THE ART OF THE TRADE

W.D. GANN’S SYSTEM OF

CHART READING & PATTERN TRADING

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COSMOLOGICAL ECONOMICS
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

“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.
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
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.
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.