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Book Review

AN AID TO TIMING*

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Book Title: An Aid to Timing
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ABSTRACT

This is a book review of Ed Carlson's second volume, George Lindsay's *An Aid to Timing, Annotated Edition*. It is a reproduction of some of the technical theories of George Lindsay. Carlson divides Lindsay's monograph *An Aid to Timing* into three chapters. An additional three chapters explain the broader concepts of Lindsay's technique and offer sample analysis. Lindsay's technique attempts to locate market highs and lows employs a timing technique rather than price movements themselves. As most technical theories rely on price, this approach, given the number of supporting examples, merits consideration.

Keywords: Research; Finance; Risk Management; Technical Analysis; Markets.

This review examines Ed Carlson's second work regarding the techniques of George Lindsay. Ed has reproduced Lindsay's original monograph in its 1950 entirety with annotations, and indeed, *An Aid to Timing* is in need of notations. Ed puts it succinctly in his Introduction.

Rather than re-write the paper in my own words, I have chosen to publish it in its entirety, in this book I have divided the paper into three chapters and annotate it with my own comments.

Lindsay deserves a place among noted technicians such as W D Gann, with whom he shares a focus on time. Other like R N Elliott focused on price patterns. Lindsay wrote a weekly newsletter from 1953 through 1970, passing away in 1987. *Aid to Timing* is the closest he came to writing a description of his methods, he never wrote a book. Ed Carlson recovered an original copy and adds to the three chapters as follows.

Chapter five is perhaps best read first. Chapter Five describes Lindsay's concept of long-term intervals and basic movements. Chapter Four describes an application of the 22year interval as well as the 16 and 15-year intervals. Chapter Six provides a case study of how Lindsay's methods described the stock market movements of the 1950s.

Analysts of any age are necessarily confined to the techniques and technology of that age. Since *An Aid* was written in in1950, there were no personal computers available for advanced math analysis of price movements. Lindsay did however have access to stock indices in *Fluctuations in American Business 1795-1860*. And additional index was created from 15861 to 1884. He used the

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Dow Jones primarily since its creation in 1896. So the period covered is certainly extensive enough to pass academic muster.

Lindsay concluded there were different long-term intervals for bull and bear markets. Bull markets seem to average 15 years from peak to trough and vice versa. Bear markets however seem to produce 12 year intervals for these same highs to lows and back again. That said, encapsulating Lindsay's other methods and theories is not so simple.

W D Gann's work (Reddy) emphasized the intersection of price and time. R N Elliott (Frost) observed a three steps forward, two steps back pattern, which has become known as the Elliott Wave.

In that regard, the term 'technical analysis' is quite descriptive of Lindsay's methods. Either ascending or descending 'middle sections' separates market highs and lows. Lindsay identifies points A through J to identify the unfolding of such Middle Section. Lindsay believed that such highs and lows are typically equidistant from one another. And the chapters include many examples to back up this observation. He went on to observe that advances and declines tend to cluster into time periods of similar duration. This apparent obvious point seems to have eluded most other technicians.

It is not our aim to attempt an encapsulation of Lindsay's methods that is Carlson's accomplishment with his notations. From that stand point Carlson does a fine job explaining the, and this is meant in complimentary fashion, Lindsay's machinations. Lindsay demonstrates his theories with charts detailing similar price movement from 1798 to 1819 with intervening examples, which conclude from 1932 to 1949. Data tables trace back to 1885 in one instance and 1801 in another. A valid theory must stand the test of time and from that standpoint, Lindsay does not lack for similar examples over time.

Modern textbooks include a list of Learning Objectives. In similar fashion, author Carlson provides a handy Chapter End summary titled Review Notes fore chapters One through Four. This helps summarize Lindsay's rather complex theories on time intervals.

Perhaps Lindsay's most famous formation is his Three Peaks and a Domed House. This formation appears three to four years after what Lindsay, in a singular bit of literary flair for him, describes as a Moment of Truth.

While Lindsay makes a case for equal time periods from a high to eventual low or vice versa, apparently the method does not suggest price levels for the successive high or low. Still a reliable method for expecting a market turn is of considerable value.

This annotated edition is a worthwhile addition to Carlson's first book, *George Lindsay and the Art of Technical Analysis.*

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