

**THE KEVIN HAGGERTY**  
**INNER CIRCLE**  
**TRAINING PROGRAM**

November 1st, 2005

## Market Review

### Section 1

1. THE MARKET AS A WHOLE FOR TRADERS/INVESTORS IS THE STUDY OF PROBABILITIES.
2. THE "PRIMARY TOOLS" ARE USED TO DEFINE THE PROBABILITIES.
3. THE MARKETS ARE AN ODDS GAME AND ARE NOT PREDICTIBLE.
4. THE "CORE FRAMEWORK" IS BASIS FOR VERY HIGH PROBABILITY STRATEGIES.

5. EQUITY MARKETS CONTINUE TO CHANGE AS INVESTMENT HORIZONS HAVE SHORTENED.
  
6. THE TREND IN PROGRAM TRADING BY THE GENERALS IS RISING RAPIDLY WHILE THE TREND IN NON-PROGRAM TRADING IS FALLING RAPIDLY.
  
7. PROGRAM TRADING IS NOW OVER 60% OF NYSE VOLUME COMPRISED OF BOTH INDEX AND STATISTICAL ARBITRAGE.

8. THE IMPLEMENTATION OF STATISTICAL FORMULAS WHICH OFTEN DETERMINES WHICH STOCKS TO TRADE, WHEN AND AT WHAT PRICE HAS RISEN SIGNIFICANTLY
  
9. AS INVESTMENT HORIZONS SHORTEN VOLATILITY INCREASES SO EXPECT MORE TRADE OPPORTUNITIES BUT WITH SHORTER DURATION
  
10. RISK MANAGEMENT AND TRADE DISCIPLINE IS MORE IMPORTANT THAN EVER
  
11. SHORT TERM TRADING IS VERY TACTICAL AND IT IS IMPORTANT THAT YOU BE IN SYNC WITH THE "CORE FRAMEWORK"

## SECTION 2

### NEXT FIB TIME RATIOS:

9/9/05 TOP---10/3/05 TOP = 2.618 11/7/05

8/30/05 LOW---10/13/05 LOW = 1.618 11/9/05

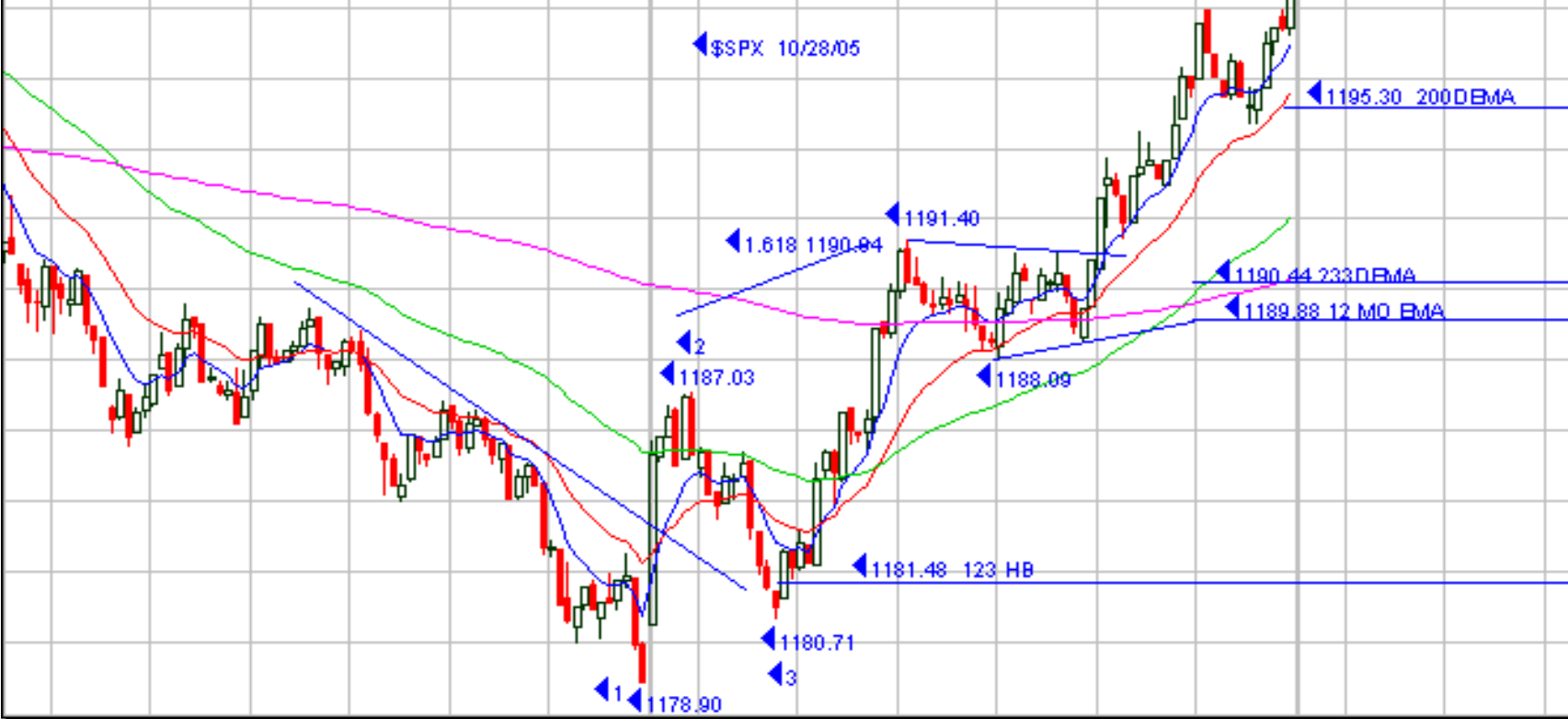
[ALT] MID PT HIGH 1.272 11/7/05

8/3/05 TOP---9/9/05 TOP =2.618 11/8/05

[ALT] 1.618 11/10/05

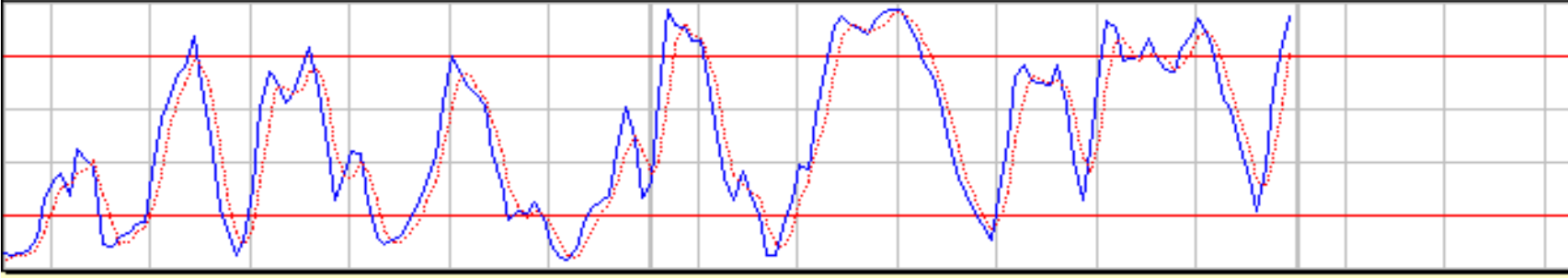
S&p 500 Index 1198.41 0.00 0.00%

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Exp. Mov. Avg. (60) Last=1192.02  
Exp. Mov. Avg. (240) Last=1190.26



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Stochastic, Full (8,3,3)



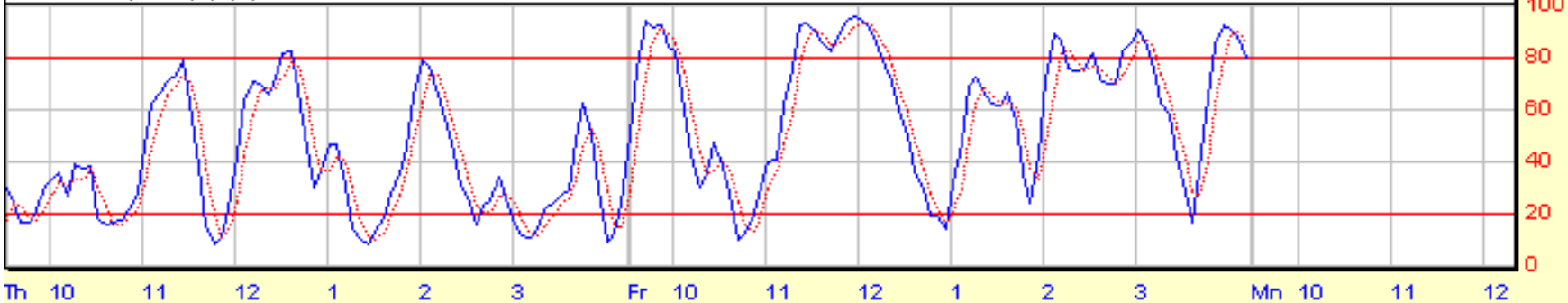
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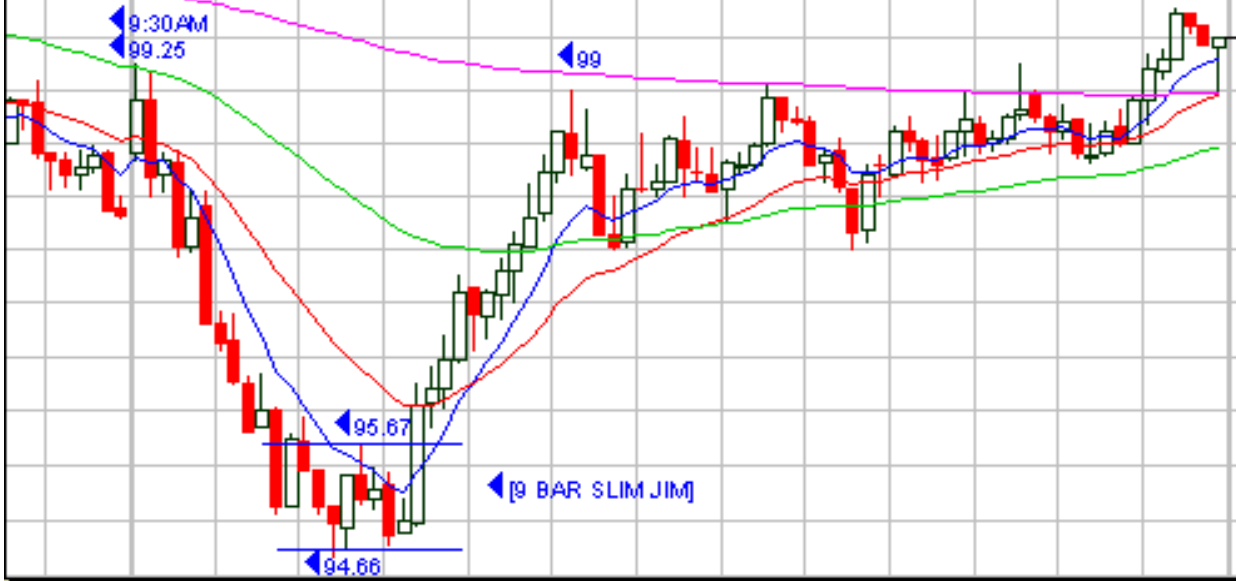


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Stochastic, Full (8,3,3)

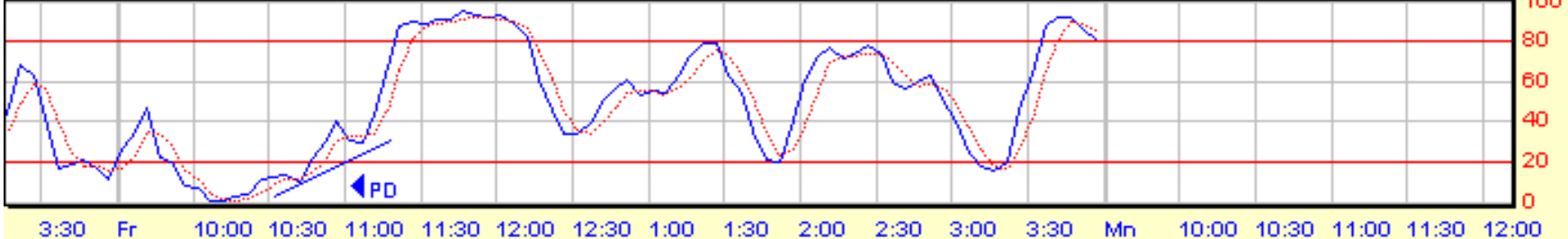


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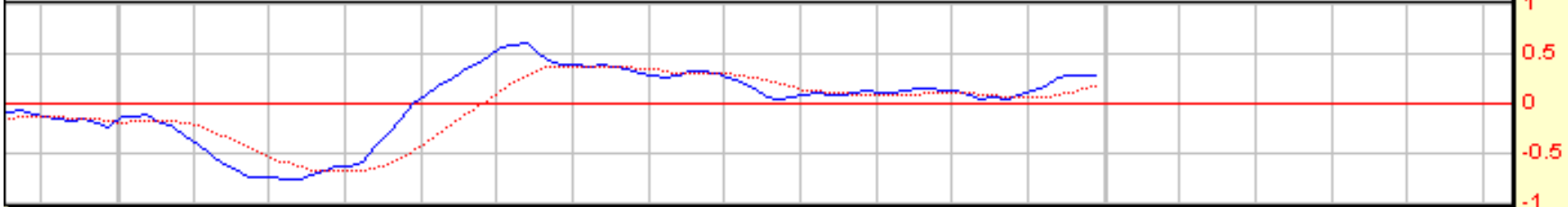


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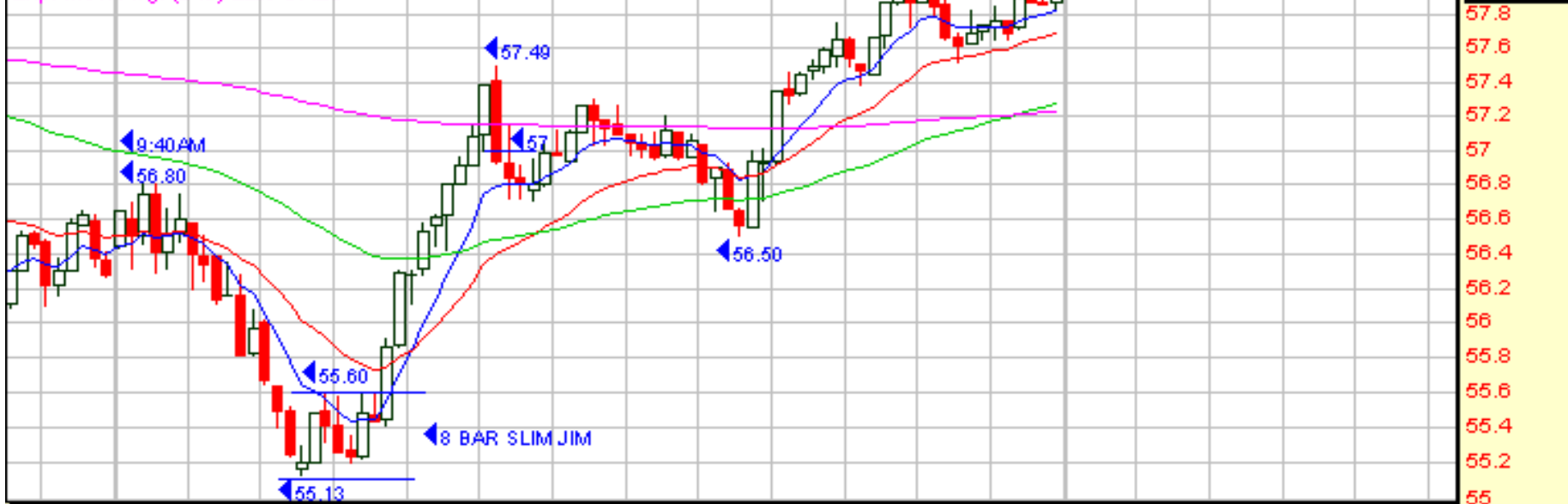
Stochastic, Full (8,3,3)



MACD(2 lines)(8,17,9)

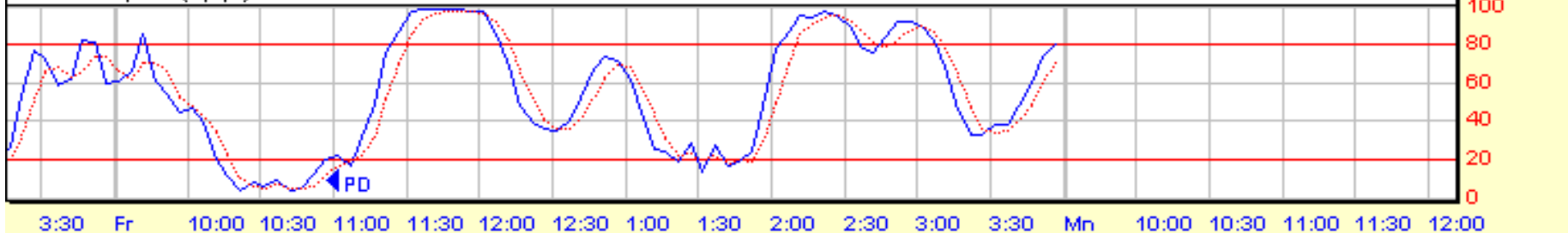


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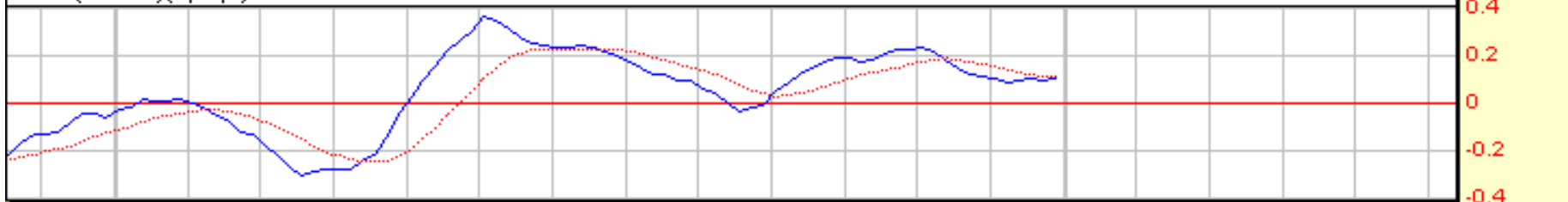


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Stochastic, Full (8,3,3)

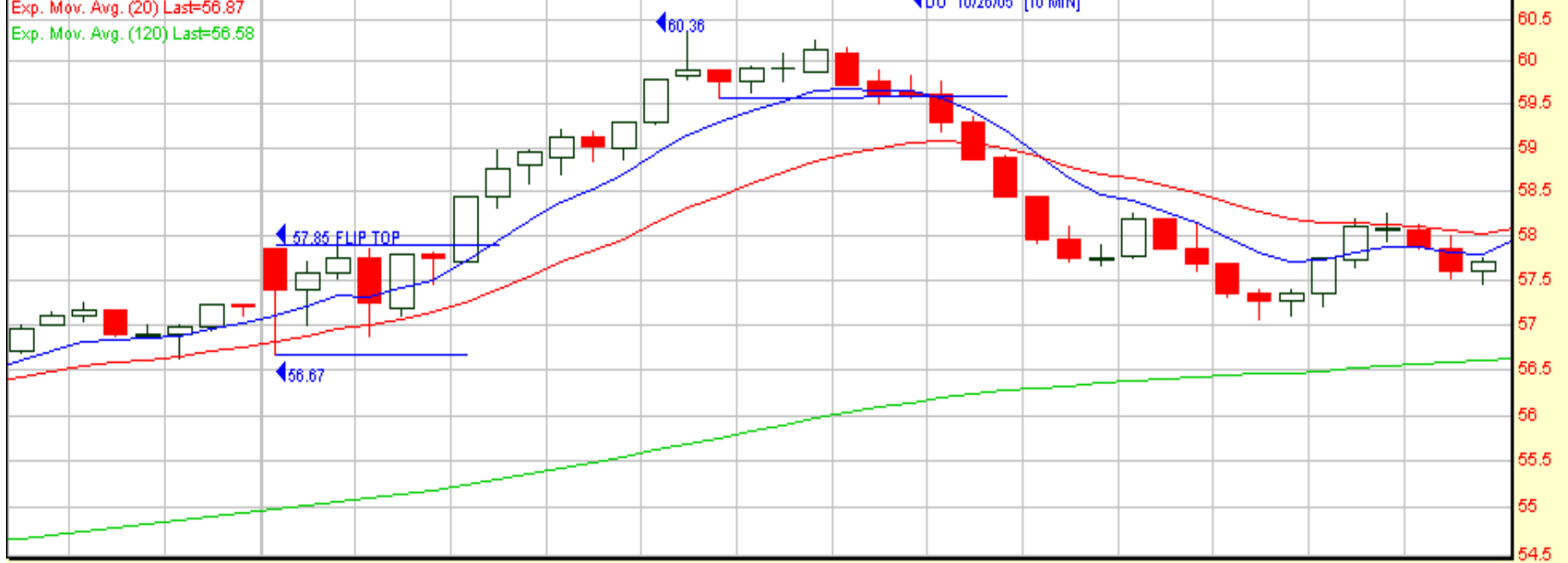


MACD(2 lines)(8,17,9)

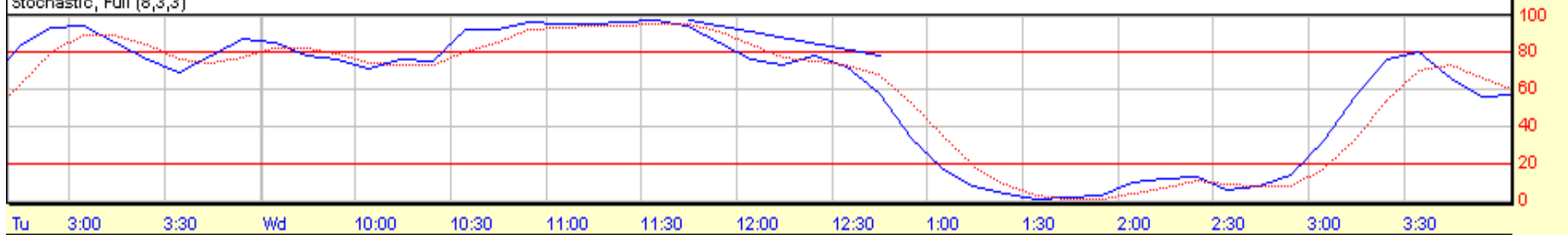


DIAMOND OFFSHORE DRILLING 57.64 1.18 2.09%

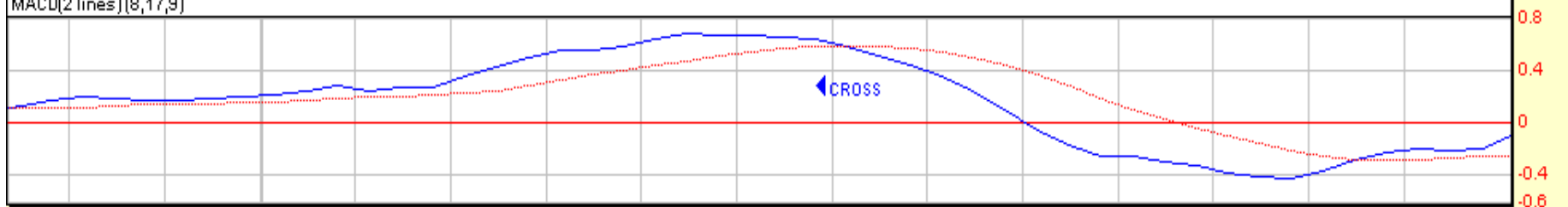
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Stochastic, Full (8,3,3)



MACD(2 lines)(8,17,9)



ESZ5-E-MINI S&P 500 1206.25 -3.50 -0.29%

Exp. Mov. Avg. (8) Last=1206.20  
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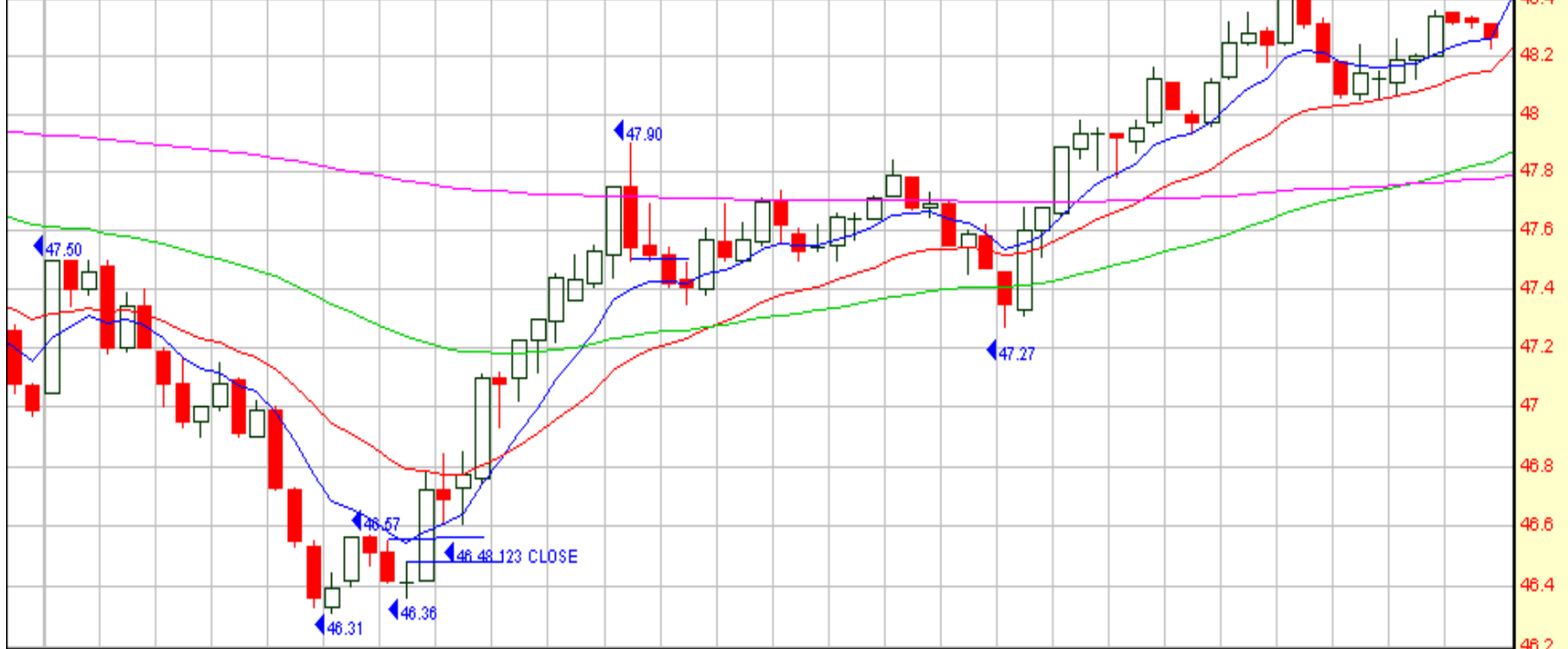


Wd 8 9 10 11 12 1 2 Th 8 9 10 11 12 1 2 Fr 8 9 10 11 12 1 2

SPDR ENERGY SECTOR 49.04 0.22 0.45%

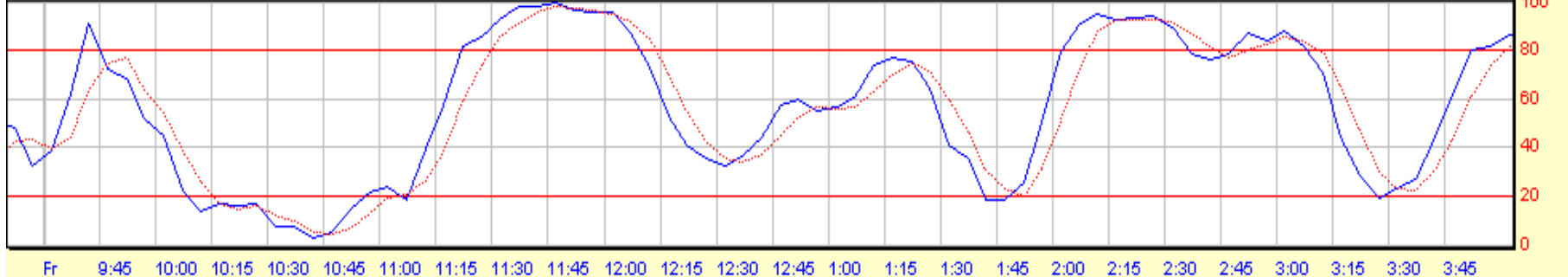
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←XLE 10/29/05



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Stochastic, Full (8,3,3)



Fr 9:45 10:00 10:15 10:30 10:45 11:00 11:15 11:30 11:45 12:00 12:15 12:30 12:45 1:00 1:15 1:30 1:45 2:00 2:15 2:30 2:45 3:00 3:15 3:30 3:45

S&p 500 Index 1203.29 -3.72 -0.31%

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Cboe Volatility Index 14.95 -0.37 -2.42%

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3:30 Tu 10:00 10:30 11:00 11:30 12:00 12:30 1:00 1:30 2:00 2:30 3:00 3:30 Wd 10:00 10:30 11:00 11:30 12:00 12:30 1:00 1:30 2:00 2:30 3:00 3:30

S&P 500 Index 1202.21 -4.80 -0.40%

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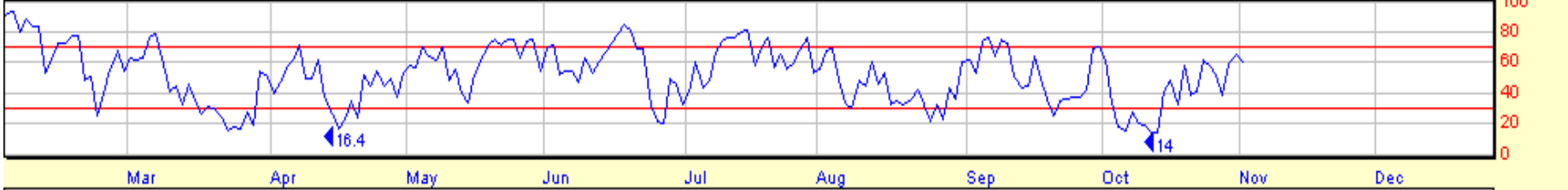
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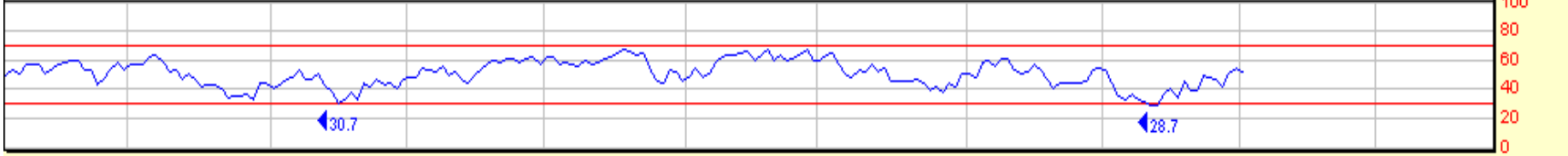


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RSI, Wilder (5)



RSI, Wilder (14)



RSI, Wilder (30)



S&P 500 Index 1205.06 -1.95 -0.16%

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Exp. Mov. Avg. (200) Last=1195.54  
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