

Intraday Trade Technique Innovated By Smart Finance

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GAV technique for intraday trade: To use this technique you require 3 inputs. GAV stands for Gann angle and volatility trade technique.

- a. Daily volatility (DV) of the instrument (the instrument is either equity or future or commodity not the option)
- b. Opening price of the instrument
- c. Previous closing price of the instrument.

Trader need to calculate the price range

Price range calculation formula

Price Range = Daily volatility * previous closing price.

If the daily volatility is in the percentage form then do not forgot to divide the result by 100.

Example 1: Nifty on 18th March 2015 open at 8775, its daily volatility is 0.96 and previous close is 8740.

Price range = $(8775 * 0.96) / 100 = 84.25$

Understand the 11 Gann trend lines

Now the 11 sets of trend lines from a lower price point towards the higher price point are as follows 1X1, 1X2, 2X1, 1X3, 3X1, 1X4, 4X1, 1X8, 8X1, 1X16 and 16X1.

The geometrical angle made by these trend lines with the X axis in an **up move (i.e. if the trident line will be drawn from a major low or intraday low)** corresponding to **2X1= 63.75** degrees, 1X2= 26.25 degrees, 1X1= 45 degrees, 1X3= 18.75 degrees, 3X1= 71.25 degrees, 4X1= 75 degrees, 1X4= 15 degrees, 8X1= 82.5 degrees, 1X8= 7.5 degrees, 1X16= 3.75 degrees, 16X1= 86.25 degrees.

The geometrical angle made by these trend lines with the X axis in a **down move (i.e. if the trident line will be drawn from a major high or intraday high)** corresponding to 1X2= 63.75 degrees, **2X1= 26.25** degrees, 1X1= 45 degrees, 3X1= 18.75 degrees, 1X3= 71.25 degrees, 1X4= 75 degrees, 4X1= 15 degrees, 1X8= 82.5 degrees, 8X1= 7.5 degrees, 16X1= 3.75 degrees, 1X16= 86.25 degrees.

How to calculate degree factor?

As per the W.D.Gann principle 180 degree's factor is 1. Hence the degree factor associated with all trend lines in the up move and down move can be calculated by dividing the degree with 180.

Up move	Degree	Degree Factor	Down move	Degree	Degree Factor
16X1	86.25	0.479166667		3.75	0.020833333
8X1	82.5	0.458333333		7.5	0.041666667
4X1	75	0.416666667		15	0.083333333
3X1	71.25	0.395833333		18.75	0.104166667
2X1	63.75	0.354166667		26.25	0.145833333
1X1	45	0.25		45	0.25
1X2	26.25	0.145833333		63.75	0.354166667
1X3	18.75	0.104166667		71.25	0.395833333
1X4	15	0.083333333		75	0.416666667
1X8	7.5	0.041666667		82.5	0.458333333
1X16	3.75	0.020833333		86.25	0.479166667

Formula for calculating the support and resistance price ranges:

a	Support price Range =	$(\text{Price range} - \text{Degree factor})^2$
b	Resistance Range =	$(\text{Price range} + \text{Degree factor})^2$

Example 2: in the Example 1 we have calculated the price range as 86.25 now we will calculate the resistance price range and support price range.

If I wish to calculate the 16X1 trend line support and resistance price range then I need to do in the following way.

a. 1X2 trend line drawn from the low (i.e. resistance trend line) makes 26.25 degrees with X axis and drawn from high (i.e. support trend line) makes 63.75 degrees. The degree factor for 26.25 degree = $26.25/180=0.14583$ and degree factor for 63.75 degree = $63.75/180=0.35416$.

b. Resistance price range of 1X2 trend line = $\text{Sqrt}(86.25)+0.14583)^2= 88.9799$

c. Support price Range of 1X2 trend line = $(\text{Sqrt}(86.25)-0.35416)^2= 79.7972$

Below table calculates the support and resistance price range of all 11 trend lines.

Price range			86.25		86.25		
	Degree	Degree Factor	Resistance price range			Degree Factor	support price range
16X1	86.25	0.479166667	95.37972651	1X16	86.25	0.479166667	77.57947488
8X1	82.5	0.458333333	94.97323327	1X8	82.5	0.458333333	77.94690562
4X1	75	0.416666667	94.16285095	1X4	75	0.416666667	78.68437127
3X1	71.25	0.395833333	93.75896188	1X3	71.25	0.395833333	79.05440618
2X1	63.75	0.354166667	92.95378789	1X2	63.75	0.354166667	79.79708016
1X1	45	0.25	90.95604391	1X1	45	0.25	81.66895609
1X2	26.25	0.145833333	88.98000131	2X1	26.25	0.145833333	83.56253342
1X3	18.75	0.104166667	88.19566065	3X1	18.75	0.104166667	84.32604073
1X4	15	0.083333333	87.80479241	4X1	15	0.083333333	84.70909648
1X8	7.5	0.041666667	87.0256601	8X1	7.5	0.041666667	85.47781213
1X16	3.75	0.020833333	86.63739602	16X1	3.75	0.020833333	85.86347204

GAV Formula for calculating the support and resistance:

Support =	Opening price - Support price range (i.e. associated with the actual trend line) X degree factor
Resistance=	Opening price - Support price range (i.e. associated with the actual trend line) X degree factor

Example 3: In **Example2** we have calculated 1X2 trend line support and resistance price range in **example 1** I have mentioned the opening price of nifty was 8775. Now we will calculate the 1X2 trend line resistance and support.

1X2 trend line support = $8775 - 79.7972 * 0.35416 = 8746.7390$

1X2 trend line resistance = $8775 + 88.9799 * 0.14583 = 8787.9759$

Below table has the resistance and support calculation of all GAV trend lines.

			Price						
Enter price range			86.25	8775.00	86.25				
	Degree	Degree Factor		Resistance			Degree Factor		Support
16X1	86.25	0.48	95.38	8820.70	1X16	86.25	0.48	77.58	8737.83
8X1	82.50	0.46	94.97	8818.53	1X8	82.50	0.46	77.95	8739.27
4X1	75.00	0.42	94.16	8814.23	1X4	75.00	0.42	78.68	8742.21
3X1	71.25	0.40	93.76	8812.11	1X3	71.25	0.40	79.05	8743.71
2X1	63.75	0.35	92.95	8807.92	1X2	63.75	0.35	79.80	8746.74
1X1	45.00	0.25	90.96	8797.74	1X1	45.00	0.25	81.67	8754.58
1X2	26.25	0.15	88.98	8787.98	2X1	26.25	0.15	83.56	8762.81
1X3	18.75	0.10	88.20	8784.19	3X1	18.75	0.10	84.33	8766.22
1X4	15.00	0.08	87.80	8782.32	4X1	15.00	0.08	84.71	8767.94
1X8	7.50	0.04	87.03	8778.63	8X1	7.50	0.04	85.48	8771.44
1X16	3.75	0.02	86.64	8776.80	16X1	3.75	0.02	85.86	8773.21

Buy sell decision? If the current price is above 1X4 trend line i.e. 8767.94 in the above table then trade will sell for target of 1X1 trend line i.e. 8797.75 and final target 1X16 trend line i.e. 8820.70.

If the current price is below 4X1 trend line i.e. 8782.32 in the above table then trade will buy for target of 1X1 trend line i.e. 8754.58 and final target 1X16 trend line i.e. 8737.83

What the trader will do if all targets are achieved? In This case the trader have to derive the price reference for 2nd cycle by changing the opening price with the final target price of the 1X16 or 16X1 trend line . Below table explains the 2nd cycle price points for uptrend and downtrend.

Second cycle uptrend

			Price						
Enter price range			86.25	8820.70		86.25			
	Degree	Degree Factor	Resistance				Degree Factor		
16X1	86.25	0.48	95.38	8866.40	1X16	86.25	0.48	77.58	8783.53
8X1	82.50	0.46	94.97	8864.23	1X8	82.50	0.46	77.95	8784.97
4X1	75.00	0.42	94.16	8859.93	1X4	75.00	0.42	78.68	8787.91
3X1	71.25	0.40	93.76	8857.81	1X3	71.25	0.40	79.05	8789.41
2X1	63.75	0.35	92.95	8853.62	1X2	63.75	0.35	79.80	8792.44
1X1	45.00	0.25	90.96	8843.44	1X1	45.00	0.25	81.67	8800.28
1X2	26.25	0.15	88.98	8833.68	2X1	26.25	0.15	83.56	8808.51
1X3	18.75	0.10	88.20	8829.89	3X1	18.75	0.10	84.33	8811.92
1X4	15.00	0.08	87.80	8828.02	4X1	15.00	0.08	84.71	8813.64
1X8	7.50	0.04	87.03	8824.33	8X1	7.50	0.04	85.48	8817.14
1X16	3.75	0.02	86.64	8822.50	16X1	3.75	0.02	85.86	8818.91

Second cycle Downtrend

				Price					
Enter price range			86.25	8737.83		86.25			
	Degree	Degree Factor	Resistance				Degree Factor		
16X1	86.25	0.48	95.38	8783.53	1X16	86.25	0.48	77.58	8700.66
8X1	82.50	0.46	94.97	8781.36	1X8	82.50	0.46	77.95	8702.10
4X1	75.00	0.42	94.16	8777.06	1X4	75.00	0.42	78.68	8705.04
3X1	71.25	0.40	93.76	8774.94	1X3	71.25	0.40	79.05	8706.54
2X1	63.75	0.35	92.95	8770.75	1X2	63.75	0.35	79.80	8709.57
1X1	45.00	0.25	90.96	8760.57	1X1	45.00	0.25	81.67	8717.41
1X2	26.25	0.15	88.98	8750.81	2X1	26.25	0.15	83.56	8725.64
1X3	18.75	0.10	88.20	8747.02	3X1	18.75	0.10	84.33	8729.05
1X4	15.00	0.08	87.80	8745.15	4X1	15.00	0.08	84.71	8730.77
1X8	7.50	0.04	87.03	8741.46	8X1	7.50	0.04	85.48	8734.27
1X16	3.75	0.02	86.64	8739.63	16X1	3.75	0.02	85.86	8736.04

The above example is being taken from the 18th March 2015 nifty future data. This is also the proof of the success of this trade.

