C H A P T E R **14**

Gann Box Analysis

Rise/Run Ratio

One of the drawbacks in most programs is the lack of adequate timing studies. We have attempted to meet this need with studies such as the Time Clusters and the Gann Box Analysis. The word Gann scares a lot of traders because of its complexity and no clear instruction on how to use it. We have researched this field quite extensively and have found precise ways to use the Gann Box. The software allows you to draw Gann Boxes in various configurations. So users who follow the traditional Gann methods can still use it as presented in most of the published materials. However, we have used the results of our research and added the Pre-Fixed Gann Box.

The major criteria we found in our research was that the Ratio of the Rise/Run should be 1 or multiples of 1, such as 10, 20 etc. Gann Boxes are drawn from Major Pivot Lows or Highs. The amount of price from the pivot is the Rise and the number of bars from the pivot is the Run. The box shown below uses 450 bars (Run) and 450 price from the pivot low (Rise). The ratio of Rise/Run = 450/450 = 1.
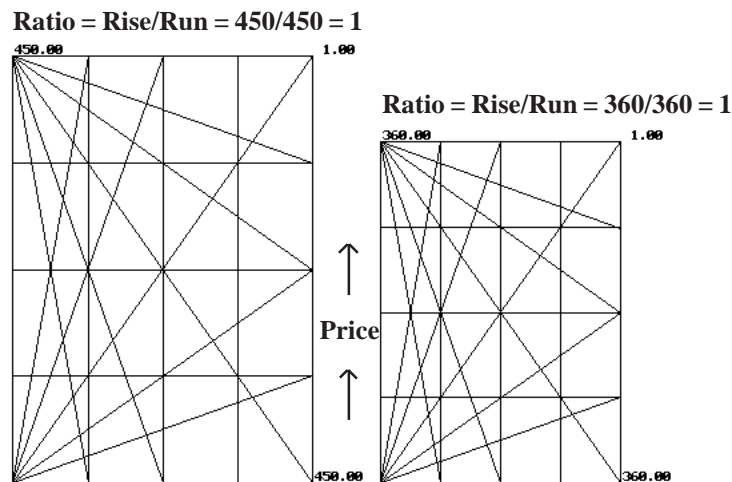

Figure 14-1: Gann Boxes (Run = # Bars)

The preferred ratios (in order of importance) are as follows : 1, 2, 5, 10, 20, 40 and (2.5 as a last resort).

Our research on all markets and on all time frames show that if you used the ratios (in order of importance) 1, 2, 5, 10, 20, 40 and 2.5 (as a last resort) and draw Gann Boxes from Major Pivot Lows or Highs, the angles generated provide Support and Resistance levels as the market progresses into the future. In addition to the ratio, this technique also requires you to use a Fixed Time interval of 45, 90, 180, 360, etc.

Figures 14-2a-e show some of the other ratios that can be used. Since the Box is drawn in advance, it provides a pathway or a road map for the market. The combination of the Fixed Time Intervals and the Pre-Fixed ratios provide amazing end results.
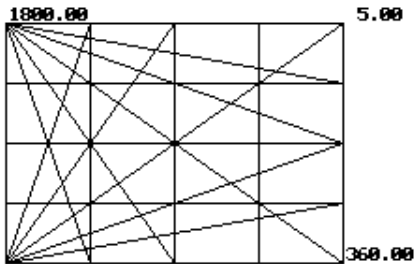
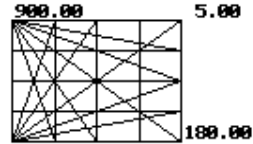**Figure 14-2a: Ratio = Rise/Run =1800/360 = 5**
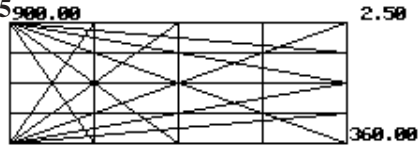
Figure 14-2c: Ratio = Rise/Run = 900/180 = 5

Figure 14-2b: Ratio = Rise/Run = 3600/360 = 10

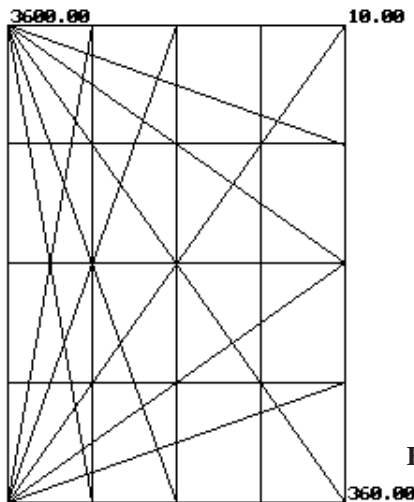**Figure 14-2d: Ratio = Rise/Run = 900/360 = 2.5
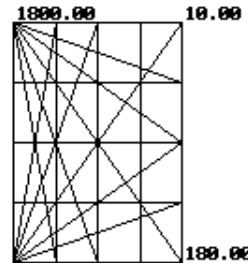(Last Resort)**

Figure 14-2e: Ratio = Rise/Run = 1800/180 = 10

In Figures 14-2a-e we use pre-fixed time (bars) length of 90, 180, 225,360, 450 etc., along with pre-fixed prices to provide the Box Ratio of 1,2,5,10,20,40 and 2.5. By using the Pre-Fixed Ratios, the underlying math stays the same regardless of the Box Size. In the following examples we use various boxes as the market progresses.
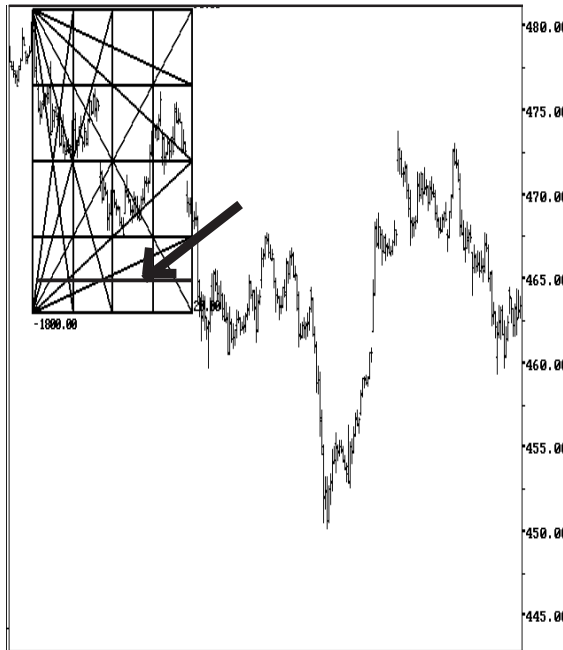
Here, we start out with a 90 by 1800 Box with a ratio of 20.

Figure 14-3a: Gann Box

This Gann Box provides support for the prices marked by the arrow.
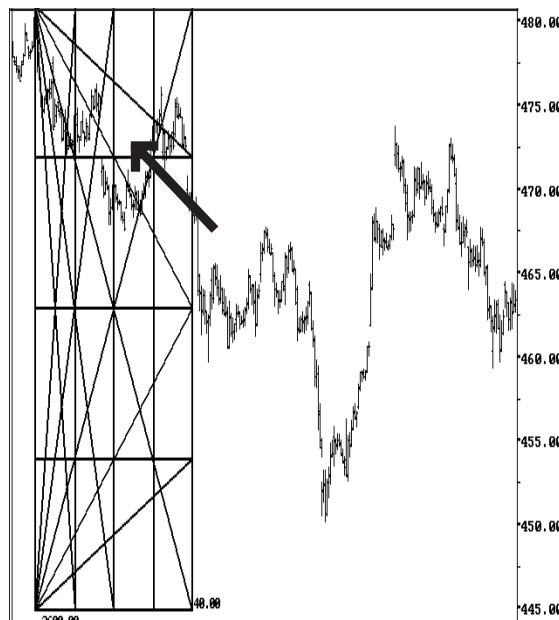
Now we switch to a 90 by 3600 Box with a ratio of 40.

Figure 14-3b: Gann Box
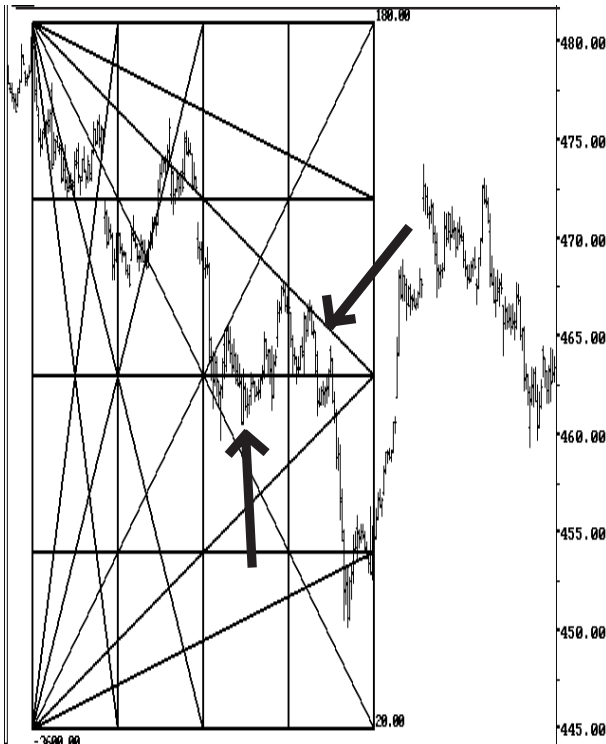
This new Gann Box continues to provide the same support but with a different angle.

Figure 14-3c: Gann Box
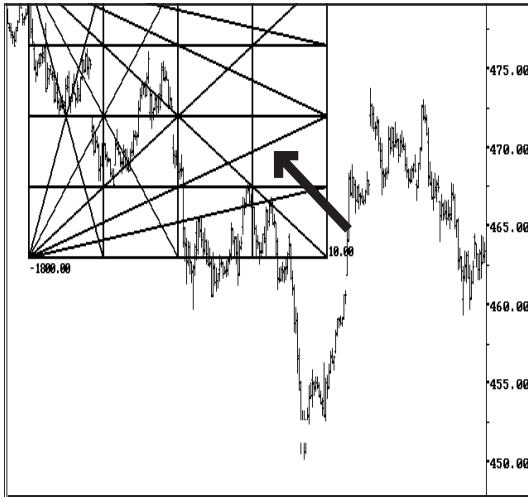
New Box
180 by 1800 Ratio = 10

Again the same prices are supported by yet another angle. Also notice the new price resistance marked by the new arrow.

Figure 14-3d: Gann Box

New Box
180 by 3600 Ratio = 20

As the price range expands, the user simply draws a larger Box that confirms to the Pre-Fixed Ratios. The underlying math automatically adjusts itself by shifting angles around but still provides the same support and resistance as the market progresses.
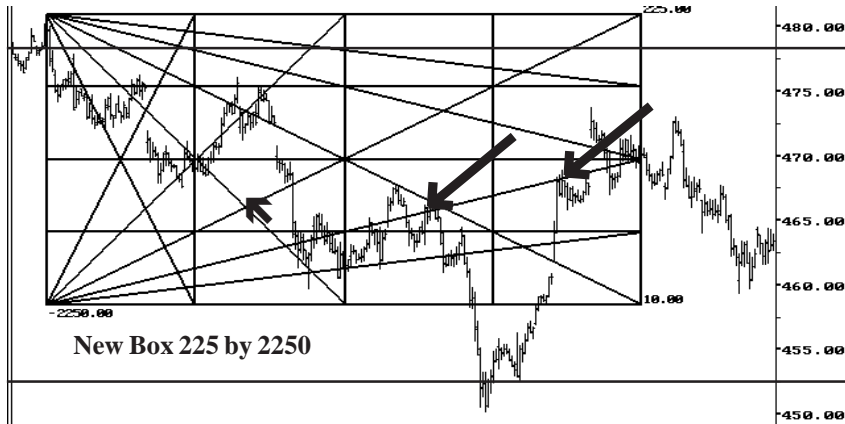

Figure 14-3e: Gann Box

Arrows indicate the same price reversals projected by different angles from boxes with various ratios.
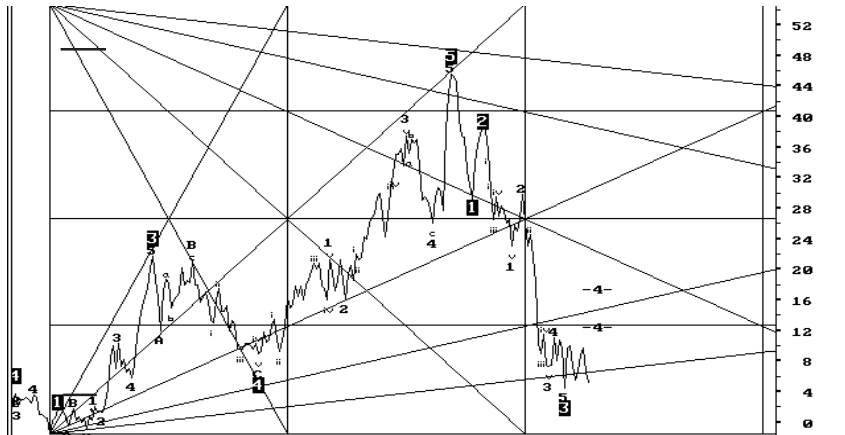

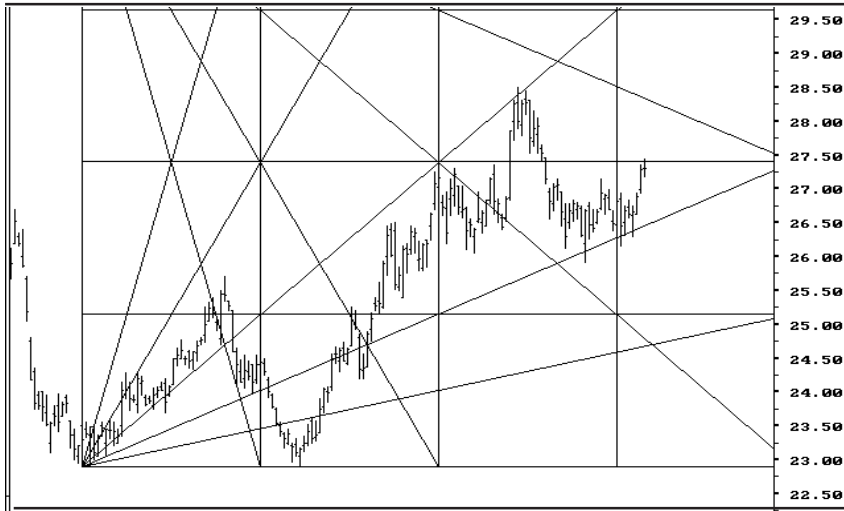**Figure 14-4: Wheat Spread, Long 95 Mar / Short 95 July**

Figure 14-5: March 95 Bean Oil

Arrows indicate the same price reversals projected by different angles from boxes with various ratios.
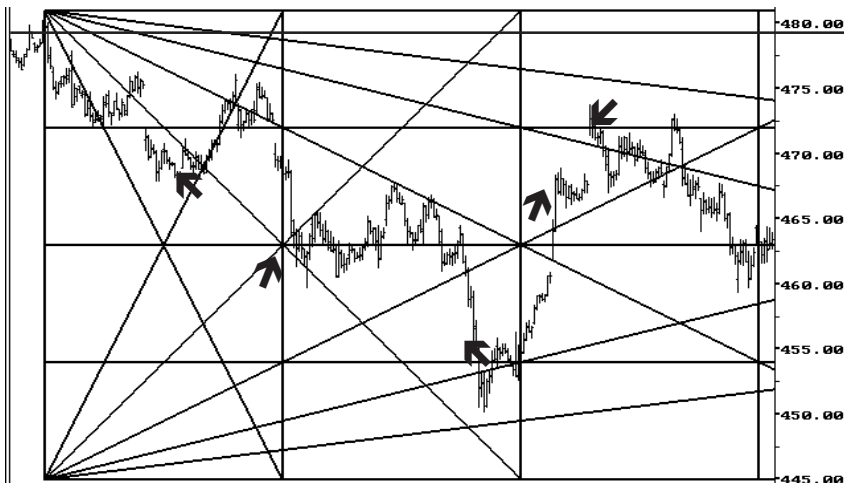

Figure 14-6: New Box 360 by 3600 Ratio = 10

Gann Boxes drawn with these ratios work on all commodities, stocks and spreads using Weekly, Daily and 60-Minute charts. The Gann Box also works well with Elliott Wave Analysis.
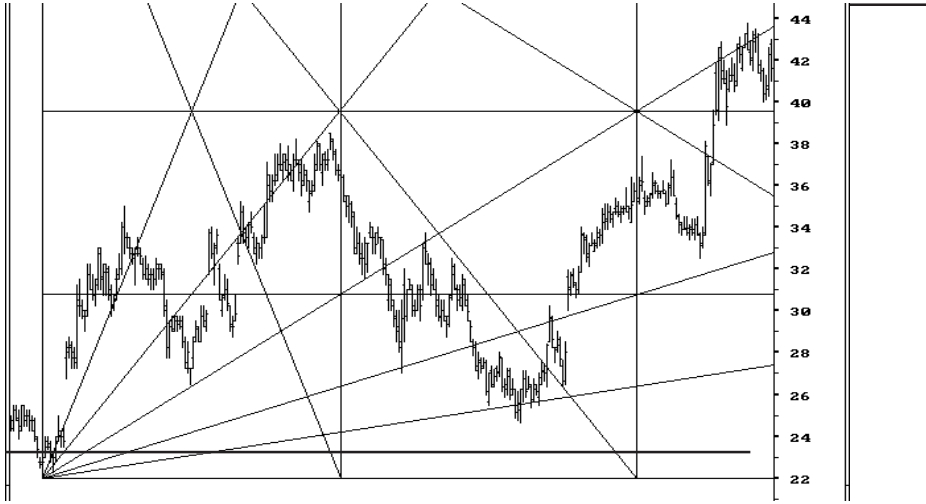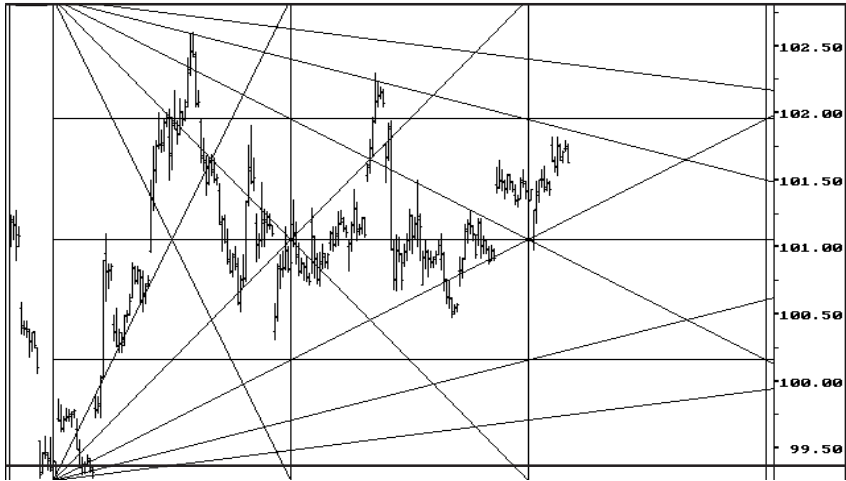
Figure 14-7: Apple Computer

Figure 14-8: 60-Minute Chart, March 95 Yen

Using Pre-Fixed Gann Box with Elliot Waves

The Pre-Fixed Gann Box can be used along with Elliott Wave analysis. There is
not much to explain on how to use this combination. Below are two charts with
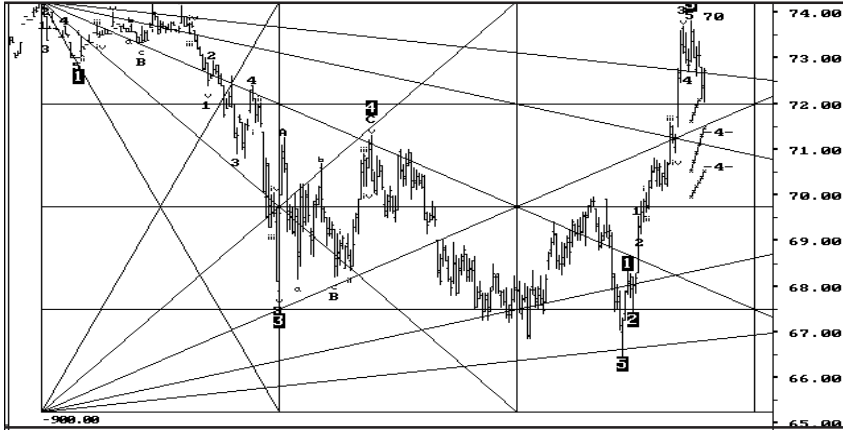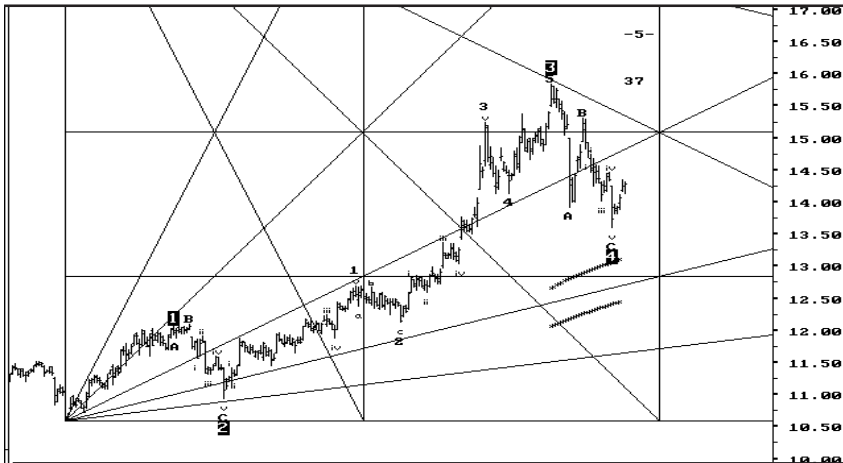Elliott Wave analysis and the Pre-Fixed Gann Box.

Figure 14-9: Feb 95, Live Cattle

Figure 14-10: Mar 95 Sugar