

AUSTRALIAN TECHNICAL ANALYSTS ASSOCIATION

A VIEW TO THE FUTURE

NEWSLETTER No 1 Vol 1
10 th JUNE 1990

CHAIRMANS REPORT

I am pleased to announce the formation of the Australian Technical Analysts Association (ATAA). Due to various legal hurdles, formalizing the A T A A has taken longer than anticipated. I trust this is now behind us and look forward to the coming events.

The association will be internationally affiliated to the International Federation of Technical Analysts, helping us keep abreast with the international markets and their techniques.

What are the objectives of the association? The primary aim of the ATAA is to establish personal contacts between its analysts both inside and outside Australia with a view to promoting the theory and practice of technical analysis.

The association proposes to provide meetings to encourage the interchange of materials, ideas and information. These meetings will be initially held on 6 to 8 weekly intervals, depending on the response. And will include guest speakers, computer hardware and software demonstrations, discussion forums, data (how and where to obtain it), and a conglomerate of local and international techniques.

Further, special interest groups will be formed to meet on a more regular basis. Topics will be dictated by its members needs and could range from specific technical methods to computers.

A regular newsletter will be published similar to this one. Outlining coming events, notes &/or theories from various chartists, book reviews, o/s segment, IFTA news, other societies, introduction of new members, graphs, quotes of the month, cartoons etc... An annual seminar is planned, at a date to be set, that will cover such topics as portfolio management, optimization, possibly live trading and more. And finally we mustn't neglect the social aspect. Fulfilling this with an annual ball of some sought, again determined by you.

At this stage, membership is open to two classes of individuals. Regular membership which is reserved for those persons whose professional efforts are spent practising financial technical analysis that is either made available to the investing public or has a primary input into an active management portfolio or for whom technical analysis is the basis of their decision making process and honorary membership .

I am looking forward to a fulfilling and profitable future for all our members .

Charles Alexiou

**Australian Technical Analysts Association
Board of Directors and ATAA Liasons
as of March 1, 1990.**

President:

Charles Alexiou

National Australia Bank Limited
Level 29, 255 George Street,
SYDNEY NSW 2000
Phone: (02) 251 5033
Fax: (02) 237 1872

Vice President:

Dawn Bolton-Smith

National Mutual Royal Bank
Level 19, 60 Margaret Street,
SYDNEY NSW 2000
Phone: (02) 259 5996
Fax: (02) 259 5995

Treasurer:

Greg Surman

TELERATE
54 Carrington Street
SYDNEY NSW 2000
Phone: (02) 267 5500
Fax: (02) 290 3324

Secretary:

Steven Mutch

Commonwealth Bank of Australia
Level 3, 54 Harrington Street
SYDNEY NSW 2000
Phone: (02) 312 0716
Fax: (02) 312 0304

Committee Member:

Jack Krivoshow

Financial Trend Consultants P/L
31A Carlisle Street,
ROSE BAY NSW 2029
Phone: (02) 290 2998

Committee Member:

Laurence Hardy

INCA Investments
35 Jannali Crescent,
JANNALI NSW 2226
Phone: (02) 528 8554

Public Relations Officer:

Ivan Krastins

The Investment Educator
Suite 16C, 50 Whaling Road,
NORTH SYDNEY NSW 2060
Phone: (02) 922 4991
Fax: (02) 439 2738

"Dear Fellow Technicians,"

It is with great pleasure that I write to you on behalf of all the member societies in the International Federation of Technical Analysts, Inc. (IFTA). As you may be aware, several years ago, 1986 to be exact, IFTA was formally established. It's primary goal is to make technical analysis a recognized profession around the world - in order to make this possible, IFTA is helping individual countries set up their own respective societies. These organizations are solely created as educational entities and not commercial ventures. Our experience suggests that there is a great appetite for this type of analysis globally and that with a little support from IFTA, many other national societies will spring up. As of this date, we have 16 separate member societies and 6 developing societies. It ceases to amaze me how enthusiastic everyone is - once the seed is planted, a new society emerges.

IFTA will provide all the help that is necessary:

- Furnish a model constitution for local incorporation
- Send speakers to our member societies' monthly meetings
- An eventual computer billboard will be created so that we might all share data, etc.
- Regular newsletters will be published to inform all our colleagues what is happening around the world.
- An annual journal will be created incorporating articles from all our societies.
- A tradition is already in place: every October, IFTA will hold its annual conference, hosted by a different member country; This coming October we will all meet in Canada. Next year it will be Mexico, 1992 in Belgium, 1993 somewhere in the Pacific basin (hopefully your society will want to be the host) and in 1994, it will be Ireland.
- We are currently investigating an International Accreditation Examination - a big plus for professionalism.
- Technical libraries in each country must be established - IFTA can help with ideas in this regard.
- We are in the process right now of accumulating the names and addresses of all technicians around the world in order to create an IFTA directory. Of course we want all of our Australian colleagues in this publication - so please get all interested people into your local society and have them incorporated into IFTA's first directory. With regard to the efforts you are making in your investment community, all I can say is Go for it! All of us in IFTA are very proud of your accomplishments and will do all that we can to support you. Don't be discouraged, I promise you that once you notify everyone about what you intend to do with your new society, you will be surprised by the amount of people who will join your association. I have many examples of this positive reaction: Canada, Mexico, Hong Kong and Singapore, to name just a few.

In closing, I realize that the IFTA/Canadian conference is quite a travelling distance away, but I strongly encourage as many of your members as possible to join us; this will be an experience you will never forget. On the first day of this three day affair you will be part of what we call, The Walkabout. We will divide the group into five tables containing approximately 25 technicians per table. A moderator at each table will conduct a discussion group for 45 minutes. After this session, everyone will move to another table (containing 25 different technicians) and discuss another topic. This will continue until everyone has personally met about 150 different people from all corners of the globe. Think about it - what a wonderful way to network yourself - you will come away from Canada with many new friends who all share the same love of technical analysis. This is what IFTA is all about.....

"Best Regards,"

RALPH ACAMPORA
Chairman of IFTA

THE COMING OF AGE OF TECHNICAL ANALYSIS IN AUSTRALIA.

The birth of the "Australian Technical Analysts Association - A View to the Future" took place on Thursday, April 26th, 1990. The chairman of the ATAA, Mr. Charles Alexiou, outlined its aims to the assembled 35+ practising, or potentially practising, Technical Analysts who were present.

The following is an extract of the aims of the ATAA:

1. "To establish personal contacts between analysts both inside and outside Australia..."

Most traders and analysts at some time in their careers have stumbled across a new technique which promises untold riches. However, months of research may eventually lead up a blind alley.

By being in touch with like-minded traders, the frustration of the wasted time may have been eliminated.

Conversely, traders who have isolated a particular idea or approach that works for them in a market could help save time for the other analysts who are travelling down the same road.

2. "...meetings (6 to 8 week intervals) will include guest speakers, computer hardware and software demonstrations..."

The benefit of this aspect alone will more than cover the annual fee of One Hundred Dollars for interested traders and analysts.

The various guest speakers will provide an insight into anything from their favourite patterns or indicators to the telltale signs present at significant turning points in a market to their latest discovery in Technical Analysis.

Members will gain an invaluable insight into the plethora of software packages available both from Australia, as well as from overseas. This will enable members to benefit from the experience of others in their quest for the "best" package for their particular application. Similarly, with the explosion of computer hardware available locally, members will gain an insight into the use and viability of laptops through to personal computers to minis and main-frames.

3. "...special interest groups will be formed..."

This aspect caters for members who wish to pursue a particular topic further than would be practicable in a larger group. Some topics may include things as diverse as the application of W.D. Gann's theories to the Australian Stockmarket to the use of astrometry on the local interest rate futures.

Who knows where the insights gained from these groups may lead?

THE COMING OF AGE OF TECHNICAL ANALYSIS IN AUSTRALIA. 2

4. "...a regular newsletter will be published..."

The newsletter will serve to keep members updated on developments by the ATAA, as well as by similar associations overseas, notes from the regular meetings for those who were unable to attend in person, book reviews, software reviews, cartoons and more. Members will be encouraged to submit articles of interest covering a vast array of topics to make the newsletter and the ATAA a true group effort.

5. "...an annual seminar is planned, at a date to be set..."

It is envisaged that this event will be held on a larger scale than the regular meetings and will be open to non-members as well as members. At this stage the exact format of this event is flexible and will involve the input of members. It is hoped that guest speakers from overseas, as well as locally, will be enticed to attend.

6. "...the social aspect, an annual ball..."

This will, no doubt, coincide with the annual seminar and should be totally dedicated to having a great time. Maybe even a fancy dress ball coming as your favourite chart pattern will be in order!

At this stage, over 20 people have signed on the dotted line. It is "an idea whose time has come" to quote a quotable quote.

The Australian Technical Analysts Association is here to serve those of you who are currently involved with using this form of analysis or merely looking to see if your results could be improved by using it.

For further information, please do not hesitate to contact the Public Relations Officer of the ATAA (Mr. I. Krastins 922 4991) or the Chairman of the ATAA (Mr. C. Alexiou 251 5033).

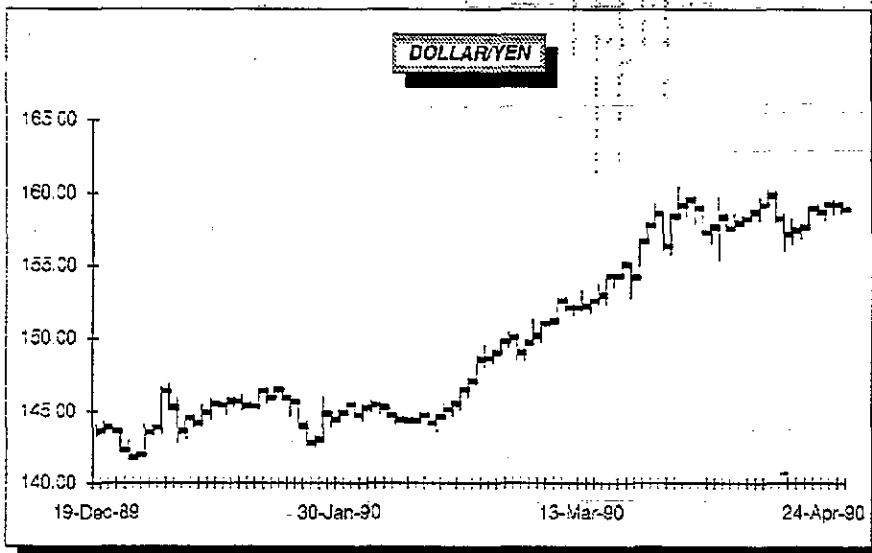
IVAN KRASTINS

ALTERNATIVES TO PACKAGED TECHNICAL ANALYSIS SOFTWARE

The purpose of this article is to present alternatives to the current choices of technical analysis software packages and to demonstrate the viability of writing your own software both for analysis and for testing trading models. The proliferation of software packages over the last few years for technical traders and the evaluation of trading models presents a bewildering array of choices. Not only this but it leaves one wondering whether he or she will be 'ripped off' as so many packages promise much and deliver little. Undoubtedly COMPU-TRAC is classed as the best package offering both model testing and standard analysis in a variety of graphical formats with RELEVANCE III coming in close behind but lacking the versatile model testing features of COMPU-TRAC. However packages are somewhat rigid in terms of the users ability to test models under there own conditions. For example nearly all packages, except those packages such as system writer etc., do not allow the user to incorporate there own logic out side of manipulating the packages preset routines and functions, thus in fact products such as spread-sheets can have decided advantages. Most spread-sheets can include logic statements such as "if then" and value returning functions which most packages are unable to do except under restrictive conditions. One other important consideration is the amount of data that can be analysed at once, most packages can only see 510 periods at once however spread-sheets can have upto 2,500 or more periods loaded at once. Future articles will examine and present the formulers of most popular indicators.

However the most important aspect of writing spread-sheets is in fact the product that they are written on, in this respect one stands clear ahead of the rest. Microsoft EXCEL is clearly better than most of this purpose because of several reasons. Firstly it is graphically based rather text based, for example Lotus v.2 is text based and as such rates poorly in terms of graphics whilst version three corrects this it is very expensive in terms of memory requirements and needs a minimum of 2 megabytes of RAM, ie a lot. However Excel is graphically based, thus excellent for creating charts, and in addition uses a minimal amount of memory and consequently will work on most computers. However the most important consideration is that EXCEL falls in the stable of windows applications and as such can easily fall in with an environment solution rather than an isolated application which 'hogs' the p.c. whilst loaded. Below is an EXCEL chart which is included on the disk.

STEVEN MUTCH
COMMONWEALTH BANK OF AUSTRALIA



THE ROLE OF TECHNICAL ANALYSIS

It has been interesting to watch the evolving role of Technical Analysis in the financial markets in Australia. These changes have seemed even more fascinating because of my having played a role in part of that change.

Technical Analysis is by no means a "new" way of analysing a particular market. It has been used by the Japanese for allegedly hundreds of years. The Japanese even have their own form of charting - candlestick charts.

More on that later!

I am in the process of preparing a special report on this 300 year old charting technique for a later edition of this newsletter.

The many texts written in the early 1900's attest to Technical Analysis being used by traders and analysts in the United States. Certainly, the futures markets date back to 1848 in Chicago and the Stockmarket before then.

The early published works of W.D. Gann, Richard D. Wyckoff, R.N. Elliott and Jay Hambridge, to mention but a few, are ample evidence of the way Technical Analysis has been used and applied in the United States.

In more recent years the offerings of people like Larry Williams, Robert Prechter, John Murphy and Peter Steidlmeyer have also kept us abreast of developments in the application of T.A.

Those of you who are currently using T.A. as part of your armoury of decision-making tools, to a greater or lesser extent, or are just becoming aware of the potential of T.A., are cognisant that Technical Analysis in Australia is only just being recognised.

Since 1987 courses on Technical Analysis have been conducted by the Sydney Futures Exchange and by the Securities Institute of Australia since 1989. This shows the fact that organisations of this calibre are accepting Technical Analysis as a significant part of the financial arena.

It is no coincidence that, in my capacity as Director of The Investment Educator, I have been the sole, or principal, lecturer in these courses and that my 300 page manual has been used in both these courses.

I have been conducting these courses throughout Australia and New Zealand since 1983. They are designed not to teach the "holy grail" of Technical Analysis, but rather the various elements that comprise this dynamic way of interpreting price-action.

Of increasing interest in Australia, following the established trend in the United States, is the immense attention being focused on systems trading and expert systems application. This aspect of applying elements of Technical Analysis is also prevalent in Japan. Anyone see the report on "Beyond 2000" recently?

I shall keep you posted on developments in this exciting field through this newsletter.

The establishment of the Australian Technical Analysts Association is the beginning of a new era of Technical Analysis in Australia. With the input of its members and the committee members, the association can only develop and grow to the mutual benefit of all involved.

Contributions by all and sundry are welcomed regarding any aspect of Technical Analysis. If there are any enquiries regarding forthcoming articles please do not hesitate to contact me direct on 02 922 4991 or Fax 02 439 2738.

IVAN KRASTINS

**The Australian Technical Analysts Association invites
all members and intending members to a meeting on
Monday the 25 th June 1990
at 5:30 p.m.
in seminar room 1 floor 11 The State Library
Macquarie street opposite Hunter Street**

Please note that this building has 8 floors underground .
Telerate will be demonstrating TELETRAC , and several will be available for inspection and
use by members .

In addition Steven MUTCH from The Commonwealth Bank of Australia will present a talk
on the application of modern and emerging technologies in the dealing room environment
and there relevance to the field of technical analysis .

REVIEWS

In forthcoming issues of this newsletter, we are looking to review some of the better
known software packages, as well as the ones that are not so well known in Australia.

With this in mind, anyone who wishes to share their experience with any of the software in
the list below are more than welcome. Also, if a particular package that you are interested
in, or have heard about, does not appear on the list, please do get in touch.

Advanced Market Analysis - Relevance III
MetaStock Professional - Equis International
Computrac - A Telerate product
One Day At A Time - Trend Research Limited
Ganntrader - Gannsoft Publishing Company
Indexia Market Analyser - Indexia Market Research
Indexia Intro - Indexia Market Research
WaveTrader - Bryce Gilmore

IVAN KRASTINS

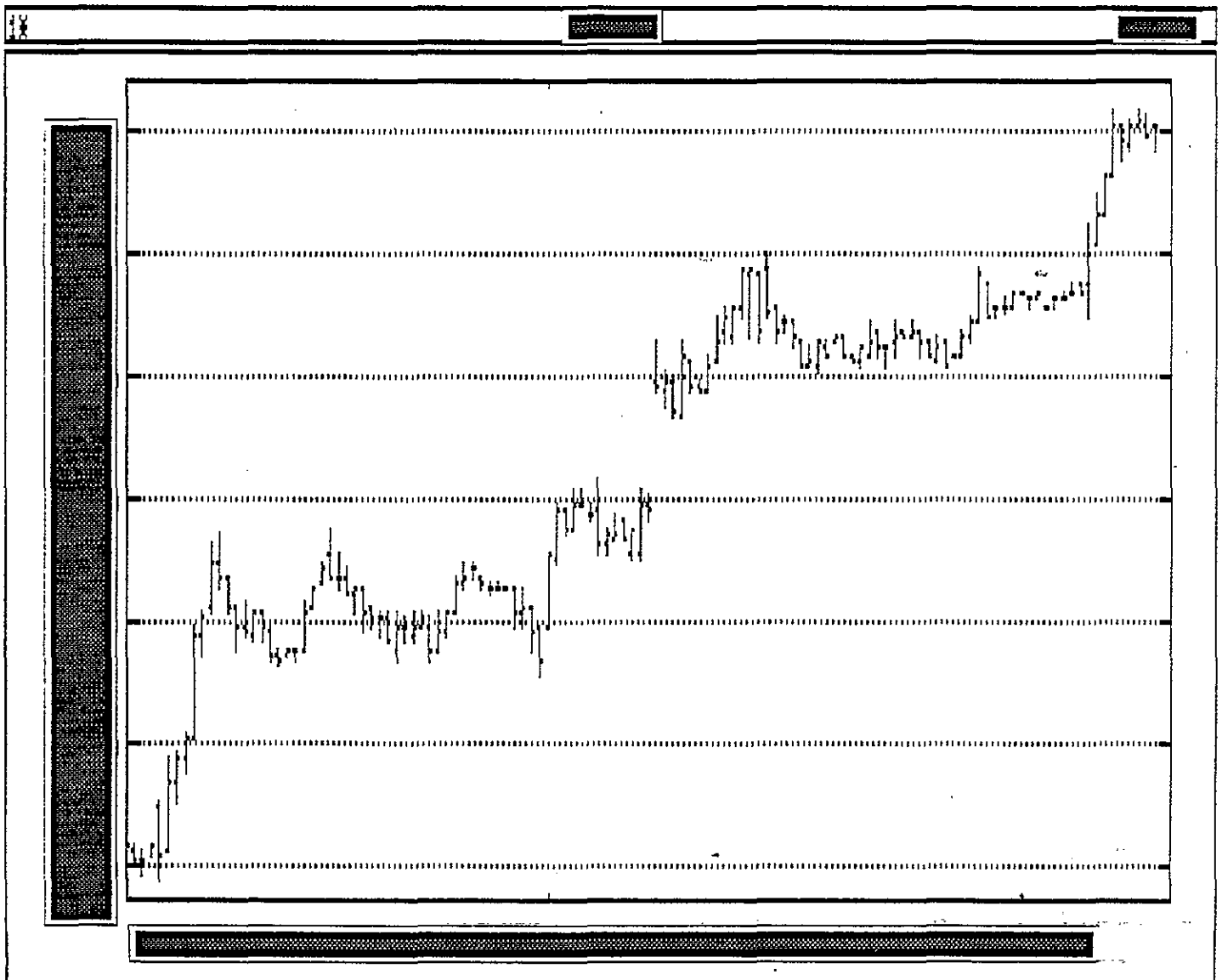
The A.T.A.A. MYSTERY CHART

In each issue of the ATAA magazine we propose to have a mystery chart , which we invite you to analyse and suggest appropriate trading strategies and in addition identify the data item and the time the chart covers . In this case the data is half hourly , any more clues would make this mind stretching exercise to easy .

The data is courtesy of Ivan Krastins , THE INVESTMENT EDUCATOR .

Just send your entries to ATAA c/o P.O. Box 2774 G.P.O. , Sydney 2000 .

and for a little encouragement the prize for the solution judged as the most accurate or amusing is a bottle of **SCOTCH**
BEST OF LUCK



**AUSTRALIAN
TECHNICAL
ANALYSTS
ASSOCIATION**

MEMBERSHIP APPLICATION FORM

NAME

ADDRESS

TITLE

CONTACT Ph No.

FAX No.

MEMBERSHIP APPLIED FOR

- FULL
- ASSOCIATE

SPECIFIC INTERESTS

- FOREIGN EXCHANGE
- MONEY MARKET

- LOCAL
- OFF-SHORE

- FUTURES
- STOCKS
- OPTIONS
- COMMODITIES