

# LTG Wyckoff Classes

December 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*

## 2010-12-01 (Amos)

Amos Not much to say tonight, so I devote the first few charts for griping about the shortcoming of technical analysis, and the difficulty of this profession

Amos First few charts deal with the dollar index. First chart shows that the 50% projection - despite being a rather amazing tool when it works (and certainly a life saviour from time to time) - it can be rather misleading, and the ONLY ANSWER is that you DO NOT trade any tool BLINDLY - but rather WAIT for a MODEL that gives you -- MINIMUM turning signal, and a REASONABLE STOP LOSS -- that is the CRUX of the matter.

Amos So the first chart shows a rally on the daily chart - let us analyze it a bit. The bottom of the chart is a very large day that closes at the bottom. In RETROSPECT, this is PART OF MANIPULATION OF PRICE - that large OKR that closes at the bottom is a VERY BEARISH PICTURE - and we know now, belatedly, that it was DESIGNED to instil bearish perception in the mind and heart of most traders! The next day is an INSIDE DAY, and the day after is a thrust -- and only if you follow the thrust model BLINDLY (this is rather important -- because the question whether to exercise judgement at certain points -- rather than obeying faithfully that model -- is one of the secrets of success in trading).

Amos And I am not sure at all if Intellectual judgement is such a great thing in trading -- there is a lot to say for the ROBOTIC approach to trading, that BLINDLY follows a good model -- and the thrust model (nothing smaller than daily!! ) At any rate - the truth is that after such a strange bottoming action - I, at least, as a Wyckoff student am WAITING FOR A "TEST" -- sometimes waiting for a test -- is VERY WRONG! -- that is life

Amos At any rate, after 8 days of rally - that took out the LAST SWING HIGH - which by itself says -- " I AM NOT BEARISH ANY MORE", at least on the daily scale -- the market goes into 4 days reaction, which is rather shallow, and then comes an OKR that is followed by a strong thrust above previous high - and the next phase of the rally continues.

Amos At this point -- the low of the correction to the 7800 level becomes a Road mark. Many times that point is a 50% projection point -- the market is telling its secret members, that we are going to AT LEAST double the distance from the bottom to the low of that reaction. So I draw the 50% projection, that gives me a little over 80 target. Now here comes the crux of the matter -- you have a rather clear target -- the market gets to that point, and you can see some hesitation.

Amos MOST IMPORTANT POINT -- DO NOT BE TEMPTED TO SELL that point -- just because it is an "obvious" target -- in the same fashion that you should NEVER BUY or SELL a point on chart that indicates a POTENTIAL CYCLE is coming. Jack Bernstein burnt 600 million dollars in half a year trading this way. WAIT FOR A SIGNAL! It does not matter what signal, what model you are using, as long as it gives you an Entry Point AND a Correct Stop Loss

Amos Next chart is the same daily dollar from earlier today. This time I simply stretched the retracement tool from the low to the high -- and tried to identify a clear 50% point that could "predict" that move -- NADA!~ Notice that this rally is taking place while the moving averages are still pointing mostly down -- the 55 MA for sure is down, and the 21 MA has not even crossed it yet -- very unusual move. Since there is NO volume on the index, I am a little blind, but as far as the daily price chart -- that corner is a VERY DIFFICULT corner to trade

Amos Next chart is the 8 hour bar chart (480 minutes) -- it is between the 4 hour popular time frame and the Daily -- so it gives a little more detail, while maintaining some measure of the larger view. I count bars - as I always do - and I see that Yesterday we are one bar short of 55 bars from the bottom. I need to watch this point closely -- because it MAY -- EMPHASIZE ON M A Y !!! indicate a small turning, if the the market WANTS to respect the Fibo counting. Remember : IF -- THEN ... IF -- THEN ... important

Amos Next chart is earlier today, and we can see that the market had a sharp push, with a strong bar that closed above the middle - indicating more demand - and then an INSIDE 8 hour bar - which is the 55th from the bottom. What do you do? Is there a model? Problem -- since I tend to IGNORE INSIDE BARS (lately it is a mistake - but I have learned on my own flesh, that over the long haul - ignoring inside bars is mostly correct action) -- then trying to sell an 8 hour thrust at this point, with a stop above the high of the strong bar (the 54th in this count -- is not a favorite of mine. It turns out that it was a correct decision -- but the point is that even this count of 55 8 hour bars -- was finished (at least temporarily) in a price pattern that DID NOT give a clear sell signal. Not only this -- we are at END OF MONTH -- and that added to the confusion

Amos next chart is the largest filter I use on the dollar -- 300 X 3. You can see that the clean count of 5 was exceeded by at least 3 boxes. When this happens -- this is another bane of mine (clean count is such a good model -- it works much more than 50 %), and here again -- it failed -- which adds to the confusion, and shows how really DIFFICULT this corner is

Amos The last dollar chart is the monthly, and you can clearly see how ODD and BIZARRE this corner is -- you have to go back many years to find such monthly behaviour. The market is coming down HARD from the 89 to the 76. The talk around is nothing but "THE INTENTIONAL DEMISE OF THE DOLLAR WITH QE 1-2-3-4". Everyone is fed with the news that the United State government will not let the market crash, and will debase the dollar to whatever is needed ( the figure zero is mentioned quite often) -- and then it turns around and rallies almost 7 handles WITHOUT ANY PREPARATION! and CLOSES THE MONTH AT THE HIGH. This is the SECOND WIDEST MONTHLY BAR in the dollar in at least 10 years -- and if you remember the semi-annual chart I showed last time -- we are still showing a rather bearish Semi chart. So the larger time frame says Bearish, while the MONTHLY time frame shows a Rather STRONG (I do not want to say Bullish -- because that would imply CHANGE OF TREND, and on the larger time frame we are at best in a 3 year RANGE). So the semi is weak, the Monthly ends up strong, and the daily is RAGING ... I wrote on the chart : Such a month has not happened in YEARS

Amos Notice the Moving averages on the monthly ... where are we? At a most crucial point -- CONVERGENCE of all THREE MAS -- that is on heck of a point -- usually an ERUPTION COMES OUT from such an APEX. Wyckoff liked the concept of APEX very much -- and in the Course, this term is used quite often. It is a point that resembles a watershed event (a lull before a storm, an important Edge), from which starts a steep precipice -- either up or down. Well in this case, the move in the dollar was indeed a very unusual move -- but anyone who will tell you that they could read this correctly-- is a liar.

Amos Of course, if you followed the MONTHLY THRUST -- which is an AWESOME MODEL -- and you went long above October high -- you would have been OK. But the news, the mood, the sharp decline from 89 to 76 -- was so strong -- that it was VERY difficult.

Amos I think I told you about one chap that called me, and asked what to do with the Euro -- which he (more accurately his Father) longed at 147, and he wanted to know what to do when it was near 120 (they had over a million dollar loss by that time). Well they held, and when the euro came back to 142, they recouped a large portion of their million dollar loss -- he asked me what to do -- and all I could tell him was that he was a lucky SOB, and the best he could do is put a monthly stop below 136 (I think that was the euro low of October). I have no idea what they did -- but it occurred to me that this guy called me when the euro was at 120, and then when it was 141 -- and I thought that perhaps I should use him for a model -- he calls -- market reverses!

Amos At any rate, this chart of the dollar is a good example how the news can be poison -- notice by the way, how after 55 8 hour bars move -- all the talk shifted from a DOOMED DOLLAR to the DEMISE OF EUROPE and Portugal -- the News is one heck of a BANE in this business ... Nuff

Amos Next chart is CRB daily ; you can see, again, a NEEDLE top and a sharp reaction. We saw that the large chart indicates a double top of HISTORICAL proportions. Now we have reacted to the 55 up-sloping ma, and we are holding. Normally such a "flag" should" resolve in the direction of which it Entered the "flag" -- but this is a very unusual chart -- and "NORMALLY" I would expect some testing of the high, before we continue down. At any rate -- this is again an APEX, and any move out of this corner can be sharp. With the move in the grains today -- it is an up move -- we will see how it develops. Again, the end of month picture is CONFUSING!

Amos Next chart is copper quarterly ; I thought several weeks ago, that there may be a Symmetry in this chart -- and the 8 quarters cycle will be respected. Well -- many thought so, and you can see that there was an OKR at that time period, that closed at the low -- only to be followed by 2 strong quarters. I have no doubt in my mind, that the current rally is only made to KILL all the shorts, who sold the triple top in copper.

Amos At any rate, we have a strong model on the chart -- and this will be a GOOD example to the VERACITY of the THRUST AFTER OKR model. If we get a QUARTERLY THRUST in COPPER next quarter -- that is, the 360 level is penetrated -- then a SHORT with a STOP above the previous HIGH is a VERY GOOD long term trade. Whether that stop is FEASIBLE to various traders is a different issue -- many may not be able to take the necessary risk. BUT from a theoretical point of view, you should all follow this chart -- and SEE for yourself, if this model has any validity -- and what are the ramifications associated with using it CORRECTLY. This is not a HINDSIGHT event -- but a plan for the future. Since we have a month to finish the quarterly chart -- ANYTHING can happen -- but as of tonight -- this is a good plan.

Amos Next chart is the CRB quarterly ; We saw the daily a minute ago, and it is a wild one. The quarterly chart as of earlier today is very important. We have a strong bar that is almost SMACK in the middle. If we close DECEMBER around this point -- THAT IS an a priori indication that we are still into a RANGE in commodities for a few months -- perhaps as much as 6 months = two quarters. If we close the quarterly differently -- then the story will change.

Amos At any rate -- on the first day of December, we are looking at a HUGE DOUBLE TOP of this chart -- and we are after a rally of 8 quarters -- so a Major turning point is in front of us. It is GOOD to keep this picture in mind -- it will explain a lot of the wild moves we are going to see in commodities coming few months! Again -- the Close of December will be very important on this QUARTERLY CHART of the CRB!!

Amos Next chart is the quarterly yen ; You can see that we are at a MAJOR DOUBLE TOP -- the move from here can be awesome. Notice that we had an OKR 5 quarters ago -- and all who shorted this OKR are now being killed. A THRUST next quarter below the low of this one -- will be very bearish the yen. Will we get a decline similar to the 1995 steep decline? I doubt it -- but the IMMENSITY of the YEARLY DOUBLE TOP -- is very significant. So if we see a major decline in the yen -- at least back to the 100 level in the next few months -- do not be surprised. What will cause that? After all, the interest rate in Japan has been close to ZERO for years -- which did NOT prevent a shift into the yen -- so I have no idea what fundamental justification will be there for the coming decline -- but anyone who ignores this huge double top -- does this at their own risk.

Amos The next two charts are repeat of last week -- but it is so IMPORTANT, that I wanted to come back and discuss it some more. I urge you to butt in, and contribute next few minutes -- if you have a message to share with the room. The picture of the last 30 years in the s and p indicates a very strong rally to 1600, reaction to 750, rally to a double top, and then decline to double bottom, and now we are sitting SMACK in the middle of a 10 year range. Since markets spend most of the time in Ranges -- I like to use the figure 85% even tho there is no actual proof to that -- just a figure that aims at emphasizing the fact that DISASTERS do NOT occur that often (or the opposite of disaster - which is BLISSFUL EVENT, such as invention of Computers or cars or drugs etc).

Amos So we had a very long rally in the s and p from 1983 to 2000 -- 18 years -- and now we are into the tenth year of a large range. If you take this picture for what it is, and ask yourself -- what is the LIKELY NEXT MOVE of this bar chart -- if you are an honest person -- you should say, that the likelihood that we will stay WITHIN this range for a VERY LONG TIME-- is HIGH. Also, we know that the middle of the range (this was talked about last time) is the most random point -- because it shows that the CM is OUT OF THE MARKET -- HE IS ONLY INTERESTED IN THE TWO EDGES OF THE LARGE RANGE ( My CM may be different than YOUR CM, since you trade in the room daily, and you want to see a CM that handles the MIDDLE OF THE RANGE -- so we may have to coin SCM and BCM for Small and Big Cms). Never mind -- the point is that until rather recently -- the picture of the Equities market was not clear.

Amos I admit That I fell into the same trap. I have been declaring this rally as "bogus", and the market "MUST COME BACK AND TEST THE LOW". Others have declared the 2009 low as Major end of correction, and the BULL MARKET HAS RESUMED, and we are going to 2000 and the dow to 20000 -- you hear all kinds of predictions about the fate of the dow etc. What is rather clear right now, is that the CM stood TALL TWICE at the highs -- Stood quite TALL at the lows -- and now we are in the MIDDLE of a HUGE RANGE -- and the market can do WHATEVER T WANTS. There is NO SUPPLY right now, and NO SUPPORT RIGHT NOW -- just imagine the market staying between 1000 and 1250 for a few more bars -- what will happen?

Amos Everyone tells you that you MUST BE IN STOCKS, since the RETURN ON short term interest rates is so low -- it does not make sense -- you must find a "BETTER" venue for you money. This is garbage. The assumption that the market is supposed to give investors "AN INCOME BETTER THAN PRIME" is so idiotic -- I don't even want to talk about it

Amos let me ask you -- what do you think is the next move from this point? anybody? Do you see a sharp move to one side or the other -- or continued meandering in small range? This is, perhaps, the most important trading decision for the next 6 months

Ory meandering

Randy I have seen postings that it is going to continue higher until 2012, due to the POMO pumping money. Not my opinion necessarily. But an interesting point.

Amos Randy -- the POMO is not important any more -- look at the rally in the dollar, and the STAGNATION of stocks. Ok, lets leave this question open -- although I would like to hear opinions in the room next

Brian head up, until supply bar or sign of weakness comes in. We have rallied off double bottom, and if that is ice, we should head towards the double top creek ... provided no supply comes in

Amos Brian - not sure what you said, but thanks

Amos next chart is even more ominous ... it is the OEX (SnP 100 options) ; the OEX chart -- the language of the OPTIONS TRADERS is the same Quarterly, and it shows a MUCH GLOOMIER PICTURE. You can see that while the S and P is in a CLEAR SIDEWAYS RANGE -- the OPTIONS TRADERS are MORE BEARISH, and you can almost see a DOWN CHANNEL with LOWER HIGH and LOWER LOW, while the current position is 50% retracement of the last decline. I cannot tell if the Options players are that much more clever than the general public -- but the picture is more bearish here. It is something to take into consideration -- after all they told the TRUE STORY at the TOP OF THE DOW -- and even tho I have pointed out that discrepancy -- I have to admit -- I DID NOT BELIEVE THEM. Now I tend to pay more respect to the chart they are painting. So it is very important to keep in mind the picture of the OEX, and to know that this side of the trading world is much less optimistic about the next RALLY in stocks! we are talking the next few years! Again, there is a very clear OKR on the quarterly chart, and the top of that OKR has NOT been punctured yet -- so a THRUST below the low of this quarter, starting 2011--- will be bearish and will call for a reaction to test the 400 again

Amos Next chart is a futile attempt to find some symmetry between phases -- which I find helpful in many cases. I am not sure I do not see things in a Fata morgana fashion -- so if you think that I am just inventing imaginations -- ignore it. This is the DJS -- the 65 stocks index (Dow plus Transport Plus Utilities). My wild imagination sees a clear 10 months phase sequence. The first one is the range at the top, before the large decline. The second is the 10 months decline from May 2008 to March 2009. The next is 10 months rally to Jan 2010, which started a "range" from Feb to Nov 2010. Is this a valid observation? I have no idea ... but I marked 4 rectangles on the chart -- with a big Question mark at the right side. If we start a decline for the next 10 months -- wont surprise me -- but in light of what I just said about the HUGE RANGE and being in the MIDDLE OF IT (which calls for more of SIDEWAYS ACTION), I am not sure of any decline in next 10 months. So I just threw this chart -- and I will continue to monitor it -- may be worthwhile.

Amos Last 3 charts tonight, aim at dispelling once again all the cockamaine correlations we like to impose on the market (and like Psychologists, we try to imply CAUSALITY out of CORRELATION, which is a SERIOUS LOGICAL FLAW!!!). The tendency lately is to call the Australian Dollar -- a COMMODITY currency. When metals and ores rally -- the DA rallies. Well I went and plotted the spread (ratio) between Aussie and silver -- AND you can clearly see -- weekly chart -- that the correlation is ABSOLUTELY NEGATIVE!!! Anyone who expects the aussie to rally when silver rallies --- is liable to lose his tuches.

Amos So this is another example of how the "Street Talk" about causality and relationships between events, materials, situations, perceptions and the MOVE of a commodity in the real world -- is TOTALLY BOGUS. The dollar started to rally when EVERYONE KNEW ABOUT POMO and QE -- once the shoeshine boy started to sell the dollar because Bernanke announced more pumping of dollars -- the TREND CHANGED, and with VENGEANCE. It is, indeed, very difficult to block the news and the street talk from your trading mind -- but if you break this rule -- YOU DIE. TRADE WHAT YOU SEE, NOT WHAT YOU WISH!!

Amos Next chart is silver -- we had a huge OKR on the weekly, and we are now testing the high -- the next Weekly thrust (March contract) should be sold with a stop above the high!

Amos The last chart is the Aussie, and you can see the needle sticking above 100, and then an abrupt reversal -- same as the dollar -- no indication, no ending action, no nothing. I wrote on the chart -- Get used to the fact that many ending actions will NOT be VISIBLE REVERSALS in the near future. Classical reversal patterns -- are passed for a while. To me -- the thrust method is one salvation. Others may employ their own methods

Amos HAOOK ... I am finished ... open for questions ... I am reminded again, that WYSIWYG is NOT part of the market -- despite what I said about trading what you see -- kind of ironic

Amos no questions implies an extremely intelligent and all knowing, all omniscient (ala Carnak) crowd -- Kudos Billy A lot to re-read and digest Amos ... Tremendous material ... can you briefly define thrust

Amos thrust is buying higher high (supply defeated), and selling lower low (demand defeated) on a stop ... thrust is the OPPOSITE OF BLSH -- Buy low sell high paradigm

Billy k TxS ... So if silver thrusts above this week high, you would short with stop at the major high

Amos No Billy -- the OKR was sort of BC -- so I am looking to SELL A LOWER LOW on a stop. Sorry, Billy -- you said it correctly, but the part about thrusting above the high -- is not important. There is a CONFUSION between Wyckoff concept of THRUST (or its inversion -- the SPRING), and my usage of selling or buying on a THRUST -- but it should not be that difficult to resolve. Wyckoff usually talks about UPTHrust (fake high). I use the term thrust -- for indication of PUSH in the RIGHT DIRECTION! To me, a thrust is always going WITH THE "TREND" ... I want to SELL LOWER and BUY HIGHER ... that makes me sure that I AM WITH THE TREND once it starts! I Stole this wonderful term from Dennis Dunn, who is a Fantastic trader -- and I did not want to change the wording ... Dunn from Dunn and Hargit, if you want to search history

Billy that clarifies better for me ... thank you very much, Amos

Gary\_Fulleth the thrust method is on the site, billy ... the archives are there

Amos ok folks, have a good and safe night -- and have a wonderful December -- and I hope Assange is NOT Caught, and continues to expose our leaders stupidity and arrogance and corruption!

Amos left.

Gary\_Fulleth any q that Amos didnt answer ... great ... good night

## 2010-12-07 (Gary)

Gary\_Fulleth good evening ... did everyone get charts? Good ... not newsletter charts, but charts from today, and some wyckoff teachings. Any q ?

Gary\_Fulleth okay, lets begin the 6 charts .. but let me talk a bit about today. One must look at longer term charts, and u will see that markets are retesting the 2008 highs. This is important, as it is a 2 yr retest ... some markets made new highs, others far short of those highs. So we can determine strength and weakness, based on how far or under they are from 2008 ... so be aware of this ... and any break from here that is supply, can be ending action ... depending on the severity of the break ... i.e. the volume and bar length. So we MUST look at the background of the past action ... make sense? So be aware of this ... so with that, we can go forward with charts overall

Gary\_Fulleth okay, there were some markets that went to rtl lines today, and retested highs. I will show many from the newsletter, so lets begin

Gary\_Fulleth bonds ... this chart is quite clear ; actually, in the newsletter there is about 10 handles, maybe 9 handles, made now ... over 3 k ... from the see (??) area. First, what is the trend ?

Ory down ... actually a tr from downtrend  
tonyw down

Gary\_Fulleth correct ... so we know that demand must show up, to have a change of behaviour ... and we dont see that demand. If u notice the down move, the wide bars are to the downside ... which makes sense ... then a lower trading range. This lower trading range in the down trend is ... ?

Ory distrib

Gary\_Fulleth yes yes yes !!! we know that a market tends to have 1-3 bars counter moves. You see a wide bar ... look at the last 3 bars ... there is a weak rally after the down bar ... so weak demand after selling. With a weak rally AFTER selling ... what would u expect ? Would u expect the support ice to hold ?

Ory continued selling .. downtrend to continue

Randy1 break ice

Gary\_Fulleth what do u notice about volume, the last few bars?

Randy1 decreasing just like in ES lately ... except ES was trying to JOC

Ory volume drying out

Gary\_Fulleth so what does this tell u? We will discuss ES later tonight

Randy1 weak retest back up ... very weak reaction

Ory so selling to come in  
themick no demand

Gary\_Fulleth so u really dont even need to look at volume ... u can see the bar action, last 3 bars, was weak ... so u can assume volume was weak ... and demand must show up in a downtrend, for a change of behaviour, right?

Ory correct

tonyw breaking of the ice will occur

Gary\_Fulleth so with this chart, would u buy ice support? you can see my comments ... this was last nights comments ... would u buy that ice support?

themick n

Ory not at this time

tonyw not until demand show up

Gary\_Fulleth okay ... what did bonds do today?

Randy1 big drop

Gary\_Fulleth yes ... was down over 220 today ... so trend, lack of demand ... gives u a bearish statement ... based on trend, and market behaviour

Ory so the read was correct

Gary\_Fulleth yes, ory ... is the chart clear ? trend and market behaviour, and a lack of change in behaviour

Ory yes it is

Gary\_Fulleth so a retest back to this broken ice is now a sell, if on weak action

Song us drops hard today, but es doesn't move a lot ... how to view this?

Gary\_Fulleth at the 1200 area, the es moves more than if it was 600. The dow at 12 k, so movement is just wider. Usually the higher the price for a stock or commodity ... the more movement ... look at silver and golds moves

Gary\_Fulleth ok, lets take a few charts that are pivotal ones ... that showed a break today ... but more importantly, why they stopped there

Gary\_Fulleth crude ... what do u see here? u have a channel ... an up channel ... so selling would have to show for a change of behaviour

Gary\_Fullett so look at the previous high ... where i have shown vertical bars lines ... mid nov ... see this ? You see a break on increased volume ... how many bars did it take to break to 8200 area ? 4 bars ... see this ? The break was quick and sharp ! This can be a shakeout ... if we go to new highs and mark up. The market took about 15 bars to retest and go higher ... see this ? If we draw a reverse trend line, we can see todays highs ... see this ? And the volume picked up ... BUT was not as high the previous break. So this may NOT be the climactic action supply, due to the lack of increased volume, for a sow (sign of weakness). But the reverse trend line is NOT ending action ... but in this case, an overbought line. So we must be aware that an overbought line ... we must tighten stops or liquidate

Randy1 we did close back under creek though, if I am not mistaken

Gary\_Fullett its 8792 last ... just under where this chart shows

Randy1 k, so you have creek at the VSB vs the previous high?

Gary\_Fullett yes

Randy1 tu, the volume today was a touch higher than the volume on that VSB, mean anything?

Gary\_Fullett sell stops and liquidation at higher levels

Randy1 tu

Gary\_Fullett yw ... good eyes. Any q on the overbought line rtl (reverse trend line) ... u can clearly see how it was drawn ... good

Gary\_Fullett gold ... what do u see here?

Ory well UT

Randy1 double top with an UT

Gary\_Fullett good ... but first, trend is?

themick up

Gary\_Fullett good ... any ending action to the up ? this are the question to ask yourself

themick no wide down bars on higher volume ... if that is what u mean

Gary\_Fullett right ... no supply ... or a cob. But we have a market retesting resistance ... so the upthrust in an uptrend is ?

themick likely to fail

Ory will usually fail

tonyw we saw some selling on November, and weak retest

Randy1 once again, decreasing volume at creek

Gary\_Fullett right ... what does that light volume at creek say, most times ?? It says a lack of demand by funds and specs ... they are not interested ... like in crude

themick not buying

Gary\_Fullett many markets are like that ... so lack of demand at creek, means we need to go lower ... to retest, build cause and try again

themick do they go lower to ice, or to where they find demand

Gary\_Fullett correct ... so a retest lower ... to find the cm defending support. So we can look for a retest back to ice, or at the least to 1/2 back in the range. So we need to see the behaviour over the next few bars ... as markets tend to counter trend 1-3 bars, 3-5 bars ... so we will see if the longs gets out, and hit stops. Please remember, that gold is the strongest commodity over the last 10 years or so

Ory silver ?

Gary\_Fullett silver lately has been stronger ... the last few years ... BUT gold has been more consistent, and the yearly closes better .. all up years. Any q on gold ? The creek is not an overbought condition ... resistance, yes ... but not an overbought line, like the reverse trend is ... so there is a difference. Where do u show demand and supply ... from a horizontal chart or a channel ?

Ory top and bottom

Anna Horiz.

Ory creek and ice

Gary\_Fullett correct ... good

Gary\_Fullett okay ... now the charts i really wanted to share ... 3 charts, about 20 min or so ... then i can do my other charts

Gary\_Fullett 30 min es ... focus on the small range bars on the top ... what do u see on this chart ? We have a move higher, and we have some small ranges. So, small ranges ... we have a lack of upside progress ... the market is trying to go up, but barely making new highs. Then u have a wide bar ... a down wide bar see this? This wide bar is selling ... 1 bar took out 7 bars of work ... the wide bar took that out ... see this?

Duke yes

Ory vsb ?

Gary\_Fulleth but 1 bar isn't a change ... we need to see follow thru. So we went lower ... and on the last bars, we have a rally. So we had a rally ... do u expect a retest of the highs?

themick y

Song of course ... if the uptrend is still OK

ian retest of ice

Randy if supply comes in, that last rally may have been the weak retest

themick close of the high ... low vol

Gary\_Fulleth okay ... let see the next chart ... this is the 30 min chart. So we had a wide bar selling ... the bottom of that bar formed an ice with the previous action. The retest back to resistance is lower volume ... so after selling, a retest of broken ice important

Gary\_Fulleth go to the 3rd chart ... it is labelled for u. Take a minute to look at this chart

Song can we say this is the failed retest?

Gary\_Fulleth this happens to be classical wyckoff ... from an upthrust position ... do u see the labelling ? We can say lack of demand, lead to selling ... and the lack of demand happened on an upthrust. We have a down move many times from the upthrust condition. See this ... it is quite clear? Some great charts for the newsletter tonight. Any q on this chart ... and how the lack of demand lead to selling

Ory i'm good ... TY

Anna Clear

ian Gary - bonds down and s+p down - is this unusual

Song us and es were up together for a while

Gary\_Fulleth well ... eventually u will see that higher rates lead to lower stocks ... BUT i think today, bonds were on their own ... and the es broke with the commodities being weak

Gary\_Fulleth the key will be if we get follow thru tomorrow ... and the price bars and volume. So if the retest higher is weak ... small ranges and volume ... look for lower prices. So let the tape tell us

Song do you expect this might be a major high on es?

Gary\_Fulleth under 1171 ... then yes ... but at this point, no way of knowing.

Gary\_Fulleth the odds were low of a break today ... an upthrust high ... but it happened ... so the tape will tell us

Song thanks

Warren\_\_ Gary, good comments tonight, thanks

Gary\_Fulleth okay time for newsletter charts

Duke thanks Gary ... good night

Song thanks a lot, and good night

Gary\_Fulleth amos tomorrow ... steve and me on thursday

Gary\_Fulleth ty all ... i wish u all the best ... good night all

Gary\_Fulleth left.

## 2010-12-08 (Amos)

Amos Hi !! Well, we are entering the END of year period, and after the triple expirations in a few days -- that will be the important factor in chart painting. It was not the easiest year, and things do not seem to be any clearer in the near future. I saw some analysis of the Euro, and the only debate right now between the Euro and the Dollar is ... which currency is more CRAPPY. Europe with its possible disintegration rather soon, or the dollar with its intentional debasing by the Bernanke team. Nice choice -- not which currency is healthier, but which is sicker. This is what 2011 is ushering -- and we have to decide. I see some veteran traders losing big on the GVI forum -- simply being whipsawed by the market.

Amos Some of the charts tonight are not so important -- only my continued frustration with the language of the market -- hope you do not get bored.

Amos First chart is the GSR ; I have pointed out that the GSR (which was promoted by ... oops ... forgot his name ... Gartman? not sure ... as the best thing since sliced bread) -- has been a NOTHING in recent years. However, the monthly chart shows that we had 3 bottoms and two tops, that behaved rather "correctly" -- and now we are into the 4th bottom. There is a cliché in Wall Street: "4th time we go thru" -- that is, you can believe triple tops once in a while, but quadruple tops are likely to be penetrated. The reason for that is, of course, the notion of self fulfilling prophecy -- which we have discussed in the past -- when EVERYBODY sees something -- the likelihood that it will work is slim.

Amos However - you cannot avoid the temptation to "guess" this bottom, and the Monthly chart looks very "inviting"-- trouble is that the TREND AT THE MOMENT IS DOWN. This is the curse of every prediction -- we tend to "SEE IN OUR MIND'S EYE" the TURNING POINT -- but that is how Bernstein -- the Cycle GURU -- DECIMATED 600 million dollar fund in less than 6 months -- trading his famous "CYCLES". When you are predicting a turning point -- you are ACTUALLY TRADING AGAINST THE TRADE!!!! and no one is immune from HUGE losses, not even the great Soros. So, the only solution to this problem is the Rothschild solution -- LEAVE THE CORNER to the PIGS!

Amos Next chart is the daily GSR ; And you can see that the market is very aware of all the bottom pickers -- and will do its best to slaughter them the way it can (Bulls make money, Bears make money, Pigs get slaughtered aphorism). The only way to avoid getting hit -- is watching and waiting!

Amos Next few charts are my continued frustration with my "trustworthy tools" -- such as P and F, and the 50% projection hidden points -- this is simply part of my daily work, and once in a while I decide to put my working charts into the letter, and you have to "suffer" together with me. You can see a clear count in the silver chart, that is being ignored by the chart. To say that the stepping stone on the way up is additional "CAUSE" is not a valid argument, because clean counts DO tend to be respected under normal situation. Not this time -- the run up in some commodities in the last few weeks -- have very little reasoning to them -- and I bemoaned this phenomenon a few weeks ago -- it is rare that you have a RECESSION, and such a strong run in price of commodities.

Amos It is not Demand for commodities ... but a game of MONEY ... and apparently there is enough money which prefers the game of "FIND ANYTHING THAT WILL BEAT SHORT TERM INTEREST RATES", and play it to the hilt. This is quite unlike Wyckoff, in my opinion -- and therefore some tools that serve well when the CM is PLANNING a CAMPAIGN (as Wyckoff used to say). Some Rogue elephants in the likes of Lenny Dykstra are toying with the market. You have to excuse me -- I am finishing THE ZEROES by Randal Lane -- and half the book is dedicated to Lenny, and how he screwed their Magazine -- tough book to read, wonderful English -- the guy has a gift with words.

Amos ... but the bottom line is ... that EVERYONE is a CROOK, Period. So what do you do when your trustworthy tools betray you? same as driving on an ICEY road -- if you press your trustworthy breaks -- YOU WILL BECOME Wayne Gretzky! You have to ADJUST to different conditions for a while, and NOT press the breaks sharply.

Brian\_O wow, Lenny D ... there's a blast from the past. Didn't realize he had such a reputation

Amos Yes Brian ... Lenny D turned out to be a big swindler. For a while, he was predicting stocks - and had quite a following. Turned out it was all a HOAX between him and Jim Cramer -- it is AMAZING what swindlers all these guys are!!

Amos Next chart is me trying to identify a bar count, that will arrest a vertical move. So I count 240 min bars from a point that I think the rally started, and you see the rectangle of potential 34 bars -- NADA

Amos Next chart I start from the BIG "VOB" bar, that closed at the high -- and that turned out to be the "correct" count. The 34 and the 55 bar counts -- are pretty reliable lengths of moves -- do NOT ask me why.

Amos At any rate, you can see that Silver had significant selling, with a large OKR that closed at the top. I even wrote Gary a letter about the possible reversal in commodities -- because of the action of the Bonds -- hope he

shared with you -- we will look at the bonds in a moment. At any rate - you can see that the attempt to identify Target of Point and Figure chart, or Target of Bar counting -- or as we see shortly -- target of 50% projection -- is a TEDIOUS effort -- that needs VERIFICATION, before you Swear it will work. Again and again -- FOLLOW THE MARKET, DO NOT PREDICT IT -- in the long run -- it is the CORRECT way to trade -- even if you miss the Corner, and you hang on your wall SMALLER TROPHIES!

Amos Next chart is crude ; For the life of me, I do not understand why crude is up -- people are NOT travelling that much. There is Definitely a recession, prices in the stores are NOT exploding (last Black Thursday and Friday saw some SERIOUS price slashing by WalMart and friends) ... yet crude, together with sugar and cotton, are rising. So I continue to look for the answer in the chart, and try to identify some "sanity". You can see clear 8 days decline, and 8 days rise -- and I keep wondering to myself, if symmetry will work here. You see, when the market is being manipulated by these forces -- it is basically moving the price from one stop loss to another -- that is all.

Amos The game right now is toying with traders (I just mentioned how many are getting stopped out in the GVI forum -- traders that usually are very keen and good) So what to do? All I do is try to identify some reasonable THRUST, and go with it -- with as CLOSE A STOPLOSS AS POSSIBLE -- that is all. Just MANAGE RISK RIGHT NOW, and do NOT think of LARGE PROFITS (like the GSR, that tempts you to think of a HUGE move out of this quadruple bottom!)

Amos Next chart is another such frustrating attempt ... Gold ; I am visualizing in my eyes, sort of head and shoulder, and wonder about daily symmetry. The important thing in all such trials, is to HAVE AN ENTRY POINT and a STOP LOSS -- all else is garbage. This one turned out to be not so bad

Amos Next is silver, and I am trying to find out which is the secret language. I must reiterate again -- this 50% projection point IS part of the secret language of the market. I see so many examples to this IN HINDSIGHT, that it is sickening. And once you train your eye to look for these things -- it is not much different than looking for a BC, SC, VOB, JUMP AND BACK, you name it -- just part of the LANGUAGE OF THE MARKET -- ROAD SIGNS that one has to learn to identify and obey. The problem with this 50% projection, is that you are GUESSING -- WHICH OF THE "CLEAR IN HINDSIGHT" points is the market using ... Guessing is NOT good

Amos However as part of your TOOLBOX ARSENAL -- is is a good tool. Not that it gives you an ENTRY POINT -- its BIGGEST ADVANTAGE is that it WARNS YOU ABOUT the POTENTIAL LENGTH OF MOVE ... the last sentence is important. We all try to catch corners. And we use all kinds of tools to CATCH THEM -- Cycles, Oscillators, overbought / oversold conditions, Volume, Reversal patterns, Flags, Heads and shoulders, Fibonacci, Elliot waves, Bollinger ... you name it. When a market goes into a VERTICAL MOVE -- that breaks all "normal" boundaries -- we tend to think everyday that "IT SIMPLY CANNOT GO SO FAR WITHOUT A CORRECTION". If you are on the sideline, and waiting for a clear signal -- BLESS YOU. But the reality is that MOST OF US STEP IN saying ... THIS IS IT ... it MUST TURN ... and then we stay with the losing position WITHOUT A STOP!! because we "KNOW" it will turn around eventually.

Amos ... here comes the beauty of the 50% projection. If you have a clear point ... in the past ... and you GIVE YOURSELF THE POSSIBILITY that the market wants to DOUBLE THAT DISTANCE -- that gives you -- in VERTICAL MOVES -- the ABILITY to 'ACCEPT' the Meshugas of the Market -- and WAIT!!! This is the beauty of this projection -- it gives you a MEASURE OF THE POSSIBLE MADNESS OF THE MARKET. If you do NOT believe me -- Go and look over many extended moves, and then take the fibo retracement tool from the LOW to the high (or high to low) -- and look if there was a clear spot which -- IN HINDSIGHT -- is a clear half way mark!!! You will fall off your TUCHES!

Amos At any right one of these "secret" points, is quite often the FIRST SIGNIFICANT RALLY! (was ONE, if you want). Of course, you can argue that the first rally was bar 8 on the silver monthly from the bottom -- well it turns out that the correct point was bar 14 -- why? -- in retrospect, because the reaction after that high (which is marked as the 50% projection) -- started an almost VERTICAL MOVE. In other words -- never mind -- I need to go into details of the behaviour there, and I am not in the mood for that -- forgive me. At any rate, you remember that I had a clean count to 30 -- and we went to 30 and a half -- and then had a big daily reversal. We shall see if that projection will be significant for a long time -- in other words, is the current high going to be a high for years or only a few months.

Amos Next chart is the same picture on the weekly -- you can see that the 19+ point was the start of a big range, that had a fake shakeout, and the market respected it a few days ago. Notice also, that the market HAD an OKR, and now we have had a THRUST AFTER OKR -- on the weekly chart. That signal puts all other attempts to shame! But since I battle with this issue daily -- I share with you my frustrations -- at any rate -- the more I study this -- the more I am convinced that it is a valid issue -- tough but -- has merit

Amos Next chart is the gold market, and this time it seems that the 50% projection point is the BACK of the "Jump and Back" process above 1050 level -- we shall see

Amos Now to start a few important observations

Amos The next chart is the Euro Annual ; Since we are getting close to end of year -- it is time to ponder over the larger picture, and see if we can glean some knowledge out of them. The way I look at the Yearly Euro, is that we had a HUGE OKR that closed in the middle, which theoretically called for SIDEWAY ACTION for a few bars (years). Well, we got ONE year in that range. The next year broke below that range, and it seems to want to CLOSE in the MIDDLE again -- so where are we? The question is which year is MORE dominant -- 2008 or 2010?

Amos Assuming we will close the year where the chart is now -- the most reasonable conclusion is that 2011 will be another INSIDE year within the 2010 boundaries. I drew a rectangle that exceeds the boundaries of 2010 -- that is between 116 and 150, which is very wide, and really does not help much. But the notion that we can continue to trade without a very DISTINCT long term trend -- is important. If you take into consideration what I said above -- that the big battle right now -- amongst large currency traders -- is whether the EURO will be broken (you hear some serious voices from Germany to restore the Deutchmark, and the Swiss franc shows some strength too, and the news about the failing countries from Portugal, Spain, Ireland, Greece and more is only getting WORSE) -- and the other side is the continuous QE actions -- and now the Tax issue, that adds a few more trillions to the deficit -- which should drive the dollar down down.

Amos I am NOT good with Fundamental analysis (and it is a curse, because my mind -- which has an engineering background -- CRAVES some rational thinking and reasoning). So whatever I say about fundamental issues, should be taken with a few Very large spoons of salt -- but I have to let go -- otherwise it will come out in a subconscious way -- and that is a curse for a trader. You should NOT let your behaviour be guided by subconscious processes -- this usually leads to disastrous behaviour in the market -- the OPPOSTIE OF KISS!

Amos If you look at the larger picture of the Euro, you can see that since the low at 85, and all the way to the 1.60 point -- there was actually one long 8 years rally, without any meaningful test of the LOWS. This is a rather young currency -- you need a chart that adds the history of the DM (with the proper mathematical adjustment) to know the real history of this chart. I may try to find a picture of the long term chart, and discuss it in the near future. However -- if you think that the euro "DESERVES" a good test of the 85 lows -- it is NOT OUT OF THE QUESTION -- that, regardless of the "stability" of the dollar -- the euro deserves a test of the 82 lows, and can drop much lower.

Amos If you look at the yearly chart -- but instead of looking at the INTERNAL STRUCTURE -- which shows 2008 AND 2010 as CLOSES IN THE MIDDLE -- you can also say that since the HIGH of 1.60 -- we are having LOWER LOWS AND LOWER HIGHS -- and the trend at this point is DOWN!!! There is great likelihood that once we break the 116 low of 2005 -- there will be enough selling to drive the Euro below par -- and that is a SIGNIFICANT possibility. As of now -- I give the Red rectangle higher probability (mostly because I think that at least until Obama stands for the next election in 2 years -- he will do whatever it takes to STABILIZE things and get re-elected)

RB This is an example of thrust after OKR, isn't it Amos?

Amos RB -- very iffy -- which year is the OKR? for a thrust after OKR (to sell) you NEED a RALLY!!

RB ok, tu for clarifying ... i need to go back and re-study the model.

Amos I see I must repeat this simple concept of thrust after KR -- I just put it in my calendar to repeat this next time -- for the life of me, I do not understand why this concept is so complicated (even tho it took me 15 years to be convinced how valuable it is!). I will try PAINT next time, or find some classical examples. I thought that the lecture with the semi annual example of the dow -- was a clincher -- apparently not

RB You have given many good examples ... I just need to go back and study them again.

Amos The next chart is the reverse of the euro -- the dollar ; And to me, it is a very crucial chart. Like the euro, the Dollar had an OKR in 2008, which closed in the middle -- and indeed, here we are STILL INSIDE that Bar -- 2 years inside trading after a strong signal is REASONABLE, and we can expect some break out of this "range". However the DOLLAR is CLOSING NEAR ITS BOTTOM !!! so this is slightly DIFFERENT PICTURE THAN THE EURO (the inverse relationship between the dollar and the euro works most of the time -- but this time the OTHER COMPONENTS OF THE DOLLAR are having strong moves too -- so this has some influence). So what can you say about the coming behaviour of the dollar inside the ellipse? I think that the next chart has the answer

Amos it is the MONTHLY DOLLAR ; still minor wrt to the Yearly chart -- but LAST MONTH was a VERY DECISIVE month -- it was an OKR, CLOSED AT THE HIGH, and the Range was the largest in 2 years. So I wrote on the chart: "Everything HINGES on the CORRECT INTERPRETATION of this BAR" ... i.e. the real meaning of last month. If it was a CORRECT SIGNAL OF large demand -- then the moment we take out the high of that month, and December has only started -- then this is important, and the dollar should push higher. So we have a big battle between a YEARLY CHART that shows weakness, and a Monthly chart that showed vigour as of last month. Therefore the coming few days, with the holidays, with the battle in congress, with Obama Triangulating his way to imitate Clinton -- you name it -- the next few days, until the end of month, may tell a lot about the future of the dollar and the euro

Amos Next chart is CRB ; There was an OKR at the double top, and it seems to be important -- I think it is MEGA IMPORTANT -- we shall see! The question about short term memory -- and if enough people hope for exact REPLICATION of the previous decline from 600 to 550 -- we may get a more convoluted pattern -- but this is a very important double top.

Amos Next chart is the quarterly bonds ; I have not discussed bonds for a long time -- Gary asked me a few times, and in the last 2 years my answer was the same -- DO NOT UNDERSTAND THIS CHART !! You can see why -- when you gaze at the quarterly. The Rally to 140 ended like a Needle. No ending action, just huge rally, and huge decline. Then we had a year of sideways, and a rally back to test the 140. However -- what happened a few days ago was significant -- (that is when I wrote to Gary to pay attention to the bonds action).

Amos We had a quarterly THRUST to the down side ... now you have to ponder ... IF THE WHOLE SEQUENCE of the last 9 quarters is PART OF ONE BIG PROCESS -- then we may be seeing some HUGE DISTRIBUTION PROCESS, and the last rally was a sort of SECONDARY TEST -- and we may be getting into some sort of weird SIGN OF WEAKNESS. I have no idea why bonds would decline, when Bernanke is pouring so much money into the system (indication of INHERENT TERRIBLE WEAKNESS in the FINANCIAL SYSTEM that he is SEEING and not TELLING). There CANNOT BE INFLATION AS LONG AS UNEMPLOYMENT is around 10% -- no matter how high the price of commodities goes -- the MAJOR FACTOR IN INFLATION is WAGES -- and wages are NOT going higher for the near future

RB understand what you are saying ... but at this time, many things defy common sense. Probably just a short term hopeful reaction?

Amos so why are bonds going lower? the rate of the 10 year auction has gone from 2.7% to 3.5% in 3 weeks (about) -- this is a HUGE JUMP. Perhaps the market is FORCING THE FED and the GOVERNMENT to do something -- I really do not understand this -- but I know that the market, ONCE IN A WHILE CAN FORCE GOVERNMENTS TO DO THINGS -- ala when Soros forced the Bank of England to raise interest rates. It does not matter which is the egg, and which is the chicken -- all I know is that there was a QUARTERLY THRUST, and if it is really coming AFTER THE SIGNIFICANT TEST of the 140 level, and we are going to have a WYCKOFF TYPE SEQUENCE, and we are getting a SOW in the bonds -- on the large scale -- then we can see a move below recent lows of 110 -- and then ALL HELL WILL BREAK LOSE -- and we may see a big flight from Equities and commodities into dollar as safe haven. Do not ask me if this is valid -- I am just giving credence to the QUARTERLY THRUST IN THE BONDS

RB re stocks, commod, etc. I have seen comments that perhaps it has to do with the liquidity - trillions more \$ floating around now vs. 2000.??

Amos RB -- you are absolutely right -- nothing makes sense at the moment -- but the Clever Money (CM) KNOWS!

RB true

Amos So my previous discussion about the significance of the monthly OKR in the dollar -- together with the thrust in the bonds -- may have great significance -- we shall see. AGAIN -- I DO NOT TRADE THOSE FUNDAMENTAL POINTS -- I ONLY TRADE LINES ON A GRAPH

Amos Next chart is the quarterly Eurodollar -- SHORT TERM INTEREST RATES ; You can see the HUGE DISCREPANCY between the long end of the curve and the short -- this is the YIELD CURVE -- that may need some serious study. But this difference of over 3 basic points between short term and long term -- may be very significant! It is expanding fast at the moment -- and it is telling something to those who UNDERSTAND

Amos Last two charts are wheat ; the daily chart is rather confusing. I drew a few HORIZONTAL bars, and you can see that Each one of them was Sprung or Upthrusted -- and it is MEANINGLESS. Normally when reliable Horizontal lines are being Toyed with -- the ONLY EXPLANATION is that the market is LOOKING AT A HIGHER TIME FRAME!! and this is but NOISE

Amos The last chart is the Monthly chart -- and you can see that this is true. I drew two parallel lines on the monthly chart -- and you can clearly see where CM is standing with buy and sell orders -- and all else is RANDOM BEHAVIOR. It is a very important point -- IF YOU LOOK AT THE WRONG TIME FRAME than the Market -- You are going to get hurt. I cannot overemphasize this point enough ... study this example to learn

Amos HAOOK ... Open for questions ... anyone think that Wikileaks affects trading?

Ory TY, Amos ... was great ... i dont think so at all, Amos

Amos I have a hunch that the news about Gulf states asking USA to dismantle crazy IRAN -- may have significant effect in the near future -- about price of oil -- we shall see. The drop in gold below 1400 is a little too deep for a "normal" correction -- so take this into account! Very docile crowd ... perhaps we ARE in the forest, and a tree fell ... and NO ONE heard

Song will usa dismantle iran ? that means usa is involved in another war, and without end as I can see

Amos Song -- not as long as Obama is president. But if in the next two years -- the Mossad virus does not contain their Enriched Uranium production -- the NEXT president of the United States -- will.

Song I am thinking how us can afford another war

Amos Song -- the question is whether a world with ATOMIC AL QAEDA is a better world?

RB great lecture again, Amos ... TU. How can we afford a nuclear Al Qaeda?

Amos Song -- all it takes is a decision that POLITICALLY CORRECT is NOT working, and then you simply do a HIROSHIMA and finish it in two weeks. The biggest problem is that war is a Fantastic business, and too many American giants are benefiting from it.

Song this is exactly what I am thinking ... once you are in trouble, go start a war ... and make money .

RB The thought process over there, has been the same for thousands of years, and nothing will ever change it.

Very dangerous with the newer and more advanced technology, that is available to them for the right money

Amos I remember having dinner with a big McConnell Douglas exec in the 70s, and arguing against bombing Vietnam -- and he asked me what he should do with all the Employed workers in his factories? UNEMPLOYED rather !!

Amos At any rate, we are deteriorating -- because I vowed NOT to talk fundamentals here -- only as it relates to charts. Look at the 8 hour bar chart of Gold, and see it as an important reaction ... the next rally should tell a lot!

Amos ok, folks -- thank you for suffering me for so long -- have a nice week and look for Santa

Amos gn

Song thanks a lot

Ory gn all

Gary\_Fullett ok ... good night all ... ty

Gary\_Fullett left.

## 2010-12-09 (Gary / Steve)

Gary\_Fulleth good evening all ; I have one chart for tonight to discuss ... and steve has 5 or so, and will be here at 830 cst (30 min from now). First of all, any questions? Okay, lets begin ...

Gary\_Fulleth the emini s and p chart ; we have discussed this chart many times, but as we go forward, it becomes more interesting. What we see is an up trend ... we see a market that shows no supply. So trend, and no counter action ... so we go higher with those facts. Now we have a trading range ... if you look a few bars ago, we have the possibility of an upthrust ... but the volume wasn't ending action ... plus no follow through. When u are in an up trend or down trend ... if u have counter action volume and price ... u need follow through. And if u don't get it, the market continues in its trend. Its pretty logical ... the little shakeouts are designed to get weak longs out. So u have these false breaks ... but the appearance of ending action, isnt really ending action. Any q thus far ?

larryg does lack of high vol JOC mean anything here? like maybe new high level TR forming vs. JOC from this bigger TR?

Gary\_Fulleth great q ; as u know, ideally classically ... we want to see wider range, and increased volume. But sometimes u get small ranges, which is absorptions, and many times the closes are mid range to higher

larryg so small range/absorption up, after strong SOS, is this not indication that demand is weak above this TR?

Gary\_Fulleth no ... the opposite ; it says that after mark up and a sos ... there is NO selling or supply. When a market accepts higher prices in an uptrend ... this is bullish. Note how tops are made ... wide swings, and volatility in a vertical fashion. When u get the vertical move, this can be ending action. The grind higher with no selling ... is absorption to go higher ... at higher levels u would expect sellers. That is how tops are made at higher levels ... the cm sees the greed. But if u grind higher, the markets accept the price, and thus bullish as I said

larryg I think that grinding higher keeps people thinking supply coming, but often doesn't

Gary\_Fulleth right ... this is why u see some weakness early ... and what happens late in the day with no supply? You get short covering late in the day

Song I think in candlestick, they say spin tops are bearish

Gary\_Fulleth i dont know what those are

Song small range bar on the top ... something likes grinding ... but no idea if it is right

Gary\_Fulleth do candle sticks include volume?

Song no ... only wyckoff is with volume, as far as I know

Gary\_Fulleth interesting ... i think volume is very important in market action. It doesn't differentiate with volume, just price action

larryg seems at these daily TR highs, watching the 60min is helpful ... as support levels held, when selling initially entered during last several days ... no follow thru on 60min either

Gary\_Fulleth great point, larry ... the hourly will turn before the daily will ... so the smaller time frames will turn before the longer term time frames.

Ory yes ... candlesticks have volume, Gary ... but i don't understand the terminology

Gary\_Fulleth candlesticks do have volume? so they interpret bars the same way?

Ory i believe so, pretty much ... but there are open candles, dojyoi, and many others

Gary\_Fulleth understanding volume with price isn't easy. Many try to put their own spin on it ... but many interpret it wrong, even wyckoff students. But i think its important to understand the story ... many times we look too closely at a market, without regards to longer term

Ory totally agree

Gary\_Fulleth they look at a 5 min chart, and see strength ... but the hourly chart is down ... so the 5 min chart taints their view. This is important ... and most don't do this well

larryg easy to get lost in the forest on small time frames

Gary\_Fulleth if u trade intraday ... you know the daily support resistance already ... so u then start with the hourly chart (60 min chart), and we work down from there. But understand the background, and understand that a mion (??) chart isn't relevant most times

swetz joined.

Gary\_Fulleth okay, any q? Steve has a lot of charts, and he did his uncle duties ... so if u get his charts, we will continue ... ty

swetz lol ... you guys ready? ok

swetz lets start with chart #5 of 6 ; it is the daily chart of the SnP index. We can see that the SnP has been making a series of HIGHER swing highs and HIGHER swing lows, therefore as Wyckoff would say, the line of least resistance is UP or the TREND is up

swetz now Wyckoff understood that reactions in the market provide some of the best low risk buying opportunities in leadership quality stocks. So when an index reacts like it did in November, I am trying to locate a POTENTIAL TURNING POINT ... preferably when the market has reached even a minor oversold position. A couple of things I like to do to help me start to pay attention to a potential turning point, is to begin seeing daily bars OVERLAP each other ... to look for a CLUSTERING of DAILY CLOSES ... because this type of action usually means that the next lower time frame (hourly in this case) is forming a TRADING RANGE.

swetz Therefore, each time I see a test of SUPPORT of this SMALLER TIME FRAME TRADING RANGE ... I need to be PREPARED AHEAD of TIME ... to have a few stocks I am stalking, that I can be ready to buy as soon as I see a TRIGGER. So when I see the SnP, as well as the other major indexes, form a BOX (see the shaded area) in mid-late November ... I need to use those TESTS of SUPPORT within the BOX, to see if I can locate buying opportunities in leadership quality stocks

swetz so lets go to chart #3 of 6 ... the daily chart of MOTR ; this is the FIRST stock I bought after seeing a potential turning point form in the major indexes

larryg the probe you spoke of?

swetz yes Larry, it was one of them, and the first one

swetz as we can all see, this stock was in a very strong uptrend ... and notice the price/volume behaviour during the reaction from \$32 in EARLY November. The first down bar (the 1st up arrow) showed some downward EOM, but notice the position of the close was about midrange ... despite the large increase in volume. So even though sellers won the battle, buyers were able to overcome the sellers at the low. Four bars later, we see another bar where the MOTR declined with wide spread ... BUT by the end of the day, it closed ABOVE midrange on increased volume ... but much less volume than when this reaction began.

swetz so we get 2 bars of higher closes, and then the reaction resumes itself ... but NOTICE what is HAPPENING at this reaction is unfolding ... selling pressure is DRYING UP !!! See the downsloping line I drew above the volume ... to me, the 10-11 bars in the reaction were telling a bullish story ... that buyers were stepping in at the lows to overcome the sellers, and now the sellers had run out of supply ... putting MOTR in a position to RESUME its UPTREND. And this is all occurring while the major indexes are in a slight oversold position within an UPTREND.

swetz My analysis was confirmed when MOTR formed a TRIGGER BAR at A ... the bar had wide spread, strong upside follow-through, and increased volume ... so I bought this stock about \$29.80 the next day. MOTR makes little upside progress, but the close was higher, so no problem so far. The 2nd bar after A closed near the low, BUT volume decreased ... so I still see no evidence that this trade is in trouble ... until the 3rd bar after A

Ory Where are your stops, Steve

swetz Ory - my stop is below the low of this little reaction

swetz the 3rd bar after A ... Bar B ... had WIDE SPREAD, SUPPLY, and POOR CLOSE. This bar stopped me out of this stock for about a \$3/share loss. I actually saw the strong selling come in during the morning that knocked MOTR down to \$28, which is when I should have exited ... but I did not, I just let my stop take me out. So here I am, followed ALL of my rules ... and I got my head handed to me :) In the old days, when I didnt have any rules ... much less the confidence and discipline to follow them, even when I did take a loss ... I would have been shell shocked, and would end up missing a lot of quality opportunities ... but times have changed :)

swetz which leads us to chart #4 ... the daily chart of SCCO ... a South American copper company. Here again, I see a stock that JUMPED the CREEK in late September ... in a GRINDING UP manner, instead of the classical Wyckoff WIDE RANGE, STRONG VOLUME manner. I have found over the years of researching JOCs ... that when markets form these little boxes (like the two I have shaded on this chart) ... the volume often does not come in to the stock, until the stock is already far extended from its creek buy area. So we see that behaviour unfolding here

Brian\_O any thoughts on why this occurs?

swetz Brian - I think it occurs because instead of volume happening all in one day, it gets spread out over several days .. as institutions still have an opportunity to practice some patience in accumulating their positions

Brian\_O OK, I'll buy that, thanx

swetz whew :)

Brian\_O sorry, didn't mean to put that kind of pressure on you

swetz lol Brian

larryg kind of like stairs for price to climb up, then explode

swetz right, Larry

swetz after A ... which was actually a minor spring of the little box ... we get 2 wide range up bars at B and C ... a vertical demand area. Then after C, we get another 4 bars of sideways action ... and then again, we see 2 wide range up bars with volume at D and E ... so SCCO continues up as the UPTREND continues to unfold, until it reaches the high in early November. Once again, we see a reaction begin as the general market reacts as well

swetz here again, at bar G, we see a down bar ... but notice the POSITION of the CLOSE and the HUGE VOLUME ... some institution or institutions are willing to step up to buy this stock on this weakness

Brian\_O I can't tell u how many times I've missed these type of moves ... where they don't give you the 'classic' entry points

swetz right Brian, I have too ... which is why actually studying our past mistakes can be so helpful

swetz so after G, we get a 3 bar rally ... and now I am going to share with you ... something that was told to me by a pro trader since the mid 1960s

Brian\_O drum roll pls

swetz lol Brian, it is good!!!! :)

swetz notice that the reaction after the 3 bar rally ... unfolded in 5-6 BARS ... this trader told me, that when a reaction takes TWICE as long to retrace what was gained ... and the volume decreases on the TEST ... then the TEST has a very, very strong probability of being SUCCESSFUL.

swetz so notice at H ... how much the selling has DRIED UP on the test ... notice that bar H was the FIFTH day in the reaction, and after making a lower close the next day, it was bar SIX ... and SCCO was right back at its support point. This happens to be occurring on a TEST of the VERTICAL DEMAND AREA from mid October. What more do you need ? Well, I needed a rally bar ... and that is what I got the very next day ... as SCCO rallied above the minor supply TL

Ory an apple for the teacher

swetz lol Ory

swetz so I bought, and I bought aggressively ... because I KNOW about this little TRICK :) Does it always work ... of course not ... nothing does 100% ... but it CERTAINLY provides a STRONG EDGE

Brian\_O although not on very high vol, but an up bar nonetheless ... I understand that you don't need high vol to continue the uptrend also

swetz right Brian, but because of this STORY of this reaction ... I do not have to require so much on the trigger bar, as far as volume goes. I already KNOW by the character of the action at G, and the reaction to H ... that institutions are still likely accumulating this stock

Brian\_O was the reaction from the early Nov highs a cob in your opinion?

swetz COB from what? I just see it has a reaction that had bullish characteristics in a strong uptrend

Brian\_O sorry ... probably not a cob in the Wyckoff sense, but in that the reaction was deeper than any previous

swetz Brian, yes ... definitely deeper ... but the TREND is still UP ... and I am sure a lot of the deeper reaction was due to the general market reacting stronger as well

Brian\_O I'm sure there has to be some profit taking along the way

swetz yep, agree with that too, Brian

Jen What in your scans picked this stock up? It doesn't have very impressive earnings or sales. Industry group? RS?

swetz Jen - the high volume back in early October, the new high, and it is projected to grow its earnings 70% this year, and 64% next year with a 26% ROE ... also its profit margins were accelerating

Jen yes - ROE is great ... thx. Do you get all that from marketSmith?

swetz yes Jen

Brian\_O can a shakeout occur over the course of a few bars, as opposed to a single bar? As it seems that the gap down that occurred at G w/ higher vol and high close, would accomplish the same thing

swetz Brian ... yes, a shakeout can occur over more than 1 bar ... yes, I would agree with you Brian

swetz so getting back to rally that followed H ... what should I expect to happen after the test at H ? I should expect UPWARD EOM and INCREASED VOLUME ... but that is NOT what happened. The volume was not impressive, and while the major averages reached a new high, this one did not. So I went ahead, and sold 1/2 my position in this stock once it reached a test of the November high, and moved my stop on the rest to breakeven. So far the reaction that has occurred over the last 2 days, is unfolding in exactly the manner that I want ... so I may even buy back the position I sold ... if I get another trigger next week. I will just have to let the market action be my guide ... I am NOT a predictor, I am reader of the market

Brian\_O your trigger in this case? SOS on JOC?

swetz Brian - JOC would be nice :)

swetz so now lets go the last chart ... chart #6 ... daily NEWP chart ; NEWP had a pretty sloppy TR since the April high, like 2 big cups ... but in late October, we got HUGE VOLUME on the JOC. And after the POTENTIAL JOC ... notice that CREEK HELD on the test 2 days later ... and it began to trade sideways, the whole time ABOVE the CREEK. What happened, as we can see from my lines, is that an APEX formed as VOLUME DRIED UP

swetz I will share with you another little tidbit ... APEX breakouts are MUCH MORE SUCCESSFUL ... when VOLUME DRIES UP as the apex unfolds

swetz sure enough, we definitely see volume drying up as this apex unfolded ... and then we get a nice JOC from the apex ... with STRONG VOLUME, STRONG CLOSE, WIDE SPREAD ... what more can we ask for on a JOC ? So there was our TRIGGER to buy ... I should have had a \$15.10 buy stop order already in place, but I did not ... but I was able to get in at \$15.50. NEWP has continued to rally, but the ranges have narrowed and the volume has decreased

tonyw did you use smaller time frame to enter?

swetz Tony - I was watching the 10 minute chart just to try to get a entry closer to \$15.10 ... but I was going to BUY this stock no matter what

Brian\_O where was your stop initially?

swetz Brian - below \$14.25, the last support point in the apex

swetz because of the narrow ranges and the decreasing volume, I would expect a reaction to occur in the next one or two days. As long as the reaction is weak, I would look to ADD to my position

larryg seems likely to have higher vol tom

swetz agee Larry ... just don't want a 1 million share day, with it falling with strong downward EOM ...

otherwise I may have to hide under my pillow with my helmet on :)

larryg are you using a pnf count on this, or overbought trendline to close, or something else - assuming not stopped out

swetz Larry ... I have a \$20 target ... but will likely have to sit through a reaction before it gets there, IF it does

swetz which comes to our next chart ... chart #2 of 6 ... the daily chart of MIPS ; MIPS is a stock that had another quality Wyckoff buy setup ... and shows the POWER of the spring, even a MINOR one

Jen BTW, folks, Steve pointed this trade out yesterday afternoon, after hours while MIPS was still in the 13.60's. TYVM, Steve :)

swetz Jen, dont thank me too much ... because I dont want you yelling at me when I pick another MOTR :) )

Jen Well, I checked the chart first, and made my own decision.

swetz now you are talking :)

Jen I sold my MOTR near the top :)

swetz great job!!!!!!!

swetz so lets talk about the Wyckoff story behind MIPS. On a sidenote, notice that strong JOC in early August ... now we all see something like that, and probably the thought that goes through our mind (which is NORMAL) is that "oh boy, here we go, the markup phase is just getting started". We are probably already counting our profits too :) ... only to realize that for the rest of the month of August ... this stock does nothing, but goes sideways as it tries our PATIENCE. But notice this TR or BOX holds ABOVE the CREEK level that was jumped ... this is BULLISH action. If we can only have the PATIENCE to sit through the sideways action, look how well it would have paid off for us. The CM likes to scare you out of positions ... but also likes to WEAR YOU out of positions, as you get tired of seeing your stock do nothing ... instead of the instant gratification that we crave as humans.

Jen how long are you willing to hold a stock that showed demand, but trades in a range for some period of time? how do resist moving your money into better movers?

swetz Jen - I may well move my money into the better movers, but I will still keep tabs on the stock ... and if I do not see a better mover, as long as the TR is unfolding in a bullish manner ... especially if the stock is showing relative strength ... I try to just hold my position

Jen patience is a virtue

swetz Jen - words of wisdom, no doubt !!!!

swetz so finally the markup phase does begin, after the JOC at the beginning of September from the box ... and then MIPS really gets going, with an amazingly strong vertical demand bar which I have marked ... notice the amazing volume. That volume and upward EOM are the institutions getting into this stock ... and they are not buying for just a 1 month move. So after the rally finds a top in early November (just like the market did), it reacts to Point A. At A, we see our first indication that price has reached a level the buyers are willing to defend ... the turning point at A occurred ABOVE the 1/2 point, which we all know Wyckoff likes. And then after the rally from A ... we get a TEST of A at B, and we see some upward EOM

swetz now we are getting MORE evidence, that the buyers are SERIOUS about defending this level ... A is just one support point ... but NOW we have TWO support points ... and volume has been DRYING UP as this reaction unfolds. So we get one more reaction to point C ... if we look closely, even though point C did NOT decline below point A ... it DID decline below point B. And it is still ABOVE not only the 1/2 point, but also the 3 month long demand TL ... so guess what? point C moved this stock into a MINOR SPRING position ... so I am getting excited :) And I got really excited when I see HOW MIPS rallied from its SPRING position ... the volume was the highest in SEVERAL days. I drew a horizontal line across the yesterday's volume, showing that yesterday's volume exceeded about 3 weeks worth of action ... and the CLOSE was at the HIGH of the bar. So I buy at yesterday's close just below \$13.50 ... with a stop on a CLOSE BELOW the spring low

Jen super low risk ... excellent trade.

swetz a very low risk trade on a stock that has tremendous potential to rally ... ah Jen, you reading my mind :)

Jen lol ... that's a david weis trade

swetz yes, it is, he taught me well :) The best spring trader I know is David, I bet Gary would agree :)

Gary\_Fullett i do, i do ... thats why i am doing a software, soon to be released on springs and upthrusts

swetz so now today, we get this very strong demand bar ... so this demand bar indicates that the big boys are still accumulating this stock ... as it decisively penetrated the minor supply TL I have drawn with strong volume. Now I am looking to ADD to what I own, according to my RULES

swetz the summary of this whole discussion is this ... by having CONFIDENCE (that comes from applying a set of RULES that have PROVEN to be SUCCESSFUL in REAL-TIME), even when a trade does NOT work out like you have hoped (like MOTR for me), you CANNOT be AFRAID to pull the TRIGGER on the next trade

tonyw are those 4 stocks you talked about tonight included in your Newsletter?

swetz yes, Tony ... just the charts, but the NL has talked about these stocks in past NLs

Gary\_Fullett if you want a free trial of the newsletter, please write kelly at knorris@ltg-trading.com ... there is mine, steves, and a bonus i send

swetz Gary has said this several times - good traders TRADE. Michael Jordan did not stop shooting, just because he missed - I am no Michael Jordan, I am probably closer to Will Perdue :)

Ory you do awesome trading, Steve

swetz but the point is ... that you will only have CONFIDENCE, if you have an ESTABLISHED set of RULES, to keep your emotions out of the trade ... rules that have actually WORKED in REAL-TIME

swetz okay all done :)

Warren\_\_ another educational night session ... thks Gary, Steve

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

Ory Fabulous guys ... thank-you Very Much ... Great stuff

Song thanks, both of you

swetz my pleasure Warren, Tony, Ory, Song, Larry

swetz okay guys, have a good night :), cy tomorrow

Gary\_Fullett ty, steve ... great lecture ... steve is a gem

Ory both of you are awesome ... gn all

Gary\_Fullett good night all ... ty

Gary\_Fullett left.

## 2010-12-10 (Tim Ord)

ord joined.

Gary\_F tim's charts are posted on the site ... please retrieve them

ord Hi Gary and everyone

ord I have four charts to look at ... two on Pele Mountain (resource stocks), and two on Pacific Gold (gold stock)

ord I first look at the monthly charts ... as monthly rules the weekly and daily charts

ord First look at the monthly Pele Mountain ... This stocks started to base in early 2009, and just started to break out recently. The monthly Bollinger Bands started to Pinch in 2010, and the mid Bollinger band turned up in October. Notice the big volume surge in October and November ... this is a "Sign of Strength" ... So the monthly chart turned up with volume, and a longer term bullish signal

ord Next chart is the weekly of pele ; In October, the weekly price in October jumped above the previous high of January (near the .27 level) ... which is called a "Sign of Strength". The previous high should now act as support, which is near the .27 level. Since the monthly has turned up ... with a "Cause" of near 2 years ... it suggests this stock is on a longer term buy.

ord Next chart is the monthly Pacific Gold. This one is a very low price stock, and carries higher risk ... but the chart looked so good, that its worth a look

ord The monthly chart shows over a two year of "Cause" developed, and the Monthly Bollinger bands pinched together for most of a year. In August, the Bollinger Bands started to expanding ... showing the next rally phase was beginning. What interested me, is the surge in volume both in October and November ... which shows energy is entering the market

ord Next chart is the daily chart; The first trading day of November, a "Sign of Strength" appeared ... that jumped above the previous trading range near the .03 level. This stock made a spike high (which at some point will be tested if not exceeded) on November 9, and has been consolidating with volume declining. This pattern looks like a "Falling Wedge" ... which is a bullish formation. In Elliott wave, the spike high on 11/9 appears to be a "5th" wave high ... and current consolidation could be a larger wave 2 down. There is support at .03 range, and there is strong support on the weekly chart near .02. Since the "Cause" is over 2 years ... I would expect the rally could last for another 2 years.

ord are there any question ?

Ory pretty clear, Tim ... TY

ord Thank you ... I notice that a lot of the smaller gold and rare earth stocks are drawing these bullish patterns

Dan Great charts

ord TY ... Thanks for having me on, and see you nest week

ord left.

## 2010-12-14 (Gary)

Gary\_Fulleth good evening ... did u all get charts ? I will be posting on twitter some charts here and there. Also some of the charts i sent today, were sent to newsletter folks during the day, to describe a trade in cocoa that i wanted to share. Okay, any questions ?

Gary\_Fulleth good ... lets begin ; e mini s and p ...daily ; as u know, we like to draw 2 sets of lines if we can

1) the horizontal lines for ice support and creek resistance ; and

2) the other lines are the parallel channel lines for trend and the reverse trend line

Gary\_Fulleth these are the only lines u see for wyckoff ... the supply lines and the demand lines ... so these are the key lines

larryg did wyckoff think the channel lines were NEEDED for identifying trade setups (entry points)?

Ory to help spot market behaviour ... balance of supply and demand

Gary\_Fulleth no ... he used these lines as guides for trend, and for overbought or oversold ... rtl lines tell u overbought and oversold ... just as point and figure shows how far a move can move. But if u have an rtl reverse trend line as an overbought line ... it doesnt mean to get short, but to protect your longs. The less we react off an rtl, the stronger the trend ... this is a very important statement, about how far we react off the reverse trend line. Just because u have a rtl line, this doesnt mean to buck trend ... because we know trend is the most important info we have ... understand?

larryg y

Gary\_Fulleth good

Gary\_Fulleth okay ... the es chart ... what is trend? We know it is up. The key as we have said is ... is there ending action? ending action in an up trend is what?

larryg wide range, high vol ... mid to low close

Anna cob

Ory actually you get psply, then bc

Gary\_Fulleth so u need supply ... u can have a lack of demand first ... but in the long run, you must have supply and follow thru. So lack of demand is sometimes hard to see ... but supply isn't. So the cob can be a lack of demand ... but ultimately, supply must enter ... right? You can't start a down trend without supply ... this must be clear.

Gary\_Fulleth so, in the es ... do u have a lack of demand ... small ranges, light volume ? We have small ranges, volume is constant. So we have no supply ... but we have a market barely making new highs ... and against the reverse trend line.

Ory doesnt that show strength

Gary\_Fulleth but we must remember trend ... as it is up, it doesnt need to show strength. Remember our first rule ... trend first. So if we have the rtl line, and the possibility of a sot here ... we must be careful. In the newsletter for tomorrow, I give that area for tomorrow.

Ory ok ... thanks

Gary\_Fulleth so ... we must see if we get selling from this area. Notice the 1219 area ... this is important support at 1219, under 1232 ... so the chart is quite clear ... any q?

Gary\_Fulleth bonds ; we talked on this a bit last night ... but this is why trend is very important. We talked on the trading ranges, and the trading range trend. and mark down ... trading range, then mark down in a down market ... like u see here. You can see the up bars are weaker than the down bars ... the length of the bars are weaker ... wider bars down side ... you dont need to know wyckoff for that !! So u see the step down process ... building cause, then lower. Now look at the last few bars ... 4 bars ... do u see the spring attempt ? Would u buy the spring ... high end close ? What do u notice ?

Brian\_O just what u mentioned ... low vol

Ory wait to see it develop

Gary\_Fulleth right ... light volume. Ideally what do u want to see on a spring ... range wise, volume, etc ?

Alex big volume

Gary\_Fulleth what does big volume tell u ?

larryg high vol means stops hit, so longs taken out, and therefore fewer sellers remain

Alex more buyers

Gary\_Fulleth dont we want to buy springs ?

larryg no demand yet

Brian\_O would you have been possibly expecting a retest of the bar that broke ice ... since the effort v result seems to be a little suspect?

Gary\_Fullett well, its spring ... dont we want to buy a retest of support ?

Randy only for a scalp in a downtrend ... springs fail in dt

larryg not a spring against demand ... CM is not going to defend, since he didnt buy there

Brian\_O maybe if I'm trading intraday

Gary\_Fullett okay, good ; the lighter volume rally spring ... is a lack of buyers ... a lack of change of hands ... you didnt hit an artery ... no cause to sustain an up move. Lack of volume says a lack of conviction. Notice i didnt say buy ... but looked to sell. If we had high volume ... this would mean sellers were being bought by buyers. Light volume means some short covering ... high volume would mean buyers bought what sellers sold ... funds and specs.

Brian\_O also middle of range

larryg if in uptrend though ... light vol spring is not bearish, is it?

Gary\_Fullett correct

Alex so this spring can fail ?

Gary\_Fullett what do we know as the most important info u have?

larryg trend

Gary\_Fullett springs FAIL in DOWN TRENDS !! This is NOT a spring u BUY ... you cant BUY this spring. You look to sell a retest back to the broken ice.

Gary\_Fullett so what do u think bonds did today?

Brian\_O retraced back to ice?

Gary\_Fullett no, but that would have been nice ... it broke 200 points !!

Brian\_O what was the vol like?

Gary\_Fullett increased ... showing selling. But the action didnt need increased volume ... as it is weak with no ending action. And trend is down ... so sell rallies

Brian\_O so you didn't need increased vol, since trend is down ... got it, thanx

Gary\_Fullett nope ... you need demand to turn up ... you didnt have a lack of supply, then demand

Brian\_O where was the proper place to go short then on this chart?

Gary\_Fullett the retest of broken ice is the most proper way ... selling a retest of broken ice, after supply ... is the most proper sell

larryg i would say 10 bars back, the sot bar w/ mid close

Gary\_Fullett but u CANT buy this market ... you may scalp it upside in some cases ... but as a position, you cant be long, until u have ending action ... selling climax, demand and a retest ... any q ? The point here, is u didnt buy a weak spring (weak volume, no cause) in a down trend ... You cant buy that spring !!! Very, very important ... any q?

Brian\_O point taken, captain

Gary\_Fullett beans ; we have an up trend ... then a sharp break ... and now we formed a trading range. We have a defined range, 1307 to 1250 area ... it is clear. So what should we see ?

larryg sos or sow on right side

Gary\_Fullett right, wonderful ... and what about the volume ?

larryg higher vol w/ wide range

Brian\_O I'm sorry, why 1260 as support?

Gary\_Fullett the line is drawn

Brian\_O yes, I can see the line ... I'm wondering why it is at 1260?

Gary\_Fullett it is a reaction high, and a retest 2 bars before ... i wrote 1257 for the small retest

Brian\_O OK, thanx

Gary\_Fullett we had the large bar, yesterday ... so today we went to 1311 area, and back in the range. But no supply ... not high volume. So we will need a sow or sos, and follow thru to sustain. But we must respect the trading range ... and we must let the market talk to us ... so be patient. Wait for a move outside this trading range, and trade the retest. There are times where we let the cm do its work ... and then allow specs and funds to move it out do the range ... and trade the retest. The reason is we have to assume that the cm tends to be right, so we want to follow their footsteps

Brian\_O at what point would you consider the mid Nov pullback to be preliminary supply? After a bc?

Gary\_Fullett great q

Brian\_O even a blind squirrel gets a nut sometimes

Gary\_Fullett lol ... if we go to new highs with higher volume ... wide bar, poor close for the buying climax. So if preliminary supply, you then expect what ? A buying climax !! Thats the wyckoff sequence

Brian\_O would you also expect the bc to be marginally higher than the previous high?

Gary\_Fullett it can be ... or much higher ... no way to tell

Brian\_O got it thanx

Gary\_Fulleth if we knew, we would all be on an island ... and trading with geisha girls with us ... or geisha men for the ladies here

larryg couldn't this be a TR within a bigger TR w/ a low near 1175 to 1150 ? Looks like support there, and possible uptrend line may come to that area too ... so a break under ice of the smaller TR ,would be a move down to the larger TR low?

Gary\_Fulleth yes, larry ... we can have a trading range within a trading range

larryg and both can be traded as their own TRs, correct?

Gary\_Fulleth correct ... good eyes and observation

Gary\_Fulleth so we wait ... but that is ok ... it gives us a better edge if we do so, versus guessing

Gary\_Fulleth 2 charts i sent to newsletter folks and to twitter (which i am on now)

Gary\_Fulleth the first is cocoa chart ; I labelled this, and mentioned this in class. Look on the left side of this chart ... you see a wide bar, mid range close ... then u make a lower low. Where I wrote stopping action ... you have those 2 bars .... wider volume, closes off the lows ... this was possible stopping action. But u can see when the market made a new low ... you had a high end close. So this process was part of the accumulation on the right side of the chart ... increased volume, wide bar, high end close ... so u have evidence of buyers by the closes

larryg supply drying up vs predemand/selling climax?

Gary\_Fulleth buyers coming in, larry ... by the positions of the closes

larryg I mean on left side, sorry

Gary\_Fulleth yes ... on the left side, you have some pre demand ... and then some type of selling climax ... where i wrote stopping action. Then the retest at the lows ... high end close

larryg w/ mid range closes, high vol bars?

Gary\_Fulleth correct ... the wide bars, mid range close ... tell us buyers. So since we had buyers ... the sideways action tells us accumulation ... see this?

Gary\_Fulleth so go to the 2nd page on cocoa ... what do u see?

larryg higher vol, high close bars

Gary\_Fulleth so the read of accumulation was right ... and u had some mark up. But u can see that the read of ending down action was proper. Any q on why the read was the way it was?

Gary\_Fulleth okay, good ... now for u all to work ... the quiz ... hourly chart ... what do u see ?

Brian\_O trading range, widest bars are up bars ... seems to be grinding up a little higher

larryg trading range ... last grouping with high closes, higher lows

firedog grind up with same relative volume

tonyw trading range with higher lows

Gary\_Fulleth so we have a trading range. Is it a slightly up or down bias? Are the wider bars upside or downside?

Brian\_O up

Gary\_Fulleth good ... go to page 2 ; We draw the appropriate lines ... and we can see the up bias

Gary\_Fulleth go to page 3 ; wide range on the right side of the trading range ... and mark up. The trading range on the right side with an up bias ... lead to the jump over the creek

larryg is there any way you could call those bars before the joc a hinge ... and justify buying close to creek? or wrong form for hinge, and in wrong place?

Gary\_Fulleth a hinge to a degree ... but not in the terms i like to show. So i wouldnt really consider it a spring for teaching purposes. A hinge would be a move up ... like a bull flag. This is not really an example of that.

larryg understand ... didnt seems like it ... just asking

Gary\_Fulleth if u had a few more bars before mark up ... then i would be more inclined to agree

Gary\_Fulleth okay ... some great examples tonight ... any questions ?

Brian\_O a proper buy would be a retest ... an aggressive buy would be prior to joc, with stop under wide up bar?

Gary\_Fulleth correct brian

Brian\_O thanx Gary ; good stuff ... have a great evening all

Warren\_\_ thanks Gary

larryg very good, gary ... ty

Ory i'm good ... TY, Gary

Gary\_Fulleth okay ... time to talk to a client, do some charts, and walk the dog, etc

Gary\_Fulleth have a great night all ... see ya tomorrow ... amos tomorrow

Gary\_Fulleth ty ... AND GOOD TRADING

Gary\_Fulleth left.

## 2010-12-15 (Amos)

Amos Hi ... I am afraid I do not have much to say tonight (and therefore I may ramble -- ala George Bernard Shaw, who wrote at the end of his letter: "this letter has been longer than usual, because I lacked the time to make it shorter!"). Mostly I will talk about my battles with time -- this is REAL trading -- so I share with you my actual daily struggles -- but they may seem trivial and boring -- so be it

Amos First chart deals again with equality of phases -- the more I look at charts -- the more I am convinced this IS part of market language -- mostly about time (even tho the magnitude of the move MAY affect it). So I am trying to decipher it -- at times with a modicum of success -- and at other times, it is garbage

Amos It is weekly silver ; the last 15 weeks have been a ONE way train -- up from the moment it left the distance range it traded in to the middle of August. So I measure the range -- from the high point around 20 -- and the rectangle shows 15 weeks. So far the 15th week of the rally was a KR -- and the question is whether this time, equality is INDEED the intention of the market. You cannot know that -- but it calls for very close scrutiny of price action, with the thought in the back of my mind -- that the next phase can be as long as 15 weeks too -- and it may either be a range or a reaction. Once I have a POINT IN THE SAND that says -- TIME is of the ESSENCE -- then I am looking for all kinds of signals, models, action that I understand -- that can give me an entry point with a reasonable stoploss -- basically this is all it takes to be a good trader -- one who's balance is positive over time (not rich -- but positive outcome!) ... there are many more silver charts tonight

Amos Next chart is copper ; The rumours that there is ONE huge trader in the copper market, who owns something like 40 billion -- the numbers are just sucked out of one's finger -- or thin air -- are abound. Is it another HUNT brother coming from the dead? There are too many bubbles in many markets, to think of ONE particular trader -- but it makes a nice story. I am interested in seeing whether I can get any sense out of this market -- and I show that many tools fail right now.

Amos Look at the range between 275 and 350 during Jan-July this year -- there was an "upthrust" above the Jan highs -- and a "Spring" below the Feb low. This is NOT an easy thing to trade -- because this is the WEEKLY chart -- and I tend to take the weekly rather seriously. IT implies a TREND in my mind -- and I find contradictory behaviour difficult to accept (ie my stoploss is getting screwed, and I lose money! -- it violates my DISCIPLINE!). However -- it is interesting to note that -- so far, that "SPRING" has served as -- AT LEAST, a 50% projection point.

Amos THIS is a CRUCIAL POINT -- I find that quite often -- when the market does something that seems "ODD" or unusual or unreasonable -- you name it -- It turns out to be a CRUCIAL POINT of reference for the ensuing move. In other words -- what I am saying, is at times those Springs and upthrusts -- are part of the secret language of the market. It does not work so often -- but it is a GOOD HABIT to pay attention to such quirks, and ask yourself -- "IS THIS A MESSAGE?". If you maintain an open mind -- this way -- it can make life much easier -- coping with weird behaviour. Unfortunately, most of the time -- I wake up to such a possibility much too late -- but I am getting better. Again -- when you see an action in the market that goes against "normal behaviour" -- get used to asking yourself -- is this a good signal? Study charts, and see how often this is the case.

Amos The next chart is first of most of the charts tonight -- and the aim of me harping on this point -- is simply to share with you my experience with spreads. I know that Gary likes them, and most FLOOR TRADERS use spreads as their bread and butter (they feel more protected against violent overnight moves, if they take home a large position!). About 10 years ago, I lost a 200K account because I made a stupid mistake on a little LC/LH spread -- and I will try to show you what is the problem. Like most things in the market -- the TIME is the most crucial aspect of a spread. If you do not know to RESOLVE the difference between TIME FRAMES in spreads -- you can get killed.

Amos The story about that account, was that I was given 10 k to "demonstrate my trading ability" -- and if that sum made money -- I was promised a 200K account. At the time, the Cattle Hogs spread was at all time high on the semi annual chart -- and I thought that would be the Best trade -- I could show a nice profit with VERY LITTLE TRADING (the commissions in those days were around 30 dollars round trip). So I put 2 contracts on, and sat and waited. They of course expired with a loss -- and I never got the 200K -- only to see the spread FALL APART COMPLETELY, 2 months later. That was a rather painful experience

Amos So tonight I will show you on a very small scale what is the problem

Amos The chart here is the DAILY GSR ; I have mentioned this spread a while ago -- and even tho it has lost all its meaning lately -- with respect to actual moves of silver and gold -- the SPREAD is still a spread. If you remember, I said it is at a very large QUADRUPLE bottom -- and it merits close attention -- you will see that chart in a moment.

Amos The daily chart shows a small rally, and if it takes out the LAST HIGH (HIGH IS WHERE SUPPLY IS!!) -- it is a buy -- regardless of the individual components behaviour -- with a small stop loss. Since we are at an interesting point in the large time frame -- I start to watch this intently

Amos next chart is the 60 minutes ; and we see the rally from 46+ to 49, and now we are testing the low. I am very interested -- this is Monday, Far East session

Amos Next chart shows fibo retracement -- I am starting to COLLECT information -- trying any SYNERGY I can glean -- there is NO VOLUME IN SPREADS, UNFORTUNATELY. I see that we are at .618 retracement. Generally speaking, when a move starts -- all those measurements are USELESS -- because the trend is STILL DOWN!!! -- but I am looking anyways

Amos Next chart is a while later ; and the "correction" continues -- now perhaps the 72-85% will work -- and MANY TIMES when the market starts a move -- accumulation or distribution -- the rallies within that area -- are close to 90%, and at times even go 100 and more -- creating springs and such. YOU NEED PATIENCE

Amos Next chart is back to the daily -- and the DAILY actually shows FULL RETRACEMENT -- how can that be??? The intraday is DIFFERENT THAN THE DAILY -- YOU BET!!!! you begin to get a hunch why I lost that 200K account -- because I did NOT take this divergence into account!!!

Amos Next chart is next day (the previous charts where from Monday, and this is TUESDAY) ; you see the LARGE PICTURE -- mind you -- because of the CONTINUATION and CHANGE OF CONTRACTS -- you get DIFFERENT PICTURES ON THE LARGER TIMEFRAMES OF SPREADS, than the SMALLER TIME FRAME -- and THIS DISCREPANCY can KILL YOU -- if you are not aware of it! Chart vendor such as CQG -- do quite a good job of tying charts together into a CONTINUATION CHART -- so you can trust their validity -- but the SEWING OF EXPIRING CONTRACTS -- can create anomalies on the chart -- YOU MUST UNDERSTAND THIS

Amos on the SEMI ANNUAL CHART in front of us, we see actually a BREACH of the previous Triple bottoms -- what does it mean? Is this the famous cliché of wall street -- " FORTH TIME WE GO THRU?". Not necessarily -- but the fact that we are NOT RUNNING AWAY from this point, tells you ONE THING -- THE fellers that control this GSR -- are VERY PATIENT -- and so should YOU BE!

Amos Next chart is back to the 60 min ; it is now Tuesday, Far East session -- and you can see that the decline is halting -- sort of SOT on the down side. We are at a HUGE QUADRUPLE BOTTOM ON THE LARGE TIME FRAMES, and the INTRADAY is showing some support -- STILL LOWER HIGHS -- Be patient, but ALERT!!!

Amos Next chart is a pause in the GSR analysis (I am working all the time, and if I see something interesting -- I add it to the letter) ... this is DOLLAR MONTHLY ; I just realised that Jan 2011 is the 34th month from the 2008 low -- and that might be very important. You remember that I mentioned the large time frame -- and this is the 4th semi annual that the dollar is in a range. Last month was VERY WIDE RANGE -- which close at the HIGH -- and once we take out that high -- We can rally to top of range. We have been in deep correction last few days -- but the DOLLAR IS SITTING at a VERY IMPORTANT cross road. Of course, it does not make sense with all the excessive printing -- as we have discussed plenty before -- but it does not matter -- at this point, it is possible that the dollar will rally -- only because Europe is WEAKER!

Amos Next chart is copper weekly ; this is another strange market -- not sure about all the stories of GRAND MANIPULATION of copper. I am interested in The GRAPH -- there is a trendline that has been broken during April-May this year -- (which created a flast (??) THRUST) -- and now we seem to come back to that same trendline from the RIGHT SIDE.

Amos Once in a while, this is the MODEL OF THE LOCK UP -- when a market breaks an important trendline, and COMES TO TEST IT FROM THE RIGHT SIDE (both in rallies AND reactions). The meeting of the trendline from the RIGHT SIDE -- is a "LOCK UP" -- it locks the trend, and the OPPOSITE TREND STARTS :FROM THERE. There are good examples of this in the Transport in previous years, and in the yen. It DOES NOT HAPPEN too often -- but it is good to pay attention.

Amos At any rate, you can see that the "LOCK UP" provided resistance -- ONE TIME, 6 weeks ago -- but the market is stubborn (in other words -- that 40 billion trader is an obstinate feller) -- and it looks like "DOUBLE LOCK UP". So I wrote on the chart "LOCKUP?" -- with a question mark -- this is an important point. If it IS -- then a down trend should start from around here!!! The importance of this model, is once it WORKS -- the NEXT move -- will be RATHER PROLONGED -- so it helps ones' MINDSET!

Amos Next chart is same, but without the Lock Up model -- but the HORIZONTAL RESISTANCE LINE. You cannot get much more CRUCIAL THAT THIS -- if you think about CLASSICAL CHART RESISTANCE. It may be TOO OBVIOUS, and we NEED a vicious UPTHRUST -- But this is as crucial as it gets

Amos Next chart is Gold 120 minutes ; Again -- the danger of looking for "signals" on smaller time frames. The chart looks like a "perfect flag" -- sharp down -- then sideways -- and now the DOWN SLOPING MA provides resistance.

Amos I have said that many times, and it is a VERY IMPORTANT POINT ; IN A TREND -- THE MOVING AVERAGE Will serve as BOTH -- SUPPORT/RESISTANCE AND TIME EQUALIZER. In other words, the market will trade many times SIDEWAYS -- only to GET TO THE MA which is ~~not~~ (??) support in uptrend and resistance in Downtrend -- and the next move will start there. This is a VERY IMPORTANT TRADING CLUE -- just go over many charts and watch it -- you will be AMAZED how true this is -- BUT!!!! IT MUST BE IN A BONA FIDE TREND!!!! NOT in a RANGE, or at the INCEPTION OF A TREND!!!!

Amos ... and the Gold so far, is still in a DAILY RANGE AT BEST, and MONTHLY UPTREND!! so that convergence of Ma's, and the SEEMINGLY resistance of the 120 MIN 55 MA can be bogus. I wrote on the chart, that the last bar closed in the middle -- so can trade sideways more, and even break the MA. Just a good habit to be suspicious when the move is NOT established, and you want to use the WRONG TOOL.

Amos I will repeat -- contrary to MOST TECHNICAL ANALYSTS -- I am saying that using OSCILLATORS IN RANGES is WRONG -- Oscillators were INVENTED UNDER THE BASIC ASSUMPTION THAT WE ARE IN A RANGE (the sinusoid of AC -- TESLA, etc -- to those who are familiar with the maths).

Amos Next chart is dealing with RTL ; I think some of you guys respect RTLs -- and I have mentioned that RTLs have betrayed me in the past. Here is a good example -- 60 min copper -- we are at Major resistance and potential double LOCK UP -- and I watch to see if the rtl will work -- so far it seems fine

Amos Next chart you see copper continuing to make higher highs, but still CONTAINED by the RTL -- you can even say there is a clear SOT on the 60 min chart.

Amos Next chart shows that the feller with the 40 bill -- is stronger than the RTL -- and you can see that it was broken -- not by much, and NOT by a sharp upmove -- but violated. I do not know why that is -- perhaps TOO MANY TRADERS ARE USING RTLs -- but I have become rather suspicious. If anyone has an explanation -- I would LOVE TO LEARN under what conditions RTLs work and when to doubt them.

Amos next chart is YEN semi annual ; we are at a HUGE double top -- VERY CRUCIAL

Amos next chart is the monthly yen ; and we HAD A MONTHLY OKR -- that is VERY IMPORTANT -- so the NEXT THRUST should be a major sell signal on the yen.

Amos Next chart is the dollar ; I said the monthly chart had a VERY STRONG NOVEMBER, but we are correcting. If this is indeed ONLY A CORRECTION -- then we should see it on the Point and Figure chart too

Amos This is a rather LARGE COUNT for the dollar (for daily trading I use 1/4 of this filter -- the 50 X 3 count). You can see a cause of 3 at the top, which was fulfilled on the first reaction from 81 to 79 -- and then a rally -- but the last reaction looks rather sharp and INTIMIDATING. So I look at the chart, and have to ask myself -- if this is distribution, then the cause is down -- a stepping stone of 4 -- calls for decline to below 78!!! that is NOT bullish. If this is a washout, and the whole thing is ACCUMULATION -- then we have by now cause of at least 5, and possibly 8 columns, for a strong rally!!!

Amos You can see that there are times, that the Point and Figure chart -- leaves you HELPLESS -- even though once things resolve -- the count is a rather accurate measure of the Potential energy stored for the next move. After today -- it seems that this is more like accumulation -- but we still NEED TO GO ABOVE THE MONTHLYHIGH -- not an easy situation. I can tell you, that the move in the British pound and the euro today -- caught ALL GVI traders by surprise (I was lucky to see it correctly, and made money) -- but it is NOT an easy corner

Amos Next chart is one of the most frustrating charts for me ... the CRB ; I am only going to say (ala A SILENT FOOL MAY BE CONSIDERED WISE) what I wrote about the ellipse I drew -- I am of the opinion, that the rally from 500 to 600 in the last 6 months -- is ONE SINISTER move done by some insiders, that USED the STIMULUS MONEY to GET RICH. I am rather sarcastic about this -- but we have around a trillion dollars -- 720 billion by Bush, and more billions by Obama -- that have been thrown into the market -- and much of it has been used by insiders to get rich -- and one way is to invest in something that will move.

Amos Since real estate does not move -- then whatever stocks and commodities they can use, they will. This is a crooked world -- but it is part of the game. This is NOT DEMAND move -- the world is pretty much in a recession -- this is a MANIPULATED MOVE, by forces that see an opportunity to make a buck with money that was THROWN AT THEM by reckless government. I even heard an analyst suggesting, that it is the CLEAR PURPOSE OF BERNANKE to "CREATE INFLATION" -- because in his Great Depression mind -- that is the ONLY WAY TO GET OUT of a RECESSION. I doubt that will work -- but imagine that this is true -- this is a LICENSE TO STEAL with the BACKING OF THE US TREASURY!!!!

Amos It offends me to no end -- but such is life. The only thing you know, is that once this bursts -- we can get a HUNT BROTHERS DE JA VOUS!!! So keep in mind!

Amos Next chart is continuation of the GSR saga ; this is today -- Far East session ; now I am down to 15 min chart -- This is REAL WORK -- and you can see that I am juggling each and every timeframe, to see if I can see some signal -- because the large picture indicates a possible turn -- and I looking for some signal

Amos ALWAYS REMEMBERING HOW PATIENT THOSE SPREADERS ARE!!!

Amos You can clearly see SOT, and all three MAs are converging.

Amos Next chart is back to the hourly -- I am looking for symmetry ; the last range was 46 hours, and I mark the possibility that after 46 hours of Trend -- there will be a change -- so the Rectangle on the chart, marks the 46th hour -- this will happen about 3 hours later. Next chart is 2 hours later -- I am watching like a HAWK-- WAITING FOR A SIGNAL! This is the 30 min chart, and we are trying to break the clear DOWN TREND LINE that has arrested prices so far. Next chat is an hour later, and the 15 min chart shows a sideways move -- and the trendline has been broken -- but the 55 ma is still resistance -- I write on the chart "TRYING". Next chart is the hourly, and it shows that the 46 potential symmetry is one hour away. Next chart is one minute before the 46 hour arrives, and we already have a small HIGHER HIGH on the hourly spread. Next chart is inside that next hour, and the 15 min chart shows some demand. Next chart is 7 hours later -- and you can see that we had a higher high -- but the market is very patient -- it needs to shakeout early birds -- but it is definitely trading sideways now, and starting to make HIGHER LOWS!!!!

Amos Next chart happens to be the Wheat-Soy spread -- and you can see again how a spread behaves -- you can see it trade SEVERAL DAYS sideways, before it moved from 560 to 620. THIS IS AN IMPORTANT LESSON -- spreads are wonderful tools -- but YOU HAVE TO LEARN to be very patient with them!!!

Amos Next chart is silver 4 hour chart ; turns out that we are close to 34 bars from the top -- and it is always a good idea to WATCH MAKRET CLOSELY AROUND THESE NUMBERS -- So the rectangle marks it! Next chat shows the the 34th bar was an outside bar, but closed above the middle -- so to verify that the market indeed wants to pay attention to it -- WE NEED TO GET A LOWER LOW!!!

Amos Again and again -- I am convinced that WAITING FOR A THRUST on almost ANY TIME FRAME -- is a BETTER WAY TO TRADE. You lose many corners -- but it saves you MANY MISTAKES and stomach aches!!!

Amos Next chart shows that the market indeed made a lower low -- you can see that this was a rather sharp move -- which indicates that quite a few traders have SELL ON STOPS ORDERS THERE -- but it is a GOOD SIGNAL  
Amos Next chart is important -- that 34 count on the 4 hour chart -- may be clever -- but it PALES in comparison to the higher time frame -- THE DAILY IS MUCH MORE IMPORTANT -- and I write on the chart -- "MOST IMPORTANT SIGNAL (at this corner) is THE DAILY THRUST". When it happens, it will be very bearish -- because on the FOREX CHART (24 hours non stop) -- you have a VERY LARGE OKR on 12-7-2010 -- so a daily thrust on the chart, will be a THRUST AFTER OKR -- which is a major signal!!

Amos Next chart is back to the copper -- this time quarterly -- again -- YOU CANNOT GET MUCH MORE CRUCIAL THAN THIS!!! even if we have an UPTHURST!! The next down move -- will be significant

Amos Next chart is the CRB 7 hours bar -- which is almost like the daily ; Double top and the ellipse show the point of the SECOND THRUST after the last OKR!!! Again -- crucial

Amos Last chart is dow monthly during 2003-2006 ; I put it only to emphasize again, the difference between time frames. You can see that in 2003 -- if you followed the Thrust after KR -- you got a very good signal in March 2003, which was a thrust after the KR of October 2002 -- and we got a rally from 8000 to almost 11000, without any false violation -- 3000 dow points, and every month you could have RAISED YOUR STOP LOSS, and SLEPT LIKE A BABY!!!! Could not ask for a better signal and a trade

Amos Then came 2004 and 2005 -- and took most of you winnings AWAY -- by giving MANY FALSE SIGNALS. The stop losses were rather small -- but they happened again and again -- and THE MENTAL ANGUISH hurt my EMOTIONAL DOLLARS BADLY

Amos This is the SECRET OF TRADING, FOLKS -- THE MODEL WORKS -- But is cannot work all the time. There will be periods when you will HAVE TO PAY THE PIPER -- this is called REBBE GELT, for the Chinese speakers amongst you -- TUITION FEES. REMEMBER the CORRECT DEFINITION OF INTUITION? INTUITION ... The TUITION fees you have to pay -- in order to be "IN". No way to escape this -- part of the game -- but if you model work s-- then over the long haul, you will make more than you will lose.

Amos IF YOU LOSE YOUR PATIENCE, or your PEACE OF MIND, or your conviction -- YOU ARE GONE. Peace of mind -- is one heck of a necessity in trading

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

John none here

Pat excellent

Ory Great lecture, Amos ... TY

Amos if no questions, then I will see you just before Santa (and my sled is only full with harsh gifts) ... gn

Gary\_Fullett left.

## 2010-12-16 (Gary)

Gary\_Fulleth good evening ... steve is travelling, so he wont be here tonight. I just have 3 charts, but good ones ... but I want to go over these charts for about an hour or so. Any questions, comments ?

Gary\_Fulleth I have cash grains charts, beans / corn, and cattle / hogs ... and i will be doing quizzes, passing out a 20 buck book for free high tower.

dragan53 is trading livestock any different to trading gold

Gary\_Fulleth a chart is a chart ... but they have different characteristics ... livestock has offspring ... hard to store ... gold is different

dragan53 when i look at the livestock charts, am i supposed to be informed about the consumer usage of that commodity ... like data ... or just pure chart can do it

Gary\_Fulleth just watch the pure chart ... if u get wrapped up with fundamental analysis, i think it will hurt ya

Gary\_Fulleth always do you own work ... I can be a guide, and i can help ... but you must develop your own niche, based on your experience

dragan53 great traders say that we should adopt a trading style to our personality

Gary\_Fulleth Yes dragan ... so lets begin, if no other q ... btw, a bar by bar webinar for sunday night ... so new folks here can sign up on the home page on the charts

Gary\_Fulleth i also sent a great article on trend today, for the newsletter. I will go a tad in detail with the 3 charts vs sending a lot of charts ... OKAY, LETS GO

Gary\_Fulleth first chart ... daily es (mini S and P) ; When u evaluate a market ... you start with the longest time frame ... so monthly for most, down to the time frame you use ... so keep that in mind. So ... the longer time frame shows us the trend ... the longer the time frame, the better the trend ... 1 min, 5 min chart trends get broken all the time. So the longer the time frame, the more reliable the trend ... or lack of trend. So far, so good ?

Gary\_Fulleth so, daily es ... what do u see here ? I added some lines.

Song trend is up, but recently makes no progress ... volume is there, but no result for bulls

Gary\_Fulleth right, very good ... when u have a trend, you would like the market to continue its trend ... you want to see progress. Yes, you have times where the market will rest ... but in the case of the uptrend in the es ... small ranges, lack of moving up on light volume. Now, it says NOTHING about supply ... because there isnt any !! But says that demand may be waning ... and we can see this by mid range to lower mid range closes, light volume and small range ... and u seem to have that. Is this bearish?

Alex not so far

Gary\_Fulleth why not? if what i described isnt bullish?

Song no supply yet ... lack of demand too

tonyw Gary, the volume was not light, actually higher than normal for the last three days

Gary\_Fulleth volume is higher, tony ... maybe because of options volume this week ... is my guess. Which market ... es or the stocks in general ?

Jen leading stocks have been catching supply though ... that is bearish

Gary\_Fulleth jen ... great point !! Because individual stocks and spreads turn generally before the market will overall

Jen also note the \*extreme\* sentiment this last week - retail traders have been extraordinarily BULLISH!! that implies bearishness

Gary\_Fulleth BUT sentiment can be one way for a very long time

Jen well, if you chart these extreme levels, they almost always lead to a correction

Gary\_Fulleth are u referring to the vix ?

Jen vix ? No ... I'm looking at the ISEE sentiment chart, which is a measure of retail call vs. put buying on stocks and stock indices.

Gary\_Fulleth so u see an extreme call buying vs put buying?

Jen that's true ... I was just pointing out another reason to be careful w/ longs right now.

Gary\_Fulleth and i agree jen ... ty

Gary\_Fulleth but the reason why this isnt bearish yet ... is because we have NO supply. We can have a lack of demand ... BUT supply must come in ... to have a change of behaviour. The trend is UP ... so we buy breaks, until we get that cob (change of behaviour)

Song as you said before, the cm is watching ... if demand doesn't show themselves, cm will start selling, and supply will come, right?

Warren\_\_ could this just be profit taking volume, without the intent to short the market? Then re enter long again?

Gary\_Fulleth possibly, warren ... at support today, they bought ... so a lot to be said for that.

Gary\_Fulleth My point is ... a market can be overbought / oversold for a long time ... and u can run out of money before it turns ... you may be right, but it may outlast you.

Gary\_Fulleth i will tell u a story, that reminds me of when i left the trading floor. I went upstairs in a trade room to trade with about 10 other floor traders. One guy was a recent graduate of the university of chicago business school, and he was an economist as well. He was saying how the economy was poor ... early 80's, actually later 80's. So he sold bonds, thinking that if the economy is good, that Bonds go down ... higher rates cut off growth for inflation. BUT ... when u start to have growth, bonds and stocks go together ... lower interest rates mean companies begin to borrow at cheaper rates, more buying, more equipment, more jobs, etc. So he sold bonds ... to me, technically they were bullish. Anyway, bonds went higher ... he lost quite a bit of money. Then about 3 months later, bonds did break. I saw him in the hallway 5 month later, 2 months after he lost his money ... so do u know what he said?

Jen this is going to be funny

Randy see, I was right

Warren\_\_ he said " i knew i was right?"

Gary\_Fulleth yep ... he said, "see my model was right". I just couldnt hold any longer ... I said u were WRONG. He said the market did break ... I said, so f#%g what ... it doesnt matter.

Warren Actually, i've done the same thing ... lol.

Gary\_Fulleth we all have, warren !! But trading is timing, right ... AND IT CAN GO FARTHER THAN YOU THINK, BOTH WAYS ... also, had he gotten out, he could have gotten back in. So sentiment can go a long way ... like p and f charts, you may have a count ... but it is a guide

Gary\_Fulleth so we need to watch the tape, as our first guide ... we have talked on this. Do you see any supply in this up trend in stocks ?

Alex yes Bidu

Jen NFLX, MIPS, BIDU, CRM

Warren\_\_ just one day's worth, but no follow thru

Gary\_Fulleth well, i am talking the index ... not 1 or 2 or 5 stocks. You will always have weakness in stocks and groups in a bull market ... but the nasdaq made new highs

Jen but these are leading stocks ... it's important. It could be rotation ... but, it's also a danger signal

Alex no Supply on index s

Gary\_Fulleth you are right on rotation ... like when stocks bottomed in march 2009. Bank stocks were in the crapper, building stocks, etc ... but there were stocks that did well ... walmart, mcdonalds. So rotation is important ... but it depends on the economic cycle, etc ... we can do a lecture on this. But the nas- s and p spread makes new highs ... the nas is leading so this isnt bearish ... UNLESS YOU GET SUPPLY ... PERIOD

Jen it's on lighter volume, though

Gary\_Fulleth yes ... means no supply. What is trend ? What has to prove itself in an up trend ... supply or demand ?

Alex Supply is COB for us ?

Gary\_Fulleth lack of demand can be part of that cob ... BUT you need the ultimate for bears ... which is supply. So keep trend in mind ... and i will keep pounding it in you. The first reaction high is 1219 ... see this ? So this area is important support ... so a reaction high becomes support when retested. So this area, if retested on light volume ... is a buy. If we approach it on high volume ... it can be supply

Warren\_\_ how do you define first reaction high? 10 bars earlier, almost looks like some reaction high

Gary\_Fulleth we have clustered closes ... meaning closes near each other ... so this means a coiling ... and a move pending ... MARKET IS IN BALANCE. So as long as we get no supply ... we work higher. When you get to high areas and resistance ... if you watch the closes ... they will many time tell you absorption or a shortening of the thrust. General low to mid low end is sot action ... mid range to upper mid range is absorption.

Gary\_Fulleth See the joc area (jump over the creek area) at 1202 ... so this is where demand came in ... and is also important ... because supply has to overtake demand in an uptrend, right. As long as the demand bars hold ... supply bars cant come in ... that describes trend !! Any q ? It is a nice chart ... very well defined

Gary\_Fulleth 60 min chart ; i sent this chart to newsletter subscribers today ... this is an important chart ... what do u see here ? So you see the new lows on this chart ... you then see a high end close. But lets take the bar where i wrote "note close" ... it is a wide bar, high end close, with high volume ... this is evidence of buying at lower prices to defend an area. When u go to support or lower levels ... if you see aggressive buyers ... increased volume, good close, wide bar ... that is how u tell buying interest ... the speed of the rally. So u can see the speed of the rally is sharp ... so after that buying, you got a rally, and a retest, and a perfect spring ... the best springs are ones that have wide range and high volume. Did u get that ?

Alex y

Warren\_\_ yes ... almost a spring on top of another spring in that area  
dragan53 so the rally which is gonna last more ... is the one with higher volume or medium sized volume ... which are majority buyers ?  
Gary\_Fulleth yes, dragan ; a spring that pierces support, and closes above that support ... the high volume are cm buyers (composite man, large interests) ... as well as weak longs getting out on the spring. The speed of the rally is important ... this is where weak hands transfer contracts to strong hands  
dragan53 so how long do cm buyers usually stay in the rally  
Gary\_Fulleth as long as they don't see the buying climax ... they are trend followers  
dragan53 isnt the buying climax gonna lift the price up  
Gary\_Fulleth buying climax is the ending action of an up move  
dragan53 ouh ... so thats pretty much selling then, at the end?  
Gary\_Fulleth yes  
Gary\_Fulleth so this was a nice spring today ... quick spring that reacted. Any q ? This is a spring u must try to understand  
Gary\_Fulleth 5 min chart of mini s and p ; see the lows ... look at the volume and the close ... what do u see ?  
You see a wide bar, low end close  
dragan53 a big green bar ... buying  
Gary\_Fulleth it is NOT a buying bar ... wide bar, low end close ... IS NOT a buying bar  
dragan53 2 hours before it, I see a big down bar ... that must be distribution  
Gary\_Fulleth so you would expect follow thru ... but the next bar is a wide bar ... just as wide, but note the volume. This says a lack of follow through ... but this isnt what one would expect ... so a red flag. The lack of follow thru lead to a sharp rally ... an up move on increased volume. So not all closes mean the same ... just because a wide bar, low end close ... doesnt mean lower prices all the time. So this lead to consolidation, and then a jump over the creek on the right side of the trading range ... which was a demand rally or sign of strength rally ... which lead to another trading range, and mark up.  
Gary\_Fulleth look after the joc (jump over the creek) at 1237 ... the retest of the creek was bought. Nice sequence of wyckoff here ... mark up demand, trading range, than mark up ... nice chart  
Gary\_Fulleth Any q ? I am open for questions ... before i shovel snow ... lol. The webinar is sunday at 6 pm cst (1 hour earlier now) ... I think we will keep it at 7 pm cst ... make it easier ... 7 pm cst on sunday and monday  
dragan53 im looking at dj30 ... and there is a big up bar (just like in sp5m) ... do u think thats gonna be back at 11430 ?  
Gary\_Fulleth yes, dragan  
Warren\_\_ nice charts as always, Gary ... thks  
roger thx gary  
Song thanks a lot for your lecture  
tonyw Thanks for the great session, Gary  
Gary\_Fulleth okay, time for charts and snow ... have a great night ... ty all  
Gary\_Fulleth left.

## 2010-12-17 (Tim Ord)

ord joined.

Rix Yes Gary - but still confused re: whether sup is at the top or bottom of a VDB

n Rix...a spring is a spring and a VDB is a VDB ...

n Weak reaction in beans ... small ranges ... positive ...

Rix Do understand the dif n

Gary\_F 60430 is the highs in the crb ... so near a retest ... well, it is a stronger vdb ... if the top of that bar holds. But it depends rix, on where in the cycle it is ... they both act as support.

n Rix ... support can be at the top of a VDB, the middle, the bottom, somewhere in between. Do not look for absolutes ... look at HOW px responds at the top, half-way, bottom, etc. Learn to read HOW px reacts around known points, be it a VDB, VSB, support, resistance ...

Rix K guys thx - will be saving this conversation.

Rix Curious n - do you have a written trading plan?

n Yes ... plus instinct, based upon plan/experience, etc

Gary\_F tim ord is here ... the charts are posted, so please retrieve them .. and we can get back to grains after his charts, okay

mikeyg no prob, gary

ord Hi folks

ord I sent over two charts in CWRN, which is a gold stock ... one of the weekly, and one of the daily. There appears to be a decent trade lining up, although it is not for investment

ord First the weekly chart ; the Chaikin Oscillator has become very oversold on a weekly chart ... without the stock pull back much, this shows buyer are underneath, and it should not take a big hit to the downside. Most spikes highs are tested at some point, and would expect the mid november high to be tested

ord Next, the daily chart of CWRN ; this trade setup is for a trade, and not an investment ... as this trade carries risk. However the daily chart appears to be drawing a bullish "Falling Wedge" ... and the breakout appears to be happening now. Today's rally is coming on increased volume. The Bollinger Bands are Pinching. The "B" wave down may have ended yesterday. The potential "C" up should at least test the high of Mid November.

ord A trade is a trade

ord You might notice that the stock price is .002 (that is 2/10 of one 1cent) ... But it does have huge volume. Today when I printed this chart, it had 18 million. It looks good for a trade to November high ... good luck

ord are there any questions?

ord Thanks for having me, and see you next week ... all the best, Tim

ord left.

## 2010-12-21 (Gary)

Gary\_Fulleth good evening ; no steve tonight ... he cant make it, so u r stuck with me ... i have to fire him ... lol  
Gary\_Fulleth okay, did some newsletter charts, since this is a slow week ... and we can go over my thoughts over the past day. Amos tomorrow, and no class on thursday for the holidays. Okay, any questions?

Gary\_Fulleth okay, lets begin ... daily es ; what do u see here ... should be easy

larryg uptrend, bars seem smaller range, but still high closes ... no supply

Ory tr with a breakout

Gary\_Fulleth so what do the higher small range bars tell u as u work higher?

larryg buyers absorbing sellers

Gary\_Fulleth isnt this a lack of demand ?

larryg in uptrend, seems more lack of supply ... supply needs to step in, otherwise trend should continue

Gary\_Fulleth if this was in a downtrend, would u feel the same? If this action was a grind higher, and the trend was down ... would this change your mind?

Brian\_O yes

Gary\_Fulleth what would u think then?

Brian\_O lack of demand

larryg against supply, would be lack of demand

Gary\_Fulleth good ... so u see the Key is TREND .... correct?

Brian\_O absolutely!

Gary\_Fulleth good ... and u would be correct. So we see we can go higher, even if a lack of demand in an up trend ... because to have a cob (change of behaviour), we must see selling/supply ... indicating sellers having the upper hand. So at what area do u think we can have a cob? Last weeks lows, or at a previous high that is now support ... you need a wider bar, increased volume, and eventually breaking support. There is NO ending action

Ory uptrend appears to be strong ... through the creek

Gary\_Fulleth right, ory ... good eye

Gary\_Fulleth just because u have a lack of demand ... this isn't bearish in an uptrend ... until u see supply ... supply is selling, but on a grander scale. Also, be aware of the season ... it is holiday week, end of year, and the tendency is to be higher. Any q? It is a clear chart

larryg yes ... about 11 bars back, at 1219 area, there is an UT that failed

Gary\_Fulleth correct ... and that is the key area to me

larryg seems that CM disguises the JOC with failed UtS ... is this more common than classical JOC, you think?

Gary\_Fulleth correct ... since markets stays in a trading range 80 percent of the time ... so i would agree

larryg looking at the rally from sept low, seems that most of the rallies happen out of the "little boxes" ... so maybe can look for UTs w/ little follow thru down ... as possible trigger to buy

Gary\_Fulleth correct ... and we talked on this. The waves that take place in those boxes ... the buying and selling waves form these boxes.

larryg just saw them differently here, very helpful

Gary\_Fulleth well, if u look at those boxes as the buying and selling waves ... that is how wyckoff himself looked at markets. And I think this is why u got elliot from the ebb and flow of the market ... elliot counted these waves.

And we will do more on this so u can see it more. Any q on the daily ?

Ory interesting to know ... not that i care for elliot at all

Gary\_Fulleth 60 min (hourly) ; we can see the waves better. As u know, the hourly will turn before daily and beyond. In the hourly chart (60 min), you can actually see those boxes better. But what is unique about this chart ... is you see the springs and the shakeouts, the trading range, the upthrusts and springs ... the chart is littered with them. But you can also see the rallies are sharper than the breaks, and then a trading range, and then mark up.

Ory so a lot of operators working this move

Gary\_Fulleth u can see that the breaks have no follow thru. Look at where i write "ice" ... u can see small ranges. Look to the right, where i wrote retest edge ... they are small ranges at support ... shows lack of selling. The retest to support was NOT on heavy wide volume ... do u see this? And the springs ... the springs are the safest places to buy an uptrend ... so thats the edge or the danger area.

larryg spring formed overnight

Gary\_Fulleth yes, and thats why its hard ... because u get these springs at 2 am ... and when u wake up, the market has moved. So this makes trading harder ... because after the spring, you are far from support ... and the risk increases. And many times, u won't get a retest of a spring in an up market ... as the cm wants you to chase AND PAY UP ... MAKE THE SPECS PAY UP ... and then they sell to them !!

Gary\_Fullett you can see the immediate reaction after a retest of support ... so in an uptrend, springs and retests are the best place to buy. If u look closely, you can see the buying waves, and the boxes, and the trading range for cause. There is NO supply bar/bars on this chart ... breaks are controlled. The chart is labelled well. Any q ?

larryg n, very good

Gary\_Fullett bonds ; what do u see here ? We have a down trend ... the key in a down trend is what ? To see if we get a change of behaviour ... if not, we go lower. So 5 bars ago, you see a wide bar down ... this is a vertical supply bar. So a retest to that bar would be a sell ... and we know markets tend to counter trend 1-3 bars, maybe 3-5 bars. Well, look at the quality of the rally ... this is what we must judge in a down trend for a cob (change of behaviour) ... you need to see demand ... wide up bars with volume. Do you have that from the lows

roger no

Gary\_Fullett you have the OPPOSITE ... light volume, small ranges ... that failed. So the lack of demand rally stops at resistance ... pure and simple ... volume and price at resistance in a down trend ... perfect. Any q ?

Gary\_Fullett okay ... crb daily ; what do u see ? I am looking for 2 things here ... what do u see on the right side of the range ?

roger joc

Brian\_O wide bars at joc ... w/ high end closes ... after the 3 bar correction you noted

Gary\_Fullett yes ... joc ... clearly on the right side of this range. So what do u see ... one word ?

roger demand

Brian\_O is sos one word ?

Gary\_Fullett well, u had a joc ... so demand was there ... even a sos. But i am looking for the action on the right hand side of the chart ... before the joc

roger markup

larryg absorption

ru i small pullback

Brian\_O I think larry has your answer

Gary\_Fullett i think larry would be correct. So u see the lack of selling at the right side of the trading range ... a small pullback was also correct, rui ... but absorption. Do you see and understand this ... it is most important ... you must see this.

roger yes ... just didn't think u where looking for what was already wrote ... lol

Brian\_O mid Nov ... possible preliminary supply?

Gary\_Fullett possible brian ... good eyes

larryg 10 bars back, just below TR high ... is a reversal that has little follow thru ... probably first clue of absorption, and eventual JOC ... kind of like failed UT, but just under creek

Gary\_Fullett correct larry .. and the trend is up

larryg yes, getting to like these failed UTs in uptrend

Ory so do i LARRY

Gary\_Fullett yes ... and the reverse is true. They work on the first retest ... the more they do it, you are playing with fire ... because upthrusts in up trends fail ... but the first retest generally give a scalp

Ory its a probe

larryg seems like a spring of the labored down bars after the UT (in uptrend) is good place to buy

Gary\_Fullett correct ... many will buy an upthrust in an up trend, and will hold ... with a stop under a previous low. Even though they go thru a draw down, they know they are right with the trend ... and will ride it out.

Because they are buying a higher high in an uptrend, they will be rewarded eventually. They increase risk with the stop ... but are banking on trend. Any q ? You can see the absorption, and u can see the joc

larryg w/ absorption right under the joc here, would you still expect an lps?

Gary\_Fullett yep ... it is a form of lps. You didn't have an upthrust, then back under the creek to form lps ... but if it helps u understand ... then yes, whatever works for u

Ory sounds good

Gary\_Fullett the terminology is not important ... the action is

Gary\_Fullett now a lesson on time frames ... please go to the weekly. I talked on this in the day class today. What do u see on the weekly ?

tonyw retest of 2008 high

Gary\_Fullett correct ... why is this significant ?

tonyw first retest tends to fail

Gary\_Fullett and it took 2 years to retest ... notice the bottom in 2009 was about the same time as the stock market bottomed ... we bottomed march 2009. So today we went to near this trend line ... so will see this week. The daily had a joc ... but the weekly it is just a retest. So on one time frame daily, you had a joc ... on the weekly just a retest.

roger where did it close today compared to the creek?

Gary\_Fulleth 61314 ... but high was 61486 ... so 150 off the highs after the retest

roger looks like sot to me

Gary\_Fulleth well, it was a wider bar today ... and stopped 20 points away from the creek ... as well as 150 off the highs, after retesting the creek

roger ah ... so lower low ?

Gary\_Fulleth so we will see tomorrow and this week. So on the daily, IF today was a retest on the weekly ... the daily could set up for an upthrust ... so can be very very important action, if we get down side. Doesn't look like it thus far, but who knows. If we do break hard, it will be on the "news" ... to facilitate the mark down ... so we will see. Remember, still have 2 days for the weekly ... if the crb does break ... it will affect cd and the aussie the most ... since they are commodity based. Any q ?

Gary\_Fulleth wheat ; light volume retest back to support ... and 2 bars ago, a possible spring. The 735 area is about 1/2 back ... so this retest, if the market is bullish, will hold over the next 20 cents or so. Q on wheat ?

Gary\_Fulleth sugar ; see the high ... was a large break with HIGH volume. This happened over 2 bars.

larryg seems like the one to short ... if crb has UT, and sugar too

Gary\_Fulleth well if that was supply from the high ... this retest fails ... would you expect an upthrust ?

larryg should expect reaction from TR high ... esp 1st retest, i believe

Gary\_Fulleth i would expect an upthrust and a break ... if the market was to have ending action

Song does it need some time to form the top? Since the mode is quite bullish now.

Gary\_Fulleth well, not really song ... since it is a retest, and has cause ... so u can fail from here. Since it is a retest ... what is the key support, that if taken out ... will cause a cob ... anyone ?

larryg under 2900 ?

Gary\_Fulleth why larry ? or anyone ?

larryg little congestion of bars there, early dec ... and also where reaction low began 4 bars ago, and about 1/2 back

Gary\_Fulleth yes ... larry is right. The reaction high and the joc area ... 2950-2900 area. So good eyes. Any q on sugar ?

Gary\_Fulleth okay ... cocoa ; you see the apex ... higher lows, lower highs ... so forming a coil, or an apex for a move ... so watch this

Gary\_Fulleth quiz ; what do u see ... small ranges. First q we ask ... what is trend ?

Gary\_Fulleth chart 2 ; the important lines are drawn ... but the trend is down ... working lower ... so this is a retest we are seeing under creek

larryg TR after downtrend

Gary\_Fulleth chart 3 ; this is key ... i labelled this for you. See the closes of those bars on the right side, in a down trend ... these are lack of demand after selling. Trend is down ... so a weak retest higher should be sold

Gary\_Fulleth go to page 4 ; the chart doesn't show the mark down ... but this weak action, low end closes lead to a move lower. So the weak retest after supply, and a down trend ... is bearish

larryg if a spring had formed about 121100 ... where that high vol wide bar began ... wouldnt that be proper to buy? Maybe for scalp ... since not in uptrend yet... but clear TR

Gary\_Fulleth correct for a scalp only ... since no ending action yet ... but try to go with trend, as much as u can.

You can counter trend, but as scalps. Any q ?

Gary\_Fulleth a lot of charts ? So a lot to digest !!

Gary\_Fulleth tomorrow is amos ... no class on thursday

roger u done a good job

Gary\_Fulleth i try ... ty

Ory we are getting there ... Thanks for the teachings Gary

larryg very good ... ty

Gary\_Fulleth good night ... ty

Gary\_Fulleth left.

## 2010-12-22 (Amos)

Gary\_Fullett Good evening, all ... good charts for amos thrust method today

Amos Hi ... Merry Christmas to all. Markets are rather slow and consistent -- I do not have much to say -- so I concentrate tonight, on two examples to describe the difficulty of REAL trading vs paka paka. Hope it will be helpful.

Amos the first example is in the dollar index (I trade the euro but the Dollar is my guide!), because it is more honest as an index. First chart shows the point and figure chart, and it shows a cause of 3 and 5 at the bottom. The cause of 3 was fulfilled, and the cause of 5 has not yet. Instead, the dollar rallied to the last creek at 8150, and started to retract. It did NOT build a cause there, but instead started a RWC-- Reaction Without Cause-- which is a pretty good model to use when it happens.

Amos So at the time that the chart is recorded -- Last friday 2 am cst (ie far east session) -- you can see that we have practically reached the start of the last rally -- this is pretty much the definition of RWC -- and it is a good buy here -- provided you have a good stoploss. So I go to the 30 minutes bar chart -- not too short, not too long, and start looking for a buy signal. The more I trade, the more I am inclined to use the thrust method -- because it avoids being stuck in a strong move -- in other words -- the whole issue about whether to buy on strength or to buy on weakness is a big one.

Amos The next chart is the same time, but as it looks on the 30 min chart. You can see that there is "sort of a downtrend line" on the 30 min chart, and it broke that trendline. Many traders like to buy that breakout -- so the market is aware of it, and exploits it. You can see that those scalpers of the break of the trendline were immediately disposed off. Then the market drops to 7970, and creates an "OKR" -- when you deal with small time frames -- all those definitions MUST be enclosed with quotation marks, because the SHAPE is much less meaningful -- you can see zillions of OKRs on small time frames, and they are NOTHING but RANDOM NOISE. At any rate -- SINCE we are at the BOTTOM of the RWC -- I have some SYNERGY, and that gives me more backup to try to catch the NEXT THRUST. So the last bar on that chart is a "THRUST AFTER OKR" on the 30 min chart -- I have a stoploss and I act

Amos The next chart simply emphasizes what I just said -- I am looking at the KR, and I have called the last bar Thrust after KR. Notice that we are still bumping against the downsloping 21 ma on this time frame -- but since I am convinced that we are in a rally, which is now experiencing RWC -- I ignore the downward inclination of the MAs!!

Amos The next chart shows that the market "respected the MA" -- and apparently too many traders joined this thrust after KR (I am NOT the only trader in the world who uses this technique) -- and the market turns with vengeance, and gets all the stops below the Low of that "KR". So now we dropped to 7960, and that is the "LAST" square on the Point and Figure chart -- that is defined by the Reaction Without a Cause -- that is, the market retraced ALL OF THE LAST RALLY, without any cause on that particular count! (it had a cause on the smaller filter -- but I was not looking at the time).

Amos So what do I do now ? This is the CRUX of the matter -- we are going back again and again, to that famous Bruce Kovner quote that I have brought here from time to time: Talking about the wisdom his teacher, Michael Marcus, taught him -- to make one mistake, go back to the drawing board, do more homework, enter the market -- make another mistake -- repeat sequence -- enter again, and Double his money. PERSISTENCE is a great secret. LBR says that it is OK to get stopped out, because it brings you CLOSER to you REAL target !! Another good sentence, even tho it is hard to accomplish.

Amos So what do you do here ? YOU buy the NEXT THRUST !!! As simple as that. You just got stopped out below the low of the "last OKR" -- and if you buy the next thrust, you will enter pretty much at the same point -- seems futile, and just loss of COMMISSION pay !! NO NO NO NO NO -- It does not matter where you enter -- it does not matter, if you lose or gain as result of getting stopped out and re-entering. The only thing that matters, is that you have DISCIPLINE, and you are operating a BUSINESS with SOLID Principles -- YOU have RISK CONTROL -- and that is the ONLY SECRET to success.

Amos So I buy the next thrust (this is actual trading) -- and you can see by the time stamp at the right bottom corner, when that I printed those charts ON LINE !!! Next chart shows the next bar, that was the SECOND THRUST. Now we see the whole sequence of decision making and action: there was support at the 7980 level, which is 20 ticks away from full RWC, and a breaking of the trendline (I do not buy trendlines -- so I avoided that "signal"). Then there was an OKR and a thrust (ie a higher high on that time frame) -- which I bought with a small stoploss, and got stopped out -- waiting for the next thrust -- which I bought with a stoploss below the last low  
Amos Next chart is the result ; and I typed the word result on the chart

Amos Now you can say, Amos -- this is a 30 min chart -- it is such a microcosmos -- how can you relate this to larger time frames -- well -- the principle is pretty much the same. This happened to be a "classical" example in that the ending action of the RWC -- was made with two false signal, and then the trend resumed. There will be times that the ending action will be MUCH Tougher --- and it will NOT look that pretty -- does not matter.

Amos If you want to join a rally after a reaction (or a reaction after a rally, if you want to go short) -- the process has to have DISCIPLINE. You may have to get stopped out 2-3 times -- but this is the Price you pay for HEALTHY BUSINESS -- you do not take a new adventure without INSURING yourself. The most important thing is NOT about making money !! The most important thing is to assure yourself, that you will NOT LOSE MUCH !!! And entering a model -- with a clear stoploss -- is the BEST assurance to that !! Once the trade goes your way -- all you have to do, is raise the stoploss -- and thats it!

Amos The next chart shows the whole picture on the Point and figure -- the way it shows up WITHOUT THE TIME variable !! You can see that the Reaction without a cause was deep -- we saw the time the market took to buy back their shorts, and then it created a "COUNT OF FLAG" of 4 -- that was almost fulfilled on the next rally (calls for 8080). It was fulfilled today and then some. I write on the chart: This low was tough, if you did not have patience on the small time frame (30 min in this case).

Amos This, as I just said, was a real trade in real time (almost), and the important lesson in it is that -- even when you have a good model -- such as the RWC -- it may still take some patience and some losses, before the trade comes out good. The opposite to what I have just described to you -- would be -- to just BLINDLY buy that RWC -- and hold, without a stoploss -- because 7 times out of 10, the RWC is a good one. What is the BIGGEST TROUBLE with that approach ? Listen carefully !!

Amos The trouble is that if you entered too low -- and held thru the decline -- the PAIN of that "paperloss" would PREVENT YOU from staying for the fullness of the next rally -- you will NOT use the "RAISE THE SOPLOSS". You would GET OUT -- just to relieve your previous pain -- and you will take much less out of the next trade. This is how humans operate -- so if you use the stoploss -- you REMOVE that unnecessary PAIN, and you are free to operate MORE CORRECTLY in the market

Amos Many times, we look at lines and at potential trades, and we IGNORE the previous PAIN that was involved in GETTING INTO the trade. If the initial pain is too strong -- you will NOT have participated in the result !!! This issue is ignored by ALL technical analysis -- the lines are always described, as if they exist without the emotion that is associated with them -- not correct !!

Amos Next few charts are some observations -- not so important -- and then we get to another very important issue of trading the Thrust model with options.

Amos The next chart shows that actually, the above RWC had some time phase similarity -- on the hourly chart, we traded 20 hours sideways, and then 20 hours reaction -- You can see that I looked at this about 3 hours later (bad homework) -- and it so happened that it was a good indication. Again -- the homework process of a good trader -- is a NEVER ENDING thingy. It is amazing how many times you can look at a chart -- and NOT see most obvious things. I have said in the past, that research shows that human beings are very poor observers of events and pictures (look at Illusions on google, and you will find zillions of examples how our eyes deceive us). Good homework to find good trades -- is a TEDIOUS job

Amos Next chart is the Nasdaq s and p ratio spread ; we are at a crucial point -- we are held by the 55 MA on the daily chart, and we are still holding a higher high. There is some SOT on the chart -- so I write: Critical level for the Ratio Spread -- market is very narrow these days -- as they like to say -- The BIG traders have taken off till end of yea. I think this is a joke -- but the market have chose to be rather narrow (except in grains and softs). So the big question is, if this is a double bottom on the chart -- or are we going to break the last low of the spread, and then we can correct back to the LARGE creek at 1700.

Amos Next chart is cotton (early this morning) ; it opened almost instantly at limit down -- and if this is the final washout of shorts -- we should have some fireworks. I wrote on the chart -- Will cotton signal the end of the Commodities bubble? we shall know in a few days

Amos Next chart is the crb Monthly ; All I can say and write on that chart is -- that this is a ONCE IN A LIFE TIME picture -- We are ending the FIRST DECADE of this MILLENIUM, CENTURY with a MAJOR BANG. I do not know what it means for the rest of the century -- but it is definitely something to behold -- something for the Campfire ballads.

Amos Next chart is soybeans monthly ; last month was a wide bar, that closed in the middle -- so, theoretically at least -- it calls for sideways action -- and since we are close to the upper end -- it is more a sell, than anything else. Again -- if you want to sell this -- YOU MUST HAVE A MODEL, AND A STOPLOSS !!

Amos Next chart is interesting -- because the Wheat / Soy spread is now at a point that CAN be termed as Jump and back -- we broke last TWO HIGHS, and if we hold above the last high -- where I drew the Horizontal line -- it may QUALIFY as a bona fide Jump and back. That means that the next rally, in the least, should take out last high around 6.25. Today's rally in wheat may have been more SPREAD related than anything else. Just an observation

Amos next chart is australian dollar ; I RARELY talk about it, but this time a possible phase similarity caught my eyes -- so I share with you. The reaction on the daily chart from the high to the low -- was 15 days, and today was the 15th day of the rally. I was watching this chart all day long, and was "dying" to short it above 99 -- but there was no good model (only a simple thrust on the 5 min chart, below 9907 or so) -- but I did not do it, and watched it go down to 9880 or so. The trouble with watching a certain possibility on the daily chart, is that it will prove itself ONLY THE NEXT DAY, and NOT INTRADAY -- in most cases. At any rate, if this 15 days has any significance -- we should see it tmw

Amos the next few charts are interesting -- I call it an exercise in options ; Lots of talk about using options appear in advertising lately -- perhaps it is my imagination -- but I decided to look into this. The following "analysis" is rather stupid -- I chose to look at only 3 month option -- and chose to hold to expiration -- but I think it can throw some light on the trouble with this market derivative. I wanted to see if I can use options with that very good model of THRUST AFTER KR -- ONLY on the MONTHLY CHART. So I start with the chart in February 2007, when we had the first jitters with some banks -- I do not remember what was the problem in Feb March 2007 -- perhaps it was the first news of Fanny mae and Freddy mack being in some trouble -- cant remember. At any rate -- market is racing higher, and closing on the 2000 high -- thus alerting all the DOUBLE TOP traders for a turn

Amos Let us say you decide to SELL THE NEXT THRUST! It happens in JULY of 2007, and you sell BELOW THE LAST LOW. Let us say that you are "afraid" to just use a stop loss, or, perhaps the size of the stop is too big for your pocket -- and you decide to BUY PUTS instead! Let us say you want to give yourself time value, but you do not want to pay TOO much for time -- so you do not buy 6 month options, only 3 month. So sometime in the middle of July -- the moment the s and p breaks below the lows of June 2007 -- you decide to buy OTM -- out of the money Put options for 3 months. How far out of the money? Let us say that the market is trading around 1500, and you want 1300 puts -- you think the market can go, and challenge the Lows of Feb which is around 1350!

Amos Mind you, folks -- I am NOT a good options trader -- so If I say something VERY stupid (in terms of assumptions and facts) -- please correct me! -- i.e. if you think that no rational options trade would buy 3 month options 200 handles away from the price -- then say so. At this point, I take this hypothetical example as a real one. So you buy those 1300 otm puts, and you hold. Of course, if you sold them the moment the market dropped sharply below 1400 -- you would have made nice profit -- but the original decision was to hold them to expiration -- so we must stick by that assumption. The options you bought in July, expired in October (3 months later) -- and october was a higher high -- so the options expired WORTHLESS. The market made a move of 150 points down, and almost 200 points up, and the option play turned out to be a loss.

Amos Next chart is the Second attempt ; In July 2007, we had ANOTHER OKR, and you decide-- INDEPENDENT OF THE PREVIOUS TRADE -- We are running a business here, and we DO NOT BASE OUR TRADE UPON PREVIOUS TRADES -- they are MUTUALLY EXCLUSIVE !!! So you decide to do the same thing -- SELL THE NEXT THRUST ON THE MONTHLY CHART. This thrust is marked on the chart with a horizontal arrow, and it says: BUY OTM PUTS, once the monthly chart makes a LOWER LOW, after the last OKR. That happened in NOVEMBER 2007, a little below 1500.

Amos If you want to buy in November, 3 month put options -- and the market is trading around 1500, you want to repeat the same logic -- and buy 1300 OTM Feb 2008 puts! Again, if this is a stupid example, and no real options trader would act this way -- forgive me -- I am just trying to see if any CRUDE approach in options -- CONNECTED WITH A VERY GOOD MODEL of THRUST AFTER KR -- will work! What happened ? The 3 month Feb options expired around 1300, and you either made some money or not

Mr\_Steve My entry point would have been dec. 2007 for put or calls

Amos Steve -- what model gave you a signal to buy options in Dec 2007 ?

Mr\_Steve The second top, for one of several signals, and no follow through ... then we fail the third month to get to that last high ... and bam, I do it all the time

Amos december of 2007 was a narrow month and a hinge -- if you like to buy low volatility at a hinge -- that is a good model -- but not the one I use here -- no argument. You see folks -- that the remark by Steve is very valuable -- and changes the whole paradigm -- but this is NOT the model I chose to use -- so bear with me

Mr\_Steve Options is all I trade, I never own the stock ... I have never purchased my first stock, only options.

There are many models ... all are worth learning ... I only feel comfortable with several, and a strict set of rules

Amos Thanks, Steve ... but let me continue ; The month of January was actually a WARNING for options traders, because it was a WIDE RANGE THAT CLOSED IN THE MIDDLE -- indicating that the odds of several months RANGE are high -- we mentioned this in this room

Amos Next chart ; I wrote the above statement on the chart

Amos next chart ; next model would have been a simple thrust, which indicates a continuation of the trend -- in other words -- when a range ends -- the break out of the range is the Steinhardt model -- and it is NOT a bad one. So in July of 2008, the range of January broke, and you want to buy puts again -- BASED ON A BONA FIDE MODEL!!! (this is the basic assumption of this exercise)

Amos So in July of 2008, when the 1250 barrier was broken to the downside -- you want to buy 3 mos OTM puts. So you buy 1050 ( to be consistent -- you aspire for 200 points away from your entry point) -- October puts. I write on the chart: Break of the range -- buy 3 months put. And it expires in october, around 950 -- or perhaps since the options expire, not at the END of the month, but midway -- perhaps they even expired around 900 or lower. So this third attempt to utilize options to trade a bar model -- worked -- and it made money. My conclusion? The approach I used to buy OTM options, and hold them to expirations, was a rather POOR utilization of market resources

Amos First -- I am not a good options trader, and I did not even ask the most basic question -- what was the DELTA of the options I bought -- it is NOT the best thing in the world to buy options with very low delta

Amos Second -- holding to expiration -- is obviously NOT a good strategy. At the same time -- the story of John Stafford buying OTM puts in 1987 at 25 cents, and selling them in October when around 25 dollars -- is a very famous story -- so this has an allure

Amos Next chart is reality ; We are at 1250 -- which is, as I noted on the chart -- the Bottom of that January 2008 range -- me wonders if this is sort of an "ice" -- we shall see soon. But I want to think whether there is an option play here too?

Amos next chart -- the was a monthly OKR in January, and a THURST May -- if you bought puts on that thrust -- it FAILED, even tho the 3 months 1050 August puts bought in May -- performed OK for a while after the thrust!!

Amos However -- what to do now ? So the last chart of this exercise is the QUARTERLY chart -- there was an OBVIOUS OKR 2 quarters ago, and I want to sell the NEXT THRUST. That thrust, if it happens next quarter -- will come in much lower -- it has to break the low of this quarter, which is around 1250. If we get a narrow quarter next one (most likely, we will have at least a NOMINAL higher high -- according to the strong close -- unless something big happens in the next few days till end of December -- unlikely). So perhaps, second quarter of 2011 will have a Quarterly thrust -- with a reasonable stop loss -- and buying puts there would be a good strategy

Amos At any rate -- just buying 3 month otm options -- is NOT the best way to utilize the thrust after kr model. So after all this drag -- the conclusion is that there is a better way to trade.

Amos Last chart tonight ... is the dollar index quarterly ; Interestingly enough, it follows the Taylor counting approach rather nicely. If you call the third quarter of 2008 "1", and count 1-2-3, then this quarter that ends in a few days is a "1" -- or Buy bar, as the BSS nomenclature calls it -- Buy, Sell, Sell short -- sequence. If this count is correct -- the odds that we make a higher high next quarter are very high. That means that the rally in the dollar should continue -- and vice versa -- the reaction in the euro should continue.

Amos I do not know how many of you are aware of the fact, that the EUR/CHF spread made today ALL TIME LOW !!! That is, the ratio between the euro and the Swiss Frank, is the lowest it has ever been (the life time of the euro is about 17 years -- so not too long). So with all the QE, and the intentional devaluing of the dollar by Bernanke -- it seems that the inherent problem of the EURO are more severe, and indicate serious flaws in the structure of the Euro Union. But I am getting Fundamental, and this is when I MUST SHUT UP

Amos So it is time for HAOOKING ... open for questions about Santa, his deer and sleigh. Just be aware, that you are watching market conditions that are VERY Rare in human history.

Brian\_O wow, that is quite a presentation Amos, thank you. I get tired just listening. :)

Amos Yes Brian -- and to think that I did not have any idea what I was going to say 2 hours ago -- the power of verbiage -- lol. I did have the charts, and the rough idea -- but did not know how it will develop, as it turns -- this is not so easy stuff. I myself, am surprised to see that the the result of the options strategy are so poor! -- something to think about -- perhaps this explains why so many vendors are trying to push options lately

Brian\_O that is quite impressive then

Amos Steve's point of buying options, when market is on a hinge -- is VERY SOLID -- since VOLATILITY is such an IMPORTANT part of the Maths of options. Buying options when volatility is at a LOW -- is a VERY CRUCIAL POINT. At the same time -- if you dream about an explosive move -- buying ATM options may prove futile, because the move may linger, and you are better off waiting for the explosive move to START -- this is not so simple

Brian\_O my initial foray into this business, was thru a reputable options vendor. A lot of ways to make \$ ... but knowledge of price action is critical. Wish I had started w/ that first but ..... I'm pretty sure that the strategies used on the floor, are slightly different than that used by the retail trader, as Gary may attest.

Amos as long as I can get you thinking folks -- I think it is not such a bad process. I may go back into Taylor one of these days -- he was a very clever chap, and there is a LOT of value in his thinking. One of his most astute observations was about the High and Low made LAST significance ... very important

Amos ok, time to go to sleep -- YALL have a very nice holiday, warm, cuddly, not too fattening -- and we meet again next week

Amos left.

## 2010-12-28 (Gary)

Gary\_Fulleth good evening ... did u all get charts? Great ... any questions? Steve wont be here tonight, probably on thursday. Okay, lets begin ... a few charts ... since it is the holidays, we will KEEP IT FAIRLY LIGHT

Gary\_Fulleth s and p ; we have talked on the small ranges and the light volume, as we have grinded higher. This is one of the reasons, the trend identification is so important. If we see this action in an uptrend ... this is a lack of supply ... and the shorts buy higher. If the trend was down ... this is a lack of demand ... and will fall. It is still possible that this is a lack of demand ... that leads to selling ... and i am sending a chart for the newsletter, that may show that 'we may be seeing some selling'. But the key is the reaction lows of last week ... 1234, imho.

Gary\_Fulleth But in an uptrend ... supply MUST prove itself ... not that we may be lacking demand ... but supply must enter for a change of behaviour. I'm saying nothing new, but we have seen the same behaviour for the past few weeks ... todays high was 125650 ... I wrote resistance was 1256. Notice that we are hovering at the reverse trend line ... what does this tell us?

Brian\_O overbought near rtl, but can still go higher

tonyw tells us that the market was overbought, but without supply ... market can, and will drift higher

larryg strong mkt, few sellers

Gary\_Fulleth great ... all correct ... the fact u are not moving away from an overbought line, says sellers not selling at the overbought line

Brian\_O is last week's low significant, only in that it represents one pt of support to be aware of on the daily? Or some other reason? I know you mentioned this before, but suffer from crs.

Gary\_Fulleth well, if the daily chart takes out weekly support ... do u think this is an important piece of info?

Brian\_O yes, but any type of support being taken out is important ... is there any add'l significance to this level?

Gary\_Fulleth well, its a reaction low ... as well as the weeks low ... so weekly supports are important. Its also where we started to move up, and make new highs from.

Brian\_O got you, thanx

Gary\_Fulleth so with no supply, we can go higher. So what we can look for is 2 things ... the spread nas - s and p ... and hourly swing lows. Any q?

Gary\_Fulleth 60 min chart ; this chart gave the lows today, when sent last night. But first, see the sot (shortening of the thrust) at the highs ... lead to selling. After this selling, we rallied and formed creek at the 1251 area ... see this? It is where i drew joc (jump over the creek) ... at a reaction high ... and therefore was a place of demand. So today, we retested the 1251 support ... went to 125150 ... but u can see on the hourly, the joc (jump over the creek) was tested. The joc retest was an edge to buy today !!

tonyw Gary, the "lpsy" should be "lps" on the chart?

Gary\_Fulleth lol ... yes ... I was laughing at myself, of course ... it is last point of support ... dumb arse, i am

Gary\_Fulleth okay ... the lsp (where i wrongly wrote lpsy) lead to the joc, and mark up. It is that joc that forms ice support perfectly ... so this chart is very clear, wyckoff wise. If you look at the chart and the labelling, there is alot to learn.

Brian\_O was that an upthrust, after the retest of the joc?

Gary\_Fulleth upthrust ... where?

Brian\_O after the reaction low, labelled as retest of joc ... and before where you've got it marked retest ... on the right side of chart ?

Gary\_Fulleth i don t see an upthrust

larryg think he means the bar with 1251 high

Brian\_O correct ... thanx, larryg

larryg just before the wide range bar down to 124550 area ... next swing high after the gap

Gary\_Fulleth u mean the gap lower? Where i wrote left side of the chart? Ahh ... i see

Brian\_O after the gap lower ... the reaction high, after the retest of joc

Gary\_Fulleth yes, it was a small ut ... but they fail in uptrends, right? So small ranges at creek, lead to a retest.

Notice the wide break ... where i wrote retest ... had a lack of follow thru

Brian\_O I've forgotten what my question was

Gary\_Fulleth u mentioned the upthrust ... anyway, it was an upthrust ... and a sot at the creek area. But that area u mentioned was resistance ... and made a slight upthrust, to retest lower. But the trend is up, and no ending action ... thus the market worked higher. Notice u get a lack of follow thru ? So that is an important feature of a trend ... on counter trend moves. Notice on the retest of the joc ... on the left side of the chart ... was a demand rally ... where i wrote demand. So from support, you expect demand or buying ... this is the ease of movement in a trend. Remember ... trend is the most important info u have ... any q ?

Gary\_Fullett euro, 240 min chart ; the favourite time frame of forex ... the banks use the 4 hr chart. You can see a demand bar at 13050, on the left of the chart ... i drew the horizontal line ... see that demand bar ? So a retest held, and we reacted.

Brian\_O can't see close of bar, 5 bars previous ... but it also looks like a demand bar as well, no?

larryg looks like spring of the near term congestion of bars, and retest of the demand bar

Gary\_Fullett well that bar had demand ... it was the retest of the bar I used. So you see a retest of the demand bar, and we reacted ... but u see the lack of down progress at support. See how they held and retested ... and you see the closes ... high end at support. This lead to upside ... today we went to 13280 area. It fell short ... but the trend and eom is down ... so resistance areas are sells. Would have been a nice sell ... but when u get a retest of a demand bar ... it is an area that is an edge ... and an area where u have a low risk trade. Even though the trend is down ... the retest of the demand bar is a low risk buy ... see this ? Understand ?

Gary\_Fullett this is an edge, that u should look for ... look how long it took to retest ... basically 3 weeks. So there are times in wyckoff, where u can counter trend a trade ... you have cause ... you have a retest of a demand bar. So wyckoff never said you can't buy a counter trend move ... but going with trend is better. So you can counter trend as a scalp ... if u see a proper set up.

tonyw Do you need to consider the volume in Euro, when you buy the retest of the demand bar?

Gary\_Fullett u should always consider volume if u can. This retest happened in the european session, where volume was light. But i wanted to show u bar action, so u can "feel" the volume and the ACTION ... even though u don't have volume. You can see the retest, and the retest of the demand bar lows?

tonyw Yes I see the small testing bars

Brian\_O looks like you got a test of the same demand bar high, back in mid/early Dec

Gary\_Fullett yes

Gary\_Fullett crb ; if u are in the day sessions, or u get the newsletter ... I point this chart out a lot. It is the dow for commodities. See the crb index ... the parallel channel ... we saw this in the s and p. The holding near the rtl line ... no selling ... absorption at the rtl line ... lack of selling at an overbought line. So which is more significant ... the lack of sellers ... or that its overbought ? In other words, would u sell the rtl?

larryg lack of sellers would not mean you should close the position ... but overbought, should sell some i think ... but not short it, since not retesting supply

Anna would wait to buy

Gary\_Fullett good ... but the fact of no sellers, increases the odds we can go higher to be more overbought. Odds favor upside, and more overbought ... due to lack of selling vs a correction. Eventually, overbought corrects itself ... in this case, probably at higher levels ... today, crb was 500 higher. So the trend is higher, and no supply ... so odds favour upside ... and if we go higher, we are more overbought. Clear? Good, any q?

Gary\_Fullett natural gas ; we have a trading range ... this is the most bearish commodity we have ... and now in a trading range. So we have a small trading range in ng ... its characteristic is to have a volume off the bottom, to start an up move. Some markets bottom or top differently ... so NG tends to bottom with a wide bar, high volume ... trapping shorts, and making longs and shorts pay up. Today, we rallied to the creek area ... at the 430 area. So key for bulls ... is follow thru. Notice decreasing volume on the retest

Brian\_O high volume today?

Gary\_Fullett it was higher partly due to the holiday

Brian\_O what do you have as your creek area for this trading range, 440-460?

Gary\_Fullett 430 and 460 ... 440 as well ... you have trading ranges within trading ranges

Brian\_O understood it is an area ... OK, thanx

Gary\_Fullett when u have a trend, and then sideways ... u get sideways mark up or mark down ... you will always get a creek and ice. So in ng, follow thru with volume is key for the bulls. If no follow thru and demand volume ... it will eventually break ice support.

Brian\_O is this the type of bottom ... where lack of supply, eventually leads to a demand rally ... at some pt?

Gary\_Fullett right, bill ... yes ... lack of supply at low areas leads to demand

Brian\_O do you expect springs of lows/demand bars as well?

Gary\_Fullett its possible they have a terminal spring ... but if today was buying ... then probably not a spring

Gary\_Fullett wheat ; sometimes closes matter ... after a retest, u have the last few bars ... the closes are high end ... see this? Thats why i wrote those closes make a positive statement ... and today, we rallied to the horizontal bar i drew. So the read of the closes was right ... but also on the right side of the range ... so we can expect a sos or sow (sign of strength or sign of weakness). The creek line was drawn from a reaction high in early nov ... so a line is drawn there, as resistance. Any q?

Gary\_Fullett amos tomorrow ... and then thursday, the last class of the year. Well, i will bid u good night.

Gary\_Fullett left.

## 2010-12-29 (Amos)

Amos Hi ... end of year, end of decade, and a lot of things are pretty murky. Not much to say tonight -- lots of LOW LOK situations -- so I will try to harp on a few. It is OK to admit that you do not know at times -- saves agony, embarrassment and money.

Amos First chart is something I am not sure at all has merit -- but I stumbled upon it (someone mentioned somewhere, the ratio of stocks to interest rates -- and I took a look). So it is S and P divided by 10 year notes -- normal thinking is that interest rates compete with stocks -- so be it. The chart is not different than S and P alone ... because the ratio is basically dividing by "1" or multiple of "1" -- but there is something interesting about the weekly chart, nonetheless. You can see a double top, which I marked with a horizontal line, and it is must below the point where the move down accelerated. So it may be some sort of "theoretical ice", and we are "double backing" into it ... time needed. However, considering the recent sharp decline in bonds -- this ratio is in favor of stocks -- seems somewhat odd ... kind of against the elements. But it is too early to draw any conclusions. At any rate -- the chart is at an important juncture -- and I hope some clue will come out of it, in the first quarter of 2011. If anyone has something smart to say about the ratio -- please do.

Amos Next chart shows an inherent flaw of Point and Figure charts. It does not happen too often -- but when it does -- you are at a quandry, and must realize that this happens. You can see that the 200 X 3 filter (rather substantial, something like the weekly to monthly chart, in terms of hierarchy of significance) shows a breakout ... with at least a count of three ... which calls for a move to 8140.

Amos The next chart is the smaller count of 100 X 3 ... and you can see a serious "count" ... that does not show on the larger filter. Normally that kind of sideways action inside a "legitimate" larger count -- is much shorter -- not so many columns of reversal -- so when you see such action -- you are torn between the two counts -- which do you believe? I write on the chart "large cause in the smaller filter". There is NO ONE answer to this quandary. Once in a while, the market will show you what "seems" to be a count -- but it is NOT!!!

Amos The next chart shows that the original filter simple retraced itself -- you can say -- END OF YEAR, and market is just stalling for time. That is quite possible -- however -- if you follow the P&F as a trading guide -- it can catch you by surprise. It happened to me -- so I am sharing

Amos The next chart is perhaps the most significant chart for tonight ... it is the ANNUAL DOLLAR ; I marked the last 7 years in a Rectangle. We had an OKR year in 2008, that I thought was important -- even tho it closed in the middle -- and now, after making higher high above that OKR -- we are closing 2010 as an INSIDE year, with close near the LOW !! In my mind, this situation is LOW LOK situation. I cannot honestly read the chart -- ON one hand, we are holding higher low last 2 years -- but the higher high of 2009 was negated this year. So which is it? Add to the confusion, the fact that last month was a strong month, and dec is ending as a "shallow" correction off the high of last month. The strong close of last month -- I have to admit -- confused me. But it is all a matter of time -- and there is no solution for that

Amos If you look at the quarterly chart (I should have included it -- but forgot) -- then the picture is only adding to the confusion -- because, at least in the EURO (which is somewhat the reverse of the dollar) -- that chart looks rather negative. Large bar, with close very close to the bottom -- which indicates BEARISHNESS for the Euro -- it should indicate Bullishness for the dollar -- but the close of the yearly chart as we see here -- DOES NOT SUPPORT THAT PICTURE. When you get such a situation, where different TIME FRAMES send you CONFLICTING MESSAGES -- that is one of the TOUGHEST times to trade.

Amos this has NOT been a normal year -- even tho in retrospect, a few years from now -- when we look back, it will look "rather clear" -- at this point, I have to admit being quite confused. More often than not -- the exit from such a period of confusion (State of confusion = the 51st state) brings much more clarity, and ease of trading. When you try to draw some analysis, from the past behaviour of the yearly dollar chart -- if you look to the left, you can see that 1990-1996 was also a period of 6 years of sideways action, that gave a few false signals -- only to result in a large move from 80 to 120. The OKR that happened in 1992, that took 4 more years to resolve -- but the ANNUSAL THRUST in 1997, was a very good signal.

Amos Does this mean that we have to wait 2 more years, before the dollar starts a serious move? I cannot tell. If we are in a large range, and you think that the stochastics has some merit -- then the yearly stochastic -- has not crossed yet -- but is rather low, and the chance for an up move is large. I said before several times, that it does not make any sense for the dollar to rally -- when it is being printed at a Zimbabwean speed by the FED -- but the chart says possible rally. It may very well be, that a major problem in Europe will be the driving force, and the dollar will still be some kind of HAVEN compared to other currencies. I am sure there is more in this chart -- which I do NOT see -- but that is it

Amos Next chart is the yearly crb ; this is one strange chart. I do not know how to call it from a Wyckoff point of view, I do not know how to call it from Elliot point of view, I do not know what to make of it from trend/trading range point of view. I have watched many commodities, and I have noticed that around June of this year -- there has been a CONCERTED EFFORT in many commodities to go higher. As if some big money has decided, that it is the best move in town -- to bet on inflation -- perhaps we will find later, that much of the Money pumped by the fed (QEs and other stimuli), has been put to run commodities as the best venue to make profit. My gut feeling is that this is a HUGE bubble -- but the chart of the crb calls, as I write: "calls for at least a NOMINAL higher high in 2011". This is a strong close. At the same time -- the close of 2008 was a very weak close -- and it "called for at least a NOMINAL LOW" in 2009 -- which did NOT occur. So we may have some interesting surprises in 2011.

Amos One important point -- many times, the END OF YEAR is an IMPORTANT POINT on chart. For some reason -- there is enough money that works in TIME CHUNKS (I have talked about this concept a while back), and they operate in "campaigns" that often END with a calendar date. Perhaps this has to do with accounting or business plan -- no matter. It is quite amazing to peruse old charts, and see that it is not so rare -- that END OF YEAR is an important chart point -- regardless of OTHER considerations. So we are 2 days in front of that occurrence. Do NOT be surprised to see some violent moves, come first of year !! At any rate -- traditionally, the strong close -- says we need a higher high in 2011 -- we shall see

Amos Next chart is the yearly s and p ; One of the things that bothers me, is the fact that we have a strong close (but the VOLUME is the lowest on the chart) -- I hope that yearly volume is correct -- but rallying on lower volume is a CONFUSING MESSAGE -- at least according to Wyckoff -- so which is which? On one hand -- this strong close, again, calls for at least a NOMINAL higher high in 2011. At the same time -- the lower volume says that demand is waning -- this NOT an easy situation, and I am pressed for words to say, or see, something clear.

Amos The V bottom, in my mind, is NOT a "true" bottom -- and even tho I do not see a collapse to 1000 on the dow (as Prechter sees) -- I still think that in the least -- we need to test the Lows of 2009, in the coming years. Several scenarios are possible : 1) We have a Prechter collapse ; 2) We trade sideways, because we are inside a large range ; 3) we start a painful slow drag down ; 4) we go up to test the previous high.

Amos I have no idea which will develop -- but if the low volume is a TRUE INDICATOR -- then it is NOT BULLISH

Mr\_Steve What is a prechter collapse?

Amos Steve, I showed here Prechter 2010 prediction and his chart -- he is calling for a drop in the DOW to 1000 (close to 90% collapse)

Amos Next chart is the yearly Nasdaq ; The yearly nasdaq shows a clear 8 years range -- so I closed them in a rectangle. We are at the top of that range. If, indeed this is a true range -- then STRONG CLOSES are MISLEADING in a Range (Jesse Livermore talks about that point back in 1920). So the strong close of the nasdaq, does not seem so significant to me at this juncture. The point is that 8 years range is LONG ENOUGH -- and perhaps it is time for the Range to break -- in that case -- we can jump the range, and we have quite a spece (??) to rally back to 50 % correction at least -- which can take the nasdaq back to 3000-4000 level.

Amos So the big question goes back to the meaning of this range -- if it is still part of the correction of the huge bubble of the hi-tech -- and such correction of a huge bubble, can take decades -- then the picture is NOT bullish. If this is a good enough correction -- then we can jump and go. The volume -- here AGAIN, assuming it is correct ! -- is DISMAL -- we are closing 2010 on the LOWEST VOLUME of the range! Again, from a Wyckoff point of view -- this is DEATH OF DEMAND (even tho supply is not there either). So, again -- a point of LOW LOK -- many like this, at this time -- and one must admit to being in the dark

Amos Next chart is yearly lumber ; ON its face again, we have a strong close of the year, and it calls for higher high. Where is the demand for lumber coming? I have no idea -- but the chart was very oversold, and this may be a reflexive rally -- why not buy lumber, the same way we buy cocoa, palladium, copper? But ...

Amos the next chart shows the monthly chart of lumber ; and the INTERNAL structure is telling a somewhat different picture -- it shows that the December rally is coming up to a TOP of MONTHLY RANGE -- and that may be a truer picture of the situation here. So the yearly chart closes strong -- but the internal of the year, shows a top of range -- one of these arguments, is "MORE CORRECT" than the other -- and we will learn in January

Amos Next chart is Semi annual Australian dollar ; it is at all time high, and is closing the year on the high -- all shorts are being squeezed -- and the argument of the Aussie being a "commodity currency", holds water since commodities are so hot ? However -- the chart structure has the possibility, that this strong close may turn out to be an UPTHURST. IF THIS IS AN UPTHURST -- then the decline in the Australian dollar can be rather vicious. I am reading \*(on the GVI forum), quite a few indications from down under (there is a poster with the NICK SYD -- who is bringing a lot of fundamental bits from rather good sources, about the economic and political situation in that island -- well, even tho I pay NO attention to fundamental news -- It is interesting to note), that recently most of the news from the reef continent is rather negative. So if this is a pure squeeze play -- the Aussie may be a huge short shortly.

Amos Next chart is quarterly beans ; I admit to not understanding this chart -- I have no idea what is the current cost of producing a bushel of beans, but I doubt it is over 7 dollars. Market allows farmers to hedge their crops at 100% sure profit -- how long can that last ? At any rate -- I try to remain technical, and I drew a possible up channel on the chart, which crosses around 14.50. If this, per chance, is a classical FLAG -- then the RTL of that channel should be respected -- so the meeting of price with that channel, may be of significance. That is all I can say about the beans -- but the strong close, again, calls for at least higher high in 2011

Amos Next chart is annual crude ; Again -- one of the most confusing charts for me. Any rally to 100 (as many analysts are calling) -- will be MEANINGLESS, in terms of this chart -- it is just another point in a VOID of space, inside the bar of 2008. I note that 100 was the HIGH of 2007 -- and perhaps, if we call that high PSY, and the high of 2008 BC (AND AR COMBINED) -- then a retest of that "PSY" at 100, may be of some chart significance -- but that is just playing my imagination -- not based on any real facts. Here, the volume is OPPOSITE to the volume in the equities -- and if it is true then -- this year saw the HIGHEST VOLUME EVER in Crude. What does it mean -- is this Bona Fide Demand ??? After all, you can say that the yearly chart shows some sort of SOT (shortening of the thrust) -- I have NO IDEA. All I could write on the chart is "HOW TO READ THIS?"

Amos you can see that there are many charts at the end of 2010, that are EXTREMELY NOT CLEAR. This is a VERY UNUSUAL situation -- but that is the situation -- so the best thing to do -- is just WAIT PATIENTLY, UNTIL THINGS CLEAR OUT -- that is the best solution, as far as I am concerned

Amos next 3 charts -- happen to be interesting, as I looked at them -- and they happened -- "ON LINE" as I was printing them. I was looking at the swissy racing, and saw the monthly chart reaching all time high. So I marked the potential double top -- well, it only took from 11 minutes after the hour, until 26 minutes after the hour (you can see the time print at the bottom right corner of each chart) -- to rush to get all the stops of the Double Top.

Amos The next chart is the 15 min chart jump, from 10550 to above 106 -- and you can see that there were quite a few stops there ( the market knew!). But at the time of the printing, I wrote -- Jump or Upthrust? NMT

Amos The last Swissy chart, is the next day daily ; you can see that so far it is NOT clear -- the market backed off the jump -- but CLOSED THE DAILY IN THE MIDDLE -- which calls for MORE SIDEWAYS TRADING -- this is NOT your TYPICAL UPTHURST (a true upthrust Clears the stops, and DOES NOT let you go short with a small stop again -- things are rarely that easy) -- so the picture is not clear

Amos Next few charts go back to the daily dollar and euro ; we already saw that the larger time frames tell one story -- but all in all, call for more uncertainties come 2011. So you can see that the dollar is coming to a nice uptrend line -- and the daily (and monthly) trends are more bullish than bearish -- so you want to BUY dips, especially if they come to a clear support line. What happens?

Amos See next chart, the next day ; you can see how they SPRUNG that line. I write on the chart: Goes to show that enough traders use daily trendlines, and become easy prey in the food chain. Today, we came to test or break that spring again -- simply NO hurry, and we can toy with the day traders!

Amos Same picture on the next two charts on the daily euro -- but the reverse picture. You can see the euro coming to a clear DOWNTREND LINE around 13250 -- and the next chart shows that there was an upthrust (of the trendline -- the opposite of a spring of a trendline) with a weak close -- that was "tested" today. All these moves are MEANINGLESS, in terms of the larger trend -- but apparently supply enough meat, for the banks to kill enough day traders. Again -- one must know at what ladder on the FOOD CHAIN one stands -- you will be allowed to eat those below you, and will always be eaten by those above you.

Amos Last chart is wheat soy spread ; and it is a possible Jump and back on the daily -- one of these days, this spread will take off, for sure once -- we go above the last high of 610

Amos OK, this is it for tonight -- I just want to reiterate -- this has been a weird year. If, indeed, we learn that much of the stimulus money went into the hands of sharks, that decided that the best way to put it to use is to drive commodities higher -- then it will be another sign that CORRUPTION is STILL WITH US -- and the correction of 2008 was only the first step in trying to clean the stables. I have to admit, that I am very weak when it comes to corruption. You can tell from the way I talk, that I prefer crude honesty, to chicanery and corruption -- and when evil forces (be it the HUNT brothers, Madoff, Kervile, Nick Leeson, or JPMORGAN) take it upon themselves to move markets -- I am at a loss -- but in the long run -- logic and sanity prevail, and then technical analysis measures human behaviour much more accurately

Amos HAOOK ... open for questions ? If no question -- then I bid you all HAPPY NEW YEAR, and we start afresh the SECOND DECADE OF THE THIRD MILLENIUM. Until next time ... gn

Gary\_Fullett ty, amos ... night all