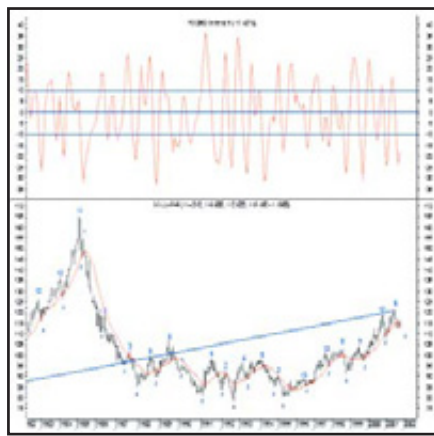


Fig. 2 Monthly Gold

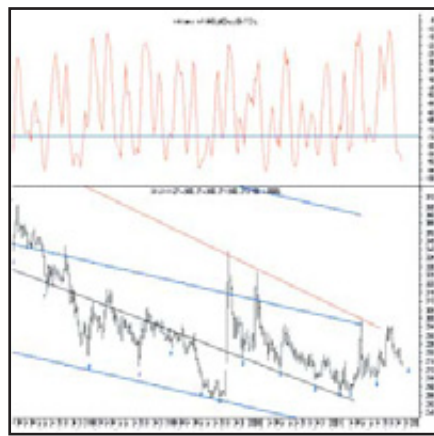


Fig. 3 Weekly Gold

January 2002 or will it occur with the next weekly cycle low which will be due between May 2002 and June 2002. Therefore, I feel that upon confirmation that the current weekly cycle has bottomed, we should take a long position in anticipation of the 9 year cycle low. Should this weekly cycle low fail to be the 9 year low, we should once again liquidate the long positions and wait for the next weekly cycle low due between May 2002 and June 2002. As of now I see this as the latest time frame for the bottoming of the current Seasonal cycle as well as the 9 year cycle low at which time we will see higher Gold prices.

Does the CRB confirm higher Gold prices?

The CRB seems to confirm to 2002 cyclical changes that lies ahead. The CRB has a 9 and a 3-year long-term cycle. The last 3-year low was in February 1999 at 183.20. The last 9-year low occurred in August 1992 at 198.25. The next 3-year low can be expected in early 2002. Since we are slightly over due for the 9-year low I also expect to see it bottom along with the coming 3-year low as well. Based on this fact alone I would expect lower commodity prices until we get the 3 and 9 year lows in place. I feel the 183 level is key as these cycles moves into their bottoms.

The last seasonal cycle bottomed in April at 209.80 and topped 1 month latter in May at 220.50. I feel that we should see the 3 and 9 years lows occur in late 1st quarter or early 2nd quarter 2002 as the current seasonal cycle moves into it's low. Once these lows are in place, YES we should see a move higher in all commodities as well as Gold.

Do Bonds see Inflation?

The Bonds have several long term cycles at play. There is a 10 and 3 year cycle. Both of which bottomed in January 2000 at 89. The most recent seasonal cycle bottomed in May 2001 at 98 24/32. and topped on November 1, 2001 at 112 18/32. The count from the May low to the November bottom is 6 months. I feel that the seasonal cycle is the one to watch here. 70% of the seasonal cycles that top from 1 to 4 months take out the previous seasonal low. 100% of the seasonal cycles that top in 5 months or more the

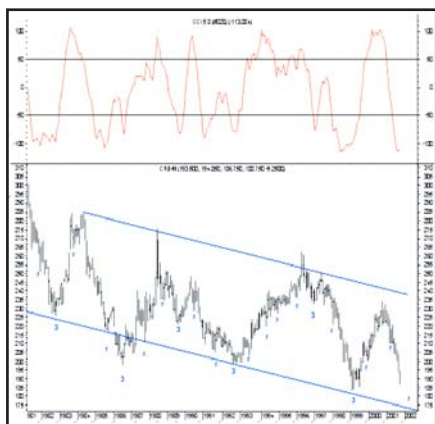


Fig. 4 CRB



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previous seasonal low holds. Also, 100% of the 3-year lows have taken out the previous

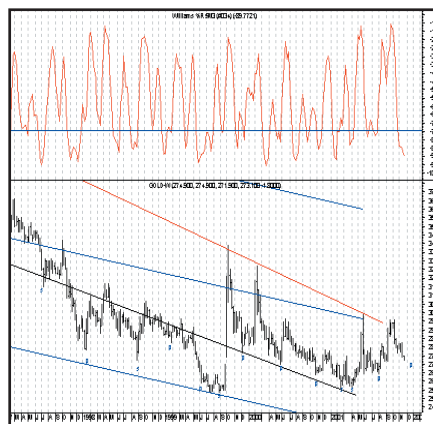


Fig. 5 Bonds

seasonal low. So, since the current seasonal topped in 6 months I would expect to see the May 2001 lows hold as we move into the coming seasonal low which is due late 1st quarter or early 2nd quarter 2002. Once this seasonal low is in place I look for the Bonds to move up into a new Seasonal top that should occur between 1 and 4 months from the coming seasonal low. This will set the Bond market up for a sell off into the 3-year low which is due in late 2002 or early 2003. So, I would say that Bonds will be seeing inflation as well and I am watching for the confirmation of this action.

Article date 12/31/01. An additional article can be found on stocks on www.traderworld.com. Tim W. Wood can be reached at cyclesman@jam.rr.com

How to Use the Commitments of Traders Report for Futures Traders



By Robert James Deadman

While Commitments of Traders (COT) data has been around for over a decade, its use in futures among the casual trader is almost non-existent. There are two primary reasons for this; because the major data providers don't supply the information and the few who do don't supply it in a readily useable form. As time progresses, this factor will change. The second reason is that there is little information on what the Commitments of Traders even is, let alone how to use it. This series of articles will try to alleviate this problem.

Starting in 1962, the Commodity Futures Trading Commission (CFTC) started requiring all significant traders meeting certain criteria to report the futures positions they were holding. Due to its infrequency and delay in reporting to the public (only once a week and at least three days late) it doesn't have much value in day-trading use, but provides valuable information on the daily, weekly, or monthly scale.

Reading the COT report.

The COT reports contain far too much information for a detailed explanation here. A shorter version will be explained. Below is a sample of the COT Short Form.

There is a lot of information here, but let's focus on only a few areas.

The first part is the identifying line. It lists Non-Commercial, Commercial, Total, and Nonreportable positions. The Non-reportable positions would be the small trader positions. The first thing to note is that the 'Total' is not the total for all positions, but only the total for the Non-Commercial and Commercial positions. The Nonreportable positions have been excluded from that value.

Second is the line identifying the position holdings. Each position has Longs and Shorts available, except the Non-Commercial which also has spreading. The Commercial traders are not viewed as spread traders since they are hedging against an actual commodity. The Small Traders may spread

a position, but the individual positions are reported since spreading in this group is relatively small.

The last line of this focus is the 'Commitments' line. These are the actual reported values for each group. The first values that we see are the longs, shorts, and spreading of the Non-Commercial group. What needs to be derived is the "Net Position" of the Non-Commercial group. To derive this, take the difference between the longs and the shorts. In this case, 97,559 - 104,440. The result is -6,881. What this means is that the Non-Commercial traders are positioned to the short side by 6,881 more contracts more than they are to the short side (a primarily bearish position). There is no need to add the spreading positions in since it would result in the same "net" value. If they were added in, then 28,545 would be added to both the long and short positions since a spreading position has a contract held on both sides.

There is no need to add the spreading positions in since it would result in the same net value. If they were added in, then 28,545 would be added to both the long and short positions since a spreading position has a contract held on both sides.

We perform the same netting process on the Commercial positions: 229,062 long positions minus 200,905 short positions results in 28,157 net long. Commercial traders are positioned on the long side by 28,157 contracts more than they are to the long side-they are bullish.

The process would finally be performed on the Non-reportable positions: 90,359 long positions minus 111,635 short positions results in -21,276. The Nonreportable positions (small traders) are positioned to the short side by 21,276 more contracts than they are to the long side (a primarily bearish position).

Note that all of the respective positions, when added together, cancel each other out. All of the long positions combined for the 3 groups (416,980), when added together, will match all of the short positions for the 3 groups combined (also 416,980). This has to happen because for every long position there is an opposing short position taken at the same time. Since the number of long positions and the number of short positions is identical, adding the number of Non-Commercial spreading positions (28,545) to the total of either side (416,980) will result in the total Open Interest (445,525) for the commodity as of that date.

Most people omit the spreading positions from their COT calculations. This is because spreading positions are trying to profit from the difference between contract prices, while non-spreading positions are taken typically for anticipation

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REPORTABLE POSITIONS AS OF 01/08/02									
							NONREPORTABLE		
NON-COMMERCIAL			COMMERCIAL		TOTAL		POSITIONS		
LONG	SHORT	SPREADING	LONG	SHORT	LONG	SHORT	LONG	SHORT	
(CONTRACTS OF 5,000 BUSHELS)							OPEN INTEREST: 445,525		
COMMITMENTS									
97,559	104,440	28,545	229,062	200,905	355,166	333,890	90,359	111,635	
CHANGES FROM 12/28/01 (CHANGE IN OPEN INTEREST: 21,024)									
6,570	6,779	2,440	6,276	11,195	15,286	20,414	5,738	610	
PERCENT OF OPEN INTEREST FOR EACH CATEGORY OF TRADERS									
21.9	23.4	6.4	51.4	45.1	79.7	74.9	20.3	25.1	
NUMBER OF TRADERS IN EACH CATEGORY (TOTAL TRADERS: 544)									
126	112	68	197	285	349	369			



of the future value of the underlying commodity (usually trend following or hedging purposes).

Plotting COT Movement.

Many people view just knowing the current positions as being sufficient. Yes, it's important to know where each group lies, but it's only a small piece of a total picture. Most traders would view a snapshot of a commodity's price as being useless. Just knowing the price has very little value without knowing where the price has been. Traders look for trending activity, support/resistance lines, indicator calculations, etc. With knowledge of just one price, a world of information is being lost. The same is true for Commitments of Traders information. Just knowing the net positions means very little without knowing if a particular group is acquiring or distributing their long or short positions.

One of the primary methods used in COT analysis is plotting the net positions historically. While most providers show the data in a weekly format (being released once a week), this article will show the weekly COT data propagated for the daily trading days that are present in the chart. This makes it possible to apply the indicators and analysis to use with daily data, as opposed to only weekly or monthly trading strategies.

The following chart shows the data for the Canadian Dollar. The Commercials net positions are shown by the thin line, the thick line shows the Non-Commercials net positions, and the dotted line shows the Nonreportable (Small trader) net positions.

One of the most heavily used strategies with COT is to "follow the Commercials" since they are the only ones in the know. However, observation shows that for a trader to follow the activities of the Commercials only is probably going to result in disaster. The typical belief is that the Commercials actually use or deal with the underlying commodity and will then know of the future supply or demand of the product. On the surface this sounds like great advice, except that the Commercial traders hold their positions for completely different reasons than other traders do. The Commercials are more interested in locking in a price rather than making a profit from any market movement. The future contract is used to offset any variations in price, and they can do this because they either currently possess the underlying commodity with intent to distribute at a delivery date, or they will be acquiring the commodity at a delivery date (remember, this is what futures contracts were actually designed for). Because of this, even if their contract moves against them, the actual commodity offsets the loss.

The problem for any other trader is that they don't deal with the actual

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commodity. They buy or sell contracts with no intent of delivering nor taking delivery of the commodity involved. Therefore any gain or loss from a contract is a real loss without any product to hedge against. To follow the philosophy of "always follow the Commercials" is to always follow the one group who has locked in a price and therefore no longer has a significant concern as to whether the future price goes up or down.

This can be demonstrated above in the picture of the Canadian Dollar with the net COT information also displayed. The majority of the time the Commercials (thin line) are either positioned against the trend (for example,

by holding mostly long positions when the market is declining), or by moving their positions against the direction of the trend. On the other hand, the Non-Commercials (dotted line) are typically moving their contracts towards, or taking positions in, the same direction as the trend.

By observing which positions each group is taking at any particular time, a trader has the ability to watch the buildup of positions by any particular group, and therefore has another tool to anticipate price movement.

Robert Deadman can be reached at Trading Systems Analysis Group, rdeadman@tsagroup.com

MoonTide Overview

By Al Larsen



MoonTides are electrical waves set up in the earth's electric field by the Moon, and to a lesser extent, the other planets. These waves are felt by traders as electrical currents, and trigger emotional buying and selling. Thus they are very useful for timing day trades. They apply to all markets, but are extremely useful in the S&P 500.

This chart shows 2 days of the S&P, with MoonTides. The first thing to notice is that there are 2 MoonTides, a positive one shown in green (+Tide), and a negative one, shown in red (-Tide). When the energy from a Moon/planetary event hits the earth's ionosphere, it sends two waves around the earth, one in each direction. As these waves meet at any point, they are of opposite polarity, hence the two waves.

These waves create electrical currents that are unconsciously felt by traders as emotional swings. Markets are provably about 60 per cent fundamental, and 40 percent emotional. The emotional component is very clear in daytrading. So knowing when the emotional swings are likely to change gives you a trading edge.

The second thing to notice about these Tides is that they don't seem to line up with price very well. Look at the red -Tide on 2/8/2002. It starts out OK, but goes higher than price on the first peak. And the green +Tide isn't even close to price. So what's going on here?

MoonTides are energy calculations. They don't even know the S&P or any other market exists, except for knowing the date it first traded. No price information is ever used in MoonTide calculations. The only thing that goes into the calculations are the first trade date, a harmonic number, and the date and time. MoonTides can therefore be calculated for any point in the future.

So when placed on a trading chart, the Tides have to be scaled and shifted vertically. The scaling tends to hold fairly constant, so once found, can be used to gauge the potential of a trade. This chart shows just 2/8/2002 with the Tides adjusted.

Now look at how well the red -Tide forecast the price action for the first 4.5 hours. It did not forecast the little swings, but it forecast the pattern and the times quite well. This is typical of the MoonTides.

The bad news is that prices don't always follow one Tide. The good news is, that when they don't, they usually follow the

other Tide. This switching from one Tide to another is called an "inversion." Inversions happen in all chaotic systems. Markets are provably chaotic, so they have inversions. That's a nasty reality of trading. But think about it. If they didn't have inversions, someone would have cornered the markets and we would have nothing to trade.

On this day, there was a sharp move down just after 14:00. That was a clue that an inversion had occurred. Instead of making a high near 14:40, the market was making a low. After that, it followed the green +Tide. The scale changed a bit as well.

This particular day happened to be a Friday, and we were doing our live Chaos clinic. Our 1ADay hotline trade sold the turn just after 11:00, and we caught the inversion and were long on the late rally. So the MoonTides gave us a clear trading edge.

By now, you can see that the Tides are useful. They tell you the pattern, get you close to the turns, estimate the extent of a potential gain, and tell you how long a move may last.

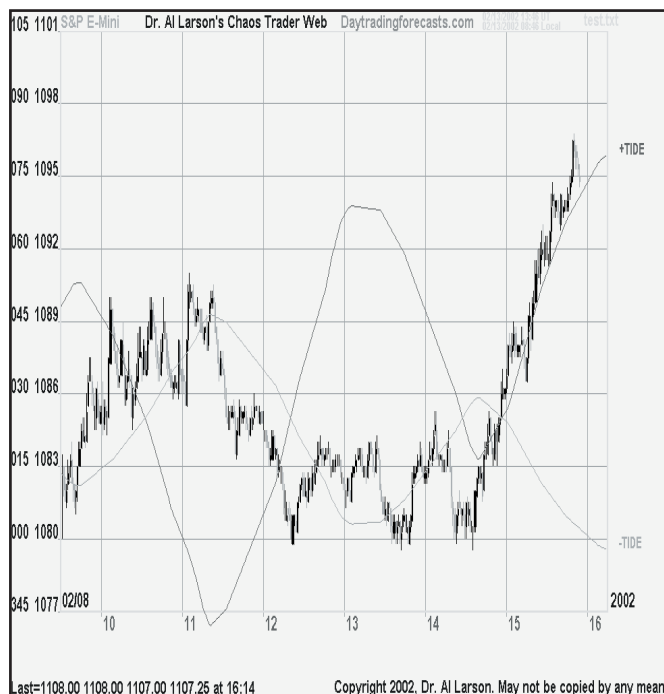
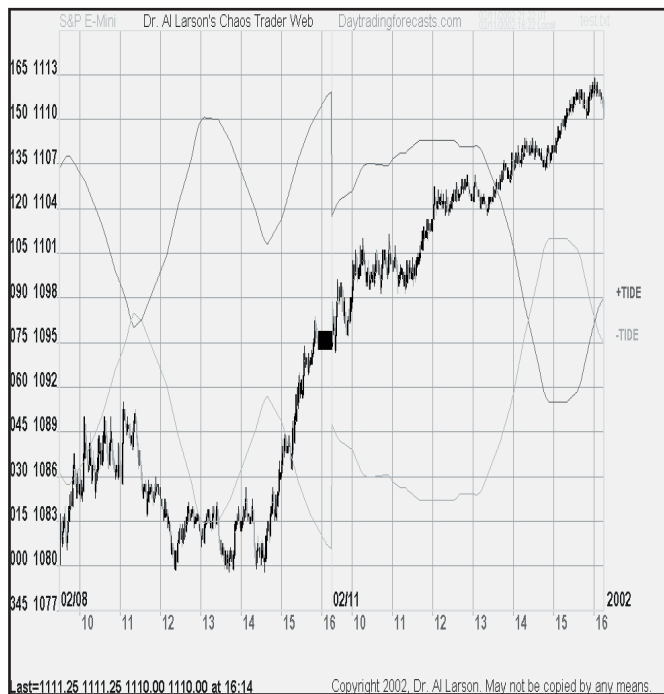
They are even more useful when coupled with a couple of tracking technical indicators. After much research, we have settled on two simple indicators that even the lamest of trading programs can display—a 110 minute exponential moving average (EXMA) and a 20 minute EXMA. These two indicators are all one needs to see which Tide the market is responding to, and when to enter a trade. I have added them to the chart we saw earlier. The blue line is the 110 minute EXMA, computed on one minute closes. The yellow line is the 20 minute EXMA.

Look at the blue 110 EXMA. Notice how its slope tracks the slope of the red -Tide in the morning. Then between 13:30 and 14:30, the 110 EXMA continued down while the -Tide turned up. So this was a "tracking failure." It gave an early warning that an inversion could be coming.

Think about it. A tracking indicator is like looking outside to check the weather before going on that picnic, and not just relying on the weather forecast. Actually, weather systems and markets are both chaotic systems, so forecasting them is equally difficult. They can only be predicted within the bounds of chaos theory, and never perfectly. By using a tracking indicator, we can monitor how well the MoonTide forecast is working.

So, a quick way to tell which MoonTide is at work, is to compare the slope of the 110 EXMA to the slope of the two MoonTides. If they match for 30 minutes or so, that Tide is probably the one at work.

The 20 EXMA gives you a trade entry and exit tool. First, notice that the yellow 20 EXMA will tend to stay above the blue 110 EXMA during a rally, and below it during a decline. So the 20 EXMA tracks the swings, and the 110 tracks the trend.



When the 20 EXMA crosses the 110, it signals a change in trend. Look at the crossing near 11:35. It was a clear sell signal and came close to the forecast MoonTide turn. That's a high probability signal-a good one to take.

During a trend move, such as the one from 11:30 to 1:30, that the 20 will approach but not touch the 110, and then separate from it. This picks up the swing congestions, which can be used to add to a position or to enter an existing trend. On the chart, find the 20 EXMA pullbacks near 11:50, 12:40, and 13:20. If a MoonTide turn coincides with one of these, and the forecast shows a good following move, you can enter when the 20 EXMA starts pulling away from the 110 EXMA. These "trend continuation" trades often work well if supported by a good forecast.

Now look carefully at the two EXMA's between 14:00 and 15:00. For your convenience, the chart is repeated below.

Near 14:08, the 20 EXMA broke above the 110 EXMA. One might think that this would be a buy signal. But the blue 110 EXMA remained flat. Now get this. This is important.

It takes a crossing by the 20 EXMA and a "curl" in the 110 EXMA to give a good buy or sell signal. And it should be near a MoonTide turn.

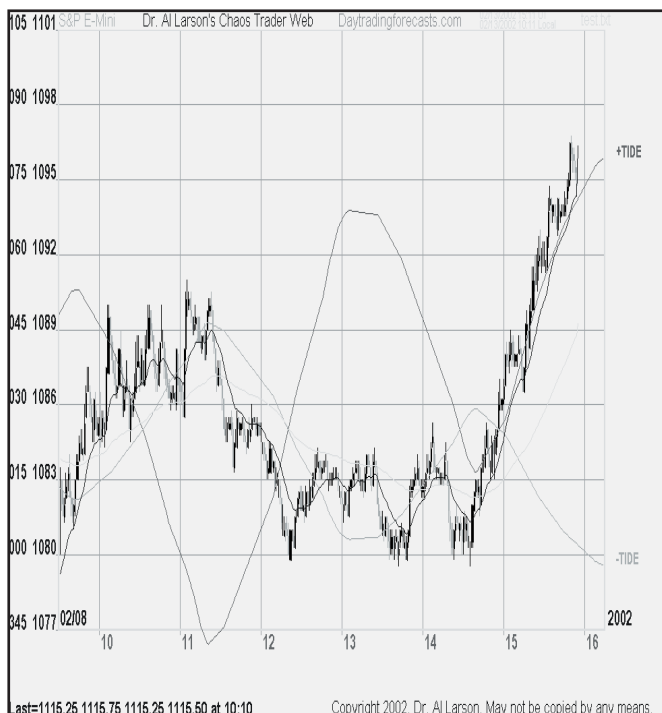
Near 14:18, the 20 EXMA dropped back below the 110 EXMA. The effect on the blue 110 EXMA was slight, and it was not near a MoonTide turn, so it was not a good sell signal.

Then near 14:40, the yellow 20 EXMA broke the 110, which curled up, right at the MoonTide turn. We jumped on that one with both feet. We could see that the move should last until the close, and had the potential of running 9 or so points. Those are the highest potential trades.

Notice one more thing-the angle of separation between the two averages. On a well scaled chart (like the ones on this site) that angle is about 20 degrees if it is a chaotic "streak" move. When you see that angle develop and you are in with the market, you know that the trading gods are with you. And that's what trading the MoonTides is all about.

The process is not hard. Get a forecast. See where it says the good turns are. Going into the turns, track the forecast. When everything sets up right, take the trade. Use a close stop. Over time you will catch some small gains, some small losses, and some big gains - like this one. The secret is that you never take a big loss. And the MoonTides put the odds of catching big gains in your favor.

Al Larsen can be reached at www.MoneyTide.com



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By Myles Wilson Walker

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Eclipses and the War Cycle



By Myles Wilson Walker

The most dramatic event to happen in living memory was the Terrorist attack in New York City on September 11th 2001. The Press was almost immediately on the hunt for the astrologer or psychic who had predicted it. Was there anyone?

Walter Gorn Old (1864 – 1929) better known under his pen name Sepharial wrote many books on astrology including works dealing with the stock and commodity markets. After the events of September 11th I was reading a book by Sepharial in which coincidentally, he mentioned the effect of eclipses in War situations.

Eclipses and the War Cycle

Sepharial wrote this on eclipses with regard to the beginning of World War 1 "I submit to you the following. On April 17th 1912 there was a very large eclipse of the sun visible over Europe. It fell in longitude 27 degrees east of the equinox and was central in latitude 43 degrees north. Tracing this position on the map we find it answers exactly to the location of Adrianople. On Oct 14 1912 Mars was in opposition to the longitude of the eclipse. The first shot in the Balkan war, the precursor of the Great War was fired on that very day in Adrianople! Under an armistice hostilities came to an end but negotiations broke down and fighting began all over again on June 12th. On that very day Mars was in Aries 27

degrees and therefore in the place of the eclipse."

I decided to make a similar review of the solar eclipse that brought the U.S. into World War 2. I found it to be quite interesting. This eclipse was April 7th 1940 Sun 17.90 Moon 18.40. Mercury hit this point on May 30 on April 1 ships were moved to Pearl Harbor to deter the Japanese who had joined the axis and were making War noises in the Pacific. Mars finally made it to the eclipse position on August 8th 1941 and on August 7th Konoye had asked FDR for a summit meeting. October 9th Mars was retrograde across the eclipse point. The "bomb plot" message to Kita that had been intercepted on Sept 24 was finally translated on Oct 9th. Dec 7th Pearl Harbor attack. Dec 15th Mars crossed the eclipse point in direct motion for the last time.

Cancer is the ruling sign of New York City. June 21 2001 the Solar eclipse was at zero degrees of Cancer. Mars was in opposition to the eclipse point Sept 9th two days before the Terrorist attack on New York on Sept 11th.

Mars will transit the eclipse point on May 28th 2002, the same day as the third pass of the Saturn Pluto opposition.

There is not enough information in this limited database to say that something will definitely happen, or even specifically what that would be. But the events leading up to that time may give

us an idea of its nature. It is certainly a fascinating insight provided by traditional astrology. The only problem with world event astrology in that it is too unspecific to be more than a curiosity for most of us. The kind of astrology I like is the practical kind that I can personally use. Financial astrology fits the bill and its effectiveness is also very easy to assess. It is ruled by the bottom line.

At any time there is usually something of an astrological nature occurring but not many of these events will impact a specific market.

My work deals with planetary cycles that can be specifically linked to individual markets. It is not until I have researched and investigated a large database of events do I incorporate anything into my trading forecasts. This is the reason for their accuracy in practical application.

Price is also important. In Super Timing I use one of W.D.Gann's lesser known calculators to prove the trades that he made. They are all linked by this one calculator that I have found to be far more effective than the Square of Nine in day to day price target work.

While mentioning price targets I would like to show you the following chart which is the range of the cash S+P from the May 22nd 2001 high to the September 22nd low.

The range has been split into 8ths and 3rds as Gann advised. You will note that on January 4th 2002 the S+P rallied to the 5/8ths line which Gann said was a strong resistance point. The market then declined. The other interesting point of note was that in my Annual Forecast for 2002 I advised that January 4th was a high for the S+P.

Myles Wilson Walker is author of Super Timing and The Beginners Guide to Astro Trading.



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Consistent Profits from Shorting Options

By Alan Parry

Specializing in Options requires a thorough understanding of the principles of options trading, and cannot be over-emphasized. One of the areas of special interest to us is the shorting of options.

So said, I believe that the selling of options is all about statistics, and with statistics on your side it can be very profitable. When you have the cards stacked in your favor enough times, you must come out a winner. If you consistently only do trades that have a probability of better than 70% of being successful, then 70% of the time you should be a winner. Funny enough that is about my winning percentage!

I have been using a spreadsheet that I created, called *OptionsChoice*, to assist me in finding good options to short. When I sell an option I am given the premium, and if the option expires "out of the money", I keep the entire premium. I would obviously

like to do this when the number of days to expiry is fairly short, so that I am not at risk in the market for too long. I would also like to sell options that are reasonably far "out of the money", so that there is a high probability that I will keep the entire premium. Anything above \$200 in premium, I consider to be a worthwhile trade.

Considering the above requirements, if you look at Fig. 1, which shows the main input area of the spreadsheet, you will see that there are four boxes giving you the four steps to finding the options every day.

The FIRST step is to clear out any old data that is no longer required

The SECOND step is to download new data (which is available free on the Internet) for the approximately 10,000 options that I search through daily. This data fills up the spreadsheet from row 10 onwards: each row being one option's data.

The THIRD step is to select the param-

Figure 2

eters that define which Calls and Puts you would like to search the data for. In the example in Fig. 1, I have entered values in Row 3 (Calls) and Row 4 (Puts), to look for options that; a) have less than 21 days to expiry, b) have a daily volume of 10 or better, c) have a premium greater than \$200, d) have a probability of expiring "out of the money" of better than 70%.

The FOURTH step is to let the computer now go and search the data and come up with the answers.

Fig. 2 shows that seven options were found, and the one that particularly attracts my attention is the Unleaded Gas Call option. There is \$218.40 in premium if I sell it, and I have a probability of 71.8% of it expiring "out of the money" within the next 3 days. I like that sort of statistic on my side! Once I have satisfied myself that there is not a strong upward trend that might cause the option to go "into the money", I will contact my broker to sell this option for me.

Using this method to select options to sell, and occasionally varying the search parameters, I have found that I am making winning trades, and collecting premiums, more that 70% of the time. Like any trading system there is the occasional trade that goes wrong. I have found that the quickest and easiest way out is to buy back the option at a small loss as soon as possible, and look towards the next trade.

The search parameters in rows 3 and 4 (Fig. 1) can be set to any combination of values in the 22 columns. It is quite surprising some of the results you get when you least expect them. Some trades are just begging for someone to take the money. In the beginning I was tripped up a few times by bad data, but soon got to recognize these false alarms. If a trade looks too good to be true, it usually is!

Not all trades go the way we expect. We need to know how to manage these trades when things go wrong, and when to take a loss, and when to possibly cover the option position with a futures contract. I have developed another spreadsheet, which will help with managing these trades, which I will discuss in a future article.

Alan Parry is president of Ross Trading in South Africa and is specializes in futures and option trading He can be reached at www.rosstrading.co.za

The screenshot shows a spreadsheet titled 'OptionsChoice' with columns for various option parameters. The data is organized into rows, with the first few rows showing search criteria and subsequent rows showing results for different options, including Unleaded Gas Call and Put options.

The screenshot shows the main interface of the OptionsChoice spreadsheet. It includes a password field (123456789), four numbered steps for using the tool, and a table of search results. The table columns include Sym, Today's Date, Futures Expiry, Strike Price, Call/Put, Price in Pts, Days to Expiry, Futures Closing Price, Implied Volatility, Delta, Gamma, Vega, Daily Volume, Open Interest, Theta, Margin Required, Options Price \$, Probability of Expiring Worthless, Time Value \$, Intrinsic Value \$, Breakeven Probability, and Value of options traded.

Figure 1

Double Re-Penetration Pattern



By Joe DiNapoli

Only 4 days before the tragic events of September 11 Joe DiNapoli warned, "If this signal manifests it is very disturbing to the US as well as world economies."

Figure 1 shows a pattern DiNapoli traders have been using since 1986. It's called the Double Re-penetration pattern or "Double RePo" and has been an incredibly accurate forecaster of significant market moves.

Joe went on to say,

"We would expect 7600 DOW and the 1000 area in the NASDAQ."

This is a real possibility: Experience tells me that monthly and quarterly Double RePos are more ragged than daily or weekly signals, which means Look-A-likes are to be taken more seriously.

The bottom line: Get very defensive, or batten down the hatches for some serious deterioration of equity retirement plans, etc... Do not get scared out at the support levels, sighted above.

It should go without saying that qualified traders have huge opportunities in short selling these markets.

This warning, given on the proprietary DiNapoli Client web pages proved to be eerily accurate.

Figure 2 is a chart of an idealized double RePo excerpted from Trading with DiNapoli Levels (page 72). Notice the striking similarities between the two charts, except for the massive move down which is now in place.

So just what is a Double Re-Penetration signal and how can we

effectively use it in out trading?

Answering the first part of that question is easier than answering the second, so we'll start with how the signal is designed to be used in the overall trade plan employed by DiNapoli traders.

A Trading approach, can, if it is of good quality, be brought down to a series of relatively straightforward, rigorously organized, and replaceable steps.

In DiNapoli Trading techniques the 3 major steps are Management, Context, and Trade placement.

Management refers to management of the trade, I. E. Yourself as well as the money involved. Context refers to the likely hood that a market will go up or down, and Trade placement refers to the employment of advanced Fibonacci techniques (DiNapoli Levels) to pinpoint entry, profit objectives, as well as stops.

The Double RePo cited above falls into the category of the Context of the trade. It is among 9 patterns Joe DiNapoli has developed after over 30 year of trading. These patterns provide high probability trading opportunities for those that are trained to recognize them.

The Double RePo was first recognized by Joe DiNapoli while actively trading S&P's in 1986 during some of the highest volatility exhibited by the index up until that time.

In its simplest interpretation the double RePo is a powerful directional change pattern, a defined double top or double bottom. This signal has accurately called significant market moves in

Equities, Forex, commodities and stock market indexes both in the US as well as around the world. The hallmarks of the signal are continued and sustained thrust, lasting until there is a penetration of a forward displaced moving average. Joe's research has indicated the 3 day simple moving average, displaced forward three days (3X3) has the best results, though some traders can't resist tweaking these values a bit.

You can plainly see the thrust in chart 2, then the break on close through the 3X3. To complete the pattern the market needs to go back above the 3X3 on close then close again below it. The consolidation pattern represented by the movement through the Displaced Moving Average should be less bars than the thrust and the tops should be relatively close to one another. The pattern is simply reversed for a down thrusting market. A failure of this formation, is a second pattern for DiNapoli traders. Aptly named the double Repenetration failure. It doesn't happen all that often, but when it does hold on for a wild ride! A detailed description of precisely what constitutes a failure is beyond the scope of this article as it requires an adequate understanding of DiNapoli levels but an approximation of such a failure would be a close beyond the .618 retracement of the consolidation area. Note: the 3X3 can be exceeded to the upside and the signal can remain intact.

All DiNapoli trades come with specific profit objectives defined by DiNapoli levels. When these numbers are hit, the trade pattern is complete and no longer forces it's will upon the market. The closest profit objective was met at 7990 DOW (Dec futures). The most distant remains outstanding at 7074. At this writing I think we have a pretty good chance of making it. If we get a positive trend signal or one of the nine patterns telling us to buy, that's exactly what I'll do! I follow my approach I rarely argue with it.

It's worth noting that the pattern though remarkably similar to the idealized chart excerpted from the book was not text book perfect. The second penetration of the 3X3 to the upside, was not completed on close. This is what we refer to as look- a - likes and gives traders with greater experience and with more willingness to take on risk, a way of trading patterns that don't exactly meet the criteria. Does this involve some judgement? Yes and I have no qualms about stating so. I estimate about 20% of my trading approach involves judgement, and in that way it provides the trader with the ability to achieve a very high percentage of winning trades. It also keeps the approach from being over traded at key levels. We all know there's nothing wrong with that.

Finally, Time frame plays a part in this signal. Although many of our clients



Figure 1

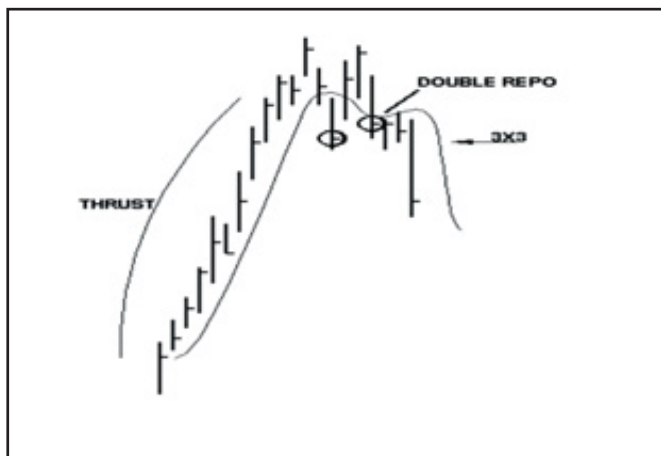


Figure 2

use this pattern on intra-day charts and report excellent results, we suggest Daily, Weekly, and Monthly charts as being most accurate. A monthly sell signal (the 3rd in 10 years!) gave us an exit in the US stock market early in 2001. We are clearly on record as notifying our clients about the major implications of this impending sell signal in November of 1999. The higher the time frame the more impressive the signal, hence the strong language used in the opening paragraph of this article.

This pattern has been incredibly useful and accurate for me and many of my clients and though I expect it to work as well in the future as it has in the past, you should pay attention to the accompanying disclaimer and realize that those who employ it with out proper stop placement, profit objective, and management techniques, will likely not realize the benefits it has to offer.

Joe Dinapoli can be reached at www.fibtrader.com

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Evolving Nasdaq: The Rise of SuperSoes



By Robert Sales

Imagine you are a day trader or an active institutional investor. You use direct access software to electronically route your orders to Nasdaq execution destinations that feature the best stock prices. Most of the time, you send your orders to electronic communications networks (ECNs)-high-speed trade-matching engines that dominate the Nasdaq execution landscape. Occasionally, however, you need to route your orders to Nasdaq market makers, without sacrificing price, execution speed and fill rates. So, which system can you turn to?

Well, the truth is, prior to the summer of 2001, there really was no viable alternative for direct access traders who needed an automated option to ECNs. Nasdaq's incumbent order delivery and execution systems, SelectNet and Soes, were outdated systems that employed arcane, market-maker-friendly rules.

Last July, however, Nasdaq's order delivery and execution environment was dramatically altered by the launch of SuperSoes - a next-generation trading platform that was built to replace SelectNet and Soes as the sole execution pipeline for market-maker-addressed orders. Unlike Soes and SelectNet, SuperSoes is an automatic execution system that does not give market makers any time interval to respond to orders. Prior to SuperSoes, an investor that sent an order through SelectNet could not cancel that order for at least 10 seconds. Similarly, market makers that transacted through Soes were allotted a 17-second window to execute against consecutive, same-priced orders.

These intervals, of course, provided market makers with adequate time to manipulate orders they received via Nasdaq's networks. But following the launch of SuperSoes, SelectNet was transitioned into a non-liability system. Market makers who received orders via the system were no longer obligated to execute against those orders, and, consequently, market makers no longer had to fret about providing dual executions for orders they received simultaneously through SelectNet and Soes. On the other hand, market makers that received orders via SuperSoes were obligated to provide immediate fills for orders that matched their best publicly displayed price.

The results of Nasdaq's execution evolution have been dramatic.

SuperSoes, as expected, has gobbled up a large chunk of the Nasdaq share volume that once belonged to SelectNet. Moreover, perhaps more significantly, SuperSoes has equipped Nasdaq participants - particularly active individual investors - with the price transparency and execution speed they need to more evenly battle market makers for liquidity.

Karen Peterson, a director in Nasdaq's transaction services division, says that the average time to fill an order has gone from five seconds in Soes to "less than one second" in SuperSoes. What's more, she says, by eliminating dual liability concerns and giving market makers the right to trade on behalf of their own accounts, SuperSoes has enticed market makers to display more size on Nasdaq Level II - the stock market's public quotation system.

On top of improved price transparency and faster execution speed, SuperSoes has also provided increased fill rates and enhanced access to market makers' order books for all of the 3,500 national market security stocks it covers, says Blackwood Trading founder Benjamin Weinger. Blackwood, a direct access vendor whose client base is comprised of a mix of individual and institutional investors, now routes about 25 percent of its customer orders to SuperSoes. The remaining 75 percent of Blackwood's business, says Weinger, gets sent to ECNs.

Before the launch of SuperSoes, however, Blackwood routed about 25 percent of its orders to SelectNet, while 70 percent went to ECNs and only five percent was allocated to Soes. Weinger says that Blackwood, which executes an average of between 25 and 35 million shares per day, saw no reason to send orders to SelectNet after it was transformed into a non-liability system.

SuperSoes, he says, represented an "extremely important technological change" for Nasdaq that stripped market makers of unfair advantages while simultaneously empowering both active individuals and institutional investors. Institutions will become more and more interested in SuperSoes, Weinger prognosticates, as they delve further into direct access technology.

Up until recently, direct access software - which allows customers to expeditiously route orders to multiple execution destinations without any

assistance from an intermediary - was the exclusive playground of active individuals, or day traders. But, over the last 18 months, direct access has built a significant niche on the buy side, and is now particularly popular at small-to-mid-size hedge funds and quantitative shops.

In addition to direct access to ECNs, those fast-moving buy side players are interested in any platform that can improve their trading performance. "For institutional investors, SuperSoes is only a good thing," says Greg Smith, senior research analyst at JPMorgan H&Q, JPMorgan's San Francisco-based research and consulting arm. "Anything that makes the market more efficient is going to benefit them, and hopefully lower their trading costs."

That said, while SuperSoes has tasted some success in the retail, institutional and market making communities, it has yet to steal away any significant Nasdaq volume from ECNs. Indeed, according to a recent equity market share report published by JPMorgan H&Q, ECNs accounted for roughly 47 percent of Nasdaq's volume in the third quarter of 2001. In contrast, last September, SuperSoes was responsible for 18.7 percent of Nasdaq's volume, while SelectNet handled 10.7 percent, the report states.

Essentially, the data on SuperSoes, to date, shows a pattern of the new network cannibalizing SelectNet's Nasdaq volume. In the month prior to the launch of SuperSoes, in fact, SelectNet accounted for roughly 26.7 percent of Nasdaq's volume, compared to a paltry 1.6 percent for Soes. But ECNs continue to be the execution vehicle of choice for investors who transact in the Nasdaq market. "When a trader sends an order out into the marketplace, it really comes down to one question: where is the best price offered? ... And there is a lot of liquidity on the ECNs right now," says Blackwood's Weinger.

JPMorgan H&Q's Smith, meanwhile, does not foresee a significant shift in share volume away from ECNs. SuperSoes, he says, faces a tough chicken-and-egg dilemma, because it wants the liquidity that ECNs, such as Instinet, Island and Archipelago, now possess.

But while it may not yet have the technological firepower to lure investors who have traditionally traded over ECNs, SuperSoes at the very least represents an evolutionary leap forward for Nasdaq. "It's moving them in the direction of ECNs, and it's a major step in the right direction over SelectNet," Weinger summarizes.

Robert Sales, a veteran business technology journalist, is the author of "Trading Strategies for Direct Access Trading: Making The Most Out Of Your Capital." (McGraw-Hill, May 2001)

Real Traders Teach Wannabes How to Trade



By Mike Bridges

The National Trading Institute is a rapidly growing educational facility that teaches people how to trade commodity futures by pairing them, one-on-one, with an experienced trader/coach. Most students never see the facility, or meet their teacher face to face. They receive the most advanced trading materials and software available today; but the actual lessons are conducted by telephone and email. The lack of physical contact doesn't seem to deter the would-be traders who enroll every month, or affect their success. A previous student of one of our traders went on to win the annual Futures Magazine trading contest.

Why are they so anxious to learn how to trade commodities?

Perhaps it was the failure of all those "dot.com's." People want to invest in something tangible like a bushel of wheat or a barrel of oil.

Perhaps its dissatisfaction with one's current job. There are precious few of us who can follow our bliss and make a decent living at it. Good traders make good money, and it doesn't take them all day to do it. They can ply their trade from anywhere in the world with a telephone line. They earn the most precious commodity of all – time. Time to do what they want, in a place they want to be in, with the people they want to be with.

Perhaps it's the mental challenge. Many traders revel in the gamesmanship and strategizing. They enjoy pitting their intellect against the great cosmic force of the Market. Some even like the fact that when they win, their faceless opponents must lose in the great zero-sum game of trading.

Whatever their motivation, NTI's students are understandably skeptical initially. Their first questions are usually something like: "So, who's this Mentor guy? If he's such a good trader why isn't he on some tropical island sipping a drink with a little umbrella in it? Why is he taking his precious time to teach an X-ray technician from Iowa how to trade? These are fair questions. The answers would be slightly different for each Mentor. But, my personal situation has many elements common to those of my colleagues', so here's my own bio.

I'm a 53-year-old native Californian, married with three kids. Originally, I was a civil trial attorney, but I started trading commodities on the side about fifteen years ago. Like many of my students, I saw an ad for some book or

course on futures trading. I sent away for it, devoured it, and found myself fascinated from then on. When I started trading for real, I had the same setbacks all self-taught traders experience, but I persisted and gradually improved. About five years ago, I retired from law and began trading full time. I love the freedom that the trader's lifestyle affords, but my youngest child is only age 12. Until he is out of the nest and off to college, I need to put my island hopping and Mai Tai-sipping on hold.

My wife loves to spend my trading profits, but she doesn't share my enthusiasm for the game. If I tell her about an especially good day in the market, her response is, "That's nice, Dear, now take out the garbage." Trading is my profession and my hobby all rolled into one. I love it, and I love to talk about it. At NTI, I can interact with my fellow mentors (from all backgrounds including floor traders from Chicago) and my students – people who are as fascinated by trading and the markets as I am. It's fun and exciting. And, teaching keeps my own trading as sharp as it can be. After hearing about my background, my students can relate to me as a human being with the same wants and needs as their own.

The actual course begins with a profile call where we will determine which trader they will be working with based upon their education, success, and style of trading thus far. We then introduce them to the contents of our "toolbox," the tried-and-true indicators by which we predict price direction – MACD, %R, Japanese candlesticks, fibonacci retracements etc. We then approach Market analysis, how to get in a trade, how to spot a trend reversal before it occurs. It's about how to make effective use of the old adage, "The trend is your friend." Next, we tackle money management. I show them how to make sure they can afford the trades they take. Money management is about how to get out of a trade – when things go our way, and when they don't. It's about how to make effective use of the old adage, "Let profits run, cut losses short." Finally, we look at the practicalities of the trading business. What markets should they trade taking into account their capital base and time investment? How do we place a stop order? Throughout, I emphasize that the best traders are those who have found a trading method they can apply confidently and easily, and which does not over-tax their personal level of risk

tolerance.

The National Trading Institute has formed a strategic alliance with the Reuters-owned company, Equis, makers of MetaStock charting software. All our students receive a subscription to Reuters DataLink, and the latest version of MetaStock for their market analysis. In addition, every student receives:

1) The Fortune Forecaster, our daily market update. It follows thirty markets using a conservative swing trading style. Last year we won two out of three trades, and our average win was 1.34 times our average loss. 165% documented annualized return.

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Key Levels

By Paul Nojin

For those who are unfamiliar with the expression, a Key Level is merely a profound level of resistance or support.

They are the points at which the very best trading opportunities are to be found.

Specifically, they are the levels at which reversal and continuation scenarios unfold. For successful traders the world over, Key Levels are the holy grail. The vast majority of successful traders have techniques and approaches that revolve around Key Levels. The reason is simple. Key Levels enable the implementation of a sound risk management strategy.

Failing to control risk is the greatest hazard known to a trader. Those who fail in this endeavour do crash and burn eventually. There are many risk management techniques held out as credible, but the only one that I have found to be effective, is the one that utilises Key Levels.

We all know that clichéd rule to cut losses fast, and to let profits run.

There are many people who will cut a position once a certain percentage of loss is accrued. This approach however makes no sense whatsoever.

Just because the price moves a certain distance against you, does not necessarily mean you are wrong. After all, how many times have you been stopped out, only to then see the price move in the direction that you had initially anticipated.

There is just one method of risk control that makes sense. That is, to enter a position on one side of a Key Level, and to place your stop-loss order on the other side. It is at the key support level that most bulls step forward to buy, and it is at the key resistance level that most bears are stirred to action.

If a market drops down through the key support, then the bulls have thrown all they have at the battle, but have lost. It makes

perfect sense to enter the battle as a bull when above the key support, because it is from there that you will be a part of the bigger herd. If the support fails, it then makes perfect sense to exit. After all, the battle has been fought, and the bears, the opposition, have been victorious.

The opposite is true at the key resistance level. There is no formula for identifying a Key Level. The Key Level will always be where most people perceive it to be. It is a self-fulfilling outcome.

That being so, to determine the Key Level, the correct approach is to apply the same analytical tools that the big institutional traders use. After all, they do dominate the markets.

I know the analytical tools that the institutions employ, and so I do consistently identify the Key Levels that matter.

These tools include standard trend line analysis, Fibonacci retracement levels, wave theory, and moving averages, amongst others.

I subscribe to the theory that nothing works but hard work, and so I do put in considerable time and effort determining what the Key Levels might be.

Having identified a Key Level, I then watch and wait until the price arrives there. Once at the Key Level, I then use the candles to determine whether the Key Level will hold or break.

In my view, candle theory is by far the most valuable tool available to a futures trader. The reason being that candles reveal sentiment, and after all, sentiment does drive momentum.

Having decided, for example, that a Key Level will hold, I enter a position, and at the same time place a stop-loss order on the other side. If stopped out, but without confirmation of the break from the candles, I will have a propensity to go back in, assuming that the broken level is subsequently reinstated.

If not, if the candles point to the break as credible, then I simply go with the flow, and with my stop-loss order for the new position back on the other side of the Key Level.

Trading futures can be enormously satisfying, as well as rewarding, but a sound approach is an absolute must.

Key Levels are the backbone, foundation, and guts of my own approach, an approach that I have proven to be sound.

Paul Nojin is an advisor and trader and can be contacted at KeyLevels.com



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The Destruction of Your Trading

by Larry Pesavento

Most traders quit the business because of devastating losses. Failure to use a protective stop starts the whole process of destruction. The seeds of this were planted months, even years before the disaster occurred. These seeds are our expectations on trading.

Nothing damages a trader's ability more than an expectation. When we expect something to occur it is normal to be disappointed when the expectation does not happen. There is nothing destructive about being wrong – the mistake lies in "staying" wrong. When the trade expectation is not met and "wishful thinking" takes over, serious trouble is on the horizon.

The experienced trader has a trading plan to protect themselves from these psychological time bombs – the neophyte trader does not – or lacks the discipline to follow it. How many times has your stockbroker or neighbor told you about a stock that is going to go straight up! They never tell you when to get out. What you want to have is a stockbroker who tells you, "we will only risk 5 points on this stock." At least with that broker you will have some capital left if the trade bombs.

Big losses do much more damage than just depleting one's capital. They destroy

Soul

the trading soul, which is the essence of why trading is so much fun and profitable. The damage can even penetrate beyond the loss of capital to depression! Finally, lack of interest and the relief from stress forces the trader out of the business, usually after numerous margin calls.

All of this can be prevented by the simple use of protective stops. Remember that the operative word is protective. Keep in mind that the stop must be in the market! Desk stops and mental stops are not capable of being executed – not a very friendly word, "executed," but necessary nonetheless.

Don't let mistakes that can be corrected become mistakes that damage your trading soul. The risk is far too great for the rare instance where your hopes and prayers are answered. Even if they are answered, you are sowing seeds that will reap your trading soul. Learn to trade from the position where you think in terms of probability on each trade. At that point, one trade will never make or break your trading soul.

Larry Pesavento can be reached at larry@tradingtutor.com



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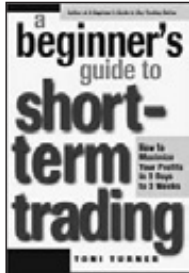
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Gann Simplified NEW!!

By Clif Droke

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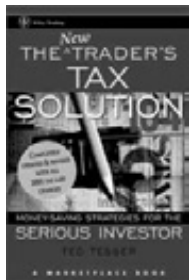
Gann and his groundbreaking investment theories remain enormously applicable today, few books have been written that explain his concepts in simple, easy to implement language. Now, this hands-on manual helps new and experienced traders alike discover how to apply his winning concepts to their own investing success. You'll find The basic foundations of Gann theory; The type of chart Gann felt was the most important and why; Gann's special swing charting approach; Gann's 24 Never Failing Trading Rules; How he explains support and resistance, plus so much more, when you put the "simplified" teachings of this renowned guru to work for you.

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New Trader's Tax Solution: Money Saving Strategies for the Serious Investor

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New tax laws require new strategies to make sure you keep every penny of your trading profits - in YOUR bank account, and not Uncle Sam's! Renowned author and tax expert Ted Tesser arms you with powerful strategies to slash your tax liability and prepare you once tax preparation time rolls around. Covers brand new business planning issues, tax-saving strategies, and details what is deductible and what documentation is required. Individual case studies,



real-world examples, and model tax returns provide the answers traders need. Plus, solid advice on handling an audit and reveals what is likely to trigger one. Don't trade one more day without this important guide at your side.

Intra-day Trading Tactics

90 min video

By Greg Capra

Item #B714x-41617 \$99 now: \$69

Successful Intra-day trading is a fine art - and Capra's a master of the game. Now, he shares his personal secrets for prospering in this high-intensity arena. Displaying confidence, discipline and patience - the 3 traits of winning traders - he demonstrates how to pool an array



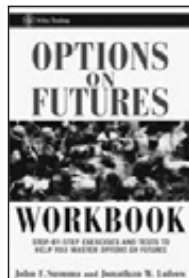
of indicators to create a profitable trading protocol that can be used again and again. Capra's key points include: 3 fundamental forms of intra-day trading; Can YOU do it? The psychological demands of intra-day trading; Trading for wealth, trading for income: when to do which, and much more.

Options on Futures: New Trading Strategies

By John Summa

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Go beyond the basics of stock options - and transition into the lucrative world of commodity options and options on other futures markets. This how-to guide gives a complete background on options and future, characteristics of each, common strategies - plus the authors' favorite strategies in action under favorable & unfavorable market conditions. Look over the shoulders of these two experienced options traders as they set up their trades and make adjustments in the heat of battle - and master their powerful present "net selling approach" to trading options. Learn their unique "seller's advantage" approach - so you'll no longer be at the mercy of time-value decay. It's time for a fresh look at trading options - and this hands-on manual really delivers.



favorite strategies in action under favorable & unfavorable market conditions. Look over the shoulders of these two experienced options traders as they set up their trades and make adjustments in the heat of battle - and master their powerful present "net selling approach" to trading options. Learn their unique "seller's advantage" approach - so you'll no longer be at the mercy of time-value decay. It's time for a fresh look at trading options - and this hands-on manual really delivers.

Playing for Keeps in Stocks & Futures:

3 Top Trading Strategies that Consistently Beat the Markets

By Tom Bierovic

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The First Prize. The R2D2. The Triple



Play. These 3 winning strategies are featured in trading veteran Tom Bierovic's long-awaited new book. He uses them daily in his own trading. But the beauty of all 3 approaches is that they work in all time frames - from one

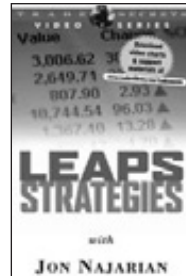
minute to one year. They can be used to trade stocks and futures. And they work in any market condition. In other words - they're extremely versatile and successfully proven concepts that'll benefit any investor looking to increase trading profits on a consistent basis. Tom breaks down each strategy's setup, entry and exit components and illustrates how to implement each one through charts, graphs and real world examples. He shows investors who use charting software or other analytical tools how to combine technical indicators and input from various packages to generate specific buy and sell signals that are easily adapted to a wide range of trading systems and styles. "I heartily recommend it," declares a fellow trading veteran.

LEAPS Strategies

90 min video

With Jon Najarian

Item #B714x-41621 \$49.95



LEAPS are option-like securities issued with expiration up to 3 years in the future, and they're one of the hottest investment vehicles around. Dr. J's video workshop - with its online companion manual - explains what LEAPS are, how they work

and the most potentially profitable strategies for using them. He covers ...using LEAPS to play fluctuations in market volatility; Focusing on "in-the-money" LEAPS; Playing long-term moves in lead market indices with LEAPS

Bear Market Game Plan: Strategies for Success in Choppy Markets, 2nd Edition

By Ross Jardine

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Don't be put off by the down market - get your GAME PLAN in place!

It's time to get over the "Bear Market Blues" - and this powerful "Game Plan" shows how to prosper even in turbulent markets. Find ideal strategies for brutal,

bear market conditions plus; Precise methods for spotting trend shifts; Ways to protect your investments during up, down, or choppy markets; Powerful risk management methods for tough markets. For consistently superior results you need to learn which strategies to

use, and when, so you'll beat the bear, and ride the bull to even greater profits.

Option Spreads Made Easy

90 min video

By George Fontanills

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The popular 'Options Course' author presents his proven techniques in a viewer-friendly workshop that shows how to expand profit opportunities and manage risk with options. George makes spreading strategies understandable and

easy to implement. Thorough coverage includes an overview of equity options. Using the basic bull call spread as his focus, Fontanills features simple strategies for structuring debit and credit spreads, the best market conditions for each, and how to achieve your trade goals by adjusting strike-price levels.

How I Trade Options

By Jon Najarian

Item #B714x-11651 \$29.95 \$19.95



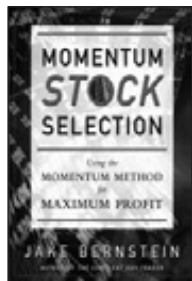
Finally – top market maker Jon Najarian exposes his private methods for trading to win. Now – “Dr J” reveals his most revered methods, giving easy explanation of puts, calls, spreads, and more. You’ll find proven methods for handling

volatility, top option trading techniques - and more – now at a great price.

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By Jake Bernstein

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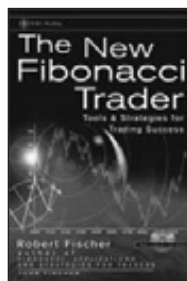
a five-step method for determining momentum-divergence patterns, and an actual “walk-through” of a momentum-divergence signal as it develops. Increase your day-in, day-out trading opportunities with these easy-to-understand momentum methods.

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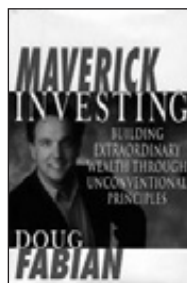


arcs, magic ellipses, the golden ratio, and others. Individually, or in concert, they can provide the foundation for winning trading strategies. Also included: a software CD-ROM that puts Fischer's theories right into action.

Maverick Investing: Building Extraordinary Wealth Through Unconventional Principles

By Doug Fabian

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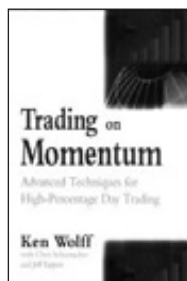


Learn how to seize market opportunities and control downside risk. The “Money Maverick” program host knows that to beat the investing crowd, you must steer around it, and he shows readers how to recognize and profit from opportunities right as they occur. Plus Trend-following methods. Little-known on-line research techniques. Hot index-tracking investments. Methods for locking in profits before prices fall in a down market. How to achieve consistent 20%+ returns and 8 Principles of “Maverick Investing” to achieve your goals.

Trading on Momentum

By Ken Wolff

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On today's Nasdaq, volatility and 100 point intraday swings are the norm. Learn to take advantage of the new realities by trading stocks based on market momentum, rather than traditional valuation methods. Discover how to recognize when the market is changing, what is changing - and why - then instantly adapt your methods accordingly. Detailed charts and graphs illustrate strategies for quickly identifying market changes so you get in and out with a quick profit. Traders of all types are turning to Trading on Momentum for pointers on:

Determining market dynamics by tracking movement and the day's behavior;

Confidently spotting short-term market tops & bottoms;

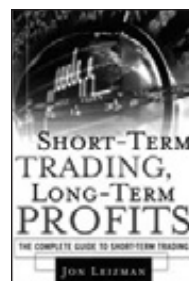
Mastering momentum techniques including gainers, dumpers and gap plays

Short Term Trading, Long-Term Profits

The Complete Guide to Short-Term Trading

By Jon Leizman

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Discover winning methods for blending short-term techniques and profits into a longer-term trading “plan.” Bridge the gap between the volatile world of day trading and the conservative investment arena with this practical guide. Features momentum trading methods, short selling, fundamentals of the economic and market environment – and everything in-between. Benefit from shorter-term market moves as you build a solid portfolio and secure wealth.

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By Robert Shemin

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Stock Market Strategies that Work

By Jake Bernstein

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Jake explains in step-by-step detail the specific techniques, systems, methods, and indicators that have been proven winners. Timing, entry and exit methods, trend analysis, risk management, and other higher-level topics – it's all covered and explained in the clearest of terms.



Trading Strategies for Direct Access Trading: Making the Most Out of Your Capital

By Robert Sales

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\$24.95 \$17.29

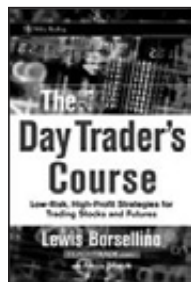
Whatever their chosen strategy scalping, swing, or position direct access traders

all require different styles for seizing profit opportunities. Trading Strategies for Direct Access Trading discusses everything you'll need to determine your optimum trading styles, choose the stocks that best suit those styles, and evaluate and manage risk. Fast, hard-hitting, and detailed--with case studies of successful strategies--it will help every trader formulate a plan for success.

The Day Trader's Course

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Bollinger on Bollinger Bands

By John Bollinger

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Insiders and experienced traders have long used Bollinger Bands to accurately predict price action. Now -- for the first time ever -- learn to use and apply this extraordinary technique directly from the man who created it. Explained in clear, step-by-step terms and filled with charts and visual aides, discover how to compare price and indicator action and make sound, sensible and profitable trading decisions.

Strategic Investing After 50

By Julie Jackson

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Whether you're nearing 50, or far from it -- now is the time to address unique issues investors over 50 face, so you can plan accordingly. This timely guide helps determine which strategies you need to follow now to meet present or future goals for accumulating assets, rebalancing or income production, and gives an in-depth look at risk tolerance, transition strategies, resources -- and more.



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By Tobin Smith

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NY Times Bestselling author. Sure the market's been roughly lately. But there's plenty of opportunity now -- if you know how to play this

market. Don't sit on the sidelines during this incredible period. Author Tobin Smith shows you how to spot and seize the best trading opportunities to come around in years. Proven, easy-to-grasp strategies for rapid financial wealth-building.

How to Buy

An Insider's Guide to Making Money in the Stock Market

By Justin Mamis

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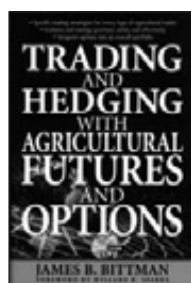


The classic primer stressing strategies and the importance of contrary opinion is updated for new century trading realities. Complements Mamis' "When to Sell" and provides a clear-cut plan for achieving consistent profits in the market.

Trading and Hedging with Agricultural Futures and Options

By James Bittman

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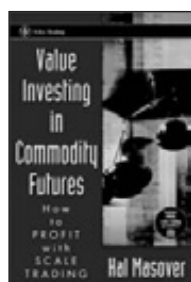


Agricultural futures and options are a vital niche in today's options trading world. Now, the CBOE's top trainer takes an in-depth look at these valuable trading tools, and presents clear, proven strategies and techniques for both hedgers and traders to achieve their goals while minimizing risk. Relying on nuts-and-bolts techniques and examples -- as opposed to the mathematical models and theory favored by other options-trading manuals -- this hands-on guide covers it all.

Value Investing in Commodity Futures: How to Profit with Scale Trading

By Hal Masover

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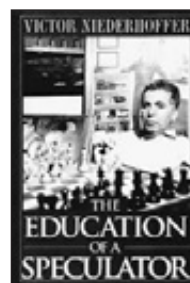


Traders really can buy low and sell high, using the effective methods for trading commodity futures revealed in this dynamic new book. Scaling works in every kind of commodity, and allows you to slowly buy as prices reach bottom, then sell as they climb back up. It's a risk-minimizing strategy that's perfect for today's trading environment. Learn when to begin a scaled-down buying program, how to choose a broker and more. DISK ENCLOSED: FREE scale trading spreadsheet disc provided -- just input data and the program shows how much money is needed, when and where!

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By Victor Niederhoffer

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By Steve Nison

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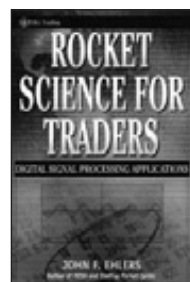


Years of real-life trading experience went into this comprehensive manual for short-term trading. Walks new traders through the process in a matter-of-fact method, then goes into the more complex aspects of day trading. Over 25 chapters deal with every issue, every tactic needed to learn short-term trading techniques that will work. Great guide -- at a great price -- while supplies last.

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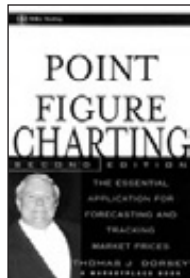


Predict future market direction more accurately by using trading signal analysis methods perfected by top technical analyst John Ehlers. These advanced technical analysis methods help traders decide what moves to make -- and when

to make them - whether the markets are "cycling," "trending," in a bull or bear market. Includes a "cook book" of trading codes, historical performance of systems and new analysis tools.

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Forecasting & Tracking Market Prices
By Tom Dorsey

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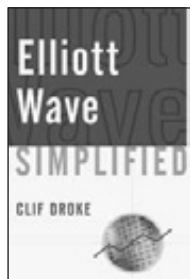


Everyone loves Dorsey and his technical analysis classic. Now, a brand new 2nd edition is out - updated to show new and experienced investors alike how to bring charting into the Internet age. A must for any serious Point & Figure student.

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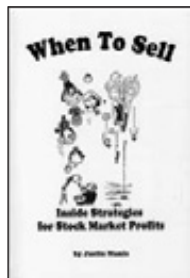
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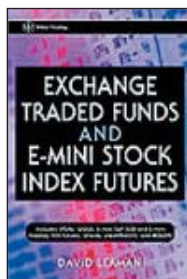
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By David Lerman

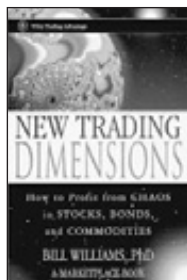
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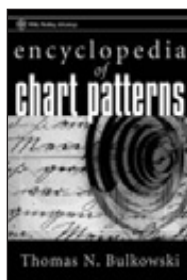
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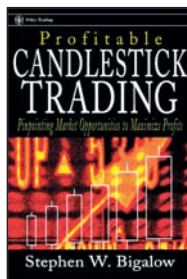
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Profitable Candlestick Trading:
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By Bigalow, Stephen

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This age old charting tool has become

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Planetary Swing Trading



By Joseph Arechiga

The key to swing trading is to time, as perfectly as possible, the tops and the bottoms of the market. Some people say that timing stock moves can be bad, but you need to realize that even if you were a buy and hold trader you still need to invest at some point in time so why not do it at a more beneficial time? By using the right tools, timing these tops and bottoms in the market with 70 to 86 percent accuracy is not only possible it's easy to do. I have proved this in theory statistically using Pearson's r and in practice by writing an automated trading system for the Planets Tell investment club.

The reason why most non-technical investors understandably avoid trying to time the market is that using the wrong tool for the job will give bad results in a lot of cases -- unless you get lucky. For example, a moving average by itself, a stochastic by itself, or some other non-planetary technical indicator by itself can get you whipsawed over and over again mercilessly. This is why you should always check the planetary cycles before entering a trade. By combining standard technical analysis with planetary analysis you get a synergy that is unbeatable in creating a stress free, profitable trading environment. Remember that when you want to avoid the "guess stress" phenomenon and feel relaxed and confident when trading, even day trading, you need to use a hybrid of planets tell forecasts plus standard technical indicators.

Concentrating now, not on the hybrid system above, but specifically on the Planets Tell forecasting technique we realize a very highly correlated road map of market moves -- in advance. It's kind of like when you go on a road trip into a new and strange place. Of course you have a feel for how the freeways and cities are laid out, that comes from experience. But when you have a road map you get that sure secure feeling of knowing exactly where you are at every stage of the trip -- and more importantly you know the best way to get there! When you let the planets tell you their version of what's going on this is exactly what's happened. You can map out strategic entry and exit points and accurately pinpoint times when the market is most likely to surge with enthusiasm. You can also know those times when, instead of surging, the market will just lay flat and get whipsawed up and down in a narrow trading range. Hopefully, by now, you are beginning to understand the benefits that planetary analysis offers over standard technical indicators but

you can also see the power of combining them together. AOL 1 Year Example. See Figure 1

In the 1-year forecast/price chart for AOL above, notice the forecast price to actual price correlation. By this I mean notice how the forecast and price line look similar. Just think how profitable this type of forecast can be and notice that it is definitely accurate enough to be a useful trading tool for the average investor. In my experience anything above 0.6 using Pearson's r is useful and above 0.8 is excellent. Planets Tell is consistently above 0.8! The algorithm I use to generate these forecast charts is generic. Another way of putting it is -- I can generate forecasts of equal quality and precision for ANY stock or commodity! And because the algorithm is the same for all stocks and commodities the results are easy to interpret and trade profitably for every investment vehicle -- that is to say one simple system for all stocks and commodities!

In the chart above, at point A, AOL starts by following the blue forecast line -- this is what I mean when I tell you to "let the planets tell." At point B, AOL is surging up and many people who don't trade using planetary cycles will buy there. This is where stress kicks in -- but since you hear all positive news about the company on TV and read it in the newspaper you get conflicting signals. Your gut says bad idea but the media says, "Rest assured you did the right thing." Then as the price begins to drop from the surge at B to C the news will usually still be good but those with the proper tools, namely a Planets Tell forecast, will know what's really going on. Then it finally happens -- at point C, unable to maintain the high energy level required to follow the forecast the price gaps down! Lower and lower it falls until reaching it's mid September low by forming a hammer candle pattern on 9/21. Notice how the low coincides exactly with a forecast bottom -- amazing!

Notice now, if you will, that after the 9/21 low, in the box labeled D the forecast is flatter with less energy and less variation than at other points on the chart. This type of flat zone is notorious for getting your stops whipsawed and triggered. People will sense a bottom has been made and intuition will tell you so. But as long as the price is following the forecast and no major up trend is forecasted it's safer to wait for an obvious profitable forecasted pattern. And there is none in site like point A. Narrow trading ranges are no fun to trade and they are not very profitable unless you don't mind a buy and hold situation. But since this article is about planetary swing trading you'd be wise to wait for an obvious wave to begin forming. A person armed with a Planets Tell forecast would say "I'll sit this time period out because there's nothing with a risk to reward ratio I'm interested in forming right now." This, of course, is subjective but you get my drift.

One thing to mention, and anyone who visits www.planetstell.com and watches the free instructional videos will know, is that sometimes a stock or commodity will trace out the exact inverted mirror image of the forecast. This is what I refer to as "phase shift" and I will tell you more about it in more depth and



Figure 1

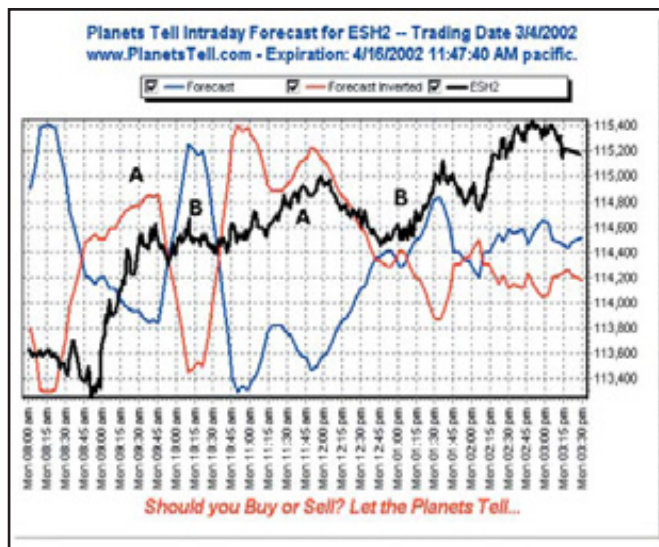


Figure 2

"...eerie parallel of the DJIA in 1987..."
as we enter a historically dangerous time of year."

© 9/08/01 Weekly Re-Lay... 3 days before events of 9/11/01

"Stock Indices are at a very precarious point...The risk, if they do close below these levels, is that they enter an accelerated decline."

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"...this could spur an end-of-week/end-of-month continuation of the intra-month downtrend...and downside follow-through into...September 17-21st."

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"Stock Indices remain in downtrends and could extend these as late as September 21st."

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"Stock indices continued their selloff and are targeting September 19-21st...weekly trends remain down...corroborated by the weekly 2 Close Reversal lower of 8/31 - in all three indices...focus should now be on intermediate-to-longer-term cycles during the week of September 17-21st."

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"Silver has finally reached its intra-year support (413.5) while fulfilling several other price and timing calculations for a low (411--415.0)..."

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concentration. It's a VERY VERY important concept so please pay attention.

Phase Shift -- KNOW THIS and UNDERSTAND IT!

To really learn about phase shift you need to experience it firsthand in intraday mode and in real time! I have made this possible for you in case you start to feel curious about this phenomenon. Just visit the www.planetstell.com website. Not only does this phenomenon apply to intraday trading but also to end of day trades. It's like the fractal snowflake that you can zoom into or out of over and over and always see the same snowflake inside itself. Can you picture it? I hope so.

Even if you aren't a swing trader you must learn these things because this phenomenon is all around you not just in the markets but also in history and people's moods. It affects us all in so many ways. But I digress -- you owe it to yourself to watch an intraday E-mini futures contract in action for days or weeks. When you actually experience a real time intraday Planets Tell forecast following and phase shifting -- phase shifting and following you'll begin to understand the true physics of the market. Most people don't get this and that's why knowing it gives you such a tremendous advantage. When the markets behavior makes sense to you, in this planetary context, you'll be so far ahead of the unknowing trader it will be totally confidence building. You need to see a real-time stock or commodity follow it's forecast for

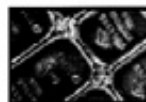
yourself! It's like watching sticky magnetic jelly clinging to it's forecast then dropping to it's predetermined inverted forecast red line over again and again predictably yet randomly. It's hard to describe in words that's why I repeat you need to see it to really understand. To summarize, the process that I described is very important and it's what I call "PHASE SHIFT." Please see it for yourself. E-Mini Sample See Figure 2 ESH2 intraday.

In the chart labeled ESH2 above -- if you look carefully at the points labeled A you'll see that the E-Mini S&P is phase shifted and follows the red inverted forecast line. And then if you look the points labeled B you'll see that E-Mini S&P follows the "normal" planetary energy line (deep blue). This is the process I described in the section titled Phase Shift.

You really need to keep it in your mind that the red line is simply the blue line upside down. It's not complicated and it's very easy to understand but it's an extremely important concept to grasp. The price will follow either the blue or red forecast line approximately 86% of the time -- which makes trading a lot less stressful and a lot more profitable. This is the reason for the check boxes in the legend. If you see that the red line is being followed you can hide the blue line and vice versa. Phase shift occurs in both intraday and end of day forecasts. But because you now are beginning to understand this idea hopefully you begin to realize you're never far from a

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Another benefit of having an accurate planetary forecast is that you know quickly when things aren't going as you expect. Instead of waiting and losing money and being stressed you can set appropriate stops and protect your capital. The days of waiting and hoping for a trade to go your way are slowly but surely fading out. Now you are entering the days of waiting like a hawk to make a surgical strike using mother natures own market trigger -- the planets!

How I Generate the 1 Year Forecast and the Pearson's Coefficient

I think that the most important thing for you to know is how to make money and gain a peaceful feeling by trading with the Planets Tell forecast but still I get many many emails asking how I generate the lines and things like that. And because the forecasts are so predictive there are a few people who think what I do is impossible. In other words, what I'm trying to say is that some people think I fake it. I hope you are sure I'm telling the truth to you so I have free links at my website at www.PlanetsTell.com where you can see for yourself, for free, that the prices do indeed follow the forecasts – for free. I don't give away, for free, my most profitable forecasts but I do have stocks and commodities for free that you could make money with when you use them.

Even if you don't trade but would simply like a free physics lesson on the stock or futures market you should visit. Your feedback is valuable to me. I'm always improving the system and depend on your support. Anyway please don't just be curious; visit and learn. And also please realize that all forecast lines are generated from price data not visible on the chart. Otherwise it wouldn't be a forecast would it?

For example -- to generate a 1 year forecast into the future from today I go back 6 years and grab the next 5 years data as my working data. I then compute next years forecast based on that 5-year data set.

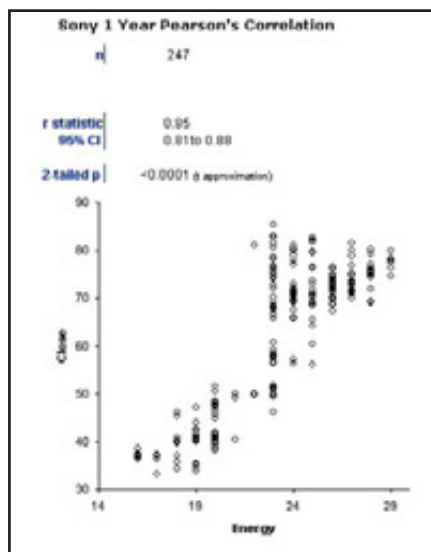


Figure 3

If, for example, today's date were 12/26/2001 I would go back in time and use the data from 12/26/1995 to 12/26/2000 to generate my Planets Tell forecast for 12/26/2001 to 12/26/2002. I leave one previous year out of the data to show actual prices compared to forecast data. I do this because since I'm selling you a forecast I include 1 year of history on the end of day charts and 3 months of history on the intraday so that you can see how the stock or commodity has reacted to it's forecast to know how best to trade your particular stock or commodity.

To generate the correlation confidence numbers I mention in the article and on my website I simply grab the last year of forecast and it's price data, which, again, realize I had not known except to forecast it, and run it through the Pearson's correlation function in Excel. Here is the 1-year Sony correlation statistics. This is so far from random that it's amazing! See Figure 3, Pearson's Sony correlation]

As another proof of correlation I submit to you the S&P 100 (OEX) statistic -- the results were .86. In English what this means is that 86% of the index's movement was explained (predicted) by the Planets Tell forecast. I guarantee you will not match this performance with any other system. And if you do I'll subscribe to it.

Because I ran out of room for charts I'd like to mention some examples on www.PlanetsTell.com for you to look at that are really quite amazing --

Click on the Kmart example to see how the planets foretold of Kmart's decline in advance. You'll notice in the Kmart chart how nicely the stock has been following its forecast. Remember that the forecast was generated entirely from prices not shown on the chart. I can extend the forecast for years and still get a very good correlation.

Click on the United Airlines link to see how the planets foretold of its terrible blow in the September 11th 2001 "Terror from the Skies" catastrophe. Notice the drop leading down into the 9/11 Terror Attacks it was almost like the market knew this would happen in advance.

I also have movie clips of these and many other stocks and commodities for your enjoyment and education. They are all downloadable for free.

As you have seen there are natural rhythms in the stock market. The reason they are so hard to detect is that these rhythms are composite planetary cycles. But by understanding the physics and behavior of the markets as they relate to planetary cycles you will find that the more you learn and understand these things the more relaxed, confident and profitable as a swing trader you become.

Joseph Arechiga can be reached at www.PlanetsTell.com

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My name is Curtis Ebaugh and this is my story. I have Two Engineering degrees from a large well-known college. About two years ago I was working for the F.B.I. on a contracting basis as a key programmer for their fingerprint recognition software to help drastically decrease the time it would take to search MILLIONS of fingerprints.

HIDDEN PATTERNS CAN BE FOUND INSTANTLY !!!!!

What I soon learned from using the F.B.I.'s Super Computers was that I could find hidden patterns in fingerprints that would allow the computer to throw out 99% of all fingerprints that did not match the F.B.I.'s search. My bosses were thrilled!!! I was able to search for the right fingerprints with lightening speed.

I felt like I was hit with a TON of Bricks !!!!!

On the way home, I was sitting in my Jaguar with the top down enjoys the end of a GREAT work day when it hit me, I could use this same Mathematical algorithm to find recurring patterns in the Stock and Futures markets and if these patterns really existed, use them to make a fortune in the market!!!!

Well after this thought hit me, I drove home speeds that my Jaguar had never seen before. I started that night programming non-stop to see if I could truly find hidden trades and exploit them. Using the Mathematical algorithm I had developed at the F.B.I. to find fingerprints.

I had one BIG PROBLEM.....

What would I tell the computer to look for??? I mean you just cant say look for things that make money.
So I went back to my math books....

I went back to the basics of my math background and dusted off some very old books on Leonardo Fibonacci to try and find anything that related to his "Natural Numbers" that repeat in nature and see if these same numbers repeated in the markets.

What I found SHOCKED and AMAZED me!!!!

I took every conceivable calculation and variation on the "Fibonacci Numbers" and tested every possible way they could be used on the S&P500 using 5 minute data for the complete year of 2001.

Now that is a TON of data to test over, but I was sure that if I could find anything that was profitable, I would be on my way to a truly historic market discovery!!!!!!

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I let a couple of my trader friends learn this amazing method of trading and they were blown away at how easy the method was to follow.

"I have finally Proved that Fibonacci numbers really do work in day trading and position trading markets !!!!!"

I have decided to share this method with the world, so I have written a manual called the "PinPoint Trading Method"

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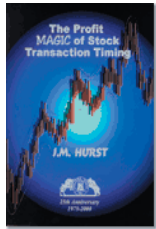
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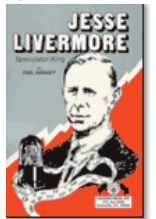
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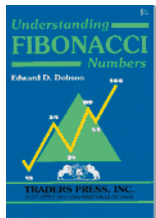
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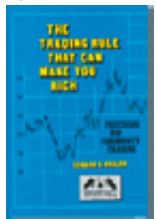
Jesse Livermore, though he died over forty years ago, is still known today as one of the most colorful, flamboyant, and respected market speculators of all time. Known by epithets such as Boy Plunder, the Great Bear, and the Cotton King, Livermore both made, and subsequently lost, four multi-million dollar fortunes during his career as a speculator, which spanned three decades. ~~25.00~~ Now \$17.05

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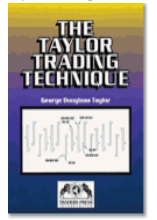
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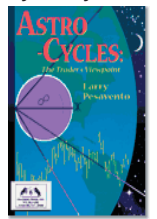
The author is best known as the founder and publisher of the Magazine of Wall Street. It covers his fascinating career as self-made stock market operator from 1888 to 1928. Many of the market operators of the day, such as Livermore and Keene, were personally known to Wyckoff and in their work he recalls their views and methods of trading. This is a must-have book for the student of market lore. 313 pgs. This major Wall Street classic was first published in 1930. \$19.95 \$17.95

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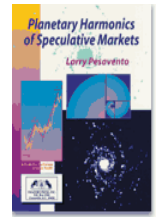
For those interested in day trading and short-term swing trading in futures, this classic 1950 work is an indispensable reference. The 3-Day Method (a.k.a. The Book Method) described herein, maintains that markets move in a three-day cycle that can be tracked by measuring rallies and declines. Linda Bradford Raschke highly recommends this book and the principles it teaches. (128 pgs) \$24.95

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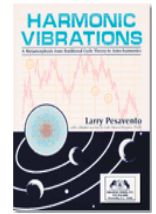
Pesavento begins at the very beginning of this book by teaching the basics of astrology. He includes the basic definitions and explanations for the planetary movements. Included in the topics covered are explanations of the Zodiac and its relationship to the signs and houses, eclipses, equinoxes and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

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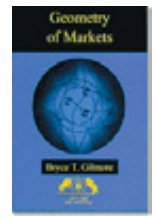
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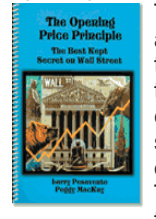
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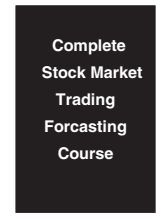
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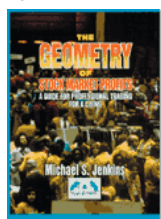
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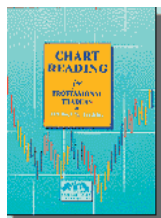
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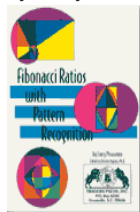


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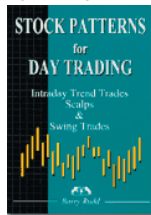
by Larry Pesavento



Quoted from Robert Miner's Dynamic Trader Analysis Report, Pesavento has been trading for 30 years. Today, he is primarily a day trader. His 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. \$49.00 \$43.95

Stock Patterns for Day Trading

by Barry Rudd



Quoted from Robert Miner's Dynamic Trader Analysis Report, Pesavento has been trading for 30 years. Today, he is primarily a day trader. His 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. \$95.00 \$65.95

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. I have always taken the pragmatic position that if I could not use what I was studying to help in trading, then I was not interested in pursuing it any further. If this material can stimulate your interest in the subject, then introducing you to the subject will have been worthwhile \$49.00 \$43.95

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For many years I have heard how valuable the work of J.M. Hurst has proven to those interested in the use of cycles in the pursuit of market profits. It is with great pride that we present the work of Brian Millard, Channels and Cycles, which clarifies the original work of Hurst as well as updating it and bringing it forward to the present time. \$49.00 \$40.50

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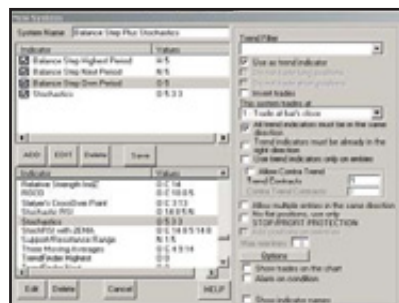
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Fibonacci Trader™ 4.0

The Fibonacci Trader™ Program was designed by Robert Krausz. He has written several articles for *Traders World* and is an expert in Gann, Fibonacci, and Multiple Time Frame Trading of the markets. He also is author of the book *W.D. Gann Treasure Discovered: Simple Trading Plans for Stocks and Commodities* and was one of the traders in the *New Market Wizards* book.

The Fibonacci Trader™ 4.0 was easy to install, and works with almost every real-time and end-of-the-day data services available today. There is also an end-of-the day version that works with TC2000®.



The basic concept of the Fibonacci Trader™ is that all charts are set up in three time frames when you define a contract. If you're trading the SP500, you can pick Daily/Weekly/Monthly time periods. Once the chart is opened, all indicators and drawing tools

can be viewed for daily, weekly and monthly basis. For example, you can view the stochastics for daily, weekly and monthly charts all at one time. By doing this, you can see if the higher time periods are confirming the daily time period. If you have the intraday version of this program, you can even apply this down to a 1 minute bar. The indicators shown on the screen can be color coordinated so that you know from which time frame they are from. All major



indicators can be changed, not only the calculations but also the color, thickness and quality of the lines. You can also create NEW indicators in any time period.

This program allows you to create your own trading system with any number of indicators. I have displayed an example where I created a system based on Balance Point, Own, Next, Highest and Stochastics. The systems you create can be applied to all charts with just a click of a button.

A small green square in the corner of the screen gives instant access to the "Scroll Bar" which automatically activates the Tutorial Facility. This enables the trader to do a back-track bar-by-bar, so doing a physical check of a trading system. It's a very important feature as it allows you to practice with your trading system.

One very neat feature of this program is Encapsulation. It is the boxed enclosure of the smaller time frame's bars by the larger time frame's range, further enforcing the validity of the multiple time frame methodology. In other words, the daily bars can be enclosed by a box representing the weekly range (or hourly to daily, weekly to monthly, etc.). This allows you to see the two time frames moving in tandem, allowing for a more exact analysis of the two time periods.

This program features a number of proprietary indicators that are not available on any other program. For example the Balance Step is one of these that I applied to the above chart. It provides step formation lines that move with the trading range defining the trade, providing entry and exit points and trailing stops. Another unique indicator are the "Fibonacci Zones" that define support and resistance bands on the higher time period. Another interesting indicator is the Fibonacci Ranger, another Fibonacci based tool. The Fibonacci Ranger is set to define a swing based on the highest or lowest price of the user defined number of days using the Fibonacci sequence. It can be used as an indicator of trend change and also for entry and exit points.

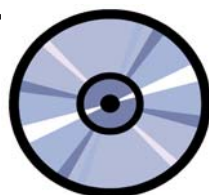
More available tools include Acceleration Bands, Arkay Lines, Bollinger Bands, Commodity Channel Index, Danton Stops, Deviation Lines, Directional Volatility, Donchian Channels, Double Hi-Lo Points, Dynamic Balance Points, Dynamic FiboZones, Gann Swing Chartist Next and Own, Jackson Zones, Krausz Ratio Bands and many others...

The Fibonacci Trader™ has zoom control; including an intuitive feature that allows you to move the screen up or down to accommodate an expanding trading range. It has color and sound alarms, page saving options, multiple bar options (line, candlestick open-high-low close, high-low-close), bar insertion, goto date capabilities, and many more.

The Fibonacci Trader™ is an excellent program containing multiple Standard Indicators and dozens of New Tools and Indicators, mostly Fibonacci-based. All operations are in Multiple Time Frame format, that should help the trader and the analyst to approach the Commodity or Stock Market from a new and solid perspective.

For more information go to www.fibonacci trader.com

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Whisper Quiet Trading

By Larry Jacobs

There are several steps a trader can take to change his environment so he can trade without distractions. The first step is to turn off the television. This will free his mind from the constant confusing chatter. He should close the door of his office to eliminate distractions. The trader should also let everyone know that he doesn't want to be disturbed and that he needs his concentration to be able to successfully trade the markets.

The next thing the trader needs to do is to get the right trading equipment which will help to eliminate the noise and tensions inside of his office.

The trader needs to update his computer to one that has the capability of effectively trading the market. *Traders World* searched the market carefully to find the right trading computer for traders. In the end we found it necessary to have a computer company build one to our specifications. There was nothing out there that met all of our requirements.

The perfect trading computer we designed that we felt met the requirements of a trader is a Pentium 4 computer with an 845D motherboard which allows use of DDR memory which is much faster than standard SDRAM. It can also use the new 2.0 GHz Intel 512 cache processor chips. It's housed in a case with dual air cooling fans. We also had installed the best 350 watt whisper quiet power supply on the market. The computer would have the option of the Matrox 550 dual digital card for two monitors or the Aprian Rushmore digital card for four or eight monitors. Using a digital card there is no loss of screen sharpness when a trader uses a digital flat panel monitor. There is a difference between analog and digital output. The digital output provides the sharpest text and images on your screen. It's more superior than analog output, because analog output requires the signal to be converted into digital and in that conversion there is loss of detail.

We also had installed the best quiet hard disk drive available. This one actually runs on a fluid drive system instead of ball bearings, making it much more quiet and longer lasting. A normal drive lasts about 300,000 hours. This drive should last 500,000 hours.

The computer also has an MS Intellimouse Explorer mouse for preci-



Samsung 181T Trading Monitor

sion charting. In this computer we have an option of Microsoft Windows XP pro or Windows 2000. Microsoft office and Norton antivirus is also available.

Another important thing we added was 800 number technical support and next day onsite service for hardware problems, backed by one of the strongest computer companies in the world. The computer even has a self-healing module to fix itself. A trader can't afford to be without his computer for very long. His living depends on it.

What monitor or monitors should the trader use for this trading computer? We have reviewed many monitors and have found the Samsung monitors to be excellent for the trader. The Samsung 240T is the monitor of choice for the trader who needs to put everything on one screen. Its actual size is 21.3 inches. Its digital and has an excellent picture contrast of 230:1. Its very bright and sharp and has a tight pixel pitch of .27mm. Its capable of supporting a resolution of 1600 x 1200 in digital mode. It has a wide viewing angle of 160 degrees and can support 16.7 million colors. Speakers are also available, which can attach to the side of the monitor to free the desk of clutter. We found that one could effectively put up to 8 large charts on its screen for viewing with no problem.

The best multiple monitor system for the trader uses the new 181T and 191T monitors by Samsung. These monitors have the latest display technology with resolution of 1280 x 1024 possible. Their bezel is only .7 of an inch, which makes it nice stacking them side by side or on top of each other. They have an excellent contrast ratio of 500:1, 170 degree angle viewing, a pixel pitch of .29mm and an extremely bright sharp screen. They don't have a power brick which allows for a clean setup. This monitor will also pivot from landscape to a portrait view. This has a big significance. Putting four standard landscape monitors together side by side tends to make too wide of an area to view. With these monitors, in the portrait mode the trader has a much better view in a more concise area and four monitors can fit onto a standard desk.

For more information on getting one of these whisper quiet trading computer call 800-288-4266 or go to www.tradersworld.com

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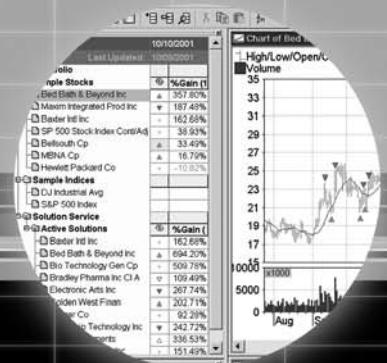


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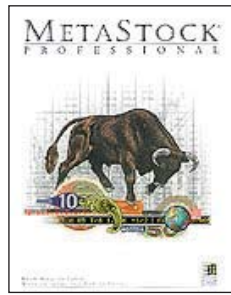


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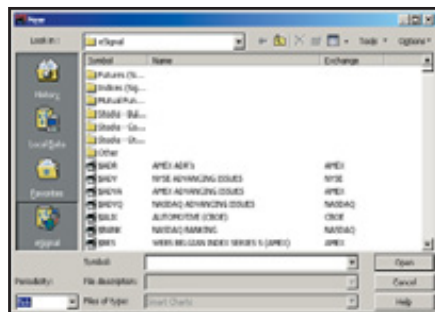


Metastock has been around for a long time. Originally they had an end-of-the day trading program called just MetaStock. Approximately 4 years ago they came out with their first real-time trading program called MetaStock Pro version 7. Version 7.2 is the first major upgrade to that program. The version we tested works with DBC and BMI data streams. With this connection the program can retrieve historical intraday and end-of-the day data directly from eSignal's online database using MetaStock's DataOnDemand technology. This makes it really nice as you don't have to build an extensive database in your computer. You also avoid the problems of having lost data due to power outages and internet interruptions.

The program works on a Pentium PC. We recommend a Pentium 4 with at least 512MB of RAM memory. Installation of the program was very easy. A CD is used for installation with a setup key which is found on the back of the CD case. I already had eSignal setup so the program instantly configured itself to that data supplier. You can use dbc online data or local data from your computer which can be downloaded through various data services.

Pulling up a chart with the program is very simple. Just go the file, click it and then go to new chart. Type the symbol in you want to see and select the periodicity, which can be tick, 1, 5, 10, 15, 30, 60 minute, daily, weekly, monthly, quarterly or yearly data or other.

To pull up indicators, go to the indicator quick list and select the indicator you want displayed. You can scroll down the list until you have the indicator you want displayed. Then just drag in onto the chart and select the parameters from the popup window. Instantly the indicator is displayed on the chart. It couldn't be any simpler than that.



On the left side panel you'll notice a large number of line studies. To activate one, just click on the button and a pointer will appear on the screen to use it. Position the mouse button on the screen in the right location, click and hold the button down and draw and release it when you want to stop the drawing. This is very smooth. There are various line studies available including lines, arcs, angles, etc. You can easily change any of the line studies properties by just clicking your mouse on top on the line study. You can also drag and drop any of these line studies across the screen to any location. They can also be deleted instantly, with the delete key.

One nice thing about the entire program is that there is always help available by going to the help button from the MetaStock program as well as help on the Internet.

The MetaStock program also has its Power Tools. There are some 80 MetaStock Performance Systems. 26 come with the software and the other 54 can be purchased as a plug in. Basically this is a collection of the best trading systems ever developed for MetaStock. Through using these MetaStock Performance Systems you are able to let the computer do most of the work of technical analysis for you. You are able to use these systems to design, test and

implement an advanced technical analysis trading system. The Power Tools include the MetaStock Explorer for finding securities that meet certain conditions, the System Tester for testing trading systems to see how profitable your ideas have been in the past and the Indicator Builder for creating your own indicators, and the Expert Advisor for displaying customized commentary, highlighted bars, symbols and alerts.

There are two ways to use the performance systems. One way is to choose the stock you want to trade and then find the system that works best with that stock. Or you can choose the system you would like to use and then find the best stock to trade with it. I tested the stock IBM using the method to find the best system and it gave me a list of all the methods from the best to the worst all in a matter of a few minutes. It can even plot your equity as the trades were made.

The Explorer in MetaStock Pro looks for stocks that have generated buy or sell signals. It displays the performance of a given system versus a buy-and-hold strategy. The Explorer requires local data, you can't use the online database of DBC.

MetaStock Pro includes the Expert Advisor which automates your trading system by applying your system's rules to the latest date every time you open the chart. If a signal is generated, an alert will appear, and an arrow will point out the signal on the chart.

We highly recommend this comprehensive program to both beginner and veteran students of technical analysis.

For more information contact
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OmniTrader 2002

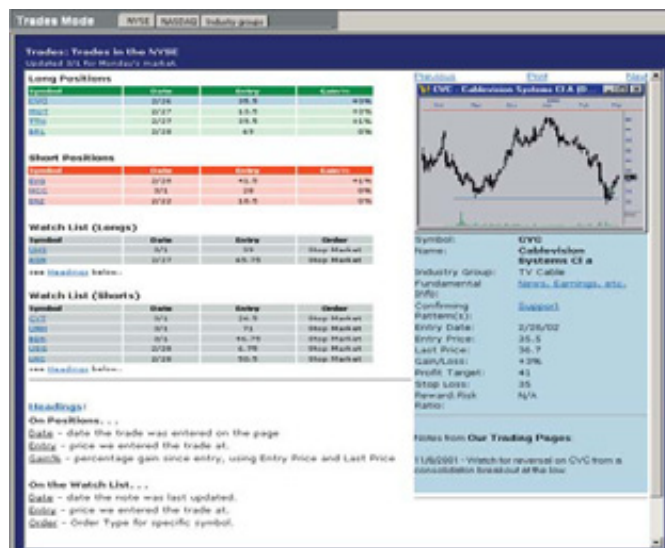
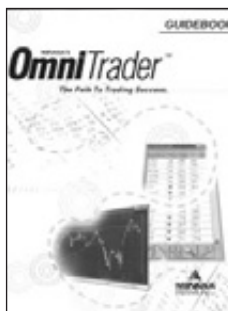
The OmniTrader was developed by Ed Downs to be a different program than others in the market. Most technical analysis programs assume that the user wants to do a considerable amount of research to come up with signals by himself. These programs present the trader with a toolbox of systems and indicators for him to put together into a trading methodology. The OmniTrader was designed to be program that does most of the work for the trader. That means that it's totally automated. All the trading systems in the program have been tested and correlated. All the technical patterns have been calculated and drawn. Everything is distilled down into buy and sell signals presented in a review list. The trader actually doesn't need to know anything about technical analysis to use the program.

In our review, we installed the program on a Pentium 4 computer with 512MB of RAM. Installation was easy with no problems. We created a profile of symbols we wanted to watch. The symbols can be automatically updated through OmniTrader on a daily basis. The program collects the market data, tests its library of some 120 trading systems on each security on the list, then selects the best performing systems to generate buy and sell signals. It provides all the statistics behind its analysis for the trader's review. It also plots charts with trendlines, support and resistance levels, and other technical patterns to help the trader confirm the signals and select the best candidates to trade. The statistics, including advisor ratings, are then written into the focus list.

Basically everything is done for the trader to make his trading decisions for him so he does not have to tinker around with a trading toolbox of indicators for weeks to learn which ones work on each security. The program even gives the trader a Stops Control which appears on the screen which allows him to place stops as soon as he enters a position.

OmniTrader also comes with a full function built in portfolio so the trader can keep track of his positions and even run numerous reports such as the Schedule D (gain and loss) report for year-end taxes. In this review we looked at the stock securities program. The OmniTrader also has a Futures and a Real Time Version which are more specifically designed for those markets.

For more information contact Nirvana at 512-345-2545 or www.omnitrader.com



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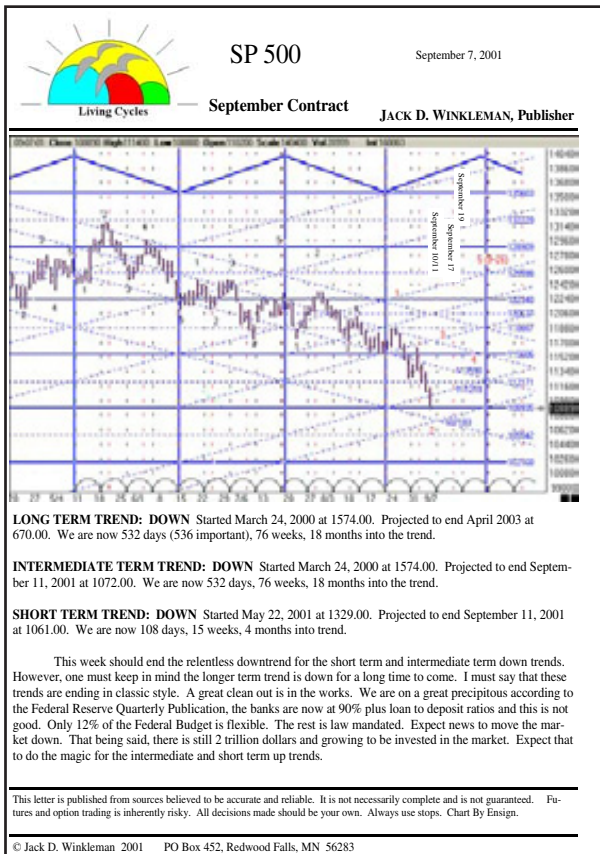
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Hector Serber, President of the American Ergonomics Corporation dedicated the past 15 years of his life developing seating products. He has been awarded numerous US and foreign patents for his work, and has been cited in such publications as the New York Times, Fortune and Business Week. His research led to the discoveries, which he has incorporated in a new office task chair called the SwingSeat™. This chair seems to have all the right features for the day-trader. It adjusts in height, depth and angle of seat and back. Once the trader adjusts the chair to fit his body, its "smart motion" is automatic. It supports him dynamically as he moves through the many-seated tasks that he does each day.

The chair's movement is effortless. The secret is the SwingSeat's suspension system that adjusts from the trader's center of gravity. It's always balanced, the seat and back magically follows the trader. The chair's "smart motion" provides just the right amount of support and movement, whether the trader weighs 100 pounds or 250 pounds. I have never seen any other office chair that can support the trader's many postures so easily.

The chair is regular \$699 now priced at only \$489 plus S&H. For more information go call Traders World at 800-288-4266 or go to www.tradersworld.com.



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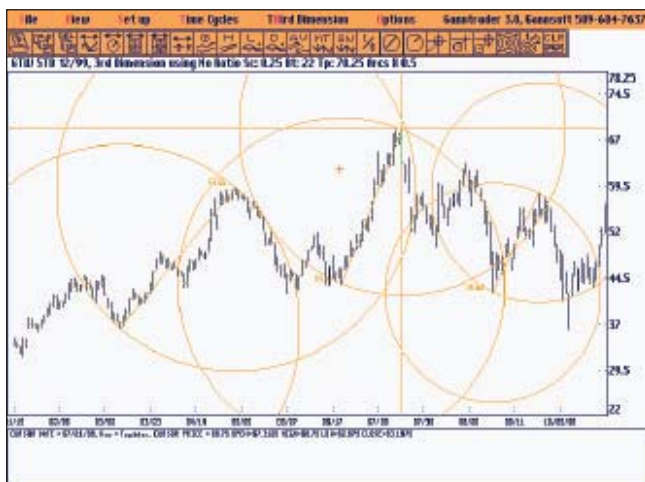
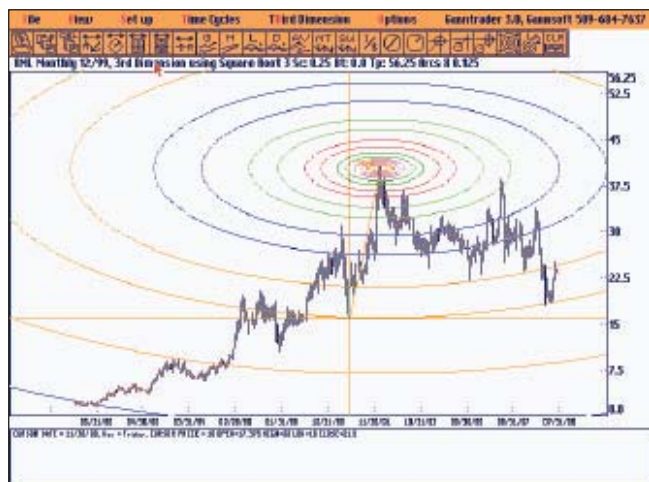
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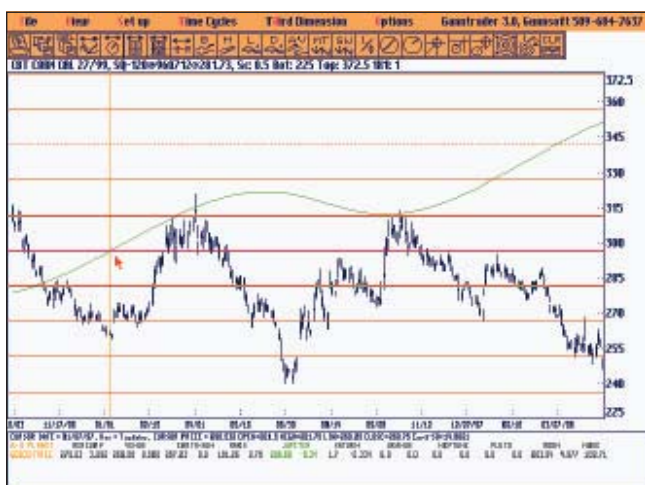
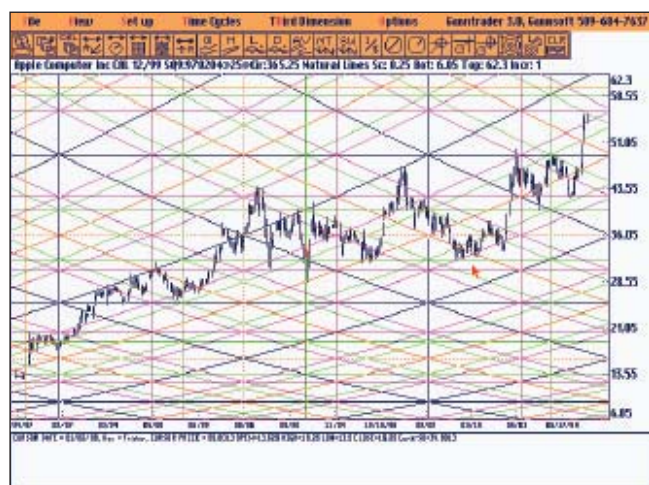
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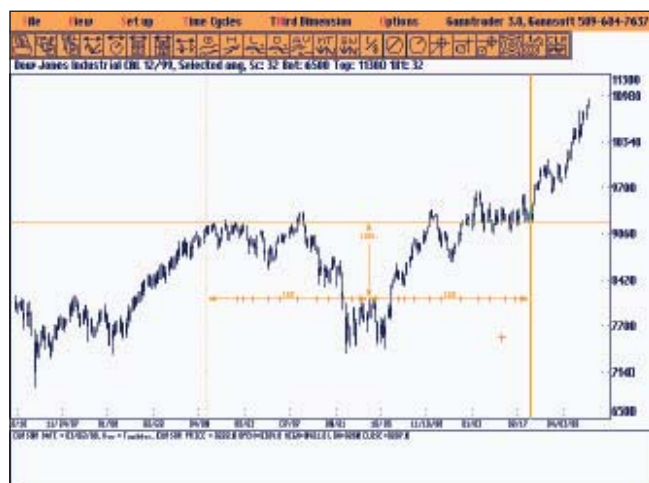


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"Incredible patience and understanding, my trading success has increased dramatically"

Jerry Rheinhardt, IN

"Thank you, thank you! A fulfilling and pleasurable experience that we would recommend to anyone."

Dale and Linda Lyster

RISK DISCLOSURE

Hypothetical or simulated performance results do not represent actual trading. Since the trades have not actually been executed, the results may have under-, or-over compensated for the impact, if any, of certain market factors, such as lack of liquidity. Simulated trading programs can be designed with the benefit of hindsight. There have been no promises, guarantees or warranties suggesting that any trading will result in a profit, or will not result in a loss. Results can and will vary between individuals. Commodity, stock and options trading is not for everyone. All trading involves high risk, and only risk capital should be used.. Past performance is not necessarily indicative of future results

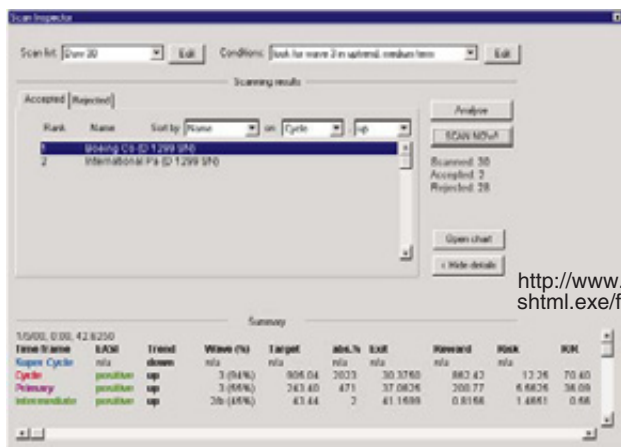
ELWAVE with Scanning

Now Seamless
Real Time Support
For RealTick Data

Combining the power of Elliott Wave Analysis with scanning possibilities never seen before

Elliott Wave Scanning

Did you ever dream of automatically scanning for stocks that are ready to explode or are about to crash? Then you have found what you are looking for! Prognosis, well known for its Elliott Wave Software *ELWAVE*, now brings you the power of Elliott Wave Analysis combined with scanning



The easy to use Scan Inspector provides you with all the information you need in a single window

capabilities that are without equal. This exciting new software can search for specific Elliott Wave setups. For example, searching for stocks with a positive outlook only or a so called "wave 3 in wave 3" in an up trend, is now easily accomplished using *ELWAVE*'s unique and powerful scanning features.

With this awesome power at your fingertips you will find those stocks that are expected to show the longest future price moves as well as the strongest acceleration. That is exactly what the Scanning module will do, automatically! It will find your opportunities and save precious time.

Incredible ease of use

Operation of the Scanning module could not be more simple:

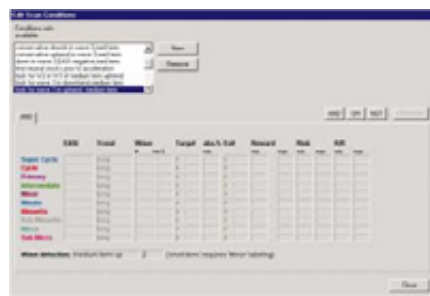
- 1) Select the list of stocks you would like to explore
- 2) Select the conditions, for example "look for wave 3 in uptrend" as shown in the screen shot of the *Scan Inspector*
- 3) Press the *SCAN NOW!* Button
- 4) Make your pick from the accepted stocks

It really is that easy!

No expert knowledge required!

Should you be familiar with Elliott Wave, or know what a "wave 3 in wave 3" is? *The answer is a clear "NO".* We have already predefined the most interesting Elliott Wave setups to look for, all of which are included with this Scanning module. Just select the conditions you would like to use, press the *SCAN NOW!* button and watch the results. Click on a stock to instantly view details in the *Summary Inspector* that will clearly show trends and all other information you may need.

Of course, if you would like to define your own search conditions, you can freely do so. Scanning results can be sorted according to your preference. This applies to accepted stocks as well as rejected ones.



Create your own trading system by defining a customized set of scanning criteria

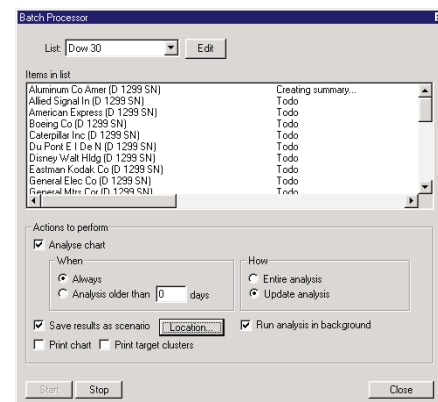
Batch processor

The scanning module includes a completely redesigned, very user friendly batch processor. Define a list of stocks and press the *START* button.

Scanning Professional

Do you wish to enhance the already impressive possibilities of the Scanning Standard Edition even more?

Then your next step is the *Scanning Professional* module. It increases the power by adding more complex AND-OR-NOT conditions as well as the ability to search for wave



Our new Batch Processor makes analyzing multiple stocks a breeze

combinations on multiple time frames you can define yourself in detail. In addition it enables scanning on intra day data, making this a must-have for the serious day trader.

Want to know more?

For more information and the latest on *ELWAVE*, please visit our web site:

WWW.ELWAVE.COM

There is risk of loss in trading. Past performance does not guarantee the same performance in the future. *ELWAVE* is a trademark of Prognosis Software Development. Other trademarks are the property of their respective owners.



Prognosis software development

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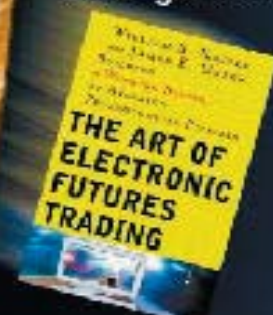
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