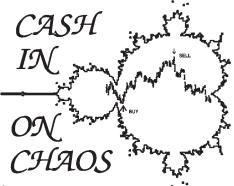
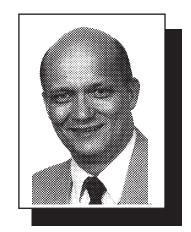
Yes, you can ....





http://www.cashinonchaos.com/hans http://moneytide.com

CASH IN ON CHAOS NEWSLETTER - September 25, 2001-9

Dr. Al Larson, aka Hans Hannula, voice 303-452-5566, fax 303-457-9871,email allarson@moneytide.com

Stocks did drop sharply, and now are set to rally. Thonds complete major top. IBM falls away from top. Interest rates still probing for low. Swiss Franc rally nearing top. Gold rallies again. Wheat at critical stage. World markets drop. Recognizing blowoffs. Terror and the Wheel. Living in a world of terror.

#### **STOCKS**

### Stocks dropped sharply this month as forecast.

The final stage of the drop was aided by the terrorist attack. However, the cycles driving the market were solidly down long before the attack.

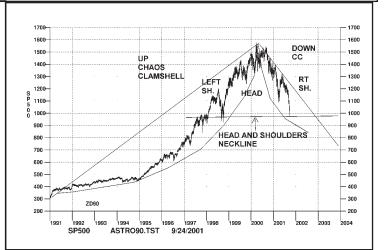
Now it looks like stocks are poised for about a three month rally. The long term chart shows that the decline has now reached the neckline of a large head and shoulders pattern. The anticipated rally should be the up part of the right shoulder.

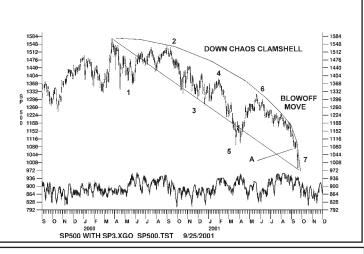
The near term chart shows a down Chaos Clamshell. It has a blowoff move 7. Chaos Clamshells that end in such a move are usually followed by a sharp move in the opposite direction. This forms a spike high or low.

We saw such a spike low last Friday, when prices opened with a large gap down. They rallied sharply to close the gap on Friday and have rallied above the gap the past two days. (This is being written on Tuesday)

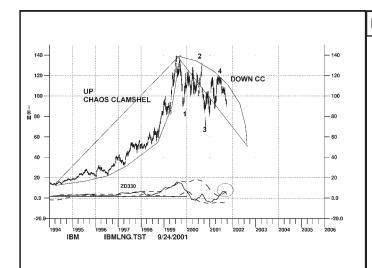
We still believe that the US market is in a major bear market. This continues to be the back side of a Mania Market. However, there are rallies even within bear markets. They usually start very strong but weaken as time goes on. I expect that to be the nature of this three month rally.

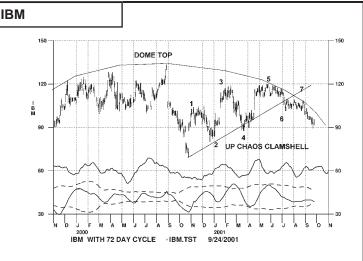
Traders should work the long side in stocks, selecting quality stocks that have been oversold. Investors should remain out of stocks.





This letter is written by Al Larson, aka Hans Hannula, full time trader, PhD (Electrical and Computer Engineering), RSA, CTA. It incorporates his original scientific research into market chaos, its causes, patterns, and trading techniques. The Chaos Clamshell shown is the unclassified version of the confidential *Hannula Market Fractal*, which is taught in his *Cash In On Chaos* course. Hotline updates to this letter are available daily on email as Chaos Trader's Hotline and Tomorrow's Market Hotline available for \$99/Mo., billed for 3Mos.at \$297, renewed automatically. See page seven for more details.





**IBM did break down as forecast.** It is now in move 5 down in a down Chaos Clamshell. Move 5's are usually big and fast. The down CC is shown on the long term chart. The ZD330 trading system has given a sell signal.

The near term chart shows the dome top and the last up CC. Move 7 of this up CC was a runt move. Such Chaos Clamshells are an indication of severe weakness ahead.

Last month I suggested LEAP puts. There is still time to buy some.

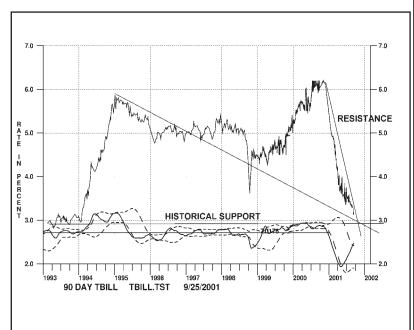
For stocks or commodities not covered in this newsletter or on the hotline, you can track the cycles and trade the Chaos Clamshells using the Trading System Toolkit.

## **ECONOMY/RATES**

Interest rates were again lowered shortly after the terrorist attack. The chart continues to show that rates are probing for a bottom. They are approaching 1993 levels. I think it will be hard to keep them there.

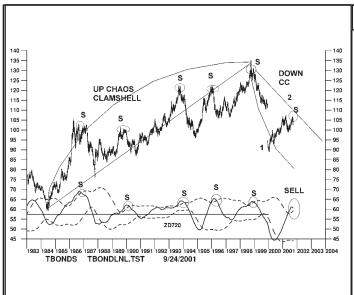
There is no doubt that the terrorist attack caused some short term damage to the economy. But it also prompted some strong federal stimulation of the economy. The Federal Reserve immediately made 180 billion dollars available to the banking system. The next day it added 27 billion more. This was done to guarantee that money for loans would be readily available. The last such action by the Federal Reserve was on October 20, 1987. Then they made 10 billion dollars available to shore up the brokerage houses who were so hard hit by the crash of '87.

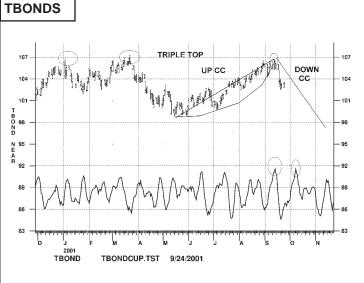
Money inserted into the banking system in this way is multiplied by a factor of 5 to 10. This is because banks can loan out more than they actually have in reserves. The effect of this is a huge shot of monetary energy into the system. In 1987 it stopped the crash cold. These are different times, but we should see a stimulative effect for several months.



Is life so dear, or peace so sweet, as to be purchased at the price of chains and slavery? Forbid it, Almighty God! I know not what course others may take, but as for me, give me liberty, or give me death.

Patrick Henry



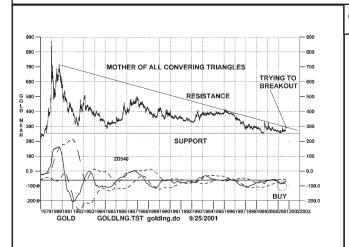


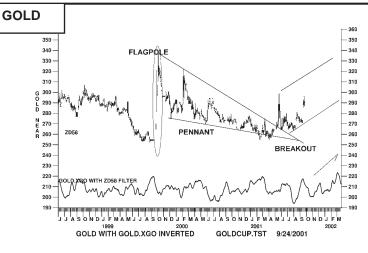
**Tbonds have made a major top.** The long term chart shows that they have ended their move 2 up in the down Chaos Clamshell. The ZD720 trading system has given a sell. The past 6 sell signals from this system have been perfect. They are marked on the long term chart.

The near term chart shows the completion of the move 2 up CC. It has completed a triple top between 106 and 107. The next move down should carry to at least 90.

Ask not what your country can do for you, but what you can do for your country.

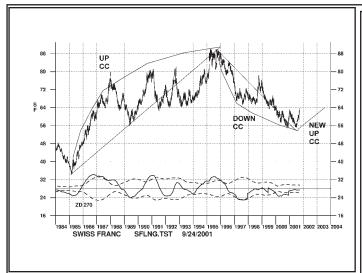
John F. Kennedy

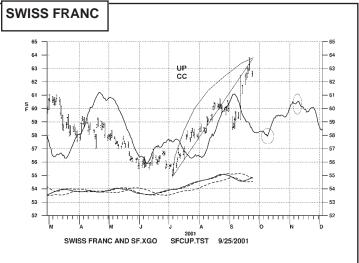




**Gold continues to look bullish.** It is now testing the resistance line of the Mother of All Converging Triangles shown on the long term chart. A breakout above that resistance line will be extremely bullish for gold.

The near term chart shows that gold has headed higher after completing its flagpole and pennant pattern. Further, its energy curve is rising. This is a good time to accumulate gold bullion, gold stocks, and gold call options.



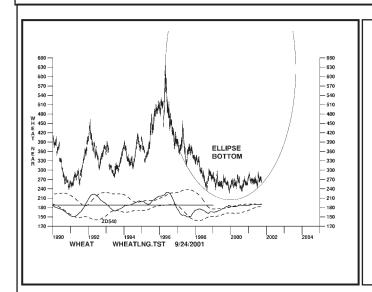


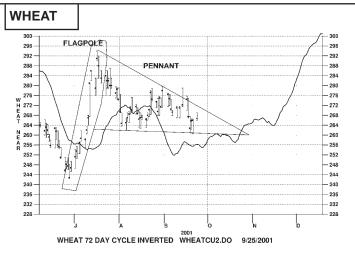
The Swiss Franc is nearing a short term top. It is currently in move 1 of a new up Chaos Clamshell. This is shown on the long term chart.

The near term chart shows a probable pullback into early October, followed by a rally into the second week of November. Traders can shop for a quick short on the pullback, but should be ready to reverse and go long for the rally.

We hold these truths to be self evident; that all men are created equal.

Signers of the Declaration of Independence

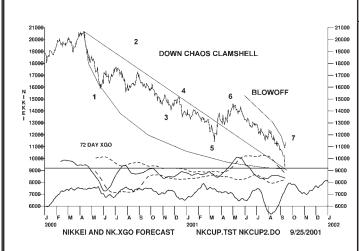




**Wheat is approaching a critical point.** The long term chart shows that it is still following the ellipse bottom. However it must start to rally soon if it is to stay within the ellipse.

The near term chart shows that this rally should begin soon. Assuming the energy curve has not inverted, the rally should be strong in November and December. Like gold, wheat is forming a flagpole and pennant pattern. Traders should watch for a break above the top resistance line of the pennant. Such a break should be taken as a buy signal.

George Bayer wrote about trading wheat using Mercury, Saturn and Jupiter. You can learn to find astrocycles with the aid of the Trader's Ephemeris and the Finding Astrocycles video-JUST \$100.

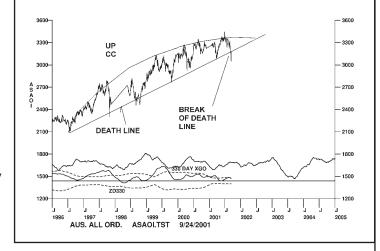




The Japanese market looks to have completed a down Chaos Clamshell.

The British market has similarly formed a clear down CC. We can expect that market to rally.

The Australian market has been very strong. Now it has broken its supporting trendline, which W.D. Gann called a death line. Following a break of this line, we may see a rally back to it as a blowoff move in the up CC.



## **CHAOS CLASSROOM**

# This is a lesson on recognizing blowoff moves.

A blowoff move is characterized by its speed. Gann angles show the average speed of a move. W.D. Gann recognized that markets moved at speeds which were the ratio of two integers (whole numbers).

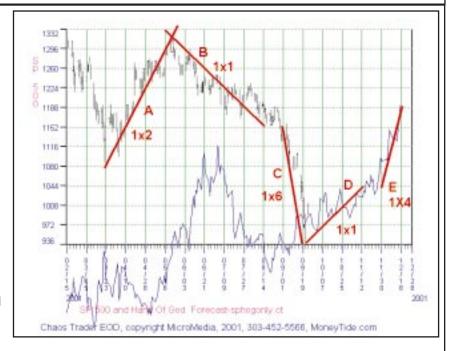
Line A shows a 1X2 angle which rises 2 points for each day. This is a typical fast rally.

Line B is a 1X1 downtrend. This is an average move.

Line C shows a 1X6 downtrend. This is a blowoff move. My studies have shown that 1X6 moves mark the beginning and end of many Chaos Clamshells.

Also shown on this chart is my Hand of God forecast. One can look at such a forecast to anticipate the nature of the coming move.

Line D is a 1X1 angle indicating a normal



move. Line E is a 1X4 angle indicating a sharp move. Even if the forecast inverts, the nature of the move will not change.

#### ASTROPHYSICS AND CHAOS THEORY

The terrorist attack came at a high energy point in the Wheel of

Fortune. It came on the the heliocentric cluster of Venus, Moon, Jupiter, and Node at the top of the ephemeris wheel, at the cardinal 90 degree Chaos Balance Point. These planets were being opposed by Chiron and Mercury near 270 degrees, shown at A. *This energy hit the natal chart of the Declaration of Independence* (DOI) natal Jupiter, and natal Mercury. I use the DOI date of 7/3/1776, as per Thomas Jefferson's diary, which states that was the day it was actually signed. Thomas Jefferson thought that would be our Independence Day. So like a direct hit in the S&P chart, this was a direct hit of high energy in the DOI chart. Some word associations that come to mind are:

Jupiter-father, country Mercury-satan Moon-volatility, sudden Node-soul(s) Venus-Money, Love Chiron-Chaos

Maybe someone smarter than me could build an exact prediction from those keywords. Maybe next time someone will.

keywords. Maybe next time someone will.

I did notice something else in this wheel. It is an "activation sequence" as I have written about in *Your Electric Life*. At 1, the current Earth is applying to natal Neptune(2), activating current Neptune(3), activating natal Moon(4) and natal Node (5), activating current Moon (6) and Node (7). This activated current (8) and natal (9) Jupiter, and current (10) and natal (11) Mercury. This seems to be a significant mechanism in amplifying the energy flow in a chart.



God grants liberty only to those who love it, and are always ready to guard and defend it.

**Daniel Webster** 

#### **ENERGY**

## Several people have asked me what my reaction was to the terrorist attack on America.

My reactions are very different from many people, because of my life's experiences. I am no stranger to terror. I spent a year living in Vietnam, where I always wore a pistol on my hip, and never left the compound without an automatic rifle. I was shot at on more than half of my 426 flying missions. A tracer round passed a few inches in front of my chest. I was nearly hit by a 122 millimeter rocket. I was nearly killed in a mortar attack. But I knew why I was there.

After arriving in Vietnam I had a week before my in-country checkout program. During that time I came to grips with the question, "Is there anything worth dying for?"

My answer was, "Yes, freedom." I recognized then that I was not engaged just in a war between political groups wanting to control a people. I was engaged in the eternal struggle between the forces of good and the forces of evil. For that cause I was willing to give my life. Fortunately, my life was not required to be paid at that time. But many of my Academy classmates gave theirs.

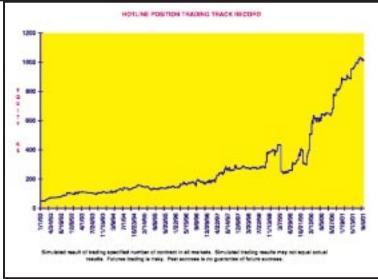
I have worried for some time that the new generation of Americans has taken freedom for granted. They have even come to believe that our technology lets us defend freedom without the loss of life. The terrorists proved this to be untrue. The world now sees that the forces of evil are alive and well. My fervent prayer is that the new generation will again answer the call of freedom.

Many have learned from this event just how precious life is. Many have told me that this event will change how they trade. I strongly believe that it should not. To change one part of your life is to give the terrorists what they wanted. Some have asked me how I approach life after this event. I approach it the same as before. Every morning when I wake up, I thank God for an extra day (I nearly died two years ago). Then I take a walk in the park to greet the new day. I give thanks for the number of extra days that I have had and request the same number more. I end my walk by singing the song, *Morning Has Broken*. Then I go home and get busy. This is one more day for me to live in freedom.



#### **QUALITY IMPROVEMENT**

This has been a month of continued chaos with our technology. My local telephone company, Qwest, recently made DSL available in my area. I immediately signed up for a DSL line and tested it for two months. On September 3rd, I cancelled by ISDN line and switched my network to the DSL line. On the 5th, the DSL line went down. It has been up and down every few days since then. I am now on a first name basis with a dozen Qwest engineers and technicians. After a few days I realized that my DSL line was not going to work for some time, so I managed to get my ISDN line reconnected. This week I added a backup modem based network. Eventually Qwest will get the DSL line working properly.



This problem was further complicated by my data provider, Esignal. With 10 days notice they informed me that my FM based data system was effectively going away. So I have been scrambling to evaluate replacements. While their new Esignal service may be an adequate replacement, one needs a working Internet to use it. Hopefully these issues will be resolved soon. And hopefully this turbulence was transparent to our customers.

#### **PEOPLE AND HAPPENINGS**

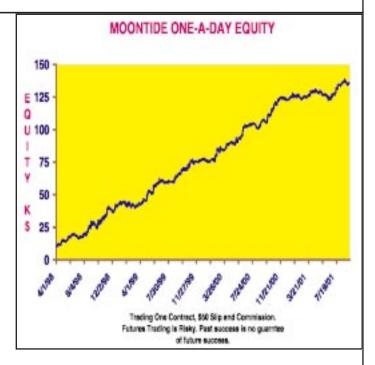
We have just passed the fall equinox, and right on cue, the leaves in the Rockies are turning gold, red, and yellow. A few of you have slaved through the summer and not taken any time off. If that is you, do it now.

We have gotten many inquiries about seminars. In the near future we will be announcing an ongoing seminar series, to be called the Chaos Trading Institute. These seminars will cover and expand material taught in our home study courses. They will be taught in Denver. Watch our website for details.

I appreciate the many emails following the terrorist attack. Many of them were very inspriational and made me very proud to be an American. This is the first large scale use of the Internet in promoting the free exchange of thoughts and ideas. As long as we have freedom of speech worldwide, the cause of freedom will not die.

All for now. See you next month.





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

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## SEPTEMBER S M Т Th Sa 3 7 4 5 11 12 10 17 19 20 16 18 <sup>2</sup>/<sub>25</sub> 26 27 28 29 24 30

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

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by Dr. Al Lason, Ph.D. (aka Dr. Hans Hannula)

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