The Secrets of Daniel: Market Mathematics

Submitted by Frank De Baere

Nobel Prize co-winner, Eugene Fama, the founder of the efficient-market hypothesis asserts that financial markets are "informationally efficient," claiming one cannot consistently achieve returns in excess of average market returns on a risk-adjusted basis. Fama's research showed how incredibly difficult it is to beat the market, and how incredibly difficult it is to predict how prices will develop. Fama argues that there is no point for the common person to get involved in market analysis. It's much better to invest in a broadly composed portfolio of shares. Most economists and financial experts would agree with Fama's thesis. They believe that markets are random and totally unpredictable. Here at the Danielcode we call them Randomwalkers.

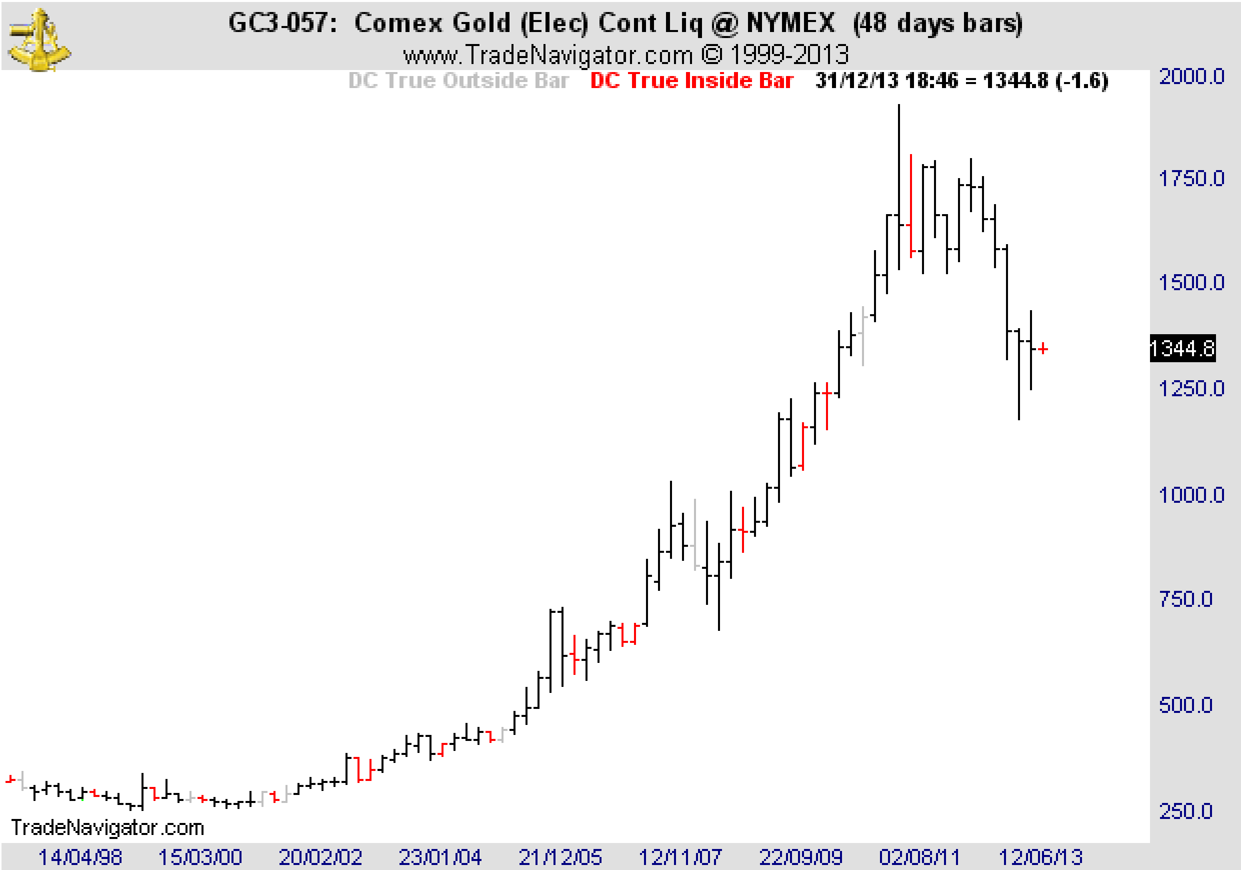
Another group of people are those that do fundamental analysis and believe that markets always follow the economy. If things are good, the market must go up; if the economy slows the market must go down. Sounds logical right? Except ... , how do you explain the market top in 2007 just before the crash while the economy at that moment was doing great?

And of course you also have the financially well connected. Banks, brokerages, hedgefunds, ... They are the ones that stand first in line when central banks engage in "zaitech" which comes from the Japanese word "zaiteku" and means "financial engineering". They have first access to free money that central banks throw around in their various market shemes (QE, LTRO, and many many other con games) all under the realm of pushing liquidity and restoring the status quo. On top of that they just steal our money in various practices like high frequency trading, huge comissions and outright manipulation and fraud. Of course beating the market becomes a whole lot easier that way. And when they fail, the taxpayer picks up the tab. I don't know about you but where I come from we call that cheating instead of beating.

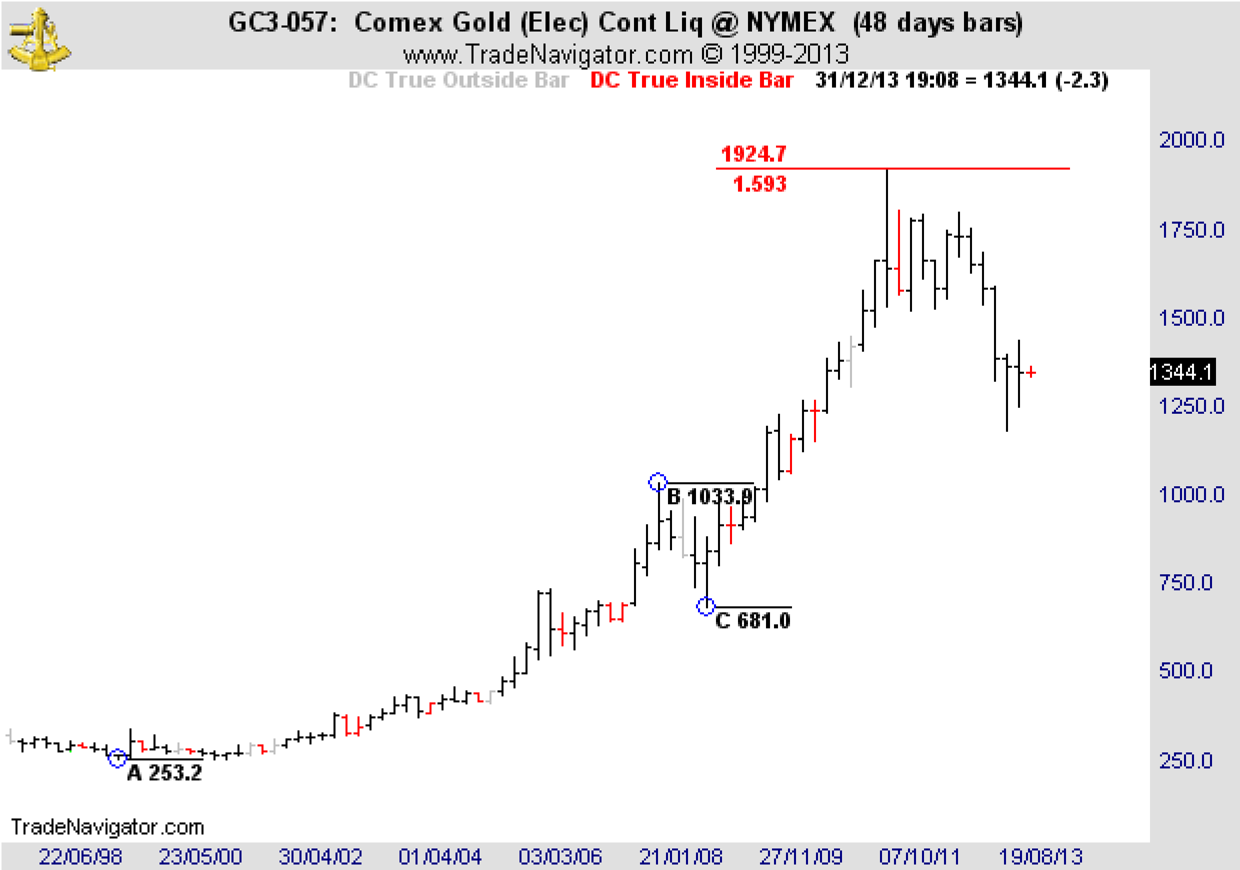
Fama may be right when he claims that beating the market is not easy. But don't confuse "not easy" with "impossible to do". Danielcode members stand at the opposite end of all these arguments. No matter how much QE, LTRO or HFT there is, we believe markets are perfectly mathematically organized and sometimes even predictable. And we can prove it ! Many know this Sistine Chapel painting of the Prophet Daniel by Michelangelo. What few know is that Daniel's words in the "Book of Daniel" contain huge hidden knowledge about time. In fact his words describe a secret and hidden mathematical matrix that governs time and price across all markets. Most will take a good laugh when they first hear about this notion but senior Danielcode members take this stuff very, very seriously and are deeply humbled and impressed about it. They know it's power and learn how to use it on a daily basis in order to truly beat the market. But that's enough talk. Don't take my word for it. We invite you to judge for yourself.

To prove our point let's delve into the charts. The first picture you see here is the 48 day chart of

Gold. Non daily Danielcode charts are always composed of bars that contain 6 trading days or fractals of that (12, 24 and 48 trading days). The reason for that is beyond the scope of this article but it all comes straight from the Bible. You can read about it in the now famous two "Master Class" articles on the Danielcode website under the articles tab. (Master Class I and II)



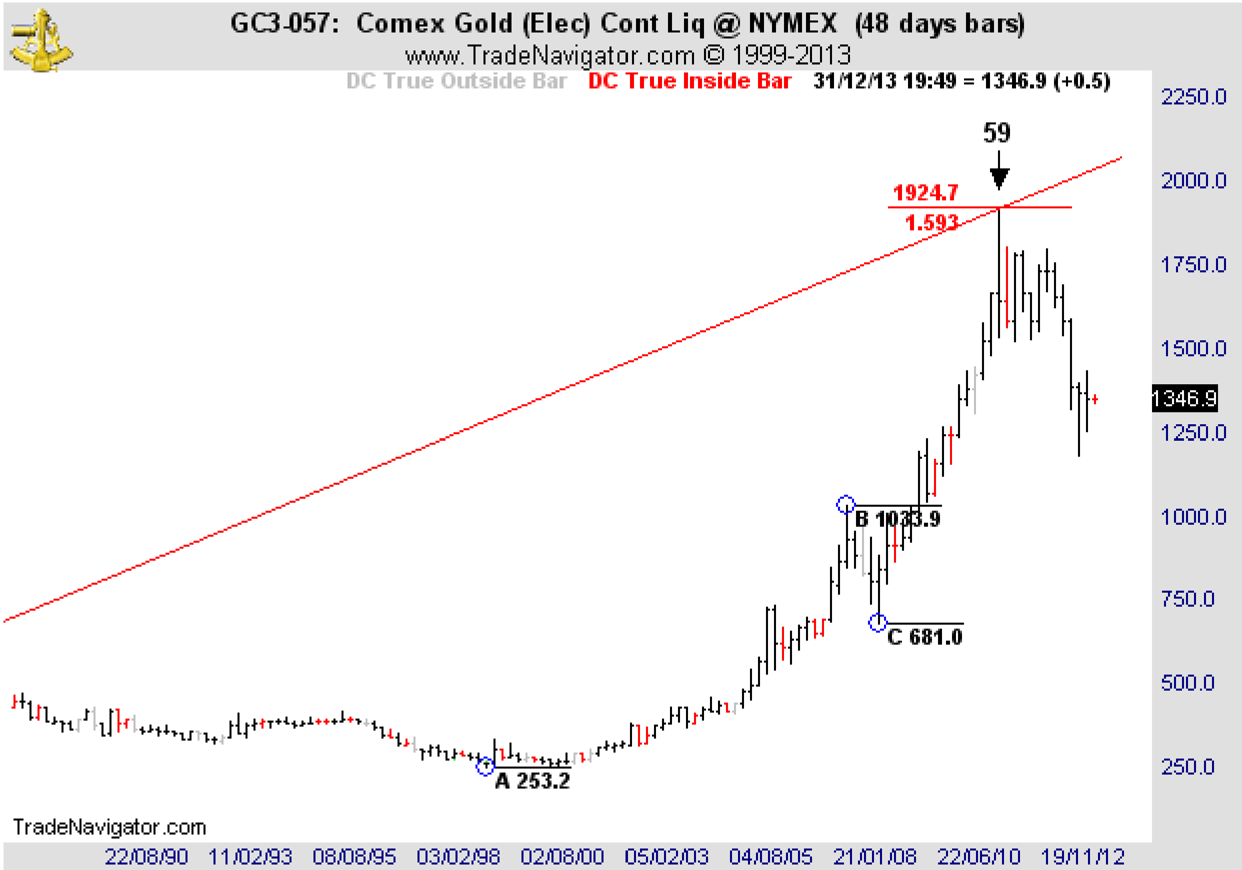
One can see that since the low in 99 this market had a strong bull market run right into September 2011. But why did this market stop in that now famous month September? And why did it stop at 1923.7? Take a look at the second chart. Again we have the 48 day chart of gold but this time with the Danielcode extensions on it. What we did is extend the move from the 1999 low (253.2) to the 2008 high (1033.9) in Danielcode ratio's from the 2008 low (681.0). The Danielcode ratio's are **29.7** , **37.5** , **44.5** , **50** , **62.5** , **59.3** , **74.2** and the powerfull **89** black line. Where these ratios come from and how to use them is explained in the "Live at The Springs" audio under the articles tab of the Danielcode website. And for intrigued minds there is a ton of other knowledge about markets on the website waiting to be discovered.



And lo and behold, the September 2011 top came 10 ticks away from the 1.593 extension from the 2008 low at 1924.7. Pretty impressive target recognition for a ratio that was on our radar 3 years earlier don't you think? Why? The reason for that is simple: markets know and recognize these Danielcode numbers all the time and on all time frames. And they do so with stunning precision.

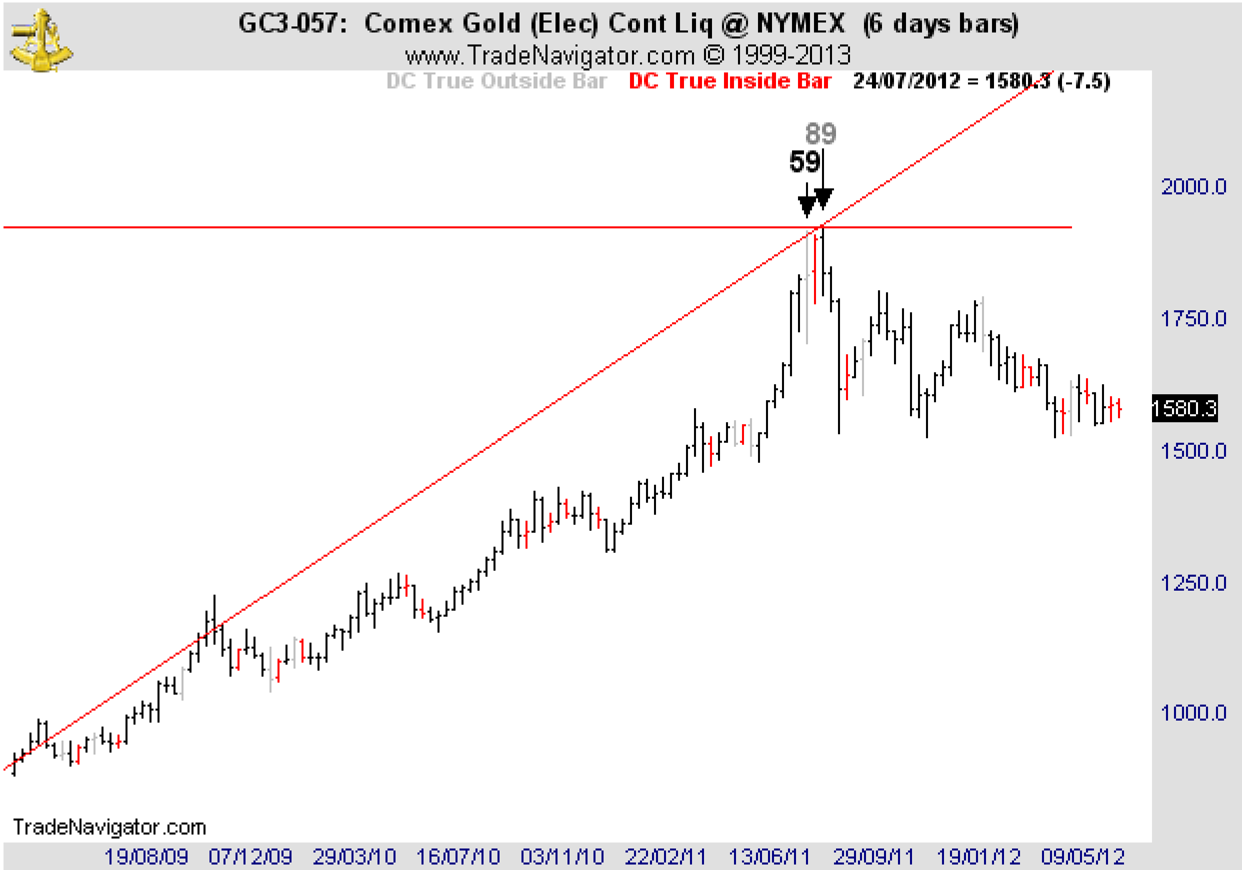
But there is more; a lot more. Since January of this year the Danielcode started with the 4th degree market forecasting tool. It is basically a tool that defines the trend for the DC week (6 trading days) and forecasts future turns across various markets days, months and sometimes even years in advance. For now we cover Gold, the Dollar index, Natural Gas, Crude, Copper, 30y T-Bonds, the S&P and the German DAX. The 4th Seal (and it's cousin the 5th Seal) is a mathematical construct where market Time and Price are squared. They are basically a line that is constructed in a unique and very specific way. How these lines are constructed is taught at the Danielcode tutorials where you will learn all the details of this amazing forecasting tool. The 4th Seal service is updated once a week, sometimes twice according to volatility.

The next chart contains the 4th Seal line on the 48 day chart of Gold. This line can be constructed on a daily chart, on a 6 day chart and on fractals of the 6 day chart. Notice that on this chart the basics for the construction of this 4th Seal line is done in the 1976 to 1982 bull and following bear market structure. And lo and behold again. This market recognized this 4th Seal line with a precision of 11 ticks in September 2011 right when one of the most important DC time ratios expired: number 59.



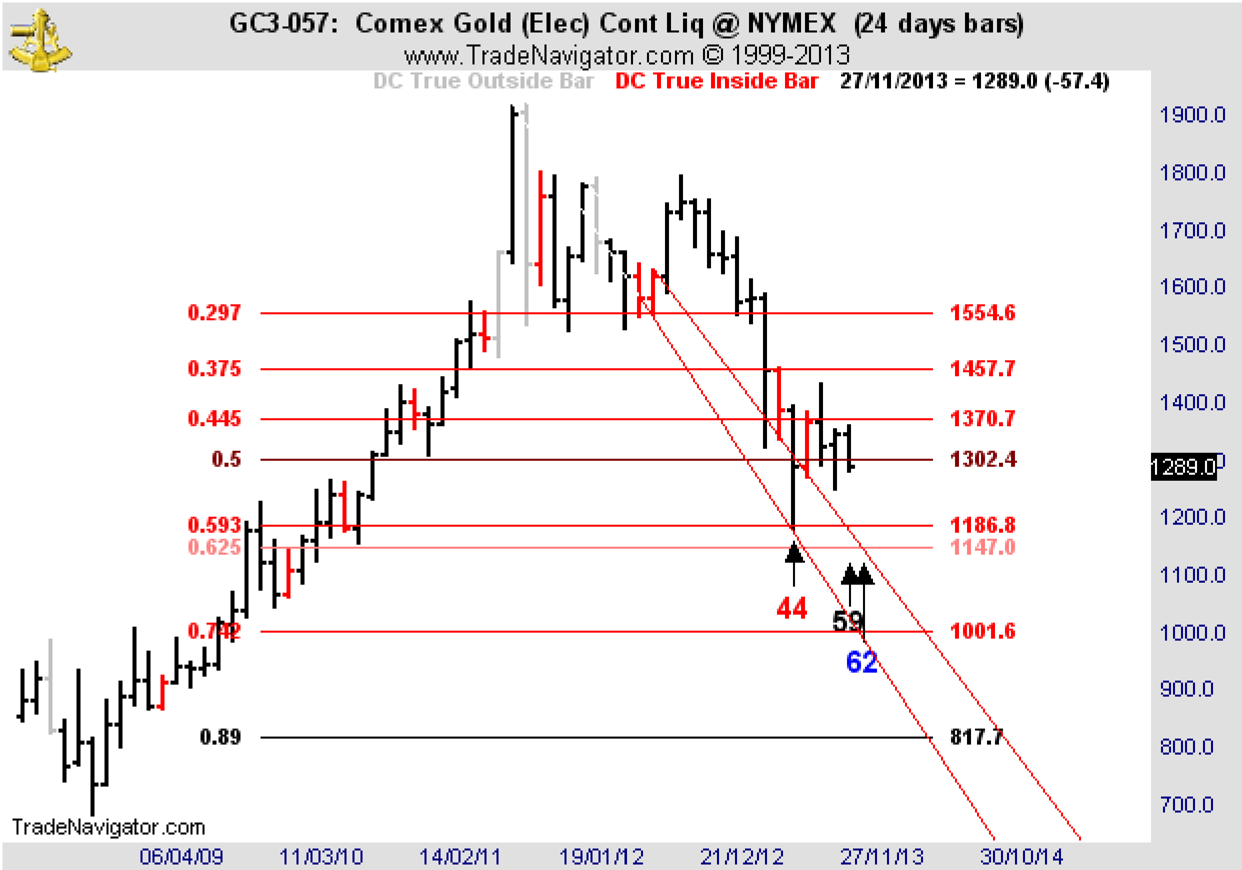
It means that in September time and price where squared. Price was at a significant level defined by the 4th Seal or the DC ratios (or both) just as an important DC time cycle expired. And when time and price are squared a turn is almost inevitable. The subsequent reaction was quite violent. Pretty amazing for a line that was constructed 3 decades before don't you think? Conspiracy, manipulation, hyperinflation, the end of our monetary system, ... no matter how many explanations you read about the moves of this emotional market, markets are destined to do what's in their DNA and like it or not, the Danielcode is the DNA of markets.

Always remember that we are traders. That means that the whole point of these studies is not to forecast, nor to be right, ... It's about making money. That's why the main mantra of every tutorial is "Show me the money". Trading 24 day bars is far too risky to make money so we have to narrow our studies in time. At the Danielcode we mainly trade daily bars and use the 4th Seal forecasting tool to determine the existing trend and to forecast the possible upcoming trend change. All of this is done on DC weekly charts (bars consisting of 6 trading days). The next chart is the 6 day chart of gold. Moving into the DC week ending on 08/26/2011 this market had an important 59 cycle expiring just as it reached 4th degree resistance. When price and time are squared a turn is almost inevitable so all DC traders were on alert for a possible trend change. As we moved into that week gold was in blowoff mode and reversed almost exactly at the 4th degree right on time. But it had not yet recognized the long term DC ratio from the 1999 swing low and it took this market another DC week to recognize the famous **59.3** ratio. Notice that in that DC week of the DC target recognition, another important DC time cycle expired: **89.** The market vibrated at that number just in the expiring time cycle inflection and reversed hard. The rest is history ... And that is how we anticipated the September 2011 turn in gold. We were on high alert for a possible trend change and the DC daily trade signals elected us short almost straight down to the first bottom 3 DC weeks later.



If you're still reading you're probably asking yourself: "Yeah sure, but that's the past. How about what's next?". Well; let's put on our Danielcode glasses and look at some charts. Next is the 24day chart of Gold right into today 8/11/13. The first thing to notice is that the the low of late June in precious metals came almost exactly at 4th degree support and at the 59.3% retracement and of the 2011 to 2008 swing low right on a 44 DC time cycle. 44 is Gold's main vibration where 59 and 62 are the core vibration of the Dollar and Equity markets but that does not mean 59 and 62 are not important to precious metals. Moving into the June low many were calling for the crash in precious metals. But from a DC perspective we view this decline as a normal correction. This market had a huge run since the 2008 low and 59.3% retracements are quite normal within any bull market. That does not mean Gold cannot test a lower DC number; it just means that any call or explanation why Gold will move to $500 or $5000 anytime soon is just a waste of your time. Markets go up and go down and always revert to the mean. They have done so for ages. If you truly want to learn why and when markets do what they do you have to come to the right place. The only thing that you need next is an open and humble mind and a hard working attitude. These are the ingredients needed to get you into the biggest discovery of many generations. And I promise you that you will be impressed and amazed.

If we fast forward to today we notice that the active 24 day bar on this chart (ending on 11/27) has a 59 cycle on it and the next bar (ending on 12/31) has a 62 cycle on it which usually forecasts a bottom in markets). So we know this market is now moving into a period where there is a time inflection occuring that tells us we should be looking for a reversal. We are not yet at the next 4th degree support so price still has some downside pressure to overcome but we are getting close.



There is no way to tell yet if we are going to break the June lows or not. From a 4th degree perspective a retest of the 1186.8 is very possible and a recognition of the 1147.0 (62.5%) level lower would be perfect. The most important factor is time and the time inflections on this DC chart are very important. When precious metals are at 4th degree support and/or a significant DC retracement level in this time inflection zone a turn will almost be inevitable. And from the structure of these time cycles we simply have to conclude that it should be a higher degree low.

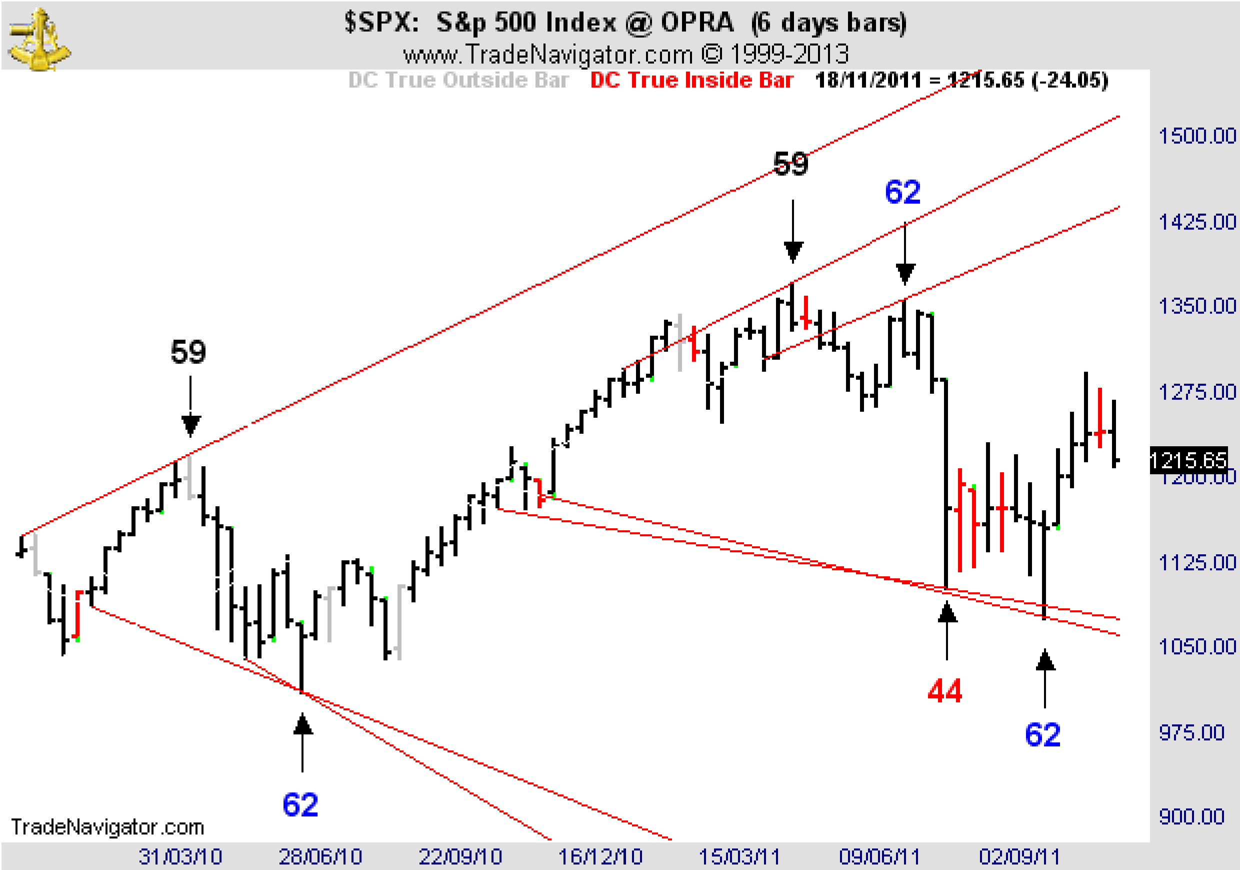
On the 4th Seal tab of the DC website we narrow this research further down to the 6 day chart of Gold where we investigate on a weekly basis where and when the probable low is scheduled. Moving into the inflection week DC traders will be on high alert for a possible turn and the DC daily signals posted on the website should then pull us into the trade and get us elected. The DC daily signals are a miracle of their own and usually (>80% winning trades) get you on the right side of the market with appropriate stop loss levels so you never risk more than 2% of your book. I invite you to sign up for a free trial at the Danielcode website (mail to support@thedanielcode.com) so you can judge yourself.

The other market under many analyst's radar is the S&P. Everyone now remembers the 2007 top in Equities (which was forecasted on the DC website) and the 2009 crash low (which was called to the day and a few ticks at the March 2009 tutorial that was going on in New Zealand as the low came). That low has now become a low of historic proportion and is explained in detail in the "Number of the beast" article on the articles tab of the DC website. Ever since equities have been in a strong rally where only the May 2010 flash crash and May 2011 correction had any momentum behind them. The famous DC Long Term Trend Charts which are freely available to anyone interested (just create your free account at the website) have kept us on the right side of this market and put every correction in it's right context while the DC daily signals elected us short on every down move. The DC is there to minimize losing trades (which are an inevitable byproduct of trading) and the results are quite phenomenal. All of this is verifiable in the trading book posted on the DC website and I invite you again to do so.

To put the March 2009 low in perspective the 6 day chart above shows you that the low on March 6 came at exact 4th degree support right when a 59 DC time cycle expired. Price and time were squared and the inevitable turn followed. The 4th degree line was constructed from the the 2000 to 2003 market structure and was on our radar for over 4 years. All DC evidence was pointing to a low in the DC week ending on 03/13/09 and as usual the DC daily signals got us elected long close to the low. Very impressive!

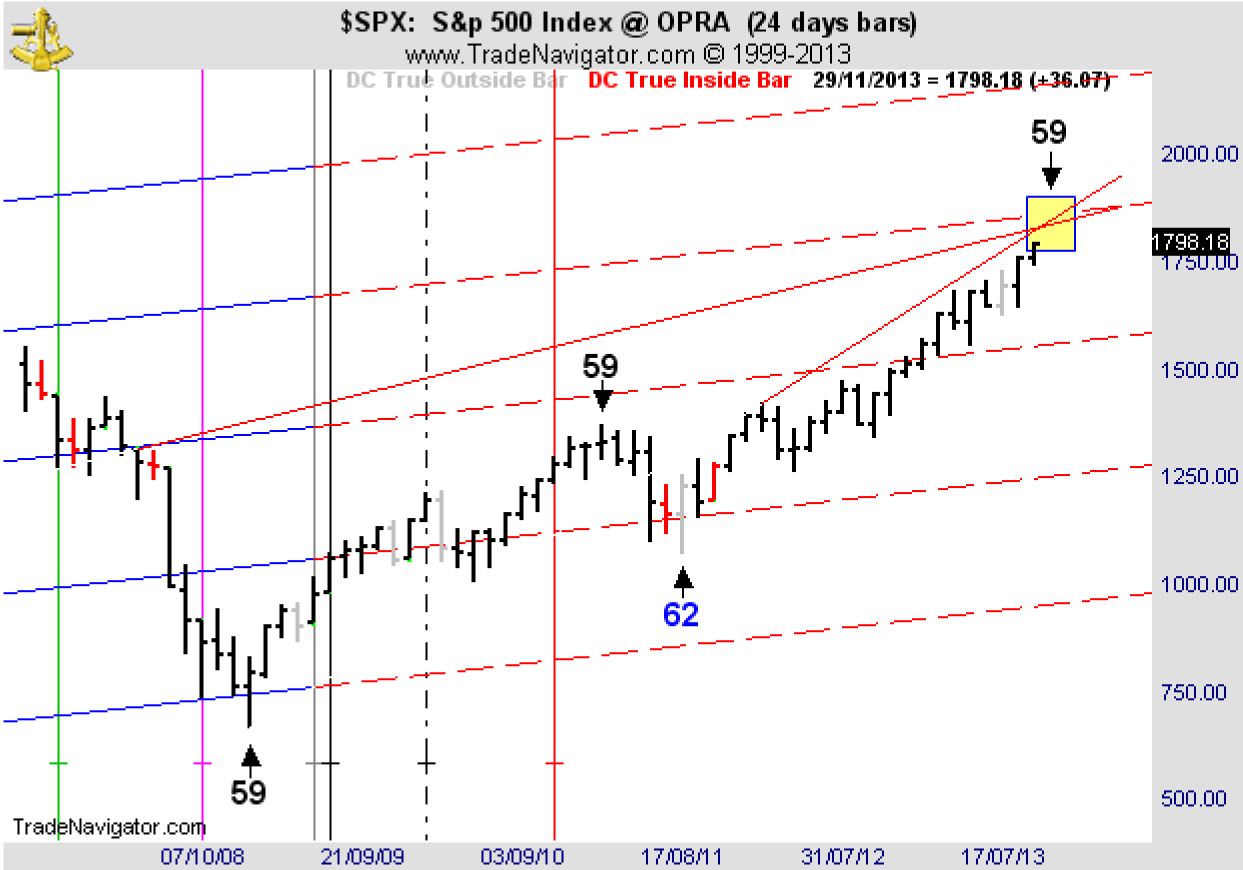
But it did not stop there. The next 6 day chart shows you that every significant high and low in the 2010 flash crash and the famous 2011 European debt crisis came at a significant 4th degree line when a significant DC time ratio expired. It's truly stunning how markets are ruled by the Danielcode. Let me temper your enthousiasm by warning you that there are always many 4th degree lines and many time cycles "at work" in markets and picking the right one is part art and part science. Practice builds skill. I always compare it with riding a bicycle. When you're a little child and you ride your first yards it seems extremely difficult to keep balance and make a turn. But after many hours of practice and falling on the gound it becomes manageable and eventually even obvious . The 4th seal market forecasting is very similar. It all comes down to an open mind, hard work and training. Mathew 7:7 summarizes it best:

"Ask and it will be given to you; seek and you will find; knock and the door will be opened to you."



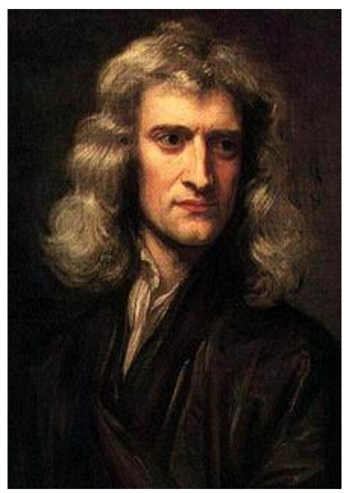
As we are now approaching the end of the year where many fund managers are working hard to clean up their book and make it look good, Equities are again moving into a major Danielcode inflection zone. Studying the 24 day chart of the S&P reveals to us that this market is moving into a 59 time cycle running from the beginning to the end of December while price is moving closer and closer to 4th degree resistance. And that puts us again on high alert for a possible turn in Equities. The 4th Seal section of the DC website will give us more insight as we get closer into December and the odds that the DC daily signals will elect us short near the top are far above what you think.

As always, Daniel's secrets can reveal the inflection points to us but we do not know how much momentum to expect once the turn is evident. But the few ones that truly studied the "Master Class" articles on the DC website know that time cycles coming from the high after the high (like this one) are always paramount. And that means that the odds of a higher degree top are very significant. The dotted lines on the chart below are the extensions of the DC trading channel since 1974. DC trading channels are constructed in a very specific way based on the main vibration of markets. Although they do not have any predictive value it is just amazing how markets recognize these channels and turn at the various standard deviations. You can learn all about them in the video section on the Danielcode website.



The book of Daniel hides a big secret. Few realize the value and importance of the Danielcode ratios and even less treat them with the humility and respect they deserve. Sir Isaac Newton, one of the most prominent scientists of the 17th century was always intrigued by the words of the Bible and more specifically by the Book of Daniel. Just like the Danielcode members Newton too believed that many of the "keys" that we seek in life were contained in the Book of Daniel. In fact in his work "Observations upon the Prophecies of Daniel" Sir Isaac Newton explicitly warned about the value and importance of Daniel's words and more specifically about prophesy:

"The folly of Interpreters has been, to foretell times and things, by this Prophecy, as if God designed to make them Prophets. By this rashness they have not only exposed themselves, but brought the Prophecy also into contempt. The design of God was much otherwise. He gave this and the Prophecies of the Old Testaments, not to gratify men's curiosities by enabling them to foreknow things, but that after they were fulfilled they might be interpreted by the event; and his own Providence, not the Interpreters, be then manifested thereby to the world. For the event of things predicted many ages before, will then be a convincing argument that the world is governed by providence."



Sir Isaac Newton, the Father of Modern Science. Observations upon the Prophecies of Daniel, published 1733.

We completely concur and repeat Newton's warning on every 4th degree page. Turn off your smartphone, stop reading your newspaper and forget about your favorite economist who is mostly an expert at explaining what has already happened: if you truly want to learn about the mathematics of markets and more specifically why and when markets turn then study what our mentor Daniel had to say 25 centuries ago. If you are interested come visit us at www.thedanielcode.com. If you are excited like me then a tutorial will open a whole new world for you. The Danielcode number sequence provides significant price and time levels that markets recognize but others do not see. It controls all markets in all time frames. Realize that and you will benefit accordingly.

John Needham is a Sydney Lawyer and Financial Consultant. He publishes The Danielcode Report and writes occasionally on other markets. He lives with his family in Australia and New Zealand.

Ed: This article was written by Danielcode member Frank De Baere. I taught Frank the techniques that create The 4th Seal at a Tutorial in Taupo, New Zealand in December 2011 and now through sheer hard work and determined application he has become an expert. Many thanks Frank.

This article was submitted by Frank on 11/18/13. Circumstances conspired against a more prompt release for which I apologise.

thedanielcode.com
...still working after 25 centuries!

"The fox knows many things, but the hedgehog knows one big thing. A Hedgehog Concept is not a goal, intention or strategy to be the best. It is an understanding of what you can be best at. The distinction is absolutely crucial". ~ Isaiah Berlin, The Hedgehog and the Fox