

# LTG Wyckoff Classes

May 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*

## 2009-05-01 (Tim Ord)

Ord Ok then ; First chart is a 30 min, of the SPY. What I will show you is the Wolfe Wave  
Ord It's a 5 reversal wave high and it predicts a pull back to the trend line from wave 1 high to wave 4 low.  
Ord The red numbers show first wolfe wave  
Ord The blue five count show the second wolfe wave which has a short term target to around 82.50 range  
Ord The second window from the bottom is the Chiakin Oscillator  
Ord On the first wofle Wave the Chiakin Osillator divergenced  
Ord And on the second Wolfe Wave the Oscillator is divergence again  
Ord Therefore there is a pretty good chance a short term pull back could start here  
Ord The second chart  
Ord On yesterday's high on the SPY the VIX made a lower high and is a short term negative divergence and also suggest a minor pull back.  
Ord However I don't think this pull back will be anything significant  
Ord Chart three  
Ord Wednesday and Thursday the SPY broke to new recent highs but volume only shrank by 7%.  
Ord For a test of a previous high for a bearish outcome volume should shrink by 10% or more.  
Ord Therefore at some point yesterday's high will most likely be tested again  
Ord What the SPY may be entering into is a trading range where 82.50 is support and 89 is resistance  
Ord I'm short around 84.3 and may look to cover near 82.50.  
Ord Are there any question?  
kent no, very clear, ty  
Ord Sorry for the short meeting but had appointment this morning  
swetz Mr. Ord - do you think an UTAD scenario could play out in SPY?  
Ord Don't know what is UTAD  
scott short around 84.3?  
swetz oops sorry, Upthrust after Distribution  
Ord Probably something like that  
Ord Don't see a lot of upside but now a lot of downside either  
Ord The upthrust for Wednesday and Thursday had too much volume  
John wonderful lecture  
Ord Are there any other questions?  
kent an UTAD would lead to markdown  
rich where is your stop? Mr. Ord?  
Ord It depends on the volume  
Ord See you next Friday. Thank you. all the best, Tim  
Ord left.

## 2009-05-05 (Gary)

Gary\_Fullett good evening ; charts i sent for tonight were newsletter charts some of them  
Gary\_Fullett but they showed some nice wyckoff i want to discuss  
Gary\_Fullett okay , lets begin ; any questions?  
Gary\_Fullett okay , lets take the s and p ; this is an important chart wyckoff wise  
Gary\_Fullett first , we have some type of low in march  
Gary\_Fullett we dont know it at the time , but we have a wide bar march 9th or so , and moved up  
Gary\_Fullett there is a channel that we can draw ; as u can see , the rtl line or the resistance line  
Gary\_Fullett is NOT a trend line , an overbought line ONLY  
Gary\_Fullett so as we can see as the market is trending higher , it reacts from that line  
Gary\_Fullett if u notice , that the reaction from those overbought lines is maybe 1-3 days and not more  
Gary\_Fullett there is no follow thru supply or selling ; notice this?  
Gary\_Fullett this is important as the market maintains the up channel  
Gary\_Fullett if u look at the volume from march 9th area , u see volume overall declining  
Gary\_Fullett so as the market is rallying , the volume overall decreases  
Gary\_Fullett many times over the last 20 yrs , the market has grinded higher after a low  
Gary\_Fullett after 1987 , 2002 ect , and many other times ; so a grind higher doesnt have to be bearish  
Gary\_Fullett in fact the longer u grind up the more bullish u get as shorts cover  
Gary\_Fullett so thats why the grind ; shorts buying as the market goes higher , and u hit buy stops  
Gary\_Fullett just because u hit a rtl line this is NOT a trend change  
Gary\_Fullett one of the things u get with a trending market is follow thru from strngth or weakness  
Gary\_Fullett so a market that doesnt have follow thru is in a trading range  
Gary\_Fullett in a trending market u get follow thru , so u see the corrections are less shallow then the rallies  
Gary\_Fullett so we have an up trend ; yesterday the market closed at the rtl liner  
Gary\_Fullett and today was mainly lower all day ; but as long as u get no supply , or little supply  
Gary\_Fullett the market will continue to go higher and maybe higher than rtl line ; any q on this chart?  
Gary\_Fullett with no supply , this market will go higher ; okay  
newbie many times , 1/2 of this channel is a good area to buy ; does that include now?  
Gary\_Fullett great q ; 1/2 back is just a guide ; so if u have 1/2 back  
Gary\_Fullett and there is some support then yes be a buyer ; so use it as a guide  
Gary\_Fullett if u get 1/2 back and is support buy that up trend , and vice versa ; okay  
Gary\_Fullett i talk about the nas s and p spread a lot , because to me as u know it is an indicator  
Gary\_Fullett if bullish , traders will feel good and buy some more spec stocks  
Gary\_Fullett they tend to be more free with money , and confident , so thats why the nas will lead  
Gary\_Fullett lets look at the spread ; as we saw from the last chart , the low was made march 9th or so  
Gary\_Fullett when was the low of the spread? spread low was made in dec ,  
Gary\_Fullett A full 3 months in advance of the s and p low ; spreads tend to lead as i have stressed from day 1  
Gary\_Fullett so when the s and p bottomed in march , this allowed the up trend line to be formed  
Gary\_Fullett use that low as one of the uptrend line points  
Gary\_Fullett notice that the march low was a perfect retest of some support  
Gary\_Fullett and the up channel formed months before the s and p and the dow bottomed  
leypaul Gary, is this spread a difference between the two prices or a ratio?  
Gary\_Fullett this is NOT a ratio ; it is nas minus the s and p  
Gary\_Fullett I am not looking to trade it ; if i was there would be a ratio  
Gary\_Fullett I wanted to show that the spread is uptrending and leading  
williammanda the s&p bottomed in march....the spread bottomed in dec? not sure how you are reading this?  
Gary\_Fullett the spread leads the outrights  
Gary\_Fullett so I am saying the BULL spread stated BEFORE the market bottomed  
Gary\_Fullett the spread told u the bullishness to come ; thats how i read it  
Gary\_Fullett i am saying that if u see a bull spread start to work as the market over all is breaking  
Gary\_Fullett this is a sign u r going to bottom soon ; understand?  
Dwayne Gary the Spread is showing a V bottom type of pattern and seems to be losing monetum?  
Gary\_Fullett well its overbought ; the reverse trend line is an overbought line  
Gary\_Fullett so not sure its losing momentum ; but it is overbought ; and we had a huge reaction from the low  
Gary\_Fullett the spread is overbought above that rtl line  
Gary\_Fullett this spread has moved a lot from the dec lows with realy no correction  
Gary\_Fullett so the action isnt bearish BUT overbought ; any q? the spread is self explanatory  
Gary\_Fullett but i wantewd to point out the diffrence between the spread bottoming and the dow s and p outright  
Gary\_Fullett spreads tend to lead ; any q?  
AH\_Tex This is a tool to help analyze in this case greed driven prices?

Gary\_Fullett the spread?  
 AH\_Tex Yes but only to see greed as in overbought not prices ; Is that what this tool is helpful  
 Gary\_Fullett u mean the rtl line?  
 AH\_Tex Yes yes  
 Gary\_Fullett the rtl line is just an overbought oversold line  
 Gary\_Fullett a market that hovers at the rtl line is bullish in this case , BUT a correction expected  
 Gary\_Fullett so i expect a correction in the s and P ; the rtl line is just overbought oversold  
 Gary\_Fullett many times the p and f charts come in at the rtl lines  
 AH\_Tex ok now I see how you incorporate this spread chart!  
 Gary\_Fullett i use it as a leader of the outrights  
 Gary\_Fullett 10 yr note chart ; this is more active than the bonds , so I use this chart more  
 Gary\_Fullett we can see that the market had a large move up march 16th ; this was the FOMC announcement  
 Handles stress test just said BAC needs 35 billion ; thats why es falling now  
 Gary\_Fullett clearly some type of demand  
 Handles do it at night lol  
 Gary\_Fullett thinner at night  
 Gary\_Fullett so after this demand rally , u have a retest lower  
 Gary\_Fullett this isnt so bearish if the march 16th day didnt have follow thru  
 Gary\_Fullett so the wide bar the next day , the market was lower , now one would expect a retest  
 Gary\_Fullett of that demand bar , 121 area would be support , and a reaction back up  
 Gary\_Fullett well the last 4 days the market is at the vertical demand bar lows  
 Gary\_Fullett and look at the reaction ; it is poor now ; the last 4 bars are small bars at support  
 Gary\_Fullett and little reaction ; this tell's u that the cm isnt defending this area  
 Gary\_Fullett if they were , the reaction would be good  
 Gary\_Fullett look at the volume , last few bars ; the volume is very small  
 Gary\_Fullett another piece of the puzzle and the story that this area isnt being defended  
 Gary\_Fullett this is important to understand ; the lack of reaction at support leads to lower prices  
 Gary\_Fullett lack of demand , so we can expect lower prices  
 Gary\_Fullett the market has had several chances to show demand , and has failed  
 Gary\_Fullett money out of ten yr notes , flow into stocks ; flight to quality just because the market is at support  
 Gary\_Fullett as this one is ; lack of reaction from support is negative ; so not all supports should be bought  
 Gary\_Fullett so look for lower prices ; any questions?  
 Dwayne So you draw your support line start with the low of the last demand bar?  
 Gary\_Fullett well u want to draw lines from areas that give u the greater reactions  
 Gary\_Fullett if the market was strong , the large rally in march wouldnt have been retested all the way down  
 Gary\_Fullett maybe 1/2 back ; but draw lines from the greatest reactions  
 Gary\_Fullett thats where the change of hands is the greatest  
 Dwayne ok  
 Gary\_Fullett if demand was present at one point , a retest should be bought  
 Gary\_Fullett smart money will defend support areas if they feel higher  
 Gary\_Fullett if they dont defend that area , then they dont have an interest  
 Gary\_Fullett nordstrom stocks ; this is a stock in the newsletter I mentioned to buy at 1425 area  
 Gary\_Fullett this stock has rallied 10 bucks since i mentioned it in the newsletter  
 Gary\_Fullett but this stocks looks similar to the s and p chart ; the channel  
 Gary\_Fullett whats key about this chart is a few things ; the breaks dont have follow thru  
 Gary\_Fullett and the breaks dont come in with high volume to indicate supply  
 Gary\_Fullett the up bars are wider than the down bars ; this indicates demand in control  
 Gary\_Fullett so classcial up channel action ; volume and bar action on the up side  
 Gary\_Fullett and forming higher trading ranges ; any q? 2500 area is resistance  
 Gary\_Fullett okay , great quiz chart,,,  
 Gary\_Fullett graco inc ; is this the car seat folks/?  
 rhonda well I think so  
 Gary\_Fullett okay what stands out here?  
 lespaul lack of follow thru on down reactions, JOC looks strong  
 Gary\_Fullett joc where?  
 lespaul well JOC of mar 16th demand bar, maybe not a creek ; in fact its not i think now that i look at it  
 Gary\_Fullett i dont see a joc ; was a demand bar  
 lespaul but i will stick with the weak pullback down moves  
 Gary\_Fullett so we see a down trending market  
 LarryG small bar at low w/ big vol. buying came in  
 Gary\_Fullett that started to react up side  
 Gary\_Fullett key bar larry , G ; thats 1 key bar ; do u all see that ; the bar right after the low march 9th  
 LarryG another 10 bars later, no follow thru to down side w/ higher vol ; looks like retest

Gary\_Fullett correct , good eyes  
LarryG :)  
Gary\_Fullett so bullish or bearish chart? or cant tell yet  
LarryG bullish, vol at low. turned up, and retested couple times. no supply after the retests  
skylar trend line still intact,...bullish  
LarryG higher supports holding  
Gary\_Fullett okay go to the second page  
lespaul no supply follow thru, BULLISH  
Gary\_Fullett look at the low ; the next bar , look at the low  
Gary\_Fullett the next bar was a small bar high volume ; what does this say  
LarryG buyers taking all sellers can offer  
Gary\_Fullett says high volume , small range ; shortening of the down ward thrust  
Gary\_Fullett lots of volume on the down side being absorbed  
Gary\_Fullett u can easily tell this ; this is stuffing action  
LarryG David says small bars are like the end of a chapter, often the end of a move  
Gary\_Fullett funds shorts selling , and market being bought by strong hands  
Gary\_Fullett so high volume down side being absorbed , well can be ending action  
Gary\_Fullett so this is the first we see of ending action ; if this bar meant something  
Gary\_Fullett the next bar should be higher ; was it? the market in fact gapped up higher  
Gary\_Fullett so we know that that was a sot , and ending action for a bit  
Gary\_Fullett we rallied and got the retest ; now go to the 2nd to the last bar  
Gary\_Fullett small range high volume , another sot ; the next bar follow thru up side  
Gary\_Fullett so we had follow thru IN both sot cases ; so the sot was stuffing action  
Gary\_Fullett sellers being absorbed by buyers ; we can see this by the sot  
Gary\_Fullett the last bar says more demand ; go to the last bar  
Gary\_Fullett it is an up bar , good close ; next bar we had mark up , so the sot bars were key  
Gary\_Fullett they were stopping down side action , which lead to demand  
Gary\_Fullett so the sot was ending action , and the high volume was stuffing action  
Gary\_Fullett or selling being absorbed ; important wyckoff  
Gary\_Fullett the sot range was being controlled by the cm, specs and funds wanted to sell it down  
Gary\_Fullett but that range to keep the tech pic friendly was absorbed ; okay any q?  
Gary\_Fullett amos tomorw night , with charts and lecture on why we are going up  
Gary\_Fullett i wish u all a great night ; no q? make sense?  
LarryG ty gary  
AH\_Tex very helpful  
skylar enjoy the price action explained Gary, thanks  
AH\_Tex nite  
Gary\_Fullett night  
Gary\_Fullett left.

## 2009-05-06 (Amos)

Amos We are into May and markets are moving-- I will talk a lot tonite about mob pshchology. Again , you are welcome to argue with me

Amos I start with a few charts that bothered me over the weekend-- and I share with you. They have to do with the difficulty of classical Wyckoff , how it can fool you (ME)

Amos First chart is 30 min Euro. Why 30 Min? because I try to "SEE" the Wyckoff principle in almost every time frame-- especially if we are close to major support or resistance on HIGHER time frames

Amos See the Euro is within a large daily trading range and seems to have some resistance in the 134 area

Amos So I am looking for "early birds" on lower time frames

Amos I am sitting on Saturday and pondering the euro chart and it looks as a promising Wyckoff sequence- I have a PS, then a BC then an AR which takes out the last low and now we have "distribution at lower level"

Amos which is an important concept . If you see any fault so far-- say so ; the market should decline from here

Amos Next chart is the hourly chart----it makes another "thrust" above the last high WITHIN the range/rally of the "ST" and starts declining

carnac ec-240 min vsb. so this decline still coming from strength.

Amos It gets to the bottom of the AR-- and finds support-- should not go above the last rally within the "ST", right?--NO carnac vdb should say.

Amos The 4 hour chart (which is very important in currency trading as I have mentioned many times in the past) and my whole Wyckoff analysis is shot. The reason I bring this--is to show the fact that classical Wyckoff-- as tempting as it is and as OFTEN as I use it-- calls for many frustrations.

Amos When it works-- it is a beauty. But it depends to a large degree on the level of manipulation and public folly. That is the main reason why I have moved more and more to the THRUST principle rather than selling resistance and buying support blindly

Amos we are back to the 132 level in the Euro-and it is still a range behavior without much clear structure to it

Amos Next chart is the British pound

carnac ec btm vdb 3210 on 240 min.

Amos The Quarterly chart shows that last quarter was SOT and close in the middle-- so I expect range for a few months

Amos what is vdb, carnac?

KevinA verticle demand bar

Amos thanks

Amos so the british pound above 150, at least in my book is at an area of resistance

Amos Next chart is the daily BP ; vertical demand bar-wide bar w. high range close

carnac hi end close

Amos Again, my instinctive Wyckoff approach is to seek classical distribution

Amos So I mark the first KR in April as PSY ; the next reversal as BC, the next reaction as AR and the current rally as ST ; Nothing can be more straight forward than this. Except that the CM knows this and he will continue to toy with sellers until he gets them all frustrated and then lower the boom

Amos People would say that they are waiting for the ECB rate decision tomorrow at 11:45 gmt.....garbage

Amos the currency market can be manipulated umpteen ways. It is so tempting to sell this beast especially at the level of the PSY--because so many times the market comes to thrust that level and that is many times the LPSY!--but I have learnt that it is better to WAIT for a THRUST-- you may lose a little of the move-- but the gain in peace of mind is significant

Amos That is the next chart--you see a thrust to the upside and today's action could NOT penetrate the low of yesterday-- WAIT for a lower low-- wyckoff or not-- this is a lesson for which I have paid dearly over the years/ It is hard to do-- because it is so tempting.

Amos The other option is if you are a multiple contract trader-- put ONE contract on without a stop (you can lose 5-6 handles on that-- which in case of the BP is about 3600 dollars- but DO NOT ADD UNTIL that ONE contract SHOWS YOU PROFIT . This is money mgmt winning tech analysis!

Amos The currencies are infamous at breaking "clear" levels of support and resistance-- and just turn around with vengeance. This is a multi trillion market and the Major banks who control FOREX are thieves

Amos This is my MAY bitching about my once in a while frustration with Classical Wyckoff. I will behave now carnac u saying springs and ut\s in currencies?

Amos why not carnac? currencies are a market like pork bellies

Amos Next chart is large P&F of crb ; We can see it ranging-- and more and more traders get convinced that this is a once in a life time bottom and jump on many commodities-- be it silver, copper, soybeans, cotton--- I drew a horizontal line a little above 400 which should be a natural resistance. It is the Last high before the bottoming action

Amos what is the curse of this chart? -- it is the Imagination of the trader who sees HUGE reward in a 50% rally coming vs an almost MINIMAL risk of going down . You see many articles about bear market rallies and their nature-- and I share with you one such opinion later-- we will get to that in a moment

Amos but the picture is very promising for bulls and they are getting multiplied . Again, I doubt we will get much above 400. we shall see

Amos Next chart is the DJ . You can see a clear panic selling from 8000 to 6500 which can be fairly considered a SC . We are in sort of an Automatic rally. How far can such a rally go? normally it would go to the next creek

Amos The next obvious creek is the 9000 level . Now if I showed you this chart without labeling it, without timing it and asked you whether this chart is bullish or bearish-- what would you say?

Amos most of you would say that until we break above the last congestion 8000-9500 level-- supply is still winning. I hope you will say so

skylar leaning that way

Amos yet the number of people who declare that we have seen major bottom is growing by the minute. why?

Amos It has to do with time . We dropped from the 9000 level to the 6500 level rather fast. now we are climbing rather slowly and people have the time to watch it and they hear day after day how the market went up 1% or 2% and they hear it day after day . That kind of reporting starts sinking into the subconscious and you start getting used to the fact that the market is actually going up .

Amos This is tough environment and i will try to discuss it a bit further in a moment

Amos If you look at the QUARTERLY chart==2 charts down-- the next chart simply shows in a rectangle what should be the normal resistance= or the space we can stay in the near future-- but the bar chart shows it rather clearly--Last quarter high was 9088. This should be the natural high for the dow for many months to come

Amos But from a quarterly point of view-- WE ARE STILL IN THE MIDDLE of that bar!--middle of bar is RANDOM . So , again, any wild action that we get in the next few months-- should be "NORMAL" as far as the large time frame is concerned .

Amos Sell in may and go away is now on the cover of almost every letter writer I see. Last year it was the Trade of the CENTURY . This year--it may be not-- because it is so highly advertised.--again-- in a moment

carnac joining CROWD is a comfortable feeling but harmful to pocket book. Look to others to confirm what is correct behavior. lol.

Amos Next chart is monthly beans--it occurred to me that last year May could be some ice-- so I drew that horizontal line- it is around 1102 level and since then we have gone to 1130 or so-- so that ice is iffy

Amos we may go to the 50% level--but this is not soybeans market at the moment-- but a manipulating market gallore---the NEXT monthly thrust to the down side--if it gives . A reasonable stop loss point (that is may does not close on the low and leaves a tail of a dollar behind it) should be a good sell signal

Amos Last chart is copper . I think you will agree with me that so far the quarterly chart is nothing but a V bottom The only question is how far that rally goes. Since I have no grasp of the price level-- I look at the time factor

KevinA your line is at the 38% retracement

Amos I have noticed that the top in copper was made a certain way: it shot to 400, then corrected a dollar and a half in 3 quarters , then spent 5 quarters in a range and an UPTHRUST of the previous high and then tanked.

Amos If we are in a similar process only up side down-- then we can have 3 quarters rally, then multi quarters decline with a test and a spring of the recent low-- and then we will be at the driver seat

Amos it is very dangerous to predict the future-- and no reason for the top to be a mirror of the bottom-- but i try to find some rhyme or reason in that market-- and this is what I am thinking . so this is a potential map of copper--a lot will depend how we close the current bar next month.

Amos Ok. now to the main topic-- the current state of public mind

Amos This is a very important subject that, in my opinion will be the DOMINATING factor of trading in the next few months . Here is a typical rumination of a rather savvy and LARGE trader on GVI-- and I brought it to you

Amos He says-- I will select a few quotes:

Amos So far, as my analysis concerns, we have all the symptoms of a Bear market rally. The only unknown is, how high this might go. In fact-- SUCH A SUCKER rally can go ALL THE WAY UP TO THE ULTIMATE HIGH-- it will CHANGE NOTHING--but the SPEED OF THE NEXT DECLINE

Amos This is a crucial sentence . It harks back to Jesse Livermore in 1907 and we are still celebrating the anniversary of that date ( I thought the market would drop in 2007 but it waited till 2008)

Amos there are two camps right now-- you have all the fund managers, the banks, the pension pools who lost a fortune in the recent decline. Many of them show devastating losses

Amos now in the last 3 months they all of a sudden show 2 digit return. they begin to even get cocky and think that-- oh it is another 1987, another 1998--- just survive this and all is fine

Amos Then you have the camp of the traders-- most of them MISSED the large decline-- because NOBODY expected it-- but they are HUNGRY for the next leg to start and they short every little rally hoping and believing that they can replicate Jesse in 1907 and cover their short just before another JP MORGAN or BERNANKE send his emmiseries begging them to "stop selling"

Amos This kind of major war between two distinct camps is a rather difficult battle field and requires extreme care and trading skills . Unless you have some magic inside knowledge-- you may get clobbered.

Amos I do not know at what point-- enough public will get suckered into all longs-- to bring that violent drop the guy from GENEVA is talking about-- notice that this guy is probably OLD enough to remember rallies that go ALL THE WAY to previous tops before dropping like a rock , he is talking from EXPERIENCE

Amos It is NOT smart to foresee such behavior only to be clobbered first by being TOO EARLY

Amos He continues to say: "we may go to 11000-12500 during the summer before this dam will break and new lows over the NEXT 5 YEARS will occur and he refers to 3000 dow . That pretty much matches my view-- the guy is clever . But the

MAIN POINT is how do you survive a potential rally to 12500? after all I am looking at the quarterly chart and my intuition says that 9088 will hold . This is tough

Amos Now to the sell in may and go away . Too many analysts advertise this . It may happen-- and then-- if "they" feel that too many people are SURE it will happen-- it WON'T! If it does not happen-- we can get a short decline in rest of MAY and then when the bear is full with all the may sellers-- we can get a strong rally , especially into the JUNE expiration-- and then when everybody will be ready for the "SUMMER RALLY"-- we will tank. I have no idea-- but I expect the market to be as vicious as possible.

Amos I have a bet with a guy in the Golan Heights (visited there 2 weeks ago) and he says a war will start in 3 months. I don't trust Golan Heights prophets-- so I bet him that it won't. Only \$10-- so nothing major

Amos This is an important issue and I doubt, this is my hunch, that classical technical analysis will solve much--we are in some markets in the middle of a quarterly chart, other market have broken and gave a thrust signal--like copper and beans . As I look down the letter I see a head line that I received among all the junk mail I get-- and this is something we have not seen in over a year ... "dollar-cost averaging into broad based index funds might be the way to go" . This is by Steve Kerch some assistant manager - Never heard of him-- but the concept of dollar cost averaging is part and parcel of MULTI YEAR BULL market philosophy!

Amos The fact that we start getting back to the mentality that all is fine and America is back to its merry ways-- is not a good sign

Amos The problem with this "INTELLIGENT" observation is like that guy from GENEVA said: HOW HIGH WE CAN GO before the bear market resumes?

Amos After all from a Wyckoff point of view-- AT BEST we have had PRELIMINARY SUPPORT and the SELLING CLIMAX is still to come - I have made this mistake in 2007-2008 and I am NOT going to repeat it

Amos IT is UTTERLY STUPID TO "SEE" a TURN COMING--and PREDICT IT. It is very SMART to say: THE TURN IS COMING and I WILL WAIT FOR IT! I wrote in big red letters in my letter to gary:

Amos THE MARKET WILL KNOW WHEN ENOUGH SUCKERS HAVE BEEN CONVINCED THAT IT IS BUY DIPS AGAIN

Amos There is time to buy dips and in the last 40 days-- was the preferred MODUS OPERANDI

Amos When the market will turn it will be the time to SELL rallies.

Amos Right now there is some synchronicity between commodities and stocks--- usually this makes little sense-- either you run for safe haven like gold and dollar-- or you believe in stocks . Since there is NO inflation--- the only "explanation" I can see for rally in commodities is the notion that all these dollars poured into the economy MUST BRING inflation down the road-- that is undoubtedly true-- but for inflation to occur-- there must be demand-- and right now the number of unemployed people and factories closing-- is only growing

Amos You know that i admit to suck at fundamental analysis-- but some truisms cannot be refuted

Amos All this thinking of trying to pinpoint the exact turn and capitulation of this side or the other-- is very frustrating and can be dangerous to profitable trading . WILL BE WITH us whether we like it or not-- in the next few months

Amos carnac demand for commodities comes w. thoughts of a recovery. Also, ad cd are considered "recovery currencies" today.

Amos I know that it occupies my mind daily, I read about it in all kinds of forums. The brain washing of the public is only going to intensify . Charlatans and crooks are already flooding the air with all kinds of promises and thefts . How do you keep your calm and pocket?

Amos 1. you wait

Amos 2. you NEVER ADD to a loser--it is OK to try a trade and lose-- even big on ONE contract-- BUT NEVER ADD TO THAT LOSER!

Amos 3. THRUST-- mainly large time frame thrust-- should save you from MAJOR MISTAKES

Amos carnac if u ignored all exposure to fundies-would your trading suffer ? If not-then u r engaging in DISTRACTIONS. LOL.

Amos 4. Look for VERY CLEAR SIGNALS- do not pay much attention to intraday actions-- because they are magnified errors when such clear battle between those two camps happen

Amos again, I am pretty sure that my view that the near future will be a clear battle between those who manage money ( and NATURALLY ARE ONLY LONG!!!!) and the forces that control the market (which the savvy traders try to detect and follow). this is a fierce battle

Amos You can see that we are climbing slowly-- this is typical of a Bull market-- as the cliché goes-- bull market climb walls of worry! This is NOT the case ; We have punctured a bubble of 20+ years and this rally is NOT climbing a wall of worry-- it is SUCKING SIMPLETONS to participate in HOPE

Amos When Bernanke stands today or yesterday and announces that there is light at the end of the tunnel-- this is pure EVIL --it is HIS JOB- he is paid to bring prosperity and SERENITY to the masses--but it is NOT NICE

Amos I planned to develop this point further, I even suggested it to Gary in a letter-but all of a sudden I feel that it is perhaps, too early-- and we will need to keep analyzing this in June- so I stop this

Amos carnac bernanke is betting on a self-fulfilling prophecy. Not evil. Is manipulative w. an outcome in mind.

Amos it is a very crucial point-- and if you see some IMPORTANT PIECE OF INFORMATION that may shed light on the nature of the battle of these two camps-- Please bring it up in the room

Amos I have two more charts from today - one is the monthly dow , It has to vertical rectangles on it - this is to emphasize the IMMENSE power of time -- The left rectangle points out the last decline from 9000 to 6500--that drop occurred in less than 3 months-- it was furious and we used to drop hundreds of points a day!

Amos now we are in 2 months rally after the March reversal and EVERYBODY is declaring it a BOTTOM

Amos Now notice above something that few notice usually because this is the nature of charts:  
Amos THE 21 MA JUST crossed the 55 MA for the first time in MANY YEARS! That is , the MOMENTUM indicator which is such a LAGGARD--JUST GAVE a SELL SIGNAL  
Amos Look to the left of this chart--what happened last time that the 21 MA crossed the 55 MA to the UPSIDE!  
Amos we got 4 YEARS RALLY! Just food for thought!  
Amos Last chart is the dollar monthly - It is a mess  
Amos this mess also explains the somewhat erratic behavior of currencies lately (very frustrating, believe me)  
Amos In my opinion the most significant feature of the dollar monthly is MARCH - it is a large reversal that closed in the middle - We are now testing the bottom of that bar  
Amos If we can get a test of the high part of March dollar index, fail and then break to the downside--this will create a perfect situation for the SEMI ANNUAL CHART to test the 7500 area and if that is successful test , we can get a multi year bull market in the dollar  
Amos How does this jive with the notion of inflation--which normally simply means the DEBASEMENT of PAPER MONEY? Have NO IDEA  
Amos just know that we have had a YEARLY OKR in the dollar and that is a sign of bottoming for a long time  
Amos Does it mean simply that as worthless as the dollar will be, Europe and Britain will be worthless? I don't know, I like to invent words . At any rate if you look objectively at the monthly dollar-- the only thing you can honestly say is that it is a mess at the moment and anything is possible  
Amos If any of you sees some logic in that chart-- please share with us  
Amos Other wise -- I am Haooked  
AussiePaul thanks amos. thought you didn't compare commodities with stocks... usually...  
Amos Paul--When you get ZERO interest at the bank-- much money will chase anything-- so this is a unique period in time-- and commodities and stocks are only way to park moiney  
AussiePaul yes... aussie market is strong.. but not as strong as US.. thanks  
Amos Paul has a valid question-- but these are not usual times-- NOBODY alive knows what a REAL BEAR MARKET looks and feels like!  
AussiePaul Australian banks are offering 3% interest ; go figure - official rate.  
Amos what is the inflation rate in Australia?  
AussiePaul let me check ... 2.46% - - <http://www.rateinflation.com/inflation-rate/australia-inflation-rate.php>  
AussiePaul previous rate... 3.6852%  
Amos so 3% interest rate in australia is akin to 1% interest rate in USA  
AussiePaul ok. - isn't us interest rates less than that?  
Amos you just cover inflation- you are in Alice in wonderland--you run fast just to stay in place  
Amos i see 40 ali babas and one thief sitting very quiet  
skylar lol  
AussiePaul amos. you mentioned 8500 on the dow previously , with point and figure chart  
AussiePaul today, you mentioned 9000+ points ; Im in the same position as you.  
AussiePaul when I use Point and figure for stocks. V type bottoms are hard to count  
AussiePaul The stock rallies, stops my target, pauses then rallies again.  
Amos right now there is discrepancy between the count and the quarterly chart  
Amos I think it is wise to pay attention to the bar chart rather than the P\*F  
AussiePaul Do you use Swing/Pivot points on your chart?  
Amos BTW I saw a guy ALAN something on the wyckoff circle who said he is using some LOGARITHMIC point and figure charts-- this is so funny.  
AussiePaul By swing I'm referring to Gann Swing. I find it great on futures. ok.  
Amos Paul, I look at every possible piece of data in my FILTERING PROCESS  
Amos I mark it on my chart-- but I WAIT TO SEE if the MARKET RESPECTS IT!  
AussiePaul Amos, this software does Logs on Point and figure... <http://www.archeranalysis.com/beb/index.html>  
AussiePaul fyi - thanks for that.  
Amos I just started tonite by showing you how I draw WYCKOFF sequence on everyone of my charts --BUT I DO NOT TRUST IT!! I WAIT  
Amos Paul this is so idiotic-- I don't even want to respond to such nonsense  
Amos It destroys the WHOLE IDEA OF FILTERING!@  
AussiePaul thanks 4 clarification. doesn't makes sense to me either... feature is there though...  
Amos Even Stockcharts change their counting below 20 dollars for a stock-- this is stupid  
Amos Poeple who try to boast with mathematical tools are charlatans - - just ask LTCM  
Amos ok, if no questions-- then I see you next week  
Gary\_Fullett Great thanx ; was very good tonight the lecture ;so i wish everyone a great evening  
Gary\_Fullett left.

## 2009-05-07 (Gary / Swetz)

Gary\_\_Fullett joined.

Gary\_\_Fullett Good evening , there are 4 charts for tonight and then 2 more from Steve

Gary\_Fullett so i think 6 charts or so ; they are on the archives ; one of the charts i sent intraday to alert folks that a possible cob change of behavior was occurring with some selling pressure

Gary\_Fullett so before we start the charts any questions comments ect?

Gary\_Fullett today was an interesting day because we were overbought

KevinA Would you say results equalled effort today in the indices (not futures)?

Gary\_Fullett and a bog report tommorrow - monthly employment

Mr\_Steve I heard a comment today on the CNBC that big money has been selling into this market the last 2 rallies, Do you have an opinion?

Gary\_Fullett the results vs effort doesnt have to show day by day

Gary\_Fullett dow was down 100 on decent volume so i would say yes kevin ; what did u see?

DaveM OKR on key indexes

KevinA well, s&p had near its highest vol of the bear market, but its range was small compared to the crash

DaveM naz, russel2k, dow - daily

Gary\_Fullett today highest volume?

KevinA I am looking at stockcharts.com's data, FWIW. good data or bad.

KevinA October 13 was higher, but that was more of a reversal day

Gary\_Fullett on the daily chart yes but not including the night session dave

DaveM vol was up over 50 dma highest in the past few weeks maybe ; yes gary cash markets

williammanda OKR?

Gary\_Fullett yes on the cash market ; outside key reversal - higher high , lower low , lower close

Gary\_Fullett we closed off the lows and held support

DaveM outside bar, opps as gary said :)

Gary\_Fullett to me today was NOT supply , today was selling but not supply

DaveM buying at end of session

Gary\_Fullett do u all know the differnce?

KevinA please explain

Gary\_Fullett tomorrow is a monthly unemployment report

Gary\_Fullett we came from an overbought condition went to resistance - so today was unusual

DaveM possible shake out...have to see tomorrow reacts

Gary\_Fullett right dave ; i explained a tad during the day class on selling vs supply

Gary\_Fullett today i sent a 60 min chart at about 930 to show some selling

Gary\_Fullett this proved to be right , and a nice break ; the selling was controlled

Gary\_Fullett the market broke there and sat there , so the market didnt have the speed of the break

Gary\_Fullett it was a gradual break all day from an overbought conditon - markets have the right to counter trend

Gary\_Fullett the last 2 days the range was smaller ; i pointed this out

Gary\_Fullett so today was a wider bar as traders liquidated before the report tomorrow

Gary\_Fullett had the market been bearish with supply , u wouldnt have seen the market bounce before the close

Gary\_Fullett shorts would have sold and longs liquidated

Gary\_Fullett so the break though fairly wide range to me wasnt supply but more of overbought condition being relieved

Gary\_Fullett NOW as dave M said previously , tomorrow will tell us if a shakeout

Gary\_Fullett or if today was negative and follow thru ; does this make sense?

williammanda what would be supply...if it happened today?

Gary\_Fullett i think a lower close and more volume ; dont get me wrong - i didnt say today was bullish

Gary\_Fullett i just felt the action was more indicative of profit taking from an over bougfhht condition

Gary\_Fullett the last 3 days there some distribution based on the nas spreads- s and p spread

Gary\_Fullett now today was some type of stopping action with a higher higher

Gary\_Fullett and selling of that high , so it is possible that we correct more

Gary\_Fullett the next rally , the secondary test of this higher area will be key

Gary\_Fullett the area of the 885 area which was a possible UT on thursday is key support

DaveM gary i know you don't have the daily up but yesterday looked to me as SOT on the naz and other indexes which seemed to hold that today was negative

Gary\_Fullett to me if the cm is to mark down process he doesnt do it so obviously

Gary\_Fullett well i will discuss the nas spreads and show u todays break

Gary\_Fullett lets do the charts because steve has some charts on it , so we can discuss this further

Gary\_Fullett look at the 60 min chart i sent - where i wrote on it

Gary\_Fullett the chart from this morning where i wrote possible ending action ; have it?

Gary\_Fullett okay , i sent this early in the morning as I said

Gary\_Fullett we have a bar that made a new high and a mid range close  
 Gary\_Fullett i wrote possible ending action ; i said this because it happened early  
 Gary\_Fullett when the market was beginning to form the eom of the day - ease of movement  
 Gary\_Fullett so this line appeared to me to be a possible supply bar , the first bar of the day session  
 Gary\_Fullett what happened the last bar on this chart ; the first bar was a down bar  
 Gary\_Fullett and the volume was large for an opening bar , which is usually higher  
 Gary\_Fullett so this wide bar was a wide bar compared to the area its trading in  
 Gary\_Fullett see this? the upthrust , had follow thru , or that selling bar has follow thru downside action  
 Gary\_Fullett the last 2 bars of the chart ; understand? why i wrote what i did?  
 John yes , I saw that with you live  
 Gary\_Fullett great ; so this bar was a low end bar on the lows  
 Gary\_Fullett so i sent an update of the action - notice the channel that was drawn  
 Gary\_Fullett not in hindsight ; so we can see the up trend line of that channel  
 Gary\_Fullett this bar was not completely painted yet , but we can see the possible bearishness  
 Gary\_Fullett now go to the next 60 min bar chart ;  
 Gary\_Fullett i wrote 927 as key because it was the high of the vertical supply bar  
 Gary\_Fullett or the high of that selling bar which forms resistance  
 Gary\_Fullett so the next bar , we can see the uptrend line was broken  
 Gary\_Fullett and look at the large bar down - see this - the wide bar  
 Gary\_Fullett so we know the intraday movement is down  
 Gary\_Fullett the next bar if a shakeout - or the next 2 bars - will tell us shakeout or selling  
 Gary\_Fullett the next bar the market tried to go higher and closed weaker  
 Gary\_Fullett the volume was lighter than the previous bar , but decent volume - so this lead to lower prices  
 Gary\_Fullett now go to the last bar - u have a wider UP bar with decent volume  
 Gary\_Fullett this is why I said that the supply may not be so evident and it was just selling to take profits  
 Gary\_Fullett if this was really bearish action , then i think the close would have been different  
 Gary\_Fullett a weak rally to the 916-920 area tomorrow may be a nice sell  
 williammندا so basically we either have a possible TR (not likely) or continuation of the up trend..since there was no  
 supply for today and looking into tomorrow for confirmation?  
 DaveM agree...weak rally back towards high may be a good short  
 Gary\_Fullett so , well we have 2 scenarios  
 Gary\_Fullett 1) we have a weak rally and selling as supply  
 Gary\_Fullett or 2 today was a shakeout , and we have a stronger day tomorrow  
 Gary\_Fullett so we have to see the retests tomorrow , and the quality of the rally  
 Gary\_Fullett if weak , will get selling ; longs will sell more and shorts will get aggressive  
 Gary\_Fullett i have stressed the nas- s and p spread  
 Gary\_Fullett the daily is above the channel , which is an overbought line  
 Gary\_Fullett i have mentioned this spread many times and always send it on the newsletter  
 Gary\_Fullett it is a key spread - spec money when they feel good buy the nas tech stocks  
 Gary\_Fullett so we see the channel on the daily , and the upside and overbought  
 Gary\_Fullett i wrote May 5th this was tuesday - the spread retest the previous high and started down  
 Gary\_Fullett yesterday the s and p was higher BUT the spread WAS NOT -- this is a red flag  
 Dwayne Hello Gary when you create the Nas and SP spread what are you measuring? The Nas 100 against the S&P 500?  
 Gary\_Fullett so thats the daily - look at the 60 min chart which will show a cob - change of behavior first  
 Gary\_Fullett correct dwayne - those 2 indexes  
 Dwayne Thanks  
 Gary\_Fullett the 60 min chart , u see the high of this spread - was may 1  
 Gary\_Fullett see this - so u have 6 days of distribution of this spread  
 Gary\_Fullett so u see that this spread showed u first that the market was losing momentum  
 Gary\_Fullett so the spread was an indicator that stocks would break overall  
 Gary\_Fullett see this? the 60 min is more pronounced than the daily , since it shows the weakness earlier  
 Gary\_Fullett any q? steve has some great charts that we will discuss  
 Handles-stressed so r u selling rallies now?  
 Gary\_Fullett we talked only on the stock market because it is the catalyst to other markets  
 Gary\_Fullett and so i wanted to make sure we knew 885 support , 930 resistance - big report tomorrow  
 Gary\_Fullett well if the rally is weak handles yes - we have to see the secondary test  
 Gary\_Fullett the next rally if weak , then we can  
 williammندا what would be the highs we should see if the numbers are good tomorrow?  
 AH\_Tex joined.  
 Gary\_Fullett 916-920 then 927 ; so i would look at 901 support , then 89 , then 885  
 Gary\_Fullett resistance at 916-920 , then 927 , then 930 and 939  
 swetz I guess it is my turn to yap  
 Gary\_Fullett any q? okay ty , steve if u will

Gary\_Fullett i gave u the areas of support resistance ; they are good ones to use  
 swetz when trying to buy a reaction in a stock in an uptrend , or shorting a rally in a stock in a downtrend  
 swetz Wyckoff suggests areas where the reaction MAY find a turning point  
 swetz those turning points are where low risk trades are made ;  
 swetz for me personally, I look at 4 things EVERYTIME to help me judge the reaction so I can not only judge the strength/weakness of a trend but also to find the turning point  
 swetz which leads us to the daily chart of GEOY  
 swetz on this chart, I have marked a minor creek area and major creek area  
 swetz what is interesting is the CHARACTER of the price/volume action CHANGED as the TR was being created -- at the beginning of the TR, the down bars had the increased volume and EOM  
 swetz BUT as the TR unfolded , we could see that buyers were beginning to take control of the action  
 swetz because the buying waves were showing greater EOM and volume compared to the selling waves  
 swetz in early February, I marked the wide range up bar that showed a large increase in volume  
 swetz an indication of DEMAND when we notice that the very next reaction has a severe drying up of supply  
 swetz and then the very next buying wave has a large gap that continued up with an even larger increase in volume -- institutions are buying this stock -- by understanding Wyckoff's principles we can clearly see this happening before our very eyes  
 swetz and just remember, this action is all happening while the major market averages are in a free fall  
 swetz this stock is showing tremendous relative strength which is essential to have for a Wyckoff trader that is looking to buy this stock on the test of the strong buying wave that began in the middle of February  
 swetz a little spring occurred which offered a buying opportunity on that strong close bar, I personally was not watching this stock at the time so I missed the entry :(  
 Dwayne Swetz what are the 4 things you look at?  
 swetz Dwayne - I am getting there, I setting the stage like a drum roll :)  
 Dwayne Ok lol  
 swetz so after the spring, we get another relatively strong buying wave that lead to a POTENTIAL JOC  
 swetz the potential JOC is marked by the bar labeled D/S - vertical demand bar  
 swetz by this time, I have already drawn by channel trendlines to help me define the angle of a potential uptrend that is developing from this TR  
 swetz we know from Wyckoff, that buying a backup to creek after a potentially strong JOC is the #1 buy setup  
 swetz so that leads us to the 4 things that I look for to help with finding the turning point  
 swetz when I see a potential JOC just like we have here  
 swetz my antennae go off, which is saying a lot for me because I have big ears (don't say anything Gary) :)  
 swetz I immediately look for these 4 things  
 swetz (1) I mark the 1/2 POINT of the buying wave where the potential JOC occurred  
 swetz (2) I draw my support TL and preferably a parallel overbought TL to define my potential trend channel  
 swetz (3) I draw a line across the last swing high to see if BULLISH SPACING exists  
 swetz and (4) I locate any vertical demand bars to the left  
 swetz I do these same 4 things EVERYTIME like a robot :)  
 swetz if you look on this daily chart , I have identified this 4 areas  
 Gary\_Fullett lol  
 swetz it is just a matter of watching just the price and volume of each bar and the smaller hourly timeframe chart to see HOW the reaction approaches these 4 areas  
 swetz at bar A , GEOY is reacting right to the 1/2 point, right above the support TL, right at the minor swing high, and right at the vertical demand bar  
 Mr\_Steve Why number 4? what are you looking for  
 swetz Because those 4 points are the only things that matter to me in judging the strength/weakness of a trend  
 swetz I dont care about what MACD says, I dont care about what the stochastics say, I dont care about what RSI says, or any number of other indicators that one may use  
 Dwayne Thanks I got it  
 swetz I want it simple , and focus on things that are only based on price and volume  
 swetz Wyckoff himself focused on the 1/2 point, the support TL, and the creek area  
 Mr\_Steve can I ask a question?  
 swetz if I am a Wyckoff trader, I need to follow these suggestions  
 swetz sure Steve :)  
 Mr\_Steve If you do not have the step 4 volume but nearing creek, does this take less precedence of it jumping creek? and fallow through -- If your 3 arrows marked on the chart never came  
 swetz I marked the first 2 arrows just to show everyone the bullish action in the TR  
 swetz one of Wyckoff's buying tests is to buy stocks that are "actively bullish" in a TR  
 swetz those 1st 2 arrows are my attempt to show everyone this buying test in action  
 swetz the 3rd arrow was the potential JOC to me  
 Mr\_Steve so most likely there would be high volume up bars? correct - someplace in background  
 swetz right Mr. Steve

Mr\_Steve thanks

swetz right , we want to see buying waves showing more strength than selling waves

swetz because it indicates, it has to, that demand is stronger than supply

swetz therefore, price MUST advance based on Wyckoff's #1 law

swetz only a change in this behavior (i.e. supply > demand would cause prices to fall)

swetz I know what I said is obvious to everyone , but this Wyckoff law is the CORE of why Wyckoff suggested that we compare alternating buying/selling waves to solve this equation

Mr\_Steve And you aid it very well, thanks

swetz earlier I mentioned that along with watching the daily bars unfold , I also watch the hourly timeframe to fine tune my entry -- which leads us to the last chart , which is the hourly chart of GEOY that shows this backup to creek reaction

swetz this hourly chart shows my buying/selling waves that unfolded during the reaction we looked at on the daily chart -- we can see from these swings or waves that a LOWER high and LOWER low are being made

swetz what I am specifically waiting for is either a strong hourly rally and buy the test

swetz OR a HIGHER swing low

swetz I want one of these 2 scenarios to occur at and preferably ABOVE the 1/2 point, ABOVE the support TL, ABOVE the last swing high that creates bullish spacing, and ABOVE the low of the vertical demand area

swetz I am describing the perfect scenario -- I realize that not ALL 4 criteria are met

swetz you just use your judgement while considering the price/volume action to make a TRADING DECISION

Alvin Just having the vertical bar behind you is key

swetz experience helps, keeping a exhaustive set of records to review helps

swetz you got that right Alvin, great point!!!! :)

Alvin Amos Thrust :)

swetz yep, works in the bedroom and on charts ;) :)

Alvin lol

swetz so as this reaction unfolded and we kept seeing lower swing highs and lower swing lows

swetz we got a wonderful COB on April 26th -- we get a WIDE RANGE UP BAR that CLOSED at the HIGH of the RANGE on pretty good volume and it left behind a HIGHER swing LOW

swetz we got the thrust bar we wanted -- as soon as that bar I have marked on the hourly chart was painted, I went long and sent an alert to the NL subscribers to buy this stock and put a stop at about \$21.40

swetz and from that point, the next buying wave began ; going back to the daily chart

swetz we can see that the action over the last couple of days have moved into an overbought position

swetz since the bar rallied above the overbought TL and the Reverse Trend Line I have drawn

swetz I suggested that the subscribers may want to sell part of the position at about \$26.60

swetz so anyway, here is an example of actual trade based on Wyckoff's principles

Mr\_Steve That chart and notes is a keeper

swetz with the help of those 4 nice little areas to help judge the strength/weakness of a trend and finding a turning point to execute a trade

Mr\_Steve Nice job, thanks

AH\_Tex very nice chart and explanation

swetz thx Mr. Steve, I keep these charts in my trade journal as well :)

swetz thx Tex :)

swetz you guys can do this stuff too, it is just a matter of devising a set of rules that you can apply CONSISTENTLY with DISCIPLINE

Gary\_Fullett excellent as usual

swetz while maintaining your PATIENCE to let the trade setup , and to keep those EMOTIONS in CHECK

swetz Wyckoff gives us a solid set of laws, principles, concepts -- all we have to do is to devise a set of rules that takes advantage of his method that fits our personal niche :) okay, any other questions?

AH\_Tex Swetz do you print out and keep every trade you make in your journal?

swetz most of them, ALL of the losing ones

swetz I dont keep as much as I use to because I was trying to devise my rules to fit my niche

swetz now I already have my proven rules and I know my niche -- but it took time to go through both my actual trades and my practice trades to find out what ACTUALLY WORKS

Mr\_Steve better a nitch than an itch

swetz lol Mr. Steve

Mr\_Steve Do you use much P&F for turning points?

swetz I dont use PnF charts for turning points, only use them to measure cause

swetz Wyckoff himself suggested that bar charts are better for identifying turning points than the PnF charts

swetz I found that to be true from my own records

Mr\_Steve support and resistance?

swetz PnF charts are probably pretty good for support and resistance

swetz we all know anyway that support and resistance are zones rather than exact points

swetz so PnF charts probably do a pretty good job in identifying those zones

swetz I knew a stock broker in New Orleans who was pretty successful ; all she did was use PnF charts

swetz so different strokes for different folks, each person much find out what works for him/herself

Gary\_Fullett he lived on bourbon street , gave out beads

swetz lol Gary, she was a she :)

Gary\_Fullett figures lol

Gary\_Fullett Hot lanta

swetz :) Gary

swetz okay folks, take care everyone, one stock that you guys may want to look at right now is CUB and see HOW the next reaction develops -- maybe it falls on its face , BUT maybe it reacts in a way similar to how GEOY did , and that should offer a buying opportunity :)

AH\_Tex learned alot Ty swetz ::smile

swetz cool Tex, I wish you the best in your trading journey :)

swetz ok, I am really leaving now, good night

swetz left.

## 2009-05-12 (Gary)

Gary\_Fullett joined.

Gary\_Fullett good evening ; first any question?

Mr\_Steve Do you think stocks are finally over bought?

Gary\_Fullett they have been for a bit ; 827 was the vertical supply bar we will discuss

Gary\_Fullett lots of charts and a quiz ; so lets discuss the charts

Gary\_Fullett lets start with the s and p -- i wrote the comments on the chart as I do for the newsletter folks

Gary\_Fullett so u can see the comments i made last night before the markets opened

Gary\_Fullett s and p first - mini s and p

Gary\_Fullett any way , we have a channel - this is something that u must always try and draw

Gary\_Fullett the channel will tell u 2 things

Gary\_Fullett 1) the trend

Gary\_Fullett 2) the reverse trend line - either overbought or oversold

Gary\_Fullett in this case the rtl line is overbought ; it isnt a trend change , just an area to sell longs out

Gary\_Fullett so in trending market we follow that trend until we see ending or stopping action

Gary\_Fullett so we can see 3 bars ago was a slightly higher high and a low end close

Gary\_Fullett the next bar was a lower bar , so the next bar was higher then yesterday lower

Gary\_Fullett so u have a back and filling type action - buyers 1 day , sellers the next day

Gary\_Fullett so the up day then the down day - this is part of a distribution process

Gary\_Fullett says there is a grinding back and forth , we can see this action clearly , the volume is constant

Gary\_Fullett i mentioned the 876 area , because when u r looking at a daily chart

Gary\_Fullett the weekly low is very important for trend

Gary\_Fullett as long as the weekly low holds the market is in decent shape

Gary\_Fullett a longer term trader , thats where his stop would be ; this is important , understand?

Gary\_Fullett lets break this chart down to a 60 min chart

Gary\_Fullett as u know this is favorite of the S and P traders , so i include the action in the newsletter

Gary\_Fullett if u look at may 7th , u can tell the dates on the bottom of the chart

Gary\_Fullett u have a bar that the close was lower mid range

Gary\_Fullett the next bar was a wide bar , down poor close on my 7th

Gary\_Fullett so this large bar lower was a supply bar - very evident

Gary\_Fullett so the retest of this area most likely will fail

Gary\_Fullett well we got that retest on may 8th - notice the retest of the 927 area

Gary\_Fullett and more importantly the close ; the close was poor end

Gary\_Fullett this retest was a sell with a stop above the 931 area

Gary\_Fullett this lead to mark down ; one of the best trades u can do is after a supply bar

Gary\_Fullett is to sell a retest of that vertical supply bar and vice versa

Gary\_Fullett on the vertical demand bar , the risk is low and the reward is good

Gary\_Fullett do u all see this ; very important ; any q?

Gary\_Fullett so u dont see this on the daily charts , but u can clearly see it on the 60 min chart

Gary\_Fullett any questions on the 60 min chart?

Gary\_Fullett the next chart is another chart that I follow very closely

Gary\_Fullett it is the nas - s and p spread

Gary\_Fullett it shows the tech stocks vs the s and p 500 higher cap stocks

Gary\_Fullett since tech stocks more speculative , the nas leading tends to be bullish

Gary\_Fullett so as we see and have discussed , this spread bottomed in dec of last year

Gary\_Fullett as the general market bottomed in march first week

Gary\_Fullett so the spread told you the market would bottom ; it took about 3 months

Gary\_Fullett if u look the first week in march , the spread did retest - so the trend has been up in a nice channel

Gary\_Fullett again we see this nice channel with the trend line and the rtl line

Gary\_Fullett the reverse trend line the oversold line - the rtl line - being overbought

Gary\_Fullett as u can see the market went above this line and now back in the channel

Gary\_Fullett so, a reaction lower from this rtl line was expected

Gary\_Fullett and with the 927 area being the vertical supply bar

Gary\_Fullett we have an area that we can see where the market would retest lower.

Gary\_Fullett so using this spread , as well as the vsb , u have the short term direction

Gary\_Fullett understand? any q? very powerful info

Mr\_Steve vsb?

db vertical supply bar

Gary\_Fullett so watching the spreads and watching the action gave u the ending action ; any q?

Gary\_Fullett its a very very good way to look at markets - in the stocks daily 60 min and this spread

Gary\_Fullet in the newlster following this has served us well  
Mr\_Steve question  
Gary\_Fullet please  
Mr\_Steve Do Nasdaq rebound first , or just last several years?  
Gary\_Fullet the nas tends to lead ; it depends on the cycle at times ; but usually leads  
Mr\_Steve ty  
Gary\_Fullet the .com crash , which lead? the break in the nasdaq was NEVER retested  
Gary\_Fullet it was in the the s and p , so the nas lead in those cases  
Gary\_Fullet lets look at the 10 yr note ; this market is more active than the bonds  
Gary\_Fullet so it is the one to trade when compared to the bonds  
Gary\_Fullet so we can see the large rally - this was the fomc meeting  
Gary\_Fullet so this was some type of demand , so we can look to try and buy the retest  
March gary are you through talking about ES?  
Gary\_Fullet yes .. did u have a q on it?  
March yes today was a sort of high volume day closing on the mid to high side after being down. would you consider it to be a reverse upthrust type situation?  
Gary\_Fullet well the 927 area would have to be taken out , so not until u take out that vertical supply bar  
Gary\_Fullet any other es q?  
Gary\_Fullet okay , so the demand bar on the fomc was a demand bar - the retest is important after the FOMC  
March so you'd have to take out that high?  
Gary\_Fullet yes at 927-930  
Gary\_Fullet the market went lower and formed a down trend line  
Gary\_Fullet the key suport at the 122 area was some ice support area  
Gary\_Fullet so it isnt about support or resistance , BUT the reaction from resistance and support  
Gary\_Fullet so we had a weak reaction at the 12200 area and went under the ice  
Gary\_Fullet the breaking of the ice , so a retest back to the 122 area is probably a sell  
Gary\_Fullet if u look at the bar yesterday u see a possible spring type of action  
Gary\_Fullet the point of this chart is that even the obvious support with no reaction means little to buy  
Gary\_Fullet so thats very important to know the reaction  
Gary\_Fullet okay next chart a great chart -- beans.  
Gary\_Fullet as always we look at trend first  
Gary\_Fullet the trend is ? UP.... we can see this , the reaction high was about 1080 - a tad under it.  
Gary\_Fullet so once above the 1080 area , this becomes support  
Gary\_Fullet 2 days ago was a quick jab - a shakeout  
Gary\_Fullet look at the close ; so we formed a higher trading range above the 1080 resistance - now support  
Gary\_Fullet so i wrote that the next move is probably up because of that and NO ending action  
Gary\_Fullet understand ? very imp part of wyckoff  
Gary\_Fullet so expect upside in beans ; there was a report at 730 am - and the market had a small response to the report news - so we can expect upside in beans as long as the 1080 holds - this will be a buy area on the retest  
Gary\_Fullet there is a stock that i have shown just about every day for a while  
Gary\_Fullet and making a rec to buy it about 14 bucks  
Gary\_Fullet we can see this chart , that the uptrend channel is in tact - see this channel  
Gary\_Fullet so we can see the channel - so look at the last few bars  
Gary\_Fullet u have some down bars , the volume increased  
Gary\_Fullet this is some type of supply that ocured form the rtl line  
Gary\_Fullet again u can see the proper use of the rtl line and the channel  
Gary\_Fullet when u get selling from resistance or an area that u can get selling from , this MUST be noted  
Gary\_Fullet now the market went to support , and I wrote that i didnt like the action  
Gary\_Fullet normally u want to buy this suport , but since u had this red flag  
Gary\_Fullet due to the selling and the bar action , so caution must be noted  
Gary\_Fullet and let the market trade BEFORE u can buy this stocks  
Gary\_Fullet because of the possible supply , this tells u to wait  
Gary\_Fullet so as i said before , just because u have support doesnt always mean to BUY  
Gary\_Fullet any q? i am not sure but i saw the stock about noon it was a tad lower  
warren if you were already long, you would still hold?  
Dwayne When do you buy at support?  
Gary\_Fullet depending on where u bought warren - if long from the 14 area i would hold till under 10 or so  
Gary\_Fullet if I was long from higher , I would be out and wait for the reaction  
Gary\_Fullet in an uptrend dwayne , U want to buy support  
Gary\_Fullet in this case the market seems suspect , so I would wait for demand  
warren ty  
Gary\_Fullet if long , always a good idea to sell some at the rtl line - so u reward your self  
Gary\_Fullet a low end close with volume is suspect to get long

Gary\_Fullet next chart the quiz -- the old phillip morris , atria group  
Gary\_Fullet the first page of the quiz -- any ideas long / short / be out ?  
Gary\_Fullet this chart requires u to know bar action  
warren last bar stopped at reaction  
Gary\_Fullet which reaction? we have a wider bar low end close  
warren about mar 10  
Gary\_Fullet good point  
Gary\_Fullet what u want to do is to take the larger volumes and the larger bar reactions  
Gary\_Fullet so we know several things - we know the large up bar march 4th or so  
Gary\_Fullet so that line must be noted -- so if u draw a line thru that high at 1600 , we know support  
Gary\_Fullet turn to the 2nd page of the quiz ; this is a must to draw this line - do u all understand ; all see this?  
LarryG cant see ending action to buy here though  
Gary\_Fullet very imp - if u dont know this please stop me  
Gary\_Fullet well i am getting there larry  
LarryG ok  
Gary\_Fullet we know the reaction high was the 1600 area ; we all see that as support right?  
Gary\_Fullet the march 4 th bar , that large bar was an up bar - higher volume some demand right?  
Gary\_Fullet so we must watch the retest of that area - the volume was higher and large bar range  
Gary\_Fullet look at the last bar , was a break to support right - so was a LIGHTER VOLUME retest  
Gary\_Fullet but somewhat suspect  
Dwayne The last bar shows more volume than the previous one  
Gary\_Fullet BUT was LESS than the MARCH 4th demand bar  
Gary\_Fullet so yes higher in the area u r trading in , BUT was lighter than that demand bar  
Dwayne But March the 4th shows less volume than april 24th - Just trying to make sense of this  
Gary\_Fullet the march 4th large up bar had higher volume than the last bar of the quiz ; do u see that?  
Dwayne yep I see  
Gary\_Fullet so the retest was on lighter volume  
Gary\_Fullet BUY selling was evident , so we must have a red flag at support right?  
Dwayne correct  
Gary\_Fullet so since the volume increased with bar length , this is a red flag to go lower  
Gary\_Fullet if this was bearish what would the next bar look like?  
LarryG follow thru down  
Gary\_Fullet LOWER right, follow thru right?  
Dwayne yes  
Gary\_Fullet turn to the last chart - this was part of the newsletter to help read charts  
Gary\_Fullet the next bar , the retest has a large range bar - was a lower low market that showed buying  
Gary\_Fullet i would buy that retest - the market didnt GO lower , so this was bullish  
Gary\_Fullet the next day was a strong day see this - so we didnt go lower -- red flag  
Dwayne normally I would think the retest would be a grind down with short range bars on light volume.  
Gary\_Fullet the next bar was an upbar , so bear disappointed - the next bar was up - demand over supply  
Gary\_Fullet ideally YES dwayne , but not all markets are classical  
Gary\_Fullet so the next bar was up , this told u a story  
Gary\_Fullet u can buy that retest action , stop UNDER 1600  
Dwayne when It comes crashing down and the volume is larger than the previous bar it looks scary to me  
Gary\_Fullet u r right , thats why u must see the next bar - the next bar was a decent up bar  
Gary\_Fullet and NO FOLLOW thru down side , so the next bar u react - this shows u up side  
Gary\_Fullet it is scary but AFTER THE REACTION THE NEXT BAR TOLD U THE MARKET WOULD NOT HAVE  
MARK DOWN  
LarryG gary would the less vol on up bar make you want to hesitate to see if supply comes back? or not needed. i'd prefer  
better vol. a couple bars later , we did get low vol retracement.  
Gary\_Fullet as u can see that support did hold and u had a rally  
Gary\_Fullet yes larry it would - waiting and patience - even if u miss will be great in the long  
Gary\_Fullet so even if u miss or dont understand its fine, there are always trades to trade even in a scary situation  
LarryG rather miss and make a note of what works for next time  
Gary\_Fullet as dwayne said , the trap said red flag and see the cm's intention  
Gary\_Fullet right , patience is an asset in tis biz NOT a detriment  
Dwayne This is Good Stuff - thanks  
Gary\_Fullet i didnt send classical charts because i wanted u folks to see non-classical trading since u see it daily  
Gary\_Fullet so i want u to see the action and read the tape - will do more on bar by bar  
Dwayne Now the retest entry bar have lower volumes so do you enter at the close of this bar?  
Gary\_Fullet the lack of follow thru on lighter volume is a red flag  
Gary\_Fullet u can if thats your niche , if your niche says its the right thing then do it - so u can buy the close  
Gary\_Fullet not everyhtig is classical and easy

Gary\_Fullet this was not easy but it was a RETEST of the previous highs  
Gary\_Fullet and a lighter volume retest  
Gary\_Fullet understand? any q?  
Gary\_Fullet amos tomorrow night? with charts  
LarryG excellent gary, ty  
Gary\_Fullet ty Larry  
Gary\_Fullet if u undersatanbd trhe charts tonight , u have come a long way  
AH\_Tex great as usual Ty Gary  
db thank you Gary great charts hope all have a great week  
Gary\_Fullet if u do not understand , email me riskybiz99@AOL.COM  
Gary\_Fullet IF U DIDNT WANT TO ASK  
Dwayne Thanks A bunch Gary! This was great.  
Gary\_Fullet OKAY TY GOOD NIGGHT  
Gary\_Fullet left.

## 2009-05-13 (Amos)

Gary\_Fullett Good eveing everyone hello amos  
Amos Ok. I thought I would share with you some "secrets of MA" this time  
Amos It is how the big guys are using it-- and it is good to know some of their modus operendi. This is one typical behavior-- out of many  
Amos I start, tho, with the significance of the THRUST-- how logical and how useful it is for sane, peaceful, more logical trading  
Amos The first chart shows the BP 60 min  
Amos It is obviously a range that hugs the highs around 151+ the tick volume of the last few bars dies--that is the CURSE of trading CME during globex-- the volume most of the time leaves you clueless  
Amos but the price seems resilient and each decline is met with buyers  
Amos The odds that such market will , at least, upthrust itself are high.  
Amos We are at major highs on the larger chart ( if you remember I have pointed out the QUARTERLY CHART of the BP long ago and said that the high of the quarterly ( around 15356) should contain prices for a long time  
Amos Now 151 is 2-1/2 handles from that high, but in general we are rather close to major resistance and trying to guess the last "1/8" as Jesse Livermore said- is the costliest 1/8 there is  
Amos I have found that the best way to trade around such corner is to wait for the thrust. You may miss a move once in a while-- but in general-- it will give you enough peace of mind--that is worth many good trades in the vicinity (important term-- but not for now)  
Amos The big question , of course is WHAT TIME FRAME?  
Amos In general since we are dealing with intraday--- I try NOT to do it on less than 15 min. I juggle the 15, 30 60 120 all the time when I stalk them for that action  
Amos here is the 60  
Amos Next chart is the awaited thrust. and I write: "if the break is legit-- it SHOULD NOT FALL BACK into the range--thus SELL the LOWER LOW  
Amos You do not have to think about it-- you can do it "AUTOMATICALL". it will work about 70% of the time  
Peter Amos can you please step through the logic of where you would decide where to join the thrust,and the decisions that you do not have an UT or spring  
Amos The great thing is that your STOP is a HARD stop. It is either way--if it is a break out-- then the SHORTS SHOULD BE PUNISHED SEVERELY , if it is a Bull trap-- then whatever stops where caught there-- finished that demand  
Amos Peter-- that is exactly what I am doing now-- I do not understand your q  
Amos Next chart is the result  
Peter ok sorry for being ahead of you....  
Amos The thrust occured. You sell the lower low-- on a stop-- and your stop loss is above the high of the thrust  
Amos This is an actual trade-- so I have no problem talking about it with confidence--I know exactly the feeling in my stomach as I did it-- so this is NOT a HIND SIGHT  
Amos The next chart is the 15 min- that shows you the LOGIC behind this-- in our case the LOGIC-- is the indication that the CM is behind that move-- you can see that the large bar that drops the BP 100 ticks in 15 minutes  
Amos is a DECISIVE BAR-- this is NOT ME AND YOU making such bar-- this is someone selling several billions BP at that point! (on forex)  
DaveM Amos, do you wait for the bar to fill (bar you point to on lower lo) or do you short as soon at the lo of the thrust bar is broken to the downside?  
Amos DaveM- the definition of a thrust is so simple that all these questions is piddling and avoiding the issue-- a thrust by definition is a HARD STOP ORDER PUT BEFORE THE PRICE IS HIT-- you sit there and during the hour of the THRUST you put a SELL STOP ORDER below the LOW of that bar. PERIOD-- NO QUESTIONS ASKED!  
DaveM ok...that's all you had to say...thanks :)  
Amos At any rate-- it is nice to see this picture of the 15 min bar because it amplifies the FORCE behind the concept-- it is NOT me and you who are USING THE THRUST-- it is the BIG GUYS WHO DO IT!  
Amos this kind of fall-- compared with the action of the previous many hours-- show you that whoever did the selling is NOT doing it for a few ticks -- but FOR MUCH MORE!  
Amos You can even see the "volume" of that 15 min bar-- unusual  
Amos The next chart shows the RESULT  
Amos after that DECISIVE 15 min bar-- where the verdict has been issued-- the market stays about an hour and a half-- quiet-- all the big guys have put their money where their mouth is, let the suckers buy the "double bottom" and then continue to push the market another 150 ticks during the rest of the ???  
Amos Does this have to do with the trend? can't answer that  
Amos Sometimes yes, some times no-- depending on the larger time frame  
Amos But if you look at that 15 min chart for a while-- and you look to the left-- you see a range-- you see it thrusting the top of the range-- the 15 min chart does not show a clear thrust-- but it came from the HOURLY-- so if you mix and peruse those time frames back and

Amos forth--searching for synchronization with the CM-- you get a good trade

Amos The greatest thing about this trade is the STOPLOSS-- you do not have to think-- you just put the stop loss above the thrust and then you start lowering it to your comfort zone

Amos It makes trading-- a "science" in such moments. No guessing, no gambling, no random walk theory, no nada-- pure Card counting GALORE

Amos If this example does not charm you-- then Thrust is NOT your favorite game

Amos If you do not understand that this is the way BIG MONEY plays-- then I failed to convince you-- so be it

Amos So much for the thrust. This thing happens in many markets many times--again you, as a group can STALK markets for such behavior and find such opportunities several times a week = and you should be rather PROFITABLE as a group effort!

n Sorry I cannot participate in this evening session, or most all evening sessions, but let me say to all reading this session by Amos tonight, if you do not learn to incorporate the thrust into your trading arsenal, you do a disservice to Amos for bringing to your attention, and to yourself as a supp

Amos Gary said that the synergy in the room is increasing-- I am glad-- so this is one simple model with good odds of success by its side that can be AMPLIFIED with more eyes perusing more markets

Amos NANOO NANOO has spoken and you SHOULD listen to Robin Williams

Peter Mork

Amos no mork fans here?

Peter :)

Amos The next chart is the nasdaq

Amos I am going to spend most of tonight talking about the stock market and trader's folly- but this one has to do with potential cycles

Amos when the market rallies for a few weeks-- most people start looking for bullish signals. Losing sight of the large picture-- a very good trick in such cases is to continue to ask yourself-- what possible signals the large players are looking for. I found in the past that losing the sight of both sides can be very costly-- whenever I look for cycles for bullish case-- I ALWAYS try to ask myself-- what if I am TOTALLY wrong and the correct cycle, fibo counting, pattern, whatever-- is for the other side?

Amos At any rate since we are in a MAJOR bear market-- it is good to search for bearish signs-- if you look at the monthly chart-- you see that from the high in NOV 2007 we traded 9 months until the high of August 2008 before the market Madoffed.

Amos From August 2008 to May 2009 we have another 9 months-- POTENTIAL cycle. I have no idea if it is correct- but this is part of DATA COLLECTION,=HOMEWORK

Amos So May, on top of being a sell and go away month happens to be a 8 month potential cycle. If it is INDEED a top of 9 MONTH cycle then I know that I have at least 3 months of reaction coming , that is if the market will be symmetric

Amos I do not need to be accurate-- again-- if we thrust May in JUNE... that will be a good trade, provided that the stop loss in manageable

Amos If we drop in May too much then the stop loss may be too harsh for many small accounts--in that case you need to find some tactics to overcome such difficulty

Amos Being the cynic that I am- for some reason I have a hunch that the market will FOOL all the SELL IN MAY GO AWAY smarties-- but the cycle-- if true-- adds verity to the may high in this case

Amos Next chart is on that Gary spoke about last night-- so it is a little superflous-- the Nasdaq/SP spread. We have mentioned here last week that the spread is misbehaving-- and indeed it shows

Amos we broke the last low before the high-- thus negating its bullishness. it gave a pretty good clue

Amos The next chart is the weekly spread--and it dropped into the MA (which is the subject of the next few charts) this was printed SUNDAY--so perhaps today we broke the level. The weekly chart is still making higher highs and higher lows-- and the trend is still UP--so this may be tricky-- look at the last low on the weekly spread- it looked bearish only that it DID NOT TAKE OUT THE LAST LOW and then exploded-- we can have similar thing here! But at this point we are in a CORRECTIVE MODE

Amos This brings me to the major topic for tonight-- and it is ANGER

Amos this is subject that we tend to mask. We do not like to admit that we get ANGRY at the market-- and masking emotions-- is harmful . Think of the recent rally in stocks

Amos It is very normal for a market that dropps from 14000 to 6500 to have 3-4000 points relief rally. may be even more-- the CM covered part of his shorts and is very happy to be a small long, and wait patiently for enough suckers to get on the bandwagon and buy buy buy. while he is merilly selling selling selling on the way up

Amos B but for traders- this can be very frustrating . We are IMPATIENT and cannot wait for the next shoe to drop-- because our mind is still full with that awesome short memeoery of the previous decline (which we MISSED and we DO NOT WANT TO MISS AGAIN) so we are anxious to SELL in anticipation

Amos The market crawls up-- you know the cliché-- "DO NOT SELL WHILE THE SAP GOES UP THE TREE" --this is Livermore quote--in other words-- a creeping market-- may NOT be of healthy demand but it is good enough to create enough ANGER in those who try to sell it , and get creamed while it is creeping

Amos The bears only look at such market and HOLLER: " S-O-T" , but they simply misspell SOB

Amos here is a painful thought for you ; THE MARKET HAS INFINITE PATIENCE

Amos infinite, of course is meaningless- but in terms of MOST PEOPLE patience and pocket-- it is much LONGER than

most of us can foresee . Anger mgmt in the market is very important

Amos If you missed being long the stock market during the last 2 months-- do NOT let your anger-- force you to make mistakes . What happens to most people is that they get so frustrated-- that in the end-- in order to rationalize their emotions-- they even turn around and when the correction starts-- they go LONG to catch the next rally that they have missed for the last few months

Amos this is dangerous behavior. It is mostly subliminal and we are not aware of it-- but it is there and if you are not aware of it-- it is a wound full of puss that will erupt later

Amos What should you wait for?

Peter a retest

Amos Well, think of the mechanics of the market--say you are short all this rally and you wait for the anticipated sharp correction.

Amos YOU CANNOT GET OUT-- because the higher the market goes-- THE CLOSER IT GETS TO THAT INEVITABLE point of the RESUMPTION of the bear market-- so you do NOT put a stop on your short

Amos The market keeps going up , but NOT strongly enough to scare you.

Amos THE MAIN REASON the market crawls like that is EXACTLY to give the shorts HOPE (aside from making the fund mgrs and banks gloat because they are ONLY LONG)---so they STAY SHORT

Amos until? Either their options expire or they have TO ROLLOVER

Amos Few understand the awesome power and the CURSE of the rollover

Amos The only reason we have so many contracts-- is simply so that the exchange and the brokers will be able to send their children to Yale. COMMISSIONS is one huge part of this business - had it not been for commissions-- this room and all these thrusts-- would not be available to you!

Amos But as part of the game-- it is a very clever and painful part that we should be aware of

Amos When you have to rollover, say your shorts--there is a psychological effect to it-- If you are short--YOU MUST COVER YOUR SHORTS-- and then sell the next contract

Amos THE MARKET MECHANICS FORCES YOU TO DO that which you REFUSED TO DO ALL ALONG - that has a devastating effect-- YOU ARE FORCED to face your mistake-- and that is very hard

Amos Usually this happens at the point of MAXIMUM PAIN-- that concept is now appearing in many forums-- and it is a very real one!

Amos It exists in the market ALL the time- but it is MOST efficient (for market manipulation) when the market goes thru a process that can ANGER many traders

Amos The last rally in the stock market-- is nothing more than RALLY BACK TO PREVIOUS CREEK-- if it happened fast-- all of us would look and say: "HOW CLEAR"-- but when it takes so long and looks so "SOTTY" it makes that ROLLOVER or expiration of OPTIONS a painful event

Amos The bible talks about anger as being a very destructive emotion . One of the Mafia's secrets of success is their famous motto: Don't get mad-- get even....very difficult in the market place

Amos This is an important subject. I had to deal with it during the week, that is why I talk about it... as you may have noticed over time-- most of the subjects I bring here-- are those that I myself GRAPPLE with during trading--so you suffer too

Amos Next few charts share with you some of the tricks of the MA people

Amos It takes time to get used to it==but if you incorporate this into your thinking-- it may save you some anguish in later trading

Amos It turns out that the MA is very popular these days, especially by smart money. I find it humiliating that it is so-- but that is fact-- and I will try to prove it to you

Amos Since I trade the pound intensively lately-- this is where I see this happening--but it could have been beans or silver as well. The ONLY advantage of currencies is that they are the TRUE 24 hours trading vehicle

Amos and since they do not have volume most of the time-- outside the merc hours-- you need to find other navigators-- so here is a sequence of INTRADAY action of the BP--at a major POINT OF RESISTANCE as I have pointed earlier (153.56 on the quarterly chart ) and we are at 15250

Amos We look at the 5 min chart , it is trading sideways and all three MAs flatten

Amos Ignore the green line- this is a 200 MA which I have added lately only for the MONTHLY DOW--- other than that is it meaningless (even tho from time to time it happens to "be right")

Amos when the market starts trading sideways-- you have only two choices-- either it breaks to the upside--flag continuation-- or it starts correction (and we dealt with the thrust issue before)

Amos you can see that the double top was a trifle lower and the triple bottom was a trifle lower-- so there is imperceptible weakness here

Amos so the next chart is the 15 min , you can see the market breaks the last low-- supposedly giving a sell signal-- only to rally back up-- why? because the MA is becoming support

Amos do not believe this-- GO AND CHECK for yourself-- the MA is repeatedly used by the market-- I AM TALKING OF A STRONG MARKET that HAS MOMENTUM- not a TRADING MARKET-- check this in the beans to prove to yourself

Amos so the 55 MA of the 15 min is holding

Amos next chart is the 30 min-- you see that all three MA are still going up and in your mind you should expect the 55 of the 30 to be the next support if a correction is coming

Amos That means that if you decide to go short with a stop above the high-- YOU SHOULD TAKE PROFITS at that MA!

Amos this is an important point-- many times you catch a turn and you build immediately HOPES for a huge decline (there

are people at GVI that are hollerin 140 BP for weeks!!!! so what? this is STUPID)

Amos as a trader, as long as the market makes higher lows--you should only scalp on the short side if you so wish and RESPECT THE MA-- since we are dealing in intraday- then thoses MA's still work

Amos Next chart shows you that there is some supply and let us say you are short (i was) you should COVER at the 55 MA!

At least PART OF YOUR SHORTS-- because this is HOW THE CM WORKD WITH MA

Amos Next chart you see that the 21 on the 60 min held-- and this will most likely CO-INSIDE with the 55 on the 30.

Amos If you did not cover your shorts at that point--out of respect to the MOMENTUM-- the next rally washes away all your momentary profits and you feel like an idiot ( I FEEL LIKE AN IDIOT , that is)

Amos THE FALSE notion that you "CAUGHT a top " is bad, is COUNTER WYCKOFF PROCESS, COUNTER MOMENTUM, not good

Amos Market rallied after the 21 60 min MA and now continues to go down-- so I go to the next time frame and I see imporant congestion of 2 MA the 21 and 55 pointing up on the two hour bar chart

Amos that is the next support and in the next chart you see it.

Amos If you are trading against the trend-- RESPECTING THE TREND MA --is a very good and CORRECT approach to scalping.

Amos It took me a long time to admit to the truth of that simple and rather idiotic statment-- but it is so true--- that I don't fool with it any more

Amos So I share with you-- if you want to use it-- be my guest

Amos Next chart shows that even the 240 favorite currency time frame respected the ma

Amos and the next chart shows you how STUPID the whole sequence was when we are still in a DAILY HIGHER HIGH AND HIGHER LOW SITUATION

Amos you can say-- Amos-- this is intraday garbage!--and you will be right

Amos but it makes me 300-600 a day-- so this is GOOD garbage

Amos that is about it for MA-- I am learning every day how the clever guys are using it-- and it is good stuff. Not pure WYCOFF (even tho his wave is pretty much MOMENTUM indicator)--but good additional tool

Amos Next chart is the beans. The beans right now simply belong to the ANGER CLASS

Amos the rally in the beans is total manipulation. TOO MANY PEOPLE ARE SHORT and the MAY CONTRACTS is going to EXPIRE probably at the high

Amos This is Backwardation galore (front month higher than back month --indicating squeeze. I hope I use backwardation and contango correctly-- has been a long time since I used these terms

Amos Gary correct me if i am wrong . At any rate-- the beans are now just punishing the shorts

Amos question is-- how far can we go? so I try the point and figure-- Exceeded. Tried the rally back to an "ice" (april 2008)-- failed

Amos now I think of 50% correction and that brings us to 1217 , just a number to watch or its vicinity

Amos Not so important-- much less important than weekly thrust or such- but just an alert

Amos if you have another number that may be "true" resistance-- please share

Amos Next chart is the large filter on the beans . The count from the 900 area was finished at 1120

Amos but then we get to the congestion that i marked with an ellipse and termed it "TOYING WITH SHORTS"

Gary\_Fullett you are correct

Amos think about the CM-- what does he care if he holds the market here or pushes it a little higher if he can take it down back to 9 with a few LD days?

Amos we are all dreaming of being in that move on the right side-- but he will SHAKE US ALL!!!

Amos what is the solution? Probably wait for a failing thrust and then buying otm puts? if you cannot finance the stop loss-- not sure

Amos when is the expiration of the May contract? what is the open interest in May?

Amos the wheat beans spread should give a clue too

Peter Amos - todays high in July beans is resistance at the daily RTL

Amos But I bring this example to show you how even a CLEAN COUNT can be misleading and tempting to go short--if, OTOH you look at the MA-- it is still strong!!! So the POINT AND FIGURE FOOLED ME THIS TIME

Amos I am out of charts---there were many tonight-- but not so important since they were just examples of intraday trade

Amos However- the concept of using the MA even in intelligent scalping (within the CORRECT TREND) and the issue of learning to cope with built in anger-- is important

Amos Two more issues that I wanted to mention

Amos 1 . watch the VIX-- it may have given a signal today--

Amos 2. watch the dollar-- same thing-- the next 30 hours should be important because if you look at the 8 hour bars--we are about 4 or 3 bars away from 55 bars from the recent top (about 17 days ago

Amos if, per chance the market wants to respect that 55 8 hour bar-- then we can have an important several days rally in the dollar-- which may coincide in some reaction in dollar dependent markets such a prostitution and others

Amos you can see that i am starting to sink , too tired ; Haook

Mr\_Steve Thanks Amos, You always bring to the table things I have overlooked. Are you looking over my shoulder when I trade? You do not have to answer

Amos Steve, I usually have a shoulder of lamb while you are trading

Peter Amos fyi - the Euro tested the weekly creek and the dollar tested weekly support last night

Amos wait for daily and weekly thrusts ; also the EUR/GBP spread is interesting - above 9080 there is a vacuum--so if they want to run it to test previous high-- this is the place

Amos open to q

Mr\_Steve Amos could you give any insight on oil?

KevinA Amos, in the first example tonight of the failed breakout on BP, if that 60 min bar closed at the high, how do you approach trading the breakout to the long side (if you do)?

Gary\_Fullett the beans may have a UT after a n OKR on the daily

Amos Steve-- oil is no different than beans, or silver, or lumber-- we are in a trading market and manipulation is champion

Mr\_Steve ty

c1 Amos - would a decline below 876 in ES continuation chart qualify as a short based on your weekly thrust model?

Amos KevinA--very good question. since we are so close to QUARTERLY resistance-- I have had hard time playing the long side but in general the answer is simply-- you can buy the next higher high and put a stop below the thrust

KevinA so a thrust of the breakout bar - that was my guess - thanks!

Amos just wait for minimum continuation of the first bar--in this case 60 min-- that is GO WITH THE STRENGTH

Amos c1 I need to see the chart to answer that-- do not have chart right now

Amos actually c1 just looked-- the low of May is more important at 862

Amos so far we are obeying the Steinhardt model of the FIRST DAY OF MONTH being opening range and we are above it!

c1 okay thank you

Amos all in all we are still inside that large quarterly in the dow -- and all talk about TRENDS-- is poppycock

c1 so the Steinhardt model supercedes the weekly thrust model?

Amos I am not sure if it supercedes, but it certainly fucks with it

Gary\_Fullett lol

c1 ok

Gary\_Fullett PG site lol

Amos ok folks have a good week and beware of large trucks, please

warren thanks, Amos -- can't wait to apply lessons!

Amos gn

carnac ty amos

Amos left.

Gary\_Fullett great stuff on the thrust method ; all should be clear that after a thrust to sell that low

Gary\_Fullett go with that weakness ; okay any q ? comments ect

Peter just be aware of multibar springs & UTs if using the thrust ; but Amos's stop rules protect that warren good point -- but 60 min bar is some protection

Gary\_Fullett well if u use it on a smaller time frame , the stops will be smaller

Gary\_Fullett the longer the time frame the larger the stops

AussiePaul oh... yes... didn't know what time it is over there..

Gary\_Fullett but east coast after 11 pm

AussiePaul 1pm here. East Coast Australia

## 2009-05-14 (Gary / Swetz)

Gary\_Fullett joined.

Gary\_Fullett good evening , there are several charts for tonight . I sent 2 and steve sent some  
Gary\_Fullett so if u didnt get them please retrieve them ; so any questions comments before we begin  
a yes has the GM gap been filled?

Gary\_Fullett the up gap or the down gap?

a the one that everyone uses to show that all gaps are not filled - 1930 or so

Gary\_Fullett if u waited 80 yrs yes the gap was filled ; there are examples of gaps that were never filled  
a just curious

Gary\_Fullett gaps being filled have nothing to do with wyckoff , they can be filled they dont have to be

Gary\_Fullett curiosity killed the cat

a i know they nothing to do with wyckoff - just curious

Gary\_Fullett me either ; any other questiosn? otherwise we can begin

Gary\_Fullett I sent 2 chats on upthrusts and creek ; both charts i sent were of the e mini s and p

Gary\_Fullett the one that is most effective is the 60 min chart

Gary\_Fullett this is a chart that MUST be used if u trade the s and p

Gary\_Fullett so lets look at the spring on this chart -- springs are simply a piercing of previous support

Gary\_Fullett and a move above that support ; classically the spring will occur in a trading range

Gary\_Fullett but we see springs of markets not in trading ranges ; so far clear?

Gary\_Fullett btw amos lecture on the model upthrusts is on a special section on the archives so u dont have to search for it  
n Can I add a comment re springs... ?

Gary\_Fullett please , always

n One thing I have noticed about certain recent bottoms, like crude, silver, a few currencies...

n and I remember telling Doc about crude that there was no SOS...

n is that when you start seeing springs working at lower levels...

Gary\_Fullett sos is a sign of strength - a special demand bar

n it has bullish implications, lacking any other Wyckoff rule or principle

n There were great spring opportunity in crude I ignored because the trend was down, and springs tend to fail, but... they  
consistently kept working, a good tell ; Silver had a subtle spring at 12.40- 12.50 and went to \$14, virtually non-stop ;  
FWIW ... done

Gary\_Fullett ty ; great comment - okay

n Wait! In addition, one can use THRUSTS to bet a position for great trade location

n be in, not bet, no betting here ; now I'm done

Gary\_Fullett ty , great points

n ty!

Gary\_Fullett In a downtrend springs will fail because in a downtrend u make a series of lows

Gary\_Fullett so the spring low will be violalated ... NOW , if the spring doesnt fail this may be a cob

Gary\_Fullett change of behavior ; but in a downtrend springs MUST fail , because the downtrend

Gary\_Fullett understand?

n If I can, and you are 100% correct about down trends.

n the ones I referecnced had already given signs of a potential bottom, and were not merely in downtrends, where springs do  
fail, as Gary points out.

Gary\_Fullett right N , and i was getting to that point too

n An important distinction

Gary\_Fullett If u have a spring after some sideways work and maybe still in a down trend

Gary\_Fullett we have a namew for this spring , anyone know?

n Terminal?

Gary\_Fullett yes , so the final spring of the down trend is the terminal spring and that spring will NOT fail

n The Yen example I gave to Handles was in a downtrend, but a spring on a monthly chart

n helped turn the day trend , from day class today

Gary\_Fullett right

n sorry to butt in

Gary\_Fullett no add

n Some different people in the evening, no?

Gary\_Fullett yes ; sp in the es chart ; lets go to the lows at about 830 - note there is no volume on the chart

Gary\_Fullett I want to show price , so we have a larger bar , low close on the 13th , maybe 11 am

Mr\_Steve on the 60 min?

Gary\_Fullett yes , the next bar tried to rally and closed mid range , then a lower bar

Gary\_Fullett and then a bar that closed high end - so we know that the low will retest

Gary\_Fullett we get that retest over night on the 13th - see this , maybe 1 am

n Can I make another point about your comments? What you have just described is incredibly important information on how to read market activity in the present tense

Gary\_Fullett please , yes thus the chart

n Gary does this masterfully, and so often that it may get overlooked. but his comments, like above, are gems and important to understand and absorb

Gary\_Fullett ty

Gary\_Fullett so then a retest , a close on the lows ; then immediately u get a rally back up

john Yes, Gary does a masterful job

Gary\_Fullett so the low close was bought immediately , and a high end close

Gary\_Fullett after this high end close , was there follow thru? at 330 am

n none

Gary\_Fullett right

n everyone sleeping

Gary\_Fullett so what does this tell u

skylar :) another retest probable

n I guess there is just three awake right now

Gary\_Fullett lol

C im just listening

Gary\_Fullett so we know a retest

n I missed reading that activity, Gary, Great point to make in preparing for the day

Gary\_Fullett so we had a retest , but we need ending action if the market is to rally , and then demand

Gary\_Fullett otherwise we will retest lower - I see this a million times a day

Gary\_Fullett so we finally had a spring , because that can be ending action - at least temporarily

Gary\_Fullett we got a weak spring just before 830 on the 13th late at night

n The first low you pointed out is a small spring that lacked follow through, as you just described, and that set up the 2nd spring or some kind of new low expectation?

Gary\_Fullett yes ; so the wide bar mid-close can be some ending action

Gary\_Fullett not sure ; the next bar was a retest and a mid range close

Gary\_Fullett these midrange closes means there is a battle going on

Gary\_Fullett but had a slightly higher close ; but the market still needs demand - the next bar is critical

Gary\_Fullett was a bar that closed high end - 6 bars from the end

n Created a thrust entry out of a TR with a spring

Gary\_Fullett but the main point is that after the spring u made upward progress

Gary\_Fullett and higher highs and higher lows AFTER the spring.

n We also had the advantage of knowing there was more support just below that price level, and the fact that price held above support gave a little boost

Gary\_Fullett thats the key to the upward progress ; well true u have the weekly supported at 876

Gary\_Fullett but on this smaller time frame u can see that it formed a foundation of a spring above support

n Great example!

Gary\_Fullett so after the spring the main point higher high higher lows , upward progress

Gary\_Fullett buying overcoming selling , so we can see that the market being stagnant at the 880 area

Gary\_Fullett we needed some ending action , and that tends to be in a spring formation

n I saw the spring, but not in the context in which you just put it. Makes a big difference

Gary\_Fullett the key was what i described

Mr\_Steve Question?

Gary\_Fullett the spring wasnt a high quality spring ; what does that mean

Gary\_Fullett means the close of that bar of the spring was mid range vs high end

Gary\_Fullett so thats why the next bar was a retest

n It means it was of a lesser quality than "normal. :)

Gary\_Fullett yes Mr steve please

Gary\_Fullett well than classical per se

n Thank you for that distinction.

Mr\_Steve On the spring, not seeing volume, that very well could have

Mr\_Steve fell through the ice also correct? and continued down?

n The spring?

Mr\_Steve I make that assumption from low close bars ; The bar before and went low instead of spring?

Gary\_Fullett there is a reason why no volume ; any one know?

Gary\_Fullett yes it could have , it could have failed

Mr\_Steve I am seeing low close just before spring

Gary\_Fullett but after the spring , the markets next few bars made higher highs and higher lows

Gary\_Fullett right because its a retest of ice , so u MUST have ending action of a spring

Gary\_Fullett those poor closes mean either a spring or mark down

Mr\_Steve Thats correct, 3 hrs worth ; TY

Gary\_Fullett it was a slight spring vs a deep spring.  
n Also note, Mr Steve, that bar was a wider range than the preceding bar, low-end close, but still closed above the previous close and above the opening for that bar, and then no follow-through  
Gary\_Fullett volume could be high or low , doesnt matter what type of spring  
Gary\_Fullett the fact it was a spring - in wyckoff he talks on number 1 2, 3 spring  
Gary\_Fullett NOT relevant the terminology of what kind of spring  
Mr\_Steve ty  
Gary\_Fullett KEY is that the action allowed for 1  
n Wyckoff or Evans?  
Gary\_Fullett also another reason why no volume - the action of the spring was before the stocks were open  
Gary\_Fullett so volume was light any way  
Gary\_Fullett Evans works based on wyckoff ; but Evans more accurate  
n ty  
n Have to run. Thank you for the comments Gary. Sorry to miss your part, swetz. Good night to all! Cheers.  
Gary\_Fullett any q on this spring ; it is a CURRENT CHART  
Gary\_Fullett so not too much in hindsight - upthrust , we have a market was moving higher  
Gary\_Fullett we have a vertical demand bar on the left of the upthrust  
Gary\_Fullett this vertical demand bar is important , so we draw a horizontal line there  
Gary\_Fullett always do this -- ALWAYS!!!!!!!!!!!!!!  
Gary\_Fullett we now expect mark up , did we get this? NO  
Gary\_Fullett u get lower ; thats fine , we get a retest and a close UNDER the vertical demand bar high  
Gary\_Fullett warning will rogers warning  
Gary\_Fullett so far , not a lot wrong - 4 bars later a retest of this vertical demand bar  
Gary\_Fullett Notice the close -- LOW end -- its where i wrote retest  
Gary\_Fullett though a negative bar and a selling bar ; was this a supply bar?  
Gary\_Fullett NOOOOOOOOOOOOOOOOOOOOOOOOOOOOOOOOOOO -- it wasnt  
Gary\_Fullett so the break afterwards still means what? means a retest to occur  
Gary\_Fullett and the quality of the retest is KEY  
Gary\_Fullett it was a grind higher retest , and when it retested the vertical demand bar  
borat why isnt it supply?  
Gary\_Fullett u had a sot after a good bar ; this is a red flag , BUT still NO SUPPLY  
Gary\_Fullett so this isnt bearish till u get SUPPLY -- UNDERSTAND  
Gary\_Fullett for those who came late Please read the archives tonight of this spring and upthrusts charts on the es  
Gary\_Fullett so the retest was a sot - shortening of the upward thrust  
Gary\_Fullett as I said still NO supply ; U get a wide bar at about 830 at May 12  
Gary\_Fullett that wide bar higher high lower low , OKR outside key reversal  
Gary\_Fullett low end close is the supply to confirm the action  
Gary\_Fullett so the upthrust even though u didnt react quickly , because the cm wasnt ready for mark down  
Gary\_Fullett had to rally to creek to distribute  
Gary\_Fullett so the upthrust was a red flag , BUT without supply , u dont know if absorption until u get that supply bar.  
And then after supply - mark down  
Gary\_Fullett any question on springs and upthrust - please understand this lecture tonight  
Gary\_Fullett print it out with charts , but dont get swetz's cookie crumbs on it  
Gary\_Fullett he is having a cookie his red wings won  
Mr\_Steve you bet, thanks  
swetz lol Gary  
Gary\_Fullett the spring with the higher highs and higher lows and ending action  
Gary\_Fullett the upthrust chart with the eventual supply after an upthrust and a retest and the ending action was the sot  
Gary\_Fullett so i am done any questions? steve has some great charts  
Gary\_Fullett and if u dont get his newsletter on it and u trade stocks u are missing a lot  
Gary\_Fullett okay i will bow to steve and his great charts , the sultan of the south  
Gary\_Fullett tomorrow is friday , weekly closes  
Mr\_Steve Gary has excited and wormed us up for you Steve.  
Gary\_Fullett lol ; if only the women did for steve lol  
swetz lol Mr. Steve and Gary ; I guess I am up  
Gary\_Fullett yes,  
swetz the first chart is the hourly SPY chart , which is the ETF for the SnP cash index  
swetz a lot of good Wyckoff principles showed up today I thought  
swetz have making higher swing highs and higher swing lows  
swetz on May 7th, we see a very wide range down bar that closed on the low on the highest first hour volume we have seen in quite some time  
swetz so we are getting a small clue that sellers are becoming more aggressive in offering supply to the market  
swetz then on the very next day, we see a rally to TEST the climatic type of action from May 7th

swetz from the hourly timeframe standpoint, stopping action to the hourly uptrend has taken place  
swetz with the BC confirmed by a Secondary Test  
swetz we finally see that the buyers FAILED to drive the SnP up to a new SWING HIGH  
swetz in real-time, we KNOW that at least a TR is forming  
swetz we also KNOW that this TR is developing where a major resistance area on the weekly chart is  
swetz from the mid December to early January 2009 swing highs ; also we have noticed that volume has been running above  
average YET very little upside progress, if any, was being made  
swetz which tells us that maybe stuffing action is going on ; so we are getting some evidence that a turning point to begin a  
selling wave is unfolding before our very eyes  
swetz once we get a reaction that followed the ST that tested our tentative support area or ice area that is initially drawn at  
the low of the AUTOMATIC REACTION between the BC and ST  
swetz we can see that the SnP moved into a minor spring position  
swetz IF this TR was reaccumulation or absorption, we should have seen a wide range rally FOLLOWED by a lack of supply  
REACTION to PROVE the spring  
swetz well we got a wide range up bar May 12th in the afternoon - the market was at a do or die position  
swetz being able to identify these do or die positions in real-time is so very important  
swetz in the NL after the May 12th close I wrote that IF the TEST of the spring was successful, I was going to buy another  
stock , BUT IF there was a potential BREAK UNDER ICE, I was going to look to short a TEST of the ICE level that was  
broken  
swetz the very next day, the market makes a large gap down and continues lower on some strong volume thereby  
BREAKING the ICE ZONE that I have marked on this chart -- notice HOW this ICE BREAK occurred  
swetz WIDE SPREAD, INCREASED VOLUME, DOWNSIDE FOLLOW-THROUGH  
swetz say these 3 things in your sleep, dont count sheep :) -- everynight  
Art wide spread yes  
swetz Wyckoff suggests that the HIGHEST QUALITY break under ice have these 3 characteristics  
swetz also we can see that this break under ice has broken 2 support TLs  
swetz okay now it is just a matter of stalking the next rally  
swetz because the NEXT rally will SETUP the actual TRADING opportunity  
Mr\_Steve without increased volume is it considered a weak break of the ice?  
swetz well, I would say that the quality of the break has been reduced ; it can still work out just fine  
swetz but the higher the quality of the break, the more likely our edge - the better our edge I should say  
swetz we know from last Thursday, the 4 things based on Wyckoff's method I like to look at in judging a high quality  
reaction to provide an actual trade - reaction/rally  
swetz you get a bonus if you know those 4 things :)  
swetz good nobody knows, I get to keep my batch of cookies :)  
swetz those 4 things are the whether the 1/2 point holds, whether spacing exists, if vertical demand/supply areas on the left  
side of the charts exist, and if a supply/support TL holds  
swetz we can see as the rally unfolded today  
Mr\_Steve comment  
swetz we see overlapping bars, very low volume as the SnP rallies right to the previously broken ICE/SUPPORT zone, right  
to the supply TL, and right to the 1/2 point , and right to the vertical supply area  
swetz the look on this chart is remarkably similar to the look on the GEOY chart we looked at from last week only on the  
short side rather than the long side  
swetz sure Mr. Steve  
Mr\_Steve I do not have my notes of the 4 things you look for but I did remember that you said we could use volume High  
up bars sometimes as support.  
swetz right Mr. Steve  
Mr\_Steve Watching for that has kept me out of several bad trades this week  
swetz you are learning discipline Mr. Steve, the path of being a good trader :)  
Mr\_Steve I will now always remember that thanks ; Good Grasshopper  
swetz lol ; okay so at bar A we something interesting -- notice the slightly more narrow spread and poor close as volume  
increases , as this bar is unfolding right at those 4 converging areas -- once we get a thrust down, in other words a bar that  
trades below the low of bar A , we have our trigger to SHORT now  
swetz which I did , I was actually looking at the 10 minute chart, but it was giving the same signal  
swetz we could get a little UT of bar A tomorrow , I have no idea whether we will or not  
swetz but either way my stop is just above 91.50 so it is far enough away to keep me from getting shaken out on an UT - we  
could just immediately head lower tomorrow  
swetz either way, we took a PROPER short trade based on the Wyckoff method  
swetz they don't always work out but over the long term you WILL make some pretty good money doing these types of  
Wyckoff based trades ; any questions on this chart?  
swetz okay, lets now talk about a LOSING trade I made - see, not every trade works out like we want  
swetz but I wonder how many folks you find on the internet or appear on tv are willing to talk about losing trades  
swetz the pros don't mind ;) :) which brings us to the last chart WNR

swetz what I liked about the TR of WNR which I have marked is that this TR developed totally above the last TR  
swetz and higher swing lows were being made as the TR unfolded from the left side to the right side of its TR  
swetz then after the wide range down bar in mid April occurred  
swetz there was a no downside follow-through which led to yet another higher swing low  
swetz and then the TR began to tighten up considerably as volume decreased - I love TIGHT action with low volume ,  
especially when it is occurring near a CREEK or RESISTANCE area  
Mr\_Steve why , I played the same chart  
swetz because this action indicates that supply is not entering the market , and the tight action tells us that buyers and sellers  
are temporarily in balance - so a rally above tight action tells us that buyers won the battle and that absorption is what is  
happening  
swetz the only time I will buy a JOC is after tight action or sell a Break Under Ice is after tight action  
Mr\_Steve tight is good  
swetz yes sir, very good  
swetz since WNR was coming out with earnings on the day of Bar B , I chose to wait instead of buy on the bar before Bar A  
- well after seeing the wide range, very strong volume bar , I judged that action to be a potential JOC - others could have  
judged the action to be a BC  
swetz but because of the bullish characteristics of the TR, the bullish weekly chart  
swetz the leadership qualities this stock possessed from a fundy and relative strength standpoint  
swetz I judged the action to be a potential JOC , so I just placed a limit order at \$14.75 to try to catch the stock as close as I  
could to the creek area , and still keeping my risk low  
swetz well, the stock moved sideways the next couple of days and then began its reaction that shook me out of this stock  
with a loss this morning when WNR hit \$13.25 which is where my stop was , just below bar A  
Mr\_Steve Bar "B" was a June sell off point I had call options and had a sell order if reached 16.00. I made the exact same  
play last june  
swetz you hit it just right :)  
Mr\_Steve same play, history repets itself  
swetz yes sir, it does  
Mr\_Steve I like this stock  
swetz me too, even though I got shaken out today  
swetz if we get some upside follow-through and a test of today's bar on low volume and narrow spreads , I won't mind at all  
going long once again - It has been my biggest money maker this year next to the russell - with a stop below bar C ; to me, it  
is the leading stock in the oil/refining group , we will just see how this stock and the general market unfolds in the coming  
days/weeks - I just wanted everyone to see a losing trade I made even though I followed my rules perfectly  
swetz trading is interesting , you can do everything wrong and make money, I did that in late 1999  
swetz and you can follow your proven money-making rules and lose money -- many people can't handle this reality which is  
part of the reason, imho, why so few people can make a living trading  
Mr\_Steve That B volume has not gone away  
swetz well there is a selling side to a buying side , o there was major buying being met by major selling  
swetz but so far, the reaction is unfolding in a bullish manner but that could change in the coming days  
swetz I judged that major buying would persist , so far I am wrong as the general market is starting to weaken and WNR  
shook me out , but as Wyckoff advises, lets just watch the market and see what develops :)  
swetz okay all done, I know you saying "about time" :) any questions?  
AH\_Tex swetz on spy chart how do you decide on your stop 91.50 in anticipating an UT? since it is a proper trade set up and  
you committed to take it?  
JimCas steve how many stocks do you follow  
swetz Jim Cas - depends on the market environment - it can range between 20 stocks to 120 stocks  
swetz AH Tex - well 91.50 is far enough away and above the gap area in case a little UT develops  
swetz if the UT is just a setup to lead to more selling, it should not rally much above today's high  
AH\_Tex so the days high is one way to look at it  
swetz right AH Tex  
AH\_Tex k thank you  
swetz I wont mind at all to see a marginal penetration of today's high tomorrow followed by a wider range down bar that  
closes poorly-I would look at that setup as another opportunity to short the SnP again, and put my stop above tomorrow's high  
swetz :) Mr. Steve - well you did a great job on WNR :)  
swetz you traded it a lot better than I did :)  
rhonda POT had a JOC  
swetz okay folks, have a good night ; those fertilizer stocks are sure doing well Rhonda , I think MOS had a good day too  
Mr\_Steve Steve, I do not know if this will help but I found that with WNR I have to look at data sometimes as far back as a  
year to 1 1/2 years old ; This is the only stock I look that far back on  
swetz thx Mr. Steve  
Gary\_Fullett FANTASTIC ty ; have a great night all  
Gary\_Fullett left.

## 2009-05-15 (Tim Ord)

Ord Chart one is the longer term view and is where I will begin

Ord The chart is the weekly SPX ; This chart goes back late 1999 . In the top window is the RSI (14) period on the weekly time frame. In bear markets the weekly RSI in general stays below 50 and 50 normally provides resistance. In bull markets the weekly RSI 14 stays above 50 and 50 usually provides support

Ord To the far right is the current timeframe and RSI is up against resistance near 50 ; This suggest the SPX may be near a high. Another way to help to define the market is in a bear or bull is the slow stochastics on the weekly timeframe. That is the window third from bottom - Slow Stochastics normally stays below 50 in bear market and above 50 in bull markets.

Ord On the chart of the SPX is the weekly 13 by 34 EMA which provides support in bull market and resistance in bear markets , That the Red line on the SPX chart - Right now the SPX is testing the 13 by 34 weekly EMA and implies resistance

Ord So the weekly RSI and 13 X 34 EMA are showing resistance

Ord Second chart ; This is the daily SPX

Ord The top window is the MACD and it has just rolled over ; The fourth window from the bottom is what I call the % Volume indicator , and does a pretty good job in helping to identify turns in the market

Ord over the last couple of day it has issued a sell signal - We have a market where previous sell signals have occurred.

Ord The bottom window is the McClellan Summation index and Oscillator ; When the Oscillator falls through the "0" line then the Summation index turns down - The Summation index usually follow the direction of the market , therefore the weekly chart and daily chart are showing bearish signs.

Ord We were bearish too quickly on this rally but the top may be in the process of being completed.

Ord Chart 3

Ord On May 7 the SPX made a high volume high. From our experience most high volume tops are tested.

Ord Therefore it would not surprise us if the SPX attempts a rally back to that high

Ord If the 5/7 high is tested on higher volume and closes below that high then to us that would complete the topping process.

Ord Are there any question?

John none here

Larry very good

Handles cool Tim thanks

Peter no Q, thanks Tim, clear as usual

Dick Nice Tim--Thanks

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

## 2009-05-19 (Gary)

Gary\_Fullett good evening ; did everyone get charts  
Mr\_Steve Gary, you outdid yourself on the Wyckoff Terms. I downloaded them today and was looking them over. Thanks for posting them.

Gary\_Fullett well there are a lot of terms - with help on terms from smi , but i wanted u to have a complete definition  
Gary\_Fullett they are very expansive , so the definitions are quite good  
n Good,good evening, all....opportunities abound...and here we all are.

Gary\_Fullett okay , any questions ; amos will be here tomorrw - any q on charts, markets, wyckoff, ect  
n Glad to see you have one on Questioning trend...

Gary\_Fullett okay lets begin ; the s and p  
t on your emini chart how would you describe yesterdays Bar?  
Gary\_Fullett by the way markets have a lot of opportunity but still a lot of risk to control - very hard still  
Gary\_Fullett T, will discuss that chart first  
Gary\_Fullett i am showing charts on varying time frames , which is an important aspect of wyckoff  
Gary\_Fullett lets take the s and p chart ; first q what is trend?  
n up  
Gary\_Fullett daily i would agree ; this is a daily chart  
skylar up, day agree  
n sorry, had soy bean chart in front of me...

Gary\_Fullett okay we had a reaction from march  
n more sideways on S&P  
Gary\_Fullett we can see the horizontal line as important , as it is 2 weeks ago lows , and just above previous creek at the 872  
-875 area - extends all the way back to Feb failure highs  
Gary\_Fullett right , so.. we had a reaction from the 927 area and we broke to the 872 area before the rally bar on Monday  
Gary\_Fullett we had 2 smaller bars , so last friday had a low end close to support ; so this Can show a lack of supply and a retest on lighter volume to support - so Bullish . The small bars are a sot - shortening of the downward thrusts - see this ; I felt that we closed near the weeks lows so was more a negative than positive though . I mentioned earlier today about volume and the lighter volume rallies and breaks ; this to me is a lack of leadership, and the cm bidding time - thus lighter volume rallies and breaks normally a downtrend, and the grind higher is a lack of demand , and the rally now is probably that BUT the longer you grind , the more bullish it becomes . An example of this is after 2001-2002 time frame ; u had a grind higher for 5 years , which turned out to be a double top in oct of 2007 ... so ultimately bearish but the grind was bullish , as the shorts had to pay up - so the light volume now , both up and down , represents that lack of leadership .  
n Did not see that until you just pointed it out....so much to see, so much so easily missed - re sot into support...

Gary\_Fullett and u can see u have a rotation of stocks from industries  
t Question - are you saying the monday's light volume bar was a demand bar?  
Gary\_Fullett right N was a sot into weekly support , the low of 862 is the month of may lows.  
n embarrassing not to have taken note of it - to be bearish on Friday took that out of the picture for me  
Gary\_Fullett at the time Monday morning and sunday night was bearish , BUT the move higher yesterday told us be careful - do u understand why ; the lack of volume?  
n No supply, demand proven, and market moving up by default, with no sellers to stand in the way  
Gary\_Fullett today's bar on the es chart isnt accurate , as the market closed lower and the bar was a low end close , BUT the range was small so we didnt have follow thru  
n A reason to sell, or not, up there ? Some indications say yes, but lack of supply keeps coming back to bite shorts right away  
Gary\_Fullett brb (be right back???)  
n t: not so much a demand day, Monday, as a lack of sellers and therefore EOM up.Buyers still in control , however tenuous, or not - Low close on Friday, after a few days down, put sellers in control, potentially... they never pressed, so the market stopped going down and the rally began on Monday as a result of absent sellers  
n Gary is temporarily on leave, and will be right back...  
n ..if you press "Action" at the top, you can review...  
n A few comments about vol, while Gary is busy...when you see small range bars in an up move, it means more of a lack of demand, and is still bullish...  
n When you see small ranges that have larger vol, it is a red flag, and a sign of sellers meeting demand and preventing the range from extending higher...it can be stopping action, depending upon where in the trend this occurs  
n When you see a wider spread bar to the upside, and the close is low end, this tells you that selling overwhelmed buying, and is bearish, at least for the near term  
n If anyone has access to intra day charts, as an example, in today's S&P, near the end of the trading day, there was an increase in vol, not by much, but an increase... and price closed low end, also forming a potential UT, upthrust...  
Snag n...could that also mean just a pause b4 resumption  
n The next bar began a sell -off, and that is when S&P boke from 915 down to 905.75. These are the ways to put this Wyckoff information to use

n Where, or when, Snag?

Snag "selling overwhelming buying...bearish"

n It depends on where it happens within a trend, but it is definitely a red flag, and yes, it could be a pause, depending upon the strength of the underlying trend... so you always have to judge how strong is the trend... is this near a previous resistance or RTL, reverse trend line, etc ... to make that determination. But it is not ending action, just stopping action..although it could turn into ending action if at the end of a trend, and it forms a true UT... Nothing is ever mechanical, and everything requires some judgment... but the more you learn, you in general, and not anyone specific...the more this will make sense as you are able to put price activity into a cohesive context ; Make sense?

n One thing to keep in mind for anyone new to Wyckoff is, it is all about making distinctions in the market.

n What is a distinction? A buying climax, selling climax, SOT, [shortening of thrust] spring action, upthrusts, et al... The more you can recognize these as behavior patterns, the better you can organize your thinking to harmonize with the trend... and the singlemost IMPORTANT piece of information to know is the TREND. The trend defines how you will act in your trading - In an up trend, you will not be selling upthrusts, as an example, because they tend to fail in up trends. When you see and SOT bar, shortening of the thrust, and high vol, it may mark ending action, and a few days or more of a decline within an uptrend... A great place to buy is a retracement within an up trend, so by knowing the trend , you look for specific Wyckoff set ups...

Mr\_Steve what identifies a change of trend?

n Gary mentioned one at the onset, the SOT at a support point in a uptrend, coming into Monday morning when the market rallied ; A BC or SC are the most prominent , a lack of demand will eventually lead to supply coming into the market

Mr\_Steve abc or sc?

n Buying climax, or Selling climax

Gary\_Fullett hi, give me min

n Yea, Garys back, and I can leave

Mr\_Steve your doing good

Snag but how about mirror bars @ the end of a trend

Gary\_Fullett sorry had a family thing to deal with

n Snag has a Q on mirror bars, Gary ; What do you mean by mirror bars, Snag?

Mr\_Steve Gary we have more time than money, so take your time

Snag bars of equal length, but one closes near hi, other closes near low

n Gary covered that today in day chat room...

Mr\_Steve like in our first graph?

n It is a lack of commitment either way

Snag true, but i've seen trends change direction on mirrors

n Gary, explain what an up bar, followed by a down bar of equal length means, for Snag

n Be careful of the smoke part...I am not sure what example you can mention, but would be curious to learn something new

Mr\_Steve we have 2 bars like that on today chart 3 and 4 from right?

n From today, there was an example in the S&P, yes

Gary\_Fullett it is a fight for bulls and bears

Mr\_Steve indecision?

Gary\_Fullett a battle ; the u bars down bars mean that buyers and sellers are fighting - so when u see a hig bar low bar - lack of leadership . So today the es had a sot after mondays action , so lack of leadership.. so lack of follow thru , so we can look for a retest tomorow on the es ; q on es ?

Gary\_Fullett i want to talk on the quiz chart i sent to show u time frames.. take the euro 10 min..

carnac lack of follow-thru in demand. Was rallying from a lack of supply and not demand. For a cob-need supply to enter.

Gary\_Fullett see this? so i have a bar that is a large bar low end close - see this - it was at 4 pm , 4 am rather

Gary\_Fullett see this ; so this was stopping action - the key is the reaction - the reaction was poor

Gary\_Fullett seee this ? so we know selling... so this was verified at 630 am , so the selling at 630 am verified the stopping action ; this high bar , 13630 was a vertical supply bar , but we broke ice at 13610 , the broken ice area - this is a 10 min chart , so realize the time frame - so a breaking of the ice should be sold on a retest ; see this?

Mr\_Steve do you most of the time use a 10 minute chart for enter and exit?

Gary\_Fullett intraday i look at, as well as 30 min , so this chart u see that the stopping action and the selling bar had the eom lower , so we had mark down after the breaking of the ice ; so mark down with no ending action , to turn back up u need ending down action , like u had ending up action

Gary\_Fullett lets look at the next 10 min chart ; it shows the rest of the day - so we see the mark down ... and look, we have ending action , we have a spring and this was ending down action on the 10 min chart

Gary\_Fullett see this , we broke till we got ending action and the cause used up .

Gary\_Fullett remember this is a 10 min chart , so cause isnt more than like 30-50 ticks ... tonight the euro broke back down but i wanted to show the continuation of this chart

LarryG was there support on bigger time frame at the 13565 area? cant see to the left. would have made spring easier to buy

Gary\_Fullett from the chart i sent to the newsletter folks, there was, and we will get there tonight , i have time frames for it LarryG ok ty

Gary\_Fullett any q on this ; this is a great chart i sent today - intraday - showed some great wyckoff ... any q on this

Gary\_Fullett I want to go over time frames with the euro chart

Gary\_Fullett lets look at the monthly; euro chart - what is trend

LarryG up

Mr\_Steve up with a little down stopping action?

Gary\_Fullett i sent 2 weekly charts

Peter down

Gary\_Fullett sorry wanted to show a daily , but will deal with the 2 monthly and weekly

Gary\_Fullett well up but may be changing right , or possible ending action

Gary\_Fullett before it was mentioned about up bar down bar and what that meant ; well i said it was a battle ... look at the top in the euro ; u have some bars high close and some low bars - this was a battle - bears and bulls and a possible cob

Gary\_Fullett look closely , see this , this lead to supply , eventual supply

Gary\_Fullett so this supply may be a sow or a sign of weakness ; we had a downmove and a quick rally - this move to 148 area is a vertical supply area - i drew this line

Mr\_Steve could this mean shorts are bailing out?

Gary\_Fullett i think it was a quick short covering rally , so the lows at 123 form an ice , BUT we had definite supply from 160 , and the reaction back up is not strong - so we have a trading range - 147 creek , 123 ice here ; any q on the monthly?

Gary\_Fullett the weekly chart ; we have more bars on the top for the weekly chart , but we know that the reaction low is ice at about 15250 area , so we had a high of 160 , then a retest of 160 , and ice at 15250 that was taken out - so we have a breaking of the ice at 15250 and mark down ... we didnt have a retest of ice , this trend looks neutral after the break , and now the reaction ; so we have ice on the weekly at 14700 area as well - so we have a trading range here , but again we must respect the supply from the highs and the breaking of the ice

Gary\_Fullett this chart is self explanatory as mark down after the breaking of the ice - any q?

Gary\_Fullett im sorry for not sending the daily , but i wanted to show the time frames on the euro tonight

Mr\_Steve easily understood

Gary\_Fullett when u have a cob - change of behavior - whether a spring / upthrust - u must have ending action the other way to change, so when u have a supply bar like u had in the euro, U must have ending action to begin to have mark up - a sot, etc

Mr\_Steve would this be best discribed on bar with, low, mid or high close? or just high volume , or both , or several bars

Mr\_Steve I was only looking for a visual rule for could be, or possible ending action

Gary\_Fullett well both always important ; both volume and price are equally important to wyckoff - both can be manipulated and both can be misleading at times as well ... like a low end close and u open higher , a rally on light volume which leads to supply , so both can be difficult to read at times ; did i answer u?

Mr\_Steve yes , ty - it will take several bars to confirm

Gary\_Fullett generally yes ; understand that if u dont have follow thru after a few days ... red flag

Gary\_Fullett like a market that doesnt spring after a few bars ... suspect

Gary\_Fullett so more than a few bars ... red flag

Gary\_Fullett if markets are ready to move and dont ... read flag

Gary\_Fullett questions ? understand?

Mr\_Steve ty

Gary\_Fullett great beans ; the trend is up - this is key - so we have an uptrend and form a trading range

Gary\_Fullett if u look we have a spring on the trading range 8 bars ago

Gary\_Fullett this was classical to get weak longs out as well as sucks in shorts

Gary\_Fullett if u look at the volume it was NOT high so lacked supply on the spring

Gary\_Fullett and this after this spring we moved above the creek area ; if u notice the bar today , the range was smaller today after a retest of the creek - this can be a sot for tomorrow (shortening of the thrust) , so will be important to watch for tomorrow - but see the trading range , the spring and a move above creek.. if the trend was down, this trading range would have been distribution , and that spring would have failed

Gary\_Fullett so knowing trend will tell us accumulation or distribution ; any q?

Gary\_Fullett nordtrom stock ; one i do for the nl to follow a stock day by day

Gary\_Fullett had a great channel - when the market retested the uptrend line , the reaction was poor , so this said we needed to go lower under that line - so this lead to a breaking of the uptrend line ... so when u break a trend line , the retest of that broken trend line gives u the opposite trade , unless its a spring or shakeout

Gary\_Fullett so if a shakeout , then 1 to 2 bars u regan that area

Gary\_Fullett in this case we are under this line ; we have 5 bars under the uptrend line , so now we can look to sell at the 2380 area - so now this uptrend line becomes a rtl reverse trend line ; any questions

Gary\_Fullett sorry about the interruption tonight ; amos tomorrow with charts

Mr\_Steve Nice job gary, Thank you

Gary\_Fullett okay ty

Larry great a usual night

Gary\_Fullett see u all tomorrow day time or tomorrow night

Gary\_Fullett ty

Gary\_Fullett left.

## 2009-05-20 (Amos)

Amos Hi

lb Good Evening Amos. What time is it at your house?

Amos 0400

lb wow, thats before breakfast

Amos the early bird////

Amos Ok we start ; Tonight I am going to ramble a lot about the vagaries of time. It bothers me very much lately-- so I share. Some of the examples tonight are of dismal failures-- but that is what happened-- so you get it the same way I did ( I paid, tho)

Amos Last time I mentioned near the end the Dollar being near 55 8 hour bars chart. Right after the lecture-- I continued to ponder the chart-- mainly because it bothered me so much-- and hopefully -- later on you will understand why-- so I printed it last wednesday

Amos This is the first chart. The 8 hour bar currency charts is one notch above the 4 hours-- that is so commonly used by Forex traders-- and it is NOT so much different than the daily-- you have 3 bars inside each day-- so the extra insight you get from splitting a daily chart to 3 sections is not that great - so we are looking at that chart I made with a rectangle on top of the chart the span of 55 bars and I am waiting - the chart calls for 3 more bars which is 24 hours

Amos Next chart is indeed on Friday Asian session and you can see that it looks like a serious HINGE. Those of you who are versed with Wyckoff know that HINGE was a very favorite term of his-- today we call it APEX, convergence...whatever - For me the most important thing, as you may know-- is that I need a THRUST for initiating a trade-- because that is, RIGHT OR WRONG the MINIMUM validation that one side -- the one I want to join -- is winning

Amos If I want to buy-- I need to see a HIGHER HIGH. You can immediately ask me why I want to buy a market that is SO OBVIOUSLY going down-- that is a very valid question-- I also paid for it-- but you will see why later

Amos So, since I think that this 55 bars of the the 8 hour chart may be respected by the market-- I sit there when it happens (you have to wait 8 hours for the chart to move from bar to bar) and it is NOT an easy task!! I printed the chart 6 minutes after market action-- and you already see a thrust. What it means is that enough smart (or stupid, as the case may be) traders are paying attention to that point

Amos I have the full right and obligation to buy there with a small stop below either the low of the bar before the hinge or the low of the move which is a little below 8200 ; That is a rather low risk reward endeavor-- so from money mgmt point of view- it is NOT A BAD TRADE . The next chart is the FIRST HOUR after that thrust. I MUST CONTINUE TO MONITOR that trade-- because it is CLEARLY counter trend

Amos The first hour closes stongly above a cluster of about 12 hours-- and it looks promising... The hourly chart (not so important-- but since I have a position-- I do try to find "confirmation" to my position-- I am already trading MY BOOK -- which is a crime-- but at least an intelligent crime at that

Amos The next chart is seeking more alpha-- i am looking at the internal stucture of the first hour after the 55 bars thrust and it is "good". It shows an IMMEDIATE QUICK test of the INCEPTION of the breaking of that HINGE-- and that shows that the demand is indeed ready to buy that level....

Amos The next chart is printed on Saturday- at leisure-- because it so happened that that 8 hour thrust was during friday-- and it shows that the 55 bar rectangle was indeed a hinge, the first 8 hour bar closed at the low but was immediately followed by an "OKR" 8 hour bar which closed at the highest close in 14 bars. That means that the rally should continue. We also closed first time above the 21 ma which gives an impression that a rather serious bottom has ocured here

Amos I seriously expect a rally back to the last creek around 8400 and if we overcome that-- then 8600 level is reasonable. I feel cocky. So I continue to a higher time frame to see if there is more confirmation to that . I see a market that is making higher highs and higher lows on the weekly chart-- it is approaching soon (soon on a weekly chart can be 4-8 weeks!!!) a rising 55 MA and it created a WEEKLY HINGE -- in this case the hinge is a MARKED SOT and quite often when a market forms such a NARROW range on a chart that is comprised of rather volatile behavior in the past year-- it is more than likely to mark a change of behavior and a serious expansion of action.

Amos What do I need again, here in order to JUSTIFY my bullishness? A WEEKLY THRUST-- I must see a higher high. Now comes a big question that is being used by the market more frequently lately--perhaps because so many novice traders start to pay attention to the thrust (this room is getting way too popular to my taste)-- and that question is-- BY HOW MUCH-- what really constitutes a THRUST-- is it ONE TICK-- 100 ticks? a handle? --good question

Amos The last question is rather idiotic one from a point of view of good trading- but it tends to cause some serious losses. It is idiotic for the simple reason that if you MUST catch the first tick of a thrust-- you DO NOT BELIEVE in the thrust-- because if that weekly chart-- is indeed telling a truth , in this case-- mine that we need to rally to test the 90 level before another serious down move occurs you will see why in a while THEN WHO CARES if I miss the first 5-10 % of the move-- for the sake of VALIDATION?

Amos But reality is different-- and what happens, at least to me --is that I tend to take even small validation to my position as a true signal rather than a trap. The TURTLES were DECIMATED by that mistake! You can see that the weekly chart closed in the middle-- and I even "found" that the last "cycle" on the weekly chart was 22 weeks and NEXT WEEK --that is THIS WEEK since the chart was printed on Friday--will also be a "22 week potential cycle" - At any rate I need a weekly thrust  
Amos Next chart was made yesterday night and it shows the point and figure chart. Here you have the MINIMUM 3 box

reversal-- which in many cases it is the MINIMUM you want to see to indicate possible reversal-- but there is NO CAUSE and the market has been going strongly down-- regardless of Duration, cycles and such-- this is a market that is being sold with oomph and is in the hands of supply ... the minimum I need is 3 columns cause-- which means a retest of the 8200 ; Another curse-- because of the Point and Figure-- I am already conditioning my mind to view the next leg down as a TEST-- instead of a continuation of the down move-- common problem

Amos Next chart is the big problem and is the main reason for tonight's presentation. The Quarterly chart-- on one hand the long term charts , in my opinion , are a trader's BEST FRIEND to save him from MAJOR mistakes in the market... OTOH Mans best friend, at times can be a DOG! and you must take that into account - Stare with me at this quarterly chart and let us ponder our navels (or some beguiling birds, as Edgar Allan Poe suggested)

Amos I had a quarterly reversal which was followed immediately by two bars that make HIGHER HIGH AND HIGHER LOW. Those who remember , many times it has been mentioned that those 3 quarters created a YEARLY and SEMI YEARLY reversals on this chart and that to me indicated that the dollar FINISHED its bear market. I also mentioned that historically the dollar takes 1-2 years to reverse its trend-- so I expect the 7500 level to be retested in the next 2 years before a serious long rally starts in earnest (that is very contrary to most analysts who are sure that because of the insane printing of dollars to finance AIG and GM vacations in POSH places-- will inevitably create a run on the dollar and it will have to go to zero, if not a little below it-- that may happen in years to come-- but to me the YEARLY CHART said REVERSAL and after a serious base building , a few years rally before the dollar goes to zero - So I am waiting for a decline in the dollar over the next few months- but I am HERE right now and what do I see on the QUARTERLY CHART? a WIDE BAR THAT CLOSED IN THE MIDDLE-- that to me calls for a least a few months of RANGE TRADING INSIDE last quarter--- where are we on that QUARTERLY CHART? NEAR THE BOTTOM OF LAST BAR- and as long as the quarterly chart is making HIGHER LOWS-- the immediate trend is UP!

Amos That is why I am looking to BUY THE DOLLAR IN GENERAL-- And that 55 bars decline on the 8 hours bar is STRONGLY TAINTED ( in my dark mind) by the QUARTERLY CHART-- this can be a curse at times ; Even tho MOST OF THE TIME-- the LARGE TIME FRAME will save you , long term, from making major errors-- and I spend some time tonight to show you another STARK example of this-- with the DOW TRANSPORT!-- once in a while-- if the market wants to toy with-- the long term chart--especially within major reversal processes at major corners-- can cause major headaches and losses ... this is a painful but REAL problem-- and one must learn to cope with it

Amos So I called that dollar quarterly: "BIG PUZZLE" and the question is whether the low of the last quarter will hold - We dropped today and are practically there-- so this will be a major question for the dollar in the next few hours or days-- but the issue I wanted to bring to you-- is that even if I was patient with waiting for an 8 hour thrust, even though we got a tiny weekly thrust-- by a few ticks-- and even tho the quarterly chart says-- we are in a general area of support (the bottom of a large previous bar which closed IN THE MIDDLE-- one of the best indications of a RANGE COMING--- the market can still be very vicious - I will come back to the dollar and the euro a little later (mainly because it so happened that my mind was occupied with these questions-- and I simply put them in the letter to Gary )

Amos Next chart is the beans weekly ; You remember that 12.17 is 50% retracement. I also mentioned last time the major creek we are near-- so I put that in a rectangle on today's chart-- the top of that rectangle is about the 12.17 which is also an obvious creek and we have a space between 11.30 and that 12.17

Amos If you are an Elliotician- you are screaming-- 3 wave correction-- get ready for the next IMPULSE down.==perhaps-- but FROM WHERE AND WHEN ; Again-- if you want to short the beans-- which I want very much-- the minimum I NEED is WEEKLY THRUST--- the chart was printed Sunday so we need to take out last week low before any short should be seriously contemplated ... Will it work? YES. WHEN? in the future

Amos Again, in the next chart I try to count bars-- and since 55 is one of the most reliable fibo numbers-- after 55 bars in the same general direction-- the number of times the market will change direction is rather impressive

Peter\_ fyi, today's high in beans was the intersection of the weekly RTL & near the VSB at 1190, the market reacted there today

Amos So today or tmw is a 55 day from the low, depending if you count from the FIRST day of March or the next day which was SOT of the down move and a hinge and more -- Will it work? Peter just mention some more technical indications-- but that is not what is important- if you want a HIGH LOK signal-- it will be the WEEKLY THRUST. A more valid signal will be the RALLY AFTER we get the first move after the weekly thrust- that may come at much lower prices-- but its validity will be high . If you are very patient-- the chance that we will get to 12.17 is high since it will be a magnet for many target (largest ??) traders who would LOVE to short there-- but there was a KR on the daily-- so a daily thrust after that DAILY KR may be a good trade too

Amos Next chart is corn which I have not talked about for a long time ; The weekly chart shows a CLEAR GAP at 4/54-- and it is marked by the top of the RECTANGLE I drew. I like to use these rectangles and sometime ellipses over large areas-- because it seems to remind me the SPACE we can be in the next we (week , wave ??)

Amos I don't know if others like this graphical bulking-- but to me those rectangles offer minimum peace of mind- telling me that this is what VERY WELL MAY HAPPEN and what is the larger picture

Amos Next chart is revisiting the WHEAT SOY spread. we are at a major support level on the quarterly chart and the weekly chart shows triple bottom-- to me this is a buy area ; Again those spread charts, especially the large time frames-- are telling truth many times

Amos Next chart is the GSR that I showed a while ago-- and I mentioned an obvious double top on the monthly-- I did not know what it meant for the individual components-- whether silver will rally or gold will decline-- but you can clearly see that LARGE MONEY IS paying to those spreads-- and TRADES THEM

Amos Major support / resistance on long term spreads-- are important. Of course you have to be patient because these charts can be misleading as to the CORRECT level of support or resistance- after all you ONLY SEE THE CLOSE OF THE MONTH on them-- and the actual weekly or daily extremes can be far

Amos Next chart is copper--the thing that caught my eye on that chart is the OPEN INTEREST. Normally, good reversal from a steep decline-- is accompanied by a significant DROP in open interest--that is because the LARGE HEDGERS who "CAUSED" the previous decline by SMARTLY HEDGING their operations--will LIFT their hedges because they see no need-- they are NOT afraid of further price decline-- but in our case we see that copper barely rallied 25% from the bottom and open interest is as high as it was at 4 dollars--- that means that while the public and the funds are HAPPY to buy CHEAP commodities that MUST rally because of the DISAPPEARING DOLLAR-- Someone is more than happy to carry large SHORT positions on this rally-- so this is a rather unusual behavior-- and it is likely to resolve itself soon

Amos One more time I am going back to the dollar to show you how the large time frame which is a savior in many case-- can be painful at times ; Look carefully at the YEARLY DOLLAR-- it had a YEARLY OKR== which closed not so auspiciously-- but IMMEDIATELY MADE A HIGHER HIGH... 8 times out of 10 when a reversal is followed by immediate continuation-- it is one of the BEST validators that the reversals was a BONA FIDE ONE

Amos So the dollar is actually telling us-- I have bottomed-- and after enough testing of the bottom-- I am going to continue  
Amos Look at the next chart which is practically the REVERSAL of the dollar (even though it includes 4 more currencies weighted into it) and although we had a YEARLY OKR to the down side- indicating major decline coming-- so far 2009 is an INSIDE YEAR and we are almost at half way mark--- so the euro is relatively stronger than the dollar--- and that is a DIFFICULT SITUATION. NO LOK. NO SYNERGY, no confirmation!!! confirmation and synergistic affects are CRUCIAL in trading-- the whole idea of looking at aggregates, at GROUP INDEXES is based on that-- you always want to buy the strongest, sell the weakest-- it is all based on the concept of ... Whether there IS SYNERGY or there is DIVERGENCE from Synergy -- So the yearly comparison between the euro and the dollar-- is difficult for me-- and last few days-- it cost me money-- I tend to give more reliance to the dollar-- and I am wrong... I am thinking what else to say-- but the truth is NMT-- needed more time--

Amos The next few charts emphasize the huge problem that time imposes on us as traders who sit day in and day out in front of a computer that spits data at us and we need to SIFT the wheat from the chaff

Amos This is the Dow Jones Transport last year-- try to imagine that you are really trading this--- and try to sense what your STOMACH WOULD HAVE TOLD YOU== FOR REAL

Amos you see that on the week of May 19 the transport had a multi year double top that resulted in a MAJOR OKR!--what a signal ; this is exactly ONE YEAR AGO, mind you--- so the timing can have relevancy. The next week the market is NOT making lower low-- which is needed for CONFIRMATION of a previous chart pattern ; But you have this SELL IN MAY AND GO AWAY\_- do you do it??

Amos Next chart shows you that the THRUST AFTER KR and for sure the THRUST AFTER OKR-- is a good model because if you sold the first lower low in the third week after the May 19 OKR you immediately got rewarded by 600 points drop in the next 5 weeks--- and , which is more important - you could immediately lower your stop to almost break even and after the market dropped below 5000 you could have lowered your stop to NO LOSS-- which is rather good

Amos Now we come to the week of July 14 and we have an OKR to the upside. Now, please try to imagine you are short from that beautiful THRUST AFTER KR. You are a sell in may and go away kind of guy, and now the market is back to 5000. You sold on a stop around 5240, you had 600 points profit and now you gave 500 back to the market-- what do you do?

Amos Next chart brings us to end of August-- you are still sell in may and go away-- but we are having a "summer rally" and now, if you followed with a declining stop you got stopped out either at the 5000 level or at the 5250 level-- a BEAUTIFUL, CORRECT, trade -- turned to shit!

Amos Next chart is around september and where are we? RANGE! last week was a reversal that closed near the high-- and this market is NEVER GOING DOWN!!!! we had such a beautiful sell signal with that wonderful model of THRUST AFTER OUTSIDE KEY REVERSAL that turned to shit - this market is still making higher lows- and the MULTI YEAR DOUBLE TOP-- is crap--everyone sees it and it will not work... Anyone who sells this market is a fool!!!

Peter\_ today was the day

Amos Comes the next chart-- and the market caves in! Ladies and gentlemen-- this is REALITY-- the market can give you a wonderful signal and yet make sure that MOST TRADERS WILL NOT PARTICIPATE in the REAL MOVE!!! this is the MANIPULATION OF TIME-- we want to think long term-- but we lose our patience-- this is one of the HARSHTEST ASPECTS OF THE MARKET and its ability to MANIPULATE OUR TIME-- even tho we may come up with some WONDRFUL analysis and decision making is IMMENSE ... WHAT IS THE SOLUTION? Well-- there is NONE- the best I can offer you is the next chart

Peter\_ one is trade smaller timeframes, until a JOC or break of ice

Amos If you have the inner force, inner strength to believe in long term charts-- then MOST OF THE TIME (nothing works for "always" in the market) the LONG TERM CHARTS will guide you-- it does not mean you personally, will have the strength , or the character to abide by it-- but it is there for those who can

Amos Look at the quarterly chart- DOUBLE top when the FIRST TOP is HUGE OKR, the next top gives you a QUARTERLY THRUST and the QUARTERLY CHART never betrays your stop

Amos You can come back at me with a very strong argument that what i am saying is PURE BULL ; why? Go back to the previous chart ; Think about it for a moment - For all we see on this weekly chart is that the market-- like a very well behaved brat spends months on end within a thousand points range-- and only 3 weeks of very sharp drop . In reality-- most of the time-- markets spend 85% of their time in RANGES-- so WHO CARES ABOUT the other 15% when it moves sharply

Amos Again-- there is NO solution to this-- only to realize that the market will ALWAYS manipulate time--- and if you do not decipher that manipulation-- you are GOING TO GET HIT! I have to remind myself this every day and it is NOT EASY!

Amos 2 more charts about the aussie-- which is one mean trading environment-- but such is life . You can see an enormous decline without any REALLY WYCKOFF preparation from 95 to 60 cents - the market simply DECIMATED THE LONGS. Now all traders are looking for replication of that move-- after all if you listen to the news from Australia-- it is very dismal. Those of you who may visit the GVI forex forum ( I do suggest peeping into it once or twice a day-- just to see if there is some interesting reference to a particular situation) - you should NEVER take the signals offered there all the time-- because most are losers and the few winners-- have very particular money mgmt techniques that few can follow

Amos But there is a guy there calling himself SYD-- which is short for Sydney , Australia, i guess- and he is a plethora of information from Aust banks and financial figures-- and he is very meticulous in his work and a very reliable guy-- never expresses his own opinion-- only brings the "facts" to the table-- recently all his bits and pieces are very bearish Australia

Amos so here we see the aussie rallying-- why? simply because so many frustrated shorts who missed the huge delince want to "participate" in the next one. Short term memory

Amos So the market will rally until all those shorts will surrender-- So I am looking for a sign. In the mean time I keep following some clear indicators that work most of the time. We are now bumping against the 55 weekly ma-- and more often than not-- this is RESISTANCE . I will not go short the aussie until I get a good signal-- and most likely after the first reaction we will get another wash out of shorts-- but THE LONG MA is a valid signal and should be respected

Amos the last chart shows you that i am watching this chart intently-- because of the 55 ma and I counted 34 hour bars-- to see if that will work

Peter\_ fwiw, the strong yen can take down the aussie and other currencies since there are a lot of audyen and other XXXYEN trades that will be unwound if the yen gets strong

Amos The importance of this exercise is not to show you how smart i am at picking a turn ( many times i am NOT) but only to show you that the best way to use those indicators, or tools, if you wish is NOT TO PREDICT WITH THEM-- but to FOLLOW THEM and see if the MARKET WANTS TO PAY ATTENTION TO THEM - No need to be in a hurry

Amos Yes, Peter, I know this argument == but I tend to ignore such info because I never know how to make money with it

Amos Ok I have talked a lot tonight with many very long winded sentences- but the MAIN issue is the fact that If your inner clock is NOT synchronized with the MARKET clock--- all the most beautiful analysis is not worth the bandwidth you are using . Time manipulation is the HARDEST IN THE MARKET ...HAOOK ... q?

Peter\_ I emailed you a chart that may help.. I hope it does - thank you Amos

Mr\_Steve Thanks Amos, as always, very understandable and in great perspective

Peter\_ no q here, just like to add that while being patient for longer moves, just watch and trade smaller timeframes until something big develops -- watch the stockmarkets carefully, something big may have occurred today

Mr\_Steve I have one - I do not see you talk about the dow very much if any. Does it not matter much in the big picture?

Amos no need for platitudes-- I just want hard work on your part ; gn folks and beware of meandering pelosies.

Amos Steve- I talk of the dow all the time ; here- listen to Peter-- today is the day ... bye folks

Mr\_Steve What do you think happened Peter?

Peter\_ I think the key retest inside the (distribution?) TR

Gary\_Fullett The utility chart is a wonderful chart ; i am sending it in a few minutes - great chart for the newsletter tonight

Peter\_ there was a lot of weakness with volume today

Gary\_Fullett please read the bar by bar i did on it if u get th nl

Mr\_Steve I was thinking this for the past week, waiting for confirmation

Mr\_Steve The graph last Friday shoowed Rising MKT on lower volume? any thoughts

Gary\_Fullett this is short covering Mr steve , so not bullish

Gary\_Fullett look at the nordstrom stock i have been sending - was PERFECT retest of a rtl

Mr\_Steve I have played that stock many times, (options) I have been getting mixed signals and have left it alone for 3 weeks

Gary\_Fullett today was a telling day to me - i describe the action on the nl tonight

Gary\_Fullett any questions?

Mr\_Steve Thanks Gary, you do a great job with this site ; GN all

Peter\_ thank you Gary, good night everyone

Gary\_Fullett okay have a great night all ty

Gary\_Fullett left.

## 2009-05-21 (Gary / Swetz)

Gary\_Fullett good evening, there are a few charts for this evening, as well as discussion on volume.

Gary\_Fullett i will do the lecture first then the charts...so volume chart, then the charts, then steve swetz will be here

Gary\_Fullett but first any questions? no questions? okay lets begin...

Gary\_Fullett we always talk on price and volume in regards to wyckoff ; it is easy to see both - the beauty of wyckoff is that it is a way to look at markets, and it is the only way that allows u to judge markets in Real time live - the rest are lagging indicators that give u a signal after trading is complete ; so price and volume are NOW analysis

Gary\_Fullett just some background - volume is like the gas for the market, it is how the market moves with fuel ; the cm or large money need to have many contracts on to maximize their profits ... now volume can mean a lot of different things depending on trend and action

Mr\_Steve very needed subject in now markets, I am glad to see you lecture on volume

Gary\_Fullett well 99 percent dont understand volume, and 1 percents may not know it well ; so if u look at the overall volume of the es, it had been on lighter volume except for the lows on march 9th - we will discuss this chart after the volume lecture - as i said volume can mean many different things ... i say many times to watch the tape and try to understand the story of the larger money ; when I say watch the tape i mean watch the volume and price - if we have a downtrend, and supply or selling is in control, we can continue to break on lighter volume ... why? ... is this a lack of supply if u break on lighter volume, and the answer is maybe ; BUT... it is also most likely a lack of demand

Gary\_Fullett why do i say this? because.. if the trend is down , supply or selling is in control, noted by lower lows and lower highs - so in order to turn up u need ending action, and this will mean DEMAND must overcome supply... so we need to judge -- may be a lack of supply, BUT more likely a lack of demand to turn up ... once u get that demand rally, then a retest on lighter volume is Bullish, understand?

Gary\_Fullett okay... so we are judging the quality of that break, looking for possible ending action by price and volume ; but when u have a cob (change of behavior) or stopping action, U must have the counter volume to turn - so if a market is breaking on light volume and the trend is down, this is NOT bullish or stopping action for the most part, Unless u get demand eventually - so volume being the gas, the lack of fuel can be a change of behavior ONLY if the counter volume comes in..

Gary\_Fullett many times during a sot - shortening of the thrust - u will have high volume or lower volume ... the same with a spring ... this isnt so relevant because they both can be cob - sometimes the cm will defend a position by absorbing the selling or buying leading to a small range, and sometimes he will let the market range expand with volume, but that is why it is important to know trend and to know the underlying story

Gary\_Fullett if the volume isnt present in the market, this means that strong hands are not active - this doesnt mean they dont have a position, it means that at those particular levels they are not active, as they dont have to defend that area for their campaign - if the specs and funds are buyers looking for higher prices, the cm may sell to the specs and funds to keep the tech picture in tack -- if he allows mark up and he is bearish, he will then have to fight the funds and specs as they buy and buy more as the market goes higher so as to keep the tech pic in line ... he will sell or "stuff them" with contracts, this is the shortening of the thrust with high volume - if there is a small range light volume, this says the cm is not active at those levels

Gary\_Fullett many weeks people say stocks are bearish as they are rallying on light volume, and to a degre they are right - BUT if u look at early march when the move up started, u had a large volume day - so that was demand - and this demand is in control ... and as i said u can rally on lighter volume if the demand was evident, so although the trend was down in march, that high volume up bar told other cms, we are going higher

Gary\_Fullett so volume is the gas as I said, and the cm will eventually need that volume to accumulate / distribute ; so u know why stock have rallied on light volume - look at volume from the standpoint of activity with the story of the cm being action ; any questions? Okay , i hoped that help - will do more on volume next week

Gary\_Fullett lets look at the emini S and P ; okay daily es, as I mentioned to u before - about the downtrend needing volume - so the trend was down from last oct, and in march we bottomed ; u can see that the low was on lighter volume, BUT still needed volume to have a cob in possible trend - well u got that march 11 th or so, we had eventual demand

Gary\_Fullett so the light volume lead to demand - in markets that botom, they have a better chance to bottom by a lack of interest and light volume, whereas volume on tops tend to be with higher volume and a lot of interest

Gary\_Fullett so u see this in the s and p, but the key was demand or larger range and increased volume lead to a rally, so since u had a demand bar, it is the sellers that must overtake it - so this rally on light volume was Bullish and NOT Bearish because with that demand bar, it showed the buyers were in control of the move higher, and thus needs sellers to come in...

Gary\_Fullett if u notice the move up , u saw bars that didnt have more than 2-3 days of a break on the whole move up, so longs had to pay up - u never saw supply enter from march, and the volume decreased after demand ; the lack of volume was BULLISH ... I repeat Bullish ... if u look over the period of the last 10 bars, there were more down closes than higher closes, says there is a battle and sellers winning - thats what the closes tell u

Gary\_Fullett the volume 2 bars ago was one of the highest we had in awhile on the downside, which lead to todays break - last weeks lows of 87650 key, and 2 weeks ago low at 872, and the months lows at 86250 are KEY supply -- under those lows, then sellers are winning... yesterday u saw higher volume on the down - this was selling, so now u see more of a battle by the low closes high closes - we see that if the months lows at 862 doesnt hold, we have a trading range that will be broken, and mark down - so u now know why we can rally on light volume and the reverse is true on the downside... any q ?

Gary\_Fullett okay ; bar by bar of todays action

Gary\_Fullett look at the first bar i labeled ; it was a wide bar, attempt to go higher and a low end close - this is SUPPLY clearly ; the next bar, a rally back, the volume was about 1 /2, BUT we know that the volume was to the downside since price and volume were bearish - I need demand to turn up, so u had an up bar, then next bar was a down bar, so NO follow thru from that up bar PROVES supply is in control ... lack of follow thru is a red flag

Gary\_Fullett so recap, supply on larger range higher volume, next bar up on 1/2 volume No follow thru, next bar lower ; we break, we have a few small bars at 930 ... ending action? .... NO !! why? because of the LACK OF VOLUME

Gary\_Fullett LACK OF DEMAND in the down trend NOT ending action, so a few bar rally which we know will fail; we break at 10 am, another small range ... ending action ? ... NO !!! why ?? NO demand , no volume

Gary\_Fullett market rallies, we see a wider bar at 10 30 am, BUT the volume didnt accompany it - was a wider bar but NOT confirmed, so wider bar with NO volume ... RED flag

Gary\_Fullett the next few bars are small bars and a small spring board which lead to a move higher, but trend is down and no ending action to the down side -- BUT at 1100 am we see that the rally comes to an end with that sot action and a small break which gets retested ... look at the wide bar and close on the retest at noon 1200 pm ; was long and slightly increased volume - this is SELLERS reemerging, but at bottom of bar this lead to mark down then a retest at 1 pm ... that was creek and more supply, so we went lower - now look at 2 pm ; many times u get a trend change during the last hour when most dont expect it ... we have a lower low and higher high - so red flag, downtrend may be coming to the end intraday, then the stopping action lead to demand at 215 pm -- u get a wide bar with VOLUME which lead to a move to the horizontal line drawn at 890, so we did retest all the way back to 890 but u saw ending action at 2 pm, then demand at 215 pm - so volume came in and lead to upside, whereas before the volume came in to the downside and rallies before that demand bar were on lighter volume, lack of demand - this is a great bar by bar chart ; any questions?

qasa i have a q ; so, ending action is just a change in behavior, and it doesnt matter what the volume is on the ending action, as long as we soon see volume of the opposite direction?

Gary\_Fullett eventually u will need opposing volume, u can get a cob on little volume - and this can be a red flag - BUT eventually u need a demand bar to turn up or a supply selling bar to turn down

qasa but it needs to be confirmed with opposing volume

Gary\_Fullett yes correct ; a cob doesnt mean a trend change, even if volume comes in - it just means ending action for a counter move ; it can lead to a trend change eventually though like the daily es did

swetz try to think of a COB as a WARNING

Gary\_Fullett red flag, yes

swetz markets usually give clues that supply is overcoming demand or vice versa BEFORE the actual trend change

Gary\_Fullett thats how the cms talk to each other thru price and volume, and twitter lol

swetz my turn? I guess so, everyone is quiet :) lets start with the last chart first

swetz the hourly SPY chart ; as many of you probably already know, the SPY is the ETF for the SnP cash market - cash index - and what I use to follow the intraday action in the SnP and to find trades

swetz last week, we talked about my trade of going short the SnP on the bar that I have marked on this chart ; last Thursday's lecture went over in detail the Wyckoff reasoning behind this trade - I thought we could revisit this trade because it provides an excellent example of the obstacles of live trading ... it is easy in hindsight to see trades work out using the Wyckoff concepts, but in order to master Wyckoff, imho, it is crucial to continue to watch each action unfold and be FLEXIBLE to adjust based on the NEW information that we see as price/volume action unfolds

swetz also, if we enter trades in areas that Wyckoff suggests, even if the NEW information CONTRADICTS our original analysis , our PROPER trade based on Wyckoff's concepts keeps our risk low

swetz I cannot stress these 2 points enough -- they are CRITICAL to understand in order to be a successful Wyckoff trader

swetz so having said all of that and looking at the SPY hourly chart, Wyckoff suggests that a WEAK TEST of an ICE AREA is the best shorting opportunity after a strong potential BREAK UNDER ICE - we got that setup last Thursday, now what should we expect to occur next if the rally to ICE is going to lead to a markdown phase - shouldn't we expect downward EOM, a decisive break of the last swing low on May 13th ... I mean if a markdown phase is going to occur then by definition, the market must TREND DOWN (i.e. make lower highs and lower lows)

swetz but look what happens, a SPRING occurs right ABOVE the resistance level of the last TR which I have marked with a green line but failed to extend to the right side of this chart - now in real-time we do not know that this spring will fail or not until we see follow-through or a lack of follow-through , sure enough, at the open last Friday the SnP immediately gaps up and continues upward to close near the high of the 1st bar of the day - now that is what I call PROOF that the spring is for real, and this is also what I call enough evidence to indicate that I have to be FLEXIBLE to change my analysis based on the NEW INFORMATION that we have just received, but because we ENTERED this trade PROPERLY at an area where Wyckoff suggests, a basically breakeven trade was made which is the POWER of entering a trade PROPERLY -- even we receive NEW INFORMATION that CHANGES our original analysis, we either lose a little money or still make a little bit of money ... everybody understand? :)

swetz I am trying to show everyone ACTUAL trades so I can convey my REAL-TIME thought process to information as it becomes available to us ; okay so now lets go to chart #3 which is the 10 minute SPY chart

Mr\_Steve and we thank you for that

John the newsletter to track is wonderful steve

swetz John - flattery will get you everywhere with me :)

swetz okay so let's focus on yesterday's action on the 10 minute chart

swetz at the open, we can see that after the opening gap up the market rallied with each bar becoming more narrow and

volume decreasing ; volume decreasing, by itself, is not unusual since we all know that the highest volume occurs at the open and then generally tails off as the trading day unfolds - but notice that after the KR bar at the top, volume was INCREASING on each successive bar on the subsequent reaction ... this COMBINATION of price/volume action makes a bearish statement, and can be called a minor bearish COB if you want to place a term on it

swetz so as the reaction progressed, it went to the OR (the pink line) ... years ago, Gary explained to me the importance of knowing the OR based his experience in the pit ... so Tradestation will automatically draw a line to show the opening price each day intraday, the opening price can often act as support or resistance of rallies/reactions throughout the day

swetz we basically see this yesterday after the SnP falls to the OR, it rallies in a VERY WEAK MANNER - we know from Wyckoff that a weak rally from support leads to a break ; we certainly got that break on a WIDE RANGE INCREASED VOLUME LOW CLOSE bar that I marked on this chart - you can call it a vertical supply bar , this VSB also took the SnP below the HIGH of Wednesday bar which some folks may call an UT

swetz now, all we have to do is wait for a TEST of the VSB, and where would one expect for that test to stop - how about just below the 1/2 point and/or the OR - I have the 1/2 point marked on this chart which just so happens to be just above the OR ... funny how that works :) ::ninja ::smoke

swetz so we have ourselves another EXCELLENT shorting opportunity with very LOW risk ; so I go short again and then short some more after seeing a little LOWER swing high on a bar that closed near the low on some increased volume - for folks that know my money management rules for day/swing trading, I exit 1/2 my position once I get a 2 to 3 times reward vs. my risk, which is what I did at the open this morning on the large gap down

swetz once again, we see the OR providing resistance to the late morning rally ; in Gary's room this morning, I mentioned that the OR was providing resistance as it was occurring - a day trader could have shorted the SnP here ; also in the room, I mentioned that 880 was potential support in the SnP ... as the SnP continued to decline, I noticed something interesting, not only were buyers meeting the sellers, I was looking at the daily chart and noticing that volume was LESS than yesterday's volume - I was expecting that the market was going to break 880 and do some with EOM and INCREASED volume, but once again, NEW INFORMATION was coming to my attention that was contradicting what I originally thought was going to happen - so I go ahead and exit the remaining position just above 880

swetz now I have just described 2 real-time trades, 1 worked out and 1 did not ; 50/50 is hardly anything to brag about , but even just being right 1/2 the time, by entering trades PROPERLY at areas that Wyckoff suggests, we can still do pretty well :)

swetz if we do many of these PROPER Wyckoff trades over a year's time, you will be amazed how well you do even when there will be plenty of trades that DO NOT work out like we had expected ; okay all done :) any questions?

Mr\_Steve great job

skylar good points steve

Gary\_Fullett great lecture

swetz okay folks, I will do some more actual trades in the future ; hopefully, we can ALL improve our trading by seeing some of my trades unfold - good or bad

Gary\_Fullett gn ty steve - examples are great

swetz gn Gary :) gn everybody else :)

Gary\_Fullett left.

## 2009-05-22 (Tim Ord)

ord joined.

ord Are the charts up, I have 3

Gary\_F Okay, Tim Ord charts are now posted, so please retrieve them

ord Has everyone got the charts? Then I will start

ord Lets look at the bigger picture first for the SPX and SPY

ord Chart one dates back to May 08. Starting from the top is the Cumulative Advance/Decline line. It has not crossed the moving average yet but it is showing weakness The Cumulative up/down volume is very close to issuing a sell signal also

ord The window below the chart is an indicator I developed years ago and still works well. It gave a sell signal about a week ago and remains on sell signal. We have showed previous sell signals

ord Next window down is the an RSI moving average. the RSI will rise and fall with the market. We simply took some moving averages (one fast and one slower) and when they cross will generate signals. It had a bearish crossover a couple of days ago

ord Next window down is the NYSE McClellan Summation index and the Bullish Percent index. Moving of these indicator rise and fall with the market and both have turned down over the last several days

ord The bottom window is the moving average of the Tick index. The Tick index Rises and falls with the market also and will show divergence before a top or bottom forms.

ord Going into the last high the Tick was showing a divergence

ord On the the second chart , the Top window is the VIX - I would like to see the VIX jump through the blue downtrend trend to help confirm the top. So far it has not

ord second window down from top is the Trix. The TRIX gave a sell signal a few days ago

ord On the SPX chart is the 200 day moving average and is a resistance area which comes in near 940 range.

ord Also the 5/8 high is resistance which came in near 940.

ord Also the Bollinger Bands come in near 940 and also resistance.

ord Therefore 940 range should stop any rally attempt

ord Window below chart is the MACD and it's on a sell signal

ord next window down is the McClellan Summation index and you can see it has rolled over

ord Bottom window is the spread between the upper and lower bollinger bands - when these line narrow then this indicator is very low and suggest a big move in the market is coming... and its very low now.

ord chart 3 ; This is our view for short term

ord On May 20 the SPY rallied and tested the gap level that formed on 5/11

ord This gap was tested on higher volume and implies at some point this gap level will be tested again.

ord if the test comes as expected it should be tested on lighter volume to foretell a bearish outcome

ord If the 5/20 high is tested on lighter volume then that would be a good place to add to short SPY positions in our opinion

ord The lows coming in near 88.50 all had about equal volume and suggest at some point these lows will be broken.

ord if the 88.50 lows were tested on lighter volume then that would be a bullish sign but that is not what is happening

ord I'm looking for 92 range on SPY to add to short positions.

ord Are there any questions.

Peter Tim - no question thanks; very clear as usual...fwiw, using different analysis techniques, my conclusions and areas are the same

ord That is good

ord If not I'll see you guys and gals next week

John very concise and nicely done

ord Thank you

kent ty Tim

Gary\_F time ty , great as usual

ord Thank for having me on Gary

Peter have a great trading week

ord Week is over

ord Thank you

ord left.

## 2009-05-26 (Gary)

Gary\_Fullett good evening, did you all get charts ; okay, any questions  
Gary\_Fullett I sent a chart that someone asked me to send, so i sent that chart in 3 time frames so we can see the whole story  
Gary\_Fullett i dont cherry pick charts since they all should have a story, whether its a story we understand thats ANOTHER  
Question ... or a chart thats not ready to move; if it isnt ready to move, then its consolidating for a pending move, so we can  
read the tape and try to make sense out of what big money wants to do  
Gary\_Fullett we are at times that a lot of money can be made, BUT to me the risk of doing trading isnt so worth it, because  
of the wide swings in equity one must go thru - best to wait be patient vs spinning your wheels, so no questions  
Gary\_Fullett okay, the emini s and p - what do u see  
DaveM TR  
Gary\_Fullett right, good ; look at the previous 2 bars, the small bars at the 975 area - see those  
DaveM y - no sellers....for the moment ; though we've had some fairly hi down bars wide range in the TR  
Gary\_Fullett okay trend will help us ; whats the trend?  
DaveM intermediate trend up, although long term still in downtrend  
Gary\_Fullett correct - so as long as no supply, the trend remains up, right?  
DaveM y....no real stopping action....yet  
Gary\_Fullett now I mentioned in class, but more so in the newsletter that 862 - the months lows - and the prev 2 weeks lows  
at 872-875 is important ... until we break that with a wider bar with supply, the trend is up  
Gary\_Fullett the closes last week left the possibility of that to occur - a lack of demand which can lead to supply, so the  
appearance the last few days was trouble some for bulls ... NOW what did the bulls have to do ? we know the bears didnt  
push thru support, and we know demand is in control, so the market doesnt need to show demand ... BUT it does need to  
hold support and run away  
Gary\_Fullett so today and sunday night, the market was lower and retested support ; what was the action today?  
DaveM open down on key support, rallied away all day, vol not that impressive  
Gary\_Fullett correct, and took out the previous 2 days highs ; but also we are in a trading range - many times when a market  
is overbought or oversold ... in this case overbought... u will get breaks and rallies, and this MAY relieve the overbought  
conditions - if we dont get that correction, many times it gets relieved in the trading range  
DaveM yeah vix had an interesting bar today also  
garyg What do you make of the speed with which the early push happened?  
Gary\_Fullett well the volume on the opening 1st hour was very high, so i assume this was smart buyers and short covering -  
so this action was smart buyers who held the support and shorts covered is how i read it  
Gary\_Fullett so to em, the action will be important tomorrow to see follow thru and what today was  
DaveM yes...market has had tough time putting in follow throughs in either direction of any real vigor  
Gary\_Fullett so we know that 862-875 imp and we know 923 thru 939 important - the bias is to the up, as long as the may 1  
lows hold  
garyg Shouldn't we see early push up tomorrow if this is to continue?  
Gary\_Fullett well we should see a market thats higher , doesnt have to be early, can be higher then lower tonight, and then a  
rally - the close should be constructive though  
DaveM the last two swing hi's have met with a supply bar ....last week and week's ago... interesting to see how it handles  
these key areas ... 3 weeks ago... :)  
Gary\_Fullett the bar 5 bars ago may be that selling in the trading range - thats why the months low is key, so we are on the  
right side of this trading range, as we go thru it further, we can expect a demand or supply bar ... right now we are building  
count ; okay any q? ; so far we let the tape talk to us, and let the big money show us, and we can follow that strength or  
weakness - today the volume increased on a higher bar wider range, thats to be expected  
DaveM be watchful for the UT since supply has shown itself up higher  
Gary\_Fullett well that bar 5 bars ago is a bar that must be overcome for bulls - if we get above it then the 939 should be  
reached  
garyg on a weekly chart we had what looks to me as an upthrust 3 weeks ago. The last two weeks ended on the lows of that  
week but could not take it out. Neither did we make a new high. But if we're going to break out above 30 it should come soon  
DaveM and the bar 3 weeks ago G  
Gary\_Fullett but that was a bar where volume increased and a lower close, so selling did occur, I agree gary - thus the count  
even more ; but yes, we must respect the intermediate range as well, but the thing about wyckoff is we dont have to guess, we  
can watch the tape and be patient, and let the smart money duke it out ... we dont have to predict the move, just watch the  
action of the pending move  
DaveM if this is distribution, i have counts back into the 740 area which is about last year's lo, thereabouts.... :)  
Gary\_Fullett the top of the reaction bar at the 725 area is where i can see it -- if the market decides to rally, we can see 9500-  
10500 in the dow ... this is about a 50 percent retracement - so we can see that area first, or after a retest lower  
garyg Another push down into the 876 and I don't think it will hold  
Gary\_Fullett the months lows at 862 to em important , 876 imp as well, but that doesnt take out a monthly low, just a weekly  
one - so the more important is the monthly low, the longer time frame

DaveM boy the TR just below the one we are currently in looked like Distr...and to me this current one looks as well.... i may just be reading it wrong (daily) - much of steve's hourly analysis seemed to support this also

Gary\_Fullett but the key will be volume and range of bar on the retest lower to show supply

Mr\_Steve Question? Would you consider the 875 as being tested 3 times from the beginning of the month?

Gary\_Fullett well we may have had stopping action, and the bar 5 days ago was selling, but the market has to prove it by going lower under support, otherwise just shakeout

Mr\_Steve got it

Gary\_Fullett to me the low of the month was 86250, so we know stops under 873 or so to under 862 ; so we can expect volume to pick up in those areas - taking a lot of time here because this affects commodities

DaveM narrow bars here closing on their lows would be a good precursor - should say narrow up bars....SOT's

DaveM narrow closing on highs may just be absorption....caution ... as we near the supply bar

Gary\_Fullett correct, but let the market tell us ; so we know the area and we know how to judge the action - today a lot of the move was short covering vs demand ... if demand, the volume would have been higher

DaveM agree - if u discount friday holiday vol...today was lackluster

Gary\_Fullett so this tells me that the volume was mainly by shorts vs strong hands defending an area and vigorously buying - this week is the end of the month ; any q?

DaveM just an interesting video if anyone interested ; I don't typically follow this guy, but it reminded me a lot of Amos type analysis - has an interesting symmetry of the snp...check it out, <http://club.ino.com/trading/?p=1335>

Gary\_Fullett ty dave ; lets look at the 5 min es chart ; what do u see here?

Gary\_Fullett u see a bar at 9 am cst or so, a large volume rally, this spurt volume and bar most times is due to news - and at 9 am cst there was a report, but most importantly we have to see if this lead to selling or continuation of the up

Gary\_Fullett so the top of this bar becomes support after this bar ; what do u see the rest of the day?

garyg the close of that bar was never threatened

Mr\_Steve higher lows up until about 1

Gary\_Fullett there was no battle after that move ; the market had a move sharply higher, if u notice the market grinded higher all day - what does this say about what the traders were doing? the grind was demand ?

bill buying the breaks

DaveM i know it's obvious but replace the first hour or so vol and it was just another up day on very low volume

Gary\_Fullett well there werent really breaks, but yes they did buy ; the volume was light and the grind tells u 1 thing ?

bill short covering

Gary\_Fullett right bill, reluctance of shorts ; they were paying up and since we didnt break, absorption occurred and shorts were forced to pay up - they made the shorts pay up, the shorts couldnt buy a retest or go long on a retest, so they kept the market higher so both longs and shorts had to pay up

Mr\_Steve because of no test? this is the hardest thing for me to know when it is going on

DaveM concur ; max pain....lol

Gary\_Fullett yes dave ; thats why i sent the chart Mr Steve

Mr\_Steve Is it because the big volume 9AM bar was not tested? or the no volume? or way off on both and need to do more reading?

Gary\_Fullett well the light volume told u that no selling, and the volume that was a spurt was short covering - the lack of trading range says that there wasnt a battle, told me that sellers backed off and shorts covered and longs paid up too

garyg On 30 m chart the thrust came after 6 consecutive bars with higher lows and higher highs. Normally a place where shorts would come in.

Mr\_Steve the hardest for me has always been to see when the shorts were covering. Any suggested rules to look for?

Gary\_Fullett use spurts in the bars mr steve ; think of it this way, lets say a trader is short because the daily closed on the highs or close to it

Mr\_Steve that is what is hard for me to understand - sorry, please continue

Gary\_Fullett the previous high was 890 in the s and p area... so stops above that area ... so we know that above 890 stops hit - short get stopped, new longs come in - so we can see a spurt there

Gary\_Fullett so the close can be high range because shorts pushing it up, understand - so if the volume is light afterwards, this tells us that some shorts buying but demand NOT entering ... thus light volume grind -- if we had large volume wider bars, this would have been demand, but we didnt get that - so shows more short covering and subject to a break ; understand?

Mr\_Steve got it, TY , Yes thanks

Gary\_Fullett great ; q on this charyt? i sent it to show u the grind action, and short covering vs demand and a bullish day

Mr\_Steve Question ; Is wanting the shorts to cover, would be because the Big Money wants to take out the short sellers for what ever reason? Maybe lower prices etc

Gary\_Fullett well to take out shorts so as to mark down, many times yes -- the cm, where does he get short ... support or on rallies? on rallies, so he conducts a rally to unload - the cm sells on rallies, so they organize a rally to sell and they get light volume by shorts - its easy for smart money to sell and get short when the volume is light, they dont have to sell that many contracts -- so the cm who take the opposite side of the short covering is selling into that if distribution is occurring

Mr\_Steve I do not mean for these questions to sound dumb, But I have made a great living on the Dow moving 150 points either way. Just trying to understand more ... that makes a lot of sense

Gary\_Fullett no no no its great mechanics - they sell on rallies, so they conduct rallies to sell ... if the volume is high it takes more contracts to defend, light volume is easier to sell into

Mr\_Steve thanks ; great

Gary\_Fullett :) i can review this more on thursday ... the mechanics of the market

Gary\_Fullett dollar index chart ; we have more (??) times in the dollar - we have a sideways action, and on the right side of the TRADING range in aug last yr we had a wider bar above creek at 7400 - this was a jump over the creek, see this, and then we had mark up ; the market made a high at the 9000 area, then we had a retest lower - the retest lower was a wide bar, high end close in dec 08 to the 780 area - the close was high end so from that close we expect a retest back to the highs and the lows of that bar -- 7800 is important support, so a reaction low that shows buying MUST be marked ... so after the reaction low we have the retest back to 9000, now we are near retesting the 78 AREA - this is the key, if the market is bullish, it should stay above the 7800 reaction low - see this? pretty obvious chart, but must be understood

Gary\_Fullett 10 yr note ; those who get the newsletter can see that i was bearish -- there was a rally from the FOMC meeting march 17 or so, but then a lack of follow thru ... this lead to a downtrend line, as u can see the retest

Gary\_F so if u dont use p and f , u can have a target by the reverse trend line, rtl, or overbought oversold lines - so if u dont do point and figure, then use the retr lines for count ; understand? this market has a target of 11720 area ; any q?

Gary\_F okay the stock someone asked me to send - gncma - monthly chart ; what do u see here?

Alvin bullish spring

Gary\_F well we have an up channel on the monthly ; if u had this rtl line, at 18 area u had a sot - shortening of the thrust - at the rtl line ; this is helpful in the story ... stopping action bars, the rtl line as well as the sot ; see this ?

Gary\_F so this area if long must be protected - this lead to a retest lower, and as alvin said a possible spring

Alvin possible yes

Gary\_F but its coming from weakness, and may be months away since we are now under the previous up trend line

Gary\_F so a retest of that broken trend line is a sell, so still lower - possible spring but near resistance ; any q?

Gary\_F weekly ; u see more in 2007 - the market was heading lower, see this, u had a reaction low in july or so - i wrote reaction low - see this, the low forms an ice area, a poor reaction up side, then the retest - look at the 4 bars on the retest ... NO REACTION ... see this, then this lead to a breaking of the ice with volume - this is supply from the downtrend line, so we have a breaking of the ice with supply - this is bearish -- wyckoff says in a downtrend, sell a retest of broken ice

Gary\_F U got this ; in july 2008 u get this retest of the broken ice at 1150 area, so we can expect the retest of the support - u got that in march of this year, so the trend is down now, so the market may have a failed spring -- so we are at the level of a possible spring -- to prove we need bulls for a large range week with volume ; we know resistance at 1100 area - the broken ice area and creek ; any q?

Gary\_F daily ; a closer look shows the resistance at 850 area, support 520

Gary\_F whereas the monthly and the weekly look lower, the daily is neutral - so now in a trading range - the volume has dropped off the last few weeks, so we can retest back to 520 or so ... but we are in a smaller trading range

Gary\_F any q on charts or anything ; amos tomorrow with charts

Alvin Thanks Gary

Gary\_F yw ; okay, no questions?

Gary\_F if not I bid u a great night..

Gary\_F good night

Gary\_F ty

Gary\_F tomorrow will be key for stocks

Gary\_F left.

## 2009-05-27 (Amos)

Amos Hi, Ok here we go again ; I am going to devote some time tonight, again, to a very basic and critical problem in our business-- and I hope I don't end up rambling too much

Amos first chart is the weekly beans-- and it is like the blue print for the main idea for tonight ; other than the strange bar in the 10th week from the top (which I do not understand-- perhaps an error) you can see clear 3 phases of the market :

Amos 1. a sharp and relentless decline from 16 dollars to 8 --took 15 weeks

Amos 2. a range between 8- and 10+ for 20 weeks

Amos 3. the phase we are in now which is a slow and grinding but incessant rally for the last 12 weeks

Amos This is a grandiose MO of the market-- it is to change its MO after certain periods-- while people are still thinking and imagining the previous one ; This is the major reason why most people cannot cope with this business. There are phases of the market that it feels we cannot go wrong-- and every trade nails the next move-- and then we get into a string of trades that frustrates us, makes us angry and, of course that is a sure way to losses, and we do not know how to trade ... That is simply because our mind did NOT shift into the new MO (Modus Operandi for the non Latins amongst us) and we are EXPECTING the market to Do something else. If you stare at various markets lately- and you do not know which market it is-- you will be surprised to see how many markets look EXACTLY like the beans-- whether it is copper, stock market or gasoline. I give some of these examples-- but the idea is the same

Amos Wyckoff traders, of course, try to find the principle in each and every move-- but that can be misleading once in a while. The idea that the market is basically a PUNISHING instrument-- is very important to bear in mind--- the CM, the forces that move the market-- can toy with it AS THEY WISH-- and if they sense that ENOUGH stupid traders are on the wrong side-- they can EASILY stretch any phase, any move, any section of market movement-- as far and as long as they WISH-- until they KNOW that majority of traders surrendered- mostly because of MARGIN CALL-- or ROLLOVER, or frustration. You can see this when people change their argumentation about the "REASON" behind this or that move. If anyone thinks that the move in beans from 8 to 12 in the last few weeks has anything to do with supply and demand of beans, or rain, or dollar, or whatever-- they they will get their asses handed over to them - on a silver platter. Even my feeble trials to find rhyme and reason in technical parameters- is only an intelligent guess at best--- Of course we must continue to do it-- because it is one of the few HANDLES we have to cope with this manipulation--but to EXPECT it to work EACH AND EVERY TIME is the epitome of folly. You can see on the beans that volume is not expanding on the rally, you can see that the 55 MA did NOT stop the rise, the next point is the 50% correction which I mentioned a while ago at 12.17 ...

Amos in the next chart you see a count of the STEPPING stone at 8.80 which MAY OR MAY NOT BE CORRECT COUNT--to same area--all hogwash. You can clearly see the move from 10 to 12--as one strong move that has only ONE idea or reason behind it-- Market KNOWS it caught enough shorts on the WRONG SIDE-- and WON'T LET GO! period! btw, going back to the first chart-- the weekly beans-- once in a while there IS a clue that such behavior is taking place-- that is the large weekly bar 5 weeks ago, that CLOSED AT THE HIGH -- quite often such an unusual bar in the middle of a move is an indication that the market is seriously going into a prolonged punishing affect.

Amos I do not know how to formally classify it-- I only know that the natural tendency after such a week to think that the market is OVERBOUGHT-- all the oscillators jump into the 90 after such move-- and most people who MISSED the long side-- are starting to look for , either, a correction to get on, or a climax. 8 out of 10 times-- the market will continue to grind in the SAME DIRECTION that that LARGE BAR DICTATED-- for quite a while ... I think you , in room, have a term, not sure how you call it-- large supply bar or large demand bar- that is associated with volume- this is VERY GOOD CONCEPT Peter VSB - Vertical supply bar

Amos we have discussed the value of UNUSUAL bars with large volumes-- at times even WITHOUT volume such "strange" and unusual bars-- especially on the larger time frames - are the FOOTPRINT of the CM

Amos thank you Peter-- the important thing to decipher the significance of such a bar-- lies at the OPENING sentence of tonight-- if YOU UNDERSTAND that the chance is high that the market is in a DIFFERENT MO-- then you can accept this message. If you are still thinking the last phase (which was a RANGE and each rally and reaction were arrested after a while) your mind will REJECT the true meaning of that VSB or VDB

Amos It is find and dandy for me to "EXPLAIN " the meaning of that large weekly bar on the beans-- in HINDSIGHT, and tell you-- YOU SEE!--it was so obvious-- but how many could have said it 5 weeks ago? Of course-- if you have the patience and the peace of mind- to trust your trading-- then all you have to do is follow the market with a weekly STOP LOSS-- but that is easier said than done because the ACTUAL gain in the last 4 weeks was a dollar-- and in our mind-- we see the "reward" of the down side of 2-4 dollars-- the risk reward on the down side-- for those who still think range-- is greater on the down side-- and therefore we ONLY want to SHORT

Peter fwiw that bar that closed at the high, then reacted lower (Jan 9th) is on the RTL that I have mentioned a number of times, it was last tested today

Amos We also still see on the chart the LEFT HAND SIDE of the 8 bucks decline-- and whether you like it or not-- it does AFFECT our subconscious-- and we remember the LIMIT down days that were breathtaking. We know that this market can easily go one to 3 limit down days-- because of the rain, recession, semi annual chart-- and we cannot go long. Again-- if you realize that the market is now in THIRD different MO from the 16 dollar top-- it may be a little easier. Now the clincher of all this- is this: We can trade well in a certain MO and be TOTALLY LOUSY in the NEXT ONE -- Our mind is NOT that agile and flexible to go from one set of assumptions to the next-- with great ease. That is NOT how our life is structured-- we are

used to certain forms of life and when they change characteristics--we do not know how to react, fast enough ... Just think if someone changed traffic rules every so often-- how many accidents we would have

Amos What is the solution? I don't have one. A major point is to ADMIT and ACCEPT to yourself that there will be phases in the market that you simply "DO NOT UNDERSTAND" and sit and wait until you see a behavior you do understand. You do not need to go far--- the crash of many markets in 2008 caught the best traders with pants down-- many people who thought that they "MASTERED" the market-- went broke. This is the nature of the beast ... I just thought that the beans weekly chart-- for some odd reason-- exemplifies this change of MO of the market every so many weeks-- with clarity

Amos Next char is the Australian dollar. Same pattern-- Large decline, range and incessant rally. BTW, the fact that so many UNRELATED markets behave the same way-- means that there is COLLUSION. Don't ask me who and why-- but if I was the fly on the wall in the office of some of these market movers-- I would bet you they said in March-- "OK we go north for a while!" period. Whether true or not--not important-- the only important thing to understand is that -- we will go north UNTIL THEY SAY DIE! (DAY , pronounced like BYE is ENOUGH in Hebrew-- so this is a little funny). I was so sure that the 55 ma would hold the rise in the australian dollar, and now we are at the 50% point of the decline-- if you listen to the news from Australia- it is bleaker than hell-- so what? enough people are short-- and we will punish them. perhaps until the June expiration coming soon. Again you can see similar to the beans an important VDB in the 4th week of the rally which was an OKR to the upside -- this one was followed by 4 weeks of small range with a thrust to the downside-- only to go thru the previous resistance like butter and now there are NO SHORTS WITH PROFIT

carnac in beans weekly after vdb-market rallying w. decreasing vol. in subsequent weeks. This tells u that no follow-thru in demand. Rises from a lack of supply, so plan accordingly.

AussiePaul Amos: Oz \$... Carry trades is my suspesion

Peter imho liquidity in the market gets allocated to the best place to profit, the stronger (or weaker) markets tend to overshoot the target due to momentum of the large traders - we seem to be reaching that point in many markets

Amos Paul-- this is silly-- why carry trade last 12 weeks, what happened before? Peter, the fact that so many markets behave in the same pattern-- only means GRAND MANIPULATION

Peter the carry trade seems to have started when stocks started rising in March ; now that stocks seem to be topping, the carry seems to be starting to unwind

Amos At any rate, we are right at the 50% point in the aussie and perhaps this will cause a small reaction--- the main point is to realize that EVERYONE IS TRYING TO SHORT this market-- and on the way-- they lose a lot

Amos Next chart is the dollar- weekly. it looks like a higher high , higher low on the weekly swing chart. The 55 Ma was supposed to hold--nada-- you can hear all kinds of talk about the disappearance of the dollar and the changing of US from AAA to AA (bill gross) -- you name it--- this is a driven market by some forces who know that enough longs are caught there-- and they have to be punished... nothing more nothing less ...

Amos Next chart is another huge manipulation-- the euro/british pound chart ; I started to show this chart around 82 when it was going up and I showed you that every ELLIOTT wave counter was screaming 5 of 5 of 5.... and I told you that the market will continue to rise until all the ellioticians will die ... they did ... then the spread had a three wave move---ABC or A? then a 3 wave move and now another 3 wave move-- and is now forming "triple bottom"

Amos You would not believe how many traders (good ones) on GVI have been trying to long this spread in the last few days-- it is SCREAMING triple bottom, the weekly MA are still bullish and we may be in front of another very large wave --- another 5th of 5th on the weekly scale. But the market is now in another MO-- it is in a STANDING MO-- and all the fundamental explanations are NONSENSE-- the market will stay until it resolves itself-- and that will depend on the amount of WRONG traders ... NO way to tell that in Forex- because it is held very closely by the banks-- but the fact that a market that was so wild a while ago-- can go into practically stand still- is amazing

Amos the next chart shows that-- the daily of that spread: look at the last 15 days-- the british pound is FLYING, the Euro is RALLYING STRONGLY-- and the SPREAD IS DEAD!!!! This is the market folks. When it wants-- it will play the currencies against the dollar. Other times it will stay flat against the dollar but will play strongly between currencies-- and the MAIN reason for this is the same: CHANGE OF MO ... enough people get CONDITIONED to a certain modus operandi-- and then expect it to repeat itself. Come the big options sellers and say "NO" it is our time to play

Amos What is the solution? I have NONE-- you do not know that a certain phase has ended and a new one started until late into the phase-- some people say that if you lose 3 times in a row in a certain phase-- let go-- and wait. Not such a bad idea. The MAIN THING is TO UNDERSTAND THAT THIS IS PART OF THE GAME- changing characteristics of the phase will alter trading results

Amos Now I am going to say something that may irate some of you -- WYCKOFF is NOT BUILT for coping with this

Amos Wyckoff looks for the SAME PATTERN OF BEHAVIOR in the market (more correctly of the CM) in all phases-- and that is NOT TRUE -- to try to interpret market behavior according to wyckoff -- successfully -- DEPENDS FIRST IN DEFINING CORRECTLY THE TREND!!!! If you are WRONG ON THE TREND - wyckoff will KILL YOU!! If the market is in a down trend and you only look for selling climaxes-- you will find many that may give you a small rally and thats it. If the market is in a rally like it is now in the beans-- and you try to look for BUYING CLIMAXES-- it will give you them -- only to spit on you ... It will DOUBLE THE TROUBLE on you

Amos IF YOU THINK THAT THE WONDERFUL THRUST will save you if you are WRONG ON THE TREND-- IT WILL KILL YOU!!! In an uptrend every thrust is a spring and in a downtrend every thrust is a BULL TRAP!!! I have scars to prove this

Amos Especially if you look for small time frames signals when you are wrong about the trend -- Look at the dollar index and how many 4 hour reversals it gave to the up side-- only to continue to decline ; Look at the forex 4 hour chart or even 8

hour chart of the Euro/BP spread (which has bar charts, not only a line chart) and see how many HUGE reversals to the upside were ONLY fast and furious rallies in a declining market!!!

Amos The trouble is that you are conditioned to TRUST those signals. They are CORRECT, they work many times-- BUT NOT IN ANY MARKET PHASE ... there are market phases that your MOST TRUSTED SIGNALS will fail you-- HOW ELSE DID THE TURTLES GO BROKE??? there is no denial that Dennis made LOTS of money with his system for many years-- how come all of a sudden all the turtles started to sell their secret for \$1000 and now for free?

Amos This is why trading is such a difficult business ; In the real world, people like Seldon Edelson (the owner of SANDS and a few holes in Macau) are successful for MANY YEARS, and then they blow up in a very large bubble like we are having in the market place-- many people get in SYNCH with the market and make easy money for a while-- only to lose it a few weeks, or months later-- because they do not realize that the market changed MO ... The cliché is this: " I worked so hard for so many years and finally found the KEY to the market. Then the SOBs change the lock on me"

Peter just like in Vegas with card counting, the CM changes the "rules" to make trading practices that used to work, no longer work

Amos Next is the weekly dow ; this one is not so much like the beans because we do not have that distinct range behavior after the decline – this one is more like a V BOTTOM. Every day I get at least 3 junk letters telling me how the market is going to fly from here--- this rally which did not even take out the 9000 creek-- is already conditioning many people to think that the WORST IS OVER-- bernanke said so. I usually do not use trendlines too much-- even though I NEVER IGNORE them-- but I want to see if the MARKET respects them, and i see possible downtrend line on the weekly that may work

Amos the channel is just imagination and should be ignored ; But I titled this chart : " sell in may?" we are almost at end of may and market is NOT going down. I have no idea when this market will resume its downtrend--we may stay in this rally for a few more weeks-- then we may go into a mode of TRADING RANGE for several weeks -- the important thing to understand is that all the talks about this reason or that reason for the market to do whatever it is doing-- will be injurious to your financial health in the next few years---it is good, or helpful to recognize that the market will go from phase to phase-- to punish as many people it can

Amos Put yourself in the shoes of the CM right now ; You made a fortune on the way down. What do you care if the market rallies back to 10000? you already covered your shorts and you can continue to sell on the way up. If during the rally--enough suckers will be drawn into the market? more food in the food chain! So we CLING to technical analysis and HOPE that this line or that VSB will save us – sometimes it will, and some time it won't ; Notice that at this point on the weekly, the 55 and the 21 ma's are pointing down -- confirming DOWN MOMENTUM, and the 5 crossed the 21 to the upside... Remember the RULE OF CROSSING: First crossing-- is just warning - and requires no action ; second warning is important - to NOT to stay in the previous trend - but most likely stand aside ; and third crossing is crucial ... This works well on weekly and higher time frames

zee what do we do not to get punished by the market

Amos you do not have margin calls-- you have MONEY AND PATIENCE!

Amos Next chart is the CRB weekly ; You can clearly see that we are in an "A-B-C" correctionin. how far we can go? don't know - perhaps to the 55 ma which is at 430 today. I noticed that the top of the market was END of june last year. Many times markets have a tendency to celebrate anniversaries--which will be around june 29-- so I marked it on the chart as a rectangle Dwayne Do you take entries on the weekly?

Amos this is just data collecting, nothing more- point of reference to observe. Dwayne--It is always the SYNERGY of time frames that gives the best entry

winnie do you have a chart on hang seng index ?

Amos Winnie-- no, what is so special on the hang seng? Does it give special clues-- if it does- please share with the group-- it will be appreciated

Amos Next chart is cotton ; I have not spoken about cotton lately. That is because a few months ago i showed the quarterly chart and said that cotton should find support-- well, it penetrated that support. did the RANGE phase and started that rally-- same as beans!!!! Same MO-- down--range, rally-- and now we will enter the NEXT PHASE

Amos ANYONE who wants to call this accumulation- is entitled-- but this is NOT what WYCKOFF meant-- it is just NAMING a certain behavior with a nomenclature-- and i find it difficult

Amos Next chart is copper ; This one is more like a v-bottom and the 55 ma is looming above us- I market the 27 week time rectangle on the chart ; I dont know why-- but I mentioned it long ago-- over the years--- in many market phases-- 27 weeks seem to be an end of a move - I once wrote an article called: I am never wrong by more than 27 weeks ... It may have to do with a certain gene traders have, it is not fibo and not anything-- but I used to sit and count many long term charts to be amazed that RARELY did a phase last more than 27 weeks—perhaps this is ingrained into our make up, that if something lasts 27 weeks-- we SURRENDER and ACCEPT that this thing will NEVER CHANGE-- and then Most weak traders give up, and the trend MUST CHANGE. I am not telling you that something will happen then-- this is just MY WAY of marking my charts for a potential important point-- and since I mark it on my charts-- i just share it with you-- you do with it what you want

Amos Harbor gasoline is next chart ... looks like copper . Notice that here we DO NOT HAVE those distinct VDB- vertical demand bars - that give a clear clue, except the last one that is the same as the beans 5 weeks ago ; that VDB is almost always the recognition that the CM REALIZED that ENOUGH people are on the wrong side-- and now starts the SQUEEZE, the punishment-- and the market will simply go until the LAST WEAK SHORT-BAILS OUT ... simple as that

Amos At the same time we see the 55 ma looming above and we are at 38% retracement--- which should be watched for reaction. There is something very stupid in that kind of observation-- because if you NEED to PINPOINT the exact turning

point-- you simply do NOT BELIEVE in the trend. If the long term trend is down, and we are in a CORRECTIVE PHASE-- why do you need to catch THE EXACT TURN?? Trying to catch the exact turn is nothing but GREED and VANITY, you want to MAXIMIZE YOUR PROFIT and you want to be able to tell the guys how well you scored -- In trading you should ONLY MAXIMIZE your PROBABILITY of success, and you SHOULD SHUT YOUR FUCKING MOUTH about your trades!

Amos Next chart is the bonds ; Again--whoever says that the bonds are a reasonable trading vehicle-- stand up.  
Amos I remember a few months ago, Gary asked me about the bonds and I said-- DARNED IF I UNDERSTAND THEM -- I do NOT! this is one big garbage. Why is such an important financial asset so difficult to trade right now? Perhaps the CHINESE are manipulating it the same way KAMPO and the BOJ manipulate the yen? The fact is that the quarterly bond chart , to me, is indecipherable ; And if you talk about the yield curve-- that must drive economists insane right now  
Amos look ... next chart at the short end--the EURODOLLARS-- the old T bills ; This one gave a huge buy signal on the quarterly chart end of 2007, and practically never stopped rallying -- so the short term interest rates say that fed is still easing. I mentioned long ago how accurate this vehicle is with its large signals of exiting a previous phase-- this is a chart where Steinhardt must be making millions of dollars-- for those who do not know, this is the MAIN HEDGING TOOL FOR BANKS-- it is the MOST LIQUID market and you have contracts going forward 5-10 years. Yet it is so docile-- it goes into a trend and it NEVER STOPS -- of course you must have the patience of an african elephant to trade it -- but if you do, this is quite easy -- WATCH THIS MARKET FOR A QUARTERLY THRUST-- it will be a very important SHIFT in market interpretation of economy. If I am not mistaken there has been a DAILY thrust on the eurodollar that may explain the little reversal we had in the dollar last 2 days - worth careful monitoring!

Amos Btw, as long as we are on this chart-- GARY-- please tell CQG that their charts are totally fuqged up wrt volume-- negative volume on Eurodollars? and the Volume on the s and p charts is still missing!!

Gary\_\_F i will contact them

AussiePaul amos: EuroDollars is the old TBills? Tills = treasury bill? I thought T bills are under different code...

Amos Paul== T bills or Eurodollars are the same-- 90 days-- short term loan instruments--indicating short term Interest rates at the fed window

AussiePaul ok.. Thanks. I'll investopedia the definition.

Amos Next chart is the dollar index daily-- you can see we had a small thrust- which is still nothing because the trend is so strongly down-- we need one large bar of demand to see important change, but there is something interesting in that chart-- the open interest is the HIGHEST in MONTHS -- normally when the market is accelerating--open interest does not explode-- because the side that is winning is NOT going to add to its open positions, but rather look to take some profits

Amos Here we see a huge rise in open interest -- It is either an indication that we are going MUCH lower and the shorts are NOT afraid to add, or this shows that enough longs are willing to commit to the market believing it is overdone-- We shall know in a few weeks -- I am not sure which is which

Amos Next chart is the dow point and figure-- the LARGE FILTER -- it seems that there is clean count at the 7300 level and it calls for 8700 area -- we are in a small range phase -- and it will be interesting if that count will be reached. Again, part of my work, and since it is interesting to me i just share-- no particular wisdom here--only piece of data that may have important validity

Amos Last chart is the s and p Cash semi annual ; The MA held, we are closing the bar as a reversal--so the close of last bar should be paid attention to--they may toy with this bar-- and that reversal point in the next few days. Many time-- they do give you , themselves a signal by making the bar a reversal or not-- if they close below last bar close--that may be the signal that weakness is coming ... Phew.....I feel I rambled enough so -- HAOOK

Alvin Amos do you use fractal bar patterns to predetermine potential thrust moves? Example: entries one or two ticks above failed upthrusts or below failed springs.

Amos Alvin stop using medelbrot on me. The question about how many ticks a THRUST makes -- is important and not important-- if it is large time frame- EXACT ENTRY POINT IS NOT IMPORTANT- who cares?

Alvin got it, risk is key

AussiePaul Amos: with EuroDollars, can you please explain what its interest rates means when it's going up?

Amos Paul the eurodollar is simply 100-prime

AussiePaul does that mean that everyone in europe is putting their money in the banks?

Gary\_\_F lower interest rates as the market moves up - reciprocal

Amos if prime is 1% then EUrodollar will be 99 and so on

AussiePaul thanks inverse relationship

Gary\_\_F euro dollar is US dollars in europen banks

AussiePaul it mentioned on wiki that euro\$ are not governed by the Feds. does that mean more volatility? or just different trading time zones... eg: FTSE 100 open followed by DOW a few hours later

Amos yes paul, euros are not governed by the fed same as North Korean are not governed by OBAMA

AussiePaul ::laugh - got it.

AussiePaul Amos. If u r looking at copper... do you also look at the chart of Platinum, zinc etc? ie: Metals market in london?

Amos Paul, copper is more industrial vs the others, but I look at all of them, not the zinc and such-- do not have those charts and cannot trade them. Ok fols--- have a good week see you in June

AussiePaul ok. That's the issue I'm having as well but we in australia export the stuff...

Gary\_\_F ty amos, great stuff tonight, have a great night all

## 2009-05-28 (Gary / Swetz)

Gary\_Fullett okay, any q? i have a few charts, and steve will be here  
Gary\_Fullett i wanted to show a few wyckoff things  
Gary\_Fullett 1) shakeouts - which we havent discussed yet in a chart too much  
Gary\_Fullett look at the es, emini s and P... we know the overall since mid-march, we have had an up bias there after the large break from oct 2007 to 2009 - so as we know the cm doesnt like company, so in an uptrend markets many times u get overbought - so being overbought, there are times which the market has to relieve this overbought condition  
Gary\_Fullett they do this by 1-3 day breaks, or 1-3 bar breaks, maybe weekly monthly ect... so if we dont get those bar breaks we can get a series of shakouts ; they are quick jabs in counter direction  
Tommy gary, do u c the es daily as now in a TR?  
Gary\_Fullett i do, a well defined trading range, and chop in that trading range so as to get sell stops  
Gary\_Fullett I am talking uptrend, the same is reverse in a downtrend - these shakeouts can happen from anywhere, they usually have quick sharp move I call the hypodermic move ... quick jab and back to the trend ... usually with higher volume; why higher volume - because they get sell stops, and trend followers try to go with that move ; any q?  
Gary\_Fullett okay, so look at 900 am ; we get a sharp break with higher volume see this? this can look like a supply bar ... we dont know, but we do know markets tend to retest, and we know that after this break we need to see the demand that will come in after the sell off - the speed of the reaction will tell us if supply or a shakeout ... a shakeout recovers quickly upside, the supply bars would give u a labored rally -- its about the reaction and the speed of the reaction  
Gary\_Fullett so look at 9 am, what do u see ? a sharp break, and a retest at 930 or so, and a rally back to where the sell off came from within the hour - a little past 1030 the market had recovered - after this rally back u had another break at noon, notice the increased volume on the rally after the break, the break was on lighter volume, then the demand came in after 12pm, and from there u had a trading range  
Gary\_Fullett if this was a downtrend, u would have continued lower with more supply, BUT demand came in after the shakeout bars - U can see this by price range and volume ; understand? any q on what a shakeout is - the quick jab counter trend that is quickly recovered in the direction of the trend  
handles the tape is not acting in a normal manner these days, its just a tr right now  
Gary\_Fullett well the tape is okay because it is a trading erange  
handles hard for bulls and bears and swing traders that i talk to on a regular basis  
Gary\_Fullett in trading ranges... they are erratic by nature as they shake off ... in a range all u can do is buy the supports and sell the rallies, UNTIL u see demand or supply bar and follow thru and with volume  
handles we are forming an apex and we should know the trend soon  
Gary\_Fullett correct  
Tommy r u seeing the daily es as a TR, gary?  
Gary\_Fullett yes I am...  
Tommy thx ; someone asked a daily pnf count, but don't we need a lps or lpsy to determine that?  
Gary\_Fullett quite possibly..  
swetz yes Tommy, if you follow the Bob Evans count guide, but you can still count across to get an general idea  
swetz using a 10 x 1 chart of the SnP cash index, a count of 9 across the 900 count line offers an effect of 90  
Tommy ty  
Gary\_Fullett okay steve all yours, since we on on this topic  
swetz ah okay, lets look at the last chart first ; the 10 minute chart of SPY, the SnP ETF  
swetz despite the market bouncing up and down in a TR that we all see appears to be moving into an apex, there have been some very nice trading opportunities for the Wyckoff day/swing trader during this time, which leads us to the last chart, by focusing our attention on quality Wyckoff setups  
swetz so from looking at this 10 minute chart, we can see a strong rally from the Tuesday low (May 26th) which creates a vertical demand area marked D/S - we know that these vertical demand/supply areas are tested ... often tested I should say ... as the SnP continued upward, a little TR began to form yesterday morning - the SnP traded above Tuesday's high but was immediately met with heavy selling, creating an UT with very high volume, marked on this chart at this very moment, in real-time -- our antennae should be on high alert, we are getting a strong clue of a little bearish COB (change of behavior)  
swetz now you could have gone short at the completion of this UT bar, BUT due to the wide range of this bar, the stop would have been placed pretty far away, and many folks may not have wanted to do that - so an alternative would have been to look for a TEST of this UT to enter our short with a much more favorable risk:reward  
swetz so luckily we got that test as the market struggled to rally, another indication that the sellers were gaining the upper hand - so after the test, we got a down bar but it wasn't very wide so I wanted to see more downside follow-through ; the very next bar had WIDER SPREAD and a weak close and also closing below the closes of the last SIX BARS - as far as I was concerned, there was enough evidence to indicate that a TURNING POINT to begin the next selling wave was in place, and waiting to get short on the test of the UT allowed us to get short closer to what Wyckoff would call the "Danger Point" , thus giving us a much more favorable R:R ratio on this trade after a little 1 bar rally and very little apex that formed a few bars after the short entry  
swetz the SnP broke with WIDE SPREAD, INCREASED VOLUME, CLOSE at the LOW

swetz if you were not already short, you could go short on this bar or short more ; the SnP showed downside follow-through on the subsequent bars, which can be interpreted as a Break Under Ice or SOW if you want to give the action a label  
swetz the potential BUI/SOW was CONFIRMED when the very next rally was WEAK and FAILED to reach the ICE level, which created BEARISH SPACING which put the market in a very strong position to continue downward ... which it did  
swetz now all you guys that follow my money management rules for my day/swing trades know that I ALWAYS exit 1/2 my position once I get 2 to 3 times the reward vs. my risk ; so from FOLLOWING my RULES, exiting 1/2 the position on the bar I have marked was proper, and I moved the stop to breakeven on the other 1/2 - now we have a trade that has already made us some good money with the hopes of making more money if the market can show strong downside follow-through today - either way, we are in a RISK FREE situation

swetz which brings us to today's action ; after the opening gap up, sellers quickly take charge, sending the SnP to a lower low - now as this action was unfolding I was still mindful of the VERTICAL DEMAND AREA from Tuesday, that is often tested  
KevinA Steve, how much of your account are you risking on these trades, should they go against you (if you know)?

swetz Kevin - lately I have been risking a little bit less than 1% of my account

swetz we still have to be aware of important action on the left side of the chart ; now I was still short because the sellers were still in control, but after seeing the rally that followed which negated almost ALL of the selling from the open ... Wyckoff, himself, mentioned in his books - that when a buying wave negates almost all of the preceding selling wave (or vice versa), it is an early clue that the trend is in real danger of ending, at least for the time being

swetz so here is where I actually made a little mistake on the remaining 1/2 short position ; after seeing a rally that negated almost all of the previous selling, and then seeing a reaction that only retraced a little bit more than 1/2 of the last buying wave, and then seeing a WIDE RANGE UP BAR with a LARGE INCREASE in VOLUME and STRONG CLOSE - covering at the close of this bar would have been the right thing to do at this time, we can clearly see that the buyers are gaining the upper hand -- whatever probability that the SnP would show downside follow-through to test the 880 support level once again has dramatically decreased

swetz there was no reason to stick around, but I did :( -- so the very next bar shows an even GREATER WIDE SPREAD bar with even MORE VOLUME with a STRONG CLOSE - now we have a potential JOC or potential SOS or vertical demand area, whichever term you prefer :) -- so we get even more evidence that the buyers are now in control

swetz so at this moment, I was looking to exit the position on the very next reaction if I did not get stopped out at breakeven before I got a chance to get out - the market did have a little reaction as we can see, the reaction was WEAK and can even be considered a backup to creek - so I got out while I still could

swetz I should have already been out, but getting out when I did still made the second 1/2 position profitable as well

KevinA what made you stay in?

swetz well, I had already taken some profits on the trade, so the trade was risk-free ; I was willing to give the market more wiggle room, but I also allowed the emotion of HOPE to cloud my judgment to some extent, and this is wrong

swetz but I am guilty :( )

KevinA yeah - it's been killing my account the last 2 months :) )

swetz those TRs are tricky, which is why I developed my rule to exit 1/2 my position once I am up 2 to 3 times my reward vs. risk ... for exactly these situations

swetz throughout this TR, I keep getting stopped out of my second 1/2 position at breakeven or a little profit, but still make money because of my rule of taking profits on the 1st 1/2 position, so even in tricky TR periods, you can still make money

swetz so now lets quickly look at the hourly SnP chart, the 3rd chart - I just wanted to use this 10 minute chart to show you guys more trades ... the trades are there, and money is there for the taking, we just have to have a proven set of rules based on a sound method like Wyckoff to take advantage of these situations

swetz now if we step back from the 10 minute timeframe, we can see that the SnP is just in a TR on the hourly timeframe

swetz a little trick that is in the Wyckoff course that helps to trade a TR environment, is to mark the top 25% of the TR and the bottom 25% of the TR, and to only consider taking long positions when the market is in the bottom 25% of the TR, and only consider taking short positions when the market is in the top 25% of the TR - it is a handy little tool to help you with patience and discipline, because it trains you to NOT take MARGINAL trades

swetz it trains you to NOT look for a TRADE that IS NOT there ; sometimes, we try to FORCE trades, try to see things that are not there, we let our bias or hopes cloud our judgment, just like I did to some extent on the remaining 1/2 position of the SnP trade - but having PROVEN RULES help us to OVERCOME our EMOTIONS, and allow us to MAKE MONEY!!!!!! :) even in environments without a clear trend ; okay, any questions?

warren GREAT RULE!!! thanks steve and gary -- gn all

Gary\_Fullett ty steve, great stuff

swetz okay folks, have a good night ; and PLEASE WRITE DOWN your OWN trading rules, TEST them in REAL-TIME and find out what rules you have devised that REALLY WORK - discard the ones that don't - make them SIMPLE

swetz gn Gary :) )

Gary\_Fullett be well ty

Gary\_Fullett left.

## 2009-05-28 (Tim Ord)

Ord Good morning all

Gary\_F welcome Mr Tim Ord

Gary\_F the charts are posted once again for tims great lecture ; he also does a great newsletter for stocks

Ord Thanks for the "plug" gary.

Ord Should I start? I guess that means yes. Just two chart today

Ord The first chart is the daily chart of the SPX ; On the SPX chart, there is a load of resistance around 940 range - The 200 Day moving Average comes in near 940, The Bollinger Bands comes in near 940 , The January high comes in near 945

Ord For these resistance levels to be broken it would require an (SOS) Sign of Strength through the 940 level

Ord Doubt that will happen here because market is extended, I don't have it shown but the RSI on the weekly time frame is near 50 and in bear market that is about all the market can do.

Ord To say the down trend has begun would need the VIX to jump through the blue downtrend line drawn on the VIX chart, So far that has not happened ; The MACD is trend down and the McClellan Summation index is trending down and are bearish

Ord The bottom window shows the spread of the Bollinger Bands. When the Bollinger bands narrow, then a big move in the market is not far off. The BB is in an area where volatility may pick up soon.

Ord Near term, I think there may be another shot are the recent highs near 93 or 94 before the topping process is complete.

Ord Lets look at the second chart which is the monthly SPX chart ; Top window shows the Monthly RSI. When the monthly RSI is above 50, the bull market conditions are present, and when below 50 then bear market conditions are present.

Ord RSI is below 50 and still in bear market conditions

Ord I labeled an area titled (Your are Here). I'm expecting a pullback starting in this area - If the market does pull back here into July and bottoms near 740 range, then I'm expecting another rally to begin in July

Ord I have a 20 month Moving average on the SPX chart, and the 20 MA usually supports the market in uptrends, and shows resistance in a downtrend - I have extended this trendline line and it comes in near 950 late this year.

Ord The 20 month MA defines bull and bear markets. If the market rallies later this year up to the 20 month MA, it could show resistance and stop the rally - If a Sign of Strength shows up through the 20 month MA, then the bull market would start again. If the 20 month MA is tested on lighter volume, then it will provide resistance and the market will be rejected and a Rising Wedge pattern could form where the start of the wedge is the March low. I forgot to draw the rising Wedge lines in

Ord Don't know what will happen later this year when the 20 MA is tested, but since the month RSI may be below 50, I would bet on the Rising Wedge pattern. It's something to consider later this year, and watch what is going on then. Most TA people are calling A Head and Shoulder bottom, where the current pullback does develop will be the Right Shoulder.

Ord Since most TA people are calling for that I don't think it will happen ; But we will see

Ord Are there any question?

John very clear I love your charts ... very concise

Ord Thanks

Darius wonderful addition to the room Gary by having Mr Ord

Gary\_F Tim what is your webiste so they can look at it? the URL?

Ord [www.ord-oracle.com](http://www.ord-oracle.com) ; If you would like a 30 day free trial just send my your email address, [Tim@ord-oracle.com](mailto:Tim@ord-oracle.com)

Handles so new lows and no bounce higher from here this year tim? i was thinking 780-800, then 930, then finito for 3 more years grind lower

Ord Thanks for having me on Gary and I'll see you next week. All the Best, Tim

Gary\_F tim thank you , you have been a great lecturer here – nice perspective on wyckoff and your add ons

Gary\_F tim, did u see the question?

Ord Question, where?

Gary\_F Handles questions : so new lows and no bounce higher from here this year tim?

Ord Handles, Don't know how deep the retracement may go, just a guess on the pull back. I guess it could hit new lows Handles no what i mean is ....we test 800 again and then bounce back to here....then we grind lower....is that what u see? or do u see us breaking above here one more time on the bounce back to this area after a nice dip?

Peter no need to predict, just draw your lines and watch the action :)

Ord I see a pull back into July and a possible bounce from around July into year end to the 20 month MA

Ord left.