

Excerpts from an Article by Cat Davey of Australia (November 2006)

Plug in the name Glenn Neely on Google and you'll quickly learn that this man is an icon in the field of trading and Elliott Wave analysis. Chat rooms debate his latest wave counts, amateur Elliotticians sing his praises and he is regularly ranked at the top of the survey of US trading newsletters for accurately predicting the markets.

In 2002, (Mr. Neely) declared that the 2002 lows would be the lowest level the market would see for the rest of his lifetime. But this wasn't the first time Neely made such a bold claim.

In the Sep/Oct 1988 edition of *Cycles* magazine, dedicated to Elliott Wave theory, Neely's article was placed directly opposite his counter-part, Robert Prechter. While the more famous Prechter declared a target level for the Dow, following the 1987 crash, of 40, Neely again predicted the US stock market would never revisit the 1987 lows for the rest of his life. At that time the Dow was just 200 points from its 1987 lows and the general sentiment among investors was extremely bearish.

Neely has continued to make bold claims. In 2002, while the Dow was making its biggest correction since the 1987 crash, and most Elliott Wave theorists were still bearish, Neely declared a target for the Dow Jones Industrial Average of 100,000 by the year 2040. This might seem like an unrealistic claim, but if you consider the Dow rallied 10 times in value between 1980 and 2000, a similar rate of growth for the index would easily see it hit that target. But perhaps his most eerie prediction was in 2001. In an interview, weeks before the September 11th terrorist attacks, he forecast a catastrophic fundamental event was about to befall the US.

Neely was introduced to the idea of trading when he was working offshore. He decided to relieve the boredom on long stints at sea by educating himself. He took a range of books with him. One of them was the book *The Commodities Futures Game* where the author, Richard Teweles, claims to earn a daily amount of \$5000 from his trading. "That was an unimaginable amount of money for me at that time," Neely says. The same book had a two-page summary of Elliott Wave Theory. "As soon as I read the words "Elliott Wave theory", I knew straight away it was something important," he explains. "It was a strange feeling. When I read a summary of the theory, I knew this was the answer to market behavior I had been looking for."

The first, complete book on Elliott Wave he read was *Super Timing* by Robert Beckman, published in 1978. "Anyone who seeks absolute perfection will find Elliott Wave Theory quite unsatisfactory," Beckman states in his book. But Neely was not discouraged by Beckman's warning. Neely blamed the medium rather than the message, realising the books available on Elliott Wave theory in the 1980s were severely lacking. "There was a large amount of unexplained

information on Elliott Wave application,” Neely explains. “There was no step-by-step process to Elliott wave application, such as what kind of data to use, how to plot the data, how to begin the analysis process, etc.” After studying all the wave books he could get his hands on, Neely realized there was a tremendous amount missing to help the trader starting out in Elliott.”

After two years of being “massively obsessed” with Elliott, Neely realised he had a better understanding of the theory than any book he could purchase or any training course that was available.

The next natural step was to teach his knowledge. “As far as I know, way back in 1983, I was the first person in the world to start teaching complete technical analysis courses - certainly Elliott Wave analysis – over the telephone.” Neely says. This was a significant development in trading education because up until then trading was taught in a classroom, when the markets weren’t open. Neely’s telephone tuition of real-time trading lessons started when he got his first client by advertising in *Futures* magazine. He charged US\$900 for six months tuition of 1-hour-a-day, five-days-a-week.

The act of teaching the theory crystallised his knowledge and the idea of writing a book about wave theory became the next logical step. “While I was teaching, every time I thought of something new, I would write it down on an index card,” he explains. “I did that for about five years and I had stacks and stacks of index cards.” With the introduction of desk-top publishing in the mid-1980s, Neely realised writing a book became feasible.

“I started taking out all the index cards and going through them,” he says. “Even though it was a very complicated subject, when it came to writing about it, it was already in my head, because I had been teaching it extensively for five years.”

He initially self-published, but quickly learnt the opportunities were limited without the support of a publishing house. Before the book was picked up by a publisher, he painstakingly reviewed the material, spending nearly a year rewriting crucial chapters, in particular the highly complex Chapter 3.

Neely was still in his twenties when *Mastering Elliott Wave – Presenting the Neely Method: The First Scientific, Objective Approach to Market Forecasting with the Elliott Wave Theory* was promoted and released nationally in the US. On its release, it wasn’t long before it was generating substantial, monthly royalties for Neely.

The book’s success led to Neely appearing on CNN, FNN and many other U.S. national TV and radio shows. At the age of 26, he was the youngest financial markets commentator to ever appear on CNN. The book had established Neely as an international expert in the field of wave theory and attracted an army of

fans. Considering it was first printed nearly 20 years ago, Neely still gets letters from neophyte Elliotticians around the world praising his book.

Neely initially set-up his market newsletter under the company name Elliott Wave Institute. "I changed my company name from Elliott Wave Institute to NEdWave Institute because I realised in 2000 that, once the bear market started, wave theory was going to get increasingly more complex and market action more difficult to predict." As a result, he suspected his competitors were going to be perpetually wrong about the future direction of the U.S. stock market. "I didn't want to be associated with years and years of inaccurate market calls. If I hadn't changed my company name, my reputation would have fallen with my competitors.

Neely is still spending two afternoons a week training traders and says there is no better way to understand something than to teach it. The repetition involved in imparting information to others helped him understand and integrate the principles. But these days the subject matter he is simultaneously teaching and learning has evolved.

"No matter how good I got at wave theory, my trading was good some of the time and not good some of the time." Neely explains. "What was the problem - the world of forecasting is completely different from trading. To get good at trading you basically have to give up the forecasting business. And that was a very profound revelation for me because my whole career, my whole life, was founded on my ability to predict markets really well."

Neely has spent the last six years concentrating on a different aspect of the trading world. His latest teaching, along with a book that is in the pipeline, will surprise many and promises a revolutionary new approach to market understanding, trading and assessment. He has been devising the first, logical, methodical approach to "trading without forecasting" ever devised and this has gradually emerged in his NEdWave newsletters which are now more focused on profitable trading than predicting future price action.

Neely's latest technology is likely to once again cause a stir in the financial world. Neely is tight lipped about the exact details of his new method. But lucky Australian traders will get a chance to see Neely in person next year when he visits the Southern Hemisphere to conduct seminars on his new trading technology for the first time.

Neely is being brought to Australia courtesy of CFD provider City Index and trading seminar company Adest, who regularly brings Turtle traders and Larry Williams to our shores.

