

THE TRADING SET UP FOR OPTIMAL USE OF SOLAR-LUNAR REVERSAL DAYS IN DJIA AND SILVER

MODULE LESSON 10

The purpose of this lesson is to understand the ideal set up for trading a Solar-Lunar Reversal date that has a high weighted value score.

In this lesson, you will learn the following:

1. Identifying when a solar-lunar reversal day is in effect for any given market based on historical solar-lunar studies for that market
2. Determining if a market is in the process of a 4% or greater move from a recent high or low, per the filtered wave studies – and exceptions
3. Correlating a directional move with the solar-lunar history of not just a reversal, but also with the solar-lunar history of a bias towards a high or low
4. Correlating that move with the natural lunar rhythm of that market, with a bias towards a high or low
5. The formation (setup) of an isolated high or low within the solar-lunar reversal dates
6. The confirmation of an isolated high or low within the solar-lunar reversal dates
7. Setting stop-losses
8. Taking profits

IDENTIFYING WHEN A SOLAR-LUNAR REVERSAL DAY IS IN EFFECT BASED ON HISTORICAL SOLAR-LUNAR STUDIES

The first step in trading solar-lunar reversal periods successfully is to identify when solar-lunar reversal periods are in effect. This is relatively simple if using “The Ultimate Book on Stock Market Timing Volume 4: Solar-Lunar Correlations to Short Term Reversals” for U.S. stock indices, or “The Sun, Moon, and Silver Book: Secrets of a Silver Trader” for Silver futures.

1. Make a list each month of the dates that have a high weighted value (WV) score for any solar-lunar combination. If using the DJIA studies, consider scores over 115 as coinciding with possible reversals. If using Silver studies, consider WV scores of 120 or higher as correlates to possible reversals.
2. It would also be useful to identify any solar-lunar dates that have a strong bias towards a high or a low, even if they do not meet the 115 or 120 minimum criteria for a *reversal*. It can be enough that their crest or trough scores are over 120.
3. Many of these solar-lunar reversal periods will fall on a weekend or holiday. That makes it hard to trade effectively when the Moon sign is only present on a Friday or Monday, and the normal 2.5 days of transiting through a sign are interrupted by a weekend or holiday.

It works best if the Moon sign of a solar-lunar reversal combination occurs over at least two days during the trading week. Remember that these studies are based on noon, Eastern Standard Time. You need to adjust for daylight savings, or other time zones.

DETERMINING IF A MARKET IS IN THE PROCESS OF A 4% OR GREATER MOVE FROM A RECENT HIGH OR LOW, PER THE FILTERED WAVE STUDIES

Once you have made a monthly list of possible solar-lunar reversal dates, as well as possible solar-lunar reversal highs and lows, the next step is to see if the market is in the process of a 4% or greater move from the end of its last confirmed point on a 4% filtered wave study. In actual practice, you may find reversals occurring on solar-lunar reversal dates following moves of less than 4%, with a simple isolated high or low being sufficient. The idea is that you are looking for a short-term directional move to end and reverse on a solar-lunar date that has a high weighted value score.



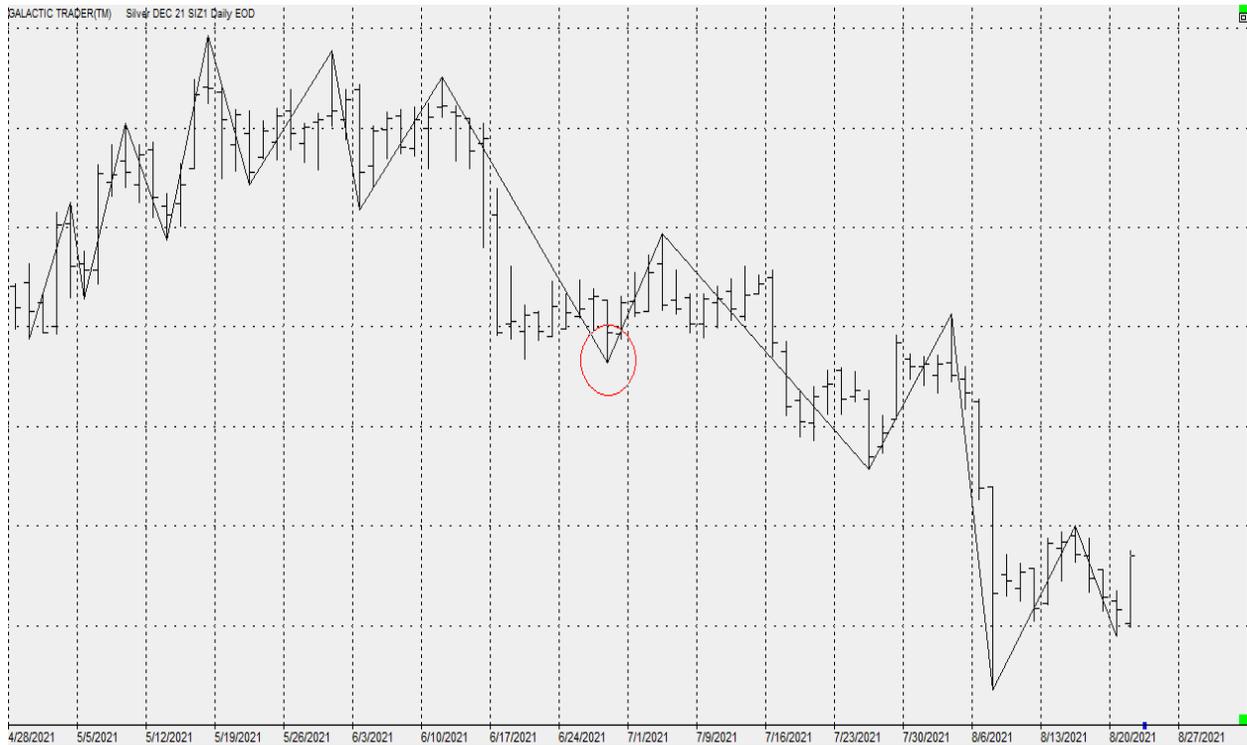
With the advent of global trading in many markets today, one needs to be aware that the actual high or low may happen late in the day prior to a solar-lunar reversal period, or early in the day following this period (i.e., overnight markets especially). Your use of technical studies can help determine the possibility of that occurring.

CORRELATING A DIRECTIONAL MOVE WITH THE SOLAR-LUNAR HISTORY OF NOT JUST A PROBABLE REVERSAL, BUT ALSO WITH THE SOLAR-LUNAR HISTORY OF A BIAS TOWARDS A HIGH OR LOW

In many cases, a solar-lunar reversal period of 2-3 days with a high weighted value score will have a strong bias towards a high or low. It is best – but not always required - when the market is rising into this zone if the historical bias has been for a crest, or declining into this zone if the historical bias has been for a trough.

An “historical bias” for a crest is most useful when the weighted value for a crest is over 120 (or 114 in the case of the DJIA) and the weighted value for a trough is 83.3 or less. The opposite applies for a bias towards troughs – the trough value should be over 120 and the crest value less than 83.3. It is even more significant if the expected crest or trough value is at least twice the value of the other, or above 140 and below 66.7 respectively. Oftentimes a high or low will occur if these differences are present, even if the total (“All”) weighted value is below 114 and 120.

A recent example that comes close in this regard occurred on the low June 29, 2021. The Sun was in Cancer and the Moon in Pisces that day. According to the tables, the weighted value score for that combination is 116.50, which is relatively high, but just short of our 120-benchmark. But the WV for a trough is 142.36, which is strong, and for a crest the WV is 89.44. Below you can see how Silver made a low and then reversed higher on that day.



USING A DIRECTIONAL MOVE WITH THE NATURAL LUNAR RHYTHM OF THE MARKET, WITH A BIAS TOWARDS A HIGH OR LOW

In Lesson 2, two graphs were presented that forecasted directional moves (up and down) in the U.S. stock market (DJIA) and precious metals, based on the position of the Moon, according to personal observations over the past 30+ years. It can be useful to refer to those graphs when planning to make a trade in stock indices or metals, especially when a high solar-lunar weighted value situation is in effect.

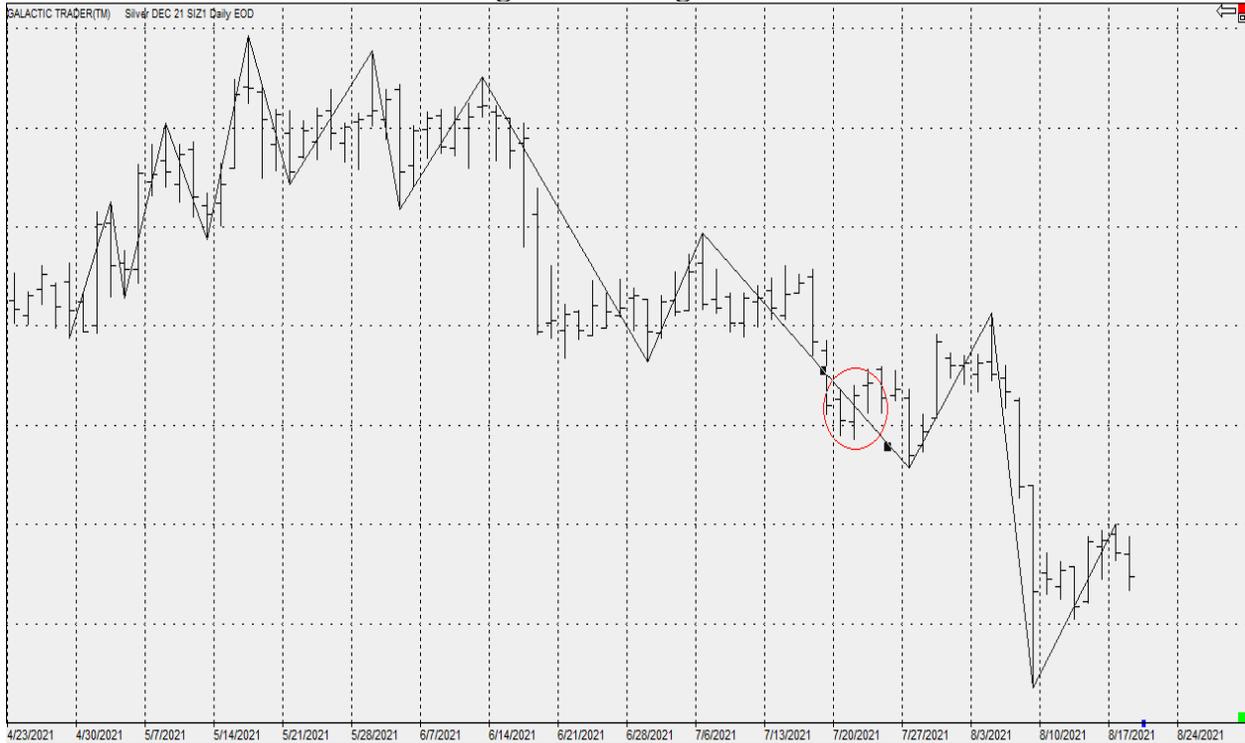
For instance, let us consider the Sun in Cancer, Moon in Sagittarius for Silver. The weighted value for a reversal with this combination is 128.1, which is quite strong. We also note that its WV for a “crest only” is 116.46, and for a “trough only,” it is 139.13.

If we now go back and review the observational lunar graph for metals’ prices, we will see that late-Sagittarius can often correspond with a lot. Thus, our strategy would be to anticipate a low on the **first or second day** of the Sagittarius Moon when the Sun is in Cancer. If we were short and doing short-term trading, we would plan to exit then, assuming the market behavior was following this script. As a short-term trader, we would also be looking to get long on a selloff into the late-days of the Sagittarius Moon.



This combination occurred on July 19-21, 2021. As shown on the next page. Notice that Silver was moving down from a high on July 6. It found some support on July 20 and rallied a couple days before topping out July 23, and then fell further. This is a case where it was not part of a 4% reversal, but it did take out the high of the prior day and then reversed down again. It was sufficient that it simply made an isolated high, without having to make a crest on a 4% filtered wave formation.

SILVER MARKET, 2021 Showing Moon in Sag isolated low



THE SETUP: THE FORMATION OF AN ISOLATED HIGH OR LOW WITHIN A SOLAR-LUNAR REVERSAL TIME BAND

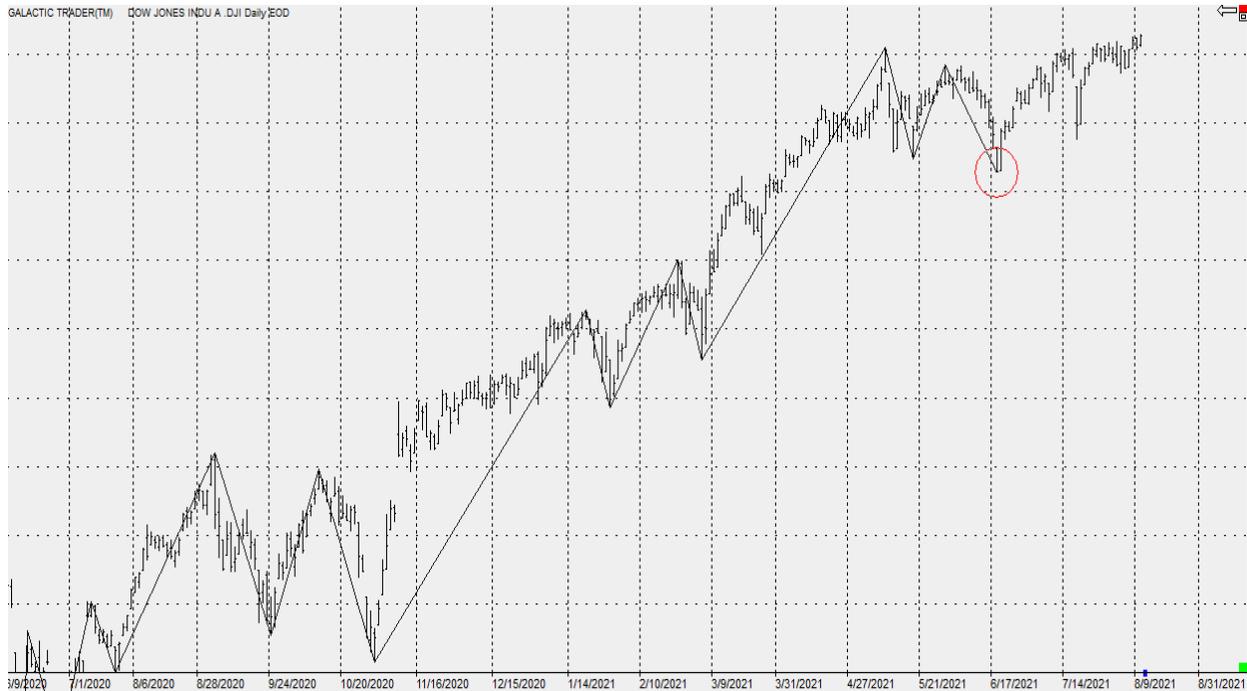
In order to have a solar-lunar reversal, the market needs to make an isolated high or low in that 2.5-day period of a solar-lunar combination correlating with a high WV reversal signature.

If it is to be a reversal from a high, then the setup begins when the market enters this time band and takes out the high of the previous day.

If it is to be a reversal from a low, then the setup begins when the market enters this time band and takes out the low of the previous day.

It is best if the move into the solar-lunar reversal time band is also part of a 4% filtered wave move already underway. But that does not usually happen. A 2.5% move will be sufficient in many cases. In fact, it is often enough if it is just an isolated low or high, especially if it closely follows a major, half-primary, or primary cycle, and the market is in a trend to that forthcoming cycle trough or crest.

For another example, let us examine a recent primary cycle low (PB) in the DJIA on June 18. Note that on June 18, the moon was in Libra. With Sun in **Gemini**, we have a strong WV of 119.50 for a Libra moon. But in the observational graph, it is a day to look for a big high. That day, the Moon was in early-Libra. That was the primary bottom.



The first step of the setup is that the market has to take out the high or low of the prior day, in a solar-lunar reversal zone. If it doesn't do this the first day, it needs to do it the second day. If both days of the solar-lunar reversal time band are inside days, then there is no proper set up and you let it pass. You do not trade it, based on solar-lunar studies.

THE CONFIRMATION OF AN ISOLATED HIGH OR LOW WITHIN THE SOLAR-LUNAR REVERSAL DATES

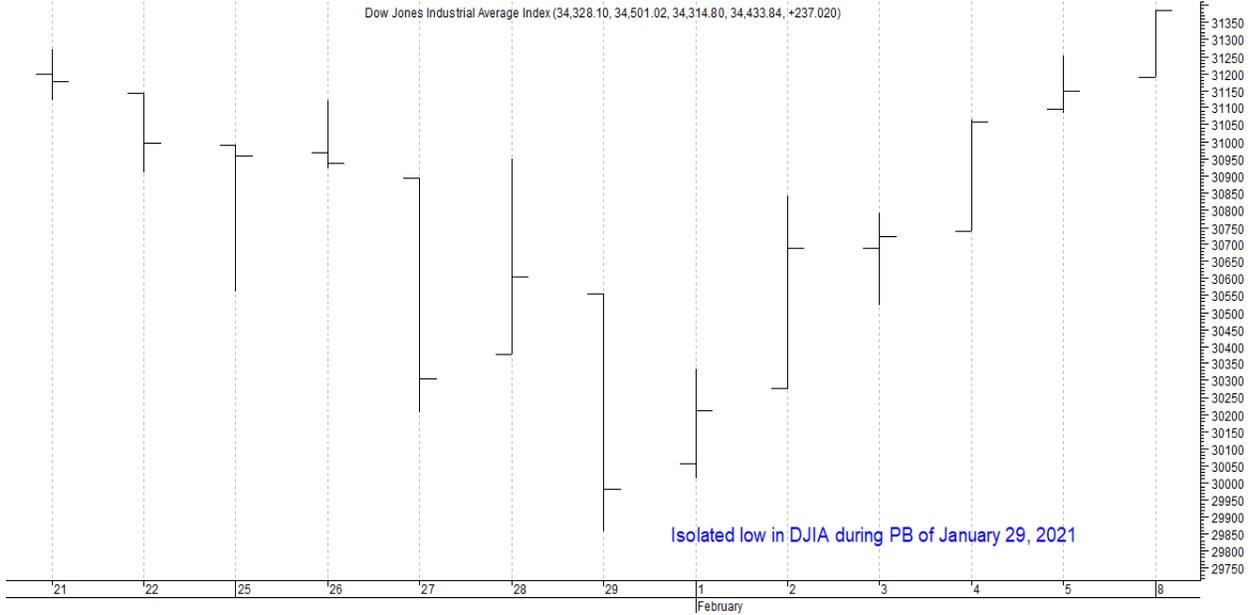
The confirmation of an isolated low or high happens when the following day (after the setup day) does not take out the prior day's high or low.

In an isolated low day, the low is below the low of the day before and the day after.

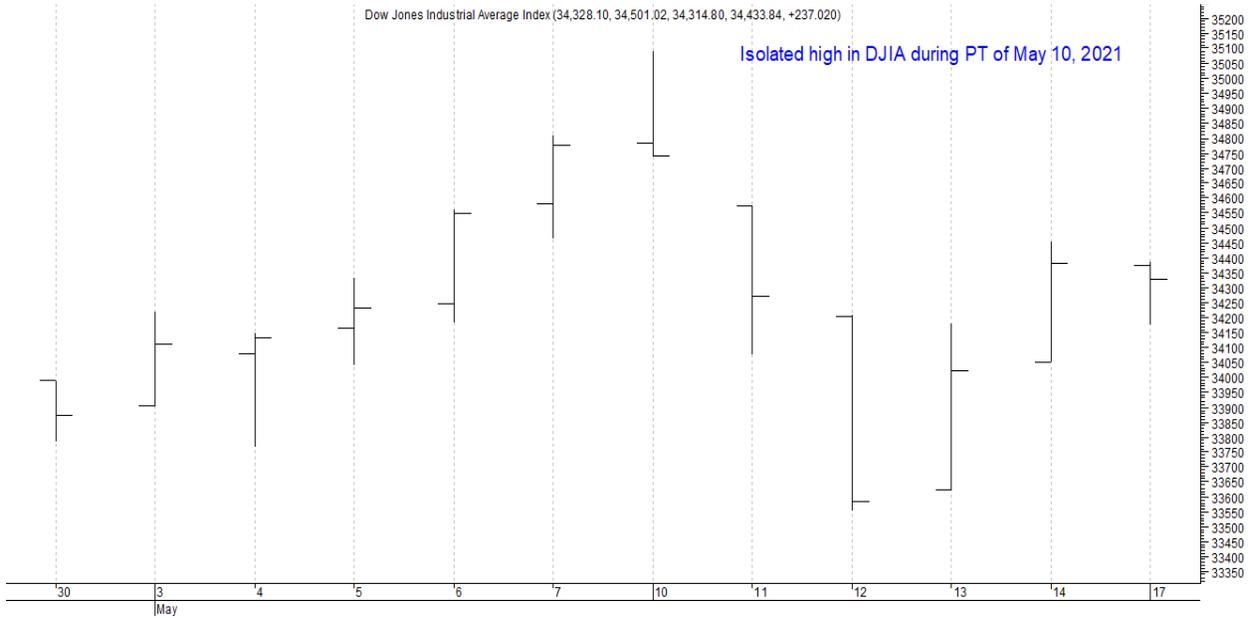
In an isolated high day, the high is above the high of the day before and the day after.

If a solar-lunar reversal zone is to be valid, one of the days must exhibit an isolated low or high. Exceptions may be made if the actual low of an isolated low happens late in the day before a reversal, or early on the day after a solar-lunar reversal. However, in most cases, the isolated low or high will happen within that 2.5-day period, and the trading plan should be developed on that expectation.

An example of an isolated low in DJIA, from Lesson 1.



An example of an isolated high day in DJIA, from Lesson 1.



SETTING STOP-LOSSES

Once the isolated high or low is confirmed, and the solar-lunar reversal period has ended, the stop-loss can be set above/below the price of that isolated high or low respectively.

Prior to the confirmation of the isolated high or low, the stop-loss can be set according to your risk allowance, and/or above a nearby resistance zone (in the case of an expected high) or below a nearby support zone (in the case of an expected low). These points of support and resistance will be covered at length in the second year of classes. We will also cover some more ideas on stop-losses in the next lesson on intraday trading.

TAKING PROFITS

The solar lunar studies are based on reversals of 4% or more from the isolated low or high. Therefore, that becomes our preferred price point at which to take profits.

In actual trading, you may of course not get the low or high price of the move. Therefore, a more reasonable short-term profit point might be 2.5%. In many cases, this may be accomplished in just 1-2 days, or if it is also a “Big Range Day,” maybe even in that day in which the trade was initiated.

It is also useful to use intraday technical studies to help choose the optimal point of entry and exit. We will discuss that in the next lesson.

SUMMARY AND OTHER CONSIDERATIONS

In this lesson we learned how to identify a solar-lunar reversal period, and the appropriate market setup for taking action. The steps for doing this are as follows:

1. Identify solar-lunar reversal periods every month that have a high weighted value.
2. You may also identify periods that have a bias to a crest or trough. That is, the weighted value of the crest is over 120 and the weighted value of the trough is under 83.3, or vice-versa. It is even better if the higher weighted value is at least twice the value of the lower one.
3. Once you enter that solar-lunar time band, the first step is for the market to take out the high of the prior day for a sell setup, or the low of the prior day for a buy set up.
4. The setup is confirmed on the day after. In a sell set up, the high in the solar-lunar reversal period is above the high of the prior day and the day after. The buy setup is confirmed when the low in the solar-lunar reversal period is below the low of the prior day and the day after.
5. The stop-loss is then set above the isolated high, or below the isolated low.
6. Start taking some profits when 1) the market has moved 2.5% from the isolated low or high of the reversal zone, and/or 2) when the intraday charts indicate the initial move is ending.

**THE TRADING SET UP FOR OPTIMAL USE OF SOLAR-LUNAR
REVERSAL DAYS IN DJIA AND SILVER
QUIZ 10**

1. True or false: The first step in trading solar-lunar reversal periods is to make a list of all the dates that have a high weighted value score for each month.

2. Define an isolated high.

3. Define an isolated low.

4. When determining if a solar-lunar combination has a bias towards an isolated high or low, what conditions are best to observe in terms of weighted value scores?

5. True or false: an isolated high or low can be important even if it does not coincide with a solar-lunar reversal date.

6. When does the set up begin for a crest in a solar-lunar reversal zone? When is it confirmed? Where does one put a stop-loss once it is confirmed?

7. When does the set up begin for a trough in a solar-lunar reversal zone? When is it confirmed? Where does one put a stop-loss once it is confirmed?

8. When is it not essential that a solar-lunar reversal happens as part of a 4% filtered wave?