

LTG Wyckoff Classes

February 2009

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Edited by RicOz from web postings of LTG Wyckoff Classes

All care taken, but no responsibility and no apology for editing

2009-02-03 (Gary)

Gary_Fullett good evening ; did u all get charts
Gary_Fullett great ; there is a bar by bar of today's s and p action that i want to discuss later today because its a way to look at markets - okay an questions , okay lets begin
Mr_Steve_Atl_GA The S&P looks like it is making small gains, will this continue you think? and will stimulus (modified) help?
Gary_Fullett lets start with the es , then the bar by bar later tonight
Gary_Fullett whats the first thing to look at
Mr_Steve_Atl_GA trend?
skylar check for trend
Gary_Fullett right , trend is?
Mr_Steve_Atl_GA sideways? sideways, with higher lows?
skylar sideways, TR
n down
Gary_Fullett so we are coming from weakness ; so now in a downtrend and sideways right
Gary_Fullett higher lows not really
Gary_Fullett so we know trend and trading range ; now what can we say about the bars within the trading range?
n recent bars show more supply activity , recent half of range
Gary_Fullett to me the ice support - lines drawn - show no great bars up ; says lack of demand - no demand bars
Mr_Steve_Atl_GA close in middle?
n last rally attempt weak
Gary_Fullett we are now in the right side of this trading range
Gary_Fullett correct steve
Gary_Fullett does demand or supply have to prove itself ?
Rhonda demand
Mr_Steve_Atl_GA what looks positive is higher lows from mid november, I am puzzled
skylar looking / waiting for demand to prove itself, being coming up from bottom
Gary_Fullett demand would have to prove itself - i dont see higher lows yet - i see a reaction from stopping action in nov , and now a trading range
Mr_Steve_Atl_GA got it
Gary_Fullett good
Gary_Fullett so we need demand to turn up , right? do we need supply to go lower?
Rhonda no ; if no demand we will go lower
skylar demand needs to show itself to go higher..
Gary_Fullett good ; this is wonderful , very nice.. does this make sense so far? any questions?
Mr_Steve_Atl_GA Are you going to tell us how it will show itself? High volume up bars?
Gary_Fullett well a bar that is wide range with volume will be demand , but it also has to be more than a 1 bar action if u have demand ; if it comes back quickly , then it will be short covering
Gary_Fullett so we need action that shows good bar and has volume with it - so far, we dont have that
tt if the wide range bar is in the middle of trading range or top, is it still a demand bar?
Gary_Fullett well many times a sos , sign of strength, comes from the middle of the range to the creek area
Mr_Steve_Atl_GA Can I ask a question Gary, without taking you away from your lesson? or should I wait till the end of class?
Gary_Fullett this the will form a springboard and joc , jump over the creek
Gary_Fullett please ask steve
Mr_Steve_Atl_GA OK, we had a low in Nov on the S&P and a higher low on 1/21 and also today (not on the mini but S&P) is this not a sign of strength the higher lows? I am confused on big picture
Gary_Fullett well u have to look at trend
Mr_Steve_Atl_GA My trend follows this to a "T"
Gary_Fullett so the trend is down , so demand must prove itself - just because u make higher highs , the grind higher is an uptrend - u need that demand bar to show the demand overtakes the supply
Mr_Steve_Atl_GA OK, got it
Gary_Fullett the bars from support are not sharp

n Also, the mkt is not moving away from support...weak response
Gary_Fullett so the ice support will be key so lets see how we react – correct, the reaction from support is labored
n suggests a possible retest of the earlier low, or maybe a washout of the current lows, at a minimum
Gary_Fullett i dont think we wash out if we make new lows ; if we get under the ice , i think we will retest the
nov lows - the market would need a sos or a joc upside to turn up
Rhonda so this could be a distribution tr
n look at the last four bars... two down, two up... and compare how the two up fared v the two down
Gary_Fullett unless we get demand back, yes rhonda
n the market's story, as it continues to develop
Gary_Fullett so we cant be bullish till the tape tells us ; if the nov lows hold , we probably will have to have a
retest if we dont get that demand - any q on the s and p? fairly clear
Gary_Fullett euro currency ; what do u see here?
Mr_Steve_Atl_GA trend down, now sideways?
n You point out a possible spring after a labored, but steady decline
Mr_Steve_Atl_GA no, trend down
Gary_Fullett daily corrected back to some support ; do u see a buying climax?
n possible spring occurring in an area of support
Gary_Fullett thats the first thing to look at if u think we topped , but not necessarily the only way to top
skylar a failed retest of the sept high, no bc in my opinion
Gary_Fullett todays action doesnt show the volume , but the last bar - the spring bar - look at the volume
n low
Gary_Fullett the spring , type of volume? what does that say?
n not much demand came in
Gary_Fullett its not a matter of demand ; what it shows is that at some support , there wasnt a fight , so there were
no sell stops
n very good
Gary_Fullett so it is a spring in a market on the daily that is down - what can u say about this spring?
Rhonda will most likely fail
Gary_Fullett right rhonda ; so we ok for a retest to resistance , to sell this failed spring
n It is a spring following a spring... following a vertical down bar , and the two attempts at the vertical down bar
showed supply
skylar in general springs in downtrend fail,....but the next bar looked good, action wise -- vol would help
Gary_Fullett the bar action from the highs was fairly wide but at 150 area would be wide ; but now we are at
support and the spring was on light volume - says that no sells stops were there and NO battle there - if there was
a battle then the volume would have been there , and the volume was light
n sellers had a chance to punish longs, but did/could not
Gary_Fullett so we know there was NOT a transference of risk of contracts
skylar good point:)
n Gary, that vertical supply bar was followed by three good close bars
Gary_Fullett its important ; many may say low volume this bar action this but few understand it
Gary_Fullett where n?
n the three bars down , leading to the last spring, did not do a lot of damage ; there could be disguised buying
contained in that activity which may account for lack of vol on the spring
Gary_Fullett so the spring should fail , but i wanted to show u a spring that could be a scalp, and a spring with
lighter volume - u dont see that alot
n How it responds to 133 should be revealing
Dwayne What makes the 132 area the target for a possible sell opportunity? Why not 135?
Gary_Fullett correct n ; the move before move down was about 132 dwayne - 4 bars ago , then the 134 area , the
wide bar 11 bars ago - thats next above 132
Dwayne Thanks you answered my second question too
n One can draw a line across 133.50 for the last 3-4 weeks = resistance ; each time price approached 133.50, it
retreated... how it responds to the next test of 133.50 +/- will give a clue to mkt behavior and expectations
Gary_Fullett understand dwayne
Dwayne Yes thanks, and thank you also N
n any time ; It takes a while to adjust to what one can see in mkt activity - constant repeating begins to open one's
"vision"
Gary_Fullett crude ; what do u see here?
n I like this for a turnaround, eventually, if not soon

skylar Downtrend, nice channel
Gary_Fulleth u liked it last week :)
Gary_Fulleth what is the trend ; lower right , no doubt on all time frames
Gary_Fulleth this is a market that lacks demand
n the decline into mid-january was very slow, and controlled ; vol picked up, which suggests buying, to me
Gary_Fulleth this market has had smaller ranges recently ; this isnt demand - this is not a market that should rally from this area - more likely to retest lower
n it ain't a picture of supply, either
Gary_Fulleth and depending on this retest , will determine if we have more mark down - its demand that must prove itself , the supply doesnt have too
Mr_Steve_Atl_GA could it not be testing 4000?
Gary_Fulleth its possible to retest 40 ; 45 i mean
n look at the end of Dec rally, and how the retest decline followed - labored
Gary_Fulleth look at the volume – was light on the rally
Dwayne It seems like the supply line was tested more frequently than in the past.
n there is no reason to buy , but watch
Gary_Fulleth the downside bar have more volume then the up bars
n yes, but it went nowhere
Gary_Fulleth agree N
n that vol you mention, is buying by smart money, imo ; smart money is certainly not selling down here
Gary_Fulleth so keep this chart in mind
n not even oil falls for forever
Gary_Fulleth because it tells a lot about the economy
n don't need oil for that
Gary_Fulleth so we always want to draw a channel that shows trend and shows the rtl line , so we know who is in control - the overbought and the oversold
n another excellent point, gary... the decline is far away from the bottom channel
Mr_Steve_Atl_GA With small bars and high volume, is big money buying as we sell?
Gary_Fulleth we want to draw lines that tell a story ; i for 1 , along with david weis , we dont draw a lot of lines - when u first draw lines u draw a lot of them , and its good initially - but as u get more exp , u tend to draw less and look at the picture without lines influencing u - so u want to draw a line that directs u to a story , and a line that shows where to make a trade
n there was a good increase in vol, yesterday, and a low end close -- expectations would be follow-thru -- none
Gary_Fulleth great point n
Gary_Fulleth so watch the retest on crude for a possible sos ; so far weak
Gary_Fulleth quiz chart ; i sent this to the nl folks
n I love quizzes
Gary_Fulleth look at the first quiz chart ; please dont peek - what do u see here , and how do u evaluate the chart - what is the thought processes
n a labored decline after a strong rally in an up mkt
tt trend line break , large volume down bar
n recent two high vol bars did not damage...in fact,the 2nd one contained the decline , did no damage
Gary_Fulleth we must look at trend , and look to see if the bars are stronger to the up or down side in the trend
Gary_Fulleth what stands out on this chart ; what picture?
skylar possible SC, back in Jan , then retest in April, with stopping / reverse action
Gary_Fulleth okay maybe , with pre support a few bars earlier , okay
n nothing really stands out
Gary_Fulleth lets go to the 2nd page , and i wrote a tad on it ; trend is down , so we look for the wide bars
skylar attempted retest,.....
n sorry, I was looking at the wrong chart. Boob!
Gary_Fulleth we see a large bar at the lows ; the volume was far higher from the lows to the highs in april - that 4 month rally , what can be said on that rally?
n labored, in a down market, to that point in time
Gary_Fulleth we can say the demand rallies are NOT present - right N – we can have a possible sc , but after the sc and a trading range, we will need a sos , sign of strength
n it's trying
skylar .. even a spring in March
Gary_Fulleth great eyes on that spring - what was the volume on that spring

Gary_Fulleth that spring didnt even show demand , was a lighter volume spring
skylar not great, but action after it confirmed
n low vol, small range retest of the April vol spike and demand bar - what one wants to see on a retest
Gary_Fulleth so the grind higher after that possible sc didnt show a lot of demand , though prices go higher
Gary_Fulleth so many can say ... well it was a sc , and the rally higher was a lack of supply , so BULLISH
Gary_Fulleth but what do we know about a low that may be ending action? we should get a retest right
n it is possibly the way in which demand is absorbing selling in a negative environment
skylar if it has strong vol, but reverse action in next few bars
Gary_Fulleth did we get a retest yet?
n we are now, no? low vol, small ranges
Gary_Fulleth i am talking about the first low , the wide bar low – we didnt get a retest did we? so a low is most
likely retested
n then april was the retest?
Gary_Fulleth well we will get there ; so we moved higher with a grind , then in april we got a wide bar in april
high - volume higher than the possible sc right? this was an IMPORTANT bar , as the highest volume
n Wyckof would call that a climax vol
Gary_Fulleth so we are in april , so the largest volume says a fight is going on - a transference of risk - u can tell
this by the large volume of sellers and buyers turnover ; right?
n good explanation
Gary_Fulleth so we watched on the buyers and sellers at the battle; if april was a retest what would u expect next?
n a trend change , just not a strong one because of the overall mkt environment
skylar rally up on good volume
tt another retest
n there is a lot of overhead selling to be absorbed overhead
Gary_Fulleth so the low on april was made with volume , so we must mark that - after the move we form some
what of a trading range from 4200 to 3500 area - see this
Gary_Fulleth so after the april lows, if this was ending action after the downtrend, what would u expect to see?
Gary_Fulleth a sos or demand rally - do i see this?
n n
Gary_Fulleth so after possible ending action and supply present -- demand must prove itself , and u said it didnt,
so then the market retested the april low , and this is where the quiz about ends - off bot on this retest
n most of the higher vol days are up bars with good closes
Gary_Fulleth would u be long or short? up or down
Dwayne looks like the volume has increased as we approach Jan lows
n no position ; looking for a possible buy on a thrust because of low vol retest - buy the close ... up
Dwayne Wait for a retest of the ICE then short
Gary_Fulleth i put a gun to your head N !!!
Gary_Fulleth good eyes dwayne
skylar looks like it may re-test,... if so & action is bullish with vol,...go long
Gary_Fulleth Since u dont have demand and u dont have a sos (sign of strength) , this move should retest the low
in early 2008
n close stop, not much risk, even if wrong - the last bar has the potential for a spring... grasping at straws, here
Gary_Fulleth since u dont have demand and u havent retested the first lows, odds are that the mrkt will go lower
n Apr was the retest of the first lows, and the high vol should hold - the April low should now be more important
skylar i'll agree with Dwayne if action at ice is bearish , which it looks more likely to be
n especially re the transfer of risk
Gary_Fulleth the reaction from the april lows wasnt great - again it was a grind higher ; so since we had little
demand and a grind higher, a lower retest is probable - its easy in hindsight , but i was walking thru the process
skylar good excersice Gary
Gary_Fulleth the key was the lack of demand after action that could be ending
Gary_Fulleth the KEY is that when u have wide bars like this on the downside with volume, that is NOT the only
thing to change trend - in this case U would need demand , NOT just stopping action on the downside
n Wait! Those higher vol bars are up bars
Gary_Fulleth This is very very very very very KEY!!
Gary_Fulleth the rallies overall were a grind noob, there was NOT a sos - oem buying bars yes , BUT not
demand bars - big difference
n no disagreement with that , the mkt is still developing... and I hope the SOS is on the next chart
Gary_Fulleth so no demand in a downtrend means a retest probable

Gary_Fullett turn to the answer; u see that the market broke those april lows and went to the lows earlier in the yr
n Like I said, sometimes a boob...but there was a stop

Gary_Fullett u need demand to turn up ; stopping action NOT enough - lack of supply in a downtrend doesnt mean an uptrend -- u still NEED demand -- lack of supply may be the first step , but eventually to turn up u need demand buying overcome supply selling

Dwayne when using the Wyckoff method, is it best not to use moving averages?

Gary_Fullett very important ; amos does , i dont , and wyckoff doesnt - but if it is a niche u like and can make money do so ... wyckoff doesnt though

Gary_Fullett quiz chart ; this is the es mini s and p action today

Gary_Fullett i didnt cheery pick ; just will do a chart and see if we can see wyckoff

Gary_Fullett lets take the bar at 9 am this morning ; a wider bar low end close - see this 5 bars from the beginning on the left of the chart

Dwayne Did Wyckoff intra day trade using these same method or did he rely on tape reading only for intra- day trading?

Gary_Fullett he trades a 1 by 1 chart stocks with stops - he was not a scalper

Gary_Fullett so we see a wider bar low end close some selling ; the market tied to rally but the volume decreased the next few bars on the rally - says we will retest ; at about 930 am we got that retest - look at the volume on the retest - high or low ?

Mr_Steve_Atl_GA low

Gary_Fullett was low ; says may be a lack of supply

n how much weight would you give to the next wide range bar down after the 1st at 9:30 , given similar bar...less vol and no downside progress?

Gary_Fullett BUT no demand yet right? so at 930 am U got an OKR (outside key reversal) , u had a lack of supply retest then that lead to a OKR - right n , see this OKR

n y ... mini-spring, as well

Gary_Fullett volume picked up slightly , this okr lead to some upside as expected ; look at the bar at 10 am - u have a wider bar midrange close and increased volume - see this

Gary_Fullett so what does this bar say? wider bar midrange close , increased volume

Alvin selling

n some selling present

skylar battle

Gary_Fullett YES

Gary_Fullett YES YES YES

Gary_Fullett some selling , we can tell by the close - what if the close was high end?

n Gary, what is the qualitative difference between that bar and the one similar to it 4 bars earlier ?

skylar buying present if close was higher

Mr_Steve_Atl_GA sos?

Gary_Fullett the bar was wider

n vol was same

Gary_Fullett volume was the same but the bar length was larger

n meaning?

Gary_Fullett meaning that there was more selling on the wider bar after it caught longs

n relative to the similar bar

Gary_Fullett the wider bar was more buying and the cm sold into that

n vol was same... how could there be more?

Gary_Fullett the wider bar initially says eom is up still, then the cm sold it - a very subtle difference

n that is why I ask

Gary_Fullett volume same , bar length a tad different

Mr_Steve_Atl_GA eom?

Gary_Fullett eom is ease of movement

n I would think the larger bar, 2nd one, showed greater EOM, no?

Gary_Fullett like trend, it did to the upside - the selling and the midrange close , thats why more significant

Gary_Fullett this lead to a labored correction

n Never mind... the first bar led to a minor correction, as a result, and the 2nd bar said and did the same

Gary_Fullett the volume was lighter overall , so a grind lower with light volume

Gary_Fullett it did n ; would be hard real time to tell the difference

n actually, both bars advertised the same thing

Gary_Fullett so we played around and grinded lower in a trading range – 822 to 830 absorbing

Gary_Fullett do u have a sos yet? after the 9 am action?
n n
Gary_Fullett right
skylar 13:10 SOS
Gary_Fullett see the sos theme tonight - what happens at 1 pm or 1300?
n sssssSOS!
Gary_Fullett u got a wider bar, increased volume - so u have a sos (sign of strength)
Gary_Fullett the high of this sos will be support on a retest ; look at the low at 130 pm? u see a retest of the sos high at the 830 area
skylar perfect,..
Gary_Fullett then after the retest, u have a small trading range which took u to the highs - key was lack of supply on the retest lead to a sos
n very shallow retest, positive. Could it have been recognized as such, at the time?
Gary_Fullett in this case the sos occurred and went higher ; other cases tonight , NO sos so they failed
Gary_Fullett yes, because it was absorbing all day ; we talked on this in the day class
n Was there any discussion as to when to buy? 1st time, or after the SOS? 1st time = early bars discussed
Gary_Fullett the retest of the sos high ; i sent a chart to nl folks to buy a retest on a different time frame
Gary_Fullett the market went to 829, and at 824 area i mentioned we are absorbing and should make new highs
n 9:24 time-wise?
Gary_Fullett so we had a few examples where sos makes a big difference ; 2 times we didnt get it, it failed - then on this chart u got a sos and it had mark up about 11 am - the absorption after I mentioned the retests to the 818 area - any q for tonight
Gary_Fullett great charts tonight ; amos tomorrow night?
n See that mmkt activity at 12 pm?
Gary_Fullett yes
Tom_M great lecture
n That is what got me to say buy on the previous quiz chart - There was no SOS yet but mkt rallied
n was wrong in the other one, but for a good reason or a sufficient one
Tommy at the 9-9:30 test we had a p&f count to go to 838 (went to 839)
n great discussion on SOS, Gary. ty
db great class Gary, thanks to you and all
Gary_Fullett ty n for all the help
Gary_Fullett night all ty
skylar Thanks Gary,
Gary_Fullett a lot to review
Gary_Fullett left.

2009-02-04 (Amos)

Amos Hi ; Ok here we go

Amos Not much to say tonight in term of markets except to repeat that we are in a range and everything is possible . I will have to cut tonight short because I am leaving right after the class to Tel Aviv- taking a seminar in Risk Mgmt-- I want to hear how the experts explain not detecting Madoff

Amos The first chart is DOLLAR INDEX point and figure ; Nothing new-- but I want to emphasize the difficulty of the chart . You can see that the market reacted strongly to the "creek and dropped below 84 ; It fulfilled the count of 3 from the 86 level and was expected to rally. BUT-- the 200 points of rally without a cause-- was surprising . I mentioned lately the fact that in a range you will see quite often alterations of trend and range in narrow space-- that can make people err many times

Amos If you ponder that dollar chart the MOST STRIKING element is the sharp decline from 88 to 78 and then the "sort of" sharp ascent back to 86 - that is misleading because P&F IGNORES TIME!but our eyes have a tendency to CONDITION US and we look at a chart and whether we like it or not= our short term memory PREVAILS and we assume for whatever reason that things will REPEAT themselves

Amos In trends- there is quite often symmetry-- and that is fine. In a range-- there is NO RHYME OR REASON. If you believe that a market has to build a cause-- then you can allow for time to pass. If you are more influenced by recent moves-- you become impatient (when I say "you"-- I really mean "ME:). So this phase of the dollar is a little difficult for me - I still think the 86 is a major creek and we have to retest the 78 before continuing much higher (if the yearly thrust is to be thrusted) , but timing is difficult

Amos Next chart is DOW , 500 filter. big. Again you can see the same thing I just described in the dollar: CM is selling at 9000 and buying at 7500 and in between-- it is random behavior . I hear again people call for bottom of the market. Shame. How do you trade such a random market? Not easy. but to realize that we are in a period where NO MOVE means anything-- is a small savior because it saves you from major errors. Any "breakout" or "spring" or BC or whatever right now-- is nothing more than figment of imagination

Amos The next chart shows it clearly, The most important chart right now is the quarterly because it is the ONLY ONE which makes sense! We had a huge down quarter that closed OFF the bottom and merited some kind of rally. but right now the lower end of the bar is magnetizing prices. At any rate anyone who dares to say that they can detect any sort of accumulation or distribution process in that chart-- is deceiving themselves . We will be in range for a long time (perhaps until the last Obama minster declined a position and returns their stolen tax monies)

Amos Next chart may have some meaning ; I am looking at a large soy filter and there seems to be a rather "CLEAN COUNT where I marked it - It is a count of 15 and IF IT IS CORRECT (Something you do not know yet!) it calls for 815. We broke the last creek and the trend is down-- but the count to 815 will be validated AS WE GO LOWER!!! that is an IMPORTANT POINT. The further down we go (in the direction of the count!) it is a GOOD HABIT to go back and look for LARGER COUNTS that you may have missed - I cannot tell you how many times in my life have I flogged myself after a move (usually against me) ended- to go back and find that there was a READY, EASY, CLEAR but IGNORED count way back that gave that target

Amos For me the count of 815 is nothing more than a PATIENCE stick. As long as the market will make LOWER HIGHS on a significant chart (at least daily or better weekly)-- I will keep that number in mind

Amos If you go to the next chart - you see that the quarterly is again a savior. We tested the high of last quarter and now, most likely we are going to test the low of last quarter and 815 is not far from that end . So in this case the "count" almost matches the quarterly chart and the assumption that we will continue in a range bounded by the high and low of last quarter

Amos Next chart is the bonds monthly ; I admit to NOT understanding this chart but it looks as if a clear jump and back appears on the chart. IF this is correct then we are in an area of support and a few weeks rally should follow. The sharp decline in volume and open interest lately is strange. It is possible that a big game is going on with china *(I read these things and I admit to NOT UNDERSTAND IT) which is the MAJOR BONDS Buyer-- who knows - But from a technical point of view-- it is a JUMP AND BACK UNTIL PROVEN DIFFERENTLY!

Amos the next chart is even more acute about it ; You have the biggest quarter in bonds history closing near the high and collapsing. Unless this is once in a life time needle stick-- this market SHOULD come back and test the 140 at least once more. We shall see

Amos Rest of tonight i decided to nail the THRUST model issue once and for all. I am showing you part of my Point and Figure lectures about the subject--and hopefully after this explanation-- I will not have to repeat it again AussiePaul thanks amos... much appreciated

Amos It all starts with the most basic rule of markets -- as far as I am concerned the ONLY law that works is the law of supply and demand. Anything else is mostly a lie

Amos So we accept that if supply is bigger than demand-- prices MUST decline

Amos If supply is smaller than demand prices MUST rise and

Amos if supply is equal to demand-- market MUST RANGE because there is BALANCE between the two forces

Amos Now if we look at a line on a chart-- and use this law-- we can draw some intelligent conclusions. We start with the basic Euclidean assumption (not one of the five axioms, but basic nonetheless) that a POINT IS A DIMENSIONLESS ENTITY - That means that on any line, be it short as possible there must be INFINITE number of points. Like the number of angles on tip of a needle ; That means that ANY LINE can be drawn in INFINITE WAYS-- because it is a collection of infinite points

Amos So I show in "how many ways to form a bar?" a line that has H L C , but can be drawn many ways. This is NOT GOOD because we cannot handle infinity. It is the OPPOSITE OF KNOWLEDGE. The secret is FILTERING. It is written in Hebrew in the last frame but translated to english above: Here is the SECRET-- CORRECT FILTRATION/SELECTING/ SIFTING-- there is NOT one word in English for the process of filtering. In Hebrew for some odd reason the word for FILTERING has the same letters as EXPERIENCE. Which is amazing to me-- because it tells me that you cannot filter WITHOUT EXPERIENCE and you cannot have EXPERIENCE (as a trader) UNLESS YOU KNOW HOW TO FILTER!

Amos So then next frame describes AN OPTION of drawing a line: I have the line on the left and it has the 3 points H L C , and I start somewhere in the middle. We see that price RISES! HOW CAN PRICE RISE? well, according to the LAW OF SUPPLY AND DEMAND price can rise ONLY IF DEMAND IS WINNING - price continues to rise and then it comes to a HALT. How can the price stop rising? AGAIN using the LAW OF SUPPLY AND DEMAND --- prices will stop rising ONLY IF SOMEONE IS STANDING AT THAT POINT and SUPPLIES EVERY DEMAND WITH BIGGER OFFER!!! The only way prices can stop rising is if SUPPLY OVERCOMES DEMAND

Amos Market realizes that and starts going down. All the way down -- we know ONE THING FOR SURE-- SUPPLY IS BIGGER THAN DEMAND. Until it gets to the LOW POINT-- How can it stop going lower. ONLY IF SOME FORCE is standing there and BUYS ANY AMOUNT OF CONTRACTS OFFERED--how many you want to sell? 1000? BOUGHT!, 100,000--BOUGHT...etc.

Amos Thus if you think logically and apply the law of supply and demand you suddenly realize that on a line which HAS INFINITE POINTS -- with VERY LITTLE KNOWLEDGE ABOUT THEM-- you have TWO POINTS with high level of knowledge: THE HIGH===INFINITE SUPPLY and the LOW= INFINITE DEMAND

Amos The close is a HUDNA (or Tahdieyh) a pause in the war until they start shooting rockets again

Amos This is a very important observation and it is the BASIS of the thrust model

Amos Next frame shows a drawing I simply copied from the internet. It says in Hebrew above it : Whoever says he "LOST " the trend is either an IDIOT or does not understand what is a trend

Amos The above definition of the two points on a line which contain high degree of knowledge -- the HIGH and the LOW would be USELESS if we could not apply it to TRENDS

Amos The definition of a trend is a problem. JL says that the trend is the "PATH OF LEAST RESISTANCE"-- which is a fine definition . I prefer another one-- I define a trend as a SERIES OF RALLIES AND REACTIONS! the word SERIES is important because it implies ORDER!!!

Amos Gaze for a moment at that simple picture of trend which has a red, dotted STM, a blue Intermediate term trend and the GREEN which is the "LONG TERM TREND"

Amos First I want you to "see" how sinister that innocent picture is. It is an advertisement of some company (i lost the link) but it has 2 large circles at the bottom and top . These are SUBLIMINAL messages-- YOU PAY US and we will PUT YOU IN at the BOTTOM and GET YOU OUT AT THE TOP!!!! Nothing can be more sinister than that-- but that is our world of advertisement which makes us think that it is very easy to detect a bottom and a top-- tell it to Madoff and Sheldom Edelson

Amos Next sinister thing is the GREEN LINE. IT IS AN EXTRAPOLATION. It does NOT EXIST! if you try to locate those points where the short term trend --the red dotted line INTERSECT THE GREEN LINE on the way UP- if you choose the intersection where the red line goes down-- you can lose your shirt going long AGAINST the short term trend! But that green line is you THINK, ORDERLY - comes to a bottom, nicely turns , goes up, comes to a top and nicely starts down-- THIS IS AN EVIL picture of the market-- but this is PART OF THE MANIPULATION of the market and the people who control it-- to make us think that TRADING IS A PIECE OF CAKE! in short this picture is VERY EVIL. (To say nothing about the fact that the Long term line is GREEN-- GREENBACK!--DOLLARS!!! masterful manipulation

Amos But I am using this picture for the blue line which serves the purpose of the explanation of the thrust - the blue line is a rather orderly line which FOLLOWS MY DEFINITION OF A TREND-- it is a SERIES OF RALLIES and reaction

Amos Now if you extend the explanation of the high and the low of the LINE-- the same logic must work here.

Amos Every LOW POINT on the BLUE LINE MUST, by DEFINITION, represent INFINITE DEMAND-- someone is standing there and BUYS ANY AMOUNT OF STOCK , or CONTRACTS OFFERED and the market starts going up. AT THE SAME TIME-- EVERY HIGH POINT IN THE TREND REPRESENT INFINITE AMOUNT of SUPPLY-- SOME ONE is standing there and OFFERING ANY AMOUNT OF STOCK or contracts for SALE!!!!

Amos once you accept this rather inane concept-- it is a little easier to handle markets ; Rothchild said in Reminiscences-- I will tell you my secret: " I always buy too late and I sell too early"

Amos When you look at the blue line you can understand ; The first low which happens to be the TRUE LOW-- is IGNORED BY ROTHSCHILD!!! (the man who MADE THE LOW in the English Bourse with his pigeons and the defeat of Napoleon in Waterloo) . He is waiting for the market to make a high. Then a low. He must see a HIGHER LOW-- to indicate that DEMAND IS , indeed, IN CONTROL and when the market takes out the last high-- HE BUYS

Amos Most people shout-- BUT HE LOST 20% of the MOVE ; Well-- FUCK THE 20% of the move
Amos YOU WANT TO MAXIMIZE PROFITS-- OR YOU WILL DIE

Amos You want to MAXIMIZE your chances of CORRECT TRADING-- YOU CAN BE A ROTHSCHILDE
Amos At the high-- as long as the market is MAKING HIGHER LOW-- YOU CAN STAY LONG ; BUT THE MOMENT THE MARKET BREAKS THE LAST LOW-- if you stay long-- ONE DAY YOU WILL DIE!

Amos Many people get angry when the market TAKES THEIR STOP , and feel the market -- SCREWED THEM. NOTHING OF THE SUCH . There must be manipulation and you MUST lose from time to time-- but if you keep this SIMPLE RULE and never break it-- YOU MAY NOT BE VERY RICH-- but you will NOT BE KILLED -- This issue is very important and merits much longer discussion-- but I want to get to the model

Amos the next frame is the THRUST MODEL

Amos I just jotted some lines... Market goes up, comes to a point of resistance and starts going down == REACTION. You believe, Amos, and you are SALIVATING. You KNOW that a trend is a "SERIES" of rallies and reactions and you cannot wait for the next RALLY.

Amos Let us assume that each line is a week. ; The market goes down 5 weeks and on the sixth it closes on friday as a "KEY REVERSAL". Since you are so anxious to JOIN the next rally-- you say to yourself: This market is going to open with a GAP next monday and will leave me BEHIND. You buy the friday close -- Market KNOWS THIS , opens unchanged and starts going down

Amos If you had a stop below last week- you are out. If YOU DID NOT have a stop (because you are so sure that this is only a reaction in an UPTREND)--by the end of the 7th week you have a large loss and you curse the time you even listened to that Amos IDIOT who talked about KR that are bunch of balony

Amos Next week the market just loiters around and you loss is still big. Now you are sitting on a losing position based on "VALID TECHNICAL ANALYSIS TENET" such as KEY REVERSAL-- and nothing happens ... THIS PAIN is a killer ; when the market in the 8th week starts going up and gets to the BUY POINT- THE THRUST-- you are BACK TO EVEN and most of the time you GET OUT-- BECAUSE YOU CANNOT TAKE THE PAIN ANY MORE!!

Amos The red dotted line is the THRUST-- THE POINT THAT ROTHSCHILDE BUYS@ ; If you limit your trading to ONLY BUY these points-- you will be RICH!!! WHY?

Amos Well go back to the top of the rally ; If you accept the simply rule that a HIGH OF A LINE is INFINITE SUPPLY-- then as LONG AS THE MARKET IS MAKING LOWER HIGHS-- SUPPLY IS WINNING-- PERIOD!!!! The fact that you in your IMAGINATION saw a KEY REVERSAL-- is GARBAGE- because it is still LOWER HIGH!!! and you have NO REASON TO BE LONG

Amos The first time the market is making HIGHER HIGH (I treat INSIDE BARS AS NONSIGNIFICANT-- over the long term this is better) is at the RED HORIZONTAL LINE!

Amos that is where you should buy ; You can say---BUT BUT BUT-- I lose so much from the bottom? BULL SHIT! You lose NOHTING!

AussiePaul Amos: where you draw the trust and buy line is also resistance... do I need volume to confirm? the market could have gone much lower

Amos Paul the red dotted line is the LAST POINT OF RESISTANCE and the MOMENT you go above it-- the DOWN TREND IS FINISHED. Volume is a totally different issue- and OF COURSE it is important-- but I am dealing here STRICTLY with the MANIPULATION OF PRICE ALONE!

AussiePaul thanks. I will study that.

Amos The last frame is probably the best model i know-- the THRUST AFTER KEY REVERSAL

Amos Here again I drew a "correction". Here I even toyed a little by making a thrust at the 3rd week of the reaction-- This is PART OF LIFE and you will lose once in a while-- MUST BE ACCEPTED ; then on the 6th week of correction we get a OKR--OUTSIDE KEY REVERSAL

Amos Here -- I cannot tell you NOT to buy the friday close-- because it made a HIGHER HIGH---BUT

Amos If you assume that you MUST be long there-- that means that the market will go STRAIGHT UP-- you are making the implicit assumption that we will have a "V " bottom ; I have a problem with V bottoms and top-- because there is no cause on my Point and Figure chart-- so here is the logic

Amos Lets say you DID NOT buy that OKR - Comes next week and the market makes higher low and higher high. You sit on the sideline and you curse the day you ever met me or Gary. Next week the market makes another higher high and higher low- and you are FUMING-- You will shoot me next time we meet ; then on the third week from the OKR the market makes lower low and starts a reaction. You curse a little less ...

Amos Then comes a big DOWN week.

Amos If you are LONG , YOU have a big problem ; You were so sure that you NAILED the market - You bought a THRUST, The market VALIDATED your decision and went up for 2 weeks - All of a sudden you have a big loss – this is disheartening

Mr_Steve_Atl_GA Amos, so we are looking for the THRUST to break the high, and not just a breaking of the high, correct?

Amos Steve- I do not understand you question, ask again

Mr_Steve_Atl_GA Well I see after KR, the high was broken, but no thrust - So we are waiting for the thrust to break the high? we MUST have the thrust?

Amos Steve the OKR was a thrust because it went above last week high!!

Mr_Steve_Atl_GA The 3rd bar from KR is throwing me off, it broke the high

Amos the next week the market remains low and you sit on a loss. At this point if you are NOT LONG-- You are sitting high. WHY? because you do not suffer the pain of the loss!-- you have a cleaner mind

Amos Another week of inside action leaves the longs with a lot of pain , then on the 7th week from the point that the longs went long because of the OKR-- the market gets to the blue arrow where I write THRUST -- The first time the market makes HIGHER HIGH after the OKR

Amos Without qualms- i can say to you-- whoever sticks to that model will make MONEY IN THE MARKET - What is the problem here? very simple ; this model happens VERY RARELY. If you only trade this model-- GARY WILL HAVE TO CLOSE THE ROOM and Stick with Baseball coaching.

Amos All I can tell you is that this is A GOOD TOOL to have in your tool box.

Amos It has a large amount of LOGIC in it-- first you have the proof that supply is NOT WINNING any more. then you have enough work to satisfy Wyckoff's second law of CAUSE AND EFFECT. third it has the advantage of THROWING MOST IMPATIENT TRADERS off the hook , and it is simply correct trading

Amos DO NOT BELIEVE ME-- please go back over many charts-- no matter what the commodity or the stock-- look for such phenomenon and see how many times it turned out a winner ; Again- I did not invent this-- it was DENNIS DUNN who made millions trading this model-- weekly thrusts!!!

Amos I use it in my 15 min charts- and it is a great tool ; it forces you to be patient and it prevents you from making MAJOR MISTAKES -- Not much more that i can say.

JWC who is Dennis Dunn?

Amos of Dunn and Hargit-- old good traders from Lafayette , Indiana

skylar You said a lot... this chart log will be another definite Keeper. thanks Amos:)

AussiePaul Amos: with your last example, the bars were going down? then reverses? after OKR?

Amos yes paul-- i start with a correction and look for a rally

Mr_Steve_Atl_GA Amos, next week will you be doing volume as a companion to tonight? or does volume matter on this model?

JWC cool, we have an office in Lafayette, IN. Maybe I'll knock on his door and say that Amos sent me?

Amos ok folks if no questions i am going to take a shower and head to Tel aviv to a Risk MGMt seminar at the SHERATON CITY TOWER in RAMAT GAN

AussiePaul Amos: The example prior to that looks like the trend was going up, then slight pull back.

Amos jwc they left Lafatette long ago, search google where they are now-- I think europe

Amos Steve-- Volume is a different issue and it goes subtly into this-- but i use the thrust as PRICE ALONE

AussiePaul just wanted to clarify

Amos Of course if there is VOB in the thrust-- that is much stronger

Dwayne Amos are there any books by Dennis Dunn or Hargit?

Amos dwayne-- no, unfortunately. Dennis Dunn financed "growing child" for a long time-- wonderful material for new mothers. I used to give subscription to my new mother friends-- but I am not sure if it is still around

AussiePaul Amos: VOB = Volume of Bar? The Range you r referring to...

Amos if you can go to a library (cme) and find old newsletter of Dunn and Hargit - you will find that thrust traded for real

JWC Amos, Dunn is in Belgium now.

Amos VOB- Volume off BOTTOM

skylar volume off bottom i think paul

AussiePaul Thanks

Amos btw notice that the SF is stronger than the euro-- if indeed the dollar has to break here the swissy will be the bellwether. ok folds gn and wish me good luck because i just heard on the news that the railways is on strike and i have to take the train

skylar lol, g' night amos & thanks again

genzku excellent...good luck to that train

swetz joined.

skylar hey swetz, you just missed Amos

swetz I did , he must have known I was coming :)

skylar he talked some on his thrust model,...pretty good.

swetz yep, thrust is pretty good for triggering entries

swetz one thing that I do with thrusts that helps me is actually wait for a CLOSE above the prior bar high on increased volume if the thrust is coming from a straight reaction/rally

swetz I find that many losses can be avoided by doing this - I dont get more aggressive on buying thrusts on a mere penetration of a prior bar high until I see evidence of a HIGHER swing low - in this circumstance, we are seeing more evidence of a

skylar follow up would help turning point so I can be more aggressive with the entry trigger

swetz yep, it would ; one thing I think we all need to consider is that we all have DIFFERENT RISK

TOLERANCES - so the more evidence you need that a turning point has likely occurred before taking a position , then the further away your entry will be from the exact turning point low/high , if that is the case, then your risk tolerance will be higher per trade

skylar yeah, moves only last so long :(

swetz but if you say, I dont want to risk that much money in case the trade doesnt work out like I had anticipated, then you may want to not wait for a CLOSE and just a buy a higher high or short a lower low - but then your risk increases as far as a successful trade

swetz I know many of you have seen when a stock makes a higher high in the morning , but by the end of the day the stock has reversed back down and a closed BELOW the prior bar high maybe has even declined to BELOW the prior bar low - waiting for a close would have avoided this losing trade

swetz each trader MUST figure out how best to overcome this inherent risk HIM/HERSELF

swetz my way of overcoming it works for me but may not work for you , just like your way to overcome it may work for you but may not work for me because we each have our OWN RISK TOLERANCE

swetz anyway, just some points to consider if you are using a thrust to enter a trade

skylar good points ,.. thanks

swetz thrust is a beautiful way to trigger entries, heck I have used them for over a decade , but I would also say, by understanding the CONTEXT of the chart from which the thrust appears will help you separate the low quality thrusts from the high quality thrusts - which means more money in your pocket :) that's the aim :)

skylar Thanks again Swetz, everyone. hope all a pleasant evening:) see y'all tommorrow,...nite

swetz anyway, have a good night

swetz gn skylar :)

2009-02-05 (Gary / Swetz)

Gary_Fullett Good evening ; there are 5 charts for tonight - i want to do those charts, then have steve do his chart; or then lecture a bit if i get done with charts first and steve isnt here

Gary_Fullett i will lecture first ; the charts are from the newsletter, but they show some perfect proper wyckoff, and i wish to discuss them - so do u all have charts

Mr_Steve Gary, do you have time for a question?

Gary_Fullett i do ; please ask Mr Steve, questions always come first - please ask

Mr_Steve The Wychoff method also talks about waves, do you have any plans to discuss them at any time the next several months?

Gary_Fullett are u referring to the optimism pessimism waves?

Mr_Steve Yes , I suppose,

Gary_Fullett no plans to discuss them ; the optimism pessimism wave is more of a proprietary system that SMI does - the Stock Market Institutute, the place that has wyckoffs works ; it is an indicator but not needed for what we do... good q

Mr_Steve They talk 5 up 3 down or something, think I got it from this site

Gary_Fullett well the wyckoff wave - selling climax, automatic rally, secondary test, trading range, sos (sign of strength), joc, lps - all these wyckoff schematics are classical wyckoff wave, but to understand the bar action is more important than the labels associated with it ; so those are the waves to be concerned with - the markets actions and the tape ... change of plans ; let me lecture a bit before charts if there are no other questions?

Gary_Fullett this morning in the day session i talked on niche and market behavior consistency

Gary_Fullett lets take an example ; a business sells hamburgers - they have a biz plan, get money and they are off and running ... they sell hamburger, they do well, they open new stores and they grow, and they continue to grow and grow, sell more hamburgers and they have more stores

Gary_Fullett they offer hot dogs, they dont do well they fail? why? Because they sell hamburgers, their niche ... they go back to hamburgers - point being they have a powerful tool called selling a product the public likes ; they have a niche, they have a tool that they believe in , so they produce what they know and they keep doing it

Gary_Fullett in a business, the powerful tool is their product - in the hamburger place it is hamburgers

Gary_Fullett understand so far?

Mr_Steve Great way to put it, I can guess the end

Gary_Fullett so they have their niche and tool product, and they keep doing it - they are consistent, okay, so this hamburger biz can lose money on some days, quarters , but in the long run they do well

Gary_Fullett so... in trading, we have a tool that we believe in called wyckoff ; thats why we are here - there are other ways to make money trading (like a hot dog stand, not only hamburgers for fast food makes money), so we have a product we use to trade called wyckoff , or if u have a better tool use it -- so... we use the wyckoff product and it doesnt make money , nothing is perfect ; but if we believe in that product (wyckoff, elliott, ect), we must continue to use this product or get a new product – we must develop our own niche

Gary_Fullett like the hamburger place that sells burger , the model of a biz is consistency and niche, and hopefully that consistency and niche makes money ; any q? so we MUST believe in our product

Mr_Steve No, very well put, and well said

Gary_Fullett we must continue to have a niche for our product ; trading is the same - if we trade ice and springs with wyckoff , or whatever aspect of wyckoff , the thrust method by amos , whatever we use – we must believe in our tools , we must continue to have a niche to trade ... u cant buy a breakout and then sell creek , and mix and match , and not be consistent - a market is a moving target , and if we are forever changing how we trade it, we are NOT consistent - we are moving when the market is moving , and that makes it impossible to hit a target ... u dont shoot at a deer by running after it vs sitting there and waiting

Gary_Fullett think of trading as a successful business, and a successful business has a plan, has a niche, and is consistent - this is how we must treat markets, to be as consistent as we can ; understand ... even if u r consistently wrong and u must change your ways , BUT consistency in a biz is the only way to make money

Gary_Fullett any questions? Traders fail because they are NOT consistent and dont have a plan and no niche

Gary_Fullett IF you believe in your product u have a better chance to make money - if not u will fail

Mr_Steve To all who are watching, this is so true, please pay attention to him. I lost 1/3 of my capital before someone told me this - And that was after practice trading for a year

Gary_Fullett once u place a trade, the rest is easy - all u have to do is judge the action ; ask yourself ... if i wasnt in the trade, would i put the trade on? if u r unsure get out, because your tools say maybe its not right

Gary_Fullett so... once your tools are used, believe in the tools ; once the trade is put on , trust your trade

Gary_Fullett if not and it does not fit why u put on, get out . if u believe in your tools , then u dont have the anxiety of the trade because u believe in your tools - if u believe in your tools, there shouldnt be anxiety because u did what u were supposed to do ... so believe in you, u have the best tools, believe in that tool and your own niche, and it gives u a better chance ; any questions?

skylar n, your talks keep my feet on solid ground coach, :)

Gary_Fullett we have to have a solid foundation, or the building falls ; we all can trade wyckoff but we may have our own niche - have your own niche, and be consistent

Gary_Fullett okay, I want to go over charts from the newsletter ; it is not every day where the markets trade the way u expect them to all on the same day , but with the newsletter today, it was accurate as one can be ; but it happened to line up, thats all - lets discuss them

Gary_Fullett S and P ; the writing on the top is my comments ; okay , in the s and p i wrote that we can see the 817-820 area today, and if we approached that market with high volume and large bar , we can break further and have more mark down - well the market opened at the 82250 area today, so we opened close to the 817-820 area

Gary_Fullett so the market already went to support , the action was a wide bar traded on the open – we opened at support and didnt have mark down, so the market went to support and held , vs a wide bar and heavy volume retest of that support

Gary_Fullett so that lack of supply early after the open into support , the market held and thus the rally today ; if u notice, the downtrend line takes u right to 850 area , which is where stopped - the recent highs ; any q?

Gary_Fullett tomorrow is a major report - unemployment report at 730 am cst , so probably a neg report but its the reaction that we need to watch - the cms way of interpreting the news ; q on the es s and p

Mr_Steve Listen to the news but do not trade by it?

Gary_Fullett u can understand the news BUT dont make a trade decision on it

Gary_Fullett if u get bullish news in a downtrend, the market tends to drop - anyone live in florida? - well if u do they are having a very cold stretch, and what has the price of OJ done (orange juice not simpson) ... it broke hard on bullish news ; why? who cares !! the point being the news would have hurt u , not helped - the market broke on bullish news , so thats why we have to follow the tape vs bullish news and just buy

Gary_Fullett the market is the final arbituer ; the way the stockmarket acted today, they seem to be discounting the news tomorrow - well the news is supposed to be bearish, and the market rallied into the report? why? to me they believe the report is factored in

LarryG u think the senate vote today or tom may have caused the reaction Gary? or the unemployment report

Gary_Fullett great q larry ... well the bill will probably still take some time, so maybe it was part due to the bill getting closer , but that will take time to get down as far as it is filtered into the market

LarryG last time they got ready to pass one, mkt rallied into the vote, i believe, then dropped

Gary_Fullett so i think it was probably both, but i didnt think they are close, do u?

Gary_Fullett I dont think it wont be to next week at least

LarryG still need to compromise in committee i think, so may take time

Mr_Steve If it passes the way it is, We are in big trouble latter

LarryG just couldnt think of any other reason for the rally today - hope they take lots and lots of time:)

Gary_Fullett thats why i think it will take time steve

Mr_Steve All the more reason to live by the charts, NOT washington

Gary_Fullett right steve; u cant control washington, but u can read a chart - news is in the charts for the most part

Mr_Steve All day I watch charts NOT news - News lies, charts do not lie

Gary_Fullett the markets topped in oct 2007 stocks ; u had bullish news ... what did the charts know? when the news became bad in march 2008 , the market sees things 6 months in advance, so the market topped before the bear stearns news - they saw an event of a change, they may not know the news but there was something come down the pike

Mr_Steve propaganda, manipulation.....on and on....

Gary_Fullett markets are all manipulated, but mostly legally

Gary_Fullett okay bond chart ; i wrote on the chart sot - shortening of the thrust

Gary_Fullett so the sot is a change of behavior, even in a downtrend ; u can counter the trend with an ending action or a change of behavior action - this was some stopping action - well the bonds reacted by 2 points earlier today ... since the trend is down , this is NOT a position trade , BUT a trade that is a counter trend to scalp

Gary_Fullett so this type of behavior gave a counter trend rally today , but I wanted to point out the change of behavior stopping action and where u can counter trade ; understand? any q?

Gary_Fullett the start of the day in the charts was coffee ; in this chart first draw a rtl line - if u draw a rtl in an uptrend , u can see overbought condition , and then draw the uptrend line , then find ice and creek

Gary_Fullett and in this case u had a joc at 114 area, and this formed an apex

Gary_Fullett cant be More perfect than this; do u see this, its all on the charts sent way before the market opened

Gary_Fulleth well i recommended a buy at 11410 on this market, and that was the low today - and rallied about 600 points ; a retest of the jump over the creek is the most proper wyckoff BUY

Gary_Fulleth safest buy ... buying an uptrend at support after demand proved itself ; in this case u had ice and joc retest , as well as the uptrend line confirmation - perfect wyckoff here ; any q?

Gary_Fulleth please please review the chart and comments, it was in the newsletter ; trend is up and demand proved itself , so buying was proper and consistent with the chart

LarryG gary, i think i would have drawn the rtl from 2 bars back due to the good reaction. did you choose your line because it was the retest of that bar, or just because it lined up w/ 2 later touches of the rtl line? ice/creek very clear though

Gary_Fulleth u mean the wide bar

LarryG yes , reversal down

Gary_Fulleth yes, I drew it from the 2nd high because it was from that bar that the market reacted LOWER from the other bar ; though wider, that bar isnt doing anything ; also i cheated because I trend the rtl Line AFTER the 3 points to get a parallel up trend channel

LarryG very good, ty ; realize not perfect science all the time

Gary_Fulleth right u keep playing with lines and adjusting - i wanted to get an uptrend channel line , so i played with the charts for a few days

LarryG ice/creek would still have identified the trade point and uptrend would have been in the area

Gary_Fulleth i wanted to see that 11400 area of the joc retested - would form an apex for more confirmation

LarryG i c

Gary_Fulleth so i knew creek , knew the joc area , so i focused in on that and tried to draw a parallel channel - they are most effective, i wanted to see if i could get 2 pieces of a puzzle to buy vs 1 ... so i got the joc area, I knew this area and tried to find a match that formed an apex

nick when u get an apex trade , you trade it always

Gary_Fulleth well i look at the trend and the action at the apex, but if the set up is there i do, and it worked well - 2400 dollar trade

Mr_Steve I am still confused on how you got the lower trend line ; It is touching only 1 low

Gary_Fulleth i drew it parallel to the rtl line

Mr_Steve OK, got it

Gary_Fulleth i got my points to draw the rtl line ; it should go through 2 points steve, but it would if I didnt have an rtl line - but since i do, and a well defined one, Then you draw parallel - i can draw the uptrend line, i identified the creek and the joc

Mr_Steve one defines the next, I am use to using 1 ; I got it thanks

Gary_Fulleth and the rtl line because i wanted to see if we are overbought - play with lines - have a niche and be consistent:) ANY Q?

Gary_Fulleth it works because trend is up ... buy support , preferably at a retest of the joc - jump over the creek

Gary_Fulleth cocoa ; i sent this live during the day, as I update charts if i need to and send to newsletter folks , just like steve does

Gary_Fulleth we have a creek 2700 area, the last 4 bars no supply ; closes generally the last few bars are good, so today a retest - looked like a stronger day , the higher end closes at creek is absorption in an uptrend

Gary_Fulleth again ... mid range to higher end closes near creek is probably absorption , as No supply entered and the selling is being absorbed - this market rallied 60 points after this chart was sent, so these charts on the newsletter were golden to get today ; the charts were a gem today - see why it was absorption and not a sot (shortening of the thrust) ... here is the difference - the closes were at creek when supply could enter, and it didnt happen ; any q?

Gary_Fulleth we have 1 more chart , and its steves great chart of the spy

Gary_Fulleth I will let him take us home on the last chart - it is a nice drawn chart , so some nice charts to have for your collection and to refer back to

swetz oops, sorry folks

Gary_Fulleth redneck marriage was on tv - reality tv 2 cousins

swetz yep, you got me :) lol , cookies for the cake

swetz this SPY chart is what I use when I swing/day trade SDS and SSO

swetz even though this chart is only a 10 minute chart , you can see how the Wyckoff story played out

swetz Wyckoff ; yikes, mis-spelled Wyckoff's name, Gary may have me banned for that :)

swetz but this chart starts off with a little downtrend, remember we are just talking about a 10 minute chart ; the supply TL I have drawn is my attempt to frame this little downtrend - there isnt much to do until finally on Feb 2nd we see this large gap down but NO FOLLOW-THROUGH ; instead, buyers step in to drive the market up to the supply TL I have drawn, which by the way was already drawn before the Feb 2nd mid day rally began

swetz then the next reaction creates a little spring of the mid morning low ; we are finally seeing for the FIRST time, evidence of a TR - also we are seeing a bullish COB ; notice that as the downtrend unfolded, the wider range bars had the increased volume and were down bars , but now we are seeing a COB because now the the up bars are starting to show the increased volume and wider ranges

swetz at this point, we ought to be really paying attention if we are day or swing trading this market because this sideways is building cause, granted not much cause because we are dealing with a 10 minute chart , but enough cause to take advantage of for a day/swing trader

swetz our job is to determine if this TR will lead to a markup or markdown by comparing the buying and selling waves within this TR, the stopping action at the Feb 2nd low ; we can see that the buyers seem to be gaining the upper hand - now it is just a matter of trying to find a low risk Wyckoff buy setup

Dwayne How can the ICE be above the stopping action? I thought the stopping action establishes the support level and any push below that level would be a spring , shakeout or failer of support. Would it be common to see the ICE above support?

swetz Dwayne - the stopping action establishes the INITIAL support level , but remember ICE is an AREA - it meanders along the support points of a TR, like CREEK meanders along the resistance points of a TR

swetz understand? :)

Dwayne Thank you, Yes I understand.

swetz cool, okay, so as February 3rd begins - in the NL I had told folks the night before that we got ourselves a POTENTIAL turning point forming - I was still waiting for a Wyckoff buy setup and I DID NOT KNOW that one would occur on the 3rd but I was PREPARED just in case it did ; so at the open on Feb 3rd, we get a little reaction from the CREEK area, and then the bar that really got me excited was the 4th bar of the day labeled A

swetz notice the large increase in volume, the upward EOM, and strong close ; also notice that this rally occurred ABOVE the supply TL that we have drawn ; also notice, which I did not mark on this chart, that buying is occurring at about the 1/2 POINT measured from the spring to the potential SOS high

swetz see how all of the things that Wyckoff tells us to look for in a valid LPS are occurring, so once I saw this wide range up bar, I am thinking - buyers are gaining strength, and a TEST of this wide range up bar will be the icing on the cake :)

swetz so once VOLUME DECLINED on the test and the market begins rallying once again, leaving behind a HIGHER swing low , I had the TRIGGER to BUY - this action is telling me that buyers are in control, the lows of the day should be in IF my analysis is correct, so I go long with a stop below today's low -- because the stop is so close, risking about 60 cents a share, I can buy a whole lot of shares because dollar wise, my risk is very low

swetz so we get a rally and we see an UT , but the UT had NO SUPPLY - remember, Gary has mentioned this several times in the past, and it is TRUE - in an accumulation TR, UT are just PROBING action as the reaction from the UT begins to level off into a rounding type of TR, which by the way basically holds around the 1/2 point measured from the morning low ; we once again, see a gradual strengthening of demand as the little rounding TR unfolds - you could have bought more shares or intiated a position on the wide range up bars on the right side of this little TR - I didnt because I already had a large position

swetz anyway, once SPY had upside follow-through after the JOC bar, I was able to move my stop to breakeven, then it was just a matter of watching the markup phase unfold

swetz one rule of mine with my day/swing trades is that I ALWAYS exit 1/2 my position once I get a reward at least 2 to 3 times my risk - at Bar B I get 3 times my risk and at the same time, SPY is becoming overbought based on my uptrend channel, and also there is evidence of supply on that bar B due to the increased volume BUT midrange close and lack of net upside progress - Wyckoff's law of effort vs. result is showing up right here - once I exit the 1st 1/2 positon, I just use a trailing stop on the remaining 1/2

Mr_Steve question?

swetz sure Steve :)

Mr_Steve Why would you have bought where you had another chance, if it had not tested the UT? or CREEK - would you buy after the creek jump

swetz the reaction from the UT was weak, so the UT didnt worry me at all , so I would not minded at all to buy a strong up bar after a weak reaction from an UT , especially considering that all of the other Wyckoff pieces were coming together

Mr_Steve Got it ; so on your first purchase you set through a loss until it jumped creek?

swetz yep, I did ; I think the only time I had a loss was the low of that rounding bottom TR

Mr_Steve OK Thanks, so did that make you question your first purchase point?

swetz I was down a little money then ... nope, because the reaction from the UT was weak ; you got to give trades some wiggle room, you got to have conviction - if I am wrong, I am wrong, I dont mind taking the loss

Mr_Steve It did not worry you that the market slows down about that time? Lots a guts,

swetz nope , why worry? I had my plan, I executed it, if I am wrong, so be it

Dwayne I think I would have got this one wrong, because I would have picked the first bounce as the AR and considered it the resistance area.

Mr_Steve I am just trying to understand your timing, thanks

swetz but I got lots of CONFIDENCE in Wyckoff ; good questions Steve :) that is what class is for :)

Mr_Steve But did we not have a fail at UT? above creek

swetz Steve - dont think that just because you see an UT it is always a bad thing ; the REACTION from the UT is what is important - you get little jabs up and down all the time during the trading day... CM just loves doing that to mess with folks

Mr_Steve But I see a big UT closing just above 1/2 way, that would be a red flag for me

swetz big UT? I see a buying wave that rallied 5 bars

Mr_Steve Blue line jumping creek? three down bars

swetz but look at the REACTION, that is what is important, you MUST understand this, also dont forget ALL of what has happened leading up to the UT bar - we have seen buying waves that have been stronger than selling waves ; we have seen confirmed stopping action, we have seen a strong rally from a spring, we have seen the 4th bar show strong upward EOM on increased volume, and just because we have an UT, we don't want to forget all of this stuff do we?

Mr_Steve I am glad your trade worked out but I am cautious, I would have purchased where you have JOC on the chart above creek

swetz that is a good place to Steve :) I actually should have added more there myself but I didnt :(

Dwayne This is a good example Swetz. I can see where the test of the UT never violated the LPS... to me that show strength

swetz glad you liked it Dwayne :)

Mr_Steve Thanks, nice chart, one for the notebooks

swetz I am only showing everyone an actual trade I did using Wyckoff, remember this is just how I TRADE, it doesnt mean that you MUST trade this way yourself ; each person MUST find what works best for him/her - in Steve's case, the JOC was the way to go, nothing wrong with that at all - it would have worked out just fine

swetz great point Dwayne ; also notice that the rally from the LPS lasted 5 bars to the UT, notice that the next 5 bars in the reaction couldnt even reach the 1/2 point AND the volume decreased - is that a weak reaction or a strong reaction ; if the big boys are distributing, wouldnt they want to be selling at resistance

Mr_Steve volume decrease is what I am stumped about, lack of interest?

Dwayne grinding down

swetz right Steve ; think about from the "big boys" - if they are distributing stock, wouldnt they be selling stock at resistance - but where is the SUPPLY? I dont see it

Dwayne that volume says a lot

swetz so if there in no selling interest at resistance, where there should be, then what does that tell you about the supply/demand relationship ?

swetz you better believe it Dwayne :) I REFUSE to look at a chart without VOLUME

Dwayne You have to be like a detective and look for the details and then the big picture

Mr_Steve I have a hard time buying on decreasing volume in uptrends

swetz Steve - you must do what you are comfortable with ; yes Sir Dwayne like Sherlock Holmes

swetz Steve - I cannot do things that are comfortable for Gary or for David or for Amos - each person develops his/her own niche

Gary_Fulleth niche and comfort zone important

Mr_Steve So help me understand, you are measuring strength on close price?

swetz I am measuring strength based on the range of the bars and the volume mostly

Mr_Steve Got it, scary, but got it. Thanks

swetz but I am always considering HOW this TR PROCESS has unfolded - for kicks, you guys should take Wyckoff's 9 buying tests, and apply them to this TR... and I think you will see how many of those tests were passed :) I didnt go over it here, but it should be an exercise you should do on your own :)

Mr_Steve I guess I am scared because I got burned several times on low volume up bars.

Gary_Fulleth one of the reasons for steve amos me is to show wyckoff from different eyes and niche

Mr_Steve I think it is great!!!

swetz Steve - I think we must not dismiss the evidence of demand on the 4th bar from the open ; there was a lot of volume on that 4th bar so demand was present – that is what got me so excited to begin with when Feb 3rd began ; the subsequent test only confirmed what that 4th bar was telling us about demand... volume should drop off on the test because we want to see selling dry up - Wyckoff is really a very logical method which is why I like it so much

swetz anyway, it is 10:30 yikes, I need to get ready for my midnight snack :)

swetz if no other questions, I bid everyone a fond farewell and good night :)

Mr_Steve Thanks Swetz, great info

swetz Steve - just take what makes sense to you and throw the rest of it away, it is only my viewpoint, I can screw up as good as anybody :) there will be trades that I take that will be losers and you will have avoided them so it works the other way too :) but if you follow a proven set of rules based on sound principles, in the long run, you WILL MAKE MONEY!!!!!!

Mr_Steve Before I found this site and started learning Wyckoff, I was using volume spread analysis. So you know where I got the low volume up bars phobia.

Dwayne Thanks to all of you. I try to learn something at every class ..so far so good. G&A Good Night.

swetz low volume up bars are bad under certain conditions, but I would try not to put everything in some mechanical formula

swetz okay folks, have a great night, I got to go :)

Mr_Steve You learn by asking ; Thanks a lot, gotta go myself G N all

Gary_Fulleth please review the beginning of the chat, there was a good piece of lecture

Gary_Fulleth there is some important information

Gary_Fulleth the newsletter charts were quite good today, so please review them

Gary_Fulleth ty steve and all

Gary_Fulleth night all

Gary_Fulleth left.

2009-02-06 (Tim Ord)

Ord Hi everyone

Gary__F new high es , absorption , next area 871

Gary__F The charts for today's lesson are being posted now, so they will be able to be retrieved in about 2 minutes - please ask whatever questions you may have

Peter lets see how es act in the 863-5 area

Gary__F we thank tim ord for his work ; we are here every day from 7 am to 315 pm cst , and tuesday thru thursday night or lectures at 8 pm to 10 pm cst -- NO NO NO such thing as stupid questions - we are here to learn and get better , NOT a site that critiques others and wants others to lose

Gary__F please ask, we all were newbies at 1 point - great group here , great synergy

Gary__F we have past archives on the site as well as times material, so please join us and ask us

Peter welcome , we try to answer all question, but many of us are trading during the day so night sessions are best for detail questions and answers

Gary__F the charts should be posted so please retrieve them for Mr Ords lecture

Gary__F we have some bad jokes though, so bear with us

Gary__F also there will be a new wyckoff glossry posted today on the site

Ord The first chart I want to talk about is the QQQQ.

Peter stocks still absorbing , nasd is at resistance, let's see if they absorb it

Ord The We got our buy signal on the SPY on 1/21 but the QQQQ is drawing a better picture and is stronger then SPY.

Peter agree Tim, we track the S&P/ nas spread constantly; the nas spread is currently making new highs for the yr
Ord Today's volume on the QQQQ should be at least 175 million to confirm this potential breakout, Which is the volume that came on 2/4 the previous high, Which is higher then the gap of 1/7. So you use the highest volume resistance day -- The QQQQ needs to show a Sign of Strength today to keep this rally going and therefore the QQQQ needs volume of 175 million or more.

Ord One troubling indicator is the closeing uptick close yesterday. Uptickclosing over +900 can appear near short term tops and yesterday the tick reading on the QQQQ close at +993. Normally there is usually two high uptick readings of +900 to signal a high so today I don't want to see another +900 on the close.

Ord Another indicator to use to help define the trend is the QQQQ McClellan Summation index. The Summation index has been trending up the last couple of days and was a bullish sign. Today's Strong A/D line will push the Summation index higher and a bullish sign for short term.

Peter possible ut in the nas at resistance, but the volume is light

Ord In general the A/D needs to remain strong and Volume needs to be 175 million or more to keep trend up. So far today that looks like what is happening. If the tick readings come in on the close tonight at +900 would be a sign of concern. Today's volume and AD line and Tick reading is make or break the QQQQ.

Ord I can take Questions.

Peter so far both the nas and s&p are absorbing supply ; no questions here - very clear thanks Tim

Ord Sorry so short but either the market goes here with volume and it fails but looks like the trend will continue up.

Peter silver still leading gold ; energies lagging

Ord GDX could be drawing a "Rising Wedge" unless volume picks up.

Peter commodities continue to show signs of accumulation ; metals are in critical areas, I anticipate a correction soon

Ord 10:00 works well for me for next Frdiay.

Ord Thanks for having me.

2009-02-10 (Gary)

Gary_Fullett good evening
Mr_Steve gary can I ask a question before you start?
Gary_Fullett please review the charts ; they are mainly from the newsletter today, except for a special chart i did on stops ... we always start with questions, so please ask
Mr_Steve I know this is a crazy market, and no-one seems to know. Do you think if this stimulus passes, the markets will like it or not like it? The so called experts all over the groove tube are talking like they do not know
Gary_Fullett well u saw the results of the stimulus package that passed the senate today, so its a forgone conclusion, but its a great question - market will tell us what they think
Mr_Steve It DID PASS? wow, I guess our requests do not matter - House passes anything
Gary_Fullett the senate yes, but has to go back to the house to get all the bill the same ; so why did the market break on the news - markets dont like uncertainty
Mr_Steve Thanks gary just wanted your openion
Gary_Fullett and they are not sure and no one if this will work, so more uncertainty
Gary_Fullett my opinion is this ; i think that over the next 6 months or so, markets will see better things in 2010 - it will take a yr or so or less, and then the markets will improve and the news will follow ... my feeling
Gary_Fullett stocks move up or down based on earnings
Gary_Fullett okay, any other q ; some great charts tonight that i want to go over...
Gary_Fullett lets begin ; okay first chart... this is what i sent last night, so it is great to do the chart and see how we did - dont read the writing yet, but what would u think on this chart - emini s and p daily
Gary_Fullett the last bar u see was last nights action ; first u see a trading range , then u see yesterdays bar
Gary_Fullett what is a god name for that bar?
n lack of demand
KevinA SOT?
Gary_Fullett correct - sot ... now we dont know if that was some absorption, but yes was a sot
Gary_Fullett now u can read the comments ; the support was the 850 area - top of those recent highs after a few decent days
n UT?
Gary_Fullett possible ... so the support to em is at the 850 area, i drew the line BUT read the charts
Gary_Fullett even though 850 was support, read the caveat - I said to buy BUT if we didnt have a weak bar
Gary_Fullett so support, but not all supports should be bought ; u have to read the tape
Gary_Fullett so this is a daily chart - we should look at other time frames and see if this coincides with other time frames ; on the daily it is important that we know the market has a trading range on the daily and the longer time frames are bearish
Rhonda eom is down (eom=ease of movement)
Gary_Fullett correct ; any q on this daily chart
Gary_Fullett great ! all understand why the support was there, and why the comment about watch the action
n not really, on the support, but that is okay
Gary_Fullett okay, now go to the chart - 60 min chart – where i made a rec to buy, where i wrote nice wyckoff chart , not the one i sent intraday to client ; have it?
Gary_Fullett okay, go to the left of this chart ; it says reaction high, so we know this reaction high will be some resistance on a retest - especially the first retest
Gary_Fullett so we know that this is resistance, and at some time we should retest it, and that retest will probably fail - first retests generally will fail ; if smart money sold the first time, they will generally defend it on a retest - same with support - important..
Gary_Fullett so we had a break ; look at the low of this chart at 820 - u have a wide bar, a type of demand No doubt ... see this, i wrote sos, now see the high of that bar at the 838 area - the top of the sos bar will be support above it and resistance under it - this top of this bar will become ice support when taken out
Gary_Fullett so the market then tests the creek, and then settles into a trading range ; so the top of the sos will be ice, and the retest at the left of the chart will be creek, and we will form a trading range
n TR held above 1/2 retracement, positive sign
Gary_Fullett the 3rd retest of creek, the market went above the resistance at 850 - it did indeed N - then we had a joc jump over the creek on the 3rd attempt
Mr_Steve Thanks "N" never noticed that
n Now you will...

Gary_Fulleth so then we had a joc, the market made a high at the 872 area, and made an upthrust - and those bars u can see are poor closes , so this formed an upthrust and a retest that failed

n widest range bar since JOC, at UT

Gary_Fulleth BUT we can see the support at the 850 area - it was the joc area, so thus the buy area

Gary_Fulleth BUT ... i also said IF the market doesnt show support on the retest , thats the caveat - watching the tape and how it approaches the support is just as key as to the fact that it did retest ; by reading the tape we can judge the action, but u still had a joc from 850 so a retest and a reaction would be expected IF the market doesnt get there with supply

n Note the difference in this decline v the one from the 1st high, faster and steeper to judge action

Gary_Fulleth okay, the 60 min chart in the s and p is used quite often by intraday day traders for institutions, so we need to ALWAYS have that on our watch ; any q

Gary_Fulleth okay, now lets go to the chart i sent today ; first, one of the things thats most important to wyckoff is that markets have a great tendency to retest both the upside and the downside, so we can expect retests - if we dont get them then there are other trades, but if we have a high and a reaction, the only way u have an area to maybe sell is a retest of that high - we have a perspective of that high to sell, as well as the retest of a support area

Gary_Fulleth smart money, if they defend an area, the first time or so is to either build cause or to take profits or both ; the cm will sell at creek either to take profits on the long or to sell short - the cm will sell to get short, and the cm will sell to press markets lower so they can BUY ... they do both

Gary_Fulleth so a cm will sell to get short, and will sell to force longs out so as to then get long at ice support

Gary_Fulleth they function both ways - this is very important ; any q on what the cm does, and why the cm will play the range and defend supports and resistance

Gary_Fulleth very important ... i hope u understand , if NOT u can re read it

Gary_Fulleth so lets go back to todays 60 min chart ; mind u i recommended a buy - just wanted to tell u how the cm thinks ; so u see the upthrust at the highs, and one can sell that ... i said on the daily chart to watch how we get to support , and if supply or a wide bar - dont do the trade

Gary_Fulleth so we had todays action ; we had a small upthrust early, 4 bars from the end - see this - so a small ut

Gary_Fulleth look at the next 2 bars ; they approached the support on high volume and wide bars, so we

approached the support with supply - so the retest was on higher volume and a wide bar length - the retest we want is the opposite ... we want smaller range lighter volume to say supply drying up on a retest of the joc (jump over the creek)

n That 2nd bar cut thru the JOC like butter, and was wider than the demand bar, earlier

Gary_Fulleth correct ; so those who bought the support just to buy the support were wiped out, which is why i wrote the caveat to watch the bar supply

n This is a superb example to watch and act with reason, as you explain...

Gary_Fulleth so its NOT just support ... its how we get there

n and not just do things automatically ; excellent, Gary!

Gary_Fulleth so volume to wyckoff is just as important as price - most cant read volume - so DONT buy support because it is support ; i sent this chart early this morning, u must read the tape

n This chart is a great teaching tool, example

Gary_Fulleth very important ; not many would recogize it, they will just buy support recklessly

Gary_Fulleth so the most proper buy is a retest of the joc, even though the trend may be neutral on the chart

Gary_Fulleth it still is a proper buy, a retest of creek , if the conditions are proper

JWC that plunge through support occurred all at once, so how could you judge the volume as it was happening? Even the 5 min chart cuts right through it like butter

Gary_Fulleth but again the 60 min chart is very imp ; yes u can see it - the 5 min chart before this chart finished - this chart was sent live ; any questions?

Gary_Fulleth very important how we get the retest, so even the most proper buy still needs to be watched carefully On HOW we get to that area of support or resistance - this is a great example...

Gary_Fulleth it is a current example - i dont have to cherry pick, we can see live examples daily

Gary_Fulleth any questions on charts?

Gary_Fulleth lets take euro ; this chart unfortunately, and a lot of these markets, the action happens overnight

n What made you look at a 10 min?

Gary_Fulleth i go thru a progression, so i started with a daily, saw the support resistance and worked down ; this chart showed up, but not as clear on larger time frames though

KevinA how much emphasis do you put on the overnight session - especially in ES?

Gary_Fulleth great q ; many think the overnight is bs - some watch it ... may i ask u, who thinks the overnight is important... overnight imp yes or no?

John i watch it

n y, at times

KevinA I think it's important to watch the foreign markets, and ES tends to follow those

Gary_Fullett i place a lot of emphasis on it ; the reason is Money never sleeps - there are cms in japan, just like europe, just like america - stocks are NOT open in the us when the es trades at night, but the US stocks trade in other countries, so money is money - so i watch the overnights ; U will find that the overnight highs and lows get retested - so use the overnights ; they are important early part of the day when they get retested - remember what i said about retest

Mr_Steve gary is there any markets that depend on others and tend to run together (major markets)

Gary_Fullett there are at times ; sometimes they get decoupled like euro and metals, but for the most part markets tend to go in groups like euro and metals and crude examples - but that isnt the case now ... a lot of commodities are very low ... so money never sleeps, kevin, is the answer to your questions

Mr_Steve A lot of charts look good but scary

Gary_Fullett and the overnights are imp; that how i found wyckoff - by looking at the overnight highs and lows and the volume ... i watched the markets in singapore, and saw each price and made a histogram of price and volume, and someone said i should look at wyckoff

Gary_Fullett so we have the euro chart ; we have a low which i labled a sc - highest volume - then u got a rally ; the rally after a sc is the automatic rally ... what do u expect after the ar or automatic rally?

n retest

Gary_Fullett right - what would u expect on a retest of the selling climax

n smaller bars, less vol

Gary_Fullett look at the volume on the retest - did u get that N

n noooooo

Gary_Fullett before the rally on the retest of the sc , u didnt get small bars and light volume ??? Yes u did get that action!! then on the right side of that range u got a wide bar and an increase in volume - this was a sign of strength (sos), a rally after a retest of the sc - so the right side of a trading range is the sos ... is there accumulation after that sos

n Interesting how the first rally after sc held 128,25, then broke 128.25... and stayed below it until SOS

Gary_Fullett u got a retest back to the highs of those small bars - see where u had the sos, it was like a joc - went thru creek after the sos ... the retest was the lps (last point of support), then a rally back to creek - see that retest, how it just hovered at creek - i wrote absorption

n This chart is like a Wyckoff primer ... good find

Gary_Fullett so the NON selling at creek after a sos is absorption - classical - it happened at 1 am, so hard for me to catch , then a rally and a retest and the subsequent rally again

Gary_Fullett dont have to cherry pick to find classical wyckoff - most markets arent classical, but exhibit wyckoff behavior - frame this chart , es too ... they are classical

n Great chart examples to showcase Wychoff principles

Gary_Fullett ty n, and these charts happened today, NOT in 1972

Mr_Steve gary when you mention absorption, who is buying? Market Makers?

Gary_Fullett those who sell resistance ; the cm is holding prices there, so they defend the area steve - so the cm buys what is offered

n Also holding above a 1/2 retracement, Steve

Gary_Fullett ONLY to keep the market tech bullish

n Closes are higher end, as well

Mr_Steve OK , Thanks

Gary_Fullett so the market absorbed and rallied and went to a perfect retest of that absorption

Gary_Fullett any q on this chart ; this was sent to newsletter folks

Gary_Fullett i update intraday like steve swetz does for stocks in the newsletter

n Not to push it, but there was a small spring in the absorption

Gary_Fullett yes if u go and look closely - u see the positive action in this chart

Mr_Steve gary I notice this absorption in mostly closing just below the high, does this give other meaning if closing just off the lows?

Gary_Fullett yes it does - when it is absorption, the closes tend to be mid range to upper mid range

Mr_Steve Like this one, and closing mostly off the lows?

Gary_Fullett yes mr steve , shows demand

Mr_Steve closing off the lows or mid range shows demand? right

Gary_Fullett correct

Mr_Steve I am talking about each bar ...Nice rule to watch for

n Try to apply it in a context, Steve

Gary_Fulleth market action, reading of the tape, please keep these charts
n The theme tonight is READING market activity vs a mechanical application of Wyckoff
Gary_Fulleth a lot of the newsletter charts are decent, so make a file ... ty n
n great examples ; ty!

Mr_Steve Most of the time absorption bars are mixed, this was as stated, just interesting
Gary_Fulleth but it was at creek AFTER demand - so we can lean towards demand ; the odds tip it that way, the
story leads that way ... we are always looking at the market to talk to us
n looks like most of the absorption bars were mid-range to higher

Mr_Steve right n, that was what I was trying to say, thanks
Gary_Fulleth bonds ; the bar before the last bar was a sot - shortening of the thrust - small range which can lead to
a red flag and ending action ; i didnt say trend change but market action - and a downtrend formed ... boring chart
i sent - see this, so nothing, not a lot in the bond chart expect a small down trend, and a sot yesterday
n The TR and SOT occurred at level of high vol activity from 24 Nov

Gary_Fulleth okay, now go to the p and f ; the p and f is a counting vehicle and is NOT used for a tech analysis,
but it can show a lot at times as a guide - u see a perfect down channel ... see this ... u dont see this on the bond
future bar charts - so the downtrend was broken - this was yesterdays action, and it broke the downtrend channel -
what did bonds do today? they rallied over 2 handles today
n P&F, my Wyckoff achilles

Gary_Fulleth 2 k a contract, and it was posted on the bond chart p and f - it isnt used for this, but by using
different charts and probing to see what works, this showed a break out to the upside on bonds?
Gary_Fulleth a chart spread that shows direction of stocks overall is the nas vs s and p
Gary_Fulleth this is the weekly in sundays newsletter ; i said to expect a down week this week because this spread
was at resistance - this is considered a bull spread nas vs the s and p , and u can clearly see the resistance
Gary_Fulleth okay ; 1 stock chart - POTASH - the candian stock that is a commodity based stock
Gary_Fulleth this would fool most tech traders ; 2 bars ago u had a move above some recent highs, so many
bought as a joc (jump over creek), but in fact the market tested a reverse trend line, which was actually an
overbought line ... the rtl line was from an upchannel, so for many who bought the joc, this was actually
resistance - lower end close ... i would imagine the stock is lower today
Rhonda 87.87 close

Gary_Fulleth okay so was a tad lower - you MUST use channels, and those rtl lines for overbought and oversold
Mr_Steve it lost 1.23
Gary_Fulleth this channel saved u from buying the highs
KevinA Gary - recently you've been drawing the RTL first and the TL second. How do decide which is more
important?

Gary_Fulleth great q ; great q ; GREAT Q!!!
Gary_Fulleth i am always looking for channels - so i draw them from the greater reaction - in this case, i took the
reaction highs and drew it ... it gave me the high, then a parallel channel in an uptrend - i like to know where the
market has resistance ; i like to know where the resistance comes in - the overbought line ... so i tend to draw the
rtl line first for that reason, then the trend line - trend lines to wyckoff arent as important as the horizontal lines -
they are more or less guides... the real demand/ supply comes from ice and creek, where the cm defends an area
Gary_Fulleth so i try to draw a rtl line - if that doesnt give me anything, i try the trend line ... but i play with both
- No special order - Most trend lines are drawn from exp to tell a story, so i play with BOTH lines to see if i can
see a parallel channel - so do both and see if it shows something, both are important for the channel, one isnt more
important then the other, but important together ... does that help kevin?

KevinA yes - ty
Gary_Fulleth great so u see why potash held - great example - also look ... it formed an apex, so it coincided with
resistance ; any questions?
Mr_Steve You did a fine job gary, thank you as always
Gary_Fulleth a lot of great charts tonight ; these came from the newsletter , so these are what i try to do to help
Gary_Fulleth any q?
Gary_Fulleth ty , good night
Gary_Fulleth left.

2009-02-11 (Amos)

Amos Hi ; We are in mid Feb, and i have a strong hunch about shrinkage of ranges, that is the topic of tonight
Amos I try to share with you my general perspective of markets--as it affects my own trading. It is a hard business--to try IN MIDSTREAM to locate yourself in the larger currents, But when you have important changes-- it helps if you detect certain changes- as subtle as they may be, asap

Amos So I call this the SHRINKAGE OF THE MONTHLY CHARTS

Amos The first chart is the S and P ; I went back a few years and realized that Feb has been a particularly narrow range month. I do not know if this is by design, or has to do with normal business activity, or a wait and see after the January effect--whatever -- But you can see that 2004, 2006 and 2008 had a very narrow February.

Amos Since this is only the 11th of the month-- we may have another 2-1/2 weeks of this "torture". I am not telling YOU this. I am telling MYSELF this. It affects my day trading and it always helps to have a correct larger time frame interpretation--to improve you day trading

Amos I also notice that the action of February has no particular predictive validity for the behavior of the next few months. This may be an Imperception on my part-- but so it feels. I am sure that the correct view is the quarterly chart that we are in-- and only half way thru--- but it is difficult to trade every day with the quarterly in mind. If any of you has a clue WHY Feb is notoriously a narrow month-- I would love to hear. It is clearly, in the case of the s and p-- part of the large NOVEMBER month that closed in the middle and--is affecting all trading . It is quite funny to realize this while the FUNDAMENTAL WORLD is BUZZING with Geitners, Paulsons, Adam Smith (Susan last output on INO) and of course the Irish Magician appearing almost every night on TV and his Press secretary "Briefing" the news people on a daily basis-- as if all this talk has anything to do with Moody downgrading SPAIN! IF this chart does not convince you that the market does not care about the news--even if it is as large as a trillion dollars--nothing will. I will show a few more charts to that effect. Not sure how useful this will be to your individual trading-- but to me this is very important and I find myself --INTRADAY- lately sitting and gazing at monthly charts all day long. I watch the 40 dollar rise in Goldman Sachs and i try to imagine how does Buffet feel being long at 162, watching it down to 60, back to 100 and what now?

KevinA How do you translate monthly info into your day trading?

Amos Kevin-- The more I am convinced that the monthly range is going to remain narrow-- the LESS I dream about the next large move and I am quicker at taking profits on short moves and daring at stepping in for contra trades-- not being afraid the market is going to run away - I amount to many small trades rather than sitting on a trade and hoping

KevinA Does it ever give you a bias to either the short or long side? Or are the timeframes too far apart to be that correlated?

Amos Range trading can be very lucrative (ask all floor traders), if you KNOW that you are in a narrow range. Basically what you have is CM toying with the market -- and the CM KNOWS that most stupid players are DREAMING of a white christmas. So what can we say about the monthly s and p? --right now the low of Jan is right below us- minor support and the high of January is resistance and quite far from here. If we break below the low of January-- you get a "signal"--but because we are under the spell of Last Nov-- I am not going to pay too much attention to that signal.

Amos Next chart is the Dollar. Again a rather frustrating chart-- notice that the word frustrating is a BIASED word-- it is frustrating to me-- but VERY REWARDING to the Range traders who swing up and down small ranges-- very lucratively

Amos This is a good chart to talk about STM ... short term memory inflicts all of us - We tend to trade the last few lines ... We see 4 large months with a lot of Oomph then we have a large November correction, which closed in the middle but a little closer to the lower part-- so you get the "impression" that supply is still there, and you expect an immediate test of the lower part-- the market KNOWS that and runs straight up. Does NOT make a higher high but closes January at the high. Now come half of Feb and the market simply dies. If you do not understand that this is MANUFACTURED by the CM-- then I have nothing to add here.

Amos Someone is just CAPPING THE MARKET. How this is done-- I am sure it is agreed upon by several central bankers. But as a trader-- I am trying to "guess the future" and ANTICIPATE THE NEXT breakout. This brings me back to the old days when I used to fight vehemently with Joe K (where is that guy?) about predicting the market vs following the market and he was so adamant that you MUST ANTICIPATE.

Amos Well, we all anticipate-- this is the nature of trading. Everytime you see a PRICE-- you KNOW it is the WRONG price because it is the meeting of two forces--BUYER who thinks it should go up and SELLER who thinks it should go down. So every moment of the market life-- we ANTICIPATE prices.

Amos But the curse is when we dream of genies and "see" the next move--- if it materializes-- fine-- but if the market stays in the same place--and we hold a position-- even intraday-- We lose !! Because the market meanders up and down--AIMLESSLESSLY-- as long as the CM decides that in the next month or 2 or 3-- prices should remain in a narrow range. That is why I emphasize the fact that HISTORICALLY February is a narrow range

Amos If you look at the larger picture of the monthly dollar- you can argue that on a very large scale we are still in a downtrend because the LAST MONTHLY HIGH SWING was at the 92 level in 2006 and as long as we stay below it-- the large trend is still down. Also the 55 MA is still down. and the 21 MA barely started to turn. The 5 crossed the 21 and the 55--but it is FIRST CROSSING - Those who remember my ideas about the significance of MA crossings--may remember that SECOND CROSSING is much more important, and FIRST CROSSING can be IGNORED!!! Ignored for Near term trading, that is

Amos the large drop in OI is questionable too-- to me. I am pretty much convinced that the YEARLY THRUST of the Dollar has large meaning for years to come-- but if i have to determine my trading for the next few weeks-- I must admit that I am confused. Even if we take out the high of January-- we are still below the swing high-- so a MONTHLY THRUST at the moment does not mean much

Amos If I try to understand the MEANING of the large drop in Nov-- and to assess whether this is important supply that MUST BE TESTED before we allowed to continue higher-- I still am confused. So-- the simple answer is NMT--Need more time --- try to catch small 50-100 tick small swings and do not anticipate a large break out.

Amos Next chart about the same effect is the dow ; If you try to be as impartial as you can and you look on the monthly chart of the last 10 years-- you see what i demarcated in red rectangles ... You can see that 1999-2000 was a large range, 2002 was a large range, 2007 was a large range.

Amos If you count the length of time that the market really moved--out of the last 10 years-- you can see that it was a rather small portion of the time - Most of the time the market remains in a smaller or larger range. I do not know if this helps you -- but to me such views are very crucial. The most important point is once you LEAVE those large rectangles-- you have to expect a large move (some years larger than others and the pace can vary)

Amos the 2008 break out-- is ONCE IN A LIFE TIME and SHOULD NOT be taken as typical.

Amos So the question is how long are we going to stay in the current range? We know only one thing that the Nov boundaries are the most important ones. We know that Feb already took out, even if nominally the lows of Jan and Jan closed AT THE LOWS-- so on a local view-- the picture is bearish--- but this is only the third month of range-- and usually after such a large move the next "flag" or "pennant" formation--can take much longer than 3 months-- add to this that we are really in UNUSUAL times and NOBODY knows how bad things really are

Amos I mentioned above the Moody downgrading of Spain-- this is because this was the first news I read when I woke up for this class at 3:30 am my time. Is this important? Is Spain an important entity? How about Andalusia? I know that Bin Laden is dreaming to reinstate the Caliphate in Andalusia-- will he still be interested if the area defaults?

Peter Amos, if you look carefully at your rectangles, they could be interpreted as phases within the Wyckoff wave, the most recent being distribution before the 2008 Markdown .

Amos Peter-- I am not talking about the MEANING of those ranges-- I am concentrating tonight about the TIME EFFECT.

Peter I understand, but look at it with that thought when you get a chance :)

Amos We hear such silly things as Whole countries (iceland, argentina,) defaulting-- who understands such things? So you have really UNUSUAL times from an economic point of view-- every day Starbucks is firing more and more coffee waiters and the market is staying in such a narrow range-- not easy . As a trader-- you cannot help being effected by all this news-- and our "SIMPLE" mind tends to interpret this as if this news has to move the market--BS! So I leave the dow chart with the important notion that ranges in the market can last years--- just good to remember

Amos Next is the CRB ; While gold, silver, soy, and some softs have been rallying lately-- notice that the CRB-- THE LARGER PICTUER-- is MOOT . This is hard to understand. But it tells you important story-- the story of the range. Once upon a time there was that pretty range. It lived in a large castle surrounded by many thorns., Sleeping beauty....

Amos You look at the large 4 months range of the crb and most people have the feeling that we are so low that we must be going thru some kind of accumulation and smart money MUST buy this cheap stuff - This is what most people think. I am not going to tell you that we are not going to get 38 or 50% rally in commodities-- but the fact that the CRB is staying in a narrow range and does not budge now for 4 months-- is more likely a bearish picture.

Amos Mostly such formations TEMPT stupid money to dream about the next LARGE RALLY (fortunes can be made....) But smart money is SELLING! Of course, you can say that the fact that millions of people are being fired every day around the globe-- can only mean-- LESS DEMAND, less buying power and therefore, by necessity lower prices---

Amos But the picture of the chart is SHOUTING OVERSOLD.. MUST HAVE RELIEF RALLY..... bla bla
Amos Notice that the 55 ma is STILL POINTING UP! the 21 MA Barely started to keel over. In a real bear market ALL THREE MAs ARE MOVING DOWN in tandem - just look at the 2004-2007 mas-- all three MA are moving strongly up and the short one EXPLODING to MAJOR BC!

Amos I marked a few older Febs on the chart-- and it is interesting to note that in the mega bull market we had last few years (I prefer to call it bubble-- but mega bull will do) , Feb was an INDICATOR-- it took out the HIGH OF JANUARY and "PREDICTED" that the whole year will be an UP YEAR!!! so was 2/03, 3/95 and 2/07.

Amos Now we are in 2/09 and so far Feb is almost the narrowest range ever-- while gold and silver continue to rally. This is important. We will talk about it at a later day - Just think of the Feb effect in a bull market vs the Feb effect in this market condition--much to learn

Amos Next chart is the euro ; Since I trade it on a daily basis-- it occupies my mind heavily and everything I say is affected by my own trading. The Nov rise was very strong and closed above midpoint (basically the mirror image of the dollar). Then Jan and Feb retracted fast to the Nov lows - I find it difficult to read the chart. I did expect a range behavior after the November large range and close in the middle-- but the market declined strongly and closed Jan on the low. If you look at interest rates, it DOES NOT make sense because rates in europe are HIGHER than in the US. so the fundamental picture is screwing every fundamental trader.

Amos The euro declined strongly for 3 months in 2008, stayed one month intra and rallied sharply in Dec--what is the trend? are we going to retest 160 or is the bull totally over and we are going back to par? The chinese sage on GVI thinks that January is usually a low for the euro (I mentioned this a few weeks ago) and he expects a slow rally back to 150. What to do?

Amos AGAIN we have that FEBRUARY SHRINKAGE. It is really as if MANY large monies around the world decided that it is better to sit Feb out. Again your eyes DECEIVE YOU (me) you see such large moves in recent past and you EXPECTD that to repeat itself. When the market goes into MAJOR COB-- as it may have done-- and they want to keep it in narrow range for the foreseeable future--you can see that the NORMAL RANGE FOR THE EURO over time is barely 2-3 handles-- not over 10 as we saw lately

AussiePaul Amos: Whats a Handle?

Amos handle is 100 ticks, Paul ; 122-123 is one hadle

Amos I used to trade the 100 tick ranges quite profitably for a long time-- if you see during the day a low or a high-- and the market moves in the opposite direction 100 ticks-- most likely this is it for the day!!! Are we going back to normal times? too early to tell-- but since i deal with this on a daily basis--- my mind is asking these questions and it has been now 12 days in Feb that the market refuses to move - that is why I share this with you

Amos Next chart is the British pound ; We have dropped to 28 year lows and everyone was predicting 125... so the market rallies 15 points. What now? -- I marked the Jan range with a rectangle-- and most likely it will contain prices for a few months - it was climactic-- even though the volume does not show it- both volume and oi declined recently-- so most traders have been killed in the BP and it is now a game between the few giants that move it 4-6 handles at will. Jan was the 13th month of the decline and if the market wants to respect fibo numbers- then we can have 8 months of range... we shall see

Amos Why I have the crb again -- is beyond me-- must have been losing a euro trade while I typed it

Amos Next chart is the Dow Transport ; I continue to watch this index intently - I told you that i think it is telling important story about the internal strength of the American economy. After the Large Nov closing in the middle-- I thought we will range for a while-- but jan and so far Feb- look weak. I noticed that we spent 10 months at the top. If, per chance this cycle is valid one-- then March will mark the 10 month from the top. I think you know that I respect cycles but I NEVER PREDICT THEM-- I wait to see if they are RESPECTED BY THE MARKET - So if indeed the market wants to respect this 10 month cycle-- it can be either a top of an INVERTED CYCLE-- a BOTTOM. Since we are close to major support (2002)-- it is more likely going to be an INVERTED CYCLE, so I am looking to see if, per chance MARCH will be a reversal month in the DJT--and we start 4-6 months rally into the NEXT 10 month point. Again-- I do not know. But I mark these things and watch to see if the market wants to pay attention to them - In the long run it is YOUR HOMEWORK that makes you most money

Amos Being prepared every day for support, resistance, cycles, volume, vob, whatever you use-- is the most important thing. I wonder how many of you guys use the FULCRUM METHOD? Many floor traders use it daily- Asher who publishes almost daily on tfc --incorporated them ; It is not a bad idea just to KNOW where the PH and PL (predictive high and predictive lows) are for next day. I do NOT use them-- but i am aware of them! Again it is just part of GOOD HOMEWORK which, in the long run, is the best assurance for success--- be aware of were things are

Amos Next chart, again is the dollar (sorry for the excessive use-- but this is what I trade and what occupies me most of the time). Again you can see how our eyes can deceive us - You see the market dropping fast, building a "quick" cause at the bottom and rallying fast, and then-- just DYING and going into a very narrow range-- and small swings

Amos As a cause counter--- I have to DETERMINE whether this is CAUSE-- or just noise!!! You do not know this, even tho Wyckoff at later chapters of the course says that very experienced traders can determine all this from the P&F chart alone - I try this all my life and cannot personkid I have to toy with box sizes and it's still hard

Amos It reminds me the famous story of the Epicurus (heathen) who goes from Rabbi to Rabbi to learn the torah fast. All rabbies scoff at him. Finally he gets to Rabbi Hillel who was known to be very lenient, and says: "Teach me the whole Torah, while I am standing on one foot!" Hillel says: "Love thy neighbor as thyself." The heathen says: "AND?" ... "Veidach. Zil Gmor"--Aramaic for--The rest is only interpretation - go and study

Amos So I find it VERY DIFFICULT to deduce from a point and figure chart alone the direction of the market-- i guess i will never get to that high level of ZEN.... but I know that the chart can deceive you many times-- and when I realize that the market (many markets) are going into a SHIRINKING PERIOD-- I try to surrender and be less smart. It is very tempting to keep increasing the count-- and DREAM OF LARGER AND LARGER MOVES AND PROFITS-- NOT GOOD!!!! Smart money will continue to CURB THE RANGES and KILL all dreamers Amos Next chart shows the same-- it is the DOW P&F- you can see that we had 400 points swings WITHOUT ANY CAUSE!!!! This is the nature of the market at such corners

Amos It DOES NOT MEAN ANYTHING, IT IS NOT PART OF CAUSE BUILDING, It is just RANDOM BEHAVIOUR!!!! If you have the guts and you sell the Previous resistance with a small stop and buy the previous support with a small stop-- you can make a lot of money

Amos THE CORRECT ENTRY WITH SMALL STOP is the SECRET to successful trading in such periods. NOT TO DREAM OF THE NEXT LARGE MOVE-- but to THINK LIKE a CONNIVING CM that is just toying with us for a while

Amos The next chart is also confusing to me- it is the Nasdaq-s and p spread ; We are at 9 year high - What does it mean ? I have no idea ... Until 2007 when nadaq led the spread--it showed bullishness in the market. But now we are in major bear market - I really do not understand the meaning of the spread right now

Amos Thought it may have some meaning to some of you and perhaps someone has an inkling to what it means ; just very strange behavior-- to be aware of ... Ok--just shared with you some of my wondering

Amos same is the GSR - It is dropping but both silver and gold are rallying-- again--I do not understand this-- but this is life. So to sum up tonight-- many small ranges-- meaning CM is in Phucket. Spreads that do not work and a president that talks every night--- but too much talk indicates-- empty jars

Amos I am done

Peter what I have observed with the nas spread is that days it is pointing upward, stocks rally

Gary_Fullett very good lecture ; any questions?

John amos a q please? where do you find forex volume?

Amos I am open to q

AussiePaul Amos: do you look @ Depth of Market when scalping? -- this is 9 year high and the market is falling, I do not even know what depth of market is

personkid have you tried to use the p-n-f to find possible counts on those feb ranges?

Amos personkid- i tried my best to show you how MISLEADING such forcing counts can be

personkid I tend to increase the box size by an atr of several years

Amos personkid- from my experience, smaller box size is more pleasureable

Amos John- you asked a very good question. Forex volume is one of the MOST CLOSELY GUARDED SECRETS in trading - ONLY LARGE BANKERS HAVE IT and they DO NOT SHARE

Amos CME volume is the BEST and closest approximation to Forex volume

Peter There are some sites that offer Forex volume

Amos BS PETER

Peter It is probably incomplete, but at least relative volume is better than no volume

John No sites or vendors have it?

Amos IT IS an important secret

John why a secret?

Peter I have watched live trading with Forex volume

Amos Peter--you can get a large bank share this-- but it is approximation-- so is CME volume which I use

Amos John-- because FOREX IS OTC-- when you buy a forex contract from a bank-- WHEN YOU MAKE MONEY -- the BANK LOSES-- Banks DO NOT WANT TO LOSE and they DO NOT SHARE GOOD INFO

John so it is not produced?

Amos John it is produced, canned and WELL GUARDED, but not for the public consumption?

Amos I wonder if you guys know the difference between OTC trading and Exchange trading

Amos John--every piece of GOOD INFO is NOT FOR PUBLIC CONSUMPTION!

Peter Forex volume is difficult since there is no centralized clearing system

Amos The truth is the most valuable commodity on earth, and therefore is kept by very few like rare diamonds
John so you just watch the cme volume and that is good?
Amos John- that is ALL I have-- so I live with it ; Of course, cme volume during Globex is almost meaningless
John thank you
Amos How many days left for Obama first 100 days?
Ghostof13000MADofflist 70 ; I know...I'm under house arrest now...all I have to do is count the days
Amos Like the number of the sanhedrin members
Amos ok folks if no more questions-- i go back to RANGE TRADING
personkid fulcrum....haven't heard that term in a while.... floor guys "pivot"
Amos yes pivot is part of fulcrum-- just punch google and read
personkid used to see the points by listening to the pits
Peter As Amos mentioned - Asher uses it and explains it
Amos Ok folks have a good night see you nextweek
Peter thank you Amos
personkid great
Gary_Fullett amos thank you/// wonderful
warren thanks Amos
Amos gn
Amos left.
Gary_Fullett any q , otherwise ty
personkid another great night gn all
Gary_Fullett great night
Gary_Fullett left.

2009-02-12 (Gary / Swetz)

Gary_Fulleth Good evening ; there are 3 charts for tonight on the site that steve swetz sent - since he had 3 charts, i didnt send any because it will take him an hour to do them, and we didnt want to make it so chart heavy, since we also do it on tuesday - so please retrieve the charts

Gary_Fulleth okay any questions? no questions?

Gary_Fulleth okay, lets talk some wyckoff ; any topic u wish to discuss - I have thought of a few, we can talk springs, upthrusts or we can talk absorptions and sot (shortening of the thrust) - which is your pleasure
kernel_porky absorptions

Gary_Fulleth okay lets talks absorption and shortening of the thrust

Gary_Fulleth now, u can have either of these wyckoff situations in an uptrend or a downtrend

Gary_Fulleth a sot or shortening of the thrust can occur on either the downside or the upside - uptrend or down trend - shortening of the thrust it seen in 2 ways ;

Gary_Fulleth 1) a market that barely makes a new high or a new low

Gary_Fulleth 2) a market has a small range

Mr_Steve Kinda like the dow now?

Gary_Fulleth correct

Gary_Fulleth they can have light volume or they can have higher volume - yesterday in the s and p u had a small range and a higher volume day - they are simple to see

Gary_Fulleth they are generally ending action in nature, BUT not necessarily trend ending - BIG difference joel ending or stopping action ?

Gary_Fulleth ending or stopping

joel both ? really ? I thought you had said stopping before

Gary_Fulleth well if a market is rallying and u have a sot, it is stopping action and ending for that up move

Gary_Fulleth either or

joel ? what is the difference in ending and stopping

Rhonda ending=cob?

Gary_Fulleth they are one and the same ; you can say a selling climax or capitulation when a market stops going up - it is ending in nature and stopping - ending doesnt mean trend change

Gary_Fulleth NOW if u havea sot on a 5 min chart, this means little on a 60 min chart - so if u have a sot on a 5 min chart, it will give a very small move

Gary_Fulleth this sot on a 5 min chart can be absorption on a larger time frame - can have a small correction, and this can be part of absorption or springboard - so its a time frame issue - what can be ending or stopping action on 1 time frame, can be part of the continuation of trend on another ; understand , any questions thus far

Gary_Fulleth lets take the sot on the up side ; the close tends to be mid range to lower mid range, and generally a small increase in volume to show some selling, but not always true

Gary_Fulleth one thing about markets, they are very unpredictable - ever wonder - in an uptrend, bearish news and u will shake off and rally, but bad news in a down move and u move lower

Gary_Fulleth well with sot in uptrend, they may be part of absorption to go higher in a higher time frame ; in a downtrend, part of mark down - so u will see them all the time in all timeframes, but if u see it on a smaller time frame, then when the cause is used up and u countertrend the trade, u must get out before the trend reasserts itself

Gary_Fulleth in the case of absorption, the closes in absorption are on the upside - mid range or higher

Gary_Fulleth how can u tell in real time sot or absorption - unfortunately u cant many times, BUT with experience you get better at identifying them - so the best way is to watch the close ; in the case of stocks, the sot yesterday was after weakness, so this was a lack of demand because the market tried to go higher yesterday, and at the end of the day it failed to go higher - so all that buying, strong hands sold into, so thats why u saw the break today and under yesterdays lows of 817 ... but we also had to go lower, and we did and a possibility of a spring
kernel_porky how long do we absorb? can it be years? or short term?

Gary_Fulleth well u can absorb on any time frame, so can be on a yearly chart, as well as intraday - one of the things to remember is that sot are not ending action of trend for the most part

Gary_Fulleth if u get a sot in a downtrend as the amrket is rallying, then this is the end of corrective upside action

Gary_Fulleth okay im done ; steve swetz - great stock charts

swetz I thought we could do some PnF charting and look at the SnP

swetz lets look at the SnP bar chart first ; its the first one - for a couple of weeks, I have been looking for a HIGHER SWING LOW on the WEEKLY chart to at least tell us that the weekly downtrend has stopped and is now going sideways

swetz so a couple of weeks ago, where I have the ST labeled - actually about 3 weeks ago - we got a little rally ; what is important to notice about this rally is that it was ONLY able to go the the 1/2 POINT measured from the January high ... the bar with the "29" about it is the January high, before sellers were able to overcome the buying swetz what followed was a 3 bar reaction, back to the support TL of a large apex that is currently forming in the SnP ; here was the buyers chance to really get into this market with demand - if we are really at a weekly turning point forming right now, we should see upward EOM NOW - DEMAND NOW

swetz but look what happens ; after 3 bars down to test the support TL of the apex, it takes the SnP FIVE BARS to reach the resistance point, then at the top of the rally, at the 1/2 point and the late January minor resistance we see a SOT bar - does it look like buyers are jumping all over themselves to get into this market? it doesn't to me swetz so what followed is something I mentioned in the NL at the time ; we should see downward EOM immediately to confirm the SOT bar - we certainly got that on Tuesday - we also have a swing high that FAILED to reach the SUPPLY TL of the APEX, which is another clue of weakness

swetz now we are still in a little TR and within the apex, but the CHARACTER of the PRICE/VOLUME action within this sideways trend has been indicating to me that selling is stronger than the buying

swetz yesterday, we see a narrow range bar on decreased volume that could not even reach the 1/2 point of the wide range down bar from Tuesday - this bar was indicating a lack of demand was present and put this market on the SPRINGBOARD to BREAK the support TL of the APEX and the support or MINOR ICE of this little TR

swetz today -- it looked liked the potential springboard would be confirmed when the market gapped down at the open , continued lower but made a weak rally to test the lows of Tuesday and Wednesday - which by the way was a day/swing trading short entry :) on the 10 minute chart

swetz after the weak intraday rally, the SnP made a NEW LOW for the day - everything appeared that the market was ready to ACCELERATE its decline at the time ; I certainly thought the SnP was going to close at the low of the day, but in the last hour of trading, buyers came in to overwhelm the available supply, sending the SnP (and the other major indexes for that matter) up with upward EOM and increasing volume, indicating some serious buying was entering this market which led to a close at the high of the day

JWC was it just that the 2/2 low was such an obvious support level?

swetz 2/2 was obvious support, but the rally from the support had upward EOM - if the rally had been weak, I would have said "watch out below", but the rally was not weak

JWC similar EOM to the down move on 2/10, so maybe sideways traders market?

swetz you are probably right JWC ; to me, this last hour action is telling us that the market is NOT ready to BREAK yet, and depending on the subsequent PRICE/VOLUME action, the character of this sideways range can start to show signs of accumulation - so since the market like JWC pointed out will likely continue to remain in this little TR, building cause for the eventual move out either up or down

swetz now since buyers were successful in defending the 800-810 support area, we now need to see how far the buyers can advance this market before supply overcomes the buying - we KNOW that the last 2 times the SnP approached the 875 area, sellers successful defended this resistance zone

swetz Amos talks about high LOK (level of knowledge) in his lectures ; well we have a high LOK at 800-810 and 875-880, so if you wanted to trade this little TR for swing/daytrades, wouldnt it be proper to short the SnP on a weak rally to 870-880 area, especially since we KNOW that the rallies in this little TR have FAILED to penetrate the 1/2 POINT mentioned earlier to the upside, and especially since the WEEKLY TREND is still down since demand seems to be absent at the weekly turning point

JWC every technician in the world will be looking for that, lol

swetz good, the more obvious the better - when the SnP rallied to 870 it worked pretty good then to go short earlier this week :)

JWC do u consider it a small SOS that the support at 806 held well and we didn't have to actually test 800?

swetz I dont really see a SOS yet ; but if you want to consider today's strong late day action after a minor spring of the Feb 2nd low a potential SOS, I won't argue with you :)

JWC that's why I said "small"

swetz now lets look at the attached PnF chart I sent ; this is a 10 point with 1 unit reversal chart - this chart shows the little sideways cause building TRs that sometimes are not as easy to see on a bar chart ... the rally up to the January high which created an UT and test of UT allowed us to calculate a downside target from this little distribution TR - I broke this TR into TWO PHASES - what is interesting is that the 1st phase which I separated wth a vertical blue line in the middle gave downside targets of 780 to 810 ; on January 6th, I told NLs subscribers that I went short the SnP and was going to add to my SnP short the next day if I saw downside follow-through for a swing trade, so no hindsight :)

swetz so after the SnP declined to 810, the SnP has been going sideways ever since in the TR that we have been going over ; if we determine that this little TR is distribution and the weekly turning point is just a "resting spell" before resuming its downtrend

swetz we could consider the very wide range down bar on Tuesday a POTENTIAL SOW ; IF that is true, then the rally that started this afternoon should not go much farther and buying should quickly dry up - that type of action would setup a potential LPSY and create another opportunity for the sellers to BREAK this market

swetz the pink colored lines breaks this TR into 2 phases divided by the vertical pink line in the middle ; if we ASSUME a LPSY will occur Friday or Monday, we would have enough cause to TEST the NOVEMBER LOW which is what the targets on this chart show - only when the 1st phase downside target is reached do we then consider the additional cause built

JWC well, everyone on CNBC is waiting for that test from the 2nd phase

swetz yep, it sure seems that way JWC

swetz now, lets look at the bullish scenario ; say instead of weak upside follow-through, we get a very wide range up bar Friday - we would then have ourselves a POTENTIAL BULLISH COB in this TR, and I would consider this type of bar a POTENTIAL SOS of this little TR ... IF that occurred

swetz I could see the low marked with the red up arrow on the 1st chart, the bar chart of the SnP, as Preliminary Support - you could call the wide range down bar labeled with a "10" that had no follow-through the next day a SC ... we could then take a count from today's low

JWC was there enough volume for an SC?

swetz good question JWC :) , well when I saw SC I am really talking about the hourly timeframe but I didnt post that chart - besides, in the SMI/Wyckoff course, classically the SC should have the highest volume in the decline, BUT the course does say that the SC low does not always have to have very high volume at the low if the range is very wide, which is what we have here - and the volume is still above average and still pretty high

Mr_Steve Volume today was just a small bit higher than yesterday

swetz yep you are right Steve

swetz so I know I should have split this TR into 2 phases as well, but IF and I mean IF this whole little TR is accumulation, there is enough cause measured from today to the PS bar for a POTENTIAL markup to 1020 in the SnP - if we just took 1 phase, we would get an upside target of 900-920 which is another test of the January high

swetz the count could increase slightly depending on the test of the spring that we got today - I know I probably didnt do a good job of trying to explain all of these scenarios :(but my excuse is that I am watching Saturday Night Live :)

Rhonda you were perfect ; multi tasking,lol

JWC was good

swetz but to sum it up, let me tell you guys my game plan going into tomorrow ; if the market rallies but the rally is weak - narrow range, volume drops off substantially, and the close is off the high, I will be looking to go short tomorrow on the idea that this type of bar is indicative of a LPSY that is confirming the SOW from Tuesday, and my downside target would be the November low which this PnF chart shows on 1/2 my position

swetz now say tomorrow, we get a strong up day ; then I would be focused on buying stocks that have already leadership characteristics that are moving into a good quality Wyckoff buy setup like a backup to the creek - an example of what I am talking about is the last chart I have HAE, which is currently backing up to creek right now

swetz ultimately, the market ITSELF will determine my course of action, but the purpose of this lecture is to show everyone HOW I am preparing for either scenario so I can attempt to make money either way - sometimes the market may just do nothing, inside range bar with no indication that either the buyers or sellers are in control - in that situation, I just stay on the sidelines until the picture clears up the next day ; okay any questions?

Gary_Fulleth great job steve, top notch as usual - steves stuff is wonderful in the newsletter for stocks

Mr_Steve Do you have time to give the math calculation for the highs and lows that the market could teach FranknMiss If strong up day tomorrow -u buying Stocks or SSO ?

swetz stocks Frank ; HAE would be on the top of the list

Mr_Steve Or is it based on FEB> from Nov. high and low?

swetz sure Steve ; you want to look at the downside calculation first?

Mr_Steve yes

swetz okay, in this calculation, I am assuming that this current rally will turn out to be a LPSY, therefore I am assuming that the 850 area will be the LPSY - I am just assuming, it could be 840 or 830

swetz I just needed something for the calculation, so the downcount should begin by identifying the SOW and then the LPSY - the count begins from the LPSY and you count from right to left

swetz so if I identify the reaction from the Feb high as a SOW and this current rally has a LPSY that stops hypothetically at 850, the first phase is 10 boxes long counting the empty boxes too - so 10 x 10 because each box size is 10 points x 1 because we are using a 1 unit reversal (I know Amos uses 3, I use 1), so 10 x 10 x 1 = 100

swetz 100 subtracted from the count line (i.e. 850) = 750 , and 100 subtracted from the TR high of 870 = 770

swetz therefore my downside target is 750 - 770 ; if the LPSY turned out to be 740 instead of 750, then the downside target would be 740 to 770

swetz from my experience, I have found that the 10 x 1 settings work really well with SnP cash

Mr_Steve Up side is from the low same fashion?

swetz yep, same fashion ; you find the LPS after SOS, and then count from right to left while dividing the TR into phases, counting all the way to the Preliminary Support once all phases are included

Mr_Steve tell us one more time LPSY?

swetz Last Point of Supply

Mr_Steve I need to spend more time learning P&F, I have not used it much. I use mostly price, volume and momentum

Mr_Steve Thanks for the info ; Great stuff swetz

swetz well PnF is not for everyone, it does take some time to get the hang of ; you can trade very well without using it - it is just what Wyckoff used to help him consider the potential reward for his trades, and is based on his principle of cause and effect - Wyckoff himself would say that PRICE and VOLUME come FIRST - they are REALITIES

Mr_Steve I have been looking it over a little at a time ; do you know which lesson this is in in SMI?

swetz it is in a bunch of SMI course sections, he talks about it in several sections and several units of the course

FranknMiss Gary u and steve have helped me greatly - making money - very happy!

swetz I know the SMI CD that Gary sells has some in depth stuff on PnF chart

Gary_Fullett well ty frank ; the only purpose why we are here is to help

Gary_Fullett steve is wonderful because of his style and purity of things

swetz in my opinion, the SMI CD that Gary has is the best for learning PnF

Gary_Fullett its excellent

FranknMiss i have it and refer to it often

swetz pretty good stuff isn't it Frank :)

Mr_Steve Great Thanks, SMI is your web site gary?

Gary_Fullett no ; SMI is the stock market intitute - SMI is what Wyckoff himself started in the 1930s - it was formed after wyckoff died and they have his stuff ... his disciples

swetz to teach folks how he looked at markets - it is still around

Mr_Steve and yours is located?.....I have only been visiting several months ... gary, your CD is located ?.....

swetz Steve, email Kelly, she will give you the details

Mr_Steve OK Thanks

swetz it is my favorite Wyckoff CD by far

Gary_Fullett i agree

FranknMiss worth every penny. I printed mine out made a reference book out of it - big book

swetz but it has LOTS of stuff, the material is EXTENSIVE

Gary_Fullett it is dry and we try to help it along, but the best wyckoff material

swetz I use that book as a dumbbell :) it is so big

Gary_Fullett best to print it out and make notes

FranknMiss mine in 2 books ; one is text, the other is charts

swetz I should have done that, I just go one big fat binder

Gary_Fullett u wont get better material than what smi has since they are the originals folks, but sometimes hard to understand, since dry - but great stuff

Gary_Fullett steves stock material mirrors that work - its wonderful - more u do charts, the better u get

Gary_Fullett so charts charts charts - examples

Gary_Fullett ok, good night all ty ; appreciate your questions and being here

Mr_Steve I have the SMI in my book marks, so this is how I got that bookmark? Over 50 we forget so easily - Dumb de dumb dumb - I retired at 49 to become a full time trader, I am always learning.

Gary_Fullett great steve ... stocks? its a great profession if u treat it as one

Mr_Steve I am the only one I know that has been in school for 45 years; I have done well over the last 5 years

Gary_Fullett school is great if we learn

Mr_Steve I switch careers every 10 years, have 6 more left on this one

Gary_Fullett nice, well i hope we are helping here

Gary_Fullett left.

2009-02-17 (Gary)

Gary_Fulleth good evening, the charts are on the site
Gary_Fulleth i sent some spreads because spreads see things in advance many times
Gary_Fulleth first any questions?
Gary_Fulleth okay, s and p - emini s and p ; what do u see here?
Gary_Fulleth first we deal with trend
KevinA we broke and closed below ice?
Gary_Fulleth trend is down, so do u see where i drew that line - it is because that was the reaction high from the nov low – since it stopped, there was resistance, and on a retest will be support
KevinA if that reaction bar was smaller/NR, would you still give it the same consideration ?
Gary_Fulleth yes kevin i would
Gary_Fulleth so that area is where a line is drawn ; when u draw lines they are from reaction areas - I asked this in the day class but here it is again ... what support would be stronger, a retest of creek after a joc or a retest of a reaction low - the retest of creek would be more important, because it is an area that was resistance, and is now support, and an area the cm would defend
Gary_Fulleth the retest of a reaction low is important as well, especially the first reaction there, BUT the trend hasnt been established yet – whereas at a retest of creek, demand has been proven by the sos sign of strength
Gary_Fulleth understand? Okay, good – because once demand proves itself and the joc (jump over the creek) has a sos (sign of strength), then the supply has to enter to turn down ... so this is why the retest of creek to wyckoff is the most proper buy because demand has set in ; understand
nick yes ; safest trade to understand
Gary_Fulleth correct, good ; okay back to the es -- so today the support was 799 - 800 area ... that line ... and we went under that line and closed there
Gary_Fulleth we have to have a retest of the Nov lows - everyone is bearish - but all we are doing is retesting, so we have to keep the whole picture in mind ... that even though we are weak, the market is still in a trading range and retesting ; btw the dow retested the nov lows on the close, so it is weaker, but easier to manipulate 30 stocks, and they have ones like GE
Gary_Fulleth we know that stocks tend to make v bottoms and dont retest a lot, but this is a bear market so needs time to back and fill and retest vs a shakeout of a bull market - big difference - so in a bear market that action needs to have stopping action and a retest ... thats why the nov lows are so important , understand
Gary_Fulleth so thats the difference in the bull and bear market - breaks in a bull market should be bought as they are corrections or shakeouts ; so therein lies the difference in action, the way the action is on retest, so the stocks on this whole trading range never had a sos and that is needed
Gary_Fulleth so as this trading range develops and we are on the right side of it, we need to have a sos or we will go lower - demand MUST occur for a move higher - thats key , thats why i mentioned that this is a retest so far db at least vol is lighter so far on this test
Gary_Fulleth correct, thats why the nov lows so imp - they represent a change of hands with that volume because if this low is on heavier volume, then supply present ... if the retest on lighter volume we may have a buy db would be good to see some sot and drying of vol, something simple, lol
Gary_Fulleth right - we know what to see if we want to get long, but so far action is weak, but it is approaching to a retest
nick so far , correct
Gary_Fulleth remember , we are in a downtrend so we need ending action - need ending action on the retest,
Gary_Fulleth u cant be long in this downtrend unless u see ending action - the trend and the eom is key
KevinA when you say ending action on the retest, are you talking about volume?
Gary_Fulleth volume and price ; so u have to wait for ending action to be long ... this is important ... and be patient , look how long we have been in this trading range - the cm will wear and tear u db nice cause building for one or the other direction
Gary_Fulleth right db ; i have a downside count of 600, so if the 740 area doenst hold we can see there
Gary_Fulleth so expect a sos or a sow on this retest – we know what to look for, so be patient and let it happen and we can read the tape ; any question on this
Gary_Fulleth the dow is only 30 stocks as I said , so like GM GE ect all so weak , they make the dow much weaker ; any q on stocks?
db lots of fininical in sp /banks brokers insurance
Gary_Fulleth correct, all weak stocks
Gary_Fulleth can still have a spring here if u look at the chart

db tis true good eyes, but still in downtrend
 Gary_Fulleth right ... springs fail in downtrends, BUT being on the right side of this range, a spring can lead to demand - so we must look at that too
 Gary_Fulleth ALSO, WHAT IS the sentiment?
 db bout as neg as it can get, lol
 Locust the end of the world as we know it
 Gary_Fulleth right, so thats why the contrarian in us thinks possible spring - BUT the tape must tell us
 Gary_Fulleth so tomorrow and this week will tell us if a full retest of a possible spring of 800 ; q ?
 db great thoughts for reading tape, no bias
 Gary_Fulleth no bias because your bias is weaker, and thats a right direction, but the larger pic can be a spring or a retest of nov - so lets be patient
 Locust blood bath if we dont rally soon
 Gary_Fulleth natural gas, an energy - what is trend?
 Locust pffffffft dwn
 db channels tracking down trend as well
 Gary_Fulleth all energies are down ; so we draw a channel every chance we get so u see any ending action
 Locust pffffffftit nope
 JWC don't need energy when we plunge back into the stone age
 Gary_Fulleth lol jwc ; so as the markets think recession, the energies suffer the most - remember gold was at 1000 and crude at 150 ... gold near 1000 again and crude at 35 - so that spread is wide
 Gary_Fulleth so, we have no ending action and a down channel - u cant buy this market, this channel takes u to under 30, so its possible but with this downtrend so severe, it will take a lot to turn up – a lot of cause ; so this is why the trend is so imp to watch, because u NEVER go long this chart - NO demand, no ending action ; any q?
 Gary_Fulleth dont BUY this market till u get ending action - one of the things that traders try to do is be a hero and try to pick tops or bottoms - DONT unless u see ending action ; q on ng?
 Locust can't touch this on a buy yet, u can buy call options - limit risk
 Gary_Fulleth lets go back to the nas / s and p spread ; the nas is more speculative than the s and p - they are higher capped, so if people feel good they tend to buy more spec stocks ... nas is that
 Gary_Fulleth well the trend of the spread is down, but the spread has been up - as stocks break, so this leads to the credence that we are having a retest vs mark down
 Gary_Fulleth so this spread never went lower when the stock market did ; this spread says a possible red flag to the trend on the daily here, so as we said, there is a posible spring and a sos, or a retest on the nov lows and a move up, or a retest of the nov lows and weak reaction on the way to 600 s and p
 Gary_Fulleth so this spread says that we may hold, but at this point too early to tell, but a good spread to watch
 Gary_Fulleth imp charts on strength vs weakness ; look at the monthly gold, u have a high at the 1020 area last march see this - this was the bear stearns news. then the market corrected when all commodities corrected
 Gary_Fulleth the first area of support was that spike high at the 800 area ; that was really the first area that the market had a reference point, that reaction high - so the market absorbed that support and reacted higher
 Gary_Fulleth now we are close to the highs - new lows in stocks will probably take us there as the flight to quality comes into play - no trust in banks and stocks, so go into a tangible item like gold ... so gold is acting like a currency as countries print money, this leads to inflation, so gold benefits - as the currencies become less, gold rises - so this is why gold is benefitting from the uncertainty ; stocks reacted negative to the stimulus because NO one knows it will work, so more uncertainty, stocks breaks and gold acts well ; any q
 db that helps explain spread between gold and crude; thanks, thought thats what was going on
 Gary_Fulleth well, true db ; if people are losing jobs and feel have less to spend, they dont take vacations, and many drive with families - so they pool to work and drive less, cuts demand for gas
 Gary_Fulleth opec cant raise prices when demand is so poor, so the decoupling - if opec doesnt sell oil, then they go broke - they need customers, so they need to lower prices to get some demand
 Gary_Fulleth okay, look at silver ; this is a much different chart - the high was a low end close and selling, then we had mark down ; in silver, since it is used for industrial use, the slow down affects silver and copper - well copper is still weak, so copper one of the weakest metals due to housing
 Locust copper is over 1.40 , weak is under 0.80 - still very expensive historically
 Gary_Fulleth it is weaker than when it was near 400 ... its all relative
 Gary_Fulleth silver gets used also, so it lags ; BUT with gold higher, silver rides it heels - so in silver we have a market that also retested, BUT we are well under the highs also - we have not even retested the broken ice at the 1600 area, so we have quite a way to possibly go and still be down, since the retest of broken ice probably will be sold -- so silver is much weaker than gold ...wyckoff always preached buy the strongest, sell the weakest, so if bullish u buy gold vs silver

Gary_Fullett i wanted to show the difference between the stronger one vs the weaker money, and why u buy strength vs weakness - wyckoff preached that ; any q on gold vs silver

db great points, shown by charts

Gary_Fullett okay i wanted to do some bar action with the yen ; yen trend was up, so we look to follow trend until we see ending action, then we can watch for cause - look at the wide bar early dec, wide bar low end close from 114 to 110 ... see this, see that bar, this was the first supply bar of the up move, so we have to see the retest and see what we have -- the market made new highs - as the market makes new highs, what do u have ... u have a light volume retest after a wide bar with high volume being supply - the high was on light volume, so after a selling bar u got a new high on light volume - this is a lack of demand on a retest, this broke the market ... u didnt sell the first break of an uptrend because a retest will probably occur , so wait for a retest of resistance of the highs if u think u saw supply -- so a retest on light volume after a selling bar is Bearish, so the market broke - this low will form ice, the first low after a high will form ice ... that is why that line is drawn

Gary_Fullett so we wait for a retest; and on the retest back to 114, the volume increased and a low end close - so this was confirmation that the lack of demand lead to supply and the first retest ; the market failed at creek, so this was classical

Gary_Fullett the weak new high with less demand after supply was a red flag, then the retest of the highs gave u supply - so now we can look for a retest of ice at the 105 area - we are now in a trading range, and since we have cause and we have supply that came in, we can assume this is part of a larger distribution trading range vs accumulation, since we had supply and thus ending action

Mr_Steve If I understand correctly, from 1 high and 1 low gave the idea of the trading range?

Gary_Fullett correct ; u had an uptrend and then u got supply - the supply bar that formed the 114-110 area was a red flag - then the retest of the high and above was made on less volume, this was a retest on less demand and less volume, so susceptible to selling - u got a break, and this break to 105 area will form ice of that trading range, and the highs form the creek ... so this is now a trading range ... but once we got supply, this range now can be distribution vs accumulation due to the supply

Gary_Fullett so that supply and retest changed the trend - we had an uptrend until the red flag ... the tape told u supply overtaking demand by the bars i showed u then after the red flag... so we can wait for a breaking of the ice and resell a retest ; would be a proper trade - sell the retest after the breaking of the ice ... the safest wyckoff trade db eom down in last two moves seems to be going steam vs reaction up

Gary_Fullett correct ; this is a trade thats live so we can see this unfolding - we are forming a distribution, and should mark down soon - even with weaker stocks, the carry trade yen is not bullish ... stocks bearish says a lot

Gary_Fullett any questions? the yen is a great chart to follow some nice cause

db thanks for the great discussion all, thanks Gary and Steve for the time you give to all

Mr_Steve Gary, all three of you do a great job on your presentations, I cannot say enough about your knowledge. Thank you

Gary_Fullett ty db for joining us ; we try, ty

KevinA thx, Gary - excellent

Gary_Fullett i will have a special guest im working on ; i am working on it for us swetz Gary - I thought you were the special guest :)

Gary_Fullett working on a person on wyckoff with volume price

Gary_Fullett steve does a great job - the best wyckoff for stocks, better than smi

Mr_Steve You all do a great job

Gary_Fullett it was great, ty - amos tomorrow

Gary_Fullett good night

Gary_Fullett left.

2009-02-18 (Amos)

Amos When I started to write tonite's letter- i thought there was nothing to write-- but it turned out to be too full
Amos First, a general comment : I looked at several stocks and many of them, the big ones are beaten down rather heavily. Many are at major support levels. My conclusion is that we cannot go down too much lower before a substantial rally. I would be very cautious on the short side of equities for a few months

Amos First point in the letter is coming March expiration. Many markets are ONE-SIDED, and that may bring important squeeze towards mid march. We are only 3 weeks of trading away from that point-- so i would be watching to see if it happens. No way to tell until it happens-- but if it DOES, then the probability of a counter expiration rally is HIGH -- in the currencies it is around 12-16 and in equities around 18

Amos Next point is obama ; It seems to me, and i am not good at such interpretations, that most of what Obama had to say and do has been done. We know the sums, we know the allocations-- now it is up to the machination to show us is if they can really control corruption and create real job, rather than paper pushers--and that will take time ; So from now on--obama, in my opinion, becomes secondary to real forces of the market

Amos a few countries will declare bankruptcies- so what? 400 banks already have been helped by the govt in 47 states--what is the difference any more? So the technical picture, in my mind-- becomes crucial ; On many stocks-- i think the WEEKLY THRUST to the UPSIDE will be a good signal for a prolonged rally.

Amos we will look at the large picture in a few moments ; I posted a piece that i think has some merit. Taken from yahoo and allegedly written by Jay Leno. About hedonism. This, in my opinion , is an important point, not so much from the point of view of the individual level of greed and selfishness --as from the point of view of the survival of the species. I read of 20,000,000 million chinese losing their jobs, compared to 2,000,000 Americans so far. I hear about NINTENDO going broke, I think to myself that there are so many jobs and services in our world that their ONLY FUNCTION is to entertain us, manufacture for us things we REALLY DO NOT NEED that this may have to come to an end - We are really consuming the resources of this planet too fast and perhaps one of the hidden purposes of this MEGA RECESSION/Depression is to try to stop the pendulum

Amos We need to cut out malls by 2/3. We need to Stop using 4X4. We need to stop paying 450 dollar for a shirt and use Crocodile boots. This is silly. It is Ayn Ranish to the nth degree-- and she is being debunked lately ; So the guy is writing about the 40-70's of last century and his main point is that we drank water from the tap , slept in lead cribs and we survived. A lot of what our society is manufacturing now is NOT NEEDED ... Rome was destroyed by lechery. We should not repeat the same mistake -- I hope we do not need to all become Amish but some thinkers I have read lately do not frown upon the idea that some of us will have to think of going back to growing some lettuce, tomatoes and a few chickens in our back yards. Just for safety. Don't know about taking GOD out of the pledge of allegiance--but some of the points in that article are worth thinking about ... nuff with preaching

Amos Next chart is a trail in wyckoff which may work or not
carnac no more hallmark. no longer judging success of christmas by retailers. Hard to believe. lol.

Amos carnac-- sanity may be coming back. not bad

Amos I have the DAILY dollar ; I may be biased in this case-- so what? I marked the Oct high as Preliminary supply, the Nov high as Buying climax, the Dec decline as Automatic reaction and we are in a prolonged ST. Now the index does not have volume-- so that is an impediment. But the general structure looks as if it fits a Wyckoff paradigm -- I have no idea if this is going to work or not-- i just thought that from a structural point of view-- it may be correct one. If any of you have a different point of view-- please share

Amos There was a daily gap at the Nov high around 8800 and we closed it today. If that was part of the scheme-- then this structure has more validity ; again-- we will know if this is right only after we have a meaningful thrust either daily or better, weekly. However this is what I am looking at in the dollar and as it develops--will trade accordingly. If I am right then, on a minimum basis we need to test the 7750 once more before the Larger picture resumes... we shall see

Amos Next is gold ; I hear everyone claiming 1000 and 1200 shortly - perhaps - But the semi annual chart says that we are at the upper end of last bar. It closed sort of in the middle , but with an upword bias, and we have traded both sides of last semi close about equal distance-- 100 below and now 100 above. This is as crucial as they come-- because if the SEMI is a true indicator- then the BULL IS OVER and this rally is part of DISTRIBUTION! so the high of last semi-- around 990 is very important. I have not touched gold lately==but the chance that it can be a single bull in a market that otherwise is rather bearish (the crb that is) is slim

JWC what about it's inverse nature?

Amos It feels (and i loath this word because it involves ego and has cost me plenty in the past) as if gold is being used to lure the public to RUN AWAY TO as safe haven

Amos This is bogus idea. Nobody needs gold and it is worthless. Especially when you do not have enough money to buy bread and butter. Those millions of unemployed people around the world for the next few years-- do not need gold. So here is the large picture-- I think this is part of clever distribution and the HIGH OF THE SEMI ANNUAL CHART should be a real test

JWC no, they dont, but the super rich might as paper money collapses?

Amos JWC --these arguments are part of MANIPULATION. Poppycock!

Amos Next chart is transport ; Remember that I said a few weeks ago that it looked weak-- and indeed it is now weaker than the other componenets of the DOW, although on the large scale it is still far above the 2003 lows. So we have a dichotomy. We can easily go test the 2000 level which held for 2002-2003 or this is a Semi annual thrust. Judging from the two largest stocks in that index-- namely-- UNP the rail company and CHRW CH Robinson-- the large Trucking company--- we need a WEEKLY THRUST to save the day ; The thing that bothers me about this index is that it, as i have said before, measures the INTERNAL economic health of the country allan Is semi annual a 6 month candle?

Amos yes allan, tho I do not light candles-- I go to bars

Amos And if the transport index is weaker than its sisters, that means that internal economics inside the USA is weak. Considering the fact that Obamas main goal is to BUILD BRIDGES and REFURBISH ROADS, that is strange. Perhaps there will be so much road building that it will result in HUGE TRAFFIC JAMS and that is why the Transport if failing- but it does not make sense ... So, at this point, the transport is sending a mixed message - Again-- the only solution will come with a WEEKLY THRUST in any of those two stocks UNP and CHRW

JWC it may take a long time for that money to reach this sector

Amos Next chart is is the Semi annual Dow ; Very interesting chart, if you ask me - We have now 4 times that the 7500 level has been touched in the last 10 years. I do not know the significance of this level, except for the 76 trombones and the significance of 1776 (bush first meeting with the British queen) -- But we have a clear level of support in front of us

Amos Now there is a cliché in wall street that says: "Beware of the 4th time-- 4th time we go thru" - which means that triple tops are still ok but if you see a quadruple top or bottom-- you better beware!!

JWC is there a difference in the "way" we dropped to it in the first 2 times, vs this last 2 times?

Amos Now that is a good question JWC, not only this, but there is a huge difference in the PHASE OF THE MARKET. When we dropped in 2002 we were still in a BULL MARKET. Now, we are in a BEAR MARKET-- so the question "bears" much more significance. This topic can be a subject of several hours of discussion-- which I am not prepared to do -- because it needs a lot of homework which i DID NOT prepare -- but the fact is that we are at a clear level of support and we are testing it now

Amos This is, by the way, Why I started tonight with a general statement that after gazing at many stocks tonight-- i came to the conclusion that MANY STOCKS have been beaten to a pulp and deserve a prolonged rally JWC "deserve" is a relative word

Amos Whenever the general market is at IMPORTANT SUPPORT / RESISTANCE level--it is good to peruse stocks (we used to do this a while back when we were following the bellwhethers: GOOG, AAPL, BIDU, RIMM etc in the nasdaq-- which since have become major casualties as the rest of the giants). But the fact is that if you look at a list of many large stocks from GE to CAT to MER-- you name it-- they are really beaten up personkid looking at the possible SC on the last bar, a possibility of a extended range before rally? then a possible 5th time test of the ice?

Amos There is NO SIGN OF SELLING CLIMAX or real panic-- but the level of prices indicate that the shorts have huge profits and I would not be suprised to see a major RELIEF rally in stocks soon- perhaps after expiration Amos pesonkid- that sentence was too convoluted for me

Amos The next chart adds some validity to this ; This is a huge filter-- 100X3--meaning a filter of 300 points dow. I have no experience with this-- so I am presenting it with trepidation, But that filter shows a rather clean count at the 9000 level which is the December rally after the big runup when Obama declared that he is a Messiah. This clean count--calls for 7500 level and we are there. Will this mean that we are really going to stop at the 7500, build some cause and rally back to the 8500 level? time will tell.

Amos One thing we will have to get use to again-- to days and weeks where 100 points dow move will be IMPORTANT , and not just a GIGGLE and a noise. As we decline in prices-- daily volatility whould subside and daily ranges should contract. Simply because smaller moves at lower prices still present HIGH enough percentage to report on CNBC. What this means to me as a trader, is that i cannot be short at these levels-- and I will start scalping from the long side pretty soon-- remembering that the big shorts still control the market and early bulls will be spanked many times.

Amos I did not include the chart (did not see it when I wrote the letter) but the nasdaq daily broke today a DAILY UPTRENDLINE - You know that i am very leary of trendlines these days because so many people use them and theY becAme just a meal in the food chain

JimC Amos would you count at the 83 level

Amos JimC-- if that is a stepping stone- there is cause to 7000 and even 6500

Amos But I do look at all trendlines--just to see where is the public sitting and aiming - If you connect the Nov low on the nasdaq with the lows of Jan and first of Feb-- then this uptrendline was broken today

Peter I mention it as it occurred today

Amos The nasdaq is the ONLY INDEX that has NOT broken the low of the FIRST OF FEB yet- thus-- the Opening day of the month model (Steinhardt) is still valid there. So the question is whether this is a False break or not. Cannot tell. Since we are in sort of a daily range-- the stochastic can be used and it is at 19--which is rather low-- so who knows. The daily MA has had 2 crossings to the upside-- but apparently this is not a good signal yet-- because too many people jump on that second crossing. The short daily ma (5) crossed to the downside today-- which may have enough momentum in it to continue down ... I simply do not know

Amos I only know one thing- I am NOT shorting the equities here - Even if they go lower and SQUEEZE THE LONGS into the March expiration. I am sitting that one out

Amos Next chart is the crb ; That chart looks ominous - this is the monthly chart and despite the rally in gold and silver-- which should mean "some inflation"-- the crb has NO ABILITY to rally. If we take out the lows of January --we get 1, MONTHLY THRUST ; 2, A potential Steinhardt model of the opening of the year-- January being that "opening" range-- which indicates that the REST OF THE YEAR WILL BE DOWN. Anyway you look at it-- the crb looks very weak --and commodities, in general should continue down

carnac Crashes happen when it looks like market cannot go any lower. This is a real possibility that would introduce panic and a s.c. u are downplaying this possibility as a low probability. But i like your arguments. lol.

Amos Now Chavez is calling for opec to lower production. He is a maniac. IN Ireland they do not worry about oil-- they worry about food. So if Crude goes down to 20-- many interesting things will happen in the world-- Russian stockmarket halted today, Iran may have to sell some of it centrifuges for tomatoes and sugar

Amos Hungary may have to go back to Gypsy dancing and Chardash..., Argentina may have to sell more land to Europeans...who knows -- But the chart of the CRB looks ominous

Amos Carnac point if WONDERFUL -- This is exactly what HAPPENED TO me when the crb flew from 450 to 600. I KNEW IT WAS UNREAL and had to break-- but I was one of the VICTIMS of my own hubris-- and what Carnac is saying above should be framed in GOLD-- WHEN YOU THINK that the market is OVERDONE-- several millions of SCMUCKS think like you -- and you get KILLED! So if if you take carnac the magnificent together with my McMahan arguments-- you get a nice nightly show

Amos Next chart is again the Nasdaq/s and p spread ; After pondering tonight those monthly charts of so many stocks-- I am beginning to think that perhaps, this spread has a message. Perhaps the fact that the spread is holding so well -- indicates that the DOWN TREND is not so bad. If, per chance-- the nasdaq-- is truly holding this higher low recently (especially the LOW OF THE FIRST OF FEBRUARY). and if whatever comes out of Washington-- has FUFILLED its potential that is the worst is out, and whatever we get from Pelosi and Reed cannot be more damaging---then maybe, just maybe, the Nasdaq s and p spread is flagging a bull signal

Amos i do not recall if i shared with you the weekly chart of that spread during the 2002 decline==after the 9/11 rally. It gave a BUY SIGNAL in OCT 2002 !!!! some 7 months before the rally turn which happened after the fall of Baghdad in April 2003!!!

Amos 2 swallows a summer do not make-- but I keep that thingy in mind and I am throwing it out here tonight. Last time I said that I do not understand why this spread is holding while the market is collapsing ... But now, after more thinking-- i am beginning to suspect that there is an important message there

JWC technology is replacing people at a lower unit cost?

Amos JWC read my mind-- I was going to ponder, why should Hi tech lead at times when so many are unemployed-- but perhaps he is right. I do not know-- all I am saying is that this chart is persistent and it is better to surrender to a chart than confront it. So I will continue to monitor it and learn

Peter we monitor the spread daily and intraday here

John Yes gary sends it almost daily

Amos I know Peter and John-- that is why I am bringing it here- to amplify the point

Amos Last two charts are an attempt of relative strength ; relativity in the market place is very important. Linda always compares length of rallies and reactions, compares highs to highs, lows to lows-- everything emanates from COMPARING previous behavior and estimating

Amos Look at the euro ; If there is any validity to my first chart tonight of a wyckoff phenomenon in the dxc - then the euro should be at a bottom here and not continue to fall as many predict ... but the euro shows NO RALLYING ABILITY -- the creek at 128 should have held under normal circumstances and we should have gotten some sort of a rally. Perhaps the market wants to squeeze all longs till March expiration- I don't know but the euro is weak

Amos The next chart is the swissy which is pretty much related to the euro--over the long haul . Sure you get discrepancies and many forex traders use the EUR/CHF spread as a constant trading tool, but in general they both represent european economy tendencies

Amos So the next chart is the daily swissy ; First I show that from the high (which was a higher high in Dec, compared with the euro which was a LOWER HIGH)--till today we have 34 days. When i wrote the letter I did NOT know, Of course that we will break down today-- but I marked it as a potential 34 fibo number ; Then I wrote that it was a potential Jump and back over the Nov 2008 high. Well, this argument has failed today--but in general the swissy is stronger than the euro

Amos I have mentioned , I think 2 weeks ago that it should be the SIGNAL if the dollar is going to break--i.e. the euro is going to rally. And I have been watching it carefully. In the morning it seemed as if it is going to push up==but during the day it broke.

JWC if this is going to rally, shouldn't we be seeing better rallies off the 8500 level?

Amos Until you get a thrust above the last few days congestion-- no rally can materialise ; So no use trying to buck the trend-- but if we get a penetration of the last 20 days small congestion-- BEWARE-- we will get a very large rally. There is a lot to learn from this chart-- but I have to prepare some material for this-- and i am not prepared tonight

Amos I will just mention it briefly. It is quite amazing how markets have a tendency to keep symmmtries around them - Markets will rally for so many days, then react for so many days. Then it will stay in a range for so many days-- and you will be shocked to find out-- how REPETITIVE these periods are. I frequently am amazed how "clear"these things look in hindsight-- I have gone over past charts lately and this symmetry thing is mindboggling

Amos the only explantion i have for this is that they probably know very well how long they have to stay in one phase of the market in order to get ENOUGH WRONGS to wash them out... when all is said and done-- this game is nothing but PUNISHMENT OF WRONG BY RIGHTS!!! period

JWC OR, punishment by the BIG Bullies on the little guys..... sometimes MIGHT makes RIGHT in the markets
Amos Market will rally until the LAST WEAK SHORT surrendered, and Markets DECLINE until the LAST BRAVE LONG has no money for Margin calls, and many times the symmetry-- both length of time and length of swings-- reveals this. This is a very interesting subject-- perhaps one day i will delve into it.

AussiePaul Symmetry... Yes Please Amos. I'm interested

Amos What do you know-- I thought I will have to go much over 2 hours- to cover tonight material-- but I skimmed over the first few points-- the philosophical ones-- rather fast-- so basically i am done ; If you have questions-- ask

Amos Symmetry, Paul, is extremely important in the market., and SKEWNESS which is the measurement of how FAR FROM SYMMETRY we move-- is even MORE IMPORTANT

AussiePaul Symmetry: Does that mean if I was long a stock eg., I measure the sell off. If 50% then the skewness is less. Hence I could say there is strength in that stock? Is that Skewness?

JWC Many years ago I wrote an article for Tech Anal of Stk & Commod magazine on a Andrew's Pitchfork enhancement that used Symmetries to predict the "ideal" turning points in the future for both price and time... worked very well on QQQ back then, not sure how it's working now

Amos Paul, you refer to length of move. symmetry has more to do with time

Amos JWC- I have problem with pitchforks. Was nailed once in a stack of hay by a nice girl. twice shy since then
Gary_Fullett if interested in pitchforks, i am working with someone who has a site on it ; this is his URL -- <http://www.pitchforktrader.com/> ... from France, a friend of mine

AussiePaul Thanks Amos.. so counting the bars...

JWC yes, but pitchforktrader doesn't go quite as far as I took it

IM if the S&P is more commodity weighted than the Nasdaq ... then the hit the commodities have had may be reflecting a greater rate of change downward than what the Nasdaq experienced, and hence the rising spread as you have it as a ratio ... if CRB breaks, should we also expect that spread to continue ?

Amos French pitchforks are the best, they go with sushi

Amos IM , I do not now how to relate the s and p and the crb.

IM K..was thinking snp more commodity weighted ... will look into it ... thanks

Amos actually, GOOG has become a leader once more and it looks very much like the nasdaq

Amos also, BRk seems to lose its luster and Warren may be losing big next few years

Peter site looks scarye :)

Gary_Fullett i know peter, a lot there though

Amos Ok, folks if no more questions-- I go back to gaze at monthly charts

Peter thank you Amos, no questions

AussiePaul thanks amos

Gary_Fullett amos ty again for a great lecture

Gary_Fullett okay any questions?

Gary_Fullett I have a few thoughts to say if u wish to hear it

Peter I am a little nervous though -Amos's market views on just about everything are in synch with mine :)

Gary_Fullett it should be, its wyckoff peter

Gary_Fullett when u have a bull market, the corrections tend to be quicker in nature, more of shakeouts, and the rallies back are sharper -- a rally in a bear market is labored and a grind

Gary_Fullett so corrections are different in the different trends - a break in a bear market is sharper to the downside, because supply is in control

carnac amos-doesn't symmetry and esp. skewness rest on an assumption that markets operate and can be measured by a normal bell-shaped curve. False assumption and dangerous to assume. sorry amos left. oh well. lol.

Gary_Fullett one of the things that i keep stressing in the day class and in the newsletter is this -- dont buck the trend too much unless u see ending action and a retest ... most of the money lost is this (??) way

Gary_Fullett its interesting that amos is following the spread, nas- s and p spread ; he normally doesnt look at that, but there is a story there

Peter I find the spread helpful even intraday

Gary_Fullett yes peter it can be traded intraday ; as u know, it is sent often in nl, plus comment on it

Gary_Fullett but my point was that a break in a bull run is different in nature than a break in a bear market, and vice-versa

Peter I agree with what you said about bull vs bears Gary ; a way I look at it is possible ending of markdown and transition to possible accumulation

Gary_Fullett it is very important to know the wave structure u are in wyckoff wise

Gary_Fullett any questions comments with amos talk?

Gary_Fullett tomorrow steve I am sure will have stock charts and general discussion

Gary_Fullett okay, thank you all, have a great night

Gary_Fullett if any of u that get the newsletter want me to do an analysis, or amos, just let me know

Gary_Fullett be happy to help

Gary_Fullett okay good night chart time...

Peter thank you Gary, good night everyone

Gary_Fullett ty pter and all for your work jwc ect

Gary_Fullett left.

2009-02-19 (Gary / Swetz)

swetz howdy folks :)
John Hey Steve
swetz howdy John :)
John you are early arent ya?
swetz yep, tennis got cancelled and I am done with my stock work early
swetz I know it is not like me, I am late for everything :)
John Gary does a fantastic job here all of you are so helpful
swetz John - yes he does, he has been doing it since 2001 I think
John wow, Not many have survived that long ; Most sites come and go
swetz well, he has been trading since 1982
John He must be bald then ; a lot of pressure
swetz lol, yep
Rhonda I better watch it too I may go bald!!
swetz lol Rhonda
Gary_Fullett joined.
Gary_Fullett good evening, there are 3 charts for tonight ; i want to start stressing more bar charts among other things - i will do so for the newsletter, but some here too
Gary_Fullett i have an annoucement to make, and i think it may be helpful to all
swetz Gary - you going to be on Obama's economic committee?
Gary_Fullett im moving to canada !! LOL !! to get the heck away
Rhonda Yes he needed to figure out his issues, was hard to see him get so mad
Gary_Fullett lol ; joking
Rhonda lol
Gary_Fullett okay, a few years ago i was sent a tom williams demo - tom williams is a guy who is 80 years old that had some wyckoff training evidently ; so i looked at this thing that tom williams did - u may know the work, called vsa ... volume spread analysis
Gary_Fullett I asked many wyckoff traders about it, as I thought it was not really wyckoff - i asked amos, david weis, linda radhske and a few others, and all thought it felt way short of wyckoffs works - and i agreed for many reasons, although i wont go into them, but the software improved a bit and is useful for some things
Gary_Fullett i know some know it, do many others know it?
John yes I have heard of it
Gary_Fullett okay, in 1980s amos and i tried to program wyckoff with a guy from the CBOE - chicago board options exchange - and it was too difficult because the wyckoff parameters with volume ect needed a human subjective touch
Gary_Fullett well I have had contact with the person who to me was the brains to it besides tim williams ; he uses candle sticks and a lot of wyckoff terminology in his work, which is quite good, and i want to introduce him to the group - I have a meeting set up with him via phone tomorrow
Gary_Fullett he has some bells and whistles that are very good - amos has his with thrusts ect - so as long as it is wyckoff and can help us, i want to always help the group - Unless we as a group dont want it? to me the more we get exposed, the better we become, and this year i expect a lot - so i wanted to mention that
Gary_Fullett okay... any questions on markets - there are 3 charts to discuss tonight
Gary_Fullett okay, first chart is the daily s and p ; what do u see here?
warren trend down
Gary_Fullett correct ... no doubt ... any doubt that all trends are down?
Gary_Fullett steve in his newsletter tells trend daily on all time frames
Mr_Steve Are you indorsing Tom Williams, I have read his book and found it very good?
Gary_Fullett i think tom williams does a great job on the markets ; I sat in a lecture that vsa gave today on markets, and their terminology is wrong and some of their bars are wrong, but i found it fairly decent - and a good software considering how hard it is - so yes i think worthwhile
Mr_Steve Thanks, I do to, my thoughts also
Gary_Fullett the person that will most likely join the group was president of vsa, and wrote the original software i believe - was a protege of toms
Gary_Fullett so we can see that the high yesterday was 796, so we know that this area at the minimum would have to be taken out to try and rally

Gary_Fullett today we opened near this area and failed, and closed near unchanged - so this bar today and yesterday, what can u say about the action? was today supply?

LarryG not supply to me, but sellers absorbing all the buyers... low close

Gary_Fullett so that would mean bullish?

warren more supply than demand

Gary_Fullett was today a bullish or a bearish day?

LarryG bearish

Gary_Fullett good !! today was NOT a demand day, it was a lack of demand - if supply, daily volume would be increased ... the steady constant volume is a lack of demand, and because it couldnt take out resistance, thus the sellers came in -- so lack of demand lead to selling ; this was a poor close and action and attempt to go higher, and failed - any one think different?

Gary_Fullett lowest close since last nov when we made that low ; the weekly chart is tomorrow as well, so lower weekly close most likely ; any q?

Gary_Fullett i wanted to sell an upthrust for clients today at the 798-801 area if offered ... it wasnt warren are we running out of sellers?

Gary_Fullett no ! there are sellers, but no buyers ; but interesting point warren - if we have lighter volume as we retest the 740 area? what will this say?

slider light volume retest of the lows

Gary_Fullett yes, this will say the retest of the nov lows will be tested on lighter volume, so would probably set up a buy - lack of selling of the retest, so would be a successful secondary test

joel odds are though, stops are at or under the lows and supply comes in ... or not? due to current size of down trend?

slider if that plays out, and we get a sot then it's a buy, correct

Gary_Fullett absolutely ; there are stops under the Lows, NO doubt

Gary_Fullett may not be a sot slider, but a sucessful retest - it may be just a retest and not a sot variety

LarryG gary, would drawing a channel here w/ the top line drawn from the 940 area and 2nd touch being the last swing high be legit? then parallel line underneath? this lower parallel line would come close to the nov lows i believe. your thoughts

Gary_Fullett Yes yes yes larry ; i would do that - i have in my charts now ... 740 line, a line at the 800 area, and one across the recent highs 872

joel would set up a quarterly thrust or not ? if we take out the lows before march ...

slider OK true because of the light volume and price action so far

Gary_Fullett correct joel :) very very good..

Gary_Fullett correct slider - it can be a smaller bar retest and not be a sot

Gary_Fullett the retest will tell us - the quality of that retest - so we need to watch the tape, no bias, and let the market tell us ; okay? any q?

Gary_Fullett i want to do a bar by bar, as promised earlier, on the es today

Gary_Fullett lets start the beginning of the day ; the first bar, high volume, expected for the opening bar - see this? what can u say about this bar? mid-range close, higher volume, says what? says supply came in, because of the mid-range close after going higher -- see this, look at the high, it was the high of the day (we didnt know it at the time) -- as i wanted an upthrust of this, as markets many times get retested, but the first bar says some supply - the high of that bar is at Yesterdays highs, so we would expect selling there - as we can see after this opening, for the most part lower lows and lower highs, and NO stopping action

Gary_Fullett overview; next bar tried to go lower, steady close ; next bar - inside bar, low end close ... this close says maybe selling is winning due to low end close ; next bar - wide bar, lower close ... this lower close on the wide range says selling

joel if waiting for ut to short and did not show, where is trade to short now

Gary_Fullett i did at the tem joel and will get there ; i will show this first

Gary_Fullett so we have that down bar, and selling in control ; the next bar tried to go down, closed steady, maybe stopping action although volume was not increased - stopping NOT ending action maybe

Gary_Fullett next bar was lower, and then u see a wide bar, and a high end close about 10 am ; see this? the volume increased a bit, but the volume was NOT as strong as the bar length -- this is IMPORTANT

joel y, rally back to broken support

Gary_Fullett this LOW, under it will be your sell, OR a retest of the bar 3 bars previously where selling came in at 795 - IF this wide Up bar doesnt have follow thru, then this move up is suspect ; the next bar was a bar that wiped out that up bar - see this, so that buying bar was taken out ... U can sell that bar if aggressive, and the stop above that buying bar at 795 -- its about 10 handles, BUT u need some room at the time, or u can place the stop just above that down bar at 79025

Gary_Fullett see where i am taking about? that bar that takes out that buying bar, and the stop above that bar -- so we know selling is there, we know yesterdays high was retested, and we have NO ending action - look at the bars at 780, there was NO climactic or stopping action at the lows at 780, the rally after the retest to 780 was weak and no volume - we can expect a retest of 780 at least

Gary_Fullett so after a move back to 790 area, u got a retest lower, but at the lows of each low there was NO ending action - the key is NO demand, NO higher volume at the lows for demand, or climactic action - no ending action to change trend, and lower the market went -- in a downtrend, demand must show up, even if supply wasnt evident, volume needs to pick up

KevinA gary, when you are comparing volume, are you comparing just w/in the current day, or relative to the average among a certain number of recent days?

Gary_Fullett ahh great q kevin ; since u are fairly new, i will answer u, lol

Gary_Fullett the volume we compare is in the area we are looking at ; volume in dec grains is different than growing season, so volume is different at different times - so volume is relative to the area u are looking at - markets have seasonality, and at times they tend to have higher volume than at other times, so compare the volume in the area u are looking at, okay? in a trending market, u need opposite volume and price action to turn it

KevinA no, but since it's a newbie question, I'll email you w/ more specifics. Thx.

Gary_Fullett i was joking ; please ask :) believe me, many have the same question, we have a lot of new folks here, and hundreds get the archive - please ask thats why we are here

KevinA ok... I'm not asking about such macro levels as seasonality...

Gary_Fullett wyckoff looked at seasonality, he recognized this

KevinA I'm talking about volume at certain times between certain days & when those days are light vol or heavy vol? so let's say you have a high vol bar at noon today, and relative to the 11:45 bar, it is high vol, but relative to the avg noon bar among the last 10 days, it's not high, which do you use?

Gary_Fullett opening and closing u get more volume, lunch time is generally slower

KevinA sorry for the confusion...it's hard to word correctly

Gary_Fullett well thats a time frame q, so at noon if the volume is high, than intraday it tells u something, if the volume at noon is high but for the last 10 days nondescript, then it means nothing over 10 days - so if I am looking at the last 10 days, then the volume means NOTHING ; if u r trading a 15 min chart, then it is significant, that is what i mean by the area that u are looking at, understand?

Mr_Steve I compare the last 3 or 4 bars with current in any time frame, works well for me

Gary_Fullett yes steve very very good ; the area 4-5 bars is fine - everyone has their niche, so do what works for u ... mcdonalds makes hamburgers, so thats their niche and they do it ...so do what u are comfy with, okay any q?

KevinA ty gary

Gary_Fullett kevin if u have other questions, either write to me at riskybiz99@aol.com , or call me toll free 877 306-7100

swetz okay I guess I am on the mound for the last chart

Gary_Fullett the mound is better than under the turf lol

swetz some of this stuff may be a repeat, but anyway, here it goes

Gary_Fullett steve if u please, repeat is good

swetz going into today, I was looking for a shorting opportunity ; the reason I was looking for a shorting opportunity ... we learn by repetition ... was because we got a potential Break Under Ice on the daily chart below a large apex type TR, and below the 1/22, 2/2, and 2/12 minor support points on a wide range break on 2/17 - so I was looking for a rally to the 796-804 area to provide a potential short entry depending on the price/volume behavior IF it reached that area

swetz so that leads us to today's action on the last chart ; remember, my reasons for looking for a short were based on the higher timeframe chart, BUT I was looking for an ENTRY on the smaller timeframe chart to REDUCE my RISK - which means I can trade LARGER SIZE

swetz so at the open we see a gap up in SPY (I use SPY to trade the SnP ETFS) ; now because of this large gap up, my thought process was that some important buying was present, otherwise SPY would not have opened up as high as it did, if buyers were not willing to pay up - so even though the SnP was in an area I was wanting to go short, I MUST consider HOW it got there ... so I wait ... the very next bar, 2nd bar today, we see a bar that makes a higher high and higher low, BUT look at the close - at the LOW of that bar, AND volume DECREASED - so whatever buying was present at the open is quickly decreasing

swetz now I am NOT ready to go short YET because I wanted to see a TEST of this bar, to see that a bearish COB is really occurring, and that this action really will turn out to be an UT (Upthrust) - so on the 3rd bar SPY makes very little downside progress, and rallies back up to close at the high of that bar ... so if this gap at the open was really the start of a demand bar, we should see upside follow-through NOW, but look at the 4th bar, NO upside follow-through, we get an inside bar but the close was still in the upper end of that bar's range

swetz so to me, the market was on what Wyckoff would call a "hinge" position or potential springboard position - either the buyers were going to make their move NOW, or the LACK OF DEMAND just below an ICE area was going to make this market vulnerable to BREAK - the WIDE RANGE DOWN BAR was the trigger, as it DECLINED below the low of the 3rd bar of the day -- it was a THRUST bar, and my trigger to go SHORT now, with a stop placed above the day's high ... so the 4 little sideways bars after the open, was a little tug of war between the sellers and the buyers at a resistance area, and soon as we saw that the sellers were winning the battle, which the 5th bar indicates, we have our trigger to go short on the 10th bar of the day

swetz we see a wide range up bar, but all it does is trade to support, now RESISTANCE of this little 4 bar TR, and FAILS to FOLLOW THROUGH - because the very next bar is a very narrow range inside bar that closes at the low, and immediately has downside follow through on the next bar and 2 bars later, the SnP was at new lows for the day - if that wide range up bar was really the beginning of buyers taking control, the buyers would have DEFENDED a test of that wide range up bar, BUT they DID NOT ... the market continued to fall without even pausing at the low of that wide range up bar, so clearly, sellers were in control, which we expected would happen anyway since our analysis of the daily bar told us to expect further weakness in the market - so the intraday action was only confirming what we anticipated would likely happen going into today

swetz as soon as this trade provided between 2 to 3 times reward vs. my risk, I sell 1/2 my position ... which is what happened ... and move the stop on the remaining 1/2 to breakeven

swetz so after the lunch time rally that ended with a narrow range bar that was immediately followed by a wider range down bar, the SPY continued to gradually but surely grind down for the rest of the day, leaving behind a close at the end of the day, near the bottom of today's range - indicating that sellers continue to have the upper hand - using Wyckoff terms, the rally to the UT can be considered a rally to ICE

joel nice trade

swetz Joel - get lucky every once in a while ;)

swetz if all the buyers can do is rally the SnP to 797 or so before sellers regained control, leaving behind a space between the last swing low and today's high, the buyers are in trouble - because we know from Wyckoff that a weak rally, especially after a break under Ice should lead to lower prices - if the strong hands are really trying to accumulate stock, today was a great chance to buy stocks cheaply after washing out the stops from below the Feb 2nd, Feb 12th, and Jan 22nd support points ... BUT they did not, the DEMAND was WEAK ... a potential spring was present, BUT no demand entered - which is what happens in a DOWN TREND ; okay any questions?

swetz by the way, this trade isn't hindsight, I gave the NL subscribers this idea from yesterday -- swetz and hindsight don't mix :)

joel what was it you saw that caused you to cover half

swetz I always cover 1/2 on my day/swing trades once I get around a 2 to 3 times my reward - I do it automatically - just one of my rules

joel interesting thanks ; do you break your rules ever ? if market is trending vs in a TR ?

swetz there are certain rules I NEVER break - this is one of them

swetz Joel - when I was trying to find a way to make consistent income in the market, I started to realize that if I would just take profits on 1/2 my position once I got 2 to 3 times my reward vs. my risk, it helped me improve 2 things - first, I was able to stay with a trade longer on the other 1/2, thereby hitting a home run every once in a while, because I had the satisfaction of already making some money

joel which is why we do this

swetz second, for those times that the market was choppy, I was still making money consistently, because even though the remaining 1/2 would get stopped out at breakeven, I would still make money on the first 1/2

joel had never thought about it like that

swetz part of the reason I use this rule is to overcome MY OWN weakness - some folks here will be much better at holding for the bigger gains than me, but since that is a weakness of mine, I overcome it with this rule

joel what was the weakness

swetz selling winners too quickly

joel ah ...

swetz just working the math ; if you have a system that has a 60% win/loss rate - I shouldn't say system but method - and you make 150 trades a year, or about 3 trades a week, and make \$2 for your winners per share vs. losing \$1 share on losers - trading 600 share size makes you \$72,000/year , or 400 share size \$48,000/year , or 200 share size \$24,000/year -- before taxes and commissions

swetz and that is assuming you don't hit any home runs, which you will do on the other 1/2 position, so that is how somebody like me makes money NO MATTER what the market does - the only time I will be screwed is if they shut down the market :) like World War I

joel thank you

swetz okay, any other questions

Mr_Steve Yes ; So you will tie up about 20,000 to make 200.00 aprox? did I understand your math?
swetz make 400 or lose 200 ; that sounds about right, but can be less like 10,000 if you use margin
Mr_Steve well, spy is selling for around 78.00 per share, or did I not see something?
swetz well, I am using the SPY chart but I trade SSO and SDS, so get more leverage
Mr_Steve Sounds like a low percentage
swetz % returns run about 40 to 50%

Gary_Fulleth i have a question about risk ; maybe we should discuss next week - remind me, we can do it on tuesday

JimC Steve have you seen statistics on percent gains on 10 to 20 \$ stocks compaired to 70 \$ or so
swetz I haven't Jim

Mr_Steve swetz, you got a lot more gutz than me, I take my hat off to you
swetz Mr Steve - actually I am a chicken :)

Mr_Steve I look for 20 to 40 \$ stocks myself also ; 10.00 does not have good options, and that is all I play
warren thanks again, steve, you are a model to mimick!

Mr_Steve Nice job swetz, you all have a nice evening past my bedtime I am up at 3:30 am.

swetz I dont know portfolio size each person trades, but just take for instance you have a \$50,000 portfolio, and if you shorted SDS today at \$85.75 with a stop at \$84.90 - so even if you bought 800 shares of SDS at \$68.600, you are risking \$680 out of \$50,000 ... which is less than 1.5% of your account on this trade ... very low risk

swetz when SDS reaches \$88.00, you make \$1100 on 400 shares, and you still have 400 shares

swetz even if you sold the other 1/2 at the close at \$88.90, you make \$1600 on the other 1/2 - \$2700 is not bad for a day's work, while risking less than 1 1/2% of your equity

swetz other times you will lose \$680 - about 40% of the time - but its okay, IF you can prove to yourself by practice trading, then trading small size like 20 or 40 shares -- that you understand how to trades springs and UTs where your success rate is 60% or so, and making on average twice as much as you lose when the trade doesn't work ... then you can start increasing your trade size

swetz it would be foolish to trade the size I now trade if starting out - I used to trade 10 share lots

swetz so don't for a second think that much trade big now, trade small and increase your size as you get better - patience and discipline is what you need, not haste and greed to become a good trader

swetz if no other questions, I wish everyone a good night :)

Gary_Fulleth Great stuff steve wonderful ty ; good night steve and ty
swetz you did good too Gary :)

Gary_Fulleth good night all, time for my charts and steves cookies

Gary_Fulleth see u tomorrow - option expiration

swetz cy Gary

Gary_Fulleth bye :)

swetz left.

Gary_Fulleth left.

2009-02-20 (Tim Ord)

Ord Hi everyone ; I sent over two chart of GDX, does everyone find them.

Ord What these charts show is the average daily volume between the swings. The average daily volume shows has much force the swings have

Ord The higher the average volume in a swing the more energy the swing has - markets go in the direction of the most strength.

Ord Looking at GDX chart starting in late July the down swing had 4.2 m strength. A rally occurred in September that showed 8.9 m and was probably a Preliminary support (wyckoff).

Ord The decline resumed down after PS with 4.9m, and increased energy into October low of 7.2 m. At the October low, volume jumped to 7.0m, which showed up energy about equal down energy, and changed trend to neutral.

Ord In November, a Sign of Strength showed up with a jump in volume to 10m, which was 30% higher than the previous upleg, and showed upside was gaining strength.

Ord In December market fell off with 7.8m, which was a 20% drop in energy, and showed previous up leg was still dominant. Next up leg was longest rally, but showed a drop in energy, and was a concern.

Ord GDX corrects in January, and energy drops to 6.4 from previous up leg of 6.8, and showed up leg was still dominant. Current up leg is 9.6m, and is about 50% increase from previous upleg, and shows that energy is again increasing and bullish.

Ord The second chart is a longer term view of GDX.

Ord The second chart is GDX with the longer term legs showing which way energy is pushing, and since the low in October, the up leg had more energy the previous down leg going into the October low.

Ord The energy is pushing up on the gold issues

Ord Thanks for having me on.

Ord Are there any questions?

joel thanks for taking the time

Ord Thank you.

2009-02-24 (Gary)

Gary_Fulleth good evening ; did u get charts ; i am feeling good about markets these days, after not doing a lot for the past months, i was very patient

Gary_Fulleth great, okay any questions

KevinA what does it mean when you're feeling good about the mkts? Bullish?

Gary_Fulleth more readable, with less risk to trade - it is not so difficult to pick direction, but its the risk on that direction, and the risk has been huge - i wanted to see the first few months, now have - can have smaller risk

Gary_Fulleth okay any questions? this set of charts is what i sent for the newsletter - so u see the comments are more thorough ; okay, lets see how the charts yesterday set up for today

Gary_Fulleth s and p ; dont read the comments on the top - what do u see here? we have a trading range, but the market is in a down trend, right? Okay, so we have a market that has developed a trading range with the lows at 737-740, high 920 area - so we are in this range - at the nov lows, as everyone knows, we had a reaction and a decent rally bar and increased volume ... so we know that the nov lows important, and this low was ice

Gary_Fulleth look at the retest the past few weeks, was more of a grind on the retest down, BUT not huge bars down - so we know that the first retest is very important, and most times will hold ... so we got that retest, and we closed near the lows, so we dont know if we will get a spring or hold above that 737 area

Gary_Fulleth so we know that the retest will probably hold, but from what level - thats where the risk comes in ; we simply dont know the depth of a spring, or if we get one - what is important is sentiment, it is very negative now, more so than NOV ... so if u read the notes, i expect a rally to the 795-810 area ; understand thus far?

Gary_Fulleth so today we reacted, timing is important - the president is speaking tonight, so the market short covered in case he says something

JWC Gary, the XLF showed the spring more clearly on Friday?

Gary_Fulleth financial stocks?

JWC banking ETF ; BKX better than XLF

Mr_Steve How do you know it was short covering? just curious

Gary_Fulleth well the volume was not high, and the bar length wasnt as wide as it could have been

Mr_Steve Thanks, I have not looked at chart for 2 days

Gary_Fulleth but we still need to have demand on the right side of a trading range to have a cob - change of behaviour - but we havent seen that ... please be mindful, we are in downtrends in all time frames, at best the daily is sideways, so short covering then can turn into demand - but what is important is that we tested the ice after 6 lower days, and this means it was oversold, and will probably hold

Gary_Fulleth if we got to ice by wide bars, then a different story, but most times a retest holds - so this retest generally will hold ... NOW, the the speed of this retest is how we go forward, and we are still in a trading range, even though we reacted from ice -- who thinks today was demand? today was short covering
warren combination of short covering and demand?

Gary_Fulleth the market absorbed all day, and had a spurt late into the objective of 771-775 today ... dont think it was demand, but prob some buying ; any q? the notes are on the top

Gary_Fulleth ten yr notes ; this has more volume and open interest than bonds - 30 yrs is an eternity, so 10 yrs more active

Gary_Fulleth so we see we have a channel, this channel can be a larger bull flag as tech call it, or a part of distribution - but do we have a bc on this chart? no we dont, so odds are this market should at least retest the highs - but the 124 area is important, it is also where the recent highs have been - see this, so we must respect the trend until we see ending action ... so in order to have a downtrend, we must make lower lows and lower highs, so until that we are still in an uptrend - if stocks make new lows, there will be a flight to quality, and u will see bonds and notes make new highs, so watching this chart will give us a clue - so watch this chart with stocks, it will tell us a lot - we are looking for bars that either show more demand or supply, and the wideness of these breaks or rallies... so we must judge these bars, and we must keep trend in mind ; any q on the 10 year notes

Gary_Fulleth try to draw trend lines, and then draw the parallel channel - this will give u trend and overbought / oversold , so this is an important guide

Gary_Fulleth yen ; great classical wyckoff - we have discussed this - the first high was a low end close, the retest was a low end close ... says supply ... the low after the first high at 106 is ice - so we know the first reaction low, we know this is support because it is at this low that the market reacted from to retest the highs - so after this selling on the retest confirmed the top, we know this was a change of behaviour

Gary_Fulleth u had trend up and demand, until u had supply 2 times ; 1 at the first high, 2 at the retest - so we know that the uptrend can only change with supply, and we have this

Gary_Fullett so when this chart was printed, the market was at ice support ; do u expect a rally from ice or a breaking of the ice? well the trend is down, so we can expect ice to fail, since the cm wont defend support when the trend is down - he will defend it only to sell a rally, but not to accumulate for higher ... thats why buying in downtrends is not a good idea, u may get a small rally and be quick like a cat to make a few bucks - better to sell resistance, so try not to buy supports in a down market unless u scalp, and have short term ending action

Gary_Fullett today the yen broke 250 points, so this ice support failed as one could expect - now that we broke thru the ice, we can sell the retest back to the 10570 area -- so the safer proper trade is to sell the retest of broken ice ... so today we have more evidence of trend being down, a high with supply, a retest with support, and a breaking of the ice about 8 bars ago - we had a small rally, this was lpsy (the last point of supply) before we broke down, and had mark down today

Gary_Fullett this cause in the yen takes us to the 9800 area, so we have quite a way to go, so we keep getting evidence that the trend is down, and thus we MUST trade it that way, and adjust to trend change ... the yen is a classical chart here, and will be a trade that we can all trade wyckoff wise ; any q? okay

Gary_Fullett gold ; since the whole public is so bullish

Gary_Fullett as we like to always do, we like to draw channals - in this case, we can draw a line for trend, and then draw a corresponding reverse trend (rtl), and we can extend it -- so we know the trend is UP, as we know that we are making higher highs and higher lows ; we also know that we are retesting the reverse trend line after an extended upside, so we see that at the rtl line is very important - it also comes at the psychological 1000 line

Gary_Fullett so the market had a small range yesterday, high end close, but the small range was a sot (shortening of the thrust), and today we broke, and i wrote looking for 950 - today we went to 960, so one must respect always the rtl lines, as they tell oversold / overbought

Mr_Steve MSNBC says nothing good for business in Obama speech

Gary_Fullett why is that?

Mr_Steve They do not like what they heard I guess ; One guest said he was going to set up his shorting now - But with that said, I do not take much stock in MSNBC, just thought I would pass it along

Gary_Fullett dont judge the market by 1 speech or 1 day ; the market short covered into resistance, and will see if follow thru - let me say something about the market, this is the first time in our lifetime that we had a true bear market ... the other times we had breaks, it was an acute situation that caused it - banking crisis, 1987, the .com, ect, and it was more of a shakeout in a bull run ; this time the situation is more chronic - we had a .com break, a recession and a war that pres bush had to deal with, and for whatever reason, it wasnt good enough -- he had a good intention, the heart of our economy is housing, it just happened that the bull run ended under his watch swetz true bear market followed the 2000 top

mark amazing how every broker is telling everyone this is the bottom, and to go long - I am hearing this from everyone

Gary_Fullett well mark, as wyckoff students we know this isnt true, and NOT this broker, so NOT every broker - so now it will take many months, if NOT years to overcome this

mark this won't be a V bottom

Gary_Fullett it is more chronic vs acute like before, thus we dont have that v bottom, as we need to do a lot of work - dont forget we had a bull run from 1981 to 2000, so 18 - 19 yrs of a bull run, and now most likely we will have sideways for next 5-10 yrs

mark correct acute V bottom ; chronic = accumul

Gary_Fullett this is market action, NOT bush clinton or obama - the function of the market, so the stock market is like any market - they go thru the same phases

mark 20, 30 , 40 something age group - this will be good for there soul ... they have never had to experience anything

Gary_Fullett i think that if u are under 50, and u have 15 yrs or so before u retire, u will be fine - i think if u are going to need the money in 5-10 yrs, not much will happen to the loses ... u may get some back, but not to the same level - dont forget, this is the first bear market of this type that MOST have seen, the worst in 80 yrs, but also remember that if u had stocks for the past 10 yrs .. and most have ... U havent lost anything, but u havent earnt anything - those upside down in homes, are because they bought the last 5 yrs or so, not 10 yrs and beyond -- so it is the perspective, understand?

Gary_Fullett so in gold, we have a nice parallel channel, and went to the rtl line - this chart was send last night, way before the break today

Gary_Fullett crude ; this is a classical bear market - u see the rallies last 1 -3 bars, and these rallies have no volume, and the market has no follow thru, and the market made lower highs and lower lows ; u can see the grind lower - so u see any ending action? any demand? NO is the answer - so the rallies will be sold

Gary_Fullett so we sell rallies until we get a cob - change of behavior ; if u notice, the further out months, the back months, are higher priced

Gary_Fullett this is due to what we call a carry charge - it is storage, transportation costs - this is why it is higher, called a normal market -- a market that is cheaper down the road is called an "inverted market"

Gary_Fullett so the lows were the 3300 area, so when the front or lead month breaks, the next month tends to go to the lows of the preceding month - so we can expect april crude to go to the 3300 area, maybe to the 2800 -3300 area ; any questions?

Gary_Fullett eqr stock ; classical vob ... volume off the bottom ... market is in a downtrend, so we need ending action - we have a low with a high end close, jan 10th or so, so this high end close must be watched for a retest - we get that retest and a wide bar and a high end close, so this outside bar (OKR outside key reversal), this bar was the range of the last 8 bars or so, so 1 bar took out 8 bars - so we know that the retest, spring and wide bar high end close would be a success ; see this? so we know that close says the market is in a bullish position

Gary_Fullett the next bar ; U get a wide bar, high volume, high end close - this bar is HUGE - it wipes out a lot of previous work on the downtrend ... so demand overcame supply after a retest and spring

Gary_Fullett Huge important move, so this bar was a sos (sign of strength), joc, all in the same bar? the retest tested the joc, so an entry was gotten - but many times when u get this explosive move, u dont get the retest of creek, as the cm makes u pay up, esp the shorts -- now a retest of the joc will MOST likely be a buy, but this is a classical vob

Gary_Fullett okay, quiz chart ; i give quizzes for the newsletter, so we can understand bar charts and action

Gary_Fullett okay, now that u have looked at it - we have a low, we have 2 bars at the lows that had good closes and decent volume - the wider bars had higher end closes, says maybe a change of behaviour - after the move up, the next few bars, we had a 3 bar action lower, small ranges ... markets tend to retest 1-3 days ... on the third day of the retest, the 22nd, was a small bar high end close, HIGH volume - this is stopping action!!! - a sot (shortening of the thrust) ... so the market for the 3rd time tried to go lower, and the volume held the market up -- was stuffing action, sellers tried to sell, and buyers (the cm) were there and kept the bar narrow to keep the tech picture in tact

Gary_Fullett this sot lead to a rally, but we know we need to get a retest for cause - so at the end of this chart, we have a bar that was lower, and the low (if u draw a horizontal line across the lows of the last bar) will give u the reaction high of the low bar ... SUPPORT

Gary_Fullett the high volume breaks were support, the market held above the demand bar of the lows, above the high of that demand bar - it doesnt matter if u have LOW closes in a market that shows demand ... this is very very important ... the low closes in a bullish market is to discourage longs, and get more shorts in, PERIOD ... what techs call a bear trap - trapping the bears, and discouraging long
swetz great point Gary!!!! :)

Gary_Fullett this is so very important -- once u have eom in you favor, or trend, or ending action - closes mean little ... u are conditioned to look at close, as they matter at times, but many times, traders will say it closed weak, so i got short or out of the long ... BUT look at the whole picture, look at the cm story, to discourage u - so in an uptrend, as long as the market holds above the support, it can close lower, esp if the volume is lower - and u can see this clearly on this chart, several poor closes, then the next day a gap

Rhonda it went below the previous swing low - what support bar?

Gary_Fullett what is the difference between a choppy market and a good market? The answer is if u make money
Gary_Fullett where?

Rhonda the 22

Gary_Fullett it held above the reactions lows High, the 15th high, it was a 3rd day reaction - very typical wyckoff, plus stayed above the demand bar on the 15th - see that line? with all that volume

Rhonda oh ok, yes, I see that

Gary_Fullett on the 22, the high volume didnt break support of the demand high -- as long as that demand high held - on the 15th the market is bullish, 1-3 days correction, the 3rd day the range and volume didnt match ... red flag ... was selling that was bought ; thats what the volume tells u - the selling volume, high end close, and small range sot, was stopping action - high volume small range says red flag -- red flag means possible other direction after the 3rd day down, stopping action lead to a rally ... as long as u stay above the demand bar, market is bullish - so that demand bar was the 15th ; any q?

Rhonda good points, thanks

Gary_Fullett please review these charts, they say a lot - they are great charts to keep for wyckoff examples

Gary_Fullett okay, amos tomorrow night ; I will se eu there, good night, ty all

warren thanks Gary -- you had a lot of good words tonite!

Gary_Fullett ty, not good typing, but words okay LOL ; Keep these charts, they have a lot of wyckoff in them

Gary_Fullett night

Gary_Fullett left.

2009-02-25 (Amos)

Amos Ok, here we go ; Since this is the end of Feb and the Quarterly chart is 2/3 done- i thought I will try to share some of my more "clandestine" work with you.

Amos I asked Gary to plead with you to keep things as close to your chest as possible. Not that this is the secret of the universe -- there are NO SECRETS in the market -- but, still - I prefer NOT to share my work too much. There is a certain factor of Self-fulfilling prophecy - and the market may toy with certain facts. But this is a free world, and you can do with this what you want -- I usually do NOT talk or show this too much - because I think it is valuable, and I do not have the need to strut my truism in front of the world. Some of it is NOT so much THE truth-- as much as it is a very useful tool that STILL REQUIRES a lot of patience, wisdom, adjustment to particular market conditions etc.

Amos The first chart shows the 2002 accumulation, and how it looked on the very large P&F filter of 1000 X 3 in the dow. This is the only chart that i have long term continuation-- even tho you have to force the CQG data base to switch to DAILY data collection, rather than TICK data collection which I use regularly. Still it gives you a "bird's eye view"--that very few other systems give.

Amos So we live with what technology gives us-- and we make do. You can see a "clear" head and shoulder bottom, which you can classify as Wyckoff paradigm, and the only decision you face is what constitutes the "perfect clean count" ... not that clean count is the end all of systems - and it can be misleading too - I am going to show example of that-- but clean count is as close to a "correct" tool as they come.

Amos At any rate, i chose to count at the same level - which is around 7500 - and ignore the last 4 columns prior to the column that started the uptrend in earnest - So you get 23 columns that call for 14400. I remember Dr Pruden calling for the same number during 2007. I think he later extended his count much further -- not sure. If he did -- that shows you that when a clean count takes it (excessive) time in fulfilling itself, and the counter count starts to form-- you LOSE YOUR CONFIDENCE in your tool, in your count - and you BLOW THE WHOLE SYSTEM TO SMITHERINES

Gary_Fullett he did extend it, amos

Amos This is what i want to talk about today - and this is rather proprietary - and I hope you keep it to yourself -- I am NOT SELLING THIS and I do not wish to SPREAD THIS. Note that the ascent is made of basically TWO WAVES - not 5 according to Elliott, even tho I am sure there are many creative counters who can "see" 5 waves.

Amos You have one move to the 11000 area, then 2 years of sideways trading - which is a curse, because you ALWAYS have to ask yourself if this is a STEPPING STONE-- and how it will AFFECT THE ORIGINAL CLEAN COUNT!!!!--a definite curse!!! It blasted out of this 2 year range with ONE spurt, retested it in a form of Jump and back. and took off to the final target around 14400.

Gary_Fullett Please respect amos wishes folks on non sharing...

Amos Important point: when you deal with such large filters, and you take into account the inherent faults of the software -- even if CQG is one of the best Point and Figure machines--- you have to take things with a grain of salt. You cannot be TOO PEDANTIC about pinpointing points-- it is an AREA. Not a definite line in the sands. You are talking about HUGE forces that have to "handle" the whole world - including MADOFF - even if he does not buy or sell ONE SHARE -- but there are millions of Chinese farmers/turned traders-- to handle

Amos So trying to pinpoint exact point-- is FUTILE. But the GENERAL LEVEL is EXTREMELY important --because it is the SECRET CODE OF THE CM!!!! he knows the BAND in which he is allowed to start doing his counter work!!! and he has the PATIENCE of 76 ELEPHANTS!!!!

Amos There is another element of Point and Figure that i have adopted over the years-- and this is a "secret" too--- I have mentioned this in the past-- so some of you may remember : Quite often the ORIGINAL CLEAN COUNT - will indicate the PS or the PSY rather than the SC or BC - this is an important warning. The longer I trade, the more respect i pay to the PRELIMINARY SUPPORT or RESISTANCE, rather than the BUYING OR SELLING CLIMAX itself

Amos The reason being - the Rothschild paradigm that says I always sell too soon ; it is my conviction - even tho I have NO WAY to prove it to you - that the level where smart money STARTS SELLING out of their long positions or covering their short position - is more important than the final climax. Again, because this is the LEVEL that they think is CORRECT ECONOMICALLY or MANIPULATIVELY. The climax itself is usually - NOT THE ACT OF THE CM - but the act of the CO of the various brokers - the COMPLIANCE OFFICER that takes care of MARGIN CALLS! Margin call is MC, which is the inverse of the CM--but part of it

Amos Where that final bailout of WEAK LONGS on the downside or weak SHORTS on the upside is-- is many times a mystery. One day , perhaps, I will discuss some paramaters of this too - this is another thing that I am still battling with - and some of my views may be true or not -- but I KEEP TO MYSELF

Amos If you accept the tenet that most ORIGINAL significant counts end at the PSY or PS -- that is an important DAMPENING effect. We are far away from TURN AROUND, And we should expect a PROLONGED -- sometimes YEARS !!! trading range with a lot of action. Most people make the terrible mistake of IMAGINING THE NEXT TREND starting RIGHT after a previous trend has finished. This is called V top or bottom -- and it is a KILLER ... For every V top or V bottom, you get 9 TEDIOUS and NERVE-RACKING RANGES, in which the CM makes a lot of money SELLING OPTIONS, and many smart gurus fall flat on their faces

Amos If you do not believe me, just read about Richard Dennis who said - I am repeating this perhaps the third time in this group - but it is OK within this context: Dennis said, " I lost more millions going long SUGAR at 5 cents, than I made GOING SHORT SUGAR at 45 cents." This is an amazing statement -- He caught the SECOND rally of sugar to 45 (I don't know what he did in the first SUGAR rally to 60 cents in the late 70s, I think...Sugar had 2 big rallies in its life before they invented aspartame) - How can you lose MILLIONS OF DOLLARS GOING LONG SUGAR at 5 cents, when the LOWEST SUGAR EVER REACHED was 2.37 cents? He went short at 45, and it dropped to 5 -- that is 40 cents-- then he lost a fortune on the last 2 cents?!!!!

Amos Years later i tried to find Suzan Abbott, who I thought wrote this interview with Dennis - but she only remembered it vaguely, and could not find the actual article where this was written. I never contacted Richard himself -- The answer is simple ... Dennis "saw" the next rally, and bought thousands of OTM options of sugar at 7 cents and above - He did NOT TRADE THEM - he HELD THEM TO EXPIRATIONS

Amos Guess what? Sugar stayed in a small range of 3-6 cents for almost 3 years!!!
skylar expired worthless

Amos All those who bought those OTM options dreaming of the next white christmas - LOST THEIR ASSES -- including geniuses like Richard Dennis ... WHY? because the CM knew and HELD SUGAR in a small range - killing all the aspiring rich bulls

Amos This relates to the point here - that when a count, as clean and accurate as they come ends - Quite often it is only the PRELIMINARY SUPPLY or DEMAND -- and the next process of accumulation can take YEARS TO FINISH ... If you start dreaming of the next trade - you are STUPID and you will lose. As Gary said above - Pruden lost his confidence too in his accurate count, and started to believe that the real count was MUCH BIGGER

Amos Next chart ; This is the "clean count " of the top around 14000 - I am not sure that the count here of 23 is the most accurate count - especially when it is so suspiciously the same as the one at the bottom of 23 columns - but it seems reasonable.

Amos This count calls for 7200. Because the previous count indicated rather well the end of a major BULL MARKET - but it was a STEPPING STONE COUNT, the real accumulation (I think this is what pruden used, not sure) a count from the 1966-1984 accumulation level ... Can this count to 7200 be the END of a bear market? I doubt it, but it does not matter. It is a clean count, and in my book the market has to respect it -- it should end ONE PHASE of a bear market at least-- and be followed by a rally to where ever

Amos Is this 7200 the PLS ? most likely ... Where is the SC? I have no idea ... What should I expect after 7200 has been reached? A TRADING RANGE

Amos I have been calling for a range since the off-the-bottom close of the quarterly charts - so looking for a trading range because of the Clean count is not something new - but it gives it an element of Synergy

Amos What is the meaning of the large range we already see at the bottom of this chart between 8000 and 9000 -- is this a stepping stone for the next decline? is this cause for ascent?

Amos 9 times out of 10 PS ranges are NOT TO BE COUNTED!!! This is, again, my own observation - you will not find it anywhere in any book - so please keep it to yourself-- I am not interested in "advertising" this. This is my own conclusion after a few years of experience

Amos If you want a "reason" for that conclusion - it is simple - ONE LARGE FORCE is just getting out of big positions, while the trend is still continuing -- this is NOT an area of INTENTION OF a large force for the NEXT MOVE ... This is foreplay ; You should NEVER COUNT TIME during foreplay, and you extend it as LONG AS YOU CAN!

Amos Next chart is one I showed 2 weeks ago - it is a small clean count at the 9000 level, which called for 7500. Was INCORRECT - because we exceeded it -- Another heartbreaking fact - MANY TIMES Point and figure will "Lie" because very few "clean counts" are indeed COUNTS - Many ranges are meaningless, and if you count each one of them - you will die on the vine

Amos How to determine which is which? - at least according to ORIGINAL WYCKOFF - comes from the BAR CHART AND VOLUME! Very different subject

Amos You can ask-- is it possible that the 8300 level of 5 columns is a stepping stone to the next down move? I did not mark it on the chart - but you can imagine -- ANSWER -- YES!!! very possible ... If you count those 5 columns, you get around 6800. Possible...

Amos Next chart is the nasdaq

Amos this one is a little tricky, and you will not find this chart anywhere - Unless you go to some very clever chartists, who keep tracking long term charts and save them. There are few chartists that will keep point and figure more than several months ... so I had to go to the bar chart, and construct that chart. Obviously it is NOT accurate - that is why I wrote on the count of 15 "APPROXIMATE" - but i trust my counting enough to think it is in the ball park

Amos The count of the nasdaq is at the 2160 level, and that is a HUGE FILTER - usually I use as my largest filter the 1000 X 3 - that is a filter of 30 nasdaq handles, as my crudest indicator -- here I am ignoring any reversal smaller than 60 nasdaq points - VERY CRASS FILTER - but that is what i am looking at -- and it calls for around 1280, we have surpassed that count quite a bit, the stepping stone at 1400 calls for 1080, and we have reached it. Since the nasdaq is a rather young market, and there is really not enough data to justify hard rules about it - compared with the 100 years dow, the nasdaq is an infant, barely standing on its own feet - I am not so sure about the validity of this count - I use it and i share it with you - but a grain of salt can not hurt here ... at any rate, this is where we are - and again we must ask - what is the meaning of the large count that has formed in front of our eyes between 1100 and 1300? I have no answer... we will know in the future, and I do not want to waste time on such a futile question.

Amos The most important thing i am thinking about is the validity of the count of 16 to 2160. If indeed 2160 was PRELIMINARY SUPPORT, and we are in a sort of "selling climax" - rather strange looking... then this is NOT so much different than the 7200 level in the dow

Amos We know that the Nasdaq/ s and p spread is behaving very strangely - by making higher highs while the markets are crashing ; if, per chance, that spread is telling us an important story - that in the next rally, the nasdaq will DEFINITELY OUTPACE THE DOW and the S and P - then we are seeing important development in front of our eyes ... Again, this is my thought process that I am sharing with you, and I am pleading with you to keep it to yourself. You can even SCOFF at it if you want - but i do not wish this view to be advertised

Amos There will be one more dow chart in a moment ... Now i want to give you another example of the difficulty of good, yet complicated count ; It is a very small filter in the dollar - you can see a rather clean count at the 8820 level, it calls for 8740. This chart was printed on the 19th last week, and it is taken out of context - I just looked at it and thought -- this is an interesting count, I want to see how it will work - So I attached it to the letter, and thought it can be an interesting exercise

Amos The next chart was printed today, but I chopped the latter part - I just wanted to show you the "RESULT" of the previous clean count that called for 8740. What really happened? you can see that 8740, because sort of PRELIMINARY SUPPORT. We had another "SELLING CLIMAX" into the 8700 area, and THEN we had a sharp rally. This is one of the most important secrets of point and figure - To realize that a clean count can lead you to the preliminary support/resistance, and THEN there can be additional phase ... of count building - or finishing the WYCKOFF paradigm -- is important -- RATHER THAN LOSING YOUR FAITH and PATIENCE - it is important to REALIZE that this is, many times, PART OF THE GAME -- then you are much more "qualified" to join the next move!! I hope you learn from this -- it is a very valuable part of the tool. Not to be found in any book on point and figure. Not even Shabacker

Amos Next point is to re-emphasize something i know you all use in this room-- the RELATIVE STRENGTH OF one market wrt to another. I have mentioned that on the daily chart, the Swiss frank was holding better than the euro in the past 2 months ... Yet it continued to crawl down - with "NO DEMAND" in sight - then came the 21st of Feb, and the Swissy had an OKR. Notice that the high of the Outside reversal took (in a few seconds) the high of the last 9 days ... What does it mean? It means that the CM has infinite patience. It can continue to force prices down ever so slowly - while he is BUYING all the time - buying while prices decline.

Amos All the public that is buying too, is too weak to hold even a slight decline, and then it gives up -- and at that point - the CM can take the market to a whole different level - in NO TIME!!!! You cannot foresee this thing coming - but still, the RELATIVE STRENGTH OF THE SWISSY told you, at least NOT TO BE SHORT, even tho the market was creeping down

Amos You know that there is a cliché in wall street: Do not buy or sell a creeping market. A market that goes one way, very slowly, but assuredly - is in the hands of SMART MONEY and they know what they are doing -- and quite often, that creepy move that attracts so many counter traders - ends up with a blast (see the yen in 1994, when it blasted from 100 to 126, and cost George Soros over a billion dollars)

Amos But HERE we had a situation that we had previous support at the 8250, a strong rally of 12 handles and reaction. This reaction was almost ONE WAY, and by all means OVERSOLD -- the only thing that could give you any level of confidence NOT TO BE SHORT was the relative strength ... to what? to the EURO - its close sister

Amos The next chart is the same daily euro, which exhibited similar behaviour in the last 4 months - only that the euro penetrated below the last low of Nov 2008, while the Swissy HELD ABOVE IT -- that is why I mentioned here a while ago - WATCH THE SWISSY for an important signal and action - it will be the harbinger

Amos So now we have an OKR in the swissy, and all we need for a buy signal is the famous model: THRUST AFTER KEY REVERSAL. Watch it happening and we will discuss it in a few weeks

Amos Next important signal is again something I wish you keep to yourself. I have mentioned it several times - but I am very certain that it is part of the secret lagnuage of the market -- so just use it ; Very often the market MARKS its half way! You know that I am AGAINST PREDICTIONS - because they tend to kill you in the long run ... much better to FOLLOW THE MARKET

Amos But, it is not a bad idea to KNOW some about the secret signals of the market ; here are a few examples - I call it the magic of the 50% secret signal -- Look at the dow, This is the same chart we discssed earlier with the clean count of 23 to the 14000 area - You can see (IN HINDSIGHT - BUT THAT IS OK because that HINDSIGHT gave you the TRUTH 4 years LATER!!!! -- this is a CRUCIAL point to understand - that at times, HINDSIGHT IN THE MARKET is good for YEARS TO COME!!!!) the first rally stopped where ever it stopped! If you treat the FIRST STOP OF THE DOW on the MONTHLY CHART as an IMPORTANT SIGNAL - you will FALL OF YOUR TUCHES to realize HOW OFTEN IT IS A SECRET SIGNAL that PREDICTS (bad word) THE NEXT WAVE!

Amos the first large move predicted half way of the final move - In our case, it is even MORE DRAMATIC, because after the market STARTED its final (next) leg from 11000 to 14000, it did an UNBELIEVABLE ACCURATE JUMP AND BACK to the SAME POINT!! This happens quite often - because it is a SECRET MESSAGE OF THE CM!!!! Notice how that back in 2006 was EXACTLY to the 50% projection point, and from that point the market DOUBLED ITSELF!

Amos This is a very precious tool that i hope will make you a bundle in the next 20 years

Amos Now to today ; we have an important low at the 11000 level - You can ask me - why did i put the 50% at that low, and not at the 12000 which was the FIRST DECLINE? I did use the first point. You NEVER KNOW WHICH POINT EXACTLY will be used as the secret mark by the market - but you clearly see that after the market broke the 11000 low -- THE MOVE ACCELERATED

Amos To realize an important point in the market - that happened a while ago - is VERY VALUABLE because, as I said a minute ago -- THAT POINT WILL BE GOOD for MONTHS AND YEARS!!!

Amos We always think that we missed a point, or a piece of information. That is wrong ... Many times a point that happened in recent past - is very important - much as the high of 2004 was so significant of the final high of 2007

Amos So the point I marked as the potential 50% projection calls for 7365. Combine this with the 7200 projection of the clean count - and you get another point of importance - and the synergy grows. We shall see the verity of these points in months to come

Amos Similar picture in the TRANSPORT. If indeed my marking is correct - then that 50% point is also a clear DOUBLE TOP projection, and it calls for 2500+ for the transport - just watch and see if it materilizes

Amos Similar picture in the beans. You remember i had a clean count to 815. The 50% projection point calls for 808. 808 is not so different from 815 - it will be interesting to see if that level holds for the beans - Just keep it in mind when the market arrives there ... We may even see some sorts of stopping action ; It may change because of the expiration of the March contract - but that is part of the game

Amos Next is the significance of the MOVING AVERAGE in a strong trend - The MOMENTUM is the support and resistance in strong trends - That is something i have learned from Linda in one of her earlier workshops she gave at INO in 2000 (I still have that file in my computer). Here we see that the crb weekly has been trading SIDEWAYS for a few weeks, and it "KISSED" the 21 WEEKLY MA - if it is true resistance - the CRB should accelerate downwards now... we shall see

Amos Next is an example of TAYLOR ; We talked about Taylor long ago - here is an example how I use it:

Amos We had that large 4 hour bar (I use 4 hour bars in currencies, as i have mentioned before), and we started a correction, so I use the 1-2-3 to count -- you can see that it was the 24th of Feb, and I saw about 50 % correction in the swissy, and I am waiting for a thrust -- I also keep COUNTING TAYLOR, and when I printed this chart - I thought to myself that the next 4 hour bar - should be a rally if taylor is correct

Amos next chart shows what happened ... Indeed ... Mind you, taylor is only an ADJUNCT to my work - i never trade it alone, but i keep paying attention to it - and once in a while - when it coincides with other models (mostly the thrust) it gives extra sense of assurance

Amos Last two charts are another sort of "funny thing in the markets" ... You know that i have become a very SKEPTIC user of trendlines - because i find them being used so often to kill novice traders

Amos That does NOT mean I do not use them - ONLY THAT I AM EXTREMELY cautious of the way I use them -- ONE OF THE "SECRETS" is to continusously compare the same trendline on DIFFERENT TIME FRAMES ... if you do not get SYNERGY-- be careful

Amos Then you have to GUESS WHICH TIMEFRAME THE FUKKING CM is looking at, and this is not easy skylar lol

Amos So here you see a down channel on the daily s and p, and prices are quite far from the down sloping trendline - ALst the channel has been penetrated - and it looks fishy ; then you switch to the 4 hours s and p, and you get a completely different picture - Almost MURPHY TYPE CHANNEL - PERFECT, BEAUTIFUL, TAMED - EASY

Amos You can see a clear channel (CNN), and a very clear downtrend line, that if broken, will most likely cause a nice rally in the market (which happened today) - So keep switching time frames, and look for more plausible situations that can give you a better trade (even a scalp)

Amos That is about it - i spilled some guts today - because this is the end of February and we just had Valentine's day. We have major expiration of currencies and indexes coming soon, and the end of the first quarter of a very CRUCIAL year in the history of Mankind - 200 years ago, I think I mentioned, several very important men were born: Darwin, Lincoln, Mendelson...perhaps 2009 is important too ... I am done

Mr_Steve Amos the knowledge you see in the charts is amazing, thank you ... Can you clarify "Expiration of Currencies and Indexes"? Are you talking quarterly?

Amos 3.12 or thereabout is expiration of march currencies, and 3.17 expiration of indexes

warren thank you Amos -- my lips are sealed!

Amos thanks warren... sealed lips need only puckering and blowing
swetz thx for sharing Amos :)

Peter thank you Amos, this lecture is a definite keeper (to myself), and will reread it several times

Gary_Fullett with amos's lectures, it is best to print out the charts, and chat and read them several times so you get more nuggets -- to me, amos is one of the top p and f traders i know, and I know that even a bit of knowledge he shares is a lot .. I have asked for 25 yrs to get out of him

Amos if no questions - I bid you good night - we are at the end of Feb, and it is ending differently than i thought (wilder than usual) which may mean a stormy March

Gary_Fullett in like a lamb, out like a lion ; you wont get information like amos provides anywhere - please read his charts, and keep them tonight with the log

Peter have a great trading week Amos

KevinA thanks to you, too, Gary

Gary_Fullett im serious with p and f with amos - he is the top p and f in the world imho, and he doesnt want to share, and i ask him all the time to share - but he has worked his whole trading career on it, and doenst freely give, but he is doing a bit - he has done a lot of soul searching and tech research, so he is saving u many years of searching

Gary_Fullett any q?

personkid wonderful session

DaveM good lecture...time for some sleep..thx gary

Gary_Fullett tomorrow, maybe steve will be here for stock charts and other things

skylar great class Gary:)

Gary_Fullett good night all i wish u all the best night, ty

Gary_Fullett left.

2009-02-26 (Gary / Swetz)

Gary_Fullett good evening ; there are 3 charts on the site for tonight - 1 from steve, a great chart, and 2 others by me - so please retrieve those charts

joel <http://www.ltg-trading.com/20090226.pdf>

Gary_Fullett the charts I sent were sent to newsletter folks as updates, so they were live charts as the day unfolded - these are great charts, because they show u the intraday strength or weakness, and allow u to know eom (ease of movement)

Gary_Fullett okay - did u all get the charts ; these charts i sent today are a great way to learn bar by bar

Gary_Fullett first any questions? comments?

Gary_Fullett okay, lets begin, as steve will do a great hourly chart ; these charts i sent were intraday charts, and at the end of the charts talk, will discuss what the result was to the work

Gary_Fullett gold 5 min chart, todays action - the larger time frame is a break from the 1000 area, for perspective - so we are looking for potential ending action or trend continuation, we are looking for price and volume as red flags or continuation - so we have a wide bar at about 850 am, see this? the largest volume ...

skylar marked preliminary support?

Gary_Fullett yes, correct ; what do u notice about that bar

skylar large vol, wide range, & mid point close

Gary_Fullett wonderful, very good - all see this? so a wide bar, mid range close ... in a downtrend, is possibly stopping action ... so possible stopping action, we can see this -- the next 7 bars, the market tried to rally, but we know that as this is possible pre-support, that a retest would happen - we did get that break, but that pre-support reminds u there may be a cob (change of behavior)

skylar all inside bars related to the PS bar,...& vol tapered off

Gary_Fullett notice 5 bars after the pre support bar is a light volume bar, higher close - this says lack of demand, and the rally is ending ; see this

skylar Yes, good point

Gary_Fullett the next bar was a higher high and a low end close - so the rally after the pre support was weak at best ... volume dried up on the up - this is a lack of demand -- so, if pre support, the next move down would be the selling climax or the finals lows - so the market retested the lows and took it out, we had a wide bar with high volume ... this was high volume and a poor close, so what we saw as pre support may not be ...

Gary_Fullett u can only identify the pre support and selling climax in hindsight, although u can see the action live - so we made a new low, and 2 bars later u have an okr of the previous bar ... this volume was as high as the bar 2 bars ago, I labelled it as secondary test, but that whole 3 bars is part of the selling climax technically -- but that bar was a higher volume bar and close on the end ; this bar was smaller that the bar 2 bars earlier, so we must look at this as a possible bottom

skylar a great cob!

Gary_Fullett the next bar was a lighter volume bar, mod range close - so supply or selling didnt come in ; the next bar was a wider bar, and a move above the pre support lows ... see this ... u can say, gary, this is a move that had less volume, so lack of demand -- lack of demand would be at resistance area - since u had a bottom, and a retest, and a wide bar, demand is in control ... albeit early in the process ... so the light volume rally above that resistance and above the pre support lows is simply a lack of supply ; understand?

skylar I was looking at it, thinking if i was watching real time, I would have been suspect, but your point about lack of demand at resistance clears that up ... adding that to notes ...

Gary_Fullett but the process is early ; 2 bars later we had a move up mid-range close -- this was supply and a retest coming - so then we had a retest, the volume was light on the retest at the 938 area, and this retest then lead to mark up ... so we clearly see a change of behavior (cob), and u see the bottom - the market ending up going about 6 bucks higher on this rally

John Great example

Gary_Fullett so the first wide bar with volume is a red flag of trend ; this eventually lead to an up move - NOTE this is a 5 min chart, so the cause was used up on the rally, but the move from the lows was 16 bucks ; any q?

Tommy do u use 1\$/3\$ pnf chart on gold here

skylar n, good chart ... gotta remember the part about going past resistance on low vol

Gary_Fullett i do yes tommy, 1 by 1 too small

Gary_Fullett sometimes it can be a fooler skylar ; this is a tad more advanced , the rally on lighter volume - BUT after a cob, then u dont need volume on every up bar

skylar understand, thanks:)

Gary_Fullett if the trend was down, then it is a bearish bar - but since we bottomed, then supply would have to come in - the cob made that bar different ; i hope all understand this?

skylar do now:)

Gary_Fullett very very important – that is why people dont know price and volume, because they would say a rally on lighter volume and hence bearish ... very important action, bar and price

Gary_Fullett good, any questions? great

Gary_Fullett s and p, we know from the daily chart, is at the 777-778 area

Gary_Fullett the 5 min shows this as well ; look for a retest, we got this retest at the 930 area - look at the retest of that creek at 778 ... the bars are at creek, BUT look at the closes -- so attempt at creek, low end closes, what does this look like? market at creek, and making slightly higher highs

skylar failed upthrusts?

Gary_Fullett lack of upside, minimal new highs - well they are upthrust, and lack of upside

skylar demand not coming in

Gary_Fullett well we didnt have a joc, as the market stayed near creek vs then having mark up -- the low end closes dont tell us absorption - if high end close, bulls in control - the low end close says some selling, and NOT absorption, because of the closes and the lack of upside progress and volume drying up, so lack of demand, and the low closes says some selling ; see this? is it clear?

Gary_Fullett great, so this is not absorption, and lack of upside lead to a retest of creek, and then look at the bar on the retest - at that retest, u had a large bar down

skylar low end close

Gary_Fullett even if u didnt identify the creek area, once this bar came down hard, u knew a change of behaviour happened - look at the market before the mark down on the retest, where I wrote low volume - this light volume retest lead to supply, and thus mark down ... at the time of this chart, it shows the 760 area, we actually went to 750 area near the close - so the upthrust action, and the supply after a lack of demand

Gary_Fullett this is also a great chart on time frames, because the daily creek was 778 as well - so the 5 min showed it, and then the daily did as well - so good use of time frames as well, u could have seen it on many time frames ; any questions?

Gary_Fullett ty, I have finished the 2 charts I had ; please get steves chart, it is a beauty

swetz so I guess everybody is ready to talk about the last chart? I guess silence means yes :)

swetz okie dokie, we can see the TR that developed, that is marked with the 2 horizontal lines marking the CREEK and ICE areas - on the right side of this TR, we can see a POTENTIAL SOW ... in real-time it is only a potential, until it is PROVEN with a LPSY ... we got that on Feb 13th

swetz I talked about this chart 2 Thursday's ago ; actually, I think I was talking about the daily chart - anyway, you may want to read my comments on the SnP back then, and compare my real-time comments to what actually occurred -- so after the LPSY, which in real-time we could analyze by seeing that the 2nd hourly bar on 2/13 was a KR bar, and this was occurring BELOW the 1/2 point measured from the Feb 9th SOT bar, this chart gave a beautiful shorting opportunities on the SOT bar - the thrust down on the following day on Feb 10th, and the KR bar and test on 2/13 - which is a beautiful example of Amos's Thrust after KR setup model

swetz once we saw the Break Under Ice on 2/17, that created a VERY WIDE RANGE DOWN BAR - we can see from the swing lines I have overlaid this chart with, that we now have a SUCCESSIVE LOWER swing high and LOWER swing low ... the essence of a DOWNTREND according to Wyckoff

swetz notice that after the BREAK UNDER ICE, the next little rally did not come close to approaching the ICE area that was broken - REMEMBER that the CM DOES NOT want company - by the time the Break Under Ice occurred, it was obvious to everyone at that point that the market was weak, so do you think that the CM is going to make it easy for the bulls who bought at ICE, and the wantabe shorts who missed shorting at the SOT bar, the day after the SOT bar, and the LPSY bar ... to get out or get positioned

swetz however, if we realize this, we can still go short on little Uts, since we see this BEARISH SPACING develop - so after the weak rally, the SnP continued lower to just below 740, which just happened to be within the PnF downside objective calculated in this chat room about 2 weeks ago - so not in hindsight - the NL calculated it as well

swetz so after the SnP declined to 740, we got another rally, this rally tested the 780 level marked by the horizontal line - once again, we see another example of support becoming resistance on a test -- the Wyckoff traders looking to short this test, got a gift this morning when the market gapped up but failed to bring in important buying, setting up a very low risk shorting opportunity - now lets look at this last buying wave that rallied to 780, by comparing this buying wave to the last one ... this one lasted longer and made more upside progress, and even penetrated the supply TL that I have drawn, compared to the one from the Feb 18th low

swetz this action is ONLY a WARNING that buyers are trying to gain the upper hand - the REALITY is that as long as this market continues making LOWER swing highs and LOWER swing low, the trend is DOWN and DO

NOT FIGHT the TREND

swetz one other thing that I think we can do to help us anticipate how the next buying/selling waves may unfold in the next few days - if you look back at the beginning of this chart, you will see a downtrend channel - the action yesterday and today is very similar to the action on Jan 15th and Jan 16th ... I would not be surprised at all if we see a bar similar to Jan 20th occur tomorrow, where the market falls with some downward EOM (ease of movement) as the market trades below the 2/23 low, like the action on 1/20 traded below the 1/15 low

swetz I will tell everyone what my plan is personally for tomorrow ; currently I am short from around 775, and will just trail my stops on the remaining 1/2 position -- BUT IF I see NO DOWNSIDE FOLLOW-THROUGH to today's poor close, and I see a HIGHER swing low on this chart, I will be looking to probe the stock market on the long side, NOT by buying the SnP itself, but by buying a relatively strong individual stock ... remember, the SnP is in a downtrend, so why buy that market when I can allocate my capital to stocks that are NOT in a downtrend
swetz okay, all done :) any questions?

Harpo you would look to add to your short on a rally to where? 770?

swetz Harpo - I am actually looking to not add to my short position right now

Harpo what would cause you to add

swetz if the market broke hard tomorrow, I may look to short an weak intraday rally, but it needs to break below the 2/23 low, and then show no ability to regain that price level on a subsequent rally

Harpo I see we made a low on 2/23, rallied, and then made a HL and a HH into resistance, but then today ... a LL ? a weak rally would be a short ??? no ?

swetz I will say that this market is in a very weak position right NOW ; the SnP is in a vulnerable position to break hard NOW - everybody who follows charts knows about the November low, maybe the sc is on its way

Gary_Fulleth had a chance to take out 780 today to 810 area, but failed

swetz the SnP reached that low on 2/23 ... you could very well be right Harpo ; and notice the CHARACTER of the rally that followed the Nov test - it has been WEAK - with the SnP at such OBVIOUS SUPPORT, shouldn't there be evidence of DEMAND present, but I have seen NONE ... can DEMAND enter tomorrow? sure, anything can happen - BUT the REALITY is that it has NOT entered so far -- so KNOWING this FACT makes this market very vulnerable to break ... break hard ... if you are short, then stay short until your trailing stop is hit - there is no reason to be long the SnP to me

swetz I would only consider being long individual stocks that are very, very strong in very strong industry groups

Gary_Fulleth any questions?

Harpo did you talk on risk on tuesday, I missed tuesday

Gary_Fulleth i am this tuesday

Gary_Fulleth what amos said on p and f count was it takes u to pre support - the selling and buying climax is the fear and greed taking u to the end - the cm does his work and begins to cover at pre support, as well as pre supply - the final climaxes are a result of the specs puking margin calls ect

Gary_Fulleth okay any q? weekly and monthly charts tomorrow

Gary_Fulleth okay ty, I wish u all a great night

Gary_Fulleth ty steve and all

Gary_Fulleth night

Gary_Fulleth left.

2009-02-27 (Tim Ord)

Ord Hi Everyone

Gary_F tim is back, please get charts

Ord Sorry for the delay, my internet went down and I'm on back up "dail up".

Ord The first chart I want to go over is the S&P

Ord It appears a Head and Shoulders pattern formed on the S&P, where the Head came in at the January high.

Ord H&D have area symmetric; if the left shoulder have two humps, then the Right shoulder should also.

Ord This H&D appears to be symmetric, and gives confirmation for the pattern.

Ord The Neckline was broken (labelled with SOS) with a Sign of Strength through support, and implies now the Support should become resistance, which is near the 80 range on the SPY.

Ord Yesterday the market rallied near that level, and today the SPY gapped down and hit the 11/21 low.

Ord We don't know what the volume will be today, but if it comes in lighter, then a close above the 11/21 low - then a bullish Spring would form, and imply a bounce is coming in the market.

Ord So the market is sandwiched between resistance near 80 (Neckline) and support (11/21 low).

Ord so which will fail ... the support or resistance?

jim support ... was it a quiz?

Ord For short term, I think the market will hold up and attempt a rally

Ord To help confirm this short term low, I would like to see a downtick reading tonight that exceeds -750 , and have volume at least 10% lighter then the volume that came on 11/21

Ord However major resistance will be 80 range, where I think a significant sell signal will develop.

Ord The next chart is the ISEE put-call ratio ; The ISEE put-call ratio is the small put-call players, whose positions are less then 10 contracts, and are only long positions.

Ord These players have a knack for picking tops and bottoms, pretty well in a contrarian way.

Ord This morning these guys came at at 188, which shows too much call buying pressure

Ord This ratio usually leads the market by three day, and says the market may rally from here from three day before finding the next top. We have history going back to 2006, and usually ISEE is a correct outcome about 90% of the time.

Ord I have labelled the last two instances on the last chart, and the top came in about three days later.

Ord If market is near 80 range, and volume dries up on the test of the neckline, then a sell signal could develop there.

Ord This potential Head and Shoulders top has a downside target near 650 range on SPX.

Ord Does anyone have any qestions?

John great material Mr Ord ; trying to digest all of the charts

Rick No questions here

kent ty Mr. Ord

Ord Thanks for having me on Gary, and I'll be back next week.

Peter thank you Tim

Ord Have a great weekend guys and gals.

Ord left.