R. N. Elliott
George A. Schade, Jr., CMT

For his significant contributions to the field of technical analysis, the Market Technicians Association awarded Ralph Nelson Elliott their Annual Award in 1996. Following is the biographical portion of that evening’s presentation made by George A. Schade, Jr. In the other part of the presentation, Bob Prechter detailed Elliott’s work.

The Elliott Wave Principle, the legacy of Ralph Nelson Elliott, is practiced globally – 62 years after Elliott’s discovery, and 50 years [now 71 and 59 years, respectively] after his last work was published. Within its sophistication, as Paul Tudor Jones has pointed out, “Elliott Wave theory allows one to create incredibly favorable risk/reward opportunities.”

We focus on a pioneer’s work and its variations, and when awed by a theory, we wish we knew more about the person. American essayist Ralph Waldo Emerson put it best: “There is properly no history, only biography.”

Ralph N. Elliott’s Wall Street career is known. During the last 13 years of his life, he advanced a unique theory of stock market action. The Elliott Wave Principle was first revealed privately, in December 1934, to Charles J. Collins, an investment counselor. In August 1938, a monograph written with Collins’ assistance – The Wave Principle – was published.

A year later, Elliott wrote the now-famous 12 articles for the magazine Financial World, where Elliott’s theories were presented to a larger audience. Between November 1938 and August 1945, Elliott issued interpretive letters and educational bulletins. In June 1946, his last work – Nature’s Law: The Secret of the Universe – was published.

The Years Before the Discovery

But what was Elliott’s background, and what do we know of his first 64 years? Ralph Nelson Elliott was a child of the American Western frontier and an international man. He was born on July 28, 1871, in the small community of Marysville, Marshall County, located by the Big Blue River, in northeastern Kansas. Elliott’s family had arrived in Kansas around 1868, to what was then the edge of the bustling American frontier. They purchased farmland. The settlers on the Oregon Trail and the Pony Express riders all had passed by Marysville. The 1996 Olympic Games torch passed through Marysville.

His father, Franklin, was born in 1835, in Ohio, when that area marked the Nation’s Western frontier. His mother, Virginia Nelson, was a native of Philadelphia. Elliott’s grandparents were born in the United States, except for Virginia’s father, who had migrated from County Donegal, Ireland. Elliott had one sibling, sister May, who lived most of her life in the Los Angeles, California area.

Elliott’s maternal great-grandfather fought as a private militia man at Bunker Hill during the American Revolution, was wounded, and was made one of General Washington’s bodyguards. Elliott’s paternal grandfather Hugh was a veteran of the War of 1812.

The Secret of Elliott Wave

Steven W. Poser

There is no secret handshake that Elliott Wave analysts use. When passing each other on the street, we do not giving a knowing nod or wink. There is no conspiracy of Elliotticians either, trying to prevent the masses from using Elliott Wave. Finally, there is no Elliott Wave cult, although sometimes it seems that is what many of my other technical analyst colleagues seem to think.

The Elliott Wave Conspiracy

If there is an Elliott Wave conspiracy, it is an unwitting one. That conspiracy has been a lack of education. In my book, Applying Elliott Wave Theory Profitably, I wrote about a job interview I had with another technical analyst, who shall remain nameless, that would not hire me because I used Elliott as my main form of technical analysis. Why would any technician do such a thing? Have we all not been subjected to the slings and arrows of economists and fundamental equity analysts? Ought people that live in glass houses not throw stones? How can this kind of thing happen? It is very simple: Nobody has bothered to teach anybody how to use Elliott Wave effectively. It really isn’t that hard!

I have seen dozens of books on Elliott Wave Theory. Most show you pretty pictures of five wave impulse counts followed by three wave corrections. The books always tell you about the relationship in size between various waves, regularly invoking Fibonacci ratio relationships. They also talk about the fractal nature of Elliott: Wave-1 subdivides into five smaller waves; Wave-A can subdivide into three waves or five waves, depending on what type of pattern is currently tracing out. The books also will sometimes tell you about other technical indicators that you might want to use to help you solidify your wave counts. For example, I always recommend looking for momentum confirmation at the end of Wave-3 and a divergence at the end of Wave-5.

Elliott books also tell you that you can forecast the direction of prices from intraday to years on end. They describe to you how you can develop alternate wave counts in case your currently favored count proves to be wrong. And, finally, some do manage to relate the market behaviors or characters for each wave.

The conspiracy is simple: It is that last sentence, the part about market behavior and character that is the Rosetta Stone of the Elliott Wave Theory, that is rarely ever the focus of how to use Elliott. Sadly, the behavioral part is the central key to applying Elliott Wave Theory profitably and should be the focus of any book or class that purports to teach Elliott. A true Elliottician is a behavioral analyst – a sort of market psychologist. If you look at Elliott from that perspective, your accuracy will improve dramatically.

Behavioral Finance and You

There is no part of technical analysis, in my opinion, that is more closely related to Behavioral Finance, than Elliott Wave. It is the one form of technical analysis that is wholly based on behavior, and that has well-defined methods for forecasting future price movements, in both time and size.
**NYSE Presentation**

December 17, 2004 was a very important day for the MTA. On that Friday, at 11 am a final oral presentation on the CMT and the series 86 exam was made to the NYSE and the NASD.

In attendance were 6 lawyers from NYSE, 3 lawyers from NASD plus our own lawyer, four members of the MTA, two psychometricians and myself.

David Krell served as master of ceremonies, and led off with introductions of everyone and a frame for the presentation. He was followed by Barry Sine, who discussed the differences between fundamental and technical analysis. Next came Ken Tower speaking about the MTA and the CMT, and finally Ralph Acampora finished the presentation with concluding remarks. Stuart Kaswell was there to answer legal questions and Linda Montgomery was there to field questions on our just completed BOK study that was made available to them.

Each member of the presentation team was chosen very carefully. David Krell was master of ceremonies because he himself is the President of an SRO and is a colleague of these people. Barry Sine is a CFA CMT and spoke eloquently on the differences between the two disciplines. As a past President of the MTA Ken Tower knew and presented well the background of the MTA and the CMT, and Ralph Acampaora was at his articulate best presenting the conclusion. If you would like a copy of the just completed BOK study and or a copy of the power point presentation made that day. Let me know and I will send them out to you.

With Ralph Acampora’s permission, his concluding remarks are reprinted below.

“Good morning ladies and gentlemen,

I would like to take the last few minutes of your time to summarize what you have just heard and then to ask that the subject of technical analysis be treated as a separate discipline. A discipline that is neither better nor less than the discipline of fundamental analysis. They are both equally important but very different.

To begin, I took the liberty of going to the dictionary to retrieve the definitions of three words: ‘discipline’, ‘art’, and ‘science.’

“Discipline” means instruction; a subject that is taught; a field of study.

“Art” means a skill acquired by experience, study, or observation.

“Science” is a body of knowledge with its own axioms, rules, and language.

Ladies and gentlemen, the subject of technical analysis fits neatly into all three of these definitions. We are very disciplined, we make many many observations, and we surely have our own rules and language.

I know that there are some lawyers with us here today. And I would like to ask them a rhetorical ‘what if’ question. What if they were asked to study and pass the medical boards? Would this subject be relevant to their current practice of securities law? I suspect that the answer to these two queries would be a resounding no!

Well, this is what technicians are being asked to do—we are being legislated to study and pass a subject that is irrelevant to what we do: a subject that we will definitely never use in the future.

Here are the basic differences: fundamental analysts try to determine the financial well being of a company, plain and simple, while technical analysts try to time the purchases and sales of that company’s stock, two very distinct objectives but obviously both are extremely value added to the investor.

In my firm, Prudential Equity Group, we take a practical approach to combining both disciplines. Our fundamental analysts consult with the technical department in order to make a more informed decision. Due to our very disciplined, we make many many observations, and we surely have our own rules and language.

I am proud of my fellow technicians for meeting the challenge to become more professional 35 years ago by creating the Market Technicians Association; they met another challenge, about 15 years later, to become more professional by creating the Chartered Market Technicians designation; and now they are responding to the MTA, two psychometricians and myself.

I ask on behalf of the public, that the SROs identify, recognize and separately test the differences between technical and fundamental analysis.

And I end by saying that the most expedient way to accomplish our goal is to allow the CMT Level 1 and 2 to serve as an alternative to the Series 86 examination. And that, ladies and gentlemen, is what we are asking for today. And on behalf of me and my colleagues, we thank you for your time and your consideration”.

Following that conclusion, a few questions were fielded and our group left. I cannot tell you if we won or lost, only that the volunteers representing you gave a truly wonderful concise and thorough presentation that day. It was one of which you all can be proud. We will know the answer from the NYSE and the NASD soon.

Sincerely yours,

John R. Kirby, Project Manager

PS: The MTA is changing. Along with that my title is changed. Please be assured that as long as I am with the organization, you will continue to receive my best efforts. Thank you.
From the Editor’s Desk

As former “Technically Speaking” Editor Mike Kahn wrote in the July/August 2001 issue, “…my big farewell as editor of ‘Technically Speaking’ was a tad premature last month…”

By now, you all know that the Board of Directors met in Woodbridge over the weekend before Christmas and is determined to build on the greatness of the MTA to create a more professional organization on behalf of this newsletter can assist the Board in communicating with the memberships, and we, the community, can communicate with the Board. I’d like to be a part of the solution, and will be working with the Board of Directors over the remainder of their terms to ensure that we hand off a first rate newsletter to next year’s leadership.

In future months, Board members will share their thoughts on the MTA, summarize their accomplishments and detail their plans within the pages of “Technically Speaking.” Members are also being offered an opportunity to share their thoughts within these pages. Articles about any aspect of technical analysis are always welcome. Also welcome are Letters to the Editor praising or pummeling the pages of “Technically Speaking.” Members are also being offered an opportunity to share their thoughts within these pages.

I hope that you find this month’s issue informative. We’ve included several articles about technical analysis, along with some news about MTA business. Articles for the future would be greatly appreciated - next month we would like to highlight indicators and everyone is encouraged to submit a description of how they use their favorite indicator. Charts may also be submitted, although they are best printed with a white background and dark colored lines.

Cordially,
Mike Carr, CMT
Technically Speaking Editor

Even after his forced departure, Elliott’s passion for Latin America remained unabated. Between 1917 and 1920, Elliott tried to establish an American paper company’s export business in Mexico (1918); was an auditor for the Pierce Oil Corporation in Tampico, Mexico (1919); and, passed up an offer of employment from the Cuba Railroad Company (1920).

Elliott’s passport applications show that he was 5’8” tall, had blue eyes, brown hair, a complexion described as “ruddy” and “fair,” and wore eyeglasses. Photos taken in 1918 and 1924, show an elegant man with a sturdy frame, hardy appearance and an air of self-assurance.

By early 1920, Elliott had moved to New York City, where he remained until late 1924. During these years, Elliott worked in corporate restructurings and established a consulting business. He traveled to Canada, England, France and Germany.

He developed a specialty as a consultant to restaurants, cafeterias and tea rooms. This specialty built on his accounting knowledge and business expertise. He authored a monthly column for the magazine Tea Room and Gift Shop. In his introduction to its readers, the magazine said of Elliott that “he is primarily a business man.” His two-page column answered readers’ questions and gave accounting and business guidance for operating a restaurant.

During these years, Elliott’s knowledge of Latin America and his corporate experience had brought him into contact with influential people in the academic and political worlds, who noted his abilities. Elliott had met these individuals in Latin America or through his railroad positions. One of these, Dr. Jeremiah W. Jenks, a distinguished lawyer, academician and political advisor, was influential in leading Elliott to his highest political appointment.

In December 1924, President Calvin Coolidge’s Secretary of State, former New York Governor and Supreme Court Associate Justice Charles Evans Hughes, appointed Elliott Chief Accountant of Nicaragua, which was then under American military governance. From February to June, 1925, he worked in Managua. As reported in The New York Times, Elliott worked “to revise the banking and financial laws of Nicaragua.” The Elliotts left Managua a few months before the United States Marines departed Nicaragua.

From August 1925, to October 1926, in his last corporate position, Elliott served as the General Auditor of the International Railways of Central America in Guatemala. The railroad’s headquarters were in Manhattan, and its stock was traded on the New York and London Stock Exchanges. Today, this is the national Guatemalan railroad. Letters written in this position show that Elliott spoke and wrote Spanish well.

In 1926, Elliott wrote a 100-page manuscript titled The Future of Latin America, which he intended to expand into a book. The manuscript originated as an internal memo to the U.S. Department of Commerce. The manuscript was titled The Future of Latin America, which he intended to expand into a book. The manuscript originated as an internal memo to the U.S. Department of Commerce. Even after his forced departure, Elliott’s passion for Latin America remained unabated.
In 1946, his last work – Nature’s Law: The Secret of the Universe – was published.

Market Forecasts, R. N. Elliott, Edson Gould, And Garfield Drew

In 1941, the professional lives of Elliott, Edson Gould and Garfield Drew converged or came together. The time was between October 1940 and May 1941, a gloomy declining market period highlighted by the day Jesse Livermore put a gun to his head in the cloakroom of the Sherry Netherlands Hotel.

On October 1, 1940, Elliott had written one of his Educational Bulletins titled “The Basis of the Wave Principle” – “How The Wave Principle Works and Its Correlation With Mathematical Laws.” Elliott wrote:

“The Fibonacci Summation Series is the basis of The Wave Principle...agrees in every respect with the rhythmic count of the Wave Principle...”

Elliott also noted that there were many “coincidences” shown in the Wave Principle between the time elements of a trend and the “Fibonacci Summation Series of Dynamic Symmetry.”

A little more than six months later, on May 19, 1941, Edson Gould, whose middle name was Beers, wrote under the nom de plume Edson Beers, an article published in Barron’s titled “A New Idea for Speculators: Applying the Principles of ‘Dynamic Symmetry’ to the Stock Market.” Gould wrote:

“[The] problem of the market is primarily mathematical. This must be so for the principles that govern physical phenomena, the laws of motion and those of biology can be expressed mathematically...”

He then recommended as “required reading for all students of the market,” the treatise The Elements of Dynamic Symmetry by Jay Hambidge. Hambidge was an American artist historian who had translated the phrase “Dynamic Symmetry” from a term used by the Greek mathematician Euclid. Hambidge discovered the concept after researching Greek pottery and architecture, whose measurements showed symmetry patterned on the Fibonacci sequence.

Gould wrote in his article:

“Everyone knows that stock price movements tend to be symmetrical, recurrent and periodic, but the dynamic nature of time cycles and price ranges has not been generally appreciated. This summation series, 1, 2, 3, 5, 8, 13, etc., explains away many apparent inconsistencies and otherwise baffling situations.”

Gould made reference to the manner in which important high and low turning points showed a recurrence patterned on the Fibonacci sequence. This description of time and Fibonacci numbers was extremely similar to the same points Elliott had made in October 1940.

One last point on Gould’s 1941 article – the day it was published, the DJIA closed at 116.15. Gould ended his article with this forecast:

“After a sizable reaction the market should then begin its real climb up to the 300 level.”

At this point, Garfield Drew and his 1941 book enter the picture. An interesting aside is I don’t believe Drew knew that Edson Beers was Edson Gould. Drew wrote in 1941:

“The same elements of dynamic symmetry which Beers believes apply to the patterns of stock price movements are likewise the basis of Elliott’s ‘Wave Principle’.”

Some thirty years later, Robert Prechter spoke with Gould about this. Prechter wrote:

“Gould confirmed in a telephone conversation with Prechter that the editor of Barron’s told him he had received a call from Elliott, who was (justifiably) angry about the article...Despite gentle probing, [Gould] declined further comment on the subject.”

Elliott apparently believed that Gould had plagiarized his ideas about the mathematical basis of the Wave Principle. Both Elliott and Gould attached great significance to the Fibonacci numerical sequence, but Elliott had written about it first. In early 1941, Elliott forecasted a multi-decade advance. His forecasts were long-term bullish. Later in October 1942, Elliott predicted the advance would exceed the 1929 top.

In the spring of 1941, Garfield Drew wrote in his book:

“The ‘Natural Rhythm’ methods do, of course, afford a long-term picture, the question being the extent to which credence can be placed in their forecast. However, to repeat what has been said before, their indicated pattern in recent years has been far more correct than just chance seems to account for, and R. N. Elliott’s record, for example, is carefully documented with unimpeachable outside sources. For that reason, the rising trend of stock prices definitively indicated for the coming years is at least interesting.”

Drew then commented favorably on Edson Gould’s 1941 article in Barron’s and on the use of dynamic symmetry to make market forecasts. He joined Gould and Elliott together as forecasting a move in the DJIA up to 300. Drew noted:

“Corroborating the Beers forecast quoted earlier, Elliott’s long-term ‘wave analysis’ in the spring of 1941 showed the market to be in the earlier phases of an important cyclical upward movement which might well eventually reach the 300 level.”

Where did the DJIA go after 1941? In the subsequent fifteen years, the DJIA rose 12 years and declined 3. From 1942 to 1946, the market rose 129%. In 1954, the DJIA crossed 300 at last exceeding the 1929 top.

This was not lost on Garfield Drew. In 1955, Drew wrote:

“Elliott’s Wave Principle seems to have stood up better than anything else in the field of long-range forecast...the basic theory was quite correct that the next important move would not only be up, but would exceed the 1946 top.”

Garfield Drew recognized Elliott’s and Gould’s analytical work as early as 1941, when Elliott and Gould were relatively not popularly known as market analysts. He recognized the creative talents of these two giants, and most likely had a lot to do with the prominence which Elliott, and es-
Elliott died on January 15, 1948, in King’s Park, New York, after 77 years of a very productive life. The New York Times reported his obituary. Mary Elizabeth Elliott had died on December 30, 1941, in Brooklyn, New York. There is no record that the Elliotts had children. Elliott’s sister Mary died in Los Angeles on December 18, 1953. May was Elliott’s sole surviving relative.

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Elliott article by Steven Poser, continued from page 1

Classical patterns also have measurement techniques (channel breakouts, head and shoulders, etc.), but in many cases, you have no way of knowing which way a pattern will break or whether the pattern that is forming will actually be confirmed. Although the Elliott Wave analyst can be wrong, if he or she has the count correct, price and time targets fall directly out of the analysis.

If you can learn to interpret price wave patterns in light of as much information — both fundamental and technical — as you can gather about how and why the market is acting out in a given way, you will be able to offer much stronger forecasts. This is why I have always found myself keying into U.S. and foreign economic releases (my main focus in the past has been the fixed income and currency markets). Understanding how a market reacts to consensus or surprise data, in light of Elliott Wave patterns, can be extremely illuminating.

The universities are doing a spectacular job of trying to model the markets. They have been developing models of market behavior, applying all sorts of technical indicators and patterns to try and understand the nearly infinite paths a market can traverse. Unlike many more narrowly focused technical analysts, our colleagues in academia do exactly as the well-versed Elliottician does: they try to measure how the market reacts to a set of stimuli. These stimuli do not necessarily have to be moving average crossovers, trendline breaks, or anything from market data box. It can include how the markets react to economic news, given an existing market description (which you should describe technically and fundamentally). It might also involve reaction to a news item, such as a Presidential election, declaration of war, or a strike in a key industry. The Behavioral Analyst has this information at his beck and call; the classical technical analyst does not.

So, What was the Big Secret Again?
The secret is that there is no real secret. As soon as technical analysts figure out that they need to relate their world to the real world, they will not only get more jobs, but their accuracy will improve. I know that everything is supposed to be in the charts, but just as the fundamentals change, so can the charts. Most technical analysis is reactive: Sell because a trendline broke, or because a moving average crossed another moving average. Elliott Wave and behavioral techniques are anticipative. They warn you of impending change and help you to determine when a trend should continue.

Elliott becomes more accurate when you understand how and why a market is moving. Although the price pattern that resulted in the stock market low in October 2002 was not perfectly clear, the deep and dark market psyche depression and inability of anybody to discuss their portfolio in polite company told you that an important bottom was at or near in stocks. The Orange County fiasco in 1994 signaled the bottom in the bond market. And, Elliott Wave analysts were among the only technicians to get that top right. Many Elliotticians also correctly called the top in the stock market in 2000 as well.

Elliott gives you a roadmap. You get this map by combining apparent or likely patterns with an understanding of how and why such patterns can develop. For example, Bob Prechter often talks about a fall below 1,000 in the Dow Jones Industrials Average. He offers a scenario that could get us there. It is not one that I think is probable. Although his wave count might be correct in the big picture, there are other possible price targets that do not get prices anywhere close to 1,000 on the Dow. In fact, the bottom could even be in using that self same count as of the top in 2000.

What About All the Elliott Wave Analysts That Disagree on the Wave Count?
This is one of the more ridiculous complaints I hear regarding Elliott. At any given point, there is probably an infinite set of possible wave counts. Elliott Wave allows the analyst, by intelligently studying current and past market characters, to substantially narrow down that choice. For the short-term, many Elliott-oriented technicians will have similar forecasts. The further out and longer term you go, the more disparate those forecasts will be.

What I do not understand is why Elliott Wave analysts are not allowed to disagree, while other technical analysts can have as many different forecasts as their little hearts desire? I often see this argument as a reason why you should not use Elliott. Sorry, but this reasoning has no logical basis. Elliott cannot be mathematically proven or disproven, but that does not mean that it does not work. It does not take years to learn how to use it. It just takes the ability to open your mind to looking at something more than price and volume when you try to figure out where the market is going.

What About all Those Computer Programs that Count Waves?
I have heard some positive reports regarding some wave counting programs, but unless they consider exogenous factors beyond price and time, I personally have little hope that they will be any better at earning you profits than spending a few months really trying to learn how to use Elliott Wave on your own. I have looked at a couple of the programs, albeit not the very latest versions of any of them, and they do offer some value, but at least as of late-2003, their best attribute was that they might give you an alternate way of looking at the markets’ wave structures.

There can be no advancement to a new dawn of wave counting if the programs merely look at price patterns. They are then ignoring valuable data that can help them more correctly count the waves. While they do remove the emotional aspect of wave counts, their accuracy is denigrated by the fact that they ignore important information.

Elliott Wave is not just pattern recognition. It is not that simple (and pattern recognition is not particularly easy to do with computers anyway). Anybody that tells you that there is a new way to do Elliott, or that Elliott is not worthwhile without a computer, probably does not truly understand what Elliott Wave is or how it is properly applied. I do believe that computer counts can be valuable as an arrow in your quiver, but unless they create true artificial intelligence, humans that truly understand how and why Elliott Wave works will do a better job of trading and investing using Elliott.

So, What is Elliott Wave Theory?
The Elliott Wave Theory is a behavioral tool that allows you to attempt to forecast the future price direction of any freely traded market. It is based on how humans interact with each other. Although it may encompass issues outside of the markets themselves, as an input to forecasting a market, Elliott Wave is merely a way to help you to determine the likely future course of any given free and liquid market.

Elliott Wave is not the Holy Grail. It is not deterministic. You cannot predict the collapse of civilization directly with it, nor can you predict any future revolutionary inventions. However, you might be able to make some educated guesses on such possibilities if you see a strong probability of a very powerful market move developing. Elliott Wave also is not any one person or group of people. Elliott Wave analysts can and do disagree, just as economists, fundamental stock analysts and other technical analysts. If any one or more Elliott Wave analysts are spectacularly right or wrong, that does not legitimize or delegitimize Elliott. I can offer reams of anecdotal evidence for or against Elliott Wave. It is only when you consider the whole body of work that you will find that the Elliott Wave Theory is a very powerful tool that every trader and analyst should put in his toolbox.

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High-Tech Fibonacci
Matt Blackman

This article was originally published by investopedia.com at www.investopedia.com/articles/technical/04/061604.asp (Copyright 2004 Investopedia Inc. www.investopedia.com)

Believed by some experts to be the greatest European mathematician of the Middle Ages, Leonardo of Pisa or Leonardo Pisano (who later became known as Leonardo Fibonacci) developed a series of numbers that has an uncanny ability to describe a variety of natural relationships/proportions—from the petal arrangement on flowers to the shape of the spiral in a Nautilus shell. In the twentieth century, Fibonacci numbers have proven themselves as tools for identifying support and resistance levels in markets. The challenge lies in learning how to apply them quickly and easily in multiple time frames and using them to trade.

Fibonacci Frustrations

The most common charting programs include Fibonacci retracements, arcs, fans, and time-frame tools. But by the time the trader has applied these tools to multiple pivot points in multiple time frames, the chart is barely comprehensible, let alone useful for making trading decisions. As a result, most traders use these tools in only a single time frame with only one or two pivot points. While the resulting chart is easy to read, the lines are often not very significant and therefore not reliable because too much data is being ignored.

The reason for this dilemma in using Fibonacci tools is simple. Studies and long-term observations have shown that Fibonacci retracement levels—calculated using numerous pivot point swings in multiple time frames—work best in the zones in which they converge. The more often these levels converge at or near a single time frame, the more significant and therefore reliable they become. Using another indicator called the T-3 Accumulator, traders can then choose which time frames they find to be most useful for trading purposes and have them plot on their main trading screen (see figure 2) in various colors to determine key areas of support/resistance.

Software Solutions

Thanks to the power of modern computers and a software tool called T-3 Fibs Protrader, plotting these levels by hand is no longer necessary. The program, developed and designed to work with stock charting program TradeStation, T-3 automatically plots Fibonacci levels for up to 40 different time frames using multiple key pivot points and creates important confluence levels in different colors. Here are some examples of what it looks like on the computer.

Figure 1 - Display showing the S&P500 eminis plotting in 233 tick and 610 tick as well as 1, 5, and 15-minute time frames. The blue lines are automatically generated lines of Fibonacci support, the red Fib resistance levels.

For the purposes of short-term trading, the Novaks have identified time frames that work best for determining usable confluence levels. An indicator called T-3 AutoFibs automatically calculates key areas on each time frame. Traders can then see on the charts at which price levels these areas agree. The more times a price level generates a line in each time frame, the more significant it becomes. Using another indicator called the T-3 Accumulator, traders can then choose which time frames they find to be most useful for trading purposes and have them plot on their main trading screen (see figure 2) in various colors to determine key areas of support/resistance.

Figure 2 - The user then chooses preferred time frames in either tick or minute format to use to trade and sets up a chart to plot each in a different color corresponding to the various preferred time frames. White horizontal lines above are derived from the 233 and 610-tick charts, yellow from the one- and five-minute charts and magenta from the 15-minute chart. Where lines of different colors appear in close proximity, areas of confluence exist. The white horizontal line with up and down indentations in the lowest window is the cycle indicator and the vertical red and blue bars further help in determining trend strength.

Charts provided by Nexgen Software Systems and TradeStation.

Once key levels have been chosen, the next task is to decide which levels will provide temporary support or resistance as the equity moves in a prolonged trend and which levels will prove to be reversal points. This is where skill and experience come in. Pivot points (white vertical bars in figure 2) along with the red and blue bars in the main chart window—red signifying downtrend and blue signifying uptrend—are designed to make the task of trend determination easier. But it is the rules that the trader has written in his or her trading plan that determine when and where trades will be taken.

Conclusion - Transition from Novice to Master

Becoming a successful trader takes a complex combination of skill, discipline, experience, and the ability to think in probabilities. But, while these traits are essential, the task is nearly impossible without the proper tools. In the markets, where competition is a key force, those with the best skills, experience, and access to the latest data and tools will ultimately prevail.

Many traders who have tried using Fibonacci levels to trade manually have given up on them for the reasons discussed above. But these levels do work. Programs like T-3 Fibs Protrader have proven that Fibs do provide valuable insights on key trading areas for those with the knowledge and proper tools to apply them. If you have been frustrated with using Fibonacci levels, be sure to check out T-3 Fibs Protrader—or other programs that use computer power to automate or at least streamline the process—before abandoning Fibs altogether.
Murray Ruggerio spoke to the Atlanta Chapter of the MTA on December 2, 2004. A video of the complete presentation can be downloaded from http://www.mta.org/membership/video/swf/20041202Ruggiero.html

Murray began by reviewing the advantages and problems associated with short-term trading. One advantage he identified is that traders often rely on the instant gratification attainable through trading this time frame. There is also a common perception that risk is reduced in short-term trading, and that maximum drawdowns are lessened because of the limited exposure to the market. The final advantage of short-term trading that he commented on was that money management algorithms can significantly improve profitability when the high winning percentages found in short-term systems are combined with the short holding period.

One problem with short-term trading, highlighted by Murray, is that traders may mistake random streaks for real patterns. An example of this is the “Redskins indicator” popularized before the recent Presidential election. Television and newspaper commentators sought to ensure that everyone in the country knew that if the Redskins won their final home game before the election then the incumbent would win the election. When the Redskins lost that game, the Kerry presidency was all but certain. This indicator failed, as any indicator will if it lacks a valid underlying logic.

As an example of the thought process needed to develop the valid theoretical basis for an indicator, Murray discussed trading bonds on report days. This is a notoriously volatile market period as traders analyze and act on the reported data within minutes. His theory is that large traders take their positions in the days leading up to the report, and the volatility results from these traders unwinding their positions after the announcement if they are wrong or from profit taking if they are correct. If his theory is valid, he should be able to spot increased volume two or three days preceding the news announcement, and through his research he has found this to be true.

Some short-term traders make money by being on the right side of large ranging days in the markets they trade. Murray presented data to help the audience understand what he means by the term “large ranging day.” He defined this as a day where the daily range is two times the 80-day average range. Across a wide variety of futures markets, he showed that these days occur, on average, 5% of the time; and half the time result in a quiet period, the other half resulting in a down average, 5% of the time; and half the time result in a quiet period, the other half resulting in an up close, the other half resulting in a down close. He also found that markets usually close within 20% of the high or low on these days, and that the intraday movement shows very little retracement against the trend. These same generalities also applied to equities, as he demonstrated with test results using the 30 component stocks of the Dow Jones Industrial Average.

Another characteristic of large range days is the market action preceding these days. When asked, the audience was certain that immediately preceding these days were days with below average ranges. However, Murray said that his research showed that in the two to three days preceding these moves, the daily range was equal to 1.2 to 1.6 times the 80-day average range. Summing up market volatility cycles, Murray related that he found quiet periods of volatility were followed by increased volatility, then the blow out volatility of a large range day followed by a return to a quiet period.

To profit form the tendencies he identified, Murray told the audience that short-term traders often rely on an opening range breakout (ORB) methodology. Using yesterday’s prices and today’s open provides the trader with the maximum amount of information to trade daily bars. The goal is simply to enter in the direction of a daily trend, and this can be accomplished by buying at some level above the open or selling short at some level below the open. Several examples of specific entry techniques were provided.

Larry Williams described this type of strategy in his book, How I Made One Million Dollars Last Year Trading Commodities. In 1987, the ORB entry was a large part of Williams’ strategy as he traded a $10,000 account to more than $1.1 million in a real time trading championship, an annual return of more than 11,000%. According to Murray, Williams used a straightforward calculation to determine entry points. He added 30% of the 3-day average of the true range to the open for long entries and subtracted that value from the opening for short entry points.

Sheldon Knight is a legendary trader who opened his first trading account in 1986 with $75,000. That account increased to more than $1 million in value within a year. He also doubled his account in 1989 and has traded successfully since that time. According to Murray, a component of Knight’s strategy is to buy or sell ORB entries. Knight’s calculation is slightly more involved than Williams’ and is based upon a three-day price channel. Subtracting the lowest low of the past three days from the highest high during that time frame determines the width of the channel. Murray stated that Knight added or subtracted 20% of this value from the opening price to determine his entry points.

Toby Crabel has written extensively on the ORB strategy. His 1990 book, Day Trading With Short Term Price Patterns and Opening Range Breakout, is offered on Internet auction sites at prices starting near $400. Murray feels that much of the book is still valuable, but outdated because Crabel added and subtracted fixed values from the opening, and due to changes in the markets those values no longer hold the same meaning that they did when the original research was done. Fortunately, Murray found one paragraph in the book where Crabel presented a more flexible entry technique. First, he found the lower of the day’s high minus the day’s open and the day’s open minus the day’s low. He then took a 10-day average of the lower value of the two differences. Long entry points were found by adding 1.1 times this value to the opening price; short entries were identified by subtracting 1.1 times this value from the open.

These entry techniques formed the basis of several profitable systems that Murray presented during the remainder of the meeting. He added a close-to-open relationship counter trend filter to the entries. If the previous close was greater than that day’s open, Murray wanted to take short signals. Longs were taken at the defined entry points if the close was less the open. For example, using Williams’ technique:

If Close (yesterday) > Open (yesterday), enter Short at today’s Open - 0.3*(three-day average of the True Range)

If Close (yesterday) < Open (yesterday), enter Long at today’s Open + 0.3*(three-day average of the True Range)

The resulting systems were always in the market, either long or short. All systems were profitable across a basket of ten futures contracts. The same techniques can be applied to individual equities. Murray presented results for tests of each filtered entry technique on the Dow Industrial components. Again, all strategies were profitable. He also used these results to highlight a problem with backtesting strategies on equities — stock splits can create artificially low performance test results. Using split-adjusted prices, he found one system was profitable, but had an average trade of approximately $2 after more than 66,000 trades. Ignoring price splits, the average trade rose to more than $22. The lesson for the audience, and for “Technically Speaking” readers, is that splits must be considered when testing equity strategies.

In conclusion, Murray noted that equities and futures can be profitably traded over short time frames using ORB entry techniques. His research has demonstrated that the results are very consistent in testing since 1980. In his opinion, the key to success is accurate testing across broad markets and he urged the audience to incorporate ORB research into their current work.

Murray A. Ruggerio, Jr. is a consultant in East Haven, Conn. His firm, Ruggerio Associates, develops market timing systems and publishes a newsletter called “Inside Advantage.” He is the author of Cybernetic Trading Strategies (John Wiley & Sons, 1998)
First-of-the-Month Bias Continued

William Sarubbi, MBA, CMT

The book, Behavior of Prices on Wall Street by Arthur Merrill, has had a major impact on my approach to the markets. After reading this important volume, I must agree with the following quote:

“A reasonable probability is the only certainty.”
-Edgar Watson Howe

Mr. Merrill studied the direction of price movement on every day from 1897 to the release of the first volume in 1964. He subsequently updated his book in 1984. One of his discoveries was the bullish bias at the beginning of every month. From 1897-1983, the stock market rose 60.5% of the time on the first day of any month and 59.7% of the time on the second day of any month. (I note that the odds of any day being a rising day are about 53-54%). The probability of the market rising over any five-day period is about 55%). In the December of 1999, Mr. Merrill updated this analysis for the prior ten years. His analysis showed that the market rose on day one of any month 65.0% in the prior 120 months. Day two was up 60.0% of the time. He noted 54.1% of the days in the ten-year test period were up days. Thus, seasonality had become even more pronounced. A study of the histograms reveals a tendency for the market to rise from the fourth day before the beginning of any month to the second day of the new month.

In order to gain a better perspective on this phenomenon, I broke this analysis down by individual months. We know that the month of October is frequently a low, therefore the bullish bias at the beginning of November might be more pronounced than that of other months. Alternately, the beginning of the month of September might not be as bullish as the other months of the year due to the tendency of the Dow Jones Industrial Average to top on September 5. I analyzed daily data from January 1915-November 2004. The results are presented in the table below. The first two columns show the average date of the low and the average date of the high for each month. The third column is the number of days between the dates. The fourth column is the percentage price change in the Dow from dates one to date two. The next three columns give the number of times the market rose, fell, and the percentage of up days, respectively. The column headed annual return is the annualized rate of return of the percent change in column five. The last column marked expected return is the result of multiplying the annualized percent change by the percent of all time spans that were up.

My test results were in line with Mr. Merrill’s previous findings. Over the entire 90 years, the month-end period was up 67.2% of the time, on average. The most frequently rising month-end periods were December-January (up 79.8% of the time) and June-July (up 73.3% of the time).

When I calculated the percent of all time spans that were up times the annualized percent change, which is the expected return, the October-November month end (specifically, October 27 to November 4) came out as the top performer, since the slightly below average frequency of win at 62.2% times the well above average annualized return of 52.1% gives a very strong 32.4% annualized expected return.

The mid December to early January period (December 15 to January 6) showed the second best expected return of 30.5%, derived by multiplying the greatest probability of advancing, at 79.8% of the time up, by an above-average annualized rate of return at 38.2%.

Some of the periods had to be below average relative to the others, of course. The turns of the month, January into February, May into June, and August into September showed the least strength, but even these showed tendencies to rise, and double-digit expected annualized returns. So, even the weak periods were relatively strong, which only highlights the significance of this seasonal phenomenon.

<table>
<thead>
<tr>
<th>Month</th>
<th>Date One</th>
<th>Date Two</th>
<th>Diff.</th>
<th>% Change</th>
<th>Up</th>
<th>Down</th>
<th>% Up</th>
<th>% Down</th>
<th>Annual Return</th>
<th>Expected Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>12/15</td>
<td>1/6</td>
<td>22</td>
<td>+2.3%</td>
<td>71</td>
<td>18</td>
<td>79.8</td>
<td>38.2</td>
<td>+30.5%</td>
<td></td>
</tr>
<tr>
<td>February</td>
<td>1/22</td>
<td>2/10</td>
<td>10</td>
<td>+0.7%</td>
<td>55</td>
<td>35</td>
<td>61.1</td>
<td>25.6</td>
<td>+15.6%</td>
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</tr>
<tr>
<td>March</td>
<td>2/24</td>
<td>3/5</td>
<td>12</td>
<td>+0.9%</td>
<td>59</td>
<td>31</td>
<td>65.6</td>
<td>27.4</td>
<td>+17.1%</td>
<td></td>
</tr>
<tr>
<td>April</td>
<td>3/31</td>
<td>4/6</td>
<td>7</td>
<td>+0.5%</td>
<td>58</td>
<td>32</td>
<td>64.4</td>
<td>26.1</td>
<td>+16.8%</td>
<td></td>
</tr>
<tr>
<td>May</td>
<td>4/28</td>
<td>5/5</td>
<td>8</td>
<td>+0.7%</td>
<td>59</td>
<td>31</td>
<td>65.6</td>
<td>36.5</td>
<td>+23.9%</td>
<td></td>
</tr>
<tr>
<td>June</td>
<td>5/22</td>
<td>6/5</td>
<td>13</td>
<td>+0.8%</td>
<td>63</td>
<td>27</td>
<td>70.0</td>
<td>22.5</td>
<td>+15.8%</td>
<td></td>
</tr>
<tr>
<td>July</td>
<td>6/24</td>
<td>7/7</td>
<td>14</td>
<td>+1.1%</td>
<td>66</td>
<td>24</td>
<td>73.3</td>
<td>28.7</td>
<td>+21.0%</td>
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</tr>
<tr>
<td>August</td>
<td>7/27</td>
<td>8/1</td>
<td>5</td>
<td>+0.5%</td>
<td>63</td>
<td>27</td>
<td>70.0</td>
<td>36.5</td>
<td>+25.6%</td>
<td></td>
</tr>
<tr>
<td>September</td>
<td>8/28</td>
<td>9/5</td>
<td>7</td>
<td>+0.4%</td>
<td>59</td>
<td>31</td>
<td>65.6</td>
<td>20.9</td>
<td>+13.7%</td>
<td></td>
</tr>
<tr>
<td>October</td>
<td>9/30</td>
<td>10/2</td>
<td>3</td>
<td>+0.25%</td>
<td>56</td>
<td>34</td>
<td>62.2</td>
<td>30.4</td>
<td>+18.3%</td>
<td></td>
</tr>
<tr>
<td>November</td>
<td>10/27</td>
<td>11/4</td>
<td>7</td>
<td>+1.0%</td>
<td>56</td>
<td>34</td>
<td>62.2</td>
<td>52.1</td>
<td>+32%</td>
<td></td>
</tr>
<tr>
<td>December</td>
<td>11/30</td>
<td>12/6</td>
<td>7</td>
<td>+0.50%</td>
<td>59</td>
<td>30</td>
<td>66.3</td>
<td>26.1</td>
<td>+17.3%</td>
<td></td>
</tr>
<tr>
<td>Averages</td>
<td>-</td>
<td>9.6</td>
<td></td>
<td>+0.80%</td>
<td>60</td>
<td>30</td>
<td>67.2</td>
<td>30.9</td>
<td>+20.7%</td>
<td></td>
</tr>
</tbody>
</table>

William Sarubbi, MBA, CMT, Portfolio Management Associates, Vienna, Austria
MTA BUSINESS

Exhibit Opportunities for MTA 2005 Annual Seminar

MAY 19-22, 2005
HOTEL PENNSYLVANIA, NEW YORK CITY

If you or your firm are interested in exhibiting at the next MTA Annual Seminar, please read the following details and contact our exhibit coordinator, Hima Tadoori at htadoori@yahoo.com

A major element of the annual seminar is the extensive networking that goes on between like-minded financial professionals. Your presence at this event extends your reach well into the technical analysis community and offers your organization a prime opportunity to increase its profile in the financial industry.

Sponsorship Opportunities

The sponsorship-only program provides the following diverse options:
- Friday Lunch sponsor $1,000
- Saturday Lunch sponsor $1,000
- Saturday Dinner sponsor $1,000
- Insert in attendee packets only $500

Meal Sponsors Benefits
- Table cards with company logo
- Information packet at every place setting
- Banner display
- Acknowledgement by Seminar Chair
- Dinner for one representative

Exhibitor Contribution Levels

Platinum $US 4,000
- Present product/service to attendees as part of an exhibitor panel – limit 4
- First choice of exhibit space
- Logo on all attendee materials and all exhibit hall signage
- Brochure/incentive items in attendee packets

Gold $US 3,500 ($500 if no hotel required)
- Second choice of exhibit space
- Logo on all attendee materials and all exhibit hall signage
- Brochure/incentive items in attendee packets
- Sponsor of a dinner or lunch

Silver $US 3,000 ($500 if no hotel required)
- Third choice of exhibit space
- Logo on all attendee materials and all exhibit hall signage
- Brochure/incentive items in attendee packets

Bronze $US 2,500 ($500 if no hotel required)
- Exhibit space
- Logo on all attendee materials and all exhibit hall signage

Benefits – for two persons per exhibiting organization
- Professional networking with seminar attendees
- Announcement as sponsors at start of seminar
- Attendee Listing
- One Hotel Room (3 nights)
- Breakfast (3 days)
- Lunch (1 day)
- Cocktails/Dinner (2 evenings)
- 8’ x 10’ exhibit space
- Name/logo on all seminar printed material
- 8’ table, 2 chairs
- Additional person – $750 covers the hotel room and dining charges for three days

Exhibit Hall

The exhibit hall will be located in the midst of the seminar area. All coffee breaks will be held in the exhibit hall to ensure maximum exposure to all attendees.

Space is limited to 15 exhibitors

Exhibit Hours
- 1:00 pm - 6:00 pm Thursday (set up)
- 7:00 am - 6:00 pm Friday
- 7:00 am - 4:00 pm Saturday

Exhibit Hall
Penntop Center 1,350 square feet

Seminar Meeting Rooms
Penntop North and Skytop Ballroom
Dining/Cocktail Room
Penntop South

2005 MTA Calendar of Events

January 10
Technically Speaking submissions due to editor@mta.org

January 11: Boston Chapter Meeting
Contact: Chuck Dukas, chuck@trendadvisor.com

January 13: Cincinnati Chapter Meeting
Contact: Ron Brandt, 513/622-5421, traderon@aol.com

January 26: New York Chapter Meeting
Contact: Cassandra Townes, admin@mta.org

For the latest information on chapter meeting times and locations, log into www.mta.org/membership/meetings/

2005 MTA Seminars

January 21-22: Mid-Winter Retreat
The MTA is introducing an annual mid-year Retreat at the Sheraton San Diego Hotel & Marina, San Diego, CA. Complete details will be available at www.mta.org/seminars.

March 11: MTA @ MIT
Marriott Cambridge Hotel, Cambridge, MA
Details on pages 10-12.

May 19-22: MTA Annual Seminar
Hotel Pennsylvania, New York City.
Complete details will be available on the MTA website very soon.

The MTA Educational Foundation Needs Assistance

The MTAEF’s Introduction to Technical Analysis course (taught at colleges and universities around the world) needs to be updated. We are still looking for volunteers to take on one chapter each to amend/revise the text and find up-to-date charts. Also, volunteers will need to work with the current teachers to make certain that their revisions fit the parameters of the course.

A complete outline of the current Foundation course can be obtained by writing to barbara@mta.org. Please contact Phil Roth, CMT proth@millertabak.com
One-Day Conference

featuring

Andrew W. Lo, Harris & Harris Group Professor of Finance
at the MIT Sloan School of Management and
the director of MIT Laboratory for Financial Engineering

Are markets rational or are they driven by fear and greed?
New research reconciles market efficiency with behavioral finance.

Recent Advances in the Psychology of Trading

Friday, March 11, 2005

Boston Marriott Cambridge Hotel
Cambridge, Massachusetts USA

Sponsored by

Market Technicians Association, Inc.

Professionals Managing Market Risk • Incorporated 1973
Recent Advances in the Psychology of Trading

Friday, March 11, 2005
Boston Marriott Cambridge Hotel
Cambridge, Massachusetts USA

Conference Program

8:00 AM  Registration and Continental Breakfast
9:00 AM  Welcome and Overview by Professor Andrew W. Lo
9:15 AM  Caveman Economics: The Biological and Evolutionary Logic of Behavioral Anomalies
          Terry Burnham, independent scholar, a coauthor of Mean Genes and the author of Mean Markets and Lizard Brains
10:30 AM Break
10:45 AM  King’s Ransom or Fool’s Gold: Technical Analysis Revisited
          Andrew W. Lo, Harris & Harris Group Professor of Finance at the MIT Sloan School of Management and the director of MIT Laboratory for Financial Engineering
12:00 PM Luncheon
Market Microstructure: Seven Key Lessons
Wayne Wagner, Chairman, Plexus Group

1:30 PM  Using Leading-Edge Techniques in Real Time
Panelists: Mike Epstein, Visiting Scholar, MIT Laboratory for Financial Engineering and President, MTA Educational Foundation; Linda Raschke, CEO, LBR Group, Inc.; Henry (Hank) Pruden, Ph.D., Professor of Business, Golden Gate University, San Francisco, California; Visiting Scholar, Euromed Marseille Ecole de Management, Marseille, France

2:45 PM Break
3:00 PM  The Adaptive Market Hypothesis: Market Efficiency from an Evolutionary Perspective
          Andrew W. Lo, Harris & Harris Group Professor of Finance at the MIT Sloan School of Management and the director of MIT Laboratory for Financial Engineering
          Dmitry Repin, Postdoctoral Associate, MIT Laboratory for Financial Engineering and Finance Professor, State University-Higher School of Economics, Moscow, Russia

4:30 PM  Practical Applications, Summary and Q & A
5:00 PM  Reception

Registration Deadline: February 28

Andrew W. Lo, Harris & Harris Group Professor of Finance at MIT Sloan School of Management, at the invitation of the Market Technicians Association, has organized this one-day conference that will bring together leading scientists and practitioners who will discuss their current research in trading, psychology, neuroscience, evolutionary biology, and behavioral finance as applied to today’s market.

Conference Location:
Boston Marriott Cambridge Hotel
2 Cambridge Center, (Broadway & 3rd Street)
Cambridge, Massachusetts 02142 USA
617.494.6600
Logan Airport (BOS): 5.0 Miles
• Subway: $1.25 (one way) - Kendall/MIT station, Red Line
• Estimated taxi fare: $18 (one way)

Questions about logistics should be directed to Svetlana Sussman at ssussman@mit.edu
For all other questions feel free to contact Mike Epstein at 617.253.3784 or e-mail him at mepstein@mit.edu

CONFERENCE FEES:
FOR MEMBERS OF MTA, IFTA, NYSSA, SQA, BSAS $1,750
NON-MEMBERS $2,250

Register online:  www.mta.org/seminars

One-Day Conference
featuring
Andrew W. Lo, Harris & Harris Group Professor of Finance at the MIT Sloan School of Management and the director of MIT Laboratory for Financial Engineering

Recent Advances in the Psychology of Trading

Market Technicians Association, Inc.

Sponsored by

Market Technicians Association, Inc.
Conference Speakers

Wayne Wagner is a co-founder of Plexus Group, a Los Angeles-based firm that provides implementation evaluation and advisory services to U.S. and global money managers, brokerage firms and pension plan sponsors. He and Plexus Group were chosen as the 1999 Consultant of the Year by Plan Sponsor Magazine. Investment News named him one of the “Power Elite 25” for 2001.

Plexus Group is an independent subsidiary of JPMorgan Investor Services Company, a division of JPMorgan Chase.


Wayne has written and spoken frequently on many trading and investment subjects. He has received two Graham and Dodd Awards from the Financial Analysts Journal for excellence in financial writing.

He served as a Regent of the Financial Analysts Seminar and served on the CFA Institute Blue Ribbon Task Force on Soft Dollars and the CFA Institute Best Execution Task Force.

Wayne was a founding partner of Wilshire Associates and served as Chief Investment Officer of Wilshire Asset Management. Earlier, Mr. Wagner participated in the design and operation of the first index funds at Wells Fargo Bank.

In an earlier career he earned a MS in statistics from Stanford University and a BBA in management science/finance from the University of Wisconsin.

Mike Epstein is a founding member of the Market Technicians Association Educational Foundation and its current President. He is a Visiting Scholar at MIT Sloan School of Management in the Laboratory for Financial Engineering. He started his Wall Street career at Wertheim & Co. in New York in the late 50s. Mike has been an independent member and floor broker on both the NYSE and ASE. He received his undergraduate degree from Wesleyan University and attended Harvard Business School.

Mike has been a member of the Market Technicians Association since 1973, he was a past president and is currently on the Board of Directors.

Henry Pruden, Ph.D., Professor of Business and Executive Director, ITMA, is a visiting scholar at Erasmus Marseille Ecole de Management, Marseille, France during 2004-2005. Professor Pruden is a professor in the School of Business at Golden Gate University in San Francisco where he has been teaching for 20 years. Hank is more than a theoretician, he has actively traded his own account for the past 20 years. His personal involvement in the market ensures that what he teaches is practical for the trader, and not just abstract academic theory.

He is the Executive Director of the Institute of Technical Market Analysts (ITMA). At Golden Gate he developed the accredited courses in technical market analysis in 1976. Since then the curriculum has expanded to include advanced topics in technical analysis and trading. In his courses Hank emphasizes the psychology of trading and as well as the use of technical analysis methods. He has published extensively in both areas.

Hank has mentored individual and institutional traders in the field of technical analysis for many years. He is presently on the Board of Directors of the Technical Securities Analysts Association of San Francisco and is past president of that association. Hank was also on the Board of Directors of the Market Technicians Association (MTA). Hank has served as Vice Chair, Americas International Federation of Technical Analysts (IFTA). IFTA educates and certifies analysts worldwide. For eleven years Hank was the editor of the Market Technicians Association’s Journal, the premier publication of technical analysts. From 1982 to 1993 he was a member of the Board of Trustees of Golden Gate University.

Linda Bradford Raschke is President of LBR Group, Inc., a money management firm, and is a registered CTA. She began her professional trading career in 1981 as a market maker in equity options. After seven years on the trading floor, she left the exchange to expand her trading program in the futures markets. In addition to running LBR Group’s CTA program, she has been principal trader for several hedge funds and runs commercial hedging programs in the metals markets. In the early 90s she formed a research partnership with Moore Research Center and pioneered work on volatility-based trading indicators, which were incorporated into her daily trading programs.

She was recognized in Jack Schwager’s critically acclaimed book, The New Market Wizards, and is known for her own top selling book, Street Smarts – High Probability Short-Term Trading Strategies. She has been featured in dozens of financial publications, radio and financial television programs, and has served on the Board of Directors for the Market Technicians Association for many years.

Linda has presented her research and lectured on trading at conferences for the Market Technicians Association, International Federation of Technical Analysis, Canadian Society of Technical Analysts, TAG, Omega World, Managed Futures Association, International Online Trading Expo, AIQ, Futures Magazine, Bloomberg, Money-Expo.com, Carlin Equities and has lectured in more than 16 countries for Dow Jones/Teledate.

She continues to manage money and trade her proprietary accounts, while posting LBR Group’s trading activity real time online into the LBR Online Trading rooms, an educational internet-based service. Members in these rooms include professional traders from over 18 countries.

Linda received a degree in both economics and music composition from Occidental College in 1980.

Dmitry Repin, Ph.D. is a Postdoctoral Associate with the MIT Laboratory for Financial Engineering at Sloan School of Management. He brings cognitive neuroscience prospective into the field of finance, and is involved in a number of research projects investigating psycho-physiology of risk processing, the role of emotions and individual differences in financial decision making and others.

He has a Ph.D. in Cognitive and Neural Systems from Boston University and Diploma, Eng, in theoretical and experimental physics from Moscow State Engineering and Physics Institute, Russia. Prior to joining MIT Sloan, he worked in the field of quantitative finance as a Senior Research Associate and a Financial Engineer at several financial technology companies in Boston area.

Dr. Repin is also a finance professor at the State University – Higher School of Economics in Moscow, Russia.

Register online: www.mta.org/seminars
If you are visiting any of these chapter areas over the next several months and might be willing to make a presentation to the local group, please contact the regional chapter chair as noted to work something out. Some are long-standing chapters, some are trying to get started, but ALL of them are in need of speakers now and then.

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Tim Snavely  
404/926-5473  
tim_snavely@rhco.com

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512/517-6506  
sean_mackie@amat.com

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410/454-4078  
bjkanavanagh@leggmason.com

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