

A Great New Trading System

By T.M. Murry

W.D. Gann used this same trading system in 1910 but he didn't tell anyone exactly how to do it ! How do you think he could merely walk from one "trading pit" to the next and ask 3 simple questions of his fellow traders and then "jump in" and make a profit and "sell out" just before it stalled out and reversed back toward its last "run?"

Simple! he already had its support/resistance lines memorized. He always used the same 8 sets of lines for any and all commodities and he even proved the validity of his system's accuracy when he published 264 out of 388 trades in 25 days, in 1910, and turned \$ 10,000.00 into \$ 1,000,000.00 in 25 days, but now no one listens, knows, or cares who he is.

In one of his books, that he wrote and published in 1942 (the same year I was born) he quoted Faraday to explain his trading system. Then in the next paragraph, he confused everyone, by giving them a list of "popular price numbers" that all commodities want to run to and reverse in time).

I am willing to tell the entire world right now, today? W.D. Gann traded way back then using 8th grade Math and a Square Frame (daily) or Rectangle Frame (weekly) to trade all commodities (memorized from his charts from a Square).

W.D. Gann, used the same frame, for every commodity, but just set it against a "Harmonic Sound Pitch of the Key of C," amassed \$50,000,000.00 in his life time of trading by keeping it simple and all in his head.

Why doesn't everyone trade his rules? Simple! W.D. Gann made up weird rules! Why did he make up weird rules? He didn't want everyone to figure out his 8th grade Math trading system without reasoning it out for themselves.

He used (Fibonacci Italy 1124 a.d.) "golden mean" (1.618) to estimate "normal market runs" inside his Memorized 8 "Harmonic lines" in his trading frame. I read only one of his books, but I read it 50 times, and I finally saw what he was really doing. He was using the "golden mean" inside an Octave relating to the base of 10 for every commodity traded.

Confirmation of the simplicity of what he was really doing was evident when I read (page 71) 50 times and finally "saw it." (On this page W.D Gann noticed that Wheat reversed after it couldn't hold a 5 cent up move beyond its old high). That was it ! All the pieces fit together after that day. (I had seen it).

I "saw" the answer of how one may "predict price-action % runs" when I looked at the

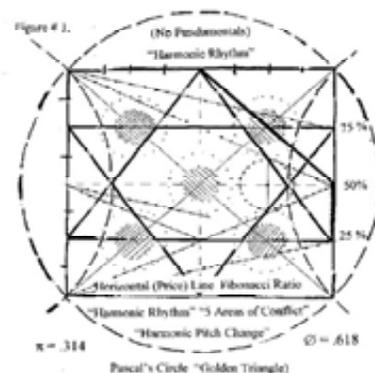


Figure 1

classic drawing by Leonardo da Vinci when he took a naked man and framed him inside a Square and a Circle, when he plagiarized the 1st Century a.d. architect Marcus Vitruvius Pollio (Rome, Italy Architect) who wrote the first book on architecture called Ten Books on Architecture and included his “naked man” picture “squaring the circle.”

I saw the “real proportion” of price action written by Leonardo da Vinci on an angled line on this 14th Century picture proving that all of the body’s parts are in direct proportion to the “golden mean” (1.618) when he added next to (.618) (+ - .625) and (.382) (+- .375) (Fibonacci Ratios).

What Leonardo Da Vinci had “seen” was the same thing that Marcus Vitruvius Pollio had known in the 1st Century that all human proportions are set to the “golden mean” and all architecture and all numbers are set on the base of ten, so they shall move against the Law of Exact Proportion which is .375 and 62.5 against a constant gravity pull.

Rather than spend an inordinate amount of time in a discourse of whether or not it is best to use .618 or .625, just accept it as “gospel” because planetary objects move to .618 and all “Man made things” are set to Fibonacci Ratios (we use .625 and .375).

It is not the intent of this article to delve into the occult, astrology, or predicting commodity price reversals off any astrological charts, but every man who is married to any woman, or who has a teenage daughter in their house, or goes deep sea fishing, or plants crops, or is an animal breeder, or is a “free bleeder” is subject to the 28 day cycle of the Moon’s affect on their lives and the changes in the Moon !

The Mayan Indians fashioned the Lunar Calendar back as far as 3113 b.c. of the 20 day ovulation cycle of their females and the 1st frost in the fall.

If you set every Square for any commodity or stock or Index off one of 8 preset math lines vertically (Octave) and you predict market reversals of a rectangle set to the Key of “C” inside an isosceles triangle off retracements of .625 or 37.5 you may memorize these preset numbers and days and shift them to any commodity or stock in a matter of simply asking someone the current price level of whatever they are trading.

If one were to learn how to trade the U.S. Bond Market set off 1/32 in vertical price action and 1/32nd in “Time” to the right you shall be set to the “Harmonic Sound Pitch of Music” set to the tune of more profits.

Every trading rule that W.D. Gann wrote about was set to the “Harmonic Rhythm” is already inside the head in the “natural rhythm” of the average 6.25 year old child.

I have taught elementary, junior high, high school, and junior college, and I gave every class

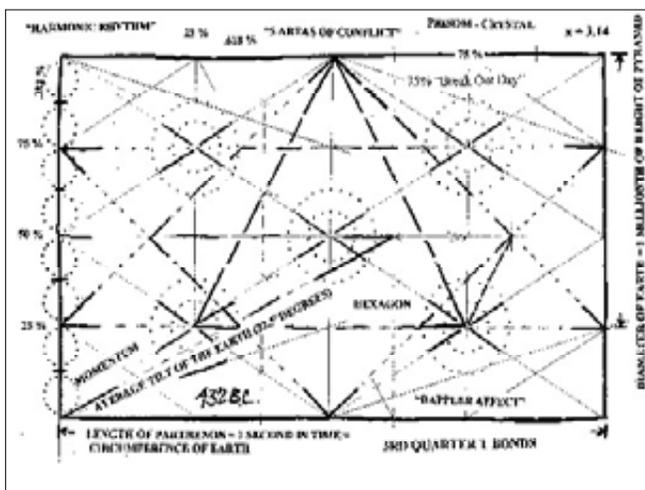


Figure 1

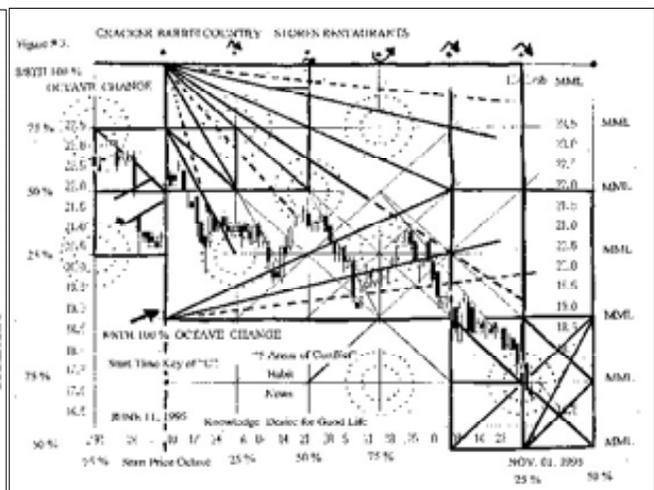


Figure 2

a simple test that if you asked 64 1st graders to make up the trading action of the Bond market scratched on a piece of typing paper, (representing 1 year's price action) you shall see that these kids unknowingly will draw one of W.G. Gann's 64 formations.

I have given them the same test that Socrates (Athens, Greece 432 b.c.) gave his teenage pupils by having them draw a continuous line in the sand inside a rectangle that he had fashioned into the "golden rectangle."

You might turn a piece of typing paper sideways and start on the left edge and "make up" the trading action of any commodity for 1 year by moving in a continuous line from the left side to the right edge of the paper. (Please do it right now).

As soon as you are finished please fold it down in half from the top to the bottom. Then fold it down in half again. And finally do it a third time. Now open it out flat and look at your reversals. Now fold it over left to right in half. Now fold it over in half a second time. Now do it a third time. Now open it out and look at your reversals in time. Please count how many times you reversed right on a price line (1/8th) and a time line (1/8th line).

Anything you trade is doing the same thing that you are doing as it trades to the right in "Time." "Time" is the least considered and least understood ! My book predicts (Reference Sheet T.) exactly how far any commodity, stock or Index shall run up or down before it stalls out and reverses in price or "Time." This is the simplest trading system in the world that doesn't use any fundamentals ! (Built-In).

All fundamentals are reflected in the speed and Percent of Movement as soon as fundamentals or "news" affects your commodity, stock or Index).

1) Draw a vertical starting line; 2) add four lines to the right, 3) Draw a horizontal line, 4) add four lines up, 5) Draw 5 circles, 6) watch the price action as it enters the square; 7) Draw an angled line under any reverse (up or down) one of 7 and enter the next day after a reversal. 8) You are allowed to draw the 7 different angles lines (up or down). (each angle you draw shall be either a 45, 22.5, 11.25, 5.625, 56.25, 67.5, 78.75 degree.

A) moving averages (allowed to use only 2 sets), B) Indicators: 1) stochastic, 2) R.S.I., C) "Time Frames" 1) Weekly (rectangle), 2) Daily (square), D) Always know yesterday's price-action range and the amount of volume, E) Always know how far it has already run up or down, F) Observe the angle it reversed on, G) predict the place in the future where you shall sell 50 % of your position before it gets there, H) Watch the "5 Areas of Conflict" circles ahead of it !

Always "Buy the Bounce." (or sell against it). Every market is trading against the "Golden Triangle" inside the "Golden Rectangle" or the "Golden Square in Time." (please draw a line above

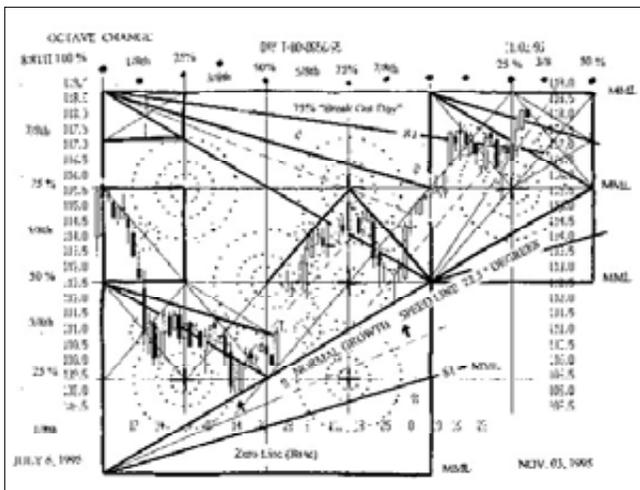


Figure 3

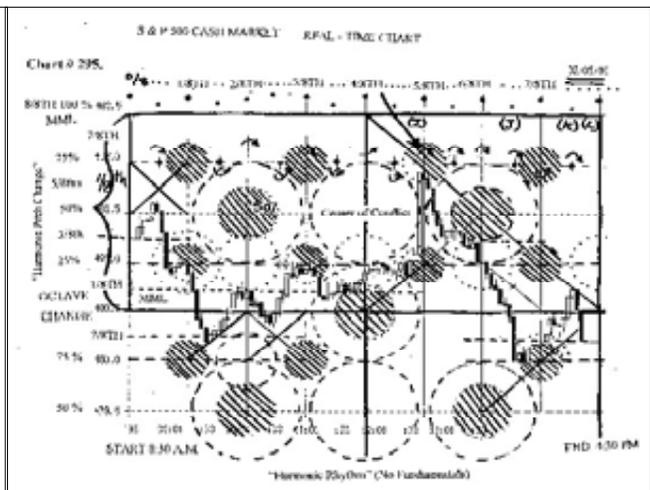


Figure 4

and below the “Golden Triangle” 11.25% above and below it. (a market is still under the influence of the “Golden Triangle” as long as it bounces off these support/resistance lines).

Please look at the “Square in Time Chart” (Fig. # 1.) daily price action, and the “Golden Rectangle Chart” (Fig. # 2.) weekly chart.

You may choose not to believe me, but all you have to do is take out a \$ 1.00 bill and look on the back and you shall see a triangle set up in “Time.”

If my simple trading system works, then any stock shall support my trading rules. Please look at the Cracker Barrel Country Stores chart (Fig. # 3.). This local stock reversed around 5 different circles of conflict. Please remember that I started my vertical lines off the Square set for the 3rd Quarter of the U.S. 30 Year T. Bonds. Then I set the bottom (horizontal line) of my Square off a “Harmonic Pitch Line” and you “see” that it had to know where to reverse in “time.”

Skeptical “old timers” who want to start their 0/8th thru 8/8ths off a known high / low retracement pattern over a given period of time, can’t believe that you don’t have to touch the high / low extremes and still be able to set the same rules for any commodity or stock to move to the right off a preset percentage to a Square. (Socrates 432 b.c. bifurcation). (Square of Four).

The most profound query posed to me by a famous “trader” in Nashville, who has been published all over the world and even created his own “trading software program” was, “can you trade it ?”

Please look at the chart Day T-Bonds 56/95. Note that the last trading day recorded was 11/03/95. I never consider the high / low range to place my frame nor do I consider the last high or low to start my timeline. I use the first frost as the Mayan Indians have done for 5,000 years and they start it over every year, which is what we do each year: set our base off the nearest “Sound Pitch Line” inside an Octave off either 2/4, 4/4, or 3/4 or 8/8.

Next you draw a triangle to the right just like the one on the back of a dollar bill. Just as Socrates said, 432 b.c. “you must go from 1 Square to 4 Square in the progression in Nature.” And Confucius said back in 350 b.c. that all that you trade shall trade inside the Square of 64:1 Ching.

You must remember that it makes no difference what you trade, it is all the same equation: every traded market moves against its current price level set inside its present 1/8th “Harmonic Price Level.” (Same start day).

After you learn the rules to trade the Bond Market, you simply take this frame and these rules (no exceptions) and set the same frame over any commodity or stock, or Index and start making “more Profit.” (Same start day).

This is the greatest trading system in the world because you don’t have to know anything about what you choose to trade: remember that a change in price (reflected by any amount or speed) will always reflect the change in “intrinsic fundamentals.” Since we are to always “follow the trend” who cares if we don’t get all of move as long as we are in “early” on the right side of the trade.

Please look at the Bond chart and you will be amazed to find how many times this market reversed and wanted to avoid the “5 Areas of Conflict” as it traded to the right in “Time.” It reversed right on the 3/4 time line, which is the “breakout day.” Close inspection shall count 18 reversals off pre-set lines giving no concern to any price movement !!!

I don’t have any reason to build credibility ! The book and the simplicity of my trading system does that. I have a B.S., M.A., and worked on my Ph.D. at the University of Maryland (didn’t finish) and I have a Ph.D. In Logic and Common Sense from m.i.t.

I spent the past two years working out the “bugs” to this simple (Perfect Trading System) in the world. I have even set up a standard Square “day traders’ frame.” In my book chart # 295. S&P 500 Cash Market Real-time for the day 02/09/95. The last time that Mr. Greenspan raised the Interest Rates. It reversed 16 times in a row off my 16 Murrey Math Lines (horizontal) which I set for all markets. Next we look along the top of the chart and we see that this market reverse 16 times in a row simply by dividing the trading day inside a “Frame in Time.” It even reversed off 45° degree angle 7 times during that famous day. The greatest reverse occurred right at the 5/8th line in time and the Dow went up 20 points on the “news” of the increase and then it fell down 35 points on the “news.” It also wanted to stay out of the circles. Does it work for me? Jan.’95 I was in an O.E.X. option every day of the month (longest 3 days) never lost !

I have a book which teaches how to trade with this system of trading which includes 326 illustrated easy to understand charts. The book addresses: 1) W.D. Gann’s 64 rules, 2) moving averages, 3) setting the Square in Time, 4) setting the % runs to reverse, 5) “Harmonic Rhythm,” 6) volume and daily activity, 7) Murrey Math Lines, and 8) Options Trap. The book is available for \$62.50 #5216 in the Trader’s World Catalog in this magazine.