

## **7 BIGGEST MISTAKES**

Learn how to identify and avoid them.

## **GREATER CONFIDENCE**

Identify reversal entry and exit signals faster.

## **WHY SYSTEMS FAIL**

Investigate three reasons why most trading systems don't work.

TRADERSNETWORK.COM

# Scientific Trader

USING SCIENCE TO MAXIMIZE YOUR TRADING APPROACH.

## **1-2-3 Patterns,**

*channels, trend lines and Commitment of Traders reports only give you part of the picture. Reversal Days can tell you where the market is really heading." - John Crane*

### **INSIDE LOOK**

## **TRADERS CHALLENGE**

**GET READY FOR A WILD RIDE!  
PINPOINT THE NEXT MARKET REVERSAL**

**THE SUPRISING FORCES THAT DRIVE TODAY'S MARKETS:  
GREED AND FEAR**

**THE MOST VERSATILE TRADING TOOL YOU'LL EVER USE.  
WHAT IS IT?  
WE'LL TELL YOU.**

**♦ BONUS GIFT INSIDE.**





# THE Scientific Trader

USING SCIENCE TO MAXIMIZE YOUR TRADING APPROACH.

## ■ INSIDE

### 3 CHALLENGE

Think you've got a system for making consistent profits in commodities? Well, professional trader, John Crane, says his Reversal Day Trading Indicator can make your system even better...and he'll guarantee it or your money back! Take his "Trader's Challenge" and see how this breakthrough trading tool pinpoints market turns with uncanny accuracy.

### 9 THE 7 EASIEST WAYS TO LOSE MONEY TRADING

If your trading profits aren't as big as you'd like, perhaps it's because you're making one of these common mistakes.

### 10 SECRETS OF A \$50 MILLION COMMODITIES TRADER

Before his death in 1954, W.D. Gann made over \$50 million in trading profits using a system that allowed him to pinpoint, months in advance, the exact turning point in the market. Although Gann was eventually persuaded to publish the story of his trading method, he left out crucial data. Did John Crane use that missing information to create his new Reversal Day Indicator? Although we will probably never know for sure, it's clear that Crane's new timing method is a worthy successor to Gann.

### 12 IT'S NOT MAGIC, IT'S SCIENCE

In this exclusive SCIENTIFIC TRADER interview, John Crane, discoverer of the Reversal Day Indicator, explains why some people have a hard time believing his trading tool can help predict market turns, and what he's doing to convince the skeptics.

### 14 WHY MOST TRADING SYSTEMS DON'T WORK.

There are hundreds of trading systems. Problem is, most simply don't work.



### NAVIGATE THE MARKETS WITH GREAT ACCURACY

During the early years of the 20th century, William D. Gann built a reputation for being able to pinpoint market turning points with incredible accuracy. Can his phenomenal record for predicting market turns ever be matched? page 10

# INTRODUCING THE TRADER'S CHALLENGE...

**"I believe my Reversal Day Trading Indicator can make any trading system more accurate and more profitable than you ever dreamed possible!"**

by John Crane

On a chilly morning in September, I sat in my office with the breathtaking view of the Rocky Mountains. But the magnificent scenery went unnoticed that morning because the S&P futures chart had my undivided attention.

Other traders may have seen flags, channels, or trend lines on their S&P charts, but when I looked at my bar chart that morning, I saw a Reaction Swing, the unmistakable telltale sign that a change was in the wind.

The December S&P contract had been falling precipitously for weeks, and after a short-term correction, had begun another sharp price drop. I quickly determined that the S&P futures contract was about to bottom...

## Get ready for a wild ride!

Excited by implications of what I was seeing, I quickly did two simple arithmetic computations and pinpointed October 8th as a reversal date for the S&P contract, the day on which prices could begin a major move. The pattern also indicated October 13th as the next possible Reversal Day.

Six days later on October 8th, I looked more closely at my charts and realized the Reversal Day was accompanied by a particular kind of pattern that almost always signals a major turn in the market, in this case, an upward price move. There was only one logical conclusion: S&P prices were about to surge ahead with unprecedented fury, like a sleeping dog awakened by a kick in the head!

Sure enough exactly on October 8th, S&P began its predicted move, surging from 969.30 to 1092.50 on Oct



From 10/8 to 10/20, S&P moved significantly higher for the next eight days! Once you know how to use my Reversal Day Trading Indicator, you'll be able to spot trading opportunities like this on a regular basis. \*PAST PERFORMANCES ARE NOT INDICATIVE OF FUTURE RESULTS.

20 (which my charts predicted could be another Reversal Date for the S&P). The market only paused briefly as the S&P pulled back into the Reversal Date of October 13th. This Reversal Date was also accompanied by a particular price pattern, confirming the upward trend was still intact.

While the Reversal Day Indicator didn't explain why the S&P made such a strong move, it did correctly foretell, days in advance: (1) the precise day the market for S&P would undergo a change; (2) the direction of that change; (3) the date the newly established trend could end!

Just a lucky call?

Not hardly. In fact, the prediction of escalating S&P prices was just one of hundreds of amazing forecasts made with my Reversal Day Indicator during the last 20+ years for virtually

every market in virtually every kind of market climate.

Before going further, it should be pointed out that trading does contain risk of loss, therefore, you should carefully consider whether such trading is suitable for you in light of your financial condition.

With the *Unlocking Wealth: Secret to Market Timing* book, you will learn how to identify, weeks ahead of time, when the market is due for a reversal. The manual explains everything you need to know to predict the next Reversal Day! You will be shocked by how simple it is to do! Anyone can learn, anyone can do it!

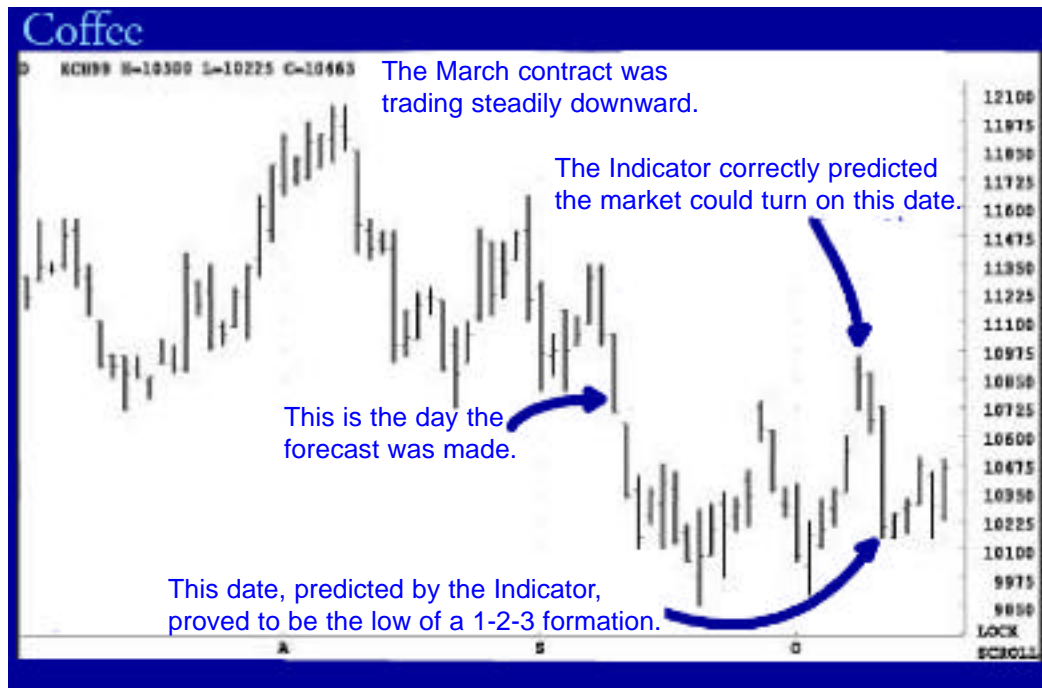


Unlike many other indicators, the Reversal Day Indicator is precise in its projections of the potential market reversals. All confirmed reversals take place on the exact date predicted, or on the Trail Day (the day following the predicted Reversal Day). Now, the big question- will every Reversal Day calculated be a major reversal in the market? No, some dates will only be a small correction in the market, while a small percentage will be a continuation of the existing trend. Knowing the date of a potential market reversal is important information, but knowing what to do with that information is even more important.

That information is also explained in the book, *Unlocking Wealth: Secret to Market Timing*. When the predicted Reversal Date approaches, you just look for particular price patterns that will confirm the market reversal. Depending on which pattern occurs, the market will reveal to you whether it is a Market Reversal or Trend Continuation. Both are extremely important information to any trader. These patterns (there are only six) are described in detail with simple instructions on how to use them.

Once you have learned to find the reversal, you just wait for the price patterns to tell you what the market is going to do. Yes, it is that easy.

The following are some examples of projected Reversal Days, combined with some of the most frequently used confirmation patterns.



Find out how you can start putting on trades with this kind of potential by sending for a no risk copy of *Unlocking Wealth, Secret to Market Timing*, the new traders manual that explains the Reversal Day Trading Indicator in detail. \*PAST PERFORMANCES ARE NOT INDICATIVE OF FUTURE RESULTS

- On September 10th, the Reversal Day Indicator projected Reversal Days for September 28th and October 1st in coffee. On September 28th, the exact date predicted, coffee posted a high before quickly falling to 100.50 (a new contract low) on October 1st, the next date projected by the Reversal Day Indicator. Four days later, December coffee was trading above 109.00.



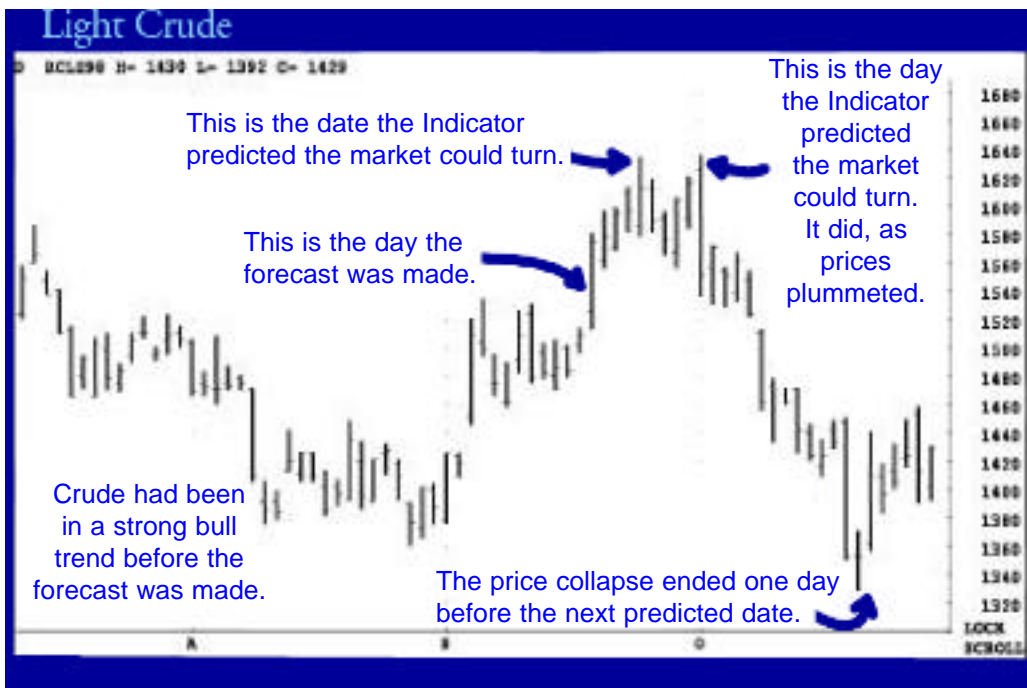
A short selling signal preceded an incredible move! In *Unlocking Wealth*, you'll learn how to forecast reversal days with uncanny accuracy for any commodity in any kind of market condition. Try this new trader's manual without risk or obligation to buy - see page 15. \*PAST PERFORMANCES ARE NOT INDICATIVE OF FUTURE RESULTS



■ On September 24th, my Reversal Day Indicator predicted a possible top in December silver for October 1st. This top should be followed by a second reversal day on Oct. 14. Right on schedule, Silver topped on October 1st, the predicted Reversal Date, followed by a sharp fall in silver prices, as the market fell over 65 cents into October 14.

■ On September 18th, my Reversal Day Indicator suggested that December unleaded gas, which had been in a strong bull trend for the past three weeks, could turn lower on Oct 1. It did, on the exact date! Following this reversal the market fell from 4598 to 4365 in only five days, stopping on October 8th, the next projected Reversal Date. On this date, the market paused before another drop into the third projected reversal date of October 20th. This reversal day proved to be a major low in December unleaded gas. Remember, these Reversal Dates were all predicted several days in advance.

■ The RDTI indicated a reversal due on October 8th, and forecasted another reversal for October 27th. December cotton had been trading lower for eight days before a sharp correction sent prices higher over the next three days. The



This is fully explained in *Advanced Swing Trading*. See page 17 to find out how you can try this new trader's manual without risk or obligation to buy.

market then topped on October 7th, just one day before the predicted Reversal Day. After the October 8th Reversal Day, the market plummeted for the next 13 days, stopping exactly on the next reversal date, Oct. 27.

■ The RDTI projected September 24th, October 1st, and October 21st, as upcoming Reversal Dates in December crude oil. After hitting a high on the September 24th Reversal Date, the market traded sideways to lower until October 1st. On this Reversal Day, the market posted a wide outside day, making a new contract high before closing lower, triggering a sharp price drop. From this point crude oil prices collapsed, falling sharply into the next projected Reversal Day of October 21st before rebounding.

These are just a handful of times my Reversal Day Indicator has pinpointed the beginning of major market moves. In a few minutes, I'll tell you how you can prove to yourself, without risking a penny, that the Indicator works for any

commodity in any kind of market. But first, let me explain why the Reversal Day Indicator works so well...

## The Surprising forces driving today's markets



Ask the typical trader how the markets work and he'll tell you, without missing a beat, that it's all based on supply and demand. If demand for a particular commodity exceeds the supply, prices go up. If supply exceeds demand, prices decline.

It's all so comfortingly logical. Unfortunately, it's just plain wrong!

Yes, supply and demand play a role, but not the one most people think. You see, this simplistic law of supply and demand is constantly subjected to a force that's equally powerful, harder to measure and infinitely less logical: human emotion.

Because of two emotions that are as old as humanity itself, greed and fear, most traders have a tendency to overreact to market conditions. When things are going well, traders succumb to greed, buying too many contracts in an effort to maximize profits. When the market doesn't seem to be going their way, fear kicks in, causing a flurry of selling.

This greed-based and fear-based trading causes the market to swing like a pendulum, first in the one direction and then in the other, before returning to a state of equilibrium. In the process, it produces a clearly recognizable pattern on the bar charts, which I call "Reaction Swings".

They may not be as well known as flags, channels, or pennants, but these reaction Swings have infinitely greater value as a forecasting tool. That's because they're the starting point for calculating Reversal Days, the days on which the market can be expected to turn.

## The key to mastering market moves

I've been using my Reversal Day Trading Indicator for more than 20 years, and it's downright uncanny how reliable it can be.

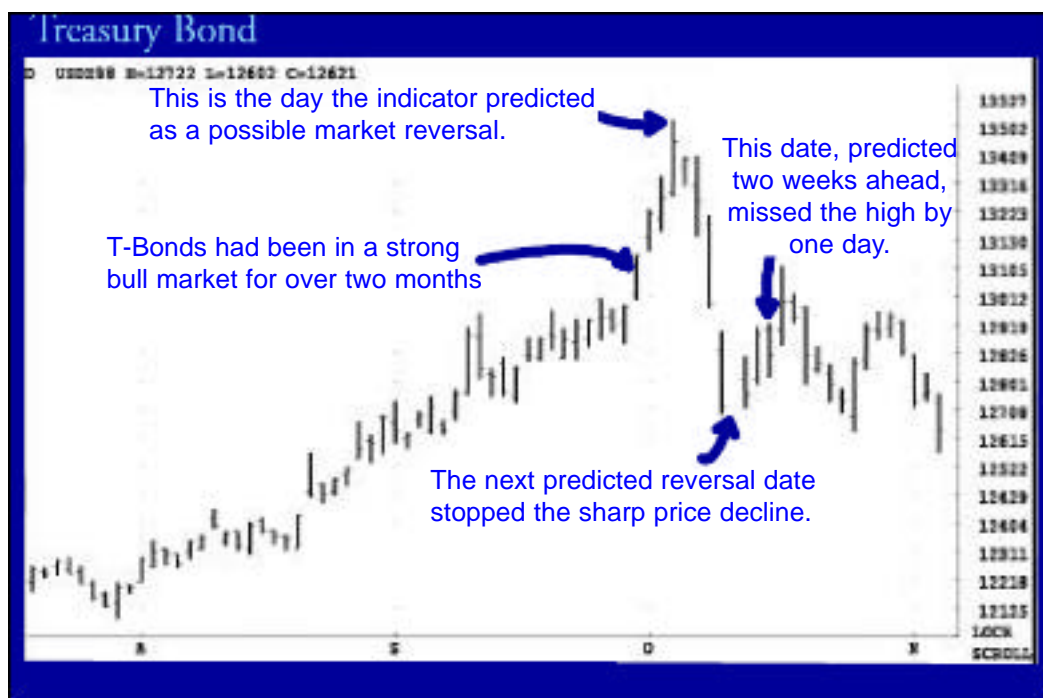
As you can see from these examples, the Reversal Day Trading Indicator can identify the exact day on which the market will undergo a reaction, either up or down. Having reliable information about market turns is the key to consistent trading profits.

Reversal dates can easily be determined in any market with the right trading patterns, it only takes a few minutes. Once you have the date, all you do is watch to see how the market trades into the predicted date. If the market matches the patterns described, you take the appropriate action. If not, you stand aside. It is that simple! The strategies will help determine if the market is ready to reverse or continue the existing trend. Only take action when all parts of the puzzle are in place. But remember, not every signal will work. There is no substitute for proper money management!

Sometimes these Reversal Days are part of a short-term, or intermediate term, move that can generate modest, but rapid, trading profits like the ones shown above.

But when the Reversal Days occur at important support or resistance levels, the potential can be astronomical!

I'll tell you how to profit from these major price moves in just a few minutes. But first, I want to explain why I use the word



Following the Reversal Day signal, December T-Bonds plummeted over the next four days, falling into the next Reversal Date. In *Unlocking Wealth: Secret to Market Timing* you'll learn how to decide when it's best to take quick profits or hang on in the hope of earning even more. \*PAST PERFORMANCES ARE NOT INDICATIVE OF FUTURE RESULTS.

■ December T-bonds had been trading in a strong bull trend for several weeks when the RDTI projected a Reversal Date was due on October 5th. On this date, December T-bonds shot up to a new all-time high of 135-08. That high is still intact! After that predicted Reversal Day, the market dropped all the way down to 127-04, hitting that price on Friday October 9th, just one day before the next projected Reversal Day. After that October 9th Reversal Day, the market rallied, hitting 131-06 one day after the predicted Reversal Day.

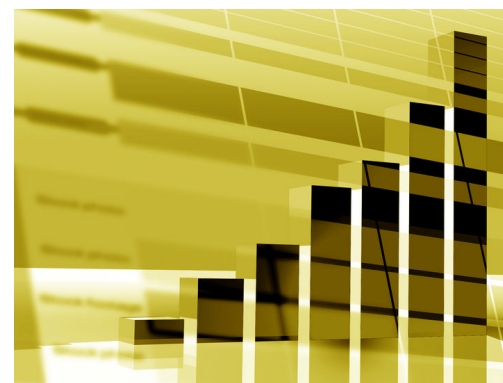
■ The RDTI predicted December corn could have a reversal on October 13th. It did, right on schedule. On this Reversal Day, December corn posted its highest closing price before a three-week price decline.

"Indicator" when referring to my breakthrough.

## The most versatile trading tool you've ever used

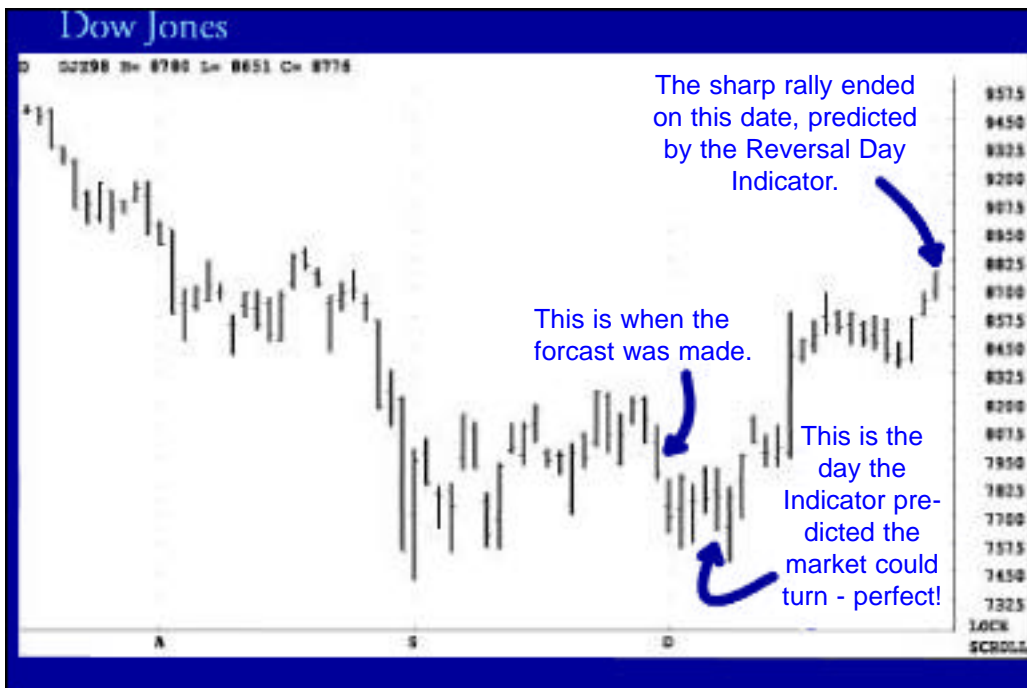
Virtually every trading system I've ever seen only works for particular markets or in certain market conditions. One reason for this is that most systems are "backtested" using historical data from a particular type of market. When market conditions change, the system usually implodes, frequently with disastrous results for those using it.

But the Reversal Day Trading



Indicator can be used for any condition. That's because the RDTI isn't a rigid trading "system". It's a trading tool that has the potential to make any investing method or approach more accurate, more consistent, and much more reliable. For example...





This was a move that caught most traders by surprise, except for those who use the Reversal Day Indicator. A reversal signal precedes a strong eight-day rally, as prices moved from 7788 to 8852. In *Unlocking Wealth; Secret to Market Timing*, you'll see other examples. \*PAST PERFORMANCES ARE NOT INDICATIVE OF FUTURE RESULTS

The RDTI signaled the December Dow Jones Industrial could bottom on October 8th. It did, on that exact date. On this predetermined date, the market posted a new low before a strong eight-day rally into the next predicted Reversal Date of October 20th.

The RDTI said December wheat would have Reversal Dates on October 20th, and October 26th, and it did. On October 20th, wheat posted its lowest close before a rally right up to the next Reversal Day of October 26th. This date proved to be the beginning of a 1-2-3 formation, confirming the top long before the market broke below the #2 point.

- If you use a 1-2-3 trading method, the RDTI will usually confirm a signal before the number three point is broken. This allows you to enter the market earlier and with greater confidence.
- It will help to use the Commitment of Traders Reports or open interests to look at disparities between large and small traders.
- The RDTI will also be a boon to traders using systems based on seasonality, since it helps to overcome the uncertainties imposed by weather, planting conditions and changing government policies.

Bottom line: you don't need to learn a new trading method or abandon your

present system to use the Reversal Day Trading Indicator. My new book, *Unlocking Wealth: Secret to Market Timing* (which I'll tell you more about shortly), illustrates how to quickly and easily integrate the RDTI with whatever trading system you're already using.

But what if you're not using a trading system or aren't completely happy with the one you currently have? No problem, you can use the Reversal Day Indicator all by itself.

*continued on page 8...*



## Meet John Crane

John Crane grew up on a farm in Idaho where, he remembers, there wasn't much to do on long winter nights. So when he wasn't farming, he attended a course about commodities trading. Anxious to try out his new knowledge, he bought a hog contract and made enough money for a two week vacation to Mexico.

That was enough to get him hooked. He obtained his commodities license, opened a small firm with a friend, and began to study the markets in earnest. It was about this time that he first heard about Gann, Elliott, Andrews, and other master traders, and began conducting research on recurring patterns in the markets.

His next stop was a national brokerage in southern California, where his research into seasonal tendencies and recurring patterns in the markets caught the attention of a nationally known research firm. Upon joining that firm, John's research appeared in articles in the *Wall Street Journal*, *Investors Business Daily*, *Barrons*, and *Stocks and Commodities*, propelling him to national prominence virtually overnight.

In 1990, John became a partner in Traders Network, Inc., the Colorado brokerage firm where he continues to refine his Reversal Day Indicator, the trading tool that evolved from his study of seasonality and market patterns, as well as the trading techniques of Gann, Elliott, and Andrews.

## Unlocking Wealth: Secret to Market Timing

In *Unlocking Wealth* (278 pages), John Crane, a veteran trader and cofounder of Traders Network, discusses his work with the Action/Reaction trading theory, and illustrates a whole new way of using time, price, and patterns to predict, identify, and trade future market swings. Chapter by informative chapter, you'll be introduced to the concepts that encompass this proven method, including:

Market Behavior, Reaction swings, Swing trading reaction swings, The Reaction cycle, Action and reaction lines, Entering and exiting trades, Reversal dates, Long-term versus short-term trends, and more

## Cashing in today's "new" commodities markets

As I mentioned above, the Reversal Day Trading Indicator works with any type of market in any kind of market - bull, bear, or trendless. That's particularly important in view of how the market has changed in recent years.

Today's markets are more volatile than ever. Because of a wide availability of quote machines, computers, and other technological breakthroughs that disseminate information almost instantly, we have many more short-term swings as traders move in and out of the market, reacting to this explosion of information. (Remember those Reaction Swings I told you about earlier!)

Although volatility may wreak havoc with many traders, it's a powerful ally for those who use the Reversal Day Trading Indicator to identify lucrative trading opportunities that the typical system simply can't spot.



### ORDER YOUR COPY TODAY!

- 1.) Call 1-800-521-0705 to order over the phone
- 2.) Order online at [www.tradersnetwork.com](http://www.tradersnetwork.com) (click the 'Store' tab)

## Three "trade secrets"

During the 20 years I spent refining the Reversal Day Trading Indicator, I looked at a lot of bar charts. After a while, I began to realize that the same patterns kept appearing whenever a Reversal Day signaled a significant price move.

For example, these patterns appeared...

- In February 2009, when March Japanese yen plunged over 830 points in the 10 trading sessions following the pattern.
- When May Copper soared over 2100 points during an 11-day period in March 2009.
- When May Soybeans rallied \$1.40 during the first two weeks of April 2009
- When the S&P 500 fell over 14.00 points during a two-week period in late February and early March of 2009.

These patterns operate together as a safe system to ensure you don't miss crucial market turns. If the first pattern

doesn't appear, you look for the second. If that one doesn't appear, you look for the third.

In my new book *Unlocking Wealth: Secret to Market Timing*, I provide actual examples of each pattern, reveal how to spot them on your charts and explain in detail how they work. The book also provides specific, plain-English rules for taking action when one of these patterns appears. A single-page, easy-to-use checklist tells you:

- when to enter the market and what kind of order to place.
- where to set protective stops.
- what action to take if certain price levels are attained.

I'll tell you how you can receive a no-risk copy of *Unlocking Wealth: Secret to Market Timing* in just a few minutes. But first, let me explain why the Reversal Day Indicator is more important today than ever before, whether you use it alone or in conjunction with a trading system.



# The 7 Easiest Ways To Lose Money Trading

This kind of short-swing trading only makes sense if you can reliably, and consistently, spot market turns in time to take advantage of them. That's exactly what the Reversal Day Trading Indicator can help you do.

Because it's completely objective, the RDTI forces you to have discipline. If the patterns don't occur, you don't make the trade. No, it's not foolproof, but what in life is? It can, however, be uncannily in predicting market turning points.

But why take my word for it when you can see for yourself, without risk or obligation!

**Spotting market turns is simple once you know how.**

**Take the Traders Challenge & prove this scientific breakthrough really works... without risking a CENT!**

More than 90% of commodities traders lose half their capital within their first year. Although the reasons vary from person to person, the following seven crop up with disconcerting regularity:

**Losing Strategy #1:** Don't use stops. Some traders seem to think that not using stops is "gutsy". But successful traders know otherwise. Stops limit your potential loss and protect profits. Establish realistic stops when you put on a trade, then adjust them as market conditions change.

**Losing Strategy #2:** Cancel stops when the price approaches that level. If you "wait a little longer" to bail out of a losing trade, all you're doing is adding to your losses. That defeats the whole idea of using stops.

**Losing Strategy #3:** Base investment decisions on hunches and "hot" tips. It's believed that 60% to 70% of traders are guilty of this, if only occasionally. But, remember, without good money management, it only takes one losing trade to wipe out profits from a string of winners.

**Losing Strategy #4:** Fail to establish objectives. Before you put on a trade, you should know how much profit you anticipate making and how much loss you're willing to accept. If you don't, you're like a driver who doesn't know where he's going...you'll never get where you want to be.

**Losing Strategy #5:** Don't have a contingency plan. Many investors know what they intend to do if the market moves as they anticipate. A significant percentage, unfortunately, don't know what to do if their basic premise turns out to be incorrect. If you haven't planned for that eventuality, you haven't really planned at all.

**Losing Strategy #6:** Deviate from an approach that works. You'd be amazed at the number of traders who make solid profits using a particular approach, only to lose their shirt when they got greedy and deviated from the strategy in order to make a "big killing". If it works, have the discipline to stick with it.

**Losing Strategy #7:** Rely slavishly on a system that's stopped working. As we saw on page 8, most systems don't work over the long haul. If market conditions cause your trading system to stop working, switch systems, don't keep piling up losses. This isn't discipline, it's financial suicide.

The Reversal Day Trading Indicator isn't a "system". It's a trading tool that can help prevent you from making mistakes like those listed above.



# Secrets of a \$50 Million Commodities Trader



**Though unknown to many people, W. D. Gann was one of the most successful, and most colorful, traders of all time. Can his phenomenal record for predicting market turns ever be matched?**

By Patrick J. Malone,  
INVESTORS NEWS SERVICE

During the early years of the 20th century, William D. Gann built a reputation for being able to pinpoint market turning points with incredible accuracy. Although he made thousands of forecasts, his prediction about the price of September wheat is probably the most memorable.

On September 21, 1909 when wheat was trading at \$1.05 a bushel, Gann predicted it would trade at \$1.20 on or before September 30th, the contract expiration date. By September 30th, wheat had inched up to \$1.08, but seemed stuck at that level.

As the day wore on with wheat still far below \$1.20, a crowd gathered to witness the downfall of a man who was worshipped by some and despised by others. "I don't care what the price is now", he told his critics. "It must go to \$1.20." And minutes before the contract expired, September wheat suddenly soared to \$1.20 and closed at that price.

His critics were stunned, but Gann merely smiled. "The future is nothing but a repetition of the past", he told a reporter. "Everything moves in cycles as a result of the natural law of action and reaction".

**1000% profit in a single month!**

The following month, The Ticker and Investment Digest (the forerunner of today's Wall Street Magazine) dispatched a top reporter to follow Gann and record his activities. In a subsequent issue, the magazine reported: "During the month of October 1909, during 25 market days, Mr. Gann made, in the presence of our representative, 286 transactions on both the long and short side of the market. Of these transactions, 264 resulted in profits, and 22 in losses."

The article went on to say: "We have seen him give, in one day, 16 successive orders...eight of which turned out to be either to the top or bottom eight of that particular swing."

Although it's clear that Gann had an extraordinary ability to time turns, no one has even been able to determine the full extent of his financial success. He is reputed to have made more than \$50 million in trading profits prior to his death in 1954, but it's unclear whether that number is accurate.

The article in The Ticker, however, sheds some light on the profitability of Gann's trading tactics. The magazine reported that during the month of October 1909, "the capital with which he operated had doubled 10 times so that at the end of the month he had 1,000% of his original margin." With returns like that, \$50 million may well be a conservative estimate of Gann's lifetime earnings.

## The key to Gann's success

Shortly after his October 1909 demonstration, Gann revealed the underlying concepts of his trading tactics. In an article published in The Ticker, Gann compared stocks and commodities to atoms, pointing out that they're all "centers of energy" that are "controlled mathematically".

Gann went on to say that investments "create their own field of action and power, power to attract and repel." According to Gann, this explains why certain stocks and commodities lead the market at times, only to trail it at others.

Many people pressed Gann for a more complete explanation of his trading techniques, but he refused to divulge details about how he was able to generate such incredibly accurate predictions. A few years later, Gann relented and began to slowly parcel out details of his trading methods in articles and training courses.

Shortly thereafter, he left the brokerage business to start an advisory service. Gann purchased a plane and began to travel extensively, frequently flying to cities around the country to teach his tactics to traders who were willing to pay huge fees (even during the height of the Depression!) to learn his secrets.

## From science to speculation

During his years of trading and teaching, Gann never deviated from his basic premise that commodities (and stocks) follow a natural pattern of action and reaction. But because he frequently failed to provide as much detail as people wanted, or presented his concepts so obliquely, commentators began to interpret his teachings.

Unfortunately, in doing so, many introduced ideas that appear to spring more from their own imaginations ...



than from Gann's proven strategies.

These interpretations are, however, just that, interpretations. Gann himself maintained that his trading tactics were based on scientific and mathematical principles. He did, however, set a stage for some of the more imaginative interpretations of his work by constructing charts that have long tantalized, mystified and infuriated researchers.

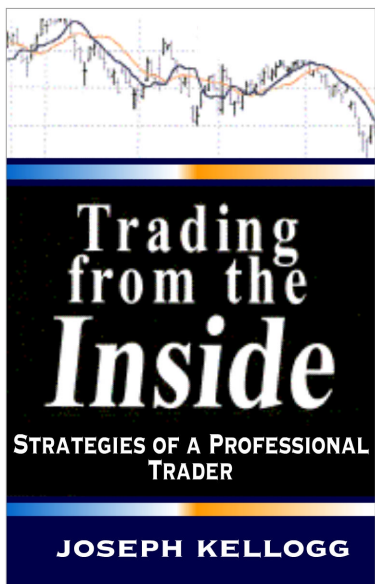
These number arrays, which appear to be a type of calculator for plotting cycles, were reputed to have been used by Gann for his own trading activities. Unfortunately, it's unclear exactly how he used these mysterious charts.

What is clear, however, is that Gann's success can be traced to the basic premise that markets are controlled by natural cycles that endlessly repeat. Moreover, we know that his trading technique was a purely mathematical approach, devoid of the less scientific interpretations that were later added by commentators.

### A worthy successor to Gann

John Crane's Reversal Day Trading Indicator is similar to Gann's approach in two important respects. For starters, it's based on the same underlying concept that the markets have a natural rhythm that can be used to predict future turning points. Secondly, Crane's indicator is purely mathematical with all trading decisions based on a simple calculation.

Whether the Reversal Day Indicator turns out to be as successful as Gann's technique remains to be seen. But the Traders Challenge (see page 16) gives serious traders an opportunity to put it to the test without risking a penny. Crane may not be as colorful as the legendary W.D. Gann, but he seems equally confident in his Indicator's ability to accurately predict market turns.



### Trading From the Inside: Strategies of a Professional trader

You don't have to be a Wall Street insider to trade like one. This book (236 pages) is a must read for every commodity trader. Learn how to read charts and technical indicators, such as Gann Lines and chart formations. Gain understanding of trading fundamentals and psychology. Also, read about wit and war stories that will help you develop proper trading skills.

What are traders saying about it...

"I've since, reading Joe Kellogg's book, made more money and felt more confident in my trading than ever before." -M. Kozoriz

"I find it concise and direct, helpful as a refresher and a good study for the beginner." -W. Martin

#### ORDER YOUR COPY TODAY!

- 1.) Call 1-800-521-0705 to order over the phone
- 2.) Order online at [www.tradersnetwork.com](http://www.tradersnetwork.com) (click the 'Store' tab)



The Reversal Day Trading Indicator provides 7 important benefits no trading system or method can deliver...

**BENEFIT #1:** The RDTI works for any in any type of market condition.

**BENEFIT #2:** It can be used in conjunction with virtually any trading method- or you can use it by itself.

**BENEFIT #3:** You can use the Indicator to find entry and exit points for both short-term and long-term traders.

**BENEFIT #4:** The Indicator is fast and easy to use. Everything you need to know is included in my book.

**BENEFIT #5:** You can use the Indicator to determine where to put stops, and when (and how) to adjust them.

**BENEFIT #6:** The RDTI clearly signals when it is best to stay out of the market.

**BENEFIT #7:** The Indicator uses the markets internal Action/Reaction patterns, rather than relying on less reliable external factors.

# "It's not magic, it's science."

An exclusive interview with John Crane, discoverer of the Reversal Day Trading Indicator

By J. William Roberts,  
Contributing Editor,  
THE SCIENTIFIC TRADER

**I have to ask this question, so let's get it out of the way up front: If your indicator is as good as you say it is, why share it with other traders? Won't you be cutting into your own trading profits?**

Commodities markets are so big it's virtually impossible for any indicator, system, or method, regardless of how good it is, to really have much impact on the overall market. For example, the average daily volume for all stocks on the NYSE is about \$3 billion. The average daily volume for a single commodity- T-bonds, exceeds \$3.5 billion. Factor in all the other commodities being traded, and you can quickly realize there are plenty of markets to go around.

**When did you first start using the Reversal Day Trading Indicator?**

I didn't wake up one morning with the idea for the Indicator as it exists today. I've been using it in one form or another for the last 20 years, constantly refining it to make it more accurate. How much more accurate can you get? After all, your Indicator is capable of pinpointing the exact day of an upcoming market turn.

Yes, in that respect, the Reversal Day Indicator is pretty darned accurate, but I'm only able to achieve that degree of accuracy about three to four weeks into the future. When I go beyond that, the Indicator becomes less reliable. I'd like to get to the point where I can reliably predict market turns months in advance, the way Gann did.

**May I assume, by your reference to Gann, that the Reversal Day**

## Traders Market Views Newsletter

Over 20 years in publication: Traders Market Views; published three times a week, is packed with timely market insight and recommendations.

The Reversal Date section, written by **John Crane**, is the shorter-term view of the market and is based on Mr. Crane's principle, described in his best selling book, *Unlocking Wealth: Secret to Market Timing*.

The Market Scoop section, written by **Joseph Kellogg**, is the longer view of the market and is based on his highly acclaimed book, *Trading From the Inside*.

With the newsletter you also gain web access to John Crane's exclusive nightly Reversal Date updates and recommendations!

**If you're not already receiving the newsletter get set up today:**

1. Call 1-800-521-0705 to subscribe or set up a 2-month free trial
2. Visit: [www.tradersnetwork.com](http://www.tradersnetwork.com)

**Indicator is based on his theories?**

I don't put much stock in some of Gann's more esoteric ideas, but I do think he was 100% correct in his observation that the markets run in cycles, that history is constantly repeating itself. Once you learn to spot those cycles, you can use data about the past to help predict what's going to happen in the future. (for more information about Gann see page 10)

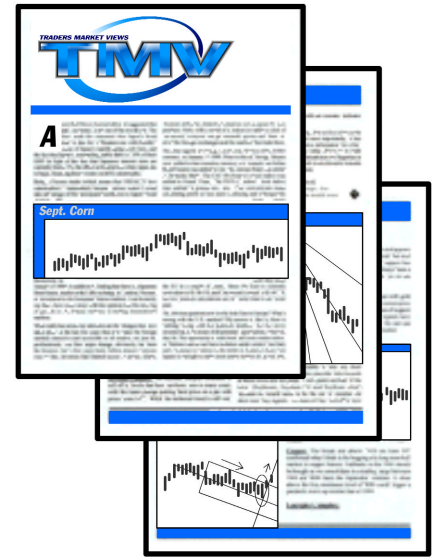
**But aren't today's markets radically different than the market in Gann's time?**

There are big differences in how we trade. After all, we have advanced computer analytical software and other technological innovations Gann didn't have access to in his day. Yet,

the markets themselves have changed far less than most people realize. For example, look at cotton, a commodity for which we have price records dating back hundreds of years. Cotton peaked at \$1.89 a pound in 1865, at the end of the Civil War. In the 1970's, a decade marked by double digit inflation, the highest recorded price for cotton was only 99 cents. What commodities markets have is an internal consistency that defies external factors like inflation, population growth, etc. Once you learn to spot the patterns, future price moves become obvious.

**So your Reversal Day Indicator is based on recognizing patterns?**

Yes, but not the way that most trading systems use patterns. The Indicator's patterns aren't subjective,





they're objective. You find them not by guessing where lines should be drawn on a chart, but by doing a handful of simple calculations.

**The trades featured in the Scientific Trader all look very good. Does this mean all the Reversal Dates will give signals as incredible as these?**

These trades were picked as illustration purposes only. Not all Reversal Dates will give trading signals. That is where the price patterns come in, to help filter out the non-signals. Even after a signal is generated, it is up to the individual trader how they will follow through on the trade. I have learned through years of experience that you can have five individuals following the exact same trading program and get five different results. Everybody trades the market different-

ly. Some traders like to trade short-term, while others like the long-term approach. The Reversal Date Indicator may generate a great signal, but it is up to the trader to have the discipline to follow through with the plan.

Remember, great entry and exit signals are not a substitute for good money management. Great traders will always tell you money management is vital to the success of any investor.

### It sounds too easy.

You're right, it does sound too easy, but it works. Traders using the Indicator for the first time think it's magical the way it zeros in on the specific day. But it's not magic, it's science. That's why I came up with my Trader's Challenge. Once people see how the Reversal Day Indicator predicts market turns, they'll never trade without it again.

## You Already Predict The Future... With Incredible Accuracy!

You predict the future on a regular basis and think nothing of it!

For example, you can predict, with deadly accuracy, the exact date of the next full moon or the exact time of today's sunset and tomorrow's sunrise... and literally thousands of seemingly random variables that, in reality, follow a natural pattern or progression.

People who balk at the idea of predicting future movements of commodities prices fail to realize that prices, like the flowing of the tide and the setting of the sun, follow a natural cycle. Once you understand that cycle, predicting the price of corn can be as straight forward as predicting the date of the next full moon.

That's exactly what the Reversal Day Indicator does. It's really nothing more than a tool that "decodes" past actions to predict future ones.

## REVERSAL TRACKER™ TRADING SOFTWARE



The Reversal Tracker is purely a technical trading program that uses time, price, and pattern to project future market swings and to identify well-timed market entry and exit points, based on the software's projections.

Money management must be a key element of your trading arsenal and the Reversal Tracker has that element built right in to the software.

Many trading programs attempt to project market movement based on indicators such as moving averages, RSI, stochastic and moving average convergence divergence. The approach is problematic because they are lagging indicators. Those systems tell us what the market has already done, but fall short in predicting future movement.

The Reversal Tracker is different because it's a leading indicator. It uses a time/price mathematical formula to project specific reversal points, future

time-lines for market directional change, or where trend acceleration is likely to occur.

There are many programs dedicated to pattern recognition and price revaluation, but few programs focus on time. Yet, timing is the most critical element of all, without which successful trading would be impossible to achieve. John Crane understood that when he began developing his Reversal methodology over 20 years ago. The Reversal Tracker software encapsulates that knowledge. Armed with this market specific timing, Reversal Tracker gains the edge.

**MORE INFORMATION AT:**  
[www.reversaltracker.com](http://www.reversaltracker.com)

**If you're not already signed up  
for a 2-week free trial:**

1. Call 1-800-521-0705
2. Visit: [www.reversaltracker.com](http://www.reversaltracker.com)

# Why Most Trading Systems Just Don't Work!

There are hundreds of systems, methods and approaches for trading commodities. Unfortunately, the vast majority simply don't work over the long haul, for one of the following reasons:

## Reason #1:

They use lagging indicators. Systems that rely on lagging indicators like moving averages, relative strength indices, or stochastics don't signal a buy or sell until after most of the price moves have been realized. That's because they're collecting the data needed to "forecast" a price move even as the move is taking place. Yes, they work occasionally, but not for the reasons their proponents cite. The Reversal Day Trading Indicator, on the other hand, gets you in and out of the market much faster because it's based on leading indicators.

## Reason #2:

They're based on pie-in-the-sky ideas instead of hard science. We've all seen so-called trading systems based on astrology, the number of steps in Egyptian pyramids and any number of other silly ideas. You can dress up these systems and provide a convoluted explanation of why they supposedly work, but the fact remains that they're not grounded in hard science. The Reversal Day Indicator, however, uses natural cycles within the market. Once you know how to spot them, it's easy to tell where the market is likely to go next.

## Reason #3:

They only work under certain market conditions. Most trading systems are "invented" by backtiming with historical data. This almost invariably results in a system that works in a particular kind of market climate represented by that data. Unfortunately, when market conditions change, the data is no longer applicable, and the system stops working.

The Reversal Day Indicator is a breakthrough trading tool that has the potential to make virtually any trading system you're currently using more accurate and reliable. You can also use the Indicator all by itself to pinpoint the exact days on which the market is expected to turn.



**The market's job is to create as much pain and suffering for the average trader as possible.**

Think of the market as the enemy, and everyday you're going to war. You try to take some money out and it tries to take some of your money back. Some days you win, some days it wins, but you can always be guaranteed a good fight.

In order to win more battles than you lose, you will need to start to anticipate what the market's next move will be. You must think ahead, try to understand what's going on with the market, what it's thinking. Follow the clues that the market is leaving, which are of course the chart patterns.

**Be ready for an ambush at every turn**

With the RDTI, you will be better able to anticipate what the enemy is planning to do ahead of time. It allows you to use past price, time, and pattern action to project the future. This will allow you to make your plan of attack with a high degree of confidence.

## Performance Results Disclosure Statement

Hypothetical performance results have many inherent limitations, some of which are described below. No representation is being made that any account will, or is likely to, achieve profits or losses similar to those shown. In fact, there are frequently sharp differences between hypothetical performance results and the actual results subsequently achieved by any particular trading program. One of the limitations of hypothetical performance results is that they are generally prepared with the benefit of hindsight. In addition, hypothetical trading does not involve financial risk, and no hypothetical trading record can completely account for the impact of financial risk in actual trading. For example, the ability to withstand losses or adhere to a particular trading program, in spite of trading losses, are material points which can also adversely affect actual trading results. There are numerous other factors related to the markets in general or to the implementation of any specific trading program which cannot be fully accounted for in the preparation of hypothetical performance results, and all of which can adversely affect actual trading results.



# Take the Trader's Challenge

Set up two portfolios for paper trading. Trade one portfolio using the Reversal Day Indicator by itself, or in conjunction with your present trading system. Trade the second portfolio using just your current system. At the end of 60 days, you will be completely blown away by how much better you traded using the Reversal Day Indicator.

## **FOLLOW THESE SIMPLE STEPS TO GET STARTED:**

1. Read my book, *Unlocking Wealth: Secret to Market Timing*, which provides a plain-English explanation of exactly how to use this Indicator to become a better, more accurate commodities trader. (Book can be purchased with a 30-day money back guarantee at [www.tradersnetwork.com](http://www.tradersnetwork.com) - click on store OR call 1-800-521-0705)
2. Follow the Traders Market Views newsletter for two months free. The newsletter is emailed three times a week. Call to set up your free trial: 1-800-521-0705. The newsletter will walk you through the most important concepts in *Unlocking Wealth* and explain the key points, and keep you updated on all upcoming Reversal Dates and Market Scoop.
3. Two months of unlimited consultations with a commodities expert at Traders Network. Ask as many questions as needed to develop your trading skills. Also, open up an over the phone papertrading account.
4. Watch John Crane's *Swing Trading DVD*, which will help you identify, weeks ahead of time, when the market is due for a reversal. (DVD can be purchased with a 30 day money back guarantee at [www.tradersnetwork.com](http://www.tradersnetwork.com) - click on store OR call 1-800-521-0705)
5. At the end of 30 days, compare the results of your two portfolios. If you aren't completely blown away by how much better you traded with the Indicator, simply return everything for a full refund of every penny you paid.

This is your golden opportunity to test the Reversal Day Trading Indicator without risking a penny. Once you see it in action, you'll never again trade commodities without it!

Cordially,

*John Crane*