Trading Strategies and Trade Management

By Robert Miner

This article is excerpted and condensed from the Trading Strategies and Trade Management chapter of Robert Miner's landmark new book, Dynamic Trading. The complete book chapter is 68 pages of the 580 page book which is profusely illustrated throughout with recent real-world chart examples.

Because of space limitations, we are unable to include chart examples of all the strategies and techniques described in this excerpt. We thought it was more important for readers to learn the concepts and thinking process that is important when developing a trading plan and trading strategies. Also see our review of Dynamic Trading in this issue.

Trading Strategies

Most traders, particularly those who are new to trading or have not found success trading, spend all or most of their time trying to devise or discover the ultimate, risk-free technical analysis and entry technique to put them into a trade.

Successful traders know that no such technique exists and the best that can be achieved from their technical analysis approach is to put the odds of success in their favor by identifying those trade set-ups with a high probability of success. Successful traders spend more of their time developing trading plans and trading strategies than trying to discover the elusive "Holy Grail" of risk-free trading.

There are many entry strategies available to enter a market. I suggest traders stick to the four trend-reversal and three trend-continuation strategies described later in this chapter. They have the highest probability of resulting in a profitable trade with the minimum amount of capital exposure. The following pages describe these entry strategies and the initial protective stop-loss placement. First, let's review what we are trying to accomplish and the basic assumptions for Dynamic Trading strategies.

The objective of Dynamic Trading technical analysis is to identify opportunities within the context of the analysis methods. The technical analysis methods will not accurately describe the position of every market, all of the time. That is not the purpose of technical analysis. The purpose of technical analysis is to identify markets that are in a position to allow a trade with relatively low risk and acceptable capital exposure.

Loss control or identifying the protective stop-loss level is the most important factor in trading. It is the only factor that the trader has control over. The potential profit of any trade is always no more than guess work and can never be defined. I always get a kick out of trading, educational material that teaches a trade should not be taken unless there is a "3-to-1 risk/reward ratio." Whenever you see this, you know the person probably has no successful trading experience.

First of all, risk is the probability of an event occurring. It has absolutely nothing to do with a dollar amount. More importantly, you can never define the potential profit. You can only define the potential capital exposure by where the protective stop-loss is placed. This is not even a sure thing given a market can gap against you beyond the stop-loss price.

The protective stop-loss level must always be determined within the context of the same methodology that determined the trade opportunity. The same information that describes a trade opportunity must provide the exact market activity that voids that opportunity.

The protective stop-loss level must always be determined before a trade entry is initiated. Before initiating a trade ask yourself: "What is the market activity that invalidates the decision to make this trade?" That is your protective stop-loss. Once the protective stop-loss level is determined, the price level that is acceptable for a trade entry is precisely defined within the amount allowed for capital exposure on any one trade. If the market activity does not allow trade entry within the acceptable parameters for capital exposure, the trade cannot be initiated.

Generally, the Protective Stop Loss (PSL) on the initial trend-reversal trade entry should not be adjusted until the market activity has confirmed the trend reversal. If a trade is entered at or near a suspected trend reversal, traders should not be too quick to bring the protective stop loss (PSL) close to the market. The PSL is adjusted each time the dynamic technical analysis describes a price level that should not be exceeded if the trend is to continue.

There is more than one protective stop-loss technique that is a part of a trading plan. The stop-loss technique implemented at any one time will depend on the position of the market relative to the analysis methods. The PSL technique in the initial stages of a trend should be different than in the latter stages of a trend. Dynamic Trading analysis will signal what stage the trend is in.

Let the market take you out of a trade. It is usually best to let the market stop out the trade rather than to take a profit at a price objective. If a market reaches a price objective or the analysis indicates that a trend is at or near completion, the protective stop-loss can be moved very close to the market such as just beyond the prior day's low or high or on any day a market closes below the open, etc. This prevents a trader from exiting a trade when the market may continue the trend beyond expectations, but still allows only a small amount of the unrealized profit to be given up if stopped out.

The amount that will be gained by remaining in a market that continues to trend beyond expectations will more than offset the amount of potential profit that is given up in those cases where the market takes you out of the trade with less profit than may have been gained if exiting at a price objective. Allowing the market to take you out of a trade is dealing with things as they are. Taking a profit at an objective is speculating on the future when it is not necessary to do so.

The exception to this plan is with multiple position trading. One position may be exited at a profit objective while the balance are not.

Entry Strategies and Initial Protective Stop-Loss Placement

The two types of entry strategies used depending on the current market position are trend-reversal and trend-continuation strategies. Several of these entry strategies will be described in this section along with their initial protective stop-loss placement.

The main concept for the initial protective stop-loss placement is as follows: The same analytical methods and trading strategies that signal a trade-entry opportunity must also signal if the analysis or entry strategy was invalid. The protective stop-loss is initially placed where the entry strategy is invalidated.

The objective of the initial stop-loss placement is to immediately exit the position with a relatively small loss if the entry strategy or analysis is invalidated. Remember, the overriding requirement for long-term trading success is capital preservation. If capital is needlessly reduced by remaining in losing trades beyond the invalidation signal, capital will be less available for the trade signals that result in the profits necessary to remain in business.

If the market moves in the anticipated direction following the trade-entry, the next objective is to remain in the trade for the majority of the trend.

The main concept for the protective stop-loss adjustment as a trend progresses is as follows: The protective stop-loss is kept relatively far from the current market activity in the initial stages of the trend until the new trend direction is confirmed. The protective stop-loss is brought relatively close to the market when the dynamic technical analysis signals that the market is near a position to complete the trend.

Initial Protective Stop For Trend Reversal Entries

There are four trend reversal trade-entry set-ups: reversal-day, signal-day, snap-back-reversal-day and reversal-confirmation-day. Each of these trade-entry set-ups are applicable to daily or intraday bars.

Where is the Protective Buy Stop (PBS) or Sell Stop (PSS) placed if one of these three daily reversal signals occurs? In the case of one of the reversal days or a signal day, the protective buy stop for a short sale is placed one tick above the high of the day as each of these signals involves having made a new high. If these signals are to result in a valid daily reversal signal, the high should not be exceeded. If the high is exceeded, it is no longer a valid daily reversal signal, and you want to immediately be out of the market and wait for the next trade set-up and reversal signal. In the case of a snap-back reversal-day, the stop-loss is placed one tick above the higher of the high of day one or day two.

One of the four trend-reversal signals will not always occur at a trend reversal or the ideal coincidence of time, price and pattern. The trader has one of two choices in this case:

Do not take the trade at the time, price and pattern set-up unless one of these three reversal signals is made. You may miss entering trades at some important tops and bottoms, but, so what? If the conditions were not all in your favor at the trend reversal, a trade is not warranted. If you limit your entry trigger to one of these three signals, you may have fewer trades, but you should have a higher percentage of wining trades than if you broadened your acceptable entry techniques.

Trading junkies may not like this recommendation, but their objective is not to maximize profits but to always be in the market regardless of the consequences. If your objective is to maximize profits, you will only enter with reliable signals that you have proven to yourself are valid. Remember, there is always another trade set-up approaching that will meet all of the criteria of your trading plan, whatever that criteria may be.

The second choice is to include entry techniques other than these four trend-reversal signals. It is not necessary to enter a trade at the trend reversal. You may also use trend-continuation entry set-ups strategies to safely enter a position after the trend reversal has unfolded.

Trend Continuation Entry Strategies

There are three low risk and low capital exposure trend-continuation-day entry strategies discussed in this chapter: inside-day, outside-day and Gann-pull-back. While many other trend continuation set-ups are monitored by the Dynamic Trader software, the basic strategies described with these three set-ups are applicable to all trend continuation trade entry set-ups.

Many traders are under the illusion that trades cannot be entered with an acceptable capital exposure after the new trend is established. Of course this is not the case. While the trend-reversal entry strategies are designed to buy at or near the bottom and sell at or near the top, we must also have trading strategies that allow us to enter after the new trend is confirmed. Trend-continuation entry strategies do just that.

It is important to keep in mind that we are trading against a pivot reversal. The Dynamic Trading analysis factors of time, price and pattern are each designed to identify trend reversals as well as the probable extent in time and price of the new trend. There are several entry strategies with low-risk and low-capital exposure to use after the new trend is established.

The Principles of Stop Loss Placement

Dynamic Trading analysis methods help to identify how long in time and price a trend is likely to continue, the specific time and price zones with a high probability for trend reversal and the pattern that signals a trend termination.

The protective stop-loss should be kept relatively far from the current market position until the trend is confirmed.

The protective stop-loss should be brought relatively close to the market position when the Dynamic Trading analysis signals a trend has a high probability of terminating.

As a trend continues, traders must have a plan to adjust protective stops to either reduce the capital exposure for a loss or protect unrealized profits.

If a market approaches a set-up of projected time, price and pattern that signals the trend has a high probability of terminating, the protective stop-loss should be brought very close to the current market position.

There are many protective stop-loss strategies that may be utilized. The most effective and logical ones will be contingent on the market activity as it unfolds.

The initial protective stop strategies for trend reversal and trend continuation trade-entry have already been described. It is usually prudent to keep the initial stop away from the market in the initial stages of a trend until the market has confirmed that a new trend is underway. The initial stages of a trend can often be volatile with the market coming back to test the pivot extreme.

Multiple PositionsShort and Intermediate Term Trades

Initial positions should be taken with at least two units. A unit is a specified number of contracts. For our discussion, we will consider one unit is one contract. If two contracts are traded, one contract should be considered a short-term position and one an intermediate-term position.

If the market moves in the anticipated direction, the objective is to take profits on the short-term position relatively quickly and remain in the market with the intermediate-term position for the majority of the trend.

Why cover the short-term position relatively quickly? If the technical analysis of the markets was right-on all of the time, we would hold all positions to the ultimate trend objective. No analysis method is correct all of the time. The objective is to take profits on one unit relatively quickly in the event the market does not reach the trend objective.

Short-Term Profit Objective

The minimum profit objective for the short-term position should be the minimum price target anticipated if the main trend is not in the direction anticipated but is only a correction.

For instance, if the trader believes that a new bull-trend is beginning, what would the price objective be if the rally was only a typical correction to the prior bear-trend? In other words, what is the minimum expectation of the rally if it is only a corrective rally to a bear trend and not a new bull trend? The short-term long position would be covered if the market reached the minimum price anticipated if the main trend had not turned and the rally was only a correction.

Intermediate-Term Profit Objective

Where is the objective for the second unit of a position? It is most important to first have a concept of what we are trying to accomplish and the practical application usually follows with little effort.

The intermediate-term profit objective is where time, price and pattern coincide to signal the termination of the trend.

In other words, the profit objective is defined by the market activity particular to any one situation. While this sounds very vague, it is firmly grounded in the reality that a market is dynamic and fixed rules for profit-taking are not based on the reality of a dynamic market. Dynamic Trading analysis methods will usually provide you with a firm opinion of the current position of a market and the high probability objectives of any trend or counter-trend.

The Putting It All Together chapter will provide a variety of examples of all the trading strategies and trade management techniques for just about all market conditions.

Robert Miner was named “Guru of the Year” by the 1997 Supertraders Almanac. His company, Dynamic Traders Group, distributes his Dynamic Trading Software and Trading Course as well as his newly released book, Dynamic Trading.

Since 1986, Miner has written an educational and market advisory report which is currently available either weekly or bi-weekly by e-mail or fax. The reports include a detailed trading strategy tutorial each month.

For more information visit his Web site at www.dynamictraders.com or contact Dynamic Traders Group, 6336 N. Oracle Suite 326-346, Tucson Az. 85704. Also see the book review of Dynamic Trading and ad for Dynamic Traders Group in this issue.

Timing is Everything II How to Utilize Cycles Effectively

By Eric Hadik

In a preceding article (Summer '97 issue), attention was focused on unprecedented cycles aligning in 1998 - 2001. This included market cycles which project surprising moves in Bonds, Dollar, Stock Indexes, Gold, Soybeans, Crude Oil and the CRB over the next 12 months. July/ August was projected to see the first signs of this transition. October/November should see confirmation of reversals in most of these complexes and the start of a sharp correction in the S+P and DJIA.

But, it is not just market cycles that are noteworthy. In fact, they might be considered secondary. The real concern should be the earth-related (earthquakes, volcanoes, even tsunamis), climate related (floods, drought, cold), astronomical, and Biblical cycles — which all align in 1997/98—2001. Technically, this period will be ushered in on Tishri 1, 5758. For those not used to seeing dates from the Jewish calendar, the equivalent date is October 12, 1997 (Roshashanah).

A brief tangent is necessary to lay the groundwork for the principles about to be described. Three years ago, I described why this period would be so profound. In a Sept. 1995 report, it was explained why the world's attention had moved 180 degrees in 360 years (from the first American colonial settlement in 1607 to the first Jewish/Jerusalem settlement in 1967 — following the 6 Days War).

This report concluded that the 'peace process' would immediately begin deteriorating and reach a crossroads in 1998. It was also forecast that the period between 1998—2005-07 would see developments in the Middle East which would change the scope of life as we know it.

Though the validity of the second conclusion can not yet be judged, the first has evolved with uncanny precision — reinforcing the cycle principles about to explained. 6 weeks AFTER this report was published, Yitzhak Rabin was assassinated and the peace process stalled. 7 months later, Israel elected a prime minister who believes more in peace through security than peace through blackmail or bribery. As a result, Israel's former Arab 'friends' have since turned their back on her.

Now — exactly 1 month before this critical period begins — Israel announced that it would no longer abide by the agreements and concessions made since the 1993 Oslo accord. The Palestinian disregard for these agreements has finally spurred repercussions — exactly when cycles had forecast.

So, the first application of this cycle analysis has been right on target and should provide tremendous trading opportunities over the next year, if you know what to look for. Most of the markets listed in the first paragraph will be dramatically impacted by war or increased instability in the Middle East.

Since this multi-century cycle is reaching a parabolic stage, there is no better time to determine how to utilize other cycles to help trade the markets during this time. It is important to have a practical application for tools like this if they are to be beneficial to traders and the remainder of this discussion will be devoted to making cycles more 'user friendly'.

As stated before, cycles are a primary factor in Gann analysis. As he explained (paraphrased), a trend will not terminate until sufficient time has elapsed for its completion (the principle of squaring price and time).

In other words — you can have a plethora of resistance and support, but it means little if a trend has not ripened to the point of full maturity. It is reasonable to conclude that the timing of a trade has everything to do with how successful it will be and whether or not specific indicators will be effective. So, let's examine cycles in more detail.

Cycles are not perfect (from our perspective) nor are they the Holy Grail. They are not a stand-alone tool, nor even a trading strategy in and of themselves.

Rather, they are an overview or a foundation on which a successful strategy should be erected. Cycles are a measuring and projection of time — assuming (as all technical analysis does) that "history repeats itself". However, do not expect history to repeat itself in the same fashion, at the same place, and in the same degree each time. This adage would be better modified to "history parallels itself" or "history revises itself... as it repeats".

If it merely repeated itself, it would indicate that all of life is revolving in a circle. Instead, life (the markets, etc.) should be viewed as a spiral — constantly revolving in a circular pattern BUT never returning to exactly the same spot. An example of this is the similarity between America in the 1920's & '30's and Japan in the 1980's & '90's. Gann's 60 year cycle pinpointed the NIKKEI top — which occurred in 1989... 60 years after the 1929 DJIA peak.

The events were remarkably similar, but disguised by their change in location (spiral — not a circle!). An observation from a 1993 article — which discussed these two events — is worth repeating:

"The dilemma that many analysts face — however — is that cycles do not exhibit themselves in identical manner when repeating. If they did, we would exist in a closed circle, never moving forward or backward. Unable to recognize this fact, many traders attempt to develop a static system — in a dynamic world — and quickly succumb to frustration, discarding cycles as a valid form of analysis.

The reason for the absence of homogenous repetition is another principle which is ubiquitous in Elliott Wave, fractals, etc. — We are perpetually in a different phase of a larger and/or smaller cycle, which is itself in a progressive — or digressive-phase of a larger or smaller cycle, and so on and so on...

Having recognized these principles, it is the analyst who can identify the similarities — within analogies —while also distinguishing the differences that will gain a greater understanding of cycles."

This single point — and the grasping of it, or lack thereof, is the largest determinant in how traders view cycles. Those looking for a 'static world' scenario become quickly disillusioned with the imperfect nature of cycles. Those understanding the true nature of cycles have a much easier time grasping them... and using them effectively.

Another principle should assist traders in comprehending cycles. The theory of fractals coincides with cycles. Each cycle progression is a unit in a larger cycle progression... and so on... and so on. Each unit of a cycle progression can be broken down into a group of smaller units... and so on... and so on. This principle also explains how cycles and Elliott Wave work hand in hand.

Simply put, a normal cycle progression revolves around a moving mean point. It is like a sine wave which spends half its time below the mean (identifying successive lows) and half its time above the mean (identifying successive highs). The breakthrough (through the "mean" or "zero level") occurs during a dynamic "3" wave up and a desperate "C" wave down.

Picture a sine wave oscillating around the "0" level. Once it exceeds 0, it would be equivalent to a market which has broken through long-term resistance — usually in the midst of a “3” wave higher. As this sine wave makes its way up to +1 — and then begins its descent back to 0 — an unseen pressure is pushing down on the wave — first subtly, and then with more authority.

This force could also be viewed as a compelling force which continually attracts the cycle towards an elusive median or balance (the ‘0’ line) — like a pendulum swinging to and fro. Once the sine wave breaks below the “0” line, an upward pressure begins to mount — first subtly, then with more authority.

The market is the same. The sine wave peak at +1 is synonymous with the “5” wave peak (or sometimes the 3rd wave peak preceding a slightly higher ‘5’ wave peak) in the market — when the downward pressure begins to manifest itself more boldly.

This is how cycles work — after a “3” wave breakout higher and a ‘C’ wave collapse lower. Following a ‘3’ wave higher, what was formerly a cycle between successive lows (applying upward pressure) has now flipped and becomes a cycle between successive highs (applying downward pressure)... starting with the peak of the “3” wave. The entire “3” wave is usually one full cycle, following successive low-low cycle occurrences. This is when the transition takes place.

In other words, if a normal cycle is 21 days between lows, the ‘3’ wave will encompass an entire 21 days during its rally and then be followed by an ensuing high 21 days later. Successive 21 day cycles will continue to evolve between consecutive highs...until the “C” wave breakdown occurs (crossing through long-term support in a parallel to the sine wave crossing below “0”). This ‘C’ wave should also consume an entire 21 days in its descent.

This describes the basis for Hadik’s Cycle Progression‰. (See Table 1) In a text-book situation, think of cycles as unfolding in the 8-count progression shown in the accompanying table...

Hadik’s Cycle Progression ‰.

#1—Low-Low	(0-(2) wave low)
#2—Low-Low	((2)-2 of (2) wave low
#3—Low-High	(2 wave low- (3) wave high)
#4—High-High	((3) wave high—(5) wave high)
#5—High-High	((5) wave high—B wave high)
#6—High-High	(B wave high—2 of C wave high)
#7—High-Low	(2 of C wave high—3 of C wave low)
#8—Low-Low	(3 of C wave low — 5 of C wave low

At this point, the sequence begins anew (C wave = 0).

The problem that most cycle analysts and cycle programs have is that they are constantly searching ONLY the lows or ONLY the highs for a consistent cycle. The futility of this exercise forces most novice “cyclists” to quickly give up in desperation.

As I have stated before, cycles are a dynamic entity — they keep progressing and changing (direction — not amplitude). This disguise is what throws most cycle observers off track and forces most technicians to mistakenly conclude that cycles are ambiguous, inconsistent and worthless.

In contemplating the best way to convey these cycle applications, I came up with a fairly accurate analogy. This analogy not only describes the cycle theory, but also the best way to trade the market utilizing this technique. It is drawn from the game of volleyball.

In a well executed game of volleyball, each team attempts to utilize all three allowable contacts with the ball. (It may help to consider team 'A' as the bulls — or up-trends — and team 'B' as the bears — or down-trends.)

The ball first comes across the net (through support) and a desperate attempt is made to save it from crashing to earth. Once the ball rebounds higher (the first 'set'), gravity takes its toll and it comes back down... BUT... is contacted at a higher level (the second 'set'... like a higher low in a developing up-trend) — while purposely kept on the same side of the net.

The ball heads higher again — only to 'pull back'... BUT... is contacted at yet a higher level and spiked across the net. (This spike — the 3rd allowable contact — is like a 3rd wave — when the market surges through resistance, often after a much smaller pullback, and cycles flip to the other side of the 'net'.)

The subsequent reaction comes in one of three forms. Either the 'bears' block it (indicating a false break-out to the upside) and the 'bulls' must regroup and 'set' up again, OR the bears replicate the set-and-spike pattern that the bulls just used (a subsequent topping pattern), OR the bulls initial spike results in a score (a great trade) and the bulls get another chance to send the ball through the next level of resistance (on the ensuing serve).

And so the battle rages — back and forth, back and forth. This analogy may break down in certain areas but you should get the point. And, an important lesson can be learned from this — which directly applies to trading.

It is best to 'set' up a winning trade by first taking small trades (a campaign) in the direction of the developing trend. These are facilitated during the first of first and first of third waves higher. The mounting profits can then be used as additional risk for the 3rd hit... or 3rd wave higher. This analogy goes hand-in-hand with the sine wave example illustrated previously.

Now that you should have a better understanding of cycles and how they truly evolve, the next step is to learn how to calculate and implement them.

One of the most popular ways is to set up a computer program which tests each market back to the beginning of time and then averages the cycles out to come up with a composite cycle (which often breaks a day down to 3 or 4 decimal places, like a 22.364 day cycle).

This is also one of the most futile ways of approaching cycles, since averages or composites are made up of extremes. You will rarely, if ever, find this cycle hitting exactly on the 22.364 day time period. This is due to the fractal principle. Since any market cycle is always part of a bigger cycle (and breaks down into smaller cycles), it could take 10-20 years for one entire cycle of cycles to unfold in a particular market.

So, if you have developed a composite cycle from 20 years of data — it will likely be applicable (if, at all) 12 1/2% of the time. Why? Because cycles will act differently as they unfold within each of the 8-step progression described in Table 1. When a market is in a major (1-2 years or more) '3' wave rally, the minor and intermediate cycles within that rally (the ones a trader would use) will be different than the equivalent minor and intermediate cycles within a major basing period.

Since this 20 year major cycle would also evolve in the 8-step progression, each phase (which is theoretically 12 1/2% of the overall move) would act completely different and provide extremely diverse cycles from which a composite would be formed. At best, the composite would work 10-20% of the time. At worst, the market would rarely — if ever — adhere to this precise cycle.

Having studied diverse cycles for almost two decades, I keep coming back to the KISS principle (Keep It Simple, Stupid). This leaves two primary means for determining cycles within any given market. These may not work all the time; nothing does. But, they will work more consistently and more practically than any other approach.

First is the implementation of known cycles. It is better to choose known cycles which have applied throughout history — as Gann did — and test them over the same 20 year period. The objective is to determine which is a constant in a given market and which is a fleeting phenomenon.

Gann was able to deduce certain principles about time — which have stood the test of time... both forward from his day, and looking back. His primary conclusion was that time is geometric. Therefore, cycles should unfold the same way that a circle (or a year) does. To repeat from last issue's article...

"Since a solar year is 365 days (and could have been — at one time in the past — 360 days) and is governed by circular and elliptical planets, rotations and orbits — it only makes sense that time is geometric. Measurements which hold increased significance in a circle (90, 180, 360 degrees) will also hold increased significance in time (90, 180 or 360 days, weeks, month, years).

The circular — or cyclical — nature of time is also apparent in Gann's concept of anniversary dates (hence the dual-expression that an event has come 'full-circle' or 'full-cycle'). Significant events often occur on the anniversary of other noteworthy events.

...The idea of geometric time (where periods of days, weeks, months or years are divided the same as a circle—in 15 or 30 degree increments) is not isolated to market cycles. In fact, Gann applied to the market what was already present in nature (just as R.N. Elliott did with the Elliott Wave Theory)."

Simply stated, in order to project cycles forward, Gann would (among other things) add increments of 30, 45, 60, 90, 120, 180, 270, 360 days, weeks, months or years to significant highs and lows in order to determine when a future turning point was more likely. (He used other multiples of 15 & 30, but these are the ones I find the most consistent. 105, 135, 210 & 240 are other geometric cycles which I frequently use.)

As you view markets with this in mind, the first observation may be how a market will periodically adhere to a 30 day cycle. The 30-year Bonds are an excellent example of this — often providing subsequent lows on the same 1-3 day period in each month (i.e. successive lows between the 11th—13th of several months). This is an example of 30-day cycles influencing the market.

As you calculate forthcoming cycles one principle should govern this process greater than any other...SYNERGY.

It matters little when one or two cycles align. The impact on the market could be so subtle that a trader would never even notice it... or be able to capitalize on it. The goal for a trader is to determine when several (particularly unrelated) cycles converge in a specific 3-5 tick window. This synergy greatly increases the probabilities that a market will turn during this time frame.

The second method of cycle determination is through observation. A market will commonly enter a period of time when a certain cycle takes hold. It could be geometric, it could be Biblical (7, 12 or 40-related) or it could be Fibonacci-related... or none of the above. Once a cycle has linked three successive highs or lows, it is safe to assume that it has taken hold and that subsequent occurrences will be seen.

However, a trader must keep <u>Hadik's Cycle Progression</u> in mind when attempting to trade off this cycle. A market could easily be in the process of breaking out when a new cycle is identified. The next time it hits could be at an opposite extreme (a high, if the preceding events at occurred at lows... or vice-versa). If this is the case, the first assumption to make is that this cycle will begin to apply to ensuing highs... rather than lows.

Here again, the important issue is NOT when one cycle or the other hits. The critical measure of a period's significance is how many cycles align and how tightly this convergence is.

WARNING: DO NOT IDENTIFY A TIME FRAME YOU LIKE AND THEN SEARCH FOR CYCLES TO CONFIRM IT!

This type of curve-fitting will rapidly, or ultimately, lead to financial ruin. Because there is such a variety of cycles which can be used (another complaint of cycle antagonists), a trader could 'find' a 'coincidence' of cycles in almost any particular time window.

The key is to approach a market with little or no preconceived notions and calculate known and consistent cycles projected from previous turning points. After accomplishing this, the next step is to observe recent history (prior 90-180 days) and see if any other cycles appear to be taking hold. Then, and only then, should convergences be noted and integrated into a trading plan. (If possible, it is even recommended to do these three tasks at separate times to avoid the temptation to 'fit' a market into a cycle bias.)

There are other means of determining and utilizing cycles to be addressed in future articles. Much of this cycle information is drawn directly from Eric Hadik's Tech Tip‰ Reference Library... where additional charts, diagrams and examples can be found. This collection of over 20 axioms and indicators has been developed over a period of nearly two decades while analyzing and trading the markets.

To conclude, a couple points should be emphasized... The use of cycles is a foundation-building event. It is not a panacea and is not, in and of itself, an actual indicator (much to the surprise of many). A disciplined, objective trading strategy should always come first and be enacted in conjunction with this type of analysis. Cycles reveal when certain indicators (like a Double-Key‰ or 2-Close Reversal‰) should work.

Ironically, other indicators often determine when to apply certain cycles and how to trade them. Cycles are just one key ingredient in the making of a successful trading strategy. When isolated, they are powerless. Conversely, a strategy without them is lacking a great deal of potency.

There are many other factors which compliment the use of cycles, and which should always be integrated when utilizing cycles. These, too, are addressed in the Tech Tip‰ Reference Library.

As I have warned for the last three years, the end of 1997 and all of 1998 begins the most serious and perilous convergence of long-term cycles I have witnessed in 19 years of studying cycles and the markets. I believe the next 12-18 months will offer unprecedented opportunity to informed and alert investors... while virtually eliminating the majority of investors in a very short period of time. Will you choose to be a lemming or a leader? Information, and a specific plan of action, are the key!

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Cashing In
On Chaos at 55

By Dr. Hans Hannula, Ph.D, RSA, CTA

I knew that my 55th birthday was very important in my life, my career, and my business. From my chaos work I had found that 55 degrees was a Chaos Point in a cycle. This is because 360 degrees divided by 60 degrees is a stable sixth harmonic, while 360 divided by 6.5, or 55.38 degrees, creates a half harmonic inversion, switching the stable cycle to 720 divided by 13. This period doubling is a precursor to chaos, leading to high energy, fast, chaotic moves in markets.

My concern about my 55th birthday came from the knowledge that years of age are the "degrees" on a cycle of 360 years. That is the meaning of the Biblical "day for a year" (Numbers 14:34 and Ezekial 4:6). Day means degrees.

So I realized that after my 55th birthday that my life would make a rapid chaotic change. But which way would it be - UP or DOWN?

Fortunately for me, my chaotic turn was UP. My trading took off like a rocket. I was thrilled, and a bit mystified. Why now? Sure, my Chaos Market Theory was working, my Market AstroPhysics was working, and my application to real time trading was working, but this was different. Somehow, I was seeing things clearer, crisper, and interpreting my trading information much better. I know that to trade well, one needs to understand how markets work, and how you work. I have mastered the market part, but am still working on the myself part. If I could understand my greater success, I could learn more about energy cycles for both markets and people.

People, like markets, are driven by energy cycles. These cycles come from the earth's electromagnetic field, which causes electric currents to flow through us [3]. These currents are caused by the electric charge of 300,000 volts in our ionosphere. This voltage varies according to cycles in the solar radiation, which in turn varies according to planetary cycles. In my market work, I have learned to track market moves to these cycles. My XGO software [2] uses these cycles to make energy forecasts for markets and for people.

The ancient art of astrology also uses planetary cycles. I have studied this folklore extensively, and found much of it to be valid. Unfortunately, much of the literature is cluttered with junk, and little of the material available is complete. So I have developed my own ways of looking at things, and my own tools, such as my WinGephi program. This program allows me to look at both heliocentric (sun centered) and geocentric (earth centered) plots of planetary positions. These are drawn as wheels with a spoke for each planet. So when I asked "Why now?" I turn to these wheels. Here is what I learned.

The Big Bang

My natal chart contains a Grand Trine of Neptune, Sun, and a cluster of planets Uranus, Saturn, and Jupiter, with Jupiter on my Ascendant. The Ascendant is where the sun rose the day you were born. So I have a "Jupiter Rising." That's supposed to be good for business. This Grand trine is also aligned in a special way. It's spokes are at 180, 300, and 60 degrees on the circle. This makes it "naturally harmonic."

Figure 1 shows the geocentric chart for my 55th birthday. The natal planets are the dots, and the current planets are the spokes. A marks my Grand Trine, with Mars (R), Saturn (S), and the moon's Node (O) transiting my natal Neptune on the leg marked 1.

The Sun part of my Grand Trine (marked 2) was being transited by current Sun, Neptune, Uranus, and Jupiter. This leg of my Grand Trine also aligns with my natal Pluto. I call this line my Life Axis. Very close to this axis is my Creativity Axis, formed by the cluster of natal Moon, Venus, and Mercury. Transits of this axis bring me my discoveries.

The third leg of my Grand Trine (marked 3) is being transited by current Moon (T) and Pluto (P). My market work has shown that option volatility follows a Pluto-Moon cycle.

So it was very clear that on my 55th birthday my Grand Trine was being hit with a great deal of electric energy. Astrology books [1] note that your 55th birthday comes as Neptune trines (120 degrees) natal Neptune. This is supposed to bring a heightened awareness, greater spirituality, and greater intuition. This Neptune trine hit the day before my 55th birthday.

Heavy energy intake makes us feel down. Going into my birthday I was so apprehensive and down, that my wife decided to throw me a birthday party - for the first time ever. Normally, we celebrate my birthday with a quiet dinner. These birthday downs are why the practice of giving presents arose - to cheer up the birthday celebrant.

Anatomy of A Trade Set

Shortly after my birthday I began trading a new "trade set." I trade a certain number of trades, then quit for a while. This gives me a chance to do other things, evaluate my progress, and rest. Also, I day trade the S&P, but not every day. I try to pick the good days to trade, and then focus on trading them well. I did good - by the end of March my account had risen to 450 percent of the original equity. The trade set ended when I had a bad day April 1. At the end, the account was still up to 356 percent.

This is shown in Figure 2. Note the points marked A, B, C, and D. A and B were spectacular days C and D were bad days. A series of more normal days shows up between C and D. So what make A, B, C, and D special?

My chart for A, January 23rd, is shown in Figure 3. I was hot. I saw a Hannula Market Fractal (advanced version of Chaos Clamsell)[2] setup for a sharp drop, and cashed in very nicely.

So why was I so sharp? The Moon (T) had lined up on my Life Axis, directly hitting Sun and Uranus. Symbolically, that translates as energy (Moon), heat (Sun), and electricity (Uranus). That's the astrology part. The important thing was that this energy burst was at a 55 degree position as shown. This 5 day movement of Earth brought me exactly to my Chaos Point. I was thrilled. The turn was UP!

By the time I experienced point B, I was sure. Figure 4 shows that chart. As the Moon(T) approached leg 2 of my Grand Trine, Venus hit Uranus and Jupiter - at the 55 degree point. Venus was activated by my Sun transiting my natal Mercury, Venus, Moon Creativity Axis. Again I recognized a Hannula Market Fractal and traded it perfectly. The winds of fortune were blowing strong, and I had set my sail well.

Of course, I expected some down days. I had one on February 14th, point C on the equity curve. Figure 5 shows that chart. My mind seemed foggy. I was a step behind the market. I traded too aggressively. I lost the fight. So I looked to see why. Again, the 55 degree point was being hit - by Mercury transiting Uranus and Jupiter. Astrologers link Mercury to the mind. Further, my natal Mercury was being transited by Venus. Astrologers say that Venus is often a surrogate for Neptune. My natal Neptune was being transited by Mars. Mars is linked with aggression. So the aggression overcame my intellect. I knew that by the close of trading. Now I could see why in the chart.

From point C to D, things were pretty normal. Trading was average, consistent, and steady. But as my equity curve rose, I was aware that it was looking like a Hannula Market Fractal itself. Such fractals end with a sudden thrust in the opposite direction. This came on April 1st. Figure 6 shows my chart for that day. That day I really was trying not to trade, but late in the day I suddenly felt aggressive, pushed my entry stop too close, and got caught in a “fist fight” with a wildly oscillating market. I lost the fight.

When I studied my chart it was very clear why. As the Moon again approached my Grand Trine, it trined my natal Node, which was being transited by Mars. I associate the Node with knowledge. Mars of course is aggression. Then my mind, in the form of natal Mercury, was being hit by transiting Jupiter (business). That was the attraction to trade. But the real problem was current Mercury transiting natal Mars. Again, my aggression overrode my knowledge and my intellect.

Interestingly, on both days C and D I discovered that I had failed to wear my Concentration Headband [4]. So I did not take every step possible to protect myself from the external cycles. They got to me even before I traded. Another lesson.

Knowledge and Profits

That ended my trade set. I have developed the disciple to terminate a set when it stops working. In this case it was very easy to do that, because I was well ahead. And through study, I had learned a lot about myself. The power in my trading is my knowledge of how markets work, developed over years of research. The weakness is my tendency to be too aggressive at times. Now I see that these periods come from the battle between my Mars and Mercury cycles. So I’ll watch those closer next time.

Not a bad Chaos Turn at 55. It was up. I started a new up Hannula Market Fractal which could be huge. And my career cycle of Jupiter-Neptune definitely turned up. That’s a 13 year cycle - half of which is 6.5, the harmonic that set my chaos turn at 55 degrees. Lucky 13. And now I know that the Grand Trine in my natal chart really means something. It only took a transit of the Sun leg by both Neptune from leg 1 and Jupiter from leg 3 to awaken my awareness. I’m beginning to understand myself. It’s all natural energy. It’s all electricity.

References

[1] Hand, Robert Planets in Transit, Whitford Press, 1979. [2] Hannula, Hans, “Cashing in on Chaos”, Trader’s World, Spring, 1993.[3] Hannula, Hans, “Cashing in on Natural Energy”, Trader’s World, Summer, 1996. [4] Hannula, Hans, “Why Johnny Can’t Trade”,Trader’s World, Spring, 1997.

The WinGephi graphical ephemeris used to make the charts for this article is one component of a growing set of trading tools from MicroMedia. One can learn more by contacting the author or checking out his WEB site at http://www.cashinonchaos.com/hans. or by contacting Hans at MicroMedia, Box 33071, Northglenn, CO 80241, voice: 303 452 5566 , fax 303 457 9871.

Planetary Timing for Buying Stocks

By Jeanne Long

In the 1997 Trader's Astrological Almanac (published in October 1996) several stocks were recommended for a buy at the Spring low, which was called to occur in March/April 1997. The instructions were to take the technical and planetary buy signals demonstrated in the 1997 Almanac article if and when they occurred in the time window of the Spring low, simply because once this low had formed, the market should make a good move up. The recommended stocks were selected by the Galactic Stock Trader™ software in a simple and easy way that allows traders to take advantage of planetary tools and timing without a big learning curve.

The questions to be answered in this article are as follows: 1) What are the benefits of using planetary timing as opposed to random selection of stocks? 2) Does planetary timing give the investor the trading edge? 3) Does planetary timing help curb losses? 4) Does planetary timing give more confidence to buy or take profits? 5) Does planetary timing improve profits? The rest of this article gives the answers to all of these questions.

In order to determine if a stock (or a commodity) has the potential for increase in price in a given time frame, it is necessary to know the Incorporation date or 1st Trade date (preferably both) of the stock. Fortunately, the Galactic Stock Trader™ has approximately 3000 Incorporation/1st Trade dates in its data base. These two important dates give specific points of reference for planetary timing since the planet's positions on those dates are FIXED for the life of the Stocks. These FIXED planetary positions are better known as the stock horoscopes or NATAL (birth) positions of the planets.

With such a large data base of Incorporation and 1st Trade dates at hand it is easy to run a comparison of where the positions of certain planets are today and reference them back to the FIXED positions on the dates of the Incorporation or 1st Trade. This research facility is built into the software.

One of the easiest searches is to find future dates when the planet Jupiter (called transiting Jupiter) is passing or traveling over the FIXED (Natal) planetary positions of the Stock horoscopes (Incorporation date or 1st Trade dates). More importantly, to look for transiting Jupiter passing over the FIXED positions of Sun, Mercury, Venus and Jupiter in the Incorporation or 1st Trade horoscopes. This gives the potential for increase in the price of the stock.

What could be a time-consuming and tedious job, not to mention a big learning curve has been reduced to just a few simple clicks with the Galactic Stock Trader™ as shown in Figure 1.

By clicking on transiting Jupiter in the 1st column, and then on Sun, Mercury, Venus, Jupiter in the second column. Plus choosing a date or time frame, then a search of the approximately 3000 stocks in the data base can begin. In the example, the dates chosen for the search were January 1, 1997 to December 31, 1997. The results of the search are shown on the screen or in a printout as in Figure 2.

HOW DID THE SELECTED STOCKS PERFORM?

Following the Rules recommended in the Almanac:

1. Buy at Spring low in March/April 97.
2. Use planetary support lines.
3. Use planetary reversal dates.
4. Use technical buy signals.

Illustrating these tools on Schumberger, Chart 1 graph shows the following:

All the graphs used in this article are from the Galactic/Fibonacci Trader™ software, which puts all planetary tools onto stock graphs. (This is a separate program from the Galactic Stock Trader™, which searches a data base for stocks with potential for increase in price.)

Rules for Planetary and Technical Tools Used to Monitor and Buy Stocks

1. Planetary Support (or resistance) lines

The planetary lines that create support for Schlumberger are the Jupiter lines. These lines are created from the actual position of the planets and transformed into price. Note on Chart 1 how price travels within the range of two Jupiter lines (Jupiter channels). When stock price is strong it moves up from one Jupiter line to the next, with the Jupiter line under the price becoming the support to current price.

2. Planetary Reversal Dates

Price reversals occur on specific dates of certain planetary aspects (aspects are the relationship between two planets). The planetary aspects that create reversals with regularity for Schumberger are as follows:

Geocentric Aspects: Venus/Saturn, Venus/Neptune, Venus/Uranus, Venus/Pluto, Saturn/Uranus.

Heliocentric Aspects: Earth/Mercury, Earth/Neptune, Venus/Saturn, Venus/Uranus, Venus/Neptune, Venus/Pluto, Mars/Uranus.

Look for a price reversal to occur within two days of the aspect (reversal date). Fortunately, it is not necessary for the trader to calculate all of these aspects or planetary lines. The Galactic Trader™ software does it automatically. Reversal dates / aspect dates show up as highlighted bars on the screen. They are also projected out into the future. Or a list of future reversal dates can be printed out, alerting the trader in advance that a reversal date is about to occur. Naturally, the more aspects occurring on the same date or within a few days time frame, the stronger the influence for a price reversal.

3. Technical Tools: Dynamic Trio NEXT and Dynamic Trio OWN

(Specific Technical tools in the Galactic/Fibonacci Trader™ software)

Dynamic Trio NEXT Line: (Heavy dotted line) See Chart 1

This important line gives longer term trend direction. When it is under the price, it is supporting a trend up. If this line is above the price it acts as resistance in a trend run down.

The general rule of thumb is to only BUY when the Dynamic Trio NEXT (DT NEXT) line is under the price and only SELL when the line is above the price. However, on rare occasions, with specific rules, the general rule will be modified as described below under Perfect Set-Up #5.

The DT NEXT line also functions as a point of no return. In other words, as a STOP. If this line is under price in a trend run up and price then goes down through it, especially if price closes under it, and even more importantly, closes under it on a weekly basis = look to take profit on stock and stand aside. Unless, of course, profit has already been taken at higher profit points. For example, the Dynamic Trio NEXT STOP is <u>a conservative longer term STOP</u>. It allows the market to breathe and make its regular small retracements while keeping the trade in tact. However, if price makes a very sharp move up (see June on Chart 1) then the DT NEXT, under these terms, will be quite a distance below price. Therefore, after a sharp move up, especially if a planetary line on top forms as resistance to price, while at the same time planetary reversal dates occur, it is wise to take some or all profit, especially if price then falls below the Dynamic Trio Own Line; see next section.*

<u>Dynamic Trio OWN Line:</u> (Solid small step-like formation) see Chart 1

This line is built on a smaller time frame and is used as the technical tool to give Entry/Buy signals (*and sometimes sell or profit signals as described above). The Dynamic Trio <u>OWN</u> line is used in <u>specific combination</u> with 1) the Dynamic Trio NEXT line, 2) the Planetary Lines and 3) Planetary Reversal dates. The four tools work together to create a <u>SETUP</u> to buy with. *The Dynamic Trio OWN Line also functions as a Stop/Profit point after a sharp move up has occurred and then price falls down through this line.

<u>An example of a perfect SETUP forming with all 4 tools is as follows:</u>

1. The DT NEXT line is under price and price comes down near it or actually touches it. See Chart 1 at Setup #1 and Setup #2.

2. The planetary line that creates support for this stock (for example, the Jupiter line on Schumberger) is traveling very close to the DT NEXT line, so that both act together to form support as price comes close to them or touches them. See Chart 1 in March/April 1997 at Setup #1 and Setup #2.

3.One or more planetary aspect/reversal dates occur within a day or two of price reaching the two support lines. This occurred on Chart 1 at Setup #1 and Setup #2.

4. In order for price to reach the DT NEXT line and planetary line, a retracement down will have occurred. This retracement down will have caused the shorter term Dynamic Trio <u>OWN</u> line to be traveling <u>ABOVE</u> the price. Therefore, after the price has touched the DT NEXT and planetary lines at the planetary reversal dates, price will then reverse and bounce up. Shortly thereafter price will penetrate the Dynamic Trio <u>OWN</u> line which has been above price. At this point a BUY signal is given. See Chart 1 at Setup #1 and Setup #2.

5. The above is an example of a perfect setup. All components of a setup were in effect during the March/April expected low period, making a confident buy. However, since we don't have a perfect world, we don't always have a perfect setup either. More on this under the discussion of Ahitibi-Price stock walk-through.

PUTTING IT ALL TOGETHER

<u>Walk-through of rules on Schlumberger Chart 1:</u>

1. We were looking to buy Spring low in March/April 1997.

2. Looking for price to <u>Support</u> at or near Jupiter line <u>AND</u> DT NEXT line. This occurred 3/3/97.

3. Looking for Schlumberger's specific planetary aspects to occur in the same 3/3/97

time frame.

Schlumberger’s Planetary reversal aspects were as follows:

• 2/28 Friday - Earth/Mercury, H. Venus/Saturn, H. Mars/ Uranus and G. Saturn/Uranus

• 3/3 Monday - Earth/Neptune, G. Venus/Pluto

• 3/4 Tuesday - G. Venus/Saturn, G. Venus/Uranus, H. Venus/Neptune

4. Looking for price to go up through the Dynamic Trio OWN; this occurred on 3/4.

This many reversal signatures all occurring in such a short time frame indicated an important low was forming, confirmed by price being supported at the Jupiter line and the DT NEXT line = LOOK TO BUY as price goes up through the Dynamic Trio OWN line. This happened on 3/4, Schlumberger was bought at 103. A perfect setup had formed (Setup #1).

The very same setup occurred again in April as price retraced to the Jupiter Support line AND the Dynamic Trio NEXT line, price again encountered strong support on 4/11, 4/14 and 4/15 on these lines.

The planetary reversal dates occurred at the very same time:

- 4/11 Friday - Venus/Neptune
- 4/13 Sunday - Earth/Mercury
- 4/15 Tuesday - H. Venus/Pluto
- 4/16 Wednesday - G. Venus/Neptune, H. Venus/Uranus
- 4/17 Thursday - Earth/Neptune

Six reversal aspects specifically attuned to Schlumberger occurred within 5 trading days, with price at the Jupiter Support line AND the Dynamic Trio Next Line = LOOK TO BUY as price goes above the Dynamic Trio Line OWN. This happened 4/16 and Schlumberger was BOUGHT at 106 1/2. Again a perfect setup #2 had formed. The high price to date of this writing has been 142 1/2 and a stock split of 2 for 1 occurred on 7/14. We were stopped out on the short term stop as prices came down through the Dynamic Trio OWN line on 8/8, giving excellent profit on this trade.

Walk-through Ahitibi-Price Chart 3:

In this instance, the only reason a valid Buy signal was given was because the buy signal occurred in the Spring low time window already discussed. Had the buy occurred outside this time window it would not have been valid with the rules given in this article.

Look at Chart 3 and note that the Buy signal given by price trading (and especially closing) over the Dynamic Trio OWN for the first time in March and April 1997, this occurred on April 9th. There was no other buy signal given during March or early April, the Dynamic Trio OWN was above price and following price down during this time. The first penetration of this line occurred 4/9/97 setting up the buy signal only if the other two components, planetary lines and planetary reversal dates, were present on April 9th. The next section will determine the lines and reversal aspects.

PLANETARY LINES OF SUPPORT (AND RESISTANCE) ON AHITIBI-PRICE

The lines of Mars show that in intermediate trend runs price travels within the confines of Mars channels (see Chart 2). This is known as price traveling at the speed of a planet. Note how more often than not the highs and lows of price terminate at the upper and lower lines of the Mars channel. Also note that the diagonal line traveling down from left to right on Chart 2. These lines are the Mars Mirror Lines™ created by the Galactic Trader™ software. Price travels down the Mars lines in trend runs down in exactly the same way it travels up them in a trend run up. Mars clearly seems to travel with price.

The other planetary lines displayed on Chart 3 are Jupiter lines, which have less of a slope than the Mars lines. The important point to note is that Jupiter supports the longer term lows as shown on 10/21/96 and 4/4/97. In both instances price came within 1/2 of a point of the line.

It was both the Jupiter line and the Mars line that price came within 1/2 of a point of on 4/4 and 4/8/97. At the same time there was a strong series of planetary reversal signals on these very same dates.

Planetary Reversal signal dates for Ahitibi-Price:

4/4 Geocentric Planetary Aspects: Venus/Jupiter, Sun/Jupiter

Heliocentric Planetary Aspects: Earth/Mercury, Mercury/Venus, Venus/Pluto, Mars/Uranus

4/8 was Double low with 4/4.

(You will find that many of the same aspects listed above also occurred on 11/10/96 major low.)

With all the signals in place and the BUY signal issued, the following buys occurred:

4/9/97 Bought at 14 1/2 as price traded above the Dynamic Line OWN. Stop was placed under the 4/8 low at 14.

4/16/97 Second Buy at 15 as prices traded above the Dynamic Trio Line OWN for the second time. Stop still under low of 4/8.

4/24/97 Third Buy at 16 as price traded above the Dynamic Trio NEXT Line. When prices closes above this line on a weekly basis. The close above the DT NEXT line now indicates the longer term trend of this stock is up. A weekly close above the DT NEXT line causes the line to move under the stock price and now this line supports the trend run up. STOP is now placed under this line. (See Chart 3.)

The high of this stock at the time of this writing has been 21. The conservative long term STOP is still under the Dynamic Trio NEXT at 19. However, after a sharp move up, it is always wise to take some profit. There are two places to take profit after a sharp move.

1. A portion of profits can be taken at Jupiter and Mars resistance lines above the market as shown on Chart 3 on 7/11 and the day following three of the major planetary reversals aspects occurred. You would have known well in advance that these aspects would occur on this date; as you can see on the screen or in a printout the future reversal dates for a month at a time or even a year at a time if you so desire. After a sharp move up, such as the one that occurred in early July 1997, it is wise to take some or all profits at planetary reversal dates when the planetary lines form as resistance on top.

2. The second point to take some or all profit is if and when price falls through the Dynamic Trio OWN Line which on Chart 3 is shown just above 19 1/2; this occurred on 7/21. On 8/8 price fell through to the Long Term STOP line of the Dynamic Trio NEXT at 19.

Walk-through American Home Products Chart 4:

Chart 4's setup is exactly like Chart 2 and 3 of Ahitibi-Price. The fourth component was filled by the Spring low March/April 1997. The usual 4th component, the Dynamic Trio NEXT line, was still above this price at the time the buy occurred. The Buy came on 4/15 as price thrust through the Dynamic Trio OWN Line and bought at 60. The other two confirmations were the planetary line of Mars held price for support on 4/11 Friday and 11/14 Monday with American Home Products reversal aspects occurring on 4/11, 4/15 and 4/16.

- 4/11 Friday - Earth/Mercury, H. Venus/Neptune
- 4/15 Tuesday - H. Venus/Uranus
- 4/16 Wednesday - H. Venus/Uranus, Geo Venus/Neptune.

The STOP again went under low of 4/14 at 56 1/2.

The second Buy occurred 4/30 at 67 as price went above the Dynamic Trio NEXT line. This line then jumped below price as of close on Friday of that week and the long term conservative STOP was now under the Dynamic Trio NEXT Line.

Note how price traveled up within two Mercury Lines (channels) with the Dynamic Trio NEXT Line tracking it up almost parallel to the Mercury Line, meanwhile the STOP was tracking up under the NEXT line. High of price to date has been 84 3/4. The short term profit/stop under the Dynamic Trio OWN was hit on 8/1 at 81. The longer term conservative stop is still valid at 77 as of this writing in early August 1997.

HOW OTHER RECOMMENDED STOCKS FARED

Carolina P&L: Bought May 2 at 34 1/2. High 35 3/4. Stopped out 35 3/4 on July 8.

Dunn & Bradstreet: Bought on March 6 at 25. Stopped out on March 28 at 26. Rebought on May 1 at 25, High 27 3/4. Short term stop/profit point at 26 1/2 on July 18. Long term conservative stop at 26 as of this writing.

Gentex Corp: Bought on April 25 at 18 1/2. Stopped out under long term stop at 19 on July 10. Rebought on July 22 at 20. Took short term profit at Jupiter/Mars lines at 24 1/2. Stopped out on all at 23.

New England Electric: Bought on March 25 at 34 1/4. High of 38 3/4. Profit on Jupiter line at 38 1/2. Long term conservative stop now at 37.

Oklahoma Gas: Bought on April 29 at 41 1/2. High of 46 1/2. Still in trade. Conservative long term stop now at 45 as of early August.

Raymond James: Bought on April 18 at 23 1/2. Stopped out on June 26 at 26 1/2 on long term stop. Short term stop took profit at 28.

Data General: Bought on April 7 at 17. High of 32. Short term profit at Jupiter line at 31 1/2. Long term conservative stop still at 28.

Homestake Mining: Bought on May 1 at 13 1/2. Stopped out on conservative long term stop at 13 1/2 on June 2.

Nigara Mohawk: Bought on April 29 at 8 1/2. Profit on Jupiter line and short term stop at 9 1/2 on July 23. Long term stop still at 8 1/2.

Paine Webber: Bought on April 4 at 30. Short term stop/profit at 38 on August 8. Long term stop still at 36.

Union Carbide: Bought on April 10 at 44 1/2. Stopped out under long term stop at 46 on May 21. Rebought on June 10 at 46. Short term stop/profit at 55 on August 8. Long term conservative stop still at 50.

QUESTION:

Did we fair better by picking stocks via planetary timing rather than by random choice?

To answer this question we first need to look at the overall stock market moves as of to date. The overall market has gone up in the first 6 months of 1997 approximately 26%. However, 30% of stocks went down during that same time. Naturally, of the 60% of stocks that went up in price, some increased more than 26% while others less than 26%.

Using the planetary timing, we fitted pretty much into the average scenario of the market, except that we had NO LOSSES. Otherwise, some of our stocks had only a minor increase, while others had huge increases.

Our gains were over 26% all in a 3-4 month period while the general market of 26% increase was over a 6 month period. Therefore, the planetary timing far improved the general/random picking of stocks.

COULD OUR PROFITS HAVE BEEN IMPROVED?

Certainly. In this article I have demonstrated the most simple and easy use of planetary timing. With an additional learning curve and by using more complex planetary tools (demonstrated in my lectures and workshops) the profits could have easily been doubled. More complex techniques of the Galactic Trader™ stock search recommended: Microsoft, Exxon, Royal Dutch, and Armstrong World, just to mention a few.

However, back to my original point. An investor or trader can improve profits and dramatically cut losses by combining simple and easy planetary timing and support tools into their trading tool box. The 1998 list of stocks will be printed in the 1998 Trader's Astrological Almanac with the important dates to buy or sell. A partial list of these stocks are: Exxon, Union Carbide, Northern Telecom and Lucent.

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The Alpha Application of Natural Law to the Speculative Markets

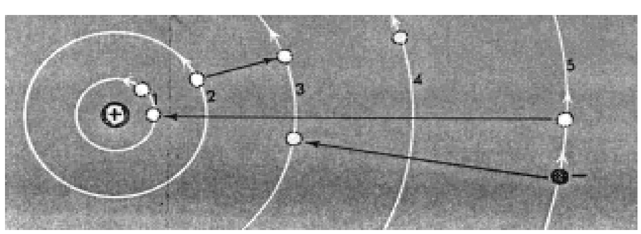
By Greg Ruff

This article contains excerpts of alpha principles from a short course that is available for purchase from the author. Hence the term “alpha.” This short course is also an excerpt from a much larger course. It evolved into existence because many investors don’t know how to apply natural law principles that are at the heart of W. D. Gann’s trading methods. As we all know, Gann bases his methodology from the principles of natural law that he had discovered by 1909 (See Traders World Fall 1996 - Issue No. 23 by G.R.). The goal of this smaller course is to help those find a starting point in order that they may begin to apply natural law principles to market behavior. This will assist in bestowing upon oneself the ability in predicting turning points in both time and price with greater certainty and accuracy.

The few principles discussed in this article are the foundations of many of the courses currently being offered to the public at this time. I hope to present to you in this article the basis as to why these laws from our physical sciences apply to the market behavior found in our chart patterns. These applications are only the “alpha” or the starting point, from which you may begin to delve into the deeper meanings of Gann analysis. Although some may try to incorporate these principles into their trading strategies with success, further research is needed on our part to unlock the full potential Gann offered to us in his rules and methods he left behind to us in his courses and books.

In the book titled Natural Law in the Spiritual World by Henry Drummond, pages xvi & xvii, Drummond states, “But in almost every case, after stating what appeared to be the truth in words gathered directly from the lips of Nature, I was sooner or later startled by a certain similarity in the general idea to something I had heard before, and this often developed in a moment, and when I was least expecting it, into recognition of some familiar article of faith. I was not watching for this result. I did not begin by tabulating the doctrines, as I did the Laws of Nature, and then proceed with the attempt to pair them. The majority of them seemed at first too far removed from the natural world even to suggest this. Still less did I begin with doctrines and work downwards to find their relations in the natural sphere. It was the opposite process entirely. I ran up the Natural Law as far as it would go, and the appropriate doctrine seldom even loomed in sight till I had reached the top. Then it burst into view in a single moment.” Needless to say, we must also climb this latter to see this burst of unity to discover the appropriate doctrines and applications behind Gann’s methodology.

Our “alpha” point to discover Gann’s application of natural law will start with the study of

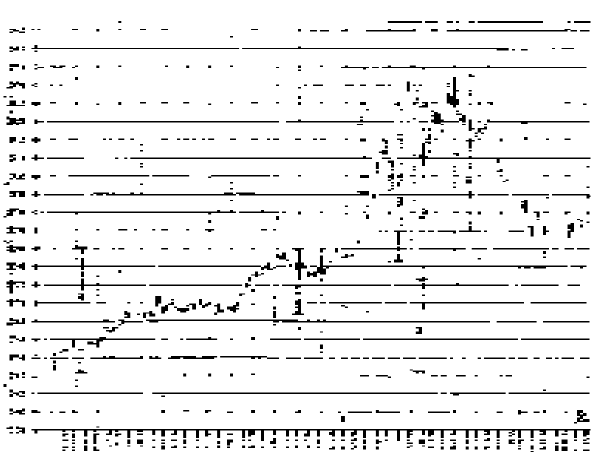


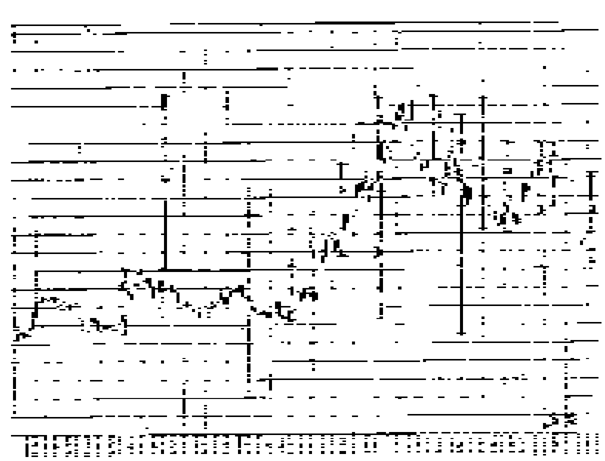
the behavior of the atom. My authority for asserting this is found in the statements made by Gann. Robert Gordon was a character in Gann's Tunnel Through the Air that was, in part, about Gann himself. On page 23, he states, "He took a great interest in physics... mathematics... and chemistry." In his Ticker Magazine interview of 1909, Gann states, "Stocks are like electrons, atoms, and molecules.... Stocks, like atoms, are really centers of energies." Therefore, let's apply the natural law of an atom to a few chart patterns. In order to fully comprehend the inner meanings of Gann's methodology, we have to gain the necessary insight into the way Gann viewed the markets. Without this insight, it is going to be very difficult to interpret correctly the applications of Gann's rules and methods. We need to get into the man's mind and thought process. But before we do, we must lay the proper foundation for the construction of our forms that will characterize the behavior of an atom. This is what I believe Gann did, and therefore so must we.

Neils Bohr introduced quantum concepts and new laws of mechanics governing the behavior of the atom. According to Bohr, the electron within the atom can revolve only in certain orbits, which are at definite distances from the nucleus. The electron in the hydrogen atom can only be in one of these defined orbits. It cannot be in any position outside an orbit, at least not for any measurable or finite length of time.

Discrete orbits in the atom. The electron can revolve in definite orbits only, but it can "jump" from one orbit to another.

The electron jumps in predefined orbits from one shell orbit to another. Our mental thought process that is reflected in the trading swings in our chart patterns also displays similar characteristics of the electrons jumping in their predefined orbits. The reason why the swing behavior in our chart patterns reflects this electron behavior can be found in a prior article written in the Traders World Fall 1996 - Issue No. 23 by G.R.. The formula for determining the areas that the electron will travel within its various shell orbits involves the use of integers that are squared. The radii of the successive orbits are proportional to the square of the integers, i.e. to 1, 4, 9, 16, 25, 36, 49 etc. The squaring of numbers are used in many scientific formulas. These defined orbits can be determined by utilizing the construction of three simple shapes: 1) the square, 2) the circle and 3) the triangle. Constructing a progressive pattern out of these shapes has been the foundation behind many different types of forms such as paintings, vases, cathedrals, monuments etc. The names given to the construction of these various patterns are different, such as: 1) the swirling square concept, 2) the squaring of the circle, 3) dynamic symmetry using the progressive square roots of the diagonals, or 4) the Pythagorean construction of A squared + B squared = C squared. Although the names and applications of



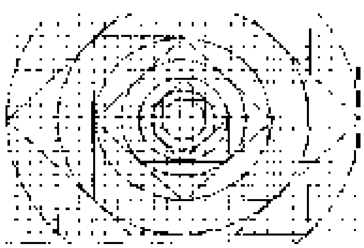


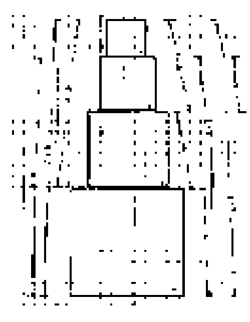
these progressive patterns appear to be different, they all share a common foundation analogous to the discoveries of natural law that Drummond and Gann had unveiled. Although we can choose any of these methods to determine the various orbits in which the electron travels, let's choose the concept of the squaring of the circle. Once we understand this simple idea, perceiving the unity in the other constructions of the progressive patterns will burst into view, as Henry Drummond stated above. This concept is derived from the evolution and involution between the planes of space or through the Law of Correspondences.

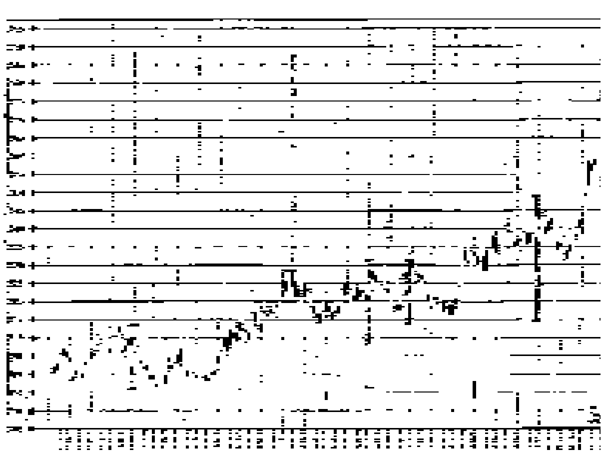
Below you will find a diagram showing the concept of the squaring of the circle. The concentric circles in this diagram represents the various energy levels in each of the electron's shell orbits. Due to limited space, I can't prove to you that the construction of these successive orbits are proportional to the squares of the integers. (This is explained in complete detail in the alpha course.)

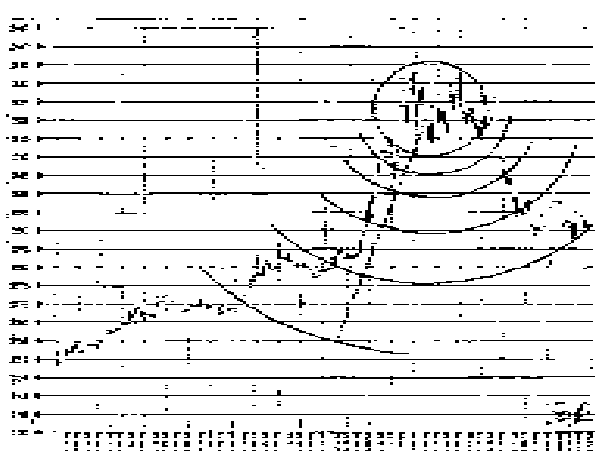
As we saw in our first diagram of the electron in its various orbits, the electron can jump between any two concentric shells. The atom will either absorb or dissipate an equivalent amount of energy depending upon the jump by the electron between the various orbits. For our purposes, the total amount of this energy can be exhibited by stacking the corresponding squares of each concentric circle on top of each other.

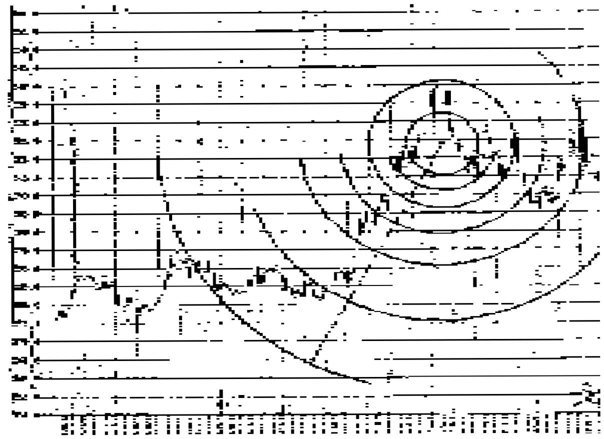
Theoretically, each square represents the same area of space as found in each of the corresponding individual circles or shells. Therefore, each corresponding square and circle (shell) contains the same amount of energy that is analogous to the electron traveling in that particular orbit. The total amount of energy or force that we will measure as vectors is shown by the measured lengths of the various combinations next to the stacked squares. For example, the vector 2 - 3 shows the total amount of space that a vector would travel through given the amount of force absorbed or dissipated by an electron jumping from the second to the fourth orbit. This is one way to measure the change of energy in a market pattern. The other would

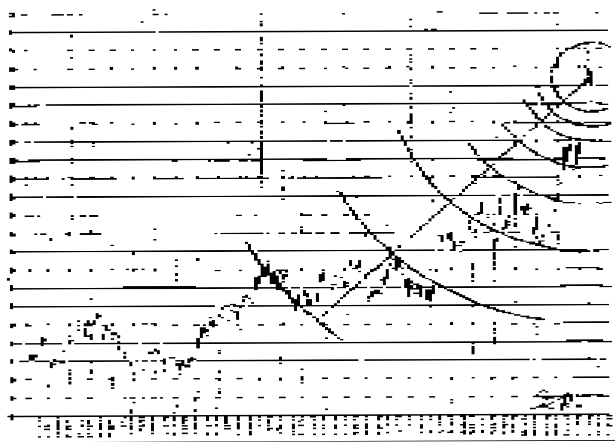


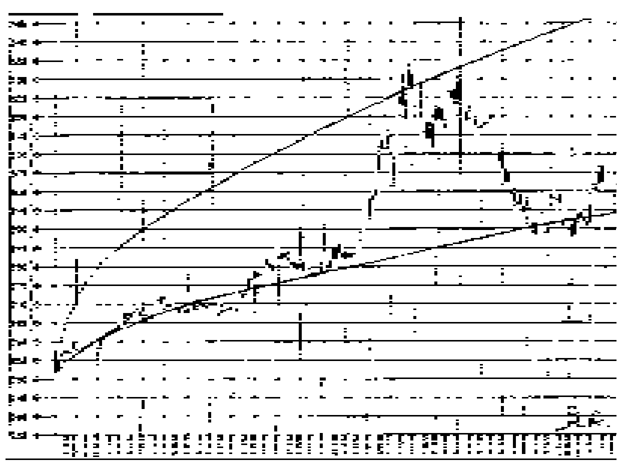


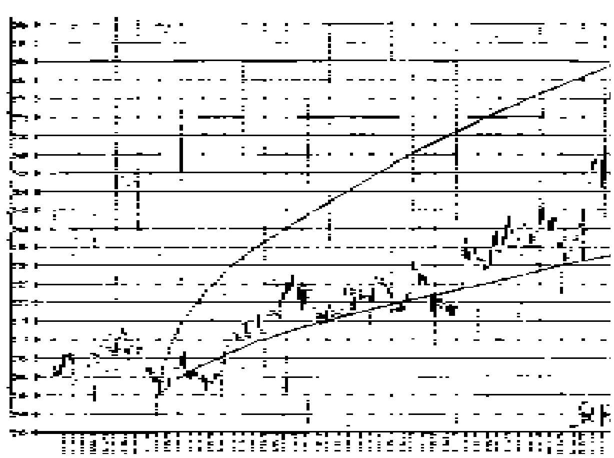


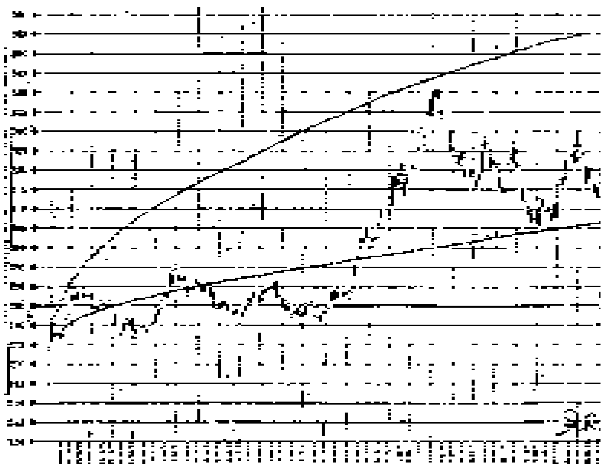


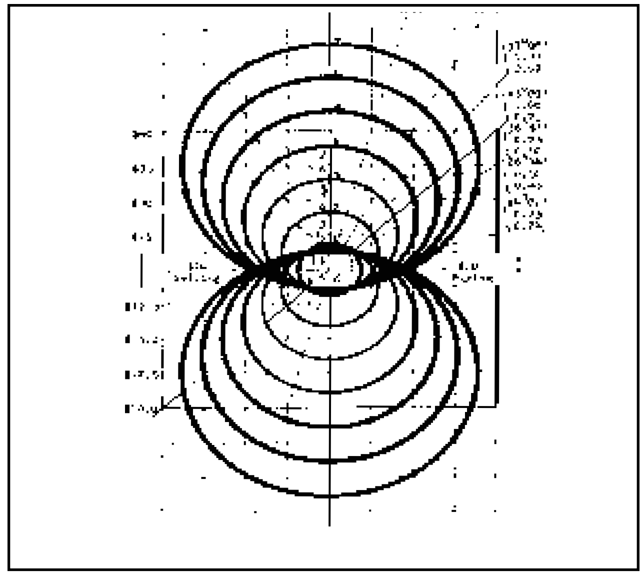


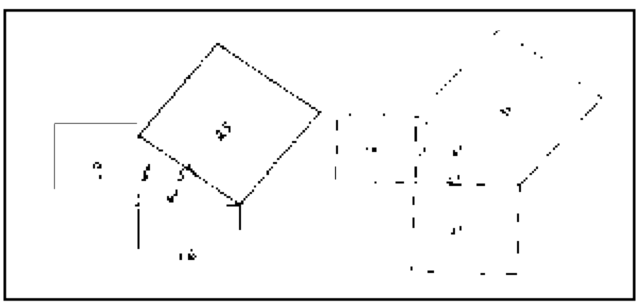


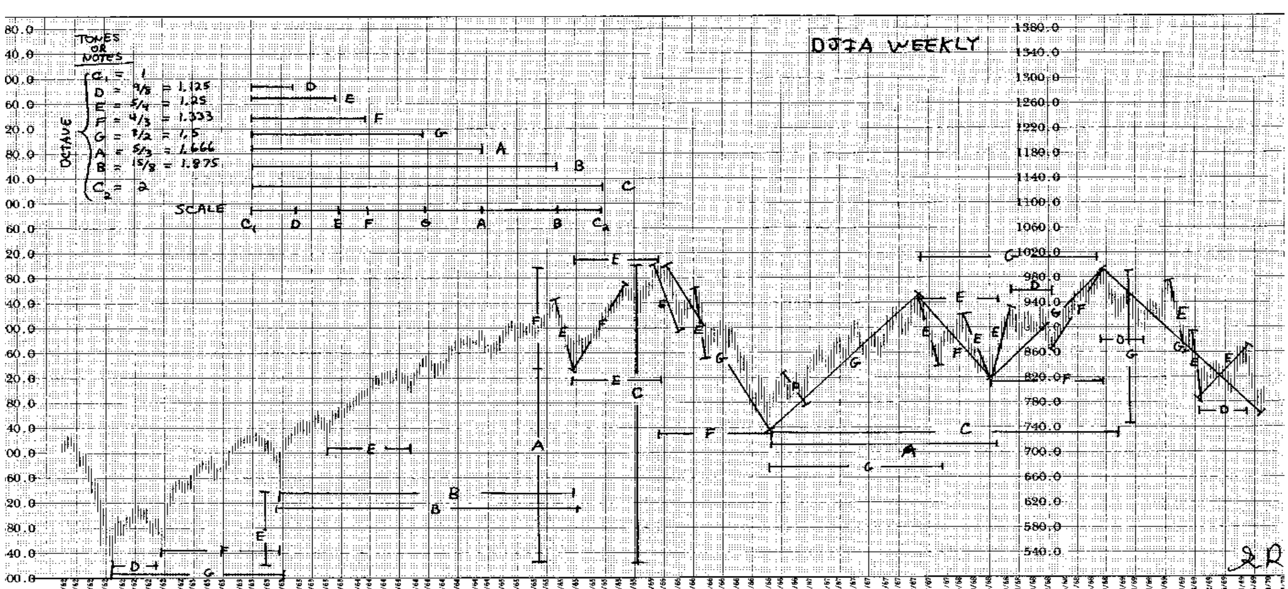











DJIA WEEKLY
TONES OR NOTES
OCTAVE
C1 = 1
D = 9/8 = 1.125
E = 5/4 = 1.25
F = 4/3 = 1.333
G = 3/2 = 1.5
A = 5/3 = 1.666
B = 15/8 = 1.875
C2 = 2
SCALE

be to lay the center of the concentric circles on particular tops and bottoms in the chart pattern and see where the energy levels found in the various orbits lie. Just because the actual electron may not be in any particular shell orbit doesn't mean that the underlying forces of higher and lower energy zones doesn't exist in those places.

The following were picked at random by myself. They will be used to demonstrate the principles mentioned above. The charts consist of the 66, 71 and 72 Daily Beans. The author's alpha course of natural law contains other markets demonstrating the same proving that the applications behind these natural law principles are valid in all markets. These charts demonstrate that the mind encounters resistance and support levels that are analogous to the total energy absorbed and dissipated within the shells of an electron and registers them in the swings in our chart patterns. This higher corresponding vibration of energy found on the mental plane affects the human subconscious accordingly. Therefore, the actions of all investors and speculators are influenced by this natural law process. The charts do, in fact, suggest that this is the case, and they speak for themselves. Applying the total amount of force demonstrated by the various vector lengths found in the stacking of the squares on top of each other furnishes the following results as seen in Chart 1, 2 and 3.

Utilizing our next form of subshells found in the various shell orbits of an electron discussed above demonstrates similar points of support and resistance found in the same charts as above. Also note the number of occurrences that these markets trade between two adjacent subshells before proceeding further. Again, the following charts speak for themselves. See Chart 4, 5 and 6.

Chart 7, 8 and 9 are another demonstration of another natural law phenomena that occurs throughout the various chart patterns. I call these GR velocity accelerators or decelerators. The application of this natural law process as it applies to market behavior is discussed in the author's alpha course. However, please note that the GR velocity accelerators in all three charts are accelerating at the same rates.

For those of you that apply the shapes of ellipses to predict turning points in your chart patterns from the works of George Bayer, GR velocity accelerators or decelerators provides the natural law foundations as to why his ellipses appear to have merit.

The final chart 10 demonstrates the application of the natural law of musical vibrations found in the DJIA. I made this chart back in 1986 - 1987 and demonstrated this principle to the students at the Investment Centre at one of its seminars. Limited space does not permit any discussion about this concept here, and therefore, I will let the chart speak for itself. It becomes very obvious that once the correct applications of natural law to chart patterns is understood, some greater unseen force is operative amongst and through us. Many books on the Gann reading list explains the omnipotence and omnipresence of this force and the cause and effects from it. Because this chart was originally very large, space herein permits only a partial view of it.

I want to present the following question to you about the Pythagorean theorem. "Can you see and apply the unity and potential application of the Pythagorean theorem with the principles presented above?" Notice how the structure of its form is constructed. Also note that the integers 3, 4 and 5 squared all agree with the construction of our form for the electron's subshells i.e., 9, 16 and 25. If we continue this progression with the next level of serial whole numbers using the form of the Pythagorean doctrine, we get the squares of 16, 25 and 36 and so on. Continuing on with this process will lead us to 36, 49, 64, 81, etc. There is total agreement between the two methods. Both show the "essence" of the oneness and the true application of natural law principles.

Diagram 1 is taken from Torque Analysis by William C. Garrett. This is only one of several diagrams that offers terrific insight into market behavior once you understand its symbolism. This is why this author believes it is one of the best investment books written in the last half of century. For those of you that have a copy of it, hold onto it. It will soon be back out of print. Garrett definitely had an understanding of the cyclical fields of energy that developed in the markets. The following fact is a hint about market turning points to those who already have this book. These cyclical fields of force represented by the growth sequence found in the squaring of the circle, have a Fibonacci series of numbers within them. His theories were developed in accordance with the natural law principles from his engineering background. His principles found in Torque Analysis have direct applications to our chart patterns. They share similar characteristics found in other forms of natural laws which are discussed in greater detail in the author's alpha course.

The fundamental principle behind all of these forms can be found in many numerology books, especially those on the Gann reading list. They can be found in all things. As Gann states, "The parts cannot exceed the whole or the whole cannot exceed the parts."

My goal in this presentation was to try at least to make you think that there may be something in this article that would motivate you to investigate further this path of work. As many questions that this article may have answered, it raises many more. The author believes that the "why" markets behave the way they do can only be found proceeding down this path. This is how we progress in life. One must "Seek and ye shall find" and "hold fast to those things that are good." This method shows you how to build a solid foundation in your analysis of the markets. This foundation is called Natural Law. Only by accepting the occult truth that the teachings of both of the metaphysical and physical doctrines are extensions of the same principles of each other can the "essence" of Gann's methodology be unveiled. The metaphysical and physical doctrines are polar opposites of the same pole. The applications of the few principles herein discussed are only the initial points to possess a greater understanding about Gann analysis. This path can take you down to some magnificent discoveries in enabling you to draw market forecasts into the future. Prove it to yourself as this author has done. A taped seminar about these topics can be purchased from Gannsoft Publishing at (509) 684-7637.

Murrey Math or W. D. Gann?

By T.H. Murrey

Murrey Math trading frame set April 10, 1997 missed market top by one day. The Murrey Math October crash intraday support line = 875 set April 10th 1997, 2 points off. October 1997 crash intraday Gann major support line price = 858.33, 3 points off. Gann said the greatest support was at 50%. Gann said the number one rule after any market runs up at least 3,6, or 12 months, one may take this high/low extreme price range and divide the difference by 8 and you should expect this market to be a great “buy” opportunity, if and when it falls down to its 50% line.

The S&P 500 Cash Index moved to higher highs 5 times since this past April 10, 1997. Then 3 days ago it came down and tested its major 50% line from our lows set back on April 10, 1997.

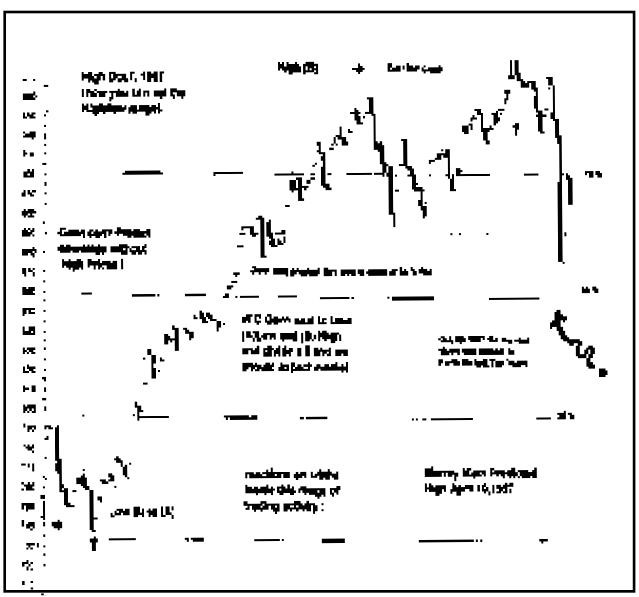
Under the Gann rules, every time a market makes more new highs, you must reset your 8/8ths and make the range of prices wider every time you reset your frame. So, finally October 7th, 1997, you reset your Gann frame and registered the 50% line down at 858.33, major support.

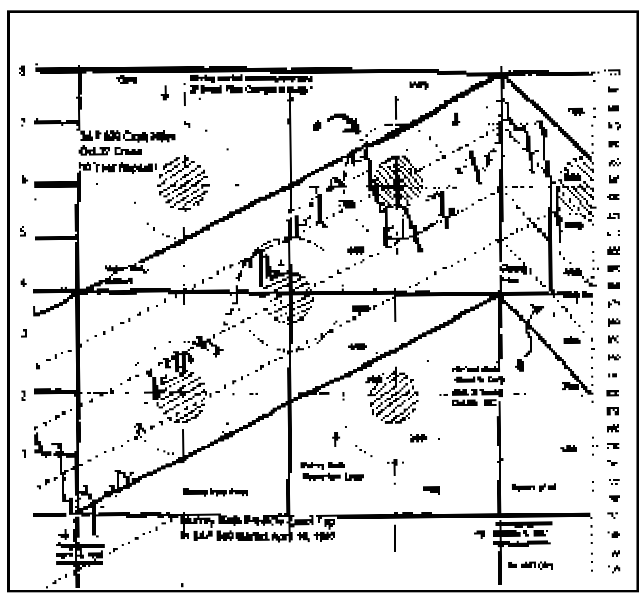
Look at the Gann chart 1, set Oct. 7th, you get the greatest buying coming in down at 858.33, no matter how long it takes this market to move back down to it.

It took only 15 trading days to get back down to June 1997 prices. The intraday low reversal price was 855.28 and the Gann 50% line = 858.33, off only 3 points.

Please look at the Murrey Math Trading Frame Square in Time chart 2: you see that April 10th, 1997, we predicted that the end of our trading frame would be on the Harvest Moon (that occurred on October 5th, 1997) so we reset our Fall Quarter 1997-98 Trading Frame off the first Frost each year and the 1st trading day shall be October 6th, 1997.

You shall see that Murrey Math sets the 50.% line down at 875 off pure math. Please notice that the largest volume sell-off in US trading history, stalled out down at 877.10, which is just 2





points off the Murrey Math 50.% line. Murrey beat Gann. Please look at chart 2. Gann students had to wait until Oct.7, 1997 before they could reset their (8/8ths) trading frame.

But, under Murrey Math, on April 10, you just set the 0/8ths line at 750 (pure math) based on the square of 1,000, and start trading up to the top of our square. 64.

Every Gann or Murrey Math Trader in the world was ready to go long down at 875, (which was our 50.% support line.

Gann missed terribly on a closing basis, but he was off on the intraday 50% support line by only 3 points.

87.5% of all Americans are Buy and Hold, so they didn't care that the markets were falling (and they gave back 12.50% "free profits" in just 15 trading days and convinced themselves that taking no profits was the prudent long term mental attitude.

Just 10 years ago our markets ran up 23 straight trading days and no one took any profits and every mutual fund lost -23% in 3 trading days, but it took 18 months to recover after Black Monday, 1987.

The 1st week in October CNBC-TV had 50 different experts on TV who said that our economy was immune to another crash.

Our President has often had foreign friends from Thailand at the White House to discuss the Thailand currency problems 38:1 ratio.

Back in July I had new brakes put on my Mercedes and Sam, who is from Thailand, worked on my car and he told me to get ready for a currency blowout in Thailand soon.

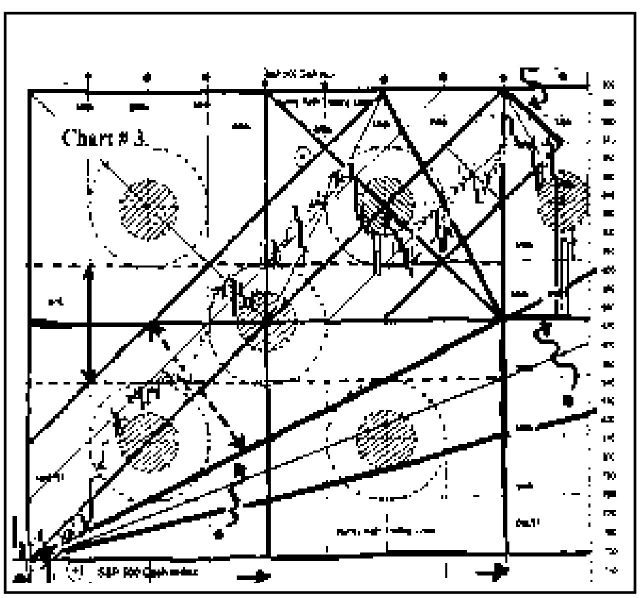
Murrey Math students were E mailed and made aware that a currency crisis in Southeast Asia was near and also that this market was too over bought and profits should be taken quickly at the end of our trading frame.

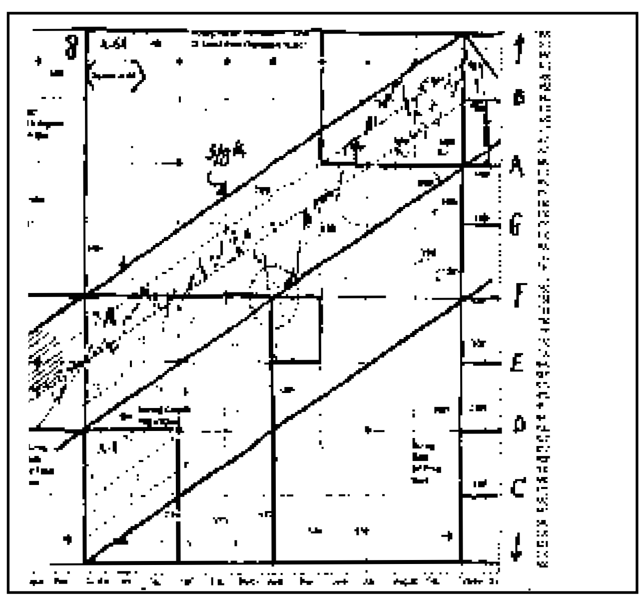
But back to predictions and do you see that Gann and Murrey Math are so close to one another: Gann off 3 points intraday and Murrey off 2 points on a closing basis.

But, you don't need to reset your 8/8ths every time our market moves up to higher highs, so we keep the same lines, so we can memorize them, and trade them for up to 6 months, and spend your computer time raising your children or teaching them Murrey Math.

Gann Refused to tell you three simple rules!

W. D. Gann has been regarded as the world's best trader because his trading techniques have stood the test of time by two measures: followers and his trading strategies.





Traders have spent years studying, analyzing, and customizing his techniques.

Little did they know that W. D. Gann refused to tell them, exactly, the same way he traded off the same three simple rules.

W. D. Gann traded his markets exactly as he taught everyone, but he had his three rules “fine tuned” more precisely for himself.

W. D. Gann preached three simple rules: 1) Price, 2) Time, and 3) Percentage of Run.

But, how he set his Time Frame, square, and where he placed his base, his price support levels, or how he arrived at exactly how far any market would run up or down, was not exactly how he instructed others.

I read only one of his books, but I read it 50 times, and I saw that he had made up an alternative way to set the Time, Price and Percentage Run, so that you would believe his trading techniques, but you still wouldn’t have the same trading edge he did, when you went into a trade against him.

I know exactly what he was doing in these three techniques that were 100%, set to music, inside the base of ten, or the seasonal growth cycle of plants, and speed equated to the spiral frame of an Atom of Hydrogen proportional to the female form.

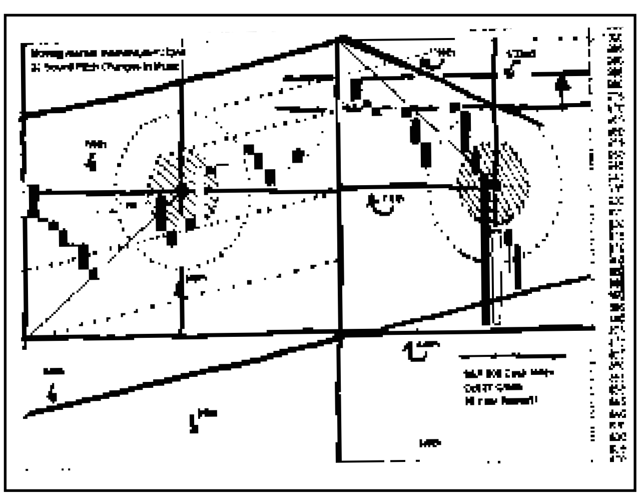
Every group of humans expresses themselves in music harmony, no commercial is without music in the background. W. D. Gann constructed the Square of 9 off the 12 pitch changes in music, which may be seen in math by using the square root of 2, where Brad Cowen has done great work, but most traders are scared off by the mention of music, math, memory, much less square root, as applied to any trading system, so we simply draw 7 lines inside a rectangle that looks like a square, that is set to the base of ten, and start trading and let the terminology stay in some lexicon of terse aphorisms, on a shelf.

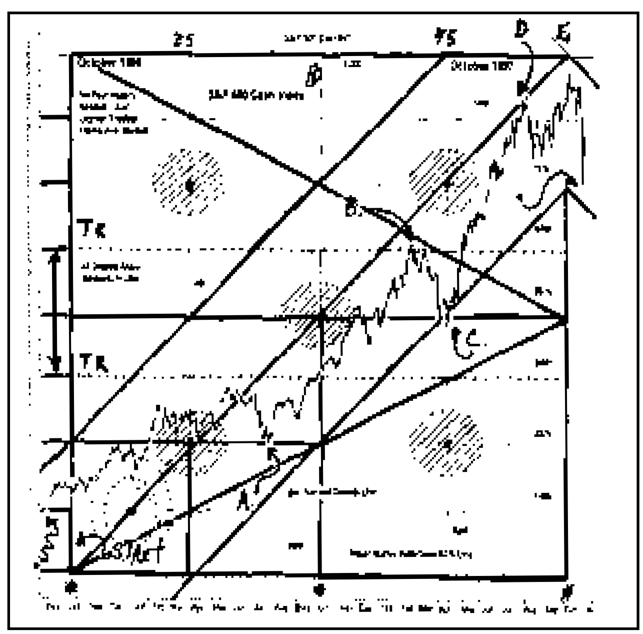
Please see chart 2 with its Octave lines. The “genius” of Murrey Math trading frames, lines, angled momentum lines, circles of conflict, is that you never use any past history of daily activity to set your frame.

Please look at chart 2 and you shall see that this market reversed hard right on the top of its momentum line in August, 1997.

This market topped out just 1 day into the new Fall 1997 Murrey Math trading frame !

The closing high for the S&P 500 Cash Index was exactly 1/32nd off 100% or 8/8ths of





its April-October MMTF Trading Frame.

Please move over to, see the dot and arrow, the largest volume day ever in the U.S. and you shall see that our markets stopped within 2 points of our major 50% support.

The next morning a major “long” was a seller and had to go bankrupt and send the markets down the 1st hour of the day and at 9:30 am. our markets went sideways for 18 minutes, true story, so you could buy an option long, then it ran up 45 points in only 5 hours of trading, an option would have yielded $30,000 profits in only 5 hours.

Please call any brokerage house and ask them to send you a one minute tick chart of the S&P 500 Cash Index and they will see that you had plenty of time to go long back up at 875, major Murrey Math Line Support, and ride back up to 45 points of momentum profits!

I am currently writing these notes, on this article, right in the middle of the music triangle of Nashville, TN, for I am sitting in Bread and Company, coffee shop, next to the Barbecue Village Inn bar, which is set at a 22.5 degree right angle to the Blue Bird Cafe, world famous for music, and on either side of me are Pam Tillis and Amy Grant, and choosing a bagel is Donna Summers and two friends. These three women understand music and harmony and how to change them into money, base of ten.

W. D. Gann said to look at any market over a period of time, at least 3 months, then find the last high or low trading period, then take the difference between these two points, then divide the difference by eight, then expect markets to reverse most often inside these 1/8th lines.

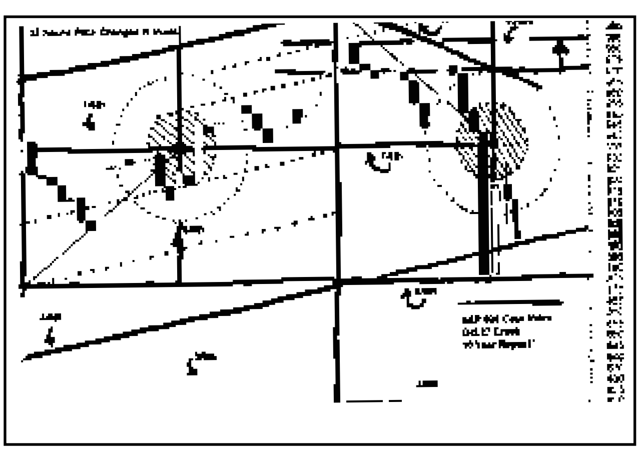
Secondly, W. D. Gann said to take the vertical line between a high and a low and box it in making a square., called Square of 9.

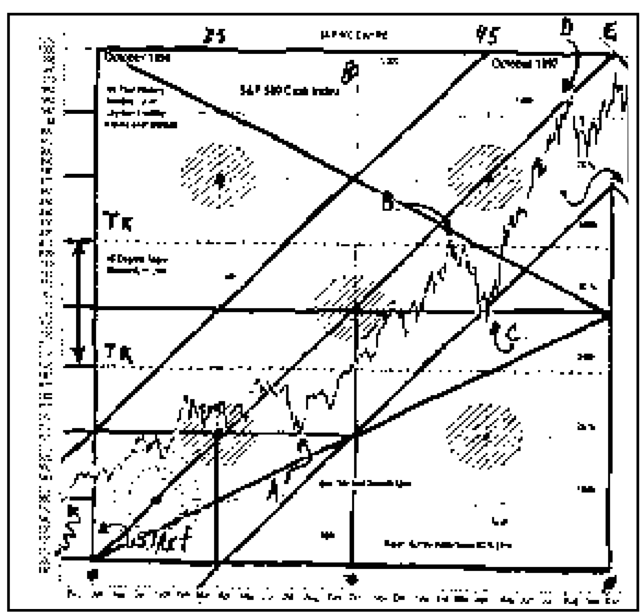
Thirdly, W. D. Gann said one may take any high or low and multiply it by the Fibonacci Ratio of 1.125 to expect any market to expand or contract in the near future.

All three of these trading techniques are valid and profitable, but they are achieved by: 1) guessing and resetting your high/low extremes too often, so you can’t memorize price levels, 2) setting a square that won’t predict time true enough into the future, 3) and lastly the percentages of growth shall always tend to be too wide to keep from having prices come back against you, when you expect more profits.

Time was Gann’s number one consideration.

W. D. Gann saw a time-trading cycle of 20 years, 1/8th; or extending to 60 years, 3/8ths,





.382. Fibonacci Sequence, FS.

But, in 2,637 B.C., the Chinese, in The Book of Fate, noticed the 60 year cycle.

The Chinese continue living in this 60 year cycle: our most recent Chinese cycle started in 1935 and ended in 1995.

Edgar Cayce, Hopkinsville, KY., died 1954, dreamed that Atlantians placed knowledge under the Phoenix, near the Great Pyramid about 10,500 B.C., at completion.

I contend that it was exactly 10,390 B.C.

The Serpent Constellation was parallel to the horizon in these years. Was it not Canaan who had 10 children and one of his sons, Cadmus, and his wife Harmonia were turned into serpents? Genesis 3:1 tells about the serpent. 1957 Elvis was leading young women astray with rock and roll.

10,390 equals = 13 = 1+3+9=13: Trilogy.

Let's start counting forward back from 10,390 B.C. to the present and let's see if any dates off pure math match up to trading cycles today:

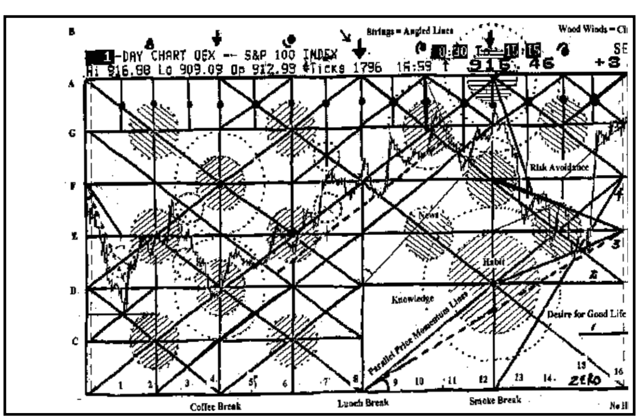
10,390, 9140, 1/8th, 7890, 2/8th, 6640, 3/8th, 5390, 4/8th, 4140, 5/8th, 2890, 6/8th, 1640, 7/8th, 390, 8/8th = -390 B.C.. forward: 860 A.D., 1/8th, 2,110 = + 2/8th in time.

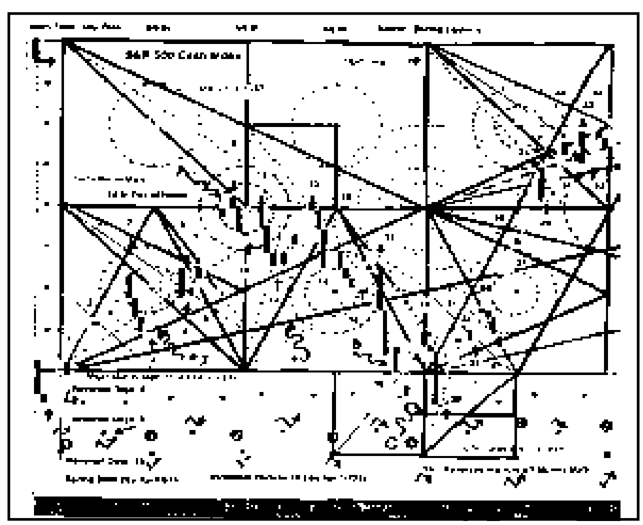
860 A.D., 1/8th to 2110, 2/8th, which matches up with the slowing down and stopping of the rotation of the earth in its 12,500 year polar cycle shift, pivot.

The Emerald Tablets which are 12,500 years old, speak to past knowledge. Market trading is set to the Hertz Sound Magnetism inherent in this Earth. But we get short term reactions, when the planets come closer to the Earth. The Moon was the closest to the Earth in the past ten years on this current Harvest Moon October 5th, 1997, plus we have 5 planets on the same side of the earth for the last five days of this month.

Macaroni Art, in Monaco, Spain, and Australia from 50,000 B.C., proves that men recorded the earth's pole shifts. Crystals that are stacked at 90 degree angles reflect the pole-shift of earth. Gregg Braden wrote Awakening to Zero Point to prove that the Earth's Hertz Resonations affect man's actions. Leet and Judson wrote Physical Geology that the 20 plates of this Earth are resonating its own Octave Pitch Sound.

Personal Note: It is my theory that if you live in the same home for 12.5 years, longitude and latitude, earth/magnetism, or inside your mother for 273.2 days, Oestral Time Cycle by Peter Pilchta, who wrote God's Secret Formula: states inside your mother is equal to absolute zero -273.2 degrees, and 27.3 is also the average days of the Moon around the Earth, Sidereal Cycle, and the moon's radius, 27.3 degrees, is the same as leap Year Cycle, then your brain





reacts better where you were born.

Michael Baretti, in Australia, wrote in the Mungo Excursion, that the poles shifted 120 degrees 50,000 years ago. And Gordon Park, in Australia, found 12 bodies buried in a circle and two objects were visible: crystals and necklaces with 47 teeth, while they had their two front teeth missing, 49, more on this 49 later. Tetrites were found in Australia, so down under had to once have been up there.

You must see and understand that the Earth's Hertz magnetism has been recognized as far back as 50,000 B.C. The Earth has 3 days of magnetism and one day of neutrality. We must accept that the Earth has a 4 day cycle and we shall adapt our trading frame to reflect a similar 4 day trading cycle, over a one year time period, more later. Presently, the Earth's rotation is slowing down, not global warming effect, three times the last 25 years the world clock, in Colorado, has been adjusted backwards.

In order to set our trading frame parameters more accurately, we need to move inside 860 and 2,110 A.D. and move forward +156.25 = 1016.25, 1/8th, 1172.50, 2/8th, 132875, 3/8th, 1485.00, 4/8th, 1641.25, 5/8th, 1797.50, 6/8th, 1953.75, 7/8th, 2110.00, 8/8th.

156.25 years is exactly the last time the El Nino, warm ocean patterns, this extreme!

Now, from 1953.75, 0/8th, every 2.44 years and we get 1995.25, 1/8th, 1995.25, 1/8th, 2,000.13, 3/8th.

Now, when we divide 2.4414 years by 8 = .305 months, so we multiply x 2 and we get .61035 months for every 25.% as a major time reversal time point.

So, we add .61035 to 1992.81 +.6,1993.42, 1/8th, 1994.03, 3/8th, 1485.00, 4/8th, 1641.25, 5/8th, 1995.86, 5/8th, 1996.47, 6/8th, 1995.25, 1/8th, 1995.25, 1/8th, then the next 2/8ths reversal shall be: 1998.30, let's see what happens.

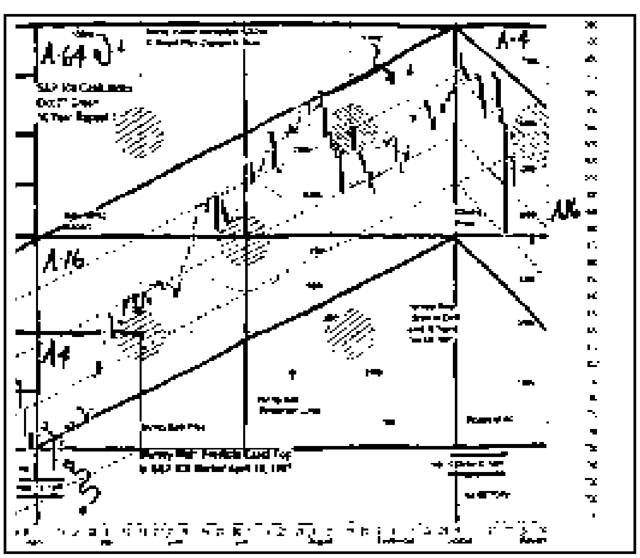
I predicted last December, 1996, that it would be extremely volatile in January, March, July, and August and October of 1997: then watch out for 1998.30, March.

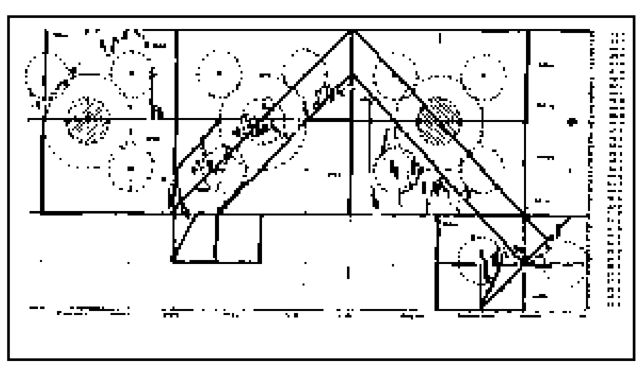
19.53125 years before 1953.75 was 1934.18, a reversal time point and 19.53125 years after 1953.75 = 1973.28, February.

If we look back at the S&P 500 Cash Index, we see that it had a swing of -21% starting on January 11, 1973, recession.

We had a time pivot point in 1929, March, to signal that this market was over bought.

Past, Present, Future, edited by James Flanagan, in his February issue, tracking the commodities, S&P 500 and Bonds off Gann's 60 Year Cycle, said that Gold was in a bear market





until October, 1997. He said that later in March of 1997, the market to start selling off because of the 1937 stock market highs. They called for a drop of at least -35% from its high, the rally in April, 1997 took all markets to all-time highs, off 6 months.

W.D. Gann told the entire world about the 1929 Crash, the very day within 5 minutes, but only 12.5 % had any "real" assets to protect, and only 6.25% knew how to short any market, so predictions are worthless.

Murrey Math teaches students to predict positions 6 months down to intraday.

October 23rd, 1997, Thursday, the Hong Kong currency crash): I E-mailed 100 Murrey Math students that I have seen markets move down a second day, Friday, after bad news, so, it would take this weekend, and time and discussion, all over the world to sort out its affects, so one would have to wait until 11:45 am, on Friday before going long, but to watch out when the Bond "pit jumpers" run over and reverse the market, so they can make a profit against the S&P 500's reversal up off its lows.

Results: it reversed both times today within 5 minutes of when I posted my students, each reversal was worth more than 87.5 points in less than 2 hours.

I warned our students to not enter long positions before Tuesday or Wednesday, when Mr. Greenspan speaks again, we'll see.

Further proof that 10,390 is our beginning:

In Africa, along the Niger River, in the Tobokun region, the Tobuku tribe spoke of a Cirrus "B" star that was behind Cirrus.

They also said there small people who lived in caves (lower gravity) on the sides of cliffs, (from outer space). Who knows ?

There are three land masses that we have found that exert zero gravity: 1) in the tomb of the Great Pyramid, 2) Peru, South America, and in Southwest U.S.A. in the Anassi Indian cliff villages.

Scientific Note: In 1979, the Viking Space Craft was shot out into outer space to go to the outer limits of our Universe, and it reported back years later that there was indeed another star behind the one we could see, called Cirrus "B".

As soon as the U.S. Government found out about these people, telling these stories, they told them to change their story.

The U.S. government held back these peoples' stories from being shown on the Discovery Channel for one year. The problem is that our government was only 3,000 years too late: story told 700 years before Christ.

The Star Cirrus has always been said to be the "pointer" star down into the passage of the Great Pyramid.

But Howard-Vyse had asked Sir John Herschel which star back long ago would have been the star that matched up with the passage.

His studies proved that it might be Thuban: inside the Constellation Draco.

He combined his findings with the Mayan Indian 26,000 Tolzkin Calendar year Precessional Cycle.

He set the last alignment of Thuban with the Great Pyramid's passage at 2123 or 3440 B.C.

My time calculations set the major 5/8th at 3358.75 B.C., whose counting.

Time consists of: 1) Start and 2) Finish.

W. D. Gann taught you look at any two periods, high/low, at least one year wide, and from there move out 1.38, or 1.618 or 2.68 as the best time period to expect future reversals, this work was verified by an intensive study done by Robert Minor, that said time spans past this length weren't valid.

Murrey Math students are instructed to look at periods of time from 3 perspectives at the same time: 1) 58.59 or 19.53125 years, 2) or 4 years or 1 year starting in the fall, or 3) from 64, 32, or 16 trading days.

Murrey Math students know that time is stretched longer than price, so one must make a rectangle, when we trade price movement, %, inside our trading square. W. D. Gann knew this for he read Fibonacci's books in London but choose not to tell you.

Fibonacci numbers translated by a Russian, N.N. Vorob'ev, in 1951, into English 1961, presented the logic that this Universe is set to an Octave of music, set to the base of ten, vertical, 8 X horizontal, 8 = 64.

We know that the 'Z' was put as the last letter of the alphabet to signify to things: 1) Light, spiraling, through space, and 2) that all you may want to know, completeness, is contained in light waves, sorry Zorro.

We shall see later, that all markets are moving to the right, as if they are moving along a 22.5 degree angled line inside a 37.5 degree angle triangle, while coiling, as a slinky would surround a rod, and while moving forward, try and move around 5 liquid-filled spheres, suspended inside a yearly trading shoe box.

Please look at chart 3 and you shall see that the S&P 500 Cash Index was running +37.5 degrees above its normal growth line of 22.5 degrees, so it was just a matter of time before it would come back down to this line, and it took only 15 trading days to erase the last 3 months uptrend.

This may be a foreign concept to "see" right now, but all markets are actually moving to the right in 3D, Fourth Dimension.

Please indulge me two parallel ways of thinking that have always been different, but we call them "change" after we are made aware of them: 1) Light/Mass/Speed, and 2) Time/Price/Percentage.

1) Einstein addressed Light as it is presented in a straight line, but Tom Bearden, Professor of Nuclear Physics, at the Georgia Institute of Technology, purports to define energy as moving forward on both a Longitudinal and Transverse plane through space and man has been capturing his energy from the weaker of the two, for one has free energy, that if harnessed, shall accelerate faster than light, called overunity.

2) All markets are moving forward to the right on a daily, weekly spiral, that is trying to stay just above a 22.5 degree angled line, rod, set off the start of each Murrey Math Trading Season Stanza, 32 days.

Please see the S&P 500 Cash Index chart 4, 8x8 and you shall see that our market tracked along a 22.5 degree angle through a one year trading frame. Also Solar polarity of Hydrogen in the Sun, loop = 11.25 years: which equates to "C" inside an Octave.

Our 22.5 degree angle crosses the key of "F", 4/8ths which the human ear hears easiest, .625 difference between C and F, which is the sound pitch of an ocean wave, Leonardo da Vinci recognized this as part of his painting frame, which is our, MMTF, "yearly growth line" over 1 or 2 years except we reverse it into the future, for he set the 22.5 degree equal triangle from right to left and we set ours from left to right and you shall recognize it as Pascal's Triangle, 70. See chart 6, 2yr and you shall see this triangle predicted the market's break out exactly on our 75% time line.

We divide chart 5, 32/16, into 1/16ths parts on an angled momentum line, and we see that it trades forward up and down, to the right, off the Transverse angle of daily trading, as it moves Longitudinally to the right in a straight line, over time.

Notice chart 6, 2 yr. :this market based out exactly on its musical/math, 2/8th, line, July 1996, and went up exactly, 4/8ths, and you see that it couldn't break above its 5/8ths parallel momentum line B. Notice that it reversed at B and fell back down to C and then ran up to D momentum and fell back down for support. Now, go over to chart 9, 8x13 and you shall see a close up of our last square and its momentum lines. Remember, we never look at trading action to set our Murrey Math Momentum Trading Lines, updated version of Andrews Parallel Lines, because we may set our lines off our, MMTF, Frame every 3,6,12 months, 2 years.

Notice chart 4, 8x8 this market reversed off its baseline 2/8ths in sq.3 July 1996 and it went up exactly +3/8ths in price and reversed and fell back down to the 4/8ths, support.

Move back to sq. 3 and you shall start counting time and at the start of our square and we would expect markets to reverse at 62.5% time from any start and we see that our market stalled exactly on our time line +3/8ths into the next square +5/8ths.

Now, let's prove that I, W. D. Gann, and N.N. Vorob'ev can set our brains to a hologram by figuring out how to rearrange the Square of 64 by actually increasing it to = 65 !!!

Please look at chart 4, 8x8 and you see 16 squares down in the lower left side. This was part of the "genius" that Gann refused to show you and that was the simplicity of the square of 64. We played the smaller square of 64, outside to the left, 4, 8x8, Sq. 3, until it moved into our 8x8 square, then we started playing it inside its square of 16 until it traded above 16, then we expanded it to 64 and we have shifted our squares but we keep the same math/music momentum lines, all the way to the end of our square of 64 then we start over again.

You may ask why I choose a Square of 64? Simple: Music Structure-Sound Pitch, plus all markets may have price divided into 32 ticks, U.S.Bonds, and momentum shall be divided into 1/16ths, which the SEC just forced stocks to convert trading prices.

Look at chart 5, 32/16 and you shall see a perfect example of a market reacting to pure math-music: I have divided the horizontal lines, 1/8ths into 32 equal parts and our angled 22.5 degrees momentum lines into 16 equal parts of vibration trading price.

You see that this market reversed exactly off 32x16, which is the maximum vibrations per Octave, 2112, so it reversed hard.

Everything thing in this universe measured shall be moving either into or out of a Crystallin State, human eye after 3 days.

All Crystals are capable of producing heat, energy, electricity, magnetism, light refraction, and sound pitch change music. Our 22.5 degree angled momentum lines are a perfect example of Euclid's Parallelogram crystal. See chart 6 2 yr. and you will see one side of a crystal: please notice that this market at A moved up from an exact Murrey Math Line and stalled out up at B +3/8ths, exactly on another Murrey Math line, 5/8ths, set to music/math never trading action) and it reversed at C off Murrey/Gann's 50% line inside the scale of 500 to 1,000, no history needed. We play it moving through square.

Milton Babbitt, constructed a graph of: Permutations of 12 Tones as they change frequency when any sound creates a double vibration, like two girls twirling two jump ropes in different directions: everytime you shall see these ropes appear to be touching, you will hear a sound pitch change, which is exactly where all markets want to reverse inside the Murrey Math Trading Square in Time trading Frame, 0-100, 49 pitch changes:, 0,1,2,3,4,5,6,7,8,9,10,11 vertically, x 0,1,2,3,4,5,6,7,8,9,10,11 horizontally: to denote sound pitch changes inside an Octave, but these 4 duplicate: 8:4,9:3, 10:2,11:1. So we have only 7 "heard" tones inside any Octave, the most common being the Major Mode Octave of: C,D,E,F,G,A,B, which was expressed by Herman Helmholtz, Germany, in the 1880's, in Sensations of Tone.

Two jump ropes twirled in opposite directions shall crossover visually, in one loop, 2, 3 or 4 loops. So, you would expect markets to run: 4/8ths, 1/3, 2/3, or 2/8, 6/8ths.

W. D. Gann mentioned 1/3 or 2/3 moves, but he didn't address it in depth, for he didn't want you to see it inside an Octave set off the base of ten, you could memorize all of his published internal "natural numbers".

Messiaen discovered that all sounds may be wrapped in: 1) Four Colors r,y,b,g, 2) Rhythm, 3) Harmony, and 4) Melody.

All songs require a harmony and melody to gain musical acceptance. Chet Adkins invested $5.00 in a guitar: self-taught from East Tennessee: 30 years later was declared the greatest country guitar player ever ,playing both the melody and harmony.

And Roger Birkman, Ph.D., created The Birkman Method of asking any person a set of 8 positive and 8 negative questions to ascertain which of 4 personalities we all fall into out of habit.

He reduces traits of our habit as a result of our attacking change through our present perceptions and assumptions.

None of the four personalities: 1) perspective, 2) personable, 3) sociable, or 4) objective, are suited for trading markets.

My psychological acumen instructs me to present you with a pure-math trading system that leaves nothing to chance, or has any exceptions, or uncovered trading rules.

The five circles in each square are mental conflict areas that date back as far as 3,000 B.C. to The Book of Five Rings by Miyamoto Musashi, China. All humans are torn between these 5 conflicts: 1) Earth: Magnetism: Knowledge, 2) Water: Hydrogen: Desire for Good Life, 3) Fire: Sun: Risk Avoidance, 4) Wind: Yen and Yang: News, 5) Emptiness: No Interest to Learn: Habit. Sugar is 5 circles of chemical bonding,CHO and the Quadrupole Magnet in nuclear physics uses the same 5 circles of energy, more later.

The Sun/Earth axis-tilt yearly wobble forms a rectangle of four separate boxes, that the past observers called Four Square. We need to see that all musical sound pitch changes and market reverses want to turn every 1/8th inside an Octave, which in any square = a 11.25 degree angled line in any square.

Or more simply put it equates to the wavelength of Hydrogen as it reverses its polarity every 11.25 years on the Sun in a twisted ban much like the Double Helix wrap of the humane body's 64 codons.

4 X 4 = 16 X 4 = 64: 4 cubed is the Trilogy of this Universe, as proven by the Periodic Table's electron rings linked through an atom's magnetic valence attraction purported by Peter Plichta's great findings. He sees 4x3 = 12 or 4 cubed = 64, but we cube 64 x 4, 4th dimension = 384., 384 are the number of days in 13 lunar cycles of the Moon, so we set our intraday trades against this many minutes to determine trading momentum.

Please look at chart 7. S&P 100 Cash Index Options Expiration Intra-Day Chart, Bloomberg, showing one minute ticks.

You see that this market reversed 16 times in a row off our 384 time frame! This market moved down and reversed off a 1/16th line and up and closed right on its 5/8ths line, pure math. Only 7.8 points all day. 8 X 8 = One Octave or 7 pitch changes.

Peter Meyer constructed an events of the past time frame for man to be set to King Wen's China B.C. I Ching, 64 personality traits. He wrote The Mathematics of Timewave Zero and extracted the human cycle to be set to waves of 64 days, which is the Murrey Math two stanzas trading Octave.

Now, I shall address our "64=65" quandary with the same question these men pondered: how do you cut one square of 64 square inches and make it into a four sided rectangle that has 65 square inches?

I shall give you several clues to speed up our learning curve: 1) take two plain pieces of typing paper and cut them into 8 inch squares; 2) take square A and write Music/Time in the center and mark off one inch increments on each of the four sides; 3) in the 2nd square write Music/Math and mark all four sides in 1/10ths increments; Market's 1st trilogy 100, Abacus, 1202 A.D., next, 4) we take our Music/Time 8” sq. and get ready to cut it into 4 solids: Hint: 2 of these objects must be Right Triangles and two must be uneven four sided objects.

Now, we know that disease spreads, rabbits procreate, and music changes its pitch to the Fibonacci Sequence, FS, 1/1,1/2,2/3,3/5, 5/8, 8/13, 21/34, 34/55, 55/89, ... and we know from studying the works of Sir William Jones, England, late 1800’s, translated the Hindu Chromatic Scale, so we place math inside an Octave of Music, which are the 5 white keys and 3 black ones on a piano, so we use the 1st three Trilogy #3, 5, 8; we must have 14 sides, 10 are FS numbers.

We must have two triangles exactly alike and two objects that are four sided and just alike (the triangles must have two FS numbers and the other two must contain 3.

Since we can only use 3, 5, 8, then move along the top to the right, and place a dot over inch #5. Next, I would move up from the bottom on the left side and place a dot on the #5 inch. Next, cut a vertical, parallel line, along the 5” line. You now have two rectangles: one 5x8” and one 3x8”.

Now, take the 5x8” rectangle and lay it down so that the 5 inch dot is on the left side and going up the rectangle. Move over to the right side of this rectangle and place a dot down at the 3rd inch line up from the bottom. Now cut an angled line from dot to dot.

You should have a four-sided object that has two 5” sides and one 3” side and one odd lengthened side.

Lastly, take the 3x8” rectangle and simply cut it into two right triangles.

Finally, let’s rearrange these four objects so that we form a rectangle that contains 65 square inches of surface mass.

Our original 64” square may be fashioned into a parallelogram, Euclid: or a rectangle, Socrates, platonic solid, of 65.

Hint: The long sides and short sides shall be different but the same FS numbers: you must have guessed that the next FS # after #8 is #13, so one side must be 13. There you have it: 5 x 13 = 65 sq.

Please look at chart 4, 8x8 and see the 16 squares that are 1/4th of 64: now look at the chart 6, 2 yr. chart and you shall see that a longer time period has elongated each square, but our angles and horizontal prices are the same price and pitch.

You have just discovered what all three of us already knew: a 3x8" right triangle = 37.5 degrees not 38.2, as you were guided to believe. The FS inside an Octave shall equate to 37.50% MMTL, if you align the 8” squares to the base of ten square.

Conversely, 5/8ths shall equate to 62.50%. I have preached this in every article.

Now what do we derive out of all this? Simply that all Murrey Math students are expected to memorize all 49 of the price reversal levels inside an 8” square trading frame from zero to 100.

W. D. Gann told you to take the last low/high and divide by 8, when you do that, you must always be referring back to charts or you must always be changing your internal 1/8ths every few months, when all we do is just ask what the last low or high was and find the nearest, Pure Murrey Math Trading Line, and make your decision off the Murrey Math Square in Time, which really isn’t square.

We are learning that the square of 9 is less accurate for time is elongated as it moves to the right because a sq. 8x8 = 64 sq. and a rectangle 5x13 = 65.

Confirmation of 13 as representing Time is seen in 4 unrelated Universal Truths: 1) 3 months = 13 weeks, One Murrey Math trading Stanza, 2) the Sacred Marriage between the Earth, Moon and Sun is measured against: the Moon moving 13 days around the Earth as both the Earth and Moon rotate 13 degrees around the Sun recorded by Robin Heath, from England and 3) John 21:5, where we find fish being caught, 153 off a triangle 12:13:5, or 4 or those who are skeptical about working on Friday 5 week the 13th month 12 times year, which matches up to the Pentagon angled lines in your eye or in the Aubrey Circle at Stonehenge, England.

Murrey Math sets its trading frame to the right in a stanza trading frame of 13 weeks set on the 1st Frost of each fall.

We must address the Starting Date, Harvest Moon, of the 1st Frost, each fall to set our MMT Square in Time, that is diametrically opposed to W. D. Gann's high/low extremes.

Please look at chart 6, 2 yr. and you shall see that Murrey Math traders set their trading frame off the Harvest Moon.

Now look at chart 3 and you shall see January 1997, 1/4 year later is April 10, and our market took off right on the spring planting caused by the Moon's closeness to the earth and exploded up on a 67.25 angle.

Now, get ready to deny everything I say!

I set our Murrey Math Trading Frame to the average height of all females 64 inches.

Every normal female after 12.50, has a 14 day cycle equal to the amount of Sun that shines on the front and back of our Moon, 14-14, with 1.5625 days of transition. So every woman is affected by the harvest Moon and pumpkins for procreation reasons.

The face plate on the Viking Space Craft and the wire frame of an Atom of Hydrogen that fits perfectly over The Great Pyramid. Dr.Harry Alsleban, noted that the Ra Numbers, from the Sumerian and Egyptian Bureau of Standards 3,120 years B.C. had over 2,500 musical note frequencies, phonics, applying them to Bach’s symphony, proportional to Pi and Phi, has etched on it, a wire frame of a female, with the notation: Hydrogen Atom Wavelength = 168 centimeters, 21x8, or 64.

It also has a dot, followed by a straight line that explodes into 16 particles exploding into that many directions, Oppemheimer's nuclear fision/fusion of Uranium 238: and most importantly it had numbers, not words, to express Pi and Phi to show the entire Universe that every Human on this Earth is knowledgable of basic: Music and Murrey Math. Side note: sounds are constantly being transmitted in math digits but no words or fundamentals.

Helen Wills, tennis player from the 1920's, was said to have the perfect .618/Phi face.

Merna Loy, 1920's movie star, was said to have the perfect FS body: 34, 21, 34, body.

Maria Carey has a 5 Octave pitch range. National Anthem is set to 4 Octaves.

Babies at birth have a navel set at 50.% of their total length 18.75” and at 12.50 it moves up to .618% of total body length, baby’s spine = constellations.

Michael Fumento, in his book, The Fat of the Land, proclaims that the average American female (at a height of 64 inches tall) is +25% over weight. And he equates weight gains to the consumption of sugar average per person per year = 150 lbs. He says that Coca Cola started with a 6.25 oz. bottle and now it has progressed up to 64 oz. "go cup": (he says 312,000 die each year from too much $C_{12}H_{22}O_{11}$ compounds in our diet.) In my last article, I mentioned that KO and its price $72.00 price = 44 times earnings, so it fell back down to $52.00.

We need to address our starting date!

It is proven in the book Fatal Shores, that the Aboriginees, in Australia, preferred to have their children born 273 days after the 1st Frost each year, after the Harvest Moon without clothes, hospitals, or child care aid, just using logic and common sense.

The Mayan Indians, Noah, the Egyptians, and the Tennessee Hummingbird set their Time Clocks, not to the tilt of the Earth's axis on the Fall Equinox, but they all reacted 14 days later, which we call the 14th Day of Nison, when one group left Egypt.

Twice each year there is no shadow on the Great Pyramid, fall and spring, and it lasts 14 days each. When we deduct these 28 days we get 153 days, seed time, or the number of fish, John:21.5. feed to the flocks. The opposite days 207 are the growth days and the number of bones in a female's body.

Remember Steve Nison got the Japanese Candlesticks, by Muneshia Homma,1724, translated into to English, so we could “see” what a trading day’s action told us, instead of us having to rely on turning math into words and guesses. He set a trading day to 4 parts and I set it to 7.

Noah was said to have landed his Ark 3 days after the 14th day of Nison; Females, after 12.50 puberty, have chemical reactions, after 17 days, into their 28 day cycle, and notice a change of amounts of estrogen and progesterin on the 17 day, when their % reverses; 17 is one of the ratios of a 64 inch square: and 17 is the 7th Prime Number; and 17 is the 50% Pivot Day in a 32 day trading cycle, or the 25% PD in a 64 day TC, or 12.5% in a 128 day TS, and 1/16th PD in 256 day TS.

We start our Trading Frame each year off the Harvest Moon because we know that the C.R.B. Index records harvested raw goods that we consume, supply and demand is measured every fall against the 1st Frost.

Four Seasons start just above 30 degrees, most Northerly touch of Sun’s direct rays on this Earth north latitude, where the Great Pyramid, the Gulf of Mexico touches Florida, and the Tower of Babel or Jerusalem.

Peculiar Side Note: Each Octave have 12 tones and Nashville, TN. Home of country music, Memphis, Elvis, and Bransford, M.D. are located along Do,Re,Me, 36 degrees, North Latitude above the Equator. Nashville is set on 87.5 degrees west longitude, 7/8th, or the Key of “B” 5 # sharps, volatile.

Lastly, we want to correct the misconception that markets will expand from "random" lows or highs off the Fibonacci Sequence 1.618.

But, Murrey Math students love the simplicity of the MMRPM’s Murrey Math Rate Percentage Run. 1.125% of 4 Square.

Any 8 inch square is either 1, 4, 16 or 64 squares, simultaneously. So, we learn to multiply our trading square zero/8th, 2/8th, 4/8th or 8/8th and we may “best guess” where any market shall expand to in the next Trading Frame, 1 year.

Please look at Chart 9, 5x13: Please move over to the lower left-hand corner and find the curely arrow pointing to April 10,1997. We shall be able to make our Murrey Math MMRPM upside price-reversal predictions before the S&P 500 Cash Index trades there.

In the lower left corner of chart 4, 8x8 you shall see the date July 1996 and an A.

As soon as our daily trading action moves into square A1 we make up projections only inside A1-A2-A3-A4. After our trading action moves outside A-4 we expand our trading projections inside A1-16. As soon as our daily trading action moves outside squares A1-16 we shift our long term trading projections to go no further than squares A-64. After this trading frame is complete, we reverse the process, by trading down inside new squares A-4 and presently we are down into squares A1-16. Music.

We must move back to our musical Fibonacci Gann N.N. Vorob’ev Peter Plichta Milton

Babbitt Murrey Math 8 inch square.

Please move our 8 inch 64 sq.” music/Time frame over beside our music/math base of ten, square, which we set our top at trilogy 10, 100, 1000.

Multiply 1,000 X 1.125 MMRPM: we get Murrey Math Musical Octave 8/8ths of 125 points.

So, we subtract 125 from 1,000 and we set our baseline down at 750. Now, we shift back to W. D. Gann and we divide 125 by 8 creating seven internal Octave-musical parts MMTL Murrey Math Trading Lines, where we shall expect our market to reverse before it ever trades inside our next square of (64) Trading Cycle.

Each MMTL line shall equal = 15.625 points. Now, under Gann, the "golden mean" = .618, but under Murrey Math, we know that our 37.5 degree angle in an 8 inch square equates to 62.5, 5/8ths or 37.50, 3/8ths on the base of ten, where we count our money. So, we expect our market to get strong resistance when it moves up +5/8ths, no matter how fast it takes to get up there.

Now, look at chart 4, 8x8: see how many times this market reverses off exact price, Time lines and how it shot out of its center circles of conflict off 33 degree angles.

Each square is divided into 7 internal time reversal points. When we start 16 trading days before our new square, and we count over in time, we see (under Murrey Math) this market has been predicted to want to reverse up +5/8ths in price and time.

This market reversed exactly in Murrey Math Price and Time on the exact 5/8th line after a +5/8ths run in Time and right on the 3/8th time line into the yearly MMTF Cycle.

Please notice that this market reversed 9 times exactly on a MMML Momentum Line, it reversed (8) off a Murrey Math Price line, and (6) times off a time line. (Not bad for a trading system that uses no prior history).

If we go from our starting day forward into the next MMTC quarter April to October, and view chart 5, 32x16 we see that this market topped out exactly after a +7/8ths up move on the 1st trading day of our yearly Trading Frame. (great or what)?

All Murrey Math students learn to expect any market that moves up +7/8ths and stops on a 7/8th line, to reverse fast and move back down to 50%. Please look at chart 9, 5x13 you see that this market has run up +7/8ths and you shall see that this short-term 13 trading weeks market is trading too far above its 22.5 degree line.

When this market comes down to 875, it shall be at par value Time/Price Murrey Math.

This Pure Music-Math Trading System is correct in this past quarter of the year exactly off the random trading rules of the Law of Exact Proportion (this is why W. D. Gann refused to tell you, although he printed the "natural numbers" in his book for you to discover it, if you could) I did.

Let's look at Chart 2 S&P 500 Cash Index and you shall see the 37.5 degree triangle, dashed lines, set inside our trading square, which it didn't want to move above during this quarter of trading action.

The lower side, hypotenuse, 22.5 degree angle, is the normal growth rate that this market should move up along while it trades to the right into the next trading frame. See the curly arrow points to the angle.

Anytime a market moves up above this growth line by more than 1/8th in less than 7/8th time, it shall want to reverse, then move back down below the line, the same amount it had just moved above the line.

Please look at Chart 8, S&P 500 Cash Index from January 1997 through April, 1997, Spring Equinox, 50% Time Period on Murrey Math.

Please find the large triangle that comes together on the 50% line on April 10, 1997.

Now, since we are looking at only 1, 64, MMTF Trading frame, we would expect this market to want to grow between the 11.25 and 22.5 degree angles.

We see that this market moved up fast above its 22.5 degree angle right on the 25.% Time line #1, 4 and it moved up +3/8ths and stalled-out just above the 50.% line A, 9: Then it reversed and fell back down at B, 18, right on the Murrey Math Base Line, then tried to move back up, but at 19, it reversed back down to C, 20 exactly -3/8ths below the 11.25 degree angle line and stopped exactly on MMTL line 7/8ths line in the next lower Octave.

This market was moving to the right, longitudinally = time, at an angle of 11.25 degrees appreciation and when it got +3/8ths or -3/8ths away from it would come back to the line and wave under it the same amount it went above it, notice how this market exploded up when it came around the circle from April 10, 1997?

Music is the key to trading, without knowing anymore than whistling all the way to the bank, when you use Murrey Math, but you should at least see the parallel between sound pitch, how long you live, and where all stocks wants to trade, they all three hover around 437.50 cycles per second or 43.75 years, or $43.75 for stocks!

Grant Jeffrey wrote the book The Signature of God and states that the average age of man is only 43.75 years since the Floods. He goes on to state that if women procreated at the Fibonacci Sequence, since the floods, we would equal the number of humans we have on Earth right now. He parallels the works of Gregg Braden in Awakening To Zero Point and Genesis, where man was asked to go forth and multiply, no limits.

Personal Opinion: my opinion is that the Earth’s Hertz are speeding up , toward sleep state, since the speed of the Earth's spin is slowing down and magnets are losing holding power, so when the billions of people and the Earth’s Hertz ratio 12:13, then the Earth will stand still.

The Melody Sax was set to the key of middle C so two players could read the same sheet music: now if you check with Wall Street, they will tell you that humans don’t want to buy stocks priced over $50.00 per share, plus you will see that most stocks are traded between $43.75 and $18.75.

And you already know that if you bundle up all stocks and put them in an Index you will have a group called the S&P 100 and 500 and you know that if you multiply 43.75 x 2 and move the decimal over one place you shall see Murrey Math exactly on all our charts!

Columbia, COL, chart 10 is a perfect example of a stock set to the life of a human.

We simply draw a line at 43.75 and come down one octave to 31.25 and let it trade inside our square and we would expect it to get support at F, 4/8ths, 50% line and we see that it reversed 3 times off this line.

Please notice how this stock could never trade inside its center circle and it went up fast as soon as it moved to the right and got away from it? See the three “gaps” up at the top? Those were sell signals to be out.

A curious parallel to this stock's price action pivot points 25, 50, 75% equal 3.12 points and each 1/8th = 1.5625 points, which is the offset difference between the columns at the Parthenon, right next door to C.O.L.

We have seen markets react on a 2 yr. chart, 6 months chart, 1 quarter chart, 1 day time and lastly we shall look briefly at a Trader’s Intraday Chart 7

This is an intraday trading frame that all traders who get in or out during the day shall find will bring them great knowledge that leads to wealth to share with others.

October 27th, 1997 our markets crashed along with the Hong Kong Currency devaluation.

Finding the End of Wave Four Again

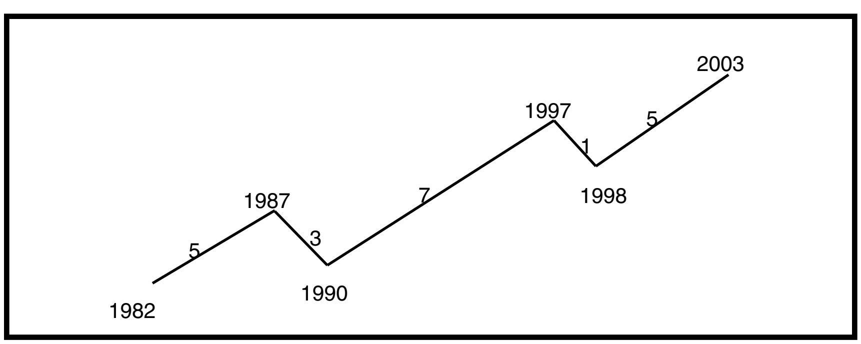
By Alan Richter, Ph.D

In the summer 1994 article in Traders World, I presented a model of the stock market which was proved wrong by events. However, there are some parts of the model as well as concepts in the article that I still think are valid. I Still like the idea of a 21 year long multi-year bull market but I now believe that it began in 1982, not in 1974.

At the time of writing this article, the market is deteriorating from a high of July 31, 1997 (Dow Jones Industrial Average High 8328.99). (Although the DJIA Intraday High of August 7, 1997 was higher than the high of July 31, 1997, I reject it because of “looks”, it appears inside an obvious downward trend in the market, hence, a fluke). So, we are again faced with the question, when will wave four end?

I am going to use two independent arguments from different lines of research. First, in the book, “The Spiral Calendar” by Christopher Carolan, published in 1992, he forecast a major low in the Dow Jones Industrial Average near July 27, 1998 based on time differences from previous major lows which are square roots of Fibonacci numbers of synodic months. This book can be ordered through Traders World.

In my own work on heliocentric midpoint aspects (“The Investment Astrology Articles of Dr. Alan Richter”. Also available from Traders World, I presented the evidence for major stock market bottoms associated with the heliocentric aspect Jupiter = Saturn/Uranus. That aspect will occur on August 2, 1998. Because of the high in the Dow on July 31, 1997, I am going to specify a one year correction and call for the low on the anniversary, namely July 31, 1998 in agreement with both Carolan’s Research and my own heliocentic work. Now, how low will the market go by the target date, July 31, 1998? If we draw a trendline starting from the August 1982 low (Point 0), through the low of October 1990 (End of Wave 2), (I do not use the low of October 1987), then the Dow Trendline Value will be approximately ca. 3900 at that time, and the S&P 500 trendline value will be ca. 480. But, a 61.8% decline of the move from 1990 - 1997 yields a Dow value of 4630 and S&P 500 value of 548. Thus, even horrendous declines in the



Dow and S&P in the time frame July 31, 1997 to July 31, 1998 will not take out the support in the long range multi year bull market. If I am wrong and the bull market does not resume, the key values are the November 23, 1994 lows which must not be broken.

A model of the 21 year long multi year bull market is show in Figure 1. The model obeys the following Fibonacci relationships.

Wave 3: Remainder: Total is 7: 14: 21.
Wave 1 = Wave 5 = 5 years
Wave 1 + Wave 2 (or Wave 3 + Wave 4) = 8 years
Wave 3 + Wave 4 + Wave 5 = 13 years

Dr. Richter can be reached by mail at 1618 N. Lincoln Street, Apt. 8, Spokane, WA 99205.

Choosing the Right Computer Display

By Larry Jacobs

Most computer companies spend many hours designing and building systems with the intent of increasing profit margins. These systems are designed to incorporate the latest in computer technology for the advertising punch, but they are not designed for the real-time or end-of-the-day trader. Please do not buy the latest advertised hot computer system for trading. It will not fit the bill.

The trader is the most important part of the computer system and his productivity is overlooked in designing a successful system. Many day-traders spend all day looking at their screen. That means from 7:20 when the metals open, to 3:15 when the S&P 500 closes. That's 8 hours a day looking at the screen. If the trader has to squint at a small or fuzzy screen he is not going to trade very effectively. Therefore the computer display is the most important part of the system. However, most traders work with inadequate displays costing them thousands of dollars in trading profits due to tired eyes and headaches.

Typical Day Trading Computer System

Computer	$2000
15 - 17" Display	$500
Trading Software	$2000
Total Cost	$4500

Should be: Computer	$1500
21" Display	$1500
Trading Software	$1500
Total Cost	$4500

Using the new Windows 95 or NT screen environment, the trader might use several programs simultaneously to trade with. He might use intraday trading software such as TradeStation, a Microsoft Excel spread sheet, and a software program to call in orders via modem. Many day traders prefer to have all of the charts they are trading visible at one time. S&P day-traders like to see the 5, 15, 60 minute and the daily chart at one time.

Traders World has researched the most popular 21" computer displays and found the Cornerstone high-resolution display to be the choice display for the trader. Also in two recent display reviews, one by PC magazine and one by Imaging magazine, the Cornerstone display came out on top on image quality, the most important requirement by the trader.

Now let me explain what makes up a display monitor's specifications. First is the addressable resolution. It is the number of horizontal pixels by the number of lines vertically. Most traders use 640 x 480, that means that there are 640 pixels horizontally per line by vertical 480 lines. Increasing the resolution on the screen to higher numbers allows for higher legibility by traders. This gives the trader more room to put multiple charts on the screen. Typical trading applications might require a display capable to at least 1600 x 1200.

The ability of the electron beam in the tube to excite only its intended target pixel affects the legibility of the display. If the electron gun excites the target and neighboring pixels, the display will appeal fuzzy. Cornerstone uses an electron gun with a small spot size and corrected beam shape to produce crisp and clear charts from edge to edge of the display. The allows the charts to be clear from the center to the outer edges of the display.

Screen flicker occurs when refreshing the pixels on the screen does not occur fast enough. The phosphors on the screen visibly fade before being refreshing. Refresh rate is the measurement of how often the phosphors are refreshed measured in Hertz. (Hz).

The VESA (Video Electronics Standards Association) recommends a minimum refresh rate of 75 Hz. Anything slower than that and you will see screen flicker. Cornerstone says that it is better to have it above 80 Hz. With the test unit we used, I would agree.

It is recommended that the full time day-trader use a 21 inch display. When using a large screen, it is vital that the resolution be increased as well. Sometimes it is beneficial to raise the resolution up to 1600 x 1200. This will increase the screen 2 1/2 times and increase the information displayed by 6 times compared to a 15 inch VGA display.

We tested Cornerstone's 21 inch monitor, the Color 50/101st. The display features their new SuperFocus technology for improved image quality from edge-to-edge. We found that the Cornerstone's SuperFocus did allow all charts on the screen to be sharp and clear. SuperFocus improves edge-to-edge image quality with new electron gun technology that changes the shape of the electron beam to eliminate elliptical distortion as the bean is directed from corner to corner. Elliptical beams light up more phosphor on the inside of the screen than desired - causing a fuzzy image. SuperFocus maintains a small , circular beam throughout the screen delivering the sharpest focus available.

Cornerstone's new high contrast glass we found also improves chart readability. Cornerstone has increased the contrast ratio of the on-screen image by nearly 10%, blacks appear blacker and whites appear whiter. Charts were very easy to read.

Pricing on Cornerstone monitors has been reduced up to 23% since January 1996. The 21 inch 50/101sf that we tested is street priced at $1565. Cornerstone's color monitors have a demonstrated MTBF of 300,000 hours, a performance rate that is at the high-end of what is available on the market today. They come with a standard 3 year warranty.

For more information contact Victoria McDonald at Cornerstone Imaging, Inc. 1710 Fortune Drive, San Jose, CA 95131, Phone 408-325-3371 or Fax 408-435-8998. You can also contact Traders World Magazine at 800-288-4266 or Fax 417-886-5180.

W. D. Gann Treasure Discovered

By Robert Krausz

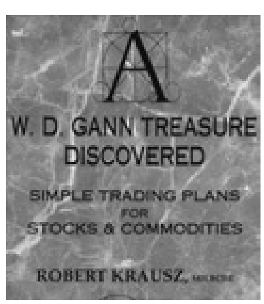
W. D. Gann charged $5000 for his courses back in the 1950's. It was rumored that he made some $50 million dollars trading the markets in his lifetime. W. D. Gann also published a number of books in his lifetime, however, most of them were written in veiled language. It is very difficult to dig important material out of his books. Gann only wanted to give people a little information to start them out and did not want to reveal all of his secret techniques of trading. This is the first book about Gann which revealed how he really used the mechanical swing charts. The author of this book started his research into swing charts when he found an original Gann manuscript of his Mechanical Method & Trend Indicator For Trading in Grains. In it were altered pages with Gann's signature. The alterations were made in 1955 just before Gann died. They were not in the original manuscripts published in 1933. The alteration told how to turn swing chart trading into a treasure.

The discovery of the new swing chart trading technique provided the author with two vital pieces of trading information: The trend direction and support and resistance points of the market. With this information the author developed a valid trading plan which could define: the market direction, the tradeable trend, support and resistance points and money management rules. The money management rules include capital required for the plan, stop and reversal rules, profit protection rules and percentage of capital required per trade.

Using the valid trading plan the author tested two "real time" plans and two "end of day" plans. The "real time" plans were: A) Basic Plan with 10-year back test for the 30-Year bonds and B) Professional Plan with a 6-year back test for the 30-Year T-Bonds contract. The "end of day" plans were A) Basic Plan for five major stocks - IBM, ELI Lilly, Philip Morris, Intel, and J.P Morgan each with its own 5-year back test. B) Basic Plan for T-Bonds, with a 5-year back test. This gives a total of 46 years of back testing. This is illustrated with both actual charts and tables. The book is divided into the following 8 important chapters:

Chapter 1 - The Real Story. This chapter explains how the author found the alteration of the swing chart rule.

Chapter 2 - Gann Swing Trading Basics. This chapter explains what causes the swing direction to change, what causes the trend to change and what the slope is.



Chapter 3 - Basic Swing Plan Real Time Rules, Results, Charts 1987 - 1996. For trading T-Bonds real time trading 3 contracts, commission is not included. Here are the results:

1/2/87 - 1/6/87 net profits $31,406.25
1/13/88 - 12/28/88 net profits $34,406.25
1/13/89 - 1/31/89 net profits $47,218.75
2/5/90 - 12/27/90 net profits $36,375.00
1/31/91 - 1/9/92 net profits $42,843.75
1/14/92 - 12/28/92 net profits $24,187.50
1/8/93 - 12/30/93 net profits $51,656.25
1/3/94 - 12/29/94 net profits $32,343.75
1/4/95 - 1/4/96 net profits $54,937.50
1/16/96 - 1/14/97 net profits $58,968.75

Chapter 4 - Basic Swing Plan for Stocks & Shares Rules, Results, Charts Eli Lilly, IBM, Philip Morris, J.P. Morgan, Intel 1991 - 1996. For using the daily plan of trading of 1000 shares with 12 cents share per round turn. Here are the results:
Eli Lilly Co. 1992-1996 net profits $47,625.00
IBM 1992 - 1996 net profits $108,375.00
Philip Morris 1992 - 1996 net profits $98,625.00
J.P. Morgan 1992 - 1996 net profit $32,500.00
Intel 1992 - 1996 net profit $68,500.00

Chapter 5 Professional Swing Plan for U.S. T-bonds Rules, Results, Charts 1991 - 1996. This chapter explains trading T-Bonds using the professional daily plan. Initial account size $30,000 pyramids on 1/3 of original position, commissions not included. Here are the results:

1/2/91 - 1/2/92 net profits $22,500.00
1/7/92 - 1/4/93 net profit $9,125.00
1/14/93 - 12/28/93 net profits $35,843.75
12/31/93 - 12/28/94 net profits $38,687.50
12/30/94 - 1/4/96 net profits $63,312.50
1/5/96 - 11/7/96 net profits $63,968.75

Chapter 6 Basic Swing Plan End of Day U.S. T-Bonds Rules, Results, Charts 1992 - 1996. Initial account size $30,000, trading 3 contracts, commission not included. Here are the results:

1/14/92 - 12/28/92 net profits $11,906.25
1/4/93 - 12/30/93 net profits $25,500.00
1/3/94 - 12/29/94 net loss ($375.00)
1/13/95 - 1/4/96 net profit (19,500.00)
1/16/96 - 1/14/97 net profits ($44,343.75)

Chapter 7 Advanced Concepts Multiple Time Frame Swing Charting. This is a very important chapter which explains multiple time frames which is the author’s expertise. The chapter explains that each time frame basically has it's own structure. The higher time frames override the lower time frames. Therefore the trend created by the higher time period enables you to define the tradeable trend. This chapter alone is worth the price of the book.

Chapter 8 Swing Direction and Neutral Slope. This final chapter explains with many illustrations of how the swing changes direction, how the trend changes direction and how the swing become neutral.

This book is a necessity for any trader who wants to learn how W. D. Gann really used swing charts. It teaches you how to back test the market with a valid trading plan, which is the only way to make money in the market. This is the only way you will have the confidence to trade. This book comes highly recommended by Traders World and includes an excellent video that fully explains the trading plan with detailed charts and examples. The book is hardcover with 390 pages. It can be ordered from Traders World for $161.80 plus $20.00 S&H (U.S.)

Dynamic Trading™

By Robert Miner

Review by Larry Jacobs

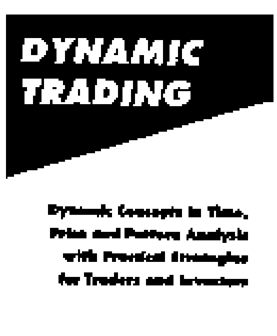
The technical trading field has many great books which attempt to put many aspects of technical analysis and trading together in one volume. Books by Gartley, Edwards and McGee, Murphy, Rotella, Schwager and others come to mind. Recent years have seen a growing interest and resurgence in dynamic time and price analysis techniques that haven't been covered in these books. There have been occasional articles in trade publications, a seminar now and then and a small number of software programs that have incorporated some of these techniques.

But this information has all been scattered about and incomplete making it very difficult for anyone wanting to learn these techniques and how they are applied in a comprehensive approach to trading decision making. They have not been put together in one complete source. That is, until now.

The recently released Dynamic Trading by Robert Miner is the first comprehensive book of dynamic time, price and pattern techniques and trading strategies and how to put them together into a practical trading plan.

Dynamic Trading is divided into eight chapters that begin with the basics of time, price and pattern analysis through putting it all together to make real world trading decisions. Dynamic Trading is 580 pages in length including the glossary and appendix. The book is a shinning example of clarity of presentation - from describing the individual Dynamic Trading analysis techniques to developing a trading plan and applying practical trading strategies.

Miner takes a comprehensive approach to technical analysis. Where most writers focus on only one or two narrow approaches to technical analysis or trading, Miner recommends the trader must look at a market from every perspective in order to reliably identify the market



position. The three important factors that he describes in Dynamic Trading are time, price and pattern analysis. Miner suggests the trader should wait for the high probability set-ups when all three factors are in alignment before considering a trade.

Chapter 7, Putting It All Together, is the most important chapter of the book. All of the pieces of the previous chapters are masterfully woven together. Most trading books only show the “well chosen examples” of the techniques they describe. In Putting It All Together, the reader is walked through a trading campaign to illustrate how a trading plan evolves and is executed in almost all market conditions. The reader is shown in detail how the time and price projections are made and updated as a market evolves and how trading strategies are prepared in advance. Here are some highlights from some of the chapters in Dynamic Trading.

The Dynamic Time Analysis chapter provides a complete description of Time Cycle Ratios™, Trend Vibration™ and Time Rhythm Zones™. Each technique is thoroughly described and illustrated with many chart examples. More importantly, Miner shows how to integrate each of these techniques into a comprehensive analysis of the time position of a market to pinpoint well in advance the narrow time zones he calls Projected Turning Point Periods™ which have a high probability of making a trend reversal. Would you like to know the minimum time period to anticipate for a new trend with 90% probability? His Time Rhythm Zone technique provides just this and helps keep the trader from prematurely exiting a position prior to the completion of an impulsive or corrective trend.

Many traders have a very difficult time with Elliott wave pattern analysis. The chapter called Pattern and Practical Elliott Wave Analysis provides a thorough description of the most frequent and predictable Elliott wave patterns as well as how to confirm which pattern is unfolding. More importantly, Miner emphasizes that symmetrical and predictable Elliott wave patterns are only found about 50% of the time in any market. Miner provides two concise and handy tables that walk you through all of the rules and guidelines for both impulsive and corrective wave structures. By following the Practical Elliott Wave Trading tables, you will easily be able to determine if a market is in a predictable Elliott wave position.

In Dynamic Price Analysis, Miner describes three price projection techniques: retracements, alternate price projections and price expansions. Most traders will be familiar with one or more of these price analysis methods. The key to putting these individual price projection techniques to practical value is how to combine the techniques to project zones or clusters of projections that provide price targets with a higher probability of making support or resistance than any one technique will allow. At the end of the Dynamic Price Analysis chapter, Miner provides a table of the most important ratios to use for each approach as well as the specific approach to take if the market is unfolding in one of the high probability Elliott wave structures.

Many books provide isolated analysis techniques but fail to provide the trading strategies and trading plan how to put the results of the technical analysis into practice. The Trade Strategies and Trade Management chapter provides specific entry set-up, stop loss and profit taking strategies. See the article in this issue for an excerpt from this chapter. Dynamic Trading even provides a format for the reader to keep a trading log or journal.

Miner has published a futures advisory letter since the mid-1980’s. Most of his reports have included descriptive comments that help to educate the subscriber to his analysis techniques and why and how trading decisions are made. These reports provide a wealth of material to show how the Dynamic Trading method has been applied in the past.

The last chapter, The Real World of Dynamic Trading, provides excerpts from recent reports. The importance of these examples is they are not after-the-fact analysis and trade examples. The dated reports where written as the markets were evolving. Miner emphasizes throughout this chapter to “Trade Market Behavior, Not Forecasts.” He explains the downfall of most traders is to believe the purpose of trading is to predict the future rather than identify trade opportunities within the context of their trading methodology.

The appendix includes the comprehensive Dynamic Trading Guidelines Table which summarizes the whole approach of Dynamic Trading and makes it easy for the reader to quickly consider the best course of action for most market conditions. The tables provide the trading implication and potential trading rules for each market condition. Once readers are familiar with the Dynamic Trading approach, they can quickly refer to the Dynamic Trading Guideline Tables for a summary of the rules and conditions necessary to consider a trade.

Dynamic Trading is a great effort to teach a logical, analytical approach to trading. You will be hard pressed to find better value for your trading education dollar than with Miner’s new Dynamic Trading book. The book is 580 pages and cost $97 plus $10 S&H (U.S.) There is a 60 day money back guarantee. It is available from Dynamic Traders Group, 6336 N. Oracle, Suite 326-346, Tucson, AZ 85704, Phone 520-797-3668, Fax 520-797-2045. Access to their Internet site: www.dynamictraders.com

Trading with DiNapoli Levels

By Joe DiNapoli

Review by Neal Hughes

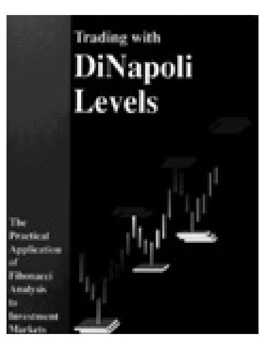
If you want a quick, general discussion on Fibonacci analysis, this book is not for you. In fact, the author takes seven chapters to cover the context for entering a trade, before even getting into Fibonacci techniques. After laying the ground work, and discussing Fibonacci techniques, Joe DiNapoli details methods and approaches few have thought about, much less published. Now I know what's been missing in the other Fibonacci books I've read! Book summary by chapter.

Trading Methods, Judgmental vs Non-Judgmental, Position vs Intraday. Section 1 Chapter 1: The author begins the book with a refreshing dose of reality. Although it would be nice if you could live where you want, trade when you want, and turn a modest amount of money into a mountain pure financial muscle, reality can be a little different. Joe warns that even with access to the best approach available, there is more to it than most of us are led to believe.

Chapter 2: Prerequistites, Ground Rules and Definitions. Determining trend, direction, movement, and failure, understanding leading indicators, lagging indicators, logical profit objectives, time frame, confirmed and unconfirmed signals, your trading plan, and how to tell whether you are trading well, are the subjects of this chapter. A clear understanding of these aspects is the foundation which will allow you to apply the lessons in the rest of the book.

Chapter 3: The Essential Components of a Successful Trading Approach. Joe introduces the outline of the basic components of a sound trading methodology here, including Market Entry Techniques, Exit Techniques, and Leading Indicators. You might already know that most trading indicators are based on some type of moving average (or averages), smoothed in some way. This makes them lagging indicators. Think about it. Joe shows the reader how to anticipate, not react, and how to close a trade (sell) when most of the crowd is buying.

Context. Section 3: Chapter 4: Trend Analysis, Using Displaced Moving Averages (DMA). The author has researched DMA's for 3 years, taught about DMA's for over 11 years and traded with them since the early 80s. Over that time, he has found which DMA's are most successful. Through a series of questions and answers gleaned from his teaching experiences, he anticipates the problems most readers will encounter in understanding the application of DMA's. This knowledge alone is worth the price of the book, as anyone who has been the victim of excessive whipsaws will know.



Chapter 5 Trend Analysis, Using the MACD/Stochastic Combination. Twenty-five years of trading have taught Joe to use a specific combination of the Stochastic and MACD indicators to determine market trend. This unique approach is detailed in the book.

Chapter 6 Directional Indicators. (Power Patterns for High Probability Trading Signals.) This chapter is really one of the most valuable in the book, even if you never use the Fibonacci techniques covered later. Some authors come up with 9 hot new patterns a week. This author has been at it 25 years and has narrowed it down to the 9 most successful patterns. I studied two of the patterns and found that I could make consistently profitable trades with only that information. Not every time, no guarantee of untold riches without risk, but the "Double Repo" is as close as I've seen. The other pattern which I found easy to use is the "Bread and Butter Signal", so named because it occurs frequently and although it does not produce guaranteed huge profits, it can put bread and butter on the table if applied correctly and consistently.

Chapter 7 Overbought and Oversold Indicators what Works, What Doesn't and Why. The author spends considerable time discussing the common pitfalls and shortcomings of indicators the public typically uses. Only after that aspect is covered does he explain how oscillators are useful, even in trending markets. You will learn how to use his oscillators to filter out bad trades, and determine stop-loss placement.

Section 3 Dinapoli Levels. Chapter 8 Basic Fibonacci Analysis, Retracement and Objective Analysis. Fibonacci ratios are excellent at predicting crowd behavior, as well as other interesting and even strange applications. The author shows us the basics of calculating probable future turning points of markets.

Chapter 9 Dinapoli Levels Introduction. This chapter defines terms and underlines cautions. It's more of the no-nonsense, practical approach, stressing the importance of building a proper foundation. I have read many books on the numerous ways of applying Fibonacci techniques. This chapter erases all the complicated methods, focusing instead on what Joe DiNapoli has proven to work.

Chapter 10 Dinapoli Levels Multiple Focus Numbers and Market Swings. Are you tired of having your stops hit, only to see the market turn around and go where you though it would after you have exited the trade? Do you feel like the insiders, market-makers, locals and specialists are gunning for your stops.There are solid methods revealed to help avoid these problems.

Chapter 11 Trading with Dinapoli Levels. This is where the prior chapters really start to pay off. With the assistance of Hyper Hank, Conservative Carl, and Diligent Dan - humorous, but vitally important characters -the author leads us through some actual trades. We explore different trading styles and experience how these techniques can be applied appropriately. We see how a trader's psychology can torpedo his knowledge and his ability to realize profit. A valuable software tool call Fibnodes is introduced, though it is not necessary for the application of these techniques.

Chapter 12 Tying it All Together. Joe leads us through a trade, step by step, bar by bar, minute to minute, looking at it from different perspectives. Throughout the book, Joe injects his emotions and his perspective. This not only helps the reader to remain focused, but also gives comfort that you are learning from someone who is a master of the game.

Chapter 13 Fiboancci Tactics Protect Yourself and Still Catch the Big One. The author explains entry placement techniques more deeply, with a continuing emphasis on trading conservatively. The techniques have numerous chart examples, with defined entry and stop placement rules to reduce or limit your risk.

Chapters 13 through 15 Avoiding a Typical Mistake. More Market Examples. The author takes us step by step, through market action, exposing us to more of the chart as we move forward. In each case, we are able to build on the techniques we have learned, so we can later apply them to our own real-time charts.

At $162 this is not an inexpensive book, but after studying it I've concluded it would be a lot more expensive to be without it! This book can be ordered through Traders World.

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Option Station

By Larry Jacobs

In the last five years option trading has become extremely popular. The reason for this is that it gives you the power to leverage your capital or increase your income from an investment. In the past the problem was that you had to be a top level mathematician to figure out the mathematics behind the possible complex positions. Only a few highly qualified traders were able to trade the possible complete option strategies.

Omega Research has created a new product called OptionStation which is designed to sort through the possible option positions and find those that offer the best possible chance of making money based on one's perception of the direction of the market.

Here's how it works. All you have to do is tell OptionStation your market outlook - that means are you bullish or bearish or just neutral. OptionStation will magically examine the entire database of options for the market selected, using over 20 built-in strategies such as butterfly spreads, calendar spreads, bullish/bearish credit/debit spreads, straddles, strangles, and create a list of the most profitable option positions available ranked by expected profit, and risk.

With OptionStation, now any investor can work with the strategies that were once only available to the professional mathematical trader. OptionStation does all the complex math involved automatically.

OptionStation can be especially valuable to the experienced Gann Trader who is able to project the probable time and price of a stock in a future time period. He can select the specific strategies that will benefit most from the price move. He can even copy the option positions best suited to his market outlook, into the program's Power Spreadsheet that he can view, modify and customize to find those offering the most attractive balance of risk and potential profit. The spreadsheet will tell him where is the greatest risk exposure, how will volatility effect his position, how time decay will work for or against him, how much he will make if the position is closed out and finally if the trade is still as attractive as it was when he open it. The spreadsheet also allows the trader to set customized alerts which can be sent directly to the traders pager, so he can stay in touch with the markets.

The heart of OptionStation is the Portfolio. It stores important information on the underlying assets you select, and the options contract symbols for those underlying assets. You can add symbols you want to work with and OptionStation will automatically find those symbols for each underlying asset and corresponding option contract, filling in the strike, series, type and expiration date for each. The OptionStation Portfolio will automatically link the correct symbol settings and information for the symbols you add.

The Position Search provides an automatic and speedy search for option positions on any underlying asset in your OptionStation Portfolio. It virtually does the work for you. The search can be even performed on multiple underlying assets at the same time. The Position Search displays up to the top 50 positions with the highest expected profit based on the strategies and assumptions you define. Definable assumptions include your maximum dollar risk per trade, underlying asset volatility, option liquidation date and price. You can select over 20 of the most often used trading strategies individually, or choose a market outlook and let OptionStation apply the correct strategies for you. You can copy Position Search results directly into a Power Spreadsheet for analysis and charting with one mouse click.

The Power Spreadsheet is where you enter positions and view and analyze their dollar risk and reward. The Power Spreadsheet offers a thorough tabular-style spreadsheet with editable fields. You can enter hypothetical contract unit numbers to compare to the existing unit numbers, change the option base price, or change the number of units per position or contract. As changes are made, the results are updated, allowing you to see how your bottom line will be affected.

The Position Chart provides graphical charting analysis. Each Position Chart is generated from an entered position in the Power Speadsheet. When you change the position information in the Power Spreadsheet, the Position Chart adjusts accordingly. The Position Chart even adjusts each time a quote update is transmitted by your data vendor when you are using real-time/delayed data. You are able to graphically see the risk and reward of each position by displaying the breakeven point, and the profit and loss incurred by opening or exiting a position. You are able to plot 4 separate plot lines on the same chart, and each plot line can have a different volatility, liquidation date and interest rate. Then, compare the plot lines to find the best case and worst case scenario for your selected position and the accuracy of applied strategies. You can also view an additional risk chart displaying one of five Greeks, which measure the expected change of factors that influence an option’s value, such as market price, volatility, time decay and other factors.

The Probability Calculator offers a very simple way to determine the statistical likelihood of a given asset price’s movement in the market. You determine the time span when you anticipate the move and the target price, which can be a single price or a range. The results are immediate, and you are shown the probability percentages above, below and between the target prices.

The primary advantages that options offers are... 1) It prepares you to buy a stock at a lower price when you think the market will go up by purchasing a call option to buy the stock at its current price. 2) It allows you to leverage your gains by controlling more stock or futures contracts with your initial investment. 3) You can protect your investments from a market decline by purchasing an option to sell your stock or futures contract at the current market value. 4) You can even make money above and beyond what your current investments are bring in by selling covered calls. 5) You can profit from a big market move - even if you’re not sure which way it will be by purchasing a straddle, which consists of buying a put and a call. 6) You can make money even if the market goes nowhere buy purchasing a butterfly spread or writing a straddle. You benefit by profiting from the time decay factor of the option.

The interesting point to note is that the majority of option traders only buy calls and puts. This, however, only makes up a small portion of the opportunities that option trading offers. By working with the different combinations of option strategies, the average investor can dramatically increase his ability to make profits. The problem is that most traders are not aware of the option strategies that exist, and even if they are, the complexity of these strategies leaves them wondering which strategies to use in any given situation.

OptionStation gives the trader access to the high level strategies that were once only available to the professional trader. So if you are a user of options, OptionStation is a must to achieve your maximum advantage.

OptionStation is priced at $1799.40 and can be purchased from Omega Research, 8700 West Flagler St, Ste 250, Miami, FL 33174. Phone (305)551-2240 or Fax (305)551-2240, website at www.omegareserch.com

The Only Way to Day Trade

By Bruce Babcock

There are four cardinal principles which should be part of every trading strategy. They are: 1) Trade with the trend, 2) Cut losses short, 3) Let profits run, and 4) Manage risk. You should make sure your strategy includes each of these requirements for success. This is the second in a series of articles on these principles.

In the last issue I discussed trading with the trend. Trade with the trend relates to the decision of how to initiate trades. It means you should always trade in the direction of recent price movement.

Mathematical analysis of commodity price data has shown that these price changes are primarily random with a small trend component. This scientific fact is extremely important to those desiring to pursue commodity trading in a rational, scientific manner. It means that any attempt to trade short-term patterns and methods not based on trend are doomed to failure. It also explains why day trading is darned difficult and why almost no day trader is a long-term success.

The shorter the time frame in which you examine price action, the smaller the trend component is. Commodity price action is fractal. That means that as you shorten or lengthen the time frame, price action remains similar in behavior. Thus, five-minute charts have roughly the same appearance as hourly charts, daily charts, weekly charts and monthly charts.

This similarity in chart appearance convinces traders that you can day trade successfully with the same tools you use on longer-term charts. Of course, they try to use much of the arsenal of technical analysis that doesn't work on long-term charts either. Things like oscillators, candlesticks and Fibonacci numbers.

However, even trend-following tools that work in intermediate to long-term time frames won't work in day trading. This is because the trend component is so very small in short-term data that you must use a highly effective method to overcome the costs of trading.

In longer-term trading, you can let your profits run. You do it by definition or it wouldn't be long-term trading. In day trading you can only let your profits run to the end of the day. This means your average trade (the average profit of both your winning and losing trades) must necessarily be much smaller than if you could let your profits run for days, weeks or months. However, your costs of trading—slippage, commissions, the bid/asked spread and mistakes—stay roughly the same on a per trade basis. Thus, your day trading system must be much more consistent and robust to stay ahead of the costs of trading than would an intermediate to long-term system. There are few day trading approaches that meet this test.

Since market price action is mostly random, successful trading methods must somehow exploit a non-random feature of market price action. The tendency of most markets to trend is the only possible edge in trading, so a winning approach must harness trend in some way. Tradeable trends do not show up often in the very short term. They certainly are not present every day. That is why the person who tries to day trade at least once every day, and perhaps even more often, is doomed to failure. The more often you day trade, the more likely it is that you will be a long-term loser.

There is a wonderful fantasy about day trading. You get up in the morning, have a nice breakfast and go to your home office. There you have a powerful computer with fancy software that brings you real-time intraday charts and quotes. You look over the day's market activity and find some promising situations. You watch the markets for awhile until a suitable trade presents itself. You pick up the phone and call your broker to make your trade entry.

Then it's time to relax and grab a hearty cup of coffee or a frosty glass of juice while you watch your profits mount. By the end of the day, you are out of your position with a nice profit. Most days are profitable, although not all. You seldom have a losing week. Never a losing month. You make as much money as you need. Some days you don't bother with trading at all. You have better things to do. You play golf, sail, do lunch. You take extended vacations whenever you want. Life is sweet.

There are plenty of people out there ready to sell you a day trading course or system for thousands of dollars that will show you how to implement this fantasy. The only problem is they haven't been successful traders. They make money only by selling their losing methods to others.

Here's what trading legend Larry Williams said about day trading: "If you're day trading, you're going to end up frying your brain. When you go home, you're not going to be a nice person to be around. I'm already not too nice a guy to be around. So when I do a lot of that type of trading, who would want to be around me?

All the day traders I talk with are losing money. The oscillators, the supposed support and resistance levels, all that other technical analysis stuff out there doesn't work very well in day trading. Plus I found I make more money by holding overnight and trading out of positions in the next day or two. If I've really got a strong signal, it should last for more than a few hours.

Gary Smith is the only person with a documented long-term success record in day trading. He made money consistently for over ten years. However, he trades relatively infrequently, maybe once or twice a week. "Successful day trading is not an everyday affair and not a multiple trade affair," he cautions. "Inexperienced day traders simply refuse to accept this." Gary's book is called Live the Dream by Profitably Day Trading Stock Futures.

I have been day trading successfully for the past couple of years using a system that trades on average only two or three times a month. I have also recently published a second day trading system that trades only once or twice a month. Of course, I make almost all my money trading with my more effective long-term systems. For me, day trading is only for fun and for a little diversification.

If you want to be a successful trader, your best chance is with a long-term, trend-following system. If you must day trade, don't do it very often. The more you trade, the more likely it is you will lose.

Bruce Babcock is the founder and Editor Emeritus of Commodity Traders Consumer Report. He has written eight books on trading including The Dow Jones-Irwin Guide to Trading Systems and Profitable Commodity Futures Trading From A to Z. He has designed over 25 computerized software systems for traders, a number of which he trades himself. His latest book is The Four Cardinal Principles of Trading, available from Reality Based Trading Company (800-999-2827 or www.rb-trading.com).