

Measuring Time

By Earik Beann

In both trading and researching markets, one of the major hurdles to success has to deal with our own biases and assumptions that are always present in our forecasts and decision making processes. In trading, this has to do with projecting your own agenda onto the market and expecting price to follow the orders you've dictated to it. A lot of beginner traders sit down to "decide" what the market will do tomorrow, then find themselves extremely frustrated when the market goes ahead and does something totally different than what they had forecasted - usually with them holding a large open position the other direction.

Forecasts are often incorrect, but it is really only an issue if the trader is so attached to the forecast that they can't adapt to the changing reality of the actual price chart. Attachment to forecasts, individual trades, and particular signals can be very detrimental in trading.

Because of this, it is important to continually examine yourself to see what assumptions you are bringing to the table that could trip you up.

If you are failing in your research or forecasting, a lot of times that failure can be attributed to incorrect assumptions about the nature of the market you are forecasting. If you are forecasting with Elliot Wave, you are assuming that the market actually does run on Elliot Waves. If you use news in your analysis, you are assuming that your news actually has a bearing on the market you are trading. Both of these examples are obvious, but if we look a little deeper, we can find assumptions we didn't even realize we had.

For example, how do we measure time? Just looking at the charts we all use makes it clear that we assume the market should be measured in calendar cycles. We have daily charts, weekly charts, monthly charts, quarterly charts, etc, all laid out using the same calendar system that we've set up for human society in general. Obviously it makes some sense that this system would also apply



to markets, but just because something makes sense in markets doesn't necessarily mean it's true.

Anytime we look at any kind of time projections on our charts, whether it be Fibonacci, Gann, Periodograms or even Neural Networks, we are assuming that calendar cycles are the correct ones to be using, and our forecasting tools will all be influenced by that base assumption. For this reason, it's important to examine this belief before we get too involved into the minutia of the particular technique we are trying to apply.

In my own work, I've found that while markets do respect calendar cycles, there are other cycles in play that are oftentimes much more powerful. All calendar cycles are astronomical in nature (a day is just one rotation of the Earth, after all), so looking at other astronomical cycles is oftentimes quite

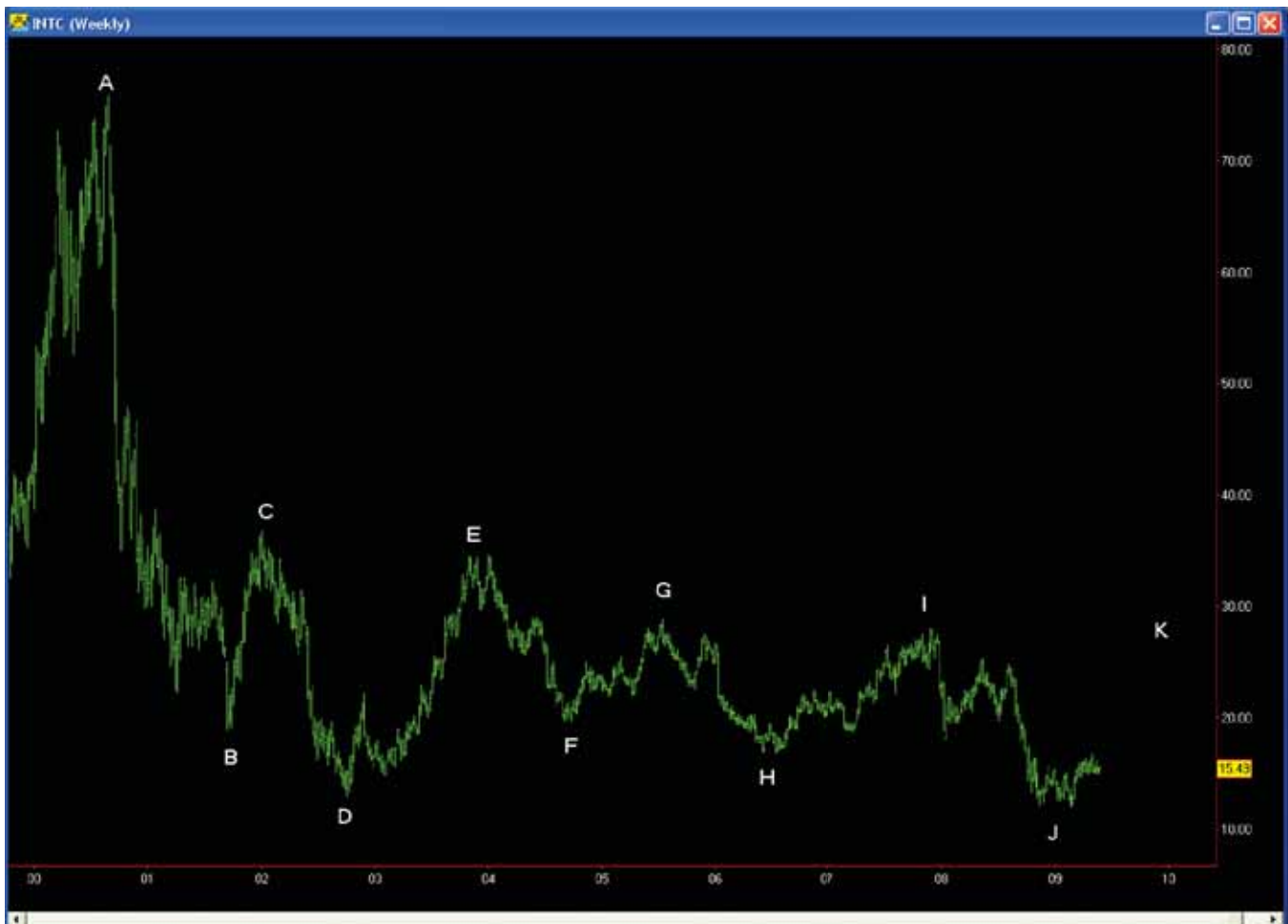
enlightening.

Let's take a look at Intel over the last 10 years or so. See Figure #1.

This is a weekly chart, and I've marked off the swing points we'd be interested in as traders. We start off with the major high back in 2000 as point "A", then walk forward through all the letters until we get to point "K", which is the one we'd be interested to know the date of, as it hasn't occurred yet.

Now that we've isolated some turning points, let's do a simple exercise. We'll start at the major high point "A", and measure the distance between that point and the other points. Rather than measuring in terms of calendar cycles, we'll measure in terms of the degrees travelled by the planet Uranus, as seen here on the Earth. I'm using Wave59, and this function is built into the bar-counter tool which makes finding these values a snap. Here are

Figure #1



the results in the following table:

Swing	Uranus Degrees
A-B	12.4 °
A-C	15.1 °
A-D	24.6 °
A-E	38.3 °
A-F	47.9 °
A-G	57.0 °
A-H	68.6 °
A-I	84.0 °
A-J	95.7 °

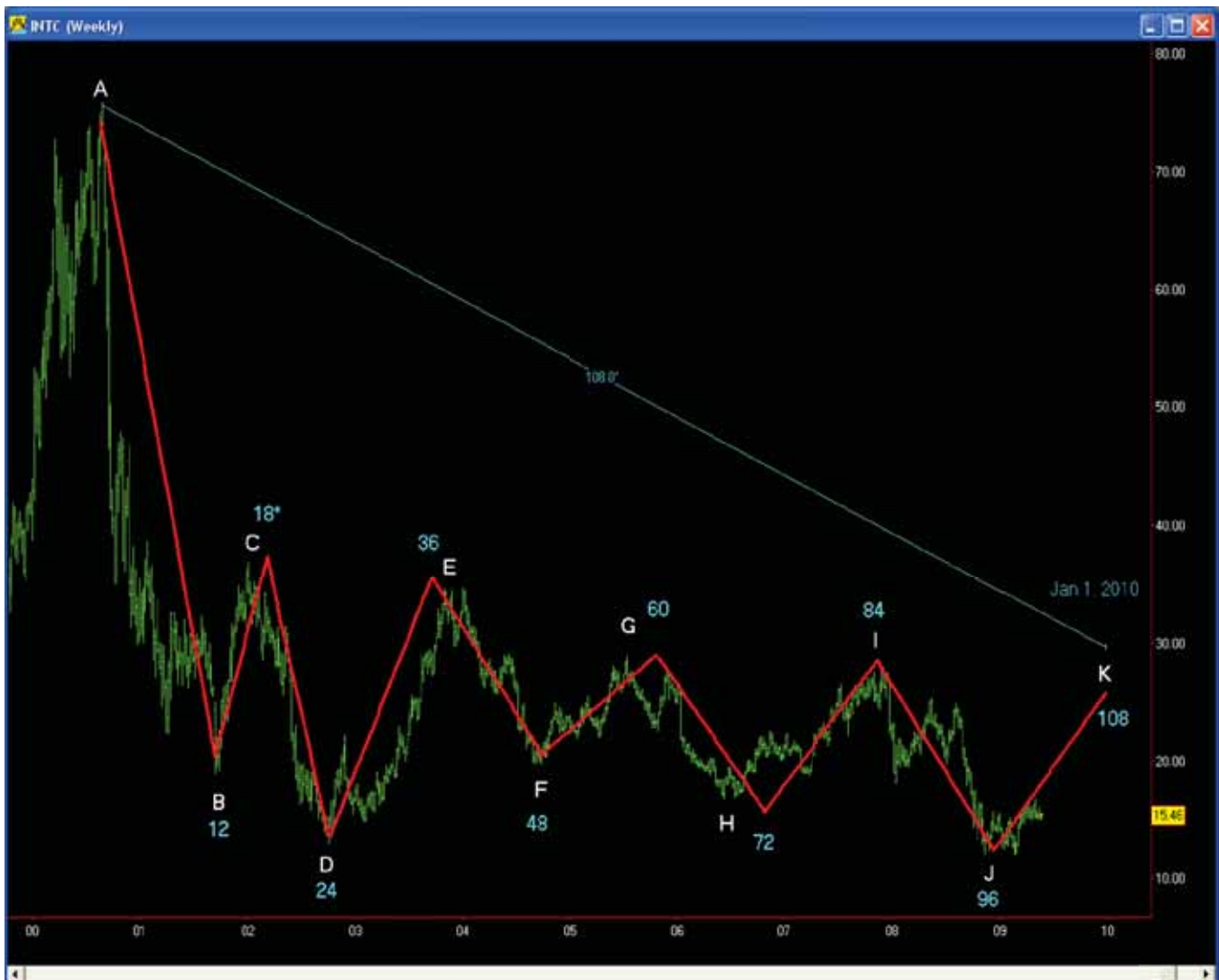
Take a look at the results in the table. Do you see a pattern? A few swings are a bit disguised by market noise, but if you look closely, you'll see that 12 degree movements of Uranus play

an important role in Intel. A-B is 12 degrees, A-D is 24, A-E is 36, etc.

Let's put this on a chart to make it easier to visualize. See Figure #2.

I've inserted the ideal 12 degree cycle into the chart, as shown by the red swings. All points B through J land on some multiple of 12 degrees, with the one exception being point C, which happened at 18 degrees. 18 degrees is halfway between point B at 12 and D at 24, so it was still related to the main cycle. All it took was a simple shift in the way we measure time, and the relationships between all of these swings became immediately clear. Some swings are a bit early, some are a bit late, but all-in-all this one cycle explains everything INTC has done over the last 10 years. In case

Figure #2



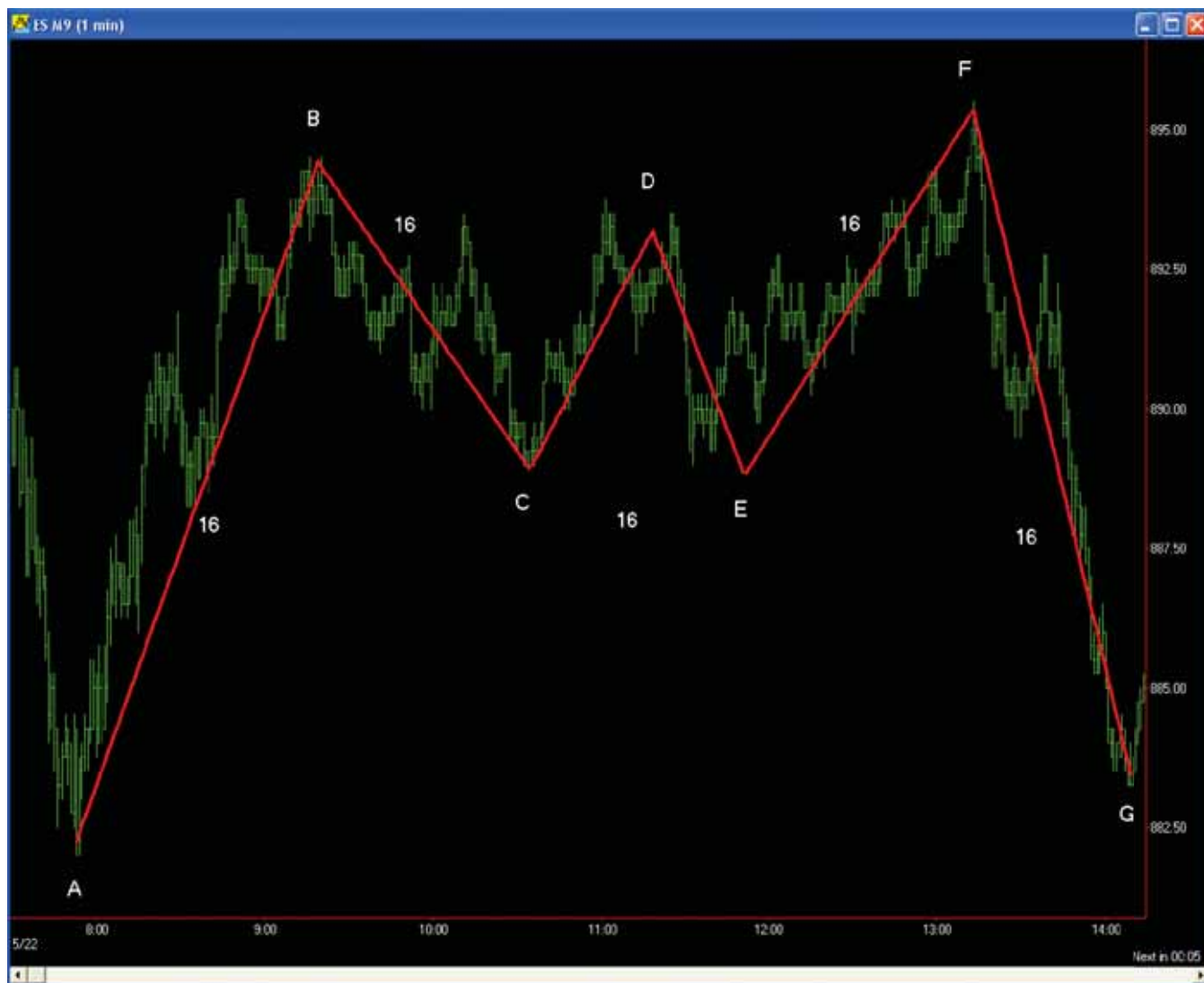
you were curious, point K is associated with 108 degrees, and happens on Jan 1, 2010.

This example came from a weekly chart, but we can do the same thing on any timeframe. Let's zoom in to an intraday chart of the ES. See Figure #3.

This is a chart of May 22. We can do the same technique – take the low of the day at point A, and measure out distances to important turning points. In this case, I'm tracking the rotation of New York City against the sky, rather than a particular planet, and we seem to be running on multiples of 16 degrees. So 16 degrees up to point B, 16 degrees down to point C, then we do another split – 8 up to D, 8 down to E – and we finish with 16 up to F and a big slide down to G to close.

I've met astro-traders who set their charts up so that each bar represents one degree of travel of a particular planet important to the market they are watching. So rather than one bar per day as we'd see on a daily chart, they'd have one bar representing one degree of movement of Mercury, for example. So counting 10 bars out on a chart like that would be equivalent to counting 10 degrees movement of Mercury, and the results obtained using Fibonacci or other projection techniques would then be based on something quite a bit different than calendar time or trading days. Of course, those charts are a lot of work to maintain, and we can get the same results using techniques from Wave59 and other astro-friendly software programs.

Figure #3



Trade **BETTER** than **YOU** ever **IMAGINED!**

R.S. of Houston Workshop **WILL** help you
realize YOUR full Potential as a Trader
You **CAN** break into the Winner's Circle!

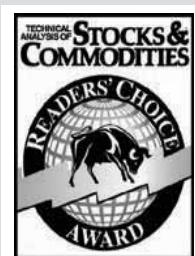
Don't Take Our Word For It...

LISTEN TO OUR STUDENTS

Hear Student Success Stories on our Website

Creating Winning Traders for over 14 years

*See why our AWARD WINNING
Program Just Plain WORKS*



**TRADE WITH
CONFIDENCE**

**Voted Top Ranked Futures
Daytrading Course**

**SIMPLE – TESTED UNDER FIRE–
WORKS CONSISTENTLY**

**LEARN WITH LIVE REAL-TIME TRADING
DON'T SETTLE FOR LESS–**

Trade any market you like.
Stocks, Forex, Futures –
Daytrading To Long Term...

**COURSE INFO/CHARTS
REAL TRADING EXPERIENCES**

www.RSofHouston.com

Claim **YOUR** Free Trading Lessons TODAY!

(281) 286-9736

I've demonstrated a very simple technique in this article, but hopefully it gives you ideas for further research. More than that, I'm hoping it has helped poke a hole or two into the ideas you may have acquired about the "right" way to set up a chart.

Markets are beautiful, and the rules that govern them are oftentimes not very complicated. But in order to see that beauty and simplicity, it is necessary to jettison a few built-in preconceptions that tend to muddy the waters. Most traders lose money, which tells us that most traders look at things incorrectly. For us to succeed where they fail, we have to look at things differently, and it may come down to the most basic of concepts such as time and price that need to be adjusted in order for us to see the truth.

Eirik Beann is the CEO of Wave59 Technologies Int'l, Inc. He splits his time between guiding Wave59, researching new techniques, and trading his own account. For more information about Wave59, or to contact the author, please visit www.wave59.com.