

THE SPIRALS OF GROWTH & DECAY

*Exposing the Underlying Structure Of
The Financial Markets*



Utilizing concepts from nonlinear mathematics to mechanically describe the structure of price waves in financial market data, linking the ideas of shock, balance, instability, static and dynamic form in all trading markets.

BY DANIEL T. FERRERA

PREFACE

"I often say that when you can measure what you are speaking about, and express it in numbers, you know something about it; but when you cannot express it in numbers, your knowledge is of a meager and unsatisfactory kind; it may be the beginning of knowledge, but you have scarcely in your thoughts advanced to the stage of Science, whatever the matter may be." Sir William Thomson, Lord Kelvin

I am very happy to have the opportunity to privately release this absolutely superb, groundbreaking work by Daniel T. Ferrera. When Dan and I first met back in 1998, we began an information exchange, which led to Dan privately sharing his personal research material with me, and eventually two of my close personal friends. The original version that I received was simply a hand written copy of notes and theory comprising just 30 pages (anyone who knows Dan, knows that he does not waste words) along with several examples of actual charts from various markets (corn, wheat, soybeans, coffee, copper, natural gas, gold, lean hogs, Dow Jones, S&P500, NASDAQ, lumber, live cattle, and some currencies). In those 30 pages we all found what proved to be the single most fundamental and important market insight that I, or anyone I know, has ever seen, and this statement remains true to this very day. Now, for the first time, Dan is releasing this rarest of market insights to just a few others so that he can spend his remaining time with his ailing father who suffered a severe stroke on Memorial Day, 2004.

In the years following this initial information exchange, as I shared with Dan the various works published by the Sacred Science Institute, like those of Gann, Bayer, Baumring, and countless dozens of other essential books, I was continually amazed at Dan's uncanny ability to immediately grasp what everyone considered to be some of the most complex and confusing material in the world. Yet for some strange reason, Dan was continuously able to immediately penetrate these cryptic texts and to synthesize their knowledge into comprehensible teachings and techniques. After a single reading of Gann's coffee letter, Dan faxed me a piece of paper showing me exactly what all of the Gann angles were really about and their planetary relationships to $v2$, $v5$, p , etc. as price/degree vectors.

Most of you do not realize, that before this point in time, Dan had never studied Gann nor any of the numerous other esoteric market masters many of us have studied. Dan's work, prior to this

exposure, centered completely around what he then called his Wave Mechanics, the theory that is elaborated and completely described in this book, *Spirals of Growth & Decay*. It was due to the 10+ years of hard, deep, individual research that had led him to his unique discovery of Wave Mechanics theory, that in my opinion, provided the basis for this uncanny ability to understand other teachings in an extraordinarily brief period of time, while others before him failed after years and years of vigorous effort. Most people are quite surprised to learn that within just 6-9 months of his very first reading of Gann, Dan wrote his excellent course, *The Mysteries of Gann Analysis Unveiled!*, which at that time also included the material which was later elaborated into *The Gann Pyramid, Square of Nine Essentials*. I feel this course still stands as the best interpretation and application of Gann's principles, so you can imagine my complete amazement when it came out of someone who had done barely more than 6 months of Gann research. It was even more surprising in that it was the most direct and insightful application of Gann's work that I had ever seen, serving as a major bridge between the vast theoretical and cosmological work I had done as a Private Student of Dr. Jerome Baumring's, and the more practical element of real-time application to trading.

As you begin reading this current work, you will quickly understand why Dan was able to accomplish a feat that almost no Gann researcher had accomplished before him, and in a period of time that it would take most people to simply read through Gann's courses. His personal research into his Wave Mechanics provided him with the foundational basis to digest and comprehend these most technical ideas in a very brief time. I've been further surprised with each of Dan's new intellectual explorations, like his creation of a cyclic model of the Dow in *Wheels Within Wheels*, which presents a 100 year market model with an approximately 90% correlation to the actual market, along with a 100 year projection, which, I might add, has been working very well since its release date. I have come to know many people who have attempted this before, but all have failed, except Dan, who was the first to accomplish it successfully and with a level of detail far beyond anyone's prior attempts, yet somehow, he did it on his very first try.

You are now perched upon the brink of the greatest market discovery that you have ever seen. If this is not a fact, I will gladly eat my hat! Dan's Wave Mechanics presents a clear vision of the fundamental underlying order and structure of all markets. I have personally worked with Dan's theory for 7 years now, and have NEVER found a market or situation where this theory did not apply with perfect order and uncanny precision. It has been said that "form follows function", and since all markets serve a similar function, then logically, they must all have a similar form.

This book unravels that form in its most pristine and exquisite beauty. When you have finished this text, you will never again look at the markets in the same way. Instead you will have a technical, structural vision of the simply elegant ordering sequence and code of all financial markets.

After 20+ years of involvement within the Gann community, and having seen just about everything of importance ever written on the markets come across my desk, I do not hesitate in the slightest to state that this is, by far, the single most valuable and important book on the markets that you will ever read or obtain in your lifetime! It is certainly the greatest work that has ever been written and published. This amazing analysis approach will single-handedly open doorways to a much deeper level of understanding, research and insight than you could have ever anticipated seeing. There are still further levels of understanding to be developed within this work, and the greatest possible benefit of exposing this research to a wider audience is the potential contribution another intelligent person may make in helping to further develop this profound theory of price behavior. There is one ambiguous point of transition that occurs within these Wave Mechanics, that if it were discovered what controlled its change, an absolute and total mastery of the markets would be forthcoming, so I encourage all of you market researchers to put your best efforts into helping us discover what is the cause of the transition point, which can only occur at the 5 & E points of growth or decay. When we answer this single question, there will no longer be any time when we are not absolutely clear as to exactly what the market is about to do, and when you see this material, you will see that it is really not far from our reach. I hope all of you deeply appreciate the extraordinary gift that Dan is sharing with us in releasing this material. As a friend, I am saddened by the reason that has caused Dan to release this material, but in the end, it is a great opportunity which benefits us all. It is my most sincere hope that *The Spirals of Growth & Decay* be something that forever changes the way you view the markets and the world.

Wishing all of you the greatest success in the markets!

W. Bradstreet Stewart
Sacred Science Institute
27 February, 2005

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Introduction

The primary purpose of this material is to demonstrate beyond a reasonable doubt that ALL MARKETS behave in a predictable non-random manner when the principles of mathematics, physics and general science is applied to basic chart reading skills for the purpose of analysis, forecasting and speculation. Highly advanced techniques are utilized to identify the origin and terminus of price vectors on a multitude of scales also known as fractals. In this regard, you will begin to see that both Time and Price have a cyclic structure. Just as the Earth revolves around the Sun in a 360° orbit completing a cycle of Time, you will see that Price also completes its own cycle in a similar fashion. I can assure you that these principles work because true scientific laws do not change. Nature is much more organized than the ordinary man can perceive! There is a system and order in all of nature, with which we must live in harmony and not oppose. At times throughout history, man tries to disrupt or interfere with this fundamental principle, but nature will always prevail in the end. The Sun must rise and set each day. Spring follows winter and summer follows spring. The moon keeps its orbit around the earth and completes its four phases each month. The tides rise and fall. Birds, fish and animals know when to migrate and procreate based on this natural order. When you plant potatoes, you will grow potatoes and not corn, wheat or watermelons. Stock and commodity prices also rise and fall within their own system and order. Galileo once wisely stated, "The truth is written in the great book of nature, but only he can read it who can decipher the letters in which it is written." **Nature's master plan is present in all things.** In this material, I intend to reveal much of this system and order and "the letters in which it is written", but nature still has her other secrets. Just like nature, the markets are constantly changing but with a "dynamic consistency" to them. Each market attracts or repels different groups of people and must be treated as such. All theories to the contrary are just man-made conveniences and are counter-productive to gaining an understanding of the forces at work. Prior charting experience, computer knowledge or market trading experience is not needed. However, you must have a full understanding of *The Keys To Successful Speculation*, which is the only prerequisite for this course. Without a solid understanding of the

importance of risk and reward, along with money management, even the best analysis methods will eventually cause financial failure. Charts are used because they are the best available graphical representation of human logic, psychology and emotion. They help us identify the combined effects or influence of the different groups of market participants, whether they are Bullish (+), Bearish (-) or Neutral. With regular practice of looking at the same charts that everyone has but with a new and different perspective, you'll gain confidence in "believing what you see, and not seeing what you want to believe".

It has been said, "Energy follows Thought". Once you understand and learn to accept the fact that the speculative markets (all of them) are actually fields of human energy and must therefore behave according to the basic laws of energy addition and energy subtraction, you will begin to see how impressive nature's system truly is. What once appeared to you to be random and chaotic will become a highly organized structure, which is predictable to several degrees. It is my opinion that there are many truths to be learned in this material, keeping an open mind is the key to the doorway that opens all the answers we seek in life. Much of what we know and understand today is based entirely on perspective and primitive terms we devised using the law of opposites. As humans, we make observations, which is simply a perspective issue, i.e. "the way we see something", then we attempt to explain it using terms or definitions, which were all built on the law of opposites. Since we are unable to understand or describe the "ALL", we instead deal with its various features in an attempt to gain knowledge of the world we live in. How would you describe light without the opposite phenomenon of darkness? Would you even notice it at all or anything else for that matter if the opposite polarity did not exist? How would you describe Hot without Cold, Male without Female, Wet without Dry, Left without Right, Positive without Negative, Expansion without Contraction, Love without Hate, Peace without War, Young without Old, East without West, Up without Down, Attraction without Repulsion, Beauty without Ugliness, Right without Wrong, etc. How are we going to ever put this puzzle together when we spend all our time on the individual pieces? Eventually, we begin to understand that these "opposites" are just different degrees of a single thing. For example, we all understand that Hot and Cold are unified by the single concept of temperature. They are only different in degrees. Love and Hate

are unified by the concept of emotion, Wet and Dry by humidity, Good and Evil by morality, etc. However, in the end, we simply suffer from the old saying “We can’t see the forest because of all the trees.” In some small way, this is similar to our understanding of white light. By shining white light through a prism, we cause it to divide or separate into its component primary colors, like a rainbow. The “Ordinary” white light we see everyday is actually a mixture of a variety of lights of all visible wavelengths or simply “colors”, if you prefer. Through this very simple experiment, we learn that our perspective has incorrectly defined many of our primitive terms or definitions. As an example, we all will agree that grass is green. However, in reality, we know that it is every color but green. The only reason we perceive it as green is because it reflects green light and absorbs every other color in the white light. Green is definitely the one thing it is not! We have defined the color of grass by its reflection and not by its actual composition. Much of our belief system is based on similar falsehoods. In many respects, our understanding of the world is built on a house of cards. If you were raised by someone who decided to tell you that Red was Blue and Blue was Red your entire life, it would be nearly impossible to change your belief as an adult. If you are like most people, you have probably never realized that much of your success or failure, health or sickness, level of financial wealth, or even physical achievements have much to do with your individual belief system. Beliefs have an extremely powerful influence in how you perceive and interpret reality. Basically, a belief system is a set of both conscious and unconscious rules that we all have as unique individuals about everything, money, food, health, sex, religion, wealth, intelligence, ethics, physical looks, relationships, clothing styles and anything else you can possibly think of. So, the end result is, that everything we do affects us either positively or negatively based on our personal belief system. How are you going to be affected when you find out that many of your conscious and unconscious “rules” are based on incorrect perceptions? Most people will not travel this road. They will find it much easier to just continue on with their current beliefs. However, it is my hope that some of you will at least begin to challenge what you blindly accept as truths.

corrective waves, and so on. With this basic observation, Elliott linked Nature's Law with Human behavior. In sunflowers, pinecones or pineapples, there are spirals that alternate by first turning clockwise and then counter clockwise. Elliott believed that the up and down movements of price action were exhibiting a similar rotational phenomenon.

