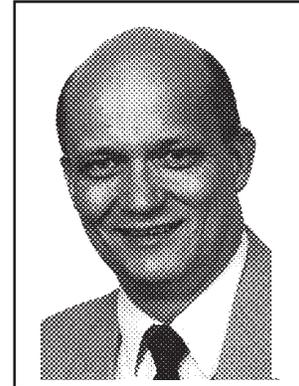
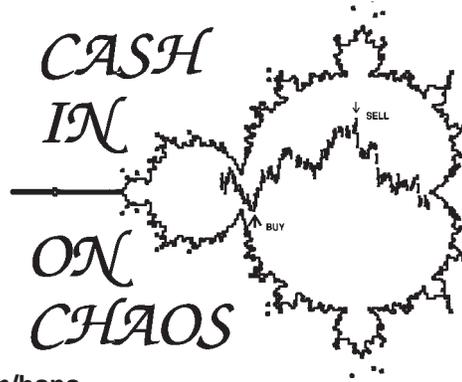


Yes,
you
can



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

CASH IN ON CHAOS NEWSLETTER - May 25, 1999- 99-5

Dr. Hans Hannula, voice 303-452-5566, fax 303-457-9871, email allarson@cashinonchaos.com

Stocks have made a top, and are set for a serious decline. T bonds searching for a bottom. Swiss Franc still weak. Gold turns weak. Wheat holding up. World markets topping. Quantum effect explained. Astro dow 2 cycle explained. Event based XGO technique expands toolbox.

STOCKS

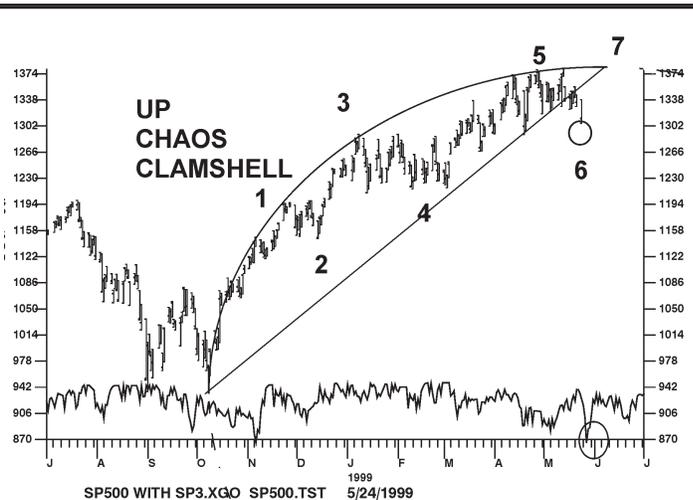
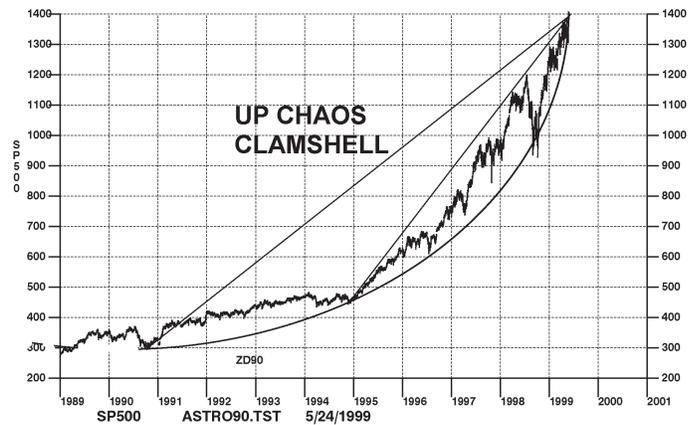
Stocks made a high mid-month, which could turn out to be the high for the year.

The long term chart shows the multi-year up Chaos Clamshell. Since this is a blowoff type clamshell, its end point is difficult to predict and to confirm.

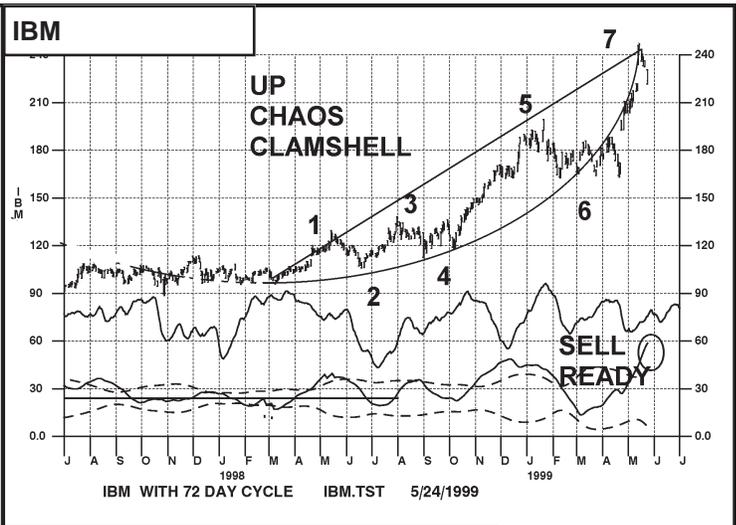
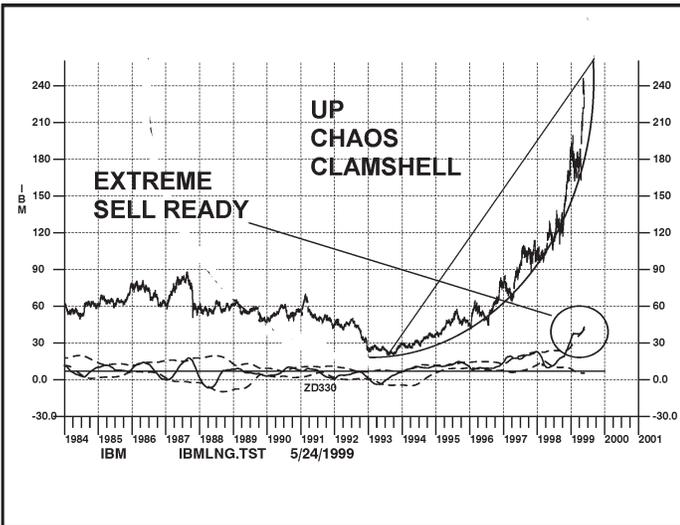
The near term chart shows the up Chaos Clamshell from last October. One can see the loss of momentum as the market has struggled to reach higher prices in the last two months. The current sharp dip was forecast by SP3.XGO, at the bottom of the chart. This energy function forecasts a sharp rally into the first week of June, and then a steady decline. In the best case, we expect this rally to retest the highs. In the worst case, this rally could stop at a .618 or .786 retracement of the decline from mid-May.

Investors should be out of equities. The risk of a sharp decline does not justify the continued holding of stocks. Stocks such as Microsoft and Intel show definite topping patterns. The best strategy at this point is to move to the sidelines, planning to reenter stocks later in the year.

Traders are currently short. Check the hotline for updates.



This letter is written by Dr. Hans Hannula, full time trader, PhD (Electrical and Computer Engineering), RSA, CTA. It incorporates his original scientific research into market chaos, its causes, patterns, and trading techniques. The Chaos Clamshell shown is the unclassified version of the confidential **Hannula Market Fractal**, which is taught in his **Cash In On Chaos** course. **Hotline updates to this letter are give at 7 PM Eastern, 1-900-776-7272, \$2 per minute for 2-3 minutes,\$6-8 total.** See page seven for more details.



IBM has continued to soar to the stratosphere. It has jumped 33% in the last month. Certainly this pace cannot continue. This move has pushed the ZD540 cycle into an extreme sell ready condition. This is shown on the long term chart.

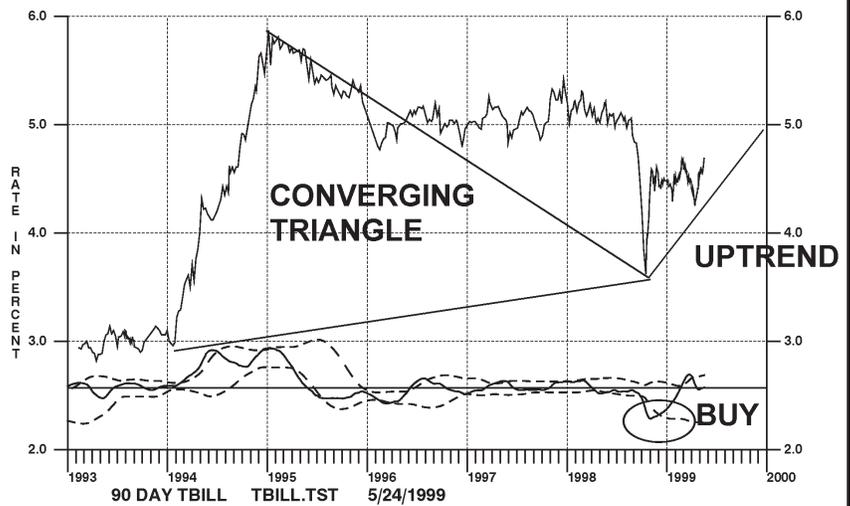
The near term chart shows a possible up Chaos Clamshell over the past eighteen months. The ZD72 is in a sell ready state. However, the 72 day energy cycle still shows some up energy over the next month, so IBM may not have topped yet.

For stocks or commodities not covered in this newsletter or on the hotline, you can track the cycles and trade the Chaos Clamshells using the **Trading System Toolkit**.

ECONOMY/RATES

Interest rates have turned up. The chart at the right shows that the spike low late in 1998 marked a significant change in trend. With the Fed recently hinting of a rate increase, the market has turned very nervous.

The economy continues strong. The Fed is obviously worried that it may now be too strong. With school out, there will be a surplus of unskilled labor as the young people look for summer jobs. Recent college graduates were quickly absorbed, especially in the technical fields. So businesses will continue to enjoy a favorable labor market.

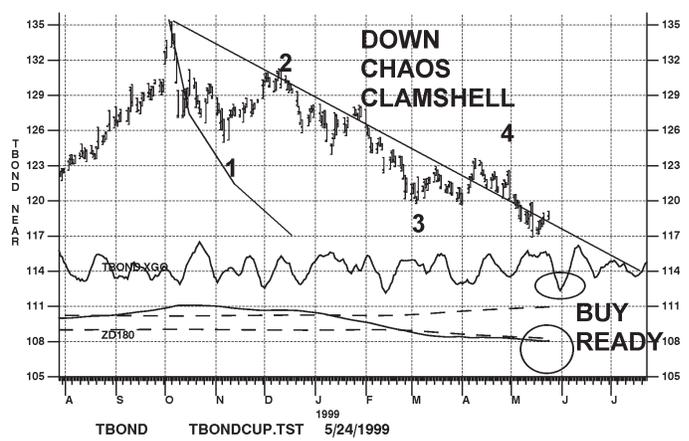
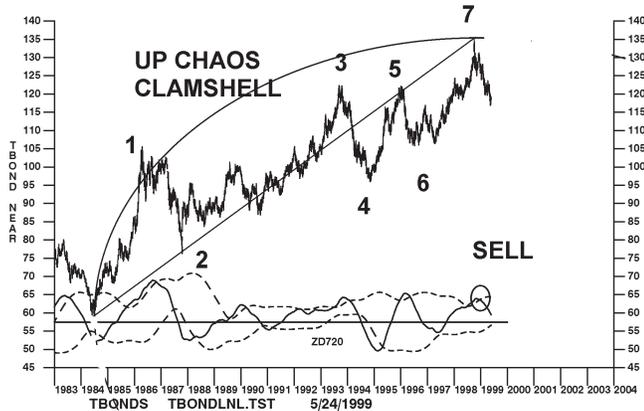


However, all is not rosy everywhere. My neighbor, a trucker who worked for a firm owned by Jerry McMorris (part owner of the Rockies), was just laid off eight months short of retirement when the firm declared bankruptcy. Unfortunately this is not an uncommon scenario in today's business world. Companies come and go at an alarming rate. This is important to keep in mind when investing in stocks. There are companies who have learned how to survive and also how to take care of their employees, their most valuable asset. As the world economy becomes increasingly based on intellectual property, the companies that will do well will be those who treat the owners of the intellects decently.

All the significant battles are waged within the self.

Sheldon Kopp

TBONDS



Tbonds have continued their historic decline.

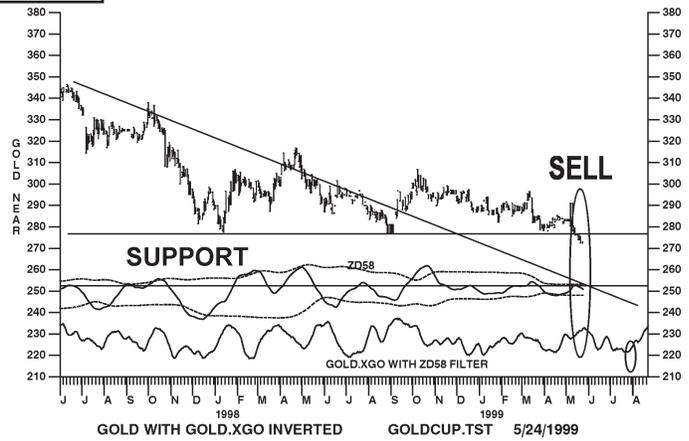
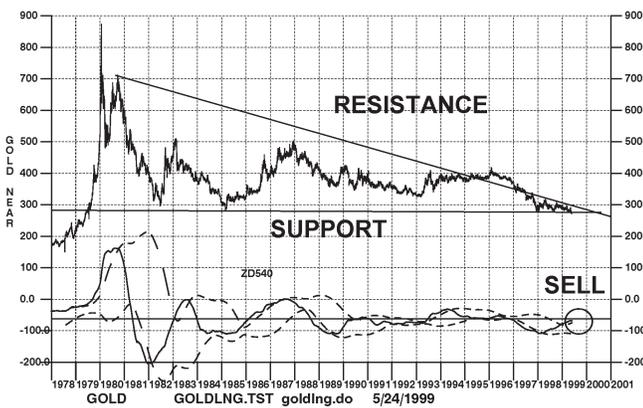
The long term chart shows that prices have declined steadily since last October's high of 135. That high triggered a clear sale signal on the ZD720 cycle.

The short term chart shows a possible rally in June. Later in this newsletter we will show an XGO analysis technique that suggests a low in June will be followed by a sharp rally in July.

**He who loses wealth loses much;
he who loses a friend loses more;
but he that loses courage loses
all.**

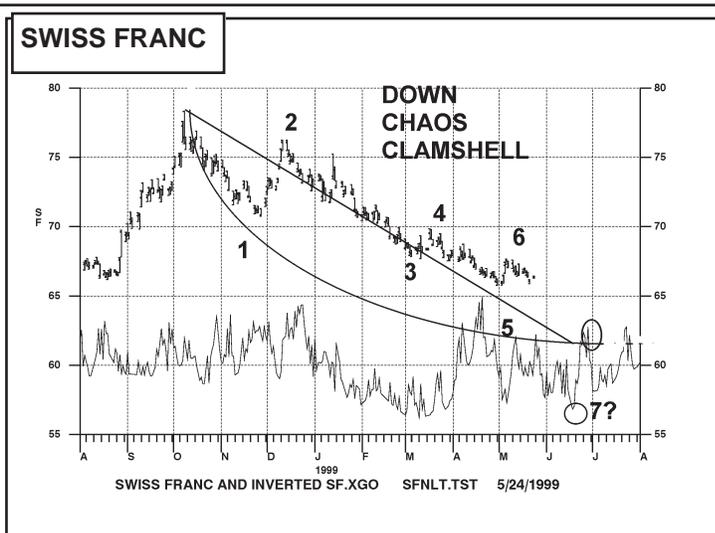
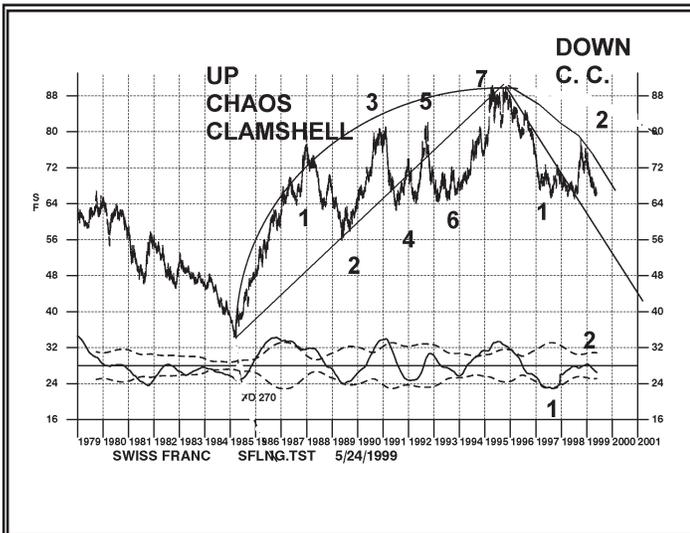
Cervantes

GOLD



Gold has continued to languish at low prices. However, those prices will look like they are going even lower. The long term chart shows a 20 year support level of 276.

The near term chart shows that this support level has broken to the downside at the same time that the ZD58 has given a sell signal. The 58 day energy cycle, shown on the bottom of the chart, is modestly down until early August. When a support level such as this is broken, prices often go as far below the support level as their last rally above the support level. The last rally went 30 points above 276, so we can expect a decline to 246.



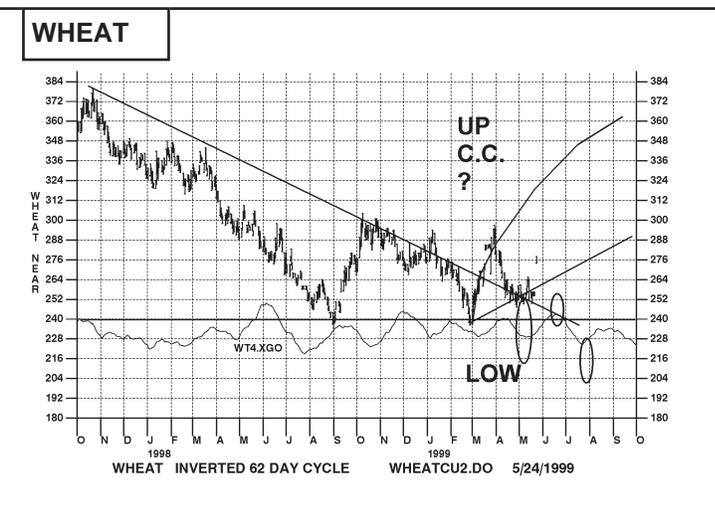
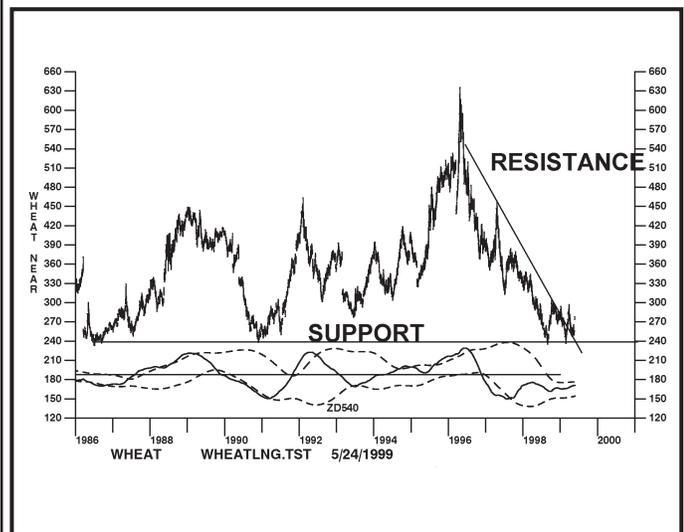
The Swiss Franc has continued to be weak.

The long term chart shows that it is in a significant down Chaos Clamshell. The ZD540 cycle has made two swings, suggesting that there are 5 more to come. This would mean that the Swiss Franc may decline for several years.

The near term chart shows a steady erosion of the Swissy since last year. I have drawn and labeled a possible down Chaos Clamshell, but this one is not particularly well formed. The energy curves and the clamshell drawn suggest a spike low in late June. Support can be anticipated at 64.3.

Whether you think you can or think you can't - you are right.

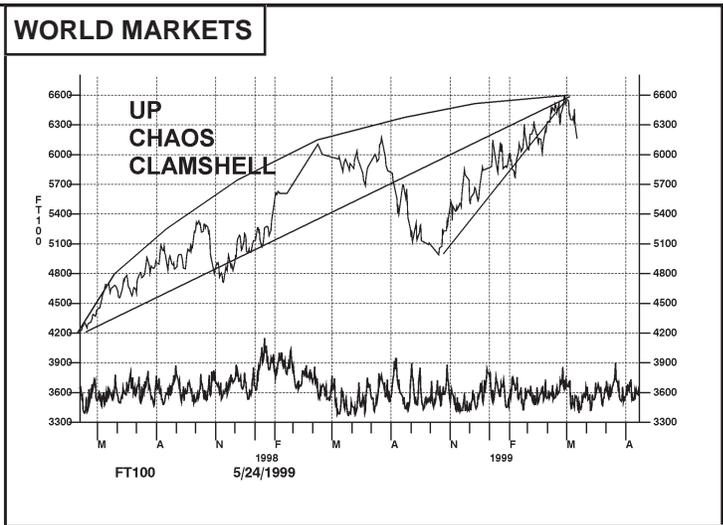
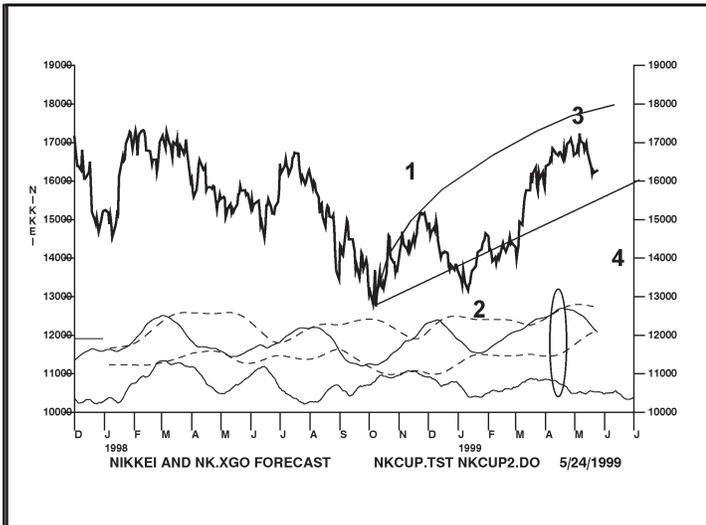
Henry Ford



Wheat has held above its historical support level of 240. As seen on the long term chart it has also broken above the resistance line of the past two years. This suggests that wheat is at a long term low.

The near term chart shows the beginnings of a possible up Chaos Clamshell. The 62 day energy cycle shows prices coming off of a low with a high mid-June. We can then expect another low at the beginning of August.

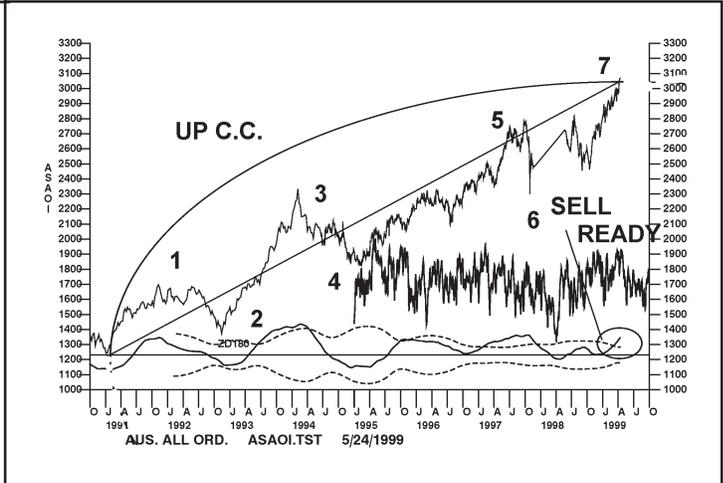
George Bayer wrote about trading wheat using Mercury, Saturn and Jupiter. You can learn to find astrocycles with the aid of the **Trader's Ephemeris** and the **Finding Astrocycles** video-**JUST \$99.**



The Japanese market has turned down as forecast by its XGO energy forecast and confirmed by the ZD270 cycle. The Nikkei appears to be in a move 4 of a Chaos Clamshell.

The British market appears to have topped. It is falling sharply away from its highs, indicating a major change in trend.

The Australian market similarly appears to have completed its blowoff move 7 in its up CC. The energy curve is down for the next several months and the ZD180 has given a sell signal.



CHAOS CLASSROOM

This is a short lesson on quantum in market prices.

The mathematics of energy fields lead to multiple solutions, all based on the circle. Energy waves are frequently computed as sines or cosines. The sin of an angle repeats every 360 degrees. For example, the sin of 45 degrees is .707. The sin of 405 degrees, 765 degrees, etc. Is also .707.

This repeating nature of the solution of the energy field equations creates quantum levels in price. The chart at the right shows quantum in the S&P500. A price movement of 72 points is equal to 360 degrees.



This quantum shows up in prices in two different ways. Prices may vibrate around a quantum as they have done at A. Or they may find support or resistance at the quantum levels as shown at B, C, D, E, and F.

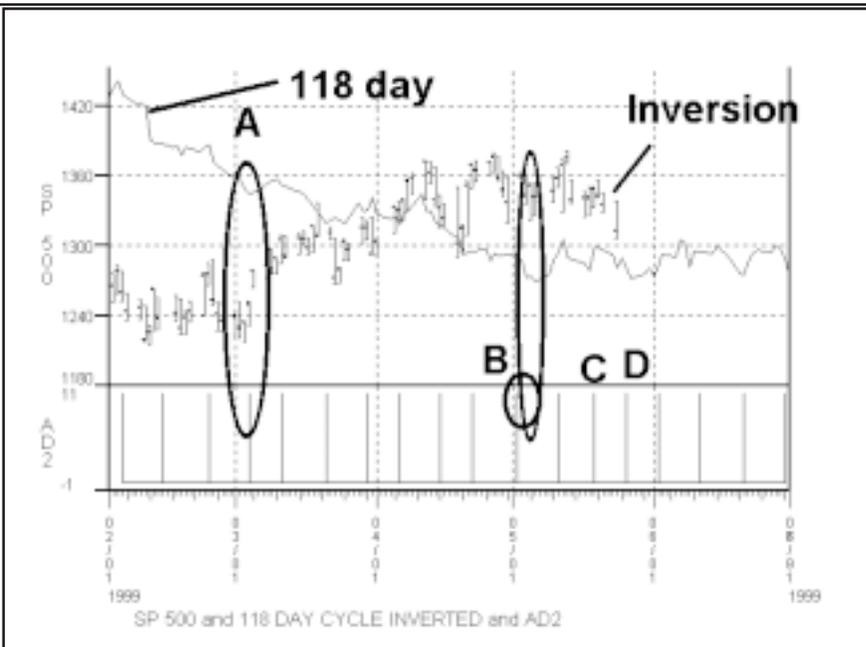
ASTROPHYSICS AND CHAOS THEORY

Cycles work together. Only those cycles that are formed of multiple planetary and lunar cycles will have a persistent effect on earthly events. One such cycle is the 4 lunar month cycle of 118 days.

I call this cycle the Astrodow2 cycle. It is shown each month on the calendar on page 8. This cycle is similar to a Wells Wilder Delta cycle, but has been derived more precisely.

The chart at the right shows Astrodow2 turning points at the bottom of the chart. These lines mark points that may be either a high or a low. Overlaid on the chart is a 118 day cycle line. This line was formed by shifting prices forward 118 days. The line was then inverted so that the short term highs and lows near the Astrodow2 points fit. This helps determine whether or not the point will be a high or a low.

These points are statistically average turning points. They may vary about the average by as much as three days. For example, at A the low came exactly on the AD2 point. At B, the low came two days after the AD2 point. Further these points are not guaranteed to alternate high, low, high, low. For example, both C & D appear to be lows, with an inversion between them. These points are not accurate enough for futures trading but are useful for options trading.

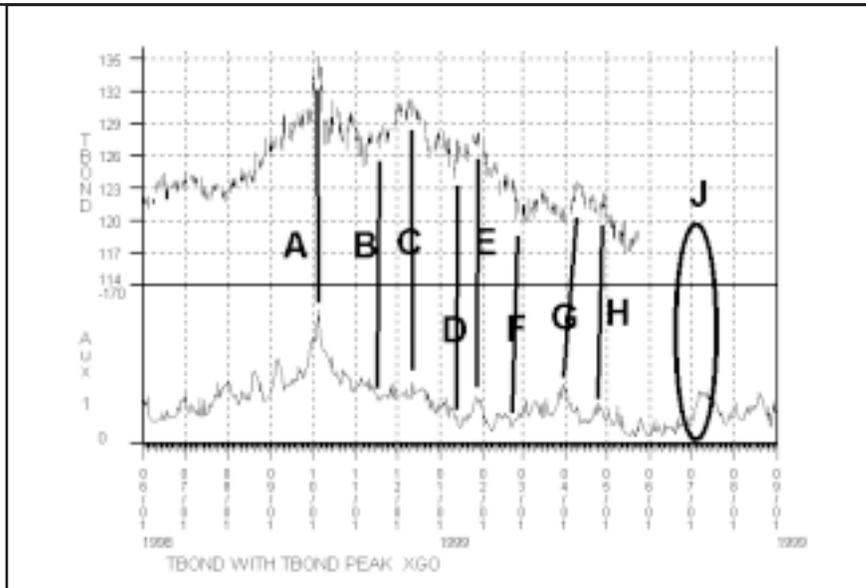


ENERGY

The XGO function is a calculation of the energy received by an individual, stock, or commodity from the universe. In its pure form, the calculation is based upon the date of first trade or the date of birth for an individual.

I have found that another use of this calculation is to treat a significant high or low as a "born again" day. The chart at the right shows the "born again" XGO for Tbons, based on the October 1998 high. The bottom line is the "born again" XGO. The vertical lines labeled A through H show highs and lows that correspond between this XGO and actual prices.

We can use this technique to anticipate a low in Tbons in June with a sharp rally in early July.

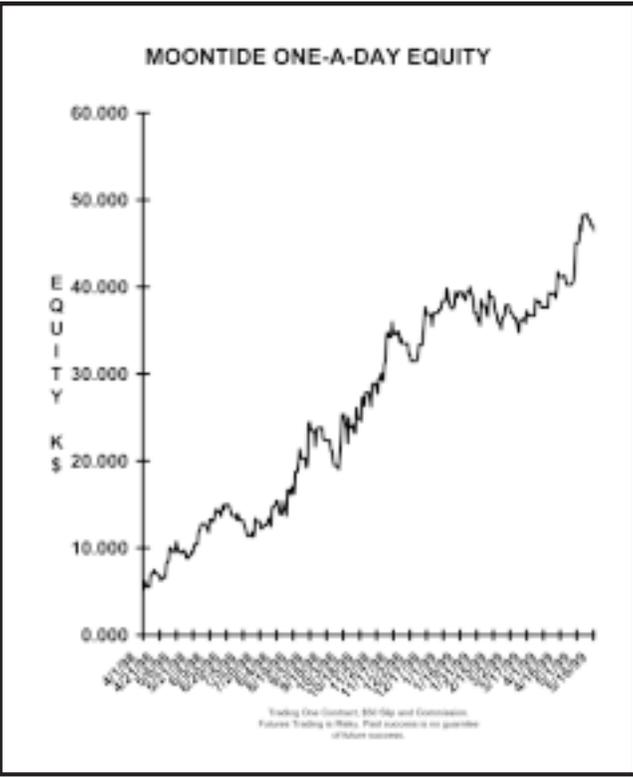


QUALITY IMPROVEMENT

Quality improvement work this month focused on our web server. Our Friday Chaos Clinics have become very popular, to the point that the number of people reading the clinic web page has reached a level so high that it is difficult for us to update that web page. The current web systems were not designed for this "constant update while being viewed" mode of operation.

We have installed upgrades to our server software and written an NT service program to improve this situation. We are still in the process of evaluating these fixes. Meanwhile we ask those of you who visit the Chaos Clinic to be patient.

Our MoonTide One-A-Day trading program continues to do well. This program is based on making one disciplined trade per day in the S&P500. Losses are strictly controlled. If the trades are executed with perfect discipline, the equity curve comes out as shown at the right. This service costs about \$5.00 per trading day or \$297 per three months. To keep billing costs low, we bill three months in advance, with automatic renewal. If you are interested call or send us email.



PEOPLE AND HAPPENINGS

This has been a relatively quiet month but we appreciate the several phone calls, faxes, and emails.

One of my highlights of the month was reading Mark Douglas's new book, "Trading In The Zone." Mark is a trading coach who has worked with many traders over the past 15 years. He has developed a very clear picture of trading psychology. He describes the mental states that prevent a trader from executing trades correctly as well as the mental state one needs to be in to be "Trading in the Zone." I have personally traded in both of these states and can assure you that one leads to great trading and the other leads to bad trading. If you want to learn more about this check out Mark's website at markdouglas.com.

All for now. See you next month.

Hans



We did purge addresses last month. If this is a sample newsletter, you will stay on our list until purged. The date after your name tells you the last month you will receive unless you renew. **Renewals are \$240/year.** Renew now. **I do take 3 month and 6 month renewals as well.** Just pro-rate the cost. **Call 303-452-5566 with your renewal.** Visa and Mastercard taken.

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2 = AstroDow2 3= AstroDow3 4=AstroDow4
P=AstroPoint extreme
F=Full moon N= New Moon
M = Mercury Lunar Chaos
V= Venus Lunar Chaos

Your Electric Life, Science for a New Age
by Dr. Al Lason, Ph.D. (aka Dr. Hans Hannula)

Whether you realize it or not, you are being strongly influenced by a very powerful electrical force - the earths electric field. This field produces currents through your body that are 250,000 times as strong as the currents that run your brain. Recognition of this fact, research, and experimentation have led former Bell Labs engineer and scientist Al Larson to a series of insights into many previously unexplained phenomena. His findings cover a wide range of topics, such as dowsing, the human aura, consciousness, bio-circuits, Feng Shui, natal astrology, stock markets, remote viewing, energy field medicine, de ja vu, dreams, and religious experiences. His own discovery of *sudden impulses* *shows how we are all connected by the field in a *Cosmic Internet**. Al provides a rational explanation of how these phenomena work through the earths electric field, along with guidance of how this knowledge can be used to improve your own life. Do not miss this clear, concise, convincing explanation of how things work.

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