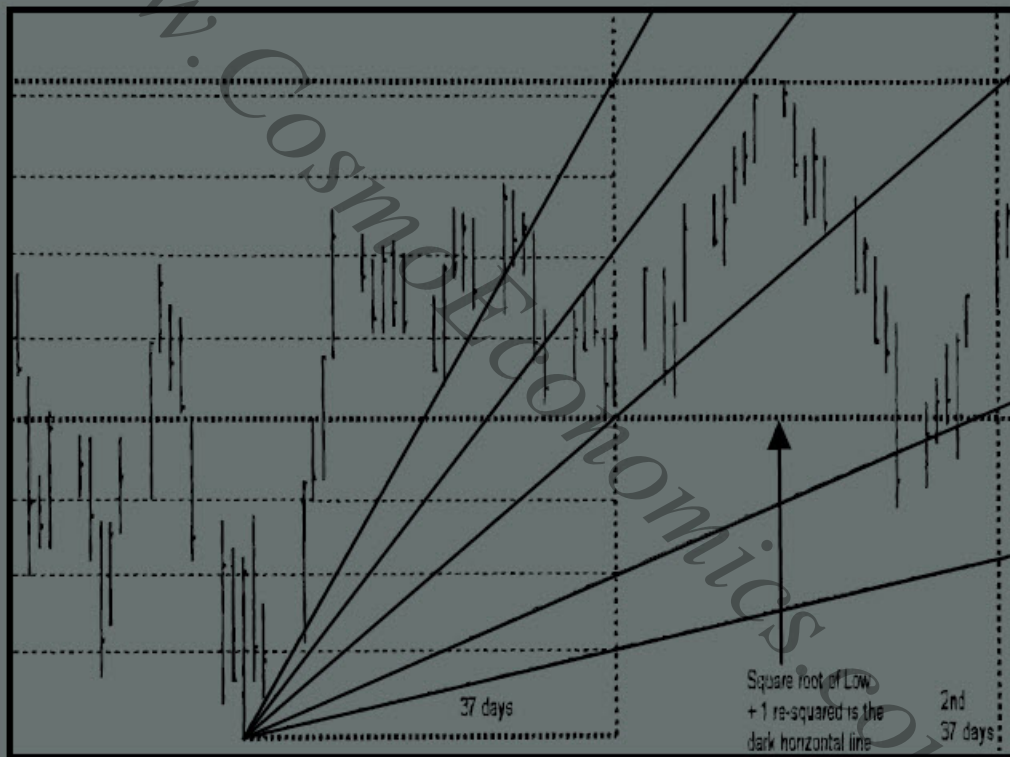


DANIEL T. FERRERA

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# W. D. GANN FOR THE ACTIVE TRADER



*NEW METHODS FOR TODAY'S  
MARKETS*

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COSMOLOGICAL ECONOMICS

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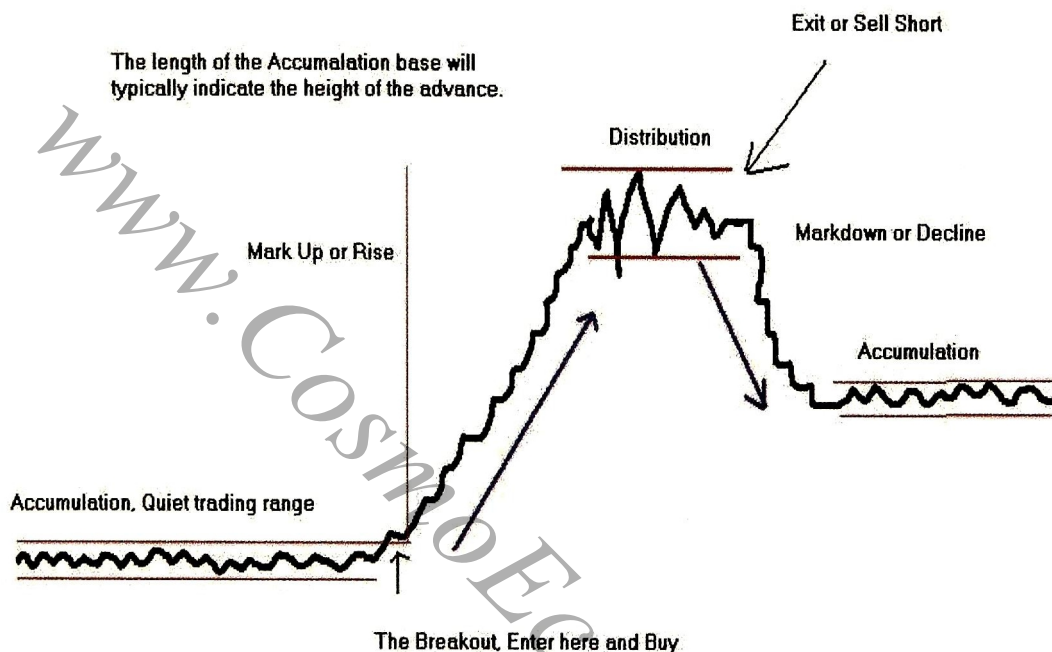
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Contract	Symbol	Exchange	Size	Trading Hours in CT	Minimum Tick
<b>Grains</b>					
Bean Oil	BO	CBOT	60,000 lbs	9:30 AM - 1:15 PM	1pt = \$6
Corn	C	CBOT	5,000 bu	9:30 AM - 1:15 PM	1/4 ct = \$12.50
Oats	O	CBOT	5,000 bu	9:30 AM - 1:15 PM	1/4 ct = \$12.50
Soybeans	S	CBOT	5,000 bu	9:30 AM - 1:15 PM	1/4 ct = \$12.50
Soymeal	SM	CBOT	100 tons	9:30 AM - 1:15 PM	10pts = \$10
Wheat	W	CBOT	5,000 bu	9:30 AM - 1:15 PM	1/4 ct = \$12.50
<b>Metals</b>					
Copper	HG	COMEX	25,000 lbs	7:10 AM - 12:00 PM	5pts = \$12.50
Gold	GC	COMEX	100 Troy oz	7:20 AM - 12:30 PM	10cts = \$10
Palladium	PA	COMEX	100 Troy oz	7:30 AM - 12:00 PM	5pts = \$5
Platinum	PL	COMEX	50 Troy oz	7:20 AM - 12:05 PM	10cts = \$5
Silver	SI	COMEX	5,000 Troy oz	7:25 AM - 12:25 PM	1/2ct = \$25
<b>Currencies</b>					
Australian Dollar	AD	CME	\$100,000 AD	7:20 AM - 2:00 PM	1pt = \$10
British Pound	BP	CME	\$62,500 BP	7:20 AM - 2:00 PM	2pts = \$12.50
Canadian Dollar	CD	CME	\$100,000 CD	7:20 AM - 2:00 PM	1pt = \$10
US Dollar Index	DX	NYBOT	1,000 x Index	7:20 AM - 2:00 PM	1pt = \$10
Euro Currency	EC	CME	\$125,000 EC	7:20 AM - 2:00 PM	1pt = \$12.50
Japanese Yen	JY	CME	\$12,500,000 JY	7:20 AM - 2:00 PM	1pt = \$12.50
Swiss Franc	SF	CME	\$125,000 SF	7:20 AM - 2:00 PM	1pt = \$12.50
<b>Financials</b>					
Dow Jones Indu	DJ	CBOT	\$10 X DJIA	7:20 AM - 3:15 PM	1pt = \$10
Eurodollar	ED	CME	100,000	7:20 AM - 2:00 PM	1/2pt = \$12.50
NASDAQ 100	ND	CME	\$100 x index	8:30 AM - 3:15 PM	5pts = \$5
S&P500	SP	CME	\$250 x index	8:30 AM - 3:15 PM	10pts = \$25
E-Mini S&P500	ES	CME	\$50 x index	8:30 AM - 3:15 PM	1/4pt = \$12.50
30-Yr T-Bond	US	CBOT	\$100,000	7:20 AM - 2:00 PM	1pt = \$31.25
<b>Energies</b>					
Crude Oil	CL	NYMEX	1,000 Barrels	9:00 AM - 1:30 PM	1ct = \$10
Heating Oil	HO	NYMEX	42,000 gallons	9:05 AM - 1:30 PM	1pt = \$4.20
Natural Gas	NG	NYMEX	10,000 MMBTUs	9:00 AM - 1:30 PM	1pt = \$10
Unleaded Gas	HU	NYMEX	42,000 gallons	9:05 AM - 1:30 PM	1pt = \$4.20
<b>Softs</b>					
Cocoa	CO	CSCE	10 tonnes	7:00 AM - 10:50 AM	1pt = \$10
Coffee	KC	CSCE	37,500 lbs	8:00 AM - 10:45 AM	5pts = \$18.75
Cotton	CT	Cotton Exchange	50,000 lbs	11:15 AM - 2:00 PM	1pt = \$5
FC Orange Juice	OJ	Cotton Exchange	15,000 lbs	11:30 AM - 1:45 PM	5pts = \$7.50
Sugar	SB	CSCE	112,000 lbs	8:00 AM - 11:00 AM	1pt = \$11.20
<b>Meats</b>					
Feeder Cattle	FC	CME	50,000 lbs	9:05 AM - 1:00 PM	2.5pts = \$12.50
Lean Hogs	LH	CME	40,000 lbs	9:10 AM - 1:00 PM	2.5pts = \$10
Live Cattle	LC	CME	40,000 lbs	9:05 AM - 1:00 PM	2.5pts = \$11
Pork Bellies	PB	CME	40,000 lbs	9:10 AM - 1:00 PM	2.5pts = \$12



The chart on the next page graphically illustrates this basic four-phase cycle. The book ***How to Make the Stock Market Make Money for You*** by Ted Warren is an excellent reference source for a deeper understanding of this tune of analysis.

## THE FOUR BASIC PHASES OR CYCLES OF STOCK PRICES



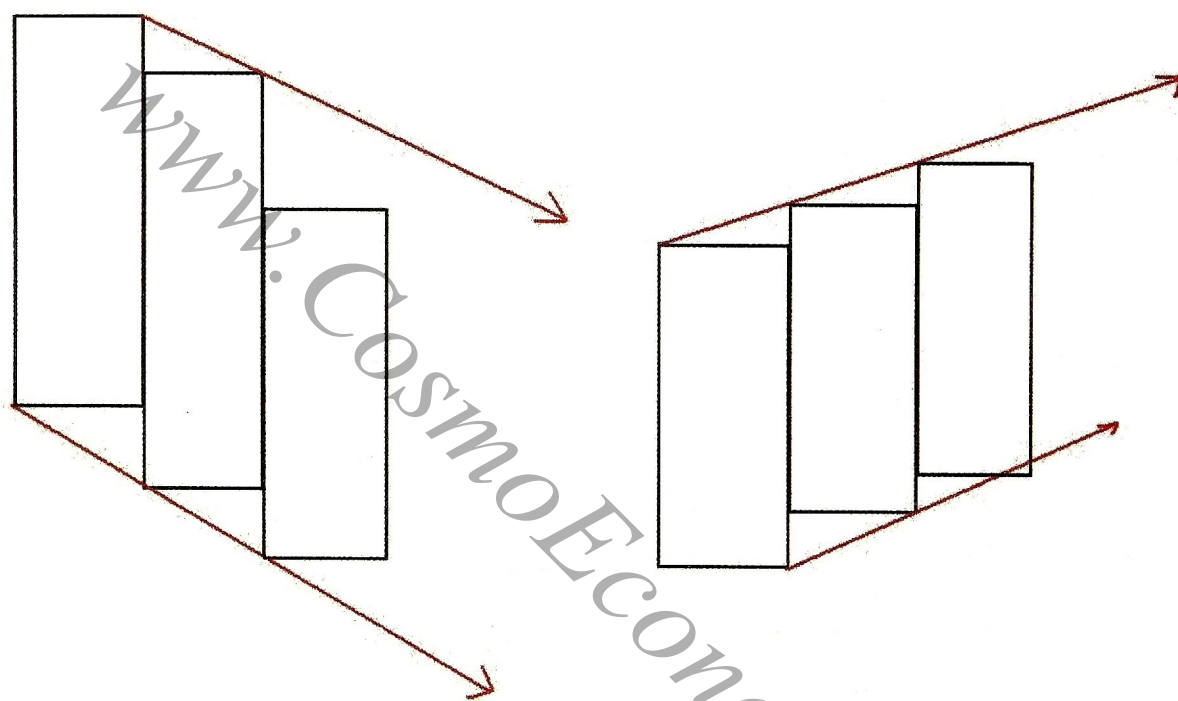
There are several other chart patterns that are recognized for having predictive qualities. This book is not intended to provide information that is easily available from other sources, but it is necessary that you at least have an understanding of the basics and some of the underlying psychology that is involved in the interpretation of the chart pattern.

**THE HEAD & SHOULDERS TOP AND BOTTOM FORMATION** is probably one of the most highly recognized chart patterns in traditional technical analysis. The depressing influence of a long term head & shoulders bottom pattern on a monthly chart has a good track record in preceding a significant rise in a stock or commodity market. Again, this must not be a short-term pattern. Most take at least a full year or more to form. Typically, there has already been a significant downtrend that precedes the pattern. Then the market quiets and begins to consolidate like an accumulation pattern. Then the public is frightened out of their position during the first shoulder and head of the pattern, known as a "shakeout." During the second shoulder, they sell out their positions in fear that the price will drop again. They have lost hope in the market's ability to rise, which is exactly the reason it does. The rule with both head & shoulder patterns is that the longer it takes to form, the more reliable it is. The head & shoulders top formation suckers the public in with a rapid explosive type advance. This is a frequent distribution pattern in a large variety of markets. Once the neckline is broken, the market will typically move the same amount of points that measures the distance the head is from the neckline.



Therefore, there are two types of market trends that you can follow much more easily with this type of charting. (1) The directional trend of the price movement and (2) Volatility trends, which are based on the vertical size of the bars that result from grouping.

The next chart illustrates how to properly draw trend lines based on bar groups.

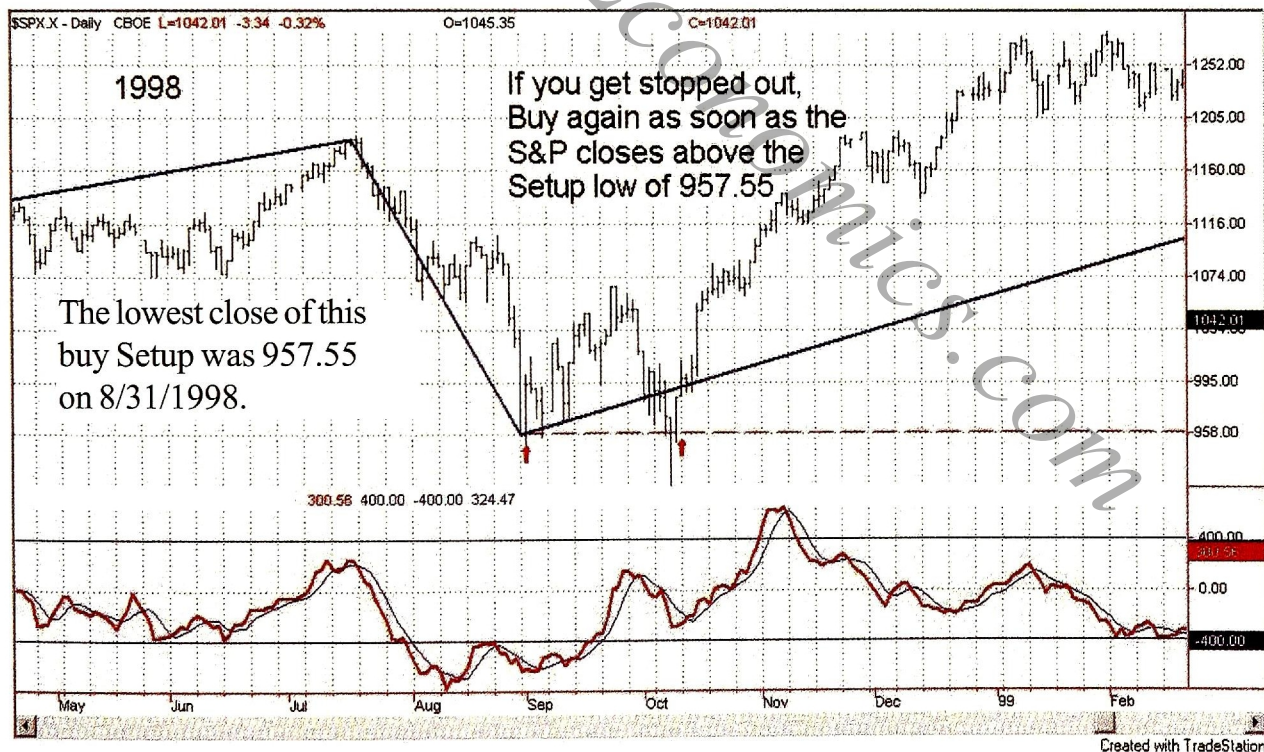


#### HOW TO DRAW TREND LINES BASED ON BAR GROUPS

If you would just visualize each bar group as a simple rectangle, the following description along with the above illustration should make the procedure perfectly clear. For **DOWN TRENDS**, start at the upper right corner of the rectangle and connect the trend to other upper right hand corners of the future bar groups. Also, project the lower channel of the trend by starting in the lower left hand corner of the rectangle and connecting the trend to other lower left corners of the future bar groups. For **UP TRENDS**, start at the lower right hand corner of the rectangle and connect the trend to other lower right hand corners of the future bar groups. In addition, project the upper channel by starting at the upper left hand corner of the rectangle and connecting the trend to other upper left corners of the future bar groups. The trends can only be projected from bar groups of the same time scale. For example, only connect weekly groups to other weekly groups or monthly groups to other monthly. Do not mix up the scales when drawing grouped trend lines. Often times, you can pin point near exact tops and bottoms where the particular market will meet with very strong support or resistance through the use of these trend lines. You simply determine how "tall" the next bar would have to be in order to hit the



Notice the bullish divergence at the re-entry point.



Here again, the market makes a new low, but the advance-decline line is showing a bullish up-trend.

**\*\*\* BONUS MATERIAL \*\*\***

## ***A MINI-COURSE IN THE SCIENTIFIC METHODS OF W.D. GANN***



### **GANN'S CUBE**

♈ ⑥ ♏ ♐ ♑ ♒  
0, 60, 120, 180, 240, 300



### **WHAT GANN SAID ABOUT "THE HEXAGON CHART"**

Since everything moves in a circle and nothing moves in straight lines, this chart is to show you how the angles influence stocks at very low levels and very high levels and why stocks move faster the higher they get, because they have moved out to where the distance between the angles of 45° are so far apart that there is nothing to stop them and their moves are naturally rapid up and down.