



INTERNATIONAL FEDERATION OF
TECHNICAL ANALYSTS, INC.

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Asociación Argentina de Analistas Técnicos

Australia

Australian Technical Analysts Association
www.ataa.com.au

Canada

Canadian Society of Technical Analysts
www.csta.org

Cyprus

Cyprus Society of Technical Analysts

Egypt

Egyptian Society of Technical Analysts
www.estaegypt.org

France

Association Française des Analystes Techniques
www.lafate.com

Germany

Vereinigung der Technischer Analysten
Deutschlands e.V.
www.vtad.de

Hong Kong

Technical Analysts Society (Hong Kong) Limited
www.tashk.com.hk

Italy

Società Italiana di Analisi Tecnica
www.siat.org

Japan

Nippon Technical Analysts Association
www.ntaa.gr.jp

Mexico

Asociación Mexicana de Analistas Técnicos

Netherlands

Vereniging Technische Analisten

New Zealand

Society of Technical Analysts of
New Zealand Incorporated
www.stanz.co.nz

Portugal

Associação dos Investidores Analistas Técnicos
do Mercado de Capitais
www.atm-associação.pt

Russia

Russian Technical Society
www.mfd.msk.ru/ota

Singapore

Technical Analysts Society (Singapore)
www.tech-analyst.com/tass

Spain

Asociación Española de Analistas Técnicos
www.aeatonline.com/index.html

Sweden

Sveriges Tekniska Analytikers Förening
www.staf.nu

Switzerland

Swiss Association of Market Technicians
www.ifta.org/SAMT/

UK

Society of Technical Analysts Ltd.
www.sta-uk.org

USA

Market Technicians Association, Inc.
www.mta.org

USA

Technical Securities Analysts Association of
San Francisco
www.tsaasf.org

Letter from the Chairman



Hiroshi Okamoto

I would like to write this month on a common problem for analysts: How to deal with an incorrect projection?

Working as an analyst for a long time, I have faced various problems. One of them is, "What to do when we have made an incorrect projection?" For example, I have been bearish on U.S. stocks and bullish on Japanese stocks based upon the Net Momentum Method. At last autumn's London Conference, I presented my opinion on this matter to a large audience. It has been four months since then, yet we have not seen the outcomes today. It was certainly a daring opinion. My view was probably different from the prevailing view of other analysts world wide.

At that time, I suppose many analysts were thinking that although problems were perceived in the American economy, Japan had even greater risks. Some people advised me, "What if your view will turn out to be incorrect? You are risking the professional standing as an analyst." I would remind you that it's still not clear whether I was right or wrong. Also, it is not my purpose here to inquire into that. I raise the issue simply as a well known example. From here, I'll talk about the point I'm trying to make today. I have been conducting solely market analysis for more than forty years. I simply want to give my humble advice to young analysts. Now I would like your attention.

My point is that we are not prophets, but analysts, who are a sort of scientist. Prophets see the future in a crystal ball. Once images are seen, they have a fateful binding force in a sense. However, analysts are different. In the case of analysts, "data," "analysis," and "decision making" shape the basis of analysis in a trinity formula. Analysts need to gather sufficient appropriate data, to analyze it rigorously using an adequate method and to make a decision by carefully observing the analytical results. These are the essentials of any analyst's work. Once confident enough in the accuracy of the data and the adequacy of analytical method, an analyst should not hesitate in decision-making. However, when change occurs in data and doubt arises in analytical method, s/he should change his/her opinion in an undaunted and unabashed manner. It is the height of folly to insist on the correctness of a past decision indefinitely despite a change in conditions. In my case, as described above, if the Net Momentum turns to be positive, I will change my opinion immediately and sell Japanese stocks and buy U.S. stocks. This strictly relates to science, and is not the matter of putting my professional standing in question.

At times we tend to be bound by the decisions made in the past. In my opinion, people of integrity seem to have such a tendency. Especially, technical analysts tend to be loath to change opinions. This is not desirable for technical analysis. Since technical analysis is a science first and foremost, we have to focus more on the changes in data and devote ourselves to improving analytical methods. When the given condition changes, we should change our opinion consequently. I would tell especially to young people, there is nothing to think about twice in this regard. Economists change their "Forecast" every time there is a change in the economic statistics released by the government. This goes without saying. This is called a "Revised Forecast." Company analysts also revise their forecast when a company releases revised new data. It is no wonder because we are all aware of the scientific character of analysis. Similarly, in the field of technical analysis, it is no wonder that analysts change opinions when change arises in underlying data such as stock price and trading volume. Analysts who frequently make mistakes in decision-making are often analyzing inappropriate data or using inadequate analytical methods, or are lacking enough capability to judge the analytical results appropriately.

I would like to add one more remark. The information of analysts will change depending on shifting data. In stock markets changes of data are frequent and the information which analysts provide tends to change with them. In the cases where data changes a great deal, the information disclosed a week before could be different from the one today. Close attention will be required to this point. If analysts revised their opinions because of the change of data, no one should accuse them for that. Consequently, it could be better to do technical analysis by yourself. The Japanese saying which emphasizes the practical effects of technical analysis goes: "Don't talk about market, just do it." It means technical analysis is not the means of criticism, but the guidelines of practice. ■

Hiroshi Okamoto, IFTA Chairman

Bronwen Wood

It is with great regret that we have to announce the death of a member of the IFTA Board. Bronwen Wood FSTA died on 30 December 2002, aged only 60. She was a long-standing member of this Board and of the Executive Committee, most recently as Secretary as well as Chairman of the Nominations Committee. However, she was widely respected throughout the world, not just as an administrator, but also as an outstanding technical analyst and an expert in the teaching of TA.

Bronwen started her career as a Technical Analyst in the late 1960s, working for several well-known London stockbrokers. She was frequently quoted in the national press, and did much even then to promote technical analysis. In 1986, when the previous Association of Chart and Technical Analysts ("ACTA") was incorporated and renamed the STA, the then Chairman, Philip Gray, and Bronwen decided that there was a need to develop a formal qualification in the TA field. So began the STA Diploma, and the courses leading to the examination. In the early years Bronwen wrote and marked all the papers. Even when she went to work for ADIA in Abu Dhabi from 1993 to 1999, Bronwen retained a lively interest in how the educational side of the STA was progressing.

With this background, it is not surprising that Bronwen was much involved with the education and accreditation side of IFTA; she was a long-standing member of the Accreditation Committee, and gave much of her time over the years to improving the quality of the DITA exams, together with vetting and commenting on the local tests which Societies entered for exemption.

In addition to her work for education in the STA and IFTA, Bronwen was a great Technical Analyst, rated one of the best by her peers, particularly for her work on the equity indices and individual shares. For both her contribution to education, and for her outstanding analytical skills, she was awarded the Fellowship of the Society of Technical Analysts in 1993.

Letter to the Editor

In response to Hiroshi Okamoto's letter in the last (December 2002) IFTA UPDATE, the strong random walk theory is a reversal of cause and effect. Just because stock prices and random walks produce the same effect does not mean they have the same cause. There are many situations in nature that have the same effect but different causes.

In order to prove stock prices are a random walk, one must demonstrate that both effects have the same cause. They don't. A random walk has purely random inputs. Stock prices have random inputs on a trade-by-trade basis, but they are also value driven.

If more people, actually people with more money, perceive higher value for a stock, prices will trend up. If they perceive less value, prices will trend down. During this movement, there will be random trade-by-trade inputs but one cannot ignore the perception of value driving everything.

It is a mistake to extend the random entry of traders into a market without considering how they perceive value. If price movements were entirely random, as the strong advocates claim, then there is no reason why stocks with perceived strong fundamentals could not trade for pennies while stocks of no perceived value trade for hundreds or thousands of dollars. One would have to assume that investors would trade counter to their perceptions of value for this to be possible, and I have seen no evidence that this is so or that anybody believes it to be so.

TA input: Note that I refer to perceived value, not true value. Nobody knows the latter, and technicians try to determine the former by observing how traders are spending their money. Also, while I refer to stocks, the same thing would apply to any item traded in an active auction market. ■

Bob Peirce [rbp@cooksonpeirce.com]

DITA Exam Results

Congratulations to the following candidates who passed the October 2002 DITA II exam, (held in Cairo, Frankfurt, Geneva and London)

Beyer, U	VTAD
Ertel, W	VTAD
Guillot, J-M	SAMT
Kunz, S	SAMT
Nabil, M	ESTA
Schroder, P	STAF
Silbernagel, C	VTAD
Sussland	SAMT
Tsapkinis, J	SAMT

Special congratulations to the following, who have gained the Dip.ITA, having passed all three stages of the DITA process:

Brulhart, Jean-Marie	SAMT
Chen, Ted	TASHK
Higashino, Yukitoshi	NTAA
Takahashi, Yukihiko	NTAA
Waked, Ayman	ESTA
Yamada, Shiro	NTAA

Dip.ITA

The DITA exam process started in 1997, with the first DITA III Papers being presented in 1999. Including the 6 successful applicants last year, there is now a total of 50 global technicians holding the Dip.ITA designation, including 5 members of the IFTA Board. ■

Diploma in International Technical Analysis - Level III

There have been some small changes in the requirements and conditions relating to this year's DITA III, which are now as follows:

Format of DITA III, the third level of the DITA examination process.

In order to complete this level and receive your Diploma, you must write a research paper of certainly no less than three but probably no more than five thousand words. Charts, Figures and Tables may be presented in addition, but should not be in excessive volume.

Your paper must fulfil the following criteria:

- It must be original
- The subject matter of the paper must deal with at least two different international market places
- It must develop a reasoned and logical argument and lead to a sound conclusion supported by the tests, studies and analysis contained in the paper
- The subject matter should be of practical application, and
- It should add to the body of knowledge in the discipline of international technical analysis.

The first and most important step for a candidate for Level III is to submit an outline of the proposed paper to Michael Smyrk, standing in lieu of the Chairman of the Accreditation Committee. Care should be taken to ensure that this Summary is sufficiently detailed to enable the Committee to determine whether or not the proposed paper meets the above criteria. Failure to submit a sufficiently detailed or well thought out outline, or departure from the outline after it has been approved, could result in you wasting your time and effort.

Your outline should be submitted to the Accreditation Committee (via Michael Smyrk) no later than 1st May in the year in which you intend to submit your paper. Response to that outline will normally be made no later than 1st June in the same year. The official application form (and payment) must also be sent separately to the DITA Admin Office, to reach them by 1st May.

Your completed paper must be posted, couriered or handed in personally so as to reach Michael Smyrk no later than 15th October of that year. Delivery in electronic form (via e-mail) by that deadline is permissible, but a mailed copy must also be provided at the earliest opportunity. Papers reaching Michael Smyrk after 15th October will not be accepted, and candidates will need to re-enroll (and pay a fresh registration fee) for Level III the following year.

Depending on the number of applicants, results will generally be made known by the end of February in the following year, but this is not guaranteed.

It is probable that most candidates for Level III will be graduates, and this should convey the high standard against which these papers will be judged. Papers which do not meet the professional requirements of the Committee will be rejected, with reasons, and candidates may either start again or revise their paper and resubmit it the following year. This will be viewed as a fresh application. Alternatively, candidates who are dissatisfied with their mark may elect to have

their paper referred to the Accreditation Committee for review. The fee payable for review will be advised at the time the application is made. Candidates should note, however, that due to other pressures and the fact that the Committee members are in several countries, the review process can take several months. If the Committee confirms the original result, this may mean that you miss the opportunity to submit another paper in the following year.

Copyright of all submitted Papers will be held by IFTA, although any application by the writer to publish the work in other areas will generally be regarded favourably, on condition that due reference is made to IFTA's copyright. The Journal Committee of IFTA may, in its absolute discretion, choose to publish particularly meritorious papers, either edited or unedited, in the IFTA Journal or any other IFTA publication, and any Paper or part Paper may be placed on the IFTA website. Each candidate is deemed to have given their permission for the publication, in whole or in part, of their Paper. ■

Seeking Sponsors for the IFTA Conference 2003

Preparations are well underway for the 2003 IFTA Conference sponsored by the MTA. The final agenda is being completed. Many new levels of sponsorship will be available to allow participation from individuals, as well as corporations. Complete details can be obtained at ifta_conference@mta.org

Exhibitor (limit 20)

MTA mem/aff or IFTA colleague	\$US 2,000
Non-MTA/IFTA colleague	\$US 3,000
Dinner	
Thursday	\$US 1,500
Farewell Dinner	
Saturday	\$US 2,000
Lunch	
Thursday, Friday or Saturday	\$US 1,000
Insert in Conference Delegate Packets*	\$US 500

* at this level, a sponsor can insert one sheet of promotional material, marketletter, newsletter, CD or small brochure into the conference packet that will be given to all delegates at registration. A sample of the material must accompany the request and payment. Inserts will be limited.

Please watch the MTA (www.mta.org) and IFTA (www.ifta.org) websites for further information as it becomes available. ■

Visas for IFTA Conference 2003 in Washington, DC (USA)

Quite apart from the advantage of discounted prices when booking in advance, delegates from certain countries may find that applications for US visas now take a very long time to process. Anyone likely to be affected by this should start to make their arrangements at the earliest opportunity.

Nevertheless, we hope to see you there! ■

Society Updates

Australian Society - ATAA

A new board was elected in November:

President: Ken Henderson
Vice Presidents: Tony Reeves & Larry Lovrencic
Secretary: Paul Hatfield
Treasurer: Greg Tolpigin
Board Members: Sue Fraser & Colin Nicholson

Egyptian Society of Technical Analysts - ESTA

A new board has recently been appointed for the next three years:

President: Ayman Waked
awaked@access.com.eg
Vice President: Mohab Nabil, MSTA
mohab12@yahoo.com
Treasurer: Saleh Nasser, CMT, *Head of Education Committee*, snasser@link.net
Secretary: Amr El Magraby
Board Member: Hazem Kamel, *Head of Marketing and Newsletter*

The ESTA education committee started its first education course on January 18, 2003. The course has been divided into 4 parts, each part with between 6 and 7 sessions; an exam will be held after each part. (See also the report below).

The first ESTA newsletter is due to be published in March 2003, and will be updated every 3 months. All ESTA news and activities will be posted on the website: www.estaegypt.org/ ■

As some of you know, we have a society in Egypt (full member of IFTA) called Egyptian Society of Technical Analysts (ESTA). I'm the head of education of this society and I just wanted to share with you folks something we did which I believe will add to TA in Egypt and in the area.

I made a one-day presentation today in the American University in Cairo (AUC) with around 50 undergraduate candidates, explaining to them what is technical analysis.

The reason I write this is because it is the first time we go to universities explaining to teenagers (18-24) TA. What was wonderful is that (un-

expectedly), these young men and "beautiful" women understood every word I said, and were answering all questions and tricky questions too. I was impressed because they were much smarter than professional brokers and investors whom we educate too. (May be a young brain is smarter than an old one).

I just wanted to share this with you as I guess it is a good move to go into universities, especially the AUC, we hope to make TA a subject that will be taught in universities. So in Egypt there is some good work being done concerning TA too. ■

Saleh Nasser, CMT

Iran Society of Technical Analysis

A new Society is being formed in Iran - contact: Daryoush Arab Karami
 P.O. Box 13955
 148 Tehran, IRAN
 e-mail: Daryoush@Darabk.com
 tel: (+98 21) 911 2874776

Portuguese Society

Three of the founders of ATM, the Portuguese TA Society, have written a book on technical analysis, published by Euronext Lisbon.

Title: Technical Analysis – a Fundamental Analysis

Authors: Paulo Pinto, Nuno Mateus and Helio Oliveira

You can see details of the book (second on the list) via this link: www.de.iol.pt/?id=36

Society of Technical Analysts - UK

The STA will hold another of its now regular one-day Conferences in Edinburgh (Scotland) on Friday, March 21st. Speakers will cover topics including European Equities, Commodities, Fixed Income and FX as well as a Global Overview for 2003. Full details available on the STA website www.sta-uk.org

Market Technicians Association - MTA

The MTA is celebrating its 30th anniversary on March 30. The anniversary will be highlighted by the MTA hosting the Annual IFTA Conference in Washington, DC in November.

The MTA has hired a new Executive Director, John R. Kirby (jk@mta.org). John has enjoyed a 30-year career in building growth companies into larger profitable ones. John brings strategic planning skills and top flight management expertise to the Association.

IFTA Conference 2003

November 6-9
Capital Hilton Hotel, Washington, DC



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MTA is celebrating its 30th year · 1973-2003

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Bold type = change

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