THE ART OF THE TRADE

W.D. GANN'S SYSTEM OF

CHART READING & PATTERN TRADING

BY

DANIEL T. FERRERA

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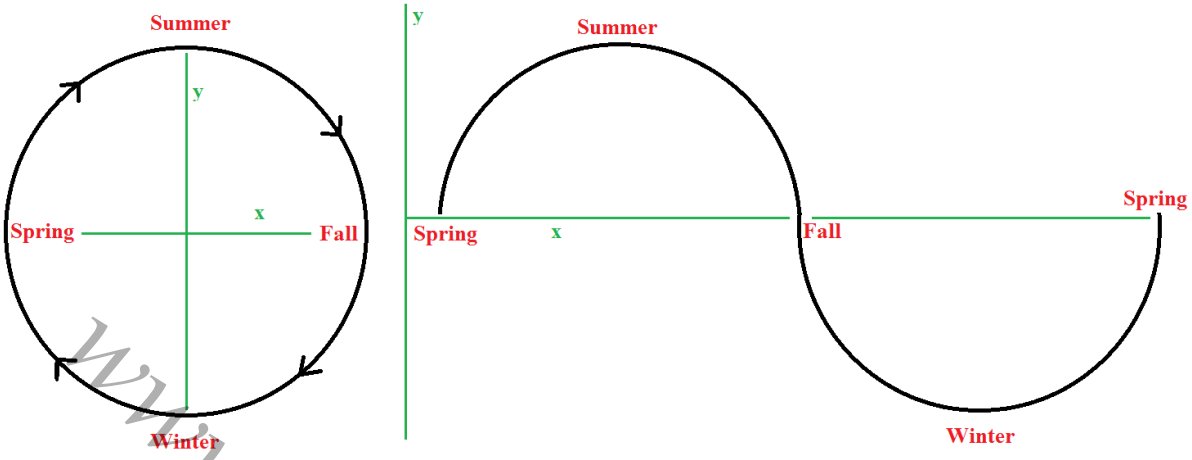

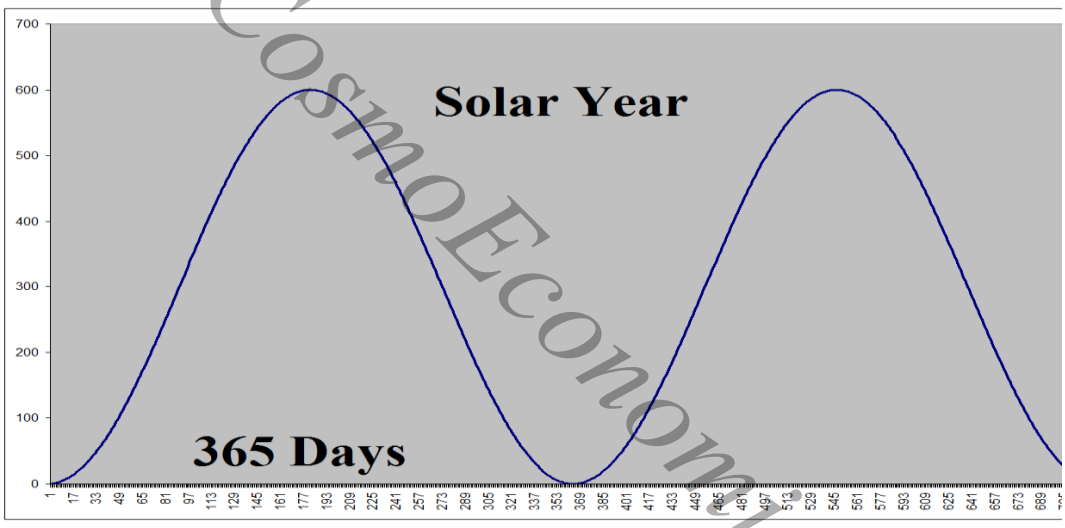

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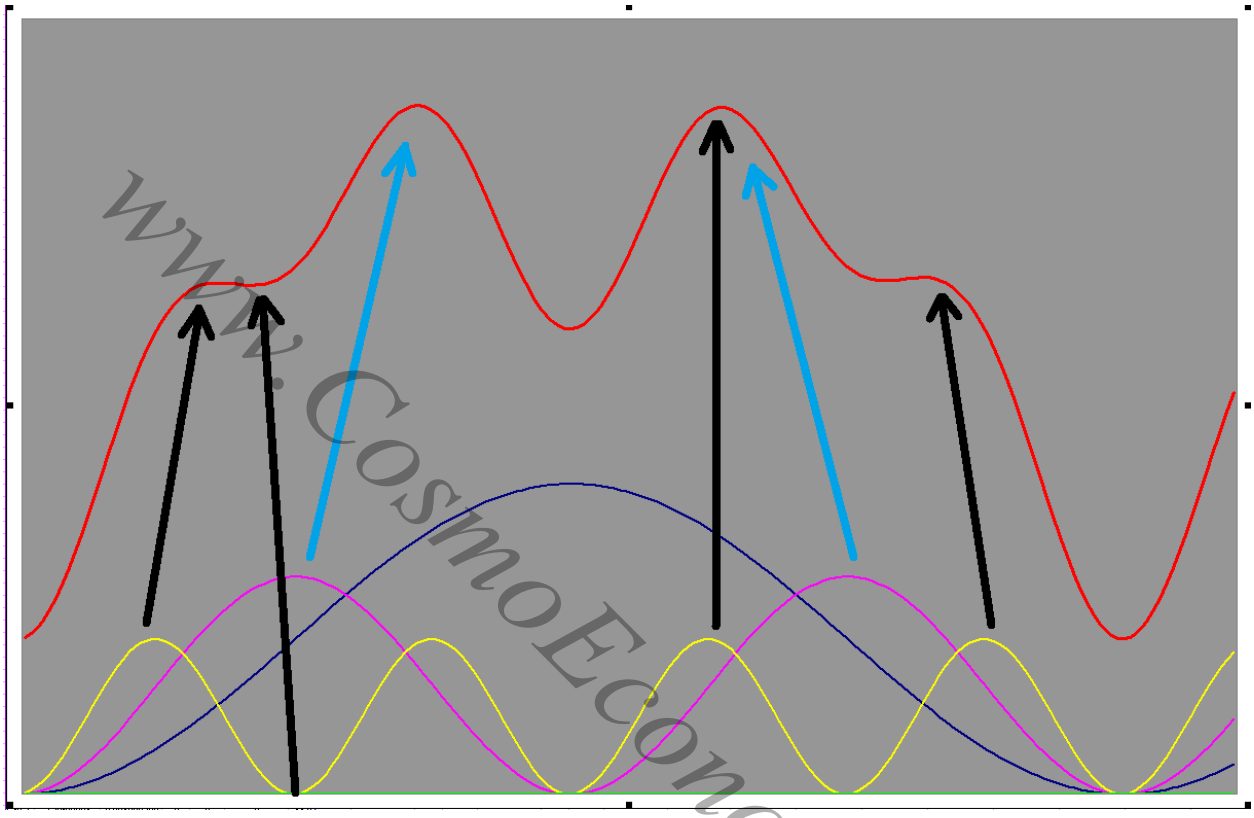
In this basic example, the measurement from trough to trough equals 365-days, which is the "wavelength" or "period" of the cycle. Thus, it is known that every 365-days, the cycle repeats. If the data were expressed in weeks, then the wavelength would be 52-weeks. This is a very basic example, but enforces the idea that cycles operate on a continuous time line and are always in motion.

occurs between the two peaks or double top pattern. This "M" shape repeats frequently in complex waveforms.



The prior example illustrates that the highs and lows in price do not occur at the same time as the underlying peaks and troughs in the actual cycles. That said, the time measurement from low to low or high to high will still reveal the correct cycle lengths.

This is shown with the yellow triangle below measuring 45 time units. Even though it is slightly out of alignment with the underlying cycle, the distance measured low to low on the composite waveform still equals 45 time units.

These charts are more commonly known as the Natural Squares Calculators being the Square of 4 and the Square of 9 charts respectively. However, it should be stated that proper use of these "Master Time and Price Charts" are based entirely upon having the correct 45-degree angle for the market.

Gann said to use the squares of all numbers*: "SQUARING TIME with PRICE on major and minor movements.* ***Learn to use squares of all numbers*** *both for Time Periods, Resistance Levels and Prices.*

Example:

The square of 2 is 4

The square of 3 is 9

The square of 4 is 16

The square of 6 is 36

The square of 7 is 49

The square of 8 is 64

The square of 9 is 81

"We use the square of odd and even numbers to get not only the proof of market movements, but the cause."

W.D. Gann

382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400
307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325
306	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	326
305	240	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	258	327
304	239	182	133	134	135	136	137	138	139	140	141	142	143	144	145	198	259	328
303	238	181	132	91	92	93	94	95	96	97	98	99	100	101	146	199	260	329
302	237	180	131	90	57	58	59	60	61	62	63	64	65	102	147	200	261	330
301	236	179	130	89	56	31	32	33	34	35	36	37	66	103	148	201	262	331
300	235	178	129	88	55	30	13	14	15	16	17	38	67	104	149	202	263	332
299	234	177	128	87	54	29	12	3	4	5	18	39	68	105	150	203	264	333
298	233	176	127	86	53	28	11	2	1	6	19	40	69	106	151	204	265	334
297	232	175	126	85	52	27	10	9	8	7	20	41	70	107	152	205	266	335
296	231	174	125	84	51	26	25	24	23	22	21	42	71	108	153	206	267	336
295	230	173	124	83	50	49	48	47	46	45	44	43	72	109	154	207	268	337
294	229	172	123	82	81	80	79	78	77	76	75	74	73	110	155	208	269	338
293	228	171	122	121	120	119	118	117	116	115	114	113	112	111	156	209	270	339
292	227	170	169	168	167	166	165	164	163	162	161	160	159	158	157	210	271	340
291	226	225	224	223	222	221	220	219	218	217	216	215	214	213	212	211	272	341
290	289	288	287	286	285	284	283	282	281	280	279	278	277	276	275	274	273	342
361	360	359	358	357	356	355	354	353	352	351	350	349	348	347	346	345	344	343

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"Consider all halfway points between these squares, both odd and even."

Definition 2: Squaring the High and Squaring the Low. In the ***Master Course*** materials for either stocks or commodities, Gann referred to this method as his "zero angle" technique. He instructed students to draw 45° angles from important highs and lows downward until they reached zero. When the 45° angle reached zero, time balanced with the price from which the angle had been projected. In other sections of these two courses, Gann said that the 45° angle could be projected up from zero directly below the high or low price until it reached the same horizontal level. In either case, the same amount of time will elapse. Squaring the extreme high or squaring the low with equal time is based on the 45° angle, which can be calculated via simple division.

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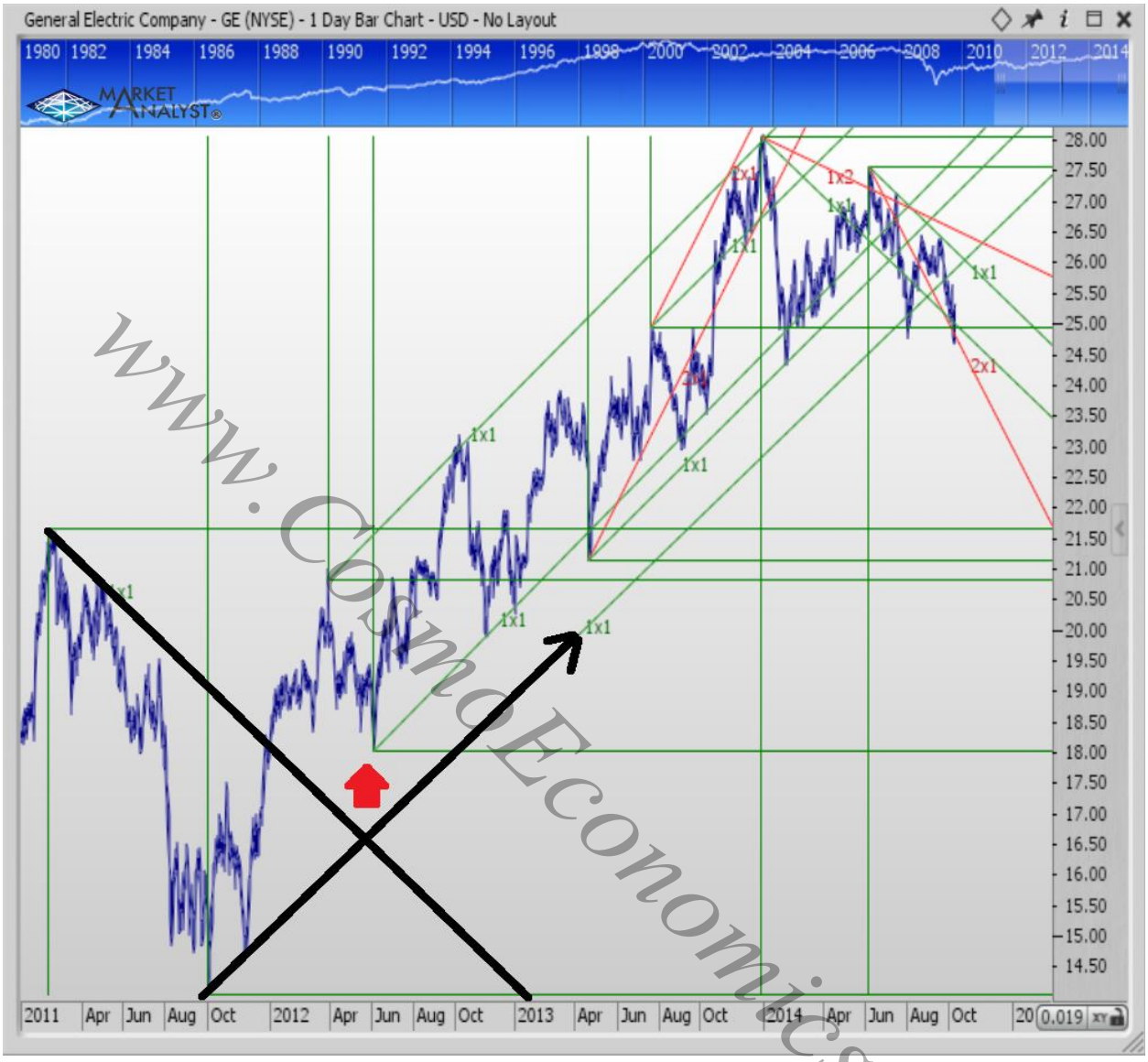

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Gann angles can also be used to square out historic price levels when they are in correct balance with time. In Gann terminology, this would be a diagonal angle intersecting the horizontal price level. For example, the chart below is Soybeans Spot (cash) prices in Optuma (Market Analyst). Horizontal lines were drawn from the extreme low in July 1999, the peak in April 2004 and the all-time high in August of 2012. This covers a period of

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Even after price escaped the parallel channel, market turns continued to occur very near the forecast timing points. Most pivots occurred about 2 or 3 trading days after the ideal projection because of escaping the price channel. As discussed in the Jim Hurst section, it is common to expect cycles to skew in the direction of the trend. Since the rate of ascent increased, the cycles skewed to the right, which is also referred to as translation. The next level of resistance can also be anticipated by projecting 1 x 1 angles from prior turning points to determine if the price is squaring out with other price levels that acted as support or resistance.

381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401
380	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	402
379	306	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	326	403
378	305	240	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	258	327	404
377	304	239	182	133	134	135	136	137	138	139	140	141	142	143	144	145	198	259	328	405
376	303	238	181	132	91	92	93	94	95	96	97	98	99	100	101	146	199	260	329	406
375	302	237	180	131	90	57	58	59	60	61	62	63	64	65	102	147	200	261	330	407
374	301	236	179	130	89	56	31	32	33	34	35	36	37	66	103	148	201	262	331	408
373	300	235	178	129	88	55	30	13	14	15	16	17	38	67	104	149	202	263	332	409
372	299	234	177	128	87	54	29	12	3	4	5	18	39	68	105	150	203	264	333	410
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368	295	230	173	124	83	50	49	48	47	46	45	44	43	72	109	154	207	268	337	414
367	294	229	172	123	82	81	80	79	78	77	76	75	74	73	110	155	208	269	338	415
366	293	228	171	122	121	120	119	118	117	116	115	114	113	112	111	156	209	270	339	416
365	292	227	170	169	168	167	166	165	164	163	162	161	160	159	158	157	210	271	340	417
364	291	226	225	224	223	222	221	220	219	218	217	216	215	214	213	212	211	272	341	418
363	290	289	288	287	286	285	284	283	282	281	280	279	278	277	276	275	274	273	342	419
362	361	360	359	358	357	356	355	354	353	352	351	350	349	348	347	346	345	344	343	420
441	440	439	438	437	436	435	434	433	432	431	430	429	428	427	426	425	424	423	422	421

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W.D. Gann never discussed the use of prime numbers, but they appear to be an inherent part of both the Spiral Chart and the Hexagon Chart. The next chart is an Ulam spiral of prime numbers falling in geometric lines on a hexagon chart.