

Market Cycles

How many of us enter into stocks/commodities market to earn passive/second income? Not statistically proven, but I think majority of retail investors/traders are in this for a second source of income. If it's a second source, then you might not be able to give enough time towards the screen or live tickers always. How about we get a tool through which we can spend little towards tickers and at a predetermined day/time, create some positions with small SL's and big Targets and forget the ticker. Isn't it interesting?

Yes, it's quite possible through Time Cycles applied to stocks and commodities. A mandatory disclaimer that our mentor aka Chief always says, **"Time Cycles Work Sometimes and Don't work most of the times"**. So, if you are ready to invest in this concept, be ready for errors, frustration and failures, but once you get to understand this holistically, you will be a bigger winner.

Time is one process that cannot be reversed. It will always move forward at regular and standard pace. There is no way time is slowing down or speeding up and **Cycles may**

be defined as any phenomenon repeating after fairly regular intervals. We know that all markets go through Up and Down Cycles. WD Gann was one such legend who was able to crack time cycles to the minute and traded the time cycles successfully.

Types of Cycles

W.D. Gann considered time the most important factor in determining changes in trend. Some of the ways in which he measured time was through:

- a) Anniversary Cycles
- b) Natural Cycles
- c) Seasonal Cycles
- d) Swing Cycles

In this article, we are going to focus on the 1st two types i.e. Anniversary and Natural Cycles.

Anniversary Cycles

We will start and focus on Anniversary Cycles (Dates). Any important Top/Bottom made in a year casts its shadow

in coming years, the degree to which it affects the future depends on how important that Top/Bottom is.

For Example:

In Crude Oil MCX, 3rd Oct 2018, an important TOP 5669 was made.



Again, in Crude Oil MCX, 3rd Oct 2019, an important BOTTOM was made.



Methodology: We gather data of any commodity/shares/index, etc i.e. Important High and Low in Previous years. It can be last 1-year, 2-year, 3 - year and counting. The greater the data collected, the more you will be able to understand Time Cycles. After getting the data, mark these dates on your calendar and you can look for change in trend. It's not necessary it will be an all Time Low/High of that year, but the selected date has an important role to play in market dynamics. On these dates, one should look at the turn in these markets rather than look for a like to like Top or Bottom.

Anniversary cycles can be further divided in 90 days, 120 days, 180 days, 240 days (all are calendar days). Look for some confluence when some major/minor high/low is in place.

This is one of many ways to find Time Zones, together with your system of taking trade like Gann Square of 9, RSI, 2B/2T, etc. See the following chart, can we take a trade now with a small SL. This is for you to tell me?



In the chart below, can we take a SELL trade around 4648 as it was one of the major price points. The last high was 5669 and low was 2993. 61.8% of the range was quite important 4646. A Doji candle on the Top with Time Zone was an indication of a change in trend and Bang on.



These are some of the ways to work on Anniversary Cycles. You can explore further, but always keep in mind it's a Contra Trade, so being contrarian, many SL's can get hit. So as usual SIB is the key while working with TIME. But when you get the trade in right direction, it will be a jackpot trade.

Natural Cycles

These are Lunar/Sun Cycles and can't be altered/changed by man. Actual SUN Cycle is 365 days which is very close to 360 degree of a circle. A complete yearly cycle is measured as 360 degree or 365 days. One degree is equivalent to One day. Divisions of Yearly Cycle are also important. 1/4, 1/3, 1/2, 2/3, 3/4 of the year are important points for TOPS/ BOTTOMS or changes in Trend. Converted into days they equal 90 Days, 120 Days, 180 Days, 240 Days and 270 Days. It is safe to assume; Anniversary Cycles are derived from SUN Cycles.

Let us talk about Lunar Cycles, Cycles that are based on Moon i.e. Full Moon (PURNIMA) and New Moon (AMAVSYA). There are 8 Lunar phases and cycles. Moon Cycle is a 28-day Cycle. To make it simple, let us only use Full Moon and New Moon for our study. When you will mark these phases on chart of any commodity, stocks, etc. you will find either a full moon or a new moon day has led to the reversal of an ongoing trend, or sideways market trigger. Sometimes you will see it increases the speed of trend from these important dates. If you want to trade reversals, these dates are used as an add-on tool with Anniversary dates as a confluence.

We will understand with following example:



CRUDE CHART

Star Marked is New Moon (Amavasya) – 05.05.2019 (Low posted on 06.05.2019 - 4191) and 03.06.2019 (Low posted 3522 on 05.06.2019)

Arrow Marked is Full Moon (Poornima) - 19.05.2019 (High posted on 17.05.2019 - 4470) and 14.09.2019 (High posted 4555 on 16.09.2019)

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We can clearly see the trend it shows after these days. But, a word of caution it must be supported by some other cycles like Anniversary Cycles, Swing Cycles, etc. Using these cycles solely can be dangerous. Until and unless, some cycles merge, the probability of successful trades will be less.

Forecasting Future Cycles

First step to forecast cycles, is to begin Right, if we have the right beginning, we will get the right ending. Major cycles to keenly watch are: 30 year cycles, 20 year cycles, 10 year cycles, 7 year cycles, 5 year cycles, 3 year cycles and 1 year cycles.

For Ex: If we are in the year 2020, 30-year cycle will be 1990, 20 year cycle will be 2000, 10 year cycle will be 2010, and in the same manner the remaining ones also. What to look after in these years??

- ✓ Important High/Low of those years
- ✓ The point of Date/ Time where those High/Low occurs
- ✓ Range of that year, i.e. Fluctuations between High/Low

When we have the above data, we must analyze about what kind of market structure we are presently in. If we are able to grasp this, we can forecast about what may happen in coming days/months.

Let us understand with one example:

GOLD CYCLE:

When we were in 2019, 30-year cycle will be 1989, 10 year cycle will be 2009, 7 year cycle will be 2012 and 1 year cycle will be 2018.

In 1989, one High was posted in Jan 1989 of 416 USD and Low was posted in May 1989 of 360 USD

In 2009, one High was posted in Feb 2009 of 1006 USD and Low was posted in Apr 2009 of 864 USD

In 2012, one High was posted in Feb 2012 of 1790 USD and Low was posted in May 2012 of 1526 USD

Looking at the above data sets, it was most probable that we can get a High in Jan/Feb 2019 and a Low in Apr/May 2019. Let's see, did we get it??

On 20.02.2019 we got a High of 1346.79 USD in Gold with a DOJI Candlestick Pattern. Can we trade this?? I don't think so as we are not sure if this cycle is working or not. Let's wait for a confirmation.

On 23.04.2019 we got a Low of 1266.43 USD in Gold. Can we trade this?? May be not sure.

Again on 02.05.2019 we got a Low of 1266.35 USD in Gold as expected in the month of May 2019. Can we BUY this?? Why not, we have a SIB 2B Pattern (Double Bottom) levels with more than 3 Major Time Cycles Merging. On 04.09.2019 we got a High of 1557 USD. You can calculate the returns; we could have gained out of this.

Conclusion

These are just some of the ways of looking at cycles, you can explore many other ways to understand and trade cycles. The point is do we get mechanical or we gain wisdom by going deep into the subject. One thing is for sure, time is so powerful that it brings all the elements including pattern and price together, and if you dig deeper into Time Cycles, you won't regret it and it can give you freedom to move away from computer screen.

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ABOUT THE AUTHOR

Vimal is working with UCO Bank as a Senior Branch Manager and has had exposure in Treasury and Forex functions of the bank. He has experience of around 12 years trading in stocks and commodities. Since, introduction to AIF and Raju Chowksey Sir aka Chief, he ventured into the whole new world of Time Cycles and now actively trades using Time Cycles only. Exploring Time Cycles of instruments has now become a passion for him as it helps keep his professional commitments as well as trading activities going with ease.

