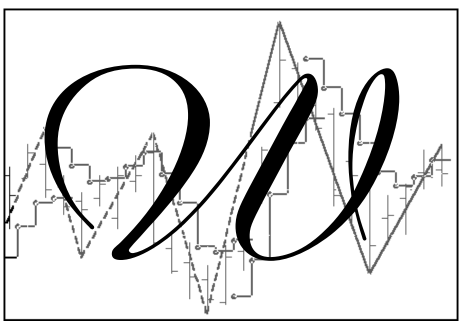
Robert Krausz's FIBONACCI TRADER© JOURNAL

Volume 1, Issue 1

PREMIER ISSUE

NEW GANN SWING CHARTIST™

DYNAMIC FIBONACCI CHANNELS™



Welcome to the first issue of the FIBONACCI TRADER JOURNAL. The driving force behind this publication is twofold. First, to show you how to get the most out of the unique tools found in the FIBONACCI TRADER program. Second, to teach you Multiple Time Frames applications using these unique tools, which should help improve your trading.

While the format is not cast in concrete, the first few issues will cover basic and advanced concepts. Since my book *A Gann Treasure Discovered* was published, many questions have come in. You will be the beneficiaries of these queries. We will also show strategies not covered in the book.

Starting with the very basics of Gann Swing Charting (this issue) we will work our way up to intraday plans for the S&P 500 and the T-bonds. We want to keep both the real beginners and the pros happy. But please remember we have only eight pages.

By the way, your names will never be sold or rented, as that's not our game. Also, no outside advertisements will appear, although we may have a guest writer contribute an article. However, these will be only from traders who are in my opinion on the reality wavelength.

Subscribers will also benefit when we release any add-on to the FT as you will get a discount off the regular price.

What about concepts or methodologies that don't embrace Fibonacci techniques or the use of multiple time frames? Yes, occasionally we may cover some truly exceptional idea or discuss a book that we feel strongly about and would be beneficial to you. In all cases we will publish the name, address, price, etc. Then, if you so desire you may contact them directly. The FTJ will not be involved as a distributor.

I can only try to teach you how to fish. So no Holy Grail is promised or offered.

So what is the goal of the FTJ? I feel that a multiple time frame approach to stock or commodity markets can give a trader or investor the edge that we all seek. We will strive to help you achieve that edge, but as always, check everything out for yourself! Spoon feeding you will not help you to be consistent. I can only try to teach you how to fish. So no Holy Grail is promised or offered.

Another subject important to us is trading psychology. Some of you are aware that I have worked with over 500 traders at a psychological level. This work has convinced me that trading is 75% psychological and 25% methodology. I will address this problem from time to time. This is too important to be ignored.

So these are the concepts and the ground rules. Please be patient, let's get a few issues under our belt. In the future we plan to cover commodities, financials, stocks, and some overseas markets, as we have FT users on all five continents. For example, in Australia there are SPY traders, and in Germany, the DAX and the Bund are favorites. In the United Kingdom, the FTSE is traded.

Our traders are located through out the world. Fibonacci Traders are located in Australia, Austria, Belgium, China, Egypt, France, Germany, Hong Kong, Holland, India, Israel, Italy, Malaysia, Philippines, Russia, Saudi Arabia, Singapore, Turkey and the United States.

So let's get started with this issue. We begin with a four part series covering basic Gann Swing ideas. This first part will explain the basic definitions, an important step to building a solid foundation in using the Fibonacci Trader. And second, we introduce two intraday strategies. One for T-bond futures using a 10-minute/50 minute/Daily trading setup in real time. The second is an S&P 500 9 Minute/45 Minute/Daily Plan. We will walk you through how to set up each plan for multiple time frame applications including the unique settings.

This first set of intraday plans is an example of what will be included every month in the FIBONACCI TRADER JOURNAL. This month's is a rather unusual channel technique called the DYNAMIC FIBONACCI CHANNEL ™. It's not complicated but read the text carefully.

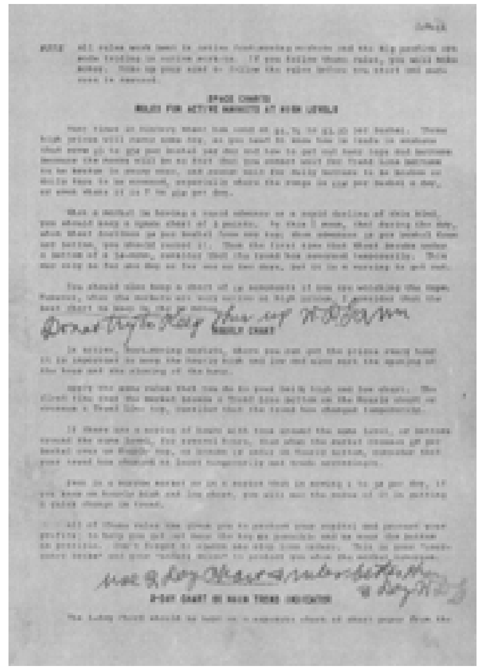
I wish you excellent trading,

Robert Krausz, MH. BCHE

The New Gann swing Chartist

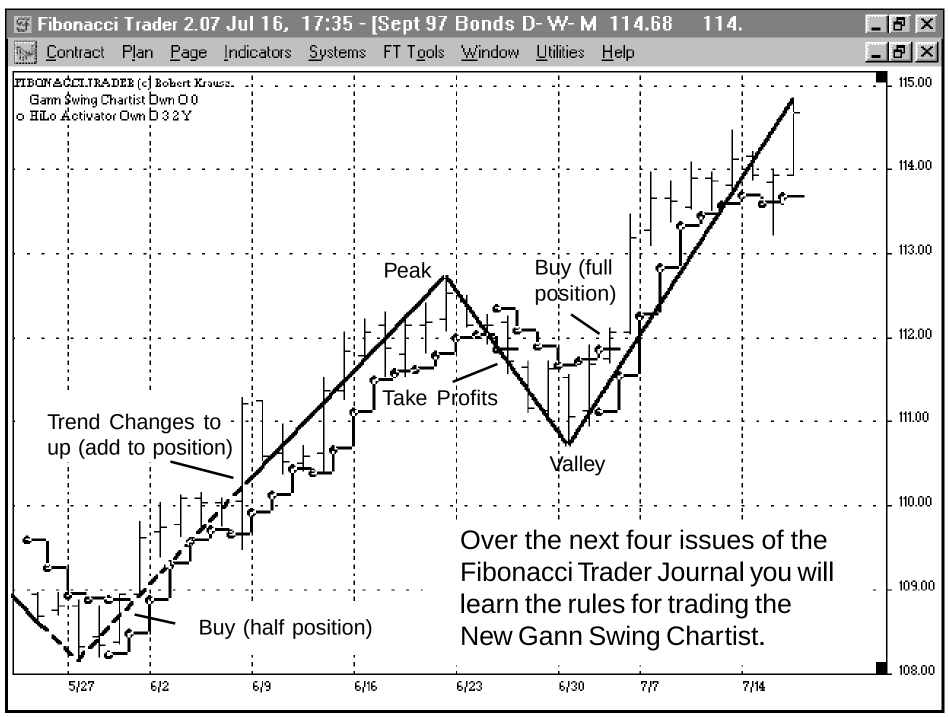
Some ten years ago, I put out the word that I was interested in purchasing original W. D. Gann material, especially his courses. All trails led to nowhere until last year when the universe rewarded my persistence right on my doorstep.

Some of you may know that Joe Rondinone was the last trader taught by Gann. You can imagine my astonishment when Rondinone asked me if I was interested in some original Gann courses that he bought from Gann back in 1955. Rondinone explained that the courses were typed on W.D. Gann's letterhead, not in the usual printed format. Also, they were signed and dated by Gann in his purple ink.



The original Gann manuscript was altered, and signed by Gann with his distinctive purple ink.

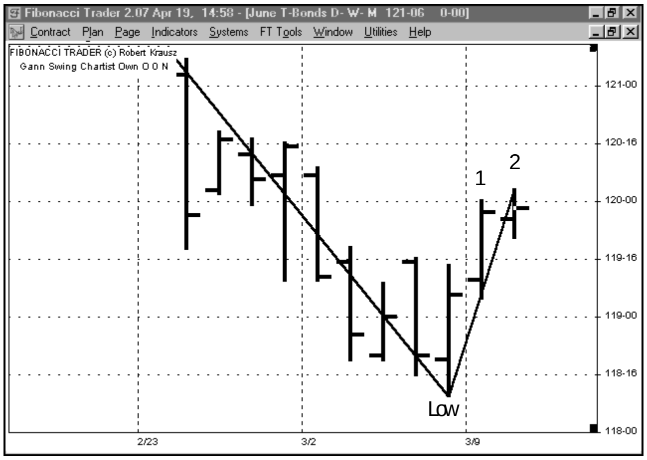
I worked my way through the well-worn pages, making notes as I went along. One method though, caught my eye. It was the "Mechanical Method and Trend Indicator for Trading Grains". Given my personal approach to trading, this method was given priority. Can you imagine my surprise when I came to pages 11 and 12 and saw that Gann had altered some of his original calculations and signed these alterations in his usual purple ink? And what did Gann write? Very simply: "<u>Use 2 day charts and rules better than 3 day. Signed W. D. Gann.</u>



Fibonacci Trader plots the key indicators automatically.

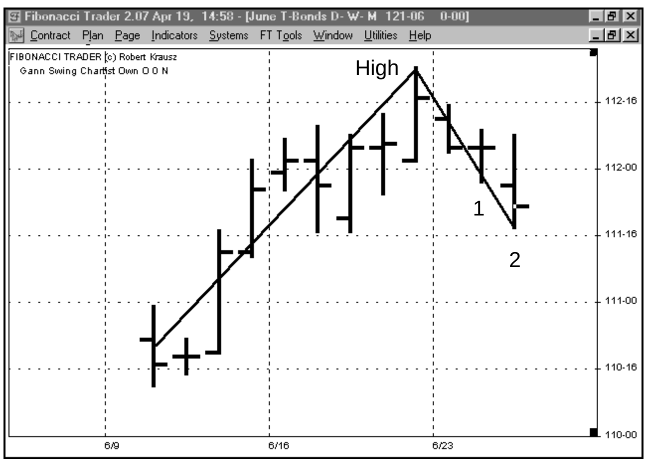
Charting by hand, I performed a back test of the T-Bond futures markets and proved to me that W. D. Gann's new Two Day Swing Concept provided two pieces of vital information: First, the trend direction and second, the points of support and resistance. The manner was simple, yet brilliant, and is the basis for what follows in the next four issues of the FTJ. So let's establish the basic definitions for the New Gann Swing Chartist.

Definitions



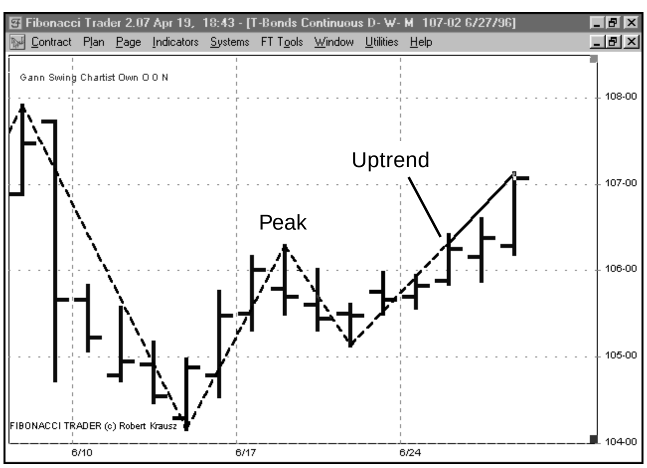
The upswing begins after the second consecutive higher high.

Upswing: From Down to Up. The first definition is the upswing. The swing direction can only change to up if the market makes two consecutive highs. Looking at the figure to the left, you can see that bar number 1's high is the first consecutive high, and the bar number 2 is the second consecutive high. The placement of the lows is not considered. Fibonacci trader will automatically plot a line indicating an upswing. Whenever there is not a consecutive high the Fibonacci Trader will plot a white line. Outside days and subtle points will be covered in Issue II.



The down swing begins after the second consecutive lower low.

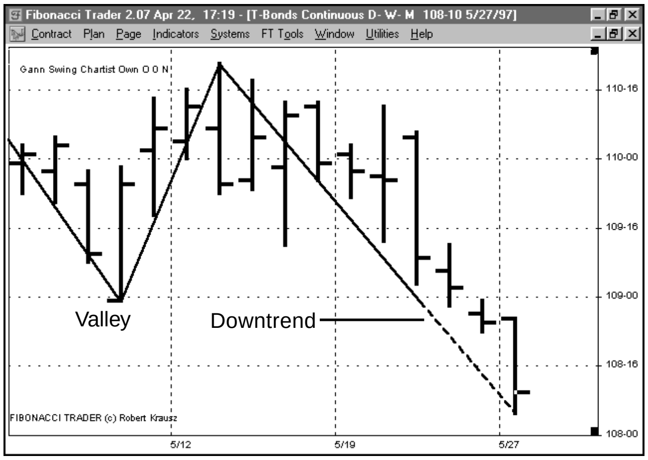
Downswing: From Up to Down. The downswing direction can change to down only if the market makes two consecutive lower lows. Looking at the figure to the left, you can see that bar number 1's low is the first consecutive low, and the bar number 2 is the second consecutive low. The placement of the highs is not considered. Fibonacci Trader will automatically plot a line if there is a consecutive lower low. Whenever there is not a consecutive low the Fibonacci Trader will plot a white line. Outside days and subtle points will be covered in Issue II.



The trend changes to up after a peak is passed.

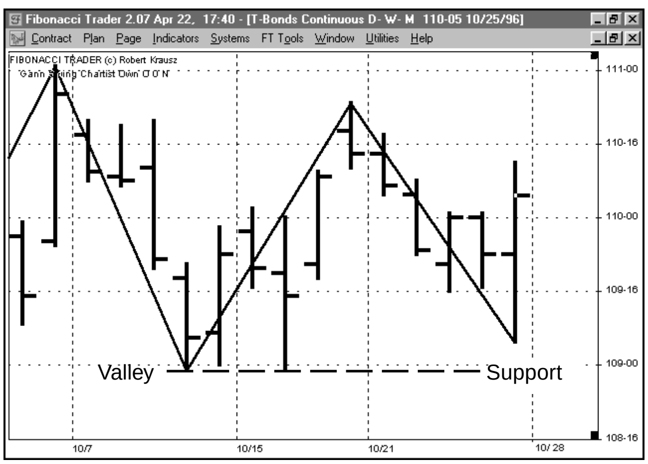
UPTREND: Trend Change from Down to Up. First, a dashed line indicates a downtrend. A solid line indicates an uptrend. To change from a downtrend to an uptrend, the trend must have been down, as indicted by the dashed line. A peak is formed by an upswing followed by a down swing. If this peak is passed on the upside, the trend changes from down to up. The Fibonacci Trader will automatically change the Gann Swing Line to a solid green color when the peak is passed. The market does not have to close above the peak to change the trend to up.

DEFINITIONS



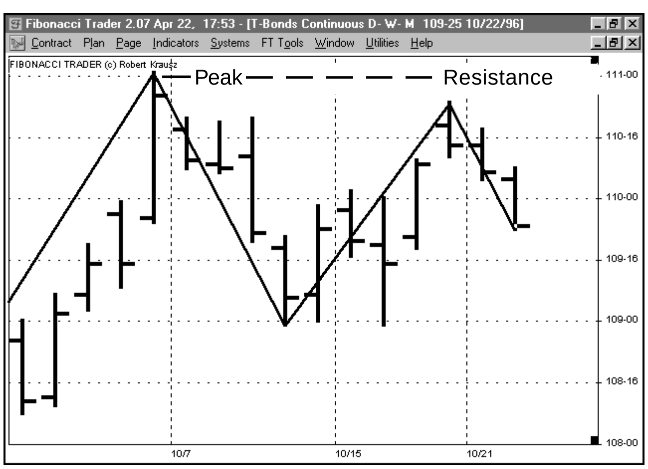
The trend changes to down when the previous valley is taken out, and the trend was up.

DOWNTREND: Trend Change from Up to Down. The solid line denotes an uptrend. A dashed line indicates a downtrend. To change from an uptrend to a downtrend, the trend must have been up, as indicted by the solid line. A valley is formed by a downswing followed by an upswing. If this valley is passed on the downside the trend changes from up to down. The Fibonacci Trader will automatically change the Gann Swing Line to a dashed red line when the valley is passed. The market does not have to close below the valley to change the trend to down.



A clearly defined valley will act as support. As long as the market does not fall below the valley, support is holding.

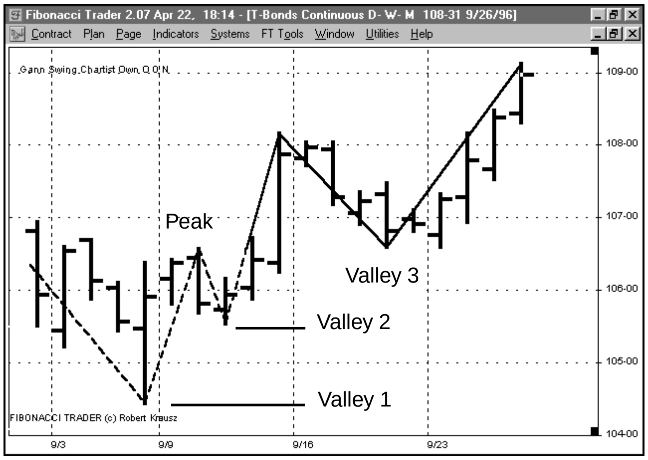
SUPPORT: Support is the Valley of the Previous Clearly defined Swing. As long as prices do not penetrate below the valley point, support is considered to be holding. This valley point is actually the low of the previous completed downswing, and followed by an upswing. If prices penetrate below the valley, then support may be failing. The support or valley level can occur whether the market is in an uptrend or a downtrend.



The previous peak will be resistance.

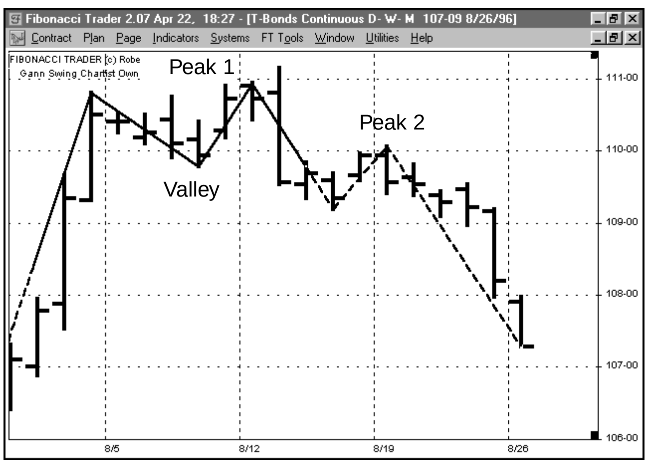
RESISTANCE: Resistance Is the Peak of the Previous clearly defined Swing. As long as prices do not penetrate above the peak point, resistance is considered to be holding. This peak point is the high of the previous completed upswing, and followed by a downswing. If prices penetrate breakout above the peak, then resistance may be failing. The resistance or peak level can occur whether the market is in an uptrend or a downtrend.

DEFINITIONS



Rising valleys can indicate the beginnings of an uptrend.

Rising Valleys: An uptrend is a series of rising valleys. Notice in the chart to the left that the first valley concluded the low downswing. Next the market rallied and formed a peak. Then valley 2 formed, which is higher than valley 1. Finally, the market moved above the peak, signaling a change from the downtrend to the uptrend. Interestingly, valley 3 was a retest of the last peak (resistance). This is classic technical analysis in action.



Declining peaks can indicate a top.

Dropping Peaks: A downtrend will begin after the formation of the highest peak, and will be a series of dropping peaks. Looking at the chart to the left you can see that the market formed a peak, while in an uptrend, and then fell below the previous valley. Dropping below the previous valley changed the trend from up to down. After breaking below the valley, peak number 2 formed, which was lower than peak 1. This series of dropping peaks was more evidence of a downtrend in force.

DYNAMIC FIBONACCI CHANNELS

This is the first indicator we will discuss using multiple time frames. The examples we examine are T-bonds 10 minute/ 50 minute/Daily the S&P 500 9 minute/45 minute/Daily, both are using real time data. Please create one or both plans:

T-BONDS	S&P 500
Own = 10 minutes	Own = 9 minutes
Next = 50 minutes	Next = 45 minutes
High = Daily	High = Daily

I will discuss how to set up the various channels for the T-bonds first. The set up for the S&P 500 varies slightly.

First, create three Dynamic Fibonacci Channels – one for each time period. Click on the Dynamic Fibonacci Channel in the indicator window, and add the indicator three times. Next, modify each channel for the setup of multiple time frames by clicking on the Edit button, and changing each channel's settings. Use the following values, one setup for the Own Time Period, one setup for the Next Time Period, and one setup for the High Time Period.

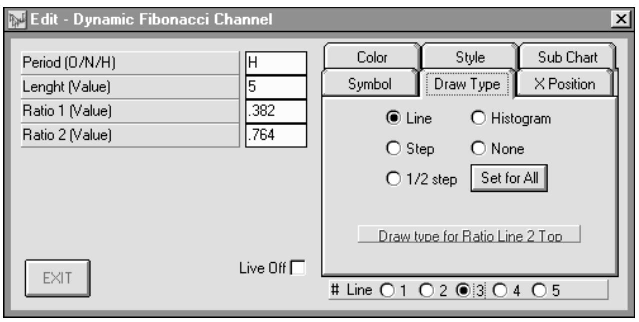
Period	**O**
Length	**5**
Ratio 1	**.382**
Ratio 2	**.786**

Period	**N**
Length	**13**
Ratio 1	**.382**
Ratio 2	**.786**

Period	**H**
Length	**5**
Ratio 1	**.382**
Ratio 2	**.786**

Click on the edit button and change each of the three channels to one the above values.

To plot each channel we use only the Ratio 2 Line. All other lines are not shown as they are not needed. Select Draw Type which controls which lines are plotted.



Set lines 3 and 4 to Line in the Draw Type window.

S&P 500 9 Minute/45 Minute/Daily Plan

Use the same setup of the channels except the High Time Period is:

Period	**H**
Length	**3**
Ratio 1	**.382**
Ratio 2	**.786**

Your chart for the S&P 500 should show all three channels as per chart #2. It would be best to save these setups in Systems so you only have to define each setup only once.

Lines 3 and 4 are the only ones, i.e., the Ratio 2 = .786, we will use. Lines 1, 2, and 5 should be off by clicking on the "none" field. You can adjust lines 3 and 4 colors of your own choice.

The example above is for the High Time Period, follow the same routine for the Next Time Period making sure that only the top and bottom lines of this channel are showing. The third channel we plot is for the Own time period (10 Minutes). This is our focus bar i.e., the time period we are actually trading. The final setup should look similar to Chart #1. Next is the S&P plan.

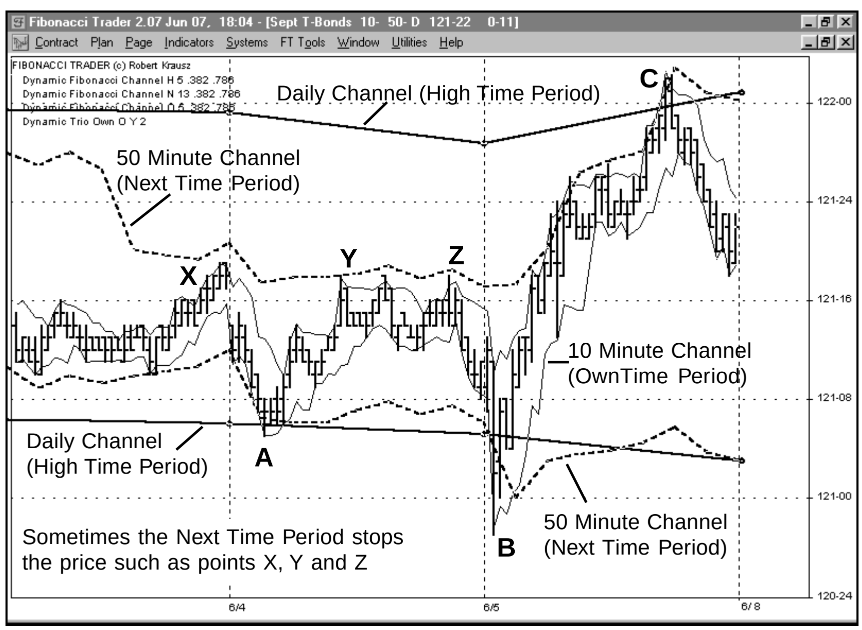


Chart 1: T-bonds 10 Minute Bars. Notice how the market reversed at the Daily Dynamic Fibonacci Channels at points A, B and C. Points A and B are potential buy setups, while point C is a possible sell setup.

Two questions come to mind: First, what does this all mean, and second, how do we use it?

These multiple time frames tend to define "extremes of price moves." It can be useful to define potential termination of price moves. This may help us anticipate a possible trend reversal in areas where the three channels meet. In Chart #1 points A and B are potential buy setups, while point C is a possible sell setup. In Chart#2, the S&P, points A and B are potential buy setups and point C is a possible sell setup.

In our next issue we will go into how and why on a trade by trade basis. Our entry trigger will be the Own Period Dynamic Trio. Please set it to "wait for the close = yes." This allows us to take action (if we desire) in areas of potential price termination as defined by our Fibonacci Channels. Using this exclusive Fibonacci Trader tool we now have a possible intraday/short term strategy, which if properly developed may become a nice trading plan. Look at the arrows shown in Chart #3. Please practice this concept and do a back test. By the next issue you will be ready to plug this into a plan with rules, money management, etc.
Can you use this concept for Daily Bars?
How about trying Daily/Weekly/Monthly Dynamic Fibonacci Channels?
I wish you super trading.

Robert Krausz, MH BCHE.

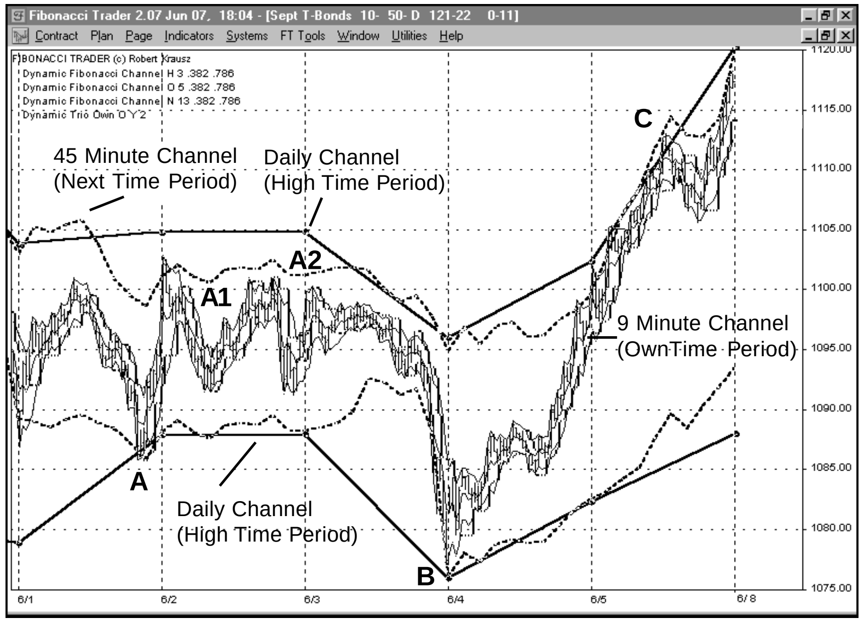


Chart 2: S&P 9 Minute Bars. Occasionally there is not enough energy to drive prices all the way to the High (Daily) Channel but it is stopped by the Next Time Period Channel, in this case the 45 Minute upper Band at points A1 and A2.

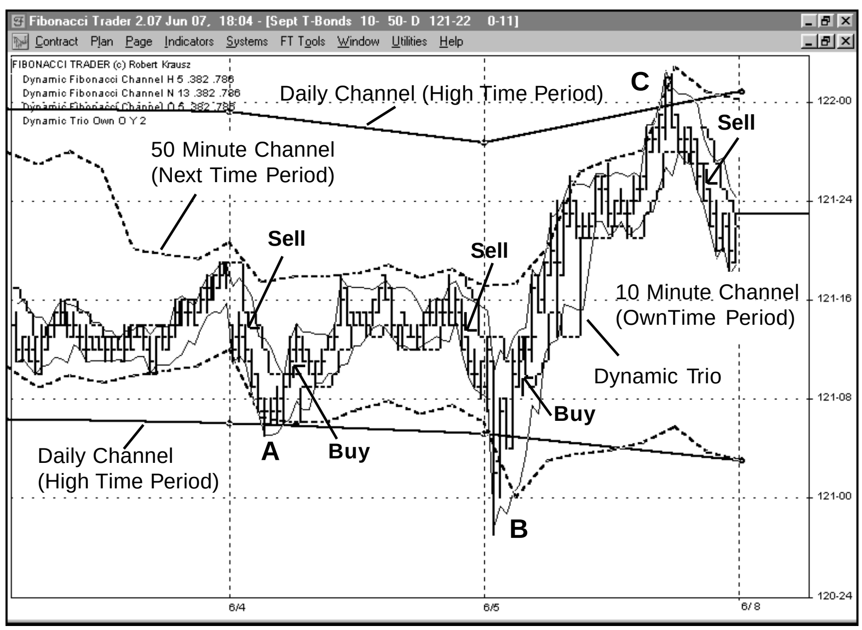


Chart 3: T-bonds 10 Minute Bars. Tests of support or resistance at the Dynamic Channels can be combined with the Dynamic Trio for trading.

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