Complete Stock Market Trading and Forecasting Course sample pages

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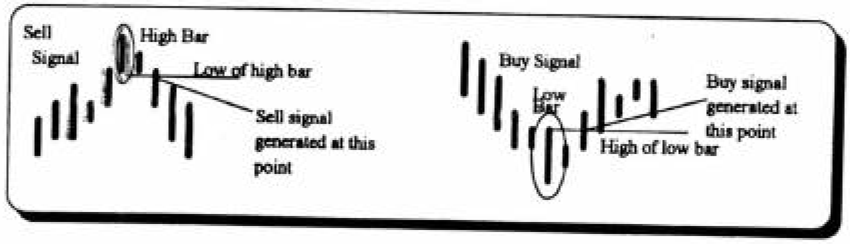
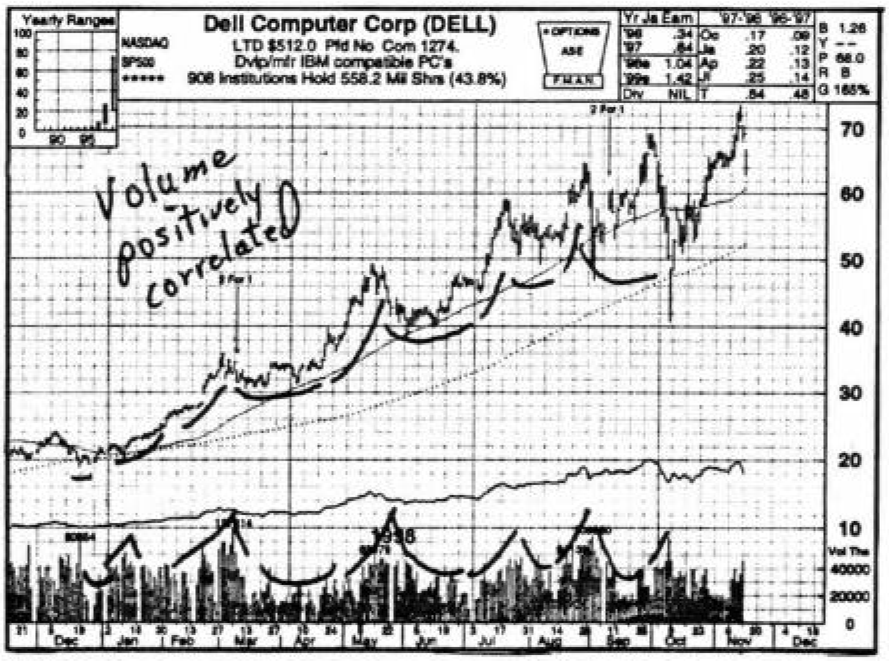
Reversal of Trend

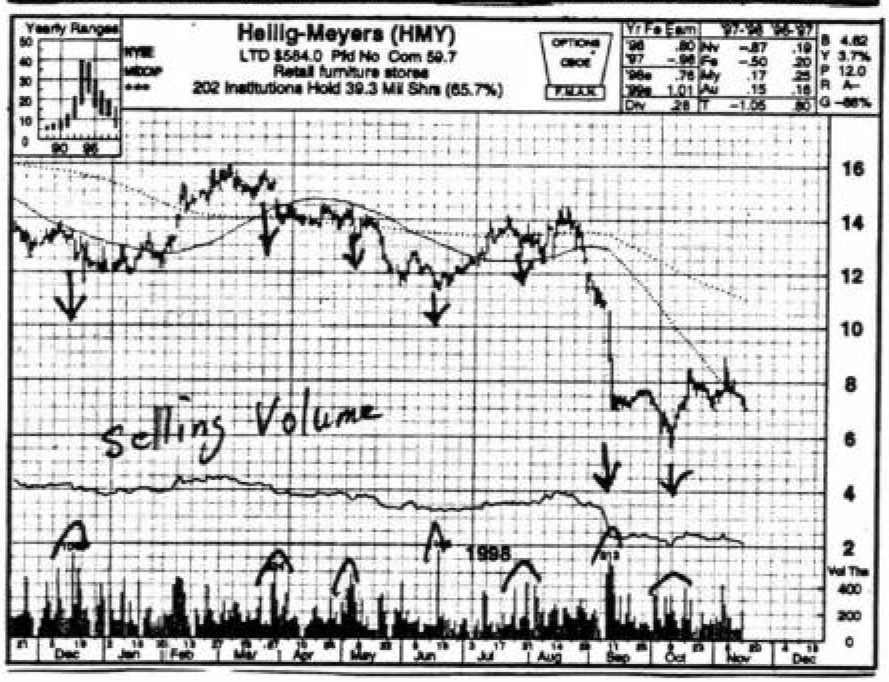
We know that an uptrend is a series of higher bottoms and a downtrend is a series of both lower tops and lower bottoms, but what indicates a reversal? In its simplest form a reversal on a bar chart occurs when the extreme bar is identified as being the prior bar and the opposite extreme of that bar is exceeded on the next bar. In other words, in an uptrend you find the high day bar where the high was the highest price for the move and you note the ***low*** of that bar, not the high. Most technicians will tell you to watch the high, but that's not what happens in real time. At the high, the reversal is made when exhaustion sets in, and since the big buyers are always on the bid side of the market, the penetration of the low is the sign that the buyers are gone. Sometimes the penetration of that high bar low won't occur for several days and the price will be in a narrow range, neither taking out the high nor the low, but once the low is taken out, the sell signal is given.

The reversal of a downtrend occurs the same way. You identify the low bar of the move and note the ***high*** of that bar. When that high is subsequently exceeded, the trend turns up and you can go long with a stop at the low of the move, which would negate the buy signal if it went back down to that low. Again, keep in mind that the sellers use

Reversal Bar Signal Pattern

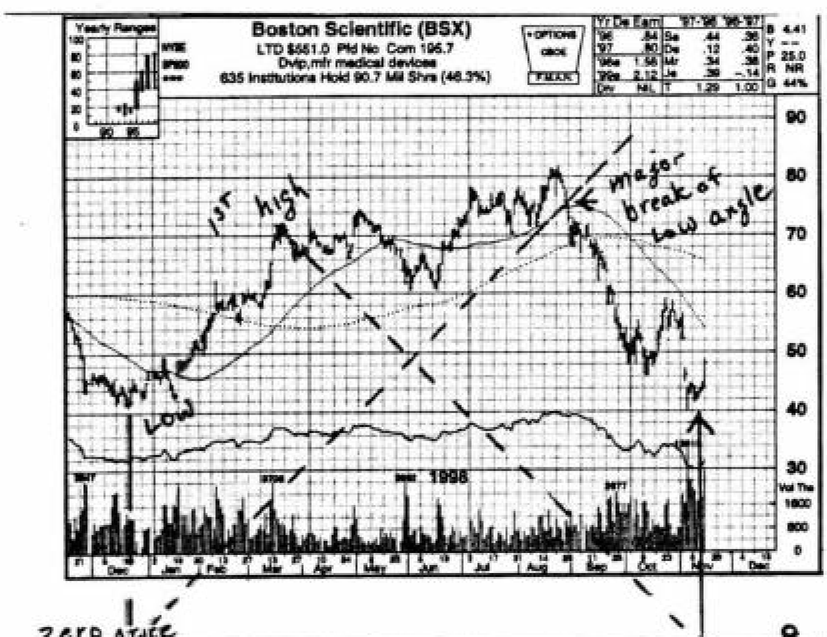



Yearly Ranges
Dell Computer Corp (DELL)
NASDAQ
SP500
LTD $512.0 Pfd No Com 1274.
Dvlp/mfr IBM compatible PC's
908 Institutions Hold 558.2 Mil Shrs (43.8%)
Volume positively correlated
1998
Vol Ths

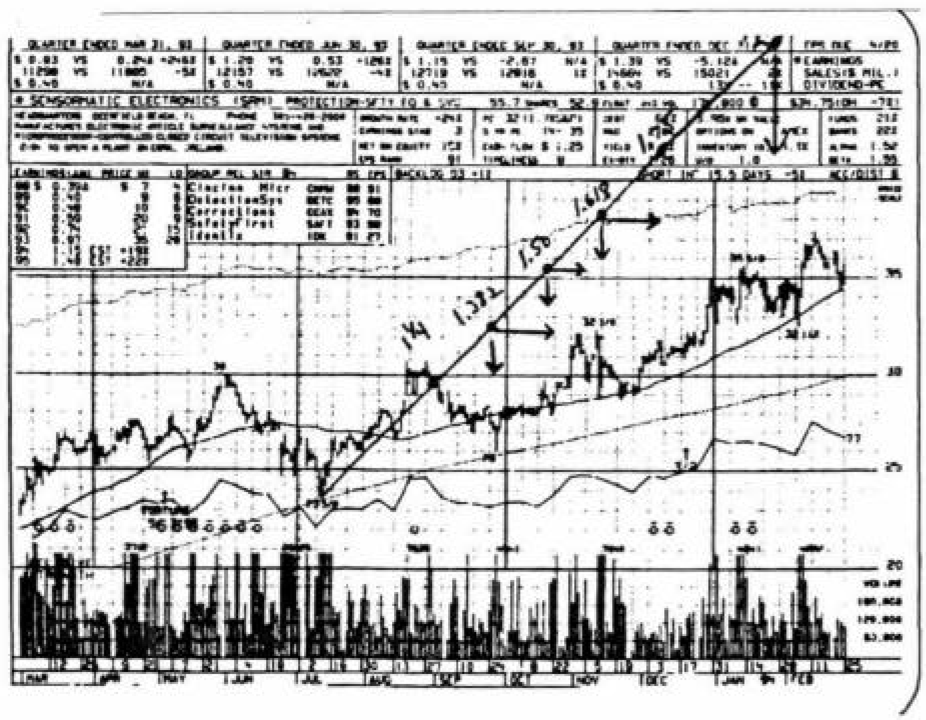

Yearly Ranges
Heilig-Meyers (HMY)
NYSE
LTD $584.0 Pfd No Com 59.7
Retail furniture stores
202 Institutions Hold 39.3 Mil Shrs (65.7%)
selling Volume
1998
Vol Ths

This is the only known technique that will stop a decline dead in its tracks and can't be seen by anyone who doesn't know the method.

In this first exhibit we see an angle coming up from the true zero price and starting under the major low for the year. This is a 45 degree timing line, and since it is coming up from a low, it signifies major support and will not break until the uptrend started at that low is over. As shown, the first time the angle was hit, the price shot up to the final high, and the next time it broke the angle, it started the major collapse of the year! The second line is drawn down from the first top and as it reaches the zero price, a major low is recorded in the price of the stock! If you will remember back to my earlier statements that all fluctuations in stock prices are nothing more that cycle highs and lows squaring out each day, you will see that graphically demonstrated in this chart. Not shown, but clearly implicated, is the use of other than 45 degree angles (such as 30 degrees, 60 degrees, etc.). Each high or low will spin out turns from each consecutive

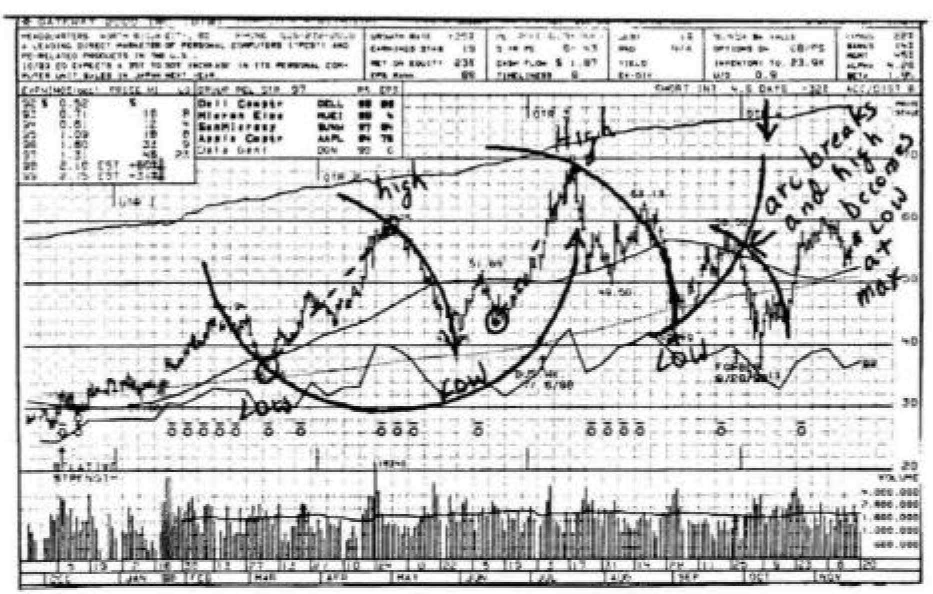


Here we see an example of a timing angle going up from a low of $23 5/8, and as the angle intersects harmonics of that price, such as 1 1/4, 1.382, 1 1/2, 1.618, 1 3/4 etc., we see trend changes at that moment in time, but we also find horizontal support and resistance levels. This clearly shows that all points are harmonically related.



need time to form bases, or test multiple bottoms. Support arcs can be drawn, but if there's no real upside momentum after a predicted low, it usually means a basing period and you would go to some other stock to trade for a while.

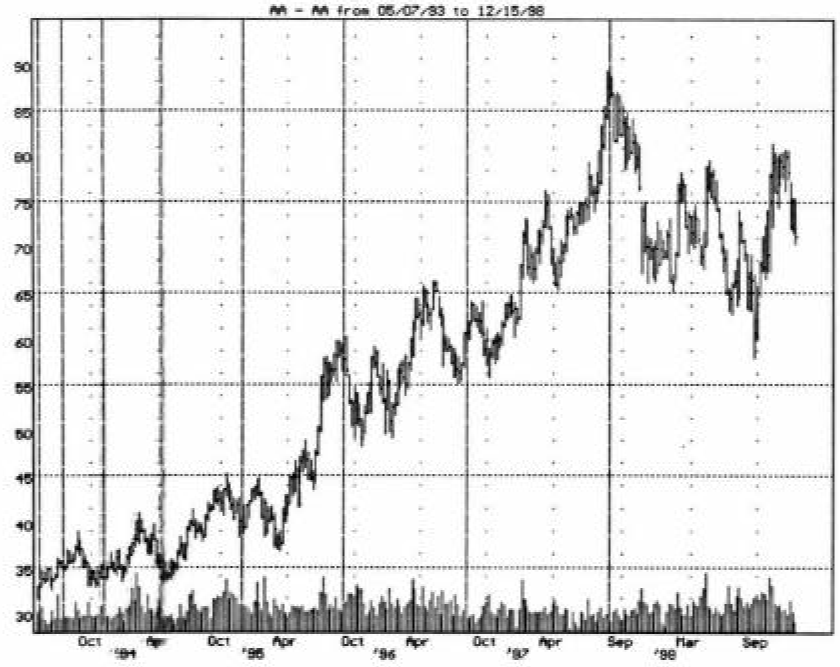
In this next chart of Gateway, we see many arcs and they all worked pretty well as to timing lows and highs and providing support or resistance. Note how on the arc from the big high, prices quickly fell down but rallied only to stop dead at the downward sloping arc and then follow it down into the low. Arcs are usually good places to place stop orders for shorts or longs and just raise or lower your stop as you move along the arc up until the climax, when you exit at the market.



months from an origin point. Past highs and lows are circled on the wheel to make it obvious which spoke a particular stock or commodity trades in. The following charts of weekly squares will demonstrate this use.

This first example is Alcoa and it's a weekly chart and the vertical lines are the numbers in the square of nine at the 225 degree spoke (or 315 degrees if you start March at 9 o'clock like some wheels do). This is the odd square spoke and the numbers run 9, 25, 49, 81, 121, 169, etc. On this chart those numbers represent *weeks* from a major low and as the chart clearly shows they pretty much scored major hits each time they came out.

This is a simple example of natural squares in weeks creating turns in the market, but you would also notice, if you were to do some sleuthing, that the price the stock hits on the date of those time spokes is also another number on the wheel that is a harmonic of that spoke. In the Gann method you always want to look for both time and price

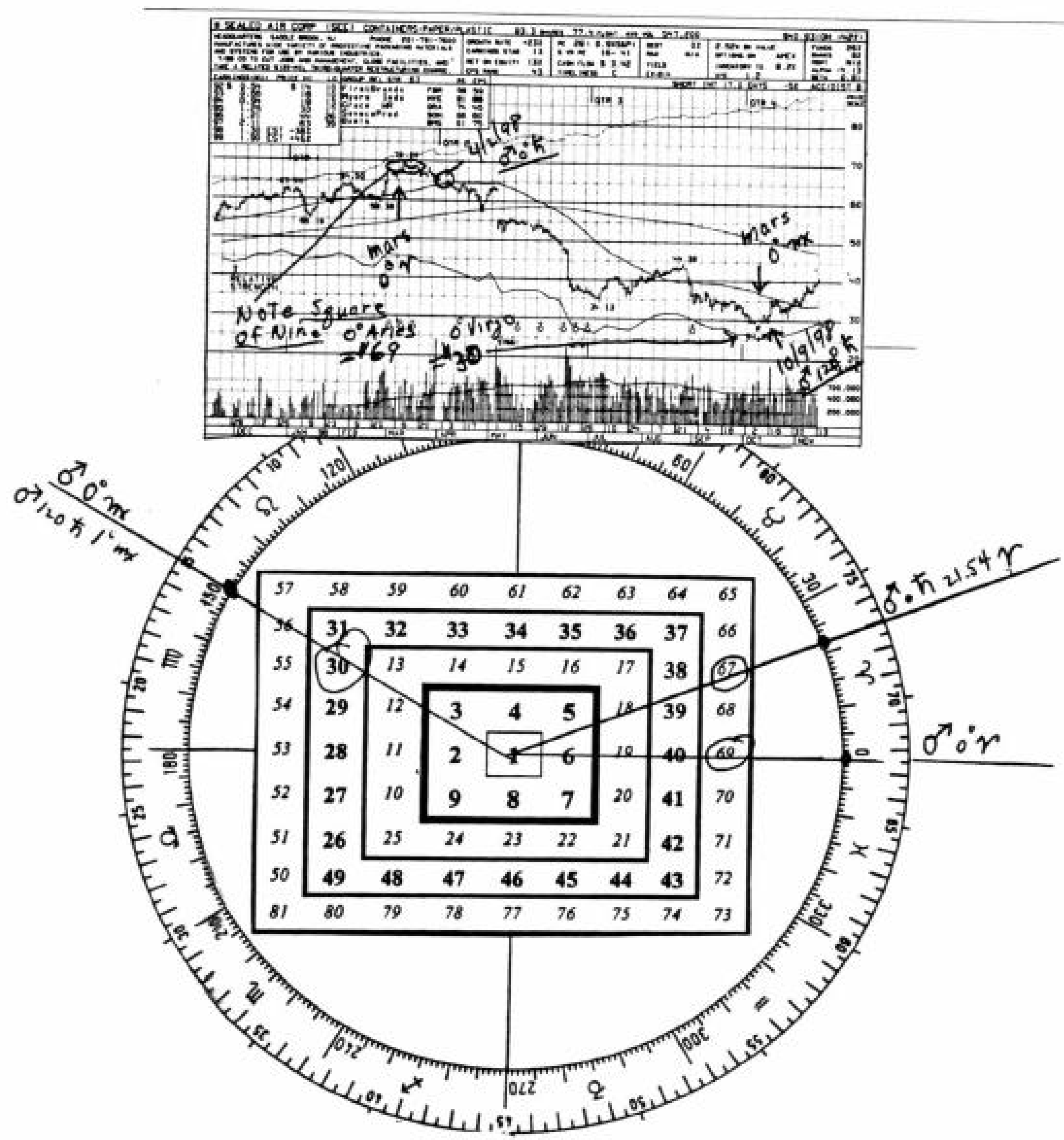


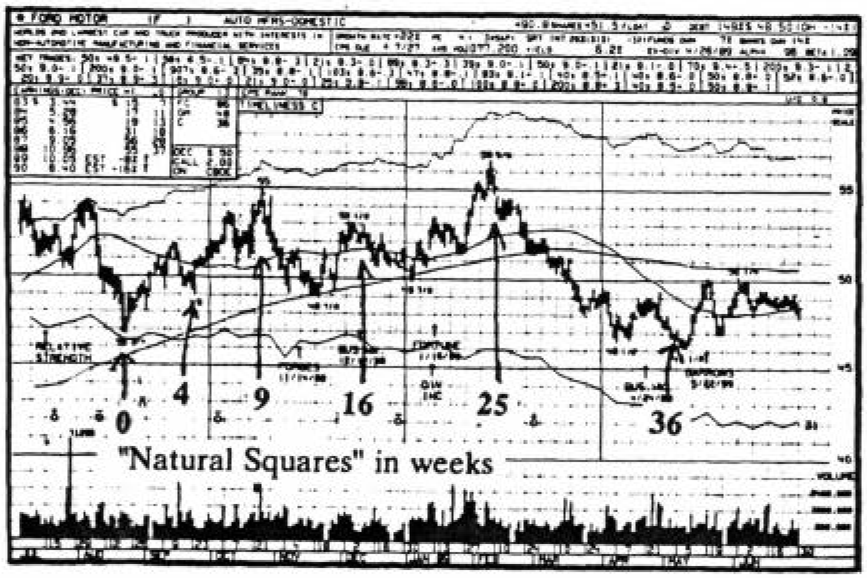
square line. This is a very important line, since the odd squares are the breakpoints on the square of nine, so we look further. The price on the 11th was 9620, and time and price must come together if the wheel works. Going up the right side of the wheel, along the series 5, 17, 37, etc., we need to know if 9620 is near this angle. As mentioned previously, a number directly above another number in the Square of Nine, is offset by 2. That is, the square root of 37 plus 2 re-squared is 65, the next number. If 9620 is on this angle, it will be an exact multiple of 2 added to the square root of any of these numbers. So the square root of 37 is 6.08 and we add 92 to get 98.08 and re-square to get 9620! That means 9620 is on the same axis and all the dates line up, and the price is a match, so that we look for a reversal in trend that will probably follow the number of days and percent from the prior time periods such as 1953, or 1972.

							Jun 21						9620	
	133	134	135	136	137	138	139	140	141	142	143	144	145	
	132	91	92	93	94	95	96	97	98	99	100	101	146	
	131	90	57	58	59	60	61	62	63	64	65	102	147	
	130	89	56	31	32	33	34	35	36	37	66	103	148	
	129	88	55	30	13	14	15	16	17	38	67	104	149	
	128	87	54	29	12	3	4	5	18	39	68	105	150	
Sept 23	127	86	53	28	11	2	1	6	19	40	69	106	151	Mar 20
	126	85	52	27	10	9	8	7	20	41	70	107	152	
	125	84	51	26	25	24	23	22	21	42	71	108	153	
	124	83	50	49	48	47	46	45	44	43	72	109	154	
	123	82	81	80	79	78	77	76	75	74	73	110	155	
	122	121	120	119	118	117	116	115	114	113	112	111	156	
	169	168	167	166	165	164	163	162	161	160	159	158	157	
							Dec 21							

This example is only one solution to the problem, but it shows a possible use for the Square of Nine in terms of time cycles and prices lining up. We'll come back to the astrology of the Square of Nine in the next section, but I know many of you Gann

Gann Square of Nine Example




FORD MOTOR
AUTO MFRS-DOMESTIC
RELATIVE STRENGTH
0
4
9
16
25
36
"Natural Squares" in weeks

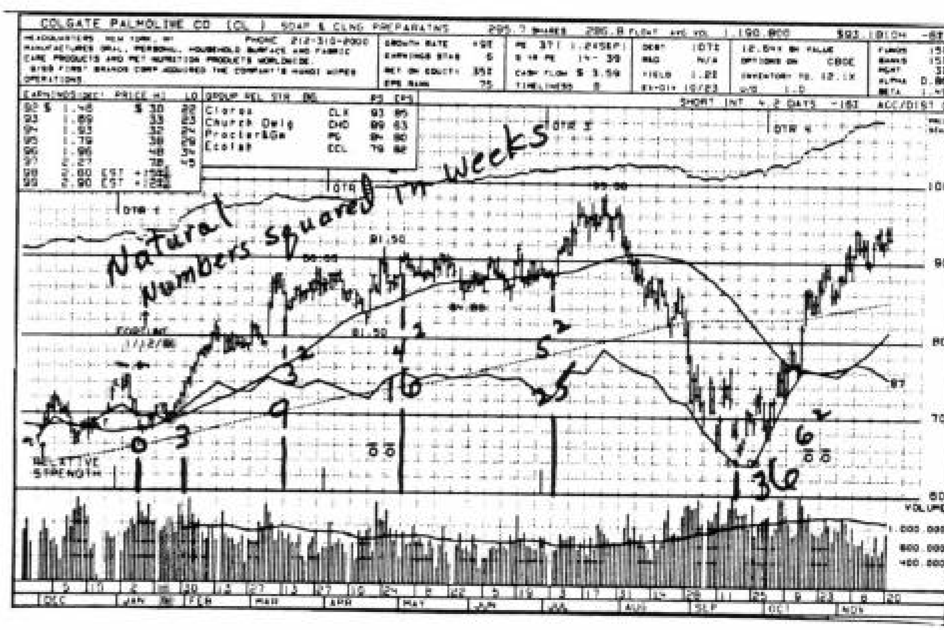
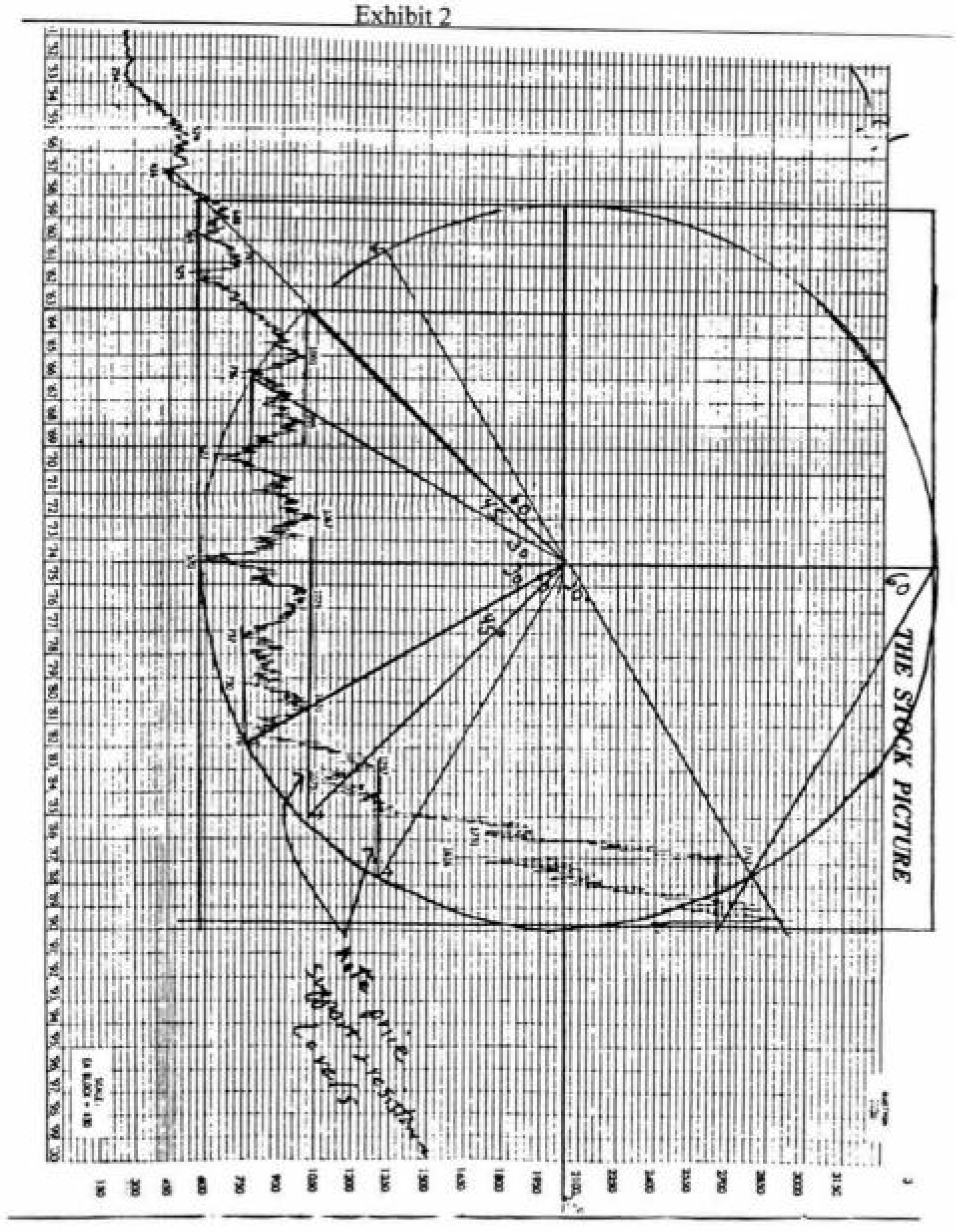
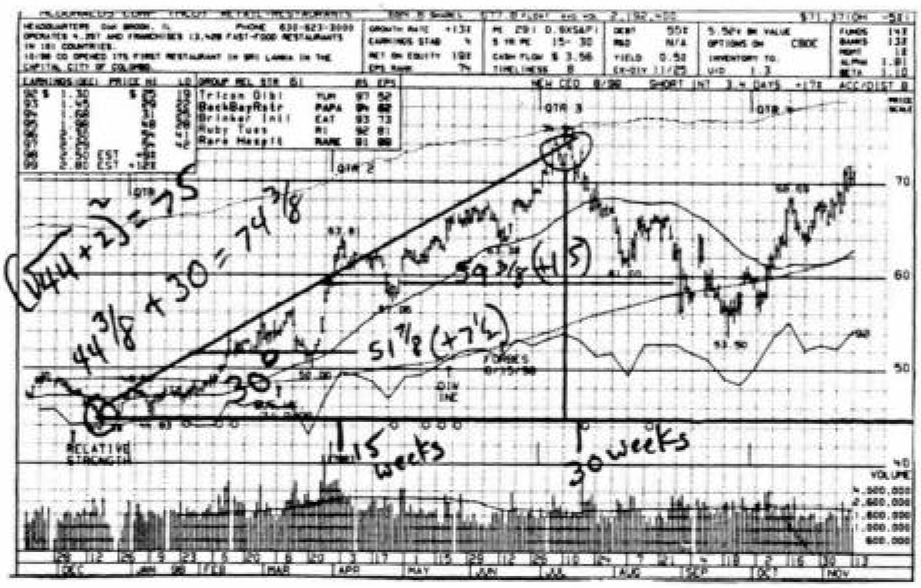

COLGATE PALMOLIVE CO
SOAP & CLNG PREPARATNS
Natural Numbers Squared in weeks
RELATIVE STRENGTH
0
3
9
16
25
36

Exhibit 2



This example may look basic and *it is*. The problem is most don't grasp simple ideas until they practice for a while. In the Support & Resistance section I mentioned how the degrees of a circle of 360 are divided by 2 and by 3 to get harmonics and how Pythagorous stated that the "lift" of an angle pointed out specific points in time and



The Complete Stock Market Trading and Forecasting Course is about 300 pages in length and this was just a sample of the dozens of charts and working examples covering everything from simple chart reading to the most advanced astrological time and price forecasting. This course covers every facet of trading that you will ever need and it leaves out the garbage out there that is totally useless like moving averages, stochastics, or simple retracement levels. What is in this course actually works because it is based on fundamental principles that start off simple and evolve to very advanced logical conceptional conclusions. I have used these methods daily for 33 years now and they still work on all time frames and in all speculative markets. The course has received rave reviews in over 15 foreign countries and traders there tell me the principles work just as well in their markets as in the U.S. It is a bargain at three times the price.