The objective

The Time Factor Trade Report (The Report) has been prepared to further the teachings described in volumes 1 and 2 of Trading with the Time Factor. In particular, we will look to apply the methodologies described in the course using real time market situations. Whilst I will publish the trades I am taking, the objective of The Report is to further your understanding of technical analysis. It is not a report that you should rely on to make trading decisions.

Not personal or general advice

The Report is strictly an educational tool only. It should not be construed in any way as personal or general advice. I am not a licenced financial adviser, nor do I know your individual financial circumstances.

The contents of The Report are for educational purposes to provide an analysis on how the techniques described in Trading with the Time Factor can be applied to analyse financial markets. It is not intended to encourage you to take a trade in a particular market or deal in a financial product. If you are looking for financial advice, please consult someone who is appropriately qualified to do so.

Contents are strictly confidential

The contents of The Report are strictly confidential and for your own use and perusal. They must not be disseminated, shared or reproduced in any way without my prior written consent.

I have spent hours upon hours researching and refining the concepts taught and described in Trading with the Time Factor, and a number of hours have gone into applying those techniques into The Report examples which you see now and which have been created especially for you.

You have paid good money to access this Report, so why would you wish to share it freely for others to see?

No trading advice

We are not a licenced broker, securities dealer or brokerage house. This Report does not and cannot execute any trades on behalf of investors, nor does it purport to provide advice on the execution of any trades. This is strictly an information service only and does not recommend the reader to take any specific action.

All statements and expressions are the opinions of the author and are subject to change without notice. The reader should verify all claims and do their own due diligence and/or consult with their own financial adviser before investing in any security of financial material mentioned in this Report.

Past performance is no guarantee of future performance

The Report is not advising you on how to implement a particular investment strategy or how to invest in your chosen market. That is a decision strictly for you to make and for you to enjoy the full reward of any returns that you create.

The value of any investment and the income derived from it can go down as well as up. Please, never invest any more than you can afford to lose.

No liability

The Report and the materials provided are on an "as is" basis, and we expressly disclaim any and all warranties, express or implied, including without limitation warranties of merchantability and fitness for a particular purpose, with respect to The Report, any service associated with the Report or any materials and products that may be associated with the Report. In no event whatsoever shall we be liable for any direct, indirect, incidental, punitive of consequential damages of any kind whatsoever with respect to The Report, the materials or any products associated with The Report.

Now that is all out of the way, let us begin..
The house rules
Our approach...

Thank you enormously for subscribing to the Time Factor Trade Report. I am genuinely excited to be commencing this new project and for you to be on the journey with me.

As mentioned at the outset, the objective of The Report is to give you the educational tools to help make you a better trader. To do this, I will be providing you with my analysis of the markets as and when I see it, real live trades as I take them, as well as the reasons for why I am taking on the particular trades.

Putting it on the line

In embarking on this new journey together, I want you to realise that in most cases, I will be analysing the markets and trading the opportunities as I seem them with my own money. I am giving up a very lucrative career as an investment banker to pursue the financial markets and devote more time to producing The Report. I can honestly say that I am feeling more nervous about publishing my trades for you to see than risking my own hard earned on those trading decisions.

I want this Report to be a success for you as that will be the measure of success for me. I am genuine when I say that.

There will be ups... and there will be downs

As you have no doubt read, I largely base my analysis on the works of WD Gann. He achieved incredible results as a trader. One such article about Gann written in 1909 reported that in 30 days he made 286 trades with a 92% success rate. Ninety-two percent!

So let me be clear on this point from the outset. I am not claiming in anyway whatsoever to be able to achieve the success rate that Gann did. My aim is to achieve 6 to 7 profitable trades out of 10, but to execute trades where the potential rewards are greater than the assumed risk. That may sound like a basic philosophy, but if you think about it, using that approach I can have a strike rate of only 50% and will still end up profitable.

Just because I think a trade is a good idea, doesn’t mean it actually is a good idea. I will not be held responsible for you taking on risk that is beyond your means and incurring losses that you would not otherwise be prepared to accept.

Your trading decisions are your decisions. Please, leave me out of it.

This Report is not intended to be a money making exercise for me, but rather a forum to empower you with the techniques to make it a money making exercise for you. Believe me, the cost of your subscription would not represent even one tenth of the income I was earning as an investment banker.

As you will find out along the journey, there will be periods of winning streaks but there will also be losing ones. With a bit of luck, I will start the year with a few winners. That will set the portfolio up for the rest of 2017. When this happens, trading accounts can multiply by 3 or 4 fold in no time.

The portfolios

My style of trading will work with two core portfolios:
1. The LONG SWING portfolio; and
2. The TRADING portfolio

The long swing portfolio

This portfolio will look to take on trades with a strategy to hold the position over a number of weeks and/or months to trade the BIG moves. Trades will most likely consist of straight out equities across a range of countries, predominantly Australia and the US. We will also look at trading sector ETFs as well as stock indices.

I will be reporting my trades on this portfolio using a nominal $100,000 trading account. Results for each trade taken will be measured in terms of percentage gained or lost.
The markets we will focus on

If it can be traded we will look at it

I do not currently plan to put any limitations on the markets we can trade in either of the portfolios.

Having said that, I will generally stick to a few key rules:

1. I like only to trade active, liquid markets. This means penny stocks with thin volumes or stocks that gap regularly are not on my radar.
2. I will look to enter trades on both the long side and the short side of the market.
3. For my long swing portfolio, I will look to utilise exchange traded options in certain circumstances to generate additional returns on stock positions.

Core markets in focus

In each monthly edition of The Report, I will aim to provide an updated analysis with my views on the following markets:

a) The S&P 500 (United States)
b) The S&P ASX 200 (Australia)
c) The Indian Nifty (India)
d) Gold
e) The AUD:USD exchange rate

Techniques in focus

There are a number of trading techniques which I describe in the Trading with the Time Factor courses.

Throughout the course of the next 12 months, in each monthly edition of The Report, I will look to focus on a particular trading technique in greater detail and show you how I am applying that to our chosen markets.

The aim will be to incrementally build on these lessons so that you are more adept at identifying them over time. Your trading and technical analysis skills should hopefully improve as a result.

In this Report, I plan to teach you how to fish… not to give the fish to you.

Email trade alerts

As part of your subscription, I will provide you with an alert via email when I have taken on a particular trade, including the entry price and/or stop loss level at the time of trade. I will provide these email alerts generally within minutes of taking on a trade in one of the portfolios.

It is not my intention to take on day trading positions, so if you are in a different time zone, do not be dismayed. If however you are able to receive your emails via smartphone, then I strongly suggest you have this set up so you can receive my alerts in real time.

Detail of the Report

The monthly Report will be the forum to identify trading opportunities and to analyse the markets in detail. I will provide you with descriptions of the markets I am watching together with charted illustrations that are hopefully easy for you to follow.

I welcome feedback, so if you have any suggestions on how I can improve my message for future editions, please do not hesitate to let me know.

Also, don’t be shy to send in trade ideas that you are seeing in the markets. Please do not be offended though if I do not publish these – it does not mean they are bad ideas.

Detail of the email alerts

The purpose of the email alerts will be to alert you to the trades I am taking in real time with a short explanation as to why. Given these will be real time updates, do not expect the email alerts to be detailed in their description.

I will do my best to review the open trade positions in detail in the next edition of the Report and sometimes when time permits, through periodic email alerts in between Reports.

Our trading tool in focus this month will be WD Gann’s Time & Price Angles.

We cover this technique in Chapter 8 of Trading with the Time Factor – volume 1.
The long swing portfolio
The simple formula to build serious wealth

A very smart old fella...

Everyone has heard of Albert Einstein. And everyone should also know him for his discovery of the mathematical formula: \( E = mc^2 \)

But it was his understanding of the power of compound interest which truly made him a genius in my opinion.

The impact of compounding

One of the biggest lessons I have learnt along the journey is the value of accumulating returns and compounding those returns to generate enormous value to your portfolio.

Too many people these days are focussed on making the quick buck through highly speculative trades, that rarely come off, if at all.

As an example, the world’s most successful investor, Warren Buffet, certainly hasn’t achieved his success through investing in speculative stocks. Rather, Buffet focuses on solid, blue chip companies with a long term focus, compounding his gains over time. This is how you build true wealth.

Granted, there are guys out there like George Soros who bet big on a certain market and made a fortune, but there are many more of them out there who have lost their fortune with the same approach.

As an example

To give you a better idea of where I am going here, I’d like to share with you a personal example.

When my father passed away very unexpectedly in 2006, I was responsible for assuming the management of his investment affairs. One of those investments involved a portfolio of stocks that he held with a long time business partner for many, many years.

One of the things which I quickly noticed, was that the portfolio held a combination of both blue chip stocks (ASX Top 100 companies) but also a number of speculative, penny stocks – mainly mining and oil companies.

Out of the 20 or so speculative stocks that were held, there was only one which had gone on to make a spectacular gain. All the rest were basically worthless.

The blue chip stocks by contrast, had been sitting there, earning annual dividends which were being reinvested into purchasing more shares in the company. In contrast to the speculative stocks held, in almost all circumstances the growth on the blue chip stocks had been enormous – yet they had been bought and forgotten and never once actively traded!

“Compound interest is the most powerful force in the universe. He who understands it, earns it … he who doesn’t … pays it.”

- Albert Einstein
The easy way to make one million dollars – yes, $1,000,000

A case in point

One such example was an investment my father and his business partner had in one of Australia’s largest banks, the Commonwealth Bank of Australia. Known as “CBA” here in the land of Down Under, it is one of Australia’s 5 largest companies, if not the biggest.

Their investment in CBA was made sometime in 1994 and they paid somewhere in the vicinity of $8.00 for the stock (the exact price escapes me).

CBA is a cash flow generating machine, along with a number of the other big banks here in Australia. Now whilst it might be boring to many of the adrenalin seeking day traders out there, CBA is a “set and forget” type of investment. As the chart (right) shows, in roughly 20 years, the stock has gone from $8.00 a share to over $80.00. Based on my maths, that is a return of over 1000%!!

When you work that out into a compound annual growth rate, it works out to be roughly 12.2%. Doesn’t sound like much, does it?

But by applying the magic of compound growth, $100,000 parked into a stock earning 12.2% per annum for 20 years, will turn into more than $1,000,000 during that time! One. Million. Dollars.

As an aside: My analysis of CBA (left) did not take into account the annual dividend payments that you would have also earned along the way. Since July 1994, I have calculated these to amount to an additional $50.48 in dividend payments – that represents another 631% on your original investment.

In 2016, CBA paid dividends of $4.20 per share – that alone represents a 52.5% return on your original money!
Supercharging the power of compounding

How to make even bigger returns

The previous example showed how you could have made a million bucks for practically doing nothing – other than hitting the buy button once in 1994.

In the following chart (see next page), I want to highlight to you how valuable a knowledge of the MAJOR TIME CYCLES can be to supersize your investment returns.

In this example, I have again assumed the original investment of $100,000 in CBA was made back in 1994 at $8.00 per share. However, instead of ‘setting and forgetting’, this example shows the value of knowing when the major time cycles are about to expire and cause a massive move in share price.

Over a 20 year period, it is normal to see 2 or 3 periods where gains in stocks will be significantly erased. In the case of CBA, this occurred in 2001-2002, 2008-2009 and recently in 2015-2016. (Note how these were all roughly 7 years apart).

Armed with this knowledge, we can time our exits in stocks near major cyclical peaks, and look to re-enter the trades when the stocks have made a significant correction.

For the purposes of simplicity in this example, I have assumed that our knowledge of the master time cycles allowed us to exit our positions 15.0% before the ultimate high and to then re-enter our positions 15.0% above the eventual bottom. Ideally, we’d like to get our exits and entries much closer than that.

But for the sake of being conservative, the chart on the following page will show you just how valuable a knowledge of the MASTER TIME FACTOR can really be, as it is the BIG corrections in stock prices which can seriously inhibit your returns.

The Time Factor Trade Report will aim to help you identify when these major corrections are coming.

Those of you who have purchased a copy of my WD Gann Road Map for 2017 will already know when we are expecting the next major correction in stock prices to occur. So far, the indications are that it has the making to be a big one.

Assuming our Road Map goes to plan we will therefore aim this year to ensure we are either fully hedged or out of the market when this time cycle arrives, allowing us to take full advantage of the panic selling that is expected to follow.

The real power of compounding is to invest in the long swings and use the time cycles to avoid the major corrections.

- The Time Factor
Supercharging the power of compounding (example)

By trading these 3 major time periods and staying out of the market during those corrections, instead of turning $100,000 into one million, you would have turned that $100,000 into $1,729,470!!!
The big swing

The long winded point I am trying to make is that accumulating solid returns and compounding these annually is the way I will approach the long swing portfolio.

Now, I don’t plan to take 3 trades in the next 20 years like in the CBA example – far from it. The long swing portfolio will aim to take trades with a hold period measured in weeks and months.

But if I can achieve returns of at least 15.0% per annum, then I know through the power of mathematics that in 5 years time my $100,000 portfolio will have turned into $200,000 and in 10 years it will have more than doubled again.

My target is to allocate $10,000 to each trade, allowing me to have up to 10 trades going on at any one time. On certain stocks, I will look to write covered calls (through options contracts) to earn additional premium, as this is a great way to juice up the returns.

Dividends earned along the way will be bonuses. It’s nice to pocket the extra cash and use it for other purposes.

In this portfolio, I will look to take the trades when I can see a big move coming. So don’t expect multiple trades per month. That is how I will play it.

The difference between generating 15% returns per annum and 20% per annum over 10 years can mean an additional 50% to the value of your portfolio.

Covered calls are therefore a great way to generate additional yields to increase that return rate.
The trading portfolio
Two trades. Two weeks. Over 60.0% returns.

For the adrenalin junkies

As many of you know, I started the 2017 year with $10,000 in my IG Markets trading account. This account will act as the trading portfolio for the year. Within two weeks, I had added over $6,000 in profits on three trades in Blackstone, the Indian Nifty index and an ASX listed stock (see trading account, right). I will give you a breakdown of these trades later.

The trading portfolio is where I take on a more active trading approach – compared to the long swing portfolio, it is significantly higher risk but extremely higher return.

My philosophy for taking trades in the trading account is never to risk more than 5 to 10% of my capital on any one trade. For the purposes of the Time Factor Trade Report, I will initially look for trade positions to be 5.0% of capital at risk - that means, I will aim not to risk more than $500 per trade.

I will look for trades where my reward potential is at least $1,000 – in a number of cases, this will be significantly higher.

Each month, I will publish a status update on the account. You will see the trades that have been taken, which you can follow via the email alerts, together with my running P&L.

There will be nowhere for me to hide.

How many trades to expect

In a normal month, I will look to take 3 to 4 trades during that period. Sometimes this will be more, but sometimes it might be less.

Do not be discouraged if I am not seeing trading opportunities that warrant the risk. Trades always need to be dictated by the market. The worst thing that you can do is try to force a trade when an opportunity is not there. This is a recipe for disaster.

Road Map holders will know that I expect 2017 to be highly volatile. This should present some terrific trading opportunities for this portfolio.

In saying that, I do expect the start of the 2017 year to potentially move into a sideways consolidation phase early on – this may limit the number of trading opportunities we see in the first quarter of the year.

After April, however, expect the trading portfolio to get very active. This will give us plenty of time to ease into the Time Factor Trade Report and my style of trading.

Now, to the stuff you are really wanting to know... what are my thoughts on the markets?
US equity markets
First things first. We need to look at structure.

Higher tops and bottoms

Focussing on the S&P500 as our benchmark, we see that from the Jan 2016 & Feb 2016 double bottoms at 1805 and 1804, respectively we have made a series of higher tops and higher bottoms. The trend is up. Both these lows now become reference points for time counts, angles, and boxing the market.

As you can see, we have a series of 1x1 Time & Price Angles (calendar day) generating a bullish trend channel from the Aug 2015 and Feb 2016 lows. Notice how that Aug 2015 1x1 angle has produced a series of top – it is an “active” angle, so must be watched.

I have also applied the current Barillaro Box to the market, which is showing this move is in a strong position, currently trading above the Pitch Line. As I write, the market is trading exactly on the Barillaro Angle (see next page).

A 100% repeat of this move would take us to 2415 by early June, which would be in accordance with our Road Map calculations.

With the market trading at the Barillaro Angle however, I do not view this market as value buying at the moment.

My bias is to wait for a pull back and to look for a lower price level before assuming a long position.
In the short term

Fibonacci exactness

Zooming in to a daily perspective, and we can see that prior to the New Year, the market drifted lower after the enormous rally off the “Trump Low”. This drift saw us move back 50 points toward 2228, exactly on the 50.0% Fibonacci point.

We can also see that the upward trend line (blue) has since held the market in check off the 2180 low. This is only a minor trend line as it spans a short time frame, but the short term hedge fund traders and the algorithm boxes will all be watching it.

The swing charts (see far right) have also gone on to make a higher swing high and a higher bottom (“HB”). It will be interesting to see if in the short term, the double tops at 2277 can be cleanly taken out. If so, then we could see a short term move into the 2325 level. This is big price resistance. It would be a repeating range from the 2180 low to the 2227 high, using 2228 as our point “C”, and it is also a Square of 9 price.

For me, it is crucial now to watch the upward trend line. If we see a clean break (and consecutive closes below this line), then I think we could see some short selling to follow, which would then put us in the game to look for a better entry point on the long side.
Dynamic Gann angles

Advanced Gann

For the advanced WD Gann students out there, I thought I would mention the geocentric Mercury angles that I have been watching off the Aug 2015 low and the Jan 2016 bottom.

These angles are an adaptation of the Time & Price Angle, however it just uses a different notion of time as the measure instead of the calendar day and trading day time counts we are familiar with.

As you can see, these angles have been acting as dependable trend line support and directional bias guides for the last 12 months, so it is a tool that I also have on my radar.

I continue to expect the market to oscillate between these angles, but will be on alert to see if any clean break of the channels is made.

For my Trading with the Time Factor volume 1 & 2 readers who are not familiar with this esoteric technique of WD Gann’s – do not be dismayed. I use this as a confirmatory tool and not a principal decision maker. For now, let’s stick to the techniques in TWTTF 1 & 2 – as these are the benchmark tools we need for our price and time analysis.
Trading to time

Key dates to watch

In the chart (right) I have highlighted the relevant trading to Time dates from last year which now serve as reference dates for future turning points in 2017. Using 20 Jan 2016 as a starting point, we had significant turning points 90 and 120 degrees later on 20 Apr and 19 May, respectively. The date however has failed to produce meaningful turns since Q1 last year. With that said, 20 Jan is the inauguration date of the newly elected President Trump and will be anniversary off the 2016 yearly low. The date therefore needs to be watched in 2017 for a potential change in trend.

Using 11 Feb as our second reference, you will notice recent turns on 12 Sep and 13 Oct. These are both 120 and 90 degrees off the 12 Jan (potential) low. Not a bad place for a stop loss on any long positions in this market.

The key dates however I am now looking at are the 8-9th of each month, together with the 29-30th. In the case of the former, 8 June caused the 9 Dec high, both being 180 degrees apart and in sync with the 9 Nov “Trump Low”. Adding 90 degrees to 9 Nov gives us the 7-8th Feb to look out for, and adding 90 degrees to 9 Dec interestingly, gives us 13 March, which would also be 180 degrees from 12 Sep low.

I am also watching the sequence between 28 Jun and 30 Dec which are both 180 degrees apart. Adding 90 degrees to the 30 Dec date brings us to the end of Mar / early Apr period which is consistent with the timing on our Road Map for when a bullish move in equities may commence. I plan to monitor these dates in the months ahead for trading opportunities.
S&P 500 (United States equities)

Concluding thoughts.
My current bias on the S&P 500 has a bullish undertone to it, albeit one with caution.

We are trading at the Barillaro Angle which can indicate an overbought scenario, however whilst the upward trend line which was discussed earlier and that 12 Jan low maintains, bias needs to be upside.

Unfortunately, I don’t have an immediate trading opportunity in this market to kick off the Report, but we will continue to monitor this market closely and wait for better buying levels to present.

S&P 500 summary

Positions: nil.

Stop loss: n/a

Directional bias: BULLISH

Action: waiting for pull back and better entry levels
Australian equities
The bigger picture tells us a third section

Higher tops and bottoms

The ASX 200 benchmark index appears to be in its third section of the cyclical bull market which started in 2009.

By zooming out and taking a look at the weekly chart perspective, you can see that the market is making higher tops and bottoms, which the first two sections moving up 63.5% and 59.2% off their lows, respectively.

Assuming that second higher TOP near the 6,000 level can be taken out (and I think it will this year), I see no reason why we cannot advance another 60% (approx.) in this third section higher which would take us around the 7500 level.

I don’t expect this to happen in 2017, but by the end of the cycle in 2019, a move to 7500 for the ASX 200 would not be out of the ordinary.

In next month’s report, we will spend some time focussing on measuring MAJOR TIME FRAMES, and I will provide you with a very good example of how the major time counts predicted that Feb 2016 was going to be a very major low for this index.

In the meantime, I encourage you to look at the weekly time counts from top to bottom and see if you can spot the relevant sequence.
The active time & price angles

Text book analysis

In the chart (right), I have highlighted the MAJOR Time & Price Angles working actively in the ASX 200 index. All angles are 1x1 calendar day counts.

Notice how I have used only the major lows as reference points, but the Time & Price angles form these lows have produced a series of significant turning points in this market.

I am now watching the angle marked “A” which is 1x1 from the Nov 2008 bottom – “the low before the low” – to produce resistance on this next move up. Please revisit page 86 of Trading with the Time Factor – volume 1 for the lesson on this technique.

If we get a retracement from there, then we need to watch the “B” line, which is the 1x1 angle off the cycle low in Mar 2009.
The Barillaro Box

Into overbought territory

As with US equities, we have had a tremendous run up in the ASX 200, driven largely by banking stocks and base metal mining stocks which have all had “H-YUGE” rallies since the Trump victory.

With BHP Billiton and the Big 4 banks (CBA, WBC, NAB and ANZ) making up the Top 5 companies in the ASX 200 index, it is no wonder we have seen a tremendous rally.

My sense is that in the short term we are heading into overbought territory, and you will have noticed 1x1 angle resistance on the recent high on 9 Jan. There is some good trading to Time supporting 9 Jan as a potential high, and this opens up the possibility for a sneaky counter-trend short trade in our trading portfolio.

A 100% repeat of the Barillaro Box range takes us to 5960, and this will put us back near the old 2015 highs at 6,000. In the medium term (ie over the next few months), this is the price level that this market looks like it is headed to.
Repeating Fibonacci range

Taking us back to old highs

As the chart (right) shows, a repeat of the 2016 range (A to B) off the point C low would take us into 5960 price territory. We should expect initial resistance at these levels, particularly as the market will be watching the previous highs at the 6000 level.

Being a large round number, this will also provide some initial psychological resistance. Once this level is broken cleanly however, watch this market move higher.
Trading to Time

Currently, two active dates

The key trading to Time dates for the ASX 200 are on or around the 11th of each month as well as around the 29th.

The current run from the 9 Nov low to the 9 Jan top was a nice 61 day time frame. This is a regular time frame which you need to watch for small moves in markets. Please refer to chapter 9 pages 120 and 121 for the lesson on minor time frames, and how we used a 63 day time count in the S&P 500 index.

Of note also, is that we are currently 90 degrees off the 11 Oct low, and the ASX 200 has shown its first signs of making a decent retracement. In the next chart, I will outline what I am looking out for in terms of potential trade signals here, but as mentioned earlier, we may have the signs for a very short term counter-trend trade to the down side.

In the meantime, continue to watch the Trading to Time dates. The next key date in the sequences are 28-29 Jan (being 180 degrees from the 1 Aug top) and Feb 7, being 90 degrees of the 9 Nov lows.
In the short term

A couple of days late

You will notice from the swing charts (far right), that the ASX 200 completed a lower swing top and lower swing low on Friday’s trade. Had this Report been released two day’s earlier, I would have been tempted to initiate a short position at 5760 on the break of the swing lower, with stops in at 5840 (above the 9 Jan top).

There is short term trend line support (blue line) which is being watched by the hedge funds and day traders, and a clean takeout of this line, could see the market move back into the 5605 level (50.0% Fib) or back toward 5,553 (61.8%).

I am monitoring this market and assessing the risk v reward proposition, noting that I would like my stops to be above that high at 5827.
S&P ASX 200 (Australian equities)

Concluding thoughts
From a short term perspective, the ASX 200 looks like it might be encountering a slight momentum shift and entering an overbought scenario on the charts.

At the macro level however, this market has entered its third major section of a cyclical bull market, and looks headed first for 5960 and then on to 7500 before this bull campaign is done.

S&P ASX 200 summary

Positions: nil.

Stop loss: n/a

Directional bias: BULLISH (long-term).
BEARISH (immediate term)

Action: Monitoring a potential short trade (counter-trend), before assuming long positions for bigger move higher.
Indian equities
My lucky little charm

Always listen to your wife

My beautiful wife is of Indian background and has often commented that I should take a look at the Indian stock market for years. However I never actually studied the Indian Nifty index until a few of my Indian based clients pointed this market out to me.

When I did, I was very surprised to discover that the Indian Nifty is a market that works incredibly well to the geometric techniques of WD Gann. In fact, I think you could trade this market using Time & Price Angles and Fibonacci retracements at the 50.0% and 61.8% levels, alone.

The chart (right) highlights how the 1x1 (calendar) day angles from significant turning points work in this market to produce multiple future tops and bottoms.

In the chart, you will notice that the current market is back at the 1x1 angle off the all-time high, and has provided some initial resistance on this recent move higher.

Continue to watch these angles going forward, as they will continue to provide future support and resistance.
The Nifty has met short term resistance

Zooming in
You will see (right), that the Nifty has found resistance on the 1x1 angle from the all time high, producing a reversal bar on Friday, 13 Jan right near a major Fibonacci retracement point at 50.0%.

As you know, I was long Nifty at 8005 (I will explain the reasons for this trade a little later) and used the reversal on Friday to take profits at 8420.

In the short term, I think Nifty could retrace lower as long as that 13 Jan top holds. If we get a confirmation bar lower (ie a lower daily bar) it will add further support to my view.

Interestingly, the 13 Jan high is 89 degrees off the 17 Oct low, but as it fell on a Friday it is within acceptable time parameters for us (a day either side would also suffice).

Ultimately, I think Nifty will trade higher throughout the course of the year, but in the short term, we have the makings for a counter-trend retracement to take place here.
The balancing point

Bigger perspective

Earlier, I mentioned how incredibly well the Nifty Index seems to make significant turning points almost exactly on key Fibonacci Retracement points. In particular, I have found that this market likes to work to the 50.0% and 61.8% retracement points for big moves.

The chart (right) is one such example, taking the very, very major range between the 2011 low and the current all-time high. As you can see, the Nifty retraced exactly to the 50.0% level before commencing a strong rally high.

Interestingly, 200% of the 4531 low gives us 9062 as a future point to look for price resistance.

You can see that the all-time high at 9119, sits within a percent of this price, so it goes to show how the geometry in the Indian market works brilliantly.

You should review chapter 5 of Trading with the Time Factor – volume 1, and the lesson on how we use previous tops and bottoms to forecast future prices, as this is a good example of that technique at work.
Analysing the recent action in the Nifty

Trading to Time

The Nifty has been working well to the 21st-23rd of each month, making a series of tradeable turning points on these dates. You will notice I have highlighted 23 Jul, 23 Oct, 20 Jan and 21 Apr which are all 3 months (or 90 degrees) apart.

The other key monthly date to watch is between the 7th-9th of the month. From the recent high on 7 Sep at 8968, you will also notice the top on 9 Dec which was 90 degrees later. Going backwards 90 degrees from 7 Sep, and we get to 7 Jun – another significant turning point.

We will continue to watch these dates going forward, with 8th-9th Mar the next 90 degree date in this sequence.

I have also pencilled in on the chart (right), the key 50.0% Fib level from the yearly range in 2016. This is why I was looking for the long trade to develop when prices double bottomed at this level. We had the large confirmation up day on 27 Dec to confirm the trade.

In addition, we had a proven 1x1 (calendar day) Time & Price Angle originating off the 4 Dec 2014 “top before the top”. If you go back and track this angle, you will see how it called a series of highs in mid 2015 in addition to that 23 Oct high which you can see on the chart. These were reasons why I was bullish on this index and took the long trade.
Concluding thoughts

My stance on the Nifty index is almost identical to that of the ASX 200, however I think the better risk v reward set up for a potential short position might put this trade into play over the coming days.

At the moment, we have a clearly defined level for a potential top, being that 13 Jan high at 8461. This is the level that I would look to place stops above, and then looking for an entry level to measure my potential risk.

If I can balance the risk v reward equation in my favour, then I will be tempted to take a short trade on the Nifty with a very short term time horizon.

As always, the market needs to give me the signal before taking a trade. Do not anticipate what the market is going to do – always let it tell you which way it wants to go first.
Gold
Life after Trump is not so shiny (for gold, anyway)

Reasons to be bearish

Those of you with my 2017 Gold Price Outlook will know that I have had a bearish stance on gold, particularly after the $1242 low was taken out following President-elect Donald J Trump’s victory on Nov 9.

A key reason for my bearish inclination was that in the second half of the Barillaro Box, gold failed to maintain its strength above the Pitch Line. Admittedly, this was surprising to me, particularly considering the early strength gold had shown in the first half of the Box, consistently trading above the Barillaro Angle.

When we reached mid-point of the box, prices were pretty much right on the mid-point cross – it is amazing how often you will see this happen. However, shortly thereafter, prices started drifting lower, and when gold was unable to sustain any momentum back toward the Pitch Line, this was the precursor, that the yellow metal wanted to head lower.

Since then, prices have reacted strongly to the downside, although we have had a relief rally recently in the metal and in gold mining stocks, which in my view, may about to be coming to an end.
Reasons to be bearish

After the “Trump” trade

One of the key Time & Price angles that I have been following in Gold is the dynamic geocentric Mars angle, working off the Dec 2015 low at $1045 and the “low before that low” in Jul 2015 at $1072.

As you can see (right), gold has made a number of significant turns on these dynamic angles which you can see highlighted in… well, gold.

In my Gold Report, I wrote that I was watching the upper angle to see if that could be broken to the downside as a confirmation that lower prices were shortly to come. Shortly following the US elections, gold made a break down below this angle, and then re-tested the again again almost exactly, before it resumed its downward run.

These dynamic angles will often prove to be oscillation points for the market – acting like magnets to attract price to the angle, and then often repelling it when it reaches the angle.

Notice how the recent move in Jan has traded back to the angle off the Dec 2015 low, and initially rebounded off it. This is an early sign that we may see another move down.
Counter-trend rally

Gold bug excitement

The recent counter-trend rally in gold has certainly caused the gold bugs to get excited again about the yellow metal.

Now, I actually class myself as one of those gold bugs – the yellow metal has been very, very kind to me over the years. However, unless I see a rally on this move back above the $1257 level (ie above 61.8%) reality tells me that the trend in gold remains down.

Currently, $1206 is providing some resistance for gold at the moment. It is 38.2% Fib, we have the Gann dynamic angle, and we have also completed an equal range up in price (using %). When measured in dollar terms, a 100% counter-trend rally takes us to $1219.40 – so we have key price resistance levels now to watch on this move back up:

- $1206 (38.2% Fib)
- $1220 (100% repeating range)
- $1232 (50.0% Fib)
- $1257 (61.8% Fib)

I will be watching these levels with a view to taking short positions in gold and gold mining stocks.
Trading to Time

The start of the month trade

Gold has recently been moving well to trading to Time during the first week of the month – moves on or around the 7th to the 9th of the month seem to be generating turns.

Making life difficult for trading the metal are the turning points which we are also seeing between the 2nd and the 3rd.

We also saw anniversary from last year’s low on 17 Dec with the recent low on 15 Dec. We therefore need to watch 15-17 Mar as a date for a potential change in trend, as this will be 90 degrees apart.

The other key date to watch will be 8th / 9th of February, which is 180 and 90 degrees off the 8 Aug and 9 Nov turning points highlighted (right).
Newcrest Mining Limited

One way to play gold

NCM is one stock I am watching closely for shorting opportunities when signs of a top begin to form.

NCM is Australia’s largest listed gold stock – the shares therefore trade on large volumes so it is the type of stock I like to play, as opposed to a thinly traded small cap.

As you can see, NCM’s fortunes are largely linked to the gold price.

After being hammered down to the $16.35 level, the stock has made a 50.0% retracement back into the $21.75 region.

As I write (16 Jan 2017), the daily high in NCM was $21.79. This is also a 100% repeat in the price range off the $20.19 low (A) and the $25.57 high (B).

We monitor NCM to see how price performs around this mid-point in the stock price.
Another way to play gold
Another stock to watch is the NYSE listed Barrick Gold (ABX). ABX is the world’s largest gold mining company, producing approximately 190 tonnes of the metal each year.

The price action in ABX has not been as bullish as in the case of NCM, with the stock only being able to manage a retracement back to the 31.8% Fibonacci point at $17.50.

Notice too how this is also an almost exact 100% repeat in price of the previous range A to B.

In the chart (right), I have also highlighted 3 turning points with the red circles, being 6 Jul, 6 Oct and 5 Jan. Notice how all these dates are 3 months (or 90 degrees apart).

The swing charts on ABX have turned down, indicating that the 5 Jan 2017 top currently holds some credence.

I will be looking to initiate a short term trading position in ABX to the downside with stops above that $17.50 high. A break above that stop loss level will indicate that ABX could rally further back to the $18.64 level – I therefore wish to keep stops tight on this one.

I will monitor this stock and alert you of any trade taken.
Trading to Time

The 90 degrees time frame
Given the substantive commentary so far with this inaugural edition of the Report, I plan to keep the comments this month on the AUD.USD relatively short.

Key to this market however is the significance of the AUD making numerous turning points on 90 degree time frames (as can be seen in the chart, right).

It is uncanny how often the 90 day time period pops up on the Aussie dollar. It is therefore something that you should always look out for – ie 90 days from any previous significant top or bottom.
The next key dates in the sequence

Feb and Mar dates
The next key dates in the AUD.USD ninety day time frame sequence reference the highs on 10 Aug and 8 Nov (brown markers) as well as the turning points on 13 Sep and 13 Dec (red markers).

Going forward, we must watch for a turning point on 6 Feb to produce something of significance as well as a potential turning point on 13/14th March.

The other important date to watch on the AUD.USD is the 21st of each month. This dates back to the 21 April 2016 yearly high as well as the recent bottom we just saw on 21 Nov (see right).
The key time and price angles

Currency geometry

I have found that currencies work extraordinarily well to the geometry of 1x1 angles, and the AUD.USD is no exception.

In the chart (right), you will see where I have referenced key 1x1 angles off significant turning points in 2015 and 2016.

There is a key line highlighted with blue markers which actually dates back all the way to the yearly high achieved in April 2010. It is incredible how well this angle has continued to mark significant points on the AUD.USD cross. When I see geometry working so well off these reference points, I will always measure significant time counts off these dates as well.

For now, we watch for any overhead resistance off the two 1x1 angles currently residing above the AUD price action.
Price levels to watch in a range bound currency

Watch the trend channel

I want to finish off my analysis on the AUD by looking at the bigger picture on the Aussie.

As you can see (right), AUD.USD has been trading within a very defined bear channel since it was back above parity in 2013 before it commenced this move lower.

We have retested the upper bound of this trend channel on a few occasions now, however the recent price movement up appears to look as though the AUD is having a serious crack at breaking higher through the trend channel this time.

I have also drawn in the chart (right) the two key trading range levels that I have witnessed in the AUD over the last 12 months. At the upper end of the range, moves in the AUD have been capped at the 0.7770 level, with bear swings down finding support at the 0.7150 levels.

Both of these price points become significant levels to watch for longer term direction in this currency.

If this current move in AUD can sustain itself through the bear channel, and back above 0.7800, then we need to start measuring the Fibonacci retracements between the highs at 96 cents and the lows near 68 cents for future resistance. This could spark an AUD rally in the medium term.
Watchlist

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Trading opportunities on my radar

Things to keep an eye on

I want to finish the inaugural edition of the Time Factor Trade Report with a summary of some key stocks and indices that I am currently keeping my on for potential trading opportunities.

If actual trades present, then you will be notified of my entry points via email alert. Where time permits, I will cover off some analysis on the reasons why I took the trade either in the next monthly edition of the Report, or via an interim email update.

The first two trades on my radar are for the long swing portfolio and both of them are household names. No prizes for guessing what they are, but let’s take a review of each in turn.

Stocks to watch

- Apple
- Coca-Cola

Apple Inc.
I have previously written about the world’s largest company by market capitalisation on my blog page before.

In that article, I posted the chart (right) which has since been updated to reflect current prices.

As you may have gathered, AAPL presented itself as a very good buying opportunity when it completed a MAJOR repeating range down into the $89.50 low.

Since then, the stock has been trading clearly in a defined upward bull channel and looks poised for a take out of the highs at $135 per share.

For now, I am waiting for a retracement in price to present better buying opportunities. If the stock continues to run away, then we look for the next opportunity – I never like to chase the market.
Other reasons to like Apple (apart from their phones)

Classic set up pattern

The set-up in AAPL is what I would consider a near perfect text book pattern. I thought this would be a useful lesson to share with you, as it is these types of set-ups which I think present the best buying opportunities.

As you can see (right), AAPL traded to a downward trend channel for an extended period of time, finally breaking through the trend line and giving us a classic retest to confirm the low in place at $89.47.

We then got the expected re-test back on to the upper side of the trend line, before the stock moved higher into the $118.69 high marked on the chart. From there, AAPL made an exact 50.0% retracement into the $104.80 low, providing a perfect buying signal on a secondary bottom (which Gann often described as the safest place to buy).

Expectedly, the stock has broken through into new highs, so we therefore measure the range from the $118.49 top to the $89.47 bottom and project this off the $104.80 low to give us a price target of $133.30 – interestingly, this takes us back to the highs in 2015, so it is a natural price point to expect resistance.
Improving the risk v reward equation

Buy zone is sub $115

I am currently watching the Barillaro Boxes (right) to see how the advance in AAPL stock performs against its last move.

So far, we are nearing the mid-point of the Box and we have consistently traded above the Pitch Line – this is giving the early indicators that we can meet or exceed $133.30 on this price move.

To get the risk v reward equation in our favour, however, I ideally want to have positions entered below the 38.2% point (or below $115.24).

Sadly, I think the AAPL opportunity may have escaped us, but I will continue to monitor the stock for an opportunistic long trade if the market takes a breather.

The example nonetheless serves as a good lesson on the types of set ups and buying opportunities that I like to keep an eye out on.
Just for the taste of it

Breakout
Another stock on my long swing portfolio radar is the Australian listed Coca Cola Amatil (CCL). CCL is the Asian arm of the household name and Warren Buffet stock favourite, Coca Cola Bottling Corporation.

As you can see (right), CCL has experienced a world of pain with significantly lower prices over the last 3 years after it reached highs above $14.00 per share.

Recently however, we have seen a breakout from the bear channel it was trading in, with a classic re-test of the upper side trend line.

That gave the stock a very nice secondary bottom, and we have since moved higher, with the stock recently forming a double top pattern, which I think will eventually be broken.
The 50.0% point features again

Trading opportunity
CCL has also displayed some wonderful price geometry, with its two most recent pull backs working to exact 50.0% Fibonacci retracements.

The most recent move at $9.74 gives us a good reference point to place initial stops on a long trade, for a move toward the $11.50 region.

I will be looking to buy CCL for the long swing portfolio (and potentially the trading portfolio) if prices can move below $10.00 with an initial stop loss entry below the $9.74 low at around $9.65 (to give some headroom).
In our next edition...
A review of my Blackstone and Select Harvest trades

For next time

In the next edition of the Time Factor Trade Report, I will plan to provide a detailed review of the Blackstone long trade and the Select Harvest long trade which I assumed during the first two weeks of this calendar year.

The Blackstone trade was a great success, however my Select trade was what I call a failed one. Fortunately, I was able to remain profitable on both.

Whilst I would have loved to cover these off in this inaugural edition, the constraints of TIME simply haven’t afforded me that liberty.

I will also like to share with you some price analysis that I have performed on US and Australian financial stocks, and the reasons why I think these will represent long term buying opportunities in the weeks and months ahead.

Ironically, stay tuned for a potential SHORT trade alert on the Australian Financials (ex-property stocks) index, which I think has made a potential top before a price retracement lower provides us with a good buying opportunity.

I plan to take the short trade into the trading portfolio, and hopefully enter at a much better position for the long swing portfolio.

Watch the year unfold

As you know, I think 2017 is shaping up to be a volatile year, which will present tremendous buying opportunities before the eventual panic selling takes place later in the year.

My objective is to maximise the profits into the eventual high, and to be well positioned to take advantage of the mini-crash that looks earmarked to occur later in the year.

Feedback is welcome

As always, do not hesitate to pass on any feedback that you may have, or your own trading opportunities that you are seeing in the markets.

Throughout the month, I will try to cover off in short email updates, some interesting charts that I am seeing, and I hope to share some opportunities that you have also shared with me.

Writing this Trade Report has been a lot tougher than I initially thought – so I hope you’ve enjoyed this first edition.

Please remember, I am only human, and we are all prone to mistakes – but I am doing my best to serve you and to build upon the learnings which you have so far discovered.

Until next time...
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