MTA Member Louise Yamada may not be a household name among all technicians, yet, she should. Chief Technical Analyst for Salomon Smith Barney, Yamada is well known for publishing insightful and interesting research reports that reach beyond simple day-to-day market observations. Yamada and her staff of CMT researchers have published important technical observations on the structural aspects of the equity markets, particularly over the past five years. I had the opportunity to chat with her in April and find out more about how she came to discover the field of technical analysis and what her views are about the financial markets going forward.

Technically Speaking: I understand that you have an unusual path to technical analysis, or at least an interesting one.

Louise Yamada: Well, I was a single parent with a 10-month old child, and I had a Masters in early childhood education, which I always joke holds me in very good on Wall Street.

I was starting to, you know, read annual reports, see what I could do to supplement a teacher’s income. I was teaching nursery school at that time and I kept picking stocks well fundamentally, and they would go up, but then they would come right back down again. So, I asked my broker, “How do you know when to sell?” He sent me a few technical letters, they interested me, and so I went to the Finance Institute and took a couple of classes. One of them was taught by Ralph Acampora (he was Allen Shaw’s associate at that time and the two of them worked together for 10 or 11 years) and in the fall of that year, right after Ralph left, I took Allen’s class, the advanced class in technicals and he offered me a job right out of the class. A lot of us here (at Smith Barney) have come out of Allen’s class. At the time I couldn’t leave the kids, three-year olds, in the middle of the year, so I came in during the afternoon for six months and then they hired me in June of ’81 full-time.

Technically Speaking: Let’s talk about how you do what you do. Do you have a routine that you work through in your analysis? In other words, do you begin with a certain set of indicators or a certain type of chart and work similarly through them when evaluating market sector, or whatever security that you’re looking at?

Louise Yamada: I would say that when you put it in the triangle that is really how we do it; looking at the market from one apex and the stocks in another, and groups in another. Market overview is great but it doesn’t tell you where to be invested. We look at all the typical market indicators for the overview and that’s defined volume, up/down volume, high/lows, and simple things like that. But I think what we have done, which maybe has been a little bit unique, has been looking inside what those indicators represent.

In terms of 1998, we started to see the AD line collapse at a two-year negative divergence as the large caps went up, and recognizing the fact that if you look inside the New York Stock Exchange there are only about 284 large cap stocks, what was really going down between ’98 and 2000 were the small and mid-cap stocks that make-up the bulk of the index. So, we were seeing a continued climb in what we could call the “New Nifty 50,” or as I called them at the time the “Nifty 37,” marching up on to the peaks in 2000. The only other times in history when we’ve had clear, negative divergences in the advance decline line were where it was rising into 1929, then ’68, and then ’70. So we were starting to think that we were looking at something quite structural. In 2000, when the dollar broke out, we said that this could be a problem for the multinationals, that the small and mid-cap stocks might shine, and that’s when the AD started lifting again.

Now, there’s been a lot of commentary about the operating companies only, versus the preferreds and bonds funds that have really been sustaining the advance decline line, because if you look at an AD line for the S&P its just coming off of a multi-year low. Now I think you’re seeing the breadth kick in on the small and mid-caps and our argument has been that that’s where we’re going to see the out-performance.

Technically Speaking: So, were still in the structural bear market phase, but we’re having an interim rally?

Louise Yamada: Yeah, we’re still in the structural bear market. But I think we’re having a confluence of rallies between the large-cap kick-back, the NASDAQ, which I think is in a repair and starting to lift gently, and the small mid-cap stocks which are the structural out-performers lifting out of multi-year bases in many cases.

Technically Speaking: Now, about the research you publish. Does it go directly to the retail side, or the retail broker ...

Louise Yamada: Retail and institutions are our largest two client bases. We publish only once a week for institutions.

Technically Speaking: And that’s sort of a different ballgame in a lot of respects; the retail broker that has to advise his clients versus institutions that may have a structure in place in their investment portfolios that allow them to be a little more flexible at times. Is that a consideration for you at all? Is there a way that you tailor it?

Louise Yamada: Well, the group work is based on relative performance and throughout the bear market we’ve employed the MACD a little bit more than we normally would in trying to anticipate declines because out performance over the past three years has essentially been “go down last”. So ‘ve been trying very hard to protect capital.

The stock work of course is where you pro...
From the Editor’s Desk

Welcome to summer and an expanded, double issue of Technically Speaking combining June and July. Don’t worry, this isn’t a one for the price of two deal. This month we lead off with an interview with Salomon Smith Barney Chief Technical Analyst and MTA member Louise Yamada, CMT. I was thrilled to have the opportunity to speak with her since I’ve been an admirer of her work for quite some time. Her team of technicians at Smith Barney, all of whom are CMTs, has been doing fascinating work the past few years on the technical changes occurring within the structure of the equity, bond and commodities markets. Also this month William Voelker revisits an article he first wrote for Technically Speaking nearly four years ago on the pattern-matching involving the S&P 500 and the Nikkei. At that time the SPX was about three months shy of its high. It was nearly heresy then to suggest that this market could become, gasp, Japan-like. Now that we’re a few years into the bear market he revisits the pattern-matching to see if we’re still following the “script” or beginning to ad-lib. Jordan Kotick, CMT, questions whether being a technician is what we do, or who we are. The line between the two may blur from time to time as this rather, ahem, unusual birth announcement may attest. Several months ago Technically Speaking raised the issue of why the gap between technical analysis and behavioral finance seems so expansive. Peter Kendall of Elliott Wave International wrote a thought-provoking piece on the subject, which generated a great deal of feedback. Continuing that train of thought, Gaurang S. Trivedi takes a slightly different approach and in his essay on reconciling certain Efficient Market Hypothesis postulations with behavioral finance, declares that technical analysis is both the practical application of behavioral finance and simultaneously the bridge between two such disparate viewpoints as behavioral finance and the Efficient Market Hypothesis. I’ll be interested in hearing what you think of this essay.

Best regards,
Kevin Depew, Editor
As promised in my e-mail last Friday, I will now start to address all of the concerns and questions (one at a time) that have come up over the past month or so. But before I start, let me just say that when I came back as President (August 2001), the MTA was a much different organization. It was slow moving; it lacked energy, excitement and a clear vision. To use a technical term, the MTA needed a “breath thrust.”

Well, the sparks are surely flying all over the e-mail list now. And that’s exciting!!! I can say with certainty that the MTA has now come to life and all the hot buttons are being hit. The first real bomb dropped when I personally challenged the association with a question: Should the Market Technicians Association change its name – Boy did I get an earful of comments: “Over my dead body, there will never be a name change.”

“The purpose of the organization would better be described if ‘technical analysis’ appeared on the name.”

“All the world uses this term (technical analysis), and so can we.”

“We can not use the phrase ‘Market Analysts’ because those who do fundamental analysis of the markets are also ‘market analysts.’ It will only confuse the public.”

“Changing the name will lose for the MTA the great name recognition it now enjoys, and for which is has worked so hard for 30 years.”

“That’s great news about changing the MTA’s name – the problem with the word [technical] is that it automatically conjures up the opposing word, ‘fundamental,’ which is not market analysis yet sounds to most people to be more legitimate.”

“Indeed, my experience has been that the word ‘technician’ is confusing to those less informed and is too narrow in the end for even the investment community at large.”

The above are excerpts from the tidal wave of responses (150 e-mails) that I received since February. In my unofficial capacity as tally-taker, it appears that 75% of the respondents do NOT want a name change while 25% do.

Now we can put this topic to bed and over the next week or so I will address and welcome any comments regarding other “hot topics”:

- Transparency – what is going on with the current MTA administration?
- Why should the MTA expand its membership?
- What are the benefits of being an MTA member?
- What’s going on with the “revised” MTA constitution?
- What about the proposed dues increase? And many more topics?

Dear Fellow MTA Members,

This is the third in a series of e-mails I am writing in response to the many queries and concerns that have arisen over the past couple of months.

Some are troubled that we (the Board and I) are not communicating effectively. Let me just say that the MTA is so fortunate to have such an assemblage of individuals with foresight. They accepted the financial risk of hiring an outside management consultant (Ken Preston) and collectively had the strength of character to accept the challenges that resulted from Ken’s findings. Redirecting the course of our organization takes courage, wisdom and the ability to change. On behalf of the entire membership, I thank the Board of Directors for their unflinching efforts in steering a new path for the MTA and technical analysis.

I use the monthly Technically Speaking document as the main means of addressing the course of action(s) we have taken but, apparently many of our members would like it if I would also use the e-mail list to communicate more frequently. So now this is what I am doing and will enumerate some of the many things that we are reviewing and/or want to change:

- First of course is the MTA Constitution. Words can not express how much I appreciate all that Charles Comer has done to help us review and update our constitution. Why do we have to go through this tedious process you ask? Simply because we have undertaken so many new things that we must make sure that this document allows for the changes. It is critical that our constitution grow as we adapt to the changing times.

For example, we never had an Executive Director; and it is imperative that the wording in the constitution and the appropriate titles fit this new role. We want to create “products” that the MTA can sell, at a discount, to our members – these potential products will serve as new benefits for being in the MTA.

- We want to expand the Board at some future date to include three outside Board members. Why? These new Board members will bring skills to the MTA that we need for the association.

- We are preparing a ‘public awareness’ (advertising) campaign this will represent a sizeable financial commitment for our organization.

- We out-sourced the CMT program to the Educational Testing Service (Chauncey Group). They are a very professional organization that will enhance our accreditation program and enable us to process more candidates.

This procedure enables us to upgrade the quality of our exams and increase the frequency (enabling us to give the tests twice a year). And, finally, this procedure protects the MTA from legal liability.

These are just a few of the changes that we have instituted or are about to put in place. And there are many other topics that I want to discuss. But they will wait for another e-mail from me.

In the meantime, let me elaborate on the message I wrote you all in the May edition of Technically Speaking. In it I stated that “the annual dues were going up to $300 per year” because of the many new things that we planned and “that John Kirby and the staff put together one-year and five-year plans and budgets. At a Summit held on April 12th these budgets were approved in principle and at a Board meeting shortly after, the 2003-2004 budget was approved”. What I did not say was that none of this is going to happen until the members vote and approve of this increase at the Annual Meeting. We picked July 8th as the official date for this meeting.

In the past the Annual Meeting was usually held in May or June, but this time around we had to go out into July because we had to hold numerous Board meetings to discuss the proposed changes to the constitution. Between now and the Annual Meeting the members will receive a copy of the proposed changes to the Constitution. They will then have until June 30th to vote on the revised constitution, the new officers and Directors and the dues increase.

As you can see there are many things going on within the MTA; if you have any questions please feel free to ask and I welcome any comments that you might have.

Sincerely,
Ralph Acampora, CMT

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**Newsletter Submission Request**

Changing jobs? Have an idea for a story? An anecdote to share? Advice for other MTA members and affiliates? We’d love to read them! Remember the MTA newsletter is for you! Help us make Technically Speaking an indispensable part of your membership in the MTA. Please send submissions and ideas to editor@mta.org, or call Technically Speaking editor Kevin Depew at 804/320-8511 to discuss future story ideas.
Well, I think what we’ve been saying over the past year-plus is that we are seeing 20-plus-year structural reversals, the likes of which we haven’t seen since 1982. Obviously the market itself, the market adjusted for the CPI, the dollar reversing a seven year up-trend, gold breaking out through a 22-year down-trend initiating what we believe is a new bull market, those are the types of structural changes we’re seeing. That doesn’t mean gold, for example, has to go to 600 tomorrow, but over 10, 20 years, we’re talking about a new cycle.

The CRB Index has also violated its 20-year bear market trend. It’s been breaking out, but the argument that I feel is important is that the commodities that are represented in it today are less cyclical and are much more consumer oriented: 52% agricultural, 18% gold, which is in a bull market, 16% energy. I think that we can make a very strong argument in this country that energy is no longer a capital goods commodity. We use 50% less energy to produce goods than we did in the ’70s and yet the consumption keeps going up, plus we’re all plugging in. I think that the plugging in and the recharging are taking a greater drain on people’s non-discretionary income. And I also think that the CPI is a bit of a fraud. It measures units but it doesn’t recognize that the units are declining in their content. You know, a box of pretzels is the same price that it was five years ago, but there’s a decline to where you get twelve ounces. A bunch of broccoli is the same price, but instead of getting five stalks you get two.

So the consumer is seeing a lot more coming out of their pocket to maintain what he was doing before. The flipside of that is the Journal of Commerce, which is your industrial commodities, has violated a 27-year up-trend, and that’s a major breakdown. I think that suggests you’ve got deflationary forces for capital goods coming along for a long time.

That’s probably the China and the Asian impact. So, I think that we’ve moved out of the cycle of the 20th century, where capital goods cycles and their inflationary pricing power forces dominated, into a 21st century where we’re seeing just the opposite.

Technically Speaking: Now, especially with the way the bear market has progressed over the past three years, technical analysis has really started to pop up more and more in the news media . . .

Louise Yamada: Right, preservation of capital.

Technically Speaking: Well, is this just part of a shorter cyclical change or is this something longer-term going on? Has technical analysis turned a corner?

Louise Yamada: No, I think the old saying: the only brains are in a bull market, has a lot to do with it. People have suffered very much over the past three years and technical analysis is finally being recognized as having been protective. Certainly that recognition is due in no small part to those of who have been cautious for three years. You know the old saying, he who loses the least in a bear market wins.

Technically Speaking: Especially among the retail investors is the cliché that there’s always a bull market somewhere. Is there in fact always a bull market somewhere?

Louise Yamada: Well, I think what we generally say is that we always have stocks to buy in a bear market, stocks to sell in a bull market. Think about Digital Equipment in the mid ’80’s, you know, the greatest bull market in our lifetime and the stock went from 200 to 19. IBM went from 150 to 40. There definitely were stocks to sell in a bull market. And we’ve certainly seen stocks to hold and own in a bear market, 3M Company (MMM) being one of those.

Technically Speaking: You’ve published some interesting research over the past couple of years with respect to commodities and precious metals, but also with respect to the economist’s debate of inflation versus deflation. Let’s start with commodities. Where are we with respect to structural framework for commodities?
Bounded by Infallibility: The Persistence of Illusion

Gaurang S. Trivedi, CFA, CMA, CFM, CTP

The engaging and thought provoking partisan support in the dissenting camps of behavioral finance and traditional finance surveys entertaining reading to interested individuals. Recent academic literature in finance is burdened with anecdotal evidence of the ongoing debate about the application of behavioral finance with its psychological foundations to financial decision-making and its relevance to traditional finance theory, which is embedded in assumptions of rationality and efficient market hypothesis.

As a student of the markets, and by extension, of both disciplines, it seems the debate is more about intellectual superiority rather than content and methodology. To a non-partisan observer i.e. an investment practitioner, they represent two sides of the same coin. However, it appears that academicians indoctrinated in the Efficient Market Hypothesis, possess that unique coin which has the same engravings on both sides, thereby effectively setting the rule “Heads I win, Tails you lose.”

This essay is an attempt to reconcile Efficient Market Hypothesis postulations with Behavioral Finance foundations, and to exhibit their complementary as well as contrasting characteristics. The body of knowledge of Technical Analysis, which represents the practical application of behavioral finance discipline to financial markets analyses, is the bridge used in this harmonizing effort.

Characterizing Technical Analysis

Technical Analysis investigates the movements in price and volume of any traded entity displayed in a graphical form and then makes inferences about the future price or “value” of that entity, based on past observations of the interaction between price and volume. Technical Analysis viewed as such measures reactions of market participants to new events. It is consequently best classified as an empirical method where the weighting process for the probability of an expected outcome of an event is significantly biased towards historical data. Technical Analysis body of knowledge is founded on three major observations:

- Market discounts all known information
- Prices move in trends, and as a corollary, trends persist
- Price behavior is recurrent, i.e. history repeats itself

Characterizing Fundamental Analysis

The Efficient Market Hypothesis, cornerstone of traditional or “old” school finance is representative of Fundamental Analysis. The fundamental approach pre-assigns a “value” to future events and then compares the actual outcome with the anticipated value of that outcome. Perceived as such, Fundamental Analysis measures expectations of market participants about new events. Accordingly, it is best classified as an analytical approach where the weighting process for the probability of an expected outcome of an event is significantly biased towards future data. The Efficient Market Hypothesis is embedded in the following assumptions:

- Markets discount all known information
- Prices move randomly
- Consistent outperformance of the market is difficult and therefore buy and hold is the best strategy The Market as a Common Denominator

A cursory glance at the theoretical foundations of the two disciplines reveals the commonality of the assumption of the market as an unbiased discounting mechanism. The market represents a consensus opinion of different participants or groups of participants, each with a unique set of needs, circumstances, expectation of rewards, and attitude towards risk. The market price is thus regarded as a final judgement of the actions of its participants and represents the objective consequence of their decision-making. The neutrality of the market as a shared link in the theoretical underpinnings of the two disciplines is the guiding light for my stated premise that behavioral finance and traditional finance complement and supplement each other, thereby enabling an improved comprehension of the financial markets. At this point it is important to clarify that Technical Analysis principles are applicable only to those entities that have an active market. They cannot be applied with confidence to markets that do not display a sizeable amount of activity. However, since most of the debate is based on the functioning of well-developed equity markets with a large participation of diverse investors, the above limitation of Technical Analysis does not pose an obstacle.

Trending Randomness

The accumulated knowledge in the field of Technical Analysis identifies the existence of three market trends, individually classified as major (lasting for a year or more), intermediate (lasting from three months to a year) and minor (day to day fluctuations but not lasting for more than three months). It also recognizes that in the minor trend, prices move randomly and reflect the changes in the expectations of market participants as new information becomes available. However, the key difference is in the comprehension that the day-to-day random fluctuations themselves have a pattern when aggregated and viewed from a longer-term perspective.

Technical Analysis discerns random daily fluctuations observed collectively, as weekly or monthly data, to characterize the intermediate trend, which provides a pictorial framework that enables making informed investment decisions. It is well established through empirical research that the functioning of the financial markets cannot be explained in the context of a linear system. A dynamic system (such as the equity market) characterizes an entity that lacks a regular shape or form and represents an assemblage of phenomena that cannot be explained by an elementary modification of a linear association.

Chaos theory has been advanced in recent years as a method of illustrating non-linear or dynamic systems. Fractal geometry is one of the techniques used for measuring chaotic systems with various geometric shapes, and its approach provides a very good approximation to how the financial markets actually operate. The aggregation of random movements to form chart patterns may well be understood by mathematicians as an application of fractal geometry’s iterative process to produce a set of points (to be interpreted as computation of technical indicators) which when graphed produce images. Chart patterns such as triangles, flags, pennants, head and shoulders, etc. which have been empirically researched and catalogued in Technical Analysis body of knowledge to provide price forecasting implications, can therefore be interpreted as fractal geometry solutions to financial market operations. The identification of a particular chart pattern in a security or a market index alerts a chartist to the existence of specific factors determining the trading activity in the entity being analyzed and capacitates the chartist to make informed investment recommendations or in making trading decisions. The geometrical chart patterns thus embody the prevailing psychology of market participants towards the entity being analyzed and provide a qualitative interpretation of a potential non-linear mathematical solution to elucidate the market (price) movement.

Thus the postulation of trends in market prices is just an extension of the reciprocal assumption of daily movements being random under both Technical Analysis and Efficient Market Hypothesis. Since the scope of this work is not to enucleate the various chart patterns, an interested reader is directed to a large volume of reference books in the field of Technical Analysis to comprehend their appearance in price action and their concomitant analytical significance.

Turning Recurrent Behavior into Knowledge

The ideology of the market as a discounting mechanism is rooted in the observation that investors, as a group, act in a rational manner. The presumption of rationality of market participants, as collectively characterized, would preclude the existence of any repetitive behavior. Or alternatively, an identification of repetitive behavior would prejudice the assumption of rational decision making by market participants, taken collectively. However, numerous research studies undertaken by academics have concluded that repetitive patterned behaviors in the functioning of equity markets have been observed in the past. Identified anomalies (repetitive patterned behavior that is not assumed to exist) include the...
outperformance potential of low price to book stocks, January small cap stocks effect, earnings momentum effect, value stocks outperforming growth stocks, reversion to mean, etc. The identification of these anomalies has resulted in sophisticated portfolio construction strategies to exploit the profit potential of those anomalies, and there is significant empirical evidence to suggest that such portfolio strategies have outperformed a buy and hold market strategy. The buy and hold strategy epitomizes a passive investment style or what is now commonly referred to as indexing. The buy and hold strategy in turn assumes four factors:

- Market participants are rational
- In order to outperform the market, one needs consistent superior security selection skills
- In the long run, on average, it is very difficult to outperform the market (a well-diversified portfolio)
- Timing the market (tactical allocation) is a self-defeating process

This notion laid the foundation of the mutual fund industry. Since most individuals lacked the resources to construct well-diversified portfolios, mutual fund operators began pooling funds from a multitude of individuals and employed sophisticated market professionals to construct and manage diversified portfolios on behalf of those individuals. However, the jury is still out there to pass a verdict on the number of stocks required to construct a well-diversified portfolio. Moreover, an answer to the question “what is the true market?” is becoming more complex as we progress with our financial market theories.

Almost all proxies for the stock market in the US (DJIA, S&P500, NASDAQ100, etc.) are being managed to some extent. Movements of stocks in an out of the indexes have become more commonplace in recent years. Would the Dow Jones Industrial Index (DJIA) be at where it is now if Bethlehem Steel, Goodyear Tire & Rubber Co., Sears, Roebuck &Co. were still components of the index? The arguments that the composition of a market proxy is changed to appropriately reflect the economy are weak considering the prevalence of the usage of steel in the manufacturing industries and tires in the automobile industry. The answer probably lies in the fact that the steel and tire stocks have woefully underperformed the market indexes and therefore were a drag on the market performance. This type of market proxy management rarely provides a consistent long-term benchmark, which is needed to truly explore the advantages of a buy and hold strategy.

Addition of “hot” stocks associated with the sectors of the economy that have caught the fancy of the investors is hardly an appropriate method to maintain a market proxy and therefore obstructs its competency to be an appropriate benchmark for evaluating different portfolio strategies. It is more representative of a timing (active) strategy than a passive one. Additionally, the buy and hold strategy does not justify the existence of actively managed funds, which far outnumber indexed funds. Investing in a basket of stocks to construct a well diversified portfolio which does not replicate the market (actively managed funds) and holding it long term for superior rewards disputes the assumptions of the buy and hold theory in particular, and the Efficient Market Hypothesis in general.

Such investor behavior corroborates with the view of an expectation of persistence in market anomalies and therefore refutes the randomness of market movement. To ignore the existence of anomalies, or to characterize them, as inescapable events identified in evaluating the robustness of a theory appear to be “sweeping under the carpet” attempts to manage the cataloging of deficiencies in seemingly well-organized theory. In doing so, proponents of the Efficient Market Hypothesis are implicitly stating that investors in actively managed funds are not making rational decisions. This is a bitter pill to swallow given the number of investors and the dollar amount managed in active funds.

Additionally, such implications provide credence to behavioral finance proponents who argue that financial market participants make investment decisions, which may theoretically appear to be irrational under existing normal probability statistical framework. Moreover, the buy and hold is a unidirectional strategy. It presupposes that only being long the market can give positive investment returns i.e. buy low, sell high. It does not take into account that positive returns are also made on the short side of the market i.e. sell high, buy low.

Ignoring investment strategies practiced by market participants, further challenges the foundations of the Efficient Market Hypothesis. The current bear market is testimony to how shrewd market players can profit by altering the normal investing actions, i.e. selling first and then buying to cover at a low price.

The performance of the Dow Theory (the grand daddy of all Technical Analysis theories) is an attestation of how a disciplined investor will do better in the long run if he/she just allocated his/her investment funds to a well diversified portfolio rather than seeking gains by identifying and investing in individual securities. This notion laid the foundation of the mutual fund industry. Since most individuals lacked the resources to construct well-diversified portfolios, mutual fund operators began pooling funds from a multitude of individuals and employed sophisticated market professionals to construct and manage diversified portfolios on behalf of those individuals. However, the jury is still out there to pass a verdict on the number of stocks required to construct a well-diversified portfolio. Moreover, an answer to the question “what is the true market?” is becoming more complex as we progress with our financial market theories.

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The performance of the Dow Theory (the grand daddy of all Technical Analysis theories) is an attestation of how a disciplined investor can significantly outperform the market over the long term by being long and short when the market is confirmed to have made a bottom or top respectively. In fact, the outperformance of the Dow Theory is even evident when long positions (entered into when a market bottom was confirmed) are liquidated on identification and confirmation of a market top, and no short selling activity is undertaken. The allure of this strategy is that it does not require trading decisions at the extreme tops or bottoms, which require significant timing skills. The principle of confirmation between the Dow Jones Industrial Average (DJIA) and the Dow Jones Transportation Average (DJTA) almost always assures that buy and sell decisions are never made at the extreme tops and bottoms of market moves.

Efficient Market Hypothesis foundations were laid when the markets had not seen the birth of derivative and other financially engineered products. These products have enabled investors to undertake sophisticated strategies, which significantly alter the risk/return characteristics of an individual security or a portfolio not contemplated by early Efficient Market Hypothesis advocates. The incorporation of such products in portfolio management causes shifts in the shape of the efficient frontier thereby rendering the theoretical market portfolio as an inappropriate benchmark. Since there are no suitable benchmarks for evaluating such modern portfolio management strategies (and some of these are not even disclosed as in the case of hedge funds) does not necessarily imply that they fail to outperform a buy and hold strategy, from a return/risk perspective. The increasing popularity of hedge funds is testament to a general conviction of market participants that buy and hold the market may not be the superior strategy.

The Fallacy in Ignoring the Value of Time

To quote Russell Baker, “Live long enough and you will eventually be wrong about everything.” If positive returns are expected on investments, then by necessity, the buy and hold strategy, cornerstone of the random walk theory, assumes a long-term uptrend bias. Effectively, it is therefore, a trend following strategy with the trend assumed to be positively sloped and is contrary to the very pillars of random walk (no known direction) on which it is instituted.

The performance of the Japanese market in the last decade is sufficient evidence of the fallibility of the buy and hold strategy if the investor is guilty of an expectation of positive returns on his investments. In fact, the buy and hold strategy is most vulnerable to extended bear markets as it does not take into consideration short selling strategies, which are explicitly structured to take advantage of lower prices in the future.

From a historical perspective, the Efficient Market Hypothesis is still in its youth, given its existence and adoption during the last fifty plus years. By the same token, Behavioral Finance is still in its infancy stage. Consequently, to claim victory of Efficient Market Hypothesis over Behavioral Finance may be premature; akin to ignoring the wisdom only old man time can provide. Moreover, it reflects an attitude that eschews the quest for knowledge, the most distinguishing characteristic of participants in academia.

We, as finance professionals, have many frontiers to explore and hence, may be well served by accepting the theoretical underpinnings of the two disciplines and amalgamating them as needed to produce superior investment returns for our clients, our employers, and ourselves.

Gaurang S. Trivedi, CFA, CMA, CFM, CTP
The More Things Change...
William Voelker

This updated version of my pattern match-up discovery involving SPX and Nikkei, which first ran in this newsletter about three-and-one half years ago, almost exactly three months prior to the all-time high-water mark for SPX, shows we may again be at an interesting market juncture. While I never felt the post-top SPX/Nikkei match-up would be as similar as it was on the way up, the stock market sentiment background in the United States at this moment does seem to be jiving with what the nearby updated chart is now showing.

- Look closely and observe that were SPX to run up here a little more, over the next several weeks, we would be at a matching Nikkei top – a top, which actually took place in the first half of the year 1994. The reason I find this so interesting is that various market indicators like the McClellan Summation Index, VIX, VXN, the number of bullish advisors, and so on, are also already indicating, or on the verge of possibly indicating, that an important top may be near. Robert Prechter just wrote to subscribers that he has rarely in his entire career seen such a divergence in sentiment (bullish) in the context of a well-established trend in the opposite direction (bearish) as he is seeing in the stock market right now. He cited the 1980 and 1987 situations in gold as two of the other rare occasions when this has occurred, at least in his memory.

- While careful study of the chart will also show that the pattern match-up since the early-2000 top does see SPX lagging Nikkei on the down-side, one can also note that for about the past year the two patterns have been in an amazing degree of synchronicity with one another.

- The biggest negative response I received to promulgation of my chart match-up during the late 1990s was that out of trillions of stock market charts, some were sure to match-up. This led to the belief by some that the match-up had “zero predictive power.” So I was interested to find, tucked away inside the Saturday, May 10, 2003 edition of The New York Times, an article on the subject of the proverbial monkeys typing endlessly on a typewriter. The idea is that if they typed long enough they would eventually type all of Shakespeare’s works. Well, that belief has just been put to the test, and after typing for months the monkeys had not typed one word that could be found in an English dictionary.

- Wherever possible, you will be able to order these products and services directly from links on your private member home page to special MTA discount pages on the vendor’s sites. We will be looking into non-technical but small business related discounts such as legal, marketing to money managers, sales people, traders, institutions, sales and advertising methods, insurance services, compliance help, taxes.

- If you would like to investigate discounts on other services not mentioned here, please feel free to contact Tom MacMahon at 732-596-9399 X 204 or tom@mta.org.

Latest Crop of Interns

A warm and hearty welcome to our latest group of Interns from Berkeley, Scott Menzel flanked by Wylkikia Bosques and Deneshia Rowe. Scott is studying to become a film maker and Wylikria and Deneshia see themselves in executive roles in the future. Without their hard work and diligence everything we have accomplished here, especially with the MTA and Foundations Libraries would have taken much longer!
Another Way to Look at Breadth

The nice thing about writing ads for *Technically Speaking* is that charts don't need a lot of explaining when you show them to a technical analyst. We should mention that we also have versions of this chart for the SPX, OEX, and the Dow. *DecisionPoint.com* is unique in the depth and breadth of the market indicator charts and other materials we provide. Our selection of market indicators, common and proprietary, is unmatched. The best part is that we calculate and chart them daily so you don't have to. Web site subscription is just $20/month.

Contact dpalert@decisionpoint.com for a free trial.

www.DecisionPoint.com
2003 Charles H. Dow Award Guidelines

Market technicians are invited to submit a paper and application for the 2003 Charles H. Dow Award for excellence and creativity in technical analysis. The Charles H. Dow Award is sponsored by the Market Technicians Association, Inc. (MTA), Barron’s magazine, and Dow Jones Newswires and will be given to the work that breaks new ground or makes innovative use of established techniques in the spirit of pioneering market technician Charles H. Dow.

This year’s Charles H. Dow Award will be presented at the IFTA Annual Conference in Washington, DC in November 2003 (hosted by the MTA). The winning author will receive a personal award and will be recognized in Barron’s magazine and on their website. The winner will also be invited to discuss the paper at the IFTA Seminar or at a monthly meeting of a MTA chapter. A perpetual plaque including the author’s name with those of previous recipients of the Charles H. Dow Award will reside at the MTA office in New Jersey.

The publication or a summary of it may be published in the MTA’s Journal of Technical Analysis, the MTA newsletter, the MTA website, and/or Barron’s magazine. Additionally, Dow Jones Newswires will make copies of the paper available to the public through various media. At the discretion of the judges, the authors of runner-up papers will receive personal awards. No cash award will be given to any award winner or runner up. Submission Deadline: Wednesday, July 9, 2003

Guidelines

1. Standards of Judgment
A submitted or nominated work will be judged according to the following:
   a. The work is based upon the concepts of technical analysis.
   b. The work is either original or is a significant extension of an established work of technical analysis.
   c. The subject matter is substantive. Solid research and analysis are imperative.
   d. The work is practical and enhances the understanding of market action. A market forecast will not, by itself, be considered for the Award. The presentation of an analytical method or trading system is expected to include the results of applying the technique to specific past data according to generally accepted standards of testing.
   e. The strength and clarity of writing are superior.

2. Submissions of Published Works
Papers written especially for the Award or works published between July 1, 2002 and June 30, 2003 may be submitted. There is no fee for submissions. Submissions are to be sent to Charles H. Dow Award, Market Technicians Association, 74 Main Street, 3rd Floor, Woodbridge, NJ, 07095.

3. Style
The text must be a succinct and conclusive presentation of the subject. The charts, tables, and figures should be used to exemplify or to supplement the text and should not be the primary means of conveying the writers' points.

Papers:
A submitted paper must not contain less than 1,500 or more than 4,000 words. A paper shall not contain more than 10 charts, tables, or figures total. Submissions must be printed on white paper (8.5” x 11” size) in black ink. Charts, tables, and figures should be placed in appropriate sections of the text. They shall be submitted in camera-ready format and may be presented in color. Seven complete hard copies of the paper must accompany a submission. A copy of the paper saved on disk/CD must also accompany the submission. The preferred format is Microsoft Word.

4. Deadline
The last day for receipt of publications is Wednesday, July 9, 2003. Entries received after that date may be accepted at the discretion of the judging panel.

5. Judging Panel
The judging panel will include at least three past winners of the Charles H. Dow Award, selection preference given to the three most recent winners. The past winner of longest standing will rotate out of the judging panel each year to be replaced by the latest Award winner. In addition, the judging panel will include no more than one voting representative from each of Barron’s, Dow Jones Newswires, and the MTA. Members of the Board of Directors of the MTA, excepting the editorial board of the MTA Journal, shall not be eligible for the judging panel. The Chairman of the Award committee will be a non-voting member of the judging panel. No author shall ask for or receive assistance of any kind from a member of the judging panel.

6. Decisions of the Judging Panel
Decisions of the judging panel will be made in the best interest of technical analysis. The judging panel’s selection and acceptance of a work will be final and without recourse for reconsideration either by the judging panel, Barron’s, Dow Jones Newswires, or the MTA.

7. Post-Award Publicity
Barron’s, Dow Jones Newswires, and the MTA may publicize the award, its recipients’ names (but not necessarily their places of employment) and all or part of the winning publication or of runner-up publications. Recipients of the Award and runners-up may publicize their awards in an appropriate manner without undue enhancement.

8. Authors’ Copyright and Permission to Produce Copies
The author of the winning paper and the papers that may be awarded certificates shall retain the copyrights to the papers, but the authors shall permit Dow Jones Newswires to produce and distribute copies in any medium of all or part of each paper. Dow Jones Newswires will bear the expenses of copy and distribution but will not remunerate the author.

9. Invitations for Submissions
Award guidelines, including invitations for submissions, shall be published in the MTA newsletter prior to the annual deadline. The guidelines shall be placed concurrently on the MTA website. Invitations may be publicized in any other manner chosen by Barron’s, Dow Jones Newswires, or the MTA. Invitations shall be publicized in order to reach the largest number of potentially interested people.

10. Chartered Market Technician (CMT) Papers
A paper submitted to the MTA to fulfill the requirements of the Chartered Market Technician program shall not be eligible for the Charles H. Dow Award unless the paper has been accepted by the MTA as a CMT paper prior to its submission for the Award.
Is This What We Do, or Who We Are?
Jordan E. Kotick, CMT

Before my present position at JPMorganChase, when I worked at Elliott Wave International, my wife and I enjoyed the birth of our first child. What follows is the exact “birth announcement” I sent to colleagues at the time. It recently came back to mind given what has happened since (as noted at the end).

I am sure you can only imagine how pleased my wife was at the passion and emotion behind this announcement. This goes to show what lack of sleep does to a person and brings to mind the potentially existential question, is this what we do, or this who we are?

My Daughter The Contrarian
The Story, So Far, of Ava Jacaly Kotick

Most Events, and especially the Knee Jerk Reactions to the Event, surprise even the most trusted Prognosticators. July 28 was no different.

The Overnight Session was supposed to be a little quieter, and indeed, things began that way. But by 2:00 am, things were declining Impulsively as the Corrections became more and more Confined. Advances greatly outpaced Declines and it was decided that action needed to be quickly transferred to the Main Exchange itself.

While there was nothing but Continuation Patterns in sight, no one, it seemed, had seen the Trigger Points that were hidden deep on the Charts for the Internals leading up to the event. As a consequence, while looking for a Head and Shoulders, much to their surprise, they got a Rounded Bottom. They suggested that things remain in play since the Trend is your Friend.

Although Key Resistance was tested on a number of occasions, it would not break and continued to contain the action. By this time Open Interest had increased substantially on the Floor. A wave of Frenzy or Panic started to seep into the action as Damage on the Charts started to become visible. The Risk/Reward had now well exceeded acceptable parameters and unable to Fade the Move, it was decided by the Governing Bodies that a Piercing Pattern by way of a drastic, unannounced and unsuspected Cut was needed, right into the Belly of the Curve. From thisEmergency Cut, the Initial Public Offering was Lifted and taken immediately Over the Counter. Once the Liquidity was removed and the Breathing Room was resuscitated into the System, an Emerging Market was born and immediately given to the Lead Underwriter while the Breakaway Gap and other Details were sewn up. Trading commenced about 30 minutes later at which time the Key Benchmark of the experience was finally able to take hold of the project she had been cultivating for 9 months.

Though the New Market itself continues to excel, I anticipate that the next 4-6 weeks will see very serious Consolidation with minimal Movement from the Key Player. Momentum is at a very low level while Sentiment shows signs of Wild Swings. The potential for Whipsaw remains high. While confident that the New Highs will continue to outnumber the New Lows, their occurrence seems Random to the outside observer, and yet at the same time, Expected and Efficient.

Stepping back from the very short term charts, the medium and long term forecast remain on track for uncharted Bullish territory in what I hope will be at least a 100-year Secular Trend. One thing is for sure though, this market and its Principle participants never sleep and, for such a small Market, both the Upside and Downside Volume continue to amaze me.

Of note, I was recently told that we were again expecting…and then to boot, we recently found out it will be twins. This brings our future family to 3 (Fibonacci) children, 5 (Fibonacci) of us altogether. We obviously have to stop now because the next numbers in the Fibonacci sequence (after 1 and 2) is 3 and triplets would mean a pizza delivery job at night for me to help make ends meet.

I recently looked up the odds of having twins. In our age group/background and nationality...the odds are 1 in 89 (Fibonacci). In retrospect, I realize I gave my daughter (without realizing it) the odds I gave my daughter (without realizing it) the odds I give my daughter (without realizing it) the same first initials as the great A.J. Frost. Finally, to boot, I can say without boasting or bravado that Elliott is my middle name.

Karmic or Cosmic Co-incidence? I have no idea. All I know is that I have been told I will not be writing the next birth announcements.

Jordan E. Kotick, CMT, is Technical Strategist for JPMorgan Chase in New York and can be reached at jordan.kotick@jpmorgan.com

Have you been quoted in the press?
The MTA PR department wants to know. Please contact barbara@mta.org with the information.
The following are the most important facts from the IFTA Conference brochure: the costs, the speakers, the dates and times. The brochure will be available in July and in pdf format on the MTA/IFTA websites with links to all IFTA Society sites. Registration online—in mid-July will be encouraged—both for the conference, as well as the hotel.

Take time now to check on visa requirements and look for airfare offers. Early conference registration deadline is September 1. Final Hotel and Conference Registration deadlines: October 1.

REGISTRATION FEES
IFTA Colleagues / MTA Member & Affiliate US$ 950
Early registration - by September 1 US$ 895
Non-IFTA / MTA US$ 1100
Early registration - by September 1 US$ 1050
Day Delegates US$ 350
Spouse/Guest US$ 275

CONFERENCE REGISTRATION
Thursday/Saturday Registration includes:
Attendance at all sessions; conference materials; breakfasts and lunches (Thursday, Friday and Saturday); Conference Dinner (Thursday evening); Arlington National Cemetery/DC Tour (Friday afternoon/evening); Farewell Gala Dinner (Saturday Evening)

Day Delegate includes:
Attendance at sessions; conference materials; entrance to the exhibits; lunch; coffee breaks (all on day of attendance)

Spouse/Guest Registration includes:
Breakfast (Thursday, Friday and Saturday); Dinner (Thursday day); Farewell Gala Dinner (Saturday Evening)

HOTELS
Each delegate must make his/her own hotel reservations

The Conference site will be the Capital Hilton; reservations will be on a first-come, first-served basis. There are 175 rooms reserved. In addition, there are 20 rooms reserved at the Henley Park Hotel. Details will be included in the IFTA Conference brochure and the website in July.

The Capital Hilton (conference site)
Room Rate: $135 single/double (+ 14.5% tax)
The Henley Park Hotel
Room Rate: $155 single (+ 14.5% tax)
$155 double (+ 14.5% tax)

SOCIAL FUNCTIONS
THURSDAY, NOVEMBER 6 – DINNER
Robert Prechter, CMT, Elliott Wave International, will be the Keynote Speaker.

FRIDAY, NOVEMBER 7 – ARLINGTON NATIONAL CEMETERY
At 1:45 PM we will all depart for a private tour of Arlington National Cemetery given by Tom Sherlock, Arlington’s official historian. Arlington National Cemetery is a symbol, a memorial and an oasis. It is 612 acres in the middle of a sprawling metropolitan area. It pays tribute to the highest virtues: patriotism, honor, bravery and devotion to others. At another level, the cemetery speaks to us about the madness of war and some of the worst moments in modern history: the assassination of President John F. Kennedy and the space shuttle disasters to name but two. We are honored to have Tom step away from his important duties to spend time with us—something he does only for F. Kennedy and the space shuttle disasters to name but two.

We will leave Arlington National Cemetery and our guides will take us on an overview tour of the important buildings and monuments in Washington, which look especially majestic at night.

At 6 PM, there will be two options:
1. For those wanting the evening free, some buses will return to the Capital Hilton Hotel.
2. The other buses will go the Ronald Reagan Building & International Trade Center where you may dine at Jordan’s Restaurant (on own)—owned by famed basketball player Michael Jordan (www.jordanrestaurant.com) prior to a performance of the Capitol Steps at 7:30 pm. The Capitol Steps is a troupe of current and former Congressional staffers who monitor all international events and personalities in Washington and then take a humorous look at serious issues while providing laughs for millions. Log on to www.capsteps.com—to download some of their latest, then sign up for a ticket to see the hottest show in Washington. Tickets to the Capitol Steps are $35 per ticket.

SATURDAY, NOVEMBER 8 – FAREWELL GALA DINNER
A Black & White gala dinner will cap off our stay in Washington, DC. Suggested attire: gentlemen in dark suit/white shirt (black tie optional); women in dinner dresses - black, white or combination.

SPOUSE/GUEST PROGRAMS
THURSDAY, NOVEMBER 6
Tour of Washington, lunch & tour of Hillwood Museum $85/pp
Hillwood Museum & Gardens features the most comprehensive collection of 18th- and 19th-century Russian imperial art outside of Russia, as well as one of the world’s most important collections of 18th-century French decorative arts. These have been beautifully displayed in a grand setting as they were used by Hillwood’s founder, Marjorie Merriweather Post, heir of the Post cereal empire and one of America’s first businesswomen. This year Hillwood is hosting an Exhibition Celebrating St. Petersburg’s 300th Anniversary. A comprehensive article on Hillwood and the Russian Imperial art was the focus of the March 2003 issue of Antiques Magazine. Log on to www.hillwoodmuseum.org for more details.

FRIDAY, NOVEMBER 7
Morning Free – return to the hotel by 1:30 pm to join the delegates for Arlington National Cemetery/DC tour.

SATURDAY, NOVEMBER 8
Tour of Mount Vernon and lunch in Alexandria, VA $80/pp
Mount Vernon was home to George Washington for over 45 years. Here he made his life with his wife Martha, returned from war, retired from public life, practiced pioneering farming methods, and left an indelible stamp of his personality and private tastes. Today the home has been restored to its appearance in 1799, the last year of George Washington’s life. After the White House, it is the most visited historic home in America. Log on to www.mountvernon.org for sneak preview.

Continue on to Old Town Alexandria for lunch at the waterfront restaurant, Chart House, (lunch on own) and visit the Torpedo Factory Art Center (built in 1919 as a torpedo factory) which is now a large visual arts center. Explore the 14 working studios, 8 group studios and 6 galleries. Log on to www.torpedofactory.org for complete information.

PRELIMINARY CONFERENCE SCHEDULE
THURSDAY, NOVEMBER 6
8.30 -12.00 Walkabout; Ian Noltey, Yelton Fical, Inc.
1.30 - 2.15 Patterns: Market Psychology as Expessed in One and Two Bar Price. Martin Pring, International Institute for Economic Research
2.15 - 3.00 Can You Believe Your Eyes, or Problems With Patterns, Michael Smyk, International Federation of Technical Analysts
3.15 - 4.00 Current Budget Deficit: Long-Term Social Obligations; and Economic Growth: Similarities Between the U.S. and Other Countries. Barry Anderson, International Monetary Fund
4.00 - 4.45 Twelve Chart Patterns Within a Cobweb. Claude Mattern, BNP Paribas
7.00 Reception; Cash bar
7.30 Conference Dinner; Keynote Speaker: New Inroads to Academia. Robert Prechter, CMT, Elliott Wave International

FRIDAY, NOVEMBER 7
8.30 - 9.15 The CI/NCI Ratio and the Sign of the Bear – Will They Signal the Next Major Turn? Peter Elades, Stockmarket Cycles
9.15 - 10.15 The Japan Hour, Hidenobu Sasaki & Yoshito Tetsuda, Nippon Technical Analysts Association
10.30 - 11.30 Top Down Investing. Ian Woodward & Ron Brown, HGS Investors
1.45 - 6.00 Arlington National Cemetery, custom tour of DC and drop off at Ronald Reagan International Trade Center for dinner (on your own) with tickets to the Capital Steps – or free evening

SATURDAY, NOVEMBER 8
11.15 - 12.00 The Deviation Oscillator. A New Indicator That Tracks Changes In The Trend’s Strength. Salah Nassar, CMT, Commercial International Brokerage Co.
1.30 - 2.15 Global Sector Ranks. Tim Hayes, Ned Davis Research
2.15 - 3.00 Fibonacci Plays the Stock Market. Steven Hochberg, Elliott Wave International
3.15 - 4.00 Metamorphosis. Alan Newman, Longoat Global Advisors
4.00 - 5.00 Panel Discussion: Body of Knowledge. Moderator: Hank Pruden, Ph.D., IFTA Vice Chairman for The Americas. Panelists: John Brooks, CMT, Chair, IFTA Body of Knowledge Committee; Bruno Eslair, SAIM Switzerland; Claude Mattern, AFATE France; Michael Smyk, STA UK
7.00 Cocktails and Farewell Dinner. Black and White Washington Gala

*Preliminary as of June 15
A note from Tim Snavely:

I was appointed Head of Regions in 2002. The first question was... what does the Regions Head do? I’ve interfaced with MTA officers and several of you, regarding how our chapters might facilitate a more successful MTA. I have sought to identify the guidelines for a successful regions platform.

The “Regions question” is increasingly an important one. In the past few months, we have been contacted by no less than three individuals seeking to open new chapters (Minneapolis, Austin, and San Diego). Please read the Regions road map below and contact me (404/926-5473; tim_snavely@rhco.com) if you have any suggestions or are interested in starting a regional chapter. Contact your local chapter organizer to get involved. Thanks!

Regional Chapter Head Responsibilities
1. Re-establish communications between channels: regions head to chapters and among chapters heads themselves, where practical, to facilitate sharing of ideas.
2. Represent various chapter interests to the national organization (key). Identify issues and opportunities. Generate and encourage dialogue.
3. Help chapters recognize benchmarks or “model” chapter behavior. For example:
   ■ Encourage chapters to identify future leadership. Chapter heads can get a sense of who is willing to help out by placing some responsibilities with willing participants.
   ■ Develop effective chapter to member communications by identifying chapter constituents and using e-mail where/when possible. (In Atlanta we grew our email contact list from 35 to 70 people in about a year.) E-mail is a simple but effective means of communication at the chapter level.
   ■ Promote timely updates to Shelley regarding scheduling. Shelley may make regular schedule inquiries for the monthly calendar. The MTA Website features the schedule.
   ■ Identify desired “national” speakers and promote the use of a speaker’s travel schedule. Regular inquiries of potential speakers regarding their schedules may offer regional chapter presentation opportunities.
4. Assist chapters in raising the level of analysis at the regional level through discipline and methodology sharing by providing access/ facilitating sharing of tools and “master” technicians.
5. Assist chapters in marketing the MTA and membership. Keep regional chapter heads informed about national events (calendar above is helpful). Encourage the availability of membership applications and MTA information at chapter meetings. Review the most useful web-based tools for members and affiliates.
6. Examine the webinar presentation format and review its viability for chapter use. Identify great videotape seminars for use at regional meetings.

POSITION WANTED

Technical Analyst with five years of Wall Street experience anxious to take career to the next level seeks opportunities on buy side, sell side, trading desk, or hedge fund. Last three years spent working with international independent research firm.

Interests lie in all areas of Technical Analysis. Currently awaiting results of CMT Level 3 exam (expected in July). Actual research and projects published are available. Please email me at kc_applegate20@yahoo.com if you have any interest or know of anyone who would.

Keith C. Applegate
kc_applegate20@yahoo.com

Technically Speaking Advertising Rates

There are new multiple issue discounts offered - 15% on 12 insertions - of the same size. For details on ad sizes and rates, download the Ad Rate Card from the MTA website.

www.mta.org Technically Speaking is formatted in 3 vertical columns per page. Rates are as follows:

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Black and white ads only. Send ad artwork in a TIFF or JPEG format to barbara@mta.org and your payment to the MTA office in Woodbridge, NJ.
The 2003 SAAFTI Conference

Tom MacMahon

Earlier this month the MTA was invited to attend the 2003 Society of Asset Allocations and Fund Timers Institute (SAAFTI) Conference held in Tampa, Florida. The interest in the MTA is genuine and profound. Because this Society represents the interest of fund and hedge managers as well as portfolio managers, market timing is a key issue.

The keynote speaker on the first day of the Conference was our own Larry Katz who informed and amused the audience with an insightful and informative presentation. The majority of the 150 participants welcomed the presence of another professional body dedicated to providing the skills and tools necessary to understand market timing.

Many of the Conference participants enquired about the MTA. There were also quite a number of people who expressed interest in attending the 2003 IFTA conference in Washington. Naturally the CMT designation came up for discussion and interest seemed quite high in the process of acquiring a CMT.

It became apparent early on that further exploration was needed to see how our organizations could mutually benefit from an on-going relationship. It is clear that fellow professionals such as these men and women can gain great benefit from being associated with the MTA!

We look forward to following up with the SAAFTI executives in determining just how this relationship should expand.

Trader’s Library Tradeshows

Tom MacMahon

The MTA was invited to exhibit at the Trader’s Library Technical Analysis tradeshows in Las Vegas. The show attracts many professional traders who use technical analysis as a key part of their work. According to Trader’s Library the 450 attendees were seeking out ways and means to improve their trading advantage with new ideas, skills and tools.

It became quickly apparent that most of the people visiting the exhibition hall were not at all familiar with the MTA. Many individuals coming into our booth asked, “What is the Market Technicians Association?” Most were surprised to discover that we are a not-for-profit organization and our mission is to educate the investing community about technical analysis.

A great many questions were asked about the benefits of joining the MTA and a lot of interest was expressed in the Webcasts we have done from Baruch and Boston. Several people indicated that having access to these on-line meetings would be worth the cost of joining. A great deal of interest was also shown in having access to the expertise and experience of a 30 year old organization.

Boston Chapter Meeting

Tom MacMahon

The revitalized Boston Chapter invited a special guest recently to speak at their meeting held on the campus of MIT. Ms. Adrienne Toghrane, the trader’s coach, expounded on the basics of preparing oneself for the rigors of making a trade. Adrienne emphasized the importance of total physical, mental and spiritual balance in the search of that ideal trading preparedness that exemplifies the best in the field. She described the different types of traders and illustrated the rigorous discipline required to get “In the Zone.”

A sizeable group came to hear how they could combine the right diet, mental exercises and self-fulfillment in that special combination that the best traders, like professional athletes use.

The event was webcast as Adrienne engaged her real and virtual audiences in a continuous exchange of questions and answers. This interactivity helped make the meeting an enjoyable and rewarding event.

2003 Calendar of Events

July 8 Boston
For reservations/info: chuck@trendadvisor.com

July 10 Cincinnati
For information/location, contact Ron Brandt at ronbrandt1@msn.com

July 15 New York
SIRE monthly meeting at the Princeton Club.
Contact Richard Suttmeier at rsuttmeier@josephstevens.com

June 26, July 31 Atlanta
Monthly chapter meeting. Meetings are usually the last Thursday of each month. Contact Tim Snavely: tim_snavely@rhco.com

July 22 New York
MTA monthly meeting at Baruch College.
Speaker: Ralph Acampora, MTA President, Prudential Securities. To attend the virtual e-meeting, contact tom@mta.org

July 23 Chicago
Monthly chapter meeting. Meetings are usually the third Wednesday of each month. Contact Ross Leinweber: rleinweber@lakeshoretrading.com

November 6-9 Washington, DC
MTA hosts IFTA Annual conference at the Capital Hilton Hotel

MTA Library News

Maria Wittek

The MTA Library has recently received a few extra copies of Bollinger on Bollinger Bands by John Bollinger.

We have been getting many requests for this book and have had to discourage people from borrowing it because we only had one copy.

Anyone interested, please contact the MTA Library.

July 15 is the deadline for materials for the August newsletter. Send all contributions to editor@mta.org