

# LTG Wyckoff Classes

November 2010

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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*

## 2010-11-02 (Gary)

Gary\_Fullett Good evening ... this week can be a very historical week ... if the republicans get in, which it appears they will in the house. We will see if any spending gets cut ... this may affect commodities, as it will be seen as non inflationary, i think. So this may have a profound effect on markets. We will also see what the FOMC does ... which is tomorrow at 115 cst approximately

Mr\_Steve The real damage will be when they come back from break, and mad (*made ??*) a America, knowing they are out for good

Gary\_Fullett nothing changes, Mr Steve ... thats the sad thing ... because they still are affected by lobbyist, etc.

Gary\_Fullett any way ... lets deal with charts. First, any questions ? Okay, since a lot may be affected this week, the daily charts may or may not make sense ... but lets do it ...

Gary\_Fullett the s and P ; as you know, we must know trend first ... and clearly, the trend is up. If you notice, the uptrend has no supply bars ... wide bars, with large range ... and follow thru to the down side. We have higher highs, and higher lows. We usually see trend, by these up channels ... this is the beauty of channels ... that we can see overbought / oversold ... and see the higher high, higher lows ... or lower highs, and lower lows. The beauty of the horizontal ice support and creek resistance ... it shows us where demand or supply comes in.

Gary\_Fullett So we know have a trading range. We also know, that the s and p tends to bottom on springs, and top on upthrust ... and there is a possibility of this, with fomc tomorrow. Note the clustered closes ... this means a balance of bulls and bears. So the "news" will cause the specs and funds to get involved, outside this trading range ... but as long as we dont get this supply, we will continue higher. Any questions ? So the fomc and elections may have a HUGE affect. Okay, so watch to see if we get the upthrust ... or if we get mark up on the charts for tomorrow. I gave an important area ... so for the es, this week may be the key for weeks ... so we will see

Anna Known area of supply to the left ... feels vulnerable

Gary\_Fullett the nasdaq - s and p spread ; i know i talk ad nauseam about this spread ... but it is such a leader ... and has kept one straight, as to not to buck the trend. What is almost shocking on this spread, is the long way it is from the .com highs in 2000. What is also important to note ... as the stock market topped in 2007 ... this spread held in its channel, with higher highs and higher lows. Now this is a powerful chart ... because it is a monthly chart. We are now above the reverse trend line ... and you can see the strength of this spread. The retest of this reverse trend line will be support, if we correct. Also, if you look at this spread ... it doesn't have a lot of resistance for awhile ... and we haven't gotten a retest, to 1/2 back of the 2000 highs. Any questions ? Makes sense ? It is an important chart to me

Brian\_O based on this spread, is it safe to say that tech stocks are driving this market? The constant grind higher seems so counterintuitive.

Gary\_Fullett yes, the spec and tech stocks are leading. This shows to me, internal strength in this country ... because the lower cap stocks are positive ... smaller companies are growing, along with some large tech ones. The nas topped in 2000 ... this was really the high in the markets ... yes, in 2007, we double-topped, but many stocks were way under their 2000 highs. The dow made new highs ... but that is only 30 stocks. The nasdaq has more stocks in it, than the dow and the s and p ... so it is more reflective of larger growth.

Brian\_O ... growing ? In what regard ? If smaller companies are the engine that spurs job growth, then how does that correlate w/ almost 10% jobless rate?

Gary\_Fullett well, we have outsourced a lot of jobs. The 10 percent unemployment rate, was the old 5 percent. We have more workers in our country ... companies work more efficiently. When the net was beginning, there were a lot of companies who overstaffed, Now they have cut back, and many firms out of business, or taken over.

Randy I don't think you can have a strong economy with 10% unemployment ... and what is actually 17 to 20 % unemployment ... but we do not need to have that discussion here.

Gary\_Fullett when we had 5 percent, it was actually closer to 10 percent. There are jobs in this country ... but its the low paying jobs, that no one wants. You can have full employment ... if you pay everyone 8 bucks an hour, with no benefits ... but no one wants the low end jobs ... so they get outsourced

Randy that is because we have allowed china to play games with their currency ... to the detriment of our nation

Gary\_Fullett of course ... we buy their crap ... they buy our debt. It used to be japan ... now its china ... been that way for over 30 years. And no one stops it ... repub or dem ... so the beat goes on

Gary\_Fullett ok ... gold ; this is the most bullish commodity we have ... it is the market that has had new yearly highs, for the past 8 years. Anyway, gold benefits from uncertainly. So the trend ... you can see sideways, then higher ... sideways, then higher. But you can see, even with this run ... you are not overbought

firedog have you been any gold trades recently? Are we expecting a retest to new ice, and to go long?

Gary\_Fulleth no, i haven't ... i am cautious with commodities for a few reasons ... 1) if they cut spending, it may be seen as non inflationary ... 2) we have retest, near 2008 highs.

Brian\_O safe to say ... this trend should continue, w/ expected Fed announcement tomorrow?

Gary\_Fulleth that's the expectations ... thats why this week can be very crucial ... either as continuation of trend ... or some type of ending action. In gold, there isn't ending action ... so thats key. We must respect trend, until we get counter volume and range. The breaks you see ... are quickly bought ... and besides being bought, they make new highs.

Brian\_O that is a simple but profound statement ... especially to folks, who may want to confuse things

Gary\_Fulleth the hardest thing ... is to get traders to understand the TREND. As they see higher prices ... they look to sell ... versus buying support on a retest ... this is why its hard to buck trend. Because you missed the trend ... so may times, one will scalp 100 bucks, but miss 100k with trend. Any q ?

Brian\_O it really is important to recognize the differences between ... normal retracements/pullbacks ... and potential cob

Gary\_Fulleth well ... you tell that by wide bars, increased volume ... and FOLLOW THRU !!

Brian\_O all things I've learned here, thank you !!

Gary\_Fulleth if i can get u to follow trend ... i have done 80 percent of the work needed to trade successfully.

Brian\_O prior to here ... the 'trend was my friend, until the end' ... and I'm now able to see when the end is near, or at least recognize red flags. Not trying to blow smoke up your butt, so to speak, but it is true

Gary\_Fulleth excellent ... so maybe i am getting thru :) Its not my speech ... its the proper trading speech

Brian\_O no doubt

Gary\_Fulleth any q on gold ? This next chart, is a chart that clearly shows Cause ... and shows how important long term charts are ... and how cause is used ...

Gary\_Fulleth silver ; you see gold making new highs ... look at silver on the monthly. We have had sideways action since 1982 ... see the lows ... then you have 1992-2004, of a market with small ranges ... accumulating. This cause is HUGE ... 20 years of cause !!! See this ?

Anna Yikes ... yes.

tonyw Great chart, thanks for sharing, Gary

Song so you mean the move up of silver is just beginning?

Gary\_Fulleth it is a fantastic chart ... it is a beauty of cause ... it just started too. Well, looks like it song ... hard to believe though ... BUT its quite possible, song. The chart on silver is clear. Okay, any q?

tonyw I am ready to buy ... at retest of 20000.

roger they just said on news, that house taken over by R

Gary\_Fulleth they had that prediction 4 months ago, roger roger real now

Gary\_Fulleth the house, yes ... not senate ... but yes, the house

Gary\_Fulleth corn ; you see a trading range ... 3 bars ago, you were on the right side of the range ... and you got the sign of strength. The next area is 600-608 area. Buy you can see the joc at the 440 area ... you can see on the sos (sign of strength) on the right side of the range ... wide bars, increased volume.

Brian\_O how would you characterize this trade ... with strong joc, and no retest opportunity, as yet? A missed trade? I suppose you would have had to drop down to a weekly, if you wanted to get involved

Gary\_Fulleth now ... no. You wait for a retest, after hitting resistance ... look for 1/2 back. If the 608 area to 440 ... half way back. You wait for the retest ... and see if the action holds support

Gary\_Fulleth quiz chart ; what do u see?

Song uptrend ... last two bars, get nowhere

Glenn uptrend

tonyw retest of broken ice

Mr\_Steve mid to high bars

Gary\_Fulleth all are correct ... great eyes. Notice the years on the bottom ? Does this chart look familiar?

Mr\_Steve looks like what we just came out of ... the last several years

Anna Nas

Gary\_Fulleth interesting ... go to the 2nd page. You saw the retest of broken ice ... perfect

Mr\_Steve ... 17 years before I was born. We have rebounded higher now, than then ... percentage wise. We have rallied back so fast ... I have been very cautious of the market

Gary\_Fulleth right, mr steve. But you can see this market has retested the broken ice ... this is a significant area ... because it is a retest of the lows, from 1929. Also, it is a retest of the high in 1931 ... that failed, and made new lows.

Brian\_O real relevant chart, thanx ... now, whether or not history repeats itself ... is another matter ... have to let market tell us

Gary\_Fulleth so ... anyone think higher ... because trend is up ? Would you buy or sell?  
fireDOG yes, till supply  
Song not sure  
Gary\_Fulleth but its a retest of broken ice ... which was part of the severest bear market  
fireDOG wait for JOC ... then retest of new ice ... of broken old ice  
Gary\_Fulleth so this is important ... go to page 3 of the quiz ; we are slightly above broken ice now ... but this situation is possible.  
Brian\_O May represents selling bar, as opposed to a supply bar ... so with that in background, would any other selling bar represent a shorting opportunity?  
fireDOG how far back is the ice line established  
Song if apr is the first test, and now it is the second test  
Gary\_Fulleth correct ... it is a process. The ice goes back 6 years or so ... you can extend the horizontal line ... so see where the support or resistance is  
Glenn y..important to know background  
Gary\_Fulleth the background is very important ... especially on retests.  
fireDOG republicans back in - good news - good times are here - so market will fool us, and break  
Gary\_Fulleth not sure it matters a lot, FD ... but lets hope things improve  
Brian\_O not looking forward to the arrogance of potential Speaker of the House, Boehner  
Gary\_Fulleth he will fall short of his promises, imho ... but that is politics ... lol  
Gary\_Fulleth ... and not charts ... amos tomorrow night with charts ... any questions ? If not ... go watch the elections ... the sun will come up tomorrow !!  
Glenn thanks, Gary  
Brian\_O thanx, Gary ... good stuff ... have a great evening  
Anna TY Gary ... Nite, and Good Trading All  
tonyw Thanks Gary for the wonderful lesson ... goodnight all,  
roger see ya, gary ... thx  
Song thanks a lot, good night  
Glenn goodnite all  
Gary\_Fulleth things will be okay ... just stay healthy ... and be happy ... and trade well :)  
Gary\_Fulleth ty ... night  
Gary\_Fulleth left.

## 2010-11-03 (Amos)

Amos Hi ... One's tendency on a night like this, after a rather semi dramatic day ... is to expound on the elections and the Fed ... and make all kind of "wise" observations. My experience tells me, that most punditry after watershed events is useless and vanity. We really do not know what will happen (some may be correct, by chance -- but not out of divine wisdom), and the only correct arbitrar is the market. So I will forego such punditry, and perhaps just mention a few remarks I saw, in passing. Large part of tonight, will be devoted to remnants of last week lecture -- which, the more I think about it -- seems more and more significant. Many charts are from last week, which I missed

Amos First chart is the GSR -- Gold Silver Ratio -- on the semi annual scale ; I have read some disparaging comments lately, about this -- someone said there is NO SUCH THING AS GOLD SILVER RATIO -- it is an hallucinatory invention of Gartman ... bla bla. Perhaps, however the Semi annual chart shows some reason. You can see that we had a strong rally in the 80s, from 200 to 900 -- then sharp decline to about half way -- and since then, in the last decade, we are in a distinct range between 450 and 800. The correlation between the ratio, and the actual bull market in gold and silver, last year -- is NOT there -- I, at least, cannot find any graphical similarity, between the move of the spread, and the actual move of the metals. However, the graph itself, shows what I call a "significant" range -- and the boundaries of that range, may be the force that move the GSR down at this point in time. So it will be very interesting to see what happens to this relationship, once it gets back to the previous support (thus creating a "triple bottom") around 450. I cant say much more than that. Just a large view of this ratio Amos next few charts -- are actually useless, after today large move and rise of the Euro to 142 --so I feel a little odd. The next chart is the weekly euro -- which may still have some validity. It shows that we are in the 21st week of rally from the 120 low. If market wants to relate to this -- then we should have a correction -- the fact that this move is, so far, made of "CLEAR" three wave move -- may indicate that this is a "correction", if Elliott is to work here -- but the most important fact is that, as long as the last low of around 136 is holding -- the near term trend is up. Of course, the V bottom at 120 offends me to no end- - but such is life. One would like to bring immediately, the MANIPULATION of the FED into this -- but this is hindsight -- and we really do not know how long the Fed can continue to do what it is doing.

Amos as an aside, I can quote to you this statement: "after listening to a days worth of election coverage, the only "radical" thing the Reps have said, is that they intend to "repeal" OB's Health Care, and STOP the spending. Not a PEEP ABOUT THE FED (buying its own debt, screwing Mom and Pop with no returns on their savings, AND DEBASING the few Dollars then have saved)". The guy who wrote this, is not a fool. But he is an eternal grump about the evil of government -- so he must be taken with a spoon of salt. At any rate, I have great doubt who will really benefit from the extra 600 billions, that the Fed is willing to push on us now -- so far, the largest beneficiary of the previous stimulus was Goldman Sachs and cronies -- the corruption level in Wall Street has not abated!

Amos So back to the Euro -- if this dollar debasing is going to continue -- then all "technical analysis" will have to wait, until the market decides that enough is enough. Trouble is -- NO ONE KNOWS where that point will be. Only thing we know, is once the market decides -- that it is over -- we may have another VICIOUS and large V top in the euro -- that may last a long while -- much like the yen in 1995. So the only great value of the chart -- especially in light of last week example -- is to watch the SEMI ANNUAL highs and lows, and go with the thrust -- but that is far away, and in the case of the euro -- the stoploss is rather prohibitive -- not easy.

Amos next chart is of course garbage -- but it goes to show you that MANY TIMES -- when the trend is still strong -- looking at the INTRADAY CHART -- and trying to trade profitably off of it -- can be VERY DANGEROUS and wrong. Last sentence is a direct outcome of what I have gleaned from last week example -- and I will expand on it

Amos Next chart -- the 60 min euro -- is another garbage.

Amos Next chart -- the euro daily -- is a little better chart. The equality of phases -- especially large ones -- is definitely an important point. The number of times that a market will rally a certain number of days (weeks), and then spend equal amount of time trading sideways -- is uncanny !! Of course -- it is much easier to "see" such symmetry in HINDSIGHT -- which is useless. So many times -- I tend to count a phase -- and once I "determine" its end (not always easy, of course) -- I look carefully what happens, once a symmetrical length of time is expiring -- to see an obvious behaviour of distribution or accumulation. Once in a while this works -- many times -- it does not ... such is life.

Amos at any rate, there is a clear 19 days strong rally -- and yesterday was the 19th day of the sideways range. Now today came, with the Fed and the elections -- and we made a higher high. If this was an upthrust -- then we may still have sort of symmetry -- 19 or 20 or 21 days -- are still within that parameter -- but we need to break below the low of the range -- to prove anything

Amos Ok, now comes an important part of tonight. I must tell you -- that after I sat and contemplated my own example of the Dow Semi annual thrust -- doing exact trading, with strict rules of trading -- I was quite amazed. In all my years in the market, I have NEVER ACTUALLY sat down and counted actual numbers, trying to use a rigid model and trading rules. I always use generalities, such as "markets spend about 85% of the time in a range" -- without actually proving this. Many use generalities -- that seem wise and reasonable, but no one actually sits and tries to count this -- why? The truth is bitter -- no one wants to find out they are WRONG!

Amos So this was the first time in my life, that I decided to sit down and RUN an actual experiment, and see -- whether all this garbage I am talking about -- has any merit. Now aside from the fact, that the example I gave was VERY UNREAL -- from the point of view, of the ability of the average person to accomplish -- the ACTUAL NUMBERS and results -- are CORRECT TO THE "T" -- that is rather amazing. We know that 90-95% of traders LOSE -- so if there is at least ONE method, that can make money in the long run -- why aren't there MORE wise people ( more than 10%), of the participants that DO THIS ? It does not make sense?

Amos So I have been thinking very hard about that question, and the more I ponder -- the more "I SEE". To share with you some of my findings -- I prepared a "QUIZ", and if you care to participate and benefit from my intensive thinking process -- and learn something -- please participate. Here goes ...

Randy we have become, and continue to become, a society who wants instant gratification

Amos Randy, human nature has NOT changed, ONE IOTA, from the time of Adam and Eve. We do not hate more than Cain Hated Abel. We do not rape more than Amnon raped his sister Tamaer. We do not love more than David loved Jonathan. And so forth -- we are the same apes from the Garden of Eden -- so nothing is new there.

Amos Here is the QUIZ ... (I will wait for any responses, and then give my own answer -- for you to compare. You do NOT have to participate -- but you can try)

Amos 1) What is the most important thing we could have learnt from the example, of trading the Semi Annual Dow ?

tammie the trend

Amos tammis said the trend. My answer: I have learnt that it is POSSIBLE TO CONQUER THE MARKET -- which was a big revelation to me -- with hard figures

Amos 2) What are the three most important things that were done in that example ?

Anna The Edges

roger u found trend support and resistance

Randy followed a diciplined trading plan without letting emotions get in the way

Amos ok ... here is my answer: The three most important things that were done in that example, is to conquer or to NUETRALIZE the three categories of MANIPULATION. As you recall -- the market uses only 3 categories to manipulate us -- PIT -- Price, INFORMATION, TIME. A) We neutralized Information -- by completely ignoring it, and listening to NO ONE. B) We FILTERED the Price (which has infinite points on each bar), to TWO POINTS that have most amount of KNOWLEDGE -- THE HIGH, where SUPPLY is large -- and the LOW, where DEMAND IS LARGE. C) We neutralized the RANDOMNESS of time -- by Going to the highest time frame possible (short of the annual), and thus AVOIDING the RANDOMNESS of SMALLER TIME FRAMES

Amos 3) What did we REALLY CONQUER in that example ?

Amos What that example conquered, is the REAL WEAKNESS of humans in the market place -- the INABILITY to COPE with market MANIPULATION. In other words -- we fought each and every one of the major categories of manipulation -- we induced ULTIMATE DISCIPLINE, and thus we came close to taming to BEAST OF DISCIPLINE -- which is very crucial. Of course, since this is so anathema to most of us -- this is why the example is so UNREAL -- but the fact is, that if you CAN DO IT -- you CAN beat the market

Amos 4) What does the THRUST METHOD ensure you, with respect to the TREND ?

Amos my answer: By using this method -- You can NEVER MISS A TREND !! Because the method itself, FORCES YOU to ENTER IT (you always buy a higher high, and you always sell a lower low -- so any time a strong trend starts -- YOU MUST BE IN. In addition -- since you PROTECT YOUR PROFITS, with a RUNNING STOPLOSS- - you never take profits too early -- because on the SEMI ANNUAL CHARTS -- RARELY do you get a false thrust, when the TREND IS STRONG !! So you catch two birds with one stone -- you cannot miss a trend, and you are forced to run it much longer than your PSYCHE would let you (because of the tendency to cash in profits, rather than let them run)

Amos 5) Why is it MANDATORY TO PUT STOP LOSS ?

skylar try & limit damage

Amos because, as was very clear in that example -- WITHOUT A STOP LOSS -- if you do NOT get out (let alone reverse in the other direction) -- at critical moments -- YOU WILL NEVER LET GO -- because you do not have any discipline !! Again -- if you do not get out with the "correct stop" -- most of the time, you will get out when YOUR MONEY RUNS OUT!!! and that is destruction

roger you said it, so u don't exit too soon, or loose all your profits

Amos roger, I am talking now about exiting a LOSING TRADE, not a winning one !! So the stop loss is a saviour from DESTRUCTION, and is a helper in staying with a trend. If you develop the idea a little farther, and try to improve that model (by, say, including a rule that says that if prices get to a clear point of say, Double Top or Double Bottom -- you may want to GET OUT, and stand aside, and only get into the next thrust -- when your previous profits -- are secured -- this was NOT ALLOWED in last week example). You may get better results -- but the big question is -- once you allow trader intervention into a rigid model -- do you really improve it over the long haul or not -- this is a big question, that many traders over the last 100 years tried to cope with -- and no real answer.

Amos 6) How do you overcome the feeling of frustration, when the model leaves so much money "on the table?" roger cuss yourself ... then forget about it ... and look for the next good trade

Amos my answer: Indeed this is a HUGE problem. Several times in that model, the market made 300-500 points move -- and the model took perhaps, 30-60 points out of it -- that is TERRIBLY hard to endure. The answer is like the question, what is the secret to good SEX? LOCATION LOCATION LOCATION

roger thought that was real estate

skylar lol

Amos here it is -- DISCIPLINE, DISCIPLINE DISCIPLINE !!! This is the hardest thing to accomplish in trading -- TAMING THIS BEAST IN US, that lures us to do wrong things, to imagine, to predict, to try and catch corners. Remember, that 90 % of the people who lose -- one of their biggest crimes, is that they try to MAXIMIZE THEIR PROFITS. Rothchild in Livermore --says -- I always buy too late -- he tells us, that the secret formula to success -- is to AVOID predicting the turning point -- the corner. So it is true, that by leaving the corners to others -- there are a few times when you leave money on the table. But as I said last time -- those corners are actually GRAVEYARDS, of all those who TRIED TO GUESS THE TURNING POINT -- and at the corners -- WERE TAKEN OUT by MARGIN CALLS. Remember the cliché: "I BOUGHT THE FIRST BREAK ... I BOUGHT THE SECOND BREAK ... I WAS THE THIRD BREAK". Most of the big traders who make money -- do not mind the 20% of the move they MISSED at the turn -- but go, like Rothschild -- with the trend, AFTER it was established. I do not think there is a much more important lesson than this -- in the long run

Amos 7) What other "morals" come out of this example ? This is kind of open ended question, and each one can come up with their own -- based on their own weaknesses, and false assumptions

Amos Here is mine: First, what struck my very sharply -- was the point, that indeed -- when you go up in the TIME FRAME -- your "LOK" is really increasing -- never mind that your profits can be small -- the BASIC FACT was that, over a period of 30 years -- THE MODEL MADE MONEY -- IT DID NOT LOSE !!! And you must remember that in those days -- there was NO SEC, NO CFTC, NO FED -- no nothing -- it was a rogue market, full of BUCKET SHOPS and NO MARGINS !! Still -- the simple rule, that a higher high means up, and lower low means down -- WORKED!!!

Amos The second ancillary moral for me, was that WAITING FOR a good trade is NOT A LOSING PROPOSITION. What seems to us, a missed opportunity -- is, in the long run -- A LIFE SAVER !! You leave a lot of imaginary profits on the table -- but you AVOID DESTRUCTIVE LOSSES !! This, to me -- was an eye opener -- with all my years of experience -- IT REALLY WORKS

Amos 8) Why is it not show anywhere in the world ? How come all banks and trading schools and brokers -- do not show this to their clients ?

Amos This is obvious -- and very bitter. Because the example traded 16 times in 32 years !! Banks, Bucket shops, Options organisations, brokers, Gary ... would have starved, if we traded once every 2 years. Much of this business is built upon COMMISSIONS -- and if enough smart fellers traded like this -- Banks would fold much faster than the Fed is closing them today !! This is very sinister -- but that is probably true -- the reason you do not see such examples, in any school of trading you will attend (and i have enough experience with this, to tell you that this is absolute truth!) -- is because the business would collapse.

Amos You can understand now, why ALL DATA VENDORS do NOT GIVE YOU MORE THAN 15 years of charts !! There must by some secret agreement between them about it. It is true, that if you pay extra -- you can get all data -- but how many average traders are serious enough, to pay extra for extended charts? -- very few. Aside from that -- this example takes all the "FUN" out of trading -- because there is nothing to tell the guys at the bar -- no heroic stories -- How I caught that large fish, and nailed the market in this or that corner.

Amos ok -- so what is the practical advantage of this example ?

Amos For me -- it is the absolute knowledge -- that A HIGHER TIME FRAME (on almost any level), does INDEED HARBOR SECRETS -- and if you try to concentrate on the smaller ones -- you are likely to miss the picture. What it really means, is that most DAY TRADING -- if you DARE TO CATCH a MOVE, on the intraday time frame -- and you HAVE IN MIND, that it will be the beginning of a LONG TERM TRADE -- most of the time -- you will lose !! TIME FRAMES MUST BE SYNERGIZED -- if you are looking at the hourly, and the 4 hour is iffy -- if you are looking at the 4 hours, and the DAILY is IFFY -- your chance to beat the market is slim.

Amos The bigger the time frame -- the more "correct" is your trading ... period. Does it mean, that one should not trade INTRADAY ? Absolutely NOT !! But if you trade on the smaller time frame -- you should NOT try to hope for larger profits -- but remain within the RANDOMNESS of the smaller time frame. And if you trade, even the smaller time frame -- without a stop loss -- in the long run -- you will be ruined. Again -- at all times, you have to cope with those 3 imposters -- PRICE, INFORMATION and TIME -- its the pits

Amos Next chart is weekly gold ; I put it in last week, because I thought there was an interesting point about it. You can see a channel on that chart, and I chose to draw the demand line -- NOT off the extreme low, but off the last test. As it turns out -- that line held very nicely for 2 years -- and the last time it was made -- there was a "nice" spring of that line. The question of "correct" trendlines is very delicate. First -- many times, real trendlines are not the ones taken off extreme points -- and at the same time -- when the market wants to pay attention, and respect that line -- then a spring of that line, is an important clue. All you had to do, is BUY THE THRUST OF THE SPRING, put a stoploss -- and FORGET ABOUT IT.

Amos now, when I say that -- it is NOT an idle statement. Many times, it is worth entering a thrust -- especially if the time frame is weekly or higher -- and leave a stoploss -- and let the market show you. As in last week's example -- the INITIAL STOP LOSS is LARGE -- but IF YOU ARE RIGHT -- then you raise that stoploss, after the 2nd or 3rd bar, and then your stoploss becomes much smaller -- OR YOU ARE LOCKED INTO A PROFIT -- NOT A LARGE PROFIT -- BUT you can lock into "A" profit, in many of your trades. Again, this is a crucial point -- you can lock into a small profit, on MOST OF YOUR TRADES. Of course, many times you get out -- and then the market flies in the original direction. BUT HERE AGAIN -- THE EXTREME BEAUTY of last week's example : IF YOU CONTINUE to use the RULE of the THRUST -- then you must enter THE NEXT THRUST -- with a correct stop -- and you can always join the move !! This is very important -- not too many people can do it!

Amos Next chart is the euro-pound spread ; and again, I tried to see if the Trendline will hold. I surrounded the penetration of the weekly trendline with an ellipse. Next chart shows it today ; you can see that the market "respected that trendline. The fibo retracement, does not seem correct -- so ignore it

Amos Next chart shows progress of my "analysis" of the euro -- as a classical Wyckoff distribution. You can see how wrong it is -- today's action negated this sequence, unless the run to 142 was a terminal upthrust -- I doubt it. Another example that shows that, when you try to follow CLASSICAL WYCKOFF on line -- many times -- you get slapped.

Amos Last chart is the euro weekly -- and again -- the channel is not working so far. Another example of clear lines, that are being violated. It comes back to my original definition of lines -- we are dealing in a CARTESIAN SYSTEM, and each point on the graph is (X1,Y1) connected to (X2,Y2) -- no reason on earth, that market should respect some arbitrary points on a graph. LINES, channels and everything else work -- WHEN THE CM WANTS THEM TO WORK -- if too many people see it -- MOST LIKELY THEY WILL FAIL!

Amos HAOOK ... open for questions

Mr Steve Thanks, Amos. Some very nice points. I think I will go back, and read last weeks teaching by you again ... and get a full understanding of this.

Amos Yes Steve -- I was really shocked myself, when I was done -- Never done that before, with actual numbers -- and it was a big surprise. You know what ? I challenge you to show that semi annual example to your banker, and ask them what do they think of running a fund like that ? will be interesting to hear what they will say.

Randy it was a fun and interesting class

Amos Yes Randy-- we are here for fun and games

Brian Amos do you still believe buying/selling thrusts on a monthly chart after OKR, is a viable method

Amos Yes, Brian -- don't believe me -- try it on many charts, especially on STOCKS -- which run smooth, without the rollover problem (like Porkbellies and such -- which render this method useless).

Anna I have too many Trading flaws So, I trade in a small group. TY Amos!

Amos Anna, we do not have MANY trading flaws -- each one of us has ONE OR TWO major weaknesses, that must be tamed!

Amos gold is up 19 dollars -- market is really thinking the fed is bent upon FORCING INFLATION !! That means they do not think the Republicans could Handcuff the fed -- this is bad. This is the most blatant inflation inducing fed, that I remember. Greenspan always thought that he MUST FIGHT INFLATION. Bernanke is so convinced, that this is the way out of the mess -- but as I said before -- most of the stimulus goes into the hand of the FILTHY RICH -- they really enjoy this tremendously

Gary\_Fulleth so then the rich will trickle down to us lol

Amos Gary, the gap between the haves and the have nots -- is only growing right now!

Gary\_Fulleth right, i know ... but President Regan told us the trickle down ... maybe he meant to pee ... soon there won't be a middle class in this country !!

Amos ok, folks ... if no questions, I bid you good night

Gary\_Fulleth amos, ty ... i will see everyone tomorrow ... good night

## 2010-11-04 (Gary / Steve)

Gary\_Fulleth good evening, everyone ... did u all get charts ? Wonderful ... steve has charts too. So i have 4 charts ... and wanted to talk on shakeouts, and other things

ory what a move today !

Gary\_Fulleth es ... emini s and p ; what do u see here ?

ory nice uptrend ... what a move today

Gary\_Fulleth correct ... and the most important piece of information, when u have a reverse trend line ? If you hug this line without selling, this is more bullish ... even though an overbought line. But as this line rises, the market rises ... and makes new highs ... so the lack of reaction from an overbought line is bullish. So we know there is NO supply ... and as long as there is no supply ... we go higher ... as we have discussed many times !!

How do we know that the parallel line is a good one ? Any parallel channel, but this one in particular ... any one?

larryg touches both highs and lows ... recognized by price

ory market stays in the channel

Gary\_Fulleth If the market respects those lines ... if u draw lines, and the market goes above and under it ... then the lines you drew, are not proper. But if u have a line drawn, that the market respects ... then you have chosen the right lines ... this is very important. If you draw lines, and the market doesn't respect them ... then the lines drawn are not proper.

larryg ? : seems after several touches of a channel line, it would be more obvious ... so is there a limit to it's usefulness, after a while? sort of like 1st retest is good, but 2nd and 3rd not reliable?

Gary\_Fulleth well, we never know how many times a market will or will not retest ... but the more retests, the more likely it will go thru. The thing about trend lines, is they change ... you must change the channels. The horizontal lines remain constant ... but the trend channels can change. Understand ?

ory steeper or rounded over

Gary\_Fulleth i want you to read what i wrote on trend change ... market lines change

larryg seems they change often in stock indexes

Gary\_Fulleth well, if u watch the hourly chart, this will save a lot of headaches, larry

Gary\_Fulleth okay ... so in the es ; we are following the rtl line with no supply ... and today the market was sharply higher. Any q ? Good ... trend is important ... and the lack of reaction from the rtl line, is bullish roger hasn't been this high in 25 months

Gary\_Fulleth yes ... correct

Gary\_Fulleth 60 min chart ; what do u see here ?

roger shakeout after shakeout, a very strong market ... higher highs, higher lows ... if you would draw a channel, the market stays mostly at the rtl

larryg shakeout to new high

Gary\_Fulleth good ... the characteristics of a shakeout ... is that the market quickly reacts, and makes new highs. So we can make a lower low, but immediately react back ... it is like a hypodermic ... it is quick jab !! But if the break, had a weak reaction back higher ... then this could be possible supply. But we make new highs, thus the shakeout. You notice that the break's shakeouts dont have follow thru ... they don't stay there long. They are

designed to hit stops ... and then quickly move back to the trend. This makes it hard for those who are stopped out, to get back in ... like silver yesterday ... they can be very powerful. As you can see, we talked on this last week and this week ... the fomic ... and how it may change things for months ... and you may be seeing this now.

larryg is there any way, buying here ... would have been proper wyckoff trade? (buying at creek after shakeout, and doesnt seem like enough time to show absorption before joc)

Gary\_Fulleth no ... not a proper low risk trade ... thats the problem. When you get these shakeouts ... it is very hard to find a low risk trade ... because when they close well off the lows, and you buy ... you can get a retest, and go lower (*i.e. it wasn't a shakeout ??*) ... so the stop is too far away to be proper ... hard to minimize risk. So hard to get in, unless you get a spring ... then u can try. But harder when the market doesn't give a wyckoff set up larryg y, #, lol

Song so, you mean better watch, instead trade ... in this kind situation?

Gary\_Fulleth i think so ... because the risk to reward is high ... so much harder to find a low risk trade

Song thanks, make sense

ory also wait for a correction

Gary\_Fulleth we try to get a low risk trade if we can, in the direction of trend. Shakeouts are difficult ... because they look like supply. So its much harder ... its not easy ... but i wanted to show you a good example tonyw is there a way to know if this spring/shakeout will work out?

Gary\_Fulleth sure ... if you hold support, tony ... and the close of the reaction is good.  
 ory so this would be a time to spot turning points  
 Gary\_Fulleth yes !!  
 Gary\_Fulleth next chart ... nas - es spread ; as u know, my favourite ... this is the hourly chart. What do u notice?  
 ory your barometer ... still in uptrend  
 tonyw trend is up  
 Brian\_O at rtl ... recent joc  
 Gary\_Fulleth higher highs, higher lows ... yes ... trend is up. So by watching this chart ... you never had a reason to be short.  
 Randy what did today's action, with the weaker spread ... indicate to you. It was quite a bit weaker today, if I am not mistaken.  
 Gary\_Fulleth it was about even ... the spread up about 2100 ... but on the hourly, we are now overbought. So we have the job report tomorrow ... all bets are off  
 Randy I was going by % increase .. and es was up significantly more than nas ... maybe that does not indicate the spread?  
 Gary\_Fulleth percent ... yes ... but the nas didnt lead well  
 Gary\_Fulleth do u know why stocks and commodities have gone up with the stimulus money? This QE2 ...  
 Song but why bonds are also up?  
 Gary\_Fulleth the fed will buy bonds ... buy our own debt ... and this allows others to sell bonds, and buy commodities, stocks, etc ... so that is what THE QE2 DOES ... along with being inflationary  
 Song so inflation is not a concern now?  
 Randy in commodities it sure is  
 Gary\_Fulleth well, with a slow economy ... they prefer some inflation vs slowness  
 Song I thought gold and silver etc are hedges from inflation  
 Gary\_Fulleth they are ... but they are acting like currency  
 Randy they are a commodity ?  
 Gary\_Fulleth correct randy ... so they act like a commodity would  
 n The Fed, by buying "our" own bonds, is monetizing the debt ... this will eventually shut out all foreign buying interests ... which should have smartened up already, anyway ...  
 Gary\_Fulleth this is what stated world war 2 ... a currency war. China has kept their currency way undervalued for many years ... but there is a currency war  
 n You mean they have not inflated it ... big difference ...  
 Gary\_Fulleth i think china kept it low, as well  
 Randy that is partly why our jobs have been outsourced to them.  
 Gary\_Fulleth ... and that has happened for 30 years or more  
 Randy yes china played a part- no doubt  
 Gary\_Fulleth not recent, for sure  
 n Which market are you on?  
 Gary\_Fulleth but the fed buying bonds ... says to buy stocks and commodities  
 Randy says our economy is in deep trouble  
 Gary\_Fulleth it has been for many years ... though getting worse ... started many years ago  
 n Stick a fork in it ... the Japanese term for the Fed is hari kari ...  
 Gary\_Fulleth japan is in worse shape !! Harry Cary announcer for the cubs ... lol  
 Randy japan played similar games in the 90's ... that we are playing now  
 Gary\_Fulleth correct, randy ... very true. Look at the nikkei these days ... it is doing very poorly ... and never recovered form the 1980s  
 Gary\_Fulleth corn ; you see a market that needs to react ... no supply. But this market needs to joc ... or it falls back ... and a possible shakeout. When a market is at creek, and in an uptrend ... we expect the joc ... and we usually see an increase in volume and bar range ... why?  
 n Increased demand  
 tonyw funds are buying  
 Brian\_O funds/specs buying  
 Gary\_Fulleth the cm buys support ... funds and specs buy new highs ... what makes a market joc ? Why ?  
 Randy demand  
 tonyw Good news  
 Anna No supply  
 Gary\_Fulleth well, the impetus is news, right. Yes, it is the demand  
 ory ready to breakout from trading range

Gary\_Fullett well, there is no supply ... so its the bears that must show up. So when the news is bullish, the funds and specs buy ... causing the jump over the creek. When a market doesn't show supply in an uptrend ... this is obviously bullish. BUT a lack of demand isn't bearish ... UNLESS supply enters ... this is very important. The change of behaviour is price and volume, that is counter the move. But a retest is also important

Song it is difficult to change market mode !! Now looks like almost all markets have lack of supply ... strange ... except dollar

Gary\_Fullett well, no reason to sell ... if the fed prints. Markets that took out the 2008 highs ... are more bullish, then ones that haven't. Well, this is a big risk, as many know. Any questions ? Don't sell, because you think markets are too high ... and don't sell, because you miss a rally, and want to counter trade it. Many times, a big trade mistake is that they are bullish or bearish ... and try to counter trade it. Many think, i missed it one way ... and i will try to counter trade it. Not proper ... done out of frustration

Brian\_O so true

fireDOG I might be standing in his shoes

Gary\_Fullett we all do it, at times ... we MUST try to eliminate it

Song yes ... but in real life, it is difficult to refuse picking tops and bottoms, thanks a lot.

Gary\_Fullett not always easy to do ... i pick my bottom all day ... picking tops out, I get in trouble ... lol

fireDOG hey; stop that

Brian\_O tmi Gary :)

Gary\_Fullett lol ... brian ... lol

n Disagree, Song ... in real life, one either has rules and follows them, or not ...

Gary\_Fullett u must have rules, right N ... and u must try to adhere to them.

n no trying, only doing ... Yoda

Song n, yes, ... I have rules ... but the problem is the rules are setup to be broken ... just too bad for me

n Contradictory statement ...

Gary\_Fullett NO ... you can't break them ... they are there for a REASON ... FOR CONTROL

Song so the biggest enemy in trading is yourself ... not the market, not others

Gary\_Fullett we all can trade wyckoff ... and we can trade it a tad differently ... but we need rules ... right, song

n ego is the biggest problem, by far ... true statement, Song ... and the IRS ...

tonyw Song, it is so true to me too

Gary\_Fullett the purpose of the chat room lectures and webinars ... is for all of us to improve. The only thing to fear, is fear itself

Song I learn a lot from here, especially for patience, and wait for the time being

n Discipline, Song, discipline ...

ory and identify what we couldn't see before

swetz howdy folks :)

Gary\_Fullett steve is the master at it ... patience is key. Hey steve, the floor is yours

swetz I am up? I guess we can start on chart #5 of 7 ... the hourly SnP chart in honor of #60 :) ; Wyckoff would mention the term "springboard" ... according to Wyckoff, a market goes through a trading range phase ... where it builds CAUSE for a future EFFECT. While the TR phase is unfolding, the market is bouncing up and down ... between the boundaries of support and resistance. But eventually, the market will come to a position ... where the probability that the market is ready to LEAVE the TR ... is very high. This position is called a springboard ... or a springboard position, I should say. Now Wyckoff gave us some clues to look for on the chart, to help us determine when a market is moving into a potential springboard position.

swetz which leads us to the hourly SnP chart ; if we look at this chart ... we can all see, that the SnP index had basically been moving in a sideways formation, TR, or box (whatever term you prefer) :) On the chart, we can see that over the last 2 weeks, the SnP would run into resistance at the 1195 area ... and support at the 1170 area. But notice what happens, as the TR continues to unfold ... each reaction becomes WEAKER and WEAKER. Look at the black up arrows ... notice that after reacting to 1170 on Oct 27th, the next reaction forms a turning point at a HIGHER swing low on Nov 1st ... and then yesterday, an even HIGHER swing low forms. See how the reactions are getting weaker and weaker as the TR unfolds.

swetz Wyckoff observed that this type of action, provides an important clue ... that the market is getting ready to LEAVE the TR, to the upside ... thus putting the market in a potential springboard position. The notations on this chart were made YESTERDAY ... so this springboard position can be identified in REAL-TIME ... to CONFIRM the springboard position the market needs, to show a potential JOC ... which is what happened today. From a trading perspective, seeing what is developing ... you could have bought the SnP, or better yet relatively strong leadership quality stocks ... yesterday or the day before or even today, once the market showed upside follow-through from the springboard position. If the JOC is for real ... and the springboard is for real ... the market should NOT trade below the LOW of the springboard

swetz so this is where a protective stop could be placed, to control your risk ... in other words, below yesterday's low. Wyckoff also observed, that absorption provides a clue ... that a market has moved into a potential springboard position. So this is the one time, I am willing to buy a JOC ... instead of waiting for the backup. Wyckoff himself, if you review Chapter 7 of his course, advocated doing the same thing. Any questions? :) larryg you mean, when you see weaker reactions/ absorption before the JOC? (willing to buy the JOC) swetz exactly Larry :)

Brian\_O your thoughts on what constitutes absorption on this chart?

ory each reaction appears to be higher

swetz Brian ... the reactions becoming weaker and weaker, was the main clue for me.

Brian\_O OK, I can also see an ascending triangle forming as well ... which I know is beyond the scope of this class, thanx

swetz Oops, one thing I forgot to mention about this chart ... that I know one very successful trader observed. He called it the "RULE of FOUR" ... the Rule basically says ... that the FOURTH time that a RESISTANCE level is tested, will be the BREAKOUT. So what he would do, is place an order to buy just above the 3rd test of resistance larryg support in downtrend too?

swetz right, Brian ... yes, Larry

larryg but only w/ trend ... I would have liked to have learned about that little "rule" yesterday ... lol

swetz right, Larry ... always with trend ... lol, better late than never :)

Anna Steve ... is it Ok or proper to fill in gaps that happen . A lot in equities we know ... ave true range is always good ?

swetz Anna - yes Wyckoff himself would include the gap as part of the range of the bar

Anna Good ty !!

swetz okay, lets go to the next chart, chart #6 ; daily chart of CNH ... a farm machinery company. You have probably heard Gary discuss SEVERAL times, about the importance of buying SPRINGS WITH the TREND. To me, this type of trade is one of the easiest and less risky trades to do ... David Weis makes a pretty good living doing just that. So if we look at the daily chart of CNH ... we can clearly see that CNH has been in an uptrend for several weeks ... and had recently moved into a little sideways formation, over the last 3 weeks or so.

swetz if you guys want a little checklist to follow, to help you determine the QUALITY of a SPRING setup ... here it goes :

- (1) Is the trend up ? if yes go to step #2
- (2) Is a vertical demand area being tested ? We can see on this chart, that a vertical demand area marked D/S on the chart, was being tested
- (3) Is volume decreasing, and bars narrowing, as the market moves into a potential spring position ? If we look at the CNH chart ... notice that volume is decreasing as CNH reacts (see my downtrending line on the volume). Also notice the clustering of closes, overlapping of price bars, and the bars are becoming more narrow ... looks like (3) is occurring to me.
- (4) So it is just a matter of seeing a thrust up, to TRIGGER the trade ... which occurred 3 days ago, as it moved above \$40. Folks that get the NL, know that this trade was put out ahead of time ... so far, the trade is working out.

Brian\_O is there anything that would have prevented you ... from taking the initial test of the demand bar, that took out creek, at the previous swing high ? Aside from the fact, that it isn't a spring. And have you found that some stocks, have a higher likelihood of forming springs than others, consistently?

swetz Brian - you could have, but I'd rather look for a spring setup ... there are a couple of exceptions that I make ... but would be hard to explain, without a chart showing the exceptions. However, I will warn EVERYBODY ... that if you do decide to take the 1st test of a vertical demand area, you MUST consider this scenario ... and already have a plan in place. The scenario goes as follows ... you buy the 1st test of demand ... but then the market reacts, and moves into a spring position, like what we see here. Now, if you put your stop right below, the low of the 1st test of the vertical demand area ... you get stopped out. So either, you have to put your stop below \$35 ... the last swing low, which means more risk ... or be willing to go right back into the stock, after being stopped out ... most folks cannot psychologically do this. The pain of taking a loss, and then see a stock immediately rally ... freezes them

larryg seems taking the 1st test, should be for short gain/scalp ... like closing trade at TR high

swetz larry - you could definitely do that. Which is why I ADVOCATE the importance of paper trading your ideas, your strategy ... because EACH person has his/her own risk tolerance, trading goals, psychological makeup. Larry may be the type of trader, that likes taking quick gains from 1-3 day rallies, after a stock tests a vertical demand area for the 1st time ... so he has developed a plan, and rules to take advantage of it. Another trader may be willing to take more risk, so he/she doesn't mind placing a stop below \$35 ... and sit through a spring if it occurs.

swetz Another trader may place a stop just below the low of the 1st test of vertical demand, and if stopped out ... be willing to re-enter, if a spring develops. Another trader may not trade the 1st test at all, and just wait to see if a spring develops, for making his 1st entry. I have just gone over 4 different ways to trade this stock, and I am sure there are others that I have not thought of ... all 4 different ways, compliment the Wyckoff method ... but ultimately, EACH trader needs to figure out what WORKS for HIM/HER !!! And the ONLY way to do that, is to actually PRACTICE TRADE your tactic ... under REAL-TIME conditions ... this is so IMPORTANT !!!

Brian\_O What is your initial/eventual upside target, after the spring?

swetz Brian - minimum upside target, is the resistance level of the little TR ... depends HOW the market arrives at the resistance level Brian

Brian\_O Do you normally scale at that pt?

swetz if demand is strong, I hold on

swetz okay, if no more questions ... lets quickly look at the last chart ... the daily chart of VALE ; here is a stock, which I actually bought 3 days ago ... as I saw strong volume enter this stock in the morning ... anticipating that the early morning strength, would translate into strength on the daily timeframe. I turned out to be WRONG !! As you can see from the daily bar that formed on Tuesday (3rd bar from the right) ... the daily volume actually DECREASED, the close was off the high, and not very strong. So what I did when VALE declined yesterday, is that I exited the stock for a small loss ... but I was willing to buy this stock again, today ... and told the NL folks that yesterday. So sure enough, when VALE gapped up to \$33 ... AND the major market indexes were confirming the springboard position ... I bought this stock again.

larryg remembering rule of 4, no doubt:)

swetz :) Larry ; now many folks are not willing to buy a stock, after taking a small loss ... but I do not mind at all

Brian\_O not trying to steal your thunder ... but your pt about people's lack of willingness, to re-enter a trade after exiting for a small loss ... is right on the \$

swetz just remember Brian - many times, it is the second mouse that gets the cheese :)

larryg ... 1st gets the trap !!

swetz lol ... Larry, yep

Brian\_O haven't heard that one before ... but makes sense ... and who doesn't like cheese? :)

swetz lol, Brian ... only if you are lactose intolerant :)

n squeak, squeak....

Brian\_O ah, yes

swetz okay ... all done ... any questions?

n Always a delight, always informative ... always excellent typing ...

swetz Gary been giving me typing lessons :)

larryg great ... on why waiting for a spring is good idea - price been there once, w/ a reaction already

Brian\_O thanx, Steve ... have missed your commentary on Thur ... hope to see more of it ... have a great night ory great lecture, Steve ... TY

Anna Awesome Possum !!

Warren\_\_ great session ... thks, Gary and Steve

larryg ty, steve ... always helpful ... ty, gary ... gn

ory i like the UT ... TY, Gary

Brian\_O thanks Gary ... another great session ... have a great evening

tonyw Thank you very much, Gary and Steve

swetz my pleasure :) anytime :) ... okay, folks ... have a good night

Gary\_Fullett TY STEVE

swetz no problem, mr. boss man :) ... over and out

Gary\_Fullett ... boss man ... i aint obama ... lol

swetz lol, Gary

## 2010-11-05 (Tim Ord)

Gary\_F charts are posted ... please retrieve ... tim is here, as u can see ... and he will discuss the 2 charts  
ord Hi folks ... There are two charts ... One of the banking index, and financials index  
ord These charts date back to 1998 ... to show the bigger picture ... back in 2008, both indexes broke below the  
previous major lows ... near 60 on Banking index ... and 17 on XLF. These previous lows were tested in April,  
and found resistance, and turned back down.  
kent September pending home sales fell by 1.8%, in an unexpected decline ... sorry  
ord both patterns looked at the time, to be drawing Head and Shoulders top... but the recent rally in BKX and  
XLF ... may be attempting to rally back to the April highs, and make a double top. Also notice, that the April  
highs ... where 38.2% retracement of the bear market decline of 2008. Both XLF BKX made spike lows in 3/09  
... and most spike lows are tested at some point. Also, since both markets only retraced 38.2% ... which implies a  
high probability, that 3/09 lows will be tested again. We covered our short on XLF yesterday, and may attempt to  
short again ... if the April high is tested again  
ord next chart is the RM.V ; we used Pattern recognition, comparing RM.V to RES.V ... and the patterns still  
appear to Rhyme. The big blue arrows, shows where I think we are now ... the consolidation over the last several  
weeks, may be ending  
ord The Bollinger Bands are starting to pinch ... and has done about a 50% retracement, of the previous swing  
up. The volume has expanded today, showing energy entering the market ... and this stock is up. The Chaikin  
Oscillator hit a low several days ago ... and has curled up.  
ord I'm expecting the rally to continue to Rhyme with RES.V ... and expect a break above the previous high of  
80, in the weeks to come. The Rare earth stocks appear to be in a bull move, like the gold stocks  
HANDLES agree  
ord Are there any questions ? I'll keep updating these stocks  
EricC Only just printed charts, so will need to review ... but thank you  
Ory TY Tim  
Anna I'm long a few Banks ... and nervous enough, already ... Thanks Tim  
HANDLES i own rm already ... and res, and avl, and qrm, and many others  
ord Great for you ... I own AVL, as well  
ord Thank you for coming  
ord Thanks everyone, see you next week ... All the best, Tim  
ord left.

## 2010-11-09 (Gary)

Gary\_Fulleth good evening ... what a day !! Did you all get charts ... a lot of charts ... lets get into it !! Any q ?  
Some great charts for the newsletter, for later tonight ... but lets get into the charts. As I've said, i like to do charts ... and the next day, see how accurate or non accurate I was ... I dont mind my feet to the fire. But that is important, because we look at markets and judge it ... and see if the read was right or wrong

Gary\_Fulleth first chart es ... emini s and p ; what do u see ? We discuss it weekly, so we don't lose perspective on it ... we have an up trend, with no supply right ? And we are just above creek resistance ... but we need to also run away from this area ... buyers should mark up prices

Song from the chart, yes ... but today I think is a different story

Gary\_Fulleth not really, sing ... but those charts are for the newsletter for tonight.

Gary\_Fulleth ... but on this chart ... we have support at the 1215-1212 area

Brian\_O retrace to creek, doesn't appear to be on declining vol ... but at same time, no supply ... have to assume that trend will continue, until that happens

larryg and no spring yet shown here

Gary\_Fulleth good ... but sometimes we need to get demand from lower levels ... if we can't get that demand from the creek area. Remember ... demand comes from lower, by the cm ... funds and specs buy higher highs, sell lower lows. Any q ?

larryg aren't most of the counter trends/springs on the daily ... the CM's attempt to shake off some longs? Then the CM buys ... forming that demand at lower level?

Gary\_Fulleth yes, larry ... if the funds don't buy above the creek, to force the joc (jump over the creek) ... yes, good eyes and statement

Brian\_O is implication that demand needs to come from lower levels ... your belief that retrace will go lower, until it finds demand?

Gary\_Fulleth correct brian

Gary\_Fulleth so we had a break today ... went to 1206 area ...

Brian\_O is a retest of the joc bar, then ... a likely target?

Warren\_\_ could a possible Last point of supply develop ... if price dips back below creek ?

Gary\_Fulleth yes yes yes ... warren ... the 60 min chart shows a good bar on today ... the retest will tell us ... but that chart isn't shown here. Okay, any other q ?

Gary\_Fulleth 60 min chart ; my favorite chart to use ... this is much more clear than the daily ... what do u see? ory tr, of course

Anna light Vol test on the right

Brian\_O a better picture of the action

Gary\_Fulleth yes ... you can see a shakeout in the middle of the chart ... then absorption ... the the joc at the 1198 area ... see this ? So this lead to mark up ... then we form a higher trading range. What do u notice about the last retest ... just to the right of the 1215 label ? Anything ?

larryg weak, small bars ... but no sow yet

Gary\_Fulleth wow ... nice ... see this all ?

ory a hinge forming

skylar closes are mid to high

Gary\_Fulleth yes, but small bars ... and not wide ... says lack of demand from ice support. When u get to ice support ... it is where the cm will buy, and show demand ... as it will defend the support. So the cm defends support and resistance ... as the funds sell the breaking of the ice, and buy the joc area. So where do u think stops are?

Larryg 1214 ... just under demand bar, at beginning of tr

Gary\_Fulleth right ... so when traders say, they hit my stop ... yeah, of course ... it is just under support or above resistance ... you know where the stops are

larryg seems like a good q to ask yourself, when you see a TR

Warren\_\_ so the weak bars imply ... the CM is not quite ready to participate?

Gary\_Fulleth yes, larry ... the cm will defend support ... IF he feels mark up. Otherwise ... he won't defend support, and will let it drop further

ory stops help fuel the break !!

Gary\_Fulleth well ... when a market hits sell stops ... the funds and specs sell ... and the cm many times will buy, and conduct a small rally ... to unload what they bought. This is an important process. Sometimes the cm will allow the market to drift lower ... to buy cheaper

ory looking for demand ...

Anna Conservative traders

Gary\_Fulleth in this case, the lack of demand from the 1215 support ... lead to a move to lower ... to wipe out the longs. You can see the 1198 area ... the top of the demand rally.

George does the cm buys simultaneously, as the specs and funds sell

Gary\_Fulleth the cm doesn't like company !!

ory so if demand comes in ... one would find vdb ?

BryanH Do you think it was the CM that bought at the end of the day ... to defend the 1206 area?

Gary\_Fulleth yes (to Ory ??) ... i am sending this chart tonight ... but great eyes !! Can you see the joc bar on this chart ... the high is at the 1205 area ... its the bar where i wrote 1198 ... for the joc bar, the high was near the 1205 ... see this ? Thats why we stopped where we did ... not a lot happens by accident. But as i said, key support is lower ... and the volume was NOT excessive today ... and the spread held. Any q on the hourly ? This is a great chart !!

larryg would u call this ice of larger TR ... or something else ?

Gary\_Fulleth part of the trading range

BryanH do you think we will most likely come back down, and test the 1198 area ... before another move up?

ory it would appear as such

Gary\_Fulleth tomorrow i think, tells us ... there is a vertical supply bar on the hourly ... that is key. So we need to take that out upside ... but will depend. This can be a shakeout ... we will see if the 1206 area shows buying ... but a weak retest, then yes 1195-1198. But most likely, a retest back to the 1198 -1206 area ... since the outside markets were weak. So the retest higher, will tell us if the resistance holds

Song recently, es and ec move together, and ec is down ... would they separate from now?

Gary\_Fulleth well, europe is weaker than the us, imho ... so i think they take turns in selling the dx, then the euro ... so i think it is a balancing act. Sometimes they work together ... sometimes separately. But today, the euro was weaker, and stocks did break ... for the most part, higher euro, higher stocks. It was never that way ... but higher commodities mean no recession. So stocks like that short term ... until inflation comes !!

Song also, the g20 meeting is today?

Gary\_Fulleth not sure ... usually over the weekend, isn't it?

Song not sure, just think if the meeting has any impact to the stock and euro

Randy FYI ... G20 meetings are Thursday and Friday

Gary\_Fulleth bonds ; this is a clear chart ... from the high, we see increased volume, and a move down in late august ... see this ? Then we broke to the 12906 area, and reacted ... this forms ice ... and we know a retest should occur ... and it does. What do u notice about the retest in Oct ? What was the volume and price bars ?

larryg smaller bars than first break ... certainly less than during the break from the high

Song low volume ... and can't even bounce back?

Gary\_Fulleth right ... light volume, small bars ... what does this say ? Lack of demand !! On the right side of a range ... you want increased volume and range ... to show the funds and specs are involved. You have the opposite ... the funds are NOT active at creek ... so this is a lack of demand !!

Brian\_O smaller bars ... lack of demand ... better part of a month to retest highs. Does this look more like distribution to you ... especially w/ lower tr forming now, within larger tr ? Still need to see sow, and retest after break of ice ... before going short

larryg fewer sellers ... selling vol drying up ... giving demand chance to enter ?

Gary\_Fulleth well, yes ... because from the highs, initially, you got selling ... wide bars and volume. So the retest was a lack of demand ... so this wasn't absorption at creek ... since we had selling in the background. If we didn't have the selling ... then the market would be absorption ... but since it came from selling ... it is bearish.

Understand ? So then the break ... after the break, you see about 6 sideways bars in mid oct ... see this ? Then a move back to ice support ... then a retest back to the creek in the trading range at 133 ... see this ? This is very important !! I made a recommendation to sell 13230 ... was lucky as it was 2 ticks from the highs ... that was on the fomc meeting ... and u can see the ice at 12906

larryg that seems like mid TR ... but can see the resistance there

Gary\_Fulleth ... 1/2 back ... but was a trading range, within the range ... it is where resistance was. Now, I say don't trade mid range ... BUT it is a clear area

Brian\_O these are the type of trades, where you can take off the training wheels

Gary\_Fulleth yes ... it was clear to me ... and today, we had that mark down. Look at the volume, over the last few bars ... it was decreasing ... showing lack of demand at ice ... the cm NOT defending ... see that ? Okay, good !! Money is moving out of bonds, and into stocks ... most likely. This chart is clear ... lower, because the background was selling ... and a weak retest. So this is a great chart ... the trading range is distribution, because of the selling in the back round. Any q ?

Song do you think bonds will test the broken ice again ?

Gary\_Fulleth yes

Song so, could this be a spring ?

Gary\_Fulleth no ... I don't think so.

Song my question is ... how to tell between retest of broken ice, and a spring?

Gary\_Fulleth ... because I think this trading range is distribution ... but can we go back into the trading range ... and it seems to be a spring, yes ... BUT i don't think this is a spring !!

Song so your analysis is based on ... what happened before the break?

Gary\_Fulleth depends if the trading range it leaves ... is distribution or accumulation. If accumulation ... then the spring must be bought. I think this is part of distribution ... so bearish ... and the attempted spring will fail.

Song thanks a lot ... I understand it much better now

Gary\_Fulleth :) ... it depends on trend ... and it depends on the background, etc. Any q ?

Gary\_Fulleth euro ; you can see a clear upthrust ... and then u can see follow thru. The key after the upthrust ... was the follow thru ... the key was the low end closes ... and today, we went to the support area ... see this ? Important !! Another clear chart.

Brian\_O yes ... pretty good charts, this evening

Gary\_Fulleth yes ... these are newsletter charts. Some of the nl charts said a lot

Gary\_Fulleth crude ; another clear chart here. What do u see ? A move above creek ... so we can try to buy a retest ... its clear at this point. Any q ?

Brian\_O shakeout w/in tr prior to joc ? about Oct 19 ?

Gary\_Fulleth no ... was part of absorption. No supply from creek ... so was part of the trading range and absorption.

Gary\_Fulleth crb index ; this is a basket of commodities ... look at where the market is ? The position of the wyckoff trend is important. Today the crb was sharply higher ... but we are at a retest of the 2008 highs ... see this ? So the first retest of a high or low, tends to hold ... so i would expect this to hold ... maybe even have a upthrust. This was a fairly quick retest back to the high ... hard to be long at resistance ... see this ?

Song crude, gold, silver, grains, copper, etc, all are high now ... is this good or not ?

Brian\_O are you surprised that there wasn't more of reaction at the 57500 level ... whereas it was a swing high, prior to the overall high ? Or would that be a target on a retrace ?

Gary\_Fulleth yes, I was ... I thought 575, we would react ... then after some absorption, a retest of the highs ... but they went straight there. But when u have vertical markets, you can go anywhere. Any q ?

Gary\_Fulleth i want to show you the weakest commodity ... not all have gone up ... most have though

Gary\_Fulleth so ng ; we have a down channel ... and we went under the rtl (the oversold line) in mid Oct. The market went back to the down channel ... but we don't have cause to sustain a move. We will have to do a lot of work to accumulate ... we may be starting that ... but the rallies will be sold. You just don't turn a bear market into a bull, with a few weeks of work ... cause and effect ... you need cause to sustain, and to mark up. So you may want to buy the lows, and the beginning of the move ... only to get washed out ... so don't try to pick bottoms. Wait for the edges, and the trend to trade. So the process of a trading range is key.

Brian\_O potential preliminary support ?

Gary\_Fulleth its possible this last rally is pre support ... and we can now have a retest, and form accumulation ... but it is quite early. So be patient ... and wait for clear areas. But don't buck trend, unless you see a clear trade

Brian\_O not planning on picking a bottom ... sorry, poor choice of words ... but trying to get a sense of what is going on

Gary\_Fulleth no, i know you aren't ... I was talking in general. So we wait, and we want to see a retest lower ... on lighter volume, smaller bars. This will tell us ... lack of supply. And then we can get a sos (sign of strength) on the right side of the range.

Brian\_O how important or unimportant will the retest level be?

Gary\_Fulleth Important !! It will tell us the next move

Brian\_O I know it's getting late, but can u expand just a bit?

Gary\_Fulleth well ... we are reacting from an oversold line. We can see some possible buying ... but this buying is nothing, if the retest back lower shows supply. So if we get a lighter volume retest ... this will show a lack of selling or supply ... and may be a buy. So the retest is important. We are reacting ... so that is why the retest is important ... to see if supply enters or not.

Brian\_O so I can see volume is important ... but what about level ?

Gary\_Fulleth well ... the level retest should hold. So see how we retest there ... with price and volume. Its not that we retest ... but HOW we retest

Brian\_O excellent ... thanks

Gary\_Fulleth great ...

Gary\_Fullett silver ; nice trading range in an uptrend ... with increased volume on the right side of the range ... shows where specs and fund came alive. The increased volume, right side of the chart ... should lead to a sow or sos. Upthrusts in upmarkets fail ... as it is a probe to go higher. The key is trend !!

Gary\_Fullett go to the next chart on silver ... and you can see the joc (jump over the creek). It is a great chart of absorption ... and then a joc in an uptrend. If u go with trend ... and the trend is up ... the higher trading range is accumulation ... and thus Bullish

Brian\_O so u can see sos, prior to joc ... but proper trade would be a retest, correct?

Gary\_Fullett great q !! If you bought ice support ... you don't have to worry about when it will joc. If you buy the edge ... then you can see that the joc will occur ... so that's the advantage. If you bought the first retest of creek ... you have to wait ... as it forms an upthrust. If you buy ice ... you have profit ... and NO anxiety !!

Brian\_O buying support ... with initial target at creek/ut area ?

Gary\_Fullett yes ... you buy ice ... sell 1/2 at creek ... then buy it back at ice. So you are buying support in an uptrend ... buying ice, is buying the edge ... understand ? Clear ? Any q ?

Brian\_O yes ... thanks for spending extra time this evening ... I appreciate it

Gary\_Fullett my pleasure ... i hope it helped

Brian\_O real good info ... absolutely

Gary\_Fullett ty ... good charts ... amos tomorrow ... good night, all

Gary\_Fullett left.

## 2010-11-10 (Amos)

Amos Hi ... Kind of funny, that last Thursday (right after last lecture) I started my current letter with the words: Seems like we have Norton Waltuch and ContiCommodity all over again. And today, I see Gary responding on the Market Forum about manipulation. It is very dejavuish, what is transpiring right now in markets. And those who have been in such situations in the past, can feel it in their guts. There is a definite feeling, that some large forces are conducting big battles behind the scenes, and we are the flies on the wavering wall (elephants, whatever). The last time bonds, metals, stocks, currency went together the way they are moving these days, was many moons ago.

Amos Those who remember the Silver with the Hunt brothers, may know that ContiCommodity (where I worked under David Weis, and learnt most I know from him) was the most active hand of the Hunt brothers, and they had a Silver pit guy by the name of Norton Waltuch -- who would be the scare of the pit -- whenever he appeared in the pit (did NOT do it every day), everyone got scared. Stories are that he would come to the pit -- wait about half an hour, and then lift his arms and shouts "X" bid for 5000. That means he is buying 5000 contracts of big silver, at the market or at a certain price. Guess what would happen 3 seconds later ? SILVER WAS BID LIMIT UP !!

Amos Why? because all the sellers in the pit moved aside -- they knew that Norton was the broker for the HUNT brothers, and he had "unlimited funds" to do whatever he wished. Those were happy days.

Amos Well, you know the end of the story ... the end was that silver went to 50 dollars an ounce. The boys of the exchange were billions of dollars in the red -- and they decided that they must kill the Hunt brothers. They did the ONLY thing the brothers did NOT take into account -- they changed the RULES OF THE GAME in the middle, and forced Liquidation (no one was allowed to buy silver for a few weeks), and silver went back to around cost of production --5 dollars).

Amos At any rate -- if you look at cotton -- today -- it looks the same. I do not know who are today's "cotton brothers" -- but I am sure that when this will be over -- we will hear some fine stories, and a few books will be written. Gold and silver are a little different, because there are enough chinese who are newcomers -- and they may be enough of a push.

Amos But all in all -- such moves that we see now in the crb and its components -- are the result of huge squeeze, and the forces that do it -- reminds me of the hidden fight with the Ferruzzi brothers a few years back -- that was divulged only after they went bust. It is very likely, that some of the HFT interests are involved -- in other words -- it is possible that there are, behind the scene -- some huge ELECTRONIC POOLS, that are replacing the pools of Jesse Livermore days -- have no idea -- but it smells like some big games are taking place behind the scene -- and when such a phase occurs in the market -- you can throw most of your conventional tools -- whether fundamental or technical -- out the window. It is rather humiliating to a sensible trader -- but that is part of the game -- I will come back to humility towards the end of tonight.

Amos I will go thru some charts which show, again -- how most "normal" predictors fail -- and have one interesting chart about correlation. First chart is the crb, monthly printed last thursday ; the chart reached an exact 50% projection, and I thought that would be an interesting point to watch -- NADA

Amos Next chart is the quarterly ; and you can see that the behaviour of the market -- is very different than one would expect under "normal" circumstances. The sharp drop of 2 quarters -- the drop in the CRB -- and the 8 quarters rally. Perhaps in a very large time frame -- it may seem sort of "normal". The bottom in 2001, actually looked somewhat similar. But as of now -- it is a very unusual behaviour -- and I admit, that I have NO TOOLS in the chest to deal with such a behaviour. I am conditioned to see accumulation and distribution -- before major moves -- and when moves continue, without such preparation phases -- it throws me way off kilter.

Amos But, if you look at the last 2 quarters -- the move from 450, back to above 600 -- that, is part of the POOL thingy I mentioned. Apparently, there are enough forces in the market that KNOW -- that they can push the last part of an extended move -- rather fast and sharp -- REGARDLESS of FINANCIAL CONDITIONS. Actually, the last quarters of 2008, are somewhat similar -- if you look carefully, you see that the last 150 points of the crb -- were basically of thin air -- while the mood around, was of inflation going out of control.

Amos How they can do it -- is beyond me -- and that is why I mentioned the story of Waltuch of Conti -- who SINGLE HANDEDLY, could with one hand raised -- LOCK THE WHOLE SILVER MARKET LIMIT UP in 3 seconds !! This happens once in a while -- and this is a similar phase that we are in. Paul Tudor Jones tells about his uncle Elly Tullis ("KING COTTON") -- that could take the whole MEMPHIS cotton exchange alone, and move it at will -- perhaps the king is dead, long live the new king -- and we simply have not heard his name yet

Amos Next chart is the dow weekly ; Again, these are charts printed last thursday -- and you can see a mark of the 89 week, coming next week. I think -- perhaps -- this will be an important time mark -- who knows

Amos As of this moment, I can see a squeeze into the December expiration -- why not? not many shorts with profit here

Amos The next chart is VERY IMPORTANT ; Everyone is talking about the correlation of the dollar and stocks commodities -- everyone is convinced that the only way for commodities or stocks to decline, is for the dollar to rise. So I betook upon myself, the task to check the correlation between the dollar and the DOW -- lo and behold -- NADA. Look carefully at the two charts, juxtaposed above each other-- the top is the dollar, and the bottom is the dow. To get the large picture, I posted the ANNUAL charts. You can clearly see, that anyone who talks about a correlation between the dollar and the dow -- is an idiot !! In 1985, the dow started its mega move from 1000 to 14000 -- and the dollar had a decline from 1985 to 1990. The dollar dropped from 160 to 80, while the DOW rose from 1066 to around 5000 -- very nice and clear correlation.

Amos From 1992 - 1994, the dollar stabilized and traded sideways -- while the DOW rose from 5000 to 12000 -- very little correlation. Part of that move -- especially from 1995 to 2000 -- the DOLLAR ROSE from 80 to 120, while the dow was exploding from 5000 to 12000 -- and that is OBVIOUSLY OPPOSITE to the assumption, that STOCKS RALLY when DOLLAR FALLS -- ZERO CORRELATION!

Amos The last comment on the charts is around 2008 and you can see that dollar is rather flat during the last 2 years while the DOW made 7000 points correction-- again ABSOLUTELY NO CORRELATION between the dollar and the DOW. So all the talk these days, that all of a sudden the move of the DOW -- relies on the value of the dollar -- is ONE BIG HOGWASH !! It is nice, from time to time, to CHECK general euphemisms and cliches -- to see if they actually stand the test of time.

Amos So -- if you see the dollar rise now (for whatever reason -- make it PORTUGAL), and the dow starting to correct -- please do not get surprised -- THERE IS NO CORRELATION BETWEEN THE DOLLAR AND THE DOW !! Of course, on a small time frame the market can "USE" any notion it wants -- but over the long haul -- it is garbage, just part of normal manipulation !! I know it is not nice to shatter certain innocent beliefs -- but this is the game we are in. Some athletes DO take drugs, and the special swimware the swimmers wore last olympics -- DID change the speed in the water !!

Amos next chart is the weekly crb ; I am trying to see if the phase similarity is going to work. The last correction took 22 weeks, and this week is the 22nd week of the rally -- we are above 600, so it is possible the the huge DOUBLE TOP will be more important -- time will tell. Next chart shows that -- quite amazingly -- the SHARP DECLINE in 2008, ALSO TOOK 22 weeks. I was surprised to find that out -- I admit, that I only saw that YESTERDAY -- is it important? I have no idea -- but it is interesting to see if it will have some significance this time too. Of course, we need some important thrust on the monthly chart to verify this.

Amos Next chart is silver weekly -- the squeeze goes on. The last point of the 50% potential projection, is the 1750 area -- where we left the WEDGE FLAG, and started the move. If you use the wide range as a flag, then this 50% projection is also Edwards and Magee FLAG extension rule -- both were broken. Again -- in such a phase, where so many unusual things are happening. Again, when was the last time anyone can mention we saw Bonds, Metals, Currencies, Stocks, Softs move together ? Since I just debunked the DOLLAR relationship -- then are we really in inflationary times ?? Unemployment in some states is 20% -- unemployment in Europe (other than Germany) is high -- wages, other than in Washington DC, are NOT rising (many economists believe that the most important component in inflationary pressures is WAGES). So where does inflation come from ? Again, hogwash -- this is a money game -- and I am sure, the stories will come out later. So my 50% projections -- are useless too!!

Amos Next chart is gold ; it shows that the "last" reasonable" point, that may serve as this 50% projection -- is around 1400 -- and we have already reached 1424. Someone is trying to guess, if the number 14 is not a magic number -- I saw a post to that effect on Market forum -- in Hebrew, 14 is very important, because it is the Gimatria of YAD -- which is the symbol of MEMORY. Actually, if you open Ecclesiastes Chapter 3, it devotes 14 lines to the warning about TIME -- for every thing, there is time and period on earth -- time to build, time to destroy -- time to keep, time to throw away -- time to go to war, time for peace. And the King Solomon (considered the author of that book of wisdom), repeats those warnings 14 times -- so 14 is important.

Amos But I doubt that 1400 in gold, is so significant. The only significant point is -- WHERE DO THE SHORTS BAIL OUT -- have we seen capitulation? The drop of 20 dollar, in one fell swoop the other day -- may be a harbinger. But so far, the BULL are winning. Do we have to UPTHERUST THE HIGH in the CRB, before that is over? I have no idea. Will they use the small rally in the dollar as an excuse ? Will the rally in the dollar, become a large move -- just because everyone is convinced that QE 3 4 5 will continue to "debase" the dollar? We shall see

Amos Next chart is the daily coffee ; I rarely look at it -- but a glance at it, shows that there was an interesting volatility, around the quiet opening of November. Since I do pay attention to this Steinhardt model -- using the first day of the month, as "opening range" -- and paying respect, to the break of its boundaries -- you can see that many months do respect that paradigm! I wrote on the chart: Large volatility around first day -- is quite unusual.

Amos Many times, such volatility indicates -- large turbulence. I do not know what coffee will do -- I am sure it will surrender to the general behaviour of this "electronic pool" phenomenon. If you do not understand what I mean by this -- let me say this : In old time -- people with money used to get together, and pool their resources to MOVE THE MARKET. Jesse Livermore talks a lot about those pools, and even describes how they tried to HIRE

his talents to do the job for them !! Well -- I will not be surprised to see that such things occur today, all the time -- but at this phase of human development -- most likely they are sitting behind computers, and communicate via close circuits, terminals, whatever.

Amos I told you that I am reading the book "THE ZEROES", by one Randal something. Good writer, there is not a NAME he does not mention -- that got involved in buying and selling nothing companies, He mentions names like Hank Aaron, and many other entertainment people, who ploughed millions into bogus operations. He tells how the Bank of IRELAND was lending money to anything that moves -- because the paradigm in those days (2004-2007) was 2-20 -- which means, that any fund manager was getting 2% mgmt fees and 20% incentive fees -- so there was NO WAY the manager could lose -- because he was ASSURED 3% mgmt fees, no matter how fast the fund collapsed !! At any rate -- it just goes to show you, that corruption had been rampant before the 2008 crash -- and CORRUPTION is RAMPANT TODAY !! We simply do not know about it

Amos Next chart is corn monthly ; it shows a potential boundary around the 6 dollar, because it is a natural spot of the "head and shoulders" between 3 and 450 ... we shall see

Amos Next is the GSR ; I showed it lately, and showed it had not real meaning -- wrt to the actual price of silver or gold. However, you can see that there is clearly some support in the 500 area -- and we are SINKING FAST INTO THAT AREA. In addition, there is a potential 24 months PHASE SIMILARITY. The ratio rose from 500 to 800 in 24 months, and it is now back to 500 in 24 months -- perhaps this has some significance -- so it is time to watch the spread carefully. Next chart is the weekly, and you can clearly see that the 500 had been important support last 15 years. Next chart is daily, from early today -- and yesterday there was a tiny reversal -- so I wrote on the chart: "First sign?" watch the spread intraday, and see if the spurts occur to the upside -- rather than to the downside -- as they did since August !! worthwhile watch

Amos Next chart is platinum ; and it shows that today was 55 day of rally -- may be significant

Amos Next chart is euro weekly ; I am going to devote sometime in a moment to that chart -- so this is just brief: Last few weeks are sideways, with a thrust that closed in the middle -- and we broke below the low of that upthrust week -- it is always GOOD to pay attention to such thing. But since there is NO clear reversal, or KR, or anything else -- it is hard to decide. Everyone is talking now about 150 euro or 147 euro, and bernanke is pouring more money -- so it is natural for Euro to continue to rally ? of course ...

Amos Next chart is something I have mentioned above -- cotton, yearly chart over 40 years ; obviously, 2010 is a unique year. Whenever you see such an abnormal behaviour -- you know two things : 1) there is HUGE BATTLE, and ONE SIDE IS WINNING BIG, and the other side is BEING DECIMATED ; 2) Most of the time, when such a battle is being resolved -- you can expect disaster on the other side. Bubbles BURST, and this is one heck of a bubble !! Unless we start eating T shirts, instead of bread !! So I wrote: Major Squeeze -- harbinger of bad things to come!

Amos Next 6 charts are not pleasant -- but they relate to the whole phase we are witnessing last 2 years -- really large moves of markets, WITHOUT all the CLASSICAL WYCKOFF preparation phases -- of DISTRIBUTION or ACCUMULATION. Hank Pruden wrote an article about this, and I will relate to this in a moment.

Amos Next 6 charts are hourly charts of the euro ; I challenge any of you, to show me any behaviour that PREDICTED or INDICATED of things to come !! This is very tough, folks -- I am painting an ugly picture -- but that is reality. I even numbered the charts in the letter (hope you see the numbers -- if not -- I will have to number them INSIDE the charts from now on). You see a sharp rally from 140 to 142, close in the middle -- which indeed caused a range -- and then we break above the high of 142, and ready to continue. So far, everything is pointing BULLISH! If you see otherwise -- HOLLER

Amos Next chart shows a rally to 14270, and then retracement to below 142, stopping at the 21 hourly MA -- so far quite bullish.

Amos next chart is strange -- market not rallying, not declining, just continuing to trade sideways -- what is this ? Stochastics is not very low, and if this is a true range -- within a bull market -- we should have a sharp move up !

Amos chart 4 ; drops like a rock, no preparation, no ending action, no sign of distribution, no nada. Anyone who followed GVI, for example -- EVERY POST was -- BUY EURO, BUY EURO, BUY EURO !! Which means that all traders are CONDITIONED BY NOW -- to ONLY BUY. Can you sell this ? Based on what ? Give me ONE CLEAR SELLING SIGNAL ?? NONE

Amos next chart (5 of 6) shows that the euro just keeps dropping ; mind you -- every one has the Schedule of Bernanke QE 2,3,4,5 on line ! Everyone knows that the US Government wants to drop the dollar. News from Germany, is that unemployment there is LOWEST IN YEARS !! great success !!

Amos Last hourly chart says -- Where does she stop ? We dropped from 142 to 138, and all you can see and say is -- that THE SELLING FROM 14270 was SLOW, INCONSPICUOUS, STEADY, SURE, CONFIDENT !! How does this go about ? What causes this ? Well -- all I can tell you, is this is EXACTLY WHAT happened a few months ago at the bottom. Euro was dropping like a ROCK, approaching the 116 multi year lows, and -- the BOOM started to rally, from 120 to 142 -- without ANY ACCUMULATION, ANY SIGNAL OF SELLING

CLIMAX, AR and ST -- nothing of the kind. Again -- all I can say, is that this is more like POOL ACTION -- and we have to get used to this !!

Amos The last chart relates to an article I saw by Hank Pruden. Since I am on the mailing list of Wyckoff and such -- I read questions and answers. Someone suggested I read an article Pruden wrote for a distinguished magazine -- the name of the article is The 21st Century Trader. Let me get the link, one moment ([http://www.traders.com/Reprints/PDF\\_reprints/GG\\_PRUDEN.PDF](http://www.traders.com/Reprints/PDF_reprints/GG_PRUDEN.PDF)). I started to read it, and got rather angry from the start. Here is one paragraph : Expect the professional technician of the 21st century, to acquire many of the attributes of the WS technician from 100 years ago. Pattern recognition, intuition, judgement, and a feel for markets and people, will become the distinguishing attributes that the technician may cultivate in order to secure an edge in the 21st century trading. Anthony Tabell and Daniel Pink are on the forefront of those who believe this. Amos he is saying that Classical Wyckoff is going to return, and be big in the coming decades. I think it is quite the OPPOSITE -- and classical methods are likely to be trampled upon. I wish he is right -- but it is very unlikely. I will discuss this in detail, in the future -- but it is an interesting point

Amos last chart is dow weekly ; I put a large ellipse that focuses on the last rally. Notice that this is a very TIMID rally -- NO SHARP moves, no jerks, no FRIGHTENING moves. This is a move by a force, that KNOWS it can do it -- and it can WIN !! Indeed -- all the PREDICTORS -- Prechter and alike -- are being killed. Apparently, there is enough sleuthing in the market, to tell those who know -- that there are ENOUGH shorts in the market, that can be killed WITHOUT raising prices too much (after all, there is certainly huge SELLING ORDERS ABOVE THE MARKET, THAT WOULD LOVE to SHORT high enough !!). But a move, like the one we see last 10 weeks -- is SO UNLIKE classical wyckoff -- that to continue to stick by it, and force it upon the market Randy this last rally, looks very much like the rally from Feb to April 2010.

Amos yes, Randy -- the pattern is the same. But we had the May 6 drop, which -- if you follow Wyckoff strictly -- it was EITHER A SHAKEOUT (which I pooh-poohed at the time -- and now I look a little foolish) -- of a SIGN OF WEAKNESS. Well, it was neither, in terms of the FORCES THAT MOVE THE MARKETS RIGHT NOW. So -- what is the answer to all this ? If classical Wyckoff is being spurned at the moment

Randy sit on your hands ?

Amos If the forces that move the markets right now -- are evil hidden pools that toy with us ? If the "correct" relationships with dollars, inflation, recession, unemployment, Fed etc -- fall apart ? What do you do ? My only solution, is embedded in my example of the SEMI ANNUAL dow during 1900-1932. No matter what -- on a certain TIME FRAME -- the TRUTH IS ALWAYS THERE -- and as long as you operate correctly, about the manipulation of the market -- and you USE STOP LOSS -- you can survive.

Amos The important thing, is to SURRENDER TO THE MARKET -- when it goes CONTRARY to your "LOGICAL" assumptions. CASH TRUMPS HYPOCRISY. CASH TRUMPS IRRATIONALITY. CASH is better than Check (famous joke on the tennis courts at one time). If there are pools that run the market -- it is better to surrender -- FORFEITING your ego, and your rationality.

Amos I can tell you a true story ; when the euro reached 121, I had one of my former students call me. He says his father (rich man) bought some 20+ contracts of euro at 146, and is sitting on a loss close to a million dollars -- what to do ? I asked him why he did not put a stop at 136 (monthly corner) -- he did not have an answer. So I answered him the best I can -- that we are close to 116, which is major support -- and if he is willing to take a little more risk, he should hold and watch - but below 116, it is death valley to 80. He held, and I did not hear from him, until a few days ago. He calls, and says, so what now? can we go to 150? What could I have said ? I said -- with bernanke we can go to 200 (there is no rhyme or reason) just put a trailing stop on the monthly chart, and go and thank God for your stupid luck !! He laughed !! What happened the next day ? Euro drops from 142 to 138

Amos conclusion? You should use stupid customers, as one of the best signals in the market -- because they tend to make the worst decisions, at important turning points -- and the POOLS KNOW THIS !! How the market knows, when MOST WEAK TRADERS bail out -- I do not know. IN FOREX -- they see it on the bank Ledgers. In commodities and stocks -- I do not know. But this is the world of trading -- it aint easy, and the last 2 years, for sure -- were double hard. If this phenomenon of the "ZEROES" continues -- we should see more of the same.

Amos Long ago, I showed that if you use the thrust method, on the 4 hour chart -- you can still make money in the market -- but you MUST HAVE STRICT DISCIPLINE, and USE STOPS ALL THE TIME. Not easy on the soul -- but better on the Heel.

Amos Haook ... open for questions

roger thrust method ? Please define thrust method

Amos buy an important higher high, and sell an important lower low -- but only after you do some synergy on the time frames -- not good for the 5 minute bar charts (perhaps once a day).

Amos see you next time ... gn

Gary ty ... great stuff folks ... amos has his style, but great knowledge ... gn all

2010-11-16 ... not found

## 2010-11-17 (Amos)

Amos Hi ... Unlike last two weeks, not much to say tonight ... just sharing some real life trading experience  
Amos first chart is silver, 2 hour bar chart ; You know that I am a big advocate, nowadays -- of the 50% projection trick -- it is really one of the "secret" messages of the market -- and the fact that you see this again and again, when you look in perspective -- hindsight -- only makes me try and identify the point, that the clever money is looking and using before hand. You may say, that it is not much different than all the pitchforks and other methods, that offer many lines and one of them hits -- I do not think so. So look carefully at this 120 minutes silver chart, and observe. The first rally from the FAKE shakeout of 24, hit the 26 -- plus had 6 bars (12 hours) reaction, that ended with an OKR -- followed by another higher high, and higher low. This was followed by a 13 bars small sideways range, that ended in the 14th bar -- with a very strong bar, that closed AT THE HIGH with increased volume.

Amos Note how accurate these guys are ; the first high after the rally from 24, was the EXACT SPOT that the next rally started. As you can clearly see -- that was the EXACT TARGET OF THE RALLY !! If you think this is coincidence -- go ahead. I am convinced, that this is part of the secret language of the market -- this is how the big guys "communicate". There is NO WAY I can prove this -- but watching such behavior, again and again, makes me rather comfortable that it is a message. Note also, that the next 2 reactions came back to the same spot -- like an eagle coming back to its nest, or trout to spawn or sea turtles. There is nothing magical about this 26.5 level -- except that the forces that move the market, right now -- use it as a Road sign

Amos if you try to find the same corollary in the gold -- next chart -- it does not work. ... so ? ... nothing ! it just worked this time in silver. Is this a good model to go by ? NO -- I have shown this many times, in the past few months -- and seldom has it worked -- but when you look in retrospect on some markets, and you see that actually this was a clear signal -- I, at least, am determined to look while a move goes on -- at every POSSIBLE point, that might serve that signal. I showed you recently, the GSR ; and it had a very exact point, that projected correctly the end of the move (so far) -- and may turn out to be of greater significance, later on.

Amos Next few charts deal with fibo counting -- that I tend to use, as part of measuring time. Again, I show how it fails at the crucial moment (most probably, because enough traders watch the same phenomenon, and the market MUST wash them out). You are looking at the 4 hour bar chart of the euro. This is actual trading -- that I decided to share with you, while I was putting on my trades. So if I share my emotions at different moments -- they are REAL LIFE TRADING. The top of the euro at 142 plus -- is NOT a classical top -- there is no ending action, and naturally I am looking for some test of that level. The strong reaction (strong rally in the dollar), is obviously to shake out all those millions of confident traders -- that think that POMO and stuff, really control the price of the dollar. And I spent some energy showing you last time, that the correlation between the dollar and the DOW -- is total hogwash -- it works once in a while, but there are many years that there is ABSOLUTELY NO CORRELATION

Amos what can we do, that the market must from time to time -- use this kind of garbage, to let traders think that they "FOUND THE KEY" -- and now they can make a mint.

Song sorry, what is POMO ?

Amos POMO = permanent open market operations. Its a new clandestine way for the Fed to shove money into the system, instead of lowering interest rates. One Fed guy said, that the recent POMO actions of the fed -- is akin to lowering the prime by 0.75 basis points -- who knows if this is true or not -- but this is what they say

Amos So the market lets enough traders think, that this is the formula -- and then when Bernanke announces another 600 billions of QE (n) ad infinitum -- and everyone is shouting, SELL THE DOLLAR -- the market goes to kill them -- very natural act of the market. At any rate, this reaction of the Euro -- is NOT a typical top -- and I am looking for a spot, where a certain rally should start -- just a rally to test the previous high. I have no idea how strong that rally will be -- but I naturally expect anywhere from 38 to 50 to 72 percent rally -- to even a double top or a thrust.

Amos So you can see a CLEAR OKR (OUTSIDE KEY REVERSAL) at the bottom -- that looks way too obvious. Many jumped on it -- I even had an argument with a good trader at GVI, about the fact that he went heavily long -- and I tried to warn him that below 13611, we BROKE THE LOW OF THE MONTH -- and that was a BEARISH SIGNAL for the EURO (first time we had a monthly thrust to the down side, in a long time!). He, being a good trader -- said that, of course he has a stop loss on his position -- and if stopped out -- he will just change his opinion -- so there is nothing to worry about this guy -- his RISK MANAGEMENT is EXCELLENT. So I am sitting and waiting for the market to WASHOUT all the HUGE OKR bulls -- because this is an IMPORTANT SIGNAL -- call it if you wish, "PRELIMINARY SUPPORT" -- but it is a sign, that large shorts start to cover

Amos While watching -- I always count bars -- so I see that the next bar on the chart is the 55 bar. To me, this is good enough -- and I decide that around that time, the market should turn -- so I am looking for a buy signal. Indeed, on the chart you can see a "spring" of that large OKR -- and a higher high, that was stopped by the 21 4 hour MA -- and I want to BUY THE NEXT THRUST, AFTER THAT KR. This is a GOOD MODEL -- and when I do it -- I make money over the long haul -- although I cannot vouch for the exact percentage that it works. Of course, it depends on the time frame -- and while 4 hour bar chart in the currencies, is LARGE ENOUGH -- it is still small, in terms of real SCREENING. Now that I have determined my "large time frame", and what I want to do -- I decide that I (it is not the best thing to do -- but this is reality, and you always get impatient) want to see "something" on the smaller time frames -- we ALL fall into that trap.

Amos so next chart is the hourly chart ; you can see at the bottom right, that the first chart was printed at 10:55 nov 16 -- and the hourly chart is 12:51-- that means two hours have passed, from the 4 hour bar chart to the hourly bar chart. On the hourly chart -- I write on the left: "watching for a buy signal, starting next hour -- because that will be the start of the 55th bar, of the 4 hour bar chart. In other words, you can see that the last 3 highs around 136.20 (more or less) is my entry point -- with a stop loss below the low, which is 135.60 (more or less) -- about 60-70 ticks stop, which is around 700 dollars per contract. I hope this is clear so far (this is a FIRST FOR ME, again, because I rarely describe my actual trading in public -- not good for the soul)

Amos Next chart is the 30 min chart, about 6 minutes later -- you can see that I am getting ANXIOUS (after all, 55 bar on the 4 hours bar chart, does not happen too often) -- and I am getting real "excited", about this "SURE" TRADE. So I am looking for MORE SIGNALS -- to get SYNERGY and HIGHER LOK !! I see that this is the first time in quite a while, that the 3 Moving averages CONVERGE. More often than not -- such conversion is a good signal, that a move is about to start -- market abhors convergence !! (this is NOT true -- but a nice cliché). So I know, that we are close to a large move. Now, mind you -- EVERYONE sees the last big rally -- that created the big OKR on the 4 hour chart -- and short term memory "dictates" -- this "should" repeat itself (VERY BAD WISHFUL THINKING). So I am watching like a hawk

Amos Next char is a few minutes later at 13:04 ; and the point of the thrust is rather clear, on the 4 hour chart -- notice that the 55th bar just started, and it is 4 minutes old -- it can "fulfil" its mission in the next 4 hours !! I am trying to increase synergy, and I look at the Point and Figure -- VERY ENCOURAGING -- there is a very clean count to 13560 -- and we may have built a large count for a rally by now. I hate to tell you this -- but many times when count is VERY CLEAR, and the market spends enough time around it (kind of letting enough traders realize this) -- you may wonder -- why are they taking their time ? Once in a while, you can sense that a trick is coming !

Amos 4 minutes later, I continue to search for "confirmation" -- that my thinking is right. I go to the daily chart -- lo and behold -- the daily has reached the 55 up sloping MA -- normally a good spot for the market to hold, and have a rally. VOILA -- so many points support my thinking, that a rally is coming -- and I am JUSTIFIED in trying a long trade !

Amos Back to the 30 minutes chart -- an hour later -- I am getting really antsy, and what goes in my mind (WHICH IS A CRIME -- BUT THIS IS REALITY -- all that, happened for real YESTERDAY!). I think that the longer we stay here -- the tighter the "COIL" gets -- and the "SPRING" out of this situation will be sharp (like an announcement or action, on part of a large trader in the East -- who knows) -- and "I DO NOT WANT TO LOSE THAT !! Again, I want to PREDICT THE MARKET -- and I want to be ON THE WAGON -- before it happens !! This is what goes in my mind, when I sit for a few hours, and wait for a trade -- that looks to me, EASIER THAN SLICED BREAD !! I see a small thrust on the 30 minutes, that closed at the high -- and I go long. I refuse to wait for the 4 hour thrust, above 136 20 -- and I decide that it is about to explode.

Amos Next chart is the result ; next day, the market gave a thrust on the 4 hour bar chart -- and broke sharply, taking all the stops below 13560 to the cleaners. I got stopped out, of course. Not a bad loss -- around 600 dollar per contract. But the more painful result, is that I fell into the bulk of many traders that thought -- they are buying low, and the trade failed. What is the lesson from this ? First, it is that all the good tools like counting bars, relating to fibo numbers, watching a sign of support (the early OKR), having a clean count, having support from the MA on the daily chart -- all can be fine and dandy -- and STILL FAIL !! You can see on the last euro 4 hour chart -- the rectangle of the 55 hours -- too many people saw it

Amos Another important lesson is that -- many times, when the market stays LONG ENOUGH at a point -- that "SEEMS OBVIOUS" -- and has many elements of a good trade -- IF THE MARKET REALIZES that enough "clever traders" have got on board -- it will simply go a little farther -- and WASH THEM ALL OUT, before a serious move starts. Is there a cure for such market behaviour ? NO !! You can decide to use ONLY much higher time frames -- where the market CANNOT toy with prices so easily -- mainly because it will attract MUCH BIGGER TRADERS -- that will use exceptional moves to their advantage (I hope you understand what I mean).

Amos But if you choose to work on the smaller time frame -- JUST USE STOP LOSS -- and move aside, when you are wrong. Most likely, the NEXT time you use the same thrust -- YOU WILL BE RIGHT !!

Amos Next chart ; interestingly shows the dollar index situation -- and here, as you can clearly see -- the count of 55 bars is DIFFERENT (the index does not show many globex hours, that the euro shows) -- and you can see that the 55th bar in the index, occurred only today during Chicago trading !! So there is a little discrepancy between the two -- which may have contributed to the "patience" of the euro.

Amos Next chart in is dollar point and figure ; and you can see that the bottom looks like a spring -- but certainly not like a classical Wyckoff ending action -- and at the point that I went long the euro (short the dollar) -- there is a clear CREEK from the down move, around 7940 to 8000 -- which I marked with a flat ellipse -- so this is an important point. I don't know if you can glean any wisdom from this example -- just part of daily trading and thinking process -- that in spite of being based on good analysis -- goes awry, because I am too early, and I am in bad company

Amos Next chart is the bonds ; someone asked me to look at it -- and I have to admit, that I see very little in the chart. The Monthly chart looks pretty random to me. We have a clear range between 140 and 113 -- and right now, we are SMACK in the middle -- so anything can happen. If any of you sees something of value, that I am missing -- please holler right now !! Please respond -- anyone sees a direction in the bonds -- can you tell from the chart, where is the next move ? No response ... ok

Amos next chart is the same chart, on the quarterly time frame ; you can see that so far, we are bound INSIDE last quarter -- that means -- total randomness to me. If we thrust the last quarter to the down side -- we can go back to test the low -- but other than that -- I simply do not understand this chart !! All the talks about the CHINESE stopping to buy bonds, as way of punishing the USA is such bullshit -- the chinese need a strong dollar and strong bonds -- and actually, the commercial relationship between china and USA is rather good and stable (at least, this is what my FOREX CONFUCIUS is saying, and I trust his words). So where the bonds are going next -- is simply a riddle to me

Amos I should have included the EURODOLLAR CHART too -- the SHORT TERM INTEREST RATES -- it is still hovering around 99, and doing nothing! So far, the banks are NOT PUSIHNG the FED to raise the PRIME !! So sorry, that is all I can say about the bonds

Amos Next chart is dow quarterly ; we are half way thru the last quarter of 2010 -- and in a month and a half, this year will be over. There is clear SHORTENING OF THE THRUST on this chart -- and I write : "If this is REAL SOT -- then the FALL IS NEAR -- we are finishing FIRST RALLY OF THE BORROM of the crash of 2008 -- and at least, we need a REAL TEST, if not a continuation. We had an OKR on the quarterly, that was penetrated to the down side. TOO MANY TRADER USED THAT as a BEARISH SIGNAL -- and we are now WASHING THEM ALL OUT -- Prechter is among those folks. If this quarter ends up to be of narrow range -- and especially if we close near its low (that means the market will NOT BUY THANKSGIVING AND CHRISTMAS!) -- then a thrust next quarter, may start a strong move down to test the low of 6500.

Amos Next two charts are corollaries -- the OEX and the DOW 65 ; the OEX may be telling the true story, again -- the same way it never rallied to 2000 high, in 2007 -- like the dow or transport -- here so far, it has refused to make a higher high, over the second quarter of 2010. I marked the exact numbers -- last high was 55478 -- this quarter so far, the high is 55309. This may be very subtle -- but worth paying attention. The OPTIONS PEOPLE are still the smartest of the bunch -- and it is GOOD idea to watch what they are doing !!

Amos Next chart is the DJS ; as you know, we have 3 Dow components -- THE INDUSTRIALS (30 stocks of the most important companies in the land) -- the Transport (20 stocks of major transportation companies, from airliners, rail and road transports) -- and the Utilities (15 companies that do now grow, but pay constant dividends -- like electric companies and such). So  $30+20+15=65$  ... the DOW 65 is the index that combines all three indexes into ONE NUMBER. Sometimes it is a good indicator -- because it blurs the discrepancy, that the three components may show. This is the monthly chart -- and the DJS is the only index, that shows the reversal of May this year as, INDEED -- an OKR. The high in May, exceeded the high in April by one tick -- 38676 vs. 38675. I have NO IDEA if this is meaningful -- but it is an interesting observation. Because IF that happens to be a true signal -- then we had an OKR -- and the next thrust on the monthly chart, will be THRUST AFTER OKR -- which may be a very important sell signal. We shall see -- I am watching this index carefully.

Amos Next chart is beans monthly ; We are in a large range, and last rally thrust the 62% fibo target. We are smack in the middle of the range -- a point of MAXIMUM RNDOMNESS -- and any volatility now, is only NATURAL. Anyone who thinks there is a TREND right here -- is mistaken in my opinion. I write on the chart : Either we had "perfect" 62% retracement -- OR we are simply in the middle of the range, and we are as RANDOM as it gets. I have no idea where beans are going from day to day !!

Amos Next chart is important -- it is back to the DOLLAR SEMI ANNUAL ; this is tiring -- we are finishing the second year, INSIDE the large bar of 2008. When I said back then, that we can expect the market to trade sideways at least a year and a half (check the archives -- I think those were my exact words) -- I DID NOT KNOW what I was saying -- but it was very true. WE had a strong semi the first of the year -- and we are having a weak semi now.

Amos Despite the fact that the general action of the DOLLAR, follows the CHART RATHER HONESTLY -- we have now this new spice, injected into the market -- in the form of the US GOVERNMENT trying to PUSH THE DOLLAR DOWN -- and the CHINESE CRYING FOUL (last Obama miserable trip to the far east -- could not have accentuated this more). If you look on the large picture, and it seems that we are in some sort of accumulation process -- that is taking several years -- then what can be MORE BEFITTING of a CLASSICAL BOTTOM -- than having a PLETHORA OF BAD NEWS to come out into the air -- CONVINCING PEOPLE TO SELL AT THE BOTTOM, AS MUCH AS THEY CAN. If this picture is correct -- you get in front of you own eyes, a "PERFECT" picture of the ACCUMULATION process -- where BAD NEWS occurs at the bottom

Amos Some of you may say -- AMOS !!! The USA is printing money day and night -- the real fate of the dollar is DOOMED !! Possible -- but we are hugging 30 years lows, and the news is so bad ? Is this true ? Do you really get such bad news at lower levels ? Is this the way markets work ? Another question you can ask -- what is the dollar measured against ? There are quite a few articles now, that holler that CHINA is on verge of collapse -- because it is a HOUSE OF CARDS, that is based on WESTERN CONSUMPTION -- and that the moment it shuts down -- the CHINESE will be the BIGGEST FALL of them all.

Amos You hear about Greece, Portugal, Ireland and the biggest of them all -- SPAIN -- on verge of HUGE default. If the american dollar is so weak -- can the EURO be far behind ? Can you envision a situation, that the American dollar -- despite being printed CARELESSLY by the FED -- will STILL BE THE REFUGE OF LAST RESORT, because china will fall and EUROPE WILL DISINTEGRATE ?? They are already thinking of cutting Portugal out of the EURO. WHO KNOWS ? I have no idea, and I have said here MANY TIMES -- that I am the WORST FUNDAMENTALIST AROUND. All I know, is that if the semi annual dollar is indeed an accumulation -- then according to history, we are near the END OF THAT PROCESS (dollar takes about 2 years of preparation, before a large move). Notice that the volume of the last bar was very large (sort of demand, that closed at the high) -- and this semi is high too. FOR THE DOLLAR to be strong, we MUST close Dec 31 -- way OFF THE BOTTOM !! This is a month and a half -- we shall see -- but the CLOSE OF THE SEMI, will tell a lot about what awaits us next year. So keep this chart close to your chest ... I will

Amos Last three charts are gold, silver and crb. Gold semi shows a very strong bar -- and as long as we hold above 1155 -- the semi annual low -- the bulls are in command. Next chart is silver -- and this too, is a strong chart -- and if we close near the high -- chances are we will have a HIGHER HIGH, even if NOMINAL next year !!

Amos Last chart is the CRB ; it shows an almost "PERFECT" double top (I called it from HELL) -- and that explains the fall in grains, crude and other commodities. SUCH MEGA DOUBLE TOP, is something you will see very few times in your life -- this is TOTALLY RIDICULOUS, and I tried to explain it last time -- with the concept of ELECTRONIC POOLS -- that most likely are acting in the market, and we are not aware of them. This is a very unusual chart.

Amos Cotton belongs at 140 -- like Obama belongs to Nobel Peace Prize. But we are seeing very strange things in the world -- and that too shall pass.

Amos firedog How can we profit from this double top ?

Amos firedog -- the first hint on how to profit from such a double top is -- NOT TO BE LONG COMMODITIES !! The problem, of course -- is that with very large volatility -- many "natural" stops will be TRAMPLED as non existent !! So trade smaller time frames -- and keep tight stops. I have NO ANSWER -- when you deal with a phenomenon, that happens once in a blue moon -- it is like asking, HOW TO YOU PLAN FOR THE NEXT TSUNAMI ? You skip PHUKETT altogether ? Perhaps

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

Amos i am going to watch the next rally in the euro, for a big short -- but that may be after the dec expiration. Oh, I forgot -- we are going into very important TRIPLE this DEC -- in indexes and currencies. I have a hunch, they will play them to the hilt -- so take it into consideration -- a full month of toying with us !!

Amos btw -- I did not continue my example with trading the euro -- but you can clearly see, that once they WASHED OUT all the 55 bar people (like me) -- they turned around, and are now rallying as they SHOULD !! Euro should test the 139, at least

Song thanks a lot, very helpful.

ory ty Amos

firedog you have a lot of patience

Amos ywc ... ok, if no questions ... I bid you all, good night !

## 2010-11-18 (Steve)

Gary\_Fullett Hi, all ... we will go for about 1 hr tonight, with steve's material ... make it an early night.  
swetz lets start with the last chart first ... chart #3 of 3 ... the last chart is the weekly SnP index, with most of the major swing points or turning points, labelled with a letter ; We can all see, that a very large TR has been unfolding for several months now. After the rally from point C in February, to high in late April ... the SnP has basically been trading sideways, within the range between these 2 swing/turning points. This action allows us to draw a resistance line across the 1220 level ... and a support line across the 1040 level. Those 2 levels are what Amos would call a very high level of knowledge ... because we KNOW that at 1220, sellers successfully overcome the buyers ... and at 1040, the buyers have successfully overcome the sellers

larryg point c is the last reaction low before the high ?

swetz right Larry :) Lately, actually about 2 weeks ago ... the SnP rallied to TEST the late April high, the 1220 area. Now one way to look at this whole TR for the Wyckoff trader ... is that the reaction in January, was Preliminary Supply (PSY) ... and then SUPPLY overcame the lack of demand, at the April high ... which led to what some folks called a "flash crash" ... leading to an Automatic Reaction to D. The market bounces up and down in a smaller TR ... which built cause for the more important TEST of the late April high ... which happened at H ... and which could be considered a SECONDARY TEST. Now, notice I didn't use the term BUYING CLIMAX ... when referring to the major resistance level at the April high.

swetz Wyckoff understood that the PSY/BC/AR/ST, was the classical way that an uptrend ENDS ... but NOT the ONLY WAY. Another way can be a LACK OF DEMAND ... followed by IMPORTANT SUPPLY ... that is successfully TESTED (i.e. a SECONDARY TEST). Now, IF this whole area is a large DISTRIBUTION TR ... what should we expect to occur next ? You guys think about that, while I get another bowl of cereal :)

larryg reaction from H, showing price defended at TR high again ... where supply entered before. Possible SOW Song down hard, or crash

tonyw Mark down

Gary\_Fullett correct ... a supply bar. The right side of the trading range, is where u get the sow in classical wyckoff. The sow is typically within the trading range ... but can also be on the breaking of the ice support ... so keep that in mind

ory well its ending action correct

Song if this is real distribution, and it takes more than half year to prepare ... effort vs result

tonyw H looks like UTAD, to me ... if we get supply

Duke Gary ... the fact that we see less volume on the upside ... say anything ?

Gary\_Fullett If after selling ... it indicates lack of demand. If no selling in the background ... probably means lack of supply.

swetz ok, ALL good answers ... we need to see a HARD, FAST break with SUPPLY. Now, what about if we DO NOT get that action ?

larryg then sellers being absorbed by buyers

Gary\_Fullett u said it !!

swetz if we DO NOT get that action ... we have to seriously consider, that my whole scenario of distribution ... is WRONG ... or at least another test is needed, before the REAL SUPPLY enters.

tonyw another test to the top of the TR ?

swetz Tony, yes ... would definitely happen, if we see evidence of absorption occur

swetz now Wyckoff talks a lot about the 1/2 point. You can see on this weekly chart, that I have the 1/2 point at 1135 ... just above the minor creek level of 1130. If we see volume dry up, ranges narrow ... BEFORE reaching this 1/2 point ... and another rally begins with some wide spread ... then guess what ... we are seeing ABSORPTION occurring. Now, this current weekly bar is NOT DONE being painted yet ... because we still have tomorrow's action. But if Friday turns out to be another day, like we saw today ... this weekly bar is going to look pretty good for the bulls !! However, if Friday turns out to be similar to Wednesday's action ... then this weekly bar is going to look pretty good for the BEARS !! So we really need to see the POSITION of the CLOSE, of this week's bar ... which will of course occur tomorrow afternoon ... to help us to determine if the distribution process is the probable scenario ... or if buyers can step in to ABSORB the sellers ... which will make the SnP vulnerable to reach HIGHER prices

ory if there is an area of congestion ... how would one determine distribution ?

swetz Ory - if there is congestion, that hugs the highs of the resistance level of this TR ... then absorption is occurring

ory TY, Steve ... so with today's close being on the high side ... one would suspect higher levels

Song is tomorrow, options expires day ?

swetz yes Song ... 3rd Friday of every month for stocks

Song so does this affect market movement ?

ory lots of volatility

Mike not usually any more

Gary\_Fulleth right, mike

swetz Song - price/volume is the KEY

swetz so lets turn to the daily chart ... to see what additional clues we can gather ... which is chart #2 of 3 ; looking at the daily SnP chart ... for those wondering what the shaded areas are, they are BOXES or little TRADING RANGES ... that often form TURNING POINTS (sometimes they are RESTING SPELLS, or periods of ABSORPTION) ... as Wyckoff would call them. Most of them were turning points ... but once the important turning point, at the late August low formed ... the next 2 boxes, were areas were PAUSES or RESTING SPELLS ... where buyers ABSORBED the sellers. Since the late August lows ... the reactions only declined 25-26 points in the SnP index ... and lasted only 1-3 bars. Gary often mentions, that weak reactions only last 1-3 bars. Well, this is exactly what we got over the last 2 months.

swetz also notice, the very small UTs ... once again, you probably have heard Gary, me, and other Wyckoff traders ... pound the importance, that UTs generally fail in UPTRENDS. See how each time a little UT developed, it only lead to a very weak reaction ... that was subsequently followed by HIGHER prices. The trader who followed the TREND ... made a whole lot more money, buying the reactions ... than the trader fighting the TREND, by shorting the UTs. THIS POINT IS CRUCIAL TO UNDERSTAND !!!

swetz now, what is interesting about the LAST reaction on this chart ? The one that we have been seeing, unfold over the last week and 1/2 ... declined 54 points, and lasted 7 bars ... twice as long in both points and time. So we are seeing evidence, that the sellers are getting STRONGER. This is a WARNING, that the uptrend since the late August low ... is getting WEAKER, and is becoming more VULNERABLE to a TURN. Now we have NOT YET seen ... a LOWER swing HIGH ... so the UPTREND is not over YET. Buyers can still step up to the plate ... like they did today ... and send this market up

ory but topping action starting to form

swetz POSSIBLY, Ory ; the key is to see, if the next rally on this chart is WEAK ... so far, it is starting out strong ... but today is just one day. If the next rally is weak, then the rally should only last 1-3 bars ... and have a difficult time getting over the 1/2 point ... measured from the November high to Tuesday's low. And volume should begin to dry up ... as buyers just do not have the demand available, to absorb the supply. This is EXACTLY the action I will be looking to occur ... to let me know that the uptrend from the August low is OVER. And if the uptrend on this chart is OVER ... guess what ? The distribution scenario, that we just discussed on the weekly chart ... is starting to look pretty good :) Any questions before we look at the 1st chart ? Actually the last chart, but chart #1 of 1.

ory ty ... its wonderful

Duke very clear, steve ... ty

tonyw love your teaching, Steve

Gary\_Fulleth steve is the best ... better than I ... that is why he does the newsletter ... it is fantastic stuff

larryg is there any way you could see this as trading range ... with TR low on 3rd bar of month (high vol), and therefore we are close to TR low here? (understand could still be weak rally)

swetz larry - I don't really see a TR here ... at least not yet ... but maybe one develops

larryg actually looks somewhat different on 60 min chart. I question it myself, but just curious

swetz ah ...

swetz lets talk about chart #1 of 1 ; now this chart is something, you may have never seen before ... actually I know you haven't ... because it is my creation :) It is the daily chart of CMG ... Chipolte Mexican

larryg blue dots new highs ?

swetz Larry - 18 day highs

larryg how do you use them ? but go ahead w/ your analysis

swetz okay ... you guys may know, that Wyckoff and Jesse Livermore knew each other, and Wyckoff got to see some of Livermore's operations. As you know, Wyckoff wrote some really good books, explaining how he observed and traded the market. A lot of his observations, came from studying the great traders of his time (one of which was Livermore).

swetz Wyckoff had a term ... Composite Operator or Composite Man ... to describe those professional traders with special knowledge ... in other words, "the folks with the dough in the know" :). Well, Livermore wrote a book, that most everybody knows about ... "Reminiscences of a Stock Operator". But he also wrote another book, where he SPECIFICALLY discussed how he traded the market ... a little skinny book, but EXTREMELY insightful ... "HOW TO TRADE IN STOCKS" is the name of it.

swetz Wyckoff understood that markets moved in ALTERNATING BUYING and SELLING WAVES ... he called those POINTS ... where a buying wave would lead to a selling wave, and vice versa ... TURNING POINTS. Well, Livermore also understood that markets moved in WAVES of buying and selling. He actually gave them titles ... and those different titles are what I have listed, on the upper left hand side of this chart ... and I have labelled this chart, with what he would call each one of these buying/selling waves. I also included a couple of Wyckoff terms (actually Bob Evans terms) but you get what I mean :) ... Break Under Ice, and Jump Over the Creek ... and placed those on this chart as well.

swetz just moving from left to right on this chart ... we see an Uptrend wave, followed by a natural reaction wave, followed by another Uptrend wave. We keep seeing this occur, until we get a natural reaction or selling wave, to the early July low ... that retraced basically all of the last Uptrend wave. Looks like CMG is in trouble of beginning to reverse course, and start heading down ... especially after seeing a weak buying wave, in mid July unfold. Sure enough, we got a POTENTIAL BREAK UNDER ICE ... or what Livermore would call a DOWNTREND wave. Now we know, that when the market FAILS to show DOWNSIDE FOLLOW-THROUGH ... after a potential Break Under Ice ... we have to SERIOUSLY consider ... that a SPRING may develop.

swetz Livermore himself said, that when a market failed to fall 3 POINTS below the last swing low ... watch out, because the market is likely going to reverse HIGHER. Maybe a little bit different language than what Wyckoff would use ... but the SAME IDEA.

swetz well, look what happens after the potential break under ice ... the next buying wave ... has a SHARP, FAST, with STRONG VOLUME RALLY. Look at that bar, I have marked with an arrow ... look at the VOLUME, look at the SPREAD, and the CLOSE ... that is isn't Aunt Mary and Uncle Joe making up that volume ... that is the big institutions coming in, to scoop up shares at low prices

larryg nope - swetz and gary:)

swetz right then and there ... was our TRIGGER to BUY ... with a stop below the SPRING low. Now, after the spring occurred, it rallied to the RESISTANCE level of this TR ... which is what a true SPRING is supposed to do ... it should have no problem rallying to the creek area, or resistance level of its TR. Now, if this stock is going to JUMP the CREEK ... shouldn't we expect to see some evidence of ABSORPTION, at the CREEK or resistance area of this TR ? Sure enough, in late August, we see that CMG is hugging against the creek area ... showing NO SUPPLY, showing NO EVIDENCE of REACTING, with any kind of EOM. It was just a matter of seeing a TRIGGER BAR ... to CONFIRM the ABSORPTION ... which is exactly what we got, on the potential JOC bar ... and where I told folks, that they could get long CMG.

swetz From that point forward ... the markup phase began. The markup phase unfolded, with buying waves or uptrend waves ... followed by selling waves, making HIGHER swing highs and HIGHER swing lows ... the essence of an UPTREND according to Wyckoff. In fact, the uptrend got stronger as CMG began rallying ... in almost a vertical manner ... commonly seen in a BUYING CLIMAX action. Whether this fast move up to \$240 ... turns out to be a BC ... will be determined by whether this current reaction, turns out to be an AUTOMATIC REACTION ... which will be followed by a SECONDARY TEST. Either way, the trader that bought around the \$155 area ... is a happy camper :) Okay, any questions ?

rui what is the difference between nrl and srl?

swetz nrl = natural rally ; srl = secondary rally ; Livermore called a rally, that failed to trade above the high of the natural rally ... a secondary rally. Same thing goes for a secondary reaction ... that fails to trade below the low of a natural reaction. To Livermore, the important swing points ... were the ones set by the Uptrend/Downtrend waves ... and the Natural Rally, when a downtrend was in progress ... and the Natural Reaction, when an uptrend was in progress. Livermore, who many think was one of the greatest stock traders of all time ... and someone who Wyckoff respected immensely.

Gary\_Fullett i want to leave you with an IMPORTANT quote ... it is part of the newsletter ... but i want to share : "The tape is like a moving picture film. Every minute of the day, it is demonstrating whether supply or demand is the greater. Prices are constantly showing strength or weakness : strength when buyers predominate, and weakness when the offerings overpower the buyers. All the various phases from dullness to activity; from strength to weakness; from depression to boom, and from the top of the market down to the bottom – all these are faithfully recorded on the tape. All these movements, small or great, demonstrate the workings of the Law of Supply and Demand. By transferring to the charts portions of what appears on the tape, for study and forecasting purposes, one is more readily enabled to make deductions with accuracy."

Gary\_Fullett if u know this ... you KNOW wyckoff. Read this, and Know this

Gary\_Fullett it is what steve, I and other wyckoff people preach !!

larryg from what you've read ... what was livermore's trigger to buy ? Sounds like he liked, the spring concept !

swetz Larry - you familiar with the shakeout +3 method ... that O'Neil talks about ?

larryg no

swetz okay ... it goes like this ; see that CMG chart at the July low ? Okay, right before DN, to the left ... there is a swing low labelled nrc ... in early July. If the swing low price, at nrc is \$134 ... then when that price is broken to the downside ... like what happened at DN ... and then the market rallies, to trade to \$137 (134 + 3) ... then he buys. O'Neil calls it a "shakeout +3 buy" ... but it comes straight from Livermore, from his book. Also, Livermore would buy a BREAKOUT ... above an established level of resistance.

larryg Interesting ... another way to describe springs. Any limit on number of bars ... like 1-3 ... or how deep it goes, below swing low ?

tonyw Why plus 3 ... instead of 2 or 5?

swetz Tony - got to ask Livermore :) ... but I can give you good guess. Livermore used 6 points to draw his swings ... so 1/2 of 6 is 3.

larryg i assume he traded with the trend, when he used both of these ? With some strength in the background ?

swetz Larry - Livermore would say, if a market falls LESS than 3 points below a swing low ... then it was vulnerable to reverse higher. He did not consider a BREAKOUT ... a real breakout ... until it could trade ABOVE the last swing high ... by more than 3 points.

tonyw is this method described in his book, you mentioned earlier ?

swetz Tony ... yes ... what I am describing, comes straight from his book. It is a book, that few know about ... which is surprising, considering how many times Livermore is mentioned.

larryg I think a lot of his stocks, then traded around 70+ per share. So didn't allow for too deep beyond swing low  
swetz yes, Larry ... that is true ; I personally use 5 day highs and lows ... to do my swings on this chart. That way, I don't have to worry about adjusting the points ... because of high priced or low priced stocks. Every stock is treated the same. Besides, from my experience ... using time to determine swings ... works better

larryg I don't understand ... what is 5 day swing ? weekly high/low ?

swetz Larry ; basically ... yes ... but once a 5 day high is made ... the next selling wave does not turn down ... until a 5 day low is made. Larry - on that CMG chart, I have drawn thin horizontal green lines ... to show where a 5 day high or low is made ... so you can track my swings yourself, if you want to :)

Song so you mean ... each swing will be at least 5 bars long?

swetz Song - just means that ... if a selling wave is underway ... a buying wave does not get confirmed ... until the market rallies, to make a 5 bar high. Once a 5 day high is made ... I draw my buying wave ... and it keeps going, until a 5 day low is made. At which time, I draw my selling wave. I do this over and over again ... until my swing chart is complete.

swetz by the way Larry, you asked earlier about my dots on this CMG chart ... they represent 18 day highs and 18 day lows. That is what I use for my WEEKLY buying/selling waves ... so I can see the LARGE timeframe trend, on my daily chart. I let Tradestation mark these dots for me.

larryg could you mark weekly highs/lows ... and basically use them same way ?

swetz yep ... basically what I am looking for ... is a Weekly Buying Wave, to get going ... and then I look for the FIRST HIGHER swing low, on the next weekly selling wave. Or see a weekly chart, that is already in an UPTREND ... based on my weekly swings ... and then use the daily chart, to find a spring ... or even a JOC from an absorption area to buy.

larryg sounds like enough demand after selling ... to take out swing high, in downtrend ... then look for higher low ... on probably low vol

swetz yep ... that would work great, Larry. See, even with CMG at the July low, from the weekly chart ... it was just a selling wave within an UPTREND

larryg all these things we do ... to make sure we trade with the trend:)

swetz Larry - I need all the help I can get :) ... so once the spring or shakeout developed, we had added confidence to BUY ... because we had the larger timeframe uptrend at our back ... and we see clear evidence, that the big institutions used this temporary weakness ... to buy stocks at a good price ... at a good value

swetz okay folks, have a good day

ory awesome lecture Steve

larryg very good steve, ty VM

Tommy thx steve and gary, gn

Gary\_Fullett great stuff, steve ... if you want to know more ... steve does the newsletter. As zaxk would say ... its worth its weight in gold :)

Gary\_Fullett good night, all ... ty

## 2010-11-23 (Gary / Steve)

Gary\_Fulleth good evening ... steve will be here, in an hour or so ... so you have me for an hour. Since thursday is thanksgiving ... amos will be on tomorrow. Any questions ?

Gary\_Fulleth i wanted to discuss some newsletter charts ... to explain them more fully. I have a nice chart in the newsletter for tomorrow ... on the sideways action, longer term in the dow ... that i mentioned months ago.

Gary\_Fulleth ... but ... es mini s and p first ; I want to show you counter moves ... after some possible change of behaviour. In the es ... what is the trend ? It is up ... as we discussed in the webinar. Look at the bar ... 5 bars ago ... we have a wider bar, with increased volume ... that went to the 1171 low ... see this bar ? Its marked !! When we see a possible change of behaviour ... we know, that if we counter move 1-3 bars or 3-5 bars ... and the counter move is weak ... then we may get a continuation of that wider bar. So you have 4 bars to the up side ... the ranges were small and laboured ... see this ? So I wrote that the action had a downward bias !

Brian\_O vol was off ... but range didn't necessarily look narrow on all of them

Song closes are really in a narrow range.

Gary\_Fulleth correct

Brian\_O agree ... closes are narrow ... range, not so much

Gary\_Fulleth so it took 4 bars, to retrace 1 bar ... do u see this ? So this tells us ... probable lack of demand, after selling. But we know that 1173-1171 ... is last weeks lows ... plus the reaction low. So today was bar 5 ... and we broke. But today's low was 117485 ... the bears had a chance to break under the 1171-1173 area. But you can see why the break today ... it wasn't korea ... the market had a down bias ... and counter moves tend to be 1-3 bars or 3-5 bars. Any q ? This chart is quite clear

Brian\_O always get a kick out of the pundits, who want to tell you why the mkt did this or that ... they never say that the mkt was ob or os, and that may be the reason

Gary\_Fulleth there is always a reason, brian ... they will provide you with all the bs u want !!

Song so you mean ... that today, we didn't break the ice ... because it is a count trend ? So we should move up, not down ?

Gary\_Fulleth if 5 bars ago was selling ... and we counter rallied 5 bars or so ... today for bears, should have been a supply day. We can still break 1171 ... but they couldn't today. We had a counter move from the selling ... and now today, the bears had a chance to mark down

Song Ok - I thought you meant today is still in the reaction to the supply bar, and it supposed to be still trying up. larryg gary ... is buying a spring of 1171 area proper ... or better to wait, for clear buying bar ... then spring against that? My question is really about ... spring against buying bar ... or spring against bar with low close, stopping action bar ... are both equally valid ?

Song I would rather sell on upthrust

Gary\_Fulleth well ... i mentioned in the day class today, when the market was at 1175 or so ... that aggressive traders, can BUY based on the weekly chart ... because of the 1171 lows ... but the 60 min chart was bearish. So longer term, yes ... based on weekly, yes. But based on the 60 min chart ... it was negative ... and the daily was iffy. The different time frames did not integrate ... understand ?

larryg just because its a weekly low, the spring is proper ? Whether high or low close, at that weekly low ?

Gary\_Fulleth well ... the weekly close won't be till friday ... so you don't know the weekly close, for a few MORE DAYS.

Brian\_O as u said ... it is aggressive ... with daily/60 not backing it up

Gary\_Fulleth aggressive in my mind ... because of the possibility of mark down

larryg last week, I guess we had high end close ... aggressive, due to possible change in behaviour ... with this counter trend, after 6-7 bars down ?

Gary\_Fulleth correct, larry ... because we didn't break today. This week tends to be an up week ... so I would expect a move higher from here. But proper to buy ... based on the WEEKLY ... but the stop is wider, due to the larger time frame. On that time frame, it was a proper buy ... but not on the daily or hourly ... imho

larryg I was thinking ... this really looks like a buy on 60min (know not this chart) ... if price springs this 1171 area tomorrow

Gary\_Fulleth hourly was iffy ... because it took out a reaction low at 1182. Time frames are important ... do you all understand ? Good !!

Gary\_Fulleth okay ... nas - es spread ; u can see, that we had an up move yesterday ... but the market was at the retest of the highs. First retest tends to fail in spread chart, the same way as the outright do. So you can see the ice support, and the creek resistance. But you can see the trend is up, but at resistance ... so you must respect that ... see this ? It is clear !

Gary\_Fulleth bonds ; we have discussed this chart ... this is a great chart ... you can see the down trend. You can clearly see the breaking of the ice ... I had the sell, a tad too high ... the high was 12903 ... the first ice is the 12904. I thought stocks would retest the 1173-1171 area ... and that would rally the bonds to the sell area. So I had the right idea ... but no fill. But the selling of the broken ice ... is the proper trade in the down trend. You have no ending action ... so you don't have any reason to buy for mark up. But what is important on this chart ... is the breaking of the ice. Look how many bars we have stayed under the ice area ... its been about 2 weeks. Even if we tried to spring, at the 12904 area ... it would fail. Look where i wrote retest ... they tried to have 2-3 bar spring ... but it failed ... see this ?

Gary\_Fulleth Follow the trend ... and selling a retest of previous support (now resistance) in a down move ... is a proper trade.

Song today, es had high volume down, and us had high volume up. Should we expect some kind follow through?

Gary\_Fulleth well ... as long as the es stays above 1171 ... we can work higher in the es. Bonds came off resistance ... so to me, it says ... bonds lower, stocks higher this week. Because of the holiday, also an up bias ... so we shall see. Any q ?

Gary\_Fulleth a chart that is similar ... is the yen ; as you know, a higher yen hurts their exports ... and for an island country, they will die if they cant export. So the higher yen is hurting them. If you want to see an example of how ... look at their stock market ... its been in a bear market, for many years. So we have clear ice, at the 12200 area. Look at how long we stayed under the 12200 area ... is this cause to move higher ? Or a lack of demand ?

Brian\_O chart says it all :) ... lack of demand

Gary\_Fulleth good

Gary\_Fulleth wheat ; similar chart ... the breaking of the ice ... and the creeping up ... not hard to see. We have a trading range ... we have an upthrust at 800 area ... then we retested ice support ... and went under it. So the weak reaction, after a breaking of the ice ... is a lack of demand !!

Gary\_Fulleth cotton ; I wanted to show a vertical chart ... and when it ends. You can see, that it shows no mercy ! So this is something in wyckoff ... that is the norm, market-wise ... but something that is different.

Brian\_O are you expecting some type of trading range ... after this near parabolic move up?

Gary\_Fulleth I will get there, brian ! So you can say, "Gary, where is the cause for mark down?" ... and there isn't one. But the cause for the upside ... was way overextended ... so when you get the point and figure chart ... that is way overextended, in a vertical move. The ending action then breaks harder ... with little or no cause. So that is why ... when you see a commodity or stock, that has these vertical moves upward ... for the break to be vicious, with no retracement. That is why, after a vertical up move ... you can have the break be more extended down side. But you can see clearly ... the greed up side, and the fear down side.

Gary\_Fulleth so to answer brian's question or statement ... this will lead to a trading range ... after the cm covers his shorts ... and then defends an area. This is very important ... because it is not cause and effect ... but its more of a market, that is way overextended. Once you get some ending action, down side ... this is a place to sell puts ory why not buy puts, Gary ?

Gary\_Fulleth You don't buy puts, after the down move is over !! You sell puts after the downward ending action ... and then on the rally, you sell calls ... and let the premium bleed.

Song so you mean ... take advantage of premiums ?

Gary\_Fulleth of course, song ... because these vertical moves, cause high premium ... and selling options for a trading range, is the best thing in options.

Song OK, I see your logic of not buying calls

Gary\_Fulleth u want to buy options with low volatility ... in a trading range, on the right side of the trading range ... so you can take advantage of the vertical demand bar, or vertical supply bar. That's when you want to buy options ... when they get smaller ranges ... before a demand bar or a supply bar. Options are based on time and volatility. Any questions ?

Brian\_O thanks for that option advice, good stuff  
ory great ... thanks ; A wasting asset !

Gary\_Fulleth it is like a car, to a great degree (i.e. wasting asset). We will have a lecture on it, one day

Gary\_Fulleth But steve has his charts ... no class thursday, and amos tomorrow.

swetz I guess I am up ... so lets turn to the last chart, to look at first ... the hourly SnP index chart ; we are probably all very familiar with the classical way, that Wyckoff describes how a trend stops or ends. To stop a downtrend ... the classical sequence is Preliminary Demand, followed by a Selling Climax, followed by an Automatic Rally, followed by a Secondary Test. Now, this sequence can happen in one timeframe ... and be nothing more than a reaction, followed by a rally ... in a larger timeframe. So DO NOT make the mistake of assuming ... that ending action on a small timeframe chart ... will lead or translate to ... ending action on a larger timeframe chart. Sometimes it does, and sometimes it does not

swetz so if we look at the hourly chart of the SnP index ; we can see from my swings or waves, that a downtrend has been underway since the November 9th high. Then finally, on Tuesday Nov 16th ... the SnP declined straight down ... but by the end of the day, some buying occurred ... causing the SnP to NOT close at the low of the bar. The volume is not shown on this chart ... but the volume was very high on this day ... in fact, it was the highest volume day since the downtrend began. So what happens next ? We get a somewhat strong rally ... which is an important characteristic of an AUTOMATIC RALLY. We want to see a sharp rally ... to indicate that, just maybe ... the smart money is using the weakness on the SC ... to accumulate shares at a cheap price, or good value according to them. This AR penetrated the minor supply TL slightly ... and rallied to the 1/2 point, measured from the November high to the potential SC low. Why do I say POTENTIAL ... instead of saying ... a definite SC is in place ?

tonyw We need to see ST ... to confirm the SC  
ory has to test

swetz EXCELLENT answer Tony :) DO NOT forget the sequence ... PD, SC, AR, ST ... ALL of these MUST be in place, in order for a SC to be confirmed. Seeing a sharp, high volume reaction ... that immediately rallies, after a downtrend is well established ... ONLY creates the POTENTIAL. This is SO IMPORTANT to understand. It keeps us from PREMATURELY buying a market ... that is still in a DOWNTREND. It keeps us from BOTTOM-PICKING ... which is hazardous to our capital ;)

Brian\_O how significant is the 50% retracement ? Or does that just add a little more evidence ? I understand Wyckoff mentions 50% quite a bit !

swetz Brian ... I would have preferred, that the rally would have decisively penetrated the 1/2 point ... to ADD evidence, that the potential stopping action is likely going to be successfully tested. Yes, Brian ... the 1/2 point is important to Wyckoff

Brian\_O how deep then would u expect the st to be ... if u got better than 50%?

swetz ideally, I would like the ST ... to hold at or above, the 1/2 point of the Automatic Rally. But we can see, that today's reaction has eliminated that possibility. Now on this chart, you can see that I have a QUESTION MARK ... next to the ST label at today's low. I have a question mark ... because I have YET to see ANY EVIDENCE, that this reaction is complete.

swetz today's action tells us ... that the sellers had the upper hand. We do see a little apex forming, with the bars overlapping each other, and the closes are clustered together. So at least we see evidence ... that buyers and sellers are TEMPORARILY in balance, at these existing prices. But I have seen NOTHING ... to indicate that buyers are overcoming sellers at this area ... all I know, is that demand and supply is basically equal. If sellers are able to absorb the buyers, within this little apex ... then we should see DOWNSIDE follow-through tomorrow ... or maybe a little intraday rally, that has a lack of demand, that is immediately followed by a sharp reaction.

swetz If the market just keeps on falling ... especially if volume increases, and there is downward EOM ... then guess what ? The potential SC on this chart ... is NOT a SC after all. Which means, the hourly downtrend will resume itself ... until the real SC occurs. This is why, I ALWAYS say : the TREND is the MOST IMPORTANT THING. Actually, it is what Wyckoff says ... but I copied him :) BUT realizing, that even though we have only seen POTENTIAL stopping action to the downtrend ... the downtrend is still INTACT ... until that stopping action is PROVEN. And NOTHING has been PROVEN YET !! Which is why, I still look to use weak rallies ... to logical resistance areas ... to find SHORTING opportunities.

swetz which leads us to the next to last chart ... chart #7 of 8 ; the 10 minute chart of SPY, which is the ETF of the SnP ... and is what I look at, to analyze intraday SnP action. On this chart, I have drawn the resistance level of 1200 ... which we can see from the hourly chart provided, is a logical resistance area. That resistance level was basically TESTED, after the gap down at A ... followed by a WEAK RALLY, as SPY approached this resistance level. I was looking for an UT of the 1200 level ... but I am a TAPE READER ... so when the SPY 10 min bars were telling me, that sellers were meeting the buyers ... as the demand was decreasing, prior to this meeting of selling and buying ... I have to be ready to TAKE ACTION.

swetz if you wonder how, I drew the conclusions I did ? The decreasing volume from A ... and the overlapping and clustering of closes, on the next 2-3 bars. That price and volume info, is what told me that a little turning point was likely developing. So on Bar B, I got the TRIGGER to go SHORT ... notice the DOWNWARD EOM, and the INCREASED VOLUME. So when the lows, of the last 3 bars preceding bar B, were taken out ... I was going short ... with a stop placed on a 10 min bar close, above the high of yesterday's morning high. After B, SPY kept falling ... everything was going great. SPY declined to the support or Ice level of this TR ... and notice how WEAK the rally, from this support area was.

swetz this is so important ... the narrow ranges, the very low volume, and decreasing volume ... told us, that a potential Break Under Ice was likely coming. And so it did ... on the very WIDE RANGE down bar ... with INCREASED VOLUME, and the POOR CLOSE. At that point, in real-time, it looked like (at least to me) ... that the SnP was going to have a huge down day.

swetz however, the market does NOT CARE what I think !! And since I know the market doesn't care what I think ... I follow my RULES ;) ... and continue to READ the TAPE. At Bar C, something very interesting happens ... the volume is VERY HIGH ... but notice that the RANGE of BAR C, NARROWED substantially ... and the CLOSE was near the HIGH of that NARROW range. Can anyone say ... EFFORT is NOT EQUALING RESULT ?? A RED FLAG ... that demand/buyers are making a stand. And this is happening at a VERTICAL DEMAND area ... from the large gap UP, on last Thursday ... that turned out to be a strong up day  
swetz also, for folks that have followed my RULES ... of taking PROFITS on my SHORT-TERM trades ... know that I EXIT 1/2 of my position, once I get a 2:1 to 3:1 reward to risk ratio attained. So I exit near the high of Bar C ... and move my stop on the remaining 1/2 position ... to a CLOSE above the WIDE RANGE down bar, that potentially broke the Ice.

swetz if Monday was going to be a bad day for the bulls ... the rally to TEST the ICE, and CONFIRM the Break under Ice ... should be WEAK ... and then the sellers should regain the upper hand, that should lead to a POOR CLOSE for the day. But that is NOT what happened, right ? In fact, the rally after the low point ... got STRONGER, not WEAKER ... and the range of the bars, were getting a little WIDER ... and look at the VOLUME !! VOLUME was INCREASING !! Doing the very opposite, of what should be happening ... if a rally to Ice was going to be successful. So at Bar D, I exited the other 1/2 position for a profit ... but not nearly as much, as I would have hoped would occur. Now today, we get Korean war news ... and a huge gap down occurred, and I didn't see a quality short setup.

Brian\_O I take it, you were expecting a retest of the 1180 area?

swetz Brian ... yes I was ... actually, I thought 11750 had a good chance to get tested.

Brian\_O and certainly some type of buying to take place, at the lower end of the gap

swetz well ... after such a huge gap today, a lot of the potential reward was GONE on the short side. It was not worth it to me ... to risk so much, to get so little.

Brian\_O right ... great point

swetz some of my best trades, are not trading at all :) I follow my rules ... if the trade is not there, then it is not there ... I do NOT FORCE it, or pretend I see something that isn't there. That type of trading, shows a lack of discipline and patience ... it is emotional driven.

swetz okay, all done ... any questions ?

Brian\_O thanks, Gary and Steve ... for your time and knowledge ... have a great Turkey Day all ... good night

Tommy thx Steve ... your comments always appreciated, and very helpful

ory awesome lecture, Steve and Gary

tonyw Thank you very much for the great lesson, Steve and Gary

Song thanks ... both of you.

swetz my pleasure Tommy, ory, Song, Tony :)

Gary\_Fulleth EXCELLLENT ... NO WONDER I ATTEND !!

n PD ... Phenomenally Done ...

swetz thought N was still focused on Preliminary Demand :)

n lol ... always a treat ... thank you both for time, effort, and sharing ...

swetz my pleasure N :)

Gary\_Fulleth TY ALL, FOR YOUR CONTRIBUTION AND QUESTIONS ... sorry on the caps !

swetz okay folks ... have a HAPPY THANKSGIVING, if I don't see you tomorrow ... over and out :)

ory enjoy everyone

Tommy gn, Gary ... thx for your good work

Gary\_Fulleth gn allll ...

Gary\_Fulleth left.

## 2010-11-24 (Amos)

Amos Hi ... HAPPY TURKEY DAY, TO ALL !! Not much to say tonight -- only one important chart (at least in my eyes -- we shall see)

Amos First chart emphasizes the significance of MA in a trend ... it is silver daily ; the high point sticks, like an unfinished business (even tho we have buying and selling climaxes, which can be divided over one to 4 days -- I have discussed this issue in the distant past). However, if you observe the chart closely -- you see that there are 3 different pieces of information that stick out. This was printed last Wednesday -- after the lecture, or even before it -- can't remember -- you can see the time stamp on bottom right.

Amos I wrote those three points on the chart ; 1) First, you have the 21 MA, which is respected many times, the first time it is reached (especially when it is reached WITHOUT a CAUSE -- sort of RWC, on the point and figure chart) ; 2) Second, you have the clear possibility of jump and back, over the last high ; 3) Third, you have the high of the first day of Nov -- first day of month, quite often if a good indication -- the Steinhardt model.

Amos so the question is -- whether these three points, coagulating together -- are enough support, to cause a rally here. Next chart, shows that they were. The only way to trade this, is buy a daily thrust -- and put a stop below the low. Worked this time !! Notice that the short MA (5), did not even cross the 21 MA -- so this chart is still under demand forces.

Amos Next chart is also from last wednesday -- part of my routine work -- always mark CLEAN COUNT ON THE CHART -- no matter which direction, and which bias you have -- it is always a good habit. So you can see clearly, that there is a clean count in the British Pound to 15760 -- market should rally there.

Amos next chart is a week later -- and you can see at least two things ; 1) that clean count was respected, and the BP had a very strong RWC (Rally without a cause) from that point -- that is a natural behaviour ; 2) You can see at the RHS (Right hand side) -- an ellipse with a question, "What is this ? NO IDEA". It is one of the most frustrating aspect of charts -- especially charts that you (me) "SEEM" to understand, and feel that you are "READING THE INTENTIONS OF THE CM" -- that they come back to BITE YOU !! The strong reaction from the Clean count -- was "natural". THE NEXT DECLINE, at least for me -- was NOT !! It exceeded any count after the RWC, and it leaves me helpless

Amos you can say that the IRISH problems are part of the cause -- Rubbish -- I cannot "explain" things I do not understand, with fundamental reasoning -- it simply does not work for me. The only explanation I can give to that behaviour -- is that TOO MANY GOT LONG -- and the market has to WASH THEM OUT -- and then it does it, WITHOUT RHYME AND REASON. That is a good explanation for me -- but I MUST LOSE MONEY at that point !! How to cope with this ? Usually waiting for a daily or weekly thrust to act -- removes most of the mistakes -- something which is HARD TO DO, after you experience such victory with the previous rally off the CLEAN COUNT. Just sharing a real trading experience -- hope you understand

Amos Next chart is copied from the Nov 10 letter ; I showed the Cotton chart -- and wrote on the chart -- MAJOR SQUEEZE -- harbinger of bad things to come. Turns out, it was an omen (with a smidgen of 30+ years experience). I copied what I said during the lecture : "Obviously, 2010 is a unique year. Whenever you see such an abnormal behaviour -- you know two things ; 1) There is HUGE battle, and one side is being decimated 2) You can expect disaster on the losing side. Bubbles BURST, and this is one heck of a bubble."

Amos So what really happened ? and can you trade it ? Next chart shows the daily (March contract -- Not Dec !) ; You can see several things ; 1) There was a huge OKR, which actually gave you an entry signal. If you were willing to risk over 12 cents (which is HUGE), and you sold the daily thrust -- you would have made close to 50 cents. And what is more -- your RISK -- your stoploss -- would have been reduced from 12 cents, to less then 2 the next day -- because you would have lowered your stop, to the HIGH Of the day of the thrust -- which is a little over 142. This is theoretical -- but like the mindboggling example I showed you, on trading the dow semi annual for 30 years -- it MAKES MONEY !! because you GO WITH THE LOK -- and not with the guessing

Amos 2) The second most important thing to learn from this chart -- is the study of the behavior, inside the ellipse. You can see that the jump over 120, took 4 days -- and had two days with high volume in them. The second high volume, was on a down day -- and one might be tempted to think, that this was supply. It was !! but between that supply materializing -- we had a GEORGE SOROS YEN RALLY FIRST. Remember how he lost a billion, going short the yen around 100 (I calculated at least 8000 to 9000 contracts) -- the yen ran to 125, and then to 70 -- his target !!

Amos ... same here !! THIS IS IMPORTANT -- "listen" carefully !! The rally from 120 to 150 -- had NOTHING TO DO WITH THE PRICE OF COTTON. It was simply KNOWLEDGE OF THE BIG PLAYERS IN COTTON -- that ONE side is heavily short -- and CAN BE TAKEN TO THE CLEANERS !! You know that is true, because that rally EVAPORATED -- ONCE THAT LOSING SIDE CAPITULATED

Amos I am waiting for the real story to come out -- and maybe it never will. You can see the huge volume on the OKR day -- that is MASSIVE LIQUIDATION by the LOSING SHORTS -- whoever they are -- and EOG (END OF GAME) !! The market then falls -- NATURALLY -- like a rock -- because the whole move from 120 to 150 was "FABRICATED". How can a real market be manipulated so easily ? NEVER ASK SUCH A QUESTION -- it can !! This kind of behaviour happens once every so many years (not more than twice a decade) -- but it happens -- and then market goes back to normal. The funny thing, is that there WAS a selling signal -- in the form of a HUGE OKR -- but by then, no normal mortal would have dared to do that -- such is life

Amos there is NOT too much wisdom, to be learnt from such an example -- because this is Atlas Shrugged -- this is a battle between MAMMOTHS -- and if you try to play it -- most likely you will be grinded. To stand on NOV 10, and declare -- that this is a GRAND BUBBLE, and it is going to burst big -- is ONE THING. to ACT and make money -- is totally different. One has to realize, that there are phases in the market -- where you are simply TOO SMALL to play -- and you have to respect that. Like driving even a MERCEDES, between two SEMITRAILERS -- You will be SMASHED and Sandwiched, if you get between them.

Amos Next chart is the crb daily ; and there was NO KR at the top, and we have reached the 55 ma -- and if it holds -- then the next rally will be very significant !! Again, watching the MA in a strong trend -- is always a good thing to do !

Amos Same thing in the next chart -- the Aussie ; you can see that I marked it early today (asian section) -- and circled the 55 ma. Many times, this holds -- and you can see, that the aussie indeed rallied today off that MA support. Just a good habit to watch MA in STRONG TRENDS !!!

Amos Next few charts, deal with the stock market -- and that is the ONLY meaningful thing, I have to say tonight. Let us look carefully at these charts -- the first one is s and p WEEKLY ; Several observations ; 1) The May 6 sharp one minute drop, turned out to be NEITHER SHAKEOUT, NOR sign of weakness. In retrospect -- it turned out to be one big NOTHING !! We went below it, we went above it -- and soon it will be forgotten ; 2) You can see that the whole year is basically a TRADING RANGE -- with the small addition, that we may have had an UPTHURST over the May high. This is left to be seen -- but we are trading between 1200 and 1000, the whole year ; 3) Last week was 89 week, and I wonder if the market will respect it ?! Judging by today's Holiday rally -- seems it won't !! So the only message off this chart -- is murky. And it gets better ...

Amos Next chart is the monthly ; and Dec is the 21st month from the low -- many times this fibo count is respected, so something to keep in mind about next month.

Amos The next two charts are the most important ones -- these are the QUARTERLY CHARTS OF THE S and P ; and you can clearly see, that since 2000 -- the last decade -- is a HUGE TRADING RANGE. If you want to be philosophical about it -- and I want to be -- you can say that what we see in hindsight -- is that SMART FORCES sold the double top, and bought the double bottom (of course the first bottom was unknown at the time -- but it was very close to a 50% correction -- so that was strong enough an impetus to do so). This is quite an amazing picture -- to think that we are actually in a 10 year range -- is not something most people think of -- you only hear about double dip, shmubble dip, recovery, dollar, employment -- all garbage.

Amos one thing that is almost certain -- is that the likelihood, that this range is going to be WITH US for several years to come -- is high !! Again, we come from about 18 years rally -- from the LOW of 1982 to 2000 -- and now we are 10 years in a range -- just for SYMMETRY, we can expect another 8 years of such range behaviour. Where are we right now ? SMACK IN THE MIDDLE of that range !! What do we know about MIDDLE OF RANGE behaviour ? BY DEFINITION -- it is the MOST RANDOM POINT in time. Hence any action -- UP OR DOWN -- that you see in the market, of several hundreds point dow here or there -- are simply PART OF THE NORMAL STATUS of the market.

Pat interesting ... Gary has preached this, for many month now !!!

Amos Pat -- that is why Gary is your leader -- and why you are sitting in one of the best trading rooms in the world -- on this THANKSGIVING NIGHT -- you should COUNT YOUR BLESSINGS !!

Amos Spend a moment gazing at this chart -- notice that the last 3 moves inside the range, were pretty much ONELINERS -- DOWN -- UP -- SHARP DOWN -- and we are in the FOURTH LEG of this range. So we are in the fourth leg of this huge range -- and almost "naturally", you can expect some sort of "alternation" -- different sort of behaviour -- mainly because every one is "conditioned" to think like the last 3 legs. Well -- it aint so -- and we can already see, that this leg of the range behaves differently. We had 5 quarters rally, and we are now in 2 quarters of sideways move -- where from here ?

Amos next chart asks that question ; it is the same chart, and I am saying : IMAGINE you are CM -- you sold the two tops -- and bought the two bottoms. We are now in the middle of the range -- WHAT DO YOU DO ? It is quite silly, to think that we can figure out what the CM is going to do -- but as an intellectual exercise -- on the eve on a nice Turkey dinner -- it may be worthwhile, at least for a few minutes. If any of you want to interject, and offer their opinion -- be my guest. I would say, that the CM at this point of the game -- is COMPLETELY out of the game -- a'la -- LET THE KIDS PLAY !!

Amos as you can see, there is no conviction in any move -- other than the May 5th aberration (and if you want to be cynical about it -- it may have happened, because the "CM" allowed it to happen -- just to introduce some excitement, in a phase of the market -- where he is NOT participating -- i have no idea). What is important, is that the remark I have made in recent weeks -- about the fact, that Wyckoff principles DO NOT work very well in current environment -- MAY BE PRECISELY because of what I have just said. THE WHOLE WYCKOFF paradigm is based on the premise, that THE CM is moving things his way. If, indeed we are in a phase of the market -- where the CM is CLEARLY OUT OF THE GAME (for SURE, not planning a big CAMPAIGN -- as he did in the last 4 corners) -- then perhaps looking for WYCKOFF behaviour, when the CM is INTENTIONALLY OUT OF THE GAME -- may be wrong.

Amos I have no idea, if this is true or not -- but it is one interesting conclusion or statement. You can argue the following : In the last rally from 2002 to 2007 -- we had the year 2004-2005 -- which was also sort of Range, on the way to the TOP of the Large range. So, perhaps we are replicating it -- and this is only a pause, on the way back to 1500 -- cannot argue -- it is certainly a Possibility. No one knows -- so making a prediction here is silly. Just the fact, that we are now smack in the middle of the range -- is the only important observation, at this point in time. And that means, that whatever you see -- up or down -- is simply NORMAL for such a market phase. Why this point in time, is connected with a big rally in commodities -- is beyond me. But if you think that the CRB may have had a SIMILAR BEHAVIOR -- and it may have reached a HUGE TOP OF MULTI YEAR RANGE -- and it will replicate the S and p behaviour -- is something to keep in mind !!

Amos all I am saying, is that a reaction will be normal -- and also a rally will be normal -- it does not mean anything in the middle. If I use the OKR on the quarterly -- then when we get a thrust after it -- which will only happen next year -- then it is quite possible. In short -- I think that this picture of the s and p LARGE RANGE -- is most significant -- and it gives me a different view of the whole picture. All the garbage about stimulus, bernanke, interest rates, QE 1 2 3 4 -- all garbage. Right now, in the LARGER SCHEME OF THINGS -- we are in a WAITING PERIOD -- in the middle of a huge range -- and we are going to stay in that range for many years. So what I am going to do -- is just SCALP the daily chart -- WITHOUT ANY DREAMS OF BIG MOVES !!

Amos Next chart is the Nasdaq - S and P RATIO SPREAD ; I know that Gary shows the Arithmetic spread in his classes -- I prefer the RATIO. No need to dream that there are other markets outside of snp. The monthly chart of the ratio, shows that we are pretty close to 38% parameter. If, per chance, the market wants to respect this point -- then the nasdaq should start losing to the s and p pretty soon (this is monthly chart). The signal for that, would be a lower low on this chart. Of course, if the ratio wants to reach 50% -- then this strong trend can continue. Again, important chart -- and important points to watch.

Amos Next chart is dollar index -- there is a potential ICE on that chart -- at the 80 level -- this may be important !! We broke the 55 ma (daily only -- so that may not mean much in larger time frames!!) -- but we had only one crossing. Many times, this is a fake penetration -- and all those who buy first crossing of smaller time frames -- get burnt -- we shall see.

Amos Last chart is crb point and figure ; it is a very crude chart, and the huge STICK -- of rally and RWC -- is very unusual. All I want to show in this chart, is that -- if, per chance, this is a correct count -- then we have ALREADY enough cause to go to 530. Is this a likely picture ? NO !! It seems almost natural, that the market will trade sideways -- and build some more cause -- and perhaps, test the 600 one more time. But as it stands now -- and this is simply routine HOMEWORK -- this is what we have -- so a decline to 530, should not be a surprise.

Amos Considering that this is a holiday -- this is all I have for tonight. Again, that range chart of the S and P -- is VERY IMPORTANT -- and I hope it comes in handy, in the next few months.

Amos The blow up in cotton -- and the wild behaviour of sugar and coffee -- are symbolic too. One can almost think of those -- as the MUTINY of the THIRD WORLD -- that now wants its share of the AFFLUENCE of the WEST -- and since much of the softs are grown in Third World countries. You can hear all that talk, about COCOA going to the moon -- because the Ivory Coast people want WEALTH DISTRIBUTION. Under our SUPREME LEADER, and COMMANDER IN CHIEF of exceptional Qualities -- HUSSEIN OBAMA -- they may well get their wishes -- he too is for DISTRIBUTION OF WEALTH.

Amos And with that acerbic remark ... I am HOOKING OUT !! Open for questions ?

Amos There is NO SUPPORT AND RESISTANCE, right now -- in the s and p. The secret of success -- is NOT the entry points -- but the STOP LOSS. Again -- to me, the best sell signal in equities -- will be a quarterly thrust -- but that may have a very large stop loss.

Brian\_O possibly unrelated to tonight's 'rant', but can you briefly explain the use/selection of the 5, 21, 55 MAs? Amos Brian -- just fibo numbers -- it is NOT important WHAT MAs you use -- as long as YOU ARE CONSISTENT !! Over time, you learn on each market -- if they have a tendency to RESPECT certain MA -- and that is good. But anyone who tells you -- that there is difference between 20 or 21 or 18 or 40 -- is a LIAR. It does not matter, as long as you are consistent. OR even exponential or arithmetic -- same difference

Brian\_O thank you, it appears that you use those on all your charts -- I was just inquiring, if there was any add'l significance

Amos I use them on all my charts -- to be consistent -- but I know that some markets will respect one or the other, more than others -- and I am careful then!

Amos ok folks -- if no questions -- I shall wish you a pleasant THANKSGIVING -- and do not stuff yourself too much !!

Anna Amos ... what time frame do most Traders of the world look at ?

Amos Anna ... I do not know most traders ! Professional Forex traders respect the 4 hour charts ... scalpers work off the 1 minute chart ... I start every day, from the semi annual down to the 1 minute.

Amos ok, folks ... have a good night

Gary\_Fullett i wish all a great holiday, filled with health and happiness ... night all

Gary\_Fullett left.

## 2010-11-30 (Gary / Steve)

Gary\_Fulleth good evening ... did you all get charts ? Steve's charts as well ? Very good !! Amos is on tomorrow night, of course. Any q before we begin ? Okay ... LETS go !

Gary\_Fulleth s and p chart ; I sent this chart, to show the trading range ... and to show how we must have patience. We know that in a trading range ... the longer we are in one ... the more cause that is being built ... cause vs affect. So we don't care how long it takes ... in fact, the longer the better ... since we know, that when it moves ... there is more cause to catch. But we must have patience, as we wait. So we go thru the trading range ... how does it get resolved ?

Brian\_O sos or sow ... joc or break of ice

Gary\_Fulleth correct ... and what clues do we see generally ?

ory wide bars, increased volume

Gary\_Fulleth many times, wider range and increased volume. And we can tell by the closes, high end vs low end. So we can tell by the bar action and volume, as well as the closes to tell us. So what do we do mid range ? Nada !! We wait, and be patient ... and have a clear mind, ready to pounce like a cat. If you get chopped up in the trading range ... WHEN THE MOVE HAPPENS, YOU ARE GUN SHY ... so TRADE THE EDGES OF THE RANGE.

Brian\_O does the length of cause ... have any effect, on whether a retest will take place ... after a break out of the tr ? In other words, a longer tr will lead to a larger move ... but does that have any bearing, on the strength of the breakout ?

Gary\_Fulleth great q, brian ; it depends on the joc, or breaking of the ice ... and how decisive (??). If we get a strong move, then many times ... the retest many not happen. So the stronger the break out ... the less likely there will be a retest ... since they have trapped many traders.

ory like a vob move ?

Gary\_Fulleth right, that doesnt get retested many times (vob is volume off the bottom). But that doesn't mean we don't wait for a retest. But odds lessen, if you get a strong breakout ... then you can look for 1/2 back, etc. I will show an example of a spring tonight, that illustrate something like you mentioned. So we watch, and be patient.

Brian\_O has your experience led you to find ... that cause of certain durations, lead to strong breakouts ... or is it dependent on the issue that is trading ?

Gary\_Fulleth many times, it depends on the issue ... and the "news", that allows the break out ... and the position of the breakout in the trend. Great q !

Gary\_Fulleth Any q on the es ? I'm sending monthly charts for the newsletter tonight ... so a lot there

Gary\_Fulleth Nasdaq - S and p spread ; what do u see here ?

Brian\_O weak retest of recent highs ... after strong retrace from high ... but overall in tr

ory but spread remains in upper part of tr

Song seems a double top formation

Gary\_Fulleth we are in an uptrend ... but we started to break down. Remember what I told you about spreads ... that the tend to lead ... the nasdaq tends to lead the s and p for direction !! So we were overbought in the up channel ... and the fact the spread started to turn down, may be a negative bias. Notice, that until recently, that we hugged the rtl line (the reverse trend line). This shows strength, even though overbought. But now we have broken away from that line ... so a tad more negative ... understand ? Excellent !! Today, this spread broke lower ... and we did get downside continuation. Any q ?

ory so we wait !!

Gary\_Fulleth natural gas ; someone asked me to send ... but i had sent it for the newsletter, last night. So I wanted to share these thoughts, coming into today. When we break out ... joc, or breaking of the ice ... what do we wish to see ? Larger range, and increased volume !! What did you see at creek ? The bars, and the closes, and the volume ... what did u get ?

larryg lower closes, light vol ... lack of demand, where there should have been high vol

Brian\_O looked strong rallying off ice ... but lost steam at creek

Anna unchanged x4 ... & low vol.

rui no demand

Gary\_Fulleth right ... clustered closes ... lack of demand ... when you MUST see demand, for a jump over the creek. Look at the closes ... mid range, to lower mid range ... lack of demand !! The weekly showed this, as well ... and i sent this weekly chart over the weekend

Brian\_O where would you have shorted ... yesterday ?

Gary\_Fulleth the last few bars, u could have ... before yesterdays break. When you see a lack of demand, you can sell ... risk is above the highs ... by a few hundred bucks.

Gary\_Fullett based on the wide bar ... what would expect the next bar to be ? Lower or higher ?

Brian\_O more of the same ... lower

Anna Follow through

Gary\_Fullett correct ... and we did today !! Good ... but it is clear, that you see the lack of demand ? Anyone NOT see it ? Good ... so must be clear ... or you don't know what the heck i am saying !! It must be clear ... so we can build that foundation. If you can see the vertical bars I showed as weakness ... this is similar to the question brian asked earlier, on retest and all. This is something ... that if mastered ... can make a very comfortable living, for you and your family.

Song how can one tell this from absorbing ?

Gary\_Fullett basically by the closes (low to mid range), and by the trend. You have a low, and a close mid range. It is the first low ... the left side of the horizontal bar. See this ... where I began my text ? So we know that the background is weakness ... and we see possible stopping action, on that wide bar. But we know after a move ... we should get what ?

Song is the right side ... a sort of a retest of the broken ice ?

Gary\_Fullett yes ... but i want to show you something important !! So we know the retest will come ... not my logic, but wyckoff's. So we get a retest ... look at the retest bar !! You have wide bar, HIGH volume ... the ideal spring !! Why ?? Because it traps the most traders ... including the weak shorts.

larryg lots of stops hit

rui high volume, close in the middle

Gary\_Fullett yes, larry ... longs get out ... shorts come in. But this wide bar with volume ... says the transference of risk is greatest. So from this chart, do you expect higher ?

Song kind of wash out?

Gary\_Fullett yes ... that is the purpose of the spring ... from weak hands to stronger hands

larryg at TR high in downtrend, expect lower ... but no ending action I can see, to short here

Gary\_Fullett good eyes, larry ; do you expect this to retest, back to the highs of the chart to 9900 area? Yes or no?

Song it may test 9880, as I see ... the supply bar

larryg seems like enough cause, but bars don't look that strong ... no sos here. I would not hold it, to see if it gets there ... but might short it, if it does

Gary\_Fullett do you expect this spring to be successful to go much higher ?

Brian\_O no ... since it is within a downtrend. Doesn't mean it can't ... but odds don't favor it happening

Randy springs fail in downtrends ... scalp only

Gary\_Fullett right, randy ; springs fail in downtrends. Go to the second chart of this ... so the spring in the down trend fails ... so it is only a scalp. Great, randy !! So we did break today ... went to 9730 area. So we had a retest back to the spring. So you can see a scalp of a spring. If the trend was up ... we can hold, and buy a retest as well

Brian\_O better be quick to take your profits !!

Gary\_Fullett well, the market went to resistance. As we said, a scalp of a spring in a down move ... is very proper. But you can clearly see the spring ... and the retest of creek. So a great example. Any q ?

larryg even though not strong rally, on left side of TR, that price is testing ... the huge vol on the spring, seems quite reliable buy setup

Gary\_Fullett correct, larry ... great eyes ; the proper set up, in an AREA to look for a trade ... and after the spring ... NO retest. As we talked earlier, about retest ... the strong move didn't allow for a retest !! Any q ?

Gary\_Fullett okay ... cocoa ; someone asked me to send. In dec - jan, we have a tendency to rally ... due to harvest ... as workers in ghana, tend to go on strike for higher wages. So as you can see, we have a trading range within a trading range. So we know, that having a trading range within a trading range ... is building cause. So we have cause build for a move ... again, we wait for a sos or sow ... on the right side of the range.

Gary\_Fullett Any q on anything ? We have 3 more charts, from mt swetz.

Brian\_O thumb/forefinger method ... should yield a move up to highs, no ? Assuming a break above creek !

Gary\_Fullett i think so, brian

Song you mentioned wheat before ... to retest the broken ice ... do you think it retested, in the past several days ? around 700 ?

Gary\_Fullett it has retested in wheat ... but until we get above the 705 in wheat ... it is still weak. So we need to take out that resistance of 702 in March

Song I mean a failed retest, based on daily chart

Gary\_Fullett yes ... so far

Gary\_Fullett so without further delay, mr steve will take us home. If he can clear the crumbs from the key board ! swetz I have got 3 SnP charts ... but lets start with the last one, first ... the last chart is the monthly SnP chart ; now we know that the November bar ... shows a HIGHER high, AND HIGHER low ... compared to the October bar. So buyers are still on the offense ... BUT we see that the buying is WEAK.

swetz Now why do I say that ? How about, that a vertical supply area is being tested, a resistance level is being tested, and the November bar is reacting from an UT position !! Also, the CLOSE of this month's bar ... was near the BOTTOM of a narrow range bar, AND the CLOSE was just barely below last month's close. Now, if you are a LONG-TERM trader ... you could go short, right now ... with a stop above the November high. And looking for a reaction to either ... the demand TL that I have drawn on this chart, or even a test of the 1000 level.

larryg so much for a santa claus rally:)

swetz now, the SMI/Wyckoff course would say ... that the HIGHER quality trade, would be to actually wait for the SnP to decisively BREAK below the demand TL ... and THEN short a TEST of the UT. They would say this, because the demand TL is still INTACT.

Brian\_O I'm sensing a 'but' coming ...

swetz lol ... Brian ; the benefits of waiting for the demand TL to BREAK ... BEFORE initiating a short trade ... is that the SnP is giving us strong evidence ... that the uptrend is in real danger of ENDING.

tonyw do you think that the monthly chart in uptrend ? If so, the UT will fail ... so why go short ?

swetz Tony ... I agree ... which is why we EACH, must have a objective method to determine the TREND ... one person's method, may not be the same as another persons !!

ory stops should be in place

larryg steve ... couldnt you say that the demand TL, was already broken ... by the May supply break ... and now price is retesting that UT ? Looks like you drew a demand bar there ! Your thoughts ??

swetz Larry ... you certainly make an excellent point. Again, it is about how EACH person ... DETERMINES the TREND. But however you determine it, it MUST be SIMPLE, and it MUST be used CONSISTENTLY

Gary\_Fulleth tony ... the monthly can be seen as a 1/2 back rally ... from the 2007 lows, and the 2000 highs ... so the trend may actually be neutral !! So that's part of Steve's statement ... didn't mean to interrupt ... wanted to add to your expertise !!

swetz now sometimes, what we can do ... is drill down to a smaller timeframe ... to maybe get a better picture of what is going on. So that brings us to the next to last chart ... the daily SnP index chart ; this daily chart, shows that the SnP has been in an UPTREND since the August low in late August. Until this last reaction, the previous reactions have only lasted about 1-3 bars, and have declined 25-26 points. You have probably heard Gary say several times ... that weak reactions, usually last about 1-3 days. We can see the wisdom of this statement, by the reactions occurring in Sept and October. However, in November a CHANGE in BEHAVIOR occurs ... the reaction falls for SEVEN bars, and declines about FIFTY-FOUR points ... and VOLUME INCREASES, compared to the last selling waves. So we can conclude, that although the daily TREND is still UP ... the selling is getting STRONGER ... thus WEAKENING the UPTREND ... NOT ENDING but WEAKENING. So now, we have seen a little sideways TR form ... which I have shaded.

ory broke support ?

n Have you looked at, or considered ... both monthly and daily charts as broad TRs ? The monthly, as a TR in entirety, shows greater EDM ... and more of a struggle to rally ... and the last rally within the TR, could only reach the half-way level. You could carry that scenario over onto the daily, using that context ...

swetz I do look at the weekly chart (not shown) as a big TR. I still look at the daily chart, as being in an uptrend. I can see the monthly in a TR, as well. I do agree with you, that the ability for the 1/2 point to HOLD ... is a problem for the daily chart ... problem for the bulls, I should say ... yep !!

n Did not mean to distract ... but it makes for an interesting look, at what you have been covering ... continue on your perspective ... ty

swetz good points made by you N :)

swetz also, if we look at the bars marked by the pink arrows ... we can see, that EACH time the SnP closed near the high ... there was NO upside follow-through the next day. This action compliments what N mentioned earlier, about the 1/2 point. The 1/2 point just so happens to be at 1200 ... the minor creek area of this little box or TR. Each time the buyers rally the market ... sellers defend 1200 each time ... and now we are seeing more tests of the SUPPORT or ICE area, of this shaded box or TR. And this is a problem for the buyers ... because they have the responsibility to step up to the plate ... to DEFEND the 1175 area, or support area of this little TR. We already saw that the sellers, were successful in defending 1200 ... now it is up to the buyers, to defend 1175 !!

n Inside day, today ... mid-range close ... not an easy read ... but not saying a lot for the sellers, either ...

swetz agree N

ory inside day to form an apex ?

swetz Ory - possible

tonyw inside day means indecision ?

Randy means the range of the bar ... is inside the previous bar

swetz Tony - temporary balance between buyers and sellers

swetz we can look at the 3rd to last chart ... which is the hourly SnP chart ... to get a better view of this battle,

going on in this box. On the hourly chart, we see stopping action to the hourly downtrend ... from the early November high. I have marked the Selling Climax, Automatic Rally, Secondary Test ... that has stopped the hourly downtrend ... leading to a TR. This hourly chart, shows the CREEK and ICE levels of this box or TR ... and shows the 1/2 point that N mentioned earlier. What is interesting about this TR ... is that the minor SWING HIGHS ... are forming at LOWER and LOWER points. Look at the down arrows ... notice that the minor rallies within this TR ... are getting WEAKER and WEAKER.

n Characteristic of distribution ...

swetz yes sir N :) When the TR began ... the SnP was spending more time near the CREEK ... which is bullish. BUT as the TR has continued to unfold ... the SnP is NOW spending more time near the ICE ... which is bearish

n How was the vol for the last three bars ?

swetz the volume has increased today

n One could then say, buyers held pretty well ... and sellers failed to take control ...

swetz if the close was stronger, I would agree N ... but with the close being mid-range ... then it becomes a much harder read for me ... and I cannot dismiss, that the rallies are making less upside progress each time

n I understand, but the initial bar was edge to buyers ... and no further damage during the rest of the day ... and it held the half-way mark ...

swetz if I saw a strong up bar tomorrow ... I would instantly change my read on the situation

n That is why I asked, how vol was for last three bars ...

swetz I must see ... that buyers are serious, about using these reactions to Ice ... as opportunities to ACCUMULATE positions in stocks. An important clue, to see the intentions of the big boys ... is upward EOM on increased volume. When I see that rallies are getting weaker and weaker ... I must conclude that the big boys, are in no hurry to accumulate stocks. Which means that lower prices are coming ... until I see evidence of demand. I personally, used the last reaction to Ice ... to begin probing on the long side of the market. But so far, my probe is not amounting to anything ... with the market testing the Ice area once again

swetz the longer the SnP hangs around the Ice area ... I have to conclude, that the demand is drying up from the buyers. And if buyers cannot defend an area, that provided support in the past ... then I must conclude, that the support area will break, until the market falls to a price, that buyers are willing to step in, to overcome the sellers. If Ice breaks, I will personally get out of my probe ... unless my probe shows amazing relative strength. And if I see strong demand enter the market (even as early as tomorrow) I will consider ADDING another position.

swetz for now, I am cautious ... because the rallies are getting weaker, on this hourly chart ... the last reaction on the daily chart, is showing more selling than we have seen in a couple of months ... and we see, that the monthly chart is possibly setting up, for a more substantial reaction. I do not want to get on the long side, in a big way ... until I see that the buyers are showing enough demand ... that will likely lead to JUMP above the CREEK, of this shaded box or TR. A strong demand bar, would be a big step in the right direction. All done, any questions ?

n I just took a look at the daily vol ... highest since 16 Nov ... and price broke hard on the 17th. High volume, no reward for sellers ... high vol, no reward today !! Effort v reward, mid-range close ... your longs may be okay !!

swetz if the effort of the sellers today, provided a weak result ... what should we expect should happen tomorrow ?

n Rally ... maybe even a spring, as an outside shot ...

swetz exactly, N ... which is why I am willing to buy stocks ... IF I see upward EOM tomorrow. If buyers were truly successful, in holding the bag ... the market should shoot up ... after the sellers have exhausted their selling pressure. Upside EOM ... especially on strong volume ... will be my clue to look for long trades tomorrow. The market, by its own action ... as Wyckoff preaches ... will be my guide

tonyw do you think today's first hour bar to be strong?

swetz Tony - I do not, because the bar still made a lower high ... and there was not much upside follow-through, by the end of the day

Randy agree swetz ... especially if you include the gap open lower

swetz if the market "hugs" the 1175 area, tomorrow ... then my plan will be ... to NOT buy anything !!

swetz Any other questions ? Answers ? Hopefully, we will know by the end of the week ... which way the SnP will break out of this box.

Randy good job, great analysis

larryg ty, steve ... very good

Tommy thanks gary and steve ... for your excellent comments ...

swetz yw ... thanks ... okay, guys have a great night

Gary\_Fullest ty, all ... steve is wonderful ... everyone thinks so ... but his dates ... lol

Gary\_Fullest see you all tomorrow ... ty

Gary\_Fullest left.