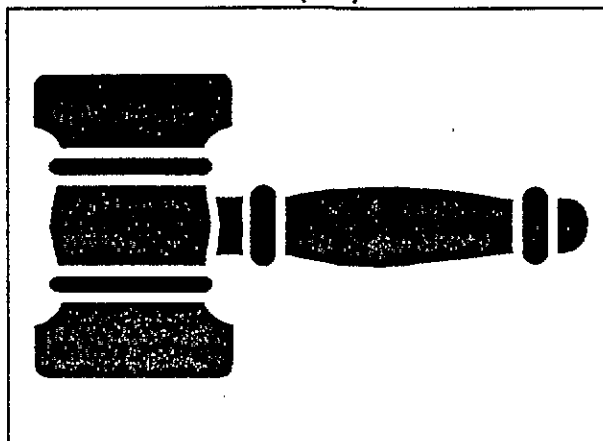


AUSTRALIAN
TECHNICAL
ANALYSTS
ASSOCIATION

THE
AUSTRALIAN TECHNICAL
ANALYSTS ASSOCIATION

PRESENTS DAVID FULLER 3.2.9212.30am ASX THEATRE
(RSVP Dawn Bolton-Smith (02) 969 7615 fax 968 2819)

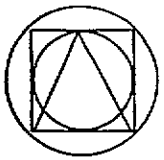


FMAUS

NEWSLETTER

January 1993

GPO BOX 2774 SYDNEY NSW 2000



COMMITTEE

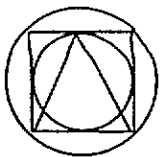
Your Executive Committee comprises,
Charles Balas - President - (02) 522 5220
Dawn Bolton-Smith - Vice President - (02) 969 7615
David Hunt - Secretary - (02) 545 2605
Christopher Carr - Treasurer - (02) 436 3202
Merrill Armstrong - Committee - (02) 282 3555
Colin Nicholson - Committee - (02) 436 1610
Charles Alexiou - Public Relations - (02) 252 1285

Victorian Chapter

Paul Simmons Chairman (03) 593 1434 bh
Vicki Stapleton Vice Chair(person) 6121400
Chris Christidis Secretary/Treasurer 6212525
Tony Forcella Asst Sec Treas 4862719

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EDITOR'S NOTE

While some of our members were playing (& enjoying immensely, according to David Bowden) the 'Trading Game' I was booked in to do Dr Van Tharp's Peak Performance Trading Seminar in Chicago. Its funny how the things that are interesting always coincide/clash. Anyway, Tharp's seminar was quite illuminating on my favourite topic Trading Psychology, its amazing how many answers I had to my trading challenges, that came out so easily with his methods. I asked about having him come out to Australia and present the course here. Charles Balas had asked him previously but money is a big factor in getting him out and he'd want US\$50,000 (at US\$1600 a head that's 32 people which is a lot) to cover costs and his and his co-presenters' wages. If we can get at least 30 people interested he would come out. Any interest? call me.

Van Tharp runs an intensive Commodity Trading Adviser course over 2 weeks with topics like setting up a CTA business and in depth psychological work. He has set up a Board of Directors (read Commodity Pool Operators) that will invest money with the graduates of the CTA course, if they see fit. The next course is in March next year. It costs US\$10,000.

GANN GOSSIP

While I was in Chicago I had the best excuse for spending a few days with Nick Flamborous of Gann Research Educators. He really has a great setup there, just across the road from the CBOT in a building that is classic Chicago with lift operators. Nick has a mentor that was the man in the famous WD Gann story about the 1948 top in May Soybeans. I was lucky enough to have a long conversation with his mentor just before I came home, here are a few snippets.

Gann was mowing his lawn in 1948 and the mower broke down (Gann was not very mechanical apparently) so the man fixed the mower. Gann said 'In return I'll do you a favour. I know you are long Beans, you better get out NOW!!.' That day as the 1948 high and Beans never got that high again for 25 years.

Nick's mentor worked for Gann managing funds, as did his father (in fact they were neighbours) in the 1920's. So he was pretty aware of Gann's methods. He said Gann was really a good trend follower and he did recognise turning points well. But he did say a lot of the stuff you hear about Gann these days is BULLS___. He laughed when I told him that someone in Australia reckons he's discovered the principles behind Gann's Tunnel Thru The Air machine with little needles that runs on electricity.

He also said Gann could be wrong and he was a hard man when he was wrong, not being very tolerant of those trying to convince him of his error.



Another area of interest is Gann's publications, Gann was a prolific writer, but much of his writings are not in the public domain (through Lambert-Gann or otherwise). I found out why. When Gann died his publications went to Ed Lambert (the Lambert in Lambert-Gann). Billy Jones, a rodeo rider (read scally wag), bought the rights to Gann's publications for \$10,000. There were two semi trailer loads of letters, charts, jottings, courses, newsletters and books.

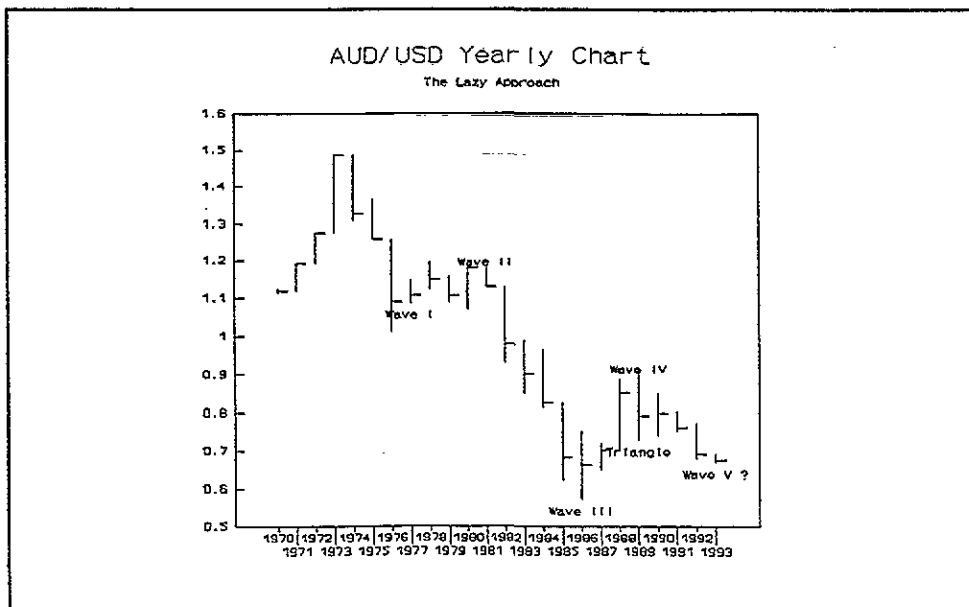
Billy Jones started to use Gann's techniques to trade funds in partnership with a US Brokerage Firm. Billy Jones apparently did not have Gann's money management skills and was not a "trader", he also had access to client's money (no segregated accounts in those days). The trading losses piled up and the money disappeared in more ways than one. Billy also disappeared. The brokerage impounded the majority of Gann's writings, what we get from Lambert-Gann is the remnants that Nikki Jones - Billy's wife - scraped together.

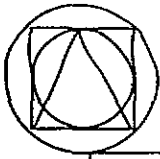
We must thank Dawn the diligent Bolton-Smith and Peter the Prolific Pontikis for their support of your Newsletter.

AUD/USD OVERVIEW

I am not an Elliotician, but I do know that Triangles happen on a 4th Wave & B waves. Being lazy my contribution to the AUD/USD debate (see D.B-S. & P.P. articles this issue) is to chart the AUD/USD Yearly. In it you will find a clearly defined humungous 3 wave structure to 0.5720 in 1986 and great Triangle between 1989 and 1991. The break down would therefore be humungous Wave 5. I look for a target down as low as 0.5720, as a first guess, could be this year to complete 20 year cycle from 1973 high, possibly September/October to coincide with Stock Market Low. After that Commodity Prices will support the AUD.

DW Hunt, Co-Editor





Monthly Meeting Calendar

Please note these meetings in your diary.

<u>Activity</u>	<u>Date</u>	<u>Topic</u>	<u>Speaker(s)</u>
Meeting (Sydney)	15 Feb	An Evening with Dawn	Dawn Bolton-Smith
Melbourne Meeting	18 Feb	Equity Markets	Campbell Gorrie
IFTA			
Congress	13-Oct-93	Essex House NY City	Your Heroes

Sydney Meeting Details

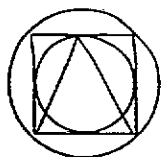
Time: 5.30 for 6.00 pm
Day: 3rd Monday of each Month
Location: Council Room
State Library of NSW (Old Section)
Macquarie Street, Sydney

More Information: DW Hunt (02) 545 2605
Charles Balas (02) 522 5220

Melbourne Meeting Details

Time: 6.30 for 7.00pm
Day: 3rd Wednesday of each Month
Location: BNZ Building, Level 4
395 Collins Street
Melbourne

More Information: Paul Simmons (03) 593 1434
Ron Leith (060) 413 239



PRESIDENTS ADDRESS.

Fellow Analysts.

This jumbo edition of the newsletter marks a significant turning point for our Association in providing an unadulterated look at world financial and commodity markets. The many contributions to this newsletter assist us in viewing market behaviour from a perspective not often illustrated by the general media. The Editors have collated material that is not only informative and educational, but also in many cases present a non-biased outlook on markets. We all appreciate those members who have contributed to this and past editions.

Our propagation continues with the formation of the Melbourne branch of the ATAA. Meetings will be held in Melbourne on the third Wednesday of every month except January. This gives all members the chance to attend either or both meetings in Sydney or Melbourne. We would like to welcome all those new members who have joined the fold recently, our membership base now stands at 96.

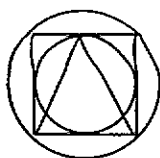
Your Association has attracted interest from fellow analysts in Sweden, India and New Zealand, keen to contact other like-minded analysts with the view of sharing information and knowledge. Our wings are stretching. This year will see the IFTA conference being held in New York and in 1994, Paris. Lets see 1995 as the Sydney IFTA olympics !

1993 marks the year of the Rooster as well as a rare planetary conjunction between the slow moving outer planet Uranus which will overtake the even more distant Neptune, in the sign of Capricorn. This signifies a changing focus of energies, and awareness of world events. As a result, some quiet markets will mark a significant shift, and spring into action.

Regardless of the inevitable changes, it is important to remember that any cycle of polarisation will make itself known through the detailed analysis of its vibration. If we focus our minds on the vibratory influences we will attune ourselves with market forces of action.

'Be prepared' a motto of the scouts, serves to illustrate the need to be aware, have the necessary (technical) tools not only to forecast events but also in knowing when to exit, and when to increase your exposure based on sound geometric growth functions.

Charles Balas
President.



MELBOURNE BRANCH NEWS

The Melbourne Branch of the ATAA had its first meeting in November 1992. Both Charles Balas and David Hunt were there to help the enthusiastic attendees form the Melbourne Branch. The December meeting saw the enrollment of NINE NEW MEMBERS and the election of the following Committee Members:

Chair	Paul Simmons	Bus Ph (03) 5931434
Vice - Chair	Vicki Stapleton	Bus Ph (03) 6121400
Sec/Treasurer	Chris Christidis	Bus Ph (03) 6212525
Asst Sec/Treasurer	Tony Forcella	Bus Ph (03) 4862719

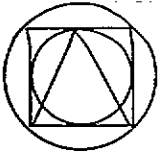
If you have a friend or colleague who would be interested in joining the Melbourne Branch please let us know.

NEXT MEETING

The next meeting of Melbourne Branch is on Wednesday 17 Feb. 1993. We are privileged to have as our Guest Speaker Mr Cam McGorrie Ord Minnett Sydney. Please contact one of the Melbourne Branch Committee members if you want to attend.

Venue: BZW Boardroom, Level 27, Commonwealth Bank Bld,
367 Collins Street, Melbourne.

Time: 6.00pm for 6.30pm



WHAT OTHER TECHNICAL NEWSLETTERS ARE SAYING...
Edited by Dawn Bolton-Smith

FULLERMONEY again heads the list of what the important Newsletters are saying. FM102 dated 25th November, 1992 highlights what will be a very special occasion for A.T.A.A. members - David Fuller's 25th Year of The Chart Seminar and an extended tour with his two day seminar at the Sydney Hilton on 4th and 5th February before moving on to Singapore for 11th and 12th February followed by Hong Kong and Kuala Lumpur. Several speeches have been scheduled on route and I am extremely pleased to say his Sydney address to A.T.A.A. Members and their guests at the Sydney Stock Exchange Theatre on Wednesday 3rd February, 1993 12.30 - 2.0 pm. will no doubt be a memorable occasion. You will already have received a special mailing about this and to-date response has been extremely enthusiastic. What a great way to start 1993 with David's views on the Global Financial Outlook and Opportunities. Please phone or fax your R.S.V.P. by 21st January, 1993.

Quite a few members have enquired about the value of the two day Seminar. I can only reinforce my personal view which is one from experience that IT IS ONE NOT TO BE MISSED. David Fuller is considered a global financial expert and internationally renowned speaker. I have been to many technical seminars over the years and David Fuller's has been the BEST. Need I say more than to encourage members to take advantage of this wonderful opportunity.

FM102 dated 25/11/92:

There will be more European currency devaluations against the German Mark

The US dollar's rally is becoming overextended against the market and top development should follow

The US stockmarket has broken up out of eleven-month trading ranges on the S&P 500 and other broadly-based indices.

The Australian Dollar will remain weak - Temporary redistribution rallies aside, the Australian dollar remains one of the world's weakest actively traded currencies. Several years of overhead supply should force it lower for many months particularly against the yen.



Sterling loses downside momentum, but these patterns cannot support more than temporary technical rallies - The battered pound has not seen more than a dead cat bounce against the other reserve currencies since its plunge commenced in September. Nevertheless short covering steadied sterling recently and breaks above the early November reaction highs would suggest scope for some additional recovery. However these patterns cannot support more than temporary technical rallies and there is no confirmation that the final lows have been seen.

GLOBAL STOCKMARKETS - Watch the charts

JAPAN'S NIKKEI Stock Average (17034) has bounced strongly from the area of support evident at 16,000. A close below 15,950 would now be required to offset current scope for sideways to higher ranging in what continues to look like base formation development. A close above 19,000 would provide the first evidence of a completed base, but that may take time. The equivalent points for the TOKYO TOPIX INDEX (1277) are 1220 and 1425. Non-confirmation by one of these indices would suggest a weak signal.

HONG KONG'S HANG SENG INDEX (5895) has not been able to maintain an upside breakout since July. Following the acceleration to 6000 last May, this trading area has never looked like a continuation pattern. Further and probably volatile ranging is the best that can be expected currently, and the pattern shows some top formation characteristics.

AUSTRALIA'S ALL ORDINARY INDEX (1446) is getting a temporary boost from the A\$'s additional slide, but the overall pattern is supply dominated. An eventual challenge of the important floors near 1200 cannot be ruled out.

THE UK'S FTSE 100 INDEX (2723) is challenging its May peak but, more importantly, appears to have entered the latter ranging phase of its devaluation rally. While some further gains occur over the short term, this type of overall broadening pattern is usually found at market tops.

COMMODITIES - Precious metals are still drifting - Deflationary sentiment continues to restrain precious metals, although that could change during any of the financial crises that lie ahead. Above \$360 gold bullion would start to look interesting on the chart - \$4.00 for silver. In the meantime, gold, silver and platinum could see a further challenge of the year's lows.

Base metals lose downward momentum - Prices have inevitably steadied following the accelerating declines that are classic trend endings. However in the absence of bases these patterns cannot support more than technical rallies at present.



Wheat is leading a recovery for the grain and bean complex - These contracts fell heavily in the summer. Subsequently base formations have developed with wheat leading the recovery. These patterns can support additional gains.

VIEWS - Good luck to Bill Clinton...he will need it - There is an understandable air of excitement and hopeful anticipation following the election of an articulate new president, of a younger generation, from a party out of power for twelve years. Nevertheless Clinton is unlikely to receive more than a brief honeymoon, with expectations high among his supporters but the economy mired in what looks more like a remission than a recovery. Additionally, 57% of the voters cast their ballots against the new president, and they will be quick to criticise.

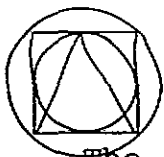
What Clinton needs most of all is luck with the economy, but it is hard to see where that will come from over the next year or more. While there has been a significant improvement in corporate balance sheets due to low short-term interest rates and the generally high stock market, more companies are downsizing than expanding. The outlook for exports has weakened due to the recessions in Europe and Japan, plus the steadier dollar, at a time when the US trade deficit is uncomfortably large for an economy that has experienced four years of recession or below average growth.

Wall Street remains congenitally optimistic, but the US economy lacks the expansion engine to benefit from the fuel of low interest rates.

PORTFOLIO STRATEGY - Government Bonds - For safety, good yields and capital appreciation potential, I continue to recommend European hard currency bonds. German Bunds head this list but I also include Austrian, Belgian, Dutch, French and Swiss Bonds. You can find higher yields, certainly, but one day's adverse currency move can more than wipe out the difference, as we have seen recently. That said, there are speculative opportunities for a lowering of yields immediately following devaluations.

Holdings of US dollars now have a window of opportunity in which to purchase European bonds on favourable currency terms following the greenback's rally. To a lesser extent, this is also true for Japanese bonds. I would continue to avoid US, Canadian, Australian and South African bonds, unless for some reason the choice is between these or their respective stockmarkets.

STOCKS - Equity investors and traders should accept that they are operating in a higher risk environment, relative to much of the 1980s. This hypothesis is confirmed by the fact that most indices and shares have had difficulty in maintaining uptrends. However, there is plenty of volatility which creates opportunities.



The round of technical rallies in Europe's previously hard-hit markets is continuing, with devaluations providing the biggest gains. A substantial currency devaluation is always a short-term boon for shares. However, one needs to participate instantly, or most of the gains are missed.

FULLERMONEY is published monthly by Chart Analysis Limited, 7 Swallow Street, LONDON W1R 7HD, United Kingdom. Subscription rate (1 year) \$US 340.

MSL - THE MONEY STRATEGY LETTER, P.O. Box 4130, Medford, Oregon 97501 (One year \$US 195 - 12 monthly issues plus Special Alerts and Reports Hotline (Tuesday and Friday)

MSL 402 December 14, 1992.- FORECASTS - FORECASTS - FORECASTS
by James McKeever

Anybody can make forecasts and every investment adviser usually does. You will hear forecasts for 1993 of the stock market going to 4,00 or more, and you will also hear forecasts of the stockmarket crashing to 1,000. How do you know whose forecast to believe and trust?

The average investor gets so confused by these multiplicity of conflicting forecasts that he winds up becoming neutralised and taking no action and doing nothing about them.

(The initial content of the Newsletter was reviewing what had been said on January 9, 1992 and basically it was a fairly realistic and accurate forecast of things to come. The reason this was presented was because if a person's past forecasts have been accurate, then you can have confidence in his future forecasts. Dr. McKeever suggests that you keep the annual forecast issue of any financial newsletters you receive and then go back eleven months later and re-read it to see how accurate those forecasts were. You could then grade the A-F, and then you would know what to do with the lower-ranging forecasts.)

OUTLOOK FOR 1993-1994 - 10 PAGES covering various markets - STOCK - GOLD - SILVER - MUTUAL FUND - BOND REPORT - CURRENCY - ECONOMY. Overall a good overview but too much to try and condense it in our limited space but to select one market which would be of interest to our members:-



MSL GOLD REPORT - DON'T GO FOR THE GOLD

MSL ANALYSIS: After viewing Comex Monthly and Weekly gold charts back to 1976 and 1986 respectively the realities are not positive at this point in time.

MSL RECOMMENDATION: We would stand aside from any investment gold at this point in time, including any gold mining shares, until gold gives solid evidence that it is, indeed, going to move upward. At the present time, it would need to break above the \$420 per ounce resistance line to convince us that something significant is going to happen with gold.

Dr. McKeever did make one good point that no matter how turbulent the times get, wealth is neither created nor destroyed, it is simply TRANSFERRED. He wish is to help MSL subscribers to be on the receiving end of that transfer and not on the giving end. He is dedicated to that, between now and when he retires....

THE INTERNATIONAL BANK CREDIT ANALYST - Established in 1961
3463 Peel Street, MONTREAL, QUEBEC, CANADA H3A 1W7
Subscription 1 year \$US 645

November 1992 - Special Introductory Offer

WARNINGS OF A GLOBAL ECONOMIC DEPRESSION: END OF AN 18
YEAR BULL MARKET?

The world economy is in the worst recession and financial crisis since the 1930s. But authorities in many countries are making the problems worse by not recognising that the industrial world economy has entered a period dramatically different from anything experienced in the past 45 years.

Capital Market "Riot Points" - World capital markets have screamed at politicians for growth-enhancing change as a result. The Nikkei fell below 14,000 before the authorities responded with a massive package of public works and a financial system bail-out. A deflationary spiral would have resulted if the stock market had stayed below 14,000.

Similarly, several European countries have abandoned the Exchange Rate Mechanism as the collapse in their stock markets and soaring interest rates meant economic suicide if change rates stayed fixed.

Only the United States has thrown all caution to the wind and followed a beggar-thy-neighbour policy of currency debasement and low interest rates which has resulted in it exporting its deflation.



THE TERMINAL STAGE OF THE BULL MARKET - The suspension of sterling and the lira from the Exchange Rate Mechanism and more devaluations to come mark the beginning of a waterfall decline in European stocks and bonds and stabilise the dollar for several months.

However, the failure of the economies of Australian, Canada, the U.K., Scandinavia, Japan and the United States to respond to interest rate cuts means that the current rally on world bourses could be the terminal stage of the bull market since 1974 and that a major bear market looms ahead in 1993.

(This is a worthy publication featuring splendid charts and overviews of various market sectors. Their track record is extremely good. The accompanying graph on WORLD STOCK PRICES AND MOMENTUM is certainly food for thought).

RICHARD RUSSELL'S DOW THEORY LETTERS
Post Office Box 1759, La Jolla, California 92038
28 Letters Per Year - \$US 250 annually

Letter 1110 Dec. 9, 1992

THE PICTURE: It's really a fascinating situation. We see the economic statistics turning positive (George, how could they do this to you!) and we hear President-elect Clinton saying that maybe he won't have to jump-start the economy after all.

So here's the current picture in a nutshell -- the recession is receding, and the current "economic upturn" has arrived with (1) the stock market already at dangerously high levels of overvaluation and (2) with the NYSE Composite, the S&P 500 and the Wilshire already at record highs.

In the meantime, the money markets are in the process of protecting themselves -- which means that money instruments have been declining, and interest rates have been edging higher.

Rates normally rise at the onset of an economic recovery. Because stocks are undervalued during the early stages of a normal recovery, stocks can advance despite rising interest rates. But today, with the Dow yielding around 3% and with the S&P 500 yielding roughly the same, rising rates present much more of a problem. Since stock values are always measured against bond values, every uptick in interest rates renders stocks increasingly overvalued while at the same time pushing them further into the danger zone.



TECHNICALS: Technically, we have a situation where, for the third time this year, the S&P 500 and the NYSE Composite have risen to new record highs -- unconfirmed by the Dow. Furthermore, we have the Dow Transports rising above their preceding peak and here again the Dow has refused to confirm. On the face of it, these non-confirmations should be considered danger signals. Remember, no 30 stocks are more analysed, scrutinised, measured and judged than the 30 Dow Industrials. When these 30 giant stocks refuse to better their previous highs, knowledgeable investors take notice.

INVESTMENT POSITION: (The Bear is in the Box)
With the PTI (Primary Trend Indicator) going to new highs along with the NYSE Composite and the S&P 500 I have questioned myself on the correctness of my bear market stance. I don't want to be stupid or stubborn, but the fact is that the Dow did break down in October, thereby confirming the early breakdown of the Transports. Furthermore, the Dow has not even bettered its earlier September peak, much less its all-time high of 3413.21.

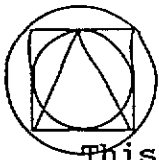
SO-O-O-O-O, I'm going to stick to my bear market designation, and I won't change it unless the Dow breaks out above the previous highs. After all, the Dow Theory is based on the action of the D-J Averages, and that action has not been impressive. Then, there's that little matter of super-overvaluation.

I've been getting (believe it or not) calls from other investment advisers asking me what I'm doing with my own money, and do I have any suggestions regarding their own accounts (ah well, when that happens you know it ain't easy).

My suggestions run something like this -- 5% in Hong Kong stocks, 5-10% in assorted gold items, 10-15% in US stocks (US stocks that you can't resist), maybe 50% in short US money (muni money market funds, T-bills, one year T-notes etc.), and around 20% in German government bonds.

Basically, I think this is waiting time. There are very few blue-chip bargains in stocks, I think the market is dangerous, values are shouting danger, and it's probably a good time to take a vacation. But don't get me started on vacations, I haven't taken as much as a 10-day vacation since I started this business 33 years ago. Every business has its drawbacks, and that's the drawback in my business -- when you're out of town, you're out of touch.

ON GOLD: From its very brief breaking of 330, gold has been creeping tortuously higher. An upside breakout would occur at spot 340 (London). At 345 gold would reverse its most recent bearish trendline.



This massive declining wedge pattern in gold has been forming every since 1987. (Shown on Weekly close London Gold since 1984 chart) Declining wedges usually denote a slow drying up of supply. The last peak comes in at 355 on gold. It would take a rise above 355 to move gold above the 5 year downtrend line.

But remember this. The public doesn't understand or worry when the dollar hits a new low against the D-mark. But let gold rise over 350, and the public knows what that means. The Fed knows too. Are our "leaders" manipulating the gold market? That's the rumour and frankly, it wouldn't shock me if it were true. It's interesting" followers of the "long wave" say that we're in the early stages of a massive, relentless global deflation. Those who watch the Fed's action say that the Fed has, and is, generating guaranteed future inflation. I say watch gold -- gold will tell the story.

MONEY VISION Corporation Pty. Ltd. INVESTMENT NEWSLETTER
333 Tallebudgera Creek Road, Tallebudgera Valley 4228 Qld.
\$100 - 12 issues.

The December 1992 issued included a special feature from me on a look at the long term perspective of the All Ordinary Index. The outcome yet to be signalled by the market.

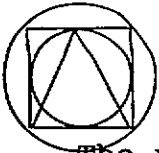
This issued included:

- Heavy Bets being placed on U.S. Consumer
- U.S. deficits continue to soar
- 1995 Year of reckoning for U.s. debt monster
- 1990 projections for BHP & Westpac - revisited
- Gold and Silver update
- W.D. Gann's secret little instrument..from Tunnel
- Thru The Air By J. Young
- Don't's SHORT the U.S. market just yet.

Altogether a really worthwhile local publication with interesting graphs and useful strategies for investment opportunities.

THE ELLIOTT WAVE THEORIST - Robert Prechter - December 1992
(November 25, 1992)
P.O. Box 1618, Gainesville, Georgia 30503 U.S.A.
Subscription US\$250 (Airmail Overseas)

THE STOCK MARKET - The Dow Industrial Average peaked six months ago, The Dow has been in a slow downtrend, fairly well bounded by a trend channel, ever since. We have been calling for this decline to bottom in the 2850-3011 area and lead to the final advance to 3600-3700. The recent rally has taken the Dow back to its declining resistance line, so it should turn down again now. Further rally would break that line and suggest that the final advance has already started.



The next most likely scenario is a continued rally to 3600-3700 now. In that case, we will be provided a historic short selling opportunity even sooner.

GOLD: (The wave structures seem too complicated for your Editor - best to sum it up - Investors are out of the gold market. Traders are short. Lower the stop to \$348 basis the nearby futures contract).

The Strategy remains - Grand Supercycle - Target 3600-3700
Preservation of Capital

- Supercycle - Prepare for Depression

Your Editor's overview from these selected Newsletters is that quite a number of the views are shared. The bottom line is to do your own charts and draw your own conclusions with particular emphasis on the message from the markets and where to put your stop losses to keep you on the right side of the market. Make sure you have the right charts and the history is long enough to make a proper analysis.

THE DAWN REPORT

THE BEAR IS HAVING A REST!

It is hoped that the various charts reproduced in our Newsletters over the past year have proved useful and instructive to members. The writer uses both Computer and hand drawn charts for analysis with the emphasis on the Computer to do the number crunching and for a quick overview. The hard copy charts with indicators used as the basis for the real analysis along with Gann's Master Time and Price Calculator (or square). After all, 75% of what you need to know is in the price chart itself, the Gann techniques help provide the time and price analysis.

It can be said of 1992 that the Economists GOT IT WRONG. A recent A.B.C. Economic lunchtime broadcast interviewed some leading economists who had made predictions this time last year which had definitely not lived up to their expectations. They generally admitted that economists were not good at forecasting business pickups. The main error was in making comparisons with the 1982/1983 recession and not enough focus on the world economy. In short, coupled with the stock market plunge from May 1992, you would not have fared very well using their predictions.

However, they continue to make them for 1993 pushing the recovery out in the next 6-12 months along with various predictions of growth and unemployment. It is now common place to see and hear "the worst recession in 60 years".



Technical Analysts have been much more aware of the importance of the big market cycles which are now being accompanied by increasing volatility. The need for long term charts and analysis is of paramount importance with each decade emphasising the value of Technical Analysis when correctly applied.

1993 - THE YEAR OF THE BEAR???

This applies in particular to our own stock market and the \$64 question is whether we are currently experiencing a bear market rally of significant proportions or the start of a new bull market.

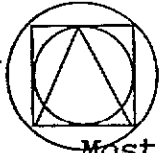
Time and patience will provide the answers along with the appropriate technical indicators which have indeed performed well over the past year. These have been referred to in the comments on the various charts.

The writer continues to recommend the use of Wilder's Directional Movement System and Parabolic Stop Loss, Harmonic multiple moving averages (5/15/30 period), R.S.I. and M.A.C.D. The latter now performing brilliantly during the current rally (it thrives on volatility and is especially useful after waterfall declines). Preferred period 11 day for other indicators.

A study of these particularly from the May 1992 highs will reinforce their tremendous value in keeping you on the right side of the market. They have been regularly referred to at our monthly meetings and in newsletters and workshops. A.T.A.A. meetings in 1993 will feature further studies on indicators and how they work.

I believe 1992 has been an important year for our Association and that 1993 will see it go from strength to strength both in numbers and the quality of the meetings based on a sound educational program. There can be no substitute for experience. I hope that David Fuller's February 3 address will provide an acceleration in the learning curve for all who attend.

My thanks to some of our members who have expressed appreciation of the technical tools which are now working so well for them and but for our meetings and workshops could well have remained unnoticed in their computers. It could be mentioned here that it is not absolutely necessary to rely on computers - so much information is readily available from our Financial Papers. The Sydney Morning Herald now has a brilliant coverage on both futures and stock market whilst the Financial Review amongst other data includes stock option prices. Otherwise a friendly broker could help fill in the gaps.

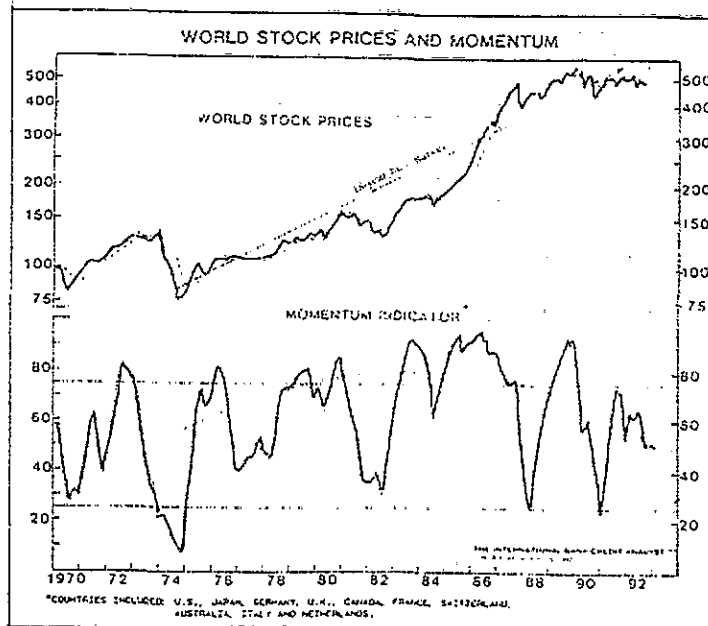


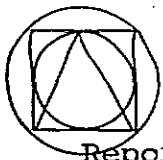
**AUSTRALIAN
TECHNICAL
ANALYSTS
ASSOCIATION**

Most of the technical indicators featured in to-day's software programs including on-line machines really came from the late 1970's and the accompanying commodity boom. I was fortunate to be tutored by J. Welles Wilder in 1980 and found the going rather hard without a computer. But using a pocket calculator helped to grasp the concept and a better understanding of how they work and hand posting made for better observation particularly over long periods of time. Pretty pictures flashing past on a computer do not always convey what they should. One should be mindful of the basics - time and price, supply and demand along with crowd psychology which help make up the patterns. The emphasis is still rather on "keeping it simple".

A prosperous New Year to all of our members.

Dawn Bolton-Smith
Vice-President.





Report by Colin Nicholson on the address to the October ATAA meeting in Sydney by DAMIEN HATFIELD, Manager of the Managed Futures Division of Bain Refco Commodities Limited.

BECOMING A COMMODITY TRADING ADVISER

Damien explained his background: He has been in the industry for twelve years. He is a broker and has run teams on the trading floor. He does not follow the market as closely as members of the ATAA. Having tried different methodologies in trading his own account, he concluded that his only talent is selling, so he is "just a broker". His motives in talking to the ATAA are "purely mercenary - I am looking for people who can make money. If they can make money, I may be able to entice them into the world of the Commodity Trading Adviser business." He runs the Managed Futures Division of Bain Refco Commodities and he brokes on behalf of international and locally based Commodity Trading Advisors (CTAs). He also assists people who want to become CTAs to get registered and help them getting their business set up. He then goes and raises money for domestically based CTAs. To date, he has been an introducer or go-between for approximately \$US 20 million invested with people who are trading down here in Australia on markets right around the world.

The managed futures industry is the fastest growing of the financial markets. Managed Account Reports is the industry newsletter and it assessed that at July 1992, that there was \$US 21 billion invested around the world in managed futures. The significant thing about that is that the figure was up 40% on the year ended 1990.

The first public fund was set up in 1949, so this game has been around for quite some time. A fellow called Richard Donchian set up the first fund. He had a trading methodology that some ATAA members may be aware of called the two week breakout system. He used that in his funds which ran through to the late 1960s.

The first lot of CTAs began to emerge in the 1970s. A group called Commodity Corp staked their own corporate cash behind people who thought they could trade. Generally a \$US 100,000 portfolio was allocated to traders, virtually people straight off the street, who satisfied criteria they were looking for in terms of trading ability. Commodity Corp now have \$US 1.6 billion under management in managed futures around the world. They have something like 120 traders either indirectly or in their direct employ just crunching portfolios of anything up to \$US 100 million.



The current growth phase began in the early 1980s. In 1980 there was \$US 500 million under management. By the end of the decade there was something like \$US 8 billion under management, so the growth has been phenomenal. However, the real acceleration was toward the end of the decade. As an example, in 1988 Dean Witter launched a \$US 250 million managed futures fund. It was sold out within the first day. The second day oversubscription was \$US 280 million.

The reason why managed futures took off was that it was not only from retail sources, but institutions also began to invest in managed futures to earn experience. One of the institutions which was highly publicised as the very first to invest was the Detroit Fireman and Police Pension Fund. They were closely followed by Kodak Eastman and their pension fund which invested a very highly publicised \$US 300m with a group called Mount Lucas Managed Futures which returned about 20% since the 1988 investment.

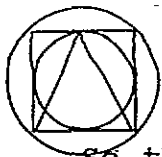
Other institutions then started to get involved. An even more recently publicised investment was the State of Virginia Retirement System who initially invested \$US 100m about twelve months ago into managed futures. They manage \$US 13 billion and their stated policy is to increase their exposure to managed futures to 10% or \$US 1.3 billion. So, this industry has started to really grow. It is growing quite nicely and is attracting people who can trade money. The critical thing is that there is a shortage of traders. Everyone is looking for new trading talent and this is the critical issue to be addressed tonight.

First we need to look at who are the players within this industry.

The first component is the CTA, the Commodity Trading Adviser. This is a registration that you obtain in the USA. He is essentially the person who makes the day to day decisions on trading.

The second participant is the CPO, Commodity Pool Operator. He is generally the person who puts the funds together. For example, Mint is the CPA and Ord Westpac is the CPO.

The third component is the AA, Asset Allocator or MOM, Manager of Managers. There are approximately 30 or 40 of them in the USA. What these people do is assess CTAs. They keep data bases on the 3,000 registered CTAs from all round the world. Of these only 200 are probably worth tracking. The MOMs collect the data from these CTAs around the world and design portfolios on behalf of clients and raise money to invest with those CTAs.



So there are two sources of money for Bain Refco, the MOMs and the CPOs. Damien liaises with the MOMs and the CPOs to get money for the Australian based CTAs. Thus, the next participant is the broker, Bain Refco, who is the go-between. What they look to do is to get CTAs to deal into Sydney on the SFE. Damien believes, and the SFE is not sure on the figures, that 15 to 20% of the daily turnover is attributable to offshore and locally based CTAs.

Finally, and not to be forgotten is the investor. Originally, the investor came through the retail area, as managed futures kicked off as a retail vehicle. However, it has now become institutional. So, the funds that are coming into the industry are coming in from the investor to the CPO or to the MOM, or directly to the CTA. Some of the investors are not quite sophisticated, but some are very sophisticated.

What sort of an animal is a CTA? The greater proportion of CTAs are technical traders. They fall into two categories. Firstly there is the trend following system trader. 70% of the CTA community are trend following system traders. Some of them have good 10 year track records. The best of them developed the track record and did not optimise or change it in any way. These people typically come out of physics and engineering backgrounds. They have come up with a mathematical system which supposedly beats the market.

The second type of technical trader is the discretionary trader. They are typically an Elliottician who makes a judgement about a market and then makes a discretionary decision. We earlier mentioned Richard Donchian who was a breakout trader. They are technical traders, but they are making discretionary decisions based upon their assessment of the market.

The second type of trader in the CTA community is the fundamentalist. These also fall into two categories, the arbitrageurs and the specialist traders. The arbitrageurs are generally considered to be option specialists or people who are running spread positions. The industry is currently looking for the fundamental trader because the market has been so choppy over the last 12 months. The trend following traders have been chopped about and suffered degradation of assets. A specialist trader may be like a friend of Damien's in Chicago who specialises in the meat complexes. He is an options trader on the meat complexes and corn. Everyone likes to have this fellow in his portfolio, because he diversifies the portfolio again in terms of exposure to a specialist area.

It is amazing the number of CTAs who are ex brokers. Damien quotes advice from Larry Williams: "Never listen to advice from your broker, because if your broker knew what he was doing, he would not be a broker."



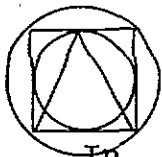
The next group are the "nuclear physicists". One fellow that Damien met in Florida, Dunn Capital. He has \$US 260m under management and he was a nuclear physicist in the mid 1970s. They are all part time traders who develop systems and then take on friends' money, start trading it and it develops into a big business.

The final group are the professional traders who eventually end up going into the CTA business. The question you have to ask is that if you are making money trading on your own account, why would you want to bother trading other people's money? The best way to look at it is that managing other people's money is a call option. The reason why they elect to trade other people's money is that when you are trading your own money, you tend to be over aggressive and tend to risk a lot more than you probably should. However, when you fit into the CTA business, there are certain norms of risk that you have to apply, which makes their trading much more disciplined when they are managing other people's money. They have the pressure on them to be a more disciplined trader.

Fees are pretty important, because you want to know how much you can earn out of this game. And if you are interested in investing, you want to know how much you are going to be hit for as far as fees are concerned, because the fee structure in the managed futures business is very high. The average is 4% management fee per annum and the average incentive fee, on top of that, is 20%. It is out of the CTA group that the highest money earners on Wall Street are coming from. However, it must be said that there is pressure on these rates with the entry of institutions into managed futures. Also, there is the emerging trader looking for money who will accept money at 1% plus 25% incentive, so there is rather an emphasis on the incentive fee side.

The incentive works on a percentage of new profits. To illustrate: let us say that you have a peak, have a setback and then another run. the CTA does not start to cut in his incentive until he has taken out that previous peak. The incentive is generally paid on a quarterly basis.

It is important to recognise that there are fairly significant repercussions if you want to get into this game. If you are one of those people who are looking just at managing some money for friends, you want to be really aware of what you are getting into because, if you do it here in Australia, you have got to be registered. If you have a business managing money, you have to be licensed with the SFE as an introducing broker or an associate member of the exchange. you also have to be licensed with the ASC. To be an introducing broker/ Associate member. you need a \$A 50,000 NTA and you have to report to the SFE on a monthly and quarterly basis your NTA status. It is a regulatory minefield if you want to manage money.



In the USA, you go along and do a Series 3 exam, which is very easy, you lodge a disclosure document and you apply to the CFTC, supplying your fingerprints so that they can be checked by every FBI office in the USA. It takes you twelve weeks and you are registered as a CTA. You can submit a simulated track record, you can submit no track record at all and just be a marketeer of CTAs or you can submit a track record which has been verified and audited. The ease of getting registered in the USA and getting registered here is chalk and cheese. Damien is working to correct things here, his objective being to be able to take a USA registration with the CFTC, lodge it with the SFE, which will then allow you to market to the public. To that end, he is working with the SFE to set up the Asian Pacific Managed Futures Association. There is tremendous interest from all over the region.

Industry conventions. A lot of people come to Damien and say they want to be a CTA and that they have been trading a system that makes 100%, in fact, in the last six months they have made 100%. If he is making 100% in the last six months, Damien can raise him hundreds of millions of dollars, but we all know that it is not true. People just cannot make that sort of money time in and time out. It just does not work that way.

The reason why they are wrong is their concept of assets under management. The person will have opened up an account for \$ 50,000 and they apply the \$ 50,000 to margins and deposit requirements and they make 100% over a period. However, in the managed futures business, when you apply a certain amount of the assets to the futures industry, there are certain conventions within that management structure. The accepted conventions, working on a million dollar account size, are: The industry expects that you would use on average 33% of assets applied to margin requirement. The rest sits in T Bills or similar. In fact the percentage is starting to get much lower, down to about 20%, on average, usage of the assets under management.

Out of that, the returns that are expected are 20 to 30% average annual return on the million dollars under management. That is what is expected from a managed futures program, after fees and commissions. What they do then is to compare this to the losses to get an idea of the risk/reward ratio. That is, what they do is say "OK what do we look at on the other side?" They are talking about what we call drawdowns (the futures terminology for a loss, or the managed futures terminology for losing). There are two types of drawdown. There is monthly and they do not want to see any more than 10% on a monthly basis. Then they talk about peak to trough drawdown of no more than 30% (that is consecutive months before a turnaround).



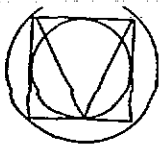
The critical thing that everyone looks at in this business now is bet size. This means that, out of the million dollars, how much are you going to bet every time you trade? If someone is looking at investment in your program, this is the key thing. They do not want to see anything greater than 1 to 2% risk of a portfolio every time the CPA trades. For example, Stephen Hansen at Wessex uses a bet size of 0.5% of total assets.

Damien showed us an outstanding record for a CTA here in Australia. It shows an average annual return of 95.39%. This track record goes back to October 1989. He has \$ 7.7m of funds under management as of June 1992. He is an options strategist, fundamental trader and he only trades options on Share Price Index or index style instruments. His track record return from October 1989 is about 405% compound. His worst monthly drawdown is 14.5% and he has never had consecutive losing months. Damien estimates he will end up with \$ 20m or \$30m under management.

In conclusion, Damien identified the critical thing if you want to get into the CTA business is that you have to know yourself. How do you handle drawdowns? The emotional drain if you are in a losing position. Picture yourself having four or five losing trades in a row and you want to come back into the market. How does the psychological aspect affect you? He believes that the best CPA is not a person who picks the market better than another person, it is his money management principles. There is no easy way to make money in this business, but money management is the key.

How do you get going as a CTA? you have got to get at least \$ 100,000 to \$200,000 together from friends or relatives and get yourself a six months track record and then start thinking about registration. If you really can do it, Damien would like to hear from you, because he can raise the money for you.

COLIN NICHOLSON
CO-EDITOR



This chart presents a very important support line (A-B) which has contained the 18 year bull market from the 1974 crash lows. The 1992 low at 1355.5 went close to this support line just four weeks ago with the majority of stocks at that time near the low of the year's range. If the area bounded by the "triangle" formation (A-B) (C-D) is one of a distribution area from the 1987 blow off all time high, it is also similar in time to that which following the top of the Poseidon Boom in 1970 to that which preceded the 1974 crash.

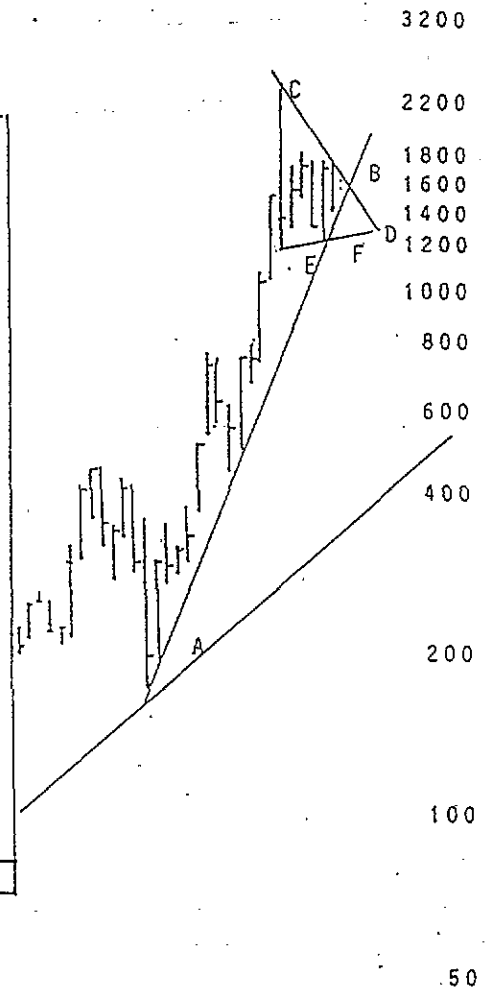
ASE ALL ORDINARY INDEX

The peaks of the rally highs for the last four years 1786, 1713, 1697 and 1688 now present major resistance with 1600/1620 considered downtrendline resistance for 1993. The significant support levels 1356 and 1210 (E-F). The support line (A-B) for 1992 - 1300 rising to 1460 for 1993 which if penetrated on the downside would present initial weakness.

The market will need to confirm and dictate for a clear directional move. A lower low below 1356 and break of support line (A-B) would indeed put a foot in the bear camp again. Over the shorter term, the index could once again "tease" around the resistance levels of the past 5 years. Given that many major support lines from the 1974 lows were broken in the 1992 bear decline, the market has sounded a strong cautionary note. Individual situations should be carefully monitored and assessed on merit with appropriate stop losses. The characteristics of the current rally are ones from the textbook - the one in question - BEAR MARKETS: HOW TO SURVIVE AND MAKE MONEY IN THEM by Harry D. Schultz. It should have been compulsory reading in November 1992. The description of Technical Structures of Bear Markets - Secondary Reactions leaves readers well prepared for turnarounds such as we have seen in the last month.

Several members requested copies of this chart following the presentation at our last A.T.A.A. meeting. Perhaps to put in the front of your chart binder. This was a case where hand drawn took precedence over computer.

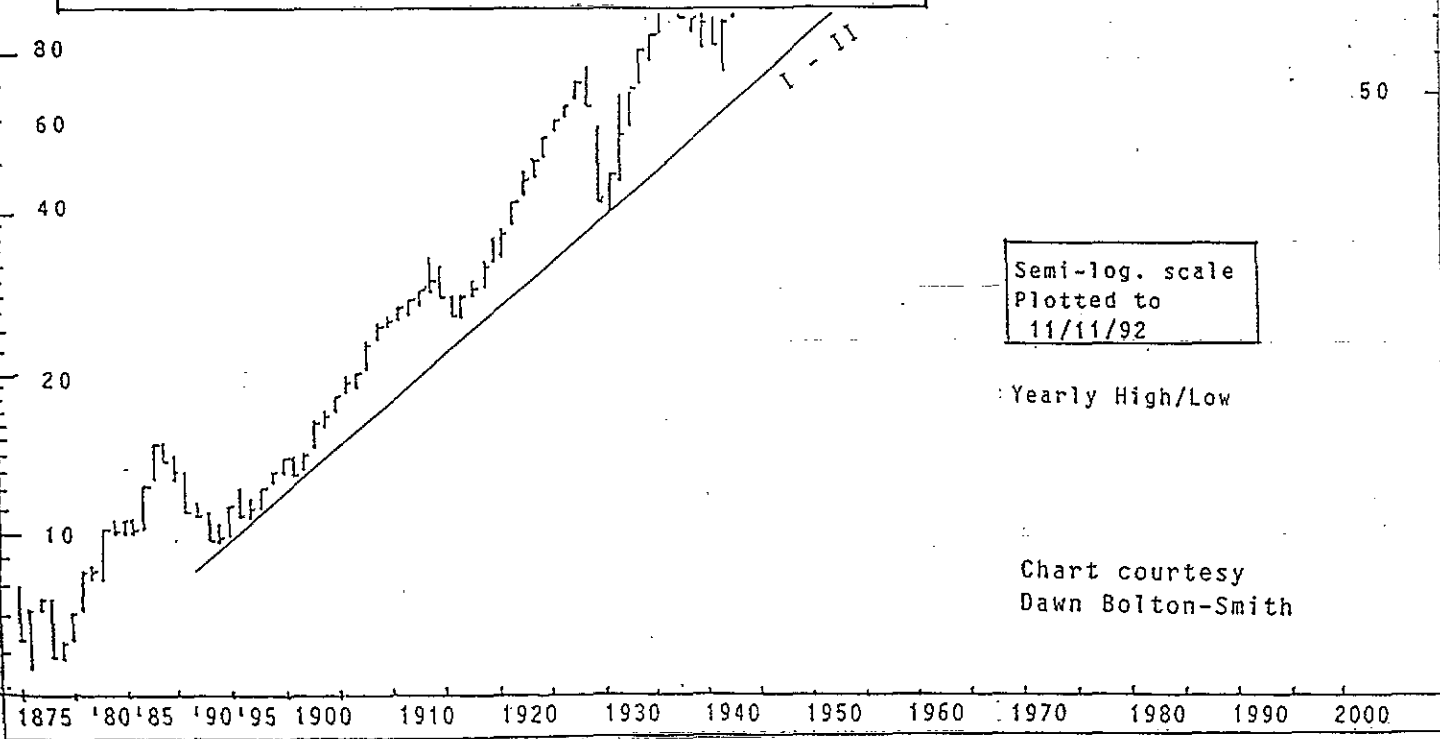
Dawn Bolton-Smith

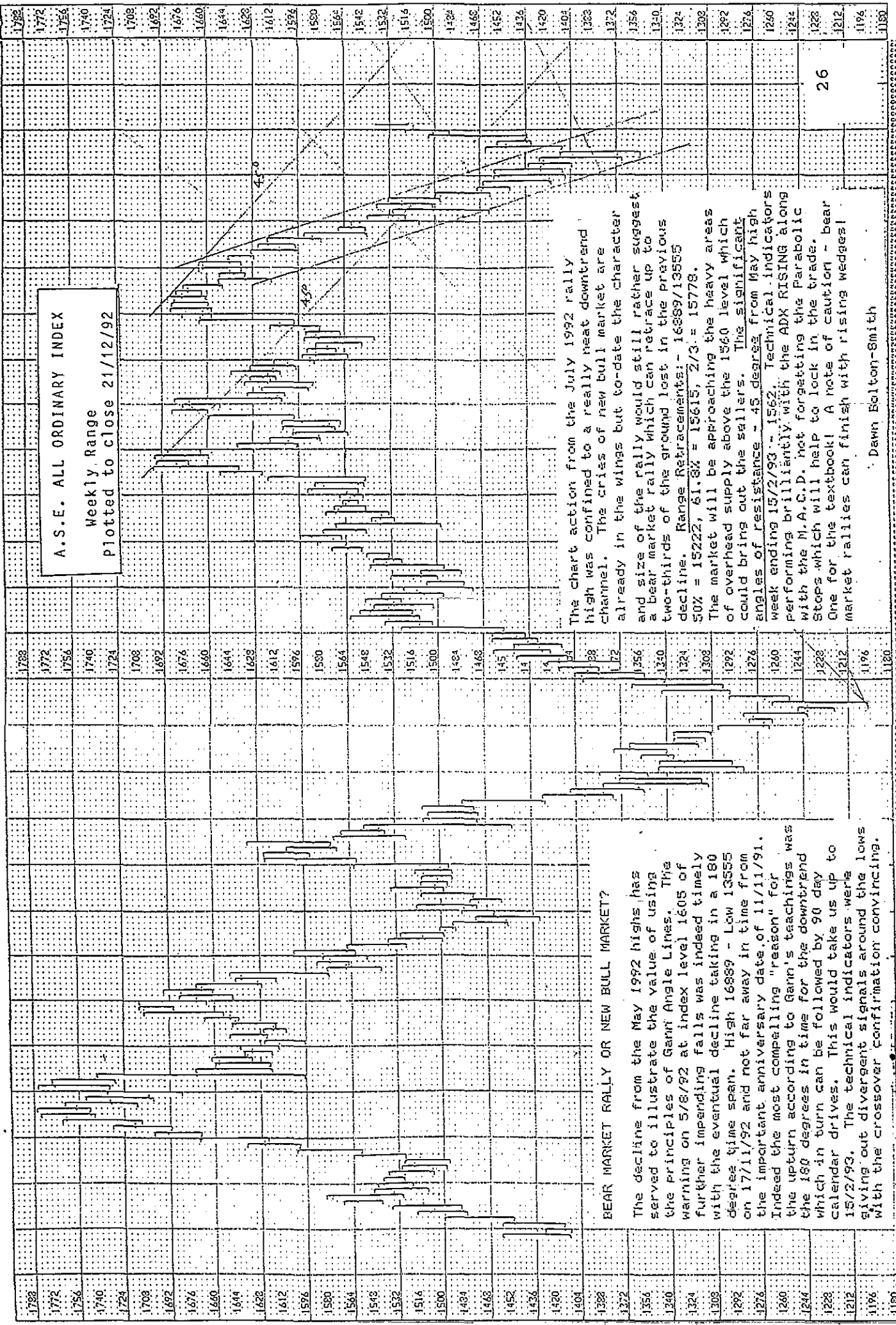


Semi-log. scale
Plotted to
11/11/92

Yearly High/Low

Chart courtesy
Dawn Bolton-Smith





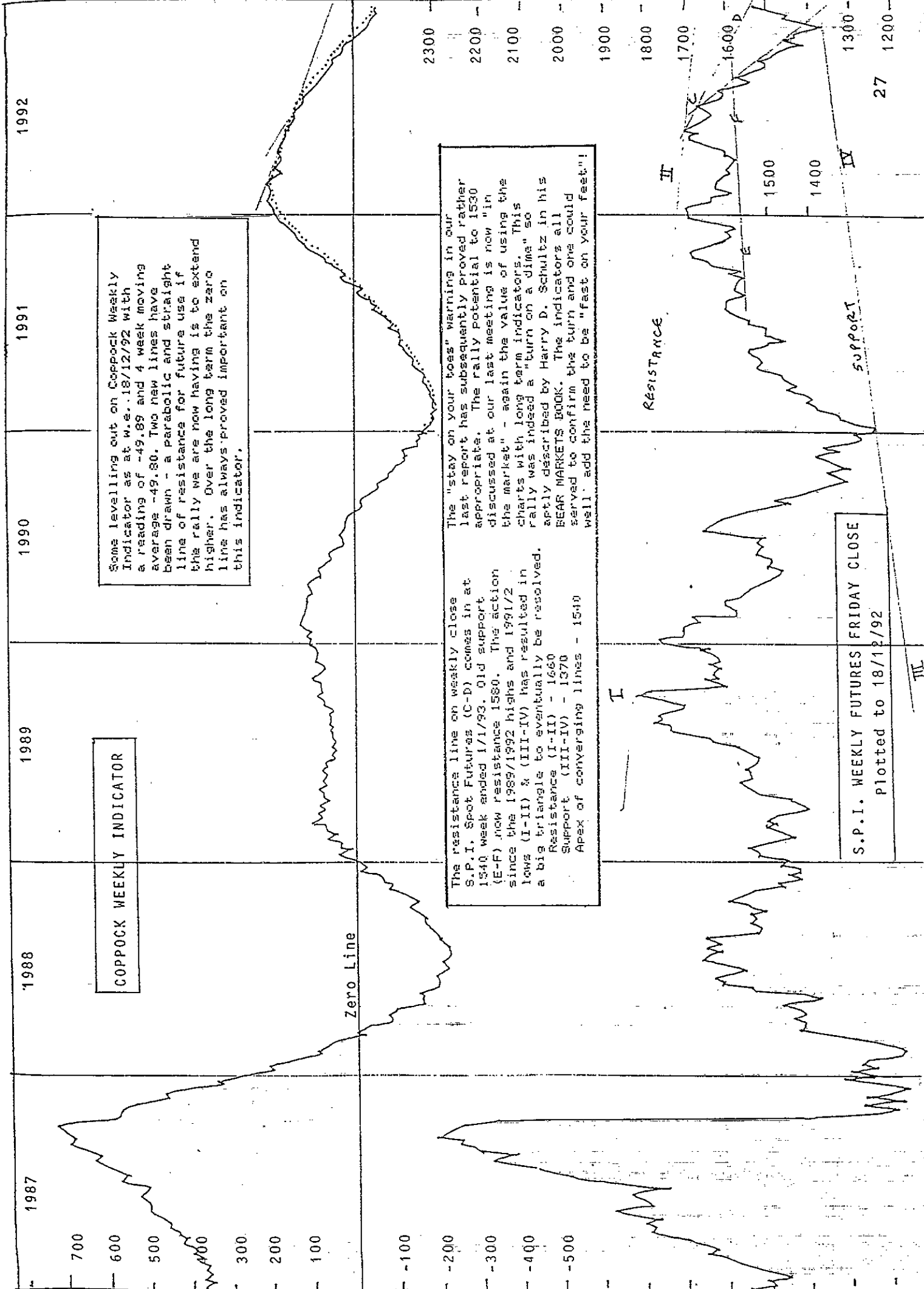
A.S.E. ALL ORDINARY INDEX
 Weekly Range
 Plotted to close 21/12/92

BEAR MARKET RALLY OR NEW BULL MARKET?

The decline from the May 1992 highs has served to illustrate the value of using the principles of Gann's Angle Lines. The warning on 5/8/92 at index level 1605 of further impending falls was indeed timely with the eventual decline taking in a 180 degree time span. High 16989 - Low 13555 on 17/11/92 and not far away in time from the important anniversary date of 11/11/91. Indeed the most compelling "reason" for the upturn according to Gann's teachings was the 180 degrees in time for the downtrend which in turn can be followed by 90 day calendar drives. This would take us up to 15/2/93. The technical indicators were giving out divergent signals around the lows with the crossover confirmation convincing.

The chart action from the July 1992 rally high was confined to a really neat downtrend channel. The cries of new bull market are already in the wings but to-date the character and size of the rally would still rather suggest a bear market rally which can retrace up to two-thirds of the ground lost in the previous decline. Range Retracements: - 16889/13555 50% = 15222, 61.8% = 15615, 2/3 = 15778. The market will be approaching the heavy areas of overhead supply above the 1560 level which could bring out the sellers. The significant angles of resistance - 45 degrees from May high week ending 15/2/93 - 1562. Technical indicators performing brilliantly with the ADX RISING along with the M.A.C.D. not forgetting the Parabolic Stops which will help to lock in the trade. One for the textbook! A note of caution - bear market rallies can finish with rising wedges!

Dawn Bolton-Smith



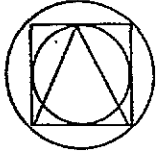
COPPOCK WEEKLY INDICATOR

Some levelling out on Coppock Weekly Indicator as at w.e. 18/12/92 with a reading of -49.89 and 4 week moving average -49.80. Two new lines have been drawn - a parabolic and straight line of resistance for future use if the rally we are now having is to extend higher. Over the long term the zero line has always proved important on this indicator.

The resistance line on weekly close S.P.I. Spot Futures (C-D) comes in at 1540 week ended 1/1/93. Old support (E-F) now resistance 1580. The action since the 1989/1992 highs and 1991/2 lows (I-II) & (III-IV) has resulted in a big triangle to eventually be resolved. Resistance (I-II) - 1660 Support (III-IV) - 1370 Apex of converging lines - 1540

The "stay on your toes" warning in our last report has subsequently proved rather appropriate. The rally potential is now "in the market" - again the value of using the charts with long term indicators. This rally was indeed a "turn on a dime" so aptly described by Harry D. Schultz in his BEAR MARKETS BOOK. The indicators all served to confirm the turn and one could well add the need to be "fast on your feet!"

S.P.I. WEEKLY FUTURES FRIDAY CLOSE
Plotted to 18/12/92



CHARTING AROUND

Meetings Meetings Meetings

November - Member's Predict 1993

A mixed prognosis for 1993, some Bullish some bearish some don't know. That's what makes a market!!!

First Melbourne Meeting

Charles Balas and DW Hunt made it to Melbourne for the first meeting of the Victorian Chapter of the ATAA. About 20 people attended. Charles Balas spoke on the ATAA and the group appeared to approve of our direction. Paul Simmons, the driving force behind the Melbourne Chapter, spoke about the new chapter and his ideas for it. Vicki Stapleton spoke about the October IFTA Congress in Dublin. She said overall it was very interesting. She found that the trend is back to basic analysis in TA world wide. Unfortunately, your correspondent had to hop on a plane so he missed the last 2 hours of the meeting, but I'm told everyone enjoyed it. So we now have a Group in Melbourne. Paul Simmons report is on Page 7.

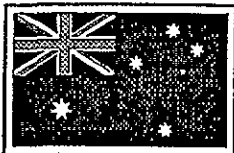
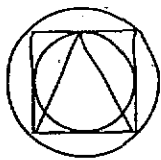
Courses

The second ATAA Technical Analysis and Trading Course will be held in conjunction with the SIA, ASX and SFE. Discount to members. We intend to put on a few one day courses (for minimal cost) on specialised topics - member's choice, give us your suggestions at February meeting.

New Members

Welcome to the following New Members:

Keith Inns of Concord, NSW
Alan Yap of Potts Point, NSW
John Hardman of Sandy Bay, Tasmania (our second Tasmanian and the proud owner of our 100th Registration !!!!)
Barry Sinclair of Seed & Grain Sales
Ann Mazaraki of Macquarie Bank
Nea Williamson of Macquarie Bank
Peggy Barker of South Australia



FMAUS

..... SPECIAL EVENT

FULLER MONEY EDITOR : DAVID FULLER

DAVID FULLER SEMINAR

Your Association's Dawn Bolton-Smith has snared David Fuller to talk to us, for nix and our guests for next to nix, in early February. Do not miss out. Details follow:

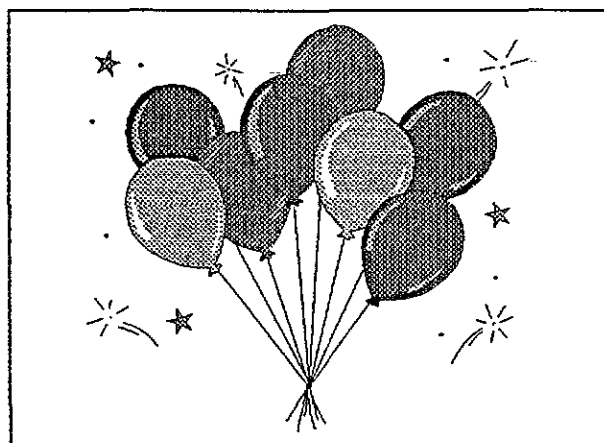
Date: Wednesday 3rd February 1993

Time: 12.30 to 2 pm

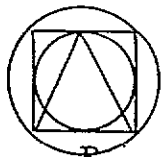
Location: Australian Stock Exchange Theatrette
20 Bond Street, Sydney

RSVP: 20.1.93 (02) 969 7615 Fax 968 2819 to Dawn

Invite anyone and everyone The cost will be \$10.00 for guests. FREE FOR MEMBERS.



FMAUS



BROKERS HAVE FEELINGS TOO !

I must thank David Hunt for his editorial in last November's newsletter regarding the broker/trader relationship. His point by point analysis of the dangers of too close a relationship with one's broker is a great text-book examination, which should be read by all market participants and an article which I have recommended to my fellow corporate dealers to read as an exercise in empathy selling.

I cannot but agree with David given my past experience as both trader and broker that to an extent, brokers are to be avoided.

I should point out the word broker comes in several guises. A few of the titles they are often called in Financial Institutions include; sales, distribution, advisers, dealer, risk manager, solution/financial engineers. I, nor (as I am sure my readers too) am not hung-up on titles - especially pretentious buzzwords, but traders must be aware of the essential role of the broker as perceived by his/her organisation and the perception of traders.

Traders are told/made to think that your broker is there to help you make money. In fact (and this is no revelation but must be emphasised), the broker is there to sell his/her firms product through the service they provide. No surprises here but let us visually note the differences in Agenda between client and brokers.

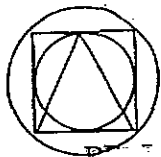
Client Agenda	Brokers Agenda
1. Profit on Trade	Commission on trade
2. Trading	Turnover

They are prioritized appropriately.

The difference between trading and turnover in #2 priority presents the danger in the divergence of aims in the relationship whereby the broker is driven by the volume/quantity of transactions while the trader is seeking quality (profitable) transactions. If a trader is not

- (i) Aware of his agenda and/or
- (ii) is too ill-disciplined to stick to his agenda the result is

"Excessive and/or Unprofitable Trading"



The important thing for traders to do is know what they want and to demand it.

It is easy to point the broker out as a "middle-man ogre" lower in standing than even real-estate agents. But like humanity in general they are in the main well-meaning individuals. They do though, often fill voids created by the behaviour of their client's own inadequacies.

Even the best intentioned broker will often adjust to the client arche-type with sub-optimal results.

Across the range of types for instance vain/arrogant traders intimidate brokers into avoiding being called even when brokers (and sometimes they do) have some profitable opportunity identified. Too hesitant, a client often needs to have their (hands held) constantly.

Or again the ignorant trader who begs to be manipulated. And what of the vague or indecisive client who is never happy or clear of what they want - this too only breeds mutual contempt. Many times the broker is forced to go beyond the role (often assumed by traders) of advisor to being the manager of the trader's capital and/or positions.

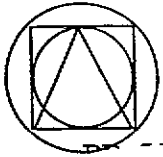
When this happens a conflict of interest/roles arises, for which aside from the moral hazard on the part of the broker to overtrade - gives a responsibility to the broker he cannot/and should not displace from the client, ie manager of the financial risk.

To better understand this important concept traders must distinguish the two risks that we all face in trading.

- (i) price risk and,
- (ii) financial risk

The first risk - of market price movements is something a market professional (ie brokers) are in a position to advise on; given their range of experience and contacts.

The second risk unfortunately is a risk personal to the traders' own preferences and situation. A risk that really cannot be divested and managed by third parties the risk to capital. This risk to capital should always be managed by the trader personally.



-3-

The best solution to the client-broker association dilemma is firstly - as David Hunt has described already for us is that,

- (i) time frames of the market trader need to clear to both parties.
- (ii) the trader must be aware of his/her own objectives and,
- (iv) should pursue them, in effect the trader must restrain the subjective agenda of the broker only to the extent it differs from his/her own.

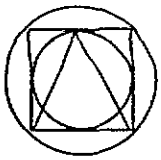
In essence what I am saying - to get the best out of your broker it is not just a matter of choosing the right broker for your style of trading; one which listens and responds to your needs on advice and service. Before one can even competently choose the "right" broker, You, the trader, have to know what you want to do and in what time frame. Once you have worked this internal (mental) problem, then demand this service that will satisfy your requirements.

If necessary put the broker "in his place" but above all tell them what you need and what you don't !

When you've cleared your thoughts, established your objectives, ask your broker for the specific advice (only) then you can get on with the business of trading.

Good trades

Peter Pontikis



WE NEED YOUR

HELP

The Association aims to produce a Newsletter every second month. To be truly effective, it needs to contain articles from a broad cross-section of our members. A small group of members has set the ball rolling. We would ask that you carry on the work, by contributing just one article each year. This can be comment on any aspect of technical analysis of any market.

Have you read something interesting in another Newsletter, a magazine or a book? Why not summarise it and send it in?

Many members tell us that they do not feel qualified to write an article. If you are in this boat, how about outlining an aspect of technical analysis that you would like to know more about? Just try to state the problem you would like to solve and we will put it up for comment by more experienced members. If you wish, such contributions will be published without disclosing your name.

So that we can plan ahead, we would like to know when you think you could submit your article. Newsletters will be published in January, March, May, July, September and November. The deadline for copy will be the end of the month prior to the month of issue. Please indicate below, which issue you will make a contribution to in 1993:

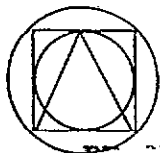
My Name: _____ Phone: _____ (work)
(home)

Issue for which I will contribute:

Title/Description of contribution if known:

Please hand this to Colin Nicholson at the next meeting or mail it to him at GPO Box 2774 Sydney 2001

Thank you for your co-operation in helping to improve and expand the ATAA Newsletter.



It is an irony among Technical Analysts like ourselves that, save for the quite honourable purpose of profitable trading, we observe, chart, and analyse markets that we really have no natural interest in. Yet we usually choose not to bring to bear our extensive techniques to comprehend the price risk exposure of that usually greatest personal wealth asset - real estate.

There are of course some quite valid reasons why most of us choose not to analyse methodically that part of our wealth portfolio. There are of course many slothful reasons as well.

Data problems, of differentiated commodities (read houses) due to (i) condition, (ii) type and geographical location cannot be ignored. This can be overcome, with Sectoral analysis being the obvious answer. Here though for our purposes-index analysis in the tradition of Dow Theory will be used, (charts courtesy of GIO/Real Estate Institute).

Other less plausible reasons for not charting real estate prices quite simply are psychological. Having a constant "position" in the real estate market does tend to do strange things to the logic processes of Traders - and I'm speaking from personal experience here!

Avoid the "captive market participant" syndrome. Which narrows time frames, destroys patience, forces people into a "need to do something" mind set, where emotions rule - and logic is left far beyond.

I suppose ultimately I am asking my readers to learn to shut ones ears ! Listening to, Journo's, property analysts and real estate agents is what one must avoid if possible (I know how difficult this is) and remember they also have their biases and agenda's too.

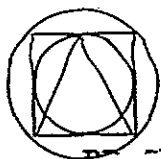
Humans being curious animals I will compromise by saying don't believe their opinions - listen instead to the flows (read volumes) with the eyes of a contrarian.

Enough of the caveats.

Turning to our graph of Median house prices one can see the bull rise in nominal prices between 1986 - 89, peaking in Mar/Jun 1989 quarters. Now look from there. Nominal prices fell by an average 25% (who says one always makes money going long !) to a near-term bottom (\$163,000) around the beginning of 1991 with a minor rally that appears to have settled the price around the \$180,000 mark.

What does all this mean?

With an average \$50,000 decline in prices the real price of housing has returned to the levels existing at the beginning of 1980's. For our purpose the bull market is over.



If you are still optimistic look, at the broad money supply growth rates graph provided. It is telling us that generally speaking the money to fuel another sustainable real (or nominal) price rise is just not there at the moment.

Certainly price action since the \$213,000 (Feb 89) peak to the \$163,000 (Dec 90) trough suggest that the housing market is congesting/consolidating its gains (or losses) of prior years.

Note also the nature of the consolidated above the 160k trendline. The index is keeping to the lower half of the 163/213k price bands. This lends to the near term pessimistic view of the writer that we are currently observing weak (as opposed neutral/bullish) consolidation in the index.

So with this whirlwind analysis of the price index what does one do from here ? while believing better trading opportunities exist elsewhere I can only suggest as a range play - firstly (i) stay out of the market if one has not entered it, (you could always rent remember) If you are already in it (ii) tend to be a buyer towards the \$160,000 price level and seller at \$188,000 and again towards the \$210k level.

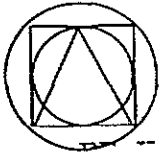
As a trend player. An index fall below \$160,000 trend support will be looked on very darkly - I think we should liquidate all real estate holdings and rent if that line was to be breached and for the optimists - I suggest buying only if the average breaches \$215k (unlikely).

Trusting these comments have been taken as a robust guide to real estate market (traders) conditions and should not dissuade or otherwise those from "specials" that markets throw at us all every once and a while.

I wish all a healthy, happy and wealthy New Year.

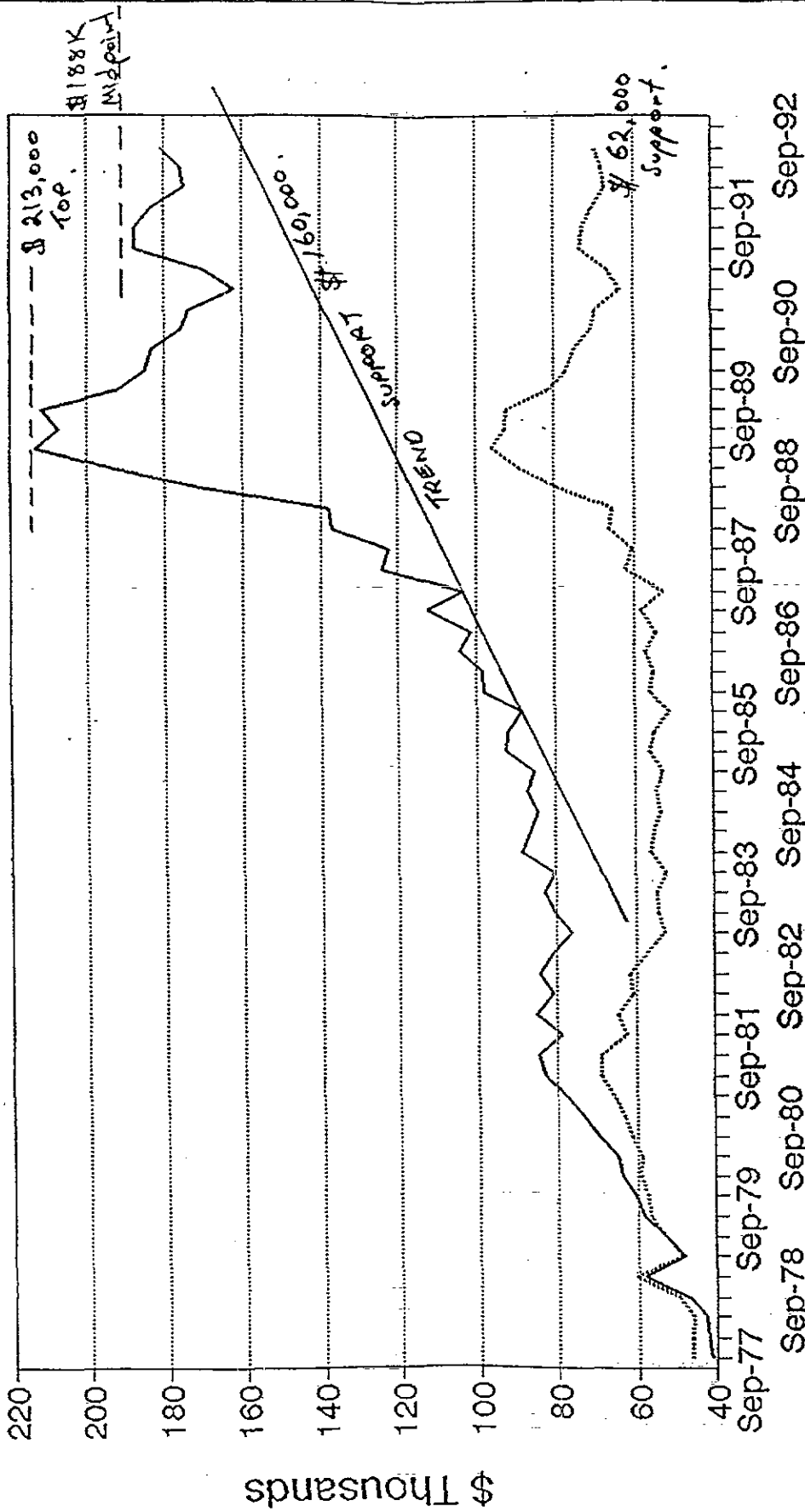
Peter Pontikis

PS. Per the securities code
I must confess I still own my home.



MEDIAN HOUSE PRICES IN SYDNEY

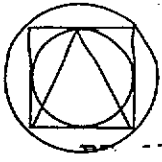
September 1977 to Present



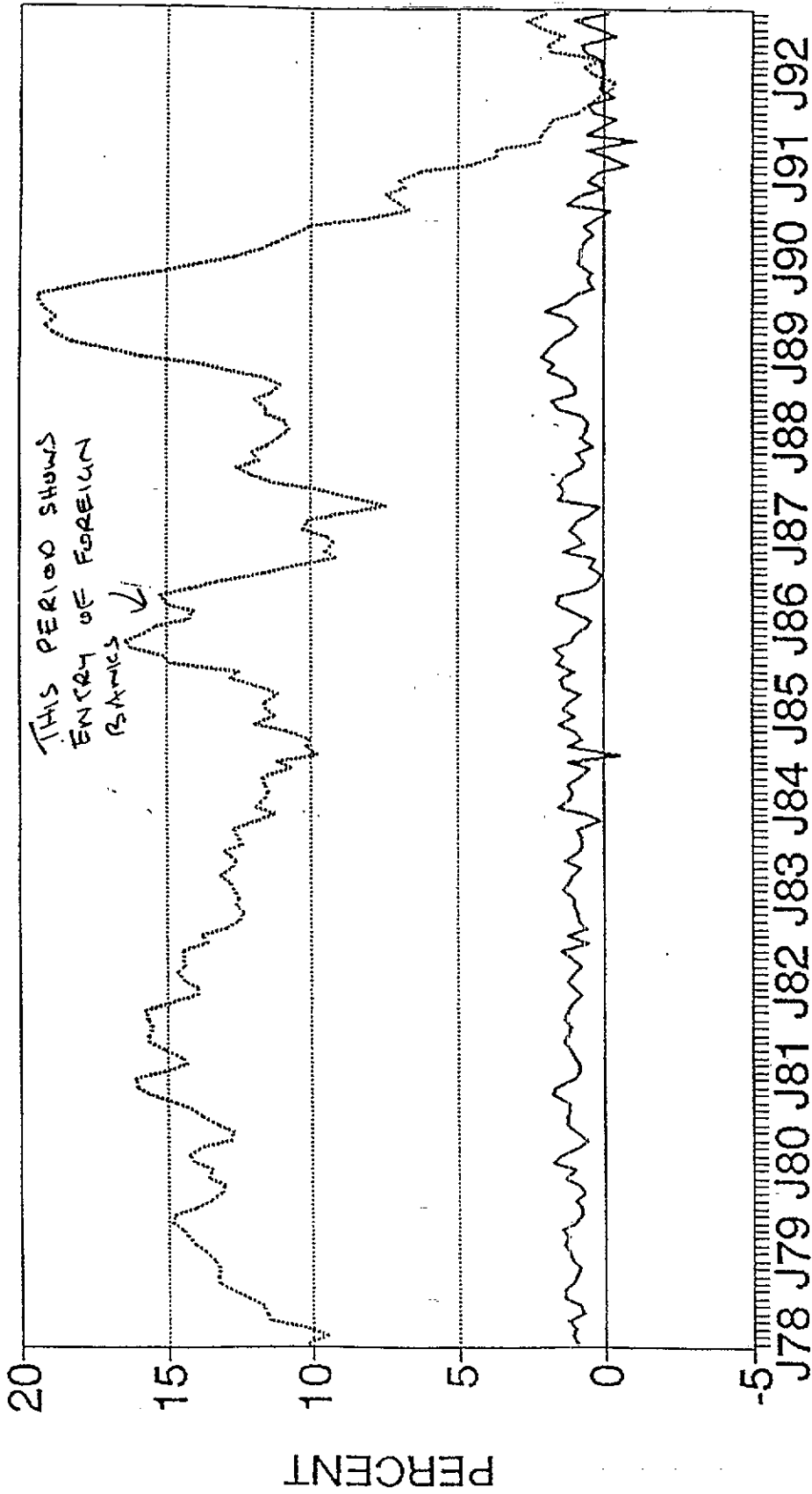
Quarterly Data Source: REI Australia

— Real Price - - - - - Nominal Price

GROWTH IN BROAD MONEY PERCENTAGE CHANGE



AUSTRALIAN
TECHNICAL
ANALYSTS
ASSOCIATION



MONTHLY DATA, RBA BULLETIN TABLE D.1

— CHANGE IN THE MONTH CHANGE O.T.Y.



WHAT IT TAKES TO BE A GREAT TRADER? Reviewed by C. Nicholson
At a recent meeting, a video tape was played which contained an address to the US Market Technicians Association by Jack Schwager. Mr Schwager is Director of Futures Research and Trading Strategy for Prudential Bache Securities and author of the book *Market Wizards, Interviews with Top Traders*, published by The New York Institute of Finance. His address examined in an interesting and entertaining way many general observations he made when conducting the interviews on which the book is based.

By way of introduction, Mr Schwager explored several points:

- * Success in trading really has more to do with psychology and attitude than it does with specific methods.
- * The methods that successful traders use run the gamut of any type of approach you can think of.
- * The length of trading is not critical. Some successful traders are only in each trade for a matter of minutes, while others may measure their trades in years.
- * What is important whether the trader is short or long term, is timing.

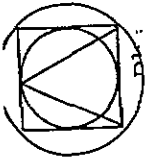
Mr Schwager then explored what he saw as the common denominators of successful traders and what is important to their success:

1. They all had a specific methodology, none traded on whim.
2. Unless you have discipline, you will not be a successful trader.
3. They all had an above average drive and desire to be successful in the markets, in many cases overcoming significant obstacles to reach their goal.
4. Confidence that they would remain successful as long as they stuck to their rules and their discipline.
5. Hard work and study. There are not too many casual success stories.
6. Risk control was stressed. They know how to manage the risk.
7. Patience is very important, waiting for the good trade.
8. Independence of view is a frequent characteristic.
9. Losing is part of the game and it is part of winning.
10. They all seem to love what they are doing.

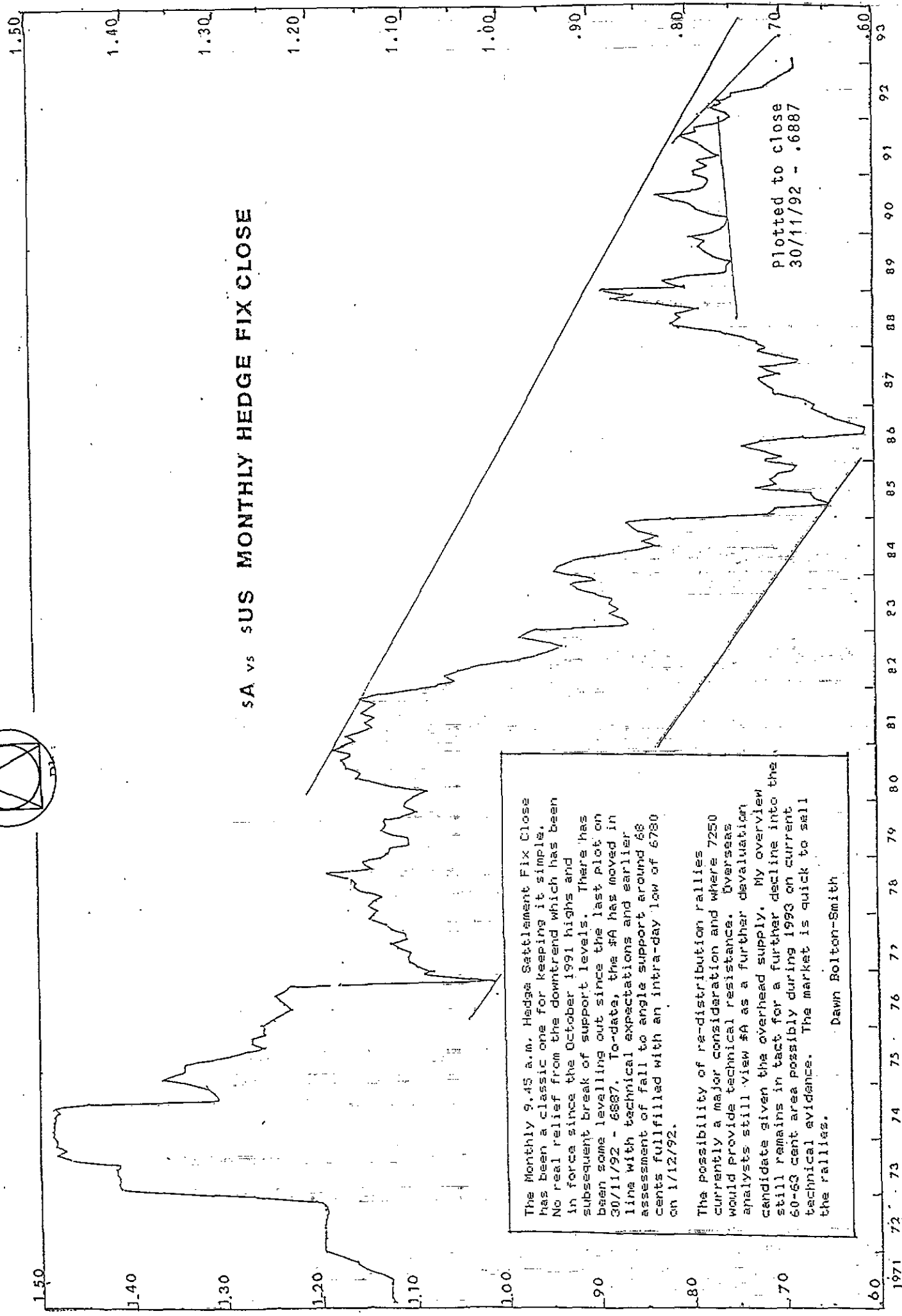
Other points raised by Mr Schwager were:

- * A major surprise was how many of the successful traders had bombed out in the beginning, sometimes several times.
- * The most controversial idea was Ed Seykota's view that everyone gets what they want out of the market.
- * The most original trading advice was from Marty Schwartz: If you ever have a position you are really worried about and it does not do as badly as you fear, stay with it.
- * The most original statement from a day trader was from Ed Seykota:
"having a quote machine on your desk is like having a slot machine there."

The video tape of Mr Schwager's address is available for loan to members of the ATAA. Contact Charles Balas.



SA vs SUS MONTHLY HEDGE FIX CLOSE

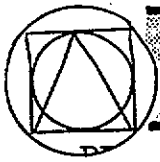


The Monthly 9.45 a.m. Hedge Settlement Fix Close has been a classic one for keeping it simple. No real relief from the downtrend which has been in force since the October 1991 highs and subsequent break of support levels. There has been some levelling out since the last plot on 30/11/92 - 6887. To-date, the \$A has moved in line with technical expectations and earlier assessment of fall to angle support around 68 cents fulfilled with an intra-day low of 6780 on 1/12/92.

The possibility of re-distribution rallies currently a major consideration and where 7250 would provide technical resistance. Overseas analysts still view \$A as a further devaluation candidate given the overhead supply. My overview still remains in tact for a further decline into the 60-63 cent area possibly during 1993 on current technical evidence. The market is quick to sell the rallies.

Dawn Bolton-Smith

Plotted to close
30/11/92 - .6887



Peter Pontikis

Elliott Wave Analysis tends to produce a diametric effect among analysts. They either embrace it or are repelled by it. It is hoped here that only the analysis will be presented and conclusions drawn - the popularity or otherwise I leave to traders.

Note: The monthly chart utilises semi-log scale for better ratio analysis.

Trend to July 1986

Referring to the monthly AUD chart, a clear I-V Wave (down) trend ended in July 1986. The end of this downtrend begun in 1974 set the stage for

AUD rally August 1986 - February 1989 (Wave I')

With this I' Wave, 5 clear waves are apparent (i) - (v).

The methodological issue to be addressed here is whether Wave I' represents:

1. The beginning of an AUD bull run, or
2. Wave A of an A-B-C correction to the 1974-1986 downtrend.

We shall return to this later.

February 1989 onwards

AUD congestion has generated two defined Waves (refer Weekly charts) labelled A and B. Both are completed so what the AUD currently is experiencing is the C Wave correction. As the sub wave count(s) indicates - the AUD appears to have completed the (3) wave of the (iii) Wave/C correction.

Conclusion

The immediate implication as of the 7th November 1992, is for a rally/consolidation in the order of 240-300 points from the low of the 5th November to form the (4) wave, before we see the end Wave 5 of the C Wave correction to an eventual target of 0.6790.

The Very Long Term

What does all this mean for the eventual value of the AUD? To fully appreciate the answer we will have to return to the issue of Wave I'.

Is it a Wave I or an A Wave correction to the 1974-1986 bear market?

Instead of providing a long form answer (or running through all alternative wave counts) will briefly state that both scenarios are basically the same up to the end of what I have called here the C Wave (ie. the one currently unfolding).

A semi-logarithmic full Fibonacci retracement puts a (1-3 year medium term) bottom on the AUD/USD at around 0.6670-0.6790. For the 5-10 year view - well it is a question of parity plus prices or new lows on the Oz. I leave this to fears and hopes of my readers.

WESTPAC FINANCIAL MARKETS

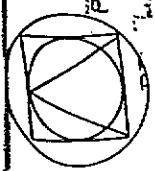
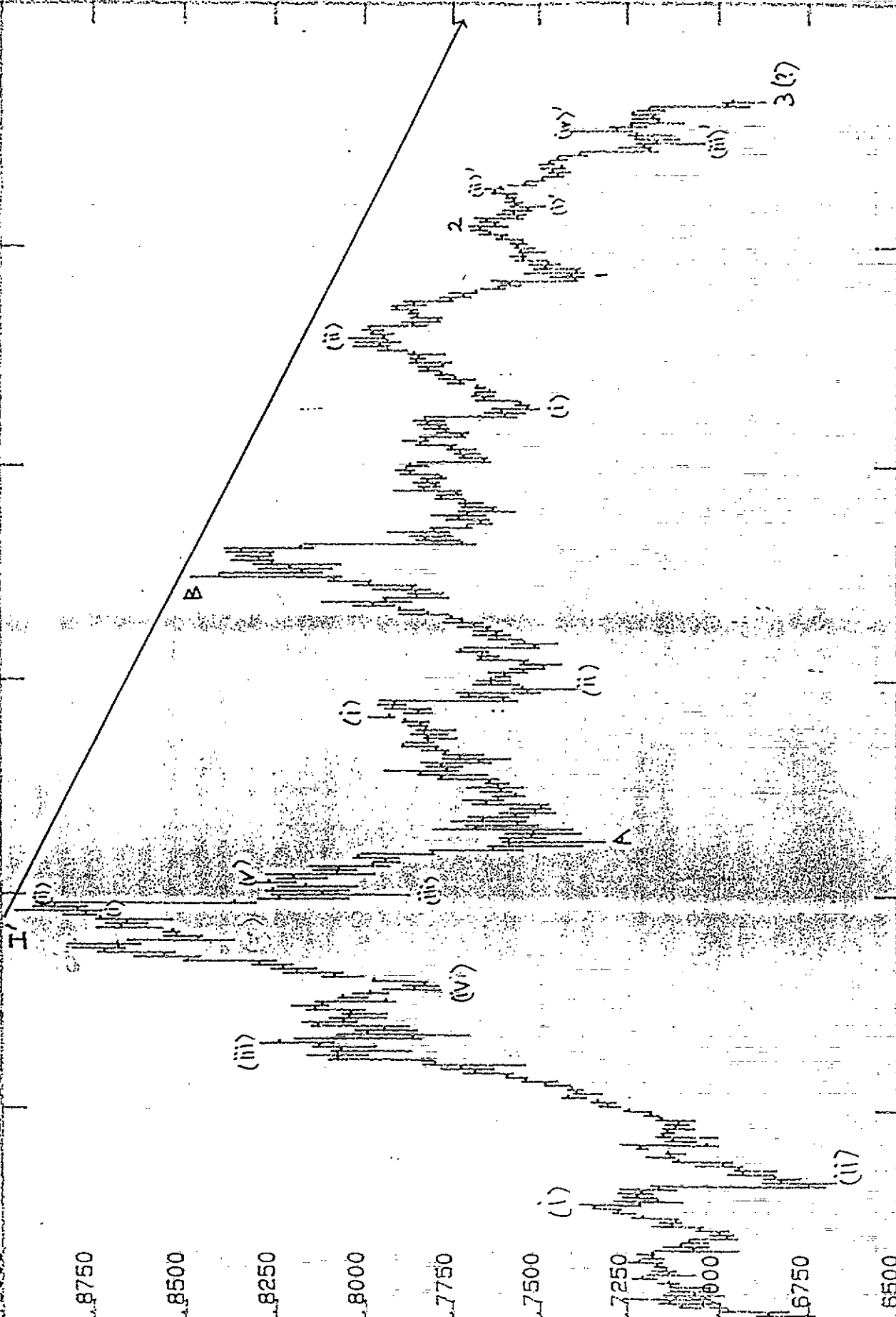
Mar-91

Weekly till 6-Nov
Mar-90

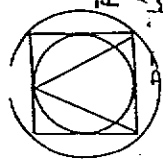
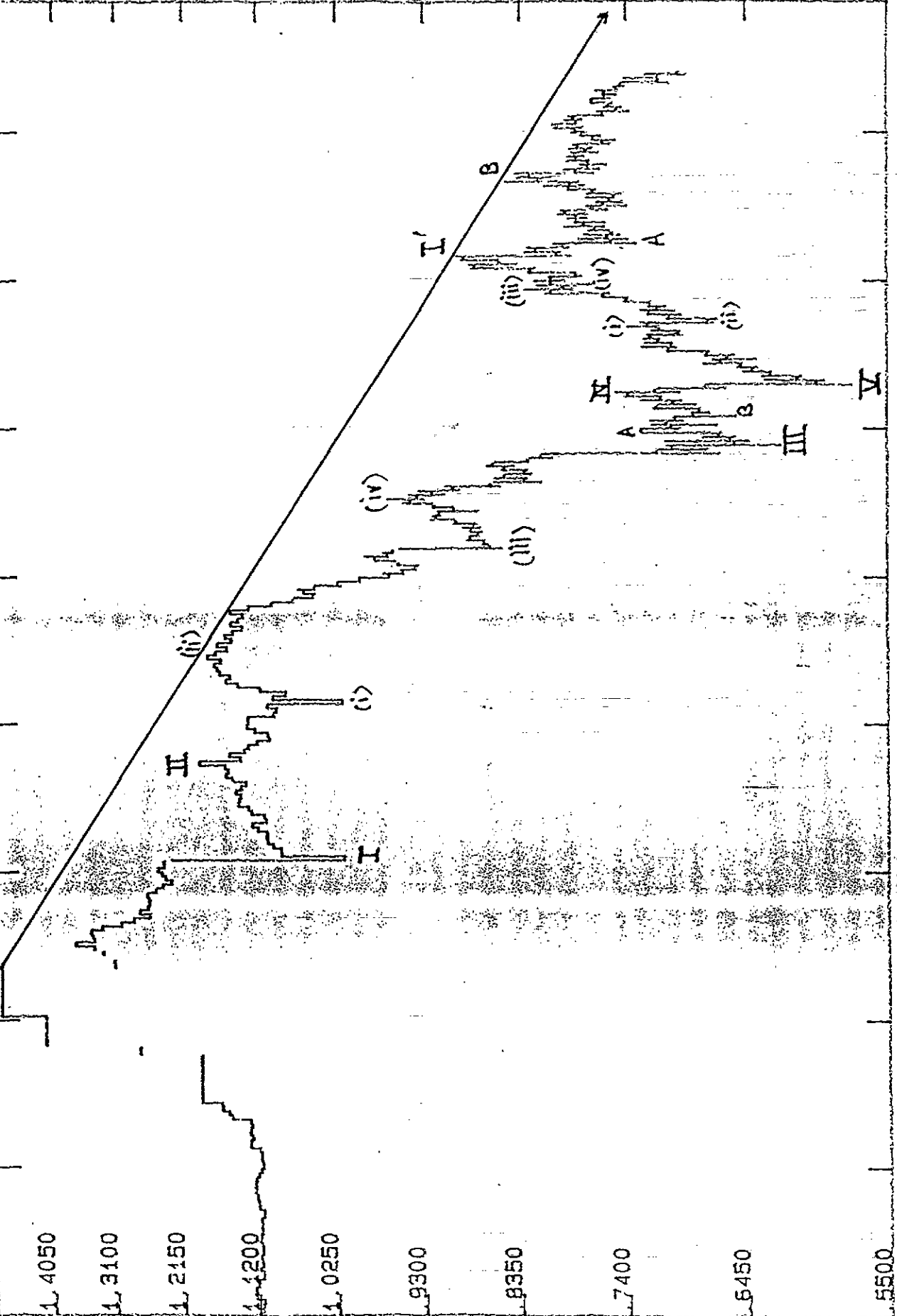
Aust Dir v U.S. (spot)
Mar-89

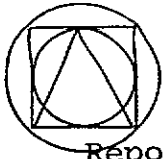
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Preview
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Report by Colin Nicholson on the address to the November ATAA meeting in Sydney by CHARLES RANN Phd MSc.

NEURAL NETWORKS

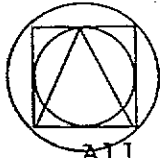
Neural Networks is a topic that has been gradually coming into the scientific world over the last four or five years and has started to get used in share trading. Some of you may have seen references to it, but there have not been very many articles about it. So what Charles set out to do was to scratch the surface and tell us what the potentials are.

Neural networks look as though they will be a very important technological development in the future. They are used already for hundreds of applications. As far as the stock market is concerned, it is a difficult application and, while there are people around the world who claim to have neural networks actually working on trading systems, because there is a lot of money involved, they are not telling anybody how they do it. So, if you want to get a network going, you have to "roll your own" as it were.

The neural network is a result of man's endeavour over hundreds of years to invent machines that do thinking, to copy the brain. There are machines that think, but we have not been very successful and there are tools that do thinking for you, like slide rules and calculators. We have been very successful with those.

About 1950, progress started to be made in this field. There is Artificial Intelligence, there is Expert Systems and there is Neural Networks. They are three different approaches that have been taken by various people around the world to try to do thinking, perhaps copying the way that the brain thinks.

Now, the neural networks did not seem to last too long. They are very complicated and a lot of assumptions have to be made that weren't quite true. The neural networks more or less faded out of the field until about 1980, when the PC computers started to get cheap and more powerful. When they came in, a lot of the crude assumptions that had to be made previously could be done away with and the computers could take over and more accurately copy the brain system. So from about 1980, neural networks began to take off. Not in the stock market field, but in a lot of other fields.



All of these artificial intelligence type systems have got three very simple things in common:

1. They accept input data.
2. Then they process the data.
3. And they produce an output.

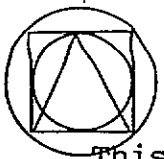
Now, that is a pretty simple requirement and one would not think you could get that far with them, but it is really very surprising what can be predicted from data that may be too complicated for the human brain to handle. For instance, if you took the trading data for a share for every hour of every day for a year, you would not expect the human brain to take all that in. Once you have set up your network, it is capable of handling that. It is all just an automatic process on a computer. There is no memory as in the human brain to forget what is happening. So that is basically what these thinking systems do.

Now, in particular with the neural network, as you would guess from the neural part of it, is based on scientific research that has gone on over the years, where they are still trying to find out exactly how the brain works. The brain is a very complex system and anything that has been done to date is somewhat imperfect. But it seems to have reached a stage, imperfect as it is, where it can be useful for a lot of practical applications.

Because they are biologically based, the neural networks tend to work best on problems that biology works best on. These problems are pattern recognition, such as catching a cricket ball: you have the patterns changing all the time and have to give directions to your hands. That is a typical problem of pattern recognition.

If you have got a very experienced trader, who has been trading for many, many years and he feels that perhaps a bear market is coming on, how does he feel this way? He will just say that he has a gut feeling. But, if you analyse his gut feeling, you will find that he is really doing a bit of pattern recognition. Somewhere in his unconscious mind something is telling him that perhaps five or ten years ago this set of conditions started coming up and when it came up, the price of gold might have fallen. He is really going back on his past experience. Of course, he has forgotten a lot of things, but he has just got this feeling at the back of his mind that this has all happened before somewhere and when such and such a thing happens, something else should happen. That is pattern recognition.

Now to take one of you. Suppose a technical analyst has a favourite indicator and, because of success in the past he gets quite confident in this indicator, but when he uses it to buy some shares, the indicator lets him down. He complains about this perhaps and another technical analyst comes along and says that the indicator did not work this time because such and such over here happened. There will always be an explanation why his favourite indicator did not work.



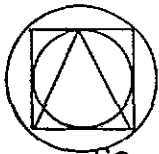
This is where Charles imagines that the technical analyst can use neural networks, because you could put four or five indicators on the go if you wish and if they are giving a positive indication, but another indicator is giving a warning, because of all the past experience put into your neural network, it should be able to warn you that, in this case, your favourite indicator may not be a good guide to the future.

Now Charles gave us a general run through on how the brain works and then how it is interpreted into something that is useful to us.

The neuron is the basic little atom that the brain works on. There are billions of these neurons in your brain and all the neurons are linked to each other, by thousands of connections between them, so it gets extremely complicated the way your brain memorises things. The computers don't copy this yet, they just copy it in a very simple way.

Electrical input currents come into the neuron through a synapse. A synapse is a barrier between the electrical current coming from another nerve. The synapse is a variable resistance, just like a potentiometer in electronics. The resistance is variable with experience and it stays varied. So you have lots of input paths. The current is carried by calcium ions to the neuron where they are all summed up. The neuron then passes signals out to other neurons, sometimes thousands of them. So, that is basically how the whole network of neurons starts thinking. They are all talking to each other and they are saving signals.

The strength of the signal coming out of the neuron is some function of the total sum of the signals coming in, but it is not usually the total sum of the signals. It is modified in some way. there may be a threshold and nothing comes out until the threshold is exceeded and then a very heavy current comes out. That is an on/off type of situation, where the neuron is acting as a switch. It might come out in a linear fashion, or it might come out in a non-linear fashion such as a sigmoid curve. So the output depends very much on the characteristics that have been built into the neuron.



So, what we have to do when we set up a computer program is to try to do our best to copy that in some crude way that the computer can handle. In the computer you have then a similar system. You have electrical signals coming in from your inputs. They come into what we shall call a neuron and they are all summed. The inputs come in through some variable weighting factors, that correspond to the synapses in the biological system. The second part of the computer neuron has to have some transfer function, like a sigmoid curve: it does not make any difference for a while and then it increases in a non-linear function until it reaches a saturation point, where no more comes out of the neuron. The programmer who writes the network can put in anything he wishes.

So from that, out comes a signal from our computer neuron and that signal goes to other neurons in the network. That is as close as we can get to the biological neuron at the moment. It is, of course, not as complex as the real thing. Neural network theory is regarded as a branch of mathematics, although it has no algorithm in it at all. A neural network assumes nothing. In setting up a network for a computer, you just set up the architecture of the network and you then have to "train" it to get it to work at all.

Now to return to the input nodes, or signals in. In the case of the stock market, for predicting the value of a mining share, they may be values of a couple of metals, an exchange rate and the previous values of the price of the share. They are what we call the parameters. They depend upon you, the operator, what parameters you put in.

The processing of the data is beyond your control. The operator and quite often the designer of the network does not know how it is processing the data. So what happens if one input is the price of gold, it goes to each of, say three neurons with weighted factors in between the input node and the neurons. It then cycles around. Then those neurons give an output which is your prediction. So, that is basically how a simple neural network operates. There are much more complicated networks, but this simple network is quite capable of being useful for predicting stock prices.



The network is "trained" by putting a whole lot of inputs in and telling the network what the results should be. It calculates out the result. The result depends upon what these weighting factors are. And the result is going to be wrong. So we have an actual result and a predicted result. We then iterate millions of times, until the two values are the same or similar. It is rather similar to cracking a determinant. You take the error between what the actual is and what the predicted is. That error comes back with what is called a back propagation, such that you alter the weights. You keep on cycling around until you reduce the error down to what ever limit you want to. So, it never gives you a perfect result, but you can make the error smaller and smaller. Having done that for one price of gold, you then give it the inputs that produce another price of gold. In fact, you give it hundreds and hundreds of cases, telling it what the result is. The neural network grinds away round and round millions of times until it has finally got a set of weights that more or less satisfy all of the inputs that you have given it. Again, it is not a perfect solution, but it kind of keeps everybody happy.

Neural networks are throwing out a lot of the standard statistics that are normally used for predictions. They proving to be more accurate than standard statistics in dealing with complex problems, because you can keep your network going, getting it more and more accurate until it gives you exactly what you want.

Charles then showed us what such a network could do. Firstly, he showed an attempt to predict the Standard and Poors Index. He gave the network about a hundred past results: what the values were of the parameters and what the index value was that resulted from them. All of the information was fed into the network and it was "trained". There might be some 500 weights to be altered up until a "correct" solution was found. The initial predictions from say just 10 sets of results on a relatively untrained network was pretty poor. Then he showed the results after the network has been "trained". The accuracy of the predictions were getting to the point where people could use it. Just about every major transition, in phase and amplitude, were not very far out from the reality.

The parameters used for the S&P predictions were:

- Retail Sales
- Average 3 months treasury bills
- Total US government securities
- Index of industrial production
- New York gold price
- Outstanding commercial paper
- Value of Swiss Franc
- US Government receipts
- US government expenditures
- Monthly S&P average



So there were 10 inputs and 72 actual cases from past data put in to produce the curve shown. To get a prediction, you give the network today's values for each of the parameters and the computer network will give you a value that it thinks is reasonable for the S&P index.

Charles described this network as unbelievable. It was done in the early 1980's for three years (72 values over three years) and it was predicting in the 1990s, over five years later. Charles thought that this was a particularly unusual case, because you would expect that the market would have changed for the S&P index over that time. All markets change character and over such a long period, you would have expected the market to change and that your prediction would have been wrong. Normally, for a neural network, you would keep updating the weights every day or every week. Then, when your market changes from a bear market to a bull market, you would just carry through quite well because the network is just carrying through a little bit delayed, but is changing as it goes.

Charles then advised that he had been predicting the price of WMC 20 days out and the predictions have, until recently, been accurate to one cent. He is not claiming that this can be done all the time. He personally thinks it was a fluke, but for several weeks in a row his network did not get it wrong. But WMC has been somewhat volatile of recent times due to the drop in the nickel price etc, and you cannot expect the network to cop that, because it does not know about it, if it has never had it before. If, in the future, all this data goes into the network and then the nickel price starts to drop very rapidly, then the network would know how to handle it. But until it is trained, it can't.

The parameters used for the WMC network were:

WMC price for the latest day*

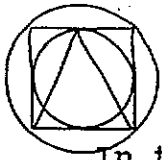
A parameter which Charles calculates up out of a mixture of metal prices

A parameter for the exchange rate between about 4 or 5 currencies

A parameter which is a mixture of the ASX indices

You can put in anything that you think affects the WMC share price.

* Charles has a lot of networks for WMC and he might, in some, put in the prices minus 5 days, minus 10 days and minus 15 days.



In the period when the nickel price started to fall away quite rapidly, Charles observed that the WMC price was moving more or less in sympathy with the Other Metals index and concluded that the metal prices were influencing the share price. At other times, he postulates that the main influence might come from changes in the Oil and Gas index or maybe the AUD/USD exchange rate. Almost anything could cause WMC prices to change in a minor or a major fashion. A neural network, if it had seen all these things happen before (ie it had been trained over a period of time where there had been drastic variations) it should be able to help you quite a bit on what you would expect the price of WMC to be.

The WMC network results shown were after 200,000 cycles. You can make it more, but it is pointless having the network trained too well if you are in a region where things outside the network can control the results. It is better then to run with the network relatively untrained. It is what is called generalising. If you have a highly trained network and it doesn't produce a good prediction for the future, we say it is not generalising well. In other words, it has not been trained properly. And that was the case with the WMC network results shown. However, at other times, the same network will generalise very well or very accurately.

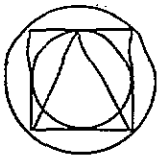
That is the state of neural networks on computers now. Neural networks are not, from a computer programmer's point of view, that difficult to set up. What is difficult, is how to train the things. You have to use a lot of art more than science. You have got to use your gut feeling as to what is going to cause the thing to vary. And you get some very queer associations. At one time, Charles got a very good association between WMC and the Paper and Packaging index. You have got to go back and analyse. In this case, the Paper and Packaging index was moving with the Food index, which was moving with the All Ordinaries index. Now he was getting closer to WMC. So, some funny associations can come about. In this case the association was all caused by something else.

This means that WMC may move quite well for, say, six months, but then go its own way for the next six months. Given enough time, the network can take all of this in its stride. But what is needed is for the parameters chosen to train the network to be lead parameters. The whole art in the use of neural networks is this skill of the operator to choose the parameters.



In conclusion, Charles pointed out that there were people in overseas markets that claim they are using neural networks for very profitable trading. They all want credit for being clever in having worked out how to do it, but they will only state in their research papers and so forth in a very general way how they did it. None of them ever tell you precisely what parameters they use. They are very secretive about the parameters. Some of the parameters get very complex, with some of them having neural networks to work out the parameters that they are going to use in their big neural network. It can become infinitely complex.

The whole key is to have enough experience to know what the best parameters are for any market. However, where the infinite complexity comes in is that some parameters or indicators will lead at times, but not at other times. This is the area where things are not consistent and a neural network should be able to handle it if it has enough experience from the past. Of course, anything unusual like a war starting, means that you have to manually control your trading. Your neural network is there as a tool only to tell you what should be happening in a normal situation.



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.

The ATAA has over 90 members in NSW, Queensland, Victoria, Tasmania.

Members include professional Technical Analysts as well as dentists, doctors, Corporate Treasurers, company directors, newsletter writers, professional traders and investors. The common bond between members is the use of Technical Analysis to determine the likely direction of markets.

Membership of the ATAA entitles you to:

- Bi-monthly Newsletters,
- Attendance at monthly meetings in Sydney, with speakers like Bryce Gilmore creator of the Wave Trader,
- 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.

Meetings are held at the State Library of NSW at 6 pm on the 3rd Monday of every month excluding December and January. An Annual Function is held in December.

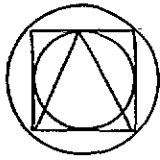
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For more information call Charles Balas, President on 522 5220 or David Hunt Secretary on 545 2605.

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