

Technically Speaking



Market
Technicians
Association

FEBRUARY 2013

GEORGE LINDSAY'S "AN AID TO TIMING"

ANNOTATED EDITION

BY ED CARLSON, CMT; REVIEWED BY MIKE CARR, CMT

In 2011, Ed published *George Lindsay and the Art of Technical Analysis*, bringing the work of a forgotten technician to the attention of a new audience. Lindsay used counts to precisely identify market tops and bottoms in advance.

For those who are unfamiliar with Lindsay's work, the general concept behind his approach to the markets is summarized by Joe Granville, who quotes Lindsay in the introduction to this book:

How is it that such very long-term counts prove accurate to the very day, or close to it? As we all know to our sorrow, the market is made up of a succession of advances and declines of widely varying duration. No two of them seem to be of exactly the same length. My theory is that, unequal as they are, they always come out even in the end. Such seems to be the nature of price movements.

Counts are also the basis of the work of R. N. Elliott and some of the work of W. D. Gann. Those two market technicians wrote books that detailed their theories and in the case of Gann a magazine article demonstrated his forecasting skills in real-time. Lindsay did not write a book explaining his techniques, leaving only a collection of newsletters and a few recorded interviews. Ed recounted one of those interviews in his first book:

During an appearance on Louis Rukeyser's television program *Wall Street Week* on October 16, 1981, when Lindsay was asked, 'When do we get out of this bear market and into that bull market?' he replied, 'The end of the bear market - the earliest I can count it is about August 26, 1982. I think 750 to 770 is more like the range of the final low.'

The actual intraday low of the bear market was reached on August 9, 1982, within three weeks of the day Lindsay had forecast almost a year earlier. The closing low was 776.92, less than seven points from Lindsay's target.

In his earlier book, Ed explained the three peaks and a domed house pattern, the tri-day method, and the Lindsay timing model with various techniques to determine market turning points in advance using counts based on long-term cycles. That book concluded with a single case study covering the market as Lindsay saw it in the 1960's.

This book begins with a reproduction of Lindsay's original paper "An Aid to Timing" which many readers will admit appears to be useful but is difficult to read and understand due to a dense writing style. Ed has added annotations to the paper that make the ideas comprehensible for even the casual reader.

Techniques that are detailed in the first three chapters of the book, the annotated version of Lindsay's paper, include:

- The basics of identifying a middle section on a chart in both bull and bear markets.
- Definitions of the important points within the middle section, turning points and measuring points.
- Concepts of the long-cycle and the basic and multiple cycles that make up each long cycle.
- Explanations of how to count to a limited number of, but very specific, highs and lows in the long cycle.

In addition to a dense writing style, one could also criticize Lindsay for not including enough charts in his writing. Ed overcomes this criticism as well and uses numerous charts to illustrate each concept covered in the writing. The charts that Lindsay did include were very instructive but Ed has added information which highlights the point the chart is intended to make. In addition to showing Lindsay's original chart, Ed often adds an idealized version of the pattern below the chart to help readers fully understand the pattern. An example of this is shown below.

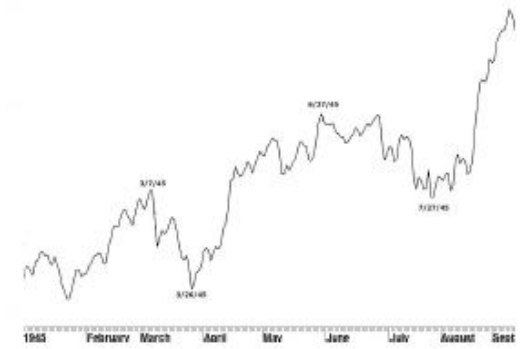


Figure 1.3 1944 Ascending Middle Section

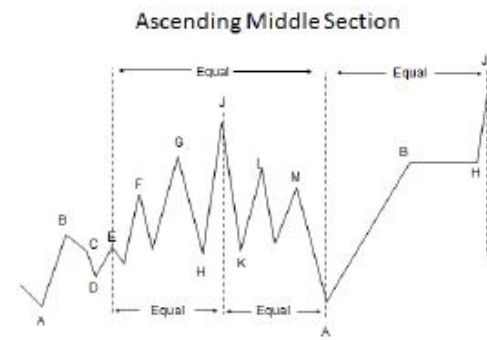


Figure 1.4 Typical Scheme 2, Ascending Middle Section

In later examples, Ed maintains the high standard of visual clarity established by Lindsay and presents clear charts that make the ideas easier to understand.

Ed Carlson



Figure 6.5

June 1950 Middle Section Counts

This book includes annotated charts covering stock market history from 1896 to 1973. The final chapter is a detailed case study that walks the reader through how all of the theories could be applied in real-time. That case study uses the 1950's because that is the point where Lindsay left off in his paper.

Lindsay may one day occupy a space in technical analysis like Elliott does thanks to the efforts of Ed Carlson. It requires a great deal of effort to unearth a long-lost technique and present the strategy as the original author intended. Although in other writings Ed applies Lindsay's techniques to the current stock market and adds several of his own indicators to refine his market timing calls, in *George Lindsay's "An Aid to Timing" Annotated Edition*, Ed limits his role to that of a tour guide explaining the charts as Lindsay would have. This allows readers to interpret Lindsay's work without any bias and make their own judgment of how the techniques work.

For those wondering what might be next, Ed may have offered some foreshadowing in the introduction:

As one moves through the Lindsay corpus, he is guaranteed a number of "ah-ha" moments when the proverbial light-bulb comes on. That understanding even transcends the markets as Lindsay showed in his 1969 book *The Other History* (Vantage Press, 1969, out of print). But that is beyond the scope of this book.

Both Elliott and Gann wrote books explaining history from their perspective. Serious students of their methods study those texts for insights into how their market theories were developed. It is interesting to note that Lindsay left behind a similar book that might help explain why he viewed the markets with such precision and accuracy. Even if we never get to read *The Other History*, readers of *An Aid to Timing* will learn a new market timing technique that is just as applicable to today's markets as it was to the markets of Lindsay's time.

Ed Carlson, CMT, is the author of the books *An Aid to Timing* and *George Lindsay and the Art of Technical Analysis*. He is an independent trader and consultant based in Seattle, Washington. Ed manages the website [Seattle Technical Advisors.com](http://seattletechnicaladvisors.com), where he publishes daily and weekly commentary. He lectures across the U.S. and Canada on the methods of Lindsay. He spent twenty years as a stockbroker and holds an M.B.A. from Wichita State University. Additional information can be found at <http://seattletechnicaladvisors.com/home.html>.

