

IFTAUPDATE

2018 Volume 25 Issue 1

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Next Issue: June 2018

Submission Deadline

All content: May 15—
send submissions to admin@ifta.org

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a newsletter for the colleagues of the International Federation of Technical Analysts

President's Report to Colleagues

Dear IFTA Colleagues,

As I write this article, I cannot help but think about the most recent developments in global equities as well as other various asset classes. At some point last January, almost all equity market indices registered new highs—that is, until volatility hiked once more as selling pressure kicked in. As most of you have followed, crypto-currencies led the volatility charts to new record highs, as some have plunged severely in value, causing great grief for their champions.

For a technical analyst, volatility is one of the key indicators that aims to gauge an investor's sentiment, most specifically fear. To a great extent, volatility is a quantitative expression to the ever-contrary nature between fear (as a sentiment) and equities performance over time.

Over the years, many valuable articles and papers have been published in the IFTA Journal and the newsletter on the subject of volatility—e.g., how to detect, quantify, and use volatility to identify key shifts in the financial markets. If you have not had the chance to review these articles, I invite you to do so through the following links on the IFTA website:

<https://ifta.org/publications/newsletter/>
<https://ifta.org/publications/journal/>

31st Annual IFTA Conference (2018) update:

As most of you know by now, our next conference will be held in Kuala Lumpur, Malaysia, from October 26–28, 2018, at the Kuala Lumpur Convention Centre. A pre-conference will take place at the Bursa Malaysia, the Malaysian Stock Exchange. I am happy to announce that the conference website has been launched:

<https://kl2018.ifta-conferences.org/>

In addition, through the marketing efforts of the MATA conference team, MATA is co-hosting a "Market Outlook Event" in May, along with a strong and much appreciated support and collaboration from NTAA and AATI.

IFTA Member Societies: Updates and Events: Congratulations to STA!

On behalf of IFTA and all member societies, I'd like to congratulate the STA on their 50th anniversary this year. As one of IFTA's original societies, the STA always sets a high standard for practice, collaboration,

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involvement, and support, for which many other member societies aspire to adopt and follow.

Standing strong after 50 years is, in itself, a testimonial for this remarkable achievement, which could only be attributed to the tremendous effort by STA volunteer members, and most importantly, the vision adopted by the past and current directors of the STA.

Please join me in congratulating the STA and wishing them a remarkable and memorable celebration this year!

Last, but not least, I would like to thank all member societies who shared updates and news with us from your local societies. Sharing information, knowledge, and experience is and will always be, in spirit, the reason why IFTA exists and continues to do so.

Hope to see you all this year in Malaysia at the 31st Annual IFTA Conference!

Best regards,

Mohamed El Saïd, CFTe MFTA
IFTA President



IFTA 2018

INTERNATIONAL FEDERATION OF TECHNICAL ANALYSTS CONFERENCE

31ST ANNUAL CONFERENCE

KUALA LUMPUR CONVENTION CENTRE

26 - 28 OCTOBER

NAVIGATING THROUGH
TIME & VALUE

IFTA



Why you should attend IFTA 2018 in Kuala Lumpur?

Theme: Navigating through Time & Volatility.

The theme of the conference, "Navigating Through Time & Volatility" is about exploring and tinkering with ideas on how trading & investing has evolved from the perspective of "time". Various techniques, methodologies, ideas, systematic trading system, adaptation on momentum investing and more to be presented during the conference. We believe this world-class conference will revolutionise the financial markets particularly in the Asia Pacific region. The conference will provide links to the untapped and potential investments in countries like Vietnam, Cambodia, India and China (Malaysia's latest strategic partner).

We expect the conference to be attended by 350 professionals, from advisors, fund buyers, asset managers, hedge fund managers, analysts, private bankers and professional traders, not only from Europe but also from the USA and Asian countries. The delegates will be drawn from all IFTA societies from around the world. You will have the opportunity of being involved in an exciting line-up of prominent speakers and panel sessions and to watch, hear and meet with acclaimed cutting-edge speakers, as well as to network with each other.



IFTA 2018 | 31ST ANNUAL CONFERENCE

26TH, 27TH & 28TH OCTOBER 2018
NAVIGATING THROUGH TIME & VALUE

A Date With Malaysia



THE BEST SPEAKERS FROM EAST AND WEST!

NEW FRONTIER TO EMERGING MARKETS



WORLD'S LEADING ISLAMIC CAPITAL MARKET

THE BEST THING ABOUT
MALAYSIA

SCENERY

CULINARILY

BEACHES

HOSPITALITY

PEOPLE

GORGEOUS SCUBA DIVING SPOTS

WORLD'S OLDEST RAIN FOREST



MALAYSIA FAST FACTS



COUNTRY

The Federation of Malaysia comprises Peninsula Malaysia and the states of Sabah and Sarawak on the island of Borneo.



POPULATIONS

31 MILLION OF MALAYS, CHINESE, INDIANS, INDIGENOUS & OTHERS



LANGUAGES

Bahasa Malaysia is the national language and English is widely spoken. The ethnic groups also speak various languages and dialects.



TIME

8 hours ahead of GMT and 16 hours ahead of U.S. Pacific standard time



CLIMATE

TROPICAL
HIGH: 32°C (90°F)
LOW: 21°C (70°F)
ANNUAL RAINFALL: 2,000mm - 2,500mm



VISA

Most visitors from ASEAN countries, Europe, Oceania, the Middle East and North America do not need visas for social visits. Please visit www.imi.gov.my for further details.



CURRENCY

MYR
known as Ringgit Malaysia (RM) locally



BANKING HOURS

9:00am - 4:30pm (Monday - Friday)
Automated Teller Machines (ATM) are available at convenient locations throughout the country.



SHOPPING & DINING OUT HOURS

Most shopping malls and restaurants are open from 10am - 10pm all week; pubs from 6pm - 2am.



ELECTRICITY SUPPLY

220 - 240VOLT S AC at 50 cycles per second.
Power sockets employ the Type G plug (British)



LODGING

Wide range of selections, from budget to international 5-star/boutique hotels and apartments.
(A 5-star hotel ranges from MYR650 per room per night with breakfast)



INTERNET

WiFi is widely available at exhibition centres, hotels, cafes, and shopping malls.

WHY MALAYSIA?

STRATEGIC LOCATION

MALAYSIA IS A KEY PLAYER IN THE ASSOCIATION OF SOUTH EAST ASIAN NATIONS (ASEAN). WHOSE NATION'S POPULATION TOTAL IS MORE THAN 620 MILLION.

EASY ACCESSIBILITY

DIRECT FLIGHTS FROM OVER 60 INTERNATIONAL AIRLINES CONNECTING 113 MAJOR CITIES IN THE WORLD.

VISA

NATIONALS FROM AT LEAST 125 COUNTRIES DO NOT NEED A VISA FOR SHORT STAYS, MALAYSIA IS ONE OF THEM!

MULTI-ETHNIC & MULTICULTURAL

UNIQUE AND VIBRANT BLEND OF MALAYS, CHINESE AND INDIANS AND OTHER INDIGENOUS CULTURES.

EASY COMMUNICATION

MOST MALAYSIANS ARE MULTILINGUAL. ENGLISH IS WIDELY SPOKEN THROUGHOUT MALAYSIA.

EXCELLENT VALUE FOR MONEY

MALAYSIA IS RANKED AS ONE OF THE WORLD'S BEST VALUE-FOR-MONEY DESTINATIONS WITH ACCOMMODATION, TRANSPORTATION AND FOOD BEING COMPETITIVELY PRICED.

ANY ENQUIRIES, CONTACT US:



ANNIS OZLEEN OTHMAN



+6012 665 7469



ANNISOZLEENOTHMAN@MALAYSIANCHARTIST.COM

See You In Malaysia!



Calendar-at-a-Glance

Date	Topic	Host	Speaker	Location	Time	Contact
Monthly	Presentations from local and international speakers on a comprehensive range of topics (e.g., sharemarket, CFDs, options, futures, FOREX trading, methodologies, money management, psychology).	STANZ (New Zealand)	Various	Epsom Community Centre 200-206 Gillies Ave. Auckland, NZ	Varies	www.stanz.co.nz/
Monthly	Meetings are held monthly in nine cities across Australia. All monthly meetings are free to members. Visitors are welcome to attend. Bookings are not required. Visitors fee is \$30.	ATAA (Australia)	Various	Various	Varies	www.ataa.com.au/meetings
Monthly	Chapter leaders and their volunteer members serve as ambassadors for the CSTA and plan social and educational events for the area. Events include presentations by industry professionals and technical analysis experts and peer learning gatherings. Chapters also play a vital role in their communities by connecting individuals and promoting technical analysis.	CSTA Chapters (Canada)	Various	Various	Varies	www.csta.org
Monthly	Meetings & Events: The STA holds monthly meetings in London, usually on the second Tuesday of every month, except for a summer break in August.	STA	Varies	British Bankers Association • Pinners Hall 105 – 108 Old Broad Street • London EC2N 1EX	Varies	Katie Abberton, info@sta-uk.org
2018						
April	19 CFTe II Examination	IFTA	NA	Varies	Varies	admin@ifta.org http://www.ifta.org
	24-25 Options: An Introduction using RoToR Payoff Diagrams®	SAMT (Switzerland)	Paul McLaren	Geneva & Zurich	18:00	ron.william@samt-org.ch or https://www.samt-org.ch/meetings-events/current-events.html
	26 Volume at Price. Not all prices are equal!	STAF (Scandinavia)	Paul McLaren	NioRum at Hamngatan 2, Stockholm	18:15-19:15	Erik.Hansen-PCM@ig.com or http://www.staf.nu/
May	1 Certified Financial Technician (CFTe) Level II – registration opens for October examination through IFTA website	IFTA	NA	Varies	Varies	http://www.ifta.org
	2 Master of Financial Technical Analysis (MFTA) Session 1 application, outline, and fees deadline	IFTA	NA	NA	NA	admin@ifta.org
	8 Trading, It's Completely Mental!	STA (UK)	Paul McLaren	"Walkie Talkie", 20 Fenchurch Street, London	18:30-19:30	tom.hicks@live.co.uk or https://www.sta-uk.org/
	15 IFTA Update submission deadline for all news content (mid-June release)	IFTA	NA	NA	NA	newsletter@ifta.org Attn: Aurélie Gerber
	18-20 Practical Ways to Profit in Ever Changing Markets Conference	ATAA	High Profile Speakers - TBA	Melbourne, AU	TBA	https://ataa.asn.au/contact-us
	28 An Introduction to Power Tools of Metastock	SAMT	Jeffrey Gibby	Geneva	18:00	https://www.samt-org.ch/meetings-events/current-events.html
	29 An Introduction to Power Tools of Metastock	SAMT	Jeffrey Gibby	Zurich	18:00	https://www.samt-org.ch/meetings-events/current-events.html
	31 IFTA Journal Call for Papers submissions deadline	IFTA	NA	NA	NA	journal@ifta.org
Jul	10 Monthly Meeting	STA	Tony Plummer, FSTA	"Walkie Talkie" 20 Fenchurch Street, London	18:30-19:30	https://www.sta-uk.org/resources/meetings-events/
	31 Master of Financial Technical Analysis (MFTA) Alternative Path, Session 2 application deadline	IFTA	NA	NA	NA	www.ifta.org
Aug	15 IFTA Update submission deadline for all news content (mid-September release)	IFTA	NA	NA	Varies	newsletter@ifta.org Attn: Aurélie Gerber, Journal Director
	31 Top-Down Overview of Global Markets in Charts (Costa Perkikis); Good Cops, Bad Cops. Politics, Economics, Strategy - Investing in SA and the World in 2018. (Chris Hart);	TASSA (South Africa) and Thomson Reuters	Costa Perkikis, Chris Hart	Thomson Reuters at The Chelsea Building, 4th Fl. 138 West St. Sandton	18:00	http://www.tassa.org.za/meeting.asp

Calendar continued

2018 continued							
Date		Topic	Host	Speaker	Location	Time	Contact
Oct	2	Master of Financial Technical Analysis (MFTA) Session 2 application, outline and fees deadline	IFTA	NA	NA	NA	admin@ifta.org
	25	Certified Financial Technician (CFTe II) Examination	IFTA	NA	Varies	Varies	admin@ifta.org ; www.ifta.org
	26-28	IFTA 31 st Annual Conference: Navigating Through Time and Volatility	IFTA & Hosted by MATA	Varies	Kuala Lumpur Convention Centre, Kuala Lumpur, Malaysia	Varies	admin@ifta.org
Nov	1	IFTA Journal Web publication	IFTA	NA	NA	NA	http://www.ifta.org/publications/journal/
	15	IFTA Update submission deadline for educational articles and new content (mid-December release)	IFTA	NA	NA	Varies	newsletter@ifta.org Attn: Aurélia Gerber, Journal Director
Dec	1	IFTA Update submission deadline for all news content (mid-December release)	IFTA	NA	NA	Varies	admin@ifta.org
2019							
Feb	15	IFTA Update submission deadline for all news content (mid-March release)	IFTA	NA	NA	Varies	admin@ifta.org/newsletter
	28	Master of Financial Technical Analysis (MFTA) Alternative Path, Session 1 application deadline.	IFTA	NA	NA	NA	http://www.ifta.org
Mar	15	Master of Financial Technical Analysis (MFTA) Session 1 paper submission deadline	IFTA	NA	Varies	Varies	admin@ifta.org http://www.ifta.org

Congratulations New CFTEs!

Shubham Agarwal	Tsukasa Miyaji, NTAA
Junichi Arai, NTAA	Yu Miyamoto, NTAA
Seiji Bamura, NTAA	Yoshitaka Nagasaka, NTAA
Arijit Banerjee, ATA	Jason Vincent Rodrigues
Chin Fong Choo	Sujal Kumar Shah
Zachary Gersch	Satoshi Shinohara, NTAA
Vivek Gupta	Monu Sharma
Kenta Ichikawa, NTAA	Georgia Solomou, STA
Hiroshi Ishihara, NTAA	Lim How Tay
Shin-Ching Jiang	Mitsuko Tomita, NTAA
Sylvester Jonny, STA	Koon Leung Tsang
Lim Junjie	Yoichi Watanabe, NTAA
Sushil Kedia	Daisuke Watari, NTAA
Tanakorn Koomrampai	Takafumi Yamazaki, NTAA
Sachin Digam ber Kulkarni	Vahidreza Yousefi
Siu Ling Teresa Lam	Mengyun Zhang, NTAA

MFTA and CFTE Exam Dates

Certified Financial Technician (CFTe)—Level I

Date	Offered Year-round
See our website for further instructions www.ifta.org/certifications/registration/	
Syllabus and Study Guide www.ifta.org/public/files/publication-downloads/IFTA_CFTE_Syllabus.pdf	

Certified Financial Technician (CFTe)—Level II

Date	19 Apr 2018	25 Oct 2018
Registration deadline	Closed	7 Sep 2018
Register at www.ifta.org/register/cfte2.php		
Syllabus and Study Guide www.ifta.org/public/files/publication-downloads/IFTA_CFTE_Syllabus.pdf		
For more information on the CFTE program, visit www.ifta.org/certifications .		

Master of Financial Technical Analysis (MFTA)

	Session 1	Session 2
Alternative Path Pre-Application Deadline	Closed	31 July 2018
Application/Outline Deadline	2 May 2018	2 Oct 2018
Paper Deadline	15 Oct 2018	15 Mar 2019
(Session 1) Register at www.ifta.org/register/mfta_alt_session1.php/		
(Session 2) Register at www.ifta.org/register/mfta_alt_session2.php/		

The Flash-Crash: Investor Confidence Shaken, But Not Stirred

By Robin Griffiths, FSTA, and Ron William, CMT, MSTA

Stargazers who were eagerly anticipating the Super Blue Blood Moon of 2018 on January 31 had the financial newswires steal the headlines only three days later. The Dow Jones Index Average (DJIA) fell by 1,600 points, at its lowest point, in just 15 harrowing minutes. It scored a bearish record-breaking double-hit, as **one of the biggest intraday point declines in history wiped out the happiest new-year equity market return in over a decade.** This is a flash-crash to be recorded in the stock market almanac. Nobody knew when it would happen, and yet, technically speaking, it was already expected. As stated in our previous T3 report, this was a “Known Unknown,” and already overdue. In fact, it was late. However, for the time being, it seems to only have **shaken investor confidence but not fully stirred the long-term uptrend from its 12-month average** (Fig. 1., main chart). Monitor these tactical risk levels on the S&P500 and DJIA at 2521 and 22887 respectively.

According to the theories we have followed for many years, there are natural cycles in stock market moves. These are related to cycles in economic activity but are not the same thing. Indeed, correlation does not always mean causation. The very cogwheels of market activity produce their own cycles. There are long- and short-term cycles. Our statistical evidence tells us that if you had to bet in advance when this latest crash might have occurred, **the highest probability is for late October, in the seventh year of the decade.** This crash is three months late. See RWA's [media story](#). Such tardiness on a 10-year cycle is forgivable, and statistically viable. The theories are still working in an approximate manner. One of our latest short-term cycles also warned of increasing “market fragility” into the new year, citing risk on the S&P500, below 2450.

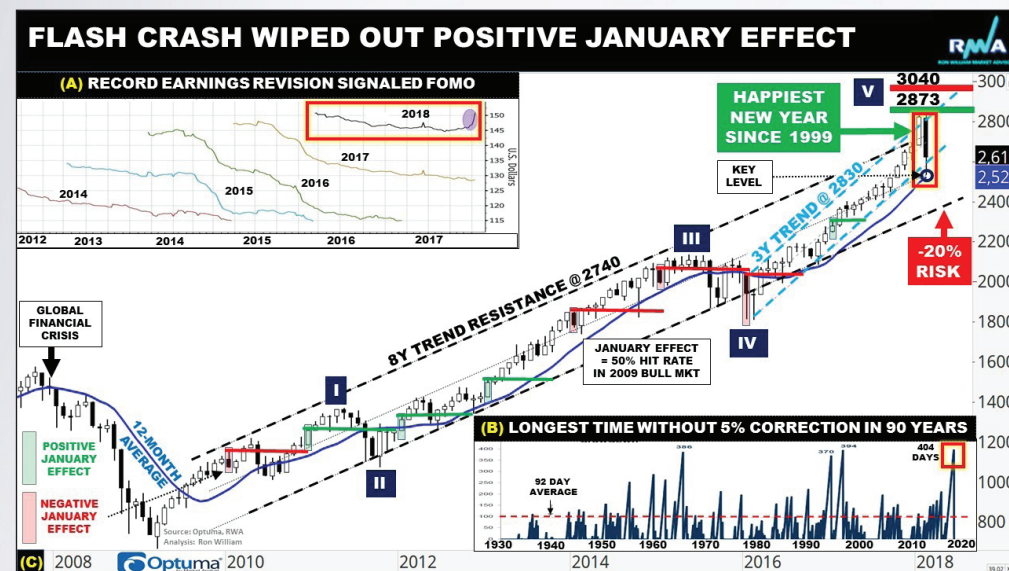


FIGURE 1. S&P500 Monthly Chart, Earnings Revision, and Tactical Indicator. Source: Optuma, Bloomberg LP; Goldman Sachs, RW Advisory LTD.

We are sure that many investors kept money back last October just in case. There was also much uncertainty about heightening political risk, with U.S. President Trump's first year in office, ongoing Brexit divorce proceedings, and European elections. When there was “much ado about nothing” by the year end, and the bullet-proof market had seemed able to “climb the wall of worry,” investors decided to capitulate and turn very bullish.



The Flash-Crash continued

Education Lounge

This gave an enormous surge and produced the most powerful January upswing in many years. It proved to be the happiest new-year return on the S&P500 since 1999, which **overshot the eight-year trend regression band by +1 standard deviation, part of a final wave pattern** (Fig. 1., main chart). It also literally made history, with the **longest time without a 5% correction in 90 years** (Fig 1., panel B).

Institutional analysts also staged their own climatic extrapolations by dramatically increasing earnings estimates, thus closing the stable door after the horse had bolted (Fig. 1., panel A). Aided by President Trump's welcome tax-relief policy and long-term infrastructure spending, the mood became euphoric. In hindsight, **behaviourists would call this psychological trapping, a fear of missing out (FOMO)**. PE ratios of over 300 were common. There was a boom in marijuana stocks, and experts in cyber currencies came out of the woodwork like roaches. What could possibly go wrong? "As January goes, so goes the year..." and so we must be in for a boom. Unfortunately, bubbles always burst, and the first few days of February completely wiped out the entire January rise, along with its so-called positive barometer "effect" for the rest of the year.

It is worth noting that our studies highlight that the **January Effect (JE) signal has only produced a 50% hit rate in the latest 2009 cyclical bull-market**. Qualitative chart dynamics (trend, momentum, and key price levels) remain very important when applying seasonal timing overlays. This is why **the bulls must achieve a new high breakout (NHB) above the January high, to revive the long-term uptrend higher and signal a positive JE for the remaining 10-months of 2018**. These upside trigger levels exist on the S&P500 and DJIA at 2873 and 26616, respectively.

Going back to the flash-crash at hand, it is still important that we clarify the difference between an overdue setback and a proper bear market. The first scenario has already happened, but will it turn into the second? We think the answer is eventually, but not yet. To paraphrase a quote from Winston Churchill: in terms of going around the bull-to-bear-cycle, we are way past "the end of the beginning." It's also probably past "the beginning of the end," "but this is not the final curtain." **Our short-term roadmap favours a marginal new high that remains positive into the late-April earnings season, before a likely drop from May onwards**, within the traditional summer seasonal dip period, into the autumn months. Meanwhile, **the larger-cycle tidal wave turns bearish from mid-2019 onwards**.

A key factor that amplified this setback was an overcrowded short position on volatility. See RWA's [media story](#). The VIX index was at record low levels from a three-year compression, as it was thought the Federal Reserve would not allow a setback or crash. This was a one-way bet for a while, but is now officially dead. Tons of money has been lost on these leveraged and inverse exchange traded products (ETPs), which are derivative-linked debt securities. A Credit Suisse ETP product (XIV), once valued at \$2.2bn has since been redeemed, after their overnight liquidation. It is a stark reminder to the world of how toxic stocks can be wiped out in a heartbeat. This behavioural trait of "confirmation bias" was also a byproduct of a low interest rate era, where investors remain pressured to find a penny's worth of return, even if it meant standing in front of a bulldozer. **The volatility reawakening now threatens an unprecedented \$8bn time bomb of similarly high-risk products.**

The VIX spike hit an interim ceiling (+1 STD) after its largest ever one-day rise, up 116%, at levels last seen during the Chinese currency devaluation of 2015. **We expect future volatility-led deviations to hold at the new floor around 20** (Fig. 2., main chart A). History indicates it can still rise much higher, comparable to the global financial crisis spike of 2008. Volatile market swings are back. There will be people buying the dip;

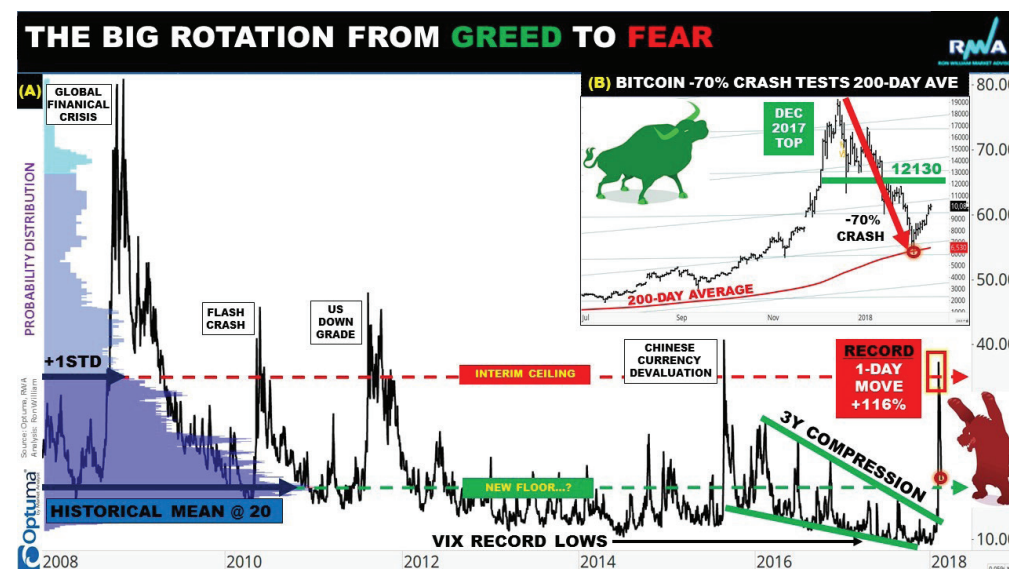


FIGURE 2. VIX index, with probability distribution & Bitcoin chart. Source: Optuma©, RW Advisory LTD..

The Flash-Crash continued

Education Lounge

they have a lot of money. The bounce can be violent and seductive to the bull camp, but we must learn the lessons from this latest rotation from greed to fear, where even the almighty Bitcoin fell from grace (Fig. 2, panel B). **Bitcoin's peak in late December 2017 and crash, down -70%, as correctly predicted in our previous report, sounded the alarm for a sharp unwind in risk appetite.** Long-term support is being held at its 200-day average, near 6540. Only a sustained move above the prior interim high at 12126 will revive the trend higher.

The FAANG stocks have not done well, year-to-date, during the flash-crash. **Apple stands out as having suffered the most, while Netflix exhibits greatest mean-reversion risk** (Fig. 3, panel A). Apple temporarily broke its 200-day moving average (panel C) and if later sustained, could lead to further losses into support at 140. Meanwhile, Netflix is most susceptible to a fall from grace, having experienced such an impressive parabolic rise in the new year (panel B). There is bound to be theme rotation. **This volatility will find money going back into the old economy stocks that used to be the backbone of the U.S. economy, like Walmart, IBM, CAT, and Boeing.** These stocks can rise, but as the index is weighted by market cap, they will be less powerful than FAANG had

been. Either way, we continue to believe that **bottom-up stock analysis is one of the best methods for tracking underline moves** in this "make-or-break" zone across key stock markets.

The good news is that the U.S. and world economies are in good shape and seem to be steadily improving all the time. It would be very unlikely for there to be a recession in the next year to 18 months. Central banks are trying to raise interest rates from absurdly low levels. This means that bonds are toxic waste. **Equities are the only safe investment, even though they are expensive by historic standards.** Some commodities look good as well—metals and energy, especially.

Expect a bit more downside risk, but then a really powerful bounce is likely. The volatility reawakening should also encourage investors to be highly diversified, both by sector and by country. **China, India, and Japan, and Emerging markets are best.** However, the best U.S. blue chips should also do well. The UK and Europe are not great. The big caveat is the bond market. When the wealth destruction here becomes too big, it will pull property markets down as well. **The debt mountain is so huge it makes it inevitable that a major bear market is in our future, but we do not think it will start until mid-2019.** From then on, the Western world will have to go through a process very similar to what Japan has done already in the past 25 years. Until then, make hay. 🍀

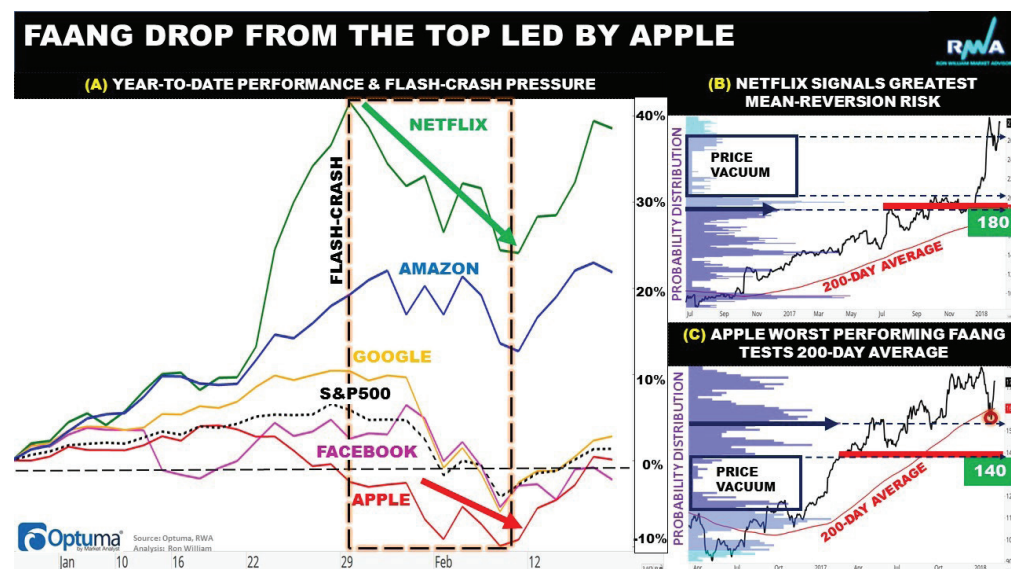


FIGURE 3. VIX index, with probability distribution & Bitcoin chart. Source: Optuma©, RW Advisory LTD.

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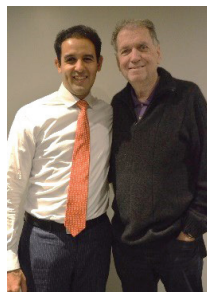
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Education Lounge

An Interview with Dr. Van Tharp, Founder of the Van Tharp Institute

By Ron William, MSTA, CMT



Ron William and Dr. Van Tharp at the VTI workshop in London, October 2017

Dr. Van Tharp is the author of *Trading Beyond the Matrix: The Red Pill For Traders*, published by Wiley & Sons, in addition to four acclaimed books published by McGraw Hill: *Super Trader*, New York Times bestseller *Trade Your Way to Financial Freedom*, *Safe Strategies for Financial Freedom*, and *Financial Freedom Through Electronic Day Trading*.

Dr. Tharp is the only trading coach featured in Jack Schwager's best-selling book, *The Market Wizard's: Interviews with Great Traders*. Dr. Tharp has been featured in *Forbes*, *Barron's Market Week*, *Technical Analysis of Stocks and Commodities*, *Investors Business Daily* and *Futures and Options World*, and *Trader's Journal*, just to name a few.

Dr. Tharp has collected over 5,000 successful trading profiles by studying and researching individual traders and investors, including many of the top traders and investors in the world. From these studies, he developed a model for successful trading and investing in which other people can adopt and learn. He has developed a five-volume *Peak Performance Home Study Course*, teaching the results of this 10-year study.

He also developed the *Investment Psychology Inventory Profile* to help people better understand their strengths and challenges in relation to trading or investing, and he has developed a course on *How to Develop a Winning Trading System That Fits You* and written and published *The Definitive Guide to Position Sizing™*.

He published the *Market Mastery* newsletter for over 10 years and now publishes a weekly e-newsletter, *Tharp's Thoughts*. Dr. Tharp wanted to get the vital information

that traders needed to as many people as possible; therefore, he decided to offer his newsletter at no charge. Before that, subscriptions to his newsletters were as much as \$249 per year.

RON WILLIAM (RW): Thank you, Dr. Tharp, for this follow-up interview opportunity, on behalf of the Swiss Association of Market Technicians (SAMT), affiliated with the International Federation of Technical Analysts (IFTA). We also want to recognize many leading financial market professionals around the world who are interested in your life's work on trading psychology and transformation. I must also congratulate you on a truly amazing Peak 101 workshop, which I had the pleasure of attending here at your Van Tharp Institute (VTI) headquarters in Cary, North Carolina, USA, in April 2017.

See [previous SAMT interview/book review](#), *Trading Beyond the Matrix*, authored by Mario Guffanti, November 2013.

My opening question is about your life story. Dr. Tharp, what inspired you on the path of trading psychology and transformation?



Dr. Van Tharp, Founder of the Van Tharp Institute

DR. THARP: Well, it's interesting because I just learned that Mark Douglas, author of *Trading in the Zone*, passed away last year. He and I both started at the same time as preeminent people within the world of psychology and trading. Mark was inspired by the *Seth Material*, and I was inspired by *A Course in Miracles*. I started working through *A Course in Miracles* in 1982, and by the time I finished, this business was pretty much a full-time operation for me. Even then, when I didn't know that much about transformation and it didn't happen that quickly, it still felt like my mission was transformation through a trading metaphor.

“...my mission was transformation through a trading metaphor.”

RW: How clear was it this would be your mission in life?

DR. THARP: It was more fuzzy then, but I knew that it was my bliss and that I really got a lot out of helping people. Now, it's really obvious. In those days, it was more about simply enjoying that I was helping people transform. In contrast, I didn't like doing research or working for the government and that type of thing. Going in this direction was very much part of my destiny.

RW: What can you tell us about your background in psychology and modeling techniques?

DR. THARP: I always wanted to develop models. Psychology is where I started, but I didn't get my modeling techniques out of psychology. I learned to develop models from studying Neuro-Linguistic Programming (NLP). The idea behind NLP modeling is that you find a number of people who do things well and find out what they do in common. Once you have the common tasks, then you need to find the three ingredients of each task, which are beliefs, mental states, and strategies.

I modeled the trading process, the process of developing a trading system that fits you, and how to use position sizing to meet your objectives. There are probably now around 115 Tharp Think concepts™, which do not make a model exactly, but they are more of a set of beliefs that came from numerous sources. These concepts really help people transform and perform well as a trader. The infinite wealth model™ is another one. We are working on market types, which demonstrates that it's really insane to design a system that is expected to work well across different market types. If you understand one market type really well, it becomes much easier to develop a system that works well in that market type.

RW: Going back to the conventional principles of psychology, how would you explain the trappings of so-called conventional “black-box” thinking, as stated during your workshop?

DR. THARP: I've always wanted to know how the human mind works, whereas the world of psychology has been focused on developing itself as a science. Thus, everything needs to be objective and measurable. The problem with that approach, however, was that psychologists didn't think that the processes going on inside the mind (such as

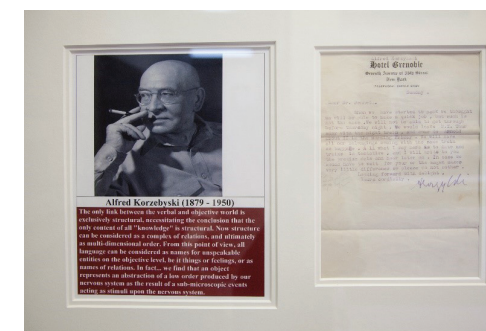
thoughts and beliefs) were measurable, so they chose not to look at such processes. It's interesting because psychology in those days was modeling itself as a science, after Newtonian physics, which had already become obsolete. That seemed amusing to me.

RW: Walking in the hallways of the Van Tharp Institute, I appreciated the inspiring gallery of famous influencers within the field of psychology and the financial markets. Around the corner from the Godfathers of psychology, Carl Jung and Sigmund Freud, was what I understand to be one of your most favorite thinkers of that time: Alfred Korzybski. He became known for his signature mantra “the map is not the territory,” a concept that you taught about extensively in your course. Please explain to our readers what this means and why it is so important for traders to understand?

DR. THARP: A number of religions say that our experience of the world is made up. Hindus and Buddhists call it “Maya.” The whole proposition in *A Course in Miracles* is that “nothing real can hurt you and nothing unreal exists. Herein, lies the peace of God.” The book teaches students of the course to forgive yourself for having a dream and then forgive your brother for being part of the dream.

Korzybski explained how we create our illusion of reality in his 800+ page book, *Science and Sanity*. What's funny is that he devoted 800 pages of words to explain why words tend to mislead us into an illusion. My plan is to write a book about this topic tentatively titled *Matrix Thinking: Going from Force to Power to Awakening*. Thus, this question is not easy to answer in a short paragraph or two, but let me summarize a few principles:

- Our experience of the world comes through our sensory receptors. I've read that our senses only experience about one trillionth of the frequencies in the universe. Furthermore, the firing of a particular sensory receptor is not the same as the energy wave that stimulates that receptor. For example, a long light wave, which stimulates the long wave length cones in the retina, produces an electrical signal in the brain—it



Alfred Korzybski (1879–1950), independent scholar who developed a field called general semantics, as framed at the Van Tharp Institute.

does not produce a long light wave length. The electrical signal then produces a sensation that we label red.

- When we label the sensation red, however, we remove the experience of the sensation by one more degree. And then we might remove ourselves further from that experience by judging it—red is an aggressive color or an angry color. The removal from the experience continues when we think thoughts like “red cars are more likely to be pulled over for a speeding ticket than cars of other colors.”
- We use language to codify our experience and this process actually shapes the brain as we grow through our first five years of life. Through language, we learn to separate the world into subjects, objects and verbs. But this is just a map, the world is not made up of subjects, objects, and verbs.
- When we name a thing, we think that we know it. But naming it almost guarantees that we don’t know it. If I say dog, what sort of dog do you picture? Whatever it is, it’s probably not the picture I imagined. Further, what qualities do you give to a particular dog? I call my dog Tigger athletic, but that label is based upon a few things he does only occasionally, such as catching a squirrel. Most of his days are spent sleeping and begging for food (he’s actually overweight).
- We also take verbs and turn them into nouns in a process called nominalization. I’ve done that a number of times in this explanation. Here’s a good example, “the market” is a nominalization. Rather than a thing, it’s an ongoing process of buying and selling, perhaps best represented by tick dots for the price of each transaction. But then we turn tick dots into a candlestick and then we turn candlesticks into moving averages and all sorts of other indicators—all so we can make some meaning out of the market. But that meaning is entirely made up.
- Finally, when you understand that you make it all up, you tend to become more and more “awake” in the spiritual sense. You can also use this information to move toward peak performance, knowing that some beliefs (even though they are made up) can be much more useful than other beliefs within the context that we deem important (e.g., the context for the market might be making money).

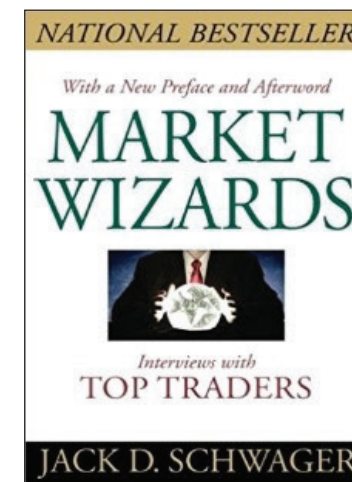
RW: What have been the key changes in your work since the first interview that you gave in 1989, as part of Jack Schwager’s best-selling book, *The Market Wizard’s: Interviews with Great Traders*?

DR. THARP: In 1989, I was still just scratching the surface of the impact of psychology as it applies to trading and one’s life. Since then, I have become an NLP modeler and have modeled several areas previously mentioned, such as system development, position sizing™ strategies, and market types. Now we talk about levels of consciousness or oneness, as part of a log scale of levels of awakening going from zero to a thousand.

There are about 18 stages of awakening. The first stage is where problems disappear, because you start to think about solutions more. I remember that it used to be a big deal to be pronounced awake and get your first number. Now, I have a pretty high number, and at the same time it doesn’t mean anything to me anymore. The biggest shift probably happened around 2008 when I became a blessing giver, and then the transformations started accelerating.

RW: What guidance do you suggest to skeptical or conventional market participants who are too focused on their bottom-line trading performance and might be new, or initially resistant, to the idea of applying spiritual transformational techniques to become successful traders?

DR. THARP: Well, here is an interesting thought. What if when you died, you basically had a conversation with your higher Self (or with God or an angel), in which you reviewed your life with a spiritual (oneness) perspective. Suddenly, you could understand your limitations, charges, and non-useful beliefs. As you looked back at your life, you could see how you kept repeating the same mistakes over and over again. The next thing you know, you end up in another body (with no memory of your past life), trying to get through it without making those same types of mistakes. That cycle may be your condemnation to hell. If that seems like the case, then why not recognize your mistakes now and get rid of them so you don’t have to repeat the cycle?



“...why not recognize your mistakes now and get rid of them so you don’t have to repeat the cycle?”

RW: How would you explain the importance of these changes to some of our readers who might be new to this type of transformation work, both for themselves and their trading?

DR. THARP: There are 7 billion people in the world and 7 billion paths to awakening. Most people start by taking the knowledge path of awakening. But for me, things that I didn’t get at all at first now seem like second nature. A Course of Miracles, for example, said “its all an illusion.” I studied the course for four years, and I still didn’t understand that statement. It wasn’t until I read Gary Renard’s book, *The Disappearance of the Universe*, that it became clearer to me. I understand now how the brain has to transform.

The best way to explain the process so that everyone can understand is to remember that key phrase: “the map is not the territory.” This means that our internal model of how everything is and works has nothing to do with the external world. We are never going to know the external world at all, but instead, we can have more or less useful models on the inside.

More to the point, let’s talk about the financial markets. There is no such thing as the market. It’s only a word that describes a process. At best, you can say that it’s a combination of price ticks that occur all day long, so it means something different to everybody. The analysis can evolve from observing a single raw price tick, to candle patterns, to moving averages and oscillators. We keep transforming the data unless we can make some meaning out of it, and yet none of it is real. But given that we know the map is not the territory, we can come up with useful beliefs. No belief is true without a context. But when you find and adopt useful beliefs, then you can become a peak performer.

RW: What would be a useful belief for traders that want to successfully make money?

DR. THARP: These would be ideas such as:

- Always know where your trade idea is wrong when you get into a position. We define that as your initial risk or 1R (a positive risk multiple).
- Another one could be, don’t enter a position unless your potential reward is at least around three times the size of your initial risk. So, that would mean your gains should be 3R and your losses should only be -1R.

RW: Can anyone be a successful trader? I ask this as part of the classic age-old debate, popularized by the legendary commodity traders Richard Dennis and William Eckhard in the early 1980s, with their Turtle Trader experiment, to prove that anyone could be taught to trade.

DR. THARP: Well first, the Turtle experiment didn’t really prove anything. Dennis and Eckhard interviewed a massive number of people, immediately rejected something like 90% of them, and from the remainder, selected a few Turtles. Even then, the Turtles had huge differences in their results causing some of them to say that even with the thorough selection process, the experiment didn’t really work.

NLP practitioners used to say that if one person can do something, then anyone else can do it too. I’m one of the few people, however, to have done a massive modeling project in just one area—trading (others include Robert Dilts, who has modeled leadership, and L. Michael Hall, who has modeled coaching). When you have created a massive modeling project for a particular field, you realize that someone has to change their identity and take on a new role—an identity such as that of a trader, a leader, or a coach. I’m now pretty convinced that not everyone can become a great trader, in large part because they are not willing to change who they believe themselves to be.

“I’m now pretty convinced that not everyone can become a great trader, in large part because they are not willing to change who they believe themselves to be.”

An Interview with Dr. Van Tharp continued

Education Lounge

RW: In your own extensive research, including the various trader psychometric tests that you have developed (e.g., the [Tharp Trader Test](#)) and [happiness tests](#), what certain qualities do good traders tend to have that others don't?

DR. THARP: Sure, it's similar in some ways to the Myers Briggs test. Probably 90% of the people in our Super Trader program are NTJ profiles based on Myers Briggs. N means they are intuitive. They tend to focus more on the big picture than the details. T means that they are thinkers (in their head) rather than feelers (in their body). Most of our traders are men and 75% of all men are Ts (thinkers) while 75% of women are Fs (feelers). The last one is J (for judgers) versus P (for perceivers). Perceivers tend to get caught up in what they are doing (lost in the moment so to speak), and as a result, they are much more likely to be compulsive gamblers. Judgers tend to be organizers. These principles, however, are just general observations.

I also find that people who are likely to succeed tend to be committed, willing to work on themselves, and good at math—they understand basic statistics and simple probabilities. They are also good at strategy-type games. If I were *recruiting* good traders, I'd search for these qualities.

RW: One of my absolute favourite practical exercises in your Peak 101 workshop was playing the marble game, based on risk and money management techniques. Although, our team was in the lead for the majority of the game, we unfortunately slipped into second position after being perhaps too conservative after compounding a big win. It was during that experience that I learned firsthand that fear aversion was not only something that traders feel when their position is under water, but also when they are making money and at risk of being too greedy. How important is it for traders to find that "zero state," and what would you say are the biggest lessons that students can learn from the game?

DR. THARP: Okay, you've asked another question that could take at least a book chapter to answer, but let me try to be brief. First, we play games in workshops because I believe that games reflect behavior and that people learn best through experiences. There might only be a few dollars at stake in a game, but people have the same experiences in the games as in real-life trading, so they can learn a lot without risking a large amount of money.

In the game, I want people to develop their awareness. I want people to become aware of

their thoughts and feelings while they are playing the game. Acknowledging and identifying what you are experiencing helps you improve your awareness. When you become aware of the beliefs that shape your experience and the feelings that might be linked to those beliefs, then you are in a position to gain control over the situation. This is probably the major lesson—awareness.

“When you become aware of the beliefs that shape your experience and the feelings that might be linked to those beliefs, then you are in a position to gain control over the situation.”

But there are hundreds of lessons to learn about trading in that game. Let me tell you a few more:

- Objectives are all important.
- You achieve your objectives through your position-sizing strategies. You can do that even trading in a game in a way in which no one would want to trade in real life.
- The game is about expectancy and probability.
- There is a huge edge in the game that would bankrupt any casino (and finding such edges is one secret of great trading).
- There are actually two games going on with different expectancies (as happens in real life for money managers).
- You need to plan ahead of time when you might want to change your rules.
- Worst-case scenario planning is essential to survival.
- Having objectives and a good plan tends to lessen the effects of emotions in trading.

- You probably have a lot of non-useful beliefs at work in the game that impact your real-life trading.

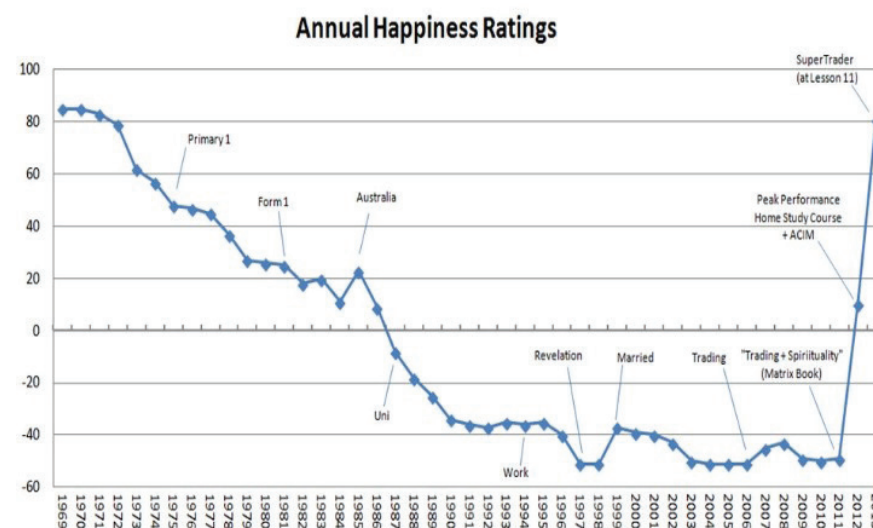
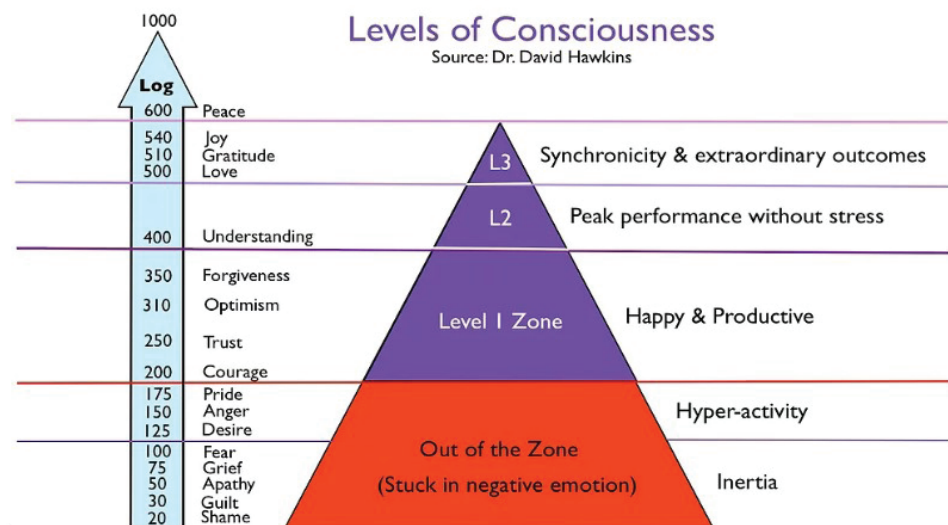
And as I said, there are many more.

RW: Can you tell our readers who might be relatively new to your work about the Super Trader program? What was the inspiration behind its founding? How much of a transformational experience has it been for students over the years, and what is your vision for this advanced training program in the future? For example, I understand that you have a goal for Super Traders to reach of a state where consciousness is permanently over 600 on the Hawkins scale.

DR. THARP: I (and all my staff members) experience great joy from helping people transform. Transformation through a trading metaphor is why I have my business and why I created the Super Trader program. What does that look like? There are a number of variations, but say someone who is unhappy being a doctor comes to us and they want to become a trader instead. The beginning lessons for the Super Trader program require that they initiate some massive personal transformations. I want to help them change their belief structure and their brain enough to produce a massive shift in consciousness.

I referred to the Hawkins scale, which we use to help people understand the process of transformation. Dr. David Hawkins developed his useful model of consciousness and said his scale correlated highly with happiness. We don't measure consciousness, but we do measure happiness. We have a test that scores happiness from minus 55 (depressed and probably nonfunctional) to plus 85 (happy all the time for no reason). Much of the time, people start the Super Trader program with a score of plus 20 or less. By the time they complete the transformational phase of the program, they have increased their happiness score to at least 60 and they are pretty much happy for no reason. So sometimes, our unhappy doctor has become a happy doctor in the process and no longer has the desire to be a trader—but I'm okay with that. Most of our Super Traders continue on, however, and trade after doing more work.

During the second phase of the program, I want people to develop a handbook for their trading business. I think this is the most important document that any trader can have. It's a blueprint for building a successful trading business, and we actually have a Blueprint Workshop that teaches much of what should be in the handbook. In this phase, they develop their business objectives and apply all of the important lessons learned in the trading game to their trading plans.





Supertrader Summit 2016

In the third phase of the program, Super Traders develop three trading systems that fit them and that work in different market types. Once they have these, they then need to prove to me that they can trade their systems at 95% efficiency for more than 100 trades. By this I mean that they make no more than one mistake in 20 trades. Mistake-free trading is critical to succeeding as a trader. Someone could actually develop a whole coaching program based on the idea of reducing mistakes. One professional trader told me, “You’ve shown me how I can manufacture R in my trades just through minimizing mistakes. That’s a huge edge.”

And you asked about my vision for the future of it. I’m pretty happy that we are meeting our objectives of helping people really transform their lives and achieve massive increases in happiness. One of my goals is to continue to make the program more and more effective, where more people get massive transformations and are able to trade at 95% efficiency and better. Making the program better just makes working on it more fun for me.

RW: The Van Tharp Institute is continuing to engage on a worldwide tour, bringing the best of your workshops across Europe and Asia. I understand that you have already firmed up plans for 2018. For those interested in attending, please share what key experiences you feel people can expect to learn?

DR. THARP: Our plans for 2018 include presenting workshops on nearly a monthly basis at our North Carolina learning center in the United States. In March 2018, I will travel to Sydney, Australia, where we will present our Peak Performance 101 Workshop, our How to Develop Trading Systems Workshop, and our Infinite Wealth Workshop. In

October 2018, we plan to return to London to present three workshops. We will teach the Peak Performance 101 Workshop again (a prerequisite for most of our other psychology workshops).

For the first time in the UK, we will teach Peak 203, our Happiness Workshop (which requires attending Peak 101 first). My goal in this workshop is to raise each person’s happiness score about 20–25 points over the three days. We are usually successful because I designed many exercises and processes to help people develop a lot of awareness and remove a lot of self-sabotage. That workshop dramatically changes people’s lives. Lastly, we will teach our Blueprint Workshop, which helps people understand and plan for everything that’s required for a successful trading business. This is the workshop I mentioned earlier that helps you develop a very thorough business handbook, which will include a lot of areas that most traders don’t even consider when they think about a trading business.

To help people understand the outcomes intended for each workshop, here are the objectives from each of the workbooks:

Peak Performance 101 Learning Objectives

- Learn the ingredients of success: mental states, beliefs, and mental strategies.
- Learn how to change your mental state at will.
- Learn how to examine your beliefs to determine if they are useful and in what context.
- Learn the tasks of trading well that separate the best traders from the average traders and help you eliminate mistakes.
- Learn awareness through the trading game we play (plus the many other lessons outlined).
- Learn to overcome inner conflict (a exercise in avoiding self-sabotage).
- Learn how to release stored feelings so that the charged emotions to unlock non-useful beliefs are in place.

An Interview with Dr. Van Thorp continued

Happiness Course (Peak Performance 203)

The primary objective of this course is to understanding that your natural state is joy and that if you are not there, then some self-sabotage is going on inside you.

- We then help you discover that the self-sabotage might be so that you can overcome it.
- We introduce people to a number of techniques to increase their happiness and their awareness.
- We help you learn awareness of shadow parts, disowned parts that really cause great self-sabotage. Our goal is for you to overcome at least 20 such influences in your life in this workshop and the subsequent homework.
- We give you a six-week program to take home with you to both improve your happiness and your trading profitability.

Finally, Our Blueprint Workshop Has the Following Objectives:

- Day One focuses on your overall business and developing appropriate plans and strategies for that.
- Day Two focuses on systems and how to design ones that fit you and different market types.
- Day Three focuses on psychology so that you better understand yourself and overcome your self-sabotage.

But the overall workshop is to help students 1) learn about all aspects of trading success and what is really involved and 2) develop a business handbook that will become your best friend as a trader. 🇺🇸

Member News

SAMT (Switzerland)

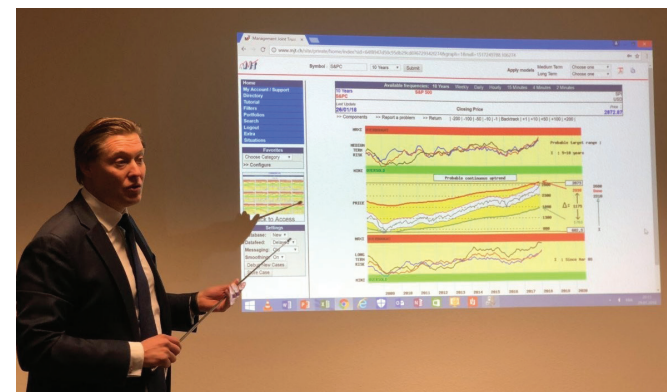
The Swiss Association of Market Technicians hosted its first-quarter event in Geneva, featuring a dynamic market panel discussion, with Ron William, MSTA, CMT; Bruno Estier, MFTA, CFTE; and Jean-Francois Owczarczak, CFTE, MSTA, FRM.



Ron William, MSTA, CMT



Bruno Estier, MFTA, CFTE



Jean-Francois Owczarczak, CFTE, MSTA, FRM

2017 John Brooks Memorial Award Winner

This paper is presented for the best Master of Financial Technician (MFTA) research paper written each year.

Alexander Spreer, MFTA, CIIA, CEFA, CFTe

MFTA Research Paper Title: Is there Smart Beta in Indicators of Technical Analysis?



Munich, Germany

alexander.spreer@novethos.de

Member of Vereinigung Technischer Analysten Deutschlands e.V. (VTAD-Germany)

Alexander Spreer, MFTA, CFTe, CIIA, CEFA, is the regional group manager of the VTAD in Munich and works for an independent asset manager. He is specialized in quantitative technical analysis of equity indices, quantitative stock picking, and investment process development. He also uses quantitative methods to analyze economic data. In addition, he works with a small team of people to develop a backtesting and automated trading proprietary software with the aim to allow someone to run their own investment strategy, which is based on diversified strategies and new methods of risk and money management.

In Memory of John Brooks

John Brooks was a highly respected technical securities analyst who worked at a number of prominent Wall Street firms, including Edwards & Hanley, Robinson Humphrey, and Lowry Research, where he served as senior vice president and senior analyst.

During his long and distinguished career, John was the co-founder and past-president of the Market Technicians Association (MTA) and was one of the first recipients of the Chartered Market Technician (CMT) designation in the United States. In 1985, he co-founded the International Federation of Technical Analysts (IFTA) and served as chairman from 1996 to 1998. As the long-time chairman of the Market Technicians Association Educational Foundation, John was instrumental in establishing accredited college-level courses in technical securities analysis in many universities.

*John was also a co-founder of the American Association of Professional Technical Analysts (AAPTA) and served on its board of directors. John authored the highly regarded book *Mastering Technical Analysis*, published by McGraw-Hill in 2005. His many awards include the prestigious Market Technicians Association Award for Outstanding Contribution to the Field of Technical Analysts and the Technical Securities Analysts Association of San Francisco's Lifetime Award for Outstanding Achievement in Technical Analysis. In recognition of his support of technical securities analysis throughout the world, John was also named a Fellow of the British Society of Technical Analysts (STA). 🇩🇪*

Past winners of the award:

2016 Tomoya Suzuki, Ph.D., MFTA (Japan)

2015 Miyoko Nishimura, CMTA, CFTe, MFTA (Japan)

2014 Adam Cox, MFTA (New Zealand)

2013 Alex Neale, MFTA (United Kingdom)

2012 Yoshinobu Sakai, CFTe, MFTA (Japan)

2011 Stephan A. Belser, CFTe, MFTA (Germany)

2010 Mohamed Elaasar, MFTA (Egypt)

2009 Pavlos Theodoulos Ioannou, MFTA, CFTe (Cyprus)

2008 Francesco Caruso, MFTA (Switzerland)

In Memoriam: Dick Arms



Dear Friends, Colleagues, and Clients:

I wish to speak for a moment about a great friend and my first mentor in capital markets analysis—Dick Arms. Many of you will recognize Dick by the name of the famous stock market indicator that bears his name—The Arms Index. It goes across the tape as ARMS and was originally known as TRIN, an acronym for Trading Index. It is a volume adjusted advance/decline indicator that Dick created and originally wrote up for an article in Barrons in 1968.

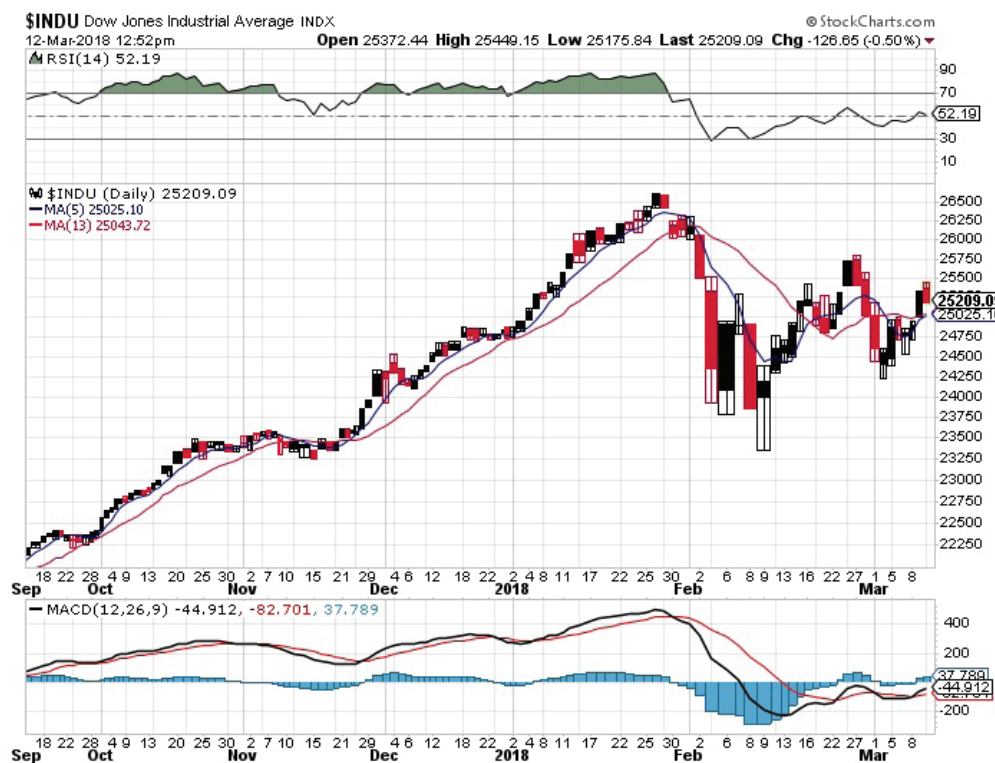
From there, his work in technical analysis continued to focus on volume aspects of the study. Dick was always looking to improve technique and his Equivolume charting method cleverly combined the volume data directly into the posting of the high, low, and close price statistics. Chart making and the reading of the historical data is a visual craft and Dick saw ways of incorporating more information into a single entry. I really enjoyed it. I first picked up one of his books when I was 12 years old. I have always believed that markets are cyclical—most of the time and—always, eventually. Dick's volume cycle work intrigued me and led me to meet my second career mentor—Ian Notley—whose work on global capital markets and cycles you well know.

There is an old expression on the Street that “volume is validation”, the notion being that increased volume together with a price move (in either direction) is a confirmation of the importance of the price move. The price gives information about direction; and volume speaks to power, potential persistency and duration.

Beyond Dick's career lifetime fascination with markets was his love of literature and poetry. Dick attended Brown University and studied geology, but his real passion was reading and writing. He had an immensely invigorating mind. He was a Mensa member. Whenever we got together, we challenged ourselves to recite poetry from memory and enjoyed many good laughs. I will always remember that part of him as much as I will the analyst part.

Dick called me the weekend before his surgery to replace a heart valve and asked me to come out to Albuquerque to visit once he had recovered. He wanted to see a friend. He was always the optimist. Even Dick's “geese were swans”, as the expression goes—ever positive was he.

Sincerely,
Jonathan Arter



An Arms Candle - Volume Chart

This is actually a second-generation Equivolume chart. Dick always liked the “efficiency” of including as much information into the chart directly, bringing volume, for example, “up and into” the chart, making that data an integral part of the chart flow and not relegating it to a secondary place of importance—to the bottom of the chart as standard bar charts do. His second generation chart method, shown here, combines traditional Japanese technical analysis using a Candlestick chart. I won't attempt to deliver a tutorial on this at this time except to say that this revered charting technique has a “body”—the candlestick—with wicks, tails, hollow bodies and filled-in bodies. It's all about bringing in more data to assist interpretation and, by extension, forecasting value. Dick saw an opportunity to add yet more data to the chart entry by introducing the volume statistic. The volume makes the chart body wider or thinner depending on how much trading took place during that observation. Here, in this example, each entry is one day of trading for the DOW. Note the wide-body action in early February as volatility surged and the desire to sell swelled. So there are two dimensions to the body of the candlestick. The vertical dimension is the price dimension with long vertical bodies representing intensity of emotion—the desire to sell or buy. Dick's volume dimension is the horizontal one or the width of the body. Wider bodies indicate more trading and more “intensity” to either own (up days) or not own (down days—“filled” candlestick). I would like to use these charts in our publications from time to time, as I find them visually appealing, and I would like to remember and honor Dick's work by doing so. There is also a color “dimension” that sort of follows the standard traffic convention, red for STOP, for example.

Congratulations New MFTAs!

Alberto Vivanti, MFTA

MFTA Research Paper Title: *Momentum Based Techniques Combined with Relative Trends in Sectors Rotation*



Since the early 1980s, Alberto Vivanti has been a technical and quantitative analyst as well as an asset manager with Swiss institutions. His work is a technical/quantitative approach to investing through the application of proprietary, momentum-based allocation models, with a focus on sector investing through relative strength techniques. In his MFTA research paper, Alberto describes different possibilities to trade sectors in a portfolio-related context.

Alberto is vice president of the of the Swiss Association of Market Technicians (SAMT). He chaired the 2006 IFTA conference in Lugano, and he was a speaker at the 1998 IFTA conference in Rome, 2006 conference in Lugano, and 2017 conference in Milan.

Alberto is an author of technical newsletters, a lecturer at institutions, an organizer and instructor of technical analysis

courses in Switzerland for the IFTA certification, an author of articles and books, and a co-author of a book with Perry Kaufman. For many years, Alberto has been a regular contributor to Swiss radio financial news. He contributes regularly to SAMT's Swiss Technical Analysis Journal and other professional publications and websites.

Amir Tabch, MFTA, CFTE, MSTa, MCSI

MFTA Research Paper Title: *Cognitive Biases In Technical Analysis: How the Adequacy of Analysis Is Swayed by Cognitive Biases*



Amir Tabch is a director at Emirates Investment Bank, a private bank based in Dubai, United Arab Emirates, where he leads the Global Markets' Multi-Asset Class Trading Desk.

Amir's industry expertise and insight spans private banking, asset management, financial markets, capital markets, treasury, risk management, multi-asset class trading, proprietary trading, and brokerage.

Bharat Jhunhunwala, CMT, CFTE, MSTa, MFTA

Trend Analysis Using Bytrender



Bharat Jhunhunwala, ATA, is a successful technical market strategist with a proven ability to generate actionable investment and trading ideas within the global equity, commodity, and foreign exchange markets. His current focus is the India and U.S. equity markets. His specialties include technical analysis, education and training in technical analysis, and building indicators and screens combining technical data.

Bharat has worked with leading analyst and brokerage firms around the globe, using RSI and Elliott Wave as the backbone of all analyses and strategies. He built the Bytrender Indicator and has assisted and coached hundreds of traders around the country. Connect with Bharat at www.wavemetric.com.

Noritaka Okamoto, MFTA, CMTa, CFTE

Regularity of Tipping Points of Market Based on Frequency of Renewal of New Values in Price Movements



Noritaka Okamoto started his career at Nomura Securities Co. Ltd. in 2005 after receiving a B.A. in management from Gakushuin University in Tokyo. He also holds an MBA from Waseda University.

Noritaka currently works as a financial advisor at Nomura's Tachikawa branch, where he has hosted over 76 equities technical seminars. Through these seminars, Nomura's clients heard professional thoughts and ideas on the direction of markets.

Noritaka received an MFTA in 2018, the first ever Nomura employee to receive this certificate. 🍀

IFTA JOURNAL CALL FOR SUBMISSIONS

The *IFTA Journal* is an annual publication established by the International Federation of Technical Analysts. It is collated by a committee of IFTA colleagues. The *IFTA Journal* is essential reading for academics, students, and practitioners of technical analysis in all arenas. It contains a wealth of resource material and is an excellent reference for anyone interested in technical analysis.

Credibility and Recognition

The *IFTA Journal* is the only international journal with original contributions from all continents covering developments in technical analysis in global markets. The *Journal* reaches leading practitioners and students of technical analysis throughout the world.

The *IFTA Journal* is a major professional resource. Its archival online publication on the IFTA website will make your original work available as a future resource to the worldwide community of technical analysts.

Topics

IFTA is seeking papers that cover developments impacting, either directly or indirectly, the field of technical analysis; they may be drawn from such areas as:

- Basic market analysis techniques
- Indicators—sentiment, volume analysis, momentum, etc.
- Global and intraglobal technical analysis
- Styles of technical analysis
- Data
- The changing role of technical analysis in the investment community

We would especially like to see contributions that draw from areas not previously examined and/or topics tangential to technical analysis.

The above list is just a guide and should in no way be considered restrictive. We wish to make the *Journal* open to new and innovative ideas from all areas of technical analysis and those that connect with it.

Submitting Contributions

Registration and submission of contributions is online via <http://www.ifta.org>, or by email to the editor, Aurélia Gerber, journal@ifta.org.

Language

Contributions must be submitted in English, with British grammar required.

Writing Style

Papers should be written in a thesis style. A guidance can be found at the following link:

http://www.ifta.org/public/files/publication-downloads/MFTA_Thesis_IFTA%20Journal_Guide.pdf

Referencing

All texts referred to in the paper must be appropriately referenced in a list of "References" at the end of the text. Further all notes are to be included as endnotes ("Notes"). A Bibliography is not to be included.

The author is responsible for the accuracy of references and quotations. We expect the author to check them thoroughly before submission.

Figures, Charts, and Tables

Illustrations and charts must be referred to by figure number and source. Tables must be referred to by table number and source.

Length of Contribution

Papers should be approximately 1,200 to 3,000 words, with supporting graphs and charts.

Format

We ask for submissions in MS Word or other text format, as well as a PDF. Charts and graphs may be in .GIF or .JPG, but we ask that authors also keep a .TIF format in case it is required for printing purposes. An Excel spreadsheet supporting your submission may also be included.

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Editorial Timeline

December 13	Call for papers distributed
May 31	Deadline for all submissions
May 31	Papers distributed for review
July 31	Reviewer's comments returned to editor
August 15	Notification of acceptance/rejection
August 31	Submission to printer
November	Web publication

For more information, see our website www.ifta.org/publications/journal/.

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USA—TSAASF Technical Securities Analysts Association www.tsaasf.org
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* Developing

IFTA Update Schedule

The *IFTA Update* is the quarterly electronic newsletter of the International Federation of Technical Analysts, reaching more than 7,000+ IFTA colleagues worldwide. The *Update* is an efficient and cost-effective way to communicate with IFTA's member societies and colleagues.

PUBLICATION SCHEDULE

June Issue..... All content due May 15
 September Issue..... All content due August 15
 December Issue..... All content due November 15
 March Issue..... All content due February 15

Send education article submissions to newsletter@ifta.org. Send all other content to admin@ifta.org
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