



# Update

A NEWSLETTER FOR THE COLLEAGUES OF THE INTERNATIONAL FEDERATION OF TECHNICAL ANALYSTS

## CHAIRMAN'S REPORT TO COLLEAGUES BILL SHARP

Plans are well under way to present the next IFTA Conference that will be held in LUGANO, Switzerland, on October 26-28, 2006 at the Eden Hotel hosted by SAMT, the Swiss Association of Market Technicians. While the Swiss Society was one of the original Members of IFTA dating back to 1987, this is the first Annual Conference to take place in that very scenic country.

You will remember that your Federation lost a valuable volunteer last year when Frank Vlug, a steadfast Member of the Dutch Society, passed away after a brief illness. Frank was a Board Member and Chairman of our Conferences Advisory Committee for many years. His replacement, appointed earlier this year, is Tim Bradley from the U.S.A. who recently became a Member of the San Francisco society. Tim is a relatively new Member of our Board who has brought his youth, enthusiasm and vigor to the table. In addition to assisting the Swiss Society in the staging of this year's Conference, Tim is actively engaged in the initial phases of planning for the 2007 Conference which is expected to take place in South-East Asia for the first time since the Tokyo Conference occurred in 2001, shortly after the September 11<sup>th</sup> tragedy the U.S.A.



I am pleased to report that our Federation has registered the service mark IFTA as a standard character mark as related to the purpose of our organization. Service marks were also registered for CFTe (Certified Financial Technician) and use of the lettered logo, and MFTA (Master of Financial Technical Analysis) and use of the lettered logo in association with testing and examination for professional accreditation in the field of financial technical analysis. These measures provide copyright protection for our name and products.

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*IFTA Update*

is a publication of the

*International Federation of  
Technical Analysts, Inc.*  
[www.ifta.org](http://www.ifta.org)

*A Not-For-Profit Professional  
Organization incorporated in 1986*

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In conjunction with attempts to promote our Education and Certification programs, explanatory pamphlets in English that were first distributed to delegates at the Vancouver Conference are currently being translated into multi-languages – French, German, Italian, Spanish, Chinese – to assist local Societies in their efforts to attract new participants. We believe strongly that the development of local customs and languages should be encouraged to reflect the diversity of our global TA population.



As a result of the standard, rigorous screening process by Chairman Alex Douglas and his Membership Committee and subsequent affirmation by a large majority of the Board of Directors, it is a pleasure to announce that the newly-formed American Association of Professional Technical Analysts (AAPTA) has been accepted into Membership as a Developing Society. Later in April, I will be attending their 2<sup>nd</sup> Annual Conference in Orlando, Florida and look forward to officially welcoming them into our midst. AAPTA has attracted many well-known technicians into their organization, which is fast approaching 100 analysts.



In my previous message in January, I mentioned that your Board was to undertake a comprehensive, transparent review of our Constitution to, among several objectives, facilitate the entry of AAPTA into IFTA as a full Member Society. Proposals are now being deliberated by the entire Board, and the resulting motions will be communicated to Society Liaisons before the end of April, in order to qualify for voting by all Member Societies at the next Annual General Meeting in Lugano at the end of October. I hope that the proposed changes will stimulate reasonable debate and produce worthy amendments during the 6-month period, and I encourage full participation by all interested parties.



Due to existing vacancies, and expiry of their terms as Members of our Board of Directors, several opportunities are available for committed volunteers to join the Board beginning in 2007. The normal term-of-office is 3 years, though many participants have chosen to continue their service for multiple terms. For example, our Immediate-Past-Chairman, Hiroshi Okamoto from Japan, has been a dedicated Director since our birth in 1987, as has John Brooks from the U.S.A. who was our Chairman in the late '90s and who now is in charge of our Long Range Planning Committee.

Should you wish to volunteer for service to the affairs of IFTA, please submit your name to the President of your local Society or its IFTA Liaison, who will then communicate your interest to our Nominating Committee. Elections will next occur at the Annual General Meeting in Lugano, Switzerland, on Wednesday, October 25, 2006.



## NEW RESEARCH

### GERALD BUTRIMOVITZ, Ph.D.

IFTA Chair, PR & Marketing

Once in a while I get truly excited about some new idea or paradigm in the field of technical analysis. The work of Stanford Researcher Richard Peterson falls into that category. His studies in Brian Knutson's neuroscience lab exploring brain imaging of the trader, and what happens and where it happens in the brain, are real breakthroughs in the field.

The implications of this research are enormous, and they have turned me into something of a fan of a "positive bias through statistical differentiation." I personally like that the question that he asks around our own trading personality, is a relevant test in TA. Looking into the mind of the trader provided a unique surprise for both the "observed" and the "observer."

Past research was primarily fMRI and observed how anticipating and receiving financial gains and losses affects our information processing and emotional states. In particular, we examined how changes in magnitude, uncertainty, and expected value irrationally alter our financial behavior and feelings. The latest study located two areas of the brain that predict irrational risk-seeking or risk-avoidance during investing. It turns out that these areas of the brain are in the limbic system, and they are activated by recent financial rewards or losses. So traders can feasibly use their emotions (if they notice them) as indicators of the mistakes they are likely to make.

Currently, Dr. Peterson is recruiting traders for a real-time trading experiment to see if unconscious emotions and arousal states can predict trade outcome. For example, if someone is excited or anxious, even so slightly that s/he can't consciously notice these feelings, we can detect them with our psychophysiology equipment.

Dr. Peterson is also in the final stages of gathering data on his online "Trader Personality Test," which 700 people have taken, so that the personality components of trading success can be teased out in more detail. And he has developed a technology to monitor the "Mood of the Market," which is being backtested and refined for use as a trading tool.

More information about Richard's work and neurofinance in general is available at the following websites <http://www.marketpsych.com/neurofinance.php> and <http://www.richard.peterson.net>

Richard L. Peterson, MD



## LOOKING FORWARD TO LUGANO!

The 19<sup>th</sup> Annual IFTA Conference will be hosted by SAMT, the Swiss Association of Market Technicians. From October 26 through 28, 2006 technical analysts from around the world will meet in Lugano in Southern Switzerland, on a beautiful lake cradled between tall, green mountains, where Swiss efficiency meets the typically Mediterranean mild climate and hospitality.

Lugano is the third financial market in Switzerland. Thanks to the active role of the major Swiss and international financial institutions, the community of market traders, financial analysts, fund and asset allocation managers is growing rapidly.

The Conference theme will be "New Methods for Intermarket Technical Analysis." The message is addressed to analysts and asset managers in search of diversified strategies. In an increasingly uncertain environment for traditional investment tools excellent solutions are being offered by different and often uncorrelated asset classes. This approach is of particular interest in a marketplace that has expanded under the philosophy of capital preservation. The hedge fund industry, which is steadily increasing in popularity, will appreciate the valuable ideas presented.

The Conference will feature some of the brightest lights in the field, such as (in alphabetical order) John Bollinger, Perry Kaufman, John Murphy, Martin Pring and Hank Pruden. As is tradition, an important segment will be dedicated to the Japan Hour, while the SAMT will be represented by Bruno Estier, MFTA (SAMT President), Alberto Vivanti (Conference Chairman) and Alessandro Angeli, MFTA. Other prominent European speakers are expected. In addition to the lectures there will be a special Round Table on Friday morning, at which some of the key speakers will explore various market scenarios.

The Conference will take place at the Hotel Eden, which features a prime lakeside location, beautifully appointed rooms, all with a breathtaking view of the city and the Alps beyond. The facilities can accommodate all conference needs and ensure maximum comfort for the participants.

Attractions, shops and other amenities are also available in the immediate vicinity. Conference attendees will be eligible for special rates at the hotel.



Lugano is very easy to reach: an international airport five minutes from the Conference site provides multiple daily connections with Zurich, Geneva, London, Paris and Rome. As well, there is a shuttle from the Intercontinental Airport of Milan-Malpensa (Italy), which gets you to Lugano in just one hour.

Southern Switzerland is a major tourism area, with lots of culture, excellent cuisine and wine. To sample these, we are organizing an attractive leisure program that will include a visit to Scuderia Kessel Racing, participant in the Ferrari Challenge 2006 with 13 cars and winners of the 2005 edition; a trip to the Medieval castles of Bellinzona, designated a World Heritage site by UNESCO. The Gala Dinner will take place at Capo San Martino, a wonderful restaurant located in a unique spot, on a promontory with a breathtaking view on the lake.

The partner program will also include a guided tour of Lugano, and a trip to Milan (Italy), where participants can enjoy art treasures and great shopping.

A detailed program and online registration will be available at the SAMT website in the next few weeks. Please check [www.samt-org.ch](http://www.samt-org.ch) or [www.ifta.org](http://www.ifta.org) for updates. In the meantime you can reach Alberto Vivanti, the Conference Chairman, at [avivanti@vivanalysis.com](mailto:avivanti@vivanalysis.com) for preliminary assistance.

See you in Lugano!

President of SAMT: Bruno Estier [bruno.estier@dplanet.ch](mailto:bruno.estier@dplanet.ch)

Conference Chairman: Alberto Vivanti [avivanti@vivanalysis.com](mailto:avivanti@vivanalysis.com)



Lugano at Night: View from the Lake



## TA EVENTS AROUND THE WORLD

### SINGAPORE:

Hank Pruden, Ph.D. IFTA VC Americas, will make a presentation to the Technical Analysis Society of Singapore (TASS) on June 5, 2006, entitled WYCKOFF UPDATES: TEN LESSONS I LEARNED AS IFTA ROVING AMBASSADOR (2004-2005)



[Despite the fact that Professor Pruden's role as IFTA's official Roving Ambassador ended some time ago, he continues to be an ambassador for Technical Analysis and to represent IFTA and the Technical Securities Analysts Association (TSAASF) wherever his journey takes him. You may contact him at [hpruden@ggu.edu](mailto:hpruden@ggu.edu)]

## CONGRATULATIONS

The following candidates have recently earned their Certified Financial Technician (CFTe) designation. We congratulate them on their achievement.

Ansgar Bingel (VTAD)	Enrique Rios Hernández (AEAT)
Jose Luis Blazquez Viles (AEAT)	Sascha A. Kever (SAMT)
Joaquim Montaner Bonastre (AEAT)	Carlos Ferrán Mittelbrunn (AEAT)
Damian Querol Bonet (AEAT)	Norbert Paul (VTAD)
Agustín Fernández Ceballos (AEAT)	Giuliano Polidori (MTA)
Dietrich Denkhaus (VTAD)	Maxime Viemont (AFATE)
Mathieu Driol (AFATE)	Raphael Wilhelm (SAMT)
Steffen Droemert (VTAD)	Markus Zeiss (VTAD)
Luke Dyer-Smith (SAMT)	Markus A. Zingg (SAMT)
Ekaitz Zabaleta Goñi (AEAT)	Sven Zivanovic (VTAD)
Arnd Hauk (VTAD)	

NEXT ISSUE of  
IFTA UPDATE:

JUNE 2006

Submission deadline:  
May 31, 2006

[iftaadmin@look.ca](mailto:iftaadmin@look.ca)

## OCTOBER IFTA Examinations

Please note that the autumn examination session for both the CFTe Foundation course as well as the Certificate Level course is October 25, 2006.

Registration forms will be available by early summer on the IFTA website [www.ifta.org](http://www.ifta.org) and /or various IFTA Member Society websites.

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