Could the reason the majority of Wall Street fails to outperform the index be the majority of Wall Street fails to embrace technical analysis?

While many bury their heads in the sand and embrace the “hope and prayer” method of money management, technicians are listening to the undercurrents of the market and recognizing early where major institutional tide shifts are occurring.

Money managers who recognize the power of the markets to reward and penalize stocks generate greater returns. It is evident that a herd mentality at major institutions remains, especially in the indexes. Leveraging this activity from the largest investors can allow technicians to reap greater returns.

In 1994, David O’Leary, who managed money in the late 70s and early 80s, founded Alpha Equity Research to prove this point. In the 80s, Dave realized that all the fundamental analysis in the world couldn’t guarantee price action. Those of us who remember the oil stock boom likely agree. Whether oil, biotech or internet stocks — technical analysis provides key insight into future performance — both as they rise and fall.

When Alpha Equity Research was started in 1994, it was increasingly evident that there was a growing gap between what money managers wanted and what Wall Street provided. Dave remembers all too well the sell side road shows that came through his office. In each meeting he always asked the question “how many people have you given this idea to before you came to see me?” The question then became whether any real value was being added in meeting with salespeople and corporations.

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The first realization we came to was that identifying sector moves early generated as much as 80% of a stock price move. Once you can determine whether a sector basket is under accumulation or distribution it makes finding winning and losing stocks much easier. For those in doubt, simply consider the telecom and developing communication sectors over the past two years and the stock price action of companies in those sectors like JDSU, NT and LU. Those needing further proof simply need consider the action in construction and housing in the past two years and the move in NVR Inc. (NVR).

We also recognized that focusing attention on overly short term oriented money flow measures created too much noise to act profitability over time. What we learned is that you have a much higher correlation with success if you focus on longer term trends. To illustrate this point simply read the December AIMR publication Financial Analysis Journal article, Can Money Flow Predict Stock Returns?

Assuming stock prices forecast future fundamental news, i.e. Enron, WorldCom and Tyco, it becomes clear that identifying price volume accumulation or distribution can create tremendous Alpha.

Consider Tyco in December of 2001. The stock rose to $60 a share and then pulled back into the last week of the month. It rose during that week toward $60 again with no real volume. It was not a surprise when the stock rolled over in the first week of January and the sell volume soared. The stock price at this inflection point was still in the mid $50s. (see chart).

In considering Enron, Michael Kahn did a wonderful job in last months Barron’s article in demonstrating how technical analysis helped in —

continued on page 3
From the Editor’s Desk
As we all prepare for what should turn out to be quite an eventful month (will the July lows hold, or will they just be the latest rest stop on the way to who knows where?), it is my hope that this newsletter has something of interest for everyone. We’ve put together a unique methodology on price forecasting by Todd Campbell; Part II of last month’s feature entitled “Technically Speaking Asks the Technicians;” and a letter to the editor discussing the controversial speech given by Victor Niederhoffer to the MTA. Hope you find it educational and thought provoking.

On another note, I regret to announce that I will be relinquishing my duties as Editor-in-Chief of Technically Speaking. While I have enjoyed the interaction with the Members and Affiliates, my work schedule is just too hectic for me to devote the time sufficient to get the newsletter out on time, and with the type of content MTA members and affiliates have a right to expect.

I commend this job to anyone with a burning desire to contribute to what I feel is the most prestigious organization in the field of technical analysis. Interested members or affiliates should contact Shelley Lebeck at 732/596-9399.

I hope this month’s newsletter finds you well, and I wish you all the best.

Dan Fitzpatrick
Technically Speaking Editor

From the President
Many things have happened to all of us since 9/11 but by the far the most impressive is the personal introspection and transformation I’ve seen in so many of my family members, friends and associates. “Work smarter, not harder,” is one vow that I hear. Another is the willingness of individuals to be brutally honest with themselves and to jettison their negatives and to build upon their positives. After one full year, I notice that it is those who had the actual courage to change who are beginning to reap the benefits.

The MTA is no exception. Last September, a couple of weeks after the terrorist attack, we held our first “Summit Meeting” in Woodbridge, New Jersey; we had to take a good, hard look at ourselves. We asked: “Who are we and how do we rebuild ourselves after our Trade Center losses?” In response, we decided to jettison our old system of doing business and rebuild a whole new computer platform upon which to launch our future. Now, after one full year, we must address a whole new set of questions: “What is our future and how do we get there?”

In response, the MTA will hold its “Second Summit Meeting” on the weekend of October 19-20. The entire two days will be dedicated to “Long Range Planning.” Ken Preston, our management consultant, will begin with the findings from his recent in-depth survey of the MTA. His remarks will be totally unbiased and brutally honest; they will serve as a looking glass, revealing all the things we have to change. The question is: “Do we have the courage to change?” My response: “Of course we do!” The MTA is financially strong and confident in itself, its members, its subject and its mission to guide this organization into the future.

Hopefully, this secular bear market has taught others what we already know about the importance of timing and risk management. It’s never too late to teach the unformed.

Sincerely,
Ralph J. Acampora, CMT
MTA President
vestors foresee its collapse. The chart, compiled by Bank of NY/Jaywalk further shows Enron’s decline and the failure of Wall Street analysts to embrace the signs of decline clearly evident in technical analysis.

In identifying performing ideas, we found the greatest success comes in measuring price volume relative to market cap over a rolling time weighted four week period. In essence, time weight the price volume trends so the most recent week has a greater impact than four weeks ago. This information is then basketized across 36 industry sectors. At the sector level we analyze these trends over a 13-week distance from moving average calculation. Further we measure the rate of change to forecast future strength in the basket. The rate of change measure provides a very useful tool in identifying the likelihood of future price performance.

Overall, our sector analysis and our stock price volume analysis accounts for more than 80% of the stock score we give to each of the 2,200 stocks in our universe.

We also realize that future price moves reward earnings growth. Since companies who tend to grow earnings faster than others are rewarded, we found it important to determine which companies are likely to post strong earnings over the coming quarters.

Our work looks at the past three quarters earnings growth rates, top line growth rates, after tax margin trends and finally discounted ROE analysis to find stocks likely to post strong earnings. By considering the trend earnings growth, revenue growth and after tax margins, we improve our ability to identify performing stocks.

Further, by blending money flow analysis with earnings growth analysis, our work eliminates much of the noise that can be generated in other approaches and tends to focus attention only on winners or losers. In effect, it reduces opportunity cost.

Arguably, the greatest shortfall of those failing to embrace technical analysis is their inability to “walk away” from a declining stock. Often, our intuition tells us what is occurring in the market place. In approaching investing with a blend of principles weighted toward technicals, this strategy helps avoid under-performers and quantifies your intuition. It reduces the “ostrich approach” to declining stocks.

While no model is perfect, in fact, everyone’s crystal ball becomes cloudy at times, our work has shown us that an approach using such a model as I’ve described generates considerable Alpha over other approaches.

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**Letter to the Editor**

**Bill Rafter**

Those members and affiliates who attended the September MTA meeting received a real treat. Dr. Victor Niederhoffer, the guest speaker, is one of the few people with legitimate academic credentials to have made the case for technical analysis. (He has a Ph.D. in Statistics from the University of Chicago.) Aside from a few hicups, he has demonstrated by both his academic research and his market success that technical analysis has merit. But the audience thought they were going to be praised; they never saw the left hook coming.

His performance (indeed it was more than that a presentation) was like witnessing a present day trial of Socrates. Niederhoffer proudly announced that he was one of us, yet even-handedly disavowed the two principles of technical analysis: the existence of trends, and the price-volume relationship. If that was not enough, the Professor suggested that the first charts we should be looking at are scatter diagrams, and that the MTA lifetime achievement award should be given to the father of pari-mutuel betting. When he referred to “Charlatan Gann,” many in the audience groaned as though they had been stabbed in the heart.

Niederhoffer challenged the attended to be true to science, specifically to develop a hypothesis from the data as it exists. He tried to engage the audience in a dialectic battle, but the MTA were too reticent, or too interested in being polite.

The Professor is most definitely a technician, but not the type of technician most of us describe ourselves to be. He’s not a strategy poker player, but a card counter. He is correct when he says that “there has never been shown any relationship to exist between price and volume.” However, just because no one has published scientific evidence of such a relationship, does not mean that no relationship exists. After all, you cannot prove a negative, and which of us wants to give away the hard-earned secrets we have learned?

Years ago no less a star than Nobel Laureate Paul Samuelson announced that he could find no success in following the insider stock filings. Shortly after, two grad students from University of Chicago proved the existence of a relationship. The difference? Samuelson looked at option exercises as a bullish event, whereas the grad students looked at them as a leading bearish event. The information was right there; Samuelson just was not looking at it correctly.

As far as his denying the existence of trends, Niederhoffer definitely believes in them. His presentation was just audience-baiting at its best. How do I know? When asked about the mathematics of chaos theory, the sage replied, “Chaos was when the open to close series doesn’t match the close to close series.” The key: The series match in trending markets, but do not match in meandering markets. Plus, I have had the pleasure of having taken two of his graduate classes at Berkeley. I’ve seen him before.

The point I have taken so long to develop is that the MTA needs more debate of the type Niederhoffer tried to instigate. The Members and Affiliates are too respectful of the various disciplines of technical analysis. Indeed the bylaws say that we cannot speak negatively of each other. If someone was to come along claiming to follow the markets by watching chicken entrails or tea leaves, that person would be accorded the respect given to all the members. But by doing so, and ignoring science, the entire body of technical analysis risks disrepute. We need to have vigorous debate, and to continue to invite speakers who challenge us. Testing ourselves will make us stronger, not weaker.

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**Great Opportunity! CMT Level 1 Prep Class Now Available in New York City**

The FT New York Institute of Finance is offering a new class starting this fall which will prepare CMT candidates for the Level 1 Exam (April 2003). This new course is being taught by MTA President Ralph Acampora, CMT of Prudential Securities.

The course begins on Monday, October 28th and runs for 12 Monday evenings from 5:30pm-8:00 pm. The location will be the Flatotel on 52nd Street between 6th and 7th. Contact the FT New York Institute of Finance at 212/641-6616 or log on their website at: www.ftkfinance.com/US/MTA/CMT for complete details.

There is also a one-day course being offered on technical analysis on Tuesday, October 29th. This course will be held at the same location – the Flatotel. Contact the above phone/website for complete details.

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*Todd Campbell, Partner, Alpha Equity Research, 800-257-4245, www.alpharesearch.com*
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Last month, I published an article where I had asked various MTA members for their views on the current market, and their methodologies for keeping abreast of this schizophrenic animal. Specifically, I wanted to know:

1. Their primary method of technical analysis;
2. What specific technical indicators are working in this market;
3. How much of a role fundamental and economic analysis play in the decision-making process; and
4. What their outlook was for the broader-market over the next year, and the next five years.

I received several responses that didn’t make it into the September newsletter, but the response I got from the readers was very one-sided – you want more! So, back by popular demand, here is part two of what was intended to be a one episode series.

Kenneth Tower
Chief Market Strategist, CyberTrader, Inc.

1. What is your primary method of TA?

Point and Figure (P&F) charts are our primary area of focus and we believe we rule the 1 box reversal P&F chart area. With our transition to the CyberTrader portion of Charles Schwab, we now have access to the intraday prices we lacked while at US Trust. That’s allowed us to create a nickel database. Specifically, that database keeps track of every 5 cent move which will allow us to create accurate short-term charts (as well as long-term charts). We already include moving averages on our charts and have begun experimenting with adding volume as well as other indicators.

Why 1 box P&F charts?

P&F charts offer a unique connection to markets. Because they are not time-based, they better reflect trading activity. You only update a chart when the price moves. While Abe Cohen’s late 1940s 3-box shortcut method is more popular, our 1 box charts are the original method and are the technique that best utilizes this unique strength.

2. What specific technical indicators (or combinations) are working for you in this Market, and which ones are not?

Ours is largely a trend following technique. This has been a trending market and downside breakouts have worked well.

3. How much of a role does fundamental and economic analysis play in your decision-making process?

Not much.

4. What is your outlook for the broader-market over the next year, and the next 5 years?

We’re bullish over the next two years. We believe that the July 23 low will be tested this fall and hold. We then expect a two-year bull market. Of course, we can always revise our forecast!

Larry Katz
Research Director, Market Summary & Forecast

Larry Katz has been involved with the financial markets for over 18 years. He began as a stockbroker with a major Wall Street Firm in the fall of 1983 literally knowing nothing at all about the markets and how they worked. As a novice broker he like all began to recommend the stocks on the firms recommended list only to come to the realization that most were headed lower. It was hard enough to get clients and to keep them Larry figured out early in his career that the key was to make them money not lose it. Lucky for him a senior broker in his office was using technical analysis and introduced Larry to it. Here’s what Larry has to say about his experiences in the financial markets:

“It was a perfect match for me. I was fascinated by the mathematical relationships and the geometry of the price patterns. I began reading books from the Library and lucky for me the first one I discovered was Technical Analysis of Stocks and Commodities by Edwards and Magee. This I discovered soon thereafter is a book considered the bible of technical analysis. In mid 1984 I was introduced to the works of both Robert Prechter and Peter Eliaides. There market calls were nothing short of phenomenal and Mr. Prechter’s work with the Elliott Wave principle and Fibonacci relationships were of keen interest. I was particularly fascinated with the Fibonacci relationships and the logic behind the Wave Principle. This was the beginning of my foundation in Elliott Wave. I moved firms in 1985 but continued my technical work further relying totally on charts and ignoring both economic news and especially fundamental research. In 1986 while still a broker I began to work directly with Elliott wave keeping my own hourly charts. In my career as a stock broker I was fortunate to be able to follow the works of such notable technicians as Bob Farrell, Phil Roth, Newton Zinder, Walter Murphy and Jeff Weiss to name a few. There work helped me to continue to learn as I progressed and without them as well as Bob Prechter and Peter Eliaides I am not sure if I would have or could have stayed the course.

In late 1991 I was afforded the opportunity to work with a small brokerage firm in the Los Angeles area doing technical research allowing the firm to go after some small institutional clients. Naturally I jumped at it as market analysis was clearly my first love in regards to the financial markets. In 1994 I moved to another small firm. This allowed me more time to work with technical analysis on a primary basis and to continue to experiment and grow. In March of 1995 I launched my newsletter, Market Summary and Forecast, which is completing its seventh year of publication.

I was admitted to the Market Technicians Association in late 1992. In the summer of 1994 I, along with a couple of other members founded the Southern California Chapter of the Market Technicians Association, and we are proud that it is a thriving chapter of such a fine organization. I have served as president of the chapter since its inception and over the past three years have also served on the management committee as chairman of the membership committee.

Elliott Wave analysis is an integral part of my daily analysis of the markets but over the years I have found that like all other disciplines Elliott Wave is only one tool in a technicians arsenal. We not only use Elliott wave but do a lot of work with both momentum and sentiment. In fact momentum and sentiment play a more important roll in determining our short, medium and long-term market views than Elliott. In my work I have found Elliott to be more helpful on a medium and long-term basis rather than over the short-term. Our work is, and market views are based totally on the technical indicators we follow. We use zero fundamental analysis in our market timing. It is my opinion that the market moves on investors perceptions of future fundamental developments but the key is future. We do not know what they are seeing but the charts and the indicators know they are seeing something. In my view it is not important to know why but to know when and at what risk. We do not use automated timing systems or any complicated market models. We do have a technical barometer that has been very good on a medium and long-term basis and also a 12-component sentiment composite. However, these are but two more tools in our kit of indicators. To quote my friend Steve Shobin, the market is our friend and what we need to do is find out what our friend is saying at any given time. As with all forms of market analysis there are plenty of times we are wrong. Its how we handle those times that separates a good analyst from an average one. Re-
member, it is OK to be wrong but not OK to stay wrong.

With the exception of a three-week period in November following surgery, we have remained bearish on the long-term outlook for stocks since early March of 2000. We believe that 2002 will be a transition year from bear to bull market on a cyclical basis. Within that process we expect to see a break below the lows set in September of 2001 prior to the completion of that process in most or all of the averages. One study we have done goes back to 1930-1932 that shows that the averages have never made a price low commensurate with a momentum low when the averages have declined by 15% or more. This would also coincide nicely with the expected low of the fourth quarter. Our expectations include a momentum low when the averages have never made a price low common with a momentum low when the averages have declined by 15% or more. This would also coincide nicely with the expected low of the fourth quarter.

I think that most technicians will agree that we are in a secular bear market. Where we will disagree, I suspect, is on whether the bear market is completely over or not. If new lows are recorded than I am sure we will, as a group, only differ as to just how far down the final leg carries. In the meantime, most technicians will agree that a protracted period of time is needed to correct the damage done to all of our charts. And this will take the form of a wide trading range that will be measured in years and not in months. Thus, over the next several years we are going to witness many cyclical bull and bear moves which means that we will all be more transaction oriented and portfolio managers will need more technical analysis (timing). Let’s hear it for technical analysis!

Ralph Acampora
Chief Equity Analyst, Prudential Securities

1. What is your primary method of TA?

Due to the fact that many of my firm’s clients run active portfolios, I find that I am most likely going to have to use a combination of price and comparative relative strength data. In this regard I created a proprietary program that defines more clearly the relationship between price and the stock’s performance record. For example, during this past June/July period quite a few individual stocks outperformed the market (S&P 500) on a relative basis, but, suffered significant losses on an absolute price basis. I believe that these distinctions are extremely important and must be identified. Obviously we want to maintain over weighted positions in those stocks that outperform while going up in price. I’ve identified nine separate combinations of price and relative. The clients truly appreciate these subtle or not so subtle differences. They make quite a difference to the overall portfolio managers’ results.

2. What specific technical indicators (or combinations) are working for you in this market, and which ones are not?

I don’t think that anyone particular indicator is best nor do I have a single favorite. But there are times when a particular indicator is more helpful than others. For example, this past April/May period the percent of stocks above their respective 200 day moving averages was extremely helpful. At the time it was very overbought with a reading of 75%. This, along with simple intermediate up trend violations in the leading market averages was enough for me to issue a warning to my clients. Most recently, this indicator dropped to a extreme oversold reading of 10%, helping me to start getting people slowly back into the stock market.

3. How much of a role does fundamental and economic analysis play in your decision-making process?

Every Monday morning the firm’s overview people hold their weekly strategy call. This is an excellent time to not only listen to other disciplines but to combine the technicals whenever they fit. It is also very helpful to the sales force to hear the differences between the technical and the economic or the quantitative approaches. All other days the fundamental analysts talk about their industries and the companies that they follow. It is here that I try to find areas of agreement because it benefits the clients to know that technical concurs with the fundamentals. Even when they disagree, which is quite often the case, it is still extremely beneficial for everyone. Bottom line, I enjoy and seek out the interchange between all types of analysis.

4. What is your outlook for the broader-market over the next year, and the next 5 years?

The Successful Fundamentalist’s Secret

MTA to Host the 2003 IFTA Conference

November 6-9, 2003
Capital Hilton Hotel, Washington, DC

The MTA is proud to have been chosen to be the host society for the next annual IFTA conference. This also happens to be the 30th anniversary of the incorporation of the MTA – so we are planning a spectacular event to celebrate our 30th anniversary and bring a successful conference to the IFTA colleagues (of which the MTA members and affiliates are a part.)

However, because we want to channel all our energies to this event, there will not be an annual MTA seminar next May. We will resume the seminars in Marco Island, FL in May 2004.

A Special Event

All MTA members and affiliates are encouraged to attend this IFTA conference. The conference uses a very similar format to the our seminars – except that it starts early on Thursday morning and ends with a gala event on Saturday night. The conference begins with a Walkabout which gives the conference delegates a chance to get to know one half of those attending in the first morning. The Walkabout is a tremendously successful and is run each year by fellow MTA member, Ian Notley, who introduced this Australian concept to IFTA (Ian himself being Australian) many years ago.

And because 50-60% of the conference speakers will be non-U.S., the MTA’s U.S. members/affiliates will be exposed to brilliant minds from around the world – all experts in their own field. Not to mention that there will be 100 or more delegates attending from around the world. What an opportunity to spend four days in Washington, DC – a power site itself – to meet, learn, dine with some of the world’s most respected financial experts. This is truly an opportunity not to be missed.

Save the Dates

Put November 6-9 on your 2003 calendar and watch future editions of Technically Speaking and www.mta.org for continuing updates. Better yet, volunteer to be on a committee so you can be part of the planning of this exciting event. Contact tom@mta.org
The Chartered Market Technician (CMT) Program

Shelley Lebeck

Registration will open in October, probably later in the month, for the CMT 1, 2 and 3 exams to take place in April 2003. The Accreditation Committee is working on study materials and many other details that need to be completed before registration opens. This year the CMT registration will take place online through the MTA website, a huge step forward in handling the registration process. When CMT registration is open, an announcement will be put on the MTA website, both the main page and your personal home page.

In the meantime, while you are anxiously awaiting for registration to open, here is a history lesson about the CMT program. The first CMT Level 1 exam was given in 1988, and the first time CMT 2 was offered was 1989. At that time it was a two-level program, and Level 2 was a choice between an exam and a paper.

Starting with registration for 1991 exams, a third level was added, which became the required paper, and Level 2 was then made into an exam. Candidates already in the program were grandfathered to only do the two levels, but anyone coming in 1991 and on had to do 3 levels.

It stayed that way until the 2001 exams, and at that time Level 3 was made a choice between the research paper and a third exam.

The growth of the CMT program is obvious in the registration numbers listed below, the last two years most especially. There are now 240 CMTs, scattered across the U.S. and Canada, as well as several other countries.

### CMT Registrants

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A few years ago we used to put names of new CMT’s in the newsletter, but last report was November 1999!

So belated congratulations to some of you, here are the MTA members who have received the CMT designation since November 1999:

- David Atkinson
- Guy Barba
- Gary Bender
- Stephen Bizlia
- Mitch Bulajic
- Peter Burky
- Donald Campbell
- Tom Cannon
- Matthew Claessen
- David Clemens
- Martin Courman
- Mark Cremonie
- Bruno DiGiorgi
- Jeff DiStanlo
- Mercilee Dixon
- Scott Doll
- Buff Dormeier
- Roger Eberle
- Mark Eidem
- Mark Ellerbeck
- Gun Esen
- Jay Farmer
- Alan Freeman
- Steve Gallagher
- Kenneth Goodreau
- Sal Greco
- Geoff Hicks
- David Ippercial
- William James
- Michael Jepson
- Jon Duke Jones
- Steve Kelsey
- Jordan Kotick
- Michael Ladd
- Serge Laedermann

Hamilton Lewis
John Lewis
Holly Liss
Nathaniel Lovell
Kennan Low
Patricia Lunenburg
Patrick Lyons
Peter Martin
Stefan Martinek
John McManus
Marin Meaney
Fred Meissner
Jeffery Morton
Saleh Nasser
Mark Newton
Cemil Otar
David Pascual
Edward Painvin
Jeffrey Pohl
F.P. Powell
Thomas Rabolli
Wayne Reid
Art Ruszkowski
William Ryder
Charles Sampson
Anna Santucci
Tim Snively
James Spencer
Jeff Spotts
Stefan Steinemann
Gary Stone
Eugene Stone
Stephen Suttmeier
Katherine Townshend
David Walker
James Young
Jeanette Young

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- 1/9 page $ 75 (1/3 of one column)
- 2/9 page $150 (vertical or horizontal)
- 1/3 page $200 (vertical or horizontal)
- 2/3 page $375 (vertical or horizontal)
- 1/2 page $300 (horizontal only)
- full page $500

There are no multiple issue discounts offered. Black and white ads only. Send ad artwork in a TIFF or JPEG format to bgomperts@aol.com and your check to the MTA office in Woodbridge, NJ.
MTA Library [Almost] Ready

For Business...

Tom MacMahon

The MTA on-line Library will be opened later in October — the exact date will be posted on the website. In order to ensure a fair and dependable system, the following guidelines and regulations will be applied:
1. The total list of books will be available in your private homepage under the “Library” menu choice.
2. All books will be loaned out for a maximum of 42 days (6 weeks) from time of request to time of receipt back in Woodbridge.
3. A maximum of three (3) books can be borrowed at any single 42 day period.
4. Woodbridge will ship the requested books out within 2 days of the request.
5. If any books on loan are overdue all borrowing privileges will be suspended until those books are returned.
6. The “Due Back” date will be highlighted in your on-line receipt and is the date the books on-loan must be received back in Woodbridge. Generally it is a good idea to send the books back about 5-7 business days before the due back date.
7. A daily fine of fifty cents ($.50) per book will be levied after the due back date has passed. If the book has not been returned by 30 days after the due back date, the full replacement value of that book will be charged to the borrower.
8. If the borrower refuses to pay the fines and/or the replacement costs, all borrowing privileges will be suspended until they do pay those fines or costs.
9. If the borrower has to renew their membership and pay annual dues and have not settled with the MTA Library, those charges will be added to their dues at the time of renewal.
10. If a borrower loses a book, he or she must contact Maria Wittek at 732/596-9399 x201 and make arrangements to replace that book.
11. Rare and out-of-print volumes cannot be loaned out but can be photocopied at the borrower’s expense.
12. All shipping costs from Woodbridge to the borrower are covered by the MTA. All return costs from the borrower back to Woodbridge are the responsibility of the borrower.
13. We use UPS ground to send out the books out in the US, postal mail to those in Canada. Books should be returned in a similar expeditious manner. Outside the US and Canada, members and affiliates can borrow books only if willing to pay for FedEx or UPS shipment in both directions.

The MTA hopes and expects that everyone will cooperate with us in the re-establishment of the new MTA Library. There is a wealth of information in Woodbridge and we will be continually adding to it as time goes by.

Academic Liaison Committee

Key West Meeting

Over the weekend of September 20-22 the Academic Liaison Committee, consisting of Charlie Kirkpatrick (Chairman), John Brooks (MTAEF), Julie Dahlquist and Fred Meissner, presented the MTAEF course in technical analysis to the Association of Business Educators Seminar in Key West, Florida. The purpose of the presentation was to familiarize business school professors with the TA course and incite some to include it in their curriculum. The seminar was attended by approximately 110 business school professors from all over the country. Of these at least six expressed serious interest in teaching the course and will continue to be contacted directly by the Academic Liaison Committee. The Committee considered this a good showing, considering that most professors attending the seminar taught accounting, operations, marketing, corporate finance, and management, and only a few taught financial markets. In addition, the Financial Education Association has invited the MTA to participate in their annual seminar in Baltimore this April. This is an organization comprised only of finance educators and should provide a more interested audience.

After the presentation, the Committee met to discuss strategy and organization. It was agreed that the MTA’s and MTAEF’s educational effort was admirable but unorganized and fractionalized. The Committee agreed to recommend to the Board of Directors a consolidation of all educational-related committees (Accreditation, Academic Liaison, Long Distance Learning, Journal, etc.) into one education committee run by one ‘education czar’ who would be directly responsible to the Board of Directors for education.

In addition, the Committee agreed that (1) the MTA and MTAEF needed more marketing of its image and educational effort, (2) the small number of remaining CMT slots would become a problem and must be addressed soon by the MTA before those going through the CMT progression realize that they are ineligible to use the CMT designation because they don’t meet the MTA membership requirements (approximately 90-95% of all eligible members are currently CMT’s, leaving only a few slots available), (3) the Academic Liaison Committee will upgrade the current TA course into specific modules, making the course more flexible, and will not at this time consider either a DVD, video or internet system, (4) the Academic Liaison Committee will focus its marketing of the MTAEF course at first to those locations where sufficient CMT’s are available to help teach the course, (5) in those instances where a professor expresses serious interest in teaching technical analysis but doesn’t have a nearby CMT to assist, the MTAEF will finance travel costs for a CMT to teach such a course, and if there are too many such instances, a school for professors will be initiated to familiarize professors with the course, (6) the MTAEF will investigate other avenues of TA instruction to investors, (7) a fee will be charged to students taking any MTAEF authorized course, and (8) the MTAEF will recommend to the Board of Directors that a voluntary surcharge of $50 be added to the annual MTA dues, to assist the MTAEF in funding its educational efforts. The MTAEF and Academic Liaison Committee welcome comment on any of these suggestions.

The meeting was therefore very productive both for exposure and strategic planning. The next meeting is planned for next spring.

Charles D. Kirkpatrick II, CMT, Chairman, Academic Liaison Committee

Attend the MTA NY Monthly Meetings Online

Tom MacMahon

Are you interested in attending the NYC monthly meetings on-line? If you are a member or affiliate in good standing and have a computer with sound card and speakers (a microphone is optional) you can join the virtual audience at our NYC meetings at Baruch College.

All you have to do is get in touch with Tom MacMahon in Woodbridge: tom@mta.org or call him at 732/596-9399 x230 at least two days before the meeting. [Meeting dates are posted on the MTA website under “Meetings”]

Please note that attendance is limited to 30 virtual seats allotted on a first-come, first-served basis so register early. The next meeting will take place on October 21 at 4:30 pm.

All future presentations will be archived on CD-Rom and eventually we hope to make them all available on-line through the “Videos” menu selection in your private home page. Stay tuned as we move forward!
New Interns Help out with MTA Library Project!

The Woodbridge Office has acquired some extra help! In an agreement with Berkeley College, we have brought on two new interns to help us move forward on the Library project. Kelly White and Elibelka Bueno are two young, hardworking students who are looking forward to learning more about the MTA as they go through their internship with us. For the next 12 weeks both individuals will be accomplishing a host of duties including the continuation of categorization of the library, and will received 5 full credits toward their studies for this internship. The MTA welcomes Kelly & Eli and wishes them an enjoyable and productive internship.

Helping the MTA deal with FAQs

So what are FAQs? They are the Frequently Asked Questions which Shelley and Maria at Woodbridge answer from people who often could get the answer by merely reading the literature they have already been sent. It would be a great help to our efforts here at Woodbridge if people checked the website at www.mta.org or read the many pieces of information they have been sent. Here are example of FAQs and answers all of which are readily available in our website or literature. Please cut this page out and post it close to where you work so you can reference it before calling:

**CMT Program**

<table>
<thead>
<tr>
<th>Q</th>
<th>How do I enroll in the CMT Program and the CMT Level 1 if I am not a member or affiliate of the MTA?</th>
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<tbody>
<tr>
<td>A</td>
<td>Please visit our Website at <a href="http://www.mta.org">www.mta.org</a> and 1. Register as a new affiliate or re-register as a former member or affiliate 2. Pay our annual dues of US$200 Registration for the CMT Level 1, 2 and 3 will open in the late October.</td>
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**Q** How can I find out more about the CMT Program?

A Please visit our Website at www.mta.org and select “activities” and then “certification”.

**Q** How do I register for the CMT Program?

A Registration for the CMT will start in late October. If you are an affiliate or member in-good-standing you can visit your private page at our Website at www.mta.org for information.

**Q** What are the deadlines for registering for, taking and completing the CMT exam?

A Deadlines for registration are four weeks before the exam date. The exams are given on the last Friday of April 2003. You have five years from date of registration in which to complete all three levels of the CMT program.

**Q** How can I get an updated list of study materials for the CMT exams?

A Registration for all three levels of the CMT will begin in late October and a notification plus study material requirements will be placed in your personal home page on our Website at www.mta.org.

**Q** How do I apply for the CMT from an area outside of the United States?

A Registration for the CMT will start in late October. If you are an affiliate or member in-good-standing you can visit your private page at our Website at www.mta.org for information. Registration for the CMT program is open to anyone around the world but you must join the MTA before being able to take the CMT.

**Q** What locations are there in Europe to write the CMT?

A We are currently reviewing all our exam locations around the world. The sites used in 2002 are listed on the Website. If you are an affiliate or member in-good-standing you can visit your personal home page at our Website at www.mta.org for information as it becomes available.

**Q** I am a full member of another TA Society. Am I allowed exemption from the CMT?

A The CMT certification requires that you: 1. Maintain your membership or affiliate status and, 2. Successfully take all three levels of the CMT within a five-year period from initial registration. Membership in other associations or groups does not exclude you in any way from these requirements.

**Q** Are there opportunities for self-study and examination?

A The CMT program is totally self-study although many people have organized study groups and that information will be available on your personal home page at our Website at www.mta.org.

**Q** Can I find out which other organizations have CMT members as well as which pay for the CMT fees as part of on-going employee education?

A Most large financial groups such as Charles Schwab and Prudential Securities encourage participation in personal education. We have a database of CMTs and where they work but that information is not generally distributed.

**Q** Do you have information and contacts in other firms with people interested in the CMT designation?

A We have a complete list of CMTs plus members and affiliates in-good-standing. As well, we encourage the establishment of study groups within the CMT program. Occasionally these study groups take place at the offices of major financial organizations.

**Q** I completed all three levels of the CMT. I do not live or work in the US. Can I now put that designation after my name even though I have yet not found 3 sponsors?

A Only full members who have received sponsorships from 3 qualified MTA Members in-good-standing can use the CMT designation after their names. We are currently negotiating with the Societies outside of the United States to allow joint membership.

**Q** Why can only members and not affiliates use the CMT designation?

A The CMT designation is awarded to MTA members only. Members must meet certain qualifications in work experience as well as be sponsored by three other members.

**Q** What job title will result from obtaining the CMT designation?

A There are many different jobs depending upon the company, industry and even department. Generally speaking the most common job title would be Technical Analyst.
**Membership Updates**

**Q** How can I update my personal information on the Website?

**A** You can now update your personal information by going to your personal page and selecting “View Personal Record.” You can also revise your contact e-mails address and change your password in the same manner.

**Membership**

**Q** Does trading one’s own account constitute an appropriate investment experience to become an MTA Member in-good-standing?

**A** If you would like to become a full-fledged MTA member you must be using technical analysis in the majority of your work.

**Q** How can I renew my membership in the MTA?

**A** If you are currently a member or affiliate please visit our Website at www.mta.org register on the site and pay the annual dues online.

**MTA Annual Awards (Software)**

**Q** Does the MTA rank various technical analysis programs in the Annual Awards program?

**A** At the present time the MTA does not rank technical analysis software. To do so we would have to put together a blue-ribbon panel of experts and set standards of performance, etc. Decisions of the panel might offend.

**MTA Dues**

**Q** What period of time do my annual dues cover?

**A** Annual dues cover the fiscal year of the MTA which starts on July 1 and ends on June 30 of the following year.

**MTA Journal**

**Q** Where can I get copies of the *MTA Journal*. Are they available on-line?

**A** The MTA Journal (Editions 1–57) can be purchased on CD-Rom for US$95 and members and affiliates and US$295 for all others. You can print out the order form on our website at www.mta.org.

**Q** I am looking for a specific article in the *MTA Journal. How can I obtain this?*

**A** If you are a member or affiliate in-good-standing you can go to your private page on our website and select “Journal” from there you can download a PDF form to order the CD for US$95. If you are not a member or affiliate in-good-standing the MTA Journal (Editions 1–57) can be purchased on CD-Rom for US$295. You can print out the order form on our Website at www.mta.org.

**MTA Website**

**Q** How do I log off my private page?

**A** Simply close the window by clicking on “x” in the top right hand corner of the browser window.

**Q** How do I know that I am registered as an MTA affiliate in-good-standing?

**A** Please go to our Website at www.mta.org and select the “Members & Affiliates” log in button. Your username and password will then appear on the log-in page if you are at the same computer with which you originally registered. If you are logging in from a different computer you must type in your username and password. Once you have successfully done that you will see your personal home page. You can request your user name and password be resent to you by going to member & affiliate login. Please note that your personal home page shows the date through which your dues have paid.

**Payments Using the Website**

**Q** In most secure sites the HTTP changes to HTTPS. This does not happen on the MTA payment page. Is this a secure site?

**A** Our Web payment system is completely secure. The reason you do not see the customary HTTPS (HTTP Secure) designation is because you are looking at the actual pay site through our MTA Frame. The actual payment site itself is 100% secure.

**Q** If I drop my membership this year can I rejoin and retain my eligibility for the CMT?

**A** You can rejoin at any time by paying your annual dues of US$200. However, CMT candidates who were required to maintain dues paid, will have to re-register for the CMT program and start over.

**Q** How do I get sponsors for my membership application if there are none in my firm?

**A** Please contact Andrew Beckoff, Chairman of the Admissions Committee at abekoff@bloomberg.net. He can give you the names of contacts whom you can cultivate as potential sponsors.

**Q** Is an affiliate one who does not have a CMT?

**A** Usually they are individuals who are working towards the CMT designation. Some members are not in fact CMTs.

**Regions**

**Q** How do I join the local chapters and find out where the meetings are?

**A** As an affiliate or member in-good-standing you are welcome to attend any regional meeting. To find out the details please visit your personal home page on our Website at www.mta.org. Select “Meetings” and you will see the latest information available about regional meetings.

**Sign up**

**Q** I registered on your Website and got a user name and password. But when I went to log back in later on I could not, what has happened?

**A** If you signed up to join the MTA as an affiliate and did not complete your registration process by paying for your annual dues online your registration probably expired before you can return to complete the process. You must wait a week to ten days in which the administration will clean off those registrations before you can try the entire process again including payment of dues!

**Q** What are the criteria for affiliate status?

**A** An affiliate in-good-standing simply needs to agree to the MTA’s professional Code of Ethics and pay his or her annual dues of US$200.

**Q** How do I sign up for membership in the MTA?

**A** Please visit our Website at www.mta.org and follow the instructions.

**Q** Is it necessary to be working for an investment firm to become a member of the MTA?

**A** You can read the full definition of what constitutes a member in-good-standing on our Website at www.mta.org. MTA members work for a wide variety of firms.

**Q** What is the deadline for registration as a new affiliate?

**A** You can join the MTA as an affiliate at any time during the year. If you wish to register for the CMT program you must become an affiliate before the CMT deadline.

**Technical Analysis Courses**

**Q** Are there any on-line or distance education course available from the MTA?

**A** At the present time the MTA does not offer any on-line courses. We are looking into doing so. A number of universities offer a basic course in Technical Analysis. To find out more please contact Charles Kirkpatrick at kirkco@capecod.net
During the 2000 MTA Seminar in Lincolnshire, IL, I was asked by the then President, Phil Erlanger what I thought about the possibilities resulting from the recommended changes to the MTA. My response was to point out the tremendous potential this organization had in terms of the value of the information and expertise it possessed. The only things that were needed were to have members and affiliates start thinking of ideas and to find the means and resources with which to realize this potential.

In line with that vision of the new MTA, members and affiliates are indeed coming up with new and exciting ideas and opportunities. These suggestions offer us an opportunity to help provide additional benefits to the membership, provide incentives for people to join the MTA (thereby growing membership) and add value to and increase the perception of the MTA brand.

**Here are a couple of examples:**

Jeff DiStanlo, the chair of the Distance Learning committee, is currently taking his MBA at Carnegie Mellon University in Pittsburgh. He noticed that the MTA Foundation is deeply involved in offering Technical Analysis courseware at the College and University levels. He asked himself does anything exist for non-students out there who express a basic interest in Technical Analysis. Research has shown him that there are approximately 600,000 people in the financial industry that could benefit from a basic understanding of Technical Analysis! His idea was to offer an online course in the basics of Technical Analysis and make it available to anyone who would like to take it. It would not lead directly to anything like the CMT or any other designation but would be ideal for individuals wanting to know more about the field.

Jeff feels that there are many people with a CFA who could stand to gain from a basic understanding of Technical Analysis. Currently Jeff is researching more marketing information about the types of audiences who would be willing to pay a reasonable amount for a multi-week online course. Michael Kahn, the chair of the Marketing Committee is also looking into supplying content from his courseware developed for another supplier.

Ron Greiss, a long time member of the MTA and a frequent user of the Yahoo e-mail list recently suggested we consider setting up a data page on our Website. This page would cover all types of typical data used to do technical analysis, i.e., price data, futures data, advance/decline data, volume data, interest rate data, etc. We would solicit information, charts, instructions and other resources just as Dan Chesler so successfully accomplished for the Library.

Members and affiliates in good standing would be able to log in and review and download the data. We have included a couple of examples from other websites: http://www.federal reserve.gov/releases/h15/data/b/tcm10y.txt and http://finance.yahoo.com/sm

Eventually Ron envisions the efforts growing into a regular library of such data managed by a technician and made available to every member and affiliate in good standing.

Of course there are ideas which have been proposed in the past but which may now be able to be developed to their full effect. One of these was recently re-proposed by Fred Meissner. Fred suggested we consider putting on one-day seminars in the regions to help fill in for the 2003 May Seminar which has been cancelled because of our hosting theIFTA Conference in November. With our capability to record and distribute the regional seminars via the Centra Web-based system, our reach can be extended nationally!

These exciting and creative ideas are but a few examples of what the MTA can do when members and affiliates begin to feel that their ideas will be taken seriously. The team at Woodbridge is willing and able to help wherever we are needed to make the best of these ideas become reality. The new MTA is poised to accelerate its growth and potency through just such productive teamwork between members, affiliates and support staff. The future is indeed now!
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