Trading by the Light of the Moon

By Vincent Troncone

For **Millennia** the **Moon** has been thought to have considerable effect on **Life** here on **Planet Earth**, Especially as it relates to humans. Now to some that may seem like some kind of esoteric idea or mysticism but it may be more scientific then you think.

Considering our bodies are largely made up of water this idea isn't so far fetched. We can see the **Lunar Effects** on the **Tides** here on **Earth** and how powerful they are but that is not the only area affected in my opinion.

"So," you may ask, "Why is a guy who invests in the **market** writing an article about the **moon**?" Good question!

In my research, I have found what appears to be a direct correlation between the **primary phases** of the **moon** and the points at which any given, freely-traded market will reverse direction. To say the least, this phenomenon is quite amazing and has nothing to do with astrology and everything to do with astronomy and physics.

The **cycle** of the **moon** from new **moon** to new **moon** is called the synodic **cycle**. It is **29.5** days in length.

This cycle, although invisible, appears to have quite an effect on the markets. I would venture to say: Not only is the **moon** involved but other **planetary bodies** in our solar system as well.

Think of our **solar system** as nothing more than a big **clock**. Everything we do here on **Earth** is based on **Cycles**. Our method of keeping time and our **calendar** is all based on the relationship of the **Sun, Earth** and **Moon** and how long it takes for these bodies to move a certain distance over time. Even our **Seasons** change as a result of these relationships.

I am not a **Scientist** or claiming to be one so lets move onto the empirical evidence.

Personal Observation

It has been my personal observation that **specific phases** of the **moon** appear to have a direct effect on when any given freely traded market will reverse direction on a **Daily Chart**.

A reversal, as defined for the purposes of this article, is when the **current daily price bar close** is below the **previous day price bar close** when the market is trending up. Or, a reversal is when the market is trending down and the **current daily price bar close** is above the **previous day price bar close**.

The **lunar phases** I'm talking about here are the **new moon, first quarter, full moon** and **last quarter**. Each time I tested this concept, it worked equally well for each market tested within the defined tolerances I have also outlined here.

Another thing to consider is that **Market Price** moves in a **Circle** rather than up and down. Consider this, from **New Moon** to **New Moon** is **360 Degrees** isn't it? Which would mean each **Quarter Phase** is equivalent to **90 Degrees**. **90 Degrees** multiplied by **4** gives us **360 Degrees**. That is a **Cycle** isn't it?

The Basic Premise

Take the **ephemeres** (lunar dates). Look at each date listed in the market of your choice, and you will notice **pivots** occur on or around that day. The **pivot day**, for purposes of this article, is **not** the reversal day but the day just before it **(also known as the set-up day)**, which signals the change about to come.

I have noticed that **pivots** generally occur within a tolerance range of **-2, -1, 0, +1 or +2 trading days** of the specific **moon phase date**, zero being the actual phase date. A hypothetical example of this would be if the next ephemeral date were August 9, 2006. The pivot day could be anywhere from the 7th to the 11th, the 9th being the zero day or actual lunar date.

A smaller percentage of the time, **pivots** occur within a tolerance of **+ or -3 trading days**, so please keep this in mind. I have also noticed that a **pivot day** can occur on either side of a phase date in the same week. In other words, a pivot day can occur before and / or after a phase date in any given week, creating 2 pivot days in the same week.

Please take a look at the daily corn chart for evidence of this phenomenon.

Increase your **Zoom** to **125 %** to see the chart clearly.

Note: Holidays and weekends are not considered **trading days** in most markets. So, when a phase date occurs on Saturday, we use Friday's date. When a phase date occurs on Sunday, we use Monday's date (except when trading Forex because Sunday is an actual trading day in the Forex market). Also, because Forex is a 24-hour market, make sure you know what time the day session officially starts in your time zone to interpret the phase dates properly.

When a phase date occurs on a holiday, we use the next trading day as a point of reference.

Important Note: Always use **GMT** for phase dates.

Is it possible for a **pivot** to occur outside these tolerance ranges? Yes. Nothing is 100 percent accurate that I know of.

Think of any market as a river. A river has life, therefore, a rhythm. Once you lock onto the rhythm, it is possible to be on the right side of a trade more often than not.

In today's markets, traders always seem to be focused on the exact moment in time that a market will turn around, and they also want to know the exact price at which that turn-around will occur. For this reason, the river analogy will be useful.

If I want to go up river, all I have to do is jump into the river when the tide is going up. That doesn't require jumping in at the exact moment of change. Of course, if you are able to do that, all the better for you.

I will say discovering the moment a trend will change and the price it will occur at is possible. If you are willing to go beyond what you think you know and apply yourself all things are possible.

For more information please visit

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For the best Moon Phase Software on the Planet or on the Moon for that matter visit

http://www.calculatorcat.com/go/qpro-p

It is the only software I use and I highly recommend it. It's a great program and I wouldn't trade without it!

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