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PRESENTED BY: Greg Capra

President and CEO of Pristine Capital Holdings

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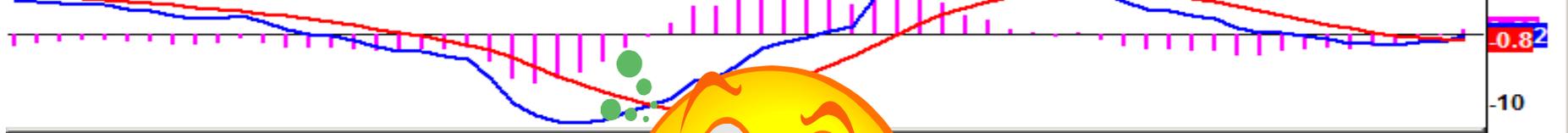
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Indicators are Subjective

Are you currently trying to make sense out of something that looks like this noise?



MACD(12,26,9,C)



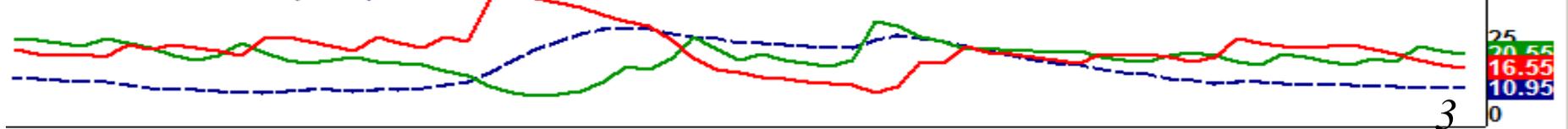
Stochastic(14(3),3)



Money Flow(14)



Directional Movement(14,14)



12460
12440
12421
12414
12400
12380
12360
12340
0.82
-10
100
68.68
55.42
0
100
51.98
0
25
20.55
16.55
10.95
0

14:00 15:00 16:00 10:00 11:00 12:00 13:00 14:00 15:00 16:00 10:00 11:00 12:00 13:00 14:00 15:00 16:00

- *Without rules that define a plan to trade or invest our thoughts and trades will be random.*
- *All trades start with determining the trend.*
- *Basing trend analysis on anything other than price action will be subjective. Let's look!*

Subjective Trend Analysis



Which trendline?

Which moving averages?

Which points to draw Fibonacci?

Do they signal changes in trend?

Are any of them support-resistance?

The Theory of Self-Fulfillment

Trendlines, Moving Averages and Fibonacci Retracement levels are used to “locate” Support or Resistance. Traders ask, “Why do prices reverse there?”

If enough people believe something, whether factual or not, they can have an effect when they act on that belief (e.g., buying or selling at a MA, or T-Line).

Price is the only truth in technical analysis

Price Support is where Demand is. Buyers are there

Price Resistance is where Supply is. Sellers are there

*These points represent commitment with real money **It's what moves the market.***

Let's build on this fact to guide our trading decisions!

We need to define:

- *What are reference points of support and resistance*
- *The trend and trend changes when they occur*
- *What signals an entry in the direction of the trend*
- *Where those setups will be taken*
- *You can trade anything with this criteria!*

How To Keep Trading Simple

- *Buy pullbacks to a reference point in an uptrend.*
- *Short retracements to a reference point in a downtrend.*
- *Key point; make sure there is a trend or trend change!*
- *We are going to break down the analysis or thought process of a trade into a simple, easy to follow step-by-step process.*

What is Support?

● It's a “**Reference Point**” where buyers anticipate overcoming sellers.

1. At a minimum, it's a prior bar's low within a series of bars making HHs.

2. If there, it's overlapping bars directly to the left of current prices.

3. Then look to a prior pivot low (a bar with HLs on both sides).

What is Resistance?

● It's a “**Reference Point**” where sellers anticipate overcoming buyers.

1. At a minimum, it's a prior bar's high within a series of bars making LHs.

2. If there, it's overlapping bars directly to the left of current prices.

3. Then look to a prior pivot high (a bar with LHs on both sides).

Support and Resistance Reference # 1

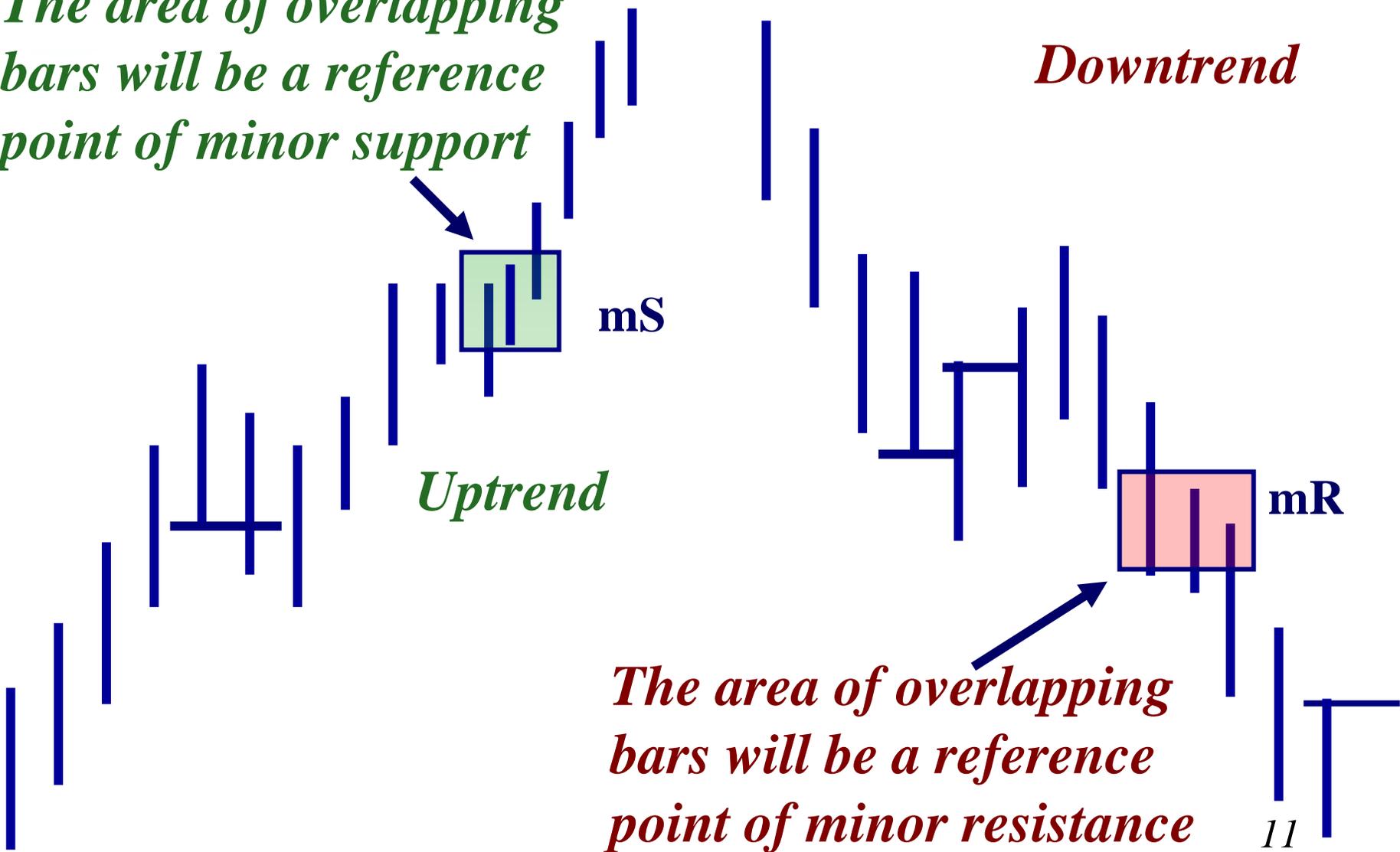
● *A prior bar's high must be overcome to enter longs or cover short positions*

● *A prior bar's low must be overcome to enter shorts or exit long positions*

Support and Resistance Reference # 2

The area of overlapping bars will be a reference point of minor support

Downtrend

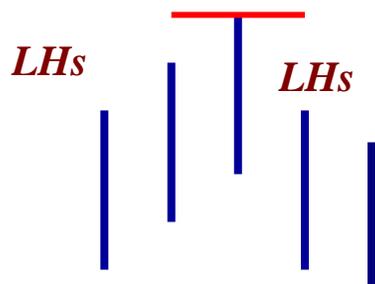


Uptrend

The area of overlapping bars will be a reference point of minor resistance

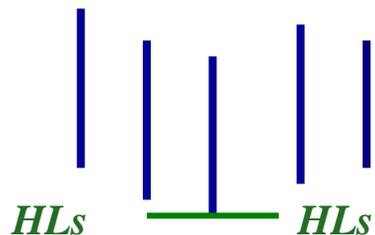
Support and Resistance Reference # 3

● A price pivot high (PH) must have a minimum of 2 lower high bars adjacent to both sides of the pivot bar.

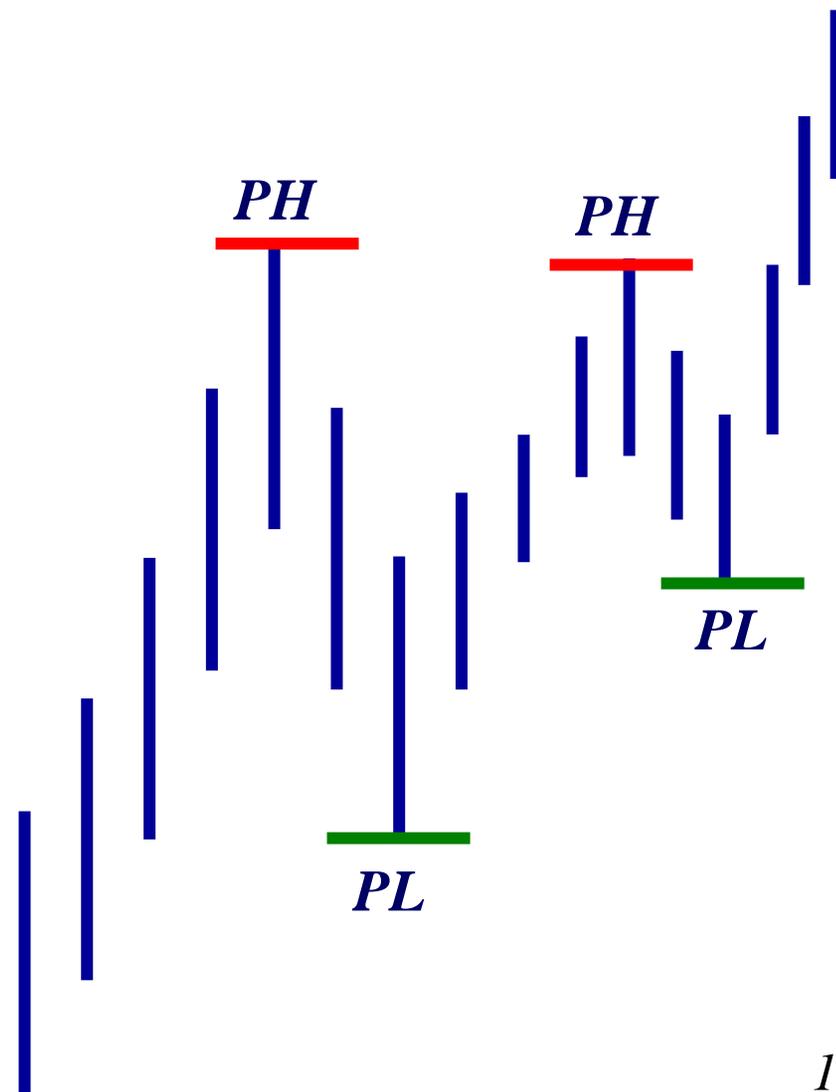


Resistance has formed

● A price pivot low (PL) must have a minimum of 2 higher low bars adjacent to both sides of the pivot bar.



Support has formed



Review of Reference Points

- *A prior bar's low will be our first reference point of support in a series of upward trending bars.*
- *If there, overlapping price bars to the left will be a reference point of Minor Support (mS) in an uptrend.*
- *A pivot low must have 2 bars with HLs adjacent to the left and right at a minimum to be a pivot. **This is Major Support (MS) after a prior high is overcome.***

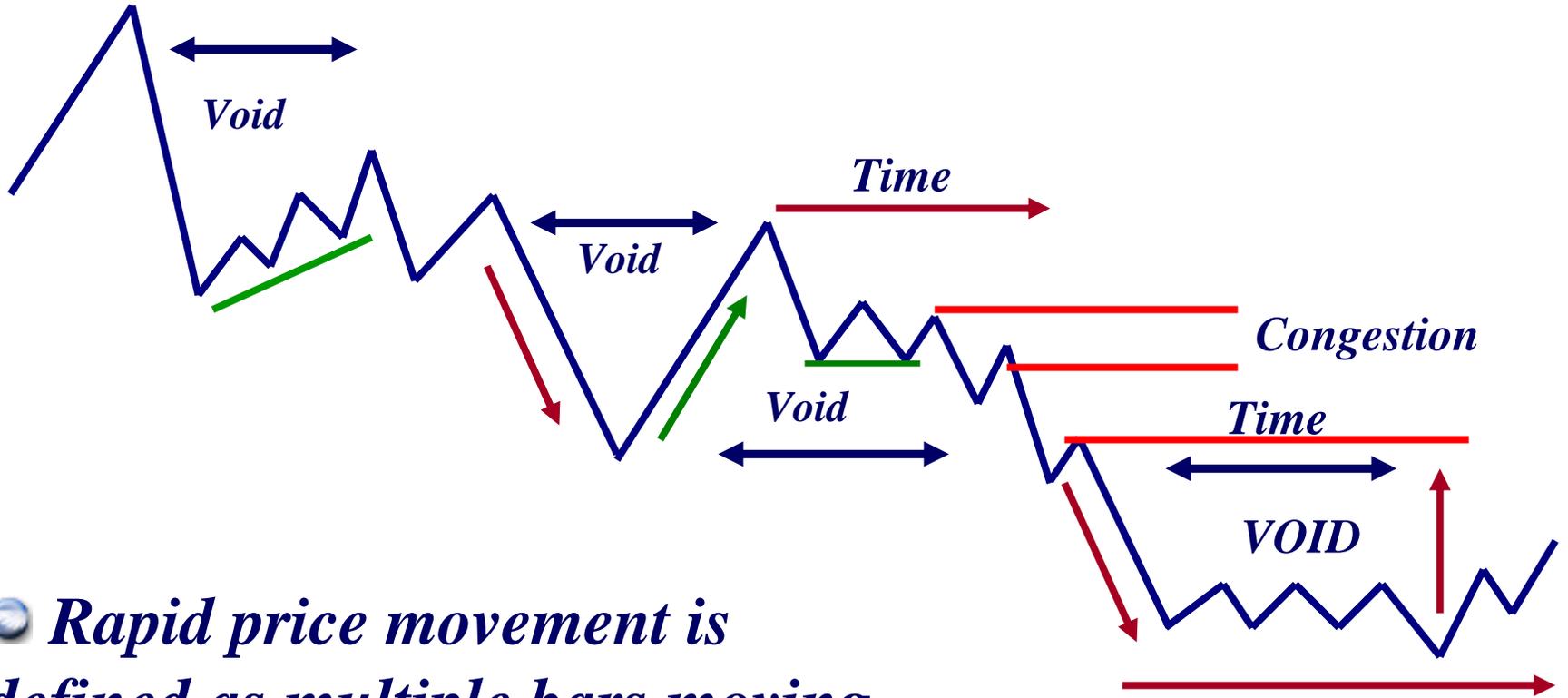
This Is The Key!

Prices Move Between Support and Resistance

- Traders *Bid* at *Support* and *Offer* at prior *Resistance*, which may create enough *Demand* or *Supply* to form reversals at those “Reference Points.”
- Wait for an entry - in the direction of the trend - at a reference point.
- A **VOID** of reference points increases the odds of prices trending since traders do not have a reference of support to buy or resistance to sell at.
- If there isn't a reference point, wait for one to form and a retracement.

What is a Void?

Voids are created by gaps, rapid price movement and time



● *Rapid price movement is defined as multiple bars moving in the same direction with little to no overlap between the bars*

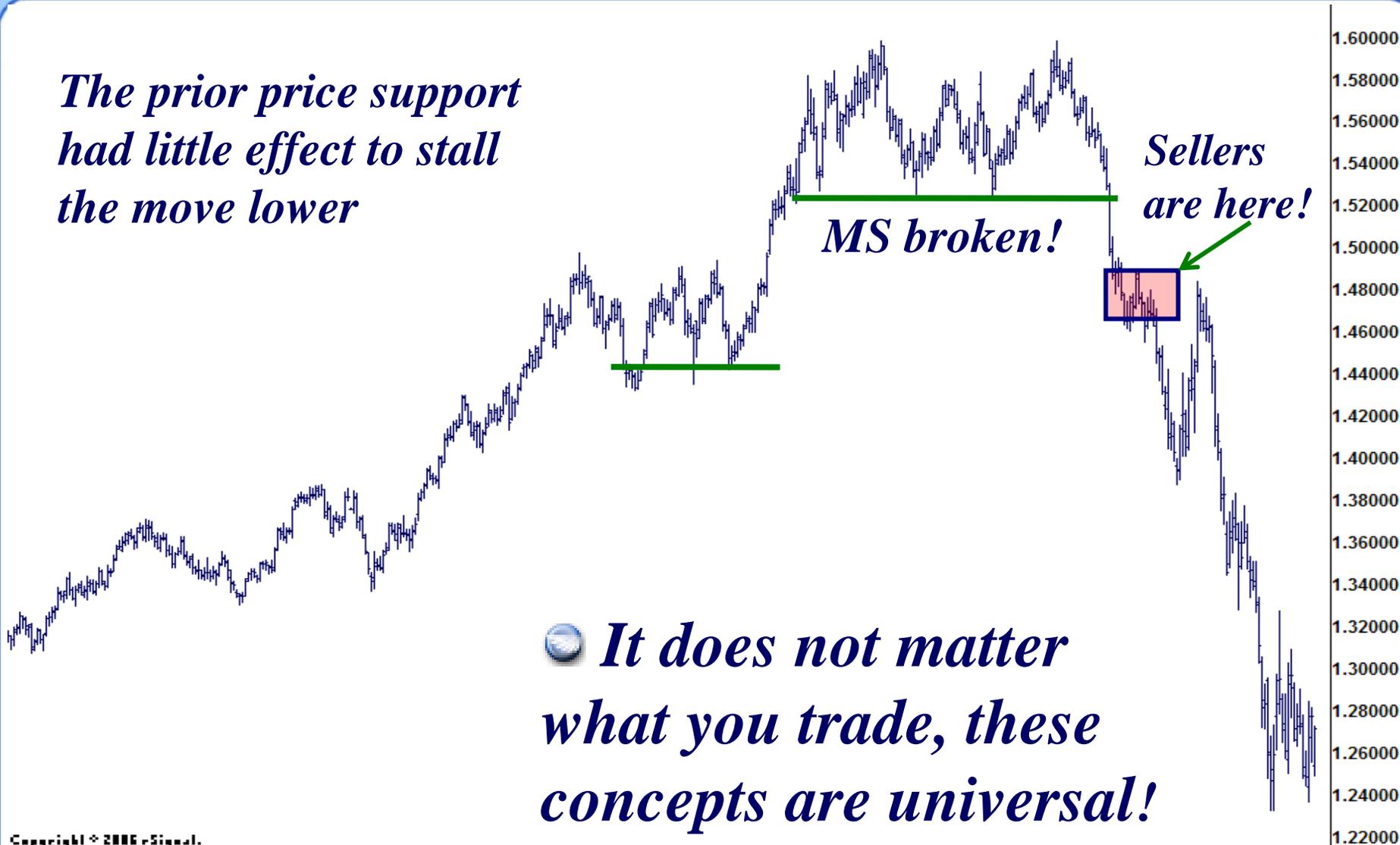
Voids are created by time passing.

EURO



EURO

*The prior price support
had little effect to stall
the move lower*

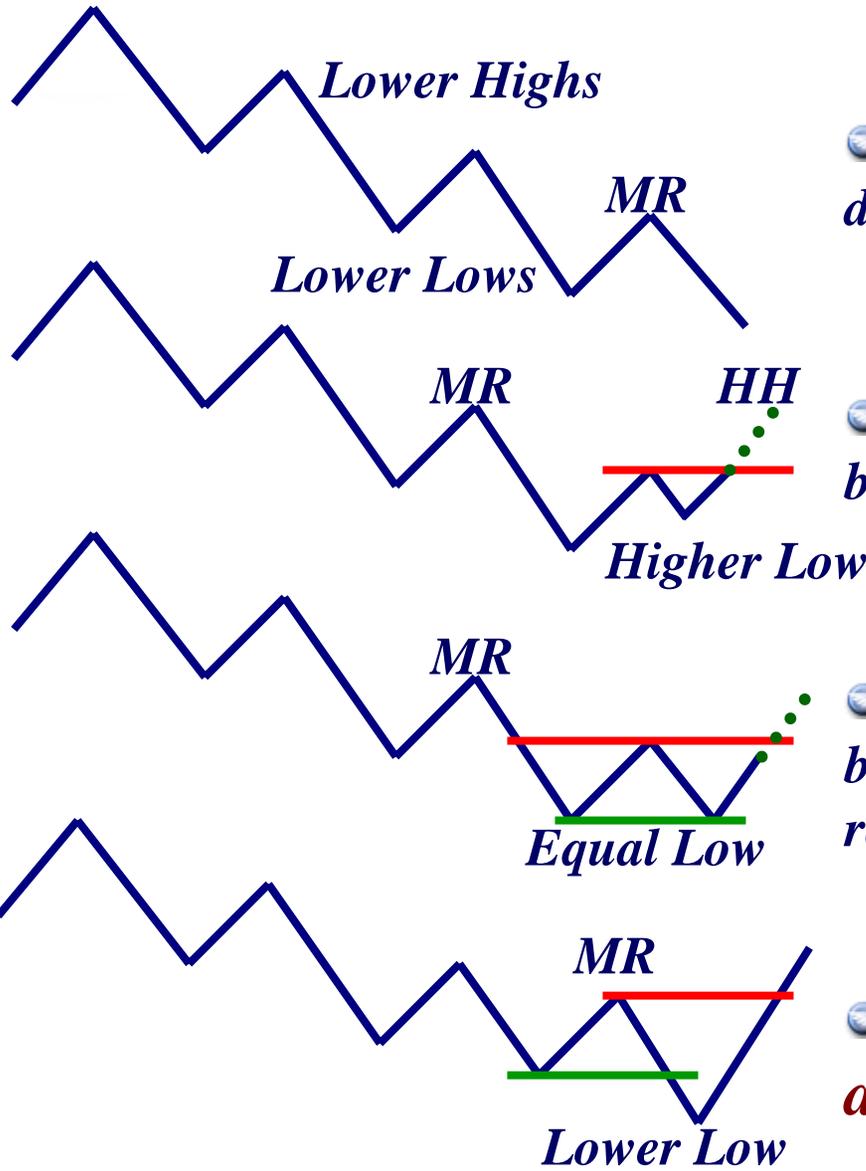


**It does not matter
what you trade, these
concepts are universal!**

Defining the Trend and Trend Change

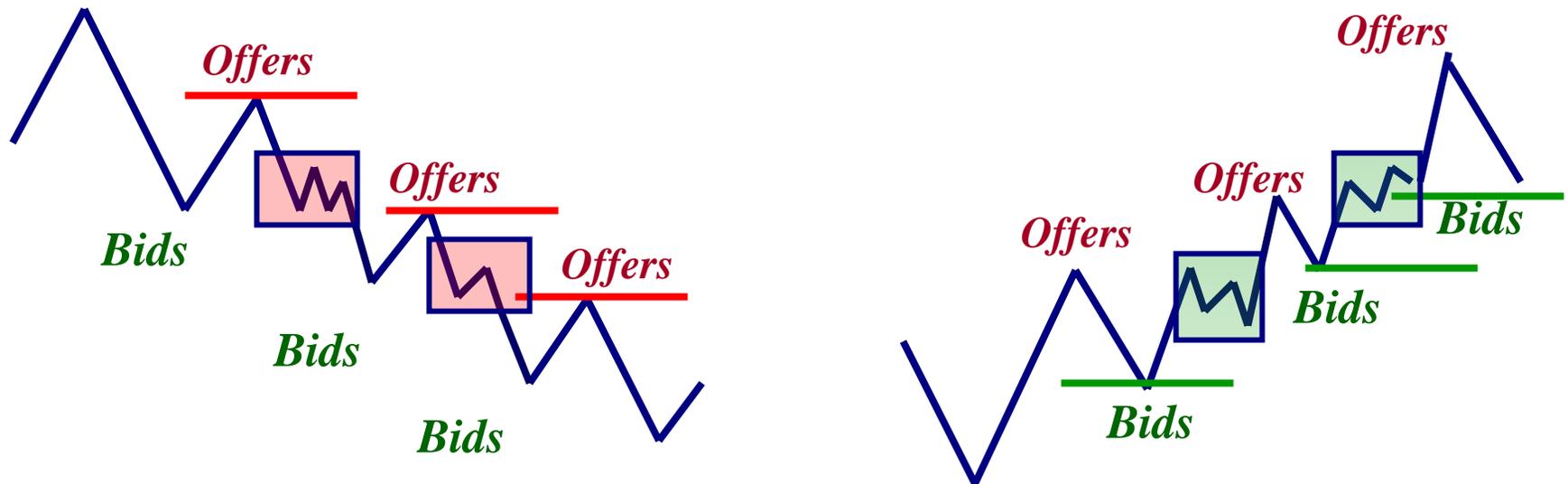
- *A downtrend is defined as a series of lower pivot highs and lower pivot lows; two or more. Vice versa for an uptrend.*
- *A higher pivot low and higher pivot high that does not trade above MR forms a bear flag and weak support.*
- *An equal pivot low (W-Bottom) within a downtrend setups and move above the prior pivot high setups a buyable pullback.*
- *A move above the pivot high - prior to a lower low - in a downtrend is a signal of a changing trend. Buy the retracement.*

Defining the Trend and Trend Change



- *Major Resistance (MR) in a downtrend is defined as the pivot high prior to a new low*
- *A move above the prior high is not a break of MR. This is know as a bear flag*
- *A move above the prior high would not break MR, but would suggest a move to next resistance and a pullback can be bought*
- ***This move is a break of MR and a signal of a changing trend***

- *All prior highs are resistance and lows support.*
- *In an uptrend, odds are that prior resistance can be overcome.*
- *In a downtrend, odds are that prior resistance cannot be overcome.*



- *We want to sell where the offers are in a downtrend and buy where the bids are in an uptrend, simple!*

Review of Concepts Covered

- *We have defined reference points of support and resistance and that traders **bid** at support and **offer** at resistance*
- *We have defined that a void is the **absence of reference points.***
- *We have defined a trend and what signals a changing trend.*
- *We can now look at basic reversal patterns that provide entry points to get on board at a reference point.*

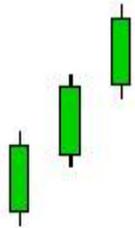
Candle Basics and Patterns

- *Prices in a candlestick format more clearly display the relationship between a bar's open, high, low and close.*
- *Candles will form recognizable patterns that suggest the future movement of prices.*
- *We are looking for candles that signal slowing momentum and/or a reversal - at a reference point - within a trend, simple!*

Candlestick Analysis

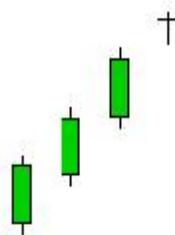
Giving a pattern a bearish name does not make it so, but it does produce those thoughts

Narrow Body

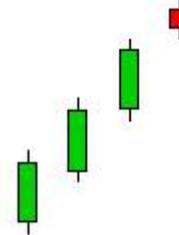


Trending Higher

Narrow Range Bar

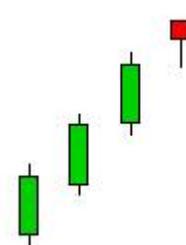


Bearish Doji Star



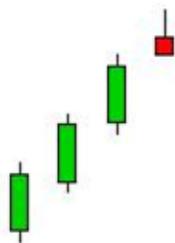
Bearish Star

Bottom Tail



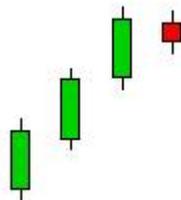
Bearish Hangman

Topping Tail



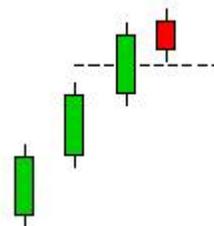
Bearish Shooting Star

Changing of Guard



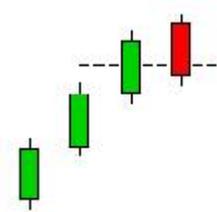
Bearish Harami

Changing of Guard



Bearish Thrust

Changing of Guard



Bearish Piercing

Changing of Guard



Bearish Engulfing

All setups must be put in the context of the trend and prior resistance.

 *Now that we have setup a systematic method of defining Why, When and Where to trade let's look at how it works*



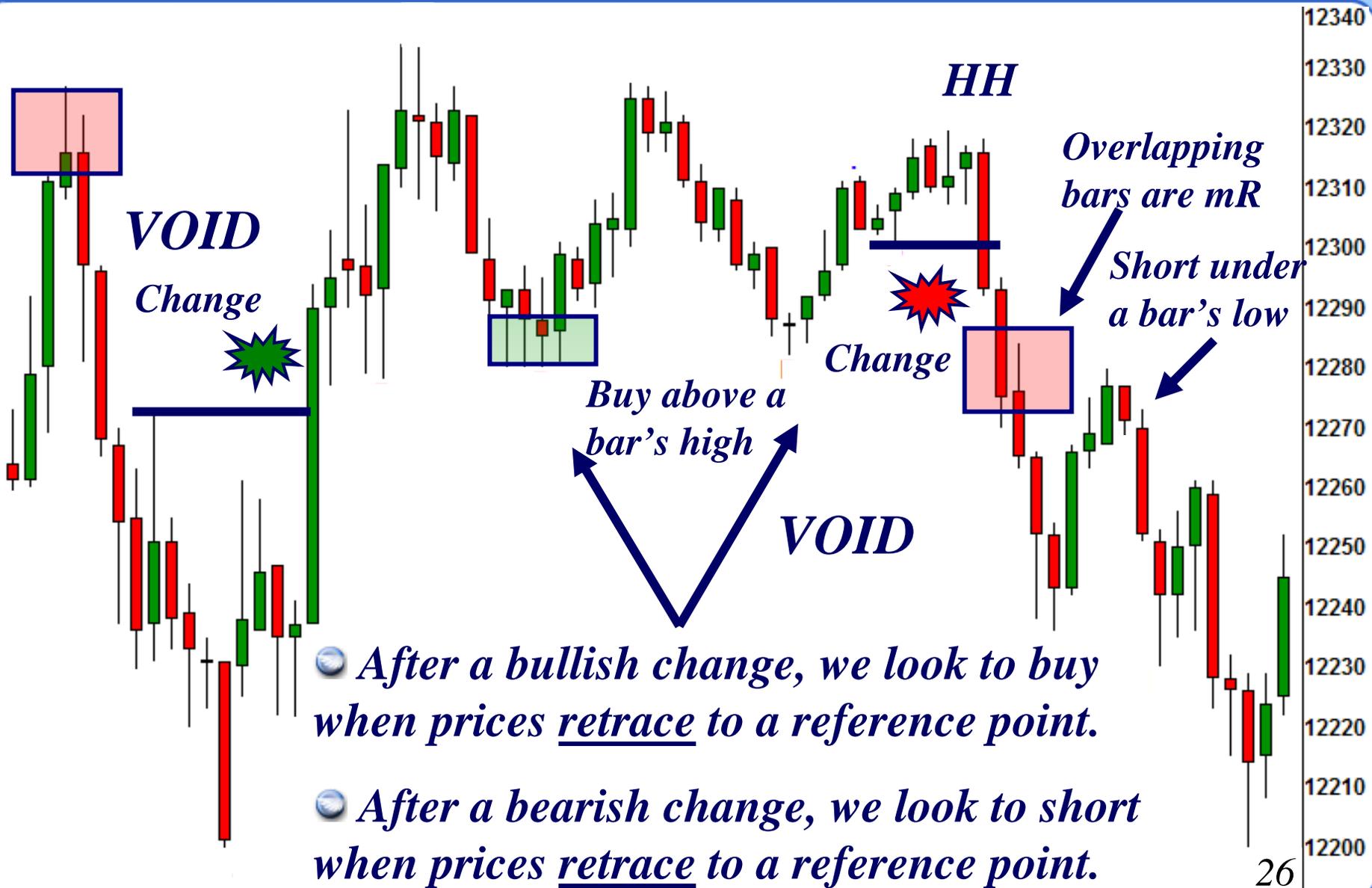
● *Sellers are at pivots or overlapping bars*

*Offers to sell will be here.
Short under a bar's low*

*Breakdown,
Think Sell!*

Money Bar

● *This drop creates a void above.
Once a pivot high is created, you
have a reference point to sell at.*



● After a bullish change, we look to buy when prices retrace to a reference point.

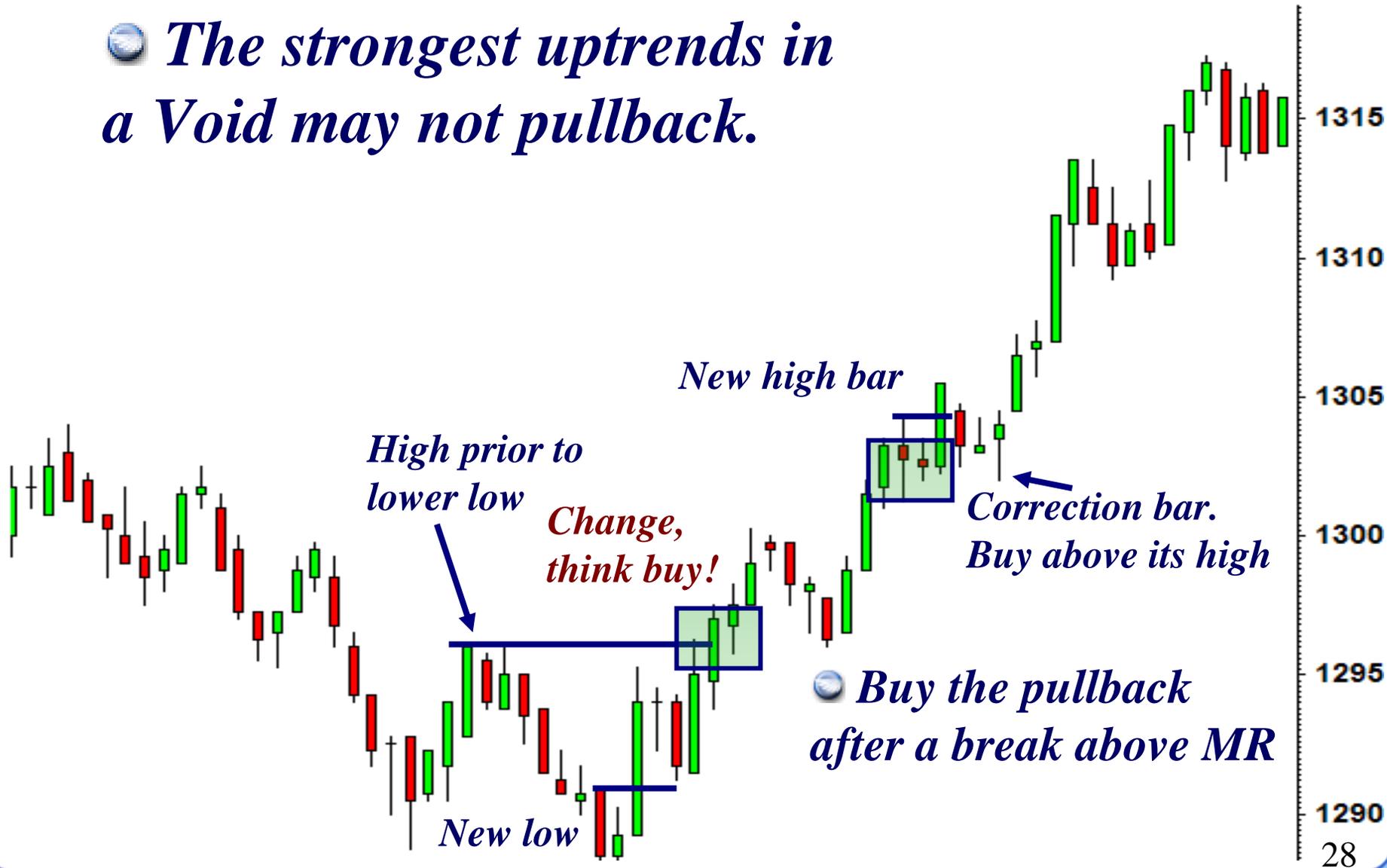
● After a bearish change, we look to short when prices retrace to a reference point.

🌐 *This was a buy called in the Pristine's E-mini Trading Room (ETR) on 6-12-08 @ 10:50am*



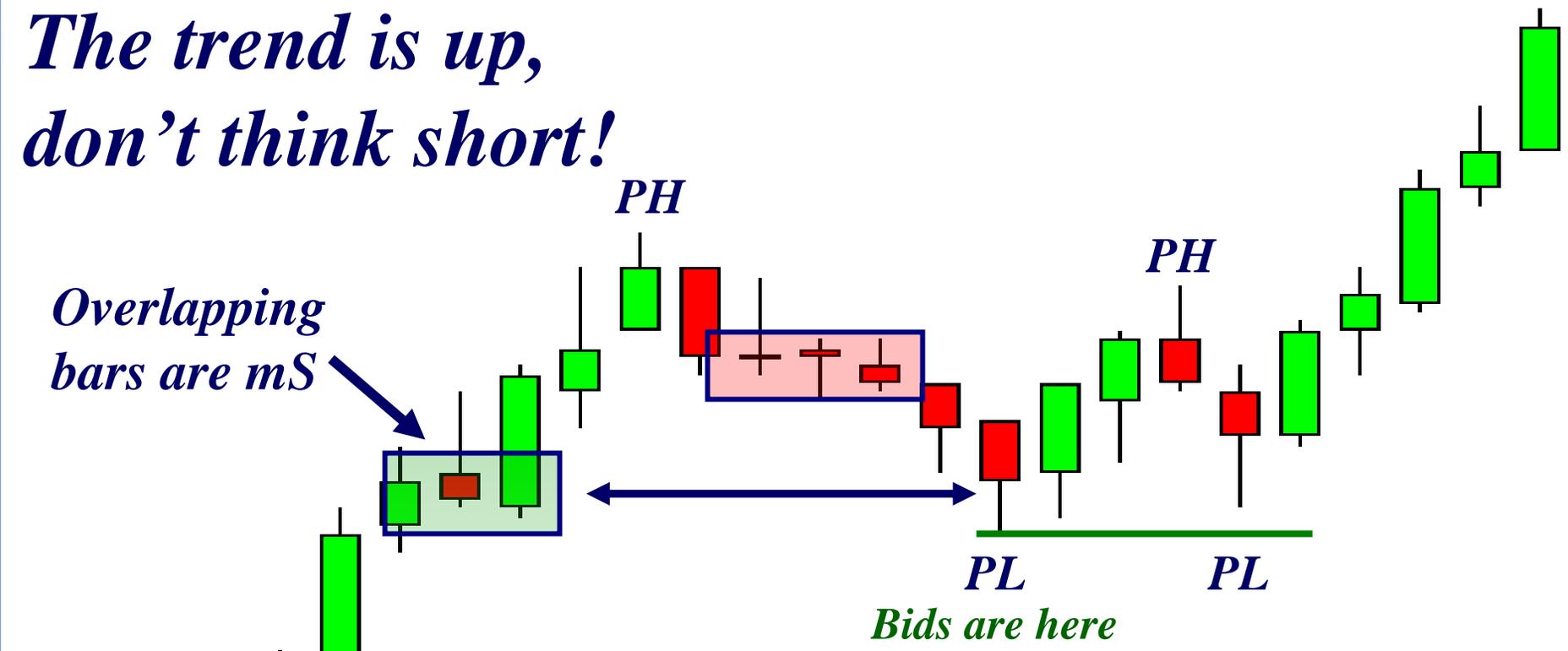
- 🌐 *Trend is up*
- 🌐 *The pullback creates a pivot*
- 🌐 *Retest of a reference point are where the bids are. A Bottoming Tail (BT) bar sets up the entry above that bar's high*

● *The strongest uptrends in
a Void may not pullback.*



*The trend is up,
don't think short!*

*Overlapping
bars are mS*



● *Price and Trend Analysis is a continuous process of updating information as it forms*

It does not matter what you trade. These concepts work in all markets and time frames!

- Has the trend changed?
- Where are the offers?
- Does momentum slow there?
- Take trades on the direction of the trend were the offers are!



S&P 500

At A, prices close above MR for the first time, think buy!

Market internals became bearish here!

MS is broken, think sell!

B At B, I alerted the PMTR it was time to buy!

You don't need indicators, only the right education!



- *Indicators and trend tools are subjective, can mislead and typically confuse.*
- *The guidelines covered will provide you a continuous, systematic method of price and trend and analysis.*
- *Of course, there is much more to learn about the Pristine Method®, but you have a great start!*
- *Counselors are at the Pristine Booth or call
800- 340-6477 for show specials.*



*Thank you for your trust in
allowing us to help you reach your
financial goals!*