Treasury Bonds
a Longer Term Perspective

By Robert R. Lussier

In today's volatile markets, speculators naturally focus on very short-term market movements. However, they forget that what happens in the present is directly related to a bigger picture that deserves more attention. Such a situation now exists in the treasury bond market. It has apparently been next to impossible to decipher the intentions of the Fed and even more difficult to interpret the significance of the plethora of economic data which bombard the market day by day.

Yet the technical picture, in terms of both patterns and cycles, is one that has exhibited exemplary clarity since the beginning of this decade. The cyclic profile has been exceptional at both extremes, i.e. tops and bottoms. Every three years, bonds have roughed and crested right on schedule because of two separate three-year cycles that have alternately punctuated both major highs and lows as regularly and accurately as the movement of a pendulum.

Cycles

I mentioned two separate three-year cycles since I believe that markets have to contend with two types of cyclic forces: cycle highs and cycle lows. These are separate entities that are in a constant tug-of-war; causing markets to demonstrate predictably exaggerated fluctuations from cycle low to cycle high and vice versa. Furthermore, these swings unfold following specific patterns that are reflective of human behavior and market moods as professed by Ralph Nelson Elliott over half a century ago.

In the present case, it is obvious that the three-year cycle high has delivered every important top starting with the peak in 1980 and working just as effectively in 1983, 1986 and more recently again, in the first week of August 1989, as I have been expecting. Corroborating this phenomenon, every three-year cycle low (1981-84-87) kicked off a rally lasting exactly 21 (Fibonacci) months on average. It has now been 21 months since the October 1987 low. I have

Cycles

found this kind of time symmetry to be a powerful and overwhelming argument in favor of a significant trend reversal as it has been in the past.

Elliott Waves

The Elliott Wave pattern has unfolded in great harmony with the cyclic outline just presented. The broad picture of the wave count can be best understood by referring to Elliott Wave Principle, by Frost and Prechter, (page 50. second paragraph): “As another application of the rule. if a large correction begins with a flat a-b-c construction for wave A, expect a zigzag a-b-c formation for wave B, and vice versa (see Figures 47 and 48).’ The application of this guideline is precisely how I view the wave count since 1979.

Wave A’ marks the end of a complex a-b-c irregular flat correction in June 1980 and is immediately alternated by a simple a-b-c zigzag ending wave ‘B’ in September 1981. Wave ~ as always, should contain five waves, of which only four have been completed thus far, with the final fifth well underway. Of course the market is not pressed for time, as we unfortunately seem to be much too often. This is why it’s always easier to resort to the fit-all, cure-all and much overused X’ wave. The ‘X’ wave is the perfect scapegoat label (hailed by many experts and neophytes alike) when a market takes a detour that does not seem to fit our sometime limited understanding of the message the market is conveying. If Elliott waves are not rendering a clear and simple explanation the analyst may end up forcing (‘X’ing) a wave count to an extent that substitutes hope for reality. In such a case, it is best to put time on your side and let the market clear up. You’ll find this approach less frustrating and most of all, less costly.

The current market pattern is further clarified by referring again to Elliott Wave Principle (page 23): “4) The time frame does not change the pattern, as the market still holds to its basic form. Waves may be stretched or compressed, but the underlying pattern is constant.” This tenet well illustrates how it can be that bonds are still forging a protracted wave ‘C’ from their 1981 low. The underlying “five waves up” pattern has remained clear and constant since then.

In case you may wonder about that overlap between waves four and one, it comes from the fact that wave one was a zigzag up’ as opposed to a ‘five waves up’ construction. This

Wave Count

signaled the onset of a large diagonal triangle. This construction is the only five wave formation that trends like a normal impulse wave but where the bottom of wave four overlaps the top of wave one. I must admit that this case is made a little more difficult by the absence of the type of convergence which normally shapes the diagonal triangle pattern.

A diverging diagonal triangle, albeit less common, is quite possible and has been noted in a few other instances by the author. I don't think that this detail of form divergence should take precedence over the larger cyclic clarity which corroborates the fact that the market continues to unfold according to my expected wave pattern.

Summary

In brief, bonds are at a major top now and should soon begin a decline that will set them back towards the 80 area, ideally by the third quarter of next year. They should then begin a rise that will bring them back above their 1986 high of 105 1/2 by the summer of 1992, thus fulfilling their wave count to neatly complete their very large irregular flat pattern 13 (Fibonacci) years from its inception in November 1979.

During' his three-year association with Robert R. Prechter Robert R. Lussier learned from the best how to balance the forces of cycles and Elliott waves as a chartkeeper and market consultant. He saw how Prechter achieved many of the best calls that immortalized him as a market guru and made the diagnostic elegance of the Wave Principle available for the benefit of many market participants. Lussier continues to fart her a deep commitment to implement additional innovative insights into market timing as a consultant for his own firm. Sigma Research Co. POB 845, Gainsville, GA 30503. (404) 534-0438, Fax: (404)531-1187

Achieving The Ultimate High Part II

By Eric Hadik

In the preceding issue I attempted to clarify the application of Elliott Wave in the stock market and offer a well substantiated argument for a higher Dow into late August/early September (the date for a high has been narrowed down to August 31 or September I, 1989). Much from that article was omitted and therefore left the reader with some very understandable questions which I will attempt to dispel in this subsequent article.

More than five months have elapsed since its writing and time, as always. has been the true test for this speculation. The yearly and monthly wave counts remain intact and are presently being reinforced by the weekly and daily action of the industrials.

I would like to venture further in this analysis and take a close look at the weekly wave formations, introducing some corroborating Gann analysis which supports the preceding hypothesis. and zero in on the precise target for the fifth and final wave high.

Using Figure I, a weekly DJIA chart, as the visual aid. I would like to examine the current wave structure and some unique correlations between the waves and their respective highs and lows (I have labeled the waves and provided the most obvious target based on inter-wave correlations). If you have any questions regarding the rules or ratios used, please refer to Achieving' the Ultimate High in the June/July issue of the G&EW).

Since the Primary third-wave high of August 1987, a consistent 15-week, or 104-105 day, cycle has manifest itself throughout this entire rally. predominantly between the highs, becoming

Figure 1

more precise as the wave unfolds and nears its ultimate destination (note: unless otherwise specified. 'days will represent actual calendar days thereby using the same methodology as was on the anniversary of the crash) and 60 weeks from the one-wave high of 2158. It would also occur 91 weeks from the December 1987 low of 1768, thought by many to be the orthodox low of the fourth-wave (for the record, I disagree, but it still remains an important low regardless of its nomenclature).

With this, many cycles coinciding in the same time frame, it becomes difficult to ignore the significance of this alignment or to dismiss it as simply chance. Reinforcing the importance of this cyclic phenomenon are the unique properties which the number 15 and its two counterparts, nine and 24, hold from both an Elliott and Gann perspective.

From a Gann standpoint, these numbers are very important particularly when considered in conjunction with a circle, or more specifically, a Gann shell. The smallest division which appears in a Gann wheel or in any circle or planetary cycle used for analysis is a 15-degree or 1/24 division. Considered with the fact that the number nine has stood as the foundation of much of W.D. Gann's work, the correlation of these three numbers begins to take on some importance.

It is not, however, until Fibonacci and Elliott rules are applied that the full impact of this series can be realized. The number 15 multiplied by .618 is nine. Fifteen multiplied by 1.618 is 24. These numbers are part of an interesting summation series, much like the more renowned Fibonacci Summation Series (0,1,1,2,3.5,8,13,21,34,55,89...) which would begin with zero and three rather than zero and one. The series would then progress from there (...0,3.3,6,9,I5,24,39,63,102...) with the ratios between each subsequent number being .618 and 1.618 like the original series (notice that the seventh number in the series is 24 and the ninth number in the series is 63, another crucial number Gann). The conclusion to be reached from this unique alignment is that the next significant high. and I believe the culminant one, should occur during the week of August 28 - September 1. 1989.

Observed by itself, this 15-week cycle differs little from any other cycle which appears in the market for a brief period of time only to be superceded by a greater or more powerful cycle when the time is right. However, when considered with the assumption that a high in 1989 would complete a 15-year fifth-wave (see A.T.U.H.) a 60-year cycle from the Super Cycle wave three peak in 1929 and if occurring on August 31, 1989 would occur 105 weeks from the August 24. 1987 high, it begins to gain new significance. A high on August 31 would occur 30 weeks from the (3) wave high of 2347, 45 weeks from the (I) wave high of 2183 (which coincidentally in Gann analysis, the product of nine and seven).

You may remember that much of the current wave structure in the stock market contains these numbers in time and price. The third wave of this Super Cycle Fifth wave lasted 24 years, from 1942 - 1966 and a high in late 1989 would occur just a half year shy of 24 years from the February 1966. A high in August 1989 would occur exactly 24 months from the previous

1/13 of 578 is 44 (Super Cycle Four low is 41)
1/3 of 578 is 192 (Cycle One high is 194)
2/3 of 578 is 385 (Super Cycle Three high is 381)
Three times 578 is 1734 (Primary Four low is 1739)
Five times 578 is 2890

(This would be the extreme target for the Ultimate High, though not probable based on other analysis)

Figure II

high of 2722, thus reinforcing the probability of this projected peak. I had also discussed that the cycle fourth-wave low of 578 is really the cornerstone of the entire wave structure, past and present. You may notice that 578 is just two more than 576, the square of 24 (see figure II for further explanation).

The 9-15-24 correlation is just one of many which exist in the markets and are perpetuated throughout present and future wave structures. For the sake of brevity I will leave this discussion for future articles. As of July 1 (the writing of this article) the fifth-waves of intermediate and minor degrees are the only remaining waves to unfold and, if on target, should peak on August 31, setting a high close in the 2814-2822 range and a entire analysis of this scenario which should be available at the time of publication.

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Gann's Annual Forecasts - Part Four

By Chuck Carpino

In December 14, 1920, Gann issued his 1921 Annual Forecast ~....F for the stock market. He thought the market would not have the wide fluctuations that had occurred in the past two years. Under his "Important Points of the Year," he wrote the following advice: 'The low point for the general market will be reached between the fifth and the tenth of February, although some stocks will make low around the 12 to 14. The spring campaign will start in February and will culminate between April 28 and May 3. You should certainly sell out long stocks on this advance, as the month of May indicates serious declines.

"The markets will not be very active during June and July, having small advances and becoming dull and remaining in a narrow range.

"August is a bearish month and quite a decline will take place. In fact, one bottom should be made in August. Then should follow an advance to the early days of September; decline to September 25; then advance into the early part of October. with the low point around the 15 and 16.

"The general trend after the October break should be up until the end of the year. many stocks making highest prices during the month of December. In fact, quite a boom will take place near the end of the year."

Gann's prediction for the spring bull campaign started early in the year and it topped out exactly where he said it would. The exact high occurred at 80.03 on May 5 (see figure 1). The market went into a bearish trend until June 20, where it bottomed at 64.90. The market stayed dull during the summer and made a minor high at 69.95 on August second. His bearish forecast for August was correct and his prediction for a bottom on the yearly chart occurred on August 24 at 63.90.

After the August lows, Gann correctly thought that the general trend would be up for the remainder of the year. From the early September highs, he said the market would work lower until the 25th of the month. The highs were at 71.92 on September tenth and the market dropped to 69.43 on September 20.

In the month of October, the highs were made in the first few days of the month and prices dropped to 69.46 on October 17, making this the low point for October. Gann's low was for October 15 and 16. The market rallied strongly the last two months of the year, just as he said it would.

In my opinion, his forecast accurately represented the picture of the general trend for 1921. He identified the most bearish months as May and August. He got his subscribers out at the top at the end of April and correctly got them long after the August bottom. Keep in mind that these predictions are based on only one variable, time. To be successful, he insisted on also utilizing price and volume. His point was that there are changes in the forecast that must be made sometimes based on what actual prices do. Cycles of time unequivocally determine the majority of price movements. Gann's Annual Forecasts prove that is what causes the highs and lows. However, there are times when the cycles will not work out the way they should according to the time element. When we see this happening, we must use stops to limit our losses.

One of the techniques Gann devised for determining the trend was the idea of time and space movements. He kept track of the greatest number of points the market declined on, reactions and the longest length of time it spent reacting before resuming the trend.

As an example of this technique, let's say that the NYFE during uptrends does not react more than two days down and not more than 2.8 points for the space movement. The first time that the NYFE had a greater reaction, say six days down and 4.5 points in price, Gann would have considered that an indicator of potential weakness that could be forthcoming.

I have found that the best way for me to use this method is to watch closely the next rally after the first larger drop in prices and longer reaction in time. If the rally afterwards stalls after making

nominal new highs, then you can consider that the trend is about to make an even greater price drop than the previous one. An example of this would be the reaction in stocks down in mid-June (being a greater time and space movement than previous reactions) followed by a nominal new high which stalled and then dropped an even greater distance afterwards.

In addition, take a look at the first reaction in August 1986 and 1987 and the subsequent rally to nominal new highs before prices collapsed. Make sure you give the market a few days to definitely show it is stalling after making slightly new highs. You would not have shorted the market after the early May 1989 decline because of the dynamic first day rally off the low with gaps and not stalling at all after it made new highs on the first day of the rally. The final rally is caused by the latecomers who have been waiting for the first decent correction to get on board. But these are the weak holders and they cannot hold the market up for very long unless it is an abnormally strong move.

Projections for Late July-August

As of today's date of July 10, my projections of highs and lows are as follows: The averages should continue to move up and make a top on July 17. From there, a reaction down until late July where an uptrend should occur in the month of August until the 18. The market should react down until the 24th or so before resuming upward until the first week of September. If the July 17 works out to be the top, run a 2 x I angle up from this high and expect the prices in August to touch this angle on the Dow. That should be the spot to cover ones long position. The picture of what this could look like is provided in figure 2. The important aspect though is not whether the

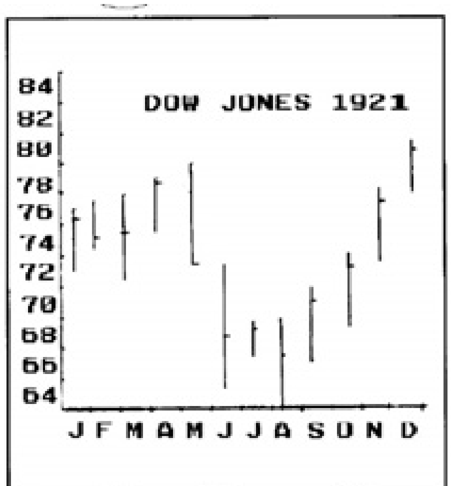

Figure 1

price behavior moves up or down with the magnitudes shown in figure 2, but rather that the highs and lows come out as projected. If the latter occurs, then the profits will come.

How the Previous Forecast Came Out

The curve projection for May began correctly with a distribution top occurring between April 25 and May 5. During this 12 day trading period, the down volume exceeded 60 million shares a day, ten out of the 12 sessions. Prices dropped 76 Dow points or 3.1 percent instead of the five percent I was anticipating. The trend of the market abruptly changed on April 12 and in one day took out the April 27 high.

The prediction for a weak May was incorrect after May 12 and my short position was stopped out on the open. My date of the 19 which was not indicated as a high or a low became a high (the high was one trading day later and .92 points higher on a close) and the cycles got back in sync by dropping into the end of the month as projected. Stocks and bonds were to have made lows on May 31 and the actual lows were May 30 and 31 respectively. After the 31, bonds made a massive rally but stocks did not rise as strongly as I would have expected.

In stocks, my high for June 9 came out correct, but the date for the low was missed. The uptrend for June was to have lasted until the 22, the final highs for the month. The highs were June 23 on a closing basis and remained there for two more trading days before collapsing on the LEI report. The pattern of prices was very tricky in this time period. The lows in futures were on the 16 (1 thought it would be the 13 originally) but the Dow Jones made lower lows until the 21. For my highs to come out as the cycles indicated, prices would be required to make a sharp increase quickly.

This occurred, but only at the last moment. Usually, prices will trend nicely into a date of a high or low. I only point this out to show an example of how the market can trick you with its price patterns. Keep in mind the following quote of Jeffrey H. Horovitz, executive director of the Foundation for the Study of Cycles, when making your projections based on cycles, “Market projection is part science and part art. Cyclical analysis offers the science and the individual analyst’s interpretation is the art.”

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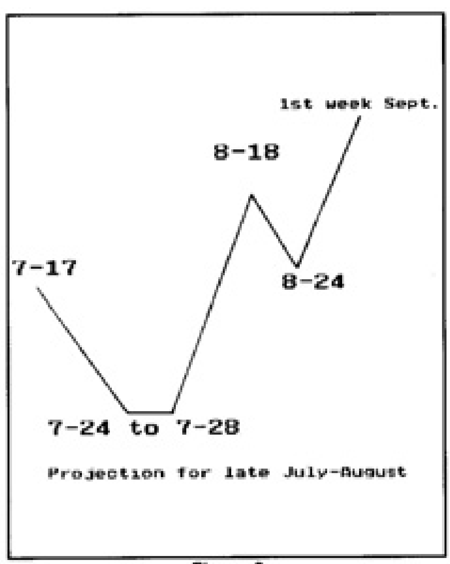

Figure 2

Vibration Tables the Key to Tops & Bottoms

By Phyllis Kahn

Another easy, yet very powerful application of a Gann principle is what I call the "Vibration" Table. In the Financial Times 1909 Gann article (which I'm certain you've read), Mr. Gann described each commodity and stock as having it's own unique vibration". The table is a series of fixed prices at increasingly higher levels that are not only strong support and resistance but often turn out to produce THE major top (or bottom) price that ends bull and bear markets.

The construction of a Vibration Table is grade school simplicity. The all-time lowest price of a commodity contract or stock is divided into eighths and thirds beginning at "0" and added TO ITSELF, creating higher and higher "cycles" of price; all prices in the series derived from the same historic starting number. That's all there is to it.

But the underlying Gann principle, that there is an unchanging mathematical relationship between historic lows and subsequent highs that is continuous through time, is as powerful a market concept as you will encounter.

In order to appreciate how dynamic this principle is, let's examine a Vibration Table based on the lowest price ever made by a November soybean contract. Futures trading in soybeans began in 1936; on February 9, 1950, the November contract made its historic low at price 191 1 4. According to Gann principle, subsequent major highs in November soybean contracts will be mathematically related to the price 191.2. This is true regardless of the number of intervening years between the original lowest low and subsequent highs. This is also one of the key reasons that Gann weekly and monthly charts must be the same contract month year after year -- to preserve the mathematical purity for price forecasting. (See my article in Eeb/Mar89 G&E Magazine).

NOVEMBER BEANS
VIBRATION TABLE (LOWEST LOW)

	0	191.2	382.4	573.6	764.8	956.0	1147.2
1/8	23.9	215.1	406.3	597.5	788.7	979.9	1171.1
1/4	47.8	239.0	430.2	621.4	812.6	1003.8	1195.0
1/3	63.	254.0	446.0	637.3	828.5	1019.7	1210.9
3/8	71.7	262.9	454.1	645.3	836.5	1027.7	1218.9
1/2	95.6	286.8	478.0	669.2	860.4	1051.6	1242.8
5/8	119.5	310.7	501.9	693.1	884.3	1075.5	1266.7
3/4	127.5	318.7	509.9	701.1	892.3	1083.5	1274.7
2/3	143.4	334.5	525.8	717.0	908.2	1088.4	1290.6
7/8	167.3	358.5	549.7	740.9	932.1	1123.3	1314.5
FULL	191.2	382.4	573.6	764.8	956.0	1147.2	1338.4
	1	2	3	4	5	6	7

Figure 1

Referring now to the Vibration Table in figure 1, notice that the original low has been divided into eighths and thirds. The column marked “I” begins at “0” and ends at the lowest low, 191.2.

Column “2” is 191.2 ADDED to 191.2 and also divided into eighths and thirds. Column 3 is 191.2 times three or as I shall refer to it -- “3 Cycles of the Low.” As in all cases with either Price or Time, Gann ranked the divisions into eighths and thirds in importance from the most important -- End of Cycle -- the next, midpoint or 50%, then 1/3, 2/3 and finally the 1/4’s and 1/8’s.

Observe the fifth column or “five cycles of the low” which is 956. In October 1974, the Nov. 1974 soybean contract made new historic highs that ended a spectacular bull market at price 956. Not 956 and 1/2 or 1/8 or 3/4 but exactly 956, proving the accuracy of Mr. Gann’s hypothesis some 24 years after the original low was made. This very precise illustration of the Gann “Vibration” principle occurred in modem times during a period of extreme volatility in an inflationary environment. Contrary to popular belief, such fundamental factors have no bearing whatsoever on mathematical relationships -- they affect only the price levels.

It was not until 1983 that “five cycles of the low” came into play again as major resistance. The Nov. 1983 contract made low at 568 1/2, just five cents below “three cycles of the low.” It was from this level that a new bull market began in October 1982. On August 25, 1983, with a roaring bull market underway and fueled by rumors of Brazil curtailing soybean sales, the Nov 1983 contract opened limit up at 967, 11 cents above the key 956 “End of cycle” price. It was the first time since the high nine years earlier that a November contract had regained that price. It did not hold limit that day; five days later it was at 882. In the ensuing weeks, it made two more attempts to break through 956, the final one on September 13, 1983. On that day it reached 968 (limit bid) but did not hold, closing out three cents above limit down, becoming a Gann key reversal day, and in fact, the high for the next two years. During the entire 1983

THE DOW VIBRATION TABLE (BASED ON 386 HIGH)			
1/8 = 48.25	1/8 = 434.25	1/8 = 820.25	1/8 = 1206.25
1/4 = 96.5	1/4 = 482.50	1/4 = 868.50	1/4 = 1254.50
1/3 = 128.66	1/3 = 514.66	1/3 = 900.66	1/3 = 1286.66
3/8 = 144.75	3/8 = 530.75	3/8 = 916.75	3/8 = 1302.75
MP = 193.00	MP = 579.00	MP = 965.00	MP = 1351.00
5/8 = 241.25	5/8 = 627.25	5/8 = 1013.25	5/8 = 1399.25
2/3 = 257.33	2/3 = 643.33	2/3 = 1029.33	2/3 = 1415.33
3/4 = 289.50	3/4 = 675.50	3/4 = 1061.50	3/4 = 1447.50
7/8 = 337.75	7/8 = 723.75	7/8 = 1109.75	7/8 = 1495.75
386.00	772.00	1158.00	1544.00
END CYCLE 1	END CYCLE 2	END CYCLE 3	END CYCLE 4
1/8 = 1592.25	1/8 = 1978.25	1/8 = 2364.25	1/8 = 2705.25
1/4 = 1640.50	1/4 = 2-26.50	1/4 = 2412.50	1/4 = 2798.50
1/3 = 1672.66	1/3 = 2058.66	1/3 = 2444.66	1/3 = 2830.66
3/8 = 1688.75	3/8 = 2-74.75	3/8 = 2460.75	3/8 = 2846.75
MP = 1737.00	MP = 2123.00	MP = 2509.00	MP = 2895.00
5/8 = 1785.25	5/8 = 2171.25	5/8 = 2557.25	5/8 = 2943.25
2/3 = 1801.50	2/3 = 2187.33	2/3 = 2573.33	2/3 = 2959.33
3/4 = 1833.50	3/4 = 2219.50	3/4 = 2605.50	3/4 = 2991.50
7/8 = 1881.75	7/8 = 2267.75	7/8 = 2653.75	7/8 = 3039.75
1930.00	2316.00	2702.00	3088.00
END CYCLE 5	END CYCLE 6	END CYCLE 7	END CYCLE 8

Figure 2

bull campaign, despite multiple attempts and a new historic price high, there were no closes at or above 956. The fifth mathematical “vibration” ruled once again, 33 years after the original low.

It was not until the 1988 drought soybean bull market, that the fifth vibration was finally taken out. The bull market ended when the Nov. 1988 contract hit 1046. just five cents below the midpoint in the sixth cycle, 1051. This article updates one I wrote in 1984 for a book by the Futures Symposium International that ended by saying. “When a November soybean contract finally closes above 956, you will have before you the next two important resistance price levels, 1051 .6 (1/2 of the sixth cycle) and 1147.2 (the end of the sixth cycle.)” So it was not surprising when three years later, Gann’s “Vi hration Table” once again brought in the final high price with its invisible resistance and support levels, in the current market, you may find the contract low of the year in “End three Cycles of the Low” for the Nov. 1989 contract.

When the next bull market rages in soybeans, you too will have this before you. Remember that it’s perpetual; it can be used year after year for November contracts. If prices in future years move beyond “seven cycles of the low,” just add 191.2 to continue the Table into ever higher levels.

THE DOW VIBRATION TABLE

This Table is a variation on “cycles of the low” as it is based not on a historic low but on the 1929 high in the Dow Jones Industrial Average, ~ It was thehigh of a 60 year cycle so it’s importance mathematically is obvious. It’s divided into eighths and thirds beginning at “0’ and added to itself in exactly the same manner as the Nov. soybean low.

When this Table was presented in the 1984 article, it had only “four cycles of the High.” As you see in figure 2, the natural course of prices required extension of the Vibration Table to the current “eight cycles of the High.” Cycles five, six, & seven have proven their value many times since their addition. Space doesn’t permit a complete review of the last 30 years of Dow Tops and bottoms, but there are several that should be noted here. High and low prices are “calculated” intraday, by Dow Jones reference material, not “print” or closes. (see figure 3).

Notice that the intraday high August 25, 1987, did go through the “End of Cycle 7 2702” but did not stay above it as 2702 is Gann’s “Death Zone” number of 7 x 386. At the time it

Dow Major Tops and Bottoms	
May 1970 Low 625	627.25 5/8 in Cycle 2
Jan 1973 High 1067	1061.6 3/4 in Cycle 3
Dec 1974 Low 570	579 Midpoint in Cycle 2
Aug1982 Low 769.9	772 End Cycle 2
Jan 1983 High 1296	1302.75 3/8 in Cycle 4
Sep1986Low 1730.6	1737 Midpoint Cycle 5
Apr 1987 Low 2180	2187 2/3 Cycle 6
Aug1987High2746.65	2750 1/8 in Cycle 8
Recent Intermediates	
May 1988 Low 1921.58	1930 End Cycle 5
Nov 1988 Low 2026.1	2026 1/4 in Cycle 6
Feb 1989 High 2369.3	2364 1/8 in Cycle 7
Jun 1989 Low 2412	2412 1/4 in Cycle 7

Figure 3

occurred, it was ‘natural” resistance, calling for at least a sharp correction. What followed was certainly that. Until proven otherwise, it’s been the terminal high for the Dow of the 13 year bull market that began in 1974. The markets have taught me not to expect perfection (not even from the Gann methods) but it would be perfect if the Dow 1989 final high came in on September third at 2702. Then, the 60-year cycle high would be exactly seven times the 1929 high on the same date.

The Vibration Table for the Dow has been outstanding over the years for both intermediate and final Dow prices. So there is no reason to believe that its effect will diminish in the future. As with the soybean Table, it’s perpetual, so if “eight Cycles of the High” should prove to be insufficient in future years, just add on to it, knowing that 10, 12 and 16 cycles are also very strong natural” invisible Gann resistance levels.

Phillis Kahn is editor and publisher of Gann Angles, 3315 Martin Rd., Carmel, CA 93923. Anyone who wants a copy of the 1909 article “Remarkable Trading Reco,’d of W.D. Gann” can write her at the above address.

Squaring Price with Time

By Robert Miner

This is one of the most important and valuable discoveries that I have ever made. If you stick strictly to the rule, and always watch a stock or commodity when TIME and PRICE come together, you will be able to forecast the important changes in trend with greater accuracy.

One of Gann's most unique and important concepts for projecting market time/price reversals is the relationship of price and time. Gann called it "squaring price in time." Important price highs, lows and ranges often project future time periods when minor and major trend reversals occur in the markets. The concept and technique is really quite simple.

The method to project highly probable time zones of future trend reversals from price extremes and ranges is identical to projecting future dates from prior time cycles. A price range or extreme is proportioned and multiplied by those important dynamic and static ratios of time and price that have proved to be prevalent in the markets. These values are projected forward in time by calendar day (CD), trading day (TD), weekly (WK) and monthly (M) counts from the date of the high. low or termination of the range. If these projected time periods coincide with time projections by other methods, resulting in a cluster of time periods within a narrow time zone, a market reversal is highly probable.

These price squared in time projeclions can be done either geometrical on a chart or simply by math and calendar counts resulting in a list of potential turning point dates. I prefer to do these projections by mathematically, as I like the least amount of clutter on my charts as possible.

Gann proportioned time and price cycles by static ratios or equal divisions

of one eighths and one thirds. It is important to also porportion time and price cycles by the most important dynamic ratios represented by the Fibonacci number series. These ratios are .146, .236, .382 and .618. These ratios are even more prevalent inmost markets than the static ratios.

Gann emphasized that these price in time projections should relate to trading day counts verses calendar day counts relative to daily counts. I have found that calendar day counts are as reliable and therefore just as important as the trading day counts. Calculate both calendar day and trading day counts. The trading day counts of any value will always be further out in time than the calendar day count. Weekly counts of the values are also important. I have not found price in time monthly counts to be particularly useful as the projected time periods from monthly counts are so far out in time that the time and price cycles prior to those distant monthly projections will more accurately indicate future dates.

Let's look at some examples of price square time projections from past market activity.

September 26. 1988 = tmportant Cycle Low
28= 1.67RTDDec. 14. 1987H-Feh.28. 1988L

28 = 1.236 RCD Feb. 25, 1985 L - Dec. 14. 1987 H

Let me explain my short hand symbols above. Sep. 28 was a date that fell 1.67 times the value of the price range of the Dec. 14, 1987 high to the Feb. 28, 1988 low by a trading day count from the Feb. 28, 1988 low.

December 2, t988 = High
2 = .75 RCD June 3, 1988 H - Sept. 26. 1988 L
5 = 3.142 RCD Dec. 14. 1987- Feb. 28. 1988L
February 17, 1989 = Low
15 = 1.382 RTD Sept. 26, 1988 L - Dec. 2. 1988 H
18 = 1.618 RCD June 3, 1988 H - Sept. 26. 1988 L
March 20, 1989 = High
19 = .5 RCD Dec. 2. 1988 H - Feb. 17. 1989 L
20=3RTDDec. 14. 1987H-Feb.29. 1988L

As you can see, each of these important highs and lows fell within two days of a square of a prior price range in time. Let's look at a few future dates that will square in time with important prices.

September 1989
1O=.6I8RWKAug.25,t976L-Ian.2t.t98OH
(Range projected by a weekly count).
18 = 1.236 HCD Dec. 14, 1987 H (High price counted forward by calendar days).
25 = 1.25 HCD Dec. 14, 1987 H December 1989
3=1.382HC1J Dec. 14. 1987 H

Should time cycle ratios and time counts also fall near these dates, we would want to be very alert for indications of trend reversal. At this time ~July), the September 10 date coincides with several other important time factors. I would be particularly alert to the price activity within one week either side of this date for an important high or low.

It is important for you to go back over past price market history and do the calculations and projections in order to prove to yourself the value of this profitable time projection technique. I suggest that you study one market completely. Calculate the time projections from the price of every major and intermediate cycle for just one market for at least the past 10-15 years. If you do this work, which is necessary, you will discover for yourself how profitable this technique really is. It takes very little time and effort to keep the calculations up to date once the past cycles have been calculated.

Not every price ratio and multiple will project a future market reversal. But, just about every important cycle high and low will fall within two-three days of an important price squared in time. Your diligent study to prove this technique will pay handsome rewards.

Robert Miner is the editor of THE PRECIOUS METALS TIMING REPORT a Gann/Elliott educational and forecasting newsletter, for the gold. silver and platinum markets. He is also the author of the new W.D. Gann Trading Techniques Home Study Course. Gann/Elliott Educators, 7315 N. Oracle Suite 105 Tucson. AZ 85704.

Unveiling The Mystery of W.D. Gann 's Price and Time Squares from Theory to Practical Application

By Marcus Robinson

Much has been written about many of the fabled trading techniques of W.D. Gann. This article is not meant to be another one of the glorified recitations of folklore, but rather a healthy dose of trading practicality which I feel was the hallmark of Mr. Gann's success. If we get our work done with this article, you will be able to incorporate many of the techniques we'll cover into your present trading strategy. This article will confine itself to Gann's use of squares (geometric figures) not only interpret past market history but also to provide practical insight into the future direction of the markets he traded.

SQUARES

Gann referred to the various price and time cycles as squares. So. for the novice investor reading this article, it may useful to simply substitute the word "square" with the word 'cycle. This will help facilitate your understanding of these much maligned concepts. Squares or cycles are sometimes very difficult to visualize. So, Gann with his unique sense for practicality devised a method of actually displaying the many price and time cycles on a chart by the use of geometric angles which represented the duality of time and price. This in itself is an interesting yet blinding glimpse at the obvious - in terms of the market, price never occurs outside of the context of time.

To construct a square would call for an elaborate artistic effort which may result in a rather intricate network of vertical, horizontal and diagonal lines of varying degree which we call Gann Architecture. The charts are so intricate and provide so many lines that it will, for the most part. be useful to the average trader and of minimal use for the the advanced Gann technician. Nevertheless, to get a thorough understanding of Gann's work, it is necessary for the beginning student to construct a few of these charts by hand. If you aren't artistically inclined, we recommend using Peter Pich's Gann Trader Ito construct these elaborate charts.

To construct one by hand, choose a market and starting with its all time high or low and draw the basis square. You know, a box with four equal sides. The size of the box should be in harmony with the kind of chart you're working with. For example, using a weekly chart of the S&P 500 Index, I would recommend using the Square of 52 (for 52 weeks in a year).

Once you have drawn your square you need to draw all the angles which Gann used from each of the corners on the left side of the square. Then divide the square into eighths or l6ths from top to bottom and left to right to create a time/price grid. Once complete, you will have fully constructed the time/price square in its basic from.

The angles that Gann used were very simple. He simply divided the range or high by two (50 percent retracement zone) and this angle would serve as his most important support and resistance. to construct this angle simply draw a 45 degree (or lx 1) uptrend line from the bottom and top left corners of the square. To construct the second most important support/resistance points, draw a 37 1/2 and 62 1/2 percent (2x1 and 1x2) uptrend and downtrend lines from the two left corners. This would complete a basic square as the next set of line are of lesser importance but nevertheless should be monitored. They are the 25 and 75 percent lines (4x1 and 1x4) and should be drawn from the left corners as well. And finally, one should consider the weak lines which Gann considered. They are at the 12 1/2 and 87 1/2 percent division (8x1 and 1x8). Horizontal and vertical range divisions should be executed accordingly.

SQUARES OF THE HIGH AND LOW

I consider the use of squares off major highs and lows to be of greater use to the trader than the generic overlay technique described above. The technique is very similar and should provide the trader with a vast array of time/price projections which can be very useful to the active trader. Take for instance the square of the high for example. Using the S&P 500 Index, the recent all-time high for the move is around 348. Using this technique on the daily chart, you should draw a box that the top left corner starts at the 348 high and moves forward (horizontally to the left) in time by 348 days. As you can see, you going to need a sufficient amount of chart paper to complete this exercise. Then draw a vertical line down to zero. since all for sides of the square are equal, you can easily complete the box. Now, as in the previous exercise, divide the box vertically and horizontally into eights or sixteenths. Once this is done, allyou have to do now is draw in the Gann angles from the left hand corners and presto, you now have a fully constructed square of the high.

To construct a square of the low, you basically follow the same steps as when constructing a square of the high. The only difference is, instead of drawing the vertical lines down to zero, extend them upward to the high prominent high (which will most likely be the all-time high). Armed with the support and resistance architecture offer by the powerful charts a trader may be informed of the majority of time/price projections for its future market action.

SQUARE OF THE RANGE

The square of the range was Gann’s most practical and effective technique. This single technique alone can account for as much as 60 percent of the total effectiveness in any trading trading system. A trader could use this technique in any time series ranging from short term intraday charts to the long term monthly and annual charts. I utilize this strategy to develop my day trading strategies we recommend on our hotline service -MARKETLINE!, The Professional’s Choice. This service has averaged 27 trades a week in ten markets with an average percentage of profitable trades at 59.25 percent. Average daily Gains amount to more than $1300 per day on a $50,000 margin account. The core strategy employed in our analysis in all time series is Gann’s squaring of the range.

To construct this square, simply use the same techniques we’ve described above but confine the square to the range of the recent advance or decline you interested in and presto, you have in your hands perhaps the most effective trading tool available to date. While there are numerous trading strategies which can be developed with this tool, the most important things to remember are: I) don’t expect to see a reaction at each one of the range divisions and angles within the square. This would only result in a huge waste of time and trading at everyone of these area could result in tremendous losses. 2) look for the valuable opportunities to show up around the 37 1/2. 50 and 67 1/2 percent range division in angles, time and price. Any convergence and intersections of these lines should be regarded as significant opportunities. And, 3) as with all trading tools, they are most successfully employed when using another set of tools to confirm or invalidate your trading hypothesis. We recommend Elliott Wave theory, Fibonacci ratios and a variety of momentum oscillators to “smooth” the raw data developed with this technique.

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Six Orbits of Mercury, a Common Time Distance in the Stock Market

By Alan Richter, Ph.d.

Recently, the stock market travelled 533 days from the August 25, 1987 all time top to the February 8, 1989 post crash high or secondary top. This distance in days is five more than six orbits of Mercury (6 x 88 days 528 days). When I checked for this time distance in the historical records, I tound the following other examples listed in Table 1.

Now the first thing to note is that the movements can go from high to hieh (four examples), high to low (five examples), and low to high (one example). It might be significant that there were no examples of low to low, the traditional way that cycles are measured. It is of interest that the 1987-1989 situation resembled the 1929-1931 situation, although February 24, 1931 was not the post crash high. Nevertheless, in both instances, a prominent top occurred 533-539 days after the speculative top.

Now, another way to measure time distances is to combine Fibonacci numhers of weeks, such as 21 weeks + 55 weeks = 76 weeks = 532 days. The average time distance, 534 days, is closer to 76 weeks than it is to the six orbits of Mercury but this does not prove that Mercury is not involved. A third way to measure time is as follows: 900 days minus a year + 535 days. The three theoretical models together thus gives a time distance of 528-535 days, in fairly good agreement with the actual data of 525-540 days. Note that these time distances are always less than 18 months. Now, another time distance that I noted in the stock market is 11 orbits of Mercury or 968 days.

Again, the time distance can be expressed in a Fibonacci number of weeks, such as two years + 34 weeks, which is 968.5 days. Another way to describe this time distance is one year and 600 days + 965 days. Additionally, 968 is the same as two and one half years + 55 days. Note that the II orbit lengths are more normally distributed in terms of the iiature of the turning points, all four types of movements are found.

STOCK MARKET MOVEMENTS
525 TO 540 DAYS LENGTH

	HIGH TO LOW	539 DAYS
APRIL 3, 1899 - SEPTEMBER 24, 1900	HIGH TO HIGH	536 DAYS
SEPTEMBER 30, 1912 - MARCH 20, 1914	HIGH TO HIGH	539 DAYS
SEPTEMBER 3, 1929 - FEBRUARY 24, 1931	LOW TO HIGH	531 DAYS
MARCH 31, 1938 - SEPTEMBER 13, 1939	HIGH TO LOW	535 DAYS
NOVEMBER 9, 1940 - APRIL 28, 1942	HIGH TO LOW	531 DAYS
MARCH 9, 1956 - OCTOBER 22, 1957	HIGH TO LOW	540 DAYS
DECEMBER 2, 1968 - MAY 26, 1970	HIGH TO LOW	525 DAYS
SEPTEMBER 22, 1976 - MARCH 1, 1978	HIGH TO HIGH	531 DAYS
FEBRUARY 17, 1987 - AUGUST 1, 1988**	HIGH TO HIGH	533 DAYS
AUGUST 25, 1987 - FEBRUARY 8, 1989		

AVERAGE LENGTH 534 DAYS
*RETAIL SECTOR, ON BALANCE VOLUME

Now the question occurs, were any of the six orbit movements followed by 11 orbit movements, or vice versa? The August 8, 1896 to April 3, 1899 II orbit rally was followed by the April 3, 1899 to September 24, 1900 six orbit decline. The March 31, 1938 to September 13, 1939 six orbit rally was followed by the September 13, 1939 to April 28, 1942 II orbit decline. Additionally, there was a six orbit decline, November 9, 1940 to April 28, 1942 contained within the larger 11 orbit decline, September 13, 1939 to April 28, 1942. The September 15, 1953 to May 9, 1956 11 orbit rally was followed by the May 9, 1956 to October 22. 1957 six orbit decline. The December 2, 1968 to May 26. 1970 six orbit decline was followed by the May 26, 1970 to January 11, 1973 11 orbit rally. An 11 orbit decline, July 15, 1975 to March 1, 1978, and a six orbit decline, September 22, 1976 to March 1, 1978, conflowed to March 1, 1978.

Now, 6-11-17 is not a Eibonacci sequence. However, it is a variation on the more acceptable sequences: 6-10-16. 6-12-18, and 6 1/2, 10 1/2, 17. It is fairly close to the last sequence which is half of the well known 13-21-34 sequence, and intermediate between the first two sequences. If one accepts all of these sequences as occurring in nature then one can see that it is foolhardy to expect exact relationships and miss out on the realities. For example, the range in fraction relative to the theoretical 0.618 is 0.5 to 0.667. It is the 1-2-3 sequence which is the furthest from the theoretical. The sum of six orbits. II orbits and 17 orbits is 1496 days which can also be viewed as 1500 days. It is also 2 years + 21 weeks + 34 weeks + 55 weeks.

This article should not be construed as indicating that other integral numbers of orbits of Mercury do not occur in the stock and commodity markets.

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Subliminals forTraders

By Robert Krausz, M.H. BHEC.

If trading stocks and commodities is 70-80 percent psychological then why has this subject been so badly neglected by writers and teachers? For every 100 books written about trading perhaps one examines this vital part of trading. The reason could be that workable, realistic answers are difficult to find. Furthermore psychological tools that can be put to direct use by traders and analysts have not been readily available to the trading public.

From the moment you are born, all events and happenings are programmed into your subconscious mind. Your personal experiences are filled and sorted for recall, to be used at a later stage when required. Unhappily the subconscious mind can not tell the deference between reality and imagination. A good example is when a young boy of five or six tries to help his father to 'fix the automobile" and as soon as he picks up one of the tools the father shouts at him to put it down. This only has to happen a few times and the subconscious mind files it in the permanent memory.

When the boy is II or 12, the father thinks the son is ready to learn how to use the tools and asks him to help with the "car fixing". Without knowing why, as soon as the son picks up one of the tools he feels very uncomfortable. After trying a few times he may feel clumsy and unhappy. Eventually the father tells hem not to bother as he is just a "clumsy boy". That boy is set for life to be condemned as useless with tools and not very handy. Does this story ring a bell?

Now, what has happened here? The first experience at the age of five with tools if filed away in the subconscious mind as "If I touch these tools, my father will shout at me. Therefore its bad." When the boy is 12 and the father asks him to help, the conscious mind dips into the memory banks (which are housed in the subconscious) looking for a reference to tools. And just like the computer memory, the subconscious mind finds the correct file, that states.." If I touch these tools, my father will shout at me. That is bad". The file is now checked by the conscious mind, which being the guardian of the boys actions decides how to actually react to the information contained in the file.

Please listen carefully as this is the crucial part. As the first experience that the son had with tools was "bad and unhappy" the conscious mind will try to protect the boy from having to go through again, that "bad" experience. Even though the original experience itself was not actually "bad" (just a fathers concern for his sons safety). But the subconscious perceived it as "bad", it remained filed as such, due to the subconscious minds inability to distinguish between reality and imagination.

So all these years later here is the conscious mind generating a totally inappropriate reply, under the false premise that it is "protecting" the boy. Suddenly he becomes clumsy, which causes the father to give up on the son as far as tools are concerned. But it enables the boy to stop using the tools, thus satisfying the conscious mind, that it is doing its job by preventing the boy from being further exposed to "bad" experiences.

Not only did the conscious mind construct an excuse under a false premise, but the boy's "bad" experience has been reinforced at the subconscious level, now he is also "clumsy". Unless a way is found to wipe out these false premises it will remain with him for the rest of his life.

By the same token your bad trading habits and the lack of confidence, either in your method of trading or in your ability to take action are formed in exactly the same way. Once these inappropriate trading habits and lack of confidence are filed in our subconscious mind, we can only erase them by getting back to the level where there poor habits were installed in the first place at the subconscious level. Not only must these poor habits be wiped out at that level, but they must also be replaced by the winning habits (correct response) at that very same level. Only then can we truly make the best use of our methodologies and be on the way to confident trading.

We have to enter our subconscious computer, wipe clean redundant files that cause self sabotage during our trading and replace it with clean appropriate information suitable for the job in hand confident trading.

The American public first became aware of the power of subliminals in the early 1950,s when high speed visual subliminals flashed onto Kim Novaks face, urging the audience to “drink Coca-Cola”. The words were flashed unto the screen at a much faster rate then our eyes are capable of registering, yet the owner of the new Jersey Theater reported a 58 percent increase in sales. We now know that the mind picks up these high speed messages and without the conscious mind being able to filter them, they are recorded in the subconscious that can differentiate between negative and beneficial input. It just accepts all input as facts. In other words, these messages are recorded in the filing system of the subconscious mind in a subliminal manner.

Our job is to use the same route to access our subconscious mind by using subliminal tapes that are custom made for traders and analysts. In the last 20 years, subliminals have been used successfully for all purposes. Tapes have entered the main stream, for weight loss to goal achievement. Subliminal tapes are used by millions of Americans.

Now, for the first time, subliminal tapes made specifically for traders and analysts, are being made available through the Gann & Elliott Wave magazine. The three tape set covers most of the problems traders encounter.

Tape #1. Covers all aspects of accurate analysis and recall of same for actual trading. this tape can be played any time. 30 minutes.

Tape #2. The psychological problems of trading are covered by this tape that can be played any time. 30 minutes.

Tape #3. A “Total” tape that covers the major difficulties traders face on and off the trading floor. Due to the fact that this tape used the hemispheric equalization process, it must not be played when driving. For this tape only stereophonic headset is required.

As a professional trader, I am fully aware of the problems that traders face every day, during the stressful hours of market trading. By using the latest state of the art equipment and recording these tapes in California, I was able to combine my practical knowledge as a master hypnotist and member of the British Council of Hypnotist Examiners, together with my experience as an independent trader. I am not able to share with you these subliminal tapes to help improve your trading.

A booklet comes with the tapes that fully explains how to use them to obtain maximum benefit possible.

The first 100 applicants will have a unique opportunity to partake in a follow up experiment, that will be organized by the Gann & Elliott Wave magazine, who will check and collate the results of continued use of these subliminal tapes for traders. Please see and fill in the form in this article.

Robert Krausz, M.H. BHEC. is a professional trade,; a member of the British Council of Hypnotist Examiners and (‘an he ,’eached at P.A.S. Inc., 2215 S. Federal HWY #22, Ft. Lauderdale, FLA. 33316.

Beyond Gann: Harmonics and the 1987 Stockmarket Crash

By Gregory LeGrand Meadors with Helen Meadors and Neal Chabot, Ph.D.

W.D. Gann was not a conventional market analyst, but an innovator. He originated a number of market timing techniques, many of which are now widely used. In our "Beyond Gann" series of articles, we have discussed some of Gann's unconventional market forecasting techniques such as time cycles, geometric patterns, astronomical correlations and number vibrations.

In a 1909 interview in Ticker Magazine. Gann states," If we wish to avert failure in speculations we must deal with causes. Everything in existence is based on exact proportion and perfect relationship. There is no chance in nature, because mathematical principles of the highest order lie at the foundation of all things.

Most followers of Gann would say that this quote is consistent with a strictly mathematical

Figure 1

The constellation of the Great Seal of the United States is composed of 13 pentagrams, so arranged that their grouping forms a hexagram (Solomon's Seal) with two equilateral triangles of ten stars known as the Tetraktys, on which Pythagoras is said to have sworn his pupils to secrecy. The ancients knew of only seven heavenly bodies yet the Pythagorean mathematical system used ten as the base number for its conception of universal laws. Only in recent times have "modern" astronomers discovered the other three planets. Surrounding the constellation is a golden glory divided into 24 equal parts representing the 24 hours in a day. Around each glory are 19 clouds representing the 19 year Metonic moon cycle when the new moons and eclipses return to the same degree (day) of the year. (Revelation 4:4-8; 12:1-6) procedure of analysis. However, if their understanding of Gann is based only on mathematical techniques, calendar dates and geometric angles, this would certainly be “Gann made easy.” Too easy. In the school of market analysis, those who relied on these methods alone failed their graduation exam during the October 1987 Crash! One needed to have a more thorough understanding, equivalent to a Master’s degree, of Gann’s esoteric methods of analysis to have passed the 1987 test. Those who did pass this test could have heard Gann’s voice echoing the following Scripture: “To you it has been given to know the secrets and mysteries of the kingdom of heaven, but to them it has not been given” (Matthew13:11).

The new methods of analysis needed for a complete understanding of Gann involve both Scripture and a cosmic perspective. Based on our research, we believe that of all Gann’s esoteric techniques, the most important for market timing, as well as the least known and understood, is his use of cosmic and planetary harmonics. In our article, “Gann and the Planets” (August 1988 G&EW), we revealed how the widely reported planetary phenomenon called the “Harmonic Convergence” allowed us to pinpoint both the August 25, 1987 stock market top and the subsequent decline months in advance, while most of the well known market advisors failed to foresee these events.

To further explain, let’s look at the difference between calendar date cycles and forecasting based on the positions of planetary bodies. Many technicians have learned to use Gann calendar counts (30, 60, 90, 180 days etc.) from previous highs or lows in order to forecast future short term trend change dates. These monthly (zodiac) divisions were displayed around Gann’s numerical wheels. It is a matter of experience that markets sometimes react with a dramatic trend change on the 180 day and the one year anniversary dates.

As an example of how planetary angles can act as hidden energy at certain calendar time periods, consider the dramatic one- day drop in the Dow Jones Averages of 90 points on April 14, 1988. In terms of calendar time, this date was a one-year anniversary from the April 14, 1987 low. In terms of planetary positions, however, the powerful Sun had reached the exact opposition (180 degrees; 1/2 circle; cycle) from its position on October 19, 1987, the low of the Crash!

In the last few years financial astrology has attracted a new interest on the part of investors

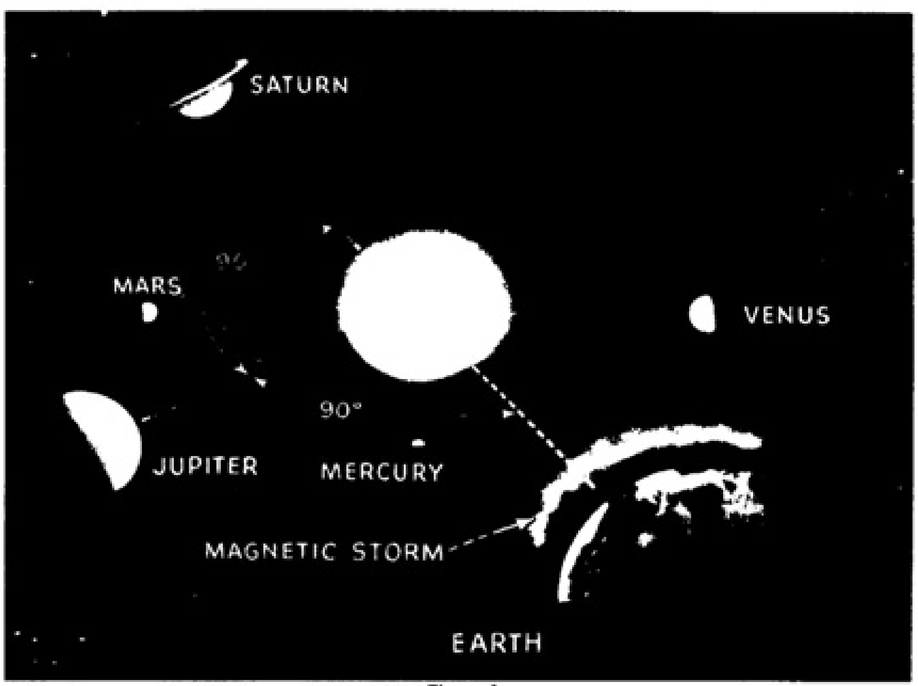
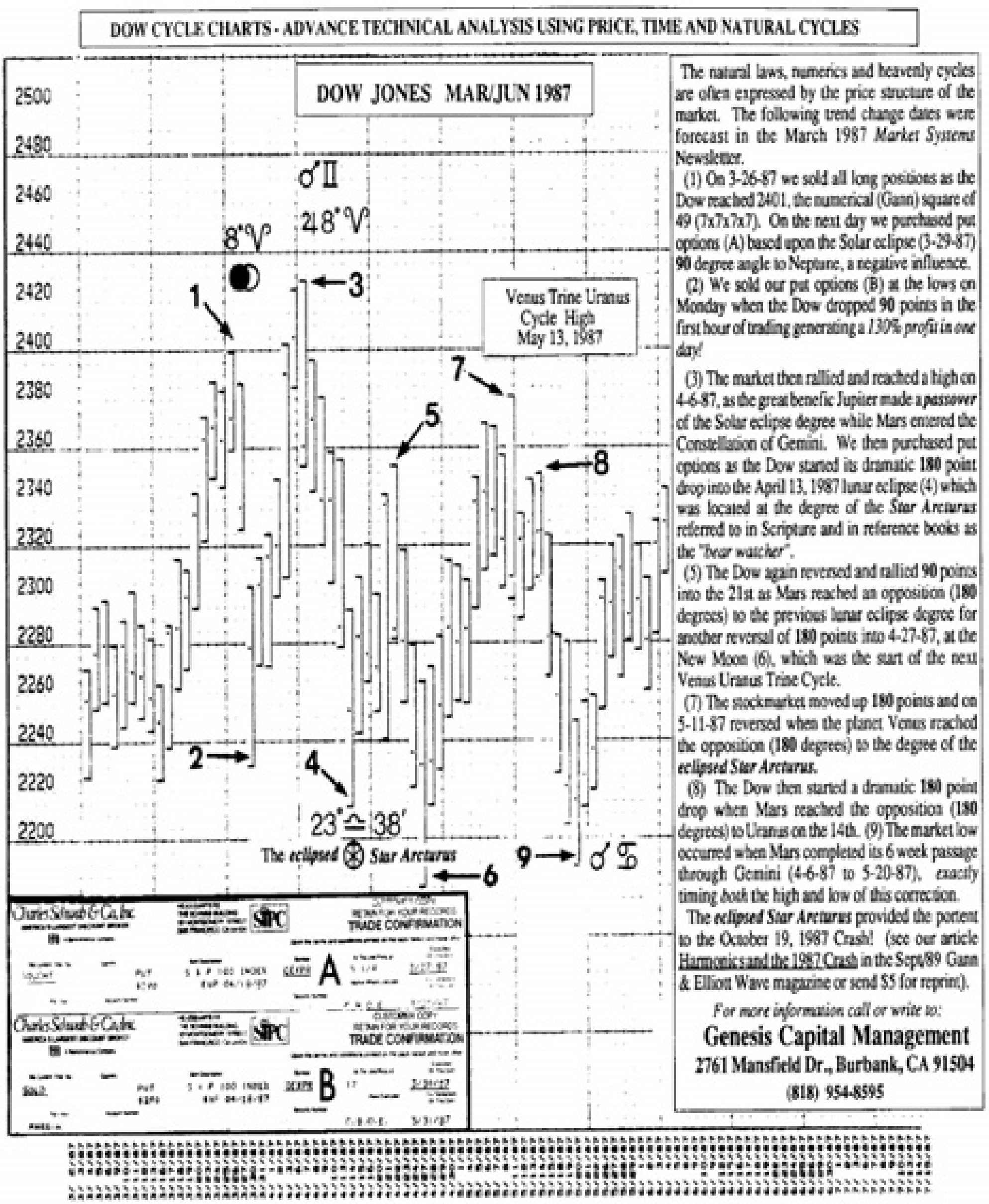


Figure 2

and market technicians. In using astronomical cycles, however, one must be careful not to assume common astrological interpretations. This would be an expensive mistake (as many have discovered), since one of the problems with using traditional astrology for market timing is that some of its presuppositions have gone unquestioned for centuries. We believe that one must not rely on old belief systems but instead look at heavenly cycles from a historical perspective. This is done by doing original research into celestial laws and cosmic patterns. Then it is possible to understand the relationships between heavenly harmonics and cycles in the financial markets. “The Heavens declare the glory of God, and the firmament shows and proclaims His handiwork. Day after day pour forth speech, and night unto night shows forth knowledge” (Psalm 19:13).

THE SEAL OF SOLOMON

One of the errors of the traditional astrological approach was demonstrated in our previous article on Vibration Inversion Points (February 1989 G&EW). We took a planetary aspect called the “sextile” (60 degree angle between planets), which is traditionally agreed to be a “positive”



aspect, and gave examples to show that when several planets have formed multiple 60 degrees angles concurrently, the stockmarket has reacted dramatically in a negative fashion. We called this powerful multiple aspectation the Solomon Vibration Inversion Point (VIP), derived from the geometric structure of the Biblical Seal of Solomon (Star of David). We stated that the intensity of the Solomon VIP (and thus its resulting influence on the direction of the market) is governed by its aspectation to other sensitive degrees.

There are also other symbols and geometric figures which are important in accurately forecasting the US. stock and bond markets. They are keys to understanding celestial harmonics and natural laws, and some of these symbols are represented within the US. Treasury Seal and the Great Seal of the United States (figure I).

RCA SCIENTIST DISCOVERS PLANETARY CORRELATIONS

A good example of how original research can lead to a knowledge of celestial harmonics was the study done by John Nelson, a scientist employed by the RCA Corporation. Nelson discovered that certain planetary harmonic alignments coincided with sunspot activity, which in turn generated magnetic storms in the earth's atmosphere, resulting in a disruption of radio transmissions (figure 2).

In his book Cosmic Patterns, Nelson comments, "If the planets, in certain alignments, can cause changes in solar atmospheric behavior, it is only reasonable to expect that they can also cause changes in some segments of our environment here on Earth. There appears to be harmonic synchronicity in planetary angular relationships, caused possibly by the gravitational interaction of one planet upon another throughout the millions of years the planets have been circling the sun. Nelson's research into the planetary correlations of sunspots gave him the

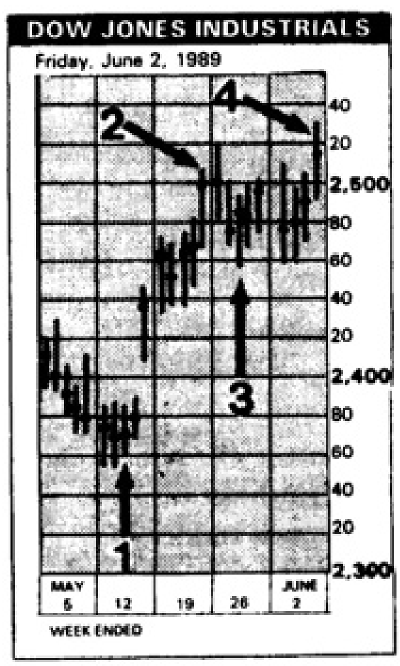
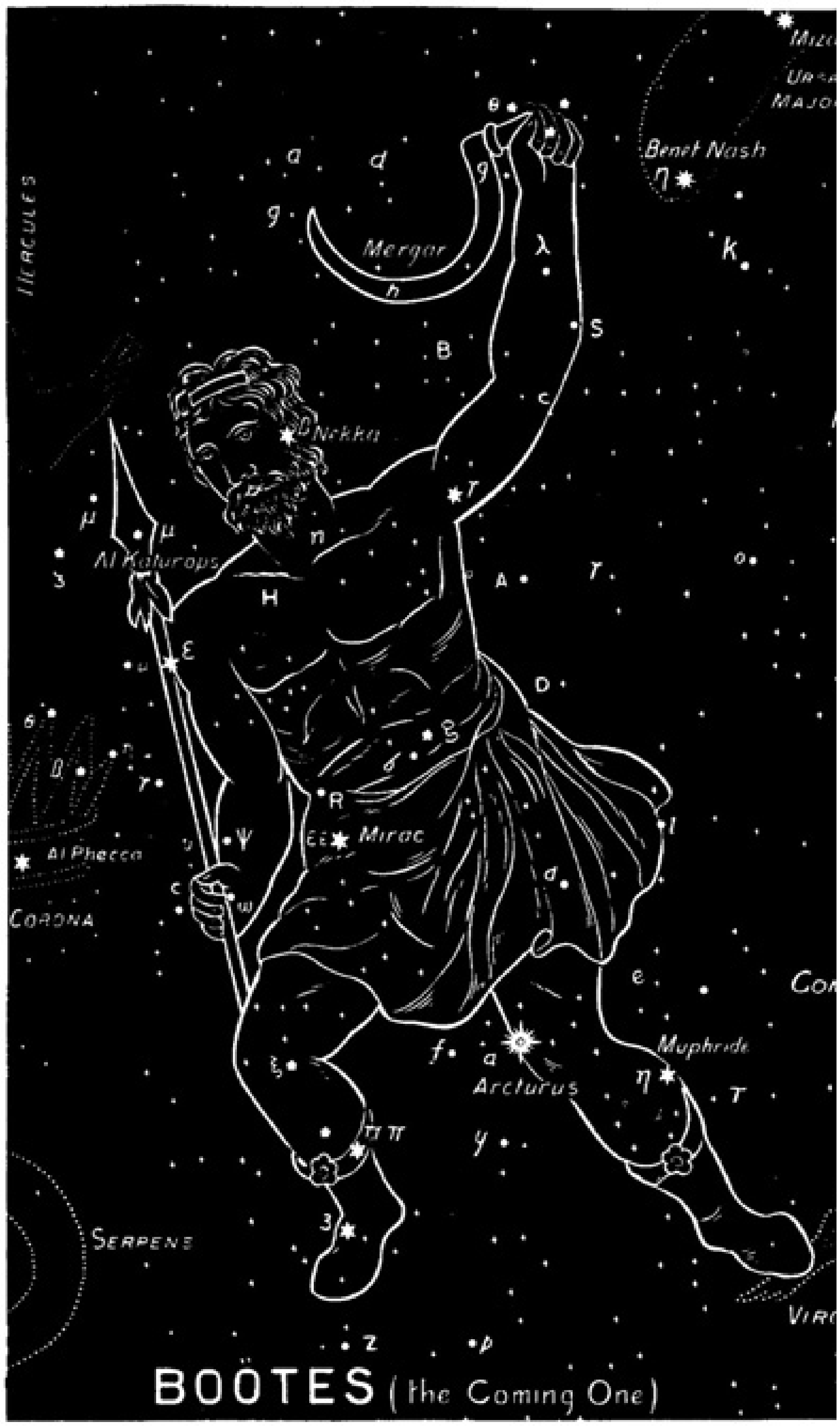


Figure 4

The May 11, 1989 trend change forecast was based, in part, upon the solar harmonic (180 degrees) from the November 13, 1989 *future* plantary cycle event. While most astro-analyst and market forecasters have been looking for another ability to forecast future sunspot activity (and thus future disruptions of radio communications) with an 85 percent accuracy.

Using a similar approach, our historical research into natural laws and celestial harmonics has given us the ability to obtain over 90 percent accuracy in forecasting trend change dates

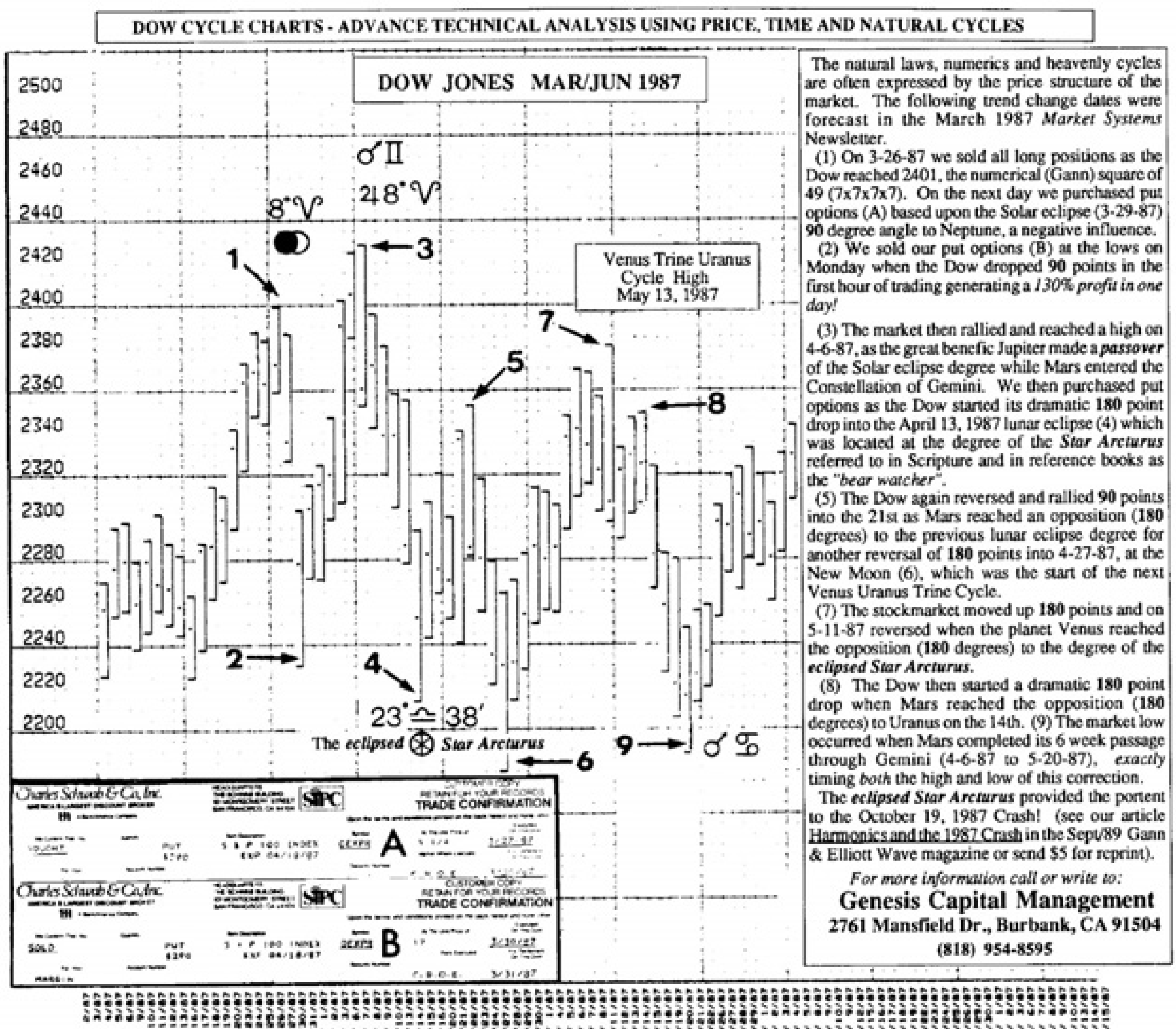


According to Capt's book on Biblical astrology, <u>The Glory of the Stars</u>, the H meaning of the name of the Bootes Constellation is *"the coming."*. He is represer the Reaper with a sickle in his hand, and his Star Arcturus is called the *"bear wa* "And he that sat on the cloud thrust in his sickle on the earth and the earth was r (Rev. 14:16). The April 13, 1987 lunar eclipse conjunction with the fixed Star A *(the "bear watcher")* provided a portent for *"the coming"* reaping during the 1987 C Crash! Arcturus is the brightest Star in the Northern Hemisphere.

and the direction of the stockmarket. For example, one planetary cycle for timing short term rallies in the stockmarket has been the Venus Trine Uranus Cycle. When the planet Venus approaches an exact trifle (120 degree angle) to Uranus, the market usually moves up until the angle/aspect is exact. This semi-annual cycle has been 80 percent accurate during the last 100 years and an amazingly 100 percent accurate during the last five years (figure 3).

SCRIPTURAL “KEYS” FOR MARKET ANALYSIS

In the book The Magic Word Gann expresses his belief in God and the importance of reading Scripture. He never specified exactly what hidden wisdom was to be found in the Bible, but we have identified several areas in which scriptural knowledge and its perspective can contribute to market analysis. Our research goes “beyond Gann” by seeking to complete the research in those areas that Gann only partially explored. Our findings in these areas may help to explain those instances where Gann made predictions that were not accurate such as his



forecast for a stock market crash to start in 1953!

One of the areas of research we have focused on is the astronomical, based upon the premise that heavenly events often coincide with market events. Upon examination it is evident that Gann' s use of planetary patterns and cycles are not founded upon traditional astrology alone. Instead, Gann's methods are the result of empirical studies correlating heavenly events with financial cycles.

We, therefore, believe that Gann's research was scripturally influenced, because of his high degree of accuracy. His use of cosmic events was set in a Biblical context, so that the phenomena which he thought most important was that which traditional financial astrology has largely overlooked, such as eclipse phenomenon in the Bible and the fixed stars.

Another area in which our research is extending Gann's insights has to do with the dimensions of time past, present, and future. Gann believed, again with scriptural foundation, that the future is a repetition of the past. We have gone "beyond Gann" by saying that the future is not only a repetition of the past, but it also is a forecasting tool for the present. In a very unusual way, the future prefigures the past, in our present view, as time is seen as a continuum.

We have devised a method of research that analyzes the probabilities of major trend changes in the current market based upon the planetary harmonics in the future! This method represents a quantum leap and a new analytical technique. In a way, it is going "hack to the future" in order to understand the present market situation. It is based upon the scientific hypothesis that time is a continuum in the cosmic realm. Therefore, the future as well as the past is harmonically related to the present! For example, a financial astrologer can tell you that in the future, around November 13, 1989, a dramatic planetary cycle event will occur which should generate a major trend change in the stockmarket. If November 13, 1989 is going to be a major turning point it is probable that this date will also be a one year and/or a six month anniversary from a previous change of trend.

If this is the case, we should also look for a change of trend one year and/or 6 months even earlier (May II, 1989) from that date! Does this future planetary cycle event have a harmonic indicator for the major trend change that occurred exactly one year and six months earlier? In our previous article Beyond Gann: Number Vibration (June/1989 G&EW) we stated "Investors and traders who are awake and aware will profit during this (May 19th) time frame." In the May issue of the Market Systems Newsletter we stated that we were still bullish and that to expect a trend change on May 11th or 12th. This date was 34 Fibonnaci trading days from the March 27th low. This trend change date was based, in part, on what we saw for November 13, 1989, six months later! (figure 4)

ECLIPSES - A PORTENT TO THE FUTURE

Another area of our research using the future centers around the biblical references to eclipses. For example, when the stockmarket opened on January 2, 1987, a dramatic trend change occurred which was the start of a record-breaking three month rally. Traditional astrologers will tell you that the positions of the planets on or around this date do not have any particular alignments in the heavens or significance with respect to the U.S./NYSE natal birthcharts to account for the dramatic trend change.To find the cosmic correspondences for this dramatic trend change, which are also the major harmonic keys for the October 19. 1987 Crash, one must have knowledge of Scripture, planetary cycles and celestial harmonics!

The planet that is said to correlate with dramatic changes and events is Uranus, which also is said to represent computers. Anyone can look in an ephemeris and see that Uranus on Jan. 1, 1987 was located at exactly 23 degrees 38 minutes of the constellation Sagittarius.

When you go “hack to the future” and look at the lunar eclipse of April 13, 1987, you will discover that the numerical degree of this lunar eclipse is also 23 degrees 38 minutes in the constellation Libra. This activated the Uranian energy (dramatic change), as it was a 60 degree aspectation -- the Solomon VIP!

Most revealing, however, is the fact that this lunar eclipse degree is also the exact degree of the fixed star Arcturus which is referred to in Scripture: “Can you bring forth N4azzaroth (Zodiac) in his season? Can you guide Arcturus with his sons (stars of the bear). Do you know the ordinances (celestial laws) of heaven? Can you establish their rule upon the earth? (Job 38:32-33).

According to the Encyclopedia Britannica and the book The Power of Fixed Stars by Rigor. the star Arcturus is called the “hear guard or watcher”. It is located in the constellation Bootes which is symbolized by the Reaper. (fig. 5. On April 6, 1987 the stock market turned bearish and dropped dramatically (fig. 6), coinicing with the April 13th conjunction of this eclipse and the Star Arcturus (“bear watcher”). Was the bearish market reaction during this “cosmic conjunction” with Arcturus a portent to the future October 1987 Crash?

OCTOBER1987 CRASH --A STELLAR PERFORMANCE

To understand the intensity behind the now famous October Stock market Crash of 1987, one must have the knowledge to interpret the significance of the 23 degrees 38 minutes Arcturus eclipse conjunction, and be able to interpret the various planetary events taking place during the October crash.

On October 6. 1987, Venus reached 23 degrees 38 minutes in Libra, thereby making its passover of the degree of the eclipsed Star Arcturus. The Dow Jones Average dropped 90 points on this day providing a dramatic confirmation of the negative influence of Arcturus.

On October l7th/l8th. the powerful Sun also reached 23 degrees 38 minutes in Libra, thereby making its passover of the eclipsed Star Arcturus and completing an exact opposition (180 degrees) to Jupiter. (The previous Sun/Jupiter opposition occurred the day before the September 11, 1986 “crash”).

Also, on Sunday, OCtober 18th, Uranus again reached exactly 23 degrees 38 minutes Sagittarius, thereby generating another intense Solomon VIP aspectation to both the negative Sun/Jupiter opposition and to the eclipsed Star of the heavenly reaper, Arcturus, the “bear watcher”!

Could there be any doubt as to what the outcome would be with this combination of heavenly influences? Only a few market analysts. by whatever means, were able to foresee these events, while it was plainly written in the heavens.

Many investors experienced financial “death” during the passover as the heavenly reaper harvested 508 points (5+0+8=13) from the Dow Jones Averages.

Were you just a “bear watcher” or did you follow the heavenly indicators and sell short on October 6. 1987 (13th degree lunar eclipse). There were unbelievable profits made during this 13 day grand harmonic symphony performed by your Heavenly Host. (see trade confirmations in the Feburary/89 G&EW magazine).

Naturally, the October 1987 Crash was blamed on computer (Uranus) sell programs. After studying the multitude of negative indicators revealed in our “beyond Gann” series of articles, the famous October Crash should no longer be a “mystery”. (Matthew 13:11) fect market timing was the Heavenly Kingdom, and he could say that the keys to this Kingdom have been given to man (Matthew 16:19). Remember, “The law of the Lord is perfect, converting the soul; the testimony of the lord is sure, making wise the simple. (Psalm 19:1-14).

Therefore, “Seek ye first the Kingdom of God, and his righteousness; and all these things shall be added unto you.” (Matthew 6:33)

FOOTNOTES

The book Cosmic Patterns by RCA scientist I. H. Nelson is one of over two dozen books included in the Genesis Market Timing I-tome Study Course (includes research charts). Write for catalogue. 2 The temperature on the sunlit full at which time it also emits infra-red rays that are several times more intense than the rays it reflects from the Sun. During the first five minutes of a lunar eclipse, the surface temperature of the moon falls far below the freezing point, and the emission of the infra-red (electromagnetic) rays ceases (Encyclopedia of Astrology by Devore).

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