

# LTG Wyckoff Classes

April 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*

## 2009-04-01 (Amos)

Amos Hi ; This is not an easy night to talk about the markets, because there are too many q. marks, and I will have to say too many time that NMT is the only answer - but on the other hand - there is lots to say ... Most of the charts are quarterly - because they are the most meaningful - at the same time, they are far from being clear

Amos First chart is the CRB ; this is the second quarter of 2009, and we have just finished a small range quarter, that seemed to have closed tilted to the up side - so we can assume at least a test of the upper side of last quarter, which resides inside a HUGE quarter with range of over 100 points ... what can I really say at this point about the near term behaviour? not much ... the important thing to keep in mind, is that there is NO sign of bottoming action - so whatever rally we get is a bear market rally.

Amos I still maintain that in the months to come, we will need to test the low of 2008. How do you deal with such ambiguous situation? I am sure that individual markets will give their own signals, but as traders - you have to be open minded, and be ready for both sharp rallies and sharp declines of small magnitudes (small relative to last year, of course), and also turnings that will be abrupt and "strange" -- such behaviour tends to throw people off kilter, and throw much doubt about trends, their own ability and confidence ... tough

Amos Next chart is the quarterly dow ; again a bitch. we closed in the middle - so this is a range - you will get several days rallies, and then several days "collapses" -- everyone will concentrate on the proverbial "cause", like GM, Obama, G20 etc ... garbage. The umbrella will still be the bear market, and the near term will be murky

Amos I must go back to 2004 - It was a very difficult year for me. I was so sure that we are going to test the high, after the almost classic bottom on the monthly in 2002 - and then we had 3 quarters, that made lower low and lower high - albeit very narrow range - almost typical "RANGE WITHIN A TREND" ... and I lost my cool ; then we had one large OKR - last quarter of 2004 - followed by 3 more inside quarters ; and then we started the rally from 800 to 1400 ... the major trick is to survive that confusing period, and not lose your rudder.

Amos I may be harping too much on this point, precisely because it cost me much money in that 2004-2005 period, and I do not want to repeat the same mistake - so I have to be careful - but the fact in front of our eyes right now, is that we had a volatile quarter that ended in the MIDDLE, and that - at least theoretically - calls for further range behavior

Amos I wrote the boundaries: 9088 to 6470. Those are the only two points with HIGH LOK - all others - are basically MEANINGLESS. Of course you can draw lines and channels on the lower time frames - that may work, but the motherloads are those two levels

Amos To show you (myself) what major market leaders have done in the past few years, I drew a few stocks: MSFT, AIG etc

Amos the next chart is MSFT -- still a powerhouse in the Computer business, and we have taken out the support of past 6 years. In the very long term - if MSFT is really good - we may be seeing a major spring ... but the fact is, that there is not ONE PROFITABLE LONG in MSFT!!! think about it ... this is the company that rules our computers, and keeps coming out with more explorers, windows and vistas - and it is selling below last 6 years.

Amos Next chart is GE ; One of the oldest companies in the world. We still use electricity, and we are selling at 1992 levels. Again - there is not ONE LONG WITH PROFITS IN GE!!!! this is a stock that you give to your GRANDCHILDREN ... so you can say - WHAT A BARGAIN. May be yes, may be no. For the foreseeable future - anyone holding GE above 20, is going to sweat for a long time

Peter these are some of the weakest relative strength stocks, citibank, Ford & GM are others

Amos Peter, I just picked 3 stocks from 3 different industries, and major stocks at that

DaveM didn't buffet sink a couple billion in GE around 21? preferred i think

Amos Next chart is AIG - Largest insurance company in the world . Another stalward that is owned by all respectful FUND MGRS, and most senators and congressmen. There is not ONE LONG with profit, and perhaps this is going to ZERO. Let us say that this is a bottom in AIG - do you see selling climax? do you see AR - this is QUARTERLY chart! ... nada

Mr\_Steve AIG is where Congressmen have there retirement

DaveM thank god for LOG scales ... lol

Amos combine this with the general chart of the dow and you can see what can happen to other stocks. Is AIG and GE the exception? are we going to rotate to other industries? gas? Peppers? Chillie? don't know - but the fact is that this is NOT a REACTION in a bull market. IT IS a bear market and should be kept in mind

Mr\_Steve I herd a saying several years ago, as GM goes so does the rest of the market

Amos Next chart is the OEX ; again - not easy - we are at 1996-1998 levels, lower high lower low, almost a down channel on the quarterly ... weak ... but the last quarter closed IN THE MIDDLE - which shows some demand in the near term

Amos in the letter I made some comments before the Dow chart - so now I will go back to them. Perhaps these "shocking" charts will amplify the message. I wrote: Many cliches are out the door. Many aphorism we got used to and common behaviors - are not working. Example - rally towards end of month, because of dedicated funds. Does not have to work now. WHY? because many of those funds sit on such large losses, that they are SCARED to automatically put their money into stocks. The notion that stocks always rise - is shakey at this point in time. I really expected some rally at the end of march - and we got one down day and one up day ... bet you many got hurt in the last two days.

Amos Correlations between markets are going to confuse us. Dollar, metals, stocks - do not have to correlate now. I still look at the nasdaq versus the s and p - but I begin to suspect that it is NOT such a good indicator -- just because OLD relationships NEED NOT WORK right now. The vix did not work last few weeks! The concept of market leaders - may not work for a while - who are market leaders now? Remember RIMM, BIDU, AAPL GOOG? not much correlation right now.

Amos Many technical indicators are not going to be so reliable. Trendlines - I have been careful about those for a long time. Oscillators? perhaps ... because we will be in a range for a while. Higher high? many false breakouts - even on small time frames. I won't be surprised that many technicians will be hurt.

Amos I wrote "need to pay attention as the year progresses". Things will be wild even month to month - mainly because of the fact that we are in uncharted territory. Most of the traders today have not experienced such market conditions -- so they should be punished if they are wrong. I stayed today for a while in the LBR workshop. Linda was out, so they had two of her compatriots showing some methods - all depends on the 3/10 oscillators, and one taught Market Profile again. I really do not know what to say ... it was difficult to get general truism about their presentation, because most of their charts were on the 1600 ticks time frame (which is sort of 5 min charts). If that is your time frame- then everything I say here, is totally useless. Otoh, in these charts you have, perhaps 8-10 turning points, and they pick up ONE situation where the oscillator gave a good signal, and they say ... YOU SEE! what about the other 9 points? This is NOT a serious discussion. At the same time - I am sure they make some money in those trading rooms, and these are NOT stupid people -- I am saying to be careful of usual technical indicators, and they swear by their oscillators ... I do not know what to say

DaveM even a broke clock is right twice a day :)

Amos Today is the first day of the month. Since I pay attention to the FIRST day "opening range" - Steinhardt model - I WILL pay attention to tmw's behavior as a potential signal - but I will not swear by it. It may now work again. The daily thrust is still the best tool, in my mind - even if it lowers your potential profits - it PROTECTS you from major mistakes

Peter price, volume, carefully selected horizontal & trend lines, and use judgement to evaluate reactions (or not) to these lines inside TRs

Amos back to the oex chart ; if you think that this is a true channel then comparing the two down moves is worthwhile - the last decline was 10 quarters and this decline so far is 5 ... just to get some TIME perspective. If, per chance, we continue to grind down - that is MAKING LOWER HIGHS!!!! - for the next 5 quarters - then there will be some interesting point for long term LONG trades -- it may be useless to say that today - but it is useful to me to keep that in mind

Amos Next chart is gold ; we close the quarter off the highs, and pretty much in the middle -- so the boundaries of last quarter are the motherload - 1000 on the high side, and 800 on the low. I showed last time that we had a MONTHLY thrust to the down side -- will be interesting to see if that was bear trap - or true signal. The quarterly chart - says more range

Amos Next chart is copper. Many think that copper is the belwether to the stock market -- industrial commodity, showing INDUSTRIAL action, leading to DOW INDUSTRIALS progress. Again, I must warn against such correlations - need not work in a market that is blowing a bubble. Rationality is NOT the main stream today. You have SOROS gloating on his profits on the short side, and you have Brown scared shitless about unemployment in Britain. Every day that goes by right now - when Demand for luxuries is shrinking - is making all the TYCOONS shrivel and shiver. If you employ many people, and income is dwindling - everyday makes your banker less friendly.

Amos Thinking right now of copper as a leading indicator - may be very misleading ... just a warning. I have no problem trading copper from the long side - much the same that I have no problem being long the indexes ... if i get a good signal and a reasonable stop loss -- but conditioning your brain to think that a rally in this, should signal a rally in that - can be damaging in the near future (that is, at least a few quarters)

Amos Next chart is the transport. It is difficult for me to read this chart - even tho I keep watching it closely. We are still holding above 2002 lows - that is a POSITIVE SIGN. We also closed the quarter relatively weak - which is a NEGATIVE SIGN. This is only the THIRD QUARTER of this decline. We exceeded the Double top projection, and we have longer period on this leg (3 versus 2 bars decline end of 2007) - so from symmetry point of view - this is another weak sign.

Amos Note that this is the first time that the short ma is about to cross the 21 ma - so this is rather weak. Btw - i do not know what to make of it ... but i use the CROSSING of MA as a very important signal - especially the second and the third crossing. Oddly enough (which bothers me) -- the LBR people use these CROSSINGS of their oscillators - the slow and the fast - as their MAIN, if NOT ONLY, indicator to establish trades!!!!

DaveM no wyckoff there

Peter nope, those are lagging "indicators"

Amos no volume, hardly any chart structure (other than the all important lower high to go short, and higher low to go long!!) - only divergences with oscillators - I really do not think that my thinking of major crossings of MAs is similar to theirs -- but I thought i will mention

AH\_Tex what is LBR?

Amos linda b raschke- is LBR

Amos So the big question about the transport is which is more significant -- the fact that we have a clear down move, or the fact that we did not break 2002 levels? two rather conflicting signs ... not sure ; even if we are in a sort of huge range - then the Stochastic (the only time I use oscillators, is if I am SURE I am in a range! that is another thing that bothers me about Linda's work -- but i do not know enough about her inner thinking), then if you look at the Stochastics -- aficionados of oscillators will tell you that it is in full blown bear signal, because it is going strongly down. I DO NOT use them that way - but the quarterly oscillator SURELY is NOT over sold!!!

Amos Next is the dollar ; Very intriguing -- NO one understands the dollar behavior. On one hand everyone knows that USA is printing it like there is not tomorrow. Everyone hears about the call for WORLD CURRENCY, that will replace the dollar - all very bearish signals. Yet the dollar is rising, and in the GVI forum - most opinions are that the EURO should collapse.

Amos So what does the quarterly chart say? higher high, higher low, but closed pretty much in the middle ... range? You can call last quarter SHORTENING of the THRUST too! I think that it is simply too early to tell. If we DO NOT come back to test the 2008 lows - we will have a V bottom, which is VERY unusual for the dollar. If we come back and test the lows - we can be forming a very nice bottom ... but that will indicate a rather long term strong rally in the dollar for years to come -- how can it be, when it is being so inflated? ... don't know

Amos The next chart is the dollar monthly ; here we have a little better idea -- we have strong 3 months rally, followed by 5 months of range ... this is rather normal behaviour. Last month was clear OKR, but closed in the middle. If that OKR is a valid signal, then the NEXT THRUST is a SURE sell - only that the next thrust may happen a few months later! I marked on the bottom a rectangle of 13, which occurs in April. If per chance, the market wants to respect this fibo number - then APRIL should be the END of this rally, and the start of at least 5 months decline. I like this idea - it fits my mindset ... that means that April should tell us a lot. IN between - Just trade the lower time frames.

Amos Notice also that the long term MA (55) is STILL going down, the 21 barely turning, and the 5 had its FIRST CROSSING -- most of the time, FIRST CROSSING is only a minor warning sign! Many who follow momentum, will get long because "they got their crossing", and when that bunch is fully loaded - that is when the market will wash them out - very typical behavior ... I am prepared, mentally, for such action.

Amos I do not know which VOLUME CQG is using for the index - that is why I ignore it - if they are using the volume of the FUTURES ... then it is good. Gary - can you check out with CQG, which volume they use? The volume on most indexes in CQG is meaningless - like the dow or transport etc - but perhaps the dollar is true, because they can simply use the volume on the futures

Amos Next two charts are an interesting study ; the British pound -- so I want to delve into it ... the monthly chart shows a distinct down move 14 months ; it slowed down 4 months ago, and had sort of SOT, which closed in the middle ; only to be followed by a down month that broke the low, and closed on the low - that one followed by a large month, that broke multi year support on the BP (those of you who remember there is a potential 8 year CYCLE in the pound), that month was wide range, which again closed in the middle - calling for a range - this time it worked

Amos we had so far, 4 months that CLOSED AROUND THE SAME POINT!!!! the bar chart looks very different, than the line chart (I switch from time to time to see what line charts look like - to get a different perspective - sometimes it reveals other aspects) - notice also that volume SHRINKED last few months.

Amos So the question is, are we in sort of accumulation? do we get a rally or continuation down? If you study the history of the pound, you see that it has a tendency to keep its previous "momentum" ... it can stay in a range for a long time and it can trend for a long time. This particular trend was very violent (bringing to memory the 1992 Soros coup with the Deutch mark and the Bank of England), but we have cut thru 6 years of work in a rather ruthless fashion ... and again, there are NO LONGS WITH PROFIT -- that means that the shorts can toy with the market for a long time - and then start a move

Amos There is NOT sign of strength. There is NO rally to break the LAST HIGH, and yet the coiling of prices over several months is interesting ...

Amos It is very tempting to go long, because you "IMAGINE" the profits even if we have 50% rally -- but the CM knows that ... so the next chart gives, again, some boundaries and sense

Amos The quarterly chart shows 5 bars. the last bar ended in the middle - that is the best information we have got so far -- so I drew the two lines, and this is how i am going to trade the pound in the next few months -- high is 153, low is 135 - these are two points of high LOK (level of knowledge). In between - expect some wild action as we had in the last few days. We are clearly being toyed by large forces - and if you want to trade this vehicle - understand that you are being toyed.

Amos Again the spread of the pound and the euro - is a very good side tool, that gives some valid signals - again only in the 4 hours and higher time frames -- You could see this today clearly, when the pound rose, and euro stayed subdued - only because the main play was in the spread!

Amos Next chart is the Natural gas ; another example of a market that is SO TEMPTING to go long, because of the potential profit -- but the current trend is still down, and if you ARE trying to go long - BE SURE YOU ARE SCALPING AND NOT DREAMING!!!!

Amos same as going long C -- There was a big trader that bought 50k shares of Citi at 99 cents. He announced to the forum that this is for his GRANDCHILDREN ... then some other trader told him that he also bought a handful of citi, but he is going to take 100% profit and RUN. An acerbic argument developed (GVI FORUM) ... so C went above 3 dollars, and going down again -- if you want to LONG NG - be happy to take many short term profits, and wait patiently for the next reaction - because too many novices dream of the next rally to 125

Amos Last chart is the lumber ; Again - there is not ONE LONG with profits in lumber. Sure - we had a nice rally lately- but BULK OF TRADERS are long above 200, and the market is not going to forgive them so fast ... at the same time, this is a minor reversal on the quarterly- which calls for at least a NOMINAL higher high - so we are seeing a modicum of support in this downbeaten commodity

Amos If you trade lumber - then you have to deal with this issue -- but the main reason I am showing this - is just to show you - that a very LIMITED COMMODITY (like LAND, IRON, OIL, COPPER, ALUMINUM, GOLD...) they DO NOT MAKE MORE OF THOSE any more. They are all limited quantities -- and therefore WE SHOULD ALL OWN THEM, because SUPPLY IS LIMITED -- just realize that even such limited commodity as lumber, can experience tremendous selling waves ... because DEMAND can be even smaller. It is good to keep in mind things like lumber, AIG and GE -- so that we do not fall into false dreams

Amos BTW - look at the huge volume that occurred on the last rally in the second quarter of 2008 -- every one and his brother went long on the "SPRING " of 200 only to get burnt badly 100 dollars lower. We are liable to see many of these pictures in the next 2-3 years - when so many people will dream of the NEXT bonanza, and the next rally ... that will come ... only from lower levels

Amos that is about it. Next week is Passover - the holiday of FREEDOM - and I will take the night off to read the HAGGADAH

Dan volume for dx, is future volume, i believe

Amos Dan - be sure, and you will make me a happy man

Mr\_Steve Amos, the Stoch you use is it fast or slow?

Amos Steve - I dont even know - it does not matter -- anyone who tells you that this number is better than the other, is a LIAR ... the only important thing about all those MA, Stochastics, RSI, oscillators - is CONSISTENCY Peter Amos, what method do you use to determine when Markdown ends and Accumulation has started?

Amos Peter - the same as you: Selling climax, Previous support holding, AR, secondary test etc

Peter ok thanks Amos, so the key is identifying the SC, or alternatively a shortening of downward thrust + demand entering...

Amos Peter -- recently, classical Wyckoff has been lacking in the market ... but i am conditioned to look for it, first and foremost

AussiePaul Amos: Do you look at markets which is ahead in Time Zone, such as Australia? this is the 2nd April 2009, and our markets is up 2.7% today.

Gary\_Fullett you are ahead, paul - u see the future

Amos Paul - sometimes Asia is a forerunner, and sometimes it just catches up with usa -- no clear sign

AussiePaul Thanks Gary, but does it come across to the USA ... Thanks Amos

rhonda Amos - in stocks, in the 239 Industries on the qtrlys ... we had 12 higher highs, 101 inside bars with fairly decent closings on the bars, and 125 lower lows, versus 232 lower lows last qtr - just passing on Amos and rhonda?!

rhonda I think that says things are a bit better than last qtr - I like to look at the bigger time frames ... LOK

Amos I am sorry, but I do not know how to use this info with the simple bar chart - if it helps you - and is reliable - that is WONDERFUL ... I do not talk about things I do not know

rhonda well you told us to watch and share and I did

Amos yes rhonda -- but i need to know how this info predicted changes in previous corners

rhonda not sure - it is just part of the picture, is all

Amos ok folks see you in two weeks - should be interesting

Peter as usual, Amos left us with some good thought provoking material

Gary\_Fullett for those that are new - there are so many tid bits - and u need to read the log over and over, because a lot of good nuggets

Mr\_Steve Gary, do you know what QRTRLYS is - rhonda was talking about?

Peter the quarterly charts, Steve - she apparently analyzes stocks over the past quarter ... it's good info

Gary\_Fullett i am doing quarterly charts tonight, along with others on the newsletter

Gary\_Fullett any questions? comments? thoughts?

Mr\_Steve Interesting, How would one make that count? Is there a site that sums this up?

Mr\_Steve gary, I do have a question ; I have been looking for some place, that I could find volume info on each volume bar, that showed up volume and down volume on each bar. Any ideas? That is ; total daily volume of 1 million, how could I find out how much of that was BUY volume, and how much was SELL volume, for each time frame

Gary\_Fullett there is software for it - i think sdw has it - we can ask him ... but there is a program that does it

Peter use smaller timeframes - that helps

Gary\_Fullett red for down, green for up they use - the buying and selling waves ... i know what u want, they have it, and i can try and find

Peter there are an equal number of buys & sells

Mr\_Steve they have to be equal always?

Peter unless the amount of stock goes up or down – yes, equal

Gary\_Fullett well they have buying and selling waves - i can find out the program for it

Mr\_Steve I was someplace on the net one time, and they were showing by numbers - when buying volume was coming into the market. Do not have the book mark now

Peter for every seller there is a buyer, unless the overall quantity changes. I'm just using deductive reasoning, I've never seen it documented :) my guess is "buying" volume is when demand overcomes supply

Gary\_Fullett i know david weis had a program that showed the buying and selling waves - and some vendors do it ... i can try and find out

Peter Tim Ord uses something similar, ask him on Friday

Mr\_Steve Thanks Gary, for your help - and you too Peter - I think I will call it a night

Peter thank you Gary, good night everyone

Gary\_Fullett ty ; okay time for some charts

Gary\_Fullett ty all ; have a great night - see u all tomorrow

Gary\_Fullett left.

## 2009-04-02 (Gary)

Gary\_Fulleth Good evening ; the charts were just posted - kelly thought they were posted, but realized they werent ... sorry ... did u all get charts?

Gary\_Fulleth so please get the charts for tonight - I have a special chart, i believe, for you - in tonights newsletter for tomorrow ... the nas - s and p spread ... is very interesting

Mr\_Steve This is the hardest market, I have tried to make rhyme and reason of

Gary\_Fulleth lol ... i dont know if steve will be here - he didnt send charts - but if he comes, i am sure he will have some tid bits ... okay, first any questions? the stock market at this point is fairly clear

Mr\_Steve someone is not telling us the full story of what is going on, with all this money the US is spending

Gary\_Fulleth what do u mean Mr Steve?

Mr\_Steve I keep waiting on a retest of the dow

Gary\_Fulleth thats why ... we have been rallying, because everyone is thinking a retest and bearish ... inflicting the most pain

Mr\_Steve My only question, is that mutual funds are buying, and intend to short over and over and over ... up down, up down

Gary\_Fulleth well, last week - i mentioned that tax season plays a role - buying IRA before april 15th

Mr\_Steve I wish they would start shorting

Gary\_Fulleth maybe after the 15th or so ... u mentioned spending ... lets talk on that a few minutes ... we hear a lot about it -- the market is taking that news, and moving up ... why? the market doesnt like uncertainty - if the market knows whats happening, they can rally - if they are unsure, the market breaks - this is what u saw with obama, for the first month or so ...

Gary\_Fulleth they werent sure what he was going to do in, and in what degree - he said he had a plan, but no one knew what it entailed ... so the market broke to the 6500 area, because the market was not sure ... understand?

Gary\_Fulleth okay ; so now the plan is more clear, and the market rallied -- is it a good plan? i have no idea - But the fact that there is a plan, the market can react ... the plan may not be good, but it is clearer

Mr\_Steve But we are printing so much money, and badly in debt. Not good, all news is bad

Gary\_Fulleth ahhh .. okay getting there

Mr\_Steve why rally

Gary\_Fulleth because they are doing something ... is it good? i dont know ... but more clearer -- what makes a market go up? or down? whats the function of the market?

rhonda earnings

Gary\_Fulleth right ; the fannie mae, freddie mac, ect ... they are basically worthless ... no earning -- so whatever news there is - the market trades on earning and PE (price earning ratios) - so the market can have bad news ... this is reflective in bad earnings, and stock prices lower ... every group is different

jdstock cm does not want any company!

Mr\_Steve what are they looking for in PE

jdstock mark to market change will now inflate earnings ... m to m helped cause financial crisis

Gary\_Fulleth correct jd ... so we know earnings are the bottom line

Gary\_Fulleth Now this printing and spending issue - we know printing money causes inflation

rhonda can somebody explain that to me, when Gary is done ... the mark to market? please

DaveM talking heads say, banks are less likely to part with toxic assets, now that they don't have to mark'em in some cases ... so they keep'em on the books, and don't have to sell them at 5 cents on dollar to buffet

Mr\_Steve oops I forgot that - so we will not know true earnings? this is cool ... we finance loans, sell to china, bail the banks out, now we do it again. That is smart thinking!

Gary\_Fulleth they dont have to show true value ... JD, do u wish to explain to rhonda?

jdstock sure, I will do my best, after you are done - but many articles at cfo.com - also, look at FASB 157

rhonda Thanks for the link

Gary\_Fulleth okay, ty ; so we print money ... this causes inflationary pressures ... but it also allows companies to raise prices ... so raising prices, allows better earnings

Gary\_Fulleth okay, so they are printing money ... where is the money going?

FranknMiss Fed

Gary\_Fulleth well, the fed is printing alright - they are buying bonds, they are buying the debt - keeping rates low, so people can buy homes ... BUT ... if u cant get credit, how can u qualify? so the stimulus bill, as u know, has a lot of spending, that is no needed ... but thats what we get, with our system ... both sides wanting money for their districts

Gary\_Fullett The printing of money devaluates the dollar of the country ... why has the US dollar been rallying? because other countris are worse off, and the dolllar is a reflection of other currencies to itself - so the US dollar rallies by default, but is really a stack of cards - to print print print, its not a normal thing - yes, we need to spend, but not to this degreee

Gary\_Fullett but I dont know too much about it, so i cant discuss a lot further ... but ... the whole world is in this together ... so i think things stay rough, but eventually, we gradually come out of it ... any questions so far?

Mr\_Steve is the daw rallying?

Gary\_Fullett well the short term has been up

Gary\_Fullett i have a great chart, which i want to discuss ; okay, lets take the chart, the long term chart, and see if we can compare the 2007-2009 to 1929 -1933 periods ... have the chart?

Gary\_Fullett in this case, the 1929 high was NOT a retest (like 2007 was) -- so lets take the 1929 high, as oct 07 - look on the left, on the chart in 1927 - every close on that chart before 1929, was high end ... see this? what were the bars before 1929? they were wide up bars

Gary\_Fullett what happened in oct 1929? the oct 1929 bar, was the first bar that ended on the lows - so we have a wide bar, vertical action to the highs - so the oct 1929 bar, was a low end bar

Gary\_Fullett its the next bar ... that is key? because it has follow thru - if the action in oct of 1929, was NOT supply ... then the next bar would NOT have occurred

Gary\_Fullett so the wide bar, after the highs, says supply ... there is NO doubt -- so we know that the eom has changed (the ease of movement) ... the trend was up ... what can stop an uptrend is supply -- if u look at Jan 08 bar, quarterly bar, u will see a similar supply bar - the sharp bar after a top ... supply again

Gary\_Fullett on this chart ; u got an attempt to rally, with a small bar after that supply bar, and the next bar was a wide bar, lower close ... was an okr ... higher high, lower low

Gary\_Fullett if i notice -- this is very very important -- the LOW of that supply bar, after oct 1929, this low will be the reaction low as ice - but under it, will form creek - this is key, and important ... we get under this supply bar, and is marked down .. when under ice, we had mark down

Gary\_Fullett whats important to note, is that after the crash ... it took 2 1/2 years to bottom!! everyone thinks that the crash of 1929 was the low ... it wasnt ... it was 2 1/2 years later!!! so if we have the high in 1929, and a high in 2007 ... 2 1/2 years later, would take us to this time frame ... oct 2007 high, march 2009 the low

Gary\_Fullett i am just thinking out loud, and comparing - have no idea if right, but trying to compare -- in 1929, i am sure there was a panic, like there was in 2007-2008 ; i would think the job losses, the fear was similar - in 1932 we bottomed, and the reaction high, mid 1932 ... will be support on a retest

Gary\_Fullett the bar in 1933 was a sos (sign of strength) ; the reaction high of 1932 was taken out - so the rally now can be that 1933 rally ... and then we can stay here for awhile, like they did for several yrs, 1933-1935 ... understand? see this? any q so far?

Gary\_Fullett frd was president when? 1932? i think 1932, fdr was president ... so jan 1933, before he went into office, the market began to BOTTOM ... the low was at the beginning of his presidency about

Mr\_Steve would not the quarterly creek, be about 9000?

Gary\_Fullett ... yes ... so, they say that fdr stuff didnt work - so i went, and looked at the charts - i didnt care for frd, but that was just me, lol -- they say the war brings u out of recession or depression - when he instituted policy, spending, ect ... look what the market did ... it rallied from 1933 to 1937, BEFORE world war 2, with world turmoil, with hilter gaining power

Gary\_Fullett so what he did, caused the market to rally - or just rallied from being way oversold -- the market will rally until we get ending action - so a logical place to rally to, is the reaction LOW of 1929!!!!!! was a perfect retest of ice, now creek ... see this?

Gary\_Fullett also, look at the retest in 1937 - it was a sot - so was a retest, with ending action of the sot (shortening of the thrust) ... doesnt get more classical then this ... any q?

FranknMiss I like the chart - I dont like the implications

Gary\_Fullett then the retest, and a smaller trading range ... building cause ... what do u mean, frank?

FranknMiss Takes to long ... Will be in nursing home by then ::smile ... Everybody wants DOW 14000, now

Gary\_Fullett i got good news for ya, frank ... hold on :)

Gary\_Fullett so, the sideways action, from 1937-1942 ... without knowing the result, would u say accumulation or distribution? we had demand in 1933 ... so would be accumulation ... so the die was cast, BEFORE THE WAR!!!!!!!!!! the war was the excuse to rally, but the market knew up ... whatever the news or reason was

DaveM well 32~39 looks like accum

FranknMiss They knew war was coming

DaveM hi closes, 2 bar reversal in 38, etc

Gary\_Fullett they knew news, like 9/11, was the beginning of the end of the down ... facilitated it ... what year did we enter the war? Dec 1941, right ... pearl harbor ... BUT the market was accumulating

FranknMiss Was probably when Govt started all that borrowing  
Gary\_Fulleth right ; was early 1930s, frank  
DaveM might have started early - but the "code pink" protesters, where brow beating FDR even back then .. LOL  
Gary\_Fulleth lol dave ... so in 1942, we had a small spring - i wrote a lot on this chart, about the process - this took about 15 years or so, to get above creek – today, i think things in general, happen faster ... so it may not take 15 years, Frank  
FranknMiss good  
Gary\_Fulleth ... for all of us ...  
Gary\_Fulleth we actually went above creek, 1 yr after the war ... in 1946 ; but u see early 1930s, the market had a cob (change of behaviour), and accumulation started  
Mr\_Steve another 4 year rally would be good  
Gary\_Fulleth u may get that steve ... i always have a theory, about why the stock market wont have a sc -- i think the dow gets to 10 k or so, then a pullback ... like the rally from 1933 to 1937 - we are in that period now, maybe - the rally ended in 1936 or so ... we can rally to dow 10 k, then pullback ... like we did here, to 1938  
Gary\_Fulleth sideways, then up ... it fits to me, at this point ... but that can change, and just what i observe ... any q?  
FranknMiss will have to learn to trade the TR's, like jim and Peter  
Gary\_Fulleth well i like to trade tr's ... i helped peter with it ... i prefer that  
Gary\_Fulleth does any one think we have a sc, as a low? to me, those who were close to retiring ... sold on the down ... so older peoeple out ; The people who are mid 40s to 50s are holding, because they have 10-20 years to retire - they feel will be okay then - wont sell ; those who are young 20s, will hold ... long time to go  
Gary\_Fulleth so, to me - most who need to be out, are out - so the fear may have happened, and we may not get the sc ... as most will hold ... any q? i think this chart says a lot  
Gary\_Fulleth i may be all wrong ... and we can make new lows for dow, 45-50k too ... so will see ... any q?  
Mr\_Steve Gary, my phobia is that I have been burnt on stocks with "V" Bottom  
Gary\_Fulleth the stock market tends to bottom via a v bottom  
Mr\_Steve My style is this - just break 200 ma, then pull back a little. Then I purchase on the rally  
FranknMiss good perspective Gary - good to look a bigger pictures  
Gary\_Fulleth maybe wrong, frank - but the fear, spending, ect fit - maybe at the end, we do battle with iran? dont know ... hope no war  
FranknMiss no more wars ... please!  
Gary\_Fulleth hope not ... ok, any q?  
Gary\_Fulleth the stock that i have been showing in the daily nl is nordstrom ; i just wanted to show that the retest was all the way back to ice, and a reaction with high volume ... its pretty clear  
Gary\_Fulleth lets look at the daily frame for this chart - and if u get the nl, u can follow along -- we have a low in nov 2008 - as the stock market made new lows in dec, this stock didnt ... so this means that this stock, maybe industry, is stronger than the overall market ... relative strength, we want that  
Gary\_Fulleth so we form a trading range, 1150 - 1400 ; then a joc, march 9th, as the stock market bottomed - nordstrom was 7, off the low, and doubled in price - this move took it up to 1600, then a retest at 1400 - this is where i rec a buy ... the rally and good reaction, the joc above 1600, and the retest yesterday  
Gary\_Fulleth i sent this chart yesterday, for todays action ... u can clearly see the higher trading range ... a trading range joc -- this is a clear uptrend on the daily - this chart allows small risk, and decent reward.  
Gary\_Fulleth now i mentioned the possible springboard, on the last bar on the chart - so if u were to take a position, yesterday ... would u buy or sell? and do u see the possible springboard? high end close yesterday, and the reaction from creek - this is a classical spring position  
rhonda was a buy ... good trade ... reacted today, from the 14 Oct bar  
Gary\_Fulleth today, the stock was up ... over a buck, today, maybe more  
FranknMiss had reasonable volume too, on the spring in uptrend  
Gary\_Fulleth this was PERFECT and classical ... i have shown this on daily, so this chart is a great chart  
rhonda was up 1.26 on the close  
Gary\_Fulleth ty. Rhonda ... big move for a 1600 dollar stock ... should see 22-24  
Gary\_Fulleth okay any questions? i think we had 2 great charts  
rhonda do you see the reaction from the Oct bar?  
Gary\_Fulleth wyckoff wise, yes ... the 1900 area  
rhonda 18.88 today, 18.90 ... draw a trendline ... was perfect  
Gary\_Fulleth yes maam  
rhonda G should pullback a bit, and absorb this area?  
Gary\_Fulleth i wanted to show the springboard, but yes indeed

rhonda ok Thanks ; good charts ... Thanks

Gary\_Fulleth it is a great chart to see ... any q? Ok, i bid u all a great night ; ty

Gary\_Fulleth tomorrow, monthly unemployment - so a big report - expect the number to be high ... maybe over 700 k

Dwayne Yes I have a question. When using the Wyckoff method, do you enter a trade at the end of day, or intraday?

Gary\_Fulleth i do both - sometimes, i want the market to prove itself ... so i wait for eod (end of day) ; sometimes i buy support, or sell resistance intraday, and hold it ... so do both

Gary\_Fulleth when the market needs to prove itself, i wait for the end of day, to evaluate ... okay, dwayne?

Dwayne Thanks ... Example I am looking at, is the EURO 240 chart - not sure how to enter.

Mr\_Steve Gary, question? JWN has resistance at about 1700, I still wonder why you took the trade so close, without coming through this

Gary\_Fulleth i bought at 1425 on the newsletter - the retest of creek, then the springboard today

Mr\_Steve OK, ty ... I did not catch that

Gary\_Fulleth we were on a springboard ... see this area? and todays springboard

Mr\_Steve spring from the creek? or from ice?

Gary\_Fulleth springboard ... NOT a spring

Gary\_Fulleth we retested creek at 1600 - the high end close - that is what I meant by springboard ... was a springboard for mark up ... right, do u see that springboard?

Dwayne yes

Mr\_Steve yes

Gary\_Fulleth okay good ... does that help? does that answer u, dwayne and mr steve?

Dwayne Yes

Mr\_Steve yes, ty

Gary\_Fulleth great ...

Gary\_Fulleth okay ; see u all tomorrow, or maybe next week :) good night ... ty

Gary\_Fulleth left.

## 2009-04-03 (Tim Ord)

Ord joined.

Ord I guess everyone has the charts

Ord The first chart is the longer term view - which is the Trix of the Vix

Ord This chart of the vix goes back a couple of year, so you can see how the signal performed ... I have identified these instances with red arrows. When the Trix of the VIX turns up, then that is a bullish sign for the SPX.

Ord These signals don't try and pin point the exact high, but will usually get the trend right.

Ord to the far right of the chart, the TRIX is starting to bend up, and may mean the uptrend may be ending (??)

Ord The next chart is the shorter term. I have been getting bearish signs for the last couple of weeks, and so far the SPX has held up. Yesterday the Spy drew a high volume Doji

Ord Markets usually do not make tops on high volume, the high volume high is usually tested. If the Test of the high volume high is on lighter volume, and then closes below the previous high, then that will trigger a sell signal by that method. Normally high volume Doji at tops, are a sign of Distribution.

Ord Notice also, the RSI has been hanging at the 60 level for the last couple of weeks, and the 60 level usually appears near highs in bear market rallies.

Ord The McClellan Oscillator is near +100 again, which is overbought (back line in window, below volume window).

Ord The McClellan Summation index (red line in same window as Oscillator) is still trending up, which for the moment implies the trend of the SPY is still up. Once the Summation index turns down, will imply the market trend has turned down.

Ord The tick index has been hitting extremes for the last couple of weeks, and shows exhaustion to upside.

Ord There are a couple of signals I'm waiting for, and that is the test of Yesterday's high on lighter volume, then a close below ... and for the Summation index to turn down.

Ord So far, neither one has happened yet, but that could develop in the next few days. The TRIX of the VIX suggest the upside is about done.

Ord Are there any questions?

jim pretty clear ... thx

Handles where to next, would be my question ... retest of 770, and then back up ... or is this the end of the bear mkt rally

Ord It would be hard to say ... but this pattern developing over the last couple of weeks, could be a Three Drives to a top, which would have downside target to 76 on SPY ... Then could bounce again ... don't know, until I see what happens near 76

Ord Any other questions.

Rick Great material

Ord I might add that the TRIX of the VIX, suggests a trend down.

Gary\_F The charts are nice folks

Peter Tim, very clear - I learn something new from you every week - thanks:)

Gary\_F tim does some nice work

Handles three drives ... i see that clearly

Gary\_F not like the Habs ... they only have 2 drives to the bottom

Handles lol

Gary\_F ce livive ... or something like that ... lol

Gary\_F the charts are very clear folks

Ord I'll see you guys and gals next Friday. Have a great weekend.

Peter enjoy your weekend, and good trades

Ord left.

## 2009-04-07 (Gary)

Gary\_Fulleth good evening ; did everyone get charts? any questions, or comments

Gary\_Fulleth okay ... it is a holiday week, and the market is closed on Friday - tends to be an up week, this week - but doesnt look like it will be, so far

Lady\_K have charts provided by RJO, and also by Ninja Trading, and yours ... all are close, but some differences

Gary\_Fulleth ... what differences, do u see?

Lady\_K RJO continous cl, already broken lower channel by 15-20 points ... did it 7 days ago

Gary\_Fulleth dont know why the difference ... prices should be the same -- sometimes they have errors - cgg corrects them, many vendors dont - cgg is the cleanest data, i believe ... with errors and all ... sometimes the day and the night trading be a difference ... they trade side by side ... the pit and electronic can be different due to liquidity

Lady\_K aha ... RJO sends daily at 12midnight

Gary\_Fulleth okay ... thats probably why ... okay, any q?

KevinA If it helps, on my charts, the spliced continuous breaks the channel, and the back adjusted does not.

Gary\_Fulleth okay charts ; s and p -- u see a nice channel in the s and p - in wyckoff, talk about areas vs specific numbers - if we make a low by 1 tick, it isnt a break out to wyckoff - so as u can see in this channel, we can draw a support line - the reverse trend line is not perfect, and goes thru some areas ... BUT what is important, is the story on how the market is behaving ... so even though the rtl isnt perfect, we can see that the market has an up channel ... understand? most tech work is based on specific numbers - the cm works in areas, to accumulate and distribute ... cm is composite man ... large money

Gary\_Fulleth okay ... so we always look for reaction lows and highs, in an uptrend - we look to buy reactions to support, and we can liquidate longs into resistance, or raise stops -- so trend is the first key we look for - trend so far, looks up from march ... overall down ... so we can see the 775 support, and the 807 support - today the market retested near support ... see this?

Gary\_Fulleth so we see that the market also has decreasing volume on this break - lack of supply at this point, since the trend, short term is up ... but the support must hold -- so, if the trend is to remain up, the support MUST be bought ... or the market will fall out of the channel, and retest lower

Lady\_K 807 AREA ; 810 50% fib retrace ; last swing low, 780 area

Gary\_Fulleth correct ; those are the areas the market reacted from

Gary\_Fulleth when looking at the daily chart, also look at the weekly chart ... to show the larger time frame -- so we need to hold 807, otherwise a retest of 775-780 area ... remember, the weely and the monthly is down ... so most trades should be from the short side, longer term ... but u can scalp the long side on bullish days ... any q?

Gary\_Fulleth notice that for the most part, the up bars are sharper than the down bars - and that there isnt selling pressure for more than 2 days or so

DaveM since u have a better understanding of the VIX, i thought u might be able to help me understand a divergence, i noticed today in the vix daily - for the first time in many months, the vix actually fell with the snp today. Typically the vix moves opposite ... i think due to implied volatility ... can we derive anything from this ? assuming my charting data is correct

Gary\_Fulleth okay, dave ; it would probably mean the selling was not supply, and just lack of demand - that lead to longs liquidating, vs news shorts entering ... which would cause volatility ... thats what i would think

DaveM what i was thinking, along with the reduced vol, and being at a support area - i read this as a possible bullish issue - i can't think of a time in the past 4-6 months, where this has occurred ... interesting

Gary\_Fulleth it would be 2nd lower day today ... markets tend to counter trend 1-3 days ... so tomorrow would be a day to hold then

DaveM i would suspect ... i closed my short out at 3:59 on sds

Gary\_Fulleth several bullish factors ... 1) trend , 2) easter week , 3) IRA money ... but ... if we get under 807, can uncover sell stops to under 800 ... good point and observation

DaveM yes, sensei gary ...

Gary\_Fulleth i want to show a chart that most dont see - but i sent to newsletter folks last weekend, and I wanted to share ; it is the quarterly s and p -- sometimes on the daily chart, we dont see support - but if we take the longer term charts, we can see a lot

Gary\_Fulleth so the low in march ... the low came in exactly to the reverse trend line (the rtl), and reacted ... and trying to spring the 2002-2003 lows ... see this line? Use the reverse trend lines and trend lines as parallel channels - trend lines are not the greatest ... but when they are shown as a channel ... very very powerful

AH\_Tex helps to show line cm is working?

Gary\_Fulleth he is always working 24/7 ... he gets no rest, to make money

Gary\_Fulleth so its a great line ... why so great ... because it is a long term chart, it is not a 5 min chart, but a quarterly chart - so happens 4 times a yr - so important long term chart to use ... any q? keep this chart ...

Gary\_Fulleth okay ; have some charts that some people from the day class asked me to send - so lets see if we can see anything

Gary\_Fulleth NG ... natural gas -- this is an important chart for a few reasons - it is used for manufacturing, as well as heating - so weak ng prices, reflects a poor economy as well, to a degree

Lady\_K plastics & fertilizer

Gary\_Fulleth ty ; that too :) ... so, as i said before, we draw channels, as often as we can, to tell us a story - this is a very classical down trend channel ... with NO signs of ending

Alvin just like the economy :)

Gary\_Fulleth yes alvin ... what i want to point out, is this -- look at the large move up - i call it a hypodermic move

Lady\_K was a storage report day

Gary\_Fulleth correct ... but 2 things about that day -- 1) the close was well off the high ... and 2) the high didnt take out the downtrend line ... IF and a big IF ... those 2 things didnt happen ... the action after that day would have been absorption ... and that day was a sign of strength -- so since we had supply, close, and the market didnt take out the downtrend line - the action afterwards was distribution, and not absorption

Gary\_Fulleth so that bar told us a great story ... was NOT bullish behavior ... but supply, after a run up ... understand? very very important -- this was NOT a sos (sign of strength) or demand - so this lead to the continuation of the downtrend

Lady\_K the following thursday (report day verified all u have just said)

Gary\_Fulleth what if there is no ending action in a market thats bearish, that turns it into a bull - the market, if it doesnt have a selling climax, then will have a dull bottom ... a pathetic type action ... so the lack of interest at a low, many times leads to a bottoming action - longs are discouraged, and fear sets in that we are going lower - since most traders are not strong money, and prefer to be long and not short, that dull action at the lows can be quite bullish - because traders throw in their hat, and give up ... so the volume is light and boring

Gary\_Fulleth tops are not made that way - if they dont have a bc (buying climax), looks like this channel - rtl line, we can see 260 area or so ... cheap but thats where the line projects ... so can still break a lot from here ... any q? probably bottoms when the economy gets better

Alvin there is more volume and shortening of the downward thrust

Gary\_Fulleth in NG?

Alvin yes to me ... may not be ending action, though

Gary\_Fulleth well ; we can still see that rtl line - remember, as u go lower, the ranges tend to get smaller - percentage wise, the same as when they are higher - but dollar wise, cheaper - but so far no ending action in ng

Alvin the markets are going crazy ... i guess that is part of my problem, gary - I think I see things like ending action, and it is not ... need to let the market tell the story:)

Gary\_Fulleth well its fine that u do alvin ... BUT ... let it have ending action, and WAIT FOR THE RETEST ... u can be in a better position ... u dont have to pick the top or bottom

Alvin retest is key, and takes patience

personkid would ending action show itself with progressive moves toward the rtl on higher volume?

Gary\_Fulleth wait for the retest ... can be on higher or lighter volume ... lack of supply, or capitulation

personkid oops ... I meant the trendline ... not the rtl ... as less momentum, or cm commitment to lower price

Gary\_Fulleth well if u get demand ... than yes ... u would need a demand rally ... u dont have that yet -- so if we have ending action, wait for the proper retest - never a need to try and get that first bottom or top ; the cm is patient, and if u are not ... they will wear and tear u ... your impatience is a benefit to smart money

Alvin and you will lose all your ammo:)

Gary\_Fulleth yes sir ... let them lead the way ... U catch em on the retest -- they will leave tracks - u dont know where the fear or greed will come in - but u do know a retest of that fear or greed ; let them sense the fear and greed by traders - let the cm take on the traders - u want to be there, after the cm intentions are known on a retest - let the cm make the first move and intention ... dont be a hero ... so u didnt make the ending action, let smart money do it ... and u ride the coat-tails

AH\_Tex so cm waiting, as to let impatient traders make a move?

Gary\_Fulleth always AH - they have time, money, and news on their side - they take on traders at the highs and the lows at the exchange - from strong hands to weak hands - they are there thru those areas

AH\_Tex thus in this chart, NG - it is apparent to continue with mark down

Gary\_Fulleth right ; the cm has not bought ... so the trend remains lower ... clear down channel

Gary\_Fulleth so unless u see a cob (change of behavior) ... we go lower

AH\_Tex fear is it, for now?

Gary\_Fulleth well, i would imagine, as we go lower and lower ... it sets in

Gary\_Fulleth crude oil ; this chart looks like the stock market ... the up channel ... but notice the BIG difference ... ng in a downtrend, crude daily upside

Gary\_Fulleth so as i have said many times lately -- that crude and stocks are similar charts - though crude bottomed a few weeks before stocks did ... stocks on march 9th, feb 17 for crude ... but both are at trend line supports -- see the similarities of the charts, watch the actions of both - they have the same story ... any q?

Lady\_K cl didnt make a higher high, on last swing high ... es did

Gary\_Fulleth good point ... crude probably saw something

Gary\_Fulleth cattle ; tonight, cattle is in an important area - we can see the market at creek, as well as a downtrend line - so we have formed an apex - we have small ranges at the highs - we had a chance for a joc, but seems it may fail

Gary\_Fulleth we have a nice trading range formed ... 8000 area, 8420 resistance -- the previous 2 closes were high end - so it would appear to be absorption ... as the closes seem to indicate

Lady\_K fundamentals are reduced supply, but demand is the BIG ? large loss of liquidity in industry

Gary\_Fulleth well cattle was sold, due to stock liquidation - farmers selling their herds - with higher feed, and stocks losses ... going into cash ... selling to get cash money

Gary\_Fulleth so the q is ... is this trading range, accumulation or distribution ... and is this trading range ready to have mark up -- so tomorrow may be key ... key in stocks, crude, as well as cattle ... any q?

Lady\_K 90\$ feeder cattle, 80\$ fat cattle, and 4\$ corn ... wont work

Gary\_Fulleth on the surface ... seems to be joc (jump over the creek) going to occur ... but looks like it will fail ... prices need to come lower then, doc?

Lady\_K corn or feeders lower, or fats higher

Gary\_Fulleth okay, ty ; makes sense ... feeders next chart ; this chart seems to be more bullish than cattle - we can see an apex, that was formed - we can see the downtrend line, and the uptrend line - the low was 8600, now trading at 962 area - so about 10 bucks off the lows

Gary\_Fulleth so feeders are stronger than cattle ... many times, feeders lead ... feeders sensitive to grain prices, more so than fat cattle -- the downtrend line does go thru an high - but the line tells a story - so the market has a few closes above the downtrend line ... any q?

Gary\_Fulleth okay, 5 min s and p chart ; this is a great chart - a chart i sent to newsletter folks today (btw, amos will NOT be on, due to the passover holiday - but will have class - probably steve will help with stocks)

Gary\_Fulleth in the 5 min chart - we had a low, and was a spring low - increased volume, and a high end close ; then after that spring bar, we had a retest, and a reaction higher ; then we had a retest, and a decent close ... so the spring was retested, and the close was decent after the retest ; then we had a move higher - we have formed a trading range at the 816 area - and then we had demand, and a move above this ...

Gary\_Fulleth look at the bar that I wrote : mid range close, high volume - this was selling - the high volume, and wide bar ... BUT the bar was mid range ... this said selling pressure -- so i wrote selling pressure ... the chart is labeled well ... the spring and the retest

Gary\_Fulleth so the selling, after the move from 816, was some supply - and u see 2 bars after the break ... now go to the next chart, and this reveals the action -- that supply bar was a clue that the market was weakening - so we had ending action, and an upthrust a few bars later - so we know that we had selling, and we know that we had an upthrust ... so intraday, this was negative action

Gary\_Fulleth another retest to 821 ... no follow thru ... lead to more selling ... and then we had mark down -- BUT this supply bar at 930 am ... set the tone for the day ... and the resistance at 821 was NOT taken out

Gary\_Fulleth so we know that that selling bar was a change of behavior - and that the market, if demand didnt show up, would be weak and defensive - and we can see that it was ... the 816 area, which was resistance at 830-900 am, became support from 1030-noon time ... since the reaction was weak at 816 ... this lead to a breaking of the ice ... any q? okay ; no amos tomorrow - but we will have a class and lecture

John great charts, as usual - thank you, Gary

Alvin thnx Gary ... good job

Gary\_Fulleth okay ; i see some new folks - please ask or email me - [riskybiz99@aol.com](mailto:riskybiz99@aol.com) , or private from the site williammندا what service do you offer? and at what cost?

Gary\_Fulleth i am a commodity broker - i send charts, give quotes and advice - but u can email me or call, and I can discuss (977 -306-7100 or [riskybiz99@aol.com](mailto:riskybiz99@aol.com)) - i will be willing to discuss in private, vs on a public chat williammندا ok ... I would like to discuss on private chat

Gary\_Fulleth click on my name and double click ... any q ... just let me know

Gary\_Fulleth nice to have u all here ; ty, and gn

## 2009-04-08 (Gary)

Gary\_Fullett good evening ; amos wont be in tonight, due to the passover holiday, so i figured we can do a lecture, and a q and a tonight for a bit, since we have a slower week, as the week is a holiday week, and we have a lot of new folks, and i am sure many may have questions - i didnt send charts to look at today, as I had dinner with my family ... so I am open to a topic or questions

Alvin retest identification is a good topic?

Gary\_Fullett you mean how to trade if a retest?

Alvin yeah

Doc\_K describe ending action, other than a BC or SC

Gary\_Fullett okay we can do both ... since i didnt get to lecture much, since tuesday is charts, and wed is amos, and thursdays is charts and discussion ... since alvin was first, lets talk on retest identification

Gary\_Fullett ok, for those that are not familiar ; when a market rallies or goes up, or breaks or goes down ... retest is the counter trade, or retest of that support or resistance ... so a low of 600, then a rally to 630, then a retest of the 600 support area ... so a retest of support

Gary\_Fullett to wyckoff, these retest or test or secondary test ... are of the utmost importance ... why? for several reasons ...

Gary\_Fullett 1) the retest of a support or resistance, will test the demand or the supply, respectively

Gary\_Fullett 2) the retest will give "cause" on the point and figure chart ... "cause" meaning how far a market can travel ... okay so far?

Gary\_Fullett so the retest, is where the cm or smart money will defend a position ... for the most part ... sometimes they will not defend the area. When we talk on retest - we are talking an area, NOT ONE PRICE - so a retest can have several meanings ... it depends on trend. If trend is up ... we want to buy a retest of support. If the trend is up, the retest of resistance may be part of mark up ... so take profits ... and maybe sell, only for a scalp

March gary, in general, on an intra day chart and trade, how big an area are we talking about on the retest?

Gary\_Fullett march, it really depends on the market, the volatility, the price of the commodity -- for example, beans at 4.00 may move 8 cents a day ... at 9.00, beans may move 30 cents a day. So it can be wide, or not so wide - the lower the price, the more likelihood of a small range and retest - higher prices, larger range and retest - also beans are more volatile in summer than winter ... okay, march? was it clear?

March yes thanks

Gary\_Fullett so in uptrends, the cm will buy the retest of support to defend his position -- the cm, smart money, compaosite man - he buys breaks of support, and sells resistance at creek - the first retest of support or resistance, generally will hold, and react from ... he may aggressively buy, or passively buy, depending on the situation

March gary, in the retest area of support ... why actually wait for the retest, since there is a chance that it may not retest, and you miss the move completely. And, a retest is only going to go back or near the first test, so you may not necessarily improve your position?

Gary\_Fullett great q ; lets say u have support at 600 beans, and the market then rallies to 620 - so we must judge the character of the break - we dont know if the retest will spring, retest all the way or fall short ... BUT ... we can judge the retest, if it has supply, with range and volume

personkid can you explain the retest scenario as it would look on a on chart?

Gary\_Fullett if u look at 811, in the es today, is a great example - I can send charts tomorrow on it, after TODAY'S LECTURE, for tomorrow

Gary\_Fullett so we have a high at 620, support at 600 - by the market action, we can see the quality of the retest -- lets say we dont retest, as march says, and the retest bar had demand or upside - we know support ice is at 600, we know resistance creek is at 620 - so we can wait for a demand rally to buy, or we can wait for a jump over the creek, and buy at retest of 620 - this is the safest buy zone for a wyckoff trader - so we really never miss it ... we may have to pay higher, BUT sometimes by paying higher, the market is stronger ... since the retest was all the way - so we expect a retest, and watch the tape, to see how severe the retest is

March so to determine if you go for the retest or not, you gauge if there is supply remaining?

Gary\_Fullett i wait for the retest to see if the supply is still present -- if i am buying, i wait for the retest to tell me if selling or supply is still present, if I am buying support - we can many times tell on the retest, if selling or supply is still present, by price and volume - experience helps to see the quality of the retest

jabo so, a test probe down of sellers/supply, and cm buying or defending, is why the wick of a candle pushes the bar close up?

Gary\_Fullett whats a wick of a candle?

jabo whisker, bar low

williammندا hammer

Gary\_Fulleth MC hammer is the only hammer i know ... i dont use candles ... only on my birthday

Gary\_Fulleth jabo ; are u referring like a spike low to support, then a good close

AH\_Tex so the cause is seen in the figure chart during these retests? I need a lot more work in p&f

Gary\_Fulleth yes al ; p and f is very time consuming ... but very much part of wyckoff

personkid is it possible to guage reaccumulation on the pnf and not being tricked into possible distribution

Gary\_Fulleth well person ; depends on trend - if u have an uptrend, the sideways action is accumulation - if u have a downtrend, the trading range is distribution - and different time frames, can have different trends

jabo yes, i see high vol spike down, and want to know if the reason the close (whether up or down bar) is pushed up, is because of the cm defending that support level - then a low spike down, is that the supply running out, and the cm doesnt have to do much vol to defend it?

Gary\_Fulleth well if the trend is up, and there is a sharp break to support ... the cm will defend it ... correct jabo - the cm will defend it, and cause the rally, and the close off the lows - if the slow retest happens, the cm can see lack of supply ... makes his job easy

Gary\_Fulleth cm has a lot of money and patience - but trend plays a role - in a downtrend, if u get a retest of support, u can expect a weak rally to resistance, for smart money to sell ... so a retest of support in a downtrend will fail ; the retest in an uptrend of support, will be beautiful to buy ... so thats what i was talking about, with regards to trend ... there were alot of q ... did i answer it, or did i miss anything?

Alvin Thanks, Gary ; good explanation

AH\_Tex yes, ty

personkid great - ty

Gary\_Fulleth okay ; so retest is the way that a market see if demand and supply is evident - we get them in most cases - i also will expect a spring or an upthrust ... so i expect the worst type of retest, and watch for another type jabo Q: In a markup trend up, does the lack of a buy climax / end action give us clues that a consolidation will be a re-accumulation of a trend up continuation?

Gary\_Fulleth yes yes yes ... as long as u dont have a bc, or other ending action ... the trend will be up -- in an uptrend, U must eventually have supply or selling to turn the trend down - whether its a buying climax, then weakness ... or lack of demand, that leads to supply or selling

jabo thats a great great clue then, excellent

Gary\_Fulleth thats the q, that doc asked ; so if in an uptrend, and u have mark up, the sideways trading range can be considered re-accumulation ... once u have a buying climax, the trading range is distribution

jabo so if we recognise the BC, then that shows we are in distribution ... and we shouldnt fall for an upthrust to shake us out, and we should hold tight to our short position?

Gary\_Fulleth correct

jabo i ask that, because sometimes that upthrust can put pressure on weak short to let go - especially those with small risk to stops

Gary\_Fulleth the stop should be above the further time frames resistance ... so u dont get jabbed out -- so a daily BC, the stop should go above weekly resistance - so if u have an ut at 622, with the previous high of 620 ... if the weekly resistance is 630 ... dont place the stop at 626, but above 630

Gary\_Fulleth if you watch the action, then u can judge where to place the stop as well - in volatile markets, the springs and upthrusts tend to be wider ... jabo, understand? any other q?

jabo yes ... perfect explanation, Gary

Gary\_Fulleth we can get a large volume retest, or a small volume retest - the cm will defend both, if they feel market will happen -- if u get a retest, and after the retest, the close is mid range or higher ... then it will be a successful retest, and should probably be bought ... so let the close tell u, after a retest. A weak close that retests, will probably fail ... a good close will be a successful retest

AH\_Tex in this case you described, would be coming out of accumulation?

Gary\_Fulleth yes, i was talking about accumulation

March gary, when does the cm decide to stop defending, and call it quits and take a loss?

Gary\_Fulleth if the cm is buying ice support, and the market breaks that support ... the cm may puke -- so if the cm is buying support, and supply comes in, the cm will buy the support - if it is broken, then the cm may sell - if the retest of support doesnt get the reaction back up, then the cm may sell out - if a weak reaction, the buying isnt present, and will go lower ... so its the quality of the reaction ... if poor, the cm may be wrong

AH\_Tex so retests are a cost of doing business to CM, in order to confirm markets direction

Gary\_Fulleth correct ... when the cm accumulates, he does this over time, as well as distribute - so the retest is there for the cm to build a position ... the purpose of a retest is to check demand and supply, and cause ... in a nut shell, a good close on a retest of support, is bullish ... a poor close means they may have to probe lower

Gary\_Fulleth alvin and others clear? any q?

joel so good ... ty

Alvin yes ... very clear ... thanks

AH\_Tex got it

John Fantastic

March probe lower for supply?

Gary\_Fulleth no ... to test for demand, NOT supply - if u break lower, then the demand has to be there for stopping action - so if support is taken out, u know supply present ... so demand must come in to shore it up

Gary\_Fulleth okay ; the classical way the market will top is a buying climax ... wide range, high volume, close well off the high ... this is the classical top

Gary\_Fulleth another way a market can top ... is that the market has longs saturated ... the market will have lighter volume on the rally ... this lack of demand will lead to selling or supply

Gary\_Fulleth so thats how the market will top, in addition to the buying climax ... but eventually, in both cases, U must have supply to top, and vice versa from the bottom -- since in an uptrend, the demand is in control - it will take supply to turn it around ... otherwise the market will continue higher ... q? understand?

joel y, ty : is that the market has longs saturated ... great stuff

Gary\_Fulleth if the funds buy new highs - which they do with funds - if they are buying and buying, and if they fail to make upward progress - this will lead to supply ... so if saturated, the cm see this ... and will sell

joel yes makes sense ... cm licking chops when seeing saturation ... never thought of it that way ... will read the log tomorrow for the rest ... thank you, good night

Gary\_Fulleth any other q? the markets are closed on friday, for the good friday holiday - look for stocks to be higher tomorrow, with the holiday - expect light volume, 2 sided trading - the stock market tends to rally now, due to easter and IRA money

Gary\_Fulleth in the newsletter will talk on the s and p action ... any general questions?

AH\_Tex so I assume CM has been working toward this holiday, to achieve operation? I mean prior to this week, and into this week - knowing holiday coming

Gary\_Fulleth right ... the cm will use the news to his advantage ... the cm may not know the specific news, but he accumulates or distributes, and the news carries the trade for him

AH\_Tex very helpful!

Gary\_Fulleth the cm isnt the boogie man ... he is the market itself

Gary\_Fulleth tomorrow, i will have some charts on the retest concept, okay

John thank you, Gary - wonderful lecture

personkid wonderful, Gary

Gary\_Fulleth no q? look to buy a retest in stocks tomorrow ... support is 811 area

AH\_Tex very good discussion ... ty, gary ... and making more sense everyday! Nite

Gary\_Fulleth takes time ... so u will get it ... we all start out the same

JWC is the 811 support on the ES?

Gary\_Fulleth yes ; this was the reaction we had several times today

JWC off the hourly?

Gary\_Fulleth correct - i mentioned this in the day class today ... and retested there 2 times today

JWC and resist at 834? then 848?

Gary\_Fulleth correct

Gary\_Fulleth okay ... chart time ... i will see many of u tomorrow ... if not, i will wish everyone a happy easter

JWC what do you think about the fact that the 848 high didn't reach the RTL?

Gary\_Fulleth it can still retest there

JWC just wondering if we may work sideways for a bit

Gary\_Fulleth well traditionally up the next few days ... but we can work sideways

Gary\_Fulleth good night

Gary\_Fulleth left.

## 2009-04-14 (Gary)

Gary\_Fullett good evening ; finally got the dsl lines back, and now able to see charts within 5 minutes ... that dial up is like a dinosaur -- amos will lecture tomorrow night, and will get back on track ... okay any questions?

Gary\_Fullett okay we will begin ; i took some charts that we can see some nice wyckoff -- so lets begin with the weekly chart of the S and P ; first we must determine trend - we can see that the trend is still lower - we have had a reaction from the march lows - usually stocks will have what we call a v bottom ... look what a V looks like, and u can see how that bottoms works ... so a v bottom would be a quick low, and a rally to follow

Gary\_Fullett so the market made a low in nov, then a lower low in march - ever since the lows, we have had 5 weeks in a row, that had higher closes - if the rallies were sharp, would be a demand rally - but u can see more of a grind the last 5 weeks ... so more of a short covering, vs demand from the bottom ... I will show u a chart tonight, that shows volume from bottom

Gary\_Fullett so the last 5 weeks ... we have had higher closes ... and the closes have been towards the top of the range, so decent closes - so the higher closes, lead to higher market action the following week - and each higher close, from the march 9 th week lows, was on higher volume ... see this? ... i mean on LOWER volume, Not on higher volume, for the higher closes

Gary\_Fullett so 5 consecutive higher closes - but each week, the volume was lighter - so a rally in a downtrend, with light volume ... is more of short covering, vs demand -- if demand, the ranges would be larger, and the volume increasing ... understand? Any questions?

warren well, we have 3 more days to see result

Gary\_Fullett correct warren ... and i am leading there -- usually, we have 1-3 bars as a reaction, maybe 3-5 bars - so being up 5 weeks (or 5 weekly bars), this is week 6 - the rally is about 30 percent from the lows ... which is huge ... but i wrote a few weeks ago, about the rally after 1929

warren notice previous rally was similar

Gary\_Fullett correct, good eyes ; the volume decreasing, is very troublesome for bulls ... as it shows a lack of conviction -- now the market at the 862-885 area ... is now running into a lot of creek resistance, as well as trend line resistance -- when u get those to intersect - this is a piece of the puzzle

Gary\_Fullett so we have that now - notice the highs have been only slightly higher from the week previously - so slightly higher closes, and slightly higher highs ... says sellers are not aggressive, as well ... and letting the short covering process to continue

Gary\_Fullett so after making the high on Monday, on the weekly chart ... many times, u will see a high or a low on a monday, as the market trakes (??) it trend of the week ... so we have to see the close of the week -- a close near or under last weeks close, will set up for a nice retest lower - this being an outside week ... if last weeks lows are taken out ... also watch the volume, to confirm any move this week ... make sense? any questions?

John very clear explanation

JWC what would you expect as a reaction, if we start down again?

warren so we might have a retest of 873 first?

Gary\_Fullett well, we are in an area to react, jwc - i wouldnt be long in here - if we retest the 875-885 area, I dont think we get above that, before a correction ... and the correction may have already began

JWC which first, 873 or 750 ?

Gary\_Fullett earlier i thought 873 first ... BUT if the highs of monday hold, and we close poor for the week ... than 750

LarryG if outside week down on higher vol, would you wait for a retest of that on a daily to enter a short? or enter at end of week?

Gary\_Fullett well if u got that poor weekly close, larry ... i would go with that weakness ... since trend is down, and u already had a retest

LarryG ok, i guess this is the retest now

Gary\_Fullett this is a weekly chart, jwc ... so needs to unfold -- dont forget, this is a weekly chart, so one day doesnt determine this chart

LarryG each week has had less vol

Gary\_Fullett correct ... in a bear market, thats a lack of demand ... in an uptrend, this would be bullish, as the eom is up ... any other q on this chart? i went slow, as this affects a lot of outside ... like grains, energies

Gary\_Fullett the next chart ; is the spread chart, which i show newsletter folks, almost daily ... as it is so important ... shows the 500 top stocks vs the move of the tech stocks with the nasdaq -- if traders feel more speculative, and traders have excess cash - they tend to buy the nas vs the s and p - so a move up in this spread, is generally bullish for stocks ... and we can see that this is true lately

Gary\_Fulleth so we can see this in this spread - we have a low in december, the s and p and dow made its lows in march - this spread bottomed in december, the market bottomed in march - so the spread bottomed 4 months in advance of the market ... thats how spreads are very powerful ... they tend to lead, and we can see this, is the case

Gary\_Fulleth this spread got outside the reverse trend line - so this line represents, NOT a break out of the rtl line, BUT an oversold line - so outside this rtl line (reverse trend line) is overbought ... and a danger. So if this spread should fall back into the channel - which is probable - the stocks should break in here, overall ... understand how that works? spreads tend to lead - and u can see it here - any q on the spread and what it represents? Okay, good

Gary\_Fulleth next chart, u will enjoy ; it is the chart from 1912 to 1984 - but there are some things I wanted to point out, even though we discussed some of the years on this chart -- we can see, many times u will hear, that a war is good for stocks and the economy - as it allows people to work, and production to increase, and takes a country out of a recession ... so I included some war years ...

Gary\_Fulleth look at the teens, 1910-1920 ... u have a market that was very flat, this was world war 1. After this era, 1920 area, the market rallied in the roaring 20's - this lead to 1929 - but in 1928, we had a wide bar for the era

Gary\_Fulleth in 1929 - u can see in 1929, the year was a lower year - but after being higher the first 9 months - the market broke late in the yr, and closed lower than mid range ... so this was a supply bar, obviously -- but this yr, as u can see, was not the low - in 1930, the market had the low end close, weak bar - 1932 was similar, but the range was a tad smaller in 1932 ... was 3 yrs after the crash, but what do u notice about that bar?

AH\_Tex short spread

John sot

Gary\_Fulleth correct ; very well said john and ah ... wonderful -- it was a shortening of the downward thrust - so what does this bar represent - it says it was a bar that showed a lack of supply ... no more selling ... the selling abated -- Small range after supply bars, this was a cob (change of behavior) ... as the selling bar, didnt reappear ... so the sot was A SHORTENING OF THE DOWNWARD THURST, and a possible cob

Gary\_Fulleth its quite obvious, this lead to an up bar the next year - so with fdr policies, they did rally the market for a few yrs ... they say his policies never worked ... in 1937, the market had an OKR (outside key reversal) ... bearish action ... could be saying the market was breaking to a retest of the lows

Gary\_Fulleth if u look for 1937-1942 ... which is when the world war 2 was happening, but the US wasnt involved yet (pearl harbor happened in 1941) -- so in 1942, we had another sot - the market in 1945, retested the 1937 highs ... but all in the 30s and 40s, u didnt really have a demand bar ... well the chart doesnt seem to say that, does it

JWC so war doesn't really boost the economy? but the end of war does?

Gary\_Fulleth well at the end of war, is when the troops come home ... when was the korean war?

JWC I think Korea was 1950 to 1953? so 1954 took off? because all those soldiers came home, and went to work warren not 1950 -- I bought my first stock then, after a wise trader told me to sell my car, and put the money in the stock market!

JWC Wikipedia says 6/25/50 to 7/27/53

warren sorry ... but I still bought, and actually the same man said to short the BP, just before it fell! but I never knew how to do that!

AH\_Tex so troops, back to civilian = paychecks = contributions to taxes / financial markets = big funds buying stocks = real demand??? is that somewhat what we are needing to see?

JWC probably ... right now, all the soldiers are costing money, and destroying things. When they come home, some of them will go back to work, earning money and building things ... pretty simple

warren I hear the boys and gals on CNBC talking about the retest, and then whooosh!

AH\_Tex charts do suggest this, interesting!

JWC where did Gary go? did the DSL bug get him again?

AH\_Tex hope not we are making good ground ::smile

JWC well then, lets think about what happened with the Vietnam war - which involved the US, from around 1964 to 1973

Gary\_F sorry ; the dsl went off again - anyway, it appears the market went higher after the war - maybe thats why they say war was benefical ... as it stimulated the economy, after the war was over -- but the only demand bar we see ... is 1954 ... wasnt this the korean war?

JWC we concluded that Korea was 50-53

Gary\_F so mark up happened from 1941 to 1964 ... 22 yrs ... so war lead us to mark up, and the market tended to bottom during the war. So look from 1964 to 1980 ... we had a trading range, the bars were wide .....

JWC Vietnam started 1964, to 1973

Gary\_Fulleth dropped out again, and discussion finished...

## 2009-04-15 (Amos)

Amos Hi ; I guess I owe you an apology to start with, since I prepared the letter on Sunday - almost all the charts do not include this week - and then I found that many of them have been discussed by Gary, in his Tuesday lesson - so apologize

Amos The first chart is the Monthly nasdaq s and p spread ; This has been going up throughout the market decline. The only explanation my mind gives me, is that market perceives hi tech as more resilient than cars ... or that webinars and video conferences will save the day ... perhaps

Amos at any rate, I added the 25% retracement to the Fibo tool - at times, retracement respect that level - and indeed we are at that level, from the 1999 high to the 2002 low. I drew a channel on the monthly chart, and it so happens that we are touching the upper boundary around these levels. Will the combination of 25% retracement and the channel hold the market? at least throughout the day, today it seemed so - but one day on a monthly chart of 10 years - hardly a summer makes.

Amos We are at a rather important juncture in the year - tax day is over - april 15 brings us closer to the half way mark, and a quarter and a half passed. Quite often end of April, start of May, brings a change of venue in markets ... have no idea why ... but this time it is important. The reason is that it has been now 4 months into the year - many fund managers are already thinking of the yearly outlook, and have had some serious moves in their portfolio ... some stocks had 20-30%, to much more gains ... and people begin to feel that we have crossed the rubicon. So I wrote on top of that chart - not sure if you get my actual writings posted : Big question -- when or how far, till all bottom pickers go long - when that happens - they lower the boom

Amos The rest of the year will have little to rely on economic fundamentals, because most of what we will get will be vicious lies -- like the banks earnings, that are probably as a big a fabrication as they come -- they asked rubbini about it, and he agreed. I have a quote from Livermore book about this rally ... so we need to be prepared. Again - the trick is not to GUESS the top of this bear market rally, but to WAIT for a meaningful thrust -- the next leg down will be big enough for everybody

Amos The next chart is the weekly transport ; it is a clear v bottom so far, and we are in the 5th week - many times, comparison of rallies and reactions is an important tool. The last rally on that chart, is the one at the end of 2008, and it took 7 weeks before we dropped from 3700 to 2100. If the market is true to form, then the current rally should be SHORTER in duration, than the last one. That means that the next 2 weeks are important.

Amos The weekly chart also shows that we have rallied into the 21 ma. In a true trend, the MOMENTUM provides important resistance, on counter trend rallies or reactions. It does not have to be geometrically perfect - we can stop below it or penetrate it a bit - that is not the crucial factor - the important thing is that if the MA provides such resistance or support - the next move is rather prolonged. If we use the symmetry on this chart - then the next reaction should be as long as the last one ... and it is 8 to 9 weeks

Amos If I am right, and may june will be weak months (quite often the case in markets - you know - the decline before the "summer rally") - then this 8 weeks duration seems reasonable. The last 3 days in many markets were quite volatile - so we need to see how this develops ... they are crucial.

Amos Similar picture in the beans. We are back to January highs. You know the cliché, that once April takes out the first three months - or more simply, a QUARTERLY THRUST in the beans - this is a very reliable signal. We may have this happening here. I tend to think this kind of thrust - will be a bull trap this time - but we need to watch ; the simple answer if you want to be a bear -- is WEEKLY THRUST -- nothing simpler than this. I hope this is self understood by now ... as long as we make higher lows on the weekly chart ... banish bearish thoughts -- but if it happens -- sell with stop above the high

Amos Looking at the point and figure of the beans on quite a large filter - I counted the second phase of the bottom range, and it gives count of 11 -- I MADE A MISTAKE on the chart - which I realized after I sent the letter - it brings the count to 1030. So far we are closer to 1050 - the previous high - and I do not know how to count ... should I use the last stepping stone - or combine the left phase of the bottom formation - this is a curse of P&F counting - and you have to learn to live with it. There are times that counting is NOT clear - and thats it! So the current formation at the 10-1050 level, may give us cause of distribution - if my assertion that this is TOP of RANGE, and the next phase is down ... we shall see

Amos Next chart is gold ; we are at the 13th month from the 2008 top, and i mentioned that this is important for me. March gave us a monthly thrust, and so far April has confirmed it by making lower lows - the MA is giving support to the the market - so we are having a tough battle here. You can see on the daily chart, that the last few days have been a rather narrow range - and a serious battle is taking place here ... which time frame will win? which thrust is more important ? the fact that we took out the high of October 2008 - or the possibility that we tested the March 2008 high, and this is a huge double top.

Amos I do think that the answer will come from the monthly chart - for day traders, this may be useless - but I think that keeping in mind the monthly boundaries, can be beneficial even for day traders - especially when we get closer to those levels. One thing to notice - if, indeed the bearish case of the double top, and the monthly thrust below the low of February - is correct -- the symmetry of the gold market says that from the top in 2008 - we had 7 months reaction, followed by 4 months rally, and now we may have started the next 7 months reaction ... this 7-4 works many times ... so just keep in mind

Amos back to the dow jones, and comparison of phases and symmetry - same as the transport before - but here we made a clear lower low in 2009, which adds to bearishness. The last rally was 7 weeks, end of 2008, and i marked it with a rectangle at the bottom. I stretched a similar rectangle from the Feb-March lows, and it will end next week - so the next 7 trading days - may have great significance for the REST OF THE YEAR. I have a gut feeling that this is a correct guiding line - and I am going to trade it that way - so I share with you ... you do with it, what you wish

Amos The next chart is back to the very large filter on the DOW - you can see that there is a clear creek at the 8200 level, and I called it the "target of the RWC". If you count the cause of three, it brings you to 8400 level - if you ignore it, then the top of the Rally without a cause is 8200 ... so in my opinion, the range between 8200 and 8400 will be ceiling

Amos However ; the TRUE picture is in the next chart - I have repeated it several times - and it may well be boring by now ... but the repetition of the OBVIOUS, is perhaps the most important thing to do. I had a friend who is very smart, and used to say: "YOU CAN NEVER OVERSTATE THE OBVIOUS" ... Lost his whereabouts - if anyone knows where ANDREW SHAFFNER IS - please tell me. He worked for a while at Alaron - that is where we met - has very thick glasses, since he lost most of his cornea as a child

Amos The dow quarterly chart - is the mother lode (full, with little somali pirates), and it says that we are in a large trading range ... for a long time. The high and low of the last quarter, will contain prices for quite a while - perhaps longer than GM going out of business. It is impossible to trade such boundary, because it is so far from where we are - but keeping this in mind is, again, a very good thing to do

Amos Next chart is goldman sachs ; another one of the charts Gary discussed yesterday. Have no idea what he said - so if i regurgitate things - appologize. Here again, I put a channel - you notice that i DO NOT use trendlines too much in my work - because I find them these days more traps, than true support of resistance -- but trendlines on LONG TERM CHARTS are a MUST. They are QUITE INVALUABLE - mostly because not too many people look at long term charts, or draw trendlines on them ... this issue of the crowd, is going to be very important in the near future

Amos You can see a very clear downtrend line - the bottom of the channel is not important, because as I have mentioned many times - the LEFT bank of any channel is NOT IMPORTANT, because it belongs to the LOSERS. I know that some of you love RTLs - I do NOT! - so bear with me. At any rate - what caught my eyes, and that is why I decided to include goldman sachs chart is that -- quite RARELY, the 55 MA AND THE TRENDLINE ... SYNERGIZE! ... it does not happen often, and when it does WATCH OUT!

Amos so indeed we got the first JOLT monday, when GS reached that 130 level. First reaction is an important sign - but not a trading sign - it needs to show us that the SUPPLY at that level is SERIOUS ... and that will take some time. In this case, we have another piece of the puzzle, and that is the 21 week rally in GS ... notice that GS bottomed about 3 months BEFORE THE MARKET - November 2008 vs Feb 2009 - so indeed, GS is stronger than the market. Now that I am thinking about it, I am stupid for not including the GS quarterly - but I did not. At any rate - if GS is now a HARBINGER of things to come - it is sitting in a very important juncture -- 21 weeks rally, 55 MA, and weekly down trendline ... synergy of three elements. What we need now - is a weekly THRUST - we shall see how it happens. For those of you who still doubt the thrust - this is an opportunity for you to study it ... as it develops. Watch GS on a daily basis (intraday is not important), and see what happens as it gets to the weekly boundaries - can be a useful lesson.

Amos Next chart is tough - the dollar ; those of you who traded the euro or the british pound today, or even the yen, could see some severe gyrations today - this is because we are at a very difficult point - look carefully at the dollar chart ... lets go step by step. We have YEARLY THRUST IN THE DOLLAR which says ... BEAR MARKET IS OVER. We had SEVERE correction end of 2008, which was IMMEDIATELY RETRACED TO HIGHER HIGH in first quarter of 2009 - thus confirming that the DECEMBER CRASH was of CORRECTIVE NATURE. Now we have a THRUST of last high - creating the yearly thrust, and a sharp reaction from that high.

Amos Those who want to believe, that we are simply repeating last 4 weeks the December washout - want to be long. Those who want to believe in double top formation (psy, bc and now AR, if you want to use Wyckoff) - think it is bearish. You can already see that the last 3 weeks are DIFFERENT, than the behavior of Last december - because in the third week of December 2008, we ALREADY THRUSTED THE HIGH of the week of the plunge. Also, the week of the plunge in December close in the middle, while the week of March closed near the low - such fine observations - many times give you a clue as to the true nature of the market.

Amos I am not interested in the particular correct analysis of the dollar index - as in the PRINCIPLES of analysis that are involved! So we are now trading 4 weeks inside that week (the chart was posted last Sunday - when I wrote the letter over the weekend - and does not include this week!). The last bar - last week - shows as a KR with close at the high ... indicating continuation upwards. But as you know - we are basically trading INSIDE last week - which is a typical action of a TRADING RANGE ... this is important. On one hand, I am looking at the weekly chart - and trying to decipher the true picture of supply and demand - but I get confused - most likely, it is because I AM LOOKING AT THE WRONG TIME FRAME ... or more correctly ... I am NOT SYNCHRONIZED with the CM - and he is LOOKING AT A higher TIME FRAME!! .

Peter Amos, in case you have not noticed it - there is a clear apex on both the DX & Euro daily and weekly charts, imho best to wait for this to resolve, unless scalping intraday

Amos Peter is probably correct. I even suggest that on the chart ... what if the March decline was a pole of a flag, and we are inside that flag - or as Peter calls it, an APEX - and the breaking of that APEX will give the clue ... that is a possibility. What I am trying to share here, is not the correct daily trading of the dollar - but the ANALYSIS PROCESS that a good trader has to go thru - and how it can be very difficult at times. Understanding that you are in a difficult phase, and that you really NMT - need more time - is perhaps the MOST IMPORTANT attribute of successful traders ... those who survive such difficult periods - save themselves a lot of agony and losses, and maintain clear mind for the next wave of winners.

Amos The temptation to KNOW at all times what the market will do next - is a killer. ON one hand, YOU must possess some of this ability, to make money in the market - OTOH - it can drive you mad ... and is the cause of many failures. I can keep talking about this point for a long time - because it is part of my chattaqua over the years - and it still gives me heart burns ... but enough for now

Amos Next chart is copper ; there is a guy on GVI, who called the bottom in copper, and about twice a day brags about his enormous gains in copper - his nick is ZEUS, and he talks like Louis the XVI ... WE, the king. So I took a look at copper - again this was Sunday. I do not know how to count it, because for all purposes, it is more a V bottom than true accumulation phase - so I look at other aspects of the chart than counting. It seems that the horizontal line I drew, is a natural point of resistance - because this is where the last bottom pickers were lured to go long - and seems like a natural resistance for a long time.

Amos We all know that copper had a very strong gap, last 3 days, and jumped to 220. There was a reversal, that may have been sort of small Buying climax - and we need to see how it develops. The important thing to learn from this example - is same as other markets - if you think that this is nothing but a bear market rally (which most likely it is), then the safest way to trade the TREND, is to wait for it to resume -- and a weekly thrust is ONE GOOD way to do it

Peter copper tends to have rounding bottoms, ending with a shortening of the downward thrust - this time at the end of Dec ...

Amos Peter - nothing is going to be as it "TENDS" to do, in the next few years - we are in a DIFFERENT BALL GAME. This is my opinion ... we shall see

Peter Amos, I understand your point of view - mine has not changed either ... imho, accumulation has started in every commodity ... NG may be 1 exception

Amos Peter - 2 years from now - we shall come back to your statement, and we shall see

Amos so what I am trying to say in this chart - is that guessing levels of exact support and resistance - can be futile - because the major mover of the market in the near future -- will be only PUNISHMENT. I will talk about punishment in detail, in the next few months - because it is probably one of the most important things to understand in current market conditions ... in due time

Amos Next tough chart is the Eurodollar - short term interest rates. We cannot go over 100, because the chart represents "100 - Prime rate", and prime rate cannot go below zero. We had a monthly KR, and we are now in a range. One thing which is quite rare on that chart is the OPEN INTEREST - those who remember - I once explained that this is such a liquid market, that you can trade contracts in 2014 without problem ... why?

Peter so the banks can hedge

Amos ... because it is the MAJOR HEDGING TOOL of banks!! they are the big traders here - public rarely touches it - this is ONE reason why this market TRENDS so well, because this is a BATTLE between MAMMOTHS, and when ONE ELEPHANT wins ... he can drag the other elephant quite a way.

Amos Notice how Open Interest has dwindled lately. It is NOT because 28 banks have been shut by the FED - those banks who got shut - the last thing on their mind, was to HEDGE themselves - they thru caution to the wind. But the Large banks are not participating lately - why? what does it mean? I HAVE NO IDEA. Normally you look at decline of OI, and say that the LARGE HEDGERS are closing their positions - but in this case, the hedgers would be those who are going short, because they are afraid of INFLATION? but they DO NOT DO THAT - what does it mean? I am such a poor interpreter of fundamental facts - that it will be foolish for me to even suggest reasonable explanation - but if any one of you 40 thieves (I am ali baba) have any good idea - please share with us

Peter I will investigate using mostly charts, and offer a suggestion next time ...

Amos At any rate - this chart has been PHENOMENALY accurate in its THRUST BEHAVIOR - so may well give us a good indication. I marked on the monthly chart, that June will be the 21st month of this rally. Is it going to be important - is the fact that June 1, over trillion CDs are maturing - someone wrote an interesting note about this a Market forum and i thought it may be important ... again, we are nearing an important juncture, even in this chart - so pay attention

Amos Next chart is cotton ; Awhile back, i thought that cotton was oversold, and below 40 reached important support level - NOT! As you can see, Cotton is shrinking into an apex, and can stay in these levels (40-55) for a very long term. What this means in terms of the economy, China t-shirts, and such ... I do not know. I do not know how many of you know, that WOOL reached its lowest price in 30 years last month ... reason? most wool goes to FLOOR CARPETING, and since houses are NOT built nowadays in USA - demand for industrial WOOL is close to ZILCH. Some may say it is good for the sheep - but I was told that sheep actually ENJOY shearing ... go figure. Does this have anything to do with cotton? Have no idea - perhaps somehow the low demand for wool DOES effect demand for Cotton - I do not know - but the chart says ... we are in for a long term small range in this commodity

Amos Next chart is interesting, and was very active today - the spread between euro and british pound. I started with the chart, when I realized that all ellioticians were predicting a top around 9000 - because it was 5th of 5th of 5th, which turned into extension of 700 more points. But since then, we had a clear ABC phase, followed by a rally to 9500, and now back to the lows of 8900. Forget waves ... look at the range, and we are at the BOTTOM of that range - if this holds - we are near a serious rally. That means that euro has to gain on british pound. I have no idea if this is justified fundamentally - they say that britain is in shambles - but the british pound it above 150.

Amos For the spread to rally, one of four things must happen:

Amos 1. euro rises, bp falls

Amos 2. Euro rises FASTER than bp

Amos 3. Euro falls, but BP falls faster

Amos 4. forgot (too tired now)

Amos ... that brings us back to the DOLLAR CHART. If dollar falls - euro rises. If dollar rallies - euro falls. If euro falls - and spread is to rally ... then BP must fall faster. If you look at the british pound - we are close to a top of range - so if the bp starts falling - this will be a good sign ... but does not necessarily means that euro must rise. These kind of combinations are part of the FOREX game - some time they play with the STRAIGHT currencies, and sometime they play with the spread ... good things to learn.

Amos This is basically the last chart. I want to say a few words that I quoted from Reminiscences - I gave the link to the PDF version on the net, and then a word about LBR - she had another webinar today.

Amos This is from chapter 9 in the book - and it is about the 1907 crash ... He says: Moderate rallies from time to time were reasonable. But the bear market was NOT over, and here was Wall Street or the fool public or desperate bull interested, disregarding monetary conditions, and marking up prices beyond reason, or letting somebody else do it ... it was too much for me -- I think it will be amazing to look a these lines a year from now, and ponder how things have not changed in 100 years - that was written in 1927, about things that happend in 1907

Amos last thing is about Linda ; her workshop today (I lasted only a short while, because I had to catch a nap before getting up for this) started with volume, and dealt a lot with VIX, TICK, UPVOL-DNVOL and such. First - it is very interesting that VIX is coming back to vogue - she is using 1 minute vix and 1 minute tick - but vix nonetheless. I still find it disturbing, that she is using oscillators in all market conditions - which, in my mind is false. She gets away with it, by showing past charts and PICKING ONE signal over many - which results in correct action - but if you used the same signal ALL THE TIME - you would be chopped to death.

Amos Still, she is such a good trader - and she says so many clever things - that is is worthwhile listening to her ... albeit with a discerning and cautious ear. I will try to say something about the vix next time. I was less perturbed by today's presentation, than the last one - but I have to realize that this is commercial advertising, and she is NOT going to give REAL secrets out ... if you do not pay. No need for more remarks about this.

Amos HAOOK ... open for questions

personkid Amos, what are your thoughts on average true range box sizes, and your suggestions for currencies?

Amos personkid what is atr box size? heard about it, but do not really know what it is

personkid using avrg true range, to determine volatility in pnf ... in stockcharts.com

Amos using atr to determine volatility in pnf - have no idea what this sentence means - but is sounds so scientific ... impressive

Peter Amos, are LBR's seminars publicly archived, or do you need to be a paying subscriber?

Amos Peter, I am on her mailing list, and get invitations - not a paying member, and do not think they are archived ... but not sure

AussiePaul thanks amos for the quote on Jessie ... brings prespective

Trader\_1 wonderful lecture

Amos Again - the important point tonight, is that we are around that time of year, where major changes occur ... mostly because enough public have been swayed to believe in things ... so be careful

Amos ok folks ; if no questions or wagons ... I am off to bed

Peter thank you Amos, have a great trading week

Amos you too, folks ... gn

Gary\_Fulleth well, good lecture ; I didnt know about amos charts, and he laughed when he had similar charts

Gary\_Fulleth the dsl issue is now solved, finally - so the newsletter will be going out in about 15 minutes - it is a long newsletter. Ever try to pull up charts with dial up - yikes, very hard - but all is well now

Peter I have to use dial sometime when I travel ... it can be very hard, especially intraday charts

Peter interesting battle in stock futures overnight ...

Gary\_Fulleth well, the dow chart i will be sending is interesting, compared to the S and P

Gary\_Fulleth okay, no questions ... then i will see u all tomorrow -- tomorrow will be interesting - a lot could happen

Peter thank you Gary, good night everyone

Gary\_Fulleth good night ... and ty

## 2009-04-16 (Gary)

Gary\_Fulleth Good evening ; I had some charts that I sent, along with the charts that were left over from tuesday - but if u follow the es s and P, u will love this chart that i sent to newsletter folks today ... was a great chart

Gary\_Fulleth so tonight, that chart will go over lead to the lows of the retest, and a nice rally ... so will show u a lot ... first, any questions? Markets have been difficult the last few weeks - the es not so bad, but other markets ave. Good to keep powder dry - there will be opportunity

Gary\_Fulleth okay, lets do the charts from tuesday - and get to the ones for tonight

Gary\_Fulleth dollar, weekly chart ; we can see the uptrend from the lows in april - so we have an up move. We got a wide bar, early december - these 2 weeks of break, is selling or supply in this case. The second bar was wide range, and the close mid range - so the selling bar was bought - by evidence of the mid range close. U cant read the dollars volume, because it is a bank market forex, and the volume for futures is very light, as u can see below

Gary\_Fulleth so the bar that closed mid range - after a wide bar - was some type of stopping action. So we know two things :

Gary\_Fulleth 1) we will get a retest ... that the stopping action will give us this retest

Gary\_Fulleth 2) we know we must watch the quality of the retest, to see if we absorb or sell the retest ... and if those 2 supply bars, were ending action of the trend ... all follow?

Gary\_Fulleth good ; okay, so we get a retest, as expected - and we need to see the quality of the retest. The next 3 months or so, we get that grind up - we go above the highs, and we have a small range bar weekly, and a close at creek. So instead of a joc (jump over the creek), the market had a sot (shortening of the thrust) - this isnt want the bulls wanted to see. Instead of mark up and a joc, u got a smaller bar - selling to hold the range small -- this is the cm, selling above the creek to absorb all that buying, by selling the contracts that funds and specs buy ... so this can be a red flag

Gary\_Fulleth the next bar u see, is a retest of that sot bar - and a low end close under creek. So we have a clear upthrust, as that low was low end ... see this? any q, so far?

Gary\_Fulleth great ; the next bar - wide bar, low end close - so supply reappeared. Now the next 4 bars, the last bar on the chart ... is what? thats where we are at now ... anyone

lw inside bar ... small range

Gary\_Fulleth so far ... yes ... but i am more interested in the last 4 bars

warren absorption?

LarryG lack of supply

Gary\_Fulleth so u think this is bullish? havent u already had supply? 1 large bar down, and now 4 small up bars

LarryG not really, but this move coming down ... doesnt show selling this bar

personkid a possible retest of the ice

Gary\_Fulleth 5 bars ago ... the large bar, after the upthrust

LarryG supply there - now retesting it, i think

lw close on large bar is key

personkid looking at the vol - there is weak demand - diminishing vol

Gary\_Fulleth cant look at volume on the dx - but if u look at the volume, the rally is on light volume

Gary\_Fulleth for those who get the newsletter - i sent the gold chart, that looks like this ... and we broke hard today ... the last 4 bars?

LarryG last 4 bars - weak rally, retesting wide range down - bars smaller, vol smaller

personkid look at the range of the bars ... the range, especially on the last bar - diminished range after weak rally

Gary\_Fulleth so personkid - u think we are bullish or bearish? ... or any one? this is the current data, except for the last 2 days ... these last 4 bars, look bullish or bearish?

personkid bearish - but not until the ice gets a test for any more supply ... needs a test

LarryG bearish

Gary\_Fulleth the tape will tell us ... okay, i would agree ; after a move under ice, a retest of this ice ... would be a sell. Two things lean towards a break : 1) the upthrust, and 2) the selling bar after the ut

personkid bullishness may show up, if the test of the creek on a large range, breaks the creek

Gary\_Fulleth where do u see creek, personkid?

personkid late nov upthrust - then had the sot in mar - and the supply after the sot

Gary\_Fulleth okay, good ; very very good eyes ... but first, the vsb (vertical supply bar) just under 8800, is key first ... the bar, 5 bars ago ... how we retest there, if we do, will be key ... then creek

Gary\_Fulleth make sense? understand? okay, any q? ty for the input - larry, personkid and all

personkid a retest ... would that signify the ice, thus define the creek ... therefore defining a range?

Gary\_Fulleth correct ... many times, a vertical supply bar or vertical demand bar ... will determine range

Gary\_Fulleth Yen ; as we know, or should know if u have been listening to me, the yen is a currency that tends to well in crisis - as it is a flat interest currency, that countries will flock to in a time of crisis. Whats interesting is this - when stocks bottomed in March this year, the yen had already topped out

Gary\_Fulleth if u look at this from a wyckoff perspective - the high in oct, was preliminary supply - the buying climax was dec - then the secondary test was in Jan. We formed the ice, after a reaction low in jan. I wrote ... note volume ... it is because this volume was NOT high on the reversal bar ... see this? what does this indicate? it indicates a lack of demand, after selling ... so the buyers didnt re-emerge ... the bar was a strong bar, but not with volume -- red flag -- and we know a retest will occur. The retest was a mid range close, and then we moved lower - and easily took out ice at 105.

Gary\_Fulleth so after the breaking of the ice, we got a retest - which went above 105 - BUT since a weekly chart, the close was under that ice ... well, was at that area. But the next bar lower - 4 bars ago - the key is that 105-106 area. What is key - is the distribution process in the 105-115 area, and the breaking of the ice ... any q personkid did the preliminary supply help define the ice? at 10750? ... do you see some sort of cause in that preliminary ice? as it doesn't look like any cause in oct?

Gary\_Fulleth i see nothing at 10750

personkid 10750-11000 in oct ... between the two wide range bars in oct

Gary\_Fulleth i see cause from pre supply, to the breaking of the ice, on the right side of the range. The high of the pre supply - only meaning on the right side of the chart on the retest - the bottom of that pre supply bar, will act as support ... thats why we stalled now. The more important low was the reaction low, after the bc, just above 10500 - that reaction low is important ... see that? jan 1 week? any other q?

Gary\_Fulleth okay, norstrom stock ; i made a rec on this stock at 1425, late march. We can see a nice trend line, and if we draw the corresponding parallel channel ... we see the overbought line. We can see a series of trading ranges, and higher moves.

Gary\_Fulleth when u see a wide bar ... this must be monitored ... well, we got one, 3 bars ago ... see this? a close outside the rtl line (reverse trend line) at 2200 area ... may think a break out - but we know an overbought position LarryG wouldnt you want to close long there?

Gary\_Fulleth NO ... not me ... NOT at the rtl line. If a joc ... yes ... but not at the rtl line

LarryG you wouldnt get out of a long position at 22, on break thru RTL?

Gary\_Fulleth i would sell 1/2, and raise stops on the other 1/2 ... because u know overbought, and can expect a retest -- but also a strong stock ... so u may want to hold some, in case u dont get a a retest back to ice

JWC why close if JOC, because you'd expect a retest?

Gary\_Fulleth a JOC doesnt happen at a reverse trend line or a trend line - it occurs from a horizontal line

JWC unless the creek was created on the preceeding down move? then RTL could JOC?

Gary\_Fulleth NO ... rtl is overbought in this case -- the creek is a horizontal action ... not vertical action, or sloping action

JWC yes, in this case ... I was just wondering in general

Gary\_Fulleth the rtl line is NEVER a JOC, or a breaking of the ice -- so if we can get a retest, 1/2 back of this channel, or the trend line support ... both buy areas, if no supply ... just under 2000 and at 1800 area

JWC what if you had a long markdown, then started an upward trend - couldn't you jump some old creeks, created during the markdown ... which also happened to line up with the RTL?

Gary\_Fulleth well in that case - the rtl lines are not as important as the creeks - the rtl lines created, are not as strong as the horizontal creeks ... because the horizontal lines tell u demand and supply. The rtl lines, tell u overbought and oversold - rtl lines are not ending action, trend wise - the joc can be a sos (sign of strngth)

warren so no possible creek at Apr 3?

Gary\_Fulleth april 3rd was a joc - then u got a retest of the trend line

warren looks more like thrust - 19.00 high

Gary\_Fulleth why a thrust? the market just had a gap higher, wider range

warren because the next 2 bars down

Gary\_Fulleth BUT the market just retested the uptrend line - so the joc didnt have immediate mark up - BUT the retest was at the trend line ... was perfect ... and the retest had NO volume or supply. As long as u dont have supply, u are going higher

JWC didn't the 2 down days show increasing vol? or, at least the one down day that retested the TL

Gary\_Fulleth april 3rd ... not to me ... lacked volume ... the volume was not high from 1900 area

Gary\_Fulleth but I wanted to show u the uptrend - the rtl lines - and bullish action

JWC does Wyckoff say anything about reactions lasting just a few days?

Gary\_Fulleth sure ... u have to judge the action, both price and volume - corrections tend to be 1-3 days, or can be 3-5 days

Gary\_Fulleth btw - that is how elliot got his wave counts, i think, the way markets react. Notice on this chart, the corrections are 1-3 bars. In a stronger market or a weaker market that is trending - u get 1-3 days counter trends. In markets where the trend is not so strong ... 3-5 bars ... is a guide ... okay? most traders use wyckoff ... they dont know it ... but they have it in their minds, on how markets work

Gary\_Fulleth okay, i need to get to the es charts - but quickly on beans.

Gary\_Fulleth beans - i will show a nice set up trade for u - see the trading range 860-900 area, in march - so creek at 900, ice at 860

JWC what about higher creek at 9200?

Gary\_Fulleth no

JWC how would one know that it would break that one and go to the 8950 area?

Gary\_Fulleth u wouldnt know ... u dont know till u get the joc, that its bullish

JWC and on 3/19, you gapped higher on good vol

Gary\_Fulleth mid march, u get a wide bar thru creek - wide range and increase volume. So the joc had a move to 980 - so a retest of the joc is the area to buy. U got that march 30th - the next bar was a wide bar, good close, good volume increase - this was demand from the retest of the joc ... see this? after this retest of the creek, and then demand ... we had mark up ... any q

JWC where would you buy on the 30th? once it got above previous days high?

Gary\_Fulleth the 900 area - if u dont buy that retest, because it was a lower close ... the next bar that showed demand, with a buy stop under 900

Gary\_Fulleth i want to explain the 60 min es charts, which i sent today to newsletter folks ... which was a great chart. The 60 min chart on the es, is the best chart u can have for shorter term action ... period of a few days or so. As we know, the hourly charts have been up for weeks, and the daily may be turning up as well.

Gary\_Fulleth go to the chart that i wrote on - on the 60 min es, not the other chart that shows more of the day - i wrote the market looks vulnerable. This chart was sent BEFORE the 60 min chart was painted ... BUT the support line, uptrend line ... and the horizontal lines ... have an apex.

Gary\_Fulleth U can see it on the last bar - i wrote "vulnerable", thinking possibly the close would be under that line - BUT i also said the trading range must be respected ... meaning the trend on the 60 min chart is up, so that trend must be respected ... so u can clearly see some perfect wyckoff

Gary\_Fulleth Now the apex area, is about 1/2 back of the creek at 855 - low of the 83250, is 23 handles - so about 11 1/2 handles from the high or the low - 11 1/2 from 832 50 is about 844, and 11 1/2 from the high is about 844 area ... see this? this is a fantastic chart ...

Gary\_Fulleth okay good ; now look at the next chart - with only lines and NO writing - look at the bar that we have at the end of the previous chart. The close is well off the uptrend line, 6 bars from the end. So as u can see, if u watched the 60 min chart - the close of that bar, was a good reaction from trend. So the good reaction from the 60 min uptrend line - we can now draw a corresponding reverse trend line, as the overbought line

JWC so how would you correlate this hourly with the daily TL?

Gary\_Fulleth the hourly is up - the action was in an uptrend - so i would look to buy hourly support - the daily chart is in an uptrend channel

JWC ok, trend is friend

Gary\_Fulleth always ... so we know the hourly held, and we wait for ending action, or a rtl line, for being overbought. So the buy area at the 844 area, resistance 862-863 area ... high was 867 today ... see this? nice channel, good reaction ... but this chart is very good ... should be studied ...

Gary\_Fulleth okay, i am open to questions, comments? For those who trade stocks, and trade the stock indexes, use these 60 min charts. If u dont understand the 60 min chart, please ask. Okay, tomorrow we have options expiration

AH\_Tex position, apex, pivot ... looking at these wyckoff definitions, how does reaction fit in, or are they same synonymous terms?

Gary\_Fulleth u are looking for action, that give us clues to trend - so an apex shows trend and horizontal action ... well it is wyckoff. Two ways ... the main way, as horizontal support or resistance ... and, the trend line. To verify horizontal support or resistance, is an area NOT 1 price ... so look at the area of support or resistance ... any other q comments ect? Please review these charts ... they will help u

AH\_Tex studying this chart in depth ... thank you!

Gary\_Fulleth keep it ... and ask me q

LarryG ty gary

JWC thanks Gary

Gary\_Fulleth ty, and good night all

## 2009-04-17 (Tim Ord)

Ord joined.

Gary\_Fullett the charts for today are on the site ; so please retrieve them, and we can begin ... good morning, tim

Ord Good morning, gary ... Does everyone have the charts? Can I begin?

Gary\_Fullett please do ... the log is archived, so people can go back to retrieve it all

Ord The first chart is the hourly SPY with the hour ticks reading in top window. The hourly tick readings is a good trend following indicator, when hourly 100 ma is rising, then usually the trend is up ... and vice versa

Ord Normally the 100 ma hour tick reading peek out near 100, but some times they will hover in the 100 range, as the market still moves higher (like now).

Ord Currently the tick readings have recorded the highest reading in a year, and to me this is an exhaustion move.

Ord The pattern that appears to be forming, is Bearish Rising Wedge on the SPY, and it's very close to completing. Bearish Rising wedges - are hard to find the exact top, but today's is the end of the option expiration week, and may end the bullish bias. Once the 100 hour ma turns down on the tick, then that will imply the top is in on the SPY

Ord The window below the volume window, is the CBOE put call ratios for the Equity and indexes. This ratio rises and falls with the SPY inversely. To the far right, I have a trend line drawn down from the high in March, and this ratio is about to pass up through it ... any weakness in SPY will turn the put/call ratio up, and give a sell signal.

Ord We will take a look at second chart

Ord Top window is the hour RSI 100 period ma. The RSI hour 100 period ma, rises and falls with the SPY. Over the last couple of weeks, this moving average has been declining, and suggests the SPY is approaching a top.

Ord window below the volume window - is the Chaikin Oscillator, which is a accum/distrb indicator. Over the last couple of weeks, this indicator is also showing a divergence .. The same type of divergence that appeared at the January high

Ord The pattern forming on the SPY, appears to be a bearish "Rising Wedge" - which has a downside target near 77 on SPY. Don't know where this "Rising Wedge" will end, but it should end near current levels.

Ord There is also a trend line down from the November highs, as well as a trend line from the January and February highs, that comes in near current levels.

Ord I'm short from 84 area, which so far is under water. Expiration week usually has a bullish bias, and it seems to be working out again this week. Are there any questions?

Peter no q - but I wanted to point out something I mentioned yesterday - the RTL intersected yesterday with the Feb 9th bar - so far the market has been unable to retest that - fyi, that's where I took my short position, and took 1/2 profits ... watching and waiting for more information

Ord Good for you

vc you are a genius peter

Peter na, I'm just a chart reader :)

Ord Thanks for having me, and I'll see you next week

Peter thank you Tim, great charts and info ... I learn something from you every week ... especially some of these indicators I don't normally follow

Ord I'm glad I can help

Peter to be honest - I never heard about the Chaikin oscillator until today

Peter today ... if u draw a downtrend from yesterdays high on the hourly chart - the market has tested, but has not been able to break that line ... tested 5 times

Ord I'll see you next week - all the best, Tim

Ord left.

## 2009-04-21 (Gary)

Gary\_Fullett good evening ... did everyone get charts? Great ; any questions?  
AH\_Tex always!!  
Gary\_Fullett well, ask before we begin, please  
AH\_Tex lets go ... just saying, always in general ... lol!  
Gary\_Fullett okay ; a few charts were asked to be sent, and one chart i sent for the newsletter, which turned out to be a good trade ... lets do the stock charts first  
Gary\_Fullett auto zone - azo - what do u see here? the weekly ...  
AH\_Tex early part of chart ... mark down?  
Gary\_Fullett we have a chart that seems to be down - though would need more info - but we have a few lows in sept 07 thru jan 08. We want to mark all wide range days, and high volume bars  
warren change of behavior nov?  
Gary\_Fullett nov 08 yes ... but i am looking at 07-08 now. So we have a high in july 07 - the high there was a sot (shortening of the thrust) - so we can mark the lows, when we get a series of highs or a series of lows - we can draw trend lines and/or reverse trend lines.  
Gary\_Fullett so we have a series of lows 07-08 ... see those? so we have that line established, and we can extend the line - sometimes that line can give us time too. So we have this line established, and this is just an oversold line - so we have action between 140 to 105. Now go to oct 08 ... what do u notice?  
warren shakeout hit rtl ... big vol ... close off bottom  
Gary\_Fullett right ... u are starting to get wide ranges -- first u get a spring of the 105 area, first week in oct - then a reaction, this first down in oct is checking demand at the 105 area - then u get a retest in nov 2008 ... notice the low of that move, and volume ... it goes right to the rtl line, and oversold line. So we can see that the largest volume, the wide range goes to an oversold line ... see this? so this line isnt in hindsight ... it should have been drawn a year ago. So u see that the close of this bar is still weak - but off the lows. So the next bar, we have to see if the selling continues, or if it was some type of ending action ... what was the next bar?  
warren sos ... well, maybe shorts covering ... vol low  
Gary\_Fullett so it can be a shakeout of the 105 area - can be a selling climax, from the low first week in oct - but nevertheless, the largest bar with volume - and had a close above 105 ... but what we label it, is NOT important ... the action is  
warren largest vol was shakeout?  
Gary\_Fullett correct ... so the speed of the reaction back up, will tell u what that action was - if a shakeout, the move back up is fast and furious - if a sc, then u have a retest and a trading range. So it appears it was a shakeout - so thats why i think this was a shakeout - because of how quickly the market moved up. But if u want to sequence it as a pre support, selling climax ... then its fine ... as long as u know that it was some type of ending action. U can even say it was a tso (terminal shakeout or terminal spring) before mark up ... but the key is, as I have mentioned a lot, that the reverse trend line gave u the low -- so without that line, one doesnt know where the low is - with the rtl line ... u do!!!  
Gary\_Fullett so, after the move back to creek, u dont have a reaction from creek. The last reaction from creek, before the jump over the creek, is called last point of support (lps) ... see this? then u had a joc (jump over the creek) - but this stock punished the shorts, as well as it took out weak longs. This was a chart, that was asked to be sent ... any q? BTW, this is in a strong industry - people not buying new cars, but fixing the cars they have  
Gary\_Fullett lets go to the daily ; we can see the same type of action, but this chart on the daily looks like pre support in oct, then the rally, then the selling climax in nov. Remember volume is relative to the area its in - so it is actually NOV that the volume is the highest, up until this point. So this is classical pre support, selling climax - but we didnt have the secondary test and the trading range.  
Gary\_Fullett this stock has had mark up from nov onward - so a strong stock. i want to point out something very important about relative strength - the stock market made its lows in march 09, right? so look at where this stock is in march 9th ... it is at 150!!! 60 dollars off the lows ... in fact, the 25 percent rally from the lows of march 9th in the stock market ... this stock stayed sideways. As i said, this stock does well with the economy slow, due to people NOT buying new cars - and fixing the cars they have - when things get better, peple will buy new cars  
Handles what stock? azo?  
Gary\_Fullett auto zone ... dont they sell auto parts?  
Handles yup ... know it well ; and get all parts on consignment ... smart guys  
Gary\_Fullett okay ; so the fact we are sideways now, as stocks rise ... may mean the econmy is looking better  
Handles when mkt plunges, it runs up ... and when mkts tank, it flies up

Handles its just taking a breather imo - before the next move up ... the economy is in the 6th inning, not 9th  
Gary\_Fulleth probably so ... so this stock to me, is quite strong ... any q?

Gary\_Fulleth okay ; cogt stock - i dont know what this is, but the market is in a downtrend - the down bars are larger and quicker to the downside ... so any change of behavior in this stock? we know a downtrend ... any action that turns the chart up?

skylar does the fact that it's gone lower, than the demand bar made in march ... add weakness here?

Gary\_Fulleth well, i will get there ... we have a large volume bar in nov 2008, after a sot (shortening of the thrust) ... see this? so the sot bar is a possible change of behavior - after the sot, U get a large bar, high end close, nov 2008 ... see this? so this is on the right side of this trading range - so this can be a sos (sign of strength). After this, we had a retest of creek - so we must judge the break, to see if that was demand - if so, the break will be on lighter volume, with less supply ... supply should dry up, if the market had a demand rally.

Gary\_Fulleth Now, we had a rally - about 7 bars - again, was on higher volume, and higher bar - now look at the retest ... the volume is getting lighter ... so this stock appears to be undergoing accumulation. Look for those wider bars with high volume, or ending action bars - like sot, upthrust, springs ect - so if bullish, we will get a retest of creek, and absorb for a joc -- so i can tell u what to look for - but i dont know the industry of this stock - this is a weekly chart, so important time frame

Gary\_Fulleth let look at the daily ... we have a low in oct, and a reaction to the 10 area - this reaction high, if taken out ... becomes support. Look at the end of feb - i have a retest of the reaction high - so like a retest of former creek, now ice, at 10 area - and a spring. After this spring, U get a retest - look at the small bars on the retest, early march. This is another stock that made its lows, well before stocks did in march 9th 2009 ... see this? how a trading range - so on the daily, u can watch it ... but nothing to do in this trading range ... till u get a retest of creek or ice ... any q?

John Great work

skylar thanks G

Gary\_Fulleth s and p ... I want to do a bar by bar ; daily es - we have to decide what is trend - we can see that since march, we have an uptrend. Look at the bar, 3 bars ago - it was a small bar at creek - this is a sot (shortening of the thrust) - so this lead to the break, yesterday ... what was the volume on that break? did the volume increase?

John no

Gary\_Fulleth right ... thats key ... this says, that the sell off yesterday ... was NOT supply -- as the markets volume didnt tell us that - it said the market reacted from creek resistance - if supply, the volume would have increased. So the key, after a bar like yesterday - is to see if the market as follow thru to the down ... or moves back up. So today - the market reacted back higher - the volume was higher than yesterday

Gary\_Fulleth so we can say two things :

Gary\_Fulleth 1) the length of bar today, was less than yesterday ... so an increase in volume, but less bar length ... is not bullish

Gary\_Fulleth 2) lack of follow thru to the downside ... had some shorts scrambling

Gary\_Fulleth so the key will be tomorrow ... was today, a retest to sell ... or was today, a day where we have stopping action. We know that the 875 area is creek - we know above 885, odds increase we see 920 - so we must respect the upside action from march 9th ... any q, commentary on daily es?

Gary\_Fulleth okay ; i want to share 2 charts - one of which i sent to the newsletter folks today. The chart i want to discuss, is the one where I wrote on top : "On a short term time frame" ... have this chart?

Gary\_Fulleth great ; so we have a low at 8 am, then a move to 825 - i labeled that - so the move from 823 area to 825, so we can assume that we should have a retest. Well we get that retest at 830 am, on the pit opening - notice that bar was high end ... see this? the next bar was a wide bar, again - this was a move over creek, at the 825 area, and mark up. So if this bar was demand - then the retest on lighter volume ... we can look to be a buyer. After the high, we got a market that retested - and notice the volume - was it higher or lower?

swetz lower, narrow ranges too :)

Gary\_Fulleth so lower volume, smaller ranges ... u beat me, steve ... so after demand, this is classical ... what u want to see. This is why i sent the chart - if u look at what i wrote ... I wrote, that the demand rally can be a cob (change of behavior) ... but we knew at the time, as the nas was stronger ... i told u this on the chart ... the day was a down day intially, but the action said that support may hold ...

Gary\_Fulleth now turn to the last chart ; this is the continuation of the 5 min chart -- we can see the results of the trade - we can see the retest low at 930 am was 82450. I said aggressive traders can buy 825, stop 819 - so was 0.50 from the rec. U can see that after the retest, u never retested again - and u had a gradual grind higher, and the market had an up bias

williammندا what told you that 825 was support?

Gary\_Fulleth the demand bar - see it at 830 - the wide bar, right after the opening

Gary\_Fulleth u see it on both charts - the 7th bar from the left side on the second chart ... see this? i need u to see this ... as it changed the character of the day, from the previous day

williammanda sorry, I didn't get the charts ... just trying to follow along

Gary\_Fulleth they are on the site ; they are posted in the archives ; if u write to kelly at knorris@ltg-trading.com , she will add u to the list for the email

Gary\_Fulleth then the market forms another trading range, 83650 to 84250, from 1030 till 2 pm. In this trading range, u will see at ice support, a small range - this is a small bar, a sot - so ending action. The low of this sot and ice support, coincided with the reaction high at 10 am cst - so with the ease of movement up ... this trading range is accumulation ... and u see that the market did break, above the creek at 84250. So the demand bar from 825, and the retest ... was classical retest, on lack of supply after demand ... gave the blue print for the day

williammanda please explain accumulation at this level?

Gary\_Fulleth after u have demand - and u did at 825 - the higher trading range formed. This is most likely accumulation - because demand has surfaced. So we can assume that demand being present, that this trading range is accumulation vs distribution - because of the demand rally earlier. So after u get demand, the trading range formed afterwards ... is most likely accumulation ... understand ? clear?

AH\_Tex yes ... going bar by bar, very helpful

williammanda no ... but we can do this after class

swetz I believe Gary made this comment during the trading day here - but if you notice as the TR developed, the SnP was NOT reacting with any supply from the high of the TR

Gary\_Fulleth correct ... this chart was sent live

swetz in fact, this TR stayed way above the 1/2 point, measured from the morning low to this little TR high ... which is a characteristic of absorption. I think Gary mentioned the absorption, as it was occurring during the day

Gary\_Fulleth great point, about the 1/2 point ; i did, i mentioned it at 842 - when the market went to 838, there was no supply

swetz remember this - when a market DOES NOT move away from resistance with any urgency, then resistance is very vulnerable of being penetrated to the upside

Gary\_Fulleth esp when u get demand earlier in the session

swetz correct sir :) sorry Gary, please continue

Gary\_Fulleth i am done with the charts :) so i am open to any questions

swetz no wonder you didnt tell me to be quiet :) ... there is another point, that needs to be pointed out on this chart -- notice that after the rally from the SOT action, that tested the resistance/creek of this little TR ... look at the REACTION that followed ... weak wasn't it? and it HELD the 1/2 POINT

Gary\_Fulleth yes ; a nice guideline

swetz so we had some strong clues, that absorption was even going on near the end of this TR - which eventually led to a JOC, and markup into the close

AH\_Tex sot occured at 9:30 for the COB?

Gary\_Fulleth well the cob was the demand rally - but the sot was ending action for that down move

AH\_Tex I see the sot ... so I am getting the picture as it plays out, prior to that demand bar with volume sets rally action? right

Gary\_Fulleth right ... very good, ah

swetz gn folks, nice lecture Gary :)

AH\_Tex thank you, and great teaching from you, gary

Gary\_Fulleth ty for all attending ... amos tomorrow night with charts

Gary\_Fulleth the day session has some sharp people as well

Gary\_Fulleth night all ... ty

Gary\_Fulleth left.

## 2009-04-22 (Amos)

Amos Hi ; Ok here we go ... With your permission, or indulgence - I would like to start tonight, something that is occupying my mind heavily lately - it is a bunch of ideas that are important to successful trading - they are rather amorphous at this point in my mind - and some of my writings may be vague and rather ill defined

Amos you are more than welcome, to comment and express you own ideas on the matter. I think in the end, it will be rather useful to traders ... Time will tell. I hope that the material i start putting here - will, eventually, jell into something coherent, and a saving feature for trading purpose ... so please forgive me, if at the beginning, it sounds a bit confused

Amos I did not include too many charts tonight, because they are less important at the moment, for me, in comparison with the more general ideas that run in my mind.

Amos First chart is large filter in the british pound ; I have been trading it a lot intraday recently, and its behavior is part of my reasoning, for the things I am going to say. It is the 50 X 3 filter ... the largest i use these days. If you watch back to February - which is the left peak on the chart - you can see, that it has been trading in chunks ... a move of about 5 handles, and then a long range of about 2 handles. But in the last few days, you see one chunk of 5 handles, after another - with no preparations.

Amos It takes a while before you realize, that there is a change in character (you call it COB here - but it is too general, because it does not describe the NATURE of the change). The important thing to realize, is that when the market enters such period - may the reason be whatever - you have to adjust your parameters. If you do not ... you will get hurt (I did).

Amos You can see that the market is still making higher high - on this section alone! The cause at the 140 level, has not been fulfilled yet - the stepping stone at the 146 level, gives maximum count of 4, which calls for the 152 area - so the decline from 150 to 145, looks more like another correction, and THE TOP of that move

Amos Yet we had a violent behavior today, and the 144 was even broken. There is no solution to such behavior - the ONLY protection lies in the recognition, that all of a sudden we get 5 and 7 handles moves, without any preparation or cause building - and as long as such behavior continues ... you must be more cautious. I return several times to that chart later-- mostly because it is a challenge to me lately - so naturally, I share my battles with you.

Amos On the other side stands the Dollar - although it is NOT the inverse of the Pound ... still it governs the large scheme of things. It is a puzzle too - but mostly because, we are really smack in the middle of its recent range. You can see that contrary to the POUND, the actual moves in the dollar last few days, are much more docile. It reached its 62% retracement, and is now at top of important creek - so the resolution of this corner is important. However, since we are in the MIDDLE of that range - the important principle, is that this is an area of LOW LOK (LEVEL OF KNOWLEDGE) - should again be born in mind - and that TOO, can manifest itself in wild behavior, in any of the COMPONENTS OF THE DOLLAR ... that is an important point.

Amos I have mentioned before, that the moves in currencies at times - are sometimes strictly against the dollar, and sometimes are more in the nature of spreads between the currencies themselves, rather than DIRECTLY vs the dollar. So the behavior of the dollar right now, does NOT tell you what will happen to individual currency - but the LOCATION of the dollar, tells you that ANYTHING IS POSSIBLE!

Amos If you look at the next chart - things get a little clearer, although not necessarily with higher predictive value. First you see that last month was BIG month, with close at the middle. So you know we had a large KEY REVERSAL, but since it closed in the middle - it needs more work (i.e. NMT - Needs More Time). If you study the Momentum on this chart, you see that we had FIRST penetration of the Short MA (5 months) of the Medium (20) and also the Long (55) ... the blue is just starting to turn, while the LONG is still pointing down. In the long run, this is still a market that has NOT changed the trend!

Amos You can see that the red MA, has flattened recently - and if we are having a real turn of long term significance (as indicated by the YEARLY THRUST) - then an important test of the 80, or even the 75 level, should be very healthy ... because it would frustrate many longs, who called for THE bottom.

Amos So the picture of the MA crossing - tells you NOT to be too bullish, at this point. The KR tells you to be careful, and ready for an IMPORTANT test of the bottom - but the CLOSE in the middle, tells you that we may be 1-4 months away from such a move -- and that means to expect a RANGE type behavior in the near term

Amos Next is another component of the puzzle - the Euro-Pound puzzle. You see that the weekly MAs are still more bullish than bearish - the 5 is turning down, and has first penetration of the blue - but in its own swing, is still higher than last low. The blue and the red are CLEARLY pointing up - so naturally, I am still looking for support, and further testing of the highs

Amos in the morning, when I printed the chart (your night) - it has a small turn at previous low, and I wrote: support of pre major break - because the last decline was rather strong, and that can continue to break or Spring the last low. As it happened, we had a strong rally during the day, and at this moment - we are looking at the lower end of a weekly range - and the high of the next rally, can be anywhere in the range. If you noticed today's action, you could see that the rally in the spread - was MOSTLY the decline of the pound, rather than the rally in the euro - in the next few days, we shall see how this develops

Amos Another currency is the Swissy, that at times acts like a cheap sister ... but also as a belwether. You can see that we had an important rally, 5 months ago - which can be considered LARGE OKR - and in March, we had a THRUST after that KR. I thought that on the monthly chart, that was clear enough behavior to indicate continuation of the rally ... NOT to be. This is one of those times, that tests your mettle - and we will have many of these situations in the next 2 years! The market is in no hurry . This is the 13th month of this correction, which still looks like a V top, and I will not be suprised to see the swissy trding between 80 and 100, for a very long while. Amos How do you cope with such a patient market? in your mind, you see such a significant signal - THRUST AFTER KEY REVERSAL, and you are AFRAID NOT TO LOST THE ensuing big move ... and the market DOES NOTHING!! This kind of thinking, brings me to the first general observation I want to talk tonight, and probably will continue to talk in such manner in the next few weeks - because, as I said at the beginning - this is very important, and occupies my mind heavily lately.

Amos I actually opened a specific file, that i call ISSUES of trading, and i hope to make it a small manifest (Personal), which will help me overcome trading problems - and I want to throw it at you - and you are invited to make any comment you feel like. I will write some of the following, in a form of streaming consciousness - and i am not sure how it will come out - but I hope it will improve as i go along. So if you feel like guinea pigs ... don't be insulted

Amos The first issue, is the FALSEHOOD of entering a trade TOO SOON. We enter a trade too soon (mostly it is AGAINST THE TREND, no matter what time frame you are in) - ONLY because we visualize in our mind, the TURN AROUND ... and the FAST AND FURIOUS move in the OPPOSITE direction. We MUST ENTER NOW, otherwise we will LOSE that "FANTASTIC" move in the opposite direction, while our entry point is at the LOWEST POSSIBLE RISK point ... NOTHING can be more ERRONEOUS or STUPID than such thinking

Amos If you study the history of markets over many years - you will discover, that FOR EVERYTIME that the market will have a COUNTERTREND sharp move - 9 times it will CONTINUE with the momentum. What we think as "OVER DONE, OVER BOUGHT, OVER SOLD" ... you name it ... is usually the MIDDLE of the move! Most of the time, the place we enter for that fantastic turn around move - turns out to be HALF way, to the FINAL EDGE ... Check you trading records, and you will see how CORRECT is this statement!

Peter I use 2 simple rules on this: a) only enter such a trade, if the likelihood is that I am using the trend, support or resistance of the next higher timefame on my side, that may be different that the one I'm trying to catch a "turn" and b) be prepared to exit QUICKLY ... if I am wrong.

Amos Peter, keep those comments coming - i am too immersed in my own thinking - but I will think about your comments, when I review the archives later!

Peter OK Amos ; I'm only trying to help you and others that read the log

Amos The FALSEHOOD in this kind of action, goes way beyond that actual eagerness to catch the corner. It embodies a very deep ERROR or perception of markets ... The next statement is rather insulting, if you think about it ... but it is true: IF you really believe that you MUST CATCH THE TURN - then you DO NOT BELIEVE IN THE TURN. If you think that UNLESS you catch the real bottom, as close to the bottom as possible - then you really DO NOT BELIEVE that the trend will change, and trade in the opposite direction. We are NOT TALKING about scalping here - scalpers do not think of the next trend, only about the next few tips

AussiePaul Amos, Wyckoff talks about the CM testing such moves. I do the same thing with very small amounts of \$, and wide stop. If it works in my direction, then I add ... that's 1 of my rules ... I don't trust the market, because of this -- I still break that rule sometimes ... but cost me big time ... such as today

Amos Paul - ONE of the solutions to such a trading error, that kills most traders - is indeed, money mgmt ... so bless you for using this

personkid very well put if one must catch the trade then believe may not be there

Amos The next sinister aspect of entering too soon, is that it is VERY DIFFICULT TO GET OUT OF IT! Think about it -- If you buy what you think is an OVERSOLD situation (let's talk on buying a declining market, just for the sake of illustration) - Then you do it, because you are CONVINCED that we are at "A BOTTOM" ... you are long, and the market continues to go down ... where is your stop loss? THERE AIN" T ONE!!!! ... why? because if it was SENSIBLE to buy higher - any move further down, makes it a BETTER BUY!!!! you cannot get out, because we are getting ever so close the the ULTIMATE LOW!!! Entering too soon, is a disaster on many psychological levels - and one of the worst, is that it PREVENTS YOU FROM stopping yourself out! I have done that so many times in my life - that it is a shame! but this is a very NORMAL BEHAVIOR of "NORMAL " people

AH\_Tex so, peter ; the 2 rules you employ are great ... and i assume you always always have a stop ... correct ... at least mental??

Peter yes AH, a stop far away ... and watch carefully

personkid there was a great old video - candid camera type - where people enter an elevator, and everyone already in the elevator, faced the back wall ... and the person just entering, outta habit did the same. If the person entering, was confident where the elevator door was, they never would've faced the back wall ... definitely normal ... the, I wanna be right first syndrome ... like opening presents. Spending all day reading the tape, especially on the pound, showed some of that behaviour

Amos If you are not aware of this kind of normal human weakness - you are not going to make money in the market. You will catch a corner once in a while, that will reinforce such behavior ... and then you will give all your money back in one fell swoop ... This is why the Rothchilde secret is so important

Amos This is why it is OK to give up the corner, and wait for a HIGHER LOW (or a LOWER HIGH if you want to go short) - before committing serious money to the trade. It is business, and you better not invest in a business that you have not researched, did market analysis, and determined that it is a worthwhile business. I am not saying anything new. All has been said - but to change one's MODUS OPERANDI, and decide that you are going to FORFEIT all those phenomenal CORNERS - give up 10-20% of the move - but become a SUCCESSFUL TRADER ... is a very hard and worthwhile endeavor. I said that these issues occupy my mind heavily lately, and I know that it is ... perhaps the MOST important aspect of trading

AH\_Tex I dont know what the rothchilde secret is?

Amos Ah Tex - then you have not read Jesse Livemore's book - and I do not want to talk to you ... READ THE BOOK TMW!@!!!

Gary\_Fulleth Amos - I just want to add, that you would be proud of the day session room ... the synergy the room developed

Amos Gary, I am happy to hear about that synergy in the room - please write me e mail in details

AH\_Tex I thought that was where it came from, and now I will go back ... I didnt get it good enough!!

Peter AH - check last week's log - Amos gave a great link to a special edition of the Livermore book

AH\_Tex thanks ... and i am looking for it now ... because I remember it, now that it was pointed out - I have read it though!

Amos The problem gets more aggravating as you lower you time frame - because there are more corners to catch and make money. If you examine yourself (and I can generalize from my own trading, because I have enough samples to KNOW that it is right) - you will see that you will follow certain signals one day, and each and every one of them will work - and you feel rather comfortable and even cocky. And then the next day, you use the same mode of action - and lose twice as much as you made the day before.

Amos The first chart tonight - was the change of behavior of the British pound, last few days. This is exactly what happened to me - I caught a few corners, last few days ... and then on the harsh decline from 146 40 to 144 ... I got hammered! I did not expect such COB intra day, and could not get out in time! It was not a total loss day, because I was also long the Euro (because of the 62% position of the DXC)

Peter Amos I just thought of another "corner turn rule I use": Try to integrate several timeframes, when possible: eg. if you are trying to catch a trend change on the daily ... try to align weekly resistance, with an hourly RTL, and a daily SOT. but the loss in the pound--- left my emotionally drained-- this brought this subject I am talkig here now

Amos What Peter just said is so crucial ... that anyone who does not do that ... is going to die on the vine one day

Amos a good example is the next chart - the NG monthly ; You hear so many people, calling for a major buy of the NG. WHY? because they VISUALISE the next rally!!! even if we only move to 6 or 8 ... there will be such large profit!! And they LOAD THE BOAT ... THIS IS THE KILLER TRADE ... and they get clobbered, and roll over and lose. LOOK HOW STUPID THIS THING IS - ALL YOU HAVE TO DO, IS WAIT FOR A MONTHLY THRUST!!!! Who cares if you lose a few cents at the bottom? WAIT FOR A SIGNAL OF MINIMUM DEMAND, and that is HIGHER HIGH on the MONTHLY CHART!!! I hope you all, in this room - go long when that happens - or you can buy a few long term OTM options ... but ONLY AFTER a MONTHLY THRUST!!! You cannot ask for a better example of the SUPREME VALUE of the THRUST - as every month makes LOWER HIGH!!!!

Amos Next chart returns to the BO - again, no other reason, than the fact that i have been trading it heavily lately. Look at the daily chart in details: you can see a rally from the bottom of that range (137 something) to above 150, made of 9 days rally, 4 days reaction. Ignore the fact that there is no volume - this is a problem with CQG. Gary told me they are working on the system, and will soon be fixed ... 5 days rally, 3 days small range, 4 days rally, and now 4 days decline. The most important element in this chart, is the fact that we keep making HIGHER HIGHS, and until yesterday ... HIGHER LOWS ... and so the trend is STILL UP!

Amos one of the MOST ESSENTIAL elements of trading is, as said a while ago - the trend is up, until we make a LOWER HIGH after the real reversal! We do not have that lower high yet - and i naturally, am waiting for a test of 150 to fail, and then go short for a decline to the last lows of 137 ... But the market is very hard to follow ... it changes at will ... The reason for that is the next chart

Amos you can see that we are now in the THIRD MONTH of the RANGE, that was foretold by the Month of January - which was a wide bar that CLOSED IN THE MIDDLE ... here is the curse. As Peter said - Watching all time frames, and waiting for synergy is very crucial. But, the truth be said - when you are trading often, and the daily moves give you such large moves - you tend to forget the monthly picture, and think that perhaps the range will be RESOLVED TODAY ... AGAIN ... the curse of ENTERING TOO SOON!! it goes back to false psychology of trading. Not easy ...

Amos Next chart is the s and p ; Again, we have that behavior of making higher highs and higher lows. We tend to look for counter trend signal,s such as SOT and whatnot. Again the volume is missing in CQG, last month - so it is a handicap ... but until you get break of the last low, and making LOWER HIGH ... the market can continue to trend higher. Of course, our natural tendency is to look at the ABYSS below - and visulise the 150 handles on the way down to test the 700 ... but that is a FALSE thinking. Better lose the first 20-30 handles at the top, and catching the 100 handles in the middle ... This is BETTER TRADING ... This is the mark of a winner

Amos To clarify this beyond any doubt, i put the next chart. It is an insult - but so be it. Look how easy it is in HINDSIGHT ... we had a MONTHLY DOUBLE TOP ... We had THRUST AFTER OKR ... We had lower high at 1420. If you only sold the break, of the low before the lower high - you would have gotten short at 1220, and be out around 850. Of course it is hindsight - but the PRINCIPLE is SO CORRECT

Amos Another way to handle such situations on the MONTHLY CHART, is ALWAYS buy OTM puts or calls (at bottom) when you have such CLEAR DOUBLE TOP. You could say: AMOS - THIS HAPPENED ONCE IN 10 years!!! what kind of trade is this? A good one - trading correctly, at major long term signals is IMPORTANT TOOL. And if you wanted to use the thrust - all you had to do, is BUY ATM puts when January lows were broken

Peter another approach is to use ETFs - which do not expire like options

Amos Next, is another one of those principles, that plague me and bother my mind to no end ... How do you get rid of the influence of your LAST TRADE? It is TOTALLY UNHUMAN (sometimes even inhumane), to expect us to keep our trades INDEPENDENT ... Just IMPOSSIBLE. Our whole life is based upon the simple principle, that in the absence of other information - the best predictor of near future ... is LAST BEHAVIOR. The whole Concept of CALCULUS ... is based on this DELTA X

Mr\_Steve I take my loss as overhead ... and move on!

Peter I once asked this question, of a wise trader many of us know: David Weis - He said, "think of yourself like a boxer ... just because you have a bloody nose ... you MUST get back in the ring and fight!"

Amos Yes, Peter ; this statement by David is important. Actually, he used to say it differently ... he said that there were times, that your hand was in the fire ... and your natural behavior was to WITHDRAW YOUR HAND ... to stop the pain. But what you have to do, instead ... is PUT YOUR OTHER HAND INTO THE FIRE

Gary\_Fullett Barry Lind told me once, that after a bad loss ... go trade ... thats what traders do. We are traders, we expect losses ... but we trade. Micheal Jordan misses a game winning shot ... the next day, he has the ball with 2 seconds left ... again

Amos I am talking about the other side of this coin, right now - I am getting tired, so I do not want to continue this important issue right now - but I will develop it in the near future The ability to FORGET the last trade is very crucial, because if you DO NOT ... you are introducing into your trading, a FOREIGN ELEMENT, that has NOTHING to do with the CURRENT TRADE ... very bad. Gary ; that is what they do with Paratroopers who have an accident in their last jump - they put them right back on a plane, to jump again

Peter a good, sucessful trade after a loss, is the best cure I have found - but you must be willing to take a trade with a good setup, with confidence

Gary\_Fullett when u have a losing trade ... u are closer to a WINNER ... What if the paratropper is killed - does he have to jump again?

Amos Gary, if at first you do NOT succeed ... then sky diving is NOT your sport!

Gary\_Fullett ... try hang gliding

Amos The last chart is the kiwi ... New Zealand dollar ; I just put it in, because it may be a classical case of - BREAKING THE ICE and RALLY BACK TO THE ICE. This is a QUARTERLY CHART - so a lot can happen before that is resolved - but as an intellectual exercise - I think it can be educational to keep watching this chart, and see how valid the whole principle of ice is. Ok, I got to the end of the letter. I would have liked to continue and develop the idea of the influence of the last trade - but all of a sudden, I feel really tired - and i do not want to blurb nonsense ... so I better stop now ... Open to questions

Mr\_Steve I do mark my losses on my charting program, and review them every 4 or 5 months - I look for a pattern or rule I am breaking. Helps me a lot

KevinA when do you use a weekly thrust vs. a monthly thrust?

Amos Kevin ; that depends on my IMPATIENCE ... also on the size and intensity of the previous move

Peter Amos, not a question ... but for FWIW, to answer some of your earlier puzzles : Looking at synergy in several charts, including the Yen/Euro spread - it seems that over the next couple/few weeks ... the dollar will likely retest higher, the Euro lower, the Yen higher, and stocks lower.

Amos Peter, I will study what you said

Mr\_Steve Amos. do not fell sorry for yourself. You are a trader and an investor. We have high's and lows.

Amos if no more questions, I am going to bed ... ok, gn folks

Gary\_Fulleth amos, ty so much ... great lecture tonight ... gn, ty. Amos will do class next Tuesday - we will switch days, since i will be in florida. For those who are new, Amos is is 7 hours ahead or so ... from israel. He is a good friend of mine ... and does this for me and the class

Mr\_Steve n, Amos

Peter Amos, thank you for your insights, and hope you have a great trading week

Gary\_Fulleth I will say ... the day chat room has ben top notch. The reads by those in the room are wonderful. Every day is better, so this room has a good synergy. The room will be open when i am gone, so anyone can even use it on weekend, or whenever they wish. The charts for the newsletter are sent already. Any questions on amos, market, ect?

williammanda how do you sign up for the newsletter?

Gary\_Fulleth write to kelly at knorris@lgtg-trading.com ... she will give u details. I update the charts daily, if need be. Tomorrow I will have some bar by bar eampes (??) in the newsletter

williammanda Thanks Gary ... you have a very impressive setup

Gary\_Fulleth well ... ty, willam ; it is the people of the site, that make it work - all those who add, and those who come, make the site wonderful ... imho

Mr\_Steve Peter could you explain more detail of your comment earlier?

Peter sure Steve - which part, about my trading rules at potential turning points?

Mr\_Steve Let me go back and look, I do not see your comment when I scroll back. It was on trends

Peter ok ... here is a quck summary ; when trying to catch a trend change: (a) only enter such a trade, if the likelihood is that I am using the trend, support or resistance of the next higher timeframe on my side, that may be different that the one I'm trying to catch a "turn" ; (b) be prepared to exit QUICKLY ... if I am wrong ; (c) Try to integrate as many timeframes as possible: eg. if you are trying to catch a trend change on the daily... try to align weekly support/resistance, with an hourly RTL, and a daily SOT ; (d) only trade small at first, then add once the move is proven, and always consider rule (b), exit and reposition

Mr\_Steve Now that I see it again, I got it. Good advice ... thanks.

AH\_Tex Peter ; great additional comments, this evening ... thank you!

Gary\_Fulleth good niche ... u evolve as a trader, and thats what peter has done. I stress to him all the time, to have your niche, and keep doing what works for u

swetz all good traders have rules and consistently apply them - like Peter is showing you :) - they take the emotion out of trading, or at least diminish it

Gary\_Fulleth ... and steve probably had the most conservative rules ... and thats a great niche he has. U must do what is the most comfortable zone u have ... thats key to success. U cant trade like amos ... if your mind set isnt that way

Peter Swetz is a great trader, very disciplined

AH\_Tex amos was driving home the hope, fear, and greed factor - is what I got tonight!!

Gary\_Fulleth yes he was ... great stuff

Mr\_Steve Anytime you lose on a trade, 2 or 3 times in a row - it does bother you - but you gotta look at the big picture. Money is not yours, until you get possession of it

Peter thank you, Gary ... good night everyone

Mr\_Steve Thanks, gary ... great as usual.

AH\_Tex Yes thanks to everyone ... you are all helping me tons!! ::smile

Gary\_Fulleth we all help each other ... thats the key to the forum ... any more q?

swetz gn Peter, Gary, everyone else, cy guys sometime tomorrow

Gary\_Fulleth be well ty ... good night

Gary\_Fulleth left.

## 2009-04-23 (Gary / Swetz)

Gary\_Fulleth Good evening ; did everyone get charts? there are 6 charts for tonight - we will be doing a bar by bar, of todays actions - steve swetz will be here, as well, to discuss the charts he sent out.  
warren charts are .doc instead of pdf -- can't open -- am I the only one?  
Gary\_Fulleth kelly had an issue with adobe, so she did switch - is there a way that u can open them, warren?  
warren no  
Gary\_Fulleth sh...  
warren well, maybe if she sends email, but that might be too much trouble for her  
Gary\_Fulleth can u retrieve it from the site, warren? kelly said there is a microsoft way to open them  
rhonda warren sorry I dont know how to link this format but I got them open  
warren no that is the problem - I don't use microsoft word  
KevinA then you need open office ... it's free  
Gary\_Fulleth right warren ; u are an apple guy ... lets see  
warren office is free?? not by microsoft?  
KevinA It's from OpenOffice.org. It's a Java app, so it should run on a Mac.  
Gary\_Fulleth <http://www.microsoft.com/downloads/details.aspx?Familyid=95e24c87-8732-48d5-8689-ab826e7b8fdf&DisplayLang=en> ... thats the link ... free ... was that a help?  
warren no good for apple - you need windows  
KevinA Google docs will also display, and edit them on the web - you just need a Google account  
Gary\_Fulleth let me email them to u, warren  
warren don't let me hold u up - will try Kevin's method  
Gary\_Fulleth warren, i emailed the charts for tonight - 3 emails  
warren thanks, Gary - got them!  
Gary\_Fulleth great warren ; okay, lets begin  
warren the cookies are on me!  
Handles i want a dads chocolate chip  
Gary\_Fulleth :) swetz will take em ...  
warren ::biggrin  
Gary\_Fulleth any q ? lets do the quiz - because I want to do bar by bar - and steve has 2 charts  
Gary\_Fulleth northrup gruman - what do u see on this chart? this is from the newsletter - what do u observe first, on this chart? We are at a creek area, right? This stock is coming from a downtrend, and we had a large move down, with large volume, in oct. Then we have sideways, for about 5 months. We have a low in nov, and a grind higher ... so if a downtrend, and we grind higher ... what do we need to see to turn up? demand at some point, right? do we have that ... a demand rally from the nov lows?  
rhonda no  
Gary\_Fulleth correct ... so thats a big clue, right? Now lets go back to the quiz chart ... bullish or bearish? Well, if we had no demand, and we are at creek ... something should occur. The last 5 closes on the quiz chart, are fairly good ... so may seem like absorption, because of the high end closes ... see those closes?  
warren is that demand 5 bars back?  
Gary\_Fulleth so price action, closes ... seem bullish. Well, u had a lower low, and a higher close - if it was a demand rally, on the right side of the trading range, it would be a SOS (sign of strength) ; the volume - was that significantly higher, to match the price range?  
warren could be better volume  
Gary\_Fulleth good eyes, WARREN ; the volume is suspect ... if that was a wide bar, good close ... demand should come in, with larger volume. The volume didnt really match price range ... look at the volume, the last 5 bars ... what do u notice? the volume on the move to creek?  
warren lower vol  
Gary\_Fulleth the volume decreases ... right ... what does this say ...  
warren no demand, and rhonda is right!  
Gary\_Fulleth right ... so no demand means? turn to the next page ...  
warren lower prices  
Gary\_Fulleth we had a sot at creek ; with no demand at creek, the closes say ... may be absorption. Thats where closes can fool u ... the cm is not aggressively selling, but selling into specs buying. The lack of demand on this chart at creek - is BEARISH. The explanation is there - if the market was bullish - u would have demand at creek, to overtake the resistance - understand? lack of demand at important resistance, is bearish ... esp in downtrend

warren understood

Gary\_Fulleth 5 min es ; lets dissect the day - this is today's action ; the market from the 830 opening ... was down. It is important to know 2 things : 1) the low was 833 last night ; and 2) the market was lower, the last hour yesterday, so selling occurred.

Gary\_Fulleth so we opened up, and immediately broke ... nothing unusual ; so we have a wide bar, high volume, weaker close at 9 am ... see this? at this point, we dont know if more supply is to come. The next bar, no new lower low, but we grind higher, but we know that this market at some point ... will probably be tested. So the market rallies, then we have a wider bar and low close, at about 940 am - and this signals the beginning of the retest.

Gary\_Fulleth when we have a wide bar, and a reaction ... we draw a horizontal line, as possible significance. Thats what i did ... at 9 00 lows ... then the retest at 10 am ... we have a wide bar, low end close ... see this? this VOLUME is less at lower lows, so maybe at this point, the selling is abating on the retest.

Gary\_Fulleth the next bar was a sot (shortening of the downward thrust) - we have a small range, yet NO demand, and a retest at 10 50 am ... the market tried to go down, and closed mid range, and volume increased ... this is possible stopping action ... see this? the market rallied at 11 30 am ; the market then tries to break - look at the volume - very very very light ... this is now a lack of supply. So possible stopping action at 1050 am, then a rally, and a retest at 1130 ... with light volume ... this is the key, and a change of behavior ... possibly

Gary\_Fulleth we see we have creek, at 83750 ; the market gets above creek, at 1140 ; the small retest, small bar, that stays above creek ... Supply didnt enter ... and then u had mark up. So once above creek, at the 83750 ... u never violated that on the move higher ... see this?

Gary\_Fulleth so the most proper wyckoff trade on the buy ... is what? a retest of creek ... u get this after 2 pm ... the retest of creek on lighter volume, the high range close, good close ... this was a decent reaction. This retest of creek after 2 pm, lead to the rally late in the day ... any q?

Gary\_Fulleth okay, since there are no questions - I will let steve do his charts. I will be gone till wednesday night - the room will be open, and i will be watching the markets at times, as well as checking in ... ty

Mr\_Steve have a good trip, Gary

warren pick up some good real estate -- buy low, sell high!

swetz howdy folks ; lets talk about the daily chart first ; on the daily chart, we have been steadily climbing upward - as the SnP has been climbing upward, we can see that the up bars have shown upward EOM, and increased volume - relative to the down bars - until recently. We are seeing a potential bearish COB - the 4 arrows I have marked on the price and volume bars, show days where the SnP either declined, or made very little upside progress on increased volume - this happened 4 of the last 8 days

swetz when we see a clustering of bars, all showing similar bearish characteristics - we must seriously consider that an important turning point is at hand, right now. Sure, strong demand can always enter to overwhelm the supply, and change the picture ... but Wyckoff suggests, as well as many other of the all-time greatest traders say, that successful trading is about dealing with what we CURRENTLY see ... and what we CURRENTLY see, is that supply is entering this market ... and is gradually overtaking the available demand.

swetz lets not forget what we have learned from the daily chart - and now lets look at the hourly chart ; this hourly chart, as well as the daily chart, does not include today's action - this hourly chart shows an uptrend, that WEDGED upward, as the RTL and support TL began to converge - on the 4th time that the RTL was tested, the SnP fell with increased supply, and strong downward EOM ... that DECISIVELY BROKE the support TL. This occurred last Monday - The SnP continued to decline, and made a LOWER swing low

swetz right then, in real-time, we KNOW that the hourly uptrend has ENDED ... and the market is building a TRADING RANGE. Whether the TR turns into distribution or reaccumulation, will depend on whether or not Wyckoff's selling tests are being met. So my thinking was ... that after seeing strong evidence that the hourly uptrend is over, the daily chart is showing signs of distribution, and all this is occurring at a RESISTANCE area on the daily chart, while the weekly chart is still in a DOWNTREND ... I need to be looking for a shorting opportunity in the SnP

swetz Two of Wyckoff's favorite setups to short a market, is a weak rally to Ice, and an UT or UT test. Since we didnt have the 1st setup, I was looking for the 2nd setup. In the NL, I mentioned that I was looking for a weak rally to the 1/2 point, which I have marked on this chart, as an area to find a short entry (i.e. UT or UT test). Tuesday, the setup never developed - as the market rallied to close at the high of the day. So I began Wednesday, looking for an UT or UT test, to find a low risk shorting opportunity

swetz ... which leads us to the last chart - the 10 minute bar chart ; btw, I mentioned to the NL folks, before Wednesday, that I was looking to short the SnP ... if an UT setup occurred

swetz okay ; so on Wednesday, the SnP gapped down at the open - my thought process in real-time, at the time, was to see if a WEAK RALLY would UT Tuesday's high ... but look at the BARS ... notice the WIDE SPREAD, INCREASED VOLUME, STRONG CLOSES ... this is NOT a WEAK RALLY .. so there is NO SHORT ENTRY

swetz the SnP continues upward - to just above 86.10 on this SPY chart - actually about 86.15. Buying begins to dissipate, and then we get a reaction with more volume, and some downward EOM. In real-time, once I saw that, I was thinking that I would see if the SnP would UT this high - but I was willing to short a LOWER swing high, if I saw buying dry up, and supply enter the market. As we can see on the next rally, buying began drying up a little bit, right before bar A ... but where was the supply? NONE appeared ... there was NO short entry

swetz on Bar A, where the SnP appeared to be turning down - notice the volume I have marked - notice how small it is. So if selling was taking control, where is the supply - so since selling was not there, the buyers were still in control ... and sure enough, the rally continues after a little pause, and the SnP finally moves into a potential UT position ... which I mentioned to folks in Gary's room at the time. But notice that there was increased volume, and wider spread, on the bars preceding the UT ... so good buying was still present.

swetz given this info ... I wanted to see a really strong down bar, with supply, to trigger my short entry - because I wanted to see supply, strong enough to NEGATE this buying pressure. We can see at first, the selling was weak - in Gary's room at the time, I mentioned that the reaction from the UT was weak. So we know from Wyckoff, that when a reaction is weak ... the market needs to go higher to find supply. It certainly found it, on the bar where I entered my short entry - notice the INCREASED volume, the VERY WIDE SPREAD, the POOR CLOSE - this bar, is about as good a supply thrust bar, as you are going to see

swetz this bar was the TRIGGER to enter short ... NOW ... which I did ... and place a stop above today's high ... which I did .. going long SDS ETF. On the SPY chart, going short just below 86, with a stop around 86.50, means risking 50 cents/share - with the hopes of getting at least \$1.00 to \$1.50/share reward. The market fell hard, the \$85 minor support ... was broken like a hot knife through butter

Mr\_Steve swetz, could you tell me what MA you are using on your volume?

swetz 30 day ma

Mr\_Steve TY ; is this what you use all the time?

Mr\_Steve always ; use 50 day ma on the daily time frame ; and 10 wk ma on weekly time frame (basically same as 50 days)

Mr\_Steve 30 on minutes?

swetz yep

swetz so as the market fell ... as you know, I ALWAYS sell 1/2 my position, once I get 2 to 3 times my reward - so on 1/2 my position, I was using a very tight 10 min bar trailing stop - and was going to sell 1/2 position, no matter, before the close - which is what I did right at the close - and kept the other 1/2 position going into today. Once I sell 1/2 my position, I ALWAYS move my stop on the remaining 1/2, to at least breakeven ... that way, I am guaranteed a winning trade, no matter what ... and possibly a really good winning trade, if the market keeps falling ... which didnt happen today :( ... but tomorrow is another day :)

swetz okay any questions? wake up folks, I am not too boring, am I? :)

john Not boring at all

Mr\_Steve I agree, not boring ; Do you use these High, Low swing points instead of channels?

swetz I use both, Mr. Steve ; but swing points are the most important points, to me ... because they tell us ABSOLUTE info. WE KNOW 100% ALWAYS, that a swing point tells us ... that this point, is the PRECISE MOMENT and PRICE, where sellers either overcame demand, or vice versa.

Mr\_Steve Great Job, and easily understood ... Got it, thanks

swetz ... and as Amos would say, this is a VERY HIGH LOK - and when you are a redneck, I will take any level of knowledge :) cool, glad you all liked it - I am trying to give you my thought process as the bars were unfolding Gary\_Fullest as usual, yep - steve is probably the MOST disciplined wyckoff trader, i know - so a lot to be said for this

FranknMiss Soooo what about tomorrow ? ::smile

swetz Frank - if there is no upside follow-through tomorrow, I would be looking to short

FranknMiss me too ::smile

swetz well Frank, you know what they say ... if we both agree, then we are probably both wrong :( :)

FranknMiss cant be!

AH\_Tex so you covered half, and then tighten your stop to let it run on ?

swetz right, AH Tex!!!!!!

AH\_Tex controls any greed I suppose?

swetz you got that right Tex :) couldn't have said it better myself

AH\_Tex nice, very nice

Mr\_Steve When you refer to lighter volume, are you referring to past several bars, or more than that?

swetz lighter volume - means to me - the bars in the same area, I am looking at ... but when you are looking at WAVES, comparing alternating buying/selling waves, you compare the volume on one wave vs. the other, and you compare volume at a swing point high/low, compared to the last swing point high/low

swetz all Wyckoff does, is trying to judge who has the upper hand - buyers or sellers - based on watching price and volume over time - with the help of his 3 laws. That is the ESSENCE of WYCKOFF, right there - yes, there are a bunch of terms - but the essence is what I have just explained

Mr\_Steve That was the reason for the question. It appears that Tom Williams looks at Volume, compared to the previous 2 bars. That looks like it could give false readings. What do you think?

Gary\_Fullett tom williams isnt wyckoff - he tries to interpret bars - they have some aspects of wyckoff, but they dont emulate it, the way it should be

Mr\_Steve Got it, Thank you

AH\_Tex so the MA are for these volume wave analysis. I dont use them yet?

swetz Mr. Steve - I dont just look at the previous 2 bars - to me, Wyckoff isn't that mechanical, and it is not suppose to be - if it was mechanical, then everybody could trade it well ... but that is not so

Mr\_Steve They call it price and volume, that is the comparison

swetz yep, comparing price and volume is very good - Wyckoff's law of effort vs. result, is about making that comparison - but that is not all there is to it, it is only one law and one principle

Mr\_Steve If I could only get past bad habits, and learn the Wyckoff style of where Creek should be - I think I would have it ... I will get there

swetz Mr. Steve - yes you will get there :) if you are persistent, and determined, and willing, to analysis past trades - you WILL get there

Gary\_Fullett creek and ice are one of the most important aspects of wyckoff - and tom williams doesnt use that with VSA. Ice and creek tell u where demand and supply comes from - so how can that be omitted?

Mr\_Steve I have been trading full time, and have done quite well. I am just trying to learn Wyckoff.

swetz Mr. Steve - the folks that ask me what to learn first in trading - I ALWAYS tell them is to learn how to identify the trend, and then learn how to identify support/resistance areas

Mr\_Steve Do you have a standard rule for creek?

swetz creek is just the wavy line across the resistance points of a TR ; ice is the wavy line across the support points of a TR

Mr\_Steve I have been in the past using at least 2 ... 3 better for support and resistance.

swetz but honestly Mr. Steve, if you doing a very well, why change? keep doing what you are doing

Mr\_Steve Fine tuning, and want to do Wyckoff properly. It is interesting

swetz I think you will do fine, Mr. Steve, with Wyckoff - you probably use it anyway, and didnt realize it

AH\_Tex I need to study more about protecting \$\$, as you have shown in this trade

swetz I learned the hard way AH Tex - I lost plenty of money, before I finally was able to establish some good money management rules

AH\_Tex all part of it ::smile

Mr\_Steve I was trying to improve my entrance and exits, using Wyckoff. I am a option buyer and seller. I have never owned the first stock in my life.

swetz I never owned an option in my life :) it is cool, that we got a room with folks, that can trade the market in different ways ... and do well :)

Gary\_Fullett those who have stuck with wyckoff, in the long run, have done well

Mr\_Steve We learn from each other, no man is an island

swetz yes sir, Mr. Steve, very well said

AH\_Tex well said, Mr Steve

Gary\_Fullett thats the purpose ... to help u ... we help each other .. what some are weak at, others are strong at  
swetz okay folks, have a great night folks!!!! watch that market tomorrow, we may get another short opportunity - now it is just a matter of trying to find low risk opportunities, on the smaller timeframe charts, to make actual entries - dont forget what the clues on the daily chart are telling us

Gary\_Fullett ty steve ; I want to wish everyone a great weekend ; there is an apex on the 60 min es chart, which i sent already to nl folks - that should be watched

Gary\_Fullett good night all, good folks ; I will be going to florida tomorrow - but will try and log on during the days im there - the newsletter will continue to go out

rhonda ok, Gary ; Take Care

Gary\_Fullett ty all g-d bless ... great lecture by steve tonight

Gary\_Fullett left.

## 2009-04-28 (Amos)

Amos Hi

carnac many may have forgotten about change of date for your talk.

Amos It is OK - I do it for one, as I do it for many. I basically do it for myself - so those who do not come ... their choice. We are entering, at least this is how i feel - a period of difficult trading - that type that separates boys from BOYS. We have finished one third of the year - and many markets rallied, and the talking heads raise their uglies, and declare this and that. The next few months are going to be hard - you can already taste it, with certain moves that are harsh and mostly unexpected. Only good traders will survive. So I continue to talk about essentials of good trading ... later on

Amos I start with a chart that I prepared to use in one of the letters - but it was left, orphan in the Draft folder. I looked at it, and then at the actual outcome - and there is a story in it - so I sent it nonetheless. It is an hourly chart of the Euro, which I saved on March 26. Trying to be honest to my own trading, I marked 21 bars after that very strong move that covered 200 pips - from 134.50 to 136.50. That move happened in an instant - due to news - no matter. It ended the hourly chart as a WIDE BAR, that closed in the middle - and that calls for a TRADING RANGE over the near term future. This concept - "NEAR TERM" - can test your mettle. I start counting - and since I like fibo counting - I am very alert around important fibo numbers, such as 13-21-34-55 etc. So when it gets to 21 hours after that bar - I sit tight, and watch intently ... what happened? ... nothing

n so much for Fibonacci

Amos The next chart shows reality : I write on the chart, which was printed Friday (before I had to send it to Gary, because he was leaving), and it says: Took 40 hours BUT - the sharp move HAPPENED, and this time it was also CONVERGENCE OF Mas. This is an important point - N just said, "so much for Fibonacci" - that is NOT good attitude. It works enough times, to merit paying attention - but like EVERY TOOL, it is important NOT to FORCE the tool upon the market ... BUT TO WAIT for it to HAPPEN

n fair enough

Amos Generally when a rule is broken - but the PRINCIPLE stays - the ENSUING MOVE would be even SHARPER!!!! The fact that LARGE BARS that close in the middle, DO SERVE as INDICATION of coming TRADING RANGE - and that the EXIT from that range is likely to be a STRONG MOVE - is INDISPUTABLE! It is simply based on HEALTHY understanding of correct technical analysis, and I spent some time showing you how the high and the low of any bar, is basically two points with rather high LOK (level of knowledge). A strong close indicates demand is winning, weak close indicates supply is winning, and a close in the middle indicates - NMT - need more time.

n but the move came out of the middle, low LOK

Amos The important thing here, is NOT TO LET IMPATIENCE DEFEAT your analysis, and good TRADING. Just because the market decides to wait a little longer (Sometime that "little" - can take 2 years!!!), does not mean that you are WRONG - only TOO EARLY! That was the point of those two charts - this case is an hourly chart - so waiting 40 hours mean only 2 more days - but the principle works on all time frames, and the larger the time frame ... the stronger the move

Amos Next I wrote 3 lines, that I thought at the moment will be important by the time we meet. First was : 100 days for Obama are over tmw. I have read by now several articles, about the 100 TIRED days - how many people get frustrated as the days go by, because their own situation is getting worse. People really do not understand how bad things may get. They are IMPATIENT, and they do NOT understand the MOMENTUM of bad, and also GOOD events. Every one is hearing how the situation is already taken care of, and we see early signs of recovery - and such garbage - while the reality of things is such that, every unemployed person slowly but surely causes LESS buying, less demand and MORE unemployment. Here in Israel, even our Own Bernanke - Stanley Fisher (considered rather sharp cb - central banker) - declared in front of the 61 independence day, that the FINANCIAL markets have starte to improve ... while "THE REAL ECONOMY" will continue to deteriorate. Causing me to think that perhaps the financial markets are the "VIRTUAL ECONOMY"

n true

carnac stanley fisher was bernanke's dissertation advisor at mit.

Amos At any rate - the only significance I can see about those 100 days (a very arbitrary and meaningless number - not Fibo at all!!! LOL), is that we happen to finish one third of the year - and things should continue to obey the long term trends, pretty soon.

n but similar results!

Amos I said that Historically, May and June are weak months - kind of preparation for the "summer Rally". I have no idea if we will have summer rally in such a year - but I won't be surprise to see May, June - rather weak

Amos Last line is about the VIX - we will talk about the vix in a moment

Amos Next chart is OEX - the options chart ; I noted that after making a small V bottom, we rallied 6 weeks non-stop, and closed the previous one at its high (against the previous weekly creek at 450). And last week was the FIRST DOWN THRUST (ie making lower low) ... That is a warning sign. So far during Monday and today - we are rallying - rather weakly. The moment we make a lower low (with or without an upthrust), that will indicate that the reaction to test the Feb lows will continue. Notice that the momentums - both 21 and 55 - are still strongly down, and we are just trying to create FIRST crossing of the 5 and the 21. Many times, markets will CREATE that crossing of the 5 over the 21 - to give all the DONCHIANS a chance to be sucked in. So this may be the nature of things right now.

Amos Next chart is the dollar. It is a tough chart - the currencies are in a strong battle, in the last few weeks. It is done over a rather small range - but each move is 2-3 handles- and if you are not prepared for 2 handles move at a "chunk" - you can get hurt (I have been hurt twice last few weeks). So here is the dollar, trading now 5 (and starting 6) weeks, within that large weekly move of correction.

Amos If you remember, I said a few weeks ago, that comparing the symmetry of the reactions and the rallies - will be important, and at the time we were in the third week of the reaction from the high. I said that since the last strong reaction took 4 weeks - it will give us a signal, if this reaction will take more or less weeks. By now, we know that that statement was meaningless, so far - because the reaction only spanned 2 weeks, and the last 6 weeks are INSIDE bars - so, intuitively - this one looks more like an ABC correction, that will last MUCH LONGER THAN 4 weeks ... IF, and when, we take out the last low! One MUST take this into account. Most traders on GVI - declare that the dollar must rally. I am looking at the chart, and my gut feeling tells me that the chances that we will test 75, before any significant large move will occur - is high

n Looks like every 13 days is a sharp low - going back to Sept

Amos N, I am looking at the weekly - so you may be right, and i have to check it!

n Just a goofy observation, re 13 tds ... I mean wks

Amos Last week was a strong KR - and if we get a thrust after thisKR, on the weekly chart - I will ONLY BE SHORT THE DOLLAR for a few months!!!

n Love your KRS and thrusts!!

Amos At any rate - the picture in the dollar is murky, and again, as the first example tonight - the longer we stay in this tight range, within that large week of 6 weeks ago - THE SHARPER WILL BE THE ENSUING MOVE ... so keep that in mind!

carnac well ... corrective rally on dx wkly, is on lighter volume after vsb. This confirms supply.

Amos The next chart may be very important ... it is the WEEKLY VIX. You can see, that since the LOW in AUGUST 2008, we had a HUGE rally (the largest reaction in STOCK MARKET HISTORY - 7000 dow points) - followed by many weeks reaction. And now we are in week # 34, and it was a THRUST! Notice that last week was the FIRST HIGHER HIGH, since February - this may be an IMPORTANT SIGNAL. Does not have to have IMMEDIATE RESULTS - but can be IMPORTANT HARBINGER - so must pay attention. This is not a normal chart, mind you. Historically vix in the last few decades, NEVER went above 38. It means HUGE VOLATILITY, and tremendous fear.

Amos What do you do with VIX of 90? what does it mean? How do you deal with an event, when occurrence of something that lies 3 standard deviations from the mean - vs. something that lies 30 SD? What is the difference between something that has less than 2% happening, and something that has less than 0.2% chance of happening? we really do not know how to assess such likelihoods. Both are rare - what is MORE RARE THAN RARE??? difficult situation. This is the story of the demise of LTCM

carnac regression towards the mean. Yet cannot assume dealing with normal curves.

Amos But the fact is that the chart I attached, SHOWS that the vix has spent 7 weeks in UNCHARTED TERRITORY ... and did reside over 40. Now we are coming back to "normal", and we are still hovering above the horizontal line I drew on the chart - that is around 38, which is the high of the LAST 20 years!!! Lets go wild, and ask ourselves this: Is it possible that this is a JUMP AND BACK of a MULTI YEAR VOLATILITY, and we are BOUND to stay above 38 for a long time? If you BELIEVE in the concept of JUMP AND BACK - this is a VERY REAL possibility - and I won't be suprised to see very wild moves in the next few years.

Amos If the weekly thrust is TRUE - then we should at least re-test the last high, which is 55-58 level. These are UNHEARD OF NUMBERS for the VIX - but perhaps this is par for the game, in this turbulent world. I find such possibility exciting - those who will be prepared for such volatility (that will mean hundreds of dow points a month - for months to come!) ... can make a few bucks. At any rate - I share with you this phenomenon - and you can do with it - as you wish! It is in front of your eyes - and I will keep updating it from time to time.

n Apologies, but I do not use or know vix - it means movement, but not direction?

Amos N, no need to appologize. I mentioned that in her last Webinar, Linda talked a lot about the vix (one minute vix) - and I show you weekly Vix ... it used to be a MAJOR tool of good traders.

Amos However, for a few years it stopped working, and KILLED all those VIX traders - and now seems to be coming back in vogue - VOGUE magazine is very important

n Not to be rude to leave in the middle, but I must go. Amos, thank you for taking the time each week to share. Cheers, all!

Amos Next chart is nasdaq cause ; You can see that the Nasdaq point and figure chart is truncated - this is the curse of data bases, that choose to limit their memory space, and give you LIMITED knowledge. You have to choose DAILY source, instead of TICK source, if you want to get longer charts - this is a tick chart. You can see that we are building cause - if this is distribution (which I think it is - based on the SXC, vix and Yearly charts), then the MINIMUM cause so far, calls for 1200 on the next reaction in the nasdaq.

Amos I keep looking at those HUGE filters (1000 X 3 works very rarely, but it is awesome when it is correct ... and gives you a lot of patience!) - this is like looking at the quarterly charts. Look at the bottom - the count is NOT correct, because it is missing previous contracts - but you can see that a strong move can cover 150 nasdaq handles, with ONE FELL SWOOP - if you are NOT ready for such a move - you can get hurt. What is the solution? Simple - if such move starts - especially after it BREAKS important support, say below 1300 in this case - JUST lower your stop! ... period. If you cannot hold for a few weeks ... your problem

Amos Next chart is the Dollar point and figure ; If I had sent you the chart as of today - you would be amazed how accurate this count was - I show MAXIMUM count to 8460. The actual low was 8450, followed by STRONG rally to 8600, reaction to 8500 etc. When you have clean counts - and you trust them - you can benefit from rather large swings. I have to admit, that I started to buy the dollar at the 8500 level (sold the euro), because of the clear creek - but I held it, despite the continuing decline, because of the clean count ... Once in a while, this tool can be really helpful

Amos An important point, is that after such strong move - the market can stay a while, before it turns - because so many early longs are being punished severely - but then - it is highly likely to revert back to previous Resistance - because the COUNT just finished itself. You have to be ready for a wild move after that - and it happened - the rally from 8450 to 86 was strong ... and fast too. Once in a while, the internal STRUCTURE of the point and figure, can allude to the severity of the next move.

Amos Considering the fact that, as I showed minutes ago, that the whole picture of the Dollar is confusing, and we have several INSIDE WEEKS - the fact that you can use the Point and figure, to give you some parameters of small moves inside that WEEKLY RANGE - is rather comforting. This is one of the more useful aspects of P&F charts - that they can be rather accurate inside CONFUSING RANGES - especially when you are lucky to get CLEAN COUNTS! Important point for P&F fans

Amos I have no more charts - but here comes another one of those important points about trading. I told you that I will try to share with you some important ideas that go thru my mind lately - so, since I am trying those on you - as guinea pigs - I would appreciate any comment on your part. This one deals with the comparison of trading to card counting. I am more and more convinced, that one of the BETTER ways to trade ... is to behave like a card counter. Here are some similar attributes between a card counter and a trader :

Amos 1). Both are dealing with a RANDOM EVENT. The card counter does NOT know what the next card will be. The trader does NOT know what the next price will be. When you are faced with such condition - you are dealing with a situation that is QUITE UNNORMAL for human beings.

carnac card-counting a good concept. Summed up nicely - as Patience to wait for signal, and Discipline to pull trigger ... when signal presents itself.

Amos In our daily life - we know pretty much our daily order and events - we expect to get up in the morning - have coffee, have water coming thru the faucet, drive to work, get to our office and find our computer in place, have lunch, come back home at night, watch Bill O'Reilly, brush our teeth, go to bed, etc. If any of those "normal" events get distracted, or changed drastically - we get upset

carnac absence of control can be upsetting.

williammanda cards are controlled ... only so much can happen, in it's simple form ... trading is not

Amos carnac said it well: absence of control can be upsetting

Amos Williamanda (is this the new BOY GEORGE?) said it well too.

Amos In trading - every moment of our "being" is unsure. Those position traders that trade hogs, did not know they will come Monday, to face 2 Limit down days because of Mexico. This is one of the main reasons, why over 90% of traders LOSE - they have NO preparation, for a situation that changes constantly! it is very frustrating and tiring. The card counter faces some known probability distribution - I think that is what Williamanda meant - but still - he DOES NOT KNOW WHAT THE NEXT card will be!

jj swetz has told me that a good way to prepare, is to consider at least a couple of scenarios before the trading begins, and have a plan for each scenario

williammanda Amos ... you make my point ... cards are more controlled ... the market isn't

Amos Williamanda - I am comparing TWO PSYCHOLOGIES, not exact mathematical events!

williamanda Amos ... I agree with what you are doing - but I feel it is still comparing apples to oranges

Amos williamanda - THAT IS GOOD - keep throwing your darts at me. I will read this log later on - and PAY CLOSE ATTENTION to your arguments - I welcome them - they can only help me form my ideas

Amos Yet card counters are BEING THROWN OUT OF ANY VEGAS CASINO, on the second that they are detected. Usually that sit and pay the ante - just to be allowed to sit at the table. The moment they think the deck is tilted in their favor - ie they have a chance of getting 2 faces and reach 20, while the dealer has to stand on 17 - they will raise their bet ... say, from 5 to 200. Some of them also work in groups, and the card counter at the table, will BUZZ his friends around, and they all get to the table with high stakes ... they work in groups

carnac a goal is to abandon HOPE for OPTIMISM. Latter is a probability that can play.

Amos 2). Both, the trader and the card counter, use SELECTION to get higher LOK. The process of Card counting, is simply a method of LOOKING at the deck (today they use quadruple decks, and they shuffle them as often as possible!), and WAITING for the moment that their COUNTING METHOD ... tells them that their chance of beating the dealer 17, is GREATER THAN 0.5. Unless his chance is greater than HALF, a CARD COUNTER will NOT raise his bet!!! It does not mean he will be right!!! it means that he LIMITS HIS BETS to ONLY THOSE SITUATIONS, that is A-PRIORI chance of winning is greater than half!!!!

Amos So is a good trader ; if you enter the next trade, when your A-PRIORI chances of success is greater (less??) than HALF - YOU WILL LOSE. How many of you conciously ASSESS such probability, before each and every trade?

jj whether the chance for success is greater than 50%? doesnt everyone consider that before a trade?

Amos Wooooo ... I am getting some responses from you - I like that! ... jj - NO!

jj they should

carnac they do ... u know a joc is most often followed by a retest to creek on lighter vol - PROBABILITY OF ACTION DICTARES THE PLAY.

Amos 3). Both traders and Card counters, require GREAT AMOUNT OF DISCIPLINE. A card counter that sits at the table, and plays hand after hand while his COUNTING METHOD does NOT flash a SIGNAL - MUST continue TO WAIT for the DECK to tilt his way. If he sits at the table, and he does NOT get chance for success for several hours - does he give up? NO!!! If he loses for 3 days in a row - does he give up? NO! Card counters today use hi tech - iPhones and such - there have been articles about this lately. A good trader - must be willing to sit days on end without a trade, and WAIT for a situation that is FAVORABLE. The longer we sit in front of a screen, and GAZE at prices - our patience whithers - and we start making mistakes

carnac last has to do with SCHEDULE of reinforcement. VR schedule will keep u at table "for ever".

Amos 4. Both require BLIND FOLLOWING (obedience) of your method. Card counter does not sway right or left. He just does NOT TAKE HIS EYES off the TABLE. The moment he strays - he lost the count. He cannot pay attention to the thinly clad HOTTY that serves him drinks. He does not pay attention to bells and alarms - he is a cold blooded, blind COUNTER.

Amos SO must be a good trader. IGNORE NEWS, IGNORE CHATTER, IGNORE all DISTRACTING elements - and CONCENTRATE on the MARKET in front of him. Most people REFUSE to be blind follower - they want to THINK, to ANALYZE, to PREDICT, to SHOW OFF, to THINK THEY ARE SMART. A card counter does not think he is smart. He has a METHOD, and he sticks with it. Let the losers brag about their SMARTS!

carnac want credit ... hard to overcome. key ... identify outcome u want, and then identify what actions facilitate that outcome. All else is distraction.

Amos 5. Both MUST ignore their losses, because they are simple OVERHEAD expenses of the BUSINESS. The card counter MUST pay the \$5 dollars a hand - that gives him the right to SIT at the table - without sitting at the table, he WON'T BE able to enter the large bet, that will win money for him. So does the trader - he must lose, to be able to cash on the winning trades. Most people refuse to lose.

Amos There are a few more points of similarities - but 5 is enough. Now think for a moment - what kind of an entity is a card counter? When you think deeply about it - you realize that he is a SOPHISTICATED ROBOT. He prepared a very clever method, programmed things around him. Early card counters used batteries and buttons in their shoes, and thick glasses wired to the computer strapped around their body - and then they had green and red bulbs in their thick glasses ... and when they saw a green lamp ... they raised their bets.

Amos A trader should also be a ROBOT - this is not easy. We tend to think of robots as DUMB machines - Not so - the robot is a result of a very sophisticated thinking process (we use here highly intelligent models from Wyckoff to Leanordo of Pizza), but HIS ACTION is DEVOID of human emotions. It is very hard to put all our human traits aside, when we come to trade - but if you believe that card counters are winners - you MUST DO IT.

Amos The fact that LAS VEGAS throws out a card counter, THE MOMENT he is detected - is GOOD ENOUGH for me. THIS IS the ultimate proof, that this METHOD CAN DEFEAT LAS VEGAS ... Vegas does NOT ALLOW WINNERS

Amos SO is the market - our function in the market place is one - TO LOSE MONEY - TO TAKE RISK and LOSE. THE biggest advantage of a trader, is that THEY CANNOT THROW US OUT OF OUR COMPUTER

jj Amos - wasn't last week a weekly downthrust in the ES, according to Dunn's method?

Amos yes jj - I mentioned this when I showed the SXC chart - go back in the log, and you will see it

jj thank you

Amos It is NOT EASY to become a robot. I have been working on this for the last 4 months, and I can tell you that it is very hard. I am always tempted to break the rule. To anticipate the market, instead of waiting for the signal. I just told you about the dollar Point and figure chart - that was so close to the final count - that i entered a little early. The EGO, the INTELLECT is so tempting - it is so important for us to show ourselves, the market, whoever - THAT WE ARE SO SMART, that we can PREDICT things. This is NOT A ROBOT. A card counter, NEVER thinks he knows what the next card will be - HE ONLY WAITS FOR THE SIGNAL!!

carnac try not to prove your worth ... focus on improving your performance.

Amos There are some significant differences between a card counter and a trader - one basic one - which I will talk about, is actually a HUGE advantage of traders - that is the INTER-DEPENDENCE of very close trades. Cards, shuffled well, should be distributed randomly. In prices - quite often - the BEST PREDICTOR OF NEXT BEHAVIOR ... is LAST PRICE.

Amos This is both a mathematical issue - after all - CALCULUS is based on this principle - the whole concept of DELTA X when it goes to zero - is the true derivative... the true slope. I do not want to get into that, but it is a basic truism, that in the absence of any other information - the best predictor of the next price - is the last price. On one hand, this is a huge advantage over card counting - and otoh, this can be a curse - because if you let this influence you too much ... then you BREAK THE MOLD

carnac past history is only one predictor. Current circumstance is another. Don't ignore latter.

Amos carnac - some of your comments are amazingly accurate and relevant!!!

carnac not quite ... i am a behaviorist.

jj carnac has been Amosfied

Amos This issue of inter-dependence is a huge problem, and as I wrote in the letter - I have not solved it yet - it is more complicated than that. There is inter-dependence, between our LAST TRADE and the next one - It depends if it was a winner or a loser - our short term memory can be a blessing or a huge curse at times. Card counters DO NOT HAVE MEMORY - each hand is independent of their LAST HAND - only depends on the STATE OF THE DECK. We tend to insert our emotions, as a result of our last trade into the market place - and that is very wrong - but also very human. I wrote a complicated sentence: This involves many spurious variables, that change from PERSON TO PERSON - short term memory, peace of mind, size of pocket, equanimity, strength of character, ego ... etc

carnac i have answers for last problem. Starts with self-talk ... what u continue telling self, repeatedly across situations, about self and about situations. This includes DEMANDS/EXPECTATIONS AND RATING OF SELF.

Amos carnac ; I promise to read all those comments, in my free time

Amos But the last statement of mine - is, again, one of the explanation why 90% lose - most people do not have the ATTRIBUTES to be good card counters. These issues may be much more important, than any model or market analysis we use, and hardly ANY BOOK talks about them! In my opinon - the most significant book, that tries to shed some light on those issues ... is Jesse Livermore

carnac FILLING IS ONLY A POOR PERFORMANCE. AN ACTION. IT DOESA NOT REFLECT AN INADEQUACY WITHIN. A problem arises when reason to "surplus meaning" of a poor perf ... read my next book ... lol.

Amos At any rate - these are the things that occupy my mind heavily lately, and i am sharing them with you

Amos I bid you good night, and we meet again around cinco de Mayo ... Haook

jj gn Amos

carnac ty amos.

warren ty Amos

Amos ok folks - thanks for staying with me ... have gn

Amos bye

Amos left.

## 2009-04-29 (Gary)

Gary\_Fulleth good evening ;  
SDW welcome back - how was vacation?  
Gary\_Fulleth well, the 3 days in Tampa - the reunion - was relaxing. Disney world is a lot of work - lol - with a 3 yr old ... so i need a vacation from the vacation. I owe all an apology ; I had taken my lap top - it was working fine thru sunday night. I was doing the newsletter, and then transmitted to kelly, and she had difficulty sending monday morning, as I went to orlando - the operating system was not to be found - I dont know how that happened, so i had 0 quotes ... so i was told, I have to redo windows  
SDW gotta start doing charts on the iPhone - it can do everything, or so my kids tell me  
Gary\_Fulleth i went to get a wall street journal - sold out - they had a convention for financial planners there. I received over 100 pinhead bites, from these bugs in tampa ... they come out at sunset ... not mosquitos ... starts with an N ... 87 degrees was quite WARM. Anyway, great to be back, and working to do charts. How did the chat room go? Amos do his lecture?  
Peter yes ; Amos lectured  
Gary\_Fulleth ty, peter ; i sent a few charts, as i didnt review a lot when i sent these ... so trying to catch up ... I didnt even know about the swine flu, till this morning  
Peter the room was totally out of control, while you were gone... :)  
Gary\_Fulleth peter ... u were the moderator  
Peter teasing :) everything was fine, but we missed you  
Gary\_Fulleth my window operating system was lost, peter - i couldnt get quotes, nor send the newsletter, nor charts ... was peeved  
Peter you should be able to restore it Gary, takes a couple of hours  
Gary\_Fulleth i need a disk, dont i peter?  
Mr\_Steve Gary, you had too much fun ... we will send the fun police, next time  
Gary\_Fulleth tiring ... but went well ... ty  
Peter I had guessed that there was a problem with the laptop - it should be repairable with a software restore  
Mr\_Steve Gary, no charts while on the trip? do you need medical attention?  
Gary\_Fulleth i know Mr Steve ... was hard, no charts ... even the wsj was sold out  
Peter Gary was going through "chart withdrawal" :)  
Gary\_Fulleth I was peter ; i got up at 2 pm to do charts, and couldnt do em ; sleep heavy, get up, and couldnt fall back to sleep after 430 ... so had coffee, and read the paper ... lol  
Gary\_Fulleth so we had the swine virus - the key is how the markets reacted - so how was the action, the past few days? I am refreshed enough, to do well now  
Peter the market action was pretty normal until today - a typical Fed day, with twists and turns  
Handles beans were wild this week, gary ; spreads etc  
Gary\_Fulleth spreads really? old crop, new crop?  
Handles went mental - got totally reversed - then reversed back again, today  
Gary\_Fulleth find tomorrow ... first notice day  
Handles yes ... so makes the spreads go mental  
Gary\_Fulleth well, obviously the swine flu plays a role ... but the virus is more of a human influenza, and not the influenza from swine. So we have influenza every year, but not severe. We can see stocks tried to break, and held - this should tell u something - its NOT the news, but the reaction to the news. We can see the initial action on monday ... many of the closes, were off the lows  
Peter demand still in control, for now  
Gary\_Fulleth this tells u something, right peter. If the trends were lower - vertical like before - this "news" would have been devastating  
Peter a retest of today's high, will be interesting, though  
Handles u think we get that tomorrow, peter?  
Peter yes, H ... or overnight  
Gary\_Fulleth well, i see some thing in the s and p - which i wrote in the newsletter for tonight. The close may be interesting - i was tired about 2 hrs ago, got a second wind now, lol - todays close was mid range  
Peter as I said in the day chat, today - may have been an UT or UTAD ... I doubt it was a joc, but possible  
Gary\_Fulleth okay, i sent 4 charts ; not the normal 8 or so, as I am trying to get feel of the markets, besides charts  
Gary\_Fulleth lets take that chart, first ; on monday, 3 bars ago, the market was lower - but the range was not large - in fact had an inside day - coulont (??) 3 bars back

Gary\_Fullett the bar yesterday was a bar to go lower, but the close was decent - if u notice the bars closes, tend to be high end - the market is trying to absorb the creek area. Today, we close mid range, after an attempt to go above 9250 - if today was an ut, then we get back to 825

Handles i noticed something too - when u are done, i will mention it

Gary\_Fullett please, handles ... mention it

Handles well, i noticed on the NYSE program trading sheet - that goldman sachs, is now 25% of the volume daily - and that their profits, are mostly from trading for themselves - and no longer for their clients accounts. Then, i started seeing something - everynight, the ES was going lower, throughout the night ... and suddenly, when the mkt would open ... it would fly up. And i also noticed, that none of my clients wanted to buy - ever - thru this whole thing ... then finally, today i had 12 calls from clients, saying isnt it time to buy stocks now? i laughed inside ... goldman is transferring the risk, as we speak. Playing games with es futures, during the night, to get shorts in ... only to nail them on squeezes, everyday ... and now the bears are done for, and the specs wanna get long

Peter I have also noticed, that when the market get's in trouble, there is an an announcement or speech - the market is definitely being manipulated

Gary\_Fullett markets are always manipulated ... its just that u notice it more

Peter and I agree, it's an attack on the shorts

Gary\_Fullett i saw IBM raised its dividend - so the cm uses the news, against u

Peter IBM has stayed relatively strong, throughout this whole mess

Gary\_Fullett so in the es, the 875 area - as peter said - a retest of the highs ... is key

Handles am i the only one, noticing the night time down ... to get shorts in ... then the squeeze

Peter I see it as well, H ... actually, I see it somewhat differently -- the shorts are trying to take control, but the manipulators are squeezing the shorts

Mr\_Steve Not sure I understand? about GS, I mean

Gary\_Fullett well, the market is very large to squeeze - i think they can manipulate a lot of stocks - but with the fed printing, and the fed is adding money and liquidity ... u are fighting a losing battle

Handles yes ... its not about the economy getting better ... its about liquidity, right now

Gary\_Fullett right, handles ... all about liquidity ... its quite obvious ... its the game they are playing. So one of the key to markets, is to understand what they are telling u - example mentioned, GS and the liquidity - thats the game they play now. So this is important to see - so stocks may have an upthrust, and a retest of the 875 area - so we will see tomorrow and friday

Gary\_Fullett bond chart ; will do these charts, and try to finish early - as I have a lot of charts to catch up on, as well. So the bonds had a large rally - fed announcement day. From the high, the market retested for the past 3 months - that demand bar was retested today. That demand bar, notice the close - this is either a spring, or since the volume increased on this break ... this may be more supply. The bonds have followed a downtrend line, so this is key - will see this reaction - if weak on the reaction higher, look for new lows - if the spring holds, look for a retest of the downtrend line ... any q?

Gary\_Fullett yen ; this is a nice chart ; we know the downtrend for months, in the yen. The yen, on the reaction high, the uptrend went to an area of resistance - the apex formed - a picture and detail (??). Notice the apex formed from the reaction highs, and the rtl line. When u get this type of action, its important - u want as many converging lines - as well, keep chart lines to a minimum, though, once u see the story. With wyckoff, if u counter trend - look for ending action - like a sot, ect. In the case of the yen, yesterday - u had a UT - this was ending action. In a downtrend, after the UT upthrust - needs to have supply, to turn the market lower

Mr\_Steve I play options on BIDU, a lot. I see a lot of times - like yesterday - an upthrust closing on the low, only to see it rally the next day. I am confused?

Gary\_Fullett well what is trend? time frame u are looking at?

Mr\_Steve up ; daily

Gary\_Fullett upthrusts fail in uptrends ; well, UT fails in up markets ... like springs will fail in downtrend. Since u trade options, wait for the right side of Box ... Trend is the first most important

Mr\_Steve OK, Thanks ... That explains it

Gary\_Fullett :) If u got high volume on the UT ... that can be supply

Mr\_Steve had really really high volume

Gary\_Fullett which day?

Mr\_Steve yesterday ... At the end of the night, I want to tell you something about what you mentioned, several weeks ago. You will find interesting ...

Gary\_Fullett but, Mr Steve - today was a small range - so may be a retest of resistance - so it can be distribution

Mr\_Steve true ... OK, ty

Gary\_Fullett have to see retest ... that leads to a great chart ...

Gary\_Fulleth drug for prostate cancer ... classic shakeout. Notice the volume on the shakeout was lighter, than the gap higher, april 13 ... so the close was off the lows, lighter volume ... so lacked some supply  
Peter looks like a JOC, then a Retest + shakeout combo  
Gary\_Fulleth ok ... im done ... would have sent more charts, but tired  
LarryG charts were good, gary  
Gary\_Fulleth well, 1-eye larry ... lol  
LarryG lol  
Mr\_Steve Do you want to know an interesting observation, on something you said?  
Gary\_Fulleth please ...  
Mr\_Steve You had a question, on why Volatility was going in same direction as stock, or something like that. I started looking the next day, just fooling around, and found that on some occasions ... when the \$VIX is running in the same direction as the stock, a turn was not too far behind. The only reason I found it interesting - was you stated you had only seen this several other times. I would not count this as anything that matters, but just interesting. I used candles to do the research  
Gary\_Fulleth wonderful ...  
Peter what are the advantages of candle charts vs bar charts?  
Gary\_Fulleth more birthdays  
Mr\_Steve None ... I do not use them ; I could see easier with candles, the vix and the charts running in same direction ... easier for what I was looking for.  
Peter ok,ty - just curious ... if you could see something easier, then there seems to be an advantage of some kind  
Mr\_Steve no, sometimes I use colored candles ... but 90% of time I use bars  
Peter I have looked at them occasionally - but I mostly use bar charts, since that's what I'm used to ... and see very little difference, other than how the info is displayed  
Mr\_Steve I was using colored bars, to spot the same candle color day, up or down ... just made looking faster  
Peter ah ok ... I color my up and down bars, differently ... also the volume, I use different colors for up vs down  
Mr\_Steve I do to Blue and Red  
LarryG ty gary, gn  
Mr\_Steve Thanks Gary, glad you had a good vacation. What happened to Amos tonight? He sounded down in the dumps, last week  
Gary\_Fulleth i did ... was tiring. He did the lecture last night, since i was out of town ... so we switched  
Peter thank you Gary, good night everyone  
Gary\_Fulleth good input ... ty, peter  
Gary\_Fulleth if u all dont mind, i need to do a few charts, and hit the sheets ... any q?  
Gary\_Fulleth stocks talk ... all should be back to normal now  
AH\_Tex Good deal ; Nite, and thank you !  
Gary\_Fulleth ty ; rearing to go ... but need a good nights rest ... goodnight, see u all tomorrow

## 2009-04-30 (Gary / Swetz)

Gary\_Fullett good evening ; there are 4 charts for tonight - 2 by me, 2 from steve ; one of the charts, is the 5 min es, and i want to show the 5 min, bar by bar ... something we havent really discussed, but i have mentioned it many times ... never really showed with a chart ... but first any questions? comments, ect?

Mr\_Steve e mini chart ?

Gary\_Fullett yes, and a stock chart ; and steve has 2 charts. First i want to say thank you - i heard some nice comments, that while i was gone, the chat room ran well. I like that - the synergy is good - so thank you. Okay, no q ... lets begin. Lets take the stock first ... abm stock

Gary\_Fullett so on thursdays, when i send charts, i want to send u a wyckoff principle chart. As i mentioned many times, markets tend to make a top ... via buying climax, or wider action. So tops tend to be made with wider action ... lows tend to be made with lack of interest, low prices. Well I wanted to shown an example ...

Gary\_Fullett bottoms tend to be made, with a lack of interest and low prices ... so lets look at the stock ; u have a low, and a wider bar, and a decent close ... 3rd week in feb. We have a few lows with small range - this was a lack of supply. So the small bars, and marginally new lows ... says a lack of sellers ... they are saturated with shorts. The small ranges tell us a lack of interest - so even though a market can be bearish, and show no demand - if we have a lack of supply, this will lead to demand. Well, thats what we have here - with a so (??). Then we get a large rally with high volume ... see this? ... from the bottom ... we call this vob, volume off the bottom. Is this a shakeout of the shorts?

n no ... dont know ... I thought a shakeout came from a TR

Gary\_Fullett now, we can assume volume off the bottom, and not a shakeout ... mostly it does, but a shakeout is a quick hypodermic move one way, then reverses ... shakeouts dont have to come from trading ranges

n If it were to be a shakeout, it would have to be one of longs, not shorts

Gary\_Fullett in this case, it would be a shakeout of the shorts - was a quick up rally in a bear market - the trend is down, shorts in control. Shakeout is counter trend - so if this was a shakeout - the trend would continue lower ... shakeout the shorts, then make new lows ... so the next few bars ... important

n right, reversed my thinking ... The vol is not that low, relative to the bars at the low, compared to vol and ranges in Jan ... which were larger, so more was being transfered with the vol at lows ... correction, low vol in Jan, larger ranges

Gary\_Fullett the market broke the last 2 bars, after the big up bar ; volume is lower than the large up move - but u didnt get the action in jan, like u got in march. BUT the price is at lower levels - so that move as a percentage is more expansive - the price in Jan is higher priced, so percentage-wise, the move in march is huge

Gary\_Fullett so the next 2 bars, after that large up ; the next 2 bars are a retest on lighter volume - so we can think ... maybe not a shakeout, but some demand. We get a rally, 5 bars after the wide bar - it is an up bar, with an increase in volume ... says some demand. BUT THE KEY ... no new lows, after that WIDE BAR. So lack of follow thru to new lows, that wide bar was probably NOT a shakeout, but rather a VOB (volume off the bottom) ... any q? when u get lack of follow thru ... this tells u a lot

Gary\_Fullett 5 min es ... todays action

Handles1 es es es ... lol

Mr\_Steve some day, I would like for you to sometime read the DJI or the S&P, of what went on in this last rally ... From January

Gary\_Fullett did u observe something?

Mr\_Steve Just the V bottom - and I missed many chances to take a trade ... not seeing strength and pull backs. Made some nice ones, but lost many more.

Gary\_Fullett stocks tend to make v bottoms

Mr\_Steve I look for double bottoms and double tops, in stocks and indexes ... But it was weird this time. I used P&F charting for enter and exits, mainly ... I do not know ... just a weird market in stocks

Gary\_Fullett well, stocks tend to make v bottoms - but i am sure they all have their own characteristics

Mr\_Steve I am thinking opposite

Gary\_Fullett other markets ... yes ... not so much in stocks

swetz stocks do not make V bottoms, in my experience :) at least not in the larger timeframes

Mr\_Steve OK ... who is correct?

Gary\_Fullett in my experience ... with many stocks, they do ... but there are so many stocks ... I am sure there are many many ways, they top or bottom

swetz just look at the charts yourself, Steve - dont take mine or Gary's word for it, find out for yourself :) but I will tell you, that only ONE major bottom was a V bottom, and that was in 1987

Mr\_Steve 2003 quarterly ... we had one

Gary\_Fulleth right ; groups, individual stocks ... since there are so many, I am sure many top or bottom ... not with a v bottom, but other ways ... thats why watching the action, is more important than anything ... we can watch the tape

Gary\_Fulleth 5 min es chart ; todays action - what stands out on this chart?

n Shallow rally retracements

Gary\_Fulleth looking at the whole day ... the VOLUME ... the whole day, u had light volume. Also, after we topped, there really wasnt ending action - but the market broke, and continued lower, as longs just liquidated. As volume light - so sellers really didnt come in ... was more of a lack of demand. But as u can see, when the market broke, u had a series of small trading ranges - that were distribution. Lower highs, lower lows, with small trading ranges, and mark down - i drew a lot of horizontal lines to show this

n This almost looks like the weekly chart, from the Oct high

Gary\_Fulleth the bar that stands out - is the wide bar, with increased volume ... told u selling. Just follow the horizontal trading ranges. So was a lack of demand to rally, at the 885 RESISTANCE. So after the resistance, the markets break was from a lack of demand ... to push higher, from resistance ... so was negative on the day. U never see a heavy volume down bar ... u have selling. So the gradual grinding and erosion down, fed upon itself ... for longs to get out ... do u see this? so this chart was an example, of a break from a lack of demand, at resistance of 885 ... any q? on markets, or in general?

Gary\_Fulleth okay, 2 other charts ... steve's charts

swetz okie dokie ; I thought it may be kind of interesting, to see how I attempted to catch a test of (what appeared to me), a strong selling wave from the April 17th high - by trying to use Uts, and test of Uts, to find low risk trade entries ... the 4th chart, shows the strong selling wave to which I am referring

Mr\_Steve first chart ... 10min?

swetz yes sir, Steve ; the last chart - the hourly chart - shows the little move up, against this strong selling wave ... but lets look at the 3rd chart, the 10 min chart. On this chart, I labeled where my short trades were from, the last few days ... and as you can see, not all of them worked out like I would have hoped ... but lets discuss them, one at a time ...

swetz starting with the 1st short trade, made on April 27th ; I was looking to go short on an UT, using a supply bar for entry - on April 27th, after the large gap down, we can see that buyers immediately overcame the sellers ... thereby rallying the SnP. Demand entered on the 5th bar of the day, with that huge spike up in volume, that went along with a wide range bar, that closed at the high ... at this time, the only conclusion we can draw ... is that the market should head higher ... which it does.

swetz then finally at the 10:10 bar - Wyckoffers noticed something interesting - as the market rallied, the ranges of the bars became more narrow, and the volume decreased bar by bar, until the 10:10 bar ... when volume increased, BUT the range narrowed once again ... a nice example of Wyckoff's principle, of effort not equaling result. Right then and there, an antennae should go off in our head ... that sellers are attempting to make a stand, right now ... and this is happening, when the SnP is testing that little congestion area, that is on the far left of this chart.

swetz so after this red flag bar, the very next bar has a wider range and poor close - so once again, we are seeing evidence that sellers are trying to gain the upper hand. So we Wyckoffers, look for a TEST of this action ... to see if have ourselves a trading opportunity to go short. Sure enough, on the rally to TEST this red flag bar, notice the total lack of demand ... finally this little rally ends ... with an UPTHURST.

swetz so here we are, we got what we wanted ... an UT setup, that came from a weak rally, that followed a red flag bar, that indicated that sellers were attempting to take control. Once the very next bar showed WIDER SPREAD, INCREASED VOLUME, and a POOR CLOSE ... it was time to go short ... NOW ... with a stop a little bit above today's high ... the risk was very small

swetz as many of you know, my rule when I day/swing trade ... is to sell/cover 1/2 my position, once I get 2 to 3 times my reward vs. my risk. So as this selling wave progressed, I am just trailing my stop, until finally I get stopped out of 1/2 my position, on the bar I have marked ... and I move my stop on the remaining 1/2 position, to breakeven. The market basically goes sideways for the rest of the day, and I am still short 1/2 my position

swetz the next day, the swine flu news comes, and that supposedly caused the large gap down. I dont know about you guys, but when I get a gift like this ... and I dont see any downside follow-through ... I quickly cover the rest of my shares. Notice that the 1st bar on April 28th, closed at the HIGH of the bar. I was going to give it a chance to continue lower, but after a large gap down like that, the smart money seemed to be willing to step in to overcome the retail sellers ... that always overreact to good or bad news

swetz but I am not done yet ... I am still looking to short UTs ; after the morning rally, the SnP went into a TR - at first, at least to me, it had potential JOC characteristics ... based on the 13:40 bar, which had wide spread, a strong close, and volume increased ... I believe I mentioned this, to folks in Gary's chat room, at the time

swetz I also mentioned that the potential JOC - was just that - a POTENTIAL ... until it was PROVEN, with a successful backup. For all we know, the action could still be an UT. So I watched the attempted backup develop, watching each bar as it unfolded, to see if I could determine which scenario was the more likely to occur. The bar that made it clear to me, was the bar where I got short ... if the backup was for real, the market should have rallied immediately after the blue bar that tested the creek area ... but the very OPPOSITE occurred ... volume INCREASED, but the SELLERS were the ones who controlled the action ... we KNOW this, because the market DECLINED

swetz so I went with it, by going short with a stop above the day's high. The market kept falling into the close, so I expected downside follow-through the next day. I was still short my whole position - I had not covered anything - because I had not reached my 1st profit objective (i.e. 2 to 3 times my risk). Well, unfortunately for me, the SnP makes a large gap up the next morning, and I got stopped out of my whole position ... for a loss ... see nothing is 100% guaranteed in trading, not even for a Wyckoff trader :)

swetz so the market keeps rallying, makes a little TR, and does a JOC ... that was tested on the wide range red bar, which was the same time that the stress report was released. So volatility increased substantially, but I didn't worry about that - I was just watching each bar unfold, with the help of Wyckoff's principles, and my rules to keep my emotions in check :)

swetz so after the test of the minor creek, we get 2 up bars ... with the last up bar showing wide spread, and the highest volume all day long. Up to that point, at that very moment, I was thinking this market is going to keep going higher - buyers were coming in, and overwhelming the sellers - the strong close, and wide spread, tells us this ... BUT then, look at the very next bar ... just when the buyers were in total control of the SnP, we see a wide range down bar ... that NEGATES ALL of the upside progress, that was made on the preceding bar

swetz we have an important potential bearish COB occurring - and I immediately start thinking, that an UT is developing. If this market was to continue higher, the reaction should be WEAK ... NOT strong. All of the folks, who bought on that last wide range up bar, are now sitting in a losing position ... they are trying to figure out, what in the heck just happened?

swetz now, we Wyckoffers see the potential COB developing - and so all we have to do, is to wait on a TEST ... to PROVE the POTENTIAL. We get that test 2 bars later - notice that volume has decreased substantially - where are the buyers? and look at the close, below midrange - the buyers are losing control ... right here and now. So as soon as I see downside follow-through, I go short ... with a stop, above the day's high. I see volume increasing, the close is poor, the range widens ... so far so good ...

swetz the very next bar, unfolds just like I would have expected ... more downside action. Everything is progressing, just like the action after an UT should ... UNTIL the END of the DAY ... I have that bar marked. Notice the EXTREMELY HIGH VOLUME - so got some MAJOR BUYING going on, and the buying is overcoming the selling ... how do we know this? look at the POSITION of the CLOSE ... right near the high of the range, isn't it?

swetz at this point, I am only up less than \$100 bucks - and see evidence, that important buying is going on. If this UT was for real, this type of ACTION SHOULD NOT be happening - the SnP should have kept falling ... BUT it DID NOT ... so I have got to COVER ... which I do. Now, maybe somebody knew something, because today ... we see a large gap up. For folks that don't follow Wyckoff, would likely not have recognized the strong presence of demand, that we saw near the close yesterday ... but we Wyckoffers see it :)

swetz so today, we get the gap up. I was away from my computer this morning - but I get back around lunchtime, I can't miss my favorite hour :) First thing I notice, when I pulled the SPY chart up - was the 2 wide range down bars, that I have marked with a dark red arrow - and I think, here we are, the SnP is in a position to JOC. It rallied above that strong selling wave, that I mentioned at the beginning of tonight's lecture - but where is the upside follow-through - where is the demand? what we see instead, is downward EOM, on increased selling ... increased volume, I should say. The ONLY thing, that can CAUSE that ... is SELLING OVERCOMING DEMAND

swetz so here we are again, the market is once again in an UT position - which can be better seen on the last hourly chart, that I sent. So I am looking to go short on a rally ... I want to see a WEAK RALLY. So after the SnP reaches 870, it begins a rally - notice as this rally progresses, the VOLUME is SHRINKING ... where are the buyers? probably at Disney World with Gary :)

swetz if this market is going to JOC, we should see buyers jumping over themselves ... to get into this market ... but we DO NOT. In fact, what we see, is a rally struggling to penetrate the 1/2 point, that I have marked ; a rally that is merely testing the vertical supply bar, that I have marked S/D ; and look at that last up bar, in this rally - I have it marked with an arrow - notice the NARROW RANGE, but VOLUME INCREASED ... Wyckoff's principle of EFFORT vs. RESULT, is showing up once again :) the effort of the buyers, did not make much upside progress or result ... the close was about midrange ... sellers were coming in to meet the buyers.

swetz so, once I saw that the next bar started heading down, I went short with a stop above today's high. Now because this short entry is a lot farther away than I would have liked - I had to reduce my position size to deal

with my dollar risk tolerance

swetz after the rally, we get a reaction ... to once again test 870. We get another rally, which makes a LOWER high - the sellers are overcoming the buyers, at a lower level now. The market subsequently closes, at the low of the day ... putting it in another UT position. Now FOLLOW-THROUGH tomorrow ... will be the key. If this UT is a trap, to get the weak longs in ... the CM will crush them. If the "smart money" traders are happy with their positions, they will not want company. Now these are a couple of "ifs" ... I dont have a clue where they stand, and I dont honestly care ... I just follow my rules, based on Wyckoff's method

Mr\_Steve Can I ask a question? What rhyme or reason are you using, to draw your line from low to high? High of day, low of day, or what between? single line

swetz horizontal lines? the thin pink line?

Mr\_Steve the ones that are running from low to high, single line

swetz oh ... my swing lines

Mr\_Steve yes ... High, low? or turning points

swetz I use 7 bar highs - because there are 6 10 minute bars in an hour. My swing points are based on the next higher timeframe ... 6 bar highs on a daily chart, because there are 5 days in a week ... 8 bar highs on my hourly chart, because there are 6 1/2 hourly bars in a day

Mr\_Steve Got it ... thanks

swetz anytime :) Wyckoff himself, would use a number of points to define his swing charts ... but I found that time works better ... any other questions?

rhonda no ... Thanks Steve!

Mr\_Steve I have not got that far in my studies ... Thanks, Steve

swetz cool Rhonda, then I expect you to make some money tomorrow :)

rhonda LOL ... ok just for you

swetz well I just wanted everyone to see ALL of my SnP trades this week - the good and the bad. But you will see, that so far, despite the market begin up for most of the week ... these trades, as a whole, made money ... because the UT entries, give low risk trades in a TR ... and Wyckoff understood this, 100 years ago

Gary\_Fulleth did well - great chart - I hope everyone appreciates the work

personkid greatly

JWC Thx for the show and tell, good work, gnight

FranknMiss yes .. but u said something that is hard - waiting for bar to print is hard - my waiter doesnt work

swetz lol, well if looking at 10 minute chart ... keep your eyes closed for the first 9 1/2 minutes :)

FranknMiss i'm exploding inside!

swetz that is where PATIENCE and DISCIPLINE pay off Frank - I actually had the same problem - I couldnt wait for the bar to print - I just KNEW, that the bar would go in my direction. Sure enough, as soon as I would enter a position, while the bar was still unfolding - I would be on the wrong side. I just wasn't following my rules - I wasn't showing the patience, and discipline, that a pro trader has ... so I KNOW exactly where you are coming from ... I am the KING of TRADING MISTAKES :) but to make it, those mistakes MUST be corrected

FranknMiss i know - i know

warren gn all, and thanks .. Gary and Steve ; see you in the morning, and slap my hand if I go against the trend!

swetz lol, Warren ; okay folks, if no other questions ... I bid you guys a fond farewell ; I got a lady from California, coming to see me tomorrow, I hope she is hot :) so probably won't see you, until tomorrow afternoon

Gary\_Fulleth lol ... be a good boy

swetz always a southern gentlemen :) those yankees are the ones you can't trust :)

FranknMiss stay wide of the southern girls ... although they can cook

swetz lol, Frank ; well, she is from Southern California ... so that should count for something ... but you are right, she MUST be able to cook :) actually it is about trading, so we will see ...

Gary\_Fulleth lol ... at least cookies ... chocolate chips

swetz lol Gary, good point :)

FranknMiss gn ; thanks guys

Gary\_Fulleth okay, time to do charts ... see u all tomorrow ... ty

Gary\_Fulleth left.