Bressert

New Orleans 1992

Walter Bressert is acknowledged as the man who brought cyclical analysis to the futures markets. His recently published book, The Power of Oscillator/Cycle Combinations,defines a new dimension of oscillator and cycle analysis and is the basis for his advisory service Cyclewatch, which began publication in June 1991. Cyclewatch, in addition to using oscillator/cycle combinations to mechanically identify cycle tops and bottoms as they are occurring, uses cycles to forecast time and price moves in the futures markets.

His original newsletter, *HAL Commodity Cycles*, published from 1974 to 1985, was one of the industry's most respected and widely followed newsletters. Profitable 10 of 12 years, it was rated "#1 in Bull markets", by *Futures* magazine in 1981. Walt's forecasts were so accurate that in 1983 *Futures* magazine stated "He gets the readership he deserves because he is right so often". In 1985, the year he went into semi-retirement, his performance was rated by the *Commodity Trader's Consumer Report* as #1 in the Standard and Poor Index.

Walt is a long standing director of the non-profit Foundation for the Study of Cycles and was, in 1979, one of the original founding members of CompuTrac.

In 1981 he co-authored the *HAL Blue Book*, a classic study in the application of cycles and oscillator/price patterns using %R and momentum studies.

He has been 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, Future's* and the *Commodity Research Bureau Yearbook*. Walt is also a private consultant to commercial hedgers and traders.

Topic: You will leave Walter's workshop with a working knowledge of how to combine cycles and oscillators to identify cycle tops and bottoms as they occur plus five specific oscillator/cycle combinations that you can immediately apply to the markets - weekly, daily and intra-day. The workshop is presented in two sections.

Cycles - In the first part of his workshop Walt will explain the four dominant cycles and discuss techniques to find these cycles in the market. The development and use of timing bands and fibonnaci rations will be examined to determine the timing of the cycles and specific techniques will be illustrated for determining the future price levels of cycle tops and bottoms.

Oscillators - several techniques will be presented to improve the performance of oscillators, often turning a mediocre one into a powerhouse. Walter will explain how to combine oscillators with cycles to identify tops and bottoms as they are occuring, and will show specific oscillator cycle combinations to identify cycle tops and bottoms mechanically.

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CYCLES, PATTERNS AND OSCILLATORS IN THE STOCK MARKET

by Walter Bressert

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

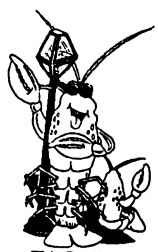
The 4-Year Cycle in the U.S. Stock Market can be traced back to 1789, and is the dominant longer-term cycle affecting the stock market, setting trends that often last for three or more years.

Table 1 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 1

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



RSI3M3 OSC/CYCLE COMBO FOR BUYING TRADING CYCLE BOTTOMS in T-bonds

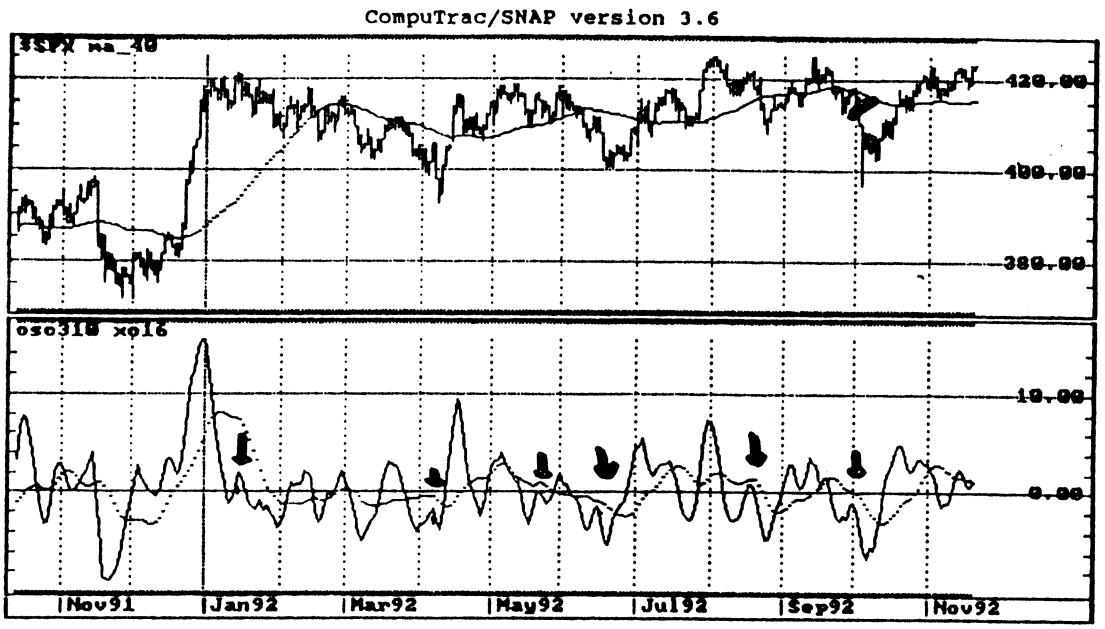
1) The low must be 15 to 30 market days from the previous Trading Cycle bottom.

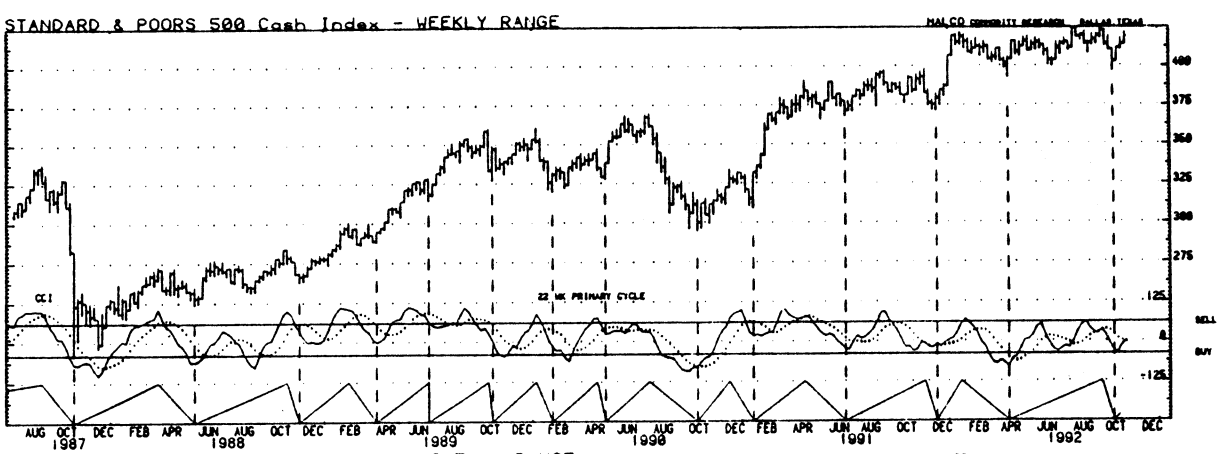
2) The Trading Cycle high must have occurred with the oscillator above the sell line at 60.

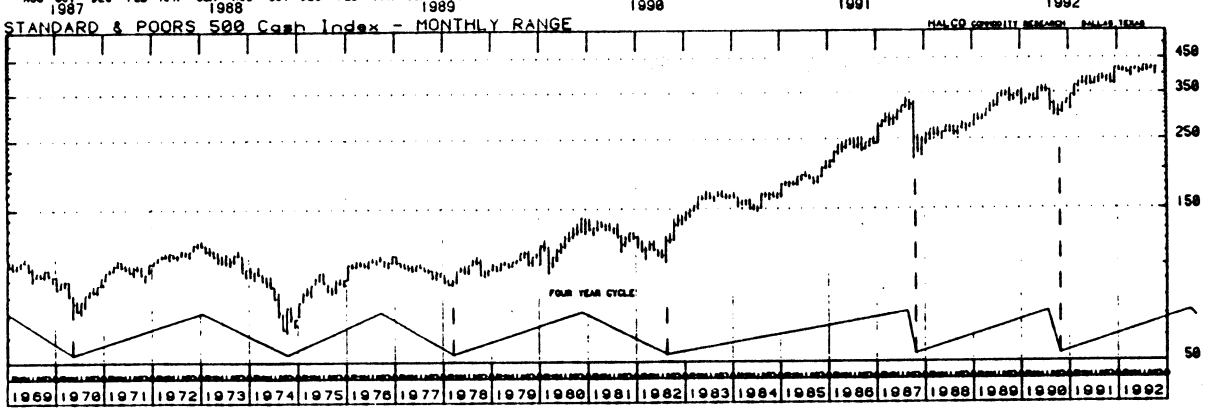
3) The oscillator must drop below the buy line at 40 and turn up before or as the price low is made

4) The Trigger Entry is a rise above the price high of the upturn day.

5) The protective stop should be placed below the Trading Cycle low.







TAG XIV
1992

CCI 30 OSC/CYCLE COMBO FOR 4-YEAR CYCLE BOTTOMS OF S&P INDEX

The oscillator/cycle combination that confirmed the bottom of every 4-Year cycle has 5 steps that must be met:

1) The price low must be 32 or more months from the previous 4-Year Cycle bottom.

2) The Detrend must drop below the Buy line at -70 and turn up.

3) The CCI must drop below zero. A drop below the Buy Line at -100, which occurred at 6 of the 9 bottoms, would be comforting but is not necessary.

4) The CCI must then rise above the Crossover.

5) Following the requirements of 1 through 4 being met, the Trigger entry of buying the price high of the month that exceeded the high of the Crossover month confirmed every 4-Year Cycle bottom. It is the safest entry, but not always the one with the lowest dollar risk.

CCI58 OSC/CYCLE COMBO FOR TRADING CYCLE LOW IN T-BONDS

1) Prices must be in the Trading Cycle Timing Band (15-30 market days from the previous Tradung Cycle low.

2) The cci58 must have dropped below the Buy Line at -25 and turned up.

3) The Trigger Entry is to place a buy stop above the high of the upturn day.

4) The protective stop should be placed below the price low of the Trading Cycle.

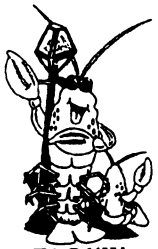
DJIA RSI3M3 OSC/CYCLE COMBO FOR PRIMARY CYCLE BOTTOM

1) Prices are declining into the 13 - 20 week trough to trough timing band (and can extend to up to 25 weeks).

2) The oscillator drops below the Buy Line at 55.

3) The oscillator turns up.

4) Place a Trigger Entry buy stop above the price high of the upturn week.



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1992

Walt Bressert

ADDITIONAL INFORMATION

NOT INCLUDED IN THE ORIGINAL

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 2 and 3 below, there is a distinct difference between those cycles in Table 2 that exceeded the high of the previous 4-Year Cycle and those cycles in Table 3 that did not.

Column 3 in both charts 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 2 that exceeded the previous cycle high.

TABLE 2

DOW CYCLES EXCEEDING PREVIOUS FOUR YEAR 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	36%
1926	1929	182%	44	42	2	NO	135%
1942	1946	129%	54	49	5	NO	36%
1949	1953	82%	51	43	8	NO	52%
1953	1956	104%	49	31	18	NO	77%
1957	1961	75%	56	50	6	NO	41%
1962	1966	86%	52	44	8	NO	35%
1982	1987	255%	62	60	2	NO	166%
1987	1990	73%	36	33	3	NO	10%
1991	?	?	?	?	?	?	?
1970	1973	67%	55	32	23	YES	7%
1978	1981	38%	54	38	16	NO	1%
	AVERAGE	127%	51	45	6		65%

TABLE 3

PRICES DID NOT EXCEED PREVIOUS FOUR YEAR 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
1917	1919	81%	44	23	21	YES
1929	1930	48%	32	5	27	YES
1932	1937	372%	68	56	12	NO
1938	1939	58%	49	18	31	YES
1946	1948	18%	32	20	12	YES
1966	1968	32%	43	26	17	YES
1974	1976	76%	38	21	17	NO
	AVERAGE	98%	44	24	20	

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 42 to 60 months after the cycle began.

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

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

Will the Fundamentals Support this Projection ?

Based on the current fundamental picture with the focus on the national debt, bank failures, real estate problems, etc., this projection may seem unrealistic. But if you visit the library and look at the front page of the Wall Street Journal for the two years following the cycle bottoms in '74, '78, '82 and '87, you will find different fundamentals, but similar gloom and doom predictions being made as the stock market was rising, and you will find almost NO predictions that were even close to the price and time levels of the actual tops of each cycle.

The fundamentals of supply and demand move the markets, but the focus of the fundamental news is always the most bullish at tops and the most bearish at bottoms, and it will probably always be that way. Cycle analysis can give you the confidence to sell tops and buy bottoms with the expectation that the fundamental picture will change to move prices in the direction of the cycle.

Based on this analysis there are more than two years before the 4-Year Cycle is due to top. The long-term trend is up, but a lot can happen between now and then. We have another way of looking at the market between now and September '92 based on the historical performance of the stock market relative to the Presidential election.

The Presidential Election and the DJIA Through September '92

A recession and bearish stock market at the time of a Presidential election can result in a loss to the party in the White House at the time of the election. Not surprisingly, every effort is usually made to time the stimulation so the economy and the stock market will be up at the time of the election.

Table 4 shows the % advance in the DJIA from September to September of the election year, which will be September 1991 to September 1992 for the upcoming election. Column 1 is the year in which the 12-month time period ended. The percentage moves for the advance from the September close to the highest daily close through the following September are in Column 2. The months in which the highs of the 12-month period were made are in Column 3, and the number of months from the September close to the highest high of the 12-month period are in Column 4.

TABLE 4

SEPTEMBER Election Year Table -Sept to Sept

ELECTION YEAR	% ADVANCE DJIA 10/1 - 9/30	MONTH of HIGH	# of MONTHS to HIGH
1	2	3	4
1988	2.1%	OCT	1
1940	3.8%	OCT	1
1984	5.2%	NOV	2
1920	7.4%	NOV	2
1932	23.4%	NOV	2
1916	9.5%	DEC	3
1960	8.9%	JAN	4
1956	12.4%	APRIL	7
1948	9.6%	JUNE	9
1944	7.7%	JULY	10
1952	3.8%	AUG	11
1972	10.5%	AUG	11
1924	20.0%	AUG	11
1968	2.1%	SEP	12
1980	11.6%	SEP	12
1964	20.1%	SEP	12
1928	22.3%	SEP	12
1976	29.3%	SEP	12
1936	29.4%	SEP	12
AVERAGE :	12.6%		7.68

Looking at Column 2 you can see that of the 19 years--

-- All 19 years rose a minimum of 2.1%. From the September '91 close of 3017 a 2.1% rise would be 3080;

-- 90% of the years advanced 3.8%, which would be 3131;

-- 80% rose 5.2%, which would be 3174;

-- 70% advanced a minimum of 7.4%, which would be 3240.

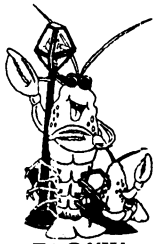
These are minimum price objectives that should be reached on or before September '92.

Looking at Column 3 you can see that --

-- 7 of 19 years, or 37%, made the highs of the 12-month period by January, while

-- 11 of 19 years, or 58%, made the highs June through September.

Odds are that if new highs are made after January, the high of the 12-month period is likely to be made June through September.



Time and Price Patterns

Patterns of time and price can help set expectations for the highs of this 12-month period.

Five years made highs in Oct/Nov, and four of these rose only 2.1 - 5.2 % above the September close ... so if there is to be an Oct/Nov high it is likely to be made at 3080 to 3174 basis the daily close.

Six of the eight years that made highs December through August rose 7.7 to 12.4%, which would be 3249 to 3391 this year; and of six years that rose more than 12.4%, ALL rose to 20 - 29%, or 3620 to 3904.

Time and Price Objectives

So, our time and price objectives for the high of this election year time period has three tiers:

1) If the high of the 12-month time period is to be seen in Oct/Nov, a minimum high of 3080 to 3174 should be seen. If this price range is not met in Oct/Nov or if the DJIA exceeds 3174, then

2) the high would be expected to occur at 3249 to 3391, in the Dec/Aug time period. And if 3391 should be exceeded, then

3) a rise to 3620 to 3904 is likely to be seen in the month of September.

These objectives and the Window for the 4-Year Cycle help determine longer- term expectations, but it is the weekly Primary cycle that is of interest to most traders and mutual fund switchers.

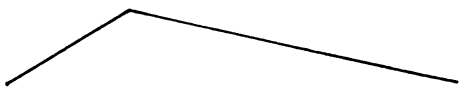
The Weekly Primary Cycle

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.

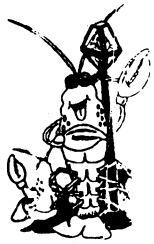


Timing Bands for a Bull Market

By studying the historical performance of bull and bear markets this shifting of highs and lows can be used to our benefit. The stock market has been in an extended bull market that is likely to continue over the long term. The following Timing Bands, derived from the bull market, have been 80% accurate in the past and are likely to be as accurate in the future:

Low to High ... expect the cycle to top 9 to 16 weeks from a cycle bottom.

High to Low ... Once the cycle has topped, expect the cycle to bottom 1 to 9 weeks from that top.



Low to Low ... measuring from the low that began the cycle, the next low should normally occur 13 to 20 weeks from that low. The most probable time for the cycle to bottom is the overlap area of the high-to-low and low-to-low Timing Band.

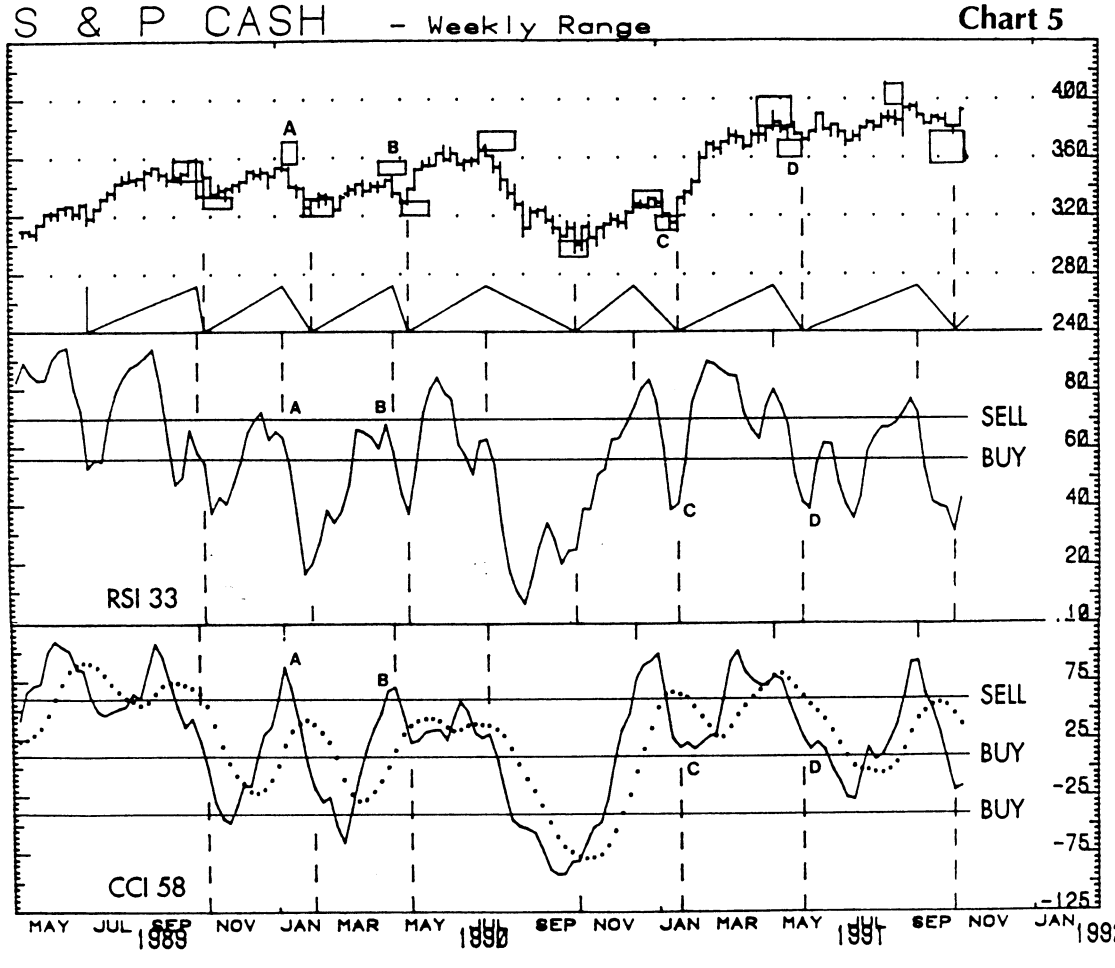
These Timing Bands are for bull markets. Remember that these are 80% bands, and about 20% of the time the market will top or bottom outside of the bands.

Following a top or bottom these Timing Bands will give you a reasonable expectation of when to expect the next high or low of the cycle, and oscillators will help you identify the top or bottom as it occurs.

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.



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.

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.

Four Steps to Identify Cycle Tops and Bottoms

We now have three of the four steps to identify the tops and bottoms of the cycle;

1) Prices should be within the Time and Price Window, (or at least within the Timing Bands). This eliminates most of the early turns in the oscillators.

2) One or both oscillators should have risen above a Sell Line for a cycle top, or dropped below a Buy Line for a cycle bottom.

3) An oscillator should turn down at the cycle top, or turn up at the bottom.

These three rules alone will help identify cycle tops and bottoms, but the real key is the mechanical Trigger Entry, which is usually a sell stop below the price low of the downturn week, or a buy stop above the high of the upturn week.

4) Place a sell stop to go short below the price low of the downturn week, or a buy stop to go long above the high of the upturn week.

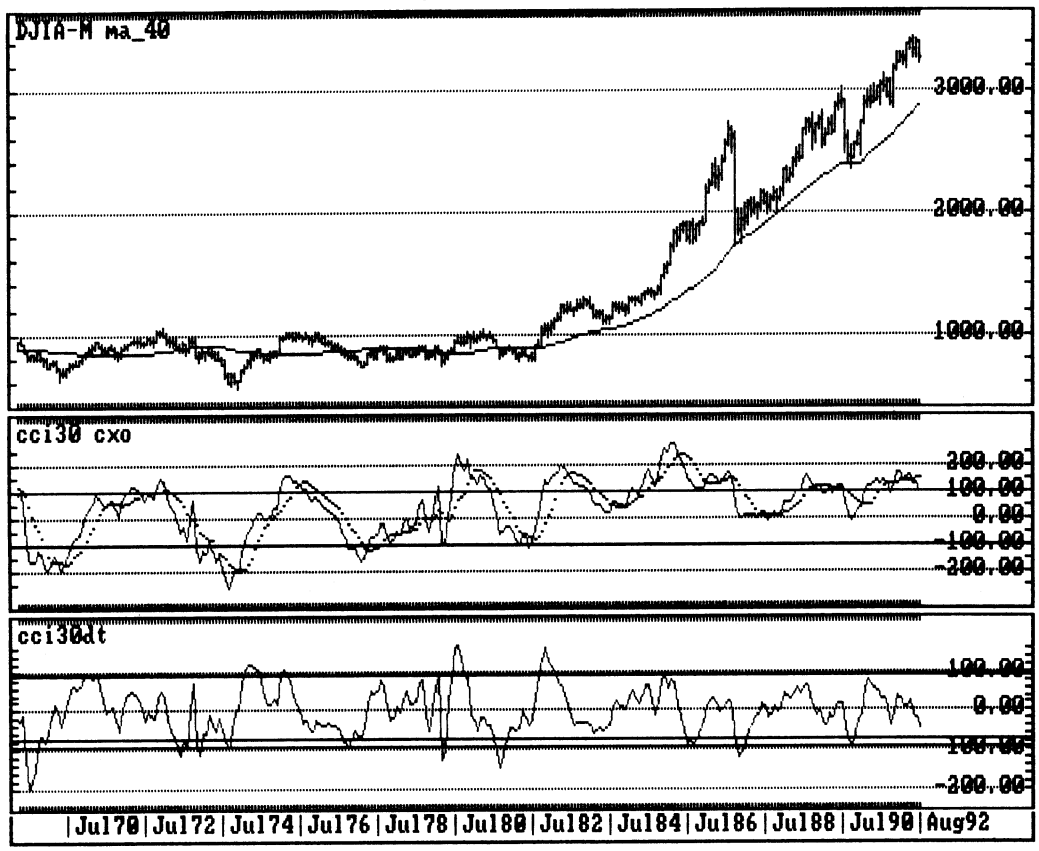
Notice how the longer term CCI 58 and the shorter term RSI 33 complement each other in the identification of the cycle tops and bottoms. At Highs A and B it is the CCI 58 that clearly identifies the tops, and at Lows C and D it is the RSI 33 that better identifies the cycle bottoms.

These are Oscillator/Cycle Combinations (OSCARs)that can be historically tested. High probability OSCARs can be cataloged and used to identify cycle tops and bottoms as they occur and to trade the markets.

Similar patterns can be developed and used on daily and intraday data.

This overview should give you an idea of how cycles, patterns and oscillators can be used to determine trend to identify cycle tops and bottoms as they occur.

Chart 6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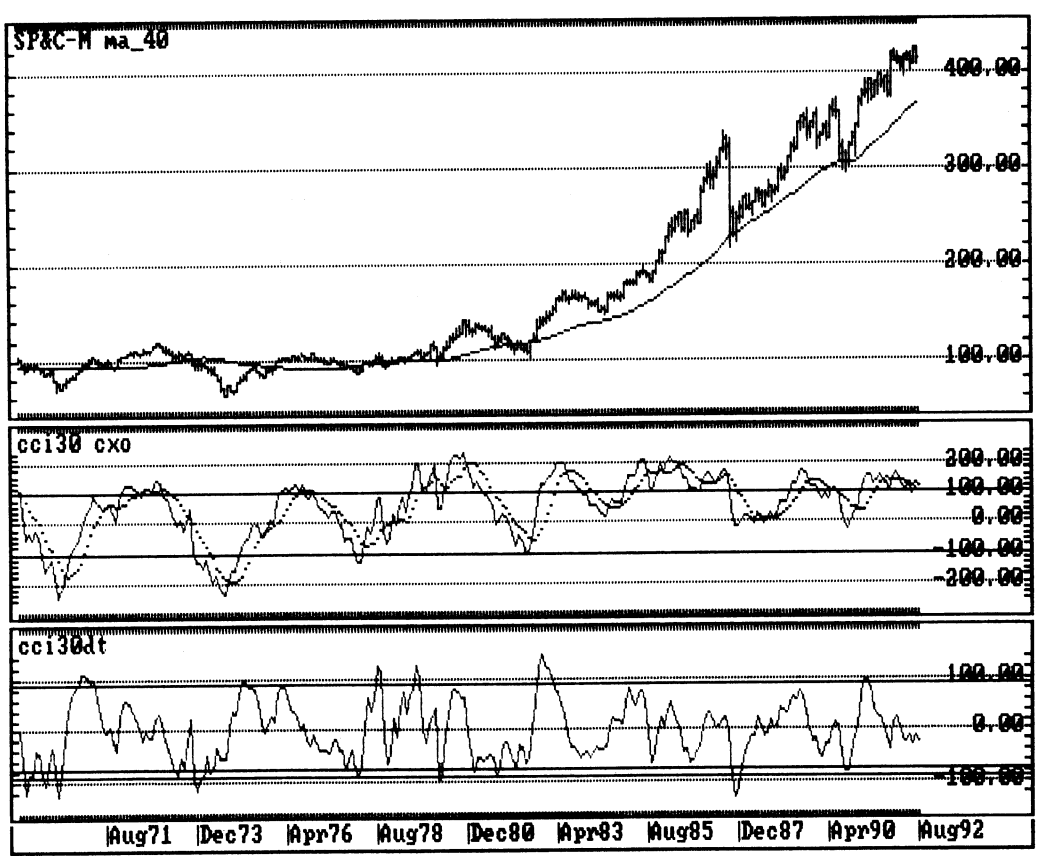
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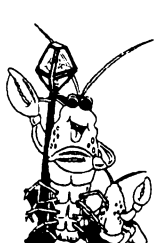
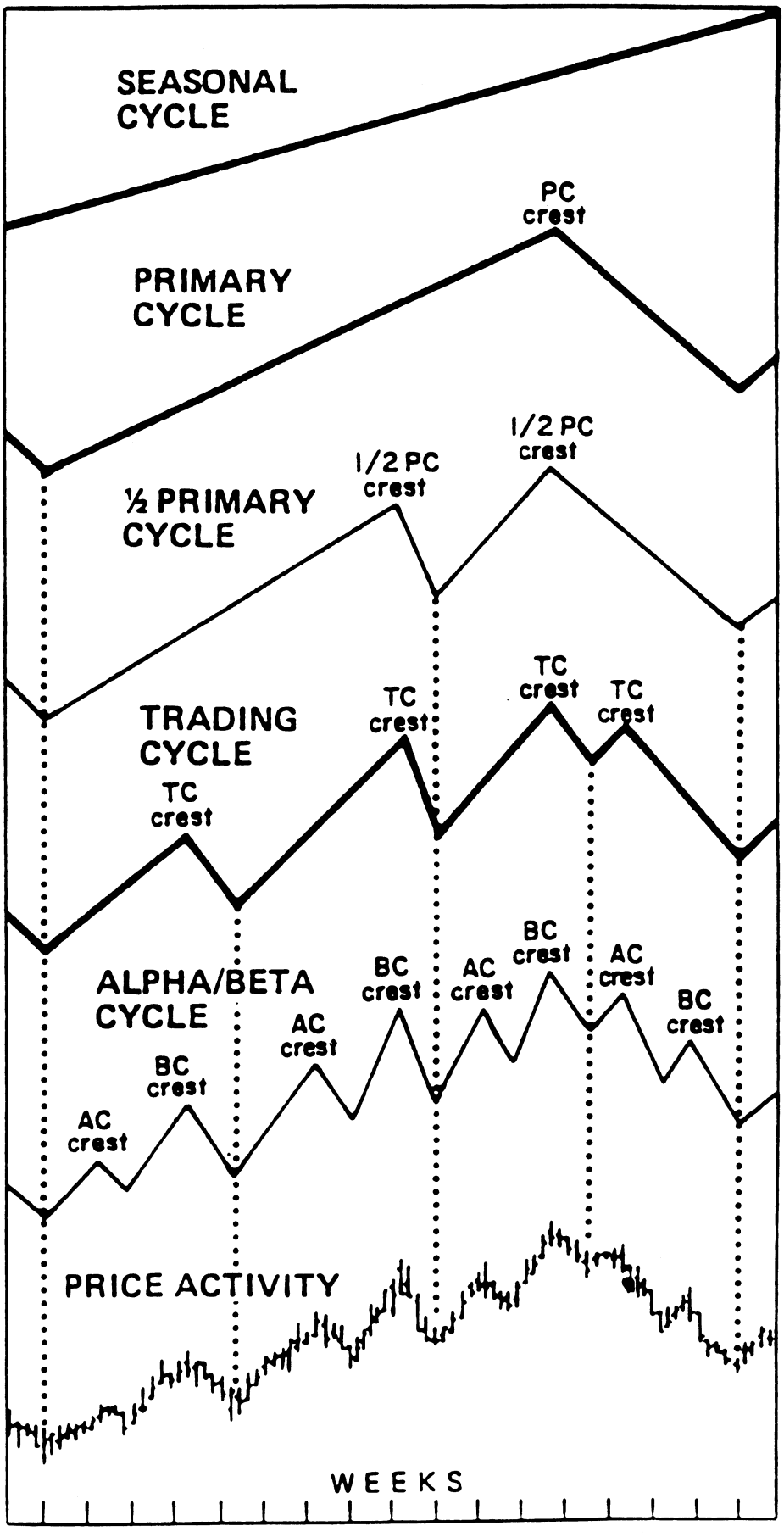


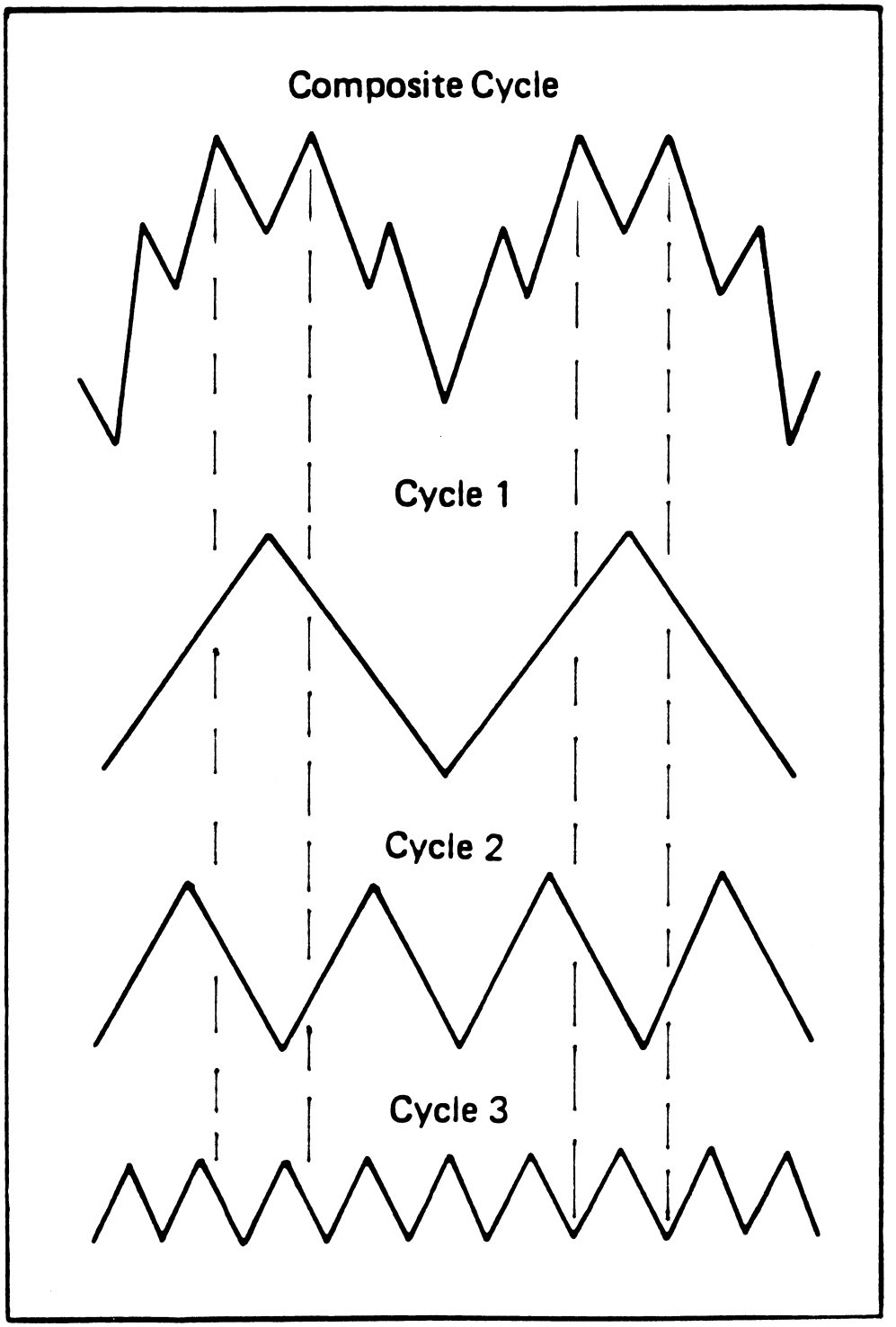
Chart 7

CYCLES



TOPS AND BOTTOMS OF INDIVIDUAL CYCLES ARE OFTEN DISTORTED, OR LOST, IN THE COMPOSITE CYCLE

Chart 8



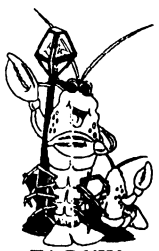
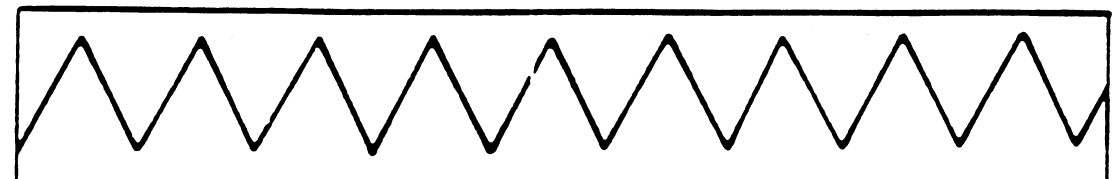


Chart 9



A SIMPLE CYCLE
Figure 3

THE TREND OF THE LARGER CYCLE
Figure 4

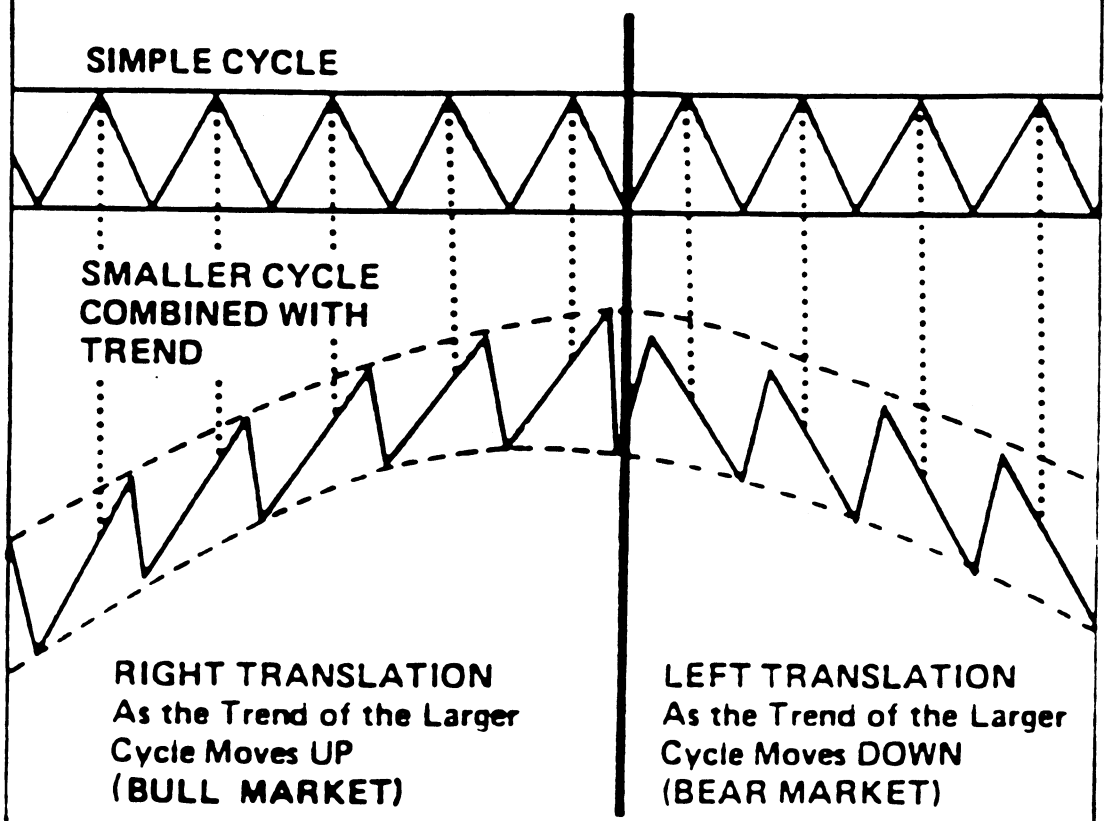
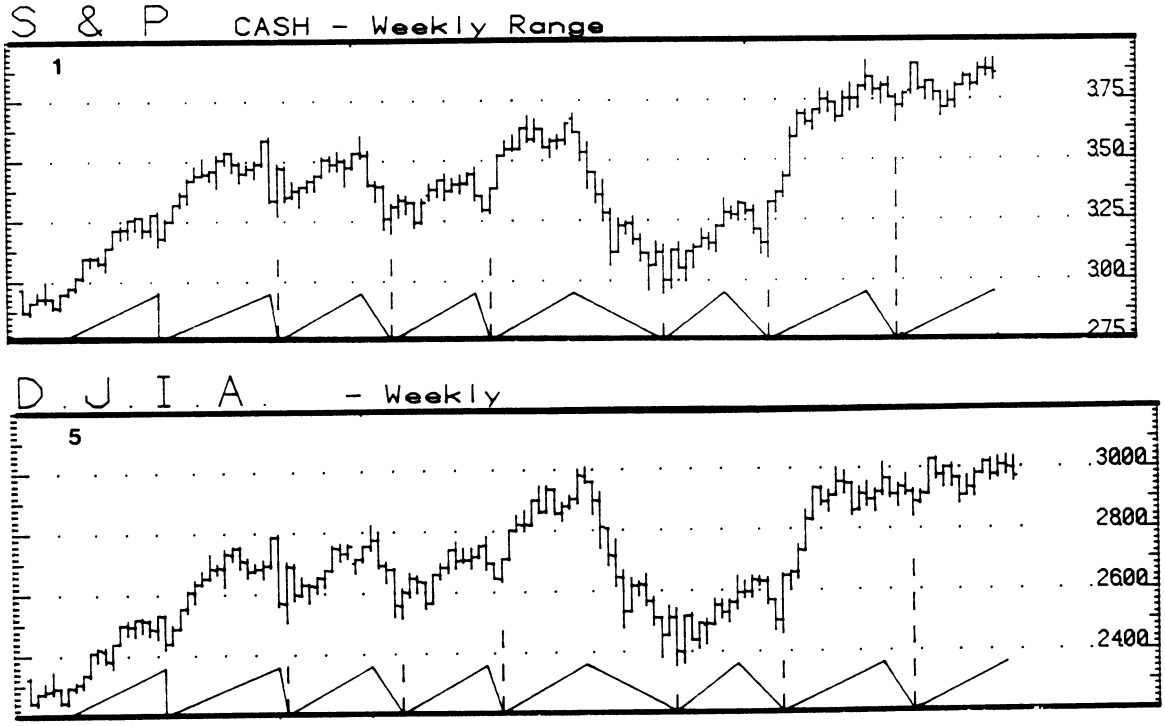


Figure 5

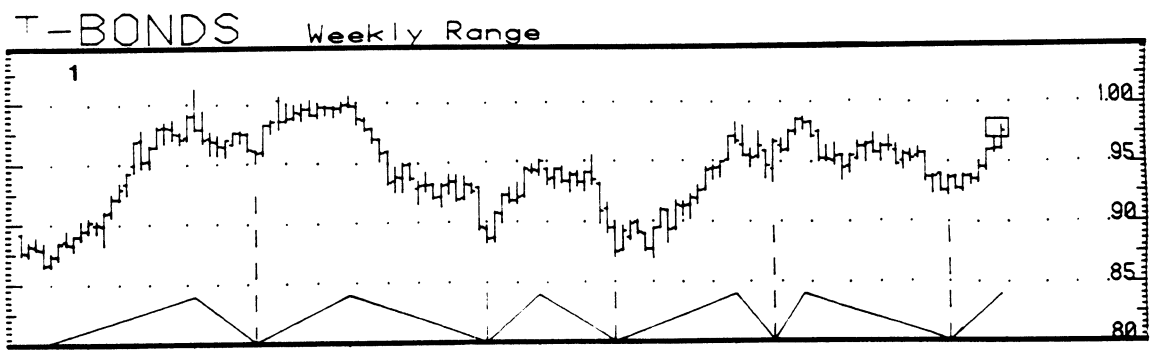
TAG XIV
1992

PRIMARY CYCLES

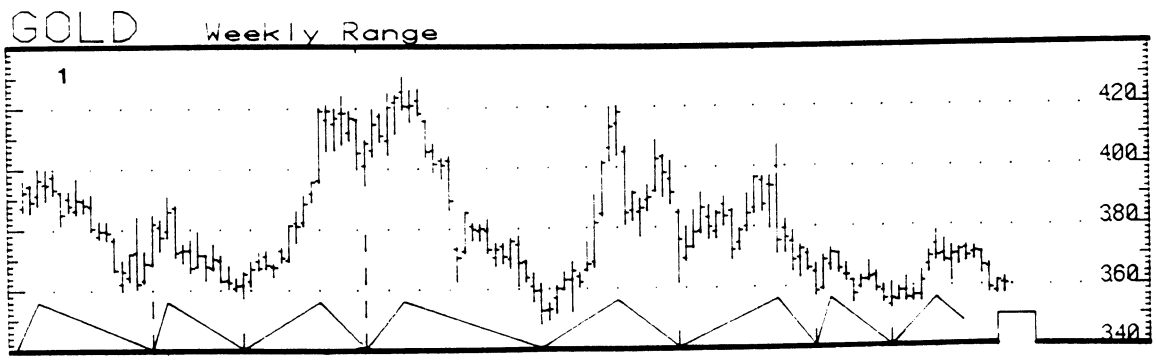
Chart 10



S&P/DJIA 22-Week Primary Cycle



T-BOND 21-Week Primary Cycle



GOLD 18-Week Primary Cycle

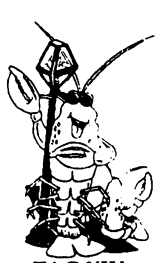
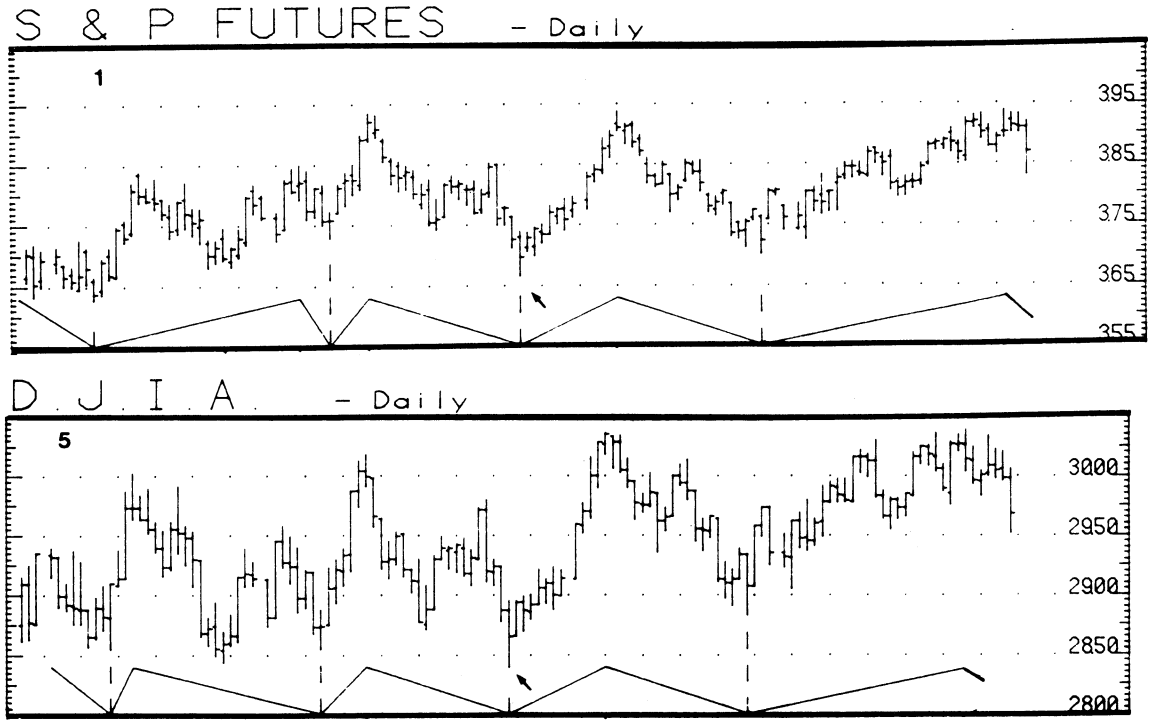
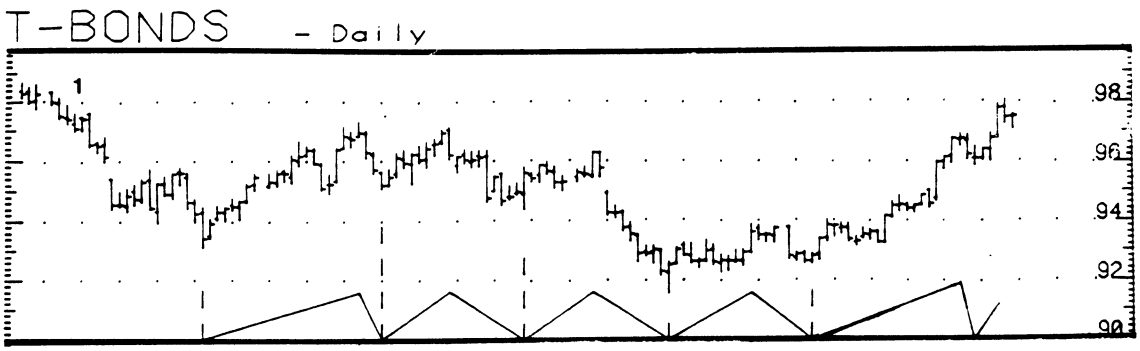


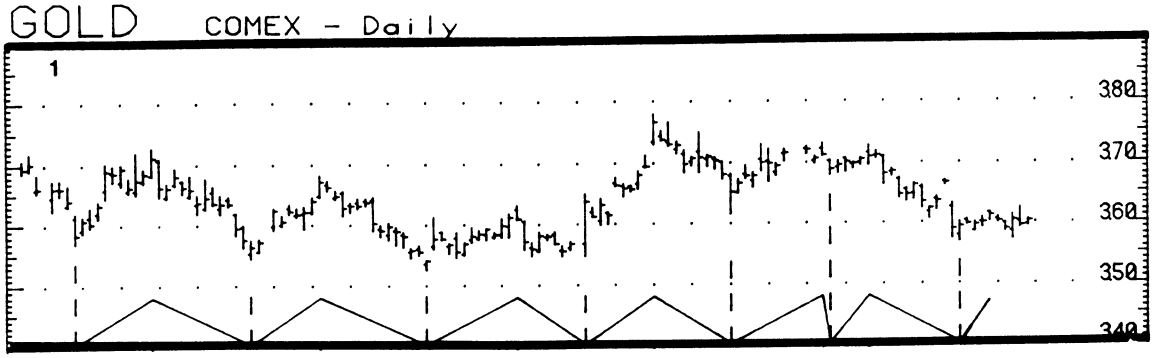
Chart 11



S&P/DJIA 39 Market Day Trading Cycle



T-BOND 21 Market Day Trading Cycle

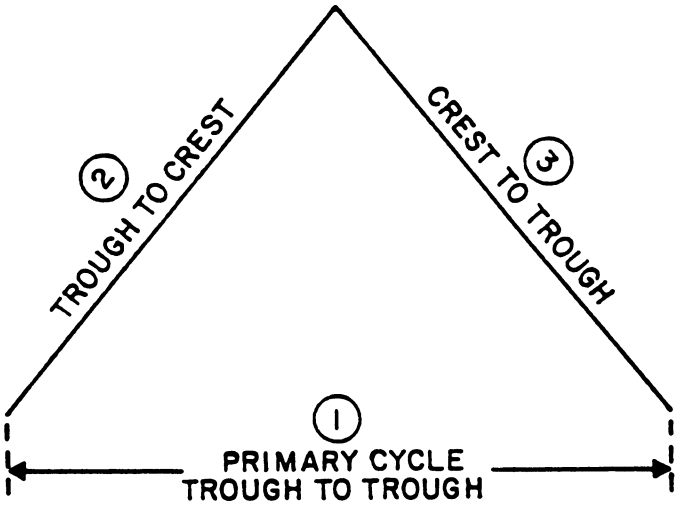


GOLD 15 Market Day Trading Cycle

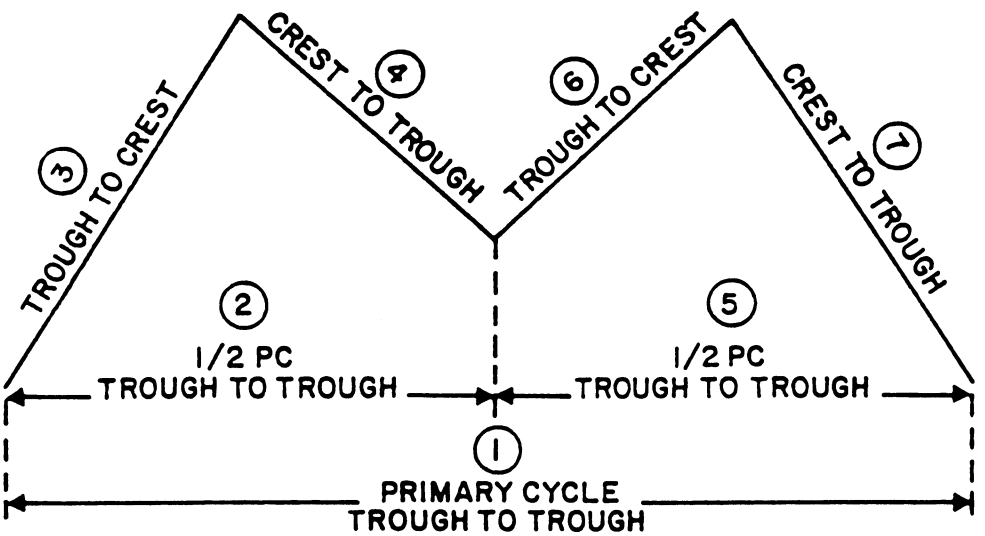
TAG XIV
1992

THE COMPONENTS OF INDIVIDUAL CYCLES CAN BE MEASURED AND QUANTIFIED TO PROVIDE TIMING BANDS

Chart 12



1) trough to trough (T-T)
2) trough to crest (T-C)
3) crest to trough (C-T)



1) PC T-T
2) First 1/2 PC T-T
3) First 1/2 PC T-C
4) First 1/2 PC C-T
5) Second 1/2 PC T-T
6) Second 1/2 PC T-C
7) Second 1/2 PC C-T

THE SEVEN CYCLIC COMPONENTS OF THE TRADING CYCLE

The interplay between the Trading Cycle and the Alpha and Beta Cycles has 7 cyclic components that project time periods for cyclic crests and troughs to occur. Most markets will follow the Trading Cycle, Alpha Cycle/Beta Cycle pattern shown in Example 1-5.

1) Trading Cycle Trough to Trough

2) Alpha Cycle Trough to Trough

3) Beta Cycle Trough to Trough

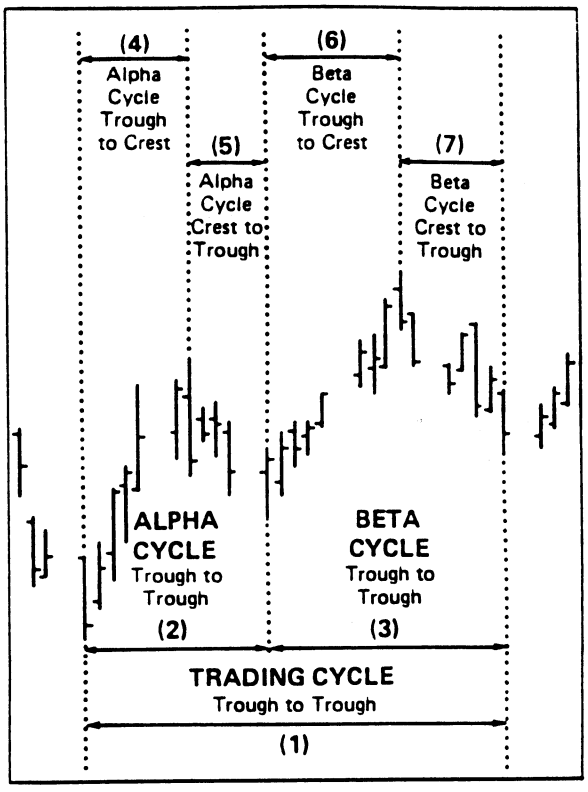
4) Alpha Cycle Trough to Crest

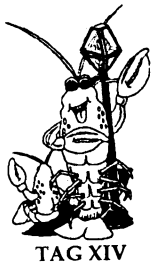
5) Alpha Cycle Crest to Trough

6) Beta Cycle Trough to Crest

7) Beta Cycle Crest to Trough

Chart 13





THE PROBABILITY OF MAKING A SUCCESSFUL TRADE IS MUCH GREATER LATER IN THE TIMING BANDS THAN EARLIER

Chart 14

While Timing Bands are ranges within which prices have topped better than 7 times out of 10 in the past, the probability of making a successful trade is much greater later in the Timing Bands than earlier.

Normally, 70% of the cyclic tops and bottoms will occur within the range of the Timing Band; 20% will occur before the Band, and 10% will occur after the Band. So, by the time the last day of the 70% Timing Band has been reached, 90% or more, or the cycles would have already topped, or bottomed.

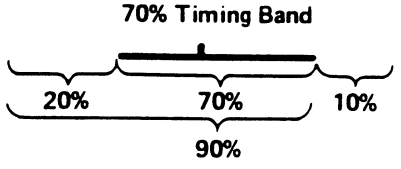
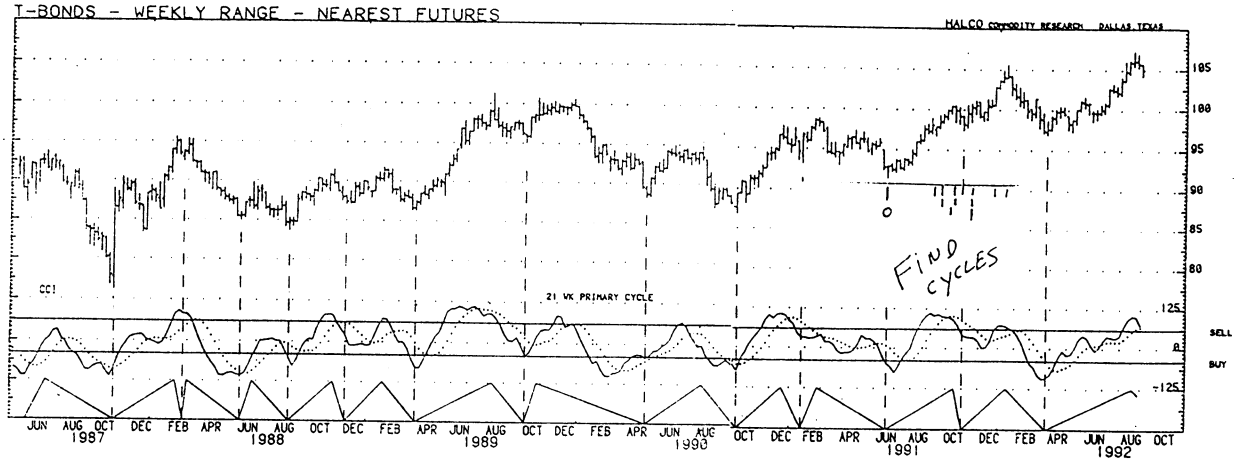
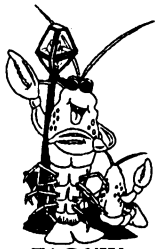


Chart 15





THE SEVEN CYCLIC COMPONENTS OF THE TRADING CYCLE

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1) Trading Cycle Trough to Trough

2) Alpha Cycle Trough to Trough

3) Beta Cycle Trough to Trough

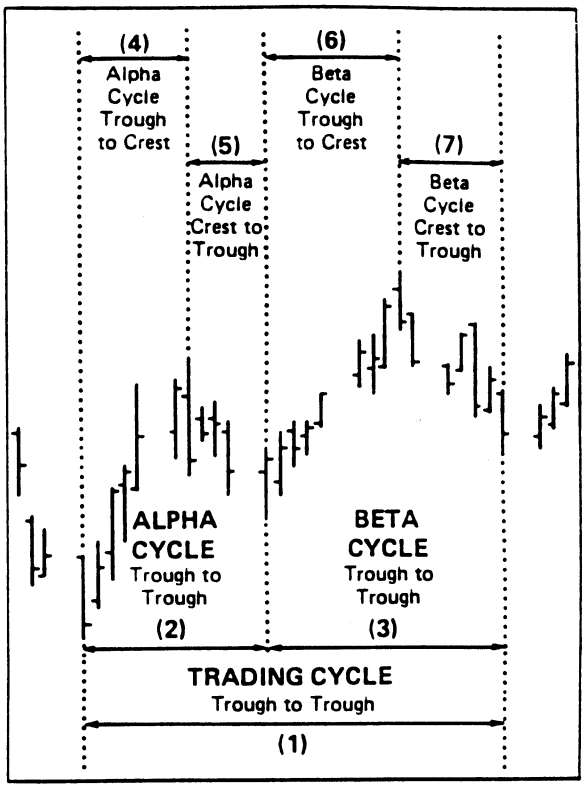
4) Alpha Cycle Trough to Crest

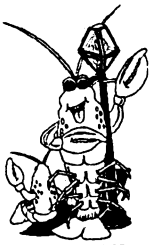
5) Alpha Cycle Crest to Trough

6) Beta Cycle Trough to Crest

7) Beta Cycle Crest to Trough

Chart 13



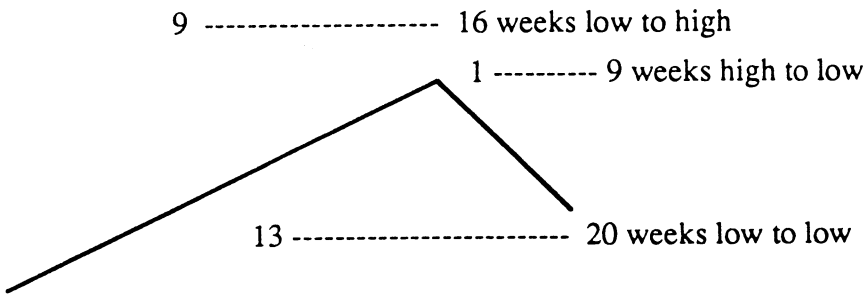


TIME CYCLES/OSCILLATORS TO IDENTIFY TOPS & BOTTOMS

Using oscillators within the cycle timing band periods greatly improve the accuracy of identifying cycle tops and bottoms.

All markets have cycles. However, all too often, they contract, extend, or skip a beat. Predictability can be greatly improved by using cycle time periods, or timing bands, measured from historical highs and lows.

For example, over the past 10 years 80% of the bottoms of the dominant weekly cycle in the S&P Index have occurred in a timing band 13 to 20 weeks from the previous cycle bottom; 80% of the tops have occurred 9 to 16 weeks from the low that began the cycle; and 80% of the bottoms have occurred 1 to 9 weeks from the top. These timing bands are illustrated below:



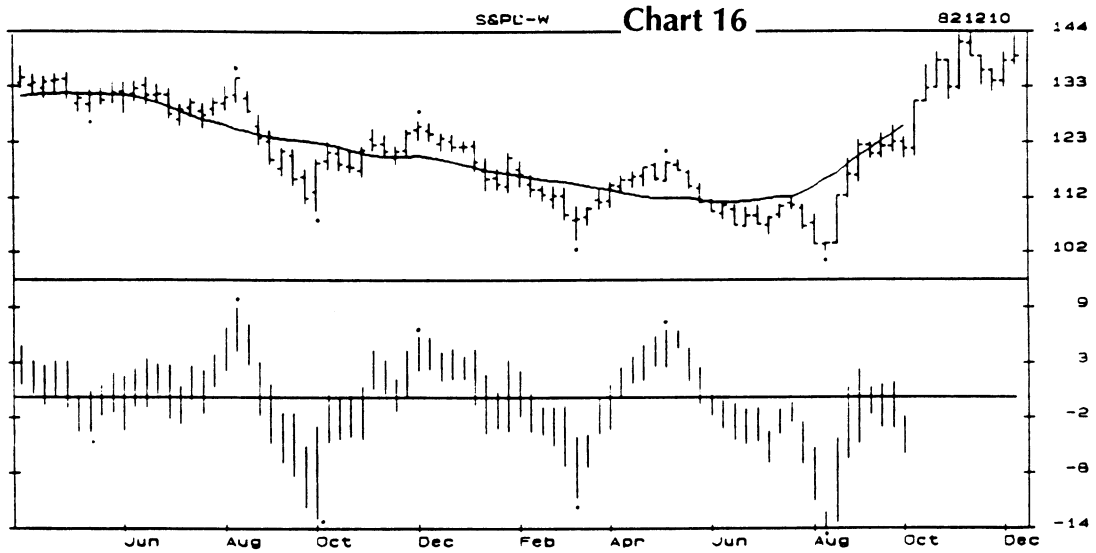
Oscillators indicate overbought and oversold levels. Cycle tops and bottoms, by their nature, are overbought and oversold levels tied to specific time periods.

By combining oscillators and cycles, tops and bottoms of cycles can often be identified within 1 to 3 bars of a top or bottom.

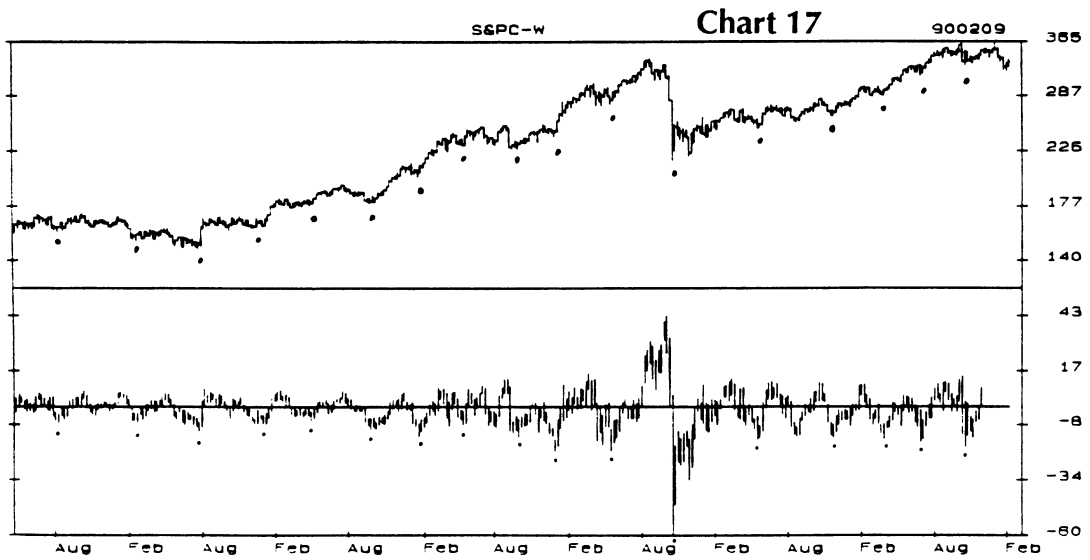
The next page is a chart page showing the weekly and daily S&P Index, with oscillators stacked below each chart. The following charts are the same charts as those in the included Bressert TradePlan on disk except for the addition of cycles in the following charts.

Weekly S&P INDEX
3/81 to 12/82
With Centered Moving Average and Centered Detrend

The lows and highs of the 20-Week Cycle are identified by the dots in both the chart and the Detrend. While the cycle highs and lows that show up in the Detrend match the price highs and lows of the chart above it, this is not always the case.



S&P INDEX
Weekly Cash - 3/83 to 2/90
With 20-Week Centered Detrend



A complete cycle phasing should be done over the longest possible data time series, normally 20 to 30 years, but this 6.7-year period, which has a smaller sample base, will serve to illustrate both a basic approach to cycle analysis and important characteristics of cycles. During this time period there were 16 cycles. The time periods from low-to-low are listed below from the longest to shortest time periods.

13 15 16 17 18 18 21 21 -M- 22 22 24 26 28 29 30 33

The median length, marked M, is between 21 and 22 weeks, or 21.5 weeks for this time period. Since 1950 the median length has been 22 weeks. Seventy-five percent of the lows occurred 15 to 26 weeks from the previous low, which is a 75% Timing Band that is very close to the 15-25 week Timing Band from the 1950 time series.

Daily Gold
9/88-5/89
With 15-Day Centered Detrend

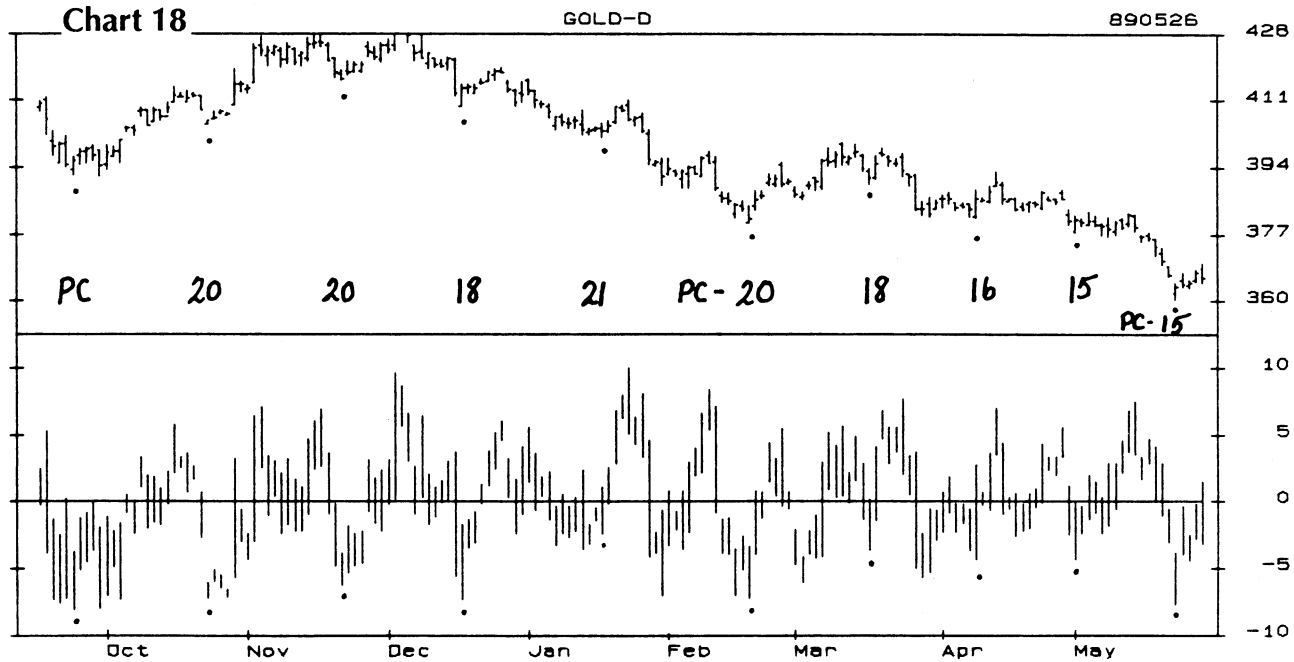
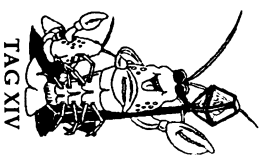
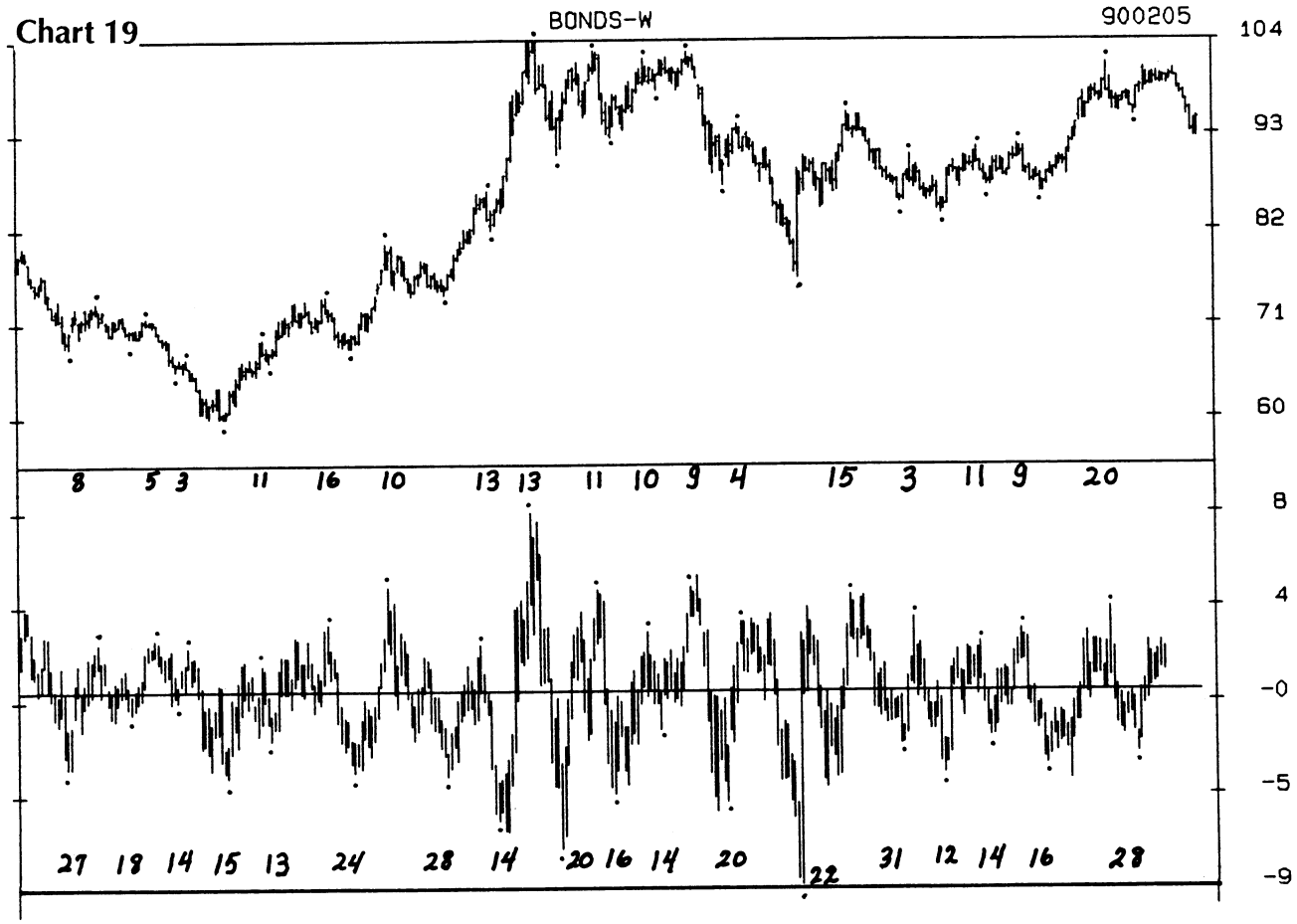


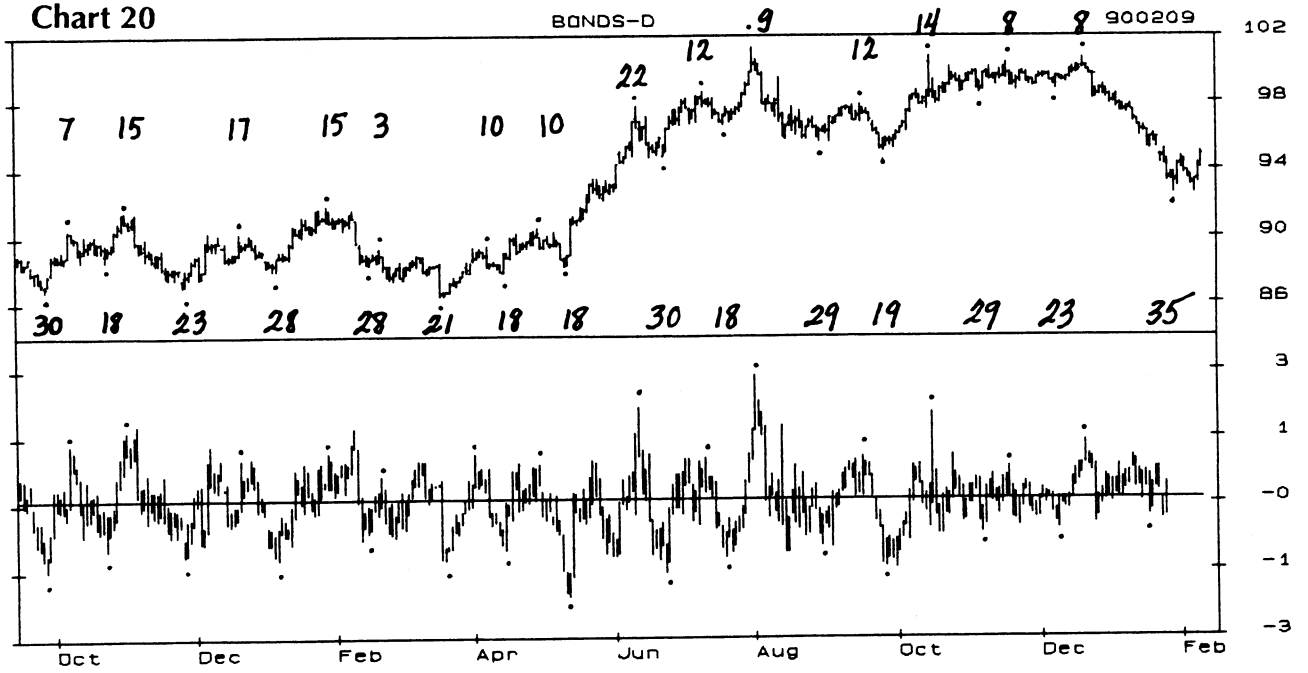
CHART D-8...is a daily chart of the nearby contract of gold from 880918 through 890526. The top panel of the chart shows the lengths of the Trading Cycles, which are also identified in the 15-Day Centered Detrend in the bottom panel of the chart. The Primary Cycle lows are labeled PC.



Weekly T-Bond 3/83-1/90
With 21-Week Centered Detrend



Daily T-Bonds
9/88-2/90
With 21-Day Centered Detrend



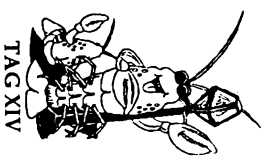


Chart 21

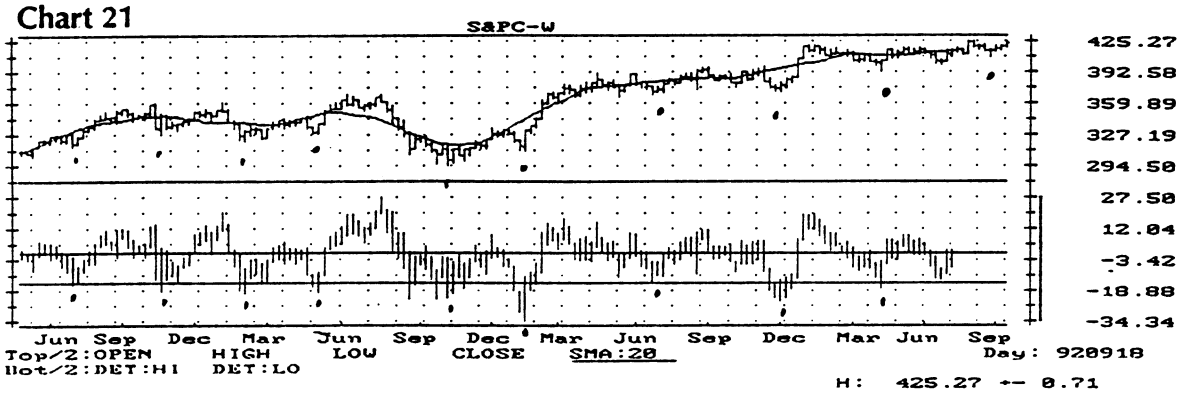


Chart 22

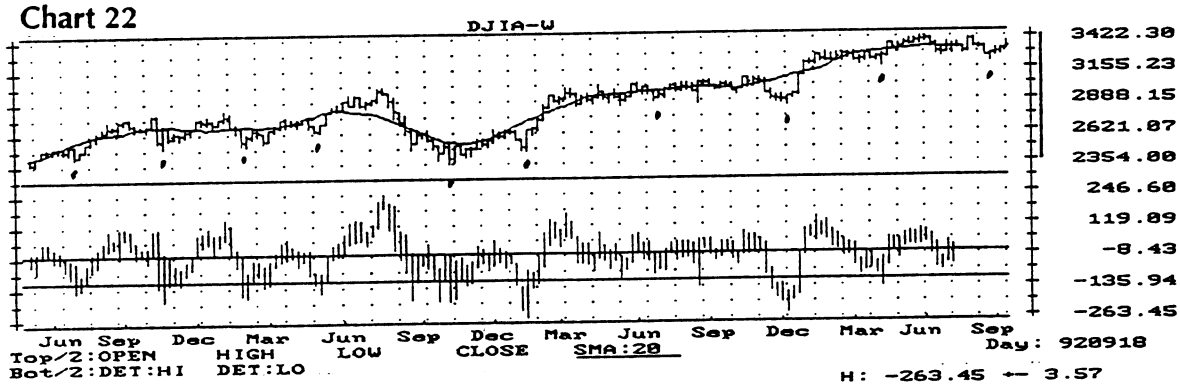
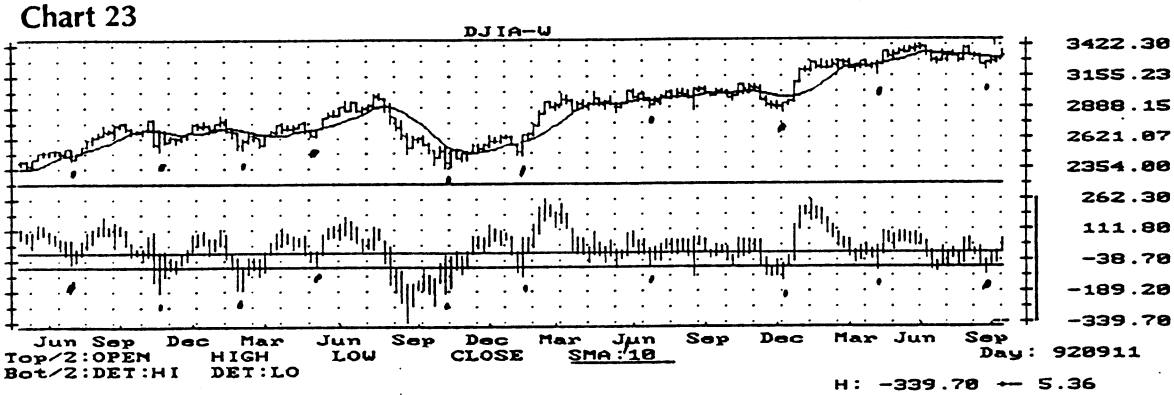


Chart 23



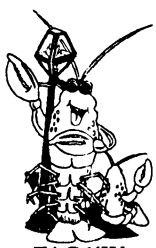
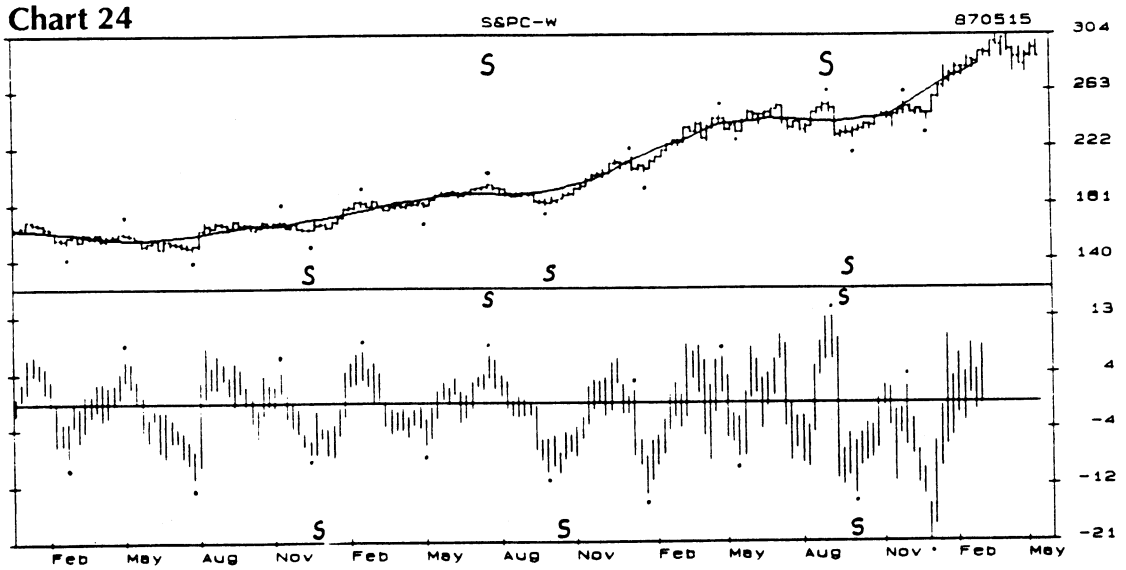
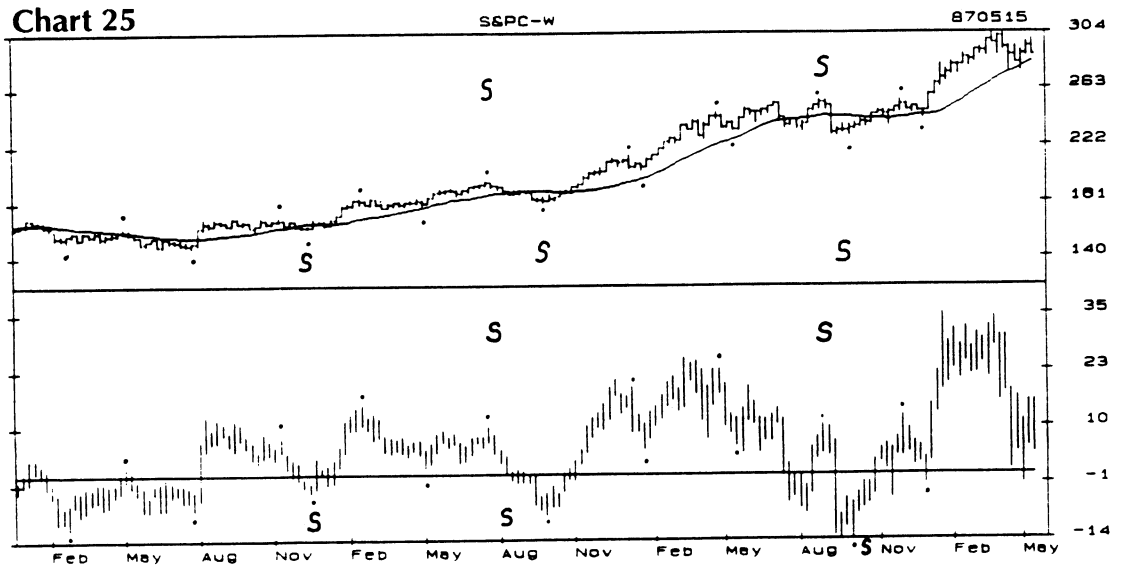


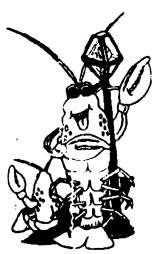
CHART D-16...shows a centered 20-Week Moving Average running through prices of a weekly S&P Index chart from 831202 through 870515 in the top panel. The highs and lows of the 20-Week Primary Cycle and the Seasonal Cycle are indicated on the price chart. The lower panel is the 20-Week Centered Detrend with the Primary Cycle highs and lows also indicated. The 20-Week Cycle highs are all above the moving average and easy to identify. The 20-Week Cycle lows are all below the moving average and are also easy to identify.

Weekly S&P Index
12/83-5/87
With 20-Week Centered Detrend



Weekly S&P Index
12/83-5/87
With 20-Week Real-Time Detrend





.A moving average that is one-half the time span of a cycle will tend to highlight the highs and lows of that cycle somewhat the same as a Centered Detrend, and is called a Half-Span.

Weekly S&P
12/83-5/87
With 10-Week Detrend

Chart 26

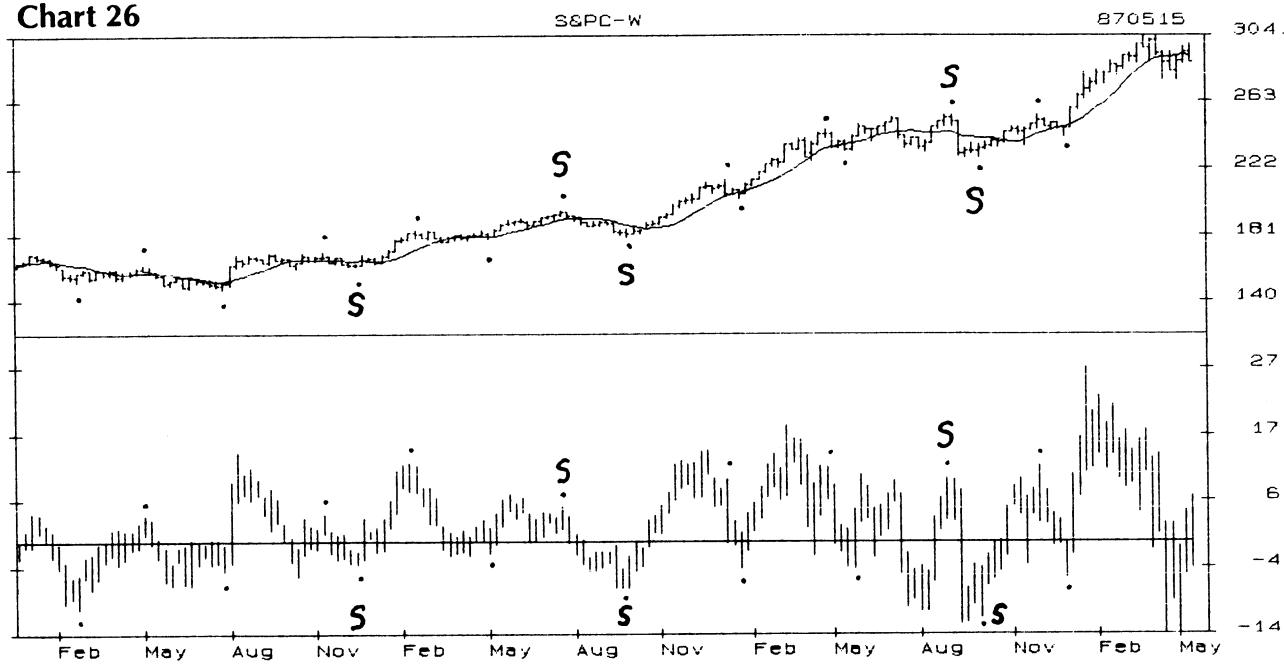
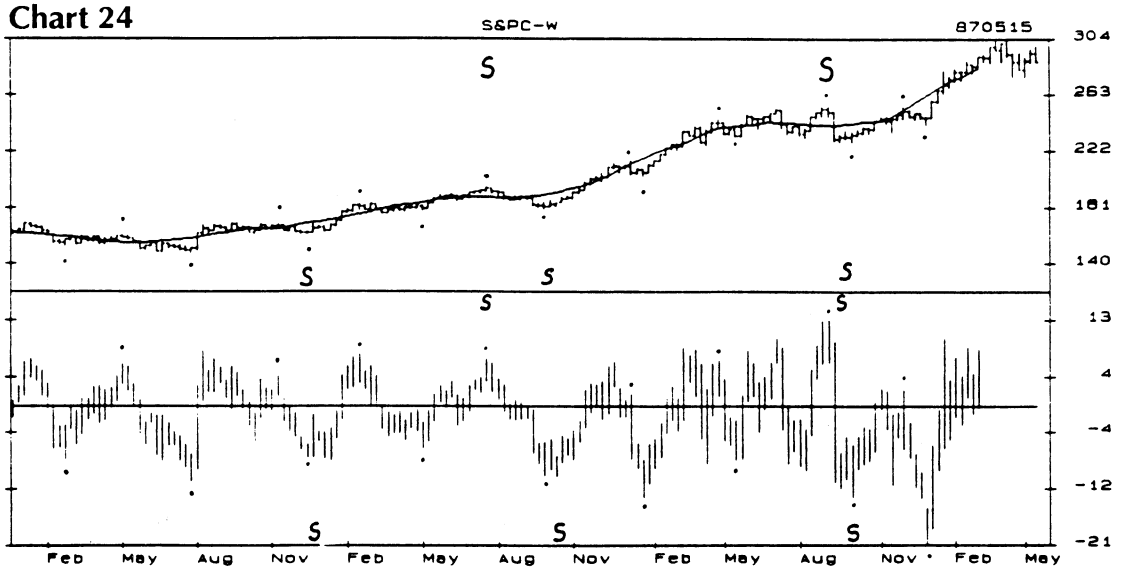


CHART D-16...shows a centered 20-Week Moving Average running through prices of a weekly S&P Index chart from 831202 through 870515 in the top panel. The highs and lows of the 20-Week Primary Cycle and the Seasonal Cycle are indicated on the price chart. The lower panel is the 20-Week Centered Detrend with the Primary Cycle highs and lows also indicated. The 20-Week Cycle highs are all above the moving average and easy to identify. The 20-Week Cycle lows are all below the moving average and are also easy to identify.

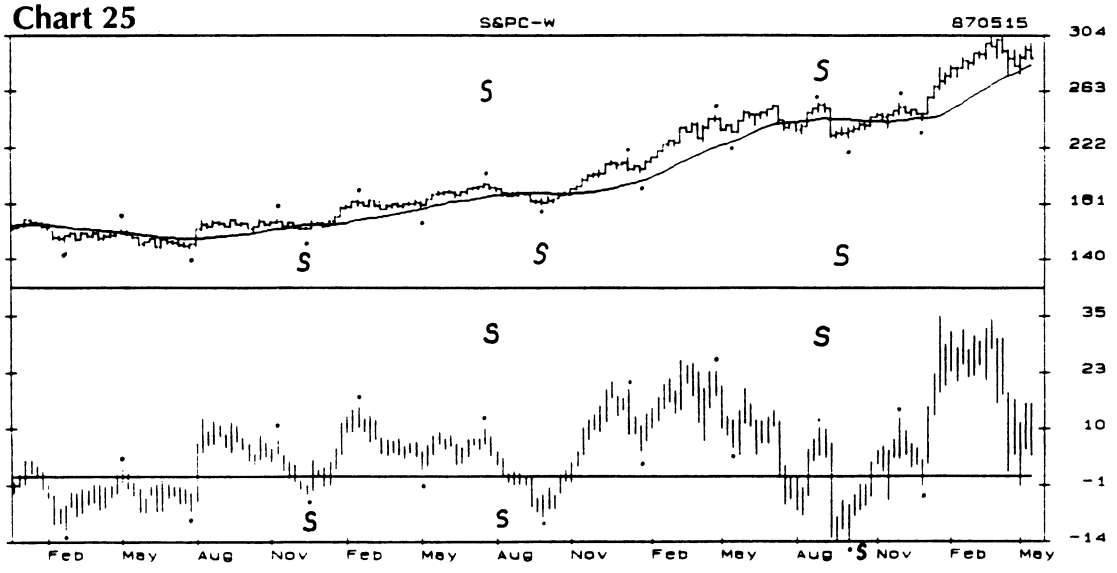
Weekly S&P Index
12/83-5/87
With 20-Week Centered Detrend

Chart 24



Weekly S&P Index
12/83-5/87
With 20-Week Real-Time Detrend

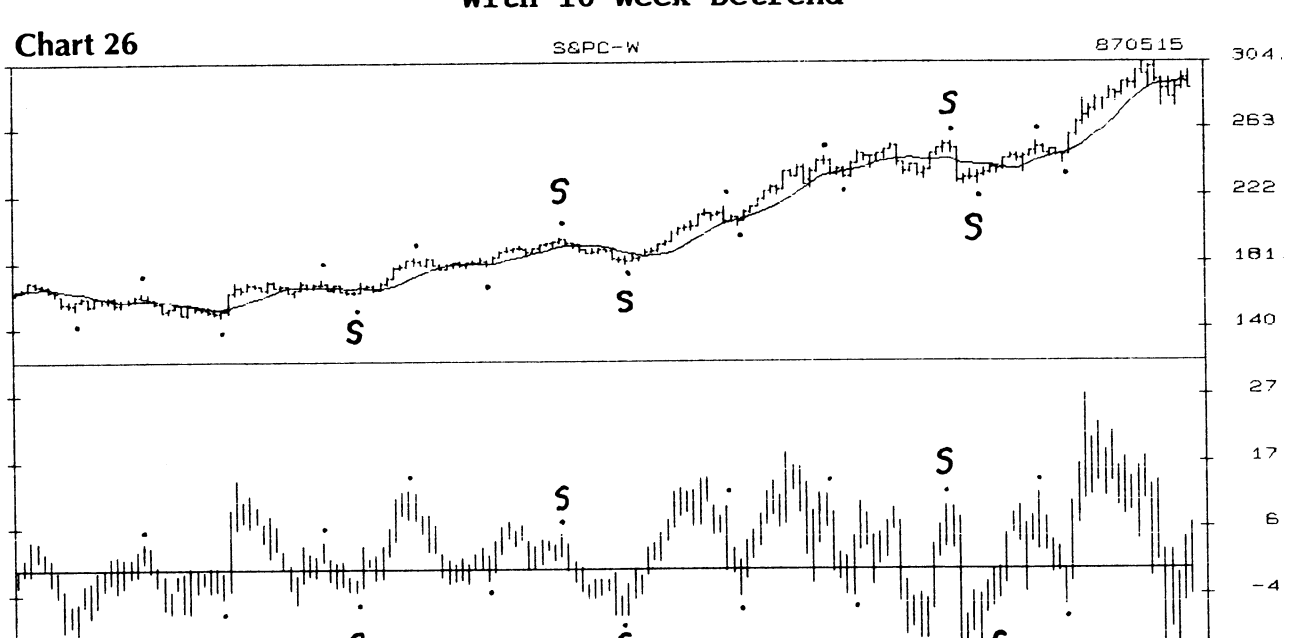
Chart 25



.A moving average that is one-half the time span of a cycle will tend to highlight the highs and lows of that cycle somewhat the same as a Centered Detrend, and is called a Half-Span.

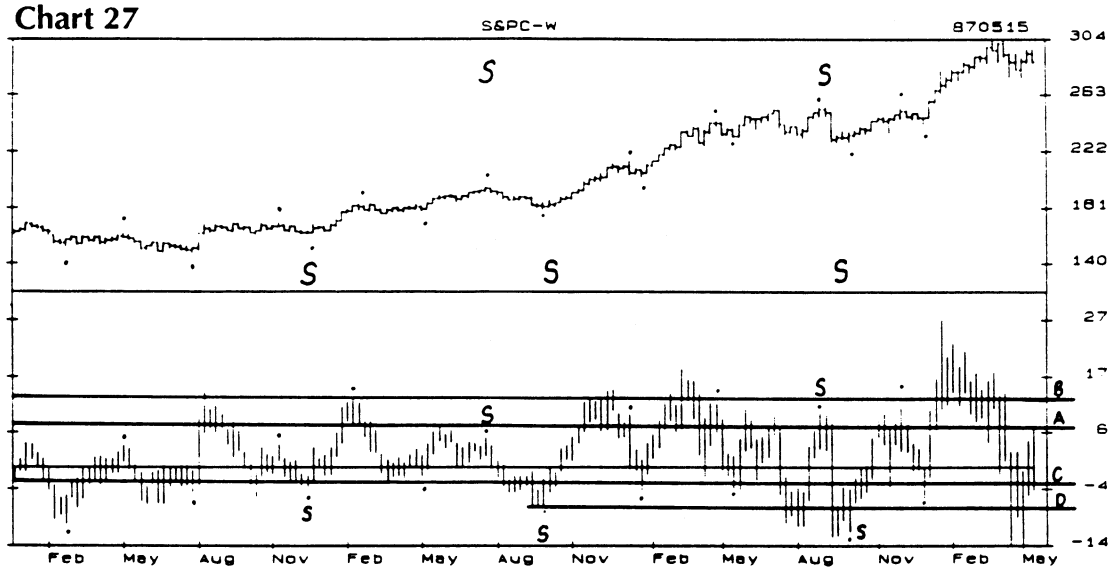
Weekly S&P
12/83-5/87
With 10-Week Detrend

Chart 26



Weekly S&P Index
12/83-5/87
With Levels and 10-Week Detrend

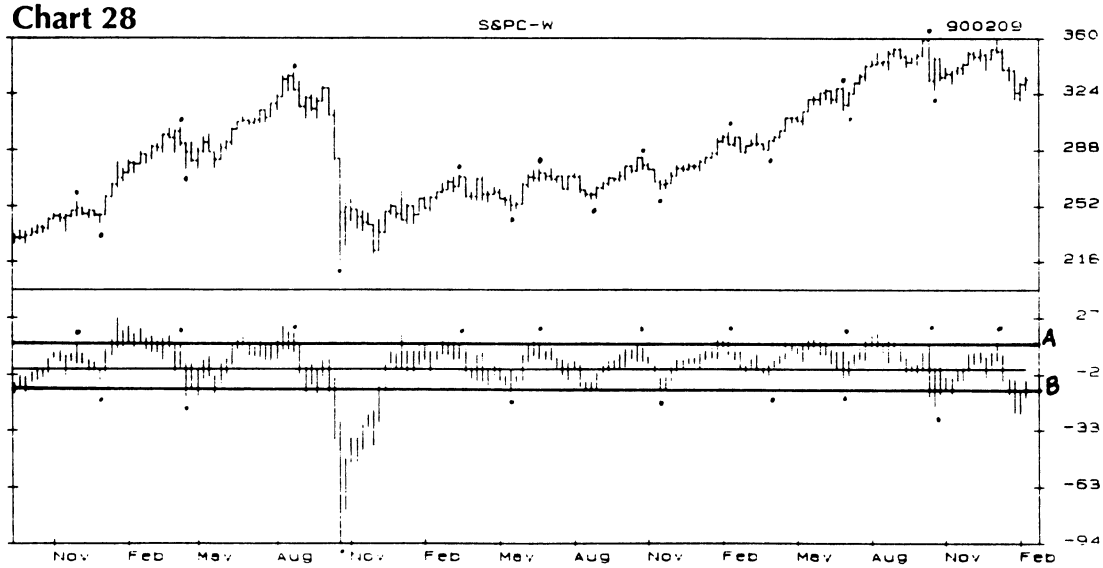
Chart 27



Current-time Detrends have another characteristic that turns detrending into an important oscillator by itself. The Detrend highs and lows tend to move to "Levels" above and below the moving average that are often indicators that a cycle high or low is forming, or about to form.

Weekly S&P Index
8/86-2/90
With 10-Week Detrend

Chart 28



TAG XIV
1992

SEVEN TECHNIQUES TO ENHANCE OSCILLATOR PERFORMANCE

1) PRICE/OSCILLATOR TURNS

2) SMOOTHING THE OSCILLATOR

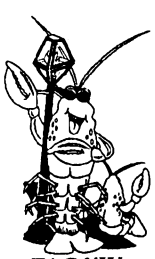
3) LEVELS, OR BUY/SELL LINES

4) CROSSOVER LINES

5) THE ZERO LINE

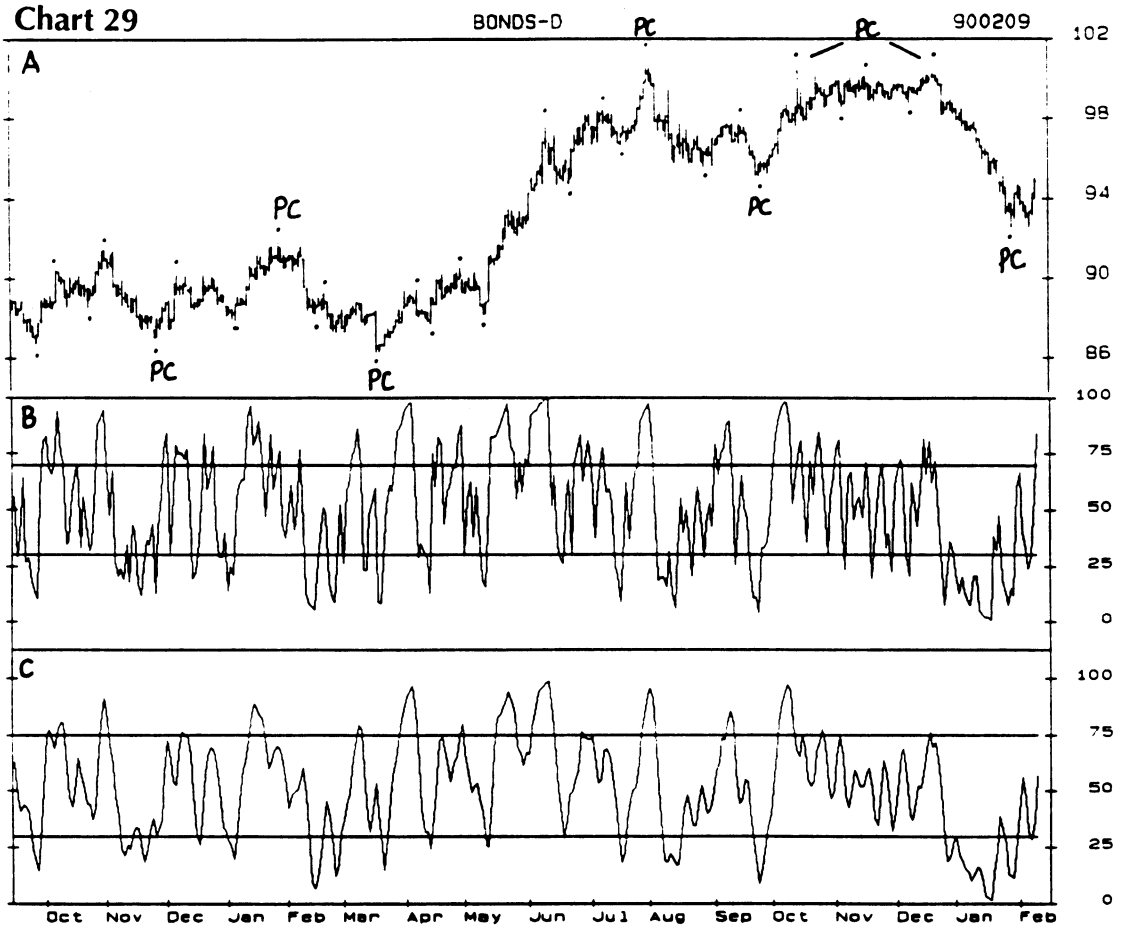
6) PRICE/OSCILLATOR PATTERNS

7) SETUP/TRIGGER ENTRY PATTERNS



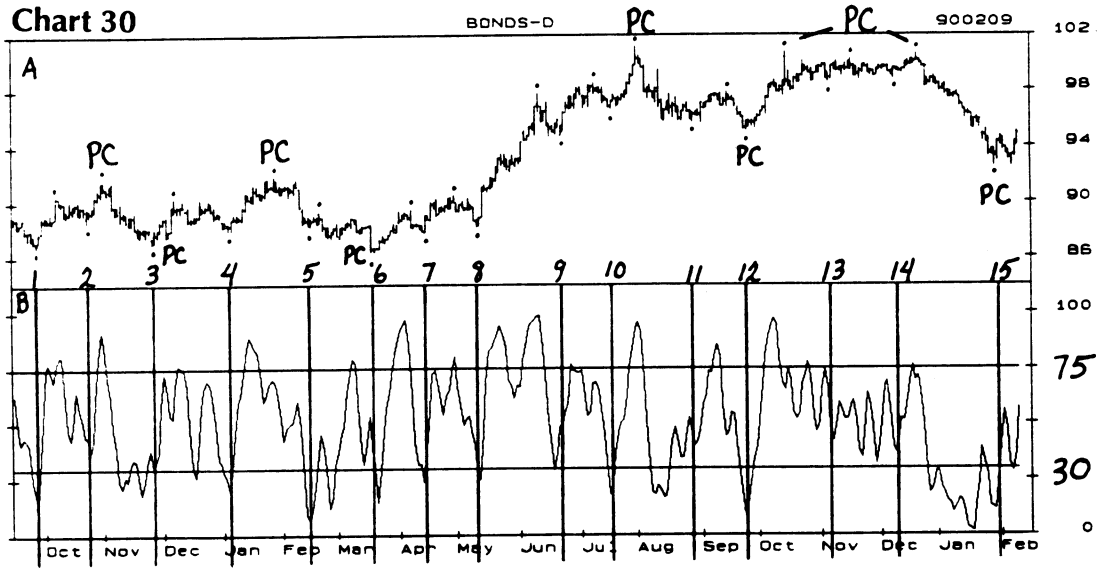
SMOOTHING TURNS A SLOPPY OSCILLATOR INTO AN ACCURATE INDICATOR OF THE TRADING CYCLE BOTTOMS

With RSI and Smoothed RSI



Daily T-Bonds
With Trading Cycle Bottoms

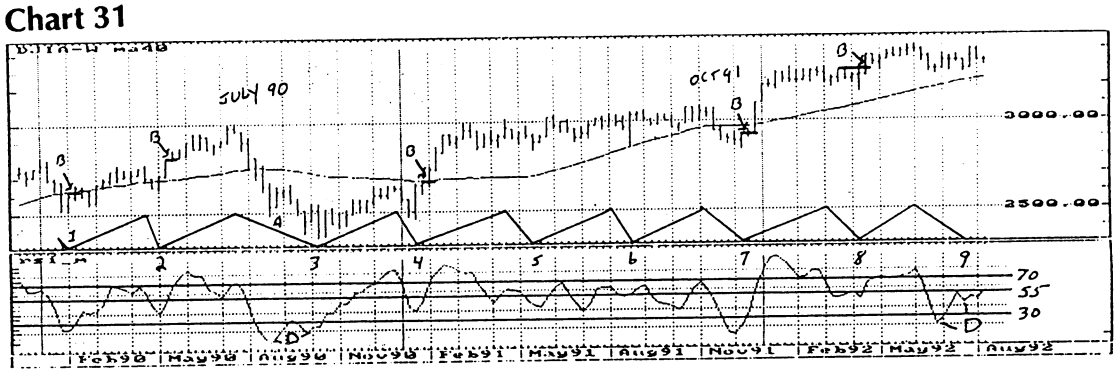
Chart 30



--Trading Cycle bottoms identified with Buy Lines and oscillator turns.

--Longer-term RSI with Buy/Sell Lines help identify Primary Cycle tops and bottoms.

Chart 31



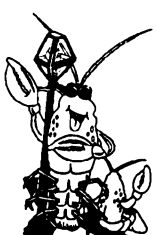


Chart 32

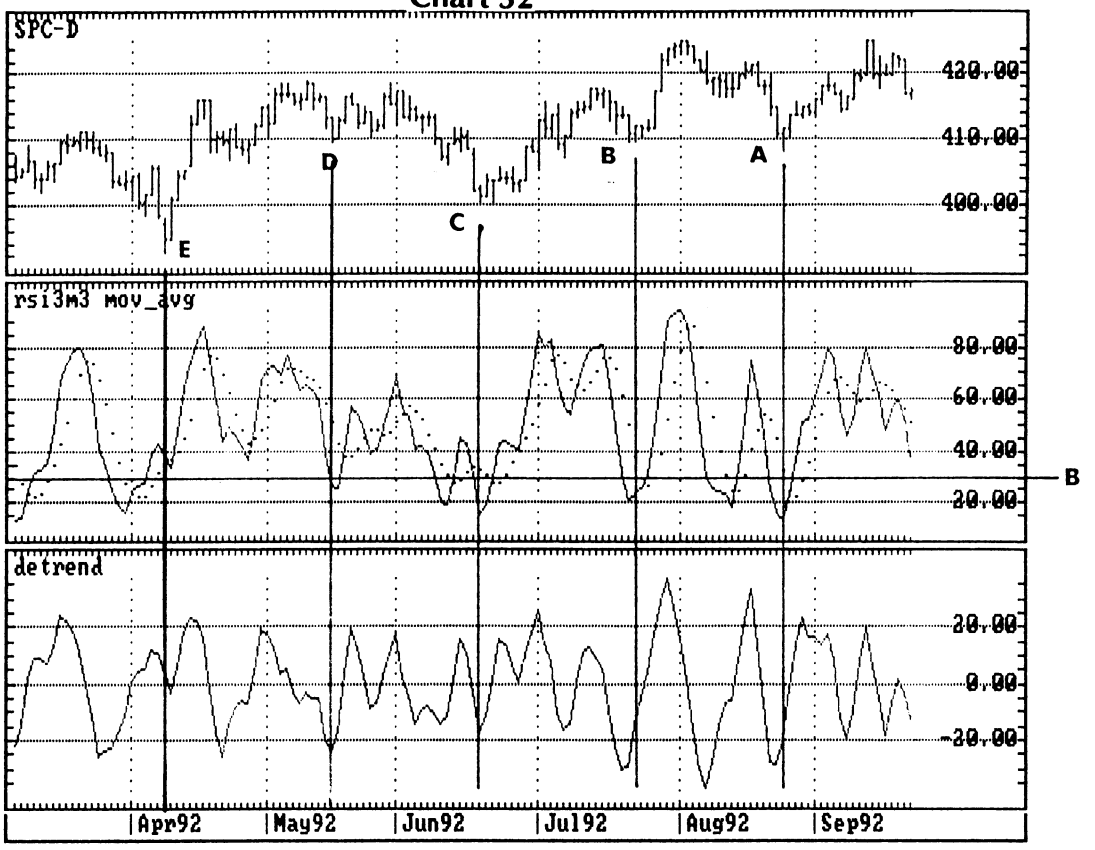
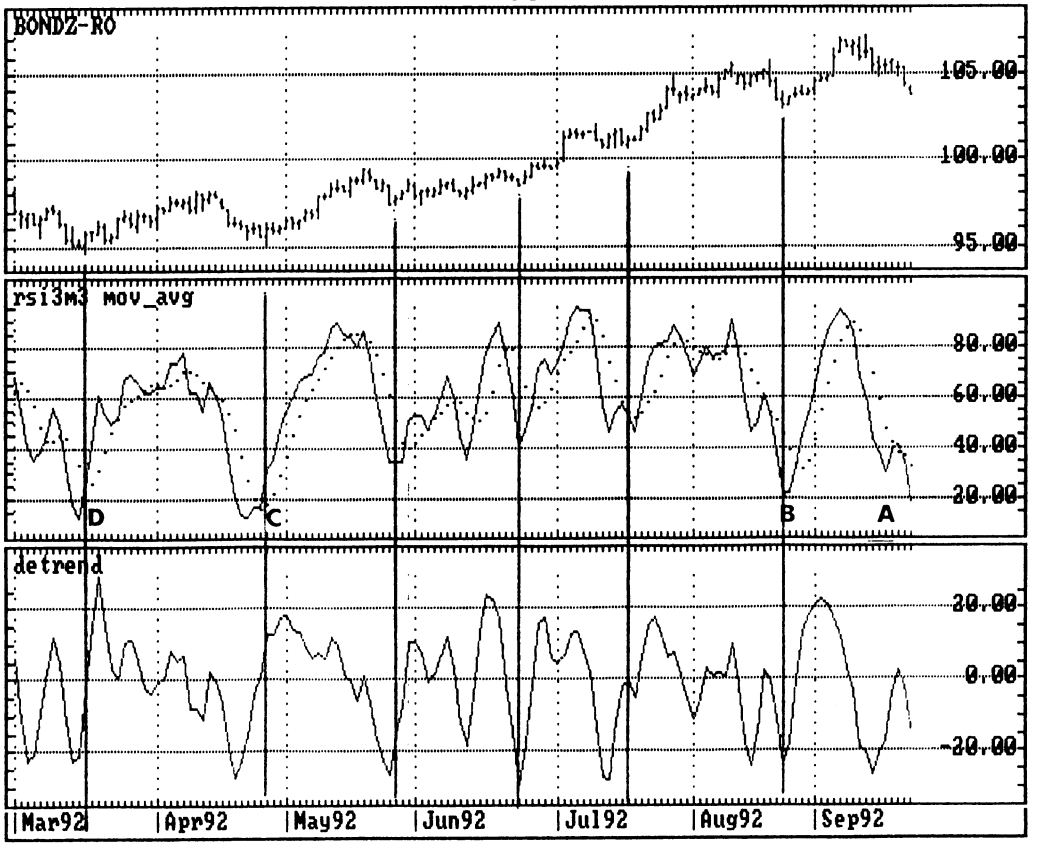


Chart 33



TAG XIV
1992

Chart 34

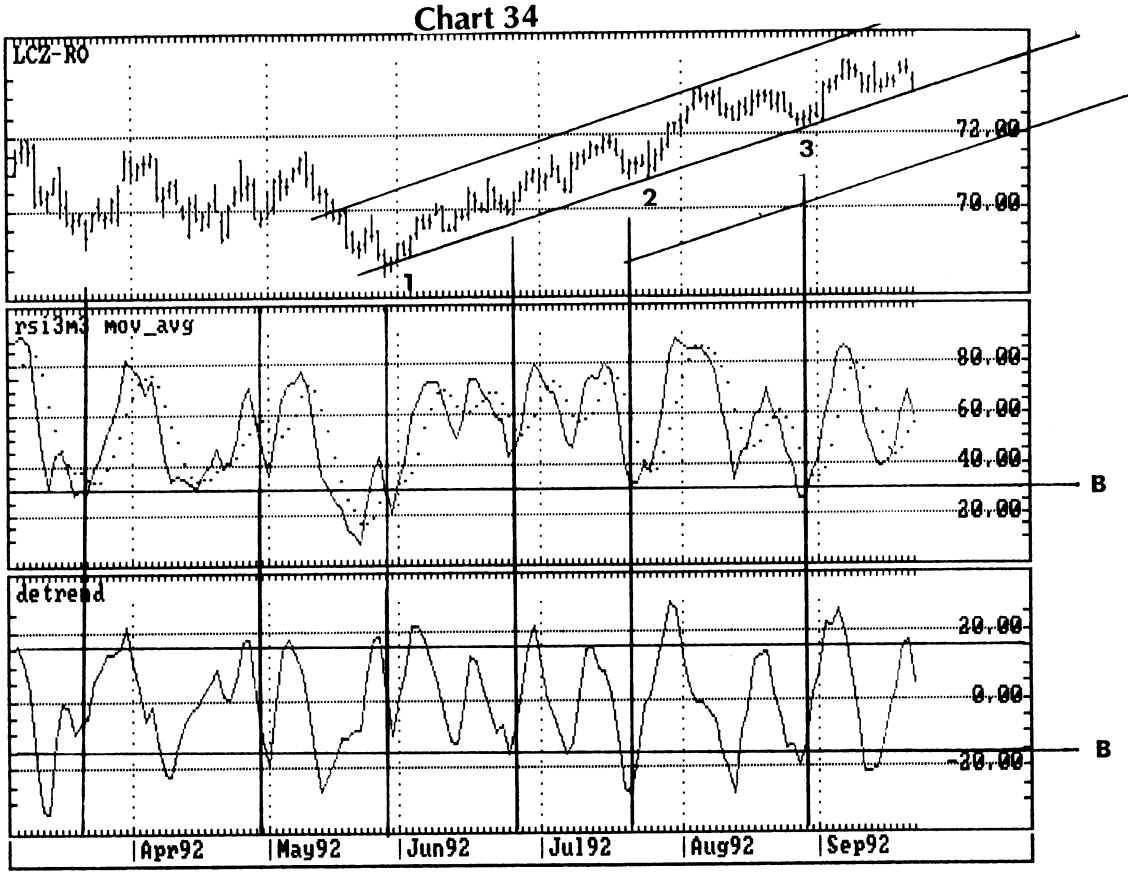
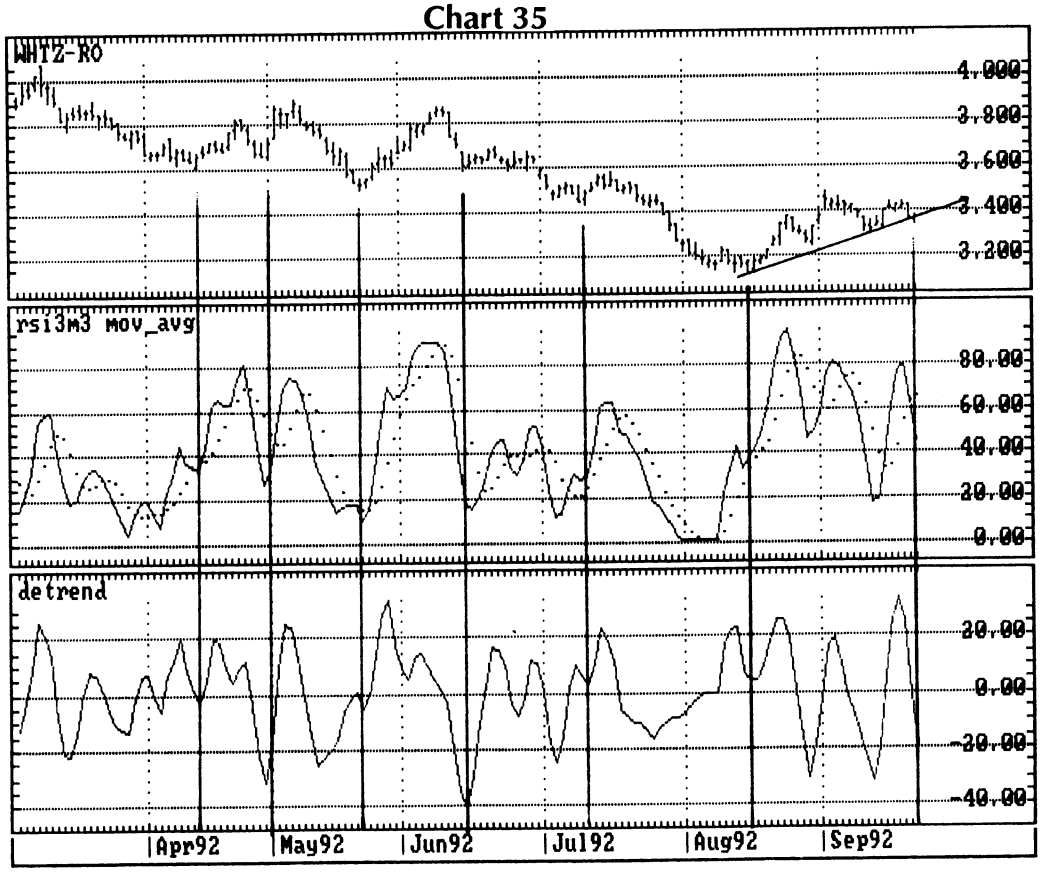


Chart 35



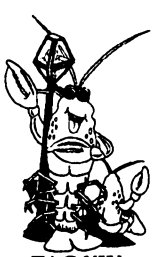
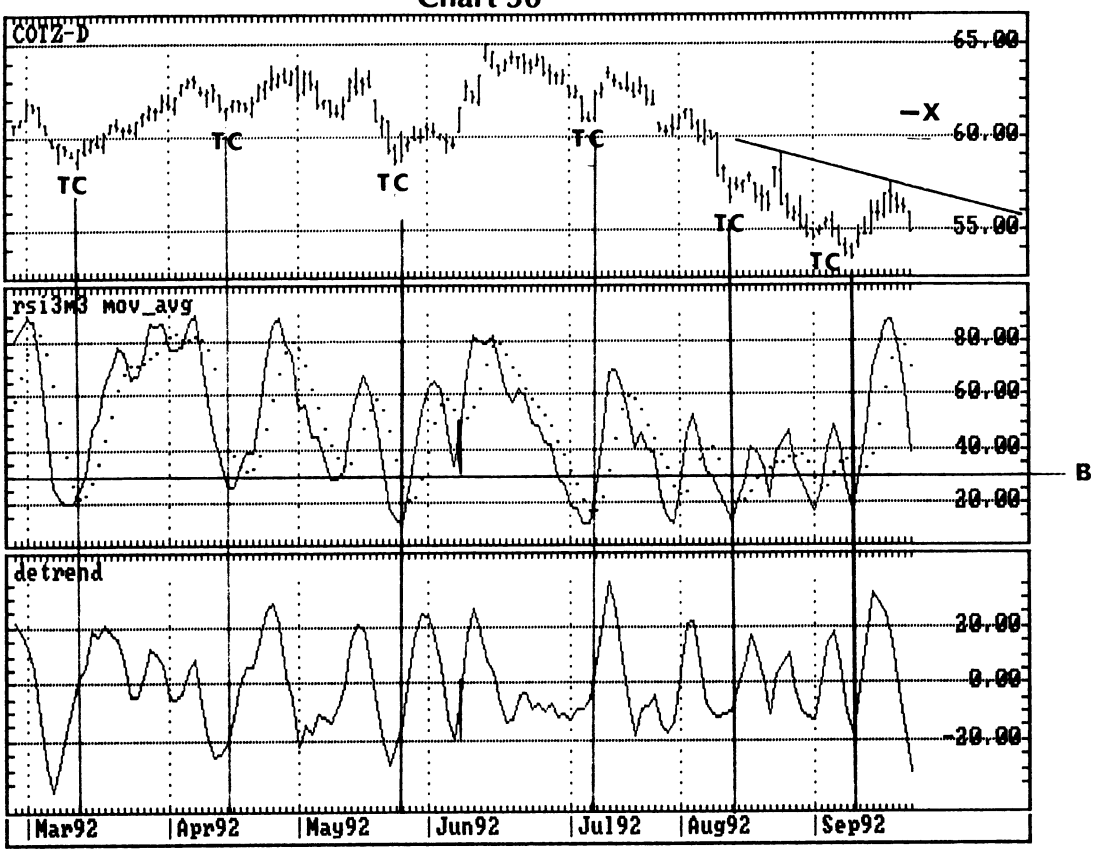
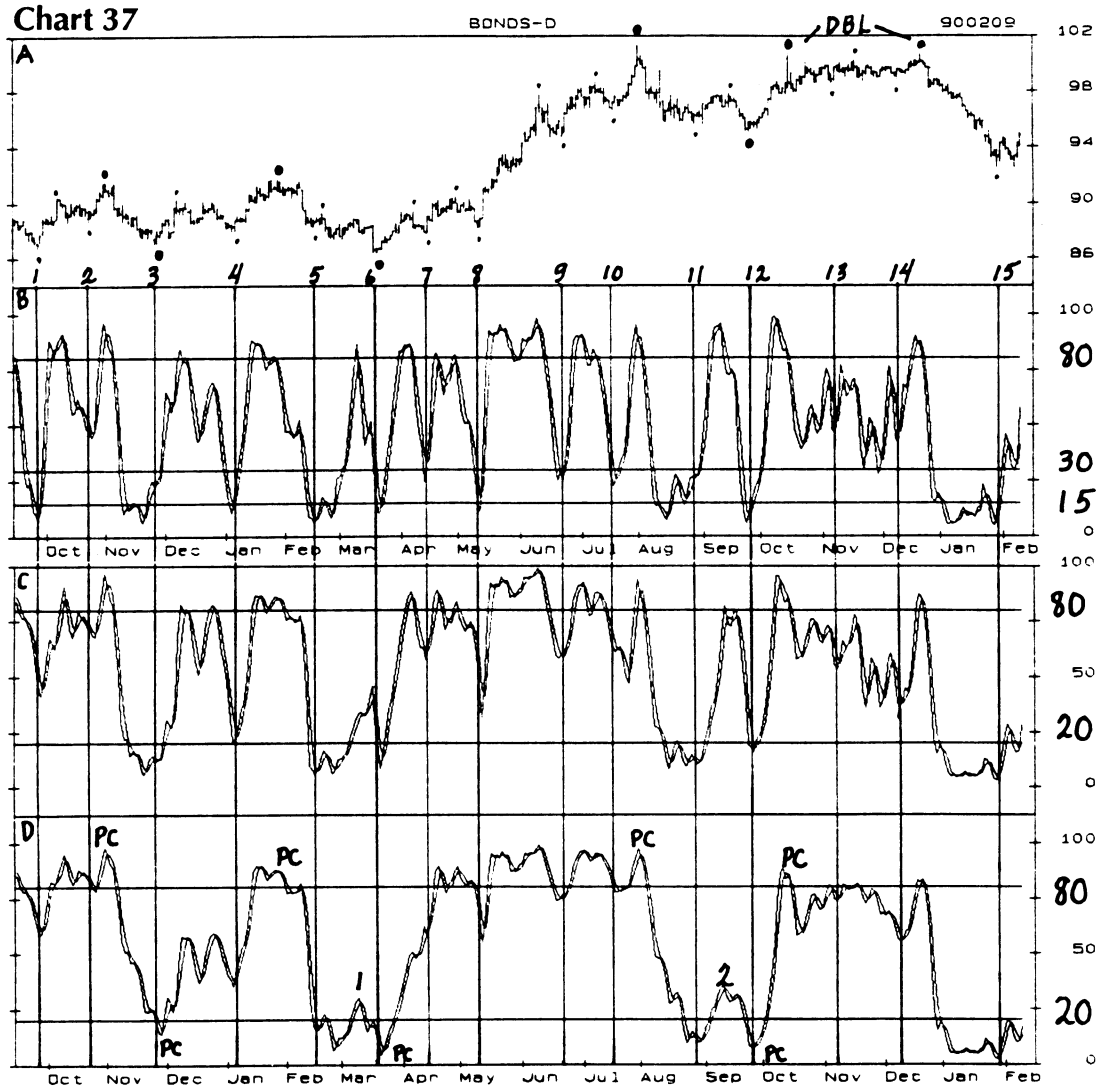


Chart 36


COI2-D
65.00
60.00
55.00
TC
TC
TC
TC
TC
TC
—X
rsi3m3 mov_avg
80.00
60.00
40.00
20.00
B
detrend
20.00
0.00
-20.00
Mar92
Apr92
May92
Jun92
Jul92
Aug92
Sep92

DAILY T-BONDS
With 10, 20 and 40-Day Stochastics



DAILY T-BONDS (4-Week Cycle Lows)

--Detrends show cycle bottoms

--CCI, Smoothed, identifies cycle bottoms with Buy Line and oscillator turns.

Chart 38

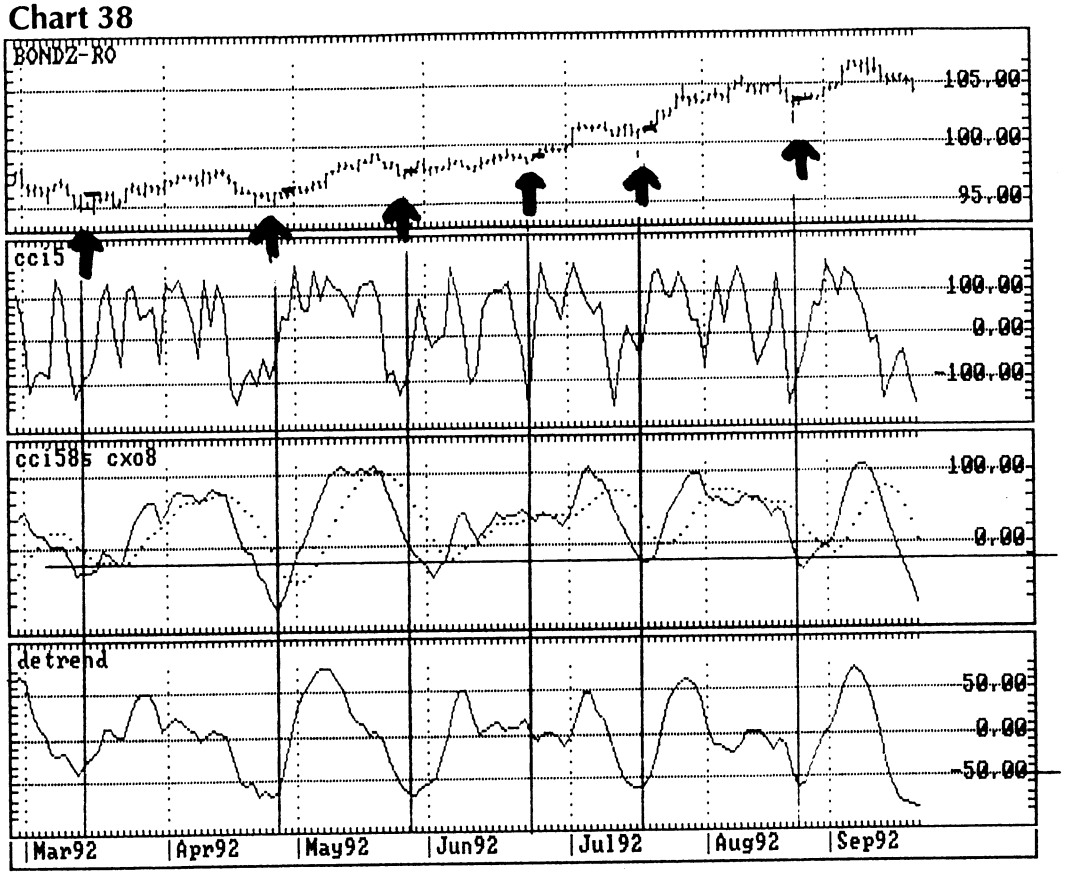


Chart 39

3 Contract Buys at Trading Cycle Bottoms
With CCI Setup and Trigger Entry

A TC LOW NUMBER	B PC DIR	C STOP PRICE	D ENTRY PRICE	E ENTRY DATE	F NO.1 PRICE	G NO.1 $ AMOUNT	H NO.1 DAYS	I NO.2 $ AMOUNT	J NO.3 $ AMOUNT	K No. 3 DATE	L TOTAL $ AMOUNT
1	UP	86.81	87.91	880930	88.91	1000	0	1150	1280	881109	3430
2	UP	88.59	89.50	881026	90.50	1000	2	90	310	881109	1400
3	BTM	87.06	88.03	881130	89.03	1000	4	1410	2350	890209	4760
4	UP	87.94	89.16	890112	90.16	1000	1	1340	1220	890209	3560
5	DN	N									0
6	BTM	86.38	87.28	890323	88.28	1000	4	1560	10100	890810	12660
7	UP	87.78	89.06	890418	90.06	1000	2	440	10320	890810	11760
8	UP	88.22	88.91	890512	89.91	1000	0	3590	8470	890810	13060
9	UP	94.72	96.50	890626	97.50	1000	1	530	780	890810	2310
10	UP	96.63	97.56	890725	98.56	1000	2	2070	0	890810	3070
11	DN	95.78	97.22	890817	0.00	L					-4320
12	BTM	95.09	95.75	890927	96.75	1000	5	2060	4130	891222	7190
13	UP	N									
14	UP	N									
15	BTM	N									
				TOTALS		10000		14240	38960		58880

Different time frames used for different cycles.

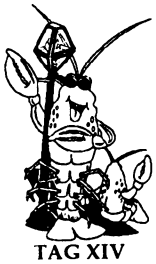


Chart 40

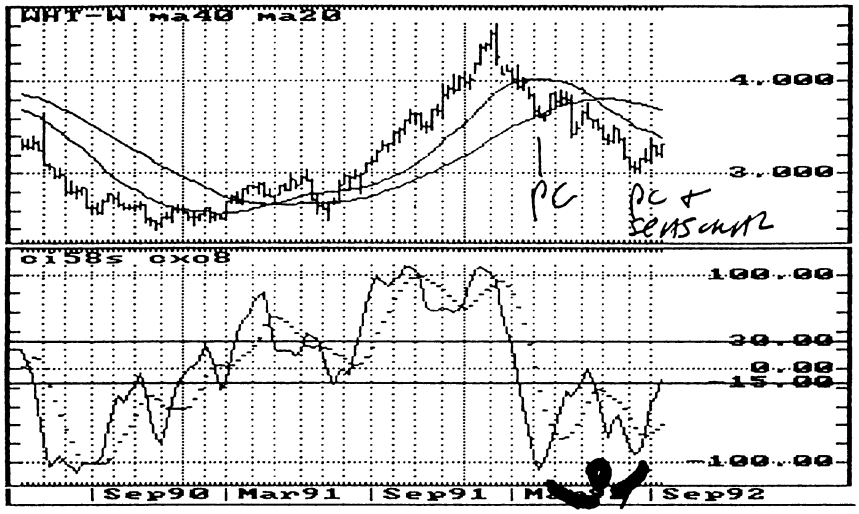
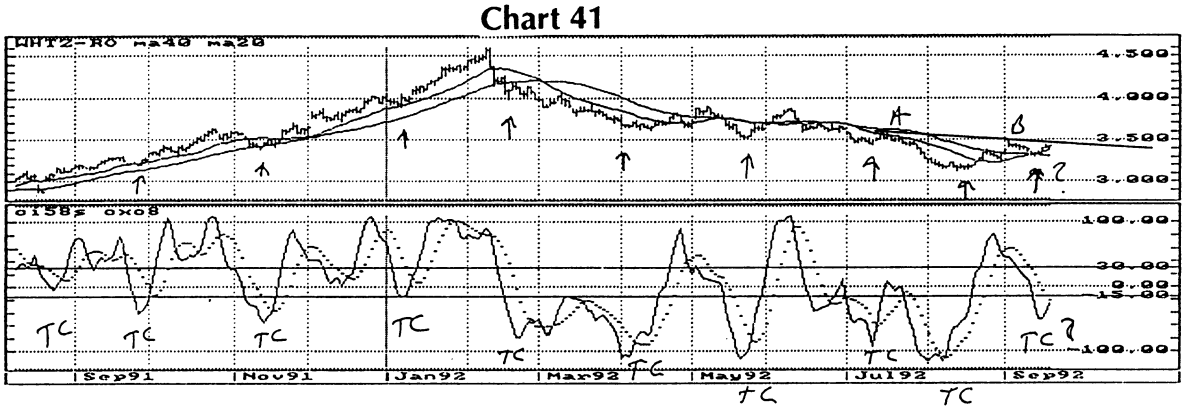


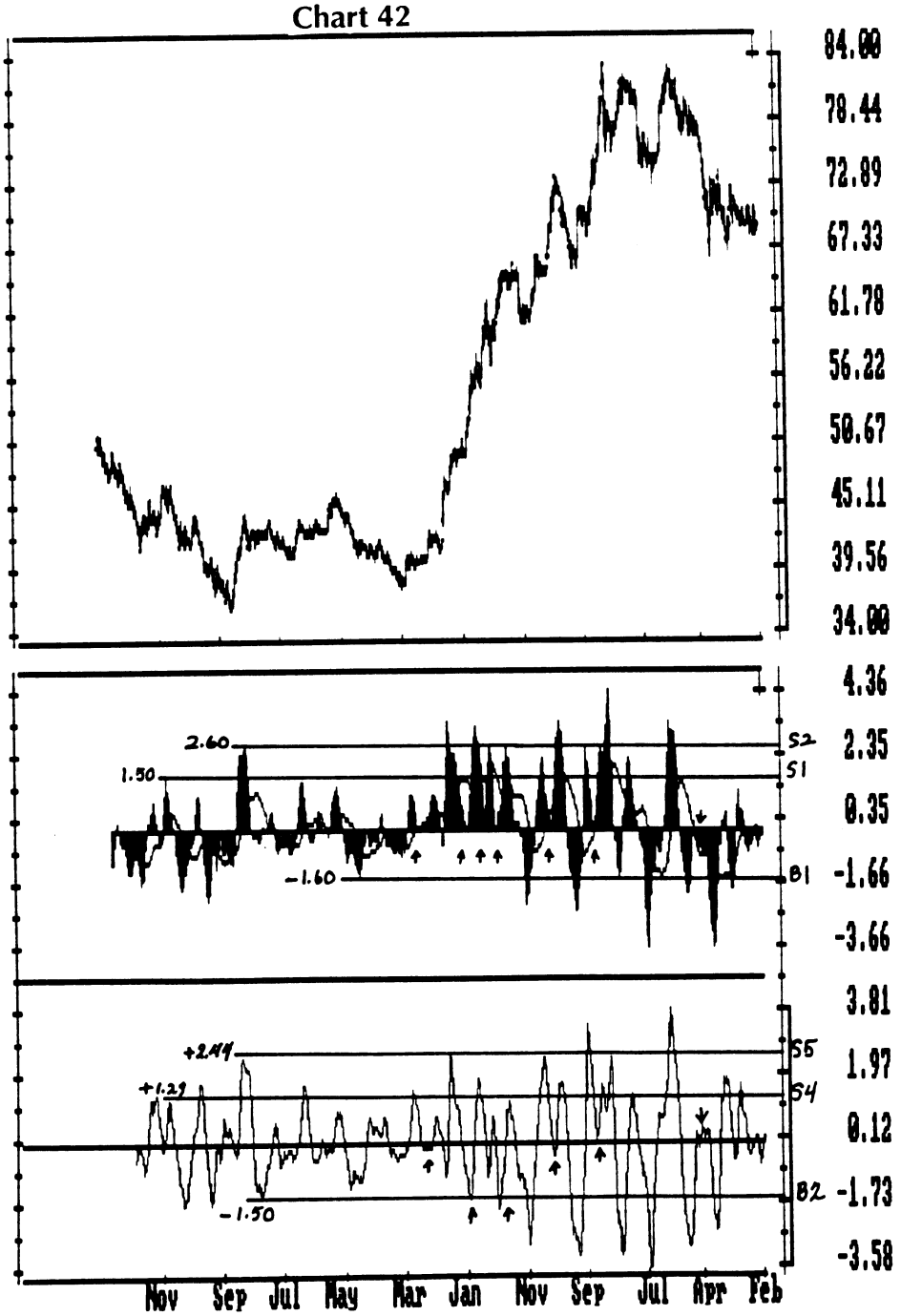
Chart 41



Weekly Japanese Yen 1/2/81-2/9/90
With 3-10 Moving Average and
16-Term Crossover Detrend

THE DETREND GIVES BETTER BUY PATTERNS

Chart 42



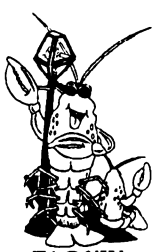


Chart 43

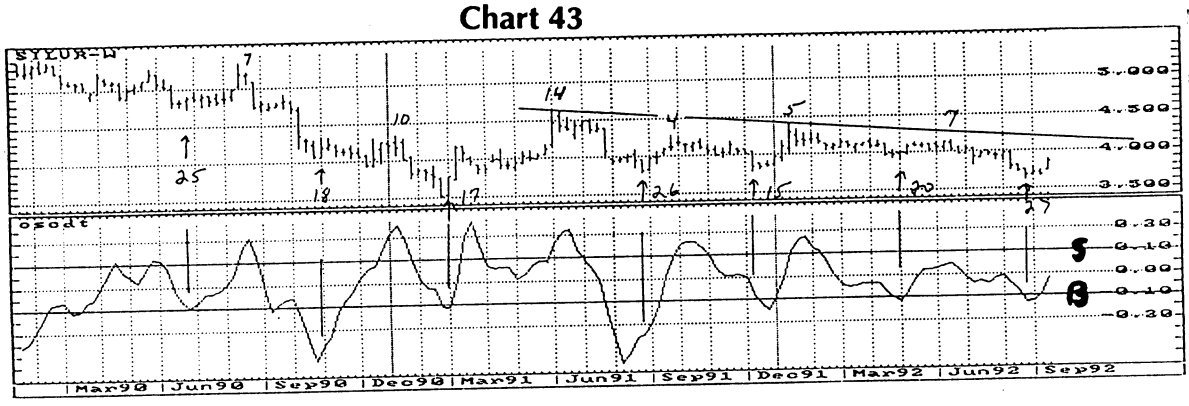
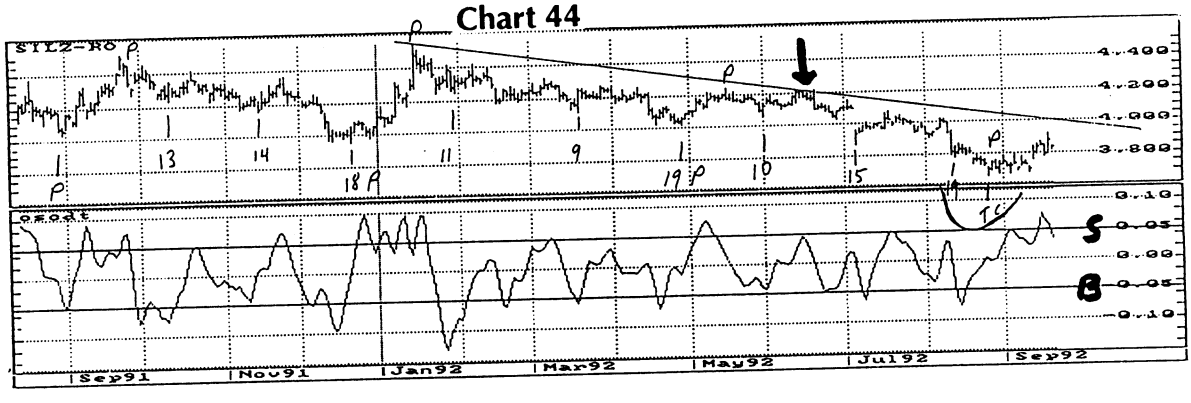
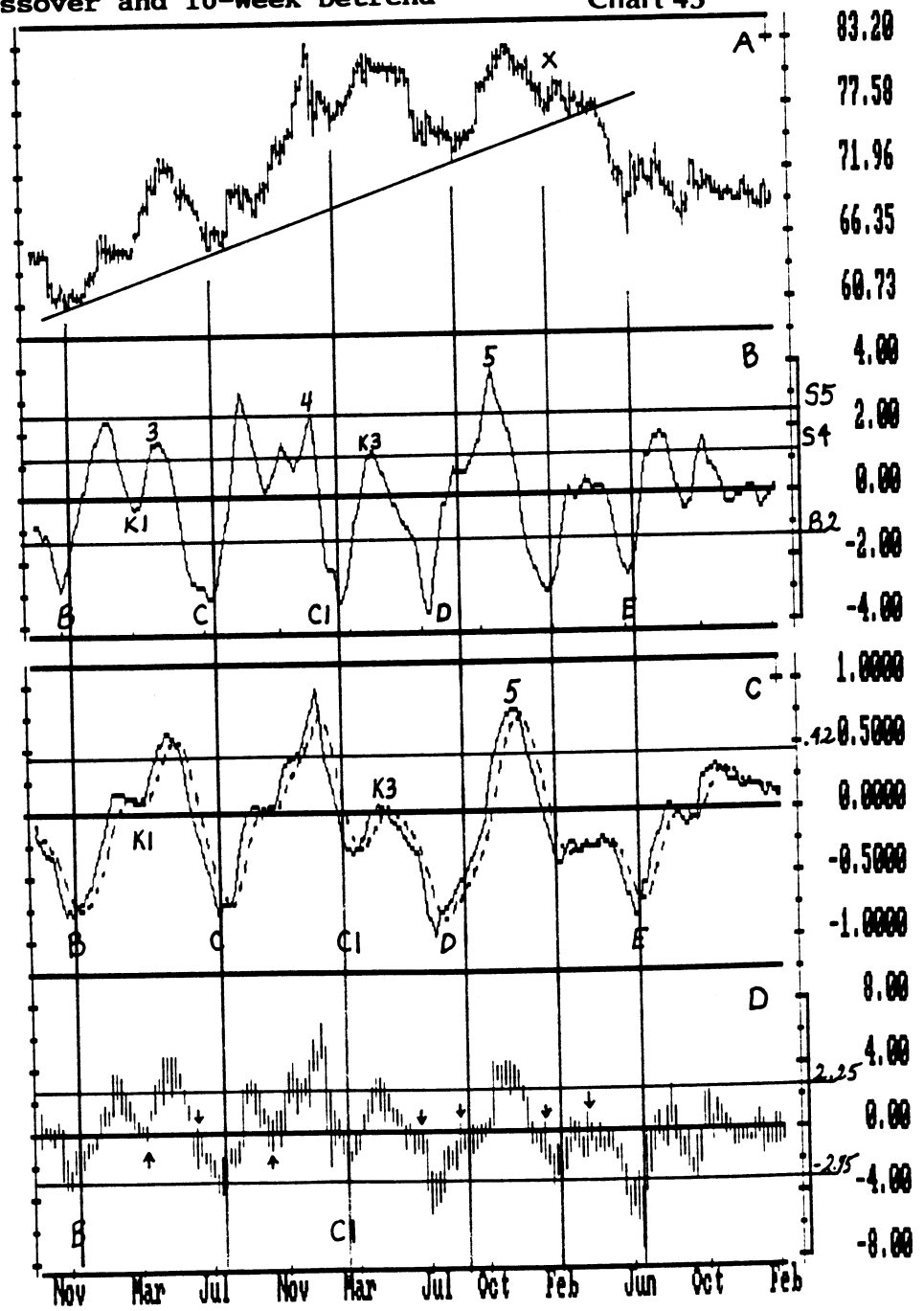


Chart 44



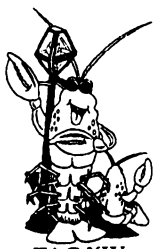
Weekly Japanese Yen - 9/86-1/90
With 3-10 Detrend, MACD Detrend
With Crossover and 10-Week Detrend

Chart 45



--Use Buy/Sell Lines to identify high probability tops and bottoms

--Longer-term MACD identifies cycle tops and bottoms



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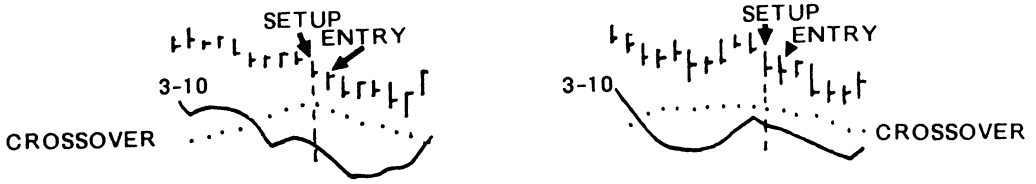
BEAR KISS IN THE DAILY S&P FUTURES

The futures data we use is a "rollover", with past history adjusted for the spread between the old and the new contract on the last day of the month preceding delivery. This makes the oscillators more consistent, but somewhat distorts prices prior to the current contract.

This OSCAR usually occurs in the later stages of a downmove into a cycle bottom of the Trading Cycle or Alpha Cycle, and can be used as a signal to go short, as an indicator of a bottom and a buy signal, or both.

The OSCAR is formed as follows:

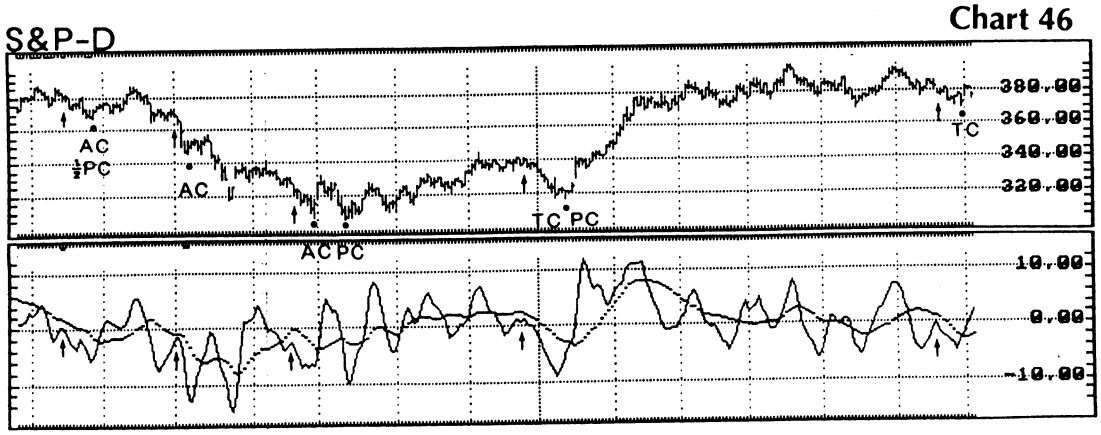
1) The daily 3-10 Oscillator in the S&P futures rises from below the Crossover for two or more days and turns down while still below the Crossover. This downturn is the Setup. Only the first downturn can generate an OSCAR, and the 3-10 must rise above the Crossover and drop back below it to set up another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



2) The Trigger entry occurs with a drop in the S&P below the downturn day, which usually occurs within two days of the downturn day.

In the **DAILY S&P FUTURES CHART** below, the arrows show the downturn day for the 3-10 Oscillator in the lower panel, and the cycle low that follows is indicated-- AC=Alpha Cycle low; TC=Trading Cycle low; PC=22-Week Primary Cycle low; 1/2PC=10-Week 1/2 Primary Cycle low. The arrows is the lower panel point to the 3-10 Oscillator high and downturn that set-up the OSCAR. Notice how 3 OSCARs occur in 4 months in the bear market into the Sept/Oct 1990 low, and only 2 OSCARs occur in the bull market.

Chart 46



BEAR KISS IN THE DAILY S&P FUTURES

The table below lists the 8 patterns completed with a Trigger Entry since August 1989, including the most recent pattern that had a Trigger Entry on June 20, 1991.

BEAR KISS IN DAILY S&P FUTURES **Chart 47**

1 DATE DNTRN DY	2 LOW OF DNTRN DY	3 LOW OF MOVE	4 % DROP	5 NO. DAYS DOWN	6 CYCLE BOTTOM
890913	374.70	371.30	0.9%	2	TC
891215	371.40	364.20	1.9%	2	TC
900123	351.30	342.10	2.6%	5	AC,PC
900615	378.30	367.60	2.8%	8	AC,1/2PC
900802	363.60	346.10	4.8%	2	AC
900920	321.20	306.10	4.7%	6	AC
901224	336.90	316.00	6.2%	13	TC,PC
910619	377.05	370.10	1.8%	6	TC

COLUMN 1 is the date of the day that turned the 3-10 Oscillator down, or the downturn day.

COLUMN 2 is the low of the downturn day in the S&P.

COLUMN 4 shows the % decline from entry (the low of the downturn day) to the cycle low. The declines were from .9% to 6.2%.

COLUMN 5 is the number of days from the downturn day to the cycle bottom. The bottom occurred from 2 to 8 market days following the downturn day for 7 of the 8 OSCARs, with one extending to 13 days. So expect a decline to last for 2 to 8 days.

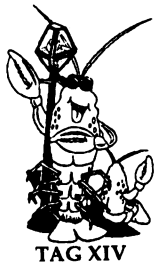
COLUMN 6 shows the type of cycle bottom, which was always a Trading Cycle low or an Alpha Cycle low. Three were also bottoms of the 22-Week Primary Cycle and one was the bottom of the 10-Week 1/2 Primary Cycle.

Expect a Trading Cycle or Alpha Cycle bottom to occur 2 to 8 days after the Trigger Entry at a decline of .9 to 6.2% from the Trigger Entry price.

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.

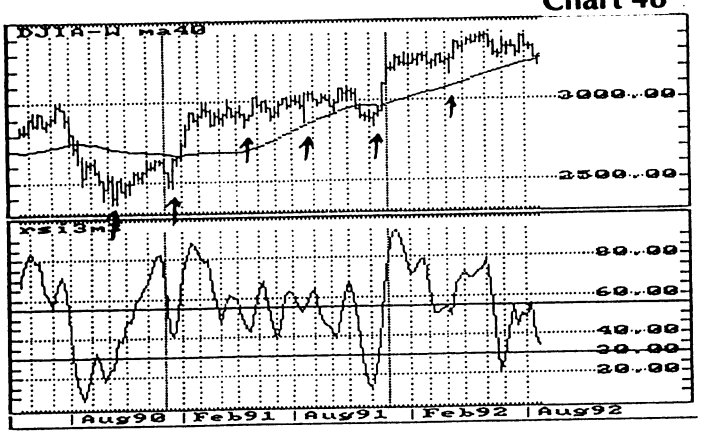
I recommend that you research the samples in the tables and become familiar with them before you trade them. The table does not show the OSCARs that set-up but did not trigger an entry. The number of samples in this OSCAR is small, and you should build up the sample size.

Variations of this OSCAR occur in other markets, and in other oscillators. With a little research you can develop your own OSCARs.



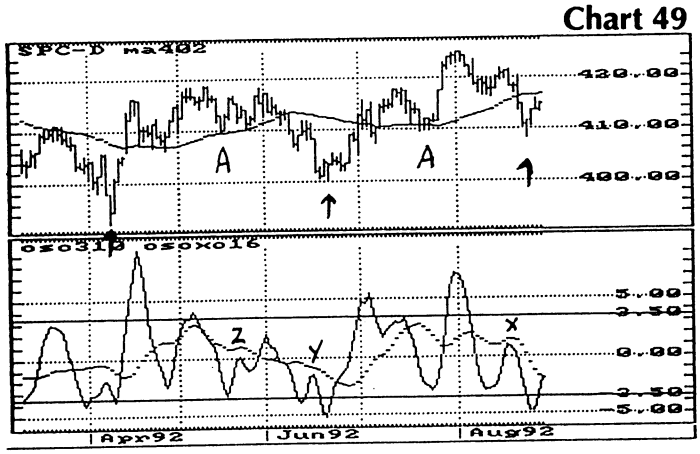
OSCILLATORS

Chart 48



Weekly DJIA Index (DJIA-W) ... The 22-Week Primary Cycle bottoms are indicated by the arrows. The oscillator is the modified RSI in the "The Power of Oscillator/Cycle Combinations". It is an excellent short-term oscillator that often turns as the market turns. The timing is right for the PC to bottom, and an upturn of this oscillator to form a price/oscillator divergence would be a powerful indicator of the PC bottom.

Chart 49



Daily S&P Index (SPC-D) ... Trading Cycle lows are indicated by the arrows; Alpha Cycle lows by A ... The daily S&P Index has a 3-10 oscillator plotted below it with a 16-day crossover. This is an excellent short-term oscillator that tends to turn as prices turn.

The oscillator completed a sell pattern at X as the oscillator turned down below the crossover on 8/19. Based on similar patterns, odds are 80% that the TC will bottom no later than 9/1 above 406 ... A similar pattern occurred at Y as the last Trading Cycle and the 1/2 PC bottomed, and at Z ... A rise above 415.80, the high of the upturn week, after mid-morning Monday, will be confirmation that the TC and PC have bottomed.

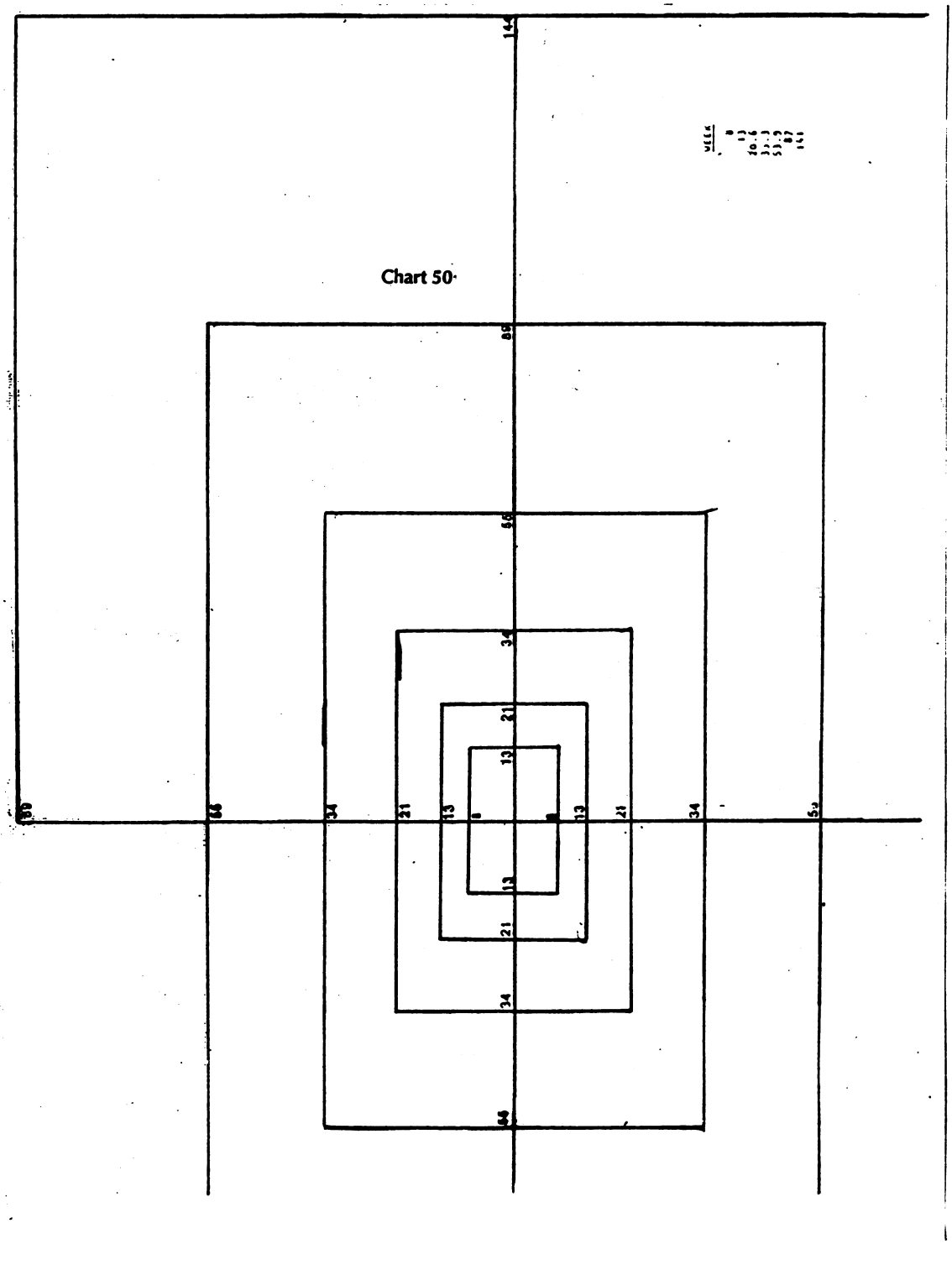


Chart 50