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Even Trade Trades: 4
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Largest Winning Trade: $4,150.00
Largest Losing Trade: $300.00
Trade Close to Trade Close Drawdown: $300.00

M2 System Actual Trading Results
Executed By Brokerage Firm # 3
June 1, 2004 to September 15, 2006

Inception Date: June 1, 2004
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Winning Trades: 236
Losing Trades: 0
Even Trade Trades: 3
Average Profit per Trade / per Contract: $598.00
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Largest Losing Trade: No losing trade
Trade Close to Trade Close Drawdown: $0.00

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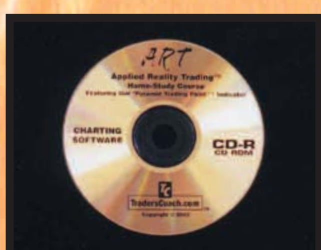

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Dual Time Frame Momentum Scan

By Robert Miner
Dynamic Traders Group, Inc.

Many traders use software programs that will scan a large data base of markets for special conditions that identify markets in position for high-probability, low-risk trades. Scans can be made of trend position, volatility position, momentum position or many other unique setups. A scan program saves the time and effort of reviewing each market one at a time. The scan program will report those markets in the desired position. Scans can be made for many different things but I'm going to show you one dual time frame momentum scan. A scan program saves the time and effort of reviewing each market one at a time.

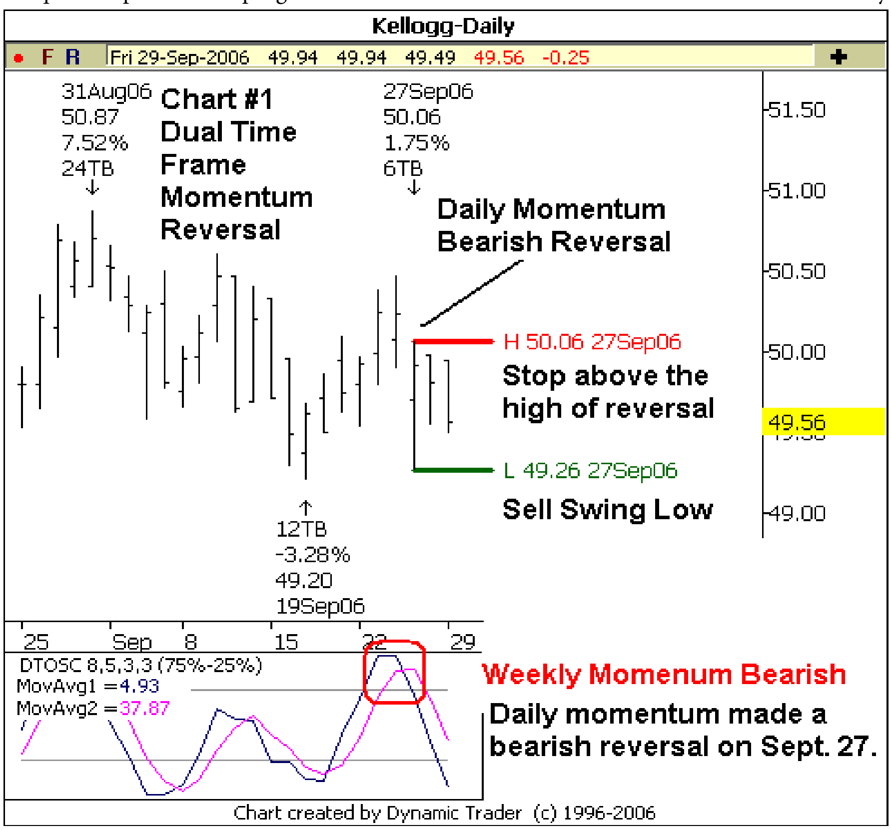
tum of both time frames is in the same direction.

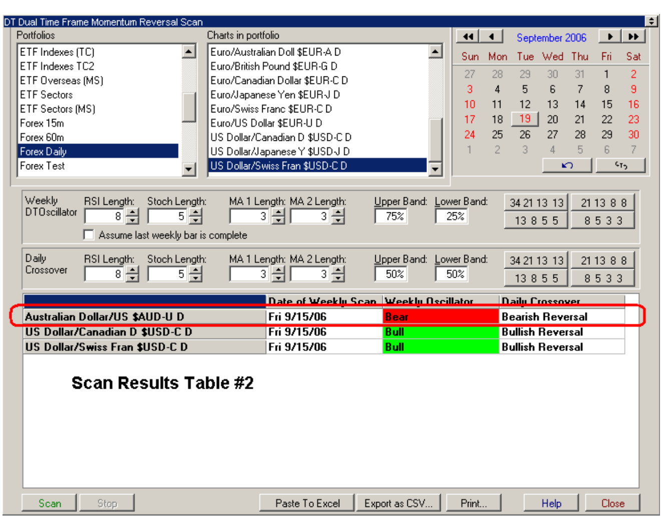
The **DT Dual Time Frame Momentum Reversal Scan Results Table #1**, shows the results of a scan of all 500 stocks of the S&P 500 index. A stock only makes the results table if the stock makes a daily momentum reversal in the direction of the weekly momentum. Of the 500 S&P stocks that were scanned, there were only 22 that met the Dual Time Frame Momentum Reversal Scan criteria on Sept. 27, the day the scan was run.

One of the stocks that made the list was Kellogg (K). As of the end of the week of Sept. 22, the weekly DTosc Momentum was Bearish. The following week on Sept. 29, the daily DTosc Momentum made a Bearish Reversal. On that day, the lower time frame daily momentum reversed to the direction of the higher time frame weekly momentum making Kellogg a good candidate for a short trade. At the least, it would be a bad candidate for a long trade as long as the weekly momentum was bearish even if the lower time frame daily momentum made a bullish reversal. Let's take a look at the daily chart of Kellogg for this period.

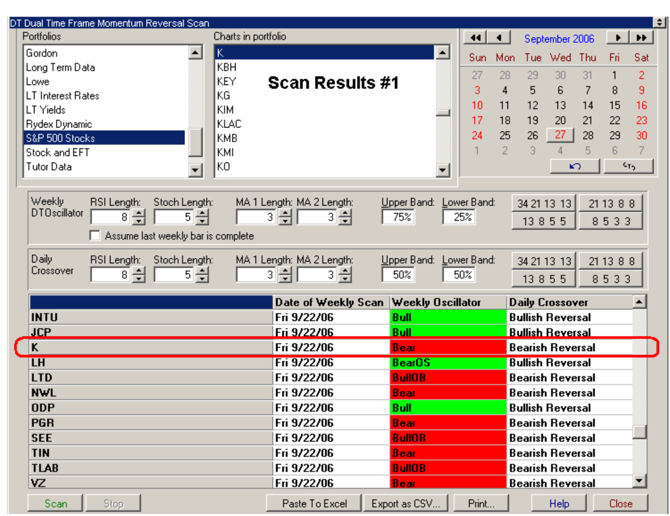
Chart #1 is daily data of Kellogg through Friday, Sept. 29, the day this article is prepared. Once the lower time frame daily momentum makes a Bearish Reversal into the direction of the weekly bearish momentum, a sell strategy is to place a sell stop one tick below the minor swing low. If the short position is elected, place the initial protective buy-stop no higher than one tick above the high made following the daily momentum Bearish Reversal. If the daily momentum makes a Bullish Reversal before the swing low sell-stop is hit, it is taken off the sell list until the next daily bearish reversal.

Each of the 22 of 500 stocks were a trade candidate beginning Sept. 27 because only those stocks that made a momentum reversal in the direction of the weekly momentum were part of the results of the scan. Some were candidates for long and some for short trades, depending on the weekly momentum direction.

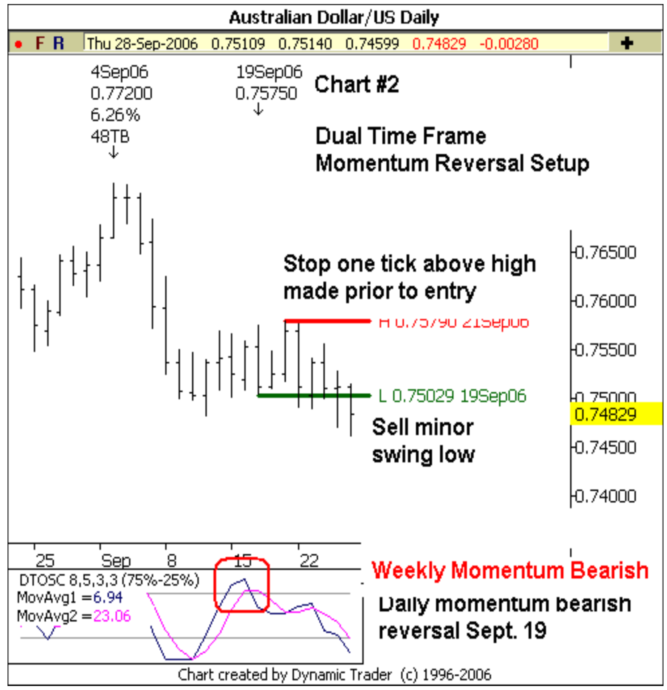




	Date of Weekly Scan	Weekly Oscillator	Daily Crossover
Australian Dollar/US $AUD-U D	Fri 9/15/06	Bear	Bearish Reversal
US Dollar/Canadian D $USD-C D	Fri 9/15/06	Bull	Bullish Reversal
US Dollar/Swiss Fran $USD-C D	Fri 9/15/06	Bull	Bullish Reversal



	Date of Weekly Scan	Weekly Oscillator	Daily Crossover
INTU	Fri 9/22/06	Bull	Bullish Reversal
JCP	Fri 9/22/06	Bull	Bullish Reversal
K	Fri 9/22/06	Bear	Bearish Reversal
LH	Fri 9/22/06	BearOS	Bullish Reversal
LTD	Fri 9/22/06	BullOB	Bearish Reversal
NWL	Fri 9/22/06	Bear	Bearish Reversal
ODP	Fri 9/22/06	Bull	Bullish Reversal
PGR	Fri 9/22/06	Bear	Bearish Reversal
SEE	Fri 9/22/06	BullOB	Bearish Reversal
TIN	Fri 9/22/06	Bear	Bearish Reversal
TLAB	Fri 9/22/06	BullOB	Bearish Reversal
VZ	Fri 9/22/06	Bear	Bearish Reversal



The **DT Dual Time Frame Momentum Reversal Scan Results Table #2** was made on Forex data. Of all the Forex markets in the portfolio, only three met the Dual Time Frame Momentum Reversal conditions on the day of the scan. The AD/USD made a daily bearish reversal in the direction of the bearish weekly momentum. The USD/Can and USD/Swiss both made daily bullish reversals in the direction of the bullish weekly momentum. There were setups for a long trade.

Chart #2 is the daily data for the AD/USD. The daily Bearish Reversal was made Sept. 19, the day of the scan. A sell-stop to go short is placed one tick below the minor swing low. If elected, the initial protective buy-stop is placed one tick above the high of the bar that made the daily Bearish Reversal. The sell-stop to go short was elected two days after the daily momentum Bearish Reversal.

The **DT Dual Time Frame Momentum Reversal Scans** were made with Dynamic Trader Version 5 (DT5) and the proprietary DTosc (Dynamic Trader Oscillator). These are the most power scan setups I have seen in 20 years of trading. They save the trader a tremendous amount of time identifying the best potential trades from any portfolio of stocks, futures, sectors, Forex, mutual funds or any other group of symbols.

While the DT Dual Time Frame Momentum Reversal Scan approach may be made into a stand alone trading system, traders should consider the technical position of each symbol that is one of the daily scan results before placing the trade. Simple entry techniques are all that are necessary such as taking out a minor swing high or low once the setup is made. Stops are completely objective and capital exposure is usually very minimal.

To learn more about the new Dynamic Trader Version 5 and Dual Time Frame Momentum strategies taught in the Dynamic Trading Multimedia E-Learning Course, see our full page ads in this issue of Traders World or visit our web site at www.DynamicTraders.com.

Robert Miner is the president of Dynamic Traders Group, Inc. and is the author of the new comprehensive Dynamic Trading Multimedia E-Learning Workshop. For more information, go to www.DynamicTraders.com.

Trade Market Realties & Get Better Results!

By Bennett McDowell, TradersCoach.com

Many trading systems and just about all opinions of market direction attempt to forecast the market. Whether one uses fundamental or technical analysis, if an opinion is being generated, you are attempting to forecast the market. Some use Elliott Wave theory, some rely on P/E ratios but the overall purpose is to estimate where prices will be at some point in the future. As traders and human beings we will always have opinions and ideas based on our beliefs about what we have experienced. No matter how hard we try not to have opinions, we just can't seem to help having them. Even so, you have to guard yourself against your opinions when trading the markets.

Most traders that trade from an opinion biased mindset or use a trading system that solely forecasts market direction as their primary trading tool have a high probability of failure. Traders that trade in this fashion tend to take position and then "HOPE" their trade turns out profitable. In trading, "Hoping" is a loser's game and usually ends in large losses and uncontrolled emotional outcomes.

Here are some major issues with forecasting market direction based on opinions and indicators:

1) Tends to lack risk control procedures for establishing "Trade Size"

2) Fails to establish exact guidelines of when trade is not working

3) Fails to recognize market reality based trading rules

4) Fails to maintain objectivity due to opinion forecasting

5) Fails to establish exact entries andexits based on market realities BEFORE the trade is taken

6) Leads to "Hoping" the market will do what you want it to do instead of trading market realities in the present moment

7) Leads to destructive emotional trading

8) Indications are derivatives of price and volume which are market realities therefore taking you one or more levels away from market realties

Where the markets are concerned, the first thing to realize is that all opinions or forecasts about the markets are nothing more than fantasies. At the moment a forecast is formed, its reality does not exist.

The following examples show how opinions and indicators can be dangerous.

1. Forecast Example: Let's say you believe the forecast generated by an Elliott Wave theory indicating that stock XYZ is about to begin a trend up. Even the MACD is indicating positive divergence. You say to yourself, a no brainier, I'll buy here and wait. Another week goes by and instead of beginning its up-trend, XYZ stock goes lower. You say to yourself that you entered this trade too early, but you BELIEVE it will head up very soon, so you hold on another week. Next week the stock goes lower and now you are worried. The MACD bullish divergence is still present and the Elliott Wave forecast remains the same, but it looks like it is heading down for one last time, a shake out. You think to yourself, "Can't go much lower". The next day the stock plummets, you panic and sell out your position and scratch your head saying how could that happen? It happens all the time to traders relying on the forecast and not the actual market!!!

In this example, the trader held on to his fantasy based on his forecast. His faith in the forecast leads him to avoid using a stop-loss. This is typical for traders locked in to this type of forecast trading. After all, their ego is involved here too.

2. Opinion - Example One: Let's say you have bullish divergence in an MACD oscillator, and you now have an opinion in your mind that prices should change from the current downtrend to an uptrend.

So, you look for a reason to go long, an entry signal. One comes along and you take it. You think to yourself that you would not have normally taken that signal if you did not see bullish divergence but with bullish divergence you feel you should. Prices then continue downward even lower and the bullish divergence remains bullish so you stay with your long position.

"…Can't go much lower…" you say to yourself. It does go lower and now you're worried but you do not want to sell and take the large loss, so you hold on. After all, the MACD divergence is still bullish but not as much as before.

Soon the divergence turns into NO divergence and instead the trend down becomes apparent and you now must sell out. You feel depressed, frustrated, and betrayed by your MACD oscillator! If the oscillator had not been there you would never have taken the trade to begin with.

3. Opinion - Example Two: You get a trading signal to go long but this time your STOCHASTIC oscillator indicates that prices are overbought already, so you do not take the long position. The so called overbought STOCHASTIC oscillator formed an OPINION in your mind to not take the trade. Now you sit there and watch a great uptrend happen right before your eyes and the STOCHASTIC oscillator remains overbought during the entire 10 point uptrend. Had you never looked at the STOCHASTIC oscillator, you would not have had an OPINION, and would have gone long.

4. Opinion - Example Three: You see bearish divergence on the MACD oscillator so you form an OPINION that the uptrend is ending and now you look to get out of your long position right away. You exit the market. Only to find prices reverse and go higher, the MACD oscillator turn bullish, and you are left scratching your head.

Examples of how opinions and INDICATORS distort reality could go on and on, but you get the idea. And the idea is that, oscillators form opinions and opinions are not in the best interest of the successful trader. Instead, with ART® you will learn to listen to what the market is actually saying through Price action and Volume.

Strive to create an environment without opinions. That means avoid reading financial newspapers, watching financial TV, or listening to financial news in any form while trading.

News programs form opinions; trading oscillators form opinions; and market analysts form opinions. We do not know how the markets will react to news and financial recommendations. If we think we do, then we are forming an opinion about the news.

How many times have companies come out with great earnings and sold off right after the announcement. And when the market does sell off, the news commentator comes out and says "…the stock had run up already in expectation of the good numbers and then sold off…". And, if instead the stock continued upward, the news commentator would say, "…good earnings drove the market upward…". News commentators operate on 20/20 hindsight. Traders don't have this luxury. We must trade market realities!

The Case For Reality Based Trading:

What if I could show you a way to avoid opinion trading and instead trade market realities, maintain strict risk control, and reduce trading stress using with no indicators! Would you be interested? I bet you would be! And what if I also showed you a system that you could apply to all markets and time frames that would indicate exact trade entries and exits before you take the trade so you could calculate your "Trade Size" to maintain your risk control, interested? Furthermore, what if this system allowed you to create your own trading plan basing all your trades in direct alignment with your personality and style of trading, even more interested now?

A trading system of this nature would have to be dynamic and adaptive yet structured and clear. It would also need to simplify market complexities to maintain a stress free user interface and trading experience.

How free would you feel if you know each trade was taken based from objective market realities and each "Trade Size" was carefully calculated to minimize risk and create a stress-less trading environment void of anxiety and fear? I would say pretty good, wouldn't you?

The trading system I am referring to is called "Applied Reality Trading®" known internationally as ART® and is currently being used by traders around the world to trade the financial markets. ART® consists of an in-death four week long home-study course that has received high marks from the traders and industry professionals including reviews from "TradersWorld" and "Stocks & Commodities" magazines.

Many trading systems use a "Moving Average" or some type of indicator to base trading decisions, especially trade exits. "Moving Averages" are usually derivatives of price and therefore do not represent the natural "Truth" of the market. Furthermore, "man-made" derived moving averages can be adjusted with variables such as simple vs. compounded, and are subject to alterations based on

Chart 3

Chart 4

opinions and prone to subjectivity. Thus, I do not recommend using them as primary entry and exit signals because they do not represent the true realities of the market. Instead use an objective based trading approach to tell me when to exit the market! In addition, most trading systems that use moving averages to exit trades tend to "whip-saw" the trader in and out of trades too often!

Charts Illustrating Reality Based Trading:

Below are four charts illustrating how a "Reality-Based" trading system named "Applied Reality Trading®" trades the Reality of the market. "Applied Reality Trading®" bases trades on market realities including price and volume. When volume is not reported in a market, the ART® Charting Software adapts to that condition as well.

When analyzing these charts, notice how the triangular shapes on the chart called "Pyramid Trading Points®" and diamond and square icons called ART® Reversals capture the "Reality" of the market as it is unfolding. Both trade entries and exits are based on price activity and not arbitrarily based by the trader. This is important because we want to enter and exit the market based on market reasons or "Market Truths". All charts below are for educational purposes only. See Chart One

This chart of Intel Corp. is a great example of the "ART® Charting Software" in action trading market realities. Notice how the "Pyramid Trading Point®" indicators correctly align your trading with market realities while maintaining exact stop-loss exit levels based on key support levels which are market realities! See Chart Two:

Notice on this FOREX 5-minute day trading chart how dynamic the ART® Charting Software is as it adapts to changing market realities! Chart Three:

Using the ART® reversals you can "Swing Trade" and scalp market realities of support and resistance! Risk control is maintained on each and every trade even when "Scalping"! Chart Four:

ART® can be used to trade the realities of future markets as well! Using Pyramid Trading Points® in conjunction with ART® Reversals allow traders maximum flexibility in choosing reality-based trade entries and exits while maintaining structured trading. This adds-up to flexible adaptive responses to changes in market realities.

ers focus on the risk and take the trade based on a favorable outcome. Thus, "The Psychology Behind 'Trade Size'" begins when you believe and acknowledge that each trade's outcome is unknown when entering the trade. Believing this makes you ask yourself, how much can I afford to lose on this trade and not fall prey to the "risk-of-ruin" outcome?

When traders ask themselves that, they will then either adjust their "Trade Size" or tighten their stop-loss before entering the trade. In most situations, the best method it to adjust your "Trade Size" and set your stop-loss based on market dynamics like we teach here in "Applied Reality Trading®".

During "draw-down" periods, risk control becomes very important and since good traders test their trading systems, they have a good idea of the probabilities of how many consecutive losses in a row can occur. Taking this information into account, allows the trader to further determine the appropriate risk percentage to take on each trade.

Conclusion:

So, while it is common to have an opinion as to market direction, it is best to base your trade entry and exit decisions on "Market Truths". Trade the realities of the market as the market unfolds and see if dealing in reality delivers a better result!

In life, living in reality and adapting to reality seems to be the best course of action to avoid extinction. Throughout the ages, the organism that is able to adapt to its reality survives. The same can be said of trading the financial markets.

Trade and adapt to the realities of the market as the market unfolds and see if dealing with reality delivers a better result and keeps you from becoming extinct!

Reality Based Money Management & Risk Control:

When trading the "Realities" of the market, it is also important to trade within the "Realities" of your risk capital. Implementing sound money management encompasses many techniques and skills intertwined by the trader's judgment. All three of these ingredients must be in place before the trader is said to be using a money management program along with their trading. Failure to implement a good money management program will leave the trader subject to the deadly "risk-of-ruin" exposure leading eventually to a probable equity bust.

In order to implement a money management program to help reduce your risk exposure, you must first believe that you need to implement this sort of program. Usually this belief comes after having a few large losses that cause enough psychological pain that you want and need to change. You need to understand how improper "Trade Size" actually will hurt your trading.

Novice traders tend to focus on the trade outcome as only winning and therefore do not think about risk. Professional trad-

Chart 1

Chart 2

THE GARTLEY "222" PATTERN

By Larry Pesavento

The Gartley "222" pattern is named for the page number it is found on in H.M. Gartley's book, Profits in the Stock Market, 1935. Since then, multiple books have been written describing the Gartley "222" pattern and charting software that applies it. Ensign Software was the first to mathematically provide the pattern in their charting software to be used on any actively traded stock, commodity or futures markets.

Of the almost 500 pages in H.M. Gartley's book, none is more important than pages 221 and 222. This is where the author described this particular pattern in greater detail than any of the other patterns in his book. Gartley referred to it as one of the best trading opportunities. The most revealing part of the Gartley pattern is somewhat hidden on page 222 under figure 27 in the book as Larry discovered.

SEE FIGURE 1: REPRODUCTION OF FIGURE 27 FROM GARTLEY'S BOOK.

PATTERN STRUCTURE

The structure of the Gartley "222" pattern is almost identical to the AB=CD pattern with one main difference, it has one added leg that anchors the AB=CD. Whereas the AB=CD pattern is formed with three legs the Gartley pattern is formed with four legs. The Gartley pattern must contain an AB=CD in order for it to be a valid Gartley pattern. The pattern is labeled from the initiation of the pattern with an "X". Once this leg is complete the high or low from "X" begins the AB=CD formation. See Figure 2 for an example of the AB=CD buy and sell pattern.

It is important to know what invalidates the Gartley "222" pattern. Here are 3 items that invalidate the pattern:

1. The D completion point can not exceed X.
2. The C leg can not exceed A. C can be a 1.00 or double top or double bottom of X, this is a rare pattern but it is valid.
3. The B leg can not exceed X.

SEE FIGURE 2: EXAMPLE OF AB=CD BUY AND SELL PATTERN
SEE FIGURE 3: EXAMPLE OF GARTLEY BUY AND SELL PATTERN

As with the AB=CD pattern the Gartley pattern is also found in all time frames and in all markets. The pattern is a retest of a high or low price and offers the trader an entry into a trade in the direction of the trend.

IMPORTANT CHARACTERISTICS OF THE GARTLEY "222" PATTERN

The Gartley pattern can be broken down into four segments which relate to the labeling of the swings. Point X is the high or low point of the swing and is the starting point of the pattern. The X can be found on longer time frames at major highs or lows. However, the X can also sometimes be found as a top or bottom within a larger trend, in other words the pattern can form within a larger swing or leg without the X being a major top or bottom. Refer to Figure 4. It is important to remember that

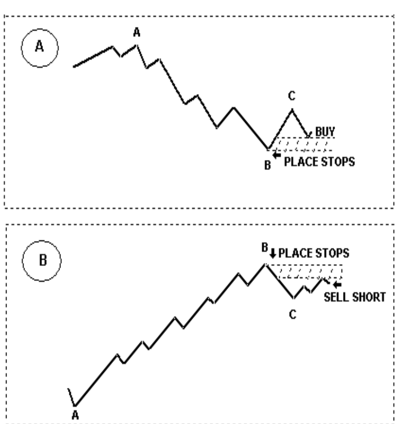


Figure #1

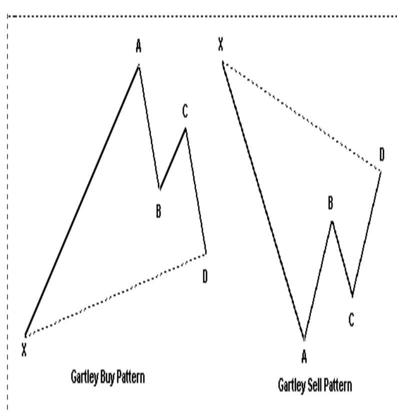


Figure #2

the majority of traders will not be initiating trades at exact tops and bottoms the majority of the time but the Gartley pattern offers the trader a retracement entry into the trend at low risk trading points and with quantified risk levels.

SEE FIGURE 4: This chart shows a good example of a downtrend and the Gartley sell patterns that formed with the X point being within the trend.

The X point becomes the fulcrum or anchor price that all technical traders watch daily. After point X is formed and the market begins to move in one direction the XA leg begins to form, at this stage it is impossible to determine where the completion of the XA leg may be. There are certain characteristics of how this first swing embarks that give clues to the length and thrust of the XA leg: If there are gaps, wide range bars and tail closes in the direction of the trend this leg may take some time before a correction takes place.

As this first leg accelerates it will take out old support or resistance levels from past chart data. The only way to visually know that the XA leg is complete is by the formation of the second leg labeled AB. Near the completion of A many times a doji bar or tweezer bar will form. This tells us that the momentum may be slowing at this point. (A doji bar is a type of Japanese Candlestick where the close is at or near the open of the bar and it is considered a neutral bar. A tweezer top or bottom is also a Japanese Candlestick pattern and forms when two bars have the same high or low.)

SEE FIGURE 5: This chart shows examples of a Tweezer Top and Tweezer Bottom pattern. The Tweezer Top pattern and the lower right Tweezer Bottom pattern also show a doji bar or a neutral close marked with an arrow.

Once it has been determined that the XA leg is complete then the next step is to watch the formation of the AB leg. This leg is the first reaction up or down from the initial impulse wave from X. The key items to watch in this formation are:

- The Fibonacci retracement ratio the market corrects to.
- The number of bars that form the leg.
- The similarities in slope and thrust For example, if the AB leg takes a considerable amount of time, more than 8 to 10 bars to form of the XA leg, then we would assume that the market is basing for a larger correction, potentially to the .618, .786 or further.

As price begins to turn down or up from B it is important to note that the pattern would be invalid if the BC leg exceeded X. It is possible for the completion point of this leg at C to be an exact double bottom or top of the X point and that is still a valid pattern, but if price at C exceeded X the pattern would then be invalid and would negate this pattern and would potentially be forming a different type of pattern.

Figure 6 shows a trade example with the Gartley sell pattern and the stock GOOG. It is clear to see on the chart that the trade offered the trader a low risk entry point and the profit targets can be taken using Fibonacci retracement levels. As with any trading pattern they can fail and the trader must be diligent in using stop-loss orders and follow a well studied methodology.

SEE FIGURE 6: GARTLEY SELL PATTERN TRADE USING GOOG STOCK.

This article is excerpted from the book 'TRADE WHAT YOU SEE – How to Profit from Pattern Recognition' by Larry Pesavento and Leslie Jouflas, which will be published by John Wiley & Sons in 2007.

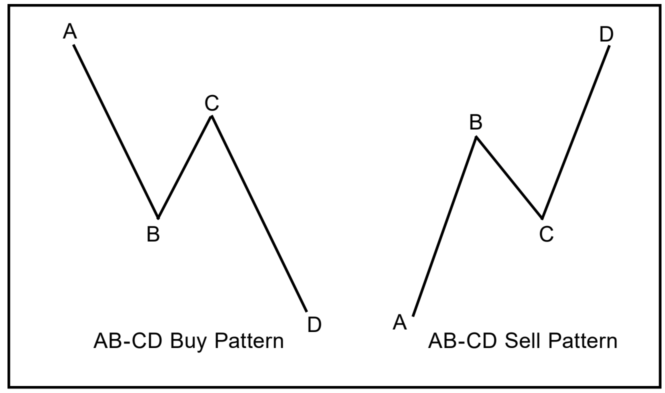


Figure #3

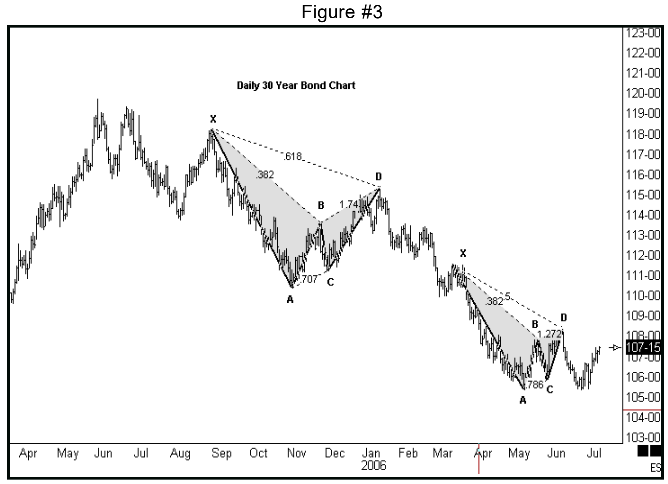


Figure #4

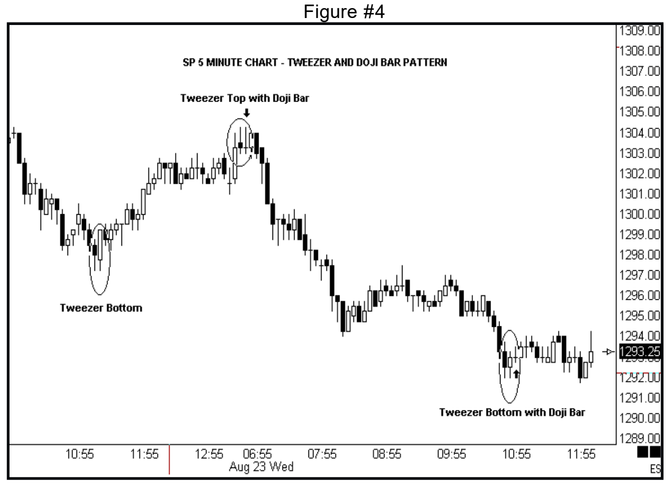


Figure #5

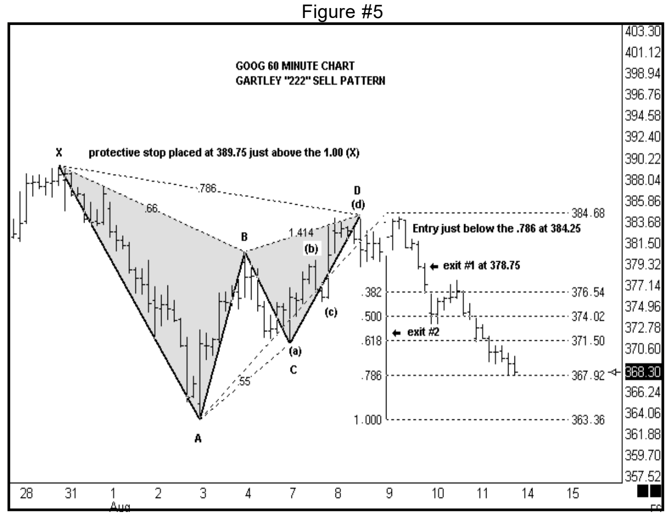


Figure #6

Dangerous Secrets that Guarantee Automatic FOREX Profits

Your chance to really turn $10,000 into a Million in less than 10 years!!!

By Joel Rensink

I truly love the Forex markets and I would like you to love them too! The Forex or FX market can be traded from anywhere in the world from a laptop, from a standard pc, from an internet cafe, etc; hundreds of thousands trade from home everyday and ***some*** make an INCREDIBLE living from trading. This is possible because the FX market truly is an incredible market to trade on a part or full time basis. But.., there are serious caveats....

I know some of you reading this article have traded for a long time. Possibly some stocks, futures-- usually Eminis or regular commodities like beans, corn or wheat. Others of you have probably traded the financials, bonds, eurodollars, and currencies on the futures exchanges. Or like me, for years have traded any market that can be bought or sold profitably-- including Forex. Some of you who are still researching the business haven't yet started trading anything yet..., and you are the lucky ones!

You are going to be presented with an unprecedented trading advantage that I couldn't have imagined 30 years ago when I started. Opportunities exist which can permanently change your life for the better, if you proceed correctly.

Primarily in the last five years, there has been a growing revolution of small players trading the bank Forex instruments. There is tremendous hype played out on late night television about how it is so easy to make thousands of dollars just following some green or red arrows on a screen. "I quit my job. It's the best thing I've ever done. There's nothing to it!" claims one fetching lady on TV. Type FOREX into Google and you will find over 44,000,000 results. Type in Soybeans, you only get 7,400,000.

It could be very easy to think this Forex investment option is just some more sucker bait or simply a lateral blip in our increasingly electronic trading way of life. It could easily be that for some, but the majority of serious traders might want to get more involved. Why? **Some of the best risk/reward opportunities on the planet are only available in the Forex market.**

Forex Market Promotion

There is no need for me to make a large production about all the details of Forex. There are tons of free books filled with clear details. There are also many reliable sources of information on the web which help with this. One typical example is Investopedia.com.

Investopedia Says: "The foreign exchange (also known as "forex" or "FX") market is the place where currencies are traded. The overall forex market is the largest, most liquid market in the world with an average traded value that exceeds $1.9 trillion per day and includes all of the currencies in the world.

There is no central marketplace for currency exchange, rather, trade is conducted over-the-counter. The forex market is open 24 hours a day, five days a week, with currencies being traded worldwide among the major financial centers of London, New York, Tokyo, Zürich, Frankfurt, Hong Kong, Singapore, Paris and Sydney - spanning most time zones.

The forex is the largest market in the world in terms of the total cash value traded, and any person, firm, or country may participate in this market."

Then, this free service goes on in detail to help individuals create a *Medium-Term Forex Trading System* which they claim should require less capital to trade than either a short term system or a long term system. According to them, short term systems require large capital due to the high leverage needed to profit from small movements, while long term systems require large capital to cover market volatility against open positions.

This is just one example of the rampant advertising of ways and methods to make money in Forex. It seems everyone knows how to profit in this "new" market. Hundreds of auctions a day on Ebay advertise "Holy Grails" for operating in Forex.

EBAY Auction Headlines for October 10, 2006:

"Literally Download £350 ($661)+ every week with Forex", " Forex Prophecies Revealed Trading System--See Actual Market Movements Before They Happen!!!", ""ULTIMATE REVERSAL" BRAND NEW FOREX TRADING SYSTEM-THIS SYSTEM WILL MAKE YOU MONEY I GUARANTEE IT!!!! ", "The Forex Prophecies Revealed Trading Method ", "AMAZING STEALTH FOREX TRADING SYSTEM --Scalp or position trade + New part time strategy ","$3500 in 12 Seconds with this Simple Forex System! Forex News Release Trading System. Proof Provided." ..., and on and on.

You get the idea. I'm sure you've seen other offers just as outrageous. If trading this new phenomena is so easy, how come anyone is still working at McDonalds?

Forex Danger

Because just like the older brothers of Forex, the futures markets; the huge majority of participants are losers. Many of the web links which one gets assaulted with leads the interested to Forex firms who hawk their wares. Even narrow 3 pip bid/ask spreads (1 pip = $10) instead of commissions are equivalent to $30 and as high as $50 dollars on full lots depending on the currency pair. High leverage is offered and encouraged-- 50:1, 100:1, even 200:1 at some firms. Which works for you when you have a winning trade--and against you when you lose. This two-step combination empties the majority of the money from the average account in the first week of trading.

Only a small portion of Forex trades are done by large financial groups for real needs in foreign currency. Most of the Forex trade is speculative. Speculative trade for profit takes more than 85 percent of the daily trade in the forex market.

People want to believe that there is a simple answer to their financial problems, and are happy to believe that Forex trading, or gambling will be that answer. Trading with such high leverage makes unrealistic demands on the ability of average people with no experience, and so as many as 90% of those who start trading lose most of what they start with.

Additionally, what most people don't know is; a large percentage of the clickable advertising and referal links to forex firms are from individuals who get a piece of the bid/ask spread from every customer they refer. Many system sellers who refer their customers to a certain firm that "they have found to work well with their system" often are double-dipping by getting shares of the bid/ask spread from their customers.

You trade. *They* win.

The Forex market is still extremely unregulated. This doesn't stop trading professionals from making good use of it. But this also makes it easy for people (read: *borderline criminals*) who never have traded themselves, to profit handsomely by telling you that you can easily make money. No wonder the CFTC is having fits with all the hype and claims out there. There is a "wild-west" atmosphere surrounding the industry that will likely be reined in as the money traded gets even bigger and enough regular citizens get hurt by some of the ebullience.

The FX market is considered an Over The Counter (OTC) or 'interbank' market, because transactions are conducted between two counterparties over the telephone or via an electronic network. Trading is not centralized on any exchange, as with stocks and futures.

Forex Market Unparalleled Benefits

This brings us to the most attractive trading incentives truthfully advertised and actually delivered by Forex firms. The magic word FREE really comes alive when people with a little money and big dreams collide when the apparent solution is Forex trading. Forex firms provide the lowest possible entry cost for trading a leveraged trading vehicle. These firms provide completely free real-time quotes and interactive trading platforms which represents hundreds of dollars of value a month, fixed costs that you don't need to pay for. After paying an average of $500/month for decades for quotes futures traders see great value.

And that's not all. Most online Forex firms offer free 'Demo' accounts to practice trading, along with breaking news and charting services. These are incredibly valuable resources for traders who would like to test their trading skills with 'virtual' money before opening a live trading account. The 'virtual' trades operate just as well and as bad as the "real-money" trades.

Richard Dennis, in an interview about the traders he trained, was quoted to say that when a person was new at trading, he was as bad as he was ever going to be. Now, with Forex trading costs as low as they are, with demo accounts and "mini" accounts available---learning to trade correctly has never been so attainable for so little upfront cost.

A couple years ago it cost me $10K to $20K to open an FX account. Now, some Forex firms offer these "mini" trading accounts with a minimum account deposit of only $200 trading small increments with no commissions. This makes Forex much more accessible to the average individual, without large start-up capital.

Unlike any other financial markets, investors can respond to currency fluctuations caused by economic and political events at the time they occur, whether it's day or night. The way the interbank system handles these events is one of the reasons that there are additional opportunities for speculators. More about that soon.

Forex Edges

In Forex there is always a bull market going on. A trade in Forex involves selling or buying one currency against another. Thus, a bull market or a bear market for a currency is defined in terms of the outlook for its relative value against other currencies. If the outlook is positive, we have a bull market in which a trader profits by buying the favored currency against other currencies. Conversely, if the outlook is pessimistic, we have a bull market for other currencies and traders profit by selling the weaker currency and buy strong currencies. In either case, there is always a bull market trading opportunity for a trader.

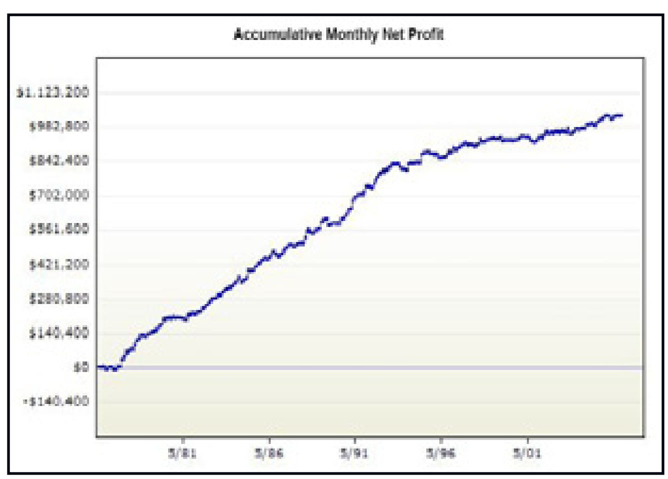
Recently, this has been the case for the British Pound vs. Japanese Yen (GBP/JPY) cross rate. People generally have been buying the Pound and selling the Yen for over a year.

Stop!

What follows, if exploited prudently, will permanently change your life!

Online forex chatrooms abound, some with the same fervor that I only recall occuring in the late '90's during the dot-com boom. Starting in March, one gentleman posted for months about the beauty of buying the GBP/JPY spread and holding instead of trading it. By the time he covered it, he made over 400% annualized return for a half year on his money, with relatively low leverage. I have no doubt he did receive that return, as that kind of positioning is the epitome of correct trend trading.

Unique Edge 1



What is so special about trading currencies in Forex, is that you *automatically* receive the current floating interest on the currency you've purchased, but must pay the interest on the currency you sell. GBY is currently receiving 4.5%, while JPY is receiving .25%; a difference of 4.25%. So right now, if you buy the spread; you'll receive 4.5% interest on 100,000 British Pounds and pay .25% interest on 22,200,000 yen----all for $3,700 USD at the firm where I trade.

Think about this for a few minutes! Modern day alchemy at work!

If the market oscillates in a narrow range for a year---which isn't likely to happen---going higher is more likely--- I would receive approximately $7,850 in interest after paying for the Yen. That figures to 212% return on my $3700 USD. Add to that any gain that the British Pound increases vs. the Yen and you can see why the CARRY TRADE is one major device that hedge funds rely on to make the big returns they strive for every year. And even if the British Pound declined vs. the Yen during the year, it would have to be a major rout (which you can protect yourself from) to erase the gains from interest alone. Do you see the potential power you have by carefully exploiting the native benefits of Forex trading?

It's obvious that with a simple calculator and an accurate trading method you can dial in better returns than your bank ever will give you in your savings account. You get to choose your tolerance for risk. Fortunately there are protocols determining which favorable spreads are under accumulation for long periods. Imagine if you were able with a combination of interest received and robust trading methods to average 47% return per year for the next 10 years. A $10K Forex account would turn into $1,100,000. Too hard to do? At 25% return per year you would achieve the $1,100,000 in just under 19 years. What if you added another 5K a year to help the account build?

My recommendation is for anyone seriously interested in keeping and growing their wealth to eschew any ideas of daytrading Forex as a form of income. Is consistent daytrading Forex possible? Under the ideal circumstances which some have created for themselves--- a guarded "yes". Regardless of claims by many system sellers and seminar presenters, PROFITABLE daytrading off-floor in Forex; by non professionals is virtually not repeatable.

Proof:

Oanda FXTrade, a firm I've used; has a spread cost calculator that you can use to find your trading profile and cost of doing business. With a 3 pip (tick) spread on your preferred market, with a $10K trading account, 50:1 leverage, and only trading twice a day, it calculates your trading costs at $75K a year. If you are able to trade half of a 12 pip swing--when you win you will barely get a couple of pips, and when you fail, you will lose all your variation plus at least 3 pips spread at a time. Forget it. The only people I know who are able to day trade Forex are bank traders. Virtually no spreads when they trade, and they can see ALL of the orders --this means you and me.

Unique Edge 2

Large Exception: News reports of large magnitude, which happen once or twice a month. Fortunately, unemployment numbers, Fed Chairman anouncements, other earthshaking information is all tabulated and archived on special free websites which make sure that you know exactly when the info will hit the world so you can trade accordingly. Feel free to email me for these sources. I'll be happy to send them to you.

Because there many FX banks which guarantee no slippage on your buy stops and subsequent stop loss orders, you do have a rare opportunity, with extremely low risk; to trade news breakouts which oftentimes go 100+ pips (ticks) in a few minutes. These breakouts can be consistently traded as short term trades, but you need a definite trading protocol to have a winning edge.

Fig. 1 is a 30-second chart of the Non Farm employment news event at 7:30 am CST, on Friday, Oct. 6, 2006. Which I traded from my laptop at my favorite coffee haunt. Selling the EUD/USD in the direction of the trend, I was able to gain 75 pips(ticks) with a 15 pip risk in less than 20 minutes. The key to these trades is knowing that the market will definitely move from the area. And usually, very fast!

I prefer to use these situations to add to (double down) or exit existing trades in the case of a reverse move. As the accompanying stop loss protection in these situations creates a low risk opportunity, you can often place substantial positions in the direction of the main trend that you are already riding. After a successful "newstrade" entry you can leave the "newsday" stoploss in place and wait until your primary trading method's trailing stop catches up before following it. Three years ago I doubled my currency trades' annual returns (from 90% to 180%) due to 3 extremely low-risk "newstrade" additions to my existing position trades. I was able to let my system's trailing stop advance to protect the additions, so doing I converted the "typical" newstrades of 80-100 ticks into trades which gained 1800 ticks. With only a slight additional risk.

Unique Edge 3 & 4

Options are another huge opportunity center. For example; especially for small traders, you have an opportunity to sell premium in a futures account and be able to tailor EXACTLY the deltas that you are exposed to in the Forex account. There will be no option structure that you won't be able to offset after you learn how to create incremental positions in your 'mini' account. Also, many Forex firms are preparing customized options for their customers. In most cases you can create the option to your own specifications, and they will price it. Then you have the choice to accept or not.

Since the liquidity of Forex is superior to futures you have the opportunity to arbitrage futures against Forex contracts. There is a carrying charge in CME futures contracts which at times can be a gift to arbitrage against, especially with interest considerations on both ends. You can sometimes retain interest from a long Forex position and sell the appropriate amount of futures against your position to guarantee a large built-in profit. Of course, this would entail separate Forex and futures accounts. Many brokerages handle both.

Unique Edge 5

Now we are at the area which can mean real financial freedom to those who have the willingness and temperment to succeed. First, remember that highly leveraged vehicles are a threat to your financial position. If you understand the risks and not just the rewards, you can continue.

Completely liquid 24 hour trading, "no skid" fills and incremental position sizing gives a professional trader; even one with limited funds; unparalleled power over his positions. Lack of skid on your entries and exits guarantees that you can be certain where you are filled and eliminates the bad positioning that happens all too often in all futures markets.

For years CTA's and market professionals have heralded that the currency markets are among the all time best markets for trend traders. Dozens of well-proven trading models exist. Some of these proven systems, with advanced position sizing money management, have averaged more than 75% per year for decades---for traders who will tolerate some large drawdowns.

Simple breakout systems like the Donchian continue to work very well. Simple moving average crossover systems have worked continuously for years and are still being traded. The famed "turtle" system has proven itself as durable as it was in the '80's. One of the loudest complaints about it is that it requires too much money to trade. Not anymore! The incremental position sizing possible with Forex makes it possible for you to trade any system which would normally require $500K to trade CME futures with only $5000 on the Forex system with BETTER precision than the futures model. With proportionate commission costs and returns, but no slip for the Forex model.

For example; you can take a trade in the EUR/USD and get your risk profile exactly right with no worry of an overnight gap. If you are risking 2% of equity per trade you can risk exactly $100 on the trade with your mini account by using your trading firm's calculators to determine how many units to place in the trade for a given stop. Doing this makes it possible to trade as many of the currency pairs as you feel willing to monitor.

To show how easy and profitable a Forex trading business can be structured is by viewing the theoretical results of a well-known public system that I've traded since Joe Krutsinger gave it to me at a trading seminar fourteen years ago. It was Joe's custom at every seminar he spoke, to give away the currency trading system One Night Stand to the attendees. He stated only one person in a hundred was able to keep trading it because of the perversity element required. He did say that it worked due to the human tendency to resist staying in the currency markets over weekends, and expected it to continue to work well into the future.

I've traded it in the currencies ever since. And the system has worked just the same as it did a decade and half ago. It hasn't been hard for me to trade because I am used to buying new highs and selling new lows. The rules I use are as follows:

- Buy only on Fridays on a ten day breakout if the 10 day moving average is above the 40 day moving average.
- Sell only on Fridays on an eight day breakout if the 10 day moving average is below the 40 day moving average.
- If you get filled on either rule, exit on Monday morning, or Tuesday morning if Monday is a holiday.

Pretty simple. But it seems to work, as you can see from the theoretical results in Figure 2. The results cited are for trading the Swiss Franc, DM to 2000/Euro to present, British Pound, Japanese Yen. Traded with money management risking 4% of capital. It had an annual rate of return of 68% and a profit factor of 1.87 with 59% profitable trades. Of course there is no guarantee that results like these will continue on forever. Thank you, Joe Krutsinger!

What is not initially appreciated by those trading this system is that this return is accomplished remaining in the market less than 15% of the time! Perhaps getting some high rate of interest on the funds would be good in the meantime. Or trading another non-correlated system.

In actual Forex trading, I average 15% better returns by using Forex units instead of trading futures contracts. Most of the reason is better and consistent fills.

Interestingly, a large number of important government reports come out on Fridays, and have for many years. That probably helps too. I do believe the main reason One Night Stand still works is for the reasons Joe Krutsinger gave many times. Individuals and banking institutions are reluctant to stay heavily positioned over weekends if they don't have to. And they don't have to. So, traders like us pick up a risk premium for doing what others are unwilling to do.

Before he died 20 years ago, an old CBOT floor trader told me that the ONLY way we are able to profit as speculators is by doing that which others are unwilling or unable to do.

He has been right.

Joel Rensink has been a professional futures, floor and forex money manager for more than 25 years. In addition to active trading, he is a consultant for determined traders, trading firms and hedge funds seeking profound returns. For any comments or questions on the article or the markets, e-mail him at leonardo@infiniteyield.com.
Website: infiniteyield.com

Time and price ratios using the square and the Golden Rectangle observed in the Swiss Franc vs. USD futures market

By Don Grant

The purpose of this article is to show how futures markets balance price and time at key support levels, and at important turning points. To illustrate this concept I will use the Swiss Franc vs. USD futures market. The techniques shown below have also produced excellent results in other markets, such as stock indices, precious metals, bonds and other currencies.

As far as the writer of this article is aware, W.D. Gann, one of the originators of the time and price methodology, made no mention of Fibonacci ratios in any of his books or courses. Why this is so is a mystery, as the diagrams below (Figures 1, 2 and 3), show a direct correlation between the square and the Golden Rectangle.

By constructing a square A – B – C - D, with sides equalling 1 unit, (Figure 1), we can see that the diagonal A - C equals 1.4142 (or root 2).

Then bisecting side A - B, line D – E equals 1.118034, (Figure 2).

Following on in Figure 3, by drawing a circle of radius 1.118034 from point E, we can see that sides A – F – G - D equal 1.618034 by 1, thereby forming the Golden Rectangle.

The conclusion being drawn here, is that there is no separation between Gann and Fibonacci ratios, they are unified.

The Fibonacci series of 1,1,2,3,5,8,13,21,34,55,89,144, 233, 377 etc.can also be derived by calculations expanded from the Golden Rectangle, however, this explanation is beyond the scope of this article.

The examples that follow show how support and resistance levels in the Swiss Franc vs. USD futures market can be predicted, as well as turning points in time, by overlaying the square from Figure 1, and using Fibonacci numbers.

Starting with Figure 4 and referring back to Figures 1 to 3 as well, we are using the angle

A – C, (line P2 – P5 on Figure 4) as our true 45 degree angle. The rule that we are following here is that if prices are trading above the 45 degree angle, the market has an overall bullish bias. If prices are trading below the 45 degree angle, the overall market bias is bearish.

As prices drifted down to a new contract low in February 1985 (towards point P2), we can see the 0.3400 level (Fibonacci number 34) looming. What was not so obvious, however, was that the time period from the previous low in September 1975, was also approaching 3400 solar degrees.

Engineering students know that there is always a graphical solution to every problem and here we can see that an immediate strong rally occurred from the P2 low, as prices touched the 45 degree zero angle running up from below from point P, satisfying Gann's trading rule that states: If prices are above the 45 degree angle, the market is bullish.

On this strong rally, the return angle running down from point P1 was then broken easily, confirming a strong upward market emerging in the Swiss Franc.

Next, we can see that the market was repelled at point P3 (Figure 4) by the 45 degree angle projected from point P.

Subsequently, on the decline, support came in at 0.5569 in May 1989 (Fibonacci number 55), proving the predicative value of the Fibonacci numbers themselves. This was at point P4.

Following the 45 degree angle up to point P5, we can see that prices held this angle in 1993 and then advanced strongly towards the 0.8900 area in 1995.

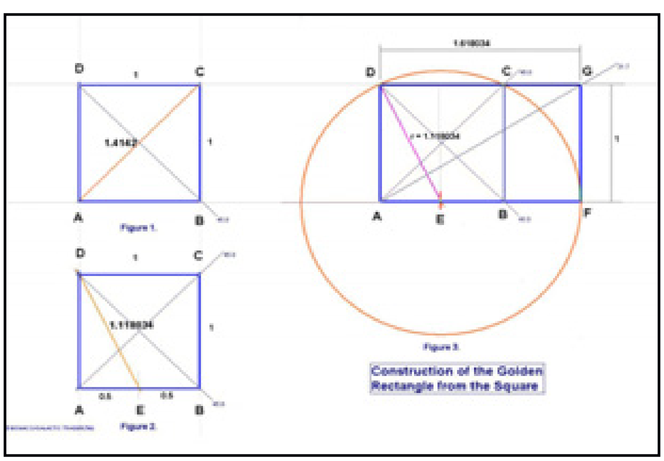
The Fibonacci number 89 proved its predictive value at point P6, as during the topping out process between March and October 1995, the highest monthly close was 0.8888 (just under the Fibonacci number 89).

This being the case, and using the Fibonacci numbers 34, 55 and 89 as the boundaries of the trading frame, we can see that there was a percentage change of 61.8% from point P2 to point P4 and a percentage change of 161.8% from point P2 to point P6.

Following the point P6 top, taking into account the Fibonacci percentage changes from points P2 and P4, (161.8% and 61.8% respectively), it was not surprising that the 45 degree Gann angle running up from point P2 was broken at point P7, however, the author has developed a formula that warns of any impending 45 degree angle break, as a check.

Following the angle break at point P7 the market rallied. However it was repelled by the return angle running down from point P6 (at point P8), indicating further weakness in the Swiss Franc could be expected at this time.

When the top at P6 was confirmed, we can use the frame of 0.3400 to 0.5500 (Fibonacci 34 and 55), to construct the circle.



The origin for the construction of the circle is calculated by going forward 5500 (Fibonacci 55) solar degrees from the 0.3400 level at point P2. This point comes out at 8th June 2000.

The circle (3400 units radius) drawn from the origin O, came in at the 0.5500 level also (point P9), giving further support at the low. This was important; as this circle had already proved its value at point P5, refer Figure 4.

This calculation gives us another dimension to our time and price square.

A test of the 0.5500 area (Fibonacci number 55) occurred at point P9 in late 2000, and we can see that the market held at this level, see Figure 5.

Next we will examine the price/time projection that gave us strong confirmation that the market was going to hold at the 0.5500 level in October 2000, at point P9.

By taking the all time high of 0.9027 (19th April 1995) at point P6, and then going forward 9027 solar degrees (converting price to time), from the first bear market low at point P on 26th September 1975, we arrive at the 26th October 2000, which was the exact bear market low day at point P9. This was a square of the range.

This calculation of converting price to time preceded an advance up to the 0.8900 area (Fibonacci number 89) at point P10.

The percentage change from point P9 to point P10 was an exact 61.8% increase (0.5493 to 0.8891). This increase alone was enough to indicate that an important top was in place at point P10 (notwithstanding the double top measured against point P6).

Figure 6 below isolates the low point that could be projected in advance, at point P11, using three calculations.

Firstly, a crucial test of the validity of these methods came in February 2006 as the Swiss Franc declined from the 2005 high at point P10, down to point P11.

The 45 degree zero angle from below the all time bear market low on 26th February 1985, was positioned at 0.7560 on the 21 year anniversary date on 26th February 2006, (21 is a Fibonacci number also).

The calculation is as follows: 21 years x 360 (degrees/ per year) = 0.7560.

If the reader wishes to check the daily data for this period, it will be seen that there was a prior low in place on 16th November 2005 at 0.7549, and averaging this price with the low of 0.7572 which occurred on 27th February 2006, we get 0.7560, which is exactly the same as the time period from the 26th February 1985 low, (7560 solar degrees).

This example proves the value of the 45 degree angle in this market.

Secondly, by taking the 0.8900 to 0.5500 levels (Fibonacci 89 and 55) as the boundaries of the trading frame, we see can that the 38.2% retrace of this frame came in at the 0.7601 level, which was very close to the low point of 0.7572 at point P11.

Thirdly, the circle constructed by projecting the origin 3400 solar degrees out from point P9 on 26th October 2000 (which gives 3rd April 2010), shows support for the Swiss Franc where the circle of radius 2100 units crosses the 45 degree angle at point P11, giving additional support to the market, in much the same way as at point P5 in 1993, (see Figure 4), and at point P9 in October 2000, (see Figure 5).

Now we can see that there are two very clearly defined price levels in the Swiss Franc/USD futures market: the 0.7572 level at point P11 and the 0.8900 area (Fibonacci 89) at point P10.

It will be very interesting to track the progress of this market over the coming months using this information.

Don Grant is a hedge fund manager living in Melbourne Australia, and uses the methods outlined in this article to make investment decisions for the fund he is trading. He also advises corporate clients.

Don works closely with Dr. Vera Sekulov who is a clinical psychologist and trader.

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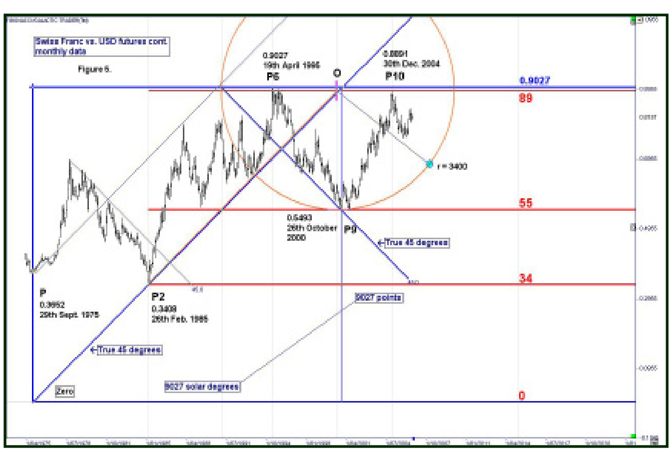
Don has produced a DVD on how to predict the Australian Dollar. The DVD explains the construction of the Golden Rectangle and how it evolves into the Fibonacci spiral, and why it is so important in working out key support levels and turning points. The correct scaling for the Gann angles, which square price and time, are explained in detail with examples. More information about the DVD can be found on his website at www.radian.net.au



Trader's Retreat

By Adrienne Toghraie, Trader's Coach

Recently I met with a group of traders at one of the Exchanges. One of their major concerns was their ever-present need to recharge, to take a break and increase their physical and emotional energy for trading. When I asked these traders how often they actually took vacations, their answers surprised me.

"I never take a vacation," was the reply I got from more than one of these traders.

Another trader said, "My wife is the one who designs our vacations and they're never vacations where I can recharge. We're visiting family, which definitely takes energy. Or we're going on a trip that's all planned out – museums and shows and all that stuff. Always people around."

When I asked this trader what would be a vacation that would allow him to recharge, he told me that he wanted to go fishing or hiking in the mountains. He did not want to be around people. He needed to be alone. But, he did not know how to tell his spouse what he needed.

Knowing What You Need to Recharge

Years ago a team of psychologists designed a sophisticated and highly accurate personality test often referred to as the "Myers Briggs." One of the surprises for people who take this test is the category of introvert versus extrovert. The Myers Briggs index does not define these terms in the common usage of these labels. The Myers Briggs defines an extrovert as a person who increases his energy by being around people and defines an introvert as a quiet and shy person who builds up his energy by being alone.

Traders who think of themselves as "party" people, who are outgoing and love to be around people, can actually be introverts when it comes to recharging their energy. It is common for a "people person" to lose energy around people and need time to be alone in order to gain energy. The opposite can be true as well for traders who think of themselves as introverts but who recharge their energy by being around people.

For this reason, it is important that a trader is able to identify his way of building back his energy. The trader who desperately wanted to go off alone on a fishing or hiking trip was outgoing and sociable. Nevertheless, he was an introvert who needed to be alone in order to fill up his energy tank.

It helps to ask yourself whether you need to be alone at times in order to refuel. Imagine that you are feeling exhausted and stressed. Which activity would make you feel better: calling a friend or going out with a group of people or going off somewhere to be alone? When you come home after a hard day, do you feel the need to close the door for an hour with the news and something to sip quietly? Or do you need to be with a group of people who are laughing and talking in order to soak up their energy? The answer may be obvious to you, or you may decide that you can do either. Some people are on the cusp between introvert and extrovert, or they are moving from one camp to the other. Myer and Briggs concluded that often people move toward the middle of the continuum as they age. This could mean for you that any vacation would help.

If you are clearly an extrovert or an introvert, you now know what kind of vacation you need in order to recharge – and it might not be the one you are now taking.

Assessing the Need for a Break

Regardless of the type of break or vacation that allows a trader to recharge, these breaks are essential for his success. When traders go for long periods of time without taking these recharging breaks, a variety of problems develop:

1. A trader's physical energy begins to decline. The continued burden on his heart, adrenals, immune system, and nervous system eventually lead to fatigue, and then to chronic illness. Top performance requires high physical energy. You cannot get water from a well that has been depleted and not allowed to fill back up. Many years ago, a Canadian scientist named Hans Seyle conducted the first studies on stress. In one experiment, he took laboratory rats and increased their level of stress. At first, these rats became sick, but once they adapted to the increased stress, they seemed to do well for a while. Without a break, the rats increased their activity under the increased burden. And, then, without warning, they began to die off. Their immune systems and their adrenal systems simply gave out.

Human beings are not significantly different in their needs for periodic breaks from stress. Because trading is a stress-laden occupation, traders who do not take periodic breaks to recharge are at great risk for stress-related conditions including the most serious ones such as heart disease, arthritis, and cancer.

2. A trader's psychology begins to suffer. Traders depend not only on a steady supply of physical energy. They also require a steady source of psychological and emotional energy. It takes a great deal of psychological energy to maintain the disciplines that allow a trader to consistently follow his rules and to deal with the continual potential for loss and sudden gain. A trader who rarely takes a vacation or who takes the wrong kind of vacation for him to fill up his energy reserves is likely to experience trader burn-out. Once a trader reaches this stage, it is unusual for him to recover his trading edge. In fact, most traders who reach burn out will wash out of the profession, unless they receive a great deal of outside help and support.

3. Losses begin to pile up. The combination of the loss of physical and emotional energy increase the likelihood that losses will begin to pile up. Since no system is able to deliver profits without periodic losses, all traders must deal with loss. However, without the resources to deal with these inevitable losses, a trader who is not getting recharged will continue to build up more and more losses.

4. A trader's personal life begins to unwind. Personal relationships require energy. A trader who keeps drawing from a non-replenished energy supply will eventually find that he has little or no patience for his spouse, his children, and his friendships. He is likely to have more disagreements or unresolved issues with the very people who are the most invested in his success.

5. A trader looks to non-productive sources for help, with unhappy consequences. Rather than taking the time to recharge through a break or vacation, traders who are not taking recharging breaks will often look for a shortcut to energy. They may load up on sweets or caffeine, which gives them a temporary surge in energy. The problem with sugar is that it leads to an energy low within a brief period as it reduces the blood sugar to the brain, leaving a trader fighting to maintain focus and wakefulness.

The problem with caffeine is that it derives that energy by sending a shock to the adrenal glands, requiring them to supply a sudden hit of adrenaline while they send a message to the liver to release stored body sugar into the blood stream. The long-term affect is adrenal exhaustion, a condition leading to a host of immune disorders and total exhaustion. Other quick fixes include consuming alcohol or taking drugs. The long-term results of these quick energy manipulators are well documented and destructive to a trader's career and personal life.

Dealing With the Family

For all of the above reasons, a trader needs to be taking the kind of vacations and breaks that recharge his energy. But, one of the hardest things for traders to do is to sit down with his spouse and explain that he needs to take a vacation, especially one that does not meet the family's expectations or even worse, a vacation that is taken alone. So, here is a strategy for approaching this conversation.

1. First, you must decide what you need for a vacation to recharge. Are you an introvert or an extrovert? Do you need to get away from people or surrounded by people to refuel your energy? Where and how would you most like to do this?

2. Tell your spouse that you need to sit down and talk about your upcoming vacation plans. Set a time and a place for this conversation that is away from the telephone and other distractions, such as the children: i.e., a quiet walk in the park, a dinner at a quiet restaurant where you can sit in a booth, the den at night after the children are in bed, etcetera.

3. Start by asking her what her vision of the next family vacation would be. After all, your spouse is just as much in need of a vacation that fills her or him up as you are.

4. Now that you have her/his plans out on the table, you can make your proposal. If her plans are for the very kind of vacation that leaves you drained, it is time to explain to her that you will happily go on this vacation, but that you will need a second vacation, as well. Explain to her that you have learned that you are an (extrovert or introvert) who needs a vacation filled with (people or lack of people) around for you to fill your energy tank back up. Explain that you have been under a lot of stress and that you need this kind of a break to keep being able to trade. Make clear to your spouse that you realize that she/he also needs the right kind of break for the same reasons.

5. Now, compromise. Find a way for you both to get the kind of break you each need. If you normally take a two-week vacation and your spouse wants to go to a quiet beach for two weeks and you need to go to Las Vegas, divide your time in half and go to one and then the other. Compromise will bring you not only the energy you need, but the peace you need in your family, too. If there is resistance, showing this article to your spouse may help.

6. If you have not been taking vacations, your spouse could respond in several different ways. She might be astonished and very pleased to hear that you are finally taking a break. OR she might be suspicious that something is wrong. OR she might be resistant to taking the first vacation in a long time on your terms. You need to be prepared for whatever reaction she/he will have.

7. If you are single and you need to be with others to recharge, get yourself to a travel agent and/or the Internet and start exploring tours and group trips. One trader who is divorced likes to bicycle and takes organized summer biking tours around the country and abroad. He returns excited and ready to get back to work.

The important thing to remember is that you fully and respectfully express your need to recharge your energy in the way that works for you. You also need to explain the consequences to you and to your family when your need to recharge your energy is not met.

Mini Breaks

Although we have been discussing your annual vacation, traders actually need to recharge much more frequently if their energy well is to stay filled. After fifteen years coaching traders, I am convinced that traders actually need to take mini breaks as often as possible. In fact, I encourage my clients to take mini breaks every day. A mini break consists of a break from the routine and can last a few minutes or a few hours, depending on what is needed. Again, depending on whether you are an introvert or an extrovert, a mini break that recharges your energy can be a quiet walk along the lake at lunch time, a call to your best friend, five minutes in your chair with your eyes closed and the door locked, or the evening at your stimulating toastmasters club.

Even if you are getting a daily break to recharge your energy, a trader's week can be an exhausting stretch of time. Instead of recharging on the weekend, are you working all weekend long on your trading or on your home or taking over the role of parenting? If you are to keep your energy recharged, each weekend should include a time for you to take a mini-vacation. If you need to go off fishing on Saturday mornings to recharge leaving your spouse home alone with the kids, then do it. Just remember to return the favor for her on Sunday morning. If a Friday night poker game with your high school friends recharges you for the week, remember to take your wife out on Saturday night to the movie of her choice.

The same principle applies to monthly vacations as well. Medical research has shown for decades that one long vacation a year is not as beneficial as a number of smaller vacations. Long weekend vacations are especially beneficial and are even preferable to a long vacation for which you have been building a need for twelve months. It is now simple and easy to arrange the weekend rental of beautiful homes in the mountains or at the beach online. Even last minute flights to the Bahamas or Miami Beach are a simple matter of going online or making a call to your travel agent to arrange.

The Trader's Retreat

A number of traders have mentioned that the type of recharging vacation they really wanted was a trader's retreat. These traders were the extroverts who wanted to find a way to be around other traders, sharing stories, experiences, and ideas. For them, the ultimate energy booster was discussing trading with others who shared their passion and interest in their field. If this type of experience is the one that would fill you up, too, you may want to consider some of the following opportunities:

1. Trader's seminars. Every month, and possibly every week, seminars for traders are taking place. Some of these seminars are small, with a lot of private work, where you have the chance to develop close ties with other traders. For example, there will be a retreat in October presented by 5 well-known speakers for a small group of traders)Adrienne@TradingOnTarget.com or retreat@stocktrading.com) Others are large and filled with the energy of a lot of traders. Even some of them take place on cruise ships or in vacation locations such as Las Vegas, where you can take your family and solve your needs as well as theirs. The best way to find out about these are to go on the websites of the writers and speakers from whom you are the most interested in learning.

2. Trader conventions, shows, and expositions. The energy from the best-attended and best-produced trader shows is infectious. Thousands of traders and dozens of the best speakers in the world of trading mingle at these shows, which are put on in New York, Chicago, and Las Vegas, just to mention a few. Do your research and ask around about the best ones to attend.

Regardless of the specific seminar or traders' expositions you attend, if you are one of the traders who needs to replenish your energy by being around other traders, you should make room in your life to do so on a regular basis.

Conclusion

Traders need to take vacations often and in the specific way that fills up their depleted energy reserves. Far too many traders do not take vacations at all or they fail to speak up about the kind of vacations that allow them to refuel physically and emotionally. Annual vacations are a good experience for a trader and his family, but a daily energy break, a weekend break, and a periodic long weekend vacation are essential for a trader who wants to avoid burn out. However, none of these breaks will do the job if they are not matched to a trader's unique psychological needs. Only the individual trader can make the decision whether a backpacking vacation alone or taking the family to Disney World or a trader's convention in Las Vegas will fill up his energy reserves or deplete them further.

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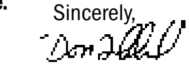

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TWF1

EUR/USD in Place for a Top

By Jaime Johnson - Dynamic Traders Group

It is always easy to give the well chosen after-the-fact example for any trading technique. Since we publish daily analysis and trade recommendation reports at Dynamic Traders Group, we'll show how our analysis of the position of the EUR/USD market and trade strategies were made in advance of a major reversal.

Back in Nov 2005 in the *Dynamic Traders Futures and Forex Report*, we identified that the EUR/USD was in the position for a low lasting several weeks, if not months. We also pointed out the signal that confirmed the low was complete. Chart #1 is the EUR/USD daily chart. The following commentary is from the Saturday, Nov. 12, 2005 report, just a few days before the low of the year was made.

"All conditions, except for one, indicate the EC is in position to make the low for the year which should be followed by an advance lasting several weeks. The weekly and daily DTosc's are in the OS zone and Friday's low has reached the typical W.5 target off the Dec. 2004 high at 1.1669 – 1.1419. The only factor that is not ideal for a W.5 low is the W.5 decline off the Sept. 2 high did not unfold in an ideal five-wave impulsive pattern.

A rally above Oct. 27, W.4 high confirms the W.5:5 low."

The following commentary is from our report a week later on Saturday, Nov. 19, 2006.

"With the weekly DTosc in the OS zone, the daily DTosc bullish and the Nov. 15 low in the typical W.5 target at 1.1669 – 1.1419, a trade above the Oct. 27,W.4:5 high confirms the W.5 low. If the W.5 low is complete, a rally reaching at least the 50% ret. of the Dec. 2004 – Nov. 2005 decline at 1.2653 should follow and the rally should not be complete prior to mid-March next year."

The EUR/USD completed the low for the year as anticipated followed by a rally that exceeded the minimum time and price targets described in the Nov. 19 report.

The EUR/USD is in the Position for the Top of the Year.

Our analysis now shows the EUR/USD should be near completion of the high of 2006, if it is not already complete. Chart #2 is the EUR/USD monthly chart through mid September, 2006. The Dec. 2004 – Nov. 2005 decline made an ideal Elliott five-wave pattern. A five wave trend should not be a completed correction so the Dec. 2004-Nov. 2005 five-wave decline should only be the first leg down in a larger decline. A correction should be made following a five-wave pattern which should not exceed the beginning of the five-wave pattern.

Nov. 2005 is a Wave-5 low which should be a Wave-1 or A of a larger time frame decline. An ABC corrective pattern may to be unfolding from the Nov. 2005 low. The June high is in the position to be the completion of the ABC correction off the Nov. 2005 low. If this is the case, a decline to below the Nov. 2005 low should follow.

While E-wave analysis and trade strategies can be very helpful *when a market is making well defined patterns,* you do not have to use E-wave analysis to get a good picture of the trend position of the market and probable end of a corrective high.

A reliable momentum indicator will help to warn the trader if a market is in a position to complete a trend or counter trend. The monthly DToscillator is bearish, a momentum signal that if June did not complete a corrective high as the pattern suggests, any continued upside should be limited before a multi-month decline begins. With the slow line of the monthly DTosc still in the overbought zone, this means it should be several months until the monthly DTosc reaches the oversold zone which should result in a decline lasting several months.

The EUR/USD Weekly Position

Chart #3 is a EUR/USD weekly chart through this mid-September. This chart shows the lower Aug. high as the W.C which may have been completed on what is called a fifth-wave-failure.

The important factors shown in this weekly chart is a decline

below the July, wave-4 of C low signals the wave C corrective high should be complete and a decline below the Jan. wave-A high confirms the rally off the Nov. low is corrective and not part of an impulsive trend. Elliott Wave guidelines dictate a five-wave pattern should not have overlapping waves (a wave-4 should not trade into the range of a wave-1 except in a diagonal wave-5). A decline below the Jan. high makes the wave off the Aug. high overlapping with the potential wave-A high and signals the rally off the Nov. low is not a five-wave impulsive pattern but a correction.

One thing to beware of shown in the weekly chart is the fast line of the weekly DToscillator is in the oversold zone. While the EUR/USD may move sideways to down for a few more weeks, the immediate downside may be limited before a multi-week low is complete. If the next weekly DToscillator bearish reversal is made without the Aug. high exceeded, it would be another strong signal the corrective high should be complete and the bear trend continue to a new low. If the Aug. high is taken out, with the higher time frame monthly DToscillator bearish, the immediate upside should be limited to around 78.6% retracement of the 2004-2005 decline before a decline lasting several months begins.

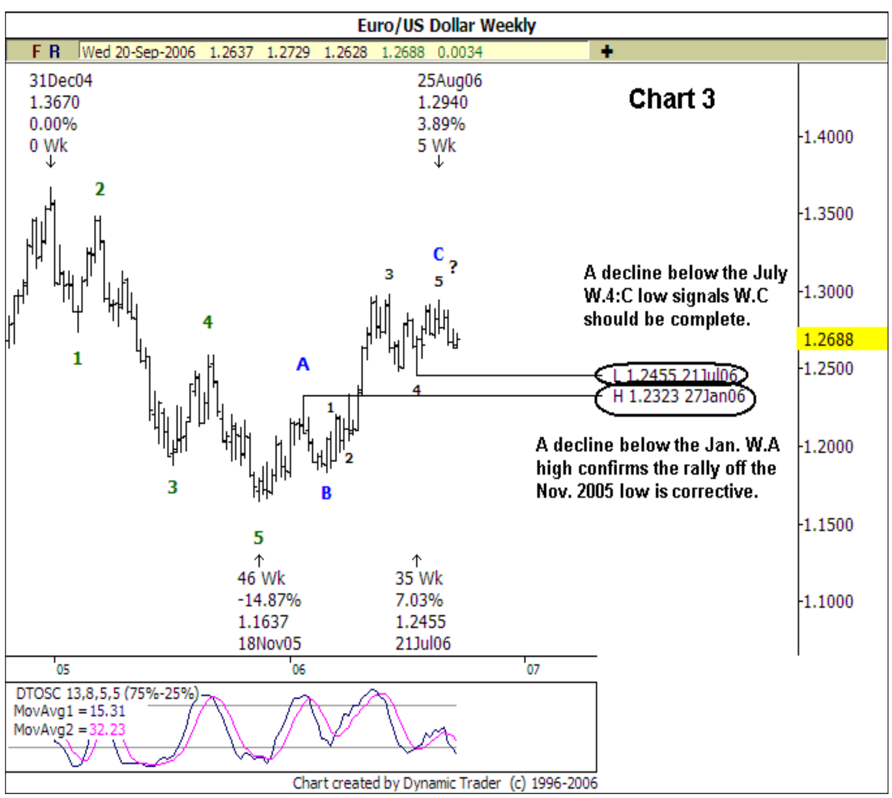
It is Not too Late to Enter a Multi-Month Bear Trend

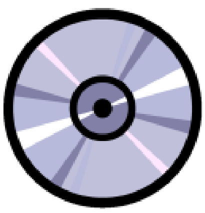
What's the bottom line? A decline below the July, potential W.4 low signals a corrective high should be complete and a bear trend lasting several months to below the Nov. low should follow. If the EUR/USD makes a new high, the upside should be limited to around 1.3235, the 78.6% retracement, before a bear trend begins.

This article was written in mid-September. It is very possible the top of the year in the EUR/USD has already been made. If not, the upside should be very limited before a bear trend to below the Nov. low begins which should give plenty of opportunities to enter short positions with tremendous profit potential. If the top has been made, the Dynamic Traders Daily Forex Report will help point high probability trade set-ups with low capital exposure to take advantage of the decline. If the EUR/USD decides to rally to the 78.6% retracement, the report will point out what the EUR/USD needs to do to signal the corrective top should be complete.

With the EUR/USD at or very near a major reversal, Forex traders should keep alert to opportunities for a major short position in the weeks ahead.

Jaime Johnson is the co-author and chief technical analyst and trade strategist for the daily Dynamic Trader Stock and ETF Report, the Dynamic Trader Futures Report and the Dynamic Trader Forex Report. For more info, go to www.DynamicTraders.com.





Forecasting with the Cycle of 360

By Daniel Ferrera

Gann Students are well aware of the forecasting value of 360 units of Time or Price. As Gann has said: "Man first learned to record and measure time by the use of the Sun dial, and by dividing the day into 24 hours of 15-degrees in longitude. The "reflection" of the geometrical angle on the Sundial indicated the time of day. Since all time is measured by the Sun, we must use the 360 degrees of the circle to measure time periods for the market, but remember, you must always begin to count time in days, weeks and months from extreme high and extreme low levels, and not from exact seasonal or calendar time periods. 45 days is 1/8th of a year, 90-degrees is 1/4th of a calendar year, or a square. 112½ days is 90 + 22½. 120 is 1/3rd of the circle and is a triangle. 135 is 90 + 45, 150 is 90 + 60, 157½ is 135 + 22½, 165 is 120 +45. 180 is ½ of a complete circle or opposite to 0, the starting point. Very important for a change in trend. 202½ is 180 + 22½, 225, a 45-degree angle is 180 + 45. 240, a triangle is 2 times 120. 247½ is 225 + 22½. 270 is ¾ of a circle and 3 squares of 90. 292½ is 270 + 22½, 315 is 270 + 45, 337½ is 315 + 22½ and 360 degrees is the complete circle. You measure weekly and monthly time periods in the same way as you do the days and watch all of these important time angles for a change in trend."

One is guided by the analogy of 360 units of Time or Price to the 360-deg in a circle or Cycle. "We square the Circle by beginning at 1 in the center and going around until we reach 360. Note that the Square of Nine comes out at 361. The reason for this is it is 19 times and the 1 to begin with and one over 360 represents the beginning and ending points. 361 is a transition point and begins at the next circle. Should we leave the first space blank or make it "0", then we would come out at 360. Everything in mathematics must prove. You can begin at the center and work out, or begin at the outer rim and work in to the center. Begin at the left and work right to the center or to the outer rim or square."

307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	402
306	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	326	403
305	240	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	258	327	404
304	239	182	133	134	135	136	137	138	139	140	141	142	143	144	145	198	259	328	405
303	238	181	132	91	92	93	94	95	96	97	98	99	100	101	146	199	260	329	406
302	237	180	131	90	57	58	59	60	61	62	63	64	65	102	147	200	261	330	407
301	236	179	130	89	56	31	32	33	34	35	36	37	66	103	148	201	262	331	408
300	235	178	129	88	55	30	13	14	15	16	17	38	67	104	149	202	263	332	409
299	234	177	128	87	54	29	12	3	4	5	18	39	68	105	150	203	264	333	410
298	233	176	127	86	53	28	11	2	1	6	19	40	69	106	151	204	265	334	411
297	232	175	126	85	52	27	10	9	8	7	20	41	70	107	152	205	266	335	412
296	231	174	125	84	51	26	25	24	23	22	21	42	71	108	153	206	267	336	413
295	230	173	124	83	50	49	48	47	46	45	44	43	72	109	154	207	268	337	414
294	229	172	123	82	81	80	79	78	77	76	75	74	73	110	155	208	269	338	415
293	228	171	122	121	120	119	118	117	116	115	114	113	112	111	156	209	270	339	416
292	227	170	169	168	167	166	165	164	163	162	161	160	159	158	157	210	271	340	417
291	226	225	224	223	222	221	220	219	218	217	216	215	214	213	212	211	272	341	418
290	289	288	287	286	285	284	283	282	281	280	279	278	277	276	275	274	273	342	419
361	360	359	358	357	356	355	354	353	352	351	350	349	348	347	346	345	344	343	420

When studying the seasonal cycles of Time, it is initially much easier to take as a basic measuring unit of the Solar Cycle of 1 year = 365.24 days, which = 360-deg.

For simplicity sake, we therefore utilize 365.24-days of Time as the Fundamental 360-deg Cycle length. Please note that the seasonal time cycles are the 1/8th divisions of the natural year beginning at the Vernal Equinox, which typically occurs around March 21st of each year. These points in time are always important to observe for changes in trend!

How to begin Forecasting using the cycle of 365.24 time units.

(A) Pick a unit of Time (Day, week, month, year. 1-hour, 5-min, etc.)

(B) Select the shape and magnitude of Standard Square of 9 Cycle. Basic shape is to start at a low and call this 0-deg, go up to a major high at 180-deg and then all the way back down at 360-deg, which would look like a "^" or "V" for an inverted start. The more complex shape looks like a "Head & Shoulders" pattern, where you start from a low at 0-deg, then go up to a high at 90-deg, then decline to a higher low at 120-deg, advance to the highest level at 180-deg, decline to the 270-deg, which is about the same level as the 120-deg low point, advance to the 315-deg part of the time cycle and decline to the 360-point. See Graphic Illustrations below.

(C) Go back over the price history and pick out "Significant" highs & lows from which to start your Standard shaped cycles that you selected in (B).

(D) For any given Time in the Future. Standard cycles from several different historical Highs & Lows will be "Active" simultaneously. For each point in time add up the values of these cycles, which will be used in a summation process.

(E) The cumulative result of step (D) is your cyclic forecast for the market.

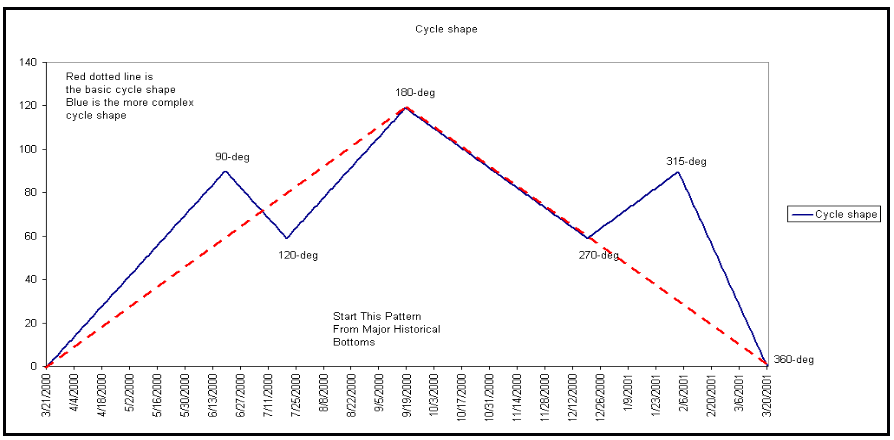
(F) A computer program like Excel is almost essential for completing step (D).

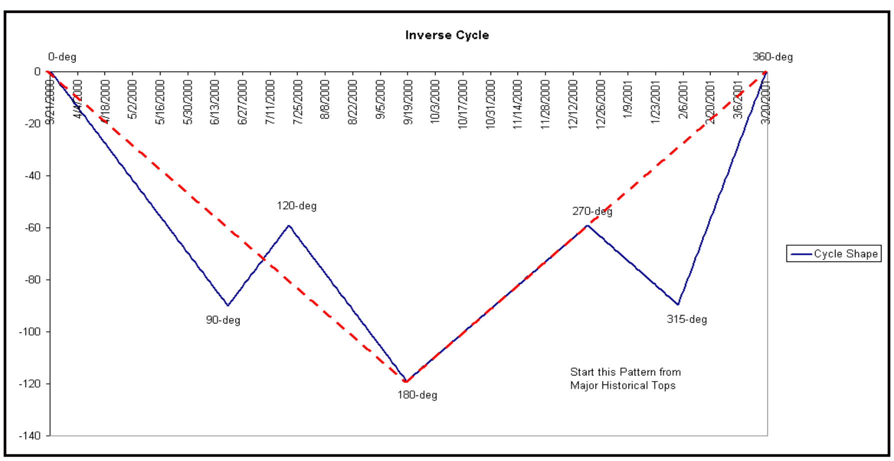
9. If your forecast experiences a cycle inversions, that is to say, a top comes out as a low or vice versa, you should continue to anticipate that the remainder of your projection will also be inverted from this point forward.

10. Harmonic Divisions of 365.24

45-deg = 45.66-days ************************225-deg = 228.28-days
60-deg = 60.87-days ************************240-deg = 243.49-days
90-deg = 91.31-days ************************270-deg = 273.93-days
120-deg = 121.75-days **********************300-deg = 304.37-days
135-deg = 136.97-days **********************315-deg = 319.59-days
180-deg = 182.62-days **********************360-deg = 365.24-days

Graphic Illustration





Elliott Wave Should Lighten Up

By Tony Beckwith, MTPredictor Ltd.

A remarkable number of traders the world over use Elliott Wave (EW) theory as at least a part of their trading plans. But, how many of them are able to trade in a way that controls risk and is, therefore, profitable over the long-term? All professional traders know that, without strict risk control, a trader's longevity will be limited…

One of the (many) criticisms leveled at EW theory is that its basis is subjective. You have to judge where a market is in an EW sequence (typically, a 5-wave trend or a 3-wave correction to a trend). You may be "right," you may be "wrong" or you may start off looking "right," only to find price moving away from the assumed market pattern -- that feels distinctly "wrong"!

If this is the case, how can a trader have any control over his trade risk or know in advance the profit levels to be used in any formal risk-reward calculation? For a risk-reward assessment to be made, the two sides of the equation need to be both simple and known. To achieve that with standard EW analysis is at best difficult, at worst impossible…

One way for a trader to address these inherent difficulties is to strip down EW principles to form a lean, tradable approach to the markets. This may deter the purists, but the survivors in the trading world know perfectly well that trading is about understanding risk, not about forecasting or "getting it right."

Probability risk can be reduced… The practical meaning of risk in trading involves two elements: probability risk (the risk that a trade may not turn out as anticipated) and money risk (the amount lost if a trade does not turn out as anticipated). Probability risk is usually the more difficult of the two to pin down. If we accept trading with the trend as a basic premise, in EW terms, this means trading off the end of a correction-to-a-trend, back into the trend itself.

Ideally, this can be in only 3 places: Off a corrective Wave 2 into a trend Wave 3, off a corrective Wave 4 into an end-of-trend Wave 5 and off a corrective Wave B into a trend Wave C. Again, the ideal is to see the Wave 2, Wave 4 or Wave B unfold as a simple 3-wave correction-to-trend -- an ABC correction, the easiest-to-identify correction in the EW world.

The probability of this trade set-up actually working is enhanced if there is no confusion over its identification (it is a clean zig-zag pattern), if it clearly follows an unambiguous trend (so could be correcting it) and if it is at a critical price level. We may disagree over what is "critical," but the use of Fibonacci numbers and ratios to guage when the correction is ideally over provides a constant framework.

For instance, if the length of Wave C of the ABC correction equals 0.618x or 1.00x the length of Wave A, this may indicate that, say, selling power is now becoming exhausted in a correction down against an uptrend. To further improve the probability risk, it is wise to wait for the market to show signs of price reversal itself, rather than jump the gun. So, the many variants of reversal bars, indecisive price movement (inside bar, etc.), traditional Japanese candlestick patterns, channel / moving average breaks or oscillator reversals can be used to narrow the odds of a market returning to trend.

Money risk can be controlled…

This leads us to a discussion of money risk. To know this type of risk, you must know the entry price and initial stop loss price in advance of any trade. It follows that, the closer the entry trigger to the initial stop, the smaller the initial (money) risk.

If you are trading off one of the 3 best market junctures in EW terms (as previously described), the initial stop can always be the extreme price reached in the ABC correction. Logically, this makes sense in that, if this price is reached, the trader's initial analysis is incorrect, and there is no business in this trade for now. If you are trading any other part of an EW sequence, appropriate stop loss placement is much less clear.

Risk-reward can be assessed…

For the other side of the risk-reward equation, reward levels have to be clear and constant. If a trader is specializing in entering trades off these "isolated" ABC corrections, the obvious profit targets are the EW price levels that would be reached if the market does indeed return to its previous trend direction.

For instance, if you are trading off an ABC correction that forms a Wave B, the trend wave to follow would be the Wave C -- here, the minimum, typical and maximum Wave C price targets using the widely accepted Fibonacci ratios would form the profit targets. They can be calculated in advance of entering the trade, so you can also know and evaluate the risk-reward outlook before you commit any capital.

Trades should be treated in isolation...

Furthermore, the standard pitfalls of conventional EW analysis must be prevented from interfering with this risk-reward trading framework. If you treat these trade set-ups in complete isolation, you can avoid having to fit the corrective pattern into a larger EW pattern or squeeze a smaller-degree pattern inside it. Similarly, you can also avoid having to link the corrective pattern and its prior trend to previous market movement.

This Isolation Approach also means that any trades resulting from these set-ups can be managed on the same timeframe as that on which the set-ups occurred. No interference with the trader's mindset from conflicting timeframes (there are 9 in traditional EW analysis…) is allowed. Elliott wave labeling or "counts" do not change mid-trade and the profit targets are unmovable. This all makes for highly decisive and consistent trading.

Overcoming R. N. Elliott's own problems...

As Frost and Prechter state in Elliott Wave Principle "for all his (Elliott's) meticulous study and profound discovery, he displayed a typical investor's weakness in (at least once) allowing a prior opinion adversely to affect his objectivity in analyzing the market." To be able to use some of his basic principles for consistent and objective risk-reward trading really is something for traders to celebrate.

MTPredictor is a sophisticated Elliott Wave Software Program. It is reviewed at www.tradersworld.com/mptredictor

Michael S. Jenkins Interview

Interview by Larry Jacobs

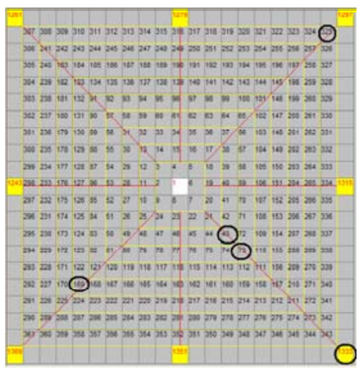
Larry: Will you explain how you got started in trading, when and why you went in the direction you did?

Michael: I started trading at a very early age, I believe it was nine years old. My father was a banker and taught me how to read the stock tables in the newspapers. He also taught me the fundamental analysis approach that bankers use as do most long-term investors. He set up a brokerage account under the Uniform Gift To Minors Act for me as I was underage and this allowed me to put my weekly allowance and earnings from mowing lawns or snow shoveling sidewalks into it. I did what 99% of undercapitalized beginners do - I bought cheap stocks so I could buy more shares and I wasted perhaps 10 years of my life siting with garbage that never went anywhere and deserved to be ‘cheap’. My youth was spent in libraries reading books on the stock market and getting bad advice. It was that decades long wasted time with bad investment advice that impelled me to write my own books with what I found out in the school of hard knocks on Wall Street. Today, individuals starting out can get good advice from many sources, which is vastly different than how it was when I grew up in the 60’s. After I finished Washington & Lee University with a business degree I took a job in a bank trust department as a portfolio manager. I went to night school to get an MBA, then passed the C.P.A. exam while also working on the CFA program. Bank investment management was all fundamental and that worked for many long term horizons if you cut your losses but it was quite unsatisfying seeing wide swings of plus or minus 30% in ones portfolio while holding quality fundamentally solid companies. I soon found a job at twice the salary as the in house CPA for a mutual fund complex where I learned the ins and outs of accounting for brokers and mutual funds, and SEC audits. As I gained respect in my field I was able to shift into a position as a mutual fund portfolio manager and as luck would have it, I became one of the top 10 mutual fund managers in the United States two years in a row with annual returns of over 50% in each year. In 1979 I was introduced to Billy Jones who just purchased the Lambert Gann business and I was privy to some of the very first looks at that storehouse of rare W.D. Gann materials. That event changed my life. I spent 18 hours a day for the next 25 years trying to decipher those secret Gann notes and astrological scribbling and as of today I think I have 99% of the puzzle solved.

Larry: You have written 3 previous books about trading in the markets and recently came out with a new one “The Secret Science of the Stock Market”. Can you tell us about the book and what is new and different in the book from your previous books?

Michael: I mentioned I started to write books since I felt that almost all the typical books out there were junk and based on false assumptions or simplistic methods like crossover moving averages or momentum oscillators or stochastics. I wanted to write books that were based on *principles* that could be proven repeatedly and which actually worked no matter who applied them or on what market or time frame. An example is the work I did with circular arcs defining support and resistance at each precise point along the arc and the ‘vertical’ maximums of the arcs always result in a precise prediction of a high or low where that arc terminates.

See Chart 1



My early books written in the mid ‘80’s to ‘90’s were full of such observations of principles, but my new book “The Secret Science of the Stock Market” is my masterpiece. I took off from active trading for a few months in 2004 to sit back quietly and contemplate everything I had learned in 35 years of professional trading. I wrote this book to explain the most reliable and advanced concepts that are often found in multi million dollar black box systems. In the process of writing this book I myself gained tremendous insight into all I had studied previously and new applications immediately came to mind. This book will become a classic and I have a great many emails from buyers already who say it is their favorite book in their entire library bar none.

Larry: In your recent book you say that timing is everything. Can you explain what you mean by that?

Michael: All speculation in the markets is an attempt to capture volatility by buying low and selling high or vice versa. Buying stocks that go dormant is not a good speculative strategy even if the fundamentals eventually win out. A speculator needs to time his purchases and sales to get as close to the beginnings of a move or to get out at the top. Only cyclical analysis can do that. Normal technical oscillators help but usually aren’t precise enough. My discoveries through examining the Gann material has shown me that time and price can become interchangable with numbers that

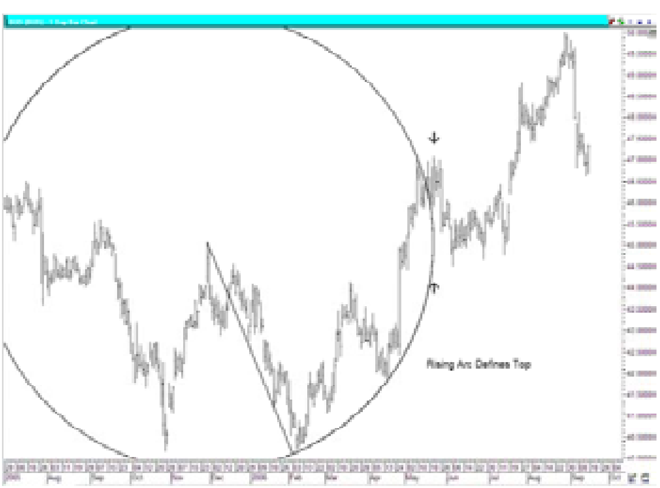


Chart 1

Chart 2

stocks trade around. For example as I write this in the last week of September 2006, the Dow Jones is just hitting 11,650 and all the talk is of a new record high. That may yet be the case but that high may not last long as the market is 'squaring out' multiple highs and lows in history that are caught up with this 11600-11700 number on the Dow Jones. The simple translation is from the low on 3/12/2003 which was 7,197 and 1.618 times that is 11,644 (however, note that the low *close* of 7286 x 1.618 =11,788). That's a price resistance number. The time number comes from 11,615 calendar days from 12/09/1974, the modern day low, and 11,680 calendar days from 10/04/1974 the secondary bottom that year. Here we see two numbers that give both a price resistance and a time resistance which warns us of a potential bull market top, one year from the last top. In this particular case there are several other correspondences to indicate resistance which I don't have space to talk about here but usually major tops have multiple correlations with prior highs and lows. It's important to remember that forecasting and trading are two different things and in this day of massive manipulation of the markets with huge MOC orders your forecast can be 100% correct but prices can blow right through your targets for 1%-3% if a multi- billion dollar fund has a three day program working. The natural forecast gives projected resistance numbers not actual program trades. Of course resistance is just that and if resistance is overcome we must look to the next level of both time and price before we can expect a major reversal. Traders who constantly short tops and lose, or continually buy new lows violate this principle of both time *and* price correspondence. They assume the next fibonacci price number could be it but they don't realize that the next time factor available might be three months or more away. This is the real key to success, knowing that on *only certain dates and at certain prices can markets reverse*. There are several approaches I use to get those times and price targets.

Larry: How do you select what you trade in the markets?

Michael: Since I trade with knowledge of key time and price pivot points, I try and select my trading vehicles according to time cycles. Many successful traders use various relative strength moving averages to select stocks that have started to move but my advanced knowledge of what Gann knew gives me a great advantage here in getting the almost exact low or high day to the move in many cases. With the proper use of computers these days which can track thousand of issues I find that on any given day of the week some issue is making a dramatic move based on historical cycles.

Larry: What methods do you use to enter the market?

Michael: Once we find the cycle date to look for moves starting or ending we need to be very precise in our entry points. It's extremely important to have a good entry so you can use an equally precise stop out point. Just jumping in at any price on a move can play havoc with your emotions and force you to make trades that require too much risk. Gann's technique was to divide his capital into ten parts and trade with one part and use a 10% stop on that- basically only losing 1% on any one trade. With his timing methods that pin pointed the exact beginnings and endings of big moves this method allowed him to trade with a stop and then not even watch the tape. Most of you won't know how to find these precise terminal dates but you can get precise price levels to make your entry and exits. Several methods exist such as trendlines, arcs, square roots, and measured moves.

Larry: What methods do you use to exit of the market?

Michael: I often use square root increments of prior highs and lows that coincide with Jenkins True Trend Lines or circular arcs and measured moves. In other words our method should be to wait for a normal 'measured move' to take place, use a circular arc coming down from a high to make a low, or swinging up from a low to give us a high, and at that point calculate the price it should be using square root increments. For example the May top at 1327 S&P would have downside target prices of its square root decremented by 1 and re-squared which is 1255, and if that is exceeded try a decrement of 1.5 to get 1220. These prices should show up on the forecasted time cycle day and if they do we make a trade with a stop. Indeed the June 14th low came in at 1219 at our target price AND the time cycle was 36 days from the top (a natural square 6 x 6) and the square root of 1327 (36.42) in days (time). See Chart 2.

Larry: What methods do you use to exit the market?

Michael: Exiting a trade is done the same way, that is, look for a measured move that coincides with an arc going up maximum and is timed with a time cycle and where the price meets calculated resistance. A example would be the May 2006 top. On page 99 of my 'Secret Science' Book I showed a technique that used the F# musical ratio. It implied that the next top after the March 12, 2003 low would come out at 1326.77. That price was spot on predicted two years before. In my newsletter the 'Stock Cycles Forecast' I showed how the Gann Square of Nine predicted a major turn in the stock market on May 8th & 10th 2006 because 3/24/2000 was 73 months from that date and the low on 10/10/2002 was 43 months from that

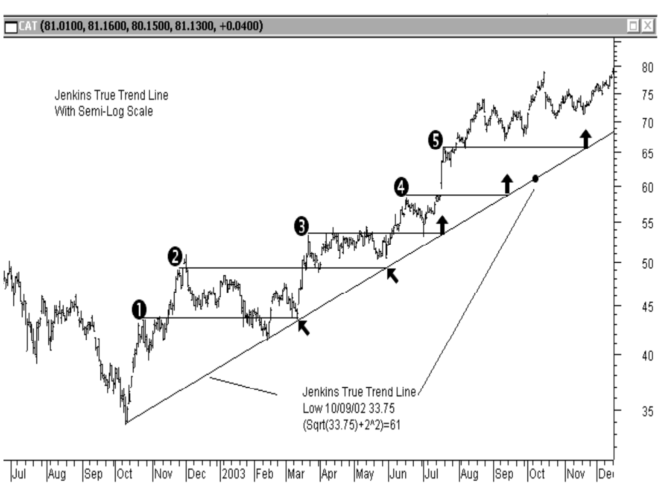


Chart 3

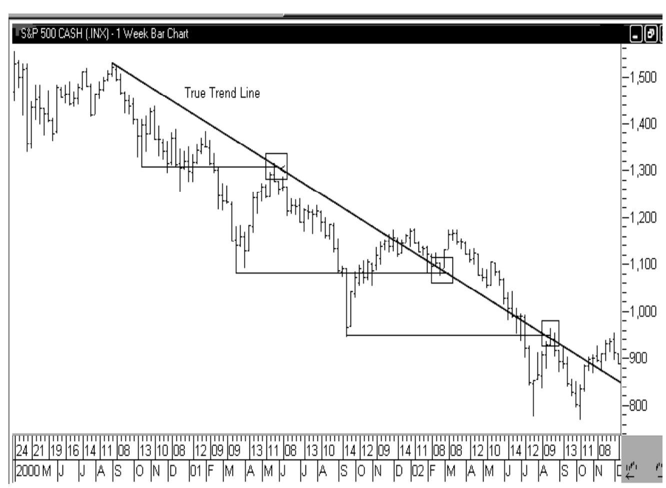


Chart 4

date squaring out the major high to low to high on the Gann Square of Nine on the lower right hand corner axis which also coincided with the number 1333 for the S&P. So this is a good example of time cycles calling the date and the price when the price hit a major harmonic resistance level.

Gann Square of Nine for May 8, 2006 showing 43 and 73 months from major low and high, and 1333 price on same axis as the target. The 169 and 325 numbers are weekly time cycles that timed the June high and low breakdown. See Chart 3.

Larry: Do you use the Square of Nine in your Trading?

Michael: As I just noted, the Square of Nine is quite valuable in forecasting highs and lows in the market when used correctly. This spiral placement of numbers translates time and dates into corresponding price levels that harmonize with specific dates. As mentioned earlier only certain dates and prices can be final tops or bottoms and these key dates and times are usually found on this wheel when used correctly. Of course very few know how to use it correctly so I wrote the Secret Science book to break the seal on that mystery.

Larry: What is the Jenkins True Trend Line and how important is it.

Michael: The Jenkins True Trend Line (JTTL) was a breakthrough in technical analysis that came to me one day from studying the square of nine. I noticed that the arrangement of the price numbers on the wheel were such that you could take any number and take its square root and increment it by 2 and re-square and you would get the next sequential number in the wheel in the next rung. This is widely known by traders. A bit less obvious is the time element of the wheel, which relates the 365 days of the year to the circle of 360 degrees giving a correspondence of one calendar day to a specific number for each day of the week. What occurred to me was that a complete 'full' cycle in numbers was the square root plus 2 re-squared, and that the full time cycle was one year. I put the two together in the Jenkins True Trend Line which takes a price and finds its theoretically perfect target (square root + 2) one full year later and I drew a line between those numbers and dates. When that is done you see the most incredible price action each time the stock hits that particular trendline. Most stocks will 'gap' on the trendline and that is a strong indication that the price and time harmonics of the JTTL is the correct trendline to use. You see, the whole purpose of a trendline method is to observe that when a stock breaks below a trendline support the direction of the trend has actually changed. 'Normal' trendlines rarely do this. You get token bounces up or down from the line but it rarely indicates a change in trend. The Jenkins True Trend Line always gives reliable changes in trend indications and is an exceptional tool especially on long term charts. Because the JTTL is based on a fundamental frequency harmonic of a stocks price and the date it hit that price, the intersection of a JTTL with the stocks price levels always gives tradable turns. Squaring the range is a well known technical technique and as each high and low is intersected with a properly drawn JTTL you will get major market turns every time.

Jenkins True Trend Lines are often very helpful on longer term charts such as weekly ones where a square the range technique can yield market reversals for several weeks at a time.

Weekly chart with consecutive lows squaring the JTTL creating precise market turns. See Chart 4 and 5.

Larry: What other techniques do you really like to use in the markets?

Michael: In addition to the JTTL, I have also developed the Jenkins Pythagorean Triangle which is a method to convert a rise and run on a stock chart into a universal time price vector. This vector can then be expanded with ratios and gives very precise market turning points. In the 'Secret Science" book I give an example using the 9/11 low and correctly calculate the next seven major turns in the market usually within a day, going out three years into the future. See Chart 6.

I also use ratio analysis and pay very close attention to the musical scale, which is a constant ratio of the twelfth root of two or approximately 1.0595 between each note of the scale. Basic methods like squaring the high, low, and range are also major keys to successful trading. For example I show in the book how the 1998 drop into October was a loss of 267 S&P points as the range. If we convert that range to calendar days we get the July 1999 top week, and if we adjust that number to actual solar degrees moved by the sun we get the exact day of the top. These time and price calculations lie at the cornerstone of my work. See Chart 7.

Larry: Do you use any astrology in your trading and if so basically how is it used?

Michael: I am quite knowledgeable in the area of astrology and its use in the markets. I discovered this from Gann's charts. Everyday astrology using horoscopes and symbolism is of little use. This explains why astrologers on the whole are not successful, but there is a secret way to use astrology that Gann figured out, to translate planetary movement into prices to predict the highs and lows in the market. I am familiar with this method, and I can absolutely

Chart 5

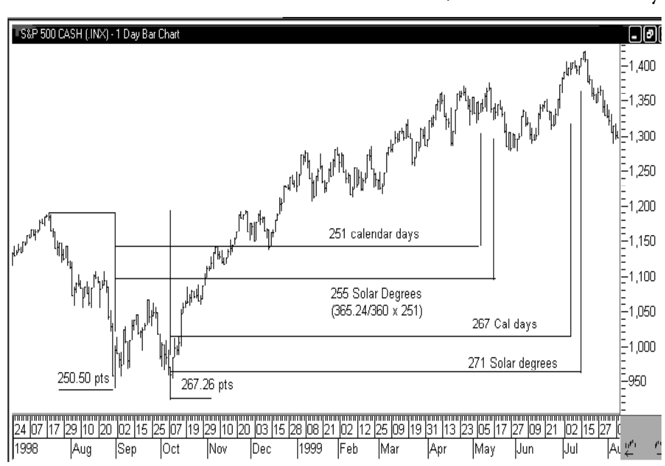


Chart 6

assure you that this is indeed true and is tremendous assistance to the trader if he could only figure it out. This is the secret teaching I only verbally transmit in my personal seminars.

Larry: Why do you think that most traders end up losing in the markets?

Michael: Most traders do in fact lose money. Of course traders who make it past three years or so of exclusively living off their trading easily make money all the time but that's only 1% of those who try the game. Almost all losses can be ascribed to lack of a game plan, failure to execute one, not trading at precise entry and exit points, or just having compulsive gambling urges. Obviously you must first learn and study intensively before thinking you will reinvent the wheel and your ideas will somehow be better than those of us who have withstood the test of time. For these people I wrote 'The Secret Science of the Stock Market'. Trading is very disciplined and mechanical. One must have strong convictions to act decisively and swiftly and only a solid grounding in principles that have stood the test of time can give the subconscious mind the courage to execute the trade at the precise time and price necessary to be successful.

Larry: What services and kinds of charts do you use in your trading?

Michael: Trading doesn't require lots of technology but it does require charts. You can make these by hand or with a software package. I use them all. On any given day I use Market Analyst, TradeStation, Ensign, MetaStock, and of course I write my own software for my very proprietary stuff although the Market Analyst people have incorporated many of my modules into their package very nicely. The key is a quality chart and I use 1, 5, 15, and 60 minute charts as well as daily and weekly. The sixty minute chart is an essential trading tool to measure moves and count waves. Not Elliot Waves per se but frequent five wave patterns or three wave 'A' 'B' 'C' corrections. Once you have your charts it is essential you keep track of your cycles and time counts. Timing lines of so many points per day, week or month are easy ways to keep track of time cycles as when the timing lines intersect price levels it means you are that many time units from the origin. These are your basic time cycles, the harmonic timing line intersections of the major low or high price levels.

Larry: Any advice to our subscribers as to how to improve their trading success?

Michael: In general I would tell traders to learn as much about chart reading as they can. Forget about the moving averages and over bought oscillators and concentrate on precise price levels. 99% of mistakes are made by not trading at a precise price level. Calculate what it should be (square roots, JTTL's, etc) and WAIT to trade at your prices, don't be forced into the markets opening gap herd prices, which are always emotional extremes and never a good risk reward point. I would also say that stops are essential but are only put on at a loss level on the initial entry since you are usually going counter to an existing trend or a dying one. After a very short time period your stop should be moved up to your entry level. If you're not making money shortly after a precise entry point, you should be stopped out at break even, and never get stopped out at a loss if you at first have seen a gain on the trade.

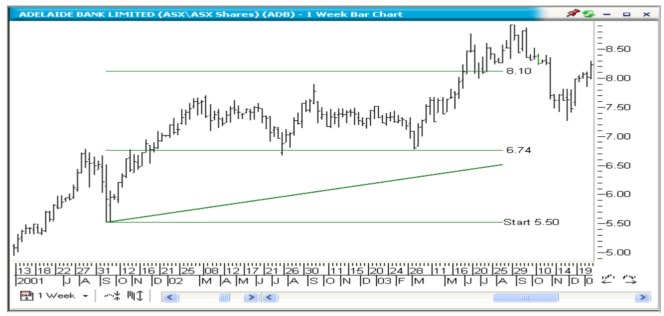
Books by Michael Jenkins can be found on pages 58-61.

Market-Analyst Gann-Jenkins Tool

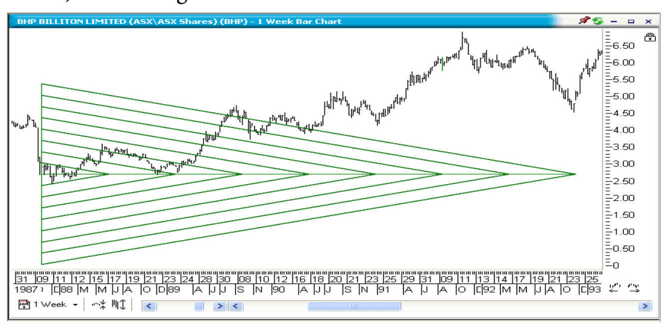
By Larry Jacobs

Market-Analyst is a unique technical analysis software program, which works for both beginner and advanced traders in the market. It has both end-of-day and soon to be released real-time intraday data feeds from both the Chicago Board of Trade and Chicago Mercantile Exchange. It features many powerful analysis tools not available anywhere else, such Gann tools including Swing Charts, Merriman Time Cycles, Time by Solar Degrees, Gann Natural Squares, Square of Nine Tools, Gann Zero Degree Lines, Planetary Angles, Powerful array of Planetary tools, Cardinal Cross Degrees, Moon Phase Tools, 3D Ephemeris and more. It also has an option of Michael Jenkins Tools. Many of the techniques illustrated in Jenkins books can be done in this software program. Let me illustrate some:

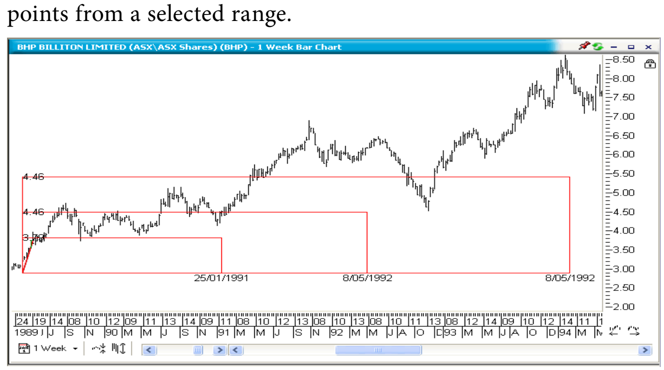
The Jenkins Line can calculate from one user defined point on the chart, a series of horizontal lines that are exact square root increments of the low (or high) selected.



The Jenkins Angle is used to assist determine market trends.



The Jenkins box is used to calculate potential future turning points from a selected range.



For more information on the Market-Analyst with a full review with video tutorials on how the program actually works go to: www.tradersworld.com/market-analyst

Measured Corrections and Overbalancing of Price and Time

By James Flanagan

A funny thing happened in the stock market during the summer of 1987 that no one had seen in over 5 years. For the first time since the start of a great bull market that swept the Dow Jones Industrial Average 250% higher, the closing price of the cash S&P 500 sustained a cumulative net loss of more than 25 points.

A casual observer might have easily shrugged off the 26.23-point decline in the S&P from August 25 to September 21, 1987. After all, in absolute terms it registered a mere 6% greater than an earlier 24.83-point slide between October 1983 and July 1984, which represented the largest of three roughly equivalent prior stock market sell-offs including the corrections of September 1986 and spring 1987 (Table 1). In percentage terms, at –7.8%, it came in only a little above half of the 14.4% loss witnessed in 1983-84. Investors had more important things to worry about, like a new Fed Chairman and record trade deficit (sound familiar?). In any event, the Industrials responded with a then record 75-point gain in the session following the September 21, 1987 bottom. Ten days later, the S&P had retraced 70% of its overall loss and the brief late-summer bout of profit taking was all but forgotten.

Date of High	S&P Close	Date of Low	S&P Close	# of Points Lost
October 10, 1983	172.65	July 24, 1984	147.82	-24.83
September 4, 1986	253.83	September 29, 1986	229.91	-23.92
April 6, 1987	301.95	May 20, 1987	278.21	-23.74
August 25, 1987	336.77	September 21, 1987	310.54	-26.23

Table 1
Overbalancing Price in the S&P 500 in 1987

Then stocks began to plummet at an accelerating pace. The Dow lost 6% one week, a gut-wrenching 9.5% the next. On October 19, 1987 all hell broke loose. The Dow crashed an unimaginable 508 points, or 22.6%, on "Black Monday." The devastation rivaled the *combined* 23% meltdown witnessed on the previous two individual worst days ever, October 28 and October 29, 1929.

W.D. Gann's Research on "Measured Corrections"

The legendary W.D. Gann advised that after a market establishes a final low and undergoes its first secondary reaction (correction) of importance to "watch for other reactions to run about the same. This is your yardstick, or measuring stick, for future movements."

Trading with the main trend is the path of least resistance if you want to make big money. The best way to simultaneously minimize risk and maximize your potential return is to enter positions at the completion of corrections, or countertrend moves. Major trending markets always encounter significant corrections along the way. Historically, corrections are much more uniform than legs up in favor of the trend. These uniform corrections, like the near-identical ones in the stock market in 1983-84, 1986 and the spring of 1987, are often called "measured corrections."

One of the simplest and most valuable techniques for entering a market is buying or selling approximate measured corrections. Over a span of 5 years throughout the 1982-87 example, each equivalent correction offered buying opportunities at its absolute low ticks. As demonstrated, it is important to watch the absolute number of points as well as percentage moves, because as a market pushes higher, the amount of points lost in a decline can increase but still fall well short of matching the percentage loss incurred at lower levels.

A historical review of any commodity going back through the years will convince you of the indisputable value of initiating positions based on measured corrections. This was one of W.D. Gann's rules for determining buy and sell levels based on price. "Buy when a reaction in price equals the previous reactions on the way up."

Measured corrections assert the geometry of a continued bull market, affirming the inability of selling to "overbalance" the buying.

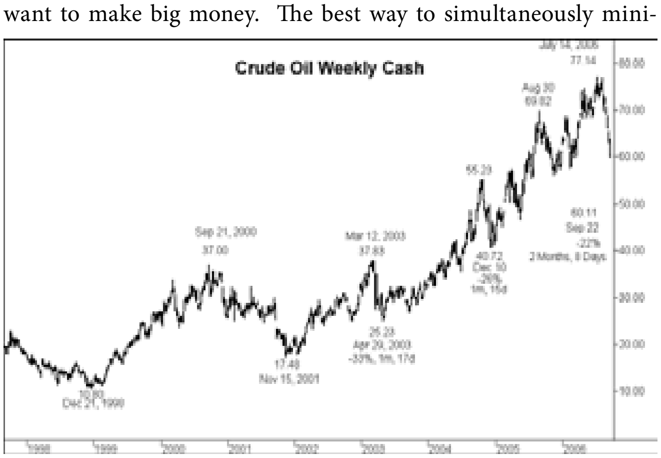
Overbalancing Price and Time

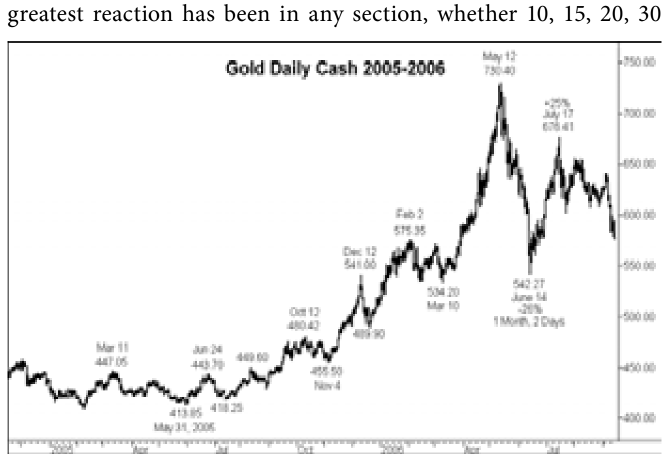
Anytime a market exceeds its largest point decline or longest time period of the corrections on the way up, its shifting momentum raises the specter that selling pressure will finally overwhelm buying pressure. In W.D. Gann's list of "Rules to Determine Selling Levels," he states, "Sell when the first decline from the extreme highs exceeds in price and time the greatest correction in the preceding bull campaign."

Conversely, you should "Buy when the first rally from the extreme bottom exceeds in price and time the greatest rally in the preceding bear campaign."

Bull markets usually unfold in five to seven legs or waves, or "sections," as Gann called them, with 3 or 4 in favor of the uptrend and 2 or 3 opposite the trend. The greatest profits most often come in the first and last section of a bull or bear market.

Gann said, "When the market has run out three or more sections in a bull campaign, go back over the record and find out what the greatest reaction has been in any section, whether 10, 15, 20, 30





cents, or more. Suppose wheat has been advancing for a long time and the greatest reaction in the Bull Market has been 10 cents and the market has reached the 3rd or 4th section of the campaign. The first time wheat breaks more than 10 points, or more than the greatest reaction, it is an indication that the main trend has changed or will change soon."

Most major bear markets in stocks in the last century began with an overbalancing by the blue-chip averages, including the 89% Great Depression-era evisceration of the Dow between 1929 and 1932.

Time is More Important than Price

Gann instructed, "You should always figure the time from any top or high level to the next top or high point. Also figure the time from any low level to the next low level. Then figure the time from a low level to a high level, and the time from the last high level down to the low level. By doing this, you will know when Time Periods balance or come out about the same as a previous move. This is balancing of time. By knowing these dates and prices, it will help you to determine the duration of the next move.

"When a campaign has run only three or four sections and the TIME period of a reaction exceeds the greatest time of a previous reaction, consider that the main trend has changed. Remember that the most important thing is the time period, and when time overbalances or shows a change in trend, it is much more important than a percentage of prices."

Bull and bear markets can run months or even years with the time periods of corrections equaling one another. Gann continued, "Go over the records and find the greatest time period from any minor top or the duration of a reaction in previous sections of the Bull Market. If you find that the greatest reaction has been about 4 weeks, the first time the market declines consecutively for 5 weeks or more is an indication that the main trend has changed and that wheat or (other) commodities will be short sales on a secondary rally."

Secondary Rallies

Regarding overbalancing of time, Gann stated, "This does not mean that a rally cannot take place after this definite signal of reversal has been given, as usually after the first signal of change in trend there is a secondary rally in a bull market. Time has to be allowed at the top for distribution to take place. Therefore, just because you get a definite indication that the main trend has changed, do not jump to the conclusion that you can sell short right at that time and there will be no rally. Always sell on rallies, if possible. However, there are times that you can sell at new low levels when bottoms are broken."

When looking for buying levels, do just the opposite. "Buy when the first rally from the extreme bottom exceeds in price and time the greatest rally in the preceding bear campaign. After the first sharp advance, when the trend is changing from a bear market to a bull market, the commodity will have a secondary reaction and make (a) bottom."

Watch For an Overbalancing in Gold and Crude Oil

As autumn dawns in 2006, a pair of key glamour commodities that since 2001 had led the charge higher in a newly chic natural resources sector suddenly find themselves under pressure and teetering on the brink of their own overbalancings.

Until the May 12, 2006 high, the largest percentage correction (-18%) of the over 5-year bull market in gold occurred when U.S. forces ousted Saddam Hussein from power in Iraq in early spring 2003. During a 1-month, 2-day sell-off in the metal from its May 2006 peak, gold overbalanced price with a whopping 26% decline (Figure 1). This was our first indication a final top could be in place. However, the longest time period of any correction since the bull market began in 2001 was 2 months and 20 days between March 11 and May 31, 2005. To overbalance time, we need only break the June 14, 2006 low at $542.27 basis the cash without first hitting a new high.

Meanwhile, as cash crude tests the $60/barrel area over 2 months after a 4th breakout leg up into record territory, culminating in a July 14 top above $77, oil prices remain mired in their longest sell-off since falling 20% in 2 months and 19 days from the Hurricane Katrina-related spike high on August 30, 2005. So we haven't yet overbalanced the most prolonged correction of the entire bull market, but we shouldn't have to wait long to see if that will happen. If it does, the implications could be huge, because this would offer strong evidence of a developing bear market, and bear markets following breakout markets tend to be extreme.

Interview with World Cup Trading Championship® Trophy Winner Kevin Davey

Interviewer Chuck Frank

Kevin Davey gained national attention by finishing second in the prestigious World Cup Championship of Futures Trading® in 2005 with a net return of 148%. As of press time for this issue, he stood in first place in the 2006 competition with a 104% return through October 5. In 2003, Davey was featured as an up-and-coming business leader in Crain's Cleveland Business magazine's "40 Under 40" series for his work as Vice President of quality assurance with an aerospace firm.

Davey's contest trading is on display at WorldCupAdvisor.com and can be followed automatically with World Cup AutoTrade™ service. WCA Managing Director Chuck Frank had a chance to talk with Davey recently.

Chuck: You're a marathon runner but have been quoted as saying that you hate to run. Can you explain?

Kevin: I do hate to run, but it's true that I have finished five marathons. Though I don't like to run, I knew the physical benefits would be worth the effort. I needed a goal, to mentally challenge myself to continue a regular running program. What's a better goal than running a marathon? The unexpected benefit of meeting this physical challenge was that it inspired me to take on other challenges, succeeding at futures trading, for example. The confidence I gained by taking an extreme challenge spilled over to all areas of my life. I learn more about myself and the markets everyday.

Chuck: Who were your early mentors?

Kevin: I read a lot of books, by traders such as former World Cup champion Larry Williams. The Market Wizard series of books by Jack Schwager was also instrumental. That foundation got me on the right path.

Chuck: How did you first become aware of the World Cup Championship of Futures Trading?

Kevin: I heard how Williams turned $10,000 into over $1,000,000 in the World Cup. I checked around and found that the World Cup is the premier futures trading contest out there.

Chuck: You've had an interesting history in World Cup competition each of the last three years, moving into first or second place late in the year each time. In 2004 you led the event early on, then fell back, but rallied into second place at 77% by the end of September. But the end of the year you had given all the profits back. What happened, and what lessons were learned?

Kevin: In 2004, I was trading the same basic system as I do now, which I call Trend Catcher, but I was taking a few discretionary trades also. In late October, I knew I had no chance of catching Kurt Sakaeda, the leader, but I thought I could achieve a 100% return, which was my goal. So, I made a discretionary trade in crude oil, and before I knew it, I had given back all my gains, and then some. The lesson I learned from that was "stick to the system." Even though I learned that lesson in '04, it is an almost daily struggle to not break that rule. The second lesson I learned is to avoid adding to losers, which is exactly what I did with crude oil. These were two very expensive lessons, to be sure.

Chuck: In 2005 your World Cup account was competitive all year, but you eventually finished well behind the winner, 278% vs. 148%. Was there a time during the year that you felt you were on the verge of breaking through to win?

Kevin: I'm sure during the year thoughts of winning the contest danced in my head, but it is hard to get too excited, since in a year-long contest a lot of things can go wrong – or right. As the leader started to pull away, I was determined not to make discretionary trades just to try to catch him. I tried to remain unemotional, and let my system do the work for me. Trading this* way, I have found, is a lot less stressful.

Chuck: You've led the '06 event on and off since January 31, and are currently in first place through early October with a 104% return. What's your mindset for the remainder of the year?

Kevin: One of the people right behind me is Kurt Sakaeda, who has won the contest twice before. There is no way I can rest with such an outstanding trader on my tail. So I will continue to trade just as I have been trading, with my proven, established system. I may finish in first, or I may not, but I want to remain consistent with how I have traded all year long.

Chuck: Tell us about the mechanics of your systems. What kind of indicators do you use?

Kevin: I believe fundamental information is built into the price, so I rely on technical indicators only. I try to keep my systems simple, to prevent curve fitting or over optimization. My best performing system has a breakout indicator and a relative strength indicator for entry, and average daily range calculation for exits.

Chuck: What is the most critical part of your strategy: entry, exit or money management?

Kevin: Like many people, I used to believe entry signals were most important, and there had to be a "Holy Grail" indicator that would produce great entries. Then, when I started serious computer studies, I found that most classical entry systems were no better than random entries. In fact, I found I could make money with random entries, if I had a good exit strategy and good money management. So, now when I develop a system, most of my time is spent on finding an appropriate exit strategy, and then running Monte Carlo simulations to optimize money management.

Chuck: You trade a variety of commodity sectors simultaneously in your World Cup Championship contest accounts. Is that by design?

Kevin: When I develop my systems, I look for ones that work across different sectors. That has two benefits. First, if a system works well in Japanese yen and cotton, for example, chances are good that the system idea is robust enough to use in other markets, and likely will perform well in the future. Second, trading multiple sectors at the same time helps smooth the equity curve.

Chuck: Is your trading strategy fixed or a work in progress?

Kevin: The trading strategy I use is fixed in the general sense, but every few years I will examine results and possibly change system parameters. The logic, however, stays the same. Even with a fixed system, I find myself constantly second-guessing the signals, and wanting to sometimes override them. In my systems, the winning percentage is typically about 40%, so upfront I know six out of every ten signals will be losers. The temptation to override, obviously, is therefore very great. I find myself working on myself a lot, so that I follow the system without intervention. I have found some of van Tharp's work in this area to be of great help. Developing a system is one thing, but having the ongoing confidence to trade it religiously takes a whole different mindset.

Chuck: What other trading projects are you working on these days?

Kevin: I'm really excited about new projects I have recently finished, or am currently working on. Earlier this year, I finished development of what I call Mini Power Catcher, which trades the mini S&P and NASDAQ. So far in actual trading it has done very well. What I like the most about it is that I've set it up to trade automatically, without any intervention of overruling of signals by me. This keeps emotion out of my actual trading, which my experience tells me is critical with stock indices. I recently took the Trend Catcher system and applied it to forex, modified for the 24-hour market. Beyond that, I know my Trend Catcher systems works well with end-of-day signals, and I am going to see if it works with intraday bars of maybe 1 hour or 2 hours. I am very keyed up about this project too, which I have slated for release in early 2007.

Chuck: It sounds like you're getting a lot of mileage out of the Trend Catcher model while also adding new methods.

Kevin: Well, markets do change over time, and I don't know how long I'll be able to ride the success of Trend Catcher. Introducing new systems is imperative to diversify and lessen risk. This helps flatten out the account value peaks and valleys, which is a normal part of futures accounts.

Chuck: What percentage of the day do you actually spend trading or researching the markets?

Kevin: During the day, I try to stay away from trading and researching the markets, other than checking on my positions a few times. I have learned from past mistakes that if I sit glued in front of the computer monitor, eventually I'll start overruling my systems, and that is almost always not good. Most of my ongoing research is done at night or on weekends. Someone recently asked me how I spend my free time, and I realized most of my time is spent researching new trading systems.

Chuck: What is the appeal of World Cup competition for you?

Kevin: Without a doubt, the World Cup makes trading even more exciting, and competing has made me a better and more focused trader. I love the idea of competing with some of the best traders in the world. I do trade the contest account differently than other accounts, but only with regard to position sizing, and sometimes exits. I take less risk in my non-contest accounts, but as a result I end up giving up some profit in those accounts. Seeing my name among the Top 3 leaders, knowing I am doing better than many world-renowned traders, is a huge confidence booster, which has inspired me to develop even better systems.

Murrey predicts future from Past MM Chart: Same 1995, 1999, 2006

By T.H. Murrey

Present an open mind; want to simplify your trading strategy; pull the trigger every time you see price come and touch Murrey's Yellow Trading lines; take the time to memorize all five of Murrey's Master Squares: 100, 1,000, 10,000, 100,000 and 1,000,000 (each internal 1/8th, 1/16th, 1/32nd and 1/64th.

If you can't find these numbers, or can't remember them, you may request our software program* and it will set them for you. We know you are "too busy."

Truth: 1992-93:

1) There are no random markets,

2) You can't pick your place to enter long or short, we must show you,

3) All markets are starting off the same price, from birth, in their present MM Trading Octave,

4) All 3/8th and 5/8th moves are already known in advance,

5) All information is built into the price 18.75 minutes later,

6) All extreme ranges know their MM 4/8th not the high/low,

7) IPO's know their MM Trading Lines 18.75 minutes after birth,

8) All markets shifted from Fibonacci 3/8th (38.2%) to Murrey's (.375) Fractal and Murrey's Fractal .625% from Pi (.618%) Oct. 09 1946.

There is a file set aside at www.tradersworld.com/murrey42 for a continuation of this article since space confines us to three pages in the magazine and the article is eleven pages long.

NY Yankee Pitcher "crashes and burns" in NYC

Rookie pilot, pro baseball player, and his instructor drove their plane into NYC Apartment Building along a left bank into the East River. Why? Are their no home land security restrictions? Are we really any safer, if this can happen by our hero? They drove up a dead end u turn river with no clearance or chance. Did they (argue) too late?

Flight Plan: Destination:
Nashville, TN: Union Station Hotel
Market's Reaction: Oct. 11 2006

Dow 30 Index, YMZ6 (futures), S&P 500 Cash Market, ESZ6 (futures), US Dollar (DXZ6) and Euro (ECZ6) reacted to the plane crash. They plunged, and closed the day, higher than when the player's plane hit the apartment building.

Every market reversed (exactly) on the same numbers: **Murrey's MBA:** .00152587890625 then reversed up as soon as they knew, it was a baseball player, who had lost his control.

Yesterday was a potential terrorist "panic" sell off for all these markets, but each one, reacted to either Gann's (1920): 25, 50, 75, 100, or Murrey (1992-93) Yellows and Blues.

Just before it happened, **Courtney** was trading the Euro / US Dollar Forex Spread in a "short" position. The TV was set to our "local" soap opera: Days of our Lives. It was hot and steamy day-time middle class **Marta Stewart** Brand "between the sheets" sex.

Murrey Math Master Level Trader: **Lisa Willcall** called Murrey to let him know about the plane crash. She also called Murrey Sept. 11 2001, when Murrey was (just about) to start his classes in Brentwood, Tennessee, when he turned on the TV and saw the 2nd plane hit.

Murrey and MM Student Courtney Lunnally were short. When the news started reporting it was known who was dead, the markets reversed up fast.

Murrey and Courtney moved their stops down and got stopped out, trading without any news. We just looked at the **Murrey Math Real Time Software Program,** which sets it (up) for you.

The Murrey Math Real Time Software Program: (copyright 1996) set up: Oct. 11 2006 1:00 PM (CT)

1) Euro / US Dollar: 1.2543 to 1.2604,

2) US Dollar: 86.5234 to 86.9141,

3) Dow 30 Index: 11,796.875 to 11,875,

4) YMZ6 Futures: 11,796.875 to 11,953.125,

5) S&P 500 Cash: 1,343.75 to 1,359.375,

6) ESZ6 Futures: 1,343.75 to 1,359.375.

Did you notice all these frame set ups were set as an exact ratio of one number? Can you find it?

Every reverse was off Murrey's Yellows or Blues, or 5/8th moves,

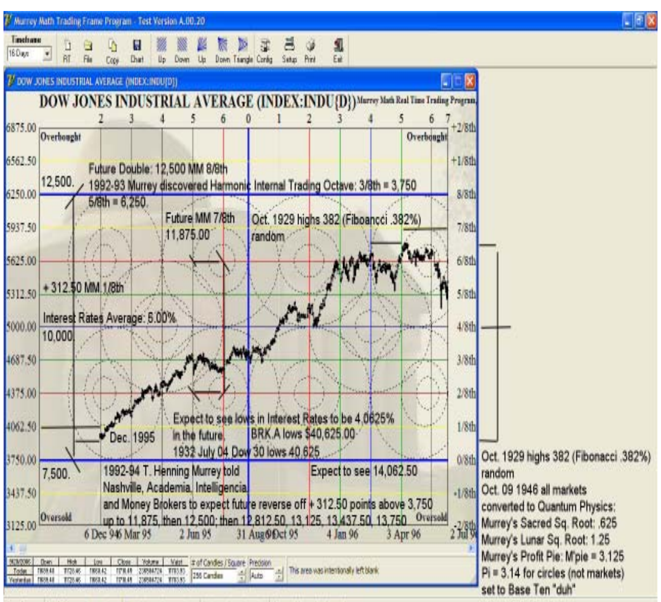


Chart 1

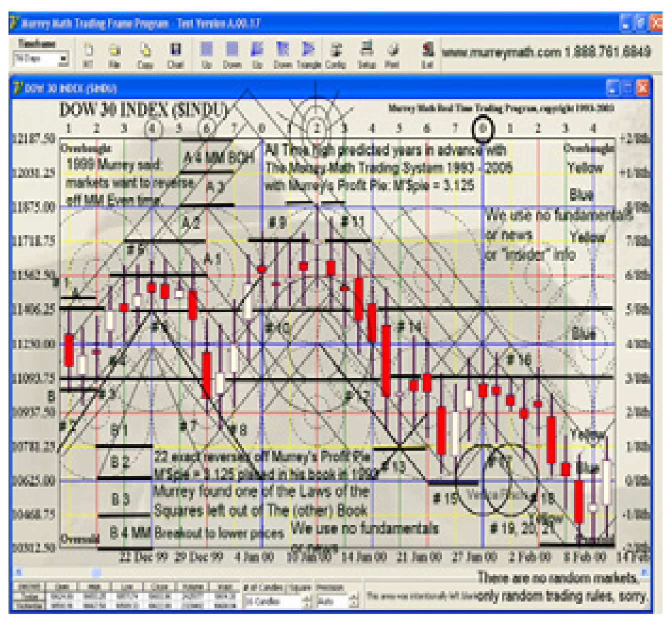


Chart 2

or 4/8th, $7/8^{th}$ or $7/8^{th}$ moves preset (exactly) in 1993.

Chart # 50, 51, 52

There is no "unknown," random, panic market conditions, if you use our software program. Can yours do it?

Please go back to **Sept. 11, 2001** and look at Murrey's predictions for the next week, minutes before two planes hit the twin towers, in NYC. **The Murrey Math Learning Academy** was "coaching" traders, in Brentwood, Tennessee, to expect a reverse up, except for the terrorist attack. Now, go forward, to **Sept. 17, 2001,** when the markets reopened, and they opened exactly on MM Trading Lines. How does it know?

UAL and AMR

Historical Truth: Your broker remembers these stocks reacted to the "terrorist attack," since they were airline stocks.

Pythagorean Musical Scale: set to the doubling of the lowest (heard) sound up to the ear piercing + 250 decibels, is equal to (17) octaves above "oommm" started in the mountains in India, 3,125 B.C. (transported from Stonehenge, England).

T. Henning Murrey 1992-93 transposed "oommm" to the frequency pitch: .00152587890625 resonations per cycle per second, so (17) doubles, will predict all future upside market reverses, or the ½ note or quarter note, $1/8^{th}$, 1/16th, $1/32^{nd}$ or $1/64^{th}$ added together.

T. Henning Murrey is the only Pythagorean Genius to (see first) and know all the scale pitches, all markets will (have to) exactly reverse off, inside one of its five different of Murrey's Master Squares: Trading Octaves. Murrey will share them with you now.

<u>T. Henning Murrey owns the Intellectual Rights</u> to all (256) numbers any market can reverse off, if traded on Base Ten.

Sept. 17, 2001

UAL and AMR were trading in the same MM Trading Range: MM $0/8^{th}$ 12.50 to 37.50 $8/8^{th}$. These two markets reversed (exactly) off the same highs (37.50) and (14.06) lows. Ask your broker to confirm it, or look at our three charts from the "terrorist attack."

Charts: # 53, 54, 55

Can you read a chart, to read the future? What is it telling you?

Murrey Math provides **"chart reading"** classes, since 87.5% of all experienced traders cannot tell you:

1) If it is a long term up trend,
2) If it is a long term down trend,
3) If it is going down, in an up trend, or
4) If it is going up, in a down trend.

Chart # 11

Chart # 12

Chart # 13

Chart # 14

1920: W.D. Gann said: "You must be able to see the major trend and the minor trend." Murrey says three perspectives.*

The Murrey Math Trading Software Program will reveal the three Trends, by simply clicking on different Time Frames: 16, 32, 64, 128 or 256 Days.

March 17, 2000 was the all time high trend reversal day, for the Nasdaq and **Jan. 2000** for the Dow 30 Index, predicted by T. Henning Murrey, when the Dow 30 Index was down at 6,875, which was 312.50 below MM $6/8^{th}$ 7,500 inside Murrey's Master Square: 10,000. You can be "coached" to do it.

<u>Prove future with past chart: Gann 1920.</u>

Chart: 1995 Dow 30 Index

MM $0/8^{th}$ 3,750 to MM $8/8^{th}$ 6,250*

Chart: # 01

Now, simply double this (exact) MM trading Octave and you will know the 2006 highs in the Dow 30 Index from 1995.

Chart # 02

Chart # 03

How can it be done: Logic and Music?

Answer: find the range difference between 3,750 and 6,250: 2,500: with MM $7/8^{th}$ at 5,937.50: MM 1/8 = 312.50. Murrey's Profit Pie: M'$pie = 3.125.

Murrey's Triple Double: Physics*

Double the trading Frame:

Chart: 1998 to 2000 Dow 30 Index

MM $0/8^{th}$ 6,250 to MM $8/8^{th}$ 12,500

<u>Potential highs Dow 30 Index in 2000 (were) predicted off highs from 1995 inside our frame 1995 MM $7/8^{th}$ 5,937.50.</u>

We are in 2000 (double frame), so 5,937.50 x 2 = 11,875.

Next Murrey's Math Logic deducted: 7,500 to 10,000 = 2,500, so a Harmonic Balance on the top of 10,000 would be 12,500. If any music runs down – 312.50 points below the bottom of its octave: 7,500, it would want to stop – 312.50 from the top of its octave, the 1^{st} time, which would 11,875 ($7/8^{th}$) Yellow.

Moron City, Tennessee University

(3.125 miles from Henning, Tennessee) freshman students, who hate math, but love "rap music," can take a piece of blank typing paper and place 7,500 at the bottom and 12,500 at the top: 10,000 will be in the middle. The total octave spread will be 5,000. Each MM $1/8^{th}$ = 312.50 points. From the bottom of the page, any ADD student can pay attention long enough to place Key of "C," "D," "E,"

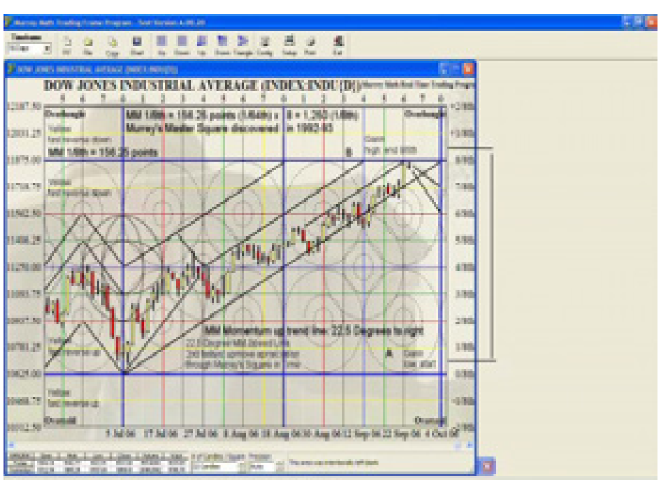


Chart 3

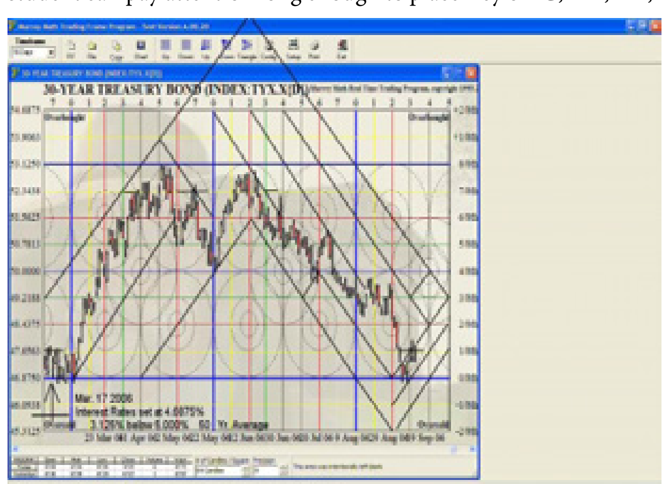


Chart 4

"F," "G," "A," and "B," up the side of the page (every 312.50 points). The Key of "B" will be up at MM 7/8th or 11,875. Anyone who plays any musical instrument, knows the Key of "B" has five (5) sharps and no flats, so 87.5% of all fast reverses down occur off the MM 7/8th, especially, if they run up + 8/8th or + 2,500 points.

87.5% of all commodity traders are "losers" after 90 days, since they don't understand how to "set the octave."

Most "traders" convert trading to gambling, since their broker refuses to add Murrey's Tool to their thinking.

Yesterday afternoon, near Music Row, in Nashville, which is (17th Ave), Murrey talked with Todd Milsap, who went to High school with Murrey's daughter. Todd invited Murrey to come to Tunica, Mississippi and accept a "free" ticket to his father's show of singing (50) # 01 Country Hits. Murrey thanked him, but had to decline, since he had already planned to go to Minneapolis then to Chicago to showcase his 50 winners of markets set to music.

2003, Nashville: Thanksgivings Day, Murrey was invited to The Milsap Lunch, sharing food and stories about music and Murrey Math. 2004 Thanksgivings Week: Murrey met briefly with Senator Bill Frist.

Ronnie Milsap plays the piano set to 440.625 cycles per second (now).

Murrey plays his market music set to 437.50 cycles per second which was the standard back (until) Sept. 1939: Poland.

12.50 years ago, Murrey predicted every future reverse of the Dow 30 Index to be (up) against the Moron's Measure: Music – Math Pitch: Murrey's Profit Pie: M'$pie = 312.50 added to MM 2/8th move, inside Murrey's Master Square 10,000, which any idiot knows = 2,500.

Now, if you have a M.B.A. you are too educated or "too busy" to add: 312.50 to 2,500 enough times to arrive at 12,500. We bet you can't do it.

MBA Class Fundamentals 101:

It is a requirement of every student to know the exact MM (low and high) since 1998 lows: Pre Y2K Explosion:

1) S&P 100, 2) S&P 500, 3) Dow 30 Index, 4) Nasdaq Composite, 5) Soybeans, so you are not bull shit to believe any US Index is random.

Would you be a doctor, of medicine without studying, past operations' failures? Why not cut to the chase?

Fast markets (Dow 30 Index) reverse off 312.50 points and medium speed markets reverse off 1/64th off 156.250 points. You already know it.

As markets (music) slows down it reduces its pitch (speed) by ½ notes, ¼, 1/8th, 1/16 or 156.25, 78.125, 39.0625 or down as slow as 19.53125 points, which is the slowest normal trading speed, except when everyone is waiting for FMOC Meeting Notes to decide future **Interest Rate hikes (past the last 17)** in a row. Why did they quit raising Rates after (17) times?

All markets (100% of any market) traded on the Base Ten (87.5% don't know what this means), will reverse off 3/8th (37.5%) or 5/8th (62.5%) inside any of our (17) different MM Trading Octaves starting as low as **Murrey's MBA:** .00152587890625: Murrey's Binary Algorithm discovered in 1992-93.

Moron I.Q. Test:

Start with the smallest tradable # Murrey's MBA and double it; double the answer again, do it (16) times, what did you come up with?

If you are "too busy" or just plain fishin' worm dumb, the (16th) double equals 5,000. Add 5,000 to 6,875 (-1/8th) or MM 7/8th (Yellow) Key of "B," in the next lower MM Trading Octave, and you could have predicted the all time high from the low of 6,875 (years in advance). If you were not afraid (to), you could have figured it out. No way.

The Dow 30 Index went down and found its lows at **6,875,** then went up to 11,87.50 (+ 5,000); then fell to **7,187.50** down (-4,687.50) then it has retraced back up to 11,875 up (+ 4,687.50). Will it move up to 12,500 (+5,000)?

You have two ways to try our software: 1) $60.00 day trial or 2) free by joining our Veloicity4x.com Forex Currency Spread Classes for 30 days. What a great deal.

Gold and Silver and Interest Rates and US Dollar know Murrey Math

Did you go long then short off Murrey's Harmonic Internal Trading Frame on these markets?

You may want to contact **Don Fausner,*** commodity trader, **Master Level Murrey Math Student,** who works for www.next-source.com, in Irvine, California, who uses (nothing but) Murrey Math, to guide his clients to exit Gold and Silver from their highs near 750 and 14.0625, He predicted in early October to look at Natural Gas, which is a big winner, by today.

Chart # 04 Gold

Chart # 05 Silver

Chart # 06 Natural Gas

Interest Rates are predictable by .1953125 of one point or MM 1/8th set to 1.5625, 3.125 or 6.25% MM Price Frames with 5.0% as the 30 year long normal MM 4/8th.

Continued on our website

Because of the length of this article (11-pages) and the number of charts illustrated we have placed it on our website:. You will find the complete article along with all the charts. Please go to www.tradersworld.com/murreymath42

Markets and the Universal Energy Field

By Earik Beann

In the last article I wrote for Trader's World, I spent some time discussing how price and time were not separate entities, but just different ways of measuring the same energy flowing through markets. To prove that statement, I showed how the price at a particular high or low could be used to forecast future time cycles in that market, something that would be impossible to do if price and time were totally unconnected as we first assume. If you've taken statistics, you'll know that if two variables are independent of each other, you can't use one to forecast the other. The fact that we can do this with price and time says something very fundamental about the nature of markets that goes contrary to generally accepted beliefs in the field of technical analysis. The proper understanding and application of this knowledge will give us a huge edge in our trading operations.

In this article, I'd like to take a deeper look at this relationship, particularly in regards to how it expresses through natural law. But first, let me put up a teaser chart to whet your appetite: (See Figure 1)

This is a chart of the last three years of the Dow Jones Industrial Average. The curve at the bottom is a price forecast that has historically been over 70% accurate in projecting times when the Dow will form turning points. Each arrow on the chart above corresponds with a peak or trough in the forecast at the bottom. So if the forecast makes a top or a bottom, we also expect the Dow to make a top or bottom (although we don't know which until we're at the forecast date). Additionally, the forecast gives you a general sense of whether the larger cycles in the market are topping or bottoming. Those are the forecast extremes, and I've marked them as "Buy Zone" and "Sell Zone" on the chart. That feature is more eyeball correlation on this particular time frame, but it does give you a pretty good idea where the market will be headed in the next six months or so, especially if you use a weekly or monthly chart.

So what is this forecast curve anyway? Some neural network, or fancy mathematical algorithm? No, it's much simpler than that! It's simply the declination of the planet Mercury. It's a cycle totally unrelated to human society, one that has existed since the creation of the Earth, and one that will continue into the future long after we are all gone. It can also be computed for any date in the future. Take a look at those arrows again, and see if they could have helped you trade the Dow. Their location was known months ahead of time. By my count, you'd be 19 out of 22 over the last 3 years on your market calls, which is an 86% accuracy rating. Not too shabby!

So what's the connection here? Mercury is a planet, and the Dow Jones is a market. How can one influence the other? It's apples and oranges, right? Remember, markets aren't price – they're psychological energy curves that we *measure* using price. Astronomers have shown that Mercury has a strong effect on fluctuations in the Solar Wind, which flows from the Sun and can have a dramatic impact on electronic devices and the atmosphere here on Earth. So we've got an energy curve on one hand, and a cycle that has been shown to affect another energy curve on the other. As Mercury moves through time, it can be thought of as its own energy function. So basically, both it and the market can be viewed as energy curves. If you think about it, the connection between price and time is more tenuous than this. By the way, even the Atlanta Federal Reserve has studied the connection between markets and the Solar Wind. Just because we don't hear about it on CNBC doesn't mean they don't use it for market timing!

We know that price and time are related, and that we can convert from one to the other. We also now know that planetary phenomena seem to correlate with turning points in the market, which can be thought of existing on the time axis. If planetary motion can affect the time axis, and price and time are connected, it stands to reason that planetary motion is also connected with the price axis. Last time, we used a scale factor to link the price and time axes so that we could apply geometric shapes to the chart in order to forecast market movements. We can do a similar thing with planetary motion in order to get price forecasts.

The planets move in orbit around the Sun (or the Earth if you are considering the geocentric, Earth-centered perspective), and one cycle of planetary movement is 360 degrees. So when a planet moves 360 degrees, it has made a complete circuit around the zodiac and has come back to the exact same spot. Let's link that up with markets, and correlate it with price. What should we consider a complete price cycle to be? What comes to mind for me is a price movement of 1000 points, 100 points, or 10 points. Humans think in 10's, and multiples thereof, and when trading intraday you often see price hesitate moving into the next 100 point block up or down, as it represents a shift in values that traders may not be quick to jump on. That's why stores will sell you something priced at \$19.95, but not for \$20.00. It's only five cents difference, but we naturally

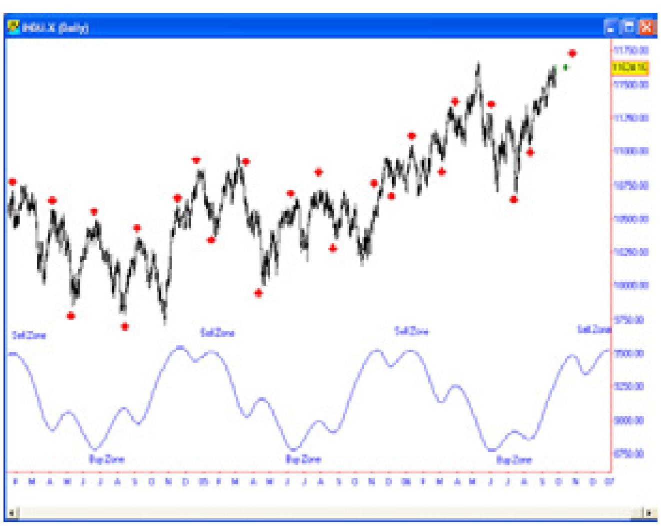


Figure 1

Figure 2

view $19.95 as being in an entirely lower price bracket than $20, so psychologically we think of the $20 bracket as being a step up in price compared to the $10 bracket, which $19.95 fits into. It's really logical, as 5 cents is nothing, but that's how shoppers think.

So what we do is set one cycle of planetary movement to be equal to one cycle of price movement, and we then have a way to convert price to planetary degree, and planetary degree to price. Take a look at IBM as shown in Figure 2:

I've set 360 degrees to equal 10 points of price movement, then taken the motion of the four inner planets (Mercury, Venus, Sun, and Mars) and plotted them on the chart starting from important highs and lows. The idea is that if one of these planets moves 360 degrees in the sky, it will correspond with 10 points of movement up or down on the chart. We just start off at a high or low, and as the planet moves forward by a certain amount, we convert that to price and continue plotting our line accordingly. If the planet moves faster, our line will increase and decrease faster. If the planet moves slower, then the line will move slower as well. Since we're using geocentric coordinates, sometimes planets will move backwards, which is the cause of the wavy look some of the lines have. Those are retrograde periods.

Mercury, Venus, and the Sun all pretty much move together, so you'll see those three lines stick together. If you look at the high in late 2002 at the far left of the chart, you'll see the lines moving down from there. Notice what happens as price moves into this line cluster from below, as happened in early 2005 and late 2005 on the chart (marked by arrows). Those levels were definitely respected. Note that to keep the chart clean, I only used the most major of turning points, and skipped the slower moving planets, which act the same way.

The arrows on the chart show situations where price moved into the planetary lines at a time when the major Mercury declination cycle said to look for a top or bottom. That declination cycle is shown at the bottom of the chart, and you'll see that it's flipped upside down from the Dow chart we looked at earlier. So peaks in the cycle correspond with buy signals in IBM, and troughs with sell signals. Using these two tools in conjunction like this caught the high and low of the year in 2004, 2005, and 2006 (so far). The last signal was the buy signal off the Mars line in mid-July, 2006.

This is all longer term trading, but you can also use this approach for the shorter term moves in the same way. Simply watch the Mercury declination cycle for minor peaks and troughs to mark high probability daily/weekly turning points, then correlate with planetary lines from intermediate tops and bottoms. With a few tweaks, this even works on a 5 minute intraday chart.

Figure 3

So what we find is that price, time, and planetary motion are all intimately connected. I demonstrated converting price to time last article, and in this one we looked at both degree to time, and degree to price. There's one other relationship that I'd like to discuss before closing, and it's one of the most powerful of all. It's an extremely closely held secret, and one that is incredibly powerful if used correctly. The relationship I'm talking about is the one between planetary position and volume.

I'm not going to discuss all ways that I use this relationship, but I don't mind providing a quick glimpse into how to get started. Let's go back to the same high in IBM that we discussed last time, namely the one that occurred on February 4, 2004. If we pull out our tables of planetary positions for that date, we'll find that Jupiter was at 168.8 degrees at the time, and Saturn was at 97.8. Jupiter has traditionally been considered a "good" planet, and Saturn an "evil" one. So, starting from Feb 4, let's move forward bar by bar, and add up how many shares of IBM traded on the given day, keeping a running total. These are big numbers, so I'm counting in millions. Run the count out to 98 million, and we get the minor high on March 2. Interesting! Saturn's degree value of 98 resonates in volume. Saturn is an evil planet, so we get a high. Let's do Jupiter. Start at Feb 4, count out 169 million in volume, and we get the low on March 22. Jupiter is a good planet, so we get a bottom when volume reaches the critical 169 point. See Figure 3.

Remember that 360 degrees is a full cycle of planetary motion, so while Saturn's position is reported as 98 degrees, we can also take it as 98 + 360 = 458, which is the exact same location in the sky. Keep doing that, and you get a string of numbers as follows: 98, 458, 818, 1178, 1538. All of them correspond to Saturn's position. Jupiter's numbers are 19, 529, 889, 1249, 1609. What we're measuring is resonance from an important high, so we use the degree value of the planets on that particular date. Resonance will continue forever, but newer highs and lows will eventually wash the cycle out. From a practical perspective, it means we can trust our volume count until enough newer highs and lows come in and override our signals. At that point, we'll just switch over to another date and continue with new planetary positions.

So on the chart above, the downward arrows represent Saturn's volume correspondences, at which time we expect downward motion. Notice how the Saturn cycle nailed the big high on Jan 3, 2005. Also take note of the 1538 cycle, where we had the huge decline in April 2005. That count hit on the day before the gap. It's not a top, but the market definitely went down from there. If the market rises into a Saturn point, we'll get a top. If it declines into it, we'll get an accelerated move down. If it's dumping into it, we'll get a crash.

The Jupiter count marks the bottoms, as it's a good planet. You can see that the market bears this traditional association out, as Jupiter does seem to cause bottoms and not tops. I especially liked the 1609 count at the April low, when there was blood in the streets. We didn't get all the bottoms on the chart, but then again, we're only using two planets and a very simple approach.

What we are doing here is converting degree to volume to time. A planetary degree turns into a volume count, which then eventually marks off a turning point date. Price is actually involved too, as we use important highs and lows to determine where to start the count and what degrees to use. So it's really the whole shebang as far as combining different market measurements. All of them are interrelated. It's a very interesting phenomena, and one that would give totally random results if price, time, volume, and degree really were all independent of each other. The moral of this exercise, and the point I'm trying to make, is that the only difference between time, price, volume, and degree are the units that we count them in. When it comes to markets, they're all pretty much the same thing.

I remember the first time I took a look at applying planetary motion to stock charts. The whole time I was doing it I remember thinking that it was the dumbest idea I'd ever looked into, but as I delved into the process I was very surprised to find how well it worked. The biggest thing I learned is that I had been programmed from a very young age with a huge degree of prejudice against astrology, and it was totally coloring how I looked at that form of analysis. Without any evidence to support my thinking, I felt that astrology wouldn't work and that the entire exercise was a waste of time. Boy, was that wrong!

In markets, and in life in general, it's very important to know where our ideas are coming from. Some of them are based on tested and verifiable research, and others are based on false assumptions. When it comes to markets, trading off of assumptions will lose you money, usually very quickly. The same is true for research. If you assume that a technique won't work, and don't bother to test it out, you are in effect losing money if the technique would have been a profitable one for you. It's almost as bad as assuming a technique will work, and placing live trades based on that information without ever actually checking to make sure the method really does make money. As you know if you've ever tried trading with those moving average crossovers they talk about in the books, that particular behavior is a one-way ticket to account meltdown.

In this article, I've presented three trading techniques, each based upon certain relationships that I've discovered and which I use in my own trading. I've gone over more than my share of charts when studying these patterns, and have tested and verified enough of this information to be totally confident in taking trades based on nothing else besides these kinds of tools. If you do the same and crunch the numbers, you'll begin to feel confident too, and you'll see the dividends of your work reflected in your trading results.

I hope that you take this as an incentive to do your own research along these lines, a task that I've found to be very rewarding. Time, price, volume, and degree are all different ways of measuring the same underlying energy structure. It's not difficult to look at markets in this way, but it does require a shift in perception and possibly some rewriting of certain preconceived notions about how markets and the universe in general are supposed to work. The benefit is increased market knowledge, the ability to forecast market movements, and the financial freedom that can come from that. Good luck, and happy trading!

Earik Beann is President and CEO of Wave59 Technologies, a cutting edge software corporation focused on applying natural law to financial markets. He splits his time between guiding Wave59, researching market behavior, and trading his own account. He may be contacted at earik@wave59.com. For more information about Wave59 and access to other articles Earik has written, please visit www.wave59.com. He has written 3 trading books: The Handbook of Market Esoterica, The Fiboancci Fortex Handbook and Trading with Wave59™ Volume 1 which are available on page 58.

Sonata Xeon Blazingly Fast Trading Computer

By Larry Jacobs

Sonata Xeon Trading Computer

Now the famous quiet Sonata Trading Computer is available in an Intel Xeon model. It has two Xeon Dual-Core processors with 4MB L2 Cache. This trading computer is designed for the power user. It is excellent for multiple tasking and multiple monitor trading. Software trading programs such as TradeStation will run extremely fast on this system. Back-testing will also be very fast. The computer is capable of running up to eight multiple monitors up to 21-inches. It also has an excellent high defination sound system and a super fast internet connection port. The base price is $2495.

Sonata Core 2 Duo Trading Computer

The standard Sonata Trading Computer, which is based on Intel top 975 motherboard and a the Core 2 Duo CPU has a base price of $1495 and is configured similar to the Xeon above. With these new Intel CPUs this computer can run up to 40% faster than anything we had just six months ago. This computer is very powerful and fits 80% of traders out in the world.

Multiple-Monitor Trading Computer

Now available is our 15-inch Thinkpad Trading Notebook Computer, which can power four external monitors of up to 21-inches. It uses the advanced IBM docking station pictured here. Also available is our new 17-inch trading notebook which can power up to six monitors using the Magma solution. The base price for a trading notebook multiple monitor solution is $2999. All this is explained on our website: www.sonatatradingcomputers.com

Get a Free Configuration Estimate

Trading computers can be configured differently. The one you get should be configured for you, based on your trading needs and style. *To get a free configuration estimate for a computer to be personally built for you.*

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or call 800-288-4266. Your support is important to us. That is why we have a 24/7 technical hardware and software support phone plus onsite service repair available as an option to you.

Simple but Powerful Cycle

By Jack Winkleman

Market analysis is not considered to be an exact science. Much has been done in the age of computers, with the natural application to crunch numbers, to gain an edge in the markets. Yet there are simple indicators and cycles that work most of the time in giving the "big picture" patterns of the markets.

Several years ago, a friend in market studies presented me a three-ring binder with the historical price patterns in yearly and ten year charts. This book became invaluable in market study for the coming year, especially in farm production pricing and investment decisions. This book contained data that he had gleaned from the Internet covering grains and the Dow Jones Industrial Average for 100 years. In moving from Minnesota back to the farm in Missouri the book was packed for safe keeping so well that even with endless searches it could not be found. There again was no joy in Mudville.

In moving to a new house this past May the book was discovered where it had been packed for safe keeping. It worked because the book was safe for over four years! Now many copies have been made for future reference.

In studying the Bible there are innumerable references to the number seven. It always signifies a finish or completion. Multiples of seven also will signal a finish. The decimal system of numbers in monetary values is used over most of the world. Therefore, ten times seven will have significant similar characteristics. With seventy being a completion number in Scripture measured in years, it enlightens the market student to compare the current times with the market seventy years ago for similarities. And they are there. Then look at each previous year ending in seven. In each decade for the years ending in seven the market can be expected to have a correction or a significant move downward. Does not always happen but enough to be aware of this idea. In addition to this, divide the number of days in a year by seventy and you will see how the market will tend to make minor turns on those days.

With 100 plus years market information available for reference in one place it is simple to evaluate the current and coming years market actions. W. D. Gann, a renown market annalist, went to the trouble of drawing the ten year patterns in corn for sixty years on the same chart. It is simple matter to use tracing paper and draw this pattern of past years one on top of the other for quick reference.

These are very simple but effective tools for market study. The Bible states that what has been will be again. The study of the past will foretell the future patterns that can be expected. If you don't know where are and have been, how do you know where you are going in the future. The past is for reference and experience, the future is but a vision and the present is only an instant.

The book talked about above is titled "Simple Secrets of the Trading Master" (Hard Bound) by Jack Winkleman has been made available for our subscribers and is available from Traders world for $90.00 plus $4.95 S&H. Call 800-288-4266 or go to www.tradersworld.

The Complete Collected Writings Of W. D. Gann Volumes I-V Review

The Complete Collected Writings Of W. D. Gann Volumes I-V are now available. I. Marketing Brochures, Interviews, Annual Forecasts & Trading Records. II. The Master Time Factor: No. 3 Master Forecasting Method & Unpublished Stock Market Forecasting Courses III. Master Mathematical Formula, Calculators & Astrological Writings IV. The Complete Commodity Market Course V. Introductory Stock Market Courses, Mechanical Methods & Trend Indicators William Delbert Gann 1909 - 1955 5 Volumes, 4 Large Transparent Calculators, & Set of 30 Oversized Charts. This set is the most complete, best organized and best priced collection of Gann's writings ever available. For complete contents see our website. The complete set is priced at $1,000 and is available from Traders World www.tradersworld.com.

Textbook of Harmonics by Hans Kayser. Translated by Ariel Godwin. Edited by Joscelyn Godwin Review

German Edition 1950. English Translation 2006. 712 pages, 485 illustrations. The first release by Sacred Science in their project to translate the complete works of Hans Kayser. The Textbook is the most important work on harmonics and vibration ever written! This course is the equivalent to a Ph.D. in technical and historical harmonics and musicology, and there is no work ever created or conceived which touches the depth of knowledge and scientific application of this masterpiece! It surveys the entire history of harmonics through all ancient societies and authors, developing a Science of Harmonics & Vibration, stemming from Pythagorean origins, elaborating how the entire universe is constructed upon Harmonic Principles.

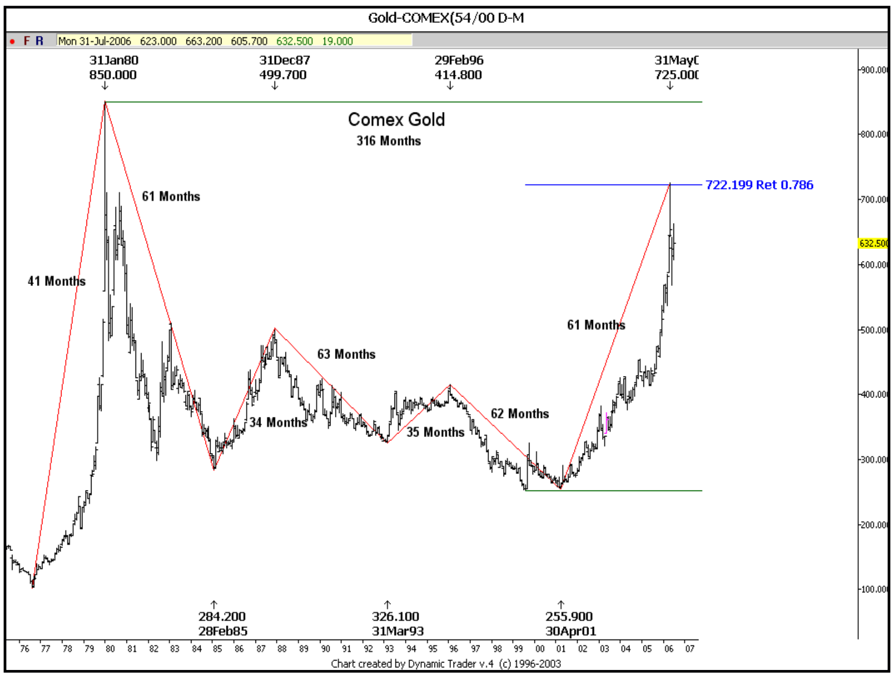
Here are the Contents: Translation Society Preface; Translator's & Editor's Preface; Foreword; Introduction; The Theorems of the Tone-Number: THE THEOREMS OF THE TONE-NUMBER: The Monochord; Tone-Value & Tone-Number; String Lengths – Wavelength; Vibration-Numbers = Frequencies; The Reciprocity of Waves = String Length and Frequency (Space and Time); Rhythm and Periodicity; Resonance; Interference; Haptic – Ektypic – Prototype – Value-Form – Theorem, Step – Being – Value; Coincidences of the Theorems of Tone-Number and Their Value-Formal Ambivalences; THE THEOREMS OF THE TONE SERIES: The Overtone Series; The Undertone Series; The Whole Numbers; The Quanta; The Intervals; Harmonic Logarithms; Convergence – Divergence And Perspective – Equidistance; THE THEOREMS OF THE TONE-GROUPS: THE PARTIAL-TONE DIAGRAM; The Partial-Tone Coordinates; The Rationing of Partial-Tone Coordinates; Major and Minor Series of the Partial-Tone Coordinates; Polarity; The Equal-Tone Lines; Value-Forms for 0/0, 1/1, and the Equal-Tone Lines; Index and Generator; Parabola, Hyperbola, Ellipse; The Proportions; Harmonic Proportions in Architecture; Trinity; Variation Models; Combination Models; Polar Diagrams; Tone-Spirals and Tone Curves; The Complete Partial-Tone Diagram; Logarithmic Arrangements; Tone-Space; Sound-Images. SELECTIONS: Scales; Chords; Ektypics for Melodies and Chords; Cadence; Counterpoint; Directions; Interval Powers and Constants; Symmetry; Space and Time; Enharmonics. The price of the book is $350.00 and is available from www.tradersworld.com

If Cycles Work – What Are They Telling Us About the Future of the Gold Market?

By Earnie Quigley

If Cycles Work – What Are They Telling Us About the Future of the Gold Market? During 2001 versions of the following chart regularly appeared in my publications. The commentary accompanying this chart discussed the potential that gold prices were making a MAJOR bottom. Gold made its MAJOR bottom during April 2001 as anticipated by the 61-63 Month Cycle of declining prices.

There are several relationships readers should observe on this chart. The 41 month rally from August 1976 to the spike high of January 1980 is two-thirds of 62 Months. 34-35 months is a few months longer than one-half of 63 Months. From the spike high of January 1980 to the low of April 2001 is 255 Months. This is four repetitions of a 63 ¾ month interval.



As gold prices rallied after the low of April 2001 there were several time benchmarks that could be used to develop a strategy. The first benchmark was 33 to 35 months. This benchmark measured to January-March 2004. Gold made a double high during January and April 2004. When gold prices rallied and made multiple closes above this level the odds favored prices could rally to the 41-42 month time benchmark. This ideal measurement was to September 2004. Prices rallied right through this time period indicating the odds favored prices could rally to the 61-63 month time benchmark. During early 2006 gold prices surged to the highest levels seen since 1980. Prices traced out a spike high during May 2006, exactly 61 months from the low of April 2001. The 61-63 Month benchmark nailed the high in gold prices. Cycles work.

This static cycle analysis suggests gold prices likely traced out at least an intermediate-term high during May 2006, and perhaps a high of greater significance.

Multiple weekly closes above the benchmark high of 725.00 (December contract) made on May 12, 2006 will project higher prices. Multiple closes above 725.00 will suggest the bull market can last for 96 (62 plus 34) to 103 (62 plus 41) months.

Until there are multiple closes above 725.00 one must assume the high of May 12, 2006 was at least a multi-month high and traders should be alert for a retracement of the rally from April 2001 to May 2006.

As I write this (mid August 2006) the next time of importance is late September-early October 2006. Measured from the low of April 2001 there is a 22-Month rhythm that aligned with the highs of the weeks of January 28, 2003 and November 26 2004. This rhythm projects a Cycle Turn Window during the last week of September 2006 +/- . Mark the last week of September +/- on your calendar. Check out how useful cycles can be.

As this article is being written there are other long-term cycles impacting other markets. These cycles indicate that during early August and early September stocks are likely to trace out a topping pattern. A reliable long-term cycle indicates that corn is presenting a MAJOR buying opportunity. The odds strongly indicate that a pyramiding trading plan that utilizes money management techniques could be quite profitable. Articles about stocks and corn can be found at www.HarmonicTiming.com

'Grand' Finale

The 60-Year Cycle is Back

By Eric S. Hadik

Stock indices are on the verge of a multi- year bear market. Energy markets are expected to see another 3-4 year bull market (after a previously-described correction is complete). Gold & Silver should set secondary lows in 2007 and enter a new 2-3 year surge.

Grand Central Station

If cycles have anything to say about it, we have entered one of the most decisive periods in human history. More diverse cycles align in the coming years than at any other period in modern history.

On one level, this period began in 2000/2001 and encompasses almost two decades. On another level, it began in 2005 and stretches into 2012. This 7-year period is like the Grand Central Station of cycle convergence. A third, more narrow window of time has not yet been entered, but could be the most volatile.

For traders and investors, it *could be* the most dangerous and *should be* the most opportune. To capitalize on it, however, the big picture MUST first be understood…

Grand Finale

If you doubt this conclusion, spend a little time studying the history, calculations, cycles and/or prophecies related to the Mayans, the Aztecs, the Jews, Christians, Muslims, Babylonians, Persians, Romans, etc.

In one way or another - some VERY specifically and some a little more general - they point to this tiny period of time as a culmination of - and critical transition period in - human history.

So, it is no surprise that markets like precious metals & oil are in the midst of major bull markets (to resume in 2007) while the stock market is close to setting a 2nd multi-year top and beginning a dramatic bear market… the 2nd of this decade.

The Dollar is taking a breather in its 5+-year bear market… but should resume this downtrend leading into longer-term cycles in 2008/2009.

It is important to point out that this market analysis is based on entirely different data, indicators, cycles and technical factors - than the aforementioned long-term cycles - BUT powerfully corroborates these multi-millennial cycles.

Climate (2000--2025), earth-disturbance (late-2004--2012), sunspot (2006--2012) and war cycles (2007/2008 & 2011/2012) corroborate this.

Grand Cycle

Though there is plenty of short-term and intermediate-term analyses to discuss, the purpose of this article is to home in on one primary cycle that acts as a mediator. It joins the longer-term historical cycles with the shorter-term market cycles and might just be the 'grand-daddy' of all cycles…

The Cycle of 60 Years.

W.D. Gann placed a great deal of emphasis on this cycle. It is often referred to as his 'grand' cycle and it has made its presence felt throughout modern - and ancient - history. Its significance is corroborated by many diverse sources…

The number 60 is the base of the Babylonian number system (known as sexagecimal numbering). This is where the practice of dividing a circle into 360 degrees (and 60 minutes and 60 seconds) originates.

As a result, the entire study of Geometry - which also received a great deal of W.D. Gann's focus - is based around 60's and 360's. Two of the most important cycles in the markets are the 60-degree/day cycle and the 360-degree/day cycle. On a much larger scale (like fractals), two of the most important cycles throughout history have been the 60-year cycle and the 360-year cycle.

60 minutes and 60 seconds also make up the foundation of our measurement of time, so it should be no surprise that 60 is a critical measurement of time on many larger levels, as well. We call these 'cycles'.

Another way of viewing the symbiotic relationship between these two cycles is to view it in the same way as the principle of work and rest, first expressed in the Bible. Civilizations & markets 'work' for 6-60 degree periods (days or years), completing a 360-degree movement. They then 'rest' during the ensuing (7th) period, when an entirely new 360-degree period begins (and a new sequence of 6-60 degree movements occur in a different cycle).

This is why change or transition (whether it be political transitions or change in market trends) is often seen at/near the 360-degree point in time, after 6 periods of 60 degrees each are complete.

A Grand Cycle of Life

60 Years is also the basis for the Chinese calendar (representing a cycle of life).

The cycle of 60 years is one of the most significant with respect to an individual human. This is probably a big reason that it has such an impact on various measures of mass psychology, like market and economic analysis. In many ways, 60 years represents the transition of one generation to the next.

60 years is the time frame from when the average individual in America actively enters 'society' (kindergarten - 5 years old) to when he/she begins to actively exit it (retirement - 65 years old).

A 60-Year cycle is prominent in many places in the Bible (another record of ancient history)…

When the Jews left Egypt and were poised to enter the Promised Land, Moses sent in 12 spies to do reconnaissance. They all agreed that the land had great promise but 10 of them lost faith and rallied the people together in a massive 'demonstration' against Moses.

The punishment involved 40 years of wandering in the wilderness until everyone from that generation - who was 20 years of age or older at the time of this rebellion - died off. Jewish tradition states that each year in the wilderness, everyone who turned 60 years old during that year died off. It was only after the rebellious generation had all turned 60 and died that the people were allowed to enter the Promised Land.

60 years of age was the culmination of this ancient generation and represented the ushering in of a new generation… and a chance to 're-learn' a critical lesson.

However, the ***60-Year*** Cycle had already made its presence known earlier in Israel's life. In fact, it was present right at the *birth* of Israel… and is poised to recur after Israel's *rebirth*…

Isaac was ***60 years*** old when he had his son 'Israel' - originally named Jacob - and he lived exactly 2 more cycles of 60 years before dieing at 180 years old.

60 years was recognized in the Old Testament (Leviticus 27:3 & 27:7) as the culmination of a person's most 'valuable' period (from 20 years to 60 years) in terms of an offering of monetary equivalence. After 60 years old, a person's 'value' dropped to less than that of a 6-year old.

In the New Testament, 60 years was the age at which a widow could begin receiving 'welfare' from the early church (I Timothy 5:9). This cycle spans most of Biblical history. The bigger point is that for over 4 millennia of history, 60 years has been recognized as a turning point in an individual's - and in an overall society's - life.

If the greatest convergence of cycles I have ever witnessed has anything to say about it, this same cycle is about to come into play - 60 years after the rebirth of Israel - in late-2007 through late-2008. More global-changing and global-unifying events took place in 1948 than at any other time in history. 2008 is 60 years from this date and could usher in a new phase of global-unifying and global-changing events.

From the perspective of learning the lessons of history… and trying to pass them on, there is another cycle of 60 years within our lifespans…

The Grand Illusion

60 years is the period between entering adulthood (18 years of age, when voting and military service are allowed and when a human's viewpoint begins to receive credibility in our society) to exiting adulthood (78 years of age is average lifespan).

This gives each individual an average of 60 years to learn the adult lessons of life and pass them on to subsequent generations. So, it is also a cycle of 'experience remembered'.

Once you get beyond a 60-year period, the mistakes of history are often repeated (as new generations rewrite the past and create a more comfortable illusion of 'what really happened' in the past… a kind of 'grand illusion'). This has been demonstrated many times in the recent past and is coming to fruition - on many fronts - in the present.

Nowhere is this truer than in the current struggle over nuclear weaponry… which entered a whole new phase EXACTLY 60 years after the devastation of Nagasaki and Hiroshima (early-August 1945 & early-August 2005).

Consider this intriguing pattern of overlapping cycles from 60 years ago…

There are unique parallels between 1933 & 1993 as well as 1938 & 1998. However, the most salient parallels come into play in 2001, 2005 & 2008.

From late-1941 into 1945, the US was attacked and drawn into WW II - that raged for about 3 1/2 years - as a direct result of Adolph Hitler's actions. A self-proclaimed Aryan, he attempted to wipe Jews 'off the map'.

60 Years later - in late-2001 - the US was attacked and drawn into the early stages of a new type of war - the War on Terrorism - that will likely rage for many years to come.

In 1945, World War II came to an abrupt, nuclear-triggered halt in early-August 1945.

<u>EXACTLY 60 years later - in early-August 2005 - the world witnessed the start of a new nuclear escalation, when a brand new leader dropped a metaphorical 'bomb' on the global community…</u>

Grand-Standing

A true 'Aryan' was elected the leader of ancient Persia in early-August 2005, promising to 'wipe Israel off the map' and to escalate his nations nuclear program. (To understand the significance of this, readers should recognize that Aryans - from where the name Iran is derived - are descendants of the ancient Medes… as in the Medo-Persian Empire that defeated the Babylonian Empire 2,500 years ago. 'Iran' means 'Land of the Aryans'.)

Adolph Hitler was an Aryan based on a very recent interpretation of the term. Mahmoud Ahmadinejad is an Aryan based on a 4,500 year old interpretation of the term. Nuclear weapons coincided with the demise of Adolph Hitler in 1945. Nuclear weapons catapulted Ahmadinejad to the presidency of Iran exactly 60 years later. Both want to wipe Israel 'off the map'.

There are numerous reasons to believe that a new period - similar to the one between 1933--1945 - is now unfolding. This incorporates many other cycles that are discussed in our <u>Focus: 5768</u> Reports and is being powerfully validated by market action.

The bottom line is that exactly 60 years separates the original experiences of history… from the 'doomed repeating of history'.

It is also remarkable that 60 years separated the two surprise attacks on America's shores (1941 & 2001), each of which ushered in active US involvement in these wars.

1945-1949 was the dawn of the nuclear age. July/August 1945 saw the US enter this age. 4 years later, Soviet nuclear tests in 1949 brought Russia into the nuclear age and - along with the Berlin Blockade - triggered the start of the Cold War.

60 Years later - in 2005--2009 - we are reversing the order and starting with a Cold War in 2005 (with Russia being Iran's biggest backer and benefactor) that could culminate with something far worse. Shortly after his election, Mahmoud - in October 2005 - set up a specific office to strengthen ties with Russia.

2008/2009 is the culmination of this particular, nuclear-related 60-year cycle.

Grand Canyons

The Cycle of 60 years is a very well-recognized economic cycle. Since the 1500's, there have been 9 depressions - a type of economic Grand Canyon - at average intervals of 60 years.

The two most noteworthy stock market tops of the 1900's - and the two best examples of markets and their respective societies reaching the pinnacle of 'excess' - came 60 years apart (1929 in the US and 1989 in Japan).

Of more recent significance, the first low of the Major US equities bull market (from 1932 into 2000) came in 1942. The first low of what appears to be a Major US equities bear market (from 2000 into 2011/2012) occurred 60 years later - in 2002. Nowhere is this more identifiable than in the Nasdaq stock index.

The Kondratieff Wave is closely linked to the 60-Year cycle, as well. It follows that the economic lessons learned by one generation are not repeated until that generation is 'fading' from society (about 60 years later). This applies to war, politics and the markets.

Grand-fathered In

There is another way to look at this 60-year cycle.

When history is viewed from a much bigger perspective, each 60 years is similar to 60 minutes… coming together to make a single 'hour' of time. Each generation fills one complete 'hour' of history and then fades into the next. Some experiences are 'grand-fathered in' to the next generation, but each leaves its own unique imprint on history.

Every 12 of these 60-year cycles fits together to make 12 'hours' of time. And, every 24 of these 60-year cycles fits together to make 1, giant, 24-'hour' 'day' of time.

And, then things start anew on an even larger scale.

As a result, the 720-year and 1,440-year (24 'hours' of 60 years each) cycles should be some of the largest cycles in human history.

The current time frame reinforces the significance of this, with the escalating battle in the Middle East - and the conflict between Jews, Muslims & Christians - taking center stage. In separate reports, I have elaborated on the details of this, but consider the following with respect to the Middle East and the ongoing conflict:

It was almost 1 'Day' ago (1,440 years) that Mohammed was born in 571 AD. Many cycles point to 2011 - the exact 1,440 year anniversary of his birth and the exact year that 12th Imam cycles converge - as the time when the Middle East will erupt like never before. Energy cycles also pinpoint

2011/2012 as the parabolic stage in the Middle East conflict. (See 'Pump It Up' in the Winter/Spring 2006 Trader's World.)

Two 'Days' before the birth of Mohammed - and three 'Days' before the present - is when the forefathers of many of the modern-day Middle Eastern (and Transcaucus) nations were born or were alive (among them, Magog, Gomar, Cush, Nimrod, etc.).

Exactly ½ Day - or 720 years - after the birth of Mohammed in 571 was the culmination of the Battle for the Kingdom of Jerusalem (the fall of Acre) - in 1291. This overall battle lasted from 1258--1291 and is viewed as the culmination of the Crusades. It was the crescendo of a 200-year Christian/Jewish/Muslim war.

The current battle - sometimes compared to the Crusades - began exactly 720 years later in 1978/1979 (Camp David Accord followed by Islamic Revolution in Iran) and will likely continue into 2011… exactly 720 years after 1291 and exactly 1,440 years after 571 AD.

Could 2011 - 720 & 1,440 years later - see a new 'fall of Jerusalem' - out of Israeli hands and into international control?

It is interesting that two ancient civilizations - the Aztecs and the Mayans - both pinpointed 2012 as the culmination of history and the end of a 26,000 year calendar.

The final 7 years of this giant 'cycle' are likely to be volatile, beyond our wildest imaginations. They began in late-2005 with the incendiary comments of a provocative, new Middle East leader. They should escalate to a higher level between late-2007 and late-2008. Many markets are already signaling what could be unprecedented opportunities, beginning in late-2006/early-2007!

Of added interest is that the Jewish calendar turned to another new day in 2000 (the year 5760, which is 1,440 x 4), when the latest intifada began. This reinforces the myriad of Major cycles converging in this tiny window of time (2000 - 2012).

Grand Funk

The bottom line is that August 2005 ushered in an entirely new dynamic in the world… and a new nuclear countdown. It has already left the global community in a kind of 'grand funk', not knowing what to do with Iran's fiery leader.

The ramifications of this 'funk' are already being felt, but will take time to filter down into all the markets. November 2006 is the next important cycle to watch with respect to the stock market and the Middle East. It could be the time when the stock indices enter their own version of a 'grand funk'. However, the year 2007 holds even more significant dates to watch, in other markets like gold, silver, oil and the CRB Index.

There is a lot more to this discussion that will have to wait for a future time. Many pertinent and timely applications are about to unfold and many unique trading opportunities are in their early stages. External events - directly linked to the 60-Year Cycle - are likely to spur these trends into their dynamic stages. A grand opportunity is unfolding before our very eyes.

MARKET UPDATE: In April 2006, 'Pump It Up' projected an important peak in Gold, Silver, Copper & the CRB in May 2006 followed by a multi-month decline. These tops took hold right on schedule - in May 2006 - and the subsequent declines are in full force. Late-September/early-October has been projected to usher in a collapse in Copper. February 2007 ushers in a critical time frame for these markets and could provide the next 'Golden Opportunity' for informed investors. Late-May 2007 is a 2nd critical cycle, but only in specific markets.

On a related subject, stock indices are already giving signs of trouble. The DJ Utility Average - which often leads other indices by a couple months - signaled an intermediate reversal lower in early-September. It was not until now, however, that the other indices followed suit…

The S+P 500 just generated a 1-2 week sell signal at 1347.70/SPZ (December futures contract… on 9/27/06) and should drop into early-October. The big question is whether this will only be a 1-2 week correction - and lead to a final rally into November - OR whether it will break below support and accelerate into a larger-degree sell signal. By the time you read this, the answer should be quite clear.

This is just a small example of the increasing volatility that is likely to continue in the coming months and years… during the Grand Finale of so many long-term cycles.

Eric S. Hadik is President of INSIIDE Track Trading and editor of INSIIDE Track & The Weekly Re-Lay. Comments can be directed to him at INSIIDE@aol.com, by calling 630-637-0967 or by faxing 630-637-0971. More information and copies of previous reports are available at www.insiidetrack.com.

WallStreetWindow

Following the Crowd to Profits: The Not-So-Contrarian Way To Invest

Dear Investor,

I'm Mike Swanson of WallStreetWindow.com and in a few moments you'll learn how YOU can successfully invest in the market by committing THE cardinal sin among all successful investors: Following the Crowd. The truth is, all investors (good or bad) follow the crowd. And you'll find out why in a second....

A friend of mine, Ben, once asked me:

"Why do most brokers and financial advisors not recommend active trading for regular folks like myself?"

I told him that it was because most regular people, even the intelligent ones, (and Joe certainly was a smart fellow) end up losing all their money. And that's just not good for business (ie brokerage commissions).

"So it is good advice then? Not to invest on your own?" Ben continued...

"But what about YOU and all those regular guys that DO make money. How do THEY do it? How do some people succeed in the market while others fail miserably?".

At that moment I realized I did not have an answer. But a couple of days later, I'm sitting in my favorite coffee shop, reading "Psychology Today" of all things, and BAM!!! there was my answer staring me in the face....

Why do most people fail at investing???... It's SIMPLE.....

We're WIRED to fail.

You see, there's a psychological concept called "Social Proof". It says that we human beings look to OTHERS to see what is right for US. Way back in the stone age it was a way for us to know that danger was near.

"Everyone is running, I should run too." said caveman #1... While more evolved, free thinking, caveman #2 said to himself "Why should I do what others are doing? I have my own mind, I can think for myself..." (gulp) and was then swallowed promptly by a T. Rex!

So - that expression of independence was bred out of us long ago... And through experiences like the dinosaur episode, "Social Proof" has become deeply WIRED into us.

But today, when it comes to investing, the more we look to the other "cavemen" (i.e. the herd) to see what we should do, the more danger we put ourselves in (unknowingly). But I found a solution to this problem!

Don't look to the "Herd" for your social proof needs.... Look to the greatest investors of all time!

Look to George Soros, Warren Buffett, W.D. Gann, Harvey Weinstein, etc. etc. And then find a group of intelligent investors who do the same thing. Then you won't have to fight against your own instinct to follow the crowd.... Why???

Because, You'll be following the **RIGHT** crowd!

I've spent years successfully investing by doing just that. I've fashioned my own style of investing based on the proven methods of the great masters of investing. And I've been very successful at it.

But all my success in the market pales in comparison to the experience of helping others become a successful investors too. And it's all thanks to the simple idea of following the RIGHT crowd.

That's why I've created the community at WallStreetWindow.com. My WallStreetWindow Power Investor makes this kind of community available to YOU! You can then use 'Social Proof' to your advantage and start making money in the market with others who are already doing it.

Come join us at **WallStreetWindow.com** and see for yourself what a difference having the right group to invest with can make in your financial life.

WallStreetWindow Power Investor is designed for self-directed investors seeking to:

- Invest in stocks with a 6-12 month time horizonInvest alongside a successful professional trader (mentor)
- Join a community of investors seeking to find fun and profit in the financial markets
- Understand the financial market and be appraised of developing market and economic trends

In Addition to your Access to the WallStreetWindow Community you'll get:

- **Power Portfolio** - A listing of all stocks and share in Mike's investment portfolio consisting of stocks with market caps of $500 million or more with a weekly analysis and update sent to you.
- **Instant Trading Alerts** - Sent to you whenever Mike makes a trade in the Power Portfolio
- **Micro-Cap Monsters** - Mike's Top 10 List of emerging companies with market caps less than $500 million.
- **Monday Market Monitor** - In depth analysis of sectors and trends in the market sent to you every Monday morning.

Don't wait another second....Go to a computer right now and type in "www.wallstreetwindow.com". Or write it down on a piece of paper.

This could be your ONE opportunity to begin making serious money in the market. Don't miss out. Begin following the Right Crowd today at Wall Street Window!!!

Sincerely,

Mike Swanson

P.S. I've just released my latest addition to my Top 10 List.... This one is a **Micro-Cap Monster** with HUGE potential. I mean ENORMOUS. When you see what it is, you'll understand why. But I don't expect it to stay this discounted for long.... By the time you read this it may have already exploded. But just in case it hasn't you can go to wallstreetwindow.com right now and maybe still make a killing on it. I know we're going to.

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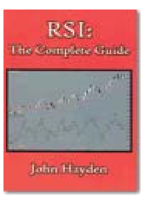
The Handbook of Market Esoterica by Earik Beann Price: $495.00

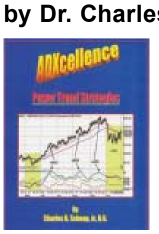
This trading course deals with the true nature of price and time, magic numbers in the market, volume cycles, market geometry, astro trading, numbered squares, and unveils a secret Astronumerology system which unifies astrolgogy and numerology into a razor sharp forecasting methodology. Not intended for casual readers or the closed minded. After studying this manual, you will be able to forecast turning points in the distant future with a high degree of accuracy. 216 pp.

RSI - The Complete Guide by John Hayden Price: $24.95



John Hayden, author of "21 Irrefutable Truths of Trading", has studied and researched RSI for years. He has collaborated closely with Andrew Cardwell in his work and at one point a book on RSI co-authored by both was scheduled to be published by McGraw Hill, but publication was delayed and eventually cancelled. The content of this book, in part, emanated from that earlier collaboration. Become an expert in the use of RSI, a mainstream technical indicator which is in virtually every technical analysis software package. Properly understood and utilized, it can be a powerful tool to help you time and select trades. This new book, available exclusively through Traders Press, is the definitive guide to the use and interpretation of RSI.

ADXellence: Power Trend Strategies by Dr. Charles B. Schaap $149.00



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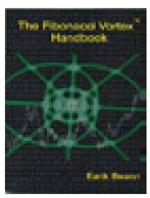
The Fiboancci Fortex Handbook by Earik Beann Price: $89.00



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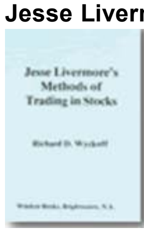
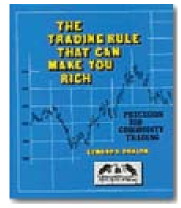
Jesse Livermore's Methods of Trading in Stocks Price: $6.00



The material presented here first appeared as a continuing series of articles in the Magazine of Wall Street. They were obtained through exclusive interviews with Jesse Livermore by R.D. Wyckoff at a time when Livermore was the single most formidable factor in the market. After being "lost" for many years, these interviews are now brought together for the first time under the covers of a book.

The Trading Rule That Can Make You Rich by Edward Dobson Price: $29.95

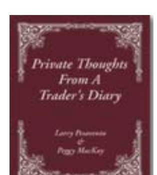


Discusses a simple but effective method for timing market entry, based on a technique used by the legendary W.D. Gann, who said of this method, You can make a fortune by following this one rule alone! Incorporates a technical trading rule which utilizes a consistently repetitive pattern of market behavior. Applies to all markets and all time periods, whether short term (intraday), immediate, or long term. Many traders have called or written months after reading this book and advised that it has been the most helpful single book they have ever read to help improve their trading.

Opening Price Principle: Best Kept Secret on Wall Street by Larry Pesavento Price: $29.95

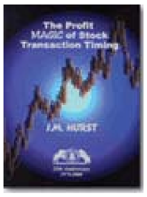
There is an amazingly reliable relationship between the opening price and the high/low range for the entire day. This relationship is generally known only to seasoned veterans. This new book from 2 traders with over 50 years combined experience reveals this consistent pattern, illustrates it with many tabular and charted examples, and tells you how to trade profitably using it. If you are a short term trader in EITHER stocks or futures, the knowledge you will gain from this book will give you a tremendous advantage every day for the rest of your trading life!

Private Thoughts from a Trader's Diary by Larry Pesavento Price: $40.00



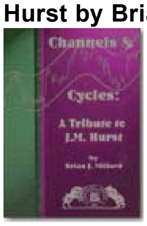
Imagine sitting in the trading room of two professional traders, and and have them share with you the complete details of each trade they make for weeks! They share with you the exact reasons they decide to make each trade, how they select an entry point and initial stop, how they adjust their trade as it moves in their favor, how they decide on when and where to take profits (and why), and every other aspect of their decision making process. The methodology presented is straightforward, simple, and easily understood. It is based on the pattern recogntion methodology of the authors, which is the result of many years of market observation, trading experience, and study.

The Profit Magic of Stock Transaction Timing by J. M. Hurst Price: $25.00



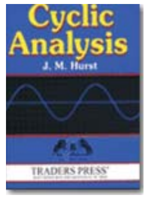
Author J M Hurst is a legend to knowledgeable individuals interested and involved in the study of cyclical price movement in the financial markets. An aerospace engineer by training and background, he was the first pioneer in the computerized research into the nature of stock price action, devoting many years and over 20,000 computer hours to this study. His conclusions were first documented in this groundbreaking classic. This book has become a classic and it is held in exceptionally high esteem by serious technical analysts and market students.

Channels & Cycles: A Tribute to J.M. Hurst by Brian Millard Price: $45.00



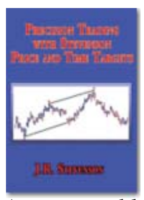
For many years I have heard how valuable the work of J.M. Hurst has proven to those interested in the use of cycles in the pursuit of market profits. Many Traders Press customers have advised me how valuable any material would prove to them that would shed any additional light on the work of Hurst. It is with great pride that we present the work of Brian Millard, Channels and Cycles, which clarifies the original work of Hurst as well as updating it and bringing it forward to the present time. Millard, like other market technicians such as Jim Tillman and Peter Eliades, found the work of Hurst of such seminal importance in influencing his approach to market analysis that it became the cornerstone of his methodology.

Cyclic Analysis by J. M. Hurst Price: $19.95

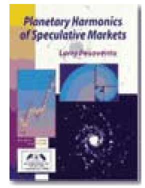


For many years I had heard that the work of J.M. Hurst was of great value to technical analysts, especially those interested in the cyclical analysis of stock price movements. Upon looking into what composed the body of his work, I learned that most of it was unavailable to traders and investors. Hurst's primary work, The Profit Magic of Stock Transaction Timing had gone out of print. I had hear rumors that Hurst had also authored a lengthy trading course on cycles, but it, too, was long out of print. Having been involved in technical analysis and trading for many years myself, I felt that it would be a valuable contribution to the field of technical analysis to assure that the work of Hurst was kept alive for present and future generations of traders and analysts. I decided to make a special project of resuscitating his research in its various forms.

Precision Trading With Stevenson Price and Time Targets by J. R. Stevenson Price: $49.00



On May 27, 2003, General Electric shares closed at $27.42. The simple method revealed in this extraordinary book projected on that day that a high of $31.66 would be achieved on June 17th. 3 weeks later, on June 17th, as projected, GE reached an intraday high of $31.66. This high marked an important intermediate turning point which was not exceeded for months. This method may be applied to ANY active market, whether stocks, futures, or indices, in ANY time frame. Imagine the value of having the knowledge of how to make similar projections of price and time targets in the markets you trade! JR was "legendary" among the brokers at ContiCommodity and at Prudential for his consistently accurate price and time projections. He has decided, at the urging of his family, to reveal his knowledge of this technique, which is amazingly simple and easy to use in any time frame and in any liquid market. JR currently day trades the S&P E-mini contracts actively using this technique. Other than to a few members of a chat room where JR has heretofore been known as "Baldy", it has never before been revealed to anyone, over all the years he used it.



Planetary Harmonics by Larry Pesavento Price: $49.00

Provides absolutely phenomenal trend change dates. Applies George Bayer's Secrets of Forecasting Prices to financial markets > Proves the validity of planetary harmonics >Illustrates hidden Fibonacci ratios. Taken from the Foreword: We wrote this book for five primary reasons, not including the profit motive. First, the financial community has become more receptive to the possibility of a connection between planetary events and price activity (fear and greed). Second, George Bayer was virtually unknown for more than 40 years and now is the time that this man's research into astro-harmonics should become part of the public domain. Third, to illustrate the power and accuracy of planetary harmonics and stimulate your thoughts on the subject. Fourth, it allows us to shar some of our continuing research and build a network of very intuitive traders with some incredible approaches to the market. Fifth, to give you the exact dates of certain events to 1995.

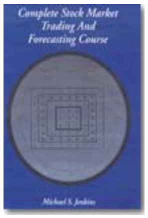
Patterns of Gann by Granville Gooley Price $159.00

This set of books [included within this bound volume] is not about pulling the trigger. It is not a system on how to make a million dollars in the market in the morning. It is about certain mathematical and astronomical relationships between numbers and their possible application to the number of W. D. Gann.

The Definitive Guide to Forecasting Using W.D. Gann's Square of Nine by Patrick Mikula Price $150.00

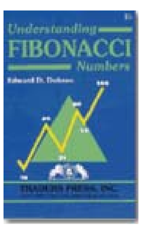
It has been almost ten years since I wrote a book about W.D. Gann's forecasting tools. I wanted to return to this subject with a book that would stand the test of time. This book was written with the intention of creating the official book of record for all the Square of Nine forecasting methods. I believe I have achieved that goal. This book contains virtually very Square of Nine forecasting method.

Complete Stock Market Trading and Forecasting Course by Michael Jenkins Price: $529.00



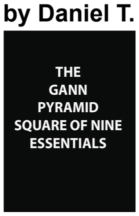
Michael Jenkins is a serious, highly successful, professional trader. In his two books, Geometry of the Stock Market and Chart Reading For Professional Traders, he shares some of his ideas on how he trades. Hungry for more of his ideas and direction, many of his readers literally begged for more. Jenkins has written this complete course in response to these requests. In his books, Jenkins explains, among other concepts, how he uses some of Gann's methods and techniques, but he never mentions Gann. In this course, by contrast, he specifically states that many of the ideas are those originally developed by Gann, and he goes into great detail on how he personally uses these ideas and techniques. One might almost view this course as a course on trading Gann's ideas, as expanded and refined by an active, successful trader. If you want a detailed, in depth course on how to use Gann in your own trading, this may prove to be what you have been seeking all this time.

Understanding Fibonacci Numbers by Edward Dobson Price: $5.00



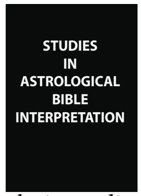
This primer booklet on Fibonacci numbers is intended to: Give the reader an initial acquaintance with the concepts of the Fibonacci number sequence, To provide some historical background, To give an idea of how Fibonacci concepts and ratios are used by stock and commodity traders and analysts, and To provide a comprehensive bibliography and list of informational sources, with accompanying comments on the ones I consider most worthwhile for the Fibonacci student interested in applying the concepts to trading stocks and commodities.

The Gann Pyramid: Square of Nine Essentials by Daniel T. Ferrera Price $395.00



A new ground breaking course on the Square Of Nine, W. D. Gann's most mysterious calculator. This course is full of never before seen principles and techniques of analysis using Gann's Square of 9, with detailed explanations of their applications to the markets. *$395.00*

Studies In Astrological Bible Interpretation by Daniel Ferrera Price: $55.00

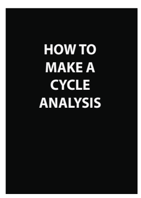


An interesting exploration of the process used in coding astrological and astronomical cycles into literature. Engages in a thorough analysis of the book of Genesis, exploring coding systems by which astrological symbolism is veiled.

Wheels Within Wheels by Daniel Fererra. Price: $450.00

Breaks down the 16 primary component cycles of the DOW Jones Averages, producing an accurate map of the last 100 years of history, and projecting the cycles ahead to 2108. Includes all Excel Spreadsheets with all cycle calculations and charts, and the 100 year projection DFT Barometer.

How To Make A Cycle Analysis by Edward R. Dewey Price: $350.00

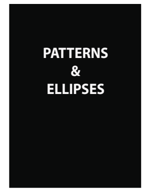


Approx. 630 pages, with charts. This how-to manual on cycle analysis was written by E.R. Dewey in 1955 as a correspondence course. It provides step-by-step instructions on the elements of cycle analysis, including how to identify, measure, isolate and evaluate cycles. The most elaborate cycle course ever written, by the star of cycle analysis, founder of the Foundation For The Study of Cycles. This course had a limited release in the 50's at a price of $350.00. It has been unavailable since then.

W.D. Gann in Real-Time Trading Price: $69.00

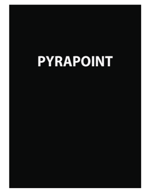
If you feel that you would like to do short term scalping or swing trading in the markets, then this book might be for you. It illustrates many short-term Gann mathematical trading techniques which have a high tendency to work intraday. Various intraday time frames are shown and how they can be used together to keep you in the direction of the market. 200 pages

Patterns & Ellipses Price: $49.95



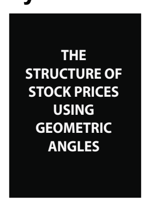
Stocks and futures move in elliptical paths. When a market makes a gap, its price action usually passes into a new sphere. All its activity will remain in the current sphere until it moves into another new sphere. This new book tells you how to use ellipses along with detailed chart patterns to determine if a stock or futures contract is bullish or bearish. 100 pages

Pyrapoint by Don E. Hall Price: $150.00



Mr. Hall discovered a secret from one of Gann's associates "Reno" who shared a desk with him on the floor of the Chicago Board of Trade. Apparently Gann carried a piece of paper with him to the floor every time he made a successful recorded trade. Mr. Hall found out what that paper was and developed the Pyrapoint trading method around this. An easy to understand trading software program was fully developed. It creates a natural trend channel and areas of both support and resistance. It's clearly tells you when the trend changes. 300 pages.

The Structure of Stock Prices Using Geometrical Angles by Russell M Sedlar Price: $49.95

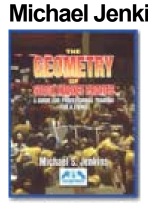


"This chart based book shows how the Geometrical Angles described by W.D. Gann, when used is this newly discovered way, literally become the controlling force of stock price fluctuation, causing tops and bottoms to form and trendlines to be determined."

Gann Master Charts Unveiled Price: $49.95

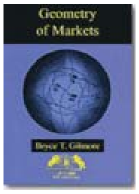
Complete 100 page book explaining how to use Gann's Master Square of Nine Chart, The Gann Hexagon Chart and the Gann Circle Chart.

The Geometry of Stock Market Profits by Michael Jenkins Price: $45.00



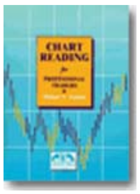
This book is about Jenkins' proprietary techniques, with major emphasis on cycle analysis, how he views and uses the methods of W.D. Gann, and the geometry of time and price.

Geometry of the Markets
by Bryce Gilmore
Price: $40.00



Book explains the theory behind time in the markets, Ancient Geometry and Numerology, Squaring Price Levels, Time Support and Resistance. Heliocentric Planetary Cycles.

Chart Reading for Professional Traders
by Michael Jenkins Price: $67.50

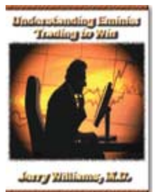


This book is a complete, comprehensive study on reading charts, forecasting the market, time cycles, and trading strategies. Explains reversal of trends, when to expect them, and how to know the trend has change. Shows you how to forecast with great reliability how long the new trend will last and its price target.

The Secret Science of the Stock Market by Michael Jenkins
Price: $149.00

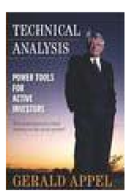
In this book Mr. Jenkins gives a start to finish 'scientific' examination of time and price forecasting techniques starting with basic line vectors and advances the concepts to circles, squares, triangles, logarithms, music structure and ratio analysis. These concepts are developed into a comprehensive method that allows you to forecast any market with great accuracy. Mr. Jenkins demonstrates how a few simple calculations would have predicted many of the greatest stock market swings of the past seven years with accuracy down to the day and price targets within one point on the market averages. This new book advances the work started in his other books and course but goes much further revealing little known secret methods only a very small handful of professionals know and in many cases he reveals proprietary techniques never before revealed to the public at any price. The chapter on the Gann Square of Nine is much more complete than 90% of courses available selling for hundreds to thousands of dollars more. This chapter alone is worth several times the cost of the book but the secret ratio analysis at the end of the book will truly change your trading habits forever. When you finish this book there is little left to learn about advanced trading and forecasting techniques with the rare exception of astrological methods, which are not covered in this work. This book goes from beginning concepts to the most advanced so anyone can greatly benefit from reading it. All concepts are demonstrated with actual chart histories. It is not, however, for the casual investor who does not want to take the time to calculate a simple square root on a hand held calculator. If you liked Mr. Jenkins' previous books and/or his trading course, then this one will easily surpass your expectations.

Understanding E-Minis: Trading To Win By Jerry Williams: $24.95



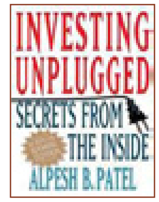
The arrival of the E-mini markets has led to an explosion of trading interest in these fascinating trading vehicles. Huge legions of traders are involved in the action, but until now they have never had a book available to them that deals specifically with trading in E-minis, and techniques and methods that will help them to become more effective and profitable traders. This book is for traders who want to start out with a better understanding of the markets and learn how to profit from short term fluctuations in a bull or bear market. Traders need to realize that skill and success in the markets is not inherited, but acquired through hard work, education, patience, and emotional discipline, We hope this book will help you to become a better trader and not a gambler.

Technical Analysis
By Jerald Appel
Price: $44.95



One of the world's most respected technical analysts presents a complete course in forecasting future market behavior through cyclical, trend, momentum, and volume signals. Unlike most technical analysis books, Gerald Appel's The Practical Guide to Technical Analysis offers step-by-step instructions virtually any investor can use to achieve breakthrough market success. Appel illuminates a wide range of strategies and timing models, demystifying even advanced technical analysis for the first time. He presents technical analysis solutions for short-, intermediate-, and long-term investors, and even for mutual fund investors. Many of the strategies and models he presents have never before been published.

Investing Unplugged: Secrets from the Inside
By: Patel, Alpesh B.
Price: $27.95



Most investors get their financial information from the media, but this is not always the best way to unlock the secrets that lead to real financial success. This book is a treasure trove of information on the inner workings of the finance establishment by a Bloomberg insider. What do the top CEOs know? What information do brokers keep from their clients? What are analysts on TV not telling you? This is a must-have for both professional and private investors.

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