

INTRODUCTION

GEOMETRY OF MARKETS - II is a compilation of all the RELIABLE technical approaches to TIME, PRICE, PATTERN & TREND analysis I have researched and studied or developed for my own use over the past 15 years.

Some approaches outlined here are methods directly promoted by well known analysts such as W.D. Gann and R.N. Elliott or their students as well as many other lesser known dedicated market experts. Many of the approaches detailed here are now held out to be public domain knowledge, just the same these methods have been a basis for further research and discovery given the advent of the computer analysis power we have experienced in the last decade. Without the input of a dedicated few, those who understood that markets work to a structure dictated by their past activity, we would never have been able to advance our knowledge in such a relatively short period of time.

It is my aim here to demonstrate the validity for the use of TIME, PRICE, PATTERN & TREND analysis of markets as a LEADING TECHNICAL INDICATOR FOR PREDICTING CHANGE OF TREND.

In doing so, I will endeavor to illustrate and explain the uses of these lesser known technical techniques, their pitfalls and ways in which they can be enhanced to give better results. To succeed in the volatile trading environment we are experiencing from today's world of rapid communication requires a most sophisticated approach.

The origins of the mathematical ratios and the numbers I hold out to be important to the time and price analysis of markets are explained in the appendices. If one can grasp the significance of the origins of these ratios and numbers it will provide a base for their successful use in the future.

It should be noted that every mathematical ratio or number employed in the analysis of markets, put forward in this text, has an ancient origin. In fact every ratio or number we will use in the analysis of markets has been enshrined in such ancient works as the Great Pyramid, the teachings of Pythagoras, Plato and Archimedes.

Also the ratios we use are common to the structure of music, works of art, the interrelated motion of the planets and in general the natural growth of marine and plant life.

The way in which we utilize these ratios and numbers is termed "philosophical geometry".

To perform enlightened time and price analysis requires a medium from which to study market behavior. The GEOMETRY OF MARKETS medium is in the accurate charting of price movement in time for any commodity contract, stock price or price series we wish to trade.

The principles and methods outlined in this text will, without doubt, prepare the astute analyst for the future better than any other doctrine published on the technical analysis of markets. When used in conjunction with the knowledge of market momentum, wave structure and "market intuition" the results will be astounding.

The road to success for the market analyst is in studying past time and price patterns, recognizing repetition and the strength of certain events. When similar patterns occur in the future they stand out and provide "set ups" for trading opportunity. The future in many ways is simply a repetition of the past. Price activity may not always be identical but, it will most surely be similar.

Recognizing opportunity is a prerequisite to success in the markets. Once you have an understanding of the geometric relationships that manifest themselves within market activity you will find that "trading set ups" just keep coming one after the other.

GEOMETRY OF MARKETS - II

About the contents of this manual...

The first part of this text devotes itself to the explanation of the most valuable tools available to students of **TIME, PRICE, PATTERN & TREND** analysis.

The text begins by outlining **only** the most important **TIME & PRICE TOOLS** I use on a day to day basis. These tools are the result of years of research and study. There are others, but I have concluded they are not necessary of explanation and are redundant to the overall cause.

I have kept the **TECHNICAL TOOLS** reference chapters 1 - 7 as brief and to the point as I possibly could, this way you will be able to refer to the major points easily in the future.

Chapter two outlines several reliable **DAILY PRICE PATTERNS** that can give advance warning when a change of trend is taking place.

Chapter three contains a summary of the **TREND INDICATORS** I use in my day to day analysis of markets.

Chapter four gives an outline on **ELLIOTT WAVE** and the important points I have found useful for the type of analysis we need to conduct.

Chapter five addresses the concept on **CYCLES** and how they can influence market trends. A concise explanation is given to the way in which planetary events can be monitored as an additional signal to the **TIME ANALYSIS TOOLS** explained earlier in chapter one.

Chapter six contains a summary of the time analysis model, **WINDOWS OF OPPORTUNITY**, I use to remove the subjectivity from future time calculations.

Chapter seven **TRADING FOR PROFITS** addresses the important issues necessary for success when you come to trading markets.

APPENDIX 1 contains a complete outline of the sacred mathematical relationships of **ANCIENT GEOMETRY & NUMEROLOGY**.

As an additional reference I have included the **WAVE TRADER DIGESTS** for the entire of 1992. These digests were written on a monthly basis with the intention of alerting users to the geometry, numerology and techniques of trend identification that are so important to the analysis of markets.

TIME & PRICE TOOLS

Before we can start to discuss the intricate possibilities provided by time and price analysis, we first need to become familiar with the foundations.

By foundations I am referring to the TOOLS or rather the mechanics and theory of measuring time and price relationships within the market.

In this chapter I am going to outline all the time and price measuring techniques I know to be reliable and give you examples of each. Later on in this book I will show you how you can use these techniques to predict a change of trend in advance, or at worst on the day it occurs.

TIME measuring techniques center around counting off time between market pivot points. The time factors of a trend can be either **STATIC** or **DYNAMIC**.

- Static time is the **COUNT** in days, weeks or years from one market trend change pivot point to another.
- Dynamic time is the **RATIO RELATIONSHIP** of two static time counts to one another.
- The analysis procedures we use are called **COMPOSITE COUNTS**, **TIME CYCLE RATIOS** and **SOLAR TIME DURATION**.

PRICE measuring techniques are similar to time techniques in that we measure the price change between two market pivot points.

- Price change can be made in either **UNITS OF PRICE** or **PERCENT-AGE CHANGE TO PRICE**.
- Price relationships can be either **STATIC** or **DYNAMIC**.
- The analysis procedures we use are called **PRICE RETRACEMENTS**, **PRICE PROJECTIONS**, **PRICE SQUARING (% CHANGE)** and **PRICE COUNTS**.

SPACE is a combination of **TIME & PRICE**. I commonly refer to space as **VIBRATION**.

- **VIBRATION** is the imaginary line drawn between two market pivot points. The rate of change of that line can be measured in **PRICE UNITS per DAY, WEEK or YEARS**.
- Space relationships can be either **STATIC** or **DYNAMIC**.
- The analysis procedures we use are called **GANN ANGLES** and **DYNAMIC VIBRATION RATIOS**.

The tools you are about to be shown are known as **LEADING INDICATORS**. They should only be used for trading in conjunction with trend and pattern analysis.

TIME & PRICE MEASURING TOOLS

BAR CHARTS

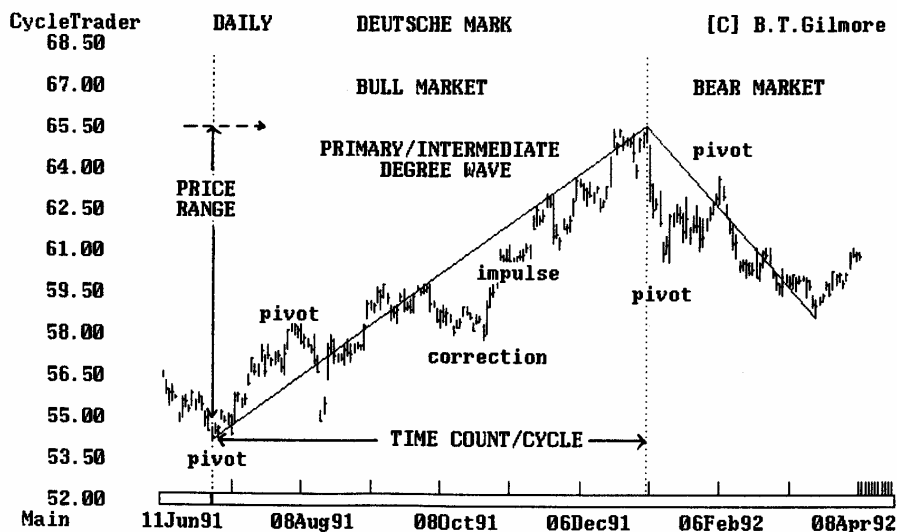
The time and price technician needs a source from which to make the necessary calculations. This is provided by a standard BAR CHART.

The benefits of keeping an up to date bar chart of the price movement of any market are numerous.

- You have a visual picture of the price activity for the duration of the chart. From this you immediately have a perspective of the long-term trends.
- You have a diagrammatic record from which to conduct your analysis.
- All your calculations can be recorded for future reference.

The standard conventions used to explain a markets position are:-

- Bull market trend
- Bear market trend
- Minor / Intermediate / Major or Primary degree
- Swing pivot - Minor / Intermediate / Primary
- Impulse wave pattern
- Corrective wave pattern
- Price range = vertical price units moved in a trend
- Time count/cycle = time taken between swing pivots



TIME & PRICE MEASURING TOOLS

COMPUTER GENERATED ANALYSIS & ACCURACY

These days I prepare and conduct all of my analysis on computer. It is far easier to maintain charts and manipulate data. It is also no trouble to follow 20 or more commodities or stocks.

When making time and price calculations the time and price analyst needs to follow a strict set of rules. The data source needs to be accurate and have a built in system to detect errors. For short term analysis errors need to be detected daily, for long-term analysis at least on a weekly or monthly basis. If not you could be placing yourself in jeopardy.

When making analysis calculations the rules I use are:-

A PIVOT DAY is always the actual trading day on which the extreme high or low was registered by the exhausted trend.

TIME COUNTS are always made from the actual date of the pivot day.

PRICE CALCULATIONS are only taken using the **EXTREME HIGH OR LOW** registered on the pivot date.

From time to time when double tops or bottoms are made you may have some doubts about which date is more important, if so make calculations from both dates. Eventually as the market works its way along it will become evident which top or bottom was the most harmonious in the bigger picture.

Computer users please take note....

Some software applications do not have the ability to make calculations directly from the screen price highs or lows. They use a marker system which moves in increments related to the screen pixels. When making **RETRACEMENT** calculations these can normally be up to 5% out in their targets.

The **CYCLETRADER** software I have used to prepare the illustrations in this book was designed and exclusively programmed by myself to provide the most accurate way of implementing the procedures you are about to learn.

CYCLETRADER makes its calculations from the actual price data on the screen, accuracy is guaranteed to three decimal places. You will be amazed sometimes how the market trades precisely to within less than 1/3rd of 1% tolerance of the ideal calculation or ratio you are expecting.

TIME & PRICE MEASURING TOOLS

COMPOSITE TIME COUNTS

In modern days composite time counts have been popularized by students of ELLIOTT WAVE and GANN WORKS.

A trend change could occur at precise time intervals counted from previous market pivot points.

DIVISIONS AND MULTIPLES OF A YEAR

0.236, **0.25**, 0.333, **0.382**, **0.50**, **0.618**, **0.667**, 0.707, 0.75, **0.786**, 0.833, 0.875, **1.000**, **1.272**, 1.414, 1.50, **1.618**, **1.732**, 1.75, **2.000**, **2.236**, **2.50**, **2.618**, **3.000**, 3.33, 4.000, **4.236**, 5.00, 6.00 and **6.854**.

From thereon be aware of anniversaries from important major trend change pivots.

FIBONACCI SERIES

The most common counter series used today is the FIBONACCI SERIES of numbers. Anyone familiar with R.N. Elliott's WAVE PRINCIPLE will be aware of the importance attached to this series, 1, 1, 2, 3, 5, 8, 13, 21, 34, 55, 89, 144, 233, 377, 610, 987 and so forth with each future number maintaining a 1.618 relationship to its predecessor.

Counts can be performed in TRADING DAYS, CALENDAR DAYS, SOLAR DEGREES, WEEKS, MONTHS and even YEARS.

Multiples and squares of the Fibonacci series, such as:-

34	68, 102, 136 , 170 , 204, 238 .
55	110, 165, 220, 275 , 330, 385 .
89	178 , 267 , 356 , 445, 534 , 623 .
144	288 , 432 , 576 , 720 , 864 , 1008 .
233	466 , 699, 932, 1165

13 squared =	169
21 squared =	441
34 squared =	1156
55 squared =	3025

Some of these numbers can be arrived at by different means for instance 238 calendar days = 34 weeks, 385 a master number in days = 55 weeks. 3025 a master number in days = 432 weeks.

NATURAL POWERS OF NUMBERS

3	9, 27, 81 , 243 , 729 , 2187.
4	16, 64, 256 , 1024.
5	25, 125, 625 , 3125.
6	36, 216 , 1296.
7	49, 343 , 2401.

I've highlighted the medium term counts I've seen occur regularly in calendar days.

TIME & PRICE MEASURING TOOLS

LUCAS NUMBER SERIES

These numbers have the same properties as the Fibonacci series in so far as each successive number in the series relates to its predecessor by the ratio of 1.618.

1, 3, 4, 7, 11, 18, 29, 47, 76, 123, **199**, **322**, **521**, 843, 1364, et cetera.

These numbers can have a dynamic relationship with the Fibonacci series of numbers. For instance 322 divided by 144 results in 2.236 or $\sqrt{5}$. ($2.236 = \phi + 1/\phi$)

There are other numbers we could place importance on for composite time counts, these are mentioned in the appendices under Ancient Numerology.

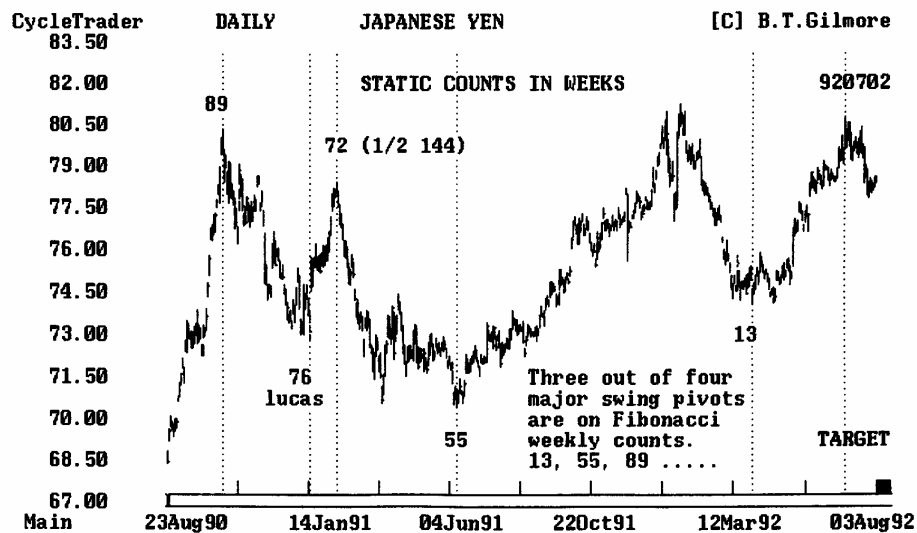
WHAT CONSTITUTES A VALID COMPOSITE COUNT SIGNAL ?

The most reliable COMPOSITE TIME SIGNALS I have experienced are when you get a combination of DIVISIONS OF A YEAR together with FIBONACCI or LUCAS COUNTS in days and weeks. Weekly time counts are extremely reliable.

The reason for this is due to the fact that these counts will form dynamic time relationships between the various market pivot points and the current point where you are expecting an exhaustion of trend.

For instance a termination of trend is more likely to occur when you have multiple counts from a series of previous market pivots. I normally check the past 8 INTER-MEDIATE DEGREE market pivots for COMPOSITE TIME COUNTS before worrying about pivots further afield.

When calculating composite counts you should allow for some under or over shooting of the ideal number. A difference of 1% is not uncommon. Here is an example of some composite counts I saw when the JAPANESE YEN made high on July 2, 1992.



TIME & PRICE MEASURING TOOLS

TIME CYCLE RATIOS

Time cycle ratio analysis of market activity is the single most important technical tool in determining the termination of a trend. The objective is to evaluate the strength of the signals; first having regard to the **QUALITY** of the ratios signaled, secondly the **QUANTITY** of the signals and thirdly the **RHYTHM** of the signals.

All the ratios used for time and price analysis can be divided into families. The family groups are called GEOMETRIC, HARMONIC and ARITHMETIC ratios.

GROUPS	CONTRACTING	EXPANDING
GEOMETRIC	1.000	1.000
	0.786	1.272
	0.618	1.618
	0.526	1.902
	0.486	2.058
	0.382	2.618
	0.300	3.330
	0.236	4.236
	0.186	5.388
	0.146	6.854
HARMONIC	0.707	1.4142
	0.500	2.000
	0.354	2.828
	0.250	4.000
	0.177	5.657
	0.125	8.000
ARITHMETIC	0.667	1.500
	0.577	1.732
	0.333	3.000
	0.167	6.000
ROOT 5	0.447	2.236
	0.200	5.000

TIME & PRICE MEASURING TOOLS

QUALITY ratios in the primary sense are the ones I have highlighted.

I feel quite confident in predicting a change of trend in advance when I see multiple time cycle ratios of 0.382, 0.500, 0.707, 1.000, 1.414, 1.618 and 2.000 appearing in conjunction with important **COMPOSITE COUNTS**.

Nevertheless it must be remembered that every market turning point cannot keep vibrating on these ratios alone. If it did it would be a perfect system and this just isn't the case. This is why it is important to look for **RHYTHM** as well as **QUANTITY**.

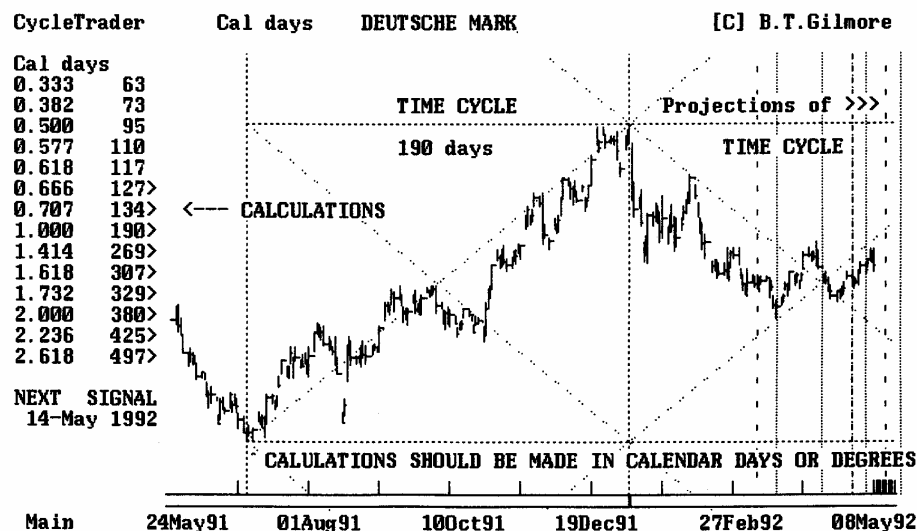
QUANTITY can be made up from any of the ratios, the more prime ratios the better.

RHYTHM is a matter of judgement, I will give you some examples as we move along. If you study the tables on the previous page you will see how I have grouped the ratio series for each of the **NAMED** families. When you are analysing your charts and you can identify a pattern of previous market pivots being made on an expanding or contracting series of ratios from the one family, you are seeing what I call rhythm.

Once a rhythm is identified it gives you a better focus on where to expect the next trend change. If a new shock hits a market "out of the blue", for instance a war breaks out or the Federal Reserve hikes interest rates by an excessive amount and the market goes "haywire" for a while, then you can expect to see the rhythm change. It may well return after the dust settles so don't forget about it entirely.

WHAT IS A TIME CYCLE RATIO?

A time cycle ratio is the projection of time of a previous market trend or a series of market trends (pivot date to pivot date) into the future, using the ratios listed. A time cycle is the length of time of a previous trend, be it a bear or bull trend. Since each larger degree trend is broken into smaller trends with counter degree trends we have to look at time cycles in the context of degree. The degrees I will talk about are **PRIMARY**, **INTERMEDIATE** and **MINOR**.

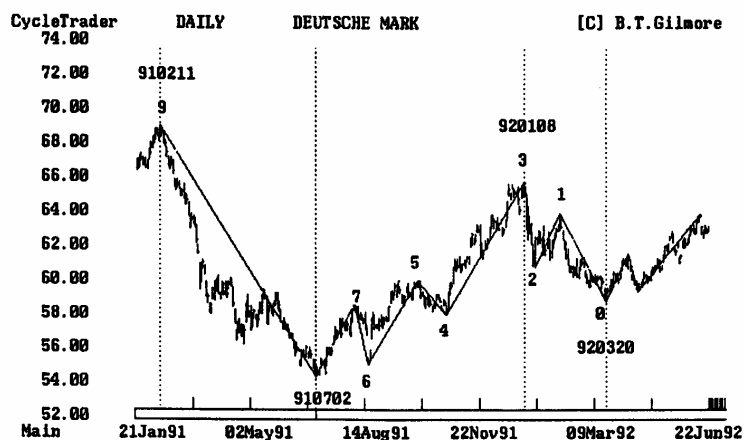


TIME & PRICE MEASURING TOOLS

TIME CYCLE RATIOS IN PRACTICE

As a market moves along I tag each of the confirmed MINOR, INTERMEDIATE and PRIMARY degree SWINGS. I keep this information in a computer fact file for rapid analysis into the past and future of the market in question.

The IMM DEUTSCHE MARK recently made a major low on the 20th March, 1992. The chart below shows the swings I was tracking for ratios, as the low came in.



As new swing highs or lows are made I interrogate each swing with the CYCLE TRADER time and price template. If the results produce a QUANTITY of QUALITY signals I am alerted to a possible reversal of trend.

DEUTSCHE MARK			CycleTrader			[C]1992 B.T.Gilmore	
SWING	HIGH/LOW	DAYS	SOLAR	WEEKS	YEARS	PRICE RETRACEMENT	
9 910211	69.12	403	397.9	57.6	1.105	5.30/ 3.25 =	1.618
8 910702	54.01	262	260.1	37.4	0.722		
7 910806	58.42	227	226.6	32.4	0.629	PERCENTAGE CHANGE	
6 910819	54.69	214	214.1	30.6	0.595	8.30/ 5.36 =	1.548
5 911002	59.80	170✓	171.2	24.3	0.476		
4 911028	57.74	144✓	145.5	20.6	0.404	1st Alternate	
3 920108	65.75	72✓	72.7	10.3	0.200✓	5.30/ 5.15 =	1.029
2 920117	60.60	63	63.5	9.0	0.177✓		
1 920207	63.85	42	42.2	6.0	0.125✓	2nd Alternate	
0 920320	58.55					5.30/ 2.06 =	2.573

SINGLE - DAYS / DEGS			TESTING 20 Mar 1992			TRIPLE - DAYS / DEGS		
1 [2.000]	42 21	2 [7.000]	63 9	3 [1.000]	72 72
2 [1.414]	42 30	3 [0.786]	63 81	4 [0.735]	72 98
3 [0.412]	42 102	4 [0.589]	63 107	5 [0.500]	72 142
4 [0.333]	42 128	5 [0.417]	63 151	6 [0.465]	72 155
5 [0.250]	42 172	6 [0.382]	63 164	7 [0.382]	72 190
6 [0.227]	42 185	7 [0.317]	63 199	8 [0.218]	72 331
7 [0.186]	42 220	8 [0.186]	63 340			
8 [0.116]	42 361						

TIME & PRICE MEASURING TOOLS

CALCULATING TIME CYCLE RATIOS IN ADVANCE

When one has the knowledge of how market **TIME CYCLE RATIOS** manifest themselves within market activity it is a simple matter to calculate them in advance.

The objective is to isolate the future dates where there is a **QUANTITY of QUALITY SIGNALS**. In the case of the previous Deutsche Mark example I have prepared a **TIME CYCLE REPORT** sorted into chronological order for the area of the March 20 low.

This report was prepared from the information obtainable after the 7th February, 1992 swing high was identified.

Remember all of these calculations were made prior to the actual market reversal day.

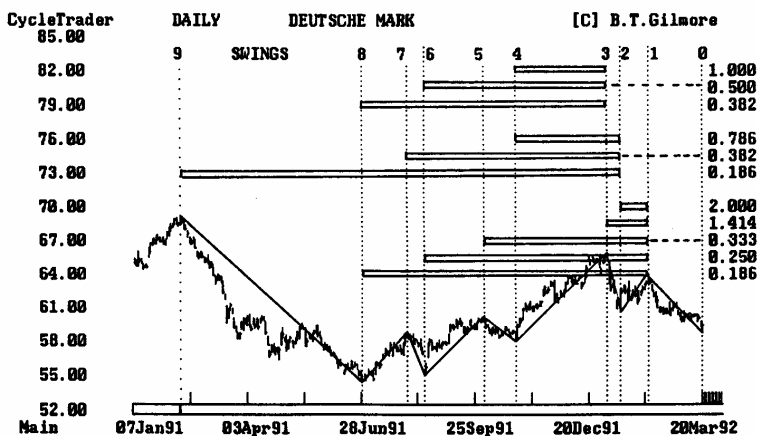
TIME CYCLE REPORT - CycleTrader [C] 1992, B.T. GILMORE

DEUTSCHE MARK

Minor time cycles at 900320 low.

CONVERGENCE	TCR	TIME	PROJECTED RANGE	CYCLE	
18 Mar 1992	6.854	61.0	920117 - 920108	9	DAYS
18 Mar 1992	0.577	61.0	920117 - 911002	107	DAYS
19 Mar 1992	0.500	71.0	920108 - 910819	142	DAYS
20 Mar 1992	2.000	42.0	920207 - 920117	21	DAYS
20 Mar 1992	1.414	42.0	920207 - 920108	30	DAYS
20 Mar 1992	7.000	63.0	920117 - 920108	9	DAYS
20 Mar 1992	0.786	63.0	920117 - 911028	81	DAYS
20 Mar 1992	1.000	72.0	920108 - 911028	72	DAYS
20 Mar 1992	0.382	72.0	920108 - 910702	190	DAYS
21 Mar 1992	2.058	43.0	920207 - 920117	21	DAYS
22 Mar 1992	0.526	74.0	920108 - 910819	142	DAYS

This chart shows the unmistakable **TIME CYCLE RHYTHM** within the wave structure as the low was made on March 20.



TIME & PRICE MEASURING TOOLS

PRIMARY DEGREE TIME CYCLE RATIOS

Whenever a market makes an **IMPORTANT DEGREE** trend change there should always be evidence of **TIME CYCLE RATIOS** originating from previous swings of primary degree.

To take the 20th March, 1992 **DEUTSCHE MARK** example further I have illustrated below how several long-term market swings added to the **QUALITY** and **QUANTITY** of the signals already discussed.

The first high on the chart 871231 came at the end of a bull market that began in early 1985. You can see from the chart that the other two swings used, ie., 890615 and 910211 are visually the extreme low and high made after the 871231 high. The three most important highs and lows in seven years.

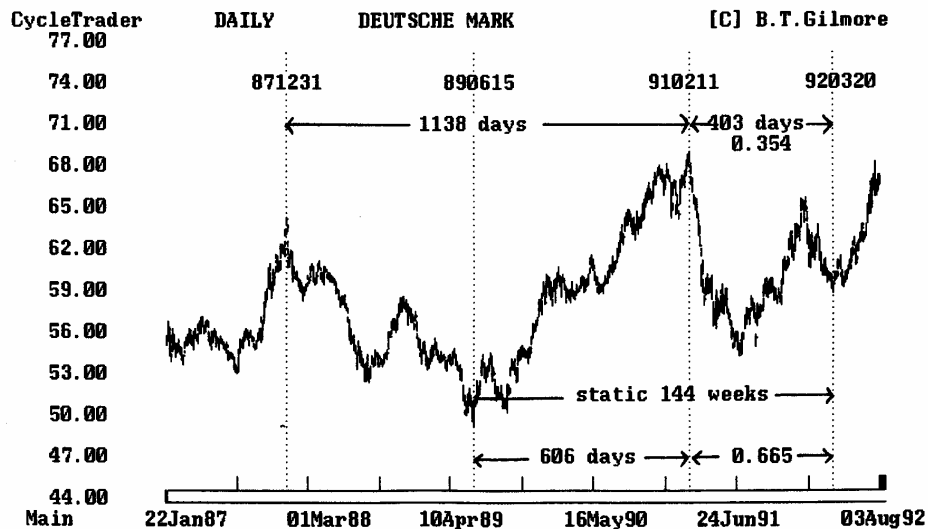
The **TIME CYCLE RATIO** of 871231-910211 to 920320 came out at precisely **0.354** (one quarter of root 2).

890615-910211 to 920320 came in at **0.665** and the total time from 890615 to 920320 was 1009 days or 144 weeks.

The analysis presented here is not difficult to obtain either in advance or at the time of interrogation of a new swing high or low, so long as you have the **COMPUTER TOOLS**.

To extract the information presented here took me approximately 10 minutes to work out on the 19th March, 1992. Although it has taken me ten years to perfect my system to perform this task that's another matter.

If you would like to perform accurate **TIME & PRICE** analysis as quickly as I do you will need to set yourself up as I have. **CYCLETTRADER** is easy to use once you understand the philosophies explained within this text.



TIME & PRICE MEASURING TOOLS

KEEPING TRACK OF TIME CYCLE RATIOS

It is important to keep your records in a methodical manner if you wish to keep track of the market cycles.

I do it by keeping an ongoing SWING FILE for each commodity or stock I follow. The swing file contains all the dates and prices of the past INTERMEDIATE & PRIMARY SWINGS.

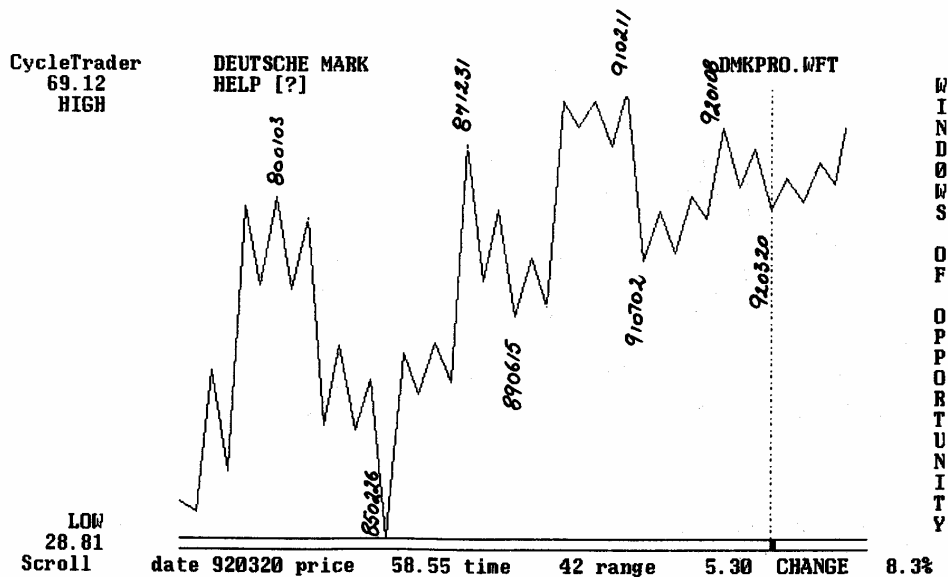
I edit out the lesser degree swings as they become redundant to my future analysis.

By having the swing information on hand I can calculate TIME CYCLE RATIOS for ranges that may have taken decades, accurately to the day.

Below is an example of my IMM DEUTSCHE MARK swing file and the raw information I keep in it.

SWING CHART details for DEUTSCHE MARK

DATE	PRICE	SWING	TIME OF DAYS	SWING WEEKS	RANGE
800103	59.56	HIGH			
850226	28.81	LOW	1881	268.7	30.75
871231	64.26	HIGH	1038	148.3	35.45
890615	48.85	LOW	532	76.0	15.41
910211	69.12	HIGH	606	86.6	20.27
910702	54.01	LOW	141	20.1	15.11
920108	65.75	HIGH	190	27.1	11.74
920320	58.55	LOW	72	10.3	7.20



TIME & PRICE MEASURING TOOLS

PROJECTING PRIMARY TIME CYCLE RATIOS

I normally project single cycles and dual cycles from common pivots.

For instance to identify the **QUANTITY** and **QUALITY** of signals for the IMM Deutsche Mark 920320 low would have required multiple **TIME CYCLE PROJECTIONS**.

Of the eight (8) **TIME CYCLE PROJECTIONS** listed below four (4) had vibrations falling between the 19th and 22nd March, 1992. These types of TCR's can be calculated well in advance of a projected change in trend if needs be. The TCR report begins the projection calculations at 0.236 then uses the Geometric, Harmonic and Arithmetic progressions.

TIME CYCLES USED FOR REPORT

920108 - 910702	Most recent primary low to high.
920108 - 910211	Most recent primary high to high.
910702 - 890615	Most recent primary low to low.
910211 - 871231	Previous primary high to high.
910211 - 890615	Previous primary bull market low to high.
910702 - 871231	Crossover primary high to primary low.
910211 - 850225	Chart low to chart high (2 primary bull markets).
871231 - 850226	Past major bull market low to high.

DEUTSCHE MARK PRIMARY TIME CYCLE RATIOS FOR MARCH 1992

TIME CYCLE REPORT - CycleTrader [C] 1992 B.T. GILMORE

DEUTSCHE MARK

Primary signals March 92

CONVERGENCE	TCR	TIME	PROJECTED RANGE	CYCLE	
5 Mar 1992	0.300	57.0	920108 - 910702	190	DAYS
6 Mar 1992	0.333	248.0	910702 - 890615	747	DAYS
11 Mar 1992	0.333	63.0	920108 - 910702	190	DAYS
15 Mar 1992	0.354	67.0	920108 - 910702	190	DAYS
19 Mar 1992	0.354	402.0	910211 - 871231	1138	DAYS
20 Mar 1992	0.382	72.0	920108 - 910702	190	DAYS
21 Mar 1992	0.667	404.0	910211 - 890615	606	DAYS
22 Mar 1992	0.354	264.0	910702 - 890615	747	DAYS
26 Mar 1992	0.236	78.0	920108 - 910211	331	DAYS
30 Mar 1992	0.250	82.0	920108 - 910211	331	DAYS

This report took 10 minutes to produce using CYCLETRADERtm and the SWING CHART illustrated on page 13.

TIME & PRICE MEASURING TOOLS

FUTURE TIME CYCLE RATIO PROJECTIONS

After new highs or lows are identified and confirmed as primary swing points one simply adds these into the future time cycle projection file.

For instance, now that the Deutsche Mark March 20, 1992 low has been confirmed as an IMPORTANT DEGREE SWING I can add these to the existing time cycle projections.

920108 - 920320 Most recent high to low.

920702 - 920320 Most recent low to low.

After new time cycles are added to the report file I can run a sort for any future period of time. I normally look for primary trend changes to occur between three and six months ahead to begin with. I can always prepare another report if I need to look further ahead.

TIME CYCLE REPORT - CycleTrader [C] 1992 B.T. GILMORE

DEUTSCHE MARK

Primary ratios July/Oct 1992

CONVERGENCE	TCR	TIME	PROJECTED RANGE	CYCLE	
3 Jul 1992	0.447	508.0	910211 - 871231	1138	DAYS
6 Jul 1992	1.500	108.0	920320 - 920108	72	DAYS
8 Jul 1992	0.236	513.0	910211 - 850226	2176	DAYS
9 Jul 1992	0.500	373.0	910702 - 890615	747	DAYS
14 Jul 1992	1.618	116.0	920320 - 920108	72	DAYS
15 Jul 1992	0.447	117.0	920320 - 910702	262	DAYS
16 Jul 1992	1.000	190.0	920108 - 910702	190	DAYS
16 Jul 1992	0.577	190.0	920108 - 910211	331	DAYS
19 Jul 1992	0.300	383.0	910702 - 871231	1279	DAYS
22 Jul 1992	1.732	124.0	920320 - 920108	72	DAYS
25 Jul 1992	0.486	127.0	920320 - 910702	262	DAYS
28 Jul 1992	0.526	392.0	910702 - 890615	747	DAYS
29 Jul 1992	0.500	131.0	920320 - 910702	262	DAYS
30 Jul 1992	0.618	204.0	920108 - 910211	331	DAYS
3 Aug 1992	1.902	136.0	920320 - 920108	72	DAYS
4 Aug 1992	0.526	137.0	920320 - 910702	262	DAYS
5 Aug 1992	1.618	1679.0	871231 - 850226	1038	DAYS
8 Aug 1992	0.250	544.0	910211 - 850226	2176	DAYS
11 Aug 1992	2.000	144.0	920320 - 920108	72	DAYS
15 Aug 1992	0.667	220.0	920108 - 910211	331	DAYS
15 Aug 1992	2.058	148.0	920320 - 920108	72	DAYS
17 Aug 1992	0.486	553.0	910211 - 871231	1138	DAYS
18 Aug 1992	0.577	151.0	920320 - 910702	262	DAYS
27 Aug 1992	2.236	160.0	920320 - 920108	72	DAYS
28 Aug 1992	0.618	161.0	920320 - 910702	262	DAYS
29 Aug 1992	1.236	234.0	920108 - 910702	190	DAYS
29 Aug 1992	0.707	234.0	920108 - 910211	331	DAYS
30 Aug 1992	0.333	425.0	910702 - 871231	1279	DAYS
2 Sep 1992	0.500	569.0	910211 - 871231	1138	DAYS
5 Sep 1992	1.272	241.0	920108 - 910702	190	DAYS
5 Sep 1992	0.577	431.0	910702 - 890615	747	DAYS
10 Sep 1992	0.667	174.0	920320 - 910702	262	DAYS
21 Sep 1992	0.707	185.0	920320 - 910702	262	DAYS
24 Sep 1992	0.786	260.0	920108 - 910211	331	DAYS
24 Sep 1992	2.618	188.0	920320 - 920108	72	DAYS
26 Sep 1992	0.354	452.0	910702 - 871231	1279	DAYS
1 Oct 1992	0.526	598.0	910211 - 871231	1138	DAYS
2 Oct 1992	1.414	268.0	920108 - 910702	190	DAYS
5 Oct 1992	0.618	461.0	910702 - 890615	747	DAYS
9 Oct 1992	1.000	606.0	910211 - 890615	606	DAYS
9 Oct 1992	2.828	203.0	920320 - 920108	72	DAYS
11 Oct 1992	0.786	205.0	920320 - 910702	262	DAYS
19 Oct 1992	1.500	285.0	920108 - 910702	190	DAYS
22 Oct 1992	3.000	216.0	920320 - 920108	72	DAYS

TIME & PRICE MEASURING TOOLS

SOLAR TIME

Throughout this text I will be talking about **SOLAR TIME**. By solar time I am referring to the **TIME PERIODS IN DEGREES FROM THE CIRCLE OF ONE YEAR**.

Each year the Earth passes through one orbit around the Sun. Each orbit can be divided into 360 degrees as opposed to 365.25 days. Because the path the Earth takes in its orbit around the Sun is not a perfect circle but in fact an ellipse (an oval), the passage of time in degrees is not constant with the calendar days.

For instance each 90 degree segment of the 360 degree circle is not regular in days by direct proportion as $1/4$ of 365.25 or 91.3 days. Depending upon the seasonal time of the year 90 degrees on the **SOLAR CIRCLE** could take 89 days, 93 days or somewhere in between.

Now the consequence of this speeding up and slowing down in the relationship between days and degrees can create errors when one converts calendar days into **divisions of a year**. For instance half a year 0.500 (180 degrees) is not always going to be 182.5 days, in fact it could on occasions be either 180 days, 185 days or somewhere in between.

One might say this difference is marginal and not particularly important! Well 5 days in the market can be an awfully long time when you are trying to pinpoint a **CHANGE OF TREND DATE**.

DIVISIONS OF A YEAR TIME COUNTS

The only accurate way to count divisions of a year correctly is by using the 360 degree circle and the passing of time in **SOLAR DEGREES**.

GANN SQUARES OF 90 & 144

Gann squares of 90 and 144 are directly related to the circle. 90 degrees is a $1/4$ (one quarter) and 144 degrees is $2/5$ (two fifths).

The GANN way to use these squares in the analysis of time within market cycles is by **COUNTING OFF SQUARES OF TIME IN SOLAR DEGREES**.

FIBONACCI COUNTS IN SOLAR DEGREES

It is a legitimate analysis technique to count off **SOLAR DEGREES** in Fibonacci numbers. Interestingly it often happens that 233 degrees falls exactly on 34 weeks and 377 degrees falls exactly on 55 weeks, all Fibonacci numbers. The Gold complex vibrates reliably to these time counts, in the past I have nailed many intermediate degree highs and lows because of this knowledge.

TIME CYCLE RATIOS IN SOLAR DEGREES

It is important that you are aware of the time cycle vibrations between market pivots in both **SOLAR DEGREES** and **CALENDAR DAYS**.

There is little need to worry about **SOLAR DEGREES** once the time span being projected is greater than two years, for long durations **CALENDAR DAYS** will give the result quite accurately.

TIME & PRICE MEASURING TOOLS

KEEPING TRACK OF SOLAR TIME

For those students who aren't equipped with computers and/or software to do the calculations it could be a very time consuming task.

You could perhaps use horoscope circle charts sold in "mystical book shops" or you could use a **HELIOCENTRIC EPHEMERIS**.

I have produced an accurate **TIME CALCULATOR** to measure both calendar days and **SOLAR DEGREES** between any two dates that I choose.

Here is an example of one report I use to measure the various time counts from previous market swing dates to a future date. As each time period is calculated I have it checked with a number bank to see if it fits any of the criteria I have outlined so far.

The codes beside the counts are an abbreviation for the various **COMPOSITE TIME COUNTS**.

MST	Master number
FIB	Fibonacci number
LUC	Lucas number
SQR	Number squared
P?	Powers P^3 , P^4 , P^5 , et cetera
144	Multiples of this number
*	Important time count

COMPOSITE TIME COUNTS

[C]1992

DEUTSCHE MARK

Report date 920320

			Days	Weeks	Years	Degrees
800103	59.56 HIGH		4460	637.1	12.216	4398
850226	28.81 LOW		2579 FIB	368.4	7.062	2542
871231	64.26 HIGH		1541	220.1 *	4.225	1521 SQR
890615	48.85 LOW		1009 MST	144.1 *	2.766	996 666
910211	69.12 HIGH		403 SQR	57.6	1.105	398 SQR
910702	54.01 LOW		262	37.4	0.722	260
910806	58.42 HIGH		227 SQR	32.4	0.629	227 SQR
910819	54.69 LOW		214 P6	30.6	0.595	214 P6
911002	59.80 HIGH		170 MST	24.3	0.486 *	171
911028	57.74 LOW		144 MST	20.6	0.404	146
920108	65.75 HIGH		72 MST	10.3	0.200 *	73 MST
920117	60.60 LOW		63	9.0	0.186 *	63
920207	63.85 HIGH		42	6.0	0.125 *	42

TIME & PRICE MEASURING TOOLS

PRICE RELATIONSHIPS WITHIN MARKET TRENDS

The PRICE measuring techniques I will show you will always identify a market reversal. The nature of the reversal can be estimated by the TIME signals present when the PRICE signals are evident, taking into account the degree of market activity you are measuring.

I use the same filtering mechanism **QUALITY, QUANTITY and RHYTHM** for price as I do with time.

Price calculations are made using the same ratios I listed on page 8 of this manual.

Two important analysis rules I always use:-

PRICE SIGNALS WITHOUT TIME SIGNALS are never a reliable indication of a trend change - at best they can be tradable reaction points.

PRICE SIGNALS AND TIME SIGNALS TOGETHER will generally signal a setup for a reversal of trend, **PROVIDED** there is multiplicity and rhythm evident within the ratios.

The measuring techniques I always consider for price analysis are:-

- PRICE UNIT RETRACEMENTS (INTERNAL & EXTERNAL)
- PRICE UNIT RELATIONSHIPS TO PREVIOUS RANGES
- PRICE RELATIONSHIPS TO PREVIOUS RANGES IN % CHANGE
- PRICE UNIT PROJECTIONS
- PRICE UNIT EXPANSIONS
- COUNTING % CHANGE IN PRICE
- COUNTING PRICE UNITS

One should not be overcome by the number of measuring techniques available for price.

The primary tools I use are:-

RETRACEMENTS, RELATIONSHIPS TO PREVIOUS RANGES IN UNITS AND PERCENTAGE CHANGE.

Nearly every important change in trend in any market will have signals generated by these three tools.

My important filter when using the other techniques is this - if no signals are evident from my primary techniques I fade the signal day, at least until I get proper confirmation of a change in trend.

TIME & PRICE MEASURING TOOLS

PRICE UNIT RETRACEMENTS (INTERNAL)

This tool is the most common technique used in the analysis of market price movement.

Nevertheless it has limitations!

Retracement is the term used to describe the price movement when a market is trading within the confines of a previous range.

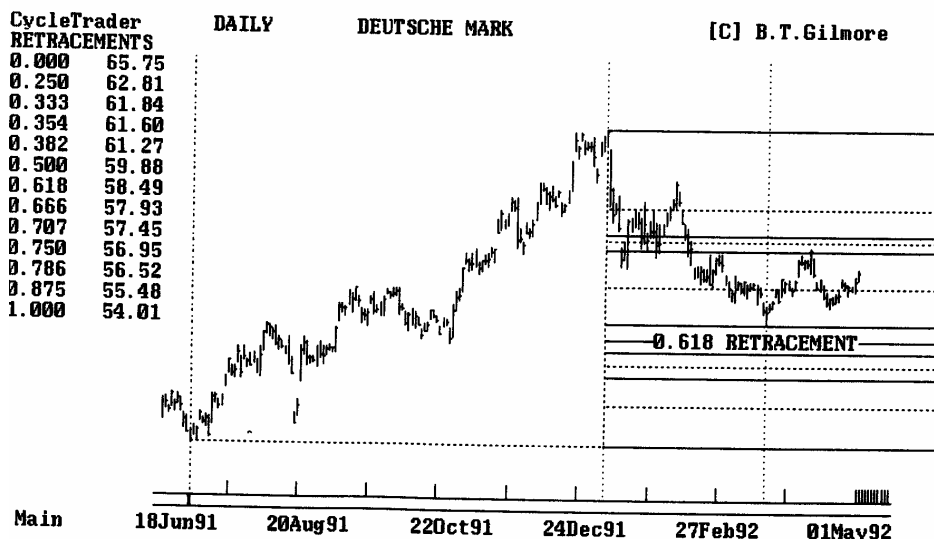
Whilst a current trend is trading within the confines of a previous range it should be considered as a correction to the previous range.

Markets can make a full (100%) retracement of a previous range and still be corrective in the longer-term perspective.

When calculating retracement targets there are several rules that can be used, these relate to an Elliott Wave perspective. For instance 0.236, 0.333, 0.382 and 0.447 price retracements are more common in 4th and 6th waves. 0.500, 0.618, 0.786 and 1.000 retracements are more likely to occur in 2nd waves. 0.500, 0.526, 0.577, 0.667 and 0.707 are likely to occur in "B" waves. Retracements of less than 0.500, ie., 0.236, 0.333, 0.382 and 0.447 generally infer that the next expansion wave will be dynamic and exceed the previous high or low of the range from which it has been measured.

In the time examples I showed how the DEUTSCHE MARK low on 20th March, 1992 was made on QUALITY time signals, now I can show you how these signals coincided with the geometric price activity that day.

DEUTSCHE MARK makes a 0.618 price retracement to the previous PRIMARY DEGREE TREND 20th March, 1992.



TIME & PRICE MEASURING TOOLS

PRICE UNIT RETRACEMENTS (EXTERNAL)

External price retracements are another way of measuring relationships between adjacent trends once the new trend has exceeded the 100% level.

This technique is used for measuring the structure of an ongoing trend within a larger degree trend.

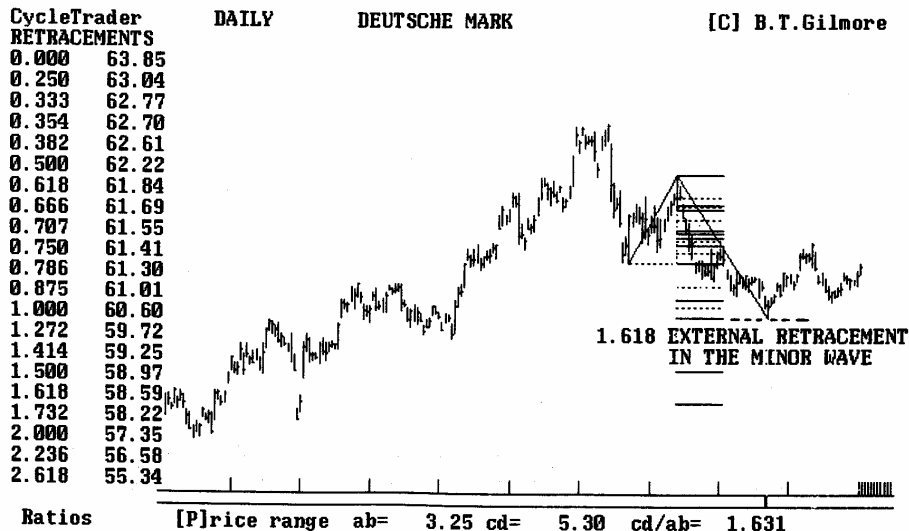
The DEUTSCHE MARK correction from 8th January, 1992 to 20th March, 1992 unfolded in three minor degree waves. The last two waves, made up of the first correction from the 920108 high and the thrust into the 0.618 level shown on the previous page, should normally be related if a change in trend was to be expected on 20th March, 1992.

The relationship unfolded in an ideal way in this example because the final thrust related to the previous correction by a factor of 1.618.

The ideal ratios to watch for in circumstances like this are 1.414, 1.618, 1.732, 2.000, 2.236 and 2.618.

In this example the CYCLETRADER has measured the relationship of the correction as 3.25 basis points and the thrust as 5.30 basis points. The relationship of 5.30 divided by 3.25 is 1.631. If the ratio was going to be exactly 1.618 the price move in the thrust would have been 1.618 of 3.25 or 5.26. The overlap of 0.04 is acceptable given that it was needed to get the price level closer to the PRIMARY 0.618 target.

Often price relationships will unfold in perfect ratios other times they can fall short or overshoot and have what GANN referred to as "lost motion". In the past I have stuck to a rule of not allowing for more than a 2% "lost motion" factor when placing a market order and stop loss. For instance 1% of 3.25 equals 0.0325 therefore the extreme of 2% equals 0.065. You can't trade 0.005 tics so your extreme point needs to be set at 0.07, ie., 3.25 by 1.618 = 5.26 +/- 0.07. Anywhere between 5.19 and 5.33 would be acceptable for a 1.618 relationship with 3.25. When the ranges increase in magnitude I normally reduce my percentage degree margin for "lost motion" and work strictly on a manageable dollar value in trading tics. On many occasions my percentage error factor is down to 1/3rd of 1% tolerance.



TIME & PRICE MEASURING TOOLS

PRICE UNIT RELATIONSHIP TO 1st ALTERNATE WAVE

The 1st ALTERNATE wave is that wave once removed from the current wave that trended in the same direction. The 1st Alternate wave will not always show relationships with the current trend, but in any case where the retracement wave does not register relationships, the 1st Alternate should do so if a reversal in trend is to occur.

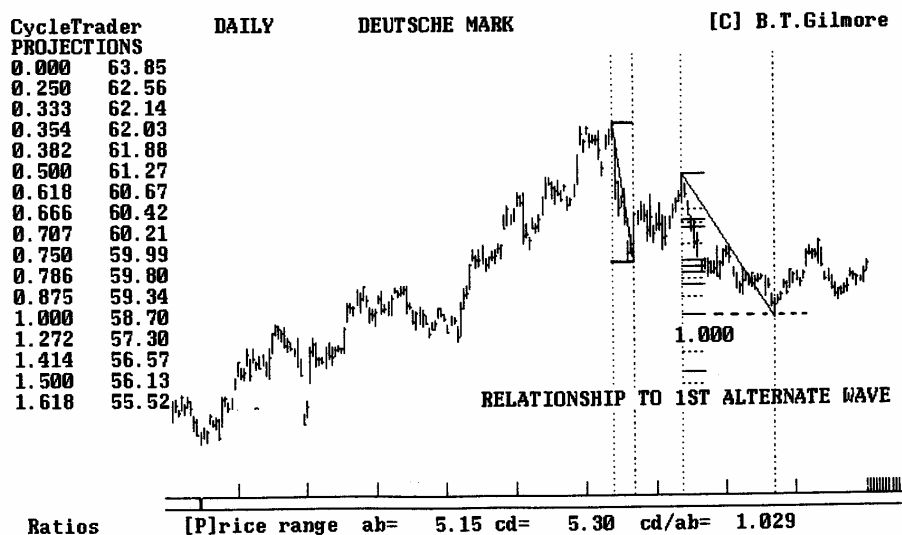
In a 5 wave movement where the 5th wave is an impulse wave you can compare wave 5 to the 1st Alternate (wave 3) and the 2nd Alternate (wave 1). In a case where you get 1st and 2nd Alternate wave relationships together with a retracement relationship of larger degree, you have a very strong signal.

The 1st and 2nd Alternate waves should also be given high priority when evaluating sideways markets.

When the current wave in progress is considered a wave 4 (corrective wave) then this wave should not exceed 100% of the 1st Alternate wave, ie., the first correction in the series, wave 2. If the magnitude of wave 4 exceeds wave 2 this is known as OVER BALANCING PRICE. In the event that price is being overbalanced you could get an early warning of a new trend of larger degree in progress.

A simple rule to follow is - corrections should continue to become smaller as a trend progresses. If not the degree of trend has changed.

Below we see the example of the 1st Alternate wave, in the DEUTSCHE MARK decline from 8th January, 1992 to 20th March, 1992, relating 1.000 to 1.000 approximately with the final wave in a three wave movement, which terminated on a retracement level of the wave of larger degree. There is again some "lost motion" in this example.



TIME & PRICE MEASURING TOOLS

PRICE RELATIONSHIPS TO PREVIOUS RANGES IN % CHANGE

PERCENTAGE CHANGE is the percentage difference of the starting price of a range to its ending price. For example if a market range started at 100 and ended at 150 the percentage change of the range would be 50%:

In the example below the % change of the bull move was 21.74%

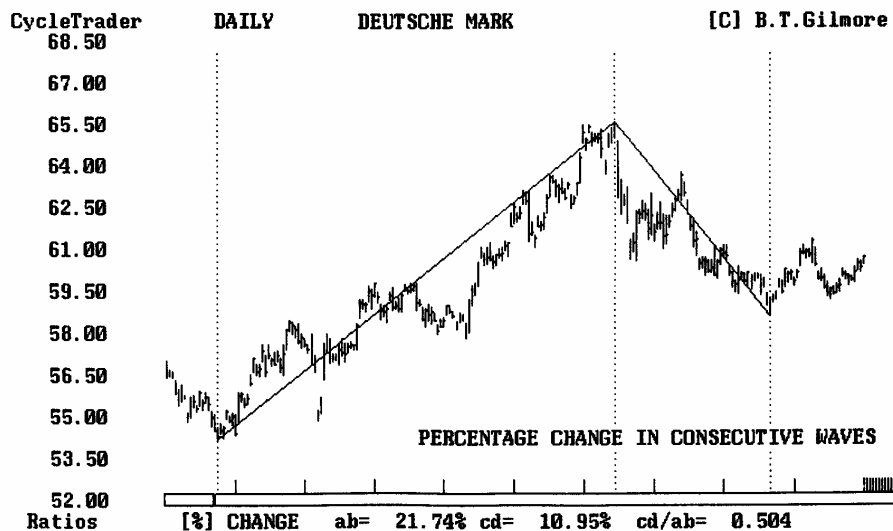
Starting price	54.01	DMARK 910702 LOW
Ending price	65.75	DMARK 920108 HIGH
price units in range	11.74	65.75 LESS 54.01
% change	21.74%	11.74 divided by 54.01 mult by 100

To calculate percentage change the price units in the range are always divided by the starting price.

The % change in the bearish move was 10.95%

Starting price	65.75	DMARK 920108 HIGH
Ending price	58.55	DMARK 920320 LOW
price units in range	7.20	65.75 LESS 58.55
% change	10.95%	7.20 divided by 65.75 mult by 100

The percentage change relationship in the retracement was 10.95% divided by 21.74% in the expansion results in 0.504. This coincided with a price retracement of 0.618 (see page 19). The two signals together are extremely important to market analysis for locating "set ups" and a reversal of trend.



TIME & PRICE MEASURING TOOLS

Percentage change relationships between adjacent price ranges and the 1st Alternate price range are the most important. Quite often when there is little or no evidence of price unit relationships between market pivots % CHANGE will provide the answer.

Some exchange contracts such as INTEREST RATE FUTURES, T-BOND FUTURES and CURRENCY RATE FUTURES will manifest % change relationships more often than price unit relationships. So it is important to monitor them when TIME is signalling a potential for a change in trend.

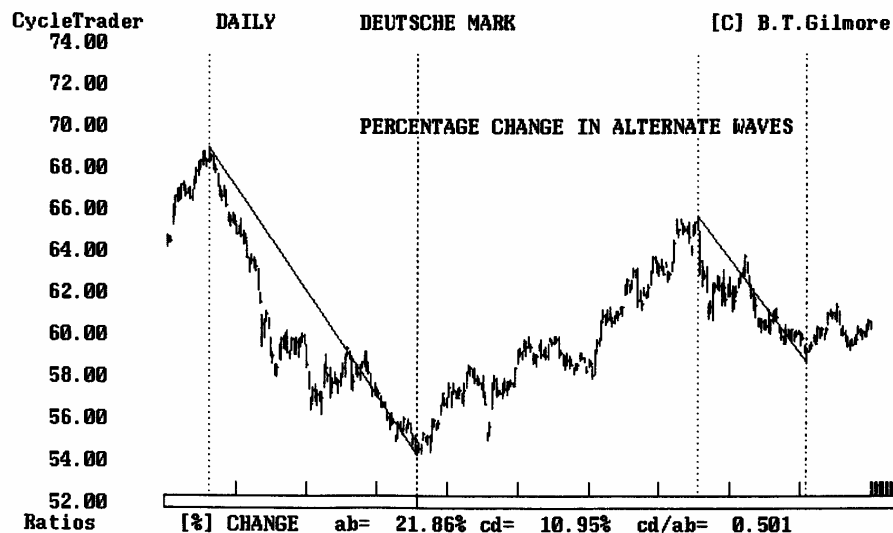
It must be remembered that each individual market will form geometric patterns, in important ratios, as it moves from low to high and high to low. These patterns can only be identified by using all of the tools all of the time.

If you choose to use only some of the tools, some of the time, you will never be in a position to make fast judgements on the market position.

So far I have outlined the most important tools for price analysis.

Before we move on here is one more example of % CHANGE relationship for the DEUTSCHE MARK low of March 20, 1992.

The preceding BEAR MARKET from 910211 to 910702 declined 21.86% in value. The following BULL MARKET from 910702 to 920108 rose 21.74% (see previous page). These two waves related 1.00 to 1.00 in % CHANGE at the 920108 high. The BEAR TREND down to 920320 declined 10.95% and had a 0.501 % CHANGE relationship with the 1st Alternate wave of primary degree. The progression in % CHANGE unfolded as 1.000 : 1.000 : 0.500 and you can't get a more GEOMETRIC PATTERN than that. The real issue here I am pointing out is the RHYTHM

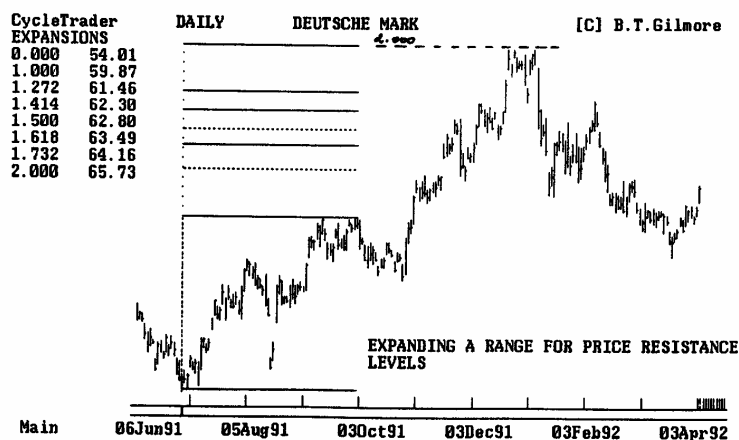
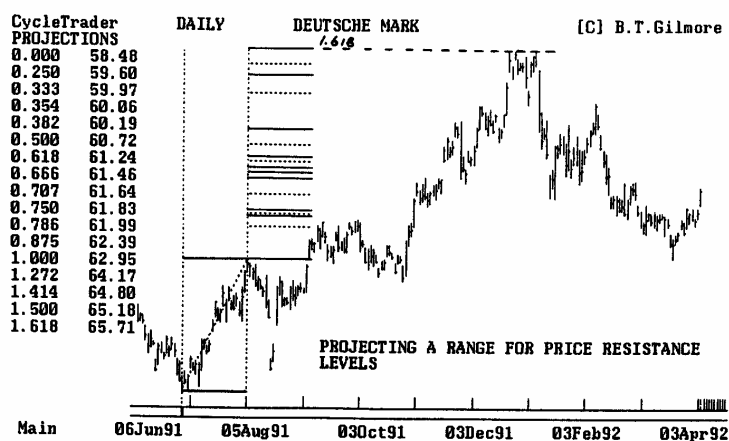


TIME & PRICE MEASURING TOOLS

PRICE UNIT PROJECTIONS & EXPANSIONS

Price unit projections and expansions are tools for estimating future market support or resistance.

Once a move has been in progress for some time, ie., after several impulse waves have taken shape. It is possible to use the existing waves to calculate areas where a price level will be intersected by two or more separate calculations. These are areas of high probability for a change in trend or a reaction to trend.



TIME & PRICE MEASURING TOOLS

These tools are particularly helpful when a trend is impulsing to a new vibration rather than reacting to an old vibration. For instance a trend will be seen to be impulsing when it fails to react on retracement levels of a previous range.

Normally projections and expansions are made using range extremes, ie., low to high or high to low. Projections can be made using highs to highs and lows to lows, I would call these inside projections.

DIVISIONS OF A RANGE

The problem arises, with so many ways of calculating possible price support and resistance levels, it is better to monitor a trend each day by dividing the total range into divisions, this way you can see if past pivots fall on strict ratio levels.

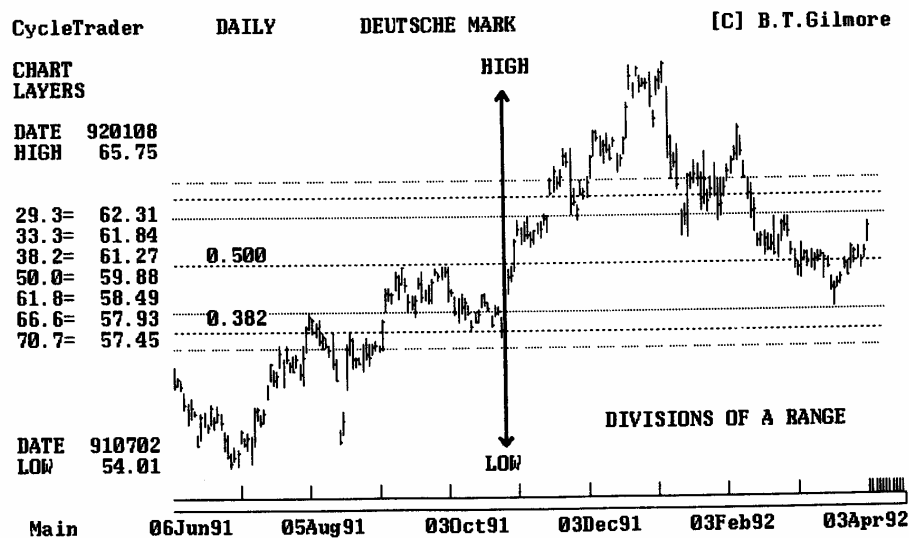
When past market pivots intersect ratio divisions of the total range you can see harmony in the price activity and predict support and resistance as it occurs. Often you will see a day or two before that a final thrust will bring a number of previous pivots into harmony. You will know the ratios so you can work out the price in advance.

This Deutsche Mark example should explain the technique clearly when taken in context with the two previous examples of price projections and expansions.

A 1.618 price projection for termination of trend means that the projected wave will be a 0.382 distance of the total move.

A 1.000 price projection or a 2.000 price expansion means that the projected wave will be half 0.500 of the total move.

Be alert to any market pivot, be it a high or a low in the total move, intersecting a major division ratio, ie., 0.293, 0.333, 0.382, 0.500, 0.618, 0.667 and 0.707.



TIME & PRICE MEASURING TOOLS

COUNTING % CHANGE IN PRICE

Percentage change increases or decreases in strict ratios between market lows to highs or highs to lows, in trends of either Minor, Intermediate or Primary degree can often coincide with an end to that trend.

For instance a market may rise or decline 33.3% or 50% in value from an extreme low or high to the termination of that trend. Other percentage changes to monitor are the natural ratios we use for all other time and price calculations.

Some commodities and stocks, ones which regularly make large percentage moves, lend themselves to this technical indicator.

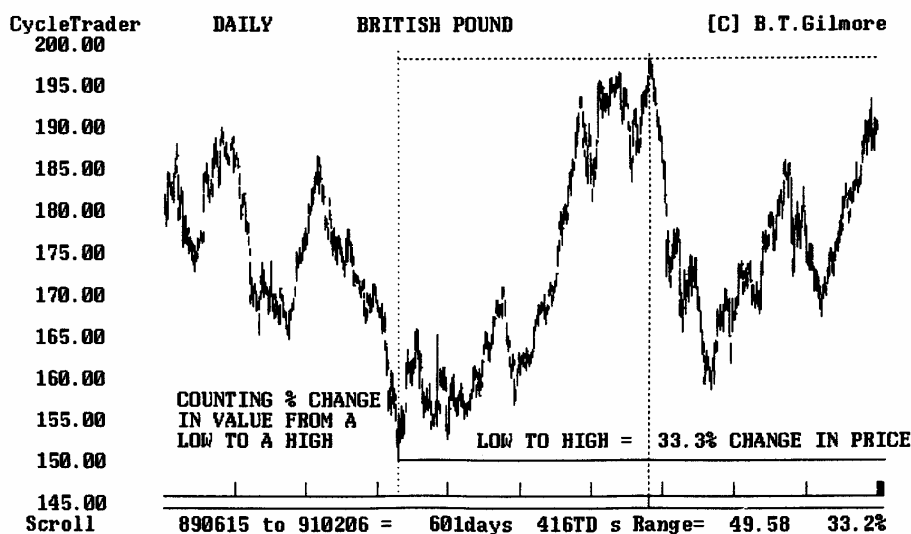
Although I monitor percentage change relationships between all recent market pivots to any new pivot, I would not consider acting on this indicator alone.

From my own experience % CHANGE COUNTS falling on strict ratios such as 20%, 23.6%, 25%, 33.3%, 38.2%, 50%, 57.7%, 61.8%, 66.7%, 70.7%, 78.6%, 100% and so on, are more likely to occur in Primary bull or bear campaigns.

When the % CHANGE COUNTS are present there are normally plenty of other important dynamic price relationships to confirm the termination of a trend. It often seems to me they occur more infrequently than their monitoring is worth. Nevertheless if you have the facility to monitor them quickly they could help confirm a change of trend from a trading point of view. Often they can jump out at you when you least expect them.

There is an old Gann saying which states, "Use all of the tools all of the time". For this reason I make sure I monitor market moves for % CHANGE COUNTS.

The example below shows the BRITISH POUND in US DOLLARS rising exactly 33.2% between the 1989 bear market low and the 1991 bull market high.



TIME & PRICE MEASURING TOOLS

COUNTING PRICE UNITS

Important counts to monitor are the same numerological counts used for COMPOSITE TIME COUNTS. Refer to page 6 for reference.

Counting price unit moves between market pivots is the least important price analysis tool I know of. So much unwarranted importance has been attributed to this technique by numerous writings I have witnessed.

In defence of this technique I can only say it seems to manifest itself in different ways within different complexes. For instance the Gold market seems to terminate trends of various degree on a regularly basis in price units related to the Fibonacci series.

Perhaps the most important observation I have made is this:-

When a retracement or projection of a previous trend, which itself was a price unit increase or decrease falling on an important number, falls on another important number the chances of a reversal to trend have a higher degree of probability. The reason for this is obviously because the numerological values will themselves hold some DYNAMIC ratio relationship.

My view when counting price units is the same as counting % change in price, i.e., When a number of technical indicators all fall together it helps cement in your mind the fact that market movement is anything but random.

The example below occurred in the 1st Month Comex Gold futures. A major bear market from 1983 to 1985 terminated after a fall of \$232.80 (233) a Fibonacci number. A subsequent rally high terminated after a rise of \$88.20 (89), another Fibonacci number, from the 1985 low. This in itself was a 0.382 retracement level to the previous primary bear market. The next rally high terminated after a price unit count of \$161.80 (1.618) from the 1985 bear market low. The time from the 1985 bear market low was 1.618 years and the % change count was 57.7% (0.577). It just goes to show it pays to "Use all of the tools all of the time" if you are to uncover the truth about market geometricity.



TIME & PRICE MEASURING TOOLS

SPACE ANALYSIS (THE INTEGRATION OF TIME & PRICE)

I commonly refer to SPACE analysis as VIBRATION.

SPACE or VIBRATION can be represented as the imaginary line drawn between two market pivots. Each pivot represents the beginning and the end of a market vibration. The vibration rate is the average RATE OF PRICE MOVEMENT PER DAY, DEGREE, WEEK or YEAR between the two market pivots.

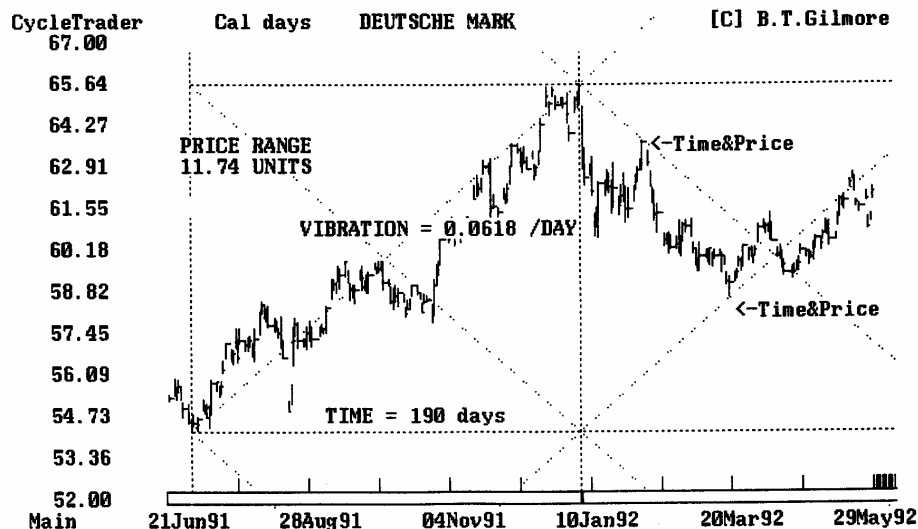
To calculate market vibration rates we use the co-ordinates from two pivots. These are usually from a market high to a low or vice versa. Although it is possible to measure the vibration rate between any two market pivots be they high to high or low to low you will find that these are secondary techniques mostly redundant to our particular analysis.

The co-ordinates we use are the date and the price from the starting pivot and ending pivot.

Price moves on the vertical axis and time moves on the horizontal axis on a standard bar chart. Therefore, vibration can be calculated as the gradient of the hypotenuse of a right angled triangle using time as the base of the triangle and price as the height.

GANN ANGLES are simply VIBRATION ANGLES drawn at specific ratios of price units per day, week, et cetera.

VIBRATION RATE = PRICE UNITS MOVED / TIME UNITS



TIME & PRICE MEASURING TOOLS

For our purposes **SPACE** or **VIBRATION ANGLES** can be analyzed in two ways.

- First as **STATIC RATIOS**, for instance a market vibration between two pivots may calculate out to 0.333, 0.382, 0.500, 0.618, 0.667, 0.707, 1.000, 1.414, 1.500, 1.618, 1.732, 2.000, 2.236, 2.618 points per day, week or year.

If this were the case it would signal some form of geometricity between the two pivots.

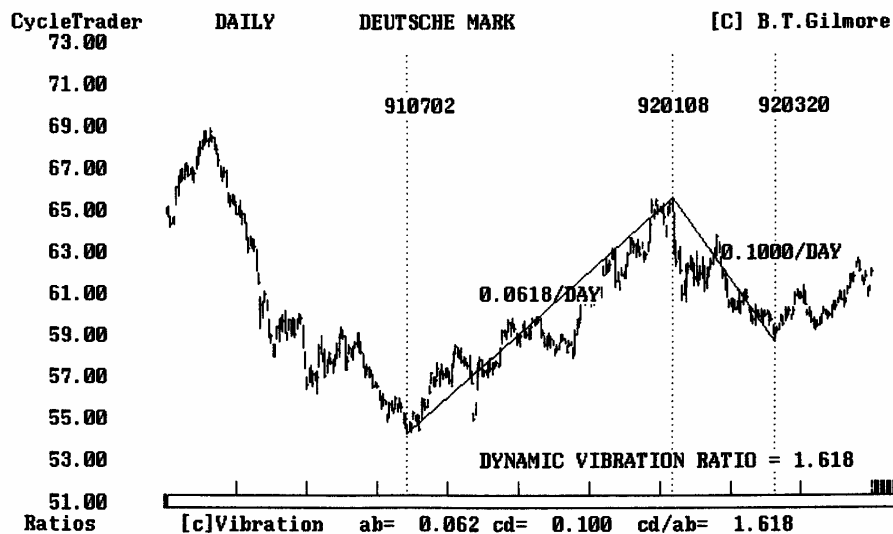
- Secondly vibration angles can be compared **DYNAMICALLY** in the same way as we would compare **TIME** or **PRICE** relationships between trends of similar degree.

When two separate market vibration angles are compared to each other, for ratio relationships, they are being measured **DYNAMICALLY**. Dynamic relationships are far more important in the market structure than static relationships.

When it comes to making a trading judgement on a trend termination, before any confirmation signal is received, one needs to use **TIME** first, **PRICE** second and then **VIBRATION** third. **VIBRATION ANALYSIS** will normally fill in the gaps when you find it difficult to rationalize the market structure relative to only Time & Price.

The methods for analyzing **VIBRATION** are the same as we use for price analysis, i.e., we can compare the vibration in consecutive waves and the vibration in the alternate waves.

VIBRATION COMPARISON IN CONSECUTIVE WAVES



TIME & PRICE MEASURING TOOLS

GANN ANGLES (SPACE ANALYSIS)

GANN ANGLES ARE STATIC RATIO VIBRATION LINES. Their purpose is to allow the analyst to keep track of price levels where the starting price is square in time.

A GANN ANGLE at say 1 unit of price to 1 unit of time is a simple static space or vibration measurement. Gann teachings recommend analysts to monitor angles drawn from highs and lows at rates of 0.25, 0.333, 0.500, 0.667, 1, 2, 4 and 8 price units per day, week and month for a change of trend indication.

The real problem encountered by analysts is what represents 1 "degree" of price. In some commodities and stocks 1 unit of price appears to be correct yet, I have found more times than not 1 "degree" of price is not 1 unit or anything like it.

Students of Gann often try to "curve fit" the chart scale so that a 45° angle represents the 1 to 1 angle. They then use this angle as a support/resistance line. This is an arbitrary approach totally unsatisfactory for scientific analysis.

Contrary to popular teachings GANN ANGLES are not SUPPORT or RESISTANCE LINES, merely a by product of the time and price relationships that manifest themselves within market activity. Gann used angles as an easy way to keep a track of when time could be squaring price. I can say this confidently because I have researched this technique extensively.

In defence of Gann's teachings I can see that he used the 1 by 1 angle on many charts as a trend indicator. For instance Gann would say that a market was in a strong trend if it was trading above the 1 "degree" unit of price per day angle drawn off the last intermediate degree low or for that matter any significant reaction low in an uptrending market. The same analysis can be applied in bear markets by drawing angles down from highs.

With all this in mind analysts should be careful not to place too much importance on "Gann angles" unless other relevant criteria such as COMPOSITE or DYNAMIC TIME RELATIONSHIPS ARE CONVERGING AS THE PRICE ACTIVITY TRADES ONTO AN IMPORTANT RATIO ANGLE.

The best way to use GANN ANGLES is as a confirmation that time and price is "square" (falling on some ratio relationship), but only when the primary tools (Time cycle ratios and price relationships) are signalling a possible change in trend.

The Deutsche Mark example on page 29 shows the bull trend terminating on a 0.0618 points per day vibration and the bear trend expiring on a 0.100 points per day vibration. Throughout each market trend the price activity traded above and below these vibration angles, neither angle acting as support or resistance until the primary time and price tools were signalling a reversal.

The example on page 28 shows future 1 x 1 vibrations of the 1st square pinpointing where time and price acted as resistance and support. The angles into the future are a dynamic projection of the time and price moved in the bull market.

With all the other tools available to analyze the market time and price accurately I would never recommend the use of STATIC VIBRATION ANGLES only DYNAMIC VIBRATION ANGLES as a guide to market position.

REVERSAL PATTERNS

REVERSAL PATTERNS

To successfully utilize the time and price analysis tools I have explained, as leading indicators for possible change of trend, you will need to monitor the daily price activity for confirmations that change is taking place.

If the daily chart patterns are a little cloudy then this analysis can be extended to weekly price activity.

As I explained in the previous chapter **TIME ANALYSIS** prepares us in advance for future dates where change is possible.

PRICE RATIO ANALYSIS on the signal day confirms that the market structure is positioned for a change of trend.

PATTERN ANALYSIS will confirm that a change of trend is taking place when the proper time and price signals are present.

REVERSAL PATTERNS to monitor for a possible change of trend are simple formations. They are only relative to the short term price activity. By keeping the pattern analysis simple you can make sure you don't complicate the trading decision process.

The primary price patterns to consider as a possible confirmation for change of trend are:-

- **REVERSAL DAY**
- **KEY REVERSAL DAY**
- **OUTSIDE REVERSAL DAY**
- **DOUBLE & TRIPLE TOPS**
- **DOUBLE BOTTOMS**

These patterns are easy to recognize when viewed on a **BAR CHART**.

Reversal patterns can occur at any time in normal market activity, nevertheless they are far more important when a market makes an extreme intraday high or low price after a prolonged bull or bear market trend.

If you are going to trade a time and price signal at the exact reversal of trend it is advisable to make sure you can identify one of these patterns prior to the close of the day. If the pattern is present you will certainly have at least a 75% chance of being correct.

Japanese Candlestick charts are now becoming popular so I will illustrate each pattern I consider important in both the conventional bar chart formation and the Japanese Candlestick formation.

REVERSAL PATTERNS

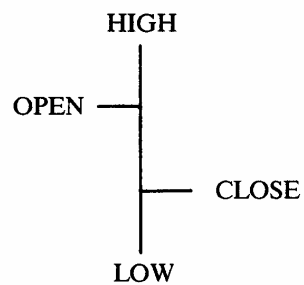
CHARTING DEMOGRAPHICS

BAR CHARTS

The **OPENING PRICE** is represented by a **DASH BAR** to the left of the **CENTER LINE**.

The **HIGH / LOW RANGE** for the day is the **CENTER LINE**.

The **CLOSING PRICE** is the **DASH BAR** to the right of the **CENTER LINE**.



JAPANESE CANDLESTICK

The way in which candlesticks are drawn immediately highlights the position of the open and close for the day.

- A **CLEAR BODY** represents a day where the **OPEN IS LOWER THAN THE CLOSE**.
- A **BLACK BODY** represents a day where the **OPEN IS HIGHER THAN THE CLOSE**.
- A **DASH BODY** represents a day where the **OPEN AND CLOSE ARE IDENTICAL**.



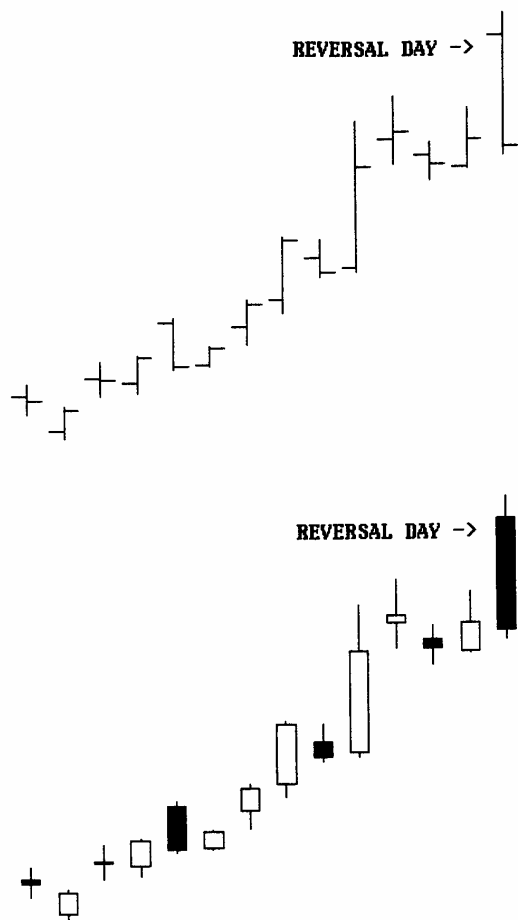
REVERSAL PATTERNS

REVERSAL DAY

The **REVERSAL DAY PATTERN** is the most common reversal pattern known to technical traders.

BULL MARKET REVERSAL DAY

The market **OPENS** at or above the **CLOSING PRICE** of the previous day, then trades to a new intraday high (the pivot) in the prevailing trend. The selling pressure after the high of the day causes the market to close at or below the **OPENING PRICE** of that day. Depending on the position of the close relative to the high for the day or the previous days close the more weighting one can assume to the pattern.

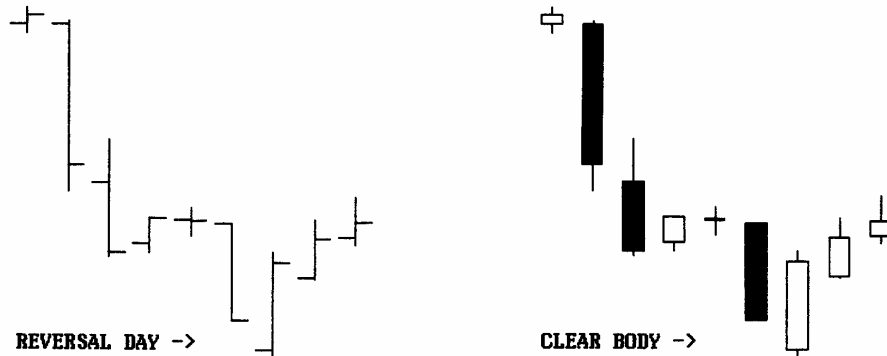


A REVERSAL DAY ON A CANDLESTICK CHART WILL SHOW AS A STICK WITH A BLACK BODY. THE GREATER THE AREA IN BLACK THE STRONGER THE REVERSAL FROM THE OPENING PRICE.

REVERSAL PATTERNS

BEAR MARKET REVERSAL DAY

The market **OPENS** at or below the **CLOSING PRICE** of the previous day, then trades to a new intraday low (the pivot) in the prevailing trend. The buying pressure after the low of the day causes the market to close at or above the **OPENING PRICE** of the day.

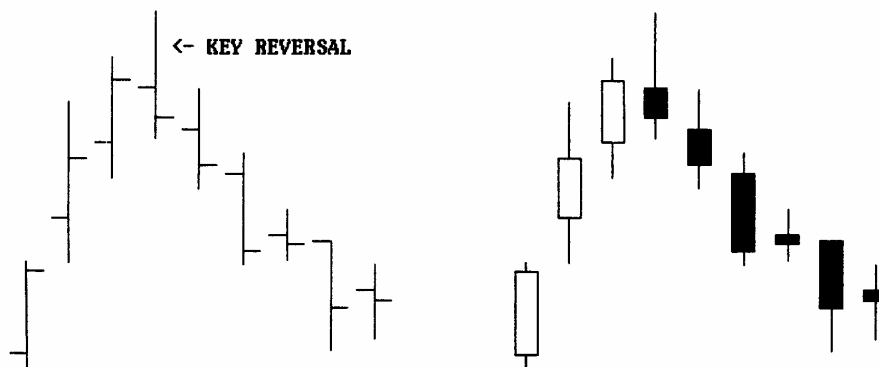


KEY REVERSAL DAY

A **KEY REVERSAL DAY** is a stronger indication for a termination of trend for technical traders, especially when accompanied by important **TIME & PRICE** signals.

BULL MARKET KEY REVERSAL DAY

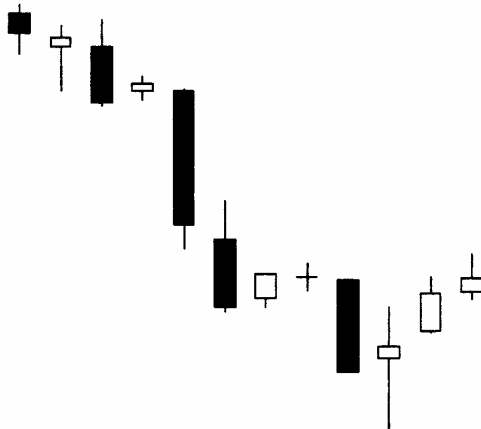
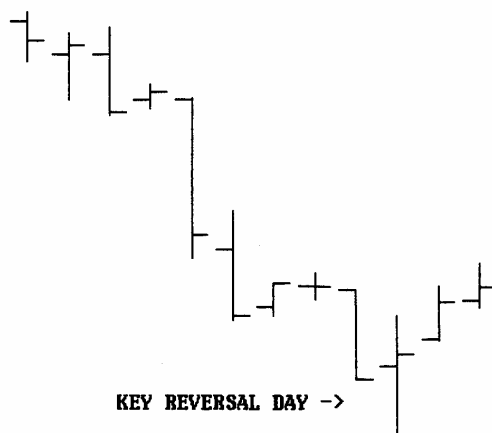
The market **OPENS BELOW** the **CLOSING PRICE** of the previous day, then trades to a new intraday high (the pivot) in the prevailing trend. The selling pressure after the high of the day causes the market to close below the **OPENING PRICE** of that day.



REVERSAL PATTERNS

BEAR MARKET KEY REVERSAL DAY

The market **OPENS ABOVE** the **CLOSING PRICE** of the previous day, then trades to a new intraday low (the pivot) in the prevailing trend. The buying pressure after the low of the day causes the market to close above the **OPENING PRICE** of that day.



The stronger the reversal pattern on a **TIME & PRICE SIGNAL DAY** the greater the opportunity is to enter the market immediately with a stop loss above or below the pivot point from which the trend is reversing. If your time and price analysis is correct your stop will only get hit in the advent of an irregular top or bottom. An irregular top or bottom may penetrate the signal day by a few ticks in the case of a double bottom or a double top. You will get clear warning beforehand if the price activity in the next few days fails to advance the market away from the signal day pivot.

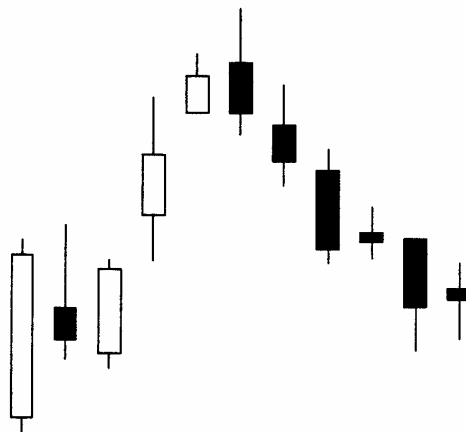
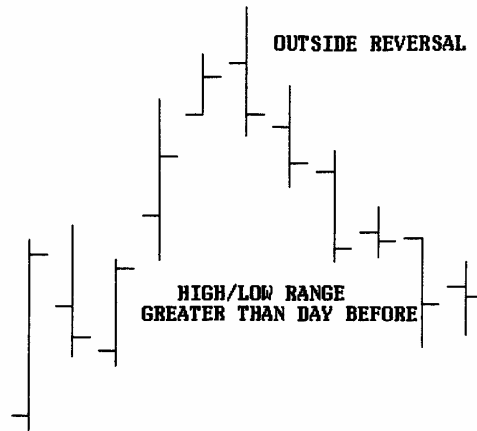
REVERSAL PATTERNS

OUTSIDE REVERSAL DAY

An outside reversal day is an excellent indication that the current trend is in real trouble.

An outside day simply means that the **HIGH / LOW RANGE** for the day was **GREATER AND OUTSIDE** the range for the day before. An inside day occurs when the high /low range for the day is inside the range of the previous day. Basically an outside day is an indication of market volatility. The buyers and the sellers can't agree on what is a fair price.

Any reversal indication on an outside day coinciding with **TIME & PRICE SIGNALS** is an excellent **LEADING INDICATION FOR A REVERSAL OF TREND**.



REVERSAL PATTERNS

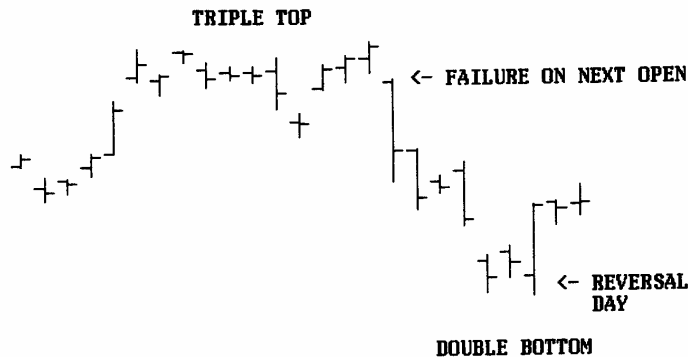
DOUBLE & TRIPLE TOPS - DOUBLE BOTTOMS

Double tops and double bottoms are seen to occur in markets on a regular basis. When they do they create a feeling of uncertainty in regards a change of trend. I have noticed that double tops or bottoms occur more frequently when the PRICE activity has reached a strong RESISTANCE or SUPPORT LEVEL prior to the TIME SIGNALS reaching maturity.

Double or triple tops and bottoms can be formed over a period of up to two weeks. When they occur on strong price relationships such as price retracements or expansions of previous ranges you will find that the market is marching time waiting for the TIME CYCLE RATIOS to expire.

During the double or triple topping or bottoming process it's unlikely that you will get a clear indication of a REVERSAL DAY PATTERN. This can be a little unnerving especially when you see every other indicator pointing to a change of trend.

Always be alert for a FAILURE to CONFIRM an ongoing trend either by a REVERSAL PATTERN COINCIDING WITH THE DOUBLE TOP OR BOTTOM or on the next days trading the market opens in a WEAK POSITION RELATIVE TO THE PREVIOUS DAY. Always ensure that IMPORTANT TIME & PRICE SIGNALS were present on one of the double tops or bottoms before making a trade in the opposite direction.



When analyzing PATTERN a little logic and COMMON SENSE goes a long way. Just the same whenever you take a trade at the extreme danger point, ie., the high or low pivot day or the day after, make sure that you place a stop loss just above or below the extreme pivot day from which you are basing your decision to trade.

REVERSAL PATTERNS

NON CONFIRMATION PATTERN DAYS

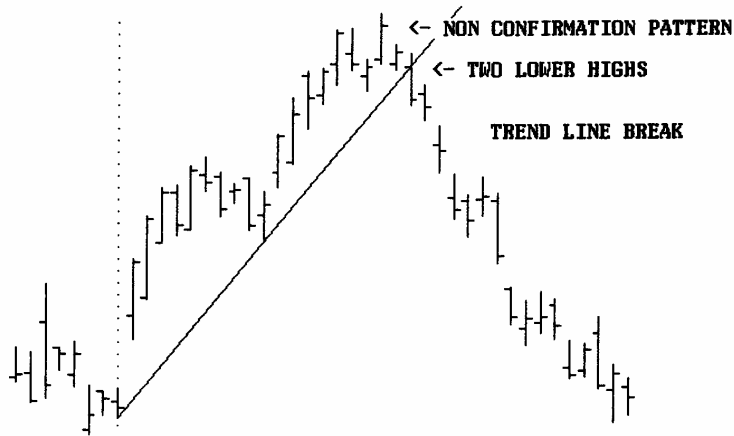
Probably 50% of the time market trend reversals will begin from a **PATTERN** dissimilar to those mentioned here. This will not negate the importance of the **TIME & PRICE SIGNALS**, it will only delay your entry into the new trend. When cases like this cause you to hold back you can use two other simple entry rules.

After a market appears to have terminated a reasonably long trend without providing a set up reversal signal - look for two or three days where, in a bull market lower highs are made on a break of the uptrend or in a bear market higher lows are made on a break of the downtrend.

Contemplate a Sell when - The market makes two consecutive lower highs after a bull market high, especially if the uptrend line is penetrated.

Contemplate a Buy when - The market makes two consecutive higher lows after a bear market low, especially if the downtrend line is penetrated.

If you enter a trade based on these criteria your trading stop loss must be placed above or below the **PIVOT DAY EXTREME POINT**.



Minor degree trend reversals should proceed in most cases for between a week and three weeks.

Intermediate degree trend reversals should unfold in at least three minor waves over periods of four and up to thirteen weeks, sometime longer.

If you identify a market reversal correctly it should be possible to trade the unfolding move for at least two weeks, often longer, without any fear of losing money.

TREND ANALYSIS

TREND ANALYSIS

Trend analysis is of primary importance if one is to become and remain a successful trader.

Without a proper understanding of how to recognize a trend, or how to recognize when a trend is overbought or oversold, or how to recognize when the momentum of a trend is drying up you will find it difficult to interpret your TIME, PRICE and PATTERN ANALYSIS.

Basically I see TREND ANALYSIS as a study of "weighting the probability of the market forces either continuing in the same direction or reversing direction".

Most trend indicators available to technical analysts basically do the same thing, some faster or slower than others.

When your TREND ANALYSIS INDICATORS support your TIME, PRICE and PATTERN ANALYSIS you will be 90% certain about the market position. This may only occur about 30% of the time, but that is enough to pick out the trading set ups.

I don't see any reason to use more than four or five indicators for my TREND ANALYSIS.

The indicators I use predominately are designed to work together in a way that will cover most market contingencies, especially when it comes to evaluating trend.

These are:-

- CYCLETRADER TREND WAVES
- 10 DAY RELATIVE STRENGTH INDEX
- 10 & 20 DAY MOVING AVERAGE OF THE CLOSING PRICE
- HIGHER LOWS - LOWER HIGHS
- TREND LINES

TREND ANALYSIS

CYCLETRADER TREND WAVES

These are the same TREND WAVES I originally developed and programmed into the WAVETRADER SOFTWARE 7 years ago.

The trend wave study has proven to be a most reliable indicator of trend, not only for holding a trend but also for alerting one to an imminent reversal of trend. I have even noticed that the peaks and troughs of the trend waves can sometimes be predicted using the same timing tools I use on the price charts.

The **TREND WAVES** are a mathematical calculation which takes into account the price differentials from one day to the next over 10 days, these numbers are then exponentially manipulated to produce a daily value. The sample needs 150 days before accurate smoothing begins. The continuing daily calculation produces a value either above or below zero. A line chart of this value is representative of **the markets VELOCITY, MOMENTUM and ACCELERATION**.

TREND WAVES are adjusted for wave degree in the same way as a moving average.

- SLOW
- MEDIUM
- FAST

The important points are these:-

Calculations produce a value either ABOVE or BELOW zero.

- Values above ZERO are relative degree BULLISH indications.
- Values below ZERO are relative degree BEARISH indications.

Daily direction of the index is either UP or DOWN.

- The UP direction indicates underlying market STRENGTH.
- The DOWN direction indicates underlying market WEAKNESS.

The SLOW WAVE has excellent characteristics in a trending market, it is weighted to keep you on track right up until the last wave of INTERMEDIATE DEGREE has been exhausted.

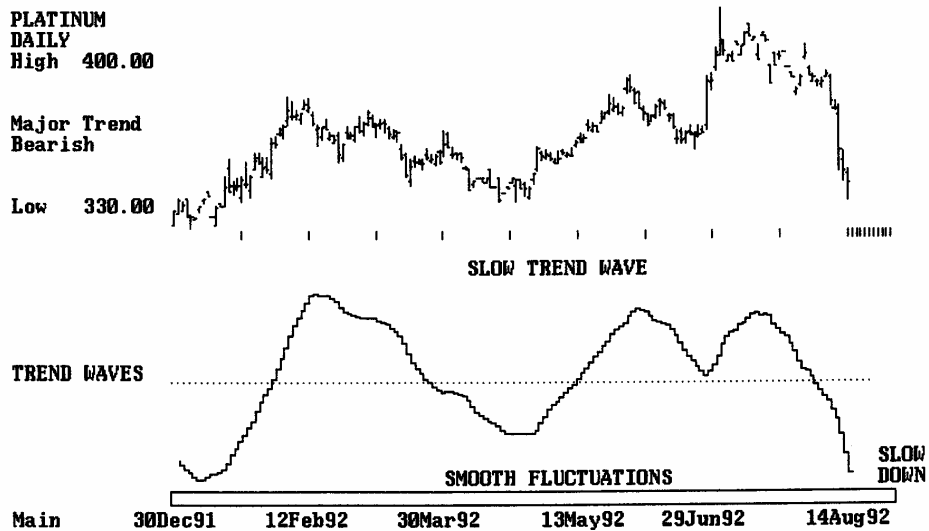
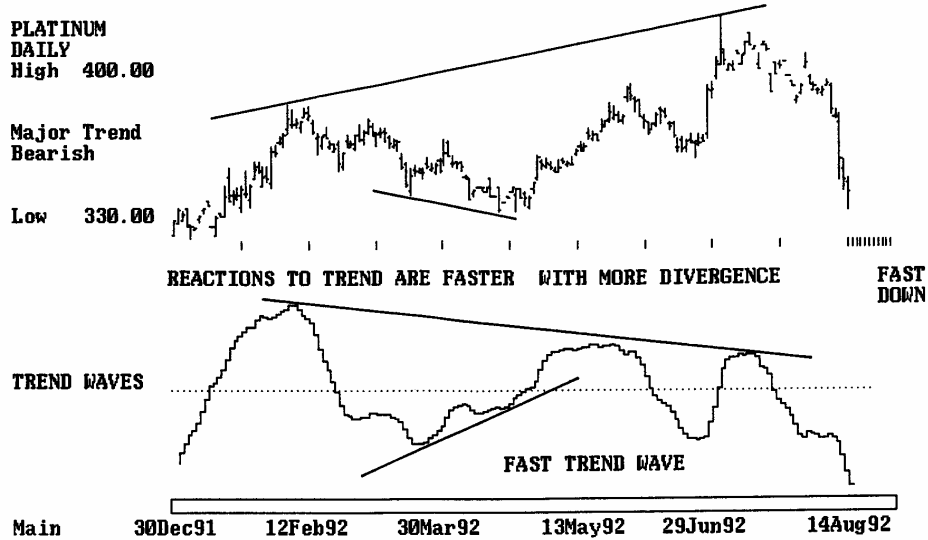
The MEDIUM WAVE should be diverging with the price activity prior to an important market reversal.

The FAST WAVE should follow every MINOR degree impulse and act once again as an early warning signal for a change in trend.

A market's momentum is at full strength when all trend waves are clearly going in the same direction, ie., either UP or DOWN. It is advisable never to take a trade against this signal.

TREND ANALYSIS

Below I am only illustrating the FAST and SLOW TREND WAVES. The MEDIUM WAVE can take on the appearance of either of these waves depending upon the market volatility.



TREND ANALYSIS

RELATIVE STRENGTH INDEX (10 DAY)

The relative strength index basically evaluates the position of the latest closing price relative to previous closing prices in the time period of the index.

The RSI evaluates its readings between 0-100. Readings above 80 are bordering on the overbought zone. Readings below 20 are bordering on the oversold zone.

Overbought and oversold readings prepare you for a possible reaction to trend.

In an extended bull market it is possible to register OVERBOUGHT readings for weeks on end. Eventually the final high will be made when the RSI fails to read higher than it did on the "Elliott 3rd wave pivot". The same proposition can be used in reverse for bear markets.

The benefit I find with this index is that it keeps you alert to the overall momentum within market trends.

When you see that the momentum of a market is declining, even when the price trades to new highs or lows, you are aware that a change of trend is possible in the near future. With this in mind you can evaluate the TIME SIGNALS close at hand to predict when the change will occur. All you need then is PRICE and PATTERN confirmation to make a trade when the change occurs.

MOVING AVERAGES (10 and 20 day)

There's nothing new about moving averages, they have been around forever. I remember when I first started using them and thought they were the best thing available. I still use them as a guide to make sure I stay in touch with reality.

A moving average is calculated by adding together the last ? number of days closing prices and dividing them by the ? number of days.

The faster (less number of days) the average is made up of will allow it to adjust more quickly with the day to day activity. A 10 day average is going to follow the market activity much more closely than a 20 day average.

How to use them effectively:-

The market is in a strong trending position when the crossovers are in line with the market direction and the price is above (bull trend) or below (bear trend) the 20 day moving average.

The market is in a strong trending position whilst the averages are separating. Change is occurring when they appear to be converging.

They will always be behind the current market activity so you need to evaluate TIME, PRICE & PATTERN and second guess what they may do in the future as a change in trend takes place. Once the trend is confirmed these indicators will encourage you to stay on the trade, especially if they continue to hang in the right place.

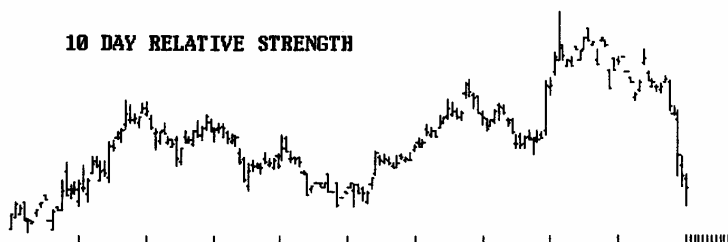
TREND ANALYSIS

PLATINUM
DAILY
High 400.00

10 DAY RELATIVE STRENGTH

Major Trend
Bearish

Low 330.00



RSI INDICATES OVERBOUGHT AND OVERSOLD SWINGS

85

R. S. I.

20.38

ALSO PRICE DIVERGENCE

15

Main

30Dec91 12Feb92 30Mar92 13May92 29Jun92 14Aug92

PLATINUM

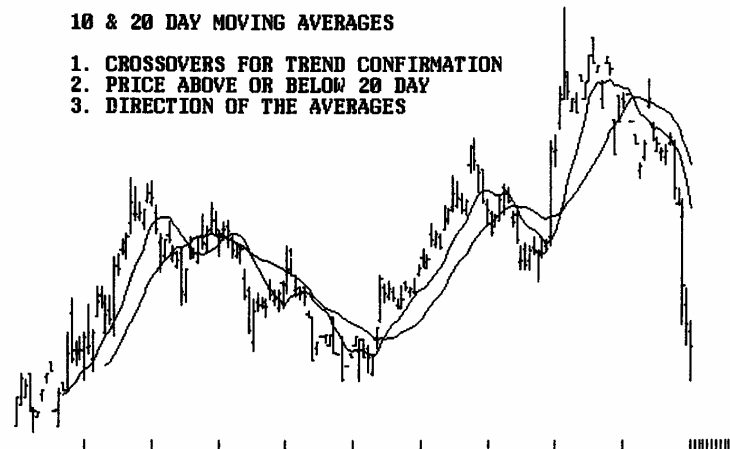
DAILY

High 400.00

10 & 20 DAY MOVING AVERAGES

1. CROSSOVERS FOR TREND CONFIRMATION
2. PRICE ABOVE OR BELOW 20 DAY
3. DIRECTION OF THE AVERAGES

Low 330.00



Main

30Dec91 12Feb92 30Mar92 13May92 29Jun92 14Aug92

TREND ANALYSIS

HIGHER LOWS - LOWER HIGHS

To some this "indicator" may sound simplistic. It is not at all because it is the market talking to you.

Just by looking at a price chart you can see if the wave formations are making higher lows or lower highs.

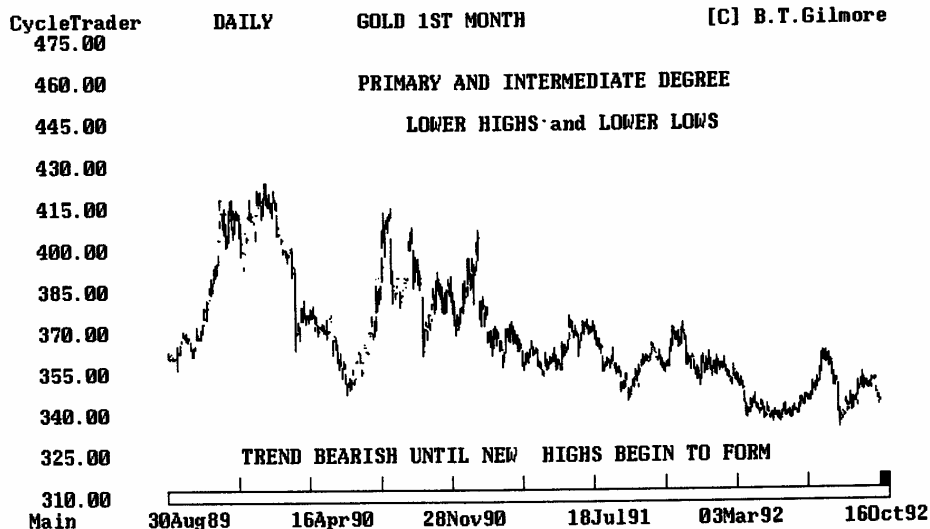
HIGHER LOWS together with **higher highs** are signs of a **bullish** market.

LOWER HIGHS together with **lower lows** are signs of a **bearish** market.

These observations can be applied to MINOR degree, INTERMEDIATE degree and PRIMARY degree wave formations.

From a trading point of view the day to day patterns will confirm a trend is intact. For a longer-term perspective the primary and intermediate degree waves will confirm if a BULL or BEAR market is intact.

Another point worth mentioning for determining trends of larger degree such as the example below. Monitor the **IMPULSE WAVES**, i.e., the waves which move fast in one direction. The gold market has experienced very fast declines on all the down moves between 1990 and 1992. The bear market will not be over until the declines become orderly corrections rather than explosive declines.



TREND ANALYSIS

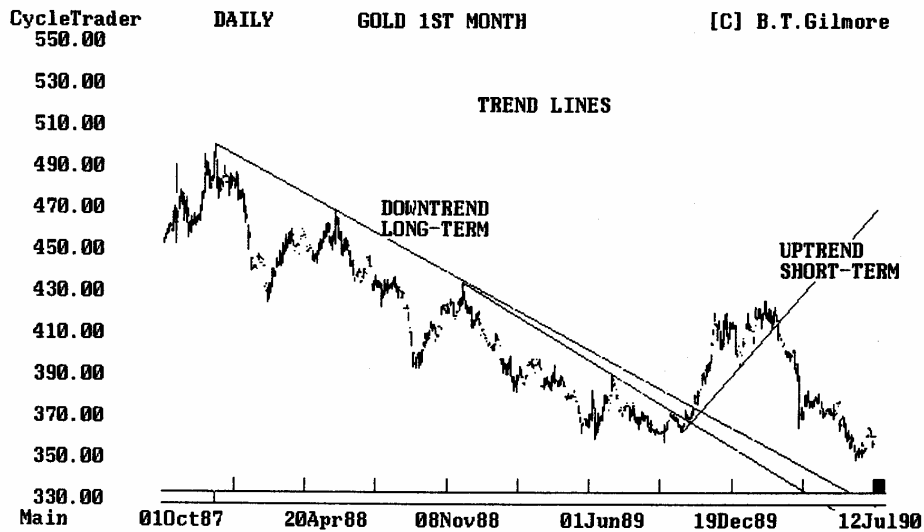
TREND LINES

Trend lines are the most commonest tool used by people who keep charts. In the short term they are very effective in recognizing overbalancing of price. In the larger degree they provide a clear perspective of the gradient of trend.

Often when a market trades back to an existing trend line and reverses direction the price level will coincide with a **PRICE RETRACEMENT SIGNAL**. If it does and **TIME SIGNALS** of similar degree are present you will find it one of the safest entry levels to trade.

When a market has reversed trend on **TIME, PRICE, PATTERN** and **TREND** signals you will get a confirmation in the degree of trend change by the breaking of the **TREND LINES**.

TREND LINES are guidelines to formulate rules around. They keep waves of similar degree in perspective.



TREND ANALYSIS

TREND INDICATOR SUMMARY

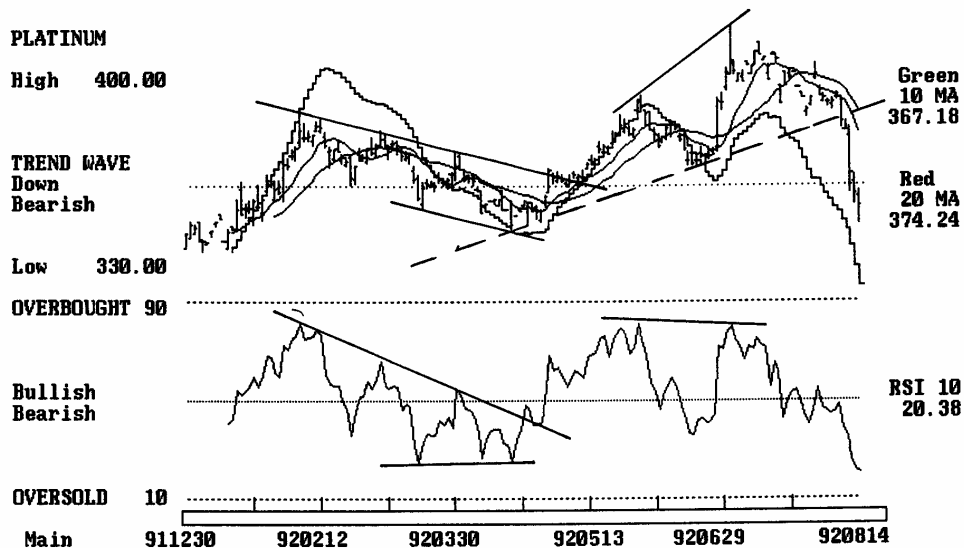
Indicators are **MATHEMATICAL MANIPULATIONS** of past price data, they supply valuable information after the fact. They are not some "holy grail" for generating buy and sell signals. On their own they can be dangerous in the hands of a novice market analyst.

Trend indicators are a valuable tool for the analyst who wishes to take a holistic view of the market.

Trend indicators should always be used to confirm that market conditions are in agreement with your **LEADING TECHNICAL INDICATORS**.

TREND ANALYSIS is a prerequisite for trading profits. If you don't like the indicators I use, find some that you can have faith in and refer to them regularly.

CYCLETRADER IS SET UP TO QUICKLY REVIEW ALL OF THE TREND INDICATORS I USE WHILST ALSO MONITORING TIME, PRICE AND PATTERN.



Don't be misled by other peoples opinions "**LISTEN TO THE MARKET**" it is always going to be right.

ELLIOTT WAVE

ELLIOTT WAVE ANALYSIS

No technical manual relating to the ANALYSIS OF TIME & PRICE activity in markets would be complete unless it addressed the contribution made by **RALPH N. ELLIOTT** to the logical analysis of market structure.

ELLIOTT WAVE IS A DISCIPLINE WHICH ALLOWS YOU TO UNDERSTAND THE PSYCHOLOGY OF THE CROWD AND THE CROWD BEHAVIOR PATTERNS.

ELLIOTT WAVE ACTS AS A SUPERB TREND INDICATOR. AS WAVES OF SIMILAR DEGREE UNFOLD THE ELLIOTT COUNT ALERTS YOU TO THE POTENTIAL REVERSALS IN TREND.

ELLIOTT WAVE COUNTING CAN KEEP YOU ON THE TREND RIGHT UP UNTIL ITS CONCLUSION.

ELLIOTT WAVE COUNTING GIVES YOU A BASIS FROM WHICH TO MAKE EDUCATED FORECASTS OF POTENTIAL FUTURE MARKET ACTIVITY.

My studies of Elliott's thesis have found some very reliable price patterns that combine well in practice. I don't really care about complicating issues by labeling waves in the complicated counts popularized by some famous promoters of the **ELLIOTT WAVE PRINCIPLE**. I am only interested in what works with trading!

The **ELLIOTT WAVE PRINCIPLE** was first released as a predictive analysis tool directly relating to the US stock market. Although Elliott designed and illustrated his thesis using the US stock market indices, many of Elliott's tenets can be applied to any free trading market.

The benefit I find in having a working knowledge of **ELLIOTT WAVE** is that it helps you plan ahead. If you understand the main points of the Elliott Wave Principle it will help you **recognize the potential and magnitude in any market trend**.

Elliott Wave contains some strict rules about how the market should react under given circumstances. When a market breaks the rules you have a clear cut signal to "change your thinking around" and go with the new trend.

From a traders point of view Elliott Wave should not be considered as anything more than a **TREND INDICATOR**. When it's going according to the book its great, when it's not you don't have to worry about it because you have **TIME, PRICE, PATTERN & TREND** to fall back on.

ELLIOTT WAVE

ELLIOTT WAVE INTERPRETATION

The best warning I can give anyone who is new to Elliott Wave is that out of the 10 best "Elliotticians" I have met only about 50% of them seem to agree on a particular Elliott wave count at anyone time.

This is due to the fact they mainly insist on fitting the current market position into context with the market position of 10 or 20 years ago. Some even wish to relate today's market with those of 50 years ago. The real problem is they are often trying to force their own will on the market in progress rather than use the market to tell them what is about to happen next.

With many market situations it often takes several weeks or months to pass before one can establish what was indeed the theoretical Elliott wave count. In the mean time trading opportunity has passed and the bank account has been depleted by more expenses.

For trading purposes it is not necessary to worry about the Elliott Wave count for more than the current PRIMARY TREND. To do so only complicates the issue.

When the TIME and PRICE setups present themselves it's nice to be able to identify that a clear cut Elliott Wave Pattern has been unfolding or has possibly unfolded.

Elliott Wave, like all good technical indicators has its good features. If you can learn to use the good features your ability to SECOND GUESS THE FUTURE MARKET WILL BE ENHANCED.

Never place yourself in a position where you rely totally on your opinion of the ELLIOTT WAVE PRINCIPLE for your livelihood. The chances you will be right are at best 50/50.

Elliott Wave has been responsible for some of the best market calls in history, nevertheless I have also seen the best exponents of this theory stay on the wrong side of the market for years on end.

ELLIOTT WAVE

ELLIOTT WAVE COUNTING

To keep track of the stages that a bull or bear market moves through, Ralph Nelson Elliott developed a labeling system to keep track of the unfolding waves of trend.

Waves are broken down into stages or degree :-

- | | | |
|---|--------------|---|
| • | CYCLE | I, II, III, IV, V |
| • | PRIMARY | [1], [2], [3], [4], [5] - [A], [B], [C] |
| • | INTERMEDIATE | (1), (2), (3), (4), (5) - (A), (B), (C) |
| • | MINOR | 1, 2, 3, 4, 5 - A, B, C |
| • | MINUTE | i, ii, iii, iv, v - a, b, c |

The principal points are these :-

- The same principle applies to all waves be they MINUTE DEGREE or CYCLE DEGREE.
- Waves are categorized as either IMPULSIVE or CORRECTIVE.
- IMPULSE WAVES have a minimum 5 legs and sometimes up to 11.
- CORRECTIONS have a minimum 3 legs and sometimes 7.

A *minute* wave structure when completed fulfills a completed stage of a *minor* wave.

A *minor* wave structure when completed fulfills a completed *Intermediate* wave.

As each stage of degree unfolds the same principle is applied, right up to and including CYCLE WAVES.

In an expansion 5-11 *minute* waves will make up a *minor* impulse wave. In a correction 3-7 *minute* waves will complete a *minor* corrective wave. Generally for simplification it is accepted that expansions contain 5 waves and corrections 3 waves.

Expansions are labeled in degrees using numbers and numerals. i, 1, (1), [2], I

Corrections are labeled in degrees using letters. a, A, (A), [A]

ELLIOTT WAVE

ELLIOTT WAVE STRUCTURE

Structures unfold in a labeling pattern like this :-

BULL MARKET COUNT

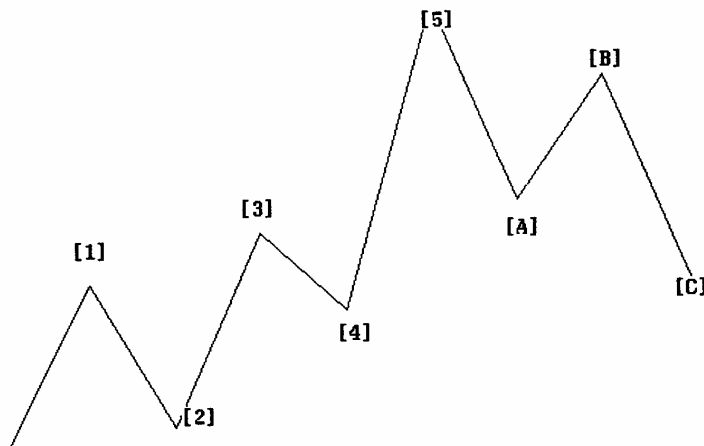
Minor 1, 2, 3, 4, 5	= Intermediate (1)
Minor A, B, C	= Intermediate (2)
Minor 1, 2, 3, 4, 5	= Intermediate (3)
Minor A, B, C	= Intermediate (4)
Minor 1, 2, 3, 4, 5	= Intermediate (5)
Intermediate (0-5)	= Primary [1]

Wave [2] and [4] unfold as corrective waves in an (A), (B), (C).

Wave [3] and [5] unfold as impulse waves similar to wave [1].

BEAR MARKET COUNT

After every bull market you can expect a bear market to unfold to balance the cycles before another bull market begins. The bear market can be either a larger degree correction [A], [B], [C] to the previous bull market or a fully fledged decline which takes on the appearance of a bull market in reverse [-1], [-2], [-3], [-4], [-5].



ELLIOTT WAVE

ELLIOTT WAVE CHARACTERISTICS

WAVE 1 - IMPULSE - 1st SIGN OF A NEW BULL MARKET

Wave 1 will be either a slow basing type movement as accumulation takes place from the previous downtrend, or a dynamic thrust caused by the large number of short traders covering positions in an oversold market.

The first sign of the new bull market is when the advance in progress overbalances the price rises in the previous bear market rallies. Any penetration of the major downtrend line or a retracement in excess of 38.2% of the previous bear market is generally a sign that a new bull trend is in the making.

WAVE 2 - CORRECTION - ORDERLY DECLINE

Second waves often appear to be part of the previous bear phase as they often retrace much, if not all of the first wave up. They are not inspiring moves to create the atmosphere for a new bull market. Wave 2 will generally retrace 38.2%, 50%, 61.8%, 78.6% or 100% of the wave 1 advance. Any retracement less than 50% will indicate a fast moving trend is in progress, eg., 0.333, 0.354, 0.382, 0.447 and 0.500.

A careful study of corrective wave structures is recommended, for correctly identifying and confirming a wave 2 bottom is the best way to enter profitable medium term trends. The wave 3 will always be a clear cut bullish impulse move.

WAVE 3 - IMPULSE - EXPANSION WITH MINOR CORRECTIONS

Third waves are often long and broad. The trend is unmistakable. Fundamental news is entering the market and instilling confidence in the future. As the third wave progresses market sentiment will be so high one would think there will never be an end to the current trend. Third waves are the best waves to identify and trade for the long haul. Minor corrections are often very shallow affairs as the move really gets going.

Third waves in simple terms usually advance to the 161.8% level of the wave one advance, either measured from the wave 2 low or the wave one high as a projection. A 61.8% projected increase of the wave 1 advance is a minimum target.

Wave 3 targets based on wave one projections should be 61.8% then 100%, 161.8%, 200%, 223.6%, 261.8%, 423.6%.

ELLIOTT WAVE

WAVE 4 - CORRECTION - USUALLY BEGINS FROM AN OVERBOUGHT BULL MARKET

Fourth waves are predictable in as much as they see the sentiment turn from one of hope to one of despair. The bullish consensus index will fall to the lowest readings seen for months. Soothsayers and many chartists will be predicting the end of the bull market and further falls as the wave 4 terminates. "Johnny come latelys" to the market will be in a state of nervousness. The public have usually entered at the late stages of the third wave.

Fourth waves often take on a triangular appearance due to the fight backwards and forwards between the longer term trend and the frightened speculators. A word of warning regards the count in a 4th wave is this. Sometimes wave one of wave 5 will double bottom with the wave 4 low, this gives the appearance that it is part of the fourth wave structure; this can often leave you a wave short when you reach the wave 5 termination. This situation can be disastrous when you believe a market has one more upswing to complete a valid Elliott 5 wave count.

Fourth waves usually retrace 14.6%, 23.6% or 38.2% of the range advanced during the total bull market. Often a wave 4 will terminate at the 38.2% retracement of the wave 3.

If wave 4 retraces more than 38.2% of wave 3 or the total bull market range, wave 5 will often result in a failure. A wave 5 failure occurs when the advance fails to trade above the wave 3 high.

Whenever you identify a triangular formation it is nearly always signaling a base for one more advance. This is the distribution phase catching all the latecomers. Once a fifth wave breaks above the third wave high even the traders who exited through the distribution phase are attracted back into the market.

WAVE 5 - FIFTH WAVES - THE END OF THE BULL MARKET

Fifth waves can be either dynamic, mild or failures.

Primary fifth waves can fail to reach the high point of the third primary wave, this will be signaled only when a clear five wave count of minor degree in the wave 5 can be identified. This event is more common if the primary wave three contains an extended fifth intermediate wave and the market made a deep panic correction in the fourth wave.

Once a fifth wave breaks above the previous third wave top the fundamentals will be changing yet the market is not listening. Human nature will keep the majority buying the market as greed becomes more apparent. No one will be predicting the top, quite the contrary, the "experts" will now be advocating the market is headed for even more ridiculous highs.

At the top of a bull market no one will listen to sensible advice when it comes to investments. The bullish consensus index will be at an all time high, the public will be fully invested, the commercials (smart money) will be distributing as much as they can. Volume will be declining as everyone becomes fully invested.

Wave five targets based on projections of the total advance to wave three should be 61.8% then 100%, 161.8%, 200%, 261.8%, 423.6%.

On many occasions a bull market will terminate when the wave 5 relationship to the total bull market is 0.382, 0.500 or 0.618. What this means is that wave 4 terminates on the 0.618, 0.500 or the 0.382 division of the total bull market range.

ELLIOTT WAVE

NEWS CORPORATION LIMITED - BULL MARKET 1984 /1987

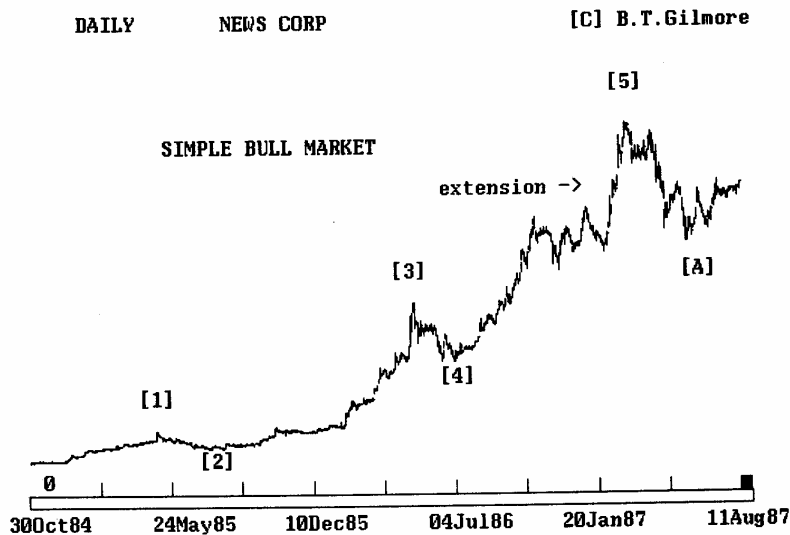
This long-term bull market illustration shows how bull markets can start off slowly and progressively increase in strength as the public becomes more aware of the bullish trend in stocks.

Generally in any LONG-TERM BULL MARKET there will be several deviations from the theoretical Elliott Wave ideal.

In this case an EXTENSION WAVE FORMATION unfolded in the wave [5]. Extensions can occur in any impulse wave, ie., wave 1, 3 or 5. Extensions can be dealt with by labeling the unfolding waves in the same degree and counting up to [7], [9] or [11] waves for a final bull market count.

When you get an extension in wave 5 of a bull market expansion you will more often than not see all the gains in the extension lost in the first wave of the new bear market.

I recommend you read the ELLIOTT WAVE PRINCIPLE by Frost and Prechter, this book is considered the bible on Elliott Wave and illustrates all of the market anomalies that can occur within the guidelines of Elliott Wave. It will pay you to re-read this book from time to time until you really understand how to label waves in your own style.



ELLIOTT WAVE

BEAR MARKET CHARACTERISTICS

WAVE A OR 1 OF THE NEW BEAR MARKET

A waves are usually viewed as corrections to an overheated market, they are generally short and swift, it depends upon the volume of trading that takes place to determine the amount of panic they create.

The **A** wave will generally terminate below the last wave 4 low, this is normally a confirmation for the new bear market. At the conclusion of the wave **A** the regulatory authorities, the media and all the "experts" will produce excuses for the sudden fall. If a crash wave follows a bull market high you can be fairly sure the rot has set in. If a crash wave follows an extension in a third wave and only retraces the length of the extension you can often find that a wave 5 will unfold as a completely new bull market.

Wave **A** targets when a dynamic reversal takes place after a clear cut 5 wave bull market are 33.3 and 50% retracement of the total advance in the bull market, sometimes crash waves retrace 61.8% of the total gains.

WAVE B OR 2 IN THE NEW BEAR MARKET

After the initial **A** wave washout a rally must take place before the bear market can continue. Often when the retracement progresses it will seem to the casual observer that all is well. [FAR FROM IT]

The more severe the first wave decline is in a new bear market trend then the slower the recovery will be.

Wave **B** begins as a short covering rally and could also contain fresh buying by the traders who now believe prices are back to a reasonable level. The attitude is that things have been over done and the would be bargain hunters come out of the woodwork.

Most major **B** waves often become triangular in appearance as the people caught by the fall slowly unload positions on the rallies.

Often as **B** waves are nearing completion the sentiment will become more bullish than it was at the top of the preceding bull market top.

B Waves are erratic in formation, ie., they do not take on the appearance of impulse waves in a bull market.

Normally Wave **B** targets should be a 50%, 57.7%, 66.7%, 70.7%, 87.5% even 100% retracement of the wave **A** decline.

ELLIOTT WAVE

WAVE C OR WAVE 3 IN A BEAR MARKET

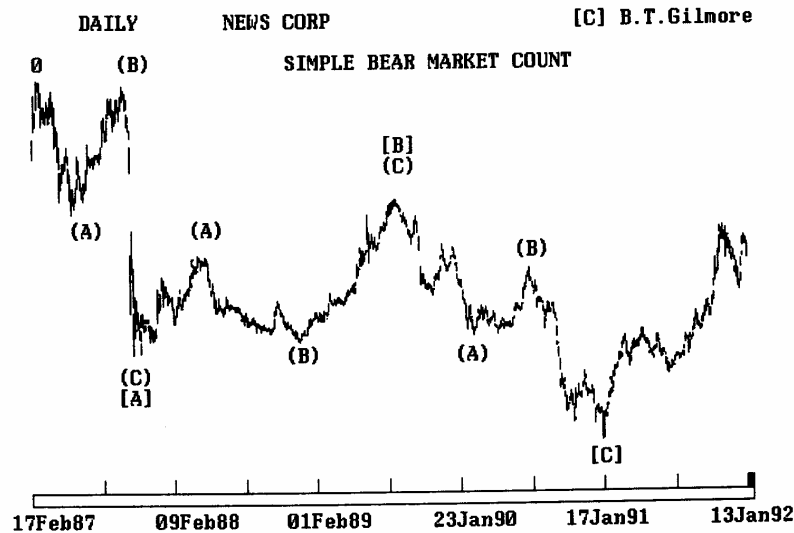
Wave C can be explosive or progressive as with a wave 5, C waves will more often than not sub-divide into 5 wave structures.

C waves in a prolonged bear market normally start off slowly and build up as the fundamental news turns from bad to worse (similar in the reverse to third waves of a bull market). Media attention turns the sentiment around from hope to one of despair, forced selling's to pay back loans accentuate the fall in prices.

Bear market termination targets are calculated by projecting the Wave A down in ratios of 61.8%, 100%, 141.2% or 161.8%. or subtracting similar ratios of the points lost in the A wave from the B wave high.

Total value lost in a bear market will sometimes correspond to a ratio discount from the bull market high, ie., total percentage value lost in a bear market could be 33.3%, 38.2%, 50%, 57.7%, 61.8%, 66.7%, 70.7% and as much as 90%.

A bear market will only cease when at least 80% of the market participants believe that further falls are going to occur. The crowd behavior will be your best guide when ratios of time and price are present to fulfill the tenets of market geometry.



ELLIOTT WAVE

ELLIOTT WAVE STRICT RULES FOR DAY TO DAY USE

A **WAVE** is the distance between two adjacent progress labels "of the same degree".

As a general rule markets will advance in five waves and contract in three waves.

Impulse waves have a minimum of five waves and the corrective waves have a minimum of three waves.

In a bull move there will be three impulse waves up, interrupted by two corrective waves down.

In a bear move there will be two impulse waves down, interrupted by one corrective wave up.

Overall trend is established by the direction (up or down) of the waves containing five leg sequences.

The pattern of corrective waves in an impulse bull market five wave sequence normally alternate. This means that a simple correction will be followed by a complex correction and vice versa.

A simple correction is an (a,b,c) three wave movement. A complex correction normally contains 5 movements (a,b,c,d,e). Complex corrections form patterns of triangular appearance on a price chart.

Wave 3 highs in a bull trend should be accompanied by overbought readings from momentum indicators.

Triangles are far more common in fourth waves.

Wave four corrections will more often than not terminate within the area of the previous wave four of lesser degree.

The third wave in a five wave sequence is usually the longest wave, but never the shortest.

Wave four in a five wave sequence should not overlap wave one except within diagonal triangles. Diagonal triangles are more common in Minor degree waves.

Extensions can only occur in impulse waves, and are very common, extensions are more likely to occur in third and fifth waves.

Extensions in fifth waves are often retraced twice. Usually the first retracement is fast and in many cases will result in a crash wave.

Primary degree bear markets will nearly always retrace 50% or more of the gains made in the corresponding bull market.

ELLIOTT WAVE

ELLIOTT WAVE PATTERNS

When you look at a bar chart what do you see? Only what you've been trained to see.

Wave patterns are a direct reflection of the crowd psychology.

Wave patterns repeat over time so it is important we learn to recognize the patterns and the possible consequences implied by the patterns.

"All ELLIOTT WAVE patterns imply certain levels of strength or weakness. When a pattern completes, the market must react in a fashion which is consistent with the implications of that pattern.", **Glenn Neely - MASTERING ELLIOTT WAVE.**

CORRECTIONS

The first step when it comes to identifying profitable trading opportunities is in being able to differentiate between a market correction and an impulse wave. Market corrections allow you to plan a low risk entry for the next impulse move. Once you have a position the character of the corrections will alert you to the possible termination of the trend in progress.

SELL STRENGTH - BUY WEAKNESS

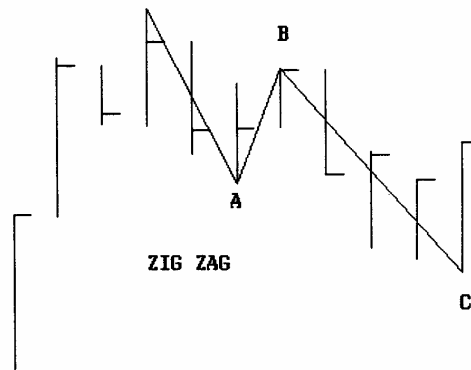
In a bull market correction (A, B, C) the termination of the A wave is weakness, the termination of the B wave is strength and the completed C wave is weakness.

In a bear market correction (A, B, C) the termination of the A wave is strength, the termination of the B wave is weakness and the completed C wave is strength.

SIMPLE CORRECTIONS

Elliott terminology - ZIG ZAG - ordinary strength.

The B wave is usually 50%, 61.8%, 66.7% or 70.7% of wave A. The C wave will terminate on a retracement level of the prior waves of similar degree.

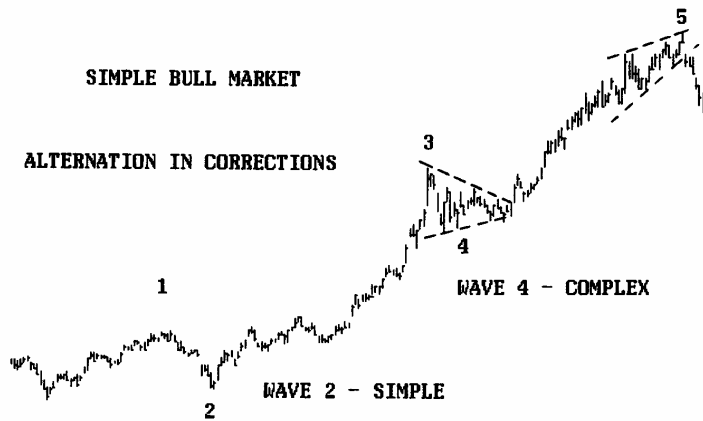
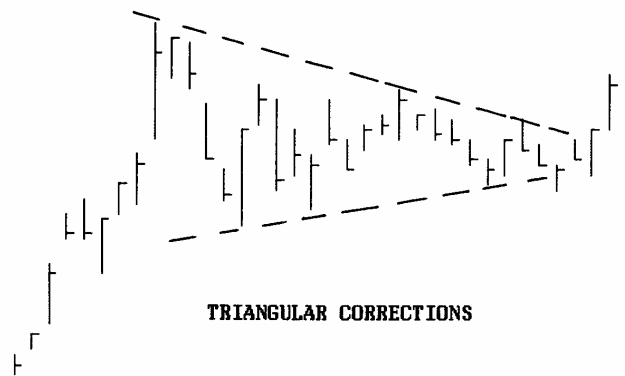


ELLIOTT WAVE

Simple corrections are more likely to occur in the earlier stages of a trend. As a trend progresses the activity of the crowd combines to produce more complex patterns in the corrections.

My favorite pattern is the TRIANGLE. Triangles are more likely to occur in fourth waves, especially when the wave 3 has been a very strong move.. The beauty about recognizing a TRIANGLE after a wave 3 is that you know exactly where you are in the trend. This should allow you to pick the exact top of the 5th wave.

SYMMETRICAL TRIANGLES - Strong when they occur in 4th waves.



This example is absolutely text book Elliott wave. Wave 2 unfolded as a 0.786 price retracement of wave 1. Wave 4 unfolded in a symmetrical triangle. Wave v of 5 terminated as a diagonal triangle.

ELLIOTT WAVE

DIAGONAL TRIANGLES

Diagonal triangles are more likely to form as a trend is exhausting itself. Diagonal triangles occur in five wave structures.

Whenever you identify a **DIAGONAL** wave structure you should be alert for a major reversal of trend.

Make sure you identify that a wave 3 and 4 have occurred prior to the diagonal triangle formation if you are going to trade the reversal of trend.

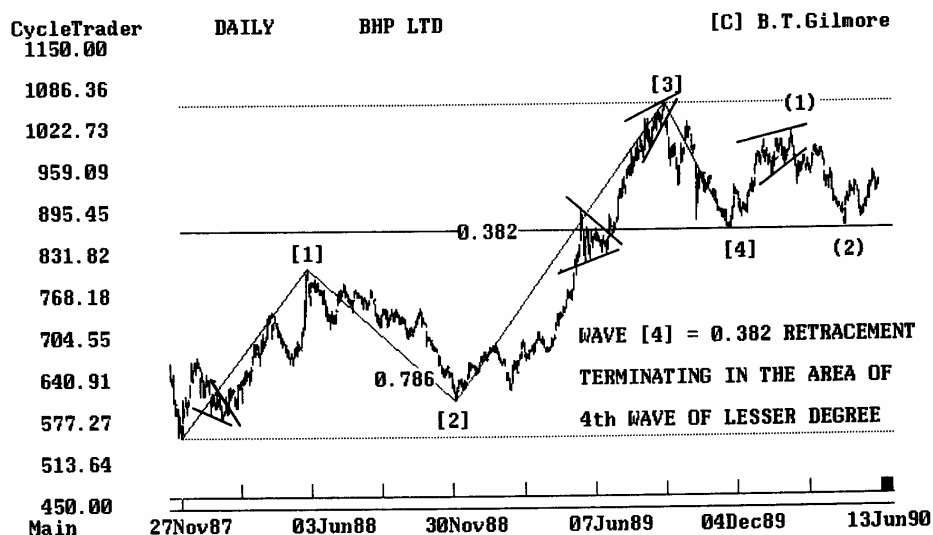
The diagonal triangle should expire on major **TIME CYCLE VIBRATIONS** of the unfolding wave series.

WAVE [4] - 38.2% RETRACEMENT OF TOTAL BULL MARKET TERMINATING IN THE AREA OF THE 4th WAVE OF LESSER DEGREE.

This situation may not occur very often but if it does this example could alert you to a "Trading set up" from which you can retire. If you look closely at the wave [2] and [4] you can see that neither closely follows the simple rules associated with Elliott Wave. The ratios nevertheless are your best guide to a reversal of trend in 4th waves of this nature.

The ensuing wave (1) of 5 waves and the wave (2) of three waves gave the most definitive confirmation that this Elliott wave count was the correct one.

38.2% retracements are more common in 4th waves than any other ratio.



ELLIOTT WAVE

WAVE PATTERNS ARE CONTINUALLY CHANGING

Due to the constant stream of new participants entering and the constant stream of losers exiting a market the price patterns will be in constant variation. The three patterns explained so far are the ones I find most useful for trading. These are the SYMMETRICAL TRIANGLE, the ZIG ZAG and the DIAGONAL TRIANGLE.

In addition to these patterns we can have formations falling into the following categories.

ASCENDING TRIANGLES

DESCENDING TRIANGLES

EXPANDING TRIANGLES

FLAT CORRECTIONS

RUNNING CORRECTIONS

FLAGS - PENNANTS

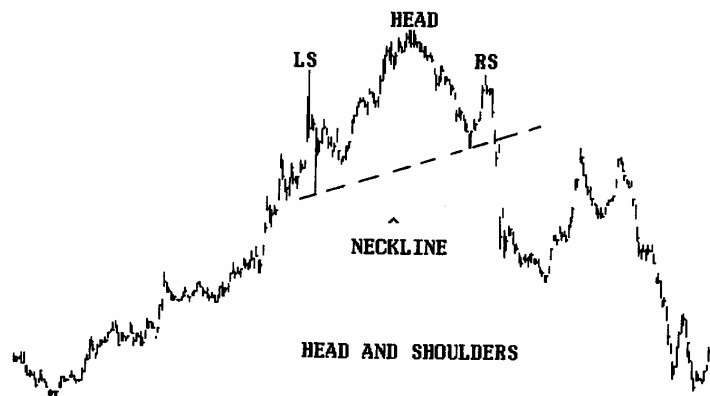
HEAD AND SHOULDERS PATTERNS

CHANNELS

The best explanation for the successful analysis of these patterns is provided for in the book, **TECHNICAL ANALYSIS OF STOCK TRENDS** by **Edwards and Magee**.

HEAD AND SHOULDERS PATTERN

A head and shoulders is formed from the 3rd wave high (left shoulder), 5th wave high (head) of the bull market and the B wave or wave 2 high (right shoulder) of the new bear market. From the 4th wave low and the A wave or wave 1 low we can draw in the neckline. Once the neckline is broken the wave 3 of the new bear market is confirmed.



ELLIOTT WAVE

IRREGULAR CORRECTIONS

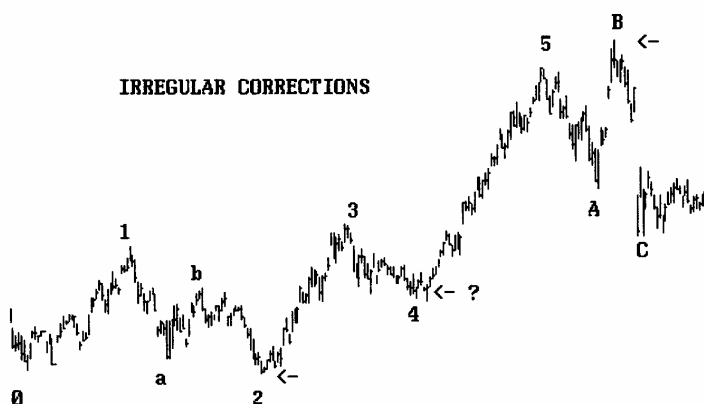
Possibly one of the most important ELLIOTT PATTERNS to become familiar with is the IRREGULAR CORRECTION.

An IRREGULAR CORRECTION normally occurs in an A, B, C formation where the B wave leg exceeds the level of the starting point of the wave A.

I have found that the most common place where irregular corrections occur is at the end of bull markets and in the first minor wave 2 of a new bull market. I also watch for irregular wave 2's as the fifth wave in a bull market is beginning. It's not nice to end up at the top of a market expansion and your Elliott count is two waves short, especially when you have every other indicator signaling the trend is finished. Once the C wave begins you don't get much of a chance to sell the market.

When a market makes an irregular correction you will need to identify it if you are to keep your Elliott Wave Count on the right track. Generally speaking most Elliotticians differ in their wave counts because they interpret irregular wave patterns quite differently to each other. Some don't believe that the wave 2 in a bull market can overlap the starting point. This is one of the traps associated with text book Elliott Wave. I believe that the DJIA 570 low in December 1974 was a minor wave 2. The true low was in October, 1974 when the S&P 500 made low.

Often at the conclusion of a bull market the B wave will reach the ideal price level estimated for the wave 5. When the wave 2 of a new bull market exceeds the price level of the 0 low point, the level should coincide with a price retracement level of larger degree expected to act as support in the previous bear market trend.



ELLIOTT WAVE

ELLIOTT WAVE AND TREND INDICATORS

One of the surest ways to clear up the complexity in wave formations experienced from time to time is through the use of a reliable trend indicator.

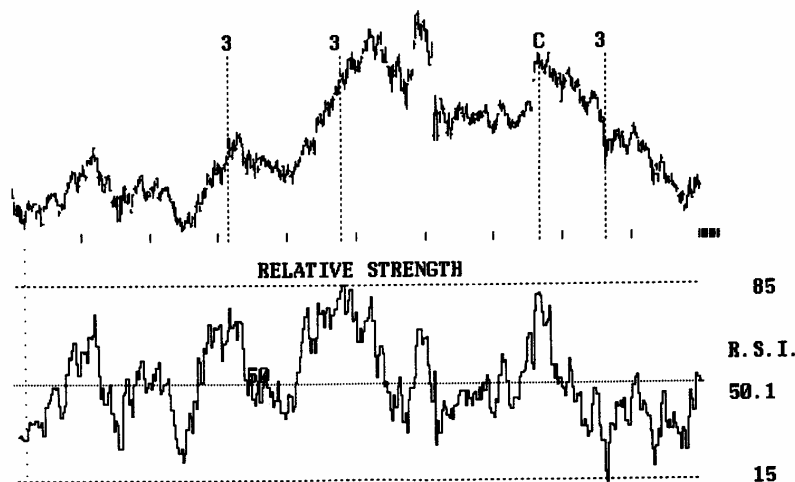
The one I prefer most is the **RELATIVE STRENGTH INDEX** brought to prominence by J. Welles Wilder Jr., in his book **NEW CONCEPTS IN TECHNICAL TRADING SYSTEMS**.

Elliott wave 3's often unfold as explosive moves compared with other wave formations; wave 3's almost always terminate when the market is either **OVERBOUGHT** in a bull market and **OVERSOLD** in a bear market.

The RSI registers **OVERBOUGHT** and **OVERSOLD** readings and the **DIVERGENCE** between price activity and market **MOMENTUM** when the trend terminates at the wave 5 apex.

When my opinion of the **ELLIOTT WAVE COUNT** is in doubt all I do is try and locate the Wave 3 apex and then work the count backwards and forwards from there. I always keep my counts simple and rarely get involved in trying to break every small wave series into a text book wave count.

Wave C's of [A] waves often terminate in an **OVERSOLD** market position, but C waves of [B] waves nearly always register **OVERBOUGHT** readings on the RSI. Wave 3 in a [C] wave will be the apex which registers the lowest **OVERSOLD** signal on the RSI.



ELLIOTT WAVE

DEFINING ELLIOTT WAVE APEX POINTS

If you wish to reduce ELLIOTT WAVE to a simplistic form then the best way is to take the view that every minor, intermediate and major apex point in the price activity holds some significance to the theory. Sometimes when you remove the time perspective between swing highs and lows the wave form looks more like the **TEXT BOOK EXAMPLES**. This same approach can be seen by analysts who use **POINT AND FIGURE** charting techniques.

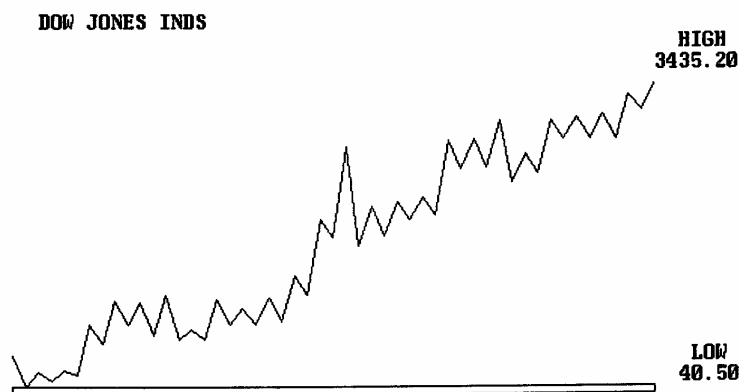
The best approach I have found is to simply apply a percentage change rule to the price structure.

Each price series requires its own % swing value to pick out the important swings and align them to the theory. As a general rule Minor swings move in swings of between 2-7%, Intermediate degree swings move somewhere between 7-15% minimum, and Major degree swings rise or decline between 15% and 50% of their prior swing high or low price.

What I do on a day to day basis is examine every new swing high and low with the past swing highs and lows for time and price relationships. I can do this on a semi-automatic basis using percentage swing theory.

% change swing theory was first used by **H.M. GARTLEY** to illustrate his own wave theories. I recommend Gartley's book **PROFITS IN THE STOCK MARKET** first published in 1935 as a standard to have in any technical analysts library.

DOW JONES INDUSTRIALS INDEX 1929 - June 2nd,1992



ELLIOTT WAVE PERSPECTIVE IN THE REAL WORLD.....

ELLIOTT WAVE

ELLIOTT's MOST IMPORTANT REVELATION

Ralph N. Elliott was the first technical analysis pioneer I know of to actually come forward in print with the following statement. "MARKET BEHAVIOR FOLLOWS THE NATURAL LAW OF THE UNIVERSE".

NATURAL LAW is the mathematical equation which governs the relationship between MUSICAL TONES, PLANETARY CYCLES, GROWTH PATTERNS IN PLANTS & MARINE CREATURES, ACTION and REACTION, GROWTH and DECLINE, IMPULSE and CONTRACTION.

Elliott's major contribution to market analysis in my eyes was his revelation that each WAVE OF SIMILAR DEGREE must relate in both TIME and PRICE AMPLITUDE.

Elliott's followers seem to be more concerned with price units within waves of similar degree. I wish it were possible to speak to Elliott himself, so I could find out from the man how he actually formulated his theory on TIME relationships within market trends.

Unfortunately ELLIOTT'S thesis was incomplete. All of his theories were concentrated around the FIBONACCI SERIES of RATIOS and NUMBERS.

His thesis seems to have focused only on the ratios of the GEOMETRIC PROGRESSION, ie., 0.382, 0.618, 1.000, 1.618, 2.618, 4.236, 6.854, et cetera.

Also from Elliott's writings it seems as if he was only concerned with TIME PERIODS of market trends which expired on counts in time, either days, weeks or years which coincided with the FIBONACCI SERIES, ie., 3, 5, 8, 13, 21, 34, 55, 89, 144, 233, 377, 610, 987, et cetera. It may be he was more knowledgeable than this although little information exists to suggest otherwise.

In terms of TIME COUNTING Elliott's contributions sowed a seed for me to research and expand upon. If it had not been for Ralph N. Elliott's contribution I don't think I would have had the patience to spend the hours I have researching the HARMONIC RELATIONSHIPS OF TIME AND PRICE.

If Ralph N. Elliott had had the computer systems we are blessed with today his discoveries would have been exponential to his published material. When one combines the teachings of William D. Gann with Elliott's we don't know the extent of the wealth we have inherited. Jointly both men re-discovered a base of knowledge which is so superior to anything else put forward this century, by any other pioneer of technical methods.

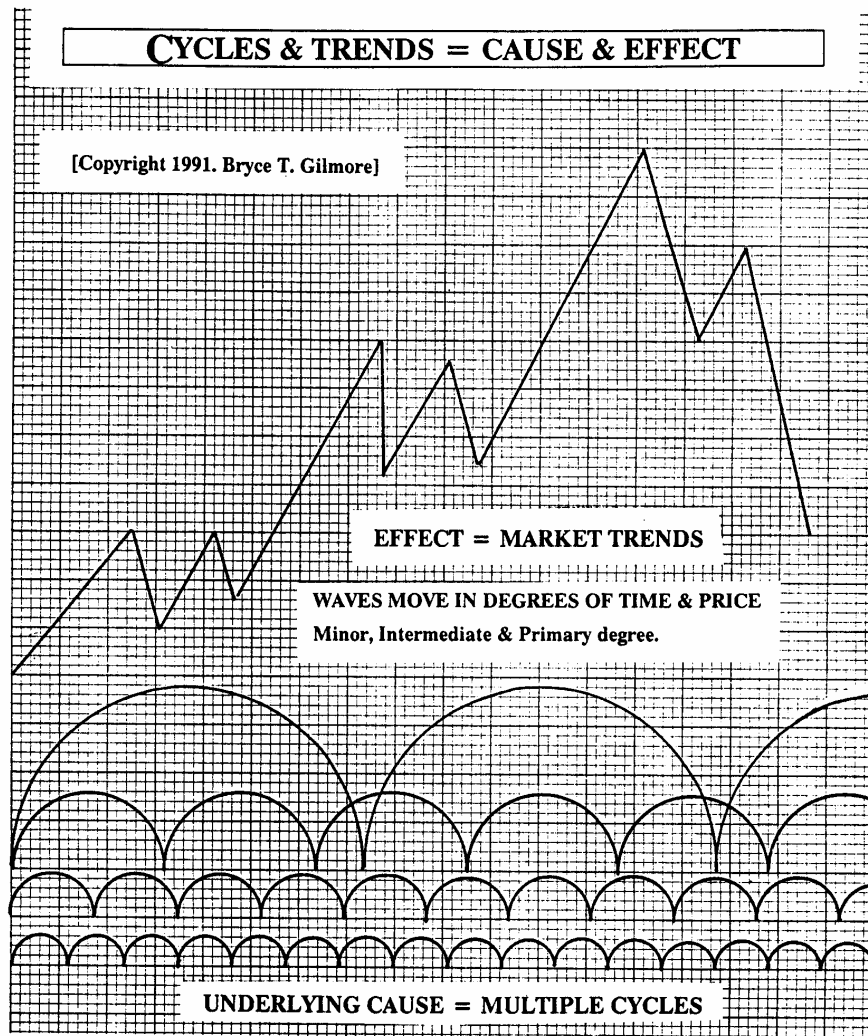
Elliott and others who have researched the structure of markets can honestly tell you, all other mathematical manipulations of market data practiced today can only be FILTERED when one has the knowledge of TIME and PRICE relationships which manifest themselves within the affairs of man.

CYCLES

CYCLES

- **Cycles are the underlying cause for market trends.**

The source and frequency of the dominate cycles influencing any one commodity, currency, stock or index at any one time are independent of each other.



All cycles or cyclic influences are a result of the **NATURAL, FUNDAMENTAL** and **PSYCHOLOGICAL FACTORS** relating to each individual market.

CYCLES

Market Cycles are not of fixed length; They are dynamic.

Dynamic means they are interactive, ie., they expand and contract over time.

Market cycles are directly related to the behavior patterns of individuals acting on masse.

UNDERLYING THE HUMAN ELEMENT WE HAVE :-

- FUNDAMENTAL CYCLES
- NATURAL CYCLES (SEASONAL)
- PLANETARY CYCLES

It is important to be aware of the individual cycles that may be seen to affect different markets.

By combining a **TECHNICAL APPROACH** together with the knowledge of the various types of cycles effecting the human element, we will achieve a better understanding of how to deal with a markets position.

ALL MARKETS WORKS TO THEIR OWN DYNAMIC SYSTEM

Markets vibrate in price and time from highs to lows and lows to highs in minor trends, intermediate trends & primary trends. Each trend of similar degree is the direct **EFFECT** of an underlying **CAUSE**.

The **CAUSE** is the constant vibration of the numerous **CYCLES** at work in any particular complex.

Cycles range from **SHORT TERM** to **LONG TERM**, each could be equated as a single wheel rotating within the confines of a larger wheel, ie., wheels working within wheels.

Nevertheless on many occasions market trend changes coincide with important cycle events.

The most important of these are outlined in the pages ahead.

FUNDAMENTAL CYCLES

Fundamental cycles can develop within any market complex due to the regularity of profit reports, production reports, crop estimate reports, federal reserve board meetings, G7 meetings, government elections, government policies and so forth.

A little research will uncover the important dates to watch in the future.

CYCLES

NATURAL CYCLES (SEASONALS)

NATURAL CYCLES directly affecting the HUMAN ELEMENT are the seasonal cycles of the planet we live on, ie., Earth. These are the most important cycles as our life cycle is built around them.

Natural cycles are the direct result of the mechanical movements between EARTH, MOON and the SUN.

When NATURAL CYCLE dates coincide with your technical TIME CYCLE RATIO ANALYSIS you should be on the alert for a set up trading opportunity.

Important natural cycles to become familiar with are:-

- **The Equinox and Solstice Cycle.**
- **The Apogee and Perigee Cycle.**
- The Lunar Cycle - new and full moon.
- Solar Eclipse Phenomena (new moon).

EQUINOX DATES

20/21/22 March (vernal) and 21/22/23 September (autumnal)

SOLSTICE DATES

21/22/23 June (summer) and 21/22/23 December (winter)

APOGEE

3/4 July

PERIGEE

2/3 January

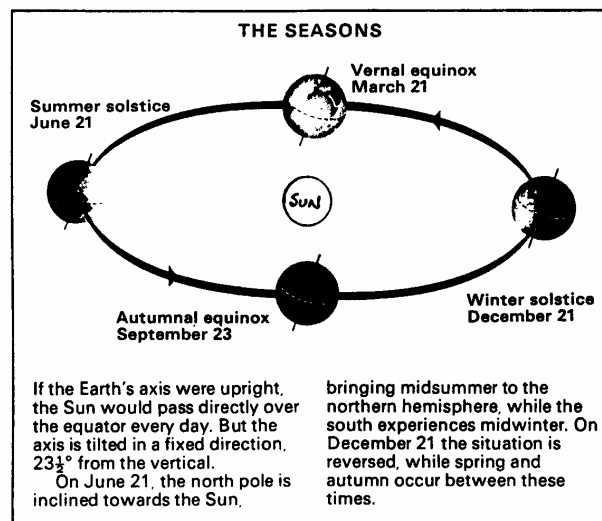
CYCLES

EQUINOX AND SOLSTICE CYCLES

The equinox and solstice cycles are seasonal in nature. As the Earth revolves around the Sun in an elliptical path each year it rotates on its north-south axis 365.25 times.

The Earth's axis is inclined to the vertical by 23.5° .

Due to the rotation of the Earth on its axis the Sun appears to move backwards and forwards in the sky over a one year period. This is why we have the seasons in reverse between the Northern Hemisphere and the Southern Hemisphere.



The four extreme cycle points are known as the Vernal equinox, Summer solstice, Autumnal equinox and the Winter solstice.

If we measure the cycle (1 orbit around the Sun) as a 360° circle and use the Vernal equinox, **March 21** for the beginning 180° **heliocentric** (this is the day of the year when the Sun crosses over the equator into the Northern hemisphere). The other points are Summer solstice 270° (22 June), Autumnal equinox 360° (22 September) and Winter solstice 90° (22 December).

The most interesting scientific fact relevant to **CALENDAR TIME** and the **EARTH'S PLANETARY MOTION** is the relationship between days and degrees as the seasons unfold. From the Vernal equinox 180° to the Autumnal equinox 360° , exactly half a year in planetary cycle terms consumes 186 days, 6 more days than the 180° between the Autumnal equinox and the Vernal equinox.

It is important to remind you that the important seasonal dates each year have been used by ancient societies and religions to mark holidays and festivals. The first new moon after the Vernal equinox marks the beginning of the crop planting season in the Northern Hemisphere.

CYCLES

APOGEE AND PERIGEE CYCLE

If a satellite circles an object in an ellipse (oval path) there is a point in the orbit where it is closest to the object, this point is the perihelion (PERIGEE). The point where the satellite is furthest away is known as the aphelion (APOGEE).

The Earth orbits the Sun once a year in an elliptical path. As regular as clockwork we experience a PERIGEE and APOGEE cycle.

APOGEE	3/4 July	282° Heliocentric
PERIGEE	2/3 January	102° Heliocentric

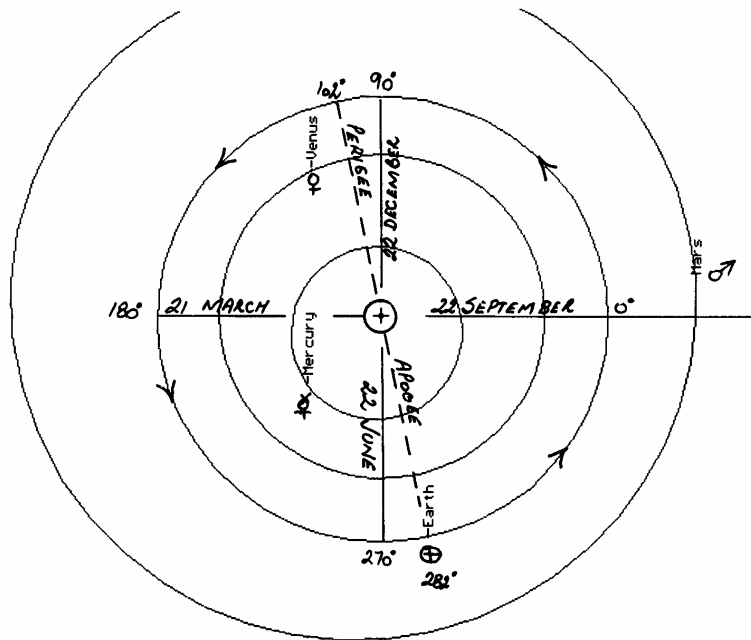
It's interesting to note that the United States of America holds its Independence day celebrations each year on the Apogee cycle date.

The Perigee marks the beginning of the new calendar year.

From Perigee to Apogee is exactly 180° in the circle of one year.

In terms of calendar days relative to degrees traveled the Earth speeds up the rate between the Apogee and the Perigee and slows down the rate between the Perigee and the Apogee. The ratio of degrees of the circle are not constant with calendar days.

All the planets in the solar system travel around the Sun in elliptical paths some more pronounced than others. The diagram below is in scale and illustrates the elliptical paths around the Sun for Mercury, Venus, Earth and Mars. Earth's important seasonal anniversaries are highlighted.

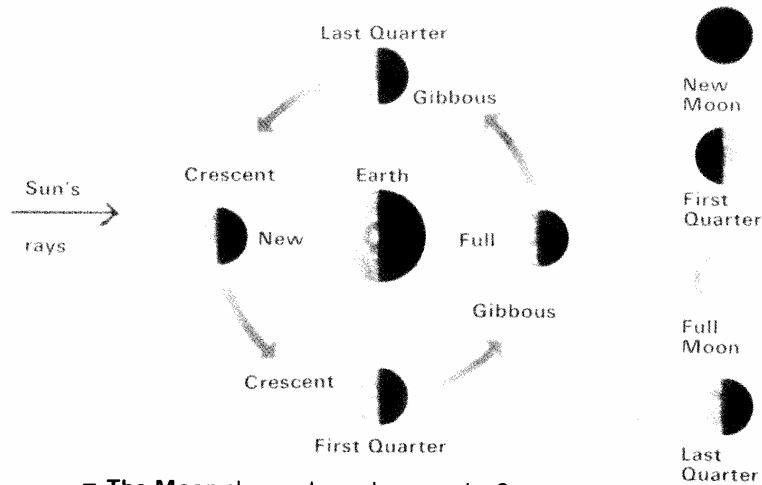


CYCLES

LUNAR CYCLE

Each 29.53 days the MOON moves through a cycle (orbit) from NEW to NEW. If we consider the New Moon to be 0° on a circle of 360° , the Full Moon will occur at 180° . From New to Full (180°) takes 14.75 days which falls closely in line with a two week cycle. A Lunar year (12 cycles) takes 354 days.

Tidal effects on the EARTH's surface are far greater at the time of the New Moon, This may explain why certain events coincide with the new moon..



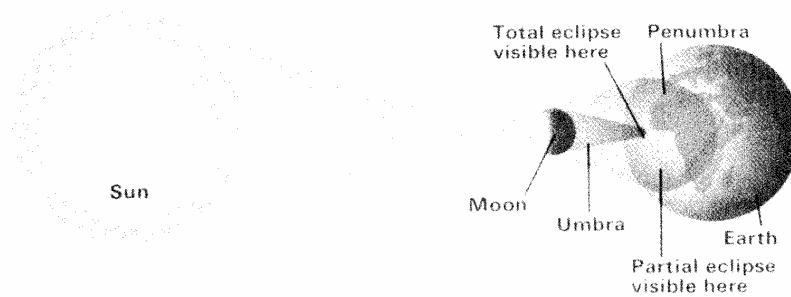
▼ The Moon shows phases because the Sun can illuminate only one hemisphere. It rotates once on its axis during the lunar month, therefore always keeping the same face towards the Earth.

SOLAR ECLIPSES occurs at the time of the NEW MOON when the SUN - MOON and EARTH are directly in a straight line.

Due to the nature of the moons orbit the SOLAR ECLIPSE new moon cycle falls only every 6 new moons, 177 days (2 times 89 approximately) or half a lunar year.

Solar Eclipses

► A total solar eclipse reveals the Sun's corona.



CYCLES

PLANETARY CYCLES

Since time began the movements of the planets have held a fascination to man. Serious researchers such as W.D. Gann, George Bayer and Donald Bradley have on occasions used planetary analysis successfully as a timing tool for market prediction.

In the course of my research I too am convinced that planetary analysis can be an aid to trading, ie., the movements of the planetary system and the repeating cycles all appear to coincide with events in the affairs of man. However, from my studies so far I am led to believe that planetary analysis is better used as an additional tool rather than a primary tool.

The way I work is this. I first work out market timing using my conventional tools, then I inspect the planetary positions and the time cycles of the planets from previous market swings. If I find additional signals present I know the future timing points I have calculated are more pronounced. Also whenever something odd occurs in a market I inspect the planetary cycles to see if that can explain it.

To conduct planetary analysis of the markets is a tedious task for most. This is due to the irregular movement or occurrence of relationships between the planets. As we have already discussed the planets move in orbits around the Sun. Each planet's path is an ellipse (oval path), due to the acceleration and deceleration of rotation through the course of the orbits no two consecutive aspects between planets occur at exact intervals of time. In other words the aspects are occurring on a dynamic time basis.

Secondly the question arises - which cycles and aspects between planets are the most important in the affairs of man.

- GEOCENTRIC PLANETARY ANALYSIS
- HELIOCENTRIC PLANETARY ANALYSIS

It is difficult to say as both systems of analysis can be seen to produce results.

The course I have taken so far is to study three avenues of planetary analysis.

- PLANETARY ASPECTS
- PLANETARY RETURN CYCLES
- TIME CYCLE RATIOS USING INDIVIDUAL PLANETS - the same approach we use for calendar time.

To conduct analysis of the planetary system requires EPHEMERIS TABLES. These tables make it possible to locate the positions of the planets at any time. The planets are dynamic in their movement due to their elliptical paths. EPHEMERIS TABLES relate the planetary positions in degrees of the circle. The tables are kept in time we are familiar with, ie., Earth time.

The following pages will give you a brief outline of the important points to note if you are about to embark on a research venture into planetary analysis. If you wish to really bury yourself into planetary analysis I can recommend several avenues of approach.

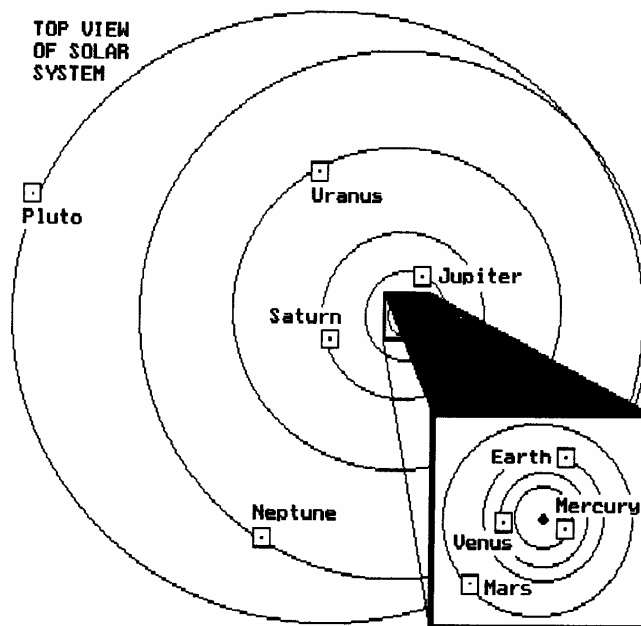
CYCLES

HELIOCENTRIC PLANETARY POSITIONS

Heliocentric refers to a Sun centered universe. It is common knowledge today that the planets revolve around the Sun rather than revolve around the Earth.

The planets in order out from the Sun are:-

	TIME OF ORBIT
SUN	-
MERCURY	88 days
VENUS	225 days - 0.618 years
EARTH - MOON	365 days
MARS	687 days - 1.88 years
JUPITER	4331 days - 11.86 years
SATURN	29.46 years
URANUS	84.01 years
NEPTUNE	164.70 years
PLUTO	247.69 years



CYCLES

GEOCENTRIC PLANETARY POSITIONS

The position of the planets when you view them from Earth.

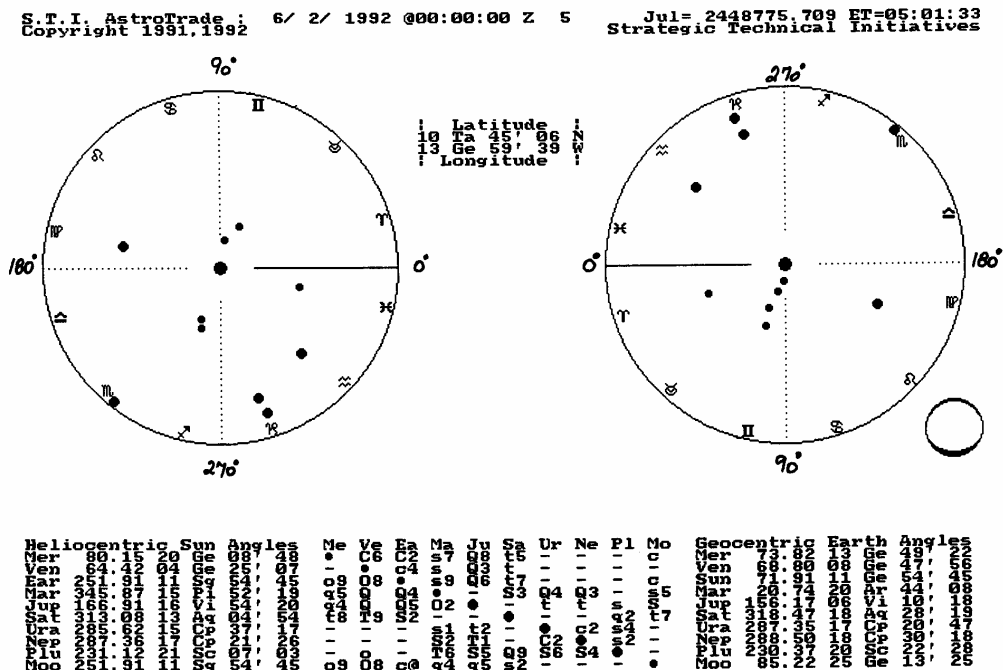
The only planet or satellite that orbits the Earth is the Moon. Other planets do not orbit the Earth, because they orbit the Sun they have irregular aspects with the Earth and other planets. For instance an Earth-Sun-Mars opposition to opposition cycle can vary between 750 and 820 days. There is also a considerable deviation between Earth-Sun and Jupiter.

The Outer planets such as Saturn, Uranus, Neptune and Pluto are more uniform due to the slowness of their orbits around the Sun.

I prefer to work with TIME CYCLES and observe the planetary aspects in both HELIOCENTRIC and GEOCENTRIC terms.

I've been fortunate to meet Doug Ingram from Austin, Texas who designed his own EPHEMERIS TABLES to conduct planetary analysis. I have his program and can plot the positions of the planets in Heliocentric and Geocentric terms, I can also do this with my CycleTrader in a less sophisticated way.

Below is an example of the planetary positions on the 2nd June, 1992. Heliocentric positions are on the left and Geocentric are on the right.



CYCLES

PLANETARY ASPECTS

An **ASPECT** is the term given to a triangular relationship between the position of any three planets.

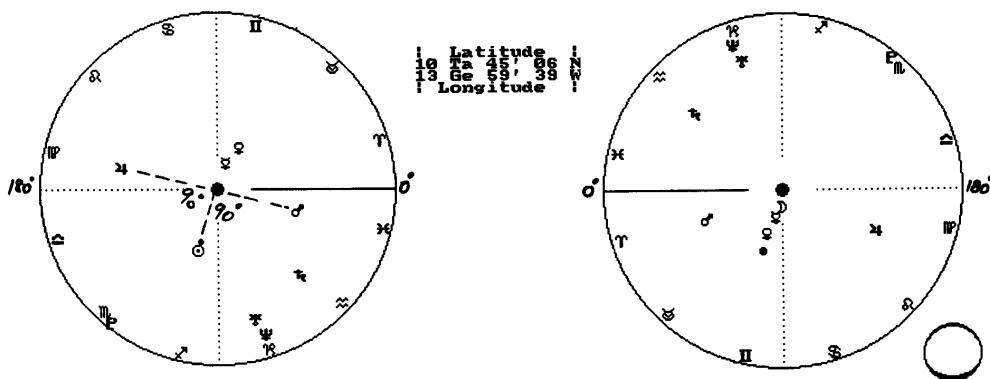
The aspects of importance mentioned by KEPLER are:-

CONJUNCT	0°	
SEXTILE	60°	1:5
QUINTILE	72°	1:4
QUADRATURE	90°	1:3
TRINE	120°	1:2
SESQUIQUADRATURE	135°	3:5
BIQUINTILE	144°	2:3
OPPOSITION	180°	1:1

The circle of 360° is divided in the proportions mentioned at each of the aspects.

A 90° aspect is often referred to as SQUARE.

On June 2nd, 1992 the STI EPHEMERIS below shows the heliocentric aspects of Jupiter - SUN - EArth as 85° and the MArs - SUN - EArth as 94° . Both are very close to SQUARE ASPECTS. Consequently Jupiter is at OPPOSITION to Mars (179°).



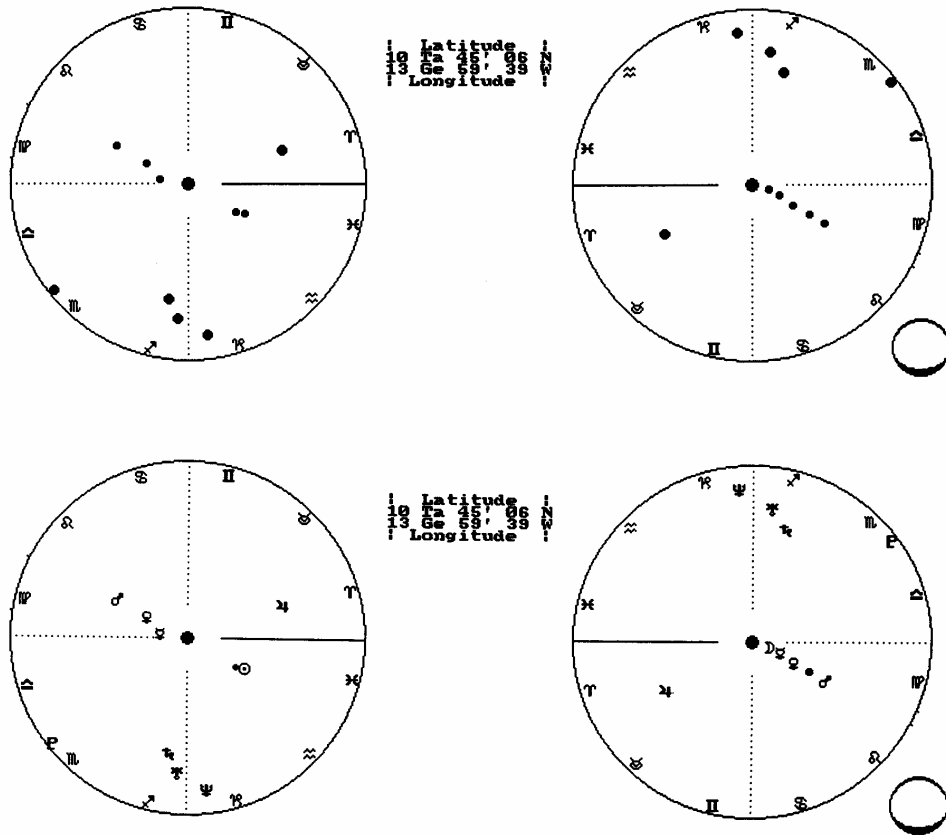
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100

CYCLES

In astrology planetary aspects can be interpreted as either hard or soft. In astro economic terms individual markets are influenced by different planets. To be honest I have to say I'm not sure how to interpret the likely effect of heliocentric or geocentric aspects on future market activity. What I have discovered though is that frequently markets make highs and lows when several planets line up in either oppositions or conjunctions with the Sun and Earth. The June 2nd, 1992 example marked at least an intermediate degree high in the Dow Jones and a primary degree high in the Soybean market.

The best way to decide how you may use the planetary aspects is to study individual markets and see if trend changes have occurred when significant planetary phenomena was present.

In 1987 on August 25, the day when the Dow Jones made its all time high prior to the CRASH wave. The following planets were all in a straight line:- Mars, Venus, Mercury, Sun, Moon and Earth. Planetary observers proclaimed this was an extremely rare event.



Heliocentric and Geocentric planetary positions 9am New York, 25th August 1987.

CYCLES

For my own purposes of research I have concentrated on the heliocentric movement of the planets. I am more interested in the possible influences of the planets closer to Earth.

I devised the **CYCLETTRADER HELIOCENTRIC PLANETARY WHEEL** to conduct fast research. The wheel can be started from any date between 1910 and 2000 and moved forward or backwards. In doing so it is possible to see the aspects and the relationships between the individual planetary motions.

One notable piece of information I can share with you is the coincidence of **JUPITER - SUN - EARTH** aspects coinciding with the American share market highs and lows.

Here are two examples to wet your appetite:-

On the actual day of the 1987 **SHARE MARKET CRASH** **Jupiter** was in **CONJUNCTION** to Sun-Earth.

At the 1990 high of the **DOW JONES INDUSTRIALS** before a similar degree price decline as the 1987 crash wave **Jupiter** was in **OPPOSITION** to Sun-Earth.

Two examples are only a coincidence, just the same I think this is a good place to start your research on **PLANETARY ASPECTS** and their possible influence in the affairs of man.

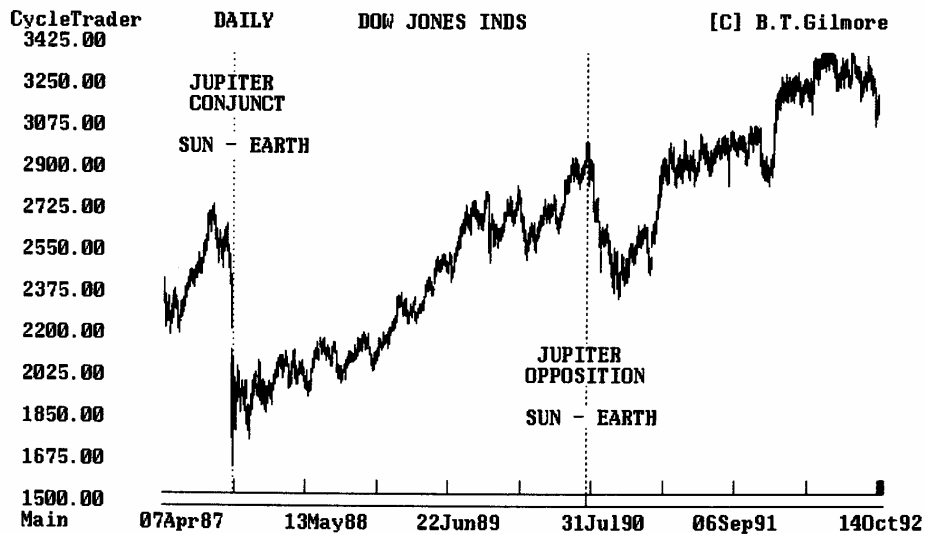


Chart of the Dow Jones Industrials price movement daily 1987 through 1992.

CYCLES

CYCLETRADER HELIOCENTRIC PLANETARY WHEEL REPORTS

US Heliocentric planets MIDNITE [ET]

Lunar phase is Declining

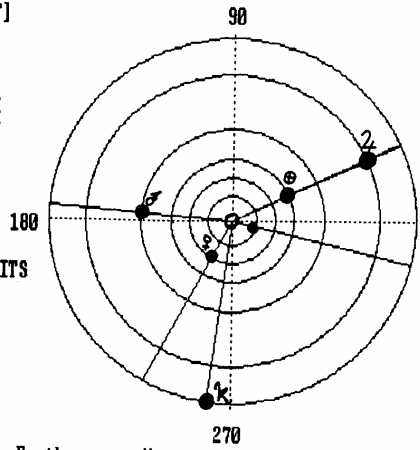
Full



REPORT DATE
19 Oct 1987

PLANET	CYCLE	- YEAR	DEGREES	ORBITS
MERCURY	346.6	0.963		
VENUS	241.1	0.670		
EARTH	25.2	0.070		
MARS	175.5	0.488		
JUPITER	24.8	0.069		
SATURN	262.3	0.729		

SUN	Mercury	Venus	Earth	Mars	Jupiter	CT
Venus	-					YR
Earth	-	2:3				CA
Mars	-	-	-			LD
Jupiter	-	2:3	CONJUNCT	-		EE
Saturn	-	-	-	-	-	R



US Heliocentric planets MIDNITE [ET]

Lunar phase is Declining

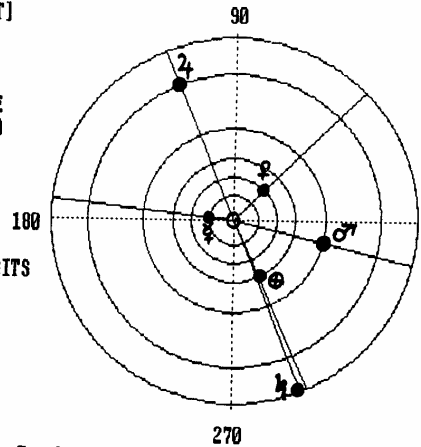
Full



REPORT DATE
17 Jul 1990

PLANET	CYCLE	- YEAR	DEGREES	ORBITS
MERCURY	174.0	0.483		
VENUS	45.0	0.125		
EARTH	294.3	0.810		
MARS	346.4	0.962		
JUPITER	112.6	0.313		
SATURN	292.5	0.813		

SUN	Mercury	Venus	Earth	Mars	Jupiter	CT
Venus	-					YR
Earth	TRINE	-				CA
Mars	-	SEXTILE	-			LD
Jupiter	SEXTILE	-	OPPOSITE	-		EE
Saturn	TRINE	-	CONJUNCT	-	OPPOSITE	R



CYCLES

PLANETARY RETURN CYCLES

It is well known to Gann analysts that the Earth cycle anniversaries of past market highs and lows are points in time to watch for changes of trend. For instance a change in trend may occur 1 year, 2 years, 3 years or 4 years from a prior swing high or low. When several anniversaries from prior highs and lows fall on a future date that future date can have a high probability for a change in trend.

Besides anniversaries of time we should also monitor divisions of the anniversaries, ie., ratios of the 1 year cycle. For instance 0.25, 0.333, 0.382, 0.500, 0.618, 0.666, 0.707, 0.786, 1.236, 1.272, 1.414, 1.5, 1.618, 1.732, 1.902, 2.236, 2.618 and so forth.

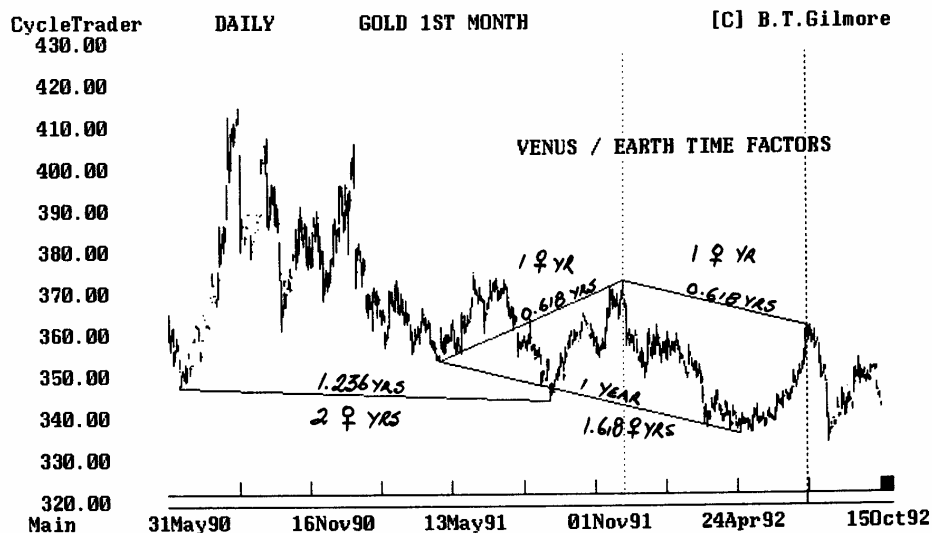
In recent years I have been back testing and monitoring the motion of other planets in the same way as the Earth cycle. My main focus of research has been concentrated on Venus, Mars and Jupiter cycles.

VENUS ♀

Venus makes one full orbit of the Sun in 0.618 years (225 days), 1.618 orbits in 365 days (1 year) and 2 orbits in 1.236 years.

The Venus cycle time works dynamically to the Earth cycle time in the ratio of 1.618.

The GOLD market seems to react favorably to Earth and Venus cycles by making highs and lows on strict time divisions of the cycles. Below are some examples that occurred between 1991 and 1992.



CYCLES

MARS ♂

Mars makes one full orbit (360°) of the Sun every 687 days. This coincides with the Gann composite time count 2 times 7^3 ($7^3 = 343$).

In so far as Earth is concerned Mars divisions of 1 cycle are far from constant in terms of calendar days. Mars has a very pronounced elliptical path. Mars can travel 180° or half an orbit in as short a time as 302 days or as long as 385 days.

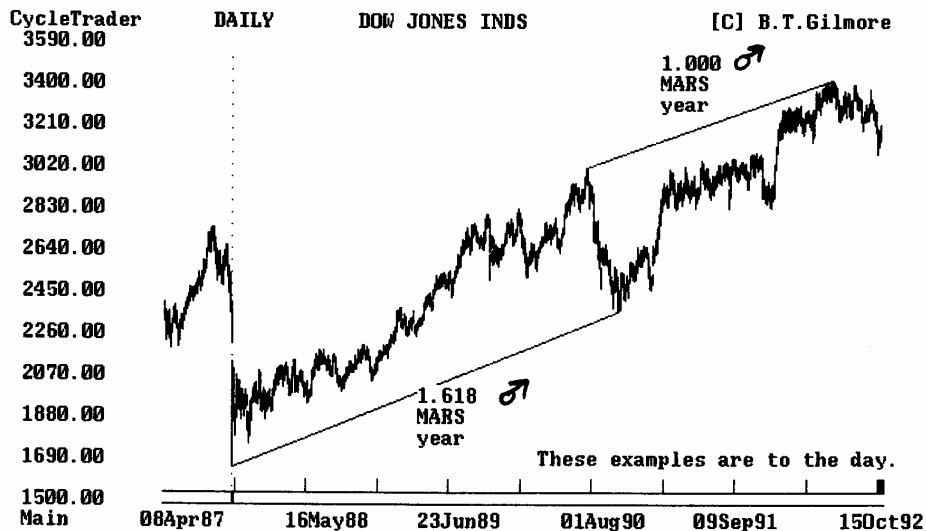
The longest time for Mars to travel 180° in its orbit is 55 weeks, this time coincides with the Fibonacci number and a Master number in ancient numerology.

If you were to compare the degrees traveled around the Sun between Earth and Mars you would find that the Earth orbit could consume between 288° and 377° whilst Mars travels only 180° in its orbit. $288 = 2 \times 144$, 377 and 144 are related by 2.618 and are Fibonacci numbers.

I have always been aware of the Mars cycle of 687 days being important for composite time counts between market highs and lows. It is only in recent times that I have noticed the Mars divisions of a an orbit marking market turning points in the same way as the Earth divisions of a year.

I now count off divisions of the Mars year from important Share market highs and lows to see how they may fit into the time equation which controls market trends. The only way to do this effectively is with Ephemeris tables or a computer program equipped with ephemeris tables. If you try to average out the 687 day cycle into divisions you will never get the right answer.

With my swing chart approach for measuring time factors within the market structure, I can now test time periods between market swing highs and lows quickly and accurately for planetary time cycles and divisions of time cycles.



CYCLES

JUPITER 2

Jupiter return cycles take 4331 day or 11.86 years. Due to the long time period involved it is hard to find any accurate examples which you may follow.

A 180° transit of the Sun can vary between 2035 days and 2293 days, a 90° transit can vary between 991 days and 1178 days. A 1° transit can vary between 11 days and 13 days.

Venus and Mars are the closest planets to Earth therefore they should have more influence on man than the outer planets, especially when it comes to the tidal effects generated by the gravitational forces at work on the Earth's surface.

For my part I think that the planets to monitor are Sun, Venus, Moon, Earth and Mars. When other outer planets are forming aspects or cycles that combine with these planets they may add more weight to the signals.

Still of course, I would make sure to watch the planetary cycles of Jupiter as it takes no extra time once you are set up to monitor planets.

PLANETARY PHASES

Most of the time VENUS transits 1.618° in its orbit to 1° of Earth transit.

Mars can transit between 0.618° and 0.477° to 1° of Earth transit.

Jupiter is more constant transiting 30° between 0.9 and 1.05 Earth years. This is approximately 0.085° per 1° of Earth transit.

An interesting phenomena occurs when the planets transit for a time in harmonic ratios, i.e., Venus transits at 1.618° , Earth transits at 1° (benchmark), Mars transits at 0.618° , 0.577° or 0.500° . Sometimes Jupiter will transit at 0.0902° (0.618°).

CYCLES

TIME CYCLE RATIOS - INDIVIDUAL PLANETS

Another area of research I have been investigating over the past year or two has been the relationships of time between several market swing highs and lows in INDIVIDUAL PLANETARY TIME. This research has shown promise, just the same it is too early for me to recommend it to anyone as a primary trading tool. Prospects are I will never recommend it to anyone as a primary trading tool. Just the same I recommend a little study in this area as it can help substantiate the degree of meaning of the primary tools that I do recommend.

To conduct this form of analysis effectively requires Ephemeris tables. Also the calculations must be worked in heliocentric (time of orbit around the Sun) planetary movement.

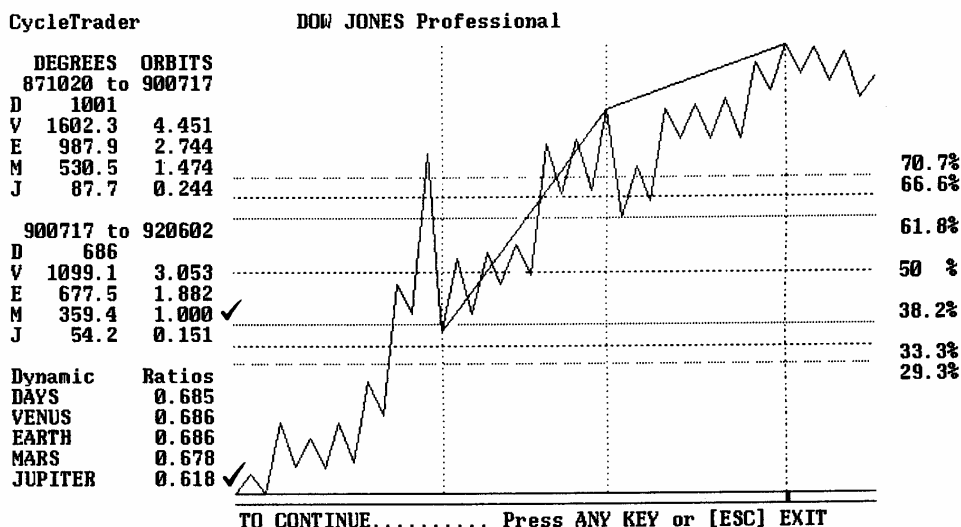
I have an Astro Cycle module in the CYCLETRADER that works off my SWING CHARTS. I can mark several swing points and review the DYNAMIC TIME RELATIONSHIPS for the planets VENUS-EARTH-MARS-JUPITER.

Below is the SWING CHART I use for my long-term timing analysis of the DOW JONES INDUSTRIALS INDEX, I zoomed it to included the 1974 low of 570 up until October 1992, the highest high so far of 3435 fell on June 2, 1992.

The details on the left of the chart show the time factors for the two periods being compared. In this case the crash low 871020 to the 1990 high 900717 and then the projection to the current all time high 920602.

Two interesting time cycles have been highlighted :-

- From 900717 to 920602 is 1 Mars orbit.
- The Jupiter time 871020-900717 = 87.7° and the time 900717-920602 = 54.2° . The Jupiter movement of 54.2° is precisely 0.618 ratio of 87.7° .



CYCLES

Whenever I research any new method of TIME ANALYSIS I am only interested in accuracy that comes within a day or two of the important ratios.

When it comes to trading it cannot be any other way, only a few days in the market the wrong way around can send you broke.

I am yet to meet a planetary trader who has made consistent profits from the markets. Most seem to spend their lives researching or using their research to write newsletters. When you find a financial astrologer who recommends trades to subscribers you have to ask yourself the question? How much of the recommendation is applicable to the planetary cycles and how much is due to the writers intuition of the market in question.

The TEST of any technique of analysis boils down to one thing! - Can you make money using it. If it can't pass this test then it is only academic. Nevertheless a study of the universe will re-enforce the importance of natural law and the habits of humans in general.

The information I have passed forth in this section could take a novice years of study to understand and appreciate. I know I certainly reversed out of many blind alleys before I started to throw away the absurd ideas being bandied around by pseudo intellectual technical analysts.

It still pays to keep an open mind, you never know how valuable some of these techniques for identifying cycles could be in the future.

SUMMARY

Always be alert to your primary timing signals falling on or near Earth EQUINOXES, SOLSTICES, APOGEES, PERIGEEES, SOLAR ECLIPSES or MULTIPLE CONJUNCTIONS and OPPOSITIONS.

I have seen more than enough evidence of markets making highs and lows when these planetary phenomena are present. For this reason I have educated myself to monitor the planetary activity even if it is only as secondary tool.

The longer I monitor planetary cycles the more sense I seem to make out of my primary timing tools.

WINDOWS OF OPPORTUNITY

What is a WINDOW OF OPPORTUNITY?

WINDOWS OF OPPORTUNITY are future dates calculated in advance by a model designed to look at future dates and interrogate past market swing highs and lows, for dynamic and static time cycle relationships. Future dates are scored in strength for harmonic relationships with the known data. The highest scores produced by the model highlight high probability dates for reversals of trend, when the market is in a position where change is likely. On occasions, where the market is not ready for change, and a trend continues through a high scoring WINDOW OF OPPORTUNITY the trend is confirmed as strong and can be traded accordingly.

One must understand that any TIME CYCLE PROJECTION calculation into the future is only a RANDOM EVENT, until proof exists to suggest it is anything else but.

When I first became proficient at using TIME CYCLE RATIO ANALYSIS to predict future changes of trend I thought I had discovered the "Holy Grail". Initially my analysis was excellent but my trading results were "hit and miss", often I did not know how to filter the strength of the TIME CLUSTERS I was witnessing.

I learnt quickly that if I was going to rectify this problem, I needed to construct a model which evaluated each possible future signal day using a scaling approach, taking into account the randomness of the generated signals.

I started out by looking at the relationships that occur between three consecutive market pivots. Then I added a fourth and fifth then a sixth.

Ultimately I settled on using five previous market pivots to predict a future date where the TIME CYCLE RELATIONSHIPS were in such HARMONY that they could hardly be seen as RANDOM INDICATIONS.

My whole concept has been based on the theory that all market waves of similar degree must relate when change is possible.

If the 5 market pivots being used **have formed relationships within themselves**, then these same 5 points can be used to project a sixth, seventh and even eighth point in the future where all time cycles return to harmonic relationships. These future points are instants in time where a change in trend is possible.

Due to the complexity of cycles and their relative degree it is possible to have one level of cycle degree over-ride another level at different times. For this reason I have found it pays to run several studies using different cycle levels. As a general rule though the Intermediate degree level has produced the most obvious results.

The CycleTrader WINDOWS OF OPPORTUNITY module is unique and the results have been astounding.

CYCLETTRADER WINDOWS OF OPPORTUNITY

CONCEPTS FOR SELECTING MARKET PIVOT POINTS

To illustrate how I use the WINDOWS OF OPPORTUNITY MODEL to its best advantage requires an example.

The most reliable TECHNICAL MARKET I follow is the GOLD COMPLEX. The reason I believe this market produces the best results is for the following reasons.

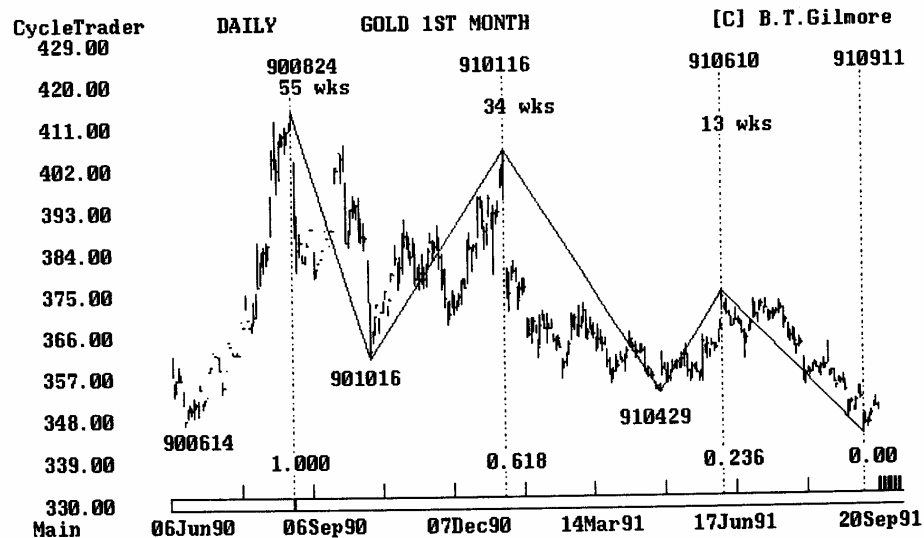
1. The traders in this market have a very diversified background of interests.
2. The GOLD market has little to no outside influences being generated by government interference or statutory reporting.
3. Trade dealings are well and truly balanced by the speculator interest.

In basic terminology one could say that the GOLD market is the purest of all markets given that it is mostly motivated by fear and greed and the psychology of the crowd.

1st Month COMEX GOLD futures.

The following chart is for the COMEX 1st MONTH GOLD FUTURES, prices starting at the 1990 low, up to and including the 11th September, 1991 low.

The wave points marked are extreme pivot points prior to intermediate degree changes of trend. Each of the pivot points are bonded by important time relationships.



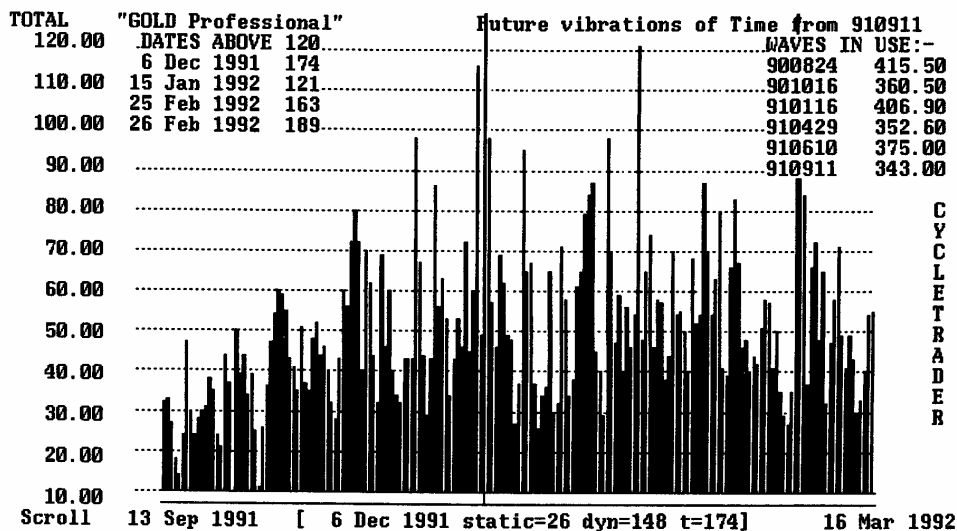
CYCLETRADER WINDOWS OF OPPORTUNITY

STATISTICS OF THE WAVES REPRESENTED

Swing	Date	pivot	price	range	Time of individual waves	
0	900614	- LOW	346.00			
1	900824	- HIGH	415.50	= 69.50	71 days	10.1 weeks
2	901016	- LOW	360.50	= 55.00	53 days	7.6 weeks
3	910116	- HIGH	406.90	= 46.40	92 days	13.1 weeks
4	910429	- LOW	352.60	= 54.30	103 days	14.7 weeks
5	910610	- HIGH	375.00	= 22.40	42 days	6.0 weeks
6	910911	- LOW	343.00	= 32.00	93 days	13.3 weeks

Wave	Date	SWING	Target	Ranges.....	degrees	YEARS
0	900614	-	346.00	-3.00 454 dy 64.9 wk	445.2	1.237
1	900824	-	415.50	-72.50 383 dy 54.7 wk	377.3	1.048
2	901016	-	360.50	-17.50 330 dy 47.1 wk	325.3	0.904
3	910116	-	406.90	-63.90 238 dy 34.0 wk	232.4	0.646
4	910429	-	352.60	-9.60 135 dy 19.3 wk	129.7	0.360
5	910610	-	375.00	-32.00 93 dy 13.3 wk	89.2	0.248
6	910911	-	343.00	TARGET FOR CALCULATIONS		

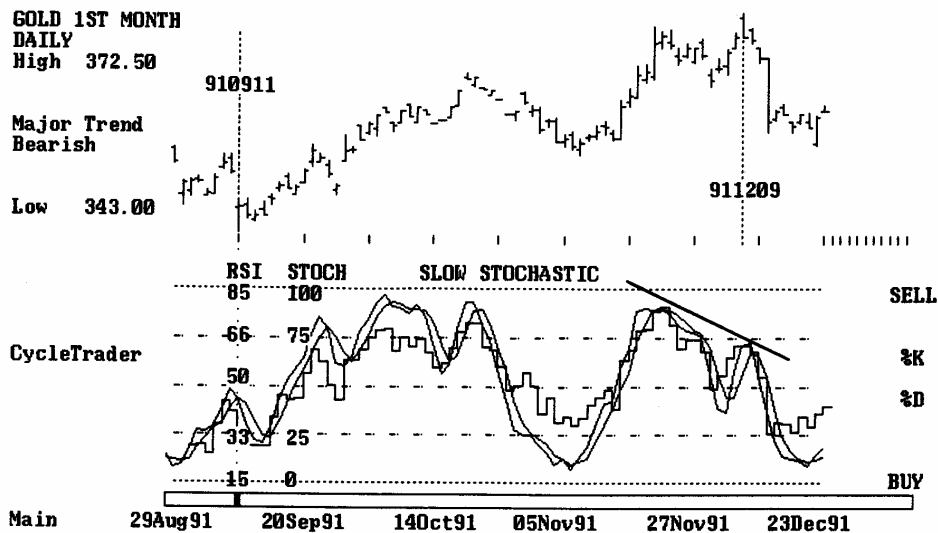
Using CycleTrader's - **Future Time Calculator** model, I have produced the **WINDOWS OF OPPORTUNITY** report generated for six months from the 910911 low. The scores are irrelevant other than, the higher the individual score stands above the average the more importance it should indicate. In this report I have extracted dates where the score reached a level of 120 or above. December 6, January 15 and 25/26th February produced the highest scores in the 6 months of the report.



CYCLETRADER WINDOWS OF OPPORTUNITY

The highest scoring date within three months of the 11th September, 1991 low was 6th December, 1991. The 9th December was the 100% TCR of the 910610 high to the 910911 low. The static counts of 13 weeks and 0.25 of a year added to the importance of this projection. The 6th was a friday and the 9th was the monday, the highest high in the rally from 910911 fell on the 9th December. Trend indicators such as the RSI and the Slow Stochastic were anticipating a change in trend was possible at this time.

In other words the coast was clear for a trade to short this market when the time signal day marked the highest high since the rally began.



CYCLETRADER WINDOWS OF OPPORTUNITY

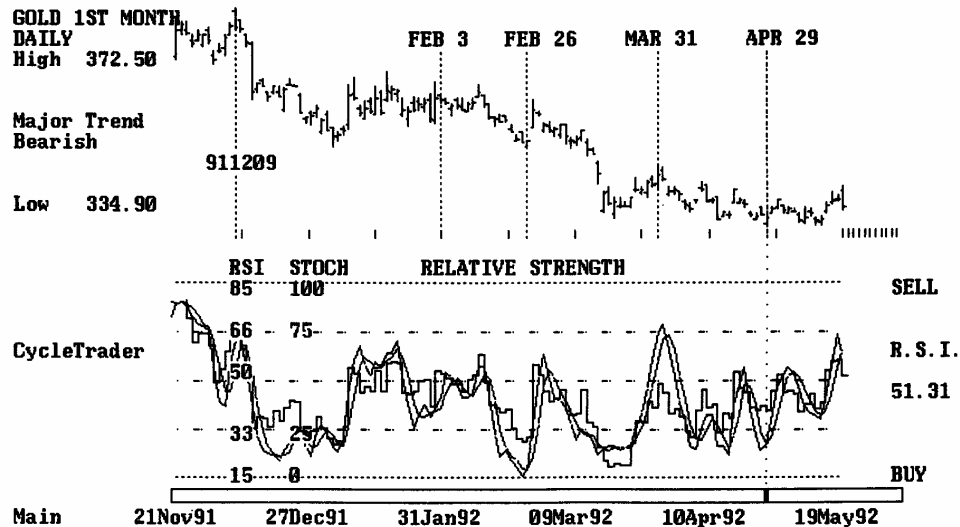
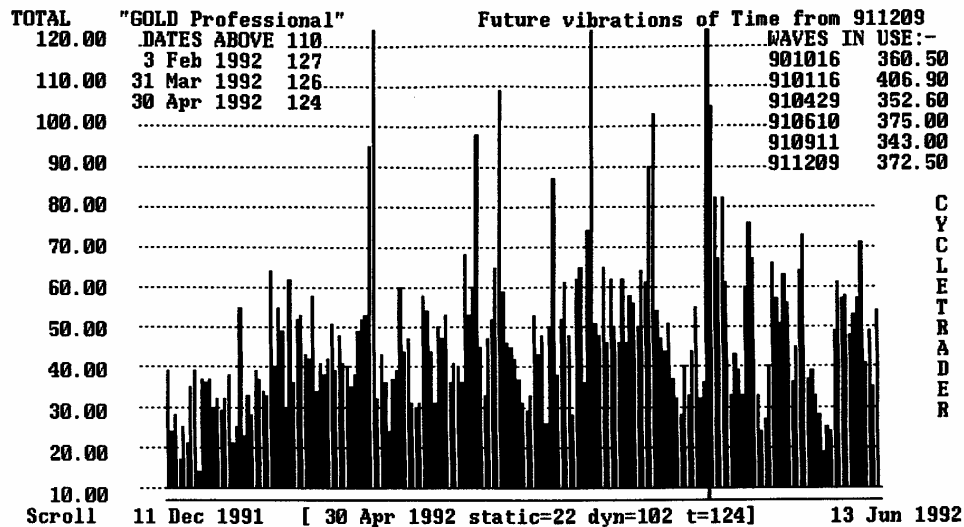
WINDOWS OF OPPORTUNITY FROM 911209

The only way to evaluate a method is to test it for consistency.

Following confirmation of the 911209 high I ran a new report to find out which future dates would score as high as the previous report.

Below is the report produced using the five waves up to the 911209 high.

The next INTERMEDIATE DEGREE low did not occur until the 29th April, 1992.

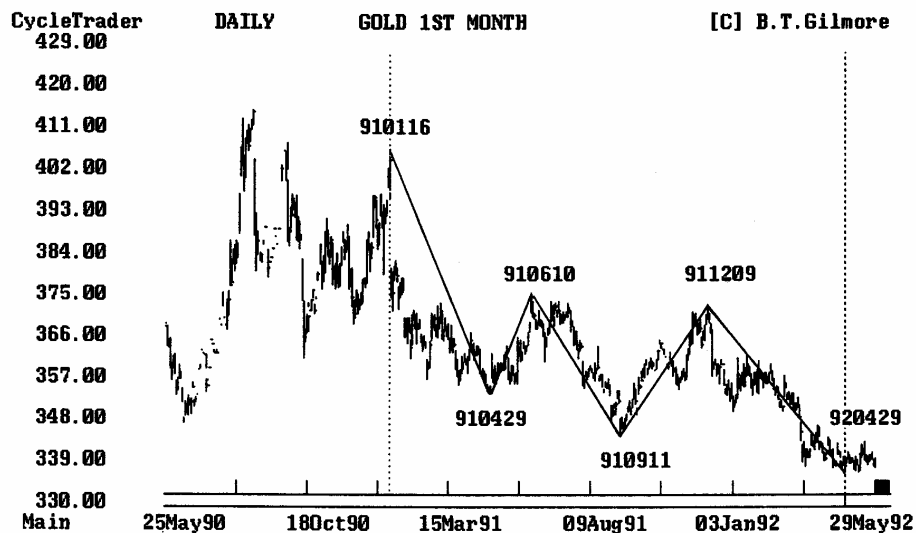


CYCLETRADER WINDOWS OF OPPORTUNITY

The downtrend from 911209 to 920429 was the longest of any of the other waves we have been using. The 911209 - CycleTrader report had 3 real high scoring days 127, 126 and 124. The last one, 124 on the 30th April, 1992 was within one day of the turning point.

The downtrend to the 920429 low lasted almost 5 months, 142 days to be precise. To only have had three major scoring dates from the 911209 report and 1 after January from the 910911 report to monitor, for intermediate degree trend change opportunities, certainly took the horror out of preparing TIME ANALYSIS REPORTS.

The April 30, 1992 WINDOW OF OPPORTUNITY - SIGNAL DAY turned out to be the only one which qualified as an INTERMEDIATE DEGREE BOTTOM proposition. All the other projection dates arrived and left when the market was hardly in a position to indicate any new important low being made. Although it is significant to see that two of the projection dates marked points where Minor degree trend reversals took place.



The April 29th, 1992 low in gold was probably one of the hardest bottoms to recognize, this was due to the small ranges and the length of time the market spent around the price low of 920429.

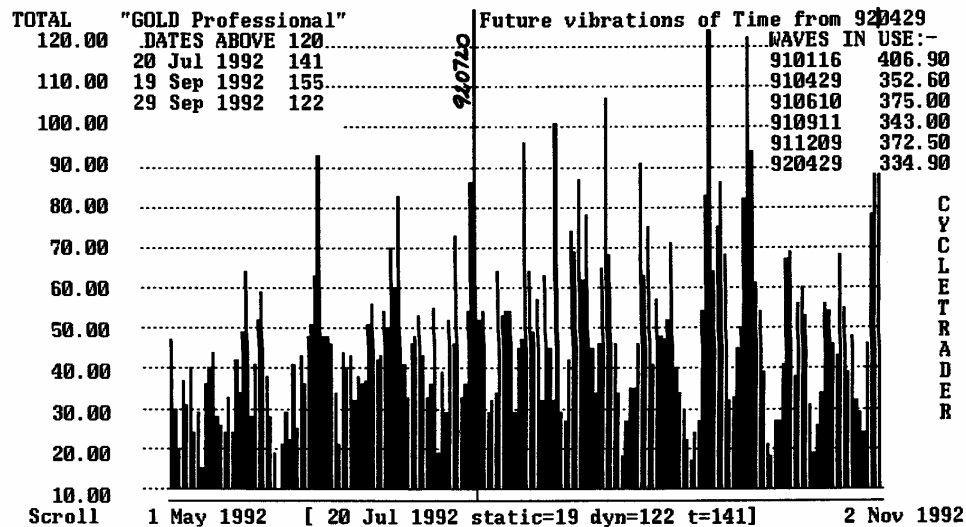
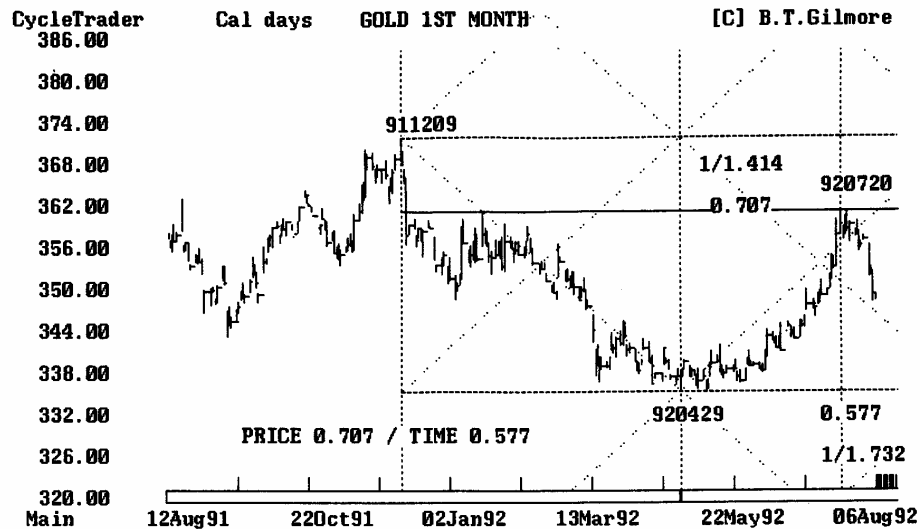
Nevertheless the April 29th, 1992 trend change reversal date was predicted within 1 day over 5 months in advance, using the principles of time relationships within market structures.

CYCLETRADER WINDOWS OF OPPORTUNITY

WINDOWS OF OPPORTUNITY REPORT - GOLD 920429 LOW

The next INTERMEDIATE DEGREE high fell on the 20th July, 1992. The highest scoring day in the first three months of the report.

The 920720 - WOO report projection date coincided with a 0.707 price retracement of the 911209-920429 decline. This signal provided for a "set up" trading opportunity.



CYCLETRADER WINDOWS OF OPPORTUNITY

After the 920720 high all of the 3 month rally was retraced. A new rally began on August 13.

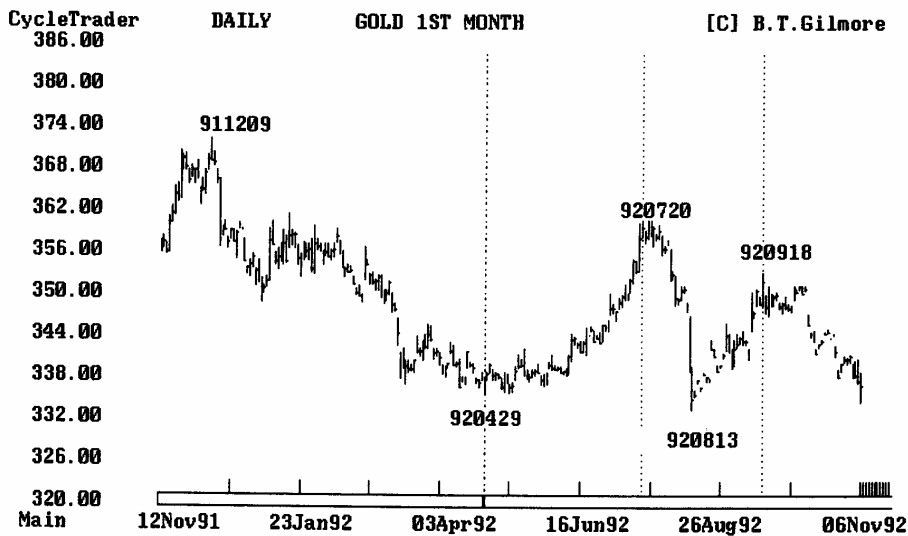
August 13 did not register as an important reversal date on any of the Intermediate degree WOO reports. The WOO report is not guaranteed to pick out every change in trend date only alert you to the easy ones.

Each day or whenever a market makes a new high or low price within a current trend, I carry out several time cycle tests using the CycleTrader Update module. These tests will unearth any of the longer-term cycles which may over-ride the shorter-term activity.

The August 13 low in Gold fell on cycle vibrations which were generated from swing points all the way back to the 1987 high.

Here's an example of some:-

Multiple wave cycles	days	TCR
871214 high - 910429 low	1232 > 472	0.382
880926 low - 890915 low	354 > 1063	3.000
880926 low - 910429 low	945 > 472	0.500
881202 high - 900614 low	559 > 791	1.414
881202 high - 910911 low	1013 > 337	0.333
900205 high - 910911 low	583 > 337	0.577
910116 high - 910911 low	238 > 337	1.414

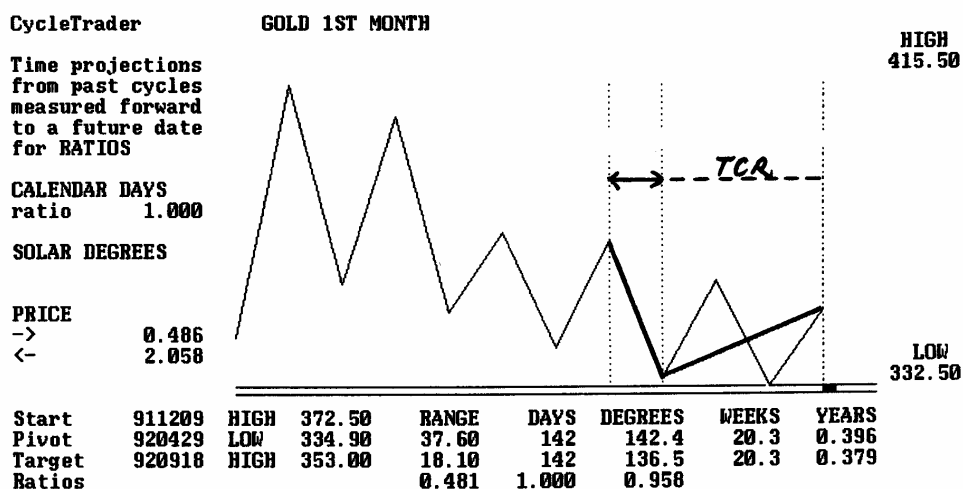
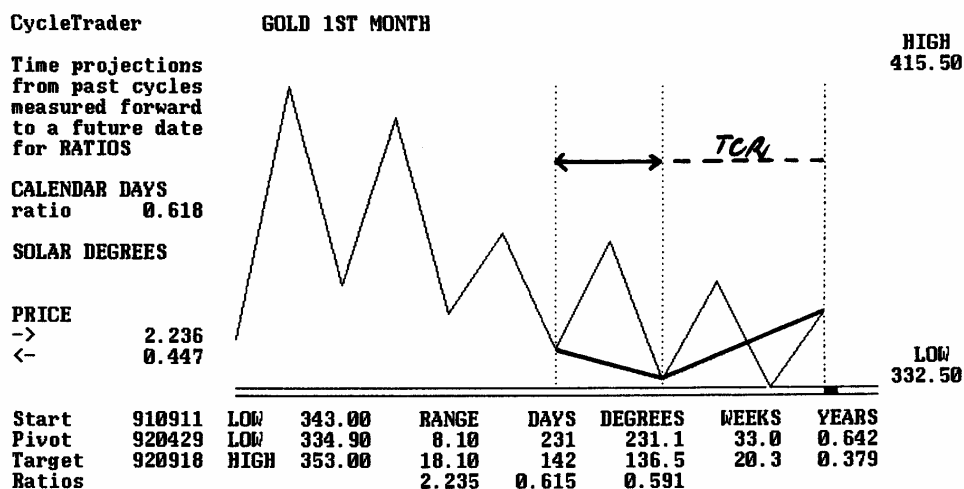


CYCLETRADER WINDOWS OF OPPORTUNITY

920918 GOLD HIGH - End to the rally which began on 920813.

If you refer back to the 920429 WOO report you will see that the 19th September had a score of 155, this was even higher than the reversal date of 920720.

Below is an example of the time cycle tests that can be performed using CycleTrader. Using this test routine highlights the physical ratios between the previous swing highs and lows. This test can also be conducted for future dates well in advance.



TO CONTINUE..... Press ANY KEY or [ESC] EXIT

CYCLETRADER WINDOWS OF OPPORTUNITY

The previous two charts show how a rhythmic vibration between three common points and the 18th September, 1992 harmonized on 0.618 and 1.000 time cycle ratios.

The only way to be certain that a WOO high scoring day will result in a reversal of trend is to identify a rhythm between the past cycle highs and lows and the current market position.

I have constructed a matrix type approach in my UPDATE MODULE to test for rhythm each time a new high or low is made. I can also adjust the date forward or backwards to finetune the ratios. This approach is handy when you have clusters of signal days falling over a three or four day period. Anything that is important to the technique of time and price analysis will be highlighted in bright lights on my computer screen when the facts are available. The way to read this report is simple. The waves being analyzed are tabled at the top of the screen. In this case 9 waves from the 16th October, 1990 up to the 18th September, 1992 high day.

The four columns headed DAYS, SOLAR, WEEKS and YEARS are the time periods elapsed from that prior swing up to and including the target date. If you look down the DAYS column you will see several near hits to Fibonacci numbers and multiples of Fibonacci numbers. For instance 144, 288(2*144), 377, 466 (2*233) and 610. 5 out of 9 is a pretty good strike rate. The other columns allow you to look for significant rhythm signals in the same manner.

The main area of interest is within the dynamic time structure of the unfolding waves. The matrix takes into account vibrations forward of the last 3 definite and the last possible swing date. You can determine sequences of rhythm in two ways, first by looking down each column for coincidence of multiple ratios or second by looking horizontally across the tables for a coincidence of multiple ratios. When past cycle times being measured are close to important STATIC TIME COUNTS and the TIME CYCLE RATIOS are on important ratios there is an exceptional chance that time is being squared and a change of trend is possible. All you require for confirmation is a squaring of price. In this illustration price squared a 0.707 retracement.

GOLD Professional				CycleTrader			[C]1993 B.T.Gilmore		
SWING	HIGH/LOW	DAYS	SOLAR	WEEKS	YEARS	PRICE	RETRACEMENT		
9 901016	360.50	703	692.8	100.4	1.924	20.50/	28.70 =	0.707	
8 910116	406.90	611	600.0	87.3	1.667				
7 910429	352.60	508	497.2	72.6	1.381	PERCENTAGE	CHANGE		
6 910610	375.00	466	456.8	66.6	1.272	6.17/	7.95 =	0.776	
5 910911	343.00	373	367.5	53.3	1.021				
4 911209	372.50	284	278.9	40.6	0.775	1st Alternate			
3 920429	334.90	142	136.5	20.3	0.382	20.50/	26.30 =	0.786	
2 920720	361.20	60	57.9	8.6	0.161				
1 920813	332.50	36	34.9	5.1	0.097	2nd Alternate			
0 920918	353.00					20.50/	29.50 =	0.695	
TESTING 18 Sep 1992									
1. 36 / 34.9									
2 [1.500] 24			2. 60 / 57.9						
3 [0.333] 106			3 [0.732] 82		3. 142 / 136.5				
4 [0.146] 248			4 [0.276] 224		4 [1.000] 142		4. 284 / 278.9		
5 [0.107] 337			5 [0.186] 313		5 [0.618] 231		5 [3.191] 89		
6 [0.084] 430			6 [0.146] 406		6 [0.438] 324		6 [1.560] 182		
7 [0.076] 472			7 [0.134] 448		7 [0.382] 366		7 [1.272] 224		
8 [0.063] 575			8 [0.109] 551		8 [0.300] 469		8 [0.875] 327		
9 [0.054] 667			9 [0.093] 643		9 [0.250] 561		9 [0.678] 419		
[+]=1 [F]=10 [f]=20 FORWARD [-]=1 [R]=10 [r]=20 BACKWARDS [Esc]=END									

CYCLETRADER WINDOWS OF OPPORTUNITY

CycleTrader and TIME CYCLE RATIOS - TCR's

Time cycle ratios (TCR's) are the bonds that link the dynamic forces of the market together. Time is our most valuable technical tool and it is important that we continually keep our time analysis current with the market trends.

The **WINDOWS OF OPPORTUNITY** module scans forward dates for the coincidence of TCR's which are above and beyond an accepted level of randomness. Dates with irregularly high scores could be where a future trend change will occur.

The **UPDATE** module allows us to **VISUALLY** scan for cycle ratios quickly and automatically over short or long periods of time, ie., we can inspect a complex for the coincidence of TCR's over years, months or days.

The **REPORT** module allows one to test a future date to verify the coincidence of TCR's. All calculations are automatic and are determined by the **SWING CHART** used for the procedure.

The following **TIME CYCLE REPORT** has been prepared using the **INTER-MEDIATE DEGREE** swing points in the Gold beginning with the 900614 low. These can be identified in the left column of the report as **PIVOT DATE**. The **START SWING** column contains the begin date of the TCR to be matched to the pivot date. The **TIME CYCLE** is the number of calendar days between the **PIVOT DATE** & the **START DATE**. The **FUTURE KEY DATE** is the next ratio date of the **TIME CYCLE** taking into account the date selected for the report. Only TCR's falling within 9 days of the report date will be highlighted. The greater number of TCR's emerging from one **PIVOT DATE** the more coincidence of **RHYTHM** within the cycles. The TCR's generated from the 920429 low pivot are extremely strong this is why the **WOO** report had such a high score for the 19th September.

CycleTrader TIME CYCLE RATIOS [C] 1992 B.T.GILMORE

Analysis of GOLD Professional
Report date 920918

PIVOT DATE	PIVOT PRICE	START SWING	TIME CYCLE	RATIO	COMPOSITE DAYS	COUNT WEEKS	FUTURE KEY DATE	DAYS DUE
900614	346.00							
900824	415.50							
901016	360.50							
910116	406.90							
	415.50	900824	145	4.236	614	87.7	21 Sep 1992	3 *
910429	352.60							
	346.00	900614	319	1.618	516	73.7	26 Sep 1992	8
	360.50	901016	195	2.618	510	72.9	20 Sep 1992	2 *
	406.90	910116	103	5.000	515	73.6	25 Sep 1992	7
910610	375.00							
	415.50	900824	290	1.618	469	67.0	21 Sep 1992	3 *
	360.50	901016	237	2.000	474	67.7	26 Sep 1992	8
910911	343.00							
911209	372.50							
	415.50	900824	472	0.618	291	41.6	25 Sep 1992	7
	352.60	910429	224	1.272	284	40.6	18 Sep 1992	0 *
<u>920429</u>	334.90							
	415.50	900824	614	0.236	144	20.6	20 Sep 1992	2 *
	375.00	910610	324	0.447	144	20.6	20 Sep 1992	2 *
	343.00	910911	231	0.618	142	20.3	18 Sep 1992	0 *
	372.50	911209	142	1.000	142	20.3	18 Sep 1992	0 *
920720	361.20							
	334.90	920429	82	0.786	64	9.1	22 Sep 1992	4
920813	332.50							
	334.90	920429	106	0.354	37	5.3	19 Sep 1992	1 *
	361.20	920720	24	1.500	36	5.1	18 Sep 1992	0 *

CYCLETRADER WINDOWS OF OPPORTUNITY

SUMMARY

The GOLD examples I have just displayed were not constructed after the event. In fact similar time reports, highlighting the same trend change dates, were published in advance in the WAVE TRADER DIGEST. Subscribers were alerted in advance to the dates when they could expect a change in trend. Don't call for a subscription as the WAVE TRADER DIGEST will be retired at the end of 1992. The 1992 issues have been included as an appendix to this text.

The WINDOWS OF OPPORTUNITY MODEL uses proprietary formulas to search each future day for **harmonic time cycle relationships**. Time cycles in markets are not fixed length cycles, they may be in some instances, but mostly they are continually changing with the dynamic input from the overall influences.

The WINDOWS OF OPPORTUNITY MODEL is designed to apply the principles of TIME CYCLE ANALYSIS to any commodity, currency, stock or index. The system of time analysis I use works in all free trading markets.

The model can calculate from any 5 dates which represent market swings highs and lows.

The SCORING SYSTEM IS RELATIVE to the overall study. For instance on some samples I have seen scores of up to 180, these usually stand out from the crowd. In other samples (usually primary degree) a highest score may only reach 80. The important issue is to locate dates where the score rises dramatically above the model noise.

HIGH SCORING DAYS are found when the harmonic cycle relationships between the future date and the 5 known waves reaches a level which suggests the relationships are too coincidental to be RANDOM.

When setting up the model always try and use a series of waves which are bonded by a high level of relationships. The greater the RHYTHM in the study waves the better the report will be.

When the 5 known waves themselves have a rhythm relationship, the future high scoring days can be exceptionally strong indications for a change in trend.

The CycleTrader license agreement stipulates that any proprietary routine is for the use of the licensee and not for general publication. It is a breach of the license to publish CycleTrader Windows of Opportunity reports in advance. The reason is simply because it disadvantages the people who have purchased the CycleTrader.

The WINDOWS OF OPPORTUNITY MODEL should not be used as a "black box". All TECHNICAL TIMING TOOLS must be used in context with PRICE, PATTERN & TREND.

TRADING FOR PROFITS

It may seem like a cliché but the reason I have devoted over 10 years of my life to the study of technical indicators and understanding of markets was to become an elite trader.

The first thing I should tell you is. You can know everything possible about analyzing a market and technically predicting changes of trend, nevertheless on its own this is not a license to make money.

To make money you must know how to trade.

A good trader does not need to be a good forecaster but a good forecaster needs to be a good trader to make money.

With a solid knowledge of how to trade you can be your own boss and reside at any location of your choice.

You can maintain an independence from the rank and file.

You can work when you want or go on holiday at the drop of a hat.

Just so long as you follow a steady daily, weekly and monthly work procedure opportunities will present themselves, time and time again.

When I see opportunity in the markets I concentrate, when I don't have a clue I rest. I am not a slave to the market, the market is my slave, the market is also my friend. I am unafraid of my friend.

The important issue in trading is in knowing how to take best advantage of the prospective opportunities one encounters.

The most successful traders are those who work to a plan, keep control of their emotions and execute their plan flawlessly.

The first part of the plan is in knowing what you want to do each day.

1. Do you wish to be LONG, SHORT or FLAT.
2. What RISK do you have to accept before you are proved wrong.
3. Can you accept this risk in your trading plan.

YOUR SUCCESS IN THE REAL WORLD WILL ONLY BE DETERMINED BY YOUR ABILITY TO ADAPT TO SIMILAR BUT CHANGING SITUATIONS.

This section contains an outline of the important points I have noted essential to making a success of trading for profits.

TRADING FOR PROFITS

IMPORTANT POINTS I HAVE NOTED THAT AID SUCCESS IN TRADING

KNOWLEDGE

A basic knowledge of the recurring price behavior, the markets you trade, go through under similar circumstances.

INFORMATION

You cannot trade without information, ie., you will need an information source to evaluate any unforeseen influences entering the markets that you trade. Generally a good daily financial television news service or newspaper will be sufficient.

CONFIDENCE

Once you have the technical ability, local market knowledge and the information source, you will need confidence. With confidence a trader can take on any challenge in the market. Whether he wins or loses he can still maintain his head about him and be prepared to trade again. This of course pre-supposes one has a trading plan and the personal discipline to carry out that plan.

CONTROLLED EGO

A trader's ego can become his worst enemy. If you have an ego problem, ie., you are always trying to force your own will on the market and for that matter every one else around you, you will never succeed at trading. The successful trader must be prepared to listen to the market and let it tell him what it is doing. Never argue with the market it is seldom wrong.

FINANCIAL SECURITY

The most successful traders are those traders who are not forced to trade the markets for the rent check. Traders who have financial security are free to trade when it suits them best. This luxury allows a trader to only take the trades offering the best opportunity. This industry has a very high turnover rate of unsuccessful traders, the primary reason is simply due to the fact most treat trading markets as a gambler would. If a trader can be patient and wait until all the requirements for a successful trade are met he will be assured of success, ie., if he follows the rules.

Of all the people I have met in this industry the one person who has influenced me the most is Larry Pesavento from Pismo Beach, California. Larry has over 25 years experience as a trader, he has made a living as a broker, a floor trader and now trades privately for himself from his office in Pismo Beach. On top of this he has experienced every possible high and low related to the day to day practice of trading leveraged markets. Larry also has a library of books second to none, he has researched every possible approach to analyzing a market I have ever heard of, and some I haven't heard of.

Larry can be contacted via P.O.B. 1106, Pismo Beach, CA 93448. Larry conducts a two day trading course for students of technical methods. Larry gives a money back guarantee, ie., if he can't make a profit from the markets he is educating you in trading, on the day you attend his class, he will refund your tuition fee. You can't get a better self recommendation than this.

TRADING FOR PROFITS

MONEY MANAGEMENT

Before even contemplating a trading program you will need to establish some money management rules.

UNBREAKABLE RULES

- 1. Never trade without first preparing your "checklist".**
- 2. Never risk more than 5% of your trading capital on any one trade.**
- 3. Never take a trade unless your profit expectation is at least triple your downside risk.**
- 4. Always have a protective stop in the market.**
- 5. Never add to a losing position.**

Trading decisions can be initiated for a number of reasons known only to the individual trader.

Even when this is the case it's important to adhere to the following guidelines.

GUIDELINES

- 1. Never trade on "hunches".**
- 2. Never trade "purely" on other peoples advice.**
- 3. Always have a clear and reasonable idea of your objective.**
- 4. Always do your analysis prior to entering a trade.**
- 5. Update your analysis outside of market hours.**
- 6. Take responsibility for your trades.**
- 7. Never close a trade without a good reason.**
- 8. Always be prepared for the "unexpected".**

"Take care of your losses and the profits will take care of themselves." - Amos Hostetter, Commodity Corporation (circa 1967).

TRADING FOR PROFITS

TRADING RULES

For a trader to make a success in the business of trading he must view all dimensions of market activity in his analysis and trading strategies.

The four most important dimensions of market activity are:-

TIME - PRICE - PATTERN & TREND MOMENTUM

When all four dimensions of market activity indicate trend change or a continuation of trend the trader has the best opportunity of success.

Traders must have patience and discipline to only initiate trading action at the ideal market set-ups that conform to the trading plan.

RULE 1.

TIME IS THE MOST IMPORTANT MARKET FACTOR

Time analysis needs to be prepared in advance to indicate "high probability" dates, in the future, where a change in trend CAN OCCUR.

A change in trend will "never" occur in a free trading market without the COINCIDENCE OF TIME CYCLE RATIO ANALYSIS SIGNALS.

Time cycle ratios can be measured from past market activity in several degrees.

- **MINOR - INTERMEDIATE - PRIMARY degree.**

A **PRIMARY degree TREND CHANGE** requires that all three degrees of past market activity are signaling **TIME CYCLE SIGNAL DAYS** within close proximity to each other. The term used to describe this phenomena is **SIGNAL DAY CLUSTERS**.

An **INTERMEDIATE degree TREND CHANGE** requires signal day clusters to be formed by both the **MINOR** and the **INTERMEDIATE** degree past market activity. Single time cycle ratios from **PRIMARY** degree waves are often present.

A **MINOR degree TREND CHANGE** requires signal day clusters to be formed from the **MINOR** degree waves. Single time cycle ratios, rather than clusters, should be evident within the near term **INTERMEDIATE** degree wave activity.

Always assess your objectives by the :-

- **QUALITY** of the **TIME CYCLE RATIOS**
- **QUANTITY** of the **TIME CYCLE RATIOS**
- **DEGREE** of the **TIME CYCLE RATIOS**

When TIME CYCLES indicate opportunity for trading profits get prepared and study PRICE RELATIONSHIPS for the trigger to enter trades.

TRADING FOR PROFITS

RULE 2.

PRICE RELATIONSHIPS between waves of similar degree must be apparent when the **TIME CYCLE RATIOS** signal a change of trend.

- **PRICE CAN BE COMPARED IN UNITS or PERCENTAGE CHANGE**

Price relationships unfold in exactly the same way as time cycles, ie., **MINOR, INTER-MEDIATE** and **PRIMARY** degree.

The market is a **DYNAMIC SYSTEM** which can be measured in a two dimensional **GEOMETRIC MANNER**.

- **PRICE IS THE CONFIRMATION THAT TIME IS UP**

Although **PRICE** can be calculated in advance, I have found it will pay to wait until just a few days before the **TIME SIGNALS** are at their peak, before "predicting" the levels to which price may terminate trend.

As a market approaches **PRICE SUPPORT** or **PRICE RESISTANCE LEVELS** you will see by the daily price activity how it is acting. Depending on the volatility in the market you will have a fair guide to the price possibilities. These possibilities become real rather than just educated guesses when performed close to a "high probability trend change date".

If you try and calculate price targets for markets too far in advance you can become emotional about them, if you just listen to the market and let it dictate the price it is going to terminate trend on you will be more at ease.

RULE 3.

When you have used TIME & PRICE to establish the INTERMEDIATE DEGREE trend only trade in the direction of that trend. Buy weakness, sell strength.

As the trend unfolds you will see from the minor corrections if the trend is still strong enough to trade. If the trend continues to confirm the **INTERMEDIATE DEGREE** analysis you can pyramid your positions. Just remember you need to maintain close stops on every re-entry or pyramid trade.

Be guided by the price above the 20 day moving average as an indicator of an intact trend. Use trend lines, trend waves and minor retracement levels to judge retracement corrections versus complete change of trend.

When you get an opportunity to add to a winning position you must do so if you wish to capitalize on your knowledge of time and price analysis.

Study the character of **ELLIOTT WAVE** formations so that you will be prepared for continuations of trend or complete reversals of trend.

Once a strong trend is in force don't ever go against it unless you have a completely oversold/overbought market analysis on your hands. If you do always keep close stops to control your losses if you are premature.

TRADING FOR PROFITS

TRADING PLAN

For a trading plan to be successful it requires consistency, ie., once established you follow all trigger signals that comply to your plan.

It is not necessary to be in the market all the time, only when the opportunity to profit is paramount.

My trading plan has two important ingredients:-

Pinpoint Intermediate degree trend change points and buy or sell with a known risk level.

Buy into weakness and sell into strength when my trend indicators are signalling the Intermediate degree trend is intact.

Trend Indicators can tell you one of three things:-

- Trend is intact.
- Trend is overbought or oversold.
- Trend is in a position for a possible reversal.

When the trend indicators signal the trend is intact I look for opportunities to re-enter the main trend on MINOR degree corrections.

When the trend indicators signal overbought or oversold I look to exit positions at the next time and price target. this will normally be a 3rd wave termination of some degree.

After any fast price correction without any follow through - resulting from **overbought or oversold** trend signals I will look to re-enter in the direction of the prior trend, only if a 4th wave correction retracement level is easily identified.

Once a 5th wave is identified, whether or not I am on it, I will be looking for divergence of trend with price activity which coincides with Intermediate degree time convergence.

Once the market confirms the intermediate degree trend reversal the process begins anew.

GUIDELINES

One of the surest ways to make money in the futures markets is to be a **WRITER OF OPTIONS**. The odds are always with you for options expire worthless 90% of the time. If you can identify the points that a market will not trade beyond, in the time period of the option, the closer you enter to these points the greater your reward. Option premiums deteriorate with time no matter if the price stays steady.

Only be a buyer of options when you expect an explosive move, then buy way out of the money options for huge leverage.

Buy contracts only when you are confident you can control the risk with a reasonably close stop loss.

TRADING FOR PROFITS

Time and price analysis in conjunction with trend indicators should allow you to clearly anticipate the INTERMEDIATE DEGREE trend.

From a trading viewpoint the most money can be made out of the Intermediate degree market moves, and on a more consistent basis.

It is rarely important from a traders viewpoint what extreme price levels a market may reach over the long-term, just so long as one identifies the INTERMEDIATE DEGREE turning points and acts with a sensible approach.

Once you have identified an Intermediate degree trend and got on board you should PUSH every re-entry signal if you wish to compound your profits. Once you have their money as a buffer you must compound profits at every opportunity whilst the original analysis holds firm.

The biggest price moves in stocks and commodities happen when the majority least expect them, it is always prudent to remember this and make sure you are in the market at the earliest opportunity.

Whenever something unrealistic occurs in the market you will have every chance to participate. Whenever you are wrong you will be taken out by your stop loss and incur no irreparable damage.

Never trade against the prevailing trend unless you have every indication from TIME and PRICE SIGNALS that the prevailing trend has expired.

When you do anticipate a final high or low is being made in any market ensure that the BULLISH CONSENSUS OPINION is at an extreme reading. If you are going to short a top in a bull market ensure that everyone is bullish. If you are going to buy a bear market low ensure that everyone is bearish. The more bullish or bearish the market consensus is at a high or low the greater your chances of picking the exact top or bottom using TIME & PRICE TOOLS. When the market is out of control TIME & PRICE relationships are your best guide to the TREND.

If you take care of the INTERMEDIATE DEGREE ANALYSIS the CYCLE DEGREE will look after itself.

One of W.D. Gann's famous sayings was,

"THERE IS NO PRICE TOO HIGH TO BUY, AND NO PRICE TOO LOW TO SELL".

This is perhaps one of the best pieces of advice to keep in mind. If you for instance get emotionally involved with the fundamental perceptions of fair value or your opinion of what price levels a commodity or stock should trade at, you will ambush your trading plan.

Be guided by your indicators at all times, that's why you have them.

USE ALL OF YOUR TOOLS - ALL OF THE TIME

TRADING FOR PROFITS

CHECKLIST OF MARKET POSITION

DATE **MARKET**

BULLISH CONSENSUS = Bullish / Bearish / Neutral

TYPE OF TRADE I AM CONTEMPLATING :-

.....

.....**RISK**.....

MARKET POSITION =

LAST SWING HIGH / LOW

ELLIOTT WAVE ANALYSIS

MOVING AVERAGES 10/20 DAY Crossover Bullish / Bearish / Neutral

Market close / 20 day moving average above below

20 day moving average trend up down

10 day moving average trend up down

RELATIVE STRENGTH INDEX above 80 below 20

Above or below center line above below

RSI diverging with price (Yes/No) Bullish Bearish

TREND WAVES - (above 0 line = bullish) Bullish / Bearish / Neutral

SLOW WAVE BULL/BEAR UP/DOWN

MEDIUM WAVE BULL/BEAR UP/DOWN

FAST WAVE BULL/BEAR UP/DOWN

TIME / PRICE RATIOS PRESENT - COMMENTS

.....

.....

.....

.....

.....

APPENDIX 1

ANCIENT GEOMETRY & NUMEROLOGY

INTRODUCTION

Teachers in the centers of education throughout the ancient world, such as those founded by *PYTHAGORAS* in the sixth century BC, understood that it is impossible for anyone to learn anything until he has experienced its truth for himself. Therefore they set their pupils to practice the arts of *DYNAMIC GEOMETRY* and *NUMEROLOGY* in order to exercise the faculty of *INTUITION*.

It was believed that ANY situation in life may be represented as a *DYNAMIC PATTERN* for which there exists a precedent in nature.

PLATO wrote that the man who acquires the art of stereometry, the likening of unlike things, sanctifies not only himself but also the city and the age in which he lives. For the instrument to be effective, it requires that the individual become aware of the current influences to which he is subjected; for by analogy with the dynamics of geometrical and numerological relationships, the world of phenomena is revealed as the product of archetypal forces, whose behavior in any circumstances is predictable once their nature is understood.

The ancient philosophers devised a canon of proportion, numbers and mathematical ratios, these ratios were not invented but in fact a revelation of the cosmic proportions of the universe.

The canon of proportions has been preserved from antiquity throughout the ages within art forms and architecture. The sacred geometry found in such structures as *THE GREAT PYRAMID OF GIZA* contains the "secrets" of the universe.

These notes will provide the student with an explanation of the sacred proportions, how they are derived, and practical examples on how they are manifested within the affairs of men, to wit the speculative markets.

By knowing that there is an unfolding geometry in market movement, the reader can then set to work and formulate rules to follow in his quest for market understanding.

GEOMETRY OF MARKETS II - APPENDIXES

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PYTHAGORAS

APPENDIX 1 - 2

GEOMETRIC PRINCIPLES

- **PHILOSOPHICAL GEOMETRY**

Ancient philosophers taught pupils the arts of SACRED GEOMETRY in order to develop their faculty of INTUITION.

Geometry attempts to recapture the orderly movement from an infinite formlessness to an endless interconnected array of forms, and in recreating this mysterious passage from ONE to TWO, it renders it symbolically visible.

The practice of Sacred Geometry is one of the essential techniques of self-development.

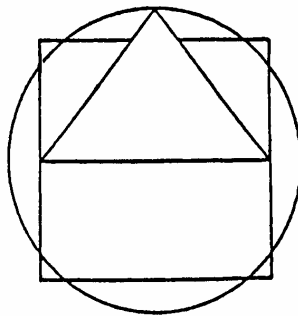
Geometry deals with pure form, and philosophical geometry re-enacts the unfolding of each form out of the preceding one.

- **THE CANON OF PROPORTION**

The binding natural law of mathematics as we know it today ORIGINATES from the COSMOS. It was not invented by man, just revealed to him through his study of the Planets.

The 7th wonder of the ancient world, the great pyramid of Giza, holds within its structure all of the "secrets" we need to be aware of.

The pyramid is a graphic representation of the Earth and Moon and their combined movements around the Sun. The pyramid demonstrates the binding relationships between the SQUARE, CIRCLE & the GOLDEN MEAN.



GEOMETRY OF MARKETS II - APPENDIXES

Modern day scientific studies have (amongst other things) confirmed the measurements of the Moon and the Earth.

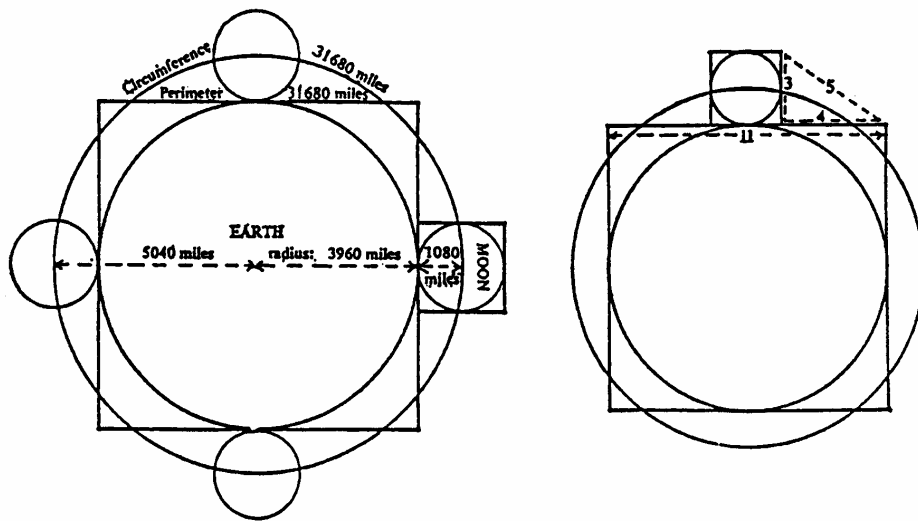
The radius of the Moon is 1080 miles and the radius of the Earth is 3960 miles.

A combined total of 5040 miles (Plato's mystical number and in calendar days equal to 720 weeks, 2 times 360, 3 times 240, 4 times 180, 5 times 144 and 8 times 90).

A square encompassing a circle representing the Earth has four sides, each equal to the diameter of the Earth, ie., 3960 by 2 or 7920 miles. The perimeter of this square calculates to 31680 miles (4 times 7920, 44 times 720, 88 times 360, 132 times 240, 176 times 180, 220 times 144 and 352 times 90).

If the Moon and the Earth were placed side by side the distance between the two centers would be equal to the sum of the radii, ie., 3920 plus 1080, which equals 5040 miles. A circle drawn using the combined radii of 5040 would have a circumference of $2\pi r$ or $2 \times (22/7) \times 5040$, which equals 31680.

The relationship of the circles circumference to the square's perimeter is 1.000:1.000.

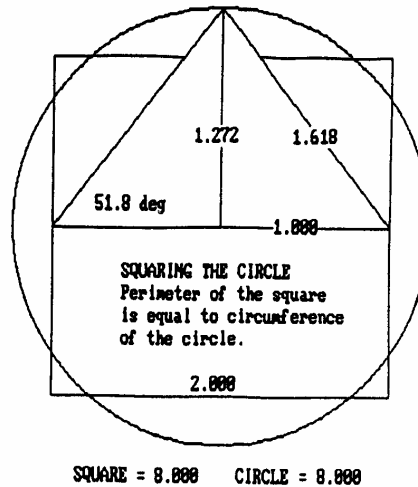


This geometric exercise is known as squaring the circle. Pi (π) being the Pythagorean measure of 22/7 used to calculate the dimensions in a circle or sphere. In decimal form π is the irrational ratio 3.14159.

The radius of the circle 5040 (1080 + 3960) as a factor of the Earth's radius 3960 is equal to 5040:3960 or 1.2727:1.000. And 1.272 is mathematically the square root of 1.618.

GEOMETRY OF MARKETS II - APPENDIXES

SQUARING THE CIRCLE



A hypotenuse calculation for a right angled triangle using the 5040 radius of the above circle and half the side of the above square, ie., the radius of the Earth 3960, would give the following result.

Using the Pythagorean theorem, ie., the length of the hypotenuse in a right angled (90 degree triangle) will be equal to the square root of the sum of the squares in the other two sides.

$$\begin{aligned}\text{Hypotenuse} &= \text{square root } [(5040 \times 5040) + (3960 \times 3960)] \\ &= 6409 \text{ miles}\end{aligned}$$

If we call the base of the triangle the Earth's radius, ie., 3960 then the hypotenuse 6409.6 as a ratio of the base 3960 is 6409:3960 or 1.618:1.000

1.618 is commonly known as the Golden mean, it is represented by the Greek symbol ϕ and called PHI.

If we call the height of the triangle the combined radii of the Earth and Moon, ie., $3960 + 1080$ or 5040 then the hypotenuse 6409 as a ratio of the height is 6409:5040 or 1.272:1.000

The irrational ratio 1.272 is the square root of 1.618, ie., $1.272 = \sqrt{1.618}$

It can be demonstrated by this exercise where the designers of the Great Pyramid of Giza procured their measurements. It can also be seen that the irrational ratios of $\phi = 1.618$ and $\pi = 3.14159$ are related.

$$1/4 (3.142) = 0.786 (1/\sqrt{1.618})$$

1/4 is a harmonic ratio from the square and 1.618 is the Golden Mean.

HARMONIC RATIOS FROM THE SQUARE

- THE DIAGONAL OF THE SQUARE (ROOT 2 = 1.4142)

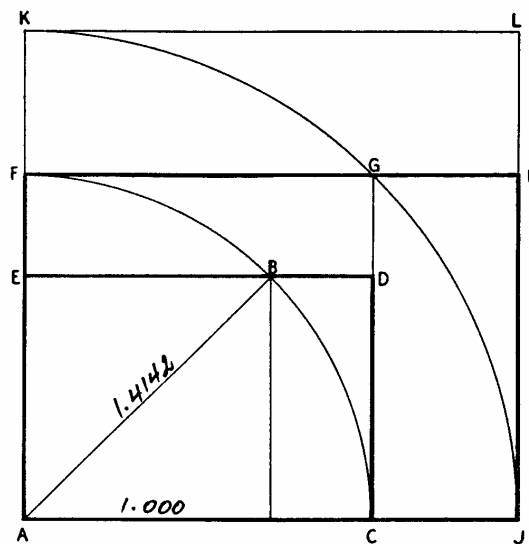
The square is bounded by four equal sides at right angles to each other.

Using the Pythagorean theorem we can calculate the diagonal ratio length. This ratio will always maintain the same relationship in any square.

A square with sides equal to 1.000 has a diagonal of:-

$$\sqrt{(1^2 + 1^2)} \text{ or } \sqrt{2} \text{ which is } 1.4142$$

The diagonal of any square relates as 1.4142:1.000 with its side.



Expanding a square by the ratio of its diagonal produces the HARMONIC RATIO SERIES.

1.000	1.4142	2.000	2.828
The inverse ratio relationships are:-			
0.354	0.500	0.707	1.000

GEOMETRY OF MARKETS II - APPENDIXES

THE SACRED CUT = 0.7071

In MARKET ANALYSIS 0.707, the SACRED CUT is as important as 0.618.

As markets unfold they move in relationships of HARMONIC, GEOMETRIC and ARITHMETIC progressions.

Each of the three TRINITIES maintain an esoteric bond.

- **ESOTERIC BONDS BETWEEN $\sqrt{2}$ & 1.618**

Triangle (1)

Height
= 1.272 ($\sqrt{1.618}$)

= 0.618

Base

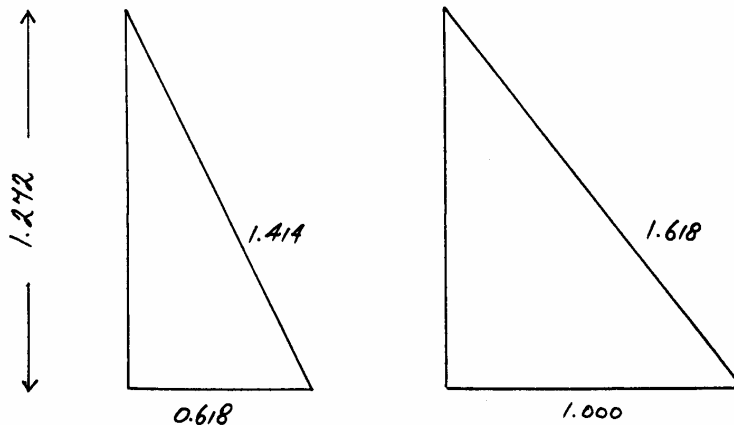
= 1.414 ($\sqrt{2}$)

Diagonal

Triangle(2)

= 1.000

= 1.618



Triangles have a common height of 1.272 ($\sqrt{1.618}$)

When the BASE of the triangle is expanded by 1.618 from 0.618 to 1.000 the DIAGONAL length progresses from 1.4142 to 1.618.

GEOMETRY OF MARKETS II - APPENDIXES

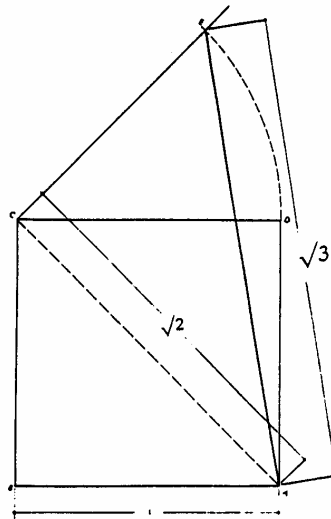
ARITHMETIC RATIOS

- **THE DIAGONAL OF A CUBE ($\sqrt{3} = 1.732$)**

The diagonal of a cube is formed by the imaginary line joining opposite corners. The triangular plane is formed from one side ie., 1.000 and the diagonal of the square, ie., 1.4142 or $\sqrt{2}$

The calculation is $= \sqrt{(1.4142^2 + 1^2)} = \sqrt{(2 + 1)}$

The diagonal of the cube $= \sqrt{3}$ or 1.732

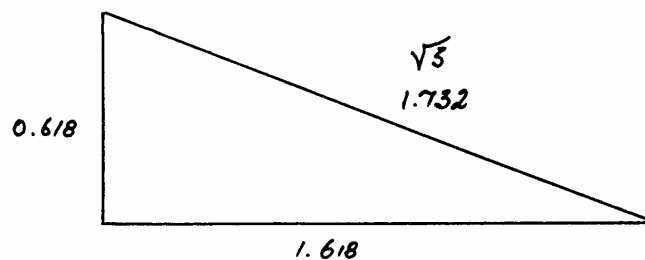


- **ESOTERIC BONDS BETWEEN $\sqrt{3}$ & 1.618**

Base = 1.618

Height = 0.618

Diagonal = 1.732 ($\sqrt{3}$)



GEOMETRY OF MARKETS II - APPENDIXES

• THE RECIPROCAL OR INVERSE OF $\sqrt{3}$

$$0.577 = 1/\sqrt{3}$$

In geometry the inverse or reciprocal ratios of important values are important.

The inverse of 3.000 = 0.333	ARITHMETIC
The inverse of 2.618 = 0.382	GEOMETRIC
The inverse of 2.236 = 0.447	$\sqrt{5}$
The inverse of 2.000 = 0.500	HARMONIC
The inverse of 1.732 = 0.577	ARITHMETIC
The inverse of 1.618 = 0.618	GEOMETRIC
The inverse of 1.500 = 0.667	ARITHMETIC
The inverse of 1.414 = 0.707	HARMONIC
The inverse of 1.272 = 0.786	GEOMETRIC
The inverse of 1.000 = 1.000	ALL

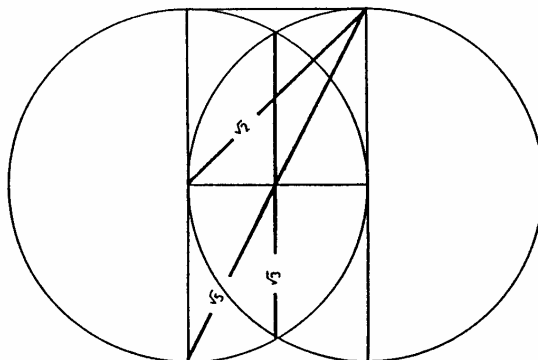
• THE DIAGONAL OF A RECTANGLE FORMED FROM TWO SQUARES (ROOT 5)

Base = 1.000 Height = 2.000

$$\text{Diagonal} = \sqrt{(1^2 + 2^2)} = \sqrt{(1 + 4)} = \sqrt{5} = 2.236$$

Root 5 or 2.236 is very important because $\sqrt{5} = \phi + 1/\phi = 1.618 + 0.618$

Where $\phi = 1.618$ and $1/\phi = 0.618$

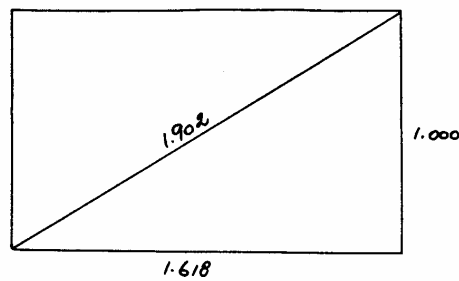


GEOMETRY OF MARKETS II - APPENDIXES

GEOMETRIC RATIOS

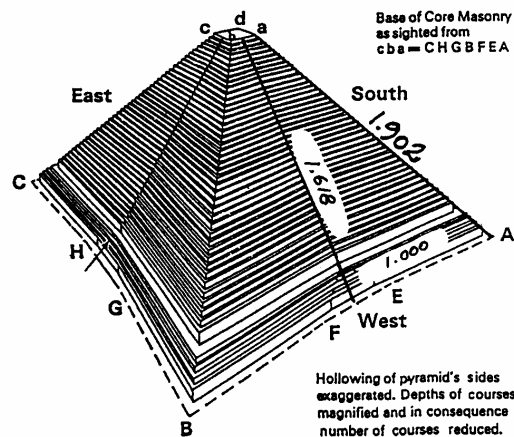
• THE DIAGONAL OF A GOLDEN RECTANGLE (1.902)

Base =	1.618	= ϕ
Height =	1.000	
Diagonal =	1.902	= $\sqrt{(\phi^2 + 1^2)} = \sqrt{(2.618 + 1)}$
Inverse of	1.902	= 0.526



• GREAT PYRAMID OF GIZA

Base	B-A	= 2.000
Half base		= 1.000
Height		= 1.272
Slope		= 1.618
Diagonal	a-A	= 1.902



GEOMETRY OF MARKETS II - APPENDIXES

The binding relationships in the simple GEOMETRIC FORMS demonstrated so far show, even to the novice, that when they are encountered in nature they are extremely important.

- **GEOMETRIC RATIO SERIES OF ϕ PHI**

$$= 1/\phi^2 : 1/\phi : 1.000 : \phi : \phi^2 : \phi^3 : \phi^4 : \phi^5$$

$$= 0.382 : 0.618 : 1.000 : 1.618 : 2.618 : 4.236 : 6.854 : 11.09$$

- **GOLDEN MEAN SPIRAL OF $\sqrt{\phi}$**

Up from 1.000

$$1.000 : 1.272 : 1.618 : 2.058 : 2.618 : 3.33 : 4.236 : 5.39 : 6.854$$

Down from 1.000

$$1.000 : 0.786 : 0.618 : 0.486 : 0.382 : 0.30 : 0.236 : 0.186 : 0.146$$

- **PROPORTIONS OF IMPORTANCE (SACRED RATIOS from 1-5)**

Ratio	Source		Reciprocal
1.000	=	$\sqrt{1}$	= 1.000
1.272	=	$\sqrt{1.618}$	= 0.786
1.4142	=	$\sqrt{2}$	= 0.707
1.618	=	ϕ	= 0.618
1.732	=	$\sqrt{3}$	= 0.577
1.902	=	$\sqrt{(\phi^2 + 1^2)}$	= 0.526
2.000	=	$\sqrt{4}$	= 0.500
2.236	=	$\sqrt{5} \text{ \& } \phi + 1/\phi$	= 0.447
3.000	=	$\sqrt{9 \text{ \& } \phi^2 + 1/\phi^2}$	= 0.333
3.142	=	π	= 0.318
4.000	=	2^2	= 0.25
5.000	=	$2 + 3$	= 0.20

ANCIENT NUMEROLOGY

Pythagoras said, "**All is arranged according to number**". In addition to **QUANTITY**, numbers on the ideal level are possessed of **QUALITY**.

It is not the intention of these notes to explain why certain numbers are relevant to **MARKET ANALYSIS**, only to make you aware that they exist. Many excellent reference books specifically devoted to these subjects are recommended in the bibliography.

- **5040 = PLATO'S MYSTICAL NUMBER**

The Master Time Factor 5040 is the combined total of the Earth radius - 3960 and the Moon radius - 1080 in miles.

This is the Gann time division of 720 weeks, you could also call it the master time factor. 720 represents two circles of 360°.

Any number can be sub-divided into **Geometric, Arithmetic and Harmonic means**. Each mean can be added together with the other to form the whole.

- **MEANS OF 5040**

Geometric means of 1.000 are 0.618 and 0.382 :-

$$3115 : 1925 = 5040$$

Arithmetic means of 1.000 are 0.666 and 0.333 :-

$$3357 : 1683 = 5040$$

Harmonic means of 1.000 are 0.586 and 0.414 :-

$$2954 : 2086 = 5040$$

Important numerology of 5040:-

$$1683 - 1925 - 2086 - 2954 - 3115 - 3357$$

GEOMETRY OF MARKETS II - APPENDIXES

• 1080 & 3960 MOON & EARTH RADII

Next we can sub-divide the two components of 5040, ie., **1080 and 3960**

Geometric means 1080 = 666 : 414

3960 = 2447 : 1513

666 = The number of man.

Arithmetic means 1080 = 720 : 360

3960 = 2638 : 1322

720 = Ganns master time factor.

360 = the number of degrees in the circle.

Harmonic means 1080 = 633 : 447

3960 = 2321 : 1639

633 = 90 weeks or 1.732 years.

So far we now have a series of important NUMBERS that could appear in the future time cycles of any market. You can then take this exercise to the next stage by adding each of the means to the prime number.

For example:-

1080 + 666	=	1746	The number of fusion.
1080 + 414	=	494	
1080 + 633	=	1713	
1080 + 447	=	1527	
1080 + 720	=	1800	
1080 + 360	=	1440	
3960 + 2447	=	6407	
3960 + 1513	=	5473	

And you could continue....

Next one could sub-divide the original means. For example:-

	Geometric	Arithmetic	Harmonic
666 =	412 : 254	444 : 222	390 : 276
414 =	256 : 158	276 : 138	243 : 171
720 =	445 : 275	480 : 240	422 : 298
360 =	222 : 138	240 : 120	211 : 149
633 =	391 : 242	422 : 211	371 : 262
447 =	276 : 171	298 : 149	262 : 185

It can be seen that a high percentage of the new numbers are repeating in the future calculations.

As this process is continued either by increasing or decreasing the means of each series we would end up with that many numbers it becomes mind boggling.

GEOMETRY OF MARKETS II - APPENDIXES

IMPORTANT NUMEROLOGICAL COUNTS

In the process of analysing market cycles it will pay to be aware of several series of numerological counts.

Each of the series of counts presented here have a common origin, ie., they are derivatives of the ancient teachings or they are time cycles discovered by researchers which seem to occur regularly within cycles of market trends.

• DIVISIONS OF A YEAR COUNTS - 365 days

0.250	= 89, 90, 91, 92
0.333	= 121, 122, 123
0.382	= 138, 139, 140
0.447	= 161, 162, 163
0.500	= 181, 182, 183
0.577	= 209, 210, 211
0.618	= 224, 225, 226
0.667	= 241, 242, 243
0.707	= 256, 257, 258
0.786	= 286, 287, 288
1.000	= 364, 365, 366
1.272	= 464, 465, 466
1.414	= 516, 517
1.500	= 546, 547, 548
1.577	= 575, 576
1.618	= 590, 591
1.732	= 632, 633
1.902	= 694, 695
2.000	= 730
2.236	= 815, 816, 817
2.500	= 913
2.618	= 956
2.828	= 1033
3.000	= 1096

and so forth.....

• FIBONACCI SERIES & LUCAS SERIES

3, 5, 8, 13, 21, 34, 55, 89, 144, 233, 377, 610, 987, 1597 ...

4, 7, 11, 18, 29, 47, 76, 123, 199, 322, 521, 843, 1364 ...

• SQUARES OF NUMBERS

4, 9, 25, 36, 49, 64, 81, 100, 121, 144, 169, 196, 225, 256 ...

• CUBES OF NUMBERS

8, 27, 64, 125, 216, 343, 512, 729, 1000, 1331, 1728, 2197 ...

GEOMETRY OF MARKETS II - APPENDIXES

- **LUNAR YEAR - 354**

A solar eclipse occurs every 177 days.

- **THE NUMBER OF FUSION - 1746**

$1080 = 0.618$, $666 = 0.382$, $1.272 = 2221$, $1.414 = 2469$, $1.500 = 2619$

$1.618 = 2825$, $1.732 = 3024$, $1.902 = 3321$, $2.000 = 3492$, etc.,

- **MASTER NUMBER $385 = 1^2 + 2^2 + 3^2 + \text{thru to...} + 10^2$**

385 days = 55 weeks, the 0.618/1.618 factors are 34 weeks and 89 weeks.

- **PERIMETER OF PLATO'S TEMPLE = 3168**

$3168 \text{ \& } 1008 = 22 \times 144 \text{ \& } 7 \times 144 = \text{Pi} = 22/7$

- **PERIMETER OF THE GREAT PYRAMID = 3024**

21x144 in feet. $3025 = 1^3 + 2^3 + 3^3 + 4^3 + \text{thru to } + 10^3 = 55^2$

- **THE NUMBER OF MAN - 666**

The radius of the moon 1080 by 0.618

- **GANN & ELLIOTT SQUARES OF 34, 52, 55, 89, 90 & 144**

$34^2 = 1156$

$52^2 = 2704$

$55^2 = 3025$

$89^2 = 7921$

$90^2 = 8100$

$144^2 = 20736$

These numbers can be sub-divided in the same way as 5040, 1080 and 3960 have been illustrated

In the end we could nearly cover every number under the Sun. For this reason we need to develop an approach that clarifies when to and when not to accept these CYCLE NUMBERS as important in our day to day analysis of markets.

But as Pythagoras says, "All is arranged by number". So we need to be mindful of their relative importance especially when they coincide with TIME CYCLE RATIO ANALYSIS.

GEOMETRY OF MARKETS II - APPENDIXES

INDEX OF NUMEROLOGICAL COUNTS

4 2x2	333 MAN 666	913 YEAR 2.5	2016 144x14	4900 70^2
7 finality	343 7^3	936 SQRS-52	2025 45^2	5000 70.71^2
8 Fibonacci	353 STONEHENGE	956 Year 2.618	2058 NUMBERS	5040 PLATO
9 3x3	354 Lunar year	961 31^2	2116 46^2	5041 71^2
11 Lucas	360 MASTER No.	966 Year 2.646	2160 MASTER -1080	5184 72^2
12 Master	361 19x19	987 Fibonacci	2187 POWERS-3^7	5329 73^2
13 Fibonacci	364 52x7	988 SQRS-52	2207 Lucas	5331 MAN 666
16 4x4	365 Year 1.000	990 SQRS-90	2209 47^2	5476 74^2
18 Lucas	377 Fibonacci	999 MAN 666	2221 FUSION 1746	5625 75^2
21 Fibonacci	385 MASTER 55 wks	1000 NUMBERS	2236 NUMBERS	5776 76^2
25 5x5	400 20x20	1008 144x7 /FUSION	2304 144x16 48^2	5778 Lucas
27 3x3x3	416 SQRS-52	1024 32^2	2368 Gnostic	5929 77^2
29 Lucas	432 UKS 61.8 3x144	1032 Year 2x1.414	2401 POWERS-7^4	6084 78^2
34 Fibonacci	441 21x21	1040 SQRS-52	2448 144x17	6241 79^2
36 6x6	444 MAN 666	1062 ECLIPSE CYCLE	2469 FUSION 1746	6400 80^2
37 MASTER No.	450 SQRS-90	1080 MASTER - NOON	2500 50^2	6409 PLATO
45 Year 0.125	456 Year 1.25	1089 33x33	2520 360x7	6561 POWERS-3 9^4
47 Lucas	465 Year 1.272	1092 SQRS-52	2584 Fibonacci	6763 Fibonacci
49 7x7	468 SQRS-52	1096 Year 3.000	2592 144x18	7920 MASTER EARTH
52 52x1	484 22x22	1111 33.33x33.33	2601 51^2	8092 FIB SQRS UKS
55 Fibonacci	487 Year 1.333	1118 NUMBERS	2618 NUMBERS	8100 SQRS-90
64 8x8	500 NUMBERS	1133 Uks 161.8	2619 FUSION 1746	9348 LUCAS
76 Lucas	516 Year 1.414	1144 SQRS-52	2664 STONEHENGE	10000 Ratio SQ
81 3^4 - 9x9	520 SQRS-52	1147 PI 3.142 YEAR	2665 MAN 666	10736 SATURN YEAR
86 Year 0.236	521 Lucas	1152 144x8	2704 SQRS-52^2	10943 FIBONACCI
88 Mercury year	529 23x23	1156 34^2	2736 144x19	15125 LUCAS
89 Fibonacci	531 ECLIPSE CYCLE	1164 GNOSTIC	2809 53^2	17706 FIBONACCI
90 MASTER No.	540 SQRS-90	1170 SQRS-90	2825 1746x1.618	20736 POWERS-12
91 Year 0.25	548 Year 1.5	1183 13^2 weeks	2880 MASTER 360/144	21175 55x55x WEEKS
100 10x10	555 FUSION	1196 SQRS-52	2916 54^2	24473 LUCAS
104 52x2	557 23.6x23.6	1216 Year 3.33	3024 MASTER 144x21	
121 11x11	572 SQRS-52	1224 PLATO	3025 55x55	
123 Lucas	574 Year 1.571	1225 35^2	3087 21^2 weeks	
125 5x5x5	576 144x4	1239 ECLIPSE CYCLE	3125 POWERS-5^5	
137 Year 0.375	590 Year 1.618	1248 SQRS-52	3136 56^2	
139 Year 0.382	610 yr 1.666 Fib 610	1260 SQRS-90	3168 PLATO 22x144	
144 MASTER NO	618 NUMBERS	1296 144x9	3240 360x9	
153 GNOSTIC	623 89 wks	1332 MAN 666	3249 57^2	
156 52x3	624 SQRS-52	1350 SQRS-90	3321 1746x1.902	
169 13x13	625 5^4 25^2	1364 Lucas	3330 MAN 666	
177 1x Eclipse	630 SQRS-90	1369 MASTER 37^2	3364 58^2	
180 MASTER NO	632 Year 1.732	1385 Gnostic	3481 59^2	
182 Year 0.500	666 MAN 666	1408 Gnostic	3492 1746x2.000	
196 14x14	676 SQRS-52	1440 SQRS-360	3571 Lucas	
199 Lucas	687 MARS CYCLE	1444 38^2	3600 60^2 - 360	
208 52x4	707 NUMBERS	1459 38.2^2	3721 61^2	
213 14.6x14.6	708 ECLIPSE CYCLE	1461 Year 4.000	3820 61.8^2	
222 MAN 666	720 MASTER	1480 GNOSTIC	3844 62^2	
225 15x15 yr 0.618	728 SQRS-52	1521 39^2	3904 1746x2.236	
228 Year 0.615	729 9^3-3^6-27^2	1546 YEAR 4.236	3960 MASTER - EARTH	
233 Fibonacci	730 YEAR 2.000	1584 144x11	3969 63^2	
238 34 Weeks	780 SQRS-52	1597 Fibonacci	3999 MAN 666	
242 Year 0.666	784 28^2	1600 40^2	4096 64^2	
243 3^5	801 GNOSTIC	1618 NUMBERS	4180 Fibonacci	
256 4^6 - 16x16	810 SQRS-90	1681 41x41	4225 65^2	
260 52x5	816 Year 2.236	1728 POWERS-12-144	4236 NUMBERS	
267 WEEKS 38.2	832 SQRS-52	1746 FUSION 1746	4320 360x12	
270 SQRS-90	841 29^2	1764 42^2	4332 Jupiter Year	
273 Year 0.75	843 Lucas	1800 SQRS-360	4356 66^2	
287 Year 0.786	864 144x6	1832 Uks 261.8	4436 66.6^2	
288 SQRS-144	884 SQRS-52	1849 43^2	4489 67^2	
289 17x17	885 ECLIPSE CYCLE	1872 144x13	4571 1746x2.618	
312 52x6	888 STONEHENGE	1902 NUMBERS	4624 68^2	
320 Year 0.875	888 GNOSTIC	1936 44^2	4665 MAN 666	
322 Lucas	894 Year 2.449	1999 MAN 666	4680 360x13	
324 18x18	900 SQRS-90	2000 NUMBERS	4761 69^2	

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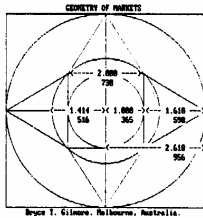
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WAVE TRADER DIGEST

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Researching Technical Analysts

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Date of Issue :- Sunday, 12th January, 1992.

THE POSITION OF THE STOCK MARKET AT THE BEGINNING OF THE YEAR IS A GOOD GUIDE TO ITS EXPECTED PERFORMANCE.

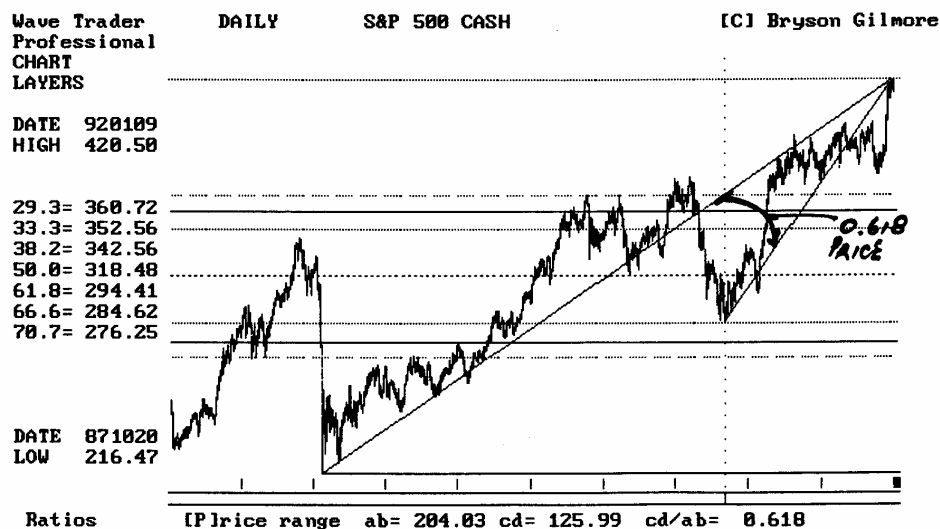
There's an age old axiom that goes like this,

"The US stock market usually makes its high or low for the year in January".

There's another one that says,

"The stock market usually rises in an election year".

Throughout 1991 I was continually looking for a top in the US stock market indices. We have caught plenty of downturns but none of them have amounted to anything more than sharp corrections. I am still long term bearish about the stock market so where better to start 1992 than with the S&P 500 index.



The chart on page 1 demonstrates the use of the WAVETRADER layer routine. That is the divisions of the total range between the chart high and low.

In this example you can see that the price range from the October 1990 low to the current high is exactly 0.618 of the total price range from the 1987 crash low.

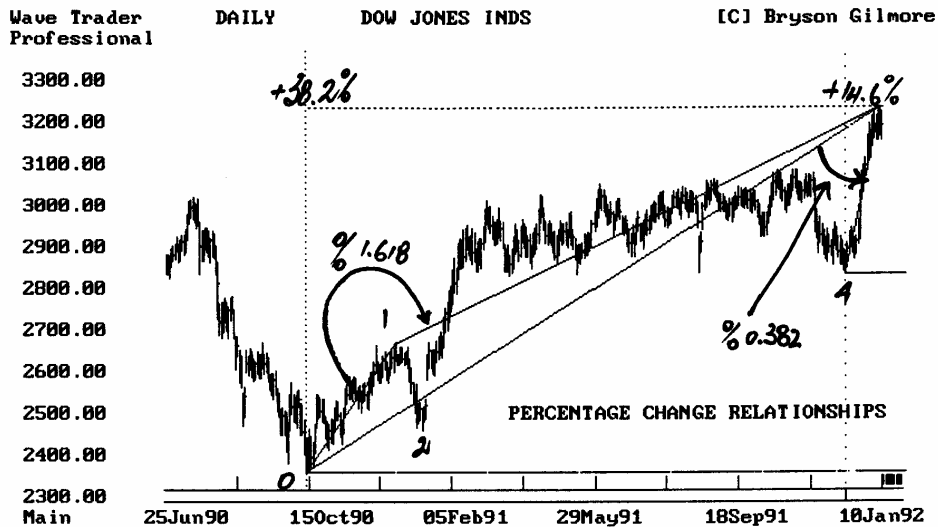
This is an important technical event if a confirmation of a top is signalled.

Confirmation of a long-term top would occur in the event that this index trades below 365.

Another technical event worth pointing out is the fact that this index has climbed a "wall of worry" and at the last advance it took off on very low volume. The current rally has been one of the fastest upmoves I have witnessed, it has the character of an Elliott wave 5.

DOW JONES INDUSTRIALS INDEX

Strong technical price signals indicating a top of some degree. Since this index is an "average" it is highly probable that we would get strong geometric relationships in percentage change.



Signals:-

From October 1990 low (marked 0) the market has risen 38.2%. From the low December 11th, 1991 (marked 4) the market has risen 14.6% (0.382 and 0.146 are on the same geometric progression as 1.618 and 0.618).

The percentage increase in wave 1 (13.58%) projected from the wave 1 high 1.618 (21.94%) gave the high price at 3246. Also the percentage increase in the last wave was 14.63% and as a dynamic relationship to the total percentage increase from 0 of 38.49% was a relationship of 0.382.

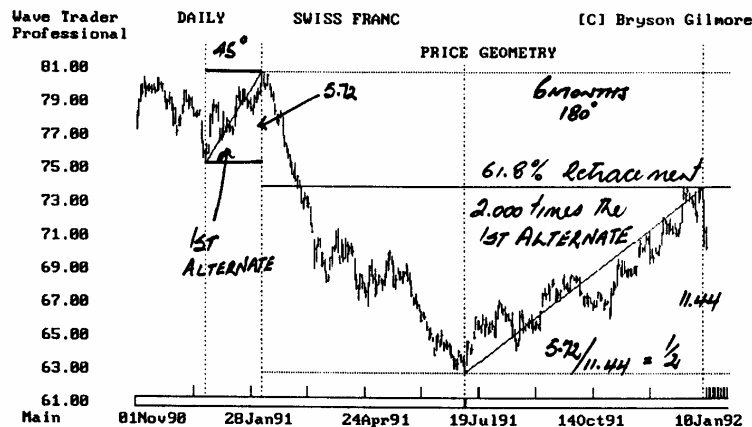
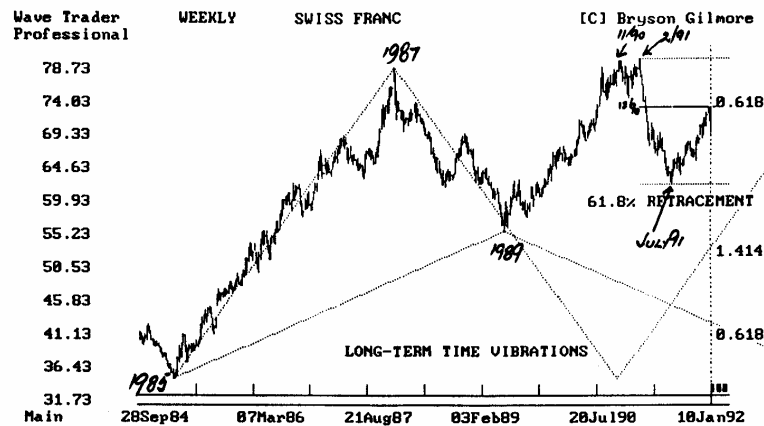
SWISS FRANC IMM

Did you see what I saw when the March SFRC made the high 73.98 on the 8th January.

The 1st month futures 61.8% retracement level was at 74.00 and two long-term time cycles were in harmony.

The time from the 1985 low to the 1987 high timed out 1.4142 (root 2, the diagonal of the square) from the 1987 high. This vibration incidently squared 1.000 when the high of November 1990 was made and 1.236 when the low of July 1991 came in.

On top of this the time from the 1985 low to the 1989 low timed out 0.625 from the 1989 low. This vibration squared 0.500 at the July 1991 low.



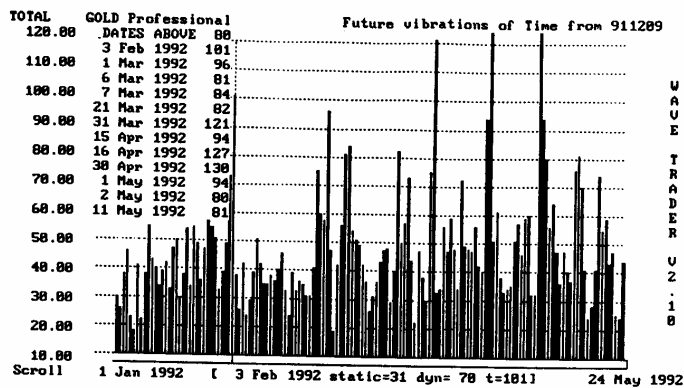
The trend had been in progress for 6 months from the July 1991, low and the price rise basis 1st month futures was 11.44 exactly 2.000 times the value of the 24th December, 1990 to 6th February, 1991 rally in 4 times the time. If we call that wave a 1st alternate as the wave trader does we can see the unfolding geometry of price, ie., 0.618 and 2.000 when compared with the two previous waves of similar degree.

COMEX GOLD

All is going to plan in this complex and we have had a pretty good rein on it since the latter part of last year. If the current vibrations hold their rhythm the next best trading opportunity date is the 3rd February, 1992.

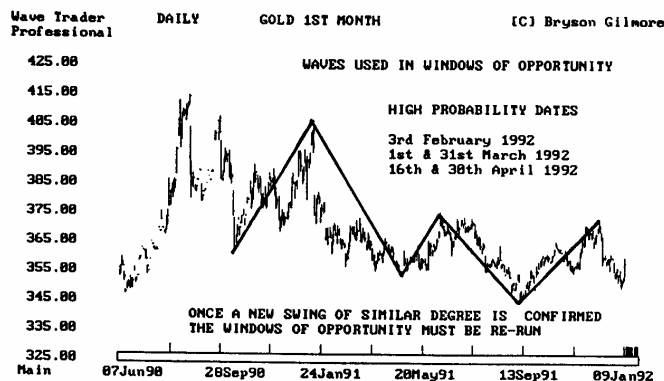
Friday the 10th January saw 1st month futures reach a 50% retracement of the recent falls and pull back sharply. If we just take each step as it comes we should be able to make a bundle out of this market in 1992. The long-term trend is still bearish and a new low should be expected.

If the low of September 1991, \$343 breaks support exists at \$333, \$324, \$318 and \$305. The best level out of all of these appears to be the \$324.



Fact file details for GOLD Professional file GOLDPRO.UFT

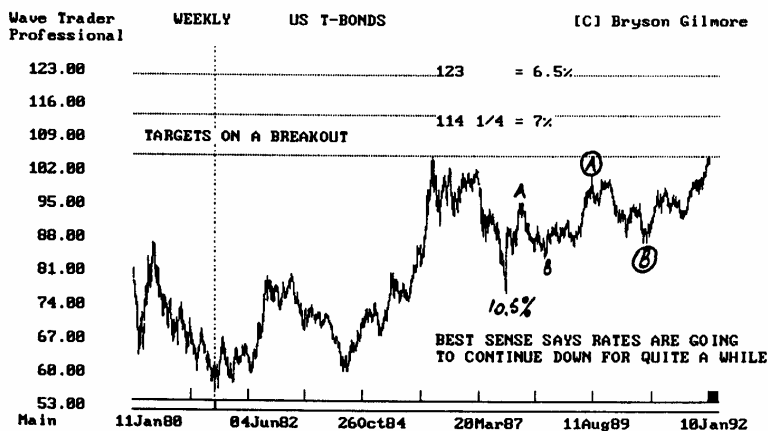
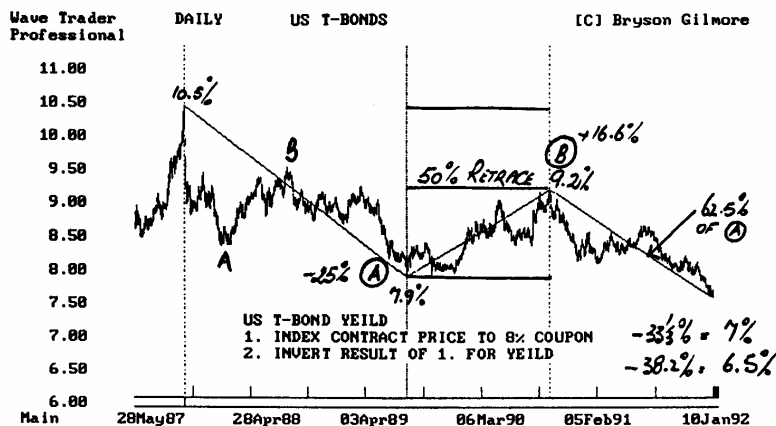
DATE	PRICE	TIME OF SWING	RANGE
901016	360.50	53 days 52.0 degree	0.144 yrs 55.00
910116	406.90	92 days 92.9 degree	0.258 yrs 46.40
910429	352.60	103 days 102.7 degree	0.285 yrs 54.30
910610	375.00	42 days 40.5 degree	0.112 yrs 22.40
910911	343.00	93 days 89.2 degree	0.248 yrs 32.00
911209	372.50	89 days 88.7 degree	0.246 yrs 29.50



US T-BONDS CBOT

The US T-BOND YIELD hit a strong support the other day, the 1986 low of 7.6%. The geometrics nevertheless look incomplete. I suspect that once a healthy correction occurs the long-term target for T-BONDS will be in the region of 114 8/32 (7% yield) then 123 (6.5% yield).

Now that the bond contract is trading above 100 it is moving in the inverse of points relative to the 8% coupon rate. It takes a hell of a lot more points increase to drop the yield once over 100 than it did when it was under 8%.



DOUBLE TOP WITH THE CONTRACT HIGH 105 15/32 17TH APRIL 1986.

EDITORIAL

With the gyrations in the currency exchange rates of many countries these days it pays to remember that a devaluation in your countries exchange rate lowers your standard of living.

You may think that a lower local currency value enhances your prospects for increasing your exports and adds to your external income, nevertheless your overall debt is increased and the cost of servicing your interest payments goes up dramatically. In the long run your country is like a dying business on the road to bankruptcy.

Unfortunately Australia is becoming such a place and anyone who thinks that the real value of their assets have increased in the past 12 years is kidding themselves.

Beware of politicians who try and camouflage inflationary policies by changing the system, especially when times are difficult and the masses are willing to accept anything new.

NEWS ITEMS

My office will be closed from 31st January through to 5th March, 1992. Any urgent WAVETRADER requests should be made to Robert Miner of GANN/ELLIOTT EDUCATORS in the USA, [602] 797 3668 or Fax [602] 797 2045. For some of my time away I can be faxed on USA [805] 773 0666.

A GEOMETRY OF MARKETS 2 day workshop in LA with Bob Miner and myself is planned for the end of February, 1992. The fee has been reduced due to the single location and the lower promotional expenses. I hope to see as many of you as possible at this seminar as I have a secret door prize for someone.

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Book your seat early as space is limited.

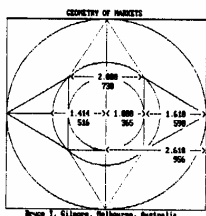
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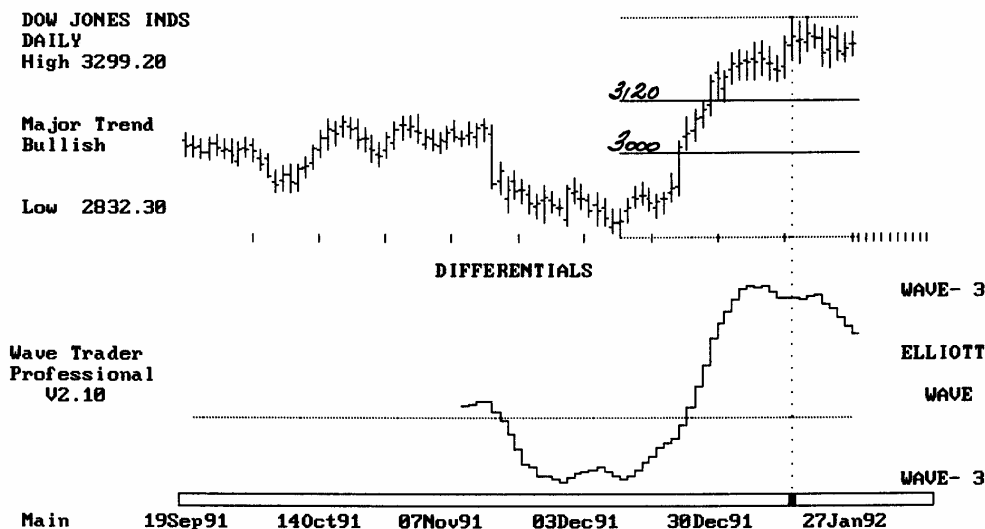
Date of Issue :- Friday, 31st January, 1992.

US EQUITY MARKETS IN NEED OF HEALTHY CORRECTION ???

The continuing rise in the DOW JONES INDUSTRIAL INDEX never fails to amaze us. All of our technical signals would suggest that the DJIA & S&P500 were about to undergo major corrections, nevertheless there has been little follow through from the highs of January 15. Maybe as H.M. Gartley said in his course PROFITS IN THE SHAREMARKET, 1935, published by Lambert-Gann, Pomeroy, see below, is worthwhile advice.

"Never sell a dull market short in a major upward trend".

H.M. Gartley

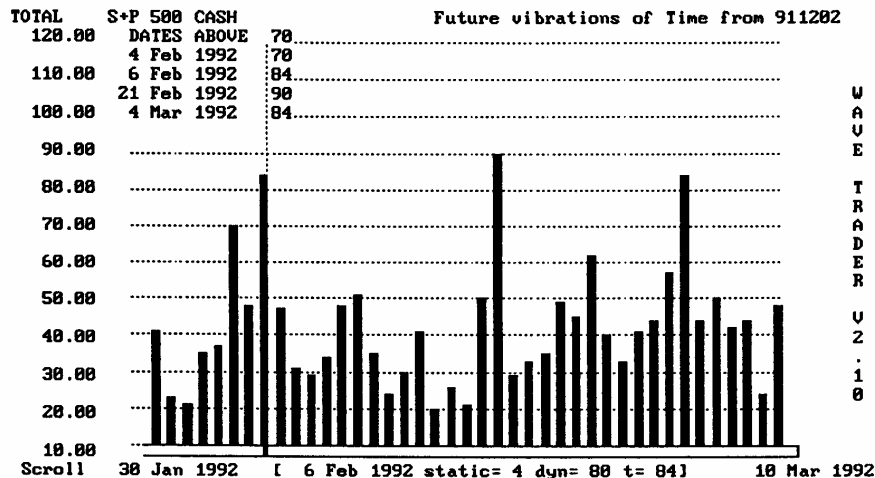
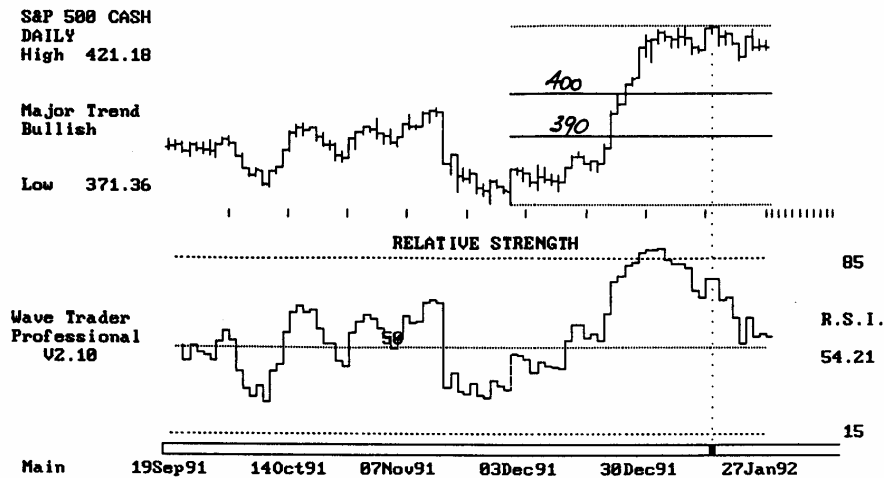


Our current opinion of the DJIA is this - To confirm a major top is in place a break below 3120 then 3000 would be required. If a new high is made, ie., above 3300 the next major target price is 3715.

S&P 500 UPDATE

Since the last digest price levels have been going sideways with no confirmation that a collapse is forthcoming. The S&P 500 needs to trade below 400 and then below 390 to give any comfort to the "SHORTERS".

The present position is one similar to a see-saw in full balance, the current major trend position favours another final bullish wave to new highs even though time and price are square at the last high. It's as though we have just completed a wave 3 and now the 4th is in progress with a 5th to come. The 5th could fail so remain alert.

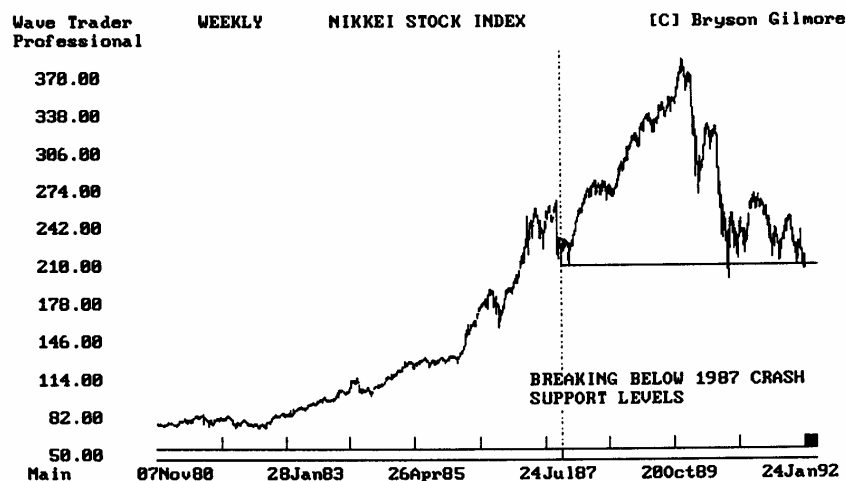
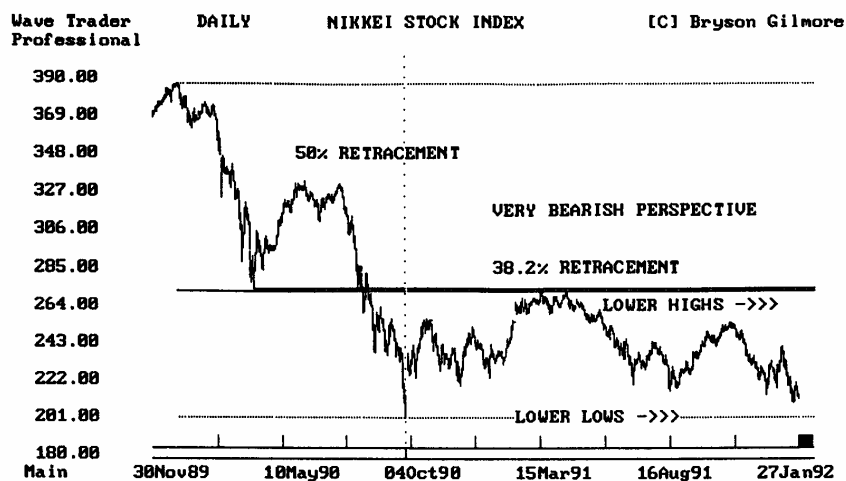


WINDOWS OF OPPORTUNITY - Important future dates to monitor the S&P 500 for a swing high or low of INTERMEDIATE degree.

NIKKEI DOW

This is the index that defied gravity during 1988/89, now look at it. This index is giving us a preview of what to expect once the DJIA and S&P 500 confirm their MAJOR HIGHS.

The immediate future prospects are indeed very bearish.

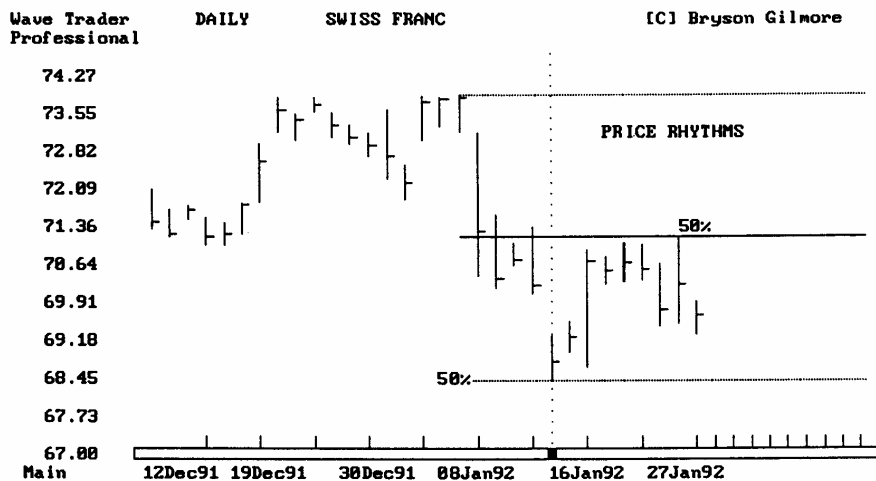
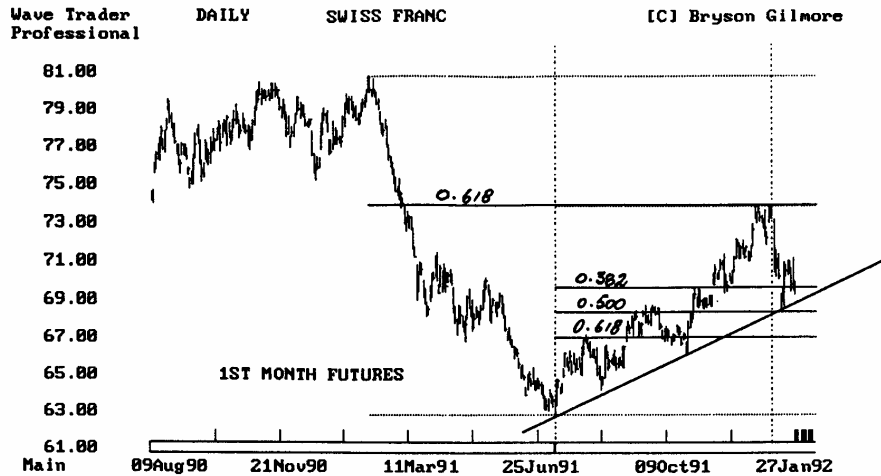


NIKKEI DOW WEEKLY SHOWING LONG TERM SUPPORT ZONE

SWISS FRANC IMM

The Swiss Franc has acted more like a market which has reversed trend since its high of January 8th at the 61.8% retracement of the previous major range.

So far a 50% retracement to the primary expansion has been recorded and it only took 7 days to retrace half of the net gains of the previous 6 months.

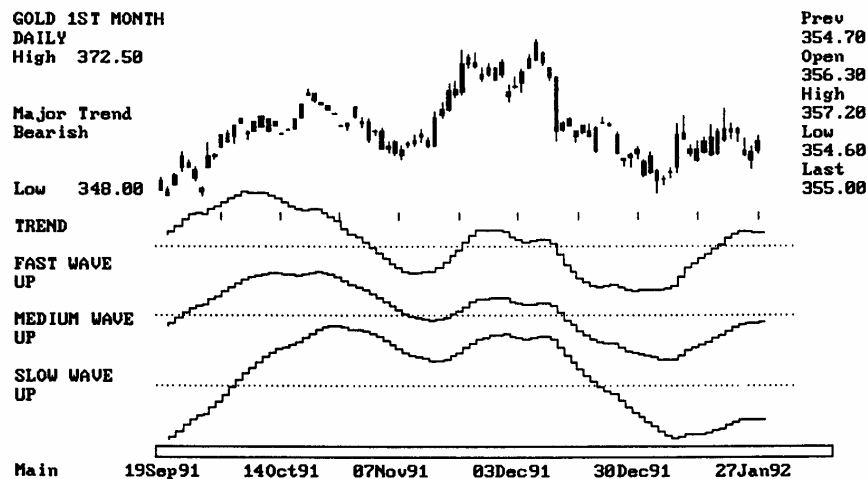
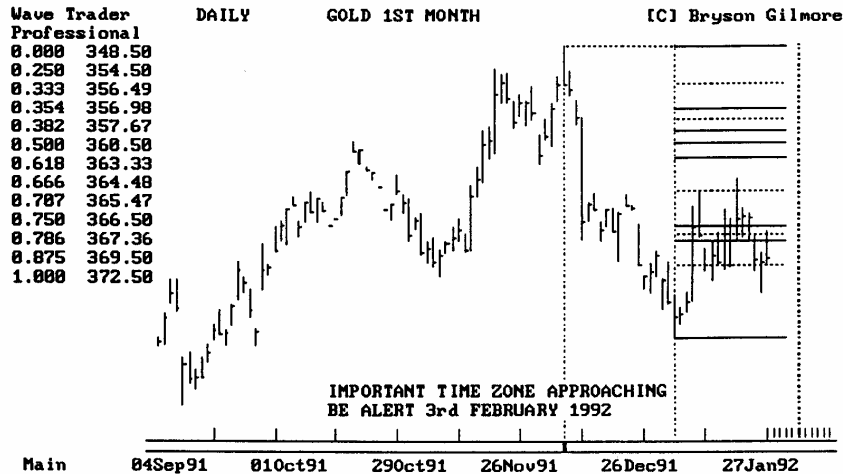


From the MAJOR 50% retracement the Franc then bounced back to exactly the 50% retracement of the current previous INTERMEDIATE impulse wave. This market has provided 3 perfect price opportunities in January to those who know what to look for.

COMEX GOLD

The long-term trend is still bearish and a new low should be expected. If the low of September 1991, \$343 breaks, support exists at \$333, \$324, \$318 and \$305. The best level out of all of these appears to be the \$324.

The next important TIME CONVERGENCE falls on the 3rd February, 1992, then March 5/6, then March 30.



The current minor trend position would suggest a possible retracement high to be made on February 3rd. Look at levels \$363.30, \$364.50 & \$365.50, ie., 0.618, 0.666 & 0.707. I cannot stress enough how important the 3rd of February is, if the market fails to turn on this date expect the trend at this time to accelerate.

US T-BONDS UPDATE

Although it is still early days the correction in the CBOT T-BONDS to 101 11/32 appears to be complete as of 24th January. The January Digest gave the bullish targets on a break above 105 20/32 as 114 8/32 (7% yield) and 123 (6.5% yield). It maybe that some sideways activity is necessary prior to the next advance. This market is certainly showing great opportunity for traders.

ANNOUNCEMENTS TO v2.10 WAVE TRADER USERS

Modifications to the software have been completed so that 486 and NOTEBOOK COMPUTERS can access the security key. This adjustment was required due to the way these machines boot up their parallel port. Also the software has been modified to allow users to select which port they wish to access their security key. For instance you may have a number of keys which are incompatible and they require different ports to save you the inconvenience of removing and replacing keys as you use each program. Ports LPT1, 2, 3 & 4 are now available to use with the V2.10 package.

V2.10 & V2.10E now contains some new routines in the form of additions rather than changes. Primarily these are related to the use of SOLAR TIME in making future time projections. Also a number of minor bugs have been eliminated from the UPDATE MODULE. These additions & alterations now come as part of the V2.10 package and will not be issued as an upgrade. To update your V210/e package will require a modest fee of \$50.00 to cover printing, disks, handling & postage. US & OVERSEAS citizens should apply to GANN/ELLIOTT EDUCATORS for new disks.

SEMINAR LOS ANGELES

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All fees payable in advance as space is limited.

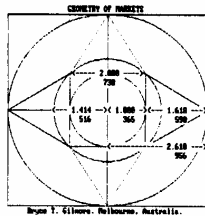
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BEAR MARKET IN STOCKS SEEMS INEVITABLE

The current technical position for both the DOW JONES INDUSTRIALS and the S&P 500 index is about as risky as it was back in September 1987, just before the crash. That is not to say that we are expecting a repeat performance of October 19th, 1987, just that the current position of buyers versus sellers is so delicately balanced we can see no other outcome possible but an agonizing BEAR MARKET.

The ramifications of a sharemarket collapse in the USA, JAPAN and GREAT BRITAIN will cause the greatest selloff in equities world wide ever imagined.

This activity will force the current bankruptcy stock held by financiers to be flooded into the market place.

The outcome will be devastating to those who hang around looking for a way out, only lots of time and pain will ever cure the current predicament.

**DON'T EXPECT THE MARKET TO
SAVE YOU, YOU CAN ONLY SAVE
YOURSELF. Tudor Jones.**

S&P 500 INDEX

Our headline was not written on a whim, I and other dedicated analysts share the same opinion. There are so many technical explanations for this conclusion that they are impossible to mention here.

Let's just recap the simple technical signals that could alert an astute technical analyst to the weakness that has befallen this market.

First, since January 15th, 1992 the S&P 500 has failed to make any new highs when the DJIA was attempting to move into new high ground. The S&P 500 timed out exactly to the day in major proportion both in time and price. One we mentioned in our January Digest was the price relationship between the rise in the index from the 1987 crash low and the rise from the 11th October, 1990 low as a 1:1.618 relationship.

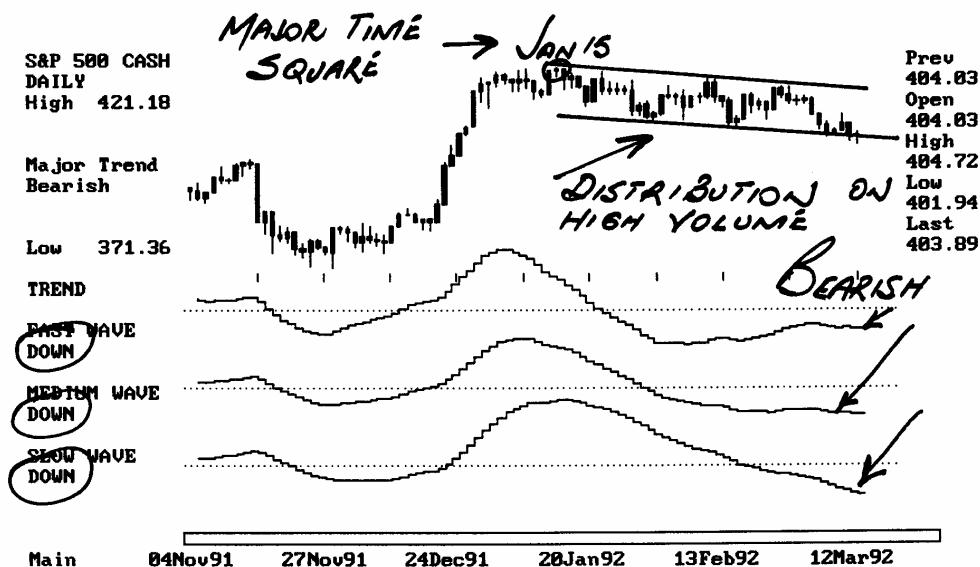
Secondly, the rise terminated 1 year to the day from the beginning of the rise at the Jan 91 low.

Thirdly, the 15th Jan, 92 high occurred 1 and 1/2 years from the July 1990 high from which a 20% decline occurred into Oct 1990.

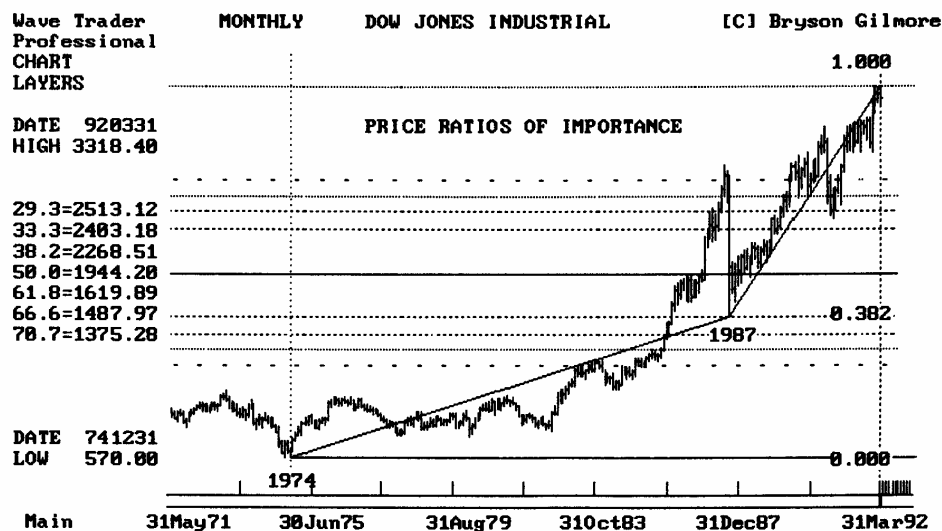
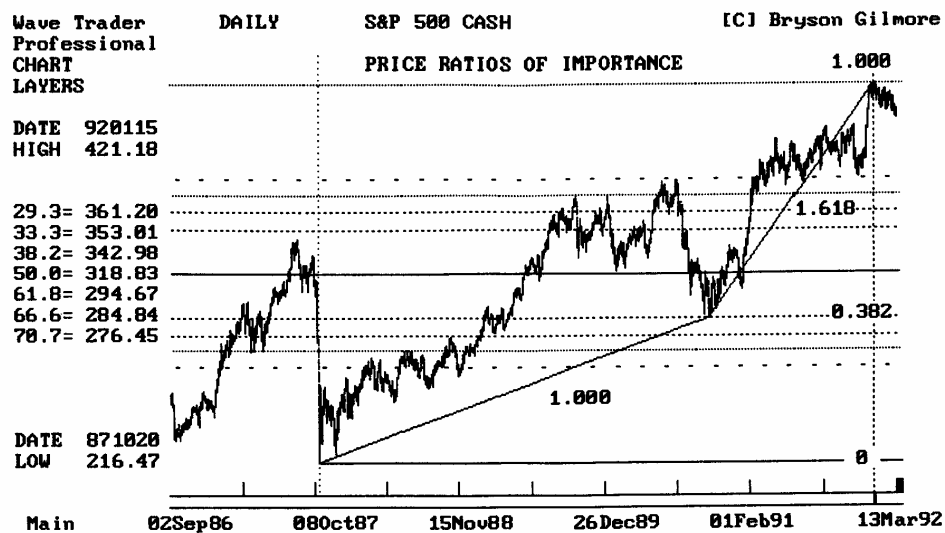
Fourthly, there were many other important supporting TCR (time cycle ratios) which clustered on and around the 15th January, 1992.

Something I have not mentioned is that the same points, ie., Oct 87, Oct 90 and Jan 92 registered a 1.618:0.618 time relationship, also the 1974 low of the DJIA lies on a 1.618 to the 4th power time relationship with the 1987 crash low and the other two important points, ie., Oct 87 low, Oct 90 low and the Jan 92 high are in exact harmony with the 1974 low. The calculations cannot be demonstrated here as they are forbidden by our NON DISCLOSURE AGREEMENT, that is the one we have between special students we teach these finer points of market timing to in our \$5000 four day workshops.

Suffice to say we are sharing our knowledge with you by stating the importance we attach to this event.



Below you will see the two charts of the S&P 500 cash index and the DOW JONES INDUSTRIALS AVERAGES. Both have come together in a "SIMILAR BUT NOT IDENTICAL PATTERN" of price relationship between major swing highs and lows.

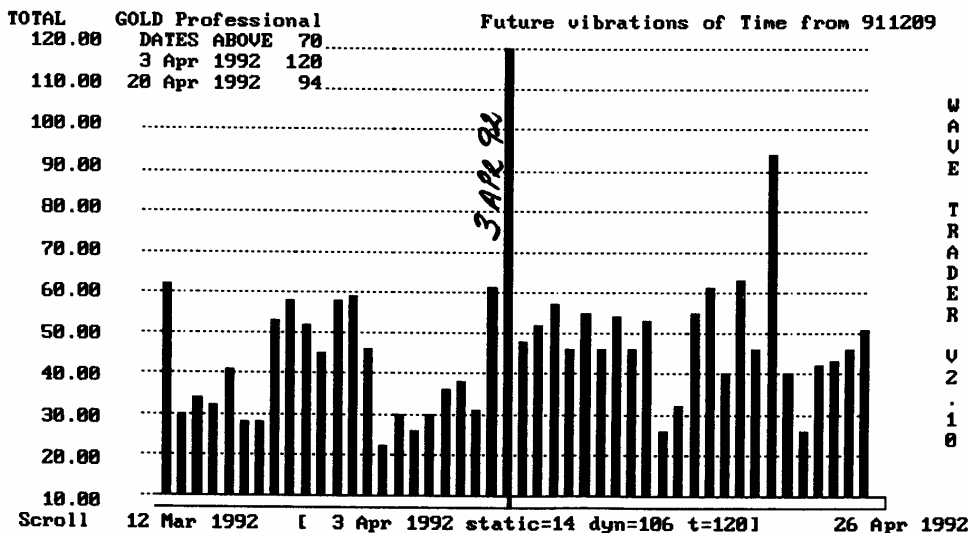
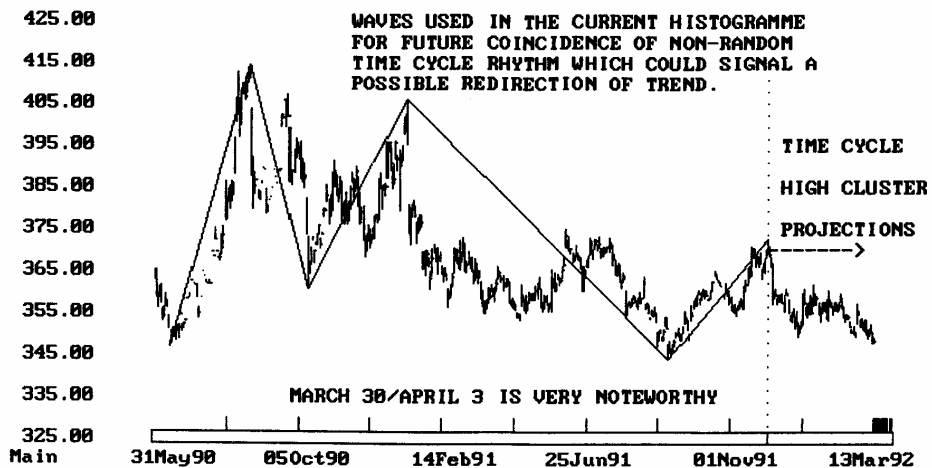


These types of price formations are very important in the WAVE TRADER theory.

COMEX GOLD

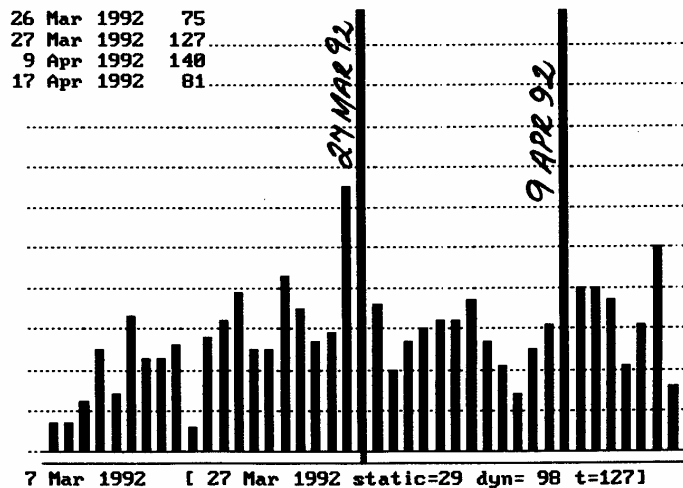
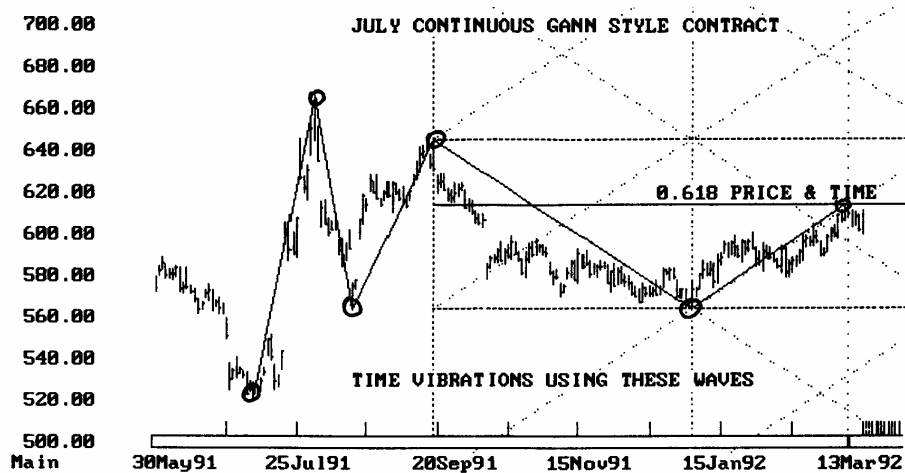
The long-term trend is still bearish and a new low should be expected. If the low of September 1991, \$343 breaks, support exists at \$333, \$324, \$318 and \$305. The best level out of all of these appears to be the \$324.

The next important TIME CONVERGENCE falls on March 30 as per the February Digest but, now time has been overbalanced between the June 10 high and the Sep 11 low I have removed the lesser degree swings of Apr 29 and Jun 10. This wave analysis projects April 3rd as the most likely date for a change in trend in the intermediate degree wave action. Be especially alert during the week ending 3rd April, 1992 for a price and pattern signal day that could represent a tradable move.



SOYBEANS - JULY CONTRACT

Since my recent trip to the US I have been following the SOYBEAN complex due to the interest in the potential "El Nino" effect. Many analysts have forecast the possibility of a BULL MARKET occurring this year or next. I once had the pleasure in 1983 to be on the long side of an explosive bull market in beans, it was an experience you could never forget. For this reason I am closely watching the bean market for signals that may alert me to another "explosive bull market". Up until now the July Soybean contract has been acting in a purely technical manner. Just a few days back it once again hesitated its advance at the 0.618 price retracement in 0.618 of time of the previous range. If it continues to break resistance as it has in the past it won't be long before we see some "BULLISTIC ACTION". I have included this month a chart of the contract price and the WINDOWS OF OPPORTUNITY calculations using the waves outlined on the price chart. If you are a bean follower watch the dates highlighted for potential change in trend dates.



<p align="center">IMPORTANT ANNOUNCEMENT TO WAVE TRADER USERS and INFORMATION SEEKERS</p>
--

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All questions regarding sales, installation, operation and technical advice should be addressed to our distributors principal Mr ROBERT MINER (unless otherwise arranged with me in advance). In the event that he has no answer I will endeavour to provide one; so long as it only has to do with software application.

In 1986 when I sold the first copy of the WAVE TRADER to a fellow trader I made it quite clear that my program was a TOOL BOX to replicate GANN and ELLIOTT oriented market analysis. I said at the time that it was up to him to learn the theory behind the routines that we use. I still hold the same position today.

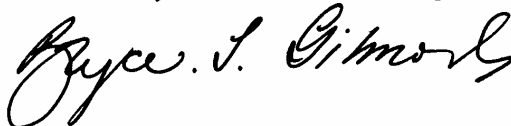
In 1989 I published the "GEOMETRY OF MARKETS" book, to help outline aspects of the theory of time and price analysis, so that people interested in this superior form of market assessment could educate themselves in their own time.

Now due to the sophistication employed by the WAVE TRADER V2.10e version that has been in circulation since May 1991, it has become necessary to provide specialized training in the form of seminars. These seminars have been taped and contain important technical material never published before. The latest seminar held in LAX 29th February, 1992 is currently being edited and will be available for sale quite soon. The price for the tapes and the 200 page seminar manual is \$395.

For students seeking services such as personal training in the art of TECHNICAL ANALYSIS OF MARKETS and TRAINING IN THE PROCEDURAL USE OF THE WAVE TRADER I have two programs available. For novice analysts I recommend they start with the 2 day instruction workshop undertaken in small groups. I will begin to hold these once again in the near future. The cost will be a modest \$850 per person.

For the professional analyst and trader who wishes to be shown the LEADING EDGE in market timing, including the use of planetary cycles, I will be conducting a four day intensive course from time to time. Participants will be required to sign NON-DISCLOSURE AGREEMENTS and agree that the knowledge transferred will only be used for their own personal benefit. The cost of this course is \$5000. Students taking this course will leave realizing which tools and techniques work, why they work and when and how to use them. The techniques taught in this course are applicable to all markets, not just one or two. Twelve years of research knowledge transferred in 4 days.

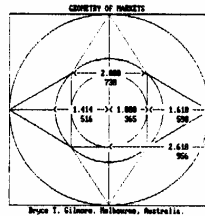
Regards,



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**THE PRIMARY BULL MARKET IN
THE US\$ WHICH BEGAN IN JANUARY
IS EXHAUSTED**

On the Spring equinox, friday, 20th March, 1992 a major rally in the Deutsche Mark, Swiss Franc and the British Pound began. The Deutsche Mark reversal accompanied classic technical signals of time and price convergence. These signals and how to work them into the future will be the main subject of our discussion this month.

A new bear market in the US\$ will be confirmed by the British Pound trading above 1.75, the Swiss Franc above 68.50 or below 1.46 and the D-Mark above 61.8 or below 1.618.

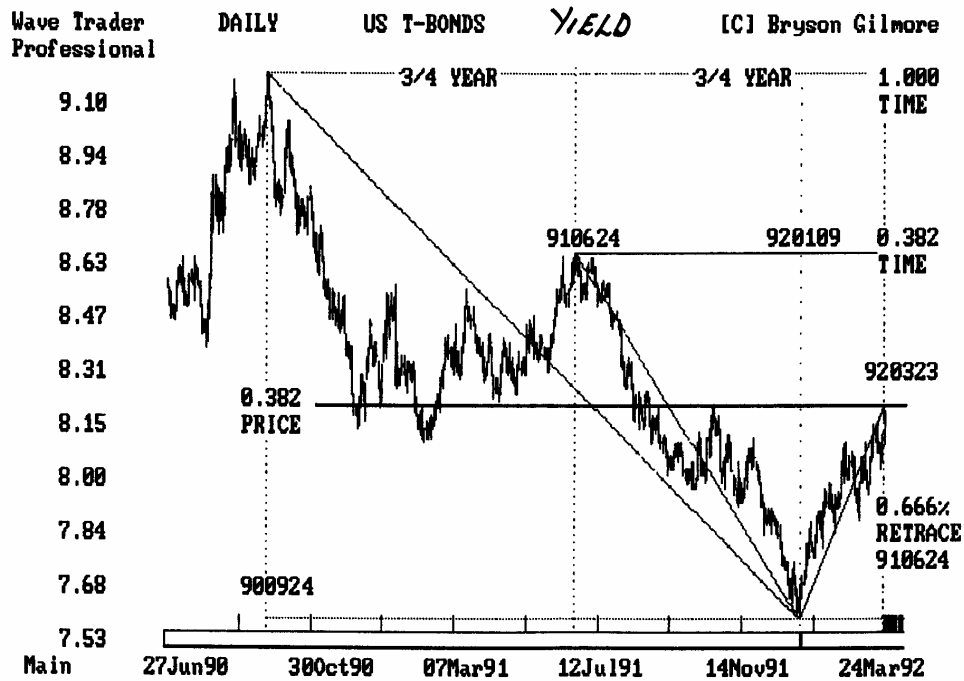
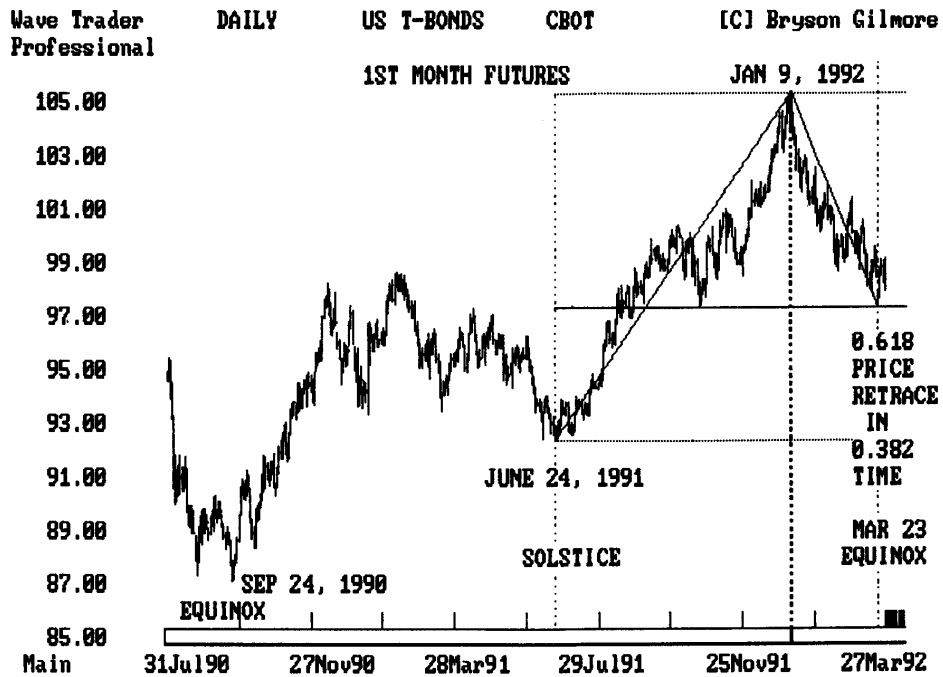
The D-Mark is the safest investment out of the three currencies, it also pays a good interest rate, if you are buying physical currency concentrate on this one.

US STOCK INDICES CONTINUE TO GENERATE SELL SIGNALS WHILST THE US BOND MARKET FINDS SUPPORT

A divergence between the accepted theory, ie., stocks go up in a low interest rate environment is going to be tested throughout 1992 as the deflationary trend continues.

The only safe haven for investors this year is going to be in cash even with low rates, anyone who thinks the recession is over is going to get a real lesson in economics throughout 1992-1993.

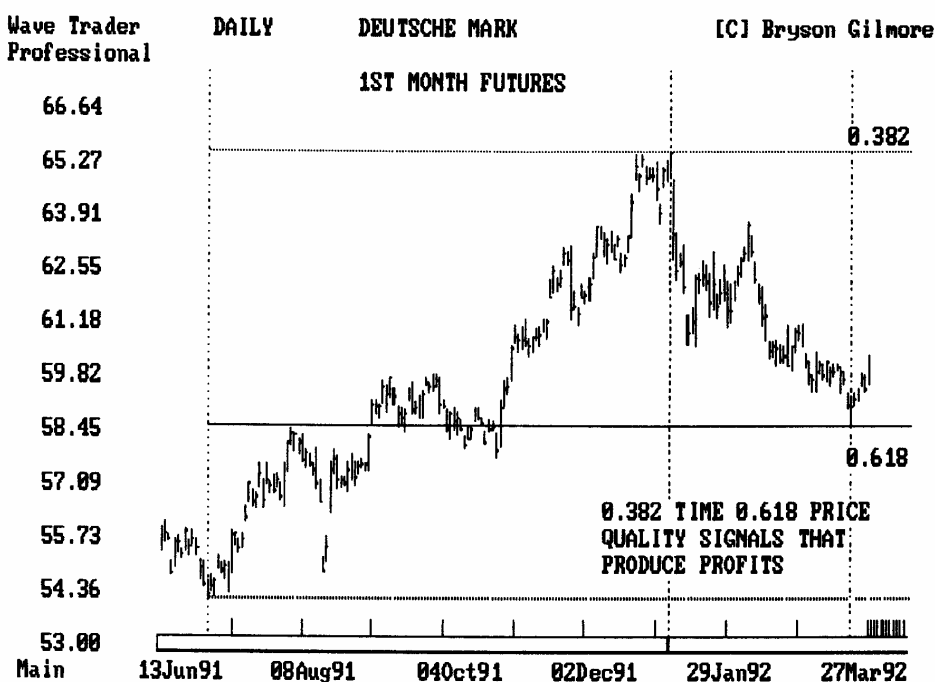
US T-BONDS 1st month futures CBOT



IF YOU WANT TO DEVELOP YOUR OWN INTUITION, DEFY HUMAN NATURE AND DO THE RESEARCH WORK

Who out there caught the DEUTSCHE MARK making a 61.8% Price retracement in 38.2% of Time of a major range. This was an especially important event as it fell on the 20th March, 1992 equinox (exactly to the day).

The Gold market and the currency markets often make seasonal highs and lows close to the EQUINOXES and SOLSTICES, ie., around March 18-24, September 19-26 and June 19-25, December 19-25. Also important are the Apogee July 2-8 and the Perigee January 2-8.



**WHY WORRY ABOUT THE HARD ONES WHEN THERE ARE SO MANY EASY
SET UPS TO TRADE..... Larry Pesavento.**

IN OTHER WORDS, NEVER LOOK A GIFT HORSE IN THE MOUTH.

FEATURE - predicting future time rhythm
--

In recent months I've come into contact with numerous WAVE TRADER USERS who are new to TIME & PRICE ANALYSIS. Many expressed having doubts as to how they should interpret and filter the strength of time signals produced within the [P] TIME TEMPLATE of the UPDATE SWING CHARTS module and the HIGH SCORING DAYS generated by the WINDOWS OF OPPORTUNITY module?

Before you can personally filter any WAVE TRADER signal for its tradable value you need to understand the theory and practical application of TIME ANALYSIS. I've often stated at seminars and private student sessions that it is possible to generate time vibration signals for just about everyday of the year. In essence these signals will be nothing more than just RANDOM calculations unless certain other criteria is present.

THE FIRST STEP when projecting TCR's (Time Cycle Ratios of a measured move) is to look for MULTIPLE SIGNALS OR CLUSTERS falling on a particular date. THE NEXT STEP is to look for RHYTHM. The professional time analyst knows that the previous vibrations are just as important as the future vibrations, knowing this they will look for a RHYTHM between the PAST & the FUTURE.

A Rhythm is present when say a high or low forms on a TCR of a measured move, lets say a ratio of 0.382; then at a later time a new high or low forms on a ratio in the same progression of ratios, eg., 0.382, 0.500, 0.618, 1.000, 1.618, 2.000 etc.,

You have to use these tools in the same manner as the raw calculations. The stronger signals will be formed when you find MULTIPLE RHYTHMS at work within a complex. When you have the knowledge of how to find out if these conditions exist, the odds of forecasting future trend change dates will increase significantly. The best way to get this knowledge is to study past market turning points. I find the CYCLE & STARWARS routines in the UPDATE SWING CHARTS module, the fastest and most time efficient way to complete this task.

To give you an example of how one should approach this type of time analysis we need to look at a before situation and then a future probability arrived at with a reference to the past.

The past example I am using is the DEUTSCHE MARK IMM 1ST MONTH FUTURES LOW 58.55 ON THE 20th MARCH, 1992. (see upper chart next page). The first important observations are the top three TCR ratios, 0.382, 0.500 & 1.000. These ratios are all common to the January 8th, 1992 high and the progressive lows starting at the July 2nd, 1991 low. At the same time a rhythm developed in the decline, ie., 2.000 & 1.414. There are a number of longterm TCR's not illustrated here that also fell on the date of this low (920320).

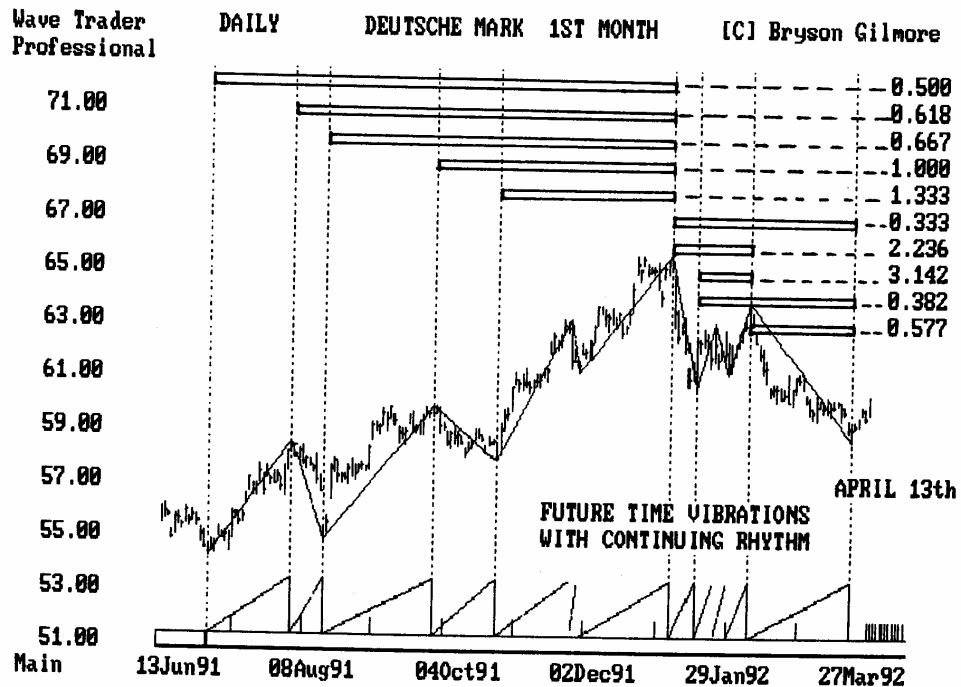
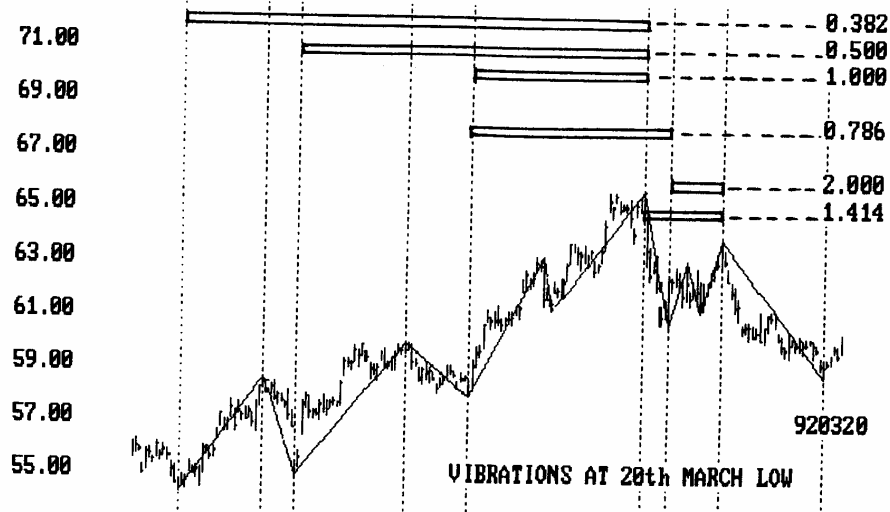
For the future we now look for a DATE where a continuation of the same rhythms come into phase once again. (See lower chart next page). In this case I have tested for rhythm on the 13th April, 1992. The 0.382 moves to 0.500, the 0.500 moves to 0.667, 1.000 moves to 1.333. From the decline we pick out that the 1.414 (root 2) moves to 2.236 (root 5), 2.000 moves to 3.142 (22/7 PI). Then the new ranges come in at 0.333 and 0.382.

All quality time signals will generate some influence over the progression of a trend. The over-riding influence will then be the PRICE level a market reaches when these time vibrations fall due. For instance given the fall into the 920320 low as a three wave 0.618 retracement of the previous PRIMARY degree trend, any retracement over and above 0.382 (normal 4th wave limitation) of the fall would indicate a possible primary degree trend change. Using the knowledge of how it all fell together in the past is a primary analysis asset for the future.

WITHOUT THE KNOWLEDGE OF HOW A MARKET HAS BEEN PROGRESSING, FILTERING HIGH PROBABILITY SIGNALS GENERATED BY MECHANICAL MEANS IS ONLY A LUCKY GUESS.

The mistake is not in guessing wrong, the mistake is in staying wrong

Knowing why, where & when a strong reversal signal is being generated will be the only way to capitalize on your technical analysis.



COMMODITY	SUPPORT	RESISTANCE	TIME
GOLD 1st	336 / 324	349 / 356	APR 13, 30
S&P 500 1st	401/395/388/374	412 / 415	APR 3, 16
T-BONDS 1st	97 ¹⁴ / 95 ¹²	100 ¹⁷ /101 ¹⁷ /102 ¹⁶	APR 15, 29
D-MARK 1st	58.5/58/57.5	61.3/62.2/63	APR 13 MAY 4
BPD 1st	167.3/166.5	174.6/176.9/179	APR 13, 29
SWISS 1st	64.5/64/62.5	68.1/69.25/70.4	APR 7, 28
SOYBEANS 7/92	589/583/580	600/615/628	APR 1, 9 MAY 1
WHEAT 7/92	358/340/318	385/394/402	APR 7, 23
AUS DOLLAR	75.3/74.9/69.5	77 / 77.8	APR 2, 13, 24
ALL ORDS	1560/40/07	1594/1604	APR 7/8, MAY 12

EDITORIAL

There is no bull side or bear side to the market - only the right side. Bull and Bear are just descriptions from which we can identify our opinions. Even though I hold an opinion right now, I am flexible enough to reverse it if evidence comes along that suggests I should. The purpose of this digest is to show others how to think for themselves, not just force feed my opinion on you. If you can learn how to conduct a comprehensive analysis of any market in an average of 5 minutes a day as I can, then you will learn how to remain flexible, patient and self opinionated. Just remember to maintain your humility and you won't get into any trouble, infact you will be at ease to trade without fear or greed motivating you to second guess your position.

It is common knowledge that I work very closely with a couple of prominent analysts who write their own newsletters. Sometimes we can hold differing views about the longer-term perspective of certain markets, this is a normal situation, due to the fact we are individuals. Nevertheless it should be known, if some evidence that is important to our individual views arises we have the ability to fax it immediately we see it. Often it is not necessary because we are all flexible and know what market action constitutes a change in opinion.

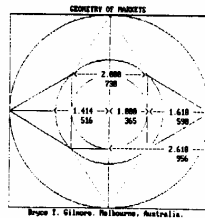
It should be everyone's aim who works with technical analysis to study and reach a professional level; why settle for anything less. When you can duplicate the top of this page in an hour you have made the grade.

NEWS CLIP - I have it on good authority that as of October the Texas two step will be banned after midnite at Harry's Bar in Pismo Beach, California. In fact all music and dancing will be banned after midnite. Harry's is a real throw back to the past, it is a place where you can go and revisit the 70's, right in the middle of town. Anyone who has been to Pismo and not visited Harry's doesn't know what they have missed. You can rub shoulders with bikers and cowboys all having a good time and oblivious to any normal predudice; Just the tonic for exhausted commodity traders. The place will never be the same once the local council gets its way. WHAT's NEXT?

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USA STOCK MARKET SET TO MAKE IT OR BREAK IT THIS MONTH!

The current DIVERGENCE between the S&P500 and the DOW JONES INDUSTRIAL AVERAGES must be resolved before any confirmation of a continuing bull market in stocks can be contemplated.

When the DJIA made a new all time high on the 16th April, 1992 the S&P500 refused to move anywhere near its all time high made on 15th January, 1992.

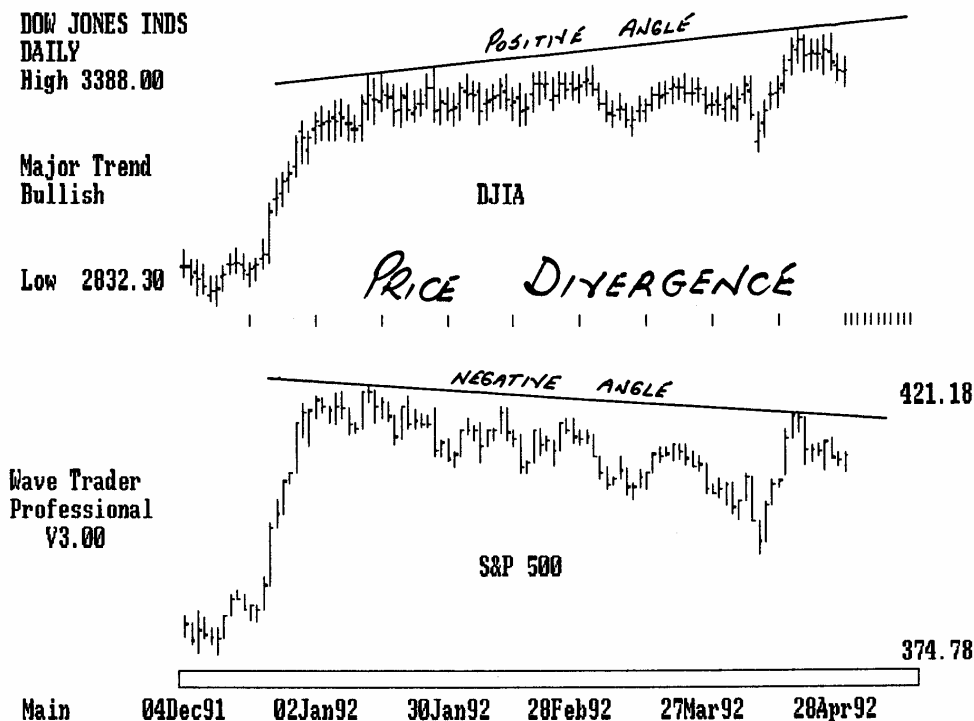
The broad market is lagging the blue chip stocks, ie., the DJIA is making new history highs whilst the S&P500 refuses to move into new ground. If the S&P500 cannot move into new high ground this month the short side (or right side) could be extremely volatile.

FURTHER CUTS IN SHORT TERM USA INTEREST RATES DOUBTFUL

US Treasury Bill rates look to have made INTERMEDIATE DEGREE lows in recent times, with little prospect for rises this market is a trading range proposition in the near term.

The US-T BOND / T-BILL YIELD SPREAD is currently fluctuating around 4 basis points. This is historically high therefore we expect the long rates (T-BOND) to get weaker in the near future and the spread to narrow.

NON CONFIRMATION SIGNALS



DIVERGENCES IN PRICE ACTION BETWEEN THINGS OF A SIMILAR NATURE CAN GIVE ADVANCE WARNINGS OF AN IMPENDING CHANGE IN TREND.

If you look at how the S&P 500 prices were making lower highs and lower lows prior to the explosive rally between the 9th and 16th April you can identify a distribution taking place.

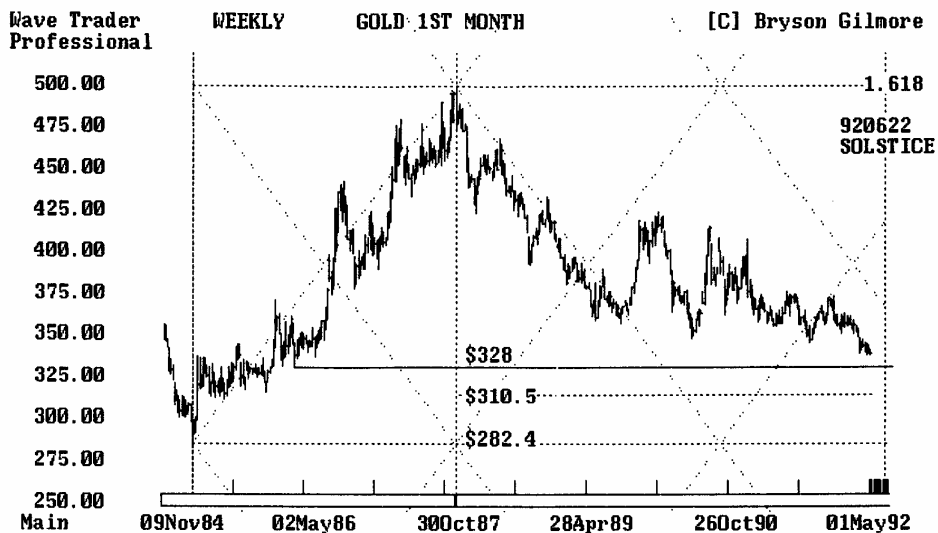
A distribution occurs when strong hands sell into weaker hands. The buying by the weaker hands is not sufficiently powerful enough to force prices to new highs. SUPPLY OUTWEIGHS DEMAND.

Rallies within distributions are aided by short covering from the professionals. This is the picture being painted by the S&P 500 index.

Given the historical overvaluation of US industrial stocks at this time and the technical picture being presented it is only reasonable to anticipate a bear market of primary degree.

GOLD STILL LOSING ITS GLISTER

New 6 year price lows amid a low interest rate environment only re-inforces the critical situation this complex is facing. Production of new gold has yet to taper off, although it will do so quite soon if the downtrend in prices continue much longer. Definitely not the time to invest just yet.



Some months back I mentioned that JUNE 22nd, 1992 may be an important date for the GOLD complex this year. As we approach the summer solstice I will be looking for trend and pattern signals that coincide with some price supports I have outlined above.

INVEST WITH YOUR HEAD NOT YOUR HEART.....

An examination of the methods employed by successful stock market traders, shows first that they are persons who do their own thinking, and secondly, that their success is not mere chance but instead is the result of arduous and careful study of market conditions.

From, "PROFITS IN THE STOCK MARKET" by H.M. Gartley, 1935.

Predicting future time rhythm - DEUTSCHE MARK

Continued from April...

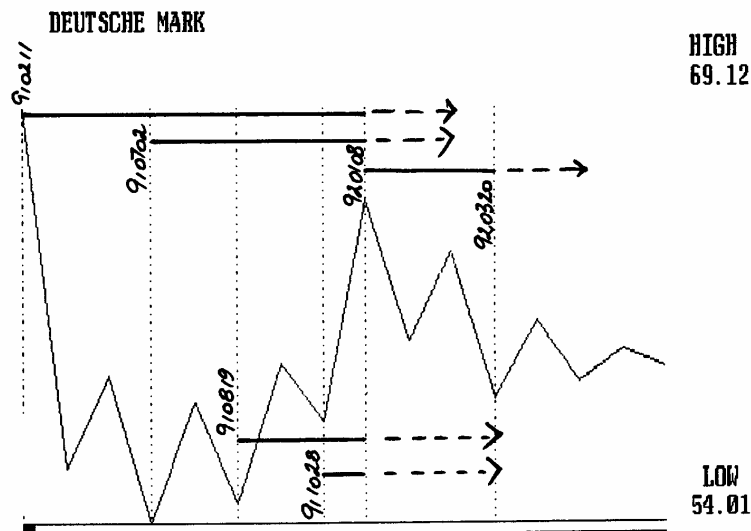
Knowing why, where & when a strong reversal signal is being generated will be the only way to capitalize on your technical analysis.

In the April issue we discussed the existing time rhythms present in the DEUTSCHE MARK and illustrated how these vibrations would coincide again on the 13th April, 1992.

Well the 13th April, 1992 arrived and went without this market making an extreme high or low on that day! You may ask the question as to why this was the case?

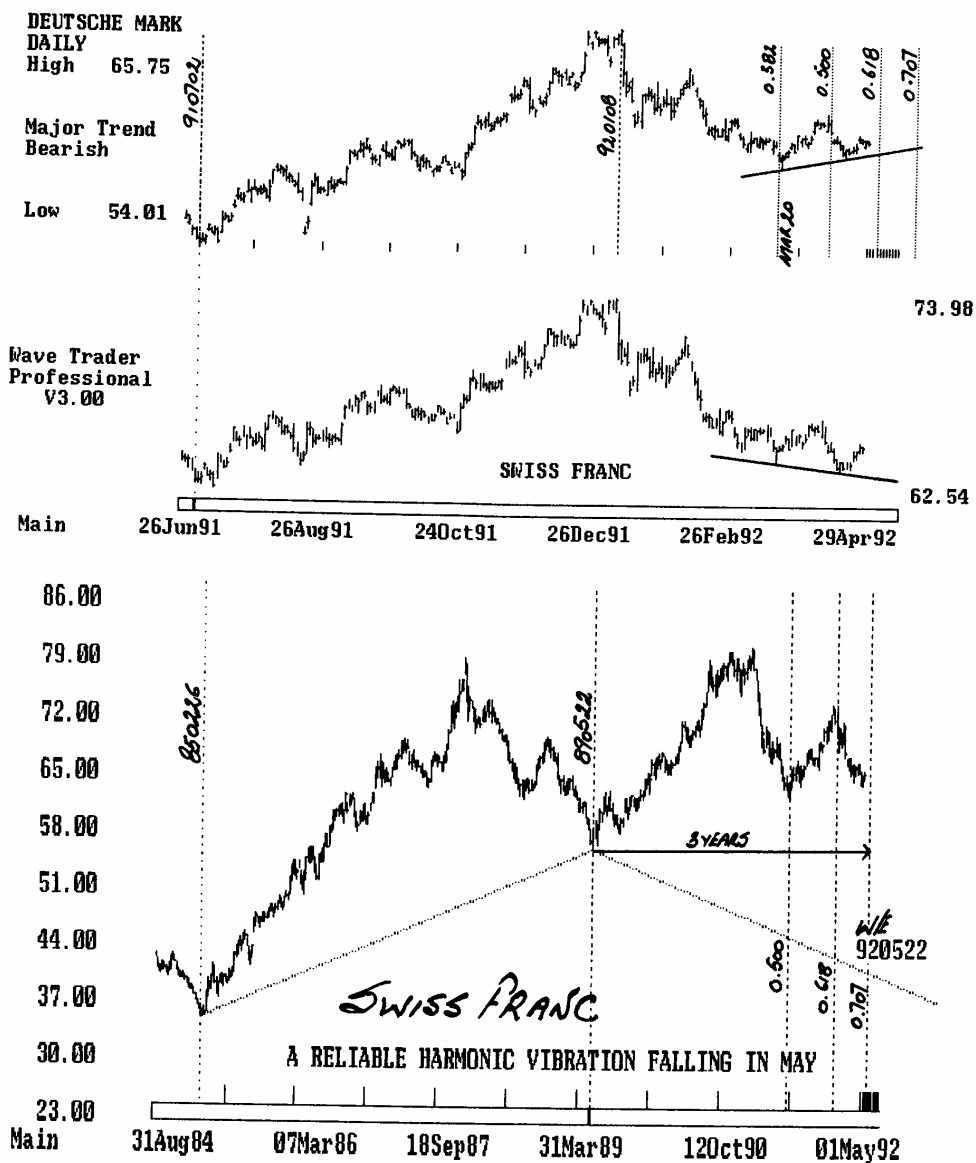
The simple answer is this; the market price and trend was not in a confirmatory position when the time was up. If the time signal was to be validated then the price relationships would have needed to coincide with the time signal.

This does not mean that one should disregard these existing rhythms, we should continue to monitor them and other important ranges in the future.



CONVERGENCE	TCR	TIME	PROJECTED RANGE	CYCLE
3 May 1992	1.618	116.0	920108 - 911028	72
3 May 1992	0.618	44.0	920320 - 920108	72
4 May 1992	0.618	117.0	920108 - 910702	190
7 May 1992	0.333	119.9	920108 - 360	360
7 May 1992	0.667	48.0	920320 - 920108	72
9 May 1992	0.707	50.0	920320 - 920108	72
11 May 1992	1.732	124.0	920108 - 911028	72
13 May 1992	0.667	126.0	920108 - 910702	190
13 May 1992	0.382	126.0	920108 - 910211	331
21 May 1992	0.707	134.0	920108 - 910702	190
23 May 1992	1.902	136.0	920106 - 911028	72
25 May 1992	0.382	137.5	920108 - 360	360
29 May 1992	1.000	142.0	920108 - 910819	142
31 May 1992	2.000	144.0	920108 - 911028	72
31 May 1992	1.000	72.0	920320 - 920108	72

Looking back on my comments in the April Digest about the strength of the DMARK one has to be a little wary due to the deep correction, ie., 0.786 of the rally out of the March 20 low. At the same time the SWISS FRANC went and made a new low below its March 20 bottom.



There are some quite strong time convergence dates for the DMARK falling in May the first of which is the 3/4th and the second of which are the 12/13th. The Swiss Franc has a particularly strong time window between the 19th/22nd May. The week ending 22nd May falls on a rhythm vibration that has been extremely good this past year.

COMMODITY	SUPPORT	RESISTANCE	TIME
GOLD 1st	328.1, 324, 310	345, 348, 430	MAY 1, 11, 14
SILVER 1st	578.9, 575, 550	580, 585, 590	MAY 8, 24
T-Bonds	96.4, 96.04	100.1, 100.5, 101.4	MAY 11, 20, 28
SOYBEANS 7/92	576.1, 573, 562	594, 599, 615	MAY 8, 27/28
WHEAT 7/92	348.1, 340, 318	379, 388, 398	MAY 1, 13, 19, 23*
DEUTSCHE MARK	58.5, 57.9, 63.92	61.8, 62.2, 63	MAY 3, 13, 21, 29
SWISS FRANC	166.5, 165.9, 164.3	176.9, 179.1	MAY 8, 15, 24
BRITISH POUND	75.3, 74.9, 69.5	77.1, 77.8	MAY 1, 15, 28*
AUSTRALIAN DOLLAR	405, 402, 382	413.2, 417.6, 422.3	MAY 11, 26
S&P 500	162.5, 1608, 1590	1646, 1720, 1833	MAY 11, 22, 28
SYDNEY SPI			

BY THE WAY...

About the middle of April many of the markets I follow acted in a manner that did not inspire confidence in their short term direction. As a result I have sidelined myself for the time being whilst I await signals that will "jump off the chart" and give me a solid base from which to trade.

For this reason I thought it would be appropriate to remind readers of a few familiar sayings.

When in doubt stay out.....

Live to fight another day.....

No position is a position.....

If the minimum potential reward cannot be estimated to at least 3 times the risk then the trade is not worth entering.....

Rome was not built in a day.....

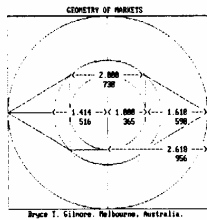
There are bold traders and old traders but, there are very few old bold traders.....

The reason I do the analysis I do is to look for set up trades - nothing more, nothing less. If I can't see a set up then I might as well do some research or go to lunch, it's much less aggravating.

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DOW JONES INDUSTRIALS REACHES ITS LIMIT ?

At this moment we don't know for sure but, the price activity over the long term picture certainly has reached alarming proportions.

The June 2nd High of 3435.2 has come within 10 points of several dynamic price objectives.

1987 crash wave expansion of 1.618

1990 bear market expansion of 1.618

and

the rise from 11th October 1990 low 2434 to 3435.2 is 38.2% of all gains since the 1974 low of 570.

Wave Trader
Professional
CHART
LAYERS

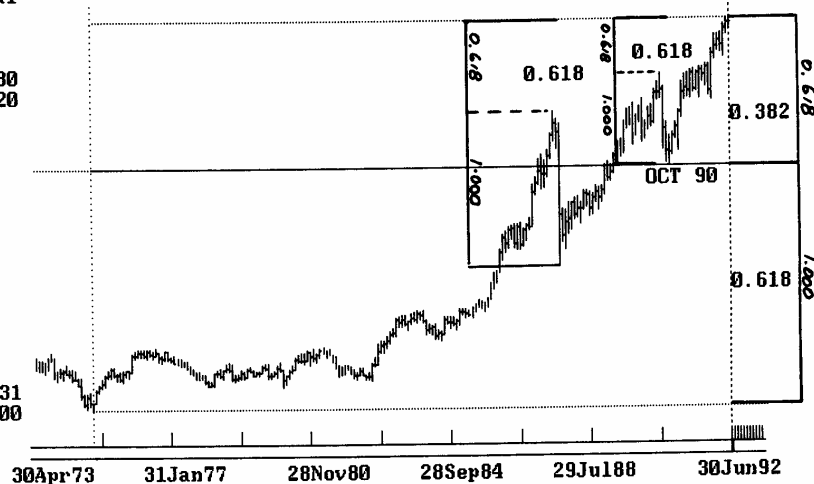
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HIGH 3435.20

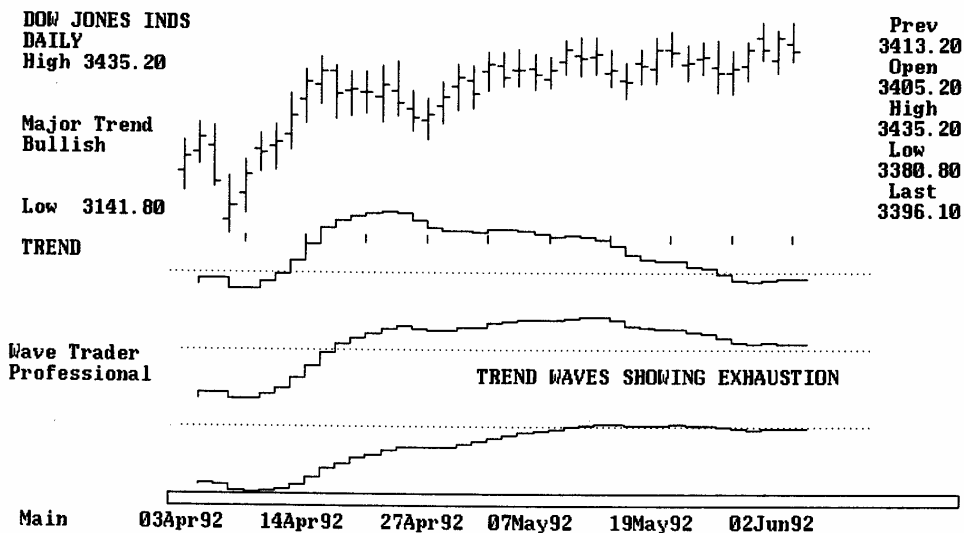
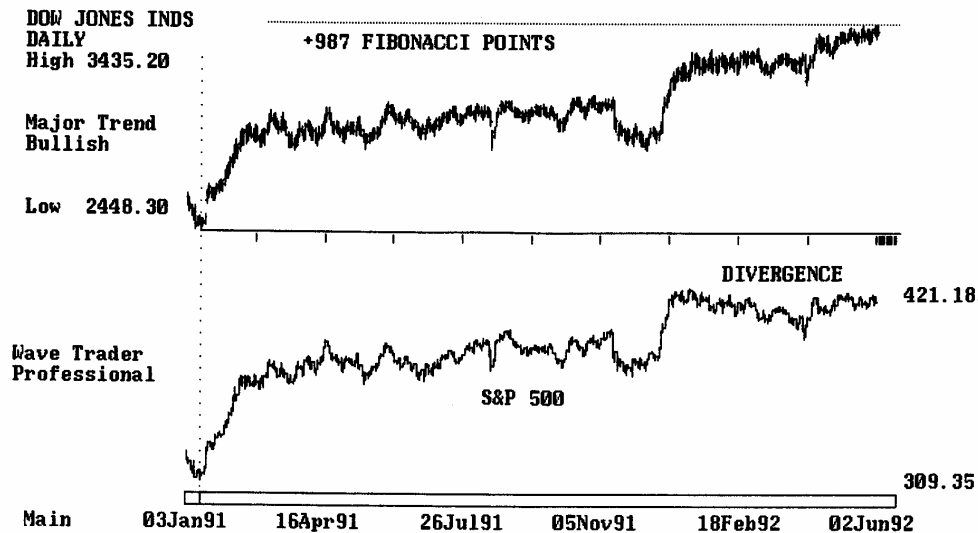
MONTHLY DOW JONES INDS

[C] Bryson Gilmore

DATE 741231
LOW 570.00

Main



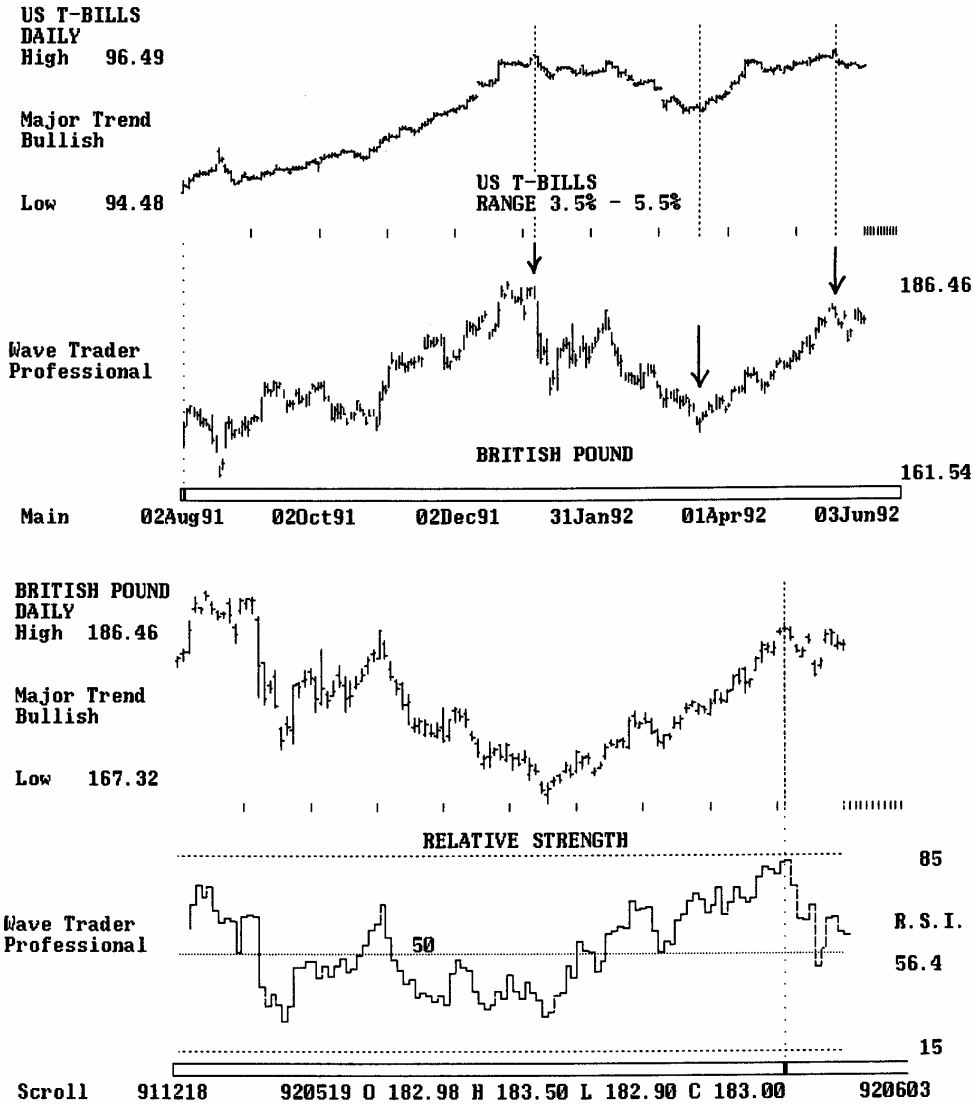


The DJIA rose 987 points (Fibonacci expansion) from the 14th January 1991 low. This is the low day prior to the war against Irak. The S&P500 has still not made a new high from January this year. The broad market is still diverging with the blue chips.

The WAVETRADER TREND WAVES are showing exhaustion in the upwards trend.

IMPORTANT BUT NOT ILLUSTRATED... The time elapsed from the July 1990 high is one Mars solar year. The time duration from the 11th October 1990 low is half that of the time back to the crash low 1987 when measured in Jupiter solar degrees.

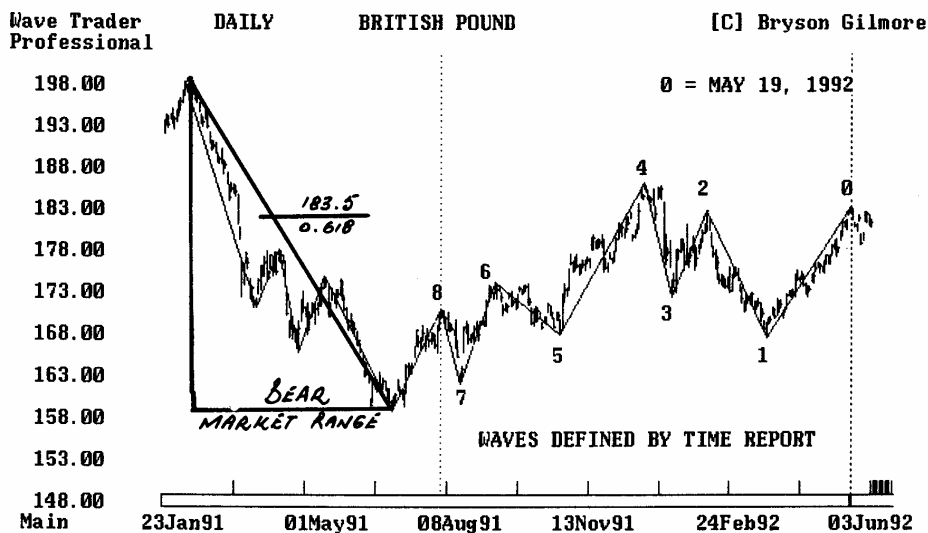
BRITISH POUND - IMM



May 19th, 1992 saw both the US T-BILL and the BRITISH POUND make intermediate degree highs. The bill contract traded to an historic high. Bills are expressed as a value out of 100. 1% = 99, 2% = 98, 3% = 97 and so forth. It's interesting to note that over the past 6 months both of these contracts have turned simultaneously. Now given the relatively high overbought position of the RELATIVE STRENGTH INDEX one could expect the BRITISH POUND RALLY TO BE EXHAUSTED. If not then it has only one more advance left before a sizable decline.

WAVE RELATIONSHIPS WORKING BACK FROM CURRENT SWING [C] Bryson Gilmore 1992									
SWING	HIGH/LOW	DAYS	DEG	WEEKS	YEARS	RANGE	%CHANGE	VIBRATION	
910806	170.80	<u>287</u>	285.2	41.0	<u>0.786</u>	12.70	7.44	0.044 day	8
910819	161.54	274	272.7	39.1	0.764	21.96	13.59	0.080 day	7
910912	174.06	250	249.5	35.7	0.693	9.44	5.42	0.038 day	6
911028	167.70	204	204.1	29.1	0.567	15.80	9.42	0.077 day	5
911226	186.46	<u>145</u>	<u>144.5</u>	20.7	0.400	-2.96	1.59	0.146 wk	4
920115	172.20	125	124.1	17.9	0.345	11.30	6.56	0.636 wk	3
920207	183.00	102	100.8	14.6	0.280	0.50	0.27	0.005 day	2
920320	167.32	60	58.6	8.6	<u>0.167</u>	16.18	9.67	1.902 wk	1
920519	183.50								0

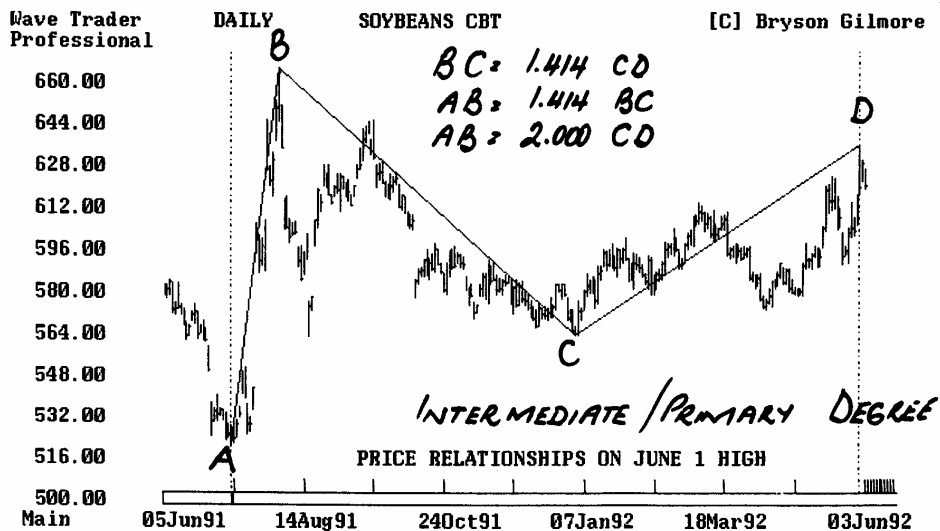
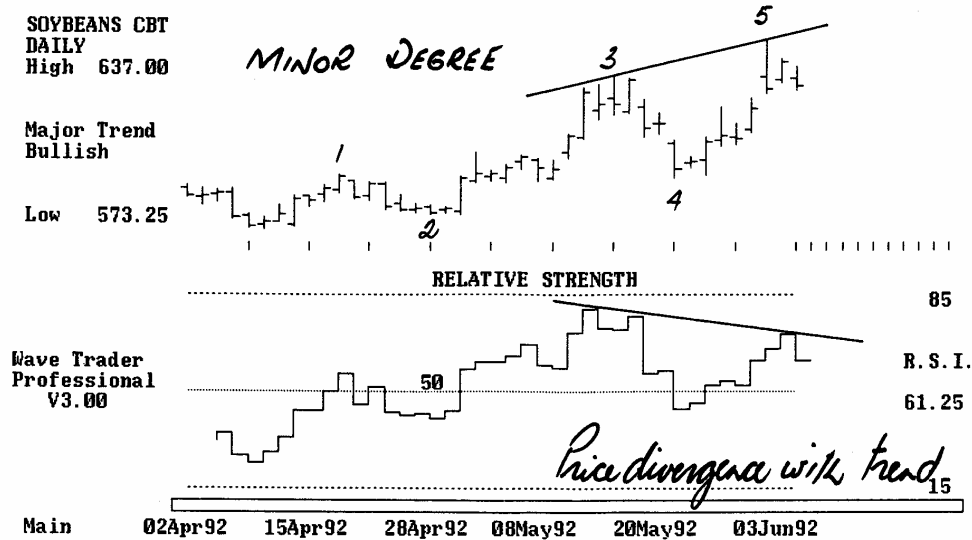
TIME RATIOS - Direct	(0-1) to (1-2)	(60 /	42) =	1.429 1.414
1st alternate	(0-1) to (2-3)	(60 /	23) =	2.609 2.618
2nd alternate	(0-1) to (4-5)	(60 /	59) =	1.017
Single to cycle	(0-1) to (1-3)	(60 /	65) =	0.923
Single to Triple	(0-1) to (1-4)	(60 /	85) =	0.706 0.707
cycle to 1st alt	(0-2) to (2-3)	(102 /	23) =	4.435
cycle to cycle	(0-2) to (2-4)	(102 /	43) =	2.372
cycle to triple	(0-2) to (2-5)	(102 /	102) =	1.000 1.000
cycle to dual cycle	(0-2) to (2-6)	(102 /	148) =	0.689
triple to single	(0-3) to (3-4)	(125 /	20) =	6.250
triple to triple	(0-3) to (3-6)	(125 /	125) =	1.000 1.000
three to five	(0-3) to (4-8)	(125 /	162) =	0.772 0.764



The implication attached to the comparison of the T-Bill rate and the Pound is that if the US rates have declined as far as they are going to, then, the currency relationship should improve in the US\$ favor as the UK reduces its interest rates (these are still at extremely high levels compared with the US).

The time signals, at the May 19 high, provided by the SWING CHART ANALYSIS module show a high degree of dynamic time convergence, on primary ratios. Swing Point 0 corresponds to a double top with Point 2 and is also at the 0.618 level of 1991 bear market range. Draw your own conclusions.

CBOT - JULY SOYBEANS.



July beans is showing all the signs for a trend reversal of intermediate degree. The classic divergence with the RSI after completing 5 minor waves in a trend is the first warning signal for a reversal.

The above coupled with the price activity of the MAJOR WAVES would lead me to believe that at least an INTERMEDIATE DEGREE correction is now in progress.

IMPORTANT SEASONAL DATES DUE

In the month of June and July there are two important times to watch on a seasonal basis.

June 21st this year is the the SUMMER SOLSTICE.

This is the date that the Sun reaches its highest position in the sky in the Northern hemisphere - the longest hours of daylight.

July 3/6 is the approximate time for the Earths APOGEE with the Sun.

The apogee occurs once each year as the Earth reaches its furtherest distance from the Sun in its elliptical orbit.

Also this month between the SOLSTICE & the APOGEE we will experience a SOLAR ECLIPSE on the NEW MOON of June 30.

A solar eclipse occurs when the Sun, Moon and Earth are directly in a straight line. When this event happens the Moon blocks out the Suns rays at some location on the Earth. This cycle occurs regularly every six lunar months or once each 177 days.

Watch these dates carefully for most commodities, stocks and currencies. When important DYNAMIC TIME VIBRATIONS of individual markets coincide with seasonal dates important change in trend can be indicated.

EDITORIAL

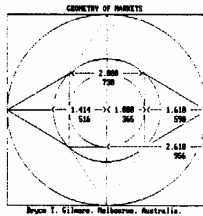
Most observers of this newsletter might get the idea that we are continually bearish regarding the position of world stock markets. This is certainly our position. Now more than ever it is important that you don't fall for the brokers rhetoric and start buying out of frustration, that is unless you are a trader who reviews his positions daily. WTD is still maintaining a cash position. Stocks at present are a no win investment vehicle.

Stay 100% in cash until such time as POSITIVE VALUE re-enters the market.

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**WAVE TRADER DIGEST**

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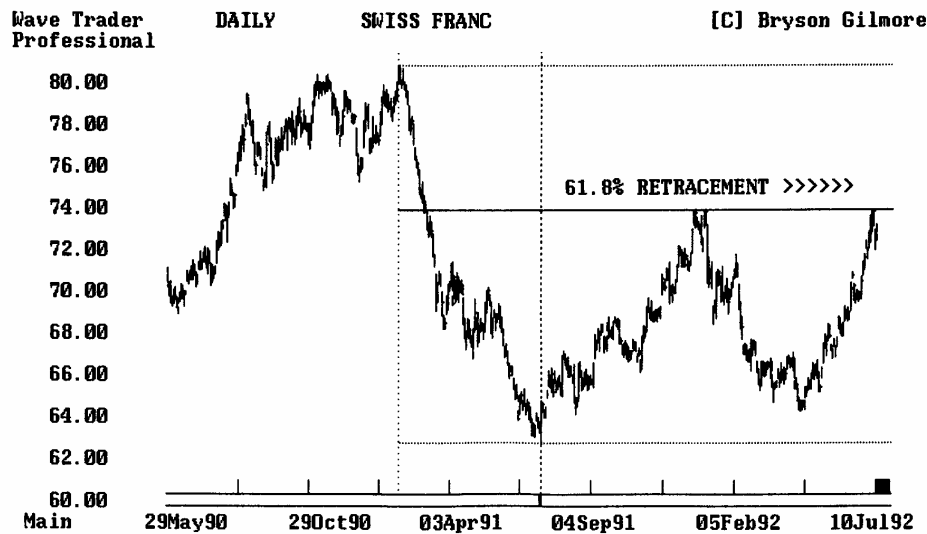
SUBSCRIPTION 12 monthly issues \$250.00
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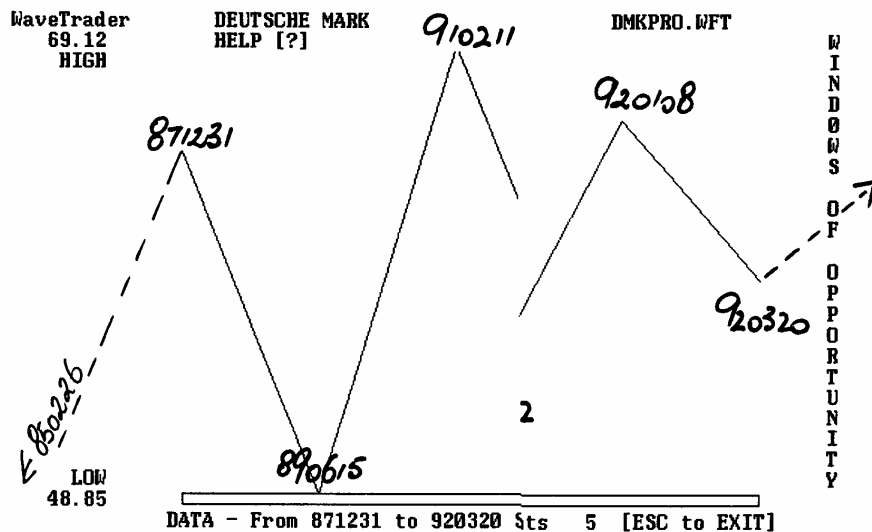
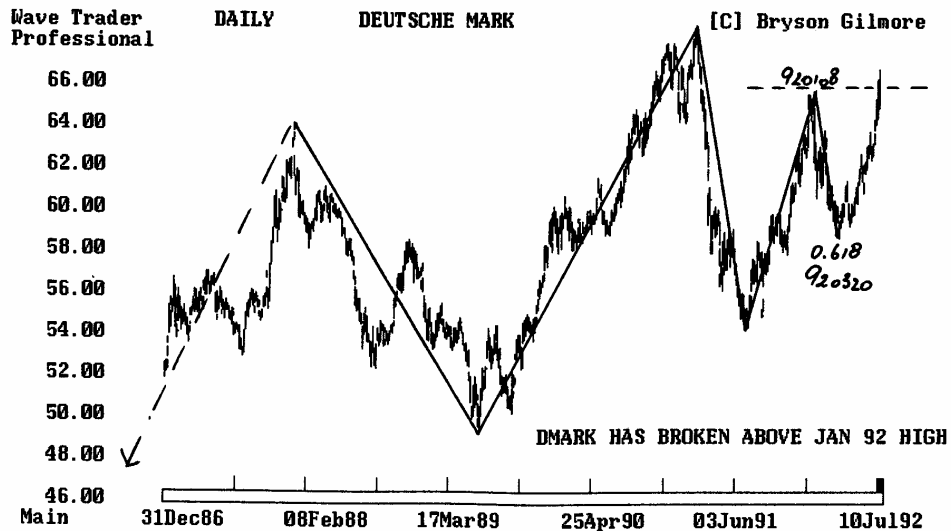
US \$ CONFIRMS MAJOR DOWNTREND ?

Price action by the **BRITISH POUND** and **DEUTSCHE MARK** in the past month suggest another major bear market in progress for the US\$. If technical time calculations in the next month fail to signal a reversal of the US\$ downtrend it will possibly continue the current trend for another 3 to 6 months.

A certain confirmation will be a breakout by the **SWISS FRANC** above the January 8th, 1992, 0.618 retracement of the previous primary degree bear trend.



DEUTSCHE MARK - IMM



The current pattern in the DEUTSCHE MARK chart is extremely BULLISH since a recent break above the January 8th, 1992 high; considering the 20th March, 1992 low was a 0.618 retracement of the prior range of similar degree. If this current wave is a THIRD WAVE it has the potential to really rocket on from these levels. So far there has been no evidence (technically) of a minor 4th wave correction in the current run. For this reason I have to stick with the current trend until I can identify a MAJOR TOP. On the following page I have detailed the upcoming dates that are important to watch for price and pattern activity if a reversal is to occur.

TIME CYCLE REPORT - WaveTrader [C] 1992, B.T. GILMORE

DEUTSCHE MARK

Important Time Cycles.....

CONVERGENCE	TCR	TIME	PROJECTED RANGE	CYCLE	
3 Jul 1992	0.447	508.0	910211 - 871231	1138	DAYS
5 Jul 1992	2.618	369.0	910702 - 910211	141	DAYS
6 Jul 1992	1.500	108.0	920320 - 920108	72	DAYS
7 Jul 1992	0.577	109.0	920320 - 190	190	SQRS
8 Jul 1992	0.236	513.0	910211 - 850226	2176	DAYS
9 Jul 1992	0.500	373.0	910702 - 890615	747	DAYS
10 Jul 1992	0.618	374.0	910702 - 606	606	SQRS
13 Jul 1992	0.577	377.0	910702 - 890915	655	DAYS
14 Jul 1992	<u>1.618</u>	116.0	920320 - 920108	72	DAYS
15 Jul 1992	<u>0.447</u>	117.0	920320 - 910702	262	DAYS
15 Jul 1992	<u>0.618</u>	117.0	920320 - 190	190	SQRS
16 Jul 1992	<u>1.000</u>	190.0	920108 - 910702	190	DAYS
16 Jul 1992	0.577	190.0	920108 - 910211	331	DAYS
18 Jul 1992	0.300	120.0	920320 - 910211	403	DAYS
22 Jul 1992	1.732	124.0	920320 - 920108	72	DAYS
24 Jul 1992	0.667	126.0	920320 - 190	190	SQRS
25 Jul 1992	0.486	127.0	920320 - 910702	262	DAYS
28 Jul 1992	0.526	392.0	910702 - 890615	747	DAYS
29 Jul 1992	<u>0.500</u>	131.0	920320 - 910702	262	DAYS
30 Jul 1992	<u>0.618</u>	204.0	920108 - 910211	331	DAYS
1 Aug 1992	0.333	134.0	920320 - 910211	403	DAYS
1 Aug 1992	0.707	134.0	920320 - 190	190	SQRS
3 Aug 1992	1.902	136.0	920320 - 920108	72	DAYS
3 Aug 1992	2.828	398.0	910702 - 910211	141	DAYS
4 Aug 1992	0.526	137.0	920320 - 910702	262	DAYS
5 Aug 1992	<u>1.618</u>	1679.0	871231 - 850226	1038	DAYS
8 Aug 1992	0.250	544.0	910211 - 850226	2176	DAYS
9 Aug 1992	0.354	142.0	920320 - 910211	403	DAYS
9 Aug 1992	0.618	404.0	910702 - 890915	655	DAYS
9 Aug 1992	0.667	404.0	910702 - 606	606	SQRS
11 Aug 1992	2.000	144.0	920320 - 920108	72	DAYS
15 Aug 1992	2.058	148.0	920320 - 920108	72	DAYS
15 Aug 1992	0.667	220.0	920108 - 910211	331	DAYS
16 Aug 1992	0.786	149.0	920320 - 190	190	SQRS
17 Aug 1992	0.486	553.0	910211 - 871231	1138	DAYS
18 Aug 1992	0.577	151.0	920320 - 910702	262	DAYS
20 Aug 1992	0.382	153.0	920320 - 910211	403	DAYS
27 Aug 1992	2.236	160.0	920320 - 920108	72	DAYS
28 Aug 1992	0.618	161.0	920320 - 910702	262	DAYS
28 Aug 1992	3.000	423.0	910702 - 910211	141	DAYS
29 Aug 1992	1.236	234.0	920108 - 910702	190	DAYS
29 Aug 1992	0.707	234.0	920108 - 910211	331	DAYS
2 Sep 1992	0.500	569.0	910211 - 871231	1138	DAYS
2 Sep 1992	0.707	428.0	910702 - 606	606	SQRS
5 Sep 1992	1.272	241.0	920108 - 910702	190	DAYS
5 Sep 1992	0.577	431.0	910702 - 890615	747	DAYS
10 Sep 1992	0.667	174.0	920320 - 910702	262	DAYS
10 Sep 1992	0.667	436.0	910702 - 890915	655	DAYS
16 Sep 1992	0.447	180.0	920320 - 910211	403	DAYS
17 Sep 1992	3.142	443.0	910702 - 910211	141	DAYS
21 Sep 1992	0.707	185.0	920320 - 910702	262	DAYS
24 Sep 1992	2.618	188.0	920320 - 920108	72	DAYS
24 Sep 1992	0.786	260.0	920108 - 910211	331	DAYS
26 Sep 1992	1.000	190.0	920320 - 190	190	SQRS

COMEX - GOLD

For the past couple of months we have been quiet on gold. The main reason has been because we have had unqualifiable price patterns which we could not especially relate to the time activity for a MAJOR CHANGE OF TREND.

We are still not convinced a MAJOR LOW has been made, irrespective of the current rally that has unfolded since April 29th. Just the same a few WAVETRADER's (we respect their opinion) who have contacted us in recent times seem to think a new bull market is in progress. As I said I am not that confident but, I will take this page to explain the resistance levels I would need to see broken before becoming overall bullish for the longer-term.

A \$16.30 rally in 10 weeks does not really look very bullish to us. Just the same one needs to set some warning parameters should this rally in progress continue and break what we perceive to be strong overhead resistance.

The low made on April 29 at \$334.90 did have sufficient time and price squarings for an INTERMEDIATE DEGREE change in trend. We calculated April 29 as an important time in the INTERMEDIATE DEGREE waves in the January WTD. In the primary or cycle degree the \$334.90 level was exactly 33.3% discount to the 1987 high and 1.618 in time from the 1985 low of the decline from September 1980.

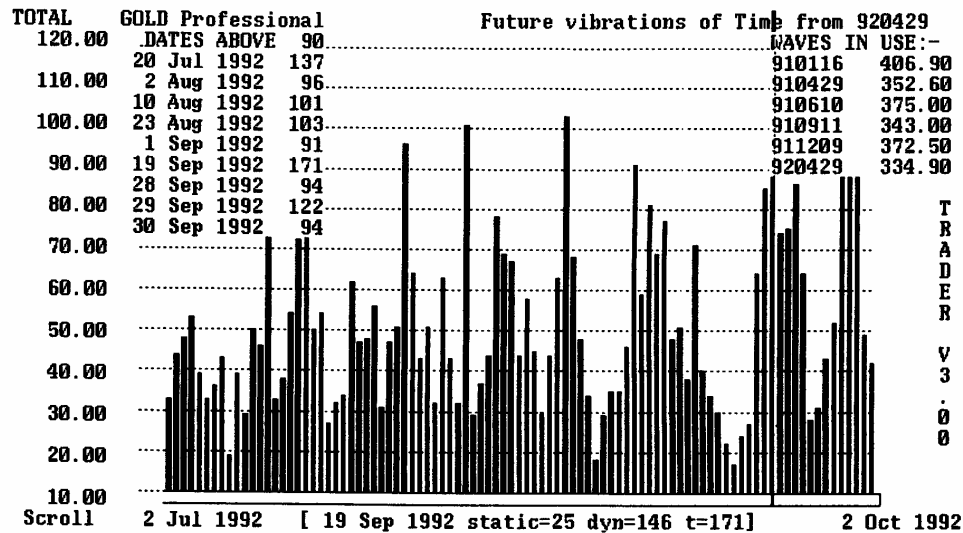
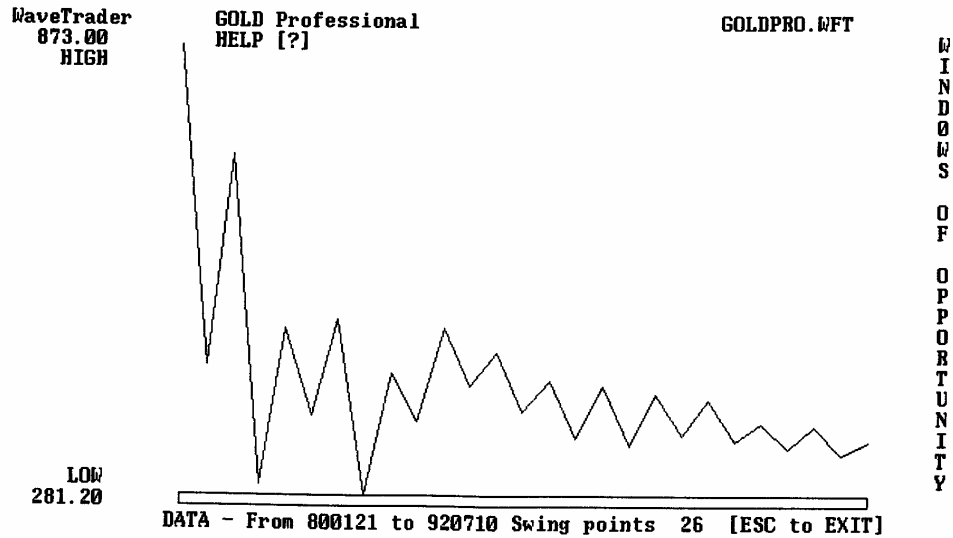
Just the same the rally in progress would need to go above \$ 375 by a few dollars before we would think the current price activity is anything but an INTERMEDIATE DEGREE RALLY in a continuing bear market.

The accompanying chart shows the retracement levels from the August 1990 high to the April 1992 low. The 50% level at \$375 exceeds all of the downtrend lines. It would take a break of this level for us to reconsider our long term position.

This market should be watched carefully because a break of the long term trend could offer an exceptional investment for patient investors.



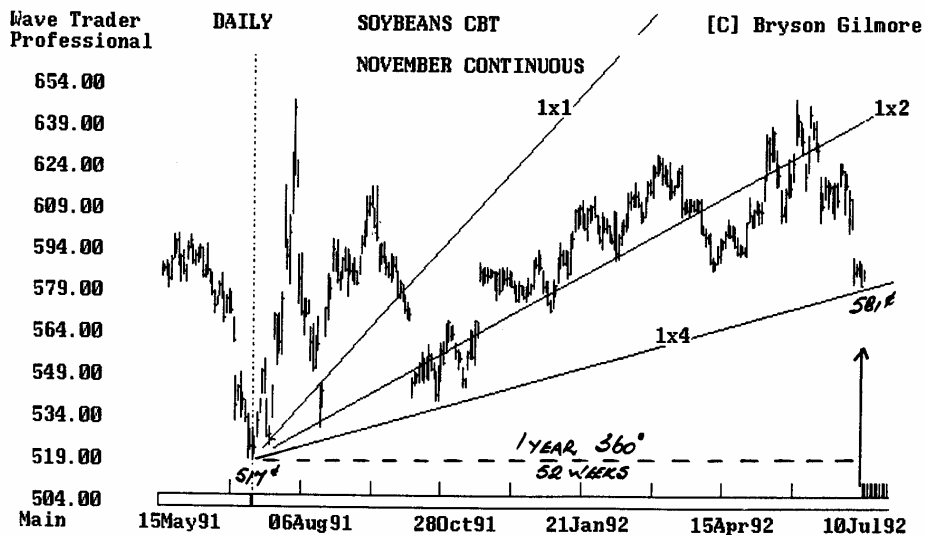
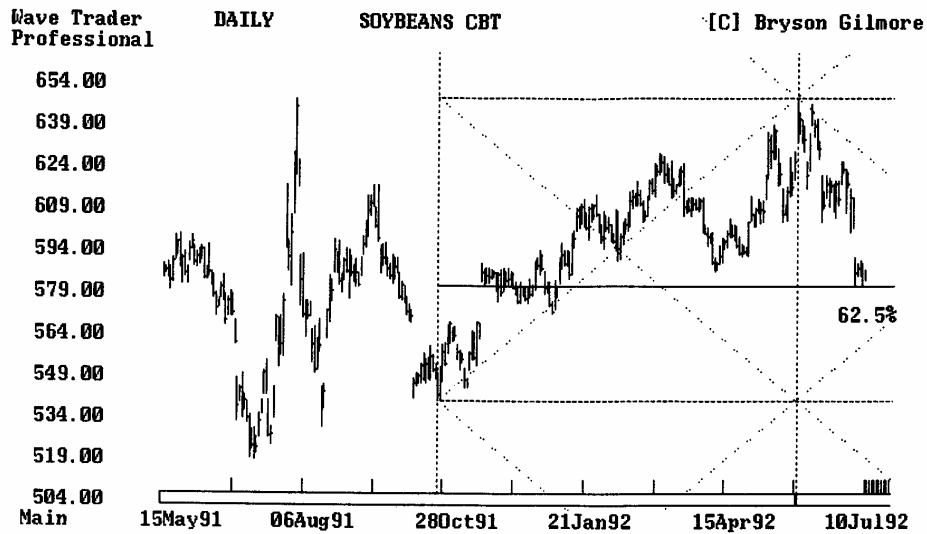
The above chart plots the primary and intermediate degree swings for the gold market from the 1980 high.



The WAVETRADER III WINDOWS OF OPPORTUNITY will give you a guide in the coming months to the important TIME CYCLE convergence dates in the INTER-MEDIATE degree waves.

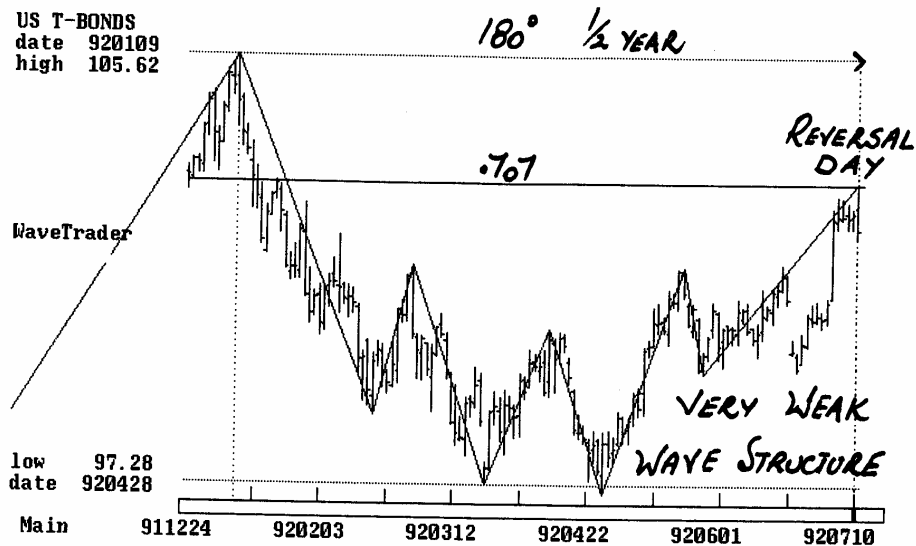
NOVEMBER SOYBEANS

We correctly identified the June high in this complex now we need to consider the current position. There is no indication from my trend indicators that the July 9th low at 581 is it but I would watch for a possible confirmation basis these time and price signals.



US T-BONDS 8% COUPON - CBOT

The short term picture for T-Bonds looks bearish after the daily reversal pattern on Friday 10th July. Friday was exactly 180 degrees (1/2 solar year) from the January high. Many of the other wave pivots have timed out on solid ratios in divisions of a year. The wave structure in the advance from 920323 (the orthodox low, which was a 0.618 retracement in 0.382 of time in the previous intermediate degree advance) has been very weak in structure and has the appearance of being corrective.



SWING	HIGH/LOW	DAYS	SOLAR	WEEKS	YEARS
920109	105.62	183	179.9	26.1	0.500
920219	98.75	142	138.3	20.3	0.382
920302	101.66	130	126.3	18.6	0.354
920323	97.44	109	105.3	15.6	0.300
920409	100.41	92	88.6	13.0	0.250
920428	97.28	73	70.0	10.4	0.200
920520	101.62	51	48.7	7.3	0.135
920527	99.56	44	42.0	6.3	0.117
920710	103.25				

US EQUITY MARKETS

We are still convinced that a major downtrend in the S&P 500 and the Dow Jones Industrials is in progress. In the past 5 weeks the S&P 500 has failed to make new ground. Every S&P 500 major rally has ended in lower highs since the JANUARY HIGH.

EDITORIAL

This past week in OZ saw official interest rates cut by 0.75% down to 5.75% (from a peak of 18% January 1990) and the government statisticians release of the June unemployment 11.1%.

Every state has unemployment above 10%, the worst has 12.5%. This country's economic future is teetering on the edge. We are in the very serious position of sliding down the scale to the level of countries such as Mexico and Argentina.

The blowout in the 1991/92 budget deficit by 100% and the loss in value of the Australian dollar to the JYEN, DMARK, SWISS FRANC and BRITISH POUND are the consequence of bad economic management. This trend has the effect of lowering our standard of living and selling off the farm.

The current trend is still hard down; the economy will continue to worsen before there are any "bankable" signs of recovery.

The person responsible for economic and monetary policy in the boom times and "the recession we had to have" has graduated to Prime Minister. Now he's leading another bunch of "yes men" with the resolve to continue administering the same medicine which led us into this predicament.

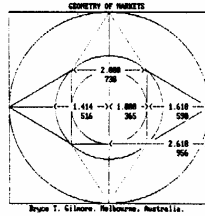
Once this country held equal opportunity for everyone. Until there is a total reform from the overgoverning bureaucratic mess we have slipped into this situation will never return.

I first warned of a RECESSION and/or DEPRESSION about to befall our economy back in early 1989. If I could see it coming why couldn't the "experts" who are paid to formulate government policy? The only answer can be, we don't have the right people in our government, until we do we can expect more of the same.

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GOLD BEAR MARKET IS STILL ALIVE AND WELL.

**Lower highs, lower lows, sharp declines after every rally high.
Rallies terminating on intermediate time cycles indicate that the current
market activity is still well entrenched in its present long term bear
market.**

**The July issue of WTD issued a warning to the bulls based on a logical
analysis of the recent past. The Windows of Opportunity report nailed the
20th July (the last rally high day) as a high probability date for a reversal
of trend. So far the market is indicating a new bear phase in progress.**

Were you prepared to believe the technical indicators?

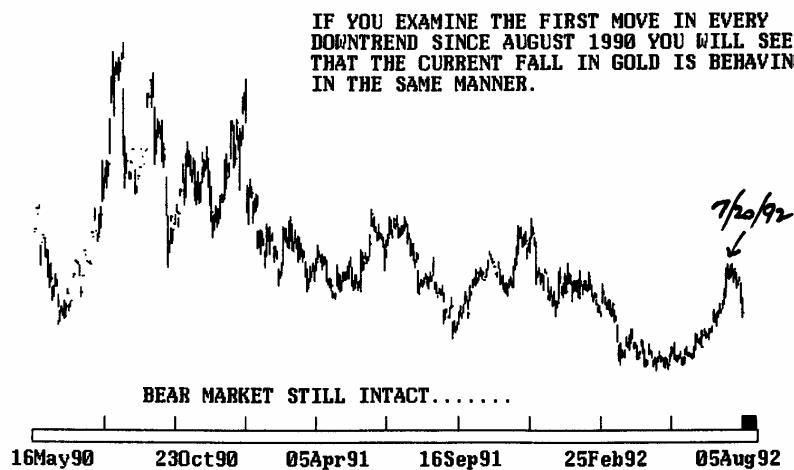
Wave Trader
Professional

DAILY

GOLD 1ST MONTH

[C] Bryson Gilmore

420.00
410.00
400.00
390.00
380.00
370.00
360.00
350.00
340.00
330.00
320.00
Main



COMPOSITE TIME COUNTS

In modern days composite time counts have been popularized by students of ELLIOTT WAVE and GANN WORKS.

A trend change could occur at precise time intervals counted from previous market pivot points.

DIVISIONS AND MULTIPLES OF A YEAR

0.236, **0.25**, 0.333, **0.382**, **0.50**, **0.618**, **0.667**, 0.707, 0.75, **0.786**, 0.833, 0.875, **1.000**, **1.272**, 1.414, 1.50, **1.618**, **1.732**, **1.75**, **2.000**, **2.236**, **2.50**, **2.618**, **3.000**, 3.33, 4.000, **4.236**, 5.00, 6.00 and **6.854**.

From thereon be aware of anniversaries from important major trend change pivots.

FIBONACCI SERIES

The most common counter series used today is the FIBONACCI SERIES of numbers. Anyone familiar with R.N. Elliott's WAVE PRINCIPLE will be aware of the importance attached to this series, 1, 1, 2, 3, 5, 8, 13, 21, 34, 55, 89, 144, 233, 377, 610, 987 and so forth with each future number maintaining a 1.618 relationship to its predecessor.

Counts can be performed in TRADING DAYS, CALENDAR DAYS, SOLAR DEGREES, WEEKS, MONTHS and even YEARS.

Multiples and squares of the Fibonacci series, such as:-

34	68, 102, 136 , 170, 204, 238 .
55	110, 165, 220, 275 , 330, 385 .
89	178 , 267 , 356 , 445, 534, 623 .
144	288 , 432 , 576 , 720 , 864 , 1008 .
233	466 , 699, 932, 1165
13 squared =	169
21 squared =	441
34 squared =	1156
55 squared =	3025

Some of these numbers can be arrived at by different means for instance 238 calendar days = 34 weeks, 385 a master number in days = 55 weeks. 3025 a master number in days = 432 weeks.

NATURAL POWERS OF NUMBERS

3	9, 27, 81 , 243 , 729 , 2187.
4	16, 64, 256 , 1024.
5	25, 125, 625 , 3125.
6	36, 216 , 1296.
7	49, 343 , 2401.

I've highlighted the medium term counts I've seen occur regularly in calendar days.

LUCAS NUMBER SERIES

These numbers have the same properties as the Fibonacci series in so far as each successive number in the series relates to its predecessor by the ratio of 1.618.

1, 3, 4, 7, 11, 18, 29, 47, 76, 123, 199, 322, 521, 843, 1364, et cetera.

These numbers can have a dynamic relationship with the Fibonacci series of numbers. For instance 322 divided by 144 results in 2.236 or $\sqrt{5}$. ($2.236 = \phi + 1/\phi$)

There are other numbers we could place importance on for composite time counts, these are mentioned in the appendices under Ancient Numerology.

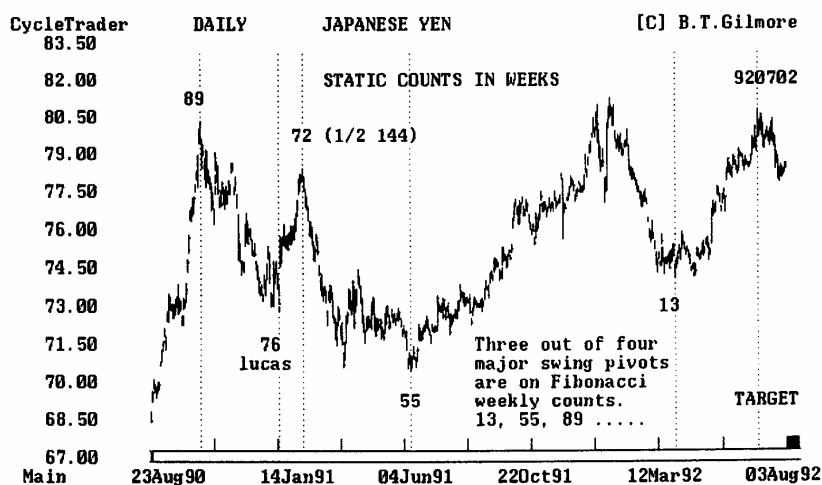
WHAT CONSTITUTES A VALID COMPOSITE COUNT SIGNAL ?

The most reliable COMPOSITE TIME SIGNALS I have experienced are when you get a combination of DIVISIONS OF A YEAR together with FIBONACCI or LUCAS COUNTS in days and weeks. Weekly time counts are extremely reliable.

The reason for this is due to the fact that these counts will form dynamic time relationships between the various market pivot points and the current point where you are expecting an exhaustion of trend.

For instance a termination of trend is more likely to occur when you have multiple counts from a series of previous market pivots. I normally check the past 8 INTER-MEDIATE DEGREE market pivots for COMPOSITE TIME COUNTS before worrying about pivots further afield.

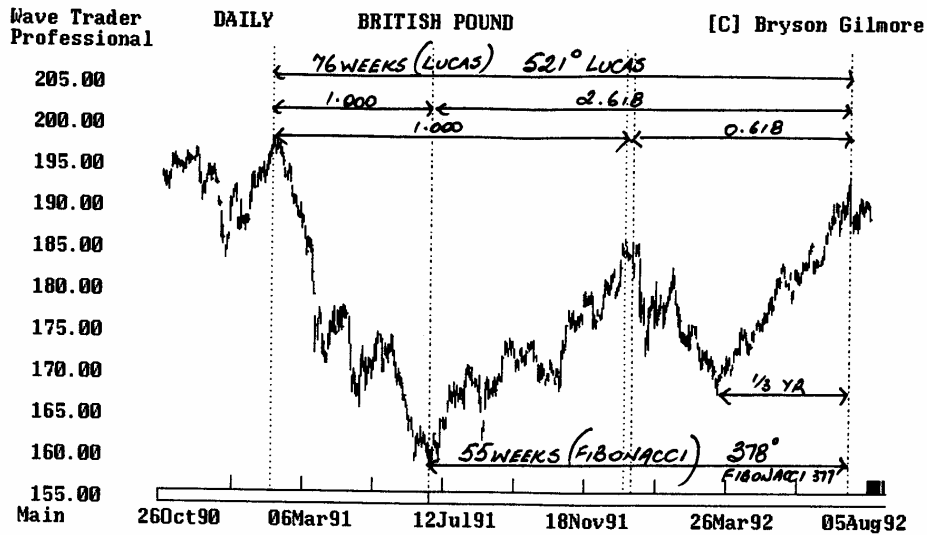
When calculating composite counts you should allow for some under or over shooting of the ideal number. A difference of 1% is not uncommon. Here is an example of some composite counts I saw when the JAPANESE YEN made high on July 2, 1992.



Pages 46 and 47 contain an extract from a new technical manual I am now writing.

BRITISH POUND

The charts below illustrate the technical indicators present in the IMM BRITISH POUND contract. Strong time signals in the primary and intermediate degree fell at the recent high. Trend indicators have now turned to indicate a high probability for an intermediate degree downtrend. The slow trend wave is now below the center line. The 10/20 day moving averages are about to cross to a bear signal. The RSI has shown a divergence with price at the last high.



BRITISH POUND

High 193.90

TREND WAVE
Down
Bearish

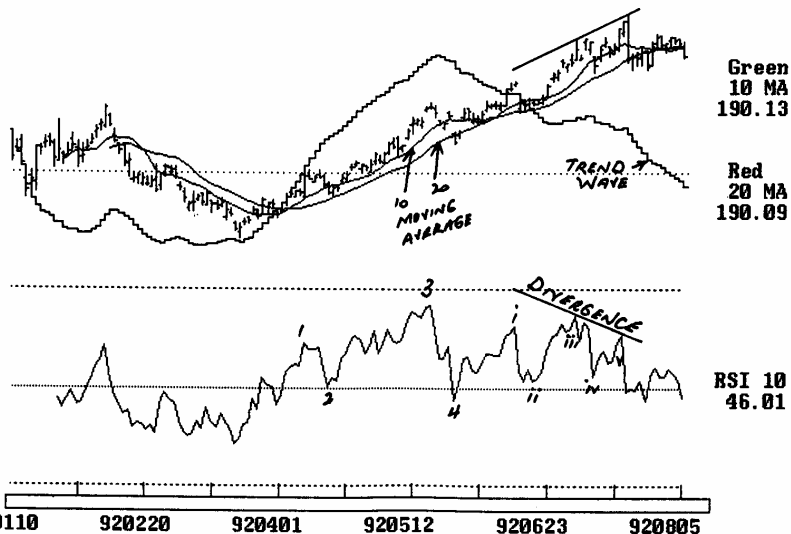
Low 167.32

OVERBOUGHT 90

Bullish
Bearish

OVERSOLD 10

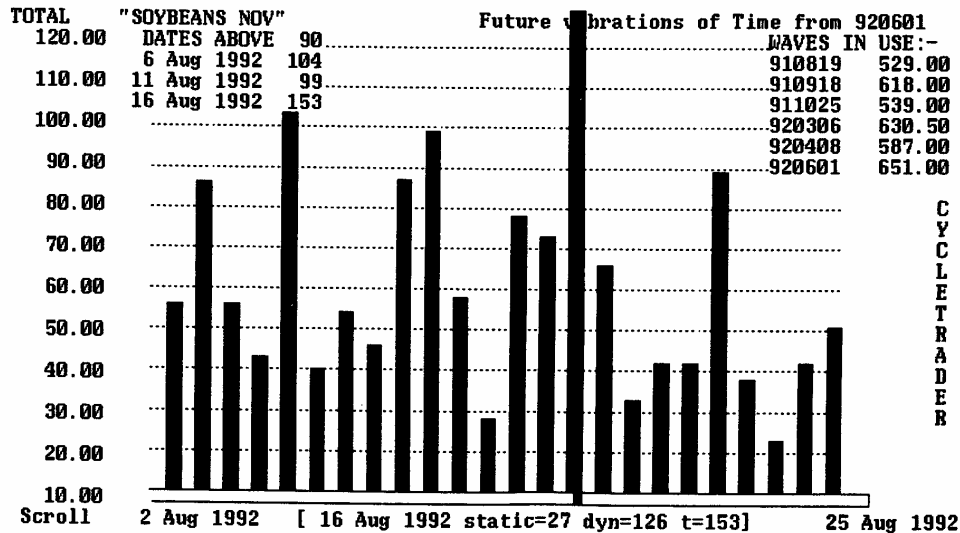
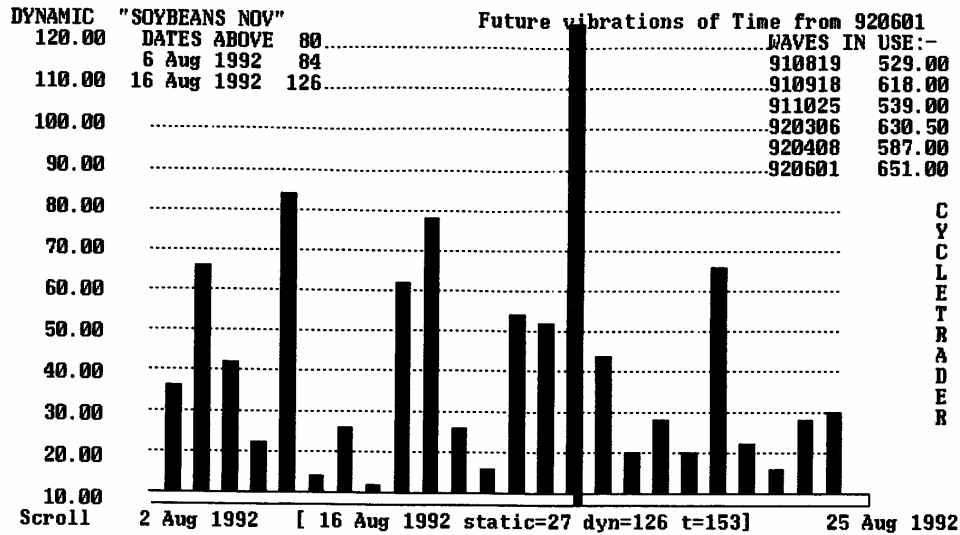
Main



NOVEMBER SOYBEANS

LAST MONTH WTD "We correctly identified the June high in this complex now we need to consider the current position. There is no indication from my trend indicators that the July 9th low at 581 is it but I would watch for a possible confirmation basis these time and price signals."

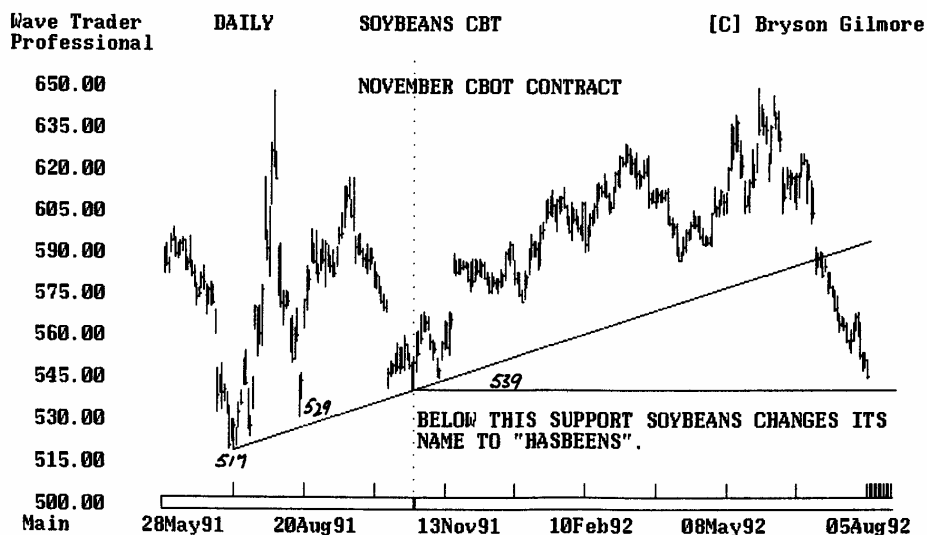
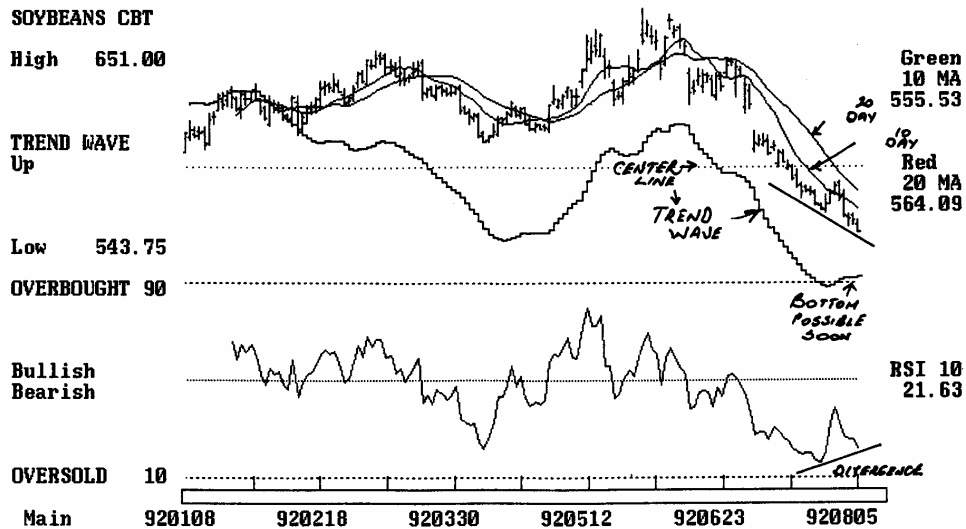
August Windows of Opportunity shows two dates where a possible reversal of could occur.



NOVEMBER SOYBEANS

The vicious bear trend in progress from the June high has decimated any bulls planing to get rich on a summer rally in beans! Just now, as all hope of a bull market appears to be out of the question, one should look carefully at all the technical indicators.

The trend indicators are now signalling a potential for a reversal of trend. Let the following charts help guide you to a possible reversal either now or about the 16th August, 1992.



US EQUITY MARKETS

LAST MONTH:

We are still convinced that a major downtrend in the S&P 500 and the Dow Jones Industrials is in progress. In the past 5 weeks the S&P 500 has failed to make new ground. Every S&P 500 major rally has ended in lower highs since the JANUARY HIGH.

THIS MONTH:

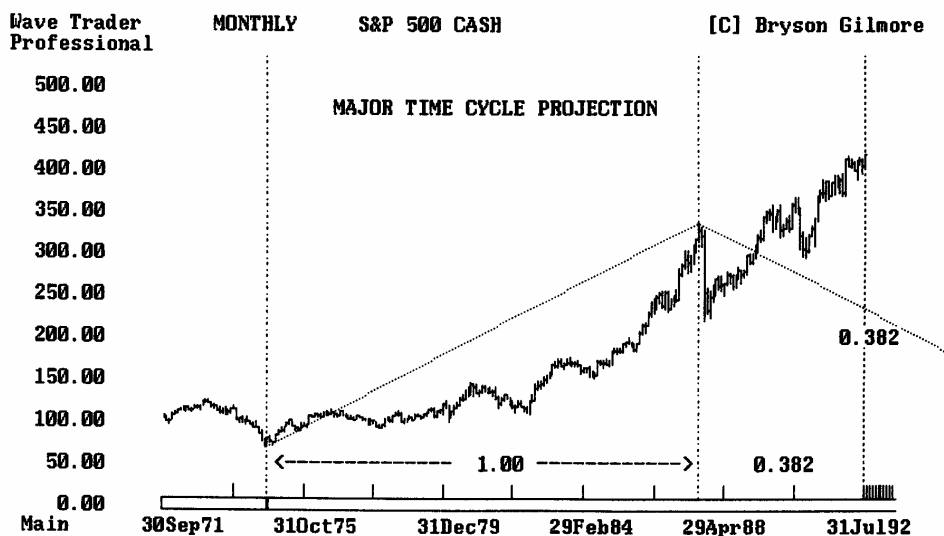
Our observations in recent times have been "less than correct", the S&P 500 recently went on to make a marginally higher high than that of January.

Although we are still "OVERALL" bearish in regards this market we cannot claim "to have a hold" on the day to day or even the week to week progress. We cannot explain this in simple terms because there are obviously many COMPLEX factors influencing this market other than the technical signals we are monitoring. These reasons could have to do with the "election year" or the fact that too few other markets are offering a clear attraction to move investors away from stocks.

Sometimes a total failure to predict the short term and even the medium term trend can occur because too many influences, which are undetectable from technical means, are prevalent within a market complex. This certainly appears to be the case right now. Although we recognize that our view has little to do with day to day trading we often hold out a view that would advantage our readers. Because of our recent failures we recommend technical traders to take a "stand aside" position until the technical picture becomes a whole lot clearer.

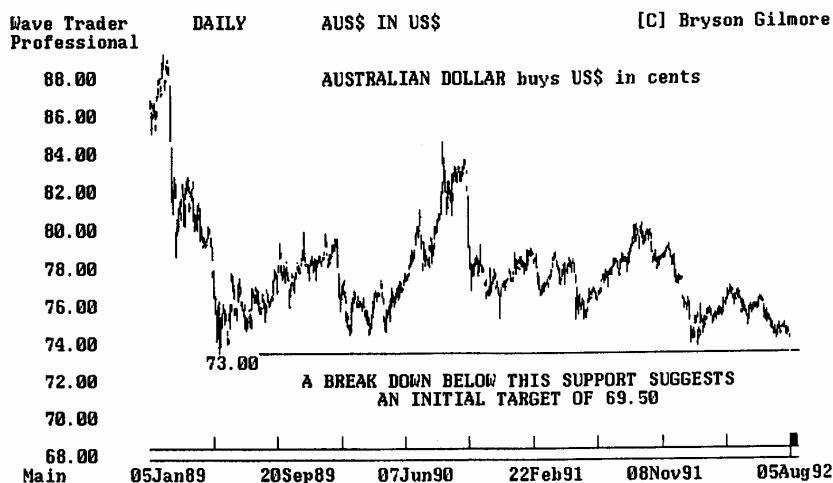
NEVERTHELESS I WOULD STILL WARN THE BULLS OF AN EXPLOSIVE MOVE TO THE DOWNSIDE AS A REAL POSSIBILITY.

The recent high in the S&P 500 fell on a 0.382 TIME CYCLE PROJECTION of the 1974-1987 bull market range time.



EDITORIAL

The Australian dollar has been decimated in value to the British Pound, Swiss Franc, Deutsche Mark and the Japanese Yen. NOW we are about to witness a complete breakdown in our international standing if the A\$ breaks support with the US\$. The long line of support between 73 and 74 cents is now being tested. The Reserve bank has thrown everything short of the "kitchen sink" at it to support these levels. Any break below 73 would indicate they have lost the battle.



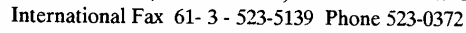
Who remembers this saying, "Will the last business person leaving Australia please switch off the lights". Looks like this saying (relevant to the 1982 recession) is about to be resurrected once again.

The government policies have failed to create a sound economic environment for INVESTMENT WHICH WILL CREATE JOBS. Instead they insist on retraining people, at the tax payers expense, for jobs that will never exist. Or trying to stimulate the economy with consumer spending! How in their right mind could they consider that a consumer led recovery is possible when you have official unemployment at 11% (the true figure is more likely close to 17%).

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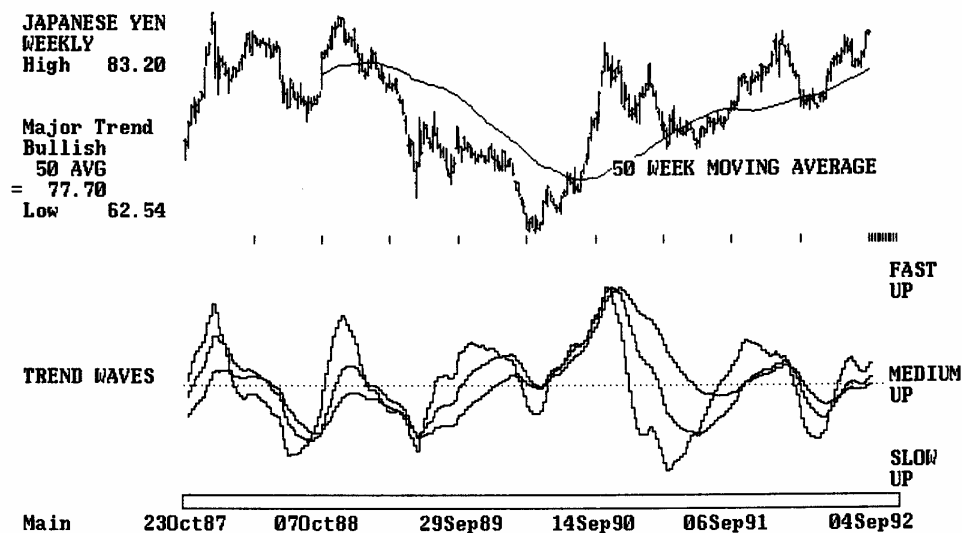
JAPANESE YEN

I have been watching the Japanese currency closely over the past two years with interest. Although I've had my suspicions the indicators are now very much in favor for a continuation of the strengthening Yen to US\$.

The latest measures by the Japanese government to stimulate their economy are a strong contributing economic factor that could influence this outcome.

Below the WEEKLY chart with the 50 week moving average and the WAVETRADER TREND WAVES indicates an extremely stable trend in progress.

- 50 week moving average continually climbing.
- All TREND WAVES up and now above the zero line in bullish territory.
- Higher highs and higher lows from last major low.



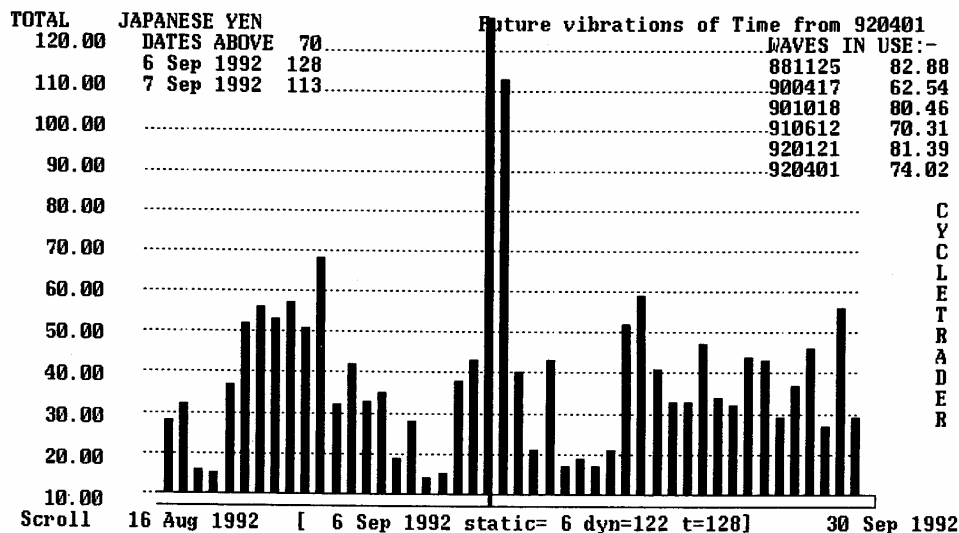
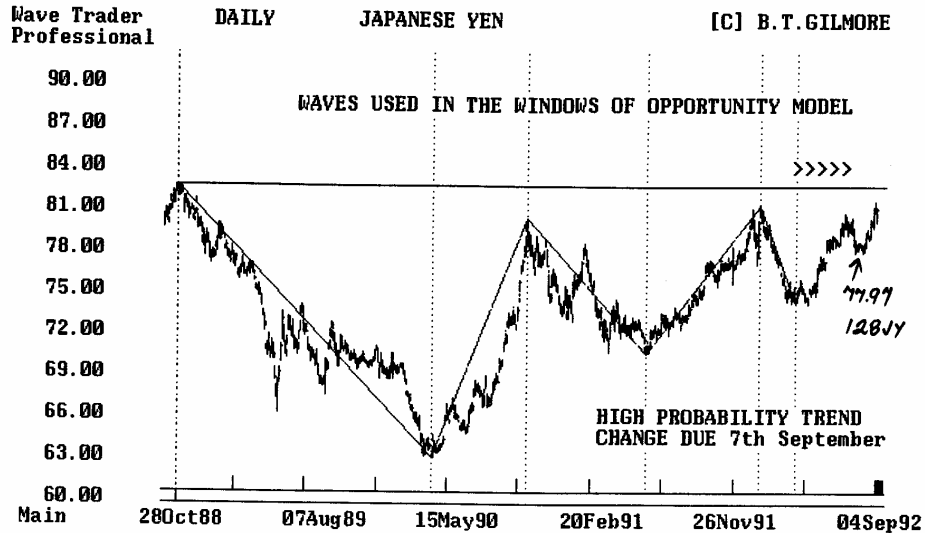
Another factor worth considering is the fact that the JAPANESE SHARE MARKET has taken its medicine by declining over 60% in value from its late 1989 high.

In the past few weeks the NIKKEI INDEX has rebounded nearly 25% in value. The attraction for investors to move back into Japanese stocks could provide the necessary DEMAND for JAPANESE YEN to fuel the current bull trend.

Prognosis is to buy into weakness, ie., buy the corrections.

By the time you receive this months digest you will have had time to see how the market has reacted to the INTERMEDIATE DEGREE time convergences peaking on the 7th September, 1992.

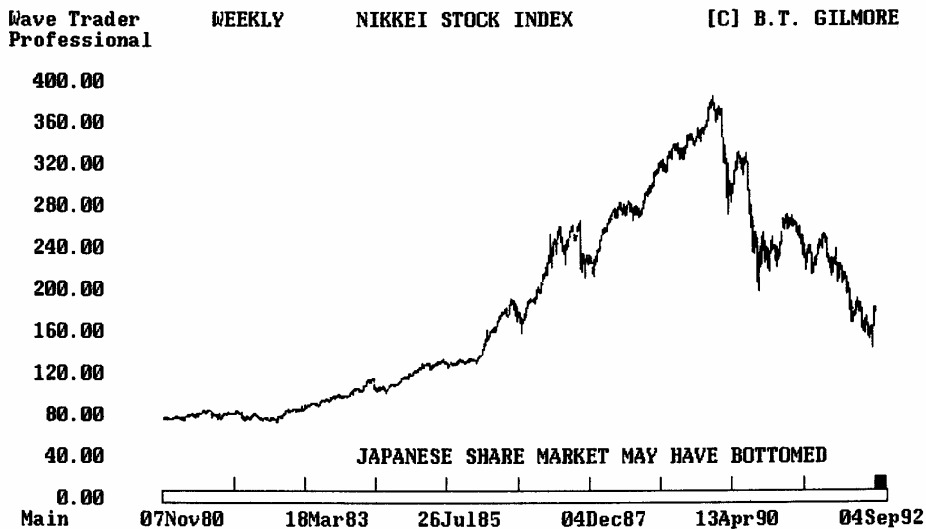
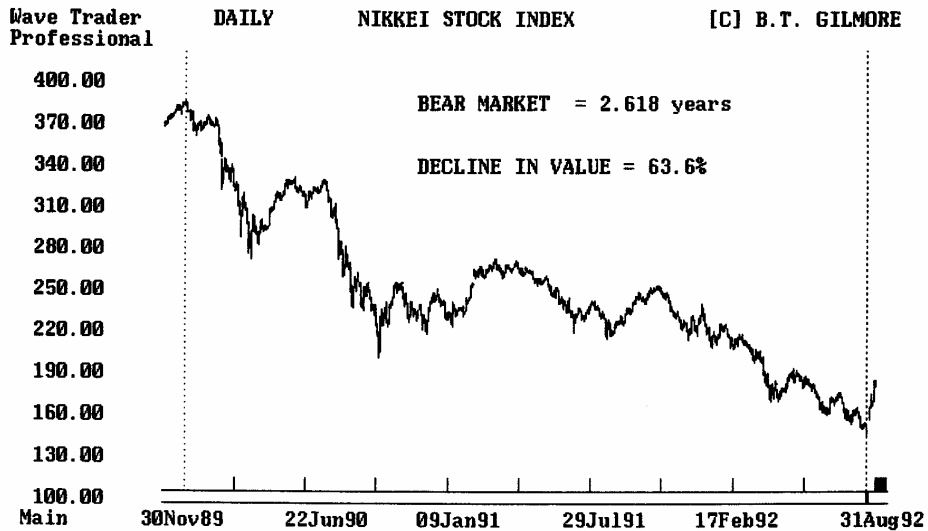
For the long-term trend to remain intact, ie., the 100 yen / \$1.00 target to remain valid I would not like to see this market trade below 77.95 IMM or above 128 jyen in any MINOR DEGREE correction.



JAPANESE STOCK MARKET

The bear market in Japanese stocks could have terminated. A fall in value of 63.6% (ratio of the Great Pyramid's height to base, ie., 1.272 to 2.000 = 0.636).

Time from the 1989 high to the current low is slightly more than 2.618 years. Whichever way you look at it the Japanese share market represents the best value of all the world equity markets.



COMEX GOLD FUTURES

Last month we indicated the perilous position of the Gold market. Since the collapse to a new six year low on the 13th August we still remain bearish to this market in the Intermediate degree.

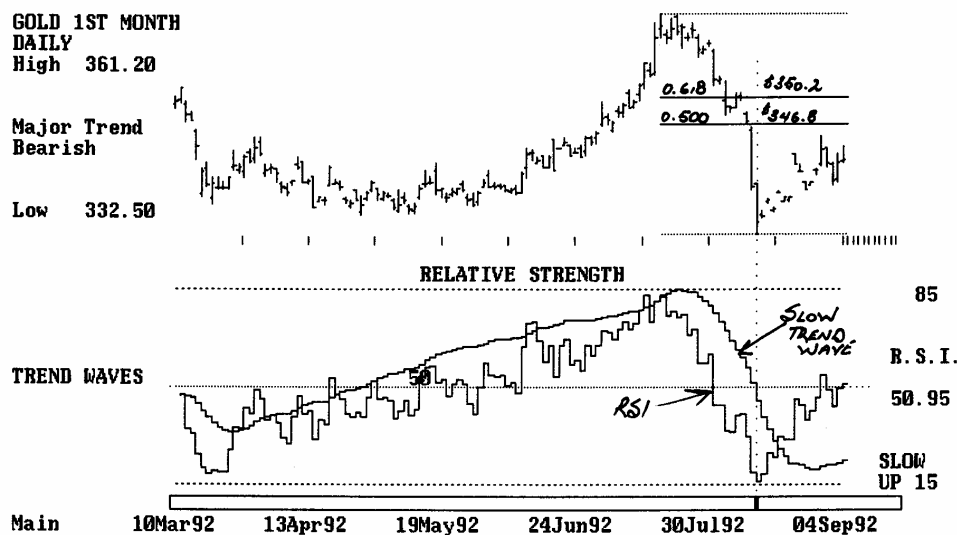
Presently it would appear only another minor degree bear market rally is in progress, it may have terminated on the 31st August, if not the 0.500 and the 0.618 retracements should act as strong resistance in the near future.

For our BEARISH opinion to change we would need to see one of two things occur.

- Market rallies from here above the July 20 high.
- Market collapses into a very strong time cycle convergence.

The RSI OVERSOLD READING at the 13th August low would normally only indicate a 3rd wave bottom with another thrust on the downside to come.

The SLOW TREND WAVE is now rotating upwards, for a confirmation of a bull market trend I would need to see it rise ABOVE THE ZERO LINE.



IMPORTANT DATES FOR GOLD THIS MONTH

- 21/22/23 SEPTEMBER - Autumnal Equinox 23rd.
- 29/30 SEPTEMBER

NOVEMBER SOYBEANS

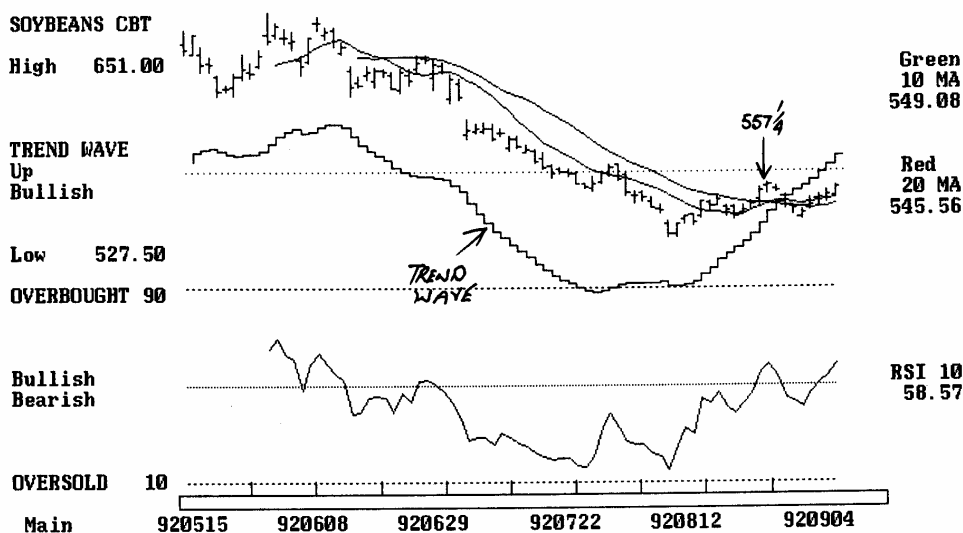
The slide which began on June 2 this year reached significant support early last month, 1 day after the WINDOWS OF OPPORTUNITY signal day.

Presently we are monitoring the unfolding reaction, mainly BECAUSE almost every fundamental source we have come into contact with has the view that a rally in beans will not begin until next year.

As we stated in the August issue of WTD it was time to begin to look for a change of trend. So far the current market activity has allowed the trend indicators to move from extremely bearish to POTENTIALLY BULLISH.

- The SLOW TREND WAVE is now above the ZERO LINE.
- The 10/20 DAY MOVING AVERAGE CROSSOVER is now bullish.
- The RSI 10 day is above 50 and rising.

A possible confirmation for a continuation in the potentially bullish move will be signalled by a break out above the $557\frac{1}{4}$ cent high of August 25.



Soybeans are a seasonal commodity and it is important to watch for reactions to trend on the EQUINOXES and SOLSTICES as well as APOGEE and PERIGEE.

New moons and Solar eclipses are also important cycle events to monitor.

Our research does not show any ALARMING TIME CYCLE RATIOS for an INTER-MEDIATE DEGREE CHANGE OF TREND falling in the next month and a half.

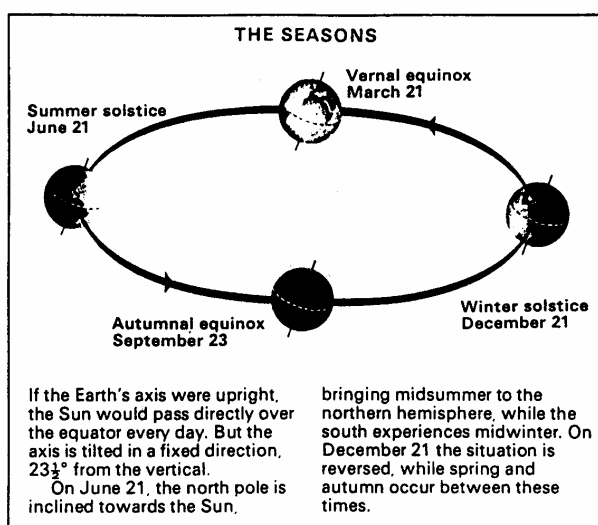
Presently all indications of trend are BULLISH.

EQUINOX AND SOLSTICE CYCLES

The equinox and solstice cycles are seasonal in nature. As the Earth revolves around the Sun in an ecliptical path each year it rotates on its north-south axis 365.25 times.

The Earth's axis is inclined to the vertical by 23.5° .

Due to the rotation of the Earth on its axis the Sun appears to move backwards and forwards in the sky over a one year period. This is why we have the seasons in reverse between the Northern Hemisphere and the Southern Hemisphere.



The four extreme cycle points are known as the Vernal equinox, Summer solstice, Autumnal equinox and the Winter solstice.

If we measure the cycle (orbit around the Sun) as a 360° circle and use the Vernal equinox for the beginning 0° (this is the day of the year, when the apparent view in the sky, the Sun crosses over the equator into the Northern hemisphere). The other points are Summer solstice 90° , Autumnal equinox 180° and Winter solstice 270° .

The most interesting scientific fact, relevant to TIME ANALYSIS, is the relationship between days and degrees as the seasons unfold.

From the Vernal equinox 0° to the Autumnal equinox 180° , exactly half a year in planetary cycle terms, consumes 186 days. 6 more days than the 180° between the Autumnal equinox to the Vernal equinox.

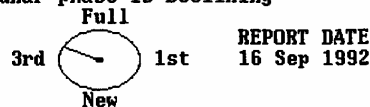
It is important to remind you that these seasonal dates each year have been used by ancient societies and religions to mark holidays and festivals.

Careful research will show that many markets have made Minor, Intermediate and Primary degree trend reversal on these exact dates, far to many times to just be a random coincidence.

HELIOCENTRIC PLANETS

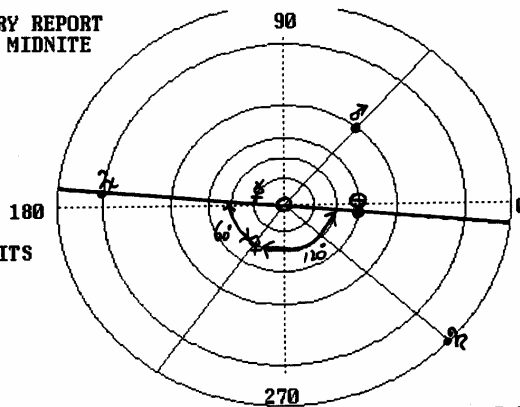
This month another cycle anniversary is upon us. The JUPITER / SUN / EARTH - OPPOSITION. It may or may not be important to individual markets, but in the past this cycle has pinpointed numerous important highs and lows in the US EQUITY MARKETS. Watch your time, price, pattern and trend signals around the 16th September for indications of change in trend that may coincide with this cycle.

A SUN CENTERED UNIVERSE PLANETARY REPORT US heliocentric planetary positions MIDNITE Lunar phase is Declining



PLANET	CYCLE - YEAR	DEGREES	ORBITS
MERCURY	175.1 0.486	7	
VENUS	235.4 0.654	7	
EARTH	353.5 0.982		
MARS	49.7 0.138		
JUPITER	174.9 0.486		
SATURN	316.8 0.880		

SUN	Mercury	Venus	Earth	Mars	Jupiter	C T
Venus	SEXTILE					Y R
Earth	OPPOSITE	TRINE 120°				C A
Mars						L D
Jupiter	CONJUNCT 0°	SEXTILE 60°	OPPOSITE 180°			E E
Saturn						R



EDITORIAL

As far as Australia goes I can only say nothing has changed in the past month - expect to receive more of the same.

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