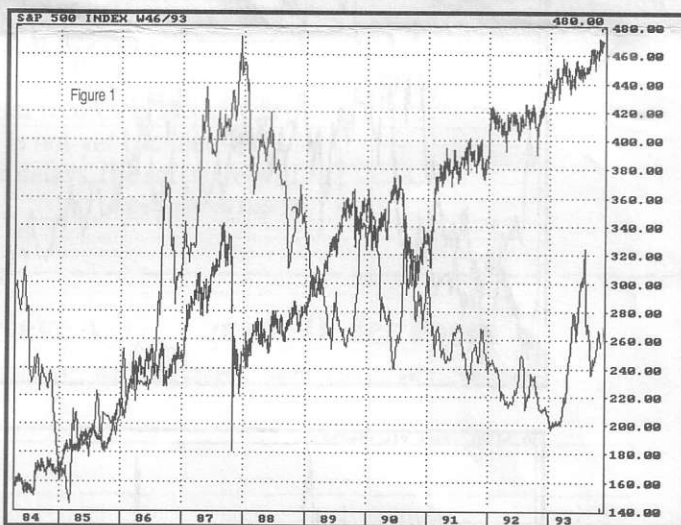# CSI TECHNICAL JOURNAL

In This Issue

Gold: The Global Currency

In today's markets where investing takes on a global perspective, traders wrestle with an imperfect currency exchange mechanism to compare, convert and accumulate value. Now, more than ever, a common denominator is needed that allows free comparisons of value in multinational economies. Gold has filled such a role for centuries (the Old Testament book of Genesis refers to gold) and it continues to hold prominence as a respected storehouse of value. Gold should be considered by every global trader to help temper decision making and provide an alternative measuring device for value.

To calculate value using gold as your base, simply compute your position value in ounces of gold. For example, assume you are trading London wheat and it advances by 5.00 British pounds per tonne in a 100 tonne contract. Check the London price of gold (250 British pounds per ounce) and multiply the contract size times your profit in pounds. Then divide by the price of gold [(100*5.00)/250]. In this case, your account would have grown by 2.0 ounces of gold. Assume you also hold a position in Chicago Corn which advanced by $0.20 per bushel in a 5,000 bushel contract. Measure it against a $400 per ounce U.S. price for gold [(5,000*0.20)/400] and

Figure 1

your U.S. account would have increased by 2.5 ounces of gold. Your total gain from both positions, assum-

ing the respective currencies are stable, would be 4.5 ounces of gold. If either of the currencies is unstable, make adjustments for inflation based on the respective country's short-term money rate.

We could have suggested silver, platinum or palladium as an alternative storehouse of value, but these precious metal markets are more volatile and are subject to wider price swings. Also, they may not be as universally traded or as widely used and respected as gold. They do typically move in tandem with gold but at differing rates of change. Gold, which is regularly quoted daily in world markets, enjoys wide usage as an industrial raw material for jewelry, dentistry, electronics, etc. Given use of

the gold base, the trader can readily compute his total equity position in his currency of choice.

Gold also has great value as a hedge for the international investor. There are many possibilities to keep a portfolio balanced, including hedging

Figure 2
DAY T-BONDS W46/93   122 16/32

Figure 3
NY LIGHT CRUDE OIL W46/93   38.00
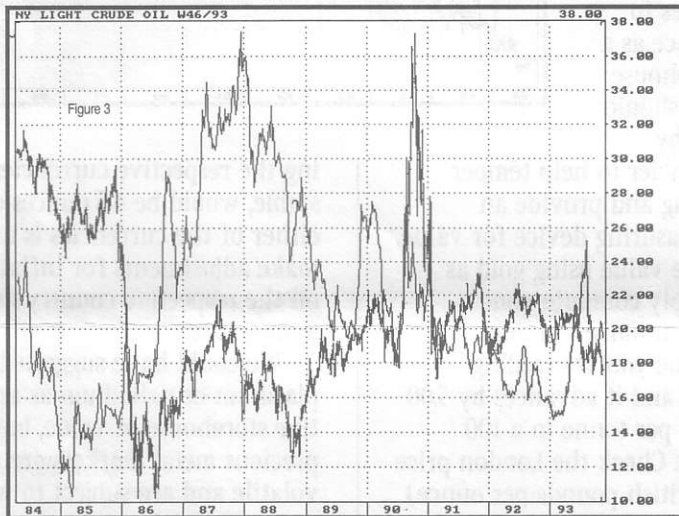
the currency base. A jump in the price of gold in a given country is a measure of weakness in that country's currency. As any currency measured against other currencies becomes weak, traders will turn to gold for stability and security. One can more easily cope with a drop in the price of gold than with a drop in the value of the currency of trading. But

should gold drop in value with respect to a key currency such as the dollar, then the entire portfolio could be hedged by purchasing a quantity of gold puts or by taking a partial short position in gold.

Gold is not necessarily a good hedge for the stock market, however. Although some form of lagged relationship exists, that relationship could be partially inverse. For this reason gold is not considered to be tied to the business cycle. Please see the gold/S&P chart (see figure 1) and note the imperfect correlation.

On the other hand, gold is inversely proportional and negatively correlated to the bond market (see figure 2). The tendency for gold to rise as treasury bonds fall (and vice versa) is not surprising when one considers that gold is a hedge against inflation. The bond market has always been sensitive to relative inflationary forces.

Investors also turn to gold in periods of financial crisis and world instability. That's why it could be considered as a "war baby" commodity. A war or an international crisis that could involve several countries often helps to elevate, at least temporarily, the price of gold.

Gold is loosely correlated with the politically sensitive crude oil market (see figure 3). No wonder crude oil has been given the name "black gold." Some may argue that a portfolio could be similarly priced and hedged in barrels of crude oil. This could work for a limited number of multinational positions, but the small number of major exchanges where crude oil is traded and crude's strong ties to the dollar make it less suitable than gold. Oil-related crises can also produce abnormal distortions in the price of crude oil. This is evidenced by the extraordinary price gain at the end of 1990 (see figure 3) when the Gulf War got underway. This type of sensitivity

QuickTrieve® 4.05 Update

Progress Report:

As this Journal goes to press in mid November, we are still making refinements to QuickTrieve version 4.05. We hope to begin shipping this software to those users who placed advance orders by December 1. We have a considerable backlog due to high demand, so please be patient.

We expect to deliver all 4.05 packages before the end of the year. New orders will be processed on a first come, first served basis, so please get your orders in as soon as possible.

New % Change Feature:

A new feature has been added to QuickManager's® Print Contract File function. It prints the high/low average for the first day on file and the percentage change between that value and the most recent close price. This feature was used in calculating the percent change of Initial Public Offerings on page 7.

On-Demand History Available for Stocks - Commodities and Options Still to Come:

With QuickTrieve 4.05, traders can transmit historical data orders for immediate processing on demand. This means that data can be ordered and downloaded in the same transmission - any time of day or night! The CSI STOCK data base is now available in this manner, but the internal programming which will make COMMODITY and OPTION data available on the same basis is not yet in place. The commodity data base should

be available for on-demand history orders in early January, with options rounding out our services in February. Watch this Journal for updates. In the meantime, commodity and option history orders received via QuickTrieve will be processed within one to three hours during CSI's Customer Service hours as usual.

Stock Industry Groups Delayed:

QuickTrieve 4.05 offers the ability to select and sort stocks by industry group. However, the massive job of identifying and recording the industry of each issue is not yet complete. To avoid further delays, the software will

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QuickTrieve 4.05 Upgrade Order Form

(For existing CSI customers. All others please use the Order Form on page 5)

Name _____

Address _____

_____

Day Phone (____) _____   Fax (____) _____

User ID _____   QuickTrieve Disk number _____

Pricing:

Daily User Upgrade: $29.00   _____

Overseas shipping (if applicable) $24.00   _____

Optional additions:

Non-expiring version - add $70.00   _____

QuickStudy® graphics & analysis - add $99.00   _____   ☐ Check enclosed

Total Enclosed _____   ☐ MC/VISA/AMEX

Card # _____   Exp. _____   Signature _____

Disk Preference

☐ 5.25"/360K   ☐ 5.25"/1.2 MB (High density)   ☐ 3.5"/720K   ☐ 3.5"/1.44 MB (High density)

CoProcessor ?   ☐ No   ☐ Yes

Have you previously purchased QuickStudy (26 technical indicators)?   ☐ Yes   ☐ No

Have you previously purchased a non-expiring QuickTrieve?   ☐ Yes   ☐ No

Current users of non-expiring disks & QuickStudy will receive comparable versions of v.4.05 at the Daily-User-Upgrade price, subject to verification of prior purchase.

Ask Customer Service

Q. *1994 is fast approaching and I'm concerned about my continuous data files. They all have ending dates of December 31, 1993. How can I update these files next year?*

A. This question applies to all continuous data files including stocks, indexes, cash, nearest futures and Perpetual Contract® data. QuickTrieve's Move/Split a Data File (Move a contract file on version 3.1) will help you extend your files.

The file extension process is much easier with QuickTrieve 4.01 through 4.04 than with previous versions. These later releases can autocreate all necessary files in a single run. They can also automatically create new data directories when the limit of 120 files is reached. Users of QuickTrieve version 4.05 needn't worry about file extension at all, as the software will extend your files automatically as needed.

To begin file extension, select <H> from the QuickManager Menu. A list of your files will be displayed. Press the letter designator of each continuous file ending in 1993. When finished, press <F3>*.

You will be asked if you want to create files for all items or just those not existing on your target path. Say (A)ll. You will be shown each selected file and will be asked if you want to change the beginning or ending date of each. Answer (Y)es. Change the ending year for each item to 94. You may substitute 95 or 96 as desired to avoid doing this next year, but be aware that this practice tends to consume more disk space than will be immediately used.

When finished, check your new files to see that the data was transferred properly. If the new files are O.K., you'll probably want to delete the original files using <B> Delete data file from disk.

You can do this any time before the end of December, as long as your new files are ready by January 3, 1994.

*The <F3> feature is included in version 4 series QuickTrieve only. Users of prior releases must move each file individually as directed through screen prompts.

Q. *What will happen if I don't extend my continuous files by the first business day in January?*

A. This will not be a major problem for users of QuickTrieve 4.01 through 4.04 who request autocreation of new files with each update. QuickTrieve will simply create a new file for each continuous series, using the ending date you specify. The new files will hold only 1994 data, however, so they won't be very useful for charting. We would still recommend combining your 1994 data with past data using the procedure described above.

Users of QuickTrieve 4.0 or earlier versions will have a greater problem. Since new files aren't created automatically during daily distribution, 1994 data could be lost. Be sure to print a data listing on January 3 to make sure everything is posting correctly. A NOFL (no file) status indicates that a contract was not posted. If your data listing shows NOFL for any of your contracts, go through the file extension process described above to create a larger file. Then distribute your update again.

Q. *I use QuickTrieve to retrieve daily updates, but I only distribute the data to CompuTrac-format files. Must I extend these files with QuickTrieve?*

A. No. CompuTrac-format files are self perpetuating. The annual extension process only applies to continuous QuickTrieve-format files updated with QT version 4.04 or earlier.

Q. *How does QuickTrieve version 4.05 handle file extension?*

A. This new software automatically adds file space to your disk one month

Hang Seng Data Truncated to Accommodate New Highs

The value of Hong Kong's Hang Seng Index is approaching six digits, which would exceed the upper price limit of 99999 used by CSI and other data vendors. We have truncated the index values by one digit to keep Hang Seng data within the acceptable bounds. The conversion factor has been changed from +1 to 0.

Current CSI subscribers who have purchased Hang Seng data as historical data or daily updates may receive replacement history in its truncated form. This data will be provided at no charge, subject to confirmation of prior purchase. Please contact Customer Service to order. ✦

QuickTrieve 4.05 Update
(continued from page 3)

be shipped without stock industry codes. A complimentary file of industry codes will be made available for downloading through our BBS to update the software. A January release date is expected. ✦

Ask Customer Service
(continued from page 4)

at a time whenever needed Data is always stored properly and wasted space is kept to a minimum. We recommend that all QuickTrieve users who update continuous files upgrade to version 4.05 to avoid annual file maintenance. ✦
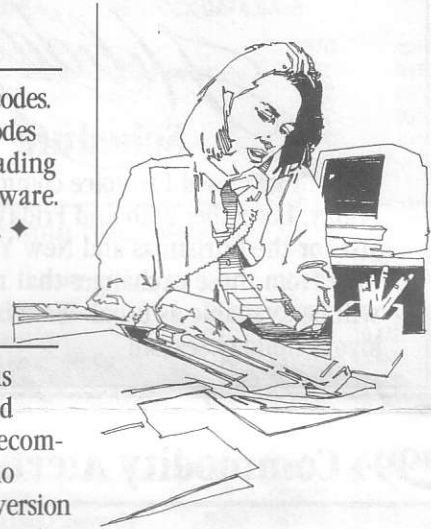
CSI Software Product Summary

❑ **QuickTrieve®/QuickManager®** for PC - To retrieve, manage & edit data; includes Alert Calendar: Unrestricted use $99, Daily data user $39 and 4.04 Upgrade $29

❑ **QuickPlot®/QuickStudy®** for PC - Charting & analysis software (requires QT/QM) $156 Currently on sale @ $99

❑ **Trade Data Manager™** - Macintosh downloader & accounting program $59; upgrade $49 or *FREE* with $100 history order.

❑ **Trading System Performance Evaluator™** (TSPE) for PC - Computes your system's capital requirements $199

❑ **Trader's Money Manager™** for PC - Introductory price $499 (includes TSPE)

❑ **TraDe$k™** for PC - Traders' complete accounting system-(price varies with number of accounts) Starting @ $399/Unrestricted use $299/Daily data user or 12-month lease starting @ $22/Mo.

❑ **Seasonal Index Value Pack** for PC - Ten years of history for 33 popular commodities $444

❑ **Daily Updates** for PC - Starting at $10.80 per month

❑ **CSI Technical Journal** - Aug. 1990 to present $35/Yr. or $5/Reprint

❑ **CSI Mailing List** - $200/1,000 names (CSI users omitted)

❑ **CSI Product Catalog** - *FREE*

NAME _____

DAY PHONE (____) _____

ADDRESS _____

_____

_____

USER ID# _____

DISK PREFERENCE
☐ 5.25"/360K   ☐ 5.25"/1.2 MB (HIGH DENSITY)
☐ 3.5"/720K   ☐ 3.5"/1.44 MB (HIGH DENSITY)

☐ CHECK   ☐ MASTERCARD   ☐ VISA

AMOUNT ENCLOSED $ _____

CARD # _____

EXP. DATE _____
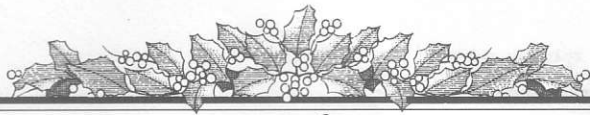
SIGNATURE _____

12/93

All prices subject to change without notice.

Mail to: CSI, 200 West Palmetto Park Road, Boca Raton, Florida 33432

CSI will be closed for voice communication on Friday, December 24th and Friday, December 31st for the Christmas and New Year's holidays. Data from those exchanges that remain open will be available as usual. We wish you all a joyous holiday season!

1994 Commodity Alerts

The 1994 Commodity Alerts Calendar is still being compiled and should be available by February. It will include listings of first notice days, last trading days, etc. for U.S. futures markets, as well as dates for important government reports that affect investors. The dates of trading holidays at major world exchanges will also be included. This extensive database of information will be available for $20 to CSI subscribers. A 40% discount will be given to those who have purchased QuickTrieve version 4.05.

We hope to make the '94 Alerts Calendar available for downloading through our BBS system when it is completed. Watch this Journal for details. ✦

Gold: The Global Currency
(continued from page 2)

tends to disqualify crude oil as a stable substitute currency.

Gold can be a volatile market, but less so than the other precious metals and alternative products. It can, however, be the ballast needed to make it through the rocky sea of international currency exchange rates. Its high intrinsic value and universal acceptance make it unique among all commodities as the ideal vehicle for free comparisons of value and an excellent hedge to protect assets. I believe that, in light of possible devaluations (10% under President Nixon in 1971) and the slow erosion of the dollar we have seen in recent history, holding all of your assets in a single currency is a risky proposition. For those who can afford multinational investing, using gold (instead of a currency) as your base, may be a sensible alternative that will foster long-term solvency. ✦

Bob Pelletier

Market Statistics Update

STOCK SPLITS

2015	ACSE	ACS Enterprise Inc	3/1	931101
8033	ADVNA	Advanta Cp	3/2	931018
5647	ALN	Allen Group Inc	2/1	931019
7953	AIPND	American Int'l Petroleum	1/10	931028
4473	TOTE	Autotote Cp	2/1	931026
3070	BOC.I	Beard Oil Co	1/4	931028
4817	CJFC	Central Jersey Financial	3/2	931025
3674	CTU	Chad Therapuetics	2/1	931018
4614	FFBA	First Federal Savings Bank	3/2	931021
8705	FFCH	First Financial Holdings	2/1	931027
4254	THFF	First Financial	2/1	931025
4370	FCBIA	First Commerce Bankshares	5/1	931027
8966	HMA	Health Management Assoc	3/2	931104
4643	HITK	Hi Tech Pharmaceutical	3/2	931102
3282	HIL	Hillhaven Cp	1/5	931102
5048	HI	Household International	2/1	931018
7366	LND	Lincoln National Direct	2/1	931018
7885	MRV	Marvel Entertainment	2/1	931102
7809	MSA	Medusa Cp	3/2	931019
4459	SUIT	Mens Wearhouse	3/2	930809
5372	MIR	Mirage Resorts Inc	5/2	931101
9247	RI	Morrison Inc	3/2	931101
7879	MM	Mutual Risk Management	3/2	931021
9270	NCBC	Nat'l Commerce Bancorp	3/2	931101
9377	OXHP	Oxford Health Plans Inc	2/1	931028
4077	PAGZ	Pages Inc	5/4	931018
6842	PAGE	Paging Network	3/2	931018
9523	RCOT	Recoton Cp	4/3	931015
2685	RXSD	Rexall Sundown Inc	2/1	931029
2375	SCVL	Shoe Carnival Inc	4/3	931025
9673	SPGLA	Spiegel Inc Class A	2/1	931103
3584	SOV	Styles On Video	3/2	931015
4732	TACO	Taco Cabana Inc	3/2	931019
3557	TMD	Thermedics Inc	3/2	931102
3571	TVL	Thermo Voltek Cp	3/2	931102
6599	TCA	Thermo Cardiosystems Inc	2/1	931102
5872	TMO	Thermo Electron	3/2	931029
3640	TKN	Thermotrex Cp	3/2	931021
9820	UCFC	United Cos Finance Cp	2/1	931019
9873	VRLN	Varlen Cp	3/2	931015
9963	WTHG	Worthington Industries	3/2	931025

NAME, SYMBOL & EXCHANGE CHANGES

6152	CONVX	Aim Convertible Securities|Aim Funds Group - New symbol: AMBLX.
8328	CBSS	Central Bancshares of the South Inc - New name: Compass Bancshares.
3154	DWG	DWG Cp CL A - New name: Triarc Cos CL A; New symbol: TRY.
3188	EI	Endevco Inc - New name: Cornerstone Natural Gas; New symbol CGAI.
4370	FCBI	First Commerce Bancshares Inc - New name: First Commerce Bankshares Inc CL A; New symbol: FCBIA.
8708	FGBC	First Golden Bankcorp - New name: Goldenbanks of Colorado; New symbol: GOLD.
2036	FONCF	Fonic Inc - New symbol: FONFE.
7795	FHO	Frederick's of Hollywood Inc - New name: Frederick's of Hollywood Inc CL A; New symbol: FOHA.
3282	HIL	Hillhaven Cp - New exchange: NYSE.
3366	MSC	Material Sciences Cp - New exchange: NYSE.
9247	MORR	Morrison Restaurants Inc - New exchange: NYSE; New symbol: RI.
9272	NDTA	National Data Cp - New exchange: NYSE; New symbol: NDC.
2542	NACC	Natural Child Care Inc - New name: Winners All Int'l Inc; New symbol: WINA.