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& MODERN PHYSICS TO FORECAST
FINANCIAL MARKETS

TRADING

FABIO ORESTE

Quantum Trading

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Quantum Trading

*Using Principles from
W.D. Gann and Modern Physics
to Forecast Financial Markets*

FABIO ORESTE



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Published by John Wiley & Sons, Inc., Hoboken, New Jersey.

Published simultaneously in Canada.

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Library of Congress Cataloging-in-Publication Data:

Oreste, Fabio, 1963–

Quantum trading : using principles from W.D. Gann and modern physics to forecast the financial markets / Fabio Oreste.

p. cm. — (Wiley trading series ; 409)

Includes index.

ISBN 978-0-470-43512-0 (cloth); ISBN 978-1-118-09352-8 (ebk);

ISBN 978-1-118-09353-5 (ebk); ISBN 978-1-118-09354-2 (ebk)

1. Speculation. 2. Stocks. 3. Quantum theory. 4. Physics. I. Title.

HG6041.O74 2011

332.64'5—dc22

2011007465

Printed in the United States of America

10 9 8 7 6 5 4 3 2 1

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Preface

I have written this book for traders, both professionals and beginners, who would like to start a new adventure, a journey into the vast and unexplored land of Quantum Trading. It's a journey that could change your life forever.

This book could also be considered an exploration of phenomenology and quantum philosophy. Why philosophy and not science? Because the quantum viewpoint affects not only particle science but also contemporary psychology and the way we conceive of the relationship between observed objects and the observer. We will also examine how we think of and experience reality.

Great thinkers such as Max Planck, Carlos Castaneda's Don Juan, like Erwin Schrödinger, W. D. Gann, and Albert Einstein have more in common than you might suspect. This book aims to express rocket science concepts in layman's terms and apply them to your daily lives and trading; it's going to be a lot of fun. You will better understand how reality works and achieve amazing results in many areas of your life. Above all, you can make huge amounts of money using these concepts to trade the markets.

We will be applying these ideas to create a Quantum Trading system that provides a high percentage of winning trading signals. In the first few chapters, I describe my proprietary approach to financial trading based on Einstein's theory of relativity and quantum physics, and how to start a very profitable business with little capital, compared to other businesses.

You will be able to set up your own personal "trading firm" without formally incorporating a company. If you follow the rules in this book and always use stop-loss orders, then you will find yourself trading more successfully. Stop-loss orders prevent large, unexpected losses for each trade and allow for the possibility of only relatively small losses, according to your personal risk tolerance.

If you are an absolute beginner and don't know how to calculate the best stop-loss with respect to your trading capital, don't worry. It is explained in detail within later chapters.

This book is also written for professional traders who may have many years of experience, but are looking for something new in the enormous arsenal of technical analysis theories and tools. I have been successfully

using the Quantum Trading approach to manage my client's accounts for years, and I believe that other professional traders can use this theory to improve their performance, too.

The techniques presented here are based on a new approach to financial trading that I have developed during the past 15 years, and they are quite different from the classical technical analysis trading tools, even if they share some common ground.

You can apply Quantum Trading techniques to different time frames, such as weekly, daily, 60-minute charts, or 5-minute charts.

This book is not about methods of technical analysis that you are used to seeing. I am not going to speak about moving averages, oscillators, or the hundreds of indicators you already know about. Perhaps you are searching for something different, a more precise instrument that can indicate when the next top or bottom price could form.

Rather, this book is about quantum prices, time levels, and how the theory of relativity and quantum mechanics concepts can practically affect your favorite stock, commodity, or currency price. It is also about trading models that provide precise indications on trend turning points and how to predict the most likely prices and times for the major and intermediate reversal points.

We start our journey by borrowing some ideas from the theory of relativity and its implications in modeling space. We continue by examining electron behavior in the quantum world. Finally, we compare this notion with some of W. D. Gann's 100-year-old concepts about the market that are still relevant today.

We continue our journey by exploring fascinating lands, learning how quantum laws, according to scientist such as A. Goswami, can also affect our daily life. We review how this quantum approach can help us in obtaining a more meaningful life, freedom, and financial independence, and dramatically improve our life and the ability to get what is really important to us.

At the end of this process, you are going to discover many interesting and safe ways to make money in the financial markets using unconventional yet powerful trading techniques such as Quantum Price Lines (QPLs) and Time Algorithms (TAs).

If you continually improve yourself and reach for a higher and higher level of knowledge and awareness, you will exponentially increase your personal power and improve your energy level. You will experience a quantum leap in the quality of your life. Then wealth will come to you like a moth to a flame.

If you are ambitious and feel you have many goals still to reach in your life, then reading *Quantum Trading* can help you to improve your trading and change your life forever.

Fabio Oreste

CHAPTER 1

The Birth of Quantum Trading

*How Einstein's Theories
and Quantum Particles Affect
Your Daily Trading*

It was April 14, 2000, and the market was about to close. I had just placed a selling order on all of the put options I had bought a few days before and cashed in my profit. I stared in disbelief one last time at the prices on my screen. I couldn't believe my eyes! I was excited because the S&P 500 was plummeting, losing more than 180 points from the historical top in a few days, and the put I had bought had earned 128 percent. I had waited a long time, recalculating almost every day the most likely price level for a reversal and waiting for the moment when the S&P 500 price would meet with the maximum curvature point of the P-Space, the new trading tool I had been developing during the past years. From another point of view, this would have been the point at which the quantum entanglement would be relevant.

Quantum entanglement is a property of the quantum mechanical state of a system that contains two or more objects. Specifically, the objects that make up the system are connected in a way that cannot adequately describe the quantum state of a constituent of the system without full mention of its counterparts, even if the individual objects are spatially separated.

I had been waiting for this quantum correlation between P-space and the S&P 500 price for a long time. In those days I had not yet developed the software that now allows me to visualize in a few seconds the points most likely for a reversal on the chart. To calculate everything by hand, I needed a lot of time.

The week before I had warned my clients to close all of their long positions on stocks and take profits. Most of them were astonished and asked

me, “Why do I have to sell when the stock exchange continues to rise and I’m making money?”

“Stock prices are likely to drop significantly soon,” I explained, “and before we see such price levels again, many years will pass.” At that time they surely thought I was crazy, but in hindsight I was proved correct. If you study my Quantum Trading techniques you will discover why.

I wanted to go out and get some fresh air, despite the fact that it was raining, when the phone rang.

“Hey, Fabio, have you seen the S&P 500? It seems you were right. It reached the levels you forecasted. Try not to disappear tonight because we need to celebrate! I saw how much the puts you bought for my managed account are worth now, and we made a fortune. All of us will come over to your house around eight-thirty tonight. We’ll bring the champagne and dessert, and you’ll cook the risotto. We need to talk. You have to explain to me how your theory works again. By the way, does your theory also work for currencies?”

“Yes, it also applies to currencies, and to everything else traded on the stock exchange. Your plan sounds great. See you at eight-thirty,” I responded to Dave, a friend of many years and also one of my best clients. I left my house and walked briskly through the pouring rain. I needed to decompress after such an intense trading day. The raindrops beat down sharply on my head, helping me to reflect.

Take a look at Figure 1.1. On April 10, 2000, I bought put options on the S&P 500 expecting a big drop for stocks and the entire index because



FIGURE 1.1 S&P 500 Future: Major Top Forecasted in 2000 Using QPLs

two major Quantum Price Lines (QPLs) were simultaneously touched by the index price at point A on the same day.

This is a very rare event and when it happens the market is ready for a big movement within a few days. Instead of the put option we could have sold short a future contract on an S&P 500 to take advantage of the significant drop following the contact of the price and the two QPLs. The two QPLs indicate the point of maximum curvature of the S&P500 P-space which, when reached by the price at point A, indicates a strong reversal pattern. How did we calculate them? We discover the answer in the next few chapters.

Walking down the street, I was happy because I had finally proved to myself that my trading theories, based on Einstein's space-time discoveries and on the behavior of an electron leaping from one energy level to another, were working well and were profitable. After years of study and observation I had finally developed two complementary trading models that worked very well together. Physicists were still split on the supremacy of quantum mechanics over Einstein's theory of relativity, and many contradictions were still in place in the standard model of quantum physics because the Higgs boson has not yet been found. Even though Einstein didn't believe in quantum physics, my trading model uses both Einstein's theory and quantum mechanical approaches, successfully harmonizing both ideas for trading purposes.

The models that I had elaborated for trading were only partly drawn from physics. I had developed these trading models in an autonomous way beginning with the assumption that the entire universe is connected by a gigantic entanglement—or interconnection—governing not only the subatomic particles behavior, but also other complex and immaterial relationships, such as financial transactions.

I was also inspired by W. D. Gann's statement about the close relationship between atoms, electrons, and stock price behavior. Gann was one of the most legendary traders in the history of Wall Street. My way to calculate QPLs is partially based on Gann's confidential work, although the concept of P-space, based on the equivalence between Einstein's light deflection and price deflection phenomena, is completely new and unknown by previous traders and authors, including W. D. Gann. Furthermore, I rigorously propose a quantum scale for QPL calculation, based on Leibniz's original chart of 64 codes on which binary code is based, refusing to use a linear approach, and this is another new concept in trading. Two to the power of n is the number of ways that the bits in a binary integer of length n can be arranged. We use them to calculate our QPL's price orbital, the same way they are used to measure computer memory, processor power, and computer disk drives.