

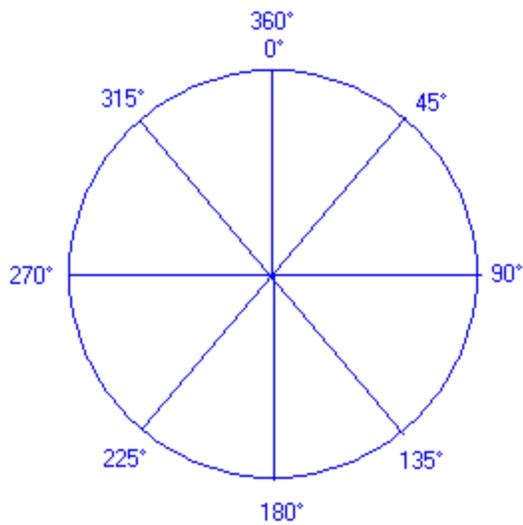
Naked Time Part 3

For the third and final installment of this Naked Time series, we're going to address some other bar count numbers to add to the arsenal. Specifically some Gann type numbers.

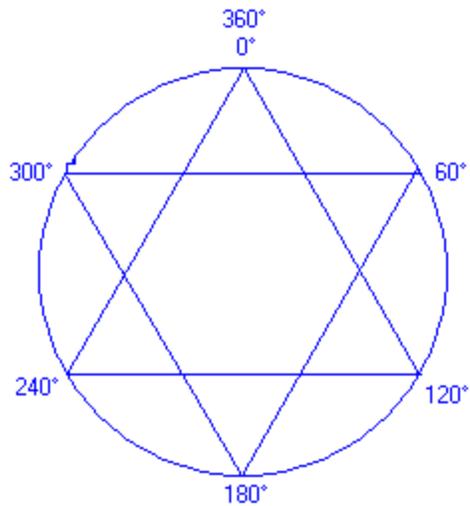
Any one Gann technique can easily take a good sized book to explain and show examples. But there is one simple method that can easily be applied to any trading system be it naked, draped in squiggly lines and indicators, or carefully plotted out with squares and angles. The method is simply dividing time into sections of the circle.

The circle is the measure of one cycle be it time, price, or unified time-price. Breaking the circle into degrees yields numbers that play out in the markets time and time (price and price?) again. By quartering the circle, the four sections are divided at 90, 180, 270, and 360. These are the cardinal points. If a square is placed within the circle, the circle is quartered diagonally at the points of the square at 45, 135, 225, and 315.

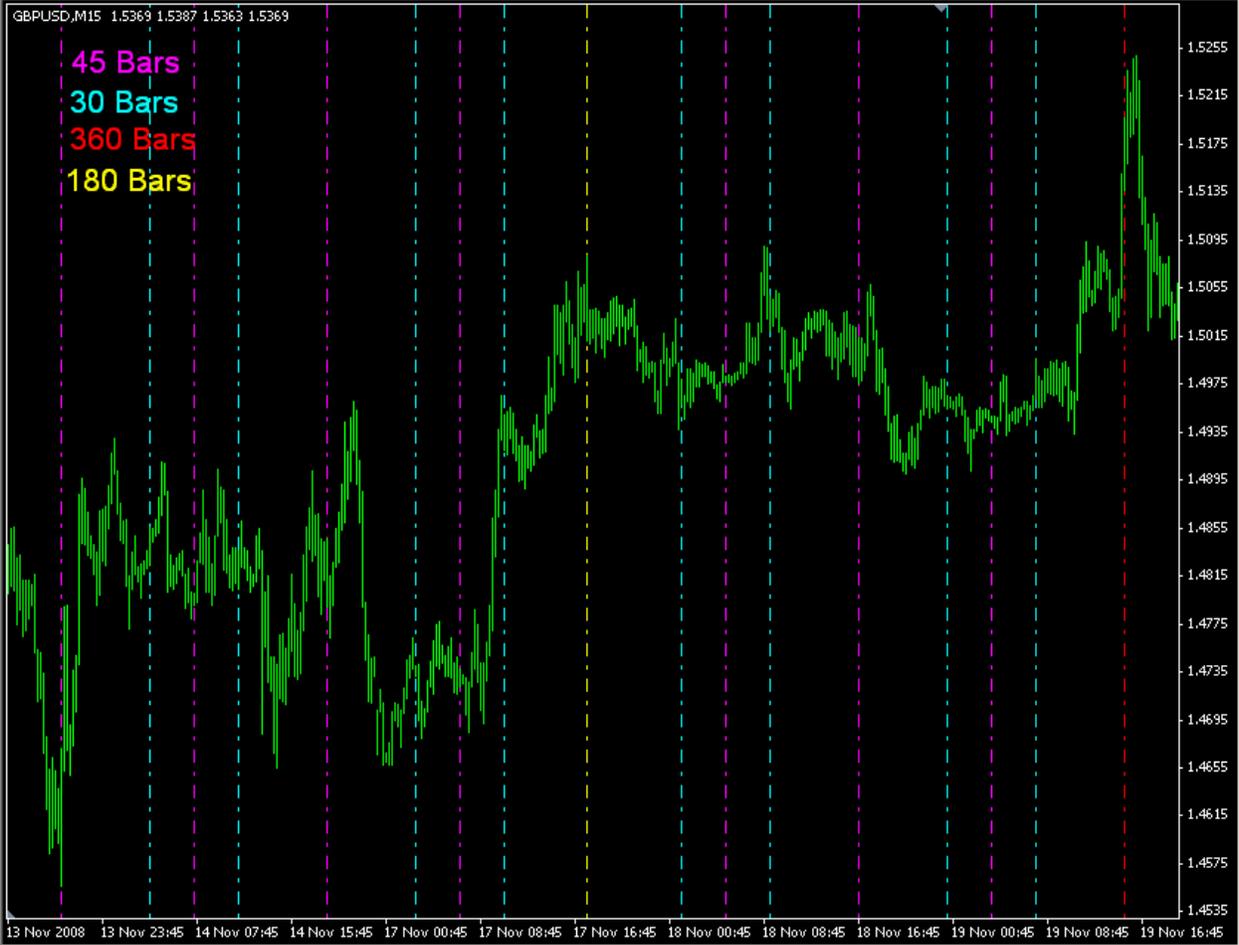
These are the ordinal points. The distance between the cardinal and ordinal points is 45° or 1/8th sections. 45° is also the angle of the diagonal line dissecting the square. The Gann Square of Nine is largely based on these numbers and angles and a chart worthy of detailed study.



The circle can also be broken out into thirds. By placing an equilateral triangle within the circle, the points touch at 120, 240, and 360. An inverted triangle would touch at 60, 180, and 300. The difference in degrees between the points of the triangles is 60° which is also the internal angle of an equilateral triangle. The resulting shape of two equilateral triangles is the Star of David or Merkaba. By connecting the points, the result is a hexagon. The Gann Hexagon is another chart worthy of detailed study.



So now we have a bunch of numbers to use as bar counts. Below are three 15m GBPUSD charts showing static cycles of 45 and 30 ($60/2$). Starting from significant highs or lows, there are price reactions at most of the marks. Obviously it's subjective on where to start the counts from. But with practice and observation, it'll become apparent on where the best starting points are. I like to make sure there are at least 2 hits on the lines to make sure that the starting point is valid. At first glance it might seem like a lot of lines. However, YOUR system should filter out most of them. In the previous articles it was shown how to use trend lines and support/resistance as the filter. Indicator signals such MA crossovers, an oscillator crossing zero, or an oscillator in overbought/oversold areas can be used to filter as well. Time cycles on higher time frames are a great filter. Sometimes I'll go days without looking to trade because a cycle line is coming along with some other chart pattern coming into play.







Experiment with different divisions of the circle. For example, there is one number that hits all of the divisions of $1/3$ and the divisions of $1/4$. Experiment with starting a cycle of 45 from a low and then another from the next high.

Another technique not related to the circle is to just find a cycle such as low to low or high to high. If it's a wide cycle, then divide it by 2 or 3. It's easy to get a lot of lines on the chart so what I like to do is have two or three charts showing different cycles and then watch for a cycle squaring up support/resistance.

I hope this series of articles has shown how to the element of time to any trading system or method. And remember, it's not about predicting the future. It's knowing when the future has arrived and risking accordingly.