

Excerpted from *The Encyclopedia of Technical Market Indicators* by Robert W. Colby, CMT

Astrology, Financial Applications of Astronomic Cycles

The use of Astrology and Astronomical Cycles applied to analysis of financial markets is complex and controversial. It is well known that W. D. Gann, a highly influential technician and trader who practiced in the first half of the 20th century, intensely applied astrology to market timing, reportedly with remarkable success. Unfortunately, Gann's methods are not fully disclosed in his writings.

Astrological literature accumulated over the past 4000 years could fill whole libraries. It was an important academic discipline taught in major universities until just a few hundred years ago. Today, astrology has fallen out of fashion on campus, but retains a wide following off campus.

Few market technicians acknowledge any attempt to incorporate astrology into their work. Some unknowable number of large money managers take an active but secret interest in the subject. Arch Crawford and Bill Meridian are the most prominent technical analysts who openly use astrology in their work.

Arch Crawford has been named "Wall Street's best known astrologer" by *Barron's Financial Weekly*, based on his many uncanny predictions over the past 40 years. He is famous for calling the Crash of '87 months in advance, and he correctly predicted bear markets in July 1990 and March 2000. Crawford also has pinpointed in advance many minor trend change dates, such as the temporary [gold] bottom on April 4, 2001. And his forecasts extend beyond market turns. In his newsletter dated September 4, 2001, just seven days before the World Trade Center was hit in New York on 9/11, Crawford specifically identified two separate Mars aspects that could lead to war and a steep drop in stock prices in days ahead.

Crawford offers a popular investment advisory service focusing on market timing for the U.S. general stock market price indexes (primarily the S&P500, the Dow-Jones Industrial Average, and the NASDAQ 100) as well as futures, including U.S. Treasuries, Gold, Oil, and Foreign Currencies. For more than two [now three decades as of May '06] decades he has published a monthly newsletter, *Crawford Perspectives*, 6890 E. Sunrise Drive, #120-70, Tucson, Arizona 85750, phone (520) 577-1158, fax (520) 577-1110, [Now www.CrawfordPerspectives.com] [It is also available in German language in Europe] He also updates a twice-daily phone hotline, [Now (900) 562-7876 or (900) 56-ASTRO] Crawford's combination of astronomical cycles and technical analysis to make market calls have earned him top ratings in market timing in the *Hulbert* and *Timer Digest* surveys.

Bill Meridian is an internationally renowned financial researcher, fund manager, and designer of analytical software, including the first program developed for researching the correlation between time series data (including stock prices) and planetary cycles. Also, he compiled an authoritative collection of first trade charts for 1062 individual stocks in the 1998 edition of his book, *Planetary Stock Trading*. Meridian found that the astrological chart of the date of the initial trade in a stock correlates with subsequent changes in the stock's price trend. His 55 case studies of widely held stocks show precisely how progressions and transits correlate with changes in price. Meridian's latest book, *Planetary Economic Forecasting*, correlates a monthly index of industrial production with planetary cycles over 200 years. His 1994 study of the effect of the lunar cycle on the DJIA was confirmed by an analysis at the University of Michigan in 2001. He also demonstrated a 3.8-year Mars cycle whose signals outperformed the

market. He also demonstrated a 3.8-year Mars cycle whose signals outperformed the market. Meridian's studies and market timing advisory services are available through www.billmeridian.com, or write to Cycles Research, 666 Fifth Avenue, Suite 402, Lower Arcade, New York, NY 10103.

The following study, updated by Bill Meridian and reprinted herewith his permission, previously was published in the *Journal of the Astrological Association of Great Britain* in 1985, *NCGR* in 1986, and Llewellyn's *Financial Astrology for the 1990's*.

THE MARS VESTA CYCLE IN U.S. STOCK PRICES **By Bill Meridian**

One of the dominant rhythms in common stock prices is a cycle of approximately four years in length. Examples of lows in this cycle are 1974, 1978, 1982, 1986, 1990, 1994, and 1998.

This study was first published in 1985 and is updated here. When this cycle first came under scrutiny, analysts attributed the phenomenon to the four years in the presidential cycle. They theorized that the government stimulated the economy through the Federal Reserve at election time to provide the illusion of prosperity and ensure the re-election of the incumbent. However, closer analysis reveals that the cycle also exists in countries where elections are held every six or eight years.



The effect of the Mars-Vesta cycle on the Dow is depicted in graph 1. The graph shows the average tendency for the Dow to move in percentage terms as Mars and Vesta make a complete cycle. A move from 1.0 to 1.02 represents a move of 2 percent. When the study was first run in 1985, there was a tendency for the market to top at the 90-degree aspect and to bottom at the 240-degree angle. Since that time, there have been four more completed cycles. Both the high and the low points in the cycle seem to have drifted back by about 15 degrees in the last 15 years.

$(A \times B / (A - B) = \text{Synodic Cycle})$
(where A and B are the sidereal periods of the two planets involved)

And yet, local media people continue to describe bull and bear markets in terms of their own economies and local events. They do not see that there is some larger force at work, known as the principle of commonality. In addition, the cycle existed well before the establishment of the Fed in 1913.

Some Wall Street veterans contend that the Rothschilds were the first to discover and use the cycle for profitable trading. Earlier in the last century, a New York investment group reportedly employed a mathematician to uncover the Rothschild's secret. More recently, Veryl L. Dunbar wrote about a 3.84-year cycle in the June 30, 1952 issue of *Barron's*.

There is a planetary correlation to this cycle. In order to determine the length of a synodic planetary period in longitude (the length of time that elapses from the conjunction of two bodies to their next conjunction), substitute the sidereal periods in the following formula:

$$(A \times B / (A - B) = \text{Synodic Cycle})$$

(where A and B are the sidereal periods of the two planets involved)

Substitution of the sidereal periods of the planet Mars and the asteroid Vesta into this formula gives a cycle of 3.90 years, very close to Dunbar's 3.84 years. As an aside, I have found that Vesta is usually prominent in the natal horoscopes of professional stock traders.

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The table in this report demonstrates the results of a mechanical buy-and-sell strategy versus and simple buy-and-hold strategy since 1903. The rule assumes that the investor bought the Dow Jones Industrial Average whenever Mars and Vesta were 240 degrees apart and sold them when the pair was 90 degrees apart. In cases where the aspect occurred more than once due to retrograde motion, the last aspect was selected as the buy or sell signal.

Following the rule, the portfolio generated 19 gains and 6 losses. A \$1,000 portfolio would have grown to \$283,472 versus \$117,645 for the buy-and-hold strategy (*i.e.*, purchasing the Dow at the first cycle and holding to the last). These dollar figures ignore trading costs, interest rates, dividends, *etc.*

CYCLE NO.	\$ INVEST.	BUY-240	DJIA	SELL-90	DJIA	% CHANGE
1	1000	12/11/03	46	5/11/06	93	102%
2	2016	12/22/07	58	6/3/09	94	61%
3	3256	2/10/11	85	7/9/13	75	-12%
4	2859	2/9/15	57	8/14/17	92	61%
5	4613	2/20/19	83	9/11/21	71	-14%
6	3949	3/16/23	104	10/2/25	146	40%

7	5548	5/4/27	169	10/15/29	347	106%
8	11425	7/8/31	144	11/16/32	63	-56%
9	5005	8/26/35	129	12/9/36	181	40%
10	7022	7/13/38	137	1/4/41	132	-4%
11	6771	9/15/42	106	2/2/45	154	45%
12	9792	10/27/46	166	3/2/49	174	5%
13	10261	11/20/50	232	3/22/53	287	24%
14	12720	12/1/54	384	4/23/56	507	32%
15	16792	1/13/58	440	6/2/60	628	43%
16	23983	1/19/62	701	7/11/64	846	21%
17	28956	1/29/66	984	8/11/68	881	-10%
18	25938	2/16/70	754	9/2/72	969	29%
19	33347	3/22/74	878	9/13/76	983	12%
20	37329	5/21/78	855	10/19/79	815	-5%
21	35565	7/20/82	833	11/13/83	1254	50%
22	53513	5/28/85	1302	12/7/87	1812	39%
23	74501	8/1/89	2641	12/31/91	3169	20%
24	89396	9/25/93	3543	1/21/96	6884	94%
25	173695	1/10/97	6704	1/31/00	10941	63%
26	283472	11/13/2000*		3/17/03		

*There are 3 buy signal trines over a period of 1 year: The first is listed in the table. The next two are: May 14, 2001 and Nov. 10, 2001. Mars-Vesta Buy/Sell Strategy Yields: \$283,472 Buy and Hold Strategy Yields: \$117,645

Thus, the Mars-Vesta cycle outperforms the buy-and-hold by better than two to one. If one assumes that the funds in the Mars-Vesta portfolio were collecting interest in between the sell and the buy signals, then the amount would be greater. But then we would have to add dividend income into the buy-and-hold portfolio. Those who recall the first publication of this study in 1985 may note that the performance of the cycle has improved. Mars-Vesta outperformed by 1.9 to 1 up to 1985. Currently, it is running at 2.4 to 1. All the buy signals since 1985 have been profitable.

The strategy's most notable failure was a buy into the 1931 bear market when Mars-Vesta was overpowered by stronger cycles. But the October 15, 1929 sell signal kept one out of the crash. The July 20, 1982 buy signal was timely. Most recently, the January 31, 2000 sell signal protected portfolios from the year 2000 turmoil. This study first appeared in the *Journal of the Astrological Association of Great Britain* in 1985 and was reprinted by the NCGR in 1986. It also appeared in Llewellyn's *Financial Astrology* for the 1990s without giving credit to the author.***

Astrology, Long-Term Cycles

According to David McMinn, (*Financial Crises & The 56-Year Cycle*, Twin Palms, Blue Knob 2480, Australia), 1 56-year cycle has been established in trends of U.S. and Western European financial crises since 1760 (Funk, 1932; McMinn, 1995). Mills (1867) speculated that the “mental mood of businessmen tends to run in cycle.” Throughout economic history, generations of human beings appear to repeat cycles of manic optimism and depressed pessimism. Crises occur when there is a sudden shift in sentiment from greed to fear. The 56-year cycle correlates closely with cycles of the sun and moon. It is well established that these cycles have a direct impact on planet earth and all its life forms, including human beings. The sun and moon directly impact the following earthly phenomena: gravitational pull causes tides in the sea, atmosphere, and land surface; earthquake and volcanic activity; weather; magnetic and electromagnetic energy fields; the four seasons; the 24-hour day; sexual/breeding cycles (human average menstrual cycle is the same as the synodic month of 29.5 days and the average human gestation period is 9 synodic months); reproduction, molting, and many physiological rhythms in mammals are regulated by seasonal changes in the photo period (variation in hours of daylight); and gravity affects biological tides of bodily liquids in life forms, and that may impinge on physical functions and emotions. The 56-year cycle appears to correlate with angular relationships between the sun and moon: the angles 0 deg and 180 deg between the sun, moon, and nodes repeat to within one degree every 56 and 9 solar years. Perfect correlations exist between the 36 year sub-cycles and: 1) zodiacal placement of the conjunctions of the sun and moon’s north node; 2) the moon angles to these sun and moon’s north node conjunctions; 3) the position of the moon’s north node on a specific date of the year. Major financial crises are most likely to occur when the moon’s north node is in the quadrants: Aries-Taurus-Gemini and Libra-Scorpio-Sagittarius. Several variables combine to give rise to complex cyclical behavior. Specific patterns never repeat exactly but vary and change progressively over long time spans. McMinn’s ideas presented here were adapted from the Technical Securities Analysts Association of San Francisco monthly newsletter, April, 1996.

“New evidence Precise Long-Wave Stock Cycles,” was presented by Christopher L. Carolan of Calendar Research, Inc., PO Box 680666, Marietta, GA 30068, www.calendarresearch.com. From his position on the floor of the options exchange, Carolan witnessed first hand the effects of the 1987 crash, which occurred on precisely the same date on the lunar calendar as the 1929 crash, according to Carolan’s Spiral Calendar. This tool identifies potential turning points in the stock market that provide highly significant correlations by chi-squared tests. Basically, solar and lunar eclipses offer significant market timing dates, although not all eclipses have an impact on the market. Tops and panics are associated with eclipses that occur with a cycle of approximately 36- and 58-years since 1763. Carolan’s Spiral Calendar enabled him to identify in advance large-but-quick “pothole” declines of 20-30% in July 1998 (the actual drop began on 7/17/98) and on April 14, 2000 which was a selling climax day. Looking ahead, Carolan identified a potential top in the stock market in December 2001 and a potential 1987-style panic in July 2023. This is a brief summary of Carolan’s talk given at the Market Technicians Association’s 25th Annual Seminar in May 2000, adapted from the notes of Mike Carr, which were posted on the MTA web site, www.mta.org.

It is interesting to note how the same or similar cycle lengths appear in the work of independent researchers using different approaches. (*See Cycles.*)