

Walter Bressert is acknowledged as the man who brought cycles to the futures markets in his original newsletter, *Hal Commodity Cycles*, which was profitable 10 of the 12 years it was published (1974-1985). His book, *The Power of Oscillator/Cycle Combinations* defines a new dimension of oscillator and cycle analysis. His present advisory service, *Cyclewatch*, is available via mail, DTN, FarmDayta, Telerate's Commodity Service, "IntraDay Analyst," Signal, and a daily Fax-on-Demand. In *Cyclewatch* he uses cycles and oscillators to forecast tops and bottoms, and to identify tops and bottoms as they occur in both financial and agricultural markets.

Walt is a long standing director of the non-profit Foundation for the Study of Cycles, and was one of the original four founders of CompuTrac in 1979. He was a contributing editor to the Financial News Network and has lectured internationally for nearly 20 years. He has also written articles for *The Wall Street Journal*, *Barron's*, *Futures Magazine* and the *Commodity Year Book*. He consults internationally and conducts an Advanced At-Home Study Course on Cycle and Oscillator Analysis.

Topic: Controlled Trading. Most traders react to the market, their broker, and their emotions. When you react because the unexpected has occurred you are out of control. When you respond as part of a pre-determined game plan, you are in control. In this workshop Walt will share with you his 4 Step Program of Controlled Trading that will keep you in control of your trading. Part 1 - Market Analysis. "The trend is your friend"; and not only do we want to know what the trend is, we want to anticipate when the trend will reverse. With cycle analysis you can both define the trend (long-term, intermediate-term, short-term) and anticipate tops and bottoms; both major tops and trading tops. Part 2 - Oscillator Analysis. Both cycles and oscillators are dependent upon time and price. Quite often cycle highs and lows are accompanied by oscillator extremes. When you know these extreme levels tops and bottoms can be identified with confidence. Walt also presents easy to use techniques to fine-tune the oscillators and build tradable oscillator/cycle combinations to buy bottoms and sell tops; the benefits of combining weekly, daily and intra-day oscillators. The amazing 3-10 oscillator is a simple and powerful indicator of tops and bottoms. Part 3 - Market Entry and Exit. To be in control, we must first determine the time frame for which we are trading. All too often we use a short-term entry technique and a short-term stop while planning a long-term trade. By defining the time frames before we enter the market, we can apply the correct market entry and exit techniques using weekly, daily, and intra-day techniques to buy on weakness and strength, and to sell on strength and weakness. Part 4 - Controlled Risk Money Management. Walt's "controlled risk" money management will show you how to stay in control of the trade at all times, from planning the trade to market entry to market exit.

Walter Bressert

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ARE YOU IN CONTROL?

Gamblers roll the dice and hope they are going to make money. They trade on tips, their broker's advice, and "instinct". They usually trade for the excitement, and over the longer-term they usually lose money.

Speculators trade because they believe they have an edge. They might know the fundamentals, they might know the technicals, but they feel they are not "rolling the dice", but are making an "educated guess".

Whether gambling or speculating, most traders are out of control. They do not know how to make the decisions (and to do the research) to put them in control. You are in control when you have an idea, not just of what direction a market will move in, but of how far it will move and when it will reverse. You are in control when you know what your risk is before you enter the market. You are in control when you have a profit objective and a game plan for taking profits. You are in control when you have a set of rules or guidelines that you follow to eliminate much of the emotion in trading... You are in control when you make the decisions to trade based on your knowledge, your ability, not your broker and not an advisor (unless his work confirms yours). You are in control when your trading approach is so structured that the surprises the market throws your way do not end up with margin calls, or large, unexpected losses.

Speculation is a risky business, and taking losses are part of the business. They cannot be eliminated, but they can be minimized and controlled.

By following the 4-Steps of Controlled Trading you will always be in control of your self and your trading. There may be losses, but there will not be margin calls. Seeing large profits disappear and turn into losses will be a thing of the past.

Controlled Trading has four steps to profits.

1) Market Analysis

- a. Know the Trend - if it is up buy the dips; if it is down sell the rallies.
- b. Anticipate trend reversals and identify and trade tops and bottoms as they are occurring.

2) Oscillator Analysis ... Use technical tools and market oscillators to identify high probability entry levels.

3) Market Entry & Exit

- a. Have a game plan that includes how you will enter the market, a protective stop and a price objective, plus trailing stops.
- b. Determine the time frames of your trade.

4) Controlled Risk Money Management ... Time-tested techniques that give you the psychological balance to always be in control of your emotions and your trading.

You will leave Walt's workshop with a comprehensive game plan for being in control of your trading at all times. You will also leave with specific oscillator techniques that you can immediately apply to trading the markets.



THREE TIME FRAMES

LONG TERM

MONTHLY

DAILY

INTERMEDIATE
TERM

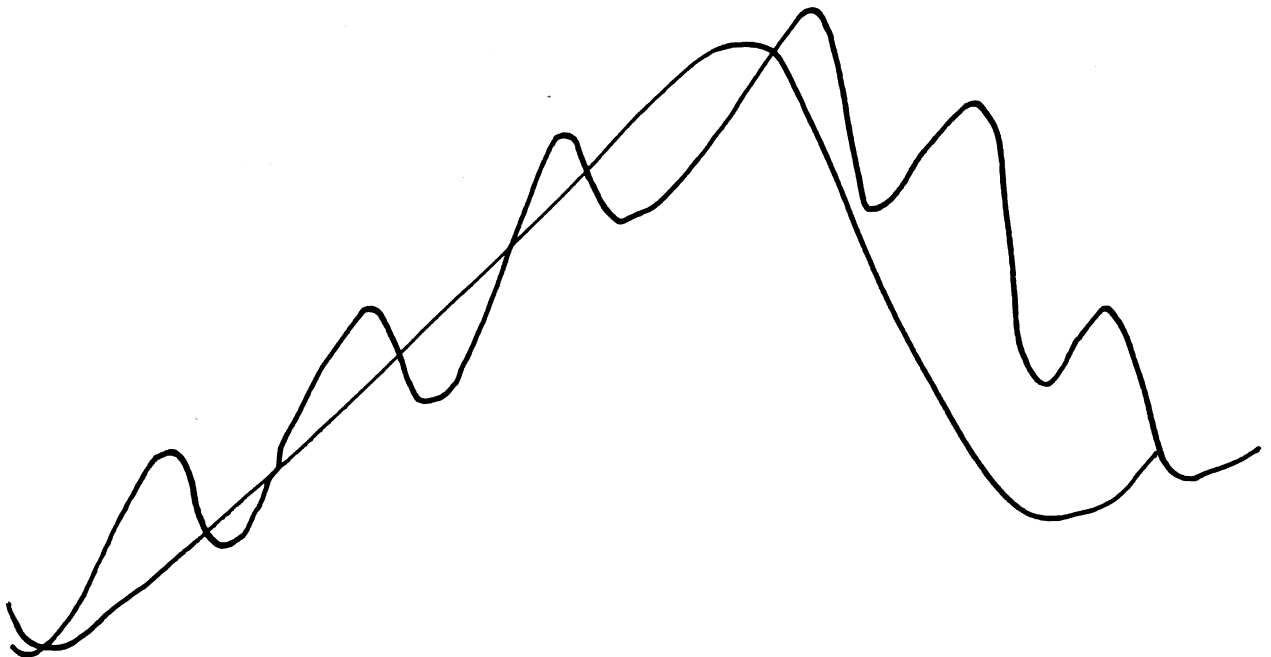
WEEKLY

HOURLY

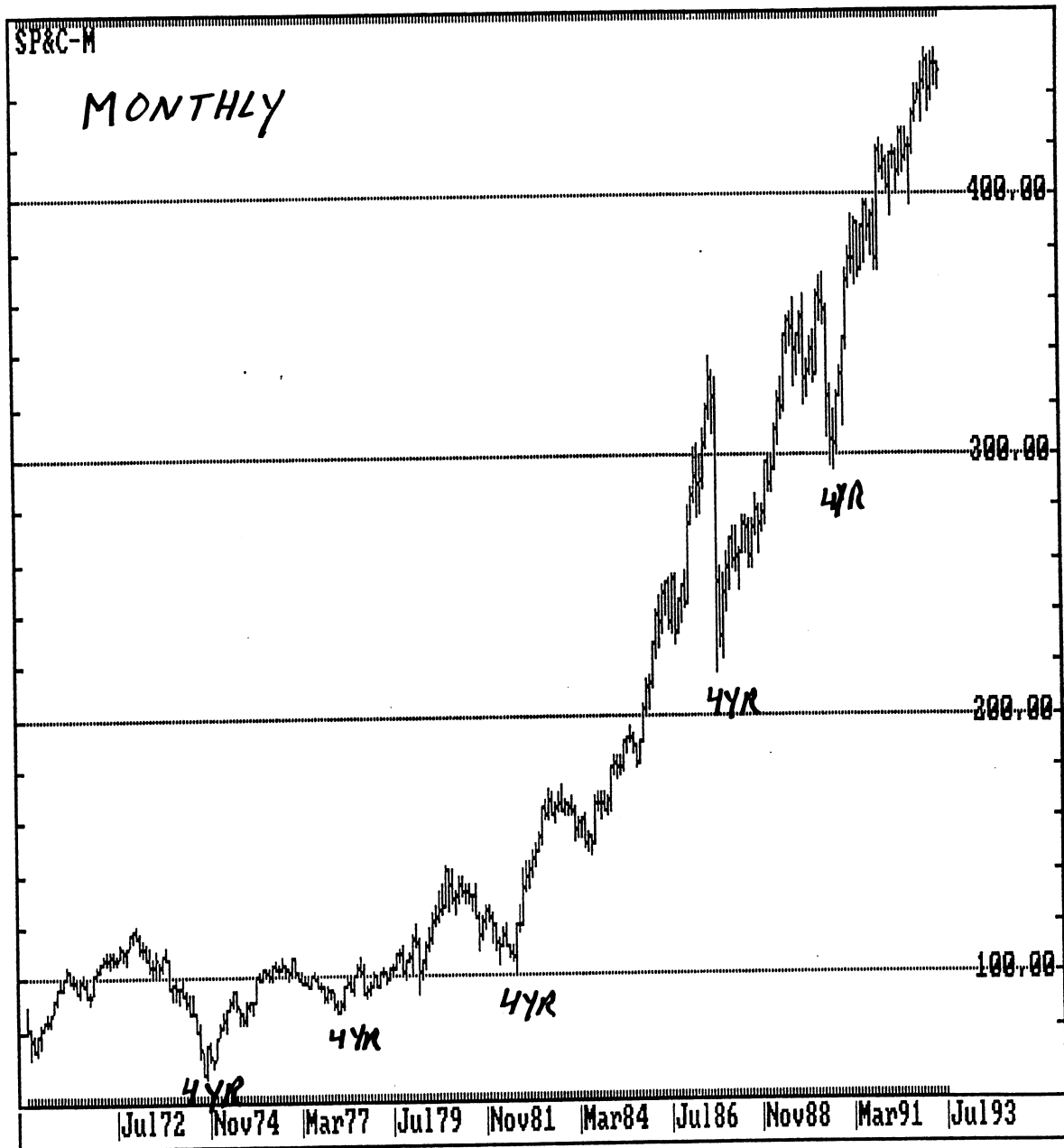
SHORT TERM

DAILY

15 MINUTE

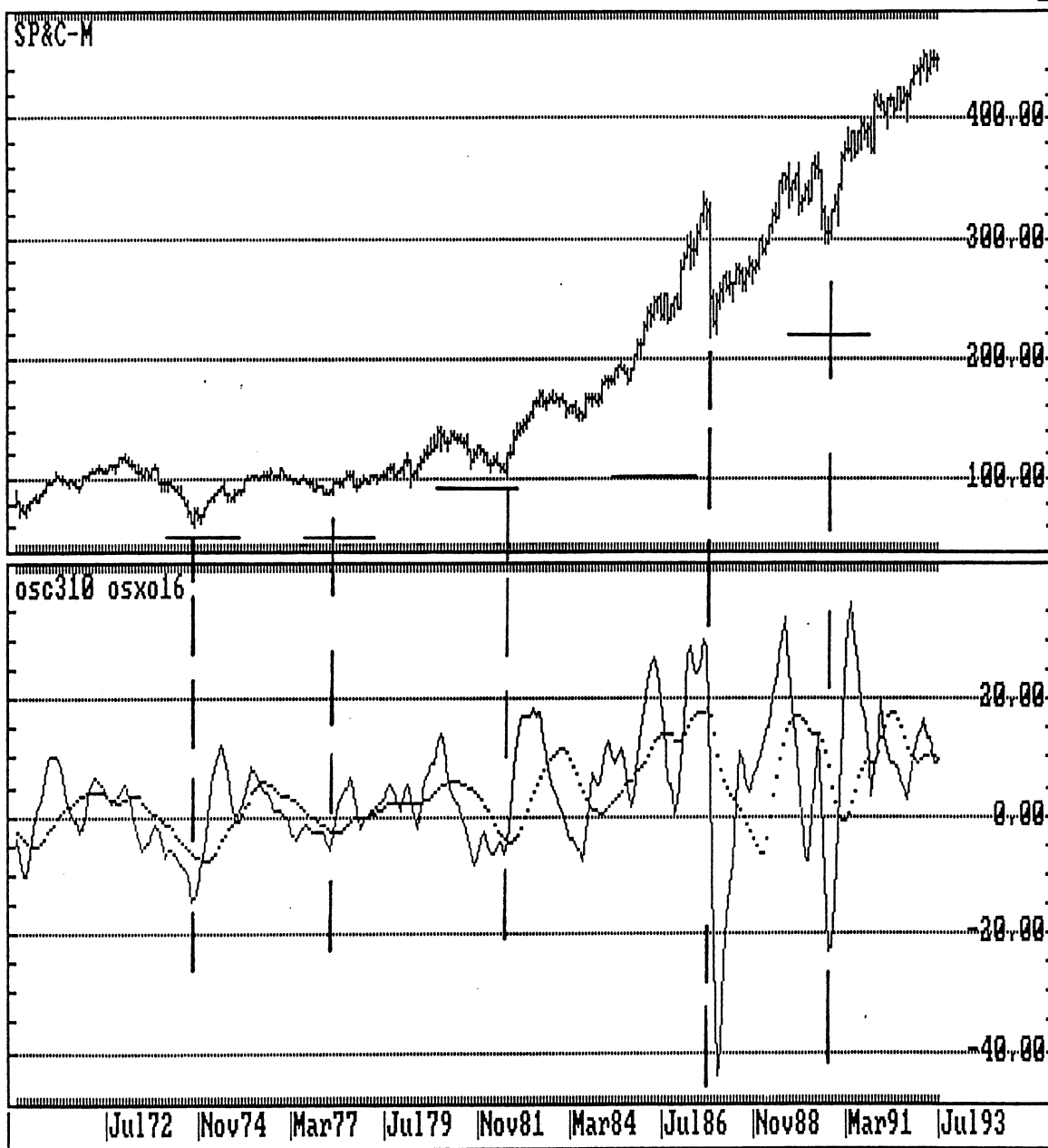


TAG XV
1993



The trend is clearly up ... But the cycles help define the trend and anticipate the turning points as the cycle tops and bottoms.

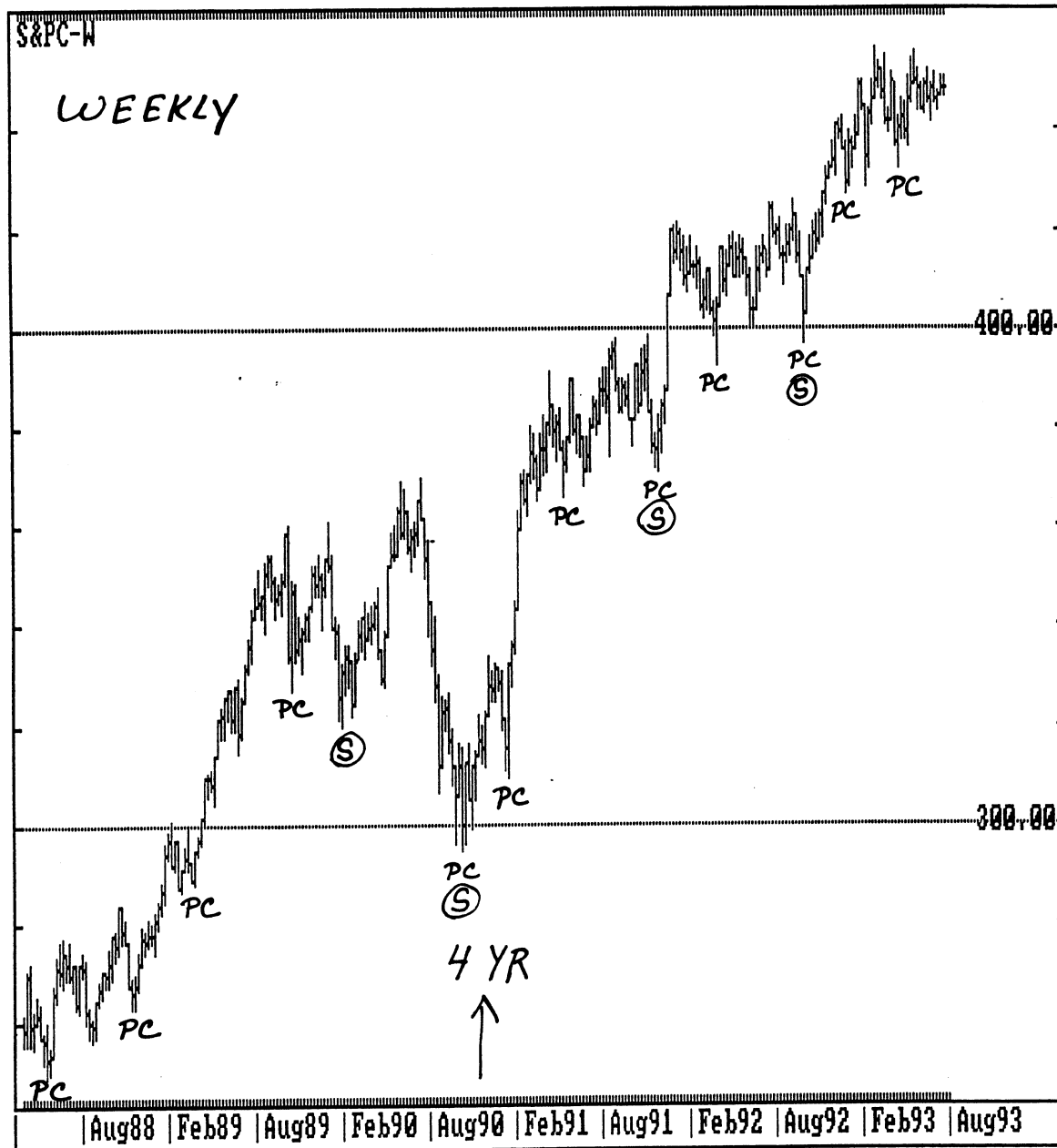


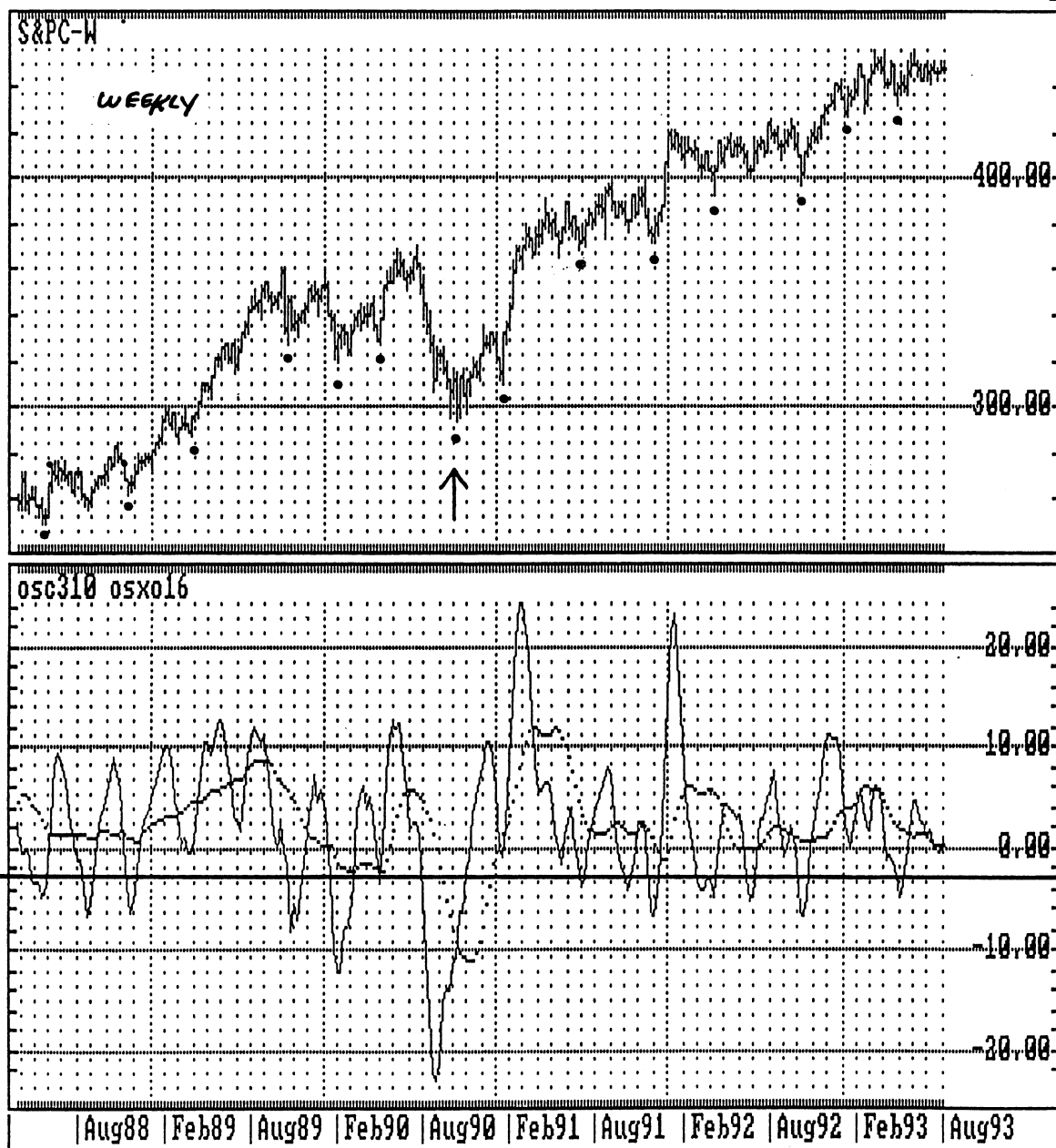


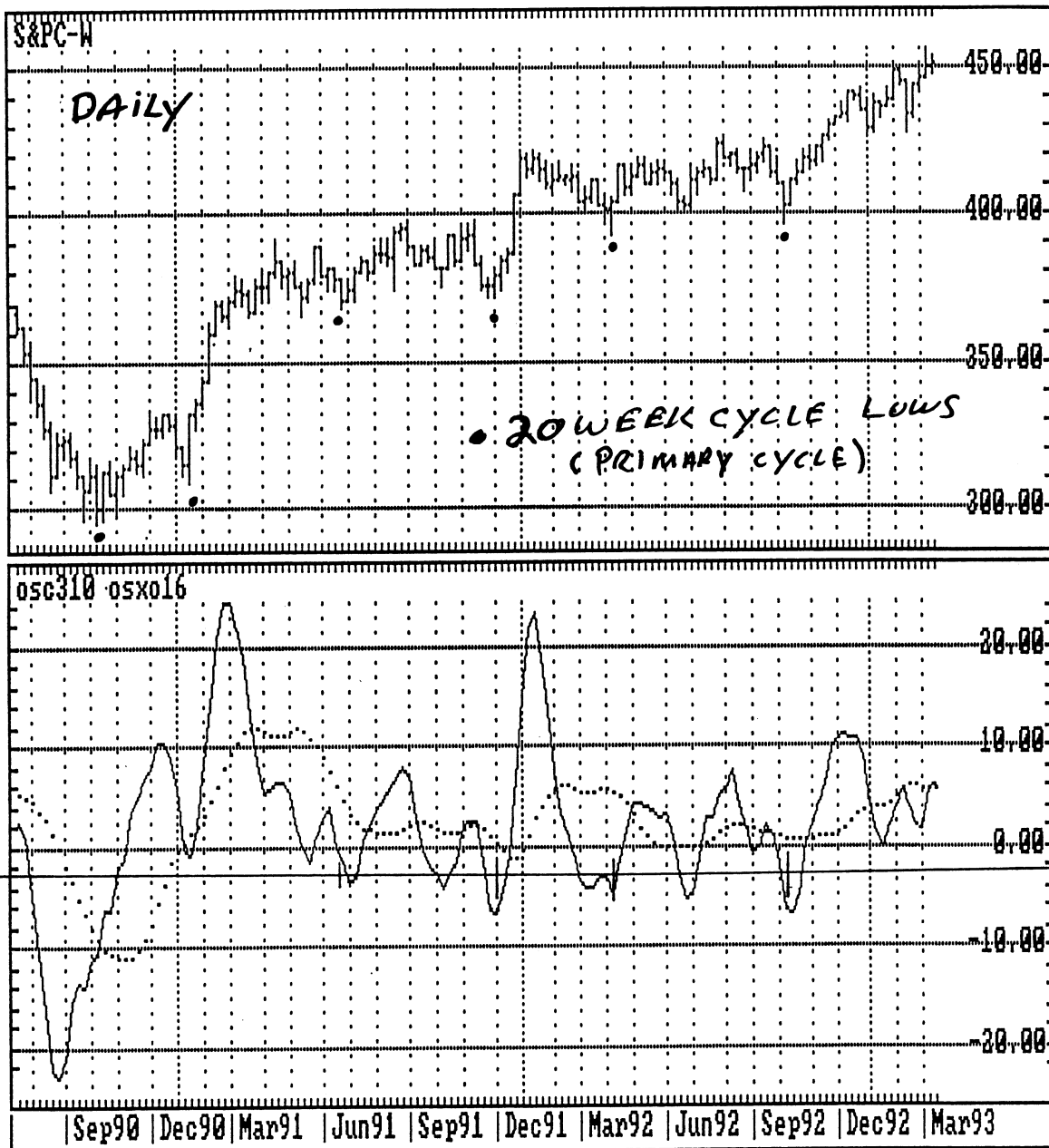
Bottom of 4-Year Cycle is confirmed:

- 1) When prices are in Timing Band of 32-56 months from previous 4-Year Cycle bottom.
- 2) 3-10 Oscillator has dropped below zero and the Crossover.
- 3) 3-10 Oscillator rises above the Crossover



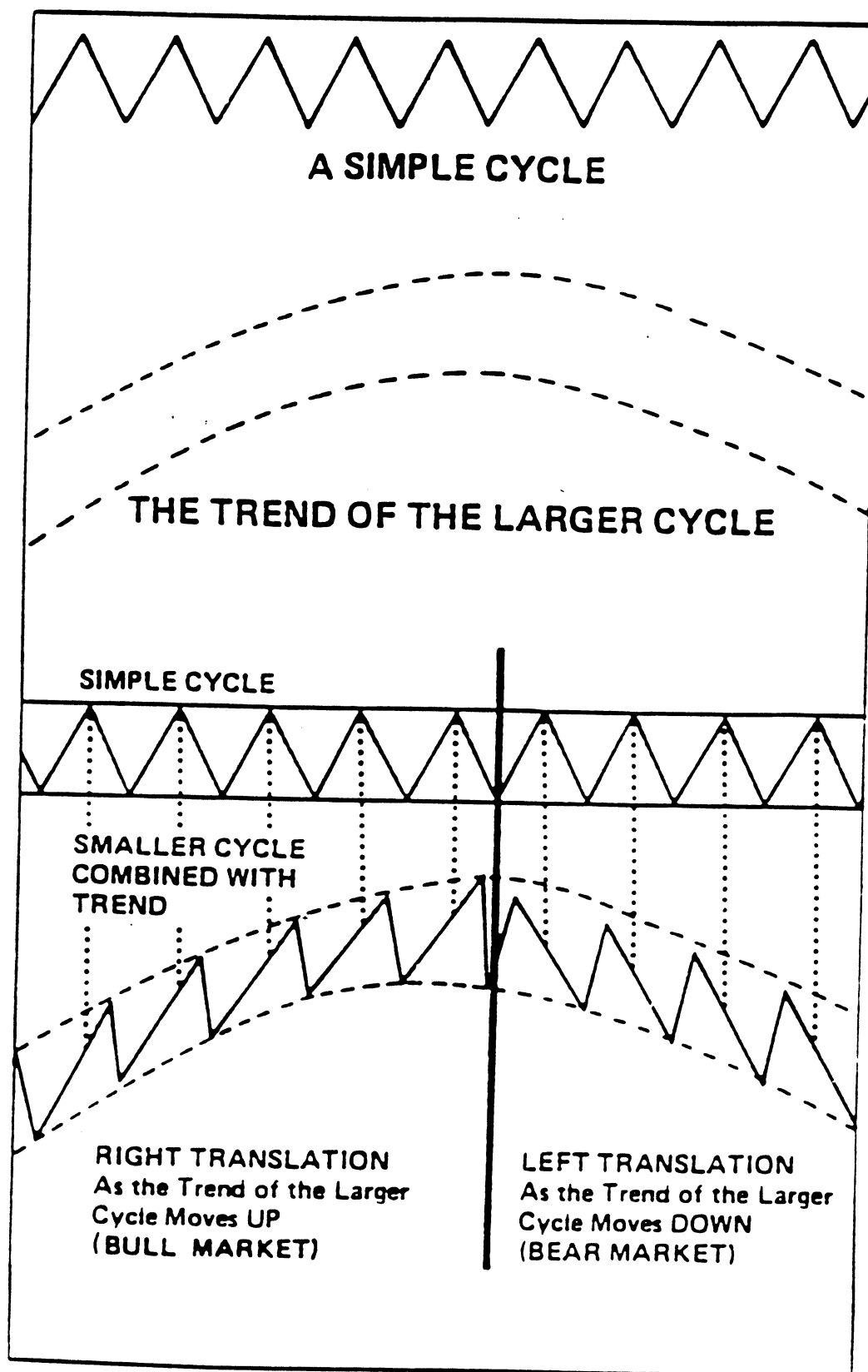


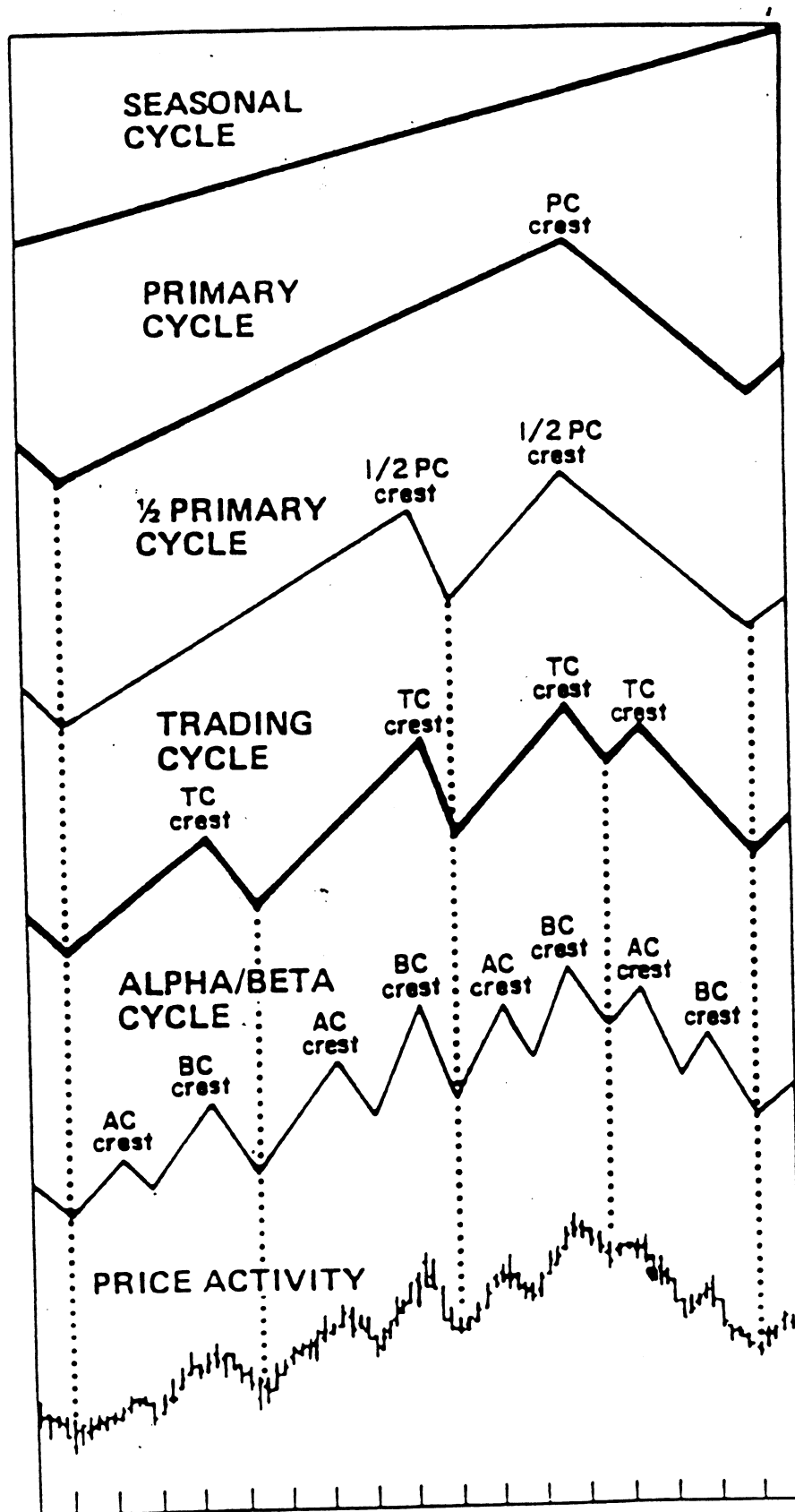




20 WEEK CYCLE USUALLY BOTTOMS
WITH THE OSCILLATOR BELOW THE
BUY LINE - ALWAYS WITH THE OSC
BELOW THE CROSSOVER







I. CONTROLLED RISK MONEY MANAGEMENT

A. BEFORE ENTERING THE MARKET, DETERMINE A STOP/LOSS AS WELL AS A PROFIT OBJECTIVE.

B. NEVER RISK MORE THAN 10% OF EQUITY ON ANY SINGLE TRADE. IF POSSIBLE, RISK 5% OR LESS. NEVER RISK MORE THAN 20% IN ANY ONE COMPLEX.

C. TRADE IN MULTIPLE CONTRACTS.

- 1. CONTRACT NO. 1: The Money Contract**
- 2. CONTRACT NO. 2: The Short-Term Profit Objective Contract**
- 3. CONTRACT NO. 3: The Long-Term Profit Objective Contract**

II. ENTERING AND EXITING THE MARKETS LIKE A PROFESSIONAL

PIVOT POINTS

A. PREVIOUS DAY

- 1. High (PDH)**
- 2. Low (PDL)**
- 3. Close (PDC)**

B. ENTRY DAY

- 4. Open (O)**
- 5. High (H)**
- 6. Low (L)**
- 7. Close (C)**

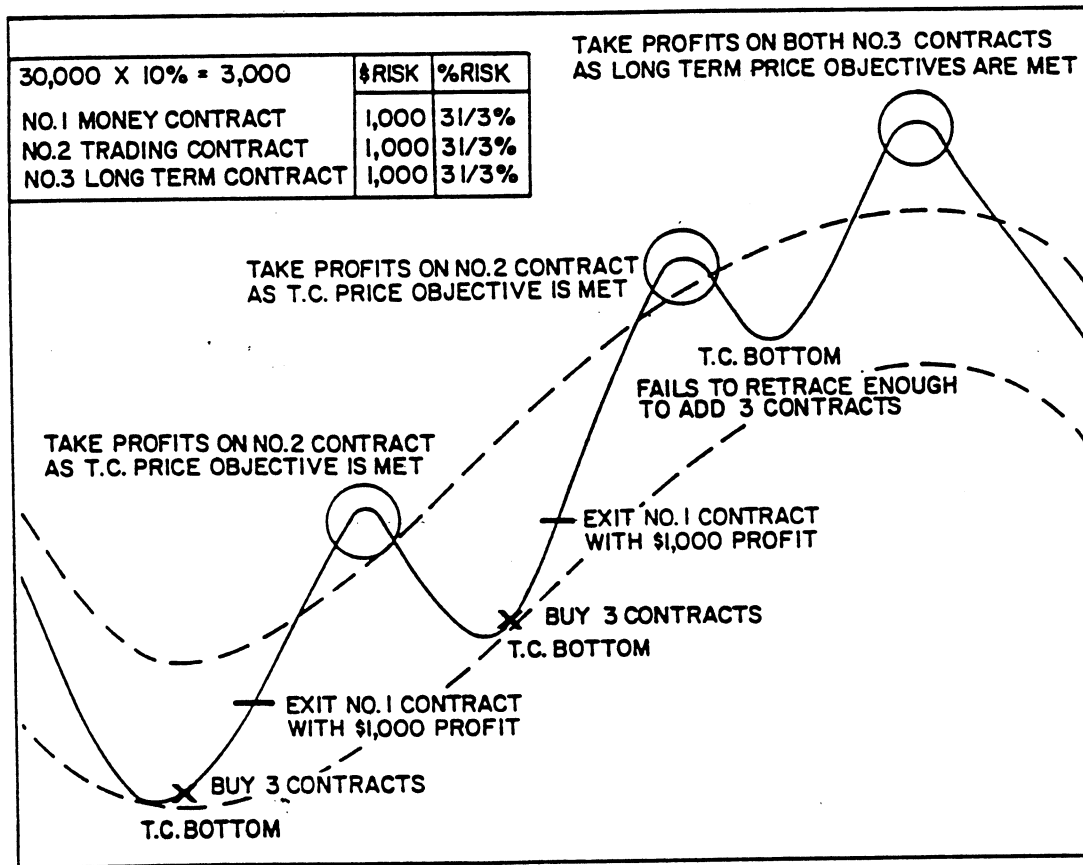
C. TIME IS IMPORTANT

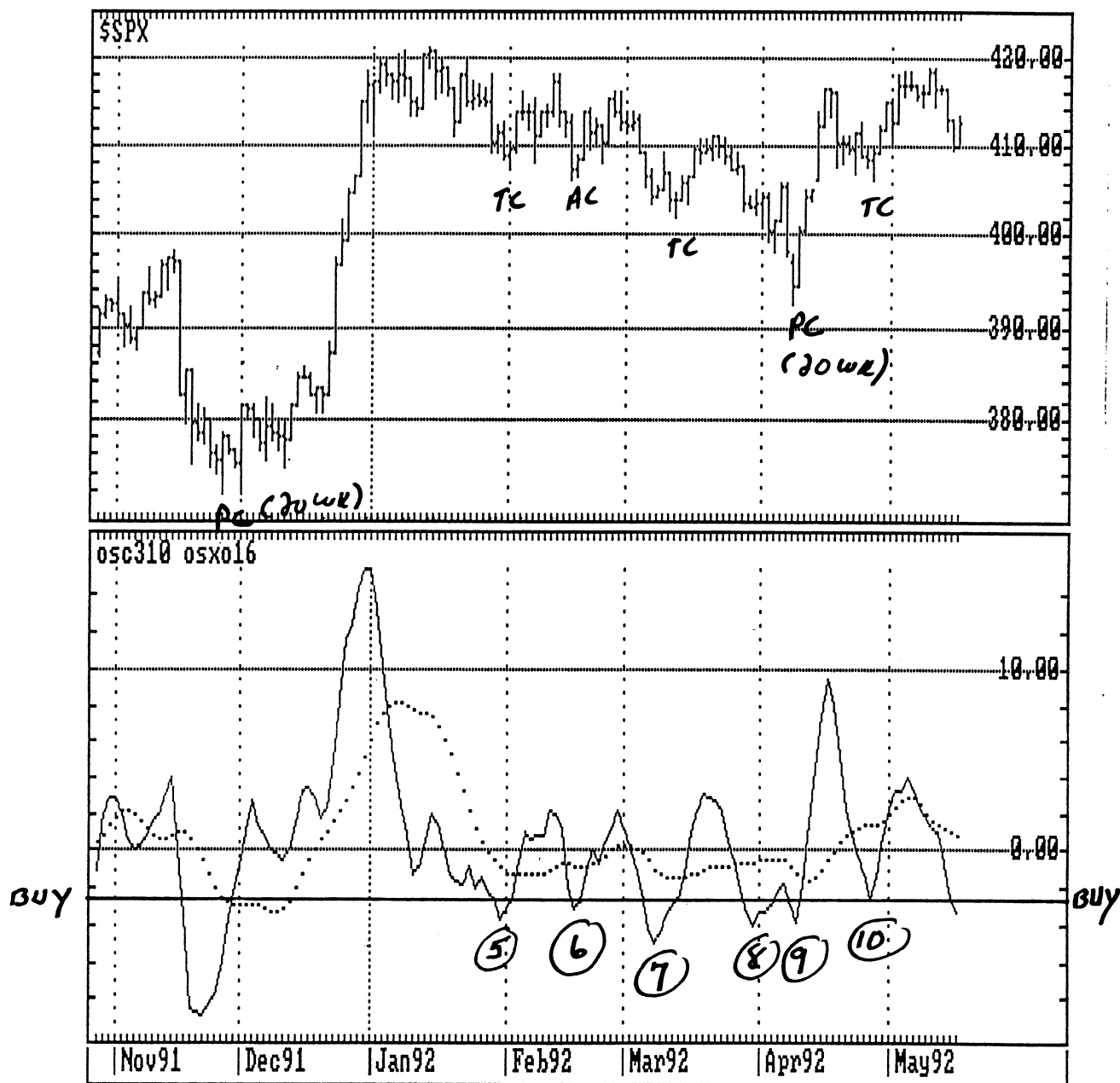
The four time periods that have special significance in analyzing Pivot Points are:

- 1. The open.**
- 2. Thirty minutes after the open of each market -- opening times range from 7:20 a.m. until 9:00 a.m. (Chicago time).**
- 3. Mid-day -- about 11:20 to 12:00 noon Chicago time --same for all markets.**
- 4. Thirty-five minutes before the close.**



Controlled Risk Money Management



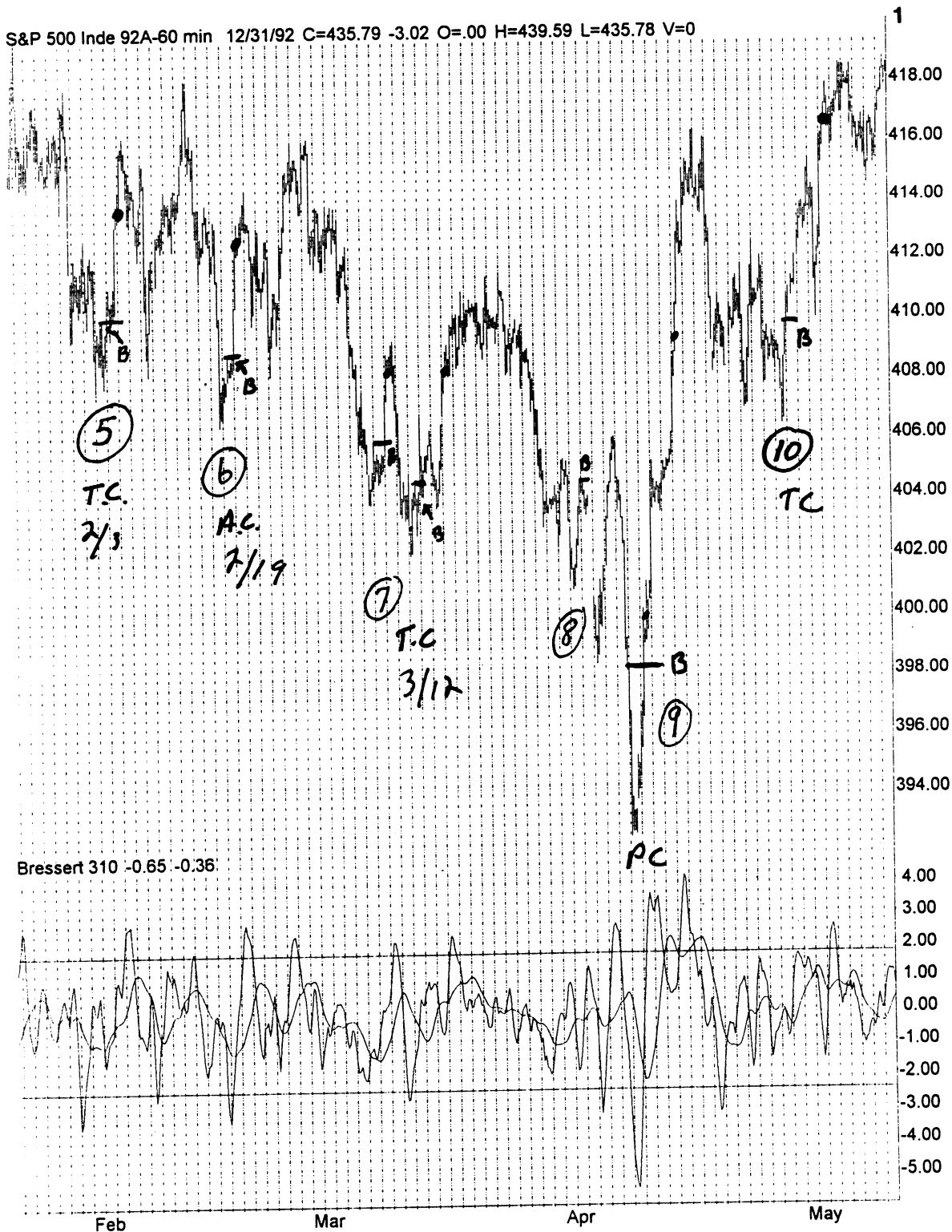


310 BUY (GO LONG OR TAKE PROFITS)

1. CYCLE DIRECTION
2. OSC DROPS BELOW BUY LINE OF 2.5
3. BUY HIGH OF PREVIOUS DAY



S&P 500 Inde 92A-60 min 12/31/92 C=435.79 -3.02 O=.00 H=439.59 L=435.78 V=0



HOURLY S&P CHART FOR 310 BUY

B = BUY PDH

#1 \$500-700

#2 SELL LINE = ● / OSC DOWNTURN

#3 CYCLE OR 310 SELL



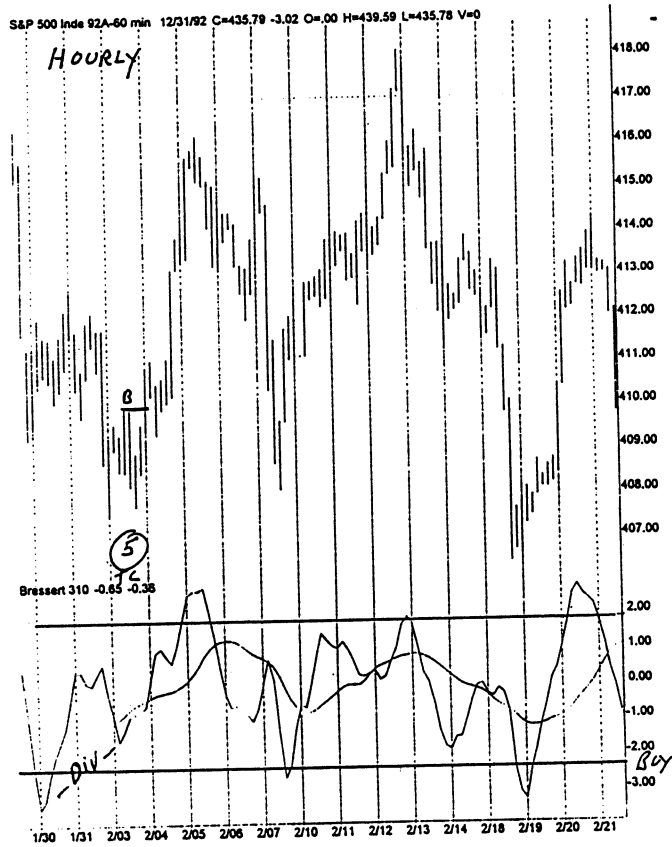


THINK THE MARKET IS GOING UP?
 - BUY CANS WHEN OSC DROPS
 BELOW BUY LINE



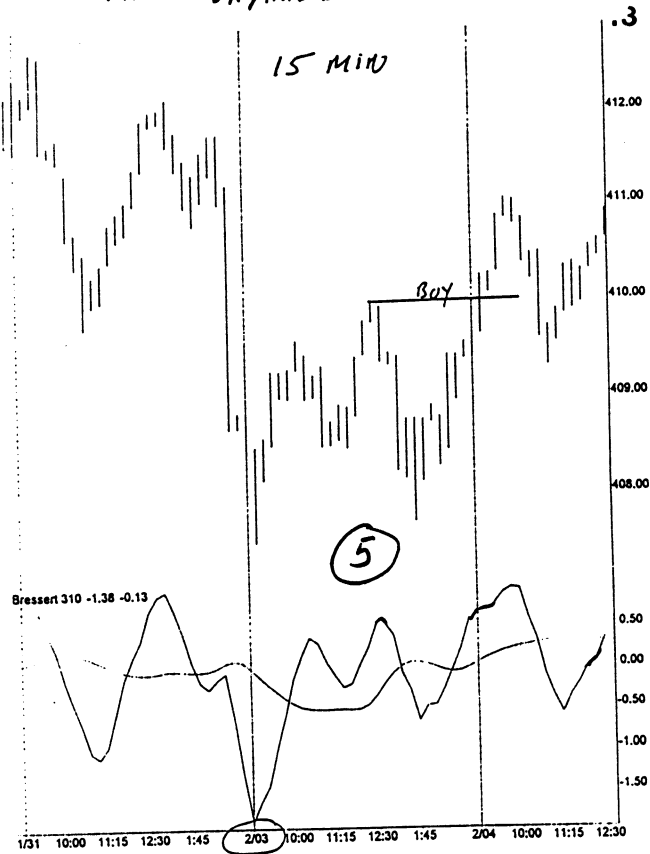
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Hourly



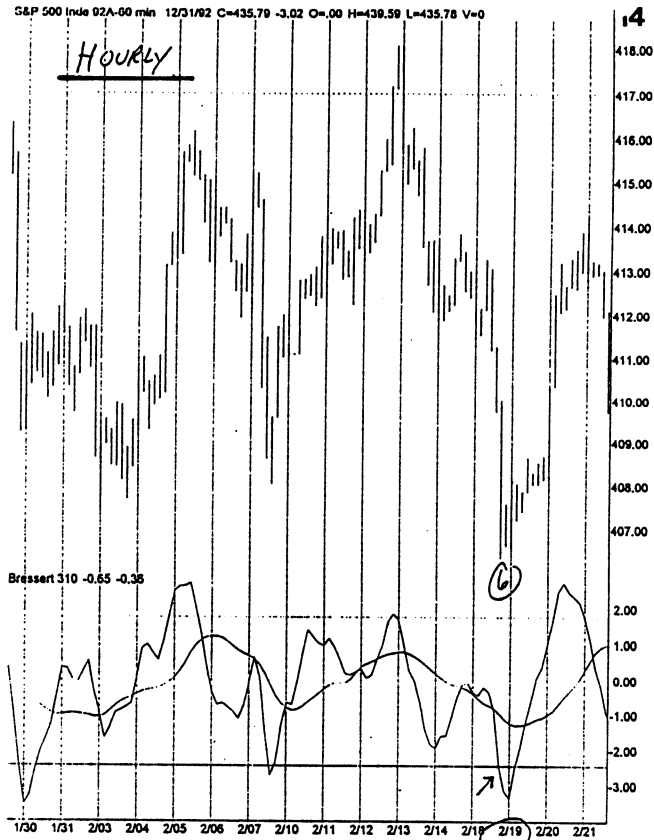
- DAILY OSC BELOW BUY LINE
- HOURLY DID NOT DROP BELOW BUY LINE, BUT THE 3RD DAY HAD DIVERGENCE

15 MIN

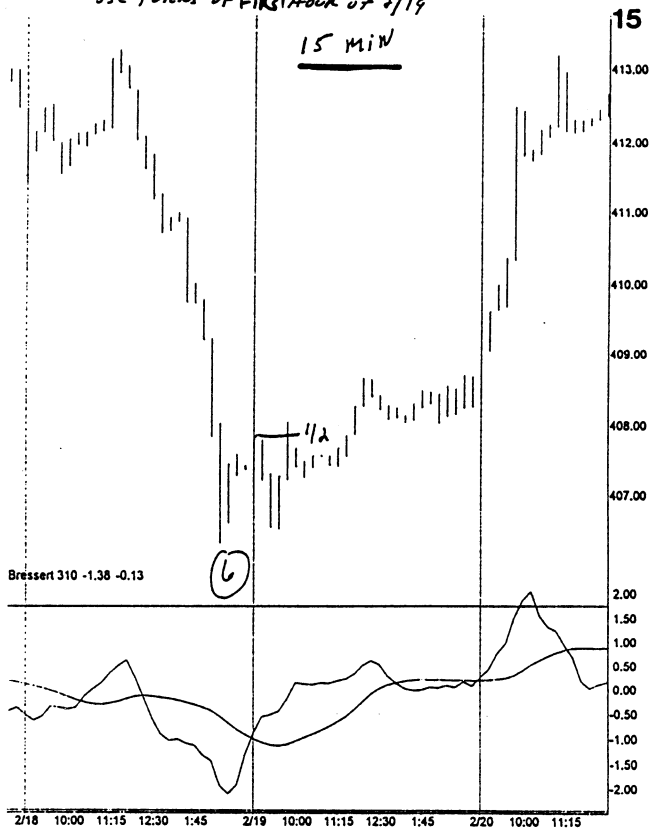


- OSC DID NOT DROP BELOW BUY LINE.





- OSC DROPPED BELOW BUY LINE TO SET UP ENTRY ON 2/19
- OSC TURNS UP FIRST HOUR OF 2/19

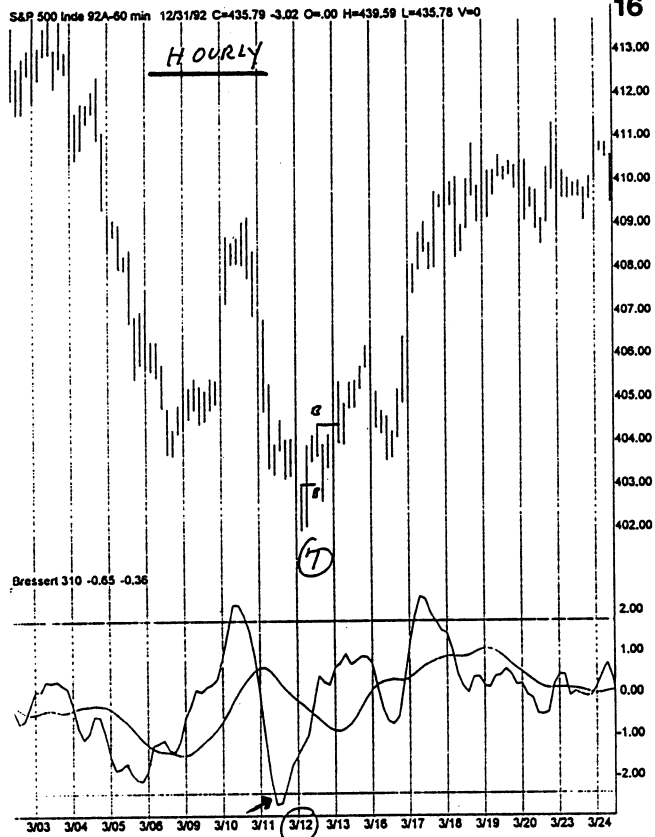


- RESET OF LOW MAKES 1/4 HOUR ENTRY A GOOD ONE - COULD ALSO USE HIGH OF LOW 15 MIN BAR FOR ENTRY.



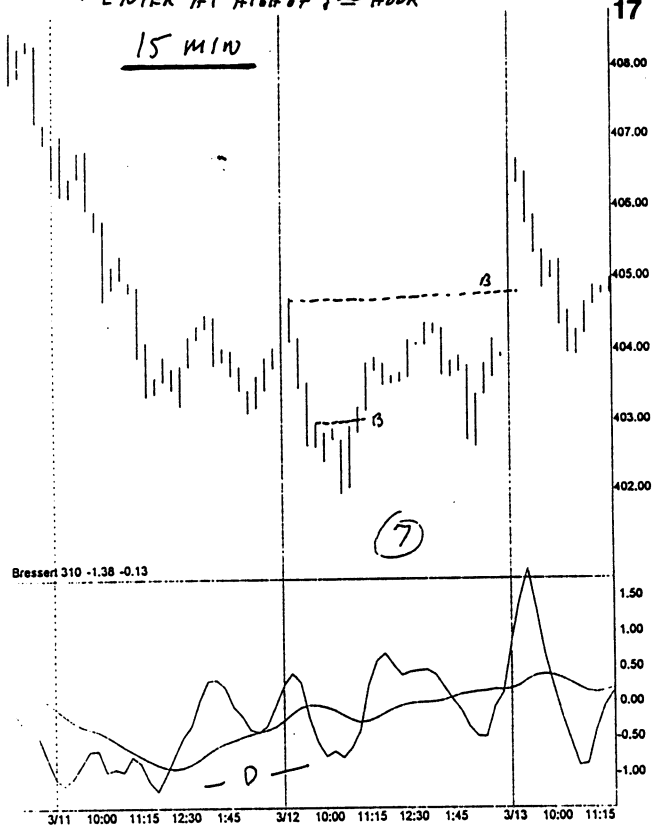
S&P 500 Inde 92A-60 min 12/31/92 C=435.79 -3.02 O=0.00 H=439.59 L=435.78 V=0

HOURLY



- OSC DROPPED BELOW BUY LINE
- ENTER AT HIGH OF 7th HOUR

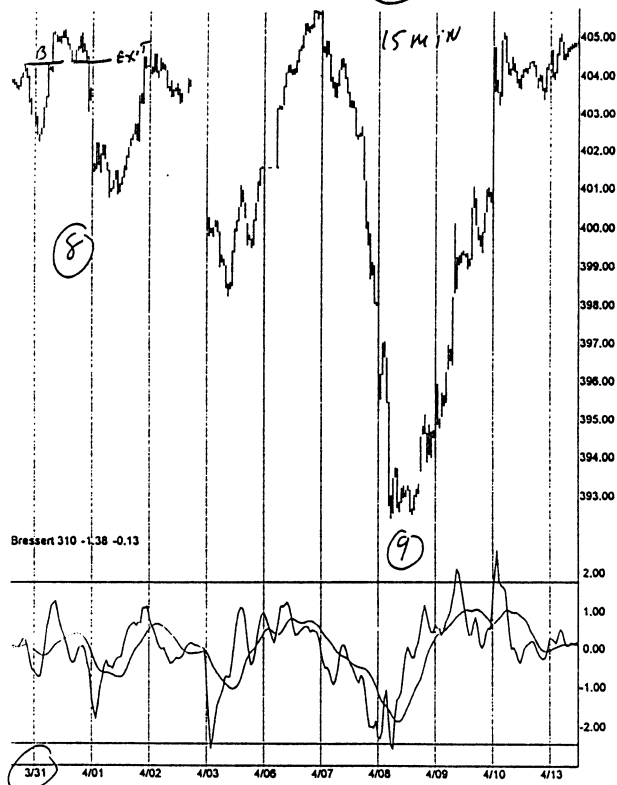
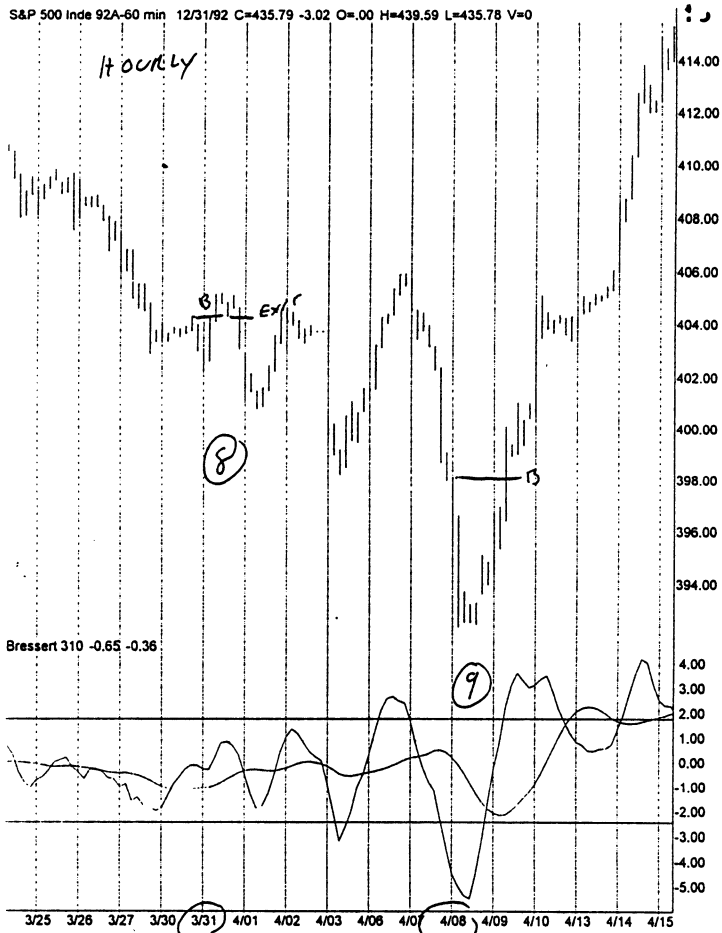
15 MIN



- OSC DID NOT DROP BELOW BUY LINE
- DIVERGENCE



S&P 500 Inde 92A-60 min 12/31/92 C=435.79 -3.02 O=.00 H=439.59 L=435.78 V=0



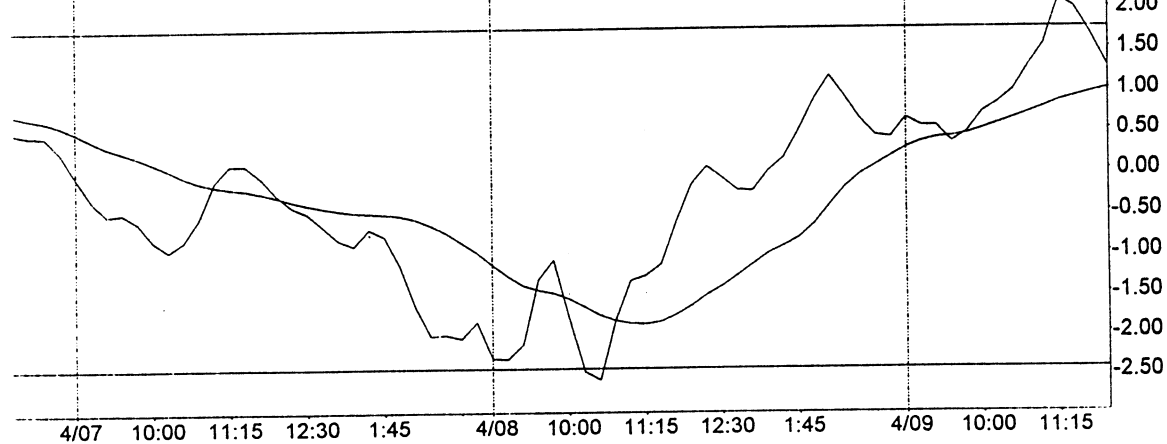
- ⑧ ENTER ON OUTSIDE UP DAY
EXIT AT SWING LOW
- ⑨ BELOW BUY LINE OF BIRTH HOURLY 15 MIN



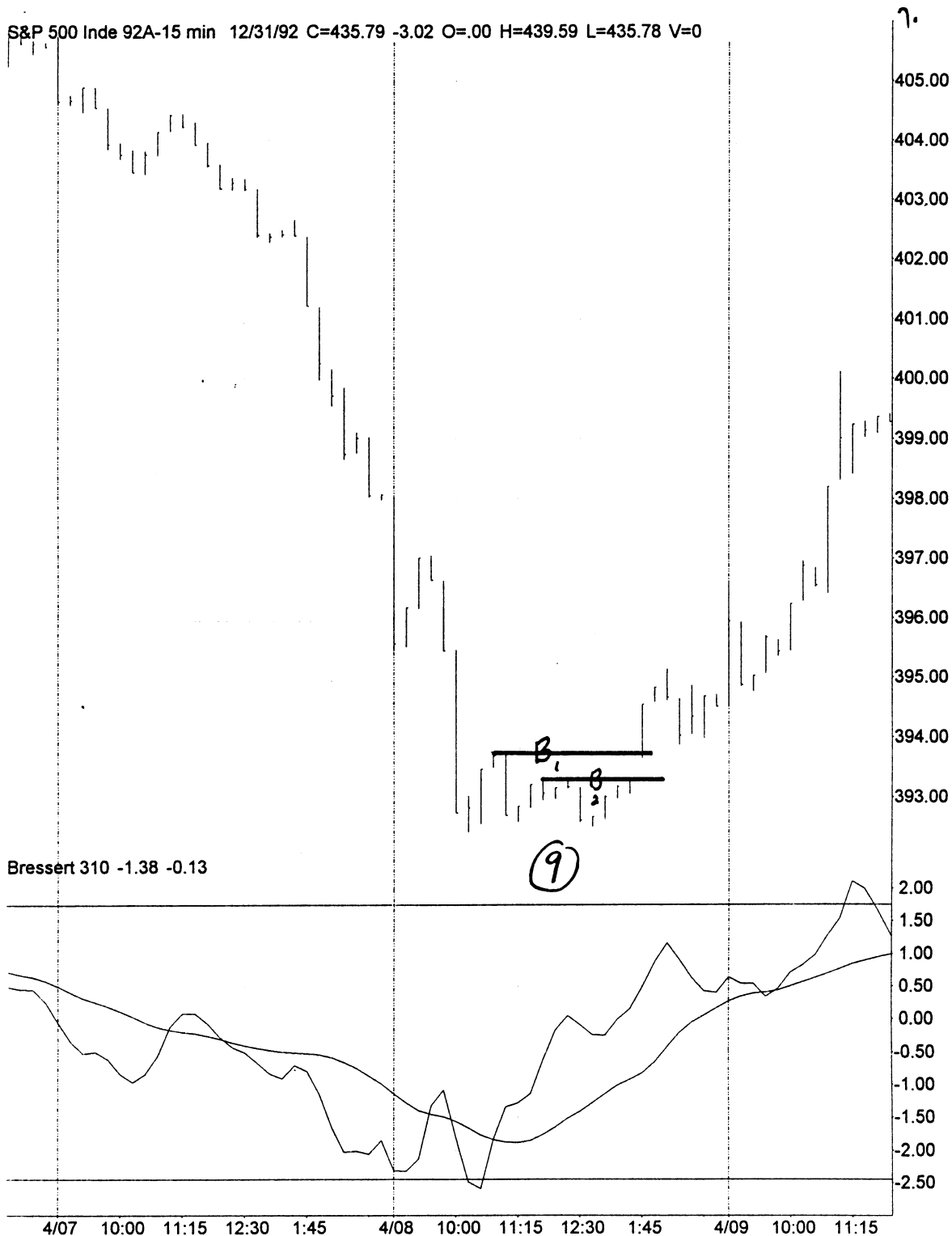
S&P 500 Inde 92A-15 min 12/31/92 C=435.79 -3.02 O=.00 H=439.59 L=435.78 V=0



Bressert 310 -1.38 -0.13



S&P 500 Inde 92A-15 min 12/31/92 C=435.79 -3.02 O=.00 H=439.59 L=435.78 V=0



Bressert 310 -1.38 -0.13



TAG XV
1993

HOURLY

Bressert 310 -0.65 -0.38

10

1/15 4/16 4/20 4/21 4/22 4/23 4/24 4/27 4/28 4/29 4/30 5/01 5/04 5/05 5/06 5/07

22

418.00
417.00
416.00
415.00
414.00
413.00
412.00
411.00
410.00
409.00
408.00
407.00

2.50
1.50
0.50
-0.50
-1.50
-2.50

15 MINUTE

Bressert 310 -1.38 -0.13

10

4/21 4/22 4/23 4/24 4/27 4/28 4/29 4/30 5/01 5/04

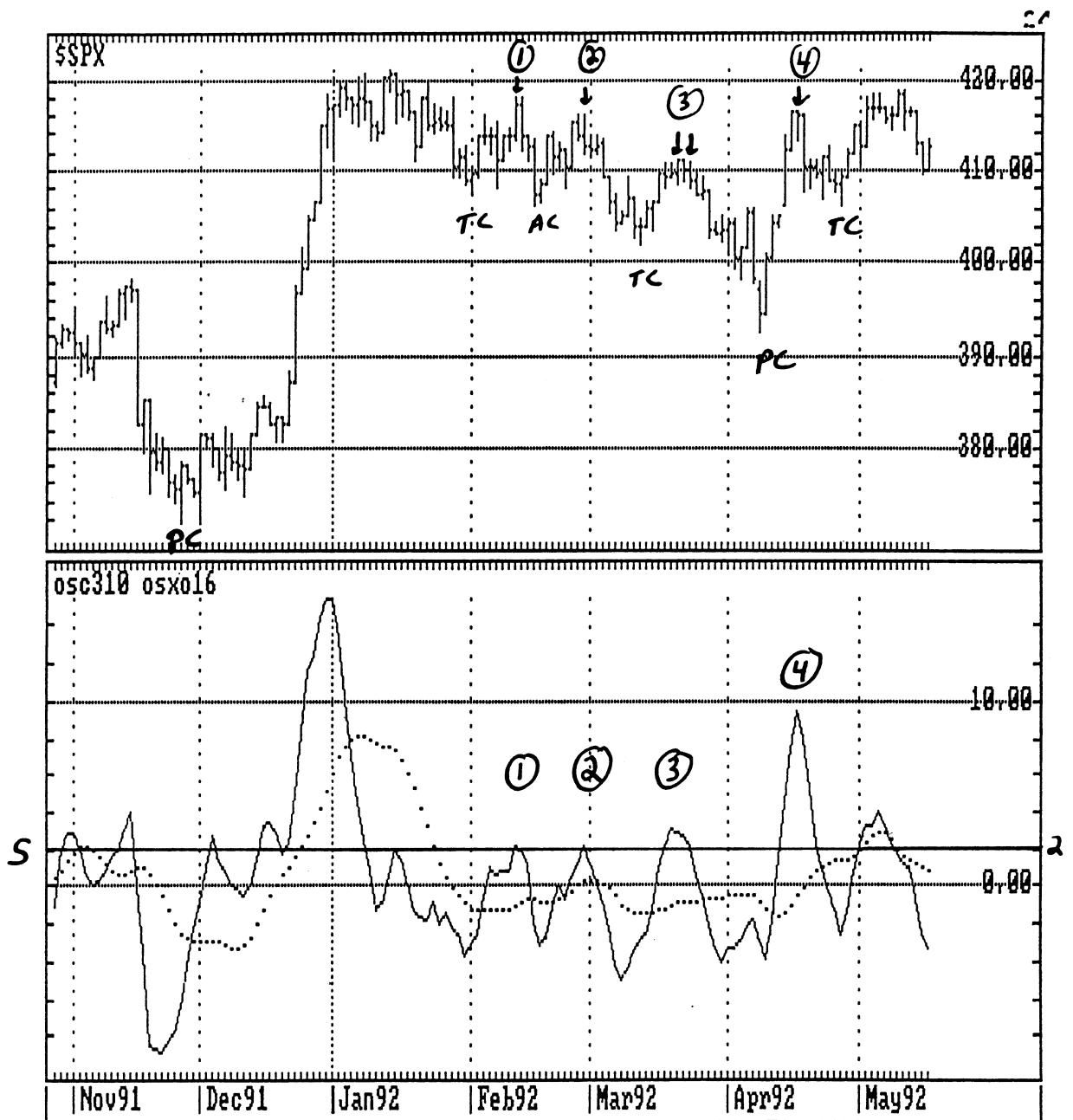
23

416.00
414.00
412.00
410.00
408.00

1.00
0.00
-1.00

- Buy with High



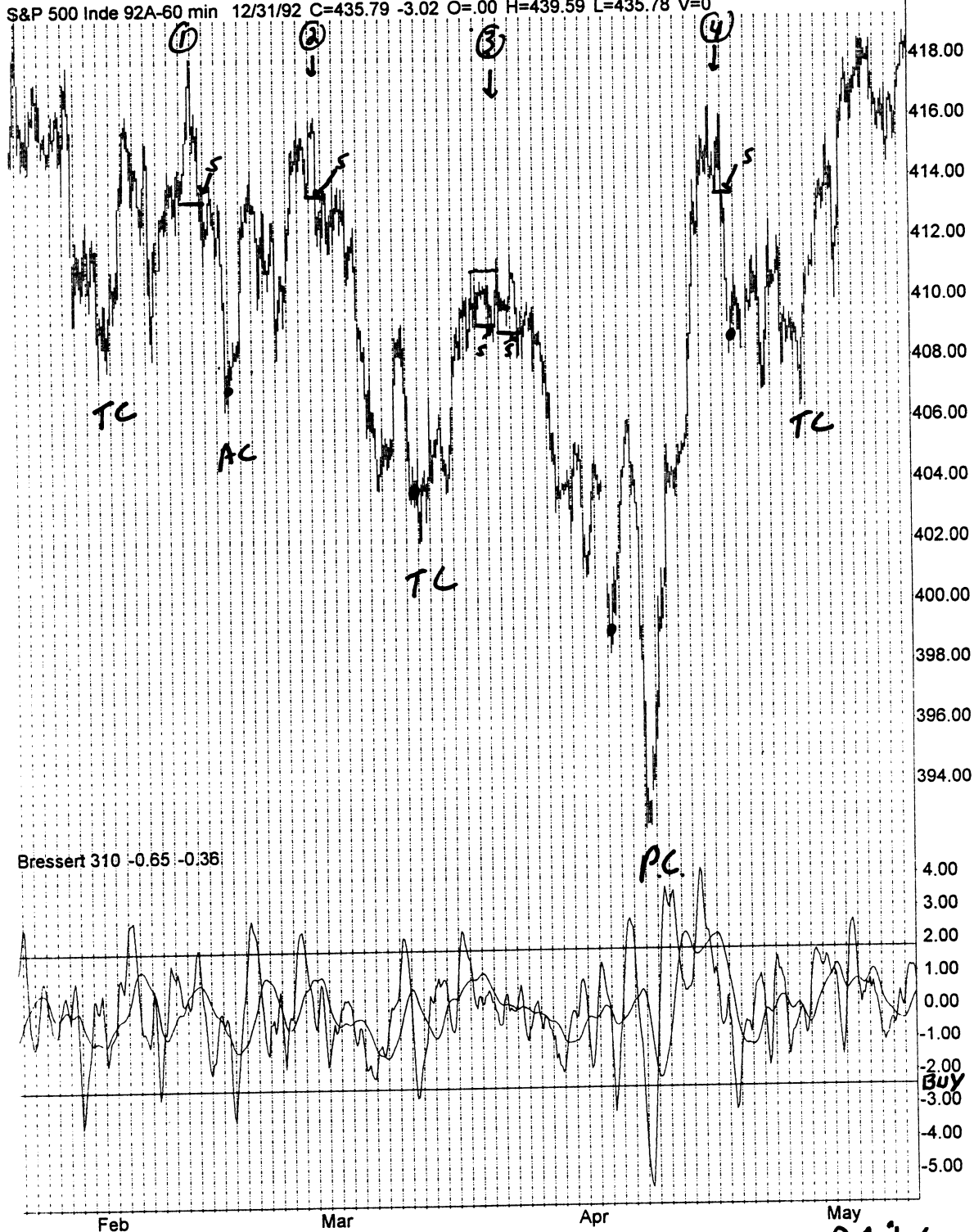


310 SELL (GO SHORT OR TAKE PROFITS)

1. CYCLE DIRECTION
2. OSC RISES ABOVE SELL LINE
3. SELL LOW OF PREVIOUS DAY



S&P 500 Inde 92A-60 min 12/31/92 C=435.79 -3.02 O=.00 H=439.59 L=435.78 V=0



Bressert 310 -0.65 -0.36

HOURLY S+P CHART FOR 310 SELL-FROM DAILY

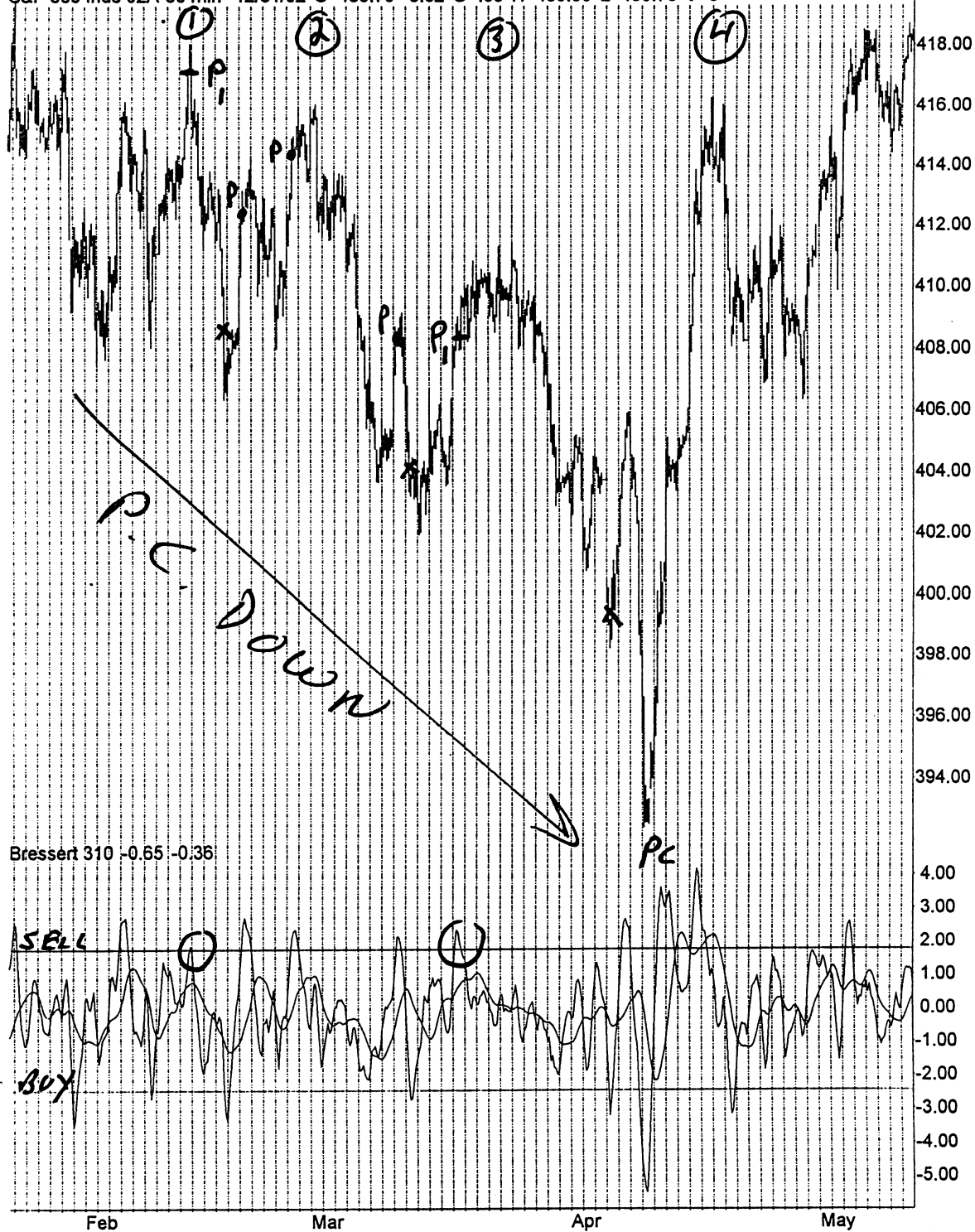
#1 - \$500-700

#2 - Buy LINE = •

#3 - CYCLE OBJECTIVE OR 310 BUY



S&P 500 Inde 92A-60 min 12/31/92 C=435.79 -3.02 O=.00 H=439.59 L=435.78 V=0



P_1 - WHEN DAILY 310 ABOVE SELL LINE AND HOURLY 310 RISES ABOVE SELL LINE - BUY PUT

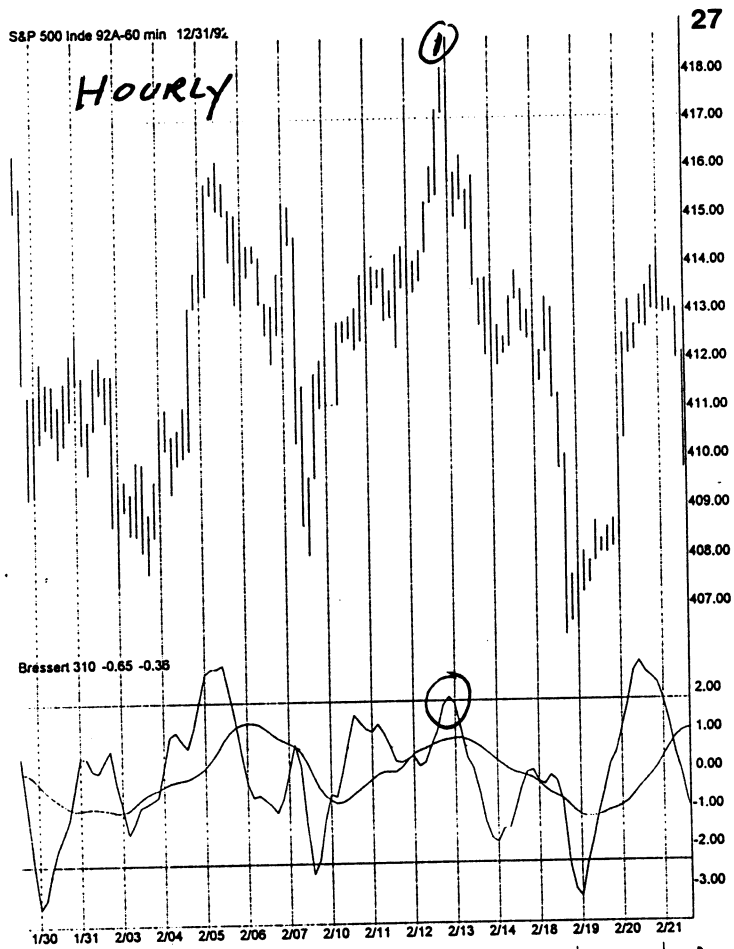
P - CYCLE DOWN AND 310 HOURLY RISES ABOVE SELL LINE BUY PUT

TAKE PROFITS WHEN HOURLY 310 DROPS BELOW BUY LINE

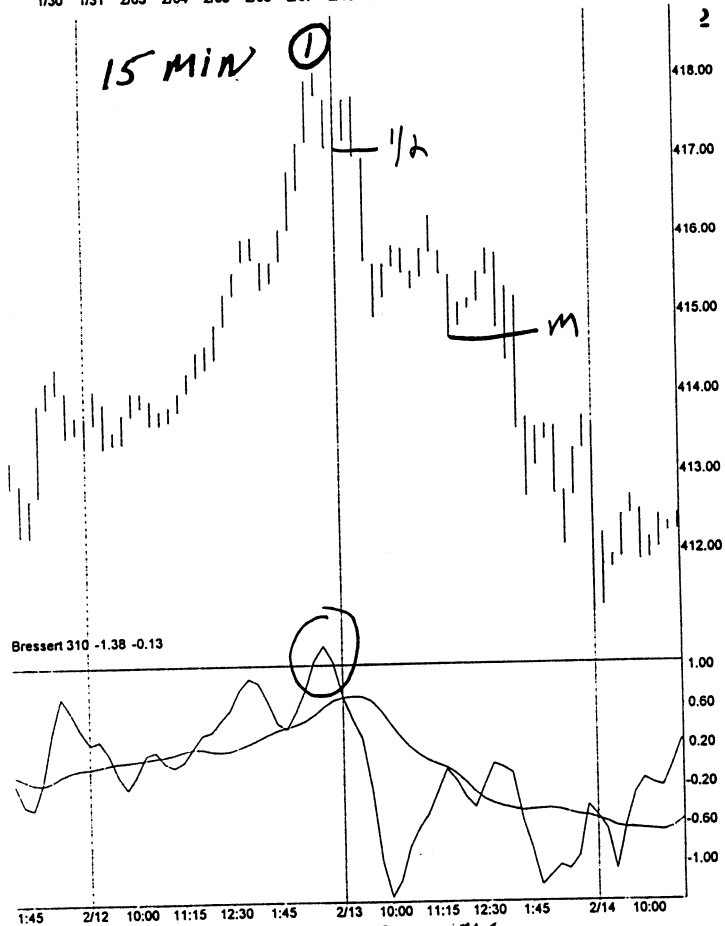


S&P 500 Inde 92A-60 min 12/31/92

Hourly



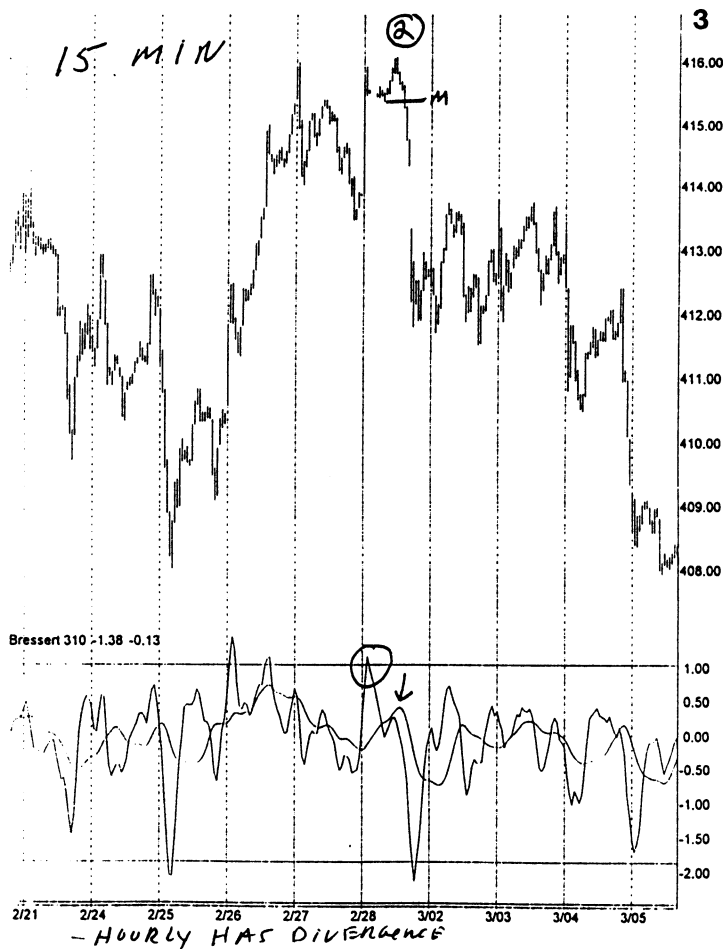
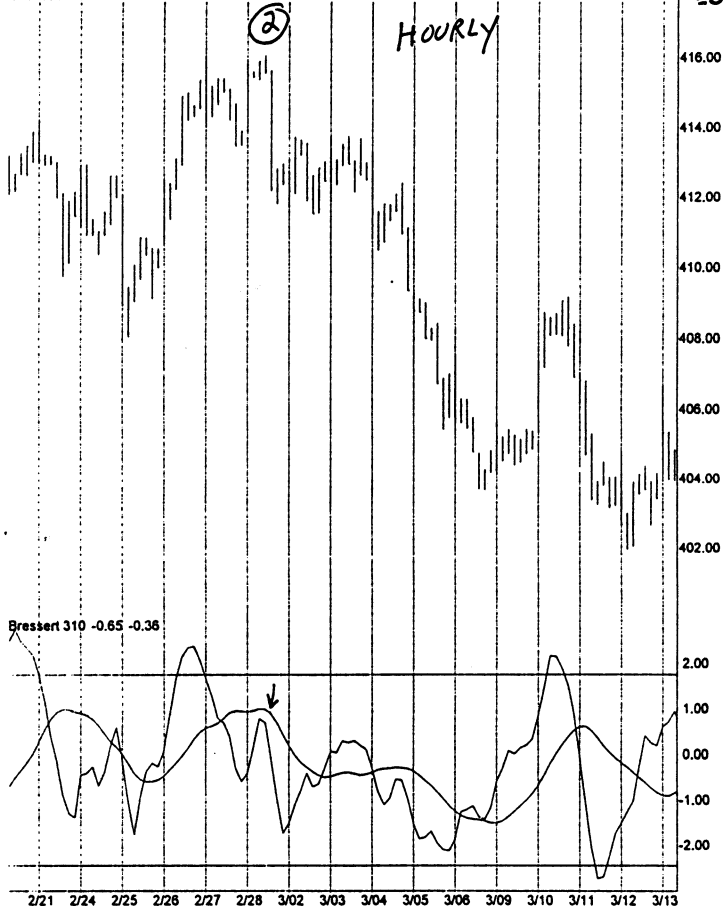
15 min

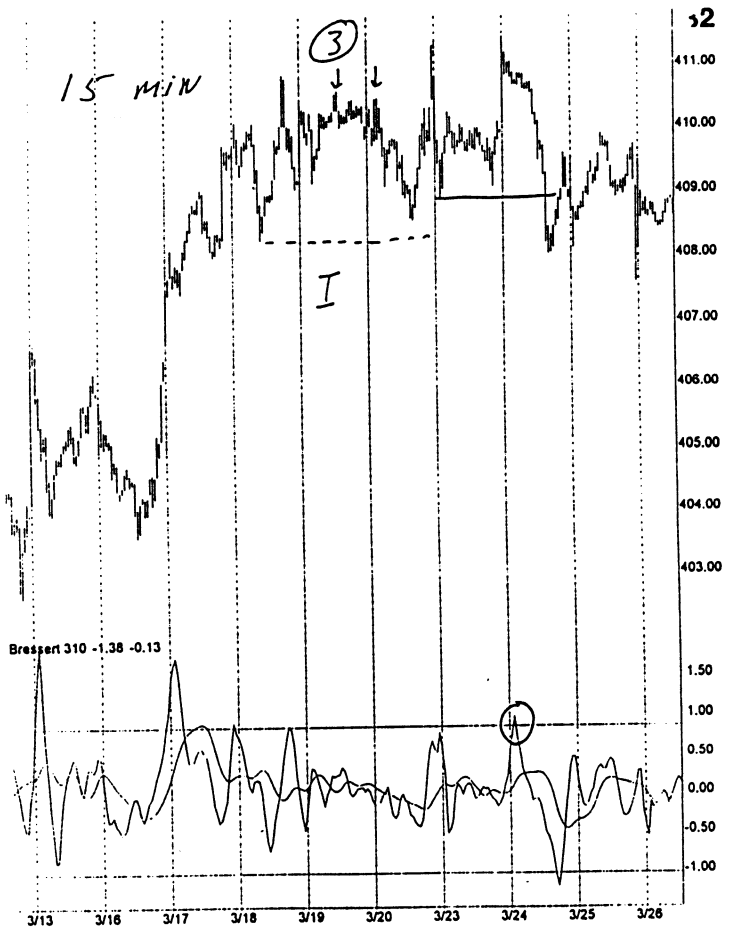
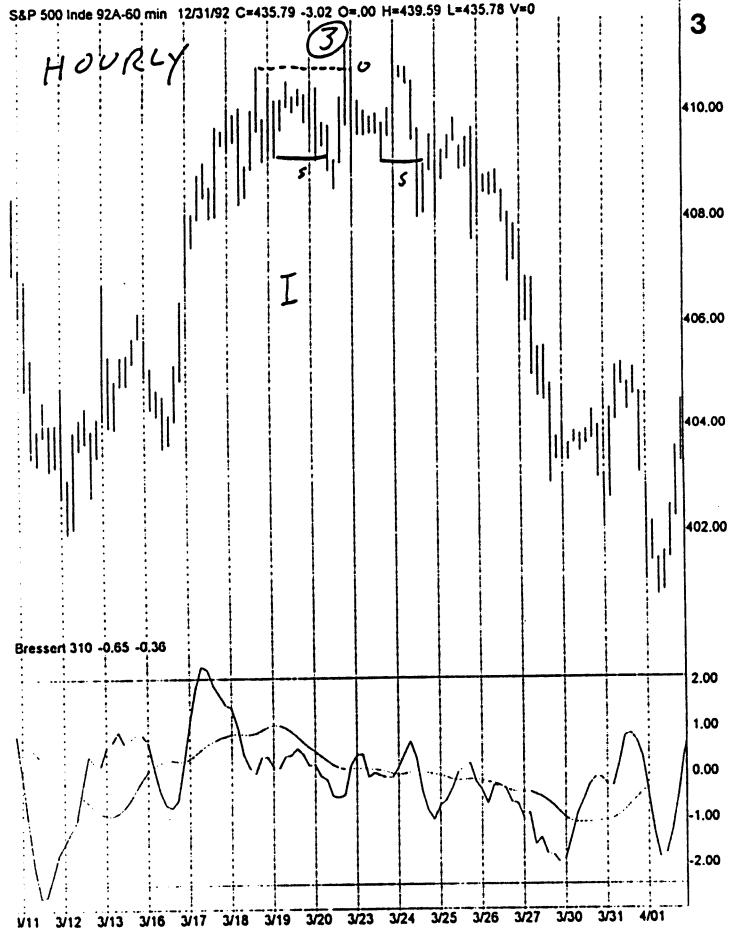


- HOURLY OSC ABOVE SELL LIMIT
- 15 MIN OSC ABOVE SELL LIMIT



S&P 500 Inde 92A-60 min 12/31/92 C=435.79 -3.02 O=0.00 H=439.59 L=435.78 V=0



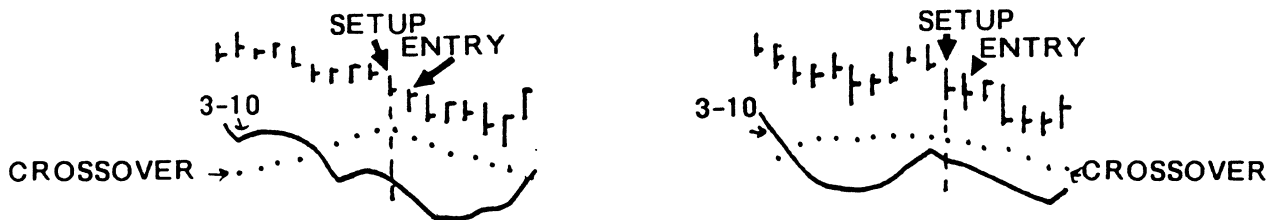


BEAR KISS IN THE CASH S&P

The Bear Kiss usually occurs in the later stages of a downmove into a cycle bottom. (Primary Cycle, Trading Cycle or Alpha Cycle). It can be used as a signal to go short and as an indicator of a bottom and a buy signals.

The pattern is formed as follows:

1) The daily 3-10 Oscillator in the S&P rises from below the Crossover for two or more days and turns down while still below the Crossover. This downturn is the Setup. Only the first downturn can generate a pattern, and the 3-10 must rise above the Crossover and drop back below it to set up another pattern.



2) The Trigger Sell entry occurs with a drop in the S&P below the downturn day, which usually occurs within two days of the downturn day. Prices usually drop .5% to 3.0% below the entry price (low of downturn day), although they can drop 6.0% in a bear market.

- Fourteen patterns have occurred since September 1989.

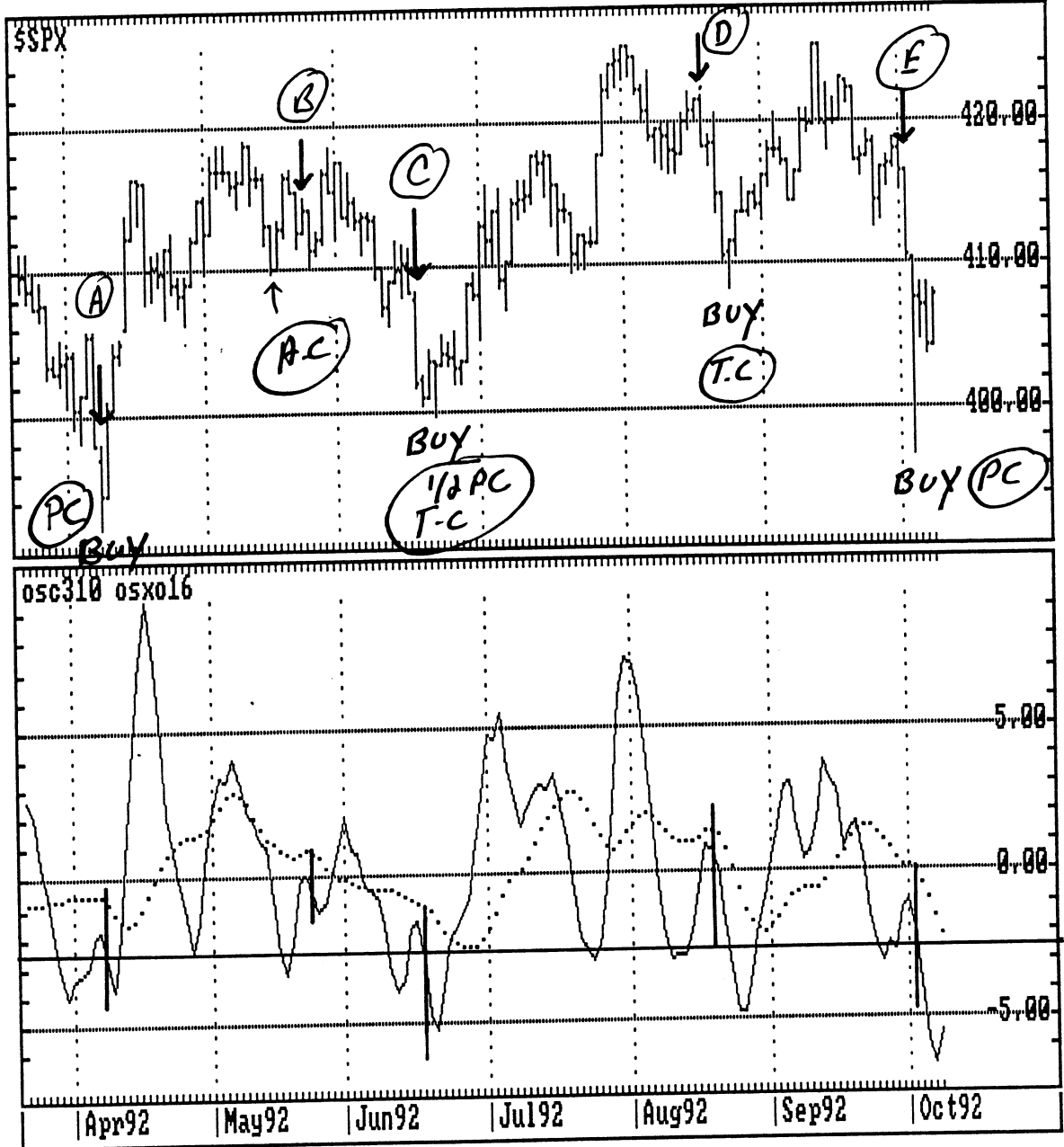
- Look for a drop of .05 - 3.0% below the low of oscillator downturn day. The low is usually 1-8 market days from the downturn day, although one did occur the same day as the downturn entry.

- Sell the low of downturn day for a fast drop into a cycle bottom.

- Buy the cycle bottom.

A cycle bottom will often occur as the 3-10 turns up, although there can be one or two oscillator upturns before the cycle low.

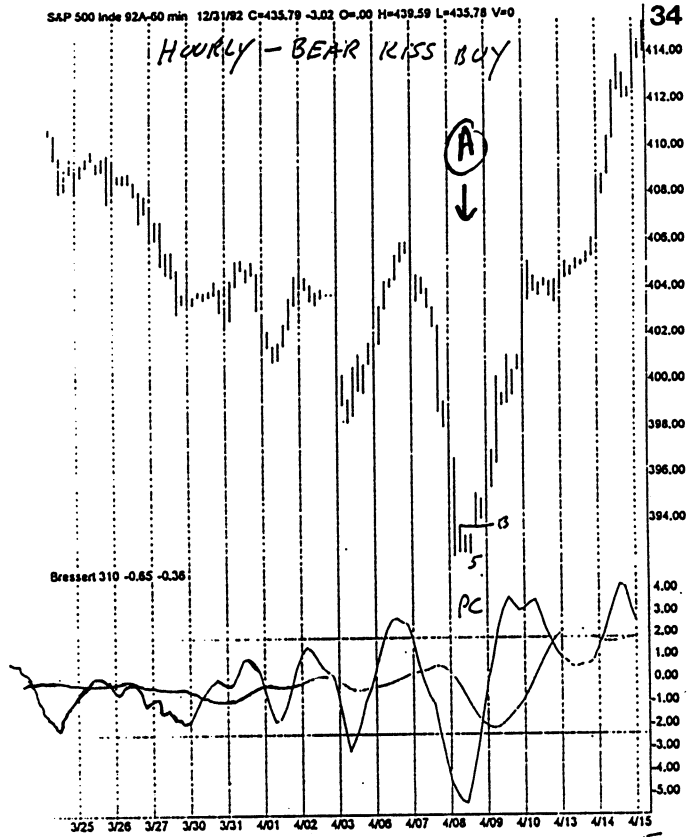




CASH S+P
 BEAR KISS BUY REVERSAL
 DAILY CHART

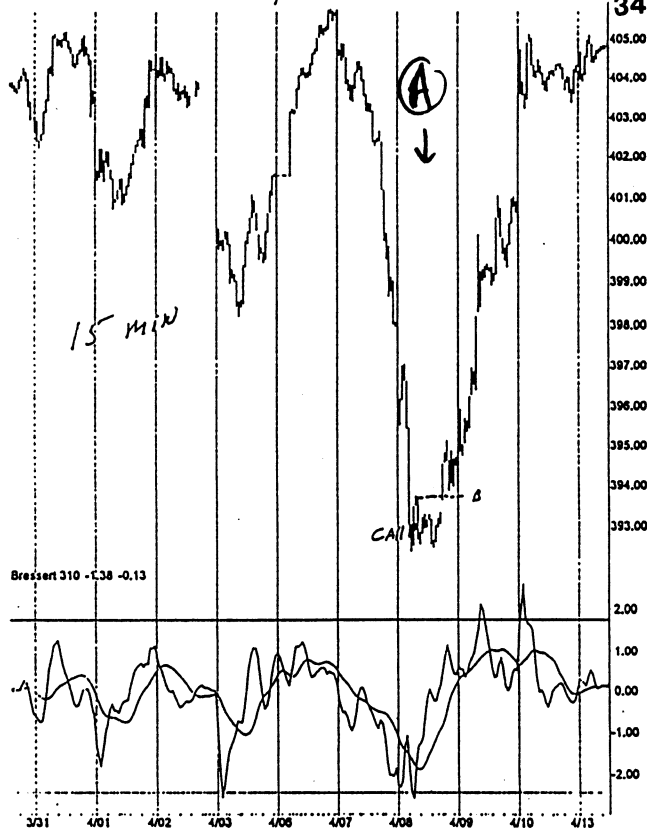


HOURLY - BEAR KISS BUY



- OSC BELOW BUY LINE & TURNED UP AT HOUR 5

34 A

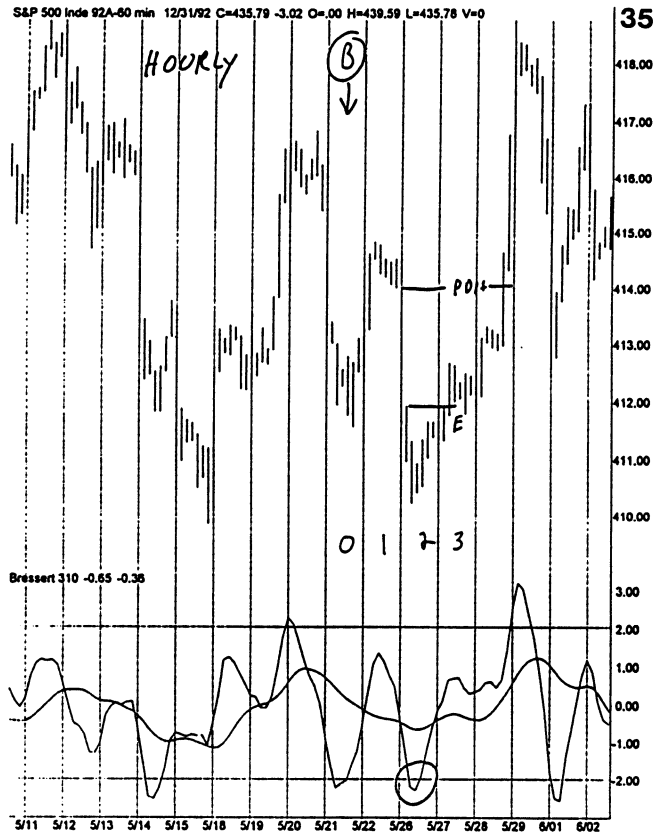


BUY - CALL WHEN OSC DROPS BELOW BUY LINE

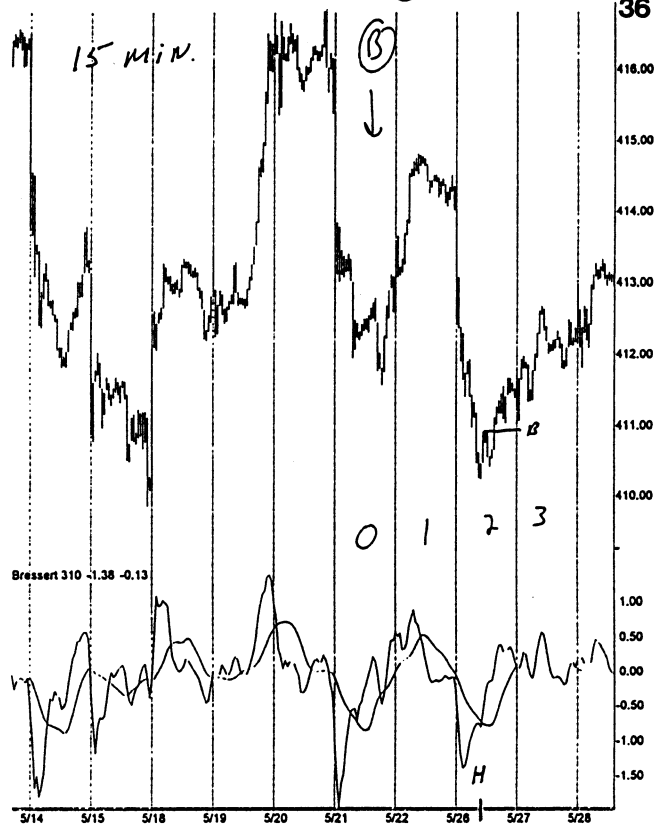
- WHEN SWING HIGH EXCEEDED FOLLOWING UPTURN OF HOURLY OSC BELOW BUY LINE



S&P 500 Inde 92A-60 min 12/31/92 C=435.79 -3.02 O=.00 H=438.59 L=435.78 V=0

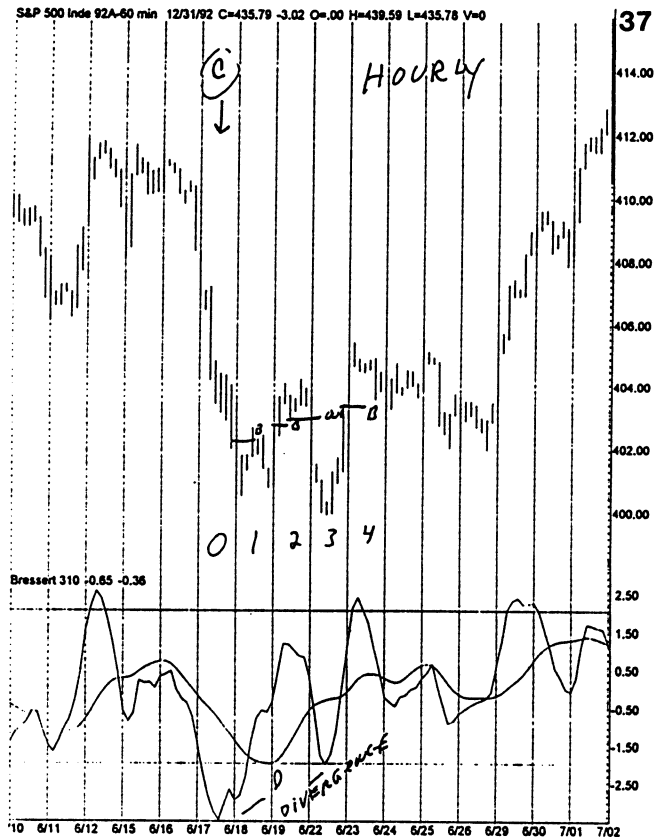


CASH S&P - HOURLY CHART
BEAR KISS REVERSAL (B) 5/26

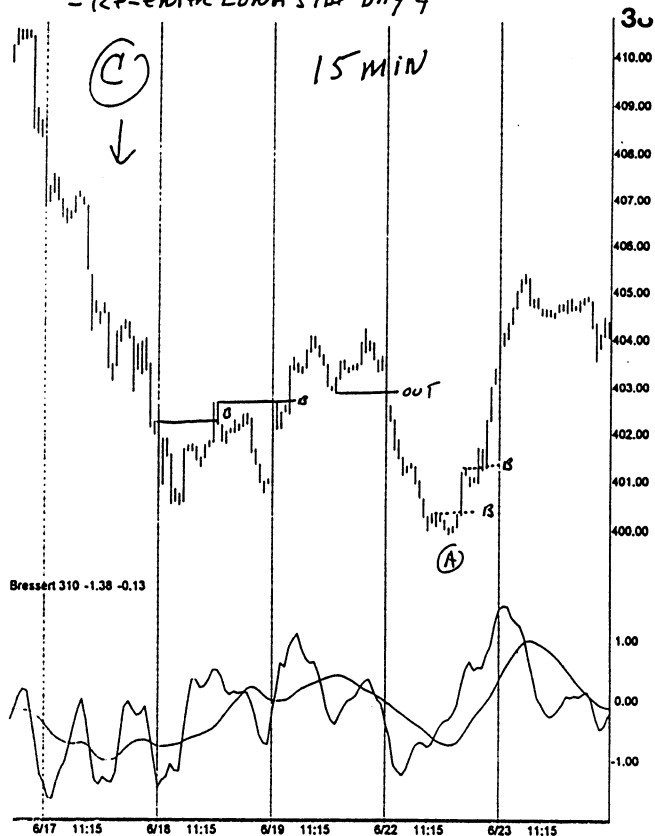


CASH S&P - 15 MIN. CHART
BEAR KISS REVERSAL
HOURLY DROPPED BELOW BUY LINE AT H
AN TURNED UP





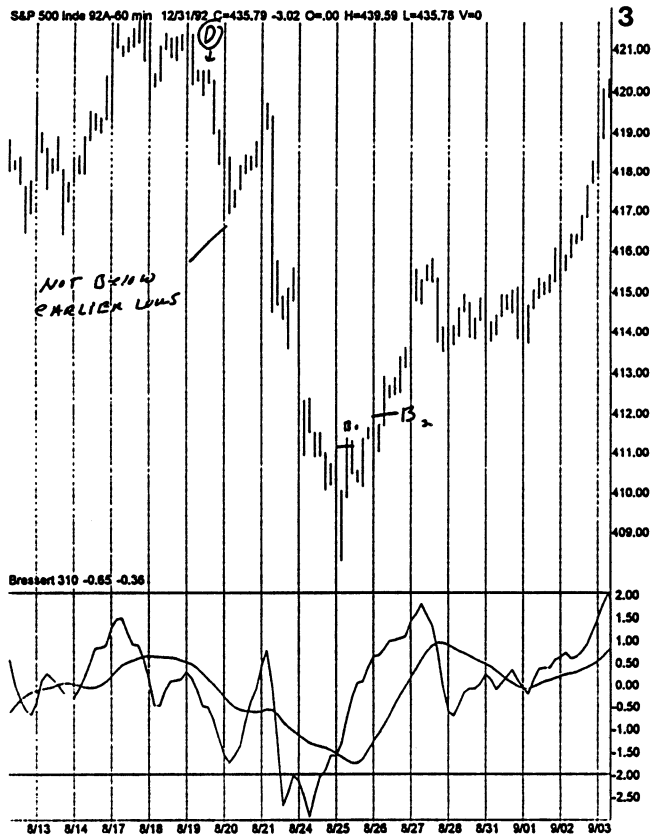
- BUY DAY 1+2
- OUT DAY 2 - HOURLY REVERSE PATTERN
- Re-entry LONG SIDE DAY 4



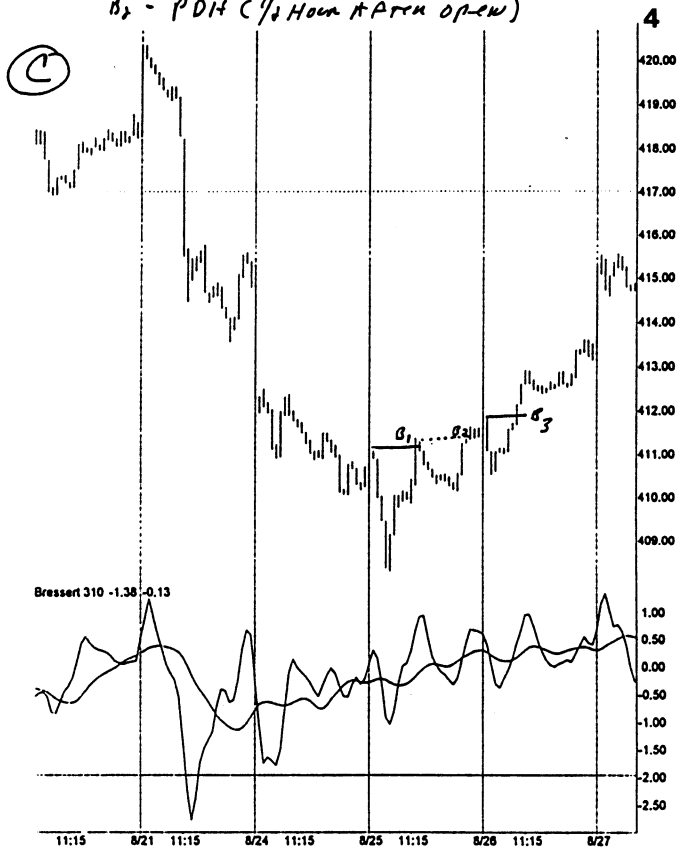
(A) Hourly osc TOUCHED sell line P - TURNED UP THE NEXT HOUR



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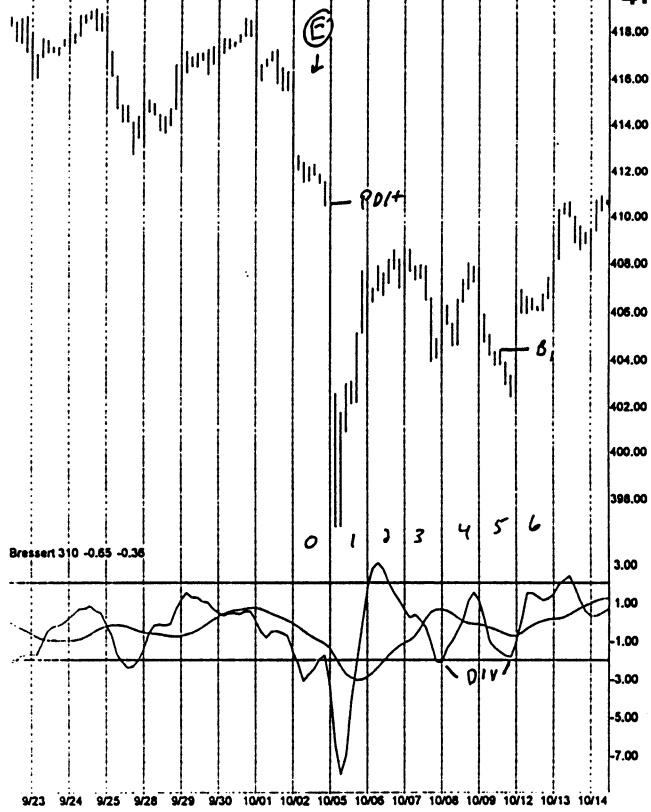


B₁ - SLAM REVERSAL FOLLOWING DROP BELOW BUY LINE
B₂ - PDH (1/2 HOUR AFTER OPEN)

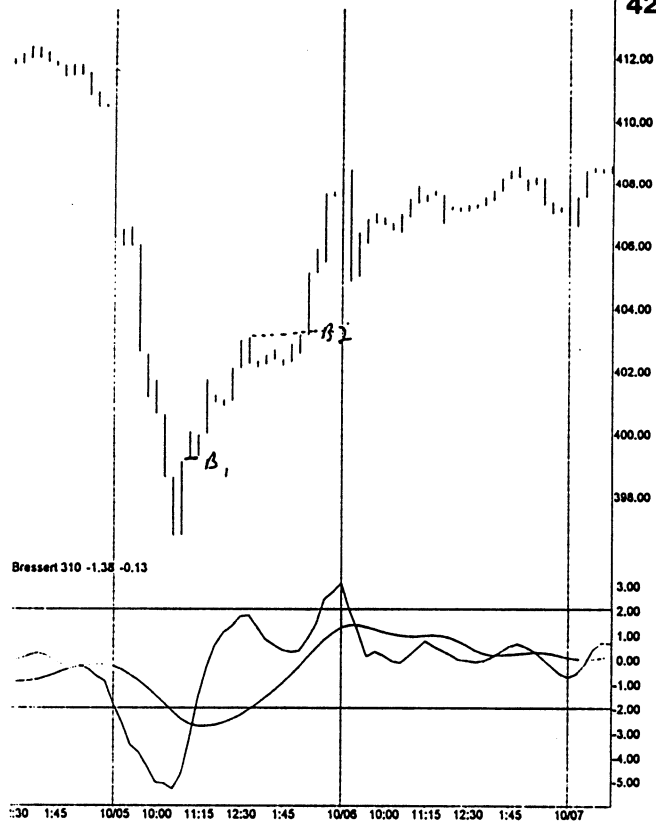


B₁ - SLAM DOWN REVERSAL
B₂ - EXCEEDED MID-DAY HIGH
B₃ - EXCEEDED PHH + HOD AFTER 1/2 HR



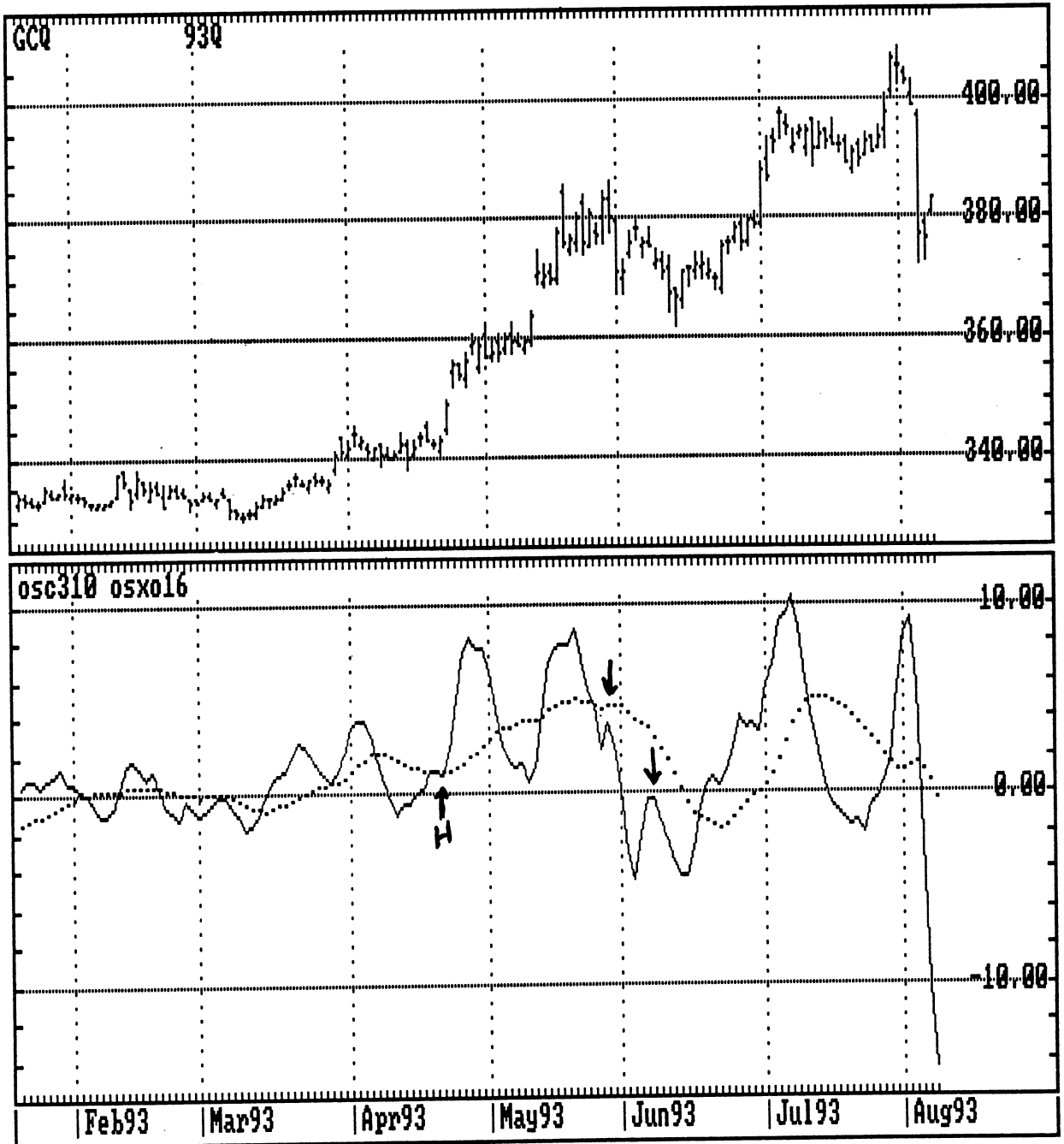


- PDH TOO FAR AWAY
B1 - DIVERGENT OSC BUY



- Hourly OSC Below Buy Line
- 15 min OSC Below Buy Line AND turns UP.
Buy High of Uptrend Bar
- After min-day, Buy Swing High

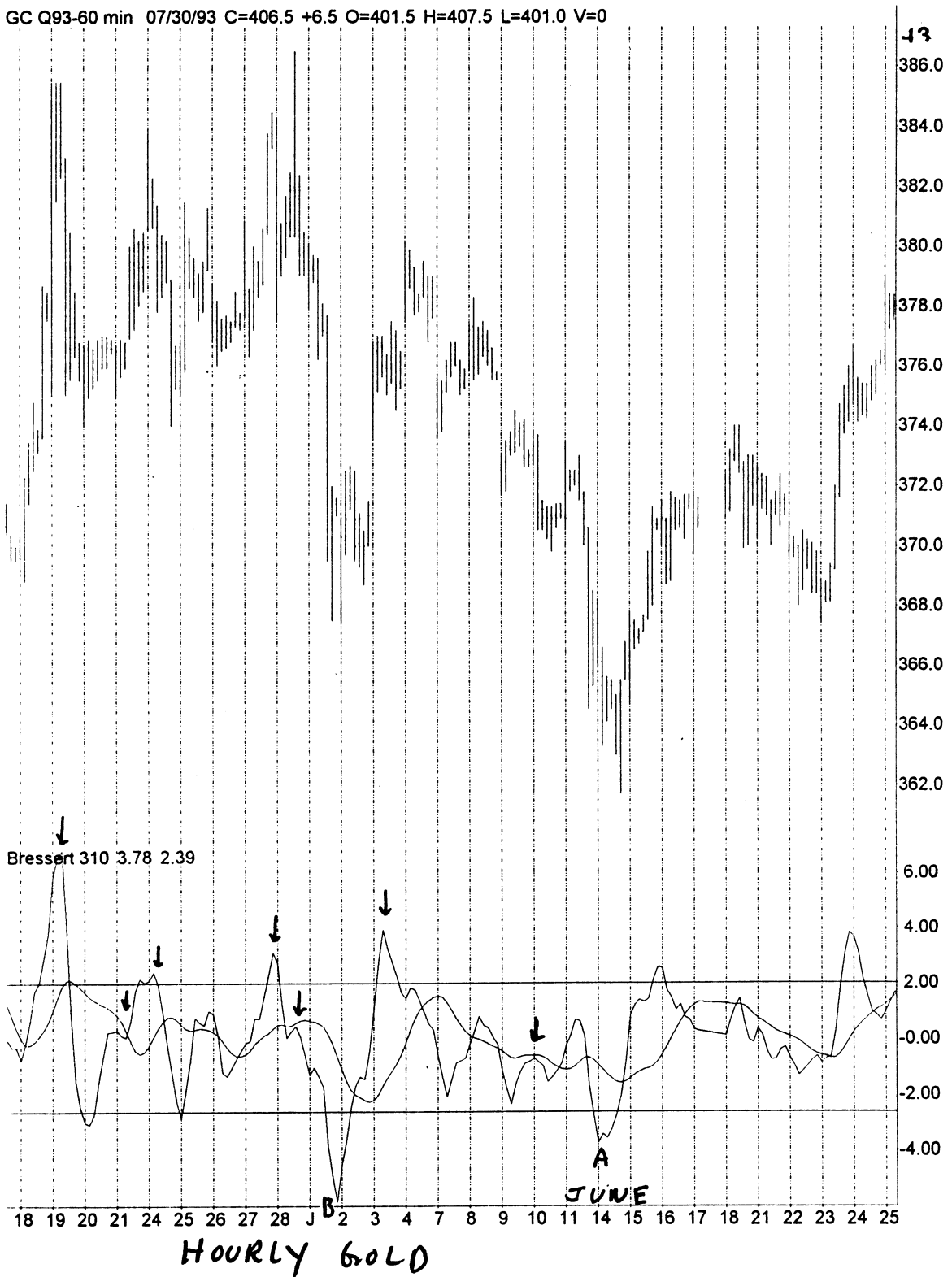




DAILY GOLD



GC Q93-60 min 07/30/93 C=406.5 +6.5 O=401.5 H=407.5 L=401.0 V=0

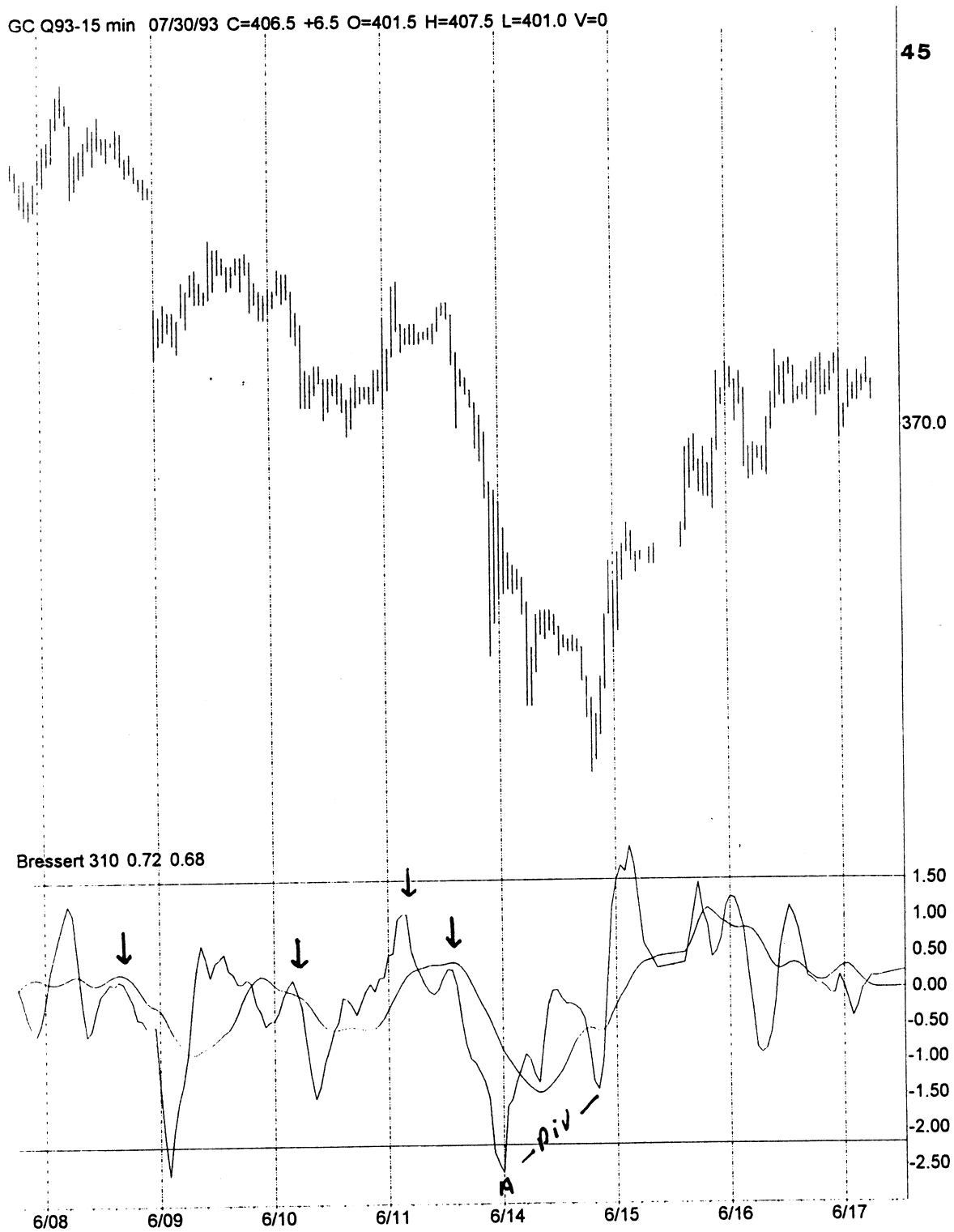


TAG XV
1993

GC Q93-15 min 07/30/93 C=406.5 +6.5 O=401.5 H=407.5 L=401.0 V=0



GC Q93-15 min 07/30/93 C=406.5 +6.5 O=401.5 H=407.5 L=401.0 V=0

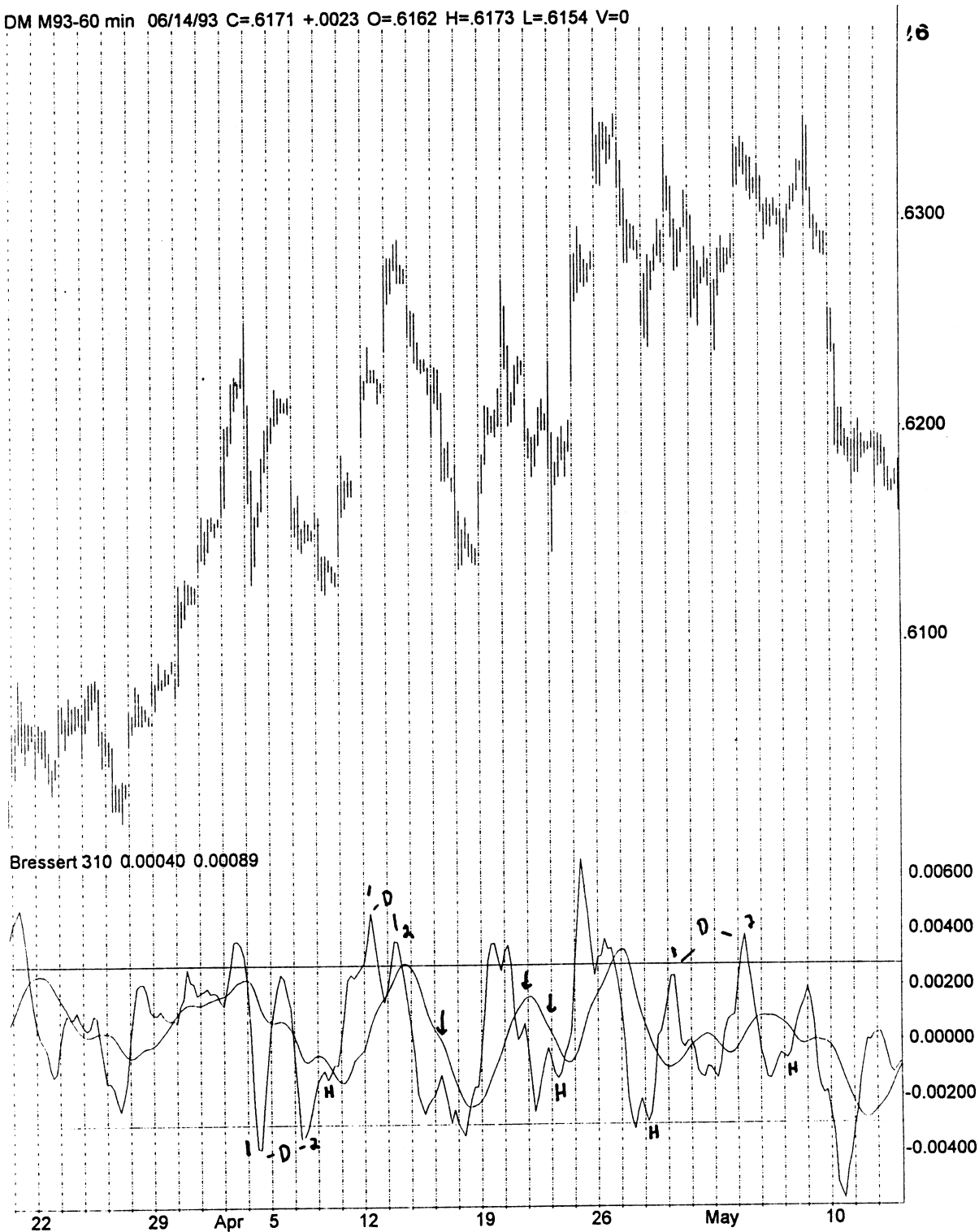


15 MIN GOLD



TAG XV
1993

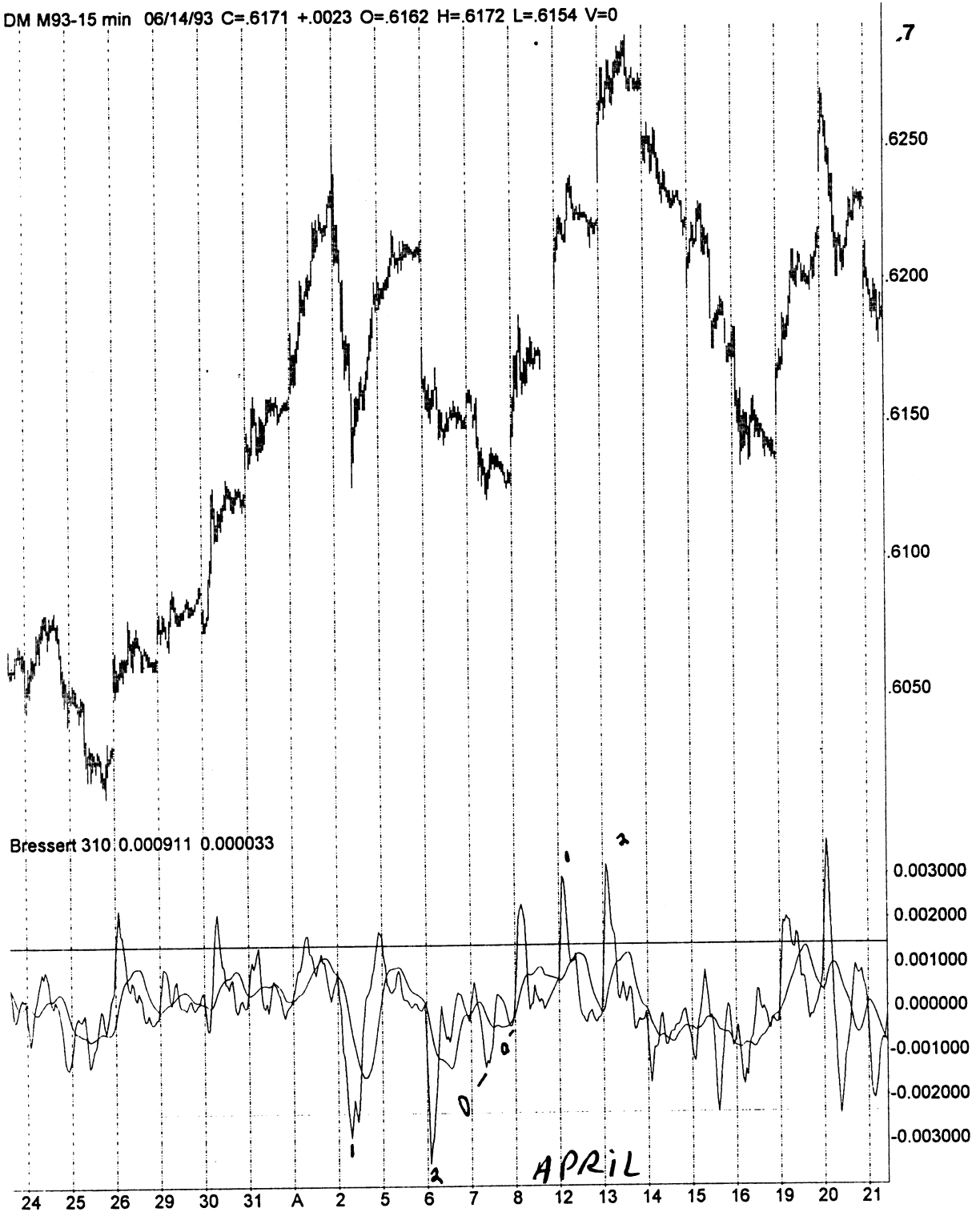
DM M93-60 min 06/14/93 C=.6171 +.0023 O=.6162 H=.6173 L=.6154 V=0



HOURLY D-MARK



DM M93-15 min 06/14/93 C=.6171 +.0023 O=.6162 H=.6172 L=.6154 V=0



Bressert 310 0.000911 0.000033

15 MIN D-MARK



CYCLES, PATTERNS AND OSCILLATORS IN THE STOCK MARKET

by Walter Bressert

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The order of the Universe shows itself in the thousands of cycles observable in nature and documented by the Foundation for the Study of Cycles. It shows in the minute structures of molecules, atoms and sub-atomic particles. It also shows in the ordered structure of the solar system and, as scientists are now discovering, in the interrelationships of galaxies. The smallest particles to the largest clusters of galaxies follow some kind of order...so why not the markets.

Prices move in a manner that may initially appear to be random, but with study, show an underlying order. Cycles, waves, Gann squares, angles, Fibonacci relationships in both time and price, planetary influences and other observable phenomena are reflections of this underlying order. Unfortunately, we do not know its causes, nor do we have a solid grasp of the rules ... but anyone who studies the markets with an open mind will see that there is indeed an order to all markets, especially in the formation of highs and lows, which are focal points or high energy levels of a market.

There are some who arbitrarily dismiss cycles and the natural order of the markets on the premise that such concepts smack of pre-determination and violate man's God-given free will. But with his free will man can choose to participate in the markets or not, just as he has the choice to participate, or not, in the cycles of good times and recession through his investments. By knowing the approximate timing of

cycles man can use them to his advantage.

The predictable cycles of the seasons are there for man to use, and planting corn in November because prices are high would be a waste of time and money. Through observation we know better. Buying stocks or gold at the top of a market is something we all want to avoid, but unfortunately the fundamentals are almost always the most bullish, and most tempting, at tops. Without study we are oblivious to the natural order of the markets, which must be actively sought out and discovered. True, we do not know all of the rules of the markets, but we do know that we want to buy bottoms and sell tops. We also know that we can rack up sizable profits by trading with the trend.

Fortunately for us, the energy of the markets is visible in the movement of price, which when charted, shows repeating patterns of time and price in cycles and Elliott Waves. Market oscillators also reflect this energy as overbought and oversold levels. More often than not, these overbought and oversold levels are also cycle highs and lows. By identifying the lengths of the most powerful and consistent cycles, called dominant cycles, we can often anticipate tops and bottoms as well as the direction of the trend, or longer cycle. Much of this is explained in my book, "The Power of Oscillator/Cycle Combinations".



The 4-Year Cycle in the Stock Market

The 4-Year Cycle in the U.S. Stock Market can be traced back to 1789, and is the dominant longer-term cycle affecting the stock market, setting trends that often last for three or more years.

Table A lists the 4-Year Cycles since 1917, based on the daily close. The column headings are self-explanatory. The averages at the bottom of the chart show that the 4-Year Cycle averaged 49 months from low-to-low, 36 months from low-to-high, and 13 months from high-to-low. The average advance from low-to-high was 107%, or more than a doubling of the level at which the cycle began.

TABLE A

4 YEAR CYCLE IN DJIA 1917 - 1991

BASED ON CLOSING PRICES

DATE OF LOW CLOSE 1	LOW CLOSE 2	DATE OF HIGH CLOSE 3	HIGH CLOSE 4	% ADVANCE TO HIGH 5	MONTH LOW TO LOW 6	MONTH LOW TO HIGH 7	MONTH HIGH TO LOW 8
1917 - 12/19	66	1919 - 11/3	120	82%	44	23	21
1921 - 8/24	64	1926 - 2/11	162	153%	55	54	1
1926 - 3/30	135	1929 - 9/3	381	182%	44	42	2
1929 - 11/13	199	1930 - 4/17	294	48%	32	5	27
1932 - 7/8	41	1937 - 3/10	194	373%	68	56	12
1938 - 3/31	99	1939 - 9/12	156	58%	49	18	31
1942 - 4/28	93	1946 - 5/29	213	129%	54	49	5
1946 - 10/9	163	1948 - 6/15	193	18%	32	20	12
1949 - 6/13	162	1953 - 1/5	294	81%	51	43	8
1953 - 9/14	256	1956 - 4/6	521	104%	49	31	18
1957 - 10/22	420	1961 - 12/13	735	75%	56	50	6
1962 - 6/26	536	1966 - 2/9	995	86%	52	44	8
1966 - 10/7	744	1968 - 12/3	985	32%	43	26	17
1970 - 5/26	631	1973 - 1/11	1052	67%	55	32	23
1974 - 12/6	578	1976-9/21	1015	76%	38	21	17
1978 - 2/28	742	1981 - 4/27	1024	38%	54	38	16
1982 - 8/12	777	1987 - 8/25	2722	250%	62	60	2
1987 - 10/19	1739	1990 - 7/17	3000	73%	36	33	3
1990 - 10/11	2365	?	?	?	?	?	?
		AVERAGE:		107%	49	36	13

Averages, however, are not very helpful in trading a market, so let's look at a market qualifier -- those cycles that exceeded the high of the previous 4-Year Cycle versus those that did not. As you can see in the Tables B and C below, there is a distinct difference between those cycles in Table B that exceeded the high of the previous 4-Year Cycle and those cycles in Table C that did not.

Column 3 in both tables shows the % advance from the low of the cycle to the high. The average % advance in Column 3 is grossly distorted by the 372% rise from the 1932 depression low. The average advance with this cycle omitted is only 52%, less than half the 127% rise for those cycles in Table B that exceeded the previous cycle high.



Table B - DJIA EXCEEDED HIGH OF PREVIOUS 4-YEAR CYCLE HIGH

YEAR CYCLE LOW 1	YEAR CYCLE HIGH 2	% ADVANCE FROM LOW 3	MONTHS LOW TO LOW 4	MONTHS LOW TO HIGH 5	MONTHS HIGH TO LOW 6	DROP BELOW PRV LOW 7	% MOVE ABOVE 4 YR HIGH 8
1921	1926	154	55	54	1	NO	35
1926	1929	181	44	42	2	NO	134
1942	1946	128	54	49	5	NO	36
1949	1953	81	51	43	8	NO	51
1953	1956	103	49	31	18	NO	77
1957	1961	75	56	50	6	NO	41
1962	1966	85	52	44	8	NO	35
1982	1987	250	62	60	2	NO	168
1987	1990	67	38	36	2	NO	7
1990	?	?	?	?	?	?	?
1970	1973	66	55	32	23	YES	6
1978	1981	38	54	38	16	NO	1

Table C - DJIA DID NOT EXCEED PREVIOUS 4-YEAR CYCLE HIGH

YEAR CYCLE LOW 1	YEAR CYCLE HIGH 2	% ADVANCE FROM LOW 3	MONTHS LOW TO LOW 4	MONTHS LOW TO HIGH 5	MONTHS HIGH TO LOW 6	DROP BELOW PRV LOW 7
1929	1930	48	32	5	27	YES
1932	1937	371	68	56	12	NO
1938	1939	57	49	18	31	YES
1946	1948	18	32	20	12	YES
1966	1968	32	43	26	17	NO
1974	1976	75	38	21	17	NO

Since the current 4-Year Cycle has already exceeded the high of the previous 4-Year Cycle, we will compare aspects of the two types of cycles and also establish time and price projections for the cycle high.



Time and Price Expectations for the Next 4-Year Cycle High

The smallest advance of all years in Table 2 was the 38% rise from the 1978 low. The cycles that began in 1970 and 1978 are separated from the other cycles because they occurred in a broad trading range. Of the cycles that were not in a trading range, the smallest advance was 73%, which was met or exceeded in all 9 years not in a trading range.

To look at it another way, of the 11 cycles that exceeded the high of the previous cycle, one rose a minimum of 38%, which would be 3260 if calculated from the October '90 low of 2365. Ten of 11 (90%) of the cycles advanced 67-86% or more above the cycle low, which equates to a price objective of 3950 to 4375.

Column 5 in both tables shows the number of months from low-to-high. Here again, there is a great difference between the two types of cycles. Those that exceeded the previous cycle high averaged a rise of 43 months from the cycle bottom, while those that did not exceed the previous high averaged a rise of only 26 months. Focusing on Column 5 in Table 2, three cycles rose for 31 to 33 months, and the rest topped 38 to 50 months after the cycle began. (One rose 60 months).

Using these time periods from the October 1990 cycle bottom projects a top of the 4-Year Cycle no earlier than May 1993 (31 months) to July (33 months). A continued rise after July 1993 is likely to be followed by a rise to at least April 1994 (42 months), and possibly as late as December 1994 (50 months) ... So the initial time period for the top of the 4-Year cycle is May 1993 through December 1994.

Our Time and Price Window for the top of the current 4-Year Cycle is then May 1993 to December 1994 at 3950 to 4375.

The Weekly Primary Cycle

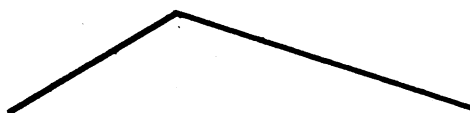
All markets have a powerful and consistent weekly cycle that sets the intermediate-term trend. By identifying this cycle it is possible to:

- 1) anticipate tops and bottoms, and
- 2) determine the trend.

An historical review of the DJIA and the S&P Index shows a cycle of approximately 20 weeks as measured from low-to-low. However, cycles in the market do not move in sine waves, but often extend, contract and sometimes seem to skip a beat. Markets also act differently in bull and bear markets, leaning to the right in bull markets to produce right translation,



and leaning to the left in bear markets to produce left translation.

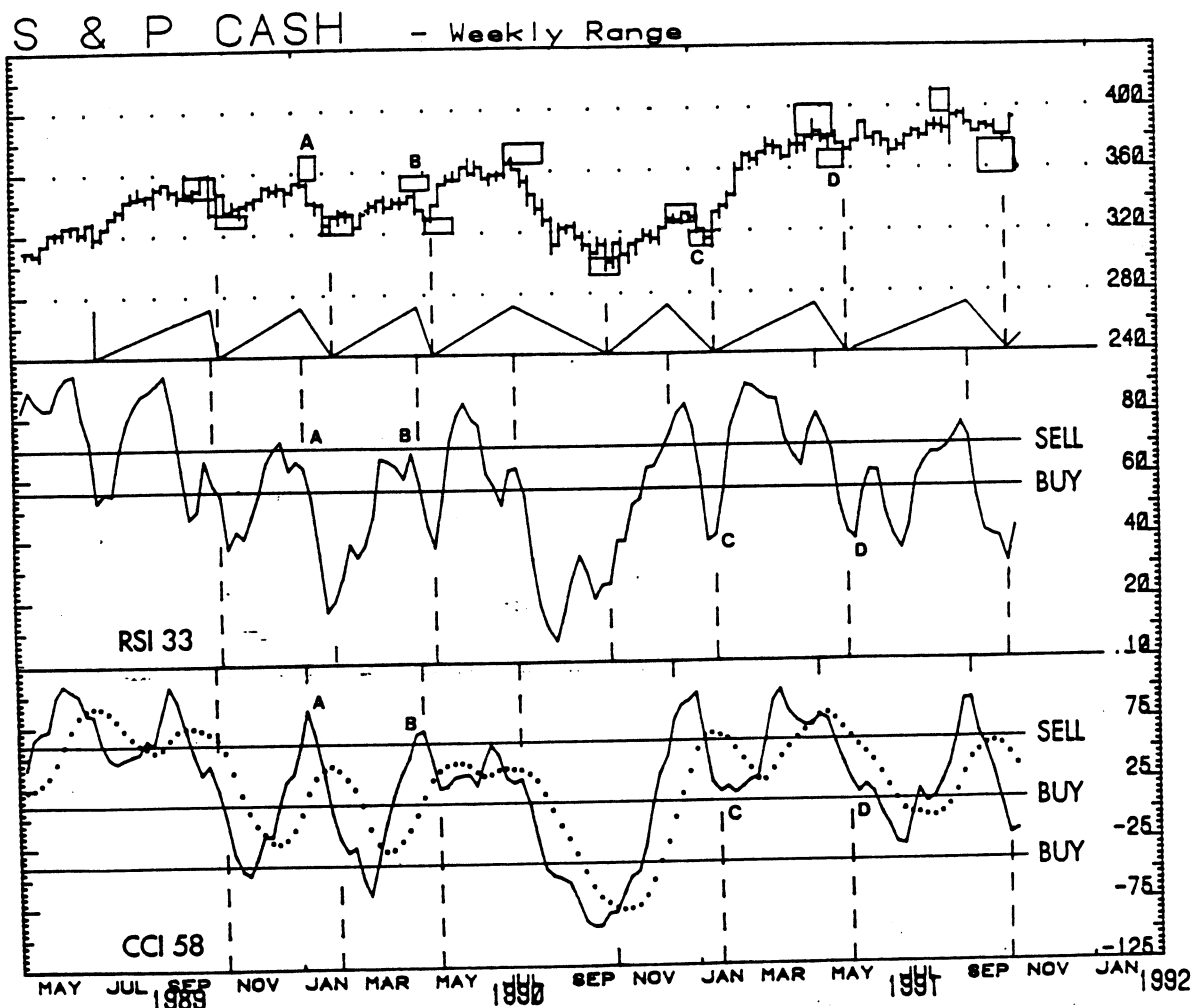


Time and Price Windows

Price can be combined with time to produce a Time and Price Window in much the same manner as the objectives were established for the 4-Year Cycle high. These Time and Price Windows are shown on the chart below as boxes at the tops and bottoms of the price bars.

The actual tops and bottoms of the weekly Primary Cycle are identified and illustrated by the cycle glyphs just below the price bars of the cash S&P Index. The tops and bottoms of the cycles are shown by the dashed lines in the lower panels with the oscillators.





S&P CASH - Weekly Range Chart

The middle panel, RSI 33, is a modified Relative Strength Index, and the lower panel, CCI 58, is a modified Commodity Channel Index. The CCI is a longer-term oscillator that shows the cycle highs and lows more clearly than the sensitive RSI, which usually turns earlier, and also more frequently.

Buy/Sell Lines

Both oscillators have Buy and Sell Lines which are levels that serve as filters to help identify cycle tops and bottoms. As a general guideline an oscillator will rise above a Sell Line and turn down at or before a cycle top; and an oscillator will drop below a Buy Line and turn up at or before a cycle bottom.

Notice how the longer term CCI 58 and the shorter term RSI 33 complement each other in the identification of the cycle tops and bottoms. At Highs A and B it is the CCI 58 that clearly identifies the tops, and at Lows C and D it is the RSI 33 that better identifies the cycle bottoms.

A glance at the oscillators will show that there are often two oscillator highs in each 20-Week Cycle, and that it is usually the second one that occurs at the top of the cycle. This is the result of bull market right translation. In bear markets left translation would usually result in the cycle topping with the first oscillator high.

