

Interview With Robert Miner

This interview with Robert Miner below is from an interview in the Winter 1996 issue of Traders World Magazine. You can visit their home page at www.tradersworld.com. The interview is revealing as Robert discusses the background and practical application of Gann's and Elliott's work, what it takes to be a successful trader, the difference between a trader and technical analyst and much more. The interview is several pages in length. Print the interview for easier review and save with your other Traders Education tutorials.

Robert Miner is the president of Dynamic Traders Group, Inc. in Tucson, Az. In 1989, Miner released a home study course based on the work of W. D. Gann, appropriately called *The W. D. Gann Home Study Trading Course*. Miner also publishes an advisory and educational report called the *Dynamic Trader Analysis Report*.

One of the most prolific trading writers with over 15 educational, trading articles published in the U. S. and overseas since 1987, Miner is not only a market analyst and trading advisor, but a trader as well. In 1993, Miner won first place in the Robbins Trading Company World Cup Championship of Futures Trading

Robert, a few years ago you wrote a comprehensive home study course about Gann trading techniques. Are all of your analysis and trading techniques related to Gann?

No, but Gann's work provided the original foundation for my methods. Gann was by far the most holistic market analyst. He stressed throughout his work that the trader must take a complete approach and "use all of the tools, all of the time." In other words, price analysis should not be viewed out of context of time analysis, time analysis should not be viewed out of the context of price analysis and so on. I've always considered pattern analysis extremely important to understanding the position of a market and have incorporated Elliott wave analysis into my work.

There are other technical analysis methods that I include, but time and price analysis and projection routines remain the foundation. They are the most accurate description of market position.

The most important knowledge about markets I have gained is from relentlessly studying market patterns and crunching the numbers. While I have had some good guidance from past analysts and traders, including Gann, and some current educators and traders, it has been my own research that has provided the most useful information.

Why do you think Gann's work is valuable or unique?

Gann challenges the trader to look at the markets from a different perspective than is common, today. Gann's most important contribution was educating traders to understand that markets unfold in ratio and proportion. That is, current market

cycles are related to past market cycles by particular geometric ratios or proportions.

In effect, all of Gann's analysis techniques are leading indicators in that they project time and price targets that are in proportion to past market swings and have a high probability of future trend change. Virtually all of the technical analysis techniques taught today are lagging indicators. That is, they simply describe in one way or another what the market has already done and, to a certain extent, what the position of the market is relative to the past.

It seems that you are saying the concepts of Gann and Elliott that you have built upon are more important than the specific analysis techniques that they originally described. Precisely.

If Gann's work is based on geometric ratio and proportion, why didn't he use the Fibonacci ratios in any of his work?

Excellent question. Gann was obviously steeped in symbolic mathematics and geometric symbolism. He matured during the turn of the century when there was a revival in this area of knowledge and inquiry. Yet, he only mentions static ratios based on the circle and square in all of his works. (Static ratios are even divisions of a number such as quarters, thirds, etc.). Yet, the dynamic Golden Mean proportion, 1.618, is the most important ratio in geometry, philosophy and symbolism from ancient times.

In my Gann course, which was first issued in 1989, I stated that the lack of any mention of the Fibonacci or Golden Mean ratio in Gann's work was conspicuous by its absence. I suggested that it was inconceivable that Gann did not apply the Fib. ratios in his work. My course material described all of the techniques from the perspective of giving precedence to the Fib. and other dynamic ratios over the static ratios. (Robert Miner *Gann Home Study Trading Course* is no longer available. The trading course that is included with the *Dynamic Trader Software* includes all of the essential material taught in his original Gann trading course plus a whole lot more.)

Do you use Gann swing charts?

Only in a limited sense. Gann taught to make both time and price swing charts that were to signal the direction of the main trend and for trade entry and exit. A price swing chart ignores time and only registers a new swing or trend change if the market reverses by a fixed amount of price. A time swing chart only reverses if a swing against the trend of a minimum number of days occurs regardless of the price range of that swing.

Time and price swing charts are excellent trend indicators but are terrible as trading tools. By the time a new swing meets the criteria of trend change, the market may have moved a considerable price distance which is more than any trader would stand to remain in a position.

What I have found very valuable from studying swing charts is learning about minor reactions against the main trend. Depending on the age and position of the trend, reactions are rarely more than two to three days against the main trend. This implies that the protective stop loss should usually not be further than the three day extreme. Gann stated over and over again in his work that the final swing of a trend is usually fast with only one or two day reactions against the trend. This is true and also implies that a protective stop loss should be no further away than the one or two day extreme if the analysis indicates that the market is in the final stages of the trend.

What is the master time factor?

I don't know and I don't think any one else does either. I suspect it was no more than a marketing ploy by Gann who was the consummate promoter. I've seen and heard all of the stuff by people who claim to know the master time factor, but nothing that I have seen or heard by these people show that they have any analysis or forecasting technique that is better than chance. Sure, they show amazing past examples of their discovery but come up real short in current and projected analysis.

It should be kept clearly in mind that Gann was a master salesman and promoter. He was in the business to sell products and services to traders and investors. Anyone who reads his books and courses and has ever been involved in marketing or sales knows that Gann was always promoting his publications and services. He constantly threw the bait out to keep the customers curious and coming back. He did this primarily by alluding that his methods were very esoteric and that he had made startling discoveries about market movements and market geometry.

I suspect that Gann could have made a very good living selling ice cubes to Eskimos. Even today, people are still buying into the so-called hidden meaning of Gann's veiled truth of the markets. No one has yet been able to show any practical applications of these so-called amazing discoveries they have made of Gann's "hidden truths."

Gann made great contributions to market analysis and market understanding. I would rather focus on what Gann taught that has practical application rather than search for the so-called Holy Grail of trading. I think there is a very serious detraction from Gann's positive accomplishments by the people who continue to claim to have discovered Gann's hidden secrets. The proof of their discoveries can only be in their published analysis and forecasts which they seem to have a conspicuous lack of. I've put my knowledge and reputation on the line every month with published analysis and forecasts since 1986 and every week since 1995 with my weekly report. Why aren't these people who claim to have discovered the hidden secrets, the Holy Grail of the markets, doing this? The answer is pretty simple as far as I am concerned. The only thing they have discovered is how to tap into the illusions of others.

What other analysis and trading techniques do you use?

It seems from the discussion up to this point, that Gann analysis is all I do. This isn't true, although I know a large proportion of your readers are interested in Gann analysis techniques, plus I humbly claim to have written the only practical instructional material related to Gann's work. Gann and Elliott are the foundation of my methods. I have expanded upon and developed practical time and price analysis and projection techniques based on the concepts in Gann's work and have simplified the pattern analysis described by Elliott.

Someone reading my advisory reports wouldn't have a clue that Gann is the basis of my work unless they understood that ratio and proportion are the basis of Gann's work which is also the basis of my work.

I consider time, price and pattern the critical dimensions of market activity. My analysis techniques consider each one of these factors. When each factor is telling me the same thing related to the position of the market, I have the confidence to make a trading decision.

Over the years, I have explored most of the trading and analysis techniques that have been published - from traditional cycle work to so-called oscillators and it seems everything in between. I have found very little of practical value from these other areas, although they have helped a great deal to understand how markets work. I also find simple statistical analysis very helpful.

Got an example?

Sure. Average trend and counter-trend swing length in time and price in bull and bear markets. This is as simple and easy a study as you can do but very revealing. By knowing the typical minimum and maximum swing length of each degree, you will be less likely to abandon a trade or stay too long. We've put time and price swing studies in the *Dynamic Trader* so the user can quickly have this information before them.

You mentioned R. N. Elliott. Is Elliott wave an integral part of your analysis methods and trading strategies ?

You bet. Elliott's work is a brilliant description of the crowd psychology process. The most important application of Elliott wave is to discern impulse and corrective trends as they are unfolding. That information alone is very valuable. It provides the trader or analyst with two important pieces of information. One, what is the position of the market relative to the trend? Secondly, Elliott wave patterns are very reliable to identify if a market is near a trend-termination.

Unfortunately, the Elliott wave principles are not as objective as many people have taught. There are Elliott wave guidelines that will reliably project market activity and provide the conditions for the market activity that will invalidate the outlook. But the trader must know specifically when Elliott wave patterns are not reliably providing this information.

In the *Dynamic Trader Trading Course* that accompanies the *Dynamic Trader* software, there is a big section on the practical application of Elliott wave and how to integrate it with time and price analysis and projection routines. I think this Elliott wave instruction is the most complete, practical application of Elliott wave that has ever been taught. When Elliott wave is kept in its proper context, it is extremely valuable. But, it should never be used as the sole analysis method to make a trading decision.

What makes a successful trader?

I think the most important factor is confidence in the analysis methodology which provides the trade signals and trade management techniques. Most novice traders don't take the time to thoroughly learn a method to analyze the markets and what trade signals are valid or not. Unfortunately, many beginning traders believe that trading is simply finding some mathematical formula or simple set of rules that will automatically provide buy and sell signals. This myth is perpetuated by system sellers and system testing software developers.

If traders take the time to thoroughly study market behavior by studying past charts and testing every single analysis and trading technique, they will gain the confidence to understand market activity. Few traders take this time. *Trading is no different than any other business.* The skills must be learned and experienced in order to be put into practice in a consistent manner.

Is timing a critical factor?

Time and price are the consequences of the same initial cause. My strength is time analysis. I believe I have learned how to integrate reliable timing analysis and projection techniques as well as or better than any other analyst or trader. It has taken almost ten years of focusing on time analysis and timing techniques to arrive at my methods. Gann was the primary influence in developing my time projection techniques. Although I do not do time analysis as he described, his geometry and ratio time analysis became the foundation of my work.

What do you mean, time and price are the consequence of the same cause?

We could spend a lot of time on philosophy, but there is only one cause for any action. Time unfolds in exactly the same manner as price. My time analysis methods are almost the same as my price analysis methods. I am just using dates instead of prices. Dates and prices are just different units that measure the same action.

Does your time analysis use Fibonacci ratios?

Yes, but others as well. There are other dynamic, growth ratios found in the market and in nature. There are five regular polyhedra, also called the Platonic solids, which are the basis of all crystalline growth. There are ratios associated with these growth pattern that are relevant, although what have become known as the Fibonacci ratios are the most common. There is probably more than a few

early Greek and Egyptians souls that are not too happy with us calling these Fibonacci ratios.

Can you comment on the similarities and differences of trading, market analysis and forecasting?

Each of these areas is much different from the other. The common factor is that the practitioner must understand that the backbone of the business is probabilities, never certainties. The purpose of market analysis is to be able to accurately describe the position of the market, most of the time! No matter what analysis techniques are used, they will fail occasionally. That is why one of the most important factors of analysis is to be able to identify the specific market activity that voids the analysis position.

Market forecasting and forecasters have a deservedly bad reputation. No one knows what the future holds, no one. Yet people want to believe that someone can divine the future for them which puts pressure on some market analysts to provide forecasts of the future. I'm a forecaster only in the following sense; if it is understood that a forecast is a high probability, educated guess of how a market should unfold relative to its current position, and the specific event that invalidates the forecast is described. Then a so-called forecast has value. If it is believed that the forecaster has some special knowledge that allows him or her to prophesize the future, the believer will get what he or she deserves, eventually a direct run to the poor house.

Trading is a completely different ball game from market analysis. While a trader must have some methodology to analyze the market to provide the information to make a trading decision, trading strategies and money or trade management are really more important than analysis techniques. Very few novice traders are aware of this, but all experienced traders know this to be true.

Almost all of the trading literature concentrates on new and unusual (usually overly complicated) analysis techniques with very little attention to trading strategies including entry and stop-loss techniques and trade management such as stop-loss adjustment, pyramiding and exit techniques. I think this is because there is very little written by actual traders who have had successful trading experiences. I can usually, immediately tell if a trading or investment book or magazine article has been written by a real trader. Most are not, but are written by analysts or academics who are proficient at crunching numbers into mostly meaningless statistics and useless, lagging indicators.

Robert, you seem to wear a lot of different hats. Are you a trader or a market analyst or a trade advisor?

I'm firstly, a market analyst / advisor and trading educator. That is my primary business. I've published an advisory service since 1986. Currently I publish the monthly *Dynamic Trader Analysis Report* and a weekly fax service. One of the most important objectives of the advisory service is education. Each monthly report includes either a comprehensive trading tutorial or research report. Even

the weekly fax report is educational, as I always provide an explanation for the opinion of market position and why a trade is recommended. I want traders to learn to do their own analysis and make their own trading decisions and use my work as a trade alert or check against their own work.

I gauge the success of my advisory reports by the renewal rate. I have over an 80% renewal rate for both the monthly and weekly reports which is 2 - 3 times the rate of the industry average. I have subscribers that have been with me since the 80's when I did the four page, *Precious Metals Timing Report*. My monthly *Dynamic Trader Analysis Report* is now 25-30 pages each month of analysis and education, sometimes even more. Each weekly report is 8-12 pages.

I have also been trading since 1986. In 1993, I entered the Robbins Trading Company World Cup Championship of Futures Trading and won first place with over a 118% return on account for the year. My methods work! However, I do not consider myself a trader because it is not my primary business. My primary business is to provide analysis, advice and education to my customers. My trading experience puts all of this information for subscribers into a practical perspective. I'm sure that is why subscribers stay with me for years after they have tried many another newsletter and advisory services. For the first time they are getting usable information and a constant education.

So, how do you juggle these two hats?

It can be a big disadvantage to be in the analysis and advisory business and also trade. They are two completely different jobs. Trading to me is like a part-time job, the same as it is with other people who have full-time jobs and trade part time. I have to set aside time when I am committed to making and following up on trading decisions and understand that there are times that I cannot devote to that. One of the great values of my time and price projection analysis is that I am prepared in advance for the conditions that signal a trade set-up. As that time is approached, I can change to my traders hat and prepare to make a trade. If a market is not approaching a time and price projection, I can ignore the markets from a trading perspective and tend to my research and analysis.

How is the much awaited Dynamic Trader software program you are developing different from other technical analysis programs, and when will it be available? (Note: This interview was completed just before the release of Version one of *Dynamic Trader*).

It should be available by the time your readers receive this issue. I've gone to school big time over the last two years on software development. The original idea was to develop a program that would do a few time and price projection routines that were not found in any existing program. The original programmer said he could have the job done as I had laid out to him in about six months. Six months came and went with almost no progress. I was about to give up on the whole project when Jerry Pegden who had moved from New York to Tucson to

work with me, said he could oversee the development of the program. Jerry had some programming experience and was better able to work with the people who would do the most difficult part of the actual programming.

The whole concept of the program changed from a niche program that would have a limited number of routines to a program that would include the most comprehensive time and price analysis routines and reports available from any source as well as incorporate the other technical analysis methods that I employ that complement the time and price routines.

While the program is being released more than a year later than I originally planned, there is one thing I am completely confident about; the *Dynamic Trader Software and Trading Course* will make all other time and price analysis and projection software obsolete. I don't make that claim lightly. I have just about every available time analysis software and none of them include all of the analysis techniques necessary to make a confident trading decision. That is why I finally decided to develop my own software. While some of these other programs try to do time ratio projections, none of them includes some of the critical time projection techniques. I believe this is because most other time analysis programs were not developed by successful or experienced traders who personally developed the techniques.

The *Dynamic Trader* software program will include a comprehensive trading course on time, price, pattern, trend and volatility analysis as well as other appropriate and practical technical analysis methods. Up to this point in time, my W. D. Gann Home Study Course was literally the only comprehensive course for traders. I know there are many videos and workbooks available, but none take a complete approach to analysis and trading strategies. In other words, they are not holistic trading courses like my Gann course was. The *Dynamic Trader* program will go a step further and not only provide a comprehensive, practical training course for traders, but the software to implement the analysis and provide the information for the trading decisions.

What will be in the Dynamic Trader course material that was not in your Gann course or other material you have published?

Lot's. One good example is there is little if any material that has been published or taught on how to actually put R. N. Elliott's wave principles into practical application. The *Dynamic Trader* course material will have the most complete instructional material on the practical application of Elliott wave for traders that has ever been published. It will describe when Elliott's wave principles are valid and when they must be ignored. The course material will also include time and price analysis and projection techniques that I have not included in my workshops in the past. Most important, the course material will teach traders what is the relevant information needed to make a trading decision, how to get that information quickly and how to use it to put on a trade. It will teach traders how

to manage the trade from where to place the initial protective stop-loss to the signals to adjust the stop and take profit.

What direction are you currently taking relating to your trading and analysis?

The most important direction is to continue to refine the market analysis and trading strategies in order to eliminate as much subjectivity regarding the trading decision as possible.

Bob, do you have any final comments or advice for our readers?

I'm sure you remember the Hunt brothers of the silver bull market fame of the late 70's / early 80's. Their father (I forget his first name) was considered the wealthiest man in America in the 1950's. In a rare interview with the father, the interviewer asked him what advice he would have for a young person starting out in the business world. The senior Hunt said: "*You must know what you want and be willing to pay the price.*" Very few people know specifically what they want. Fewer still are willing to pay the price to achieve the goal.

Trading is like any other business. There is a certain body of knowledge that must be learned. Certain principles of success that are required. Unless a person is willing to take the time and incur the expense to learn the business, success is impossible. If a person is willing to get organized and do what is necessary to learn how the business is conducted and has the persistence to never give up, success is inevitable. It is simply a matter of knowing what you want and being willing to pay the price.