

Harahus Pentagon Analysis

Harahus expounded the use of a regular pentagon not as a high/low projection tool, but as a correction measurement tool. Lines connecting corners of a pentagon (both diagonals and sides) are supposed to be support or resistance to price moves. Harahus draws arcs from significant highs (in the example point B) with 38%, 50% and 62% measures as price reaction areas.

Using strictly mathematics to determine projected price moves or areas of significant trend reversals is an esoteric art. Esoteric in that the analyst must be mathematically inclined, have a precise mechanical mind, and yet be imaginative in his application to price patterns.

Using an established major low (point A) and major high (point B) for gold, a diagonal line can be drawn between the two extreme prices. You can then fully construct a pentagon using a compass and a ruler. Since the sides are always 0.618 of the diagonal (see Fibonacci Analysis) all three unknown points can be drawn through bisection. Lines drawn vertically up or down from the points indicate where important price levels or reversal points should be. For gold it is most revealing.

Point A - \$99 Primary 5-1/2 year cycle low.

Point B - \$873 Primary 5-1/2 year cycle high.

Diagonal AB 1.618 of each side of a pentagon drawn from points A and B using a compass. All sides of a pentagon are equal in length and are 0.618 times the length of any diagonal.

Results

Point C Is over the December 1974/January 1975 5-1/2 year price cyclical high (\$199).

Point D Is over the July/August 1984 trend change to the downside through the 12 year uptrendline (\$335).

Point E In July 1982 directly under gold's new 5-1/2 year cyclical low and trend reversal to the upside (\$298).

In the 1969 - 1974 - 1976 bull/bear cycle, this retracement analysis fitted Fibonacci numbers (61.8%) almost exactly. In the past decade, however, Fibonacci percent retracements have not been as applicable, as prices have ignored all those reversal counts. Either gold has entered a primary bear market or most of the mathematical elements of a pentagon have only a chance relationship to price movement.