



"The Ticker and Investment Digest"

(later became the Wall Street Journal)

December of 1909

**William D. Gann
An Operator Whose Science and Ability Place
Him in the Front Rank
His Remarkable Predictions and Trading Record**

Sometime ago the attention of this magazine was attracted by certain long pull Stock Market predictions which were being made by William D. Gann. In a large number of cases Mr. Gann gave us, in advance, the exact points at which certain stocks and commodities would sell, together with prices close to the then prevailing figures which would not be touched.

For instance, when the New York Central was 131 he predicted that it would sell at 145 before 129. So repeatedly did his figures prove to be accurate, and so different did his work appear from that of any expert whose methods we had examined, that we set about to investigate Mr. Gann and his way of figuring out these predictions, as well as the particular use which he was making of them in the market.

The results of this investigation are remarkable in many ways. It appears to be a fact that Mr. Gann has developed an entirely new idea as to the principles governing stock market movements. He bases his operations upon certain natural laws which, though existing since the world began, have only in recent years been subjected to the will of man and added to the list of so-called modern discoveries. We have asked Mr. Gann for an outline of his work, and have secured some remarkable evidence as to the results obtained therefrom.

We submit this in full recognition of the fact that in Wall Street a man with a new idea, an idea which violates the traditions and encourages a scientific view of the Proposition, is not usually welcomed by the majority, for the reason that he stimulates thought and research. These activities the said majority abhors.

Mr. Gann's description of his experience and methods is given herewith. It should be read with recognition of the established fact that Mr. Gann's predictions have proved correct in a large majority of instances.

"For the past ten years I have devoted my entire time and attention to the speculative markets. Like many others, I lost thousands of dollars and experienced the usual ups and downs incidental to the novice who enters the market without preparatory knowledge of the subject."

"I soon began to realize that all successful men, whether Lawyers, Doctors or Scientists, devoted years of time to the study and investigation of their particular pursuit or profession before attempting to make any money out of it."

"Being in the Brokerage business myself and handling large accounts, I had opportunities seldom afforded the ordinary man for studying the cause of success and failure in the speculations of others. I found that over ninety percent of the traders who go into the market without knowledge or study usually lose in the end."

"I soon began to note the periodical recurrence of the rise and fall in stocks and commodities. This led me to conclude that natural law was the basis of market movements. I then decided to devote ten years of my life to the study of natural law as applicable to the speculative markets and to devote my best energies toward making speculation a profitable profession. After exhaustive researches and investigations of the known sciences, I discovered that the law of vibration enabled me to accurately determine the exact points at which stocks or commodities should rise and fall within a given time."

The working out of this law determines the cause and predicts the effect long before the street is aware of either. Most speculators can testify to the fact that it is looking at the effect and ignoring the cause that has produced their losses.

"It is impossible here to give an adequate idea of the law of vibrations as I apply it to the markets. However, the layman may be able to grasp some of the principles when I state that the law of vibration is the fundamental law upon which wireless telegraphy, wireless telephone and phonographs are based. Without the existence of this law the above inventions would have been impossible."

"In order to test the efficiency of my idea I have not only put in years of labour in the regular way, but I spent nine months working night and day in the Astor Library in New York and in the British Museum of London, going over the records of stock transactions as far back as 1820. I have incidentally examined the manipulations of Jay Gould, Daniel Drew, Commodore Vanderbilt & all other important manipulators from that time to the present day. I have examined every quotation of Union Pacific prior to & from the time of E.H. Harriman, Mr. Harriman's was the most masterly. The figures show that, whether unconsciously or not, Mr. Harriman worked strictly in accordance with natural law."

"In going over the history of markets and the great mass of related statistics, it soon becomes apparent that certain laws govern the changes and variations in the value of stocks, and that there exists a periodic or cyclic law which is at the back of all these movements. Observation has shown that there are regular periods of intense activity on the Exchange followed by periods of inactivity."

Mr. Henry Hall in his recent book devoted much space to "Cycles of Prosperity and Depression," which he found recurring at regular intervals of time. The law which I have applied will not only give these long cycles or swings, but the daily and even hourly movements of stocks. By knowing the exact vibration of each individual stock I am able to determine at what point each will receive support and at what point the greatest resistance is to be met. "Those in close touch with the market have noticed the phenomena of ebb and flow, or rise and fall, in the value of stocks. At certain times a stock will become intensely active, large transactions being made in it; at other times this same stock will become practically stationary or inactive with a very small volume of sales. I have found that the law of vibration governs and controls these conditions. I have also found that certain phases of this law govern the rise in a stock and an entirely different rule operates on the decline."

"While Union Pacific and other railroad stocks which made their high prices in August were declining, United States Steel Common was steadily advancing. The law of vibration was at work, sending a particular stock on the upward trend whilst others were trending downward."

"I have found that in the stock itself exists its harmonic or inharmonic relationship to the driving power or force behind it. The secret of all its activity is therefore apparent. By my method I can determine the vibration of each stock and also, by taking certain time values into consideration, I can, in the majority of cases, tell exactly what the stock will do under given conditions."

"The power to determine the trend of the market is due to my knowledge of the characteristics of each individual stock and a certain grouping of different stocks under their proper rates of vibration. Stocks are like electrons, atoms and molecules, which hold persistently to their own individuality in response to the fundamental law of vibration. Science teaches that 'an original impulse of any kind finally resolves itself into a periodic or rhythmical motion; also, just as the pendulum returns again in its swing, just as the moon returns in its orbit, just as the advancing year over brings the rose of spring, so do the properties of the elements periodically recur as the weight of the atoms rises."

"From my extensive investigations, studies and applied tests, I find that not only do the various stocks vibrate, but that the driving forces controlling the stocks are also in a state of vibration. These vibratory forces can only be known by the movements they generate on the stocks and their values in the market. Since all great swings or movements of the market are cyclic, they act in accordance with periodic law."

"Science has laid down the principle that the properties of an element are a periodic function of its atomic weight. A famous scientist has stated that 'we are brought to the conviction that diversity in phenomenal nature in its different kingdoms is most intimately associated with numerical relationship. The numbers are not intermixed accidentally but are subject to regular periodicity. The changes and developments are seen to be in many cases undulatory."

Thus, I affirm every class of phenomena, whether in nature or on the stock market, must be subject to the universal law of causation and harmony. Every effect must have an adequate cause. "If we wish to avert failure in speculation we must deal with causes. Everything in existence is based on exact proportion and perfect relationship. There is no chance in nature, because mathematical principles of the highest order lie at the foundation of all things. Faraday said, "There is nothing in the universe but mathematical points of force."

"Vibration is fundamental: nothing is exempt from this law. It is universal, therefore applicable to every class of phenomena on the globe."

Through the law of vibration every stock in the market moves in its own distinctive sphere of activities, as to intensity, volume and direction; all the essential qualities of its evolution are characterized in its own rate of vibration. Stock, like atoms, are really centres of energy; therefore, they are controlled mathematically. Stocks create their own field of action and power: power to attract and repel, which principle explains why certain stocks at times lead the market and 'turn dead' at other times. Thus, to speculate scientifically it is absolutely necessary to follow natural law.

"After years of patient study I have proven to my entire satisfaction, as well as demonstrated to others, that vibration explains every possible phase and condition of the market."

In order to substantiate Mr. Gann' s claims as to what he has been able to do under his method, we called upon Mr. William E. Gilley, an Inspector of Imports, 16 Beaver Street, New York. Mr. Gilley is well known in the downtown district. He himself has studied stock market movements for twenty-five years, during which time he has examined every piece of market literature that has been issued & procurable in Wall Street. It was he who encouraged Mr. Gann to study the scientific and mathematical possibilities of the subject. When asked what had been the most impressive of Mr. Gann' s work and predictions, he replied as follows :

"It is very difficult for me to remember all the predictions and operations of Mr. Gann which may be classed as phenomenal, but the following are a few. "In 1908 when the Union Pacific was 168-1/8, he told me it would not touch 169 before it had a good break. We sold it short all the way down to 152-5/8, covering on the weak spots and putting it out again on the rallies, securing twenty-three points profit out of an eighteen point wave."

"He came to me when United States Steel was selling around 50, and said, "This steel will run up to 58 but it will not sell at 59. From there it should break 16 points." We sold it short around 58 with a stop at 59. The highest it went was 58. From there it declined to 41-17 points."

"At another time, wheat was selling at about 89¢. He predicted that the May option would sell at \$1.35. We bought it and made large profits on the way up. It actually touched \$1.35."

"When Union Pacific was 172, he said it would go to 184-7/8 but not an eighth higher until it had a good break. It went to 184-7/8 and came back from there eight or nine times. We sold it short repeatedly, with a stop at 185, and were never caught. It eventually came back to 17."

"Mr. Gann' s calculations are based on natural law. I have followed his work closely for years. I know that he has a firm grasp of the basic principles which govern stock market movements, and I do not believe any other man can duplicate the idea or his method at the present time."

"Early this year, he figured that the top of the advance would fall on a certain day in August and calculated the prices at which the Dow Jones Averages would then stand. The market culminated on the exact day and within four-tenths of one percent of the figures predicted."

"You and Mr. Gann must have cleaned up considerable money on all these operations," was suggested.

"Yes, we have made a great deal of money. He has taken half a million dollars out of the market in the past few years. I once saw him take \$130, and in less than one month run it up to over \$12,000. He can compound money faster than any man I have ever met."

"One of the most astonishing calculations made by Mr. Gann was during last summer [1909] when he predicted that September Wheat would sell at \$1.20. This meant that it must touch that figure before the end of the month of September. At twelve o' clock, Chicago time, on September 30th (the last day) the option was selling below \$1.08, and it looked as though his prediction would not be fulfilled. Mr. Gann said, ' If it does not touch \$1.20 by the close of the market it will prove that there is something wrong with my whole method of calculation. I do not care what the price is now, it must go there.' It is common history that September Wheat surprised the whole country by selling at \$1.20 and no higher in the very last hour of trading, closing at that figure."

So much for what Mr. Gann has said and done as evidenced by himself & others. Now as to what demonstrations have taken place before our representative :

During the month of October, 1909, in twenty-five market days, Mr. Gann made, in the presence of our representative, two hundred and eighty-six transactions in various stocks, on both the long and short side of the market.

Two hundred and sixty-four of these transactions resulted in profits ; twenty-two in losses. The capital with which he operated was doubled ten times, so that at the end of the month he had one thousand percent of his original margin. In our presence Mr. Gann sold Steel common short at 94-7/8, saying that it would not go to 95. It did not. On a drive which occurred during the week ending October 29, Mr. Gann bought Steel common at 86-1/4, saying that it would not go to 86. The lowest it sold was 86-1/3.

We have seen him give in one day sixteen successive orders in the same stock, eight of which turned out to be at either the top or the bottom eighth of that particular swing. The above we can positively verify.

Such performances as these, coupled with the foregoing, are probably unparalleled in the history of the Street.

James R. Koene has said, "The man who is right six times out of ten will make a fortune." He is a trader who, without any attempt to make a showing, for he did not know the results were to be published, established a record of over ninety-two percent profitable trades.

Mr. Gann has refused to disclose his method at any price, but to those scientifically inclined he has unquestionably added to the stock of Wall Street knowledge and pointed out infinite possibilities.

We have requested Mr. Gann to figure out for the readers of the Ticker a few of the most striking indications which appear in his calculations. In presenting these we wish it understood that no man, in or out of Wall Street, is infallible.

Mr. Gann' s figures at present indicate that the trend of the stock market should, barring the usual rallies, be toward the lower prices until March or April 1910. He calculates that May Wheat, which is now selling at \$1.02, should not sell below 99¢, and should sell at \$1.45 next spring.

On Cotton, which is now at about 15¢ level, he estimates that after a good reaction from these prices the commodity should reach 18¢ in the spring of 1910. He looks for a corner in the March or May option.

Whether these figures prove correct or not will in no way detract from the record which Mr. Gann has already established.

Mr. Gann was born in Lufkin, Texas, and is thirty-one years of age. He is a gifted mathematician, has an extraordinary memory for figures, and is an expert Tape Reader. Take away his science and he would beat the market on his intuitive tape reading alone.

Endowed as he is with such qualities, we have no hesitation in predicting that, within a comparatively few years, William D. Gann will receive recognition as one of Wall Street' s leading operators.

Note: Since the forecast was made, Coffee has suffered the expected decline, the extreme break having been 120 points. The lowest on the May wheat thus far has been \$1.01-5/8. It is now selling at \$1.06-1/4.

The Morning Telegraph''

Sunday, December 17, 1922

GANN FORETOLD RUN OF STOCKS

Wall Street Scientist Forecasted Top of Bull Market Year in Advance.

HIS INDICATIONS UNCANNY

by: ARTHUR ANGY

(Financial Editor, The North Side News)

W.D. Gann has scored another astounding hit in his 1922 stock forecast issued in December 1921. The forecast called for first top of the bull wave in April, second top in August, and the

final top and culmination of the bull market October 8 to 15, and strange as it may seem, the average prices of twenty industrial stocks reached the highest point on October 14 and declined 10 points in thirty days after that date.

Mr. Gann predicted a big decline for the month of November. He said in the 1922 forecast - "November 10-14 panicky break." During this period stocks suffered a sever decline, many falling 10 points or more in four days and on November 14 lowest average prices were made with 1,500,00 shares traded in on the New York Stock Exchange.

I found his 1921 forecast so remarkable that I secured a copy of his 1922 stock forecast in order to prove his claims for myself. And now, at the closing of the current year in 1922, it is but justice to say I am more than amazed by the result of Mr. Gann's remarkable predictions based on pure science and mathematical calculations.

The North Side News stands for a clean Wall Street and has rendered a great public service in helping to rid Wall Street of the bucket shop evil by publishing a series of articles in conjunction with the Magazine of Wall Street. We believe in banding a fake, and we believe in giving credit where due.

GANN NO TIPSTER

Mr. Gann is no "Wall Street tipster" sending out market letters and so-called-inside information - Mr. Gann's results are obtained by profound study of supply and demand, a mathematical chart of money, business and commodities. He determines when certain cycles are due, and the order and the time when market movements will follow.

During the past thirty years many men have proclaimed discoveries and theories to "beat the Wall Street game," most of which resulted in loss to their followers. They could always tell by the chart just why the market did it after it happened. Mr. Gann's theory differs from the others in that he tells months in advance what stocks are going to do.

His forecast stated that some stocks would make high this year in April, some in August and others in October - the month when he predicted the bull movement would culminate. Of a list of a hundred stocks; thirty made highest price in April and many declined, while others continued higher, twenty made high during August, and fifty made high of the year in October. from which the largest decline of the year has taken place.

His 1922 forecast indicated final tops on railroad stocks for August 14. The Dow Jones's averages on rails made high August 21 and reached the same average levels on September 11 and October 16, but did not exceed the high made in August, which was made seven days later than the exact date called for in the forecast.

HIS CHART A FACT

So accurate long range forecasting as Mr. Gann is doing sounds almost unbelievable, and how he does it I do not know, but the writer does know that he does it. My attention was first called to his 1921 forecast in which he predicted that stocks would be bottom in August, 1921, and

advance to December, 1921. They did so. His chart or graph of the market one year in advance is a fact, and that the course of the stock market follows it astoundingly close is equally a fact. Mr. Gann says the trouble with most chart makers is that they work with only one factor - space movements or charts that record one to two points up or down - whereas there are three or more factors to be considered, space, volume and time. The most vital is time, and back of that is the cause of recurrence of high or low prices at certain intervals.

I asked Mr. Gann: "What is the cause behind the time factor?"

He smiled and said:

"It has taken me twenty years of exhaustive study to learn the cause that produces effects according to time. That is my secret and too valuable to be spread broadcast. Besides, the public is not yet ready for it."

"Water seeks its level," continued Mr. Gann. "You can force it higher with a pump, but when you stop pumping it requires no force to cause it to return to its former level. Stocks are the same. They can be forced above their natural level of values to where lambs lose all fear, become charged with hope and buy at the top. Then stocks are permitted to sink to a level where hope gives way to despair and the most rampant bull becomes a bear and sells out at a loss. My discover of the time factor enables me to tell in advance when these extremes must, by the law of supply and demand, occur in stocks and commodities."

The Remarkable W.D. Gann

Article by John L. Gann Jr.,
grandson of W.D. Gann

If you had been a businessman traveling across Texas in 1891, you might have bought a newspaper and a couple of cigars from a tall, lanky 13-year-old selling them on your train. And as you talked with your fellow travelers about investments, you might have noticed the youth eavesdropping intently on your conversation.

If you had asked him, the boy might have told you his name was Willy and, yes, he was interested in commodities. His dad was a farmer in Angelina County, and just about everyone he knew was as well. They were all concerned about the price their cotton would bring. And had you inquired whether young Willy also wanted to till the East Texas soil when he got older, he might have said no, he didn' t think so: he wanted to be a businessman. "Well, good luck, young Willy," you might have said. "Maybe you' ll have your own business some day, maybe you' ll even be famous. Who knows? No one can predict the future." The young eavesdropper going up and down the aisles of that train was William Delbert Gann. Was it really true, he might have wondered, that no one can predict the future?

W.D Gann was born on a farm some seven miles outside of Lufkin, Texas, on June 6, 1878. He was the firstborn of 11 children two girls and eight boys of Sam Houston Gann and

Susan R. Gann. The Ganns lived in a too small house with no indoor plumbing and with not much of anything else. They were poor, and young Willy walked the seven miles into Lufkin for three years to go to school.

But the work he could do on the farm was more important to the family, so W.D. never graduated from grammar school or attended high school. As the eldest boy, he had a special responsibility, and those years working on the farm may have been the beginning of his lifelong dedication to hard work. His religious upbringing as a Baptist may also have had something to do with it, for his faith stayed with him throughout his life as well.

A few years later W.D. worked in a brokerage in Texarkana and attended business school at night. He married Rena May Smith, and two daughters, Macie and Nora, were born in the first few years of the new twentieth century. W.D. made the fateful move to New York City in 1903 at the age of 25.

Working most likely at a major Wall Street brokerage, W.D. made other changes in his life as well. He divorced his Texas bride and in 1908 at the age of 30 married a 19-year-old colleen named Sarah Hannify. W.D. and Sadie had two children--Velma, born in 1909 and W.D.' s only son, John, who arrived six years later. In addition, Macie and Nora came to live with their father and were raised in New York by their Irish stepmother.

During the First World War the family moved from Manhattan to Brooklyn first to Bay Ridge, then to Flatbush. W.D. reportedly predicted the November 9, 1918 abdication of the Kaiser and the end of the war. But it was after the armistice that the fortunes of the Ganns of Brooklyn took their most dramatic turn. The W.D. that traders know today emerged in the Roaring Twenties.

In 1919 at the age of 41, W.D. Gann quit his job and went out on his own. He spent the rest of his life building his own business. He began publishing a daily market letter, *the Supply and Demand Letter*. The letter covered both stocks and commodities and provided its readers with annual forecasts. Forecasting was an activity with which W.D. had become fascinated. The young business prospered, and three years later W.D. Gann became a homeowner, buying a small house on Fenimore Street in his adopted home of Brooklyn. The market letter led to more ambitious publishing. In 1924 W.D.' s first book *Truth of the Stock Tape* , was published.

A pioneering work on chart reading, it is still regarded by some as the best book ever written on the subject. An individualist and ambitious hard worker, W.D. self-published *Truth* through his new Financial Guardian Publishing Company. He personally wrote his own ads to market it and negotiated with bookstores to carry it. ' *Truth* was praised by *The Wall Street Journal* and sold well for years. Some consider it the best of his many books. For a first effort it was a significant accomplishment.

His market forecasts during the twenties were reportedly 85 percent accurate. But W.D. didn' t confine his prognostications to prices. It was widely reported he predicted the elections of Wilson and Harding and, indeed, of every president since 1904. At age 49, W.D. Gann wrote what is perhaps his most unusual book, the 1927 *Tunnel Through the Air* . It is a prophetic work of fiction, not a genre every Wall Street analyst dabbles in. But W.D.

Gann was one of a kind. The book is perhaps best known for having predicted that attack on the United States by Japan and an air war between the two powers. *Though Tunnel* may have had little to offer investors, it was well-publicized and enhanced its author's growing reputation.

The market in the Twenties seemed to be defying the law of gravity, but W.D. Gann didn't think it could last forever. In his forecast for 1929, he predicted the market would hit new highs until early April, then experience a sharp break, then resume with new highs until September 3. Then it would top and afterward would come the biggest crash in its history. We all know what happened.

W.D. prospered during the Depression, which he predicted would end in 1932. He acquired seats on various commodities exchanges, traded for his own account, wrote *Wall Street Stock Selector* in 1930 and *New Stock Trend Detector* in 1936. He continued making remarkably accurate forecasts as well as some less successful ones like the electoral defeat of FDR. He developed a new interest in investing in Florida real estate. He became a small-scale home-builder in Miami as well as the owner of a block of stores on the Tamiami Trail.

He also became airborne. He bought a plane in 1932 so he could fly over crop areas making observations to use in his forecasts. He hired Elinor Smith, a noted 21-year-old aviator, to fly him around. The novelty of his high-flying research--W.D. was the first to study markets in this way--helped keep him in the spotlight.

W.D.'s son John also went into the securities business in 1936 at the age of 21. A year later he went to work for his dad until in 1941 his Uncle Sam announced he had plans for the young man in Europe. Back in Brooklyn, Sadie had health problems for some time and died at age 53 in 1942. Then after 20 years on Fenimore Street, an aging W.D. Gann moved to Miami for reasons both of health and personal preference. His *How to make Profits in Commodities* came out the same year.

He kept his business in New York, relying on his long-time personal secretary. In Miami he continued studying the market, trading, real estate investing, and instructing students. The next year at the age of 65, when most are thinking retirement, W.D. decided he'd get married and did, to a much younger woman.

Son John worked on W.D.'s business in New York briefly after the war, then left to pursue his own interests in the industry. The two differed in their approach to the market. John L. Gann pursued a successful lifetime career with Wall Street's major brokerage houses until his passing in 1984.

The post-war years saw W.D. start taking it easier. He published *45 Years in Wall Street* in 1949. He sold his business to Joseph Lederer, a fellow student of the market. Around the same time he also separately sold the rights to all his books to Edward Lambert. He continued, however, to study, teach, and trade. He was made an honorary member of the International Mark Twain Society in 1950.

In 1954 he suffered a heart attack. A year later advanced stomach cancer was discovered. The doctors operated, but W.D. failed to recover. He died in June, 1955, at the age of 77. He was buried with his second wife in Green-Wood Cemetery in Brooklyn at a location that looks toward Wall Street. It was a fitting location since he had studied the Street all his adult life.

In 1995, 40 years after his passing, William D. Gann is still talked about, written about, and studied avidly. It' s an extraordinary testimonial to his work and one that even W.D. couldn' t have predicted. Or could he? What lessons might there be in this remarkable man' s life?

First is an affirmation of the American Dream. William Delbert Gann of Lufkin, Texas, started with nothing. He and his family had no money, no education, and no prospects. But less than 40-years after overhearing businessmen talk on railroad cars in Texas, W.D. Gann was known around the world.

Second, hard work pays. W.D. rose early, worked late, and approached his business with great energy. Virtually all his education was self-administered. This teacher, writer, and prescient forecaster had a third-grade formal education. But he never stopped reading.

Third, unconventional thinking may have its merits. W.D. was intellectually curious to an extraordinary degree. He was unafraid of unorthodox ideas, whether in finance or in other areas of life. He wasn' t always right--none of us are--but he dared to pursue a better idea.

Fourth, there may be something to that clean living business after all. A conservative Baptist, W.D. didn' t smoke, drink, play cards, or dance. He was serious in demeanor and a conservative dresser, although he lightened up somewhat in his later years. He respected the value of a dollar and was prudent in his personal spending. Not every internationally acclaimed seer would continue to live in a modest house in Brooklyn.

Fifth, faith helps. W.D. studied the Bible all his life. It was his Book of Books. His own last book, *The Magic Word* , published in 1950, strongly reflects this devotion.

And finally, the only lesson for traders I will venture to offer is W.D. Gann never stopped studying the market. Even after his forecasts happened, even after he achieved international acclaim. Although he believed in cycles, he also knew that markets are always changing and that decisions must be made based on today' s conditions, not yesterday' s.

W.D. might have rested on his laurels. But he kept studying and seeking greater understanding. If he couldn' t afford to stop, can any trader afford to do so?

John L. Gann Jr., is the grandson of W.D. Gann. Most of the information in this article comes from W.D. Gann' s son, the late John L. Gann, to whom this article is dedicated. The information herein is believed to be correct but no assurance of accuracy is offered.