Stock Market Timing Using Astrology

By Larry Pesavento

The subject matter concerning astrology is quite extensive, to say the least. Part of the problem is that it requires a great deal of study to familiarize yourself with the position and mathematics of our solar system. In addition, there is the question of whether to use geocentric (Earth-centered) or heliocentric (Sun-centered) astrology. The answer to this is that both must be analyzed in order to be prepared for the unexpected.

The use of the computer software program “Blue-Star” from Matrix software has enabled the student of astrology to condense hundreds of hours of research into a more manageable time frame. This software program allows you to retrieve historical data based on the position of the planets. It is then necessary to go to past price charts and statistically verify what had precluded.. It was well worth the effort! Several of my colleagues questioned why I would share this information. My only response was that very few people would take the effort to learn how to use it in the market. I firmly believe that most good trading systems are sabotaged by the psychological weakness of its user. What is presented here is not a trading system and it should not be used as such. The material here is based on geocentric positions of the planets Venus and Uranus and their effect on short term trend changes in the stock market.

The two planets possess the unique Fibonacci relationship of .618! Figure I shows the relationship of Venus and Uranus when they are on opposite sides of the Earth or in opposition (180 degrees). This is how it would appear from the Earth looking into the sky. It takes 255 days for Venus and Uranus to make a complete cycle from conjunction (0 degrees) to conjunction (0 degrees). If we take 365 days and multiply it by .618 the answer is 255 days. When I first saw this relationship it was apparent that the cyclical implications would by revealing because of the Fibonacci number sequence.

Donald Bradley, in Stock Market Prediction by Llewellyn Publications, mentioned this effect on stock prices when Venus and Uranus were at certain critical degrees (aspect). After studying this phenomenon for many months, certain things became apparent from the trader’s viewpoint:

FIRST: The aspects were so accurate as a short term trading timing device that it could be used trading stock index futures (636 aspects were tested accurate to 92 percent plus or minus two days).

SECOND: The sample size was excellent! Over 60 aspects in a 90-year period from 1898-1987.

THIRD: Some aspects were associated with bullish price action, and others with bearish price action.

FOURTH: It was usually a short term (three to ten day) trend change, but more than 50 percent of the time the effect lasted several weeks.

The amount of research to verify this idea was frightening, but once I had seen the stock market reverse direction on these days, the question had to be answered. I have studied the technical implications of cycles in stocks and commodities for over twenty years and I must admit that it is the single most accurate short-term timing mechanism I’ve researched. Figure II shows the last six months of the Standard and Poors 500. Notice how the market abruptly changes trend on these days! How a trader may enter the market armed with this knowledge is a subject that deserves more space than is allotted in this article. Trend changes occurred on October 5, 1987 at Venus trifle Uranus (120 degrees); November 24 at Venus conjunction Uranus (0 degrees); January 14 Venus sextile Uranus (60 degrees); February 9 Venus square Uranus (90 degrees); and March 7 Venus trifle Uranus (120 degrees). Students of W. D. Gann have learned to respect these angular relationships.

Figure III shows that certain aspects have a positive effect and others have a negative effect.

For your convenience, I've listed the next six Venus-Uranus aspects in 1988. The serious market student owes it to himself to mark these days on his calender: May 19, 1988 Venus Opposition Uranus (180 degrees), May 27 Venus opposition Uranus (180 degrees); August 3 Venus opposition Uranus (180 degrees). These aspects are the same because of the retrograde motion of Venus or Uranus. My experience tells me that they will probably be more powerful than usual because of this retrograde motion. The second of October, 1988 has Venus trine Uranus; October 28 Venus square Uranus; and November 23 Venus sextile Uranus. Watch for changes in short-term trends on these days! Several other researchers have mentioned this Venus-Uranus correlation: James Mars Langham, Cyclical Market Forecasting Stocks and Grain, and T. G. Butaney Forecasting Prices.

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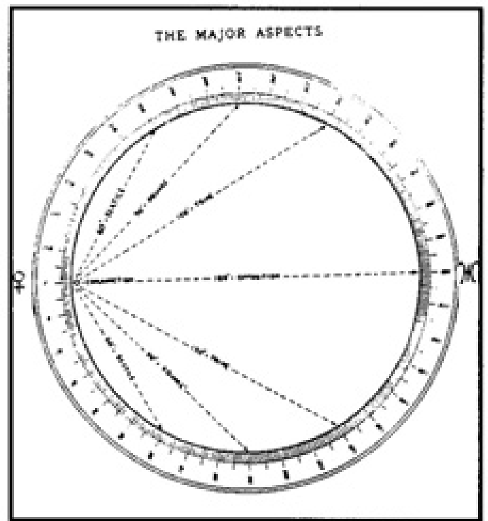


Figure I

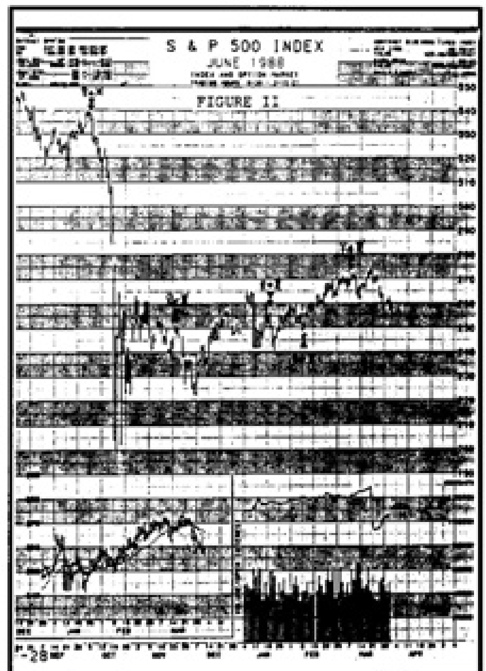


Figure II

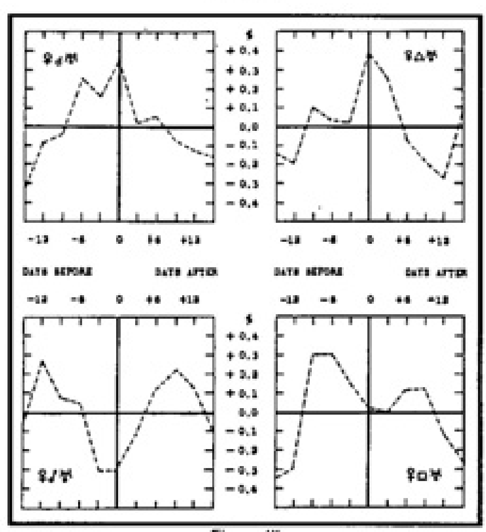


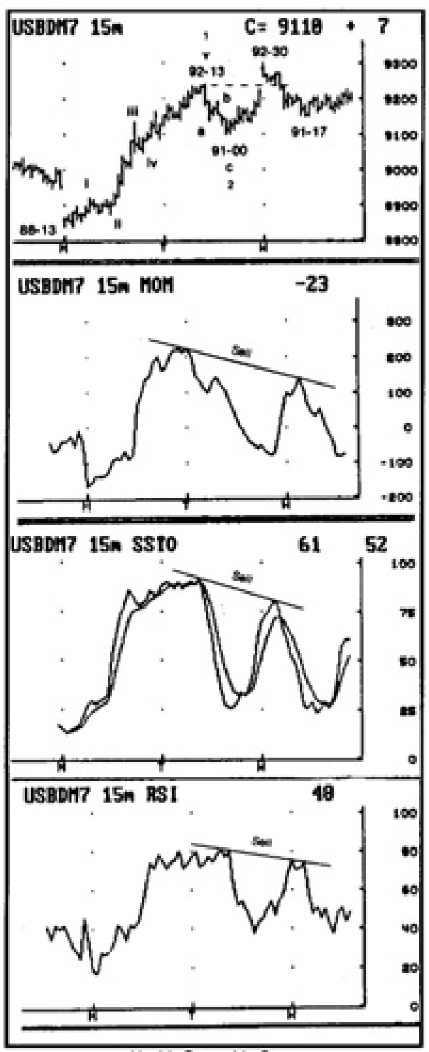
Figure III

Compuwave: An Introduction

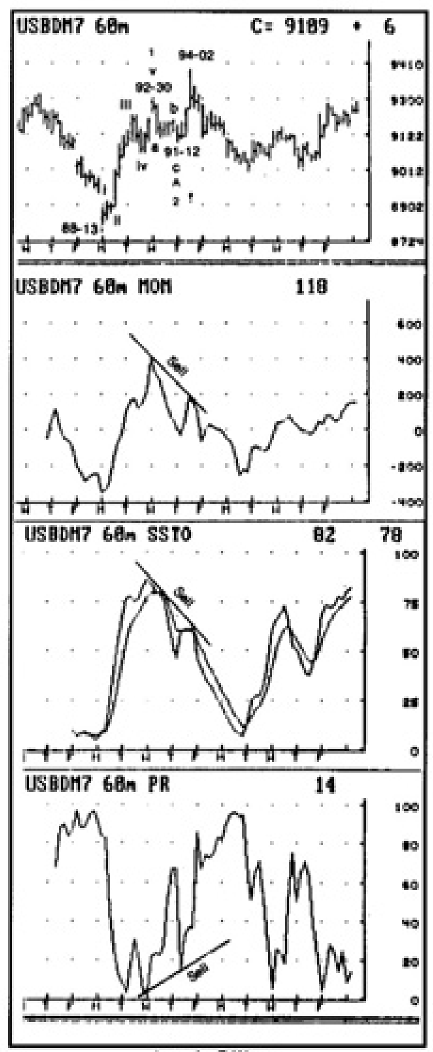
By Robert A Saperstein and Thomas Gautschi

The purpose of this article is to outline how COMPUWAVE analysis is profitable applied to the markets of the 80's. Compuwave combines the projections of Elliott Wave analysis with today's computer generated technical studies. The ideal markets to apply COMPUWAVE are those with large volume and broad public participation, so that mass psychology is represented in market moves. The U.S. Treasury Bond futures and the stock index futures markets stand out with these characteristics. Compuwave analysis can be applied to all time frames, from monthly down to intraday price swings.

The great advantages of Elliott Wave analysis are that the technician can anticipate market moves in a given wave structure and he can project amazingly accurate Fibonacci price targets. This allows him to construct trades, using the Elliott rules and guidelines, with well defined profit objectives and risk points. Even with these obvious advantages, Elliott Wave analysis does have limitations. The rules and guidelines are flexible enough to allow many different wave counts



Upside Downside Gaps

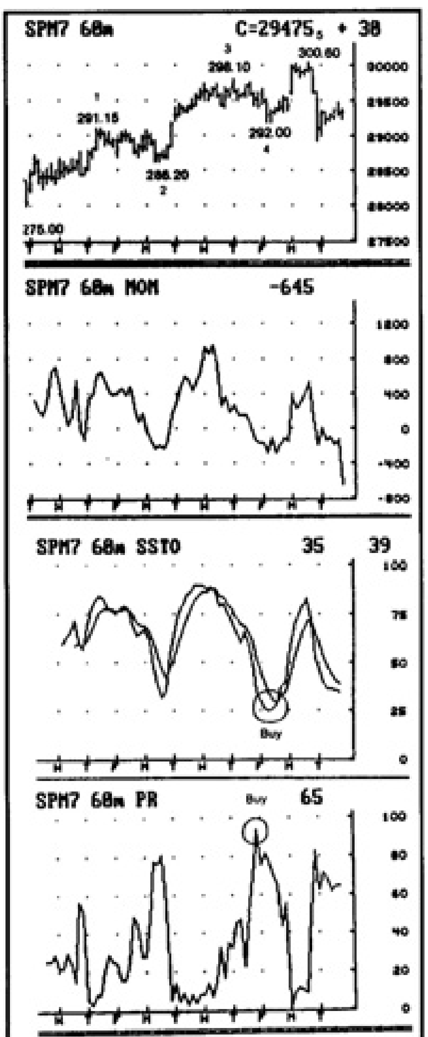


Irregular B Waves

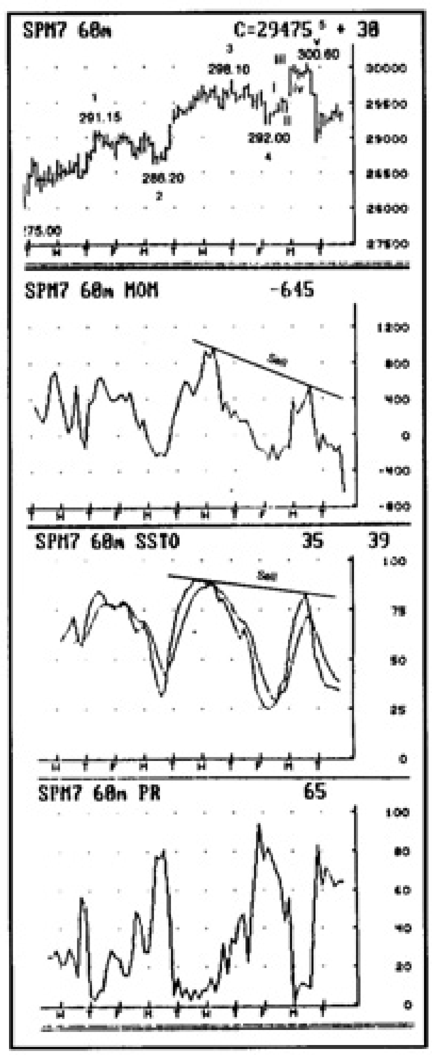
to be attached to a given market situation. The technician must look for all the possible counts, pick the most likely one by fitting the count into the next higher degree, and by determining the proper “wave personality.” Determination of wave personality through market strength and weakness is where the computer generated studies can be applied. They will confirm the current count being used, or they can aid in the selection of the proper wave count from all the alternates.

The first set of COMPUWAVE tools are those used for standard Elliott Wave analysis. This begins with the hourly close-only charts of the futures and cash markets. The most actively traded 30 year U.S. Treasury Bond, S&P, NY Composite, and DJIA indexes are the cash markets to chart. Intraday 5, 15,30, and 60 minute bar charts are used to match the intraday price ranges with the hourly dots so that accurate Fibonacci price targets can be generated. Price targets for stock indexes are best calculated with the price swings, since the widely fluctuating futures premium causes wave overlaps or unreliable targets. Waves of larger degrees are counted on the daily, weekly and monthly charts. Cycles and bullish consensus figures offer additional support to the wave counts.

After using the standard Elliott Wave tools, wave confirmation or wave selection can now be greatly aided by the following computer generated technical studies: Slow Stochastics, Percentage of Range, Momentum, and Relative Strength Index. These mechanical studies



The 4th Wave



(Charts generated by Future Source Technical) will indicate when the market is overbought or oversold. Peaks of first, third, and fifth waves, and B wave rallies should give overbought readings on these studies. Second or fourth wave corrections and C waves within those corrections should give oversold readings. The studies also provide valuable divergence information. Third wave rallies should have the highest momentum in a five wave impulse. When the fifth wave rally arrives, Stochastics and Momentum peaks that are lower than where they were for the third wave will help confirm that the market is actually peaking a fifth wave.

After experimenting with many time periods to build the technical studies, 13 periods seem to offer the best signals. The slow Stochastics indicates an overbought condition when the k line crosses the d line in the area above 80 percent. Oversold is indicated when the lines cross in the area below 20 percent. The Percentage of Range indicator is best used as an oversold measure, when it moves above 95 percent. The Momentum indicator is best used to note divergences between waves. The RSI gives indications of being overbought at readings of 80 or above, and indications of being oversold at readings of 20 or below. Rate of Change, quite similar to Momentum, is also a useful study.

It is important to do the Elliott Wave analysis first, and then look at the technical studies afterwards. Initial wave analysis will provide a count or a few counts that have specific price targets attached to them. The mechanical studies will then aid in selecting the proper count, and a well defined trade can be constructed. Looking at the technical studies alone will give the technician an idea that a trend reversal is coming, but he will have no idea at what price to expect such a reversal.

When using the technical studies against the wave counts, be sure that the time frames of the studies are consistent with the degree of the waves. For instance, doing wave analysis on the hourly close only and hourly bar chart implies that the technical studies should be done on the hourly bar chart. In fact, at fifth wave rally peaks or bottoms on an hourly wave count, confirmation will often come with the 60, 30, and 15 minute technical studies all registering overbought or oversold at the same time.

Common situations where COMPUWAVE analysis can be applied are shown in the following:

1. Upside and Downside Gaps

Daily price gaps provide very useful information regarding the current count. For this article, a daily gap is defined as a morning opening above or below the previous day's range - excluding any evening or foreign trading. A gap that remains open during the trading session helps confirm that the market is in the third wave of an impulse, and trading in the direction of the gap carries a high degree of success. However, if the gap is filled during the day the follow-through is often very swift. *In this example the Bonds appeared to have counted five waves up from 88-13 to 92-13, completing a larger wave 1. A corrective three wave move to 9 1-00 was four ticks shy of a 38 percent retracement, and a rally to

92-08 into the close followed. The market was ideally set to gap up into a third wave. A look at the Stochastics showed that a buy signal was given for the two wave pullback. The next morning the market gaped above 92-13 by opening at 92-28, but the Stochastics, Momentum, and RSI were diverging with the peak at 92-13. This indicated that the gap must remain open to keep the market in the third wave. Therefore, whether long or not, a sell stop at 92-12 allowed the trader to catch a swift move to 9 1-17 as the gap was filled. The gap turned out to be an exhaustion fifth wave gap to 92-30, and the low at 9 1-00 was labeled as a fourth instead of a two wave.

2. Irregular B Waves

Once a market makes a five wave advance completing a larger one wave, and then completes a three wave correction, the ensuing rally should be either a third wave or a B wave. A third wave will normally announce itself with a gap-up opening. In the absence of a gap, when the rally starts carrying above the previous fifth wave peak, the computer generated studies can help determine if the rally should be aggressively bought as a third wave, or if it is simply a B irregular false breakout. This example continues the previous one, which ended in a fifth wave exhaustion at 92-30. The following three wave decline to 9 1-12 could have been labeled as an A or 2 wave. The sharp rally from 91-12 definitely had the appearance of being a third wave.

However, the Momentum and Stochastics studies clearly showed strong divergences between this rally and the fifth wave peak at 92-30. Note also the divergence on the Percent of Range study. These divergences helped identify the move to 94-02 as a B irregular, which would now lead to expectations of a C wave destined to undercut the A wave at 91-12.

3. Diagonal Triangles

This example continues the previous two with the Bonds having peaked a B irregular at 94-02. The expectation now would be for a five C wave to undercut the A wave at 91-12 and find support at a Fibonacci target. The standard 38 percent and 62 percent retracements of the five wave rally from 88-13 to 92-30 were 9 1-07 and 90-04. As the Bonds declined, each leg down took the form of three waves and the ranges began contracting. This led to the possibility of a diagonal triangle, which occur in the fifth wave or C wave positions. Since alternate legs of triangles are normally related by 62 percent, another target for the termination of the C wave could be generated. The third wave of the triangle went from 92-16 to 90-26, a move of 54 ticks. Sixty-two percent of this move, subtracted from the fourth wave at 91-14 yielded a target of 90-13. Since the 38 percent retracement had already been violated, the target range for the end of C was 90-13 to 90-04. Now the computer generated studies would confirm the Elliott Wave targets. The Percentage of Range study peaked at 96 mid-day on Monday, while the Stochastics study generated a buy signal after the opening on Tuesday. The C wave ended just before Monday’s close, right into the target range at 90-12. Note also the divergence in the Momentum on the way down.

4. The 4th Wave

One of the most structured trades that Elliott Wave analysis can offer is buying a 4th wave against the top of a 1st wave. Since a 4th wave should never overlap the 1st wave, once the bottom of the 4th wave is targeted the risk becomes the distance between the target and the top of the 1st wave. The profit objective will be to liquidate above the peak of the 3rd wave. In this example the S&P rallied in a 3rd wave advance from 275 to 298.10, and it appeared to have potential to turn into a 5th wave rally. The targets for a 4th wave pullback were 293.55 for a 38% retracement of the 3rd wave, and 293.15 where the 4th would have equality with the 2nd wave. As the market came down into the target area, a look at the computer generated studies helped confirm that the decline was a 4th wave, even though it exceeded the target area by moving to 292. The Percentage of Range peaked at 94 into the close on Thursday, while Stochastics were entering an oversold area. Going long in the target area or below would require a stop at 291.10, just below the peak of the 1st wave, with an objective to liquidate above 298.10. The Stochastics further confirmed the 4th wave as it gave a buy signal during Friday’s trading. The cash market also held much better against its 1 wave, giving the trader encouragement.

5. The 5th Wave

5th waves, as the final moves in an impulse, are clearly confirmed by the computer generated studies. The most powerful part of an impulsive move is located in the 3rd wave, while the 5th wave should be expected to be less dynamic. This difference in momentum in the two waves is exhibited by divergences in the Momentum and Stochastics studies, as shown in this example. After have bought the 4th wave in the previous example, the emergence of a 5th wave is confirmed by the studies as the diverge into a move above the 3rd peak at 298.10. The maximum that this 5th wave was expected to go was 303.90, since it could not be larger that the 3rd wave (which was smaller than the 1st wave). Once the market was above 298.10 though, the 5th wave could terminate anywhere between there and 303.90. This particular 5th wave was subdividing into 5 waves itself, with the peak of its 3rd wave a 300.25. So attempting to exit on a 5th of a 5th above 300.25 was perfect as S&P rallied one last time to 300.60.

Traditional Elliott Wave analysis is in itself a very powerful tool. Now the availability of the high speed computer’s technical studies makes wave analysis even stronger. The objectivity of the studies helps to bring wave analysis to a more scientific stage by reducing some of the uncertainties in proper wave selection. The COMPUWAVE combination of wave analysis with the computer studies’ confirmations produces trades that have the highest probability of being profitable. Nothing could be more straightforward than having a 5th wave target met along with the 60, 30, 15, and even 5 minute studies all at their extremes to exit the impulse and position yourself for the correction.

The examples presented in this article are just a few of the many instances where COMPUWAVE can be applied. Elliott Wave patterns are constantly in the process of unfolding. Careful attention to the weekly, daily, hourly close only and intraday charts for wave counts, supported by extremes and divergences on the computer generated studies, will produce a great number of structured trades with Fibonacci price projections and wave guideline risk points. It is often said that “they don’t ring a bell at the top,”, but COMPUWAVE should help ring its own bell for you.

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Gann and the Planets

By Gregory Legrand Meadors

W.D. Gann used many esoteric techniques to predict future market direction and price targets with amazing accuracy. In the present context, the word “esoteric” means, “understood by only a chosen few” (Webster). These methods were never revealed in any systematic way, and many of the principles which Gann used in his forecasting system are awaiting your discovery. Some of these principles can be found in some of Gann’s fictional writings, which on the surface do not appear to have much to do with the market.

Such a book is Tunnel Thru The Air, in which Gann reveals some of the methods which he employed for his success. The esotericism of Gann’s forecasting is well known, but lesser known is the ancient body of esoteric sciences upon which Gann drew. Such sciences include numerology (the universal language of numbers), astronomical cycles, astrological interpretations, time cycles, Biblical symbology, and sacred geometry. These sciences contain

DATE	TIME	ASPECT
AUG 07, 1987	11:34 AM	☉ △ ♄
AUG 10, 1987	09:53 PM	♀ △ ♄
AUG 11, 1987	10:54 AM	♂ △ ♅
AUG 14, 1987	01:11 AM	☿ △ ♄
AUG 16, 1987	00:24 AM	☉ △ ♅
AUG 17, 1987	01:36 PM	♀ △ ♅
AUG 18, 1987	02:18 AM	☿ △ ♅
AUG 21, 1987	01:16 PM	☿ △ ♃
AUG 22, 1987	04:19 AM	♂ △ ♃
AUG 23, 1987	03:25 AM	♀ △ ♃
	03:58 AM	☉ △ ♃
AUG 24, 1987	11:01 AM	☿ △ ♆
AUG 27, 1987	04:32 PM	♀ △ ♆
AUG 28, 1987	11:44 PM	☉ △ ♆
AUG 29, 1987	09:55 AM	☿ □ ♄
AUG 30, 1987	11:13 PM	♂ △ ♆
SEP 03, 1987	00:13 AM	☿ □ ♅
SEP 04, 1987	06:26 AM	♀ □ ♄
SEP 07, 1987	07:37 PM	☉ □ ♄
SEP 10, 1987	03:48 PM	☿ □ ♆
	05:16 PM	♀ □ ♅
SEP 15, 1987	08:52 AM	♂ □ ♄
SEP 16, 1987	00:06 AM	☉ □ ♅
SEP 20, 1987	06:16 PM	♀ □ ♆
SEP 27, 1987	04:50 PM	♂ □ ♅
SEP 28, 1987	05:46 PM	☉ □ ♆
OCT 16, 1987	08:59 AM	♂ □ ♆
OCT 24, 1987	08:09 AM	♃ △ ♅

THE HARMONIC CONVERGENCE. During the Harmonic Convergence all the planets formed multiple trinces (120 degree aspects) which exactly timed the market highs. All the planets then separated into the negative squares which generated a negative influence.

the keys to accurate market timing. For example, in this book Gann advises reading the Bible three times to learn about cycles and how the Creator reveals nature's universal laws. Obviously, such a study requires years to master and cannot be picked up by the dabbler.

To get some background on the influence of cosmic influences, you can read Cosmic Patterns by J. H. Nelson. Nelson was an RCA scientist who discovered a direct correlation between the angular relationship of the planets and Sun Spots which affected short wave radio transmissions. His discovery gave him the knowledge to forecast future radio disturbances and also proved the physical effect of unseen cosmic influences based upon the angles (aspects) of the planets (Luke 21:25).

The widely advertised Harmonic Convergence last August involved several planets in conjunction (same longitude) in the constellation Leo (fire sign which governs the fifth house of speculation in the horoscope). This powerful congregation of planetary influences also formed positive grand trine aspects (120 degree angles) with the outer planets, which culminated at the August 24 New Moon which was the top of the market.

The planets Jupiter and Saturn are cosmic opposites in astrological interpretation. Saturn governs time and depression, while Jupiter governs expansion. On August 19, Jupiter turned retrograde motion (a condition where the planets appear to be moving backwards as viewed from earth). This condition which decreases Jupiter's positive influence lasted until December. At the same time, Saturn turned direct motion (which increased its negative influence). Students of price activity should note that in the last 20 years there have been no major market advances during the three and one-half month Jupiter retrograde cycle.

On September 22 a Solar Eclipse occurred in the Earth sign Virgo a portent of future market direction when activated. On October sixth, Mars (action) passed over this Solar Eclipse Degree (29 Virgo) activating this negative Earth sign Eclipse. It was here that the market started its record breaking 13 day drop. This was a textbook astrological event (read Encyclopedia of Astrology of by Devore, 1947, on Mars passing over an Eclipse Degree). Is it any wonder that the market came down to Earth? Mars then formed the negative Square (90 degree) aspect with Neptune (confusion, illusion) and was exact on October 16.

At the same time that the Solar Eclipse was activated by Mars, a Lunar Eclipse occurred in the 13th degree of Libra (scales, balance). In addition, Venus (NYSE ruler) entered the Bear sign Scorpio (opposite Tarus the Bull) and formed a powerful conjunction (0 degrees) with the destructive planet Pluto (Plutonium). The bomb was dropped when this conjunction was exact on October 19 resulting in a 508 point one-day crash.

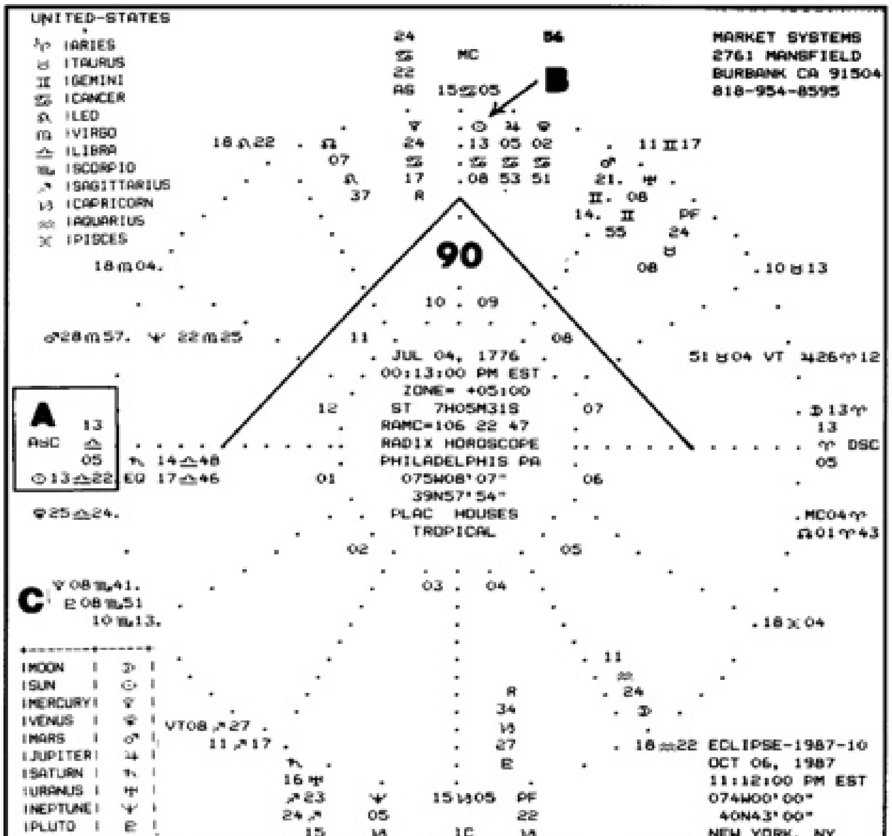
DATE	TIME	ASPECT
SEP 08, 1985	06:00 PM	♀ △ ♅
MAR 26, 1986	11:09 PM	♀ △ ♅
JUL 02, 1986	08:22 AM	♀ △ ♅
MAY 13, 1987	11:28 PM	♀ △ ♅
AUG 17, 1987	01:36 PM	♀ △ ♅
MAR 06, 1988	08:08 PM	♀ △ ♅
OCT 02, 1988	00:54 AM	♀ △ ♅

The market will usually move up for approximately two weeks as Venus approaches the 120 degree aspect with Uranus. The market generally declines afterwards. The short term cycle has been very accurate in recent years.

Mercury (trading) was also conjunct to Pluto at 3 degrees Scorpio during the Lunar Eclipse. Around October 13, Mercury turned retrograde on the 13th degree in Scorpio, which presides over the eighth house of the Horoscope which governs other people's money, death, and destruction. For the advanced student, note the positions of the Lunar Eclipse and planets with the Lunar mansions (John 14:2).

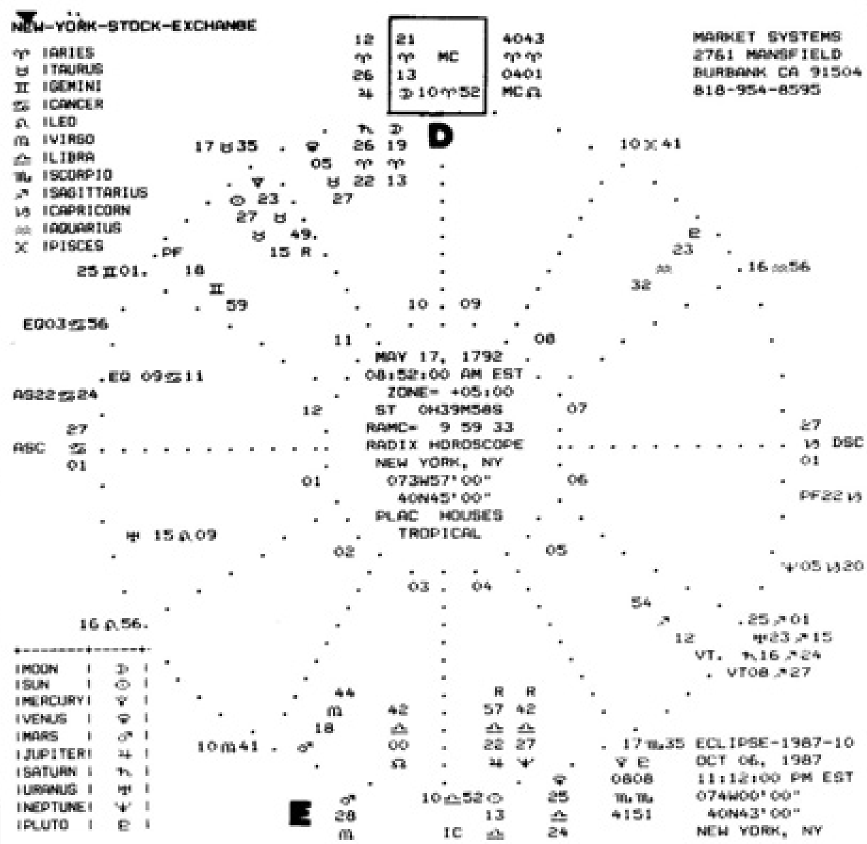
One astrological technique of forecasting which Gann used involves comparing the current planetary positions (transits) to the NYSE birth chart, and the use of progressions of the planets based on one year for a day (Ezekiel 4:7). According to McWitter's method in her book Astrology & Stock-market Forecasting (1932), the aspects to the planet passing over the Midhaven (top of the NYSE birthchart) are major indicators of market direction. Using this technique, one could have seen that Jupiter was in the Midhaven when the Sun started to form an opposition of October sixth and was exact (180) on October 19.

The number 13 is a powerful number in ancient symbology. The Dow high was 2722 (2+7+2+2= 13) which was 13 years from the October 1974 low. This number vibration (with the planets) clearly indicated the future market direction. They gave advance warning of the tidal wave of selling pressure last October. Many market letter writers and "advisors' claim that they forecast the August top and October crash, but before you buy market advice, ask to see the trade confirmations.



On the United States birthchart the October 6, 1987 Lunar Eclipse 1t 13 degrees fell exactly on the U.S. Ascendant (A) which was 90 degrees (Square) from the U.S. Sun at 13 degree Cancer. (B).

At the same time Mercury (communications, trading) was conjunct (0 degrees) with (destructive) Pluto (C) in the heavens. On October 11th, Venus (NYSE ruler) entered the Bear Sign Scorpio stinging the unwary investor during that week. She then formed the powerful conjunction with Pluto (plutonium) and the bomb was dropped when the conjunction was exact on October 19th resulting in a 508 point crash (Genesis 1:14)



The Encyclopedia of Astrology, by Devore (1947) states: "Eclipses on the places of the Sun, Moon, Ascendant, or Midheaven (M.C.) are however, unfavorable influences. Frequently their effects are not felt until some time thereafter, when another planet, principally Mars, transits (passes) over the degree on which the eclipse occurred."
The Lunar Eclipse at the 13th degree on October 6, 1987 fell on the NYSE Midheaven (D). At the same time Mars (E) passed over (conjunction) the September 1987 Solar Eclipse Degree (29 Virgo) generating an extremely negative influence. (Isaiah 13:10)

-EPHEMERIS-

+ 8:00 ET — Geocentric Tropical Longitudes for OCT 1987

Date	Sid. Time	Sun	Moon	Node	Mercury	Venus	Mars	Jupiter	Saturn	Uranus	Neptune	Pluto
5	8:53:52	11LI32 56	17PI05	01AR49	07SC03	23LI07	27VI46	26AR26R	16SA16	23SA12	05CP19	08SC47
6	8:57:48	12 32 02	01AR26	01 45	07 58	24 21	28 25	26 18	16 20	23 14	05 20	08 50
7	9:01:45	13 31 11	15 35	01 42	08 49	25 36	29 03	26 11	16 24	23 15	05 21	08 52
8	9:05:42	14 30 22	29 27	01 39	09 37	26 51	29 42	26 03	16 29	23 17	05 21	08 54
9	9:09:38	15 29 35	13TA00	01 36	10 21	28 05	00LI20	25 55	16 33	23 19	05 22	08 56
10	9:13:35	16 28 50	26 11	01 33	11 01	29 20	00 59	25 47	16 38	23 21	05 23	08 59
11	9:17:31	17 28 07	09GE02	01 29	11 37	00SC35	01 37	25 39	16 43	23 23	05 23	09 01
12	9:21:28	18 27 27	21 33	01 26	12 08	01 49	02 16	25 31	16 47	23 25	05 24	09 03
13	9:25:24	19 26 50	03CA48	01 23	12 33	03 04	02 54	25 23	16 52	23 27	05 25	09 05
14	9:29:21	20 26 14	15 50	01 20	12 53	04 19	03 33	25 15	16 57	23 29	05 26	09 08
15	9:33:17	21 25 41	27 45	01 17	13 06	05 34	04 12	25 07	17 02	23 31	05 27	09 10
16	9:37:14	22 25 10	09LE36	01 14	13 12	06 48	04 50	24 59	17 07	23 33	05 28	09 12
17	9:41:11	23 24 41	21 29	01 10	13 11R	08 03	05 29	24 51	17 12	23 35	05 29	09 15
18	9:45:07	24 24 14	03VI28	01 07	13 02	09 18	06 07	24 43	17 17	23 38	05 30	09 17
19	9:49:04	25 23 50	15 37	01 04	12 45	10 32	06 46	24 35	17 22	23 40	05 31	09 20
20	9:53:00	26 23 28	28 00	01 01	12 19	11 47	07 25	24 26	17 27	23 42	05 32	09 22

The Emphemeris shows the positions of the planets in the heavens during the Oct. 1987 crash.

The dates given in the “Cosmic Conversation” article (Feb. issue) were the exact trine aspects (120 degree) between Venus and the Big Wheel (change) Uranus (Ezekiel 1:16). Historically the market tends to move up prior to the completion of the Venus trine Uranus aspect, after which the market usually declines (unless more powerful vibrations are evident). This twice-per- year cycle recently occurred on the following dates: March 26, 1986; July 2, 1986; May 13, 1987; August 17, 1987; and March 6, 1988. Observe the market pattern two weeks before and after these dates. The drop into the November 11 time frame was based upon the Mars/Jupiter conjunction (0 degrees) and opposition (180 degrees) cycles which has timed many market lows and trend change dates. You can see it very clearly in August 1982.

Gann also mentioned the number 266 as a key in Tunnel Thru The Air and that the Biblical story of Jonah is the key to interpretation of the future. Could the number 266 represent 72 hours (2x6x6) which equals the three days and three nights in the story of Jonah or could it be the star (angle) of the Magi (Matthew 2:1)? There are other keys to this short story. Read it!

The Galactic Center which is located at 266 degrees of longitude (26 degrees, Sagittarius). Examine any geo-centric ephemeris and note that when the market crashed on October 24, 1929 (Black Thursday), the planet Saturn was at the Galactic Center (26 degrees 22 minutes Sagittarius). Saturn’s influence of timing and depression has a 29 year cycle. Would it not make sense to expect a sharp drop (third largest) to occur when Saturn reached the same location in the heavens? Would it not also be of significance if this date were a two year anniversary after the previous record drop on January 8, 1986. This planetary cycle from a previous crash date was missed by astrologers and market “advisors” who do not understand the cycles of previous market history. Did you know that the market also crashed on October 19(1937) completing a 50 year time cycle?!

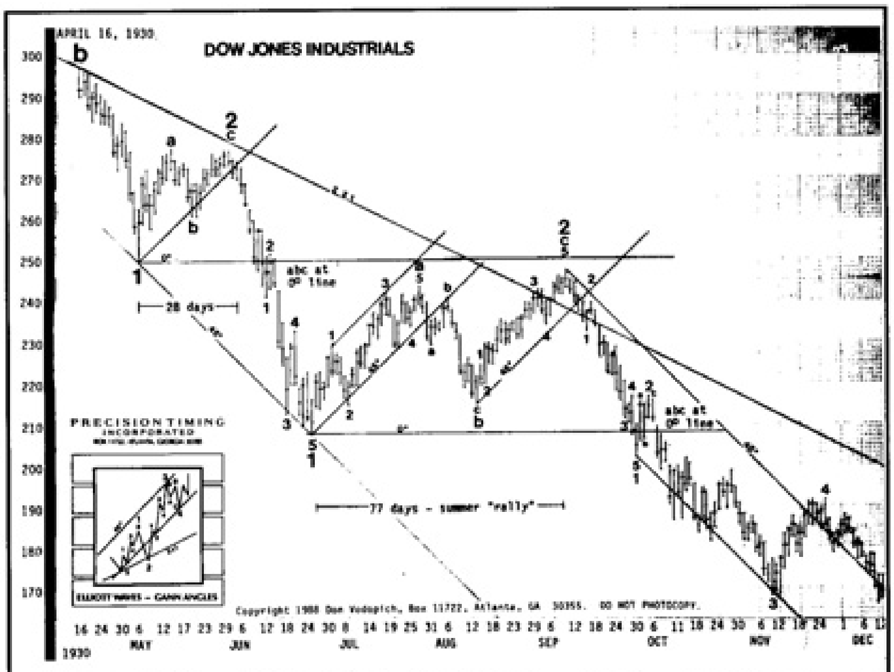
Many people laugh at some of these techniques, but they also lose their money in the market. When you have finished your lessons and have discovered the keys, you will then have knowledge. You will then be able to accurately interpret the “signs of the times” (Matthew 16:2-3) and the market with “uncanny” accuracy.

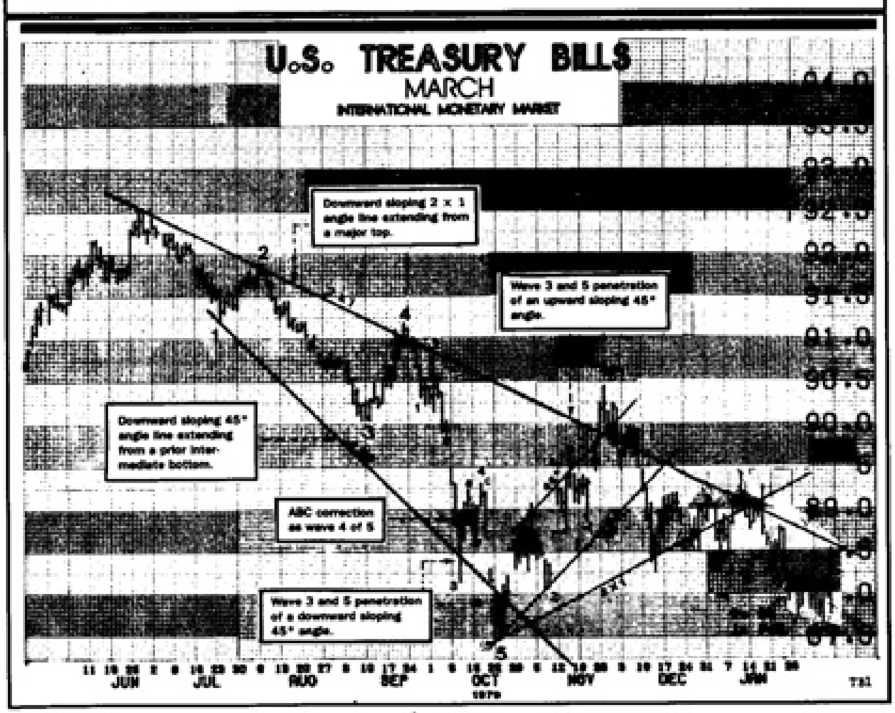
Understanding how Gann used the universal language of numbers, Biblical cycles, and sacred geometry are techniques that may be discussed in later articles.

Will History Repeat?

By Donald R Vodoptch

A lot of publicity has been generated about the parallel between the 1987-88 market and that of 1929-30, but few realize how precise the technical parallel has been. In fact, the Elliott wave structure of 1982-1988 compares very closely with the 1924-1930 wave structure. We can divide this period into three phases for comparative purposes.





1. The first phase is 1982-1987 versus the 1924-1929 period. The former was a virtual replay of the latter. Both contained fifth wave extensions.
2. The second phase covers the crash period. The decline from the top in both 1929 and 1987 covered exactly 56 days to the crash low point (October 29, 1929 and October 20, 1987). Both declines count as the “A” wave of an “ABC” bear market.
3. The third phase covers the rally from the crash low point. In 1929-30 stocks rallied for 169 calendar days to April 16, 1930, then began the long “C” wave decline. In 1987-88 stocks rallied for 175 calendar days (from the crash low point) to April 12, 1988, when the Dow Jones Industrial reached 2115.90. The other indices failed to better their March 18 highs. The rally in both situations counts as the “B” wave of an “ABC” bear market.

The conclusion is that all the technical elements are in place for a repeat of 1930-1932. In the 1930-32 bear market stock prices declined from 297.25 (April 16, 1930) to a low reading of 40.56 on July 8, 1932, a decline of 86.4 percent. But a look at the chart shows that the decline was rarely dramatic. It can better be described as a persistent erosion. There were several “ABC”rallies that took the form of flats, zigzags and triangles. The slow nature of much of the decline plus the many rallies served one purpose: It caused the market watchers to believe, to hope that the last decline was “the bottom.” It lulled the locked-in stockholders into a false sense of complacency and caused many to hold on to the bitter end. To quote the words of W.D. Gann: “Charts are records of past market movements. The future is but a repetition of the past; there is nothing new. History repeats and with charts and rules we determine when and how it is going to repeat.”

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No Title???

By Joel Rensink

Most people get involved in trading commodities because they see the opportunities-prices always moving up and down-and realizing that if they are correct at the right times often enough, large profits will follow. In practice they find it isn't that easy, and start studying. Most Gann traders/students with whom I have become acquainted expend a great deal of effort to learn the ways of the market so that they can truly become professional traders. After all, trading commodities should be the perfect business, no employees or stock, just you and your money. Total responsibility for profits on you. And the losses. This is a great amount of responsibility.

There is a similarity between a professional trader and professionals in other vocations. Take for instance a medical doctor. It takes a great deal of education to be a good doctor. There are no guarantees for success when his diploma is handed out. If the doctor has chosen to be a heart specialist, there is no guarantee that his first cardiac patient will live or die despite the training that he received. The factors involved in his care for the patient are many: how well he studied under the doctors training him, the patient's condition relative to an average condition, how alert the doctor is to a change in the patient's condition, and ultimately, the validity of the treatment given to the patient.

Doctors are taught a methodology to care for the phenomena of health. All of it is based on numbers. Given 1000 flu cases, 366 responded will to this treatment while 687 responded better to this treatment. The more the apparent response the more the treatment is believed to WORK. A perception. Someone's.

If a doctor has enough patients and is successful with a large number of them, he will make big profits. But he has much responsibility--his success or failure is directly placed on his shoulders.

Interestingly, more doctors seem to be more successful in procuring profit than most aspiring traders. I believe the answer is in consistency. If a person decides to become a doctor, he is making a lasting commitment, one which demands effort, time, and BELIEF in what he is learning. This belief is undoubtedly based on results he obtains by following what he is taught. It becomes part of his nature to act on facts or rules, and when he goes into private practice he consistently follows the same pattern.

The aspiring trader doesn't necessarily have the commitment, or the desire to work on his trading for a very long period of time before he can be reasonable sure of profits. In fact, I have found that most traders aren't sure that they can even expect profits by following a certain way of trading. The reason must be that they haven't proven to themselves that any trade-able rule or group of rules followed consistently will end in gain over a long period of time.

In "How to Make Profits in Commodities" W. D. Gann stated, "Any method or system to make money trading in Commodities (or anything) must be based upon the exact law of mathematics." This seem logical, but is anything consistent enough to base a trading program upon?

It is possible to follow a mathematical system in the markets and gain in the long run. In the late 60's an interesting book was published by two mathematicians named Edward 0. Thorn and S. T. Kassouf, entitled, "Beat the Market." It contained their research and actual results of five years of market testing a mathematical system investing in stocks and warrants. When the book was published, the system had already produced an average yearly gain of 25 percent for the five years with no yearly losses. They showed how an average investor could employ the system with a $2,000 brokerage account, and even how one of the authors had more than double $100,000 in the five years of the test. The system proved in real-time to be consistently profitable in bull markets, bear markets, and even dead or sideways markets. The Holy Grail? Not by a long shot, but apparently effective. The writers showed that even if their strategy were employed through the 1929 crash it would have only profited--all the way up to 1966.

If the system worked as well as their proof why were they willing to put it in a book for anyone, including competitors, to read? They answered in chapter 11. Not only did they want to invest their own money in their system, but they thought they could easily sign up BIG money for a percentage of profits. It wasn't easy. BIG money thought it wasn't possible, or that 25 percent wasn't enough per year even if it seemed like it shouldn't lose. So they wrote the book proving their mathematical theory. Thankfully, that wasn't the end of it.

In as article in the WALL STREET JOURNAL, of April 6, 1988, the book "Beat the Market" came up again. A Mr. Regan, a stockbroker, met Mr. Thorn in 1969 after reading the book. Mr. Regan had contacts on Wall Street, and Mr. Thorn had his proven system. The WSJ reports that the two raised about $1.4 million and began investing, according to the system's precepts. The firm now has over $250 million in equity. According to the WSJ, the firm has had annual returns averaging 20.5 percent since 1969.

It won't take anyone very long to figure out how consistent profitability like that multiplies money. Yet the system and the idea has been there for 20 years. And still it works. All this goes to prove that if a person expects to make a profit from any freely traded market, it will have to be with a mathematically precise system or method and then followed CONSISTENTLY. That is why Edward Thorn is so successful. He discovered something that worked and then worked it. He is a professional, because he can follow his rules very well.

Probably not many of you are terribly interested in hedging stocks and warrants like Mr. Thorn. Lets assume then that accurate market trading is your aim. We all know that in Mr. Gann's books and courses that there are hundreds of rules and instructions. Which ones should you follow? Obviously, the ones which you can prove beyond a shadow of a doubt. Otherwise you will not be able to consistently, methodically carry them out. Gann said, "The difference between success and failure in trading in Commodities is the difference between one man knowing and following fixed rules and the other man guessing. The man who guesses usually loses. First, prove to yourself that the rules that I give you are good. They have worked in the past and they will work in the future. I KNOW they will work.. Don't take my word for it. Prove to yourself that they are good. You can make profits by strictly adhering to rules. Make up your mind. If you are not going to follow rules, don't start speculating ar trading in Commodities--or anything else for you will lose in the end" (Excerpts from PROFITS).

I believe that the main reason people have trouble trading on Gann indications is because they haven't absolutely proven that the rules REALLY work to themselves. I personally trade only on Gann's rules, no others. But only on the rules that I have tested and have seen work; over hundreds, even thousands of repetitions. I don't even think of them as Gann's rules anymore. I think of them as mine, because I proved them.

For example, Gann described a certain mechanical trading strategy in his commodity course called the "Trendline Indicator." He stated that if you were a conservative investor and only traded with this one rule as your guide, in active markets always in the market, you should have a large percentage of profits each year. He neglected to mention though, that it was possible to have large whipsaw losses if the market hot into a choppy range, and be a net loser.

Poring over hundreds of years of daily charts, I have proven to myself that this rule really does work, in active markets. To use this rule then, the only decision process becomes how much money do I want to trade on the rule and which market is the most active? If I had traded just this rule, for the last 11 months in T-Bonds, starting June, 1987 with believable fills, I feel I could have made approximately $ 8,300 per contract. Always in the market for the 25 trades it specified, long and short. This isn't too bad considering the violent up and down moves, whipsaw moves and fear and panic in the market place. But I didn't. Why? I'm human. I don't LIKE the idea ofjust trading on just one rule, even if I have proven it beyond a shadow of a doubt, to myself. I feel it is possible to have a better edge by a combination of rules. So do many others who trade by Gann theory. Hence this magazine.

This naturally means work. That's okay, considering how well our competition considers work today. Cornelius Vanderbilt, 19th century millionaire, being asked as to the best way to make a fortune, is reported to have said in reply, "There is no secret about it, all you have to do is to attend to your business and go ahead." In other words, just be consistent.

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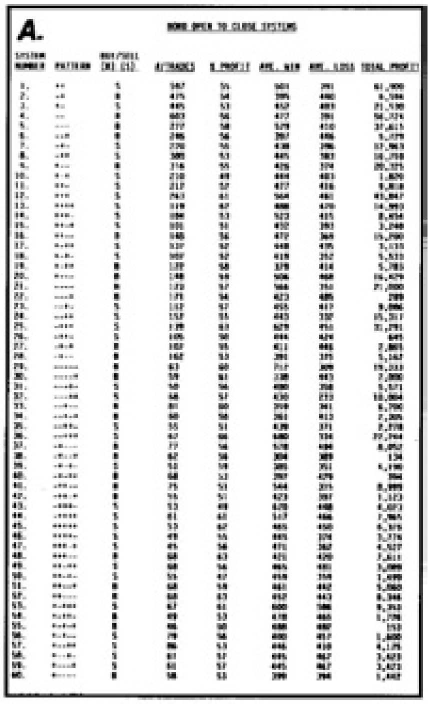
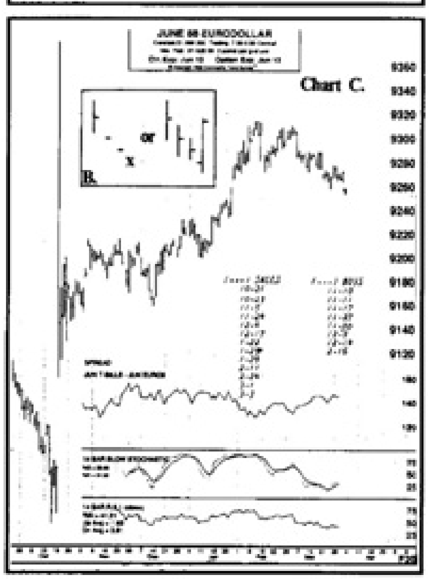
Price Pattern Studies I

By Toby Crabel

In this study I have tested all possible two, three, four, and five-day close to open patterns for the T. Bond Futures market from 1978 to 1987. Three items are provided to explain the information. 1) A listing of patterns (Table A). 2) A graphic display of a pattern (Chart B). 3) A chart of June Eurodollars with examples of two of the patterns (#5:(---)), (#12:(+++)),(Chart C.) The Eurodollar chart is used in place of T. Bonds to display an actual day session open. The chart service used shows T. Bond night session opens on the daily bar chart. This study should be used in conjunction with day session opens only.





The primary objective of this study is to determine whether an intraday bias exists from open to close given the previous price pattern. A secondary objective is to define profitable trading systems.

A Compaq 386 personal computer with a custom written program for system development was used to test the patterns. The program used is system-oriented, therefore, the patterns are displayed as “systems”. To determine a intraday bias, refer to the “% Profitable” column on Table A. To estimate if the system is profitable, refer to the “Total Profit” column, also on Table A.

Table A shows, beginning with the left-hand column, the System (Pattern) Number, the Pattern, Entry, # of Trades, Percentage of Winning Trades, the Average Dollar Amount of all Winning Trades, the Average Dollar Amount of all Losing Trades, and the Total Profit (Gross) before commission and slippage. In the Pattern column (+) symbolizes an up closing, (-) a down closing relative to the previous day. The exception is the sign on the far right which represents the open of that day and the point of entry for the trade.

Refer to System #5 on Table A and the first pattern on Chart B. The pattern is two lower closes with a lower open. This is represented by three minus signs (---) on Table A in the Pattern column. Beginning from left and working right, the first pattern on Chart B shows a daily bar with the closing price displayed. Immediately to the right of the daily bar is the closing that represents the next day’s close (lower) and is the first minus sign in the (---) pattern. The next dash is also a lower close than the previous day and is the second minus sign in the (---) pattern. The last minus sign in the pattern (---) is the (X) on Chart B which represents the open. In summary, you have a lower close relative to the previous day followed by another lower close, followed by a lower open. In this case a long position was taken on the open of the third day and exited on the close of the third day. No stops were used in the tests.

The dates of entry on all possible buys after two lower closings and a lower open (#5) and all sales after two higher closings and a higher open (#12) are listed on Chart C. On the chart itself each daily bar shows the open (entry) with a dash on the left of the bar. The dash on the right of the bar is the close (exit).

I conclude that a bias does exist from open to close as evidenced by many of the patterns producing 60 percent or better results. Regarding the systems, gross profits are high enough on some to warrant a system trade, however, that is not the best application. Better systems do exist and I recommend further research using the most profitable patterns as the focus of the research. Note patterns 5,6, 12, 13, 21, 24, 25, 29, 30, 33, 36, 44, 45, 52, and 53 all of which will provide a good start in system development.

Some practical applications are to coordinate the patterns with support/resistance angles, and trend lines. For instance, an open on an important angle of support when a strong upward bias is indicated increases the validity of the support. Watch action around the open for confirmation of the bias before entering a trade. Place stops to enter just above or below the open in the direction of the bias. This should be done early in the session to anticipate early (urgent) entry on the part of market participants. Early entry usually results in a big move for the day.

The patterns can also be used to enter when a trend has been defined. For example, pattern #48; a buy after three up days, a lower day, and a lower open reflects a strong up market with a one day counter move. The lower open provides an excellent chance for low risk entry. The objective is new highs for the move. Note the high percentage profit (63%). I have observed that most of the best profits in this pattern come in strong uptrends. In trading ranges it is not as profitable.

I do not use these systems methodically in my trading but find them a useful starting point in system development. Increased and narrowing daily ranges can be applied successfully to the basic close/open patterns to form some very reliable systems. In fact, daily range differences relative to the previous day, or days, may be one of the most important concepts in system testing.

Toby Crabel is a registered CTA and owner of Toby Crabel & Company. He publishes “Market Analytics - A Logical Approach to Futures Trading.” For more information, contact Toby Crahel at RB&H Commodities, 1-800-621-2503 or at Market Analytics, (813)275-1651. All correspondence should he sent to Toby Crahel C/0 RB&H Commodities, 30 S. Wacker, Suite 1912, Chicago, IL 60606.

TBonds Square of 144 - Part II

By Phil/is Kahn

Recapping Part I of "TBONDS & GANN'S SQUARE OF 144" This square has been operative on the Weekly Bond charts since the all time low was made in 1981. The 1984 low was 144 weeks from the 1981 low, followed by a high on March 5, 1987 that was 288 weeks from the 1981 low and 144 weeks from the 1984 low completing the 2nd Square of 144. No one can deny the persistent continuation of this classic Gann and Fibonacci Square. Even the shorter divisions of Time have consistently produced important turning points, right up to current time.

The Midpoint in the 2nd Square brought in a major low that resulted in a momentum move up to the top of the Square exactly at the 2/3 Time Division (96 weeks). The end of the 2nd Square of 144 arrived right on schedule on March 5, 1987 bringing with it a change of trend from up to down as prices entered the 3rd Square of 144. Although the October low just below 7500 was two weeks prior to the 1/4 timing point, prices rested that week on a Gann 1x4 geometric angle rising from the 1984 low that gave strong support to the "flight to quality" powerful rally that followed. Traders using this Gann square were able to anticipate where the free fall in Tbonds would stop.

In Part I that appeared in the February 1988 issue of Gann & Elliott Wave, the 1/3 Time Division (48 weeks) was due on February 5, 1988. Gann's principle of Balance suggested that since prices had topped at 2/3 Time Division in the previous square, that a low would be made at 1/3 in the new Square. Instead, an inversion of the Cycle occurred and a TOP was made in the forecasted time slot NOT a bottom. This "180 degree out of phase" phenomenon is not uncommon. Since the top on February 5, prices have moved lower, breaking below the 2x 1 angle rising from the October 1987 low and then breaking below that all important 45 degree or lxi angle from the same low.

As the Master Price & Time Calculator is a forecasting tool with Time divisions as the vital key, we must look into the future to see what dates are signalled. In ranking the divisions on the Square, Gann considered the 'End' of the Square to be the most important. Just behind it in importance is the Midpoint or 1/2 of the Square followed by the divisions by "thirds." The remaining Weekly Time Divisions for the 3rd Square (also very significant) for Tbonds, are weeks ending:

The next major turning point in Tbonds is the Midpoint in week ending July 22, 1988. As the other two squares were bullish, this square in principle should be bearish, and in fact has been so. Because a high was made at the 1/3 Time Division in February 1988, the Midpoint should bring in a very significant LOW in July 1988 that will carry prices into a strong upswing that can last into the November 1988 2/3 Time Division.

Midpoint	72 weeks	=	Jul 22 1988
5/8	90 weeks	=	Nov 25 1988
2/3	96 weeks	=	Jan 6 1989
3/4	108 weeks	=	Mar 31 1989
7/8	126 weeks	=	Aug 4 1989
END OF SQUARE 144		=	Dec 8 1989

As we study the four Time Divisions that culminate in the “END OF THE SQUARE OF 144” in December 1989, we cannot know with certainty now which of the forecasted Time periods will be highs or lows. But even without that knowledge, we are able to identify a specific five day period in each quarter of 1989 that has a probability better than 80% of pointing to significant weekly reversal turning points from the then current trends. Anyone using this Calculator since the 1981 low, knows what Gann knew 50 years ago, that his Master Price & Time Calculator bestows upon its user, powerful foreknowledge available nowhere else. And nowhere is it more evident today than in Tbonds, the most heavily traded and most important of all futures contracts.

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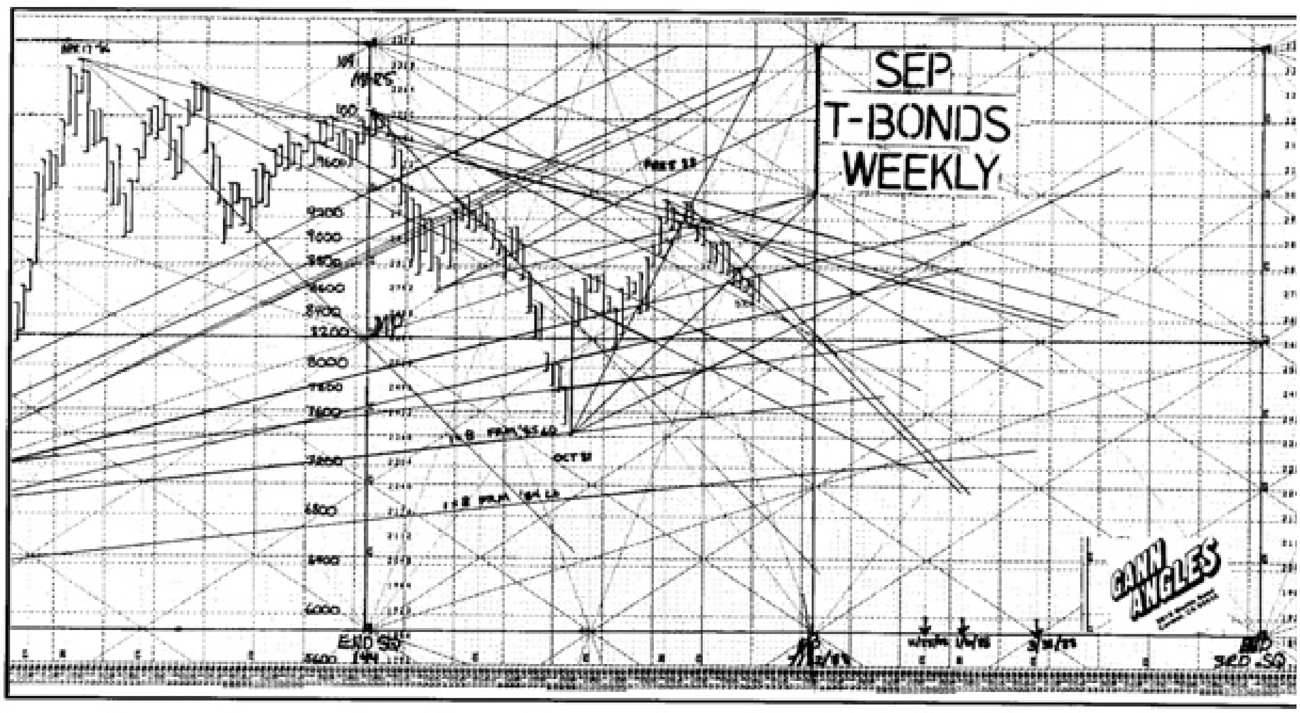


In “Sync” With Natural Laws of Cause and Effect

By Jim Purucker

Since the February, 1988 issue of the GANN AND ELLIOT WAVE, another natural cause and effect timing point occurred the week beginning Monday, February 29 and ending Friday, March 4. Specifically, trades from the short side were presented in the T-Bonds, Muni-Bonds, T-Notes, T-Bills, and Eurodollars. Trades from the long side were presented in the Live Cattle, Hogs, Gold, Silver, Platinum, Crude Oil, Heating Oil, and CRB Index.

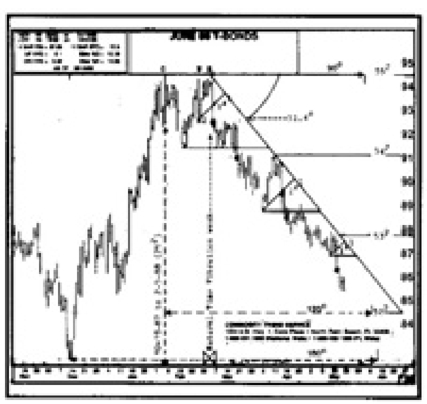
In chapter III of Gann’s book, “How to Make Profits In Commodities,” Gann states, “Time is the MOST important factor of all and not until sufficient time has expired does any big move start up or down. TIME must be allowed for accumulation (buying) or distribution (selling) BEFORE the trend can change.”

Once you are aware of WHEN these natural timing points for the minor cycle of one year occur, the next step is to watch for the G-A-N-N2-(BIS) pattern to form on and around these TIME periods. Why? Because it takes TIME for accumulation or distribution to occur BEFORE the Natural Timing point is confirmed by the G-A-N-N2 price pattern. The G-A-N-N2 price pattern affords plenty of time (3-4 weeks) to SEE accumulation or distribution take place from G to B/S. As Gann says in Chapter II, page 29, of”HQwAQMak~ Profits in Commodities.” “When you SEE the same picture or formation occur the second and third time on and around these Natural Timing points, you KNOW what it means.”

There is an old adage, “a picture is worth a thousand words.” I’ve changed this old adage to read, “a G-A-N-N2 picture, which occurs on and around these Natural Timing points, is worth ‘X’ number of dollars.” You can fill in the ‘X’ with the numberof contracts you trade.

Why is the knowledge of these Natural Cause and Effect timing points so important to you as a trader? The following is an excerpt found on page 200 in Gann’s book, “The Tunnel Thru the Air “ which explains what occurs when these Natural Laws of Cause and Effect are violated.

Robert (Gann) was talking with an old veteran trader, Mr. Henry Watson. Mr. Watson told Robert the history of Daniel Sully. Mr. Sully had made 10 to 15 million dollars in the Cotton Market, but by violating and not following the “Natural Law.” in March of 1904, he lost his whole fortune.



For those who are familiar with an Ephemeris, turn to March, 1904, and you can SEE the Natural Cause point which occurred in the first week of March, 1904,a leap year like 1988.

As an intelligent trader, don't you owe it to yourself to be prepared for these Natural Timing points and get in "sync" with these Natural Laws and reoccurring price patterns just as Gann did?

POSITION TRADE: SHORT JUNE, 1988 T-Bonds: Natural TIME vibration (2-29-88 through 3-4-88). Like produces like (3-5-87 TOP in T-Bonds).

The price pattern at the vibration point is defined by the word G-A-N-N2-S (S is for SHORT). Enter trade by drawing IXI angle from N2, enter SHORT M.O.C on CLOSE below IXI angle at 92-15 on 3-4-88. Place buy stop at 'S' (defined risk at 94-13). Next, place an order to add to SHORT position by drawing a horizontal line from 'A'. Enter SHORT M.O.C on a CLOSE below horizontal line at 9 1-01 on 3-li-88. At this point the price, an 'M' top, has confirmed entry into Gann's second section. Next, lower buy stop to original entry to 92-15 on both posltions. Next, draw a 51.4 degree angle from 55 2, 94-17 from 3-3-88, 360/7 = 51.4 degrees (51.4 degrees is the casing angle from the cardinal points to the peak on the Great Pyramid at Gizeh).

Next, add third short position M.O.C., by drawing IXI angle from 4-4-88 (after price touched 54 2 9 1-04, Even Square Pyramid Block on the GANN WHEEL square of '9') on close below IXI angle at 89-16 on 4-14-88. Next, draw horizontal line from 4-4-8 8 low and add fourth short position M.O.C. on close below horizontal line at 88-18 on 4-18-88. Next, lower buy stop to 89-16 on four short positions. Next, add fifth short position by drawing IXI angle from 5-12-88 at 86-29 and horizontal line from 5-12-88 (after price touched 53 2, 87-25, odd square Pyramid Block). Short M.O.C. on 5-17-88 at 86-10. Next, lower buy stop to 87-26 on five short positions. Next, as we are coming into the contract month, June as this is being written, place an order to cover the five short positions at 84-13 (18 2), otherwise, cover at the close on 5-31-88 and switch to September, 1988 TBonds.

In Gann's book, pages 43-44, "How to Profit From Commodities." Gann lists 28 Valuable Rules and states, "Anyone who follows them will make a success." The Key word is FOLLOW. Throughout the June TBond trade, Rule #25 was FOLLOWED. Rule #25 states, "Don't guess what the trend is. Let the market PROVE what the trend is."

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