

THE TIME FACTOR OF W. D. GANN
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SUMMARY

W.D. Gann's outstanding skill was his ability to produce accurate annual forecasts of the stock and commodity markets. Gann stated that his forecasts were based on his secret "time factor".

However, careful analysis of his novel entitled "The Tunnel Thru The Air"

reveals Gann's belief in the overwhelming importance of astrology.

Therefore astrology is the real basis of Gann's annual forecasts. Indeed, astrological analysis is implicit at key points in his books and courses. Consequently it is concluded that if we wish to emulate Gann's outstanding forecasting skills we must follow in his footsteps

by firstly learning astrology and then apply this knowledge to the stock and commodity markets.

INTRODUCTION

William D. Gann (1878 to 1955) was an outstanding stock and commodities trader. He was also a prolific teacher of how to make speculation a profitable profession, writing some seven books and producing two courses on trading the stock and commodity markets. However, Gann's superlative skill was his ability to produce annual

forecasts of the stock and commodity markets one year in advance. Although he also sent his clients supplements, which corrected his annual forecasts when necessary, the overall accuracy of these annual forecasts is highly impressive. For example, Gann's annual stockmarket forecast for 1929, which was published in November 1928, unequivocally forecast the "Great Crash" in the fall of 1929. However, Gann continued to produce and publish annual forecasts of the stock and commodity markets until shortly before his death in 1955.

THE "TIME FACTOR" IS THE KEY TO GANN'S FORECASTS

Gann's forecasts of the stock and commodity markets were based on the "time factor", the dictionary definition of which is "The passage of time as a limitation on what can be achieved". Gann provided the following comments on the time factor:

"The most important thing of all is the Time factor, which I use in making up my annual forecasts. It is not my object here to give away that secret, but I am showing you plain enough and giving you rules enough that, if you follow them, you will be able to make a success in the stock market" ("Truth Of The Stock Tape", 1923, page 116).

"Many people want to know what method I use to determine future indications on the market. I keep charts of the various active stocks

and also a set of averages. My charts are different from the charts of the average statistician because they are based on a discovery of my own. I have discovered a 'time' factor that enables me to determine important tops and bottoms one year or more in advance. My annual forecasts on stocks, issued in December for ten years past, have proved remarkably correct. The cotton and grain markets can also be forecast by this 'time' factor, which enables me to tell when extreme highs and lows will be made, as well as the minor moves" ("Truth Of The Stock Tape", 1923, page 41 of appendix).

"The time factor and time periods are most important in determining a change in trend because time can over balance price, and when the time is up the volume of sales will increase and force prices higher or lower" ("45 Years In Wall Street", 1941, page 10).

"Time is the most important factor of all and not until sufficient time has expired does any big move start up or down. The time factor will overbalance both space and volume. When time is up, space movement will start and large volume will begin, either up or down. At the end of any important movement - monthly, weekly or daily - Time must be allowed for accumulation or distribution or for buying and selling to be completed" ("How To Make Profits In Commodities", 1951, page 56).

Therefore we learn from Gann that:

- 1) The time factor is the most important element in forecasting markets; and therefore he used this time factor in producing his highly-accurate annual forecasts of the stock and commodity markets.
- 2) The time factor is so fundamental that it precedes (and therefore causes) changes in prices and changes in volume in the stock and commodity markets.
- 3) The time factor is a valuable secret, details of which he is unwilling to reveal. He is however prepared to teach trading rules which, when properly applied, produce profits in the stock and commodity markets.

GANN'S NOVEL ENTITLED "THE TUNNEL THRU THE AIR"

Although Gann was unwilling to explicitly reveal his time factor in his books and courses on trading the stock and commodity markets, he was prepared to leave strong clues in his novel entitled "The Tunnel Thru The Air", which he wrote in 1927. This book describes the events in the United States leading up to the Second World War through the life of the principal character, Robert Gordon. Most importantly, in the foreword to this book Gann wrote, "The Tunnel Thru The Air' is mysterious and contains a valuable secret, clothed in veiled language....When you read it the third time, a new light will dawn. You will find the hidden secret....The future will become an open book".

Gann's "valuable secret, clothed in veiled language" is that, as the Bible clearly states, astrology really works. This theme runs throughout the book and is highlighted in the following quotations:

"Robert was a great believer in Astrology because he had found this great science referred to so many times in the Holy Bible. He had made notes as he read the Bible at different times where it referred to Astrology or the signs in the heavens and was thoroughly convinced that the influence of the heavenly bodies govern our lives" (page 172).

"I believe in the stars, I believe in astrology, and I have figured out my destiny. The Bible makes it plain that the stars do rule" (page 66).

"Through my study of the Bible, I have determined the major and minor time factors which repeat in the history of nations, men and markets" (page 70).

"I have studied the Bible very carefully because I believe it is the greatest scientific book ever written. The laws are plainly laid down how to make a success. There is a time and a season for everything and if a man does things according to the time, he will succeed" (page 204).

"Robert had gone deeply into the Bible study in order to learn more about the great science of Astrology" (page 213).

"He read all the books he could get on astrology and began to understand why things had happened as they had" (page 215).

THE FRONT COVER OF GANN'S NOVEL ENTITLED "THE TUNNEL THRU THE AIR"

Gann's "valuable secret" that astrology really works is not confined to the content of "The Tunnel Thru The Air". Indeed, Gann subtly reveals his "valuable secret" on the cover of his book.

The illustration on the front cover of "The Tunnel Thru The Air" has three elements:

- 1) In the background is an interlocking compass and setsquare, from which comes a tunnel.
- 2) In the foreground is a pair of scales, on one side of which is an hourglass and on the other side is a price movement.
- 3) Stretching between the background and foreground is a series of interlocking squares.

The esoteric meaning behind this illustration on the front cover of the book is as follows:

The interlocking compass and setsquare is the symbol of the Freemasons (Gann himself was a senior Freemason). More specifically, the compass (which is of course used for drawing circles) symbolises the circle of the heavens, or the astrological zodiac. The setsquare (which is of course used for drawing "square" angles of 90 degrees) symbolises the most important angle between two planets in astrology, which is 90 degrees (or a "square" aspect). Therefore the esoteric meaning behind the Freemasons' symbol is that the great circle of the heavens and the angles between the planets (i.e. the science of astrology) is of fundamental and eternal importance.

Moreover, according to occultism, astrological forces are vibrations which are transmitted to earth via an infinite number of longitudinal waves through the ether. Therefore the tunnel through the air in Gann's illustration (and indeed in the book's title) symbolises this transmission of astrological forces from the heavens to the earth.

On one side of the scales is an hourglass, which symbolises the time factor. On the other side of the scales is a price movement. Therefore this pair of scales symbolises the fact that, in his forecasting of the stock and commodity markets, Gann "weighed up" or examined the time factors (i.e. the astrological influences) and their past, present and future impact on prices.

The series of interlocking squares symbolises the fact that, as Gann observed, the price action of a particular stock or commodity unfolds according to a series of interlocking squares. This is the reason, according to Gann, that "Every stock makes tops or bottoms on some exact mathematical point in proportion to some previous move" (Stockmarket Course) and "Each top or bottom in wheat, or other commodities, comes out in accordance with an exact mathematical proportion to some other top or bottom" ("How To Make Profits In Commodities", page 32).

In summary therefore, the illustration on the front cover of "The Tunnel Thru The Air" highlights the fact that astrological influences (i.e. the angles between the planets in the circle of the zodiac) are transmitted to earth (via waves which resemble tunnels through the air) and, after weighing up the historical influence of these astrological forces on a particular stock or commodity, one can forecast the future price movements (and in particular the future price squares).

THE BACK COVER OF GANN'S NOVEL ENTITLED "THE TUNNEL THRU THE AIR"

Gann's "valuable secret" that astrology really works is not confined to the content and front cover of his book "The Tunnel Thru The Air". Indeed, this "valuable secret" is also subtly revealed in the

illustration on the back cover.

The illustration on the back cover of "The Tunnel Thru The Air" shows two sets of interlocking squares stretching to the horizon. One set is shown in the sky and one set is shown on the earth. Also shown on the earth is a pyramid inscribed with the name of W. D. Gann.

In this illustration, the squares in the sky symbolise astrological "squares" (i.e. when the planets form an angle of 90 degrees with respect to each other). The squares on the earth symbolise the unfolding of price action in the stock and commodity markets, in the form of interlocking price squares. Here Gann is illustrating the age-old astrological saying "As above, so below". However, Gann's more specific symbolism is that the astrological squares in the heavens cause the price squares in the stock and commodity markets on earth. Gann made this point elsewhere when he stated, "We use the square of odd and even numbers to get not only the proof of market movements, but the cause" (Stockmarket Course And Commodities Course).

The final point to note about this illustration is the position of the pyramid which bears Gann's name. This is located between heaven and earth, and reflects Gann's view that he was a seer destined to observe astrological squares in the heavens and to forecast their influence on price squares in the stock and commodity markets on earth.

In summary therefore, the "valuable secret, clothed in veiled language" of Gann's book "The Tunnel Thru The Air" is that, as the Bible clearly states, astrology really works.

GANN'S "TIME FACTOR" IS ASTROLOGY

As stated above, Gann's forecasts of the stock and commodity markets were based on the "time factor", which may be defined as "The passage of time as a limitation on what can be achieved". Since astrology may be defined as "The study of the effects of the trends of time", we see that time factor may be synonymous with astrology. It therefore appears that Gann preferred to state that his market forecasts were based on the "time factor", rather than to state that they were based on astrology. Indeed, this is certain after carefully studying Gann's book "The Tunnel Thru The Air" and identifying its "valuable secret" that astrology really works.

The reason for Gann's secrecy is suggested in the following

quotation:

"It has taken me twenty years of exhaustive study to learn the cause that produces effects according to time. That is my secret and is too valuable to be spread broadcast. Besides, the public is not yet ready for it" ("Morning Telegraph" interview, December 1922).

Therefore Gann preferred not to reveal that astrology is the basis of his market forecasts for the following reasons:

- 1) The principle that astrology may be used to produce detailed forecasts of the stock and commodity markets is a valuable secret that had taken Gann much time and effort to master.
- 2) Gann firmly believed that his students should, like him, devote much time and hard work to their studies on how to make speculation a profitable profession.
- 3) Gann was well aware that the suggestion that the stock and commodity markets are governed by astrological influences is an astounding new paradigm, which violates the conventional wisdom and would therefore attract hostility. This is highlighted in the following quotation:

"It appears to be a fact that Mr Gann has developed an entirely new idea as to the principles governing stockmarket movements. He bases his operations on certain natural laws which, though existing since the world began, have only in recent years been analysed with precision and added to the list of so-called modern discoveries. We have asked Mr Gann for an outline of his work, and have secured some remarkable evidence as to the results obtained therefrom. We submit this in full recognition of the fact that a man in Wall Street with a new idea - an idea which violates the traditions and encourages a scientific view of the proposition - is not usually welcomed by the majority, for the reason that he stimulates thought and research. These activities said majority abhors" ("Ticker & Investment Digest" interview, December 1909).

GANN AND ASTROLOGY

Since Gann's book "The Tunnel Thru The Air" reveals the "valuable secret" that astrology really works and, by implication, astrology is the basis of Gann's stock and commodity market forecasts, one should look for evidence of the use of astrology by Gann in his other writings.

1. Gann's Chapters On Forecasting In His Stock And Commodity Market Courses

Gann produced and sold separate courses for trading the stock and commodity markets. These courses overlapped to some significant extent. One chapter common to both courses is entitled "The Basis Of My Forecasting Method: Geometrical Angles". An important quotation from this chapter is as follows:

"We use three figures in geometry, the circle, the square and the triangle. We get the square and triangle points of a circle to determine points of time, price and space resistance. We use the circle of 360 degrees to measure time and price. There are 360 degrees in a circle, no matter how large or small the circle may be. Certain numbers of these degrees and angles are of vast importance and indicate when important tops and bottoms occur on stocks and commodities, as well as denote important resistance levels. Every movement in the market is the result of a natural law and of a cause which exists long before the effect takes place and can be determined years in advance" (Stockmarket Course and Commodities Course).

The esoteric meaning behind this statement is as follows:

There are 360 degrees in any circle, the largest of which is the great circle of the heavens, or the zodiac. Certain points on this zodiac (identified by a precise number of degrees) are very important because they relate to specific stocks and to specific commodity markets. Consequently the angles between a planet and these specific points on the zodiac and also the angles between two planets are very important because they signify tops and bottoms in the stock and commodity markets. Two important angles (or "aspects", as they are called in astrology) are the square (or 90 degrees) and the triune (or 120 degrees). Since the angles between a planet and a particular point on the zodiac or between two planets can be calculated years in advance, stock and commodity markets can in principle be forecast years in advance.

It is also important to note that the above quotation by Gann was in the introduction to his chapter on forecasting by means of "Gann angles"; i.e. forecasting by using the 1 X 1, 2 X 1, 1 X 2, etc. trendlines from important tops and bottoms on price charts. Therefore the very important implication here is that (as the chapter title suggests) the basis of Gann's forecasting method was not merely the geometrical "Gann angles" drawn on a price chart, but (more fundamentally) the geometrical angles between planets and the zodiac (which is of course astrology). In summary therefore, Gann is suggesting that the angles between the planets and the zodiac in the heavens (i.e. astrological influences) cause the particular angle of a trendline on a price chart, and this is the real basis of his forecasting method.

2 Gann's Emphasis On Anniversary Dates And Seasonal Tendencies In The Stock And Commodity Markets

Gann's consummate book on the stockmarket was "45 Years In Wall Street" (written in 1949) and his consummate book on the commodity markets was "How To Make Profits In Commodities" (first written in 1941 and updated in 1951).

The common feature of both books is their emphasis on the importance of anniversary dates and seasonal tendencies, as the following quotations illustrate:

"My object in writing this book '45 Years In Wall Street' is to give you some new and valuable rules on time periods which will help to guide you in determining high and low prices in the future. In my research work I have discovered that stocks make an important change in trend in the months when they reach extreme high and low. These are what I call anniversary dates, and these important dates should be watched each year for important changes in trend" ("45 Years In Wall Street", page 92).

"It is very important to watch the date when an individual commodity makes extreme high or low. The first important time period to watch from any anniversary date is third or fourth month, then around the sixth or seventh month, where many important tops and bottoms are reached" ("How To Make Profits In Commodities", page 58).

The esoteric meaning behind these statements is as follows:

Certain points on the zodiac (identified by a precise number of degrees) relate to specific stocks and to specific commodity markets. The sun is unique amongst the planets in that it completes one revolution of the zodiac every year. Moreover on any given day of the year the sun is in exactly the same position (in the zodiac) as it was on that day one year earlier, ten years earlier or a century earlier. Consequently the sun will aspect a particular point on the zodiac on the same day every year. This is the cause of seasonal tendencies in the stock and commodity markets (indeed, this is the cause of all seasonal tendencies on earth).

The important point to note here is that Gann emphasised the seasonal tendencies in the stock and commodity markets to encourage his students to think about and to identify the cause. The cause is the position of the planets, and in particular their angles to a specific point on the zodiac (which is of course astrology).

3. Gann's Recommendation To Study Astrological Influences On The Commodity Markets

Amongst Gann's surviving papers are his two "astrology letters". More specifically, in January 1954 Gann wrote to one of his students recommending that he study the astrological influences on the soybean market ("The longitude of the planets and the longitude of the average of the planets determine the resistance levels as the price of soybeans moves around each cycle of 24 cents per bushel"); and in March 1954 he again wrote to his student recommending that he study the astrological influences on the coffee market ("By studying all of the (astrological) data outlined above and applying it to coffee, you will be able to learn more about what causes the changes in trend").

Gann died in June 1955 and therefore these astrology letters are some of his last teachings. However, it is notable that in these two short letters Gann does not reveal any clear and specific method of astrological forecasting of the commodity markets. Instead, Gann encouraged his student to observe, experiment and learn for himself

how the angles between the planets and their angles to specific points on the zodiac forecast the changes in price trends. Indeed, it appears that Gann had for over fifty years kept secret his method of market forecasting and at the age of 76 he was not simply going to reveal it to a student. Nevertheless Gann was continuing his lifelong practice of helping his students to make speculation a profitable profession by giving them guidance and letting them learn for themselves.

CONCLUSION AND RECOMMENDATIONS

1. W.D. Gann's highly-accurate annual forecasts of the stock and commodity markets were based on astrology. Therefore, if we as investors and traders wish to emulate Gann's outstanding forecasting ability, it is absolutely necessary that we learn astrology.

Although astrology may be learned from a variety of sources, the present writer recommends, as a first step, the correspondence courses in spiritual astrology taught by The Rosicrucian Fellowship, which may be contacted at International Headquarters, 2222 Mission Avenue, Oceanside, California 92054, U.S.A.

2. Once we have learned astrology, we must apply this knowledge to the stock and commodity markets. This task requires much hard work, as Gann himself observed:

"I soon began to note the periodical recurrence of the rise and fall in stocks and commodities. This led me to conclude that natural law was the basis of market movements. I then decided to devote ten years of my life to the study of natural law as applicable to the speculative markets and to devote my best energies toward making speculation a profitable profession" ("Ticker & Investment Digest" interview, December 1909).

However, Gann has provided us with specific guidance. In summary, we should obtain daily price charts which depict important tops and bottoms in the stock and commodity markets and we should then observe the following:

- i) The angles between the planets (the most important of which is the 90 degrees, or "square", angle);
- ii) The angles (especially the 90 degrees angle) between the planets and particular points on the zodiac;
- iii) The longitudinal position of the sun and especially its 90 degrees angle to particular points on the zodiac (because this causes the seasonal tendency in a particular market).

When we have mastered how astrological influences affect the stock and commodity markets, we will be in a position to produce accurate annual forecasts. Like Gann, we will then become the foremost speculators and traders of our generation.

3. Although there are many individuals and companies around the world claiming to teach "Gann analysis" through books, courses, videotapes and computer programs, they should certainly be avoided. This is

because, since none of these individuals or companies can produce an accurate annual forecast of the stock or commodity markets, they do not in fact teach Gann's real method.