

Wiley Trading Series

A TRADER'S GUIDE TO FINANCIAL ASTROLOGY

FORECASTING MARKET CYCLES
USING PLANETARY
AND LUNAR MOVEMENTS

LARRY PESAVENTO • SHANE SMOLENY

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A TRADER'S GUIDE TO FINANCIAL ASTROLOGY

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Forecasting Market Cycles Using Planetary and
Lunar Movements

Larry Pesavento
Shane Smoleny

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FOREWORD

At last! After a 25-year hiatus in financial astrology books we have a new addition that deserves your attention. Larry wrote his first book, *Astro-Cycles: The Trader's Viewpoint*, many years ago and it was immensely popular. This new book is for both neophytes and experienced traders and those interested in cycles.

When Larry first approached me on doing a book using the software that we developed here at AIR Software, I suggested he find someone with a good background in computer skills. I've known Larry for over 30 years and I know computers are not his forte.

Then he got very lucky. He found a young man named Shane Smoleny, who was not only well versed in astrology and trading but blessed with the ability to work using sound scientific and statistical methodology. His vast experience in astrology was invaluable in making this book a viable entity.

Even if you have no knowledge of astrology, this book will give you a solid foundation on how astrology and its cycles apply to infect all markets. Shane and Larry's exciting book includes many of the various techniques for which astrology is used for forecasting. This book will give you a basic foundation to start applying astrology to your own trading, whichever market you happen to favor. The back-testing went back many decades, so it is certainly statistically accurate, in my opinion.

Most of us know that there are 12 astrological Sun signs. Professional astrologers go much deeper because there are more factors to consider than just the Sun. Astrologers work with the planets, their aspects, houses, and so on. Shane and Larry take you through all the basics about these planets' aspects signs in positions and earmark the trigger planets.

Aspects are angular openings between planets as calculated from the ecliptic. These are particularly important because they create geometric angles or configuration

between certain points (i.e., time). Certain openings are positive and favorable, while others are negative and nonfavorable.

Shane and Larry discuss the planetary cycles, as well as those of the solar and lunar orbs and their functions and influences. They then pull it together for you to glean a full understanding about using the synthesis of these components to see how astrology works in trading. All of this research is based on probabilities. There is no 100 percent in any methodology.

Many people know the planetary cycles are true cycles that can be scientifically tracked and depended upon for their accuracy. No one knows this more than NASA. Our space program depends on the reliability of the cycles in planetary orbs. They can be calculated within seconds.

What this book does, in my opinion, is give you a glimpse into what makes some of these markets go up and down on a regular basis. The results will surprise you. Shane use rigid scientific methodology to set up the studies in a way that could be evaluated for effectiveness. The results speak for themselves. You will find yourself referring back to this book constantly as you learn to astro trade and realize the important connection between these heavenly orbs in our human activities in trading.

There are plenty of well-designed graphics in this book, sending a clear show-and-tell approach. Fortunately, my relationship with Larry was instrumental in their using my software developed by AIR Software.

As a final thought, I can remember the words that were spoken by J. P. Morgan back in the 1900s: “Millionaires don’t use astrology, billionaires do.”

I’ve also found it interesting that three of the greatest minds to ever walk on this planet were heavily involved in looking into the cosmos: Galileo, Sir Isaac Newton, and Dr. Albert Einstein.

—Alphee Lavoie, certified astrologer NCGR level 4 (highest level), 50 years as a full-time professional astrologer and financial astrologer, and creator of Air Software, the astro and financial software for astrologers

PREFACE

We in academia have it made, after all . . . especially scientists in academia. We're kind of at the top of the pecking order. And in order to maintain that "illusion," which is what it is, we've got to not appear the fool. So the majority of the scientific community is a very non-risk taking group of people that live in a rather small reality and are in fact scared of things which seem to be outside that reality.

—Michael D. Swords, PhD, Biochemist,
Prof. Emeritus, W. Michigan University

This book will evaluate the meaning and effects of planetary cycles on financial markets. This book was written to begin to establish the link between planetary cycles and market patterns. There are many people who believe the movement of markets is in fact random. They argue that a system of random movements often creates the illusion of patterns in markets. But how do you really know for sure? There is a flip side to that coin. Markets that have an orderly system will appear to be random to those who are not conscious of the system. Therefore, it is not possible to acknowledge one side of the coin without the other.

Some people want to see patterns everywhere and some want to see randomness. Who is right? Who is wrong? The answer is that they are both right and they are both wrong depending upon the situation! In statistics there are two basic types of errors. Type 1 errors are false alarms assuming that there is meaning when there is not. Critics of market timing assert that the landscape is full of Type 1 errors with forecasters ringing false alarms suggesting meaning everywhere where there is none. People who assume there is always order in the market are by default creating Type 1 errors. On the flip side of the coin, Type 2 errors fail to recognize meaning when meaning does in fact exist. People who constantly assume that there is no order to markets

and everything is random are by default creating Type 2 errors. To many, somehow it is considered wise to be a skeptic all the time regarding events outside of the conservative zone. However, if scientists always took this viewpoint, then nothing new would ever be discovered. In science, it is important to have an objective viewpoint and consider all possibilities. A scientist should not be concerned with one theory or another, but rather the pursuit of the truth. Events that seem unlikely should not be discarded without testing and analysis. Even if there is meaning and one cannot determine why it is happening, then it must be considered. So we ask to keep an open mind and consider the possibilities here.

ACKNOWLEDGMENTS

I would like to give special thanks to Larry for the opportunity to write this book and his trading insights. I would like to express my appreciation to Alpee for creating this amazing trading software and for his help to understand it. I would like to acknowledge my astrology teacher, Rose, for her patience, knowledge, and wisdom. Finally, I would like to thank my wife, daughter, and family for their constant belief, support, and encouragement during this process.

—Shane Smoleny

Introduction

■ Introduction

This chapter will provide a brief historical background on the concept of astrology. Then the basic concept of financial astrology will be introduced.

Key Concept Questions

- What is the purpose of this book?
- What is astrology?
- What is financial astrology?
- How is astrology like a clock?
- Why is it important to have a working knowledge of astrology to pursue financial astrology?
- Why is financial astrology easier to prove than personal astrology?
- How can astrology affect financial markets?
- What does financial astrology guarantee?
- Who were some popular early astrologers in America?
- How does Newton's second law apply to astrology?

■ Purpose of the Book

The purpose of this book is to introduce basic concepts of astrology and financial astrology to lay the framework for future applications. This book will be the first in a series to show a clear relationship between what's happening up in the sky with the planets and equity market behavior here on Earth.

So what exactly is astrology? Astrology is the study of the relationships between movements and interactions of the planets and human behavior. Financial astrology is the study of the link between the movements and interactions of the planets with market behavior. There are many different ways to look at financial astrology. But no matter how one looks at it, time and time again clear patterns emerge showing distinct market correlations to planetary behavior.

This book will begin by giving one a basic background on astronomy and astrology. Then the application to financial markets will be introduced. It is important to lay the foundation from both perspectives because some of the terms between astronomy and astrology are the same and some are different. So it is critical to clarify and distinguish the similarities and the differences between the two. This book is meant to be a beginner's guide and the focus will be on cycles between the Sun and the Moon. However, the groundwork will be laid for further editions and revisions of this book.

For those of one who are new to astrology, one can begin by thinking of the universe as a giant clock. A normal clock has just an hour hand, a minute hand, and a second hand. But an astrological clock has literally hundreds of hands spinning at different rates. When the hands of the clock line up at certain positions, then the time is right and the energies are aligned for specific actions. The alignment of planetary energy tends to provide a push or a force in one direction or another. Some of these energies are positive and some of these actions are negative. These energies affect the psyche of individuals and eventually human behavior.

It is important to note that astrology does not have every answer. It is one set of tools one can use to understand the universe and our place within it. The truth is that we don't know how or why astrology works. We just know that it does and we can measure its effects on financial markets. That is difficult for some people to accept.

Throughout the years, people have pursued links between external events and the market outcomes. In financial astrology, there are literally millions of permutations to pursue to find links between planets and market behavior. In the past and the present, there have been many studies that attempted to correlate planetary movements with market behavior. However, without a working knowledge of astrology it is very difficult to know how to set up the experiments. In other words, one is not even qualified to set up an experiment without knowing the traditional meaning of the planets, the signs, the houses, and the angles that they make with one another. By understanding the meanings of planets, angles, and signs, one can begin to set up a hypothesis to build experiments. At the very least, the so-called negative

aspects should correlate with falling markets, and positive aspects should correlate with rising markets.

Of course, there are always surprise correlations between planetary behavior and market behavior when experiments are run over time. Statistical tests can be run around events to determine positive correlation, negative correlation, positive non-correlation, or negative noncorrelation. These correlations and noncorrelations can then be pieced together and applied to artificial intelligence applications such as neural networks to predict market behavior. Proving astrology is actually much easier through financial markets because the statistical relationship to price data is clear and unbiased. In contrast, personal astrology is more difficult to pinpoint. In personal astrology, the meanings of the planets can take on many different interpretations. This depends on the context and the attitude of the individual involved. In many ways, financial astrology is a much better starting point to verify the meaning of planets and transits in regard to their effect on financial markets.

So how can astrology affect financial markets? The energy combinations of the planets affect humans, which in turn affects the mass social mood on the planets. If a large enough mass of people participate and interact to form a marketplace, then the planetary behavior can be used as a proxy to predict financial market behavior. Financial astrology does not guarantee that events will unfold. But it gives one a road map for likely outcomes. The goal is to obtain a statistical advantage obtained through a large sample size to increase our probability of success. For example, if we can get a 55 to 70 percent success rate in a neutral market with a high sample size, then we can gain an advantage over a market with 50 percent odds.

In financial astrology, outcomes and meanings of planets are often clear-cut even before any analysis is run. This is because people have been observing the planetary interactions and the links to human behavior for thousands of years. This energy of planets can be divided into positive and negative outcomes. This observation of key angles is how financial astrologers created accurate financial astrology forecasts and models before computers existed. Many of these models are still used today.

■ Brief Historical Background

In the late 1920s and early 1930s, financial astrology was made popular by astrologer Evangeline Adams. Adams was known as America's first big astrology superstar. She made astrology popular with her newsletter making stock market predictions. During the 1920s, Adams consulted many big financial names of the time, including banking giant J. P. Morgan. He was a big believer in financial astrology. The New York library of J. P. Morgan is full of information on astrology, and there is even a zodiac painted on the ceiling. A famous quote of Morgan's is Morgan famously said, "Millionaires don't use astrology, billionaires do!"

In 1947, Donald Bradley proposed the first financial astrology forecasting tool, known as the Bradley Barometer siderograph. This siderograph uses key astrological aspects and declination to forecast market turning points. It is not linked to market prices directly. The Bradley Barometer was created using key astrological aspects that were observed throughout the centuries. These aspects were grouped into positive and negative classifications. These classifications were then used to forecast markets. Negative aspects correlated with falling markets, while positive aspects correlated with rising markets. The important thing to note here is that this barometer was created before the arrival of computers to confirm the graph. This barometer is still used today in financial astrology. Today, with computers, these outcomes can then be plotted, tested, and correlated statistically.

■ Theory of Financial Astrology

Financial astrology begins with observing market behavior when two planets interact. However, financial astrology is not limited to that alone. One can also analyze the effects of multiple planets interacting. In physics, Newton's second law states that the sum of the forces equals the net force. In other words, on the outside an observer does not necessarily see all of the forces at work. What the observer sees is the net result of all the forces added up. The net force is what appears to the observer after everything is thrown together. In astrology, there may be different energies working together or against each other. The final result will be whatever wins the tug-of-war. What the observer sees at any given time in the markets is often the net result of all of the transits added up. However, single transits between two planets can be powerful, too. There are times when a singular transit is so powerful that it might dominate everything else around it. This is especially true when large planets are involved in the picture. Therefore, it can be said that all transits are not weighted the same. Some have more powerful effects on the markets than others. Some transits last for a long period of time and others last for a short period of time. So a transit for an outer, slow-moving transit such as Saturn will be much stronger and last much longer than a fast-moving transit from a faster-moving object such as the Moon.

In addition to the effects of transits on markets, there is also the topic of planetary cycles within the field of financial astrology. A financial astrology cycle can be broken down into two basic methods: (1) a correlation to the position of a planet in its orbit to the behavior of the financial markets, and (2) a correlation to the longitudinal angle between two planets to the behavior of the financial markets. Cycles are interesting because one can get a very large sample size and quickly increase the correlation of the markets to past events. By using these cycles it is possible to increase the predictability of outcomes in the future using cycles. A popular cycle that is often

studied is the lunar cycle. This is often done out of convenience because everyone knows when the New Moon is and when the Full Moon is. Each of these is listed on a basic calendar for the layman to read month by month. However, this basic cycle is only a small piece of the pie. In reality, there are thousands of lunar cycles to study regarding financial markets. In addition, there are thousands more combinations and cycles involving other planets and energy points.

By the end of this book, one will begin to have a clear understanding of how the planets affect markets. Moreover, one will be able to use these transits and cycles to help one make big picture market timing decisions. Ultimately, the goal is to be able to put the odds in one's favor to increase profit potential through the power of financial astrology.

■ Summary

Astrology studies the relationships between movements and interactions of the planets and human behavior. The universe can be thought of as a giant clock. By understanding the timing of the planets, one can correlate them to market events. This book will introduce the concept of financial astrology, which studies the outcome of market event as planets interact.

KEY CONCEPT REVIEW

- The purpose of this book is to introduce basic concepts of astrology and financial astrology to lay the framework for future applications.
- Astrology is the study of the relationships between movements and interactions of the planets and human behavior.
- Financial astrology is the study of the link between the movements and interactions of the planets with market behavior.
- Astrology can be thought of as a clock with hundreds of hands.
- Evangeline Adams and Donald Bradley were the two best-known early financial astrologers.
- It is important to have a working knowledge of astrology to know what experiments to set up.
- It is easier to “prove” financial astrology because the outcomes can be tested with clear probabilities and statistical correlations.
- Financial astrology does not guarantee anything. But it can increase one's odds of success based on probabilities.
- Newton's second law applies to astrology because the net effect of astrology on markets is due to the end result of the tug-of-war.

Planets

■ Introduction

This chapter is about the planetary themes in astrology and financial astrology. The planets will be broken down into inner and outer divisions. Each planet has a specific theme that is associated with it both in human context and in the context of financial astrology. Finally, a group of hypothetical planetary energy points will be introduced, known as the trans-Neptunian planets, used in Uranian astrology.

Key Concept Questions

- What is meant by a planet in astrology?
- What are the inner planets?
- What is a financial trigger planet?
- What are the meanings of the inner planets?
- How does observed behavior compare with tradition meaning of planets?
- What are the outer planets?
- What are the meanings of the outer planets?
- How is a transit in financial astrology different from personal astrology?
- What are the planets of expansion and contraction?
- How do the elements of fear and greed apply to financial astrology?
- What is a trans-Neptunian planet?
- What is the meaning of the trans-Neptunian planets?
- What are some inner planet combinations?
- What are some outer planet combinations?

■ Planets

In astrology, all energy focus points are often referred to as planets. Obviously, the Sun is a star, the Earth's Moon is a satellite around the Earth, and Pluto is declassified as a planet. But these points are still referred to as planets in astrology to avoid confusion. Throughout the book, all orbiting points will be referred to as planets.

Inner Planets

In astrology, the inner planets are planets that are inside of the asteroid belt. As noted before, we often refer to stars and the moon as planets for simplification. The Earth is not included because it is our reference point. Therefore, the inner planets include the Sun, Mercury, Venus, the Moon, and Mars.

The Sun Themes The Sun (Figure 2.1) is related to the sign of Leo. The Sun/Leo rules the fifth house of creativity, speculation, and children in astrology. The Sun is very important in financial astrology because it represents events in the world. It is a male energy that represents the kingdom. In personal astrology, it represents the physical body. For timing of events, it also signifies the exact day of the activity. When the Sun is involved in a transit, the event tends to manifest on an outer level versus an internal emotional level. It is regarded as the most prominent planet in a chart to determine personality. Its motion is always direct relative to the Earth. The Sun circles the zodiac once a year. It stays in a sign for one month.



FIGURE 2.1 The Sun

Mercury Themes Mercury (Figure 2.2) is related to the signs of Gemini and Virgo. Mercury/Gemini rules the third house of communication. Mercury/Virgo rules the sixth house of health, service, and the workplace. Mercury is typically associated with intellect and communication of news events or announcements. It is also involved with movement and motion. Therefore, it has a strong influence on financial markets. Its motion can be direct or retrograde relative to the Earth. Mercury circles the zodiac once a year. It stays in a sign for 15 to 69 days.



FIGURE 2.2 Mercury