

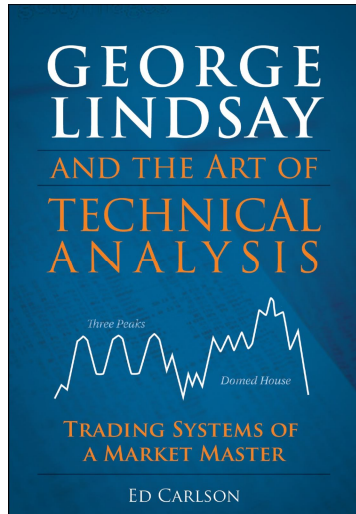


**Market
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Technically Speaking

GEORGE LINDSAY AND THE ART OF TECHNICAL ANALYSIS: TRADING SYSTEMS OF A MARKET MASTER BY ED CARLSON, CMT

Reviewed by Mike Carr, CMT



This newly released book (FT Press, 2011) should be the model other authors use to present ideas of the masters in technical analysis. Ed begins with a review of the life of George Lindsay.

The short biographical section is a valuable addition to the book, and demonstrates why biographies are a basic building block in the study of history. To understand the ideas and actions of great people throughout time, historians have long used biographical

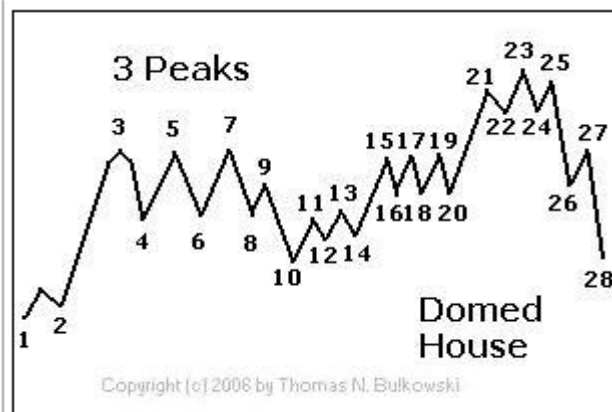
background to gain insight into their thinking. This technique has been neglected in technical analysis and Ed is the first that I've seen who adapts this strategy for his overview of Lindsay's techniques.

With the thoroughly researched, but brief, story of Lindsay's life, Ed allows the reader to understand the thinking that went into the techniques and analysis that Lindsay provided. Lindsay had an interest and talent in art. This may help explain how he could observe complex patterns in charts. He worked for a time as engineer, a fact offering insight into the precise rules

he was able to develop. Lindsay also spent a great deal of time studying history, providing a skill which should be valuable for a student of the markets.

After delivering an interesting two chapters on Lindsay's life and looking at his work outside of the markets, other sections in the book detail Lindsay's technical analysis tools. This is done in an equally detailed fashion and Ed provides a step-by-step how to guide for those interested in applying the techniques in their own analysis. Lindsay himself did little to preserve his work and allow future generations to benefit from his fertile mind and unique market perspectives. Occasionally, his work has been cited over the years by other analysts and Stock Traders' Almanac seemed to have done their best to keep Lindsay's work in the public eye. With this book, Ed brings the details of techniques that helped Lindsay time market tops and bottoms so precisely to a wide audience for the time.

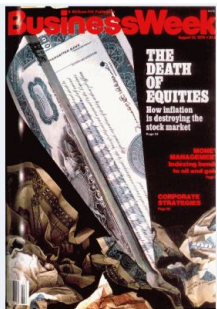
The most recognized idea that Lindsay shared is the "Three Peaks and a Domed House" chart pattern. This pattern is illustrated in the cover art of the book and reproduced in this article. Lindsay discussed the pattern in-depth in his newsletter, *George Lindsay's Opinions*, which he published from 1959 to 1972. Ed is not the first to describe this work, a notional chart of the pattern can be found in the work of Thomas Bulkowski, author of [Encyclopedia of Chart Patterns](#) (Wiley, 2005). That chart is shown here.



<http://thepatternsite.com/3peaksdome.html#TPATDH>

What Ed has done is compiled the details of the pattern into a single source. The book offers a large number of examples and describes how the pattern unfolds over time. Ed adds to the body of knowledge of technical analysis by describing the techniques Lindsay used to develop price targets with the pattern.

In other sections of the book, Ed describes the tools that Lindsay used to time important market turning points. The main concepts are a 107-day top-to-top interval and a low-to-low-to-high interval. Convergences of the two intervals are also important. Ed clearly distinguishes the idea that an interval is different from a cycle and offers a number of illustrated examples that ensure the reader can apply these concepts to their own market analysis.



The last section of the book, "The Counts" describes how Lindsay used his techniques to forecast the end of the bear market in 1982. He made his forecast almost a year in advance on the television program, *Wall Street Week* with Louis Rukeyser. He missed the actual bottom by 17 days and 7 points, but it was an

impressive feat to be bullish on the future when many in the industry had become perma-bears. Lindsay was demonstrating that he viewed history as a guide to the future and his analytical tools had withstood the test of time. He understood the market would recover and in that interview, his first appearance on the show, he was optimistic nearly two years after Business Week had proclaimed the death of equities in a famous cover story. It is probably ironic that Lindsay, who is so closely associated with a complex tool designed to identify market tops, would make his most publicized market forecast for a bottom.

In the opening page of the book, Ed notes that few people are familiar with Lindsay's work. That is true of many of the great market technicians from the past. This book sets a high standard for others wanting to research that past. Ed tracked down copies of Lindsay's old newsletters to get a sense of his work and style. He contacted family members and the family of Lindsay's partner. His diligence pays off in the richly illustrated text. Charts are plentiful, but there are also pictures of George Lindsay, the man.

Lindsay valued a historical perspective on the markets, and Ed Carlson has brought that alive. Ed's contribution is that he tells Lindsay's life story and saves his work for future generations. *George Lindsay and the Art of Technical Analysis* is a comprehensive review of a life's work, a classic technical analysis technique, and the book is a valuable addition to the history of technical analysis.