

THE TIME FACTOR

**2020**

# **US Equities Road Map**

*Your guide to US equities throughout 2020 according to WD Gann*

*Introduction Summary*

ROAD MAP. 2020

# Very important information – please read this first

## The objective

The WD Gann 2020 Road Map has been calculated based off the teachings described in volumes 1 and 2 of Trading with the Time Factor. In particular, we apply the methodologies described in chapter 14 of volume 2 of the course to derive our forecast for the year ahead.

## Not personal or general advice

The 2020 Road Map is an education tool only. It should not be construed in any way as personal or general advice. I am not a licenced financial adviser, nor do I know your individual financial circumstances.

The contents of The 2020 Road Map are strictly educational material only and provides an analysis on how the techniques described in Trading with the Time Factor can be applied to analyse the US equity markets. It is not intended to encourage you to take a trade in a particular market or deal in a financial product. If you are looking for financial advice, please consult someone who is appropriately qualified to do so.

## Contents are strictly confidential

The contents of the 2020 Road Map are strictly confidential and for your own use and perusal. They must not be disseminated, shared or reproduced in any way without my prior written consent.

I have spent hours upon hours researching and refining the concepts taught and described in Trading with the Time Factor, and a number of hours have gone into applying those techniques to develop the 2020 Road Map which you see now and which has been created especially for you.

## No guarantee of financial returns

The 2020 Road Map is not advising you on how to implement a particular investment strategy or how to invest in your chosen market. That is a decision strictly for you to make and for you to enjoy the full reward of any returns that you create.

The value of any investment and the income derived from it can go down as well as up. Please, never investment any more than you can afford to lose.

## Past performance is no guarantee of future performance

Just because a trading system or trading methodology has produced returns in the past, does not necessarily mean that it will replicate those returns in the future. Trading is a dynamic speculation and can produce losses as well as profits.

THE TIME FACTOR

01

Revisiting our previous Road Map forecasts

# Looking back at our previous forecasts

## The self adulation bit

Whilst I have been creating Road Maps for my personal use for a number of years now, it was not until 2016 when I first published a Road Map for the general public.

Whilst it was probably the most daunting thing I have ever written publicly, the 2016 Road Map worked incredibly well with prices tracking at an almost identical pace to my predictive time and price model. You'll see just how good it was in the coming pages.

I think the success of the 2016 Road Map reflected the time and the work I put into creating it, especially as it was my first one released to the public.

In 2017, we followed up with another extremely accurate forecast where the market once again followed very closely to our forecast curve.

In 2018 we went three for three. Whilst the year did not track our forecast curve as closely as in the previous two years, I still regarded our 2018 Road Map as a smashing success.

It was certainly far more accurate than any other Gann forecaster out there.

## How to use the Road Map

The objective of my annual Road Map forecasts is to act as a guide on the overall direction of the US equities market throughout the course of the year.

The Road Map is not intended to pin point the exact dates and prices that the market needs to follow, but rather to outline the directional bias that the market should take in the 12 months ahead based on previous time cycles.

Therefore, if you are going to take two key things out of using the Road Map it would be the following.

The Road Map should identify:

1. The overall direction of the market for the year; and
2. The two or three biggest time windows for major market turns during the course of that year.

In other words, the Road Map should tell you, broadly speaking, whether you should be a buyer or a seller for any given year.

As always in life, there are no guarantees of success, but it gives you a head start over the rest of the pack.

## Missing in action (2019)

I didn't publish a Road Map in 2019. So this year marks a return after a taking a year off.

There were a couple of reasons why I didn't make a 2019 forecast.

Firstly, I had a number of other competing interests going on in my life (which I still do), such that I never properly took the time to create one.

Secondly, my Master Road Map chart, which I created all the way back in 2011 (to predict where US equity markets should go over the next ten years) was indicating that 2019 was going to be an easy year to invest in.

I had earmarked almost a decade ago that 2019 was going to be the final year in a prolonged bull market, with significantly higher equity prices. My strategy for 2019 was therefore to simply be long equities and sell out of the market completely late in the year as the bull market came to an end. Therefore, there was no forecast needed.

It's as simple as that. And that is exactly what I did.

# The 2016 Road Map vs Actual Prices

## Actual vs Prediction

In 2016, the Road Map was telling you to be a net buyer. In other words, the year should finish up higher than where it started.

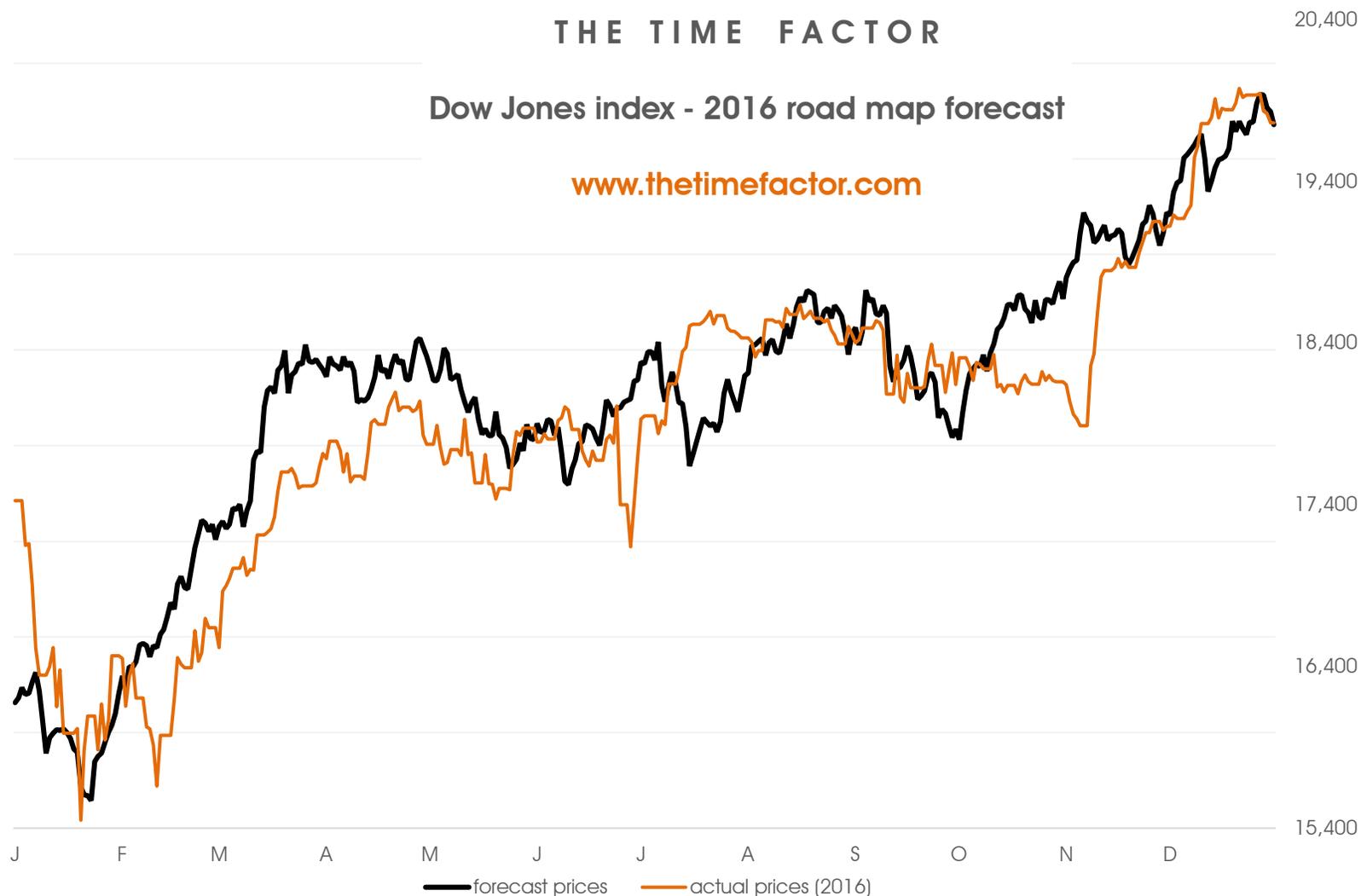
But the Road Map told you more than just that. Specifically in 2016, the Road Map was telling you that the best buying opportunities would be around January 20<sup>th</sup> that year. From memory, the yearly low occurred on January 21<sup>st</sup>.

Now, this doesn't necessarily mean that you go 'all in' and buy on January 20. But rather, it tells you to expect that the second to third week of January was going to be your best buying window for the year. Get your positions set, and ride the market higher.

The chart (right), shows just how extraordinarily accurate we got the forecast in 2016. But in short it said:

- Buy around mid Jan
- Sideways market from May to July
- Buy again toward October for much higher prices until the end of the year

Three simple decisions that were extremely profitable.



# The 2017 Road Map vs Actual Prices

## Actual vs Prediction

In 2017, we were expecting another bullish year overall, particularly when we measured where we expected the year to finish against where it started.

Whilst we had forecast a very slow start to the year with sideways prices for months, the key message from our 2017 Road Map was that we needed to be long equities by the start of April and hold those positions until a major high occurred in October that year.

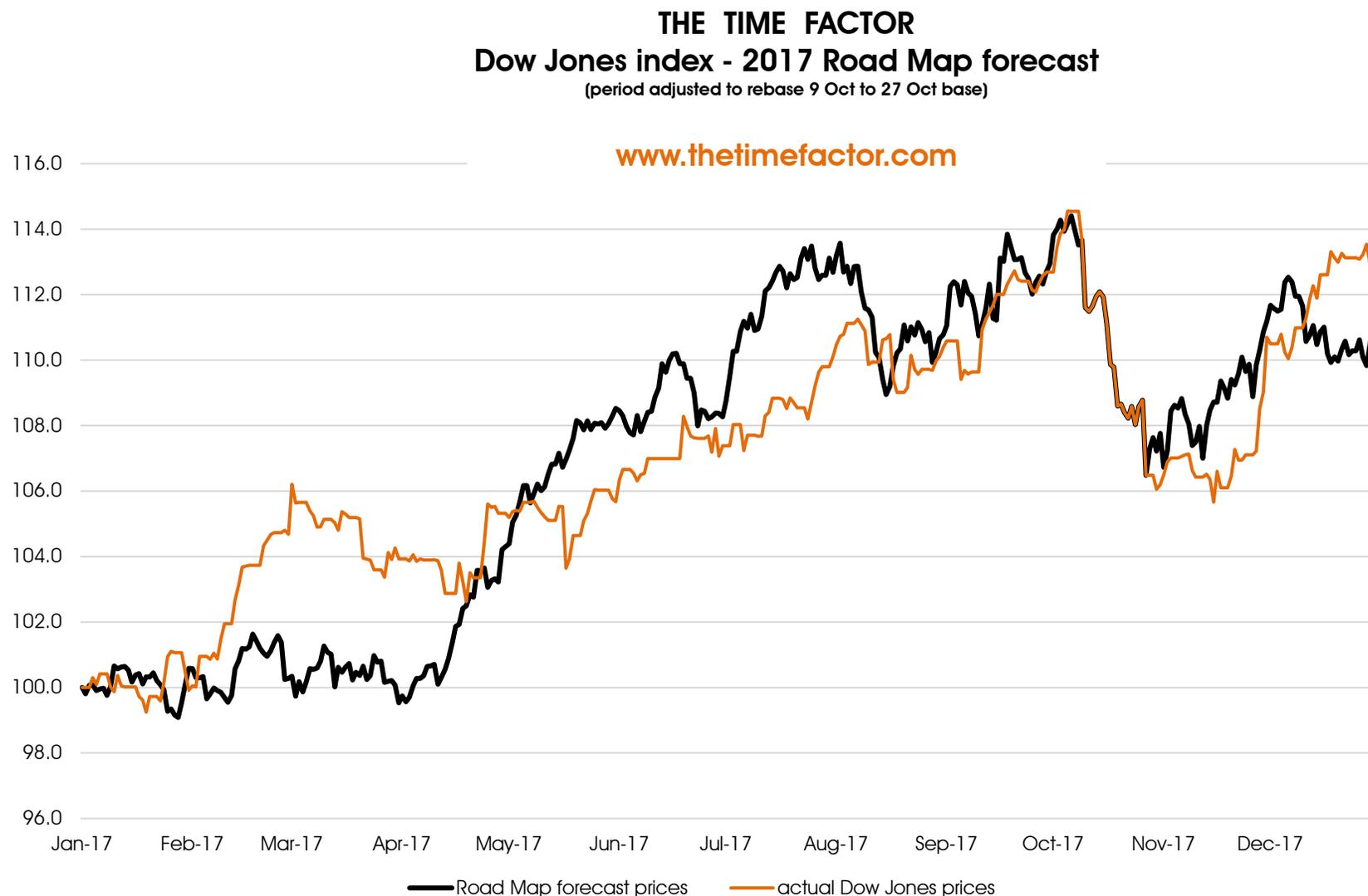
We did end up seeing the market follow that trajectory almost exactly as we had forecast. An October sell off, followed by a November and December rally is what the Road Map told us, and this is how the year ultimately panned out.

In fact, we had forecast the exact date of the October high months before it came in.

So, in fifty words or less our 2017 Road Map was telling us:

- Buy in April
- Sell in the first week of October
- Buy again in mid November

Three simple steps that would have made you a lot of money.



# The 2018 Road Map vs Actual Prices

## Actual vs Prediction

I had flagged in my 2018 annual Road Map forecast that this was going to be a difficult year.

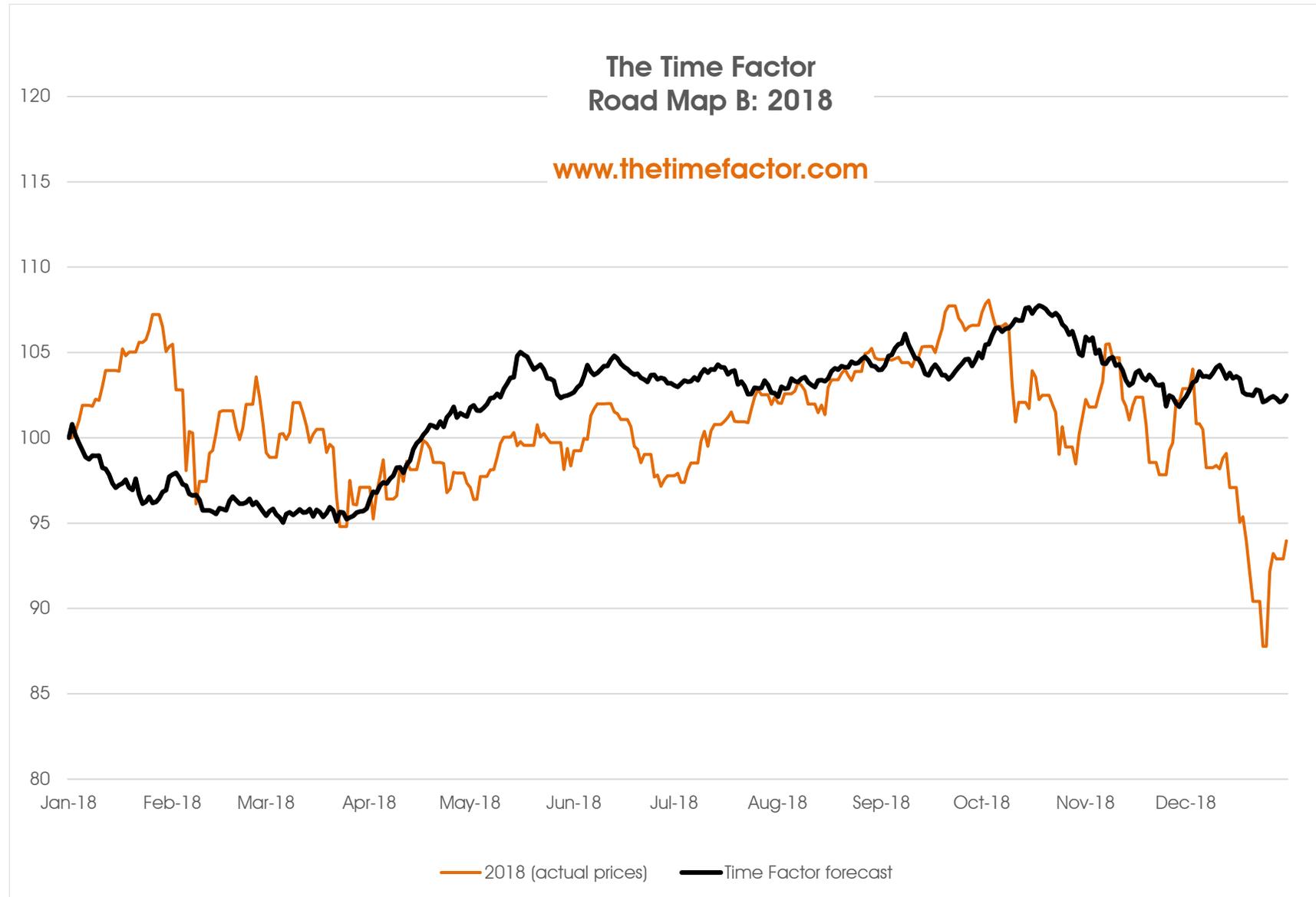
Both in terms of trading, but also a difficult year to predict.

In my annual Road Map for 2018, I had formulated two potential forecast curves and that it wasn't going to be until March until we knew which curve was more likely to play out.

In the end, our "B" map became the main indicator (see right), and the sideways year that I anticipated in equities largely ensued. Apart from the sell off that occurred very late in the year, 2018 was essentially a range bound year oscillating in a trading range that extended +5% and then -5% from where we started.

These are years I typically tend to steer clear of unless I am actively short term trading the high and low points of the sideways ranges in between.

With the Road Map telling me that 2018 was a year to remain largely on the sidelines with no clear direction in place, that is basically what I did.



# Why are the Road Maps important?

## It's about compounding.

The Road Maps provide you with a warning signal on when to expect major stock market corrections, such as the one we had this year with the COVID-19 outbreak.

I describe these major time cycles later in the report and why the COVID-19 pandemic was actually quite predictable based on the TIME CYCLES preceding it.

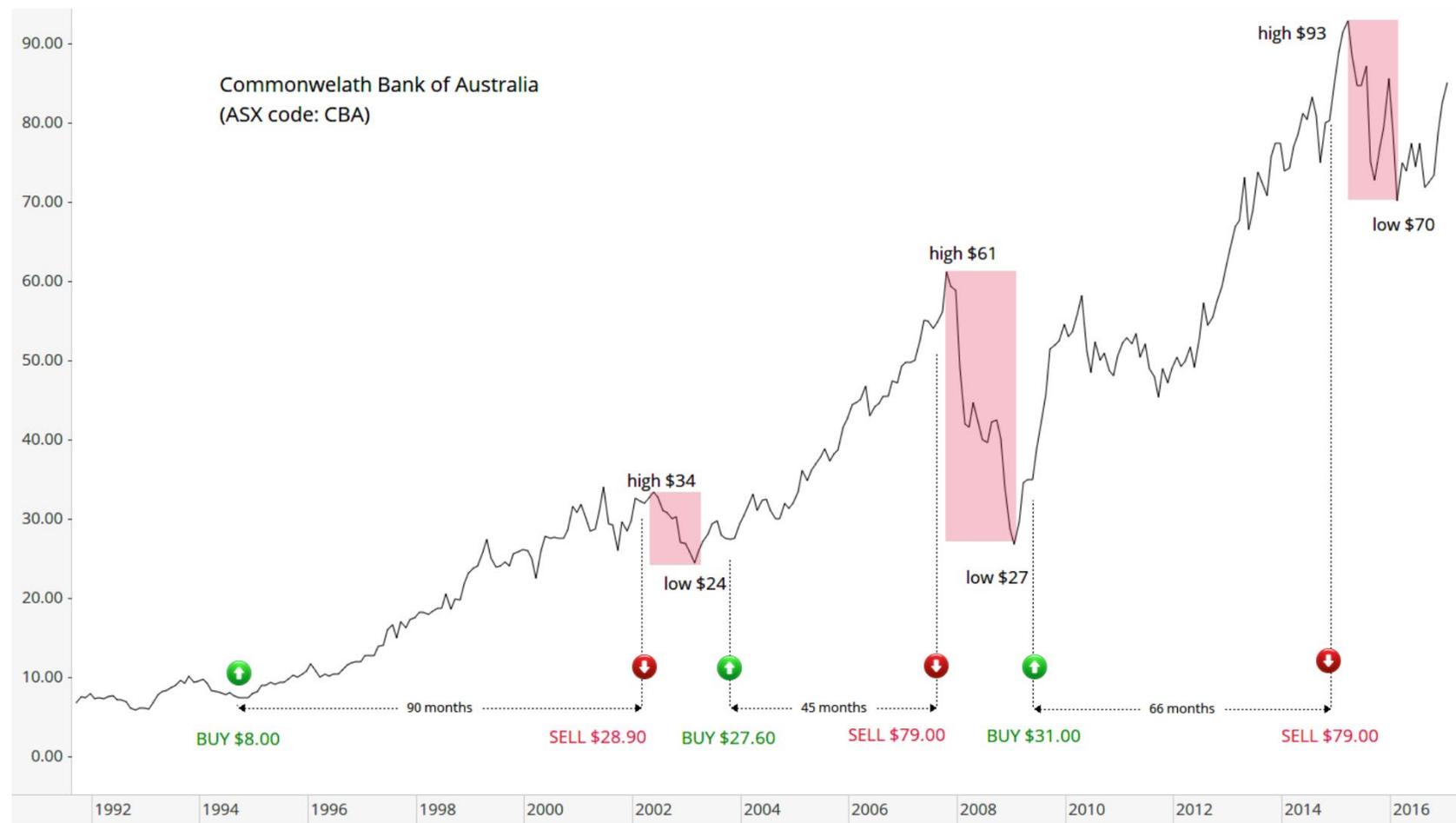
The example right, however highlights the value of knowing when to stay out the market and how to avoid the massive corrections which is what significantly wipes out portfolio values and your wealth.

The example (right) highlights how the TIME FACTOR could have allowed you to avoid three major corrections in Australia's largest banking stock.

A \$100,000 position bought in 1994 if it was simply held until 2016 would have been worth \$1,000,000.

However, that same position, if traded only 3 times – by selling 15% before the highs and buying back in 15% after the lows, would have made that position \$1.7 million.

The difference being over \$700,000 to your net wealth!!



By trading these 3 major time periods and staying out of the market during those corrections, instead of turning \$100,000 into one million, you would have turned that **\$100,000 into \$1,729,470!!!**

# The 2020 Road Map vs Actual Prices – year to date

## We are right again (so far...)

The chart (right) overviews my Road Map forecast for 2020 (the black line represents my forecast), and measures it against how the Dow Jones has actually traded so far this year (measured in the blue line).

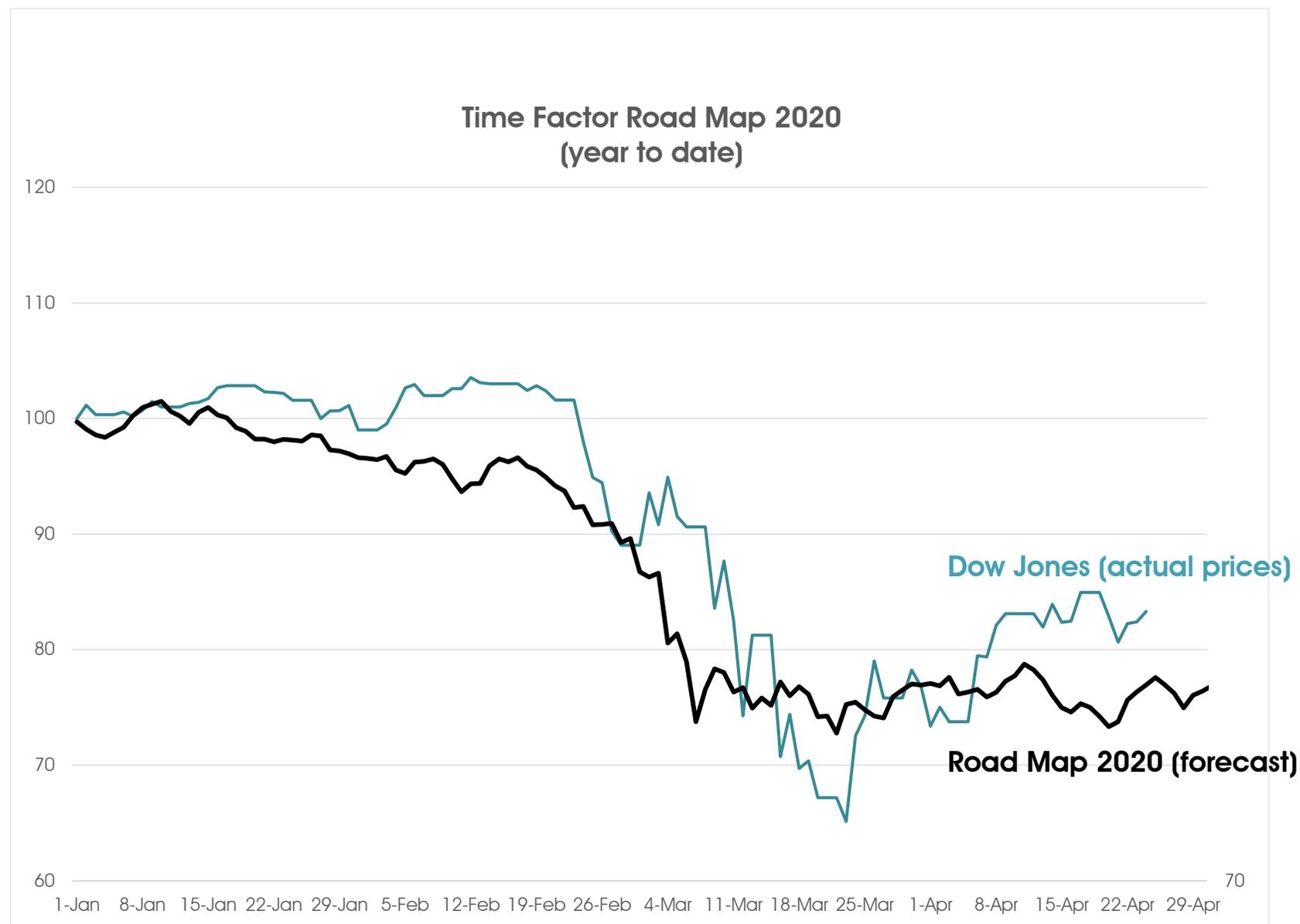
As you can see, we were anticipating a bear market this year and our Road Map was forecasting a price correction of at least 25%.

But what did that mean in practice? For me, I had switched 100% of my retirement savings out of stocks and into cash at the end of last year (2019), anticipating that a bear market was coming in 2020. This helped my retirement savings avoid the big correction.

If I refer this logic back to the chart on CBA (see previous slide), my retirement funds held their value in cash whilst many, many others saw significant value wiped out.

The next thing I am looking for now is the “buying” opportunity as we exit this bear market. I give you the time frames in the 2020 Road Map report

Until next time...



# The 2020 Road Map vs Actual Prices – year to date

Time Factor Road Map 2020  
(year to date)

The entire Time Factor Road Map for 2020 is now available on our website at:

<https://thetimefactor.com/Trade-Shop/>



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For further information.

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