

Traders World

Late Fall 1999 / Early Winter 2000 - ISSUE 28

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by Jeffery Kennedy

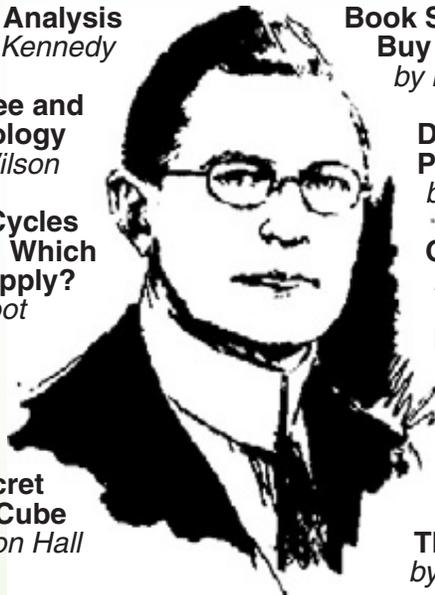
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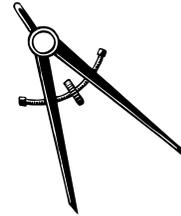
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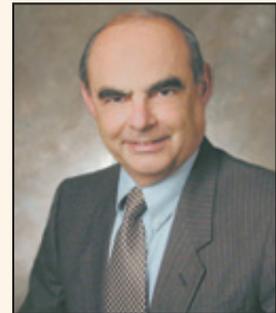
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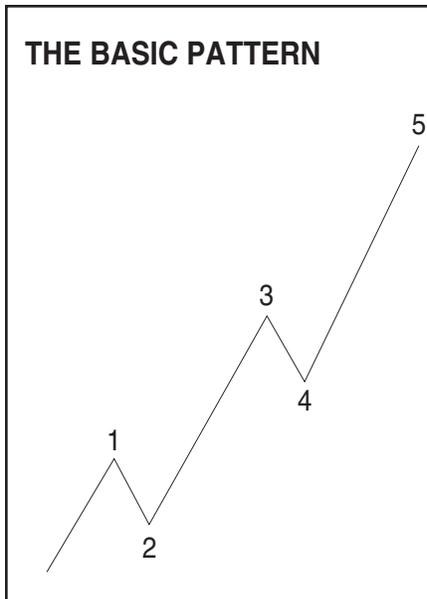
ELLIOTT WAVE ANALYSIS

By Jeffrey Kennedy

In the 1930s, Ralph Nelson Elliott discovered that stock market prices advance and decline in recognizable patterns. Elliott isolated thirteen such patterns, or "waves," that are present in market price data. He named, defined and illustrated these patterns, calling his discovery the Wave Principle. What Elliott had done was to identify the common link that drives the trends in human affairs, from financial markets to fashion, from politics to pop culture. This common link is crowd psychology. Unfortunately, Elliott's genius had to wait for another generation to benefit. He died in obscurity in 1948 at the age of 77.

In 1976, while working as an analyst for Merrill Lynch, Bob Prechter ran across Elliott's writings in the New York Public Library. Realizing its tremendous financial and social value, he

and A.J. Frost resurrected the Wave Principle. Bob Prechter and A.J. Frost published Elliott Wave Principle in 1978. The book received enthusiastic reviews and became a national best-seller. Today, Elliott Wave Principle is published in French, German, Dutch, Spanish, Polish, Japanese and Chinese. Bob Prechter later went on to found Elliott Wave International, the world's premier publisher of Elliott wave analysis and investment commentary.



THE BASICS

In financial markets, progress ultimately takes the shape of five waves, labeled 1, 2, 3, 4 and 5 (see figure 1). Impulse waves, waves 1, 3 and 5, determine direction. Corrective waves, waves 2 and 4, are countertrend moves within this progression. Once a five-wave rally is complete, a three-wave decline will follow (see figure 2). This cycle of five-waves and three-waves is the foundation of all financial markets, regardless of time frame. This is because a five-wave move is either part of a larger pattern or representative of smaller substructure. For example, waves 1, 3 and 5 subdivide into smaller five-wave patterns. Waves 2 and 4 subdivide into smaller three-wave patterns. Combine these patterns and you

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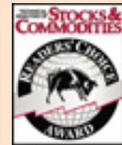
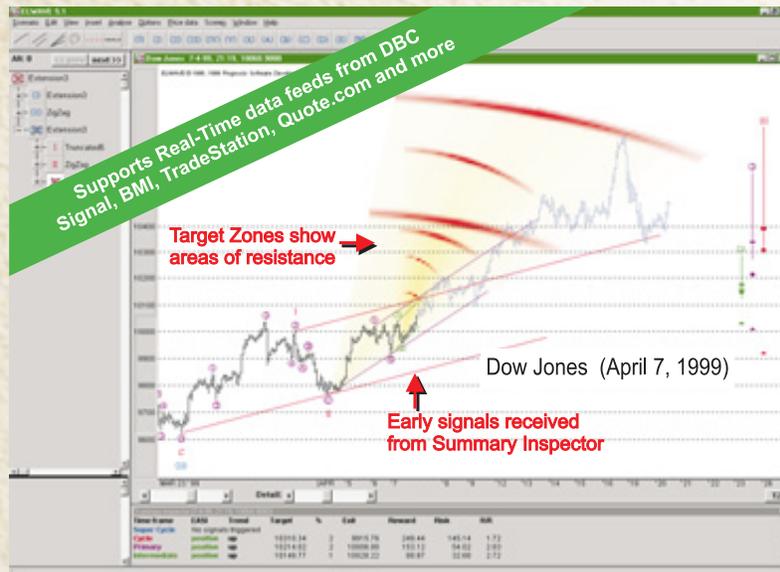
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begin to see the building blocks of a larger five-wave advance begin to take shape, waves (1) and (2).

IMPULSE WAVES

Impulse waves subdivide into five waves and always move in the same direction as the trend of one larger degree. Within an impulse wave, wave 2 can never retrace more than 100% of wave 1 and wave 4 can never end in the price territory of wave 1. Another characteristic of impulse waves is that wave 3 is never the shortest of waves 1, 3 and 5 (see figure 3).

CORRECTIVE WAVES

Corrective waves are three-wave moves in the direction opposite that of the trend. The four categories of corrective patterns are Zigzags, Flats, Triangles and Double or Triple threes (see figure 4). Within a Zigzag, wave A subdivides into five waves, wave B three waves and wave C five waves. The common notation of 5-3-5 refers to the number of smaller waves within each leg of the pattern. The most noticeable aspect of a Zigzag is that wave B terminates well beyond the origin of wave A. Wave A of a Flat subdivides only into three waves, 3-3-5, thus making this pattern easily distinguishable from other corrective structures. Another characteristic of Flat corrections is that wave B terminates at or near the origin of wave A. When wave B exceeds the origin of wave A, the pattern is called an Expanded Flat. A Triangle is the only corrective structure that contains five waves. However, each leg within a triangle subdivides into three smaller waves, 3-3-3-3-3, and is easily identifiable by its sideways nature. Double or triple threes are simply one or more combinations of Zigzags, Flats or Triangles. The wave that joins the two or three patterns together is an X wave. In figure 4, the example of a double three is simply two Zigzags joined together by a three-wave move labeled wave X. This second three, which is a Zigzag, could easily have been a Flat or a Triangle. See Figure 4.

ELLIOTT APPLIED

As I mentioned above, a five-wave move is both part of a larger five-wave structure and subdivides into smaller five-wave patterns. Figure 5 illustrates this concept quite beautifully. Basis the daily continuation chart of Crude Oil, a large five-wave rally is in force from the December 1998 low, waves (1), (2), (3), (4) and (5). As you can see, wave (2), which is a countertrend move, subdivides into three waves, waves A, B and C. In this example, the concept of fractal wave patterns is best demonstrated in wave (3). Wave

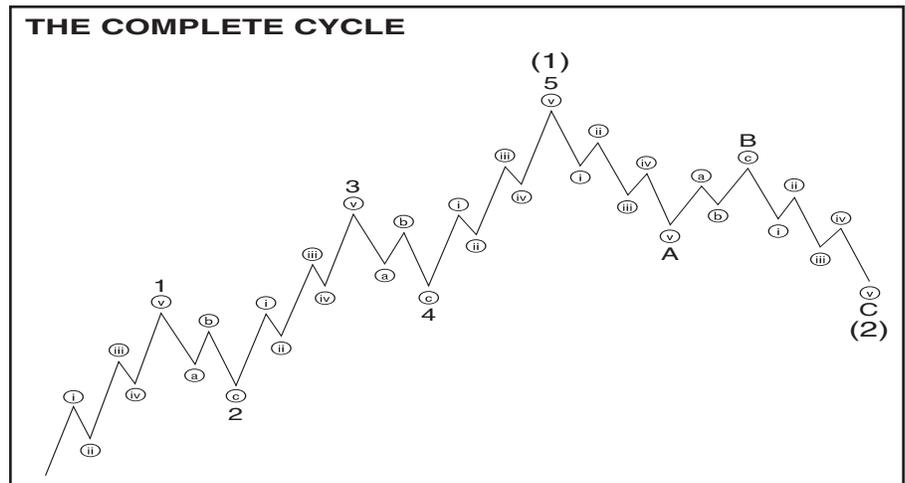


Figure 2

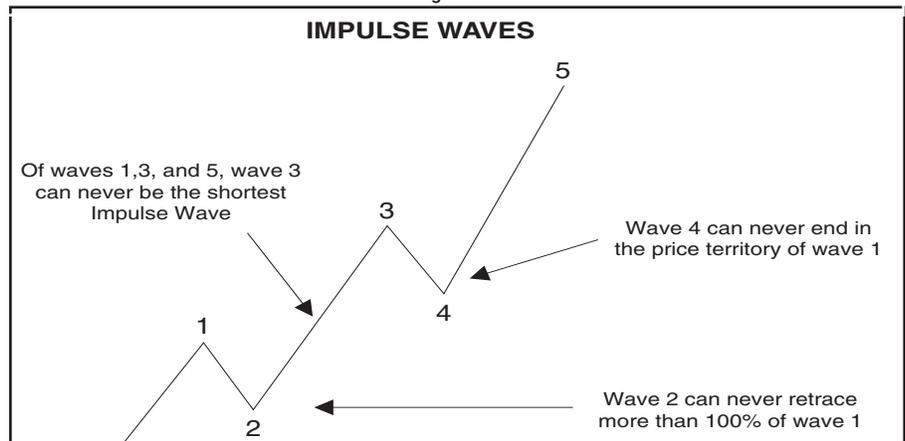


Figure 3

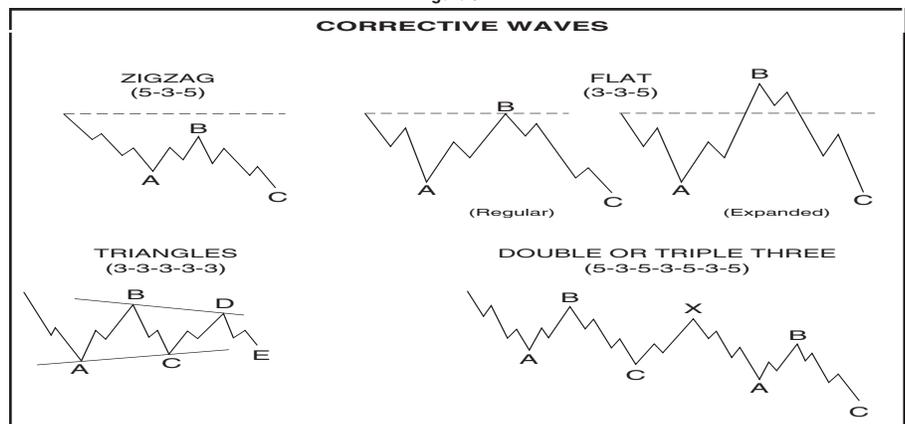


Figure 4

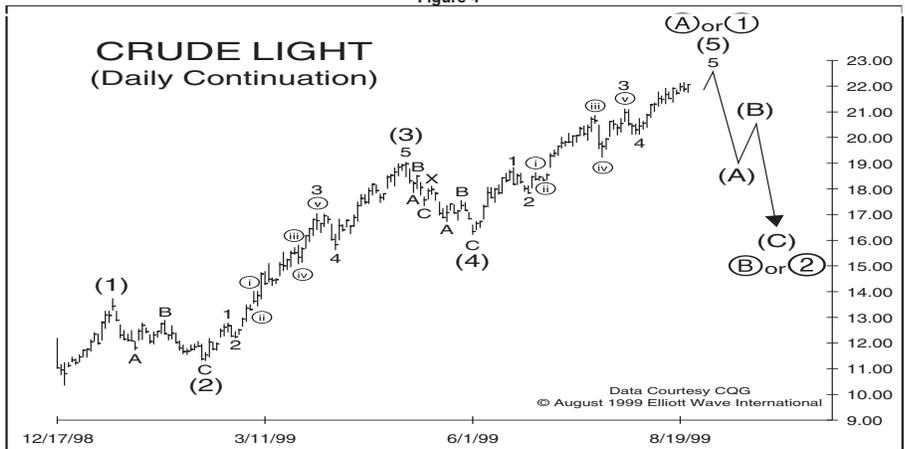


Figure 5

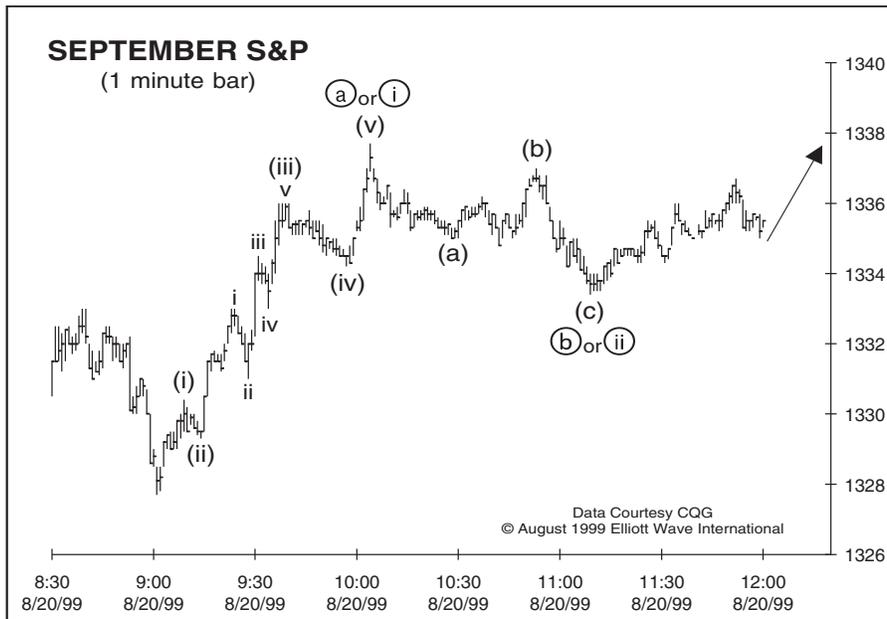


Figure 6

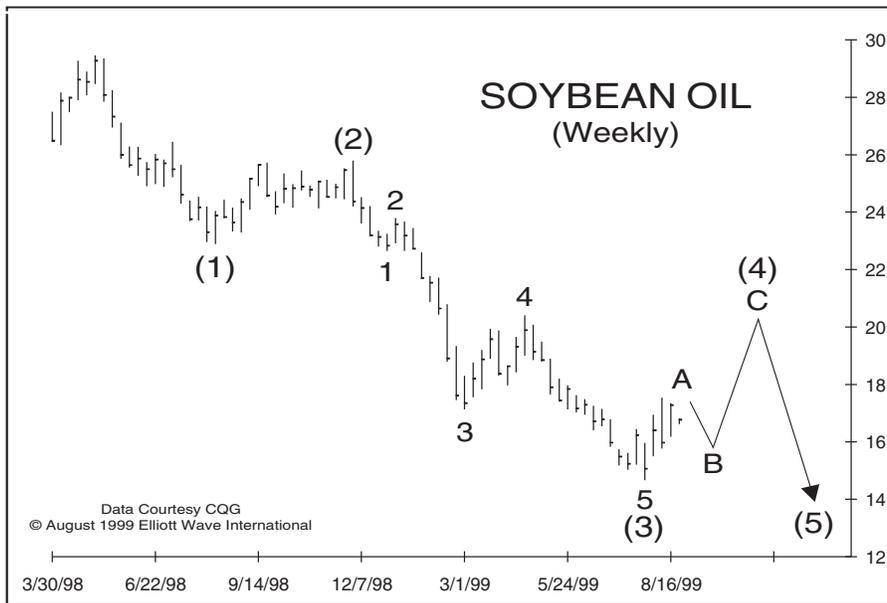


Figure 7

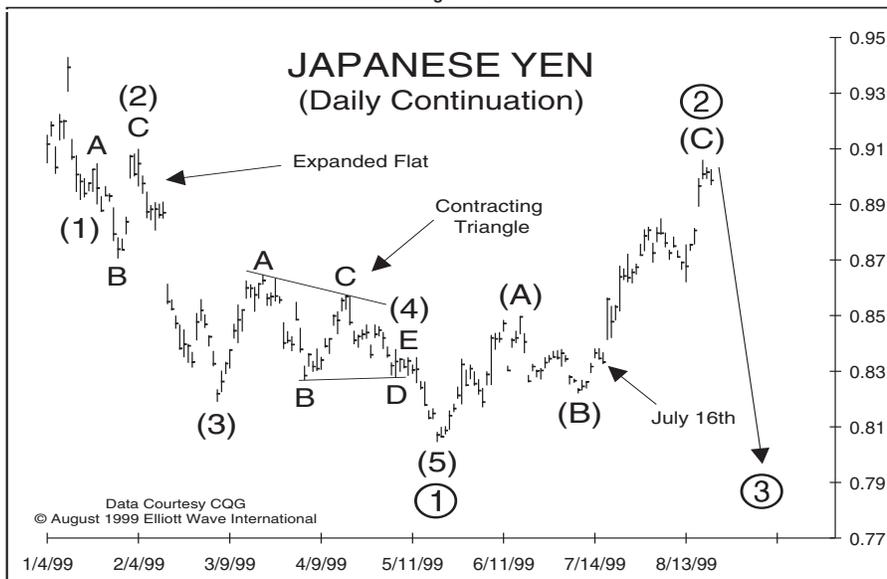


Figure 8

(3) subdivides into waves 1, 2, 3, 4 and 5, and wave 3 of (3) can be broken down farther into waves ((i)), ((ii)), ((iii)), ((iv)) and ((v)). Wave (4) is an example of a Double Three, which is easily distinguishable by the X wave. As wave (5) develops, the subdivisions can again be readily observed. Conclusion: financial markets do indeed build upon themselves in sequences of fives and threes of varying degrees. Based on this wave pattern in Crude Oil, a months-long down trend is close at hand. See Figure 5.

The daily continuation chart of Crude Oil is an exceptional example of the Wave Principle in action. But are wave patterns easily discernible in any time frame? The answer to this question is most certainly yes (see figures 6 and 7). In figure 6, I have labeled a one-minute chart of the S&P 500. As you can see, trending moves do indeed develop in five waves and countertrend moves three waves, even on a one-minute price chart. Basis the weekly continuation chart of Soybean Oil, figure 7, it is again clear that the principles outlined by Ralph Nelson Elliott in the 1930s and 1940s remain applicable to this day. The implication of the wave pattern in Soybean Oil is that a months-long countertrend move is currently in force, wave (4). See Figure 6 and Figure 7.

REAL TIME ANALYSIS

So far, I have covered the history, the basics and the application of Elliott wave analysis. But how do these principles work in real time analysis? Sometimes, frustratingly difficult. This is because clear wave patterns are sometimes elusive. This in no way though distracts from the validity and significance of R.N. Elliott's work. Other times, the Wave Principle is simply amazing. For example, in the July 16th issue of *Futures Junctions*, I wrote "Look for September Japanese Yen to rally from .8221 to .8649-.8814." As of this writing, September Japanese Yen has rallied to a high of .9034. What tool did I use to forecast such a move? The Wave Principle. The wave count I was working in July suggested that a large degree wave (B) had just ended at .8221. Wave (A) consisted of five waves and wave (B) subdivided into three. My conclusion at the time was that the relevant pattern was a Zigzag and that wave (C) was in force from the .8221 low. See Figure 8.

Jeffrey Kennedy is the editor of Monthly Futures Junctions and Daily Futures Junctions. He can be reached at Elliott Wave International, 200 Main Street, 4th FL, Suite 400, Gainesville, Ga 30501, 770-536-0309,

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Obviously, the concept of "predicting the day" markets will reverse, makes for intriguing ad copy. At least to the opportunists who call us and then use **our wording in their ads.** Frankly, we find this issue highly unethical, if not borderline illegal. This practice is not so surprising, based on the quality material these firms routinely promote **with claims of 90% winners!** We also have one local competitor who has claimed 'foul' for 8 years, claiming "they worked for us and stole our system." I will send anyone who requests it, the legal document **with his signature,** showing that we had a legal partnership before I left this firm!

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What if you developed a successful system and over the years, **you read your exact and original wording in someone else ads?** Would you feel violated? We felt the best way to handle this issue is address it, head on. This is the reason for informing the public of these sales tactics and behavior. **Our system is becoming confused in the marketplace and we will take whatever appropriate action necessary to inform the trading public, which firm is the original "author" and inventor of this technique.**

We are the originators of this technique and accompanying advertisements, for our method of predicting market behavior. Others have sold 'natural order' systems; luckily most failed miserably. We are also the originators of our copyright descriptions of our personal interpretation of the "natural law" influence **inherent in every market.** Our calculation, which relies on part Gann and Elliott math concepts, can often identify TO THE DAY, low risk/ high reward reversal days. Therefore, years ago our legal advisors obtained a U.S. Copyright on our technique and assigned these legal rights to us. So we can truthfully claim, we are **the originators** of the first 'natural order type' system that was profitable for the customers who used it correctly.

As many of you know, our system has been highly praised in one of the industry's most respected consumer newsletter. It is extremely accurate for providing customers (prior to every trade) the following information, via an algebraic formula:

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If your present system or technique does not provide you with this information prior to every trade, or is "limiting" your trading ability in any way, it may make sense for you to fully investigate the long term benefits to you, as a customer of our firm.

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*** A. Know which 90% of Gann or Elliott's work to avoid B. Use only the remaining parts which can be used in a 100% mechanical application C. Use very small stops on every trade D. Make sure your use of this 'technique' produces a minimum accuracy rate of 60% winners**

For more information circle No. 7

W.D.GANN, COFFEE AND ASTROLOGY

By Myles Wilson Walker

The following excerpts are from a letter that W.D. Gann wrote in 1954 in which he talks specifically about the planets relationship to coffee prices. He doesn't spell out the whole secret behind his timing. Never the less, it is very interesting and also important as confirmation that astrology was behind his famous price and time forecasts.

1954:

March 24-Heliocentric Jupiter enters Cancer.

June 24- Heliocentric Jupiter is 120 degrees of Saturn.

April 12th Sun 60 degrees of Jupiter Geocentric.

April 13th Jupiter 135 degrees of Saturn Geocentric.

April 15th Sun 180 degrees of Neptune Geocentric.

April 16th Jupiter 60 degrees of Pluto Geocentric.

April 26th Jupiter 120 degrees of Neptune Geocentric.

April 26th Sun 180 degrees of Saturn Geocentric.

The month of April is very important. There should be great activity and wide swings in prices due to these aspects.

GEOCENTRIC MAPS MOVEMENTS from low prices on coffee--

1931 April 16th to August 7 1953- Mars has made 12 round trips.

1954 October 29- Mars will be opposite or 180 degrees from its place on April 16 1931.

1936 October 1st to September 19th 1953- Mars made 9 round trips of 360 degrees each.

1954 Dec 9th- Mars will be 9 and a half round trips or opposite its place Oct.1 1936.

1940 May 15 to June 12 1953- Mars made 7 round trips or complete cycles.

1954 April 9th - Mars is 7 and a half cycles and is opposite its place on May 15 1940.

Due to the retrograde position of Mars it will again be 7 and a half July 7th and Aug.17 1954 or the third time in opposition to its own place which is very important.

1940 August 19 to September 15 1953- Mars had completed 7 round trips. Note low on coffee at that date.

1954 December 4th - Mars 7 and a half round trips or opposite its own place on

Aug. 19 1940.

If coffee starts to decline between March 22 and 24 1954 it should continue down to around April 15 when the adverse aspects of Jupiter to Saturn and the Sun to Neptune are completed. From these dates you should watch for the possibility of a rally up to April 16 1954 when Jupiter is 120 degrees of Neptune and the Sun 130 of Saturn. This might cause a quick rally followed by a sharp quick decline.

By studying all of the data outlined above and applying it to coffee you will be able to learn more about what causes changes in trend.

So there you have it, straight from W.D. Gann himself .

In my last article I did an astrological analysis of W.D. Gann's May Soybean chart based on the actual notations that he made on that chart. That dealt with Jupiter's planetary ingress (Jupiter changing signs in the zodiac) and the price targets that this generated. Interestingly enough this same method as spelt out in my book *Super Timing* nailed the low on Soybeans again this year on July 9th.

In *Super Timing* I took all of Gann's trades that he mentioned in his last promotional booklet entitled *-Why Money is Lost on Commodities and Stocks and How to Make Profits* plus numerous other trades that I gathered from other sources. By doing this I was able to find the one common timing factor that linked all these trades plus price targets using one of W.D. Gann's calculators that I had discovered previously. I have called this the 1908 price target method named after the date that Gann said that he made his greatest discovery.

To my knowledge this is the first time that anyone has been able to unify all of Gann's predictions using the same method. It solves his famous wheat prediction where Gann said wheat must trade at \$1.20 by the close of trading on the 30th of September 1909 plus all the other price targets mentioned in The Ticker interview.

It also solves the trades he made in 1954 at the end of his career on the coffee market using the same price and time method.

The reason I think that his booklet *Why Money is Lost on Commodities and Stocks and How to Make Profits* was an important place to begin research on Gann's method is because it was written when he was 76 years old (one year before his death in 1955) and it was the perfect place for him to sum up what

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he considered to be the most important aspects of his work.

Just to give you another idea of how planets can time the markets I will tell you another technique that I picked up when analyzing the sequence of trades that make up Robert Gordon's great campaign in cotton from Gann's book *The Tunnel thru the air*:

Gann writes,
June 25th 1927.

October cotton declined to 16.80
Bought 500 October at 16.83 and 500
December at 17.15.

He figured that it would run up for about
thirty days.

July 25th 1927.

Sold 500 October cotton at 19.00

Sold 500 December at 19.20

Went short 500 December at 19.20.

Decline followed as he expected.

To understand the reason for the timing of these trades just imagine a triangle and at each corner there is a planet. This is called a grand trine.

What is happening in this case is that there are two slow planets that don't move much and they are 120 degrees apart(trine) Then a fast planet, Mercury in this case comes around so that it forms a triangle with the other planets (at the low of the market) it moves away so that there is no grand trine anymore but a month later the Sun comes around to where Mercury use to be and forms the triangle again (at the high of the market)

This simple technique works but there is more to it than this and there were also price targets involved but everything is covered in depth in Super Timing as well the tools to do this work.

As well as Gann's trades I've looked at examples from recent markets and find that the time and price target methods are still working well. To help people learn these techniques quickly I've also added a tutor that I originally wrote for the first purchasers of the book and put up as a website for them. This tutor is now at the end of the book and covers time cycles from recent S+P, Soybean, and Beanoil futures, these techniques can be used on every market.

I have purposely not covered any material presented elsewhere or rehashed the usual Gann knowledge that is in the public domain.

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SUPERTIMING

W.D. Ganns Astrological formula for Stocks and Futures

By Myles Wilson Walker

In SUPER TIMING this formula is shown in detail. All of Ganns public predictions were analysed to reveal the one common factor. Supertiming explains all of Ganns predictions by using the one formula. It shows you which planet will be signaling the next trend turn and it works on all markets. As well as Ganns timing method there is the price target method which is demonstrated by his predictions and from real life examples in recent markets (this is not a planets longitude converted to price). On my web site I have used one of Ganns charts to prove that he really did use astrology because there are still a lot of people who think he used only swing charts, angles or fixed time periods. None of these can be used to consistently explain all his public predictions. The planetary ingress and planets converted to price shown is explained in detail but this is only a minor method used for a particular situation. The real answer is in Supertiming where you will learn the pattern combination that is found in all of Ganns predictions both long and short term. You will see how this works on a swing basis as we work through whole sequences of short term trades that Gann actually did. Nothing has been omitted You will see why he entered the market when he did and the reason he took profits only to re enter at a better price the next day. The markets covered are coffee, soybeans, and cotton but the same method works on any market and more importantly it is still working today. When you take the time to properly study Supertiming you will prove to yourself that this really is the best timing method available. The method is actually quite easy to learn as there is no complex Astrology (it is based only on the positions of the planets as seen from earth and their angular relationships) I have a freeware program for you that will do all the calculations This also contains all the trades in the book plus nearly 100 years of the Dows major highs and lows so you can see how well it has worked for yourself.

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ASTROLOGY FOR TIMING CYCLES AND TURNING POINTS: WHICH RULES APPLY?

By Dr Martin Boot

In astrology the correlation between heavenly bodies and natural events are being studied. As every trader knows, the development of prices in the stock market show a recurrent pattern of "tops" and "bottoms". Whether a correlation exists between these "tops" and "bottoms" and astrological data has been thoroughly studied for many decades and it received a positive answer.

The most important source for cycles and astrological correlation is the monumental work of Raymond Merriman [1]. Example: the three month cycle in the major indices and Mercury.

Cycles are being defined by measuring from bottom to bottom. A so called "isolated low" is considered to be a cycle bottom. We will not go into the intricacies of finding the exact bottom for a specific cycle and take the bottoms we need for our study by visual inspection. That way we come to the following cycles from Oct 1998 till July 1999:

Table 1: natural 3-month cycle in AEX/ NYSE/ OEX/ SPX
 cycle 1: 10-8-99 - 1-14-99
 cycle 2: 1-14-99 - 3-26-99
 cycle 3: 3-26-99 - 6-24-99

Horoscopic Cycle Mercury / Pluto (MP)

The heliocentric cycle of Mercury to Pluto is an astronomical cycle of three months. Mercury in astrology is considered to be the planet symbolising o.a. bussiness, trades, communication; Pluto symbolises , o.a., heavy changes leading to wealth or bankruptcy. So, it makes sense to correlate MP with the 3-month market cycle.

Once we know the heavenly bodies, we have to decide what technique to use. For this study we take the so called transitmethod. This method is based on the horoscope of a specific exchange. Pluto being the central body we find together the major exchanges, e.g. in the NYSE exchange horoscope Pluto occupies the 23th degree of Aquarius and in the Amsterdam Exchange horoscope Pluto occupies the 23th degree of Taurus, i.e. astrologically defined they make an important contact.

MP transits

For our 3 month cycle we study the 180 degree contact of MP [Amsterdam]. That is 90 degrees to NYSE.

Table 2: 180 degrees MP AEX (= 90 degrees NYSE)

- 1: 10-12-98
- 2: 1-8-99
- 3: 4-6-99
- 4: 7-5-99
- 5: 9-29-99

Table 3: MP-cycles: compared to natural cycle
 Natural Mercury Pluto

- cycle 1: 10-8-99 - 1-14-99 10-12-99 - 1-8-99
- cycle 2: 1-14-99 - 3-26-99 1-8-99 - 4-6-99
- cycle 3: 3-26-99 - 6-24-99 4-6-99 - 7-5-99
- cycle 4: 7-5-99 - 9-29-99

Observations

- 1: The MP-cycle correlates to the natural cycle.
- 2: but is not identical to it.

Tops and Bottoms

The following hits correlate to bottoms in the natural cycle: 10-12-99 and 4-6-99, i.e. 4-6-99 is a turning point upwards.

The MP-cycles read as follows:

- cycle 1: Bottom to Top
- cycle 2: Top to Bottom
- cycle 3: Bottom to Top

Perform your own research

Did we find an alternating cycle? That would be most interesting. From a trading point of view this would be dynamite information. How could we find an answer to this question? By doing research into the topic which is easy in the case of astrology. Let us assume the reseach shows a high probability for the MP cycle to be alternating, how should we proceed further?

We first should take the natural cycle into account. If the natural cycle already is full, the bottom is in. The natural cycle concerned began 6-24-99, it lasts at least till 9-24-99 as we can conclude from table 1. It could easily, however, last 14 days longer. Thus, a bottom is very possible about begin of october

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1999, as far as the natural cycle, as well as the MP cycle is concerned.

Do not trade the prediction, trade the market.

Confirmation

So far we projected the open cycle. Let us take the latest cycle to find out how to trade the turning point indicated by the cycle.

The third natural cycle was completed 6-24-99; the third MP cycle was expected to be a Bottom to Top cycle, thus 7-5-99 we expected a top to occur. Now we take AND THIS IS OF UTMOST IMPORTANCE the normal technical indicators into consideration: from 7-5-99 till 7-19-99 they all were topping out. We can be pretty sure from our knowledge about cycles the natural as well as the astological cycles that a top is in: we trade the technical indicators because we know they do not give a false signal now. Thus between 7-5-99 and 7-19-99 we had to go short.

Summary and Conclusion

Astrology is a strong instrument in the hand of the knowledgeable trader. Astrology does not give you an exact timing moment, it provides the trader with a timing band. To use astrology as a trading instrument these rules apply:

- 0: Don't disconnect astrology from the market
- 1: Never trade the prediction, always trade the market
- 2: Always correlate natural cycles to astrological cycles
- 3: The more cycles, natural as well as astrological, coincide the more important the predicted turning point
- 4: Perform your own research
- 5: Use your normal technical indicator[s] to time the actual trade, never go against them.

Reference: Raymond Merriman: *Merriman on Market Cycles: The Basics* [1994], *Basic Principles of Geocosmic Studies for Financial Market Timing* [1995], *The Ultimate Book on Stock Market Timing, Vol 1* [1997], *Vol 2* [1999] Check our catalog at www.tradersworld.com for availability of these books.

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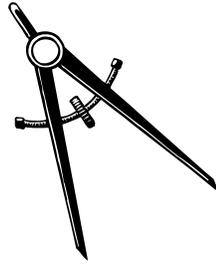


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For more information circle No. 13

The Vision and Passion to Do the Right Thing



By Iles Siew

I started my research 5 years ago to find my answer to successful trading. I mean, my answer, because there are so many answers to different people. It took me a lot of hard work, but it was worth it. The method I found makes me money on most trading days. I enjoy trading and this is what I want to do for the rest of my life. I love it.

There are so many different ways to trade the markets. Some methods are good and some are bad. In my search, I was trying to find the turning points of the markets to trade on. I wanted to sell the highs and buy the bottoms. I wasn't trying to find a trend following method, because they are too risky and the stops have to be very large.

The reason I started in my search for a trading method was more spiritual than for money. I took it as a spiritual journey to accomplish the destination that I wanted to reach. I wanted to trade for a living. I think that any major leader in any field whether it be art, business or politics had to find his way to success spiritually. If you do anything spiritually, you have the vision and the passion to do the right thing. I do not claim to be the only one who has found a consistently profitable trading method. Gann found it, as have many other people.

In my search for my trading method, I read many books on the subject. I didn't find exactly what I was looking for in most of the books, but some of them did influence me.

There was one book in my researching that caught my eye. That book emphasized the use of the compass. It was a mathematics book not even related to the market. As soon as I saw the compass, I knew that it was the answer. The compass is a tool that measures time and price or the space between time and space. It does this at the same time.

In my research, I found that there a natural order in the market. I found it time and time again. Each commodity or stock goes by a different one, call it vibration, if you want, to sound Gann like. It involves a different cycle or different calculation. I found the S&P Index and the bonds are working on the same vibration and they are very easy to trade. The cycle on these is various obvious.

It's not a big deal to calculate it.

What you are doing with the compass is putting time and price together. This makes time equal to price. Gann said that time must equal price when a turning point occurs. He said this over and over again. If a stock moves from 50 to 100 in 10 days it moved up 50 points in price and 10 days in time. To put this together on a chart, to make it easy to understand, the chart has to be squared in order to measure how the market is going. For example, soybeans goes on a 1 x 1 basis. But other markets move on a different basis. The relationship between the x and the y axis has to be squared to fit that particular market. Most software programs do not square their charts. There are some software programs you can square you charts with, but it takes a lot of manual work and they are cumbersome. If you are scanning a large number of stocks or commodities you need software that makes it easy for you.

After searching many software charting programs, I came to the conclusion that none of them had exactly what I wanted. It was necessary for me to have a charting program developed especially for me. I was lucky and found a programmer who could put in the program that I wanted to trade with. The program had to be able to keep the chart square and allow me to draw my arcs and lines according to my trading ideas. The program had to be able to scan large numbers of stocks and commodities to easily find the vibration factor they are trading in and then determine when time and price comes together for the trades.

It took me several months working with the programmer to get exactly what I wanted, but I now have it and it works nicely. Right now the software works only with end-of-day data, but with a few steps I can get it converted to read intraday data, for quick analysis during the day.

You must understand that cycles are ellipses and not circles. The software I had written for me squares the chart and pushes sides of an ellipse together until it is in a circle, so it is easier to understand and to vision it. I find it easier to look at a picture than to look at numbers. If you look at the planets around the sun, all of them are moving in an ellipse, not

a circle. The software does two things, it squares the chart to make it more manageable and it then finds a circle/square pattern from a possible 700 combinations. This circle/square pattern calculates arcs and support and resistance lines in price and time. This is where the market will change its trend. I can place a trade at these points with a tight stop.

I feel that some other traders know what I know, because I can see that others are coming in at the same time I am buying or selling. I don't claim to be the only one that uses this or the inventor of this trading method based on the compass. What I have done is take an idea and built a methodology around it. I built a successful trading theory around what I have. If this happens, I do this, and if this other factor happens then I do something else. I have a system with well defined rules of getting in and getting out of the market and I can make consistent money with it.

Developing a successful trading method is time consuming. Reading a book showing some cherry picked past examples of a technical trading method making money on a trade, and making money on a system in the real world are two different things. How many books have you seen that shows you when a stochastic oscillator is at the top you sell the market and when it's at the bottom you buy the market? But, when you'll in the real markets trading, it never works. There is a big difference between those trading methods in books and a real trading method that makes money almost everyday by applying the same trading rules over and over again.

In trading you must know exactly what to do, when to do it and at what price level. You must not think or you will make a mistake. You did your thinking before. Thinking while you are trading will only lose you money. A pilot in a F15 does not think. If he thinks he is losing. The only thing he is doing is repeating what he did in his training. You must know that when you are in a certain situation to do the same thing always. By knowing what to do in each situation eliminates fear, one of the biggest problems for traders.

The great researchers and inventors in every field did not do what they did just for the sake of money itself. They did it for the sake of doing the right thing. They had the vision and passion to do the right thing. They were probably on a spiritual journey as I was. This gave them success and it gave me success. For you to find your success in trading or in what ever endeavor you undertake, you must follow the same path.

Iles is a trader of the markets who has paid his dues to get where he is today.

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Gann's Secret Pythagorean Cube

By Don Hall

Many manuscripts and seminars have been presented regarding trading stocks, bonds, and commodities. Indeed, trading has a very unique and ancient history, dating back to the earliest recordings of any type of commerce.

No one will expound for long on the simplicity of the challenge; and again, no one denies that it is a mammoth challenge. The percentage of failures versus the percentages of triumphs will attest to this. It has been said that more people fail at this profession than most commercial businesses. It is also a known fact that the percentage ratio of wins to losses is definitely on the side of the losses.

Realizing this, some 40 years ago we set goals that we felt needed to be addressed (and indeed, answered) by any so-called trading system. From our earliest studies we defined our system needs to do at least the following:

1. Establish trend
2. Have mathematical and ongoing stop placement
3. Have realistic and accurate objectives in any move
4. Know mathematically when a move has started and when it is culminated
5. Know at all times -- in any trade -- where we are in our planned objective
6. Provide peace of mind to the trader to avert being ill with anxiety overnight or even during the day

To us this meant the graphic source of considerable information should be easily digested and interpreted.

TO US THIS SUGGESTED A SQUARE WITHIN THE PARAMETERS OF OUR CURRENT TRADING! We had not seen such a drawing available to us.

This led our studies toward Gann, Brenner, Bayer and Company.

When my father passed away in 1961 I recall that I was charting extensively -- and trading some.

I went through all of the stages from Point and Figure to Moving Averages, collected all the books on everyone's mailing list, it seemed, and then settled upon following the studies of a man who has shown us to be one of the most successful commodity traders of all time, Mr. W.D. Gann. This decision was supported by a fortunate event wherein I received the opportunity to retrace his path into Egypt and along the Nile.

History shows us that Mr. Gann made three trips abroad that were of significance to his studies: to England, to India and to Egypt.

He had one of the best history and data sources of the day, and much of this was acquired in English libraries and museums. We have studied much of this.

Second, he was known to be very astute in mathematical circles. Much of this credit has been attributed to his trips to India and places where, we are told, he studied a very unique and effective math system. This system has been compared to our earliest studies of what we now call "modern math." At any rate, he learned to use floating decimal procedures and he was very proficient in the use of numbers.

The third important trip abroad seemed to culminate, and indeed concentrate, in Egypt. Not as much seems to be known of these Egyptian studies. Our quest became to learn the objective of this particular phase of his studies. We believe that we have accomplished this. Certainly he rated along with the greats: Livermore, Brenner, Bayer, Barouch and others.

He was especially known for his commodity trading which was considered tougher than stocks because of the leverage.

From the early '60s when I began to study somewhat in earnest, and following at least to the mid-seventies, I attended many seminars, but I especially attempted to attend all seminars available on Gann.

Alas, however! I never found the secret as shown by his verified results.

It was only after attending most of the Gann seminars, administered by people all of whom were claiming to have his secret, that I came to the conclusion that there was a question as to whether the teachers were actually duplicating his record. Indeed, they were usually not even in fair range of his results.

It was then that I began dissecting his seminars and assimilating certain segments of different seminars. I came to some conclusions, not the least of which was, in my opinion:

| | | | | | | | | | | | | | | | | | | | | |
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| 381 | 382 | 383 | 384 | 385 | 386 | 387 | 388 | 389 | 390 | 391 | 392 | 393 | 394 | 395 | 396 | 397 | 398 | 399 | 400 | 401 |
| 380 | 307 | 308 | 309 | 310 | 311 | 312 | 313 | 314 | 315 | 316 | 317 | 318 | 319 | 320 | 321 | 322 | 323 | 324 | 325 | 402 |
| 379 | 306 | 241 | 242 | 243 | 244 | 245 | 246 | 247 | 248 | 249 | 250 | 251 | 252 | 253 | 254 | 255 | 256 | 257 | 326 | 403 |
| 378 | 305 | 240 | 183 | 184 | 185 | 186 | 187 | 188 | 189 | 190 | 191 | 192 | 193 | 194 | 195 | 196 | 197 | 258 | 327 | 404 |
| 377 | 304 | 239 | 182 | 133 | 134 | 135 | 136 | 137 | 138 | 139 | 140 | 141 | 142 | 143 | 144 | 145 | 198 | 259 | 328 | 405 |
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| 364 | 291 | 226 | 225 | 224 | 223 | 222 | 221 | 220 | 219 | 218 | 217 | 216 | 215 | 214 | 213 | 212 | 211 | 272 | 341 | 418 |
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| 441 | 440 | 439 | 438 | 437 | 436 | 435 | 434 | 433 | 432 | 431 | 430 | 429 | 428 | 427 | 426 | 425 | 424 | 423 | 422 | 421 |

Pythagorean Cube or Gann's Square of 9

THAT HE WASN'T ALWAYS TEACHING THAT WHICH HE WAS ACTUALLY TRADING.

I can stand corrected, but the next ten years proved to me the validity of my convictions. Mr. Gann indicated that he would not reveal the true secret of the math involved. However, he also indicated that if one were to spend the time which he had (25 years) and covered the material at least three times, that it could be revealed to a serious student.

I have qualified for the years, plus some -- sometimes to the exhaustion of my family, I'm sure.

I SUBMIT TO YOU THAT THE PYRAPOINT SYSTEM IS THE PRINCIPLE THAT HE USED. We can prove it, I feel. But if you will accept our point, in our book we intend to spend our time with "hands-on" proof so that we can learn the true and full potential of the system. This is why we go to a seminar and why we study the manual.

Incidentally, we should have no copyright infringements because, to our knowledge and research, Mr. Gann never taught this in any of his seminars, even to his associate, who I had the privilege to personally know for some seven years, Mr. Renato Alghini. "Reno" was with Gann for six years, actually sharing close trading desks. Reno confirmed the extremely private personality of his friend. This is shown in most of Gann's writings and seminars.

Reno passed away a few years ago. However, during the author's years of acquaintance with him, he shared a few facts that made the direction of our efforts truly appear validated. One of the confirmation factors seemed especially worthwhile in the revelation that Gann carried a small paper in hand when in the "pit" for his most successfully recorded trades. This paper, Reno related, was a miniature Pythagorean Cube. One more reason to believe that we had to unravel this mystic marvel -- and that we were, indeed, on the right track for trading understanding.

Mr. Gann died in 1956.

It is significant to note that a favorite statement of Gann serves us well when we state that we believe that EVERY TOP AND EVERY BOTTOM in the markets have a CALCULABLE counterpart -- a formula for projections and targets for both PRICE and for TIME. His quotes included that of the noted mathematician Faraday. Mr. Gann said, "If we wish to avert failure in speculation, we must deal with causes. Everything in existence is based on exact proportion and perfect relationship. There is no chance in nature, because mathematical princi-

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ples of the highest order lie at the foundation of all things." Faraday said: "There is nothing in the Universe but mathematical points of force."

THIS IS THE TRUE BASIS OF THE PYRAPOINT SYSTEM OF TRADING.

Although we give full credit to Gann, Wycoff, Brenner, Jenson, Bayer and other contemporaries of earlier times for their contributions to mathematical approaches to the markets, we must tell you that this is likely not what was being sold in \$5000 seminars. We sincerely believe that PYRAPOINT is what they so successfully traded.

Gann and Company reportedly used many "squares" -- the more important often included such numbers as 3, 4, 12, 15, 24, 45, 72, 90, 144, 180 and 360, we are told. Gann has been quoted as saying that one must compute TIME, based upon PRICE.

THIS WE DO.

Gann also is reported to have indicated that PRICE must be seen or projected upon a circle -- then he said that the circle had to be squared to obtain the TIME for trend changes in the market.

THIS WE ALSO DO.

Although we have enlisted the assistance of a programmer to place PYRAPOINT on the Tradestation format, it is easy to hand-draw and hand-calculate when all data is in place.

A number of variations of the Pythag-

orean Cube are available. We have used the format as used by Forrest Wilke of Lincoln, Nebraska, in his version of the "Square of Nine Gann Wheel."

Relative to the charting technique, we acknowledge two specific factors that will assist your learning process: (1) Since our approach to charting is presented as Universal, it is obvious that more than one lesson should show on a chart. It should be ongoing. Thus we can show repetitive charts with an additional lesson blending into the sister chart. (2) Since you will be examining specific entry/exit and other finite points of interest, you may find that an "exploded view" may, at times, better serve you to clarify the total picture so that you can place it into the larger picture -- a larger degree, if you will.

Although no emphasis is placed upon the supporting momentum charts that we use from time to time, we do sometimes apply inputs that we consider to be compatible to PYRAPOINT. This should not materially change your understanding or your learning of the study.

The derivative of the PYRAPOINT system is the result of our experience of some 35 years, wherein we have tried all of the systems which are likely in your portfolio as well, discarding and trying again, until finally coming to the conclusion that we would need to clear out the massive amounts of underbrush (and

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there are piles of it) -- and to see if core data didn't have some common thread. It is our opinion that we have, indeed, found the Universal Thread. Heard that one before? Read it in an article (or a hundred or so) perhaps?

BUT READ ON -- WE PROMISE YOU MORE POTENTIAL THAN YOU ARE USED TO RECEIVING.

First, let us examine some of the background and origins of our compiled data that essentially makes up a majority of our CORE DATA.

Part is taken from the lessons that I feel that W.D. Gann learned while in Egypt, and specifically in the study of the Great Pyramid, and its dimensions. Part is the Universal Golden Ratio, but used in a CALCULATED manner to make up the Gann-Type Squares. It is the study of this that brings us to core data that we will use. The heart of the whole system depends upon a calculation and the interpretation of the Gann "Square of Nine." This likely goes back to Brenner, Bayer, Gann, and eventually back to the real core in the Pythagorean Cube (as well as the early Egyptian Calendar, we are told).

To answer as to the history of the PYRAPOINT Trading System, we need to start with the core data and the core authors. To do this, we begin with Pythagoras who lived, as did Socrates, a few hundred years +/-, A.D.

Some historians tell us that Pythagoras, like Socrates, was guilty of teaching the common man in early Greece. We say "guilty" because Socrates got the Hemlock juice for teaching outside of the Priesthood. Since this was the primary manner of control for the hierarchy, they naturally frowned upon this type of teaching. Thus it was, we are told, that Pythagoras took exile to Egypt where he stayed 22 years -- the time it took to complete the Priesthood.

Is it any wonder that the "father of our mathematics" (especially the geometric math) was able to bring back to Greece all that he learned in the "cradle of mathematical civilization" of that day? It included such things as that which we base our system upon even today. Mr. Gann learned this from his trip to Egypt, in our opinion, because at the top of the learning list were our vital and basic tools -- the square, the circle and the Hypotenuse Rule. These: Phi, Pi, Square Root, and squaring of a number are addressed later for your application in your understanding of the PYRAPOINT Trading System.

This "revelation" given by Pythagoras in the first few centuries A.D. is still Universally accepted, and it is evident from the smallest snail, through the life

and body of man and plant, through the Milky Way. This is an ever onward, ever outward process, and is indeed in the markets as well. The learning of this process is at the core of our learning system.

One last passing observation: the tools to which we referred as primary in the marketplace, and indeed in our PYRAPOINT System of Trading, are found in the Great Pyramid of Giza which was built 2500 years before Pythagoras. Doesn't it make one wonder what took place in that 2500 years since all of the above-mentioned tools are evident in the Pyramids and the tombs? It is our conclusion that Gann had to realize this from his personal trips to Egypt, as the author personally did when in Cairo and associated areas that he had the privilege to study, in the area all along the Nile River. This included the quarries where some granite was perfectly formed to Phi proportions, evident in the manner of relationship of the height to base, and which are reported to weigh literally tons.

We have avoided inclusion of many of the very fascinating theories advanced by the Egyptians themselves relative to the Great Pyramid. In passing, let us say that we have relayed to you only the things which relate to the markets, and which we have had the privilege of observations and determination.

Worthy of mention are a couple of theories advanced by a college-educated contact (the author's guide during his stay in Egypt) especially as related to the Great Pyramid:

(1) The limestone-clad granite structure covering 13 acres and extending more than 450' in height is credited with carrying very exacting dimensions. An early Egyptian mathematical index, which they used, accurately projects the distance to the sun (from its height), the mass of the earth (from its mass), and the circumference of the earth at its largest mile (from its perimeter).

(2) Mummification seems a characteristic of the Pyramid -- not found outside.

Without question, we are studying results of universally prime information -- and we can show you that it is primary (and indeed the key) to the markets.

Our question has been how should this learning be best conducted in the manual?

Our answer to you: in the simplest, most straightforward manner that we can, to get you to be able to USE the System. This will be a hands-on trading system/study -- you must be able to use the information, even if you have to accept some information for later proof. Our plan is to present to you the schedule of information which you need for this learning pro-

cess. We will not dwell on the process so that we might spend productive time in the "hands-on" role with actual charts (complete with commentary and instructions.) We believe that this is where the true worth of any system is weighed. It is our opinion that it must be used effectively, and in first person, for one to get a full appreciation of just how real and how consistent potential returns can be with this system.

The charts will truly act as 1000 words. It is our intent to call your attention to basic "setups" in many different topics of various trading subjects and of various time frames as well. This will assist you in learning the UNIVERSALITY as well as FLEXIBILITY of PYRAPOINT.

To use the PYRAPOINT technique, please realize that we are not asking that you discard any of your learned good trading rules. We do ask that, since we are operating on a totally calculated line and square, that you follow what we have learned to be a very highly accurate set of simple rules. The nice part of this technique is that it can overlay any theory or system that may presently be of interest or in use by you. Even if you choose not to use PYRAPOINT as your primary theorem, please look at the rules and squares for confirmation. WE ARE BETTING THAT YOU WILL CHANGE YOUR PRIMARY UNIT!

The rules which we use are self-evident on your chart of the square for the price parameter in which your commodity or stock is trading. We operate upon the theory that if we can successfully trade the square representing the parameter currently trading then, in all probability, we will have success in the next square as well. Thus, the rules that we submit for this square will be universally acceptable for any commodity or stock that you will be trading. The only preface which we caution is to fit the TIME unit and the PRICE unit into scales that are "common sense" to the parameters of price and volatility. In other words, use a square size that will reflect the manner in which the unit is trading. One way of confirming this "common sense" is to realize that it would take a considerably smaller square to reflect the action of an hourly chart of a low-volatility commodity or stock than it would take for a daily or even a weekly, especially in high-volatility status. Again, this should not be a primary worry for you. PYRAPOINT and your own judgment will suffice as soon as you become acquainted. Actually, you can see the picture with very little experience. The worst scenario that you might have is working with a square that is within a square. It is all repeti-

tive, "ever onward, ever outward." You are simply the recorder of a very Universal and Wonderful Law. As soon as you have the ability to build a square from data provided to you, then you are ready to find out what all of these lines really represent. All of this is governed by six simple and totally defined rules.

Given the nature and complexity of trading, we need to KNOW WHERE WE ARE AT A GIVEN TIME, WHAT WE SHOULD EXPECT AS A MODE FOR EACH PRICE LEVEL, AND WHAT TO DO WHEN IT CHANGES -- and it will change!! Just be ready!!

Technical trading has been referenced to trend lines or trading lines, which make up a parameter for rules of trading. PYRAPOINT is no different in that particular regard. Therefore, we have set upon a path or plan to define these lines, establish the parameters, define the parameters, and then to provide the reasoning behind the rules which make up PYRAPOINT's system -- just as other systems which you have studied. What is different in the study is the CALCULATION and its methodology, and the rules for application within each of the parameters of each square.

These are some of the studies/theorems which Pythagoras brought back to Greece and which are covered to make PYRAPOINT valid:

(1) Tools of the PYRAPOINT System

are found in The Great Pyramid -- as are tools of the circle. They include:

- a. Pi
- b. Phi
- c. Square Root
- d. Square of Number
- e. Hypotenuse Rule

(2) Pythagorean Cube is the core of the PYRAPOINT System of Trading.

(3) PYRAPOINT unveils mysteries of the Pythagorean Cube -- the Square of Nine -- Egyptian Calendar.

(4) PYRAPOINT interprets moves of the markets as reflected on the "P.C."

(5) PYRAPOINT identifies calculated squares for every parameter of price.

(6) PYRAPOINT lets you graphically know where to enter (whether buying or selling) and gives the highway to travel to maintain the position profitably.

(7) PYRAPOINT tells you when to expect a trend change, gives you the objective both long and short until the time frame and beyond.

(8) PYRAPOINT gives you the exact action per your position in the calculated square at any, and at all times.

(9) The Trading System works in all denominations of time frames, allowing you to confirm as well as plan. PYRAPOINT also allows all time frames to be correlated into reasonable and profitable squares -- even with small/large

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PYRAPOINT™

THE PRINCIPLE THAT GANN USED!

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I can stand corrected, but the next ten years proved to me the validity of my convictions. Mr. Gann indicated that he would not reveal the true secret of the math involved. However, he also indicated that if one were to spend the time which he had (25 years) and covered the material at least three times, that it could be revealed to a serious student.

I have qualified for the year, plus some, and have subjected my family to at least ten of those years, sometimes to their exhaustion, I'm sure.

I SUBMIT TO YOUR THAT THE PYRAPOINT SYSTEM IS THE PRINCIPLE WHICH HE USED. I can prove it, I feel. Gann never taught this in any of his seminars, even to his associate, who I had the privilege to personally know for some seven years, Mr. Renato Alghini. "Reno" was with Gann for six years, actually sharing close trading desks. Reno revealed that Gann carried into the trading pit a piece of paper when he did his most successful recorded trades. I have figured out how Gann used this piece of paper to successfully trade. I will teach you in my complete PYRAPOINT course how I feel he used this piece of paper.

Course Contents: 300 pgs.

Introduction

Part I: Factors Contributing to the Formation of PYRAPOINT

- An introductory word about trading.
- An outline of what to expect in the pages to follow
- Fundamentals of trading as applied to PYRAPOINT and their role in the trading system.
- The PYRAPOINT system of trading

Part II: Core Basics of PYRAPOINT

- What is the derivative of this PYRAPOINT system?
- Studies and the theorems of which make PYRAPOINT valid
- Basics of the simple square
- Specific PYRAPOINT rules
- The core data

Part III: Developing the Application of Learned Basics

- The square applied
- A word about trendlines
- A word about the charting program per the computer
- Overbalance as a tool of trend
- Using the three-place floating decimal

Part IV: Charting Our Knowledge of Learned Basics

- Chart and "setup" recognition
 - Continuing our study in chart application
- #### Part V: Learning to Use Our Charts to Guide Our Decisions
- A further review with July Oats and July Corn
 - A study in synchronizing what we now know
 - Some additional uses to assist your understanding in charting PYRAPOINT

- A parallel example using the stock market

Part VI: Principles & Examples Applied to the "Firing Line"

- Quick examples of assistance to us
- A word about 2 x 1 and 4 x 1 lines
- Further use of 2 x 1 lines
- A longer look at a complete trend cycle, and related uses for successful trading
- Inegrating squares
- Coordinating more than one timeframe

Part VII: In Conclusion

- Example: Observations for "setup" recognition
- Summarily Speaking *Don Hall*

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price ranges or small/large time frames.

(10) PYRAPOINT operates on the mathematical information that every top and every bottom has a mathematical counterpart -- and herein lies the opportunity to project the action of the market -- and to profit therefrom.

(11) The System unlocks the relationship of PRICE and TIME and squares them on a 360 degree circle for each move.

At this juncture, it would seem that the all-important Pythagorean Cube (the "P.C.") should be further described. You will note that a sample of the tool is provided. It is shown as a number series, beginning with number 1 in the center, and progressing ever-onward and ever-outward in a spiral of spaces in sequence. It also has the characteristic that it is divided evenly in fourths, eighths, sixteenths, etc., as the numbers progress in the circle.

In the "P.C.'s" pure state, before any added divisions, it is reported to be a calendar as used by early Egyptians. We personally find this to be a very interesting synopsis since it, too, would date back far earlier than the celebrated works of Pythagoras.

One of the things we do know about the Egyptians' early use of the "P.C." is that it was used in their mathematical teachings and usage. IT IS AN UNERRING CALCULATOR IN THE WORK TO WHICH WE APPLY IT.

The "P.C." was further refined by scholars such as W.D. Gann (and likely Brenner, Bayer and others) for use in calculating trading strategies. Since Gann, for instance, made his famous studies and seminars around the establishment of PRICE and TIME as projected on a circle, it follows that this tool would lend itself to circular measurement and, indeed, fractions thereof. Gann called this "P.C." a MASTER CALCULATOR for his famous work.

To use the calculator to its fullest support level in their calculations, scholars such as Gann have divided the circle as applied by the "P.C." into divisions of the 360° circle which it depicts. They have also given TIME as well as PRICE divisions or sections as shown in this calculator.

It is the author's opinion that our ability to unravel these mysteries as Mr. Gann did will give a trader the best edge at trading which is available today -- perhaps the best known to man!

JACK WINKELMAN MASTER TRADER

Jack Winkleman called me one day and said that he discovered what W.G. Gann really used as the basis of his trading. It's a secret number that the entire world and universe harmonizes on. The number can be traced back in history and is recorded throughout the bible.

I was very interested, so we set up a meeting so he could prove to me that what he had was what he claimed it was. In the meeting he proved that Gann used a harmonic number and used it as a time and price factor in all markets. It works on both futures and stocks.

Astrology timing as well as other technical indicators like stochastics can also be tied together with this harmonic number for near perfect timing.

Mr. Winkleman is an experienced trader with over 30 years of experience. He has successfully managed money for both himself and for others. He has many offers to manager the money of others.

Mr. Winkleman has decided to help other people trade with his knowledge. He is producing an extensive seminar on CD which will be available shortly. He is also getting ready to start a series of newsletters. The newsletters will come out approximately 3 times per month. Each newsletter will cover a specific area like grains, S&P, or the metals. The newsletters will give you a 2 month forecast of what the market is expected to do. I've seen a sample one of the newsletters on Soybeans and I was very impressed. It would seem to me that his newsletters are must for serious traders.

For more announcements on Jack Winkleman go to our website: www.tradersworld.com and click on newsletters to find information on Mr. Winkleman.

Larry Jacobs - Editor
Traders World Magazine

For more information circle No. 20

Traders World Correction Issue #27 Late Summer 1999

PAGE NUMBER 13
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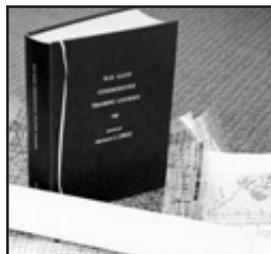
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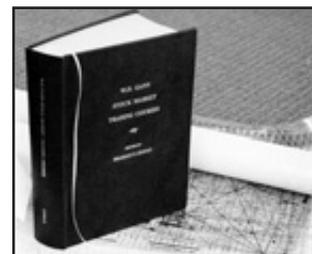
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THE GANN WHEEL, OCTAGON CHART, PYTHAGOREAN CUBE, SQUARE OF 9

By Daniel T. Ferrera

The Square of 9 is basically a spiral of numbers starting with the number one in the center (or apex of the Great Pyramid) with the number 2 immediately to the left. See the Square of 9 Chart on page 18 of this magazine. The rest of the numbers spiral around the center in a clockwise fashion to the number 9, which completes the first cycle of numbers around the center. 10 through 25 completes the 2nd cycle, 26 through 49 completes the 3rd, etc... This particular arrangement of numbers creates a very unique square root relationship with other numbers on the chart. Michael S. Jenkins illustrates some interesting square root trading techniques utilizing the square of 9 in his book Chart Reading for Professional Traders, available from Traders World. Basically, if you want to move around the coordinates on the Gann Wheel you take the number your are interested in (such as the all time High or Low price) take the square root of the number, then add or subtract 2 from the root and re square the result. Example: Lets say that we are interested in the price 664 (which is in the vertical

column straight up from the center). The square root is $25.768 + 2 = 27.768^2 = 771$ which is the number directly above 664 or one full 360 degree cycle out from the center. If we subtracted 2 from the root and re-squared the number ($25.768 - 2 = 23.768^2 = 564$) we would get 564 which is directly below 664 or one full 360 degree cycle in towards center. Incorporating the Gann Emblem with this technique, allows us to calculate coordinates that are conjunct ($360 = +/- 2$ from the root), opposition ($180 = +/- 1$ from root #), trine ($120 = +/- .666$) ($240 = +/- 1.333$), square ($90 = +/- .5$) ($270 = +/- 1.5$) and sextile * ($60 = +/- .333$) ($300 = +/- 1.666$). This technique is extremely useful for finding coordinate squares on the Gann Wheel that are making hard aspects to a previous position on the wheel. Also, Gann believed that the numbers that connected the square base of the pyramid (the 4 corners of the square, I.E. Corner #'s) to the "gravity center" and also the numbers that ran straight vertical and horizontal from the "gravity center" in the form of a cross (cardinal numbers) were very important in balancing "Price & Time" on the wheel. He was basically

looking for astronomical longitudes to balance with price on these key angles. Pythagoras said "Units in a circle or in a square are related to each other in terms of Price & Time at specific points." Gann often quoted the Bible, Emerson, Pythagoras and Faraday to name a few. Basically, he was pointing the reader of his works to clues that would allow his student to unlock the code of his writing style.

Around the out perimeter of the square of 9 is a circle with months and days. The circular calendar starts on the right hand side of the wheel on the same horizontal line as the center block. The data is March 21st and refers to the start of the "natural year" in the season of Spring with the Sun in Aries (the ram). "Lamb of God you take away the sins of the world" (Spring takes away the sins of Winter). The dates move around the circle counter clockwise completing the calendar. This relationship allow the user to quickly identify dates that are Conjunct, Opposite, Square, Trine, or sextile to a post turning date relative to the Sun/Earth relationship.

In Gann's Master Course for Stocks he Said "Within the circle forms the square, there is an inner circle and an inner square, as well as an outer square and an outer circle which prove the Fourth Dimension in working out price movements." So far, we have covered the inner circle (The Earth's Orbit around the Sun) and the inner square (Historic high & low coordinates on the square itself). The outer circle is the Zodiac starting at the left side of the square opposite March 21st on the calendar date September 23rd. This is where the Earth is in the zodiac when the Sun in Aries. Moving from this point clockwise in 30 degree sections of the circle will place the zodiac symbols around the wheel. This completes the outer circle and allows the analyst to examine planetary relationships to price coordinates on the Square of 9, which is now, an outer square. The inner square moves counter clockwise, the outer square clockwise relative to the circle (see attached square of 9). In this way, we can convert planetary positions to prices relating to degrees of a circle (Zodiac longitude) and also to coordinates on the square of 9. We can also examine hard aspects to both zodiac longitude and Square of 9 coordinates. Furthermore, we can also use a first trade chart (Natal Chart), i.e. horoscope (another inner circle) to locate sensitive longitude positions that are being aspected by planets from the other circle making them "Live Angles"! Is there any end to this multidimensional tool? Gann hinted about this natal horoscope technique in

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his Master Course for Stocks by saying "The dates when companies are incorporated and the dates when stocks are first traded in on the New York Exchange or the other exchanges causes them to make tops and bottoms at slightly different dates than these dates for seasonal changes". Gann also illustrated this technique in his astro letter which is well worth reading. I believe that this is what Gann meant when he discussed "Natural Law".

Gann said "Through the law of vibration every stock and commodity in the market place moves in its own distinctive sphere of activities," (natal horoscope?) "As to intensity, volume and direction. All the essential qualities of its evolution are characterized in its own rate of vibration. Stocks and commodities, like atoms, are really centers of energies, therefore they are controlled mathematically. They create their own field of action and power, to attract and repel, and which explains why certain stocks and commodities at times lead the market and turn dead at other times. Thus, to speculate scientifically it is absolutely necessary to follow Natural Law. Vibration is fundamental; nothing is exempt from its law. It is universal, therefore applicable to every class of phenomena on the globe. Thus, I affirm every class of phenomena, whether in nature or in the market, must be subject to the universal laws by causation, harmony and vibration." Gann also said "My calculations are based on supply and demand and are purely scientific, mathematical calculations. Many years ago I discovered a time factor which enables me to tell when accumulation or distribution is taking place and when stocks reach approximate tops or bottoms." Gann called his newsletter service the *Supply & Demand Letter*. Compare this last quote from Gann with a rise with a quote from Louise McWhirter's 1938 book *McWhirter's Theory of Stock Market Forecasting*: "The rise and fall of price is governed by the law of Supply and Demand. Which is in turn governed by the law in the universe, hitherto

unknown or ignored, known as the law of Action and Reaction. Periods of business prosperity and depression are not man made nor the result of chance; they come at regular intervals, the same as the seasons, and the same astronomical laws which govern nature, govern man and all man's activities. When this fact is recognized, man will work in harmony with the force of nature and not blindly against them."

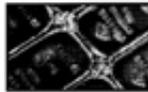
Nobody knows for certain how Gann used this Master Calculator, but if you will study this material and apply the techniques presented in this article. I think you will agree that this is how Gann probably using this tool which proves the "4th" dimension in working out time and price movements".

One of Gann's most amazing calculations came during the summer of 1909 when he predicted that the September contract of wheat would sell at \$1.20. This meant that it must hit this price before the end of September before contract expiration. At 12 o'clock Chicago time, on September 30th (the very last trading date for the Sept. wheat) was selling below \$1.08. It looked as though Gann would be wrong! Gann said "If it does not touch \$1.20 by the close of the market it will prove there is something wrong with my whole method of calculation. I do not care what the price is now it must go there." It is now common history that September wheat sold at \$1.20 and no higher in the very last hour of trading and closed at this figure surprising the whole country. If you cast a horoscope for September 30th 1909, you will find that Mars was in opposition to Jupiter, also look at the Sun/Earth relationship to price and natal aspects to price. If you place these planets on the outer zodiac circle on the Gann Wheel, you will see that Jupiter & Mars longitude where making aspects to the price of \$1.20 on the Square of 9. That natal planets are on the outer wheel and the planetary positions for 9/30/09 are on the inner wheel.

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Mr. Miner believes that the reason that between 70% - 90% of traders quit trading in the first year is because they lose most of their initial trading capital. Why do these people lose? It's because they fail to take the time to learn how to trade.

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exit strategy in advance, money management and trade management. The Dynamic Trading approach teaches all the aspects of the business of trading so you have the best opportunities to succeed.

The trading software is extremely easy to setup on an IBM compatible computer. After you install the software you need a password which opens the software up on your computer. This is usually E-mailed to you after you request it from dynamictraders.com on the internet.

The software reads a variety of end-of-the-day data types available from several different services. The types of data it reads is: AIQ, ASCII, CSI, Ensign, Genesis, MegaTech Pro, MetaStock, TC2000, Techttools, and Tradestation. The program can also read intraday types of data: ASCII, CQG, Ensign, Genesis, Quote.com, and TradeStation. After the data is accessed from a service you then setup portfolios of stocks and futures to monitor. These portfolios are then updated via your data service.

The program has large selection of trading indicators, drawing tools not available elsewhere. One of the features I really like is the swing file function of the program. The swing files are exactly like the ones the W.D. Gann used for trading. They are easy to setup and they can be changed via a percentage feature.

The line and drawing tools in this program are second to none. The program allows you to use trend lines, parallel lines, Andrews Lines, Babson Lines, Gann Angles, Regression Lines, Price Time Squares, Draw Boxes, Pivot Labels, Fibonacci Price Projections, Price Counts, Fibonacci Time Projections, Time Counts, Bar Reference Lines, and Cycle Accordions.

The program also offers a variety of technical indicators. It has all the familiar indicators plus many new ones. The program includes the Keltner Average True Range Bands, Dynamic Moving Averages, Moving Average Lines, Moving Average Percent Bands, Standard Deviation Bands, ADX, DI, Dynamic Trend Filters, Historical Volatility Ratios, MACD Histogram, Moving Average Oscillators, Open Interest, Range of Change, RSI, Slow Stochastics, Std Dev Bands - Positions, Std Dev Bands - Width, Stochastics RSI and Volume.

Also included in this software is the DT Daily Trade Scanner which runs on a portfolio of daily data. The studies in this scanner were originally developed as entry techniques for short term traders. They are unique trade set-ups that are often followed by short term trends if the buy or sell reference trigger price is made. Traders can use those studies that complement their trading objectives and trading plan.

Many unique tools are also in the program. They include: Compare Two Swings, Time Between 2 Dates, Future and Past Dates, Price Time Alerts, View Bars, Ratio/Count Set Designers, and even a Popup Calendar. Another tool included is for Anniversary Statistics, for the day of the week or even down to the time of the day using intraday charts. Yet another tool provides powerful statistical and graphical analysis of swing charts.

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Robert Miner can be reached at 800-987-8215, E-mail: support@dynamictraders.com,



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I know, I know. There are dozens of promoters out there who make absolutely outlandish promises that they know can't be fulfilled. It is shameful. You are not going to become rich overnight after reading a trading book or paying an exorbitant amount of money for a weekend workshop. You are not going to make hundreds of percent return every month using some silly and unrealistic option strategy. You are not going to develop a mindless, "mechanical trading system" that will be your personal money machine. You know all of these kind of promises are complete nonsense but now and then your logical and rational mind seems to shut down and you want to believe these ridiculous claims are true. Unfortunately, it often costs you a lot of your hard-earned money to find out you've been taken once again by dishonest and deceptive advertising.

When you decide it is time to get real and get some real trading education, regularly visit our Web site at www.dynamictraders.com for a free trading education. Access is completely unrestricted. You don't have to sign in or give us any of your personal information. You don't have to use a password. You don't have to fill out any survey and then get spammed to death. Just show up. Check it out. You decide how valuable the information is for you.

Robert Miner is the author of *Dynamic Trading* named the 1999 Trading Book of the Year and a first place winner of the Robbins World Cup Championship of Futures Trading.

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If You Could See Tomorrow

By Larry Pesavento

Artificial intelligence is a relatively new entry into the world of financial markets. It contains such exotic disciplines as Fuzzy Logic, Genetic Algorithms, Neural Networks and other hybrids. I use a neural network with a genetic algorithm. This artificial intelligence software program looks at 20,000 two minute patterns to come up with a prediction of what the market will do the next trading day. It works on all active stocks and commodities.

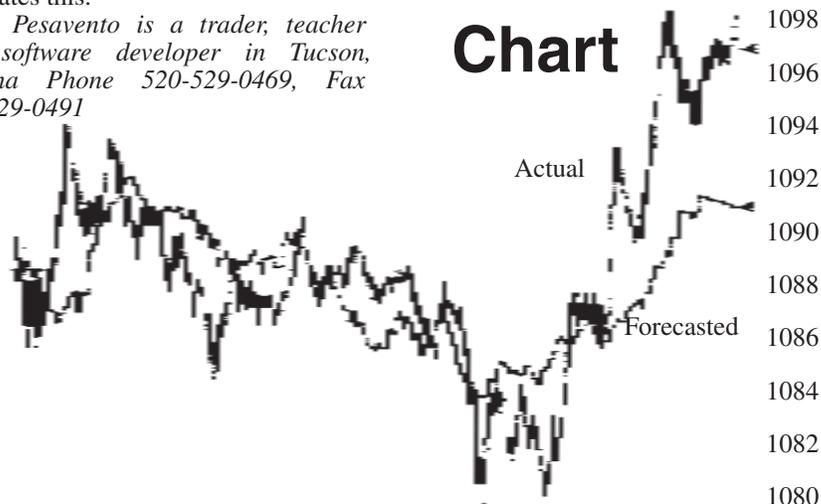
The principle of why this neural network works lies in the theory "Markets operate in a chaotic environmental but within this chaos are non-random patterns that repeat consistently and are predictable."

The process of preparing the neural net forecasts for the next day begins on a Sun work station. The computer takes 30 days of two minute bars and begins to find the patterns for the next day. The neural net validates the predictions by using two statistical tests: 1. Configuration matrix and 2. Root mean square.

Many "hidden layers" are incorporated in the neural net system to filter the patterns. The neural net will not predict a future day that has a correlation coefficient of less than 75%. This means that its predictions are correct approximately 75% of the time.

Several unusual features are built into the neural net that makes it extremely useful for entry and exit of positions. First, it begins each days trading. Secondly, the neural net is trained each day after the market closes. The prediction for the next day is based on time and pattern. Price is a distant third variable. See the S&P500 2 minute chart below which illustrates this.

Larry Pesavento is a trader, teacher and software developer in Tucson, Arizona Phone 520-529-0469, Fax 520-529-0491



Book Sale: Site Offers New Way to Buy and Sell Trading Books

By Larry Jacobs

A growing number of traders want an exchange for trading books. They may have bought 5 - 10 trading books per year and have thoroughly read the books and no longer have any interest in them. They can now list them on the Traders World Book Exchange. The exchange can also be used by rare trading book buyers and sellers. Rare Gann letters and newsletters can also be listed. Estates can also use this valuable service. When a major collector of trading books passes away, their heirs now have an outlet to sell the valuable books. Retailers can also list new and old books on this exchange. Traders World acts as an exchange clearing firm for both sides of the transaction. The buyer gets what he thought he ordered and the seller gets the money he was asking for. This is a needed service which is now possible through the internet. It's now online at www.tradersworld.com. You should come to the site and test out the many new features on the book exchange.

S&P500 2 Minute Chart

WIZARD ON WALL STREET[®]

GUIDANCE FOR THE PROFESSIONAL TRADER

MULTIPLE TIME FRAME STRUCTURE[™]

STUDY COURSE



TRIO SWING CHARTING[™]

MATRIX OF 9[™]

TRADER'S PSYCHOLOGY

FIBONACCI TRADER EXPANSION[™] PLAN

Original Concepts
Exclusive to the FIBONACCI TRADER[®] Program

A PROFESSIONAL TRADING COURSE
ROBERT KRAUSZ M.H.B.CHE, AND THOM HARTLE



Dear Trader,

Some of you may know my name from the nine years I spent as Editor for Technical Analysis of STOCKS & COMMODITIES magazine. What you may not know is that before working as an Editor, I was a fixed income trader for over five years at a major northwest bank. Our portfolio ranged from Fed Funds to Mortgage-backed Securities. Before working as a trader I was a Vice-President, Financial Futures for a primary dealer.

My career spans some twenty years working on the buy side of Wall Street, then the sell side, and then as Editor, market research.

As the Editor, I reviewed an extraordinary list of approaches to the market, from the highly complex to the classical methods of analysis and trading.

Over these nine years I have seen, what I believe, are the best and the poorest approaches to trading. I have learned that there are clear, consistent keys to sound

market analysis and the application of a successful trading method. Here they are:

- 1) "There are two modalities: analysis and trading. The goal is to have the two modalities work together."
- 2) "Any form of analysis for trading should work in any time frame."
- 3) "A valid plan must have clear definitions for each component of the plan. The most important aspect is using fixed rules that can be back tested over historical data."
- 4) "Curve-fitting or over-optimizing is the kiss of death to any mechanical trading plan."
- 5) "The plan must be dynamic enough to change with the market."

2/23/98

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KEY POINTS OF THE MULTIPLE TIME FRAME STRUCTURE™ STUDY COURSE

6) "The best method is a multiple time frame approach. This technique uses analysis of the higher time frame, such as the daily chart, to define the tradeable trend and important support and resistance bands for the intraday chart."

7) "Most traders lack confidence, are dissatisfied with their execution, and suffer from fear of loss. The root cause, generally, is a lack of a solid back-tested trading plan. and no frame of reference."

Who said these things? My associate – trader, author and teacher – Robert Krausz. I recently joined his firm WIZARD ON WALL STREET, INC. to bring to you a course in technical analysis, that we plan to be the finest available. We will be using "state of the art" high tech teaching methods. The list on the right covers some of the topics we'll teach you.



THOM HARTLE, VICE-PRESIDENT
WIZARD ON WALL STREET's goal is to offer a professional study course that will take you to a professional level of trading. For those traders who are already proficient you will be shown many insights into the proper use

3/23/98

continued on next page

- **Multiple Time Frames** – A solid framework of multiple time frames and its applications.
- **Psychology of Trading** – In addition, Robert Krausz's Mental Harmonics tapes, as mentioned in Jack Schwager's book *New Market Wizards*, are part of the course. This important aspect of trading will be discussed in depth.
- **Market Structure** – A broad-based theory and practice for trading stocks and futures. This the essential frame of reference.
- **Advanced Swing Trading Techniques** – Intraday, short term and medium term strategies. Applications to trading stocks and commodities. The Matrix of 9 will be taught. A special "THEWOW" add-on to the Fibonacci Trader™ program is included.
- **Fibonacci Trader Expansion™ Plans** – Two modes of this trading plan will be taught (aggressive and conservative for T-bond futures). This trading plan is original work. The complete set of rules, structure and the results of a 8.5 years back test will be disclosed. In fact, we will be trading this exact plan for T-bond futures ourselves in real time – with real money. The course lasts for six months, but at the end of the first three months you will have all of the know-how needed. We will take every trade, and send out a weekly fax/e-mail update to keep you on the straight and narrow.

of trading based on multiple time frames.

The course is much more than just the narrow view of a 100% mechanical trading plan. The trading plan is only part of the course, as we want to give you a solid education in market analysis. Let's take a quick overview of some topics, which are the foundation of the course.

MULTIPLE TIME FRAME STRUCTURE™

Famous author and technical analysis expert Perry Kaufman, in his book *Trading Systems and Methods — Third Edition* published by John Wiley & Sons, discusses multiple time

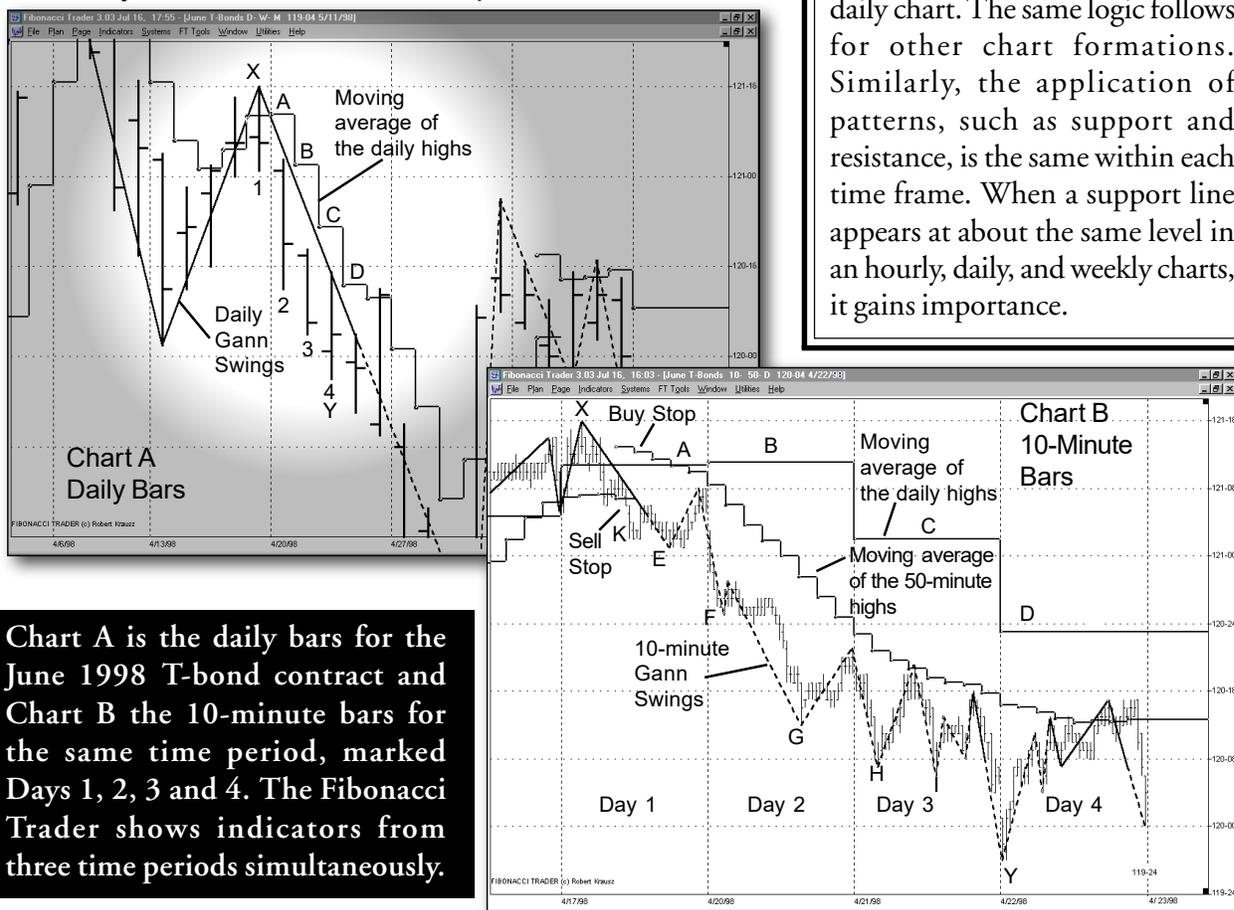
frame analysis. Here, used with Mr. Kaufman's permission, are his thoughts:

ROBERT KRAUSZ'S MULTIPLE TIME FRAMES

Although multiple time frame techniques have become more visible, the most robust approach has been taken by Robert Krausz.

Krausz works in three time frames rather than two. The shortest time frame is the one in which you will trade, in addition, there are two longer time frames to put each one into proper perspective.

One primary advantage of using multiple time frames is that you can see a pattern develop sooner. A trend that appears on a weekly chart could have been seen first on the daily chart. The same logic follows for other chart formations. Similarly, the application of patterns, such as support and resistance, is the same within each time frame. When a support line appears at about the same level in an hourly, daily, and weekly charts, it gains importance.

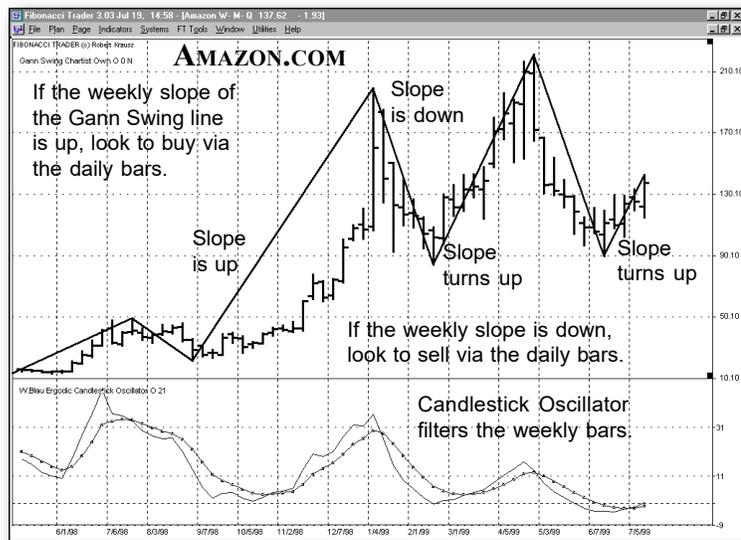


SWING TRADING AND ANALYSIS

Swing trading is a valid technique that has stood the test of time. W. D. Gann used and taught it from his early days.

Robert Krausz has been using swing trading techniques for many years, but with a big difference. This difference is the application of multiple time frames to Swing trading. Robert's book, *A Gann Treasure Discovered*, handles single time frame Swing Trading with back tested trading plans, and is part of this course.

A trader's edge can be nicely improved by applying multiple time frame strategies to swing trading. The Swing Trading section of the Study Course explains how. The "Matrix of 9" is an add-on to the Fibonacci Trader computer program



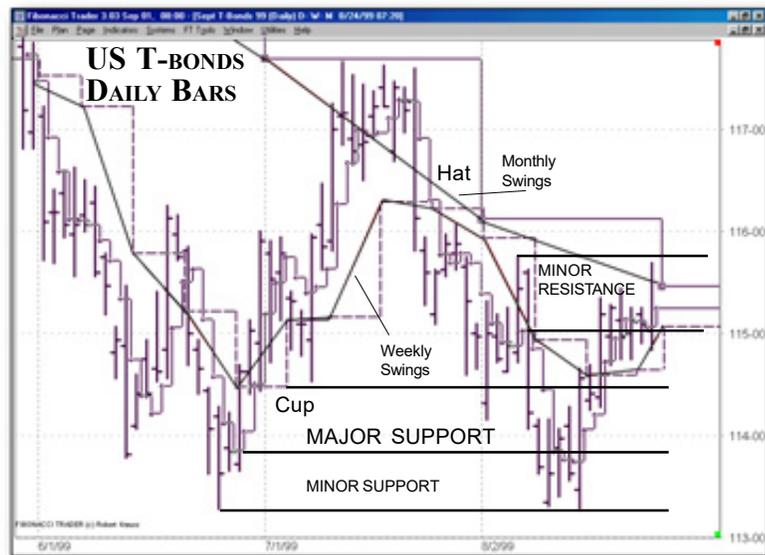
which plots the swings for you in 3 different time frames at the same time. This will be of great help to intraday traders of stocks or commodities.

The simple concept of letting the higher time frame's swing define the market direction via the slope and then using the lower time frame to enter in that direction is only the start on the road to market knowledge.

TRIO SWING CHARTING™ (COPYRIGHT 1999, ROBERT KRAUSZ)

This original method of analysis looks at Swing Trading in a new way. Not only does

it clearly define the swing direction but it shows the following:



- A) The tradable trend.
- B) Major and minor support and resistance zones.
- C) Potential congestion and termination of moves.
- D) Action points-entry and exit.
- E) All of these become visible in one chart.

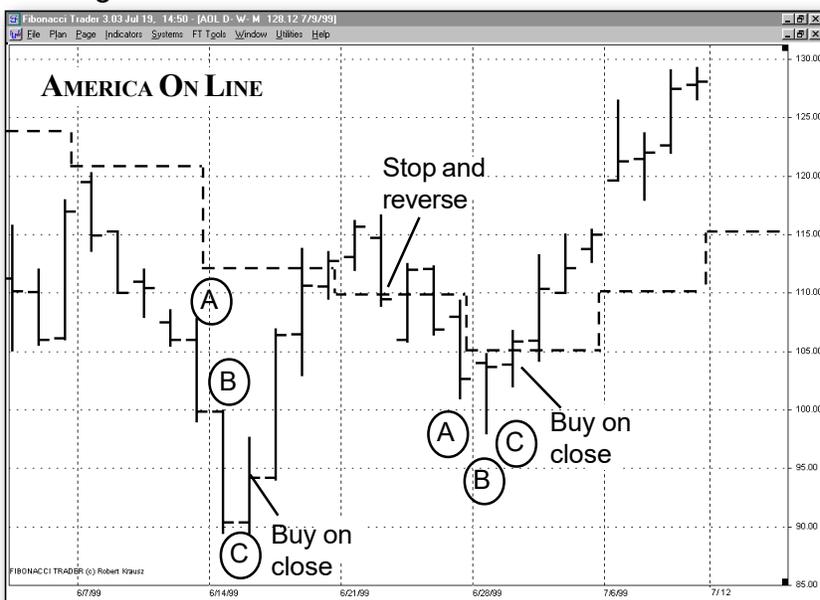
The method will set up a nice frame of reference for Swing Charting in multiple time frames.

FIBONACCI TRADER EXPANSION PLANS™

The power of this concept is the ability to define potential market exhaustion. Once the plan detects an exhaustion using the weekly chart — we then enter the market via special daily patterns and mechanical rules.

The Expansion Setup is based on Fibonacci Ratios and the setups (not the trades) are automatically plotted (with alarms) by the “THE-WOW Add-On” to the Fibonacci Trader™ program. The charge for the “THE-WOW Add On” is included in the price of the course.

The results of a nearly nine year back test using the T-bond (shown here) and T-note futures contracts speak for themselves. We chose these markets first because that is what we trade, but the concept is valid for most markets including fast moving large cap stocks. See the chart of America On Line below for an example of three trades using the exact same concepts we use for trading the T-bonds.



Fibonacci Trader Expansion™ Plan

BACKTEST PERIOD: 1992-1999 (JULY)

| | |
|-----------------------------------|-------------|
| Average annual return on account: | 191% |
| Average Maximum drawdown: | 12% |
| Total number of trades: | 265 |
| Percentage of winning trades: | 68% |
| Avg. number of trades per annum: | 37 |
| Largest losing trade (1992): | \$5,531.25 |
| Largest winning trade (1996): | \$25,687.50 |
| Average losing trade: | \$1,712.02 |
| Average winning trade: | \$4,313.03 |

Every student will receive the rules and the full 8.5 years back test for T-bonds with charts that show every trade with the rule used. This backtest is the most comprehensive that I have ever published. We will also show how you can adapt these techniques to your favorite markets. In other words, we will teach you the structure and not just the narrow focus of a 100% mechanical plan.

With this information in your hand, we will trade this exact plan in real-time with real money. And we will report to you during the last 12 weeks of the course, on a weekly basis (via fax or E-mail), where and why we have traded. The course is educational in nature and we will be reporting to you how we are trading our own money using the same rules taught in the course.

You can vary the account size by the number of

contracts traded. This backtest used three contracts, and is capitalized at \$40,000. With less capital trade with fewer contracts. The results are annualized, not cumulative.

Please read the risk disclosure document at the back of this brochure. We don't have the Holy Grail.

QUESTIONS & ANSWERS

The returns on the FT Expansion Plan look terrific. Will I get the same results?

All mechanical trading plans are similar to a template. There can be no guarantee as to whether or not the structure of the market will stay the same going forward. Therefore the returns of this or any mechanical plan can and *will* vary from past results. That's the purpose of the disclaimer. But more than that, every trader has their own personal temperament or ability to cope with risk and reward. The emotions of fear and greed are very important variables in this equation. All we can show you are the tools that have shown past success as well as discuss the psychological issues involved with following a trading game plan. Again, we don't have the Holy Grail.

How much time will I need to spend each month on the course?

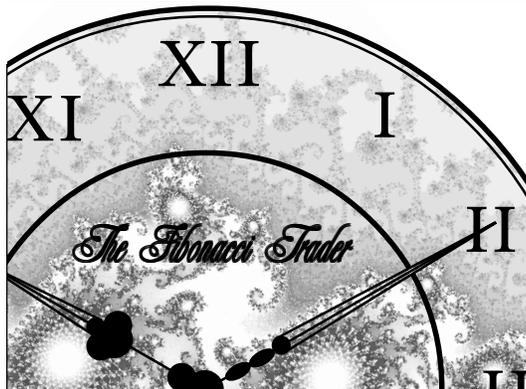
Each student will have to decide for themselves their level of personal commitment. The more experienced traders will understand the tools quickly, and intuitively see their purpose. Less experienced traders will need to take the time to study many, many charts reviewing numerous situations and then the purpose of the technical tools will become clear. The more time spent reviewing past situations the more confidence the trader should have when facing each new trading day. In addition, we will publish in each lesson questions & answers.

The FT Expansion Plan has fixed rules. Does the "THE-WOW Add-on" just tell me when to buy and sell?

The purpose of the "The-WOW Add-on" is only to flag you that the criteria for a weekly Expansion setup has occurred. There are daily action points to follow after a setup occurs. Therefore, you will see the opportunity as set out in the course, but the decision to place a trade is your own as per the rules provided and backtested. THE-WOW Add-On also contains the "Trio Swing Charting" and our "Matrix of 9" programs.

What about increasing one's confidence?

Confidence comes from reviewing literally years of past trades, and following the entries, drawdowns and exits of many trades. Only then will you have the confidence to trade. Confidence does not come from looking at a summary sheet of returns, or from pressing computer keys. Our section on Trader's Psychology and Robert Krausz's Mental Harmonics Tapes should help.



| SEPTEMBER | | | | | | |
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| 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| 19 | 20 | 21 | 22 | 23 | 24 | 25 |

2000

The entire course is covered in six monthly lessons. In addition, you will receive twelve weekly e-mail/fax updates that start at the end of the third month. The course includes:

1. The Professional Course — a combination of a hardcopy workbook and CD-ROM
2. THE-WOW™ Add On to the Fibonacci Trader™, a \$250 value
3. Mental Harmonic audio tapes, a \$99 value
4. Robert Krausz's book, *A Gann Treasure Discovered*, a \$161.80 value

Important Notes:

The Study Course postage and handling charges are included in the price.

If you already have items 3 or 4 you will receive a credit towards the price.

The course requires Fibonacci Trader™ real-time program to take full advantage of the Swing Plans (especially the intraday methods) and the Fibonacci Trader Expansion™ Plans. Also, Windows 95 and Apple's QuickTime and a functioning Sound Card are required.

We reserve the right to refuse any applications. You will be asked to sign a non-disclosure form.

Due to the proprietary nature of the course the cost is non-refundable.

MULTIPLE TIME FRAME STRUCTURE™ PROFESSIONAL STUDY COURSE

WIZARD ON WALL STREET, INC., 1835 US1 South 119, Suite 352, St. Augustine, FL 32086
Phone: 425 481-2582, Fax: 904 819-0737, E-mail: tbonds@halcyon.com

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Your Signature: _____

Multiple Time Frame Study Course: \$3,600.00

Fibonacci Trader Real-Time (Required): \$986.00

U.S. S&H for Fibonacci Trader program: \$50.00

Overseas S&H: \$100.00

MTFS Study Course Publication date: September

(Credit cards will not be processed until just prior to shipping of Lesson I)

THE-WOW.COM

(Web site under construction)

All information provided in this course is based upon the original research methods of the Wizard On Wall Street corporation. It is written and shared with sincere and reliable intent. The purpose has been to inform and report, not to mislead. Although these methods have proven reliable in the past, there cannot be, and nor is there any guarantee that they will work in the future. Therefore, neither the authors, the publisher, the editor or any other person connected with the writing of this course assume any responsibility whatsoever for any reader's activities in the markets. The course is for educational purposes only.

The CFTC may require the following statement: "Hypothetical or simulated performance results have certain inherent limitations. Unlike an actual performance record, simulated results do not represent actual trading. Also, since the trades have not already been executed, the results may have under-or-over compensated for the impact, if, any, of certain market factors, such as lack of liquidity. Simulated trading programs in general are also subject to the fact that they are designated with the benefit of hindsight. No representation is being made that any account will or is likely to achieve profits or losses similar to those shown."

Futures trading carries high risk. Be aware, one can lose as well as gain.

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Do Murrey and Gann Teach the Same Price and Time Trading Game?

By T.H. Murrey

Who knows any more about W. D. Gann's trading strategy than his #1. Rule? How to set your market's speed. 2.5 million people brag that they have studied "Gann" since 1929.

I have never heard many traders ever say that they know more than "he hid all his teaching techniques in numbers and symbols, which are hard to find."

Gann's "mystical" numbers, ratios, and predictions fascinate every trader.

But they quit trying to understand all his squares and number sets, when they find out they have to use more than 8th grade math for the answer.

Every trading system, guru, software package, or future market direction prediction newsletter, sets its retracement lines to a random set of what you "see," from the past high and past low, off random reverses off enthusiasm (on highs) and final exhaustion sell-offs, (on lows). Do you?

Few traders know anymore about Gann or trading his techniques than how to set any two extremes, into a frame of 8/8ths. Then begin to expect their market to run up or down (.382) or (.618) inside its current 8/8th (that we set) off our own

"perceived" rhythm of any market's current speed as measured by its current 1/8th.

Either you pick two arbitrary extremes as the high or low, or your software picks them for you.

Who is more qualified?

Who is more correct? There are plenty of gurus out there to confuse you today and tomorrow.

Or markets are really running to pre-set pure math 8/8ths?

T. Henning Murrey is the 1st Gann student, to "see" and understand, that all markets are moving inside a Square (starting with the 1st Square of 100). This is the Harmonic Rhythm.

W. D. Gann mentions the number "100" once in his famous commodities book, when he describes "Natural Numbers." That was your "clue."

Did you recognize it? Cast it aside? Forget it? Ignore it? Not understand? Get upset?

2.5 million Gann students, from 1929, rejected the simplicity and musical exactness of 100 as the 1st perfect trading Octave for all markets.

Why does every expert trader miss what Gann was trying to tell you? Too much innuendo?

W. D. Gann told you to ignore it. But T. Henning Murrey is given credit as having been the 1st to catch it and share it.

Nikki Jones, is here in Australia this week speaking to different groups about what Gann said and how he said it. Do you want to know?

She was presented with my book back in 1994.

My 1st chapter on Gann recorded how I saw his words to be riddles for the "masses." Are you?

Nikki Jones has more original W. D. Gann notes, yet others are still trying to decipher his truths.

Most traders would enjoy the search more than the profits. Class is early tomorrow. Sign up.

All the "prophets" are already dead. Why do traders keep searching and missing the clues? They really don't want to know.

Deductive reasoning is the reason.

If you accept one basic premise of logic, then you may infer and prove the same "thing" (theory), so any market will always move at 3/8th or 5/8th at the same speed (but not the same price) as any other market.

Gann told you so many complicated math formulas, you finally gave in and believed him every time he created a new "math set formula" that would look almost mystic, but was simply taking the obvious (price moving inside a square) and finding its current trading Octave. That's it.

Gann was doing as we do

Nothing but to look and watch price action to its own Internal Harmonic Rhythm inside its square frame (set automatically by our brains).

The Murrey Math Trading System has taught thousands of students to learn to "see" that Murrey and Gann are one in the same frame.

But the simplest difference is Murrey Math is willing to teach you what Gann left in the occult, hidden, secret math formulas, which are too hard for most students to see. Have you seen?

Presently, I, T. Henning Murrey, Master Level Trader # 13., am seated in the camp of Mr. Rob Philberts, a two year student of mine, who came to learn Murrey Math through another MM student, Mr. Stephen Lewis of The Gold Coast, Australia.

The Gold Coast, Australia.

How could a "cornball" 56.25 year old man, from Tennessee, with no job, no financial background, or trading of commodities or stocks, who never read more than one book by W. D. Gann, see what Gann took to his grave? 100.

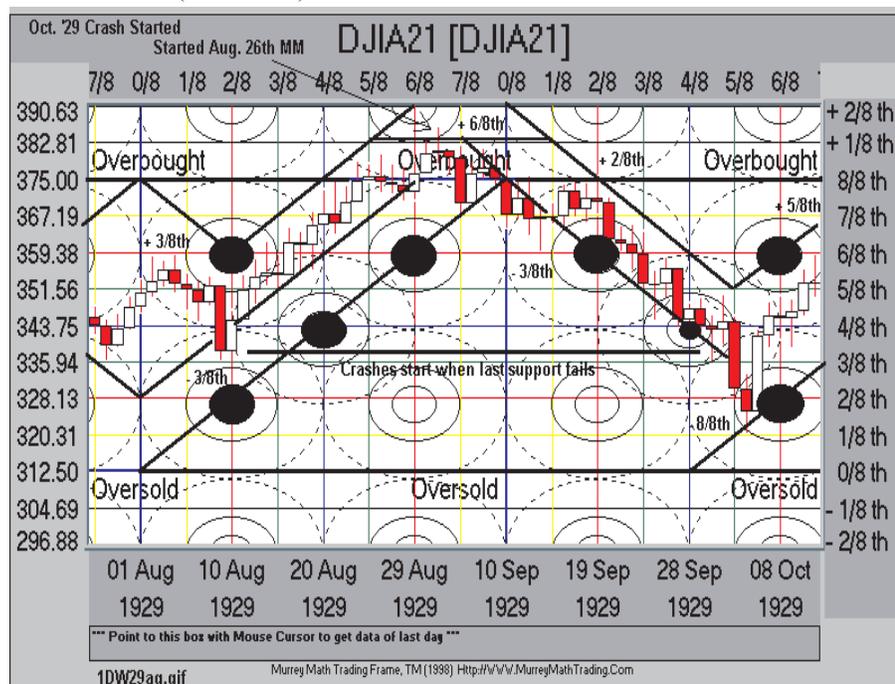


Figure 1

Gann loved to place his rules in so many tricky dates. He paid many astrologers to help him with his market reversal expectations into the future set off past history.

Evangeline Adams was the best female astrological stock market "guru," who lived in NYC, at the time of Gann, and predicted the 1929 crash to the hour, minute, and day.

Who cares? Your grandfather laughed at her when she said it. The market was headed higher.

The stock market went up almost everyday in 1929 and then it did it again in 1987 and everyone said "who cares?" Then it crashed!

Only one American in 1,000 will ever take a profit in their mutual fund. So who listens?

Peter Lynch advertises on T.V. to attack your mutual fund strategy as you would expect children to try and "feel" adult problems. What?

Fidelity Magellan Mutual fund went down -15%, when the stock market went down -15%. What a service to depend on to say "hello, sell."

Are they powerless to do anymore than just watch also? Did you react? Did they call you?

In 1929, August, the US stock market went up, then it fell back down and formed support. W. D. Gann told everyone that "support" is the # 1. Rule to common sense trading markets going up (long): so do you close losses below support?

What does support mean?

So many "bogus" trading lexicons are being shared over the internet today, most traders are lost when they don't buy the latest abbreviated magic formula to help them see what you are already looking at. Do you own one?

W. D. Gann told you to expect a Crash on a certain day because our US stock market fell below its support level from its last low. Who listened? Who cares about support these days?

It was well off its highs. Markets crash only when the last support is taken out and the market seeks lower lows for support. Who ever looks at old lows? No one now!

Any rookie trader, could have told you, that if a market goes up, then falls, then goes up, then comes back down to its old lows, then falls below its support, it is now going lower.

It is going back down to its lower lows, for support, toward a cheaper level, that normal humans would see value, and would want to support its current price levels, and start buying and run the market prices back up short-term.

Greed is the only reason any trader stays in when any market reaches all-time highs. Greed is fun. Correct? Greed feels better than need.

W. D. Gann made an average of 12 trades per day, so his trades lasted an average of no more than 45 minutes in length. How long do you choose to stay in a trade: Years or months, or days? Why not copy the master trader? Can't?

Did the US stock market crash down to its all-time lows in only one week or could you have exited back above the Crash Day's lows before it kept falling? Would greed have kept you in? Did your grandfather tell you to "Buy Low" and "Sell Often?" Or was he happy to just hold on?

W. D. Gann bought and sold short-term, yet everyone wants to sit and pray because they don't have the "feel" of their market or they refuse to take a small loss, or a small profit. Why?

Traders have conditioned themselves to be "slaves" of the computer and more a slave of too much data and far too much "cockpit" UFO decision-making sightings. Where are you?

W. D. Gann would rollover in his current trading pit, if he saw all the weird logic out there now trying to "fog" the obvious: price change.

Any blind person can remember any last high or low reversal, so why do we clutter our computer screens with too much information? Do you?

Rich, idle, day traders, want to spend hours mathematically recording what they already see on the screen. Why? Nothing better to do?

They are the next "Gann." Sure?

Folks, Gann and I were the only ones to see the number 100 and trade it. So why try harder?

Please, relax and quit trying to restructure the Base of Ten or keep thinking all markets are random. How tall are you at birth? Too late!

All markets are perfect and set themselves exactly to an Internal Octave set inside the Square of 100. Your height is known at once.

Gann saw it and me too. So please accept it or you will be left behind when the market speeds up. Most traders refuse to trade in fast market conditions. Can you? Only 12.5% can or will.

Last May and June, when the markets were most volatile, Charles Schwab and Co. reported a minus 25% decrease in trading of shares. Why?

More mentally distraught day traders in the US now kill passersbys only in fast market conditions, when they can't accept the "fast market conditions." Why? No trading system?

Anyone with extra money has the right to tell their friends they are a "day trader." 87.5% of all so-called day traders are simply wasting everyone's time because they are just playing "day-trader." Do you? Give the broker money?

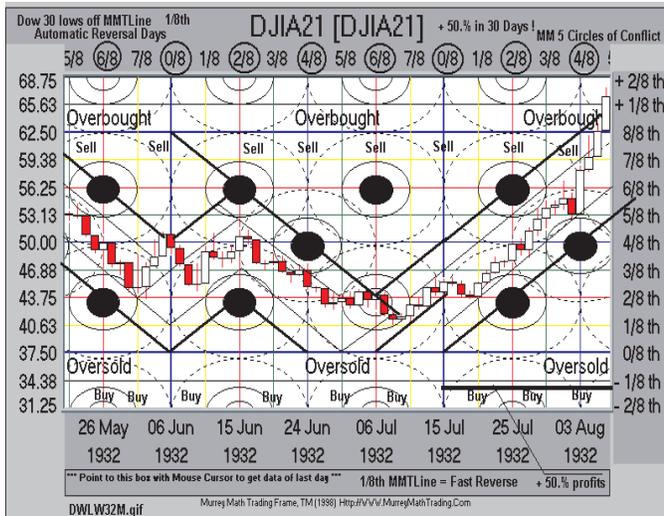


Figure 2

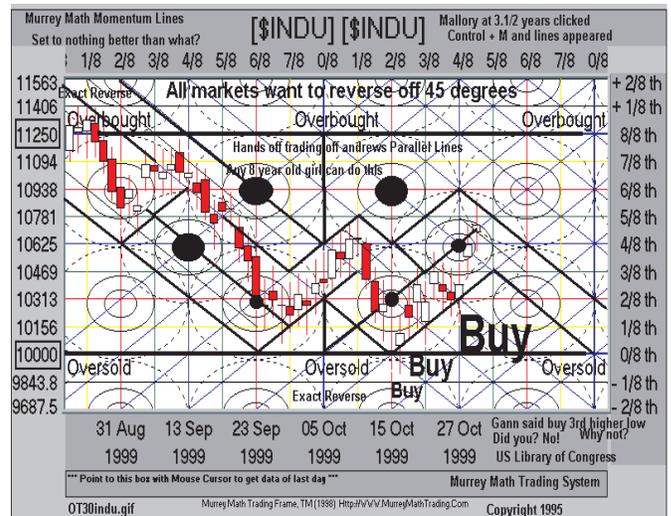


Figure 3

If traders had to wear red nail polish on every finger for every loss, most day traders would be wearing white gloves or keeping their hands in their pockets. Who has polish on their toes?

If every trading group had to present their trades (wins vs. losses), to their club, or E Group, to attend the current meeting, we wouldn't have to endure all this theory b. s. on the 'net.

Traders are looking for the Holy Grail or trying to create one more indicator that is better than just asking the simple question, "where is the current price against the last low or high and where do we sell a profit?" Do we need to see more? Or do you just want to win a trade?

I teach my students to "think" like me and to trade off the same square of 100 that W. D. Gann and I know really is the Holy Grail of Trading (as long as you use the Base of Ten). Believe us?

Math is a perfect expression of what you can see but not what you can feel. Do you feel trends?

How do you feel about 3/8th and 5/8th as representing what Gann said was the "natural" reverses for markets?

This 3/8th and 5/8th reversal rule is the 2nd most widely known and used. What does it really mean? Who really understands it? Do you?

Every software trading system, software program, guru, and future predictor newsletter, will tell you how to measure future time reversals off any present or past highs or lows as an expression of .382 or .618. Right? Wrong.

Predicting the future is about as meaningful as telling someone how tall your new baby will be at 18.3/4 years. Who cares when 75% love to eat.

Most newsletter gurus don't trade nor do they even care? How much do you pay to read it?

If I told you that the future prices predict themselves, you would think I am weird, but it would still be true. More should listen now.

If you saw a square of 100, what would you guess to be 3/8th of 100? Gann told you to see 100.

37.5. And if your mind could accept this 3/8th, would your mind imagine a larger square of 1,000 to have its 3/8th set at 375? Gann never considered it. But I did. So did Katie and Mallory from Australia, when they charted.

How many computer programs would you have to write to "discover" what Gann and I already know: all markets are 100% set inside its square of 100? Set to an Internal Octave of music?

Accepting this basic premise means you wasted your time learning "bogus" trading rules off random lines or you can't accept the fact that the Universe will come back to the same time and date

The Futures Forecast

The Futures Forecast

Analyses Fibonacci and Elliott Wave turning points and unique fundamental situations to help futures and options traders anticipate major highs and lows, and changes in trend direction.

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For more information circle No. 30

cycle every four years. They are "copying me now." My birth date in 2,000 a.d.

99.9999% of all new traders don't really care if markets are random or exact, when they begin their learning curve. After some study they think they are smarter than us: me and W. D. Gann.

Presently, I am relaxing after having given Murrey Math Learning Academy Lessons in Brisbane (3), The Gold Coast (2), Melbourne, and now I am off to Sydney and back to Brisbane, then over to Coorooy, and then over to the Outback, then finally back to The Gold Coast and Brisbane: before leaving Australia.

Hundreds of new students have been introduced to Murrey Math: the real Murrey Math (not the bogus knock-off internet sights springing up to say they are better than me and W. D. Gann. What a joke? Why go backwards?

Presently I am seated in a cabin (one of 4) on a working farm. There are thousands of cattle, hundreds of "fenced" deer, and over 12,500 acres at the headwaters of the Brisbane River, with over 150 miles of roads inside his trading frame (cattle farm), 2 hours west of Coorooy, Australia, writing an article to help new students enjoy a simpler trading life.

This article will be shipped by E Mail back in time to Trader's World Magazine for their next issue. Please be patient with us all.

Successful business-persons the world over, want to learn to trade, but they don't want to expend any more effort than their ability to trade off their

brains and common sense. Do you?

Computers and trading programs and trading systems should be engineered to reduce trading to "seeing it all" in your head. Can you?

Hard work and long hours are what we do when we start out in life. Over forty it won't work.

Successful, over 40 grown-ups don't want to go back to college to learn to trade. Did you? Why should you? This should be easier when older.

Are you tired of having to learn how to see the obvious? Gann started it by teaching vague rules. So why not go back to him and ask why?

Do you gravitate toward the "complicated" or the "simpler" way to trade? Would you accept "simpler" if it were the same as random market rules? Who wouldn't? My students say simpler.

Thinking smarter is an "adult adventure" toward a more successful way to trade. Smarter is simpler. Simpler is more profitable. yes no?

Why waste time reading, studying, or trading off random, occult math formulas, where everyone in the room has a different perspective of the same raw chart?

Trading systems should be a tool to "mental freedom" and should educate you so you may be able to answer the phone and contact your broker and (you) tell him what, when and where and how much short-term profit you expect from any trade.

Rob Philberts and his brother run

a construction company, build homes, and roads, and have children in school, have planes and civic duties, so they don't have the personal "training time" to waste learning another trading system or to use software. They see MM in their heads now.

I paid my own way, from the US, and flew to Brisbane, Australia two weeks ago at the invitation of Mr. Stephen Lewis, to speak (again for free) to his Australian Technical Trading Association, which totaled 140 active traders.

I had no idea anyone would want to learn from me. But they paid cheap to learn and they filled our classrooms to overflowing.

I knew my 7 "original" students would welcome me. And they did. And we are merely sharing The Murrey Math Trading System. 100.

We are thrilled with the beauty of Australia and its hospitality. Anyone would love trading here.

Life is too short to study our lives away or not spend it with friends who enjoy a simpler trade.

We have had six different Murrey Math Learning Academy meetings so far in Brisbane, and everyone has welcomed a new way of thinking that is a simpler way to approach Gann, by doing it Murrey's way, our way. Your way?

We are sharing the simple "Three Rule" Trading System set to our Murrey Math Trading System with very intelligent Australian "traders" who want to convert to small profits.

Did Gann use "exact" math or random prices? He told you random, but he traded off pure Murrey Math. Most gurus trade differently.

How did Gann approach Time Reversals? Does price always come back to old highs or lows?

Please, get real. Dow 40 again! Sure. Do you think the Dow 30 stocks will ever go back to 37.50 points off 1932 low? Please change rule.

Are Murrey and Gann together on Price and Time: The Square in Time! Yes!

W. D. Gann has a "classic" May (1st week) 1948 Soybean Chart where he matched up his starting date to my Murrey Math Trading System's starting date of the Harvest Moon, which he started the 1st week in October, which is when we begin each trading frame (new season).

The last article in Trader's World Magazine by Miles Wilson, showed a "classic" chart of Gann's showing a lot scribbled lines (just to confuse you) and the exact price of the reversal off MMTL.

Gann used the same starting time as Murrey Math. We agree. You too?

Gann used his "classic" 3/8th or 5/8th

reversals to predict future price reversals.

In 1929, the Dow 30 Stocks topped out + 1/8th above 3/8th MM which is pure logic. (chart # 1).

In 1932, the Dow 30 stocks reversed off + 1/8th 3/8th MM which is pure math. (chart # 2).

T. Henning Murrey's Pure Math Internal Octave Harmonic Trading Frame has now reached over 25,000 new "students, who want Gann easy. Dow in same MMTL for 6 months.

The all time high in the Dow 30 stocks reversed exactly +1/8th above 8/8th MM. (see chart # 3).

In 1970 the Dow 30 stocks reversed off 6,250 (pure 100%) Murrey Math. The list goes on.

Here are four different trading "areas" of so-called random reversals in 75 years, that reversed every time off pure Fibonacci Math, which are preset to Murrey Math Octaves.

Please look at any chart from 1929, 1932, 1999 up to present and you will "see" the American stock market has reversed every time off pure math set to the Base of Ten. No study required.

How could Murrey Math have predicted all these reverses with no rules? Price sets its own 3/8th and 5/8th and we just stand back and look.

Simple: we used the Gann rules (he didn't tell you about). He just laughed and rolled over in his trading pit. Gann told you on page 68.

Did you believe him when he told you the markets were random, but exact only when you took and random high or low and divided it by eight? There is no logic there except for rookies.

Gann kept a secret or would you rather stay confused, so you don't have to take responsibility for your trading losers or where to trade?

Why? You knew no better until now. Would you like to figure out what Nikki Jones, who owns the copyrights of all of Gann's books, really knows to be the rules? She flew into Brisbane, Australia, this week to be part of a 5 day seminar about Gann set to Mr. B.'s views of Gann.

Mr. B. charges up to \$ 25,000 per student and I will give my software "free" (trial) to anyone who asks for it who is willing to change their "habit" from random to logic off 100.

Everyone is knocking off my software now anyway because it is the standard now, since it is based on 3,120 years of logic (I won't explain to you) Why? You don't need to know: just trade.

Pure Logic Quiz: Did you believe him (Gann) when he told you the markets were random, but exact only when you took and random high or low and divided it by eight? Go figure.

Adults think wrong! Children listen.

Why? You knew no better until now.

This afternoon Michael Eves, Robina, Australia, came by with his wife and two children to meet with me and Stephen Lewis and Amy Scott to look at a simpler way to see Gann.

We exchanged greetings and the two girls, Katie and Mallory, asked if I were Mr. Murrey from the states. I taught them to use my software fast.

I said yes, then one of the girls asked if I knew Mr. Bill Gates. I said that he knew me but I had never met him (yet). They thought every smart man knew one another in the states. Ha Ha.

After one hour of debate over 16, 32, or 64 day trading frames, I tired of the dialogue, so I proposed a bet of \$ 12,500, off my trading system set to pure math and their idea that all markets are random, except when set after the fact off any highs or lows. Pure Gann theory.

I said I would prove with my two new students Katie and Mallory, that all markets are exact off any given price movement (up or down) without any regard to "news" or perceived value.

I proposed that we would allow the two girls 5 and 8 be the price "movers" of any market the adults chose to evaluate.

I asked the girls if they would help me win a prize from the adults. They smiled and began.

I told them I would treat them to a dessert later if I won the \$ 12,500. That made them happy.

I asked them if I had ever talked to them about trading the markets and they said it was all very ordinary (to them) at this time. It seemed a bit like some kind of adult cartoon to them (they guessed) or so it seemed.

I have won up to 200% per night, down here in Australia, in less than one hour, off my money, on bets in the casinos while I have been here and I have had Murrey Math "students" standing along side to prove how easy math makes money.

What "guru" would risk their reputation on two girls whose ages barely = 12.50 years? Murrey.

The rules were simple: 1) pen drawn lines (moving to the right) on a piece of blank typing paper would be the price movement of any stock the adults chose.

2) The typing paper would be the preset 8/8ths trading action.(we would assign price later).

This supports the # 1 Gann Rule that markets will want to reverse in Price and Time off 3/8th and 5/8th anywhere they choose.

3) And want to get the greatest support and resistance off the 4/8th line and all markets want to get greatest resistance at any 45 degree angle inside any square of 64 or square of 32 or 16.

4) Plus all markets want to pivot or reverse most often off any 6/8th trading line.

What did the three of us have to prove? I had already made enough from the casinos to cover my side of the bet so here goes. The girls began.

The oldest girl started off first. Then her little sister followed. They chose their own path to set their market's price run to the right.

Michael got out his Gann book and started going through Gann's rules about: support, resistance, angles of reverses, lengths of runs, and overbought and oversold conditions as price moves to the right through time.

Katie, the oldest, Rolled-over the 4/8th line exactly on either side of exactly 1/2 the paper which was exactly our Trading Range of 3/8th and 5/8th of the full page. Roll-overs exist.

This 8 year old girl divided a blank piece of typing paper into 8 equal parts while she was drawing a line to the right and she reversed directions exactly after Time: 1/8th, 4/8th, 5/8th,

6/8th, and 7/8th. She had one run up that was exactly +5/8th in length exactly off her exact preset MMTLines she couldn't see.

She reversed down the sharpest off her preset 45 degree angled line and 67 degree angle (that she knew but didn't see). She made every move of the pen inside the 3/8th and 5/8th lines and her low as exactly off the 3/8th and her high was exactly off the 5/8th MMTLine. Go figure.

Her 5 year old sister took her turn next.

By now the adults had already handed me over the money. I wouldn't take it. Would you take money from an adult off a child's game?

Mallory struggled more with her direction (trying to keep going forward) but she finally made it to the other side.

We looked at her chart. She reversed in Time off: 2/8th, 3/8th, 6/8th, and 7/8th exactly.

She kept her entire set of lines between the 4/8th and 6/8th lines MMT-Lines (except one). She went +1/8th above the 8/8th line, which Gann said markets would move higher on positive news no more than a +1/8th or +2/8th. Then they would fall back down into its present trading area (8/8th). She had one up move of exactly +5/8th and she had one down move of exactly -6/8th (MM).

How could two children make me \$ 12,500 off a dead man's rules? I said they would run the lines off exact proportions of a piece of typing paper folded into 8 equal parts. They did without knowing they knew. So do you. Do you?

Everyone wants a free lesson about how to trade, but I let the girls show me

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what trading is.

These two Australian girls know how to see without looking at Price or Time. Can you?

They inherently knew what W. D. Gann didn't say about the Internal Octave of 100. These little girls understand Binary Math exactly.

If you don't believe me, please contact their school, which is located at Miami State Primary School, Oceanic Drive, Miami, Australia, 42220.

But it will cost you \$100.to contact her, which is payable to her school's building fund.

100. divided by 8 = 12.50. Every market (Gann said is set to 12.50% inside 100). 1,000 divided by 8 = 125.

The high in the Dow 30 stocks in 1929 fell fast and hard off +3/8th (inside 1,000). And, in 1932, the low in the Dow 30 stocks reversed off 3/8th of 100, which is 37.50. My MM girls can divide any square (on the base of ten) by 8, which will predict the all-time high and low of the Crash.

3/8th of 100 is equal to 3/8th of 1,000. Do you see?

You need no more trading education than to see, believe, understand and react to 1/8ths or 3/8ths or 5/8th inside any square. You must start with the square of 100 and then work out to: 1,000,

then 10,000, then 100,000, then 1,000,000.

If you need to more about trading than this, you will be falling into the rookie "traders' trap."

Two girls in Australia inherently know Murrey Math without being told to understand it. Do you? If you can't see the obvious of how to trade off our

MMTFrame then we need to go back to where a 3.12 year old learns to stay in the yard.

No matter what I say in an article, more Gann traders want to learn like the girls. Do you?

There were 8 adult witnesses to the lines drawn by my new Australian students.

The girls said they would come to any meeting and display how price moves to right through time as long it is only a bicycle ride away and its not dark, plus some free ice cream. What a deal.

The "free" knowledge traders will love talking to the girls, but free ice cream? Who knows!

Gann wrote the famous book The Tunnel Thru The Air, published by Gann Lambert, with rights owned by Nikki Jones, who is right now in Australia speaking "Gann."

My two students know the tunnel thru reality. Please Gann's book, then draw a graph on a clean sheet of paper and you will see the same thing: logic set (already) inside your head.

Reality is only where you are right now. Every time you read anything you are confused if you don't come to knowledge thru the Murrey Math Mindset Square of 64, which I shall share with you next time.

My new 8 year old student fixed 64 numbers to the Square of 64 (with only one hint). Remarkable. Her parents were standing right beside her, when she did it. She doesn't choke.

Folks, I have found Gann and Murrey Math inside the heads of two girls: one 8 and one 5=13.

13 = pure logic, wisdom and knowl

GANN et al: AS GOOD AS IT GETS

By Don Mack

Just a year ago this writer (now living in England) was invited to speak at a special meeting of one of the European Technical Analysis associations on his favorite subject--Technical Analysis (TA). The first half of the talk importantly dealt with THE single most vital aspect of TA that there is. However, hearing what I had to say on this vital TA aspect certainly was not to the satisfaction of some of those present. Following the Intermission my planned second half talk covered certain unique TA applications I have developed, and these, on the other hand, were well received. So what was the difference? In the first half I covered that which is, without much doubt, the single greatest deficiency in all of TA, but that strikes so close to home that most technical investors and traders prefer not to hear about it.

In my talk I specifically showed that when we choose to enrich our senses with the greatest art, the greatest music, the greatest dramas, and the like, we are absolutely compelled to study and learn from those who were the greatest mas-

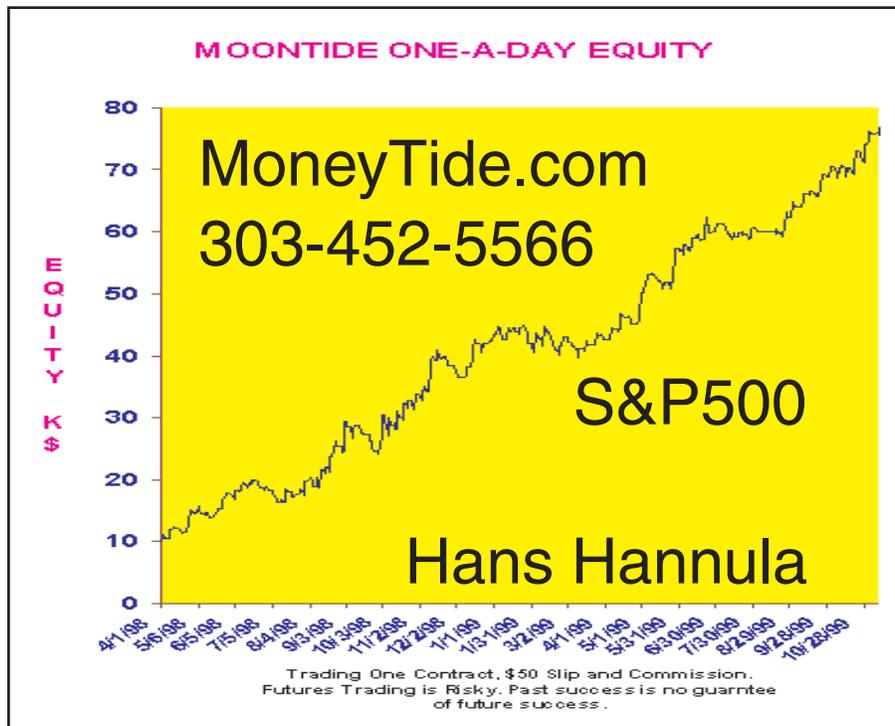
ters in their fields. We expect and generally get a much lower degree of the same from those of lesser standing. Likewise the same holds true for the greatest of masters in any of life's worthwhile fields; there's no getting away from this. And does this also hold true for Technical Analysis; you would do well to believe it does. Take away the work of our greatest TA masters, Gann, Wyckoff, Schabacker, Elliott, Dunnigan, Cole, Jackson, and a few score other great technical minds of the past, and TA would be much poorer for it. However, to our good fortune we do today have their contributions, though admittedly much of it is not easy to obtain. And are their works worth the most extensive and intensive delving into that we can possibly give them? You would do your bank account a lot of good to believe this is very much so too. As an aside, I had a copy of my TA host association's fine library and on that list was Harold Gartley's *Profits in the Stock Market*, 1935, the work I rate as the second greatest book ever on TA. I inquired how many of those present had read this marvelous classic that is a part of their own library? Well, not one

hand went up! Unbelievable! Here we had TA devotees having incomparable TA greatness available to them and it lay unopened. How really, really sad!

Now in the first half my talk I minced no words for I was trying to put across the One Great Ultimate Market Truth of All Time that there is. This one "Truth" seems to escape the great majority of market participants everywhere, but hopefully and probably not escaping the majority of readers of *Traders World* who would be in the minority with this Truth. Subsequent conversation with some of the attendees proved the "Great Truth" I strove to put across had indeed fallen on hard ground, and sadly, lay trampled in the dust. So what is it that without the slightest doubt continues to be more leave it than take it by most investors and traders, and equally by so many technical analysts too.

Well, I could put it in my own words, but it really has been so much more intensely put by William D. Gann who, in all probability, is the greatest market mind of all time. Now if he, who genuinely is the greatest, felt so strongly about what was the most important thing he could pass on to us, then, by George (or by anyone else), it should forever be engraved in our hearts and souls, never forgotten and never ignored. For Mr. Gann, it came down to just one thing. Hard study, more hard study, and even more hard study. So there it is--two extremely comprehensive words the great majority of the world's investment community, in practice, appear almost not to want to know. Reading just a few books a year as they each do is not going to do it in markets that are merciless on the unprepared, the unknowledgeable. 25 to 30 good books a year would be more like it. Mr. Gann knew this as an inalienable fact of investment life for to quote him: "Knowledge is of more value than Gold. Learn to work hard and study hard. The more you study the greater your success will be. Knowledge is the greatest thing you can have."

Now, if the greatest of the greatest says 'hard study' is the ultimate key and the absolute necessity to gain market success, should we ignore this? Well, if voters vote with their feet, then the great majority of market participants do similarly every year voting for or against 'hard study' by their interest in really great market books and others over that year. The yearly winner--most definitely it is not 'hard study'. So here on one side we have W. D. Gann, the greatest of market minds whose words occupy the highest level of what could be called "TA scripture". On the other side we have the great bulk of today's investors and traders whose comparative knowledge and



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slack study efforts are distinctly worlds apart from the greatest of Masters. So whom do we listen to? For myself it's easily-Mr. Gann, hard study, and increasing chart knowledge on top of increasing market movement knowledge. We trust enlightened Traders World readers see it that way too.

Some of you reading this will definitely know the writer of this article, but as so many more will not, a little history is in order. In the late 1970s and during the 1980s I had the only bookstore in the US that specialized solely in market books-the Investment Centre Bookstore in Los Angeles. Anyone could walk in and see thousands of in-print and out-of-print investment books on my shelves; it was like being a five-year-old in a candy shop for any market-oriented person. Two quotes from two well-known authors really summed up the place.

Larry Pesavento has written "I had access to the library of the Investment Centre Bookstore in West Los Angeles. This library had the finest collection of books I had ever seen. Any book I ever heard about was there, including rare astrological books and old technical books from the 1920s and 1930s. Once you go through this vintage material you will realize there is not a lot new to technical analysis. Most assuredly there are new concepts and ideas, but most material can be traced back to earlier traders." And Larry Connors noted that "In the 1980s there was this wonderful bookstore in West Los Angeles that sold nothing but investment books. It had copies of nearly every book and course written over the previous 50 years on the markets. I was lucky enough to purchase a copy of Tubbs' Stock Market Correspondence Course written in the 1930s."

For those not in or visiting L.A. I issued catalogs from time to time that a number of Traders World readers might remember. They will also remember that while I offered much of the latest speculative literature, I made no bones that these were nowhere near my main market book interest, no, not a bit. During my years of book collecting I was extremely fortunate in gathering in many of the rarest of the rarest of market classics. In comparing the classic works from what I call the "Golden Age of Market and Technical Analysis Literature, 1922 to 1957" to all TA books after that period, my admiration for the knowledge contained in the classics grew and grew. For all the merits of the later books (and there certainly were these), they still couldn't come close to the great market masters of the 'Golden Age'. The difference-the not-at-all-insignificant qualities of inner technical vision and a grasp of the spirit of market movement. This is what makes great TA.

My active specialization in market literature literally saw 1000s of these books, both new and more importantly the out-of-print ones, going through my hands each month. Being a trader and a student of the market even more than being a market bookman, I devoured every one of the 'Golden Age' TA books I obtained. That I absorbed a market and TA knowledge, which I knew was as good as it gets (as they say), I can have no complaints. Like all good things, however, the Investment Centre Bookstore at the end of the 1980s eventually came to the end of its days and I followed this in returning to my old haunts in Europe.

With all this market book knowledge swirling around in my being, I later approached the London Financial Times Prentice Hall Publishing company with my concept that there were one heck of a lot of long out-of-print really great American TA classics that deserved better than to remain unknown. Unlike another company that I also approached, they not only loved the concept, but they went to town with it. Thus was born the 'Traders' Masterclass' Series and the 'Investment Greats' Series-some 30-40 classic books and courses (a total of ten so far) now brought back to the light of day. The reception all around has been great, and from comments gratefully received, they have been to the delight and enlightenment of market students everywhere.

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-David Wierzbza, Willow Financial, Atlanta, GA

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The choice of which book to lead off this monumental Series had to be the easiest of selections to make even though it was a book that practically no one involved with TA knew existed-and it, the single greatest work ever on the subject. Here was the greatest of its TA genre, yet it has remained over the years almost totally unknown. Was this possible? In this case, most unfortunately yes! But not any longer, so let me introduce to you this superb work, "The Real Bible of Technical Analysis"-Technical Analysis and Stock Market Profits: A Course in Forecasting by Richard W. Schabacker and written in 1932 and 1937. The author the man most deservedly known even today as "The Father of Technical Analysis", yet he still remains totally unknown to millions of TA followers and users, but this shouldn't be so any longer. Certainly as one of the absolute greatest of market masters and market minds, now with the re-publication of his masterpiece, many are destined to be the richer (in TA wealth) for its reappearance.

As Ralph Acampora has noted in endorsing this work-"all technicians must get back to basics". That is Schabacker "basics" which can also be translated in current franca lingua equally also as some of the most advanced and modern TA knowledge that could come our way today. This can be so well exemplified in the statement of Fred Schutzman who said, "I see now that I never really understood Head & Shoulders Patterns until I read and re-read Schabacker's material on them". Such is the power of his analytical knowledge, and his extremely clear writing style (unlike most of us market scribblers who are better technicians than writers).

The most powerful material in this book can be found concentrated in the coverage given to Reversals and Reversal Patterns. Material any technical analyst worth his or her salt has the greatest of needs to master in the marketplace, for herein lies the 'Key' to the heart of TA speculation-definitive Reversal decision-making. "The Trend can be your friend", but friends can be the most fickle of varmints and generally at the worst

time. Now good ol' Reversals with their hints so many times before reversing, and their confirmations after reversing might not always be so friendly appearing, but this is where Richard Schabacker knew the emphasis had to be, and here's where he hits hard.

Next after Reversals he covers 'Continuation Patterns' like the lovely Triangle Patterns, which so many times do carry on in the original direction, and yet how many other times do they turn into Trends Reversals? That is typical of Schabacker, he gives us the many strong points of a pattern, but he in no way avoids the opposite side-the weaknesses and how to analyze and handle these. Importantly he brings in what so many TA writers only pay lip service to which is Volume, just what does it mean at different times and with different formations? Or in other words to us, look at the whole chart picture.

With Technical Analysis and Stock Market Profits being the thorough work that it is, it certainly does not stop with Reversal and Continuation Patterns. The coverage to Trend Line Action, Support and Resistance Levels, Measuring Rules and Formations, False Moves and Shake-Outs, Stop-Loss Orders (where has his 'Two Days Away' rule ever been seen?) and a whole lot more is of equal intriguing excellence. The whole Course beats anything seen on conventional TA anywhere in this writer's humble opinion. There's a lesson here that comes through every sinew of this TA masterpiece and it is a long way from namby-pamby! It's all in the charts, they contain the seeds of greater and greater TA thought that is only limited by infinite time. In other words there are no limits to TA! Therefore technicians everywhere, it should be recognized that what the great market minds, especially Gann in unconventional and Schabacker in conventional TA give us are powerful starts in TA thinking and technique. It is then down to us to put in the additional hard work and hard study.

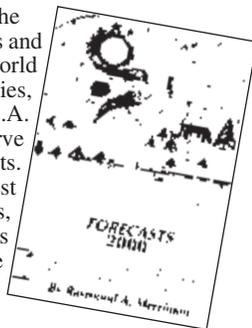
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PUT SELLING: A WINNING STRATEGY

By Bernie Schaeffer

Put selling is an attractive strategy for both options traders and stock traders. For options traders, it can provide consistent profits. For stock traders looking to acquire a stock on a pullback, put selling is a wonderful way to get paid while waiting for the pullback to develop.

A put option entitles the buyer to sell a number of shares (usually 100) of the underlying common stock at a stated price (strike price) on or before a fixed expiration date. A put buyer is bearish on the underlying equity. On the other hand, a put seller is bullish on the underlying stock. It is the seller's intent to pocket the premium from the buyer, as the option contract's premium will decay to zero if the stock is trading above the strike price at expiration. To see how put selling works, let's examine a put selling recommendation we made recently in *The Option Advisor* newsletter.

On April 23, 1999, with Chevron (CHV) trading at \$98.68, we recommended selling the June 90 strike put at \$1.65. We used our unique expectational analysissm – a combination of technical, fundamental and sentiment analysis – to generate the trade idea. The stock had recently broken out above the 89 area, which had been acting as resistance since September 1997. Despite the bullish technical strength, analysts in the media were skeptical of the rally in crude oil futures. In addition, a brokerage house had recently downgraded CHV shares.

If CHV shares move higher by June expiration the put seller pockets the full premium, without acquiring the stock. In the example from above, he would pocket \$165 for each contract that he sold (\$1.65 x 100, the number of shares each contract represents). Even better, he would have collected the full premium without acquiring the stock even if CHV shares stayed flat or declined as low as \$90. As long as the shares are trading at \$90 or above at expiration, the option would be worthless. It is possible to collect the full premium without acquiring the stock on a modest move against you if and only if the put is out of the money when you initiate the trade. In this case, the CHV put was out of the money by \$8.68 (\$98.68 - \$90) at the time the trade was initiated. This is an attractive feature of put selling and one way to ensure consistency in your options trading. The

trade-off is that the premium you collect when you sell puts decreases as you go further out-of-the-money.

What if CHV had declined below 90 at or near expiration? Those who bought the puts from the put seller could exercise their options by selling the stock at the strike price. So the put seller would have to buy 100 shares (for each contract he sold) at a price of \$90 (the strike price). The breakeven share price for the put seller on the stock transaction, however, is \$88.35 (\$90 - \$1.65). This is because the put seller keeps the premium that he collected when he sold the put, no matter where the stock goes after the put sell was initiated. The put seller doesn't experience a loss on this exercise unless CHV is trading below \$88.35 when the stock is delivered (or put to him). Also worth noting in this particular example is the fact that if the shares are delivered when the stock is trading around the 88 area, the put seller is accumulating the stock at a significant support level.

After assignment of the shares, any profit or loss is unrealized until the shares are sold. If the stock is trading at \$89.35 when the shares are delivered, the unrealized profit is one point. And if the shares are trading at 80 when the stock is delivered, the unrealized loss is \$8.35. After assignment, the shares can be sold at any time. As it turned out, CHV closed at \$93.18 on expiration, so our subscribers profited by pocketing the full premium and never had to acquire the shares.

There are advantages and disadvantages of getting assigned the stock. If you do not get assigned the shares, one advantage is that you paid only one brokerage commission to complete the transaction. If the majority of the options from your put sell transactions expires worthless (meaning the stock is not put to you), your commission costs will be greatly reduced. On the other hand, if you do take assignment of the stock your potential reward is unlimited, as the stock can move higher forever. But if you get assigned a majority of the time, you will see your transaction costs increase.

Put sellers must maintain a margin account. The Federal Reserve Board (FRB) establishes the minimum margin, but some brokerage houses may be more stringent on minimum margin requirements. Currently, the minimum required margin as established by the FRB is the larger of 20% of the underlying stock,

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plus the premium collected, less the out-of-the-money amount, or 10% of the stock price plus the put premium. The greater the chance of being assigned the stock, the more the margin that is required. In cases where the stock was not assigned to the put seller, we calculate the return on the transaction by dividing the premium collected by the initial minimum margin requirement. In the CHV transaction, the initial margin requirement was \$1,270 for each contract written, as we had to use the first formula to calculate the initial margin. Thus, the return on initial margin was 13.0% (\$165/\$1,270) in only a two-month period. This is quite a return, considering the stock moved against the put seller by over five points in that period. The minimum margin in your account is adjusted on a daily basis, decreasing as the stock moves higher and increasing as it declines. This is known as maintenance margin. The put seller's risk in the CHV example was having the stock put to him at \$90, which was over 8% below the market value of the stock when the trade was initiated. Therefore, he positioned himself to acquire a stock below the current market value and to profit despite a modest move against him.

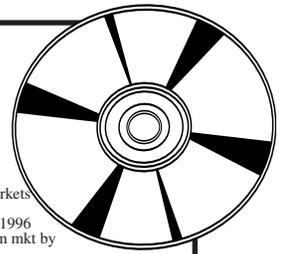
Here are 10 helpful hints to consider if you are new to this strategy or feel you need to refine your approach to get more consistency and better returns:

- 1) Do not allow greed to set in by simply focusing on the higher option premiums that extremely volatile stocks command. The premiums are high simply because the stock's expected movement is significant, but this does not necessarily mean that the move over the time period will be bullish or that a big decline will find important support areas. In fact, declines can be drastic, which could corner you into a steep losing position.
- 2) When writing in-the-money put options, your net premium collected is bigger. However, your margin requirement will be larger, and the chance of assignment will increase. Therefore, your expected capital commitment to a put selling strategy will be greater, as you will likely have more stocks assigned to you. Note also that only out-of-the-money put sellers can benefit fully from flat or slightly lower price action in the stock.
- 3) You should not be overly exposed to put sell positions. In other words, ensure that you can afford to purchase all the underlying stock under your contractual obligations in the event of a broad market decline, without having to liquidate other assets or longer-term holdings to meet your obligations.

- 4) While your intent may be to pocket the premium without taking delivery of the stock, you must realize that assignment will happen on occasion despite writing out of the money options. Therefore, you should only implement a put selling strategy on a stock that you have no qualms about owning in the future.
- 5) When picking the strike price for an out-of-the-money put sell, it is helpful if the strike price is at or near a potential support level. That way, if the stock moves slightly in the money around expiration and you are assigned, the equity could experience a technical rebound from which you would benefit.
- 6) Focus on options with one to three months until expiration. This is due to the fact that in the option-pricing model, the premium per unit of time increases as the length of time until expiration decreases and time decay accelerates in this time period. By focusing on short-term options, the put seller benefits from more attractive premiums relative to the time until expiration and allows time decay to work more in their favor.
- 7) If you want this to be a less capital-intensive strategy you can improve the odds of not getting assigned by going out another month on the option you sell and going further out of the money.
- 8) You must have a successful approach for picking the stocks on which you do put sells. If your option pick is correct, but your stock selection is poor, you can still be a net loser in this strategy. We have found success by focusing on stocks in a strong uptrend that are relative-strength leaders and have toned-down expectations.
- 9) You must fully understand the risks and rewards of this strategy. No matter how much the stock rallies your reward as a put seller is limited to the premium you collect. However, your risk increases with each decline in the stock below the breakeven price before or after the stock is put to you.
- 10) Do not focus solely on options that have higher implied volatilities than normal for an underlying stock. While this can certainly increase your profit potential, having a good feel for the stock's upside versus downside potential is more important if you are going to be successful. When implied volatilities are significantly higher than normal for no apparent reason, a significant move may be coming. The put seller does not want to be on the wrong side of a major move.

Mr. Schaeffer is author of several option books available from Traders World.

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COMBINING TACTICAL AND STRATEGIC IDEAS IN TRADING

By Walter T. Downs

Trading is like chess. A successful player is able to accurately assess the position on the board, and to gauge the psychological mettle of his opponent. Victory is gained by implementing a positional and tactical plan. Positional strategy is the accumulation of small advantages in terrain and the positioning of available forces in advantageous locations. Tactical play is a direct assault on the opposing army, usually highlighted by sacrificial combinations in which the attacking player is willing to give up material in order to gain a decisive advantage. In trading, a long-term trader can be thought of as a positional strategist. He builds a strong position and holds it an extended period of time. Short-term traders are the tacticians of the market place. Their methods revolve around a short-term sacrifice of equity in expectation of gaining an advantage sufficient to gain back the equity risked as well as a reasonable and consistent profit. In this article, we will combine the two approaches in to a cohesive trading plan to make sure that we hold an edge over the market.

OPENING PLAY: GUIDELINES FOR HOLDING AN EDGE

To begin with, here are four guidelines that can be used to make sure that an edge exists:

Guideline # 1: Never trade without a mathematical edge. The building of a mathematical edge is the statistical validation of a trading model. While this testing does not prove conclusively that success may continue to exist in the future, it does prove

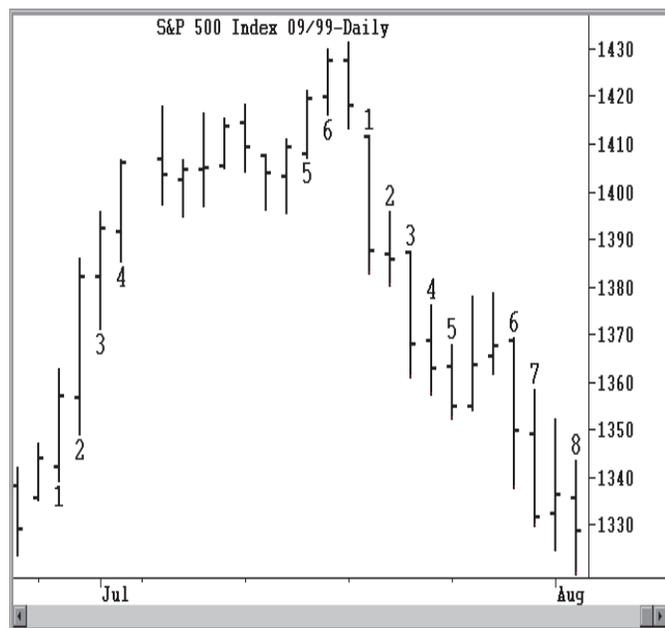


Figure 1

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that in the past the approach was successful. This is an important step in building confidence in the system and in the determination of how much risk a trader might face in implementing the chosen trading tactic.

Guideline # 2: Act on what others do instead of reacting to what others do. Understanding why market participants become bullish or bearish allows us to build an active rather than reactive tactic for the market. This allows us to trade the market in anticipation of an impending crowd reaction. Bar patterns are often used for this purpose in order to determine short-term market psychology.

Guideline # 3: Don't do anything stupid. Logical trading means looking for logical reasons why our approach may or may not work.

Guideline # 4: Keep it simple. Simplicity is the cornerstone of any sound trading plan. Recognition of the set-up, timely action and proper execution are necessary if the trader is to be successful. A plan that has many exceptions, or is hard to recognize or implement won't work in the long run.

POSITIONAL MARKET PLAY: DETERMINING THE TREND

Before a trader can consider trading he must define concepts of market movement that are applicable to his style of trading. These concepts of style usually take the form of patterns or indicators, but invariably, one of the key components of all methodologies is the concept of "trend". Unfortunately, each trader tends to develop his own subjective meaning of what a trend is. This makes testing impossible. In order to overcome this, I came up with a theory of mathematical and logical absolutes that could be used for testing:

In an uptrend, new highs breed other new highs and new higher closes breed higher closes. Higher highs coupled with higher closes increase the tendency for the market to keep moving upward. In a downtrend, new lows breed other new lows and new lower closes breed additional lower closes. Lower lows coupled with lower closes increase the tendency for the market to keep moving downward.

| UPTREND | | | | |
|----------------------------------|--------------|--------------|--------------|--------------|
| Market | Occurrence 2 | Occurrence 3 | Occurrence 4 | Occurrence 5 |
| U.S. Bonds | 81% | 55% | 41% | 33% |
| Coffee | 69% | 44% | 25% | 19% |
| S&P 500 | 77% | 55% | 39% | 29% |
| Swiss Franc | 74% | 55% | 43% | 29% |
| Soybeans | 69% | 55% | 34% | 17% |
| Crude Oil | 71% | 55% | 36% | 26% |
| B. Pound | 69% | 55% | 35% | 25% |
| Average | 72% | 53% | 36% | 25% |
| DOWNTREND | | | | |
| Market | Occurrence 2 | Occurrence 3 | Occurrence 4 | Occurrence 5 |
| U.S. Bonds | 70% | 47% | 30% | 15% |
| Coffee | 74% | 58% | 43% | 29% |
| S&P 500 | 71% | 41% | 23% | 14% |
| Swiss Franc | 61% | 41% | 32% | 21% |
| Soybeans | 71% | 49% | 34% | 22% |
| Crude Oil | 65% | 45% | 26% | 19% |
| B. Pound | 61% | 39% | 28% | 20% |
| Average | 67% | 45% | 30% | 20% |
| TREND TEMPLATE VS. RANDOM CHANCE | | | | |
| | Occurrence 2 | Occurrence 3 | Occurrence 4 | Occurrence 5 |
| TEMPLATE | 69.50% | 49% | 33% | 22.50% |
| CHANCE | 25% | 12.50% | 6.25% | 3.13% |
| Variance | 44.50% | 36.50% | 26.75% | 18.87% |

Figure 2

For an uptrend to be in effect the last price occurrence in the market must be:

Today's High equals the Highest high of "n" trading sessions, and today's close must be greater than yesterday's close.

For a downtrend to be in effect, the last price occurrence in the market must be:

Today's low equals the lowest low of "n" trading sessions, and today's close must be less than yesterday's close.

As can be seen in Figure 1, an uptrend condition can only remain true if an opposing downtrend condition does not occur and a downtrend condition can only remain true if an opposing uptrend condition does not occur. This template creates a series of thrusts that can be counted. This makes all phases of the trend quantified and testable. The template also has logical links to observations such as Dow and Elliot wave theory.

For testing purposes, the value used for "n" was five, or the highest high of five trading periods. The statistical testing shown in Figure 2 was designed to calculate the odds of a second through fifth occurrence of the condition before an opposing condition could occur. The results were then compared to the odds of what would normally be considered random chance. The results exceeded the probabilities of random occurrence to a degree that merits further study.

TACTICAL MARKET PLAY: MARKET ENTRY

A chess tactician is more than willing to sacrifice material, but only when he is able to calculate that the sacrifice is justified. Traders should think the same way. A market should be entered only if the trader knows that he has an edge. By using our trend template, we can estab-

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lish that a mathematical edge exists in our favor. All that remains is to gauge market psychology by looking for patterns within the trend states in order to determine market entry. These patterns can be collected and added to a "trading library" that gives the trader instant access to a series of high probability market occurrences.

The first pattern we will look at calls for a range contraction and an open and close that are close together. The range of the current trading bar must be the smallest range of the last three trading periods and the open and close must be

roughly equal. Figure 3 shows a graphical example of what the pattern looks like. Psychologically, the range contraction and equal open and close indicates a point of indecision in the market. Since we know that the odds favor a continuation in the direction of our trend template, we can enter the market here. Entry is completed by going long at the high of the current bar when the trend is up and short at the low of the current bar when the trend is down. Figure 4 shows the pattern as it appears in the context of our trend counts. Figure 5 shows another example of the pattern in action. In each



Figure 3

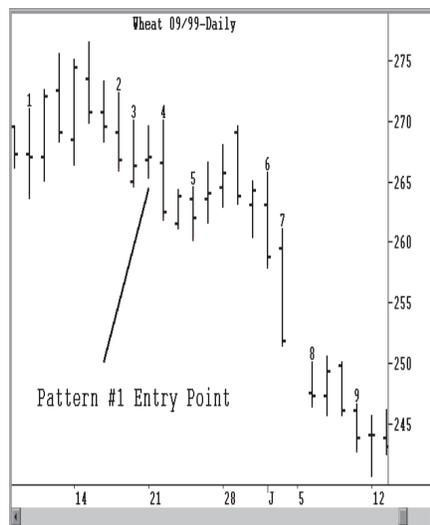


Figure 4

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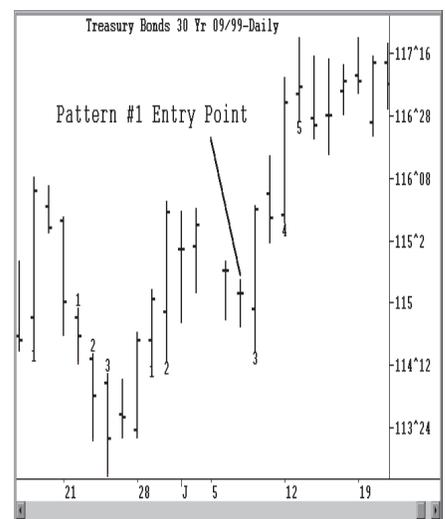


Figure 5

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case the trade is taken in the direction of the trend counts found in our trend template.

The second pattern looks for two inside days in a row. An inside day is a trading day whose range has a high that is less than the high of the previous trading day and a low that is greater than the low of the previous trading day. Figure 6 shows a graphical example of what the pattern looks like. Psychologically, this pattern too shows indecision in the market and once again we will look for the market to continue in the direction

of our trend bias. Figure 7 shows the pattern as it appears in the context of our trend counts. Again, the trade is only taken in the same direction as the trend template.

By using a trend template to define overall positional strategy and bar patterns to determine psychology and tactical market entry, we can develop a trading plan that is both simple and logical. Following this market approach goes a long way towards removing subjective judgements that can be harmful to one's trading capital.

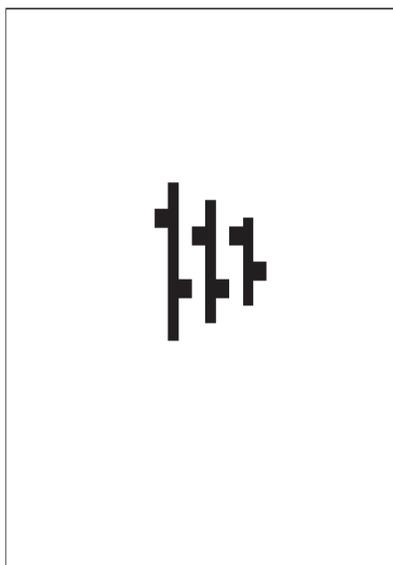


Figure 6

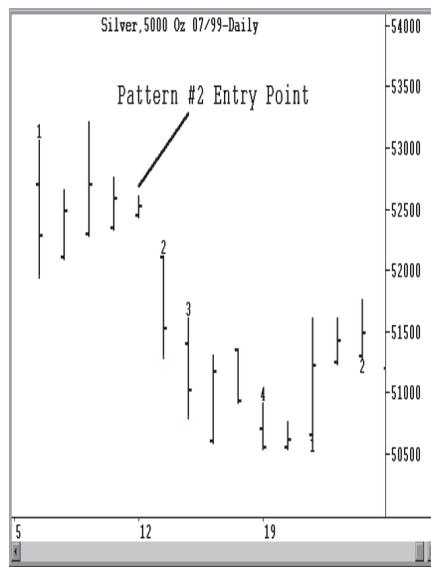


Figure 7

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NOTES TO FIGURES:

FIGURE 1: S&P 500 TREND

TEMPLATE. This template creates a series of thrusts that can be counted. An uptrend condition can only remain true if an opposing downtrend condition does not occur and a downtrend condition can only remain true if an opposing uptrend condition does not occur. The template also has logical links to observations such as Dow and Elliot wave theory.

FIGURE 2: TREND TEMPLATE VS. RANDOM CHANCE.

Testing of the trend template in upward and downward trends showed a variance that far exceeded random probability.

FIGURE 3: PATTERN # 1.

The range of the current trading bar must be the smallest range of the last three trading periods and the open and close must be roughly equal. In accordance with our trend template, entry is completed by going long at the high of the current bar when the trend is up and short at the low of the current bar when the trend is down.

FIGURE 4: PATTERN # 1 WHEAT.

Our first pattern occurs during the third thrust of a downward trend. Entry is completed by going short at the low of the current bar.

FIGURE 5: PATTERN # 1 U.S. TREASURY BONDS.

Our first pattern occurs during the second thrust of an upward trend. Entry is completed by going long at the high of the current bar.

FIGURE 6: PATTERN # 2.

Two inside bars occur one after the other. In accordance with our trend template, entry is completed by going long at the high of the current bar when the trend is up and short at the low of the current bar when the trend is down.

FIGURE 7: PATTERN # 2 COMEX SILVER.

Our second pattern occurs during the first thrust of a downward trend. Entry is completed by going short at the low of the current bar.

Walt Downs is the author of Trading for Tigers: High Probability Trading Tactics for Stocks, Futures and Options. He can be reached via his Website at <http://www.tacticalmarkets.com> or E-mail walt@3oaks.com. His book is available from Traders World Magazine.

The At-Home Trader

Serious about your trading business

By Larry Jacobs

If you are serious about setting up a home trading office then you need the right furniture and equipment. This is a simple article to get you started on the right track. In this article you will look at the components of a good home trading office. Let's go through each of these:

Furniture

You need to have high quality furniture that is both functional and looks good. You'll want to be in an office that makes you feel good to improve your task of trading the markets.

The Chair - Aeron

I feel that one of the most important parts of the office is the trading chair. It must be comfortable because you will sit in it all day to study the markets, trade and do research. You should not go to the local discount store and buy the \$99 special. It will not serve your purpose. It's not comfortable, your back, arms, and wrists will hurt and you'll do a terrible job at trading the markets.

Spend some money on a quality chair for yourself. I would highly recommend a Herman Miller Aeron Chair. This is the ultimate ergonomic chair. The base, frame and shell come in graphite for strength. Pelli-



cle suspension fabric comes in carbon and breathes so your back and bottom does not get hot and sweaty. The chair is fully adjustable with a Kinemat tilt mechanism, adjustable arms, 360-degree swivel, two-stage pneumatic seat height adjustment, tilt tension adjustment, tilt limiter, lumbar support, and forward seat angle. It comes in three sizes: A-Size Small, B-Size Medium, C-Size Large. Price is \$750.00

The Desk and Storage TJ Collection

The next thing you need to get is the desk and storage space for your research material. I would recommend the TJ Collection from Herman Miller.



TJ Collection

It's smart and clean looking and it serves its purpose and makes you feel good about your surroundings and trading in general. You can start off with the desk for \$805 and the Filing Cabinet for \$490.00. The Overhead Bookcase is \$350 and the Desk Organizer is \$455.



Computer

Now you need a good computer to trade with. I would recommend the Amtron plug and play computer. It's simple, neat and very powerful. The basic computer costs only \$199. With this you get the basic computer which includes the micro case, motherboard, 1.44 floppy, CD ROM, V.90 modem, sound card, speakers, keyboard, mouse and manual. You then order the CPU, the hard disk drive, and the memory and plug them into the computer. The computer has digital sound, can take the highest speed 66 hard disk drives and is software upgradeable with the CPU. I have a 500 MHz Pentium III chip in the demo we are testing and it is fantastic. The modem is a software modem which runs off the CPU instead of a UART chip. I setup it up with a special software command string and found the modem to be excellent.



Screen - Samsung 700TFT

You need a computer screen that you can trade with all day without eye strain. I would highly recommend the Samsung 700TFT monitor as it is the best monitor that we have ever reviewed.

This is a perfect monitor. It's the finest monitor we have ever seen. It's perfect for the financial technical trader for the following reasons: (1) The viewing area is comparable to a traditional 19" CRT monitor and is perfect for trading 4 charts on the screen as many traders demand using TradeStation, MetaStock, Dynamic Trader, Fibonacci Trader and many of the popular trading programs. (2) The screen delivers resolutions up to 1280 x 1024 at 75 Hz and at a .26 dot pitch. The screen supports 16.7 million colors. It takes advantage of Samsung's exclusive "Wide Viewing Technology" (160 degree of conic view) that lets you see crisp and vibrant images from virtually any direction. This makes the charts sharp and clear the best I have ever seen on a monitor. (3) The monitor boasts a much smaller footprint, only 2.5" thick and 8" at the base. You can easily put two or three of these monitors on your desk without the normal clutter of traditional CRTs. Additionally, these monitors have much less heat emission than traditional CRTs do. (4) The monitor is a health conscious monitor which features the advantage of little electromagnetic radiation, absolutely no flicker due to independent active device at every pixel. The monitor doesn't make your eyes tired even viewing the monitor for long periods of time. (5) The monitor has built-in Plug and Play capability automatically configuring the monitor with the host computer and selecting the optimum resolution and refresh rates to achieve crisp detail, bright colors and razor sharp images. The screen has options for USB and multi-media speakers which attach to the side of the LCD panel. The Samsung 700TFT has a retail street price of about \$2,500.

For more information about any of the products discussed in this article go to our website at www.tradersworld.com

ProSuite 2000i

Futuristic trading software

Omega Research has come out with ProSuite 2000i, which is a completely integrated software package for the serious trader. It's been rebuilt from the ground up with 32-bit power, innovative COM architecture, new and improved charting and analysis features and ease-of-use. It contains 3 modules which are seamlessly linked together: TradeStation 2000i, OptionStation 2000i and RadarScreen 2000i. With this total package you can design and monitor trading strategies for both securities and futures. The package also is integrated directly to the internet and works with eSignal online real-time data. That means you can do online research or place trades via the internet without missing a tick on your chart. Now let's look at what is in each module.

The TradeStation 2000i module displays beautiful charts with over 200 indicators and drawing tools. All of TradeStation 2000i indicators include an expert commentary or interpretation that you can view simply by clicking on a bar. TradeStation 2000i also now includes System Builder, which is an all new wizard-like interface that makes designing your own trading system easier than ever. It actually comes with over 100 entry and exit signal already pre-written for you. All you have to do is to pick one or more conditions to enter the market, like when the market crosses below a moving average or when the markets have a RSI low. You then click on one or more conditions to exit the market, and you now have your very first trading system. It did it and it was easy. You don't have to be a programmer to use this method of designing trading systems! Each signal is based on popular technical indicators. If you are not sure how each signal works, simply clicking on the define icon brings up a description for you. You soon find yourself combining many trading strategies to test on the system.

TradeStation 2000i also gives you the full power of EasyLanguage which lets you describe your trading strategy using trading terms and English-like statements, so you don't need to be a programming expert. The program also includes over 300 built-in functions, formulas and sample trading systems that you can easily cut, paste and combine to use as the building blocks, with absolutely no limit to the length or complexity of your strategies. So, you can choose to include advanced money management techniques, pyramiding strategies and many other techniques.

The new TradeStation also offers a new breakthrough called Activ-



ity Bars which actually lets you see all of the trading activity inside the bar. For example, you see the ratio of buyers vs. sellers at each point on the bar, where the greatest trading volume occurred and much more information which is invisible to other traders.

You can test all of your ideas with HISTORYBANK.COM. Omega's exclusive and massive database of historical market data on CD included free as a bonus. This database can also be updated with Omega's new internet end-of-day financial data service.

TradeStation 2000i also gives you a System Report with over one hundred revealing performance ratios and graphs to evaluate your strategy's profitability and key characteristics. In other words, it reveals not only whether your system is profitable, but also how it performs, so you'll know whether you can trade it. And you can be sure that your simulated testing results are the most accurate due to another TradeStation exclusive called "System Testing to the Tick Level." You see, TradeStation is the only trading software capable of looking past high, low, open and close data and actually "looking inside the bar" at every single trade that occurred for the test period. This level of precision in strategy-back testing is only possible with TradeStation 2000i.

TradeStation 2000i will actively monitor the markets for you tick by tick or end of day and alert you with a visual and sound alert when a profitable buy/sell opportunity arises based on any one or all of your systems. In fact, TradeStation 2000i can even alert you via your alphanumeric pager or via E-mail!

Once you've discovered a winning trading strategy with TradeStation 2000i, you can discover what symbols match the kinds of markets you want to trade. RadarScreen 2000i answers the question of "What to buy and sell?" like never before. You can scan thousands of markets in real-time, and then dynamically sort and rank them based on any conditions you specify. RadarScreen 2000i also allows you to reveal limitless new market opportunities by creating your own scanning criteria with EasyLanguage, the industry standard trading language for describing trading strategies. RadarScreen 2000i, allows you the ability to reveal which stocks match the kinds of markets you want to trade with just a glance at your screen.

To maximize your profit potential in every single market, you'll also be able to take advantage of the limited risk and flexibility that options trading provides. OptionStation 2000i will help you find, track and analyze the most profitable options positions based on the strategies and market assumptions you define in TradeStation 2000i.

If you are a serious trader who wants to make trading a living and who wants the power of back testing systems before you commit money to the market, then this program is for you. For more information go to their website at www.omegaresearch.com.

The screenshot shows the RadarScreen 2000i interface displaying a table of market data. The table has columns for Symbol, Last, Net Change, Percent Change, 52 Week High-Low (High, Low, % of High), Mov Avg 1 line, Filter Highest, and Filter Lowest. The data is sorted by Net Change, showing a list of symbols with their corresponding values and indicators.

| Symbol | Last | Net Change | Percent Change | 52 Week High-Low | | | Mov Avg 1 line | Filter Highest | Filter Lowest |
|--------|---------|------------|----------------|------------------|---------|-----------|----------------|----------------|---------------|
| | | | | High | Low | % of High | | | |
| 1 ALD | 49.187 | -1.000 | -1.99% | 50.937 | 32.825 | 90.44% | 47.979 | | |
| 2 AXP | 117.750 | -3.750 | -3.09% | 129.625 | 87.000 | 81.04% | 121.167 | | |
| 3 DO | 58.082 | 0.082 | 0.11% | 84.437 | 50.082 | 23.27% | 58.873 | | |
| 4 JPM | 123.375 | -2.662 | -1.84% | 148.750 | 72.125 | 66.08% | 123.054 | | |
| 5 WMT | 92.187 | -2.813 | -2.99% | 98.375 | 49.250 | 87.65% | 92.576 | | |
| 6 GE | 110.625 | -2.687 | -2.37% | 114.187 | 68.875 | 92.91% | 109.775 | | |
| 7 OT | 49.812 | 0.812 | 1.66% | 78.750 | 45.437 | 13.97% | 50.868 | | |
| 8 JNJ | 93.500 | 0.438 | 0.47% | 94.000 | 87.082 | 98.37% | 91.972 | | |
| 9 OM | 87.000 | -0.375 | -0.43% | 93.875 | 47.082 | 85.31% | 87.587 | | |
| 10 UTX | 135.437 | 0.000 | 0.00% | 136.937 | 71.750 | 98.45% | 132.743 | | |
| 11 XON | 70.582 | -0.750 | -1.05% | 77.312 | 82.000 | 55.92% | 72.048 | | |
| 12 AA | 41.125 | 0.500 | 1.23% | 45.094 | 28.989 | 75.39% | 41.215 | | |
| 13 UK | 45.187 | -0.813 | -1.77% | 55.750 | 38.750 | 44.41% | 44.757 | | |
| 14 C | 63.875 | -0.250 | -0.39% | 73.500 | 35.125 | 74.92% | 63.076 | | |
| 15 CAT | 45.937 | -1.000 | -2.19% | 60.750 | 39.082 | 31.70% | 46.576 | | |
| 16 PG | 97.937 | -2.250 | -2.29% | 101.812 | 65.125 | 91.14% | 97.465 | | |
| 17 SP | 42.187 | -0.375 | -0.89% | 55.250 | 35.500 | 33.86% | 44.569 | | |
| 18 S | 45.187 | -0.425 | -0.94% | 65.000 | 39.082 | 23.61% | 44.861 | | |
| 19 CHV | 88.750 | -0.250 | -0.28% | 90.312 | 73.000 | 90.98% | 87.743 | | |
| 20 IBM | 177.250 | -1.312 | -0.73% | 199.250 | 102.500 | 77.26% | 172.000 | | |
| 21 MRK | 80.125 | -1.125 | -1.40% | 87.375 | 55.750 | 77.00% | 82.771 | | |
| 22 T | 78.812 | -0.583 | -0.73% | 96.125 | 48.375 | 65.84% | 80.294 | | |
| 23 BA | 34.082 | 0.082 | 0.18% | 55.250 | 29.500 | 17.05% | 34.418 | | |
| 24 MMM | 76.146 | 0.400 | 0.51% | 81.616 | 46.634 | 14.89% | 75.141 | | |

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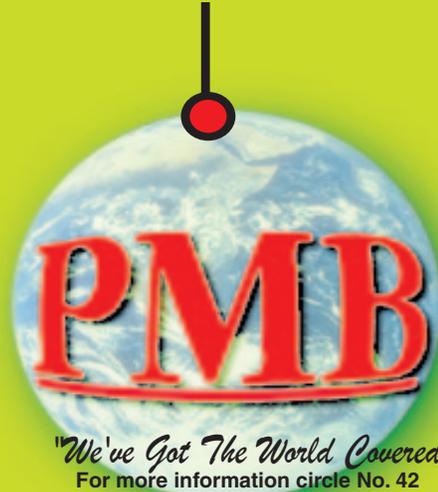
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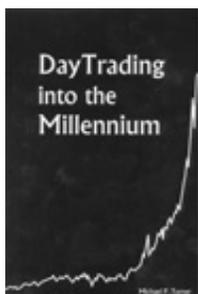
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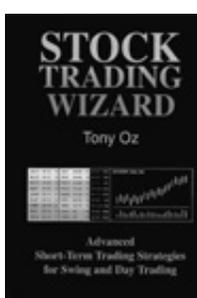


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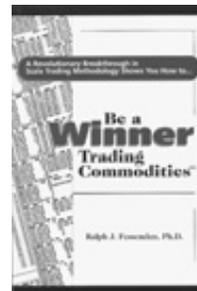
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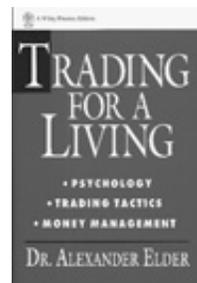
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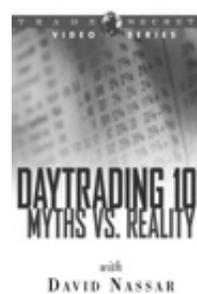


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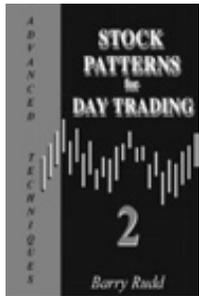
authored the mega-selling book How to Get Started in Electronic Day Trading – which has helped thousands of new traders get involved in online investing.

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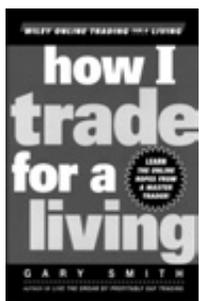
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How I Trade for a Living

by Gary Smith

Item #B920x-10700 \$29.95



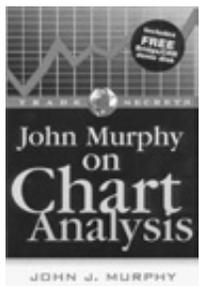
Growing numbers of active traders are now considering trading for a living from home. But few have hands-on experience. Gary Smith is one of these few – and now he's put over 15 years of experience profitably trading

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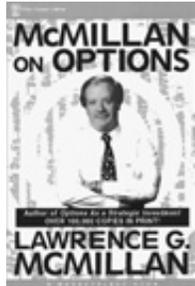
Renowned market technician John Murphy presents basic principles of technical and chart analysis in this easy-to-understand booklet. He covers: All types of chart analysis. "Need to know" concepts, including trendlines, moving averages, price caps, reversal patterns, spreads, and more. Price forecasting and market timing applications. A full resource guide of top tools to obtain a

better understanding of what charts can do – and how they can help you grab your portion of today's trading profits. CD-ROM disk included: Plus, a Bridge/CRB CD-ROM containing a full suite of charting tools – allowing you to implement what you learn – as you go.

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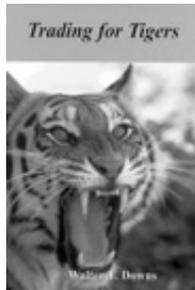
It's the new "bible" of the options market, offering a complete game plan for trading options. "Can't miss" strategies and McMillan's own time-tested secrets for winning consistently on over 70% of trades. "Must reading" says Stock

Traders Almanac, from an industry icon.

Trading for Tigers: High Probability Trading Tactics for Stocks, Futures & Options

by Walt Downs

Item #B920x-10928 \$139.00



In the jungle of the short-term trading world, only the "Tiger" survives. Now, trading pro Downs provides a trading manual that covers multiple high probability patterns in monthly, weekly and daily time frames. All patterns show graph-

ical examples, and programming code for Omega Trade Station. Plus ... Classical short-term trading concepts. Monthly, weekly and "Market on Close" patterns. Psychology for trading "Tigers," Money Management for trading "Tigers" and aiming for the right target. Be a trading "survivor" - prosper - with this important new trading manual.

Hit & Run Lessons: Mastering the Trading Strategies NEW!

by Jeff Cooper

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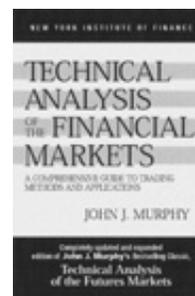
Want to spend time looking over a real pro's shoulder? Famed "Hit & Run" trader Jeff Cooper lets you do just that, in his new blockbuster. Draw from his Daily Learning sheets and get blow-by-blow anal-

ysis of actual trading setups he's been trading for the past four years. See what he does - and how he thinks when he stalks trading opportunities through pullbacks, breakouts, reversals and more.

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by John Murphy

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From how to read charts to understanding indicators and the crucial role of technical analysis in investing, you won't find a more thorough or up-to-date source. Revised and expanded for today's changing financial world, it

applies to both equities and futures markets. It's a "must have reference" from the top name in technical analysis.

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by Tom DeMark

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Day trading options offers a way to combine the excitement of day trading with the continuing and growing popularity of options trading – using DeMark's specially developed techniques. He covers...

Option basics for the day trader & commonly used day trading methods. Selecting the best options to day trade. Using option activity to predict market movements. And DeMark's famous indicators for improving trading performance. You'll get DeMark's own "option trading variable" the missing link to trading options successfully.

Electronic Day Trading to Win

by Bob Baird & Craig McBurney

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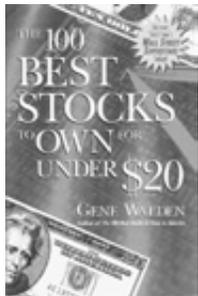
Here's an opportunity to learn everything you need to become a successful full-time or occasional electronic day trader. Online trading pioneers Baird & McBurney load up the book with tons of how-to information,

including ... Why electronic beats online trading. Setting up a home-based trading room. Trading screen setup and customization. Level II data – why you NEED it. Understanding and using SOES. Plus, day trading styles and strategies, market psychology, technical analysis – and more to become a master at the exciting electronic trading game.

The 100 Best Stocks to Own for Under \$20

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It's the book that moves the market of low priced gems. Find hot stocks under \$20 that are poised for superior growth. In fact, many have already made big moves upon release. Bestselling author Gene Walden

pared down a list of over 6000 stocks to hand pick and rank the best 100. Each company featured includes all contact info and a table of point ranking results. Simple language, clear explanations, and great picks – at a great price.

Technical Analysis for the Trading Professional: Strategies and Techniques for Today's Turbulent Financial Markets

by Constance Brown

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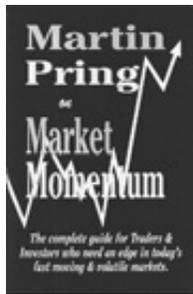
Technical traders, "armed with plug-and-play technical software and Internet access" are forcing traders to adopt radical new uses and combinations of indicators and formulas to retain a competitive edge. Now, never-

before-seen formulas are presented by a top technical expert. You'll find ... Price projection methods derived from oscillators. Critical trendlines not derived from price highs or lows. New twists on Gann Analysis, stochastics, DiNapoli's price projection levels, and Andrew Cardwell's Positive & Negative Reversals derived from the RSI. "Stunningly innovative and accurate" – and not for the novice – this new work can make your technical analysis and trading more effective, giving you a significant winning edge.

Pring on Market Momentum

by Martin Pring

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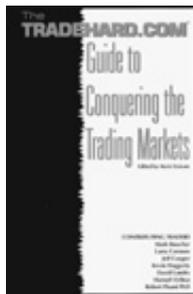
Here are the master's secrets to using all popular price momentum tools (RSI, MACD, Stochastics) in addition to volume and breadth indicators (McClellan, OSC & Summation Index). Learn what these indicators are, how to use

them and how to increase your profits with them. PLUS learn to use Pring's own KST indicator. Our highest recommendation!

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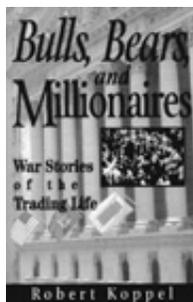
Learn the hottest strategies of your favorite pros with this stunning new Guide. A stellar list of contributors – who tell it all – reveal their best, most profit-producing strategies. Includes: Larry Connors of "Street Smarts" fame,

on using historical volatility to identify market explosions; Jeff Cooper – the hot "Hit & Run" trader, on how he trades momentum stocks, Kevin Haggerty, former head of trading for Fidelity Capital Markets ... and much more. Don't miss this one!

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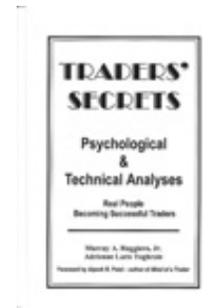


War stories from the trading life. An inside look at the intrigue and drama of the trading world, from a respected trader and author.

Traders' Secrets: Psychological & Technical Analysis

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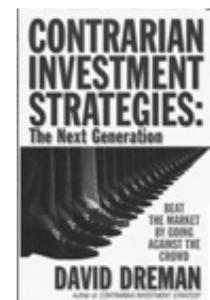
Real traders love Traders' Secrets and it's distinctive format. First, find interview-style profiles of 14 "ordinary but determined individuals who went to achieve extraordinary success as full-time equity and commodity traders."

Followed by two unique components: an analytical study of each trader's timing methods and systems and a modeling study of the traders' style and winning market mindset. Many of the profiled are now well known names – like Glen Ring, Scott Krieger and Tom Bierovic – all are quite successful – and Traders Secrets reveals that it IS possible, by employing methods and attitudes outlined in this book, to succeed as a trader.

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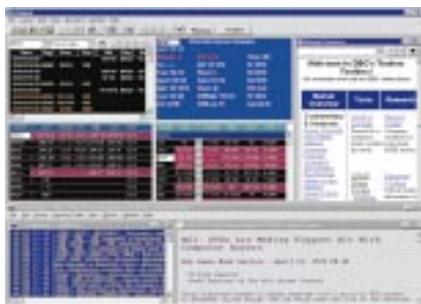
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GannTrader 3.0

Mathematical Gann trading software

This is a unique program designed for the serious Gann trader. It has the capabilities of loading in extremely large data files and doing research on these files with Gann type tools. The following are some of the tools this program uses:

Swings

Ganntrader has the capacity to draw the two different types of Gann swing charts. The Main Trend Swing Chart draws a line up or down if the price bars make higher highs or lower lows for at least 3 days in the same direction. The Trend Line Swing Chart is drawn depending on whether the price penetrates the previous swing by a certain number of points. Ganntrader adds an enhancement to help you spot the changes in the size of the countertrends by shading the swings.

Angles

There are several angle modes available in this program. All Swing Angles, Main Trend Angles, Selected Angles and Back 360 Hi/Lo Angles. The Main Trend Angles selection draws an angle from each swing of the Main Trend Indicator. All Swing Angles are similar and draws angles from each swing of the Trend Line Indicator. The Back 360 Hi/Lo Angles will draw angles from only those highs and lows that are some multiple of 360 back from the reference point. Multiples of 360 would be counts of 45, 90, 135, and 36, 72, 144 etc. The most useful angle mode of the program is Selected Angles since it gives you complete control on the location and types of angles drawn. The program tries to locate any selected angles and draw angles from those points.

Ganntrader also has the Live 1X1 Angle which allows you to match the 1X1 to the markets and actual moves. You can connect a major low to a major high, for example, and consider the chart's natural angle.

The program also features Mirror Image Foldbacks which is described in Michael Jenkins two excellent books *The Geometry of Stock Market Profits* and *Chart Reading for Professional Traders* available from Traders World. Mr. Jenkins discovered that markets often appear to reflect or mirror themselves. According to Mr. Jenkins this is most likely due to the ending of a natural cycle and at the beginning of the next.

Ganntrader also has the ability to draw Zero angles. These are angles that rise up from zero price level and are in line with the date of important highs and lows. They are very important to watch since they often supply the last support point in a falling market.

Squares

Gann's price and time squares are one of the most important part of his methods. Gann's natural or permanent squares include the squares of 52, 90, 120, 144 and 180. Gann also described methods for squaring the high, low, and range of a market. Ganntrader can do all these squares. This program eliminates the problem of computer screens with squares. Computer screens are seldom square and there is the option of adding or removing space between the price bars. The Ganntrader draws a square that is equal in price and time units regardless of whether the resulting square is square on the screen.

Ganntrader can plot Squares of Highs and Lows, which is a square that has a time and price dimension set to equal a

significant high or low price. It can do a 1X1 Square in which the square has an equal time and price dimension. The program can also add or remove angles or price and time lines at any time after a square is set up.

Division of the Range

The program can divide the price and range between two price levels into eight and third parts. Gann considered range division to be very important. You can divide many different ranges on the chart using different color options. You can also use the division of the range to project future price points. 1/2 the range is often a point of strong price support and resistance. The program allows you to locate price clustering and setting the cluster level as 1/2 of the range the top half of the range can be assumed to follow the lower half.

Price Targets Using 7 Times the Base

Another feature of this program is that it allow you to use the 7 Times the Base. The program assumes that the range between the two marked points is 1/8 of the final range. The initial range is multiplies by 7 and the value is then added to the initial range so that is becomes the first 1/8 of the whole range.

Square of 9

The Square of 9 is one of Ganntrader's most powerful tools. The Square of 9 is a spiral of numbers beginning with 1 in the center and expanding outward in a clockwise direction. In theory the numbers can be expanded to infinity.

Ganntrader can actually plot the Square of 9 time and price divisions on the chart in different degree increments. It can also plot the Square of 9 Circle Price Lines. You can also modify an existing Square of 9, create a Square of 9 from and high or low and mode different Square of 9 Circle sizes. Gann tried to keep track of these points using a mechanical wheel. This program makes it very easy.

Time Cycles

Gann's use of Astrology in the markets has always been controversial. Gann did not explain how he used it. This program uses the source of his charts and copies of his Astrology books contained in his personal library. The program allows you to select Geocentric Planets, Heliocentric Planets, the Planet Angle, Time Cycles as Support and Resistance, Signs of the Zodiac, Time Cycles and Time Measurement, Transits or Time by Degrees, Averages of the Planets, Latitude and Declination, Parallels and Contra-Parallels.

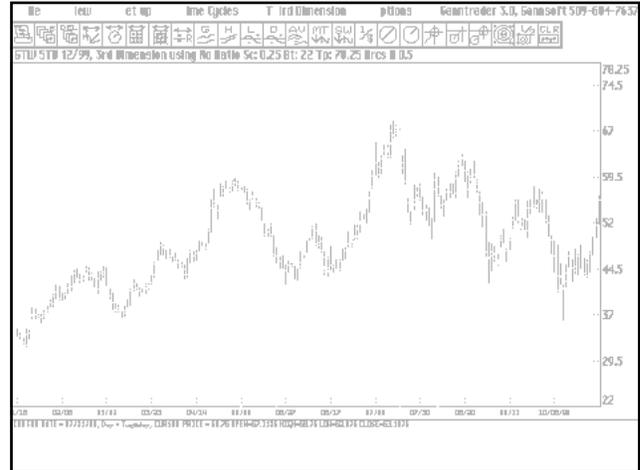
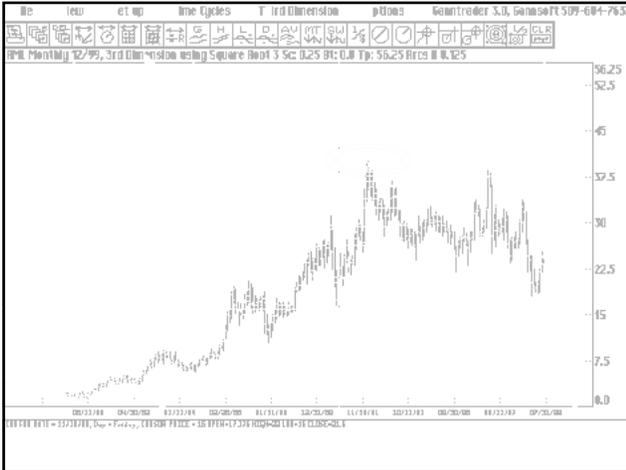
Basic Arcs and Circles

Ganntrader can plot the third dimension of basic circle and arcs on charts. These can be through of as dynamic price and time measuring tools whereas Gann's angles are more static in nature. You know if a market breaks a 1X1 angle it is heading to the 1X2 angle below it. Arcs and circles can give you all the intermediate points in between.

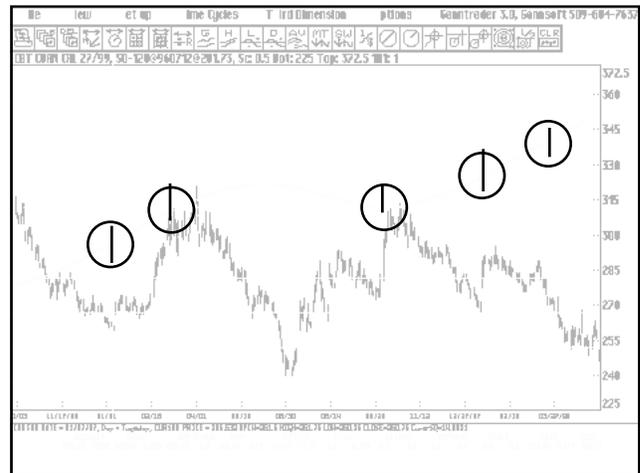
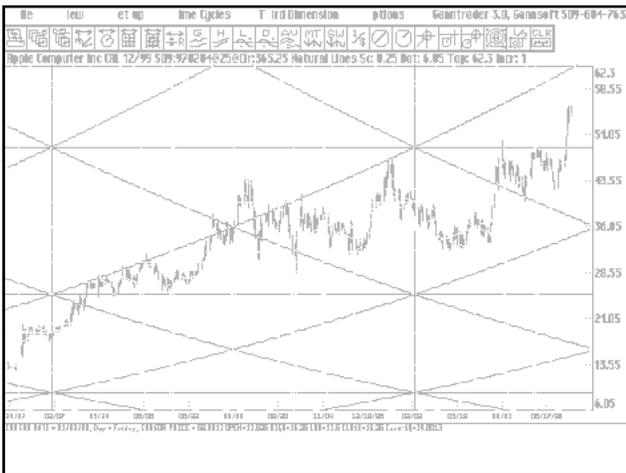
Ganntrader works with any PC compatible computer under Windows 95/98 NT 3.5 or 4.0 Windows 2000 or DOS. An Epson compatible printer is required for high quality charting printing. The wider 136 column printers are recommended. Sheet sized printers such as laser printers and most ink jet can be used to capture the screen but by their nature can't produce the long, wide charted needed for serious work. For chart illustrations of this program see page 61.

The manual describing the above chart functions is excellent and is in color and one of the best manuals I have ever seen. If you are a Gann trader, then this is the program for you. Call Peter Pich at Gannsoft 509-684-7637, fax 509-684-7638 or E-mail him at gann@plix.com.

Ganntrader 3 Now Shipping !



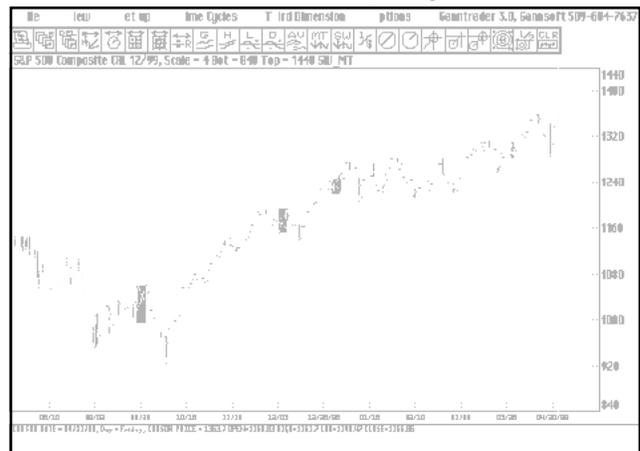
New Arcs and Circles feature maintains proper settings regardless of chart scale or price bar spacing. Display non-linear expansions of original arcs using $\sqrt{2}$, $\sqrt{3}$, $\sqrt{5}$, $\sqrt{6}$, $\sqrt{7}$, Odd & Even Squares, Musical Scale, Fibonacci, π , Expanding Roots, Squared Circles or user defined values.



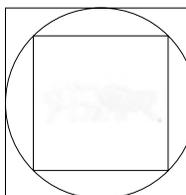
New improved Square of 9 feature with Circle Trendlines applied.

Measure Time by Degrees

Gann Swing Charts with shading feature >>>



Mirror image foldbacks following Michael Jenkin's methods are now support



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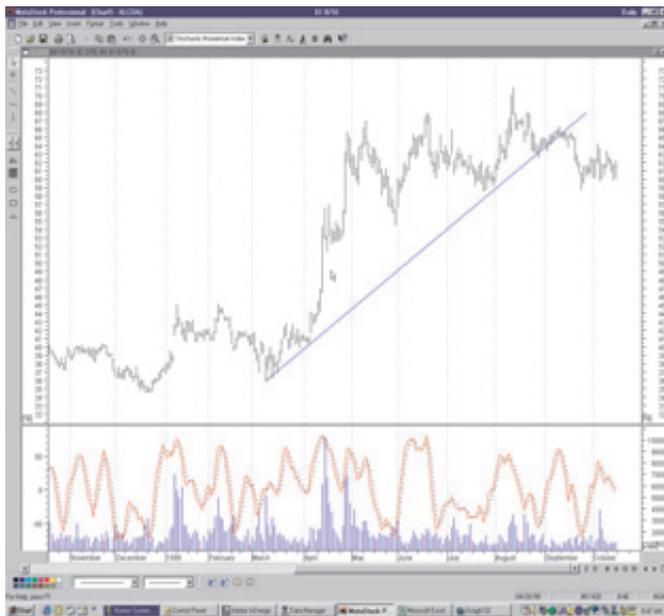
Simplifies Analysis Work of Traders

MetaStock has just released its Professional 7.0 which is a data-management dream come true for technical traders of the markets. A new data management model in this version of MetaStock Pro, allows traders to access current and historical price data from Data Broadcasting Corporation's eSignal Internet data service directly online, without storing it on a local drive.

MetaStock's DataOnDemand technology completely eliminates the tedious data management tasks that traders have always had to endure to get their charts up and running. These tasks include opening a separate data collection program, adding symbols one by one, making sure individual start and end times are correct, finding the right exchange, and more. When a trader wants to evaluate hundreds of securities, this kind of work quickly becomes time consuming and annoying.

MetaStock Pro 7.0's DataOnDemand technology completely removes the need to do any of those time consuming tasks. Traders can simply type in a symbol and see the chart of their choice. A trader can select the chart of his choice: daily, weekly, monthly, quarterly, yearly and other. Other means intraday time plots of 1, 5, 10, 15, 30 or 60 minutes or any interval desired. This makes the new MetaStock Pro as easy as pulling up a chart on the web, without losing any of the high-end capabilities more advanced traders expect from a high-end chart program. Getting rid of the hassles of data maintenance frees up time and energy that traders can spend finding more profitable trades.

DataOnDemand also eliminates gaps in data caused by power outage, computer freeze-up, connection interruption, and anything else. These gaps are unacceptable for real-time traders because gaps skew the mathematical analysis of technical indicators in the program.



The program also has nine new added features. Pager alerts and E-mail alerts let traders receive buy and sell signals on their pagers. There is also quick, free access to fundamental data through Multex and Market Guide. The Explorer has been improved to allow traders to run multiple explorations simultaneously. This allows a trader to narrow down a list of securities and find those most likely to make profits according to each individual's criteria. New custom tabular allows users to access their own layouts and templates. External formula function, combined with MSX, DLL indicators, allows traders with programming experience to build any indicator imaginable.

This is also one of the only intraday software programs that has extensive precision Gann drawing tools. Gann angles can be drawn between significant bottoms and tops (or vice versa) at various angles. These angles provide support and resistance depending on the trend. For example, during an up-trend the 1 x 1 angle tends to provide major support. A major reversal is signaled when prices fall below the 1 x 1 angled trend line. According to Gann, prices should then be expected to fall to the next trendline (i.e., the 2 x 1 angle). In other words, as one angle is penetrated, expect prices to move and consolidate at the next angle. This program draws the nine significant Gann angles in a fan, with the 1 x 1 being the most important:

| | |
|-------|----------------|
| 1 x 8 | -82.5 degrees |
| 1 x 4 | -75 degrees |
| 1 x 3 | -71.25 degrees |
| 1 x 2 | -63.75 degrees |
| 1 x 1 | -45 degrees |
| 2 x 1 | -26.25 degrees |
| 3 x 1 | -18.75 degrees |
| 4 x 1 | -15 degrees |
| 8 x 1 | -7.5 degrees |

Precision adjustment of the rise/run values (e.g., 1 x 1, 1 x 8, etc.) can be done to match the actual angles (in degrees). The x- and y-axes can be equally spaced at intervals. This means that one unit on the x-axis (i.e., hour, day, week, month, etc.) can be adjusted to be the same distance as one unit on the y-axis giving you true Gann angles. This gives you a chart that is properly squared with the corresponding Gann angles. A square chart is a necessity for successful trading with Gann angles.

MetaStock Professional 7.0 can draw Gann grid lines to divide the chart into the diagonal time and price diamonds grids. You have probably seen these diamond grids on Gann's Master Time and Price Overlays. These grids are excellent to help you accurately forecast time and price turning points.

The new features in MetaStock Professional 7.0 add to a solid foundation of more than 16 years experience creating technical analysis software. With nine different charting styles and over 120 indicators and line studies, the program provides a complete solution to help traders make better decisions. MetaStock also includes tools to design and back test trading systems, view expert commentary from some of the industry's biggest names, scan a database of securities for winners, create custom indicators, analyze and graph options-trading scenarios, and more. This program is highly recommended.

If you are trader in the markets and you have real time data feed from Data Broadcasting through the internet, have a pentium computer with Windows 95, 98 or NT, you owe it to your yourself to check this package out. For more information go to www.tradersworld.com.

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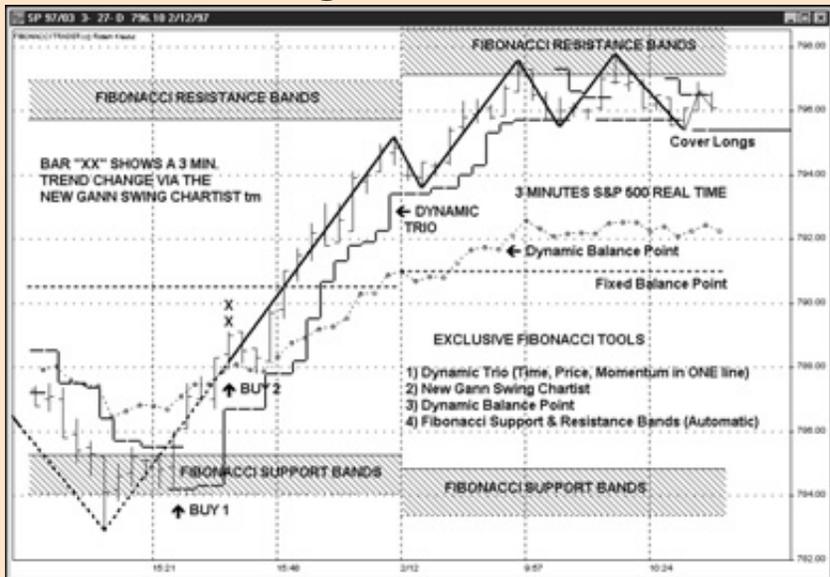
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