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NATURAL RESISTANCE LEVELS AND TIME CYCLE POINTS

The resistance levels given below are based upon natural law and can be applied to the measurement of both time and space. Around these points stocks meet resistance going up or down or travelling the same number of points from a top to a bottom. Tops and bottoms of major and minor movements come out on these resistance levels.

When man first began to learn to count, he probably used his fingers, counting 5 on one hand and 5 on the other. Then counting 5 toes on one foot and 5 on the other, which made 10, he added 10 and 10 together, which made 20, adding and multiplying by 5 and 10 all the way through. This basis for figuring led to the decimal system, which works out our 5, 10, 20, 30 and other yearly cycles, as well as other resistance points. Man's basis for figuring is 100, or par, on stocks and \$1.00 as a basis of money value. Therefore, the $1/4$, $1/8$, $1/16$ points are all important for tops and bottoms and for buying and selling levels.

Taking the basis of 100, the most important points are 25, 50 and 75, which are $1/4$, $1/2$ and $3/4$. The next most important points are $33\ 1/3$ and $66\ 2/3$, which are $1/3$ and $2/3$ points. The next points in importance are the $1/8$ points, which are $12\ 1/2$, $37\ 1/2$, $62\ 1/2$ and $87\ 1/2$. The next in importance are the $1/16^{\text{th}}$ points, which are $6\ 1/4$, $18\ 3/4$, $31\ 1/4$, $43\ 3/4$, $56\ 1/4$, $68\ 3/4$, $81\ 1/4$ and $93\ 3/4$.

Since 9 is the highest digit, it is very important for resistance levels in time and space. The most important levels according to 9 are: 9, 12, 27, 36, 45, 54, 63, 72, 81, 90, 99, 108, 117, 126, 135 and 144. You will note that many of these points correspond with the other resistance levels, because 12 is simply 9 with $1/3$ of 9 added to it.

The second important resistance levels formed by the digit of 9 are the $1/2$ points, which are as follows: $4\ 1/2$, $22\ 1/2$, $31\ 1/2$, $40\ 1/2$, $49\ 1/2$, $58\ 1/2$, $67\ 1/2$, $76\ 1/2$, $85\ 1/2$, $94\ 1/2$, $103\ 1/2$, etc. You simply add $1/2$ of 9, or $4\ 1/2$, to any even figure, or figure coming out on equal numbers of 9. The next important resistance levels are those formed by 12 and its multiples. These are very important on account of the 12 months in the year. The points also come out very close to many of the other important resistance points measured on the basis of 100 and 9 and also the points in the division of the circle of 360° . The most important points of resistance according to 12 are: 12, 18, 24, 30, 36, 42, 48, 54, 60, 66, 72, 78, 84, 90, 96, 102, 108, 114, 120, 126, 132, 138, 144 and the other points which you can see on the Master Twelve Chart or Square of 12×12 . A separate explanation of the Master Twelve Chart gives these other important points. Tops and bottoms of most stocks come out remarkably close to a basis of 12.

The circle of 360° , when divided into its geometrical parts, proves the reason of all resistance levels and measures time and volume as well as space very accurately. It is important to divide the circle by 2, 3, 4, 5, 6, 8, 9 and 12, to get the important resistance levels.

We first divide the circle by 2 and get 180, which is the strongest resistance level because it is the gravity center or $1/2$ point. It equals 180 months or 15 years, which is $3/4$ of the 20-year cycle and $1/2$ of the 30-year cycle, which is very important.

We next divide the circle by 4 and get 90, 180, 270 and 360. These are very important points because they equal 7 1/2 years, 15 years and 22 1/2 years, which is 3/4 of the circle. These points in days, weeks or months mark the beginning and the ending of important Time Cycles, as well as being important resistance levels when the price reaches them, especially when the time is up.

The next important levels we obtain by dividing 360 by 3, getting 120 as 1/3 and 240 as 2/3 points. These equal the 10-year cycle and the 20-year cycle and, of course, the third point, or 360, is the 30-year cycle.

Dividing the circle by 12, we get the following important points, which correspond with other points: 30, 60, 90, 120, 150, 180, 210, 240, 270, 300, 330 and 360. 150 and 210 are very important because 150 is within 30 months of the 180° angle or halfway between 120 and 180. 210 is 1/2 point between 180 and 240.

After dividing the circle by 12, it is next important to divide by 24, because there are 24 hours in a day, and the Earth moves 15° every hour or 360° in 24 hours. Therefore, we get the following points: 15, 30, 45, 60, 75, 90, 105, 120, 135, 150, 165, 180, 195, 210, 225, 240, 255, 270, 285, 300, 315, 330, 345, 360. If we divide 15 by 2, we get 7 1/2. Adding this to any of the other points gives an important point which corresponds to many of the other resistance levels. For example: Adding 7 1/2 to 15 gives 22 1/2, which is 1/16 of a circle. 150 is an important point and if we add 15 to this, we get 165, which is the 1/2 point between 150 and 180, 180 being one of the strongest angles. Get your other important points in the same way by adding 7 1/2 or 15.

Dividing the circle by 8, we also get very important points, which are: 45, 90, 135, 180, 225, 270 and 315. 135 is very important because it is 180° from 45. 315 is very important because it is the opposite of 135 and 90° from 45.

The next important points for resistance and measurement of time are obtained by dividing the circle by 16, which gives 22 1/2, 45, 67 1/2, 90, 112 1/2, 135, 157 1/2, 180, 202 1/2, 225, 247 1/2, 270, 292 1/2, 315 and 337 1/2.

The points obtained by dividing the circle by 32 are also important because they measure out cycles closely in accordance with the Master Twelve Chart and come out closely with the months. These points are 11 1/4, 33 3/4, 56 1/4, 78 3/4, 101 3/4, 123 3/4, etc., just simply adding 11 1/4 to any of the other figures to get the next figure.

The lowest division of the circle of any importance is 1/64, which is 5 5/8 of 1/2 of 11 1/4. These are of minor importance but tops and bottoms often come out on these points, especially when we are nearing the end of a major cycle. These points are as follows: 5 5/8, 16 7/8, 28 1/8, 39 3/8, 50 5/8, 61 7/8, 73 1/8, 84 3/8, 95 5/8, 106 7/8, 118 1/8, 129 3/8. All of these points are the 1/2 points between the other important points. 22 1/2 is 1/2 of 45, 11 1/4 is 1/2 of 22 1/2, and 5 5/8 is 1/2 of 11 1/4.

It is very important to divide the circle by 9 because 9 is the highest digit used. Dividing by 9 we get the following important points: 40, 80, 120, 160, 200, 240, 280, 320, 360, all very important resistance levels and corresponding with many of the other resistance levels calculated from the different points.

Dividing these points by 2, we get 20, 40, 60, 80, 100, 120, 140, 160, 180, 200, 220, 240, 260, 280, 300, 320, 340, 360. Many stocks work to these points of a circle in division of time, making tops and bottoms according to price and according to months. I use these points and the Master Twelve points and the other important points obtained through dividing the circle by 2, 4 and 8, as the most important resistance levels in measuring the time cycles.

If you will take the time to go over any stock running back 10 to 30 years, checking all important tops and bottoms, you will see how well these points work out both in time and space. In checking the Weekly High and Low Chart, you will find more of them working out than you can see on the monthly, because there are bottoms and tops made on weekly moves which do not show on the Monthly High and Low Chart. Then checking up on the Daily Chart, you will find minor moves working to these points which do not all show on the Weekly High and Low Chart.

To determine monthly movements, it is important to divide the year by 4, which gives the seasonal changes or the 4 quarters, which equal about 90° in time or 90 days and come to the strong

resistance levels. Watch for changes every 3, 6, 9 and 12 months. Most stocks make changes of importance at the end of each 12-month period. The next important thing to do is to divide the year by 3, making 4 months, 8 months and 12 months important points to watch. Dividing 52 weeks or 1 year by 4 gives 13 weeks, 26 weeks, 39 weeks as important points to watch for changes in trend. Divide 52 weeks by 3 to get the 1/3 points. On this basis, the 17th to 18th weeks and the 35th to 36th weeks will be important points to watch for a change in trend.

When any important Time Cycle is running out, watch your Daily and Weekly High and Low Charts for an indication that top or bottom is being reached. Keep up your angles closely, as the angles will determine when the trend is changing. One good rule to use after a very extended campaign, which has run 50 points or more in space, is to take the greatest move on the way up or down and then when it exceeds this on a reaction it indicates that the trend is changing. Another way is to take 1/12 of the total movement. Suppose a stock has advanced 144 points, then 1/12 of 144 points is 12 points. As a rule, when a stock has advanced this much and reacts 12 points, especially if reactions have been smaller up to this time, it indicates that the move is coming to an end. Some stocks will go up and never react more than 1/4 of the total distance traveled, others will react 1/3 of the distance and others will react to the 1/2 point. Always calculate from where the move starts the last time and watch the 1/2, 1/4 and 1/3 points from the last bottom or top, as well as your calculations from the major bottoms and tops.

The example given below will show you how we work out the campaigns in U. S. Steel according to time and space movements.

UNITED STATES STEEL CORPORATION

This company was incorporated February 25, 1901. Trading in the common stock began on the New York Stock Exchange on March 28, 1901, when it opened at 42 3/4. Now, this being a new stock, which was not listed on the Exchange before, we have no high and low to go by, so the first rule to apply is: If the stock moves down 3 points first, it will indicate still lower; if it advances 3 points, it will indicate that it is going higher. Next, we put on the square of 90°. You will see that I have drawn the angles up from 0 beginning with March, 1901, and drawn the angles down from 90 beginning March, 1901. These angles will show whether the stock is in a strong or weak position after it fluctuates for a short time.

Using the 3-point rule, the stock advanced to 46 from 43, which is 3 points up and would indicate higher, especially as it had crossed 45. But you will note it is below the 8 x 1 angle drawn from 90 which shows a weak position, while from the bottom it is above the 8 X 1 angle and is strong for some kind of a rally. It goes to 55. Now note your resistance levels. 56 1/4 is the resistance level because it is 45 plus 11 1/4. 54 is the resistance level on the Nine Square and on the Master Twelve Square. 55 is one of the psychological points where the public buys a stock after it crosses 50 because they think it is going much higher. After the stock has gone up to 55, then take 1/2 from 43 to 55, which is 49. Breaking 49, the halfway point, shows trend down. After breaking this level it broke the low level at 43.

The next way to calculate is to take 1/2 of 55, which is 27 1/2. During the panic of May 9, 1901, U. S. Steel declined to 24. 24 is an exact point on the Master Twelve Chart and 22 1/2 is the support level on the angles. Take the halfway point of the stock, 27 1/2, and the angle of 22 1/2° and get the halfway point between these. It is exactly 25, which indicated around 25 would be a strong support level and a place to buy for a rally.

Next, from the top 55 to the low 24, we get the halfway point which is 39 1/2. If the stock crosses this point, then the next resistance point is the 3/4 point, which is 47. It advances to 48 in July, 1901, and holds for several months without breaking back below 39 1/2. However, it fails to cross the 45° angle from 90 and from 55. In October, 1902, it breaks 39 1/2 and breaks below the 45° angle from the 24 bottom, putting it into a weak position. Notice that in July, 1923, the 45° angles from 0 and from 90 cross at 28 and that 27 1/2 is the halfway point of 55. The stock breaks under the 45° angle from 0 for the first time; then goes straight down to 8 3/8 in May, 1904 and rests on the angle of 4 x 1 from 0, the base or beginning point, reaching bottom on the 39th month from March, 1901, and 36 months from the bottom of May, 1901, coming out on an even cycle. Being

down 46 points from the top would indicate a strong support level, because 45 points down is equal to the 45° angle and indicates strong support. Nine is $5/6$ of 55, a support level and any stock getting down around 9, the digit, always receives good support. This is a strong number for stocks to make bottom on.

In August, 1904, the stock crosses the angle of 2×1 from 90 for the first time and gets active in September, crossing the 45° from 55, which shows uptrend. Twenty is $1/4$ point from 55 to $8 \frac{3}{8}$. It crosses this level, which indicates higher. The next point is the $1/3$ point which is $23 \frac{5}{8}$, which level is also crossed. The next point is $1/2$ which is $32 \frac{7}{8}$. In December, 1904, it makes 33, where it hits the angle of 2×1 from 55, reacts, then crosses 33 and goes to 38 in April, 1905, which is $5/8$ of the distance from $8 \frac{3}{8}$ to 55. Note that 39 was the last top in February, 1903. The stock declines to 25 in May, rests on the angle of 2×1 from 0 March, 1901, and on 2×1 from left of 45° angle from 0 May, 1904, showing strong support, also because $23 \frac{1}{8}$ was $1/2$ from $8 \frac{3}{8}$ to 38. The angles held the stock above the halfway point.

Top reached was 46 in February, 1905. At 45 we naturally expect resistance. Besides, $43 \frac{1}{4}$ is $3/4$ from $8 \frac{3}{8}$ to 55 and it is 60 months, or at the end of a 5-year cycle, and a reaction is due. In July, 1906, it declines to 43. The halfway point from 25 to 46 is $35 \frac{1}{2}$, and $33 \frac{3}{4}$ is a strong resistance level. Again, $32 \frac{7}{8}$ is $1/2$ from 55 to $8 \frac{3}{8}$. The stock is still above the angle of 2×1 from 0 in March, 1901, and only 2 points below the 45° angle from the low in May, 1904, making this a strong buying level. The next top is at 50 in October, 1906 and again the same top was reached in January, 1907. There was 4 months' distribution in a 5-point range, holding above 45. January, 1907, the last month that top was reached, was 69 months from the top in April, 1901 and 71 months from the date of incorporation, February, 1901, also 32 months from the low in May, 1904. Going into the 7th year indicated lower prices. The 7th year is always a year for a panicky decline, and failing to go 3 points above the top made in July, 1901, was a sign of weakness. 50 is a resistance level because it is $1/2$ of 100; 45 plus $5 \frac{5}{8}$ equals $50 \frac{5}{8}$.

In January, 1907, Steel broke the angle of 2×1 from 33. In March, 1907, it broke the 45° angle from the bottom of May, 1904, and also got below the 45° angle from 0 in 1904, putting it into a very weak position. It declined to 32, the support level of July, 1906, and $1/2$ from $8 \frac{3}{8}$ to 55. $29 \frac{3}{4}$ is $1/2$ from $8 \frac{5}{8}$ to 50. It made bottom for 3 months around 32. In July, 1907, it rallied to 39. Note the angle of 2×1 from 0 in March 1901, and the 45° angle from 0 in May, 1904, crossed at 38, making this a strong resistance level and hard to pass. In August, 1907, Steel declined and broke 32. This was the 4th time at this level and my rules say that when a stock reaches the same level the 4th time it nearly always goes through and makes a higher top or a lower bottom.

In November, 1907, Steel declined to $21 \frac{7}{8}$. The resistance level is at $22 \frac{1}{2}$ and 20 is $3/4$ point from $8 \frac{3}{8}$ to 55; besides 24 is a strong support level, as shown on the Master Twelve Chart. It failed to decline to the angle of 4×1 from 0 March, 1901, and 2×1 from 0 May, 1904, showing strong support. Bottom was made on the 78th month from the top of April, 1901. Note that $78 \frac{3}{4}$ is a strong resistance level because it is $3/4$ of 90. This was 80 months from March, 1901. Note that the last low in June, 1904, was on the 40th month, and 40 months later makes bottom again when time had balanced. The reason that 40 is strong is because it is $1/8$ of 360 and $1/3$ of 120, the 10-year cycle.

In January, 1908, Steel crossed the angle of 2×1 from January, 1907, and in March crossed the angle of 2×1 from May, 1901, and 3×2 angle from 0, 1904, putting the stock into a strong position. Later, the stock crossed 36, the halfway point from 50 to $21 \frac{7}{8}$, which indicated higher. In August, 1908, which was 90 months from March, 1901, the angle of 2×1 from 0 and 90 March, 1901, crossed at 45; also the 2×1 from $21 \frac{7}{8}$ s crossed at 45. The stock advanced to 48 in August and reacted to 42 in September. Being now out of the first square of 90° , having moved over 90 months, put it in a strong position. My rule says that stocks always go higher in the 8th and 9th years of a 10-year cycle.

In November, 1908, Steel crossed 50 and advanced to $58 \frac{3}{4}$ on the 90th month from the top in April, 1901, which would indicate top and a strong resistance, but the fact that the stock got 3 points above 55, the high of 1901, indicated higher prices later, especially as it was out of the square of 90.

The stock was up 50 points from 1904 low and $1/3$ would bring it back to 42, which was the last low made in September, 1908. In February, 1909, Steel declined to $41 \frac{1}{8}$. The writer predicted the top for $58 \frac{3}{4}$ in November, 1908, and the bottom for 42 in February, 1909. See the Ticker Magazine of December, 1909.*

The April, 1909, Steel crossed $1/2$ point from $58 \frac{3}{4}$ to $41 \frac{1}{8}$, regained the angle of 2×1 from 0 March, 1901, and in May crossed $58 \frac{3}{4}$, the top, getting above 45° angle from 0, 1904, putting it in a very strong position. Now, the question arises how to figure how far the stock will go when it has gotten into new territory after so many years. If we add 45 to the last important top, which was 50 in 1906 and 1907, we get 95. Steel sold at $94 \frac{7}{8}$ in October, 1909. Remember my rule says that tops and bottoms become halfway points. $21 \frac{7}{8}$, the bottom, to $58 \frac{7}{8}$ equals 37 points. Add this to $58 \frac{3}{4}$ and we get $95 \frac{3}{4}$. The top at $94 \frac{7}{8}$ made $58 \frac{1}{2}$ the halfway point from 1907 to 1909. The writer sold Steel short at $94 \frac{7}{8}$, stating that it would not go to 95. This is recorded in the Ticker Magazine of December, 1909. When Steel sold at $94 \frac{7}{8}$ it got slightly above the 45° angle from the top at 50 in January, 1906. This was exactly 73 points from the 1907 low and $86 \frac{1}{2}$ points from May, 1904 low. Any time a stock advances 84 to 90 points from the bottom or base, it is in selling territory. While this price was $4 \frac{7}{8}$ points over 90, it was only $86 \frac{1}{2}$ points up from its base; therefore, it would have to cross 99 to be out of the square of 90 from its extreme low in May, 1904. This is figuring according to space movement. The stock was up $53 \frac{3}{4}$ from the low of February, 1909, which was one of the strong resistance points. It made top on the 102nd month. The resistance point is $101 \frac{1}{4}$. It was 24 months from November, 1907, coming out on an exact cycle and 65 months from May, 1904. It started to break when it reached $67 \frac{1}{2}$ or the angle of $67 \frac{1}{2}^\circ$. This was 104 months from 1901. The 105th month or $8 \frac{3}{4}$ years is an important resistance point. To determine resistance levels, we first calculate the $1/8$, $1/4$, $3/8$, $1/2$, $5/8$, $3/4$, $7/8$, $1/3$ and $2/3$ points of the space movement. $76 \frac{5}{8}$ is $1/4$ of the movement from $21 \frac{7}{8}$ to $94 \frac{7}{8}$. In February, 1910, Steel declined to 75, getting strong support at the $1/4$ point. In March, 1910, it advanced to 89, making top $3/4$ of the distance from 75 to $94 \frac{7}{8}$ and just under the 45° angle from $94 \frac{7}{8}$. In July, 1910, Steel declined to $61 \frac{1}{8}$ and failed to make $58 \frac{1}{2}$, the halfway point from 1907 and 1909, which showed that it was getting strong support. $63 \frac{1}{4}$ was $1/3$ of $94 \frac{7}{8}$, which indicated a support level. The advance started and it worked up to 82 in February, 1911, just under $2/3$ point from $94 \frac{7}{8}$ to $61 \frac{1}{8}$, hitting the 45° angle from 0 in 1904, and a decline followed. April, 1911, ended the 10-year cycle from the top in 1901. In August, 1911, Steel broke the 45° angle from $61 \frac{1}{8}$ and in September, 1911, broke the 45° angle from November, 1907, and in October, 1911, declined to 50. Note this was on the 89th month from the low in May, 1904, working out the $7 \frac{1}{2}$ -year cycle and reaching the angle of 90° . The bottom at 50 was down $44 \frac{7}{8}$ points from the top, making this a strong support level because it was down 45 points, and equal to the 45° angle. $50 \frac{5}{8}$ being a resistance level showed that this was the point to buy Steel again; also $51 \frac{5}{8}$ was $1/2$ from $8 \frac{3}{8}$ to $94 \frac{7}{8}$, and $47 \frac{3}{8}$ was $1/2$ of $94 \frac{7}{8}$, the high point of the stock, all of which shows that this was a very strong support level. The stock was just below the angle of 2×1 from May, 1904, which angle the stock soon regained by getting back above it. It was down 2 years or exactly 24 months from the top and was 48 months from November, 1907, bottom, which balanced time and was an indication for another upward move to start. It was the 128th month from March, 1901, which put it out of the hexagon movement. See Hexagon Chart. In September and October, 1912, Steel made top at 80, which was $3/4$ from $94 \frac{7}{8}$ to 50 and failed to cross the high of May, 1911. Now note top 10 years back, September, 1902, from which a decline followed. In October, 1912, a decline started and in December it broke the angle of 2×1 from 50, afterwards getting weaker and breaking all support angles from 1901 to 1904 and 1907 to 1909 bottoms. In June, 1913, again declined to 50, the same resistance level as October, 1911, and 44 months down from the 1909 top, 52 months from February, 1909 bottom, 68 months from 1907 low and 109 months from 1904 low. This was 7 years or 84 months from the 1906 bottom. You can

see from this that the stock was still in a strong position according to the space movement or resistance levels, but in a weak position on angles and was running down to complete the 7-year cycle from 1907.

In February, 1914, Steel rallied to 67, just 2 points above the $1/3$ point from $94\ 7/8$ to 50. Note that it made 67 for 2 months, hitting against the angle of 2×1 from May, 1904, and failed to reach the angle of 2×1 from October, 1909. To run out a 10-year cycle from low in 1904 would indicate bottom in May and June, 1914, and 7 years from low in November, 1907, would be November, 1914. The Stock Exchange closed at the end of July, 1914, on account of war and U. S. Steel sold around 32 on the New Street Curb in the month of November, 1914. So for the purposes of calculating, November, 1914, should be considered, according to time, the month when Steel reached low. However, this level was lower than it sold after the Exchange opened, so we must also calculate the exact date that Steel made the extreme low. This was in February, 1915, when it sold at 38, just 168 months or 14 years from March, 1901, 64 months, from 1909 top, 72 months from February, 1909, bottom, and on the 88th month from 1907 bottom, all strong time cycles indicating bottom. The stock went below the angle of 4×1 from May, 1904, but quickly recovered and stayed above it. This bottom at 38 was just above $2/3$ point from $94\ 7/8$ to $8\ 3/8$, and $3/4$ point from $21\ 7/8$ to $94\ 7/8$ was 40. February, 1909, bottom was at $41\ 1/8$. $37\ 1/2$ is a natural resistance level, being 30 plus $7\ 1/2$ or $22\ 1/2$ plus 15, and $7/8$ of 45 is $39\ 3/8$, all strong resistance points on space movements.

How to forecast from this point according to time: Going back 10 years we see that in 1905, 1906 and in January, 1907, the stock advanced; then in 1915, 1916 and 1917 it should be up trend. We add 7 years to October, 1909 top and get October, 1916. Top was reached in the early part of November, 1916, when the stock sold at 129, and a sharp decline followed to December, 1916, when the stock sold at 101, but final low was not reached until February, 1917, when it sold at 99. This was close enough to the 10-year cycle from March, 1907, when there was a panic, and 7 years from the top of February, 1910. The top at 129 was 21 months from February, 1914, bottom. It broke on the 22nd month, had a small rally in the 23rd month, made bottom 24 months from February, 1915, low. Note strong position on angles at 99, which was 90 or square above the base of $8\ 3/8$ and exactly on the angle of 2×1 from 80 bottom in April, 1916.

The 180th month or 15-year cycle ended with February, 1916, with the stock holding above the angle of 2×1 from May, 1904, low, still below the price of 90. In August, 1916, it crossed the 1909 top at $94\ 7/8$, which indicated much higher. Now we want to know what price to expect Steel to advance to, so we look back and see top at 80 in 1909, 1910, 1911 and 1912. In 1916 there was 3 months' bottoms at 80. This being the last low must become an important center or halfway point. Take the 1909 top, $94\ 7/8$, and subtract the 1915 low at 38 and get $56\ 7/8$. Add this to 80 and get $136\ 7/8$. The exact high on May 31, 1917, was $136\ 7/8$, the stock being up $95\ 5/8$ points from 1914 low, and 128 points from the 1904 low. It is always important to go back 5, 7, 10, 15, and 20 years to bottoms and tops. Taking 1907 low at $21\ 7/8$ and 1917 top at $136\ 7/8$, we find the halfway point to be $79\ 1/4$, proving that the starting point at 80 was to become the center of gravity or halfway point for a 10-year cycle.

The 1917 top was 91 months from October, 1909, top and exact square angle of 90° , being only 1 month over it. It was 193 months or 16 years from 1901 top. Note November, 1908, top was 90 months from April, 1901, top. Sixteen years is $4/5$ of the 20-year cycle. Stocks make their best advances in the 8th to 9th years of a cycle. May, 1917, was 16 years and 3 months from March, 1901. There is a cycle of 32 years and 6 months. Steel had worked out $1/2$ of this cycle to the top. In view of the fact that top was reached on the 91st month and on the exact space movement was evidence that the stock was top for a further decline. In 1917, top, coming out on the price indicated and on the 91st month, indicated top and a short sale. Besides, the volume of sales was very large, indicating distribution.

We know that 1907 was a panic year and that stocks made low in October and November, 1907; then 1917 must repeat. 1910 was also a bear year and 1917, or 7 years later, indicated a decline. The trend turned down in June, 1917, and in the panic of December, 1917, Steel sold at 80, the halfway

point from 1907, getting just below the angle of 2 x 1 from 1907 and getting support 1 point below the angle of 2 x 1 from 0 May, 1904. December, 1917, was 90 months from July, 1910, and 30 months from February, 1914, the exact angle being at $33 \frac{3}{4}$. This was another indication of bottom for a rally. We know that Steel went up in 1908 and 1909. Therefore in 1918 and 1919, 10 years later, we expect it to work like 1908 and 1909. Steel advanced in 1918 and made last top in October and November, 1919, just 10 years from 1909 top. In 1920 and 1921, Steel followed 1901, 1910 and 1911. In June, 1921, made bottom 7 years from the low in July, 1914, nearly 14 years from the 1907 low, 76 months from the 1915 low, 49 months from 1917 top and 242 months from the top in April 1901, working out the 20-year cycle, the most important cycle.

By taking the top at $136 \frac{5}{8}$, we find that $\frac{1}{2}$ of the total value is $68 \frac{1}{4}$. The stock got support above the halfway point of its total value, indicating a good buying price. It was down $66 \frac{1}{4}$ points from top, another resistance level. The $\frac{1}{2}$ point from $8 \frac{3}{8}$ to $136 \frac{5}{8}$ was 64. The fact that it held above these halfway points indicated strong support and much higher prices to follow. The next point, $87 \frac{1}{4}$, was $\frac{1}{2}$ from 38 to $136 \frac{5}{8}$. It made bottom in February, 1918, and February, 1919, at this level. In 1920, after Steel broke 87, it never rallied again to 91 until it declined to $70 \frac{1}{2}$ in June, 1921. In 1922, Steel crossed 88, the halfway point; went to 111; then declined to 86. It remained 4 months at this same bottom without getting 2 points below the halfway point from 1915 low to 1917 high. This was proof enough that there was strong buying and good support at this main center and that the stock would go much higher later. In May and June, 1924, just 20 years from May, 1904, when Steel made the low, it sold at 95 and has never sold at that price again before the high was made at $261 \frac{3}{4}$, making higher tops and higher bottoms each year.

In November, 1928, Steel made top 20 years from November, 1908 top. In January, February and March, 1929, tops were around the same level, 192 to 193. Steel declined and made the last low in May, 1929, at $162 \frac{1}{2}$, a little lower than February and March, 1929, lows.

On September 3, 1929, Steel reached the highest in its history, $261 \frac{3}{4}$. Note that tops were reached in July, 1919, and in October, 1909. This was 1 month sooner than the 1909 top and 1 month later than the 1919 top. The top was reached on the 343rd month from March, 1901. This is a very important number, which marks culminations and indicates tops or bottoms, because it is 7×49 , and 49 is composed of 7×7 . The top was reached 98 months from the 1921 low, or 8 years and 2 months, making top early in the 9th year. Note that the top on the sold stock before it sold ex-stock divided, was reached in May, 1927, 10 years from the top of May, 1917. September, 1929, was 175 months from 1915 low and nearing 180 months indicates a big decline. It was 148 months from the 1917 top, 63 months from 1924 low, 71 months from 1923 low, 37 months from August, 1926 top, 24 months from September, 1927 top, and 148 months from May, 1917. This is important because $135 \text{ plus } 11 \frac{1}{2} \text{ equals } 146 \frac{1}{4}$, an important resistance level on the Master 12 x 12 Chart.

From September, 1904, when the trend turned up, to September, 1929, was 300 months, an important cycle, which indicated the end. It is important here to figure the space movement.

Figuring from the low of 38 in 1915 to the high of $261 \frac{3}{4}$ in 1929, we get $223 \frac{3}{4}$ points. We know that 225 is one of the very strong resistance levels. Then figuring from the low of $21 \frac{7}{8}$ in 1907 to the top at $261 \frac{3}{4}$, find the space movement 240 points, another very strong resistance level, because it is $\frac{2}{3}$ of the circle of 360° . From the extreme low in May, 1904, Steel was up $253 \frac{3}{8}$ points. 255 is the halfway point between 240 and 270, therefore a very strong resistance level. Figuring from the low of $70 \frac{1}{2}$ in 1921 to the top in 1929, the space movement equaled $191 \frac{1}{4}$ points. This is exactly 180 plus $11 \frac{1}{4}$, another strong resistance point. The last run on Steel from $162 \frac{1}{2}$ in May, 1929, to the top was nearly 100 points. My rule says, when stocks have sharp advances, getting up 90 to 100 points, it is time to watch for top and a change in trend.

I have found, after years of experience, that over a long period of years a stock cannot maintain a gain of more than 1 point per month, or that it cannot do better than to hold the 45° angle. When a stock in its early years goes up too fast and gets ahead of time, sharp reactions have to take place

while the stock is squaring itself or adjusting itself to the time period. One of my rules is, when time and space balance, the stock makes top or bottom. This was the most important indication of all that Steel was top at 261 3/4.

October, 1907, was the next important low level after Steel reached extreme low in May, 1904. From October, 1907, to September, 1929, was 262 points. To be exact, this time was up on August 23, 1929. The top was reached at 261 3/4 on September 3, 1929, within 1/4 point of the 45° angle from 0 in October, 1907, showing that the stock had made its return to the 45° angle. This indicated that time and space had balanced. Suppose the stock had crossed this angle. So long as it stayed above it, it would have indicated higher prices, but just as soon as it got below it, it would be an indication for lower prices. Analyze other stocks according to this same rule. Allowing 1 point gain per month for the stock to follow the angle of 45°, Steel was behind time in May, 1929. That is why the fast advance of 100 points took place, bringing it up to strike the angle of 45° and make final top when time and space balanced.

I have stated before that important tops and important bottoms become halfway points or main centers. Now it is very important to know why Steel made low at 150 in November, 1929. We go back to December, 1928, and find the last low on Steel was 149 3/4, having declined from a top at 172 1/2. There were three weeks' bottoms around this level. After advancing from this level to 192 and 193, it declined to 162 1/2; then advanced to 261 3/4. From the 149 3/4 level, Steel advanced to a new high level of its history up to that time. Therefore, 149 3/4 or 150 must become an important center or halfway point. The last important low level was at 38 in 1915. We subtract 38 from 149 3/4 and get 111 3/4. We then add 111 3/4, which gives us exactly 261 1/2. The stock made top at 261 3/4, which makes the halfway point from 1915 to 1929 at 149 7/8. U. S. Steel declined to 150 in November, 1929, which was a strong buying point, protected with stop at 147. Figuring the total value of the stock, 261 3/4, we find the 3/4 point at 196 1/2, therefore a strong resistance level. Then, figuring from the last low, 70 1/2, in June, 1921, to the extreme high of 261 3/4, we find the 2/3 point at 198. The writer advised selling U. S. Steel short in April, 1930, with stop at 199. On April 7, 1930, Steel sold at 198 3/4. It was below the angle of 8 x 1 from 261 3/4, a weak position on angles from the top, but we must always consider the position on angles from the bottom. At this time, Steel was above the 45° angle from 1914 and 1921 lows.

It is important to consider the position of the stock according to the Time Cycle. April, 1930, was 10 years from high in April, 1920, and the high in 1910, 20 years back, was reached in March and April. Going back 7 years, we find the high in April, 1923, and going back 90 months from April, 1930, we find that Steel made top in October, 1922, and a sharp decline followed in November. All of these time cycles indicated top for Steel in April and when it reached strong resistance levels and the Daily and Weekly Charts showed down, it was a sure sign to go short and pyramid on the way down.

Looking ahead: Knowing the date of incorporation of U. S. Steel, February 25, 1901, you would look back to see what happened at the end of the 5, 10, 15, 20 and 30 year cycles.

You would find that in 1901, 1902, 1903 and 1904, Steel was in a bear market and worked lower. Therefore, you would expect at the end of the 30-year cycle very much lower prices, especially after Steel had reached extreme high in 1929, being the third high top in the bull campaign. You would also refer back 20 years to 1911 and 10 years to 1921. These cycles indicated that 1931 should be a bear year. Then you would look for geometrical angles to tell when Steel was getting into a bearish position from the bottom, as it already was in a very bearish position on angles coming down from 1929 top.

May, 1930: When Steel broke below the bottoms of the previous 3 months, getting under 178, it broke under the 45° angle from 0 from the bottom of 1915, and when it was under 174, it broke the 45° angle from the 1921 low, placing it in a very weak position and indicating lower prices.

In December, 1930, Steel declined to 135, on the angle of 2 x 1 from the low of 111 1/4 from January, 1927. This, being the halfway point of the life fluctuation, was a strong support point.

1931

The stock rallied to 152 3/8 in February, 1931. This was the end of 360 months or the end of the first 30-year cycle from the date of incorporation. A change in trend of Steel nearly always comes in

the month of February. The trend turned down at this time when it went into the new cycle. On this last rally to 152 7/8, it failed to reach the 45° angle coming up from 111 1/4 bottom. Then, declined and broke the 45° angle from 0 from May, 1918.

In April, 1931, it broke the 135 bottom; broke the angle of 2 x 1 from 111 1/4 and the angle of 2 x 1 from 38 low in 1915; then broke the angle of 2 x 1 from the 1921 low, which put it in a very weak position. Dropping below the angle of 45° coming down from the 150 low of November, 1929, and below the 49° angle from 1950 of December, 1928, it was in such a weak position behind these 45° angles that it indicated very little rally.

In June, 1931, low was 83 1/4. The price rested on the 45° angle coming up from 0 from the low of May, 1924, where the bottom was made at 95. Note that the 4 x 1 angle from 1904 and 1915 crossed near these levels, and the 4 x 1 angle coming up from 0 in September, 1929, crossed at 84, making this a strong support point for at least a rally.

In July, 1931, Steel rallied to 105 1/2, still weak on angles from the top and from the bottom. September, 1931, Steel broke 83, under the 2 x 1 angle from 0 in May, 1924, and under the 2 x 1 angle coming down from the 1929 top. As most all of the strong angles from the bottom were broken, it was in a very weak position.

December, 1931, declined to 36 on a 45° angle from 0 in December, 1928, when the low was 150. At 36 it rested on the 45° angle coming down from the last low of 114 in June, 1925. This was 2 points under the 1915 low of 38 and was 242 months from 1911 low and 60 months from January, 1927 low. The stock held here for a temporary rally to February, 1932, when it sold at 52 1/2.

1932

This was 12 months in a new 30-year cycle. Note 1902 top in January was 30 years back, and also 1912 top in January, 20 years back.

The decline continued and in June, 1932, low was reached at 21 1/4, the same low as October, 1907.

This was 34 months from 1929 top. At the time bottom was reached, it was under the 45° angle from the low of March, 1925. Note the 45° angle coming down from June, 1924, reached 0 in June, 1932, and indication for bottom and a change in trend. In view of the fact that Steel made extreme low in May, 1904, we would watch for change in trend in May and June, or when the cycle runs out. June, 1932, was 336 months from May, 1904, low and 26 months from April, 1930, top. Note May and June, 1912, low for a rally.

September, 1932, U. S. Steel had a sharp rally to 52 1/2. This was the same high as the top of February, 1932, which it failed to cross. It was still in a weak position on angles from the top and a decline followed.

1933

February, 1933, Steel declined to 23 1/4. This was a secondary low and a higher bottom than 1932; indicated good support. It was 42 months from September, 1929, or 1/2 a 7-year cycle, and 34 months from April, 1930, top and 24 months in the new 30-year cycle. In 1913, February was low for a small rally; in 1903, February was top for a decline. Steel nearly always makes a change in trend in February. Looking back 7 years to 1926, you will find the low in March and April.

Note the 45° angle from 0 in February, 1931, which was the end of the 30-year cycle, crossed at 24 in February, 1933. Therefore, the stock rested on this angle, which was a strong support angle.

July, 1933, high 67 1/2. Note that in 1923 lows were made in July and August; in 1913, high in August; in 1903, new lows were made in July.

October, 1933: Steel declined to 34 1/2. This was 49 months from September, 1929, top and 42 months from April, 1930, top. October, 1923, was low, 120 months or 10-year cycle. 1913 also low in October, 1903, low in November. Looking back 7 years to October, 1926, we find a low, and looking up the 5-year cycle, in October, 1928, we find a low. Fifteen years back, or 180 months, September, 1918, was high. Therefore, there are many indications for a change in trend and bottom in October, 1933.

1934

The stock started up and advanced to February, 1934, when it made a high of 59 3/4. Again, we find the trend turning down and changing in February. The stock failed to reach the highs of July, 1933, a

bearish indication and sign of lower prices. The top at 59 3/4 was under the 45° angle from the July, 1933, top. Looking ahead, we find that May, 1904, was the extreme low of the stock, therefore we would expect the stock to be down until May, 1934. May, 1934, ended a 30-year cycle from the bottom. Also, look up 1914 and 1924 to tell how Steel should run in 1934.

September, 1934, low 29 1/2. This was 60 months or 5 years from the 1929 top and indicated a change in trend. Note October, 1924, was low, and in 1914 Steel was low in the month of November on the Curb, the New York Stock Exchange being closed. In 1904 Steel started up in September. Look back 7 years to 1927; we find low in October.

1935

January: Steel high at 40 1/2, a weak rally and still under the 45° angle from 1932 and 1933 lows. However, it crossed the angle of 2 x 1 coming down from February, 1934, top, but never closed above this angle, indicating a weak position. The trend turned down again in February, breaking the 2 x 1 angle from the bottoms of 1932 and 1933.

March: Low 27 1/2, still higher than the bottoms of 1932 and 1933 and getting higher support indicated that it was in a position to rally.

It was under the 4 x 1 angle from 21 1/4 low, but above the 45° angle from 0 in February, 1933, and on the 2 x 1 angle from July, 1933, high. Note in 1925 the low was made in March; in 1915 the low was made in February; in 1905 April was top. Note that it was 25 months from 1933 low and 33 months from 1932 and 49 months in the second 30-year cycle. Looking back 7 years, we find March, 1928, low. Now, we look at 1905, 1915 and 1925 and find that they were all years of advancing prices for U. S. Steel.

In April, 1935, U. S. Steel started up and crossed the angle of 2 x 1 from February, 1934, top and for the first time held above this angle. In July, 1935, high 44 against the 45° angle from July, 1933, top. In August, Steel crossed the 45° angle from 1933 top and got back above the 45° angle from 0 from June, 1932. This indicated that it was in a stronger position. Note the 2 x 1 angle coming up from 0 at the time of the top in February, 1934. It rested on this angle in May and June, 1935; also on the 45° angle from the low of June, 1932, and on a reaction in October, 1935, rested on the 2 x 1 angle from the low of March, 1935, and where the 45° angle from July 1933 coming down crossed the 2 x 1 angle from March, 1935, low. The low price at this time (October, 1935) was 42. This showed that it was getting strong support on these angles.

In November, 1935, it advanced to 50. Note the 45° angle coming down from the last top of 105 1/2 made in July, 1931, will cross at 53 1/2 in November, 1935. Looking back at the previous cycles, we find 1905-high of the year in December; 1915-high of the year in December; 1925-high in November; 1928-low in December. Looking at 1930, 5 years back which was a bear year, however, we find the low in December. In 1935 Steel is following and repeating the bull cycles of 1905, 1915 and 1925.

Future Forecast: 1936

In order to forecast Steel for the year 1936, you look back at 1906, 1916, 1926, 1921, 1922 and 1929. Note 1906 and 1916 highs were reached in January and the trend turned down, but in both of these years the trend was strong up from July and August to December. In 1926, high in January; low reached in May; high in August; low in October; and then rallied sharply, making high of the year in the month of December.

Apply these same rules to any other stock in forecasting its future trend. Bring up all of the angles from tops and bottoms; look up the resistance levels; study the volume of sales and watch the position on the weekly high and low chart as well as the monthly chart. By applying all the rules and considering all indications, you will be able to get a more accurate forecast.

TIME AND RESISTANCE POINTS ACCORDING TO SQUARES OF NUMBERS

Every price at which a stock stops on the up or down side is some important mathematical point, which can be determined either by a division of the circle of 360° or by the square of 12, the square of 20, or the square or halfway point of some other number.

There is no top and bottom price which cannot be determined by mathematics. Every market movement is the result of a cause and when once you determine the cause, it is easy enough to know why the effect is as it is.

Everything moves to a gravity center or to a point halfway between some bottom and top or some other important resistance point. For example: We divide the circle of 360° by 2 and get 180. We divide by 4 and get 90; then divide 90 by 2 and get 45; divide 45 by 2 and get $22\frac{1}{2}$; divide $22\frac{1}{2}$ by 2 and get $11\frac{1}{4}$; divide $11\frac{1}{4}$ by 2 and get $5\frac{5}{8}$; divide $5\frac{5}{8}$ by 2 and get $2\frac{13}{16}$, which is the lowest division of the circle that we can use for time periods. Each of these points is $\frac{1}{2}$ of one of the other important divisions of the circle.

Stocks work out the square of different numbers, triangle points of different numbers, the square of their bottoms, the square of their tops, or to a halfway point of the different squares according to the time period. Therefore, it is important for you to study the resistance levels according to these numbers, as outlined below:

Square of Numbers:

The squares of each number and the halfway point between the square of one number and the next point are very important. For example:

The square of 2 is 4; the square of 3 is 9. The halfway point between 4 and 9 is $6\frac{1}{2}$.

The square of 4 is 16. The halfway point between the square of 3 and the square of 4 is $12\frac{1}{2}$.

The square of 5 is 25. The halfway point between 16 and 25 is $20\frac{1}{2}$.

The square of 6 is 36. The halfway point between 25 and 36 is $30\frac{1}{2}$.

The square of 7 is 49. The halfway point between 36 and 49 is $42\frac{1}{2}$.

The square of 8 is 64. The halfway point between 49 and 64 is $56\frac{1}{2}$.

The square of 9 is 81. The halfway point between 64 and 81 is $72\frac{1}{2}$.

The square of 10 is 100. The halfway point between 81 and 100 is $90\frac{1}{2}$.

The square of 11 is 121. The halfway point between 100 and 121 is $110\frac{1}{2}$.

The square of 12 is 144. The halfway point between 121 and 144 is $132\frac{1}{2}$.

You can figure out the squares of 13, 14, etc., in the same way.

An important thing to remember is that a stock which makes low on an odd number will work out to the odd squares, that is, a stock that makes a low on 3, 5, 7, 9 or 11 will work out to the odd squares, while a stock which makes a low on 2, 4, 6, 8 or 10 will work out to points in the even squares.

When stocks are selling at low levels, they make bottoms or tops and meet resistance around 2, 4, 6, $12\frac{1}{2}$, 9, $12\frac{1}{2}$, 16, etc. All of these points are also important for time periods, especially on the monthly chart, and should be watched on the weekly chart. When stocks are very active and reach high levels and the time period is a long distance from top or bottom, then these square points should be watched on the daily chart.

Important Numbers for Resistance -- 12 to 100

11 to 12: This is an important point for resistance, both on time and price, because 12 equals 12 months and $11\frac{1}{4}$ is $\frac{1}{32}$ of a circle of $\frac{1}{2}$ of $22\frac{1}{2}^\circ$.

15 to 16: The next important resistance point is 16, the square of 4. 15 is important because it is $\frac{1}{4}$ years.

18: An important number for resistance in time and price because it is twice 9, $1\frac{1}{2}$ times 12, $\frac{1}{20}$ of a circle.

20 $\frac{1}{2}$: The halfway point between 16 and 25, therefore important at times.

22 $\frac{1}{2}$ and 24: $22\frac{1}{2}$ is $\frac{1}{16}$ of a circle, $\frac{1}{2}$ of 45. The reason why stocks often make top or bottom in the 23rd month is because the angle of $22\frac{1}{2}^\circ$ comes out at this point.

24 and 25: These are very important because 24 is twice 12 and 25 is the square of 5 and $\frac{1}{4}$ of 100.

26: When you consider the square of 4, which is 16, and the even square of 6, which is 36, the halfway point between them is 26, which is sometimes an important resistance point for time and price.

27 and 28: Important tops and bottoms come out around 27 to 28 months, and major or minor campaigns end on this time period. The reason for this is that 4 times 7 is 28 and that 28 is $2\frac{1}{3}$

years. Three times 9 is 27 and anything that comes out on multiples of 3 is very important, because it is the first odd number that we can square, as the square of 1 is 1.

30: Any halfway point or gravity center is also important. Therefore, 30, which is $2\frac{1}{2}$ years, is an important time period for changes in trend. Because $30\frac{1}{2}$ is the halfway point between 25, the square of 5, and 36, the square of 6, it makes this period important.

34 to 36: $33\frac{3}{4}$ is $\frac{3}{4}$ of 45. You will recall that the bear campaign which ended in July, 1932, was 34 months from the 1929 top. It is always important to watch for changes in trend around the 34th to 36th months. Thirty-six being the square of 6 makes this a strong resistance point. Three times 12 or the end of the third year is another reason for strong resistance at this point.

39 and 40: Forty is a number referred to many times in the Bible. The children of Israel wandered 40 years in the wilderness. The food lasted 40 days. Forty equals $3\frac{1}{3}$ years. $\frac{7}{8}$ of 45 is $39\frac{3}{8}$. Forty is $\frac{1}{9}$ of a circle. All of this makes these numbers important for time periods and resistance levels on price.

42: The next important number for resistance in time and price is 42. It is $3\frac{1}{2}$ years of time or $\frac{1}{2}$ of a 7-year cycle. Also, $42\frac{1}{2}$ is the halfway point between the square of 6 and the square of 7.

45: This is the master of all numbers because it contains all the digits from 1 to 9. The 45° angle divides the 90° angle in half, making it an important gravity center. It is $\frac{1}{8}$ of 360 and 5 times 9. Fast moves up or down often occur in the 45th month. On any kind of chart that you make up with squares, you will find that 45 will come out on the square of 9, the square of 20 and the square of 12, all proving that 45 is a Master Number. Use 45 in every way possible for measuring price, time, space and volume movements.

48 and 49: Strong and important numbers for changes in trend are 48 and 49. Forty-nine is 7 times 7, or the square of 7, and 48 is 4 times 12, or the end of the fourth year. On a decline to 49 to 50, a stock often meets resistance and has a good rally from this point. The same with a stock on an advance to around 49 to 50, meeting resistance around this point and reacting to 45 anyway.

50: Important because it is one-half of 100. If we add $5\frac{5}{8}$ to 45, we get $50\frac{5}{8}$.

52: This number has some importance because there are 52 weeks in a year and $51\frac{7}{8}$ is $\frac{1}{7}$ of a circle of 360° . It is $4\frac{1}{3}$ years. $52\frac{1}{2}$ is the halfway point between 45 and 60, which makes this important to watch for resistance.

56 and 57: These are very important because $56\frac{1}{4}$ is 45 plus $11\frac{1}{4}$ or the halfway point between 45 and $67\frac{1}{2}$. $56\frac{1}{2}$ is the halfway point between 49 and 64.

60: This is one of the very important numbers to watch for resistance. It is an important time period because it equals 5 years in time or $\frac{1}{2}$ of the 10-year cycle or $\frac{1}{4}$ of a 20-year cycle. It is one of the most important time periods after 45 to 49. Sixty is $\frac{1}{6}$ of the circle. Here again we use the rule of 3, multiplying 20 by 3, we get 60. Sixty is $\frac{1}{3}$ of 180 and the halfway point between 45 and 75. Watch stocks that advance to around 60 or decline to around 60. If they hesitate several days, weeks or months, you will know that they are meeting resistance at this point and a reverse move will occur.

63 to 64: $62\frac{1}{2}$ is $\frac{5}{8}$ of 100. Sixty-three is 7 times 9. Sixty-four is the square of 8, and is $5\frac{1}{3}$ years, and the next important point to watch after 60.

66 and 67: Sixty-six is $5\frac{1}{2}$ years or $5\frac{1}{2}$ times 12. $67\frac{1}{2}$ is 45 plus $22\frac{1}{2}$ or $\frac{3}{16}$ of a circle.

70 to 72: The number 70 is referred to many times in the Bible. It is three score years and ten, the allotted span of the life of man. Seventy is 7 times 10; $3\frac{1}{2}$ times the 20-year cycle. Seventy-two is 6 years and $72\frac{1}{2}$ is the halfway point between the square of 8 and the square of 9. Seventy-two is $\frac{1}{5}$ of 360. It is also the square of 12 and a very important time period.

78 to 80: These are all important because $78\frac{3}{4}$ is $\frac{7}{8}$ of 90; 80 is 4 times 20 and twice 40. Eighty equals $\frac{1}{18}$ of 360° circle and is $\frac{4}{5}$ of 100. The square of 9 is 81. Great resistance occurs around these price levels, and the endings and beginnings of cycles take place around these months as you will find by looking them up on your charts.

84 to 85: Strong resistance levels because $84\frac{3}{8}$ is $\frac{15}{16}$ of 90 and 84 is 7 times 12 and equals the 7-year cycle. At this point, the greatest resistance is met before a stock reaches the 90th month or a price of 90. After it breaks under 90, it is the first important resistance level below 90.

89 and 90: Ninety is one of the strongest points of all because it equals a vertical angle and represents $1/4$ of the circle. $90\ 1/2$ is the halfway point between 81 and 100, the square of 9 and the square of 10. In active markets, moves straight up and straight down occur when the 90th month, 90th week or 90th day is reached. The 90th month is the most important, but the 90th week is also quite important. You should always watch the 89th month for tops and bottoms and important changes in trend. Many important campaigns begin and end in the 89th month; some run to the 91st month. Note U. S. Steel monthly 1915 to 1916 and see what happened around the 89th to 90th months. On the daily chart the change often comes on the 92nd to 93rd day, but a movement often runs to around the 98th day before an important change. It is important to watch this point on a daily chart.

95 to 96: This is 8 times 12. $95\ 5/8$ is 90 plus $5\ 5/8$ and quite a strong resistance level for price and time changes. When an important time period comes out on the 96th to 98th month, you will often find an important change in trend because this is 8 times 12 and starts the 9th year. The 9th year is always important and marks the ending of important campaigns with extreme high or low prices. Stocks often advance to 95 to 97 and fail to make 100; then they often decline to 97 to 95 and meet strong support, rally and cross 100 again.

99 to 100: Important because 100 is the square of 10. Ninety-nine is 11 times 9. One hundred is a psychological number for the public to buy and sell, or to hope for prices to reach. Stocks often go to 99 and fail to make 100 and often decline to 99 and then start up again.

Study all of these important squares and gravity centers or halfway points and the squares of numbers above 12, as shown on the 360° Circle Chart. All of these mathematical points will help you to determine changes in trend and resistance points.

November, 1935

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RESISTANCE LEVELS

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If we wish to avert failure in speculation we must deal with causes. Everything in existence is based on exact proportion and perfect relation. There is no chance in nature, because mathematical principles of the highest order lie at the foundation of all things. Faraday said: "There is nothing in the Universe but mathematical points of force."

Every stock makes a top or bottom on some exact mathematical point in proportion to some previous high or low level.

The movement of a stock between extreme high and extreme low, either in a major or minor move, is very important and by a proper division of this range of fluctuation, we determine the points where resistance or support will be met on a reverse move, either up or down. By carefully watching these Resistance Levels in connection with your Trend Lines, you can make a greater success and trade with closer stop loss orders. You can tell by the Resistance Points why the averages or a stock should receive support or meet selling at old tops or bottoms.

RANGE OF FLUCTATIONS

1/8 POINTS

Take the extreme low and extreme high of any important move; subtract the low from the high to get the range; then divide the range of fluctuation by 8 to get the 1/8 points, which are Resistance Levels or buying and selling points. When a stock stops around these levels and makes bottom or top on or near them and shows a turn on the Trend Line, this is the place to buy or sell. Sometimes the averages or a stock will hold for 3 to 7 days, making bottom or top around these important Resistance Levels, and at other times may hold for several weeks around them.

1/3 and 2/3 POINTS

After dividing a stock by 8 to get the the 1/8 points, the next important thing to do is to divide the range of fluctuation by 3 to get the 1/3 and 2/3 points. These 1/3 and 2/3 points are very strong, especially if they fall near other Resistance Points of previous moves or when they are divisions of a very wide move.

HIGHEST SELLING PRICE

Next in importance is the division of the highest price at which a stock has ever sold and each lower top.

Divide the highest selling price by 8 to get the $1/8$ points and also divide by 3 to get the $1/3$ and $2/3$ points.

This is very important as a stock, after breaking the half-way point of the fluctuating range, will often decline to the half-way point of the highest selling price, and will also work on the other Resistance Points in the same way.

When a stock is advancing, it will often cross the half-way point of the highest selling point and then advance to the half-way point of the fluctuation and meet resistance.

MOST IMPORTANT MOVEMENTS TO CONSIDER

The first and most important point: Consider the Resistance Levels between the extreme high and extreme low of the life of a stock.

Next important point to consider: Resistance Points or divisions of the highest price at which the stock has ever sold.

Then consider the fluctuation of each campaign which runs one year or more. Take the range between extreme high and extreme low and divide into 8 equal parts to get the Resistance Points.

Then take a third or fourth lower top and divide it by 8 to get the Resistance Points.

SECONDARY BOTTOMS AND TOPS

After the market has made final top in a Bear Campaign and the first rally takes place, then follows a secondary reaction, making a higher bottom, the half-way point between the high of the first rally and the low on secondary decline is very important to figure Resistance Levels from. The half-way point between the top of the first rally and the bottom of the secondary reaction is a strong support point.

Example: Dow-Jones Industrial averages - 1932 Bear Market

Jul. 8, 1932 final low $40-1/2$;

Sep. 8, 1932 high of first rally $81-1/2$;

Feb. 27, 1933 bottom of secondary reaction $49-1/2$;

half-way point 61.

After final top in a Bull Campaign has been reached and the first sharp decline takes place and a secondary rally follows, making a lower top, this lower top is an important point to figure Resistance Levels from. The half-way point between the bottom of the first reaction and the secondary top is a strong Resistance Level.

Example: 1937, Mch. 8 high $195-1/2$;

Jun. 17 low of first decline 163;

Aug. 14 high of secondary rally $190-1/2$;

half-way point $179-1/4$

Also figure the half-way point between the secondary bottom of $49-1/2$ made on February 27, 1933 and the secondary top of $190-1/2$ reached on August 14, 1937. This was 120, a very important Resistance Level. The low of April 11, 1939 was 120, where the trend turned up again. There were many other bottoms and tops formed around this level in the past.

ORDER OF RESISTANCE LEVELS

When a stock is advancing and crosses the $1/4$ point, the next most important point to watch is the half-way point ($1/2$ point) or gravity center, or the average of the move or fluctuation.

Then the next point above the half-way point is the $5/8$ point.

The next and strongest point after the half-way point is crossed is the $3/4$ point.

Then, if the range is very wide, it is important to watch the 7/8 point of the move. This will often mark the top of an advance. But in watching these Resistance Points, always watch your Trend Lines on the Weekly Chart and follow rules given on Formations. If the stock starts making tops or bottoms around these Resistance Points, it is safe to sell or buy.

THE AVERAGE OR HALF-WAY POINT

Always remember that the 50% reaction or half-way point of the range of fluctuation or of the extreme highest point of a stock or any particular move is the most important point for support on the down side or for meeting selling and resistance on the way up. This is the balancing point because it divides the range of fluctuation into two equal parts.

To get this point, add the extreme low of any move to the extreme high of that move and divide by 2.

When a stock advances or declines to this half-way point, you should sell or buy with a stop loss order 1, 2, or 3 points according to whether the stock is selling at very high or very low levels.

The wider the range and the longer the time period, the more important is this half-way point when it is reached.

You can make a fortune by following this one rule alone. A careful study and review of past movements in any stock or the averages will prove to you beyond doubt that this rule works and that you can make profits following it.

Buy or sell at the most important half-way point of the major move and place stop loss orders 1 to 3 points under the half-way point or 1 to 3 points above the half-way point. By major moves we mean the half-way point between the extreme low and extreme high when the range runs 25 to 100 points or more. A minor half-way point would be the $\frac{1}{2}$ point between a minor top and a minor bottom. Reactions usually run back half of the last move or to the half-way point.

When the range between the $\frac{1}{2}$ point and the $\frac{5}{8}$ point is 5 to 10 points or more and the stock crosses the half-way point, it will go to the $\frac{5}{8}$ point and meet resistance and then react or decline. The $\frac{5}{8}$ point is a very important point to watch for top or reaction. A stock will often react from the $\frac{5}{8}$ point back to the half-way point and be a buy again.

The same rule applies when a stock is declining. If the range is 5 to 10 points or more between the $\frac{1}{2}$ point and the $\frac{3}{8}$ point, then the stock breaks the half-way point, it will decline to the $\frac{3}{8}$ point and make bottom and rally to the $\frac{1}{2}$ point or higher.

When a stock is in a narrow trading range, it will often fluctuate between the $\frac{5}{8}$ point on the upside and the $\frac{3}{8}$ point below the half-way point, making bottoms and tops around the half-way point and at the $\frac{5}{8}$ and $\frac{3}{8}$ points, moving in $\frac{1}{4}$ of the full range of fluctuation. See examples of $\frac{1}{2}$, $\frac{3}{8}$, $\frac{5}{8}$ points on the Dow-Jones 20 Railroad averages 1896 to 1914 and the 30 Industrial averages 1903 to 1939.

When a stock advances to a half-way point and reacts several points from this level, then finally goes thru it, you can expect it to make the next resistance point indicated on your Resistance Level Card or the next old top.

The same applies when a stock declines and receives support several times on a half-way point, then breaks thru it. It will

then indicate the next resistance point on your Resistance Level Card or the next important bottom.

The greatest indication of strength is when a stock holds one or more points above the half-way point, which shows that buying or support orders were placed above this important Resistance Level. A sign of weakness is when a stock advances and fails to reach the half-way point by one or more points; then declines and breaks the Trend Line or other Resistance Points.

NEXT RESISTANCE LEVELS

AFTER THE MAIN HALF-WAY POINT HAS BEEN BROKEN

The next Resistance Level to watch after the main half-way point has been broken is the next half-way point of some previous move. By main half-way point I mean, the half-way point of the extreme fluctuating range of the life of a stock.

Another very important Resistance Level after the main half-way point is crossed is the half-way point or $\frac{1}{2}$ of the highest selling price. This is a stronger support level than the half-way point of minor fluctuating moves because it cuts the highest selling price in half, and is a strong buying or selling point until it is crossed by 1, 2, or 3 points, according to the price of a stock, whether it is very high-priced, medium or low-priced.

RESISTANCE POINTS NEAR SAME LEVELS

When two half-way points or any other two Resistance Points, either in the range of fluctuation or the division of the highest selling price, occur near the same level, you should add these two points together and divide by 2, as the half-way point between these two points will often be a support point on a decline or a selling point on a rally.

HOW TO LOOK UP RESISTANCE LEVELS

When you find an important Resistance Level or the strongest one - the half-way point - at a certain level, look to see if any other Resistance Level, whether it be $\frac{1}{8}$, $\frac{1}{4}$, $\frac{3}{8}$, $\frac{5}{8}$ or $\frac{2}{3}$ point, falls around this same price. You may find 3 or 4 Resistance Levels around the same price. The more you find, the stronger resistance the stock will meet when it reaches this level. Then take the highest Resistance Level around this same price and the lowest, and add them together to get the average point of resistance.

Watch the activity of the stock when it reaches these Resistance Levels. If it is advancing very fast or declining very fast on large volume, do not consider that it is going to stop around these Resistance Levels unless it stops or holds one or two days around these levels; then sell or buy with stop loss orders. Also consider whether the market is in 3rd or 4th section from bottom or in 3rd or 4th section from top down.

AVERAGE AND EXTREME FLUCTUATION

In normal markets the rallies and reactions on the Dow-Jones 30 Industrial averages run 10 to 12 points and when they exceed this number of points they run 20 to 24 points and then 30 to 40 points. When there are great extremes between main tops and main bottoms, like August 8, 1896, low 28-1/2 to September 3, 1929, high 386, and from 386 high to a low of 40-1/2 on July 8, 1932, you can divide by 16 and 32 to get closer mathematical points instead of dividing by 8 to get the 1/8 points. These points will correspond to minor tops and bottoms of other movements.

Use all the rules and figure that the important tops and bottoms will come out on the strongest points, like the $\frac{1}{3}$, $\frac{2}{3}$, $\frac{1}{4}$, $\frac{3}{8}$, $\frac{1}{2}$, $\frac{5}{8}$ and $\frac{3}{4}$ points.

Do not overlook the fact that it requires time for a market to get ready at the bottom before it advances and requires time to distribute at the top. The longer a market has been running, the more time it will require to complete accumulation or distribution.

WHEN STOCKS DECLINE UNDER OLD TOPS

When stocks drop back under old tops of previous campaigns, the Resistance Levels between old bottoms and those old tops will be important points for support and resistance.

Example: After the 1929 high the averages dropped back below 119- $\frac{5}{8}$, the top of 1919, and declined to 85- $\frac{1}{2}$ in October, 1931, which was also the low of October 27, 1923. On November 9, 1931, they rallied to 119- $\frac{5}{8}$, the old top of 1919. After that, as long as the averages stayed below 120, you would watch the old Resistance Levels from 28- $\frac{1}{2}$ low, 38- $\frac{1}{2}$ low, 42 low, 52 low to 119- $\frac{5}{8}$ high. Then, when the averages advanced above 120, you would watch Resistance Levels to higher tops. The important ones were at 195- $\frac{1}{2}$ to 197.

SMALL GAINS IN LAST STAGE OF BULL OR BEAR MARKET

When a bull or advancing market is nearing the end of a campaign, the gains or runs will often get smaller, which is a sign that the averages or stocks are meeting with greater selling pressure.

Example: Suppose a stock is moving up and crosses a previous top and advances 20 points, then reacts 10 points; then crosses the last top and advances 15 points and reacts 5 to 7- $\frac{1}{2}$ points; again advances above the last top but only goes 10 points above it and reacts 5 points or more, this would be a sign of weakness or that the top was near because each move was making a smaller gain. In very active fast markets, when volumes of sales are large, the last run may be a greater number of points. Reverse this rule in a declining market.

If a stock has made several moves down of 10, 15 or 20 points and each one gets shorter or when the stock breaks bottom and the declines get smaller, it is a sign that the selling pressure is decreasing and that a change in trend is near, but in fast panicky markets the last decline may be a large number of points with very small rallies. This is a final wave of liquidation.

In the last stages of Bull or Bear Campaigns use only the half-way point of short or minor moves. It is most important to watch the Resistance Levels of the final move, which may run several weeks or months, particularly the half-way point. When it is exceeded by 3 full points, the trend usually reverses.

LOST MOTION

As there is lost motion in every kind of machinery, so there is lost motion in the stock market due to momentum, which drives a stock slightly above or below a Resistance Level. The average lost motion is 1- $\frac{7}{8}$ points.

When a stock is very active and advances or declines fast on heavy volume, it will often go from 1- $\frac{7}{8}$ points above a half-way point or other strong Resistance Level and not go 3 points. The same rule applies on a decline. It will often pass an important Resistance Point by 1- $\frac{7}{8}$ points but not go 3 full points beyond it.

This is the same rule that applies to a gravity center in anything. If we could bore a hole thru the earth and then drop a ball, momentum would carry it beyond the gravity center, but when it slowed down, it would finally settle on the exact center. This is the way stocks act around these important centers.

A study of the Resistance Levels between bottoms and tops of individual stocks or the averages will prove how accurate the market works out to these important points.

July 6, 1939