LSS - An Introduction to the 3-Day Cycle Method

By George Angell

Part 1 - The Basics

The LSS 3-Day Cycle Method, which is based on the writing of George Douglas Taylor's classic "Book Method" of the Nineteen-fifties, is designed to identify support and resistance. This market strategy is particularly useful in day trading because it identifies zones where the market can be bought or sold with decreased risk. Taylor's contribution to market literature is important in that he correctly identified market "engineering." In a nutshell, Taylor maintained the market was taken lower to create buying opportunities for market insiders or taken higher to create selling opportunities for these same knowledgeable individuals. When put to the test, this pattern does indeed appear to be relevant.

How and why this market "engineering" takes place is not as important as recognizing that it does occur. You don't have to be a long-time market analyst to notice that a lower opening is often followed by higher prices, nor that a higher opening is likewise often followed by declining prices.

Additionally, Taylor provided a scenario for the pattern that this engineering created - a 3-day cycle that repeated. This pattern consisted of:

- A buy day, or "L" day, when the market would be taken lower on the open, providing the opportunity to purchase contracts at favorable prices.
- A sell day, or "S" day, when the market would trade at or near the previous day's high, providing the opportunity to sell at a profit the prior day's long positions.
- A short sell, or "SS" day, when the market would open at an extreme, providing a short selling opportunity for contracts that could be "covered" or purchased lower at the end of the day.

For students of day trading, these patterns often emerge as so-called "gap" openings, when prices are taken "out of line" by buying or selling pressure. To understand why these gaps exist, you only have to consider the conventional wisdom of the marketplace. Among the brokerage communtiy, there is a well-established tendency to suggest the placing of stop-loss orders above and below the previous day's highs and lows. Accordingly, when the market is "taken" into these key stop-point areas, the buying or selling increases dramatically. It is this "uniformed" stop-loss buying or selling which provides the energy for the market to create unrealistic price levels. Using the ignorance of the uninformed and emotionalism of the market to their advantage, therefore, the smart money engineers simply "fade" - trade against - this short-lived trend. The results are often encouraging.

I know what you are thinking: isn't this illegal? Not if placing stop-loss orders is a legitimate activity in the market. After all, no one forces you to buy a top or sell a bottom, or otherwise act against your own best interest. Thus, the 3-day cycle simply capitalizes on a natural human tendency - the tendency to fear losing money.

For you to effectively use LSS, you need to convince yourself that these patterns exist. See for yourself whether the market is ever taken up in order to be taken down - vice versa. The reason so many market participants do the wrong thing is precisely because this goes against human nature. If the market is going up, you don't want to sell. At that point, the trend is clear. But is it really?

The notion of paradoxical approach to the marketplace is not new. Indeed, the tenets of contrary opinion theory say exactly this: the majority is likely to be wrong. So why shouldn't a counter-trend philosophy prove successful? We are told that futures trading is a zero-sum game, suggesting that the losers provide the profits for the winners. As far as it goes, this is correct. But this does not mean winner and loser exist in a one-to-one relationship. Far from it. The fact is, the tiny minority earns the lion's share of all the money in the futures market. This is why it so hard to win. Many, many traders contribute funds to the relatively small handful of winning traders. Taylor knew this and this is why his 3-day cycle notion is such a powerful concept. The knowledgeable traders win because they know something that is not fundamentally understood by the vast majority of fellow traders.

Anyone who has spent any time studying the market - especially the actions of the pit traders - will acknowledge that this pattern is common phenomenon. In fact, the tendency for most traders to be wrong is so widespread that one could say it is a rare day when the uninformed players get any opportunity for profit at all. A typical scenario is a rising market charaterzied by more and more "paper" - public orders - entering the pit as buyers. Since there is indeed a seller for every buyer, although not necessarily in a one-to-one fashion - one big seller may fade one-hundred buyers - the tendency is for the market to rise, stall out, and then crash. The crash, by the way, is helped along by the panicky selling of the erstwhile buyers. Waves of stop-loss orders to sell are triggered as the market plummets. And the big short sellers, who spent the morning selling everything is sight, are calmly standing there in the afternoon, saying, "Buy'em, buy'em, buy'em." They make fortunes doing this.

Taylor had the notion that the tendency of the market to rally or decline could be quantified. This led him to develop the so-called "Book Method," which was essentially a book listing recent rallies and declines, thus measuring where the support and resistance could be found. It is this manipulation of the numbers which is at the heart of the LSS system. Taylor, by the way, called this process "taking the count." If, for instance, the market has a tendency to rise or sell-off so may points from a prior high or low in a recent market, the tendency is apt to persist.

Accordingly, one can create market parameters. This quantification of the market has a benefit beyond the obvious one of telling you where the support and resistance exists. Significantly, it provides you with a framework within which to operate. This means you don't have to pick the absolute low without doubting your analysis. You can buy several times within a so-called "buy envelope," knowing the support should hold. And if it doesn't hold, you likewise know the time has come to exit the position immediately. This ability to "take the difficult trade" is, in my opinion, the key to the success of the LSS system. It gives you the confidence to stay with a winner. And a framework against which to measure the success of a trade. By setting up parameters, which both quantify and limit risk, you have a viable approach to trading which can stand you in good stead from the first to the last.

Why Day Trade?

There are many ways to approach winning in the market. You can position trade, spread trade, scalp trade or engage in more sophisticated strategies using both futures and options. Day trading is one of the simplest approaches because it involves taking positions which are then exited by the close of trading. There is a decision every day which can easily be quantified. You are either winning or losing money. You are either successful or not successful. Moreover, given today's volatile and liquid markets, this activity can extremely lucrative. Day trading also offers a promising risk/reward ratio.

While not for everyone, this type of trading offers the very best odds for overcoming the prohibitively difficult problem of simply surviving in the market. How many people enter the futures markets each year only to leave after a few months of losses? Believe me, the numbers are high. Since the notion of survival must, by necessity, be the very first rule of trading, this strategy guards against that proverbial trade that goes south on you when you freeze in the market. More than once, long-term position trading has ended the career of the novice trader who didn't understand the risks. Then there is the question of deep pockets. Most novice traders simply don't start out with large cash reserves. For them, holding overnight positions isn't practical - or safe. I'd rather know my risk and manage it successfully (i.e., take intra-day losses) than leave myself open to the kind of catastrophic losses that can develop overnight. The irony is that even these occasional aberrations in the market tend to see prices ultimately settle back where they started. This is the unkindest loss of all when you are forced out of a winning position on a momentary price swing.

There is an inverse relationship between the newness of the trader and his degree of realism about the market. New traders invariably underestimate the risk. This is why they might buy a S&P contract and go to Europe. But the professionals know better, I like the idea of sleeping will at night. Why risk ruin should an untoward economic or political event occur? Day trading suits my temperament. Moreover, it is the chosen method of trading of perhaps eighty to ninety percent of all floor professionals Don't you think they would be going overnight if the risk/reward ration favored that approach?

You could make the argument that until recently the technology didn't favor this short-term approach to the market. But with the advent of personal computers, sophisticated software, and on-line data services, today's speculator might as well be standing in the trading pit. In fact, with today's technology, you could make the argument that the off-floor day trader even has an advantage over the floor trader. The technology is that good.

Taylor's Book Method approach is (excuse the pun) tailor-made for today's market. Given today's technology, computers can easily calsulate by and sell envelopes, measure and identify average ranges, profit, and stop placement points and track the positions all in one package. This makes the tedious calculations,and the likelihood of mathematical errors, a thing of the past. While not every market lends itself to the day trading approach, due to a lack of volatility or liquidity or both, there are perhaps eight to ten good day trading markets where you'll find significant opportunities exist in this one time "insider's game".

In short, the advantages of day trading are the profits coupled with the low risk. By monitoring a handful of markets, you can seize the opportunities as they come along. This type of trading will force you to be sharp. But it can extremely rewarding.

The Advantages of the Day Trading Approach

If you are new to day trading, you will find that this strategy offers some significant advantages. For one, you are subject to reduced margin requirements. This means you get "more bang for your buck" margin-wise. If the margin for an overnight position in the volatile S&P 500 futures market is say, $15,000, the day-trading margin is half that, or just $7,500. Now, that may seem like a lot of money to you. But when you compare this "good faith" margin deposit against the quarter-of-a-million dollar value of the contract, you are talking about just two percent. This means your leverage is 50-to-one versus 25-to-one on an overnight position. This is significant when it comes to magnifying your money.

Also, as a day trader, you only want to be along for the profitable trend. These, by definition, tend to be very short term. The longer you are in the market, the more likely the position will fluctuate in value, and the tendency is to get out at the worst possible moment - right when the market is likely to turn profitable once again. With the 3-day Cycle Method, you are strictly looking for the one-way ride. Then you exit, bide your time and patiently await another opportunity.

Getting Started

If you are new to day trading, it will pay to acquaint yourself with market basics. First you want to know the best markets to trade, the trading hours, tick values and other general information. Fortunately, this is all easy to acquire. Among the leading day-trading markets, I would suggest the following:

- S&P 500
- U.S. Treasury Bonds
- Swiss franc
- Deutschemark
- British pound
- Silver
- NYSE Dow
- Coffee

- Copper
- Soybeans

Your broker can tell you the tick values and trading hours, or you can get get that information from the various exchanges's websites. But these are important to a day trader since most of the significant price action occurs shortly after the open and before the close. It is also important since you will probably be closing out positions with so-called "MOC" ("Market on Close") orders. These need to be placed prior to the close, which can vary as much as an hour or more between markets. Never trade a market unless you are absolutely certain that you understand the tick values and session hours. These are straightforward in nature and simple to understand.

With LSS, you are attempting to capitalize on a high-probability trend occurring. Although markets move every day, thse high-probability trades require patience to identify. But you will find that this type of selectivity is what wins the game. Let's move on.

Part 2 - Using the 3-Day Cycle

Identifying the 3-Day Cycle

To capture the best trading opportunities, it helps to identify the 3-day pattern as it develops. The ideal pattern is three days, although it can be prolonged into four and even five days, depending on market activity. The key to understanding the 3-day Cycle is knowing the order during the day when the highs and lows occur. Was today's high made at the start of the trading session, or at the end? Was the low made first? To correctly assess tomorrow's price action, you need to understand what day in the cycle occurred today.

The ideal pattern consists of the follwoing:

- **Buy Day - low made first follwed by a rally**
- **Sell Day - market trades at or near the previous day's high**
- **Short Sell Day - high made first followed by a decline**

This pattern is particularly easy to spot in a nontrending market, which is charaterized by prices which are up one day and down the next. What do you do if you anticipate, let's say, a short sell day, with the high made first, and the reverse occurs? You then <u>rephase</u> the cycle by pushing the anticipated cycle ahead one day. That is, you anticipate the high made first and instead you have the low made first and the market rallies. Typically, you can then anticipate the short sale pattern occurring on the following day.

Be forewarned that the 3-day cycle does not mean you can simply by or sell every three days. Such a formula would be far to pat for a successful system. Because of the complexity of the market, you must take into account numerous circumstances which could cause the market to trend unexpectedly. Trending markets are characterized by one-way price direction which cannot be successfully faded as long as the single trend persists. Accordingly, when you encounter such a trend, you must be willing to step back and say, "The market wants to break right now; the only way to approach this trend is to sell every morning in anticipation of the short sell day (high first, low last) pattern."

Once the market reaches equilibrium, of course, the normal 3-day pattern will again emerge. Taylor used a series of X's and check marks to pinpoint whether the high or low occurred first. On buys, he would insert an X if the low occurred first. On short sell days, when he aniticipated the high to occur early, he would insert an X if the high occurred first. He used checks, however, if these anticipated patterns didn't occur in the sequence he was anticipating. He also circled the high on sell and short sell days. Fortunately, today, we have computer software to keep track of these calculations.

The reason you want to learn to identify the pattern is to enable you to spot an emerging profitable opportunity before everyone else. This is a little discussed aspect of trading, but an important one - namely, the role of confidence in your ability to win. No matter how good your trading system, if you don't have confidence in its ability to pinpoint winners, you won't be able to pull the trigger. Because LSS anticipates, it provides you with the ability to see a trade developing before it becomes will known. For example, let's say you just experienced the classic short sell pattern with a selloff following a higher opening. Looking to tomorrow, you are anticipating a lower opening as prices continue to decline.

While this might be a trap for uniformed sellers, the 3-day Cycle Method user anticipates support in the buy envelope. Often, this is the precise pattern which occurs.

Find the Intra-day 3-Step Cycle

In recent years, as the S&P market has become more volatile, I've been studying ways to capitalize on the classic 3-day pattern that occurs on an intra-day basis within the trading day. Could one isolate the same market cycles on an intra-day basis? I felt that this was important to know since the intra-day swings have become so pronounced in recent years. Why risk giving back the morning's winnings on a retracement in the afternoon?

After a comprehensive study of 5-minute bar charts, I was able to identify precisely such a pattern. Often, the market would gap open in the morning (high made first), and the market would plummet and stabilize. Then, following a period of consolidation during the lunch hour, the market would trade lower (low made first in the afternoon), and the market would rally! Moreover, I've found so many examples of this intra-day pattern that I cannot chalk it up to happenstance.

This explained the difficulty in holding onto hard won profits in the market. If the pattern was occurring on an intra-day basis, it meant I was holding onto positions for an entire cycle. Of course, one could expect to give back profits if one held the position too long. This is especially true on choppy days. Trending markets, of course, are much more likely to reward those who initiated their positions in the morning and held to the close. To my mind, this analysis of intra-day patterns offers some of the best opportunities for finding consistent, low-risk trades. We have incorporated these insights into the new LSS software by setting up additional parameters and filters which require the market to "prove" that a signal is legitimate. For example, let's say we are anticipating the short sale pattern and the market soars higher. This could suggest one of two things - either the market is higher because it is fundamentaly strong, in which case it should trend even higher, or it has encountered resistance and is about to break. In the latter case, the market will then trade down from price A at the top to price B, somewhat lower. Often, the fact that it has retreated to that lower price is the proof that a sharp selloff is imminent. This type of strategy is quite sophisticated and complex. But it can only be fully explained by an understanding of the cycles which are inherent in the market on both an inter-day and intra-day basis.

How Markets Rise and Fall

The seeds of every decline are hidden in every rally. Like the tides in the ocean, markets have their own rhythms. To better understand this phenomenon, you need only monitor your own behavior when you trade. If you purchase futures contracts and have the good fortune to see prices rise, you soon begin to think of taking profits. This requires selling. Selling, in turn, pushes down prices, and, as prices decline, more and more former buyers, seeing their profits evaporate, become serious sellers. The snowball effect. Soon everyone wants to sell and the market becomes oversold. This downside pressure is the other side of the coin of the enthusiam that is generated when prices rise. In time, the buying becomes overdone - and the inevitable selloff begins.

It is this constant ebb and flow of rising and declining expectations that cause prices to gyrate up and down. With LSS, we are simply trying to capitalize on this pattern by quantifying the magnitude of the respective moves.

The numbers, therefore, become our guideline in trying to analyze the market. In discussing the notion of gap openings recently, I encountered the question of the precise meaning of the gap and why one's interpretation must differ according to the size of the gap. Specifically, a small gap opening is apt to be "filled," but a large gap means the market will run. With LSS, we attempt to place a precise number on the odds where a move "should" stabilize. This is then incorporated into the system as a signal. Once the market shows that this particular support or resistance is no longer valid, however, all bets, in a sense, are off. That is, if a given support or resistance is violated, chances are the market is headed significantly higher or lower depending on the thrust of the move.

There is a subtlety here that cannot be ignored by the intelligent trader. And it flies in the face of all the mechanical approaches that have ever been devised. Specifally, not all market moves are the same. Yesterday's rally and today's rally may appear the same to you, but chances are they are totally different in nature. One may have been a simple short-covering panic rally, which soon vanished, whereas the other might have been the real thing. Each market demands a different response if you are going to be successful.

The tendency to want literal - often simple and easy - answers can be your undoing in the market. May of my clients tend to be airplane pilots and I find that they can be either the best or worst of traders. For one, they pay attention to numbers and are capable of following the rules of mechanical systems; for another, however, they tend to be very literal-minded and this can be a trap when dealing with the nuances of the futures markets. It probably isn't fair to single out a given profession, but my point is that the market is a fluid, changing phenomenon whose true understanding sometimes requires what one wag called, "capturing lightning in a bottle." How did you know to puchase the market there? What did the indicators tell you that no one else could see? These are the kinds of questions that go to the heart of a viable trading system.

Numbers alone often have difficulty in distinguishing among different stimuli. How else then do you explain the common trading experience of winning one day and losing the next by following the very same precise rules. Why didn't yesterday's - or last month's or last week's - rule work today?

It is beyond the scope of this brief discussion to cover the many nuances of trading. Suffice it to say successful market analysis requires a <u>combination</u> of intelligent measuring techniques with a more global view of daily cyclical analysis.

How to Determine Where the Market Will Go

The LSS 3-day Cycle Method is base on probabilities. This was the genius of Taylor's discoveries. As a S&P 500 futures trader, I can tell you with a degree of certainty that tomorrow's range will likely be less than 800 points (although it occasionally exceeds that level) and more than, let's say 300 points. How do I know this? Because I trade the contract every day. On even the quietest day, I can tell you that we will see more than 100 or even 200 points. Accordingly, if I encounter an intra-day range of, say, 100 points, I know there's a reasonable dregree of certainty we will exceed that range before the day is over. Selecting the direction and the method in which the range will extend is a somethat more difficult undertaking. But the point is, I have something to work with.

By relying on solid evidence, therefore, the system makes a judgment as to market range. This, in itself can be quite valuable.

Trending vs. Non-trending Markets

Perhaps the most important question you can ask yourself at the start of trading each day is, "What kind of market are we likely to encounter today?" This is not always easy to answer. But one clue should be the type of price action you encounter shortly after the open. A quiet, non-trending market will be characterized by a small change from the prior day's close plus low volatility. A wild, barnburning type market, on the other hand, will be characterized by high volatility, and perhaps numerous price reversals.

LSS is designed to leave the quiet days alone. The parameters will dictate that the market "demonstrate" that it wants to move significantly. Otherwise, why take the risk? But on the non-trending days, you can use the simple one-day overbought/oversold indicator as your guideline in buying or selling - fading rallies if the prior day's trading was in excess of 70 percent or buying dips if the prior day's reading was below 30 percent. A trending market, however, calls for following the trend in the 10-day overbought/oversold oscillator - buying above 50 percent and selling below that level. This ability to recognize the kind of day you are experienceing early on will stand you in good stead.

What about breakouts? Here, again, let the market be your guide. If you are buying within the buy envelope where prices should stabilize, a breakout below the support signifies that something is wrong - and you quickly have to exit your long positions and become a short seller. The same is true, in reverse, should you sell against a resistance in the sell envelope. How will you know if you are correct? Typically, you will know right away because one of two things will happen - the market will move significantly away from the prior support or resistance, or it will break out and immediately return (price rejection) back into the support or resistance.

This "false" move also requires immediate action since the market now is no longer breaking. The move was invalid. Assuming you acted in the best of faith (remember, if you were correct, you would have substantial profits by now), you must minimize the damage immediately. Markets that fail rarely offer you an opportunity to get back profits. Accept the mistake and move on.

Summary

While numbers alone are not sufficient, they take some of the guesswork out of the market. For this reason, you should be prepared to do homework following the close of trading each day. This involves making the necessary calculations and trying to make sense out of the trading session just finished. Was this the buy day pattern - low made first, high last? Or did today's selloff suggest the market is due to rally tomorrow - the classic short sale day pattern? Just remember, it is one thing to suspect tomorrow's pattern, but it is clearly another to insist on a pattern. The market cannot be forced. Simply anticipate and try to make sense out of what is happening. But always let the actual market action be your guide.

From time to time, you will encounter choppy markets that present no rhyme or reason. Better to step back and allow the confusion to abate. You don't have to trade every day. Indeed, the profitable historical record of LSS is due to its "selectivity." The better, high-probability trades are harder to find. But they are worth the wait.

Don't let seemingly random movements confuse you. Taylor maintained that the markets operate best (for the knowledgeable insiders) precisely when this confusion reigns. There is often a method in the madness - even if it is only stop-running. Your most challenging enemy? Not those rapacious floor traders. Typically, the individual trader is his own worst enemy. So try to analyze your own trading mistakes and see how you might take a better approach next time.

Part 3 - Reviewing Taylor's Tips

The LSS 3-day Cycle Method is based on the work of George Douglass Taylor. Written more than forty years ago, Taylor's "Three Day Trading Method" emphasized the fundamentals of trading which have become second-nature to most market professionals today. Advice such as trade volatile markets with sufficient liquidity, track recent and past price performance, learn all you can about the market you are trading, and so on. This is all sound advice. Even more so since it comes from a perspective of four decades. During that time, of course, everything has changed (witness the revolution in computers) and nothing has changed (human emotion is still the same; people fear losing money). Perhaps the greatest of all his advice is the simplest - know your market.

In speaking of the tendency of markets to rise and fall in predictable patterns, he writes: "...observe the way they rally and decline and the number of points in the spreads from highs to lows to high, study them for regularity and continuity of their movements." Then he suggests staying with one market. More good advice.

He talks about the 3-day pattern and how a higher close on the second day in the cycle sets up the ideal pattern on day three - namely, a higher open which can be sold in anticipation of lower prices. Go to the market and see if you can identify this pattern. The first time I tried to identify this pattern I was thrilled by what I saw - a higher open followed by sharply lower prices. Even before the price break, I couldn't help thinking, "Don't these buyers know we are in the third day up and that the market is going break?" Apparently, they didn't. The market did break. I felt I was in possession of a rare and valuable commodity, market knowledge. It was to help me to earn profits and stay out of trouble for years. Frankly, prior to reading Taylor, I didn't have a clue what was going on.

"at your Selling Objective you must sell out..."

Here again, Taylor saw the wisdom of taking profits. Given today's volatility, this is more applicable now than it was then. You cannot hold positions in today's markets without getting whipsawed back and forth. Thus, the only way to deal with this heightened volatility is to get in the market, earn the profit and get out. Taylor stresses that the market will probably give you another opportunity to buy at lower prices. Why ride the market both up and down? Although difficult to read, Taylor's advice on taking small losses is likewise right on target:

> **"It might be well to point out here that a trader must take small losses but he takes them when they are small and he tries to stop them as quickly as possible when he sees that he is wrong and in taking them he is not losing anything at all but is playing for position and a more favorable chance to trade that he knows will soon appear."**

Taylor also talks about averaging into a position, a strategy I heartily endorse. This suggests one should buy additional contracts at slightly higher or lower prices in a support zone within the buying envelope. By purchasing these additional contracts at or near the inital entry price, you are giving yourself a chance to build a position and take advantage of what Taylor calls "market manipulation." Again, he talks about trading technique by saying:

> **"Trading technique, is simply the ability through study, observation and experience, to detect the manipulation that takes place in the markets at all times, and to recognize the signals in each, of the several phases, of the market movement."**

A believer in the 3-day pattern, Taylor creates a scenario that is hard to deny to any student of the market. Morever, he convincingly makes the case that all this is by design. He sets up the ideal short sale day pattern (our SS day), by listing these series of events:

- market closes higher, setting up the potential for higher open
- market opens higher next morning
- the move penetrates prior day's high and slows down

Here is his verbatim observation:

> **"The selling we are looking for at this point is inside short selling and it gradually overcomes the unwise long buying by the traders at the top of this rally - or it stops the rally abruptly and the decline starts right in many times from the opening prices."**

He mentions that highs are created under what he calls the "cover of strength." Then, once the buying dissipates, the market halts and soon breaks. This the perfect short sale scenario.

Volume

Taylor observed that tops and bottoms - even intraday ones - are made on significantly higher volume. This is usually a good indication that the markets has finally reversed direction. When a market is trending day after day, the volume may be building. But you won't see a major reverse in prices until the volume demonstrates a dramatic increase. This is almost always the case. Moreover, this notion fits well with a so-called "perverse" theory of the markets. That is, a market won't seriously go down until every last short seller is absolutely killed. The reverse is true at bottoms. This is also the reason why you can so often be "correct" about the market, yet still lose money. You sold; but panicked on the short squeeze, buying the top. That's the proof the rally is finished. Look for these volume spikes and you will have a good idea of when the trend has come to an end.

Looking for a Bottom? Here's the Ideal Pattern

The hidden genius of Taylor's observation lie like gems amid the confused writing. Consider the following:

> **"Bottoms of long declines may be reached by a particular violent downward thrust - establish a low - generally followed by an immediate sharp rally and a subsequent slower decline on a greatly reduced volume and activity - stopping short of the last low. A trader does not try to buy long . . . this fast decline - he waits for the 'quiet spot' on the reaction after the rally - and when the market becomes 'dull.'"**

Students of the tape do well to follow this advice. Despite the writing, I've never encountered a better explanation of when to buy. I urge every trader to get a copy of "The Taylor Trading Technique" and struggle though the pages for gems like these.

Summary

This short introduction to the LSS 3-day Cycle Method is designed to cover the basics of short-term, day trading. There is always more to learn. The true masters of the market, people like George Douglass Taylor and W. D. Gann, have no equal today. Yet, with the advent of sophisticated, high speed computers, we all have an advantage today that Gann and Taylor never had. With the help of software programs, market theories can be tested and examined. I hope this introduction leads you to explore these further.