

# LTG Wyckoff Classes

July 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*

## 2009-07-01 (Amos)

Amos Hi, here we go ; It is very tempting to sit at the beginning of an important period-time frame, and make predictions how it will transpire. We ALL think about it, and try to guess what it will be like, and how we could benefit. It can be also injurious to one's financial health, because it tends to fix or fixate one's mind, and cause stubbornness later on. At the same time, if you do not have a view of the market, and it moves - you will not have the conviction to stick with certain moves ... so a double edged sword. I will try to minimize my predictions in the next few weeks, but I know that it will creep in once in a while - human frailty

Amos What is sure, is that the pundits on the tube are declaring the first half of 2009, as one of the most amazing investment periods in human history, where this sector and this commodity gained some many scores of percentages. One article I saw was entitled: "Is Sheldon Edelson on his way to become, again, the richest jew in the world? he made 250% last six month" ... to which I responded: LVS went from 150 to 1.55, and back to 11. From 1.5 to 11, you indeed make several hundreds of percents - but he is still down some 90 % of his wealth in 2007. At any rate, the analysts are already telling people, that the only way to make money is to stick with the long picture, because you cannot time the market, and eventually it will return. So this kind of talk was probably part of the planning of the smart money, and will continue for a while.

Amos Most of the charts tonight are monthly charts - just to concentrate on the internal structure of the recent moves - hopefully that will not be too small a view.

Amos First chart is bonds ; We can see that in the last 8 months, bonds made their BIGGEST swing in history - up 30 points, and down 30 points ... all this while the short end stayed steady as a rock. Is it really the confusion of the world about long term inflation? I doubt it ... more likely the burst to over 140, was one manipulating short squeeze that will last for years.

Amos At any rate, we came back to the previous creek, which is also a center point of the general range in which bonds traded over the last 8 years - that is 105 to 120. It should be a natural point of support, and it is highly likely that we should develop some kind of a range in the next few months or longer -- the bottom side of that range should be the low of June, around 113 or 112 ; and the top of that range can go all the way to 130, the last minor creek on the way down. I have mentioned a while ago, the monthly uptrend line, and said that if we spring it - we can have an important bottom for a while ... well, June closed as a small reversal, and now it is clear that the penetration of the high of June will be a montly thrust, that can generate some buying. At the same time, the monthly chart is still a LOWER LOW LOWER HIGH, and I think we still have a gap from May close, that was not filled.

Amos From the structure of the map - it seems, or at least feels that the bond market is going to play some role in the next few months - and after becoming more docile and reasonable - will give some important indications. The big game of the squeeze to 140 is over, and we are now into a different game. So the high of June - should be carefully monitored for a rally signal. We dropped for 6 months - and a rally or a range behavior for 6 months is highly likely

Amos Next chart is the dollar. I put both the dollar and the euro one after the other. They are basically a 180 degree mirror of each other - but perhaps some refined points will emerge  
n Euro seems to be off on its own, of late ...

Amos I am reminded of the joke about a guy, that wanted to express how much he and his girlfriend were diametrically opposed in their view on something, and he said to her: "We are so different from each other - we are 181 degrees of each other!"

Amos so what we see on the dollar is 8 months of rally from the low (I include the 4 months at the bottom as part of that rally - it was the preparation phase), and now we are 8 months in range/reaction, which made a higher high above the high of last Nov. Many times on long term charts, when market makes imperceptible higher high (or lower lows), which we call failed thrusts - are secret signals, telling the CM that the trend is actually higher, and the next reaction (rally) should be used for accumulation. I should make a compendium of such examples one day, and show it to you.

n Can you clarify that point a little more, imperceptible higher highs, etc ... if you do not mind ...

Amos n, those upthrusts and springs - are used as signals to the trained eye - I will try to bring obvious examples one day - that will make this clear - I just blurted it ... so that when I re-read the notes, I will know to do it

n No, I misunderstood the failed thrust, but that was the point ... please continue

Amos the dollar made a small reversal in June - but it is obviously lower high. Here again, as in many markets - the boundaries of June are important. The dollar also held above the previous important correction of last December. So the question is rather simple ... will the december lows hold, and we are at least going to test the March high, or this correction will continue.

Amos A major point and figure count, just about consumed the down target, and we are now building some cause, that if resolved to the upside, has some 9 columns on the 300 X 3 chart, which calls for above 87 rally. The big question, of course, is whether this low of 2008 is multi year low or not - and the market is very good at planting grave doubt in the minds of bulls.

Amos Notice also, that we are holding above the 21 Monthly MA, which may be important later on. Notice that we had a double top, 4 months apart, and we are now in July - the 4th month of decline. You will notice that I am harping quite strongly, about this concept of time chunks and length of swings. The reason is that I have a strong hunch, that this is how the CM is playing his cards in this period of financial markets.

n \$ correction appears to be at 50% of range, is that a considerations for where the June mkt activity is occurring? Or hold Qs.... two, three....

warren n, you better withdraw the question!

Gary\_Fulleth amos, drinking? he isnt an attorney ... he cant

Art Iran attacked

Gary\_Fulleth micheel jackson, u there? he hasnt answered

Mr\_Steve Iran Joke, not funny

Cutworm I'm not an attorney but I withdraw ?s whenever the wife gives me the eye!

Gary\_Fulleth not sure what happened ...

n hard to say without knowing ...

skylar Amos hasn't been ill lately, has he Gary?

Gary\_Fulleth no, he has been fine ... amos on the phone now - total collapse of the net in israel

Gary\_Fulleth he said it was a total collapse on the net in israel, and I asked if everything is okay in israel - he said he isnt sure ... so he doesnt know obviously, if he can come back on line ..

n Scary ... something like that can happen anywhere ... and be gov't driven ...

Gary\_Fulleth well, in israel, it can be many things - from an outage to gov cut off

n An outage is one thing, he described it as a total collapse ... should be interesting ...

Gary\_Fulleth but he was able to call - so it is probably nothing so serious ... his words were "a total collapse", but i am not sure he knows ...

skylar construction crew may have cut a line ... or computer base on fritz

Gary\_Fulleth i dont want to discuss his charts, because of the spin he has towards them

Gary\_Fulleth its 3 am there ; he apologizes, and so do i ...

n My time is about up...will read the log. Thank you, Gary for the info. Good night, all ...

skylar to quote Amos ... "such is life" :)

Gary\_Fulleth lol

carnac Things happen ... will continue next week.

Gary\_Fulleth well ... lets give it a pass for tonight, and he will send charts for next week - i hope all is well with him

skylar ditto, see y'all in the morning, thanks Gary

Gary\_Fulleth friday markets are closed - so lets call it an early night and weekend, as far as the night lectures, and we can pick it up next week tuesday

Gary\_Fulleth left.

## 2009-07-02 (Swetz)

swetz the charts are posted in the archives

swetz okay folks, lets start with the daily SnP chart first ; tonight, I thought it would be fun how we can use multiple timeframes to zero in on a trade, by showing a couple of my actual trades, using the Wyckoff method swetz so having said that, we can start with the daily SnP chart ; the 2nd chart from the top -- Wyckoff, himself, understood that markets move in a zig-zag formation, with alternating buying and selling waves, that will either form an uptrend, downtrend, or sideways trend or TR. Wyckoff figured out that by comparing these waves, we could determine when buyers were in control, or sellers were in control ... so with this knowledge, lets analyze the daily SnP chart, starting from the March low

swetz we can see that as the buying wave began, there was strong demand and upward EOM (ease of movement), based on the increased volume and wide range up bars that closed strongly - so this buying wave, despite coming from a downtrend, was showing amazing strength. We have looked at this chart in the past, and we have mentioned that the first couple of reactions, the first at the end of March, and the 2nd after the Bar A swing high - each only lasted a couple of days, and retraced about 50 points, held the 1/2 point, before buyers quickly regained the upper hand -- so at first, the SnP was in a strong position to continue upward, which it did because the reactions were WEAK!!!!!!!!!!!! they didn't last very long, they didn't have any important supply, and they didn't retrace very much

swetz so then the SnP rallied to bar B, where a 4 bar reaction occurred, and declined about 50 points again, and once again held the 1/2 point, and stayed above the last swing high at bar A - so the buying waves were still stronger than the selling waves - but notice that something interesting is happening, that most folks miss ... the volume on the reaction from bar B INCREASED

swetz so the sellers are becoming more aggressive in offering their supply to the market -- so far, the buyers have had enough demand to overcome this supply - but we are starting to see a subtle clue, that sellers are entering the market in a more aggressive way. This action DOES NOT END the uptrend - it only WARNS us that the uptrend may not have much farther to go -- so a little TR develops, before another buying wave up to bar C unfolds, and we are able to draw an uptrend channel, to capture the ANGLE of this uptrend

swetz what is interesting about the rally to bar C is the LACK of DEMAND - notice that the volume on the rally to Bar C, was LESS than the volume on the rally to Bar B ... so even though the uptrend is still underway, we are getting clues, that sellers are becoming more aggressive, and the buyers are becoming less aggressive ... everybody following so far? :)

swetz after the very narrow tight TR, between 950 and 925, that finally ends with an UT on Bar C - the market immediately reacts, and we can IMMEDIATELY see an UPWARD SOT (shortening of thrust) - because the rally to bar C, made less upside progress compared to bar B, than the rally to bar B compared to bar A ... also the rally to bar C, FAILED to reach the overbought TL of the uptrend channel that we drew ... ALL of this can be seen in REAL-TIME

swetz now a LOT of interesting things happen on the selling wave that follows the bar C swing high -- the reaction from Bar C, showed greater downward EOM, and lasted longer than ANY of the selling waves since the March low. Also the volume on the reaction from bar C, showed greater selling compared to the volume on the rally up to bar C - this selling wave PENETRATED the support TL of our uptrend channel, the reaction eliminated any bullish spacing, the reaction failed hold the 1/2 point ... see how this selling wave is so much stronger than the past selling waves, and see how buying weakened as the market went higher?

swetz all we are doing is looking at price & volume over time, with the help of some Wyckoff tools - like the 1/2 point, SOT, trendlines, and the concept of spacing - to help us compare buying/selling waves ... nothing more and nothing less. Now technically, because we continue making SUCCESSIVE higher swing highs and higher swing lows, the uptrend is still intact - but have seen SEVERAL clues to make us aware, that this uptrend is in serious trouble of ending ... if the next rally is WEAK, we have ourselves a shorting opportunity - with the help of the smaller timeframe charts, to fine tune our entry

swetz so as the next buying wave began early last week ; it began in a strong manner, due to the wide range up bar on June 25th, that had some increase in volume - it is the 6th bar from the right of the chart - but after that bar occurred, the ranges quickly narrowed as the SnP reached the 1/2 point that I have marked, and reached the vertical supply area (which is the wide range down bar, 2 bars to the right of bar C), and also reached a previous resistance area ... so the market has rallied to an area, where sellers should begin to take control, if we really do have a change in trend

swetz any questions so far before we go to the next chart, the hourly SnP chart  
skylar good here , thanks

swetz okay, lets turn to the next chart, the hourly chart ; on the hourly chart, a buying wave from the June 23rd low began that took the SnP to 930, where a little UT developed - which can better be seen on the 10 minute chart - the 930 area is where those resistance areas described just above on the daily chart converged

swetz so lets turn to the next chart - the 10 minute chart - to show the actual trades I made ... on the 10 minute chart, a very narrow TR occurred around 930 - you can see it on the hourly chart too - then on June 30th, we got an UT of this tight TR, which was immediately followed with a wide range down bar, with a large increase in volume ... that was my trigger to go short NOW, with a stop placed above the June 30th high

swetz shorting UTs is a GREAT STRATEGY for a Wyckoff trader, because the risk is so low, in case my timing is off ... which you will soon see it was :( ... BUT DO NOT short just an UT, the UT MUST be proper in CONTEXT -- shorting an UT in an uptrend, is a LOSING STRATEGY

swetz ... but that is not what we are doing here - the hourly trend is NOT UP, and the daily trend has weakened substantially - this UT is forming at an important area of resistance -- so at first, the trade looks like it is going to work, with the market continuing to fall - but then the market went sideways, and rallied into the close. Then yesterday, the market had a bullish response to the early morning news, and continued to rally to stop me out for a loss ... but once again, the beauty of the UT entry, is that even when I have take a loss, the loss is very small because my risk is very small

swetz yesterday, the SnP trades above the high on Tuesday ... but there is NO upside follow-through ... the market just meanders and is back below the 930 area - creating another UT -- most folks, after taking a loss are FEARFUL to go short again - a professional trader, who has developed proven rules that have worked for years, goes right back in - the past trade has NOTHING to do with the next trade, as long as the pro trader follows his/her rules

swetz now as the action unfolded yesterday, the reaction began in a weak manner - which told me to expect higher prices - but there is a "trick" (for a lack of a better word), that a pro trader who has been trading since the early 1960s showed me ... to let me know that this weak reaction, is actually going to gain momentum and strength to the DOWNSIDE ... 5 bars BEFORE the bar I went short, we see a wide range down bar, that closed poorly with an increase in volume - and the rally that followed, FAILED to penetrate the support level that was broken - which is what the horizontal line I have drawn represents -- so as soon as I see a little rally that cannot penetrate this level, and I go short as soon as I see a down bar, which is what I did (and marked on this chart), with a stop placed above yesterday's high

swetz now the SnP should begin to gain strength to the downside, and it does as the 3rd and 5th bar after the short entry bar, had wide range and closed poorly - I had no idea what the employment news was going to be, and I did not care - all we can do as traders, is follow our rules that have provided us with an edge over the years ... as pro traders, I should say ... and not worry about all of the NOISE!!!!!!

swetz so you see 2 trades, 1 loser and 1 likely winner ... 50/50 is hardly a great success rate ... BUT by taking PROPER LOW RISK trades, and having the DISCIPLINE to follow your rules, we can suffer only a very small loss when we are wrong, and make more than enough money during those times when our trade works out

swetz okay any questions? :) see how we used the larger timeframe chart, and then used the small timeframe chart to pinpoint our trade entry, and see how we analyzed the buying/selling waves on the larger timeframe chart, to help us find a trading opportunity ... that is all I do, over and over and over again ... good trading is actually boring, because it becomes monotonous -- you do the same thing, following the same rules, over and over and over - but it makes money :) and sometimes very good money

swetz okay, lets talk about the first chart, the Point and Figure chart ; one of Wyckoff's 3 laws, is the law of cause and effect - Wyckoff determined that the best way to determine the POTENTIAL effect of a cause, is by taking a count on the PnF chart to measure the cause, and then applying that calculation - downward if the TR is distribution, or upward if the TR is accumulation - to project a potential objective

swetz if we judge that this "head and shoulders" formation, starting from Bar B on the daily SnP chart we first observed ... I hate using the term "head and shoulders", because Wyckoff did not look at charts in terms of patterns, but I use the term only to describe the look of this TR looking formation ... Wyckoff suggested (actually Bob Evans) that the count of a distribution TR begins at a potential LPSY, and then we count from the left to the right. If we judge the rally to yesterday as being a LPSY, we can use the 930 line as our count line, to calculate our cause - Wyckoff and Bob Evans suggested that we break a TR down into phases, which is what I have done on this chart

swetz the little pink line drawn, is my way of showing the separation of the 2 phases of this TR - the count for phase 1 is 10 boxes long, but since this chart is a 10 x 1 chart, the count = 100 ...  $10 \times 10 \times 1 = 100$

swetz by taking 100, and subtracting it from the count line itself (930), and subtracting it from the top of the TR (950) - we get a POTENTIAL downside target of 830-850 ... if the SnP reaches this objective, and the price/volume action tells us to expect lower prices, we can then consider the next phase of this TR ... which leads to a count of 17 boxes ...  $17 \times 10 \times 1 = 170$

swetz therefore, the next potential downside objective would be 760-780 (950 - 170 = 780, and 930 - 170 = 760) ... so according to Wyckoff, these are potential objectives that the markdown phase should reach, assuming this TR is truly distribution ... which is based on our analysis of the the buying/selling waves, and the Wyckoff selling tests which I have not addressed tonight ... any questions?

swetz we are flying tonight, only 9:30 CST :) - I should have talked slower, Gary pays me by the hour :)

CMan so what would change that ... above 930 move

swetz if the SnP rallied above 930 decisively - either the TR needs more work to build cause, or we got another uptrend developing

CMan stockchart let you set the x and on their chart system

swetz yes Cman, it does ... I have the basic version, costs \$10 a month I think - but I believe the free version allows you to adjust the settings as well - just go to it and play with it and see what happens :)

CMan Cool get in morning - I would rather store online ... thanks ; after the news today, we traded sideways for a long time - could you comment on that area, then it broke down

swetz okay Cman ; after seeing a market move down with EOM, and a market FAILS to rally away from the low - we are getting a loud and clear signal, that buying is totally absent -- if buying was strong, then we would have gotten a strong rally, BUT we did not - so when a market cannot rally, or the rally is very weak, we must conclude that buyers have no interest in demanding stock ... therefore if a market can't go up, it MUST go down ... which is what happened today. Also look at it this way - there were many folks who wanted to go short today, and were waiting for a rally to go short - well the CM doesn't want company, and is not going to make it easy to join him - so those folks were not able to get onboard at a low risk spot

CMan CM was absorbing more for down move

swetz I would think so Cman

CMan but it could have gone the up as well

swetz Cman - the market can do anything, I am only giving you the higher probability

Mr\_Steve Are we close to any real support points areas, or does it matter?

swetz 890 is a potential support area in SnP - that is the June 23rd low

Mr\_Steve A lot of buying took place at the 875 area on the S&P 500

swetz yep Mr. Steve, that would be the next area I would think ... but remember 890, 875 are just potential support areas -- just because buyers were able to overcome sellers in the past at the areas, is no guarantee that they will do so again. Wyckoff (and me, as well) are big believers in the trend - the trend overrides EVERYTHING - if the trend is down, and is down in a strong manner, those potential support points mean very little ... sellers will slice right through them -- and in fact, the more obvious a potential support area is, the more important it is to watch the action around it

swetz take for example the March low - EVERYBODY knows about it ... 666 ... I am not saying it will, but just for kicks, if the SnP fell to that level - the PRICE/VOLUME action will be CRITICAL to understand, because the support level is so obvious ... if the rally was WEAK from 666, watch out below, because we ARE going lower

swetz back in February 2009, the SnP tested the OBVIOUS support level of 741 - made in November 2007

williammanda when you say the rally is weak ... it is less than 50%?

swetz william, pull up the daily chart of the SnP and look at the action after February 23, 2009 - the November 2008 low was obvious - yet when the SnP tested that level on Feb 23, the market rallied for about 1 day, and then began turning back down ... that rally on Feb 23rd was very weak

williammanda sorry I'm asking a general question

swetz no problem william, good question :)

swetz so we got a great signal that the SnP was going lower - and it did, it fell 5 of the next 6 days - and fell about 100 points to the March low

swetz okay, if no more questions ; I want to wish everyone a Happy July 4th!!!!!! :)

dm That was good I learned a lot, thanks

Mr\_Steve Thanks Swetz, nice job ; night all

CMan thanks

swetz gn Cman :)

swetz over and out

swetz left.

## 2009-07-07 (Gary)

Gary\_Fullett okay, any questions? I have a few charts, and hopefully the wyckoff wave

Gary\_Fullett okay, lets go ; S and P -- i did a more detailed chart for the newsletter, but I wanted to work thru this one - u can see the trading ranges, there are 3 lines, horizontal ones - what we have is a creek at 955 area, and then we have the ice at 925 or so, and then ice at 871 area ... this is clear for all see this

Gary\_Fullett we went under ice at 925 - it was this area we needed to reclaim - so we went under this area ... THE FIRST TIME AFTER WE WENT UNDER IT, THE NEXT 3 BARS WERE SMALL RANGES, AND MID RANGE CLOSES ... SEE THIS? JUNE 15TH OR so

Gary\_Fullett okay, this is important -- because after a move, a counter move tends to be 1-3 days, so we had small range mid closes after the breaking of ice at 925 - then a down bar, about june 21, then u had 3 days up, back to broken ice - the next 4 bars were again, small ranges and light volume, on a retest of the broken ice at 925 area ... 4 bars ago - see the closes were mid to low end - we had a break ... wide range down

Gary\_Fullett so both times on a retest of broken ice - the market broke - so sellers (bears) were defending that area ... see this ... so we know the sellers are in control -- wider bars downside, and smaller bars upside - this is a lack of demand

Gary\_Fullett yesterday, the market attempted to spring the recent lows, and closed high end - BUT the range was small - so the market needed follow thru today, if it was to rally ... as u can see, the market didnt rally, and was lower almost all day - so lack of follow thru, after possible stopping action ... is bearish ... and thus the break

Gary\_Fullett ... but the demand bars were waning, and the supply was evident - the down bars were more bearish, than the up bars were bullish ... see this? so this lead to mark down, and looking for 871 area

Scooter but, gary, is the volume low?

Gary\_Fullett yes ; but the eom (ease of movement) is down - so u dont need high volume to break -- the lack of demand leads to selling - if this was an uptrend at 955 area, then it would be bullish - BUT the fact we have down bars, says sellers in control ... and thus light volume breaks say ... NO demand vs supply ; understand?

Gary\_Fullett so light volume break is bullish in an uptrend ... but not when u get selling

Scooter the supply seems lite though

slick60 vol actually expanded on the down day, today

Gary\_Fullett yes, it is ; BUT after selling - the light volume break is a lack of demand

Scooter so you need something more cataclysmic to consider a reversal

Gary\_Fullett not necessarily ; the lack of demand will lead to eventual supply ... which u may get . To have ending action downside - u will need an increase in volume, and a move up ... its a matter of knowing trend, and knowing who is in control ... and so far the bears have been

Gary\_Fullett so light volume break isnt bullish now - as it says lack of demand - 90 percent dont know volume, and will not know this, or understand this -- now under 871 with volume, will lead to 850, and then a sell at 871 on a retest - if we rally from this area, the quality of rally will be important - so this is ice, and the bulls need demand to stop markdown ... and we see demand BY price AND volume

Mr\_Steve very clear

Gary\_Fullett great ; watch volume and price at creek ... any q?

slick60 872.25 will also be a 1.272 retrace, of the laggard upmove that we just had

Gary\_Fullett the action thus far is negative, and what does this mean to u?

slick60 that we may in fact get the re visit to 925 area to complete the 2nd hump of the right shoulder

Gary\_Fullett okay good ; ty

slick60 a spring with vol off the 871 area, would be positive then?

Gary\_Fullett would be very positive - if we get that spring, will stay in the range and probably retest 925

Gary\_Fullett the 10 yr note ; is traded more than the 30 yr bond, and more active -- as u can see, we had a spring, june 9th, and a move up - this spring low, is where we draw a potential up trend line - the action where we stopped after this low, is where the rtl (reverse trend line) is ... so we have this uptrend, parallel channel - and this is important to draw

Gary\_Fullett as u know - as stocks break, money goes into bonds and notes - as a flight to quality, from stocks into bonds ... so u see this ... now we are at the rtl line, at the 118 area - the overbought line is NOT a trend reversal -- if u notice the rtl line, if u draw a horizontal line, u see 118 is resistance as well ... but a well defined up channel ... look for a pullback from that area

dm but the line is drawn @ 116?

Gary\_Fullett the reverse trend line is 118 ... 116 is support ... it was creek, now ice support  
slick60 do bonds generally counter trend stocks?

Gary\_Fullett depends slick ; in bull markets, they tend to go together - as lower interest rates is bullish for stocks ; in a downtrend, when stock break, bonds go up - because the fear of bearishness in stocks  
dm what determines creek?

Gary\_Fullett it is a series of highs - a cluster that forms resistance - so the highs that u react from - reaction highs  
swetz dm - swing highs in a TR

dm to me it looks like 113 was creek and 116 ice, then 116 became creek?

Gary\_Fullett 113 is the reaction low ... 113 cant be creek, its a low ... 116 is creek, that now is support ... before it was resistance ... any q on notes?

Gary\_Fullett okay, an important chart for volume, and reaction from support - this is where volume to many is misunderstood, and support

Gary\_Fullett sugar ; we can see a high at 1700 - so we know this is support on a retest -- so we went above this to 1800 - so we know the previous high will act like support, on a retest of 1700 ... see this ... okay, so yesterday, we retested this area - see this retest? the close was well off the lows, and close to the highs ... was this bullish?

Mr\_Steve my guess, no - light volume

Theo but up trend ... y

dm y ... down bars are short

Mr\_Steve true

Gary\_Fullett well ; the uptrend is right

dm close was above the retest?

Gary\_Fullett no ending action - the 1700 was also the high of a demand bar  
themick 1700 to 1800 on decreasing volume

Gary\_Fullett Right, themick ; so may be a lack of demand waning - BUT from a support area, u should get a reaction ... like stocks at 871 -- if the reaction from support or resistance, is on light volume ... this is suspect

Gary\_Fullett so when u get a reaction from support - with light volume - this says, that the buyers are NOT aggressive ... if they were aggressive, the volume would pick up too, as the cm, strong hands, would buy  
perceived support

Gary\_Fullett this chart was after mondays close - so with what u know, what would sugar do today? who says up? who says down?

Mr\_Steve down

dm up

Theo up

Gary\_Fullett with a light volume rally being a negative, the market was 35 lower

Mr\_Steve I get the cigar !

Gary\_Fullett if u read my notes ... i said demand was suspect ... this was the newsletter chart i sent to warn folks  
Theo ah ... missed that :P

dm you also said strong hands would buy support

Gary\_Fullett yes, they will in an uptrend dm - BUT they didnt - the lack of volume says the CM DIDNT - if the cm did buy that support, then u would have higher volume

dm I am confused now ... because I thought we determined this was an uptrend? or the next move would be up?

Gary\_Fullett well it is an uptrend ... BUT ... on a retest of support, u would expect a reaction with Volume, right? did u get that? its about the REACTION ... the reaction was NOT bullish ... still in an uptrend, just needs to move lower to find support

dm now I get it!

Mr\_Steve Higher prices on lower volume is always suspect to me

Gary\_Fullett correct steve - red flag - as i said, most dont understand volume -- they think it held support, and rallied ... looks Bullish, BUT it isnt ... thats why i sent it

Mr\_Steve GS is a good example of this, the last several months

Gary\_Fullett correct mr steve ... any q?

Theo so if it was downtrend, we would expect the same? meaning, we can say, supply may be suspect if it retests resistance on low volume?

Gary\_Fullett yes ; if a downtrend - the lack of reaction with volume from support is a negative - very good theo ... i want u on my team

Gary\_Fullett okay, quiz ; i send to newsletter folks, so they can read the bar action - bullish or bearish? and why?  
themick bullish

Gary\_Fullett why?

themick down to previous high vol area, on lower volume

Gary\_Fullett okay - any one else - btw that was the reason for the quiz ...

Gary\_Fullett so u are saying - that the trading range, after the highs, is accumulation to go higher ... plausible

Gary\_Fulleth okay turn to the 2nd page ... so we can see the trading range and spring ... bullish or bearish now?

Steve failed twice at about 9500

Gary\_Fulleth okay ; look at the high ... the high bar ... what do u have?

themick upthrust?

Gary\_Fulleth the market had an attempt to go higher, and a low end close ; the next bar, low end close ; no upthrust, nothing there to upthrust ... but the low end close, says some selling

themick sorry wyckoff lingo challenged ... new high close on the low

Gary\_Fulleth the bar that we gapped lower on - that formed creek - was a low, was a low end bar ... BUT notice the volume increased on the break ... see this? this is evidence of selling

Gary\_Fulleth so evidence of selling, at a lower trading range, is not bullish ... because of the possible supply -- so the trading range, can be distribution vs accumulation - but with that possible supply, we must be suspect of the trading range going higher ... understand?

Gary\_Fulleth look at the retest back to creek - 3 bars from the end ... see this? 3rd bar from the end ... Bullish bar? high end close?

themick higher volume, but less than the gap

Gary\_Fulleth RIGHT !!!!!!!!!!!!!!!!!!!!!!! The rally was on LIGHTER volume than the break !!!!!!!!!!!!!!!!!!!!!!!

Gary\_Fulleth so sellers have the Upper hand - the retest of creek, was ON LESS VOLUME then the break

themick got it

Gary\_Fulleth :) so now who is bullish? and who is bearish

Gary\_Fulleth this is part of the newsletter - so very educational - we have a record number on the newsletter, so I am proud of it ... and steve swetz does unbelievable work

Gary\_Fulleth turn to the last chart of the quiz ; the last bar shows the bearishness - the trading range was distribution, because of that supply bar - this mark down, and a breaking of the ice

Gary\_Fulleth i didnt get to the wave - but save it - we will do it on thursday ... any questions on any charts tonight, or anything?

Gary\_Fulleth I had a few ask me about the newsletter - and kelly will give a free 2 week trial - write to her at knorris@ltg-trading.com ... u will not be solicited after the trial ends

Mr\_Steve nice job Gary

themick thanks

Gary\_Fulleth ty all ; amos tomorrow will have some great charts

Theo thanks Gary

CMan night thanks

Gary\_Fulleth gn all ; ty - be well

Gary\_Fulleth it was my honor to be here, to help

Gary\_Fulleth left.

## 2009-07-08 (Amos)

Amos Hi ; Sorry for the Faux Pas last time - so it goes with third world countries ... I am using the same charts from last week (7-1), the changes did not merit sending a new set - the major ideas are still there

Gary\_Fulleth The charts are the same tonight, as from 7/1

Amos we managed to "cover" last time, the bonds and the dollar - but I will repeat, and emphasize the main idea that I wanted to hammer last time, today and in the near future -- i pointed that the bonds had what looked like a spring of the monthly uptrend line - even tho I do NOT use trend lines too often recently (mainly because so many new comers are using them), I DO put a trendline every time it seems fit - just to watch if THE MARKET CHOOSES TO PAY ATTENTION to it

Amos Then I said that that if we get a monthly thrust - we will generate buying power that will continue for a few months. Indeed we already got a monthly thrust in the first few days of July, and we can see a rally to 130 in the next few months. I mentioned again, the HUGE discrepancy between the long end and the short end in interest rates - and said I have no idea why that is - you have to go many years back in history to see such a weird yield curve ... Confusion? fear? disbelief? all of the above? surely we are in quite unique time frame. Ask Mrs Madoff who wants her mink back.

Amos I am sure that we will talk a lot about the bonds and the eurodollar charts in the next few months - notice that the yield curve is so sensitive, that even the 10 yr has NOT thrusted the Monthly yet. Very weird

Amos The next chart is the dollar, and I said the 8147 is important. We are testing the Dec 2008 lows, and the MA have already turned - and we made a higher high in March 2009, and I hinted that this is quite often a hidden signal by the market ... n asked me to elaborate, and I said I will bring examples in the future - and I will

Amos we also came to rest above the slowly curving 21 Monthly MA, and quite often (nothing is quite often on monthly charts - but it is true) that is important support. So we are having an important battle here in the currencies, that you can see in some wild gyrations in the first 8 days of July. Notice that all markets TURNED on a DIME in JULY. This is perhaps the MOST IMPORTANT message I can relay right now

Amos Sorry, If I will repeat it many times and give repetitive examples - but I am SURE that this is what is going on - and you MUST take this into account in trading. We are being TOYED by big forces. You can see the market making huge moves, stop, take a turn - move in the opposite direction for many weeks. Then on another day on the calendar, that has NO particular significance, and for SURE has no FUNDAMENTAL REASONING!!!! turn around and go the other way. No preparation to speak of, to obvious signal - just turn and go.

Amos I have seen some of this confusion from some of the bigger traders on GVI - the Forex free forum. Here are a few excerpts just to show you the magnitude of the confusion (and sometime Stupidity, if you don't mind) of even large and experienced traders:

Amos madrid 17:59 GMT July 6, 2009 food for thought & Currency Funds Crushed on Dearth of Market Trends : Reply ../.. Both use computer models to spot currency trends and, along with other momentum chasers, are getting hammered by this year's lack of clear direction, as the markets are pulled in opposing directions. Deflationary pressure from the first global recession since World War II, is being countered by the inflationary forces of record stimulus spending and currency printing across the globe. Among this year's winners are "high-frequency" traders, who make hundreds of transactions a day to exploit "micro trends," he said. "Long-term momentum strategies have lost money since the beginning of the year

Amos I collect this pearls and vignettes in special files that I call pearls. One day I will put some of them in my "BOOK OF TRADING" that I have started to write.

Amos Read this carefully - The BIG money is made by SCALPERS lately??? This is CRAZY - the markets AS TOTO have been trading ONE way for 16 weeks, since beginning of the year. I told you that I am seeing fund managers and advisors - returning to their OLD TUNES that ONLY Patient INVESTORS make money in the market, because many stocks and commodities made up to 250% return on the money since the beginning of the year. They boast of 2 FANTASTIC quarters for fund managers, and money has been POURING back into stock funds. Now after a few days in July - you already hear wailing of "THE MARKET HIS 20 WEEK LOWS!!" ... end of world ... bla bla ... The washout in the grains, certainly hit some people badly

Amos here is another quote from a big trader-- just the other day:

Amos Richmond Dennis 00:29 GMT July 7, 2009 food for thought & Currency Funds Crushed on Dearth of Market Trends : Reply Currency hedge funds do not live on macro trends these days. As many others have pointed out it is micro traders. One need only look at NYSE data, which revealed last week 48.6% of trading was done by program trades, with another 30 or so contributed by ETF's. That is the new market paradigm - at least the market paradigm of the moment

Amos is this true? who knows? I think this is hog wash

Amos then comes another guy (quite clever, I might add), and says about how we are toys in the hands of the "big boys" - and when someone asks him, "who or what are the BIG BOYS?" he answers:

Amos Maribor 06:59 GMT July 7, 2009 GBP/USD condition: Reply 4ex-ed, I guess big institutions like Deutsche and Citi have the advantage, that they know (real time) positions of small, margin players (comparing their positions, and proprietary measuring order flow). So their decisions about how much to buy or sell at which price, are certainly based not only on rate alone (chart), but on positions they hold and others hold.

Amos In some of my formal lectures I talk about the difference between FOREX and the CME - One is OVER THE COUNTER trading, where you MUST TRADE AGAINST a SPECIFIC bank - which is the BULK of currency trading - close to 3 trillion a day. While the other is trading against a bourse, which is nothing more than a CLEARING HOUSE, which matches BUYERS AND SELLERS - and you NEVER have to worry who you bought or sold from and to. THE BIGGEST DISADVANTAGE of FOREX, is that the BANK KNOWS OUR POSITIONS, and when YOU WIN - the BANK LOSES!!! Therefore - when the banks see too many people leaning one way - THEY inform each other, and MOVE THE MARKET to CLEAN all the stops, and RETURN to "NORMALCY". This is EXACTLY what Jesses Livermore describes in the hey days of 1900 -- the Laundromats - nothings changed - only the level of technology and sophistication

Amos So you can justify sharp moves in currencies, because we are pawns of the big banks - how can you justify wheat, lumber, soybeans, coffee? same way - the function of the markets is to TRANSFER RISK, and our function is to LOSE MONEY. Once in a while, the game is run in such a way where - REASONABLE and THINKING ECONOMIST think - products (stocks, commodities, bonds - you name it) are "reflecting their true value", and then the game continues to take public money away

Amos that guy Maribor, of GVI continues to say : It is a fact that charts do not pay money to traders, other traders do. So despite rate (chart) shows, par example, head and shoulders formation, from which you can calculate target ... if other players won't be willing to pay your profit, it will not go to target. Also, if they grow big, it was because of their expertise. If you look at COT, which is one of those rare places where risk (open positions) is quantified, you see there is relatively low number of players holding bid positions ...

Amos The reason I am harping on this is simple -- We will see more of this in the next 2-3 years, and YOU MUST THINK, or incorporate this thinking into your judgement of the market. A VERY IMPORTANT QUESTION one must ask these days is : WHERE IS THE LARGEST AMOUNT OF PUNISHMENT, or PAIN LOCATED -- and one way to judge this, is thru the ELEMNT OF TIME, rather than price alone! And this is what I am harping tonight

Amos Look carefully at the dollar monthly. You may not pay attention to it at first blush - but it is VERY IMPORTANT, because it represents the "thinking" of the "big boys" -- which we like to call CM. After bottoming, the market stayed 3 months sideways in a small range. In hindsight, you could say - WOW - what an opportunity - all you had to do is DRAW HORIZONTAL LINES on that range, and GO with the MONTHLY BREAK ... either up or down. If you did that, you NEVER got stopped out ... Hold your horses

Amos Then we rallied straight up for 4 months, till NOV 2008. Then we traded 4 months in a very wild range, that included a sharp and horrendously painful washout of 50% in a few weeks - but on the monthly, we had 4 months range - wide - but range. Then in march this year, we THRUSTED that 4 months range - created an OKR, which looked like a CLOSE IN THE MIDDLE bar (which COST ME MONEY!!! I admit) - and now we are in the 4th month of this decline

Amos Why should the dollar work all of a sudden, in chunks of 4 months? after all, if you look at 2006-2008, you see CONSISTENT decline of 28 months ... non stop? I have no idea - I just see that there is a pace to the action of the market. My only explanation, is that this is how money is being played right now - and it is WORTHWHILE PAYING attention to such behavior

Amos This pattern repeats itself in many markets, and I call it TIME CHUNKING. There is no doubt, that we are being toyed by some very large forces (I think that the notion that these are some clever fund managers is crappola) - but it feels very much like a huge clandestine trilateral commission which decides ... now we go this way for a "WHILE" (in the dollar it was 4 months lately), and then we go the other way. Anyone who wants to find economic, or fundamental reasoning to FINANCIAL MARKETS MOVES recently - and in the NEAR FUTURE - WILL DIE!!!! I will repeat this again and again -- whether you like it or not.

Amos Once in a while, you will get a WYCKOFF type warning to the on coming phase - but in such "crazy" times - to look for classical patterns - can be costly

Amos The next chart is the euro - monthly. Since it is the MIRROR of the dollar - we can look at the same time division of 4 - but here it seems to me, that there is a different chunk that is important ... I bracketed it in a large rectangle. Remember that these charts are more than a week old, and some of them had significant moves since - but the GENERAL PRINCIPLE is there -- look how we are trading within the LARGE MONTH of DECEMBER, and we are simply TESTING BOTH ENDS OF THAT BAR!!! we had a little spring in the 125 area, and we just tested the 142-145 area, and we are right in the middle ... almost ... again

Amos But if you choose to look at the TIME chunking from the TOP at 160 you can see this: we went from 160 to 124 in 6 months ; then stayed one month inside, between 126-130 ; then we started another phase, which started with a BANK of DEC 2008, and still INSIDE that month. If you include the last month at the bottom, the small inside month - as the END of the PREVIOUS DECLINE from 160 - then you get basically 7 months, LARGE REACTION of 25 handles. This was followed by 7 months of RALLY (more like range - but still in the upward slant) which ended in June. If we THRUST the JUNE LOWS - we can start another phase of 7 months, which most likely will be a Reaction

Amos You can say that this is crazy, because those 7 months are all INSIDE ONE month - and I am imagining things -- no one said this has to be simple. But if you are a "BIG BOY", and the commission decided that for the next 7 months - WE MOVE THE MARKET THIS WAY OR THIS WAY - then the gyrations inside or within that time period, are not so important. I know that what I am saying is not that clear - and I have to admit, that I have been battling with this notion for the last few months -- and I am NOT sure how to cope with it - but the idea that the market will move in a certain direction - because some forces decided that this is their next move ... is valid

Amos Most likely - because they KNOW how far they can stretch the rubber band - or more accurately - because they KNOW where are the big stops ... that is how far markets will go. Does this make our classical technical analysis worthless? NOOOOO ... on the contrary ... it makes it MUCH MORE VALID - but we MUST

incorporate into our thinking, the question - WHERE will, most likely, be much of the stops of the stupid public

Amos I have to admit that lately - I have been stopped out TOGETHER WITH THE PUBLIC. For example - my British pound, large Point and figure count (50 x 3), counted long ago to 167 - you can go back in the archives, and find it. When the market stopped at 166.60 - I thought - OH GOOD - the large count worked ... Lets go short. What did the market do? it distributed in a RIGHT ANGLE TRIANGLE for a few weeks (again the TIME FACTOR - to get all the june shorts squeezed - and then spent a little more time - BLOWING off impatient shorts - thrust to 167+, and turned on a dime to drop 7 big figures without a stop

Amos ... WHY? Because there were many people who got STOPPED OUT above 167, and THAT WAS THE END OF THE GAME. The whole rally of the british pound from 135 to 167 - is most probably bogus. The Pound made multi year lows -- and most likely will stay in the 120-160 for a very long time - probably because the British economy really stinks ... who knows ... but when the market decides to go in a certain TIME chunk -- it WILL GO. IDENTIFYING the PROBABLE time a market may spend in the next phase - is VERY IMPORTANT, and it will tie very closely to the MOST RECENT TIME CHUNK it stayed recently

Amos Btw ; those of you who follow the british pound - and saw the small reversal today - may have noticed that from the HIGH at 167 to the low today at 18980 - we had 21 8 hour bars! - we shall see if this will hold

Amos Next chart caught my eye last week, and i hollered - this is the MONTHLY wheat/soy spread. I have harped in the past, on the significance of LARGE TIME FRAME spread charts. Those babies give you phenomenal signals every few years ... not for the novice ... but they are so reliable ... again, because the "BIG BOYZ" are using them

Amos I said this is a major LOW. The problem with monthly spreads, is that they show ONE POINT A MONTH - and this can hide some wild gyrations, above and below that point ... so if you use that signal ... you better be ready for some wild swings at the beginning -- so this is NOT a RIGHT NOW trade - but a GENERAL indication, that we are at a very important junction over the period of many years - and the next few months or longer - will see appreciations of wheat over soybeans

Amos Of course, there is another bad error in this chart - the CONTINUATION CHART ; it does not show the HUGE spread, between the AUGUST BEANS and the NOV beans - which is more than buck and a half - and that will distort the chart abruptly, when Nov becomes the lead month. This is part of life - but over the years - you can see that the 4 ratio has been major support, and in the long run - buying the spread at these levels - is a good trading idea. Same can be said about the resistance at 8 - although if you did it last year - you would have had some 5000 dollar pain, if you chose to hold this - and you would have had to roll over quite a few times. These long term spread charts - are a wonderful tool to keep in your tool box -- because they give you 2-3 times a year ... some good trades

Amos Next chart returns to the main subject - time chunking ; it is the dow

Amos I pointed 8259 as a monthly thrust, and made the point that July is also the 21st month from the all time high - and the market may want to pay attention to this fibo number. But the most important point, is to pay attention to phases. Notice that since the large bar, that closed off the bottom in Nov 2008, which we can call PLS in Wyckoff parlance - we followed with 4 months to the bottom in March - that was followed by 3 or 4 months of rally (because part of March was half of that rally - rather tricky) ... so we rallied for about 3 to 4 months

Amos I will not be surprised to see 3-4 months DIFFERENT PHASE - either a large range, or slow decling -- you can see that RANGES HAVE CONTRACTED SUBSTANTIALLY since the huge moves in 2008 - so we should see smaller moves ... and back to days when 100 points dow ... are substantial and large

Amos If you go to the next chart - you see that the larger point of view - is still valid

Amos we said long ago, that after the last quarter, when we closed in the middle - we should spend a few quarters (2-4) INSIDE that quarter. Again - to remind you, that all the news services are SHOUTING the glory of the last quarter, and how many stocks recouped all their losses of 2008-2009. That may be true of BIDU and GS - but certainly not true for MOST stocks -- so we get a lot of INFORMATION MANIPULATION - and that is sinister. Amos ... the fact is, that the quarterly chart is still containing prices. If you add this idea of TIME CHUNKS, that seem to be rather SYMMETRICAL recently - that gives you a little further insight as to smaller moves. I think that listening to the news these days - is MORE DANGEROUS than ever - THE NEWS HAVE NOTHING TO DO with price moves recently. The fact that so MANY MARKETS moved in the SAME DIRECTION - is a very telling story. I find that the NEWS THESE DAYS are so bogus, so distorted, that I simply erase them as quickly as possible ... I spend all my energy, trying to figure out WHERE IS MAXIMUM PAIN !!!!!

Amos Next chart is Nasdaq ; again we had 4 months bottom, and now in 4th month of rally, and I won't be surprised to see the next 4 months - being either a range or a reaction. Again - you can see MARKED contraction in Ranges - so that the next few months, will see much more subdued action - that means less than 20 handles a day ... as the norm!

Amos I tried to point to a potential 10 month cycle - because from the top at 2250, to the last high below 2000 in July 2008 - we had 10 months of a sort of slow decline made of reactions - rally, reaction, rally - then came the big drop, and from the high of July 08 to June 09 - we had 10 months ... is this a cycle high? We shall see

Amos next chart is crude ; same picture, marked by 2 large red rectangle - we dropped from 150 to 35 in 6-7 months ; now we are in 6-7 months rally, and more likely than not - we have just entered as new phase of 6-7 months, by thrusting the lows of June (6549?). So if we get 6 months of tedious, but consistent decline - do not be surprised - I personally hope this will be strong decline - but only because I want to see Iran collapse - this is NOT what the market cares

Amos Btw ; apropos the Medvedev-Obama meeting, and signing of all kinds of papers - this must be one cruel joke -- after all, and forgive my several fundamental slippage - RUSSIA WANTS TO SEE UNSTABLE IRAN, because it will bring higher oil prices. USA wants STABLE IRAN because it will bring LOWER oil prices ... with such OBVIOUS dichotomy ... all the talks and gestures between those two - are such a cruel joke played on all of us ... pathetic

Amos Next chart is the BP ; I mentioned it before - this rally off the lows - is just because big boyz decided to rally it ... NO OTHER REASON ... and it went until the LAST OF THE WEAK SHORTS BAILED OUT, on the weekly thrust above 166.60. OTOH, if you choose to "FIND A LARGER REASON", you can draw fibo retracement from the July 2008 high to the low, and we rallied "exactly" 50%.

Amos This is a BIG LIE - I only realized that AFTER THE TOP at 167.44 - NOT BEFORE!!!! but here you have another reason for the sharp decline last few days. We DID HAVE an IMPORTANT THRUST AFTER KEY REVERSAL, IN ALL THE WEEKLY CURRENCIES. So from THAT model point of view - YOU HAVE TO BE LONG DOLLAR and short EURO!!!! If we get ONE more test of the highs of the euro and the British pound - they will be important highs for a long while

Amos Next chart is the crb ; this one - was the most honest indicator. When some commodities such as gold and beans raced up - the GENERAL TREND IN COMMODITIES remained very subdued - and it closed the MONTH OF JUNE ON THE LOWS. This is a weak close, and a monthly thrust which already happened, should signal the continuation of the DOWNTREND ... here the TREND IS VERY OBVIOUS -- WEAK WEAK WEAK! Again, we have 5 months huge decline, followed by 6 months weak rally - and we should not be surprised to see 5 months of decline

Amos Lasts chart is silver - again you can see some Time Chunking - 7 months decline, followed by 7 months rally.

Amos Enough harping on the same subject. To sum things up : this time chunking is obviously an IMAGINARY concept - we never know how long something will take, and we can only wait around potential time spots (such as cycles - any one who predicts cycles - is dead) ... see Bernstein, when he was finally given 600 million to trade with his cycles - annihilated the whole 600,000,000 in 7 months!

Amos But to have this as a further ANCHOR in your work - and to look backward, and see that a certain move perpetuates itself ... so long ... and saying - perhaps these knaves will do the same thing again, is a VERY GOOD CONSIDERATION in trading. This is NOT something that has to consume much energy. You have those time chunks well ahead of time - and all you have to do is, BE MORE ALERT around the times that they are "supposed" to happen

Amos ... BUT ..... the most important VALUE of this concept, is that YOU SHOULD NOT BE TOO HASTY in GUESSING the next turn. If the market went so many weeks one way - DO NOT BE TOO IMPATIENT WITH THE NEXT phase - because the MARKET HAS INFINITE PATIENCE ... this is where the thrust method is so good, because IT FORCES YOU TO WAIT FOR THE MARKET TO PROVE TO YOU that it has turned

Amos Sure - you will lose 10-20% of the CORNER - but the AMOUNT OF MONEY and ANGUISH it will save you, BY NOT BEING ON THE WRONG SIDE TOO EARLY - is worth so much more money ... AMAZING ... this concept of ALWAYS BEING LATE, rather than early in the markets, is so AGAINST all "INTUITIVE THINKING" and gut feeling - that it is amazing -- the urge to CATCH THE CORNER - is so great in all of us Amos THE NEED TO "FORESEE THE NEXT MOVE" is very strong ... VERY BAD ... THOSE WHO CAN CONQUER this EGO TRIP -- can win. Those who cannot -- LOSE -- HAOOK ... any questions?

Mr\_Steve Thanks Amos for your much wisdom and insite

Amos I try not to insite or incite - but bring insight

Mr\_Steve all thumbs, sorry

Amos Again, if you are confused lately about the sharp moves - I want to assure you that the biggest traders in the world are in the same hole ... there are stories again, about John Henry losing a fortune last 6 months ... so it goes John do you think today, maybe a spring on the es

Amos John, we had a weekly thrust in the indexes -- the trend should be down to sideways for the next few months ... do I play rallies? of course

dm What is the purpose of the triangles?

Peter triangles are one way of assessing the strength of demand vs supply

dm Thanks Peter. I am going to ask a lot of dumb questions, so you might as well get use to it ... Are handles the same as points? It's confusing, because s&p is valued on a 1/4 point tic = \$12.50

Amos Triangles are imaginary forms we see in charts - like sheep and lions in clouds ... A handle in professional parlance, is a "BIG FIGURE"

Amos one full point in bonds is a handle. 1/32 is a point of a pip

Gary\_Fulleth handle in the s and p is 100 points ... so like from 895 to 896, 1 handle ... handle is 100 points

Peter all our lines are imaginary, but it helps some of us to gauge reactions, and to identify areas that seem to be important

Amos the word point is used in a confusing manner ... but you made one. Now that MJ is buried (or is he?) - will the markets react?

Peter doubtful MJ has had any impact to the market except for marketing his memorabilia and music

dm What is the purpose of reference to handles?

Amos just a short cut to indicate full point, and not pips ... when the market moves from 878 to 879 ... that is 500 on the big contract

Gary\_Fulleth 250 dollars ... but 1 handle is 100 points ... so 876 to 877 is 1 handle

dm ok, I get it, but it just seems like, I don't know ... strange ... so 32/32 in bonds would be 1 handle?

Gary\_Fulleth correct, dm ; thus when I discuss the 1 handle observation, it is 32/32 point move

Amos Ok folks ; as I said - we will have some rough waters next 2-3 years -- all the newcomers will be washed away, and some veterans will be hurt - but the thrust will stand forever

Gary\_Fulleth amos never even thrust as a youth - so took him a long time

Amos big figure in s and p is 250? was it not 500 once upon a time?

Gary\_Fulleth yes 500 bucks was 1 handle

Scooter rough waters means what?

Gary\_Fulleth tsunami, volatility

Amos scooter ; it means that the market will turn on a dime - because the forces who move it now - do not need to accumulate or distribute in an ordinary fashion ... more like whale fishing with guns ... see you next week ; gn

Peter always a good idea to carefully read charts in any uncertain conditions, and if you don't understand the route, don't set sail :)

Gary\_Fulleth great point peter.

Gary\_Fulleth great discussion ; with amos, it generally takes a few readings to get the full effect - u dont get the lecture the first time, generally ... its deep

Peter I agree, this one I need to reread a few times

Mr\_Steve You will get, takes time, learn one piece at a time

Gary\_Fulleth yes, steve - a puzzle

Gary\_Fulleth tomorrow, will do the wyckoff wave - i will be about 30 min late, and steve should be here

Gary\_Fulleth see you tomorrow

Gary\_Fulleth left.

## 2009-07-09 (Gary)

Gary\_Fulleth how is everyone? Okay, we can have a light night, and discuss a few charts, as well as some general wyckoff

Mr\_Steve Doing waves tonight Gary?

Gary\_Fulleth i can do the wyckoff wave, if u wish ; i sent the wave chart, so we can discuss ; lets do a few charts, and then do the wave

Mr\_Steve good

Gary\_Fulleth lets take the s and p, the daily chart ; this was the chart coming into the day today - u can read the commentary that : I THOUGHT WE CAN SEE 898 TODAY - U CAN SEE THE ACTION YESTERDAY, THE MARKET HAD A SMALL RANGE, AND CLOSED JUST ABOVE 875 ... see this?

Gary\_Fulleth the day before, we had a day which was a wider bar, downside close - the close was just above ice ... see this? so u would have expected a move under ice, if bearish, a breaking of the ice support -- instead the range was NOT wide, and didnt take out the ice support - this set up a possibility of a spring - u can see my comments that came into today ... this was part of the newsletter

Gary\_Fulleth so, the lack of breaking of the ice, set up a probable rally for today ... is this clear? Now, the quality of the rally is important - because if support, we should move up, and show demand, and show that buyers are willing to buy -- well the resistance was 885, this was the previous low, and the reaction high - so today we probed there, to 884, and came coming off that level, and probing the resistance - the volume was light, so the market was NOT able to overcome resistance, so the market fell back ... this was the action u saw today

Gary\_Fulleth so the lack of demand at resistance, caused a failure late in the day - the market failed so far to move way from support - the cm, the smart money didnt defend this area aggressively - so the market sold off -- thats reading the tape ... to see how a market acts and reacts, at creek and ice support ... understand? its the essence of wyckoff - its NOT the support or the resistance ... ITS THE REACTION FROM IT ; its NOT the news of a market, BUT the reaction to the news ... any q on this chart?

ir yes, i have one Gary ; the creek is at 925 right? as of now, so far - could we create same story, as you did a minute ago, where we could have possible ice at 887? from the low of 6/23

Gary\_Fulleth it is creek, 925-928, yes ; great q !! in a TRADING RANGE, U can have multiple trading ranges in the same time frame, as well as different time frames - so previous lows becomes resistance, after the lows are broken - support becomes resistance, and vice versa

ir thats where I get confused - if am flat on a trade, I could be looking for a ice to long from, and be either stopped out or be missing a trade :)

Gary\_Fulleth in the charts tonight, I am going to show u a time frame that made me believe a rally today - missing a trade is fine, always better than losing money - i miss more trades that i catch, so missing it also means u r seeing more -- some like to buy ice, and some like to wait for a jump over the creek, and buy a retest of the creek after the JOC

ir ok, I see ; fair enough - so let say price will fail tomorrow, again - we be looking for some ice zones ... maybe 825, and on and on right?

Gary\_Fulleth 825?

ir looking on your chart ... kind of eyeballed

Gary\_Fulleth 825 is support, yes

ir please continue with your stuff, if i am off the subject

Gary\_Fulleth IR ; please ask - i am here for u ... to help ... i dont want to not be clear

dm you said ... so the lack of demand at resistance, caused a failure late in the day - the market failed so far, to move way from support ... don't you mean ... move away from resistance?

Gary\_Fulleth the market didnt have demand at resistance - and this caused a failure late in the day, dm ... the lack of demand at resistance, caused liquidation of longs, and some short selling

dm I got that ... but your statement after that, didn't make sense ... so the market failed so far, to move away from support

Gary\_Fulleth from resistance not support

dm that is what I thought ... but I think you stated support

Gary\_Fulleth ty, dm ; sorry

Mr\_Steve I have a question ; Maybe I am missing something, but on the first chart - how did you come up with a possible 925? is that a missprint?

Gary\_Fulleth yes ; i said that if we had a retest of ice and a spring - the market can trade back to 925 - in the day class, I kept harping about the 885 area

Tommy es also has a small pnf count, to go to 920-30, if we get demand

Gary\_Fulleth correct tommy ; p and f to 848-850 downside, as well ... on the daily chart, u dont see demand, do u? on the last bar?

Mr\_Steve no

Gary\_Fulleth so ... if no demand ... how can i say we will RALLY in the daily es ... well, look at the 30 min chart, and u can see -- u will always see a demand or a supply bar, on a smaller time frame first

Gary\_Fulleth so let look at the 30 min chart shall we ; what do u see here? this was sent last night, before todays action - well, look at the first low at 1030 ... see this? Okay, what stands out dm if volume low, no demand - also short bars follow

Gary\_Fulleth light volume low - after the previous bar was higher volume ... see this? so a rally from there - which leads to a retest - look at the retest and spring ... what can u say about that spring?

ir So Gary - if the trend is down, say from 925, and we had support from 875 (based on daily), there is no problem with people going long from smaller time frame (if saw some demand on smaller timeframes), and also - whoever is short from 925, todays price action could be his/hers red flag to cover some short, and/or see what happens to 875 ... since still in a profitable position then?

Gary\_Fulleth correct, ir ; and thats what i told newsletter folks last night ... so yes, IR ... this is where i am getting at

Mr\_Steve Got it, thanks

Gary\_Fulleth correct ... the spring was on heavier volume, than the low at 1030 - this is IMPORTANT -- so an increase volume spring, we must look at the close ... what was the close?

rhonda upper range, yesterday

Gary\_Fulleth was high end ... so after a lack of supply, and follow thru at 1030, the market needed some ending action ... in the form of a spring, with increased volume and a good close ... did u get that? YES U DID

Gary\_Fulleth this lead to a larger bar up, which was a probe for supply - a clearing out of supply, to test the waters - the close was above resistance -- this spring lead to the rally early today, and the probing of supply lead to some short covering - so u saw the spring on the 30 min chart (it is subtle on the daily), and thus the rally - but the rally was of poor quality ... so we retested -- this is why i felt a rally today - we did rally, but was muted, and lack of demand

Gary\_Fulleth as many of u know, I watch spreads and money flow - so the s and p made a new low, and the dollar didnt make a new high - as stocks have broken, the dollar has rallied -- not usual action, because higher stocks should be higher dollar ... now a lower dollar is higher stocks, and lower stocks is higher dollar ... I know u are confused, BUT stocks made a new low, and the dollar STOPPED at creek - this to me was a red flag, saying that stocks should rally, and the dollar stay in its trading range ... which it did ... so the read was right

Gary\_Fulleth so, since dollar didnt joc ... it was a red flag for me, for the stocks moving lower - and was correct - just wanted to show u, that if u look at other things, u can get a clue ... any q? any q on anything thus far, or in general?

ir Gary quck question on todays es - the low of a 1130 on 30 min, and the highs of yesterday 1330 eastern time - both are so close to each other. How could I judge which one is better, if looking for long at those zones (in hindsight)

Gary\_Fulleth well ... the market failed to take out resistance ... so the action was coming from a bearish overtone - so demand had to prove itself, and it didnt - so i would judge that action to be more negative than positive ... so the action was weak

ir Am sorry, Gary - I think I gave bad example, since that low just bounced off yesterday, 873 zone

Gary\_Fulleth did i answer though?

ir i think you did, Gary - will dig into it more -- the concept is easy ... the question is from where, and how much am I willing to hold the heat

Gary\_Fulleth well ... that is niche ... but steve swetz does a great job in price controls, with his stocks in the newsletter - with time and patience, i will cover all the examples

ir because we could say the sellers went into market yesterday pm, 11 am est bar, as well

Gary\_Fulleth correct

ir that where we stopped today, in that price zone too

Gary\_Fulleth yes correct

ir I been reading Swetz stuff on the web (incredible good examples)

Gary\_Fulleth he is even better on the newsletter - the daily one

ir so by looking on today 30 min chart - even if we rally from 1130 into 230 pm - it was a weak rally on decreasing vol ... which got us into selling zone from yesterday - now the selling from today high, seems stronger than entire rally today

Gary\_Fulleth correct

ir but the rally from yesterdays lows seems descent - 866-870 zone - that where buyers step in ?  
Gary\_Fulleth but the rally didnt take out resistance ... demand didnt overcome supply -- it is demand that must  
prove itself, and the fact the market stopped at the 885 area ... says buyers didnt overtake sellers  
ir AHA :) thanks, gary ... you gave me a clue/hint  
Gary\_Fulleth well ... i am trying ... u seem to know wyckoff, but new here?  
ir been reading wyckoff for while - as a concept, it is very easy ... in real time, i do struggle  
Gary\_Fulleth great ; there are a lot of archives and info here ; well, not concepts, but real time  
Mr\_Steve If you want to learn ... this is the place, ir.  
Gary\_Fulleth we trade to real time here during the day - during the day, im here looking at set ups - clients come  
first, so im not able top comment all the time ... but when i can, i do  
ir I do want that bottom or top, Gary ... and DOES NOT WORK :)  
Gary\_Fulleth go with trend ... dont pick bottoms or tops  
rhonda Gary is very helpful to us all, IR - you will learn a lot  
Gary\_Fulleth well i apologize - charts lead to a lot of time - so keep the wave for next week  
Gary\_Fulleth i apologize ... will do the wave on tuesday ... my birthday  
Gary\_Fulleth so ... i will bid u a good night  
swetz you finally turning 40 Gary? :)  
Gary\_Fulleth 39  
swetz lol ... gn folks :)  
dm thanks Gary and Happy Bday,  
Mr\_Steve Happy Birthday  
ir today Gary? Happy BIRTHDAY  
Gary\_Fulleth tuesday ... july 14th  
candy Happy Birthday !!!  
Gary\_Fulleth ty all ; see u tomorrow  
Gary\_Fulleth left.

## 2009-07-10 (Tim Ord)

Ord joined.

Ord Has everyone got the charts? If so I'll begin.

Ord The first chart I want to go over, is the longer term chart of the SPX, which dates back to 2006

Ord These indicators on this chart help to identify the larger trend

Ord The top chart is the Cumulative Advance/Decline line. This graph trends real well with the market. I have identified the sell signals ... the last sell signal came in early June.

Ord The window below the volume chart is the MACD, and you can see it's on a sell signal

Ord The chart below that is the Bullish Percent index, and it has rolled over in early June, and remains on sell signal

Ord The chart below that is the McClellan Summation Index, which trends with the market, and right now it's trend down

Ord The bottom chart is the RSI with moving averages, and it also gave a sell signal in June, and remains on a sell signal. When the RSI gets near or below, then a bottom is not far off. It's not there yet.

Ord Judging by these charts, the intermediate term trend is down - and implies the top is in.

Ord The second chart is the shorter term view. This chart dates back to April

Ord The rally in late May, that rallied above the previous high in early May, came on much lighter volume - and implied a false break to the upside.

Ord A close below the Early May high, will create a bearish Upthrust - The bearish Upthrust was confirmed on 6/15

Ord There are symmetry in Head and Shoulders pattern - and if the left Shoulder has two humps, then the Right Shoulder should also ... So far the Right Shoulder only has one hump

Ord Next week is Option Expiration week - which normally has a bullish bias, at least part of the week.

Ord To make this H&D symmetric - it would not surprise me, a mild rally near term.

Ord A reasonable target would be the gap level near 91 on SPY. If the gap level is tested on 10% lighter volume, it would imply the gap has resistance and would be a bearish sign

Ord I've been short a while, and have added to my short in mid June.

Ord If the 91 gap level is tested on lighter volume, that will make this H&D symmetric, and from there you should see a "SOW" through the neckline near 88.

Ord the H&S had a downside target to 82, and a 50% retracement from the March low comes in near 81.

Ord Are there any questions?

John fantastic charts - takes a few readings to get the full effect

Dan nice work, thanks

Gary\_F Tim ; great charts - your thoughts are similar to mine

Ord Well then ... it must be right, if you agree

Gary\_F so, we will see

Ord Looks good so far

Ord Thanks for having me on, and I'll will see you next Friday. all the Best, Tim

Ord See yo next week all ; thanx ord ...

KEN bean rally - sold 1 aug bean, with 2 cent stop ... about to be taken out

KEN cant sell this stuff right now ... 1032 ... right at the pivot ... went through

Gary\_F well, misery loves company ... lol

Ord left.

## 2009-07-14 (Gary)

Gary\_Fullett good evening ; did u all get charts? I see some new folks here - they are on the archive section for tonight -- okay ; I wanted to review a few charts from the newsletter, and then do the Wyckoff wave ... we will have time tonight, as I only sent a few charts ... so please retrieve the wave ... but first any questions?

Yee\_Haw how long will it take to unwind the bean spread - aug nov ... wide

Gary\_Fullett well, probably a few more days i would think - funds tend to liquidate positions in 3-5 days

Snag chart 3, bean chart, the nov chart ... the entry looks a little early, the stop looks a little large ... are you thinking only a head fake above channel for entry?

Gary\_Fullett why is the entry early? and why is the stop large, on a daily chart with the large ranges

Snag i would think there might be more of a retrace to the DT line ... i just do not like stops of that size

Yee\_Haw 928 should be a solid resistance area now - 932 can be sold in sx ... stop 950

Gary\_Fullett wyckoff tends NOT to use a lot of DT (downtrend) lines for entry, vs more horizontal lines ... the previous lows, reaction lows that get taken out, are good sells on retests - where would u place the trade?

Yee\_Haw i just told you ; sell 932

Gary\_Fullett the vertical supply bar is at the 970 area ... why is a stop before the vertical supply bar

Snag so the thinking is the pin bar @ 943 will hold R?

Gary\_Fullett 943 is resistance - but with volatility in summer - risk to rewards increase ... so u dont get jabbed

Snag i do not know this mkt ... is a single bar enough ?

Gary\_Fullett a reaction low like this, that failed - is an area to sell ... yes

Yee\_Haw we bounced off 943 earlier ...

Gary\_Fullett lets do the chart ; we can see that beans had an uptrend into june - we had a high at the 1100 area, then a retest, and supply ... june 10 or so ... see this? large price down and volume

Gary\_Fullett okay, so we know that after a retest and selling, and this case was supply - large price, large volume

Yee\_Haw not typical in beans

Gary\_Fullett we had a few days rally

Yee\_Haw volume was not great ... on less volume ... was suspect

Gary\_Fullett typically, a market will counter trend, 1-3 days afterwards ... so the selling on june 8th, was a change of behavior of the uptrend ... any q thus far? ... so, after this selling bar, we had 3 days of a counter rally - then the next bar was more selling - 1 bar took out 3 days of work -- so the selling bar occurred after the weak rally - the selling bar first was at 1025 area - so after a move down to 960 area, the market rallied back to that 1025 area, july 1st ... see this? previous support is now resistance

Yee\_Haw larger volume came a few days later on the large bar down

Gary\_Fullett yes .. this retest on July 1, lead to more downside - where do u see the largest down bar?

Yee\_Haw that was key ... supply was present

Snag 07.06

Gary\_Fullett correct - so the large break, july 6th, is also called a vertical supply bar ... it is where the market encountered a lot of selling ... this large bar down is selling, but also supply -- so the high of this bar, is important to overcome for bulls ... as it where selling emerges, and bulls have to overcome this

8870 would you call june 15 a vert supply bar as well??

Gary\_Fullett probably

Snag isn't that selling considered capitulation

Gary\_Fullett no snag ... capitulation comes at the end of a move -- this market just started to break from the highs, so NOT capitulation

Gary\_Fullett ... 8870 ... u can call june 5th vsb (or vertical supply) as well - but the more prevalent one, is the one i pointed out ... but yes, u can use the 2 other down bars as well

Yee\_Haw would you say june 15th lacked volume

Gary\_Fullett on the break?

Yee\_Haw yes, june 15th was not a high vol day

candy Would you feel the market is bullish, as there is no follow through, after the large vertical down bar

Yee\_Haw not me, at this time - i think beans are about to crack

Gary\_Fullett NO ... the opposite candy -- after the vertical supply bar, there is a lack of demand to rally ... not bullish ... understand, candy?

candy I see ... yes

Yee\_Haw I agree, gary - i think beans can see lows 7's, by sept ... maybe lower

Gary\_Fullett ty yee haw ... great ... the reaction before the last rally, was at the 944 area ... i am looking for a

rally into resistance, to sell

Yee\_Haw bounced off 944

Snag this mkt's last move up was about 3000, and at the point of the "vertical supply bar" is a 60% retrace ... so you are looking for more downside immediately?

candy it seems u need to see the whole picture, instead of one or two bars

Gary\_Fulleth whole picture important ... so 944 was the last low, before the vertical supply bar - it was a low, where the market could have had a turn around - so when it took out that low of that bar ... the bullishness abated ... understand why that 944 is resistance

Yee\_Haw makes sense

Snag yes ...

Gary\_Fulleth good ... the rec to newsletter folks ... so this reaction low is resistance, and the stop above the vertical supply bar is proper

8870 so if a short position was placed on at 944, would you take profit at 850, or where would the next support be??

Gary\_Fulleth beans measure to the 840 area downside ... yes, 8870 ... any q on beans? do u see why the rec?

Yee\_Haw what did you think of july, last price

Gary\_Fulleth july - they played games with

Yee\_Haw i think if 880 breaks, and 850 breaks ... will be a lot of follow thru ... strong support 850

Gary\_Fulleth could well be ... some traders may have their sell and stop loss, but from a wyckoff perspective ... this is the way to play it

Snag yes, i understand your thinking

Gary\_Fulleth bonds ; i mentioned this chart in the day class, yesterday - so i sent it last night - there are some key points here about bar action ... we had a high at 12108 ... see this? what was the close? was low end ... so sellers had the upper hand ; the next bar ... same thing ... but the range was larger, more selling ; same with the next bar -- if u notice, the closes after the new highs were low end, or near low end ... see these closes? all poor

Gary\_Fulleth these poor closes, tells us sellers are in control (this was like the bean chart, in which we have a low - i pointed it out) - this was key for a reaction up, and when broken, is resistance at 12008 - then the bar was taken out 5 bars later (like beans were) on the vertical supply bar - see this wide bar, after the failed rally

Gary\_Fulleth but what's important to see, is the weak closes at the top, lead to eventual supply - today, the bonds were down sharply, because of that supply - so poor closes, told u sellers were winning ... until supply hit - any q?

John great stuff

Yee\_Haw i have a q? what will the drop in 30 yr bonds, do to rates today

Gary\_Fulleth raised it about 1/8 of a point - from 5 to 5 1/8

Mr\_Steve so as bond prices go lower, rates will raise?

Gary\_Fulleth yes ... inverse ... higher bonds, lower rates

Yee\_Haw bad for start ups ... hurt economy

Mr\_Steve what does it do for retirements, that are in bonds?

Gary\_Fulleth higher rates - good for them - more money in the bank on their money

Snag is 125 basis points in one day, a norm?

Gary\_Fulleth well depends on the move ... points were down about 1 point today - so that warranted a 1/8 drop, or .125

Gary\_Fulleth s and p, then the wyckoff wave - so newer folks, stick with it ... u will get it

Mr\_Steve your CD's also help ... both of them

Gary\_Fulleth i think they do a great job, yes, mr steve - write to kelly at knorris@ltg-trading.cm , and she will explain ... both are very good, and we send the money to charity

Yee\_Haw gary pocket fund ... lol

Gary\_Fulleth the pocket fund charity, lol ... nope ... u are more than welcome to see the cancelled checks

Yee\_Haw no ty ... its very nice that you donate to charity ... good!

Gary\_Fulleth s and p ; i wrote on my notes ... u can see what i wrote

Snag when you have a channel within a channel, does the position of the latter, increase the probabilities in the direction it is closest to?

Gary\_Fulleth trend does snag - for the most part, trend most important

Gary\_Fulleth so, in the mini s and p, we had a minor spring at the 865 area ... so we had a possible spring yesterday, and stayed within the trading range - i wrote thoroughly on the chart, so u can see my thoughts

Mr\_Steve Interesting note for ya - If you draw a line from 1987 past 1990, you come out approx at 883, amazing ... sorry, that is from 1987 through 1984

Gary\_Fulleth very good eyes, mr steve ... any q?

Mr\_Steve lets see if we break high from this

Gary\_Fullett in a trading range, u get upthrusts and springs ... false breakouts

Gary\_Fullett okay, wyckoff wave ; it was posted on last weeks archive - if u go back to last weeks charts, its there ... and on the site, july 7th

ir Gary, what will be your thoughts if SnP breaks above creek (925) area, without making higher highs (9500 zone) - and would you be looking to buy on backup to the creek, or thoughts would be 875 zone was place to long (if there is any room for long at all, since we are in DT)?

Gary\_Fullett well, it depends on how we get there, with price and volume - if a lack of demand, then sell it - we are not really in a downtrend in stocks ... a trading range, yes ... but not a downtrend on the daily

ir Someone was asking about some waves - I have some problems with comparing the waves to each other ... or swing, I meant

Gary\_Fullett IR, i will show wyckoff waves - it is more of how markets works, vs like a wave count -- in the wyckff wave structure, u have what wyckoff perceived, as the way people acted to markets, and how markets function

Gary\_Fullett so ... lets take it from the highs, where it says buying climax -- the buying climax is simply a bar or several bar, that are largest in volume and price, at the high of a move - greed is rampant, the news is very bullish, funds and specs buy buy buy ... this is where greed is the highest

Gary\_Fullett ... if it is here that funds and specs buy ... who sells? so funds and specs buy - and the sellers are stronger hands - to wyckoff, the cm or composite man ... so the frenzy of buying is staisied (supplied ??) by the cm ... so after the high or buying climax, the market reacts - the cm, who is selling to specs and funds, buys his contracts lower ... from weak hands to strong hands

8870 basically funds and specs, are weak longs at the bc

Gary\_Fullett yes, 8870 ... so after this selling by the cm, and the buying by funds and specs - it is here, where the cm sells his longs - so after this buying climax (in theory, as I said), the volume and price action is wide and increased - this caused a reaction low

ir on the move down, u mean, right?

Gary\_Fullett on the move up, the cm is LONG as well - he unloads the rest of his longs, as the public and specs buy with funds -- so after the reaction from the buying climax, u get a trading range - this trading range is distribution ... or an area where the market doesnt go anywhere

Gary\_Fullett so this area forms cause for the next pending move -- the news is still bullish - so the market grinds in a range - this allows the cm to sell at resistance, and buy at support ... MOST traders think this is still bullish ... BUT its NOT, after we had ending action of the trend ... once the market has a buying climax or selling climax

Gary\_Fullett so, the longer the market stays in the range, the larger the move -- the market will eventually break the support - this support is proven with increased volume, and a wider bar ... saying supply, or a sign of weakness (sow)

Gary\_Fullett how do we know the larger the trading range, the larger the move -- wyckoff principle of cause and effect - more cause, more effect ... or move

Gary\_Fullett 3 wyckoff principles ... 1. effort vs result ; 2. cause vs effect ; 3.demand vs supply

Gary\_Fullett effort vs result - is volume vs price

Gary\_Fullett cause vs effect - more sideways, the larger the move

Gary\_Fullett demand vs supply - buying vs selling

Gary\_Fullett i will leave the wave here for tonight ... but any questions?

Mr\_Steve How do you determine, if the trading range is long or small? based in what?

Gary\_Fullett u cant, mr steve -- BUT u get a clue, by the demand or supply bars at the end of a range ... that helps ... so at the end of the range, or the right side of the chart ... u get either supply selling, or demand buying

Mr\_Steve Ok Thanks, gary ; night all, have a good evening

Snag thanks gary, for the explanations - it is appreciated ... happy bday ... nite

Gary\_Fullett ty ; we will continue the wave, over the next few weeks

Gary\_Fullett okay, for those who are new - we are here during market hours

c1 when does swetz speak?

Gary\_Fullett amos cohen cta will lecture tomorrow night

Gary\_Fullett and swetz on thursday night, at 9 pm - he does the newsletter with me, and is a great addition

c1 thanks for the class tonight, Gary ... cy, Thursday

Gary\_Fullett okay, no q - see u all tomorrow ... ty

Gary\_Fullett night

Gary\_Fullett left.

## 2009-07-15 (Amos)

Amos Hi ; Ok, here we go ...

Mr\_Steve Amos, could I have your take, on why the DOW went up so high today? Is smart money selling into it, or because of small spreads, are they buying ... and would you consider the DOW to be in a Bull Mkt.

Amos The truth is that we are basically in some serious doldrums, and like any good Frenchman. we should all be Vacationing.

Mr\_Steve please explain ...

Amos the fact is that we are in boring times, even though as Steve said, the market went up some 500 points in 3 days - we are basically in rather small ranges, and we should continue to be in them during the summer

Mr\_Steve Is this bullish?

Amos The moves looks significant, and if you are a short time frame trader - you can get scorched badly, if you are on the wrong side - but all in all, we are going nowhere ... I will try to "prove" this ... not sure if I can

Mr\_Steve Thanks ; I am long term trader ... Long term option trader

Amos i was reminded of Twain Yankee in King's Arthur's court - how Hank Morgan saved his life, by pinpointing the famous solar eclipse of 528 AD. Nothing happened, but the natives adored him and saved his life. There are many gullible Yankees, and many more gullible day traders around the world ... who think they can beat the market. If you will study the moves lately, you will see that MOST OF THE MOVES, have NO rhyme or reason. Sorry to say that - but this is TRUTH - a market can move up or down a few points, and "seem" as if it is starting something significant ... but in truth ... when you move back from your desk ... you see that we are simply toying with nothing

Amos First chart is important - this is the euro/british pound spread ; Lately the currencies have had some wild swings - and many of them were in the spreads. If you DO trade currencies - you must realize that there are many games in this cake. You have the game against the dollar - when currencies can have sharp moves - but between them, the spread will remain flat. Then you have the spread game - where euro, bp, sf, yen, canadian will have sharp moves between them - but the dollar will hardly move ... this is a huge game, and the banks, who basically control it ... will play each phase per their whims. That is why it is mandatory when you trade currencies, to always look at the spreads. More significant than other vehicles - even tho some spreads are very meaningful, such as the GSR, CRUSH, OIL spreads etc

Amos long ago I started to point out this Euro/BP spread, when I became aware that all Ellioticians were sure when it got above 8800, that it was in Fifth of Fifth ... and tried to stand in front of it. When the market got to 9500 - the last of the Elliot Mohicans was dead, and the spread reversed. Since then, we trade now about 8 months, recovering all that sharp move to the top. The question is -- are we in a downtrend, or is this first correction, and we have to test the 9200-9500 again, before a real top was formed. So many have tried to long this spread lately - and they are getting creamed on the downside.

Amos This is the CRUX of tonight's talk - and i am repeating myself on the same subject for the last few weeks - the market is now extremely efficient at punishing enough semi-savvy traders ... this is important. Because of the previous boom that attracted so many rice farmers in China and hotel owners in Spain to the market - we have MANY traders with NO experience at all. But we also have enough traders, who due to Zero interest rate in their banks -- are DESPERATE to generate income, and they have been and ARE being convinced, that they can make a living off the Financial markets.

Amos Just yesterday, an Israeli Parliament passed an "IRA" sort of law, that says that from now on, the individual retiree can manage their OWN pension fund. This is still very restricted and limited, to a small fraction of the saving population - but it shows you the TREND. Admittedly, this is a very small group of people - but you can already hear radio commercials from an EPSILLON this and QUANTUM THAT, who tell you that if you have 500,000 NIS (about 120K dollars), they will gladly invite you for coffee and croissants - no obligation on your part. To me this is a symptom, and I am sure it is magnified around the world.

Amos So the market is now full, and getting filled with more and more neophytes, who have absolutely NO skills of trading - joining the market place - and they are being eaten by the sharks easily. We must take this into consideration - and think about the concept of PUNISHMENT, more than SUPPLY AND DEMAND ... which means absolutely NOTHING at this point ... Sorry. That is why you can have sharp moves of several hundred points in the dow - for no apparent reason (long ago, in better times there used to be the joke -- what is common to Michael Jackson and the Chicago Cubs? they both wore ONE glove for NO apparent reason. Today it is a sad joke but the expression ..... I get truncated for long sentences .....

Amos Back to the spread - I am not sure at all, if the channel I drew has any significance - but it "feels" as if we have washed enough desperate longs, and if we make now HIGHER HIGH on the weekly spread -- that would

be a significant thrust that will carry it back to the 9000 level

Amos If you watch the spread, and at the same time you look at the euro and the british pound individually - you can get some important hints, as to duration and amplitude of certain moves. We will get back to this in the last chart for tonight, which is the weekly euro. So I will come back to mention the spread again - I draw the channel, and I wait to see if the market wants to respect it - not the other way around ...

Amos Next is the wheat soy spread ; I mentioned last time, that the monthly chart is at MULTIPLE YEAR LOW - and in general, it is a GOOD BUSINESS DECISION to go long it at such point. I also warned, that it can be wild at first, because the MONTHLY chart hides some painful extremes that happen on the daily chart ... but all in all ... this is a CORRECT business decision. Also, I mentioned that wheat, by itself does NOT tend to bottom in July - so the spread may be tempting to long wheat too early ... however the spread, is a DIFFERENT STORY Amos so we got already, over one dollar rally, and we are still under the weight of the heavy MAs. We can rally to 6 - which is the last area of resistance, and then back to range -- I have no idea how it will behave - if you are a serious spread trader - you put the spread, and hold it for several months. That will involve rolling over a few times - and the rolling over itself, may take away some of the potential profits - I am not such an expert in this, but what is definitely obvious - is that the situation has already attracted some big traders attention, and we can get some wild gyrations in this vehicle

Amos Again - anyone who tries to assign some FUNDAMENTAL significance, to the relationship between wheat and soy - is going to get clobbered. There was NO reason for the spread to go down to such all time lows - and there should not be any reason for it to rally or range for a long while

Amos Next chart with the same basic idea is the s and p ; we are in no man's land - it is a range - we are stuck between the 55 ma sloping down, and the 21 ma stabilizing - and that is it. Anything else you want to say about this - is, in my opinion - hogwash. All the earnings of GS, that so many frustrated traders try to talk about - is garbage. This is pure manipulation, and it will continue - the market turned up for no reason (except if you are an unsophisticated MA reader - it was "HELD" by the 21 ma ... again nonsense). AND THE MARKET WILL TURN DOWN AND WILL GO DOWN a few hundred dow points - FOR NO APPARENT REASON - except for PUNISHING the new longs or the new shorts, as the case may be

Amos If this is frustrating - sorry - this is how BIG MONEY PLAYS - it KNOWS where and when, there are enough people on the wrong side, where the big stops are - and it toys with us! When you get in synch with this game - you will make money. When you guess wrong - you will be in the same boat as the millions of neophytes, and will pay! ... period ...

Amos I cannot say ONE INTELLIGENT thing about the weekly chart of the s and p. If it goes now, and makes nominal higher high - it does not MEAN A THING. There is NO clear trend right now, and in a RANGE ... MOVE IS RANDOM!!! if you do not accept this - you will suffer! How long will each vibration take? Now this is the MOST CRUCIAL question ... We rallied for 13 weeks, reacted for 5 weeks, and now rallying for 1-2 weeks -- go make sense

Amos Next chart is coffee. I rarely talk about this chart - but it shows a significant principle. I do not remember who it was - one of those webinars, that flood my INBOX every day these days - and I sat on it. He said many silly and worthless things ... but one thing caught my eye ... and I think he has a point. He said that contrary to most people, who think that most CORRECTIONS go between 50 and 61.8%, in honour of Mr Pizza -- HIS experience showed him, that most corrections go much deeper than that, and he talked about 70-90% corrections. I started to pay attention to this - and in the last few months - I have come to the conclusion, that there is GREAT WISDOM TO THAT!

Amos if you look at your small ranges - you will see that quite OFTEN, the market will retrace almost all the way to the previous support and resistance. I tried to think why this is happening - and the ONLY explanation my distorted mind comes up with is - the SELF FULFILLING PROPHECY -- so many people have learned lately, that 50 to 62% is MAGIC ... that the market simply killed them. I do not know how long this shift will last (something like the KILLING OF THE VIX, that is still going on after working so marvellously for many years) - but right now this is valid. But ... TRY AND CHECK THIS FOR YOURSELF - do NOT take this for granted.

Amos At any rate, if you look at the coffee chart - you can see that we got every fund manager and his sister, LONG coffee on the way to 140, and the decline from there is nothing but VICIOUS! It simply does not let you get out! now we retraced almost 100% of the previous rally, and if that 'new and improved' retracement advice - will work - it stands to reason, that we have washed most of the weak longs -- and it is time to go north for a while again ... a weekly thrust would be a good start ...

Amos you can ask - Amos, look in the past, it took every bottom phase many weeks to bottom - why pick one now? may be too early ... good point. Same as the Wheat/Soy spread - this is a correct idea - and it may not be so profitable, or so easy as it seems. All I am saying, is that it may be time to think long coffee ... REGARDLESS OF FUNDAMENTALS!!! stop? difficult and personal ... if you use weekly thrust ... then your stop loss must be on that same level

Amos Next is copper ; same shit - It had a nice move today - but the weekly chart (like the s and p) - is stuck between the two major Mas, and it is in a weekly range right now. To me, copper is nothing but a convenient manipulation vehicle, and anything can happen. Normally the July August months - again because of the Damn French and Sarkozy - are rather quiet months ... everyone is on vacation. This year, because of the big losses - perhaps fewer Yachts will be travelling to Alaska - and on those Yachts, the CQG is always working ... so we can see more of these markets ... No Continuation, or the 200 tested and rebounding

Amos IN THE LONG RUN - we are in a BEAR MARKET, and this is ONE RALLY IN THAT BEAR MARKET ... when will the bear market resume? I have no idea - for sure when ENOUGH PEOPLE will be convinced the the BOTTOM IS IN! may take 1-3 years ... at any rate, the point that WE MUST UNDERSTAND IS THAT THE PATIENCE and the TIME HORIZON of the CM, is VERY DIFFERENT THAN that of MOST OF US

Amos this is CRUCIAL - I have been harping on this, and it is very important. What seems to us an "UNREASONABLE" move - to the Manipulating crowd, may be an INSIGNIFICANT TINY and SHORT MOVE -- they have the PATIENCE and the werewithals, to wait and stretch moves, far beyond what we think is reasonable -- and then revert, and continue

Amos Next chart is rice ... another one that i rarely speak of ; at first blush, it seems like coffee - but that is MISLEADING. Indeed, we had a very deep correction in rice -- but this is NOT like coffee, after a rally in a long multi year range -- this is still correcting an ALL TIME HIGH in rice, that came after a 3 year rally ... we are only in the first year of correction. So although the rice looks like a jump and back over multi year creek -- it may have to correct much further, before the next wave of long speculation will be allowed.

Amos Again, I have no idea about the fundamentals of rice, but we have been between 60 and 100 between 2004-2007 ... and it seems to me, that there is no reason why we should not visit that area again. So if you look at the recent congestion of the monthly rice - it is very possible the last 4 months is more a "flag" than a bottom. This is an important point - and perhaps merits more in depth look - but if you put a gun to my head, between coffee and rice (which look somewhat similar recently) - I would rather go long coffee, than rice ... Same chart structure ... but potentially two very different outcomes. That is my view

Amos Next chart is our old friend, the DOW TRANSPORT ; we are in the second month of range trading, INSIDE the month of May. For the life of me, I do not understand why the transport is not stronger - after all, I see that AMTRACK is boasting about their new locomotive, built with the RARP or whatever money -- all those trillions of dollars, that are being poured into so many sources ... why don't they show up? At least they should show up in some significant infrastructure - but the index does not show any significant move

Amos We should continue to trade between 3000-3500 for a while. This is not easy - when a range goes on and on (3 months is not so long - but we get very impatient, when we sit day in and day out in front of the screen - big mistake!), the longer the range goes - the MORE ANTSY and impatient we get, and we "SEE IN OUR MIND'S EYE", the next move. This is another unique ability of the market - to stay in a range for so long, that most traders give up.

Amos This is why the concept of TIME CHUNKING, that I mentioned last time - occupies my mind so much lately - because IF YOU GET READY MENTALLY for a prolonged phase - it makes it EASIER WAITING. Very important sentence I just said! If you want to use Elliot on the Transport - then you can see clear 5 moves down from 5500 to 2200, and we are now in FIRST MOVE CONTRA - is it an "A?" or PART OF "A?" ... dont know ... what we do know, is that barring a V bottom - we will have a test of the lows coming to town

Amos Next chart is the dollar - The chart does not show today's decline. We are now trading sideways 6 weeks, after the KR at the bottom. You may even say that there was a weekly thrust after that kr - but it is not ready. Last rally phase, in the decline of the dollar during March April - was 5 weeks - we are in the same time frame here. So the Dollar is at an important TIME point - sometime this week or the next - a move should tell us if that 6 weeks of sideways trading is over or not.

Amos There are a few more observations - the decline took 13 weeks - The decline held (so far) above Last DECEMBER lows - and the YEARLY CHART had a thrust. All in all - the dollar, in my opinion, should mount a significant rally soon. If I am wrong - I have a stop loss. The talk about the demise of the dollar, is way too obvious and to me -- that kind of NEGATIVE news is fake - at any rate, the weekly low of 2 weeks ago is significant

Amos Last chart is the euro weekly - the opposite of the dollar, more or less. Here we have a KR 7 weeks ago, and I marked on the chart the Weekly thrust after that KR. If that observation is valid - we should NOT go above 144. We did thrust today, the weekly to the upside ... and it is very iffy at the moment. So this is an IMPORTANT HINGE on the weekly chart, that should result in a meaningful move.

Amos Going back to the SPREAD with the british pound - I have shown the chart, as a potential BULLISH formation, in a downsloping flag. If THAT VIEW IS CORRECT - and the Thrust after key reversal in the EURO WEEKLY is correct - that means that the euro should decline. If the euro declines, and the EURO/BP spread SHOULD RALLY ... MEANS THAT THE BRITISH POUND MUST DECLINE FASTER THAN THE EURO

Amos This is the important conclusion, from the combining of the individual chart and the spread. So far, the British pound shows resilience - so the game is being played quite intricately by the CM -- we are sitting at important hinges, in many commodities and the dollar, the euro, the copper, the s and p, the Transport -- are all in sort of a summer doldrums - but actually - in significant HINGES, from which some good moves should ensue.

Amos That is it ... Open to questions

Mr\_Steve Thanks Amos, you clarify as usual

Amos Actually, Steve - I was more vague tonight, than usual - but that is the nature of ranges

Peter Amos, do you look at the currency spreads with Yen very much?

Amos Peter - of course I do

Peter I have found the yen spreads very interesting, and help to set the direction of currencies ... and in fact, liquidity of the day of other markets

Amos Peter, the yen has been so wild lately - that people run away to the spreads, to find some quieter moves

Mr\_Steve Question ... Amos, should a long term trader look at weekly and monthly charts as first impression? or does that even make sense?

Amos Steve - I start EVERY DAY with the Semi annual, monthly, weekly ... and then go down to the 1 minute chart. BTW - last sentence may be a joke -- but those of you who try to scalp the s and p - THE 1 MINUTE TICK CHART is a WONDERFUL VEHICLE - you can scalp rather safely, when the TIC is above or below 1000 -- I hate this kind of work - but it is VERY RELIABLE!

Peter fwiw , you may get a dx rally tomorrow, based on the yen spreads

Amos Peter, please explain how euro yen predicts the dollar?

Peter I watch the euro/yen and aud/yen in particular, very carefully - these 2 spreads indicate the liquidity factors - it seems to be a matter of liquidity

Amos How does liquidity tell you which direction dollar goes?

Peter if the yen is gaining to these 2 currencies - liquidity is removed from the markets, and the DX often moves up

Amos so yen up = dollar up?

Peter I watch the progress of these spreads, and their position on the weekly & daily charts, hourly etc -- it's hard to explain without the charts ... but yes, yen spread with euro, helps to move the DX ... yen spread vs aud helps to move up or down the S&P ... audyen ... these spreads move in conjunction

Amos i will look into this - sounds interesting. Please remember that last july was top of market - so we can have similar action this year too -- i have nothing more to say - so if no questions - we can retire

Peter thank you, Amos ; I will read the log, to see what I missed while I was out earlier

dm Ok, I am confused. I can either set my chart to a 1 minute time frame or a tic value. How do I read 1000 tics on a 1 minute chart?

Amos dm ; e signal shows you clearly the 1 min TIC chart - it usually moves between 1000 and -1000. Any number beyond these figures, is VERY OVERBOUGHT or OVERSOLD on the 1 min chart -- you can scalp them for a handle or 3 -- just study this chart for a while, to feel comfortable with it

Amos anything you hear here - YOU MUST TEST FOR YOURSELF. DO NOT believe a WORD ... you must test it, first to convince yourself, and THEN - to see if this or that approach FITS YOUR SOUL!!!! you always trade AGAINST YOURSELF, NEVER AGAINST THE MARKET -- so you MUST KNOW YOURSELF

dm I use OEC software ... well anyway, I have my es chart set to 2650 tics

Amos dm you are confusing tics and the TIC!!!! TICK is an indicator provided FREE by the exchange - TICK AND TRIN! In e signal, you get them by punching \$TICK and \$TRIN

Peter the tic Amos is identifying, is different than the tic (subportion of a time interval)

dm maybe ... I think I get it ... 1 minute bar moves 1000 tics every minute

Peter tic NOT ticks :) there should be a parameter or an index

Amos YES dm ; OK folks, I will bid you gn ... bye

Peter bye Amos, thanks again

Gary\_Fullett great info tonight ... it takes a few times to read and re read amos ... its a great way to learn, thru various people helping ... amos has a unique angle, but based on wyckoff

Peter you can get the essence on the first read, but there will be more nuggets after 1 or more re-reads :)

Gary\_Fullett ... always nuggets ... tonight in the newsletter, i am sending a piece on strength and weakness at important nopw (??)

Peter before the chart data disappears - look at the last few mintes of the stock market close - see if you can see some stuffing, in small time frames - the last 30 minutes had the highest volume, so that in particular

8870 gary, you think beans should have been shorted at 938 high today - was that as close to 943, as we're gonna get

Gary\_Fullett i think so ... I was just doing charts, and was doing beans for tonight

8870 kind of what i was thinking,

Gary\_Fulleth with stocks being sharply higher - i thought we would get our sell area - usually i sell early - its a shame we missed the trade, because it was a 2 k trade ... but the read was right

8870 yea, it was ; should be good down to 850, just need another spot to get in

Gary\_Fulleth yes, i agree ; i would like to sell 918-924 area

8870 913 is the high tonight

Gary\_Fulleth correct ; looking maybe 1/2 back of the range today

8870 ic

Gary\_Fulleth corn though is the weakest grain - but bean very vulnerable

8870 yea, it is ; i would say beans have more downside than corn at this point

Gary\_Fulleth well, its because of the spreading - that they bought beans vs corn for awhile

8870 would agree, plus china buying like mad

Gary\_Fulleth the chinese are mad ... they believe that the only way people will turn on the gov, is if they are not provided with food ... so china hordes it

8870 ha ha ... they will probably turn around and sell em

Gary\_Fulleth im serious ... but prices get too high, and they renege

Gary\_Fulleth okay time for charts, and some shut-eye ... see u all in the morning ... ty

8870 ty gary, see you later

Gary\_Fulleth ty 8870 ... nice name

8870 ha ha ... my tractor's name

Gary\_Fulleth john deere

8870 new holland ... i run all colors though ... see you later

Peter ty Gary, good night everyone

Gary\_Fulleth night ; ty

## 2009-07-16 (Gary / Swetz)

Gary\_Fullett good evening ; kelly is now posting Steve's charts - so please retrieve them. I personally didnt send charts tonight, because i was going to just go over the wyckoff wave, and then do q and a ... until steve gets here for his lecture.

Gary\_Fullett For those new folks - and there are a lot lately - Tuesday I lecture, wednesday amos cohen (CTA and wyckoff trader for 30 years) lectures, and Thursday open discussion ... i lecture first half, and steve the second half. Also we are on daily, from 630 am to 330 pm cst.

Gary\_Fullett so any questions? comments on wyckoff, markets, ect?

warren you're always good for some trading rules!

Gary\_Fullett will do that as well ... ty ; okay, no q ...

dm I have one -- So, I have this printout about wyckoff, and it shows this pattern ... sign of strength, preliminary supply, buying climax, secondary test, and point of support ... for the up side. I noticed this pattern the other day in the es - and it repeated itself about the next wave actually - I thought it was pretty strange. So if you look at the first chart to the right, the chart on top, there is the pattern right below the point of support line ... the spy chart

Gary\_Fullett 1 min?

dm 60 minute ... it seems like that pattern keeps repeating itself, over and over again ... although when I noticed it the other day, it was on a 1 min chart

warren note that this is a 60 min - and it is frequently the case, in any time frame to repeat ... That's the beauty of Wyckoff

Gary\_Fullett 60 min charts are the best to use - I dont trade the 1 min chart ... too hard

swetz joined.

Gary\_Fullett steve did you want to start? I'm on phone for a few minutes ... so please do your thing, then when done ... i can discuss. Please retrieve steve's charts for tonight

swetz Okay, I guess I am on the mound so to speak ... everybody have the charts posted in the archive section?

swetz okay ; one of the cool things about Tradestation (I am sure other charting services have this capability, as well), but you can link charts, and organize your charts in anyway that you chose. The charts you are looking at, are basically how I look at charts at night - and it compliments what Wyckoff talked about in his course ... where he would determine the relative strength/weakness of a market or stock, by comparing it to an index or group average.

swetz What you see here, is how I do it - on the top, you go the SPY daily and hourly chart ... SPY is the ETF for SnP cash, for you futures guys :) - and then right below it, I have the individual stock chart over the same time frame ... so that I can compare apples to apples

swetz Wyckoff talked extensively about finding the TURNING POINT ... because the TURNING POINT is where the low risk/high reward trades are made. Of course, we cannot always determine the turning point with 100% accuracy ... if we could, we would all be millionaires. Wyckoff also talked about finding TURNING POINTS with the TREND, of those RELATIVELY STRONG STOCKS ... if the TREND was UP ; and RELATIVELY WEAK STOCKS ... if the TREND is DOWN.

swetz personally for me, because of the birth of so many highly leveraged ETFs, that trade the inverse of many of the major indexes and sector averages ... I just use ETFs to play the short side

swetz well anyway ... with this Wyckoff knowledge in our minds ... lets see how we can APPLY this, in the REAL WORLD of trading. With this, I didnt draw the support line on the daily SPY chart - but if we draw a horizontal line across the May low around 87.50 or so, and extend it to the right ... we can see that SPY tested this support area or ice area, 7 bars ago on the daily chart.

swetz we know from Wyckoff, that markets can do basically 3 things when they approach a support or Ice area : (1) Break Under Ice ; (2) Spring ; or (3) move sideways a little while ... like a "resting spell" (as Wyckoff would put it), before sellers eventually overcome the buyers

Peter isn't there a (4) react higher ?

swetz yep, good point Peter ... I just include with the spring, but you are right :)

swetz so on July 8th (the bar, 7 bars ago on the daily SPY chart) - we can see a bar that had increased volume BUT ... the CLOSE was above the midpoint, and SPY made very little net downside progress. From our knowledge of one of Wyckoff's important principles of effort vs. result ... so the effort of the sellers was being met by large buying. we KNOW this, because that is what the bar itself ... is telling us.

dm I don't see the date on the daily chart - u sure u are not talking about the 60 min chart?

swetz dm - the date is not on the daily chart ... but it is on July 8th

dm right, I see it now ... the 9th shows

swetz okay then, so when we see this red flag bar .. we have to start thinking ... we got ourselves a POTENTIAL TURNING POINT ... and it is happening right at a SUPPORT or ICE level. As soon as I see a clue of a potential turning point in the major indexes - I look through my watchlist of stocks - to see which ones are showing RELATIVE STRENGTH. I come across STEC - a stock that has been on my watchlist for about 2 months - we can easily see that the STEC chart, is MUCH STRONGER than the SnP or SPY chart

themick how measure relative strength?

swetz just by comparing the stock chart to the index chart ... like I am doing here

themick quantify?

swetz just eyeballing it

themick visual?

swetz yes visual ... I will share with you, a tip from the Wyckoff course - if you can't determine visually, in 5 seconds or less, that a stock chart has relative strength compared to whatever index you chose to compare it against - then move on to the next chart

swetz we can see in 2 seconds that STEC is MUCH STRONGER than the SnP ... while the SnP is testing a Support area on July 8th ... STEC is still in a STRONG UPTREND. Even though I did not draw it on this STEC daily chart - we can draw a horizontal line across the early June swing high - and see that STEC is holding ABOVE that early June swing high. Also we can draw a SUPPORT TRENDLINE, that connects the May low to the June low, and extend it upwards - and see that STEC is once again testing that TL

swetz from looking at the price/volume behavior of STEC on the daily chart - the up bars have the EOM, and the increased volume ... the down bars have more narrow bars, and less volume. So now, since we got ourselves a very strong stock - that has pulled back in a bullish manner, to a support TL in a very strong uptrend - and we have the SPY showing a red flag bar, that may lead to a TURNING POINT ... now all we need to see, is a TRIGGER to give us the signal to say ... come on in, time to buy NOW

swetz as many of you know, Amos likes to use thrusts as his signal to enter a trade. I do as well, but I dont take just any old thrusts ... I want my thrust bar to show strong buying. So on July 8th, I am looking at 2 timeframes unfold simultaneously - the daily and the hourly chart. I use the hourly chart, to fine tune my entries - if I can - and also to reduce my risk.

swetz so what I do when I see a potential turning point in the major index, like the SnP, for example - I am looking at the hourly swings, and looking at the daily bars themselves - trying to find that moment when a turning point has indeed been formed. On the hourly chart ... what I want to see is evidence of a HIGHER swing low. On the daily chart ... I just want to see upside follow-through.

swetz so on July 9th - one day after a potential turning point at a support level - we get a rally, which you can see on the hourly chart - but that rally did not make much headway ... which you can also see on the daily chart ... because the daily bar was narrow, volume had decreased, and the close was near the low end of the range -- that daily bar certainly is not showing evidence of buying, even though it traded above the July 7th high

swetz so we wait ... we still dont have enough evidence that a turning point has indeed occurred - until finally last Friday, on July 10th - we get a little reaction on the hourly chart. BUT look what happens after declining in the morning - the SnP slowly drifts higher, for the rest of the day - and look at the bar on the daily chart on July 10th ... notice the substantial lack of selling which the low volume indicates, notice the narrow range, notice the position of the close being just above the midpoint of the range ... where is all of the selling? it has substantially dried up - how in the world, is the SnP going to Break Under Ice ... if there is no selling

swetz so not only do we have a daily bar, that has shown a substantial lack of supply at a support area ... we have an hourly chart, that is starting to show a HIGHER swing low. We do not have much more evidence, that a turning point to begin a buying wave has formed. Our stock STEC, has basically acted just like SPY during these same 2 days - both SPY and STEC are in a position to rally NOW ... all we need is a TRIGGER ... a sign of buying to give us the entry

swetz we got that TRIGGER this Monday, July 13th - SPY had upside follow-through to Friday's action - to confirm that a HIGHER hourly swing low has occurred. STEC had a very strong hourly THRUST bar ... not just any THRUST bar ... but a thrust bar that showed upward EOM, closed at the high ... on higher 1st hour volume, compared to the 1st hour volume of the past 3-4 days.

swetz NOW is the time to BUY ... we got the TURNING POINT, we got the TRIGGER ... now it is time to put our money to WORK. No hesitation, no thinking about what the news of the day is, or what some guy on CNBC thinks about the market ... so you buy STEC at \$24.25 or so, with a stop at about \$22.75 ... risking about \$1.50 per share ... to get much more, if we are right about the turning point. Remember, we have picked a stock that has shown tremendous relative strength - if the SnP rallies, this stock should rally much more - which is EXACTLY what it has done over the past week ... rallying over 30% in a week isn't too bad

swetz for the NL folks, on July 8th I gave this stock - as a stock I was focusing on for a swing trade, if we could get a TURNING POINT put in place ... so no hindsight ... okay, any questions?

swetz sometimes it is hard for me, to convey my thought process that I had during those days ... in a coherent way ... so any questions are welcome :) btw, I dont want anybody to be misled into thinking, that I thought this strong of a rally in the markets would occur - I never know how strong any buying/selling wave will be ... but the good news is ... that I don't have to know. All I have to know is ... what the trend of the market/stocks I am following ... where is the turning point ... and do I have a trigger to execute the trade that provides a favorable risk:reward ratio ... by focusing on those stocks/ETFs showing RELATIVE STRENGTH (if I am buying) or RELATIVE WEAKNESS (if I am shorting)

swetz in fact, I have been shorting mostly over the past month or so - thinking that the TR that had been developing, over the past 2 months or so was distribution. It may still be ... but when I see a market form a turning point at an important support area, and I see stocks on my watchlist that offer a worthwhile risk:reward ratio ... I want to climb on board, and make some money if I can. If the turning point, that I thought was developing ... fizzles out ... that is okay. I will just trade the other side - I have no allegiance to either side of the market - I follow my rules PERIOD ... imho, it is the only way to consistently make money

swetz okay all done, go get them Gary :)

Gary\_Fullett whew ... very nice ; i will say this ... steve presents wyckoff, the way it should be - the way he goes about his work - and a great asset to the newsletter, to co-author ... the charts are concise and clear ... and a great asset to this room ; I for one, appreciate his work

Gary\_Fullett any questions? okay, we will continue the wyckoff wave

Gary\_Fullett we talked last week, about the market making a buying climax - that the action is of wide bar action, and high volume - this is where the greed of the market going higher, and no one wants to be left behind - so funds buy new highs, and this feeds up on itself. Remember, the cm talks to each other, thru price and volume - so the cm sees the excessive greed and buying. The market will go higher, as long as it feeds upon itself - the news gets more bullish - and more spec and fund buying. The news at the top is always BULLISH ... u wont get bearish news

Gary\_Fullett At the highs the cm judges the publics desire ... dont forget the cm is long, for a long period of time - and as the buying climax occurs, the cm unloads the rest of his longs. He begins to do this at preliminary supply, as well, but we will get there as we complete the cycle. So when we get the preliminary supply - this price action BEFORE the buying climax - is how the cm talks to other cms, that the end is nearing.

Gary\_Fullett so after the buying climax - when buy stops were hit, and new longs got in - the cm sells his longs to them - so he is flat, or even short (by selling more contracts than he is long, to the public) ... this is what breaks the market. This break take us to the previous resistance ... now support. At the support, this becomes ice support, of the trading range ... the creek is somewhere between the buying climax highs, and this ice ... the buying climax, can even even be upthrusted

Gary\_Fullett the first retest is called the secondary test - and this forms the trading range. This range can be long in duration ... or shorter in duration ... but we know, that the longer the trading range, the more cause built to break. How do i know this trading range is distribution for lower prices - because after the buying climax - the trading range MUST be distribution. So we know that as the trading range is on going, the right side of this trading range will give us the sow (sign of weakness)

dm do you typically draw lines for your trading range? right side ... buying climax and secondary test ; left side ... sow

Gary\_Fullett yes, horizontal ones ... vertical trend lines are not so effective, as the horizontal lines ... MUST be mastered. i draw the lines, thru areas of the most congestion

dm 5 minute chart?

Gary\_Fullett u can chart wyckoff on ANY time frame - works on all time frames

dm Lets say I just want to day trade ... What time frame would work best?

Gary\_Fullett the one that makes u Money ... and it wasnt a joke ... because many cant trade the 1 and 5 min chart -- it makes them make too many decisions, and they get antsy ... as a broker would say, about trading 1 min charts ... lol. BUT trade the time frame, that is most comfy for u - so when u say, what time frame .. make sure it depends on u

dm Thats what you said earlier

Gary\_Fullett for me ; I know the day chart, before the day begins ; I look at the 60 min chart ; and i work downward to the 1 min ... maybe. So start with a 60 min ... and work to the time frame u use

dm you follow the same pattern for the es, everyday?

Gary\_Fullett yes ... i try to be consistent

dm breakit down, hammer ... 60 min to 30 min to 15 min ??

Gary\_Fullett yes ...

dm ok on the serious side, do you have different time frames up during the day?

Gary\_Fullett no i follow the same ones

dm you seem to look at a lot of charts ... ie. copper, es, etc, etc  
Gary\_Fulleth i do ... all charts trade the same time frames  
dm you must have a lot of monitors going  
Gary\_Fulleth i do 5  
dm ok, so what one do u use, time frames, from 60 min down please  
CMan keep it simple and build on it.  
dm I have three monitors, but break one in half  
Gary\_Fulleth yes cm ; 60 min, then 30 min, then 15 and 5 ... but use what works for u ... does that help?  
dm it does ; I was thinking ... you start at the 60, and work down  
Gary\_Fulleth yes ...  
dm then turn off the 60, for example ... or do you flip through different commodities? and leave the time frames  
up  
Gary\_Fulleth the hourly chart is only 1 time, every hour - so u dont have to monitor it so closely  
CMan Why turn it off ... use all of them ... make the chart smaller, then expand it, if you want for each one ...  
19 inch screen, I may have six time frames  
Gary\_Fulleth right cman  
dm now it's making sense  
Gary\_Fulleth u dont have to look at the hourly every 10 min  
dm Whats the best time frame for the wyckoff sequence?  
Gary\_Fulleth there isnt ... works all time frames ... the longer the time frame, more risk and more reward  
CMan Have a great evening ; thanks. Keep It Simple ... it will come in many hours or years ... stay with it. Have  
a Trading Plan and Journal.  
dm Ok, Gary thanks  
Gary\_Fulleth KISS ... keep it simple, stupid ... is right  
Gary\_Fulleth as time goes on, DM ... it will fit like a puzzle  
Gary\_Fulleth any other q?  
Gary\_Fulleth ok, ty ; night

## 2009-07-17 (Tim Ord)

Ord joined.

Gary\_F welcome, Tim Ord ; the charts are posted for the lecture, as i mentioned a few min ago. For those who are new, Tim Ord lectures here on Friday, with some great charts ... and has a newsletter and website

Ord Hi Gary ; Great ... Then I will begin.

Ord The first chart is a longer term view of just where the S&P is, and its in a very important place

Ord There is a 200 day EMA at current price on the SPX, and also the market is at the January highs. To get through this resistance, the SPX would need to show an "SOS" ... This is the place to show "SOS", to keep the uptrend going

marytrader SOS?

Gary\_F sign of strength - a special type of demand. There is a glossary on the site, and we will explain as well

Ord Either the SPX shows an SOS right here, or the market fails. So that is why the SPX is at a pinnacle for decision making, right here.

Ord Lets move on to the QQQQ chart ; I chose the QQQQ chart, because is shows the Wyckoff principals better then the SPX. There was a high volume rally and short term high in Mid May, and then the market pull back. Another rally began in Late May, and jumped the mid May high on much reduced volume ... and implies a false break to the upside.

Ord Wyckoff term is "Jumped creek", but was not confirmed by volume ... and therefore a false breakout. QQQQ works higher into June, and makes a top on June 11, and falls back.

Ord The June 11 high is being tested now, and notice that volume now (compared to the 6/11) is lacking again, and implies a False breakout again. As on the SPX chart, remember this is the place where the SOS should show up ... and so far it has not.

Ord The top window is the accumulative Advance/Decline line, and since june has been showing a divergence.

Ord Either volume picks up here to push through resistance, or market turns down. Since volume is not confirming rally, I still think this is the Second Right Shoulder of a Head and Shoulders top. Price and volume, I believe ... is telling the true story.

Ord I still believe market is making a high here. Are there any questions?

Larry Great charts

kent ty Tim

Larry you dont think a jump here? thoughts on Metals?

Ord If a jump comes ... then volume will need to pick up to confirm it ... and I don't see that happening

Gary\_F I agree on volume, tim

Ord I'm long DGP, but I think most metal stocks will pull back with the SPX

Gary\_F whats dgp?

Ord DGP is Double GLD ... GLD is the ETF for Gold

Peter double gold etf ... thanks Tim, good charts as usual

n It would seem the "SOS" had been the rally, all week ... and is about to expend its energy

n Gold has cluster of closes on 60 min chart, after initial rally ... stalled

Handles tim....are u affiliated with hamzei?

Ord Nope just a good friend

Handles ok cool - i saw u on his site

Gary\_F I met him back with Tim ... he is a good guy ... a trader

Ord I have to go, SO I'll see you next week ... and thanks for having me on.

Ord All the Best, Tim

Gary\_F tim does some great work

Ord left.

## 2009-07-21 (Gary)

Gary\_Fulleth good evening, i'm here ; sorry for being so late ... game took a longer time ; so any questions? I have some good charts - so lets get to those, if u have no questions ...

Gary\_Fulleth lets take the s and p chart ... its the first chart, the es chart actually ; as u can see, we have a defined trading range - 2 weeks ago at ice, everyone was bearish - and a lot of puts were bought, and selling of calls ... so the sentiment was bearish. But u can see from march, the trend is up, so we have a trading range in a daily uptend ... see this? so in order to turn down, we need supply ... and u dont have that

Gary\_Fulleth so from the 955 area, in june, the break was a grind - it wasnt a hard break down, with increase in volume. So when we approached ice, at 870 area ... the ranges became real small. At ice support, if a breaking of the ice was to occur, volume would have to increase to the down side ... and it didnt. So we had a low, and a retest of that low - and a wider bar, and a high range close, 7 bars ago - and the market has been up, ever since ... BUT because we didnt have supply, this market trend is up

Trader\_1 so as long as we dont get supply, we go higher?

Gary\_Fulleth correct ; since the trend is up, we need supply for a cob (change of behavior) - a lack of demand can lead to supply - although, so long as supply doesnt come in ... the market will go higher ... understand? so today, we were down early, and rallied back when no supply entered. So the rally for the last 7 days or so, is sharper than the breaks - this tells u demand is more in control then selling - the speed is faster upside than down ... so the market eom (ease of movement) is up ... so we can buy buys

Gary\_Fulleth if u notice the trading range, we've had now for a while, we are on the left side of the range - so on the left side of a trading range, we should get a sign of strength (sos), or a sign of weakness (sow). The left side of the trading range, tends to be more volatile and wider range ... than the right side of the trading range  
warren you mean right side??

LarryG left side? isnt sow, sos indication that TR will go to markup/markdown, and on the right side before jump or break?

vladamir what price level does this weakness need to get to, to get a change of direction confirmed

Gary\_Fulleth right side ... larry, sorry ; the right side of the trading range gets the sos or sow ; the left side determines the TRADING RANGE ... IS MORE VOLATILE, AS WELL AS MORE WIDER

Gary\_Fulleth well ... under ice, i believe ... the 865 area, vladimir

CMan you got me all messed up with this left and right

Gary\_Fulleth right side, left side ... lol ; am i clear, or should i repeat it?

CMan no

Gary\_Fulleth good ; any q? i sent the 60 min chart, as well - I wanted to show u, the essence of an up move  
vladamir 80 points down ... took 26 days, from around june 16th, to drop that much ... 7 days to move up

Gary\_Fulleth right ... the ease of movement (eom) is up ;

Gary\_Fulleth so any way ... on the 60 min chart, we see a series of up moves - trading ranges, up moves, trading ranges

vladamir\_mishka this move up lacked volume - volume was much greater in march gary - does this mean less traders ... holiday rally?

Gary\_Fulleth ahh, good point ... in summer, volume tends to be lighter. So in march, we had ending action lows ... and now the summer doldrums ... good eyes

Gary\_Fulleth so u can see on the 60 min chart -- the low and the retest, and the demand, and the jump over the creek and demand, then a trading range, and mark up. So move up, then trading range, then mark up ... so u can see the accumulation, mark up, accumulation, mark up, ect ... so any q on 60 min

JWC does the right side markup, look weaker or stronger, than the previous markups?

Gary\_Fulleth looks more bullish to me, jwc

JWC seems like steady, but determined accumulation?

Gary\_Fulleth yes, jwc

Gary\_Fulleth now go to the charts i sent for todays newsletter people, intraday ... worked well today. On the 60 min chart i sent today, I showed the reaction high - look at the high of this chart. Today, u had a bar that closed mid range - the next bar was a wide bar, second to the end, increased volume ... so this was possible supply. As i wrote, I also wrote wrote ... watch the retest ... if weak, we can go lower

JWC but it also held at 945?

Gary\_Fulleth if u look at the left side of this chart, u will see the words ... reaction high ... this was at the 94075 area (which i pointed out in class) ... and we went just under this support ... and this was the low area to be bought for a move

Gary\_Fulleth so this lead to a break, to the next support - the reaction high. So the supply was right, and the support was right ... so the 60 min chart was a proper read ... any q?

Gary\_Fulleth okay ... so after the lows, look at the 5 min chart i sent ; this is a chart, steve probably loves. This is where u cant look at classical wyckoff with volume and price ... BUT u can see the wyckoff action. Look at the lows at almost 11 am ... was a wide bar, with high volume and range. The market didnt have follow thru downside, but was some type of stopping action. So we cant buy that ... BUT we can look at the retest lower ... AFTER the rally

LarryG also at reverse trend line, drawn along the lows

Gary\_Fulleth so we had a retest lower - the retest lower, is what i called a selling climax. Although the range and volume was NOT as the classical sc would be ... but the action was ... see this? the lows were met, with a close off the lows, increased volume ... so we can draw a line across the low at the preliminary support after the selling climax.

Gary\_Fulleth u have a retest of that area - like a reverse head and shoulders, some can call it ... see this retest? was a light volume retest, small range - so i labeled this chart as being bullish - and the market rallied late to 954 area. i see the weekly chart getting to 11000, S and P ... but i can see 962 tomorrow

LarryG gary ; is there anything less bullish, about a rally like this ... that has strength late in the move? not really shown here, but had good rally last 10 minutes of today

Gary\_Fulleth well, good point ; the cm doesnt like company, right ... well they have early weakness ... this induces selling, and longs getting out ... so the longs are out, and cm buys ... and being long, they conduct a rally late, so the longs who sold, buy back end of day ... so as not to miss a move. Its how the cm shakes out longs, so they have intraday shakeout ... this also resolves the overbought condition

LarryG i notice it seems to happen quite a bit

Gary\_Fulleth well, a lot of funds buy a strong close, and sell a weak close ... so u can and do see this ... so many funds operate on the closing basis. So u can see the 5 min chart I sent was bullish, and indeed rallied ... any q?

LarryG seems as long as initial ending action good, and higher highs being made ... is ok to keep, with stop gradually being raised ... but rallies do seem to creep and crawl ... but also do make higher lows

Gary\_Fulleth right ... and within the trading range too

LarryG often fakes me out ... because rally slow, vs prior drop

Gary\_Fulleth goldman sachs ; as u know, the fed working with goldman sachs on various levels, with tarp money, etc. Buffett bought this stock 110-115 area, and immediately lost money ... cm doesnt care to lose money short term, as long as the campaign makes money. Well, u see that after the lows, the market tripled in price, and buffett was rewarded. The stock market bottomed in march 09, BUT the stock bottomed in Nov 08 - this stock established an uptrend, before the stock market bottomed, 5 months later ... shows u the power of smart money ... any questions? on anything ... charts, ect? market thought?

Gary\_Fulleth tomorrow amos will lecture

Gary\_Fulleth i apologise for being late

q excellent as usual

Gary\_Fulleth okay, i will bid u a great night .. ty

## 2009-07-22 (Amos)

Amos Hi ; Ok, here we go ... some odds and ends tonite. Even tho some charts are at crucial phases - i will try to avoid big words - because it tends to "make me" impatient ... which is a curse

Amos first chart is the dow semi-annual ; no matter how many times I go over important charts - I always find some thing new, that escaped my eyes last time. Like book editing - if you ever tried to publish some material - it is mind boggling how many errors you find, again and again - editing is a very taxing job. If you study the dow in the last 9 years, you find some very interesting numbers, that I pointed out on the chart. It is actually a very accurate instrument - and if you believe that this is all manipulated and controlled by the CM - then he is rather meticulous in his/ her work

Amos look carefully at the highs and the lows ; since the first top in 2000, we made sure that each Semi, including the 9/11 and the one that followed it ... made LOWER HIGHS. It is almost imperceptible, and if you do not concentrate on the exact figures - you miss it. But in the same fashion that they were so ACCURATE holding the LOWER LOW in 1987 - they did the same thing here on the semi. Notice the 11401, then the 11350, then the 10679 of 9/11 ... and then on that HUGE rally AFTER the twins - 10673!! you are talking rallying hundreds of points, and getting within 6 (!!!) dow points from the previous high, and then breaking almost 3000 points.

Amos after the low of 2003 - the chart was very obedient on the rally - EXCEPT for ONE bar, which was the second half of 2004. I can tell you that this lower low - was VERY DIFFICULT for me to handle. I was long, trading very well and this bar - put SEVERE doubts in my mind, as to the continuation of the r ...

Amos I get truncated - again because I do not pay attention to the board, only immersed in my thinking ... should correct that. But I hate the enter function ... it kind of cuts my straing (??).

Amos last sentence : put SEVERE doubts in my mind, as to the continuation of the rally

Amos Now I forgot what I had in mind ... shucks ... one second. That was a very important thought, and it got cut ... ahh yes ...

Amos here is a secret for you -- MANY, if not MOST of the times - when a significant bar structure puts grave doubt in your mind - either because it broke support or resistance, or the count is wrong, or whatever ... the TRUTH is being revealed at the END OF THE BAR!!! In this case, it is the END of 6 months - and after 6 months of agony and doubts - very few people have the CLARITY of mind, and the EQUANIMITY of the soul, to judge things coolly and calmly ... but THAT IS EXACTLY what the market is trying to do -- TO SPREAD AS MUCH DOUBT and CONFUSION in the minds and hearts of even the BETTER TRADERS!!!!

Amos Notice that that second semi of 2004 - despite making a thrust - lower low - and thus calling for a "SURE" test of the 2003 lows ... CLOSED AT THE HIGH, and was an OUTSIDE BAR!!!! This is SUCH AN IMPORTANT SIGNAL - I cannot over empasize it ... The MEANING of that BAR expressed itself, or came to fruition as far as the CM is concerned, over the next 6 bars - or three years, if you wish

Amos Another secret -- many times, IMPORTANT BARS carry their message or messages ... MULTIPLE BARS into the future (8-13 bars, in the case of 4 hour charts in FOREX, is quite regular) -- this is a very important sentence - try to remember it.

Amos From that ONE confusing, but CLOSING AT THE HIGH semi ... all the way to the top ... WE NEVER made a LOWER LOW ... UNTIL the END of the bubble. So the question is, whether this good semi friend (whole friend showing in its semitism) is going to continue to serve us now. So the 9088 is the CRUCIAL point ... period. If that level is broken - then - the important chart phenomenon will be the CLOSE of that bar, which will be December of this year. Actually, the number 9088 appeared in this room many weeks ago, as an important point. At the time, I did not believe it would be challenged - therefore I did not pay much attention - but now we are facing this challenge, and that is why I studied it a little more carefully

Amos the picture gets complicated in the next chart - the nasdaq quarterly ; the nasdaq is on the whole, a totally different animal. After all, it came back to 2003 lows - but that is so close to ALL TIME LOWS, while the Dow is some 6000 points away from all time low - that comparing the two, is almost apples and oranges. Also the Nasdaq is still a baby, without enough history to really relate to major levels of support and resistance, with any degree of confidence.

Amos however ... the NASDAQ broke the semi high - and thus creates a different picture. Now the only SIGNIFICANT resistance is the 2000 high of 2 bars ago - since we are continuing INSIDE that large bar. I cannot say anything meaningful about the nasdaq - except calling it "BIG QUESTION", because it can continue another 500 points without a problem. Unfortunately - from this large time frame analysis - the ONLY clear answer will come at the END of the semi ... the way we close it. Unpleasant and somewhat useless at this point - but if you are HONEST to that portion of your analysis ... you have to admit ... IDK ... NMT ... period. There is simply NOT ENOUGH data in the chart to divulge better knowledge

Amos to remain consistent, let's jump the next chart which is the euro (you can see that I printed some of these charts several days ago - when I was pondering them) - so the next chart happens to be weekly euro ... but the one after that, is the OEX ... so let's go there, and finish the dow issue

Amos this is the weekly OEX, and you can see that I marked the SEMI hi above it - 44786. The high this week so far, was 44720 - or did we make a higher high today? don't have it ... correct me please, with the actual high. At any rate, we are very close to the semi high - made on the first of january - and we are also very close to the down sloping 55 weekly ma. Many times, such important momentum indicator - serves as resistance - so we have both ... semi high, AND weekly MA above us ... will it hold? do not know ... but if it does ... then we will know  
KevinA 449.12

Amos thanks Kevin - I see we broke that high today. So BIG question here - is this a fake thrust - or TRUE indicator, saying we are continuing higher ... because of the higher high on the oex

KevinA we did close below, FWIW ... 446.28

Amos The previous accurate analysis was made on the DOW - I am NOT sure how good the OEX is in terms of the punctuality -- it is VERY IMPORTANT to understand, that when the CM is SENDING THESE SIGNALS ... HE DOES NOT DO IT in all indexes - ONLY in the ONE that is important. I know this sounds like very sinister ploy - but that is how the market works - you always find it POST MORTEM ... but this is how it works

Amos also ... next week is 21 weeks of this OEX rally. So we have convergence of 3 factors: Semi high, 55 ma and perhaps 21 weeks rally - that is why on the top of the letter tonite, I wrote ... very crucial corner.

Amos Notice also that - Sell in May and Go away - did not work, so far in 2009. I have mentioned last few times, how I am inundated with letters and invitations to join the feast, DO NOT MISS THIS BULL MARKET stuff - that is really being pounded on the street ... very bad thing. So this weekly picture of the options index, is kind of joining hands with the nasdaq, and we have to watch what happens with the motherlode ... the dow

Amos Go back to the previous chart - the weekly euro ; I marked a large rectangle, and said ... crucial range. Actually, this is one of the longest weekly HINGES we have had in currencies for a long time. This range is made of a key reversal, and a thrust, and now we are testing the high of the reversal. If you did not have previous knowledge, and you looked at the current range - you can easily call it a rather BULLISH FLAG! and most flags get resolved in the direction they were entered! ... they are continuation formations

Amos at the same time, you can see that we are sitting in a much larger range, that is confined by the huge 2 weeks of last december - and you can say we are testing that high, and we are failing. Again, this range in the euro - is somewhat connected to the rally in stocks - I hear so many traders (GVI) using the terminology ... THE STOCK MARKET WILL RALLY ... THEREFORE THE DOLLAR will fall ... it is ridiculous.

Amos the pole of the flag is made of 6 weeks rally. The range is now in its 7 weeks extension. If there is any significance to the similarity - then we should be close to the resolution of this range. Again, the CLOSE of this week should be important - the RANGE of the week, the POSITION of the CLOSE relative to the high and low, will give important indication ... I must admit that my hunch, is playing with me here

Amos Dont know how many of you have enough experience in the market, to get to certain points - where - without being able to PINPOINT the exact reason or argumentation - you feel as a trader, that the market is either strong or weak - NO MATTER what the chart tells you exactly. This amounts to guessing tops and bottoms, which in general is DEADLY - but you cannot escape certain feelings.

Amos It has to do mostly, with an experienced trader "FEELING", or "KNOWING" that we are close, or very close to a moment of CAPITULATION ... and you just have to Watch things carefully, until that happens. I find, in my experience ... that I am ALWAYS way too early -- so I stick to the THRUST METHOD, as much as I can, to PREVENT myself from falling into that pit - of thinking that I KNOW the timing of the CM. But this weekly chart of the euro - looks like one of those points, that is going to resolve itself very soon. We shall see, won't we ...

Amos Next point just happened to me recently - so I share with you - it is one of the curses of point and figure charts ... so jump to the 10 X 3 british pound chart ; you can see that from the 163 to the 16550 level, we rallied quite orderly. When the count at the bottom of 9 filled, and exceeded a bit, then you see a large reaction without a cause - followed by rally without a cause, and a break to 16450. We hit 16307 today ... WHERE IS THE CAUSE FOR THAT ... this is one of the curses of point and figure charts - which, once in a while - YOU HAVE to learn to cope with.

Amos NO program will resolve this for you, since the program is designed to ONLY count reversal of 30 points (10 X 3), AND it is designed to do this ONLY FROM ROUND NUMBERS ... Not even 5!! (35, 45 etc). Then once in a while, you can get many more reversals - CAUSE that the PROGRAM WILL MISS. Therefore, it is a GOOD HABIT to CHECK with a lower figure of box, to see if that happened!!!

Amos The next chart is 9 X 3 ; and you can see that instead of 2 RWC (rally without cause) - we actually got a rather elaborate range, with at least ONE CLEAN cause of 9 ... which gives you cause to 16285, marked by the horizontal line

Amos this is another small secret of this chart - if you want to use it in a more careful way, and not be surprised by a move that "DID NOT HAVE" enough cause ... sometimes it is the FAILURE of the PROGRAMMER, and not the market. This is why working with point and figure - is not such an easy task - and requires a lot of work, and INDIVIDUAL JUDGEMENT ... NOT AUTOMATIC, and most people refuse to think

Amos Is this a crucial problem? NO ... most of the time, these instances when the machine misses important reversals - it is negligible - but it is GOOD to know that this problem exists, and once in a while it can save you agony and money. Actually, to be honest, on long counts - when you have to go to the DAILY data bank of your data provider, you miss many smaller reversals - but on very long charts ... Big counts have quite an amazing validity

Amos Next two charts are large counts of dow and nasdaq ; they too exemplify, the CRUCIALITY of the point in time we face in the markets. If you count the 7 from top - we did not fulfill it. Then we get a straight run, which catches most traders off guard. If you do count the 5 columns as cause (thus looking at the last decline to 8050, as small Selling climax), you get a clean count to 8850 ... we hit 9000. This kind of a strong run, is very clearly either a buying climax, or an indication of great strength ... that should continue much higher - again we are faced with the point in the market and the semi chart ... 9088. If, per chance, this is a buying climax - then we need AR, and cause ... we shall see

Amos the next chart is the nasdaq - largest count - I do not use higher count than 1000 X 3, and you can see that a count of 5 calls for 1550 ... and we already hit over 1570. Both the nasdaq and the dow - experienced a very strong rally in a bear market - and quite often, this is hypodermic of the nth degree -- so again, we need to see what happens here. Whether this is indeed a hypodermic or not - the higher we go here - the WORST will be the next decline ... just remember that

Amos next chart is the bonds ... interesting chart ; we trusted the multi year uptrend line on the monthly - was shown a while ago. Now we are testing the lows, and next week - if we get a thrust - that will be a thrust after kr on the weekly chart, that will call for at least a test of the recent high around 122 ... and if we take out that high ... the road to 130 is almost open. This is the FIRST TIME in many moons, that the BOND chart starts to INTEREST me ... because of the structure. Again, a weekly thrust NEXT WEEK is a good buy ... with stop below the recent low

Amos next chart is the dollar daily ; actually, it is the mirror of the previous weekly euro. Today was 34 days of this range. The market gave a buy signal at the beginning of the month, by doing a Steinhardt above the high of the first day of the month. That was negated ... and we are now testing the June lows. There is nothing to do, until you get a DAILY THRUST - but if we get one ... it is a WORTHWHILE long. Notice that open interest is very small, and just started to increase. Since we are in a 34 day range - the stochastic is worth watching, and it is quite low.

Amos I know that everyone is currently rather bearish on the dollar - although you cannot find anyone bullish on the european currencies (some say that the problems in europe, are much more severe than in the US - but that is fundamental - and garbage, as far as I am concerned, because NO BODY REALLY KNOWS). At any rate, the shortening of downward thrust is important - and a daily thrust is the minimum one needs to go long!

Amos Next chart is cotton ; I noticed that the monthly chart made a nice 50% recovery - in 8 months. This is an important point, and one should NOT be long cotton here. To go short - I need a thrust. Notice that cotton dropped for 8 months, and now rallied for 8 months ... kind of a nice T shirt

Amos Last 2 charts for tonite, are 2 of the hotties ... the Sachs and the Apple

Amos Goldman Sachs semi, looks exactly like the nasdaq - made higher higher high, while still inside that large bar from 190 to 50. Now I have to admit - that this is one of those cases, where I simply cannot escape the fundamentals. Every forum - from susan's to GVI political section - is SHRYING how those fakker stole the grinch, and robbing us right and left, and using our money to make fortunes ... RIGHT ... this is the ROLE OF THE MARKET ... this is a FOOD CHAIN, and those guys are at the TOP!

Amos so whatever GS have done for themselves - you can bet your bottom dollar, that a good portion of it went (under the table ) to Pelosi and her friends. We are being toyed and manipulated with - and some people with more inside knowledge, are raking most of the money. This rally in GS - is as bogus as the previous one to 200 ... no difference. If you ask me to guess - the real picture that i glean from that chart, is that NONE OF THE BASIC problems of the GREED that grappled this capitalistic system, has been purged and cleaned ... and we are in for many years of bloody battle with those POKER THIEVES. I see that Michael Lewis keeps writing his clever articles (I still carry with me a copy of THE END, to show to interested parties), trying to expose corruption and lies ... to no avail

Amos from a purely technical point -- GS is not tradable - because if you drop 150 points, and rally back 100 points without ANY PREPARATION - you KNOW that this is NOTHING but bullshit manipulation, and I, for one - LACK THE TOOLS to handle such moves. Sometimes when mountains move - you better run aside, so you dont get GRINDED BETWEEN THEM

Amos However - once we get a MONTHLY, or even a WEEKLY THRUST to the down side - expect a serious reaction ... why? because ALL THE SHORT HAVE DIED BY THEN !!!

Amos Last chart is AAPL ; same picture - and last two days was even a nasty fake. We had a daily thrust yesterday, just before a bullish report, and a gap higher today. Not much to say about this - only that if you want to survive such movers - you better look at the weekly chart, before doing anything. Notice also the important fact ... that BOTH GS and APPL, are right now in the MIDDLE OF THE HUGE range on the SEMI chart ... Middle of range, is the point with LEAST LOK (level of knowledge). Therefore, if we start getting some serious, severe GYRATIONS in these two (you probably can add the BIDU and the RIMMS to a lesser extent) - DO NOT BE SURPRISED - because this is the NATURE OF THE BEAST ... MIDDLE OF RANGE, is RANDOM by definition

Amos so I am getting a confused picture ; On one hand, the DOW is very close to its 9088 High of the semi ... calling for topping. I get MIDDLE of range from the NASDAQ leaders, but also penetration of the semi ... calling for strength. Not a very easy picture - and it is also rare to get this at the HEIGHT of summer, which should be much more DOLDRUMMY ... but such is life

Amos I am done ... Haook ... open for questions ... please slow down, not such a gush warren well for starters -- would you advise buying puts to protect these high flyers?

Amos buying options only pays when the move is on - not while you are building a top or bottom ... because the market, more often than not, will wait until most of the early birds will die warren however puts are fairly inexpensive insurance

Amos I am not such an options expert, to advise about puts

aussie\_paul Amos, do you think the dow is killing the bears right now? Or has the CM made so much, that they could afford to toy with us little bulls?

Amos Paul, not only killing them, defecating on them ... I have not seen the CM bank statement lately

aussie\_paul So I guess they want to kill all the bears, before changing sides ; Bank statements ... LOL ... thanks

aussie\_paul Amos ... do you read market depth, when you trade FX?

Amos I prefer to work with 100 delta ; No paul, I do not read market depth, but market often shoves things up MY DEPTH

aussie\_paul thanks ... Just read Wyckoff Tape Reading book ; how do you take into account, the lack to depth at certain places ... eg for stops? Do you miss the initial move in strength then ... ? If you don't read depth .. for certainty of move, which shows up in chart.

Amos there is no such thing as "missing initial move" - this is one of the curses of trading. If the move is on - who cares for its INITIALITY -- NEVER MAXIMIZE PROFITS ... ALWAYS MAXIMISE CERTAINTY OF TRADE!

aussie\_paul yes ... my market usually swings around again, just when the move gets going. The CM wants to shake all the little traders out ... usually ... but I understand your reason ... thanks

Amos the CM has INFINITE PATIENCE - both in TRADING RANGE, and in TREND. Does not pay, in the long run - to OUTGUESS HIM ... but to GO WITH HIM

aussie\_paul Amos: Doesn't that just show up in the depth and course of sales? If bid would be stacked up, while the ask is weak.

Amos depth and course of sales? - do you work for SEARS?

aussie\_paul lol ... tape reading ... they can't hide their purchase once it's done ... Time & Sales I mean.

Amos I am sorry, paul - I do not remember those terms - I am sure the book means well - ignore my jokes ... they can HIDE anything they want!!!

aussie\_paul right ... they can

Amos This is how Rothschild made his fortune ... by HIDING his buying, while everyone thought he was selling

aussie\_paul Amos, u are right ... the only way I can see them do that, is during capitulation ... It's like when everyone is in a manic panic or euphoria ... when everyone wants to buy ... thanks amos

Amos again - next week may be important ; if thrust the bonds - and the dollar ... so pay attention ... I WILL. Don't forget - the market spends much of its time, CONDITIONING us to THINK a certain way - and then it does the opposite ... this is the ESSENCE of manipulation. If no more q - then I go back to sleep - ok, gn warren many thanks again, Amos

Gary\_Fullett we should watch the markets that amos talks on. Amos is top notch folks ... appreciate the work

aussie\_paul 38 is a nice fibo number if you move the decimal place ... 0.38 ; Gary, can you please post amos' talk, so that I can review them when my market closes? in 3 hrs time...?

Gary\_Fullett they will be posted by early tomorrow, unless i can get kelly to do it now ... but u will owe me, lol

aussie\_paul thanks mate ... take your time ... It'll be your morning, when I get home at 10pm tonight. I owe you heaps ... LOL ... Can't wait to buy u that super size coffeee, when you come down to melbourne ... Let me know, so I take time off to show you around ...

Gary\_Fulleth one day i want to get there ... lots of sheilas, i like to see ... i want to see the roos  
aussie\_paul Roos ... in the zoo or 1 hr drive ...  
aussie\_paul Where r u guys? Which state I mean ...  
Gary\_Fulleth illinois ; i live in the burbs of chicago ... lived in the city, all my life ... great city  
aussie\_paul been to chicago - went there to study, 3 yrs ago. Loved it ... Sears tower ... Hancock building ...  
Gary\_Fulleth they renamed it xlal, the willis tower now ... not sears  
rs Just throwing this out. CZ today had four forms of selling, and at about 11:00 ... failed to to press lower, and  
SUSTAIN it. A buying tail developed. With the market leaning this hard lower, this is a good rally to buy ... and  
'go with' that is developing. One good spot to consider, is the TB bottom of 32  
Gary\_Fulleth the dec corn ; went to a point and figure - to the 315 area - so we used the count, down side up  
Larry Rs what do you mean 4 forms of selling?  
rs A selling tail. Early entry selling (high made on initial ticks). Range extension lower (probed lower after range  
established midday). TPO type selling, that is most of the activity was in the low range of the market  
rs When markets lean this hard, a shift in the opposite direction is a good 'go with' trade. The market STILL  
favors the buyer. This means the first move should be to short. But for the gutsy, going long on a short term 3266,  
is the low of the earlier established "trade bulk."  
Gary\_Fulleth ty ; very interesting – RS, what methods do u follow?  
rs Peter J. Steidlemayer developed a lot of them. Then I came up with my own from that.  
Gary\_Fulleth good ; i followed the market profile ... and it seemed that that was it. It fits well with wyckoff ... it  
is a nice model to follow ; ty for sharing, rs and the rest  
Larry Gary was great in class, today - as Amos explained that the funds sold the opening, and a rally then  
happened, and a retest lower - so was nice to see  
Gary\_Fulleth anything i cna answer tonight?  
Gary\_Fulleth the room has been expanded to 100 people now ; we hit 50 per day now, so expanded the size  
Gary\_Fulleth tomorrow, steve swetz and i will lecture  
Gary\_Fulleth okay, good night then ... ty

## 2009-07-23 (Gary / Swetz)

Gary\_Fulleth good evening ; we will review some charts, and then open discussion - will do charts from the newsletter - I will do these charts, and maybe make it an early evening ... first, any questions?

Gary\_Fulleth okay the s and p chart ; these are the comments that i put with the charts, coming into today ... first, what is the trend? up from march, right

dm we looking at today's chart?

n The charts are as of yesterday's activity?

Gary\_Fulleth yes, n ; I wanted to show the chart going into today, so we can see if the commentary was correct, and the thought process. Okay, so we know we are in an uptrend, since march lows, after a horrific decline. I want to focus on the trading range that the market was in, the 870 area to 955 area

Gary\_Fulleth at the ice support - 870 area - u see 2 bars, that were very small range bars ... see that? this was option expiration week, as well. When u get a breaking of the ice, or a jump over creek ... what do u expect? You expect a sign of weakness, selling, to break ice ... or a jump over the creek, resistance

Gary\_Fulleth did u get that at ice? No ... u got the opposite, in fact. So this was a sot (shortening of the thrust) of sorts - so this is why u got the reaction on the retest at ice, at the 870 area. So in an uptrend, we can expect ice to hold ... which this market did, and the rally to creek. So that is where this chart ends ... yesterdays close

Gary\_Fulleth I wrote that we can break tr - we can rally because there was no supply. Well today, we went above this creek area - u can see that at this creek - the lack of range, and the lack of supply ... so the market is accepting prices. When a market rallies or breaks, it is accepting prices if it stays in an area - in this case bullish - understand?

Mack very clear

Gary\_Fulleth okay ; rs, did u have an s and p comment?

rs Just thought I'd throw out a note on ESU. Today the market TB was not established, until a big push hit the screen. The bottom is 971 or so. In overnight we are under that by a lot. Generally, this market is in a run. The earnings news can breed a good spot to get in. The previous TB high was near 956, so any pullback early near that, is even better. At 64 tonight, this is clearly under the market. Thus by buying here, a trader can actually buy under today's market. The sellers did not concede today, and have not since the run began

Gary\_Fulleth what is TB please?

rs The shortcut to "Trade Bulk".

Gary\_Fulleth ty ; appreciate your work ... which method do u follow? it is top notch ... one of the few i read at market forum

rs I actually developed my own. Some of it is parallel to others' ideas I find, but a lot of it is not.

Gary\_Fulleth it seems a tad your own the terminology and thought process

Gary\_Fulleth okay ; the other chart i sent with the es, is the nas - s and p spread ... i show this quite often in the newsletter ... the nas tends to lead rallies and breaks, as u can see

Gary\_Fulleth look at december, the low of the spread - yet the market didnt bottom till march of 2009. So we can see, that this market rallied almost unabated, and has not even stopped at resistance much. As long as this spread goes higher, the market will also ... so we see the clear uptrend, and the bullishness. Even when stocks broke back to ice, this spread never turned down ... understand ... any q?

Gary\_Fulleth okay, last chart ... wheat ; wheat is undergoing harvest, i guess now - so tendency is to be weak into harvest, and stronger as the harvest completed. So i was looking for some bottoming action -- we had a reaction low at 540 area - look at july 13th or so ; we then had a rally on an increase in volume - this can be short covering, or may be the beginning of demand ; after this bar up, we had a few sloppy days for bulls - highs were much higher, and the closes were mid range - so there was selling that was going on. This is what those mid range closes say ... closes off the highs, say selling.

Gary\_Fulleth so if selling, this increases the odds of a retest. Well, the news yesterday was the catalyst for this retest. So yesterday was a fairly decent break - the volume was high. So yesterday - wide bar, increased volume - but notice the close ... was a retest of ice, and a mid range close, with high volume ... so some buying. So this is why i wrote ... expect higher price today ... and the market was about 10 cents higher

Gary\_Fulleth ... any questions? comments?

Mack none here ... great charts

Gary\_Fulleth great ; when we read a chart, we always want to see if the bar action shows ... more demand or more selling ... more buyers or more sellers. We are judging the behavior. We look at the position of the close, many times to see if demand (buying) or supply (selling). Every time frame, u have this battle - bulls and bears - buyers vs sellers - duking it out

Gary\_Fullett even a bull run will get corrections - it may appear as a change of behavior in the trend - but in reality, a market has the right to correct. These corrections tend to be 1-3 bars, or maybe 3-5 bars. This is where Elliot got his substance, the wave structure, so that's where I think Elliot got it. But where Wyckoff differs, is he doesn't follow wave structure, per se, but he follows price action and volume ... and most can't read price, or especially volume ... and with Wyckoff, you must have price and volume ...

swetz joined.

swetz howdy :)

Gary\_Fullett hey, Steve; I was just finishing charts, and I was just talking a tad Wyckoff. Okay your charts are posted - if you hit the refresh button on the browser, you will get Steve's charts for tonight ... so please if you will swetz finish up what you are doing

Gary\_Fullett I did ... I finished charts, and didn't start a new topic ... I was just talking filler

swetz oh ::ohmy; does everyone have the chart posted?

swetz ok, the daily chart of STEC is being revisited, after first looking at it last week, to show an important concept -- the important concept is that, we DO NOT have to PREDICT market direction to make money ... all we have to do, is understand what is happening in the market currently, and be flexible enough to change our minds when we need to

swetz the chart that you have is the hourly chart of STEC ... not daily, sorry. The buy entry bar is marked, and from that point, not one daily bar traded below the low of the previous daily bar. In fact, just by using trailing stops, which is what the horizontal lines below the support points of the little reactions, within the buying wave that was unfolding represent ... we were able to capture most of this move up, before being stopped out today

swetz did we know that STEC was going to make 8 higher closes in a row, on the daily chart ... of course not ... but just by identifying on this hourly chart, where the support points were ... and trailing our stops, just below these support points ... we just let the market do its thing ... any questions? do you understand why there is no reason to predict future market action ... success in trading, is about identifying the trend, which is can be done in real-time

Mack very clear

John none so far ... great, Mr Swetz

KevinA You don't always use that tight of a stop - correct? Why did you this time?

swetz Kevin - STEC had already made a huge move, there was not much cause built in that little TR, from 6/19 to the buy point - and believe or not, I thought the rally from the 7/10 low would be weak (I mean the rally in the major market indexes) ... so I didn't want to lose much paper profits

KevinA ok - makes sense ... great trade.

swetz Kevin - you are right, that I would normally not keep my stops so close

swetz ... then after identifying the trend, the next thing to do is ... identifying how strong or weak the trend is. By the way, there are 3 trends ... sideways or TR is a trend too. Wyckoff has given us some great tools, to help us judge the strength/weakness of trends - the 1/2 point, the SOT concept, using support/supply TLs ... which comes straight from the Wyckoff course. There are other tools like vertical supply/demand areas, spacing too ... that are based on Wyckoff concepts.

swetz Wyckoff talks about the 9 buying tests and 9 selling tests, to help diagnose whether a TR is accumulation or distribution - these tools help the Wyckoff student, to better analyze the alternating buying/selling waves, to determine how strong/weak a trend is ... and if the trend is getting stronger or weaker, as it progresses.

swetz for me personally, I basically keep it as simple as possible, by applying a very simple process :

- (1) identify trend over the timeframe I am trading, and the next higher timeframe
- (2) determine the strength/weakness of that trend, and is the trend getting stronger or weaker
- (3) then focus my buying efforts on relative strength leadership quality stocks, and focus my shorting efforts on relatively weak ETFs
- (4) identify potential turning points in the few stocks that have met all of my criteria
- (5) once I identify what I judge as a turning point to resume the trend I am trading, I look for a trigger to actually place the trade

swetz just 5 steps done over and over and over again ... if I have a 5 stocks that are all in a buying position after applying my 5 steps, but I only want to buy 2 stocks ... then I pick those 2 stocks with the best relative strength, and most cause built, if buying ... or the best relative weakness, and most cause built, if shorting

swetz I know it can be easy to let other opinions - whether they come from TV, the internet, the radio, or your best friends - to affect your trading ... BUT you CANNOT let that happen. You MUST have a set of rules that you follow, totally INDEPENDENT of everyone else's opinion. By the way, the turning points that I talk about are to Wyckoff traders in the form of ... springs, test of springs, UTs, test of UTs, backups to creek, and rallies to ice, LPS after SOS, and LPSY after SOW

swetz these are terms developed by Bob Evans, one of the great teachers of Wyckoff

swetz but all of those terms boil down to one thing -- they are ALL TURNING POINTS to resume or begin a trend ... any other questions? :)

KevinA Do you find your entries to be earlier or later than the William O'neil / IBD entries? A cup with handle, etc

swetz earlier ... O'Neil entries are basically JOC entries to Wyckoff traders. The Wyckoff trader is trying to start buying on the LPS after SOS, which many times happens before the JOC, or start buying a spring or test of spring. The O'Neil trader would not have started buying STEC, until it reached \$26.10 ... the Wyckoff trader was already buying this stock at \$24.25 or so ... this Wyckoff trader did anyway :)

swetz okay if no other questions ... I wish everyone much trading success :) gn to all :)

KevinA thx Steve ; gn

swetz wake up Gary :), gn to you too

Gary\_Fullett IM HERE ... sorry

swetz just messing with you

Gary\_Fullett was reading what you were saying ; ty so much, sir ... u won tennis, and u traded stocks ... what a night ... ty, steve

swetz lol ; gn Gary :)

Gary\_Fullett good night all

Gary\_Fullett left.

## 2009-07-24 (Tim Ord)

Ord joined.

Ord Hi all ; Can I begin

Gary\_F yes please

Ord The first chart is the weekly spx chart.

Ord The Head and Shoulders pattern that I thought was forming, is not the case. It now looks like a Broadening top, which has the same measurements to downside

Ord Top window is the Weekly RSI

Handles what downside ... LOL

Ord Seems you dont agree ...

Ord The top window is the RSI ... actually is the bottom window ; Bull (bear??) market tops have resistance near 50 range, and it's there now. If the market continues up, this this chart will turn bullish.

Ord The third window from bottom is the MACD, and bear market highs form when this indicator is near "0", which it is now.

Ord The Bollinger Bands and the 43 week EMA is resistance ... the SPX is running into that now.

Ord The top window is the Slow stochastics, and is in bear market territory ... which is at 50 or below.

Ord Therefore, to turn everything bullish ... the rally has to continue from here, right now, or it turns down.

Ord Next chart is the 60 min tick, on a 100 period moving average in the top window

Ord The second window down is the RSI. I have circled in blue, when the RSI is above 70, and the 60 min tick on a 100 period ema is over 150. The market reached that level yesterday.

Ord It's interesting that most traders have turned bullish on yesterday's rally.

Ord Also there are cycles that come in right now. 9 month cycle, bradley indicator, and well as the equalnox (equinox??)

brad gotta like that bradley indicator ::wink ::smile

Ord Also notice the volume on this expanding Broadening top

Ord if volume picked up past 275 million on the SPY yesterday, I would have turned bullish ... but breakout came on 13% lighter volume.

Ord Sentiment has switched to bullish - which is bearish - just in the last day of trading.

Ord See you next week. All the Best, Tim

rhonda Thanks Tim

Ord Thanks everyone

n ty

Ord left.

## 2009-07-28 (Amos)

Amos Hi ; ok here we go ... since I continue to encounter, at least in some of the forums I visit - a lot of anguish and even cantankerring (sp?) - I continue to discuss this issue. I am pretty much convinced, that the most important force in the market now - is that vague, Max Pain Theory, and we shall see if this is true.

Amos I bring an example from GVI (which has some bitter fights last few days - which, invariably, is associated with an extreme phase of the market) ... the guy I am quoting, is not the brightest and the best trader - but not the stupidest either - so I pay some attention to what he says, and his quote is : "I guess by now, most professionals have bought their put - options for next big slide in stox and Dow. Normally in such circumstances, the rule should be, that we are in front of a huge unlogical WALL OF WORRY, which is gonna be surmounted, next 2 months of so ... the surprise would be that the dow rises till early OCTOBER, into the area of 10600-11100 (amount 20% !!) ... then I say: OTOH, the urge for public to jump long, is greater than in a long time - WHO IS RIGHT?"

Amos this is the curse of the PRETZEL ... we tend to double think, and try to decipher the "wisdom " of the market ... and we put ourselves in binds. I used to do it galore and, alas, still do it from time to time - but it is a curse. When you are, say, above average trader, with enough experience under your belt, and you happen to miss a significant move in the market (as this GENEVA GUY obviously did) - you tend to KVETCH yourself into some convoluted serpentine, and double think.

Amos this guy thinks this way: all good traders KNOW that the market is overbought. Them guys MUST be heavily short into the next correction (most probably he is in that crowd) - the "MARKET" will punish those smart but early guys, and will continue. This will justify in his mind, all his losses so far on the short side for the last 3 weeks. We tend to build "pictures" of the market, that MOSTLY have to do with our OWN mistake and psyche - and RATIONALIZE irrational moves. The smarter you are - sometimes - the more convoluted (and, of course, DISTORTED) is your "logic".

Amos In other place, my sense is that MOST traders think that the economy has bottomed, and if you do not jump on the wagon - you will miss the boat. Who is right? I try to look at the semi and yearly again, and will think aloud - you can draw your own conclusions. The main point is that we are at the end of July - and again, those who sold in May and went away - did NOT fare so well this year - and the main question is ... at what point does the market suck enough suckers, in this first rally off the bottom, that the next reaction will ATTRACT MORE BUYERS that will be HAPPY to get in ... because the market gave them another chance

Amos First chart is the Dow semi ; the 9088 was taken out - so on the semi chart, it is not lower high any longer. This is tough ... because on this chart ... there is really no way to know, where the next MAJOR resistance is. This is one tough spot, and you cannot be short the market until you get a signal. The guy from Geneva is guessing the 10600 to 11000 area, which is sort of the juncture of the 2 MA ... the 5 and the 21. This is NOT out of the question in this chart - so my argument with him, is not the POSSIBLE level the dow will climb - only his distorted view, as if he knows what the "SMART SHORTS" are doing or not.

Amos we had 3 bars down, and we are having one bar up. One of the better traders I know, has a method of measuring strength and weakness of moves ... by the ratio of the bars. 3:1 is one of his strong indicators, then he has 5:2 and 7:3. Do not want to get into this, because he never shared with me the full story. I just know that he used to blurt these numbers, when we were trading together, and I was surprised to see how often they were right. Of course it depends a lot on the PHASE of the market - how strong the trend is, or how long the range is etc.

Amos We do not know how this semi will end, but as I said last time ... when I pointed out that the high of 9088 was significant -- ONCE we break this level - the most important number, is the CLOSE of the semi annual bar. Sure ... this will be 12-31-2009 ... what do I do until then? Well - sorry for this - but on THIS TIME FRAME - this is the ONLY TRUE knowledge you get ... such is life, and it is not always a bowl of cherries (and even then, you are in the pits - for those who remember the great Erma Bombeck). If we close much lower, then this higher high was a sinister FALSE THRUST. If we close around here - then any serious decline will occur later, or even much later - and that geneva guy will be right.

Amos The next chart is the dow transport. I have discussed the dow theory several times. In 2003, it gave a contradicting signal when the Transport looked weaker, and even made a LOWER LOW - (8th bar from top of 1999, for those who do not see it on the left side) - in 2003, which turned out to be a HUGE SPRING! Then the transport gave a large okr in 2007, and then a very misleading signal beginning of 2008 - only to crush like all of them. However - it is good to continue to compare the two indicators - because we may, just may, get a good clue as to the next phase of the market. You need patience and calm ... but it can help. Turns out that the DOW Transport ... did NOT thrust the semi yet. So it shows Relative weakness at the moment.

Amos Of course, the fundamentals will say - Just wait until all those billions start pouring into the INFRASTRUCTURE they MEANT to be putting in - all I know is that it is weaker. So we have DISCONFIRMATION of the DOW THEORY. I do not know how to trade this. But I know that I am going to continue to watch the two, and eventually it would give a wonderful signal ... much the same as it gave, in second half of 2003. If you watched the transport, then the MOMENT it gave a thrust on the semi - AFTER THAT HUGE SPRING - you could have bought stocks around DJT 2500, and stayed until the SECOND HALF of 2007 ... because it KEPT MAKING HIGHER LOWS!!!! If you do not get the message of the last sentence - then I can only feel sorry.

Amos Next chart is the Dow YEARLY. You can see that we broke the low of the last reaction (2002), and in the larger scheme of things - we are in a multi year bear market. We broke the 21 ma, which should be support in a TRUE bull market, and now we are forming a reversal on the yearly chart to the upside. This is why the CLOSE of last year - 8776 - will be a bone of contention, come end of 2009.

Amos I have no idea how the next 5 months will end - but I have a strong hunch, that if we do not run far away from where we are today - then that figure will be toyed with. This is how I am going to measure things, come december. I am sure we will touch upon this later in the year. Anyway you look at it - on the yearly chart, this will be only the SECOND bar of correction of 25 year bull market ... which will be making lower highs ... Important point ...

CMtheinsultDog Amos, "to move far way", would mean another large range bar, but to the upside" ... would we expect that, point being you may be right

Amos CM - I don't know, and I try to expect as little as possible - even though my intellect ACHES to "expect" - predict - I simply do not know how to answer you.

CMtheinsultDog fair enough

Amos Next chart is the british pound ; You tell me what is the trend? The most left bar on the yearly British pound, is the SOROS fame. This is a side issue, which I have talked about many times in the past - and right in front of your eyes, you see a good example of this: CQG is one of the BETTER graphics vendors, certainly one of the most expensive. Now look what happens 1.1.2010? NO one who pays regular fees (i.e. does not pay EXTRA for extended history) will know that SOROS even existed. THEY WILL NOT SEE IT ON THE CHART ... the yearly chart of the BP, come next year, will start at 140 ... and everyone will SHRY (SAY??) ... TRIPLE BOTTOM ... and will not know, that it was above 2, just 15 years ago

Amos This is a curse, but in my opinion ... PART OF THE MANIPULATION of charts and public. The CM makes sure, that you will NOT have too much of PAST BEHAVIOUR on the charts - he simply wants to keep us in the dark, as far as real points of support and resistance are - which yield some of the MOST RELIABLE TRENDLINES you have ever seen.

Amos THE CM lives on a much different time frame than most of us do - and he makes sure, that significant knowledge is REMOVED from public eye. There is NO REASON to give us only 10 or 15 years history. The smallest DISK ON KEY today, has hundreds of GIGABYTES on it - MEMORY IS NOT A PROBLEM, as they want us to believe ... but they certainly want to SHORTEN OURS !!

Amos now that I have vented my anger at data vendors ... i have some rights to do so, because I used to fight the Denver guys of CQG, at every CHICAGO convention - to do things right. I was the one who fought with them, to put TOTAL VOLUME on their daily chart. It took me about 3 years to convince them. I also fought about their point and figure charts - but was not so successful. We are talking pre cambrium time, folks - 1990 - stone age.

Amos at any rate, the british pound negated 15 years of action in the british pound (funny that there was no George Soros this time), and is at 25 years low. We are bouncing nicely off that lower low, and I will ask again - can you distinguished members of this room (39 steps, famous movie), tell me what is the TREND ... RIGHT NOW? I am waiting for an answer ??

dm down

Peter sideways ... trading range

Amos we just rallied 30 handles on the pound - the only ones who are in the money, are the longs right now - yet you say down to sideways ... this is exactly the curse, of the manipulation of time!!! this is why trading ... is so difficult

Peter are we talking about the annual chart?

Amos yes, peter ; that is the chart i was talking about - the chart that will lose soros, next year

Peter 30 handles is nothing on the annual

Amos this is a very crucial aspect of trading -- if you are not in synch with market phases - and you get caught in a counter trend move, and you look on a large time frame - you really need DEEP pockets to maintain your view. On one hand, this is indeed where LARGE money works - but large money, can withstand large drawdowns - that is a luxury that most average traders cannot

Amos so, even though I like to look at the larger picture - I must remind myself again and again - that the MESSAGE from such charts, can and is quite often ... UNTRADABLE ... and long term strategies, MUST BE ACCOMPANIED with MANAGABLE tactics!!! vague sentence ... but very real

Amos next chart is semi euro ; again - what is the trend? we had huge OUTSIDE KEY REVERSAL, first half of 2008 - but closed in the middle - so that calls for 2-4 bars of RANGE. Indeed, you have some good forex traders, who are calling for another run to 160. Others call for 131 to be visited again soon. Notice that we have rallied in the euro for about 7 bars (3-5 years), and we have broken the last low - so the trend is NOT bullish any longer.

Amos also - after 7 bars - even a strong structure (going back to that method of my friend, I mentioned above, of counting bars ... 3-1 7-3 etc), calls for 2-3 bars, counter move ... so the tendency should be towards further correction in the euro. But - we are sitting here, 2 months into the semi bar - and if you notice the last few weeks ... we STOPPED!!!! many markets are not moving, last few weeks (except the stocks). This is another painful aspect of the market - it can move at will, and stay at will, and it takes us quite a while before we catch the fact ... that the winds have changed

Amos next chart is about that - daily soy ; I called it ANNOYING RANGE. Of course you have all kind of names for such phenomenon - summer doldrums, August will be the same, Low liquidity - you name it. If we knew ahead of time, that we are entering a range - then we can make as much money as traders ... in the range!!! I once showed you, how by using the thrust method on the 4 hour chart, you could have made in 2 days in the euro ( I think it was around 140-145 at the time, not sure), as you have made in the previous straight line move.

Amos This is one heck of a question for traders - Since markets spend most of their time in ranges - should we really look for trends? From a business point of view - this is a very important question. You wait for the "big move", while the market gives you so many opportunities to make money in smaller moves (with smaller stops) ... so who cares about the trend? This is always a big question, and cannot be answered as one sugar lamp for all.

Amos The truth is that our EGO craves large moves - it shows how big we are - after all, every one can scalp the market - it takes a SOROS to make a billion, in one good move. I can bet you that Soros and Drukenmiller and other great traders - made more money in ranges, than in big moves - but then, what will you tell the grandchildren - that you scraped a few million here and there? no heroism in this ... Another curse of the market

Amos In the last few days in the currencies, there were so many opportunities to take moves of 50-100 ticks, again and again ... ONLY if you GAVE UP ON THE BIG MOVE!!! What keeps us from making more money, many times, is that we - DO NOT WANT TO take profits - LEST WE MISS THE NEXT MOVE. In the long run - this approach is NOT too smart ... It is IMPORTANT FOR OUR EGO!!! but it is not very healthy for our pocket.

Amos So what do you do with the beans? Notice that we have convergence of the 5, 21 and 200 ma (strange but real), notice that we have trended down for about 16 days, and we have been in a range for 16 days - so there is a chance that the range will break (either false or true) ... but so many markets have been experiencing SIMILAR behavior last 2-3 weeks - that you must ask yourself - HOW DO THEY KNOW TO ORCHESTRATE this? If you do not believe this is orchestrated - then you do not ... I am SURE they twitter each other ...

Peter lol

Amos Next chart is the dollar ; again, narrow range last 8 weeks, which broke the lows today, and seems to want to spring it - a good thrust after the KR, 8 weeks ago, will be a good long signal - should be interesting first of AUGUST. We are also in the 21 st week from the top, and if they want to respect fibo, this time - then this is another piece of important knowledge. The important thing to remember about the dollar chart - is that, so far, from SWING POINT OF VIEW on the weekly chart - we are holding higher low of the 2008 correction - and if we start a rally now ... it can go farther than most imagine. The ubiquitous talk from economist and rational people, is that the dollar MUST GO TO ZERO - because the spending of the PEBAMA regime (pelosi + Obama) is totally reckless. I do not know, and do not care - I will be long on the thrust on the weekly chart, after the KR ... Period ... Stop below recent low.

Amos So I come to the conclusion of tonight - and I write in the letter : Bottom line -- Every thing is organized and orchestrated. We are being toyed by the CM or whoever. It takes the public at least 2 weeks to realise a different phase has started - and then it is too late, and people like the guy from GENEVA start rationalizing, and using other defense mechanisms to explain their recent losses. By then - if enough public is on the WRONG side - market will wash.

Amos I cannot gauge the public place right now. As I said - most of the general public places, forums, I visit - think that the worse is behind us. Bernanke too. Geitner too. Obama just rented 20 million dollar home on Martha's grave, for vacation ... things must be hunky dory for the royal family. Most of the time - those phases in market behavior, where it is MAX PAIN syndrome - are tough ... because they require LOTS OF PATIENCE. Eventually you get a good signal, and you can make money. To wait for a good signal - to understand that one phase, is ALWAYS followed by another phase - is such an important character of a good trader.

Amos To see a whole month gone to waste, by trades that wash each other - and you seem like trading water - BUT TO KNOW that a better month, is RIGHT AHEAD OF YOU - if you keep your cool and sanity and hard work - is one HECK OF A SECRET OF SUCCESSFUL TRADERS. To realize that there will always be tough times, and then trading will be easier and more profitable - is a MUST for a good trader. I hope you realize that I am not talking ONLY TO YOU - but TO MYSELF!!!!

Amos We are coming to end of July. Last year, that was about the time of the beginning of the large crash in all instruments. Why august? have no idea ... but many times, markets do change on FIRST of month ... so the first 2 days of august will be significant

Amos 2 more charts ; first is the Euro/BP spread - look how it went into a frenzy to 9750, then corrected over several months to 8500 - which seems like an old creek. And now it is hardly moving – again, this is lull before another small storm, and a penetration of 8700 on the forex chart (weekly high), or 8750 on the futures chart, will start a large move ... to test the 9750 high in earnest. This is, at least, my current view and opinion - also the way I trade the spread

Amos Last chart is the EURODOLLAR - short term interest instrument ; another doozie - look how consistent it was for years - huge decline from 2004 to 2006, then 2 year range, and now in the 22nd month of rally ... which is made of 2 phases. Notice that we had a Monthly KR, 7 months ago, so I wrote on the chart: WAIT FOR A THRUST AFTER KR! If the market goes into a large range, as it did in 2003 - that thrust may not yield a gainer, right away - but will not be a loser either - you may have to do it a few times. But the next move, is not so far - and if market behaves pro forma - then the next decline, or rise of interest rates, whenever it comes - will last years!!! Don't know if you like that kind of thinking - I find it important.

Amos btw ; do notice the large decline in Open interest, in the euro dollar - that jives with some articles i see last few days, about the decline in even FOREX VOLUME - this is important - but i am not sure how it will effect us in the short run. Here is the exact quote about that: madrid 10:00 GMT July 28, 2009 Forex Trading Volume Is Shrinking: Reply Forex Trading Volume Is Shrinking -- Unfortunately the forex market has not escaped the impact of global deleveraging, and the failure of Lehman Brothers in 2008. Central banks from around the world have released their semi-annual foreign exchange surveys, and based upon all of the reports, forex trading volume decreased significantly between April 2008 and April 2009. <http://seekingalpha.com/article/151568-forex-trading-volume-is-shrinking>

Amos I am done ... HAOOK ... open for questions

Amos 34 silent people ... we all pay respect to leonardo ... in silence

Peter thank you Amos, dinner time - good night everyone

Amos ok then - gn, everybody

Amos left.

## 2009-07-29 (Swetz)

swetz howdy folks :) the charts are posted in the archive ; <http://www.ltg-trading.com/20090729.pdf> - there should be 3 of them

swetz okie dokie, I guess we can start ; last Thursday, I mentioned the basic process I go through to analyze the market - we can go over most of this process, by using the 3 SnP charts that you have

swetz my first step, and the first step that Wyckoff suggests we do ... is to identify the trend of the timeframe we are trading, as well as the trend of the next higher timeframe. If we decide to trade the hourly timeframe - we need to determine the hourly trend, as well as the trend on the daily timeframe (the next higher timeframe).

swetz I have attached the daily SnP cash chart, and the hourly SPY chart (I used the SnP ETF as a substitute for the actual SnP hourly chart, because the ETF presents the intraday volume on its chart). So by following the first step, we need to also determine the TREND of the daily SnP chart. The daily chart is interesting - it goes from an uptrend - framed by the uptrend channel I have drawn - to a little downtrend inside a TR

swetz1 and now this current buying wave, has decisively penetrated the supply TL of the downtrend channel ... with upward EOM and increased volume ; and now has penetrated the important resistance area, marked by the letter C, with a wide range up bar, on very high volume, 5 bars ago ... which has the characteristics of a potential JOC ; and now the SnP is trading sideways, but staying ABOVE the important resistance area, over the last 4 days ; and each of the last 5 daily bars, have shown a close near the upper end of the range ... which indicates that buyers are absorbing the sellers

swetz1 so this action indicates to me ... that the daily trend of the SnP is now ... UP. So from step #1, we KNOW the hourly trend is UP, and the daily trend is UP, at this moment in the SnP ... so now we go to step #2

swetz1 step #2 says that after we have determined the TREND, we now need to determine the strength/weakness of the trend, and determine if it is getting stronger or weaker. Wyckoff suggests that comparing the strength/weakness of the alternating buying/selling waves ... is an excellent way to answer step #2. Wyckoff suggests that all we need, is a simple price/volume bar chart to make this comparison, and he even gives us some wonderful tools to assist us ... such as the 1/2 point, the SOT (shortening of thrust) concept, support/supply TLs, horizontal support/resistance lines or ice/creek areas ... and some other tools, like looking for spacing, and vertical demand/supply areas ... which Wyckoff alludes to, indirectly

swetz1 if we look at the daily chart first - and I failed to mark it on this chart - but we can calculate the 1/2 point of this current buying wave, using the July low and the recent July high  
slick60 924.50

swetz1 yes sir slick, you are good :)

slick60 slick too

swetz1 lol ... so far, we can clearly see that this little sideways movement, is WAY ABOVE the 1/2 point ... indicating strength. Also, by comparing today's low to the July 1st swing high ...

slick60 not even to a .236 retrace as yet ...

swetz1 right Slick, this reaction has so far been very weak - we can see, that bullish SPACING exists - which also indicates strength

slick60 what is bullish spacing?

swetz1 bullish spacing ... is when the low of a reaction, stays ABOVE the last swing high ... it is an indication of strength

swetz1 also, because the action on July 23rd showed evidence of vertical demand - this current reaction, has so far held this vertical demand area

slick60 948.75 - 976.50 for 23rd ; 962.50 is the 1/2 point of that demand bar

swetz1 so we have seen 3 clues, with the help of our Wyckoff tools, that tells us that the daily trend ... is in a strong position to continue upwards

swetz1 now lets see if we can judge the strength/weakness of the hourly uptrend ; looking at the hourly chart, with the help of our Wyckoff tools. We do see some evidence of an upward SOT, because each swing high marked on the chart, is making less upward progress ... compared to the last swing high. Now this is a bearish characteristic - BUT we have other tools to use as well. From this chart, we can see that the reaction has been weak so far, because it has held above the 1/2 point marked on this chart. We also see evidence of bullish spacing, by comparing the 7/24 low to the 7/21 high, marked by the green horizontal line. And lastly, we see that the vertical demand bar marked by D/S has held.

swetz1 so we have 1 bearish clue, but 3 bullish clues. That tells us, that the hourly uptrend is in a strong position to continue. Also, we can see from looking at the volume on the daily and hourly charts ... that selling has been weak ... where is the supply? I certainly don't see any ...

swetz1 yes, it is true that buying has not been particularly strong recently ... but remember, we are in an uptrend ... so it is the SELLERS that have the burden of proof to turn the trend ... NOT the buyers

swetz1 so after applying steps #1 and #2, we can draw some logical, objective conclusions ... without using any EMOTIONS :) We KNOW that the hourly and daily trends are up, and so far, are up in a strong manner. No internet bloggers, no tv "market experts", no brokers, no news events changes this conclusion. By just using Wyckoff's method, with the help of his tools, we objectively KNOW which side of the market to trade, if we are using the hourly timeframe

swetz1 step #3 says - and this is what Wyckoff suggests - that we should focus our buying efforts on ETFs, stocks, or whatever you choose to trade ... that show RELATIVE STRENGTH. For argument sake, because I have posted the SPY chart, lets assume the SnP SPY ETF is one of the stronger ETFs

swetz1 step #4 says to try to identify a TURNING POINT ... that will offer a favorable risk:reward entry. In the Wyckoff course, turning points for a buy entry can be ... spring, a test of spring, a LPS after a SOS, a backup to creek, and a reaction swing low in a well established uptrend. These Wyckoff setups all have one thing in common ... they are all TURNING POINTS. There are other entries too, like a JOC, but the TURNING POINTS are the most favorable ones ... with the backup to creek being the best, according to Wyckoff

swetz1 if we are trading the hourly timeframe, we need to be looking for turning points on the same hourly timeframe - and we can use the smaller 10 minute timeframe, to fine tune our entry - if we choose - when we get a TRIGGER. Amos likes to use a thrust to TRIGGER his trades. I like to do the same thing ... but I require not just any thrust ... but a STRONG THRUST to trigger my trades.

swetz1 which takes us to step #5 ... and is the last step. This step deals with finding a TRIGGER, to actually execute the trade, once we can identify a turning point at an area of support. This leads us to the 10 minute chart, which is the last chart. We can see that the 10 minute chart, has been in a kind of messy TR over the last 4 days. I have marked the CREEK area and the ICE area ... of this TR

swetz1 I will share with you guys, a tip that is in the Wyckoff course, that helps improve your discipline in waiting for entries in a TR environment ... listen up folks :) Wyckoff suggests that when we have a TR - like we have on this 10 minute SPY chart - we should mark the top quartile, the bottom quartile, and the 1/2 point of the upper Creek and lower Ice levels of this TR. We should only take buy trades, when the market is within the bottom 25% of this TR - if it is anywhere else, DO NOT take the trade ... because the R:R ratio is poor. We should only take short trades, when the market is within the top 25% of this TR - if the market is anywhere else, DO NOT take the short trade ... because the R:R ratio is poor. This is a great tip, because it keeps you disciplined and patient :)

rhonda yes so important

swetz1 on this 10 minute chart, the bottom 25% zone, begins at just above 97.00 (or approx 970 SnP cash). Today, we got 3 instances where the SPY 10 minute chart traded to the bottom 25% area ; at about 11:00, we got a little spring of the early morning low - on a bar that closed at the high, on increased volume - which offered a trigger entry. This entry did not lead to much, as buying quickly diminished, and the SPY chart turned back down before it could even reach the morning high. This is certainly NOT the type of action, we should see after a spring ... we should see upward EOM, and volume increased.

swetz1 so, seeing the weak rally after the spring - you could either just sell and take small profits, move your stop to breakeven, or just keep your stop below the Ice area and just see what happens, or even sell 1/2 to take profits and keep 1/2 at the lower Ice level or breakeven level ... your money management rules will tell you what to do

swetz1 after the weak rally, we get another reaction to the bottom 25% area, just after 12:00 CST. This reaction had more selling, which we can see from that volume spike at the 12:10 bar. So when I see some evidence of supply, on the chart I am using to find an entry, I do not buy on that reaction with supply - I wait to see the next rally, and then consider buying the next reaction ... if supply dries up. Which is what happened, at the 14:00 10 minute bar - selling dried up, and was followed by a bar that had wider spread, traded above the 14:00 bar, and volume increased.

swetz1 because the close, was not at the high of the bar ... I wait to see if there is upside follow-through, and go long on THAT BAR. Since there was upside follow-through, because the next bar made a higher high, higher close, and higher low ... you can enter on that bar, and see what happens. So far, the market has continued rallying into the close ... and so that trade is profitable, so far. And after-market, the SPY continued rallying ... so we may get a gap up opening, tomorrow, barring any news that may cause a negative reaction

swetz1 IN SUMMARY -- see how we first determined the trend of the daily/hourly timeframes ; then determined the strength/weakness of the trends ; and we determined that both trends were up and up in a strong manner. We knew that we needed to look to be on the buy side ... and NOT the short side. And we could use either the hourly chart, or a smaller timeframe chart like the 10 minute chart, to fine tune our entry ... after we have identified a potential turning point

swetz1 neither trade - the morning trade, or the afternoon trade - traded below the lower Ice level ... and is possibly going to have some upside follow-through tomorrow, at least in the morning ... to either take some profits as the market rallies to the Creek area, or at least move our stop to breakeven - to guarantee at least, a trade that will not be a loser

swetz1 I left a few things out that deals with stock selection ... but I was just wanting to convey the basic idea, behind this simple 5 step process. Using the hourly timeframe, as an example, in applying this process based on the Wyckoff method

swetz by the way, this lecture was based on the hourly timeframe - as our main timeframe. If our main timeframe was the daily chart ... we would be using the weekly chart, along with the daily chart ... to determine the trend, and determine the strength/weakness of the trend ... and using the daily, and possibly the hourly chart, to fine tune our entry.

swetz there are other combinations that you can use - ultimately, whatever timeframes work the best for you ... is what matters :)

slick60 great stuff swetz - cat wakes me at 5am EST - will catch rest when posted. TY

swetz ok folks, have a good night all :)

swetz good luck in your trading, but you won't need it if you have established some proven rules ... based on sound method of trading, like Wyckoff :)

swetz left.