

# Pattern, Price & Time

SECOND EDITION

*Using*  
Gann Theory  
*in*  
Technical  
Analysis

JAMES A. HYERCZYK



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*Using Gann Theory in Technical Analysis*

**Second Edition**

**JAMES A. HYERCZYK**



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# Preface

I'm sure you've all heard the expression, "The more things change, the more they remain the same." This is true when it comes to technical analysis. Although there have been advances in technology since the first edition of *Pattern, Price & Time* was published in 1998, the markets are still creating patterns, making percentage retracements, or hitting cycle lows just as they were in 1998 and even before then.

With each new software program there seems to be another way to analyze and trade the markets with some new oscillator or indicator in an attempt by the trader to gain an edge. Unfortunately, this theme of smoothing out valuable information like the Open, High, Low, and Close has, in my opinion, created more difficult trading conditions. Today, despite all the new technical analysis tools and equations, the definitions of an uptrend—higher tops and higher bottoms—and of a downtrend—lower tops and lower bottoms—have remained unchanged for decades. Today, while traders remain fascinated with smoothing out data in an effort to get the edge, the art of analysis of the simple basic data has been cast aside.

As I wrote in the first edition of *Pattern, Price & Time*, my intention is not to write about W. D. Gann, but instead to write a book about what I consider to be the major themes of Gann's work: pattern, price, and time. In addition, I wanted to write a book that can be used by the analyst and trader who can apply Gann's basic rules to the markets without having to learn astrology or buy Gann wheels and plastic overlays. I wanted to write a book that would introduce a trader to techniques that would allow a trader to take basic data that is available every day and through study, experimentation, and practice create sound market analysis.

My experience in the futures business has shown me that too often traders become hooked on either pattern, price, or time in their analysis. They tend to weight their analysis one way without an equal balance. The most common mistakes are systems built around time to enter and price to exit, or price to enter and time to exit. In addition, traders who use pattern often enter or exit at poor prices or with poor timing. These observations provided further evidence that a combination of all three methods is necessary for success in the marketplace. It is on this premise that I have based my book.

As I outlined this edition of the book, I decided to maintain my original objective to write about the simplest approaches that would demonstrate how each of Gann's methods worked individually, and how each method worked in combination. In *Pattern, Price & Time*, 2nd edition, I even decided to include other popular pattern, price, and time indicators to show how they can be incorporated with Gann's basic premise of balancing price and time.

After a brief introduction as to why I choose to write about pattern, price, and time, I introduce W. D. Gann and his theory. I follow this up with information on the importance of having correct data and charts. This is followed by descriptions of the key elements of technical analysis: pattern, price, and time. In the pattern chapters, I discuss trend indicators and chart formations. In the price chapters, percentage retracements and Gann angles are detailed, followed by a chapter on combining pattern and price. Finally, concepts of time analysis finish the core analysis techniques. The last chapter demonstrates the effects of combining pattern, price, and time into an analysis and trading tool.

After the last book was published, I received criticism that I was holding back on Gann's secrets. This could not be further from the truth. I stated in the book that teaching financial astrology was beyond the scope of this book and could take years to learn and apply. I stated it was not my intention to write or teach financial astrology. I can say that if you understand the basics of this book then learn financial astrology, you will have an edge over those who only know astrology because, after all, astrology is a time indicator. Remember that although Gann said that time was most important in identifying changes in trend, price and time and money management are just as important when trading. In order to appease those who feel I am keeping secrets, I will publish a few surprises in this book that will point those who want to study the metaphysical elements of Gann analysis in the right direction. This includes what I believe is the source of his Law of Vibration and a list of books that he recommended. In an effort to provide the reader with more automation I've attached a link to the TradeStation code for my trend indicator at [www.wiley.com/hyerczyk](http://www.wiley.com/hyerczyk). This will allow the reader to create swing charts in the same manner as W. D. Gann.

In conclusion, this book is intended to be educational and informative. It is by no means intended to replace the books and courses written by W. D. Gann. At times the book may seem repetitive, especially in the chapters about the trend indicator. This is done intentionally because I wanted to emphasize, just as Gann did in his books, that the analyst must study, experiment, and practice these techniques over and over. If anything, this book should be used by the novice as an introduction to the subjects of pattern, price, and time. It should be required reading before computerized analysis is attempted. It is very important to learn how pattern, price, and time techniques work before using computerized trading indicators. This book will provide a good base for the analyst who wants to use more sophisticated technical analysis techniques. The expert trader could also use this book to enhance his or her analysis or trading abilities. While Gann analysis concepts are discussed in this book, it is not intended to be a book solely on Gann analysis as many original ideas and techniques are introduced throughout the text. Gann,

for example, left no record on how to trade stock indices, Treasury bonds, or Forex markets. Although at times limited by page size in this book, I believe pattern, price, and time analysis is presented in a detailed but clear manner. I hope that you find the ideas in the book as useful as I have.

**James A. Hyerczyk**  
Palos Park, Illinois  
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