

Lesson 1 - Introduction

This **Trading Octave system** differs from any other **trading system** for our **software** automatically figures where the software should **set the 0/8ths and 8/8ths**, set inside one of **three squares** set of **base ten**, which is really moving inside a **cube**, you will see it soon.

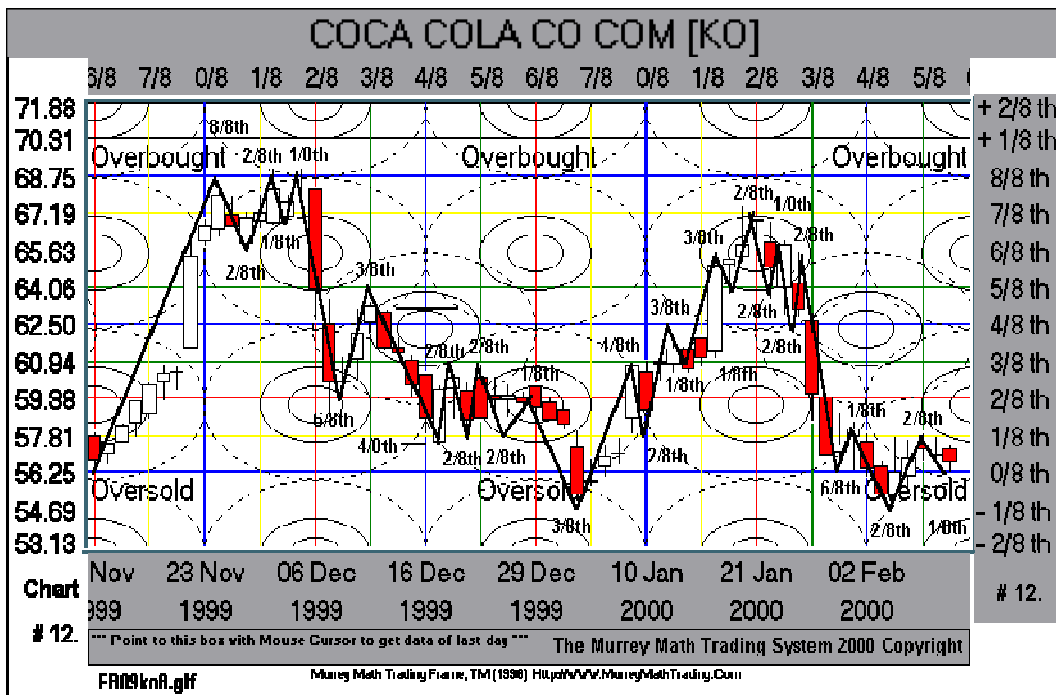
This kind of **octave** is referred to in the future as the **Murrey Math Harmonic Octave**.

Please notice how many times the **daily trading action** of this stock knew where our **pre-set MMTLines** were, and reacted by **reversing** off them.

As you grow in your knowledge of Murrey Math, you will amaze yourself that you shall be able to memorize all 49 of the internal, internal octaves inside the 1st Trading Square.

Please learn to basic **64 Japanese Candlestick** formations.

Horizontal lines are called **Murrey Math Trading Lines (MMTL)**



Lesson 2 - Time Lines

Every **fall**, right on the **frost**, our software **resets** our **Trading Frame**.

Now, as any market runs into its **Trading Frame**:

- 1 4 Day
- 2 8 Day
- 3 **16 Day** (normal trading frame)
- 4 **32 Day**
- 5 **64 Day** Time Frame,

We may expect the **greatest reverses** to occur on **0/8ths, 2/8ths, 4/8ths, 6/8ths**, and finally starting over on **0/8ths**.

The most **critical reversal** day is **6/8ths** inside the Trading Frame.

Format **16** is normal for **stocks, Bonds, and Indexes**, and **32** is more normal for **Commodities**, but we must switch back and forth between more than one Time frame to get the closest Trading Frame that gives us the best feel for our projected profits.

There are two reasons why markets **want to reverse** off a multiple of **four days**:

- 1 The **Earth** is set to **three days** of **magnetism** and **one day** of **neutrality** set off the 1st Frost each fall, please don't ask me where for I never disclose it!
- 2 The **S.E.C. requires** all trading **brokerage houses** to **return monies** after **three days** when a sale Long or Short Position is executed, so,

we see that the **S.E.C.** is setting its own **Harmonic Rhythm** inside our Trading Frame, which at **extreme highs or lows**, will run out of liquidity for a few days, so we would **expect reverses**.

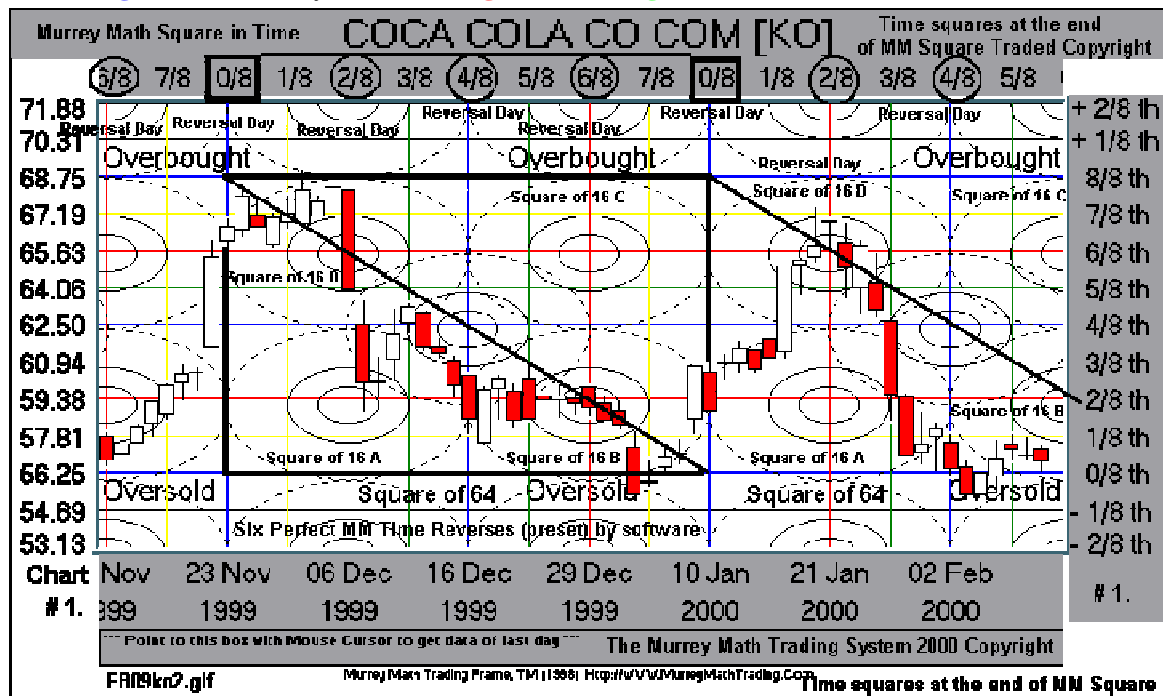
Reversal Days inside Trading Frame **16 and 32** predict **stronger reactions** when a market trades into a **certain zone of time**.

Please don't **discard** the other **9 trading rules** and rely too heavily upon **Time Reversals** as the Ultimate Predictor.

Time is not as **important** as you were led to **believe**.

Last July 9th, 1998, I told everyone to close out their **Long** Positions because it was situated in a **three-way negative** (positive) sell signal:

- 1 Market up + **7/8ths** inside its **Trading Frame**,
- 2 Market **moved up** too **steeply** the last **3 months**,
- 3 **Old highs** were exactly **6 months ago**. (**2 trading Frames**)



Lesson 3 – Reverse Lines

Reverse Lines Pivot Reversals: 0/8th, 2/8ths, 4/8th, 6/8th, an/or 8/8ths: Vertical Lines

All markets want to **move no more** than + or - **2/8ths** inside its **Harmonic Octave 75% of the time**, then it wants to **reverse**.

And if it **moves 3/8ths up** or **down** the odds are **93%** that it will reverse directions for at least **one trading day** even if it **reverses** and continues its current trend.

Too many traders will wait till **confirmation** and it is already **up** or **down (2/8ths)** then **enter** and wonder why they are always **missing** most of the move or getting **whip-lashed** by having it **reverse** and come back **against you** too often.

Even lines predict **pivot reverses** more often than **any set of lines** for one simple reason **Fibonacci Ratio 1.125%**.

The more accurate Ratio is the Murrey Math Rate Percent Movement, set inside or Square.

There are only four squares any market in this world has ever traded inside and they are **100, 1,000, 10,000** and **100,000**.

All we want to do is **see** any market **move** up or down to one of our **even lines** and **close the day** right **on the line**, or within **19 or 39 cents** from the line, then get ready for it to **reverse** the **next day**. (experienced traders follow another route - later).

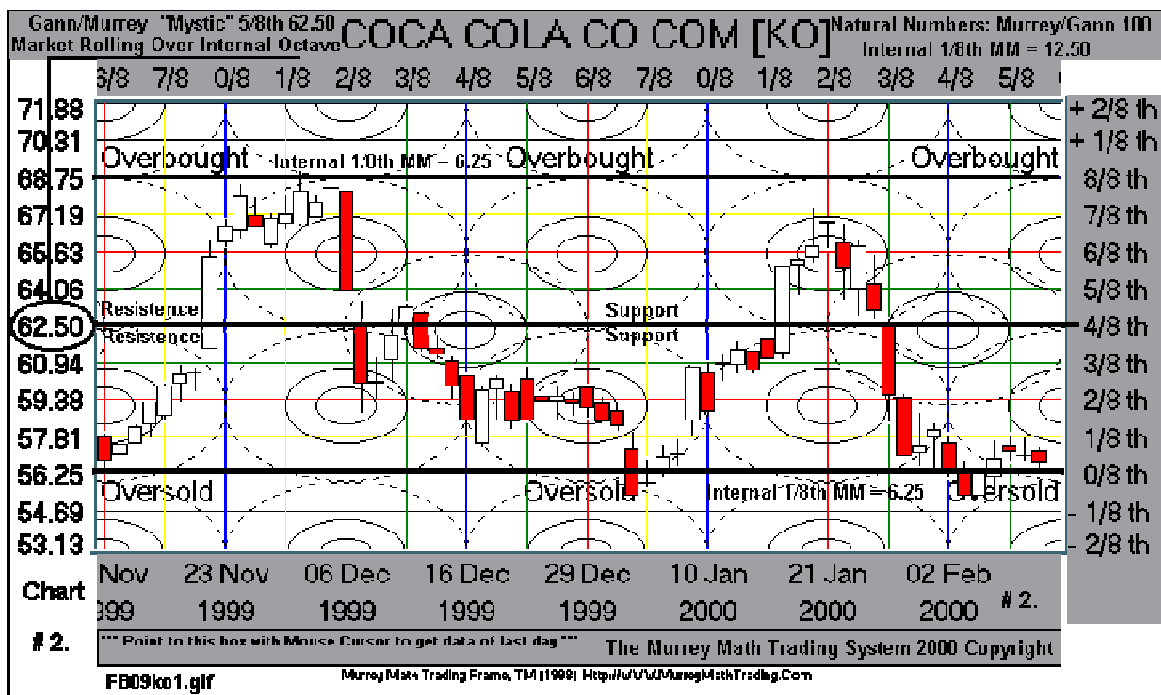
The **0/8th, 4/8th, and 8/8th lines** are **harder** to **penetrate**, so we would expect to see **reverses** occur off **these lines**.

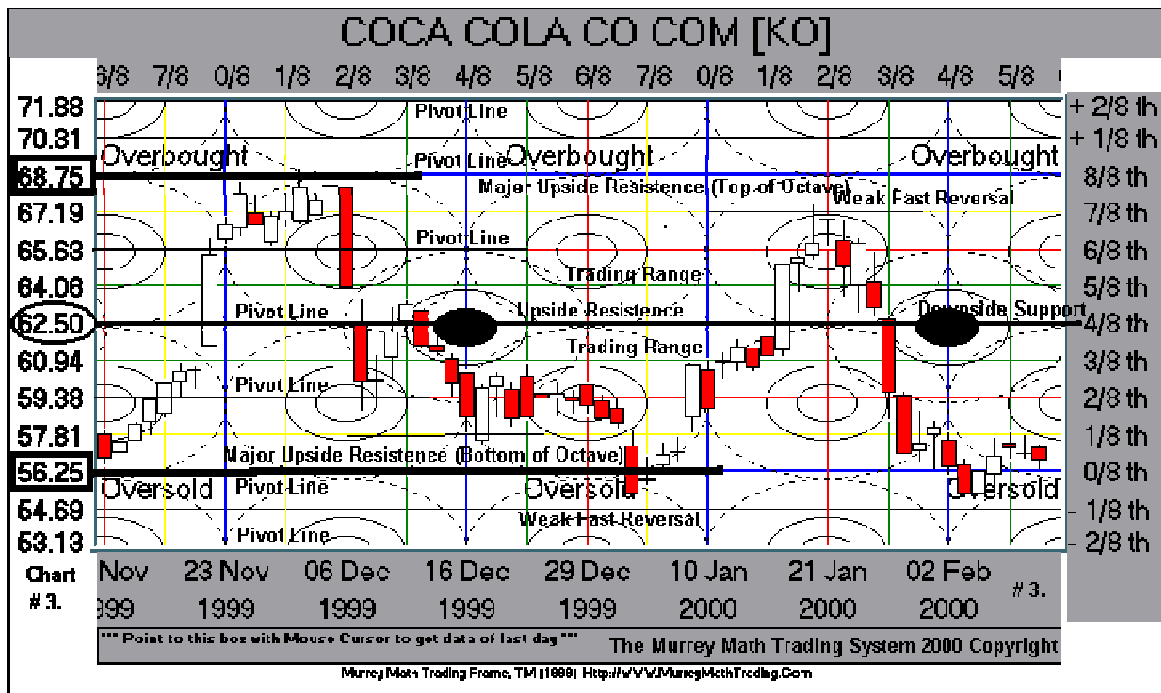
Common sense rules our logic, so, the **distance traveled**, the **longer** the better, will also predict our **best odds** for a **reversal**. **Rule 3**.

The **0/8th and 8/8th MMTL** are the **top and bottom** of the **Harmonic Octave**, so we would expect these lines to **hold** (stall or reverse) any market the **1st time** it **approaches** either one.

These **horizontal MMTLines** are always **pre-set** by the software as soon as the **high - low daily trading range** extremes fall into one of our **Harmonic Internal Octaves**.

Please **remember** these lines as **pivot lines** that reverse after **2/8ths runs** more often than other lines, so we would look for markets that **stallout** (close) on **these lines**.





Lesson 4 - Weak Lines 1/8th, 7/8th

1/8ths and 7/8ths are a **weakness** for the **Market**.

This means these lines will **fail to hold** and **reverse** markets **50% of the time**. But, if a **market closes** on these **lines**, and **reverses**, then you get a **sharp, steep reverse**.

I place a **reverse order opposite** the current direction, just **below its waist or neck** and stand back and watch.

Most **experts** just see **0/8ths and 8/8ths** nothing else.

We have **two trading** situations moving **UP** and **Down**.

You may call these **Undershoots** and **Overshoots**.

The simplest way to see what these words mean is to imagine that you are a **Top Gun** pilot and you are trying to land your **plane on a carrier**.

There is an **updraft** wind **bouncing off the decks**.

If you can imagine any plane coming in for a landing has enough problems, but this **updraft creates** the term **Overshoot**.

This market tried to **fall down** to the deck at **0/8ths** but couldn't fight off the **upforce** at **1/8ths** so it **reversed back up**.

A Market moving up has **two lines** that could **weaken** its progress: **7/8th and +1/8th** (above **8/8ths**).

Logic shows us **two** knowns:

- 1 How **far** has this market currently **run up** off its **last reversal**?
- 2 All markets don't want to **break-thru** the **8/8ths MMTLine** the **1st time** in the **trading frame**.

What are the **odds** of the **market reversing** according to the **current range** in **1/8ths**, near one of our **weak** lines. (**1/8th & 7/8th**) **Rule 3 odds**.

The extreme limits are **0/8ths and 8/8ths**, Therefore taking a profit at least **+2/8ths** would be **selling into a winner**, in either direction **rather than waiting** and letting it hit its **hardest lines** to get thru. (**2/8ths & 6/8ths**)

Once any market trades **above or below** its **Major Harmonic Trading Octave (8/8ths or 0/8ths)** it really doesn't know whether or not it wants to **get free** of its **last Trading Harmonic Octave**. But it still **remembers** all the **trading action** that occurred off the **last high** or **low reversal**.

Markets may **move up** into the **7/8ths range** and **stay there for months** before breaking out toward the **8/8ths** or even up to its **+1/8th** into the **next octave**.

Logic allows us to test this thesis by just thinking about what the **DOW 30 Stocks** have done the past three months.

If the **DOW 30 Stocks** hit **10,000** then we would expect that this market is trading inside the **cube of 10,000, 8,750** is the **7/8th MMTLine** inside 10,000.

8,750 now becomes **0/8ths** of the **Harmonic trading octave**.

7/8ths is equal in the scale of Music to the **Key of B** which has 5 sharps and no flats inside its octave, so we would **expect wide swings** inside this trading range from **8,750** up to **10,000**.

Please divide **1,250** by **8** and you get **7 internal harmonic pitch** changes inside the larger trading MMTL. (**The whole DOW**)

You will see each **1/8th** equals **156.25**.

If you look closely at $10,000 - 156.25 = 9,843.75$, you would have seen that the **DOW** couldn't move up thru its **7/8ths** the **1st time** to reach **10,000** before it sold off and got **support** down at **9,843.75**.

Conversely, when this market **reached 10,000**, we would have expected this market to get **strong resistance** up at **+ 1/8th above 10,000**, which translates in MMTLine = **10,156.25**.

The **DOW 30 Stocks** **reversed** off **10,156.25** last Friday morning (Options Expiration Day) then **fell down** to its current area near **6/8th MMTLine**.

Markets get **above their 8/8ths** MMTLine on **enthusiasm** by believing that numbers are just numbers.

Did you remember the **1st time** you made **\$10,000** per year; **\$25,000**, **\$50,000**, then **\$75,000**, then **\$100,000**? Numbers do matter and are major.

Markets **fall below** their **0/8th** and usually **fall** an additional **-1/8th below** the baseline off **panic selling** off lows by the rookies that Buy and Hold.

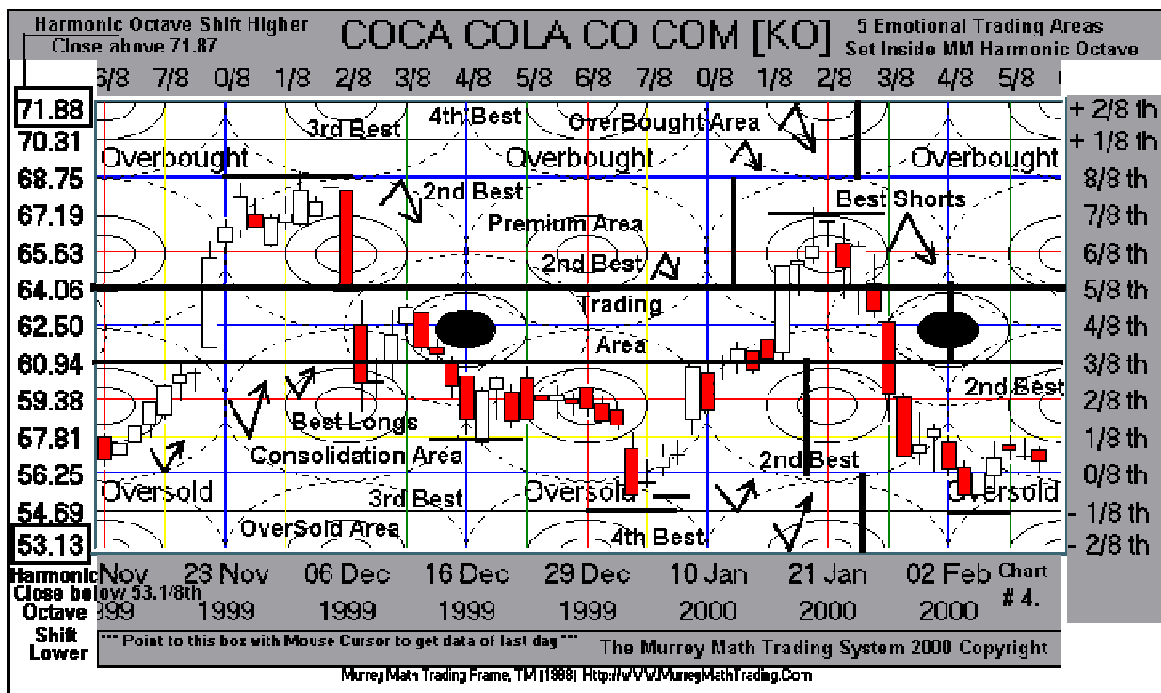
One must realize that any market may get **Overbought** (+1/8th) or **Oversold** (-1/8th) and stay inside these walls for as **long as several months** before it moves either way on the **other side** of its **0/8th or 8/8ths MMTLine**.

The critical question as to how long any market shall trade inside this narrow band on either side of its major MMTLine is directly proportional to **Rule 3** of **how long** a market has **run up** or **down** in its last range.

Reverses off the **1/8th** going back **up** and reverses off **7/8th** going back **down** will reward you more often with more than the **average +2/8ths** inside our **Harmonic Trading Octave**.

Drops in the market make **50% more profit** and in **50% shorter time periods**.

If you want to be a **real trader** you must learn to make the **fast profits** off panic off **7/8ths or +1/8th** (above 8/8ths) MMTL.



Lesson 5 - Momentum - Trend Lines

Euclid was invited to visit a friend's garden to admire his plants, flora, and his crystal formations.

As they sat and enjoyed green tea, the servant brought over a large prism crystal of quartz. As he approached Euclid he slipped and fell to his knees and finally dropped the crystals and the owner watched his prize light refractor shatter into **64 parallel symmetrical pieces, proportional to the original.**

Euclid jumped for joy. He had seen a **law of math** expressed in **divisions of parallels.**

Nature does as it should, it finally tries to **equalize every equation**, the **Center point** in the **parallelogram.**

Parallelogram Lines are set automatically for you by simply touching **Control M. 45 degree lines**

Momentum Lines are set off the **parallel momentum row** off the **1st low** and the **1st high** and the **2nd low** and simply **extend** these **lines** out to the **right** into the future.

The **Center Spine** of any run is always **visually set** off common sense.

If you look at this chart attached you shall see the **circled barrel** of the **Center Spine.**

If you ever record a **snake's forward progress** as it traverses thru sand, you would imagine a **center spine** dashed line down the middle **between its wavy lines** high in low that **form a parallel** wave consistent with **where they intend to go.**

Any market does the same thing, it won't move, very often in a straight line, **up** or **down** without coming back and **testing previous highs or lows** set off its original intent to move through its current traversing frame.

Markets will **move** to the right in only one of **three patterns**

1 **Irregular** 2 **Straight** 3 **Parallel**

If you look down to the **last low before** this daily trading action **entered this** current **trading frame**, it signaled to us where the **Center Spine was located.**

The **Center Spine** may be set at only one of **3 starting points: 0/8th, 4/8th, or 8/8th.**

You should expect any fluid **movement to extend** no further than **2 parallel lines above or below** its **Center Spine.**

Gann discovered that all markets want to **reverse** at least **1/8ths inside its extreme high and low range**, and we also found, thru observation, that all markets will be **affected** by **moves along its 50% lines** inside its normal band width **also at 45 degree angles.**

Markets reverse after running up, as far as they decide to run, so we simply **touch the down arrow** on

the **keypad** to look at the **reverse angles**.

But, **mathematically**, most **markets** want to **run up no more** than + 2 lines above the Center Spine and they want to **fall no more** than 2 lines below its top Center Spine set off its 1st nearest touch **reverse** coming into the **Trading Frame**.

The **Reverse**, into the future shall be predicted **ahead of time** off our **simple down arrow keypad touch**.

Major reverse angles always begin off the **Time Lines: 0/8th, 2/8th, 4/8th, 6/8th or 8/8th**.

The **minor time reverses** automatically come in on the **odd lines**.

Momentum Lines are **Trend Lines**. Trends are **daily trading action closes** that follow the same direction no longer **than 16 trading days** and no more than **4 to 7 weeks in either direction**.

Markets will **trend down longer** than they will **trend up**.

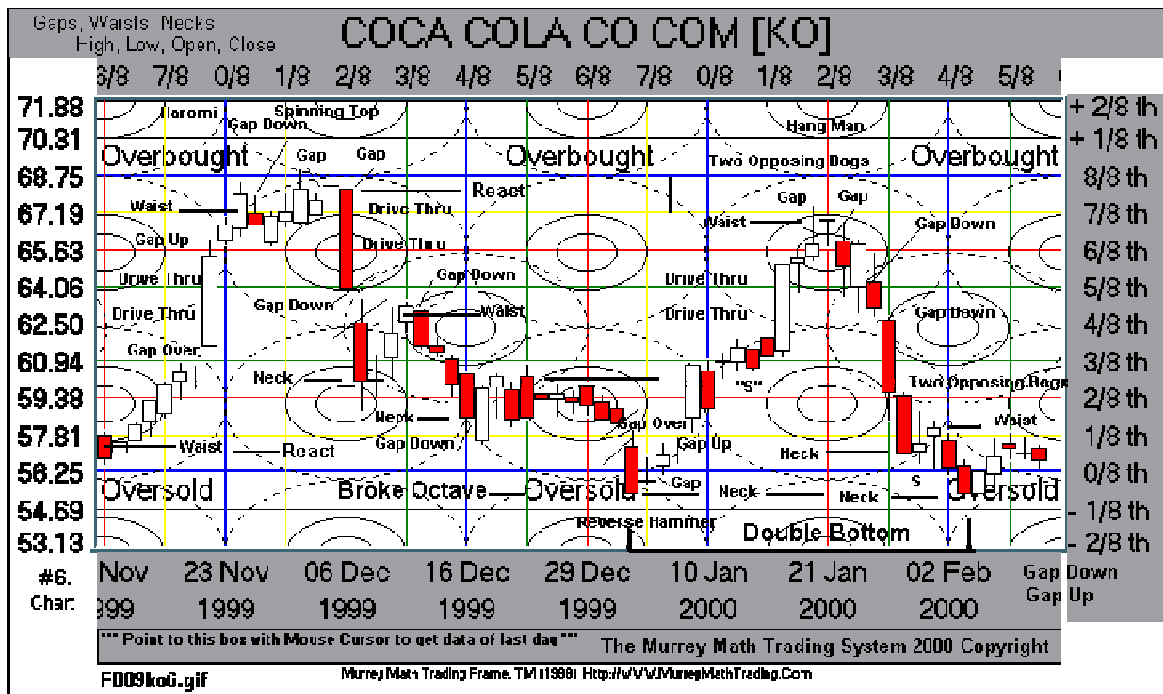
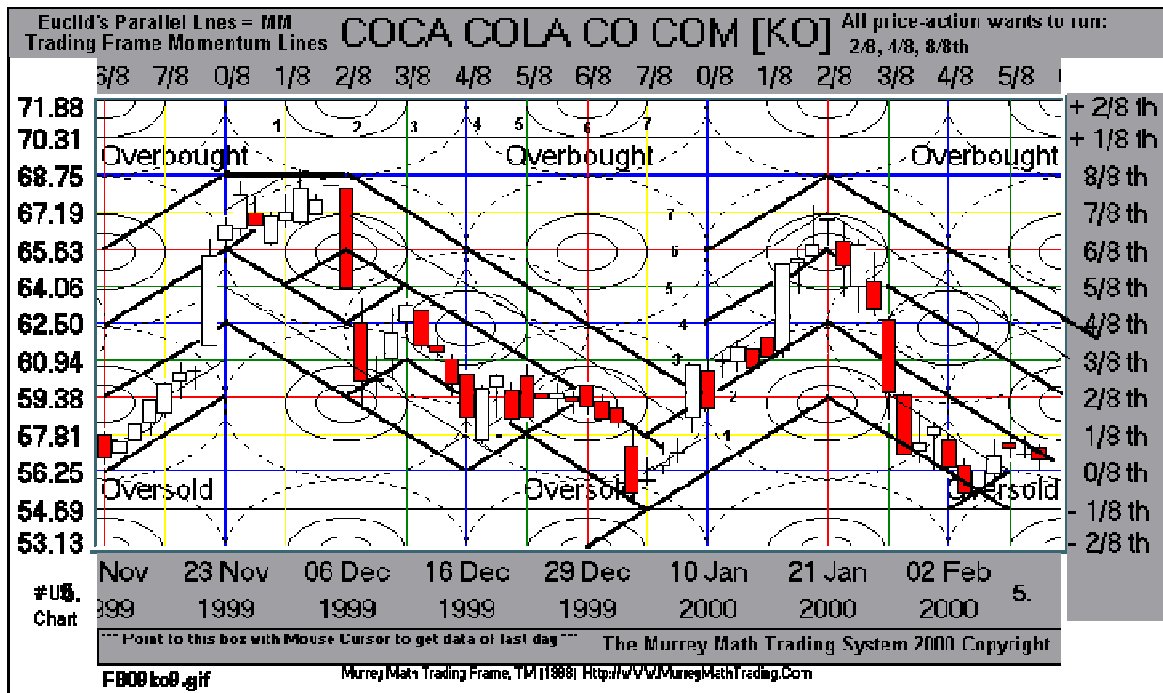
Any **trend is broken** if the **daily close** is either **above or below** the **line** it is **paralleling currently**.

It must **close** on the **opposite side** of the **line** for **four days in a row** to have escaped the **affect of the line** it just **paralleled**.

Check the following set of lines to see **which ones** are **most important** for the **present Harmonic Trading Oactive** :

Horizontal	MMTLines
Vertical	MMTLines
Sharp angles	MMSLines
Momentum trends	MMMLines

Markets do not always run in parallel lines. So we forget them until we see a trend developing along our parallel lines, then we simply turn on our momentum lines.



Lesson 6 Trading Range 3/8th - 5/8th

The **Trading Range** is the range between **3/8th and 5/8th**, inside the **Harmonic Trading Frame Octave** set to Music inside its cube.

The **Harmonic Octave** is automatically setting itself into three parts:

- 1 **Lower Trading Range** = **0/8th to 3/8th**
- 2 **Trading Range** = **3/8th to 5/8th**
- 3 **Premium Trading Range** = **5/8th up to 8/8th**

Market prices trade differently inside these three price ranges:

- 1 **Trading Range**, markets **want to stay** inside **3/8th and 5/8** - **43.3/4% of time**,
- 2 **Lower Trading Range**, markets must prove they can break into its trading range, **below** the **3/8th line**, traders are more slowly apt to invest and will stand aside and watch the market go up until it gets into its **Trading Range 3/8ths – 5/8ths**. (**opportunity** knocks)
- 3 **Premium Trading Range**, is the price area in which all **markets** are **the most volatile** and where traders are **most willing to pay** any **higher price** just to own it.

Once a **market breaks out** above its **Trading Range**, it enters **its Premium Trading Range** **where** all the **confirmation rookie traders** will **enter any market**.

A **feather** will not want to **touch the floor** the **1st time it falls** toward the **floor** and it will **bend back up** just as it will not want to **move up to the top** of the room because the **air is hotter and thinner**, so the simple fact that it will accelerate as it falls and it has also run out of steam or **upthrust** from its **last run-up**.

Every market will have to **prove** itself inside its **Harmonic Octave** first, then it must prove that it is worthy of trading inside its **Trading Range**, then it will **accelerate** inside its **Premium Trading Range** above its.

Gann discovered that **markets want to move** in price lengths of:

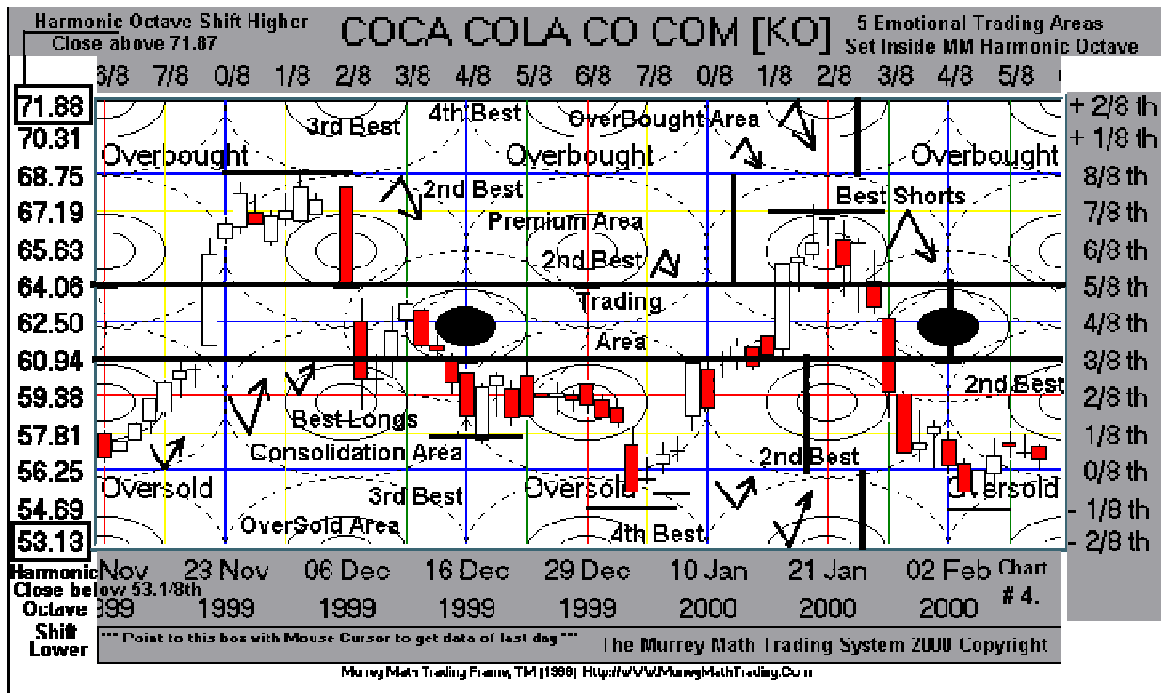
- A **38.2%**
- B **No more** than **61.8%** of its **last range**.

Rule 3 shows us different runs up or down in 1/8ths and the **likelihood of reverses** in **%**. This will **determine how far** you might expect any **market to move** before you sell into your **profitable position**. **At least 50% of the last range**.

The **Lower Trading Range** below 3/8ths and the **Premium Trading Range** above 6/8ths **form hard barriers** of **resistance or support** the **1st time** any market **approaches** and tries to **break thru**.

Always go back to **Rule 3** and **count how far** any market has **moved up or down** and then see how **close** our **daily trading action** is to either our **3/8th or 5/8th MMTLine**.

Now **count the days** it has **stayed above, below, or inside** its **Trading Range** and then you will **expect market reversals** of a market's **desire to fulfill** the **Percentages** of its **3 ranges** in the octave in relationship to what trading area it currently occupies.



Lesson 7 - Speed Lines

Speed Lines are Automatically inserted correctly inside the Murrey Math Trading Frame as soon as you click on **Control S**.

To insert the **down Speed Lines** simply touch the **down arrow**.

To take off **unused Speed Lines**, click on the **number that matches** up please see the chart.

There are **7 Speed Lines** and we have **assigned a number** to each going from least to most fastest = **No 7 - 87°**.

The **Up Angles** always appear **1st** because the US markets **move up 70%** of the time, so we should **think Long** but we should also be ready to **Short** runs up that move more than **+ 2/8th or + 3/8th** or take at **least a 50% profit of the last range**.

50% profits are 50% of our trading strategy.

We have a **speed line** every **2/8ths** in **Price** and **Time** now watch daily price action inside the **Trading Frame** and start trading.

We **don't** need to **add minor 1/8th Speed Lines** it just clutters up your mind.

The **Speed Line** is set into our **trading strategy** for one reason, to **let you see reversals faster**.

If you **wait** until the **end of the trading day** to get a **signal** off one of **these lines** you will always be **getting in** a little **late**.

You must always remember **Rule 3** and think of the **waist** and the **neck** to help you decide when to go **opposite** any **market's current direction**.

Please look at our chart and we will see **5 reversals** that **bounced off** our **up Speed Lines** and **one** that **signaled a buy** when the **daily trading action** drove thru the **Speed Line**.

The **bounce** is our **best entry position** and the **drive thru** just **confirms** that the move will want to **continue** up to the **next horizontal MMTL**. The same is true for down markets.

The second chart shows **12 reversals** off **down angles**.

Please notice the **three failures** to **break-thru** the **78°** angled line.

Speed Lines compensate for price moving to the right and **missing reversing** on the **even days**.

The **Speed Lines rules** are the same for **up** and **down** markets:

1	11°	=	slowest reverse angle
2	22°	=	normal speed
3	33°	=	faster reversals
4	45°	=	Best support/resistance, Normal for Indexes, faster reversals
5	56°	=	faster reversals
6	67°	=	fast reversals
7	78°	=	fastest reverse angle

Insert your near-future **Speed Lines** out in **front** of your **current trading action**, so you may see how to **learn to predict market reversals** before they occur. *overlays*

Once any **market reverses** off any of the **Speed Lines**, you may expect it to want to **reverse** into the future **off this same line** if it breaks it, it will be **reversing its current trend**.

The **number of reversals** to **hit or bounce** or reverse off **should not exceed 3**. See the **78° down angle** failure in **chart 2**. After a **second bounce** expect on **the third time** a **fast reverse** of a bounce or it to **break thru** and **aggressively** move in that **direction**.

Speed Lines Reversal rules are as follows:

Intra-Day traders use the **wick touch reverse** off an intra-day reversal signal.

Intra-day traders are going in **earlier** off the **wick reversal** off the **horizontal MMTL** and are able to capture an **extra +1/8th** pure profit off being there while it is **reversing**.

End of day traders simply use the **closing price signal**.

The **closing price signal** means simply that the **closing price** must **be on** or **slightly above** one of the **Speed Lines** for it to have **higher odds** of **working**. Opposite for down reversals.

We must always **place our entry** in the **opposite direction** just **above the waist** or **neck** the next morning or late afternoon before the close to insure a **better fill** into the **reversal position traders**.

These Speed Lines are simply **confirmation** of **Rule 3**, which is **how far** has this **market** has run **up** or **down** so far.

Reversal entry must always be decided by **Rule 3** and our **exact price** to enter is dependent upon whether or not the **previous day's trading action** created a **neck** or a **waist**.

The quickest **reversals**, to make **faster short-term profits** are always the **78° angles**, up or down.

To determine how much the reversal will be worth use **Rule 3** and **Rule 5**.

- 1 How **far** has this market already run **up** or **down**? **Rule 3**
- 2 On what **MMTL** did it **reverse on**? **Rule 5**
- 3 On what **MMTL** did it **enter** the **Harmonic trading octave**? **Rule 5**

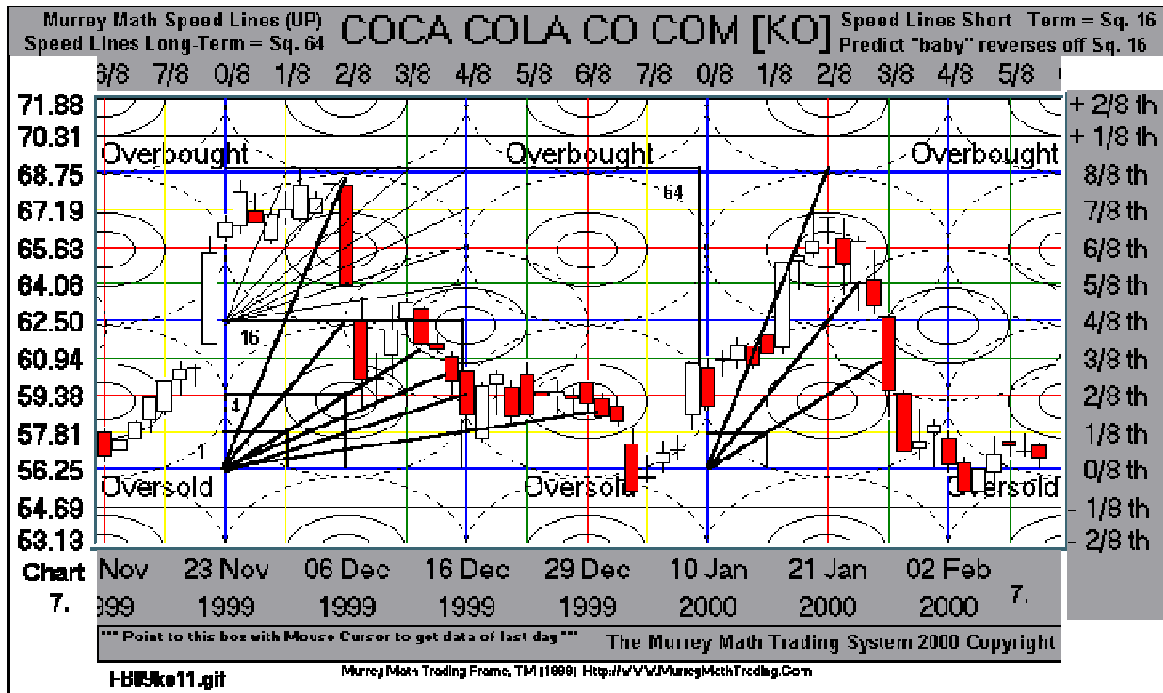
Please look at the **two charts attached** and you will discover a simple help **confirmation** of what **Rule 3** is **setting up** for you **presently**.

There are **7 Up** and **Down Speed Lines**, in every **64 square Trading Frame**. Every **square of 64** is also made up of **4 squares of 16**, so we may **apply** the same **rules** to the current smaller **square of 16** for **faster reverses**.

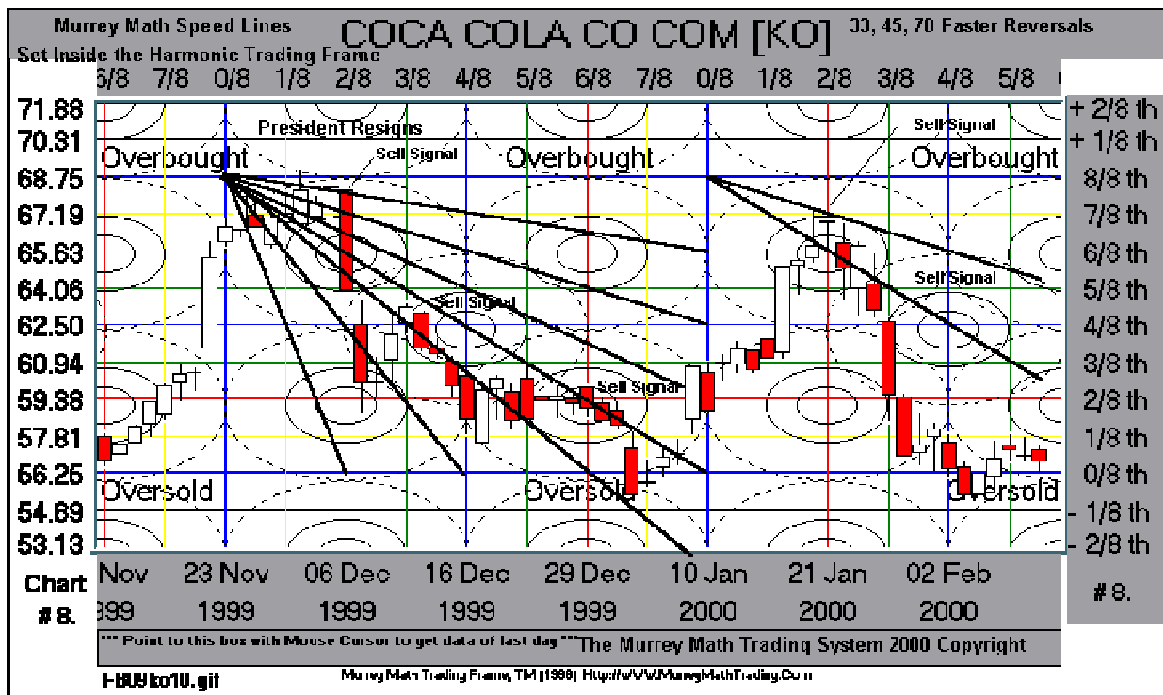
Please use these **lines** as **secondary reversal** help signals that were already predicted off **Rule 3**.

Please remember that our goal is to mesh the **10 rules** into one way of trading that allows you to look at any market and within **5 seconds** determine what to do.

- 1 Go **Long** or **Short**,
- 2 Where to **set** your **entry limit order**,
- 3 Where to **set** your **1st exit 50% profit** amount?
- 4 Place a **stop loss order** to accept your **small loss** per trade.



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+ 1/8 th
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8.

Lessons 8 - Square of 64 - 32 - 16

Square of 64 = 4 Squares of 16 Trading inside the Harmonic Trading Frame:

Please look at these two charts, where are the 4/8ths lines.

Do you notice that these two different markets are trading at 1/4th or 4 times, Corn Prices to Soybean Prices, 225 to 500 Pure Math Base of Ten.

These two different markets are moving up or down set to 1/8ths that are set to a proportion of 1/8th set inside a Cube of 1,000.

Gann established that all markets want to trade inside its extremes low and high and reverse on 1/8ths with most extreme runs to be either 3/8ths or 5/8ths set inside any current 8/8ths.

The Murrey Math Trading System proclaims that all markets are trading with or against pre-set prices, numbers that are automatically established as soon as the daily trading action moves into any pure math Internal Trading Octave.

The 1st Square in the Base of Ten = 100: Base Ten $10 \times 10 = 100$.

1,000 is the 2nd Square out in the Base of Ten.

1/8th of	1,000	=	125
1/8th of	125	=	15.625
1/2 of	15.625	=	7.80 per 1/8th

Please look at Soybeans, May 99 Futures, 8/8ths. Each 1/8th for Soybeans = 7.80.

Murrey Math students let pure-math predict where markets will reverse, off horizontal lines, not trying to predict where to set the extremes.

Corn Futures, May 99, are trading inside the Square of 100.

Corn is trading at 1/2 the running price of Soybeans, so we would expect each 1/8th to = 3.125 points.

These two markets are trading at the same speed, but one is trading at 1/2 the price speed of the other, so we let our Murrey Math Trading System automatically tell us where we might expect to see reversals.

We have adjusted Gann's 2nd Rule to set all trading frame Squares off two extremes the high and the low and just start our Trading Frame Square in Time off the 1st Frost each Fall, when these two markets are harvested.

Every live commodity dies when the Frost touches it.

There are only **10 rules** and we should let the **Murrey Math Trading System** **automatically** set the following trading parameters for you:

- 1 Automatically set the **Trading Octave** (8/8ths) for you,
- 2 Automatically set the **Vertical Time Lines** (8/8ths) for you,
- 3 Automatically set the **5 Circles of Conflict** for you,
- 4 Automatically set the **45° Parallel Lines** for you,
- 5 Automatically set the **Gann Speed Lines** for you,
- 6 Automatically set the **OverBought** and **OverSold** for you,

So all you need to do is find your **best entry** or **exit price** and **close out 50%** of your **current position**.

Please look how **similar** the **daily trading action** of these **two markets run**.

These two markets are running through a larger **square of 64**, but, our Trading Frame is able to **predict Longer term** or **Short term** runs set inside either a **Square of 16** for short term and the **Square of 64** for longer term runs.

Please look at The **Square of 64** Trading Frame **Feb 19 thru Apr 07, 1999**.

This Square in Time Trading Frame Feb 19 thru Apr 07 set inside 0/8th to 8/8th set to its own Internal Octave.

We should think in terms trading inside each **Square of 16**, whichever trading frame 16 it trades inside, and use **our trading rules** inside this **trading frame** until the **daily trading action moves** out and then set our trading frame **to the next current trading frame**.

Now, after any market trades through its **1st Square of 16** we shall **shift** our **Trading Rules** to **include** the **Square of 16** and the **Square of 64**.

Please look how many times these markets reversed off:

1	Price	Horizontal lines	13 reverses
2	Time	Time lines	11 reverses
3	Momentum	Parallel lines	14 reverses
4	Speed Lines	Fast reverses	2 speed reverses
5	5 Circles of Conflict	Spheres to avoid	Price went in only once

Please look at reverses off Time Lines:

- 1 Jan 27
- 2 Feb 08
- 3 Feb 19
- 1 March 01
- 2 March 15
- 3 March 25
- 4 March 29
- 5 April 07

Please see and understand that we **trade the rules**, all of them, **inside the Square of 16**, then we immediately **shift** to the **Square of 64** and the same trading rules that apply to the same angles but on a longer term basis.

If you **reverse** with the **market**, you are **trading a winner**.

There is a **market 64** inside any market's **Square in Time 64**.

The two long term charts of Soybeans and Corn are more profitable when we **close all short-term losers**, as **fast** as possible.

