What I Learned from *The Law of Vibration* by Tony Plummer

When I started reading Tony Plummer's *The Law of Vibration*, I expected to find a direct explanation of W. D. Gann's famous market principle. I thought the book might reveal a mathematical formula for identifying exact market tops and bottoms. However, I discovered that the Law of Vibration is not simply a formula, indicator or forecasting shortcut.

The book presents a much deeper idea. Financial markets are living expressions of collective human behaviour. They expand and contract because the emotions, expectations and decisions of market participants also expand and contract. Price therefore moves through recurring stages of excitement, hesitation, correction, acceptance and exhaustion.

My most important learning from this book is that a market trend should not be viewed as a straight movement from one price to another. Every trend is a process. It is created by information, developed by crowd psychology and interrupted by periods in which the market must absorb what has happened.

The Law of Vibration, as I now understand it, is a way of studying the rhythm, structure and maturity of that process.

The Market Has a Rhythm

The first major lesson I learned is that every market has a rhythm.

This does not mean that the market repeats the same price pattern with perfect accuracy. It means that market activity constantly moves between opposite conditions:

- Expansion and contraction
- Optimism and pessimism
- Acceleration and deceleration
- Confidence and uncertainty
- Buying pressure and selling pressure
- Trend development and trend exhaustion

These opposing forces create vibration.

A rising market does not move upward at a constant speed. It advances, pauses, corrects and advances again. Eventually, the upward energy weakens, and the market enters a larger contraction. A declining market follows the same process in the opposite direction.

Before reading this book, I often looked at corrections as separate events. Now I understand that many corrections are necessary parts of the larger trend. They help the market absorb information, remove weak positions and prepare for the next stage.

The challenge for a trader is to identify whether a correction is a temporary interruption or the beginning of a complete trend reversal.

Price Is the Voice of the Market Crowd

One of the most practical ideas in the book is that a financial market behaves like a crowd.

The participants may be located in different cities and countries, but they are psychologically connected through price. Bulls share the belief that prices will rise, while bears share the belief that prices will fall.

Price becomes the leader of both groups.

When prices rise, people become more optimistic. That optimism attracts additional buyers, and their buying pushes prices even higher. When prices decline, fear increases. More people sell, and the additional selling causes a further decline.

Therefore, price and sentiment influence each other.

This feedback process explains why trends can continue much longer than expected. It also explains why markets can become extremely overvalued or undervalued. Once crowd psychology becomes powerful, people stop examining the situation independently and begin following the movement of price.

I learned an important lesson from this:

The strongest public confidence in a trend often appears near the mature stage of that trend.

At a major market top, most participants may still be bullish because the preceding rise has rewarded bullish behaviour. At a major bottom, most participants may still be bearish because the prolonged decline has trained them to expect lower prices.

Extreme confidence is not, by itself, a reversal signal. But when extreme confidence appears together with weakening momentum and poor price confirmation, the trader should become careful.

Every Important Move Begins with a Shock

Tony Plummer explains that an important cycle frequently begins with some form of shock.

A shock is new information that disturbs the market's existing condition. It may be an economic announcement, an interest-rate decision, a change in government policy, an earnings surprise, a geopolitical event or a sudden technical breakout.

Sometimes the shock is clearly visible in the news. At other times, price itself provides the first indication that something has changed.

For example, a stock may have been declining for several months. Suddenly, it stops making lower lows, rises sharply and breaks an important resistance level. The public may not yet understand the reason, but the price action is communicating that the previous bearish condition has been disturbed.

However, the first reaction to a shock does not automatically confirm a new trend. The market still needs time to absorb the information.

This led me to one of the book's most useful models:

1. Information shock
2. Information absorption
3. Information application

These three stages can help a trader understand how a new trend develops.

Stage One: Information Shock

The information-shock stage is the market's first response to a change.

Imagine that a stock is heavily oversold. Most traders are bearish, short positions have accumulated, and very few participants expect a recovery. Then prices suddenly begin rising.

The initial rise may be caused by short covering rather than genuine long-term buying. Bears close their positions to protect their profits, and early buyers enter because they believe the decline has become excessive.

This first movement is important because it challenges the old trend. Nevertheless, most participants may still believe that it is only a temporary correction.

I learned not to assume that every sharp reversal candle marks the beginning of a major trend. The first move is evidence of a possible change, but it is not complete confirmation.

Stage Two: Information Absorption

After the first reaction, the market usually enters a period of absorption.

Short-term traders take profits. Participants who still believe in the old trend re-enter their positions. Price pulls back and may retest the level from which the initial shock began.

This retest is extremely important.

During the retest, the market is effectively asking whether the old trend still has enough energy to continue. If the previous trend remains powerful, price will resume its original direction. If that energy has weakened, the retest may fail.

In a potential bullish reversal, price may:

- Remain above the previous low
- Return to the previous low
- Briefly fall below it and then recover

The exact price relationship is less important than the behaviour of momentum, volume and participation.

If price makes a marginal new low but selling momentum is weaker, the decline is not receiving the same support as before. This creates a bullish non-confirmation.

The opposite applies at a market top. Price may make a marginal new high while momentum, breadth or volume fails to confirm the move.

The book taught me that the retest can reveal more than the first reversal.

Stage Three: Information Application

The application stage begins when market participants start acting consistently on the new information.

In a bullish reversal, the market rises again after the retest. Bears begin closing more positions, hesitant buyers become active, and price breaks the corrective structure.

The market is no longer merely reacting to the original shock. It is applying what it has learned.

This may produce the most persistent part of the new trend.

For me, this has direct trading importance. The largest immediate reaction is not always the best opportunity. A more reliable opportunity can appear after the market has:

1. Moved against the old trend.
2. Corrected or retested.
3. Shown weakening energy in the old direction.
4. Broken the retest structure.
5. Confirmed the new direction.

Entering after confirmation may mean missing the exact bottom or top, but it can provide a better balance between probability and risk.

The Importance of the Retest

My biggest practical learning from the book concerns the importance of retests.

Many traders try to buy the exact bottom or sell the exact top. This approach is attractive because it promises a large reward with a small stop. However, it also forces the trader to act before the market has confirmed the reversal.

The Law of Vibration suggests that an initial reversal is often followed by a return toward the old extreme. This is the market's absorption phase.

A bullish retest becomes meaningful when:

- Selling pressure is weaker than before.
- Momentum makes a higher low.
- Downside volume contracts.
- Price rejects a breakdown.
- Relative strength improves.
- The market closes back above an important level.

- Price subsequently breaks the retest high.

A bearish retest contains the opposite conditions.

This does not mean that every retest will succeed. It means that the retest gives the trader a structured place to observe market energy and define invalidation.

Instead of asking, “Is this the exact bottom?” I can ask a better question:

Is the old bearish force still controlling the market, or is it losing its ability to push prices lower?

That is a much more useful trading question.

The Three-Wave Price Pulse

Plummer describes a recurring structure that he calls the “price pulse.” Its basic form is a three-part advance followed by a three-part contraction:

1-2-3 upward and A-B-C downward

The pattern can also appear in an inverted form during a bearish cycle.

I do not interpret this structure as a rigid wave-counting rule. I see it as a model of how collective behaviour develops.

A market rarely moves directly from extreme pessimism to extreme optimism. It moves through stages. Each stage reflects changing beliefs and positions among market participants.

The initial move disrupts the previous condition. The next movement tests whether that disruption is genuine. The third movement confirms that the market has accepted a new direction.

The same learning process may then appear during the corrective portion of the cycle.

This explains why market charts contain repeated advances, retracements, retests and final thrusts. They are not simply geometric shapes. They are the visible results of changing human expectations.

Markets Do Not Move in Smooth Cycles

Another important lesson is that market cycles should not be imagined as perfect sine waves.

Real market cycles are discontinuous. They contain points at which energy slows, disappears or suddenly changes direction. Plummer calls these areas energy gaps.

On a chart, an energy gap may appear as:

- A sudden correction
- A failed breakout
- A sharp countertrend movement
- A period of sideways consolidation
- A volatility explosion
- A loss of momentum
- A market crash
- A liquidity shock

These interruptions are not exceptions to the cycle. They are part of its natural structure.

This helped me understand why a correct long-term market view can still experience a violent short-term move in the opposite direction. A bullish cycle can contain a major contraction, and a bearish cycle can contain a powerful recovery.

Therefore, knowing the probable direction of the larger cycle does not remove the need for stop-loss protection.

Separation, Change and Incorporation

The book divides a larger process into three lower-level phases: separation, change and incorporation.

Separation - In the separation phase, the market begins moving away from the conditions of the previous cycle.

This stage can be volatile because the old and new forces are competing. Some participants remain committed to the previous trend, while others recognise that a change is taking place.

This phase may contain false breakouts, sharp reversals and significant emotional conflict.

Change - In the change phase, the new direction becomes more established. The information introduced earlier is applied more consistently, and the trend may become stronger and more persistent.

This can be the most attractive phase for trend-following traders because the market has moved beyond the earliest uncertainty but has not yet reached widespread excess.

Incorporation - In the incorporation phase, the new trend or economic structure has become widely accepted.

The public may now recognise what early participants understood much earlier. Confidence becomes stronger, but the underlying energy may begin to fade. Excessive optimism or pessimism can develop.

A breakout during the change phase may begin a major trend. A similar-looking breakout during the late incorporation phase may be an exhausted move.

I learned that chart patterns should not be studied in isolation. Their meaning depends on where they appear within the larger process.

Cycles Exist Inside Other Cycles

The Law of Vibration is presented as a fractal principle. This means that similar processes can appear on different timeframes.

A monthly cycle can contain several weekly cycles. Each weekly cycle can contain daily cycles, and each daily cycle can contain intraday movements.

This is why two traders can hold opposite views and both can be temporarily correct. One may be trading a daily correction, while the other is following a long-term monthly uptrend.

The book strengthened my belief in multiple-timeframe analysis.

My practical approach is:

- Use the monthly chart to understand the major market condition.
- Use the weekly chart to identify the intermediate cycle.
- Use the daily chart to recognise the setup.
- Use the intraday chart only to improve execution.

The lower timeframe should not be allowed to hide the message of the higher timeframe. A small bullish pattern inside a mature weekly decline may produce only a temporary recovery. A similar pattern aligned with a rising weekly structure may begin a significant continuation move.

Momentum Can Speak Before Price

Many of Plummer's examples focus on changes in momentum rather than only on absolute price.

This is important because momentum can reach an extreme before price reaches its final high or low. Price may continue moving upward, but at a decreasing speed. The market is still rising, yet the energy supporting the rise is weakening.

This can produce divergence:

- Price makes a higher high.
- Momentum makes a lower high.

- Participation fails to expand.
- The market becomes vulnerable to a reversal.

However, divergence is not an immediate entry signal. A strong trend can continue for a long time after momentum begins weakening.

I use divergence as a warning and then wait for price confirmation. Confirmation may include:

- Failure to hold a breakout
- Break of an important swing level
- Reversal from a retest
- Change in high-low structure
- Expansion of volume in the opposite direction

Momentum helps identify the condition. Price determines whether the condition has become tradable.

What I Learned About the Golden Ratio

The book connects the Law of Vibration with the Golden Ratio and its important proportions, approximately 0.618 and 0.382.

These ratios can be applied to:

- Price retracements
- Price extensions
- Time divisions
- Relationships between successive swings
- Comparison of different cycle phases

I do not believe that price must reverse merely because it reaches a 61.8% retracement. Financial charts contain many Fibonacci levels, and some of them will always appear important after the event.

The ratio becomes more useful when several independent factors meet in the same area.

For example:

- A 61.8% retracement
- Previous support
- A higher-timeframe trendline
- Momentum divergence
- Rejection in price
- A favourable cycle stage

This creates a zone of interest, but price must still confirm the trade.

The ratio should help organise observation—not replace observation.

My Understanding of Squaring Price with Time

Plummer's interpretation of Gann's "squaring price with time" is more complicated than simply drawing a 45-degree line.

The book questions how units of price can be directly compared with units of calendar time. A chart angle changes when its scale changes. Therefore, a 45-degree line is not automatically meaningful unless the scaling method is clearly defined.

Plummer explores relationships involving the Golden Ratio, Golden Rectangles and the relative size of successive market movements. His interpretation suggests that time may act as an energetic component of the market process, rather than only as a calendar measurement.

I find this idea intellectually interesting, but I do not consider it a complete trading rule.

For practical trading, I would not take a position only because price has met a geometric line or time calculation. I would use the calculation as a potential timing window and then examine what price, volume and momentum are doing inside that window.

Not Every Phase Can Be Forecast Precisely

One of the most honest and useful points in the book is the discussion of the "inter-cycle hiatus."

This is the uncertain period between the completion of an old cycle and the beginning of a clearly recognisable new cycle. It may contain an initial recovery, another contraction and a build-up of pressure for structural change.

The author accepts that the duration and amplitude of this period can be difficult to predict.

This is an important warning for traders who expect cycle analysis to forecast every turning point.

Sometimes the market is transitioning between structures. During such periods, directional predictions become less reliable, breakouts fail more frequently and volatility can become irregular.

My response during these conditions should be:

- Reduce position size.
- Avoid excessive conviction.
- Take profits more quickly.
- Require stronger confirmation.
- Trade less frequently.
- Preserve capital until structure improves.

The Law of Vibration does not teach me that I must always have a prediction. It teaches me to recognise when the market itself is uncertain.

What I Would Not Accept Blindly

Although I found many valuable ideas in the book, I would not accept every conclusion without testing.

A significant part of the book connects Gann's work with religious text, musical structure, the enneagram and hidden numerical patterns. These interpretations are fascinating, but many are speculative. They are not equivalent to independently verified financial evidence.

The historical market examples also require caution. Some cycles are adjusted or stretched to compare their shapes. This may reveal a broad pattern, but it creates flexibility in the analysis.

If the starting point, cycle length and wave labels are repeatedly changed until the pattern fits, the method can become curve-fitted.

Therefore, before using any cycle in live trading, I must define:

- How the cycle begins
- How the cycle ends
- How much timing variation is acceptable
- What invalidates the interpretation
- Which momentum measure is being used
- What confirms the trade
- Where the stop will be placed
- How the position size will be calculated

A theory becomes useful only when it can be tested without changing the rules after seeing the result.

How I Will Apply These Lessons

My practical method after reading this book is not to predict every market turn. It is to study how the market is processing information.

When I analyse a stock, index or commodity, I will ask:

1. What is the direction of the higher-timeframe trend?
2. Has an important shock disturbed the existing condition?
3. Is the current move an initial reaction, a retest or an application trend?
4. Is momentum confirming price?
5. Is participation increasing or weakening?
6. Where is the market within the larger cycle?
7. Is the market trending or passing through an uncertain hiatus?
8. What price level will prove my interpretation wrong?
9. Is the potential reward sufficient for the risk?
10. Am I observing the market objectively, or forcing it to match my preferred pattern?

These questions are more valuable to me than searching for a secret number.

Risk Management Remains More Important Than Prediction

The Law of Vibration may help a trader estimate the market's position within a developing process. It cannot remove uncertainty.

Any cycle can vary in duration and amplitude. A retest can fail. A divergence can disappear. An apparent reversal can become only a temporary correction.

Therefore, every trade must have an invalidation point.

My position size should be based on the amount I am prepared to lose if the interpretation is wrong. I should never increase risk simply because a cycle calculation appears convincing.

The proper sequence is:

1. Form a market hypothesis.
2. Wait for price confirmation.
3. Define the invalidation level.
4. Calculate the position size.
5. Enter only when the reward justifies the risk.
6. Exit when price disproves the hypothesis.

Prediction creates the idea. Risk management protects the account.

Final Learning

After reading *The Law of Vibration*, I do not believe that the market is a machine that can be predicted perfectly through one formula. I see it as a dynamic system created by millions of participants reacting to price, information and one another.

The most important lesson I learned is that every major trend is a process of collective learning.

First, something changes. The market reacts to that shock. It then pulls back and tests whether the old condition still has power. If the old force is weakening, participants gradually accept the new reality, and a more persistent trend develops. Eventually, that trend becomes widely recognised, excesses appear and its energy begins to fade.

This process creates the vibration visible on the chart.

For me, the real value of the book is not a promise of exact prediction. It is a better way to understand market behaviour. It teaches me to study the relationship between price and sentiment, respect retests, observe momentum, recognise cycles within cycles and remain cautious when market structure becomes uncertain.

Most importantly, it reminds me that no forecast is more important than price confirmation, and no theory is more important than disciplined risk management.

The market will always contain uncertainty. My job as a trader is not to eliminate that uncertainty. My job is to recognise the developing structure, wait patiently for confirmation and protect my capital whenever the market proves me wrong.

—Sagar Chaudhary