

# CSI NEWS JOURNAL

© 1987 Commodity Systems, Inc. (CSI), All Rights Reserved.  
200 West Palmetto Park Road, Boca Raton, FL 33432, USA  
(305)392-8663, Telex 522107

VOL. III NO. 11 \* \*

MONDAY, NOVEMBER 2, 1987

Boca Raton, Florida

\$5.00

## WHAT'S NEW ---

\* \* \* \* \*

### CSI Holiday Schedule

CSI will be closed for voice contact the following days:

Thanksgiving Day, November 26th all day

Christmas Eve, December 24th at 6:30PM

Christmas Day, December 25th all day

New Year's Eve, December 31st at 6:30PM

New Year's Day, January 1st all day

\* \* \*

Did PDI capture the Stock Market drop?

Page 2

\* \* \*

QUICKMONEY® update

Page 2

\* \* \*

Northern Microsolutions Ltd announces a new product which will transfer ASCII files into CSI format.

Page 2

\* \* \*

Market Trading Aids

Page 2

\* \* \*

Advertisement enclosed

Page 3

\* \* \*

Additions and changes to the stock data base

Page 3

\* \* \*

Stock Splits

Page 3

\* \* \*

New Commodities added

Page 3

\* \* \*

Network Changes

Page 4

\* \* \*

### JUST A REMINDER

Bookkeeping asks that when paying by check, please remember to note your User I.D. and/or your invoice number on your check.

\* \* \*

® QUICKMONEY and PERPETUAL CONTRACT are registered trademarks of Commodity Systems, Inc. and Market Profile is a registered trademark of the CBOT.

™ QUICKDAYTRADER is a trademark of Commodity Systems, Inc.

## NOW WHICH IS A SPECULATION - STOCKS OR COMMODITIES

The recent stock market collapse of 20% in one day and over 40% in one week wouldn't be possible in non-stock related commodities. So which is more speculative? Commodities which, due to regulation, couldn't fall that fast in a full month of limit moves, or stocks which, due to general panic, can realize devastating losses in only a couple of days.

Customers often ask us to interpret current events so here is a scenario that might make sense. A panic induced falling stock market is like a self-fulfilling prophecy ... the lower the market goes, the lower the market will go. Brokerage firm forecasts of individual company earnings get modified downward, and this, in turn, tends to hold price/earnings ratios steady as market prices fall. Investor confidence is weakened from the lower prices, and the markets react with still further drops. Only until government intervenes to make positive policy changes will investor confidence and the markets turn around. The government has a few options. They can decrease spending, decrease the tax rate, allow the dollar to fall, and lower interest rates, etc. Unless the government exhibits some leadership, the markets may be very slow to recover.

Foreign government markets should fare worse than U.S. markets. After all, with the U.S.'s unfavorable balance of payments, and weak dollar U.S. consumers are expected to reduce their appetite for foreign luxury products by logically avoiding expensive foreign imports. Since the U.S. has been the world's largest net importer, foreign products are likely items to avoid. Because of this feeling of decreasing wealth, a prospective BMW or Toyota buyer, for example, may now favor a cheaper



G.M. or Ford product. The other equally logical alternative is to defer any given purchase possibility.

### HOW DID PDI AND CSI-STOP USERS FARE?

In every case we examined, the "60-40 rule" for a PDI analysis of stocks (or stock indices) tipped every user off that the market was dropping in a significant way. The CSI-STOP study showed prices falling through nearly all conceivable sell stop barriers, and the CSI-TREND index, in many instances, displayed an absence of randomness. These indicators should have suggested that long positions be liquidated and short positions be given great consideration.

The overbought/oversold scenarios of QUICKSTUDY would not have worked without giving close attention to CSI-STOP study results. The overbought/oversold scenarios of PDI are best used with agricultural commodities and commodities which are temporarily moving in trendless and sideways patterns.

### QUICKMONEY UPDATE

We are getting increasingly anxious to release our QUICKMONEY intermarket arbitraging system. This product will include a random gradient optimization algorithm, a slightly more accurate PDI calculation, and the intermarket straddling system.

QUICKMONEY will have three analysis modes: 1) traditional PDI calculations to analyze commodities independently of each other, 2) a PDI calculation to analyze pairs of related markets and 3) the intermarket straddling system which will, on the basis of an indexing method, identify extreme conditions of intermarket divergence such that one market can be coincidentally sold as the other is bought. The latter two modes will effectively analyze the same pair of markets from different perspectives. Each operating mode can be studied using the random gradient optimization tool and the entire system will have a facility to remember the best solution by mode of selection to simplify ongoing study, or subsequent restudy, of a given market.

I believe it is safe to say that the complex design of this product has challenged all who have been chosen to implement the programming task. Please don't lose patience with us, we hope to release this product soon.

### COMPUNET

Next month we will give you details on a new network for gaining access to CSI's computers. Compunet will soon join Telenet and Tymnet as data access alternatives to our service.

### MARKET TRADING AIDS

Many analysis and software items pass by my desk in the course of a year and seldom do I see anything new or unique. Much of what is offered is a variation or a duplication of previously offered material.

As you may have recalled, about a year ago CSI offered our QUICKDAYTRADER<sup>™</sup> product. Because of a lack of agreement between CSI and the CBOT we withdrew this product from the market. QUICKDAYTRADER, in our opinion, helped to quantify and, in fact, went further in explaining market action than did the CBOT's Market Profile<sup>®</sup> product.

Formulated from a still different perspective, we learned about a product called Market Structure Analysis that we believe deserves your attention. This product was independently derived and it predates the CBOT's Market Profile. Some of this unique product's ideas were published by Dr. Robert Pisani in the October 1987 Futures.

Dr. Pisani sells some software concerning Market Structure Analysis that is workable on a McIntosh, and he currently is working toward applying the product to an IBM PC. If you would like to learn more, please write or phone Dr. Robert Pisani as follows:

Dr. Robert Pisani  
c/o Somerset Software  
353 MacArthur Blvd.  
Oakland, CA 94610  
(415)268-8555



### HERE'S A NEW PRODUCT NOT PRODUCED BY CSI THAT MAY BE OF GENERAL INTEREST

Northern Microsolutions Ltd. announces the introduction of the "Missing Link" that will enable users of Backtrak (as well as other programmers that use CSI format) to transfer ASCII files into CSI format.

You can now transfer your files from Lotus 1-2-3 into Backtrak as needed. You can create PERPETUAL CONTRACTS® in Lotus 1-2-3 and then send the necessary data to Backtrak for indicator testing. You can also make full use of the fundamental filters feature of Backtrak by converting any data or calculated indicators from your spreadsheet into the required CSI format.

Missing Link will allow you to maximize the capabilities of Backtrak's strengths in indicators testing and Lotus' ability to create complex strategies, giving you more meaningful data.

Missing Link cost \$95.00 (US dollars), or \$120.00 (Canadian). Northern Microsolutions can be reached at (416)971-9660.

### ADVERTISEMENT ENCLOSED

The advertisers this month are: Fred Purifoy of Mnemosyne, Thomas Aspray of Board Watch, Omega Research's System Writer, and Maynard Holt's Relevance III Trend Series. We accept advertisements to accompany our News Journal for the sole purpose of deferring postage costs.

### ADDITIONS TO THE STOCK DATABASE

5018 GPU	General Public Utilities	870918
5883 GPS	GAP Inc.	870723
5345 BQC	Quantel Corp	830406
5459 LEO	Dreyfus Strategic Municipl	870923
5590 UTH	Union Texas Petroleum	870924
6206 USERX	United Service Fund	870929
5612 EBF	Ennis Business Forms	871001
5625 IBP	IBP Inc.	871001

### CHANGES TO THE STOCK DATABASE

5345 MDS Mohawk Data Science was acquired by BQC Quantel Corp.  
 5808 WIX Wicks Co. is on the NY Exchange not American.  
 5811 DTC Domtar Inc. is on the NY Exchange not American.

### DELETIONS TO THE STOCK DATABASE

5345 MDS	Mohawk Data Science
5459 BOR	Borg Warner
5590 CDN	Comdat Network

### STOCK SPLITS

STK #	COMPANY NAME	DATE OF SPLIT	SPLIT
5388 LAC	LAC Minerals LTD	3/1	870921
5970 MSFT	Microsoft Corp.	2/1	870921
5074 HD	Home Depot Inc.	3/2	870922
5429 MOH	Mohasco Corp.	3/2	870929
5504 W	Westvaco Corp.	3/2	871001

### ADDITIONS TO THE COMMODITY DATA BANK

COMMODITY NUMBER: 97  
 COMMODITY NAME: WHITE SUGAR  
 SYMBOL: WS  
 EXCHANGE: CSCE  
 UNIT OF MEASURE: \$ per tonne  
 CONTRACT SIZE: 50 Tonnes  
 DELIVERY MONTHS: 3, 5, 7, 10  
 SWITCHING MONTHS: (1)  
 CONVERSION FACTOR: +2  
 FIRST DAY ON FILE: 871005

COMMODITY NUMBER: 206  
 COMMODITY NAME: CORPORATE MOODY'S BOND INDEX  
 SYMBOL: MI  
 EXCHANGE: COMEX  
 UNIT OF MEASURE: \$5/PT  
 CONTRACT SIZE: 500 x INDEX  
 DELIVERY MONTHS: 3, 6, 9, 12  
 CONVERSION FACTOR: +2  
 FIRST DAY ON FILE: 871028

COMMODITY NUMBER: 207  
 COMMODITY NAME: CORPORATE BOND INDEX  
 SYMBOL: BI  
 EXCHANGE: CBT  
 UNIT OF MEASURE: 32nds/100  
 CONTRACT SIZE: \$1000 x INDEX  
 DELIVERY MONTHS: 3, 6, 9, 12  
 CONVERSION FACTOR: -3  
 FIRST DAY ON FILE: 871028

### TELENET PHONE NUMBER ADDITIONS

CA	Chico	916/894-6882
CA	Merced	209/383-2557
CA	Visalia	209/627-1201
DE	Dover	302/678-8328
MS	Meridian	601/482-2210

TELENET PHONE NUMBER ADDITIONS CONT.

NJ	Freehold	201/780-5030
NM	Las Cruces	505/526-9191
OH	Hamilton	513/863-4116

TYMNET PHONE NUMBER CHANGES

CA	Burbank	818/841-4795
CA	Salinas	408/754-2206
FL	Cocoa	305/639-3022
Canada		
Ottawa, Ontario		613/563-2910

TYMNET PHONE NUMBER ADDITIONS

Mt	Helena	406/443-0112
----	--------	--------------

**IMPORTANT NOTICE:** THE VIEWS AND INFORMATION EXPRESSED IN THIS DOCUMENT REFLECT EXCLUSIVELY THE OPINIONS AND EXPERIENCE OF THE AUTHOR, ROBERT C. PELLETIER. NEITHER CSI NOR THE AUTHOR UNDERTAKE OR INTEND TO PROVIDE TAX ADVICE OR TRADING ADVICE IN ANY MARKET OR ENDORSE ANY OUTSIDE INDIVIDUAL OR FIRM. READERS SHOULD CONSULT COMPETENT FINANCIAL ADVISORS AND TAX ADVISORS OR OUTSIDE COUNSEL BEFORE MAKING ANY TRADING, SOFTWARE PURCHASE, OR INVESTMENT DECISIONS. CSI DOES NOT STAND BEHIND OR ENDORSE THE PRODUCTS OF ANY OUTSIDE FIRMS.



# CSI ERROR REPORT OCTOBER 1987

The following errors were found after the data was first released. They may or may not affect a user depending upon the time of access. The figures in bold print represent the corrected values. The volume and open interest are presented in scientific notation ready for input into an Apple or Commodore computer. The scientific notation requirement of QUICKTRIEVE would require a raw open interest value of 218690, for example, to be stored as 121869 as in the Wheat open interest reading below. A volume or open interest of magnitude 99999 or less requires no adjustment. If you require the raw value (which all IBM users require), convert any six digit number shown below from scientific notation to the raw original form, per above example.

DATE	NO.	SY	DELIVERY MONTH/ CODE; NEAREST		FUTURES IN ( )	OPEN	HIGH	LOW	CLOSE	T.VOL	T.O.I.	IND.VL/OI	DATE	CSI #	SYMBOL	OPEN	HIGH	LOW	CLOSE	IND.VOL	P.VOL	PE
870917	10	CC	ALL							<b>2609</b>	26261		871021	5053	MOT	5448	<b>5532</b>	4700	4924	11370		
870923	10	CC	03/88		11583	11640	<b>11460</b>	11630		3991	25481	844/11602	871016	5062	USX	3600	3624	<b>3400</b>	3400	11780		
870917	11	O	ALL							<b>2085</b>	35160		871021	5152	FDX	5516	<b>6216</b>	5516	5648	4853		
870917	12	OJ	ALL							<b>900</b>	7133		871006	5354	XMI	52309	52309	<b>50523</b>	50554	1029	1047	
870923	17	S	03/88		5362	<b>5422</b>	5360	5412	111047	137866	8085/15840		871022	5355	AMD	1216	<b>1300</b>	1100	1200	9856		
871015	21	W	ALL						33445	<b>121869</b>			871026	5355	AMD	1040	<b>1056</b>	932	948	5485		
871005	64	CD	ALL						1948	<b>21166</b>			871016	5362	UCC	4300	4316	<b>3900</b>	3940	5489		
870914	89	HO	06/88		5000	<b>5025</b>	5000	5000	15414	65290	37/214		871006	5368	XOI	20950	20950	<b>20268</b>	20288	1029	1047	
871026	102	RT	54/87		<b>12158</b>	<b>12158</b>	11032	11033					870831	5380	NYAC	5580	5421	5272	<b>5866</b>	<b>5139</b>	<b>5361</b>	
870918	143	KV	ALL						1631	<b>3163</b>			871016	5449	RHR	2948	2948	<b>2648</b>	2656	2364		
870923	143	KV	54/87		<b>27527</b>	<b>27705</b>	<b>27525</b>	<b>27704</b>	2144	3216			871019	5496	DJSA	<b>7684</b>	<b>8097</b>	<b>6533</b>	<b>6707</b>	16043	13385	
870914	144	TQ	12/87		<b>8402</b>	8412	<b>8312</b>	8315	132998	133727	23183/22644		871020	5496	DJSA	<b>7027</b>	<b>7643</b>	<b>6120</b>	<b>6880</b>	16081	16043	
870914	144	TQ	09/87		<b>8430</b>	8507	<b>8408</b>	8411	132998	133727	9367/12865		871021	5496	DJSA	<b>7482</b>	<b>7708</b>	<b>7196</b>	7485	14494	16081	
870923	149	SP	54/87		<b>31949</b>	<b>32182</b>	<b>31913</b>	<b>32122</b>	87467	111535			871019	5497	DJUA	<b>17876</b>	<b>18634</b>	<b>15825</b>	16098	16043	13385	
871026	149	SP	06/88		23550	<b>23900</b>	22300	22410					871020	5497	DJUA	<b>17224</b>	<b>17769</b>	<b>15973</b>	17010	16081	16043	
871026	149	SP	09/88		24150	<b>24300</b>	22700	22800					871021	5497	DJUA	<b>18231</b>	<b>18794</b>	<b>17461</b>	18427	14494	16081	
871001	151	YX	09/88		<b>18850</b>	<b>18850</b>	<b>18850</b>	<b>19145</b>	15875	13147	1/1		871019	5498	DJTA	<b>8632</b>	<b>9031</b>	<b>7662</b>	7769	16043	13385	
871005	151	YX	ALL						<b>10673</b>	<b>13442</b>			871020	5498	DJTA	<b>7766</b>	<b>8294</b>	<b>6567</b>	7403	16081	16043	
871008	151	YX	12/87		17967	18005	<b>17620</b>	17755	14852	12272	11462/11072		871021	5498	DJTA	<b>7837</b>	<b>8202</b>	<b>7608</b>	7870	14494	16081	
870903	188	CL	02/88		1911	1932	<b>1910</b>	1929	55752	120494	1076/11291		871019	5499	DJIA	<b>20406</b>	<b>21642</b>	<b>16776</b>	<b>17387</b>	16043	13385	
870914	250	TT	12/87		<b>9102</b>	9107	<b>9019</b>	9022	16581	89776	11534/17155		871020	5499	DJIA	<b>18588</b>	<b>20675</b>	<b>16162</b>	<b>18410</b>	16081	16043	
													871021	5499	DJIA	<b>20361</b>	<b>20811</b>	<b>19518</b>	20279	14494	16081	
													871006	5786	XVL	28318	28319	27836	<b>27848</b>	247	225	
													871019	5789	DJAS	<b>7790</b>	<b>8097</b>	<b>6533</b>	<b>6707</b>	11188	7592	
													871020	5789	DJAS	<b>7260</b>	<b>7643</b>	<b>6100</b>	<b>6880</b>	11229	11188	
													871021	5789	DJAS	<b>7388</b>	<b>7708</b>	<b>7196</b>	7485	<b>8417</b>	11229	
													871019	5790	DJAU	<b>18498</b>	<b>18634</b>	<b>15825</b>	16098	<b>1051</b>	473	
													871020	5790	DJAU	<b>16898</b>	<b>17769</b>	<b>15973</b>	17010	<b>914</b>	<b>1051</b>	
													871021	5790	DJAU	<b>17520</b>	<b>18794</b>	<b>17461</b>	18427	<b>594</b>	914	
													871006	5791	DJAT	<b>10616</b>	<b>10690</b>	<b>10416</b>	10498	547	414	
													871019	5791	DJAT	<b>8845</b>	<b>9031</b>	<b>7662</b>	7769	<b>2103</b>	1392	
													871020	5791	DJAT	<b>7989</b>	<b>8294</b>	<b>6567</b>	7403	<b>2249</b>	<b>2103</b>	
													871021	5791	DJAT	<b>7803</b>	<b>8202</b>	<b>7608</b>	7870	<b>1525</b>	2249	
													871019	5792	DJAI	<b>20467</b>	<b>21642</b>	<b>16776</b>	<b>17387</b>	<b>8723</b>	5727	
													871020	5792	DJAI	<b>19498</b>	<b>20675</b>	<b>16162</b>	<b>18410</b>	<b>9124</b>	<b>8723</b>	
													871021	5792	DJAI	<b>20161</b>	<b>20811</b>	<b>19518</b>	20279	<b>6298</b>	9124	
													870930	5799	PNDC	4415	<b>4443</b>	4415	4443	11625	11551	
													871006	5911	GLX	2840	<b>2840</b>	2816	2824	4192		