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## LESSON WAYS

### The CYCLES

#### **To go far away means to return.Lao Tzu (600 to. C.)... Tao You Ching**

*Evvi what some, of which others can say: You see this he is new? It has already been in the centuries that have been ahead to we.....Ecclesiaste 1:10*

### INTRODUCTION

The topic of the cycles of the financial market little is known from the greater part of the market analysts. The traditional methods of Trasformate di Fourier and the shunting lines percentages from medium furnitures are been born with the scientists and the engineers. While these techniques are effective in isolating the cyclical members characterize them of things as she marks them radio or the composite sonorous waves, are little aid when the complex topic of repetitive the human behavior is studied.

The cyclical member of the psychology of the human mass becomes obvious as the men repeat the same errors store clerks from their parents and grandfathers. When estimated in mass, the man seems incapable to learn from the errors of the history, but how much is also inclined to repeat the errors recently store clerks as well as the previous generation.

The financial markets are the laboratory where this psycology of manifest mass in the shape of changes in the price - time. As the masses of persons group their emotions in their hopes and attended for the future, sure geometric constructions evolvono when these changes move them are record like one function to you of the time. The recurrence of the behavior to similar positions on these geometric structures defines the periodic law.

The cycles of the financial markets begin to a sure point in the price - time and progress through their natural sequence of increase until catch up the completion. After that, the action price - time is enclosed from a new cycle. The points key to know are: when and where a cycle begins, when and where it ends, and what to attend from the new cycle. This simple sound, but in practical is many tranelli that they can make the sgambetto the not suspicious analysts.

This lesson will explain many characteristics of the cycle, of which the contemporary analysts of the cycle they are unaware of.

### RIPASSO OF THE BAGGAGE OF ACQUAINTANCES

The traditional methods used from the analysts in order to isolate the cyclical members of a financial

[1]

market can be reassumed in three points it becomes simpler to you:

1. To establish one medium piece of furniture from the data price - time.
2. To divide to the data price - time in the average mobile in order to obtain the shunting line percentage from the average mobile, obtained to point (1).
3. It is visually or through the Transformed one of Fourier, to obtain the cycles (to say true the rhythms) from the data in point (2).

### EXAMPLE OF APPLICATION IN THE DJIA OF THE CONTEMPORARY CYCLICAL ANALYSIS

The Diagram WAYS.To extension the DJIA from the 1/10/1992 to the 27/8/1993. This diagram has the channel of tendency designed between the lines parallels advanced and inferior, that they contain the ends of the oscillations of price during this period. Median between these the two lines of channel define

the average mobile described over, in point (1), and from which percentage is calculated the shunting line. This average mobile is left over to a rhythm of 400 points in 200 days. That is, it defines one diagonal of angle  $2x1$ . This mobile type of average is simplest to recognize because it is to delineate over the time structure to be studied.

Like described over, in point (2), the data price - time is uniform in the average mobile  $2x1$  in order to obtain the shunting line percentage from the tendency. The result of this division is shown on the Diagram WAYS.B.

The third party point is to determine the rhythms from the detrendizzati data. On The Diagram WAYS.B, the first rhythm that immediately prominence is the rhythm of six weeks, that it is equivalent to 30 days of dealing and is shown from the vertical lines. Similarly, other rhythms can be found in this diagram.

The method followed over is the technical base applied from the contemporary analysts of the cycle. However, as it will be shown in the following section, there are various problems with this approach, that they can be exceeded to you with an application of the instruments introduced to you in this course.

### **PROBLEMS WITH The CONTEMPORARY CYCLICAL ANALYSIS**

The analysis of the cycle executed in the previous section contains many examples of the limitations with the approach running used from the analysts of the cycle. In order to exceed these limitations, various facts approximately the cycles must be comprised price - time. Without an understanding of the characteristics of the cycle listed under, it is difficult to project the futures exactly turns out to you cyclical.

1. The cycles are elliptic. Therefore, like described in Lesson II, **THE ELLIPTIC NATURE OF THE PRICE - TIME**, the action price - time follows or the greater axis or that minor, the advanced perimeter or that inferior. While the action price - time is contained within the ellipse, the mobile definition of average is based on which covered it follows. When the action price - time moves in one new ellipse, one new average mobile defines the action within that ellipse. These ellipses are contained within greater ellipses. The ways taken from the action within the greater ellipses define the great averages furnish.
2. The origin of a cycle necessarily does not follow the end of the previous cycle because: **The CYCLES CAN SOVRAPPORSI And CAN MAKE EXPERIENCE OF VERTICAL COMPENSATIONS**. Two overlapping cycles were shown on Diagram II.To, where equilateral triangle FIK was composed of two overlapping ellipses. The most obvious examples than vertical compensations happen after the gap. The question number 3 to the end of the Lesson has calculated the PTV from the 23/01/1991 to the 6/03/1991, shown on Diagram I.D, to be eighth of the cycles that find during this time interval. The origin of this cycle capitò the 23/02/1991, that it is after the vertical compensation of the gap previous. The origin it was not to absolute the minimal price in the 14/01/1991, even if this date was the end of the previous cycle, that it began the 21/12/1991. An example of a vertical compensation, that happened in the opposite direction of that one described over, is shown on Diagram II.To. The origin of ellipse FHIJ is to the F point, that it is under the top price of the previous ellipse, CFR.
3. The end of the cycle does not have to happen to its extreme absolute price. It would be, the higher price for a cycle that they knows or the price more low for a cycle that comes down does not represent necessarily fine its. This was explained in Lesson II, **THE ELLIPTIC NATURE OF THE PRICE - TIME**, and it can be seen on Diagram II.To to point I.
4. The cycles of the financial market do not follow one constant regularity. Had to the elliptic nature of the cycles, it takes little time to cover  $15^\circ$  when the cycle is to its sections from the faster movement. Similarly, when the cycle is in the part from the slower movement puts to us than more to complete one section of  $15^\circ$ . An other important factor that cause variation in the regularity of the cycle is the relative guideline of the equilateral triangles that define the axes of the united ellipses. This argument is explained in the later details in this lesson.

**The TRAJECTORY Of the PRICE - TIME WITHIN the ELLIPSE DEFINES The AVERAGE**

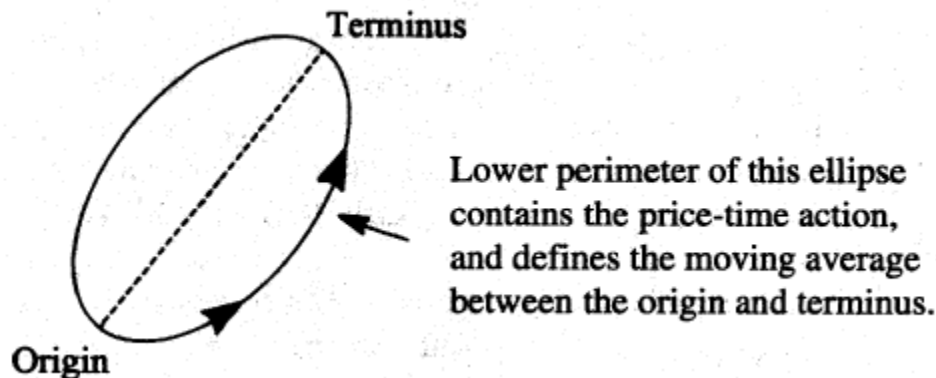
**MOBILE.**

The point begins them of the contemporary analysis of the cycle, to establish reliable an average mobile, is difficult without the acquaintance of market geometry. As soon as medium reliable piece of furniture is established one changes, apparently without warning. The previous example shown on the Diagram WAYS. To it used the average mobile linear 1x2. The question that cannot reliable be satisfied from the contemporary analysis of the cycle is: when it will change this average mobile?

**The ACQUAINTANCE Of the PTV And GEOMETRY Of the MARKET ALLOW the ANALYST TO DEFINE, IN ADVANCE PAYMENT, The EXACT DURATION Of the AVERAGE MOBILE. WHEN THE PTV HAS CAUGHT UP ITS TERM THE NEW PTV DEFINES THE FINAL POINT OF THE AVERAGE MOBILE SUCCESSIVE.**

As an example, the average mobile in the previous example was found to be the angular diagonal 2x1, that time defined the greater axis of the containing ellipse the action price -. The tendency the angular diagonal will continue until the point finishes them of the PTV will be caught up. The contemporary analyst of the cycle does not have no idea of when this point she is caught up. However, with the instruments he introduces to you in the first five lessons of this course, the analyst can identify in advance payment when and where this average mobile will change.

Not to confuse the PTV with the average mobile. Since the average mobile can follow the advanced or inferior perimeter of the ellipse, does not have to be to delineate, that is, to follow one straight line. The PTV is one straight line from the beginning of a cycle to fine its. This is shown in Figure 7.1, where the action price - time is shown to follow the inferior perimeter of the ellipse. Therefore, this arc defines the average mobile. The PTV in this figure combines the origin and the end and is not the average mobile. Figure (the inferior perimeter of the ellipse contains the action price - time, and defines the average mobile between the origin and the term)



**Figure 7.1**

Difference between the PTV and the average mobile.

**PERCHE' The PERIODICITA' Of the MAXIMUMS And the MINIMUMS Of The VARIED CYCLE.**

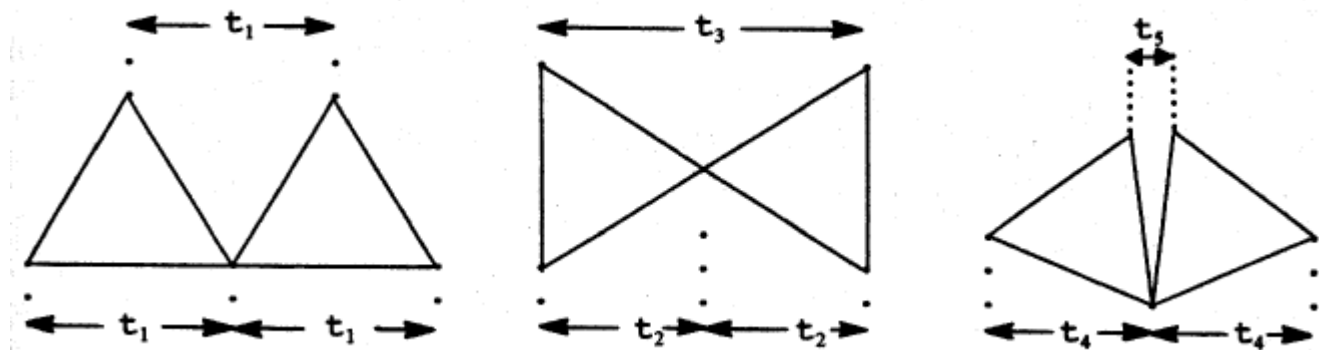
Varying of the regularity of the maximums and the minimums of the cycle has always provoked a problem for the analysts of the cycle. The minimums of the short cycles as six weeks can have from the ideal rhythm for various days, and the maximums have been find to you to have more also of the minimums. Exactly when and because this happens is remained a mystery. I maximums vary therefore a lot that many contemporary analysts of the cycle do not use just the maximums in order to try to foretell the cycles. Rather, they are concentrated on the minimums and they accept the little days of error like one "inexplicable" consequence of their technique.

Once again, geometry supplies the solution of this old problem. Figure 1.2 have shown like the member time of a varied PTV with the angle that assumes with the axis of the time. When the PTV is parallel to the axis of the time the member time is to a maximum. As the PTV wheel towards the high the member time decreases. When the PTV heads in a vertical direction the member price is to a maximum and the member time is zero.

For more, Lesson II, **THE ELLIPTIC NATURE OF THE PRICE - TIME**, it identified the formation of the equilateral triangle within the joined ellipses, and Figure 2.4 showed as these triangles can assume different guidelines. The descriptions of Figures 1.2 and 2.4 would have to be reviews to this hour. Figure 7.2 extension three possible configurations of adjacent equilateral triangles in order to demonstrate to the ends caught up in both the directions like ruotano the triangles. With the guideline shown in 7.2.to the bases of both triangles they are parallels to the axis of the time. If the cycles assumed always this configuration the rhythms of the cycle would be constant and the maximum measured distance - to - maximum and minimal - to - minimal,  $t_1$  he would be always equal.

(a) (b) (c)  
**Triangles with the bases**   **Triangles with top**   **Triangles with the top**  
**parallels to the ruotati axis of the time far away ruotati together**

$t_1 t_3 t_5$



**Figure 7.2**  
 Defining configurations of adjacent equilateral triangles variation in the regularity of maximums and minimums of cycle.

An example in the DJIA of an equilateral triangle with the base parallel to the axis of the time was shown on Diagram I.To with the ABC triangle. The following triangle immediately, CDF, leggermente were ruotato in counter-clockwise sense rendering the time between two maximums, BD, minor of the time between three minimums, AC and CF.

Lesson II, **THE ELLIPTIC NATURE OF THE PRICE - TIME**, it has shown that the equilateral triangles form you from overlapped ellipses, can ruotare in hour or counter-clockwise sense, depending on the specific geometric configuration at that moment. Figure 2.4.to it has shown the end that can be caught up like the triangle is ruotato in counter-clockwise sense. The limitation is caught up when the left side of the triangle is vertical. Similarly, the end that can be caught up when the triangle is ruotato in hour sense was shown in Figure 2.4.c, where the cateto skillful he is vertical.

If the image to the mirror of Figure 2.4.to it is placed directly after it, the result is the disposition shown in Figure 7.2.b. Since the cateto left of the first triangle he is vertical, its apex is directly over the first minimum. The triangle on the right is the controparte of that one of left, with its maximum directly over the minimum to the opposite right. The result of placing two triangles, ruotati in opposite directions, one next other is the possible principle separation between the two maximums,  $t_3$ . An example of this type of configuration can be seen on Diagram I.To, with the tops of two triangles, IJK and KLM, ruotate far away.

The opposite one of Figure 7.2.b it is shown in Figure 7.2.c, where the tops of the two triangles are ruotate one in direction of the other. The result is the short interval of time between these two top,  $t_5$ . An example of this type of cyclical configuration can be seen on Diagram I.To, with triangles EHI and IJK. It observes the tip towards the bottom between the two maximums, H and J.

The examples given over, show as the distance between the tops of two ruotati triangles can vary from nearly zero, like in Figure 7.2.c, to the other end of completing the entire width of the two triangles, like

in Figure 7.2.b. However, even if the distance between the tops can vary largely, the inferior parts varies only leggermente. The distance between the minimums catches up its maximum when the bases of the triangles are parallels to the axis of the time, like in Figure 7.2.to. The distance between the inferior parts is to its minimum when the triangles are ruotati their maximum to pile in opposite directions, like shown

[ 2 ]

in Figures 7.2.b and 7.2.c.

Diagram I.To it supplies a good example of this concept. The base of the ABC triangle is parallel to the axis of the time, and like shown in Table 1.2, the time between these minimums were 243,5 hours of ag. In contrast, triangle IJK was ruotato the maximum to pile in counter-clockwise sense, since its left side is nearly vertical. Table 1.3 extension that a time between the minimums in triangle IJK was 217,0 hours of ag, or 26,5 hours of ag in less than between the minimums in the ABC triangle. This difference of 265 hours of ag is equal to beyond four days of ag, one meaningful amount for many speculators.

While the minimums defined from the triangles IJK and ABC differed for four days, the change in the maximums was the much most dramatic one. Since triangle IJK ruotava the maximum to pile in counter-clockwise sense and triangle KLM ruotava in hour sense, the separation of the maximums was near the maximum. The time between two maximums, JL, was 347 hours of ag (54 days), or and average once longer of the time between the two minimums, IK, that it was equivalent to 217 hours of ag. This type of configuration is similar to that one shown in Figure 7.2.b. It confronts the distance between the maximums, JL, with the distance between the maximums, HJ, where the triangles take the configuration opposite. The time between two maximums, HJ, was equivalent to 15 days of ag, or eight weeks less than JL.

As the time proceeds, the different combinations of the triangles long time joins to you defines the limits

[ 3 ]

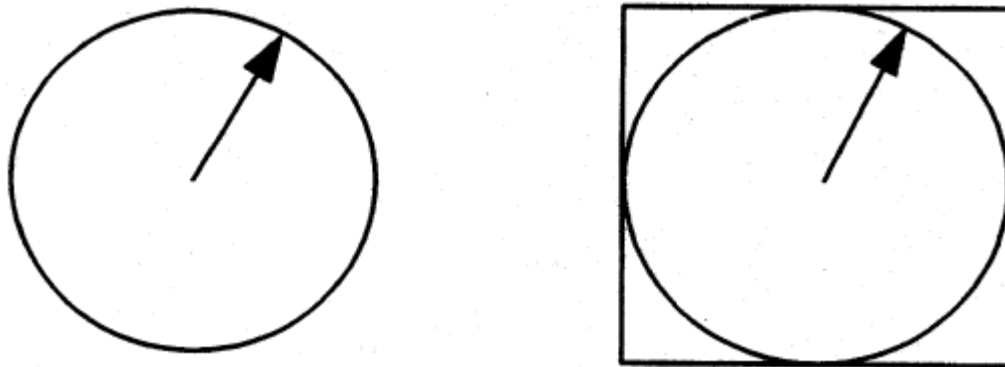
of the action price - the tendency. Ognuna of these seems will have of the different guidelines. Their degree of relative spin defines the separation between the maximums and the minimums of the cycle.

**LEVELS OF ENERGY OF THE CYCLES**

Figure 7.3.to extension a beam contained ruotante carrier within a circle. This circle represents the level of energy that the market is acting to the inside while the PTV wheel.

(a) (b)

**perimeter of spin Contained rotary PTV within the PTV creates a circle vertical and horizontal angles**



**Figure 7.3**

The ends caught up from the rotary PTV define the circle and the square.

Figure 7.3.b extension this same PTV with the horizontal lines designed to the lessened maximum and of the circle where the ends in the price are caught up, that is, when the PTV is heading directly in at or in down. Also the vertical lines are designed where the ends are caught up in the time, that is when the PTV is heading directly for right or on the left. Designing in the levels to which these ends of price and

[ 4 ]

time they are defined effectively enclose the circle in a square. The vertical lines establish when a cycle begins and ends. Like shown in Lesson I, when the action price - time penetrates the new one

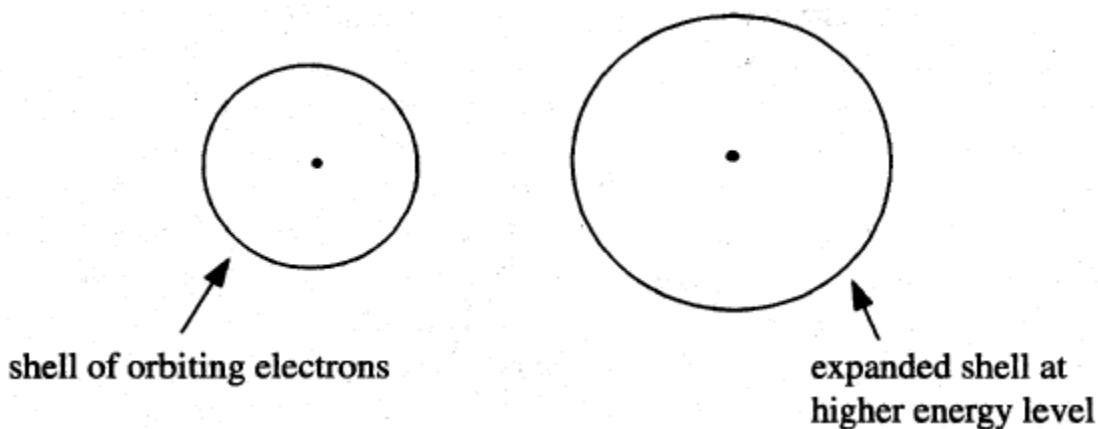
squared from the left, like represented on the diagrams price - time bidimensional, is contained from the PTV whose origin had to still happen in the time. The origin of the ruotante PTV it is localized to the center of the circle.

[ 5 ]

If the increase process is that one of composition , the cycle will be expanded after that it has caught up the completion, and muoverà towards a new level of energy. A good example of natural levels of energy happens in chemistry. The electrons ruotano round the nucleus of the atom to a stable level in a elliptic orbit until the energy is added to the system (like cancellation). As greater energy is added to the electron is moved via and far away from the nucleus, expanding effectively its orbit. This transition is not calm. Rather, it happens in knows back different known levels to you of energy like "levels of how much". The different levels of energy can be seen in Figure 7.4.to, where the electrons are orbiting to a stable level.

(a) (b)

**The orbit of the electron to low level of energy to the higher level of energy**



**Figure 7.4**

Two levels of orbiting electron energy round a nucleus.

As more energy is applied, these electrons remain within their orbits until are caught up a critical level. When that critical level is passed makes a quantico jump on the next level of energy, like shown in Figure 7.4.b. Here they will orbit until when it is added or embezzled other energy. To the scientists this is known like the "model of the hydrogen atom of Bohr", name after that the physicist, Neils Bohr, postulated it.

It thinks next to the tip of the rotary PTV like to an electron that wheel round the nucleus of the atom. The length of the PTV is constant for a level of constant energy. When the level of energy has increased or diminished the length of the PTV it changes, in compliance.

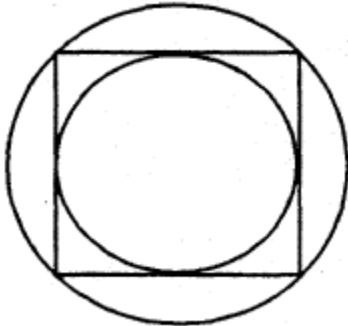
Including Figure 7.3.b in a circle figure shown in Figure 7 creates one.5, that is the same one of Figure 4.2, and the first two levels of energy of Figure 4.3. You see again the description of these two figures. Lesson IV has shown that the relationship between the diameters of two circles shown in Figure 4.2 are the square root of two, that is 1,414, that it represents the diagonal of the square. It represents also the change between two levels of energy.

An example in the securities market where there was a transfer from a level of energy to the successive elevated level more, happened during square 1949 - 1966. Lesson V has shown that this square was crossed diagonally. You see again Figure 5.16, that extension the level of energy to increase from the inferior level of the cube to that advanced one during square 1949 - 1966. To this advanced level of energy the oscillations of price covered one greater distance regarding the correspondents places to the inferior level. Therefore,

**The CUBES NOT ONLY STACK To YOU REPRESENT COMPLETE INCREASE MODELS To YOU, BUT ALSO the INCREASE Of the LEVELS OF ENERGY Of the**

**CYCLES.**

Diagram V. And it confronts the squares to the correspondent positions on the two different cubes that they were spread today between 1899 - 1982 and 1966 -. Both these squares represent the deep ones of the cubes, one overlapped on the summit of the other. The square from 1966 - 1982 it was to the level of advanced energy, while square 1899 - 1914 was to the level of inferior energy.

**Figure 7.5**

The square that delineates the separation between two successes to you levels of energy of the PTV.

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[1]

Reference to the text of Dewey, the Cycles.

[2]

For that they find that the equations help to render the concepts clearer, the following relations exist in Figure 7.2.

$$t_1 > t_2 ; t_2 = t_4 ; t_3 = t_2 + t_2$$

[3]

The triangles couple to you are not the same thing of "united ellipses". Two united ellipses form an equilateral triangle. Two equilateral triangles form one brace.

[4]

The sides of this square define the vertical and horizontal angles attributed to W. D. Gann. In its *Master Course For Stock* he it asserted that the vertical and horizontal angles were more important of the diagonal angles (45°, 1x2, 2x1, etc..). Ill-fatedly, the expert currents "of Gann" are only selling the diagonal angles like, therefore call to you, "Angles of Gann".

[5]

The rules for the decomposition turn over the rules for the composition.

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