The views expressed by the speakers at the Technical Analysis conference are solely the views of the speakers and are not the views of Dow Jones Telerate. Such views are not intended to constitute investment advise and should not be relied on to govern action in particular circumstances.

Walter Bressert

Walter Bressert — Commodity Cycles

Walter Bressert has analyzed and traded the futures markets for more than 25 years. He currently publishes the *Cycle Watch* newsletter. In his original newsletter, *HAL Commodity Cycles* (1974-1985), Walt introduced cycles to the futures markets. A long-standing director of the non-profit Foundation for the Study of Cycles, and one of the original members who founded CompuTrac in 1979, Walt has appeared on major financial television networks, has served as contributing editor to the Financial News Network and has lectured internationally for more than 20 years. He has written articles for the *Wall Street Journal, Barron's, Futures Magazine* and *The Commodity Year Book.*

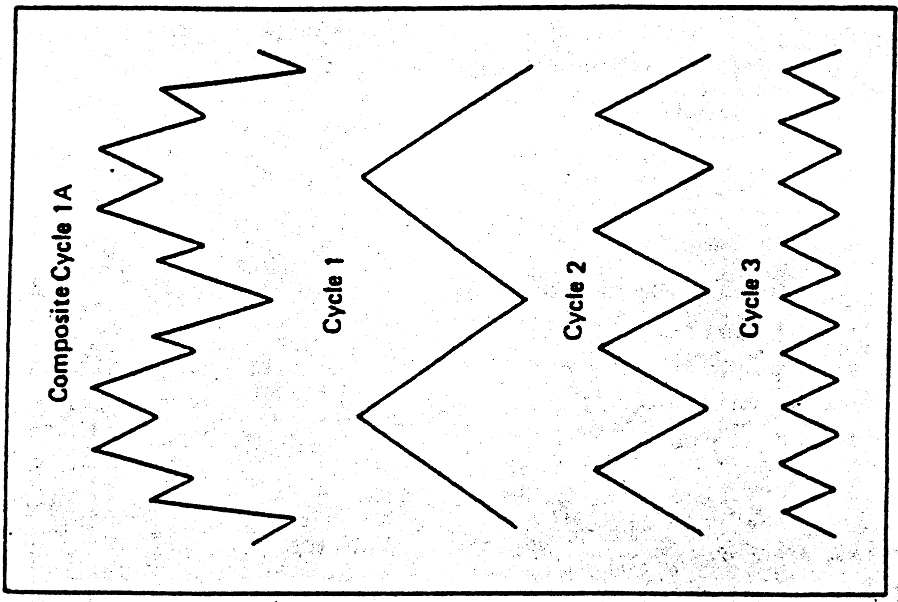
Walt's CycleFinder software applies the concepts that appear in his book *The Power of Oscillatory/Cycle Combinations* (1991). This book defines a new dimension of oscillator/cycle analysis. CycleFinder software, a powerful program for identifying and trading cycle tops and bottoms in any market, in any time frame, has become a valuable addition to the field of technical analysis.

• Topic: Trading Techniques to Buy Bottoms and Sell Tops

Big reversal tops and bottoms occur at the peaks and valleys of long term moves. Smaller and tradable tops and bottoms also occur in trending moves. With appropriate timing and a continuing trend, buying in an uptrend or selling in a downtrend is low-risk. Walter will show you how to identify trends and trade bottoms and tops with three mechanical trading techniques.

You will acquire specific techniques for identifying trends and you will learn how to trade with the trend. You will also learn how to anticipate and trade trend reversals. Walt will show you mechanical buy-sell signals applicable to any market, in any time frame. Finally, he will provide you with some simple, profitable, money management techniques to reduce risk and take advantage of the big moves when they occur.

A



B

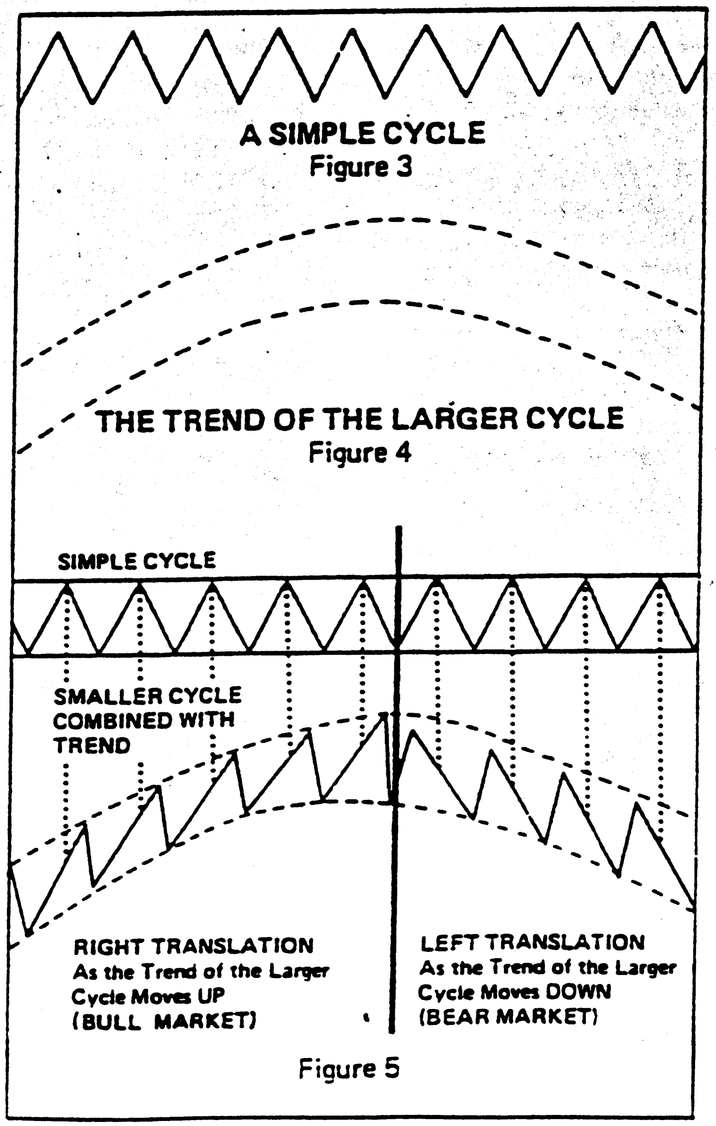


Figure 3

Figure 4

Figure 5

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.

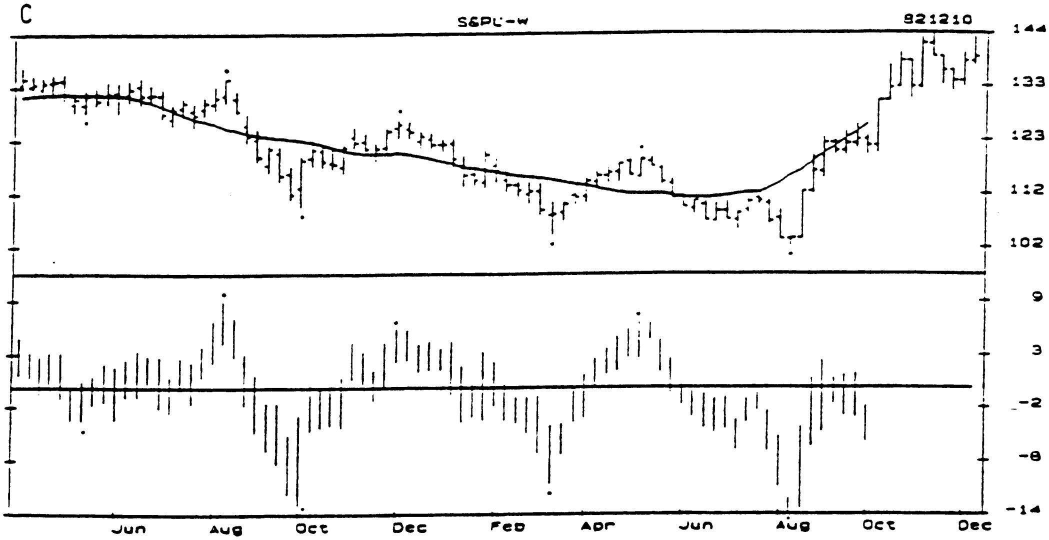


CHART D-1

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

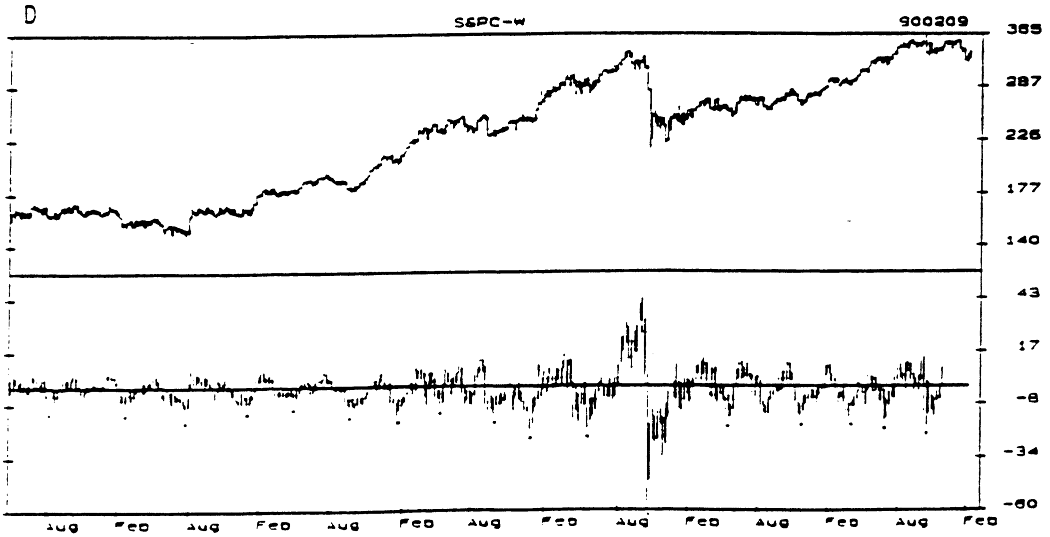
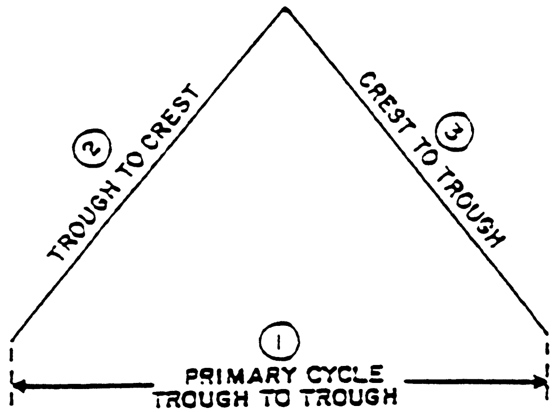


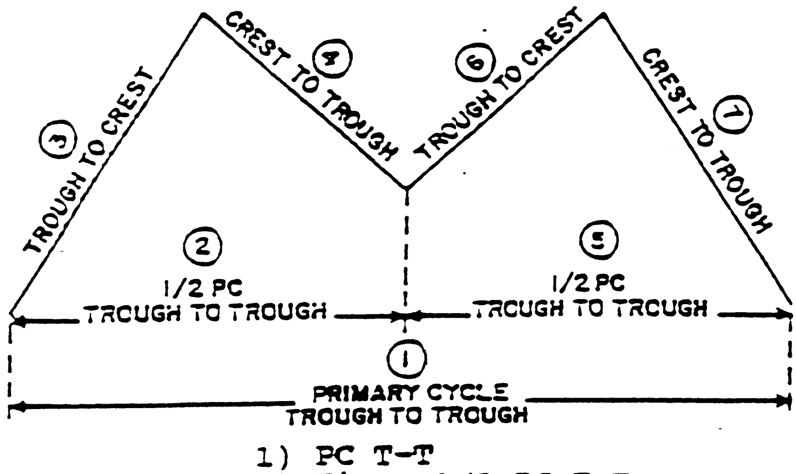
CHART D-2

E

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



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

F

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	1946/5/28	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	1994/1/31	3978	68	?	39	?
		AVERAGE:		105%	49	38	13

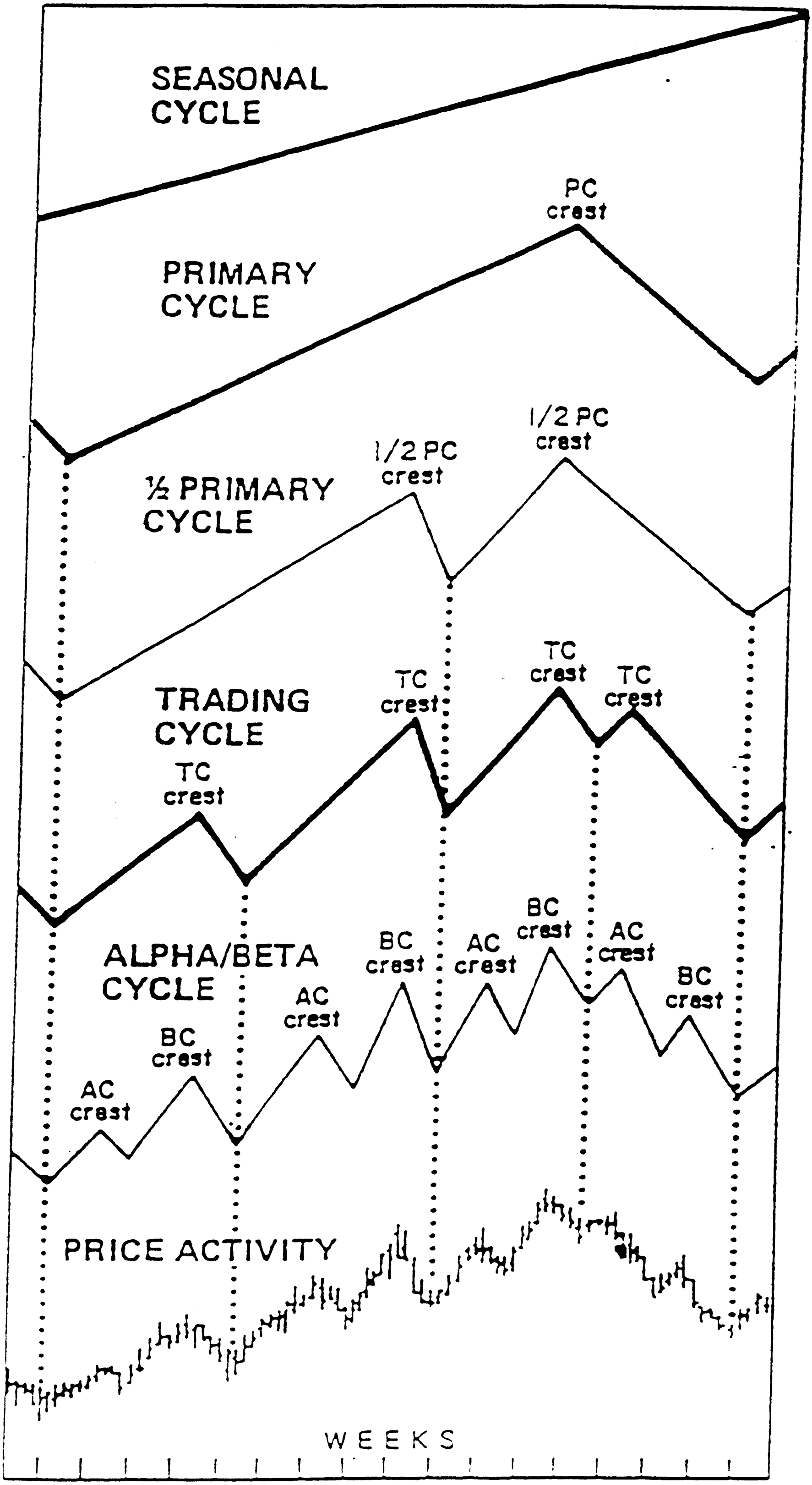
Table B - DJIA EXCEEDED HIGH OF PREVIOUS 4-YEAR CYCLE HIGH

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 Prev Low 7	% Move Above 4-Yr High 8	% - Decline From High 9	% Retracement of Move L-H 10
1921	1926	154	55	54	1	NO	35	17	28
1926	1929	181	44	42	2	NO	134	48	74
1942	1946	128	54	49	5	NO	36	23	41
1949	1953	81	51	43	8	NO	51	13	29
1953	1956	103	49	31	18	NO	77	19	38
1957	1961	75	56	50	6	NO	41	27	63
1962	1966	85	52	44	8	NO	35	25	55
1970	1973	66	55	32	23	YES	6	45	113
1978	1981	38	54	38	16	NO	1	24	88
1982	1987	250	62	60	2	NO	168	36	51
1987	1990	73	38	33	2	NO	7	21	50
1990	1994	68	?	39	?	?	33	?	?
AVERAGES:		108	52	43	8		52	27	57

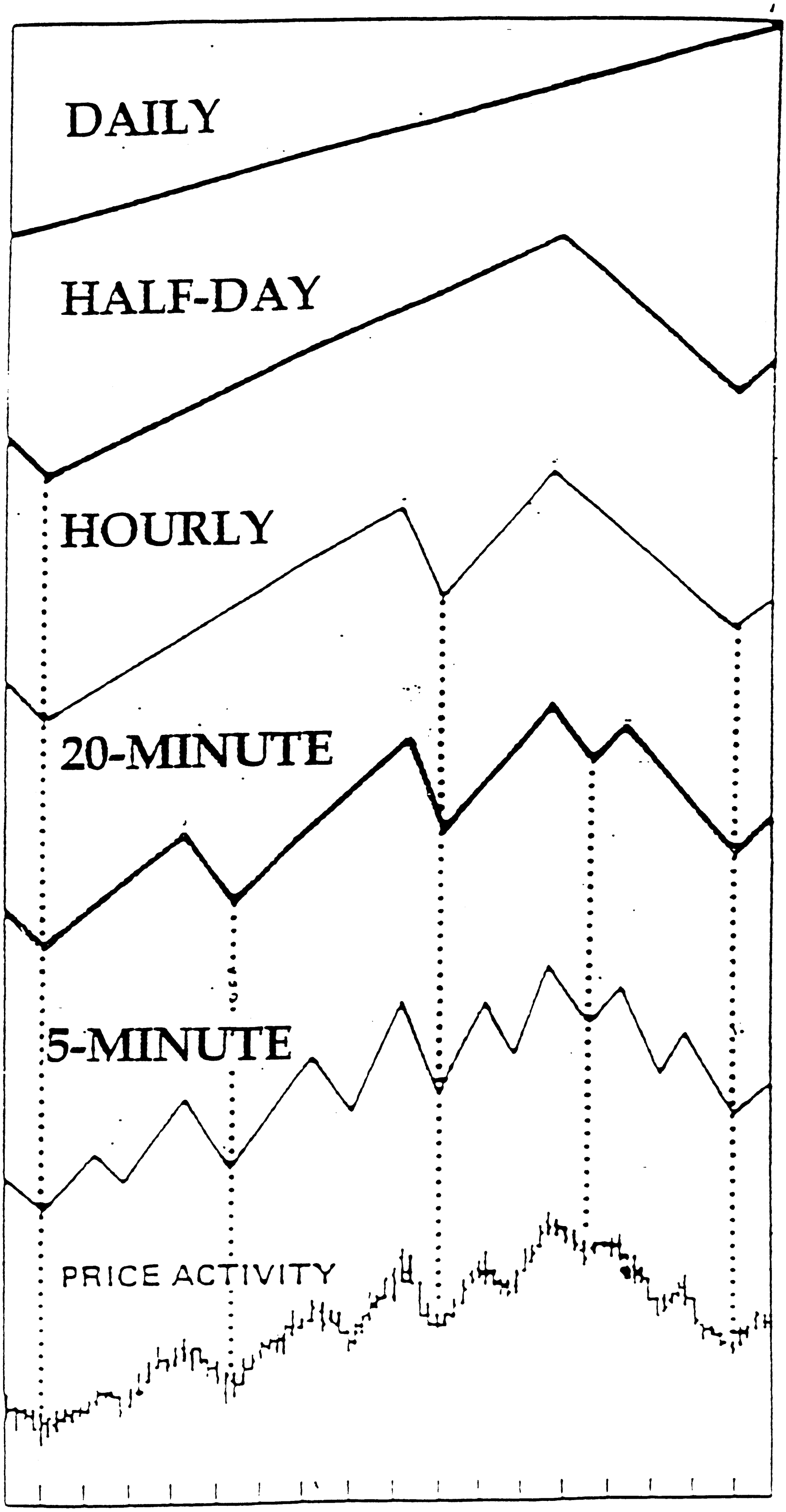
Table C - DJIA DID NOT EXCEED HIGH OF PREVIOUS 4-YEAR CYCLE HIGH

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 Prev Low 7	% Retracement to High 8	% Decline From High 9	% Retracement of Move 10
1929	1930	48	32	5	27	YES	52	86	265
1932	1937	371	68	56	12	NO	60	49	62
1938	1939	57	49	18	31	YES	60	40	111
1946	1948	18	32	20	12	YES	60	16	105
1966	1968	32	43	26	17	YES	96	36	147
1974	1976	75	38	21	17	NO	92	37	62
AVERAGES:		100	44	24	19		70	44	125

G


SEASONAL CYCLE
PC crest
PRIMARY CYCLE
1/2 PC crest
1/2 PC crest
½ PRIMARY CYCLE
TC crest
TC crest
TC crest
TRADING CYCLE
TC crest
BC crest
AC crest
AC crest
BC crest
ALPHA/BETA CYCLE
AC crest
BC crest
AC crest
BC crest
PRICE ACTIVITY
WEEKS

H



SEVEN TECHNIQUES TO ENHANCE OSCILLATOR PERFORMANCE

1) PRICE/OSCILLATOR TURNS

2) SMOOTHING THE OSCILLATOR

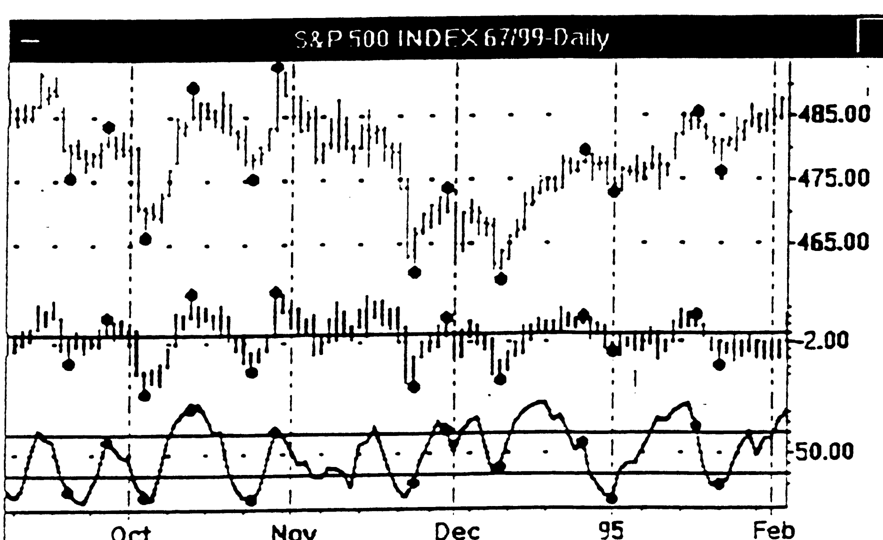
3) LEVELS, OR BUY/SELL LINES

4) CROSSOVER LINES

5) THE ZERO LINE

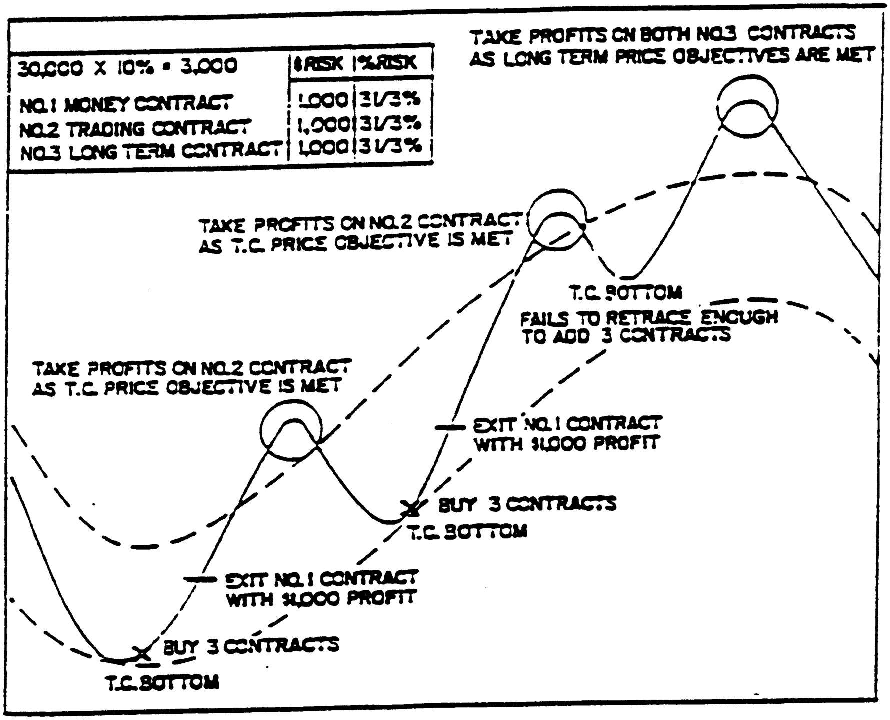
6) PRICE/OSCILLATOR PATTERNS

7) SETUP/TRIGGER ENTRY PATTERNS



Controlled Risk Money Management

K



FORECASTING 195 MINUTE CYCLES
195 MINUTE - 18 BAR CYCLE

L

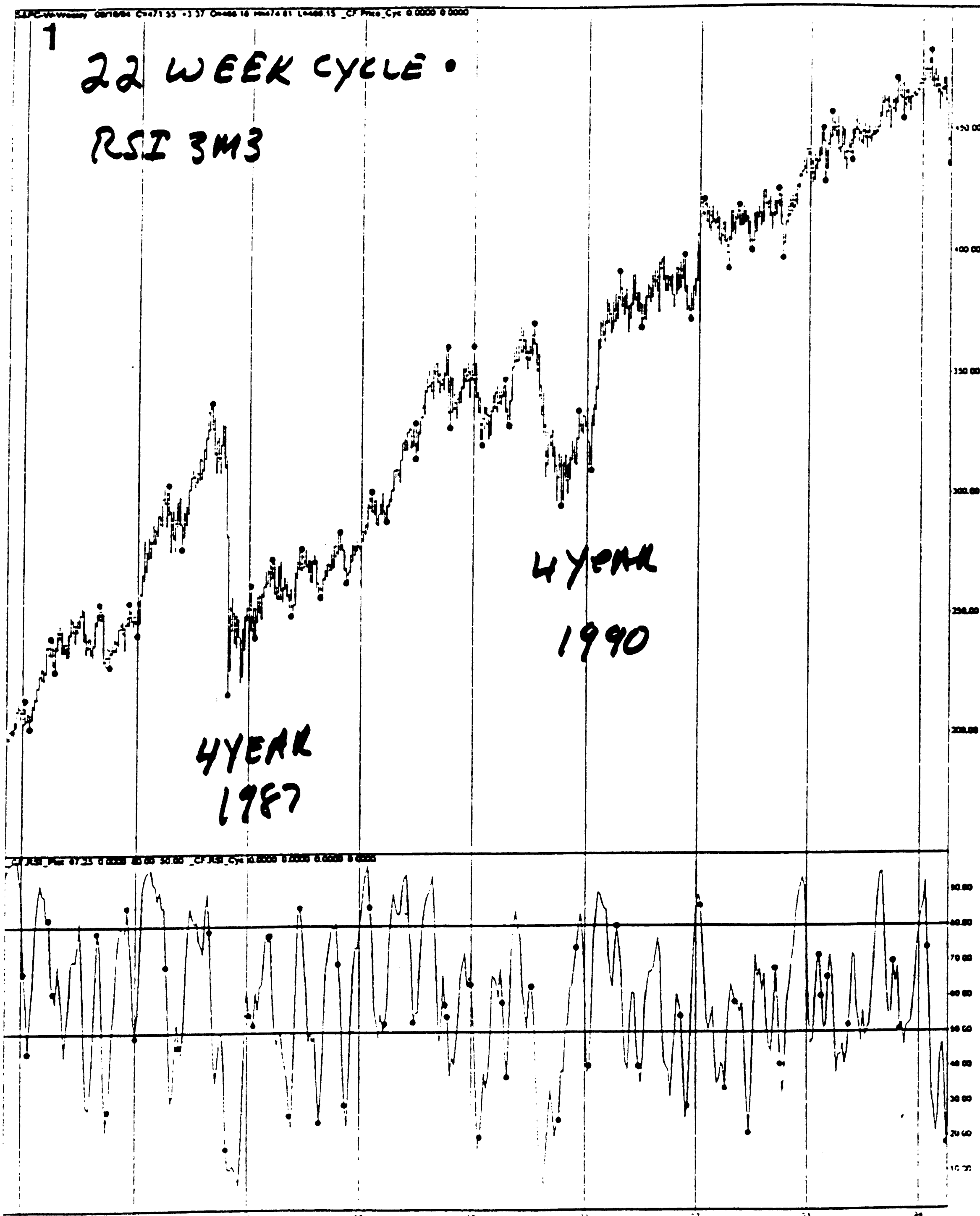
	Min.	Max.	Med.
T-T	11 5 ½ Day	24 12 Day	18 9 Day

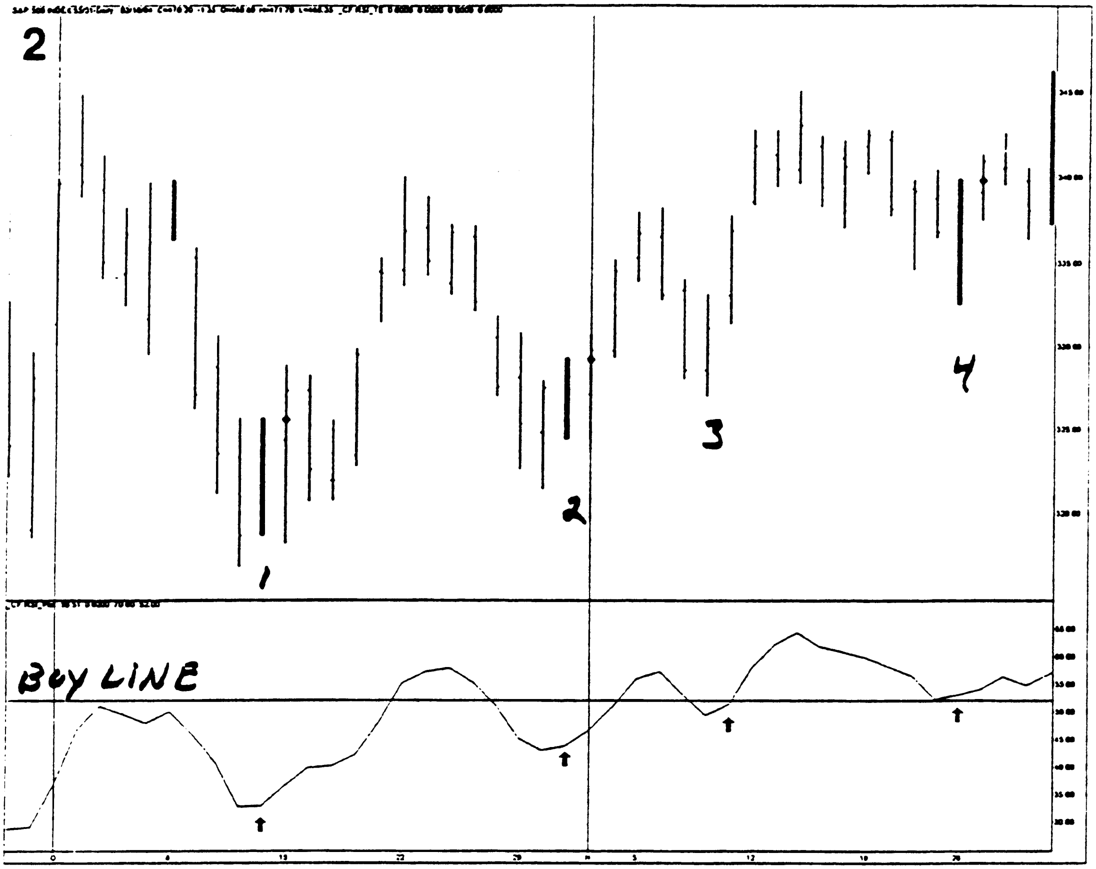
BULL BANDS

	Min.	Max.	Med.
T-C	6 3 Day	14 7 Day	11 5½ Day
C-T	5 2½ Day	14 7 day	7 3½ Day

BEAR BANDS

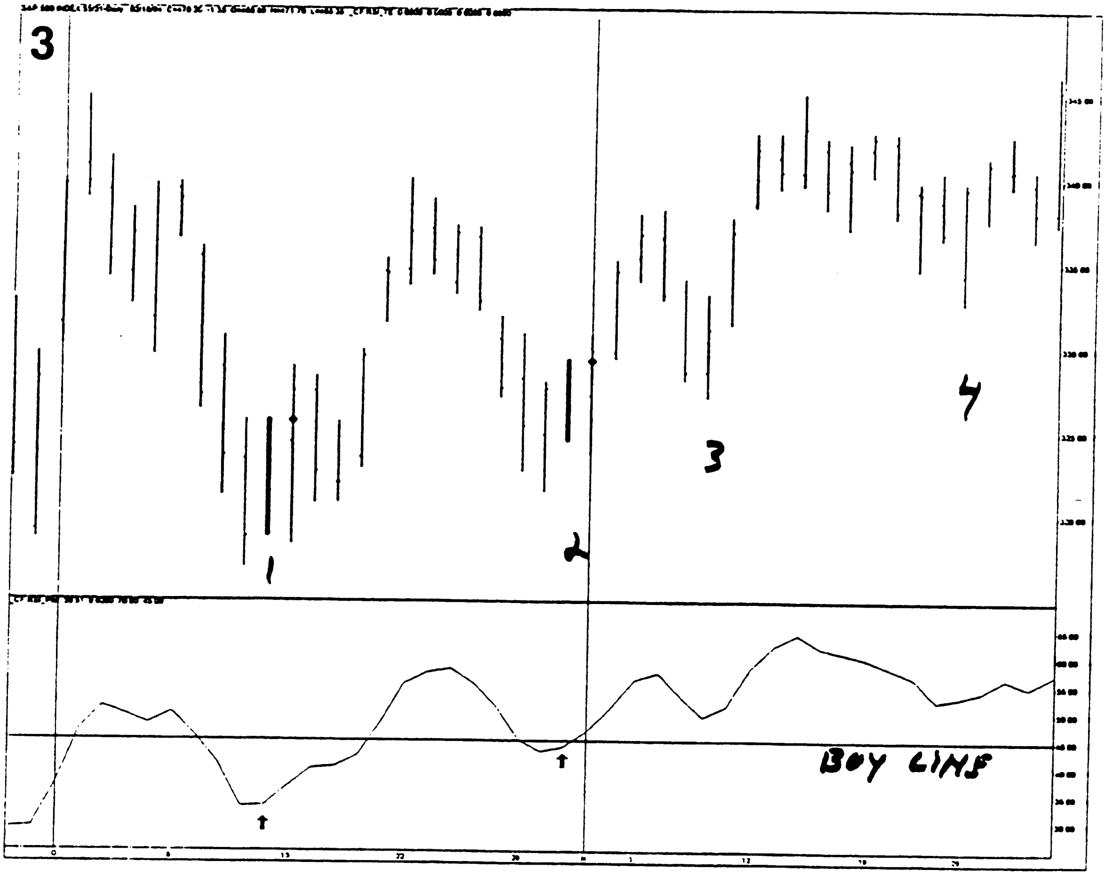
	Min.	Max.	Med.
T-C	4 2 Day	11 5½ Day	6 3 Day
C-T	5 2½ Day	14 7 Day	6 3 Day


1
22 WEEK CYCLE •
RSI 3M3
4YEAR
1987
4 Year
1990

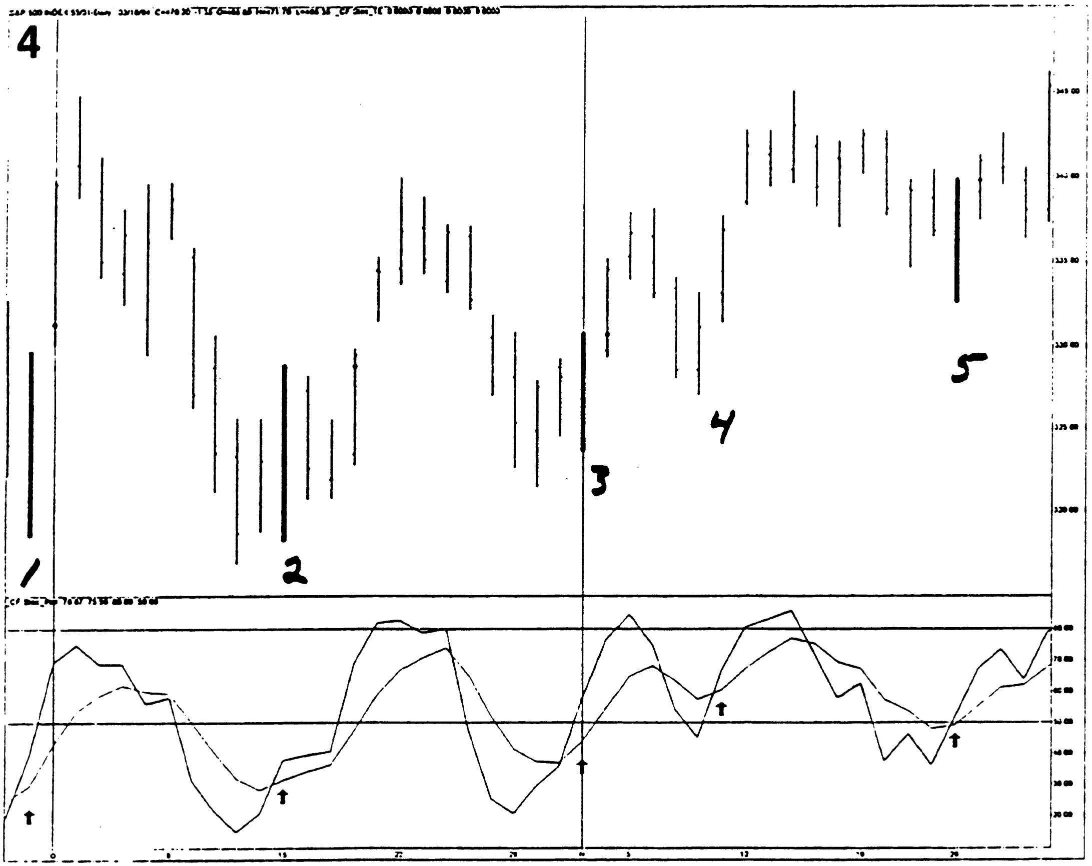


"TURN" ENTRY PATTERN

1) OSC DROPS BELOW BUY LINE
2) OSC TURNS UP
3) BUY HIGH OF UPTURN BAR

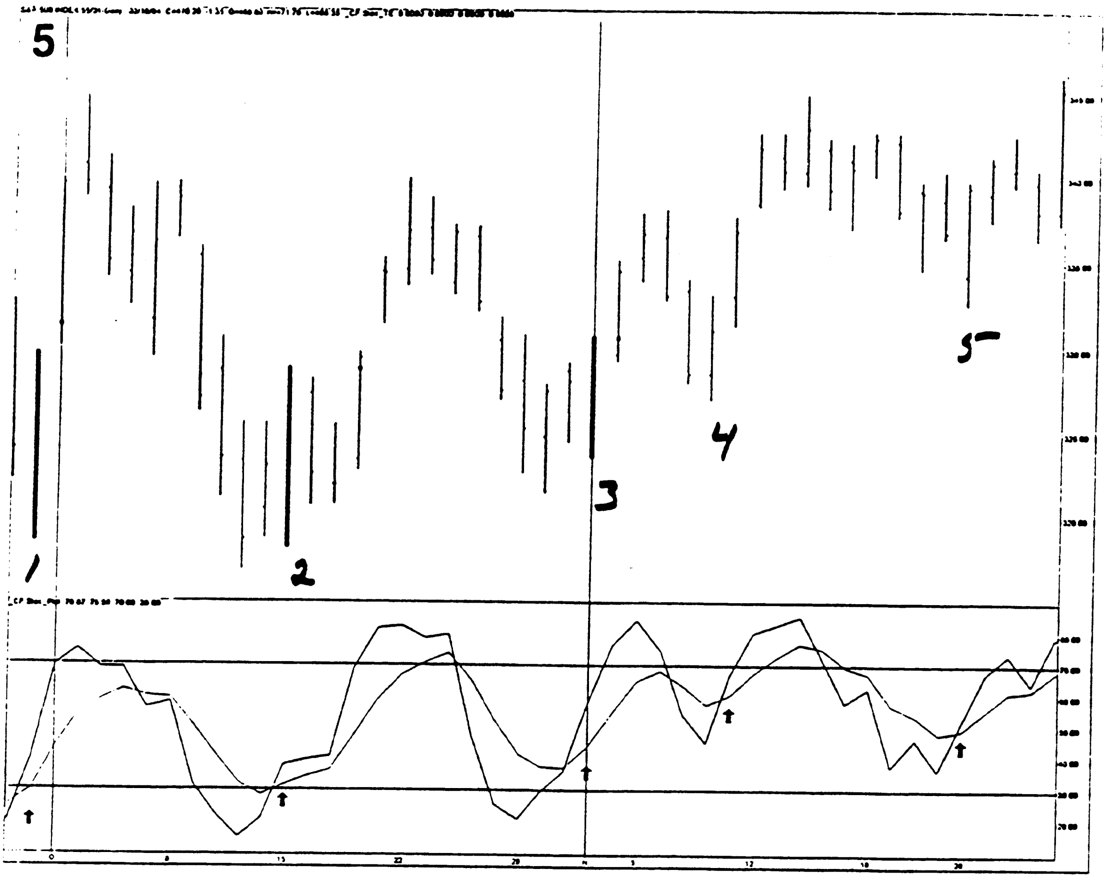


"TURN" ENTRY PATTERN
LOWER BOY LINE

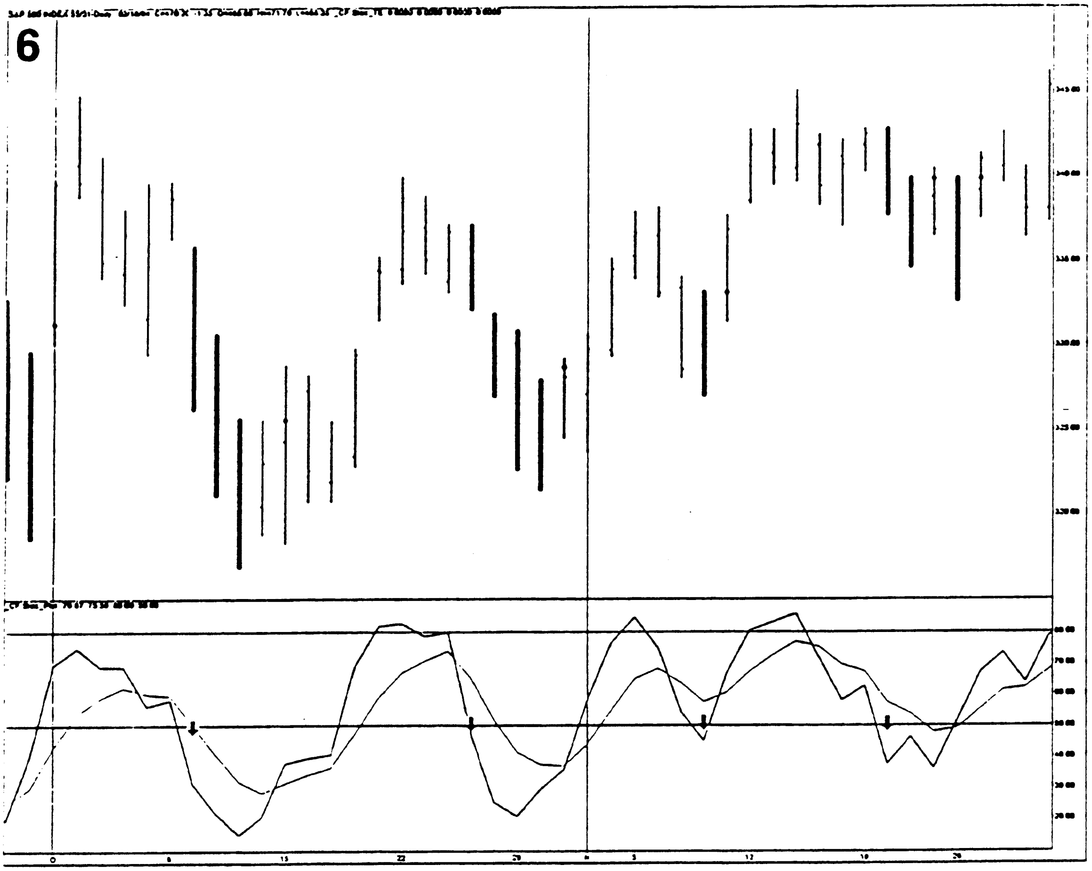


"CROSS" ENTRY PATTERN

1) OSC DROPS BELOW BUY LINE
2) OSC RISES ABOVE CROSSOVER
3) BUY HIGH OF CROSSOVER BAR

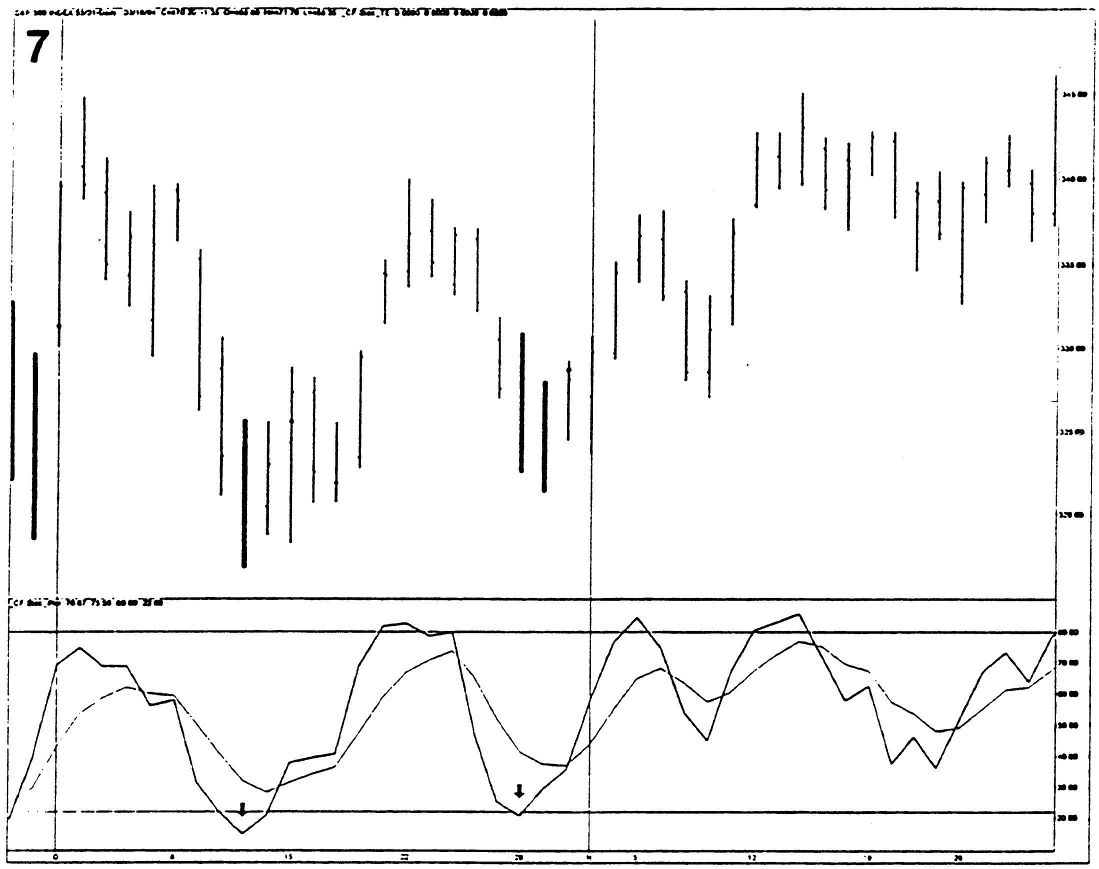


"CROSS ENTRY PATTERN

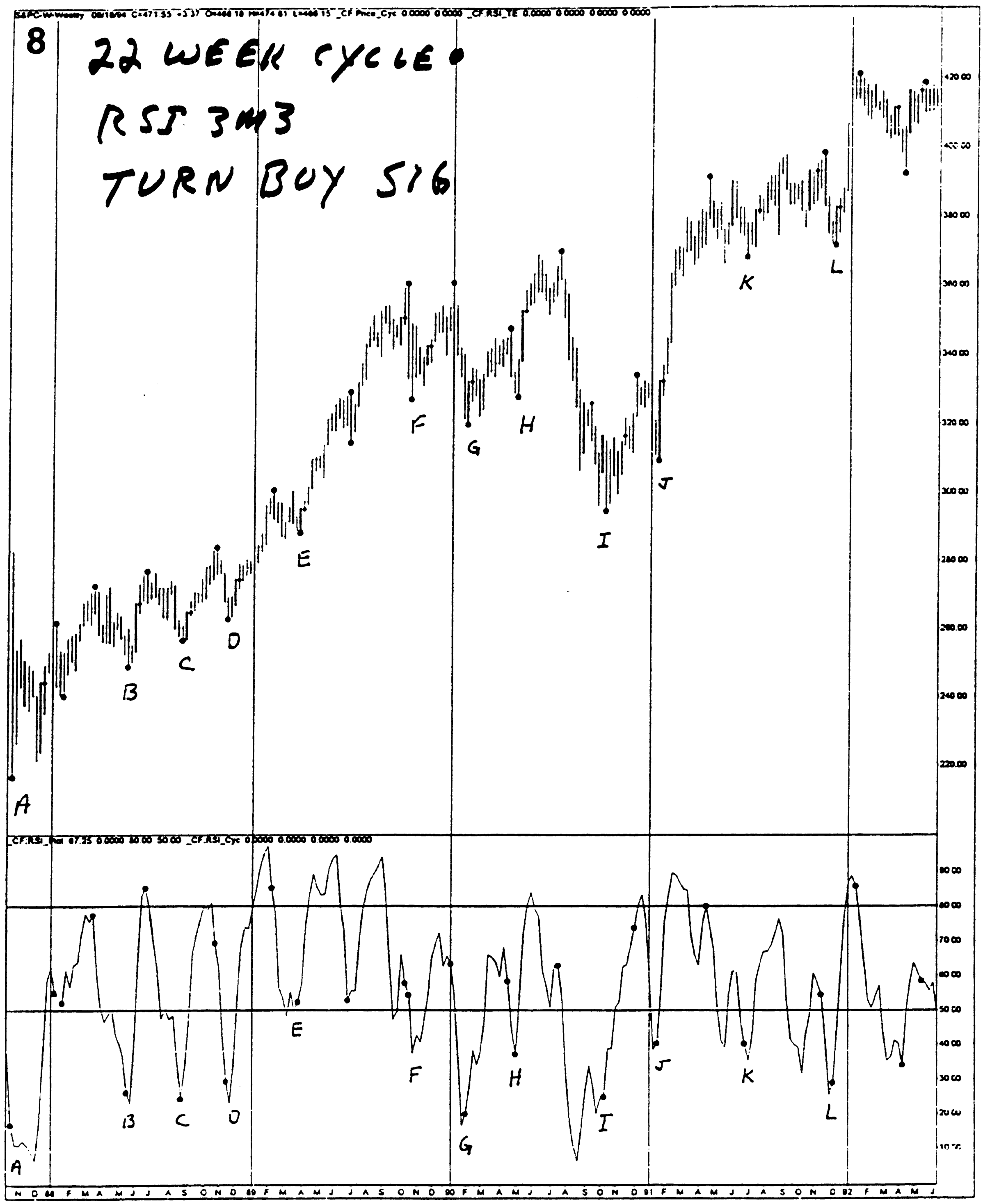


"CONT" ENTRY PATTERN

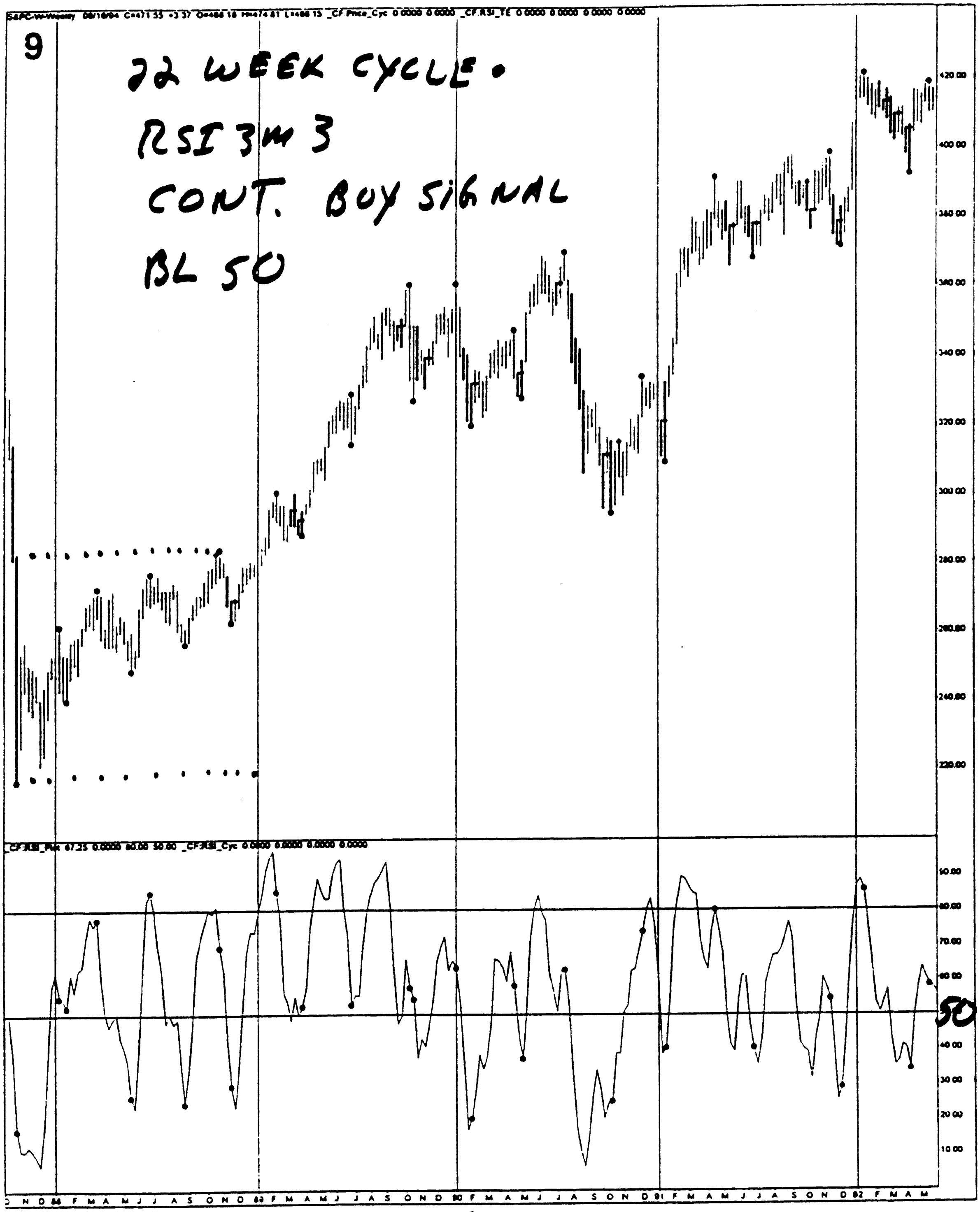
1) OSC DROPS Below BUY LINE
2) PLACE BUY STOP ABOVE HIGH
OF PRICEBAR
3) FOLLOW PRICES DOWN UNTILL
FILLED



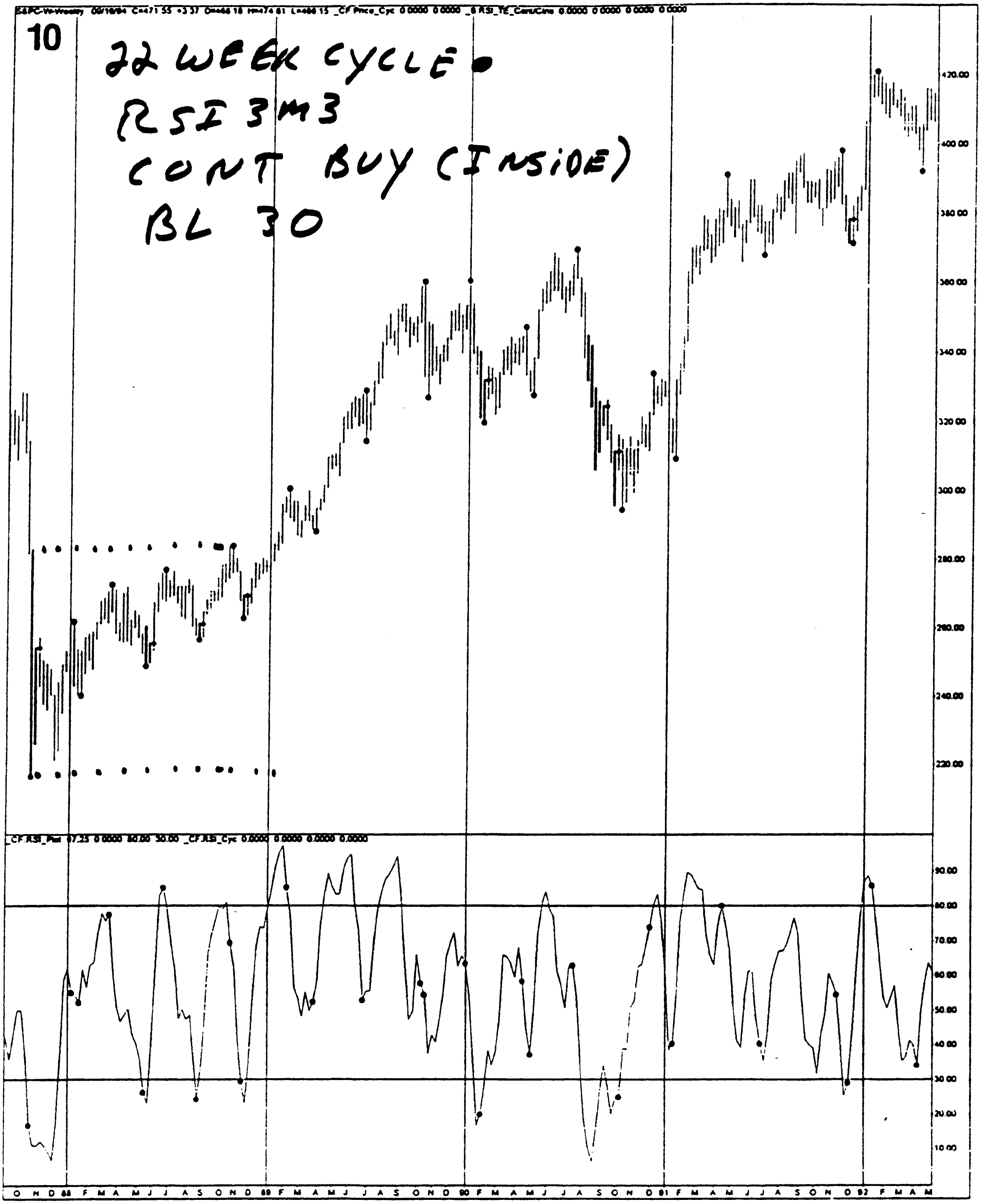
"CONT" ENTRY PATTERN

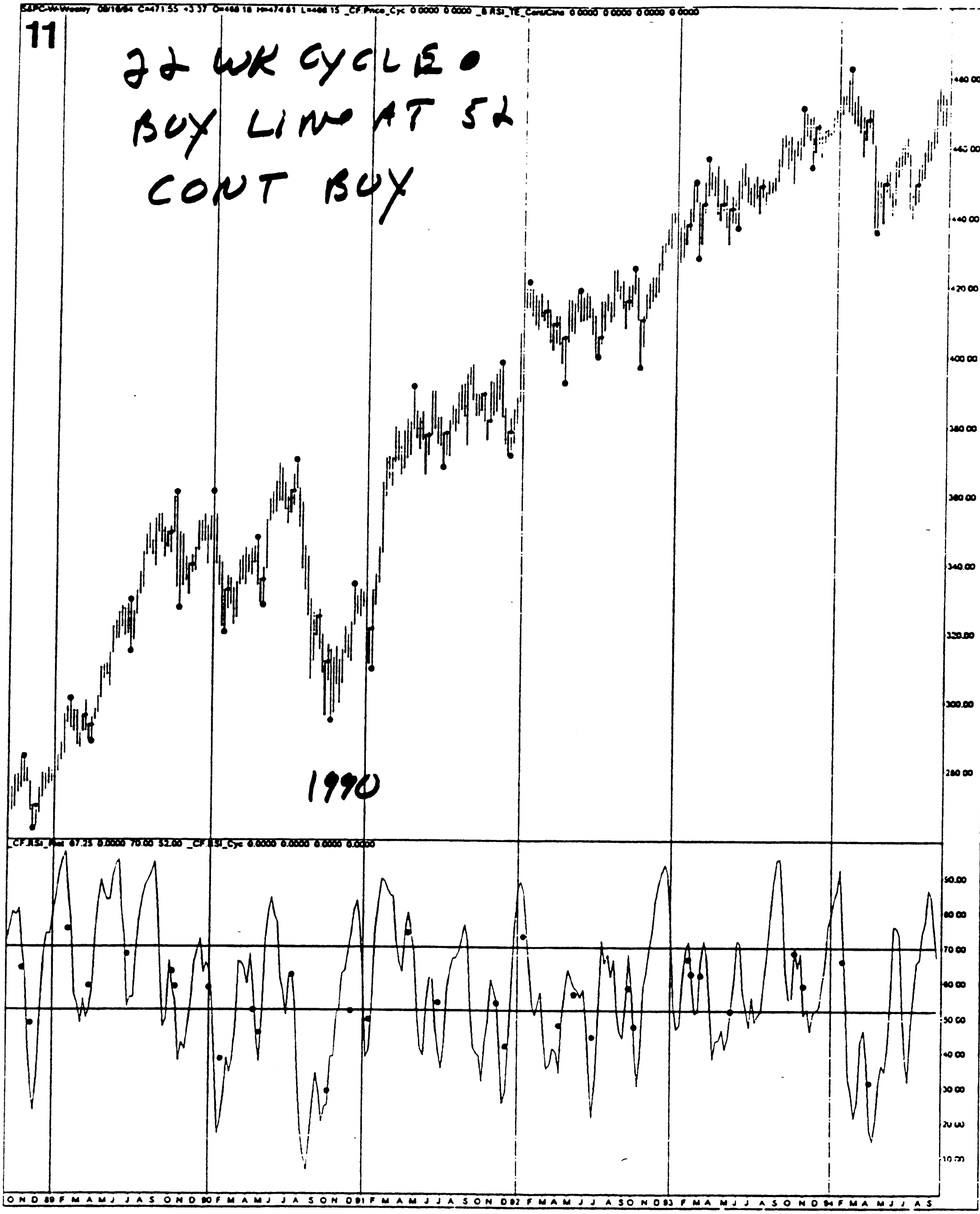


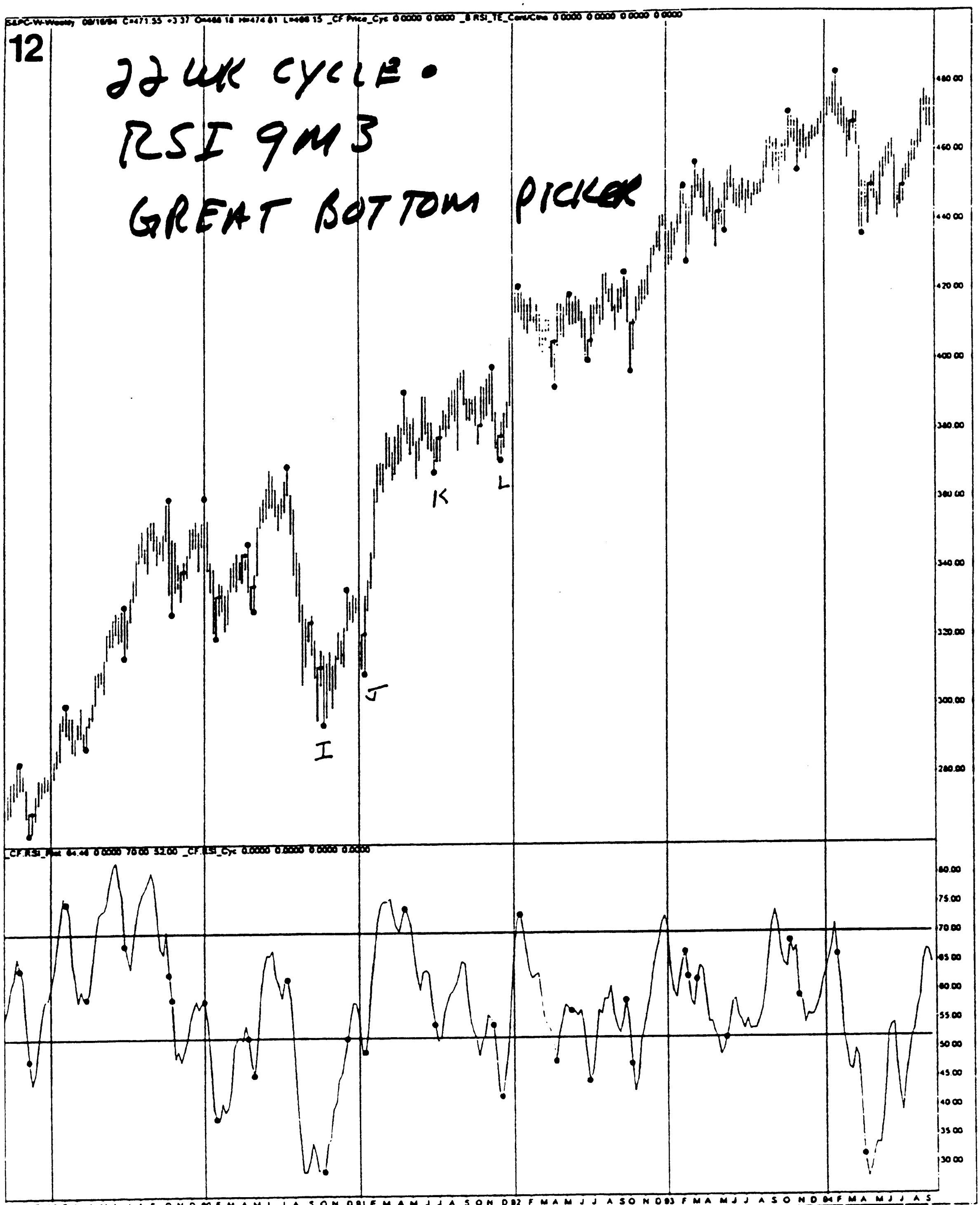
DARK BAR = SETUP DOT • = ENTRY



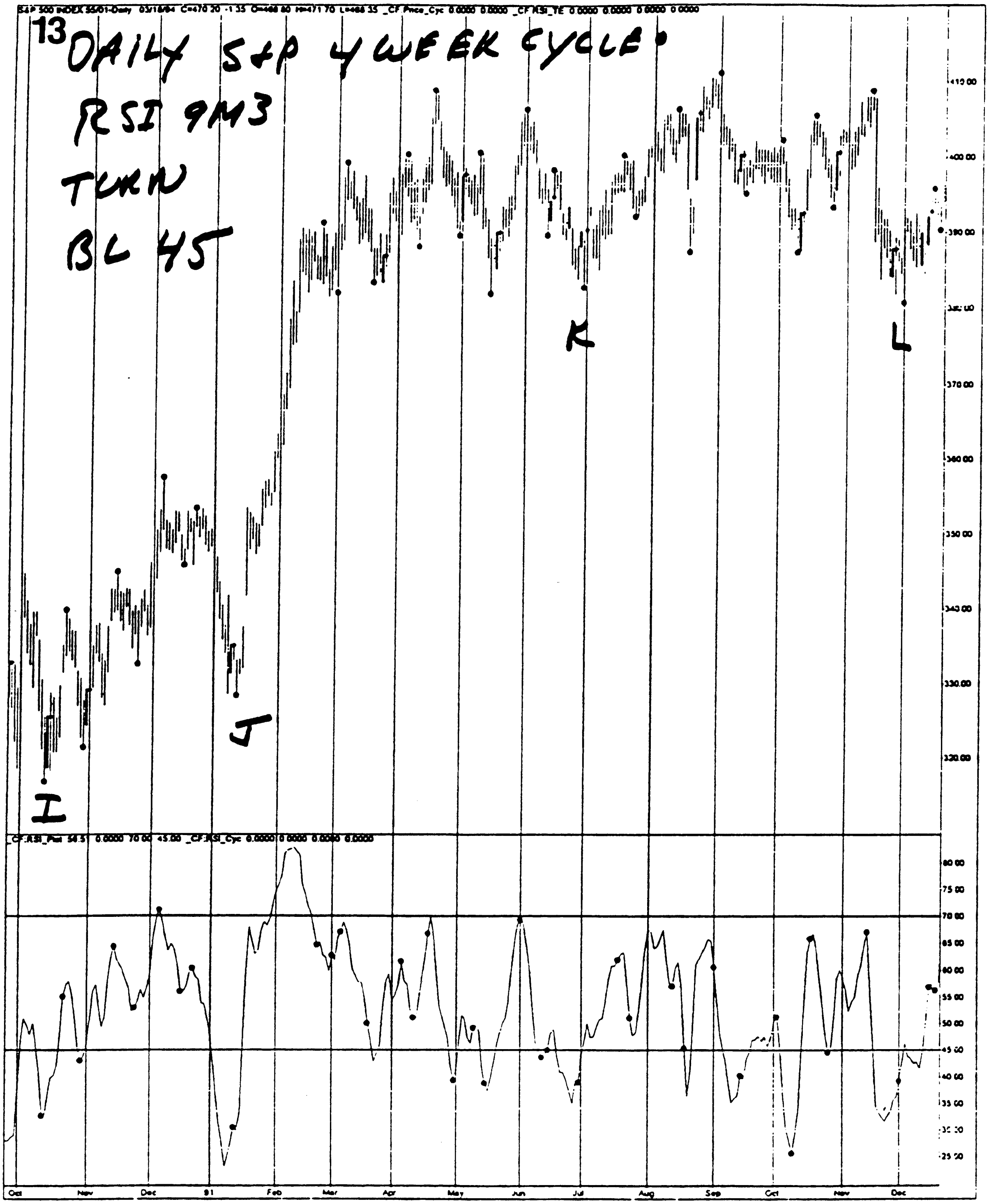
DARK BAR = SETUP DOT • = ENTRY


10
22 WEEK CYCLE
RSI 3M3
CONT BUY (INSIDE)
BL 30
420.00
400.00
380.00
360.00
340.00
320.00
300.00
280.00
260.00
240.00
220.00
90.00
80.00
70.00
60.00
50.00
40.00
30.00
20.00
10.00
O N D 88 F M A M J J A S O N D 89 F M A M J J A S O N D 90 F M A M J J A S O N D 91 F M A M J J A S O N D 92 F M A M

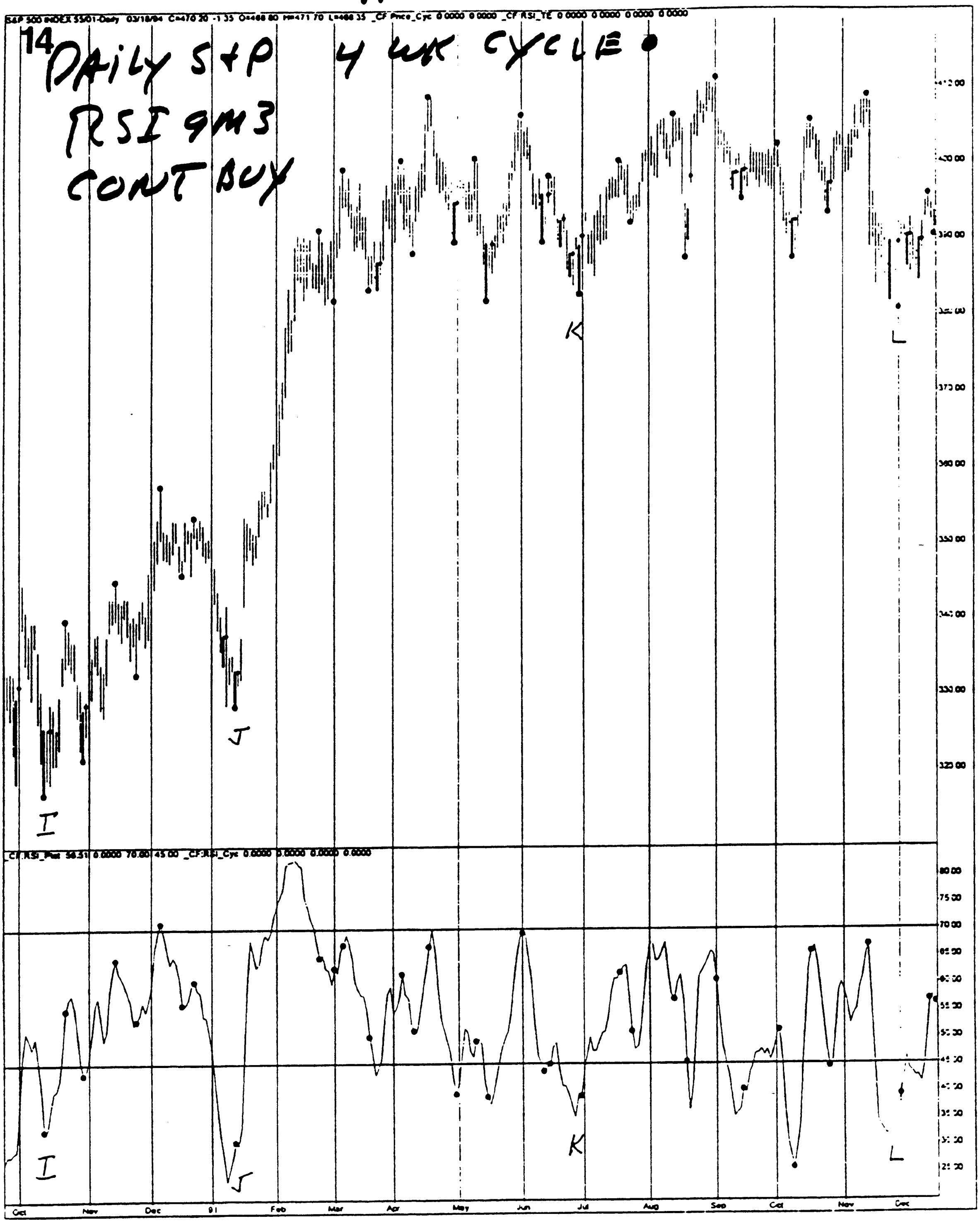

11
22 WK CYCLE 0
BUY LINE AT 52
CONT BUY
1990

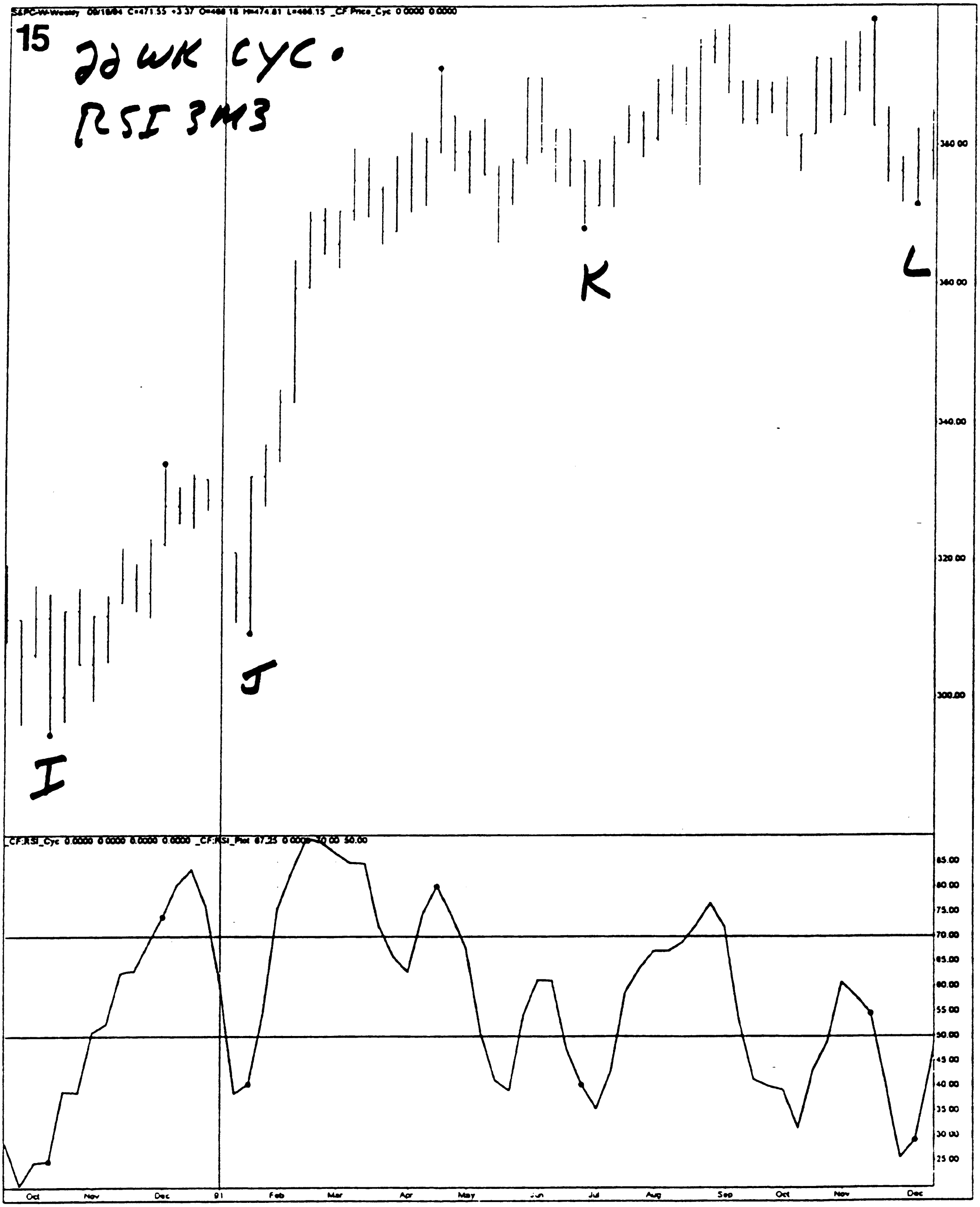


DARK BAR = SETUP DOT• = ENTRY

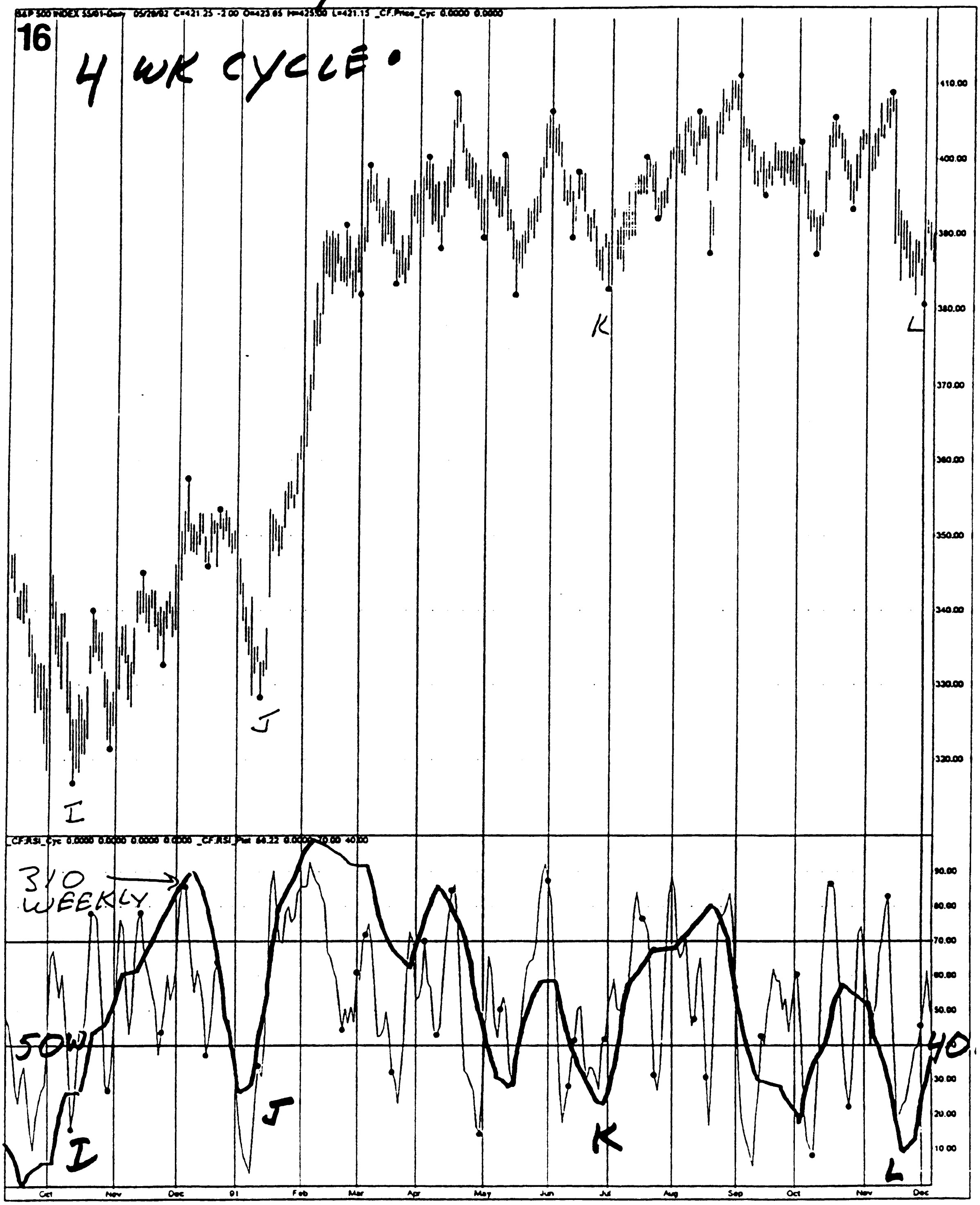

S&P 500 INDEX
13
DAILY S+P 4 WEEK CYCLE
RSI 9M3
TURN
BL 45
I
J
K
L
410.00
400.00
390.00
370.00
360.00
350.00
340.00
330.00
320.00
80.00
75.00
70.00
65.00
60.00
55.00
50.00
45.00
40.00
35.00
25.00
Oct
Nov
Dec
91
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec

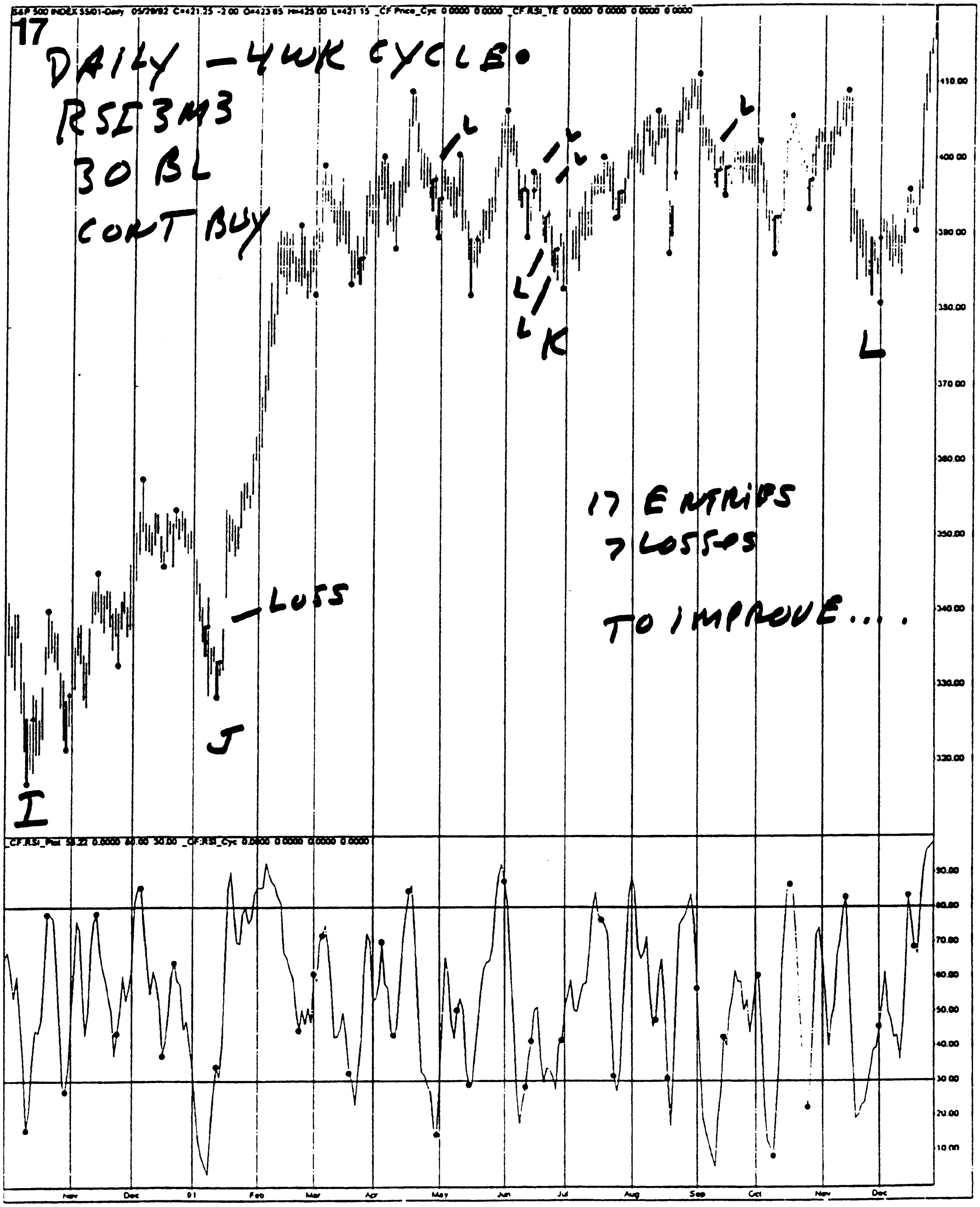
LOW $ RISK


14
DAILY S+P 4 WK CYCLE
RSI 9M3
CONT BUY
I
J
K
L
I
J
K
L
Oct
Nov
Dec
91
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec


15
22 WK CYC.
RSI 3M3
I
J
K
L
_CF:RSI_Cyc 0.0000 0.0000 0.0000 0.0000
340.00
320.00
300.00
85.00
80.00
75.00
70.00
65.00
60.00
55.00
50.00
45.00
40.00
35.00
30.00
25.00
Oct
Nov
Dec
91
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec

WEEKLY SETS DIRECTION




17
DAILY – 4WK CYCLE
RSI 3M3
30 BL
CONT BUY
L
L
L
L
L
K
L
–LOSS
J
I
17 ENTRIES
7 LOSSES
TO IMPROVE....
410.00
400.00
390.00
380.00
370.00
360.00
350.00
340.00
330.00
320.00
90.00
80.00
70.00
60.00
50.00
40.00
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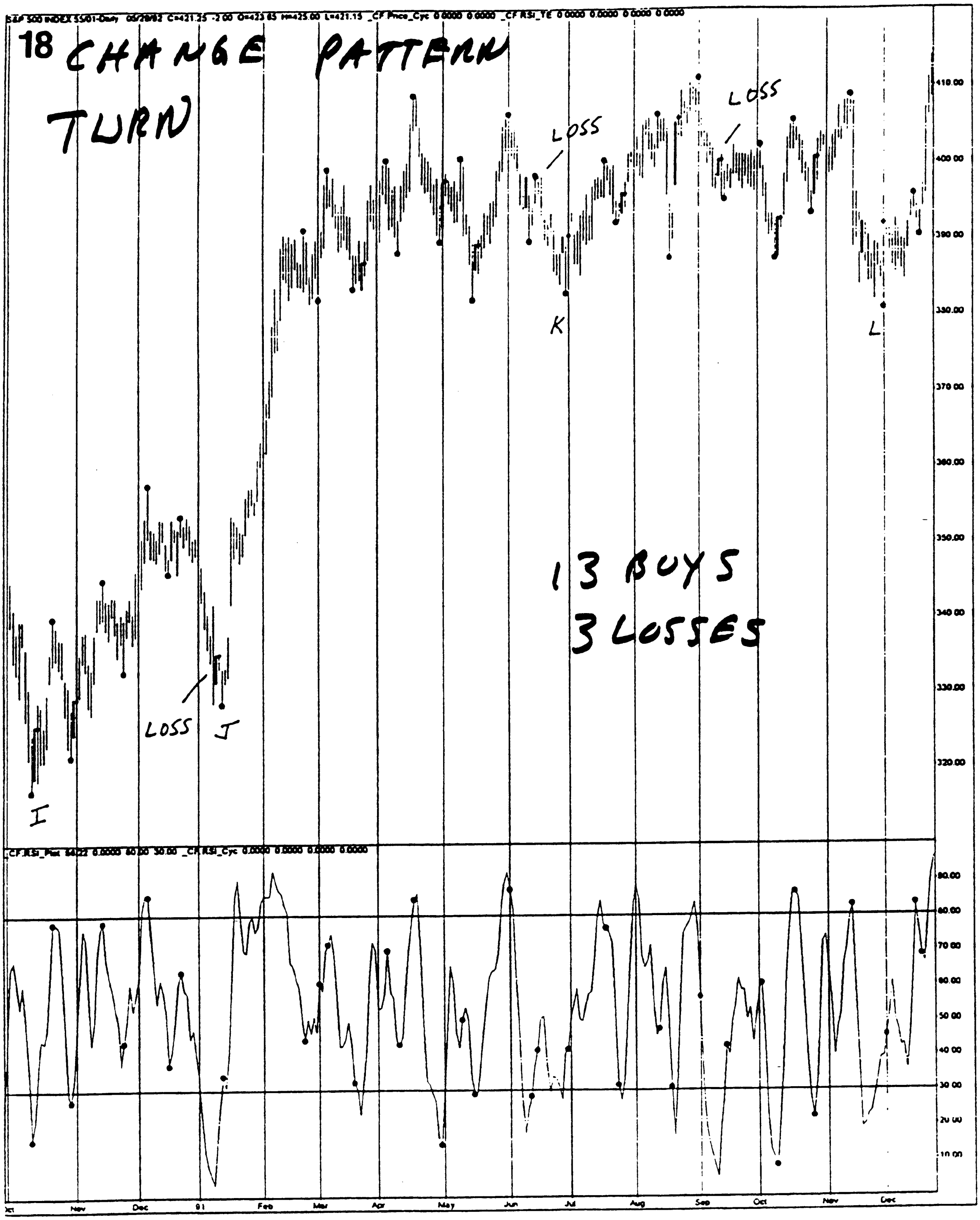
Aug
Sep
Oct
Nov
Dec


S&P 500 INDEX 55/01-Daily 05/28/92 C=421.25 -2.00 O=423.85 H=425.00 L=421.15 _CF Price_Cyc 0.0000 0.0000 _CF RSI_TE 0.0000 0.0000 0.0000 0.0000
18 CHANGE PATTERN
TURN
LOSS
LOSS
LOSS
I
J
K
L
13 BUYS
3 LOSSES
410.00
400.00
390.00
380.00
370.00
360.00
350.00
340.00
330.00
320.00
_CF RSI_Plot 84.22 0.0000 80.00 30.00 _CF RSI_Cyc 0.0000 0.0000 0.0000 0.0000
80.00
60.00
70.00
60.00
50.00
40.00
30.00
20.00
10.00
Oct
Nov
Dec
91
Feb
Mar
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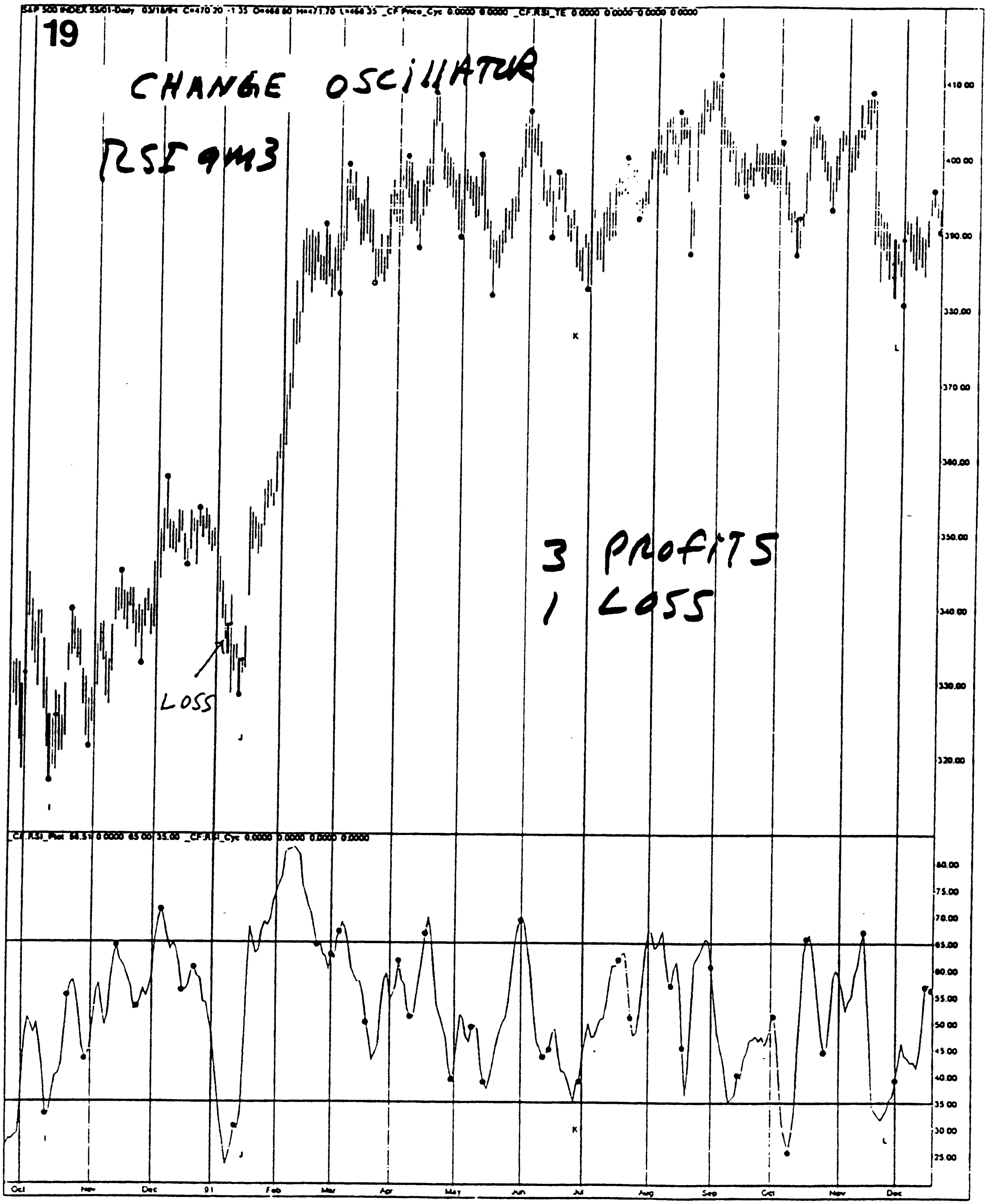
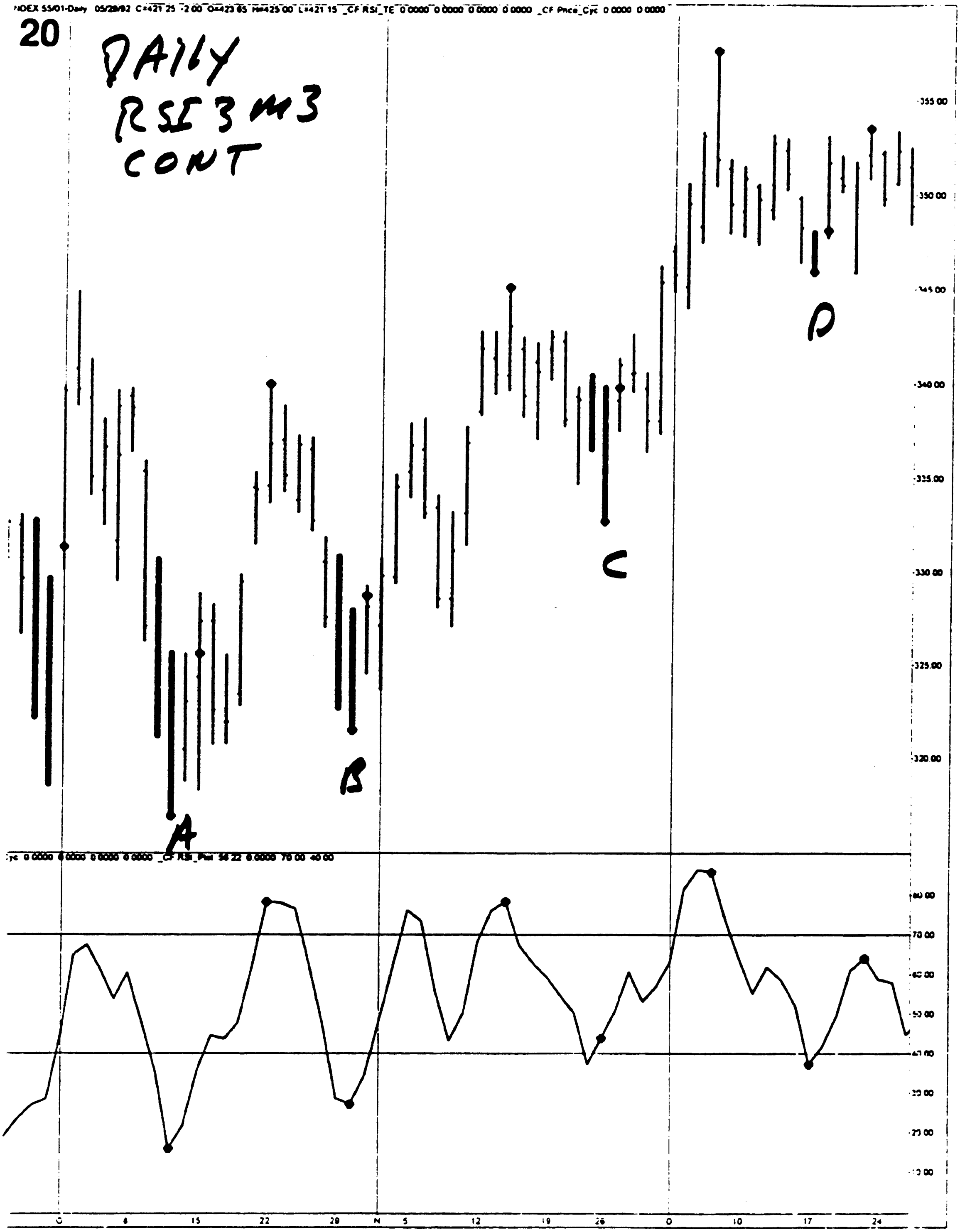
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec

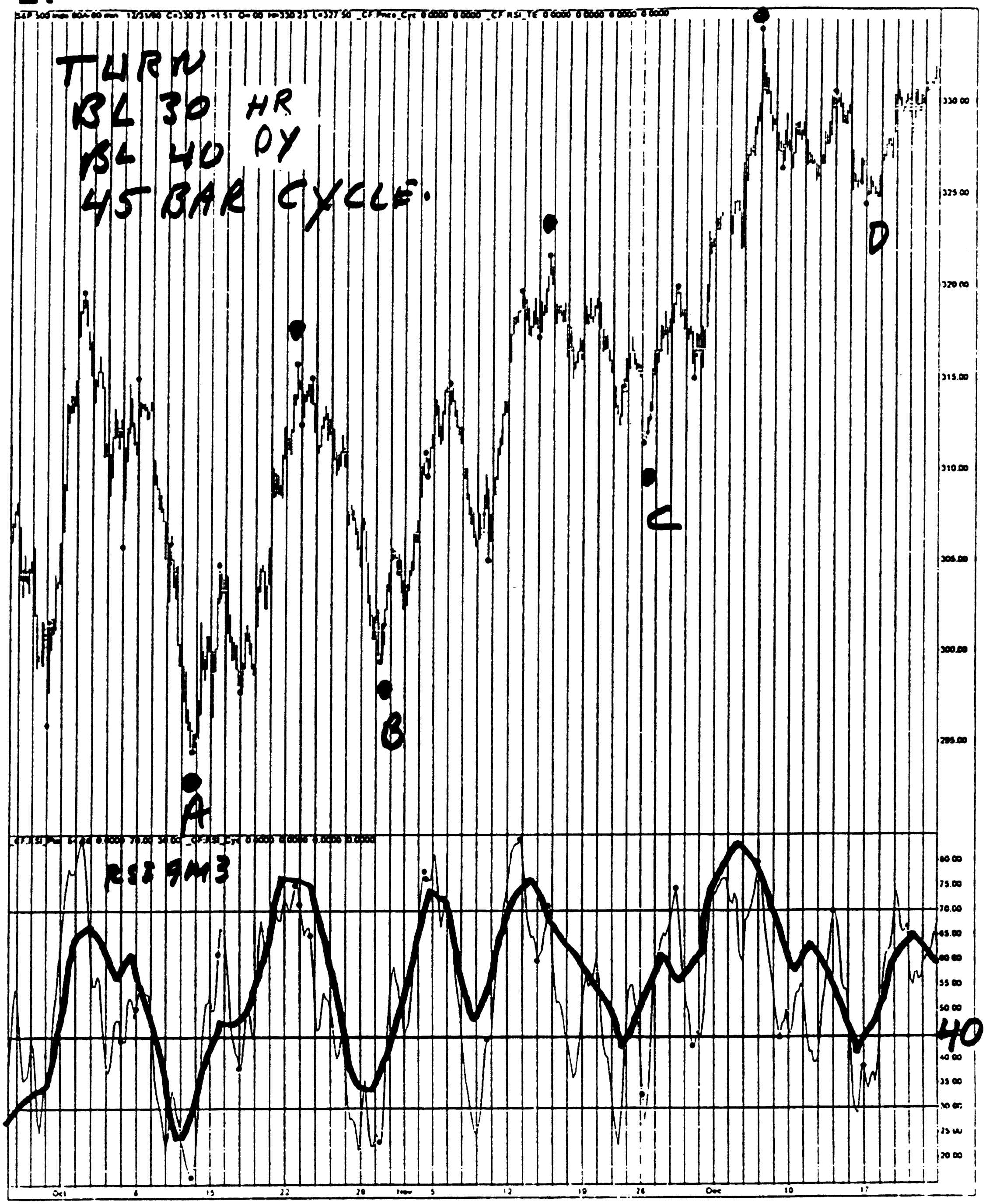

19
CHANGE OSCILLATOR
RSI 9M3
LOSS
3 PROFITS
1 LOSS
410.00
400.00
390.00
380.00
370.00
360.00
350.00
340.00
330.00
320.00
80.00
75.00
70.00
65.00
60.00
55.00
50.00
45.00
40.00
35.00
30.00
25.00
Oct
Nov
Dec
91
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec

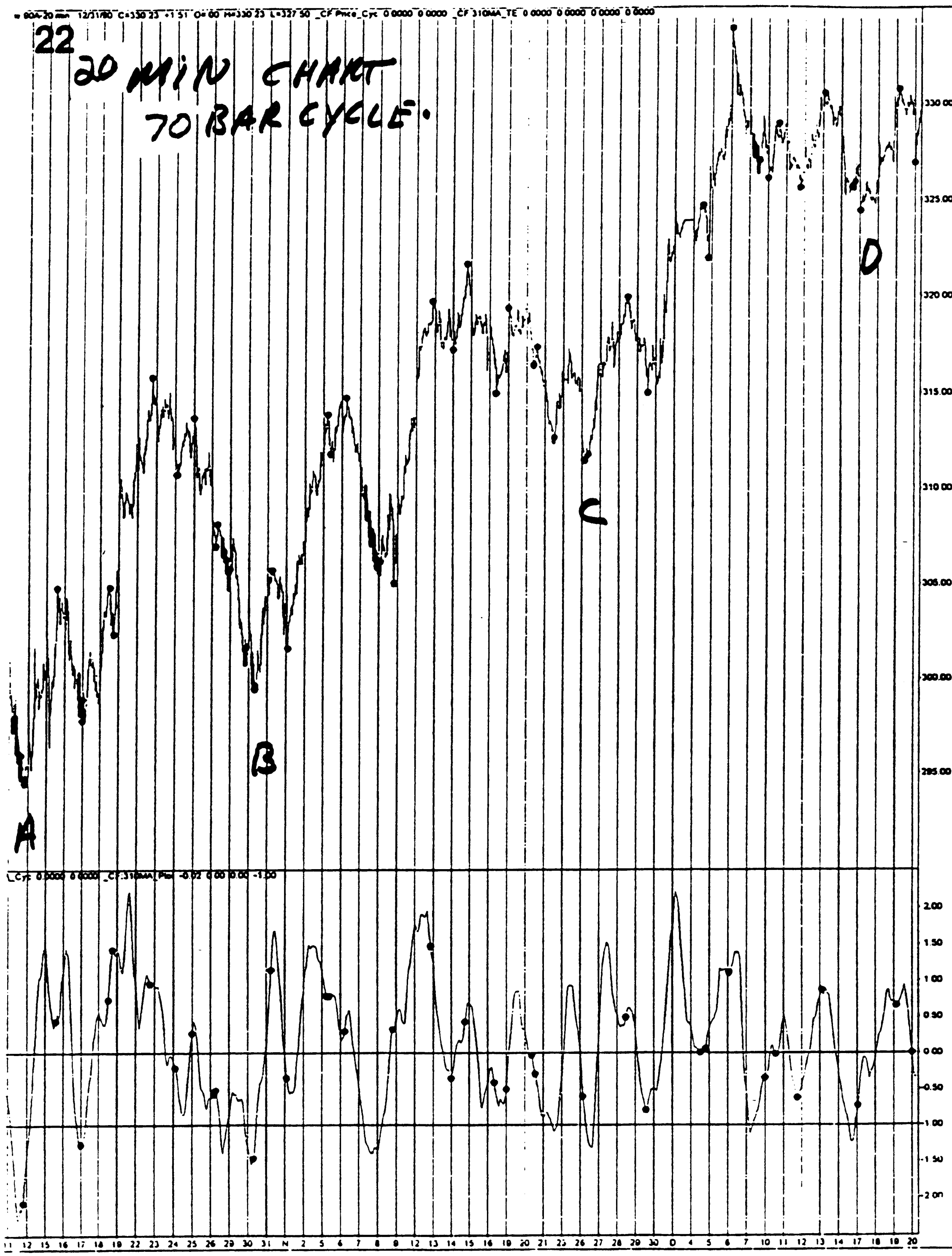


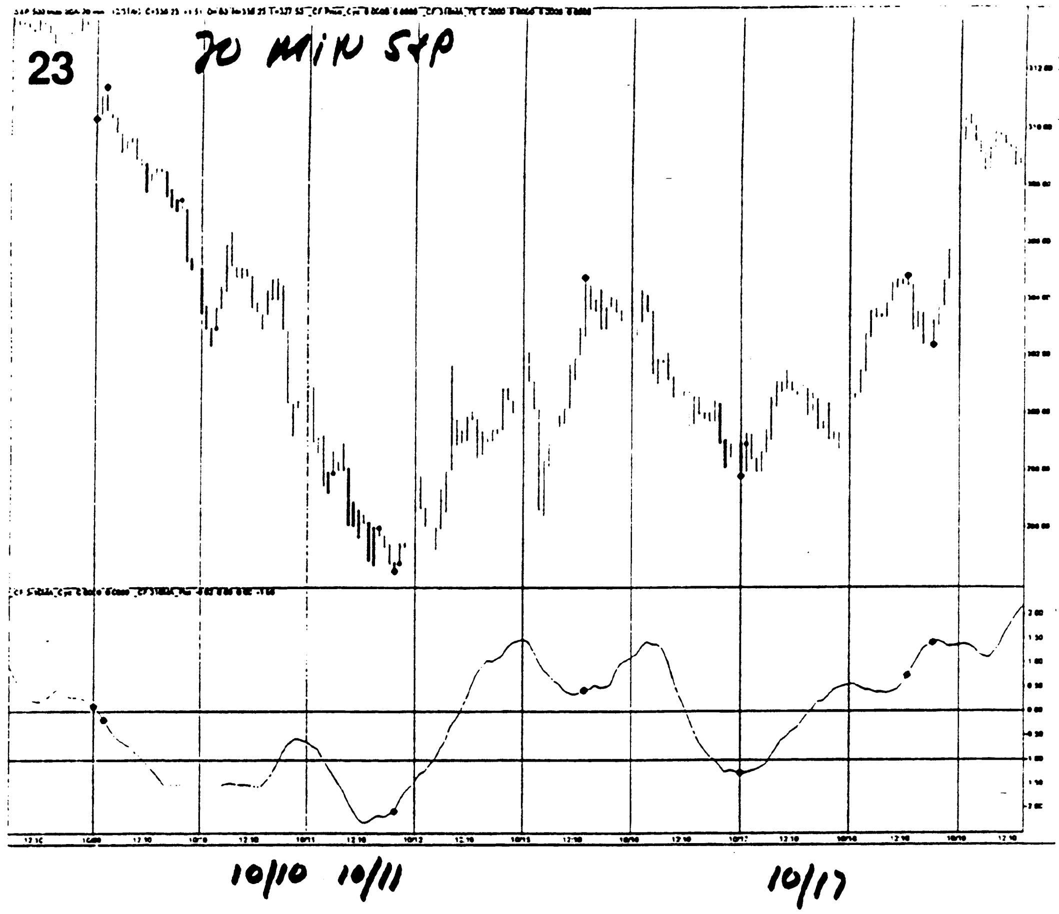
DARK BAR = SETUP   DOT = ENTRY

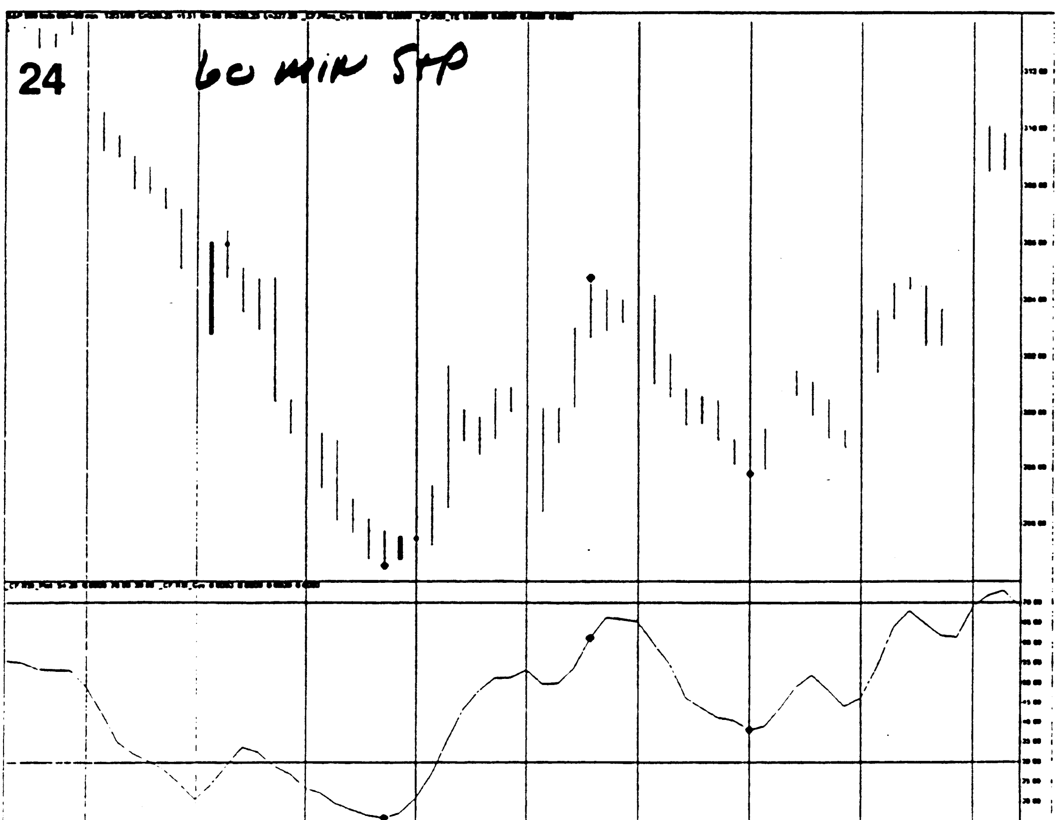
HOURLY CHART WITH DAILY RSI 3M3

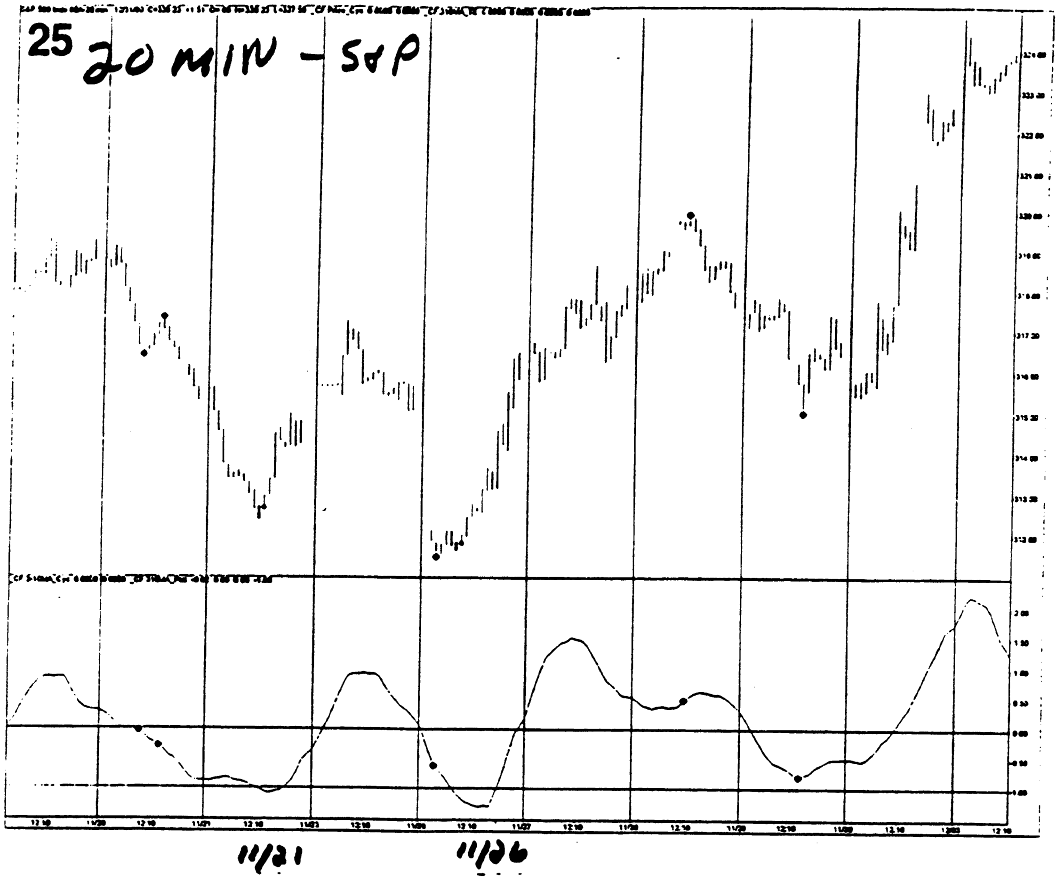
21

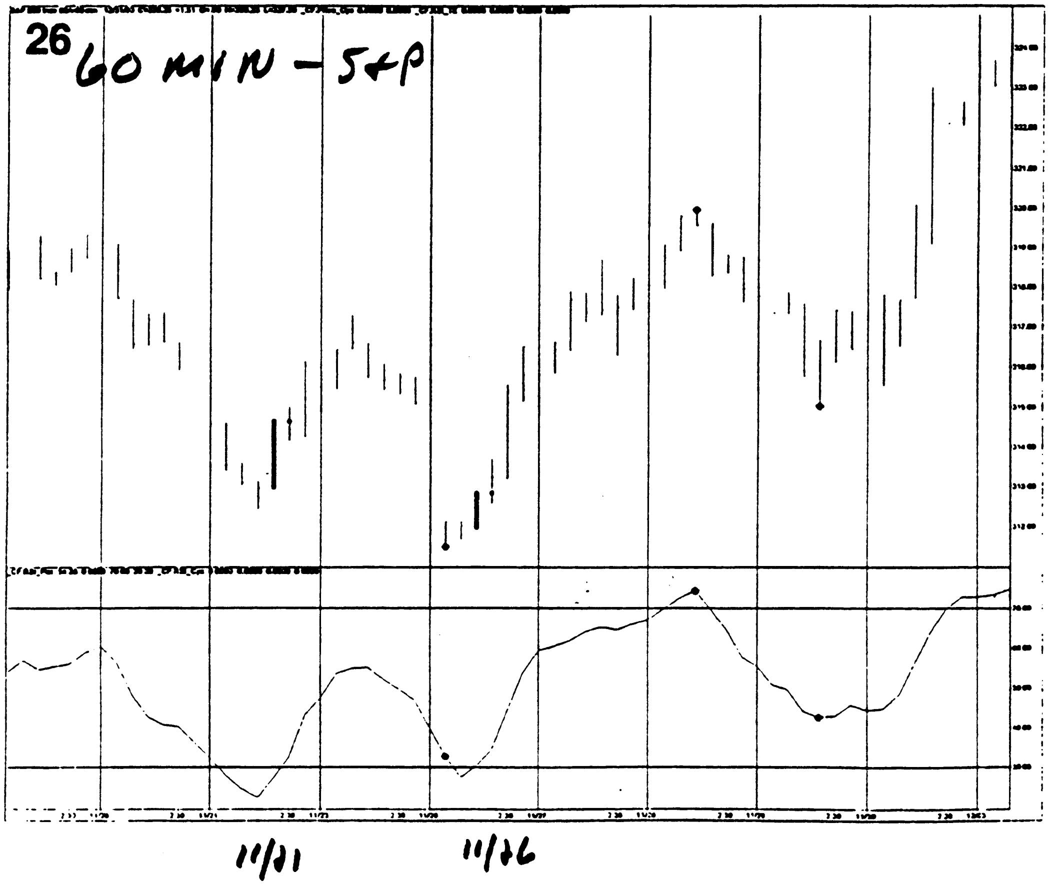


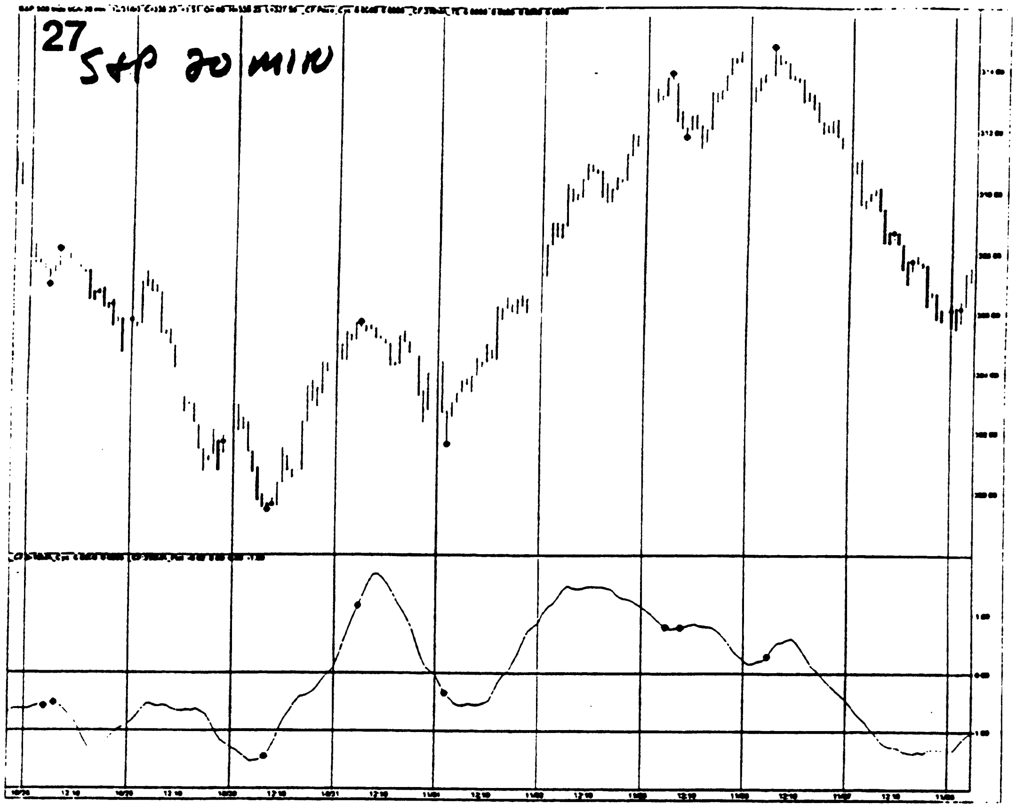

22
20 MIN CHART
70 BAR CYCLE.
A
B
C
D
330.00
325.00
320.00
315.00
310.00
305.00
300.00
295.00
2.00
1.50
1.00
0.50
0.00
-0.50
-1.00
-1.50
-2.00


23
20 min S&P
10/10 10/11
10/17

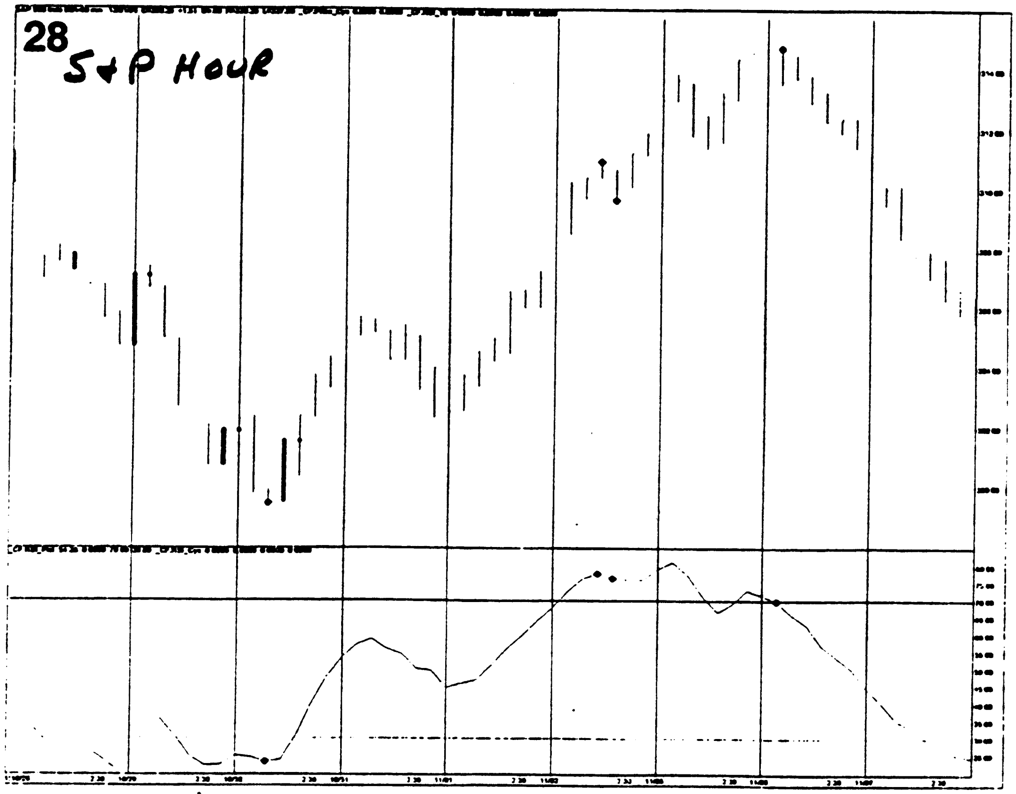

24
60 min S&P
10/10 10/11
10/17


25 20 MIN - S+P
11/21
11/26


26 60 MIN - S+P
11/21
11/26



10/29 10/30



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