" M O N E Y "

Investing in Stocks Trading in Commodities

or

The Time Factors in the Stock Market

by

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P R E F A C E

A few words by way of introduction to this work may be necessary, since it deals with a technical subject and the scope of it cannot be readily understood by the casual reader. It is essentially intended for investors and traders in stocks listed on the N.Y.Stock Exchange and for traders in the various kinds of commodities traded on exchanges.

To the chart reader, it is particularly informing in that it reveals the more scientific part of the subject and shows the mathematical base underlying the lucky hits, to which many of our chart readers have undisputed claim.

The general scope of this work embraces all that is essential to the art of scientifically detecting direction and distance of swings. This is a field practically foreign to the average trader and investor.

Attempts have been made to partially reveal still more remote truths behind stock and commodity movements but their explanations become so involved, that it is wiser to train our thoughts along simple lines at the present. Only through serious study of the various phases and underlying laws of Nature, can success be attained in market operations.

I trust to have left no point untouched that would help in grasping the laws of motion, whatever sort they may be.

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PHILOSOPHICAL THOUGHTS

Day after day, when we speak to different people, we make use of practical, applied psychology. Instinctively we try to ascertain their thoughts and reactions so that we may draw conclusions to account for their behavior. By such processes, we can form opinions as to their knowledge and character. This type of psychology constitutes an essential part of our associations with everyone.

Depending upon personal ability, keen observation, and individual conditions, we can advance to a certain degree in this science of judging men. Without such practical experience, such applied psychology, jurists nor business men cannot secure the necessary advantage that brings any endeavor to a successful close.

To understand the actual process of forming these judgements, we find that two distinct methods are used, one being as essential as the other, namely, experience and thought, or empiry and speculation. These methods of prime importance in forming judgements, entail two distinct mental operations. Only by joining both operations, can a complete judgement or decision result.

The more experience a man has in finding related occurrances, similar mental pictures, or similar events in his mind, the more he is apt to group them correctly in corelation to past experiences and the more sound will the resultant judgement be.

It is almost impossible to picture a four legged horse walking on three legs. Should you think of a horse walking, past experience has convinced you, that the animal, called horse, has four legs; not three nor five. Moreover, you know that it walks on four legs, with the possible exception of an accidental loss of limb or one trained for a specific purpose, such as a horse in a circus.

Similar comparisons can be made with other animals, in fact, with anything alive. The same results occur when treating the abstract. When we speak of abstract, we mean the mental action or reaction of the human brain.

Suppose one asks about the weather. It would be absurd to believe or think that a rational person would begin reciting a poem. In answer he will invariably concentrate on thoughts of clouds, rain, sunshine. This fact is based on the important law which states: EQUAL CAUSES PRODUCE EQUAL EVENTS. Every event has an underlying cause, else no event could occur.

As a further illustration, let us consider the case of a man who had an accident. We will assume that he crossed the street against a traffic light and was hit by an automobile. This accident would not have occurred if he had not crossed the street while the light was against him. His own decision to cross the street, contrary to accepted traffic laws, was the cause of the accident. The direct cause was the car hitting him. It is obvious that if he had crossed the street against the light and with no danger in sight, he would have surely crossed in safety. The direct cause of his accident was his decision to take the risk of crossing at the wrong time.

Naturally, the important question arises. was it necessary that this man should cross the street to meet with an accident, or could he have avoided it? A very good reason must have caused him to cross the street against the light, or else he would have waited for the light to change. It can be assumed that his mind was clear and normal and that no attempt was made to become involved in an accident. Nevertheless, the conditions under which he crossed the street caused the resulting event of the accident. Were the same conditions again equal and present, and should this man cross once more, the same occurrance would take place, precisely as in the past.

What is the object of this explanation? Merely to show that a stock or commodity trader is subject to the same laws whenever he makes commitments. If a trader buys a stock while the market is is a downward trend, he suffers a loss. Herein we see the parallel; the trader did not watch the stop light. The same conditions recur frequently, and the trader may react in the same manner, again and again, with attendant losses. This will only cease when the trader begins to pay "attention" to what may be termed "market stop lights".

Everything possesses certain characteristics peculiarly its own wherein it differs from everything else. There must be a reason for this singular difference, for this being what it is and not something else that it is not. No two men are alike. No two stocks are alike. Not even two cars of the same manufacture are alike, even though they seem to be so superficially. Although each object has its own particular peculiarities, its own individuality, yet it has one thing in common with all the other objects in this world; it strives to remain what it is and to stay where it is, unless some external influence causes it to change. The same applies to an object in motion. Any object placed in motion, will remain in motion until some outside agency or influence increases or retards this motion.

A rock would remain on a hillside for ever, unless some external influence dislodges it; then it may roll away. This same rock then gradually slackens its rolling motion due to wind pressure and friction until a state of inertia is reached once more.

WHAT DO WE MEAN BY "TIME"?

Things that exist or events that occur can only be brought to mind without contradiction, provided we know what has been and what has happened. Therefore what is and what happens, as far as we know, is or happens only in connection with other things that are or happen. We arrive at the conclusion that everything that exists, affects and is affected by everything that exists, affects and is affected by everything else in the Universe and its existence is but a point of an endless chain.

If we speak of duration, be it an object or an event, we mean a lapse of time between its inauguration and its conclusion. This duration is called time. Time as we are able to grasp it philosophically, is a line in which we place ourselves at a specific moment, called the present. We can imagine this line running backward to what has passed and forward to what shall be. We cannot possibly say that time ever will come to an end or to rest; for even the present, our only tangible point, is moving constantly and becomes the past during every moment of existence. As the time passes, each present moment or point automatically becomes one of the past, being replaced by one of the future. We can conceive the idea time as a steadily flowing river. But we cannot conceive a river without a river bed and a territory through which it flows. Let us remain at one point. On one side flows the future, on the other, the past. We can imagine the river time coming from the distant past and flowing into the endless future. But we must not lose sight of the fact that this incessant river is and remains equal reality, may it flow on the side of the future or on the side of the past; nevertheless, during the moment of its passage before us, it is the present in full reality.

Actually these pictures bring us nothing positive. Let us now consider time in the abstract. Nothing is gained if an abstract conception of a sequence is substituted for the useless picture of a line; the only thing acquired is the inner sequence of the single moment, which is part of the conception of time. The sequence of the moments is fixed. The moment m has its place between m + 1 and m - 1; its sequence is uniform, and the distance between two equal members is equal to the sum of the distance of all the

members between. If we compare time to a line, this line must be straight. This makes it rather difficult to speak of a circle of time, unless we conceive that the very immensity of this circle makes the minutest arc appear to us as a straight line.

As difficult as it is to explain the flow of time, we are faced with the same problem when we try to analyse time proportion to objects and events. It would avail nothing that things are in time, if they were not to suffer an effect were they not in time. But to say that the flow of time carries them along with it, would create a false impression. Not only would the force that is behind it remain in the dark, but time, empty of contents could then exercise a force against the motion of filled space, our actual reality, a force or motion which would not be its own. The result would be inexplicable. The productive power of time should mean creation and destruction, but not change in the quantity or quality.

Much could be written developing this line of thought. Ultimately, we would again arrive at the point of beginning. We do not seem to be able to solve the puzzle of time with its attendant cause of events. But there is a way to solve this puzzle and I am positive that I have solved it through the careful study of the Bible. Why it is so tremendously difficult to find a solution, lies primarily in our system of education and the systems of existing philosophies, wherein neither attempts to grasp the main factors.

About religions

For thousands of years, human beings have recognized as the motivating power of all events, a cause which is called God. Like all other broad general conceptions it underwent changes throughout the ages while developed their reasoning powers. It may even be said that no other conception has ever been so radically changed and remodelled as this one. No other conception touches with equal degree the well nigh impossible task of reconciling reasoning science with the deepest beliefs and superstitions of the human race. Comparitive criticism of the many ideas of God is very interesting and instructive but would disrupt our train of thought. We must remain satisfied with illustrating the most important conceptions of God and their relations to our main subject, the stock market.

The manifold conceptions of God can be divided into two distinct groups: theistic and pantheistic. The former may be called the dualistic or mystic conception, the latter the monistic or rational conception of the Universe. Theism propounds the thought that God and the World are two different entities. God, in relation to the World is the Creator and Ruler. God is conceived in the image of mankind, with the ability to think or act. This anthropomorphic God, conceived by the various races, is subject, in their fancy, to the most varied forms, from fetishism to the well defined monotheistic religions of the present time. The more important varieties of the theistic conceptions are: polytheism, triplotheism, amphitheism and monotheism.

Pantheism considers God and the World to be one and the same. The conception of God falls in the category of Nature and Substance. It is, of course, much younger than Theism, whose crude forms are found in the religions of thousands of years ago. The pantheistic idea is completely different from the theistic idea. The former places God intramundane, calling God, so to say, Nature and within the substance, active, as force and energy. This view enlightens the natural laws discovered during the last century. (This paragraph is merely "a joker", so as not to anticipate too much, expressing merely the views of "modern scientists",- for, the Bible is not theistic, but patheistic, as will be shown soon.)

Theism places God extramundane, as being outside the realm of the World.

The following laws can only be fully understood when using pantheistic world conception:

1) The Universe is infinite, unlimited; it is completely filled with substance throughout.

2) Time of the Universe is infinite, unlimited. Time has no beginning and no end.

3) Its substance is everywhere, at all times in uninterrupted motion and uninterrupted change. The infinite quantity of matter remains as fixed as the eternally changing energy.

4) The universal motion of substance in the Universe is an eternal circular motion with periodically repeating eras.

5) These eras consist of periodic changes of the aggregate condition whereby a primary seperation of matter and ether occurs, the ergonomy of ponderable and imponderable matter.

6) This seperation has its cause in the progressively densifying process of matter, in the formation of uncountable small density centers.

7) In one part of the Universe, heavenly bodies are formed through the pycnotic process, first small, then larger and the ether between them obtains a greater tension; in other parts of the Universe, the exact opposite process occurs, namely the destruction of heavenly bodies through collisions.

8) The immense quantities of heat released by these mechanical collisions of rotating heavenly bodies, represent new energies and new live forces, which effect the motion of the forming cosmic dust masses and the reformation of rotating balls. So the eternal process repeats indefinitely.

The earth, which started from parts of our rotating Sun system millions of years ago, will in the course of further millions of years become rigid when its path around the Sun has become much smaller, finally dropping into the Sun.

To get a clearer vision of universal cosmic development, the modern idea of periodic changes, of destruction and creation of heavenly bodies, is especially important. We can ascribe to it, the great strides made in physics and astronomy, in connection with the law of substance. In this idea, the earth shrinks to a tiny pinch of dust and becomes one of the innumerable millions which pass throughout the infinite Universe in the form of heavenly bodies. Thus mankind, itself, which in its anthropological fancy, glorifies itself as the image or replica of God, sinks to the size of the smallest bacillus. People are only ephemeral, developing forms of eternal substance-- individual forms of matter and energy. Their nullity and voidness we can only understand when we try to locate ourselves in the infinity of space and in the eternity of Time.

Religion is mainly theistic. It asserts itself as an invisible influence, ever present, ever active, in the thoughts and actions of people. It teaches them to think in the direction prescribed by it, and in no other way. Whoever does deviate in his thoughts from the trotten path, can expect little support. This truth applies to the stock market, as will be amply illustrated later.

Another great influence is produced through the laws of Nations. These laws, made by man, influenced by their theistic religions, are in perfect harmony with the religious laws, at least, they will not be in sharp contrast. It is a well known fact that in the Middle Ages, when the Pope was ruler of our so-called civilized world, knowledge, science and invention were restrained, so as not to endanger the safety of the Church.

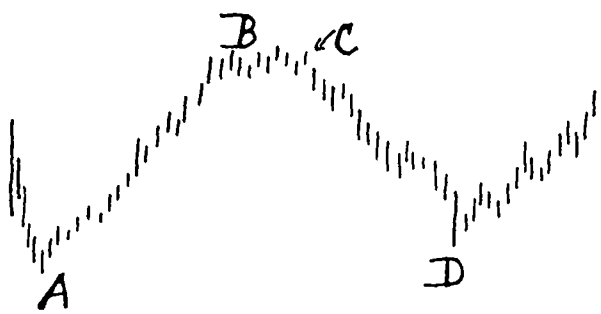
Copernicus, a famous astrologer and astronomer, announced that the earth rotated around the Sun instead of the previous view, that the Sun

rotated around the earth. This "seemingly" was contrary to the Book of Genesis and was supressed by the Church, but in vain.

MOTIONS IN THE UNIVERSE

As was stated previously, each body or object in motion has the tendency to remain in such motion at the same rate of speed until interference forces a change. Years ago, men thought of building a machine which, once set in motion, would continue this motion indefinitely. They overlooked the fact that each motion is subject to retardation, unless an additional force is given to the object in motion, that is able to overcome the retarding forces. A swinging pendulum would swing eternally with the same speed as it started, if the resistance of the air and the friction caused at the point of suspension did not gradually nullify this live mechanical force. It constantly needs additional mechanical force, new power. Therefore, it is humanly impossible to construct a machine that could produce excess energy which would enable it to stay continuously in motion. All experiments to build such a machine, a perpetuum mobile, had to fail; the law of Substance proved the truth.

When we plot the daily or weekly motion of a single stock, we quickly recognize that similar laws are in force. The picture below shows a sketch of a daily high and low chart of a stock. At A some impetus caused an upward motion in the price of the stock. The motion gradually diminished in force, causing at B a stagnation -- traders are awaiting a new movement whose direction is unknown to them. At C a new movement begins causing a decline in prices and this decline kept up until at D "somethings" made the stock turn upward again. It must be understood, that the price of a stock is caused by the desire of some person, somewhere, to want that specific stock at that specific price. It may be termed the free will decision of man. The decision originates in his mind. During sharp declines all around, a large number of people originate in their individual minds the desire to sell stocks. When the turn arrives for the upside, these same people or others want stocks again and they buy them at their "free will" at a price others are willing to part from them. In whatever direction the "free will" of the majority moves, in that direction will the price of the stock move. However, it cannot be denied that at A, B, C and D some outside force and not the free will brings about the change in the mental attitude of the public, although invisible and insensible to them. We ultimately have to ascribe the movements of stocks to well known motions in the Universe that controle the "free will" of man. Later on we will get aquainted with them and we will find means to measure them.



It is different, however, when we consider the infinite Universe being in eternal motion. The infinite matter which objectively fills the Universe, we call: space; the eternal motion of the same: time.

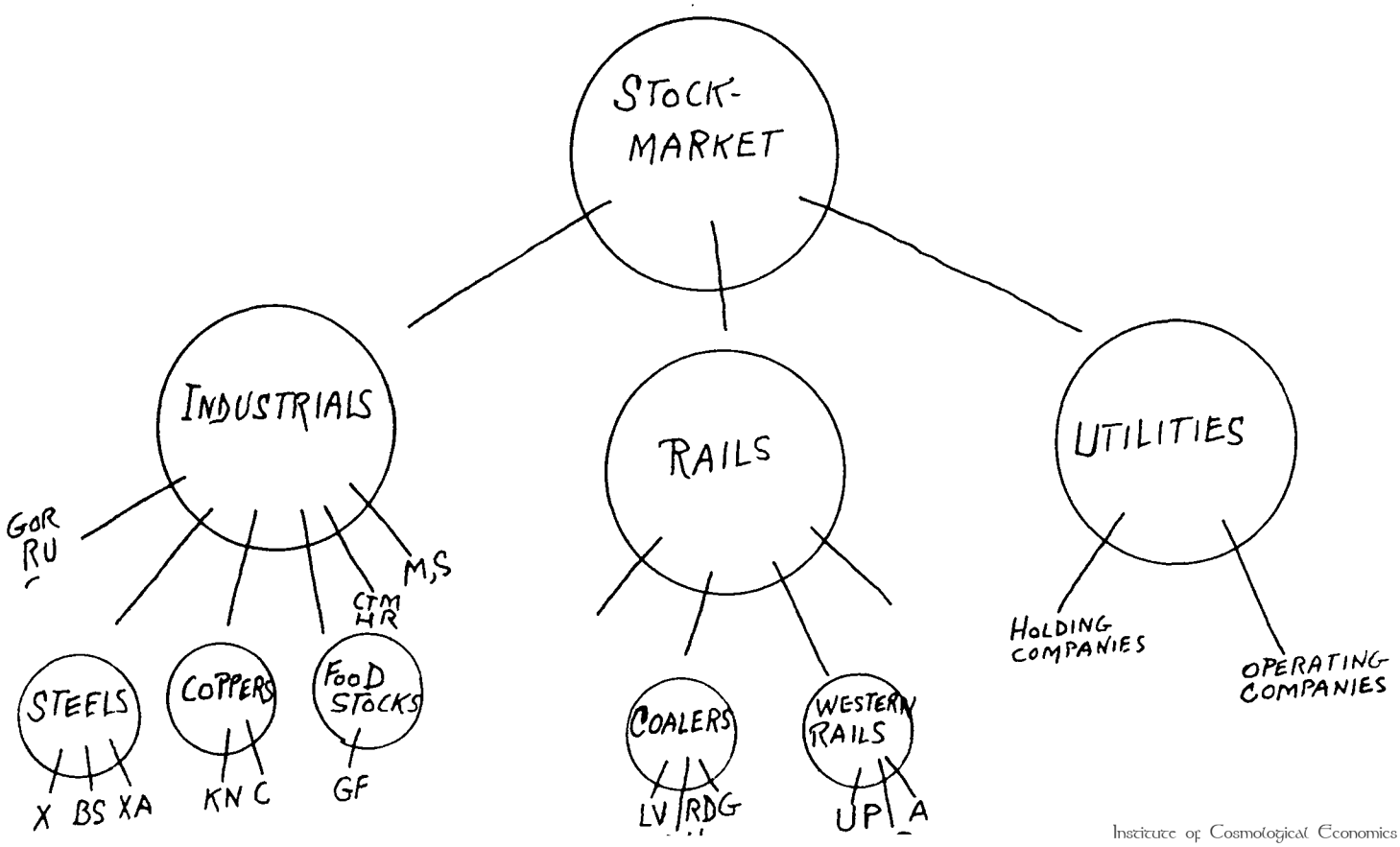
These two forms convince us of the infinity and eternity of the Universe. This includes, without further explanation, the fact that the Universe is a perpetuum mobile. This big machine feeds itself with eternal, uninterrupted motion. Each obstacle is removed by an equivalent energy, since the sum of the actual and potential energy remains eternally the same. The perpetuum mobile is only possible for the whole and not for any part of the Univebse.

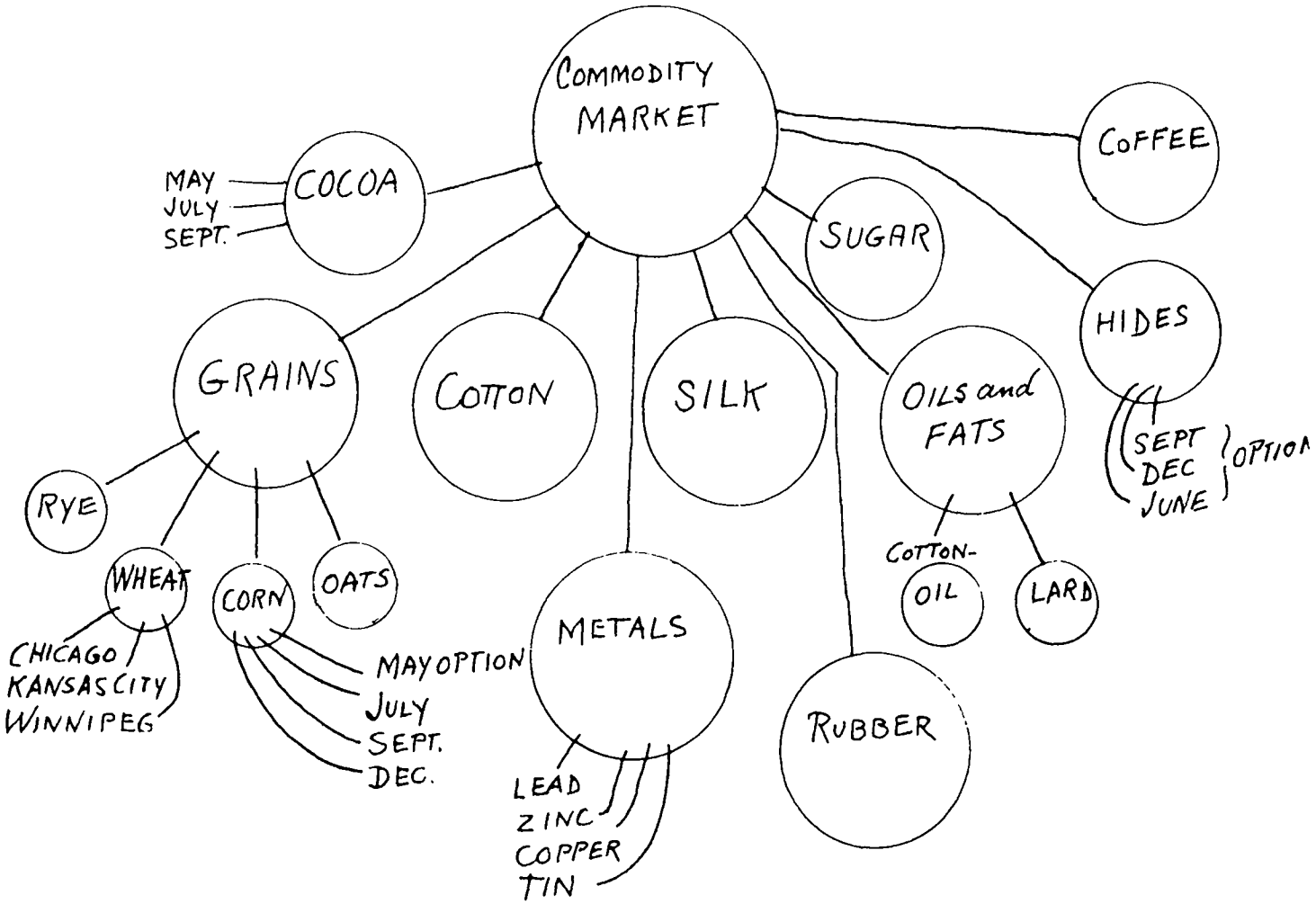
The Universe is a well arranged cosmos and all the objects therein have a purpose and a reason for their being. The causal law, together with the law of Substance prove that each being has its mechanical cause. Therefore, there is no accident in the Universe. Everything is, because it has to be.

Let us observe the heavenly bodies. We notice the circular motion or rather elliptical motions of all of them. Satellites move around planets, planets move arounds suns and suns move around still greater suns. An extension of the analogical chain renders it extremely probable, not to say certain, that all the secondary bodies in universal space, revolve in common around one great center, the primitive center or source of Attraction. If this is the case, then whatever particular movements the secondary bodies may have assumed from the development of forms of internal forces peculiar to themselves, are subordinated to the great central source of movement, and the forces by which they occur are only reproductions in specific and modified forms of the forces which primarily pertain to them.

The forces producing these primitive rotary and orbitual motions in the Universe are the final source of all these diversified ramifications of circular or elliptical movements, which are manifested by subordinate systems, suns and planets. So the orbitual and rotary motions of the planets are the more immediate parents and dependencies of still more diversified and minute systems of circular development, which include stock movements, wheat-movements, cotton movements in price as well as in volume of transactions.

Considering the stock market as a whole to represent our central sun, the three main groups, the common subdivision, Industrials, Rails and Utilities, to represent smaller suns; we finally find the individual stocks belonging to each group, such as Steels, Stores, Coppers, to represent the planets belonging to the specific sun system. The illustration below should show the relationship. It partly should also explain why during one day of trading some stocks are up others down, individually as well as in groups: they have only distant relationship to each other.





From the orbitual motion of the earth, there is a continually repeated circle of thermal changes, which mark the various seasons of the year. These changes give rise to the various annual series of crops and other developments such as sickness, etc. Coincident with the changes of seasons are the periodic awakening of certain animal instincts. We also can distinguish seasonal movements in stocks as well as in commodities. The changes occurring as they do, in regular succession and always returning to the point of beginning, also typify a circle.

So, from the alternation of day and night, with their successive hours and minutes marking a diurnal circle, still more minute circles of changes ensue in the condition of organic and anorganic beings. These are the circles of wakefulness and sleep, of activity and repose, of organic replenishment and disposal of waste, with all their immediate and transitional stages, whether we apply the remark to the animal, vegetable or mineral creation, or to stocks and commodities. It may be said that each metamorphosis, that is the passage from one degree to the other, in the progress of any complete circle of unfolding, involves a circle or a system of minuter kind, until we reach the physiological function of the organism of an ephemeron, to the circuit of blood and organic deposits in the system of an anamalcule, or to the orbitual and axial revolution of an atom.

The progression from origin to dissolution of any system, or to its change into another form, involves a circle. As we have seen in the previous chapter, it is equally true of the Universe, of its stellar and solar systems and individual worlds, and of the further ramifications of Creation, constituting the mineral, vegetable, and animal kingdoms, together with

their various genera, species and individual forms, respectively.

The minutest of these circles of movement and development are, in some sense, dependent upon greater circles and those, in like manner, included and dependent upon still greater circles, thus forming circles within circles, or wheels within wheels. All are included in the Great Circle which comprehends all movements and developments in the Universe, from its periphery to its center, from the whole imaginable vortex of being to a single atom of matter and from the origin to the very end of all material things. Since it has been shown that there is no beginning and no end to the Universe, merely eternal revolution, then by speaking of beginning and end, is meant a comprehensive circle.

The close of each comprehensive circle marks an era, not only in its own history, but also in the history of its included circles which are to some extend dependent upon its state for their own specific states.

As an illustration, the earth, in completing an orbitual revolution, makes three hundred and sixty-five revolutions on its own axis, occasioning repetitions of the phenomenon day-night. These days and nights or circles of diurnal change, vary as to their lengths, temperature, etc., with the different stages of progress attained in the annual circle of revolution.

As another illustration, stocks or commodities move from bull markets into bear markets and from bear markets into bull markets. Within them we find the intermediate swings and again within those the minor swings, lasting from one to three weeks. We even can distinguish still smaller movements, the so-called "jiggles" encompassed in the minor swings, lasting from one hour or two to a few days.

The whole Solar System, including our earth, is swept around a great common center, which is so distant, that a single orbitual revolution cannot be achieved in a period less than eighteen million years. Such a revolution would constitute a Great Year or a great Circle of our own Solar System. It is extremely probable that the progress of this revolution will be marked with changes of organic creation. The gradual alteration of the position of the Solar System in the sidereal spaces and the elemental changes consequent thereon, may of themselves be sufficient in the course of time to change the entire character of organic life upon our globe. Far greater changes and still longer periods of time may be wrought in the whole aspect of creation, physical and mental, by those inconceivably stupendous revolutions to which all of these are subordinated. It is by the combined influences of all other circles of movement and creation that each particular circle is precisely what it is; and when ever there is any change in the functional operations of any portion of the system or of any of its sub-systems, then, according to the law of sympathy, there is necessarily some co-ordinated or co-related change in all the circles of operation, included in this system, however incomprehensible to human conception that change might be.

Nature, from its most comprehensive outlines as a whole, down to its infinitesimal parts, is one compact system of co-related systems, which function harmoniously as the various, but mutually dependent parts of a most sublime and magnificient machine.. the perpetuum mobile.