

Based on the work of J.M. Hurst

Nirvana's

HURST *Cycle Trader*



**Identify the Most Explosive,
Highly Profitable Trades in
THIS Market!**



The Most Influential Discovery of My Career



Ed Downs
CEO and Founder,
Nirvana Systems, Inc.

My story begins thirty years ago. I had just discovered technical analysis and began collecting all the books I could find on the subject. Of all the books I read, none had more of an impact on me than *The Profit Magic of Stock Transaction Timing* by J.M. Hurst.

The first edition was published in 1966—I picked up my copy at a trading seminar in 1978. Hurst's work influenced many people involved in the art of technical analysis. To quote a highly respected authority on cycles,

"Sometimes a single moment changes all the ones that follow. For me it was the discovery of Hurst's book, 'The Profit Magic of Stock Transaction Timing'. It was responsible for changing my life."
- Peter Eliades

Hurst's book was way ahead of its time, and has gained a strong following among traders and investors. It was the catalyst that got me started thinking about how to write automated trading systems that could find ideal entry points in the stock market.

The book also influenced the development of OmniTrader. In fact, the cycles that define short, medium, and long term in OmniTrader were taken directly from the Principle of Nominality on page 33 of Hurst's book.

Why is this book so popular among seasoned traders? Because the approach Hurst came up with is profoundly logical.

We all know that stock market movement is NOT random. In chapters 1-7 of his book, Hurst walks us step-by-step through clear examples that prove you CAN time transactions using charts.

Hurst demonstrates that there are certain cycles that occur over and over again in the stock market. And it doesn't matter whether financial upheavals occur, natural disasters strike, wars are raging, or who's in the White House.

Hurst shows how to identify these cycles and time an ideal entry point for a low-risk trade. Then, he shows how to manage the trade to maximize profits.

In chapter 8, Hurst relates an experiment he conducted with his students, where the team traded 35 well-chosen stocks according to his method. **In the course of the experiment, Hurst demonstrated that an annual return of 2,400% was achievable.**

Once you start reading this book, you won't be able to put it down. I recommend Hurst's book to everyone. But this mailer is about much more than the book. We set out to create the world's first fully-automated implementation of the Hurst method. And the effort was well worth it, as you will soon discover.

Sincerely,

Ed Downs
CEO and Founder,
Nirvana Systems, Inc.

The Profit Magic

of Nirvana's **HURST** Cycle Trader

The Hurst method is one of the most powerful approaches to trading ever disclosed to the public. As I mentioned in the introduction, it was J.M. Hurst who fired my imagination and motivated me to automate the trading process, ultimately leading to the invention of OmniTrader.

As powerful as it is, you would think that someone would have created a Hurst trading program by now. There are a few Hurst trading courses and products that claim to be Hurst-like, but as far as I'm concerned, none embodies the true essence of his method.

The fact is programming the Hurst method is NOT EASY. Stock market cycles are not perfect. Hurst talks about this in his definition of variation in the book. It is difficult to achieve a precise mathematical solution that tells you when to buy or sell.

Implementing the Hurst method required careful attention to detail and a clear understanding about how to write advanced signal generation code—something our Nirvana team is well equipped to do.



The Hurst method finds explosive reversals by identifying zones where the intermediate and long term cycles converge. This daily chart for Oshkosh shows several Hurst signals.



Weekly signals provide a long term trading approach, and Hurst works quite well on weekly charts. Here are several outstanding signals on Home Depot.

The HURST Method

Transaction Timing Equals

What is the Hurst Method?

Before talking about the software, it's important to understand the method, so I'd like to summarize it here with the help of some figures from Hurst's book. Figure IV-4 shows how one can draw envelopes around price action to predict the next cycle low, labeled L-3 in the diagram.

After drawing the envelope, we expect to see the shorter term and the medium term cycles turning up at point L-3, provided price follows the envelope pattern. By looking for these projected cycle lows or highs, it is possible to identify "entry zones" where a stock's price should explosively move in the direction of a new trend, shown as a hatched area in Figure IV-6.

Here's where the second part of transaction timing comes into play. To arrive at the most precise entry possible, Hurst used Valid Trend Lines—lines drawn across price action at cycle lows (shown in Figure IV-7). When these lines are broken, buy or sell orders are placed in the market (Figure IV-9).

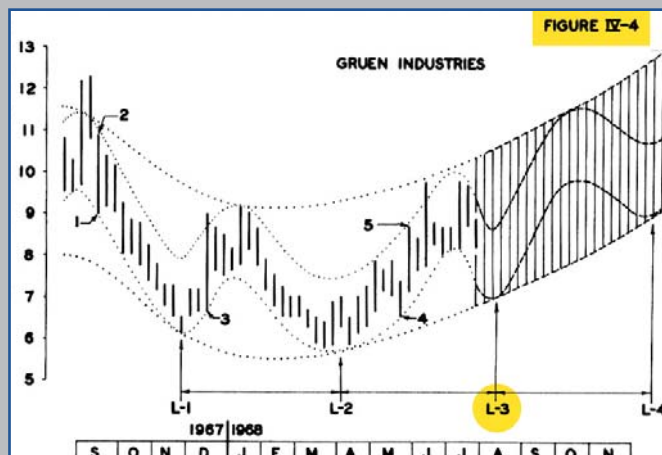
Hurst also taught a way to manage the trades using specialized trailing stops based on levels that take advantage of the natural rhythm of the market. Diagrams in the book graphically show the logic of following a trade and optimizing the exit based on these same cycles.

Automating Hurst

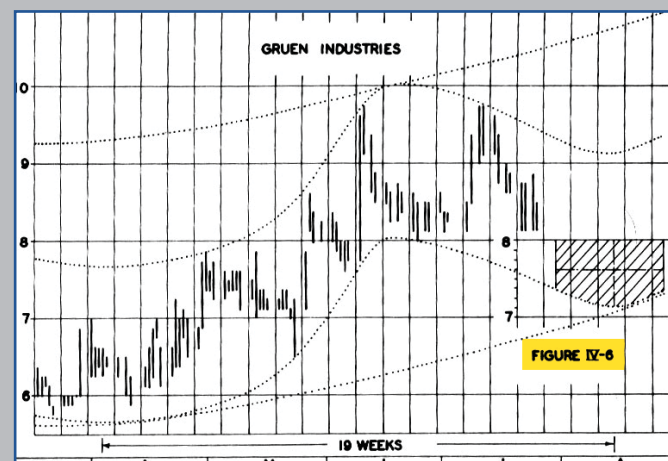
Hurst defined and disclosed a step-by-step approach to identifying the most explosive, high-probability moves in the stock market. While it is certainly possible to draw the envelopes and lines by hand as Hurst suggested, we want OmniTrader to do the job.

We started by defining the cycle envelopes. Hurst talks about using "half-span" or "shifted" moving averages as a mathematical way to do this. For example, if we are using a 64-period moving average we would shift the values left by $\frac{1}{2}$ the span, or 32 periods. You can do this in OmniTrader and you will instantly see nearly-perfect cycles appear in the charts.

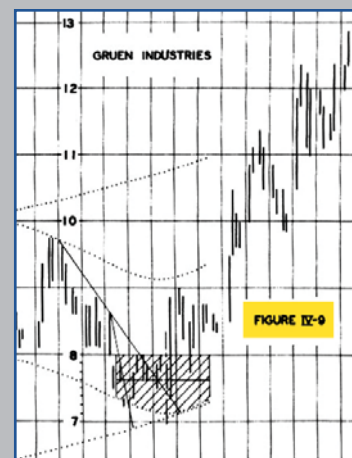
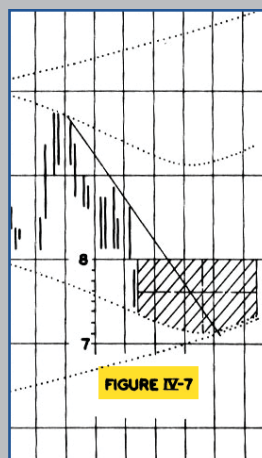
From *The Profit Magic of Stock Transaction Timing*



Hurst plotted this stock to show how cycles could be projected from prior price action (Figure IV-4).



Zooming out on the weekly chart, we draw an action zone at the probable cycle low and wait for price to get there (Figure IV-6).



We then draw a Valid Trend Line across downward price action as it enters the zone (Figure IV-7). When the Valid Trend Line is broken, we enter our buy order (Figure IV-9). A rigorous Stop Management System is then applied (not shown here).

Profitable Trading

However, since the averages are shifted to the left, there is no indicator value on the right edge of the chart. You have to imagine a projection of the bands to the right, as Hurst did in his book using hand-drawn lines.

How did we automate the process? By projecting the envelope into the future through a careful application of regression analysis, we were able to produce a completed envelope at the right edge.

The best place to enter a new long position is when a Major Cycle Low lines up with a Minor Cycle Low. To time the entry, we use a Valid Trend Line across highs. A Valid Trend Line break generates the actual signal. These trend lines have been specially designed to generate the best possible entries.

All of this work led to the creation of what we believe to be the first Hurst System implementation available to traders. Hurst Cycle Trader does not generate a lot of signals, but those it DOES generate tend to be very accurate.



Cycle Lows on IBM. Note how the Major and Minor Cycles lined up in January to provide a nearly perfect entry signal.



Cycle Highs on Iron Mountain. Again, the Hurst Cycle System looks for places where the Major and Minor Cycles line up, confirmed by a Valid Trend Line break generating a signal.



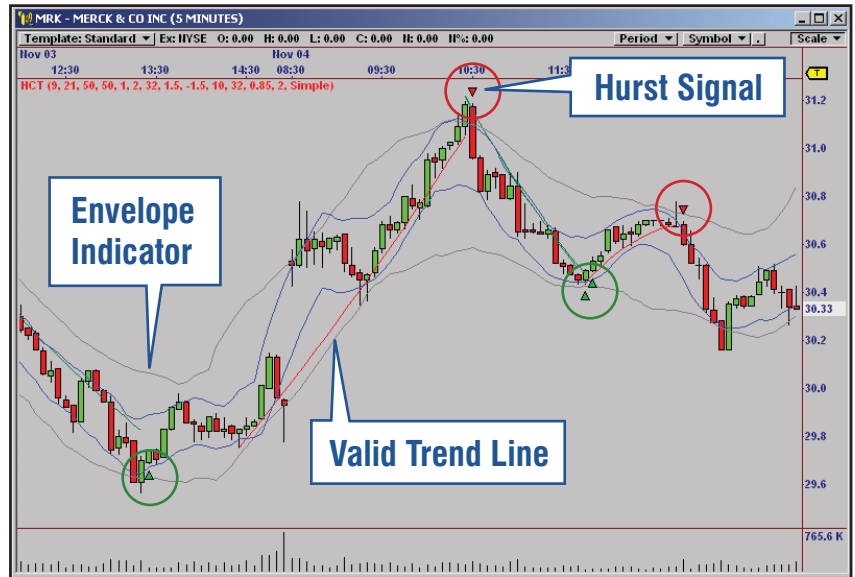
Taking Maximum Advantage of Nirvana's **HURST Cycle Trader**

Power Tools Included with the Hurst Plug-In

In addition to the Hurst Strategy, you get two powerful tools that can be used to improve other strategies in OmniTrader. For starters, you get the new Shifted Moving Average Envelopes, which can draw shifted bands around price and project them forward to the current bar. You also get the Hurst Cycle Trader System (HCT-R), which combines these tools into Hurst signals that can be used in weekly, daily or real time charts.

A Timely Product

Hurst Cycle Trader identifies profitable candidates by taking advantage of the natural cycles that occur in all freely traded markets—including the current volatile market environment. And now it's available in OmniTrader!



Hurst in Real Time. The above chart on Merck demonstrates how powerful and timely these signals can be in real time. In addition to the Hurst Strategy, you also get the components of Hurst, including Shifted Moving Average Envelopes and the Hurst System that fires signals when Major and Minor Cycles converge in the chart.

The Hurst Method



Hurst Cycle Trader is a great tool to help you find prime entry points in the stock market, especially when used according to the method that Hurst taught in his book. In this seminar, Ed Downs takes you through the essence of the Hurst Method;

enabling you to use OmniTrader to find prospects and then cherry pick the best trades from the list.

After entering trades, we want to apply a prudent Stop Management system to lock in profits. In this seminar, we break the Hurst Method into its essential elements, using examples directly from OmniTrader. The seminar is designed to get you trading successfully with Hurst as quickly as possible.

\$199 value—yours FREE with your purchase of Hurst Cycle Trader.

A Seminar by Ed Downs

Introduction to Hurst

- Why the Hurst Method is Popular
- Cycles in the Stock Market

Trading the Hurst Method

- The Perfect Hurst Setup
- The Edge Band Signal
- Price Projections
- Maximizing Profits



Hurst in OmniTrader

- Shifted Moving Average Envelopes
- The Hurst System
- The Hurst Trade Plan
- The Hurst Strategy

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Trade HURST Cycles!

Amazing Trades with Exquisite Timing!

