

MARKET VIBRATIONS

W.D. GANN'S
HOW TO MAKE PROFITS
IN MODERN MARKETS

BY
GORDON ROBERTS

COSMOLOGICAL ECONOMICS

PUBLISHER'S PREFACE

Over the 20 years that I have been publishing market books and trading courses, I have always hoped to find the ideal course for beginners. When I say “beginners,” what I really mean are those traders who do not yet make consistent profits in their trading. Sadly, I have learned from my 30 years in this industry that this applies to most non-professional traders. There is a well-known statistic that says 95% of traders lose everything they invest in the markets. This is a sad state of affairs, and one that is not easy to rectify with most readily available trading material.

In my personal experience, the statistic is a lot lower, but that is only because at least half of my clientele is comprised of professional traders, and they DO know how to make money trading, or else they would not be working as professionals. Educating beginners was never my primary focus, since I was initially responsible only for publishing Dr. Jerome Baumring's ***Investment Centre Gann Seminars*** along with the vast reference library required for the advanced research done by his students.

Over time, I fell into the role of publishing other new interpretive work in fields relating to Gann Theory, Astro-finance and the like, but still all of it was mostly on an intermediate to advanced level, since that was the level that most of my clients-turned-authors were working.

Dan Ferrera's ***Keys to Successful Speculation*** was the only course we developed over the years which was tailor made to address the complete needs of the amateur, who either had no prior trading knowledge or was still struggling to find a way to make consistent profits. It did an excellent job teaching the fundamentals of risk management, the most important element that most failing traders are missing. It presented a swing trading system that was better than Gann's own system or any other out there.

Both Gann and Baumring said that swing trading was the most practical first method to teach new traders to develop discipline and methodology, and Ferrera had taken the systems they both used and made significant improvements upon them in this course to which had added the best analysis of and strategy for risk management we had ever seen.

However, what it did not do was to provide a method to generate significantly larger profits, the kind that would make a significant difference in a small trader's life. The main reason for this is that most smaller traders do not possess much investment capital, and swing trading is generally not the best strategy to compound small amounts of capital into large returns. For this, traders require a different approach.

So I've continued to look for something that would provide the tools for amateur traders to compound their smaller nest eggs into something noticeably larger, but such techniques are not easy to find. Over the years, as I spoke to many clients and traders, I always had my eye out for something along this line, but it was not until recently that I came across something that hit the mark.

I have known the author of this course, "Gordon Roberts" for about seven years now, and once or twice a year he usually contacts me curious about what new material I have which might be of interest to him. Usually this happens just after he has closed out a nice profitable trade, and is looking to reinvest a few thousand dollars to explore something new.

A few years back, during one such conversation, Gordon was asking me what I had that was not too overly complicated, requiring a couple years' worth of study to master. He said he liked things that were simple and direct and could be used pretty easily without blowing out too many brain cells.

To answer his question, I needed to know more about what kind of analysis and trading he did, so that I could try to recommend something to fit his exact needs.

Gordon responded by showing me the kind of tools that he best liked, which were mostly Gann based applications of mathematical relationships in price and time. I was immediately struck by his approach because it reminded me of something very familiar from my own early days as a private student of Dr. Jerome Baumring. Gordon's technique was very much like a little trick that Jerry Baumring used to play with to impress and bedazzle his students back in his day.

It was a simple Gann method of calculating the harmonic relationships between significant turning points. Jerry would take the prices of historical highs or lows and then use simple math to directly relate one to another through quick mental multiplication and division. In fact, he could take any high or low on the chart and find multiple relationships between different points simply by multiplying or dividing by key numbers or other turning points. He used to call this his "prestidigitation," demonstrating that there was a perfect order and relationship between all points on a chart, if you knew how to "see" it.

I quickly recognized that Gordon was using the same kind of Gannish techniques that Jerry had so loved, and immediately felt at home with his approach to analysis. I also realized something else, that in order to make the kind of large returns that I knew Gordon was producing, he MUST be using leveraged options trading, one of my absolutely favorite strategies.

What I loved about Gordon's approach was the beautiful way in which he combined these two elements to a very profitable effect. He was using the same "prestidigitation" that Jerry so loved to structure highly leveraged position trades using an options strategy that I was already convinced was the best approach to trading. This strategy often captured the biggest generational moves ever seen in the markets, and traded them with a low risk, stress free strategy that even a beginner can easily learn and use.

I immediately recognized the intelligence of this combination of analytical approach and strategic methodology. In fact, I liked it so much that I quickly suggested that he write a course on the subject. He laughed at me at first, and said he had no desire to write a course, and that he preferred

to just trade. But we decided to at least exchange information and trading ideas for a while, so that I could observe what he was doing and share with him some other tools that I thought might fit well into his toolbox.

So, for the next couple years, I watched his trades, and sent him various materials I thought he might like while we talked about tools, techniques and strategy. I continued to niggle away at him about writing a book, while he continued to say no in numerous creative ways.

Over these couple years, I watched him line up a number of spectacular trades, a few nailing all-time highs, but numerous others capturing regular, intermediate-term swings which produced some very sweet returns. This was position trading at its best, and the options leverage was generating returns that mirrored some of those that Gann had become famous for!

The more I observed him, the better I began to appreciate the directness and simplicity of his approach, eventually leading me to realize that this was, without question, one of the key techniques that Baumring was trying to teach us all to do! The problem was that we were not properly listening.

See, all of Baumring's students had enrolled in an advanced Gann Analysis program to learn the "deepest secrets of Gann," and the science behind the system of this great master. As such, while we appreciated the beauty of such "prestidigitiation," this work seemed too "simple" to warrant much further attention, because it was not "deep" and "mysterious" enough. It was just simple calculations. How wrong we were!

Had we Baumring students been paying better attention 30 years ago, we might have seen that Jerry was pointing us towards something quite similar to the strategy presented in this book. But we were all too distracted by complexity to notice such simplicity. We all wanted to learn "Gann Secrets" not some straight-forward, obvious analysis that used a bit of basic math combined with a relatively simple options strategy.

I really want to kick myself for not having seen what Jerry was showing me 30 years ago, because I can see it all so clearly now. None of us ever imagined that Baumring's little games of "prestidigitation" could have given us numerous opportunities to trade THE BIGGEST generational moves in the history of the commodities markets! I cringe at the lost opportunity of not having taken simplicity seriously enough.

When I studied with Baumring in the mid to late 1980's, we used to dream of the days of the spectacular, exponential moves made back in the 1970's, with blow-off tops exploding into the heavens, then crashing back down to Earth, making or breaking fortunes in mere weeks. Who would have imagined that, not only would such moves occur again, but that the price swings would DOUBLE those in the 70's all through the 90's and 2000's?

I'll tell you who imagined it, or better, who *KNEW* it: Jerry Baumring... and W. D. Gann before him... and now it is our author, Gordon Roberts who knows this will happen again, and is generous enough to share this knowledge with us so that we can catch the next one.

The examples shown in this course where Roberts picked all-time highs or lows are not some miracles of times past. They are events which will recur again, and again, if we are just a little patient and know how to watch and wait for them.

These kinds of trades are what Gordon calls "life changing trades," and this is a good point to ponder. Many people come into trading with a dream of leaving their "day job" and being free to trade full time as their sole means of supporting themselves and their family. With the material presented in this course, this will become a very realistic goal for you. But something fewer people discuss is the idea of capturing a truly "life changing trade." What might this truly mean for you?

When one sees these massive generational spikes in the past, one does not often think what it could have meant to have captured such a trade. In fact, most small time traders lack a strategy that would ever allow them to dream of capturing such a complex move in the midst of exponential

markets with lock limit days and a fortune crushing collapse. These are the trades of superhero traders, not little Joe Blow who is lucky to catch some nice swings here and there. But with the knowledge you'll gain in this course, you will discover that these ARE viable trades for even YOU!

Had I been given the information in this course back in my days with Baumring, I would have been set up to take advantage of a good 50 opportunities over the last 30 years, where I could have turned \$1000 into at least \$50,000. I'm not talking about trading regular market swings here, but about taking positions in massive spike moves, that produce returns that are truly life changing. Capturing such moves can pay off your house, put your children through college, secure your retirement, or simply allow you to quit your day job. This is what is meant by "life changing trades."

These opportunities are not as rare as you may think. The time that I was with Baumring does not feel to me like so long ago, and since then, these opportunities have occurred again and again, many dozens of times. I'll wager that the next 30 years may pass just as quickly as the last, and I have no doubt that we will all see these kinds of opportunities once again!

Do you think I'm going to miss them the second time around? Not likely... and if you're paying attention to the material that is in your hands right now, you will not be missing them either! But in the meantime, these same techniques still work to produce large profits even in quite normal markets. We do not have to wait for generational moves for trading to make a difference in our lives, but the prospect of having that occasional opportunity is something to contemplate and perhaps even visualize.

Too many people are impatient like I was in my youth, and will dismiss something that seems too distant and abstract, while the wise trader, like old W. D. Gann, who spent "45 Years on Wall Street," understands that time passes quickly and second chances are often just around the corner.

The techniques presented in this course are primarily derived from Gann's last major book, so in some ways represent the final culmination of his ideas. He always said that his books were written to help the little guy, so

this course is bringing some of the best of that help to you from Gann's simplest and most practical tools with Gordon's strategy of applying them.

I'll leave you by saying, had Jerry Baumring explained what he was implying as clearly as Gordon lays out the strategy presented in this course, I could have made many millions, without ever even trying to understand advanced Gann Theory. The "*secret teachings*" ARE there, and are a fascinating study for the curious seeker, but you do NOT have to master the esoteric mysteries to make big profits in the markets!

What is taught in this course is simple, clear and highly practical. If you follow the directions given, and have the patience to fully understand and apply them, you will find the opportunities you have so long sought, and will empower your trading to make that significant difference in your life!

William Bradstreet Stewart, Director

Institute of Cosmological Economics

Santa Barbara, CA, March, 2016

DEDICATION

This book could not have been conceived were it not for the love and support of my wonderful wife and splendid son. I set out on the quest for market knowledge 25 years ago. My wife said I “needed a hobby...”

If not for Lee and Randy, this book also wouldn't have happened. Sometimes, a couple of individuals provide every wonderful opportunity to a young man... and he fails miserably. Sometimes, they are also wonderful enough to allow him to pick himself up and claw back. “Thank You” can't say thank you enough.

The Sacred Science Institute is also responsible for this book in many ways. I most certainly would have never written a book without the kind “badgering” of Mr. Stewart telling me to do it. I didn't realize the depth of his studies into what makes markets “tick.” I thought he only marketed things. I was gloriously wrong.

Thanks also go out to Jeff for his editorial help. Last but not least, it seems appropriate to dedicate this short book to the memory of a kind teacher I never met, William Delbert Gann. He died in June of 1955... so this book comes 60 years later as a small tribute to him.

With this book, I'm going to argue that you can make profits in the commodity markets (like Mr. Gann said) as well as all other markets. Further I argue that you don't really need to devote much time and effort to accomplish that feat. I hope to help convince you that this is true. At a minimum, maybe I'll convince you to do a bit of “big picture” work for yourself. If that happens and your life is made better, my book will have become primarily dedicated to you.

“If you help others, you will be helped, perhaps tomorrow, perhaps in 100 years, but you will be helped. Nature must pay off the debt... It is a mathematical law and all life is mathematics.”

G. I. GURDJIEFF

“Life affords no greater pleasure than that of helping others who are trying to help themselves.”

W.D. Gann

William Delbert Gann thought enough of a few quotes that he started his book, ***How to Make Profits Trading in Commodities***, with them. I’ll do the same. They are just as true today as they were then.

KNOWLEDGE IS OF MORE VALUE THAN GOLD; receive my instructions and not silver, and knowledge rather than choice gold.

SOLOMON.

PERHAPS ONE OF THE WISEST THINGS EMERSON EVER SAID:

“Many times the reading of a book has made the fortune of a man—has decided his way in life.

“To use books rightly is to go to them for help; to appeal to them when our knowledge and power fail; to be led by them into wider sight and clear conception of our own.”

If you are serious about markets, I believe you should study all of Mr. Gann’s books and courses. He tells us in ***The Tunnel Thru the Air*** that most of us will need to read his book three times to gain an understanding. I’m still in the process of reading all of Mr. Gann’s works for the second and third times. I’ll provide examples showing why I decided that I should read his work much more than I had. In other words, I decided that I should generally try the things Mr. Gann tells me to try.

AUTHOR'S INTRODUCTION

I humbly request that you respect my desire to remain anonymous. Mr. Stewart agreed with me that “Gordon Roberts” would be a sufficient “nom de plume.” I’m just a simple-minded country boy that wishes to stay that way in my little spec of the universe.

I mostly decided to write this book for my son. He’s nineteen years old and not ready for such things as investing and retirement planning. I’d guess that his attention span is limited to about six inches... ☺ Someday he may care more about finances.

Selling a book was never part of my “master plan.” Mr. Stewart prompted me to do this and make it something that he might make available to you. He’s shifty that way, but I’m glad that he “made me” get this done. I now know how much effort goes into writing books and I’ve gained a new appreciation for authors like Mr. Gann. I also learned more about my own studies. Work generally pays a dividend.

I vowed to Mr. Stewart that I would not agree to sell a book unless I wished I could have bought that book for myself 20 years ago. If I didn’t think it would benefit me back then, I wasn’t interested in selling it now. I have satisfied my own requirements. I can honestly say that I wish I had a copy of this book back then.

I’d like to thank you for your purchase. I hope this book “pays for itself” and you cherish its simple truths. Maybe you’ll buy a copy for a family member just as I’ll provide copies for my family. I’d be honored. Please keep good karma by not sharing this work inappropriately. Logic dictates that we don’t want too many folks competing with us for our trade entries and exits!

That's my non-disclosure agreement. Mr. Stewart may have more. I don't think our combined trading activities will be moving many markets. It is natural laws that will do that for us. We just need to be prepared to "catch the wave." My goal with this book will be to show you some simple ways you might accomplish that feat.

HOW THIS BOOK WAS BORN

I've purchased books published from the Sacred Science Institute in the past and they have made positive contributions to my knowledge and total experience. If you are like me, you get occasional emails about new courses and special offers.

I was curious about the offerings in one of those emails. I replied with a question about the complexity and time involved with mastering the newer esoteric and mathematical offerings. Don't get me wrong, I love wonderful esoteric and mathematical studies. I just don't always have the time or mental horsepower.

In my email to Mr. Stewart, I sent charts to show how I preferred simple stuff that often worked. I didn't want to get a "PhD" in some new topic of study. I wanted to keep things simple so my little brain might hope to grasp them. I joked with Mr. Stewart that I was showing him the easy stuff that few people seem to see the value in doing for themselves.

Mr. Stewart then commented that the charts brought back memories of his studies with Dr. Jerome Baumring way back in the 1980s. Then, he suggested that these things would be a wonderful little course for someone that liked to keep it pretty simple and trade medium to long-term. That was especially true once we discussed my trading approach. In short, these are things he already wanted to see in a book.

I thought the man was nuttier than a squirrel turd... I didn't know 'Jerome Baumring' and I didn't think anyone would want to buy a book about simple things that they could do for themselves. Then, I remembered my own years of largely ignoring Mr. Gann's words and how many years it took me to begin to "understand" his many teachings.

Let's see if you like these simple concepts as much as I do. Beginner or seasoned trader, I hope there is something here for you. We'll keep it simple and show you how and why. Remember that Mr. Gann didn't have computers and charting software and all the fancy technical indicator witchcraft of today. He just needed his work ethic and some elegant mathematical simplicity.

"I have learned throughout my life as a composer chiefly through my mistakes and pursuits of false assumptions, not by my exposure to founts of wisdom and knowledge."

Igor Stravinsky

MY DISCLAIMERS, ASSUMPTIONS, AND PRINCIPLES

- I provide absolutely no trading advice to you. This book is an **academic study** of doing very few of the many things Mr. Gann told us to do. If you've done the requisite work for yourself, and are adequately convinced you can try to trade, your trading decisions are yours and only yours. You are CEO and Chairman of the Board for YOU and your accounts.
- If you seek an instant riches trading plan, this book is probably not for you. You may hit it rich relatively quickly, but that isn't the goal here. Instead, I'd rather show a **reasonable business plan**.
- I'll not sugar-coat things. Trading is a difficult business to figure out. If it wasn't, everyone would do it well. Everyone **DOES NOT** trade well. For many prospective traders, they also have a full-time job and/or families and other commitments. Those people are often too busy "making a living" to change their lives.
- I am indebted to many wonderful analysts, friends, and authors who have made their work accessible to me. While I attempt to clumsily stand on their shoulders, the focus of this book is just a small smidgeon of Mr. Gann's work. Accordingly, I'll generally stay pretty

specific to what Mr. Gann said or did so I don't inappropriately infringe upon the work of another. Please know that the very limited scope of this material leaves out many wonderful concepts and theories. **I intentionally keep it simple.**

- I will provide charts as visual aids. They do not present a perfect picture. We will focus on simple mathematical solutions. However, sometimes rounding and other variables can cause "assumptions" to enter the picture. For example, if you need half of 13, you get 6.5. It is difficult to plot 6.5 bars into the future.

Further, plotting horizontal lines on long-term charts can be visually deceptive. The lines may give the appearance of more precision than was actually present. A line may "cover up" a somewhat material amount of price on a chart.

As Mr. Gann said, check everything for yourself. Exact mathematical precision will be somewhat rare with most techniques. That is an important concept. Our goal will be to make reasonably close predictions. Precise predictions are always preferred but I'll show that they are not required.

- I am human and will make errors. I'm of the opinion that Mr. Gann purposefully left errors in his writings. Some errors provided clues to those students who did enough work to notice the error (or to identify which student is inappropriately sharing his work). I've not done that. Please point out any material corrections. I'll try to fix them and send out an errata sheet if deemed needed.
- I'll make references to The Bible. This is because Mr. Gann did so. I reference The Bible as a book with knowledge and not as an imposition of my beliefs or lack thereof. No offense is intended. Let's all be HAPPY! ☺
- I've written this book much the same as I speak. I'm no polished gentleman and may use some "colorful" language. I mean you no

offense. That is just my culture and personality. Mr. Gann seems to have been as dry as cracker juice. I tend to prefer giggling while observing life.

- This book is intentionally geared to provide thoughts for finding extreme prices and/or times well in advance. Further, the intent is to show that you can target large returns in the markets without spending much time hunting your trades. Accordingly, we will oversimplify things to show that the easy stuff really can be some of the best stuff.
- Mr. Gann tells us that one of the most important charts is the monthly chart. It tends to provide us with a view of the larger trends. So... **we'll focus on monthly charts**. For our purposes, we'll also use weekly charts from time to time. We'll often ignore the daily charts. To be accurate, Mr. Gann would have us also use quarterly and yearly charts but we won't do much of that here.
- It is possible to apply many of the concepts in this book to very short-term charts. This book says don't do it! It is a completely different perspective and too much work. That said, once you have the "big picture", short-term trading can be very profitable if done well. I don't tend to do it much but I can't resist from time to time.
- Generally, markets climb like a fat man up a mountain, then drop like a hooker's pants. They move upward slowly and take rests. They can go a very long way. Then, they often fall "horribly." So... the fastest and largest price moves will tend to be going downward with bear moves.

We will target both bull and bear markets. However, as a general rule, the bears will more often provide the fastest and juiciest profit potential.

- Many of Mr. Gann's documented trading campaigns started with small accounts (\$300 - \$1,200). There was a reason for that. If you

can't take small sums of money and turn them into large sums, you damned-well better not start with large sums! The easiest way to end up with a million dollars in the stock or commodity markets is to start with a billion.

From my studies, I believe Mr. Gann “blew out” many accounts and loved to “gamble.” That said, he learned to “gamble” with knowledge and strong risk management. We'll discuss his rules throughout this book in one form or another. With those rules in hand, this book will assume that we have only a small amount of capital to lose. We'll advocate small bets with limited risk to hopefully generate comparatively large profits.

- Whatever the apparent strength of your analyses, Mr. Gann tells us to always trade with a stop-loss order. We can and will be wrong. When that happens, we should be prepared to change our minds. Mr. Gann said that a man that couldn't change his mind would soon have no “change” to “mind.” I'll approach his rule of using stop-loss orders with a twist.
- Mr. Gann tells us that we should review the past. Accordingly, we have to find historical data to help us find our future opportunities. Our data of choice must be selected for the purpose at hand.

If you wish to trade an ETF or stock in the equity markets, your dataset is something of a “cash price” continuous dataset. If you target a commodity futures market, you should consider a monthly dataset that compares “apples-to-apples.” In other words, your data might be a sequence of December contracts instead of splicing together each front-month contract. That was how Gann did it.

The different contract months built into a continuous front-month dataset can have differences that impact our easy math in an adverse way. **In my opinion, the use of front-month continuous contract data is often the source of people trying Mr. Gann's advice and**

failing to see it work. I'll provide many examples to convince you that his concepts do work from time to time (and/or price to price).

- We generally have difficulty getting a wealth of historical data. Sometimes, we have to do things the old-fashioned way and use books or even the library (gasp!). Thankfully, some of Mr. Gann's books are "encyclopedias" of market history. I'll provide examples of this for Corn and Wheat.
- All of the data used in this book has come from reputable market data providers or Mr. Gann's books. I cannot warranty the accuracy of any of the historical data. The vendors work hard to provide quality data so I have to assume it was the best data available to me at the time.
- Hand charting is a lost art. When you hand chart, your mind and body "internalize" history in some way. The Gann purist in me has to recommend that you try it. It is an interesting learning experience that makes you think about "scale" and other concepts we'll avoid in this book. If you wish to think about "scale", Daniel Ferrera's latest book, ***The Path of Least Resistance***, is one you might consider. If you understand what he shows, you are mastering a few of Mr. Gann's concepts. If you understand about "scaling charts", you'll have more fun with hand charting. Otherwise, you'll have to learn about "scale" as you go.
- The inherent nature of this book is that my examples have the benefit of hindsight. I hope to show that hindsight can become foresight with many examples of Mr. Gann's techniques working after he died.
- After I had written a few dozen pages of this book, I noticed my repeated use of the word "again." Get your mind right and use that as a subliminal message. "A-GAIN", over and over. Again, A-Gain, and A-Gann.

- **We don't need to trade often. We just need to trade well when high-odds opportunities present themselves... AND we can formulate a low-risk and high-reward strategy.**

That is somewhat uncommon, "common sense." We will target quality and not quantity. Actually, my examples will be slanted toward identifying the largest "generational" opportunities. We can trade many other signals and setups. However, I show you things Mr. Gann said you can almost surely succeed with if you have the patience and discipline.

- **Please note that I will NOT be showing you what I'd consider to be revolutionary new trading and analysis concepts. My intent is more to "package" some of Mr. Gann's simplest concepts into a useful and pretty easy trading approach. I'll try to show pretty simple ways Mr. Gann told us to trade. Simple is good.**
- I'll attempt to pay homage to Mr. Gann by proving that even the simplest of his words are well worth studying. Hopefully, this book will prove that to you. The most complex of his words are well worth studying too! However, our goal here is keeping it simple and developing a proper trading mindset. We'll tend to stay with "the basics" that provide a solid foundation for trading success.
- I have biased my coverage toward commodities in this book. Part of my objective is to show that Mr. Gann's own words still echo in today's markets. Using Mr. Gann's examples forced a focus on commodities.

However, we'll be playing with "natural laws" and math. In theory, **I can use the same techniques to find opportunities for trading currencies, or stocks, or bonds, or ETFs, or mutual funds, or Forex, etc. We won't be intimidated by any market.** However, my experience is more with the equities and commodities so that's where I'll spend most of my time.

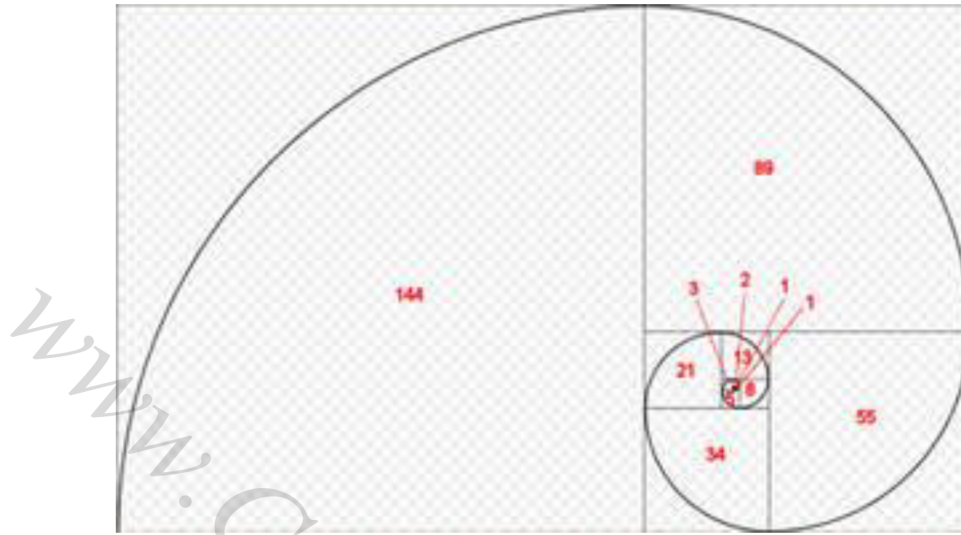
THE GAME PLAN

Rather than presenting a table of contents, let's just have a game plan. That's how an amateur author will choose to tackle this communication process. I'll remind you about this and expand upon it as we progress. Here are the high-level objectives:

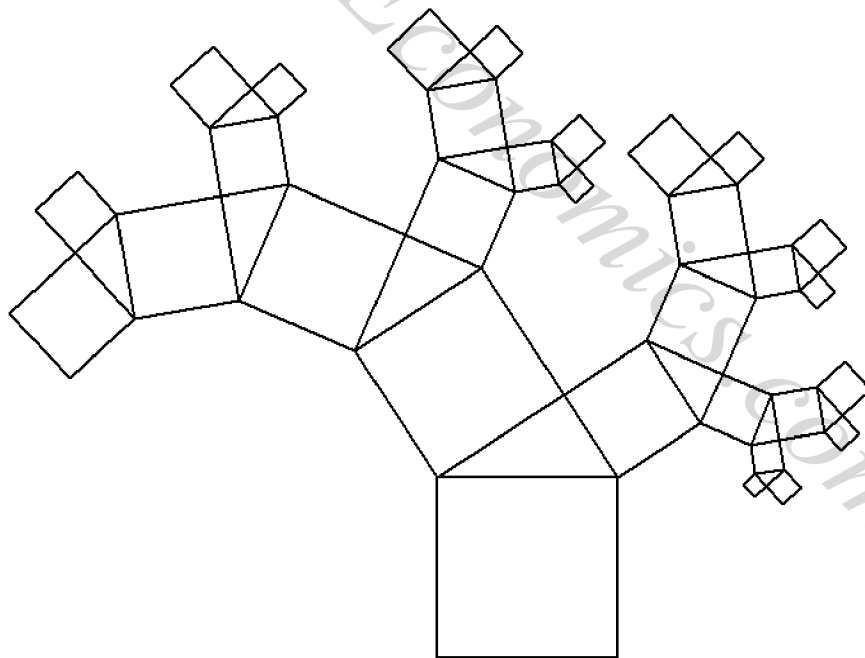
1. We'll think about time and price in a short Part 1.
2. We'll focus more on price in Part 2.
3. We'll focus on time in Part 3.
4. I'll discuss how I approach developing a low-risk, highly-leveraged trading and business plan in Part 4. When time and price collide at major trend changes, this will show a basic strategy that can be used to exploit the "knowledge" gained in Parts 1-3. We will be attempting to do what Mr. Gann told us to do. We'll hunt "MARKET VIBRATIONS" in order to "make profits trading."

*"Education is what remains after one has forgotten
what one has learned in school."*

Albert Einstein



A “Fibonacci Growth Spiral” constructed with squares.



A “Pythagoras Tree” with Squares