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VOL. IV NO. 12 \* \*

THURSDAY, DECEMBER 1, 1988

Boca Raton, Florida

\$5.00

WHAT'S NEW ----

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HOLIDAY SCHEDULE

The staff of COMMODITY SYSTEMS, INC. would like to wish everyone a VERY MERRY CHRISTMAS and a HAPPY NEW YEAR. During the Christmas season we will be closed for voice contact December 26th, CHRISTMAS DAY observed and January 2nd, NEW YEARS DAY observed.

MARKET HOLIDAYS

Sunday, December 25th - Australia

Monday, December 26th - Australia, Canada, France, Singapore, U.K. and the USA.

Tuesday, December 27th - Australia, Hong Kong, and the U.K.

Wednesday, December 28th - Singapore

Thursday, December 29th - Singapore

Friday, December 30th - Singapore, U.K. and the LME will be closed after the morning trading.

Monday, January 2nd - Canada, Japan, Singapore, U.K. and the USA.

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Some helpful hints from Customer Service  
 Remember to change your ending year from 1988 to 1989 on all continual contracts.

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Common IBM error messages

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Additions, Changes, and Deletion to the data base

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RESPONSE TO USER'S QUESTIONS  
 ABOUT CSI-TREND

Here is a paraphrased letter from an Australian user of CSI study software that may be helpful to all users. The main emphasis is on CSI-TREND:

Dear CSI:

I have subscribed to the CSI data service for some considerable time now, and have been using CSI-TREND to determine market direction, using daily and weekly data.

I have had some difficulty in deciding the full cycle length to input for the above and so have purchased Mr. Ehlers "Mesa" which, as you know indicates the best cycles for up to 55 data points.

This seems to work very well, but my copy of CSI-TREND will accept only cycle lengths of over 10. Sometimes Mesa indicates cycles of much less than this.

Also I have been experimenting with PDI recently, and have been using Mesa as well to optimize for the best half-cycle input. Sometimes the Mesa length, with the other parameters optimized as suggested will give good results in the period after optimization.

Now as PDI will use half cycle lengths as small as 3, a cycle length of 6 would logically be indicated for CSI-TREND, similarly a half cycle of 5 would suggest a cycle of 10.

I have noted that you suggest the longer the cycle used for CSI-TREND the less volatile and more reliable the results will be. But periods could be of 10 or less weeks or even months as reliable indicators for long periods.

You have indicated that CSI-TREND is more

critical of its sole input parameter than PDI or CSI-STOP. Thus for this and the other reasons outlined, would it be possible to change the default value of the full cycle input for the CSI-TREND program to lower values (for example 3 or above).

In closing I must say that I have always received courteous and very reliable service from CSI.

Interested User

Dear Interested User:

Thank you for your letter asking about CSI-TREND and your comments about PDI and MESA, etc.

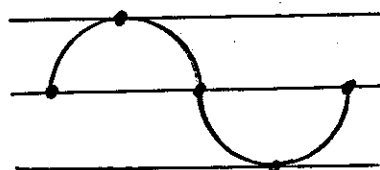
Your letter tells me that you are well informed about the products you are investigating, but regarding CSI-TREND, I believe the terms used in the manual have confused you.

CSI-TREND is a randomness study and even though it asks for a full cycle length, this input doesn't have the predictive value found in the half cycle length of PDI. The purpose of limiting the full cycle length of CSI-TREND to 10 is to obtain an unbiased sample of the market whose randomness you want to investigate. It wouldn't be possible to measure randomness on a full cycle of less than 5 points because of the way full cycles are formed. A sine wave (exhibit A) would require an evenly arranged point structure of (exhibit B) to crudely identify a minimum observation full cycle.

A



B



Further complicating matters, CSI-TREND deals with grouped data requiring even more

raw data points to identify a given group point. I have to tell you also that CSI-TREND will work better as long as you have a multiple of the full cycle length (to help avoid a bias from partial cycle repetition) and the more full cycles you can study at once the better the results should be. So if you can safely conclude from your other observations that a full cycle is 5 points, than CSI-TREND will do a better job if it is given exactly 13 data points (the number of points needed to define three full cycles), for example. It is, of course, rare that an economic or agricultural cycle will repeat with the same number of points unless you are dealing with an engineering type input (such as radio waves or sound waves, etc.).

I'm afraid that if we offered a lower input than 10 to CSI-TREND we may be doing more harm than good to our users. Considering randomness and the possibilities associated with such measurements, the false alarm rate of CSI-TREND would go up so much that the possible conclusions that could be drawn from an analysis would be of limited value.

#### AVOID LOSING DATA

The end of 1988 is almost here. In order to make sure that you do not miss any data when the new year arrives, you must alter some of your files. To do so you should use your "DISPLAY DATA DISK CATALOG" (letter F on your QUICKMANAGER Menu). Send your output to your printer (P) and request an expanded listing (E). This will supply you with a hard copy of the list of files on your data disk including each file's start date and end date. For each perpetual, stock, and index file that has an end date of December 1988 you will need to create a new file with an identical start date and an end date that is further in to the future. When creating these new files keep in mind that an empty file takes up as much disk space as a full file. Don't give your files an end date that's too many years away in an effort to save yourself this trouble because you'll waste disk space. Use your "MOVE CONTRACT FILE" (letter H on your QUICKMANAGER Menu). This will be a normal move (N). Pick the first contract that has an end date of December 1988 (if ALL of your files are perpetual, stock, and/or index files that need new end