

The Remarkable W.D. Gann

Article by John L. Gann Jr.,
grandson of W.D. Gann

If you had been a businessman traveling across Texas in 1891, you might have bought a newspaper and a couple of cigars from a tall, lanky 13-year-old selling them on your train. And as you talked with your fellow travelers about investments, you might have noticed the youth eavesdropping intently on your conversation.

If you had asked him, the boy might have told you his name was Willy and, yes, he was interested in commodities. His dad was a farmer in Angelina County, and just about everyone he knew was as well. They were all concerned about the price their cotton would bring. And had you inquired whether young Willy also wanted to till the East Texas soil when he got older, he might have said no, he didn' t think so: he wanted to be a businessman. "Well, good luck, young Willy," you might have said. "Maybe you' ll have your own business some day, maybe you' ll even be famous. Who knows? No one can predict the future." The young eavesdropper going up and down the aisles of that train was William Delbert Gann. Was it really true, he might have wondered, that no one can predict the future?

W.D Gann was born on a farm some seven miles outside of Lufkin, Texas, on June 6, 1878. He was the firstborn of 11 children two girls and eight boys of Sam Houston Gann and

Susan R. Gann. The Ganns lived in a too small house with no indoor plumbing and with not much of anything else. They were poor, and young Willy walked the seven miles into Lufkin for three years to go to school.

But the work he could do on the farm was more important to the family, so W.D. never graduated from grammar school or attended high school. As the eldest boy, he had a special responsibility, and those years working on the farm may have been the beginning of his lifelong dedication to hard work. His religious upbringing as a Baptist may also have had something to do with it, for his faith stayed with him throughout his life as well.

A few years later W.D. worked in a brokerage in Texarkana and attended business school at night. He married Rena May Smith, and two daughters, Macie and Nora, were born in the first few years of the new twentieth century. W.D. made the fateful move to New York City in 1903 at the age of 25.

Working most likely at a major Wall Street brokerage, W.D. made other changes in his life as well. He divorced his Texas bride and in 1908 at the age of 30 married a 19-year-old colleen named Sarah Hannify. W.D. and Sadie had two children--Velma, born in 1909 and W.D.' s only son, John, who arrived six years later. In addition, Macie and Nora came to live with their father and were raised in New York by their Irish stepmother.

During the First World War the family moved from Manhattan to Brooklyn first to Bay Ridge, then to Flatbush. W.D. reportedly predicted the November 9, 1918 abdication of the Kaiser and the end of the war. But it was after the armistice that the fortunes of the Ganns of Brooklyn took their most dramatic turn. The W.D. that traders know today emerged in the Roaring Twenties.

In 1919 at the age of 41, W.D. Gann quit his job and went out on his own. He spent the rest of his life building his own business. He began publishing a daily market letter, *the Supply and Demand Letter*. The letter covered both stocks and commodities and provided its readers with annual forecasts. Forecasting was an activity with which W.D. had become fascinated. The young business prospered, and three years later W.D. Gann became a homeowner, buying a small house on Fenimore Street in his adopted home of Brooklyn. The market letter led to more ambitious publishing. In 1924 W.D.' s first book *Truth of the Stock Tape* , was published.

A pioneering work on chart reading, it is still regarded by some as the best book ever written on the subject. An individualist and ambitious hard worker, W.D. self-published *Truth* through his new Financial Guardian Publishing Company. He personally wrote his own ads to market it and negotiated with bookstores to carry it. ' *Truth* was praised by *The Wall Street Journal* and sold well for years. Some consider it the best of his many books. For a first effort it was a significant accomplishment.

His market forecasts during the twenties were reportedly 85 percent accurate. But W.D. didn' t confine his prognostications to prices. It was widely reported he predicted the elections of Wilson and Harding and, indeed, of every president since 1904. At age 49, W.D. Gann wrote what is perhaps his most unusual book, the 1927 *Tunnel Through the Air* . It is a prophetic work of fiction, not a genre every Wall Street analyst dabbles in. But W.D.

Gann was one of a kind. The book is perhaps best known for having predicted that attack on the United States by Japan and an air war between the two powers. *Though Tunnel* may have had little to offer investors, it was well-publicized and enhanced its author's growing reputation.

The market in the Twenties seemed to be defying the law of gravity, but W.D. Gann didn't think it could last forever. In his forecast for 1929, he predicted the market would hit new highs until early April, then experience a sharp break, then resume with new highs until September 3. Then it would top and afterward would come the biggest crash in its history. We all know what happened.

W.D. prospered during the Depression, which he predicted would end in 1932. He acquired seats on various commodities exchanges, traded for his own account, wrote *Wall Street Stock Selector* in 1930 and *New Stock Trend Detector* in 1936. He continued making remarkably accurate forecasts as well as some less successful ones like the electoral defeat of FDR. He developed a new interest in investing in Florida real estate. He became a small-scale home-builder in Miami as well as the owner of a block of stores on the Tamiami Trail.

He also became airborne. He bought a plane in 1932 so he could fly over crop areas making observations to use in his forecasts. He hired Elinor Smith, a noted 21-year-old aviator, to fly him around. The novelty of his high-flying research--W.D. was the first to study markets in this way--helped keep him in the spotlight.

W.D.'s son John also went into the securities business in 1936 at the age of 21. A year later he went to work for his dad until in 1941 his Uncle Sam announced he had plans for the young man in Europe. Back in Brooklyn, Sadie had health problems for some time and died at age 53 in 1942. Then after 20 years on Fenimore Street, an aging W.D. Gann moved to Miami for reasons both of health and personal preference. His *How to make Profits in Commodities* came out the same year.

He kept his business in New York, relying on his long-time personal secretary. In Miami he continued studying the market, trading, real estate investing, and instructing students. The next year at the age of 65, when most are thinking retirement, W.D. decided he'd get married and did, to a much younger woman.

Son John worked on W.D.'s business in New York briefly after the war, then left to pursue his own interests in the industry. The two differed in their approach to the market. John L. Gann pursued a successful lifetime career with Wall Street's major brokerage house until his passing in 1984.

The post-war years saw W.D. start taking it easier. He published *45 Years in Wall Street* in 1949. He sold his business to Joseph Lederer, a fellow student of the market. Around the same time he also separately sold the rights to all his books to Edward Lambert. He continued, however, to study, teach, and trade. He was made an honorary member of the International Mark Twain Society in 1950.

In 1954 he suffered a heart attack. A year later advanced stomach cancer was discovered. The doctors operated, but W.D. failed to recover. He died in June, 1955, at the age of 77. He was buried with his second wife in Green-Wood Cemetery in Brooklyn at a location that looks toward Wall Street. It was a fitting location since he had studied the Street all his adult life.

In 1995, 40 years after his passing, William D. Gann is still talked about, written about, and studied avidly. It' s an extraordinary testimonial to his work and one that even W.D. couldn' t have predicted. Or could he? What lessons might there be in this remarkable man' s life?

First is an affirmation of the American Dream. William Delbert Gann of Lufkin, Texas, started with nothing. He and his family had no money, no education, and no prospects. But less than 40-years after overhearing businessmen talk on railroad cars in Texas, W.D. Gann was known around the world.

Second, hard work pays. W.D. rose early, worked late, and approached his business with great energy. Virtually all his education was self-administered. This teacher, writer, and prescient forecaster had a third-grade formal education. But he never stopped reading.

Third, unconventional thinking may have its merits. W.D. was intellectually curious to an extraordinary degree. He was unafraid of unorthodox ideas, whether in finance or in other areas of life. He wasn' t always right--none of us are--but he dared to pursue a better idea.

Fourth, there may be something to that clean living business after all. A conservative Baptist, W.D. didn' t smoke, drink, play cards, or dance. He was serious in demeanor and a conservative dresser, although he lightened up somewhat in his later years. He respected the value of a dollar and was prudent in his personal spending. Not every internationally acclaimed seer would continue to live in a modest house in Brooklyn.

Fifth, faith helps. W.D. studied the Bible all his life. It was his Book of Books. His own last book, *The Magic Word* , published in 1950, strongly reflects this devotion.

And finally, the only lesson for traders I will venture to offer is W.D. Gann never stopped studying the market. Even after his forecasts happened, even after he achieved international acclaim. Although he believed in cycles, he also knew that markets are always changing and that decisions must be made based on today' s conditions, not yesterday' s.

W.D. might have rested on his laurels. But he kept studying and seeking greater understanding. If he couldn' t afford to stop, can any trader afford to do so?

John L. Gann Jr., is the grandson of W.D. Gann. Most of the information in this article comes from W.D. Gann' s son, the late John L. Gann, to whom this article is dedicated. The information herein is believed to be correct but no assurance of accuracy is offered.