

Combined View of the Masters

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Back in the early 90's when I first started studying the various trading systems and techniques of the legendary forecasting masters, W. D. Gann, George Bayer and R. N. Elliott, I found their work interesting. But the fact that they used Astrology as their primary forecasting tool did not sit well with me at first. In fact, at that time Astrology, to me, was nothing more than superstition and mumbo-jumbo rather than an actual science. And if Astrology was the key to the markets, then why weren't all financial astrologers rich?

The fact still remains that even though these men may have been misunderstood, they were still famous in their own right and gave accurate and "documented" forecasts months, if not years, in advance.

How?

Being born on September 4, 1968 under the sign of Virgo, my curiosity and desire to analyze were strong enough to push me through the hundreds, if not thousands, of hours of painstaking trial and error studies on their market forecasting systems with some very interesting results.

What I began to realize is that they each describe, in their own way, a relationship with price and time through a mathematical process of cycles. That their representation of Astrology was more of a system of natural speeds and steps that the planets follow in a cyclical order, both individually and combined. A type of natural progression and harmony.

I also began to see that their views of the markets were the same as the philosophers of old where everything in nature, on our planet and throughout the universe, worked off of natural points of force (i.e. golden spirals, Fibonacci relationships, natural progressions and proportions, etc.). Each one felt that if they could find the proper combination of mathematical points a specific market holds to, they could make superior trading decisions.

There are many professional traders today who use small pieces of the master time and price puzzle with some good and some not so good results, but few use them all. By going over the various trading systems and keeping what worked or had the highest percentage of accuracy and eliminating the rest, I found approximately 15-16 different single systems that literally prove themselves up.

What we get when these various systems are combined together are clusters of both price and time hits around specific dates in the future, thus increasing the odds for success.

A very important point I would like to make at this time is that no one tool should be used alone but must be combined with the others in order to get the best results. As no one tool works all of the time, they all work some of the time. This is, in my opinion, the key to unlock the door to high probability trading.

Even though these systems are powerful and give superior results, by no means are they perfect. In fact, I would say about 30 - 35 percent of the time they are going to be wrong. No matter how hard we study or how many hits there are around a specific target date, you are still going to be wrong about 3-4 times out of 10. With this in mind this system, as well as any others, must be combined with proper money management skills, stop loss orders and hedging techniques in order to stay alive. Even the legendary masters, like Mr. Gann, agree stop loss orders are a must!

In my upcoming book, "Forty-Five Years and Beyond, The Nature of Numbers and the Numbers of Nature", each chapter is devoted to one specific technique with a brief description of the idea along with the proper recommended reading list for further study. The goal of this book will not be to take anything away from the already published works on the W. D. Gann, George Bayer and R. N. Elliott systems, but rather the intention will be to add to the knowledge through my own research and experience. By no means do I claim to have the last word on the old masters works, but I do feel that the books and courses I have chosen show the best and most comprehensible explanations I could find at this time. The book will include my own research findings and specific trading combinations which, I feel, are unique.

One example of the high probability methods in my upcoming book is the "24 Hour Cycle". This method is based on the time it takes the Earth to make one complete revolution on it's axis (360 degrees). The formula is as follows:

Take a specific high or low price and multiply this price by itself. Then divide this answer by 60 (minutes). This will show you the number of minutes/hours to the squared price. You then divide this answer by 24 (hours). This will give you the number of calendar days to the squared price. In most instances a trend change occurs with a plus or minus one time period (one hour, one day, etc.).

This formula was taken directly from one of Mr. Gann's courses. Mr. Gann stated:

"The number 144 is the master cycle because 144 times 144 equals 20,736 cells. This number divided by 365 days (1 year cycle) equals 56.81 years (two Saturn cycles)".

Mr. Gann also says:

"Take the high, multiply it by itself, and divide by 24 to find a probable accumulation or distribution period".

By experimenting with these two formulas, taking the highs and lows, multiplying them by themselves, then dividing by the specific time period, I have come up with the following results:

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Example 1:

January 20th, 2000 - High at 124.75×124.75 equals 15562.5, divide by 60 equals 259.37 hours, divide by 24 gives 10 days 19 hours or 10 - 11 days. January 20th plus 10-11 days shows January 31st/February 1st. (February 1st major low).

Example 2:

February 1st, 2000. Low of 109.125×109.125 equals 11,908.2, divide by 60 equals 198.47 hours, divide by 24 equals 8 days, 6.7 hours or 8 - 9 days. February 1st plus 8-9 days gives February 9th-10th (February 9th Major High).

Example 3:

March 2nd, 2000. Low of 99.5×99.5 equals 9,900, divide by 60 equals 165 hours, divide by 24 equals 7-8 days from March 2nd or March 9th-10th (March 10th Minor Top).

Example 4:

March 6th, 2000. Top at 111×111 equals 12321, divide by 60 equals 205.35, divide by 24 equals 8-9 days. This period, when added to March 6th gives March 14th-15th (March 14th Minor Low).

Example 5:

March 27th, 2000. Major High at 128.25×128.25 equals 16,448, divide by 60 equals 274.1 hours, divide by 24 equals 10-11 days. March 27th plus 10-11 days equals April 6th-7th (April 6th Major High, also a double top formation).

Example 6:

April 4th, 2000. Low (bottom before double Top) at 115×115 equals 13,225, divide by 60 equals 220.4 hours, divide by 24 equals 9-10 days. April 4th plus 9-10 days equals April 13th-14th (April 14th Minor Swing Low).

Example 7:

On March 22nd, 2001 we had a Bottom at 87.65 X 87.65 equals 7,682, divide by 60 equals 128 hours, divide by 24 equals 5-6 days. 5-6 days plus March 22nd equals March 27th-28th (March 27th was a High before a 10 day Reversal).

As you can see this simple calculation gives potentially powerful results.

Another of Mr. Gann's tools I use with good results is his NYSE permanent chart. This chart is a 20 times 20 number square that runs up each column 20 spaces and over 20 spaces, ending at the number 400 (20 X 20 spaces). Mr. Gann does give basic instructions on how to apply this unique forecasting tool but is very vague.

By going over several articles by various authors and applying some of my own research ideas, I've come up with this: Most people, including myself, believe the 20 cycle to be the Jupiter, Saturn conjunction cycle which takes place in both heliocentric and geocentric longitudes approximately every 20 years. Gann also gives a list of years that he says starts a new cycle and each one had this specific configuration in it.

According to this idea, we now see that Gann is using this number square specifically to see the market reaction to this one individual cycle, as we shall see.

(Lambert Gann note: The NYSE Permanent Chart is included with the Gann Stock Trading Course).

When starting the NYSE chart in 1792, the year 1793 falls on the number 1. As we move up year by year we see various 45 degree angles crossing in time. These angles, according to Gann, will be resistance or support years depending on what part of the cycle you were in.

If you circled all the years of the Jupiter/Saturn conjunctions on the 20 times 20 chart you will see a potential pattern emerge. Starting with the 1861 conjunction in the sign of Virgo and following this method we get a major market crash in 1869, or the 8th year of the 20 year cycle, which is on a 45 degree angle on the chart. The 1901 conjunction in the sign of Capricorn formed a major top in 1907, also on a 45 degree angle and equaled the 6th year of the 20 year cycle.

Reusing the 1901 conjunction in 1919, we had another major reversal on a 45 degree angle in the 18th year of the cycle. The 1921 conjunction fell once more in the sign of Virgo with the 1929 market crash again in the eighth year of the 20 year cycle on a 45 degree angle (it was also the 3rd Jupiter/Saturn conjunction or the 60 year cycle).

The next date we will look at is the 1980-81 conjunctions in Libra. This year will be 80 years from the 1901 conjunction or four 20 year cycles. 1987 had a major high similar to the one in 1907 in the 6th year on a 45 degree angle. So as we can see there is definitely a price/time relationship going on here.

Another way to use the 20 times 20 chart as Mr. Gann says is to look at the 60, 40, 30, 20, 15, 14, 10, 7, 5 and 1 year cycles to see if one or more may be repeating. It works like this: We know we had a Jupiter/Saturn conjunction in 2000 in the sign of Taurus similar to the one we had in 1940/41. Now, let's say we want to forecast the NYSE for the year 2002. In this year there is a 45 degree angle crossing with another in 2003. Going back 60 years we get 1942;

60 Yr., 1942: In 1941 we started a major advance from a bottom

40 Yr., 1962: Another low and an advance started

30 Yr., 1972: January 1973 was a major top with 1974 being a major low

20 Yr., 1982: Also a bottom where an advance started

15 Yr., 1987: Was a major top year

14 Yr., 1988: October 1987 we had a major low

10 Yr., 1992: A minor yearly low where a continuation advance started

7 Yr., 1995: The latter part of 1994 we had a minor low where a major upswing started

5 Yr., 1997: Another minor yearly low with the continuation rally

1 Yr., 2001: So far from 1999 to the present we have been in a major distribution range with no visible direction.

When putting all these years together along with 45 degree angle crossings in 2002 and 2003 we may have a possible forecast that runs like this:

A major top in the NYSE in 2002 with a major bottom on the 45 degree angle in 2003 (these years were also obtained by Daniel Ferrera using other methods).

Another reason for this specific forecast is when using the NASDAQ birth chart of February 8th, 1971 and using the 20 X 20 chart we get 1972 being on the number 1 on a 45 degree angle. 1972 was a major top with a major bottom on the number 3 or the center number of the first 5 year cycle. 1976, 1977 also fell on a 45 degree angle and in December 1976 we had a major low and 1977 was a final low before a major run up. 1981, 1982 also fell on a 45 degree angle. 1986 was a top and 1987 was another top and a major bottom formed and an advance followed.

The next 45 degree angle crossed in 1991. In October of 1990 a major run up started. 1993 and 1995 were also on a 45 degree angle. In December of 1993 a minor top formed and in January of 1995 a minor bottom again where a major advance started. In 1998 we

had a minor top and bottom where a major advance started which lasted until the next 45 degree angle in 2000 (last major top).

The next 45 degree angle will be hit in 2003 for a possible low point. So, as we can see we have both the NASDAQ and the NYSE hitting 45 degree angles in 2003.

We can see from the previous examples that it is extremely important when using the 20 X 20 chart to have the proper first trade date of the stock, commodity or index you are following for without it you will not know what year of the 20 year cycle you are in.

PS: I also believe that all major conjunctions can be used as potential timing devices I.E. Jupiter/Neptune, Saturn/Neptune, Saturn/Uranus, Jupiter/Uranus. Mr. Gann does say that the Jupiter/Saturn, or the 20 year cycle, works the best for stocks and commodities.

In closing I would like to give several perfect examples of high probability dates or cluster points. I had recently received an e-mail from Daniel T. Ferrera about a potential turning date he had found using several of his own unique Gann methods combined with some specific astro-data.

The dates are July 12, 13th 2001. When we look at these dates in an Ephemeris we see the Moon is at 0 degrees north declination, both Mercury and Jupiter are changing signs, also conjuncting each other on the June 21st total eclipse at 0 degrees Cancer (a cardinal point). This astro-data, combined with his square of 9 work, are both pointing to this period as being of major importance for both the NASDAQ and the NYSE. Good work Daniel!

By using the other various forecasting methods in my upcoming book, we will also see some interesting results on these dates as well. By taking the April 4th, 2001 NASDAQ low (the NASDAQ's several year low) at 1619, converting it into degrees we get 180 (179) degrees (1619 minus 1440 or 4 X 360 degree circle). If you also take the June 21 total eclipse at 0 degrees Cancer, converting it to degrees of the circle we get 90 degrees. You can now see that the total eclipse is directly affecting the NASDAQ at the low of 1619 by squaring it.

One point I have found when dealing with eclipses is the eclipse degree becomes a stationary hot spot or energy point and gets triggered whenever an individual planet transits over this location (especially Mars). This system is extremely powerful for forecasting mundane events. I also feel this is probably the way W. D. Gann used them in his forecasting methods.

When using what George Bayer called his "five fold horoscope" on these dates we see several hits as well. The NASDAQ's progressed Moon is at 7 degrees 12 minutes Virgo, hitting it's mundane mirror Sun on a 300 degree aspect and also making a 255 degree angle to it's mundane Jupiter (George Bayer believed all 15 degree aspects were important).

Since we are on the subject of critical cluster dates, I have come up with July 18th-20th, 2001 as being potentially important. On these dates we have the Moon at 23 degrees north declination (maximum north) while passing the eclipse longitude at 0 degrees Cancer and conjuncting the Sun (new Moon). Mars is stationing direct, helio Mercury is changing signs, NASDAQ's natal solar arc Mars is conjuncting it's natal Sun/Jupiter, Sun/Neptune midpoints.

On July 5th, 2001 we have another solar eclipse (lunar) at 13 degrees 34 minutes Capricorn. On the 19th of July we have heliocentric Mars crossing this degree. Combine all this with the fact that if you look at all the major tops and bottoms over the past year or so on the NASDAQ you will find the heliocentric transit to transit planetary combinations of Mercury/Venus, Mercury/Jupiter, or Mercury/Pluto in most instances.

In the case of IBM it usually has a heliocentric combination of Earth/Uranus, Venus/Uranus around most of it's trend changes. On the 18th - 20th of July, we have both combinations present, Venus/Uranus, Mercury/Jupiter and Mercury/Pluto. Not to mention the fact that July 17th, 2001 is the one year anniversary date of the 2nd major top in the NASDAQ before the double top formed on September 1st, 2000. the exact Sun degree will be reached closer to the 18th of July this year. With so many hits occurring around these dates, the results should be interesting.

This article was written in June 2001. Since then many of the forecasted dates given in this article have since passed. You should also use the following dates for upcoming minor to major trend changing periods. October 22-26, December 5-8, and December 25th-first week of January, 2002.