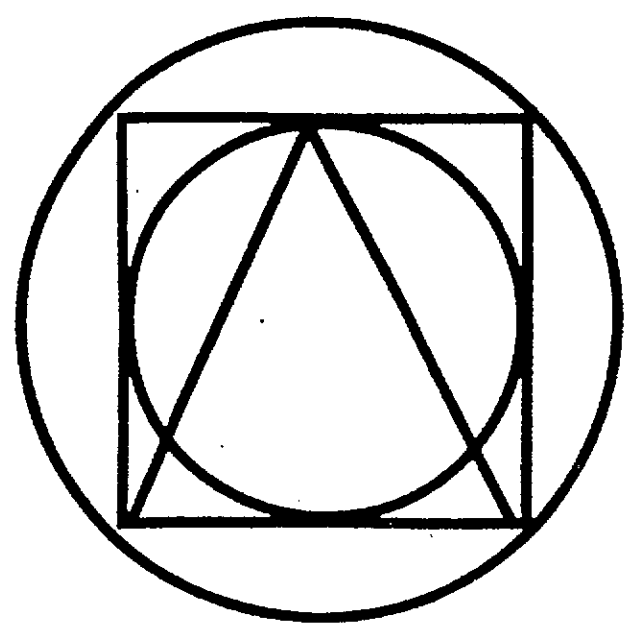
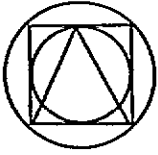


**THE
AUSTRALIAN TECHNICAL
ANALYSTS ASSOCIATION
NEWSLETTER**



SEPTEMBER 1992

GPO BOX 2774 SYDNEY NSW 2000



COMMITTEE

Your Executive Committee comprises,

Charles Balas	- President	- (02) 522 5220
Dawn Bolton-Smith	- Vice President	- (02) 969 7615
David Hunt	- Secretary	- (02) 238 7856
Christopher Carr	- Treasurer	- (02) 436 3202
Merril Armstrong	- Committee	- (02) 282 3555
Colin Nicholson	- Co Editor	- (02) 436 1610
Charles Alexiou	- Public Relations	- (02) 251 5133

Victorian Chapter

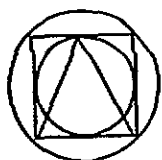
Paul Simmons	- Melbourne	- (03) 497 3551
Ron Leith	- Albury	- (060) 413 239

Yes, that's right we're getting Victoria together. Paul Simmons is our contact in Melbourne and Ron Leith in Albury. In November we will have our initial Melbourne meeting. More information to follow in the President's address. If you know anyone in Melbourne interested tell them to contact Paul.

Vicki Stapleton of Melbourne is going to IFTA in Dublin. She's our representative there and will be giving us a report on the conference in a forthcoming newsletter.

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EDITOR'S NOTE

Do you have any Reverse Indicators around you? Reverse Indicators can help your trading. Reverse Indicators are people. Reverse Indicators buy close to the top and sell close to the bottom, or are simply bullish at the top and bearish at the bottom. They can form part of your contrary opinion tools such as Put Call ratios and extreme Open Interest levels in a trend. Given that 85% to 90% of people lose some, or all, of their dough in the market, there must be many Reverse Indicators around you. They are people with a little knowledge who might have the right opinion of the market's direction but can't get positioned the right way in a trend. They do this, because in a good trend they can not find price levels where they feel comfortable. As a result they chase the market and pull the trigger far too late.

I got to thinking about Reverse Indicators because two days before the last low in the All Ords my mum became bearish, wanting to sell BHP at \$12.18 and buy puts. This was after being able to, and being told to, sell between \$14.00 and \$15.00 for a good few months. Its funny how people don't value free advice but will listen to clowns saying 'buy because post tax Dividend yields beat current money market returns'. These clowns never read Mr Gann's quote "Never buy a stock for a Dividend'.

Does this mean that we have seen a significant low? Time will tell, but I did know it wasn't a sell then, because of my Reverse Indicator.

Foreign exchange traders in banks often use Corporations, that are slow moving, or bureaucratic in decision making, or simply not very skilled, as Reverse Indicators. Price makers will often hold the positions the Reverse Indicators give them, and often profit handsomely. Corporations on the other hand use banks in the same manner and a majority of the bank's views will tell you where the market is definitely not going.

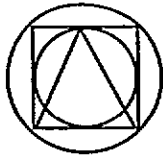
The roll of TA is to give you an edge to

- Determine current trend and likely future direction,
- Set action levels that are not just guesses,
- Let you know where you are wrong and how much you can risk,
- Tell you when to take profits.

The areas to learn in TA are Pattern Recognition, Money Management, Investment and Personal Psychology.

The Pattern recognition principles, used at the right times and conditions, work and are in fact the easiest way to run a profitable position, if you have your Money Management Rules and Psychology worked out.

DW Hunt, Co Editor



OUR MEMBERS - PART 1

For the next newsletter we will change this section to OUR MEMBERS. We're running out of Committee people to profile, plus our members are also very interesting people. Please send us a one page profile on yourself, and we'll put it up.

Monthly Meeting Calendar

Please note these meetings in your diary.

Activity	Date	Topic	Speaker(s)
Meeting	19/10/92	Becoming a CTA	Damien Hatfield
Meeting	16/11/92	Looking Back to '93.	Members Predict '93.
Xmas BBQ	TBA in Dec	Anything.	At Merrill's place.

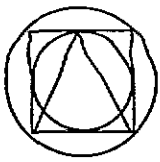
Meeting details

Time: 5.30 for 6.00pm

Day: 3rd Monday of each Month

Location: Council Room
State Library of NSW (Old Section)
Macquarie Street, Sydney

More Information: DW Hunt 545 2605
Charles Balas 522 5220



PRESIDENTS ADDRESS.

Fellow Analysts.

Our last meeting in August with presenter Bryce Gilmore, creator of the Wave Trader(TM) analysis software proved to be a full house, with standing room only. Bryce has spent many years on price and time research and his Wave Trader software is testimonial to the countless effort one needs to devote to our vocation to become a success. There is no easy path in Technical Analysis, and no other profession requires more hard work, intelligence, patience, and mental discipline than successful speculation.

Due to the demand for quality technical and investment books, we have opened an account with McGraw Hill Book Company to provide you with a range of excellent research material, including our very own Ivan Krastins with his book , 'Listen To The Market'. This book was previewed in our last newsletter. These books are offered below retail prices as yet another benefit for all members.

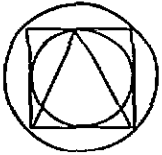
There seems to be an increasing desire from members and other analysts in Melbourne to become more formalised into a Victorian branch of the ATAA. Many benefits would arise to all members including being able to attend either the Sydney or Melbourne monthly meeting venues.

Discussions will be taking place shortly with all members and analysts in Melbourne in view of forming a Victorian committee comprising of a Victorian Chairman, Victorian Secretary, Victorian Treasurer and other positions that would be appropriate. Other details such as venue dates and times and other matters will be raised. In the meantime, you may contact Ron Leith on (060) 413239 or Paul Simmons (03) 497 3551.

Our distinguished Editor, Colin Nicholson, will be holding a Point & Figure workshop in conjunction with the Securities Institute, the Sydney Futures Exchange and the Australian Stock Exchange. This workshop is highly recommended to all analysts seeking to further their knowledge in analysis tools as Colin has mastered this technique over many years of research. "Give me a fish and I eat for a day, Teach me to fish and I eat for a life-time".

Your Executive Committee is keen for any contributions to our newsletter of any article or thoughts you may have. Remember, our Newsletter is also distributed to other IFTA member societies worldwide.

Best wishes and good trading,
Charles Balas.



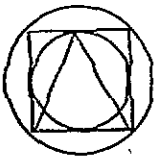
WHAT OTHER TECHNICAL NEWSLETTERS ARE SAYING...

Edited by Dawn Bolton-Smith

On the premise that too much information can confuse, I am always very selective about which Newsletters I read but always look forward to the monthly Fuller Money written by David Fuller who in my opinion is one of the best analysts in the whole world. Anyone who has been to his regular around the world seminars would surely agree. The last two years he has missed Aussie and the nearest seminars would have been Singapore and Hong Kong. Well worth the effort for 1993. I was fortunate to have attended his earlier Sydney seminars in the mid 1980's and catching up with him at Cambridge in September 1988 when he was the ONLY BULL for equity markets at that time. I later spent some time with the Royal Bank of Canada in London tutoring their technical analyst which further gave me an opportunity to see the splendid Chart Analysis set up in Swallow Street. Oh to have access to all of those superb charts on a regular basis! David does of course, which provide the background for his newsletter analysis. His efforts to present the true facts in FM are greatly appreciated by regular subscribers. The current issue of FM 99 dated 21st August 1992 has two sectors worth reproducing with full credit to David for the energy and thought which goes into producing those pages:-

"FEW ANALYSTS ARE GIVEN FREE REIN - The financial community churns out more information than anyone could possibly read, but many of the opinions and forecasts are not a true or complete reflection of their author's views. Institutions employing their own in-house analysts may have marketing and public relations objectives that compromise editorial integrity.

Why else was the head of research of a prominent broker suspended a few days ago for refusing to cancel publication of a book which exposes the accounting techniques used by many public companies to flatter their results? Incidentally, creative accounting is a powerful reason why every investor should look at charts. In another example of sanitised research, the very capable author of a report for the clients of an international investment management group told me recently that he did not want to include an optimistic forecast for the second half of this year, but had to, because it was the house view. Similarly, I received a detailed report on a major company recently, from a superb analyst, who penned on the accompanying compliment slip: "This isn't as bearish as I would like it to be".



My own experiences of editorial censorship influenced a career change. I knew that I wanted to leave stockbroking research in the late 1960s after being told not to write any bearish copy because it might upset the companies mentioned. I could cite many more similar examples of editorial restriction as could anyone in the field of financial research.

Only the fully independent analyst is sure to have a free hand. Independence does not guarantee better research but at least there is no censorship or hidden agenda. Broking firms employ plenty of good analysts but too many research departments are subordinate to the companies' sales and marketing divisions. It is difficult for analysts to develop their full potential in that environment."

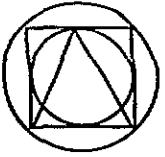
"MIND TRAPS"

Time waits for no-one. I meet or hear about a number of investment managers (not to mention economists) who find their once successful computer models - known colloquially as black box systems - no longer work so well. They are surprised and, privately, show the disillusion, sense of betrayal and loss of confidence experienced by a jilted lover. Just when they had gone to all that programming effort, compiled reams of data and painstakingly devised a system that would have made lots of money in the 1980s, and still performed respectably not all that long ago, the markets (and economies) have gone and turned the tables in a manner of speaking.

The problem is not new. People usually do in this cycle what they should have done in the last. That changes the cycle which is a living, evolving entity in any event. However much people revise and fine tune their mechanical trading systems, they will always be chasing the last train to leave the station. When a secular change occurs in the economic cycle, such as the debit deflation of the 1990s, the evaluation model that would have worked well in the previous, often opposite financial environment blows a fuse.

Should people abandon black box systems? I don't think so. The process of researching and devising them provides a discipline and sense of perspective that should facilitate analytical discussion, at the very least. However it is essential that we recognise the limitations.

To invest on the basis of computer models using fundamental data is akin to driving along a winding road with one's eyes fixed firmly on the rear view mirror. It can be done... just, but only while traversing familiar terrain. As fund managers, these mechanised trading systems have a short shelf life.



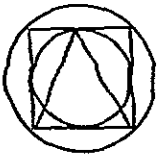
Some people believe that investment decision making based on the interpretation of price charts is also navigation by looking backwards. They do not understand chart reading. Staying with the navigation analogy, chartists also used current price data. At minimum this enables us to look at the side of the road travelled, to determine if we are still on course. Technical rather than fundamental trading systems are also using current price data, but lacking highly developed AI, they are less likely to have the same perspective as good analysts, despite decision making pressures. Experienced chart readers can often peer a short distance into the densely fogged road of the future. The occasional inspired guess aside, absolutely no-one has a clear view of what lies ahead.

Some fundamental analysts believe that they are working with future data. This is a delusion. Their forecasts are based primarily on historic information from which they try to make an educated guess about the future. Unlike the chartists' prices, the complex and varied nature of fundamental data delays or at least obscures the effective analysis of much current information. Additionally, if price represents the road, fundamental analysts are attempting to forecast its direction by looking back on scenery already passed, but not at the road, unless they also study a price chart.

Where does this leave us, the intrepid analysts, investors and traders. We should accept that all forecasting systems are flawed, although many have merits. Therefore it does not make sense to confine ourselves to one approach, but, we cannot do everything.

Recognising the limitations of forecasting techniques, we should keep an open mind and use the analytical methods that we understand and, most importantly, work reasonably well for us. It can help enormously to cultivate, or at least monitor, the work of those people who have a relatively good track record over time.

There are no easy shortcuts on the road to investment success. However, hard work is usually rewarded. I am convinced that there can be no lasting investment success without a high degree of self-awareness and understanding. For many people this is the greatest challenge, and it never ends. Until we really understand ourselves, we will have few insights as to the nature of the crowd of players who act out the never-ending, always changing drama of the markets. Can you and I do it? Why not?"



I find these comments extremely thought provoking particularly in looking at the current technical position of some markets. Perhaps the black box is the one where once you find the key, they change the lock. It is important for technicians to realise that in the opinion of some of the world's best analysts, the price chart itself shows 75% of what you need to know (D.B.S.).

FullerMoney is published monthly by Chart Analysis Limited, 7 Swallow Street, LONDON W1R 7HD, United Kingdom. Annual Subscription rates: U.S.A. and the rest of the world 180 Pounds or US\$340. They also run a superb Fax service on currencies and interest rates.

Our local publication TRENDEX had more to say about the KONDRATIEFF WAVE which was featured in an article by Will Slatyer in the July 1992 A.T.A.A. Newsletter.

Philip Rennie is co-editor with Merril Armstrong and writes a regular OVERVIEW COLUMN. He quotes research on the subject by Ian Notley who was responsible for launching so many technical analysts in Australia via the Mosman Evening College course which commenced in the early 1960's...indeed a pioneer of Technical Analysis. Ian has spent most of his time in North America since the early 1970's and is active in I.F.T.A. as well as running a technical advisory service YELTON FISCAL INC., 90 Grove Street, Suite 211, Ridgefield, CT 06877 U.S.A.

TRENDEX No. 1135 August 24, 1992

OVERVIEW by Phillip Rennie

"Some market technicians attach almost mystical significance to the Kondratieff Wave, which is a 50-55 year economic cycle. Kondratieff, a Russian Economist studied wholesale prices and found that every 50 years or so the normal inflation pattern was disrupted by deflation, causing what is normally described as depression.

The Great Depression was in the 1930s, which put the world on course for a similar event in the 80s. Many Kondratieff students thought the 1987 stockmarket crash would be the new 1929 and lead to a 1930s replay. In fact, the injection of excess liquidity by central banks to offset this possibility led to an assets boom, the consequences of which we are all now suffering.

And although there isn't deflation in the sense of generally falling prices, assets have fallen in price, and it must be assumed that without modern day high government spending and welfare we would have seen price falls on many goods and services.

The problem with such a long-term cycle is that no one has time to become familiar with the process, and deflation occurs so infrequently, people are left wondering what they are experiencing and when it will stop.

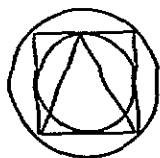
Ian Notley, an Australian who has a technical analysis business in North America, has studied the Kondratieff Wave intensively. He calls the recovery process the cycle of innovation. The theory is that as industries run out of steam in depression, something all too familiar today, it is innovation - new products and services - that leads to recovery. The more vigorous this phase, the quicker the recovery.

Notley points to the surge of the 1930s which was carried on such products as the fluorescent light, diesel-electric locomotives, television, nylon, penicillin, the jet engine, catalytic refining, and power steering and automatic transmission in cars. In the 1870s-90s surge, newcomers included the incandescent light, the electric locomotive, the telephone, the petrol motor, aluminium and refrigeration.

To-day the emphasis is on information, superconductivity, solar power and other industries that are not easy to understand - but of course the landmark products from other eras were also a mystery in the early stages. Notley says the Kondratieff low has passed and the cycle of innovation has begun. The pace of recovery will be influenced by how quickly new products and services get to market."

TRENDEX with Investment Action is published fortnightly 6 months \$150, 1 year \$299 and 2 years \$429. Subscriptions by phone (008) 032 577 toll free from anywhere in Australia between 9 am and 5 pm EST Monday to Friday. Have your credit card ready. Otherwise Mail (no stamp required) to: Reply Paid 1481, Trendex Subscription Department, G.P.O. Box 55A, Melbourne Victoria 3001.

For more on KONDRATIEFF, the September 1992 issue of PERSONAL INVESTMENT will feature a Charting Course article by Merrill Armstrong which I am sure will be worth reading.



Bull and Bear Years of the Decade

Article by Merrill Armstrong, our committee member,
reprinted by courtesy of Personal Investment Magazine

Studies of stock markets have identified many cycles which occur with amazing regularity. The investor should firstly be aware that in the stock market, as in most facets of life, history tends to repeat itself.

When cycles are analysed over the past century, it has been found that one of the most reliable ways of predicting which way the stock market will travel is by simply analysing north/south movements for each year within a decade. Moves, whether up or down mirror moves that occurred in the same year of that decade ten, twenty, or even a hundred years ago. In the first year of a decade, a bear market ends and a bull market begins. A minor bull market or a bear market rally occurs in year two.

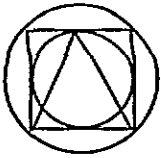
The third year of the decade is the start of a bear market which runs into year four, but then a base begins building, ready for a bull run in year five.

Year five has been called the year of ascension. Year five's rising market continues climbing into year six, terminating in the northern autumn. As a matter of interest, there also appear to be seasonal influences which invariably cause the Dow Jones index to peak sometime between July and September, regardless of the year of the decade.

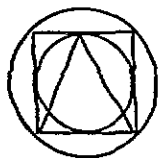
Year seven is a bear year. Interestingly, things go a little haywire at 60 year cycle tops, when such momentum is built up that exponential highs are seen either in that year or a couple of years later. In 1927 the bull market charged through to highs in 1929 without faltering. At the next 60-year cycle top in 1987, the market overran its time limit by a year. How can anyone forget that 1987 August/September peak from which the market plunged into shortest sharpest bear market in history, which terminated on schedule in February 1988 ready for the next bull run.

A bull market begins in the eighth year, continuing into the strongest year of the decade, the ninth year. Late that year a bear market begins which runs into year ten.

Using this simple predictive technique as a roadmap for the nineties, a mild bull market is predicted for 1992, following on from the strong market of 1991 which rose from the January ashes of the bear market. However investors would be getting ready to take profits later this year or early in 1993, waiting for another buying opportunity in 1995.



Have there been any failures this century? It appears to have proved overwhelmingly accurate, with only a few occasional aberrations. The chart shows the Dow's most recent history, where it seems to have worked remarkably well apart from 1969, when the Dow declined. Maybe the global spotlight in that year was concentrated on Australia, watching the Poseidon boom roar to its peak before the bubble burst in the early days of 1970. Certainly it appears that if this roadmap is used in conjunction with charts, it should provide a useful backdrop for investment decision-making. But watch for that next 60-year cycle which is due in 2047. That should mark yet another explosive peak in the stock market's roadmap of the future.



CHARTING AROUND

COLIN NICHOLSON, POINT & FIGURE EDUCATOR, LET LOSE AGAIN

Following the overwhelming success and positive vibes from participants the ATAA and the Securities Institute are bringing you a special workshop with Colin to work hard on the Point and figure. Details are being worked on and will follow in the next newsletter.

NORMAN WINSKI - FINANCIAL ASTROLOGER

WD Gann was a Master Astrologer. The rapid changes in markets around the world at present, may be influenced by an astrological event that will happen late this year (an event of this type happens only once every 170 years). For example the UK Pound took 172 days to rally to its high at 2.0105 against the USD from its last low at 1.6980 but took just 8 days to fall to 1.7250.

Next year Norman Winski may grace our shores, subject to demand. Winski has won the Traders Challenge Mystery Chart in TA of Stocks and Commodities magazine for his work on the DJIA using astrology. Winski was a member of the fabled Astro Cyclical Exchange (ACE) in Chicago with members such as Nick Flamorous and Phyllis Kahn. Winski knows his Gann astrology. If you are interested in attending a seminar give Charles Balas a call on 522 5220.

Meetings Meetings Meetings

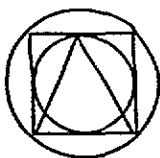
August

Bryce Gilmore of Wave Trader fame graced our meeting with 3 hours of his analysis. Bryce is truly a Time Lord, his analysis of time and the hidden relationships in time and price is second to none world wide. Paul Tudor-Jones is rumoured to use the Wave Trader and he ain't the only big hitter using it. He let us in on a lot of his building blocks and analysis. He has allowed us to reprint his notes from the meeting, but asked our member not to copy them for others as it forms part of his new book. Please respect his wishes

New Members

Welcome to the following New Members:

Nicholas Guoth of Clontarf
R Chapman (no relation to Bernard) of Glenbrook
John O'Laughlin of Randwick
Andrew Woolridge of Milsons Point
Joel Geier (related to Zoran)
Christopher Tate of BOS Stockbroking



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Newsletter

It is planned to put out the newsletter every 2 months ie Jan, March, May, July, Sep, Nov. Any articles you want to put in should be sent to The Editor GPO Box 2774 Sydney by the end of the previous month. Formats can be type written or on floppy disk or by sending it onto the Bulletin Board (cheapest option). All Methodologies etc contributions are welcome. Charts (in PCX) should be put disk to allow upload into my WP Package.

If you need a hand talk to Colin Nicholson on 436 1610.

TIMING TO PREDICT CHANGE OF TREND

TIMING TOOLS FOR PREDICTING MARKET CHANGE IN TREND

- COMPOSITE TIME COUNTS
Important composite time counts to monitor.
- TIME CYCLE RATIOS
Important time cycle ratios to monitor.
- RHYTHM WITHIN MARKET TRENDS

PREPARING TIME REPORTS TO INDICATE SIGNAL DAYS

- CONVENTIONAL APPROACH
- WINDOWS OF OPPORTUNITY APPROACH
- IMPORTANT CONSIDERATIONS

CONFIRMING A SIGNAL DAY FOR POSSIBLE CHANGE OF TREND

DAY TO DAY MARKET ANALYSIS

- TREND POSITION to indicate degree of trend change possible.
- DAILY AND WEEKLY PRICE PATTERN
- PRICE RELATIONSHIPS PRESENT

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COMPOSITE TIME COUNTS

In modern days composite time counts have been popularized by students of ELIOTT WAVE and GANN WORKS.

A trend change could occur at precise time intervals counted from previous market pivot points.

DIVISIONS AND MULTIPLES OF A YEAR

0.236, 0.25, 0.333, 0.382, 0.50, 0.618, 0.667, 0.707, 0.75, 0.786, 0.833, 0.875, 1.000, 1.272, 1.414, 1.50, 1.618, 1.732, 1.75, 2.000, 2.236, 2.50, 2.618, 3.000, 3.33, 4.000, 4.236, 5.00, 6.00 and 6.854.

From thereon be aware of anniversaries from important major trend change pivots.

FIBONACCI SERIES

The most common counter series used today is the FIBONACCI SERIES of numbers. Anyone familiar with R.N. Elliott's WAVE PRINCIPLE will be aware of the importance attached to this series, 1, 1, 2, 3, 5, 8, 13, 21, 34, 55, 89, 144, 233, 377, 610, 987 and so forth with each future number maintaining a 1.618 relationship to its predecessor.

Counts can be performed in TRADING DAYS, CALENDAR DAYS, SOLAR DEGREES, WEEKS, MONTHS and even YEARS.

Multiples and squares of the Fibonacci series, such as:-

34	68, 102, 136, 170, 204, 238.
55	110, 165, 220, 275, 330, 385.
89	178, 267, 356, 445, 534, 623.
144	288, 432, 576, 720, 864, 1008.
233	466, 699, 932, 1165

13 squared =	169
21 squared =	441
34 squared =	1156
55 squared =	3025

Some of these numbers can be arrived at by different means for instance 238 calendar days = 34 weeks, 385 a master number in days = 55 weeks. 3025 a master number in days = 432 weeks.

NATURAL POWERS OF NUMBERS

3	9, 27, 81, 243, 729, 2187.
4	16, 64, 256, 1024.
5	25, 125, 625, 3125.
6	36, 216, 1296.
7	49, 343, 2401.

I've highlighted the medium term counts I've seen occur regularly in calendar days.

LUCAS NUMBER SERIES

These numbers have the same properties as the Fibonacci series in so far as each successive number in the series relates to its predecessor by the ratio of 1.618.

1, 3, 4, 7, 11, 18, 29, 47, 76, 123, 199, 322, 521, 843, 1364, et cetera.

These numbers can have a dynamic relationship with the Fibonacci series of numbers. For instance 322 divided by 144 results in 2.236 or $\sqrt{5}$. ($2.236 = \phi + 1/\phi$)

There are other numbers we could place importance on for composite time counts, these are mentioned in the appendices under Ancient Numerology.

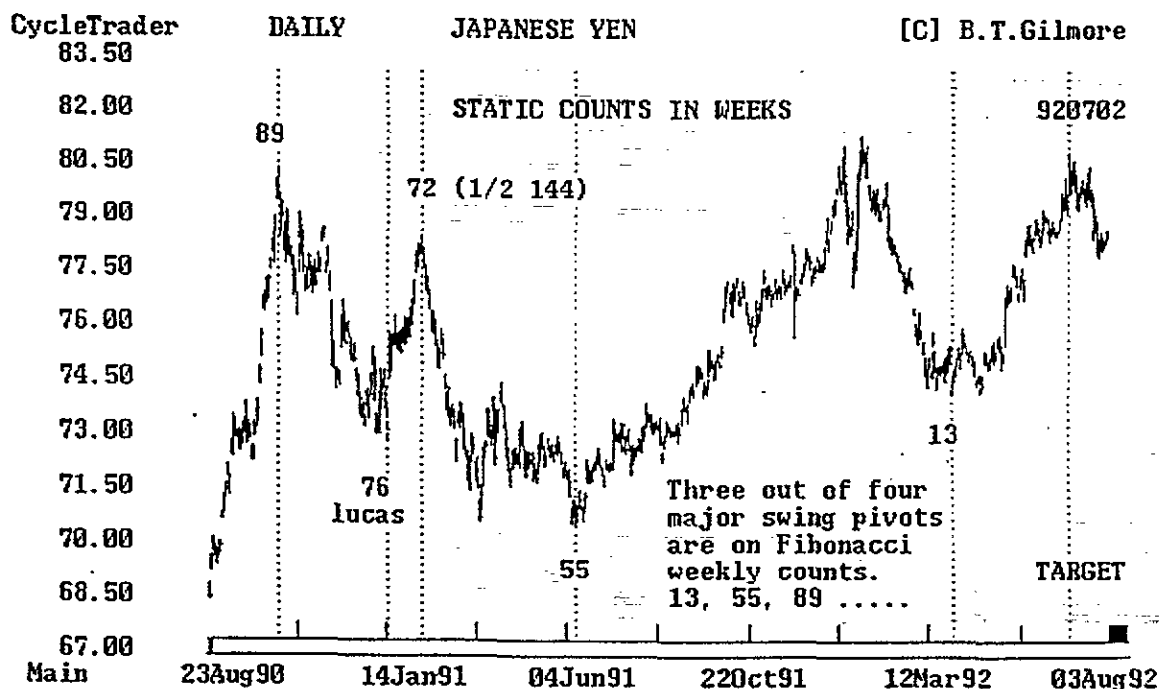
WHAT CONSTITUTES A VALID COMPOSITE COUNT SIGNAL ?

The most reliable COMPOSITE TIME SIGNALS I have experienced are when you get a combination of DIVISIONS OF A YEAR together with FIBONACCI or LUCAS COUNTS in days and weeks. Weekly time counts are extremely reliable.

The reason for this is due to the fact that these counts will form dynamic time relationships between the various market pivot points and the current point where you are expecting an exhaustion of trend.

For instance a termination of trend is more likely to occur when you have multiple counts from a series of previous market pivots. I normally check the past 8 INTER-MEDIATE DEGREE market pivots for COMPOSITE TIME COUNTS before worrying about pivots further afield.

When calculating composite counts you should allow for some under or over shooting of the ideal number. A difference of 1% is not uncommon. Here is an example of some composite counts I saw when the JAPANESE YEN made high on July 2, 1992.



TIME CYCLE RATIOS

Time cycle ratio analysis of market activity is the single most important technical tool in determining the termination of a trend. The objective is to evaluate the strength of the signals; first having regard to the **QUALITY** of the ratios signaled, secondly the **QUANTITY** of the signals and thirdly the **RHYTHM** of the signals.

All the ratios used for time and price analysis can be divided into families. The family groups are called **GEOMETRIC**, **HARMONIC** and **ARITHMETIC** ratios.

GROUPS	CONTRACTING	EXPANDING
GEOMETRIC	1.000	1.000
	0.786	1.272
	0.618	1.618
	0.526	1.902
	0.486	2.058
	0.382	2.618
	0.300	3.330
	0.236	4.236
	0.186	5.388
	0.146	6.854
HARMONIC	0.707	1.4142
	0.500	2.000
	0.354	2.828
	0.250	4.000
	0.177	5.657
	0.125	8.000
ARITHMETIC	0.667	1.500
	0.577	1.732
	0.333	3.000
	0.167	6.000
ROOT 5	0.447	2.236
	0.200	5.000

QUALITY ratios in the primary sense are the ones I have highlighted.

I feel quite confident in predicting a change of trend in advance when I see multiple time cycle ratios of 0.382, 0.500, 0.707, 1.000, 1.414, 1.618 and 2.000 appearing in conjunction with important **COMPOSITE COUNTS**.

Nevertheless it must be remembered that every market turning point cannot keep vibrating on these ratios alone. If it did it would be a perfect system and this just isn't the case. This is why it is important to look for **RHYTHM** as well as **QUANTITY**.

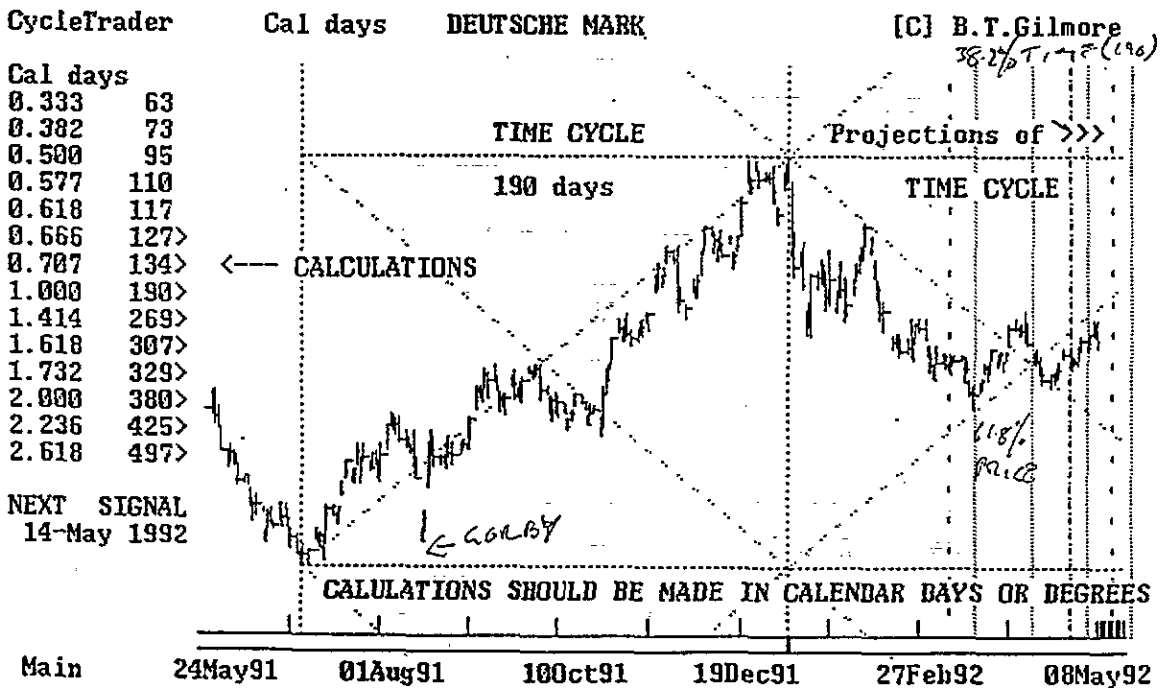
QUANTITY can be made up from any of the ratios, the more prime ratios the better.

RHYTHM is a matter of judgement, I will give you some examples as we move along. If you study the tables on the previous page you will see how I have grouped the ratio series for each of the **NAMED** families. When you are analysing your charts and you can identify a pattern of previous market pivots being made on an expanding or contracting series of ratios from the one family, you are seeing what I call rhythm.

Once a rhythm is identified it gives you a better focus on where to expect the next trend change. If a new shock hits a market "out of the blue", for instance a war breaks out or the Federal Reserve hikes interest rates by an excessive amount and the market goes "haywire" for a while, then you can expect to see the rhythm change. It may well return after the dust settles so don't forget about it entirely.

WHAT IS A TIME CYCLE RATIO?

A time cycle ratio is the projection of time of a previous market trend or a series of market trends (pivot date to pivot date) into the future, using the ratios listed. A time cycle is the length of time of a previous trend, be it a bear or bull trend. Since each larger degree trend is broken into smaller trends with counter degree trends we have to look at time cycles in the context of degree. The degrees I will talk about are **PRIMARY, INTERMEDIATE** and **MINOR**.

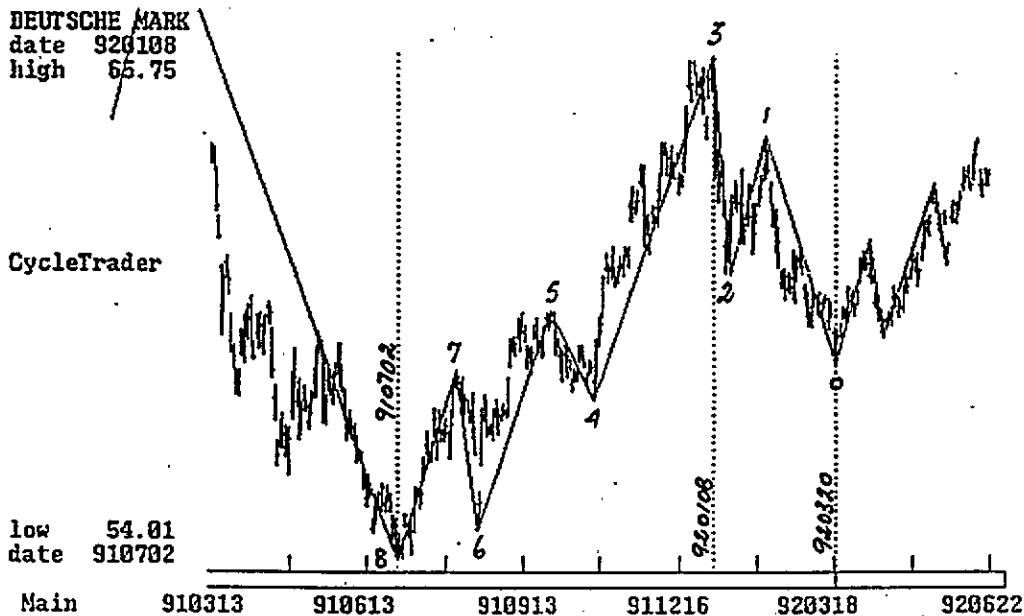


TIME CYCLE RATIOS IN PRACTICE

The best way to explain how TIME CYCLE RATIOS are used in practice is to give you a near perfect example.

The IMM DEUTSCHE MARK recently made a low on the 20th March, 1992. From the table and the chart below you can determine the important swings and the TIME CYCLE RATIOS that were present.

As a market moves along I tag each of the confirmed MINOR, INTERMEDIATE and PRIMARY degree SWINGS. I only concern myself with the MINOR swings until an INTERMEDIATE swing has been confirmed.



Every time a new swing high or low is made on a daily basis I interrogate the swings with the CYCLETRADER time and price template. If the results produce a QUANTITY of QUALITY signals I can then perform more extensive analysis to make sure a reversal of trend is possible.

DEUTSCHE MARK		CycleTrader				Signal scale [1-10] = 8.9		
SWING	HIGH/LOW	DAYS	SOLAR	WEEKS	YEARS	RANGE	%CHANGE	VIBRATION
910702	8 54.01	262	260.1	37.4	0.722	4.54	8.41	0.017 day
910806	7 58.42	227	226.6	32.4	0.629	0.13	0.22	0.001 day
910819	6 54.69	214	214.1	30.6	0.595	3.86	7.06	0.018 day
911002	5 59.80	170	171.2	24.3	0.476	-1.25	2.09	0.007 day
911028	4 57.74	144	145.5	20.6	0.404	0.81	1.40	0.006 day
920108	3 65.75	72	72.7	10.3	0.202	-7.20	10.95	0.100 day
920117	2 60.60	63	63.5	9.0	0.176	-2.05	3.38	0.033 day
920207	1 63.85	42	42.2	6.0	0.117	-5.30	8.30	0.126 day
920320	0 58.55							

ALL MEASUREMENTS ARE TO 920320 : SWING 0

PRICE	UNITS	(0-1) to (1-2)	(5.30/ 3.25) =	1.618
	1st Alternate	(0-1) to (2-3)	(5.30/ 5.15) =	1.029
	2nd Alternate	(0-1) to (4-5)	(5.30/ 2.06) =	2.573
%	PERCENTAGE	(0-1) to (1-2)	(8.30/ 5.36) =	1.548
TIME	CALENDAR DAYS	(0-1) to (1-2)	(42 / 21) =	2.000
	first to cycle	(0-1) to (1-3)	(42 / 30) =	1.414
	cycle to 1st alt	(0-2) to (2-3)	(63 / 9) =	7.000
	cycle to cycle	(0-2) to (2-4)	(63 / 81) =	0.786
	cycle to triple	(0-2) to (2-5)	(63 / 107) =	0.589
	triple to triple	(0-3) to (3-6)	(72 / 142) =	0.500

Press any key - routine complete

CALCULATING TIME CYCLE RATIOS IN ADVANCE

When one has the knowledge of how market TIME CYCLE RATIOS manifest themselves within market activity it is a simple matter to calculate them in advance.

The objective is to isolate the future dates where there is a QUANTITY of QUALITY SIGNALS. In the case of the previous Deutsche Mark example I have prepared a TIME CYCLE REPORT sorted into chronological order for the area of the March 20 low.

This report was prepared from the information obtainable after the 7th February, 1992 swing high was identified.

Remember all of these calculations were made prior to the actual market reversal day.

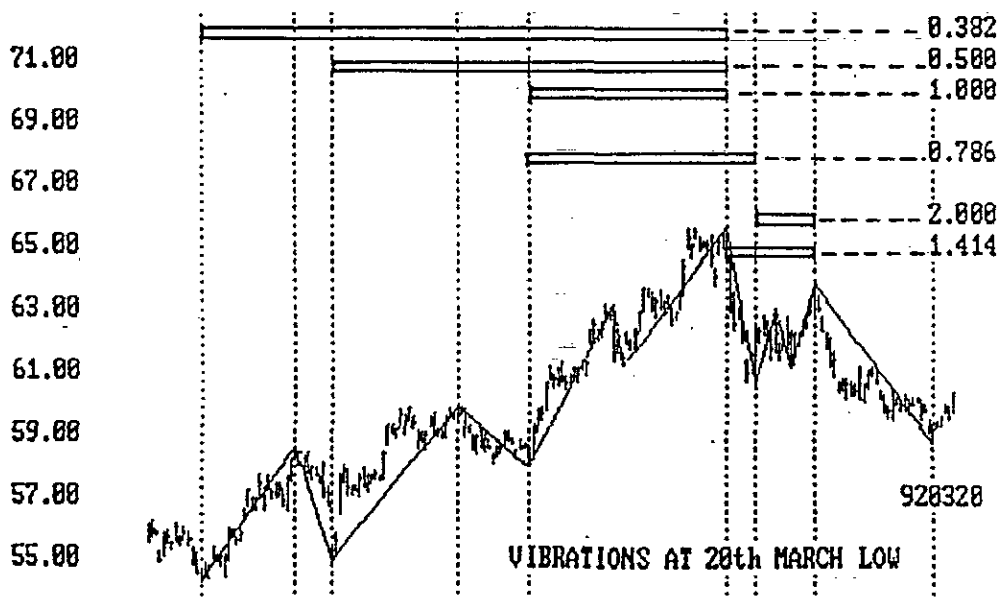
TIME CYCLE REPORT - CycleTrader [C] 1992, B.T. GILMORE

DEUTSCHE MARK

Minor time cycles at 900320 low.

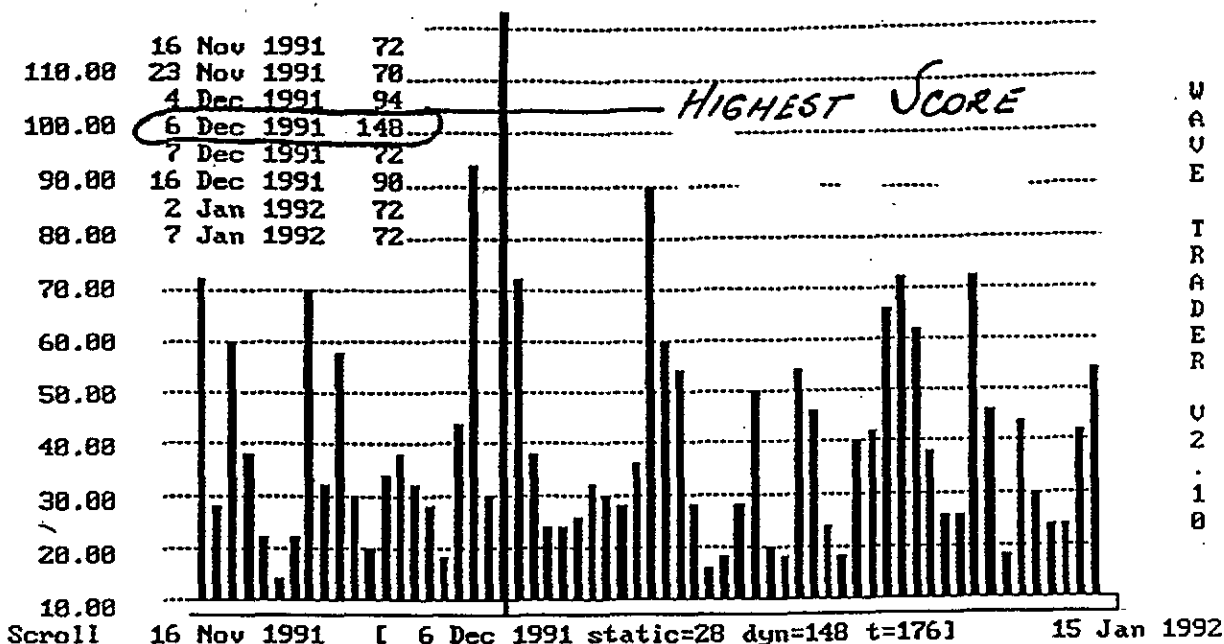
CONVERGENCE	TCR	TIME	PROJECTED RANGE	CYCLE	
18 Mar 1992	6.854	61.0	920117 - 920108	9	DAYS
18 Mar 1992	0.577	61.0	920117 - 911002	107	DAYS
19 Mar 1992	0.500	71.0	920108 - 910819	142	DAYS
20 Mar 1992	2.000	42.0	920207 - 920117	21	DAYS
20 Mar 1992	1.414	42.0	920207 - 920108	30	DAYS
20 Mar 1992	7.000	63.0	920117 - 920108	9	DAYS
20 Mar 1992	0.786	63.0	920117 - 911028	81	DAYS
20 Mar 1992	1.000	72.0	920108 - 911028	72	DAYS
20 Mar 1992	0.382	72.0	920108 - 910702	190	DAYS
21 Mar 1992	2.058	43.0	920207 - 920117	21	DAYS
22 Mar 1992	0.526	74.0	920108 - 910819	142	DAYS

When March 20 arrived and this market traded to a new low in the bear market trend in progress from the January 8th high, the time cycles were unmistakable as was the RHYTHM in the MINOR degree waves.



COMEX GOLD

Up until Friday 6th December, 1991 the current gold rally has failed to exceed the 38.2% retracement of the major downtrend range, ie., high \$415.5, 24th August, 1990 and low \$343, 11th September, 1991. This price activity is BEARISH! On top of that the *WAVE TRADER WINDOWS OF OPPORTUNITY*SM has recorded the highest score I've ever seen for a change of trend around 911206 (see for yourself). The bar chart shows the waves being used to arrive at the calculations.

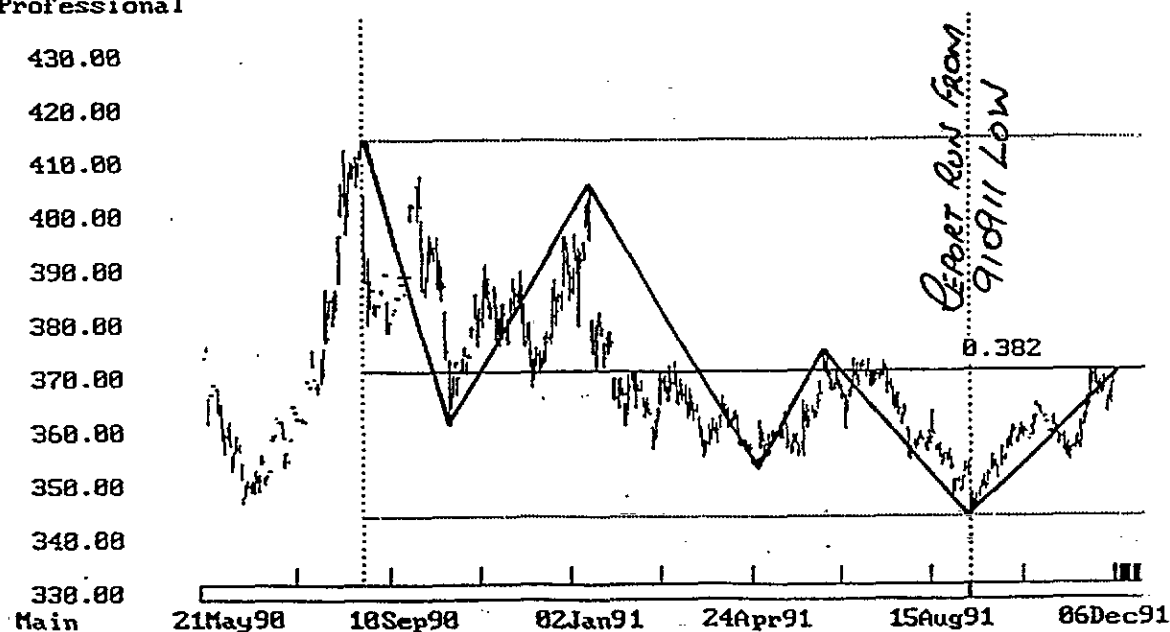


Wave Trader Professional

DAILY

GOLD 1ST MONTH

[C] Bryson Gilmore

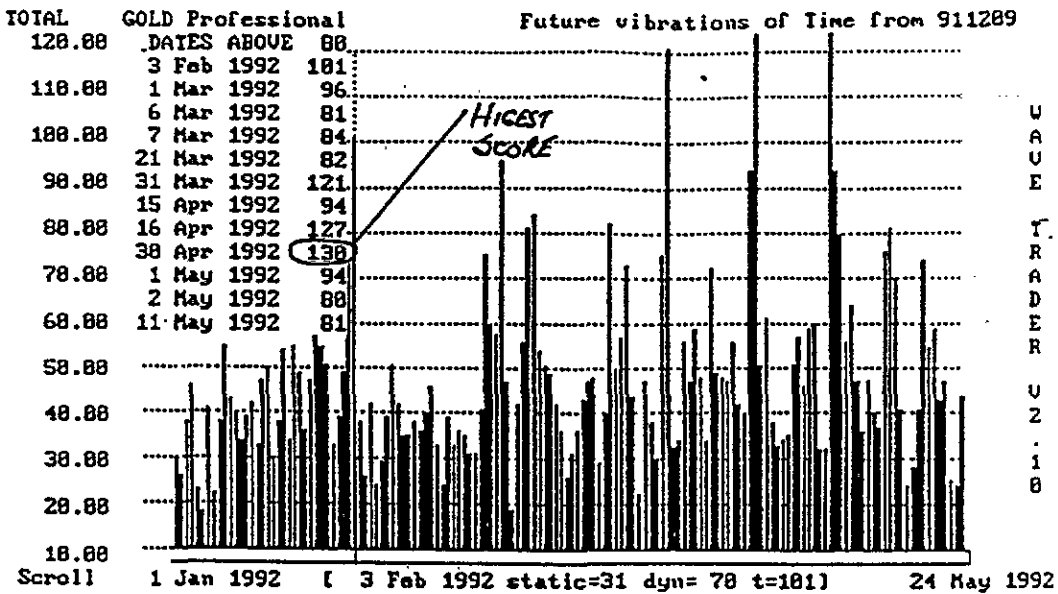


If the 38.2% level cannot be exceeded in the next 5 days a new downtrend has begun.

Page 8 is an extract from the December 1991, WAVE TRADER DIGEST. As the future charts will show a major reversal in trend began on the 9th December, 1991 a Monday, one trading day from the SIGNAL DAY calculated by the WINDOWS OF OPPORTUNITY module over two months in advance.

After the high of 9th December, 1991 was confirmed a new WINDOWS OF OPPORTUNITY report was run using the 911209 high as the starting point. The results shown below were published in the January 1992 WAVE TRADER DIGEST. As it turned out the highest scoring day 30th April, 1992 nailed the next intermediate degree low to within one trading day once again.

Jan 10 10:10



WAVE TRADER 911209 14:15

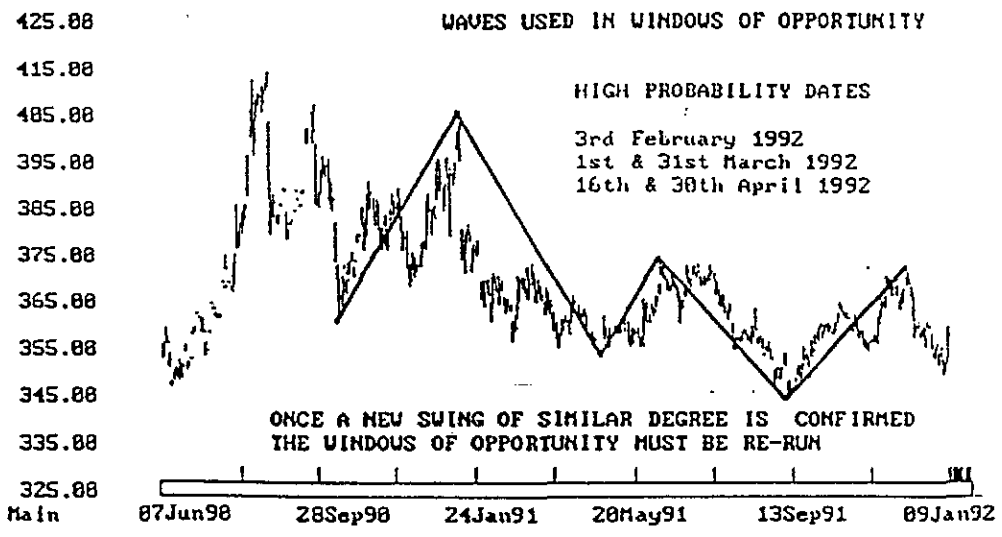
Fact file details for GOLD Professional				file GOLDPRO.UFT	
DATE	PRICE	TIME OF SWING		RANGE	
901016	360.50	53 days 52.0 degree	0.144 yrs	55.00	
910116	406.90	92 days 92.9 degree	0.258 yrs	46.40	
910429	352.60	103 days 102.7 degree	0.285 yrs	54.30	
910610	375.00	42 days 40.5 degree	0.112 yrs	22.40	
910911	343.00	93 days 89.2 degree	0.248 yrs	32.00	
911209	372.50	89 days 88.7 degree	0.246 yrs	29.50	

Wave Trader Professional

DAILY

GOLD 1ST MONTH

(C) Bryson Gilmore



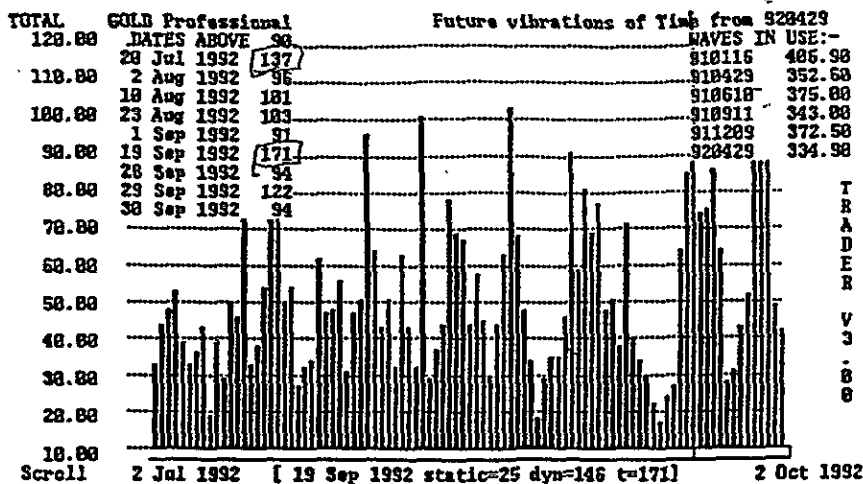
FIGS ARE MADE W THE G.C.

WINDOWS OF OPPORTUNITY

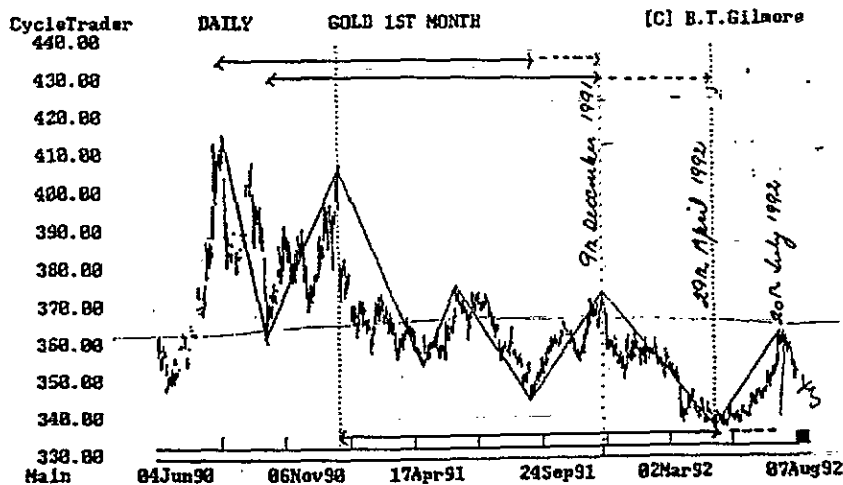
Since the GOLD low of 29th April 1992 was confirmed as an INTERMEDIATE degree low this next report was run in the July 1992 WAVE TRADER DIGEST.

At this time the 20th July 1992 high scoring date of 137 has nailed the latest important reversal date to the day. Presently we are still awaiting confirmation that this high is of INTERMEDIATE degree.

The procedures I use for scoring each day are proprietary but as you can see this fully automated approach to TIME CYCLES WITHIN MARKET TRENDS has produced excellent results.



The WAVETRADER III WINDOWS OF OPPORTUNITY will give you a guide in the coming months to the important TIME CYCLE convergence dates in the INTERMEDIATE degree waves.



IMPORTANT CONSIDERATIONS WHEN USING TIME TO PREDICT A CHANGE IN TREND

1. The market must be in a recognizable pattern that would precipitate a change in trend.
2. The time cycles signalling the **SIGNAL DAY** should have already featured in a previous market reversal of trend.
3. Fundamental considerations should have remained fairly stable during the progression of the trend that you are considering to be exhausted.
4. Trend indicators such as the **Elliott Wave Count**, **RSI**, **Moving Averages** and the **WAVE TRADER TREND WAVE** are positioned in a way that suggests an imminent reversal of trend.

CONFIRMING A SIGNAL DAY FOR A POSSIBLE CHANGE IN TREND

Due to the reality of the market and clusters of timing signals falling over a two or three day period it is important to confirm a reversal by two separate means.

1. The market should be seen to have reached a **PRICE RESISTANCE** or **SUPPORT** level.

There are **NUMEROUS** ways to calculate **PRICE RESISTANCE** or **SUPPORT**. The *primary approach* is to measure retracements or projections of previous ranges in the same ratios as we use for the time cycle ratios.

2. The daily trading pattern should be seen to have reacted in such a way to exhibit signs of exhaustion.

Several daily price patterns such as **KEY REVERSAL DAY**, **SNAP BACK REVERSAL DAY**, **EXHAUSTION GAP DAY** or **DOUBLE TOP OR BOTTOM** are normally sufficient.

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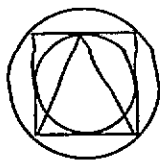
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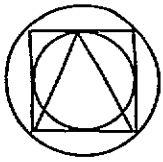
Our resident shutterbug Jack Krivoslaw took these photos at the August Meeting. Thanks Jack.



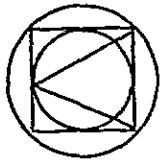
C. Balas
Introducing
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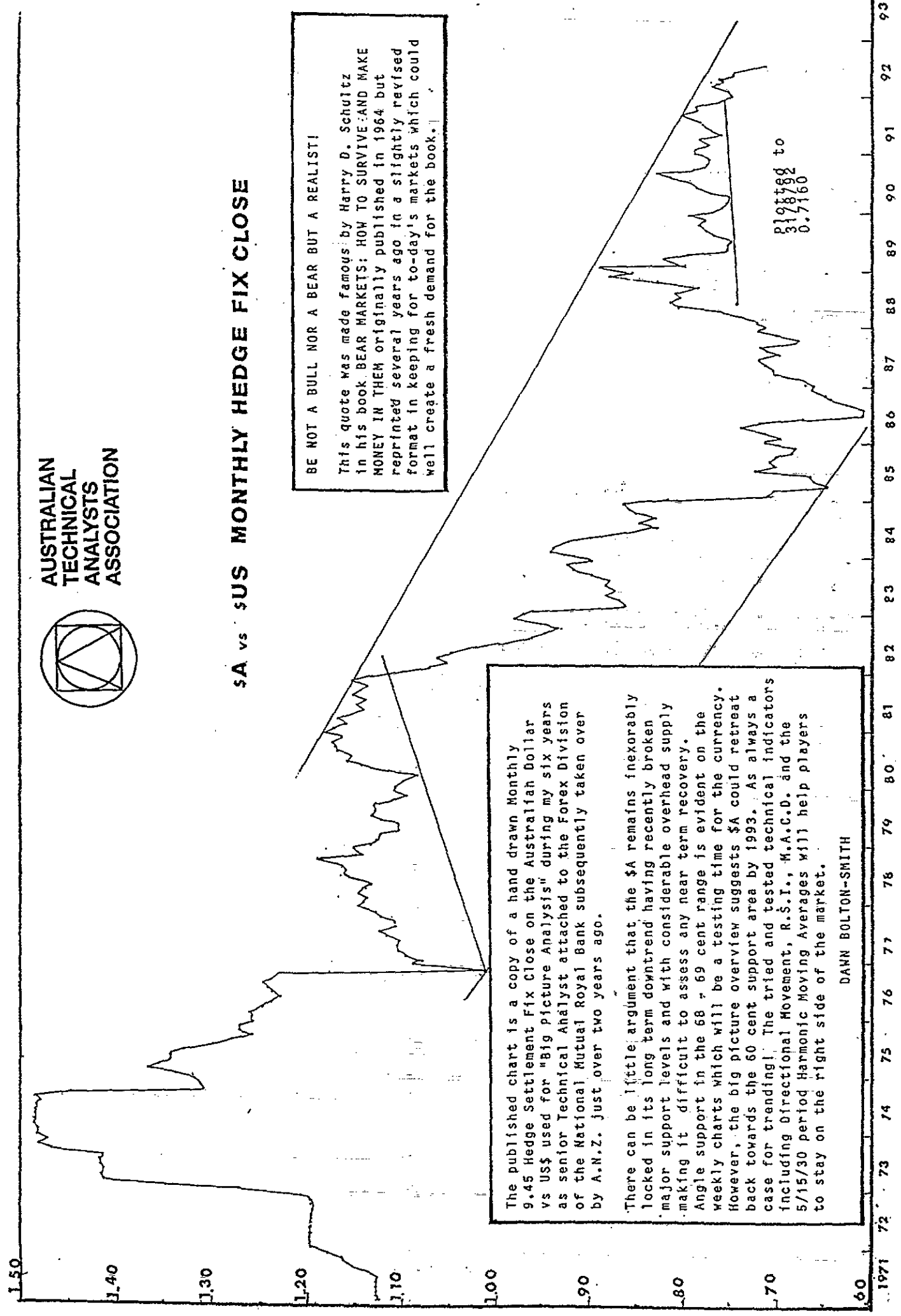
Bryce
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\$A vs \$US MONTHLY HEDGE FIX CLOSE



BE NOT A BULL NOR A BEAR BUT A REALIST!

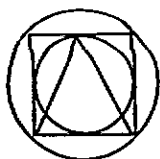
This quote was made famous by Harry D. Schultz in his book BEAR MARKETS: HOW TO SURVIVE AND MAKE MONEY IN THEM originally published in 1964 but reprinted several years ago in a slightly revised format in keeping for to-day's markets which could well create a fresh demand for the book.

The published chart is a copy of a hand drawn Monthly 9.45 Hedge Settlement Fix Close on the Australian Dollar vs US\$ used for "Big Picture Analysis" during my six years as senior Technical Analyst attached to the Forex Division of the National Mutual Royal Bank subsequently taken over by A.N.Z. just over two years ago.

There can be little argument that the \$A remains inexorably locked in its long term downtrend having recently broken major support levels and with considerable overhead supply making it difficult to assess any near term recovery. Angle support in the 68 - 69 cent range is evident on the weekly charts which will be a testing time for the currency. However, the big picture overview suggests \$A could retreat back towards the 60 cent support area by 1993. As always a case for trending! The tried and tested technical indicators including Directional Movement, R.S.I., M.A.C.D. and the 5/15/30 period Harmonic Moving Averages will help players to stay on the right side of the market.

DANN BOLTON-SMITH

3198792 to
0.7160



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THE AUSTRALIAN TECHNICAL ANALYSTS ASSOCIATION

The Australian Technical Analysts Association is a member body of the International Federation of Technical Analysts. The ATAA was established in 1990 with the goals of

- promoting the knowledge and use of Technical Analysis in Australia,
- providing a forum for new ideas and concepts,
- facilitating communication between users of Technical Analysis.

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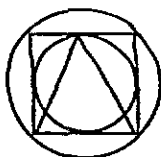
- Bi-monthly Newsletters,
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- Membership of The International Federation of Technical Analysts (IFTA),
- Use of the ATAA Computer Bulletin Board (ATAA BBS) to communicate with other ATAA members, swap market data and useful analysis programs, send faxes and much more. The ATAA BBS will soon be linked with the US Market Technician's Association to allow easy communications with their members.
- Discounts on the cost of The ATAA's Technical Analysis and Trading Course and discounts on other products and services.

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