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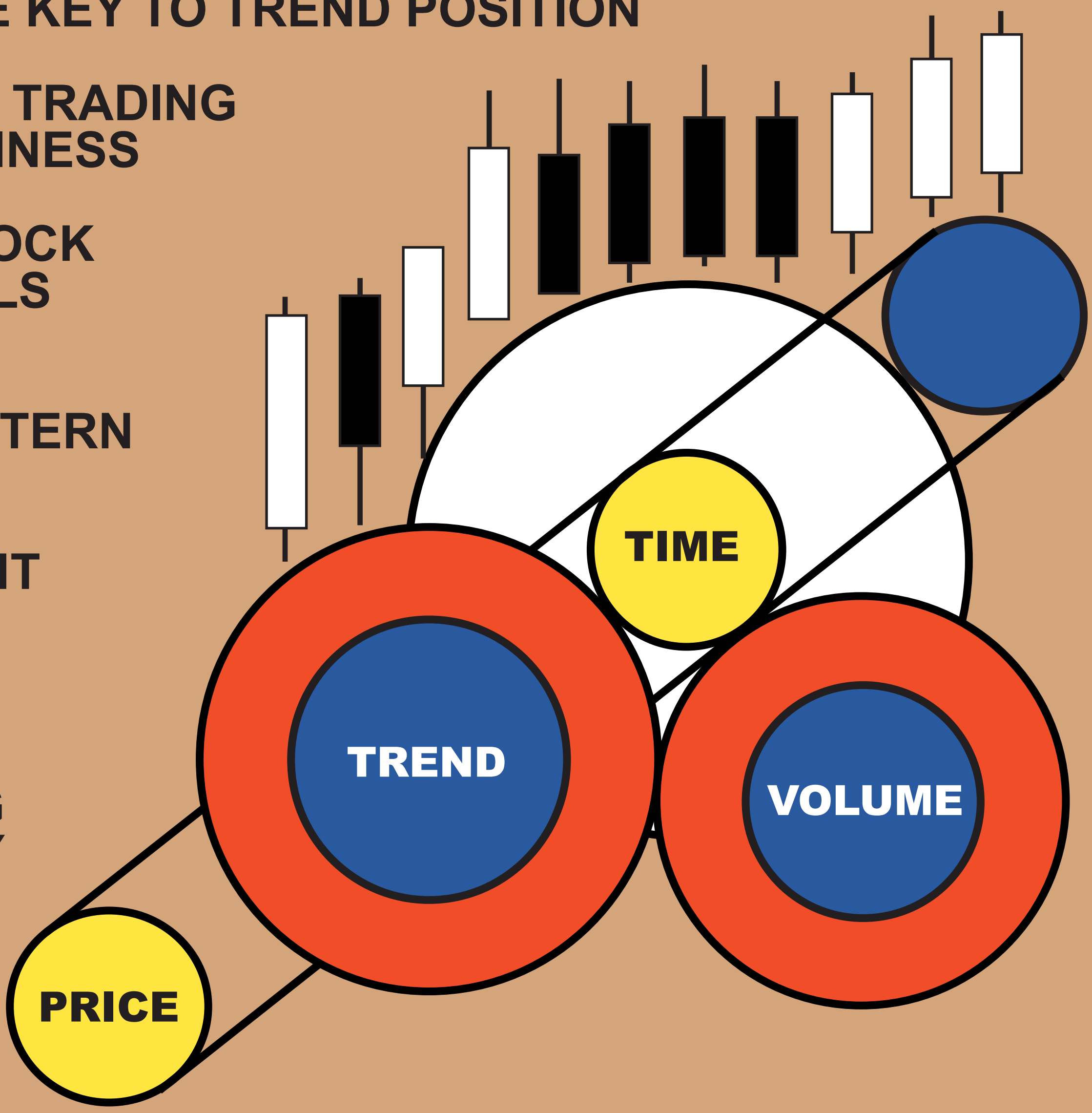

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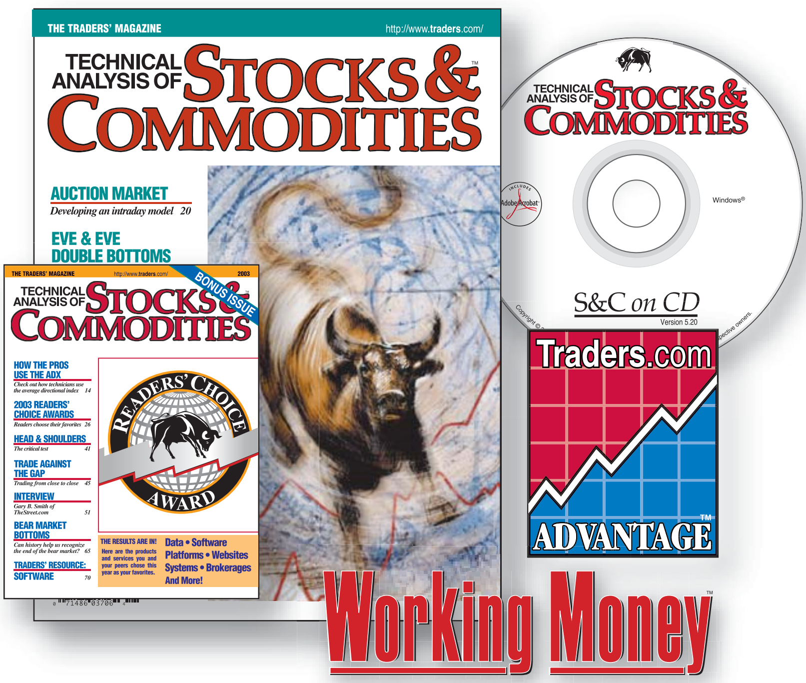

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PATTERN IS THE KEY TO TREND POSITION

By Robert Miner

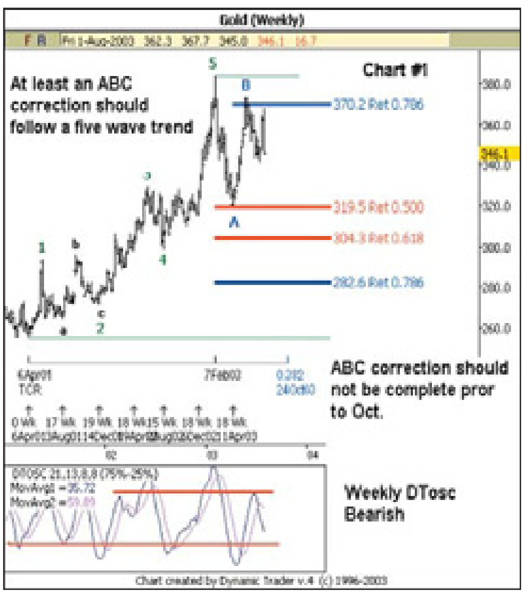
Special Note: Robert Miner's Dynamic Trader Stock and ETF Report has been named the #1 gold timer for the first six months of 2003 by Timers Digest. This article describes some of the techniques he uses to identify trend targets and major trend reversals.

Most traders use a trend indicator such as moving averages to identify the trend of a market. Like all indicators, moving averages lag the market, do not provide any information of the degree of reversal or how far or long a trend may last. In other words, they provide a good history of the market trend but no information about the future.

Simple Elliott wave pattern analysis can be a great help to any trader to determine the trend position of any market and any time frame. Most traders over complicate Elliott wave analysis and give up using it because they do not appreciate its simplicity or apply it in a practical manner. Probably the reason for this is most of the Elliott wave analysis available to the public is by analysts who do not make day to day trading decisions. The academic approach to Elliott wave analysis is much different than the practical application as all traders and investors are aware.

Any trader can learn all the Elliott wave analysis that is necessary to know for practical trading strategies in about two hours. Elliott wave analysis is extremely simple. There are only three rules and a few guidelines to determine if there is a practical Elliott wave pattern that can be used for trading and investing decisions. The pattern structure based on the rules and guidelines of Elliott wave analysis is a key to understanding the trend position of a market.

The trend position of gold this year is an excellent example of how simple and practical Elliott wave analysis has continued to identify the potential pattern position and probable trend position.



Bull or Bear Trend For Gold?

Chart #1 is the weekly data for gold. From the April 2001 low, gold made a five-wave impulse advance into the Feb. 2003 high. A five wave trend is usually part of a larger degree trend. In this case, the five wave trend into the Feb. high is likely a Wave-A or 1 of a larger degree trend.

What does this mean for the major trend in gold? Following a corrective decline that should not exceed the April 2001 low, gold should eventually continue the bull trend to well above the Feb. 2003 high. The long term trend appears very bullish although the intermediate term trend (few weeks to a few months) should be bearish.

The minimum pattern expectation for a correction is three waves. With Dynamic Trading, we always assume a correction will be at least an ABC although it could develop into a complex correction. The initial decline from the Feb. high into the April low has clearly not completed three waves so it should be a Wave-A of an ABC correction. Many traders and analysts turned very bullish in the spring thinking the gold correction was over since it reached the 50% retracement. Dynamic Traders knew this was probably not the case and any rally should be a correction (Wave-B) that would eventually be followed by a continuation of the bear trend to test or exceed the April 2003 low.

Trade Strategies and Pattern Targets

Chart #1 is the daily data for gold from the April 2003 low through Aug. 1. The May 27 outside reversal day provided an outstanding short opportunity. Another one was made when gold tagged the smaller degree 78.6% retracement on July 28, 62 calendar days (shades of Gann) from May 27. Our DT Daily Futures Report had prepared subscribers that level should be the maximum target for a correction and ideal set-up for a short trade.

What does the current (through early August) pattern position indicate for gold? Gold is likely to exceed the April 2003 low before the ABC correction off the Feb. high is complete. July 28 is likely the Wave-2 of C. If so, this would also project a Wave-C below the April low.

Pattern analysis for gold has kept us on the bearish side for most of the time since the Feb. high. Dynamic Trading price analysis has projected in advance the minimum, typical and maximum price targets for each reversal. Dynamic Time analysis projects the correction should not be complete prior to Oct. and may extend into early next year. If a low is complete above the April 2001 low as anticipated, it will be a major set-up for a long term bull position that should take gold well above the Feb. 2003 high. A decline below the April 2001 low voids the bullish outlook and suggests a major sell off in gold. Should gold first exceed the potential W.B high of July 28, it would indicate an "irregular" ABC correction was being made and the W.B high should complete a bit above the Feb. high and the W.C low would complete above the July, W.A low.

Lessons Learned

While EW pattern analysis is not always clearly defined or infallible, it is an extremely simple and quick way to identify the probable trend position of a market, regardless of the time frame. In the current case of gold, the simple wave pattern helped identify early this year that gold was in a position to complete a five wave trend and make a top that should last several months. In April, when gold declined to the 50% retracement, the wave pattern clearly indicated that the bear trend was not complete and a low should only be a Wave-A low. As of early Aug., the bearish outlook for gold for the next few months remains in tact for a probable decline to below the April low.

This has not been after-the-fact arm chair analysis. These projections were made well in advance in our DT Stock and Futures Report and the data and projections shown in this article are through Aug. 1, the date the article is submitted.

Learn simple and practical Elliott Wave analysis and trade strategies as well as how to make the DT End-of-Wave Time and Price Targets we teach on our web site for free and you will be prepared for key reversals and the probable trend in any time frame.

Robert Miner is the author of Dynamic Trading named the 1999 Trading Book of the Year. He is also the developer of the Dynamic Trader Software and Trading Course. For more information including free trading tutorials and weekly trade recommendations, go to www.DynamicTraders.com

TRADING A SMALL ACOUNT

By Myles Wilson Walker

Many people who are trading are only doing so part time while they begin in a small way and build their expertise and capital. The problem of course is that when you have limited capital you need to be very sure of your trade selection method and it has to give you a definite edge.

A company that has a large capital base can take a casino approach to the markets and use trading systems that are fairly average so long as they are nett profitable and give them the advantage over hundreds of trades. The small trader must succeed virtually right away ruling out most trading systems as they usually entail large drawdowns.

Many Gann traders are using Ganns geometric angles on daily charts.

These work reasonably well over time but by them selves they do not give the beginning trader the necessary advantage.

The market is comprised of only two elements, Time and Price.

If you can get a large enough edge from one of these elements you can succeed.

Below is a chart of the cash S+P on this I have marked every Super Timing date and fixed planetary cycle for the S+P from my Annual Forecast for 2003.

This was emailed out in December 2002 to everyone who has ever bought a copy of

Super Timing and whom I had a current email address for. This is proof that my methods work.

I know that people often do not really take the time necessary to learn new things or to understand them but want to get trading right away and that is also a reason why I send out the forecast every year.

I always tell people what the forecast dates are comprised of so they can do it them selves

but you can improve the forecast dates by learning the dynamic methods I teach as this will tell you where the biggest pressure points will be.

Starting at the major low on March 12th to July 21st I have marked every

Super Timing date and Fixed cycle for the S+P from my Annual Forecast for

2003 mailed out in December 2002. The point I am making is that this is not hindsight trading and is 100% mechanical. Also this is not the best example I could have

chosen but it is recent and in the public record. Notice it catches the main highs

and lows plus the majority of minor swings.

An updated chart can be found at http://homepages.ihug.co.nz/~ellsann/2003.html

The over all trend after the Super Timing low of March 12th was up but even then the

100% mechanical planetary method caught the majority of counter trend swings as well.

This is the kind of edge that allows you to set small stops.

Another low risk method for a tiny account would be the use of options.

OEX (S+P 100) Option Plan for Trading Intermediate Swing Points.

This option strategy is excellent because positions are taken at the beginning of intermediate sized swings where the risk reward is very favorable.

An intermediate swing is classed as 40 points on the OEX and is approximately 80 points on the S+P.

The plan is simple.

Determine the timing of the trend change using the Super Timing Method.

Buy a Put or Call with 4 to 6 weeks of time remaining.

Select a strike that's about 40 points away from the current high or low

Pay 4 to 5 points for the option.

Exit the option when it becomes "at the money" i.e. the OEX has declined 40 points from its last swing high or appreciated 40 points from its last swing low.

The chart in this article shows what happened in two cases.

a to b is the October 10th low 2002 so calls were purchased.

c to d was the high January 13th 2003 so puts were purchased.

In both case marked there was an immediate profit of $1500 per option as the option reached its strike price.

The low on March 12th also produced good profits using this plan and if you take a good look at the chart you will find many other instances where this plan was profitable.

Also it fits the criteria of being small risk if you are wrong but has a large reward when you are correct. A good risk reward ratio will allow you to comfortably build your account.

There are many other low risk and profitable ways to trade if you have your timing right.

Super Timing is the only book, which contains the correct Gann timing methods. The Book is very detailed at over 400 pages including the material on the CD and covers three main areas, W.D.Ganns Astrology and Price Target Method. Plus fixed planetary Cycles (how to work them out for any market) And Dynamic Astro Cycles

Mr. Wilson is author of the book Super Timing and Intro to Astro. Both are available in the catalog section of this magazine.

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*"**Your software and the real time scan are incredible**! I've tried a whole slew of different programs, including the award winning tc2000.My wife and I have been day trading successfully since January of this year. Our reluctance to swing trade was primarily the difficulty finding setups. We especially love the candlestick filters!!! And the MA cross down/up is our primary indicator intraday" **-B. Kastrinos***

*"**The scans are excellent, as are many of the analysis features**. All things considered...I think Swingtracker is a great tool which I would not want to be without!" **-Jim Spears,USA***

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TWO TREND CONTINUATION TRADE ENTRY SET-UPS

By Jaime Johnson Dynamic Traders Group

There are two types of trades – trend reversal and trend continuation. Trend reversal trades look to enter on a reversal signal near key support or resistance. In other words, trend reversal trades look to sell at or near a top or buy at or near a low. Successful top and bottom picking usually results in trades with relatively small initial capital exposure and large potential profit. The conditions to identify a top or bottom are not always in place at the top or bottom. When this is the case, we consider trend continuation signals.

A trend continuation signal looks to enter the trade after a market has confirmed a reversal and the trend is established. The objective is to identify trend continuation set-ups with minimum initial capital exposure and a profit potential several times the initial risk.

The Dynamic Trader approach uses several trend continuation trade strategies which allow a trader to enter a trade with limited capital exposure once a trend has been confirmed. Two of the high-probability strategies we use are the Inside Bar Narrow Range7 (IB/NR7) and the Outside Day Trend Continuation Set-Ups (OSD/TC).

IB/NR7

Both Tony Crable and Rasche/Connors have written about range contraction set-ups such as the IB/NR7 in books and articles. We have found it to be one of the best trend continuation trade set-ups and have our DT software search a portfolio of stocks and commodities for the set-up each day.

The IB/NR7 set-up bar is a bar that is both an inside-day (ID) and a bar with the narrowest range of the previous seven days (NR7). An inside bar is a bar where the high is less than or equal to the previous bar's high and the low is greater than or equal to the previous day's low. The high or the low but not both may be equal to the previous bar's high or low. The second criteria is the inside bar must have the narrowest range (high – low) of the last seven days.

The IB/NR7 entry set-is used to enter a trade in the direction of the trend. There are many different ways to determine trend direction. Two ways the Dynamic Trader software determines trend direction for the IB/NR7 trend continuation set-up is with the Dynamic Trend Filter and the Dtoscillator (Dtosc). One important factor in trend determination is the time frame you are using. It is recommended for the IB/NR7 and OSD/TC trade set-ups using daily bars although, weekly and monthly bars may also be used. Intraday bars are not recommended.

Once an IB/NR trade set-up is identified, the trade entry trigger is to enter the trade one tick above (long) or below (short) the high or low of the day prior to the IB/NR7 day. Once the trade is entered, place the initial stop loss one tick above (short) or below (long) the IB/NR7 bar. Since this is only a trade entry strategy, adjusting the stop loss as the trend continues depends on the individual trader's trading plan.

IB/NR7 Trade Entry Example

Chart #1 is CTAS (Cintas Corporation) daily data that gives a good example of how to use a IB/NR7 trade continuation entry strategy.

The completion of Wave 2 was confirmed once CTAS traded below 44.55 the Dec. 19 Wave 1 low. A swing trader would enter the trade at 44.55 with an initial stop loss one tick above the W.2 high for a capital exposure of over $5.00 or 8.9%. If this capital exposure is not acceptable to your trading plan then the next step is be patient and wait for a trend continuation entry set-up. Three days later on March 23, an IB/NR7 set-up is made. With a short trade triggered at 42.12 (one tick below the low of the day prior to the IB/NR7 day) and the initial stop loss set at 43.26 (one tick above the IB/NR7 day) leaves a capital exposure of $1.14 or 2.7% considerably less than a swing trader's 8.9% capital exposure.

OSD/TC

The conditions for an OSD/TC set-up are the market makes an outside bar (the high is higher than the previous day's high and the low is lower than the previous day's low). The trade will be entered on the next day in the direction of the trend if the market trades one tick above (long) or one tick below (short) the OSD/TC day. The initial stop loss is set one tick beyond the opposite extreme of the OSD/TC day. When using DT software the trend is determined by the Dynamic Trend Filter.

Chart #2 is AMZN (Amazon). Once the DT Trend Filter has turned to bullish, there were two opportunities to enter an AMZN long position using an OSD/TC trade strategy. The first one was on Feb. 21, the entry was at 21.84, one tick above the OSD/TC day, and the initial stop loss was at 21.03, one tick below the OSD/TC day. The initial capital exposure was less than one dollar. The second was on March 12 with an entry at 23.39 and initial stop loss at 22.48, again with less than one dollar initial capital exposure. In percentage terms, the initial capital exposures were 3.7% and 3.9% respectfully. Amazon rallied over $5-$6 from the entry before making the March high.

Reduced Capital Exposure is the Key

Every trend continuation trade set-up will not immediately be followed by a strong trend and large profit. The key to long term trading success in both the futures and stock markets is limited capital exposure on any one trade. The initial capital exposure with our trend continuation trade set-ups is completely objective and minimal.

The Dynamic Trader Stock and ETF Report gives the key trend continuation trade set-ups each day in our DT Daily Trade Scans of the NASDAQ and S&P stocks. The IB/NR7 and OSD/TC set-ups are just two of the trend continuation set-ups we search for on a daily basis.

Jaime Johnson is the chief technical analyst and trade strategist for the daily Dynamic Trader Stock and ETF Report. Each issue of the report includes the most probable short term trade set-ups and key support/resistance for S&P and Nasdaq stocks. For more info, go to www.DynamicTraders.com

LONG TERM STOCK MARKET SPIRALS

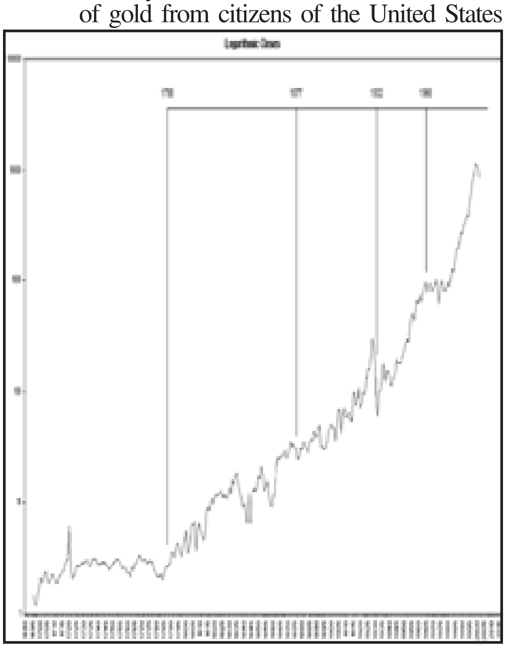
By Frank Anthony Taucher

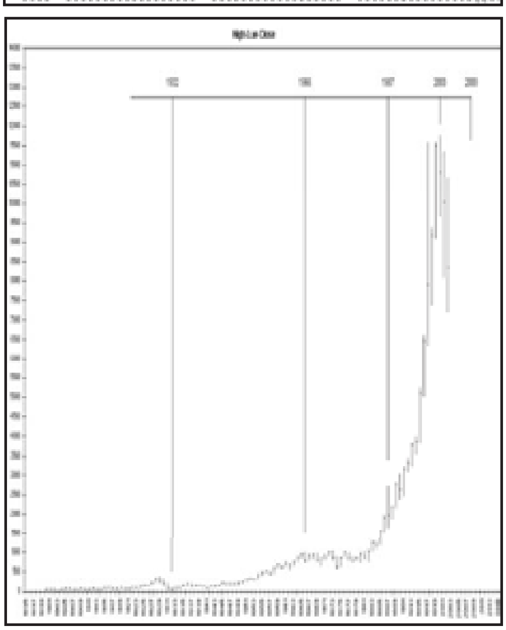
The first chart is a log chart of annual English equity prices from 1690 with Dow Jones Industrial Average prices through year end 2002 appended.

The Constitution of the United States became effective on 17880621 when New Hampshire became the 9th State to ratify. New Hampshire's ratification thus marked the inaugural of the constitutional Republic.

89 years later, a democracy was instituted as the 10 mile-square area of the Seat of Government of the United States was incorporated in a series of Acts of Congress in 1871, 1874 and 1877 as the District of Columbia.

55 years later marked the 1932 stock market low on the eve of the Banking Holiday of March 9, 1933, confiscation of gold from citizens of the United States





on June 5, introduction of "public policy" and Roosevelt socialism next transition in American government, the New Deal, was initiated.

34 years later marked the 1966 high recognized by many Elliotticians as the Wave 3 high in the Progression of Prices from the 1932 Great Depression low on the eve of the Vietnam War and concurrent introduction of the Johnson Great Society programs.

In the second chart, we see the same annual price progression, but only from 1900 to 2002. The difference is that the second chart is a normal bar chart with a 500 point scale.

The 1900 to 1920 or so experience has been included so the viewer may grasp the appearance of how stock prices from 1690 to 1920, had they been included, appear on the bar chart.

What was THE big event that has produced the rise from about 1920 to date?

Without a doubt, it was passage of the Federal Reserve Act in 1913.

Many will no doubt argue that the rise shown in the chart is due more to the inability of the "dollar" to provide one of the most basic functions of money - to serve as a store of value - than to any other factor.

But that's a discussion for another time.

What the bar chart mainly allows us to do is to better see how the spiral has recently related to events. The chart continues the spiral that began in 1788 by duplicating the 1932 and 1966 turns.

21 years later, the United States began the next new "era" as the Federal Reserve became the "lender of last resort" at the depths of the 1987 stock market crash.

13 years later marked the all-time high in most stock market indexes in 2000 as Washington's Farewell Address warning against engaging in foreign entanglements was jettisoned in favor of a new "pre-emptive engagement" policy of the "neocons".

Many will note the segments of this spiral have, to date, occurred after 89, 55, 34, 21, and 13 years and will recognize these segments as the Fibonacci number sequence, in reverse.

In other words, this is a contracting spiral.

It is the most important of the time spirals that exist in this country and is especially noteworthy because of its connection to both the very founding of the country in 1788 and, to date, the all-time stock market high in 2000.

Finally, the chart shows the next number in the sequence, 8, occurring in 2008.

Frank Anthony Taucher edits "The $upertrader's Almanac" at www.supertraderalmanac.com

FEAR BASED TRADING

By Bennett McDowell

Most losing traders trade from a fearful mindset. Their feelings of fear usually revolve around a scenario where they see themselves failing as traders by losing all their money, their respect, and repeating other past failures. When I counsel these fearful types of traders it is interesting that they actually visually see themselves failing before they really ever begin trading. They also feel they have to prove themselves to their families, friends, society, and trading is how they are going to do it but see themselves as failing in their presence. This type of fearful thinking creates stress and leads to emotional fearful based trading. This in turn fuels the fear that creates additional stress and anxiety and usually leads to manifesting in reality what the fearful trader was afraid of from the beginning, failure! The trader never gave him or her self a chance!

Our thoughts shape our beliefs which create our reality. In trading this has profound implications. If we think or have a nagging thought that we may fail, then we create the seed that shapes our beliefs and manifests failure, all because we just think it!

Leave an opening in your mind where fear can gain hold and guess what, your fear becomes reality! What you fear even so slightly has more chance of happening than the fear you confront to defeat. The reason for this is simple, because this "low-level" fear usually is the fear you are really scared of. Why? Because it is so frightening, you can't face it and instead it is easier to deny it then face it. Unfortunately, it remains forever at this denied "low-level" always in the "back of your mind." You become comfortable containing or "living with" this fear through your denial process but somehow you always feel something is holding you back or your just can't seem to break free. This "low-level" but always present fear you deny has a way of becoming so powerful and potent by this very act of denial. This type of fear remains in thought and therefore will have an impact on your beliefs and ultimately manifest itself as your reality. If you are a trader than it will sabotage you until your worst fear is realized, failure!

Traders that experience thoughts of failure should not take them lightly. Instead they must find out what are causing these thoughts and take action to nullify them. Traders that fear failure will ultimately fail. Traders that fear success will not succeed. If you have these thoughts, then don't trade until these thoughts are dealt with openly where they will be less powerful then if they where denied. You must confront them and remove their power so they don't occupy your thoughts.

Fear of failing, or fear of success, must be dealt with and removed from your thoughts before you will be successful at anything you try and do. So choose and protect your thoughts carefully! Outside influences can and do impact what you think, much like garbage in equals garbage out. Even something as harmless as watching the news regularly with all its violence and dramatic fearful stories can over time create a fear based belief system in the viewer. Compound this with violent movies and TV programming and it is no wonder most people walk around looking over their shoulder and focus on and energize fear based thoughts which then manifest themselves in reality. This is why I say to protect your thoughts from manipulative outside forces and instead focus your energy on wholesome, happy, and fun thoughts creating the life you want, not the life someone else wants for you!

It is important to realize that you must react and be aware of the risks of trading the financial markets. Many "positive thinkers" preach that if you think ONLY positive thoughts and say ONLY positive affirmations you will succeed. While this may be a good start, it falls very short of what is really needed. You must live in full awareness. Let your positive beliefs lead you to take the action necessary to succeed. For traders to blindly enter the financial markets and start trading simply because they are thinking positive is to ignore the full spectrum of what is possible while trading the markets. You must acknowledge both sides of the coin, the good and the bad. You must acknowledge and react with full-awareness. To react with only positive thoughts or only positive outcomes would cause you to neglect attention towards risk control and ultimately you will go broke. On the other hand, to live in the fear of only losing will cause you to react with fear, anxiety, negativity and aggression which is equally destructive. But to trade the markets with the reaction and pre-emption of full awareness without fear, anxiety, and despair allows a balance that manifests itself into a positive reality creating a feeling of abundance and good will.

No matter what trading system you decide to use, you will not be a successful trader unless you trade from a mindset of abundance and enjoyment without fear.

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OPTION SPREADS: THE SWORDFISH STEAK & THE WIFE'S DIAMONDS

By Greg Donio

Raymond Myers once said, "I learned long ago that race horses, women and fish are smarter than I, am. Of course, you envision the losing race-track ticket, the Dear John letter and the empty trout basket that prompted that remark. Imagine how much longer the list would have been had he involved himself in stocks or futures or options, etc. A voided bankbook would have lain beside the fishing lure. He would have lamented that the Dow Industrials outsmarted him. Pork bellies or Brent North Sea crude did him in. Puts & calls expiring in April outfoxed him. Foreign currency options, Ponzi promissory notes, deeds to Jersey swampland--does the list ever end?

Yet every sorrow is a joy to somebody else. Somebody gets the money other people lose, usually within the law. One fisherman's tall tale is another's swordfish steak. Every cloud has a silver lining. "Gee, I'm sorry your horse finished last." "You can buy a nice bucket of beer with the money I give you for your wife's jewels."

I am an option strategist specializing in Horizontal Calendar Spreads. Such a "spread" has a bookmaker's cashbox at one end and a pawnbroker's cashbox at the other. It is not risk—free but it does double duty at skimming other wallets. Imagine buying a herd of cattle, which you are scheduled to sell at the stockyards in 10 or 15 months. Will you make a profit on that transaction? Maybe or maybe not. Now imagine that the whole herd gives birth the day you buy it, then every month after that until the final one. A new batch of calves born and sold for cash every moon—cycle

Drawbacks? As mentioned, it is not risk—free. Yet OPM Other People's Money--repeating and repeating boosts the plus— side markedly. Also, since it involves monthly expiration dates, it often requires a certain amount of waiting. The horse—player who hopes to clean up on an 80-to-one shot during the coming week—end (and his counterparts in the futures and options exchanges) may lack the patience. Yet considering their Custer-like loss rates, business-like gain; within business—like time periods is far from a bad deal, especially when you scoop up the money they lose.

My goal was not to be an overnight millionaire but to develop a profitable business I could operate out of my pockets or out of a desk drawer. I began by selling call options on stock shares owned-widely regarded as a conservative and even "grandmotherly" strategy-then progressed to option spreading. The two are similar enough that the step was logical and not difficult. The details that follow provide a succinct lesson.

Several years ago', I bought 1,000 shares in a fundamentally mound gold mining company. Since it traded for 9 & a fraction per share. 1,000 would have cost just under $10,000 cash or just under $5,000 at 50 percent margin. I paid $6,000 and margined the remainder. Then immediately I sold 10 "covered call" options covered by this stock.

A call option entitles whoever buys it to purchase 100 shares of a given stock at a given price (the "strike-price") within a given period of time ending on the stated expiration date. The 1,000 shares I bought in February "covered." 10 call options that had a strike-price of 3.0 (just above the stock's price at that time) and an expiration date the third Friday of March. If the market price of the stock were to rise from 9 & a fraction to, say, 15 or 20 or higher, the buyer of the call options would be entitled to purchase it at just 10 dollars per share, provided that the rise occurred prior to expiration.

Options are "wasting assets," worthless after expiration. The call options I sold traded for .45-meaning $45 for one or $450 for the 10, the amount added to my brokerage account minus the discount broker's commission. The stock remained at 9 & a fraction so the 10 March options expired worthless three weeks into that month. Then I sold 10 Aprils with a strike- price of 10 for a slightly higher gain- this time of .5 or $500 minus commission.

This time, the gold mining shares rose slightly above the strike to 10 & a fraction during April. The 3.0 calls were exercised and the 1,000 shares sold out of my account. The 10 dollars per share was slightly more than I had paid for the stock so, after the payment of the margin loan, slightly more than the original $6,000 went into my brokerage account. Also in my account sat the two "premiums"-the money I had received from the sale of the March and. April options.

In late April during the week after expiration, the stock slipped back to 9 & a fraction. I rebought 1,000 shares at the lower price and immediately sold 10 May calls. It occurred to me that whoever bought and exercised those April options to purchase, the stock at 10 would have done better not spending on calls and simply buying the shares at an even lover price a week earlier or a week later.

I also realized I was a happy face among many sad ones. Thousands of traders spent hugely month after month on options that turned into worthless paper month after month. Also plenty of conservative "buy and hold" stock investors waited long periods for their shares to soar into the stratosphere, often with the portfolio sitting on the launching pad for years. If they had sold options covered by their stocks, they would have made money continually while the shares sat motionless and the call—buyers wept over wasting assets.

Although I had not thought of myself as a bookmaker, I sure was "fleecing 'em" regularly as horses named March and April and. May finished "out of the money." I eventually discovered and graduated to another selling of covered options" requiring markedly less capital than the cost of 1,000 shares. Just as stock shares are a cattle herd that gives birth to quantities of option calves, so are other options. Buying a batch of May gives you the right to create and sell a batch of March or April, or March and then April. Puny example. This can work in 12 to 24 months. Hence the "spread."

Is with the gold mining shares, let this concept be rendered concretely with an example from my past experience. In September of 2002 I turned my attention to LEAPS (Long—Term Equity Anticipation Securities) i.e. puts & calls that expire further into the future than regular options, usually from seven months to two and a half years. Various published reports suggested that Siebel shares appeared solid in the fundamentals. Also it was part of the technology stock sector that seemed to have bottomed and showed signs of a rebound. The shares traded around. 6 and the nearest out-of-the-money call options had a strike-price of 7.5. (Stock named as example not recommendation.)

On September 24, 2002, I bought 10 Siebel call options with a strike-price of 7.5 and an expiration date far into the future-January 2004. These traded at 2.2 or $220 each, so 10 of them cost me $2,200 plus commission. Immediately I sold. 10 other Siebel calls, also with a strike-price of 7.5 but with an expiration date much nearer in time-November 2002. These traded at .65 or $65 for one. The sale of 10 added a "premium" of $650 minus commission to my brokerage account.

The above type of strategy is called a Horizontal Calendar Spread: Horizontal because of the same strike-price (7.5) and Calendar because of the different months (November 2002, January 2004). The Januarys I bought are called the "long end" of the spread and. the nearer-in-time Novembers I sold the "short end." The strategy classifies "selling covered options" because the far-in-times that were bought "cover" the near-in—times of the same strike-price. If the stock climbed and the November 7.5s were exercised, IL would have to deliver 1,000 shares of Siebel through the broker to whoever bought the Novembers. The fact that I own 10 January 7.5 calls would enable me to do this, so I am "covered." Happily, having to deliver" can be avoided..

Gounting commissions, buying the Januarys deducted a little over $ 2,200 from the cash in my brokerage account and selling the Novembers added a little over $600 to it, so my net investment or "outlay" was not over $2,200 but a bit above $1,600. That is why OPM-Other People's Money-counts as such a golden plus in spread strategies. It means risking less of your own capital as other folks' cash helps fill the gap. Also, the figure I had to "beat" to come out ahead was not $ 2,200 but $ 1,6000. Either number cuts far below $6,000 for gold shares.

Worst case scenario? If Siebel shares were to drop markedly in price and stay down, the $2,200 of worth in the January 2004s could shrink or vanish. The sale of the November 2002s would cause Other People's Money to absorb over $600 of the loss and. the far-in-time expiration would allow many months for a reversal upward by the underlying stock. Still, "shrink or vanish" explains why spreading reduces the risk but is not risk-free. A' spread strategist should also be a stock trend follower, positioning call options above a rising stock or put options below a falling one. Also, fundamentals—wise, no junk stocks for call spreads.

An iron-clad rule: Never buy stocks or long-end calls for option-selling purposes unless you would also buy them for their own sake. When I opened the Siebel spread position, my plan was to sell the Novembers, then after they expired sell the Decembers, then after they expired sell the Januarys, etc. for as long as possible across 2005. I knew the technique before I read Harrison Roth. Yet Roth described it well in his commendable book LEAPS: What They Are end. How to Use Them for Profit and Protection (chapter 55):

"Yes, it does have the form of a calendar spread. But what we are essentially doing is (disguised) covered Call writing meaning writing or selling call options covered, by shares you own but with LEAP options you own substituting for the stock He wrote, "Our intention is to keep writing out-of-the-money shorter-term calls and keep collecting those lovely premiums.

I planned to "keep collecting those lovely premiums from the Decembers and Januarys and. Februarys as the months passed. This was interrupted but in a nice way. In late October Siebel shares climbed above the strike-price of 7.5, placing my short-end Novembers "in the money." This pinpoints another iron-clad rule: A spread strategist works ONLY with out-of-the-money short options, i.e. the bets he does NOT pay off. If the November 2002s were exercised, I would have to exercise my January 2004s to obtain and deliver 1,000 shares. That would wipe out the $1,600 1 paid for the Januarys, plus the expense of commissions on the stock buy and the stock sell.

I said a few paragraphs back, "Happily, having to deliver can be avoided." I simply bought back the short-end. Novembers I had sold., in effect "closing them out" or making them cease to exist. I bought them back for a little less than I had sold them, bringing a small short-selling profit as well as protecting me from an exercise. I could have sold the Januarys on the same day for nearly $1,000 profit but since the Siebel shares inched upward still, I stood pat.

My finger waited on the "sell" trigger if the stock moved even a hair the wrong way. One day it climbed a sliver above 9 then backed down to 8.9 and 8.94 minutes later, so I sold. In less than six weeks a $2,200 venture had brought an after-commissions profit of $1,205.77. Is that much? To many hot-blooded traders and their race track contemporaries it is "too small too slow." The spread strategist takes comfort in gaining the dollars they kiss good-bye again and again and again.

In my instruction manual Options: The Independent Trader's One-Man Curb Exchange, I wrote that many an empty-pocketed & horse-player wishes he could "make out like a bookie." Fine, but will he change his thinking accordingly? The bookmaker aims for solid, realistic profits and gets them. The horse-player wants Jort Knox as fast as quick-drying paint, then ends up pawning the camera and the wife's diamonds.

W.D. Gann wrote, "Handle speculation as a business, not as a gamble." To that I would add: It helps if the scientific, business-like trader has a certain ANTI-gambling impetus. That financial risk "makes it interesting" or excites and electrifies is the drain down which countless dollars flow. The person who takes educated risks but who finds such systematized pocket-picking ridiculous has a greater chance of emerging with full pockets.

This extends to how one spends one's free time. If a trader also plays poker for stakes or makes bets on the side, the business of speculation will start resembling a card game instead of the reverse. Try finding a bookmaker or a pawnbroker who "places bets for fun" They profit off of financial corpses without becoming corpses themselves. What is a good pastime for a scientific, business—like trader? Something that fascinates or "binds spells" without being "interesting" in the gambler's pathological sense, i.e. without risk dollars teetering on the edge.

While president, Ronald Reagan remarked that he "liked it better when actors kept their clothes on." What Renaissance Venus or Bathsheba by Rembrandt did he have in mind when he said that? Clearly he was wooing millions of "old—fashions" whose "golden past" dated back to the Land of Oz and singing cowboys. Reagan's glorification of American capitalism had little room for the old—order Gilded Age tycoon or carriage—trade mogul who lit his cigar from a gaslight, admired Tintoretto's brushstrokes, wore a diamond stickpin in the opera box.

Both the nation and the financial community can use more fascination with culture and fine arts. You need not dine at the captain's table to read an English Restoration drama or enjoy a painting by Titian or Delacroix. Vasaris Biographies of Artists or a Rachmaninoff rhapsody on CD can bind you an alchemistic spell at twilight. Archaeology; Pompeiian ruins echo through centuries. Such things "make it interesting" without Vesuvius raining fire on your portfolio.

Greg Donio is author of the Donio Options writings available from Oldcastle Laboratories.

TRADING COMPUTER OPTIMIZATION

You want the fastest trading computer possible to compete with other traders in the market. When you push the button on your keyboard or mouse to buy online, you want your order to be there and filled faster than other traders. This might be the difference between a profit or a loss. Lets look at ways to make your trading computer faster so you can do this.

Software Optimization

The Windows XP operating system by Microsoft is now what you should be using for trading. Unlike Windows 2000, it has capabilities of Hyperthreading. That means it can run several programs faster at one time. XP is never streamlined by default for the faster possible operation for trading. The reason is that the installed base of its users is extremely large. Microsoft therefore must balance its performance across all of its users with compatibility. Microsoft activates a lot of services on your computer that you probably don't really want as a trader. Your computer must be streamlined to expedite the operating system for trading. To make it faster you need to eliminate applets, services and visual goodies to noticeably improve your trading and application performance on your computer.

Windows XP is highly customizable for you. Microsoft took care of it to make its system tweakable. You can find the personal sweet spot for maximum performance for your trading computer.

Windows XP will actually improve its performance based on your trading use automatically. When you launch and exploit applications Windows will actually observe your trading behavior and update a dynamic file. This rearranges the locations of programs on your hard disk drive to optimize their execution. It also uses prefetch optimizing code within the XP kernel, which keeps track of the pages immediately referenced by process.

You should clean everything off your desktop. Your computer has better things to do than to sort out ninty-five desktop icons. These can also take up your computer's system memory because they are refreshed constantly by graphic subsystems. This is hard on your system's core resources.

You can also access other settings via the Display Properties and the Appearance tab to improve performance. Your GUI performance can also be improved through the System Properties tool where you can optimize for visuals and performance. The Advanced tab of the Performance Options dialog can also be configured for improved background services and caching and for improving the size and location of your system's paging file.

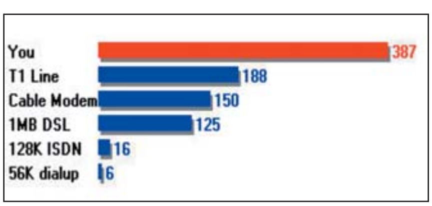
You should always keep your Windows system up to date with the latest security fixes, patches and other updates and defrag your computer regularly. There are huge gaps of space that occasionally open up in your hard disk drive as programs are installed and used. When your computer has to access several different areas of a hard disk the performance is sharply degraded.

Another thing is to eliminate unnecessary programs running in the background. In Windows XP under the Startup tab there is a listing of programs that start after Windows XP is booted up. In this area you can disable anything this is unnecessary such as RealPlayer and WinAmp.

In the task manager (that CTRL-ALT-DEL) you can setup the priority of the running of programs. You should set your chart and data programs first to prevent any other programs hurting their performance. There are also utilities programs that are available on the market that you can use to further optimize your computer. They give you a large range of configurable options to substantially improve your trading computer's performance.

Hardware Optimization

There are some computers that use motherboards that can be optimized for faster performance for trading purposes. We use one such motherboard in our Sonata Trading Computer. It uses two optimization features. One is for optimizing CPU and memory and it does it continually and automatically. It can allow your system to run much faster. The other is for continual automatic optimization for a cable modem or DSL connection to the internet and synchronizes of your system time. When I check my speed using one of our Sonata Trading computers, I get that our cable modem connection is faster than even a T1 line! It's running at 387 Kilobytes per second verses a T1 line that runs at 188. Test your connection right now at: http://www.cable-modem.net/features/oct99/speed.html



You should also know that for a computer to be fully optimized it must have quality memory modules that are capable for this. It must also use a computer case with good air flow to keep the CPU, memory and other components relatively cool so they don't prematurely burn out. Most computers come in cases that don't have sufficient air flow to allow you to fully optimize a trading situation.

If you have any questions regarding this article please contact us at Traders World. Telephone 800-288-4266 or email us at: publisher@tradersworld.com

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THE RIGHT PRACTICE

By Adrienne Laris Toghraie, Trader's Coach

The Reality is Practice

I have always loved rags to riches stories. And yes, that means that I am a reality show junky. From the high end of reality programs such as The Olympics, to political debates, to The American Idol, I love learning from both winners and all the other competitors. Being an armchair judge has helped me to become a better coach for traders because of all the lessons I learn in the process. One of the major lessons that I keep relearning at a higher level of understanding is the importance of the right kind of practice. After investing considerable time learning, many traders go on to put real money on the line. In the process, however, they pick up bad practice habits that can often lead to their demise as a trader.

Modeling to the Top

One of the "reality shows" I watch is a competition for the opportunity to be a top model. Recently, out of thousands of want-to-be models all across the country, a new top American Model was chosen. To reach this goal, all of the young women went through a grueling elimination process.

In the final elimination, one of the judges revealed that she had initially written "No Way" on the winner's picture when she met her for the first time. What changed the judge's mind about the model who won the competition was how she applied what she learned from each experience. Many models chose to go their own way ignoring the advice of the experts who were made available during the show. As a result, the models that chose not to listen to the experts were eliminated very quickly in the competition.

These reality shows give budding super stars a platform from which they can get the kind of practice that will bring them to stardom. What is especially wonderful to see is that even those who do not win this contest can still reach fame and fortune if they have the right potential and choose to do the right kind of practice during the show.

Finding the Experts

Until television starts a new reality program of "Becoming the Super Trader" you will have to take advantage of conferences, seminars, books and tapes to find the experts. The good news is that there is a tremendous amount of exceptional material available to you. The difficult part of having so much available is that a lot of the material is not relevant to your style and some is worthless. The best way to find out what is good is ask exceptional traders who trade your style to give you their top ten recommendations on what material they have found to be the most valuable to their success. When several agree on the same sources then you know you have good material.

Hidden Talent

On the program, The American Idol, a judge told a young contestant named Clay Aiken that although he had a great voice, he would never make it as an American Idol. In a manner that was cutting and direct, he told Clay that his appearance was dorky and awkward and that his material and style were more suited to musical comedy. With each new critique, Clay persevered, improving with every performance, until he was one of the final two contestants. Although Clay did not win the grand prize, he was clearly in the category of super star. In fact, the judge who originally thought he was unfit to win told Clay at the final competition that he was amazed at the transformation in Clay's image and appearance, and that Clay deserved to be an American idol.

What the model and the singer had in common is that they listened, learned, and applied the advice of the experts while retaining their individuality. In Clay's case, he changed his look, his expressions, his singing style and the way he presented himself. He now has fan clubs all over America and a new hit album.

When I work with clients, I find that the ones who follow the instructions I give them become top traders and those who insist upon modifying my suggestions continue to limit their success.

Throwing Away the Rotten Bananas

One of my clients, Ray, had a problem letting go of a losing trade. He kept hoping it would come back. In reviewing his life, he told me about his father who was not able to throw away anything. As a result, his father's life was full of clutter. While Ray reluctantly recognized this problem in himself, he did not equate it with the problem he was having in trading. Ray proved my point by telling me that one of the issues between him and his wife was that he would not throw away rotten food when she was out of town. For example, he would never eat bananas when they turned brown even though he would not throw them away when they became rotten

I instructed Ray that one of his assignments was to throw away all the rotten bananas of his life. This instruction included all of the things he accumulated that he would never use again. The father in him looked at me sternly and said, "What does that have to do with trading and making money?" I replied, "Everything" and continued, "If you have not been able to give up what is not useful in your life, how do you expect to be able to give up losing trades." Everyone who wants to be successful in trading needs to practice good habits in every area of life and then transfer this training to their trading.

Learning Discipline from Discipline

The traders who are more likely to have the discipline necessary to follow rules are the traders who have disciplined themselves to follow rules in the past. This principle is not to be confused with those who have had rules imposed on them such as having to do assignments in school, presenting reports at work or doing push ups at army camp. The discipline I am talking about is when a person chooses to take on activities that require discipline to be successful because it is something he wants to do. These people consistently follow self-imposed rules that they have set up for themselves. An example of this would be individuals who take up an instrument and look forward to practicing without having anyone remind them to do so. Another example would be a person who engages in an individual sport like weight lifting, swimming or running and never misses a day. Choosing to be competitive in this activity would strengthen this resource for discipline. This person knows the thrill of victory and learns from his defeats. He views loss as an opportunity to learn in order to reach higher heights. A trader who understands competition and has an education in the markets is more likely to have the discipline necessary to follow his rules.

Paying your Education Dues

Notice my reference to having an education in the last sentence. Too many people think that paying their education dues in another profession gives them a ticket to success in trading. Discipline without an education will not work. A trader must apply the same process to reach success that he learned in another profession or activity. Thus, you have to have a foundation of education to which you can apply discipline. This lesson might seem too basic to mention, but it never occurred to my doctor who lost 2 million dollars of his nest egg because he thought that working hard as a doctor gave him the license to be successful in trading. It never occurred either to the NFL star who lost 10 million because he thought that the markets could not defeat him. The right practice that these people learned in discipline was not sufficient to bring them success in trading. They also needed to apply the right practice of educating themselves in their new profession.

People Dearest

Traders fall short in following their rules because of psychological issues from the past that have not been resolved. Most of these issues result from the interactions with other people. Esteem, confidence, conflict, and all of the attendant emotions confuse a trader's mind so that he is not sure of his own choices. What results is the wrong kind of practice in following his rules. Here are some examples of personal experiences that affect a trader's practice of following his rules:

• Not feeling loved by his parents.
If someone does not feel loved, he will not feel deserving and will be more likely to practice giving back his profits in the markets.
• Constantly being criticized.
Traders will criticize themselves and therefore stir up a lot of conflict. When they are in conflict, they will practice making emotional choices or hesitate on making any decision.
• Being bullied in school.
An individual who feels bullied does not feel that he has control of the situation. A trader who does not feel he has control over what he does in the markets will practice being out of control.
• Having been molested or violated.
These experiences can result in feeling out of control, unworthy, and wanting to get back at the markets because of repressed emotions.
• Not being accepted by his peers.
This experience can result in some negative practices due to low self-esteem, the lack of control, and feeling worthy.
• Having a learning disorder.
This experience can lead to all kinds of issues such as being different and estranged from others but not realizing that you are and trying to adjust to rules, habits and emotions that are foreign to you.
• Being left out of activities by a teacher or coach.
This loss of critical training results in a pattern of practicing rules that do not work.
• A devastating disappointment or loss such as losing an important competition.
This past loss can lead to the practice of not getting into a trade, of getting out of a trade too early, or to not getting out of a losing trade.

One Belief can Lead you to the Right Track

Most traders live with at least one of these issues, but one of my clients had to live with all of them. As a rule, I do not work with clients who have too much emotional baggage, but George brought something special to the situation that changed my mind. George had the powerful belief that he could be anything he wanted to be. He derived this belief in himself from his grandfather whom he revered. And George really believed it! Even though George had so many things working against him, this single, powerful belief trumped all of the bad experiences in his life. It inspired him to seek out the right practice, which led him to be successful.

Suzuki's Bend on Practice

The story goes that when the great music teacher, Dr. Suzuki, was asked by one of his students how often he should practice, Dr. Suzuki replied, "Only practice on the days you want to eat." Any activity that promises high rewards requires the right practice. Traders who make the right choices about becoming successful traders and who practice these choices will reap the rewards.

Conclusion

There is an old joke in which a stranger asks, "How do you get to Carnegie Hall?" The answer came, "Practice, practice, practice." However, it is important to add one thing to this answer, which is "the right kind of practice." Traders who start the business by practicing with untested systems and with psychological issues that keep them from following good rules will develop bad habits that are difficult to break. For that reason, it is essential to start off with the right practice. It will shorten your distance and create fewer losses on the road to becoming a highly successful trader.

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

MASTERING W.D. GANN

By Larry Jacobs

For those traders who have read Gann's books or studied his Trading Courses, the name of W.D. Gann and his accomplishments are well known. For the others, a brief outline of his record should prove interesting. Gann is considered to be one of the most successful commodity traders in history. In a career that spanned over 50 years, he is supposed to have taken 50 million dollars out of the stock and commodity markets. The accuracy of these figures cannot be verified but it is known that Mr. Gann lived quite well for his time.

There were several magazine and newspaper articles that described his accomplishments. One observer watched Gann make 286 stock transactions during the month of October 1909. Of those trades, 264 or 92% were profitable. On another occasion, he turned a $130 account into $12,000 in less than a month. He had the ability to call a market turn within one day and highs and lows to an eighth of a point. All of these claims are a matter of public record.

Gann's trading philosophy can be described in his own words. Through the law of vibration every stock and commodity in the marketplace moves in its own distinctive sphere of activities, as to intensity, volume and direction; all the essential qualities of its evolution is characterized in its own rate of vibration. Stocks and commodities, like atoms, are really centers of energies, therefore they are controlled mathematically. They create their own field of action and power to attract and repel, which explains why certain stocks and commodities at times lead the market and turn dead at other times. Thus to speculate scientifically it is absolutely necessary to obey natural law. Vibration is fundamental; nothing is exempt from this law; it is universal, therefore applicable to every class of phenomena on the globe. Thus, I affirm, every class of phenomena, whether in nature or in the market, must be subject to the universal laws of causation, harmony and vibration.

Most of Gann's books and courses were written in a veiled language as said by the trading community. What this means is he buried his techniques of trading in his course. In the past few years several popular books have been written to clear up the mystery behind trading techniques. Some of these books include: **Gann Masters**, it follows the basic W.D. Gann commodity course. Each paragraph of the Gann's original course was translated into more understandable wording. Much of the Gann Masters book was written based on the queries of successful Gann traders out in the market. **Gann Masters II** was written to show how to forecast the markets via Gann methods through the use of the unique the unique Ganntrader 3.0 program written by Peter Pich of Gannsoft Publishing. **Ganntrader 3.0** is the only software program, which you can fully experiment and back test all of Gann's methods and techniques of trading. You can acually produce the squared overlays on the screen as well as astrological and planetary studies. **Gann Masters Charts Unveiled** takes an even closer look at Gann's master charts, such as the Table Charts, the Square of Nine, The Square of Four, The Hexagon Chart and the Circle Charts and others. The book was produced to explain how to use these charts to better help you trade the markets. **W.D. Gann in Real-Time Trading** was written to help you be successful in real-time trading using the techniques of W.D. Gann. **Pyrapoint** explains how to use the Square of Nine via a channeling method. It was believed that Gann used this on the floor of the exchange. **Patterns of Gann** explains patterns (cycles) using numbers. **The Gann Pyramid: Square of Nine** is a new ground breaking course on Gann's most mysterious calculator. The Complete Stock Market Trading and Forecasting Course teaches you how to trade the markets using the time and price principals of Gann prior to this unknown. More information about these books are available from your website at; www.tradersworld.com.

ULTIMATE BOOK ON STOCK MARKET TIMING VOL. 4

Solar/Lunar Correlations To Short-Term Trading Reversals
by Raymond Merriman

Volume 4 of the 5-volume series on the Ultimate Book on Stock Market Timing by Raymond Merriman is the most all-inclusive analysis of the Sun-Moon combinations and their association to price movement in stocks indices that is available today. This book examines 60 years of the Dow Jones Industrial Averages and the past 16-18 years of daily data on the NASDAQ Composite and Japanese Nikkei stock indices. The probability of 4% or greater reversals is assigned to each Sun-Moon combination, which are usually in effect for 1 – 2 trading days per year. Mr. Merriman has found around 30 of these 1-2 day periods that stand as a high probability trade each year in each index. The trader then knows that these with these 1-2 day periods there is a high probability for an isolated low or a high to form. The market will then reverse a significant amount in a short period of time. The gives the short-term trade an excellent profit probability in a short period of time. The author used the Galactic Trader with a special FAR module to do the testing of this book.

This book focuses on the shortest-term market timing factors in the field of geocosmic studies. It is written for those traders who seek the ideal situation that all serious traders seek. That is, all traders seek a tool that provides a high probability of success with a minimal amount of market exposure. The tools presented in this book do just that. They identify 1-2 day periods (sometimes 1-3 day periods) that have a high probability of correlating to an isolated low or high, form which stock indices will reverse a minimum of 4% in a very short term amount of time (usually 1-3 days afterwards).

The book also identifies the Sun-Moon combinations which have a lower than expected correlation to short term trading reversals, gives the traders the comfort of not feeling pressure to exit the market on certain dates. The author also examines the Sun-Mercury and Sun-Venus sign combinations for high and low probability reversal zones and used along with Sun-Moon combinations to determine the most and least volatile time for trading stock index futures.

Finally the book gives you a step by step rules for trading this information. Determining which dates have the Sun-Moon combination. How strong that correlation is. Using technical studies to help you choose an entry point. Determine the support and resistance points. Looking at daily momentum indicators. Looking at the intraday indicators. How to enter the market. Calculating the objective and where to place the exit price and much more.

If you are a short-term trader of stock index futures or stock exchange traded indices like the SPY or QQQ this book could give you a short-term market timing advantage. This book is highly recommended by Traders World. It's available from M.M.A Cycles at www.mmacycles.com

The author Raymond A. Merriman is a market analyst and editor of the MMA Cycles Report, an advisory market letter issued 17 times per year and used by financial institutions, investors and traders throughout the world.

GANN MM PRICE & TIME

By T. H. Murrey

Murrey Math Works 1993 – 2003 1942: Gann presented The Natural Numbers. Murrey discovered the Internal Octave (inside Gann's Natural Numbers): 1993. 1942: Gann gave you (9) Natural Numbers + 18.75. 1993: Murrey gives you (64) Internal Octave Numbers + 18.75

<u>Gann instructed you to set your own</u> random High Low Time and Price Extremes (and good luck trading).

<u>Murrey tells you to set Time and Price</u> to the Harvest Moon (each October) and forces you to accept his Artificial Internal Harmonic Trading Octave "discovered" in 1993 – 1994.

Murrey is able to predict market reverses on the Dow 30 Index down to 4.88 cents per MM 1/8th. Please see chart #2.

1942: Gann mentioned Wheat (1861) on page 68 in his book to fail by a 5 cent move (actually 4.88 cents). Murrey discovered it, by reading his book 50 times in 1993.

You see that the Dow 30 Index is trading "live" real time looking at the long term chart (in the background) and a real time "live" trading frame, where 1/8th equals 4.88 cents.

In 1942: Gann instructed you to reverse positions on all large numbers. 8,300 is a large number. The Murrey Math Real Time Software Program instructs you to go long on 8,300.78.

Please look at the 8 day chart (in the background) and you will see that the Dow 30 Index is trading between MM 0/8th – 7,812.50 to MM 8/8th – 8,437.50.

Most students can't set the market to the correct "current" 0/8th to 8/8th, so we presented our real time software to help students solve this small problem.

Students should know the exact MM Trading Lines, to expect any market to reverse on within the next 16, 32, or 64 days. Why continue to trade off "random guess lines?"

Please look at the chart attached: Chart #1. This is (64) trading days moved forward every (64) trading days after our (current) starting date: October 02 2003.

All markets are trading inside one of three Murrey Math Squares: 100, 1,000, or 10,000. There are actually (3) Major Octaves and (2) smaller Internal Octaves, but we shall not address the two smaller (ones) today.

The Dow 30 Index is (currently) trading inside Murrey's Square 10,000, so each major Internal Octave shall be 1,250 points, which matches up to Gann's Natural Number (12.50).

This market is "rolling over the octave" set to 8,750 (Gann's 87.50) Natural Number. Listed is every number you would expect this market to reverse off, unless, or until, it closes above or below our MM + 2/8th or – 2/8th.

1993: Murrey discovered the exact Price any market will have to opportunity to move higher, or the responsibility to fall lower, by simply closing on either side of these Internal Octave Breakouts.

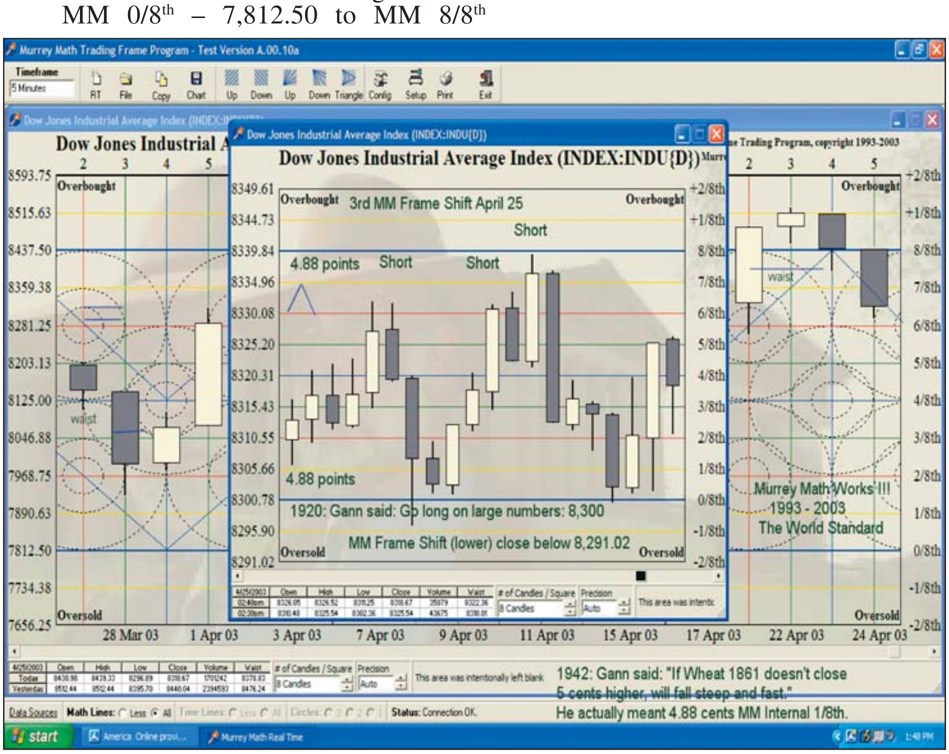


Chart #1

MM Price Reversals

0/8	-	8125.00
1/8	-	8281.25
2/8	-	8437.50
3/8	-	8593.75
4/8	-	8750.00
5/8	-	8906.25
6/8	-	9062.50
7/8	-	9218.75
8/8	-	9375.00

These numbers are published in Murrey's book back in 1994. These numbers still control every market reversal (accurate down to 4.88 cents), which is exactly what Gann said about Wheat's failure of 5 cents in 1861, on page 71 in his book from 1942.

We have over 37,500 traders who have learned the (64) Murrey Math Numbers.

You would do yourself the biggest favor by learning these (64) numbers.

Gann preached the value of knowing when Time was the best to expect reversals.

<u>He asked you to pick your own definition of what Time to match up to Price (extreme).</u>

Here are Murrey's Time Reversals (expected) ahead of Price on Chart #1.

MM Time Reversals

0/8	–	4/07/03
1/8	–	4/11/03
2/8	–	4/17/03
3/8	–	4/24/03
4/8	–	4/30/03
5/8	–	5/06/03
6/8	–	5/12/03
7/8	–	5/16/03
8/8	–	5/22/03
0/8	–	5/22/03
1/8	–	5/29/03
2/8	–	6/04/03
3/8	–	6/10/03
4/8	–	6/16/03
5/8	–	6/20/03
6/8	–	6/26/03
7/8	–	7/02/03
8/8	–	7/09/03

Now, Logic tells you, that if Price is setting on: MM 1/8th, 0/8th, 7/8th, or 8/8th, you would expect a trade with 87.5% odds of a small winner. How many years of trading would it take to trust Price and Time?

Let's forget about Time and simply trade off Murrey's (9) Price Trading Lines.

Dow Jones Time Price Frame

1)	04/07/03	Short	8,515.00
2)	04/10/03	Long	8,125.00
3)	04/16/03	Short	8,437.50
4)	04/22/03	Long	8,281.25
5)	04/24/03	Short	8,515.00
6)	04/25/03	Long	8,281.25
7)	04/29/03	Short	8,593.75
8)	05/01/03	Long	8,350.00

9)	05/05/03	Short	8,593.75
10)	05/08/03	Long	8,475.00
11)	05/12/03	Short	8,750.00
12)	05/14/03	Long	8,593.75
13)	05/16/03	Short	8,750.00
14)	05/20/03	Long	8,437.50
15)	05/28/03	Short	8,850.00
16)	05/30/03	Long	8,711.00
17)	06/04/03	Short	9,062.50
18)	06/06/03	Short	9,218.75
19)	06/10/03	Long	8,980.00
20)	06/12/03	Short	9,218.75
21)	06/13/03	Long	9,062.50
22)	06/17/03	Short	9,352.00
23)	06/24/03	Long	9,062.50
24)	07/02/03	Long	8,906.29
25)	07/02/03	Short	9,140.00
26)	07/07/03	Long	9,062.50
27)	07/08/03	Short	9,218.75

Please record how many points (of profit) you would add up, simply waiting for Price to close at or on one of these (9) numbers.

The Dow 30 Index E Minie Futures trades at $5.00 per point. Would you risk $25.00 to make $200.00 per average trade?

If you don't have a strict entry and exit trading strategy, you will think of how much you are going to lose, when you enter a trade, instead of how much you want to buy back a "loser" at, if and when, the trade goes against you, short term.

Most traders have been told that every new Indicator will help them pull the trigger, but it simply adds to their confusion or doubt.

T. Henning Murrey has taught thousands of students the past 6.25 years, and he is able to teach 13, 15, and 16 year old children of successful traders, who have already attended (at least) 16 classes, to make $150 per trade each trading day, or take a small loss. We shall have class in California the end of July, 2003, and three teenage boys will teach part of the class (to adults).

If you think trading is just glorified gambling, then you need to meet Murrey.

Murrey knows the odds, for every trade, in every Time Frame. You can learn too.

March 2002 through March 2003 T. Henning Murrey and every "guru" saw that the Dow 30 Index reversed 26,000 points on 60 reverses averaging 437.50 points. 437.50 points per average move (in either direction) x $5.00 points on a Dow E Mini Contract returns $2,187.50 profit per move.

Most traders are always getting ready to learn one more trading strategy to add to their (9) moving averages and four Indicators along with the 250 E Mails per week from three different Chat Rooms, so they have all the knowledge the entire trading world has simultaneously.

Folks, let's get real, and see that any blind person can trade these (9) numbers.

You see (26) reverses the past 64 trading days. How many did you make a profit off?

The average move was: 1/8th, 2/8th and 3/8th.

You would have had to wait weeks for a 5/8th move up. We haven't had a – 5/8th move in the past (64) trading days.

1/8th MM = 156.25 x $5.00 = $781.25.

Trading for profits is actually too easy for the average trader, who is searching for the hidden secret. The answer is simplicity.

Do you trust Murrey's 1993 Math?

The entire trading world does, since all markets reverse off Murrey's numbers every day (for over ten years) now.

Next, you memorize the (64) numbers or the (9) you will use this trading day.

Murrey's software program provides them for you, so you spend your time sweating out a short position, rather than "guess trade for success" off random Time and Price.

T.H. Murrey can be reached at www.murreymathtrading.com

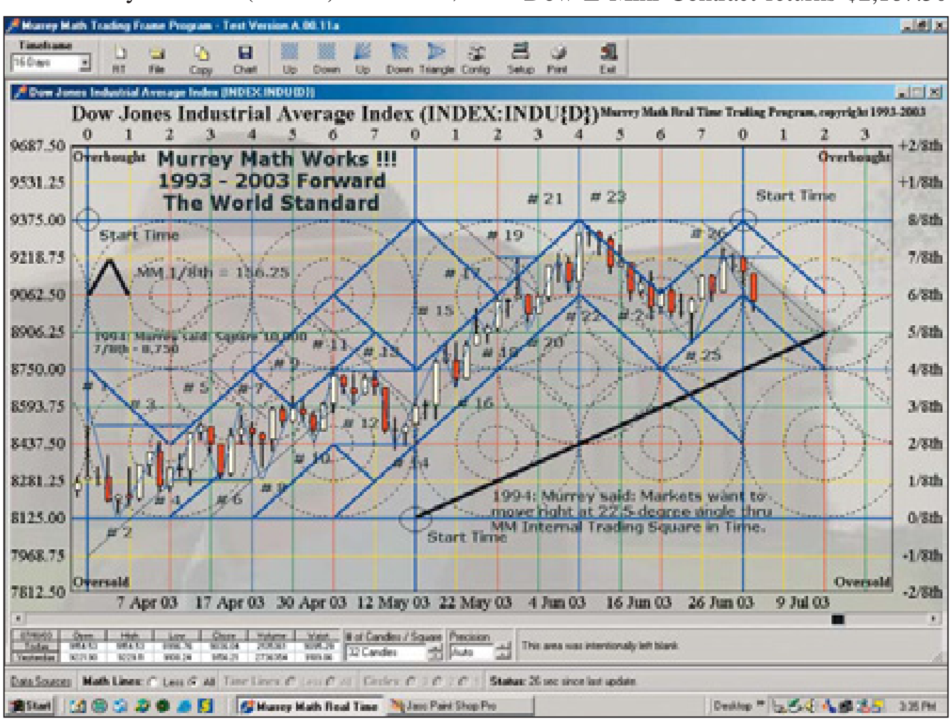


Chart #2

GANN TO DEWEY CYCLES

By Jules Newsom

How do cycles work? You might as well ask the greater question "how does the universe work?" The real answer is that nobody knows for sure. But, "how to work with cycles" is a different story. And that kind of answer comes from our own point of view, level of experience and definition of the word Cycle itself. From a research standpoint, it makes a good starting point, and as it is written, "if you don't ask, you won't receive." We will briefly look at two men deeply devoted to cycle investigation, W.D. Gann and Edward Dewey.

The basics of Mr. Gann's life story are more familiar. Details are readily available in many other articles and can be found all over the Internet. For over 50 years, W.D. Gann never stopped studying. Starting around 1900, as approximated from the 1909 Ticker Magazine interview, he also wrote books and courses for over 30 years until his death in 1955.

Mr. Gann said it took 10 years and 20 years of concentrated study to get a deeper understanding about cycles and learn to properly apply them. In the book list he left us, there are 80 books covering many different disciplines and perspectives grouped under the categories of Numerology, Astrological and Scientific-Miscellaneous. Used for preparedness on spiritual, mental, emotional and physical levels, keep in mind that these books are far from a fact finding mission only. In some respects, we do have it a little easier finding some answers. We have a W.D. Gann to follow along with, And, we also have the blessings and curse of the computer.

In regard to Mr. Dewey, in 1931 he was working on why "The Crash of 1929" happened for President Hoover as his Chief Economic Analyst. Dewey was introduced to the idea of cycles by Cheapen Haskins, the Managing Editor of Forbes Magazine. They started a successful financial advisory in March 1937. With a growing interest in cycles, Dewey started the Foundation for the Study of Cycles in 1941. The corporate charter was set up as a "not-for-profit" (how ironic) scientific, educational organization.

Although nothing is officially written that they worked together, no doubt Gann and Dewey would have known of each other. Just to name a few other top analysts of the day, Garfield Drew, Alan Andrews and financial astrologer Cmdr. David Williams were friends of Dewey. In 1959, Dewey tells of meeting with George Marechal. He was even privileged to have seen Marechal's original worksheets used in making his famous 15 year Dow Jones forecast.

The former Cycles Foundation, Executive Director, Dr. Jeffrey Horovitz (1986-1989) was asked if W.D. Gann made any editorial or financial contributions to the Foundation, he said "he was not aware of any." From a 1982 cassette tape, John Gann (son of W.D.) tells an interesting story about Dewey. John was talking about long term Interest Rate cycles, as the guest speaker at a meeting for some Society of market analysts.

"In 1947, Edward R. Dewey and Edwin F. Dakin wrote "Cycles: The Science of Prediction." A book signing was to be sponsored by a group of securities analysts. John recalls "I have never seen such a Fantastic response like this for a book in the financial community." It had created such a stir that the room was jam packed and people were standing out in the streets. Everyone there and in the industry wanted to know more about cycles."

From the start, Dewey gathered the best established scientific methods for analyzing cycles. In general, for any chart of data investigated, stock markets, natural phenomena, etc., determine the components that made the chart look the way it does. Once a good fit is found, it can be projected into the future.

In 1944, Dewey made his first official stock market forecast using 10 to 11 cycles. It looked good for about 10 years. Later on, 30 to 50 different cycles were used for market forecasts. He was always looking for newer analytical procedures to find and validate cyclic behavior.

Finally in 1955, Dewey put together "How to Make a Cycle Analysis.(*)" Over 600 pages, it is the most thorough and unique collection of workable cycle techniques, articles, research and ideas compiled over 20 years. This includes the Foundation's correspondence course on Cycle Analysis, Trend analysis, Ratio Charts, Chapin Hoskins Time Charts, Periodic Tables, Harmonic Analysis etc. It is THE Cycle Sourcebook.

Based on the methods chosen to uncover how cycles work, both Gann and Dewey had different views on the definitions. The Cycle Foundation shares the more commonly used idea of a schedule or sequence of regularly spaced extreme priced turning points. Gann's view of cycles referenced that certain types of markets (defined by their actions) repeated. For example, a 10 year cycle has patterns and situations going to recur now as it did 10 years ago.

To bring a combined analysis of

those definitions up to the current time, we have the added benefit of computer aided tools. Here are 2 useful computer programs.

In the book “Wheels in Wheels - the Art of Forecasting Financial Markets (*)” by Daniel T. Ferrera, the techniques are applied to present day markets. Focusing on the Dow Jones Averages, the cyclic components are thoroughly examined and projected 100 years into the future. There is also analysis on Gold and Interest Rates. Rare articles on other cycle finding related concepts add more value to this book.

On the accompanying CD are many Excel spreadsheet programs including those that make it easy to create cycle composites. These can then be overlaid on actual market price data for verification of a good cyclic match. Turning points can be projected into the future as far as you want.

To give another layer of insight to cycle analysis as a useful tool, with the help of computers, several aspects of the cycle summation process or Wave Mechanics can be made interactive and dynamic with one key stroke. The following notes describe some interesting capabilities from a simple program called CycleKT (*).

After the cycle-composite wavy line is made from user defined cycles, it can be changed into a true High/Low bar chart. Treating each bar as a day, you can group them into any size you want, such as weekly or monthly, just like penciling in weekly or monthly boxes on actual paper charts. These can be slid back and forth to show how smaller cycles appear in bars of larger time frames.

By sliding (change the phasing) any of the individual cycles forward or backwards you can see how the whole market picture changes. For example, when combining 10, 20 and 40 bar cycles, in a topping or bottoming phase, the distance between the major lows will rarely be 40 bars apart as might be expected. They can actually be anywhere less than 30 to over 50 bars apart, depending where each cycle starts. That could adversely affect your analysis if you didn’t know it was possible.

On top of this, Moving averages, Hurst Channels, and sliding Momentum indicators, can also be displayed. These formulas are the basis of most technical analysis tools today. Seeing how their appearances change, even within the same set of cycles, can have an effect on trading strategies.

All of these functions help train the eyes to see charts from slightly different perspectives. These in turn might offer extra confirmations to our analytical or trading decisions. It all comes down to how we correctly interpret a chart depends on our own insights as to what forces we think went into it to make it look that way. These variations of cyclic analysis are just some of the ways to consider.

Mathematical techniques, later to be used as proofs, are learned from books. For specific applications such as related to markets, these tools must be blended together with our own research. To find more articles on cycle analysis, including a great one on Wave Mechanics, check out the Sacred Science Institute (www.sacredscience.com).

The books and software programs mentioned above can be found at Sacred Science Institute. They are also available in the Traders World book section of this magazine. The Sacret Science Institute carries on the tradition of Donald Mack and Dr. Jerry Baumring from the days of the Investment Centre over 20 years ago, Sacred Science Institute maintains the most comprehensive insightful collection of books including most of the those available from Gann’s recommended book list. Their high quality reproductions (in color when applicable) include rare volumes for understanding the universal principles, ancient wisdom, cosmology, the complete trading courses of Gann and other market Masters and their connection to the physical and metaphysical laws, which they studied, copied and alluded to.

THE MOST POWERFUL PATTERN

By George Kleinman

In this article, I plan to share with you what I believe is the most powerful (therefore most profitable) chart pattern. This isn't new (the best stuff generally isn't)--I wrote about this concept in 1988 in my book. Throughout market history there are countless examples of this working, and in recent history many more. I plan to show you some of these recent examples, a number of which I've participated in to differing degrees for my personal stock trading account. Note, this pattern is just as powerful in commodities, but because it is uncommon we rarely see it in the 30 or so actively traded commodity futures we follow. On the other hand, there are 10,000 actively traded stocks and for this reason there are more opportunities for this pattern to develop, which is why the recent examples I will show you are from the stock market.

Later I will share with you my biggest personal failing in trading this pattern, and also ask your help in working with me as a partner using this most powerful pattern.

Let me begin by setting the stage. Back in May of 2002 I published the following monthly chart in my Trends in Futures newsletter. See Fig. 1 Monthly S&P Chart.

Note: This chart first appeared in 'Trends in Futures' May 16, 2002

My projection was that the S&P (trading 1100 at that time) had a downside target at point 'T' calculated by using the major trendline and channel 'C'. This was an objective of 775-800. You can see on the daily chart below this objective was realized in late July of last year. See Fig. 2 S&P thru June 03.

We know now this year's lows for the S&P, the Dow and the Nasdaq were made in March. As this is written, the stocks are more than 25% off their March lows. I posted a recommendation in Trends in Futures to buy the S&P on April 14th (low 880s) and in one of our better trades, we finally got stopped out at 990.

The market has certainly had a run, and while all good things come to an end, this one may or may not be ending, I just don't know. What I do know is that many of the mainstream newsletters (you know, the ones who were super bullish "buy and hold" advocates in 1999-2000) were outright bearish during most of the recent rally, citing high PE ratios and the fact stocks are "expensive". While they may eventually be right, what good does this do us as traders? I recently read one highly circulated letter (this guy missed the whole rally of course) that said something to the effect that not only are U.S. stocks pricey, but the bulls "love buying expensive stocks at elevated prices and in many cases don't even know a thing about the stocks they're buying". What kind of idiot would buy a stock he or she knows nothing about? Well, an idiot like me and why's that? If a stock (or commodity for that matter) exhibits this most powerful of all chart patterns I would buy it because I know my risk measured by stop placement is relatively low in relation to the profit potential. You see, in March of this year I started to see many more examples of this popping up than I'd seen for quite awhile. I now know (something not that evident in March) there were more individual cases since the market in general was beginning a bull trend. Of course, it doesn't matter if the market in general is in a bull mode if your particular stocks are going down. This pattern gives us stocks in any environment that are setting up to go up, and when its wrong generally the risk is low in relation to the potential reward. Now that I've set the stage let's get down to the nuts and bolts: A market bouncing off "support" is like a ball bouncing off the floor. If the floor is a deck four stories off the ground it will bounce as long it stays on the deck, but if it falls off it keeps falling. Alternatively, "resistance" is like a ceiling, but if a ceiling is smashed, the birds are free to fly up and away. Support and resistance levels are important to traders. When a market is in a relatively flat range (holding at support <u>and</u> failing at resistance) this is termed "consolidation". Consolidation is nothing more than an inability by either the bulls or the bears to win the battle. We know that if a market fails at a resistance level on numerous occasions, and over a significant period of time, and then one day trades above that level, this is a probable sign the bears have lost the battle. The buying interest was finally strong enough to overwhelm the selling interest, and the defensive ceiling built by the bears has been shattered (the opposite is happening if a support level is broken.) In simpler terms, a major shift is taking place in the supply/demand fundamentals of the market in question. Take a look at the chart below. See Fig. 3. This is a chart of a stock with the symbol ELGX. I found quite a few similar patterns during March and April. By the way, for all examples in this issue I will tell you nothing about the company in question, not even the name (we'll work with symbols only). Why? While this may not appeal to your sense of logic, it just doesn't matter (at least not to this idiot). I really don't care about the company, in fact I found it's better if I don't know a thing about it because if you do you can get married to it. If you don't know what they make or what they do, then

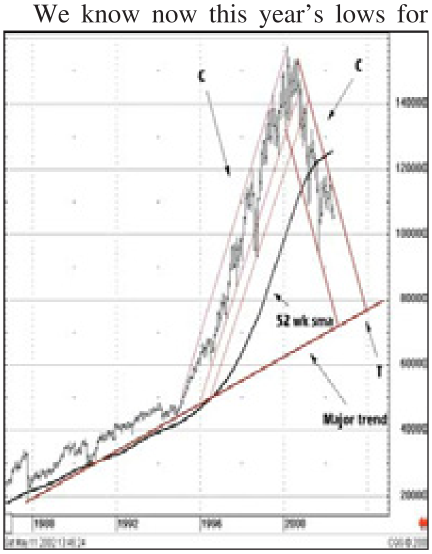


Fig. 1 - Monthly S&P Chart

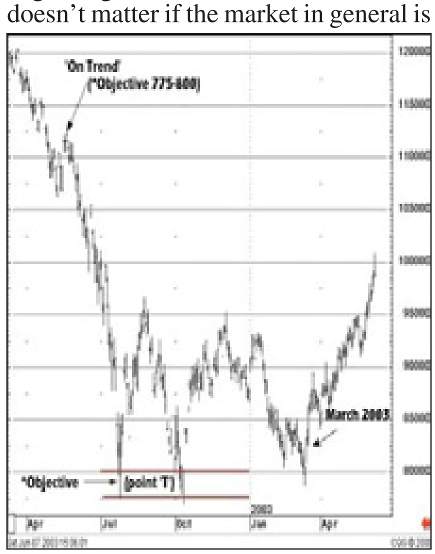


Fig. 2 - S&P thru June 03

Fig. 3 - ELGX

it's easy to quickly and unemotionally dump it if necessary. ELGX was in a sleepy sideways type pattern (I drew in the upper resistance and lower support lines) until it "broke out" (point B). In only the next three months, ELGX tripled in price. Note how after the breakout, a buyer really had very little risk.

This type of action can form over minutes, hours, days, months or years depending on the market and the price level. The point is, when a market breaks out from a consolidation this can be a powerful indication of a change in market character. As soon as you can see a bona-fide breakout from consolidation, it's time to act! There is one paramount rule for analyzing breakouts from consolidations. The longer a consolidation area remains intact the stronger it is.

I think you get the idea of what these generally look like, still pictures are worth many words and here are some other examples from the same time period. See Fig. 4 - ALVR Fig. 5 - GTCB and Fig. 6 - TRP.

6 Rules for trading Breakouts from Consolidation*

Rule 1: The longer the time it takes to form a consolidation, the more significant the breakout, and the bigger the expected move to follow.

Rule 2: Once the breakout occurs, the market can retrace back to the breakout level, but it shouldn't trade back into the consolidation zone. If is does, the odds of a false breakout increase.

Rule 3: The breakout should remain above the breakout level for a significant amount of time. A quick failure is a symptom of a false breakout.

Rule 4: Watch the volume on the breakout day. A true breakout is often times associated with a sharp rise in the daily volume.

Rule 5: Never place your stops just under support, or just above resistance. It is generally better to take a bit more risk and place your stop at a slightly greater distance.

Rule 6: The count. A 'basic' rule of thumb, which truly does work (more or less, you need to use some judgment here) is that when a market breaks-out from consolidation, it will move roughly the distance up or down equal to the horizontal distance of the consolidation phase. **Some of above is reproduced with permission from "Commodity Futures and Options; a step-by-step guide to successful trading" by George Kleinman (FT/Prentice Hall 2001) My greatest personal failing when trading these? Not sticking with the good ones long enough. And how can you work with me as a partner? It takes time and effort to find these, and I wish I had more time to go through more charts, but I don't and I could use help. If you find one (doesn't matter what the market) and would like to share it, email me geo@commodity.com. What I will do in return is share with you any new ones I've found.

George Kleinman, President of Commodity Resource Corp. (CRC), has been trading futures and commodities since 1978 for himself and on behalf of individuals and commercial clients. George entered the business with Merrill Lynch Commodities and became a member of their 'Golden Circle' (top ten commodity brokers internationally). In 1983, George founded CRC in order to offer clients a more personalized level of service, and has been highlighted for his trading performance in national publications. George has been an Exchange member for over 20 years; currently a member of the New York Mercantile Exchange, COMEX division and the Minneapolis Grain Exchange. George is the author of Commodities Futures and Options; A Step by Step Guide to Successful Trading published by the Financial Times Group (2nd ed. January, 2001) and Executive Editor of Futures magazine's flagship advisory newsletter "Trends in Futures". You can contact George at 1-800-233-4445.

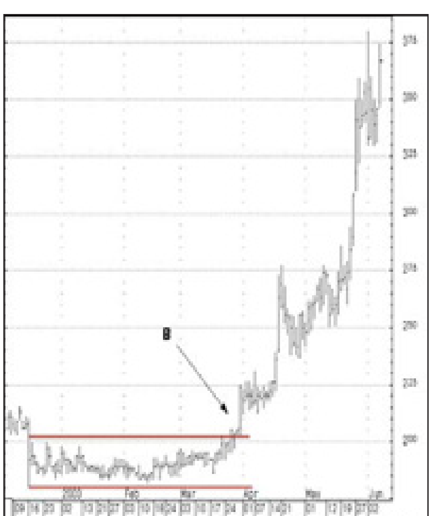


Fig. 4 - ALVR

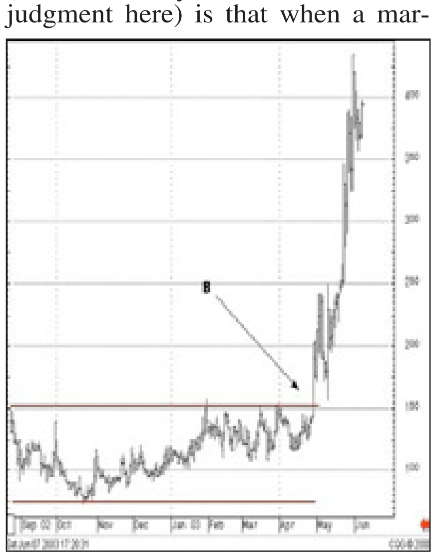


Fig. 5 - GTCB

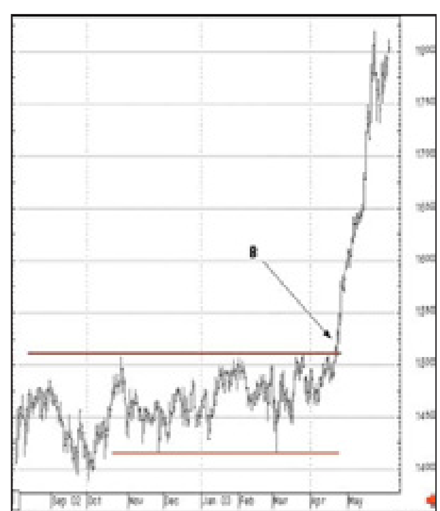


Fig. 6 - TRP

RUNNING YOUR TRADING AS A REAL BUSINESS

By Bennett McDowell

Trading is a real business, run it that way! Just like a restaurateur has books to keep, food that spoils, overhead to pay, and needs sufficient capitol. You as a trader face similar business challenges. Food that spoils is like being stopped out of trades, money gone. Overhead to pay is like having to buy computers, internet access, trading software, educational courses like this one, quotes services, maybe an office, capitol requirements, etc.

Also, when you approach your trading as a business your psychology will change to that of a professional. By this I mean that it is easier to be a successful trader if you approach trading as a business rather than a hobby. You will feel better about yourself and will do the things you need to be doing to improve your business and yourself.

You want to think of your trading profession just like that of a casino operator. The "house" or owners of the casino knows that they have an "edge" over most the players that gamble at their casino. Just like in trading, the professional trader has an "edge" over other traders. That "edge" being a profitable trading approach which includes a sound trading system, proper money management, and the psychology to implement it. The professional casino operator is confident that their 'edge" over time will make them steady profits. Much like the professional trader who is confident that over time that their 'edge" too will make them steady profits.

It is interesting to know that both the casino operator and the professional trader do NEVER know the outcome of any single event. In other words, the casino operator does not know which game of blackjack, poker, etc. will win. Just like the trader who does not know which trade will be profitable. The two professionals that of the casino operator and that of the professional trader are very similar here. I am NOT saying that trading is gambling, no far from it. But I am saying that your success does not hinge on just one trade, but on a collective amount of trades. In other words, over time the professional trader and the professional casino operator will incur loses, but that does not make them losers! This is important because many traders actual feel like losers when they lose even just one trade not to mention several in a row. The professional trader knows and is confident that the "edge" being used will offset those losing trades over time. Losing trades just like losing games of poker are to be expected and not feared! If you hate to lose and it really upsets you, you are not objectively looking at the reality of the game. Losing is a necessary part of the business!

Bennett McDowell is president of TradersCoach.com He can be reached at 858-695-1985, www.traderscoach.com Email: TradersCoach@msn.com

GANN AND SOYBEANS

By Yin Xinze

I have been asked many times if I believe that astrology effects the bean markets. I personally believe astrology effects all markets and this is done by the collective effect of planetary aspects on traders, which in turn will decide on what their decisions for the day will be.

Needless to say all traders have a variety of indicators which they use to make a final decision on when to enter / exit a trade.

Relying solely on astrology is very unwise and can be an expensive exercise.

I further believe that we are all effected by these planetary alignments, as they come into aspect with our natal planets.

I have observed that many times the markets will move to a Rhythm similar to tides being moved by the Moon. These rhythms can be referred to as Cycles. Cycles are all around us, and many people accept them as a normal occurrence, which they are.

Examples of this are the Sun, which rises and sets every day, so does the moon and the planets along with the stars.

This set me thinking. If Seasons are also Natural Rhythms then so should what comes out of the ground also be set to a cycle.

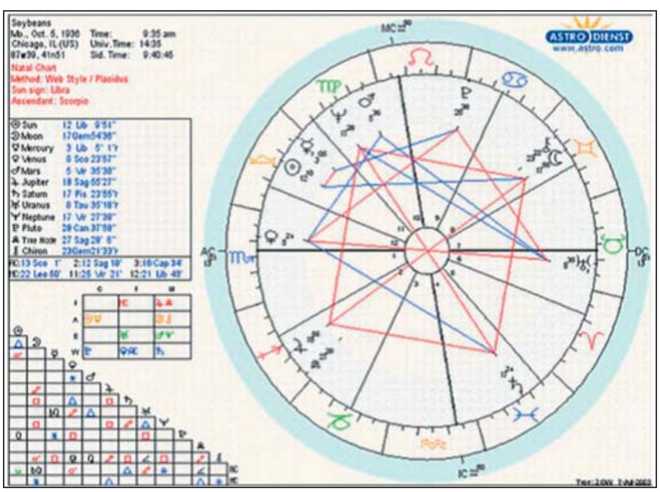
Investigating Soybeans from a historical perspective to find when they began trading on CBOT, the date of October 5, 1936 seems to be the accepted date by traders.

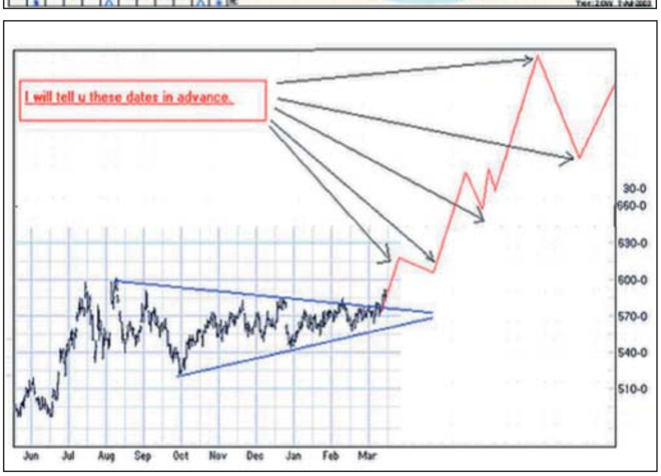
As regards to the time of the first trade, it varies between traders from 9:20 to 10:20 am on that day.

There are other dates and times but I found this to be the most commonly used data.

You can draw up a natal (birth) chart of this date, setting the chart for Chicago and selecting a time. I have selected 9:35 am for my research.

WD Gann in his books, emphasizes that Natal charts can give the trader a lot of information. In the selection of time for the natal chart of Soybeans I used his recommended time of 9:35 am.





SEASONS:

WD went further by suggesting Seasonal trading.

There are various meanings to this statement, but for this article we are concentrating on the astrological aspects.

The Seasons of the year are based on the Suns entering (ingress) into certain signs four times a year.

Spring begins at the Vernal Equinox in Aries around 21 March each year.

Summer begins with the Sun entering Cancer (Solstice) around 21 June each year.

Fall (Autumn) begins when the Sun enters Libra.

Winter begins when the Sun enters the sign of Capricorn around 21 December.

The dates do vary by a day or two in certain years, but this gives you an idea about the Seasonal Times, marked on calendars as Equinox and Solstice.

In the Southern Hemisphere these Seasons will be reversed, with Summer being in December, Fall in March, Winter in June, and Spring in September.

Together these four Seasonal Signs are referred to as the Cardinal Cross.

Aries is often displayed at 9 o'clock, and is 30 degrees wide, stretching to 8 o'clock on astrological charts, Cancer at 6 to 5 o'clock, Libra from 3 to 2 o'clock, and Capricorn from Noon to 11 o'clock. All signs are 30 degrees wide.

Obviously all charts will not have the Astrological signs in the above positions.

Looking at the enclosed Natal Chart for Soybeans pictured here below in Chart 1 (See Chart 1) we can see that Scorpio occupies the 9 o'clock position.

Looking back at previous Highs and Lows and selecting at random

1969 Oct. Low:
Cause: Saturn Conjunct Natal Uranus

1973 Mar. 7 High:
Cause: Sun Conjunct Natal Saturn

1977 April 12 High:
Cause: Mars Conjunct Natal Saturn.

1997 May 6 High:
Cause: Mars Opposition to Natal Saturn.

In April 2003, I posted the following chart on the internet, using my methodology to try and predict the movements of the Soybean Market. (See chart 2.

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TIDE32 AND THE S&P 500

Dr. Al Larson

Discoveries happen in very interesting ways. First of all, one has to be seeking the discovery-not just waiting for something good to happen. Then, when the "pump is primed", the discovery will come from out of the void in a flash of insight. And the timing of these events is always highly tuned to an individual's natal chart.

Such was the case at 3:00 AM on June 2nd, 2003. I work up from a sound sleep with two numbers and Beethoven's Ode to Joy playing in my head. And there seemed to be a voice telling me to poke the two numbers into the program that computes my MoonTide forecasts for the S&P.

Having been through this process before, I knew that this was an answer to one of my research goals: to learn to compute better MoonTides. Specifically, I wanted a calculation that gave me the times of the hourly swings. My standard MoonTide typically gives me 2 or 3 turns and trade setups per day. I wanted to add some detail to that. So for months I had been studying what influenced each hourly turn. And for a year I had been studying the general topic of harmony. So I was "in the neighborhood" and "open to receive."

And the time was right. On June 2, 2003, I was 22415 days old. As I found out later, this date was exactly 759.0 Full Moon cycles and 155.0 Mercury/Venus cycles from my birth. My "creativity axis" in my natal chart is on the cluster of Moon, Mercury, and Venus. Also on that axis is my natal Chiron. This was exactly 62.0 Chiron/Lunar Year cycles.

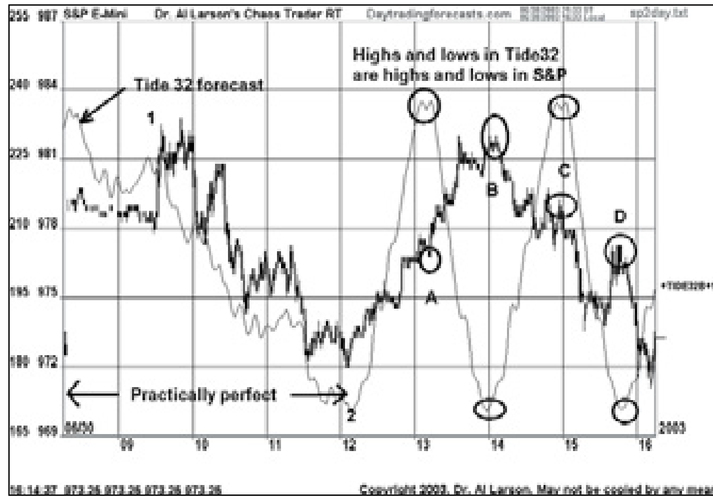
My "Life Axis" is nearby, and contains Pluto. This was exactly 63.00 Pluto/Lunar Year cycles.

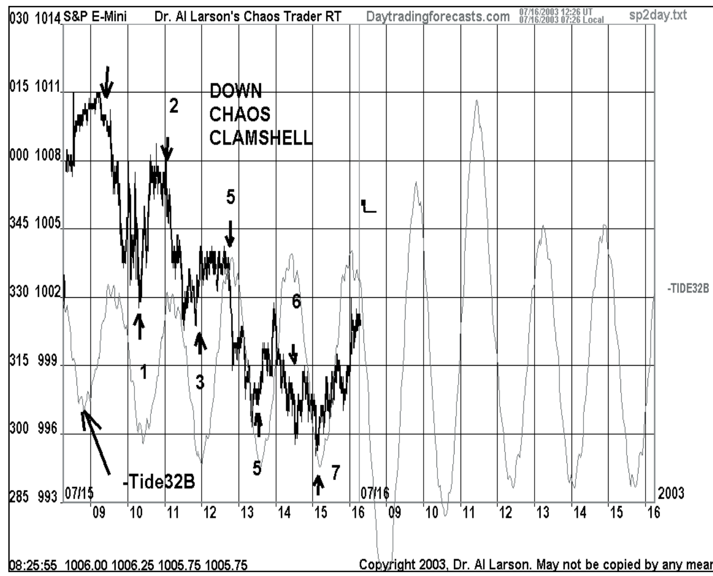
Neptune and my Sun are part of a Grand Trine in my chart. I was exactly 60.99 Sun/Neptune cycles from birth. Jupiter is rising on my Ascendant. I was exactly 58.0 Jupiter/Lunar Year cycles from birth. Uranus is on the third leg of my Grand Trine. I was exactly 4.0 Uranus/Moon's Node cycles from birth. Also on that leg is Saturn. I was exactly 2.0 Saturn cycles along.

The link between my Grand Trine and my creativity axis apparently came from the 1/1.0 Chiron/Uranus cycles. Further, I was 1/4.0 Pluto cycles and 1/8.0 Neptune (Grand Trine)/Pluto (Creativity Axis) cycles along.

And at exactly 3:00 AM, the earth rotated me under the Moon. And the message was popped into my head. There are no accidental discoveries.

I of course got up and poked those two numbers into my MoonTide program. Out popped a surprisingly smooth cycle, which seemed to fit many of the S&P hourly turns. I tried tuning the numbers for day. Nope. The ones I was given were the best. One should not argue with "divine inspiration."





All that inspiration is great, but is this new MoonTide32B useful for trading? Yes it is.

The first chart shows one day when Tide32 was a smooth trend in the morning, and then broke into an oscillation in the afternoon. The morning trend was practically perfect.

In the afternoon, the Tide32B highs and lows corresponded to either major or minor S&P highs and lows. This has proven to be a very handy timing adjunct in trading.

The second chart shows another day of Tide32B. In my chaos work, I have identified a 7 move pattern called the Chaos Clamshell. It turns out that on many trending days, Tide32B identifies the 7 moves very nicely. In this case, starting form the 9:30 Eastern high, Tide 32B had 7 moves down to the 3:10 afternoon low. This ability to identify the end of a day long fractal is very useful. Of course, the benefit of an energy forecast like Tide32B is to help one plan trades. On this chart, a high near 9:40 Eastern is forecast. We planned a trade there, and when it set up, took 8 points.

What a joy! Tide32 is now regularly available on my day trading web site. Many clients have found it a great tool to add to their arsenal.

Dr. Al Larson is a private trader, a CTA, and a RIA. He has two web sites, at http://moneytide.com and http://daytradingforecasts.com. He can be reached at allarson@moneytide.com

THREE-LINE PRICE BREAK CHARTS

By Suri Duddella

INTRODUCTION

Technicians are always looking for ways to recognize market direction and market trends. Mostly technicians use technical indicators to detect signs of momentum shift, rising/falling trends and market volatility for price projections. A price chart gives the visual display of the underlying strength and weakness of a stock or commodity. A chart display coupled with trend-indicators, momentum indicators with support and resistance levels are essential in any technician's arsenal.

Three-Line Break charts ("3LPB") display a series of vertical boxes that are based on changes in prices. The 3LPB method entirely dispenses with the recording of the volume sales and time data. The other major charting techniques like Point & Figure, Kagi and Renko Charts also ignore the passage of time and volume.

As Steve Nison describes in his "Beyond Candlesticks" book, "The three-line break chart is a more subtle-form of point and figure charts where reversals are decided by the market and not by the arbitrary rules. That means we can gear it to the strength and dynamism of the market".

WHY CHART ANALYSIS?

The understanding of the effect of supply and demand on any product or commodity or stocks is necessary for successful investing. When demand is greater than supply, prices move upward. Should supply be greater than demand, the prices are forced downward. When demand has absorbed all the supply at any given price, it will begin to absorb the supply available at the next higher price at which offerings are available. As the demand decreases, prices correspondingly increase. Prices recede as a result of absence of demand or an oversupply.

The fluctuations of price changes, when plotted by means of the principles of any charting techniques like Bar Charts, Candle Sticks, Kagi or Point and Figure, will more accurately indicate the technical condition, the relationship of supply and demand, than any other known method, which can be used for the purpose.

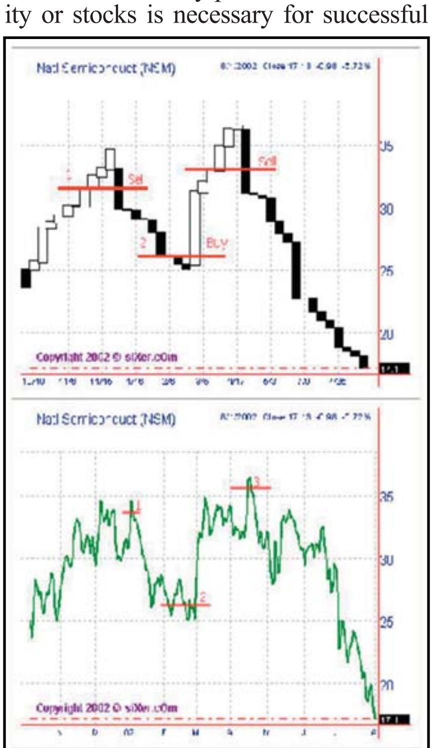


Fig. 1

AN EXAMPLE OF THREE-LINE BREAK CHART

Three-Line Break Charts defines the under-lying trend and considered as an adjunct to the candle-stick charts. A basic understanding of "3LPB" is when there are three white successive candles, the major trend is up and when there are three black successive candles, the major trend is down. The major reversal signals (based on the "3LPB" technique) are given when the turnaround lines (white to black or black to white) are formed. See Fig. 1

CONSTRUCTION OF THREE-LINE PRICE BREAK CHART

The Three-Line Break Charts are always constructed on the based on closing prices. Many software programs and websites have the capability of drawing "3LPB" charts. The construction of a "3LPB" chart starts from a base price ("beginning of the chart data") and compare the base prices to the daily price closings.

FIRST CANDLE (BASE CANDLE)

· A White candle is drawn if today's price is higher than the base price. or

· A Black candle is drawn if today's price is lower than the base price.

SECOND CANDLE

· Draw next WHITE candle (in the next column) if today's high is traded above the high of the first WHITE candle. or

· Draw next BLACK candle (in the next column) if today's low is traded below the low of the first BLACK candle. See Fig.2)

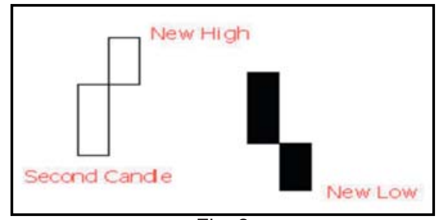


Fig. 2

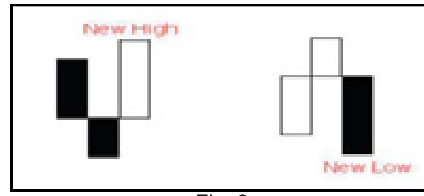


Fig. 3

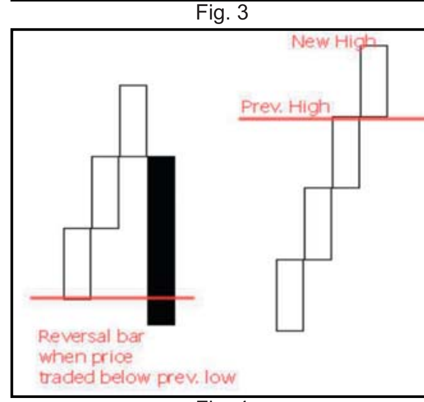


Fig. 4

THIRD CANDLE

· Draw a third WHITE candle (in the next column) if today's high traded above (a new high) the previous two candles. or

· Draw a third BLACK candle (in the next column) if today's low traded below (a new low) the previous two candles. or

· NO Candle will be drawn if the price is within the range of the first two candles.

The next successive candles can be drawn using the THIRD CANDLE principle until a Three-Line Break candle is formed. Also note that today's prices should trade entirely above or below previous candles high or low. (See Fig. 3)

THREE-LINE BREAK CANDLE (THE MOST IMPORTANT CANDLE)

The Three-Line Break Price Chart gets its name from this candle. If the price chart forms three successive WHITE or BLACK candles, it confirms a bullish (WHITE) and bearish (BLACK) trend. After forming a confirmed trend (by 3-successive same color candles), the reversal is triggered only if the today's price is traded below the lowest of all prior three candles (in case of BULLISH trend reversal) or if the today's price is traded above the highest of all prior three candles (in case of BEARISH reversal).

CASE A: THREE SUCCESSIVE WHITE CANDLES

· Draw a WHITE Candle (in the next column) if today's high is above the THREE WHITE CANDLES high. or

· (REVERSAL CANDLE) Draw a BLACK CANDLE (in the next column) if today's low is below the THREE WHITE CANDLES low.

CASE B: THREE SUCCESSIVE BLACK CANDLE

·Draw a BLACK Candle (in the next column) if today's low is below the THREE BLACK CANDLES low. or

· (REVERSAL CANDLE) Draw a WHITE CANDLE (in the next column) if today's high is above the THREE BLACK CANDLES high. (See Fig. 4)

BASIC RULES OF "3LPB" CONSTRUCTION

· A new Candle (BLACK or WHITE) can be only added in the next column if today's price trades higher than previous WHITE candle's high or if today's price trades lower than previous BLACK candle.

· If three successive WHITE or BLACK candles are formed, the reversal CANDLE can be only drawn incase if today's price is traded above the high of all the previous three successive white candles high or if the today's price is traded below the low of all the three successive black candles low.

TRADING WITH "3LPB" CHARTS

The Three-Line Price breaks indicate major trend changes. A trend change confirmation is generated when a reversal bar is formed. However, a trend confirmation bar could be late and substantial move to the upside or downside may have already happened. A solution for this problem could be an intra-day trading signal for confirmation of the trend. But traders are comfortable to wait until a trend-confirmation is formed. The confirmation of the trend-reversal involves a tradeoff between risk and reward. See Example 1: Johnson and Johnson

Example 1 presents the chart of Johnson and Johnson (JNJ) from January 2001 to August 2002. The overall trend provided by the '3LPB' charts refine trading based on Trend-Line and Support/Resistance indicators.

The first trading opportunity is provided (end of March 2001) by the "3LPB" full-range reversal bar ($49). This level also acts both as an entry into the JNJ as well as support level. The Black reversal bar formed in mid-June 2001 (around $57) closes the long-trade. A second long position can be taken in late January 2002 after a successful test of the trend-line and reversal of downtrend to the upside (around $55). A downtrend followed by Black-Candle reversal and Trend-line breakout to the downside confirms the end-of the up trend (around $62). See Example 2: Microsoft Corporation

Example 2 presents "3LPB" charts of Microsoft from January 2001 to Aug. 2002. The "3LPB" chart confirms a long-entry ($49) in January 2001 after a WHITE bar reversal of previous downtrend. Even though there was a temporary pullback in February 2001 to the entry level, there were no signals from "3LPB" chart to confirm the downtrend. A major reversal and consolidation region was signaled in the beginning of the May 2001. The line/bar charts would have kept the investor in the trade without giving any sell signal until late August during the consolidation region. But "3LPB" gave a sell signal in May 2001. Another long-entry signal was given in September 2001, reaching previous reversal level ($50), acts as support. A long-entry position was taken on "3LPB" reversal bar around $55 in September 2001. This trade was exited in late December 2001 on next "3LPB" reversal (downtrend) bar around $68.

CHART PATTERNS / SUPPORT AND RESISTANCE

Most of the techniques that apply to conventional chart analysis can also be applied to Three Line Price Break Charts. The chart patterns like 'Double Tops', and 'Head and Shoulder' can be also applied. Support/Resistance and Trend-lines can be drawn in "3LPB" charts to confirm with the 'Bar Charts' or 'Candle Charts'. See Figure 6

CONCLUSION

Three-Line Price Break charts are mainly used to confirm the under-lying trend, trend-reversals and the balance of supply and demand. On many occasions "3LPB" charts show this ideal information developing while conventional charts (Bar, Candle) show nothing more than a temporary halt in a trend. Two important points to consider while using "3LPB" are the timing of the 'reversal bar' and 'confirmation' of the trend. A Reversal bar is generated when three successive bullish (WHITE) or bearish (BLACK) bars are formed and today's price is traded below the lowest of all prior three WHITE bars (in case of bearish reversal) and vice-versa. The drawback for "3LPB" charts is a trend-reversal bar could be late, as substantial move might have already happened. But many traders are willing to wait for the trend-confirmation as it involves a trade-off between risk and reward. Traders can also adjust the sensitivity of the "3LPB" charts for 2, 5-Day Price Line break charts. Overall, "3LPB" charts are very valuable tool in addition to the conventional charts to any technician's arsenal.

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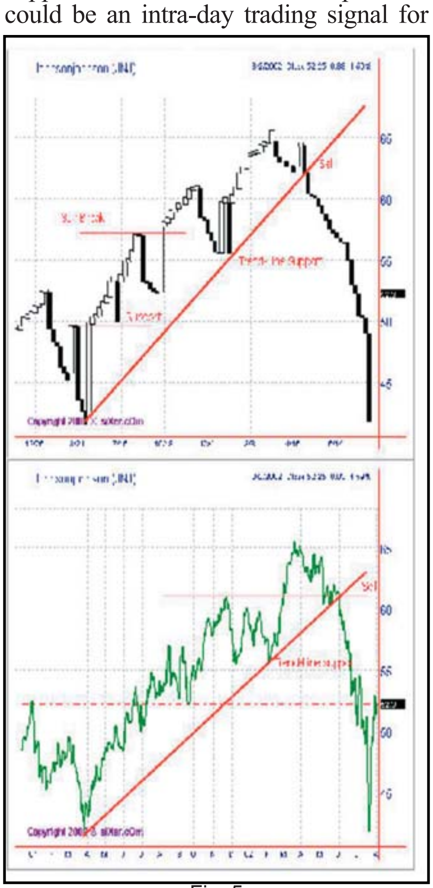


Fig. 5

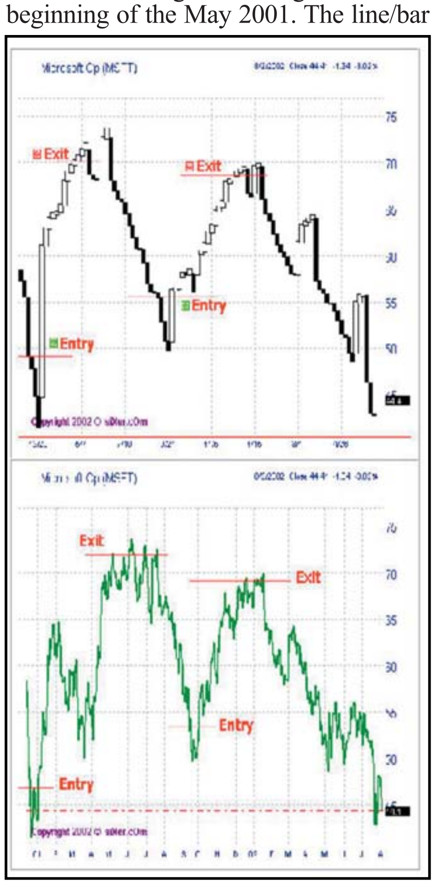


Fig. 6

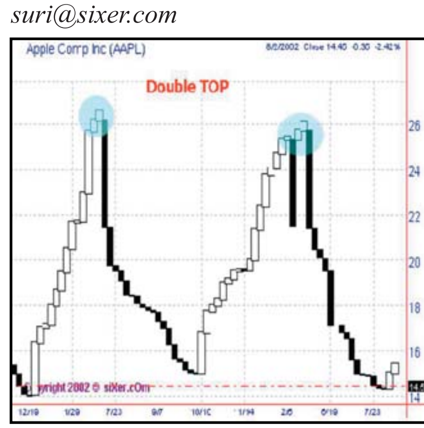


Fig. 7

FREEDOM AND RESPONSIBILITY

By Larry Pesavento

Trading is one of the few endeavors that allow you the ultimate in freedom. Freedom as it relates to time, expression and monetary goals! The problem many traders face is they are not prepared to accept the responsibility that is associated with this new found freedom. Most of us are destined to lead highly structured lives, usually working for someone else. One of my mentors once gave me his description of hell – "working a nine to five job that you hated for a boss you hated even more." All of us have probably been in that position at least once in our lives.

Trading successfully takes us to a new level of life's enjoyable moments. We decide when we work, what we do, who we deal with and the hours we chose to expend. Within my group of trading buddies lies a similar theme! They love what they do and the hours are not counted. Their motto is – "Thank God it's Monday" not the usual, "Thank God it's Friday." Weekends are welcome but it's the anticipation of the trading week that excites us all. Confucius said "Find a job that you truly love and you will be on a life long vacation." Nothing describes trading better than that sentence.

However, the freedom that comes with trading carries some baggage. That baggage is taking responsibility for all of the decisions – the good and the bad! When you step up to the plate to play in the great trading game and realize that only you carry the bat, you will appreciate the importance of responsibility.

Trading is like a river and you have to jump in to be involved. Once in you are in the grasp of the market and all of its forces, you alone can save yourself – no one else! You place the orders and you take the profits, you also take the losses.

Don't fall into the habit of making excuses on why something went wrong.

I have heard them all a hundred times or more! To produce consistent results, you must accept full responsibility for your trading. If you've made a mistake, learn from it and move on to the next trade. Amos Barr Hostetter used to say "Forget your profits, but forget your losses faster".

Use your time and effort to arrive at that point in your trading career and your life long vacation will begin for you. One last bit of advice, don't ever give up! Success can be just a heartbeat away! Search out others who have made the journey. Most are willing to give you some good advice. Trading is a journey not a destination!

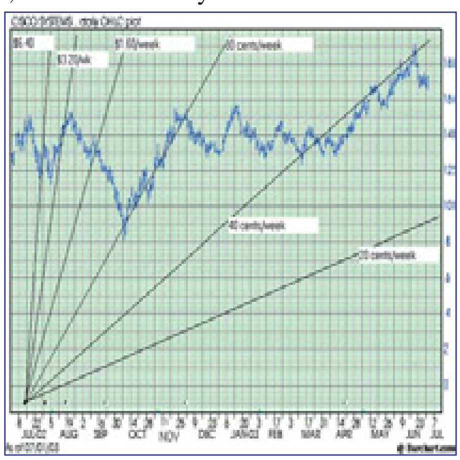
Mr. Pesavento is a well known author of several leading trading books.

A NEW WAY OF USING GANN

By Russell M. Sedlar

This is the first of a series of articles that will show how Gann's Geometrical Angles can be used to show the underlying structure of a publicly traded market. Gann, in his stock and commodity courses, described a simple mathematical process called Geometrical Angles. These are drawn on charts of stocks and commodities. One of his descriptions of Geometrical Angles was that they accurately measure space, time, volume and price.

The Angles used on the following charts will be the set of weekly Angles that Gann described, used on a daily chart. The 3 charts used in this article use the same set of Angles, as do all individual stocks. This set consists of lines, starting at 10 cents per week and each following line goes up at twice the speed of the previous one.



What sets this application of Geometrical Angles apart from other ways of using them is that the origination points of the Angles are from points in chart space, not described by Gann or anyone else. These points in chart space from which the Geometrical Angles leave have been named "Gann Stars" by this author. When the set of Angles is drawn from the correct Gann Star, they exhibit a large amount of influence over prices, not only causing tops and bottoms to form, but often acting as trend lines. The location of Gann Stars is not able to be discovered beforehand. It should be noted that the Geometrical Angles are only one of several methods of analyzing markets which were developed by W.D. Gann.

NOTE-The Geometrical Angles coming from a Gann Star can stop working at anytime, these charts are presented for research purposes only, not for making trading decisions.

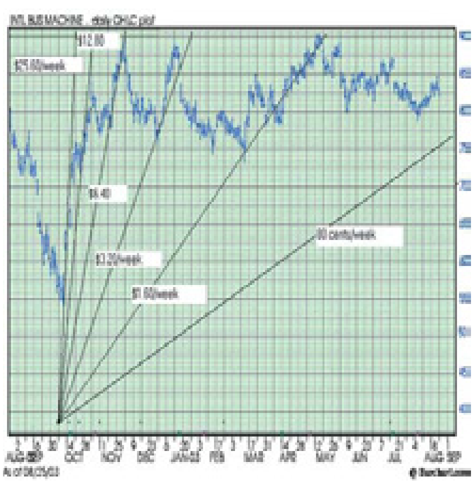
CISCO-The Gann Star on this chart occurred at the price of negative 1 on July 12, 2002. Gann Stars can occur at negative prices (below 0.) The 80 cent and the 40 cent Angles worked well as medium term trend lines. Note how when price left the influence of the 80 cent Angle (early Dec, 2002), it stayed in a trading range, forming a pennant, until the 40 cent Angle reached it and then prices followed the 40 cent Angle.

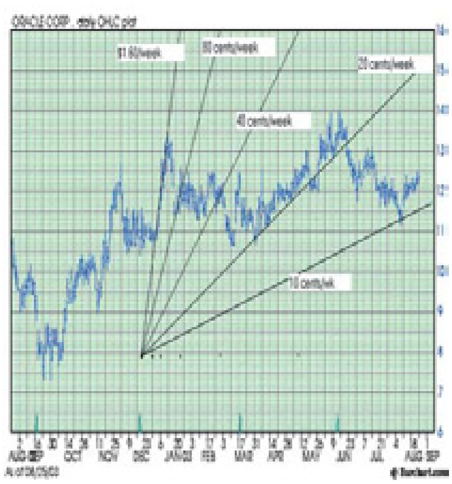
ORACLE-The Gann Star on this chart occurred at the price of 7.9 on Dec. 19, 2002. The $1.60 per week Angle and the 20 cent per week Angle worked quite well as trend lines. It is worth watching the 10 cent Angle to see how long it will continue to influence prices.

IBM-A few days before an important low occurred in early October, 2002, a Gann Star formed at 38.5. The Angles have worked well so far, with several acting as trend lines. At the end of May, 2003, when price left the influence of the $1.60 Angle, it has traded in a downward channel. It will be interesting to see if when the upcoming 80 cent per week Angle reaches the stock price, it has an influence on it.

The author just released a new book entitled: "The Structure of Stock Prices Using Geometrical Angles". He can be reached at russmirror@hotmail.com

It's available from the Traders World catalog in this magazine and on our website: www.tradersworld.com





UNDERSTANDING PYRAPOINT

By Larry Jacobs

Mr. Hall has been studying the markets every since the beginning of the 60's. Early in his studies he became fascinated with W.D. Gann. He attended all the major trading seminars available that concerned Gann trading as well as others. He was disappointed that none of the seminars gave him the trading techniques that had the potential results that Gann showed in his recorded trades.

All the seminar instructors claimed to have Gann's secrets, but none of them had the results or could even close to Gann's. It was clear to Mr. Hall that none of these instructors had the real successful mathematical basis that Gann used in his trading.

Mr. Hall was very determined. He understood that Gann clearly said in most of his books and courses that he would not directly reveal the math of what was involved to trade successfully. He did, however, say that if one were to spend the necessary time and effort that the secret would eventually be revealed to the student. So Mr. Hall spend hundreds of hours of studying the markets over the next ten years. He felt that the time and effort he put in to it qualified him as a serious student of W.D. Gann and he should then be entitled the mathematics behind Gann.

Mr. Hall finally had the mathematics revealed to him, indirectly. He knew one of Gann's personal associates. His name was Mr. Renato Alghini. "Reno" was with Gann six years on the floor of the Chicago Board of Trade. He actually shared a trading desk with Gann. Reno revelled to Mr. Hall what was on the piece of paper that Gann always carried with him to the floor, when he did his most successful recorded trades. Mr. Hall studied what Gann used and going back through years of past data and finally understood how Gann really traded.

Mr. Hall put together an extensive book to teach the Gann method. He felt that this course would teach people finally how to trade according to how Gann did. It would short circuit all the hours necessary to qualify as a Gann trader.

He also contacted a TradeStation programmer and worked with him to develop an add-on program for TradeStation. When the program was finally finished an tested over several months Mr. Hall contacted the programmer so they could market the program with his book. The programmer said that it was too good and that he himself, was trading it in his own account. He did not want to release it because he felt that it would hurt his own trading results if other people had it. Since Mr. Hall had no formal contract, he could not force him to give him the program for marketing.

After that experience, Mr. Hall worked with another programmer who finally developed it for another technical analysis platform. After the new program was completed the book was released. Mr. Hall's book of trading was called Pyrapoint. The book contained the details of the formation of Pyrapoint and the core basics and the theory behind it. The book goes through the specific rules to be successful. It explains how to use trend lines, overbalancing as a tool of the trend and using the three-place floating decimal. It explains how to use 2 x 1 and 4 x 1 lines, integrating squares and coordinating more than one time frame.

A CD was also included which included a pdf version of 50 computer screen shots of how to use Pyrapoint with the software program developed.

This book is now available from Traders World Magazine. Please go to the catalog section in this magazine for full details. Full details with frequently asked questions are at www.tradersworld.com/pyrapoint.

10 Reasons Why You Need Multi-Monitors To Trade The Markets

SHARP LL-T19D1H

By Larry Jacobs

The Multi-Monitor computer has become a standard in the trading industry, from traders sitting in their home offices to professionals in their plush trading offices. The consensus is now overwhelming that having two to eight monitors is helpful to your trading. Here are the 10 reasons why you need multi-monitors to trade the markets.

1) Today you look at charts, price tables, chat rooms, industry news, spreadsheets, and you need to fill out order forms to trade the markets. It takes too much time to flip from one page to another page on your computer. Multi-Monitors solve this problem.

2) It is important to look at several time frames of charts. For example, you should look at daily, hourly, 15 and 5-minute charts. This gives you the long, intermediate and short trends of the market. You should be able to look at all these charts at one time on multi-monitors.

3) Recent new multiple-port video cards are now capable of displaying from 1 to 8 monitors per card with excellent speed due to the introduction of faster microchips. Recent new excellent products have been introduced to the market and are from leading companies such as Matrox, Nvidia and Colorgraphic.

4) Digital flat panel monitors are now extremely sharp, bright, have a high contrast and wide viewing angles making them excellent for wide multiple-monitor viewing. The bezels of the screens are also now very thin, allowing you to put them closely together.

5) Flat panel monitors don't have the magnetic electronic emissions; they use much less energy and throw off less heat than CRTs use.

6) New ergonomic multiple monitor stands make it easy to group monitors together in 2, 3, 4, 5, 6 or 8 groupings. Some flat panel manufactures now sell the monitors without their stands so you can connect them directly to the ergonomic stands.

7) New CardBus-to-PCI expansion systems allow you to hook up two to 8 monitors directly from laptop computers allowing you to go mobile when you want.

8) The new Sonata Mini-Tower Trading Computers are powerful enough to handle a large number of monitors using the new powerful 865 Intel chipsets, 800 FSB P4 chips, and 400 DDR memory.

9) The price of flat panel monitors has dropped to a level that makes them extremely attractive over regular CRTs.

10) Contrast on some of the 19" Monitors are exceptional 700:1, which makes it easier to see.

We just reviewed the new sharp 19" flat panel. It has a super-slim bezel with 1.3 Megapixel (1280 x 1024) resolution. It has a fine pixel pitch of .294mm, brightness of 300 nits, an excellent contrast ratio of 700:1, viewing angles of 170 degrees. It has both analog and a digital connector for extra sharpness. This monitor has superior image and text quality comparable to monitors like the Eizo Nano FLexScan L767 financial monitor costing $940. It also features an integrated power supply. You can adjust screen height, and angle for comfort. It is VESA compatible. Its excellent for the trader. It has a list price of $690.00

THE EDGE

By Al Coppola

The term "edge" originates from gambling. Gamblers develop systems which they hope will allow them an "advantage" over the house or other players. For example, consider the Blackjack player who has the ability to "count" cards, and thereby know when to increase his wagers or stand aside. Expert card counters gain just enough of an "edge" to permit them to win consistently providing they use proper money management. The casinos recognized that this edge actually existed and have all but ended the counter's edge by using multiple decks, more shuffles and finally by baring known counters from playing.

Successful traders look for an edge. Understanding probability is the trader's edge. We all know that the "Holy Grail" of trading does not exist. The best traders are the ones that understand probability theory and so to speak "play their cards" accordingly. Any serious student of the Markets will realize that while markets appear chaotic -- and are oft referred to as a "random walk" – markets are in reality a repetition of price and time patterns. As George Boole wrote, "Probability is expectation founded upon partial knowledge. A perfect acquaintance with all the circumstances affecting the occurrence of an event would change expectation into certainty, and leave neither room nor demand for a theory of probability." To continue the analogy, we as traders wish to play when the cards in the deck are favoring us rather than the house. We want what we call "good setups"; the high probability trades!

This brings us to the question of how to find these superior, profitable setups. Or even how to we answer the question is there a "Best Way to Trade?" Certainly, there must be a way to measure and evaluate trading setups and on the broader scale trading systems. We all know that in sports, in work skills, carpentry, and in most life experiences one way proves better than another to accomplish most tasks. Professionals in sports or any endeavor have a common skill set that makes them reach perfection that amazes the amateur. My father once told me that, "The difference between a professional and an amateur is efficient application of proven techniques." Anyone can pound in a large nail but the professional carpenter drives ten nails perfectly in the time that the beginner is finishing setting his first one.

Point D completed at the Confluence area of : 1) the .886 Fib. Retracement of PRICE of the XA swing, 2) the 1.618 Fib. Extension of PRICE of the BC swing, 3) the 2.23 Fib. Extension of TIME of the XA swing, 4) the 5th cycle of TIME of the AB swing. Point B completed at the Confluence area of: 1) the .618 Fib. Retracement of PRICE of the XA swing, 2) the 1.27 Fib. Extension of TIME of the XA swing.

So it is with trading. The professional trader quickly identifies and takes the high probability trades while the amateur struggles with finding consistently profitable ones. The pro trader will do it with less stress, with ease, and produce consistent profits while the amateur frequently enters when the pro is ready to exit.

Here is a major and perhaps an arguable conclusion: There is a Best Way to Trade! It may be understood by most quite easily and will stand the test of demonstration and back testing. I wish we had the time and space here to prove it to you. Let me just conclude this brief article with an example as shown in the chart. Here is a profitable setup. This setup will repeat and be found in all markets and timeframes and produce consistent high probability trades. Let me show you why. Technical analysis boils down to recognizing patterns of Price and Time and thereby codifies patterns according to expectations of success. While most traders have heard of the importance of recognizing patterns they do not have a system to grade or trade them with precision. This is the goal. Master this and your trading will move from amateur to consummate professional.

Looking at the chart example we go through these steps. 1) Identify the pattern, 2) Determine confluence of both price and time "swings", 3) Evaluate the risk, stops and targets 4) Enter the trade, 5) Manage the trade according to defined rules. Referring to the chart we see the how these steps are applied. Of course a complete understanding of the approach and system requires more explanation than allowed for in this brief article.

For a more complete understanding of this system you may contact the author, Al Coppola at: www.RealtimeTradingCalls.com -- or read his recent book The Step by Step Guide to Profitable Pattern Trading.

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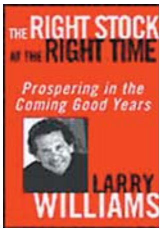

It's a new Larry Williams classic. Forty year trading veteran Larry Williams lays out his winning system for picking great stocks – even in the worst market conditions. How do you tell instantly if a stock is a good value? Larry will show you how. When others are gripped with fear and selling off, he's busy seizing overlooked opportunities. Now learn his key strategies for riding the rally in any market with this must-have new work.

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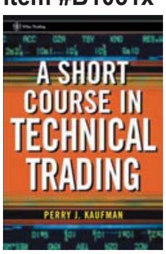

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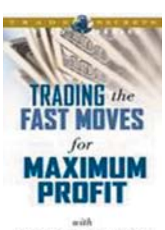

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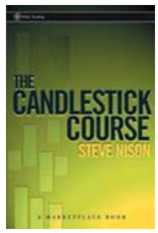

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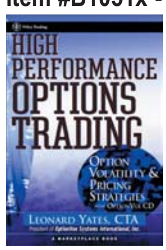

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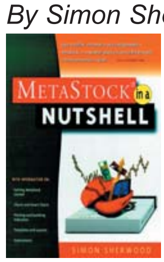

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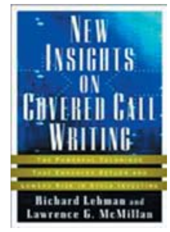

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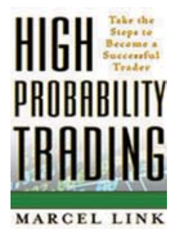

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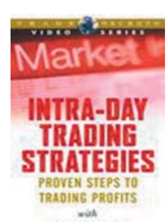

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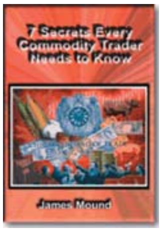

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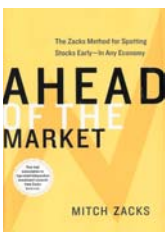

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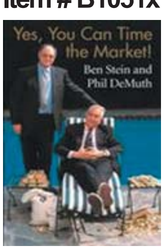

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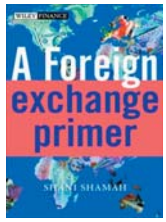

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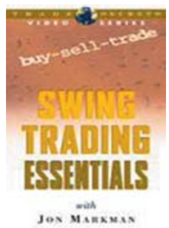

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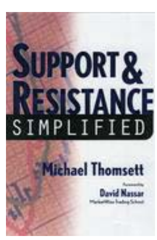

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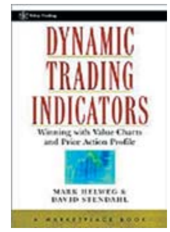

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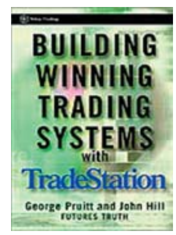

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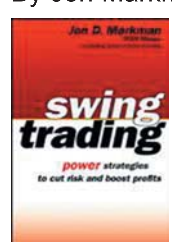

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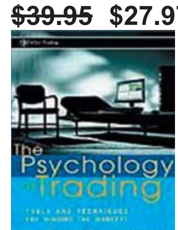

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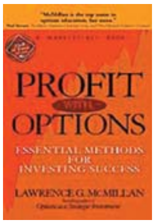

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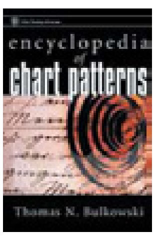

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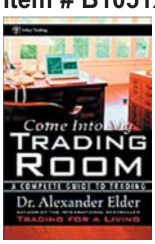

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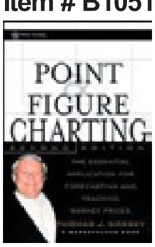

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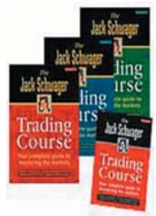

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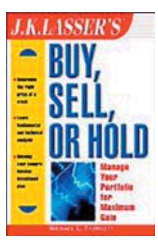

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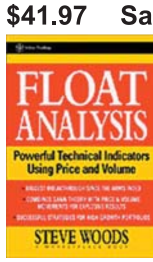

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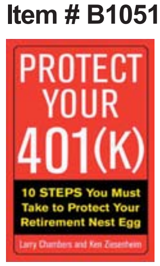

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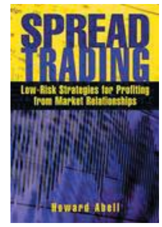

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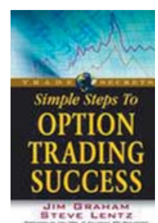

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SONATA TRADING COMPUTERS

By Larry Jacobs

I want to show you how to get the best possible trading computer that fits you. I know how hard it is trading. I respect your study and work to be successful at something you really love, trading. I know that you need a computer that is fast and optimized for trading. I know you want multiple LCD displays to display all the charts you need to see at any one time. I also know you want high quality LCD displays to lesson any eye strain you get from long hours at the computer. I also know you want the best possible price of LCD monitors. And finally I know you want a quality and reliable computer you can depend on.

We designed the Sonata computer from reviewing the available components available for computer construction. We narrowed it down to the parts that won editor's choice awards in the technical magazines and those what fit the needs of the trader most.

The Sonata runs cool and quiet. It's produces noise, which is around 20 decibels which is less than a whisper. It is designed with a thermostatic power supply and case fans which monitors temperature and slows down their speed for less noise.

It's easy to see all your quotes, charts and news on the multiple screens of the Sonata. Today you need to look at charts, price tables, chat rooms, industry news, spreadsheets and more. It takes too much time to flip from one page to another page on your computer. The multiple screens of the Sonata solves this problem.

The digital flat panel monitors are now extremely sharp, bright, have a high contrast and wide viewing angles making them excellent for wide multiple-monitor viewing. The bezels of the screens are also now very thin, allowing you to put them closely together. Flat panel monitors don't have the magnetic electronic emissions: they use much less energy and throw off less heat than CRTs use.

The Sonata is designed with the new fast SATA drives. Today the minimum hard disk drive speed should be 7,500 to 10,000 rpm. A fluid hard disk drive is also recommended for quietness.

The Sonata is also now designed with a self-healing ability. What this means is if you have a problem such as a virus, or any corruption in your hard disk partition, you can simple reboot the computer and press F11. The computer will then be restored to exactly the way we sent it to you with the operating system optimized for speed and with the drivers we loaded into the computer.

The Sonata also has the ability for you to backup your entire system onto a second hard disk drive or to CDs. This would store the entire system with any programs you have added since we sent it to you.

The Sonata also has self diagnostic lights which allows you to identify hardware problems through 16 various combinations of signals.

The Sonata also has programmed keys for quick access to the internet sites you need to access for trading.

The new Sonata now has several available LED screen displays. 17, 18, 19, 20 and 21-inch sizes.

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2) If you are a day-trader how many hours are you on your computer a day?
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7) Do you need to buy new monitors?
8) Is quietness of your computer important to you?

Please send your answers to larry@tradersworld.com and we'll give you the free evaluation.

E-MINI TRADING METHODOLOGY

By Larry Jacobs

E-mini contract trading on the CME is one of the hottest things around for the individual trader. The contracts are based on the leading S&P 500 index, which is the most actively traded stock index contract in the world. The advantage of the E-mini contracts for the small trader is that they are just a fraction of the size. They enable the small trader to participate in and profit from the benchmark index tracked by pension and mutual funds around the country. These contracts have excellent volatility and liquidity as well as minimal slippage and very tight spreads. There is no manipulation or insider trading problems to deal with. They also have very low commissions and tax advantages in short-term trading.

Now how does the E-mini contract work? Each point is worth $50. The commission is as low as $5.00 per contract, which covers both buying and selling. You can trade as many contracts as your account is approved for and the margin money you have in your account. The average movement of one of these contracts is around 20 points per day. What that means is that if you buy 1 contract and it goes up 10 points, you could then make $500 per contract. The E-mini initial margin is $3,750. So your return on one day's trade is 13.3 percent! If you make $500 per day for the entire year you would make an enormous amount of money. That's 52 weeks x 5 days a week x $500 which is $130,000 for the year! Non of these figures, of course, includes commissions. The problem is that there are few traders out there that are capable of trading with this kind of success. If you look at the 1 minute chart of the E-mini on this page you will notice that generally it moves at 2 point intervals at a time throughout the day. It makes these moves almost every half hour of the day. An intraday-trader could then possibly buy a bottom or sell a top with an objective of 2 point profit several times throughout the trading day. For each trade that would be a profit of $100 per contract without commission taken out.

One company, Traders International has developed a trading methodology that blends accurate signals, tight stops, and a two point profit objective. Their setup entry method is based on a special programmed stochastics and a moving average for a one minute chart. When both of these indicators come together, it confirms a potential trade. They also combine this with pattern recognition to refine the accuracy even further. They also give their clients a lot more advice to help them to trade better, such as they have found that the best time to do their trades are during first and last two hours of the day. They have been ranked at the top S&P 500 Trading Course. They teach their unique trading technique through a dynamic interactive online trading seminar. You can attend one of their complementary live market introductory training sessions by going to www.tradersinternational.com or calling 800-670-0834.

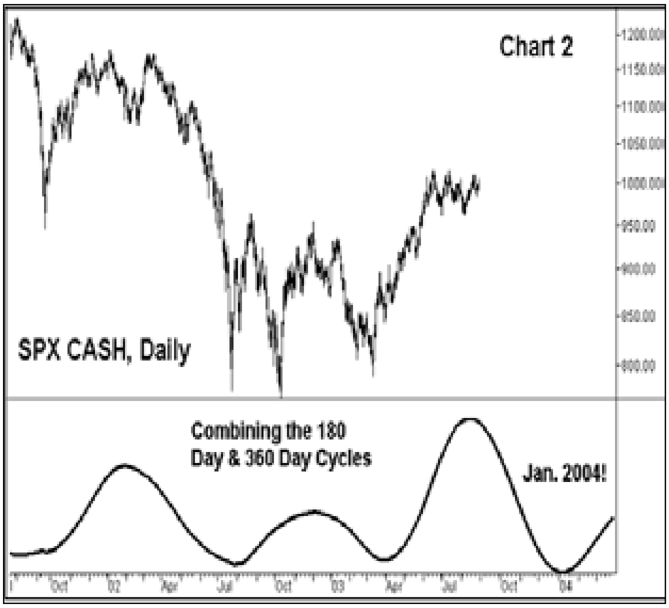
MAJOR STOCK MARKET TOP COMING?

By Jim Curry

The focus of this article is to assess the possibility of a larger peak forthcoming on the SPX CASH index, as well as the DJIA and Nasdaq indexes. My Hurst cycle analysis studies are suggesting an important peak to occur near September 25-October 7, 2003. If correct, this assessment should lead to another 15-20% decline in the SPX CASH index going into year-end, and likely extending into early 2004. From there the same cycles should produce an almost identical percentage rally into Spring/Summer of 2004.

In my 17 years of research and analysis, my conclusion with time cycle analysis found similar findings to that of Gann, who noted that cycles often rotated in various alignments of 360 degrees. This is natural law as well with the universe; the planets orbit the sun in a circular motion, each planet is circular, and the same pattern can also be found throughout much of nature. What I have noted with cyclic analysis -after sifting through daily data going back into the early 1900's, is the same as above: cycles are formed in degrees of 360. That is, I have found that there is a regular occurrence of a 360 day cycle in the stock market. Using a divisor of 2 - a harmonic component of 180 days in length can also be seen. Chart #1 shows recent rotations of each of these two larger cycles. You can see a definable low going back into last year for this 180-day component; it was at the July 24, 2002 low of 775.68 SPX CASH. The 360-day cycle bottomed one month later on October 10, 2002 at 768.63 SPX CASH. This was the last major low for the stock indexes, which I believe was also a four-year cycle low for stocks. The four-year cycle is actually a 1080 day cycle component, which is a 3X harmonic of 360 (i.e., 360 X 3 = 1080 days). Cycles will often tie together in harmonics of 2 or 3. As well, generally - though not always - each second 180 day cycle bottom will usually also be a 360 day low, though this obviously did not occur in 2002. As well, each third 360 day cycle low is also usually a four year cycle low. In fact, if you were to go back far enough and count three 360 day cycles, you would arrive at the last four-year cycle low in 1998! By the way, these divisions of 360 are not limited to the 180 and 1080 day cycles; they continue to come both down in time to cycles as small as 60 hours - and up in time to cycles as large as the 72 year cycle! For now I will not go into all of each individual cycle, that would take too much time and over-complicate my point; I go over most of these cycles and their positions in my daily/weekly 'Market Turns' outlook. For now what I want to is to go over the specifics in regards to what these two larger cycles are now saying.

At the time I am writing this article (August 28, 2003), my analysis was last calling for a correction from a July 15, 2003 top into an August 5-12 low; the actual low came on August 6, 2003 at 960 SPX CASH. This drop came about as the result of the 120-day nominal cycle (360 divided by 3) forming a bottom. From here, several of the other smaller daily cycles are have just bottomed as well (August 6) and are pushing UP, while these larger 180 day and 360 day cycles are pushing slightly to the downside. This gives us the possibility of market strength into September 25-October 7, 2003, which is where I think the 180 and 360 day components will overpower the smaller daily cycles, causing a huge drop going into late-2003 and into early-2004. You can see on Chart 1 again that both of these larger components are due for bottoms in late-2003/early 2004. The approximate date area that I am in fact looking for a low is actually sometime in January 2004. The combination of these two components shows a forecast of how the path may look going into this January 2004 time frame. This is shown in Chart 2.



If the above assessment is correct, then what can we expect in terms of price? As cycle length increases, so does price magnitude. In other words, a total rotation of the 360 day cycle will result in a much greater percentage price move than, say, a smaller cycle of 30 days in length. Sound logical? What I like to do is to perform a statistical analysis of these cycles, and then apply the numbers to the current picture. That is, how much do these 180 and 360 day cycle usually rally after a low? How much - in terms of percentages - do they tend to drop? In terms of actual percentages, I have found that 80% of the drops with either cycle have been 12% or greater, going back a period of many years. However, in recent years - in which the current market environment will most tend to resemble - the drops have been greater, to the tune of 20% or larger. If this is correct, then we can conclude that we have above-average odds at a 12% decline, with at least a decent shot that a 20% decline is lurking just around the corner.

At the time of this writing, the highest the SPX has been able to achieve was the 1015.44 high, made on July 15, 2003. We have some additional projections that say the SPX could possibly reach the 1030-1040 region before the final top is in. Assuming a top in the low range of 1030 (an assumption that may or may not be correct), a 12% decline would take us back to 907 SPX CASH by January 2004. A decline in the magnitude of 20% would take us down to as far as 824 SPX CASH by early 2004. Of the two, I think the true answer could lie somewhere in the middle; I have other projections (that are beyond the scope of this article) that say we have above-average odds at closing the year at or below 879 SPX CASH. Either way, a very large year-end drop appears to be setting up. Most traders are in the habit of expecting drops to conclude in early to mid-October (because of the usual seasonal tendencies); however my analysis concludes that 'this time will be different', and the SPX could instead be reaching a high point in late-September/early October, to be followed by strong weakness into early 2004.

Conclusion? The SPX should make a run at 824-907 SPX CASH by year's end, with a good possibility the index will close the year below 879. From an early 2004 low the major stock indexes will all turn back powerfully to the upside, as part of the positive pre-Presidential election into 2004. There will be several mammoth trading opportunities between now and Spring of 2004. More on this in future articles.

Jim Curry is a money-manager and analyst, who publishes 'Market Turns' commentary daily. He can be reached at www.cycle-wave.com or at jcurry@cycle-wave.com

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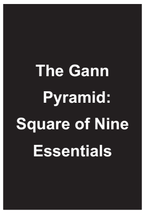

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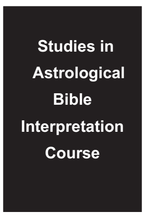

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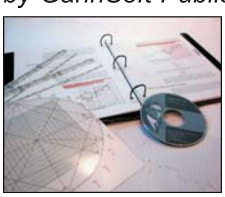

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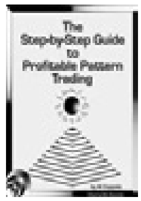

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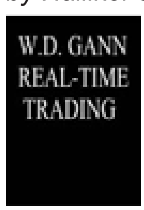

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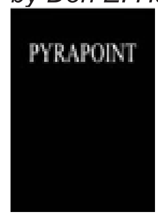

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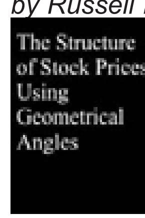

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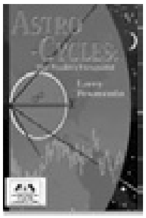

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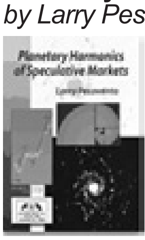

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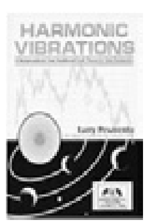

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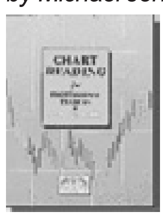

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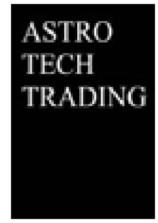

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THE DAX: THE GERMAN DOW

By Tom Busby

In the U.S., the ultimate trading vehicle is the S&P 500 futures market. Released by the Chicago Mercantile Exchange in 1982 and then electronically on Globex on 1997, these markets have gained tremendous popularity over the past 10 years becoming the premier day trading market. The S&P 500 futures markets offer volatility, liquidity, access almost 24 hours a day, affordability, and tax advantages that surpass those of stocks and equity options. Based on the world's largest economy, the S&P 500 reigns king over the financial markets tracking such large capitalization stocks such as IBM, GE, HD and many other solid companies. Another great market that is gaining popularity among traders for many of the same reasons is the German DAX.

While Americans are sleeping and dreaming of fortunes to come, Europe is awake and trading based off of their own economy as well as the rest of the world. Not only do they trade their stocks, but our S&P as well. Though the S&P is traded in Europe, it is not the guiding light as it is in the U.S. Europe has its own guiding light, the DAX. As the S&P guides the markets in the U.S., the DAX futures guide the S&P in early morning trading and guides the European markets until the U.S. opens at 8:30am CDT. At 2:00am CDT the DAX and the French CAC begin trading proceeding the open of the London FTSE and the SWISS market 30 minutes later.

Germany has the largest economy in Europe making the DAX an excellent benchmark of the European financial markets. Like the S&P, the DAX is also comprised of the largest capitalization companies in Germany. The DAX is comprised of 30 stocks (you can see these stocks at http://hans.engelbrecht.com/money.htm) and the DAX futures open at 2:00am CDT and close at 1:00pm CDT. The DAX makes for an excellent trading counterpart with the S&P because it is open during the most liquid times of trading the S&P futures. It trades in .50 point increments and is worth €25.00 per point (approximately $28.50 per point U.S. at the time this was written).

When trading the S&P futures, the first 30 minutes of the day market are critical for trying to determine the direction of the market. In general, a break of the high or low after the first 30 minutes of the day market sets the tone through lunch. The DAX market works much the same way after opening at 2:00am CDT. During the first 30 minutes, it reacts to the global news and sets a range. A break above or below this range will usually set the tone for the next several hours.

2:30am CDT is one of the key times to trade the DAX. The hard part is being awake at that time to trade. The charts below show the correlation of the S&P futures and the DAX futures between 2:00am CDT and 11:30am CDT on 6/11/03.

As can be seen, when the DAX breaks the 2:00am – 2:30am CDT bar to the upside S&P follows suit. The break of this bar is a strong move and can be carried for a couple of hours.

To set the trade up, the high and low of the 2:00am – 2:30am CDT bar must be recorded. Preposition a buy and/or sell stop above the high of the bar and/or below the low of the bar for entry. The DAX is an electronic market and can be traded using the Patsystem.

The DAX can move very quickly so you need to be properly prepared in order to avoid slippage. The best way to enter and exit the DAX is through an electronic trading platform like the Patsystem. These type trading platforms allow you to enter and exit trades quickly and efficiently reducing the time it takes to execute orders.

While trading the DAX you should monitor the other European markets for agreement as well as look to the S&P for clues about the strength of the trade. At times, the S&P will not have the conviction of the DAX and will hold the market from gaining momentum. If this occurs, it is best to exit the trade and look for a better opportunity for entry at a later time. At times, the local news in Germany will drive the DAX in the opposite direction of the other world markets and when this is seen, it is best to step aside. Clear agreement between these market indicators makes for a much more reliable trade. Another great filter is to monitor the German stock market to monitor the relationships between up/down issues on the German exchange.

When trading the DAX, or any market for that matter, never trade without a protective stop. Because of its volatility and fast movement, if the market reverses, it is best to exit the trade with a small loss instead of getting into "comeback fever". When trading off the 2:00am – 2:30am CDT bar, the real risk of the trade is the opposite end of the bar since that is what the market has told us is support or resistance. While trading the S&P and DAX, 30-minute charts can filter out market "noise" and provide a clear picture of the markets trend. If you are not comfortable using a stop at the other end of the bar, then use an arbitrary 20 point stop, but if this falls inside the bar, the trader must realize that being stopped out is a possibility.

On the profit side of things, don't get greedy. Remember, the DAX is worth approximately $28.50 U.S. per point, where 10 points will yield $285.00 before commission. I have found that getting 10 points in the DAX is very achievable. If you trade multiple contracts, then you can finance your trade with the first contract, and then move your stop to break even seeing if the market will yield more profits. If you look back at the chart of the DAX above, you will notice that the long trade could have yielded at least 35 points, which translates into a profit of $997.50 per contract. This is not a bad rate of pay for being in the market for 1 ½ hours.

On the other side of things, you could maximize the trade by buying the S&P at the same time. Since the DAX leads the early morning markets, the S&P futures will often follow in the same direction as the DAX. Buying an S&P contract when the DAX breaks its 2:00am – 2:30am CDT bar, could have yielded 3 points, which is an additional $750.00 on one big contract or $150 on one e-mini S&P contract.

The S&P futures reigns king in the U.S. market, and the DAX reigns in the European market. Both are excellent vehicles to trade in the global market place. Though governed by different economies and global occurrences, they mirror each other throughout a trading day. If a trader is looking for ways of diversifying or would rather trade in the early morning hours, the DAX would be a great alternative.

Tom Busby can be reached at www.dtitrader.com, 1-800-970-9791

THE 13th DEGREE OF CANCER

By Ted Phillips Jr.

The planet Saturn will reach the 13th degree of Cancer during the fall season of 2003. Saturn will go stationary retrograde (appear at a "stand still" geocentrically) at 13 degrees Cancer and 14 minutes of longitude on October 25th. For a number of strong reasons, this period should have a dramatic effect on the economy at large and the stock market.

The negative impact of this cycle is usually the strongest during the period prior to October 25th while Saturn is in direct motion geocentrically.

Before I examine some of the astrological reasoning behind all of this, it is important to first understand what the cycle of Saturn in Cancer is all about. While Saturn is transiting the sign of Cancer, it is considered to be in the sign of its detriment. Saturn is the natural ruler of the sign Capricorn. Cancer is the opposite sign of Capricorn. When a planet is in the opposite sign of its ruler, the negative tendencies or attributes associated with the planet tend to come out of the closet. For example, if the positive side of Saturn represents security and stability, then the exact opposite side of this is insecurity and instability. People born with Saturn in Cancer also tend to be frugal types, and can make excellent hoarders of money and possessions. The motivating force behind all of this is fear, of course. They can have more than their fair share of emotional insecurities and often times never received enough love or nurturing from their parents growing up. They can feel like the world is a cold and cruel place, justifiably so based on their own experiences, and that they are all alone in the world. Fortunately, not everyone born with Saturn in Cancer is going to have these experiences because there can be modifying or compensating factors in the horoscope. However, in most cases, these are common experiences for natives born with this placement.

The reason I bring this up is because these similar feelings and tendencies can affect the masses in general during Saturn's transit through Cancer which began on June 3rd, 2003 and ends on July 16th, 2005. People may not want to go out as much, spend less, and can become increasingly insecure about the future. The transit of Saturn tends to depress and deflate the sectors of the economy and stock market ruled by Cancer. These include real-estate, home products, and restaurants. As of this writing, I am already seeing signs of a slow down in the housing market and declining prices in home building stocks. Lower real estate values are to be expected during this period especially since prices have become very over-inflated. The banks are also vulnerable since foreclosures are already at record highs.

The reason the 13th degree of Saturn is so significant is because Saturn's retrograde station forms a conjunction within one degree, to President George W. Bush's Sun, at the same time is also conjunct the 13th degree Sun in the chart for the U.S.A. The conjunction (0 degree) aspect is the most powerful of all aspects. Saturn, traditionally known as the "greater malefic," is at its strongest when it goes station and forms a conjunction. A Saturn conjunct Sun transit is one of the most problematic of all transits. The time orb is roughly from the second half of September through November. What also packs a punch is the hard, 8th harmonic, 135 degree aspect Saturn forms to the planet Uranus during the same time period. Uranus will be going stationary direct on November 8th at 28 degrees Aquarius and 53 minutes of longitude. Watch for President Bush's popularity and approval rating to sink to new lows around this time. He is likely to be "under fire" or seriously criticized for his past actions and will have to deal with some serious challenges.

The Sun in a company or country's chart also represents its leader or president, so this same theme repeats strongly for our president and economy in the USA chart. The USA was founded with a Sun square Saturn aspect. The Saturn conjunct Sun transit also repeats the same theme or type of planetary aspect present in the USA chart. The theme is one of problematic conditions that could arise of historical proportions related to the US economy and US president. Additionally, the Saturn/Uranus planetary combination is an aspect of crisis at one level or another including potential health crisis for the president. Hard data and harsh realities will probably have to be swallowed about the U.S. economy during this period. But fears can become too exaggerated and over inflated during this period as well. Saturn is the planet that brings "fear" into the stock market. The stronger the fear factor is, the stronger the magnitude of selling pressure. This is a set up for potential panic selling. The stock market could easily revisit old lows.

I don't mean to paint a picture of doom and gloom during this time, only to bring up potential conditions to be prepared for as an astute investor or trader. As of this writing in June, the stock market appears to be behaving like it's the 90's once again. "The bull market is back," is all I hear in the news and from the investment Guru's. These people obviously haven't looked at the trend on the monthly chart for the Dow lately, which remains in a downtrend despite the impressive run up. This kind of bullish sentiment is typical of the Jupiter opposed Neptune cycle which just completed and the Jupiter trine Pluto cycle which completes on July 1st. It is based on over-expectations. What happens when the numbers, economic data, doesn't match the high expectations currently priced into the market? Last year the stock market made the low of the year when the planet Saturn went stationary retrograde in October. Could this once again be the case in 2003? In any case, the positive thing that usually happens after Saturn goes retrograde is that it becomes less potent and fears or problems associated with this cycle become less exaggerated. The Saturn retrograde on October 25th also concurs with the Sun and Mercury changing signs and then forming a conjunction. The planet Neptune also goes stationary direct a few days before on October 22nd. These clusters of planetary events should once again bring a significant reversal period in the stock market around this time.

The final question to ask yourself is what aspects does this 13th degree of Cancer form in your own personal chart? I don't believe you can make profits in the market trading all the time. There are times to take a break or at least trade more conservatively. In my own chart, I already know that the 13th degree of Cancer will form a favorable sextile aspect to my Pluto in the 5th house of speculation. This particular cycle period won't be stopping me from actively trading. If this degree is forming stressful aspects in your chart, you may want to take time off or at least trade on the light side. You work hard for your trading profits during the year; it's not worth it to give them back during a couple months of less than stellar timing. Trading and astrology are all about timing. This is why the use of planetary tools is the key to effective market timing. The planet Saturn is also considered "father time" or the master time keeper, just like the drummer in the band. When we are having favorable Saturn transits in our own charts it usually means our timing is good. The opposite is true if we are going through a stressful Saturn cycle. Be prepared and you can make this Saturn cycle work best for you.

Ted is president of Astro Advisory Services, Inc., He can be reached at (310) 456-0530, www.AstroAdvisor.com

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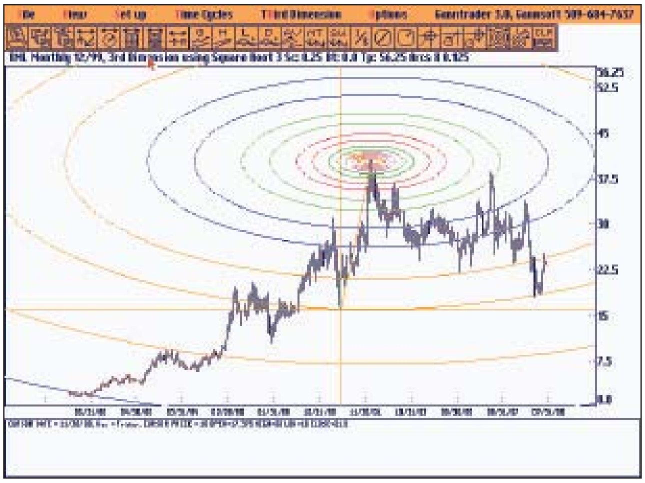

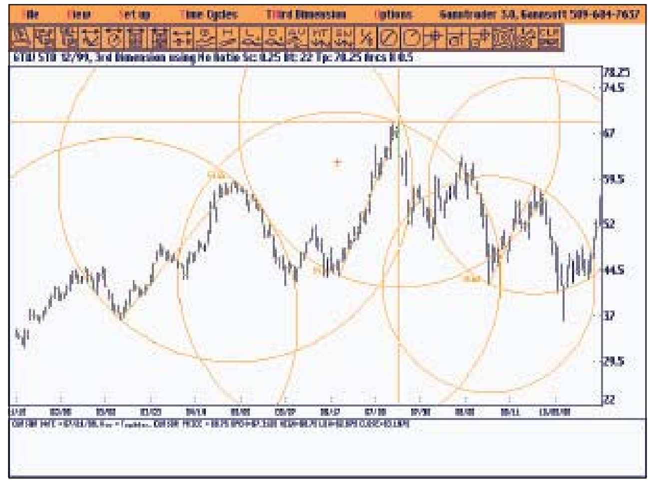

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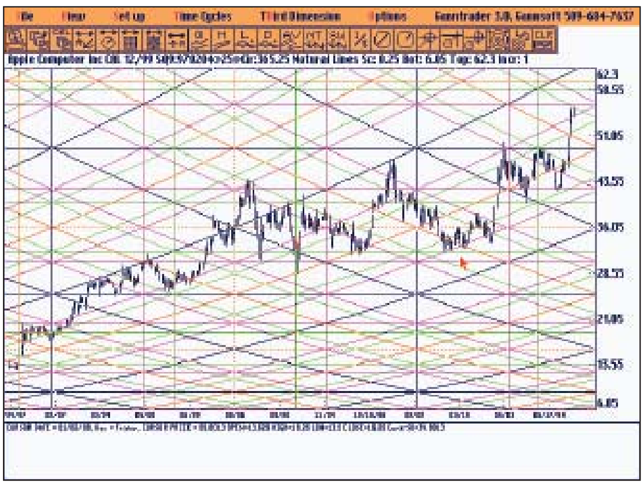

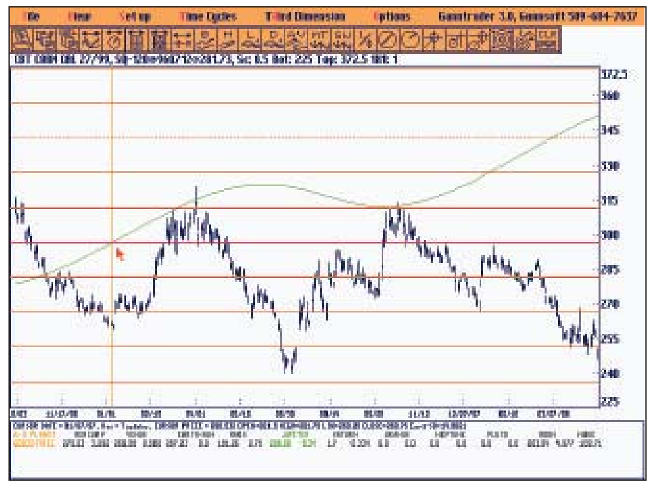

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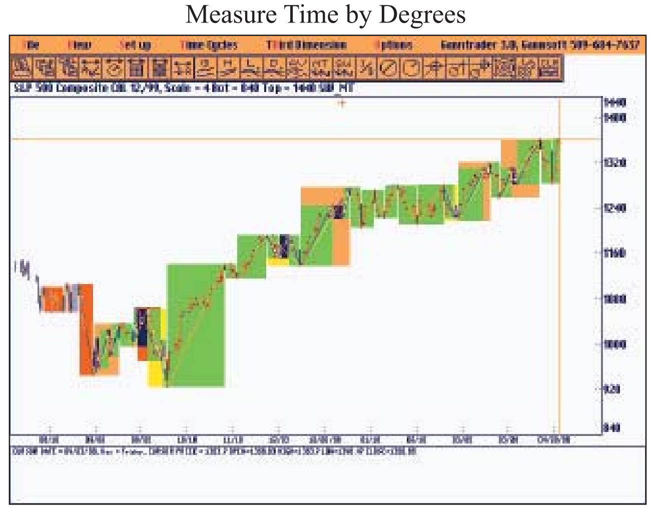

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