HOW TO FORECAST LIKE W.D. GANN

PART I

THE MASTER FORECASTING COURSE ON STOCKS

VOLUME 1 – TEXT

BY

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CONTENTS

Introduction	W.D. Gann and Forecasting	7
Chapter 1	Forecasting	19
Chapter 2	Natural Resistance Levels and Time Cycle Points	51
Chapter 3	Seasonal Changes in Stocks	98
Chapter 4	Auburn Motors	171
Chapter 5	Combining Price and Volume – Vanadium Steel	192
Conclusion		204

W.D. Gann and Forecasting

W.D. Gann was not only an original thinker, but a scientific thinker as well. '*I soon began to note the periodical recurrence of the rise and fall in stocks and commodities. This led me to conclude that natural law was the basis of market movements*.'[1] How many people, both before and since, have made the same observation and yet failed to draw the same conclusion? Even as this book was being written in 2023, economists, investors and central bankers all over the world have been expressing surprise that inflation and higher interest rates have 'returned', as though their absence for a time was evidence that they had been tamed by human ingenuity.

In 1930, Gann wrote of the confidence that '*the day had passed when there would be panics*'. Of the author of an article headed "Goodbye, Business Cycle", he wrote, somewhat scathingly: '*This writer was honest and conscientious: of that I have no doubt, but he was either ill-informed or incompetent. He had not gone far enough back in the past to know that history repeats in the stock market and business*.'[2]

Gann saw the same things that those around him saw, but he understood them differently. He looked behind the surface appearance and sought the cause of market movements. '*I use geometry and mathematics, just as the astronomer does…All scientific laws are laid down in the Bible if a person knows where to find them…To know and predict the future of anything you only have to look up what has happened in the past and get a correct base or starting point*.'[3]

But Gann not only sought to understand the cycles in the markets for his own profit; he spent the larger portion of his career writing books and courses and teaching his methods to others so as to help them to profit from his discoveries. Many, perhaps most, of these courses have come down to us today, and they remain unsurpassed in the insight into the mathematical nature of market movements.

While the lessons have survived, there are yet obstacles to studying them. The major one is the absence of most of the charts on which they are based. Trying to figure out Gann's meaning without a chart is like the fabled story of the blind men trying to describe an elephant by touching its trunk, tusks, legs, tail and so on, and each man thinking that he had the whole elephant. The purpose of this book is to show the whole elephant, so that Gann's words become clear.

How This Book Came to be Written

In the pages of this book you will find a discussion of a lesson by Gann titled *Auburn Motors*. It was possibly the first lesson of his that I ever read, before I even owned a copy of the *Stock* or *Commodities Course*. Given that it is one of his most difficult lessons, despite its brief length, this was not necessarily a good place to start. It didn't help that it opens with the words, '*The chart*

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1 *Ticker and Investment Digest*, Vol. 5, No. 2, December 1909. Article on William D. Gann.
2 *Wall Street Stock Selector*, 1930, pages 1–2.
3 *The Tunnel Thru the Air*, 1927, page 75.

enclosed on Auburn Motors…', for there is no chart to be seen anywhere. I puzzled over the lesson for months, even trying to sketch some sort of chart from the dates and prices in the text, but all to little avail. If only the chart still existed, I kept thinking. Then an idea came to me.

As a student at the University of Sydney in the early 1980s, I had come across an obscure section in the Fisher Library, hidden away on the 9th floor of a building called 'The Stack', where hardly anybody ever visited, which contained bays and bays of bound copies of old newspapers. I have always loved history, and I would disappear into this haven, far from the outside world. The volumes were massive – one month of broadsheet newspapers solidly bound – and I would spend hours there alone, leafing through these relics of the past. At the time, I knew little about the stock market, and I was looking at old Australian newspapers. But I did know that stock prices were printed, because my parents had bought me a handful of shares in BHP, one of the largest of all Australian companies, as a child, and I loved following the price movements – though it never occurred to me to *chart* them. Now, all these years later, I wondered whether it might be possible to track down old US newspapers and recover the price data manually and thus make up a chart of Auburn Motors.

By the 2000s, the beauty of old libraries had largely disappeared. It was no longer possible to walk into the gigantic hall of the State Library of New South Wales, with shelves upon shelves of books lining the walls of a hall the size of a cathedral. Everything was filed away now, and historic newspapers had suffered a similar fate. Gone were the beautiful bound copies, where you could leaf through and look at the news of the day from 1930; now everything was on microfiche. Nevertheless, success attended my enquiries, for the library possessed copies of the *New York Times*, and I duly began to extract the data day by day. Helped by a couple of trading friends, we split up the months, and before long we were able to walk away with the information to draw up a chart from April 1930 to May 1931.

The data we collected back then is not, however, what you see in this book. And just as well, for the microfiche copies were very difficult to read and what we collected was probably full of errors. But in the midst of ordering roll after roll of microfiche (for I then proceeded to hunt for data to make up charts of other lessons of Gann's), a librarian noticed what I was doing and asked whether I was aware that this was all available online. Hardly believing my ears, I asked her for more information, and she explained that there was a website, called Proquest Historical Newspapers, which had PDF copies of all the major American papers. What is more, since the State Library of NSW was affiliated with Proquest, I could, as a member, access the site without charge. This was the start of a long and therapeutic interaction with historical stock and commodity price data.

You may think that I have taken leave of my senses to describe collecting old price data as 'therapeutic', but there is a rhythm to it, as there is to hand-charting. I learned to collect one month of price data in half an hour, and I would then draw up the chart and inscribe Gann's comments on it for another half hour. It became a relaxing daily routine.

Yet that is still not the data from which the charts in this book are created, for that was not collected by me at all. A fellow trader, who I have known for some years, Trevor Bird, not only enjoys collecting old data even more than I did. He is an engineer by training, and is meticulous to a fault. He checks and cross-checks, so that the final product is about as accurate as we can hope to achieve, in the absence of certified prices from the exchanges. He makes the data available for sale at his website: www.auldtymadata.com.

With my hand-drawn chart of Auburn Motors in front of me, the lesson finally began to make sense. It didn't give up all its secrets immediately, though; every time I go through it, I understand a bit more, until now I feel fairly confident that I can open the cover for you too. Gann clearly intended his students to follow along with the charts, for many of his lessons refer to them. Unfortunately, they are not always available anymore, due to the neglect of his work in the 20 years following his death in 1955, before Billy Jones resurrected the material in the 1970s. I would go so far as to say that much of what Gann taught is incomprehensible unless you have a chart to see what he was doing.

Of course, seeing what Gann was doing is only the first part of the puzzle. Once he has grasped the principle, each student must still go and learn how to apply it on his own market. This is not always as straightforward as it may sound. Gann talks in these lessons about angles moving 1 point ($1) per day, week or month on stocks. How do you apply this to a stock index trading at 7000 points? Many times, Gann will state that such-and-such is the point to buy, but while this might have been obvious to him, there might be all sorts of unexplained assumptions that the student has to work out for himself or herself.

I have tried, as much as I can, to keep myself and my ideas out of the equation. Naturally, this is impossible, but my aim is to set Gann's material on the table as clearly as I can, in a way that should make it easy for any student to figure out the meaning. Except in a few cases, then, I have not inserted examples from current markets, other than to give some idea of the way the reader might proceed. I make no claim to be an 'authority'; the reader should feel perfectly free to disagree with my interpretation if another seems more logical.

From time to time, people try to denigrate Gann's reputation and claim that he never made money trading himself but rather made his money selling courses. You will laugh heartily to yourself at this thought as you read this material, for in these courses speaks the voice of a man who had experienced all the things he was talking about. His insights into the mathematical nature of price movements, his ability to extract information from the data in the price chart, and the examples of trades he either took himself or recommended to his clients – in some cases verified by accountants' reports – could not possibly have originated other than from a keen mind, imbued with the confidence to act on what he saw, and possessing the experience of having so acted many times.

This is the background to the creation of this book, which I hope will be of benefit to every serious student of Gann who seeks to understand his material more fully. Now let us consider which courses we are going to study here.

What this Book Is – And What it Is Not

Early in my trading career, I determined to understand Gann's books and lessons to the best of my capacity. But I soon found that if I didn't have a chart, it was hard to make very much progress. I have already stated how the *Auburn Motors* lesson finally began to make sense when I had the chart in front of me. But my eyes really opened when I studied the trading lesson on *US Steel*. As it stands, the text of the lesson very quickly descends into a blur of numbers if there is no picture to relate it to. I need to see pictures if I am to grasp the meaning of something, even if it is a picture created in my own mind. But when the picture comes, everything changes, and this was really the case with the trading lesson. I found the information so enlightening that I decided to write it up as a book. My primary motivation was selfish; I knew that I would write

in far greater detail for a formal setting such as a book. Secondarily, I thought that others might find equal benefit, and I could save them the work of tracking down the price data and working out all the simple things.

This book follows precisely the same rationale. Everything here is related to the actual charts that Gann was working from. In this way, everything can be proven. You might disagree with my interpretation of what Gann was saying – and I hope you will exercise that right – but you cannot argue with the fact that when he says something and the chart shows exactly what he was saying, he means at least that much.

As I will explain in greater detail below, this book covers the first series of courses in forecasting that Gann taught personally during the 1930s. It contains all the lessons that students of those courses would have received, and shows charts to explain every point that Gann made.

In my opinion, far too much effort is spent looking for hidden meanings behind Gann's written words. I'm not saying that they aren't there, but to look for more subtle levels before studying the surface is putting the cart before the horse. If you're looking for the answers to the so-called "mysteries" of Gann, you will likely be disappointed, for you won't find them here. What you will find is what he *actually said*, and my argument is that this is the essential prerequisite to discovering any deeper meaning, if indeed there is one.

Gann insisted again and again that his work was based on mathematics, and this theme runs very strongly throughout the lessons covered here. We will meet a little bit of astrology, where Gann himself mentions it, and it is abundantly clear that it has a place in the '*cause of market movements*.' But it seems to me that astrology fitted into the overall mechanism of mathematics for him. He simplified the calculations and avoided being dragged into a black hole. It is the mathematics that we must focus on.

A very important point to keep in mind is that Gann was first and foremost a trader, and only secondarily a forecaster. In the earliest stories of him, related in the *Ticker Digest* interview of 1909, he was forecasting turning points on various markets and then *trading them*. Only later, as he started to grow his business, did he begin publishing forecasts, I imagine because it was a good way to attract new clients. But he was never attached to forecasts; his writings abound with them and almost every lesson finishes with some sort of outlook for the market he is discussing. Sometimes he is right and sometimes he is wrong, but I doubt that he cared. He could read what was going on in the chart and adjust his view accordingly.

Hence, in our analysis of the lessons on US Steel contained in the forecasting course, we must include also the many references to this stock in his books, where he talks about volume, higher and lower close prices, months where the trend commonly changes, and so on. Gann is a whole package, trading as well as forecasting, and we will benefit most by looking at the whole.

Nevertheless, there are clearly limits to what he was prepared to put in print. Nothing in the lessons really answers the question why he was able to say, as related in the *Ticker Digest* interview, that US Steel would sell at 94⅞ but not 95. Whether he gave more away in the private lessons that he gave in the courses, we do not know. Perhaps you may find more answers in *Tunnel Thru the Air*, but that is beyond the scope of this book. What we will study here is every word of the written lessons that formed Gann's *Master Forecasting Course* in its two main iterations during the first half of the 1930s.

I also see Gann's lessons on forecasting as the next step after his lessons on trading. If you went to see Mr Gann as a new student, he would first sell you a lesson on the method of swing trading

that he developed. Once you could make money out of swing trading, you were ready for more advanced work. Unfortunately, the fascination with forecasting is so great that many students focus only on his forecasting lessons without showing interest in how he said to trade. The result is often confusion and frustration. Gann never said that any rule works all of the time. On the contrary, he is forever adding the words 'stop loss order', often in capitals, every time he talks about buying or selling. He wrote books and books about form reading, and presumed that his students had read and understood them. Plenty of his own forecasts didn't work out. He went short in Eggs futures in 1949, saying that they were sure to go down. Instead, they went up, *but he still made a profit*, because he knew how to trade.

Therefore, while this book certainly stands on its own, I recommend also studying Gann's books, as well as the two books I have previously written about his lessons on his method of trading. Taken together, it will be hard to go too far wrong in the markets.

The Master Forecasting Courses

The title of this book sets a bold target; is it realistic? Can we expect to duplicate the exploits of one of the greatest forecasters in the history of Wall Street, who famously stated, at noon on 30 September 1908: '*If September Wheat* [then at $1.08] *does not touch $1.20 by the close of the market* [due at 1:15pm] *it will prove that there is something wrong with my whole method of calculation. I do not care what the price is now, it must go there*.' Wheat did indeed go to $1.20 that day.

I would like to argue at the outset that it is possible, not because I can forecast as Gann did (although I've made my share of forecasts, some of them published), but rather because Gann himself said that he was teaching all his methods. It may surprise some to know that Gann made many forecasts which didn't work out; he was far from infallible. Yet he freely put out forecasts almost every time he analysed a market. What is more, he frequently said how he was doing it. The work we are going to undertake together here is to go through the lessons where he taught students how to forecast and study exactly what he said.

Over a trading career that lasted more than 50 years, and a writing and teaching career that occupied the last 30 years of that time, W.D. Gann produced a body of work, both through published books and private courses, which is perhaps the largest of any trader in the history of Wall Street. Today, nearly 70 years after his death in 1955, a growing number of traders seek to understand his methods. Many excellent books have appeared over the years, but one hole remains to be filled – a detailed analysis of his original courses, along with charts to make the meaning apparent to the modern student. One can buy a copy of the *Stock Market Course* or the *Commodities Course*, but lessons are grouped in no particular order, and with no guide as to how they should be tackled. And many of the charts are either missing totally or are almost unreadable. I have done my best to remedy these shortcomings here.

I have already provided a study guide to Gann's lessons on how to trade, in two books titled *How to Trade Like W.D. Gann*. I wrote them because when I put together the charts of his various trading lessons, I discovered things that were never apparent when I simply read the text. The techniques stand the test of time and work just as well today as they did when Gann wrote them. They are not the only way to trade, but even a single rule, such as how Gann traded 50% levels, can be incorporated profitably into any trading plan.

Did Gann actually trade the way he taught in his lessons? He himself claimed that he did, so perhaps we should start by taking him at his word. There are a number of examples of actual

trades that he took scattered through his works, and they certainly appear to be much more complicated than what he shows in the lessons. But rather than jumping to the conclusion that he taught one thing and did another, perhaps we should ask whether what he was doing was merely the logical conclusion of the method he taught, carried to a higher level by someone who had mastered it. This might give us the incentive to study the trades which have come down to us, so as to see a master at work.

The same applies, I would argue, to the lessons on forecasting. The markets are more than abstract entities; they are living things. This was the whole basis of Gann's claim that they were governed by natural laws. Any market is made up of people. Even in these days of computer-driven algorithmic trading, a human had to program the computer in the first place. Gann's methods are holistic, in the sense that they require multiple pieces of information to be compared and evaluated. That is why Gann said that no one can learn everything about the markets even in 50 years, and why Livermore regarded trading as a daily battle of wits.

This book, then, is the beginning of a journey, not the conclusion of it. By the time we reach the last page, we will have studied everything that Gann taught in his early years of teaching how to forecast. We will have the tools, as it were, but we then need to go and practice with them. If Gann could still get it wrong sometimes (read his forecast for the coming depression in *45 Years in Wall Street*), then we should accept that we will never know it all, and that our success in applying these methods will depend on how much we work to integrate and master them.

This book is planned to be the first of a series of three which will cover the entire corpus of Gann's works on forecasting (with the exception of *Tunnel Thru the Air*, which requires a book of its own). Gann's written works fall broadly into two categories – a series of 5 published books, which presented his basic techniques for the general public; and a long list of courses, made available privately to students who could also receive personal instruction from Gann himself.

The books fall largely outside the scope of what we are discussing here. They are really the entry point for those wishing to study Gann, because they demonstrate his method of chart reading. They should, in my opinion, be studied in the order of their publication, especially the four books on the stock market:

1. *Truth of the Stock Tape* (1923)
2. *Wall Street Stock Selector* (1930)
3. *New Stock Trend Detector* (1936)
4. *45 Years in Wall Street* (1949)

The fifth book, *How to Make Profits (Trading) in Commodities*, was published in 1942 and a revised edition with supplement was published in 1951. The rules about chart patterns, support and resistance, timing, and so on in these books are really the foundation of all the work in the private courses.

Gann was first and foremost a trader. '*Take away his science and he would beat the market on his intuitive tape reading alone*', wrote Richard Wyckoff (himself a market master) in the Ticker Magazine of December 1909. He was fearless in the market: '*In getting my experience, I have been broke over 40 times, i.e., I have lost all of my money, but there never has been a time when I lost my*

nerve.'[4] And he was a prodigious worker: '*He is the only man I ever knew who I thought had worked as much as Mr. Thomas Edison*'[5] wrote Clarence Kirven, one of his students, in 1949. It is therefore vital that anybody seeking to match his achievements should first master the basics of trading and chart reading.

It was clearly part of Gann's philosophy to use what he had learned to help others. '*There is no greater pleasure in life than rendering good service to others. The Bible tells us that a man should not hide his candle under a bushel; I believe in passing on my secret discoveries to help others and have always found greater happiness and made greater success by helping others*.'[6]

Therefore, we find that he left behind a large body of lessons, both on how to trade and how to forecast. That is the order in which they come, trading first, forecasting second. These were the first lessons he sold to new students, but he also expected that advanced students would return to them. The last trading lesson that he wrote, in May 1954, after detailing all the rules for how to trade, and referring students to *How to Make Profits in Commodities*, adds: '*…and if you have taken my Master Forecasting Course, apply the rules on Great Time Cycles as well as the minor time periods*.' In other words, everything he taught was directed towards profitable trading and investing.

Not that he had any qualms about publishing forecasts. No one is infallible, and he was sometimes criticised for making predictions that didn't work out. He didn't seem to worry much, most likely because he could see what was happening in the chart and could adjust to take account of the changed circumstances: '*A frequent mistake made by many people is to subscribe to my Market Letter…get a line on the future of the market, then discontinue their subscription, saying, "Oh, well, I know what the trend of the market is now. I don't need a letter." Then, suddenly I see a change in the market and advise my subscribers to sell out, and those who did not get my letter still hold and do not know the trend has changed; therefore, lose money and blame me.*'[7]

It is not sufficient to know what the market is going to do tomorrow; you need to be able to act on it also. Who wants to be an academic but unable to make money trading? It is necessary to respond to what happens in the price action, but having Gann's rules makes this so much easier, because the reason for a change is easier to discern.

What did Gann himself have to say about his courses on forecasting? I have collected a few comments from his advertising brochures and books and they are at the beginning of the supplementary volume. Some are comments by Gann, others by his clients. It would be worth reading those extracts now, before continuing. They give us a clue as to what to expect – and also what not to expect.

If you study what Gann had to say about forecasting, the word that stands out more than any other is 'mathematics'. It's not just that he repeats the word often, but all the techniques he teaches are based around things such as percentages of highs, lows and ranges, the squares of numbers and the mid-points between them, fractions of the circle of 360°, divisions of the square of 12, and so on.

Before commencing on our study of Gann's forecasting lessons, it will be useful to have an idea of how he came to write them. Throughout his career, Gann taught students under two main categories – how to trade, and how to forecast. For example, in 1954, he wrote a booklet

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4 *Truth of the Stock Tape*, p. 22.
5 Introduction to *45 Years in Wall Street*,
6 *Speculation A Profitable Profession*, A Course of Instructions on Grains, May 1954.
7 *Wall Street Stock Selector*, Supplement, p. 45.

promoting his work and containing details of the courses he offered.[8] For stocks, he advertised 'Course No. 1' and 'Course No. 2'. For commodities, Course No. 1 was split into two, and the 'Master Forecasting Course on Grains, Coffee, Cotton, Lard and Eggs' was labelled 'Course No. 3'.

At the conclusion of *Wall Street Stock Selector*, he attached a 46-page supplement, in which he had this to say: '*After you have learned all of the rules laid down in TRUTH OF THE STOCK TAPE and WALL STREET STOCK SELECTOR and have learned how to apply them…you will then be ready for a post-graduate course and will probably want to know how to forecast according to my Master Time Factor.*'[9]

Between 1930 and 1954, Gann published several lessons on his 'Mechanical Method' of swing trading. I have covered all of these, with charts, in my two books titled *How to Trade Like W.D. Gann*. We now embark on a study of his second level of courses, which Gann himself titled 'Master Forecasting Course'. I have divided these lessons into 4 groups:

1. The *1930 Master Forecasting Course*, covering stocks.
2. The *1936 Master Forecasting Course*, covering stocks.
3. The *1939 Master Forecasting Course*, covering the Dow Jones Averages.
4. Commodity Forecasting Lessons.

In this book, we are going to cover the first two of these. The remaining two groups require a separate volume each. Many of the techniques are the same, naturally, but we are going to be concerned mostly with the examples. Dividing the courses up in this way will help us to keep the content manageable, and fits with the way Gann would have taught the lessons.

The reason that the first two groups are combined is that they are really two versions of the same course. Gann had published his first book, *Truth of the Stock Tape*, in 1923, and it naturally brought him wider public attention. After the Great Crash of 1929, he brought out his second book, *Wall Street Stock Selector*.[10] In order, I expect, to be prepared for enquiries from readers, he began to write courses of instruction, both on how to trade and how to forecast.

He sometimes added to these over time[11], or wrote more lessons, or further developed his methods. For example, he replaced the 'overnight chart' system in *US Steel* with the weekly chart method in *Chrysler Motors*. When he was preparing his third book, *New Stock Trend Detector*, which was published in 1936, he brought much of this previous work up to date, so that the *1936 Course* is really a more complete version of the *1930 Course*.

Further, as you will read below, some courses which are dated 1935 appear to have originally been written in 1930, so that it is not always straightforward to separate which lessons should be assigned to which course. For all these reasons, as well as in order to give a more complete account, I have combined the two in one volume.

The *1939 Course*, on the Dow Jones Averages, involved a complete re-write on Gann's part. There is very little carried over from the earlier versions, and I do not know whether he

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8 *Why Money Is Lost On Commodities and Stocks And How To Make Profits*, issued May 1954. See p. 16.

9 *Supplement*, p. 39, 'Time Factor and Forecasting Method'.

10 I am leaving *Tunnel Thru the Air* (1927) out of this series.

11 See my comments in *How To Trade Like W.D. Gann* on the additions to the *US Steel* lesson from June 1930 to March 1931.

withdrew them from sale or kept both available. I also do not know the reason why he revised the course. Unlike the two previous courses, there was no book published at the same time. Perhaps these lessons were written in response to the needs of students whom he taught for Gann gave personal instruction in all his lessons.

The lessons on commodities contain some overlap with the stock market courses (for example, the lesson on Geometric Angles) but are mostly entirely new, and contain some of Gann's best work (in my view), particularly the lessons on Eggs where he explains his own trading. They were written throughout the decade from the end of World War II in 1945 to Gann's death in 1955 (the last dated lesson is March 1955), although the *1954 Brochure* clearly indicates that he published them together as a single course.

Because of the different subject matter of these two later courses, along with the sheer impossibility of covering all of them in a single volume, I have separated them into three:

1. The *1930/1936 Forecasting Course* on stocks.
2. The *1939 Forecasting Course* on the Dow.
3. The *Commodities Forecasting Course* on commodities.

This course you now hold is Part I. Yet it also stands on its own; after all, in 1936 it was the only forecasting course available. Below is a list of the courses addressed here. Gann's original lessons can all be found in the supplementary volume. While it adds a lot to the size to include these, it makes the reader's job much easier. You have everything you need in one place. The only exception is the books – which I would advise any aspiring Gann trader to purchase anyway – but I have again excerpted all the sections relevant to what we will study here.

Retyping the courses gives me an opportunity to note discrepancies and typing errors or to explain certain points. Also, since the current editions of the *Stock* and *Commodity Courses* make little or no attempt to group the lessons chronologically, I am able here to show you how I think they all fit together.

Following is a list, with explanations, of all the courses included in this volume.

US Steel and the 1930 Master Forecasting Course

Gann wrote quite a lot about US Steel, and my take on it is that nearly all of it was written in 1930. US Steel gets quite a bit of space in *Wall Street Stock Selector*, and the lessons on *Trading Using the Overnight Chart, Seasonal Changes in Stocks* and *Natural Resistance Levels and Time Cycle Points* contain examples based entirely around this stock. It also receives a mention in *Method for Forecasting the Stock Market*. While none of these lessons ends in 1930, I believe that all of these lessons were originally completed in May or June of that year, to coincide with the release of *Wall Street Stock Selector*. They were then updated and incorporated into the new version of the Master Forecasting Course, released in 1936 to coincide with the publication of *New Stock Trend Detector*.

Perhaps this is a moot point, of merely academic interest. Certainly, all of the lessons were completed before the end of 1935, and so can be studied together. But I think that there is a point of interest in the idea that Gann put a large part of his focus in 1930 into writing about a single stock, illustrating it from all sorts of different angles – seasonal changes, planetary movements based on the natal chart, angles, time cycles, right down to the mechanical trading method.

Over time, Gann changed the markets he used for his illustrations. US Steel receives some space in *Truth of the Stock Tape*, and is one of the minor stocks traded in *Tunnel Thru the Air*, but in the material written in 1930, it occupies centre stage. By the time the lessons were updated to 1935, Gann's focus had really moved on. US Steel receives very little space in *New Stock Trend Detector*, Chrysler Motors replaces it for the updated version of the mechanical trading method, and Gann never refers to it again after that time.

Below, I list all the courses that form part of this volume, along with details of when I think they were written and where they appeared in revised form as a later lesson. To cut a long story short, the 1930 and 1936 versions of the Master Forecasting Method were essentially the same course, expanded and updated. But since a few sections disappeared from the revised versions (namely, the 1930 lessons on Price and Volume on Vanadium Steel and on planets returning to their positions at incorporation on US Steel) all of the lessons appear here and we will study them all.

Method for Forecasting the Stock Market

This lesson is dated January 1931, but I believe it was originally completed in early June 1930. The section on Vanadium Steel comes to a halt on 9 June 1930 and contains Gann's outlook for the stock from that point. It is followed by a section titled 'Monthly Volume Charts on Dow-Jones Thirty Industrials from June 1921 to May 1930'.

It is possible that an earlier version of this course may have been written in 1922 or 1923, ready for the publication of his first book, *Truth of the Stock Tape*. I will show this when we come to it in the text.

This course was expanded into two courses in November 1935:

The Basis of My Forecasting Method

This lesson covers geometric angles, time periods and squaring time with price. These were covered in the *Method for Forecasting the Stock Market*, but in far less detail.

Forecasting

Again, much of this lesson comes from the 1930 lesson, but it is expanded.

Master Charts

This course is undated, yet it contains material which is taken verbatim from the 1930 lesson. It seems to have reached its finished form by 1931, and that Gann was still issuing it in the 1950s.

These lessons contain almost all the theory, but Gann also wrote practical examples. These are contained in the remaining three lessons.

Natural Resistance Levels and Time Cycle Points

This lesson contains an analysis of the monthly chart of US Steel, using angles, time cycles and master charts. It is dated November 1935, but again I believe that it was written in June 1930. I have a few reasons for this assumption. First, the typeface changes on the page that covers the period from November 1929 to early 1931. It contains a section 'Looking Ahead', which is the sort of thing Gann likes to do at the end of a lesson. My best guess is that this was the final entry

in the original version, and that the paragraph beginning 'May, 1930' and everything thereafter was added in later updates.

Seasonal Changes in Stocks

My copy of this lesson has no date, and in fact ends abruptly at the bottom of a page, with the final entry being for April 1935. I do wonder whether there is one more page, which has been lost. Gann usually writes a concluding paragraph and either signs or types his name, along with the date; none of that exists here.

Again, however, I suspect that the original lesson was composed in June 1930. It appears to have had its genesis in a section in *Wall Street Stock Selector* titled 'US Steel Monthly Moves' on pp. 52–54. That covers 1927 to April 1930, but the lesson here begins with the incorporation of US Steel in 1901. When it reaches June 1930 the entries become briefer.

My assumption, then, is that both these lessons were written as part of the *1930 Course* and then updated by Gann in November 1935 to be reissued for the *1936 Course*. It is due to this overlap, and hence the similarity of the subject matter which Gann taught in these two versions of his *Master Forecasting Course*, which has led me to consider them all here.

The final lesson has no confusion about the date of its authorship.

Auburn Motors

This is a lesson on geometric angles. It is dated May 9, 1931, and the last two paragraphs contain an assessment of the current position of the market '*at this writing, May 9, 1931*'. What is less clear is exactly *why* Gann wrote it. It is a short lesson of 5 pages, without any sets of rules for angles, other than some mentioned in the course of the text. As I've said earlier, the lessons that formed the *1930 Course* appear to have been written in June 1930, and then updated to January 1931 (the lesson on forecasting) and March 1931 (the trading lesson on US Steel). Why, then, did Gann sit down and write *Auburn Motors* in early May?

Since otherwise this lesson stands out like a sore thumb, my guess is that Gann wanted to show a group of students how he used angles. The lesson on *Natural Resistance Levels and Time Cycle* points covers the monthly chart, and there are examples on the weekly chart of Vanadium Steel in *Method for Forecasting the Stock Market*. But *Auburn* shows the daily chart, and perhaps Gann wanted such an example for his students.

What I have endeavoured to show here is that Gann really had a single *Master Forecasting Course* at this time, which he perhaps originally issued in 1922/23 alongside the publication of *Truth of the Stock Tape*, but certainly (re-)launched in June 1930 to accompany *Wall Street Stock Selector*, and then reissued in an expanded and updated version in November 1935 with *New Stock Trend Detector*, which was published in March 1936. It makes sense to study all of these lessons together, to give as complete a picture as possible of what Gann was teaching at that time.

By contrast, the *1939 Master Forecasting Course* was a complete rewrite. Every lesson is new, with very little material copied across from the previous versions, and indeed with much omitted. This course is based almost exclusively on the Dow Jones Averages, mainly the Industrials but also the Rails. For this reason, I want to keep it for a separate future publication. Because that course focuses almost exclusively on the Dow, I have left out the sections in the two Forecasting lessons here that cover that market. These are indicated in the text and in the copies of the lessons in the supplementary volume. I just felt that it would add another level of complication to bring the

Dow in here. These lessons are almost all about stocks, so I'm going to keep it that way for this book, and then group all of Gann's work on the Dow for the next one. That will include all the sections on the Dow in Gann's various books, with the exception of *Tunnel Thru the Air*.

The various lessons on commodities will then get a (third) volume to themselves. In this way, we will be able to cover every lesson that Gann wrote on stocks and commodities outside of his published books, that is, the lessons he sold only to private students. Straightforward as it may seem, it took me a long time to come up with this way of dividing them, but I think it offers us the best opportunity to follow his method of teaching as it evolved over time.

Final Thoughts

As I put the finishing touches to this book, I am conscious of how much more could have been said. I am in awe of Gann's mastery of his subject, not to mention his work ethic. I imagine him working in his office, with a copy of the chart in front of him as he dictated his analysis and explanation.

This work does not claim to be the final word on Gann's lessons; rather, I claim for it the honour of being the *first* word. In my years of studying Gann, I have never come across a book that goes through his lessons word by word. I have really written the book I would like to read myself. I hope that you enjoy reading it too, and that it turns on lights and opens doors for you in your own exploration of the work of this amazing trader, one of the giants of Wall Street.

Phu Ruea, Thailand.
17 October 2023.

Chart 1.3 – Angles on the Share Price Index Daily Chart 2022

When the market rallied to the 45° angle for the first time, on 31 May, it immediately reacted. We will meet this rule in the lesson on *Auburn Motors* in Chapter 4, and is another sign. But I did not create this scale in hindsight; it is the one I have used on the daily chart for many years. Therefore, I can forecast that price is likely to decline when it hits the 45° angle.

The 45° angle then turned into support several months later, when price rested on it at the low on 3 October. In the meantime, price had been working its way through the various angles, firstly on the way down, and then again on the way up. Finally, the last top of the year on 6 December met resistance on the 1 x 8 angle from the high on 20 April.

While Gann does at various times use all the angles, as we will see in Chapter 2, the most common ones are the 45° angle (or 1 x 1) and the angles either side of it, namely, the 2 x 1 and 1 x 2. When studying Gann's lessons, note that he does not generally use the designation 1 x 2. He will speak of the 2 x 1 in the bull side of the square, and the 2 x 1 in the bear side of the square, the latter being the 1 x 2 angle. But often he merely says 2 x 1, leaving the reader to work out which one he intends.

Double and triple tops and bottoms figure repeatedly in Gann's method, and he has rules governing them regarding angles too. He draws 45°, 2 x 1 and 1 x 2 angles from each top or bottom, and looks to the intersections of them to indicate dates for future turns. Chart 1.4 gives an illustration of this technique on the weekly chart of the Share Price Index using the triple top of 2021/22.

This chart is based precisely on Form #6 from Gann's lesson, except that the angles are from a triple top rather than a triple bottom. The angles drawn from each top are as follows:

- From week ending 20 August – 45° and 1 x 2 angles.

Chart 1.4 – Angles from Triple Tops Share Price Index 2021–2022

- From week ending 7 January – 2 x 1 and 45° angles.
- From week ending 22 April – 2 x 1 and 45° angles.

There are 6 intersection points, where the various angles cross. The object here is to locate those dates and watch for turns. All the dates on Chart 1.4 are for the end of the week:

- 25 February
- 27 May (twice)
- 22 July
- 12 August
- 13 January

Only one of these intersections failed to produce a turn either the week before or after. That was 22 July. 25 February was a higher weekly bottom, 3 June an important top for a huge decline of 1,000 points in 3 weeks. 19 August was an important top and the anniversary of the first top in 2021. Finally, 6 January was the first important low of the year 2023 and may yet be the yearly low. It was also an anniversary, this time of the double top in January 2022.

Angles on the monthly chart are also very important. I use 30 points per month on the Share Price Index. I chose this firstly because Gann sometimes uses an angle that uses that scale; secondly because it is approximately equal to 1 point per calendar day; and thirdly because it works. This last point might sound rather mercenary, but doesn't it make sense to use tools that have worked in the past, and so which are more likely to work into the future? I have used this scale for some years now, and it continues to give reliable indications. Chart 1.5 gives only a few

Chart 1.5 – Angles on Share Price Index Monthly Chart

examples of angles on the monthly chart. It shows four types – angles up from a low, angles down from a low (after it has been broken), angles down from a high, and angles from zero. These will be abundantly described in the lesson on the US Steel monthly chart in Chapter 2, so this is merely to give an example of applying them to a modern market.

Four turns are illustrated on Chart 1.5 – February and March 2020 (the 'Covid' decline), August 2021 and June 2022. Each of these was the high or the low of that year. In none of these cases were the monthly angles the *only* mathematical reason for a reversal at that point. We will encounter this repeatedly in Gann's lessons, especially at major highs or lows, where he will sometimes spend a page or two discussing many reasons why the market reversed there.

There are more rules for angles which Gann gives in the lesson, but his explanation should be sufficiently clear to enable the reader to go and test them on any market. I found myself that it took some time for the technique to become familiar. I had to experiment to get the right scale, and this took quite a while, especially on the weekly chart. The monthly chart is my favourite; a large number of important turns in this market during recent years have found support or resistance at 45° monthly angles. Yet I ignored it for a long time before realising its worth.

I tend to favour the 45° angles, although we will see in Chapter 2 that Gann uses the 1 x 2 a lot, particularly from highs and lows further back in the past. As time goes by, 45° angles are going to travel beyond the price range of any market, so first the 1 x 2 and later the 1 x 4 will come into more prominence. On a monthly chart, the 2 x 1 is often useful for shorter periods. Again, this will depend on the market. The Nasdaq moves at a much faster rate than the Share Price Index, for example, so different angles – or a more acute scale – will probably give more accurate indications.

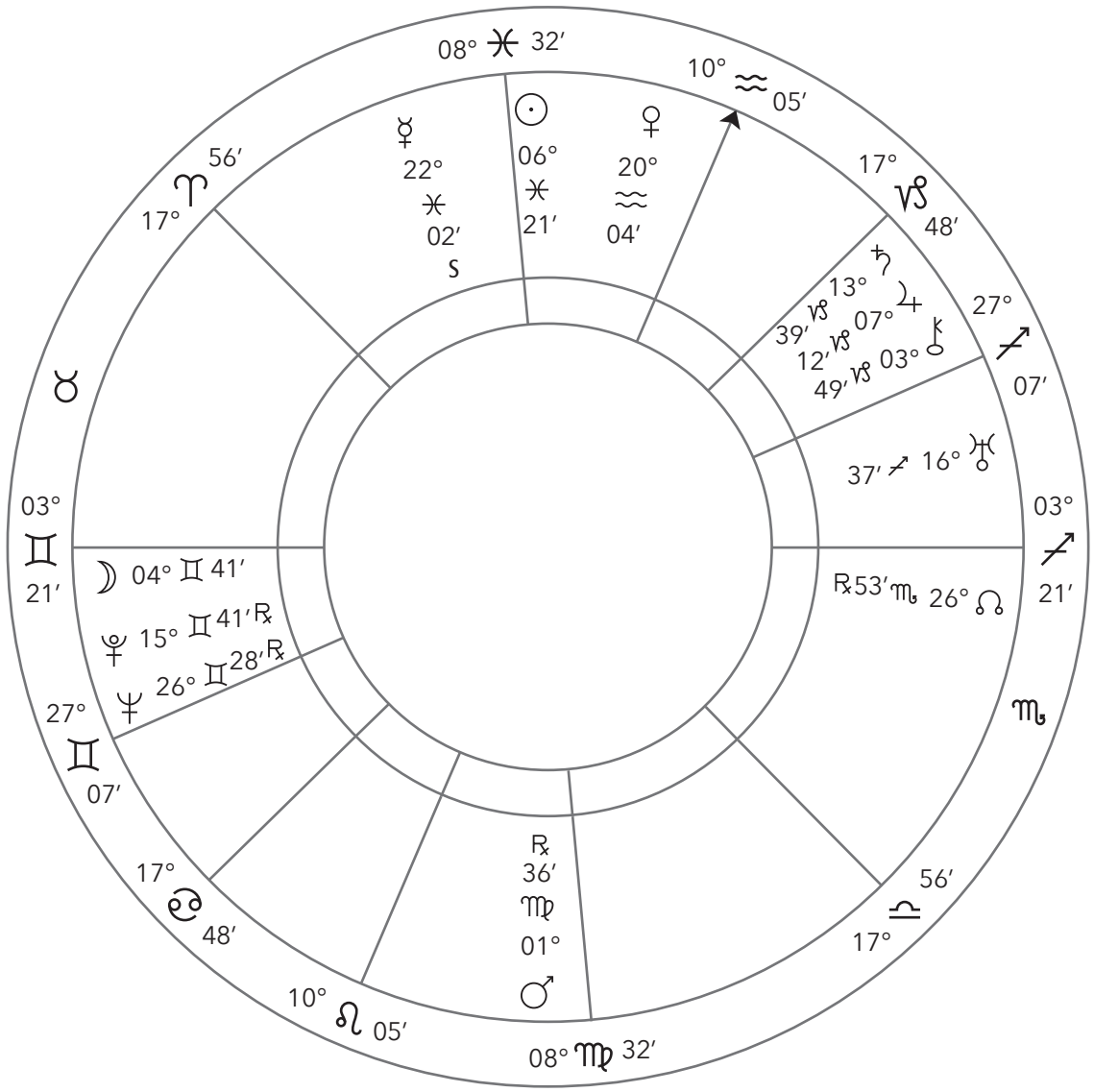

Chart 1.9 – Radix United States Steel Corporation

The '*timing angles #5, 6, 7, 8 and 9*' are Mars, Jupiter, Saturn, Uranus and Neptune respectively. #1 is the Sun, #2 is the Moon[23], and these get their own lesson in *Seasonal Changes in Stocks*. Mercury and Venus are also omitted here, as it is the longer time frames that are referred to. The reference to these timing angles returning '*to the place where they were at the time Steel was incorporated*' means that we need to have a radix (natal) chart for the incorporation of US Steel.

This chart is set for 10:30am on 25 February 1901 at Trenton, New Jersey.[24]

For this technique, we are not interested in house position, signs, retrogrades or aspects, but simply in the position of each planet at the time US Steel was incorporated. We are looking at the planets from Mars outwards, because they have longer orbits. Pluto is not included in Gann's list,

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23 Elsewhere, Gann states specifically that 1 is the Sun – see *Soybeans Letter* 1954. In esoteric numbering this is always the case also. The Sun represents self-consciousness and the Moon sub-consciousness. The Moon is 2 because it is the reflection of self-consciousness, just as the light of the Moon is the reflected light of the Sun.

24 As per the chart on p. 54 of *Astro-Cycles and Speculative Markets*.

Gann's explanation of these master charts focuses almost entirely on how they are constructed. Not until the *Master Eggs Course* in 1949 did he start to give any detailed explanation of how they are to be used. But we will extract what we can from the instructions. First comes the description of what they are: '*The Master Charts are permanent and represent natural angles and permanent resistance points for either price, time or volume.*'

Master "12" Chart

There are basically two types of Master Chart – linear and spiral. Most traders are familiar with the *Square of Nine*, which is a spiral chart. It begins with 1 in the centre, and the numbers go round and round in a spiral pattern, which increases in size as it expands, thus containing more numbers on each circuit. The linear chart is made up as a square or a circle, and contains the same amount of numbers in each column or ring.

The *Master "12" Chart* is the second type. It looks like this:

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

Table 1.1 – Master "12" Chart

Hexagon Chart

The next master chart is called the *Hexagon Chart*. This is another spiral chart, where there are more numbers in each successive ring as you move outwards from the central point. Gann talks about this chart as having circles, but it is actually a little easier to understand if you draw a hexagon grid, as in Table 1.3.

There are many copies of the *Hexagon Chart* available online, and most of them are wrong, because the people who drew them clearly haven't studied this lesson. As you can see, the number 1 appears in the central hexagon. There are 6 hexagons, which Gann calls 'circles', that surround it, and thus this first circle ends at 7. This is why each successive circle contains 6 more numbers than the one inside it, because that is how the hexagonal grid radiates.

Since a hexagon has 6 sides, the '*first Hexagon*' consists of six circles and thus ends at 127. Gann draws 12 circles in all, which takes the chart up to 397. In the lesson on US Steel in Chapter 2, Gann refers to a cycle of 32 years and 6 months. This would make 390 months, which is not 397, so the *Hexagon Chart* is not the answer to the question of where that cycle comes from. However, it is possible that it does come from one of these Master Charts.

120° 60°

353	352	351	350	349	348	347	346	345	344	343	342	
354	291	290	289	288	287	286	285	284	283	282	281	341
355	292	235	234	233	232	231	230	229	228	227	226	280	340
356	293	236	185	184	183	182	181	180	179	178	177	225	279	339
357	294	237	186	141	140	139	138	137	136	135	134	176	224	278	338
358	295	238	187	142	103	102	101	100	99	98	97	133	175	223	277	337
359	296	239	188	143	104	71	70	69	68	67	66	96	132	174	222	276	336
360	297	240	189	144	105	72	45	44	43	42	41	65	95	131	173	221	275	335
361	298	241	190	145	106	73	46	25	24	23	22	40	64	94	130	172	220	274	334
362	299	242	191	146	107	74	47	26	11	10	9	21	39	63	93	129	171	219	273	333
363	300	243	192	147	108	75	48	27	12	3	2	8	20	38	62	92	128	170	218	272	332
180° 364	301	244	193	148	109	76	49	28	13	4	1	7	19	37	61	91	127	169	217	271	331	397 0°/360°
365	302	245	194	149	110	77	50	29	14	5	6	18	36	60	90	126	168	216	270	330	396	
366	303	246	195	150	111	78	51	30	15	16	17	35	59	89	125	167	215	269	329	395		
367	304	247	196	151	112	79	52	31	32	33	34	58	88	124	166	214	268	328	394			
368	305	248	197	152	113	80	53	54	55	56	57	87	123	165	213	267	327	393				
369	306	249	198	153	114	81	82	83	84	85	86	122	164	212	266	326	392					
370	307	250	199	154	115	116	117	118	119	120	121	163	211	265	325	391						
371	308	251	200	155	156	157	158	159	160	161	162	210	264	324	390							
372	309	252	201	202	203	204	205	206	207	208	209	263	323	389								
373	310	253	254	255	256	257	258	259	260	261	262	322	388									
374	311	312	313	314	315	316	317	318	319	320	321	387										
375	376	377	378	379	380	381	382	383	384	385	386											

240° 300°

Table 1.3 – Hexagon Chart

need to be able to see where they come from. It is best to work through this section slowly, taking care to note each point that Gann makes.

In my copy of this lesson, which is a reproduction of the original on Gann's letterhead, the typeface suddenly changes at the top of page 21. There are two paragraphs, with the first one beginning '*Figuring the total value of the stock…*', followed by a section titled '*LOOKING AHEAD*'. It is my guess that this is where the original lesson finished, in mid-1930, and that Gann then brought the lesson up to date in November 1935 as part of the new course. He frequently finished his lessons with a section like this, and indeed the full version here ends with a forecast for 1936. Why would he be 'looking ahead' to 1931 when writing in 1935? I think that this also explains why he has covered these later years in great detail, which was largely absent from 1915 to 1929. It's not an important point, I merely want to give you my view on the structure of the two versions of the *Master Forecasting Course*.

From the low in November 1929, US Steel rallied to the high of the rally in April 1930. Since this is contemporaneous with several writings of Gann's, it's worth looking at what he has to say about it.

In *Wall Street Stock Selector*, he covers the swings of US Steel in detail from incorporation up until the time he was writing, which we shall see was very close to the top on 7 April:

"*In December, 1929, advanced to 189 and in the same month reacted to 157, making a higher bottom and again a buying level. In February, 1930, advanced to 189, the same level it made in December, 1929. This was the place to sell out and go short. In February it declined to 177, again making a higher bottom from which an advance followed. Crossing 189, the tops of December, 1929, and February, 1930,*

Chart 2.18 – The Great Depression

'*Ezekiel 45:25:*

In the seventh month, in the fifteenth day of the month, shall he do the like in the feast of the seven days, according to the sin offering, and according to the meat offering, and according to the oil.

Robert thought this referred to the 15th day of July, 1932.'[57]

The Dow Jones Industrial Averages made the final low on 8 July 1932. US Steel had bottomed a little over a week earlier, on 28 June. But the difference between the price low of 21¼ on that day and the last low of the bottoming pattern of 21⅜ was only 1 tick.

30 years previously, the final low was made in May 1904. On the 20-year cycle, it was February 1915, or November 1914 following Gann's estimate from the period when the New York Stock Exchange was closed. As for the 10-year cycle, the price low was June 1921, but the cycle really turned up after the June 1924 low. Therefore, although the bear market ended in June 1932, the cycle wouldn't run out until at least the middle of 1934. And this is precisely what we see in the next period of US Steel. It was not until the final low of March 1935 that price began to advance in a new bull market.

The first chart covering the final period of the lesson, from the low of June 1932 until the time Gann was writing in November 1935, is Chart 2.21. It contains only the angles, and for the first time does not continue down to 0. This enables the chart to be expanded so that the angles are more clearly visible. To give some perspective, the highest price during this time was 67½ in July 1933. If you compare this with Chart 2.18, this is still lower than the June 1921 low of 70¼.

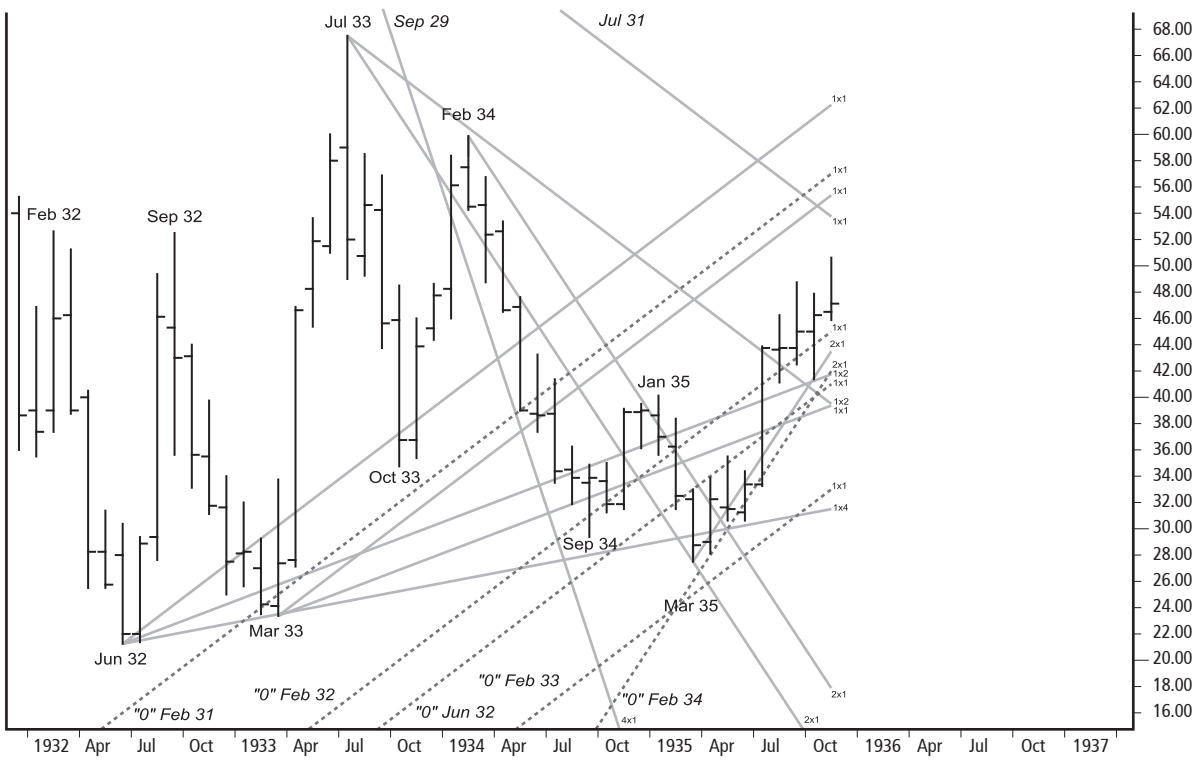

Chart 2.21 – June 1932 to November 1935

57 *Tunnel Thru the Air*, p. 60.

Chart 4.4 – Decline to 23 June 1930 and Rally

from 45 days, and so, even though it closed the price gap from 3 bars previously, the market was still weak because it failed to reach the 45° angle. Also, 202½ is another resistance level and the high of the day was just below this.

The next angle was the 45° angle from the 56-day timing angle. The 5 May low had held above this angle, and there were half-a-dozen bars sitting above it, until on the 14th price closed just below it. Next bar, 15 May, saw another gap down, leaving this angle behind and also declining to break the angle from 67½ days the same day. The decline continued until 20 May, which made a low of 150. From the introductory section of the lesson on *Natural Resistance Levels and Time Cycle Points*, we learned that the 360 degrees of the circle should be divided by various numbers. The ones we have been working with so far – 11¼, 22½, and so on – are the ⅛ fractions of 90, or 1/32 of 360. These are obtained by dividing 360 progressively by 2. If, however, we divide 360 by 3, we get a different set of numbers – 30, 60, 90, 120, 150 etc. These are equally important, and so the price of 150 on 20 May is again a resistance level.

From here there was a rally to a high of 171¾ on 26 May, which was the 45th trading day from the top (Gann calls them 'market days'). The next support angle drawn from the timing angles would be the angle from 78¾ days, but here Gann also draws a 45° angle from the low of 20 May, which is slightly above this angle. Both gave way early in June as the down trend continued. Next to go was the angle from 90 days, which Gann says is more important than 45 because 90 is a stronger number.

If you follow the angles closely from Chart 4.4, you can see that most of them offered only token resistance as price plummeted. When Gann says,'*90 is twice as strong as 45 and very important for a change in trend*', he means that we should be on the alert for something to happen when price reached that angle. The fact that the most that happened was an outside bar on 11 June

when it crossed the angle from 1 April, it was stronger still when it crossed the one from 16 April, because it had now moved outside of the trend channel. Before it did so, however, it made a top on 20 November which failed to reach the angle, and then declined to a low on the 28th at 72½. The next day, 29 November, price crossed the 45° angle from 16 April, which had reached the level of 78¾. This is another natural level and is shown on Chart 4.6. When Gann says, '*This low was made around 78¾*', I think he is referring to this point at which price crossed the extreme outside parallel angle.

So far, Auburn Motors has followed a similar trend to US Steel and other stocks at this point during the great bear market. From Chart 4.1 we see that it made the final high of the bull market on 18 September 1929, declined to the crash low on 29 October, and then rallied slowly until 1 April 1930. From that point the decline was swift and savage and lasted until 5 November 1930. From Chart 2.18 you can see that US Steel followed a similar trajectory, although its decline was not nearly as severe as in Auburn. US Steel made a low on 17 December 1930 and rallied until 26 February 1931, after which the next big decline started.

We are about to see Auburn Motors diverge heavily from this pattern of the general market, for it is about to enter on a new bull market. This will see it recover all the ground lost in 1930 and rally to a new high above the top of 1 April. This advance forms the next part of the lesson.

Now that the market has put in a low, which it has confirmed by crossing the 45° angles from the high and turning the trend up, we now follow the same procedure that we did on the way down, only now our starting point is the low on 5 November. At the start of the lesson, Gann said: '*We draw the 45° angle from the top of April 1st…then number the days across and draw the 45° angles bisecting the 45° angles from the top*.' In the same manner, we now number the days across from the low of 5 November and draw a 45° angle up from that low.

Chart 4.7 – Advance from 5 November 1930 to 14 April 1931

Chart 4.11 – Decline from 14 April and Rally to 9 May

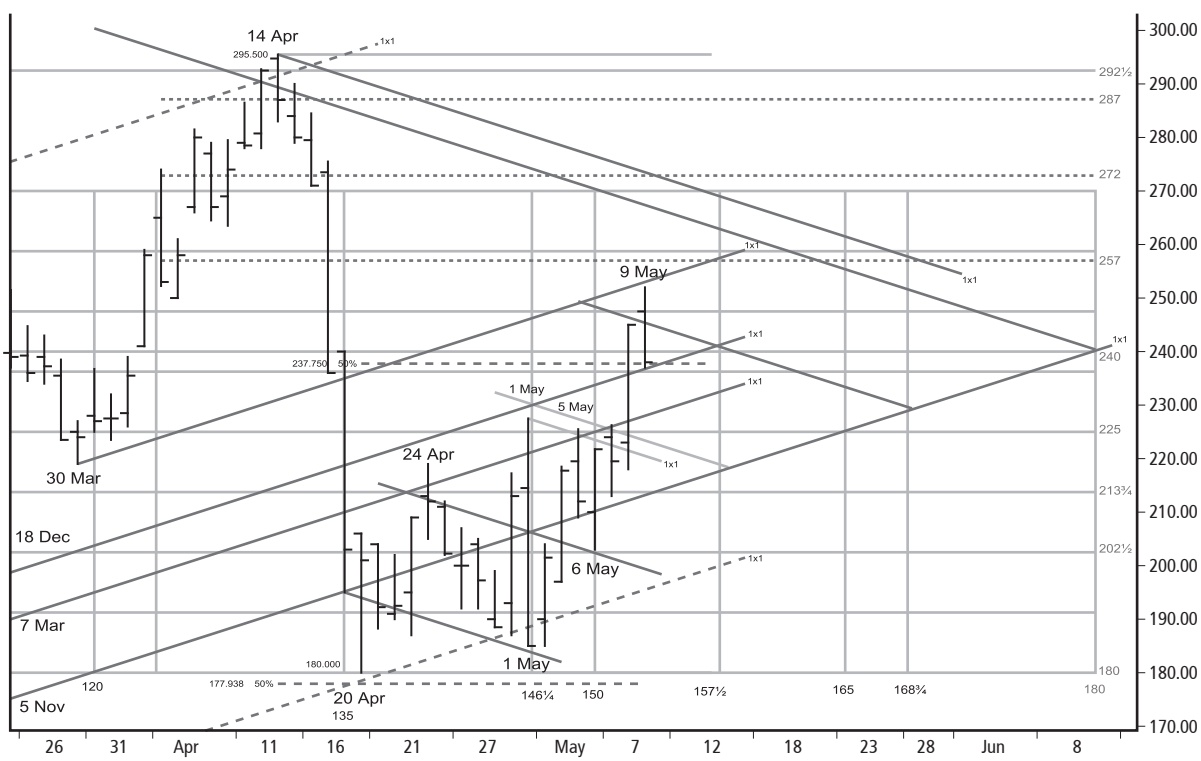

Chart 4.12 – Detail from Chart 4.11

CHAPTER 5

Combining Price and Volume – Vanadium Steel

After the section on planetary timing angles in the *1930 Forecasting* lesson comes another technique that didn't make it into the *1936 Course*. The introduction explains: '*After considering the three important factors, Resistance Levels, time and geometrical angles, the fourth and next very important factor is the volume of sales at tops and bottoms*.' Gann's method here involves combining price and volume *within the same bar*, rather than having price at the top and volume at the bottom of the chart. He refers to this in *Wall Street Stock Selector*, but it never appears again in any of his later courses.

What he does is this. The price scale on the left of the chart remains unchanged, but the time scale along the bottom is now variable, according to the amount of volume traded each day (or in this example, each week). He has selected 25,000 shares per week as the basic unit of volume, and the number of multiples of this will determine how wide the bar is. I know of no software program that can do this, so I shall attempt to describe it as clearly as possible.

The stock used for this example is Vanadium Steel from September 1928 until June 1930. First, Chart 5.1 is the ordinary bar chart with volume drawn separately and the angles shown that Gann refers to. These angles are dotted rather than solid, because they merely represent the ones that

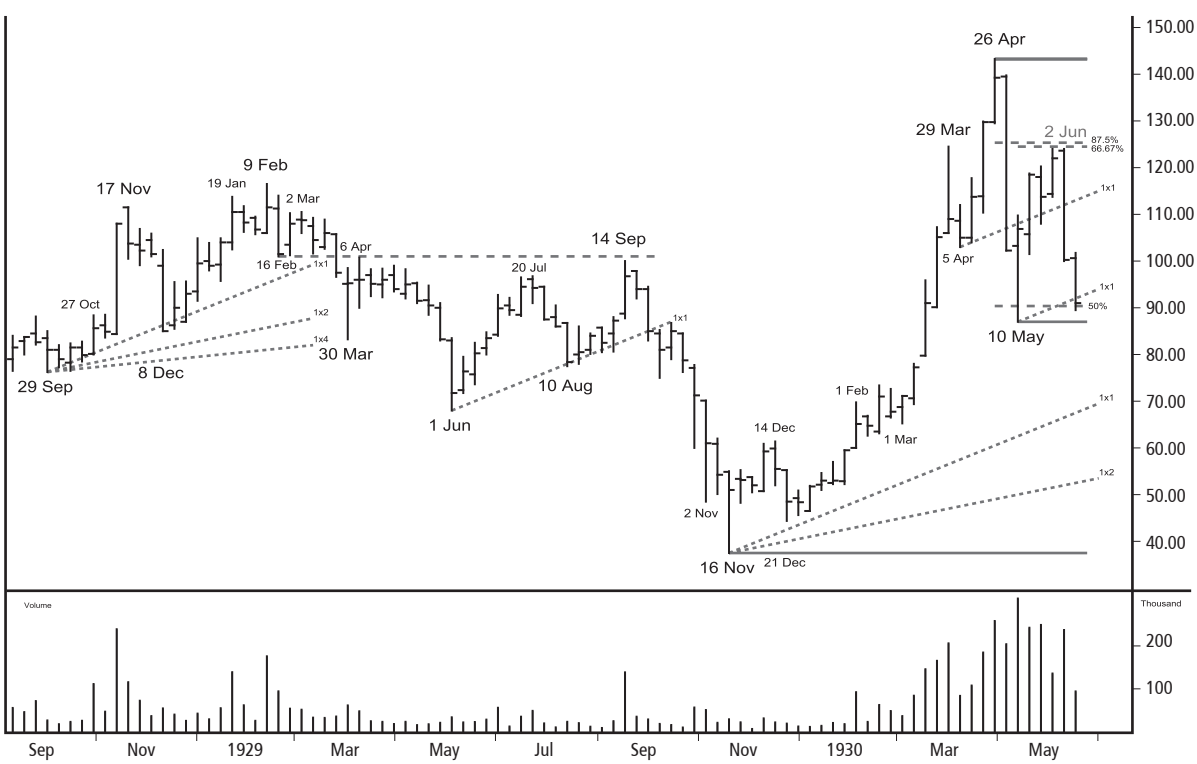

Chart 5.1 – Vanadium Steel Weekly September 1928 to June 1930

Gann uses in this lesson. As you will see, Gann has drawn them on the combined price/volume chart and gets quite a different picture. The dates are for 'week ending' so as to correspond to the ones Gann gives. Where he has mentioned a bar in the middle of a move it is generally not marked, but you should be able to count forward or back without difficulty.

Chart 5.2 is the same chart, only this time the width of the bars varies according to how much volume was traded during each week. The low of 16 November 1929 is in the middle of the chart, and with a bit of observation you should be able to get the other highs and lows. The dashed lines are the 45° angles, drawn from the same 5 lows as on Chart 5.1. The remaining angles are not drawn. The big difference comes when there is unusually large volume, which occurred in Vanadium Steel during April and May 1930. This elongates the bars, and causes the 45° angles from the lows on 16 November and 5 April to be broken much earlier than on a normal bar chart. The 45° angle moves 1 point per week. If you keep Charts 5.1 and 5.2 in front of you, the explanation should be clear.

This lesson is another little gem from Gann and again contains information that he never mentioned elsewhere. Much of the text is self-explanatory once you have the chart, so I will only add what I feel is helpful to make sense of it. I'll also supplement this with some sections from *Wall Street Stock Selector*, which are contained in the Supplementary Volume and shed more detail on the advance from the low in November 1929.

We begin with the heading *Vanadium Steel, Weekly High & Low Chart, Volume of Sales* in the lesson *Method for Forecasting the Stock Market*. Gann begins at the week ending 29 September 1928, and finished on Monday 9 June 1930. Chart 5.1 is drawn so that it terminates on this exact date – i.e. the final bar on the chart is an incomplete weekly bar, showing only the Monday. Gann

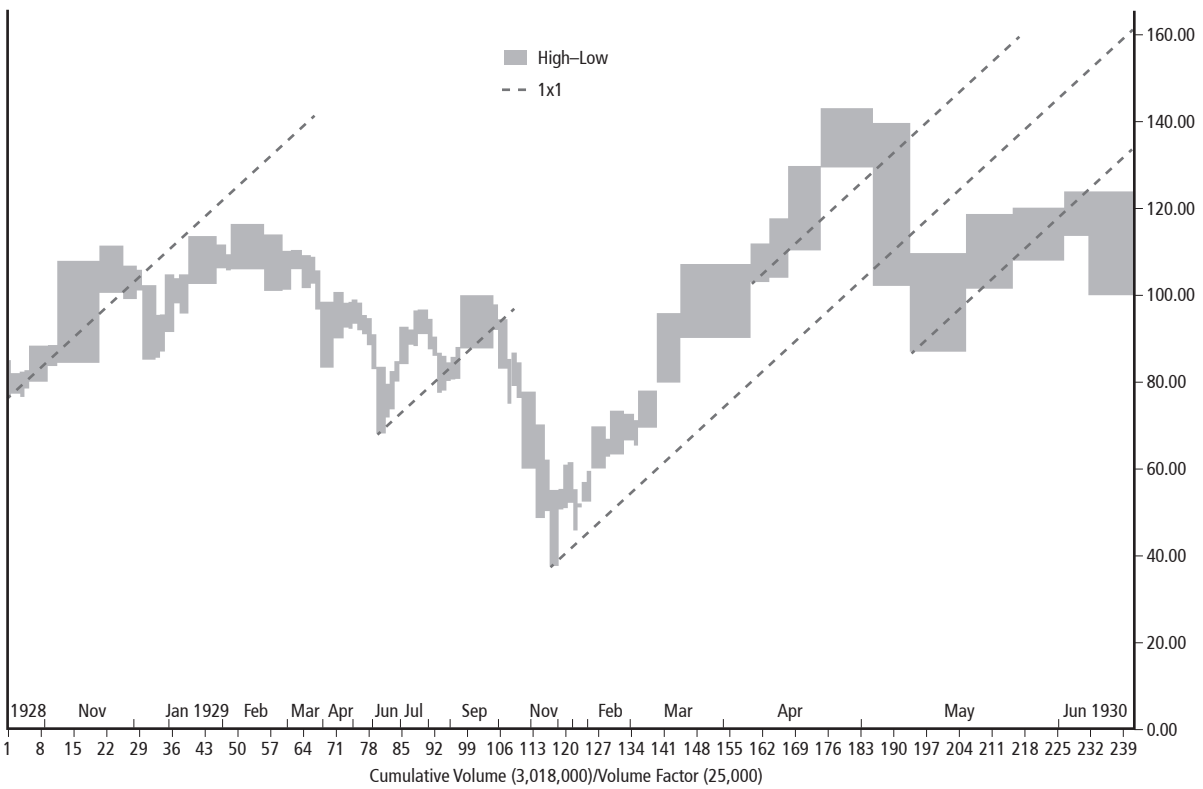

Chart 5.2 – Same as Chart 5.1 with Price and Volume Combined

1929 was greater in percentage terms than US Steel, from the high of 100 to a low of 37½. From here to the end, Vanadium Steel becomes very interesting. You can see it had a new bull market, at a time when US Steel and other stocks were rallying to lower tops. So we will add in the daily chart here and incorporate Gann's comments from *Wall Street Stock Selector*.

The low on 13 November 1929 was 37½. '*It was back to the same level where bottoms were made in November, 1926, and January, 1927, when the last low level was reached at 37, from which the stock started a big advance*.' We need to look at the monthly chart to see these lows.

Gann described Vanadium as '*a creeper*' during the early part of the advance from the low in June 1924, and says that stocks like this will eventually have a rapid advance. This began from the low in January 1927, so we can see its importance as an inflexion point. Otherwise, there is little of significance about the lows.

But this discussion is from *Wall Street Stock Selector*[90], and we must remember that he could only explain so much in a book for the general public, who had never studied his methods in detail. What he often did in the books was to state the raw prices and leave them as hints, without mentioning that they might be a 50% level, for example. '*The low on Vanadium Steel in May, 1929, was 68. Then from 68 it rallied to 100 in September, 1929, from which it declined to the low of 37½ in November*.'

Now check these points on Chart 5.3. The low of 31 May 1929 was almost exactly 50% from the high of 13 September to the low on 13 November (the dates on this chart are the actual days of highs and lows, as are those in Chart 5.4 – not the week-ending dates as in Chart 5.2). This is the rule we learned in Chapter 2, '*Tops and bottoms become half-way points*.' 13 November was also almost an exact anniversary of the high on 12 November 1928.

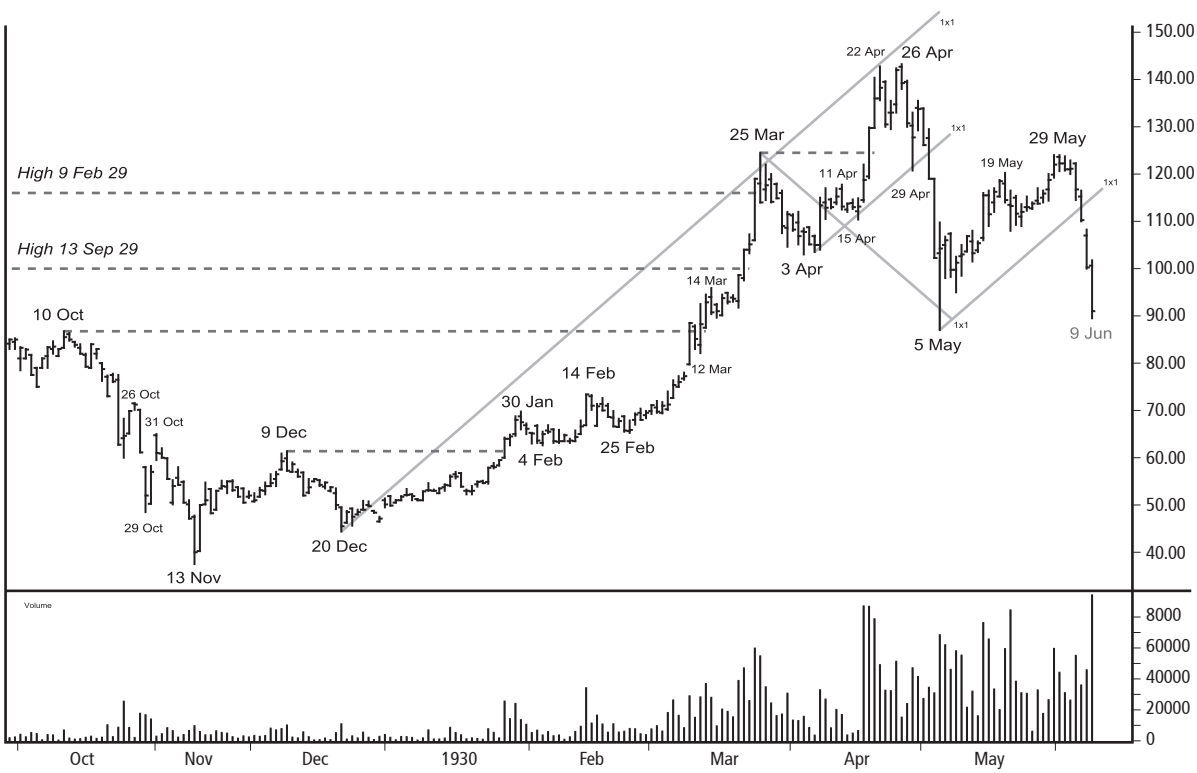

Chart 5.4 – Daily Chart October 1929 to June 1930

90 At p. 173.

CONCLUSION

In the promotional material included in an Appendix to *Wall Street Stock Selector*, Gann says that his service possesses an advantage over other classes of service, because '*I do not depend on space charts based on space movements alone, because these would make errors and cause losses. I use volume combined with the proper time charts, which help me to determine the technical position of the stocks much better and a long time before the statistical position is shown*.' I am pretty sure that he is referring to the method in this lesson.

As such, it is curious that Gann withdrew this lesson from subsequent versions of his *Forecasting Course* written in 1935 and 1939. In fact, I know of no other reference to it after this time. I have also never seen any of his charts that are drawn this way, although he appears to indicate that he keeps charts like this on all the major stocks.

I do not subscribe to the view that Gann was trying to hide his true methods from the general public. If that is what he wished to do, the easiest way would have been to publish nothing. Quite the contrary, he is possibly the most prolific writer amongst great traders in the history of Wall Street. I take him at his word, which was that he had discovered something new, namely, the mathematical relationship between price, time and volume, and felt a desire – perhaps even a responsibility – to share his knowledge with others so that they might benefit from it.

As I review what I have written about the *1930 Master Forecasting Course*, I keep thinking that there is much more that could have been said. I do not for a moment consider this a full exposition of Gann's lessons; rather, I hope it opens the door for each reader to undertake his or her own investigations and experiments. Gann was a trailblazer, conceiving of stock and commodity markets as obeying natural laws with mathematical precision. He himself said that 50 years wasn't long enough to learn everything about forecasting the markets, and at the age of 75, in 1954, he was still learning. But the person who blazes the trail does so for others to use it, and in time they will go much further than the first person ever dreamt of.