

# Dynamic Trader's Swing Vibration and Anniversary Day Studies

By Robert Miner

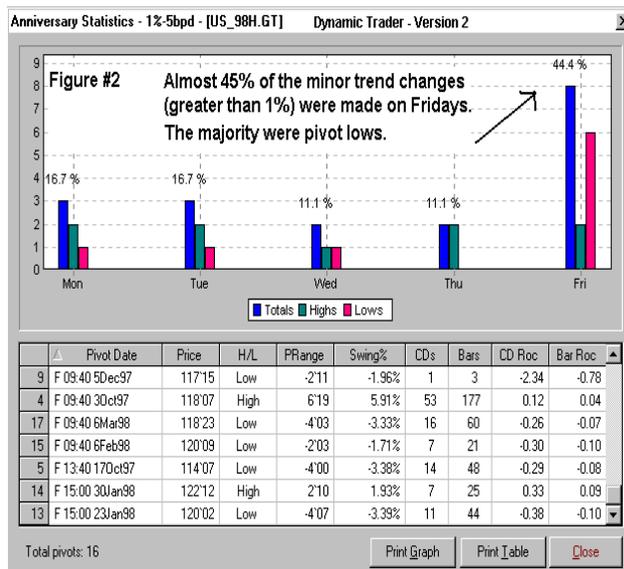
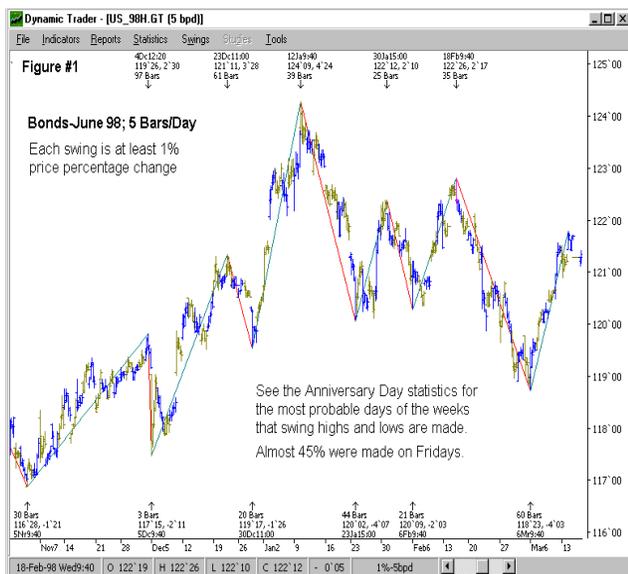
There are two important pieces of information that will be very profitable for traders to be aware of for any market they are trading. What is the most frequent range of price for any swing and on what day are most of the minor trend changes made. This information will be critical for making short-term trading decisions and identifying when to enter an intermediate-term position.

## Anniversary Days

Knowing the days of the week when most minor trend changes are made will alert the trader when to look to enter a trade, take profits or prepare to reverse position. Intermediate-term traders can use this information to help determine the best time to enter a trade. Figure-1 is a recent period for bonds with 5-Bars-Per-Day data. Each bar represents 80-minutes. By dividing the trading day into equal units, you avoid the problem of the last bar of the day being an odd unit. The swings shown on the bar chart are each 1% or greater in price change between pivots. In other words, it required a price change of greater than 1% in order for a new swing to begin. Are there one or more days of the week when the pivot highs and lows are made more frequently than other days?

The Anniversary Day table in the Dynamic Trader program will display a bar-graph showing the total number of pivots made for each day of the week. Figure-2 shows the results of this study for the short-term reversals from this intraday chart. One day of the week stands out as having by far the greater percentage of pivot reversals than all the other days. That day is Friday when almost 45% of all of the minor trend changes were made. Of the minor reversals made on Friday, reversal lows were made three times more often than highs.

Traders can use the day-of-the-week reversal study in two important ways. Very short-term



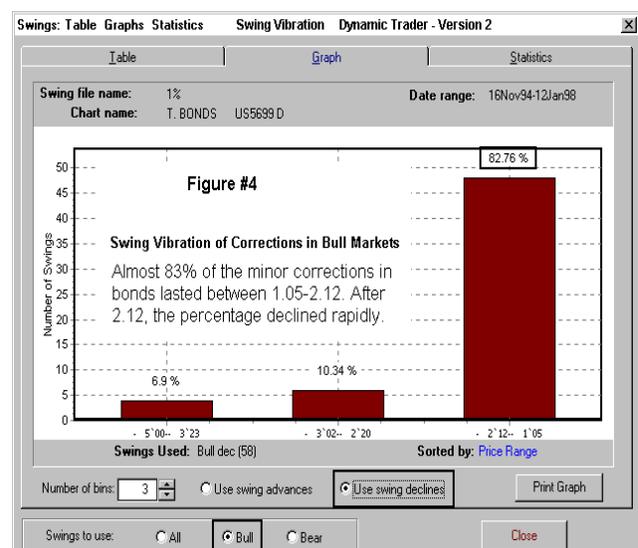
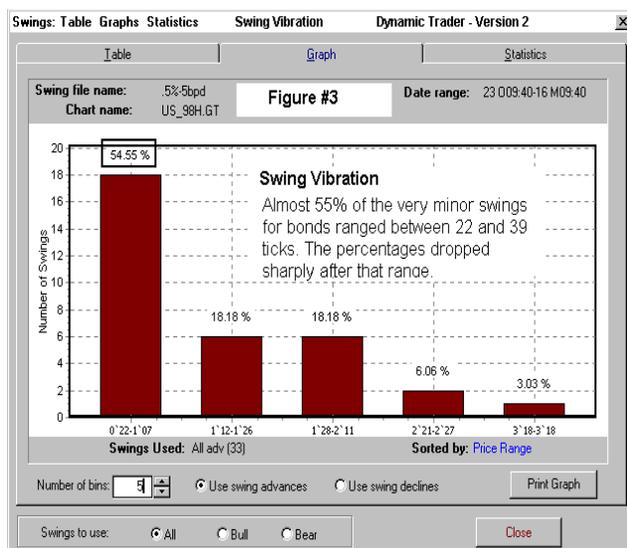
traders who look for trades of just one to two points in bonds should be very alert on Friday's for potential trend changes. Friday would be a day to look to enter a trade against the trend going into Friday or protecting an open position. Intermediate-term traders should be alert to a short-term trend change on Friday as a day to enter a position. Since three times as many lows as highs were made on Fridays, if the larger degree trend is bullish, traders should be especially alert on Friday for a potential short-term low to enter long in the direction of the larger degree bull trend.

## Swing Vibration

Swing Vibration is a fancy name for typical price range of a swing. Knowing the price range of the most typical minor swing will prepare the trader for where to take profits on a short-term trade. The first thing to do is to construct a swing file of all of the minor swings. Then measure the swings and sort them by bull and bear market and trend and counter-trend. Then group all of the swings into ranges to see if there is one range where a relatively large proportion of the swings fall. If we know the range that a high percentage of the swings fall into, we will have an idea of how far in price to anticipate a minor swing will run to.

One of the many statistical routines in Dynamic Trader will automatically calculate the Swing Vibration for any degree of data. Figure-3 shows the results of the Swing Vibration of a bond swing file that includes very minor degree swings that made at least a 1/2 percent change in price. This table only includes impulse or trend direction swings in a bull market. In other words, short-term rallies in a larger degree bull trend.

The table in Figure-3 is very revealing. All of the swing ranges have been divided into five "bins" or price ranges. Fifty-five percent of the very minor bond swings were made in the 22-39 tick range (.22-1.07). If a minor trend change is made, traders should anticipate a minor swing of at least 22 ticks. If the minor swing nears 39 ticks, traders should prepare to take profits as the odds of the trend continuing decreases rapidly. The Swing Vibration studies may be made just for bull or bear swings. They may also be sorted by either corrections in a bull or bear market or trend swings in a bull or bear market. Figure-4 shows the results of only considering the minor corrections in a bull market. A swing file was made on a daily chart for bonds with swings that made at least a 1% change in price or more (chart not shown). Only the minor corrections against the bull trend were analyzed.



A phenomenal 83% of the counter-trend swings in bull markets were made in the range of 1.05 to 2.12. With this information at hand, traders know that minor counter-trend swings in bull markets made a price range of at least 1.05 and few extended beyond 2.12. If a counter-trend swing approaches a range of 2.12, the odds are very great that the minor counter-trend is near completion. The same type of study may be done for trend swings in a bull market as well as counter-trend and trend swings in a bear market.

Anniversary Day and Swing Vibration statistical studies are just two simple approaches to gathering relevant information that can be put to practical use by traders to make trading decisions. The key ideas are relevant and practical. Is the information relevant to your trading objectives? Does it provide you with key information that will help you to make a more informed trading decision? Is the information practical? In other words, is there a simple way it can be applied to making a definite trading decision?

The information given by these two studies can be made by the trader entering the input data into a spreadsheet and designing the spread sheet to make the calculations or by using the Dynamic Trader program which automatically makes all of the calculations from a swing file of any degree. However you choose to output the information, I'm sure you will find it a valuable addition to your technical analysis approach.

Robert Miner has just released version 2 of Dynamic Trader that was used to illustrate this article. For more information about Dynamic Trader or Robert's recently released book, Dynamic Trading, visit the Web site at [www.dynamictraders.com](http://www.dynamictraders.com). Dynamic Traders Group, Inc., 520-797-3668. (Fax) 520-797-2045.

# The Cycle of Time III

By Eric Hadik

**A**lmost 7 years ago, this trilogy began with an article explaining the foundation of the Cycle of Time. It was used to project a sharp rally to new all-time highs in Bonds (then trading around 97-00). Bonds rallied to 122-06 over the next 16 months.

In September 1995, the second installment was written and projected an immediate deterioration in the Middle East peace prospects. This was expected to escalate into 1998, at which point at least one dramatic event was/is anticipated. Six weeks after that report was published and sent, Yitzhak Rabin was assassinated and the 'peace process' has never been the same.

This report also conveyed my beliefs that 1998 would represent the most likely time for a transition (by overthrow or some other means) of governments in Egypt and Saudi Arabia. It now appears that an accelerating shift in thinking and attitudes may be the means by which Egypt and Saudi Arabia slowly turn against the West.

So, is it any surprise that attacks on Egyptian tourists, for the express purpose of destabilizing the moderate Egyptian government as well as avenging US convictions of terrorists, escalated as we entered 1998?

...Or that Saudi Arabia and every surrounding country would not allow the US to contemplate using their air bases to launch strikes against Iraq?

Before the first stage of the Persian Gulf War, Saudi Arabia was not allowed to buy numerous hi-tech weapons from the U.S. In 1990/91, they were not only allowed but were chosen to house the most advanced and top-secret aircraft of that time -- the Stealth Bomber.

But, memories are convenient and an imminent threat by Saddam Hussein is no longer sensed by his neighbors. Thus, it is time to re-focus each nation's attention back on Israel as was the case before Saddam's attack.

The basis for the Cycle of Time comes from Biblical mathematics. Within the Bible, two specific numbers represent varying forms of 'completion'. Most people easily recognize the first, the number 7. This number represents 'completion' from an earthly/human standpoint.

Everything from the days of creation and the days of our week, to its numerous applications in prophecy, reinforce the importance of the number 7.

The second number of completion is not as easily recognized -- it is the number 12. Throughout the Bible and the natural world, the number 12 represents completion from a heavenly/ celestial standpoint.

From the 12 sons of Israel to the 12 Disciples of Christ, which represent the Old and New Testament leaders and heavenly elders, Biblical mathematics confirm 12 as the number of heavenly completion. The 12 months of the year, based on heavenly bodies, and the 12 divisions of the stars/constellations also testify to this principle.

Numbers of measurement within our own culture reinforce this principle (inches in a foot, items in a dozen, dozens in a gross, etc.) and traders, analysts and mathematicians from Fibonacci to Gann recognize the significance of the number 144 -- 12 times 12.

The numbers 7 & 12 join to represent complete completion.... or a two-dimensional type of completion encompassing terrestrial and celestial completion. The combination of these two numbers reveals another critical number -- the number 19. The name I have chosen for this cycle -- the "Cycle of Time" is due to its many applications in time, as we observe it.

The number 19's application to time and geometry supports the theory that this is a crucial cycle. To begin with, the square root of 360 (rounded off) is 19. 19 squared is 361. This is consistent with Gann/geometric time theory and Hamilton Bolton's squared number theory and is expounded on later. This means that the square root of a circle's degrees, or a year's days, rounds off to 19. Therefore, 19-19 day cycles is essentially a year.

Also 19-19 week cycles is 7 years, a key Biblical and natural cycle. 19 months is 81 weeks (the 2nd multiple of the "Lost Cycle"). 19 years is also a complete Lunar cycle. So, the number 19 plays an integral part in various natural time cycles.

With the Golden Ratio applied, 19 weeks = .382 of a year and 19 months = 1.618 years. These numbers (7, 12 +19) are linked by the Golden Ratio (.618/1.618) and form a unique summation series that applies directly to time. Other relationships to time contribute to this same summation series. There are 7 months in the year with 31 days...and 5 without. .618 (rounded to nearest whole) of the months of the year have 31 days. .618 of 31 = 19. Therefore, a month proportioned by the Golden Section = 12 days and 19 days. A year proportioned likewise = 5 months and 7 months (when rounded off to the nearest whole numbers).

The following summation series, where each subsequent number is the sum of the two preceding it, builds on this three-number sequence and reveals several additional important numbers:

(5), 7, 12, 19, 31, 50, 81, 131, 212, 343...

All summation series ultimately introduce the Golden Ratio between subsequent components as the series progresses. So, by the time you hit the 6th or 7th number in any summation series, the ratio between each successive factor is 1.618/.618, depending on whether you are comparing the greater to the lesser or vice versa.

But this may be the most unique summation series in existence. In addition to applying so closely to time and measurements, it also comprises the original Fibonacci Summation Series several times within it.. Look closely at the series again...

7, 12, 19, 31, 50, 81, 131, 212, 343, 555, 898

It is the original Fibonacci Summation Series--(0, 1, 1, 2, 3, 5, 8, 13, 21, 34, 55, 89...)--contained within the "Cycle of Time" series.

Now, look again at the numerals not originally highlighted (starting with 50 and carried further)...

50, 81, 131, 212, 343, 555, 898, 1453, 2351, 3804

The Fibonacci Summation Series again unfolds --initially as the last numeral and then as the outer numerals. So, hidden within the "Cycle of Time" Summation Series is the Fibonacci Summation Series in several areas.

In addition to beginning with 7, this series closely relates to exponential multiples of 7...  $7 = 7 \times 1$ ,  $50 = 7 \times 7$  (with 1 point error), and  $343 = 7 \times 7 \times 7$ . If you consider the Biblical/Jewish principle of a Jubilee year, 50 also fits perfectly...and is an additional example of a time

period within this series.

The fact that 1997-98 & 1998-99 are the completion of a Sabbath of Sabbaths (49 & 50 years) since both the statehood of Israel in May 1948 and the start of the DJIA bull market in 1949 tie these series in even closer (see accompanying INSIIDE Track quotes from February & March 1998). "7 YEARS OF PLENTY..."

It is fascinating that the final 15 years of a 360-year cycle, which commenced at the collapse of the Tulip Bulb Mania, would see the most parabolic move of the entire 360-year bull market. This conforms to previously described cycle theory which states that 90% of the move often takes place in the final 10% of time (the 90/10 rule).

Since the high in 1961 was 741/DJIA, this means that investments went from 0-741 in the first 90% of the cycle (from 1637--1961, a 324-year period from the depths of despair to a growing sense of optimism). In the final 10% of this 360-year cycle, or the last 36 years, the market exceeded this top by better than 1,000%.

10% of the move took 90% of the time to evolve and 90% of the move took only 10% of the time to unfold.

There is another cycle that is now reaching fruition. It is Biblically derived, dating back to early Jewish history and Mosaic law, but is also Gann-related...

"Count off seven Sabbaths of years -- seven times seven years -- so that the seven Sabbaths of years amount to a period of forty-nine years. Then have the trumpet sounded everywhere on the tenth day of the seventh month; on the Day of Atonement sound the trumpet throughout your land.

Consecrate the fiftieth year and proclaim liberty throughout the land to all its inhabitants... The fiftieth year shall be a jubilee for you; each one of you is to return to his family property and each to his own clan.

The fiftieth year shall be a jubilee for you; do not sow and do not reap what grows of itself or harvest the untended vines... In this Year of Jubilee everyone is to return to his own property..." Leviticus 25:8-11, 13\*\*

In August 1949 (the latter portion of the Jewish year of 5709), the market began a 7 year bull run, eclipsing all previous moves since before the Great Depression. This followed a 7-year low-low cycle from 1942 and a devastating 3-year bear market between 1946--1949. It also began a 49-year run that culminates in 1997/98.

This 49-year period, 7 Sabbaths of 7 years each, began with a 7-year euphoria and is concluding with a 7-year euphoria? The 49th-50th years, back to back Sabbaths when reaping was not allowed, would equate to 1997-98 and 1998-99. It may be a stretch, but will investors be reaping profits during this period?" (INSIIDE Track -- February 1998

"7 YEARS OF PLENTY... NOW WHAT? Last month, I discussed several cycles and how they led to the conclusion that 1997 should be the year that will be recognized as the high in the DJIA in years to come... when judged from a closing basis...

I also touched on a Biblical cycle, which is distinctly Gann-related due to its emphasis on the number 7 and the squaring of this number of 'completion'. It involved the Biblical principle of Sabbaths & Sabbaths of Sabbaths (in years, not days). The 49th and 50th years from the beginning of a major cycle are time frames to watch for notable changes, whether market or political.

...1998 & 1999 are the 49th/50th years from the beginning of the current market cycle. It started with a 7-year dynamic rally akin to the 7-year rally that began in Oct. 1990 (or Jan. 1991, when the move really broke out to the upside)...

1949--1956 were the years which catapulted this bull market to a new plateau and also the period when the 1929 highs were finally exceeded...This is just one of the reasons I place so much emphasis on the 1949-'56 bull market and why 1998 should see the culmination of this 'Sabbath of Sabbaths'.

...1997-98 and 1998-99 (based on the Jewish years beginning in October of the preceding year, i.e. 10/97-10/98) are the culmination of similar cycles since Israel became a nation and the first attack against her was launched by her Arab neighbors. Middle East tensions entered a bull market at that point and should reach at least one crescendo in the next 20 months.

As I originally explained in my 1995 Report "The Cycle of Time II" (and have since addressed in diverse cyclic discussions), one convincing way to judge the accuracy of a cycle is to identify the mid-point and see if similar events took place. If so, these events and the period between them add reinforcement to the scenario of like-events taking place at an equidistant cycle in the future.

...the period from 1948--1998 can be subdivided into two halves with 1973 as the mid-point. 1973 represented the top of the stock market (preceding a 2-year, 40+% decline), and a surprise Arab attack on Israel on Yom Kippur. Other events surrounding 1973 included the demise of a US President, the beginning of an explosive bull market in Gold (following a substantial price decline in 1969--1972, much like recent action) and the start of a multi-decade escalation of crude oil prices. Could 1998--1999 be similar? (INSIIDE Track -- March 1998)

There are many additional reasons linked to this cycle why 1998, and particularly May 1998, is so critical to our markets and to Israel & the Middle East. (October 1998 is second only to May 1998 in importance.)

Before I add to this analysis, however, it is important to review another significant excerpt from the 1995 Cycle of Time II. This report explained why 1998 should begin true Middle East troubles that are likely to extend into 2005 A.D. The association with Israel is recounted in the accompanying sidebar "Israel & the Cycle Of Time". Once you have read through this 11/2 page reprint, consider the following:

October 1996 was the end of the Jewish year 5757. This year completed another cycle of 19 (5757 divides evenly by 19) since the inception of Jewish dating and ushered in a new 19 year period. This cycle lasts until 5776 and is expected to see unprecedented events in the Middle East and Israel in particular.

May 1998 = the 19th month of this new Jewish Cycle (since the start of 5757 in October 1996).

For students of numbers & readers familiar with Hamilton Bolton's theory about squares of numbers and their importance, October 1996 ushered in one of the most important 19-year cycles in Jewish history. Why? Follow me...

$5757 / 19 = 303$ . October 1996 completed the 303rd Cycle of Time (19 year period) for Israel and began the 304th cycle, which will culminate in the year 5776 (October 2014--2015).

$304 / 19 = 16$ . Not only is this cycle divisible by 19, it is also divisible by 192, or 361. The period from 5757--5776 is the culmination of two levels of Cycle of Time revolutions. It is also an interesting multiple of squared numbers since both 16 and 361, which multiplied together equal 5776, are square numbers of 4 and 19, respectively.

Since this is taking the study of numbers to a somewhat esoteric degree, and since I may have lost some readers who are frantically reading and rereading the previous paragraphs, I will take this no farther at the present, but I will expound on the importance of 361 on page 6.

In addition to being the 19th month of this 19th cycle of 19-year cycles, May 1998 also is the 7th month of the Jewish civil year of 5758.

The 7th month of the sacred year, which is just beginning now (March/April 1998), spans September/ October 1998, the next critical cycle in both the markets and the Middle East (due primarily to other cycles).

For a better appreciation of this time frame, see the reference to Leviticus 25:8-13 in the Sabbath quote on page 3. The 10th day of the 7th month will equal September 30, 1998, when the command was given to blow the trumpets. Trumpets were used for important reasons in Israel's culture, one being a battle-cry.

This coming Yom Kippur (the 10th day of the 7th month) is also the 25th anniversary of the 1973 Arab surprise attack on Israel that occurred on one of their highest Holy Days.

As discussed elsewhere, the 1973 attack was also the 25th anniversary of the statehood of Israel in 1948, so two equidistant 25 year cycles culminate in 1998, in either May or September/October (May 1948/October 1973/May or October 1998... 25 year cycle).

I could spend hours discussing the subtle nuances and derivations of this time period in Israel, but that is only part of the purpose for this report. Readers who want to learn more about the importance of the year 1998 should contact me to learn about a couple very intriguing books that reinforce my theory.

You might be wondering what impact Israel will have on the markets. That all depends on whether you lend much credence to Biblical history and prophecies. If not, why not consider a couple other aspects of this important Cycle of Time? What may be the most universal threat to the computerized culture also has a Cycle of Time impact next month...

May 1998 = 19 months before the Y2K implosion. It begins the final 19 months of the decade, the final 19 months of the century and the final 19 months of the millennium as well. And, what single number is the root of the entire problem that could bring down Western society in a moment (that moment being the first second of the next millennium)?

...The number 19 The omission of this critical number in the original computer programs is the cause of what will transpire over the next 19+ months.

This coming Cycle of Time (May 1998-December 31, 1999) will be the most momentous period that investors of this era are likely to ever see. And it all ties into the number 19. Are you prepared?

#### ISRAEL AND THE CYCLE OF TIME (Written September 1995)

If the cycle of 19 is truly a Biblical (related) cycle, it follows suit that it should have a continual impact on Israel. Since a lunar cycle is 19 years -- and the entire Jewish calendar is based on lunar activity -- 19 years should be particularly important to Israel. Each month & every festival in the Jewish calendar are based on the New Moon.

The last century has proven that the "Cycle of Time" certainly has had -- and is likely to have -- a profound impact on the Jewish nation. To be consistent, it should be remembered that each Jewish civil year begins in the September/October period of our year and ends at the same time the following year. Consider the following...

1896-1898 marked the early stages of the revitalization of Zionism, the publication of "The Jewish State" (Der Judenstat) and the First Zionist Congress in Basel, Switzerland.

In 1917, 19 years later, in the latter stages of World War I -- General Edmund Allenby marched into Jerusalem, freeing the city from the Turks exactly 400 years after the original occupation.

In 1948, 31 years after the freedom of Jerusalem in 1917, (31 = 1.618 x 19) and 50 years from 1898 (50 = 2.618 x 19 and the Year of Jubilee), Israel declared her independence and again became a nation.

In 1967, 19 years from the declaration of independence in Israel in 1948 and 50 years from the freedom of Jerusalem in 1917, Israel fought a major war and saw its territory expanded for the first time. [4/07/98 NOTE: 1967 was almost exactly 19 centuries from 70 A.D., when Jerusalem was sacked by Rome.

In 1979, 12 years after the Six Days War (12 =  $.618 \times 19$ ) in 1967, 31 years after the establishment of Israel as a nation in 1948, and 57 years (3 x 19) from 1922 -- when the British gained administration over Palestine, granted by The League of Nations, three events occurred which will continue to shape the future of Israel into the next century...

#1 -- The signing of the Camp David peace accord between Israel and Egypt.

#2 -- The rise to power of Saddam Hussein in Iraq (Babylon)...and...

#3 -- The culmination of the overthrow of a pro-Western Iranian (Persian) government (the Shah) and the American hostage taking.

Though it may not be immediately apparent, these three events will affect Israel over the next 10 years. This is particularly true following the recent Iran/Iraq pact of nonaggression and the numerous Russian (Gog)/Iranian agreements being forged against the will of the Clinton Administration.

The Administration's continual sanctions against Iran further solidified the anti-Western sentiment that has pushed Iran and Iraq into a "common-enemy" friendship targeted against Israel and the U.S. This was just one of many events uniting the Arab (and Persian) world and serving as a precursor to 1998. But this is not where it ends...

1991 witnessed another event leading to this uniting of "strange bedfellows" ...Iran and Iraq.

In 1991 -- 12 years from the 1979 trio of events, 19 years from the devastating 1972 Olympics -- where Israeli athletes were murdered and 50 years from the start of US involvement in WWII -- which led to Israel's freedom 7 years later -- the American-led coalition attacked Iraq. Iraq immediately used this event as an excuse to bomb Israel in the hopes of uniting the Arab world...but Saddam Hussein's timing was off -- he was 7 years early. [4/07/98 NOTE: Remember, this comment was written in 1995, before any of the recent victories by Saddam Hussein in 1998.]

The 39 days of bombing (which fell 1 day short of the Biblical 40 days - failing to complete the job) heightened the "bully" image of the US in Arab eyes. It allowed for the transfer of high-tech weaponry to countries like Saudi Arabia, previously denied access due to their threat to Israel. This threat still exists and will increase if the monarchy is overthrown in Saudi Arabia. Egypt is also at great risk - and under continual attack - from Muslim extremists. All these events point to two future dates which should have a dramatic impact on Israel, the Middle East and the world via escalating oil prices, etc.

1998 is 7 years from the Persian Gulf War in 1991 ( $.382 \times 19$ ), 19 years from the trio of events in 1979, 31 years from the Six Days War in 1967, 50 years (and a type of Jubilee\*) from the Israeli independence in 1948, 57 years (3 x 19) from the start of WWII, 76 years (4 x 19) from the British mandate over Palestine in 1922, 81 years from the freedom of Jerusalem in 1917 and 100 years (2 Jubilees) from 1898. All of these cycles are related to the "Cycle of Time" by the Golden Ratio (1.618)...and the "Cycle of Time" Summation Series ("COTSS").

When validating cycles like the "Cycle of 19", it is always important to monitor the midpoint for confirming events. In 1988 -- 9 1/2 years from the earliest 1979 event, Iran and Iraq declared a cease-fire in their multi-year conflict. This was one-half of a 19 year lunar cycle and projected another uniting event 9 1/2 years in the future --1998.

Of additional cyclic interest is that the freeing of Jerusalem in 1917 occurred on the 400th

anniversary of the Turks siege of Jerusalem in 1517. 80 Jewish years later -- in late-1997/1998 -- Israel should witness more dramatic events. This would be 12 times the Biblical cycle of 40 years from the original occupation.

The second date of significance is... 2005. 2005 is 7 years from 1998, 31 years from the Arab oil embargo and the Yom Kippur War in 1973-74, 38 years (2 x 19) from the Six Days War in 1967, and 57 years (3 x 19) from Israeli independence in 1948. 2005 is also 513 years (27 x 19 or 3 x 3 x 3 x 19 and may be the true "civilization cycle" as opposed to 510 years) from the founding of the "New World"...perhaps a true "New World Order" will arise.

Since America is so closely allied to Israel...and the majority of the Arab world holds both in great contempt -- it follows that to some degree "as goes Israel -- so goes America". By this I mean that any attack/embargo/terrorism aimed at Israel could also be aimed at the U.S... OR... will spur a reaction by America, drawing her into the fray.

This could be viewed from a human perspective as a dangerous alliance or from a Biblical perspective as a blessed one... "And I will make of thee a great nation, and I will bless thee,...and thou shalt be a blessing. And I will bless them that bless thee and curse them that curseth thee: and in thee shall all the families of the earth be blessed." Genesis 12:2+3

One market perspective involves the effect that a Middle-East war would have on energy, currency and precious metals prices. "The Cycle of Time" points to 1998 as a major convergence of cycles related to Israel and the Middle East... One additional thought-provoking point... Considering the importance of threes and the significance of factors that make up a number, 1998 is an interesting year...and an interesting number. Think about it!

The 361st Degree There is another point that needs to be made with respect to the Cycle of Time. The reason that a circle does not perfectly divide by 19 is meaningful.

An event or a market does not truly come 'full-circle' until it has begun a subsequent cycle. In other words, it is the 361st degree of a circle - or the 1st degree of a subsequent circle or cycle - that is the most important. The 360th degree merely completes the first cycle. The 361st begins an entire new one.

This is important when applied to some of the most notable market and earth cycles previously described. Consider the following:

1998 is the 361st year since the collapse of Tulip Bulb Mania in 1637. If any time is poised for the beginning of a new collapse, it is 1998-1999 (reinforcing the Sabbath quotes again).

1998 also ushered in the next cycle of 360 months since both the 1907 and 1937 DJIA collapses. These new cycles of 360 months could begin with a bang, particularly the first 19 months, which extend through July 1999.

1979 Revisited (or Relived?)... Getting back to a single 19-year cycle, the following applications are equally noteworthy. 1998/99 is 19 years since 1979/80.

1979--1980 is the period that included the Iranian hostage crisis, rise of Saddam Hussein, the Camp David peace accord & the final aggressive move of the Soviet Empire... the invasion of Afghanistan. Iran, Iraq, Egypt and Russia have been uniting in recent years. The December '97 Iranian-based conference of Islamic leaders, the first time that many Middle East leaders set foot in Iran since 1979, accelerated the cohesiveness that has been growing since the early-1990's. 1998 is a full Cycle of Time in the Middle East.

1998 is also 19 years since the much acclaimed Camp David peace accord. Over the last 12 months, Hosni Mubarak has taken a much more antagonistic stance towards Israel. It should be obvious to even the most passive observer that relations are rapidly deteriorating between Israel and Egypt and Mubarak is taking a leading role in pushing for more power for

# An Ancient School in Modern Times

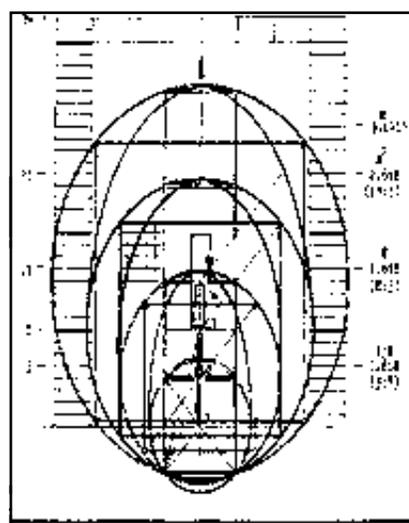
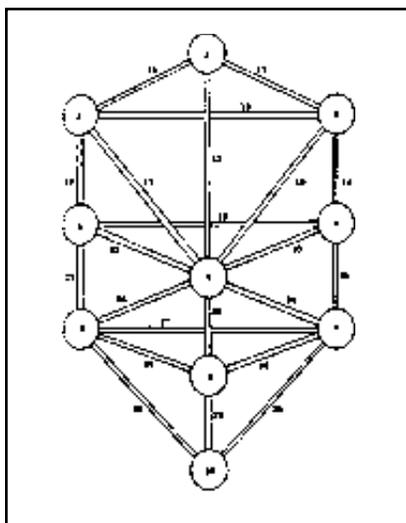
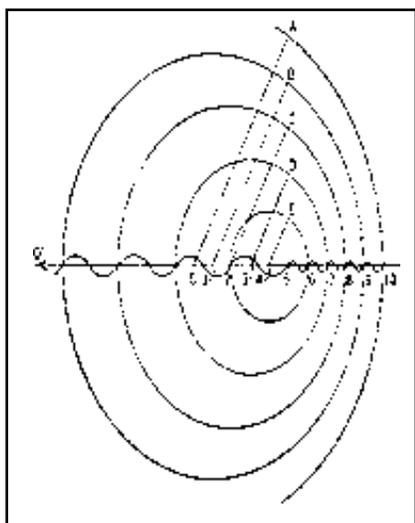
By G.R.

Not long ago there was a school in Los Angeles, Calif., called the "Investment Centre," that taught technical trading to its students utilizing the symbolic laws found in nature. Dr. Jerome Baumring was its teacher. The goal of the Investment Centre was to teach its students how to forecast a market move in both time and price. Like many of us, it attempted to integrate the rules and methods employed by W. D. Gann into its own trading methodology. As will be discussed shortly, the Investment Centre used unconventional teaching methods to convey its knowledge to its students.

Many seekers of market truth have stumbled across the remnants of the Investor Center in one manner or another. It's possible they saw its name in one of the many reprint books it used to publish from its extensive library. It's more probable, though, that they heard about it from one of its former students who are now either traders, computer trading programmers, market letter writers or publishers of market literature. No matter what the source may have been, many of these seekers have sought additional information about this school. What did this school teach? What were its teaching methods? What books did Dr. Baumring consider important for its students to study in order for them to understand his lectures? A recent inquirer suggested that I write an article about this school for your magazine. After reflecting upon this request, I finally decided to write this story about it.

Hi, I am G.R.. I was Dr. Baumring's teaching assistant at his seminars. The following story is about the Investment Centre, its teacher Dr. Jerome Baumring, and my personal involvement with both of them.

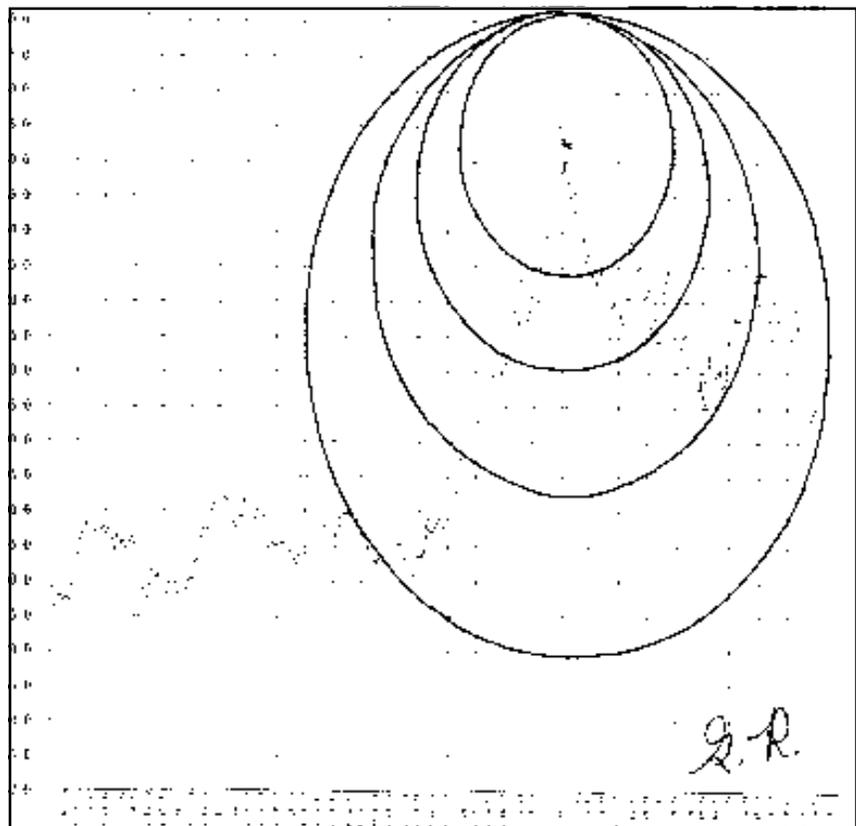
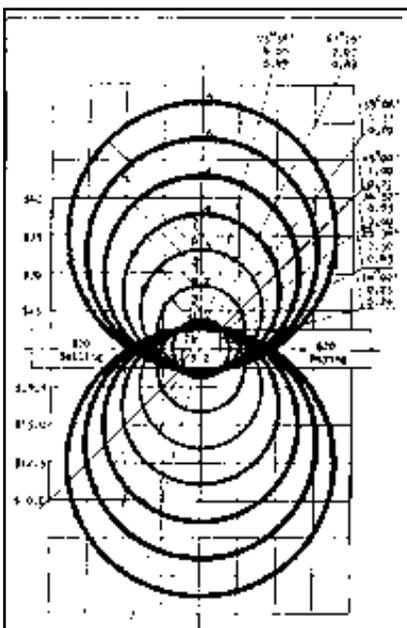
In order to graduate from this school, each student was required to attend twelve public seminars. Each of these seminars lasted over an entire weekend. Each seminar cost \$750.00. We called each of the seminars Gann 1, Gann 2, Gann 3 etc. There were four seminar groups in total. The same seminar group would meet every fourth month. There were between twenty to fifty students in each group. Before each seminar, a notebook was given to each of the



students containing excerpts from books in Dr. Baumring's library about a variety of subject matters. These topics covered a wide range of subject matter with which the student was requested to study. Dr. Baumring considered this extremely important. This would provide the students additional information to understand the concepts being taught at the seminars. Anyone interested in finding out what topics each of these notebooks contained can look at the web site [www.cet.com/~sadacorp](http://www.cet.com/~sadacorp). To assist the student's awareness in these subject matters, a recommended reading list of books was also given with the notebooks. Many of these recommended reading books were reprints from some extremely rare and hard to find books. These reprints were made available to the students by the Investment Centre. If the demand warrants it, I will attempt to find a way to make them available to your readers again.

In addition to the seminars, Dr. Baumring gave private lessons. They too were given in a series of lectures over time. There were about twenty "private students" in total. I was also a private student. The cost of becoming a private student was originally \$25,000.00 and later on it became \$35,000.00. For the most part, the private students were taught the same concepts and applications that were taught at the public seminars. However, the principles taught to the private students were in greater detail.

The Investment Centre started as a used book store in the late fifties. Donald Mack was its owner. He had collected a extensive amount of rare stock market books. Dr. Baumring also had accumulated a vast library of scientific, metaphysical and market literature. Dr. Baumring met Don in the late seventies. Dr. Baumring came to Don asking if he knew how Gann used his words in his books and courses in making his market forecasts. Dr. Baumring always thought that the same words could convey different interpretations to different people depending upon their preparatory training and mental makeup. Could there be different layers of applications in his rules and trading methods as they pertain to the markets depending upon the reader's



mental makeup and preparatory knowledge? It seems like this statement must be answered in the affirmative because very few of us actually use any of his rules in our trading strategies. Those of us that attempt to integrate Gann's trading methods into our own trading strategies fail to utilize all of his rules contrary to his instructions. His methods are probably the most misunderstood of all of the traders that we try to analyze. Yet to many of us, his trading methods are the most intriguing . But why is this so? Has the following thought ever occurred to you? In order to apply natural law to our chart patterns, is it possible that the information that we need to derive and assimilate from our chart patterns is not visually accessible from the perspective of a casual chart reader? Using our visual sight alone may mislead us unless we are able to grasp the fundamental mechanics of natural law. (See my prior articles in the Traders World Winter 1997 and Fall 1996 issues). Increasing our mental awareness of this fact may help us to integrate the various natural laws into our chart patterns. If we can accomplish this task, we should be able to initiate ourselves with some completely new trading methods utilizing Gann's trading methodology! After all, the foundation of Gann's trading methodology is based upon natural law as Gann stated in his Ticker Interview of 1909. He states, "This led me to conclude that natural law was the basis of market movements." As Dr. Baumring would state, "What do the words "natural law" mean and how is it applied to the markets? If this is the basis of his market movements, I think this is an appropriate question. Integrating the symbolic forms found in our natural laws will assist us tremendously in comprehending how Gann applied his Natural Law and Law of Vibration to the markets.

If this thought process is correct about approaching market behavior in this manner, we should be able to make better market forecasts in both price and time. Dr. Baumring thought that this process would empower him to teach his students with the necessary preparatory training skills to reach this level of thought process or awareness. This thought process, or what his students labeled it as the process," created the goals of the Investment Centre and gave birth to its school.

"From old Egypt have come the fundamental esoteric and occult teachings... If their teachings were written down at all, its meanings were veiled." (The Kybalion by the Three Initiates (1930)). Almost everything the ancients taught were in symbolic form. This statement is self-evident. Since the teaching methods employed by the Investment Centre were similar to these ancient schools, I consider the Investment Centre as an ancient school in modern times.

Since the concepts of the school were taught in symbolic form, different interpretations could be derived from his lectures depending upon the student's preparatory training and mental makeup. The same lesson taught by Dr. Baumring could be developed into more than one trading technique. The concepts of his lectures taught the fundamental teachings of natural law. For the most part, he strived to give to the students the working principles of each natural law phenomena discussed at his seminars, leaving you the opportunity to apply those applications to the markets yourselves. As he told me many times, "I will show you the correct path. However, I will not do your walking for you." Therefore, it is my opinion that there is still a massive amount of knowledge to be gleaned from the symbolic forms taught by him. Because he taught in this manner, many students were unable to comprehend his lectures. Failing to comprehend this fact would make it very difficult for anyone to assimilate what his teachings were designed to accomplish. Dr. Baumring was a very gifted speaker. He was mesmerizing when he spoke. His lectures were very stimulating. The topics that he chose to discuss were so out of the ordinary that you knew deep down inside yourself that he had a great message to convey. His lectures not only taught the application of natural law to the markets, they also gave you a new prospectus on life itself.

What did Dr. Baumring teach? What were the teaching methods he employed to convey the meanings of his subject matter material to its students?

Dr. Baumring integrated a very wide range of subject matters together. Although he had access to many kinds of market literature through the Investment Centre, he used primarily some of the older and rarer classical material written between the years of the 1880's through the 1950's. I believe the reason behind this decision was that when people of those times were educated they viewed the principles found in our natural sciences differently than today. The basic premises behind the behavior of the form being analyzed were emphasized. There was less material in each section to study. Because of this fact, they studied the other basic premises of the natural sciences in greater unity than we do today. To prove this reasoning to yourself, all you have to do is to look at the older science text books. They were titled "Natural Philosophy." The title alone supports this conclusion. Having learned the laws and principles of the natural sciences in their simplicities, it would have been easier for them to truly understand the "essence" or "process" behind the principle. These principles overlap each other because all physical matter share a common characteristic. All matter is energy. All energy is constant. The same laws, principles, and characteristics apply to each unit, or combination of units of activity in its plane. There are many other reference sources you can use to draw this conclusion yourself. Older metaphysical books explains this process in great detail. Unlike the modern metaphysical textbooks, you can see the total integration of these laws in the older writings. With these types of educational backgrounds, more market technicians discovered trading techniques utilizing this thought process. To give you an example of what I mean, the following is an example of the same thought process that I learned and taught at the Investment Centre.

Dr. Baumring use to display the following two diagrams on the overhead projector and make comments about them in his lectures. These diagrams were shown to the students several times over the course of his lectures. These two diagrams below can be found in William Garrett's book titled Torque Analysis. But he never showed how they could be used to predict turning points in the markets. The key to understanding their application to chart patterns rests with our understanding of natural law as it applies to both the physical and mental planes of manifestation. See my prior articles in Trader's World past issues for a further discussion on these points. These diagrams display cyclical fields of force or energy. All is energy. These fields of force display the quantum jumps of electrons in their shell orbits. This is natural law found in our science of physics. Our minds obey this law through the law of correspondence or through the doctrines of evolution and involution. Each plane of manifestation contains its own frequency band. This is how we distinguish one plane of manifestation from another. Energy frequencies found in one plane will radiate their energy into the other planes causing all objects tuned into those frequencies to vibrate. This includes our subconscious part of our minds.

This is in total agreement with our physical and metaphysical laws. Therefore, we should be able to apply these laws to our chart patterns since chart patterns are really nothing more than our total mental thoughts which are electrical in nature. Having said this, let's apply these diagrams to the following chart patterns.

There is more here to analyze than meets the eye. The representation of these diagrams overlap other principles found in our natural sciences. These diagrams also can represent compression waves. Compression waves are found in all types of phenomena such as the sound made from a moving object. This is commonly known as the "Doppler effect." See Figure 1.

Doppler effect - The effects upon the apparent frequency of a wave train produced (1) by motion of the source toward or away from the stationary observer, and (2) by motion of the

observer toward or from the stationary source; the motion in each case being with reference to the supposedly stationary medium. Therefore, it is easy to see that when the source moves, the waves are crowded together on the side toward which it moves, and are more widely separated on the opposite side, thus producing, respectively, an apparent increase and apparent decrease in frequency. This effect applies to sound, light and other mediums that register themselves upon our senses including the thought process of the mind. Nothing is exempt from the natural law process.

A moving planet and its magnetic field displays the same characteristics as the diagram above illustrates. The Earth's magnetic field is compressed more on one side of it than the other. Most astronomy books will display this same effect on the planets magnetic field. This is another example of the similarity of natural law from objects moving through space. In fact, some theories claim that all matter is allowed to be formed in the first place because of two opposite compression or pressure forces acting on a single point from two or more sides.

All matter creates compression waves as it travels through a different medium other than its own. As we study natural law, we start to begin to see the unity of natural law as it is displayed throughout our universe. It applies to both of our seen and unseen worlds. The ancient symbol of the Star of David with its two interlaced triangles conveys this message. This concept of unity between all things and ideas is what Dr. Baumring sought to teach his students. He gave several examples utilizing diagrams and explanations from a variety of subject matter found in both of our natural and metaphysical sciences. His attempt to integrate these principles and ideas allowed his students the opportunity to discover the method of uncovering the unity found in the universe. Finding this unity would allow the student to integrate many of these laws to our chart patterns to predict turning points in both price and time. A deeper understanding of this methodology would hopefully allow the students to make market forecasts in advance. Once this process was understood, the insights and knowledge needed to interpret Gann's rules and trading methods at his own level might come to pass. In a nutshell, this is what the Investment Centre was all about. It attempted to show and explain that the principles in natural law was universal and is expressed in all things including the markets.

For example, on February 4, 1997, physicist Andrew Strominger announced a theory that linked black holes with tiny strings of matter. This theory possibly explains a critical step in how the universe is put together. Strominger found a perfect mathematical fit between strings and physicist Stephen Hawking's astonishing discovery that black holes radiate heat. The connection brought physicists closer to an over arching theory that could explain everything in the universe. According to string theory, the fundamental building blocks of the universe are not particles or forces but tiny loops that vibrate in ten dimensions. Is Strominger really the first person to hypothecate this theory? It can be definitely debated that the basis of this theory has been put forth in other writings long before it appeared recently in this form.

The ancient Kabbalah has for many centuries taught the principle of Otz Chim, Hebrew for the Tree of Life. See Figure 2.

The Tree of Life is no tree at all, but rather a pictograph. It is a representation of the spiritual nature of both the universe and man by the use of a combination of symbols. It consists of ten circles, or centers, such a center having the Hebrew name of Sefirah. Learned Rabbis have stated that the Sephiroth are ten holy emanations, meaning that each Sefirah emanates from the one above it, the topmost being the first emanation. Understanding this concept becomes the doorway to the void itself. Many books on the Gann reading list deal with this subject matter. Understanding how the parts and the whole work together is the key to understanding the deeper meanings and applications of Gann's trading rules. Gann's esoteric side of his teachings and the

Investment Centre's teaching methodology sought to teach everyone this unity of the working mechanics and integration of the laws of the physical and metaphysical sciences.

Time does not permit me to go into many of the concepts that Dr. Baumring taught at the school. Some of the more unusual applications he applied to the markets using natural law principles are as follows: 1) He would lay a string of DNA on top of a Wheat chart to predict turning points in it; 2) He would unfold various platonic solids to predict tops and bottoms in the chart patterns; 3) Patterns from various geometrical structures in the arts, structures, and paintings were also used to predict turning points; 4) Sacred geometry and lattice structures of various objects were delved into extensively. In this regard, he loved putting pictures or diagrams of some form or shape on the overhead projector. It could be anything. He would then let the students stare at it for awhile wondering why its form was projected on the screen in the first place. Then he would talk about it for several minutes before moving on to other subject matters. He left you wondering about the significance of the projected image. At some point later in time, you would see the same form or diagram again on the projector or in a recommended reading book. Dr. Baumring would then attack it from a new point of view. His discussions were mixed with analogies of scientific and metaphysical principles. His concepts and methods required lots of reflection and preparatory training. However, I never found it that difficult to understand his symbolic logic. It was easy for me to grasp onto the natural law behind the order of the symbolism and apply it to the markets. This was one of the reasons why I became his assistant at his seminars. One day I heard Dr. Baumring say that he needed an assistant to apply one or more of the symbolic forms of logic in his notebooks to the students at the seminars. He wanted to give the students a different perspective on what the underlying principle was displaying in the chart patterns. I told him that I could do it. I showed him an application of one of the principles from the notebook and the rest was history. This turned out to be my job at the seminars. At each seminar, I took one or more of the principles from one of the topics in the notebook and showed the class how it applied to a chart pattern. Because of the time constraints involved in learning this knowledge, the student was required to study the natural sciences in greater detail on their own. This extra work was necessary if the student wanted to comprehend the deeper meanings and applications of Gann's trading methodology. As I look back at the Investment Centre, I came to realize that it takes a greater background of knowledge to integrate those principles with Gann's trading methodology than what was taught at it. In this regard, I find some fault with the teaching methods demonstrated by my teacher. Yet at the same time, the basis of those principles were taught to us. I guess we hadn't yet developed the skills necessary to interpret his symbolic forms of teaching. However as I stated in my last article, "If you are a true student, you will be able to work out and apply these principles, if not, then you must develop yourself into one, for otherwise the teachings will be as words, words, words to you."

The Investment Centre has come and gone. The bookstore officially closed its doors in 1990. Don Mack moved to England. Dr. Jerome Baumring passed away in January, 1991. The library collection of each of its respectful owners was either sold, given away or thrown away. The books that were either sold or given away were allocated in various size allotments to used book stores, book collectors or its former students. Not much of the Investment Centre remains today except for the philosophy that it taught to its students.

A school's excellence and merit will be eventually measured in part by the degree society embraces its teachings and doctrines over time. Time itself requires that its messages be carried on by its own students. Therefore, a school's success can be determined by the community's acceptance of its teachings through its students. Your readers will probably recognize the

# Bullish & Best Groups and Stocks for 1998

By Grace K. Morris, M.A.

**M**orris is one of the few experts in the field of financial astrology who clearly saw the bull market of the '80s and '90s back in the '70s. At her financial workshop in 1979 - when inflation and interest rates were at an all-time high - she said that we would see interest rates in November 1984 begin to move down for the next 14 years. She also said inflation would change to deflation by the end of the same cycle. We are now at the end of that cycle in 1998 having experienced the great bull market. So what's does Morris see ahead in the next cycle?

We continue to be bullish on the stock market as the combination of low interest rates and no inflation should continue for the next few years. This allows us to concentrate our time and effort on choosing individual stocks that will outperform the market.

How do we pick stocks for the year? First, we look at which groups of stocks will most likely do well in the coming year. Then, we look at which individual stocks in those groups that should do well. Using the Astro Economics( method, we apply a combination of technical, fundamental and planetary cycle analysis. Using planetary cycle analysis, we utilize both the incorporation data and IPO (Initial Public Offering) data to set up a computer chart for the date, time and place of incorporation and for the first trade. These two charts give us information to determine the state of the company (the incorporation chart) and the stock price movement (the first trade chart).

In the January 1997 issue of our Astro Economics Stock Market Newsletter, we said " As Jupiter enters Aquarius to join Uranus, expansion will occur in technology, computers, cyberspace (the Internet), outer space, air space (airlines and travel on the Internet), the air waves (radio, television,....electronics)....". As Jupiter began moving from Aquarius into Pisces in February of 1998, airline stocks had soared, Westinghouse had become CBS and Disney stock doubled since purchase of ABC to name a few examples.

When we look back, it reminds us to stay focused on our group picks when we chose our individual stock picks for 1998. (Remember in April of 1996 when oil stocks as a group went from almost last place to their first place rating in Value Line in December 1997 as Saturn moved from Pisces into Aries.) Now that Jupiter has moved into Pisces, the most promising stocks will probably be in the chemical, medical, energy and pharmaceutical areas. These groups should move from bottom-of-the-list positions to front positions as oil stocks did. In particular, the chemical group that Value Line lists in three categories: basic, specialty and diversified, are ranked #68, #73, and #85 at the bottom of the timeliness list in March 1998. Just as we saw oil field services/equipment move from the bottom of the list in 1996 to its #1 rating December 1997, we should see chemicals, beverages, (soft #63 and alcoholic #42), petroleum (#49 and #72), shoe (#79), water utility (#82), tobacco (#62), drugstore and drugs (#44 & #20), medical services (#48), all begin to move to higher positions by the end of this year.

In 1997, Jupiter and Uranus in Aquarius expanded our awareness of 'digital' as laws were passed moving us from annotated TV to digital TV as a future goal. Business on the

Internet expanded, and new technology in computers and the medical field exploded. Microsoft, Cisco Systems and Dell Computers roared ahead and should continue to do well. With Jupiter in Pisces, Uranus and Neptune in Aquarius and Pluto in Sagittarius, technology will still be leading the way. When we add medical and pharmaceuticals in 1998, the biotech stocks will also have an edge.

New (Pisces) words for 1998: 'photonics' and 'fiber optics'. And newer companies such as Ciena Corp. and Lucent Technologies can be put on the 'Stocks to Watch' list.

In 1998, if groups like chemicals, pharmaceuticals, health care providers, medical equipment and supplies, food, beverage and tobacco, hospitals and biotech are favored, then some of the stocks that fit that profile are Abbott Labs, Anheuser Busch, DuPont, Kellogg, Medtronic, Merck, Philip Morris, Proctor & Gamble, Safeway, Tellabs and Union Carbide.

To begin the task of selecting individual stocks that will outperform the market in 1998, we look for companies' whose IPO and incorporation charts have multiple placements of planets in Pisces since Jupiter (expansion) is transiting Pisces in 1998.

For accurate data, call the Secretary of State, Division of Corporations, Dover, DE. (1-302-739-3073) for the date and time of incorporation of companies registered in that state, call state capitols for companies incorporated in their home state or the company's shareholder department. IPOs are listed in Barrons each week and Bill Meridian's book, Planetary Stock Trading lists 1000 first trade charts. (In my monthly Astro Economics( Stock Market Newsletter, I use both the first trade chart and the incorporation chart. If both indicate a winner in the year ahead, this is my choice. )

To speed up the search for the stocks use Jeanne Long's computer program, The Galactic Stock Trader. To search the entire 3,000 stock database, click on transiting Jupiter in one column and all the planets in next column. Then click in the time frame of your search using the calendar (example: Jan. 1, 1998 to Dec. 31, 1998). Then let the computer do the work.

You will have the exact dates that Jupiter will transit a particular placement in the chart and the name of the company you will want to study further for investment. (Example: Jupiter will conjoin Microsoft's IPO Sun on May 16, 1998 and again on Sept. 21, 1998.) You can also find the exact dates Saturn will create problems for a particular company. (Example: Saturn will oppose Nike, Inc's IPO Sun on Apr. 18, 1998.)

These are some of the results of our search for 1998. Transiting Jupiter in Pisces in 1998 will move across groups of planets in Pisces in these companies' first trade charts - Abbott Labs, Microsoft, Oracle Systems, Phillip Morris, Sun Microsystems and Union Carbide to name a few.

Grace K. Morris, M.A., a psychotherapist and timing/trends specialist, is president of Astro Economics, Inc., which publishes two newsletters. Astro Economics, Inc. sponsors the World Conference of Astro Economics, an annual event that features outstanding international speakers on the stock and commodities markets. The 11th annual conference is scheduled for April 1999 in Vancouver, BC, Canada. She can be reached at 1415 W. 22nd St., Tower Floor, Oak Brook, IL 60523, phone 1-630-684-2271, fax 1-708-425-7380 e-mail:astro@netwave.net, Website: www.astroeconomics.com.

# The Moon and the S&P 500

Dr. Hans Hannula, Ph.D., CTA, RIA

## Moon Tides

**T**here is absolutely no doubt that the Moon has a major influence on the S&P 500, especially during the trading day. This influence comes from a real, physical cause and effect relationship.

Everyone knows that the Moon has a strong effect on the oceans. It pulls the ocean waters into massive tides. On the average the Moon raises the entire ocean surface about six feet as the earth rotates. In a particular bay, the rise and fall may be far larger, due to the shape of the bay. In the Bay of Fundy, tides can rise 50 feet. So in ocean tides, there is an average level, and a "personalized" level for each bay.

The same thing applies to the effect of the Moon on markets. There is an average effect, and a "personalized effect." But what is it that is being tugged by the Moon? What links the Moon to the intraday price swings?

The link is through the earth's electric field. As the solar wind carries ionized particles from the sun, they form a charged layer around the earth, called the ionosphere. That layer charges up to about +300,000 volts. The earth's surface, upon which we stand, is the zero volt end of that battery. You, me, all of us, stand in that electric field. It places a voltage of about 250 volts on our heads. It causes a current of 250,000 nanoamperes to flow through us. Our brains work on currents near one nanoampere. So these external currents are much, much larger than our bio-currents. When these currents surge, we feel them as emotions. And when we feel emotional, we trade emotionally! So prices move up and down with tides in these currents. These tides can change 20 percent in a few hours.

The Moon is a major contributor to these tides in the earth's electric field. At new Moon, the Moon is between the earth and the sun. It traps charges, lowering the voltage on the ionosphere, and on us. We feel down and sad. At full Moon, the Moon reflects charges that have passed the earth back into the ionosphere, raising the voltage. We feel giddy and happy. We trade according to how we feel.

As the earth rotates, it moves the stock and commodity exchanges past the Moon every day. It moves them under the Moon, away from the Moon, and to Moonrise and Moonset positions. These four positions can be found in the intraday price actions of stocks and commodities.

Each stock or commodity has a different sensitivity to these electric tides. Just as the shape of a bay determines the response of the bay to the average tides, the nature of the market determines the response of the market to the Moon tides in the earth's electric field.

Learning to compute tides has taken mankind several hundred years. Only with the invention of the computer and intense mathematical modeling has the goal been reached. So it should come as no surprise that the Moon's electric tides have not been computed - until now. After many years of effort, I have learned to compute the Moon tides that effect the S&P 500. This is

a very difficult task, and one I am proud to have accomplished.

Unlike the ocean tides, there are TWO Moon tides, a positive one and a negative one. They are caused by the counter-rotating waves set up in the earth's electric field. So one never has a perfect picture of which way prices will go, just when they will turn.

This is what leads to chaos in markets. The two forces work against each other, as the buyers and the sellers compete. When these forces balance, prices congest. When one force wins a temporary advantage, prices move rapidly - we call that chaos. The S&P 500 is famous for its "streaks". It's built like the Bay of Fundy. Several examples will show just how powerful the Moon is in the S&P 500.

## Moon Tides on February 11-12th

Many doubt that the planets and the Moon affect markets. I don't because I watch them all the time with my Chaos Trader RT program. This program lets me draw, in advance, price support and resistance lines caused by the electric

fields associated with each body. Each line is color coded to indicate which planet with which it is associated. In these figures, however, the lines are black.

Figure 1 shows the S&P intraday prices for February 11 and 12, 1998. At A, (on Feb 11) Mercury was holding price pretty flat. And the Moon was also attracting prices, shown at B.

Overnight, the Moon line moved above the Mercury line. That made the Mercury line a "repellor", pushing prices away. When prices touched the line at C, they were driven down hard. They bottomed at D, where Moon and Saturn brought support. They started to follow the Exchange line E. Mercury slowed the advance at F. At G the cluster of Pluto, Mercury, Moon, and Venus lines caused congestion. When that was broken, prices did a "Band Gap Jump" to another cluster at H.

Notice how these clusters of electric field flux lines quantize price? It's pretty awesome. It's all electric fields in action.

Now, notice the ball marked I. That's the FULL Moon lined up with the Exchange. See how it acted as a strange attractor (SA) before 12:50 Eastern, then as a strange repellor (SR) afterwards? That's where chaos theory comes in. Prices move from one of these SA/SR points, to another. The trick is to find them. I work hard at that, but it is never easy. There are at least 11 overlapping electric fields.

## Moon Tides on February 19-20th

History tends to repeat. Moon patterns sometimes repeat in the market every quarter Moon. The pattern shown in Figure 2 for February 19-20 is nearly identical to the one eight days earlier.

On the 19th, prices vibrated about the Venus line at A and the Moon line at B. They were also following the Pluto line at C. In the morning of the 20th, they broke below the Moon line D at point E. They followed the Exchange line at F until after solar noon. They balanced at 1026 (H), a Chaos Balance level. As the earth rotated, it lined up the Exchange with the quarter Moon at G. Overnight, the Moon had passed the planet Pluto, associated with explosions.

The market did just that. It broke back above the Moon line at L, and followed the Exchange line I. The move met resistance at Mercury J and Sun K. Mercury was forming a conjunction with Earth.

The next such pattern was to occur on Feb 26th, when the New Moon is in the same position as the Full Moon was Feb 12th, and the Quarter Moon was on the 20th. That full Moon

was a total solar eclipse occurring south of the Exchange.

## MoonTides for February 26th

Figure 3 shows the Moon on the solar eclipse of Feb 26, 1998. The line A is a MoonTide energy forecast. The day began with a bounce off of the Mercury line at B. Prices then ran up to the Moon line at C, and sagged into the New Moon ( black disk ) at D. At that point the eclipse was exact and the low had been tested.

The MoonTide forecast was for a sharp rally. It occurred at D to E. This is a "streak," as discussed in my Fractal of Pi course.

At E, prices hit the Exchange line, which stopped the streak and let prices be "captured" by the Moon flux line. At F, where the MoonTide shows a sharp "jerk," prices jerked upward and closed higher.

This pattern is essentially the same as seen in the two previous examples. The only difference is whether the Moon is the full, new, or quarter Moon.

## MoonTides on March 6th

Figure 4 shows the Moon causing a fast rally on March 6, 1998. Line A is the MoonTide energy function.

Prices formed a base on the cluster of Moon and Mercury lines at B. They made a dip at C, as forecast by the MoonTide, then rallied into a high at 12:50, at D. That is when the exchange lined up with the quarter Moon. After that, the fast rally slowed considerably! Prices sagged into the forecast low at F, and spent the afternoon crossing the Venus line at E. The tops were set by the Pluto line at G.

After "hitting the Moon", prices closed less than two points higher, after rising 13 points going into the Moon. Clearly, S&P traders are affected by the Moon. Does that mean they are lunatics?

## MoonTides March 31st and April 1st

Figure 5 shows the MoonTides March 31st and April 1st, 1998. The lines marked A are the Moon electric field flux lines. The curve marked B is the negative MoonTide energy function. Prices roughly followed it.

The quarter Moon was at the Exchange just before the open on March 31st. It is shown at C. Prices bottomed early on the Moon line A. They then rallied sharply until solar noon. The ball at D is the Sun.

Prices stopped on the Moon flux line and headed south. They bottomed at E, as the Exchange lined up with the New Moon, the solid ball.

On the 1st, the decline continued until 9:58 Eastern, precisely when the quarter Moon at F lined up with the Exchange. Prices then rallied, and hung around the Moon flux line A for a few hours. Then they rallied sharply into the close, drawn by the New Moon at G.

Pretty dramatic. It's the Moon again!

## MoonTide Forecasts

These examples clearly show that the Moon strongly affects the S&P 500. More examples can be found on the author's website.

The message is clear. If you day trade the S&P 500, you need to be aware of what the

Moon is doing. MoonTide forecasts are available via fax or data subscription from the author. Additionally, traders with Internet access can get a free MoonTide forecast and a real-time Chaos Clinic commentary on Fridays go to the site address <http://www.cashinonchaos.com/hans>. □

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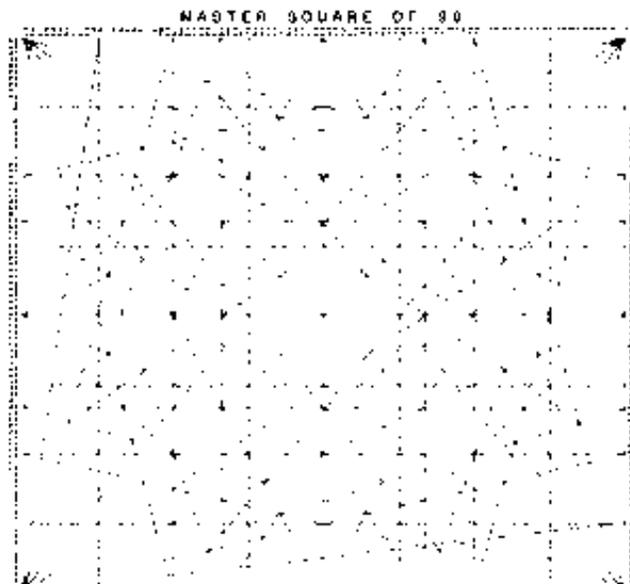
# Seasonal Timing

By Larry Jacobs

Traders have long been searching for that mystical holy Grail which possesses the secrets to making a fortune in the futures market. Many think that W. D. Gann found the Grail, since he made 50 million dollars in the market. If you read Gann's book, "How to Make Profits in Commodities" you will find that he used a combination of techniques to forecast and trade in markets. Perhaps the most overlooked factor is seasonality. Few traders put very much importance to season timing. This article may in fact reveal that seasonal timing, Gann's way, is the most important factor in trading commodities successfully.

Now, lets look into how Gann really used seasonality to forecast and trade commodities. First, Gann believed that today's market could be forecast by looking back at harmonic years. Harmonic years are a natural vibration of prices in the history of mankind. This means that prices will do today what they did back in the harmonic years. One set of harmonic years are back every 10 years. Therefore you must go back and find a daily chart of what the market was doing during that exact time period of the harmonic years. So for 1998 you would go back to 1988, 1978, 1968, 1958, 1948, 1938, 1928 and so on. You would then look at all of the charts to see what the trend was doing during those time periods. If you were looking at May Soybeans, for example, and saw that most years the market would turn up in September, that would be your guide to the seasonality of the market.

In looking at past charts, another thing you should look for is an exact replication of present trading activity. Past harmonic markets will in many cases do exactly what they did in the past. This means they will sometimes lock on to anniversary days and trade day for day with the past trend. What I am saying is that May Soybeans (may have) topped September 29, 1968 after moving up in a trend. If you find they are doing the same thing



today and they top September 29, 1998, then you can sometimes trade and know what the market is going to do day to day!

You should not trade the markets by this one method alone. That would be foolish. Use some of the other techniques Gann used to tie it all together. For example, monthly markets move on the basis of one year. It is important to watch the divisions of the year. You divide the year into 4 parts. Watch for changes at the end of 3 months, 6 months, 9 months and 12 months. Most changes occur during the 9 and 12 month period.

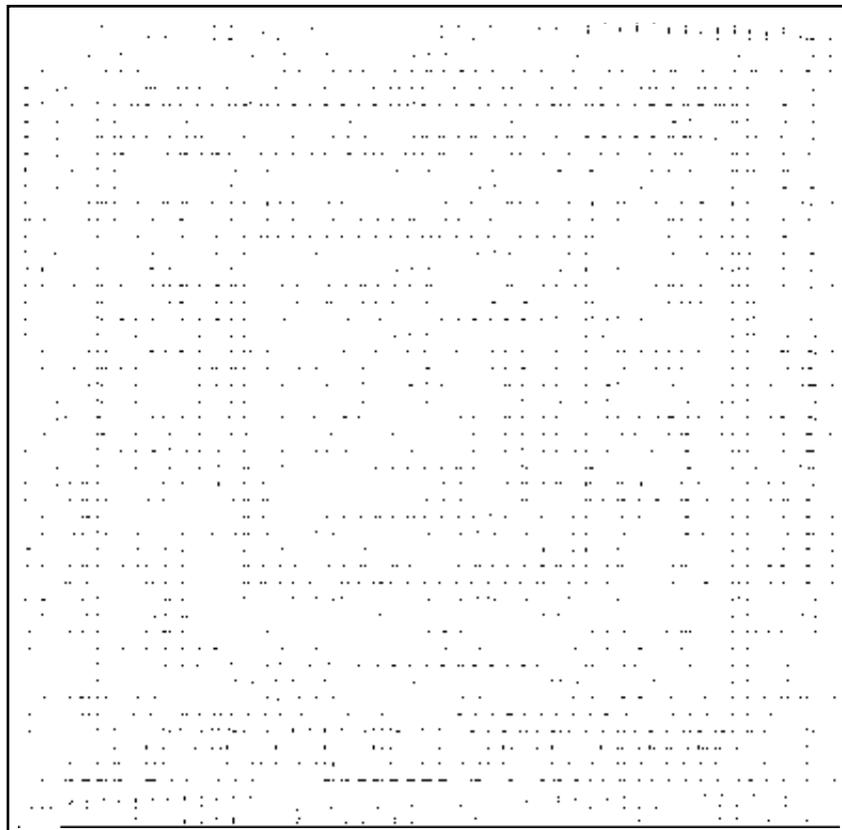
Another Gann technique is to watch the trend of a market, determined by three different factors. Either by breaking angles, tops or bottoms. When a daily point is broken the market will move 3 to 10 days. When a weekly point is broken the market will move only 3 weeks and when a monthly point is broken the market will move at least 3 months. When a yearly point is broken the market will move up to 3 years.

The market is in its strongest position when its price equals its square in time. If May Soybeans make a top at \$6.00 and drops, it will square itself in 600 days, weeks, or months from that high. You can also break it down into harmonics. Divide 600 days into halves which gives you 300, 150, 75, 37.5 days. Watch for important changes during these time periods.

Go back and check how long a market normally moves. For example, some markets make a practice of moving at least 5 months. You can breakdown the movements into 4 parts to determine when it might end. The fastest part of the move is always in the 3 or 4 sections.

Geometric angles will tell you what time cycle the market is moving in. When it breaks an important angle the market will start a new time cycle.

Check back on the market you are studying and find the cycle that it is trading in. A commodity will stay in the same cycle forever. Many traders will print out a long term chart and



lay it out in front of them and find the important cycles. There are two types of cycles in the market. One is the variable and the other is the fixed cycle based on the circle of 360 degrees. The variable cycle is simple the bottoms or tops that you see occurring in a market. To find these, the most popular method is spreading out a long term chart in front of you and using the Ehrlich Cycle Finder to find the average tops and bottoms of the move. The fixed cycle are the 1/2 divisions of the 360 degree circle which are 360, 180, 90, 45, 22 1/2, 11 1/4. The 1/3 divisions of the circle can also be used. 360, 120, 60, 30, 15, 7 1/2.

Another technique Gann used was the Square of Nine Chart. Gann found this chart in Egypt. The chart starts at 1 and spirals around a circle going out forever. Gann found that many tops and bottoms are on the same horizontal or vertical line.

Gann also found that priority anniversary dates are important to watch. Many markets will make their tops and bottoms on an exact date from the prior year.

Gann also found that the market will make lows or highs during the same year in the 10 year cycle. For example, soybeans might make lows during the ninth year: 1919, 1929, 1939, 1949 etc. Or they might make highs during the 4 year: 1914, 1924, 1934, 1944 etc.

In 1955, just before Gann died, he said that the time and price overlays were his most important discovery. There were 2 plastic overlays that were sold with his course. They were the square of 144 and the square of 90. Gann used these for his angles and time counts, but he also used these in a reverse manner to forecast where a market was going by laying the right side of the overlay on the project bottom and watching the price action toward that price.

Obtaining data for seasonal analysis is difficult. One of the best sources of long term data is now available from CSI data. Their commodity data goes back to the 1940's and it is extremely clean. Their new program, Unfair Advantage, allows you to update the data through their connection on the Internet. The data can then be formatted into perpetual, continuous, or Gann style charts. A new feature allows you to even construct a seasonal forecast of prices and overlay that projected line on your price chart, taking a lot of the work out of seasonal analysis.

These are just some of the techniques used by Gann along with seasonality to trade the commodity markets. To be successful many timing methods must be tied together. A complete explanation of how this can be used is in the Gann Masters Course and its companion secret web site where some 800 Gann Master members can talk to each other and get updated lessons. The cost of the course is \$90.00 S&H \$4.95. It can be ordered through Traders World Magazine.

# The Memory of Numbers

The year begins March 21st when the sun enters the sign at Aries. The Law of the Triangle. Everything exists by the three manifestations. Number nine is the Perfect number. It can prove out all mathematics. 230 B.C. Pythagoras

By Joe Rondinone

## Number One

Number one could be the beginning, a starting point, a dot. You can not make a pattern if you have a stick. With a stick you can make a shadow, if the sun shines. In music we have a one-note melody. A single note melody is the lead tune, the solo... Solo means alone. The first note of a scale, the starting point, we always count starting from number one.

## Number Two

Number two is the second note of the musical scale. It has duality. With two sticks you can make a cross, any type of a cross, but only a cross. In music when you add another note to the lead melody, it is referred to as harmony notes. Lead melody notes can have harmony in 3rds, three separate notes apart that will harmonize. You can also have fourths. The first note and the fourth, and also you can have fifths, the first note of the scale and the fifth note of the scale. You can have the one and sixth together, the first and the seventh and then you can have the one and eight note called the octave. But you must remember these are only two notes. They can make harmony, as you hear songs called a duet, two voices singing different notes, the solo note and the harmony note.

Number two is a very important number, because with the two will produce the three. In your car you have a battery, it has two terminals on the battery. One is a negative and the other is the positive. There are two sexes, at least I was told. Now watch what happens when these two opposites are combined you get:



## Number Three

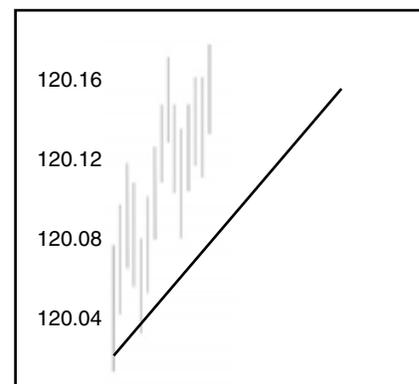
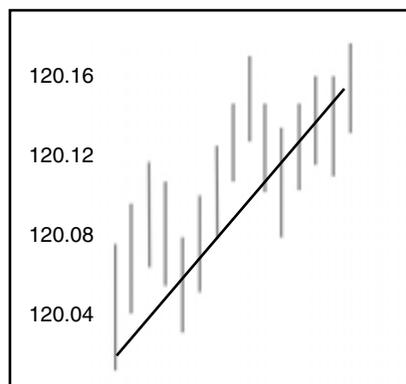
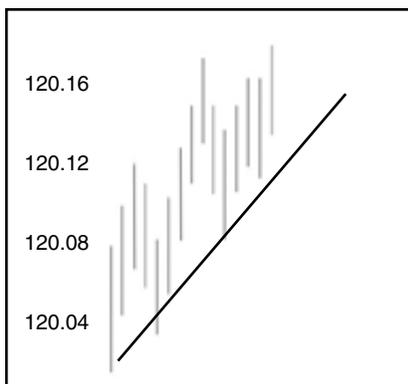
In music, it takes three notes to make a chord. A C major chord has three notes, C E G. A C minor chord also has three notes. C E Flat and G, why the flat? The minor chord has the third note of all minor scales with a flat third note. The C chord has three inversions, C E G...E G C... G C E., You can build on any of the three notes and they will always harmonize. No chord can exist with less than three notes. I want to mention one thing that is most important: number three is a very important number. Nothing can exist without three. This is the law of the triangle. Remember the two posts on your battery I mentioned before? Well if the negative is number one and the positive is number two, put the battery cables on each post separately... Now touch the cable ends together, WOW! You just made a third point. Sparks flew. A male gets together with a female, well sooner or later you have three. One alone of the two caused nothing. Another example would be a ball player. The ball, number one is thrown, the batter, number two hits the ball with the bat. The ball flies, number three, the manifestation.

## Applying Numbers to Trading

In my many years of trading, I studied charts, I could not believe news that was offered to the trade, in the 1950s and 1960s, you were laughed at going around with charts. After my studies with the late W.D. Gann, I felt sure that the chart reading was the instant news to trade by. It took me many years to learn how time squares price. Time in this case would be space area. Here again I studied outside the given path to learn what I hit on about Pythagoras and his teachings. The bottom line came to one conclusion. The law of the triangle has to have three points. There must be three points to the charting of price. The high point is one, the low is the second point, but where is the third point? One day I sat down on the floor with a large Gann type chart on beans and I decided I would give each daily price move equal width, forming a square box. Well, I must tell you; I was off the large paper in no time. Yet, I was convinced this was the way, because each move up and down was given the same width. This was really squaring the price. This was a square and not a triangle, but wait, there are two triangles in a square. From this acorn the mighty Angle Symmetrics brainstorm was born. Now you know that in the charting of prices, the law of the triangle was the key. Want me to tell you more, I can...

## Angles are numbers also

As traders we all draw angles, trend lines from here to there, up and down as we like. A 45 degree angle can fit our pattern, or we decide to draw a 2 by 8, or a 1 by 3, or a 3 by 4 to fit our pattern



of moves. Below I have drawn three print outs of the same bond prices.

Figure #one We have a rising 45 degree angle or a 4 by 8 pattern posted (or charted) one space apart.

Figure #two: We have the same pattern posted two spaces apart.

Figure #three: Shows the same-posted prices 1/2 block apart. The same 45-degree angle is applied to each posted price pattern. What value is the 45-degree angle trend line in Figure two and three? The point here is that the trend line can only be placed to follow the price movement, not that the price movement should follow the true trend line.

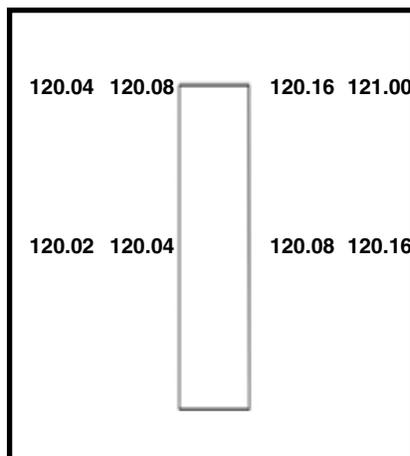
Now let us place a movement in proportion of all considerations: The move, the grit size of the paper used, and the scale of the prices charted. In Figure Four: we have plotted price, with all three dimensions: the high, the low and the third point: the width of each price. Remember the law of the triangle? Remember the battery cables? Here the plotted price stays in proportion with all the plotted scales and no matter what size grit paper used. Study this principle carefully and maybe you will see the truth and the application of Angle Symmetrics principles, which are applied laws of the triangle...numbers, are our most valuable denominator in the analysis of movements. But all values must be kept in true proportions. Angles are numbers, proportions are numbers, when both are kept in balance through a charted commodity or stock, true and profitable analysis can be made. This is a copyrighted principle I have developed after many years of study. I must stop here on number three for now, I want to cover number nine. The perfect number. Study carefully...

## Number Nine

Pythagoras was the first mystic to use theosophical reduction and addition. When I was in school in 1937, my junior year, my math teacher taught a special course about using number nine to prove addition, plus a lot more. She was a whiz... She passed away soon after, we were the only class that had this great teacher. She called it casting out nines. Here are a few high points: We will use addition, multiplication, and subtraction. Watch...

$$2 \times 9 = 18 \text{ add } 1 + 8 = 9$$

$$3 \times 9 = 27 \text{ add } 2 + 7 = 9$$



$4 \times 9 = 36$  add  $3 + 6 = 9$   
 $5 \times 9 = 45$  add  $4 + 5 = 9$   
 $6 \times 9 = 54$  add  $5 - 4 = 9$   
 $7 \times 9 = 63$  add  $6 + 3 = 9$   
 $8 \times 9 = 72$  add  $7 + 2 = 9$   
 $9 \times 9 = 81$  add  $8 + 1 = 9$

Now add all the numbers together" 1 2 3 4 5 6 7 8 9 total is 45.  $4 + 5 = 9$

You can prove any addition with the use of nine. When you add the column numbers and get the total. The addition of the numbers sideways, (when added across) should equal the total of the addition when added downward.

Example:

$753 = 15 = 6$

$987 = 24 = 2 + 4 = 6$

$479 + 479 = 20 \quad 2 + 0 = 2$

Now add these numbers down

$6 + 6 + 2 = 14 \quad 1 + 4 = 5$

5 is the point to prove...

add the total addition of these columns, you get 2219 is  $2 + 2 + 1 + 9$  for a total of  $14 = 1 + 4 = 5$

Both numbers add, so the addition is correct.

There is still another way to use nines to prove addition. It is known as casting out nines.

Example: Add all the numbers sideways, but first take out all the nines. Also take out all the nines in the total addition at the bottom.

$8 \ 7 \ 4 = 1$

$3 = 3$

$7 = 7$

$5 \ 4 \ 9 \ 9 \ 0$

$568 = 1 + 5 + 6 + 8 = 20 + 9 - 11 - 9 = 2$

As we know too well, everything we touch or do is related to numbers. What we buy, what we sell, what we trade is all interpreted in numbers. There are only nine numbers, but what importance they represent. I hope I have thrown some light on this bright subject. □

Joe Rondinone is president and publisher of Commodity Projection Systems. He studied with W.D. Gann in person in 1954. He can be reached at P.O. Box 260675, Plano, TX 75026-0675 972-867-5332.

# What is the Trading Index (Arms) Really Telling Us?

By Elton Borton

The Trading Index, or more currently called the ARMS index, tells us that this is a ratio of breadth to volume. That is expressed thusly:

stocks advancing  
stocks declining  
volume advancing  
volume declining

The much celebrated work of Sherman McClellan features the 5%, 10%, McClellan oscillator and the summation index. This is a breadth technical indicator that examines only the numerator of the ARMS ratio. But, this is only half of the entire stock market action! We are taught that the denominator of any ratio is the determinant of the equation. This would indicate that volume, and not breadth, tells us about price behavior. No one has seriously attacked this volume side of the ratio until Turning Points Advisory Timing Service, Inc. (TPATS) introduced their new computer software called SMARTIMER™.

SMARTIMER uses many uniquely new math models to generate instant buy, sell, or hold recommendations. Since volume precedes price, SMARTIMER is capable of generating recommendations at the close of today's stock markets, that can forecast the direction of tomorrow's price action with a high degree of accuracy. Therefore, this is ideally suited for both mutual fund timers as well as positional day-traders.

SMARTIMER's math models are primarily based on the principles of calculus. The first derivative is velocity and the second derivative is acceleration. Using the differences between these two derivatives, it is possible to determine the turning points of sell-offs and rallies. It is also possible to determine a price trend that tells us when to either sell and stay out or buy and stay in.

SMARTIMER software gives separate buy, sell or hold recommendations for both the NYSE and the NASDAQ stock markets instantly. These recommendations are generated from five data entries for each stock market. These data are composite index values, stocks advancing, stocks declining, volume advancing, and volume declining. Although the math models only need the volume information to calculate the instant recommendations, the composite values and breadth are used to feature McClellan's work. This provides the information for technicians who follow the oscillator and summation index and also completes the total ARMS ratio study.

There are six graphs and six spreadsheets. A separate set of three is used for each stock market. One set shows McClellan's work, the second set shows the last six months of day-by-day trades, recommendations and profit/loss and the third set shows the unique volume indicators that drive the program. The serious technician is able to see the data in motion (graphs) and see the real data values (spreadsheets).

This software is the only one of its kind that truly shows what is happening within the

ARMS index ratio. You can see divergencies of price and the indicators; which signal high risk of sudden sell-offs. And you can also see convergencies of price and the indicators; which signal an imminent strong rally and trend reversals. A real plus for all serious technicians and traders.

The volume indicators feature six math models. There are two short-term indicators called the "Borton oscillator" and "Pace". When prices are ready to reverse, these two indicators give an early signal by changing direction. There are two intermediate-term indicators called the "Bucket" and "Trend". These will confirm the short-term indicators for price direction and momentum. Then, there are two long-term indicators called the "Volume Sum" and "Climax". These indicators tell the duration of any price movements by giving over-bought and over-sold signals. All of these indicators are shown in graphic format for viewing relative movements. The actual values are also seen in the indicator spreadsheets. This is a technicians' dream world that allows valuable insights into price structures and expected price movements.

Unlike other wand waving theories that only use educated guess-work to determine price action, SMARTIMER makes a calculated decision with every data entry, every day and stands by it. No hedging and no redefining the guess-work. SMARTIMER takes the emotion out of the decision making process. SMARTIMER has out-performed the stock market every year since 1986.

The disadvantage of SMARTIMER is that it requires data input to be entered for each trading day. SMARTIMER is only for the serious trader who has data access and can put the correct data into their computer every day. There are no auto data feed ins; it takes digital entries only.

It is truly amazing that volume can tell us so much about price action! Isn't it time we started thinking more about volume?

For more contact Elton Borton, President or Greg Meadors, Vice President at Turning Points Advisory Timing Service, Inc., 28790 Olympia Way, Sun City, CA 92586 Phone (909) 301-3778, Fax (909) 301-4383

# Forecasting The Power of Time

By David E. Bowden

In Traders World Magazine, Summer 1997 issue 24, I wrote an article called "The Power of Ranges", based on Lesson Eight from The Number One Trading Plan. This time I will attempt to give an outline of how I see the Share Price Index trading throughout 1998. I suppose we could call this article "Forecasting - The Power of Time".

To get the most out of this piece it should be read in conjunction with the first story in that I spoke of both price and time. Although time is more important than price, never forget that price is your first lesson. As in most things it pays to get your first lesson or "base" right before you move on.

To sum up the first lesson, I said that you should always look at your minor and major ranges. The ranges we were looking at were a minor range of 256 and how that developed into a major range of 1027 or approximately 400 % ( $256 \times 4 = 1024$ ). This range occurred from the major low (1341) November 16, 1992 and the major top (2368) on February 4, 1994 ( $2368 - 1342 = 1027$ ). So now to take that lesson a little further, our next major low (1793) occurred on November 23, 1994. If we add our major range (1027) to our major low (1793) we get a target price of ( $1027 + 1793 = 2820$ ).

This was the same technique that I used to call the top at exactly 1855, which fell on October 4, 1989.

Our all-time high (so far), that occurred on October 2, 1997, came in at 2827. I can accept that you say, "that's okay with hindsight", but I first put this calculation through for a major high early in 1995 - and what's more I never changed my mind. I'd like to add a little more confirmation that price targets can be established well before the event.

In my Number One Trading Plan course I gave a lesson on calculating the prime number of the Share Price Index. This Prime Number came out at 2832. There was only one number - 2832. It is worth noting that the high of the December contract came in at 2835 on September 25, 1997 then made a lower top of 2827 on October 2. So on a continuous chart we call the October 2 top the all-time high. While on a contract chart, which is often called a Gann (or seasonal) chart, we would call the September 25, 1997 high the all-time high. The midpoint between the two tops is 2831.

This was printed on page 106 of The Number One Trading Plan in 1996. What I'm saying is that it is possible to come up with the right figure and stick to it. I firmly believe you should get a working knowledge of price before you move on to time calculations.

You don't need to be a rocket scientist or have an IBM main frame to be successful, but you do need a working knowledge of how markets operate, as they tend to repeat and you start with price. You get on top of that before you move on to time. We will move on to time now.

The October tops of 1989 and 1997 were anniversaries. In the previous article I devoted one paragraph to time. In that paragraph I mentioned the significance of November for our Share Price Index contract. I stated that November produced the top for 1991, the low for 1992, the top for 1993, the low for 1994, and a significant low for 1995. The point I made was the importance of anniversaries.

To prove my point the high for 1996 came in at 2432 on November 26, 1996 during one of our major seminars. That was basically on the anniversary of the 1994 low. For 1997 the market double bottomed on November 19 and 25 at 2435 and 2437 respectively, the same price as on the anniversary in 1996. This was an excellent buying opportunity, but I wonder how many of our rocket scientist traders, with their foolproof computer trading programs recognized it as such. It's not really all that complicated. The run up from November 25 to January 6 (another anniversary) was 375 points. That's over \$9,000 per contract. Anniversary dates are where you start your time analysis. You don't need Pluto squaring with Neptune and the sun coming up from the west on a lunar eclipse.

It is from watching anniversaries that you learn the flow or rhythm of the market. These rhythms are often referred to as cycles. First you must learn to recognize them - to be aware of their existence. You should look at them as a friend, for they are your way to make money. If you get your thinking, or cycle, in tune with the market, your decisions seem to flow.

The by-product is that you can make a lot of money. If you go against the rhythm or trend of the market you are "out of whack". You must have a way of analyzing the trend, and just as importantly, knowing approximately when the trend will end. If you either go against a trend when it is occurring, or stay on after the change has occurred, you will get crushed.

We recognize trends by way of price and time. To establish the trend by price alone we use swing charts. Higher tops and bottoms means that the trend is up and conversely lower tops and bottoms mean the trend is down. We should establish the minor range by measuring the first range out from a major top or bottom. Next you check the volatility or violence in the market. If volatility is high, price targets will be exceeded and subsequent correction in a bull market will be a panic reversal. I call them crashes and mini crashes. You can tell all of this by careful attention to ranges. You start with the daily high and low. If you are not getting the big range days you will never have a strongly trending market. In other words you won't make much money. If any trader tells you that he or she just made a killing, what they are actually saying is that they have found a strongly trending market. When you know that much you can go on to "time".

As I said earlier, you start by looking for changes of trend around the anniversaries of major tops and bottoms. You have them marked on your chart for possible changes of trend. Next you will divide the year from anniversaries into halves, quarters, and thirds. That's as far as you go for a start in natural time. After you have a working knowledge of the effect of time on the market, you will start counting the days between bottoms and tops. You can even go so far as to draw a swing chart using the days of a swing as the count. What you are looking for here is the balance and overbalance of time. This simple calculation will tell you when price and time targets are going to be met, or in some cases blow out the window. It is another way to rate the market.

A way of combining the two elements of time and price on a chart is to draw an angle. I use angles to tell me if a market is weak or strong. A simple trend line drawn from the absolute bottom to the absolute top in a bull market should be placed on a new low, once the new low has been established.

From this angle you can compare the strength or weakness of the second leg. Once again this will give you forewarning if price and time targets are going to be met. It helps you rate a market - you do not need any more than good charting paper a basic geometry set and a couple of pens and pencils.

That will certainly enable you to test your skill. In some countries the law states that you must include a disclaimer saying the previous success is no guarantee for future performance.

I go along with that, but I'd like to add that previous failure is less of a success indicator, so I heartily endorse some time being spent testing your trading plan because it helps to know if your theory works in practice. Don't look for something that works always, but at least be assured that it works sometimes.

So now as a backdrop to my call for the Australian share market, we will scan my call in 1996, the time of the last article. Some complained that I did not back up my last session with a forecast based on its contents. I mean, with all the money that they pay me for these articles, it's the least I can do... so here goes.

In September 1996 The Age published a lengthy interview under the heading "No Need To Panic, Says Guru". The reporter, Ian Davidson, actually caught me on my mobile phone as I drove home, and we spoke for about forty minutes.

Here are some of the extracts, though you need to read the whole article to get the proper perspective. It was recorded in late July, when the general market was still very nervous. There was still panic in the air.

I said that the market would not be a buy until March 1997. "Getting into the second quarter of '97, we are going to have a strong year and, after that, we are going to have a pretty good run that I expect to last for about 2 years." I said that this applied to the U.S. Market and Australia. I also said in June 1996 that the "Tiger Stocks" were running out of steam, and that Australia would be the new flavor of the month.

To be fair I also expected, as I said earlier, for the Australian market to go lower. I expected a "mini crash" for the Dow in October - November, because that's what it usually does. This occurred on December 3, 1996. I also said that the overall market would continue to make higher tops for approximately two years. The only way I would have changed my mind on that call was if the 1997 low took out the low for the past year.

So now how do I see the Australian market in 1998? As I said in the Safety in the Market Summer 1997-98 Ticker Tape, I think it's going up. That was a tough call in November 1997. Here is the basis of my thoughts.

Firstly, you must look at the predominant sentiment. Most commentators are negative or at least cautious, so that means it is probably a good time to buy. By Christmas this year if the market goes up everyone will understandably be totally bullish, so it will be time to sell out and go short. I would also watch Wednesday January 6 or Thursday January 7, 1999 - because that is an anniversary.

The thing about major tops is that they are the ultimate temptation. I mean, it feels so easy, and so right to buy them. The closer to the absolute top, the easier it is to rationalize your purchase. That is why so many traders lose so much around major tops - and to a lesser degree major bottoms.

I suppose, as usual, some analysts will sit on the fence and run with a forecast long after the event. I first gave this forecast in 1995. I have not changed my opinion in that time. I will change my mind when the facts change. The mini-crash in October 1997 did not alter my view; in fact it only strengthened it. As I said to my traders in November 1997, I will have to see the October 1997 low of 2210 taken out before I would call the market down. So far, that low has not been tested in 1998.

Currently the market looks to be building momentum. All the "Moms and Dads" are flocking in. Next we have the negative gearers, who will be followed closely by the doctors. It's a worry, but 1999 will see the reversal and panic in the market that some are predicting for today's market!

# Winning 75% of All Trades Using Music Octave Set to Murrey Math

By T.H. Murrey

**T**he Murrey Math Marketing Company set out in 1994 and developed a trading system called The Murrey Math Trading System, which sets all markets to an octave of music (price and time). This past week we have just completed our software that sets all markets in a trading frame set to music: A) Price = Octave and B) Time = a 1/2 stanza: 32 trading days.

We studied all markets and found that they set a rhythm-pattern over time that winds like a snake making a pattern inside “what.”

Since Nashville is called “the Athens of the South” (for it has 15 colleges of higher learning, plus three institutions in which to matriculate an M.B.A.), which prompted the 100 Year Celebration of Nashville to build a replica of the Parthenon at Athens, Greece, which is harmonically set (built to the dimensions of a female body 64 inches tall back in 552 B.C..) and simultaneously called “Music City” (which more Nashvillians are more proud, since only 68% of our school children graduate from high school these days and everyone in town is a song writer), we set out to find the correlation between math and music (and then develop a trading system based on logic and common sense).

“Music City” has almost as many recording studios (digital now) as it does churches (Nashville has the highest ratio in the country) per capita.

Digital music converts perceived sounds into numbers and distributes them on a memory disk and allows the “board operator” to “mix,” “match,” insert or delete: 1) one note, 2) one phrase, 3) one stanza, or even raise or lower the speed or volume without having to back to the artists and ask them to do it over again.

Glenn Meadows (Masterphonics on 16th Ave. South) pioneered the way to bringing Nashville “up-to-date” by installing the 1st state of the art digital board in Nashville.

Glenn Meadows, along with every music person in Music City strives to present the most audible replication of sound through state of the art equipment that is “hooked on phonics.”

Everyone thinks “phonics” is new or “improved” but in Sumeria in 3,125 B.C.. there were schools teaching children “it.”

All children learn faster when they learn to read “phonically.” All music is phonics. All phonics is music. All math is phonics. All music is math. (there I have said it).

Historical Note: Pythagorus (math teacher only to geniuses) {and he allowed in very few women} had his students go to sleep and wake up to music in 3/4 time (552 B.C.) (so much for new theories) !

We mailed out a copy of my last 10 page article (in Trader’s World Magazine (5th straight article published by them): issue #25 winter 1998) to many professors at all of these institutions of higher learning: no response from a single “teacher.”

I was even “cutoff” the radio the other day for mentioning that Time was set to music: WLAC-Radio station talk show host Pat Riley cut me off saying that my views were “too far out for his listeners,” who were discussing what would happen to us at the end of the millennium! (Go figure).

My Reaction-to-Total - Rejection? Try the same thing from the flank! Historical Note: World’s

worst flank covered general in U.S. history: George Washington !

He had 9 war encounters and lost 5 because he had to flee for not protecting his flank !

Best Flank protection general was "Stone Wall" Jackson who covered every time for Robert E. Lee (Civil War).

So we decided to go at the universities and "intelligencia" from the "flank."

I wanted to find a group of individuals who were said to be "no good" at math (as reported by the women's groups for not being able to raise their hands in class and get the "reward" of "correct interactive participation" rather than a good report card), so I set out to find (8) girls to teach The Murrey Math Trading System by music.

I cogitated how I would accept these 8 individuals into my "sampling-core group."

I devised the scientific method called: coincidental-random appearance sighting.

I have included 8 young women into my study from "random chance" as I go through my daily activities.

We shall later be introduced to: MaHa, (28.12), The Twins (26.56), Ursula, (20.38), Beth, (14.06), USA (Ooosa) (12.5), Vanessa (10.93) (9.38), Latangila, (7.18) and finally Luran,(5.46) years young pre-schooler.

All (8) of these young women never ever heard of Murrey Math and in just one hour they were raised to Master Level Trader Status (one must be able to set The Murrey Math Trading Frame TM 1998 and then predict at least 75% of all future trades with a profit).

I gave them no more knowledge or understanding of any traded markets than 5 instructions: 1) turn on the lap-top, 2) download the data from the software vendor: Primate Software called Quote Monkey, 3) "click on" download, 4) access the directory with your name on it (that I created for them), now, find a market in the directory that you want to predict in the near future and "click on it."

The charts you shall "see displayed" are set to music with just one click of the mouse. (can you see in color was the only question I asked these young women) ? They said yes !

I asked them if they wanted to learn to trade the "markets" and they said, "is it difficult?"

And I replied that it was no harder than trying to decide whether or not to buy "green" shoes or "sell" red shoes.

They all loved to shop, so they were willing.

The scientific reasoning behind how I chose each of these "willing subjects" was based on "appearance only." ( physical beauty ).

I figured that since they were all so cute that they had to be "dumb" so if my software worked at all, it could help those "pretty air heads who talk like "valley-girls."

1) Maha: 28.12 years old bar tender (5'4" tall 118.75 lbs (Hawaiian) {with the smile of an angel and the cold steel eyes of a pirate} I was seated at the bar at the Princeton Grille in Green Hills (my Ph.D.. is from M.I.T.) just a home run from the back door or the parents of George Sisler (the Nashville baseball player who Ted Williams had to beat his 42 consecutive hits in as many games to finally go on and break the record before Pete Rose finally broke his) talking music and Murrey Math with Ed King, who played guitar with Lynard Skinard's band for 20 years and who has his "Alabama song" in the movie Forest Gump.

When we had finished our conversation MaHa asked me to teach her Murrey Math. (I said O.K., because I knew she was very intelligent, for she had just yelled back to her assistant 8 drinks in a row from 8 strangers who had just sat down at the bar).

I told her that I would come to the bar the next day and bring my computer and I would teach her in one hour (how to trade Murrey Math 75% accurate in price and time) or she could go over to Dillard's Department Store (next door started in Arkansas just like Walmart) and put

\$100 worth of clothes on my tab: how could I lose!

She learned Murrey Math by the time I had finished off two Jack Daniels on the rocks !

I took back my credit card and she took her stock "tips" over to her boy friend's house.

The Twins: ( 26.56 old ) country music singers from Grinders Switch, Tennessee.

Last weekend I decided to go down town to "Lower Broad" to the basketball arena and see A.P.S.U. play Murray State U. play in the O.V.C. tourney. Murray State is 26 and 3 so they beat A.P.S.U. easily.

Murray State was so good that my team (I played there in 1960 through 1964 and helped take our team to the sweet 16 of the small college tourney) had to employ a zone defense. They used a 2-1-2 zone: Murrey Math.

Please look at all of my charts (done in my new software and it appears that all daily trading action is revolving around a 2-1-2 zone defense inside a half court of a basketball court.

I laughed to myself for I couldn't even attend any sporting event without equating what I do to help others learn Murrey Math to "it."

After the game, I came out on the "Lower Broad St." exit and I started wandering down past all the restaurants and shops (about 37.5) between the basketball arena and the river.

I stopped in the shop of George Gruhn, Gruhn Guitar, where every word spoken is a derivative of Murrey Math: music, sound pitch, octaves, and money: (profits) I mean high prices in low places !

George Gruhn's father was a pathologist in 1963 and he sent his brilliant son to: 1) U. of Chicago, 2) Duke U., and 3) U.T., and then he met Hank Williams Jr. and they decided to start a shop for great instruments.

25 years later George Gruhn is an American Icon for hearing quality music set to math and turning it into money: Murrey Math!

Personal Side Note: George and I talked for a few minutes and I admired his 25 years of hard work that has taken his music-love to 30 employees and a reputation of honesty and fairness to help others make better music (which leads to more money) Murrey Math.

Only 4 blocks away I passed the Nascar Restaurant, so I peeped in, then I went in, then I bought a ticket, and took the simulator ride (out of this world); then I peeped into the Planet Hollywood Restaurant; and then I went into "Tootsies' Orchard Lounge, a world famous "honky-tonk" for music (its back doors open out to the back door of the Ryman Auditorium) {home of country music} so stars would leave the Ryman after playing four songs and go down into "Tootsies" and give a free concert till they closed the doors}.

"The Twins" were playing on stage (I can't tell you who they are because they don't want anyone in Nashville to know them).

Their mother just happens to be in the Country Music hall of Fame ! Go figure !

I asked them for their autograph after they finished their "set" and we engaged in light conversation for a few minutes.

Looking at these two beautiful women is like looking at a woman standing next to a mirror (and can they harmonize) Murrey Math.

The next week I mailed them some charts and they called me back and I met them down town and taught them Murrey Math. (It was easy for them because they are always together and two heads are better than one, so what one didn't see the other did, so they picked it up real fast).

Ursula D. (20.38 years) 5' 4" 118.75 lbs.: a beautiful college senior at Tennessee State University studying speech pathology.

Last Sunday I stopped by Uncle Bud's Restaurant for lunch and Ursula waited on me.

As I was waiting for my lunch I was reviewing 4 charts of the high-tech market (set in color to Murrey Math) using our new software), and ursla asked me what those graphs were (and we started talking).

We finished our conversation by my giving her my E Mail address: then I taught her Murrey Math in one week from the Internet lessons I send out everyday all over the world.

USA (Ooossa) Nickname "gift" (12.5 years) Parents are from Thailand) daughter of Sam, (who works on my Mercedes), is the smartest 6th grade math student in the Nashville Public Schools this year.

I was driving down the interstate and I had to slow down fast and my front brakes made a weird noise. I immediately drove over to Sam's shop and asked him to look at my brakes.

While Sam was fixing my brakes, I taught "gift" the 49 reversal price points that all stocks want to reverse off from zero to 100.

Her Uncle Guy works there and I gave him my E Mail address to follow Murrey Math on a daily basis: since he works on Mercedes all day, he can't think about anything else, but this child was "bored" with grease and motor noise and fume smells and was excited to use her brains rather than her hands to entertain herself (adults always do things the hard way), we looked at my web pages and went through my free lesson on the Internet.

One hour later my brakes were fixed and Sam's daughter was a Murrey Math Master Level Trader just as much as her father is equally a Master Level Mercedes Mechanic from 20 years of experience.

Later that day I went over and showed my new software to an old friend in the real-estate business and he wrote a check faster than I could install it in his computer.

After I left his office I decided to go across the street on 16th Ave. and have lunch at Sammy "B.'s." ( next to Masterphonics ).

I sat at the bar, back in the corner, down near the phones, so I would be out of the way: this restaurant has some "famous" music industry folks coming in for lunch each day: I looked across the room and saw Ralph Emory talking about his next TV. show special for T.N.N.

As I perused the work of my youngest Murrey Math student, I was careful to keep my charts out of the eyesight of most of the restaurant's patrons. ( some people think I am weird for wanting to help others make money: the selfish ones tell me to keep it a secret and let only them know how to do it.

A tall "music-type" comes over and takes the last seat at the end of the bar next to me. (everyone seems to know him). I keep putting the finishing touches on my charts, then as I turned a page to a color chart, the man next to me engages me in a query: What in the world is all that: it's beautifully symmetrical, but I have no idea what I am looking at," he said smiling, and pulling his shoulder-length hair back behind his ears and squinting over at me as we exchanged greetings from his question.

"This is a stock, Nations Bank, set to music," I said smiling, hoping he wouldn't think me any more weird than the rest of the folks in the room (who were all discussing words and sounds as music: not math as music (but I guess I'm the only one right now who does or can see that it is or does).

We introduced ourselves and he didn't know how famous I am nor did I know how famous he is presently: he is Earl Bud Lee ("Buddy" to his friends and he said I could call him "Buddy" so I did), but this still didn't tell me anymore than what I could see and hear from conversing with him during lunch.

We talked on the same level for 1.5625 hours and then we concluded that we had a good conversation and I left Sammy "B's."

When I got back to my car, I looked in the back seat, and saw an 11x17 Intraday chart of the OEX 100 Cash Index set to Murrey Math (where this market this past Jan. 21st-22nd 1998 it reversed 9 times and closed the trading day EXACTLY on Murrey Math Lines I constructed way back in 1994) and so all of my students know that all markets are EXACT and you can trade Intraday and make money (contrary to the opinion of all of those who don't trade using Murrey Math - but I shall "blast" out about intraday trading next time) presently I am proving that any "girl" with my new software and no experience can trade 75% accurate on any time span with just one hour of Murrey Math Training).

I grabbed one of my signed and numbered intraday charts that prove that anyone "lazy-enough" to go hunting for deer can trade intraday (any day of the week) and pulled it over the back seat and headed back inside to give one to "Buddy." (my new friend in the music business).

When I came back inside "music people" were standing around him, one woman was hugging him and another was waiting to hug him. I overheard one of the men say, "this is "Buddy" he is the man."

I stepped back and listened a little longer and found out that he had co-written "Friends in Low Places." This man gets a check in the mail every time someone turns on a radio anywhere in the world: we're talking major big-time song writer and we had lunch together and I am coming back in here to give him my autograph (when I should be asking him for his) well sometimes you can't tell which shoe should be on which foot, especially when one should go in your mouth).

I squeezed my way back into his circle of admirers and handed him my intraday chart and sheepishly told him to please keep it and we should talk again soon. (this innocent ignorance is equal to sitting down next to Michael Jordan and asking him why a grown man with a suit and tie on is wearing

Nike tennis shoes at lunch). Oh well, he knew Murrey Math after 1.5625 hours of me talking nonstop or he was just calmly amused and "bored" waiting for the mail.

Next I went by Kinko's to see if Raine (who writes religious music and has the face of an angel) had finished my color copies of my intraday 11x17 charts for my new book owners to display on their walls and to train themselves to believe that all things are possible with the Murrey Math Intra-Day Trading Frame (coming out soon): after we fine tune to the end of day software.

I spied a young afro-american child about 14.06 years old and so I went over and asked her mother what her name was and we exchanged names and hers is Vanessa: (this is one beautiful young girl) I found out a few moments later that she had won an opportunity to go to New York City (in the near future) and participate in a beauty/ modeling contest among others her age.

I gave her mother my number and told her that I would send her some math equations in a few days and I would expect her daughter to do quite well with it and quickly.

We talked about the weather and then I left and went immediately to the post office and mailed her mother my book and a pile of Murrey Math charts and "cheat sheets."

As I was exiting the U.S. Post Office (across the street from Public Hillsboro High School, I ran into two groups of friends simultaneously Bob, Sue, and their children Jessi and Hugh O'Donnell, a graduate of Notre Dame.

It was hard to talk to both groups at once: Hugh was trying to talk and Jessi was throwing me a spiral pass with a football (this girl is a real "tom-boy" right now) her mother even confessed that she had "whipped" a boy at school for calling her a "tom-boy."

Hugh (a prominent Realtor in Nashville) was telling me about a Hillsboro High graduate Wayne F. Murphy at 19 (as a marine reserve) who had just that day received the Bronze Star for valor in a war (Korean) from 1950 and who still lives in this neighborhood: and to think it only took the Marines almost 50 years to bestow it on him (better late than never).

Hugh wanted to talk about Murrey Math and Jessi wanted to go out for a pass: I flipped a coin and asked both groups to go down to the Village Inn and drink some beer and talk Murrey Math: so we did.

I had tried to explain it to Hugh for three years, but when he saw me let Jessi use the Lap-top computer and do all the work and guess correctly 75% of the time (after only three beers) that's me drinking the beer, he finally admitted that it was just "numbers."

After I went to the cleaners, I headed toward Radnor Lake, Tennessee. Every house bordering this American Revolutionary piece of property (640 acres) set to Murrey Math for we use 64 trading days, just ask Benjamin Reed from North Carolina given one square mile of land or 640 acres for being a private (and living to tell about it) for his payment toward ridding this country of the British king because of the "Tea Tax."

As I approached the parking lot I saw Katherine get out of her Bronco with her two children, Lauren and Taylor. They live one hill over from the "nature park." Every family living adjacent to this park is rich and powerful and smart. The lowest priced house starts at \$ 187,500 and the largest house has 18,750 square feet.

Katherine and her ex-husband had trust funds given them and these children have them also: they can just go to school to eat their lunch if they prefer, but they enjoy being young and really don't know any better right now so they are eager to learn all they can about everything.

# Natural Law is the Basis of Market Movements

By David S. Cerf

**W**. D. Gann is without a doubt the most accurate trader ever. Although he wrote several books and courses it is a common belief amongst students of Gann analysis that he never fully disclosed all that there was to his methods. The books he did write are often criticized for being difficult to follow and written in what has been described as a vague and random manor one place that is said to be where he chose to be more specific (albeit somewhat veiled) about his methods was the interview he did in 1909 for Ticker magazine (which later became the Wall Street Journal).

"During the month of October 1909 in 25 days Mr. Gann made in the presence of our representative, 288 transactions in various stocks on both the long and short side of the market. 264 resulted in profits, 22 in losses.

We have seen him in one day give 16 successive profitable orders in the same stock 8 of which turned out to be at either the top or bottom eighth of that particular swing. The capital with which he generated was doubled 10 times so at the end of the month he had one thousand percent on his initial margin."

This is absolutely beyond belief amazing accuracy, excuse me, 16 consecutive profitable orders 8 of which are in either the top or bottom eighth of that particular swing (and he was going to tell you how to do this in one of his books?) If he did leave this information, he didn't exactly spell it out for anyone.

Probably the most common and widely known Gann method that people are familiar with are the geometric angles which are constructed from single significant high and low points on a price chart. The first and most important angle is the 45 degree 1 X 1 angle which represents the 50% diagonal of a square and relates the moving average of 1 price unit per 1 time unit traveled. The next most important above the 45 degree 1 X 1 angle is the 63.5 degree 2 X 1 angle which relates the moving average of 2 price units to 1 time unit traveled and next below the 45 degree 1 X 1 angle is the 26.5 degree 1 X 2 angle which represents the moving average of 1 price unit for every 2 time units or 1/2 price unit per time unit. Gann instructed his students to draw these angles from significant highs and lows and that when prices would come into contact with a geometric angle, price and time were said to be, in his terms, squared, and thus to look for a change in trend at that point.

Many have learned to use these angles to find that they can be quite accurate for periods of time, but usually not enough to be solely or consistently relied upon. The concept of squaring price and time is one of the main premises of Gann analysis that he taught his students.

Now let us for a moment examine some of the quotes he made from the 1909 Ticker magazine interview. "I soon begin to note that periodical recurrence of the rise and fall of stocks and commodities. This led me to conclude that natural law was the basis of market movements. I then decided to devote 10 years of my life to the study of natural law as applicable to the speculative markets and to devote my best energies toward making speculation

a profitable profession."

If natural law is the basis of market movement how come there is never any specific reference to the mathematical sequence of numbers and ratios found predominantly throughout nature ever mentioned in any of his published work? Now if you had devoted 10 years of your life to study the markets and you found something unbelievably accurate, would you want to reveal it? Why? What would be the point? You would risk your orders being front run by other traders using the same techniques you developed.

"The law which I have applied will not only give these long cycles or swings, but the daily and even hourly movements of stocks. By knowing the exact vibrations of each individual stock I am able to determine at what point each will receive support and what point the greatest resistance is to be met. Thus I affirm, every class of phenomena, whether in nature or in the stock market, must be subject to the universal law of causation and harmony. Every effect must have an adequate cause. If we wish to avert failure in speculation we must deal with causes. Everything in existence is based on exact proportion and perfect relationship. There is no chance in nature because mathematical principals of the highest order lie at the foundation of all things."

This could possibly be construed as being a reference to the mathematical sequence universally found in nature (and finally..."stocks like atoms are really centers of energies therefore they are controlled mathematically. Thus to speculate scientifically, it is absolutely necessary to follow natural law."

Keywords? controlled mathematically, absolutely necessary and natural law.

In addition to representing the open high, low and close for a given time period a price bar on a chart could also be said to represent the mass collective mathematical recording of the human psychological and emotional responses mainly; optimism, pessimism, fear and greed and thus a reflection of human nature. Therefore we would look to the mathematical sequence found in nature to measure; "exact proportion and perfect relationship."

In case if you haven't been; please let me introduce you to Fibonacci de Pisa (Italy 1124 a.d.) the man currently credited with rediscovering what was already known approximately 3700 years earlier at the time of the building of the great pyramid in Giza in 2623 B.C.; the mathematical sequence found universally in nature.

Briefly; the Fibonacci sequence proceeds 1,2,3,5,8,13,21,34,55,89, 144, etc.. Each number in the sequence is related to the next number by a ratio of .618. Each number in the sequence is related to the previous number by a ratio of 1.618 and alternate numbers in the sequence are related by ratios of .382 and 2.618.

If we now shift our focus to our knowledge of Gann's squaring price and time via geometric angles and the Fibonacci ratios and proportion both price and time of a previous market movement we would then be squaring price and time within the Fibonacci sequence in relation to a previous market movement.

This leads me to conclude that this is what Gann was alluding to when he mentioned that "...natural law was the basis of market movements" and that "Everything in existence is based on exact proportion and perfect relationship" and finally that "...mathematical principles of the highest order lie at the foundation of all things."

In my next article I will discuss in detail a systematic method for determining these mathematical points of force where short and long term trend changes occur allowing one to achieve Gann like accuracy!

David S. Cerf is a private trader in Chicago and can be reached at (847) 361-0401.

# Dynamic Trader Software and Trading

Course - Version 2

Dynamic Traders Group, Inc. 6336 N. Oracle Suite 326-346 Tucson, AZ. 85704  
www.dynamictraders.com (520) 797-3668, Fax (520) 797-2045

Product: End-of-Day and Intraday technical analysis and charting program for Windows 95/NT.

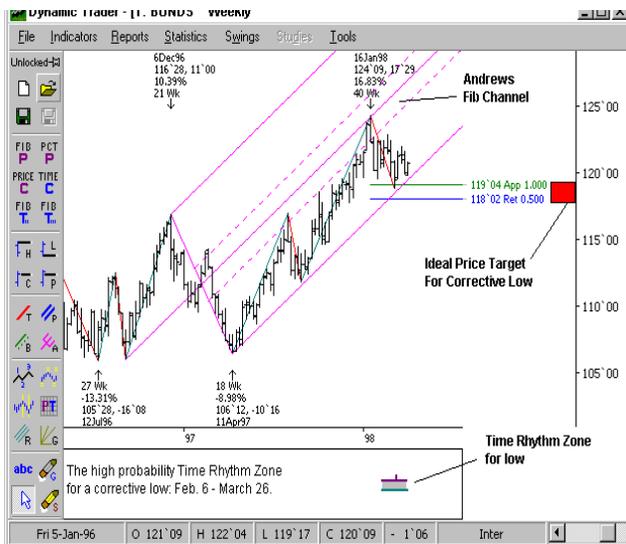
Equipment Requirements: Windows 95/NT, Pentium

Data Formats: End-of-Day: AIQ, ASCII, Computrac, CSI, Ensign, Bridge, MetaStock, SuperCharts, TC2000, TechTools. Intraday: ASCII, Ensign, GenTick, MetaStock, Trade Station and SuperCharts Real-Time by free utility provided and CQG by free utility provided.

Price: \$1700 + S&H. Includes the Dynamic Trader Trading Course and six month subscription to the Dynamic Trader Weekly Report.

In the winter 1996 issue (#21) of Traders World, I reviewed Robert Miner's new software program Dynamic Trader Version-1 soon after it had been released. I found many unique features in the program that weren't available in other technical analysis software programs. Almost two years after the initial release of Version-1, Miner has released Version-2 of Dynamic Trader.

Two years is a long time between software version releases. After having used Dynamic Trader Version-2 for the past few months, I find the time between releases was well spent developing a more sophisticated and easier to use, even elegant program. Version-2 of Dynamic Trader is a major upgrade. Not only does Version-2 have many new features, but also some of the unique routines and reports from Version-1 have been substantially improved and expanded in Version-2. Dynamic Trader Version-2 can easily claim to be the most comprehensive technical analysis software available for time, price and trend analysis.



## Unique Time Analysis Routines

Miner has long been known for his unique approach to time analysis. Taking his cue from W. D. Gann who taught that every cycle is working out in proportion to a past cycle, Miner has added his own approach to time analysis and come up with several time projection routines that are unique to Dynamic Trader. These routines include his Time Rhythm Zones™, Dynamic Time Projection Report, Fib Time Blitz™ and Time Cycle Ratio™ projections.

Each time projection routine serves its own purpose. Using long-term daily data, the Time Rhythm Zone routine may project a fairly broad time zone of 2-3 weeks where a trend has a high probability of making a major trend reversal while the Dynamic Time Projection Report will usually focus in on a 2-4 trading day range. All of the time and price projection routines are designed for intraday data as well. Using intraday data such as 30-minute charts, the minor degree projections for trend reversal are often made within a few hour time range.

Each of the time projection reports are made from swing files that are automatically built by Dynamic Trader. A cursor is placed on a swing pivot high or low and the projection is made. The time projection routines are not black box. Everything is revealed and fully explained. The user has the choice to use the default time templates included with the program or construct their own for unique situations.

## Dynamic Price Analysis

While many technical analysis software programs can do simple Fib retracements, Dynamic Trader allows the user to do virtually any price ratio extension, retracement and expansion possible. A new feature in Version-2 is the End-Of-Wave (EOW) price projections. The EOW routine includes price projection templates for each typical wave structure. The user only has to click on the most recent high or low pivot, choose the wave structure projection template and all of the projections are done at once. Each price projection is labeled on the chart by wave type, ratio and the exact price target. The user will quickly see the price projection cluster for the highest probability price targets.

Two more new price analysis features round out the comprehensive price projection routines in Version-2 - price squaring of highs and lows and price counts. Price squaring of highs and lows is a technique made popular by W. D. Gann that few software programs include. A new price count routine is also included which allows the trader to lay the price "squares" of 360, 144, 24 or any other number on the chart from past highs and lows or from "0". The latter I have not seen in any other program.

## Gann Chart Geometry

Also new in Version-2 is the addition of several other Gann related techniques. Miner has added Gann geometry with the time/price extension boxes. The user can designate any division, angle or ratio. Gann angles have also been added. While some of the popular software programs include Gann angles, most apply them incorrectly. Dynamic Trader allows the user to designate the exact ticks per day to use for the 1x1 angle so each angle is drawn precisely correct. In the 1980's, Miner wrote a comprehensive course on the trading techniques of W. D. Gann. These new additions to Version-2 demonstrate his intimate knowledge of the Gann trading techniques and the care with which these routines were properly designed for the program.

## New Swing Statistical Reports

Version-2 has substantially beefed up its statistical routines. Would you like to know on what day of the week minor highs and lows are made? The Swing Statistics report will show a table with the total number of minor highs and lows for each day of the week for any market. This is invaluable information for the short-term trader. Another new feature in the Swing Statistics report will show the swing "vibration" or the typical swing lengths in time and price for any data file. For instance, you may find that 50% of all of the minor, short-term bond swings fell in the range of 28-37 ticks and 30% of the swings were from 52-68 ticks. How would you use this information? If bonds made a short-term swing greater than 37 ticks, the odds are they would continue to at least 52 ticks. Valuable information to have at your disposal? You bet. Like all of the other routines in Version-2, the Swing Statistics reports will read either daily or intraday data files. See Miner's article in this issue for more information on statistical studies.

Visual chartists will find Dynamic Trader's on-screen graphics a dream. The on-screen charts are crisp and clean and easy to manipulate the time and price scales. The interface is very intuitive and has been carefully thought out to make all of the key routines and reports quick and easy to get to.

## End of Day and Intraday Data

The reports and routines in Dynamic Trader are designed for daily and intraday data. Dynamic Trader does not read a real-time signal but will read most saved intraday data file formats. Most software provided by real-time data suppliers allow the data to be saved in an ASCII file format which is read by Dynamic Trader. Trade Station and CQG users are provided a free utility by Dynamic Traders Group for those programs that will convert the TS or CQG data to a file format that may be read by Dynamic Trader. Dynamic Trader also includes a utility that will convert GenTick data to any time period bar required.

## Trading Course and Weekly Report Included

Dynamic Trader is more than just a software program. Purchasers of the software also receive the comprehensive, updated Dynamic Trader Trading Course (Version 2) and a six-month subscription to the Dynamic Trader Weekly Report. The new Trading Course teaches the user all of the background of the time, price, pattern and trend analysis techniques. There is a lot of new material in the Version-2 Trading Course including additional material on practical trading strategies. The course also teaches how to develop and implement a trading plan and specific trading strategies for entry, stop-loss and exit. It is a complete trading education itself. Until Miner put together the Dynamic Trader Trading Course, there was no comprehensive trading education material that included all of the factors necessary for successful trading including technical analysis, trading plan and trading strategies.

The Dynamic Trader Weekly Report is typically 10-12 pages of analysis and trading recommendations as well as trading education. Each month a two-part trading tutorial is included that focuses on practical trading strategies. Miner explains how the Dynamic Trading analysis was used to make the trading recommendations so the subscriber can learn the complete Dynamic Trader approach and trading strategies. The subscription to the weekly report makes the Dynamic Trader package an ongoing trading education as well as the ideal practical education how to put the DT software to day-to-day use for market analysis and trading decisions. The Dynamic Trader package of software, trading course and weekly report is a unique package of technical analysis tools and practical trading education.

It is unusual in the technical analysis software and trading education business for the

vendor to offer an unconditional guarantee for their products. Usually the guarantee includes all sorts of conditions that for practical purposes prohibit a return of the product. The Dynamic Trader Software and Trading Course is sold with a 30-day unconditional money back guarantee. I believe that clearly demonstrates Miner's confidence that users will easily find value with the Dynamic Trader package.

Is Dynamic Trader for you? If you are looking for a unique and comprehensive approach to time, price, pattern, trend analysis and trading strategies, I think you will find Dynamic Trader right up your alley. Dynamic Trader is not another "system" development software package loaded with a plethora of redundant indicators and confusing statistical routines. Dynamic Trader is different. The combination of unique software, trading course and weekly report subscription is the most complete trading tools and trading education package available that I know of. And, it costs less than many of the expensive weekend workshops that promise to make you a super trader in two days. If you are interested in a new, logical approach to trading, take Miner up on his guarantee and check it out for yourself.

# How to Setup Up Your Home Trading Office

By Larry Jacobs

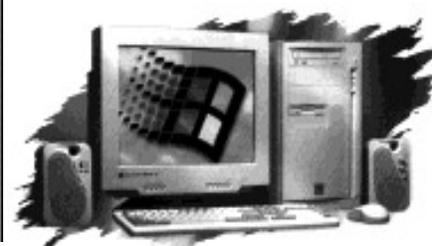
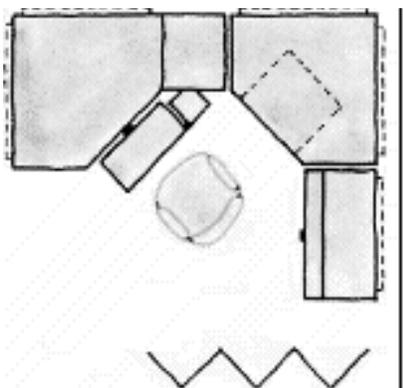
**M**any people are discovering the advantages of having their own home trading office, whether it's their office away from the office, or the headquarters of their own small trading business. You can get furniture anywhere, but by reading this article you can take advantage of the knowledge resulting from our extensive research on issues like ergonomics and technology improvements.

The changes in computer technology and communications has made it possible for you to stay home and trade the markets better than you could ever before. This is the beginning of a grassroots movement of environmentalists and over worked professionals who believe that they can work-at-home and do their own thing better than they could at a crowded and noisy office. The benefits to the telecommuter have been well documented. News, magazine articles, books and first-hand accounts of working parents seeking a better balance of work life and family life describe the advantages of the one-minute commute. Although it is difficult to measure, many traders report improvements in their trading effectiveness when they are freed from the constraints of a central office. Now let's look at what you need to setup that perfect at home trading office.

Trading at home through the internet will soon explode. Signal Online soon will be interfaced with popular trading programs such as TradeStation 5.0. This will give you the ability to use the most advanced technical indicators to trade with. You'll have 2 1/2 second push button trading ability. You can even tune in to hear the trading on the floor of the S&P and Tbond pit through your speaker system! Check out ZapFutures, an advertiser in this issue. They have this order system now!

We looked at the home office furniture industry and found that the Herman Miller collection of home office furniture was some of the best around. It is designed specifically to help you work most effectively in the place you most like to be, your home.

The Herman Miller Aeron chair is their best selling chair. It is a next generation work chair that embraces the diversity of human form and function in a home trading office. It doesn't look like any chair you've ever seen. It doesn't feel like any chair you've ever sat in. Right away you'll notice how the Aeron chair's tilt lets the seat and back move in easy harmony. Your natural body



motions and work postures, from forward-sitting to lounging, are healthfully supported. Replacing foam and fabric, the highly permeable suspension helps you stay cool as it holds you comfortably. The Aeron chair comes in three sizes, so it fits just about everyone. It is excellent to sit in for long periods of time and trade or research the markets. See Figure 1.

The Herman Miller Beirise Collection of home trading furniture puts you in control. It provides accommodating, healthful support that can be arranged to fit you and your space. The freestanding, unhandled components are lightweight and fit through doorways, up stairs, and around corners, and you can easily rearrange them when your needs change. All tables, bookcases, and cabinets visually complement your home interior and are scaled to residential dimensions. In a small area, you have ample space to spread out papers, place electronics, and store materials. Components are simple to use and understand, so you can easily create the home trading office that works best for you.

We setup a demo office with this furniture and found it to be excellent. See Figure 2. With two corner tables, this arrangement is ideal for a home trading computer setup. It can support two 19" computer screens leaving ample surface area for technical manuals. A lockable cabinet with drawers keeps files secure and private. The components of this arrangement are the (2) BC210 Corner Tables, (1) BC215 Corner Table Extension, (1) BC420 Cabinet with Drawers BC430, (1) Overhead Bookcase BC700, (1) Adjustable Keyboard and Mouse Tray G5010, (1) Pencil Drawer.

To help you design your own office. A complete Home Office Configuration Program is available to you on our Traders World Internet Website: <http://www.tradersworld.com>. You can design your office to scale and order all the components online if you want. We also sell an excellent book entitled Home Office Design by Neal Zimmerman. It is a detailed book that contains the information you need to create a conformable home trading office. 206 pages \$19.95 S&H (4.95). It can be ordered on our internet site or by phone 800-288-4266.

Your home at work as well as your home trading office can be a newly discovered source of potentially dangerous pollution. Yellow distorted color, irritating flicker and glare, as well as radiation from common fluorescent tubes, television and computer screens can harm you. Dr. Ott invented the OTT-LITE(r), the first total spectrum, radiation-shielded light source. It's the closest light to natural sunlight. Over the last 40 years, Dr. Ott has expanded his research and has created products that have revolutionized the field of lighting. OTT lighting products in reading lamps, overhead fixtures and on desks totally change environments by reducing light pollution. Dr. Ott's lighting products are accessible thru our Home Office Configuration Program on our website.

What is the right kind of computer you need for trading? Over the past year, we've seen many advances: Intel Pentium II and the AMD K6-2 chips have reached 300 to 400 MHz, and the system bus is now 100 MHz. These chips greatly appeal to traders involved in graphics-intensive work such as trading and are highly recommended. As voice and video become more integrated into everyday trading applications through the internet, users need the extra power. Today, a 300 to 400 MHz computer should suit most needs.

Most users settle for the monitors that come with their computers, believing that they are all the same. But the truth is, monitors are not the same. It is the most important part of the computer. The part you look at all day long. Your eyestrain is important. The perfect trading computer for the home office or home should have either a 17-inch, 19-inch or 20-inch flat square monitor. The true trading professional will want to go up to a 20 or 21-inch monitor. Another configuration would be to use two of the new 19-inch monitors side-by-side. Two monitors are now easy to setup with Windows 98. These new 19" monitors are now the same

size as the 17-inch, but with the much larger screen. Why use larger monitor? The main reason is for better trading and comfort. A 17-inch monitor has about 35 percent more screen area than a 15-inch monitor, and a 19-inch unit delivers 75 percent more. That means you can run many programs at the same time. You might have a trading program such as TradeStation, a spreadsheet and be reading fundamental research from Signal all at the same time.

You should find a monitor that supports a refresh rate of at least 85 Hz for the resolution you're likely to use. Most users use 1024 x 768 resolution for trading. There are also different types of tubes: either shadow mask, aperture grille. A shadow-mask tube creates the picture element from dots, an aperture grille from vertical stripes, and a slot mask from elongated ovals. Shadow-mask tubes tend to deliver sharper text and Aperture-grille tubes generally deliver richer, more saturated colors, so they have the edge for image editing. The best for trading charts are the shadow-mask tubes. The Shadow-mask tube should a dot pitch of 0.26 mm or less.

To get the most performance out of a perfect PC, you need the best possible graphics accelerator. Traders need the new 3D cards, because they'll soon see applications like trading programs spreadsheets taking advantage of the new 3D functionality so they should be 3D-compatible. Be sure the card's RAM is upgradable to 8MB for the 19" or 20" screen. The card should be compatible with AGP, the new high-bandwidth graphics pipeline that takes graphics processing off the PCI bus. The following configuration is recommended for trading and can be ordered from Traders World.

You can now setup and design your own trading computer system with a monitor with our Trading Computer Configuration Program on our internet site. This program will give you the latest new products and the lowest prices for trading computers. These computers are designed specifically for trading to stay on 24 hours a day. They have now 3 fans to stay cooler than other computers. Go to our internet address <http://www.tradersworld.com> or call us at 800-288-4266. Here is one example of a system you can have configured. This system is excellent and in many tests can run as fast as an Intel 400 MHz computer system and at a much lower cost.

## AMD K6-2 300 MHz 3D Now Computer

AMD K6-2 300Mhz 3D Now Processor  
100 MHz Motherboard  
64MB 100Mhz SPD DIMM  
Mid-Tower 235 Watt Power Supply  
8 MB AGP VGA Card  
US Robotics 56K v.90 Fax Modem  
AWE 64 Audio Sub-System  
32X CD-Rom  
6.4 GB U-DMA Hard Disk Drive  
1.44 MB Floppy Drive  
104 Keyboard  
MS-IntelliMouse  
MS-Windows 98  
One Year Warranty  
Monitor extra  
Price: \$949 plus S&H

Traders World

# Big Profits in the Options Market

By Alan Friedman

**D**id you ever dream of being on a roll with your trading? I mean, taking a small amount of money and turning it into a significant sum? If you are willing to take a small amount of money and gamble with it, I have developed a trading system that can allow you to piggyback on “smart money” accumulation of equity options. This system can, in as few as 4-5 trades a year, potentially turn as little as \$1,000 into a nice 5 digit figure. Of course, as with any investment that promises high rewards, there is substantial risk involved. With this system, the most you can lose is the amount you invest. If you start with \$1,000, and are willing to play with some risk capital, the most you can lose is \$1,000. The upside is unlimited.

Recently, The Wall Street Journal ran an article that stated that insider trading had moved from the equity market to the arena of the equity option markets. While it is illegal to trade on non-public information, it is certainly legal to piggyback on “informed” buyers in the options market as long as you have no knowledge of any non-public information about the stock in question. Now, is there a way to spot this “smart money” as they purchase options in the market? The theory behind my methodology, called The WOLF system, is that options with high volume and low open interest can be under accumulation by “smart money”.

Open interest is the number of contracts outstanding in a particular option and is created when both parties to an option transaction are opening a new position. The buyer is going “long” the option while the seller is going “short”. Open interest tells you the liquidity of an option. When open interest is low, an option is usually illiquid and does not trade frequently. Because of this illiquidity, the option usually has a wide spread between bid and asked and as a result, the public usually stays away from low open interest options. Thus, when heavy volume comes into an option with low open interest, it might be the result of non-public buying. Because the public is wrong about 95% of the time when they buy an option, you usually want to piggyback on a professional trader. But before I show you an example, let me make it clear that not all situations where an option has high volume and low open interest are the result of “informed” buyers. There are various filters I use to eliminate volume from public buyers and I will get to some of those rules later. Now, let’s look at an example.

Back on May 14th, the HOME DEPOT (HD) June 75 calls traded 5397 contracts with open interest of 1933 contracts. The high ratio of option volume to open interest indicated that there was urgency on the part of a buyer to purchase these calls. Regardless of the lack of liquidity, a buyer wanted these options so bad that he/she was willing to overlook the lack of a liquid market in those calls. After looking at the moving averages and the chart, I determined that this was a valid signal and the next day, subscribers to The WOLF daily service bought these calls at 1 5/8.

Did someone know something in advance? A few days after we entered the trade, HOME DEPOT announced a stock split and an increase in the dividend. On June 1st, the calls hit our target of 5, and we sold for a 231% profit in 2 weeks.

Sometimes, you can catch a takeover by looking at option volume and open interest. On September 9th, 1986, the DURACELL September 50 calls traded 2682 contracts with open interest of 727. The calls had doubled that day, closing at 1 while the underlying stock moved slightly higher. With The WOLF daily service, you would have picked up the calls the next morning at 1 1/4. The very next day, GILLETTE announced a takeover bid for DURACELL and the calls soared to 8. The SEC investigated and found that two insiders had been buying

the calls prior to the takeover. Of course, you would have been able to keep your entire profit because you were simply piggybacking on other traders and had no knowledge of non-public information.

You don't always need a takeover to catch a big move. Last year, the SEC charged a compliance officer at a major Wall Street firm with selling inside information to traders. One of the tips she was alleged to have sold was information that GEORGIA PACIFIC (GP) was going to restructure. Sure enough, on September 15th 1987, the GEORGIA PACIFIC October 100 calls traded 4023 contracts with open interest of just 28. The calls closed that day at 2 3/8. Days later, GP announced the restructuring and the calls subsequently traded as high as 8!

Does this system work as well for put options? On October 23rd 1987, the BOSTON CHICKEN (BOST) December 12 1/2 puts traded 3561 contracts with open interest of 105. The stock was 13 at the time, and the puts closed at 1 5/16. A few weeks later, the stock was down to 8 and the puts were nearly 5.

Now, I have to give you some words of warning. If you simply look at option volume and open interest, you will get only part of the picture. It is important to use some technical analysis as well as some common sense. I look at things like the stock's moving average and the 52 week high-low; an option that gets active because the stock just hit a new high is usually being bought by the public, not "smart money". A stock that is too far extended from the moving average is due for a pullback and should not be bought. Also, if a stock has two options with similar trading volume, you can assume that the trade is a spread and is not the result of "informed" buying.

Getting back to the very first sentence of this article, here are the simple money management rules that just might turn \$1,000 into a very nice 5 figure number. First of all, realize that this is gambling and that you should be using risk capital-money you can afford to lose. Use a 200% profit target on your trades and take only one trade at a time. If the option drops 50% from your purchase price, exit immediately. Continue to rollover the proceeds from one trade to the next. Finally, this system trades very infrequently, perhaps as few as four trades a year will be made.

While past performance is not a guarantee of future results, using the disciplined rules of The WOLF system, including all of the filters, would have resulted in the following results for 1997, starting with just \$1,000. (No commission, slippage or taxes have been computed in the figures):

TRADE #1-STARTING CAPITAL \$1,000	Option	Date	Volume
Open Interest TBR FEB 80 CALL 1/7/97	7101	965	

You would have bought 2 calls at 4 on 1/8 and sold at 12 to turn the \$1,000 into \$2,600.

TRADE #2-TRADING CAPITAL \$2,600	Option	Date	Volume
Open Interest SPLS JUL 20 CALL 5/29/97	6295	14	

You would have purchased 12 calls at 2 1/8 on 5/30. On 7/1, after the FTC blocked the STAPLES-OFFICE DEPOT merger, you would have sold at 4 1/4.

TRADE#3-TRADING CAPITAL \$5,150	Option	Date	Volume
Open Interest GP OCT 100 CALL 9/15/97	4023	28	

21 calls would have been bought at 2 3/8. After a restructuring was announced you would have sold at 7 1/8 for a 200% profit.

TRADE#4-TRADING CAPITAL \$15,125	Option	Date	Volume
Open Interest BOST DEC 12 1/2 PUT 10/23/97	3561	105	

The puts tripled as the stock dropped sharply lower.

STARTING CAPITAL \$1,000 ENDING CAPITAL \$45,312.50

By watching for situations where option volume and open interest are telling you that there is a buyer urgently accumulating the option, and by taking a gambling approach to your trading, it is possible that you can score outsized returns on only 4-5 trades per year. Don't consider this a plan for your retirement money. Instead, look at this as though you were going to Las Vegas and you were planning on dropping some bucks at the tables. The major difference is that you won't be playing many hands, and that by using the 200% profit target and the 50% stop rule, and by sticking to those situations where "smart money" is buying the options, you are putting the odds more in your favor. I have more examples of how this method works at The WOLF web site.

<http://www.netword2000.com/wolf/wolf.htm>

E-mail: [wolf9999@bellsouth.net](mailto:wolf9999@bellsouth.net)

Alan Friedman is editor of The WOLF, a daily service that uses open interest and option volume to find options under accumulation by "smart money". Mr. Friedman can be reached at (954) 431-7005.

# Biblical Stock Trading

By Joseph Arechiga

For the past few years I've been involved in trading stocks. However my trading usually resulted in two things. One being the loss of my hard-earned money. The second being because I'd lost money I'd be driven to pursue new techniques to use in my trading. Last November I decided I'd had enough of using the programs of others. Many of the investors who offer their techniques and strategies were unreliable because they relied upon wild and/or risky trades that could have resulted in serious damages. So I decided that I would no longer rely on the programs of others. I would now rather develop my own programs to trade with, using another mentor, say, someone like God.

God can predict the future, anyone who studies the prophecies in the bible knows that. So it is possible to know the future in advance. And since the best way to trade obviously is to know the future in advance the Bible seemed like the best place to go. The bible has been known to have a good track record for predicting future events not only with me but also with some better-known names.

It is written in the scriptures, "...Ye can discern the face of the sky but can ye not discern the signs of the times?" (Lk 12:46) In other words, you can see the motions of the heavenly bodies so aren't you able to tell in advance when certain events are to happen? To prove this biblical concept valid, I present the following proof.

The Magi (Wise Men) Did you ever wonder in the story of the nativity of Christ how it was that the wise men from the east knew that the king of the Jews had been born just by looking at the heavens? If it was so obvious why didn't stargazers from all over the world know this? There is a simple explanation for this but most people never question it. The answer is quite pertinent to trading stocks.

In 580 BC Judah, comprised three of the southern tribes of the twelve tribes of Israel, and was taken into captivity by King Nebuchadnezzar of Babylon. One of the captives, Daniel, helped the King follow God's will by interpreting his dreams. Besides interpreting dreams Daniel also knew how to interpret riddles, puzzles, and of course knew how to interpret planetary SIGNS. Ancient Israel's calendar and Holy day system was based on lunar cycles. In the scriptures that Daniel was caretaker of during the captivity of Judah, the book of Genesis states, "And God said, Let there be lights in the firmament of the heaven to divide the day from the night; and let them be for signs, and for seasons, and for the days and years:" (Gen 1:14). The key point being that the heavenly bodies are for SIGNS to predict future events! During the 70-year captivity of Judah Daniel was made the chief Magi. It follows that during this period Daniel imparted much knowledge to the Magi concerning biblical prophecies and their corresponding astral SIGNS. So after Judah was finally released and went back to Jerusalem the Magi never forgot Daniel and his wisdom. As time passed the Magi kept handing down Daniel's knowledge from generation to generation. And when the astral SIGN finally appeared in the heavens the famous "magi" went to pay homage to the king of the Jews. After all Daniel had wisdom beyond anything ever known in Babylon so this King of Jews must have been worthy of much respect.

This explains why wise men from the east came to pay homage to the King of the Jews when they saw his "star". Daniel had instructed them what to look for in the heavens and its significance. Considering the detailed records that Babylonians kept of eclipses and other

astral phenomenon imagine how much better Daniel must have been to be made head of the Magi by the Babylonian King!

To show what kind of sign Daniel must have taught the Magi, here is a biblical example, "Now a great SIGN appeared in heaven: a woman clothed with the sun, with the moon under her feet and on her head a crown of twelve stars." (Rev 12:1) Note again the key word SIGN, this shows up numerous times in the prophecies of the bible. In this case the virgin is the constellation Virgo and by using any astronomy program set to Babylon's coordinates you can find the date of a very important event which is misdated by the majority of historians today.

The point I'm making is that the King of Babylon considered Daniel very wise. And this pattern of "wise" men having tremendous knowledge of the bible, the heavens, and other biblical wisdom tools is common and repeated throughout history. MORE WISE MEN At this point some readers might think I'm crazy but if you're a religious person you probably know that I'm not completely oblivious to what I'm talking about. For those of you who aren't religious and do think I'm crazy just take into account an abbreviated section of my rĒsumĒ. For the past two years I was a Software Design Engineer at Microsoft. For those of you who might not be Bill Gates fans for the two years prior to that I also worked as a Software design Engineer at Hewlett Packard and before that at Trust Company of the West (two smaller companies that you may have heard of).

If you still think I'm crazy I assure you I'm not the only one who believes the Bible holds the keys to solving all the secrets of the universe. Like I said before, here I give you the names of better men that have come before me who might happen to agree with what I'm saying: Benjamin Franklin was responsible to a large extent for our use of electricity. He also helped in the creation of the Farmers Almanac. As some of you might know, by using planetary configurations, the Farmers Almanac tells people the best times to do many activities such as planting and harvesting and forecasts the weather for the entire year for the whole United States. With so much to cover and in such a broad time span the accuracy of the results are quite awesome. Whether or not the Almanac formulas are from the bible or not they still use the planets for their predictions. Plus he picked the dates for the signing of the declaration of independence, elections, and inaugurations. The dates picked would always keep Jupiter 120 degrees from the sun. The 120-degree aspect is considered the most favorable for peace in Astrology. Benjamin Franklin was a devout Christian as were all of the founding fathers of the United States of America. So here again is the pattern of biblical and planetary knowledge working together hand in hand. It is said that JOHANNES KEPLER "went further than Copernicus and even Galileo in breaking with the dogma, common to Aristotelians and Platonists alike, that the heavenly bodies had to move in perfect circles. This enabled him to establish that the true orbits of the planets in our solar system are not circular, but elliptic, with one focus occupied by the sun." (The harmony of the spheres p 221.) Johannes Kepler also was a devout Christian with profound knowledge of the planets. W.D. GANN made millions of dollars a year. He could tell when a stock or commodity would reverse to within 1/8th of a point usually. Not to mention that he did this at a time when there were no computers and the United States was in the middle of The Great Depression. W.D. Gann was also a devout Christian who knew the planets like the back of his hand. All you need to do is open any page of Gann's book, The Magic Word and read any sentence to prove this to yourself. (i.e. "The Bible teaches a divine law and how you can make it work. It teaches two things: Obedience to the law brings reward, disobedience to the law brings punishment. The Good Book does not say that you have to wait until after death to receive a reward. What people want is health, happiness and prosperity here and now on this earth, not a promise of something after they are dead. This is a practical religion and the

Magic Word, Jehovah, will teach you how to get what you need, here and now! Prove all things and hold fast to that which is good")

ISAAC NEWTON invented calculus, researched alchemy, biblical chronology, prophecy, and considered research of the bible fully as important as his work in physics, mathematics, and astronomy. Newton basically provided the technology necessary to take the United States to the moon. He was also a devout Christian who knew the planets intimately.

So if you're going so far as to think that these men were crazy too please quit reading this article. But if not, the fact that all these men were religious, obeyed the laws of God, and knew the planets intimately should gain your trust in believing me that the bible does in fact impart creative ability to those who tap it's power. WHAT DROVE THESE WISE MEN What drove these men seems obvious; they wanted to seek out the hidden puzzles of the universe. They wanted to seek out the things that most people considered, at the time, impossible to figure out. As it is written, "It is the glory of God to hide things and the glory of kings to seek them out" (Pro 25:2). So although people today use electricity, gravitational equations, elliptic orbit theory, etc... one should keep in mind the source of all these blessings... Biblical Wisdom.

Another Biblical Wisdom Device I have already covered the importance of the bible and the planets but there is one more biblical wisdom device I have not yet covered - Numerology. Few people I've questioned know this fact, but the three languages the bible was originally written in are Hebrew, Greek, and Aramaic. These three languages also use the same letters as numbers. In other words, the bible, when not being read could be counted. In the book of Revelation we read, "Let him with wisdom count the number of his name for his number is 666" What this verse is telling us is that to have more wisdom one must learn how to convert letters to numbers and interpret their meaning. In Judaism this is called Gematria. Pythagoras also had a system for converting non-numeric alphabets to numbers.

And notice in the bible there is a book of Numbers. That's interesting in and of itself. Why on earth would the bible have a book called numbers? But once you start doing a little arithmetic with this and other books vital clues begin to show themselves. God places great importance on numbers in the bible. One quick example is found in the Greek portion of the bible, the word used for Satan (Satanas) adds up to 666 and Christ's name, Christos, adds up to 777. 6 being the number of man and 7 the number of completion. HOW THIS APPLIES TO TRADING Okay so a lot of great geniuses have and still do read the bible and know the planets and biblical numerology you say but how does this apply to trading the stock markets and making some cash? Let me show you.

Planetary cycles, stock market cycles, and historical cycles repeat themselves. This principle along with some very special numerical sequences taught in the bible let one predict certain events including stock and commodity trend changes down to the minute with uncanny accuracy. Although W.D. Gann had amazing talent in this field he didn't have a computer, so he probably didn't experiment as much as would have liked to since he had to do much of his work by hand. I have been lucky enough to have been born in the computer age and worked with some of the best programmers in the world so I can dream up and program tons of different experiments and put many pieces of the puzzle together.

Here is a sample of an intraday trading chart for the S&P 500 dated 5/22/98 with one minute bars. Notice all the trend changes happen right on schedule. Although there is sometimes a phase shift meaning that highs are lows and lows are highs the timing is impeccable! This timing plus a system like Murrey's harmonic 8th lines create a pretty dangerous trading system! You get price plus time.

This biblical trading technique is equally accurate for long term trades too. But due to

# Think in Graphics

By Gilbert Steele

I think in graphics, not only in numbers. I think like if a tree is a pine tree can I tell it apart from an oak tree, or a maple tree? Can I see the difference? Some people who trade the stock market see a pattern and say, hey I recognize that. I have been here before. That stock is going to go straight up or straight down because I know this market I have been here before. If they draw one line or do one calculation on the chart they have enacted upon technical analysis. Whether you side with fundamental analysis (spread sheet) or technical analysis; either way you are talking about pure math.

Gann, Hurst, Fibonacci, and Kepler: I plan on tying all four mathematicians together. As you read the following words, please picture the concepts (draw) in your mind's eye. First of all, when you were born you grew 2, 4, 8, 16, 32, 64 chromosomes polarized by two (north and south). Did you ever wonder why the Random Access Memory on your computer became available in Megabytes of 8, 16, 32, 64, etc..? Leave it at 8- Here is another concept for your mind's eye: If you poured water down a drain you see that it swirls. if you put red dye in the water and dropped the temperature to a freeze, you could catch a frame of the helix we are discussing. Now pull that drain water (frozen) out of the pipe and lay it on its side. That red swirl (barber's pole) would be like a stock's price coming under the bottom and over a top as it trades to the right in time. According to Johannes Kepler, this is the elliptical orbit of bodies in motion, stocks, electrons, planets, moon, solar system, even Haley's comet. Picture Haley's comet coming up over the top going away and coming back to us in our solar system. This is also a number one quadrant in my constant Of eight system. That is 1 up over the top, 2 down for a fall. The cycle comes up on three and goes down on 4- up on 5, down on 6, up on 7 and finishes down on eight for the cycle to start over. Each cycle has its own characteristic, but I found that eight is the fold over point.

J.M. Hurst - 'Profit Magic of Stock Transaction Timing' has the number eight in his work for the careful eye-Hurst is also showing you an elliptical orbit in his own way when he demonstrated the wave signals applied to any stock. There are eight branches to W.D. Gann's square of nine if you count the cardinal cross and its counterpart. The odd squares, 1, 9, 25, 49, 81, etc.. are where the helix rolls over. Texas Instruments will go to the 3 high top range in 60 - 100 trading days. Based on the quadrant characteristics TXN is currently in it will make 3 humps when it tops out, with the third being the top. As stated before, there are specific characteristics for each quadrant. Going back to Gann's square of 9, notice how 1, 2, 4, 8 are all on the Cardinal Cross. 'This is not a coincidence. Gann has 9 on the fulfillment of time which is the square of 3, a Fibonacci number. 8 is the Fibonacci number as a chromosome number. If I have 1 + 2 (male + female) it will = 3 (children: future manifest in the third dimension.) Maximum extremes come together and generate the third dimension polarized by 2 which is 9 (3 X 3). We are talking about the fullness of time (length X width X heights), and we are talking about reproduction polarized by two forces (strong/weak, male/female).

Now, picture the earth with the moon orbiting around it. Why doesn't the moon fall toward the earth or fly off to the sun? In physics we call this a stable orbit.

My database goes back 34 years on TXN. I can tell you that TXN has a perfect repeatable count which has never missed. With my count! can call the stock's direction four years into the future. I easily know the pattern the stock will make on the chart six months ahead. The

1987 correction, was 100% predictable on the modeling. This is the 7th quadrant maximum high, so the direction was down.

For those of you who have an engineering background, I myself have am a retired electrician. After 30 years in the business I earned the nickname 'Slide Rule.' if you understand electrical components, then you know that DC components must be installed in ONE polarity only. If you're dealing with AC, it comes in the wall at 60 cycle sinusoidal wave signal which is polarized by two. This is the up and down behavior similar to chart action of the stock market. If you are dealing with Polyphase (length X width X height), then you are now at the preferred phase for all of your electrical circuits. Electricity Light accelerates at a rate which is consistent with the genetic makeup of the chromosome. Remember the computer: 2, 4, 8, 16, 32, 64, etc.. The computer is made up of 32 CD ROM, 64 ma, memory chips.

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