

RISK DISCLAIMER

Trading foreign exchange on margin carries a high level of risk, and may not be suitable for all investors. Before deciding to trade foreign exchange you should carefully consider your investment objectives, level of experience, and risk appetite. The possibility exists that you could sustain a loss of some or all of your initial investment and therefore you should not invest money that you cannot afford to lose. You should be aware of all the risks associated with foreign exchange trading, and seek advice from an independent financial advisor if you have any doubts.

The following are the tips to become a consistent trader according to W. D. Gann:

1. Get an education on how to successfully trade the markets
2. Use proper risk management
3. Follow the strategy rules

METHOD

How To Predict Dates For Market Reversals Using Pythagores @7JULY2020

The first method is based on the principle like other methods will, that price and time are different ways of measuring the same vibration or energy, and that price can be converted to time and time to price.

In this method we will only be converting price to time using a scale factor as we will only be predicting dates of tops or bottoms.

Now, the Pythagorean Theorem is a way to calculate the hypotenuse (the longest side which is c) of a right triangle when the other two sides (b for price and a for time) are known:



The above picture is the view interpretation of how the triangle should look and what side corresponds to either price or time.

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To explain this method—let's look at a down swing on EURUSD currency pair some days after 4 April 2020:



Now from the chart we see that the downward swing gave 263 pips or 0.0263 point in price change and it took 8 bars (market days). If you look on top of the chart I gave the scale factor for the EURUSD pair which is 20 pips per day (20 pips is equal to 1 bar or market day)—this means that we can use the scale factor to convert the pips or price into time or days so that we have the same units, time and time.

Calculations:

Step 1. $263 \text{ pips} / 20 \text{ pips per day} = 13.15 \text{ days}$

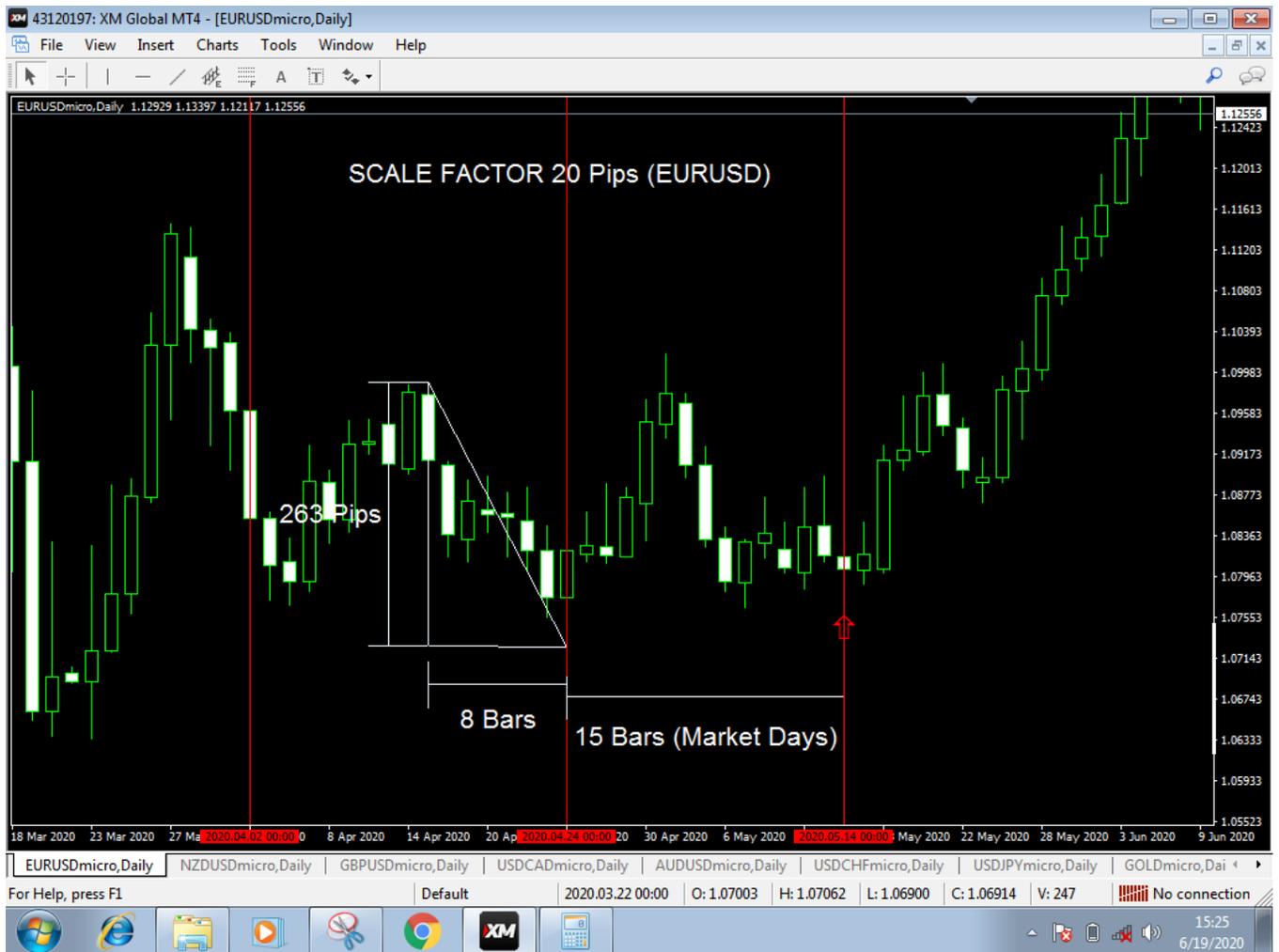
Step 2. $C \text{ (hypotenuse)} = \text{square root} (13.15^2 + 8^2) = 15.39 \text{ days} = 15 \text{ days}$ (Don't round off just get the whole number).

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Now that we are done with the calculations we simply count from the low 15 market days or trading days to the next low or bottom—hope you caught it, the hypotenuse of a swing low will predict the future low or bottom from which to look to buy and the same is for the hypotenuse of a swing high predicting a high or top from which to sell. Here is what happened 15 market days later:



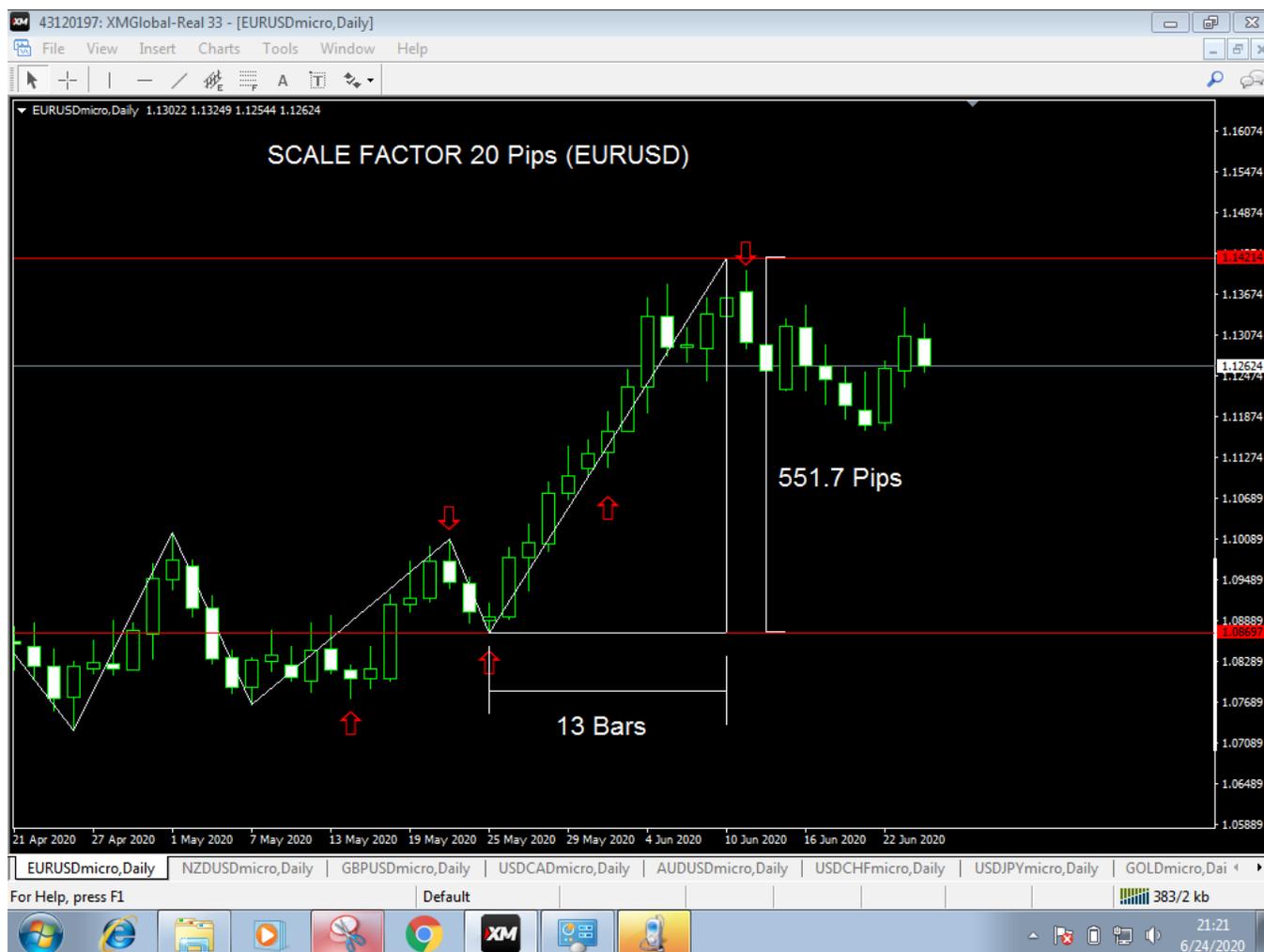
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Prediction:

Here is the chart of the current market price (The top being made on 10 June 2020) as of the writing:

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Calculations:

Step 1. $551.7 \text{ pips} / 20 \text{ pips per day} = 27.585 \text{ days}$

Step 2. $C \text{ (hypotenuse)} = \text{square root } (27.585^2 + 13^2) = 30.49 \text{ days} = 30 \text{ days}$ (Don't round off just get the whole number).

Again the hypotenuse of a swing high is predicting a high or top from which to sell. If we count 30 market days or trading days from 10 June 2020 when the top was made it gives us 21 July 2020 as the date for the top or high on which we should look to sell:

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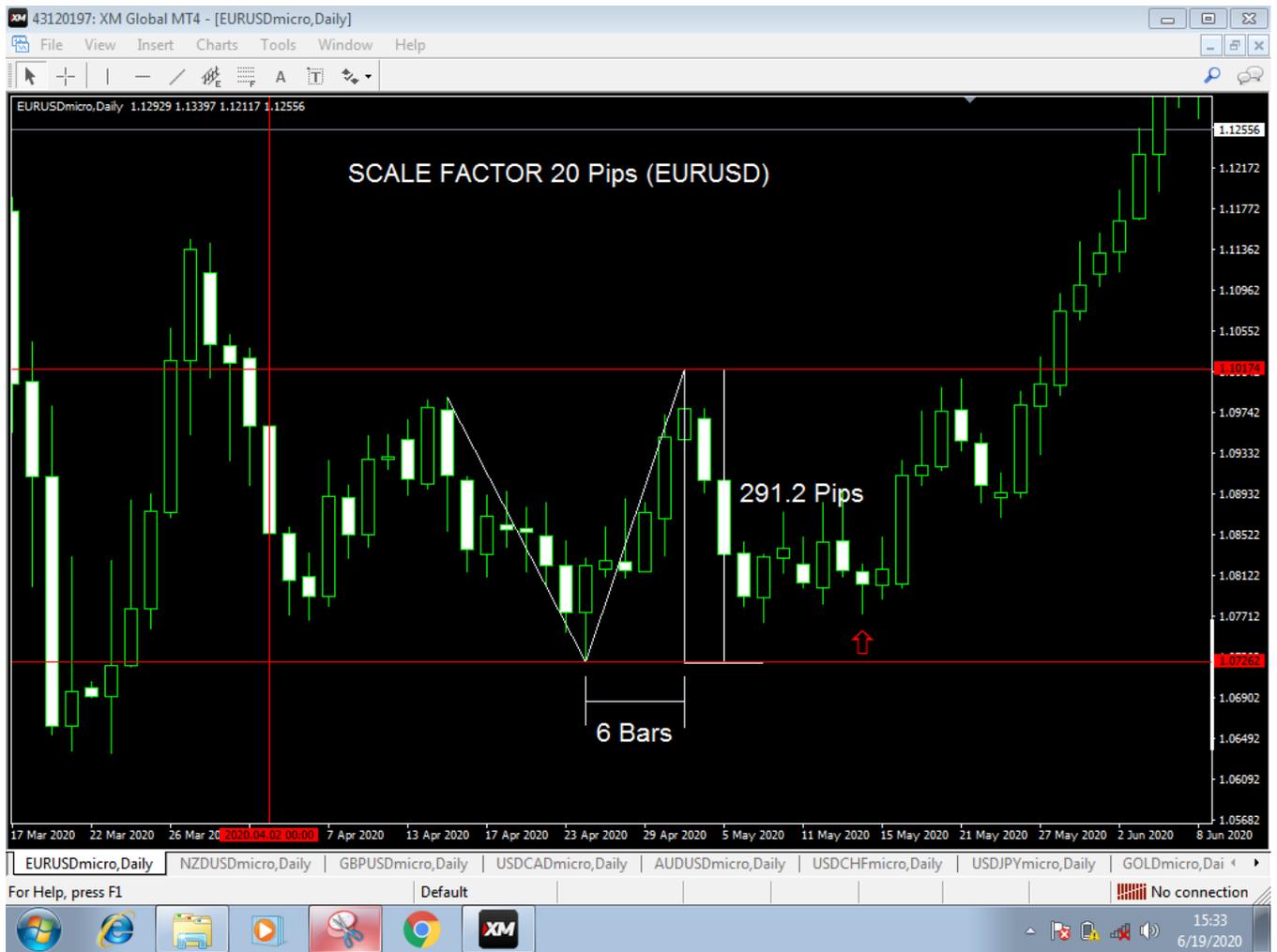
It's good to know that there is a unique scale factor for every pair or instrument you are trading and for every timeframe being traded. I will leave that piece to be solved if other pairs are to be traded with this method.

Practice Questions:

Here are a few charts to you should do to practice the explained method:

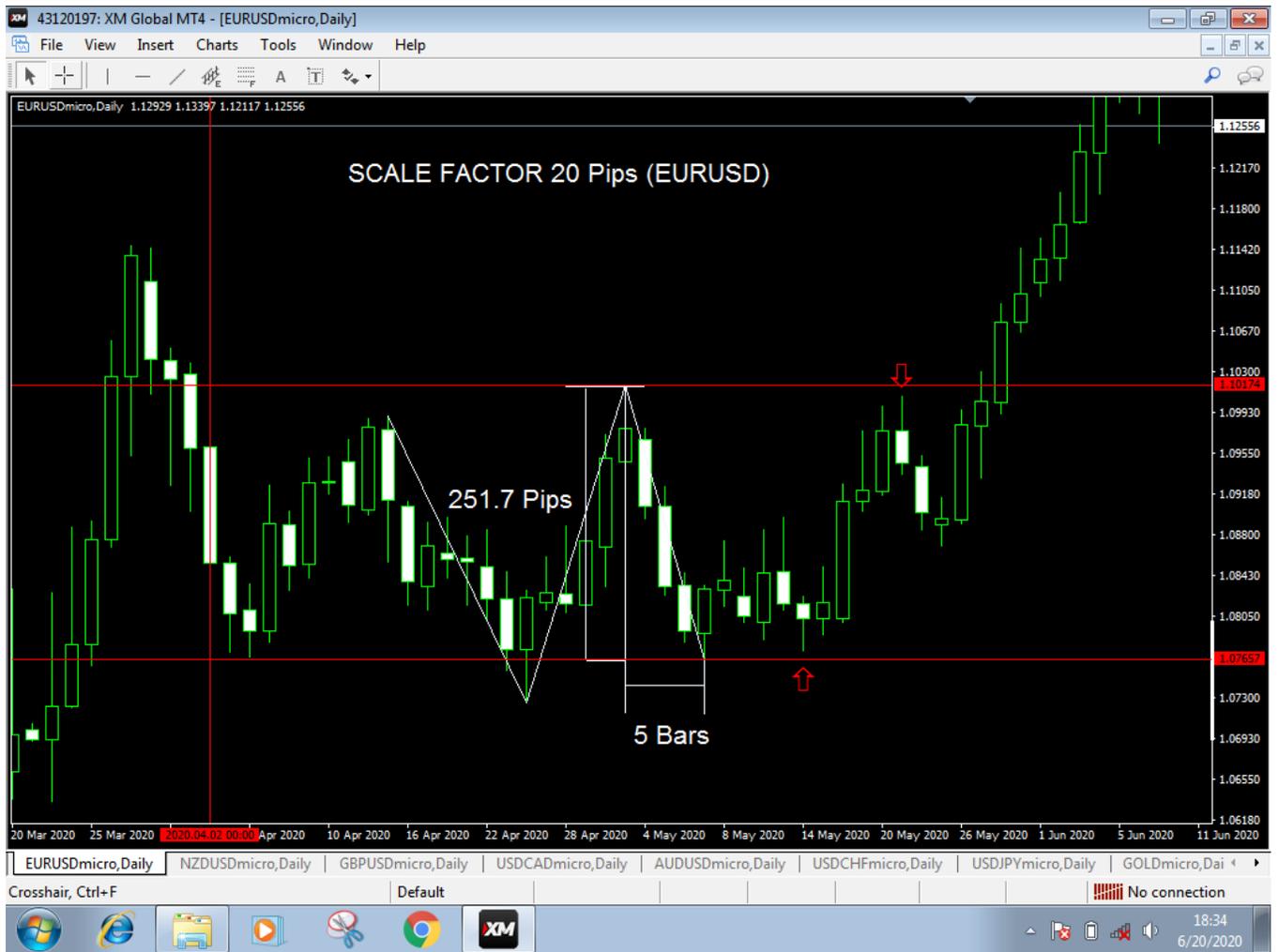
1.

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2.

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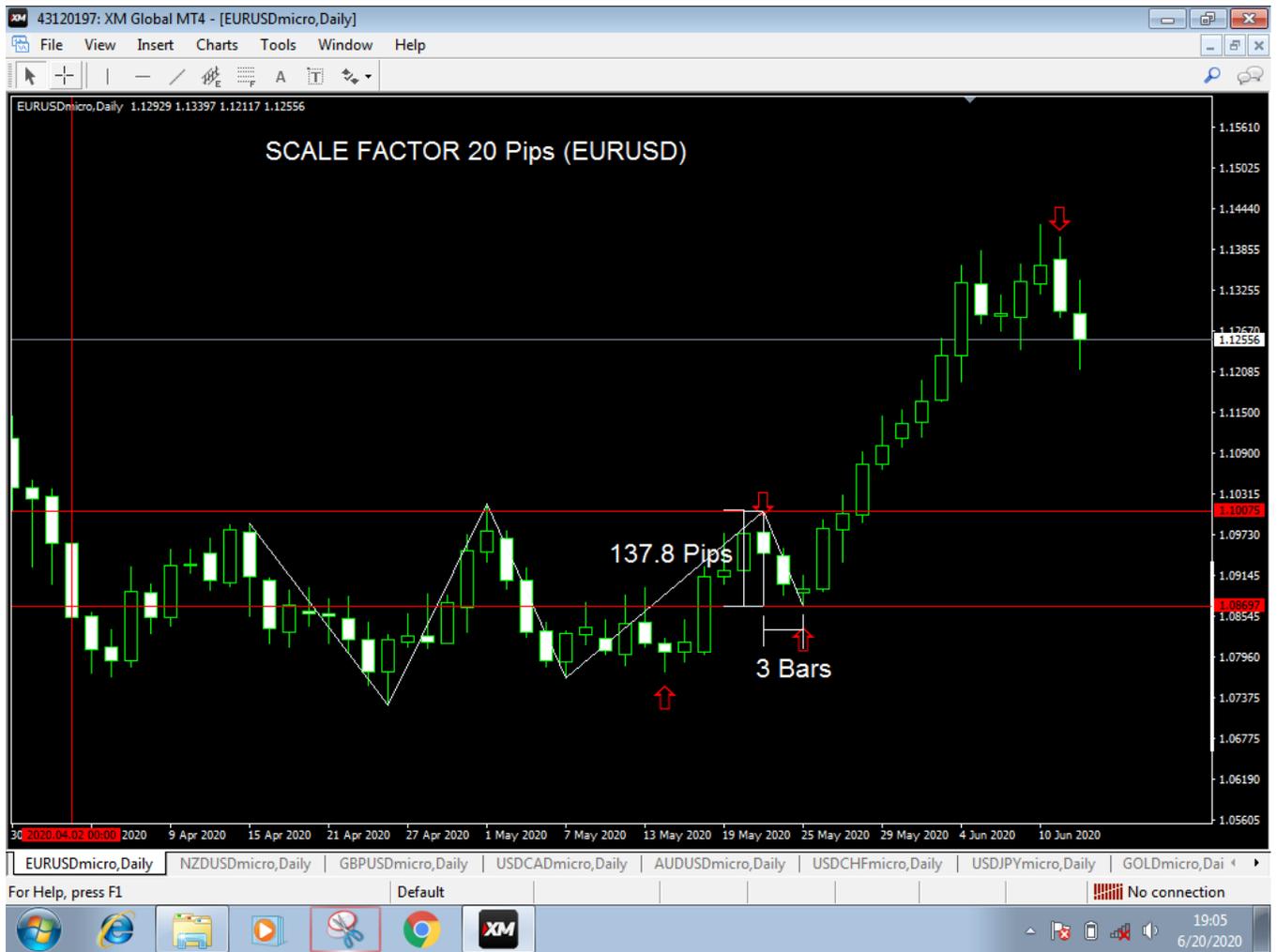
3.

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4.

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Note the answers are in the appendix.

Appendix.

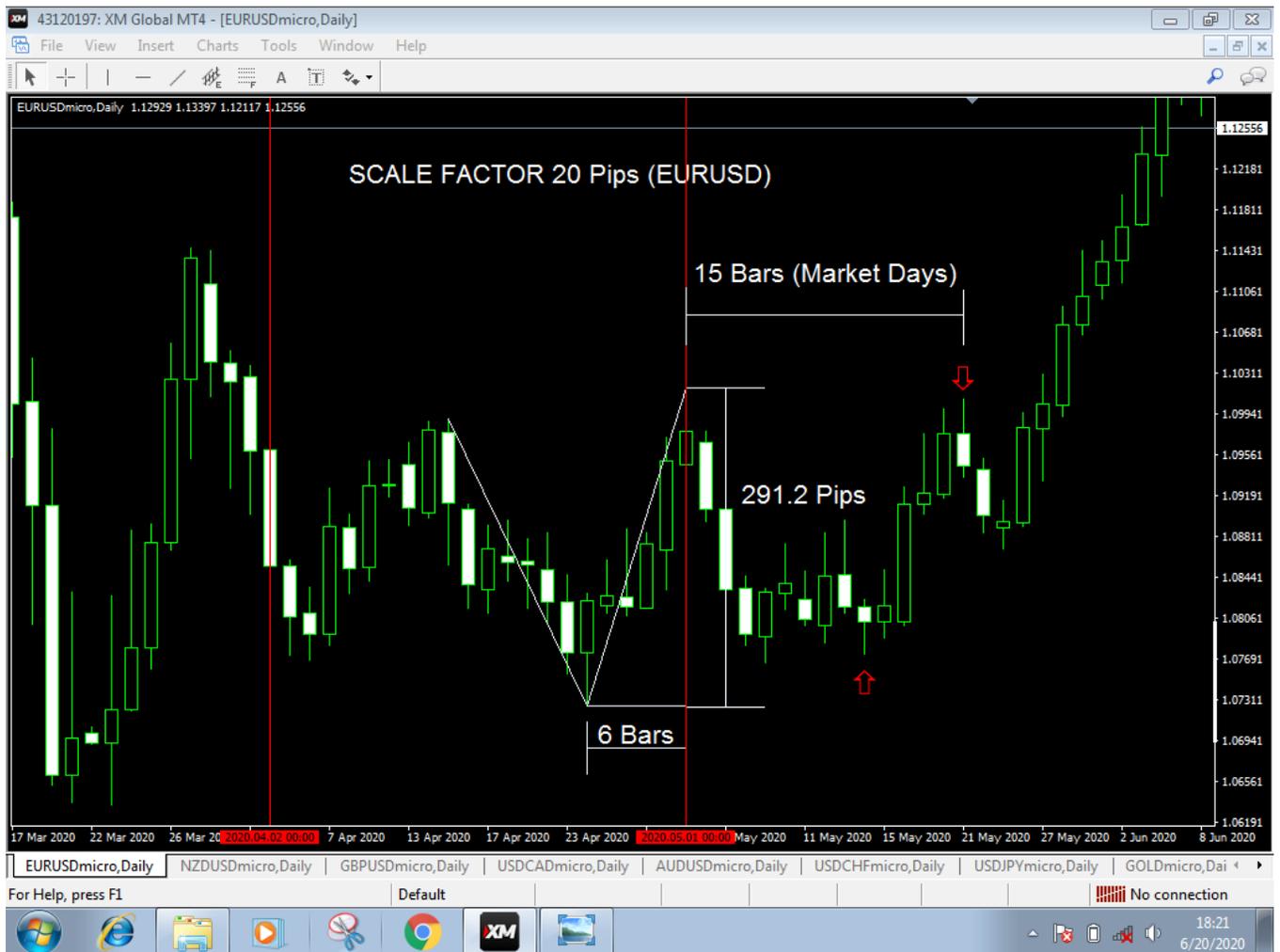
Practice answers

1.

Calculations:

Step 1. $291.2 \text{ pips} / 20 \text{ pips per day} = 14.56 \text{ days}$

Step 2. $C \text{ (hypotenuse)} = \text{square root} (14.56^2 + 6^2) = 15.74 \text{ days} = 15 \text{ days}$ (Don't round off just get the whole number).



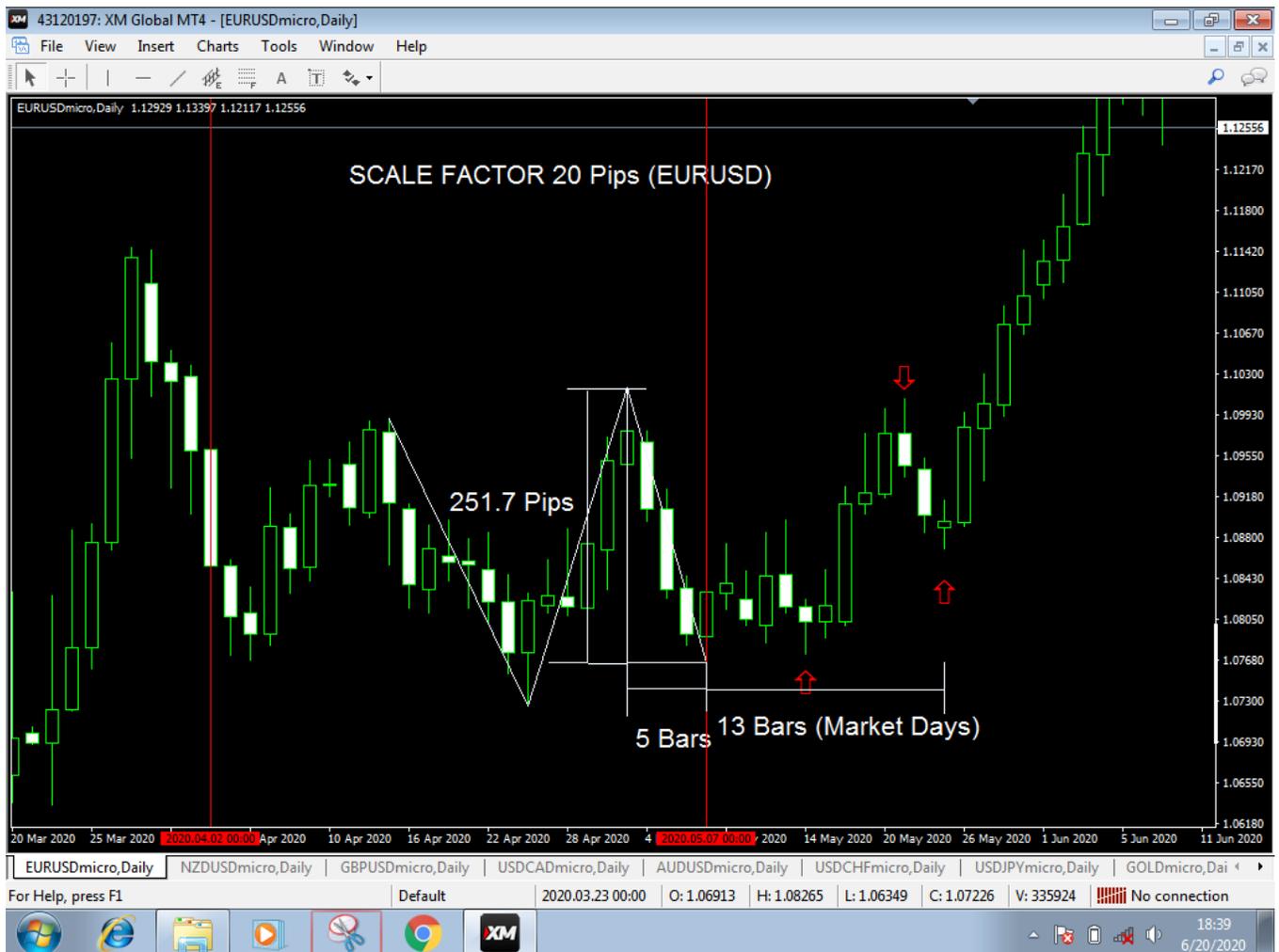
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2.

Calculations:

Step 1. 251.7 pips / 20 pips per day = 12.585 days

Step 2. C (hypotenuse) = square root ($12.585^2 + 5^2$) = 13.54 days = 13 days (Don't round off just get the whole number).



3.

Calculations:

Step 1. 241.8 pips / 20 pips per day = 12.09 days

Step 2. C (hypotenuse) = square root ($13.15^2 + 11^2$) = 16.34 days = 16 days (Don't round off just get the whole number).

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4.

Calculations:

Step 1. $137.8 \text{ pips} / 20 \text{ pips per day} = 6.89 \text{ days}$

Step 2. $C \text{ (hypotenuse)} = \text{square root} (6.89^2 + 3^2) = 7.51 \text{ days} = 7 \text{ days}$ (Don't round off just get the whole number).

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