

Chapter 7

Final Concepts

We will now put together all these ideas to try and get a comprehensive view of the chart. We always start with our simple PRINCIPLE that the PRICE vertical distance must be offset by the horizontal TIME interval. Once that occurs a change in trend is indicated.



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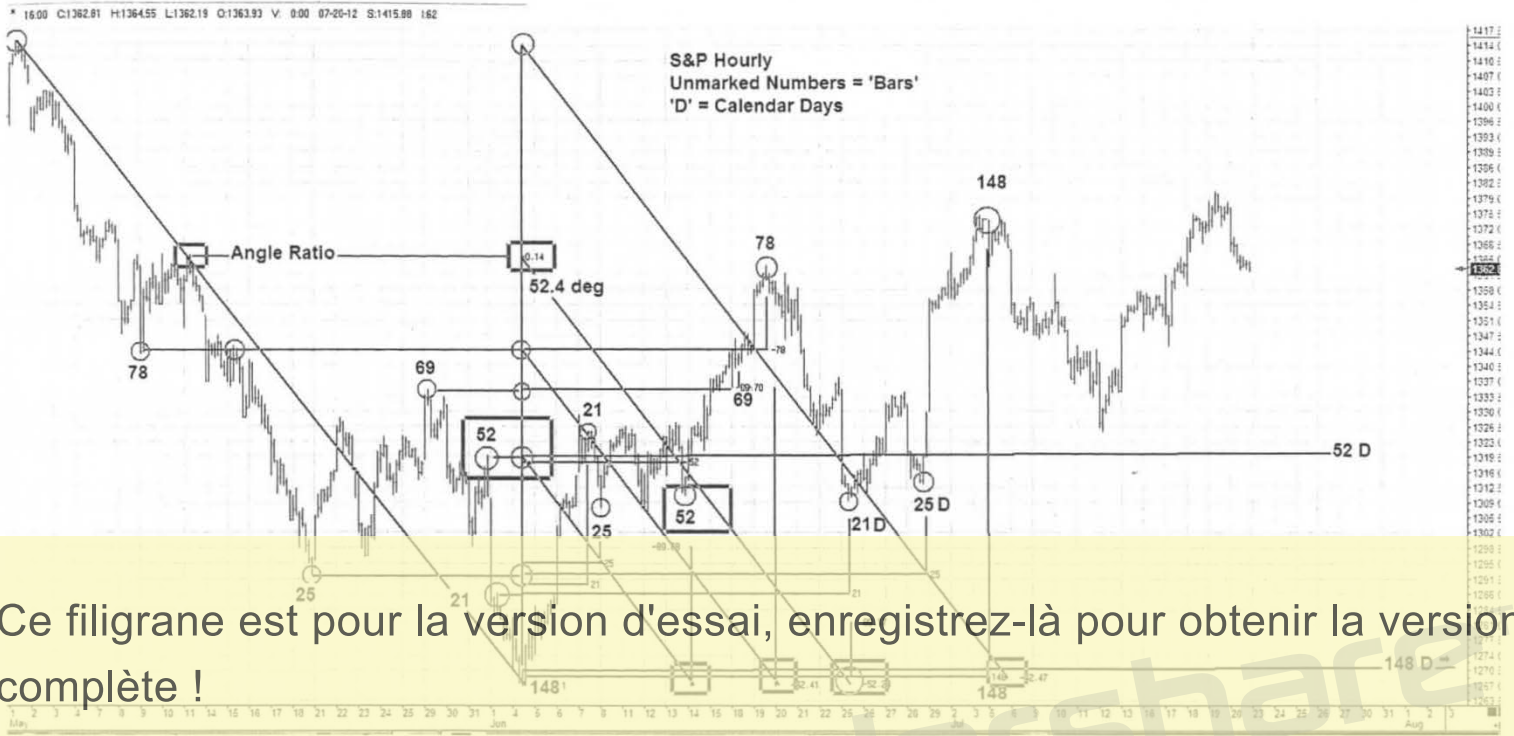
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Here we have an hourly S&P chart and the 'big' leg down at the left to the final bottom is 148 POINTS. Since this was a decline we now need a rally or consolidation of the same amount of time before the market can go down again. On the right side after the low we see a top was made at 148 'bars' after the low. This may or may not be a final top since the time element is variable and 'bars' may not be as strong as calendar days. The numbers on the right with a 'D' after them are the calendar day time counts and the numbers without the 'D' are trading bars. Note that each circled number on the left creates a node that is replicated on the right with that *numbered price drop amount to the low range*, being squared out in hours or calendar days. Note the approximate distances of the foldback wings like the distance from the 25 to 69 on the left being almost the same as the 25 to 69 on the right, and the 'foldback' of the 25 to 78 on the left being the same distance as the 25 D to 148 on the right. If you can locate one of these pivots you can often be warned as to a future turn as to time AND potential price. (Again-numbers on left of axis tree are vertical *price distances* to the low, on right, they are *time* in bars or days).

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The chart below potentially **solves** our 'scaling' problem with simple trigonometry.



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that the angle is also about 52.4 degrees but since this is the correct angle for this chart, we can now draw other 52.4 degree angles (or parallels to this first one) and start them at the other nodes and you can see when they hit the bottom line you get perfect square outs. Now if you look closely you will see the big high on the left from its node point down to the 148 end point catches the top but there is a small discrepancy between the 52.4 angle and the horizontal 148 bar count. The bar count is usually more accurate and the angle usually off, due to imprecision in drawing the angle, but there is also a slight difference between 'bars' and *weekend* time gaps that show up in the angles as a slight deviation from the true slope. I only mention this because in most cases you will want to calculate the first true angle and then just make a quick dozen duplicates of that angle to move around the chart and square the ranges, rather than take the time to calculate the actual bars for every turn. After you have the angle predicting a turn in your current time zone, THEN you can go back and recheck the exact bars or calendar days to get more precision, but in the early analysis you will just want to quickly scope out the future expectations. Looking again at this chart we

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can easily see that the correct angles down from all the nodes exactly give us all our trading turns very quickly and easily.

Here's an example of the S&P daily over the past bear market trend since 2007 and we see this method gives us very good predictions for where all the BIG moves will be.



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possibilité de scanner les fichiers PDF avec l'OCR. The parallels to that are started from the next nodal points up to get later square outs. Note if you start with the 'last leg down' prior to the final low, that angle will always come out first, so then you can methodically look for all the next higher distances on the left of the axis to find the next square out in time. I think you must honestly conclude from looking at this chart that this method is one of the greatest advances in all of technical analysis and truly accounts for all market movement from a geometric charting perspective. You have made a wise investment in buying this book. But we are not done yet.

You may be inclined to quickly do an analysis like this one on this next chart and just use time and price angles from their top origins rather than the proper 'nodal point' origins. These do work and can give a few extra turns but our principle of vertical price and horizontal time is violated. While this will give a few good hits very quickly I urge you to take the time to set up the axis tree above or below the pivot so the vertical price distances can be squared perfectly with the time period.

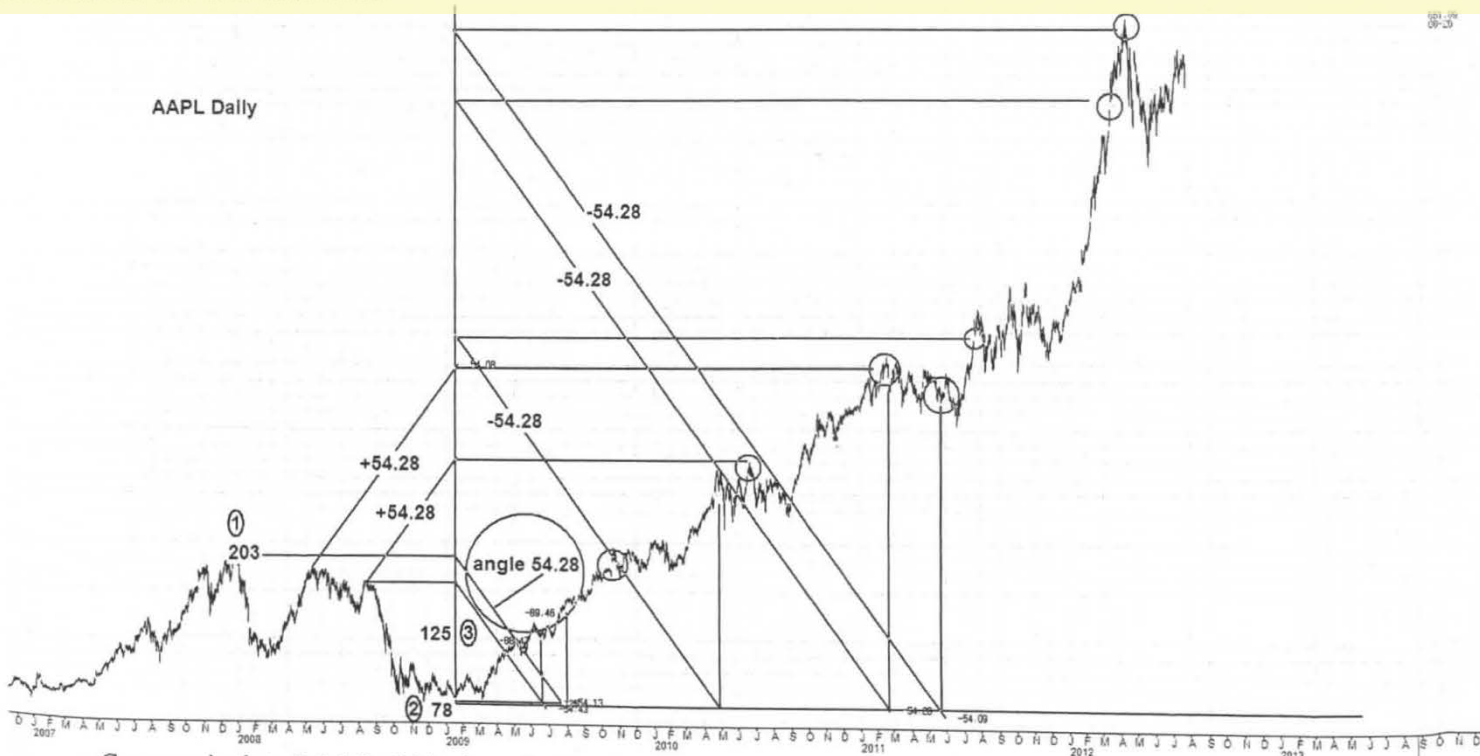


In this case I have used the 'square out angle' but made it from the triangle starting at the high price and extending to the high price bar count on the right of the axis tree and NOT coming down from the node on the axis tree. This can work at times as seen here but the technically correct measure is the angle from the nodal point as seen in the prior exhibit.

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This above chart of Apple shows the initial key triangle that constructs the square out angle (54.28) being from circled point '1' (203) to circled low '2' (78) and circled range '3' (125 - the node drop from 203 to 78). Once we have that key angle we make parallels to it and can move them around to see where they square out lows on the baseline and traveling back up to the axis tree, see intersections in *price* that give future resistance areas. We can also take the same angle going up to the right as shown to the left of the axis tree and square out future high prices from past highs. Note the circled parts of the price pattern on the chart which shows where these key square out angles hit the axis tree or baseline and can be moved back and forth across the baseline or price highs and lows to show potential future cycles and prices. Note how ALL the key pivots in this chart's history are accounted for, except for a few small 'wiggles' which I left out so as not to confuse the chart with too many lines but you can see where they came from by putting the angles in yourself. Once you have drawn the first key square out angle, usually from the last leg down into the final low, you can then duplicate that angle and after every high, extend it backwards to intersect the

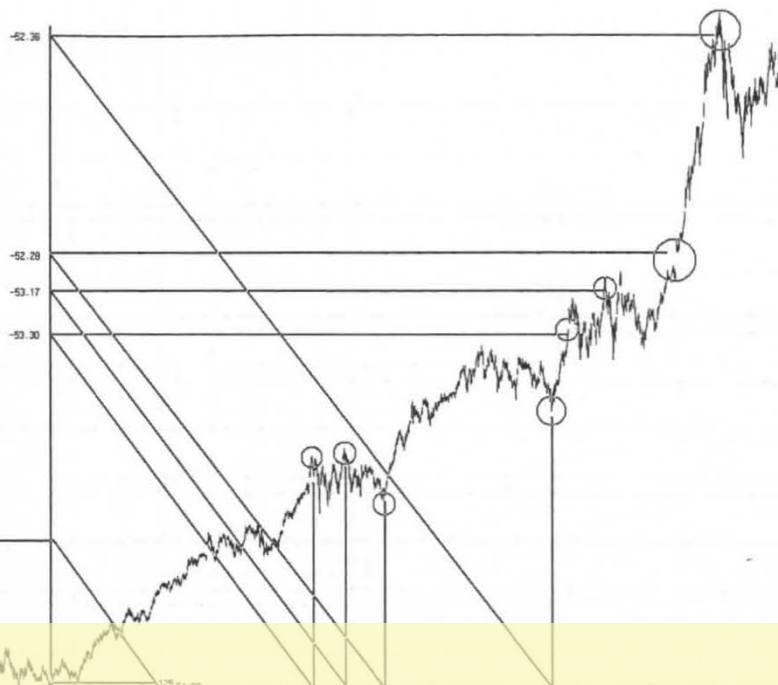
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- Most of all REMEMBER that there will always be TWO of these key angles. One to square out the price drop and time in BARS and another completely different angle in perhaps calendar days or another time unit you chose. In most of these above chart I have just shown the trading bar square out angle.
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The chart below is the same AAPL chart emphasizing the technique of dropping a line straight down from each high or low and extending it backwards with the key square out angle to the point it intersects the last major axis tree. Then the horizontal price will be the future resistance from those past highs and lows. By doing this you will get a 'feel' for the fractal developing and can usually tell if a climax is near or a new leg up. These fractal points will follow the same pattern or they will follow it exactly backwards. Note the recent 'final top' came from a 'final low' which started the next leg up. Follow the first three vertical dropped lines from the circled highs and see how they reflect horizontally from the axis nodes to the three circled points in the future that have a similar fractal. Note that the third one was the big run up and the horizontal was the huge gap up run. This type of analysis can point to 'big' option trade possibilities.

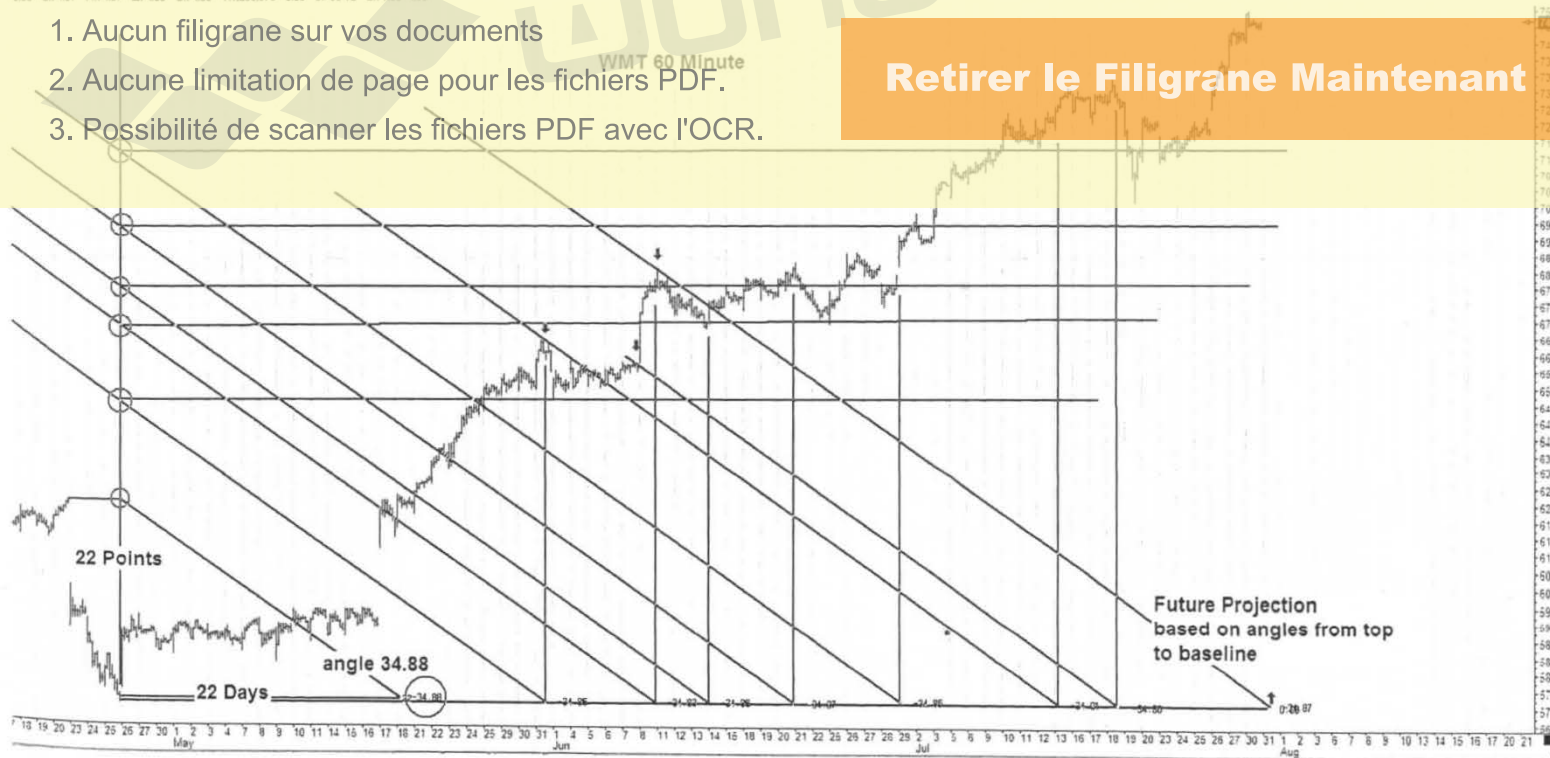
10-12 C:597.87 H:599.44 L:587.82 O:590.92 V:4,977,500 I:0 S:280.68



Below is a 60 minute chart of WMT which is difficult to analyze because it just goes up with few time cycle harmonics. Even so, it can be made sense of once you take the first

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WMT 60 Minute



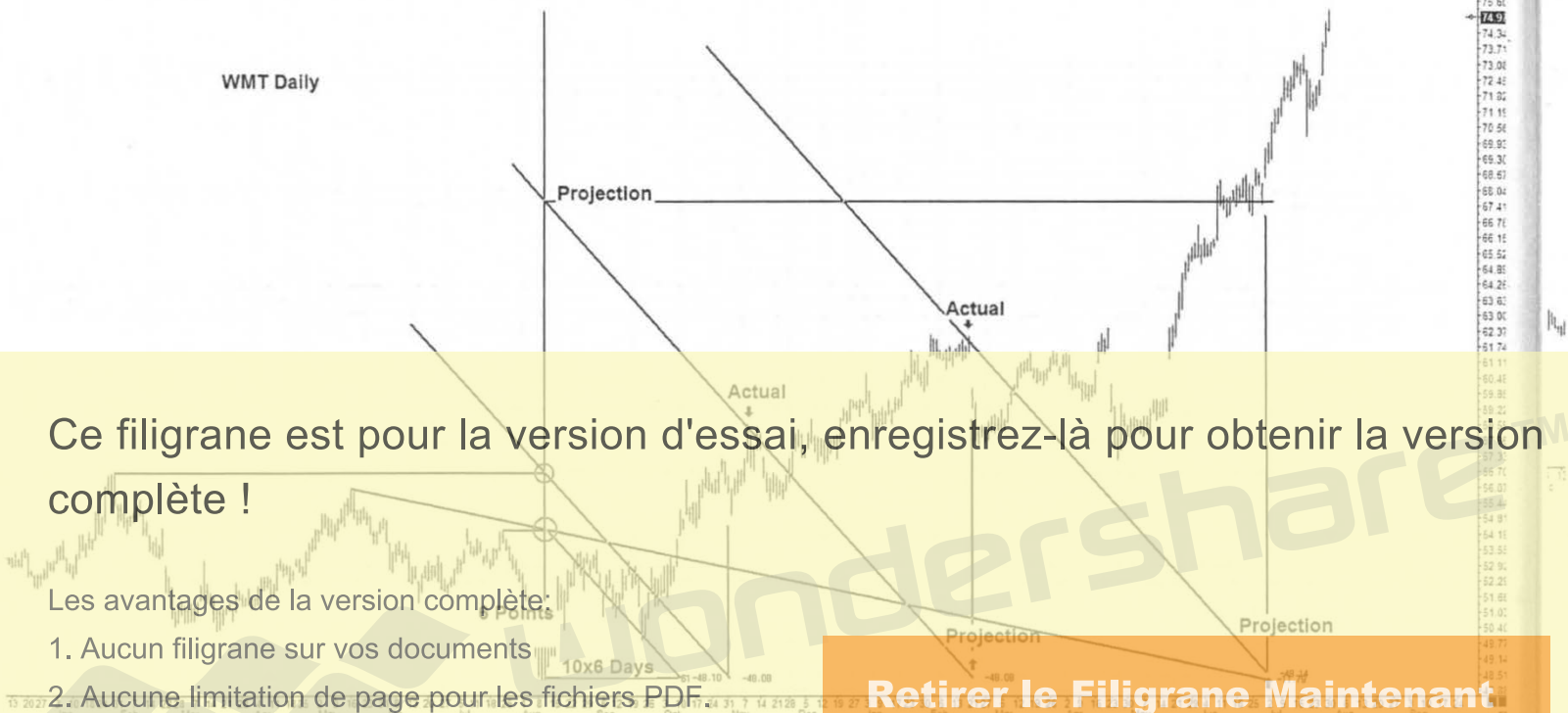
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the angle accurately projects future turns and can be used. Most of the 'horizontal' projections are support and resistance levels so you use them to go long or short above or below them. If you have a strong trending market like this you may find you will get a better perspective by backing up to a larger time frame to see the big turns every several weeks to months.

6:12 C:73.66 H:73.94 L:72.68 O:72.69 V:8,192,400 IO S:75.44

WMT Daily



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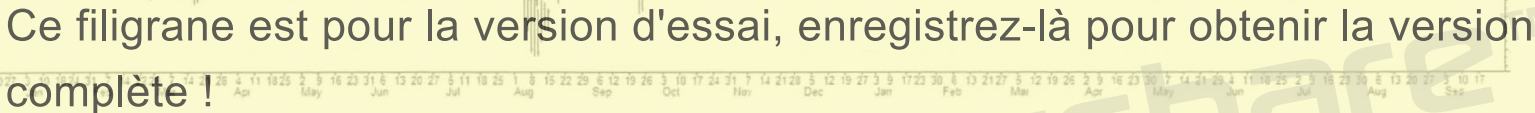
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In this WMT case, even the daily chart is strongly trending with few major trend reversals.

The price drops were minimum and we see the small \$6 last leg down to the low needs to be squared out with 10 x 6 days to get an angle that projects adequately. The highs labeled 'actual' means the projection timing line was started from that observed top to get the projected next big turn as the angle hits the baseline. The last huge up leg at right was both an 'actual' projection from the last top down, and our trendline nodal system coming from the second top on the left. Both projections coinciding at the same point gave a big straight up move. Often you will find multiple projections like that when you find the right cycle harmonic and they will all come out together at the really big turns.

In addition to the above techniques let's not forget the 'basic' building block of 'square the range' or the price drop equal to the time duration. This next WMT chart shows that type of analysis and this is really where you usually want to start when examining a chart.



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cycles in minutes, hours, days, weeks, and months, but here we have net changes or *ranges* also spinning them out. We also see here the decimal point shift conversion for time. Wal-Mart is not the best example to use here but I chose it because you will run into many steep trending charts with few 'wiggles' and you need to know how to start to find the time cycle harmonics. Traders would usually stick to active movers like GOOG or AAPL or IBM and such and their relatively big price fluctuations spinning out many more reversals that are easier to square without a lot of decimal shifts.

Many of you will undoubtedly be forex traders and the 'small' prices i.e. 1.20 Euro (to the Dollar) are hard to translate at times. I usually start with the graphics to see if I can do it without the translation and this next chart shows our usual nodal method with trendlines and arcs and it does give good results.

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EURUSD Daily

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Below is a typical scalping use of this system on a 60 minute Euro Dollar chart. On a 60 minute chart you don't need more than a couple weeks of data to get big turns every two to three days and here we just used a last dramatic drop to a low and you had two days to look at the chart and do some quick angles to nail that first huge up move and then the top. If you stick to the 'big' pivots and not the everyday minor wiggles, you will get better trades that might develop into swing trades you can carry with a trailing stop.

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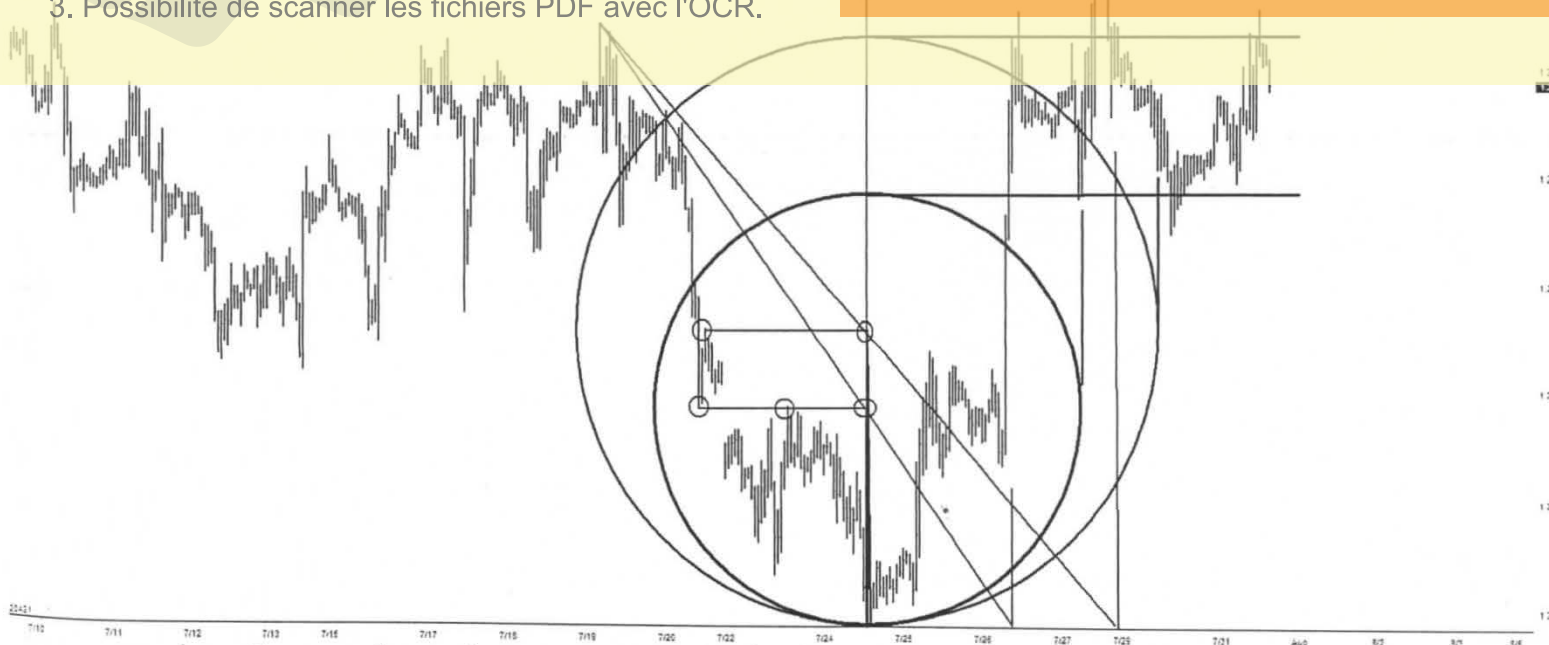
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Now I've added our arcs as full circles to get the 3 o'clock square outs and the 12 o'clock support / resistance. Each circle is centered on the nodes. Remember these represent 'as

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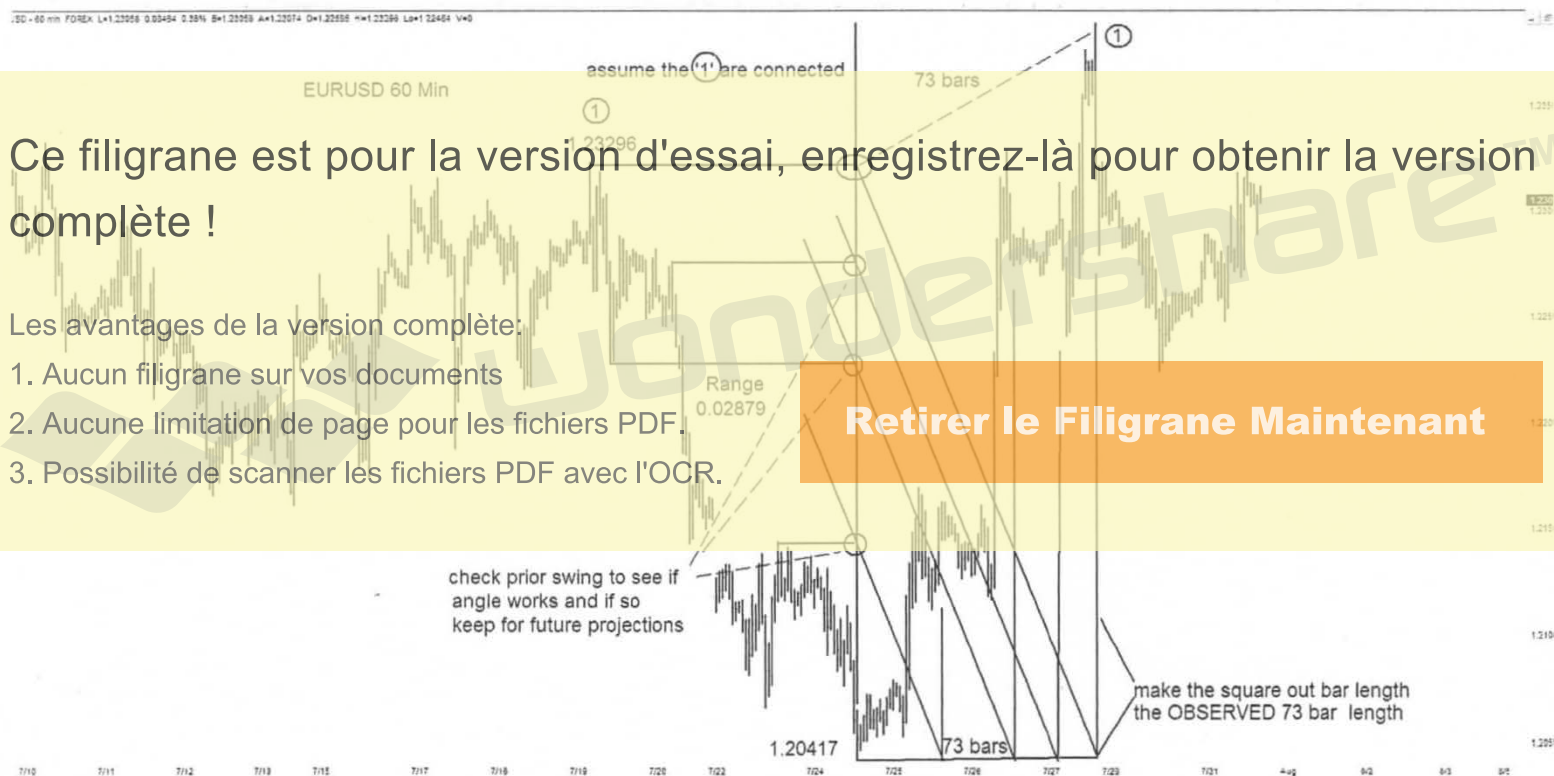


much as they go down they must go up'. The first two 3 o'clock positions projected high areas, but remember this is within the framework of a bigger rally as the arc centered at the last top (not shown,-origin point for angles, node) will not top until the right of the chart

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near August 3rd. After that, we must be on the lookout for a decline or an 'A' 'B' 'C' type correction before another up leg.

Sometimes it seems impossible to get a square out 'translation' and then I usually resort to assuming the mirror image points on the left and right sides are connected and I would try an obvious right side peak connected with a left side one and get the angle to use by reverse engineering it. In this next chart of the EURUSD I spotted the '1' labeled peaks as looking like mirror images of each other. IF they are indeed connected, then an angle coming down from the node and hitting the baseline at the right side point '1' under the '1' on the right would be the square out angle no matter what its degree. I try that for a fit and then take parallels to test on prior minor swings to see if they all work and here they mostly do, so I keep that angle for future use.



Chapter 8

Step by Step Review

Let's first review the basic concepts. The primary principle is the equality of price movement and time balancing. If a price goes up or down, the time duration of the correction must equal that advance or decline. We call this balancing 'squaring' and we can square a high, square a low, or in most of the cases and the title of this book, we square the range between a high and low swing. Every drop in price must be offset with a rally or sideways phase to work off the shock of the drop. Every price rally phase must be offset with a time phase to digest the rally. The perfect representation of this is the circle with the four cardinal points: north, south, east, and west spokes emanating from the center with the vertical ones representing price, and the horizontal, time. This would be all we ever need

except for the fact that we SCALE our charts in other than one to one correspondences. It is

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impossible to plot a one dollar to one time unit graph so it's usually \$1 to two weeks or something that has no particular balance other than the computers algorithm for drawing the chart. The basic time units to balance price are chart 'bars' or calendar days, weeks, months

and years, with smaller units like 60 minutes and 15 minutes working many times, and for

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limited time periods 1 minute time units. I usually always start with a 'manual' count of the dollar amount of the price drop and the number of bars or calendar days it is from both the origin high or low as well as the vertical axis tree fulcrum. In this book I emphasized my discovery of the axis tree count for squaring while the typical Gann methods use the left side high or low and count from there the number of bars or days to square out. Note that they are just counting bars equal to a price while I am counting the 'vertical' price drop or advance for the range. In addition I convert my 'nodal points' to sensitive angle alignments so angles going thru these nodes from an origin will square out a high or low with the *unique slope* of that particular angle which would be almost impossible to discover thru normal translation schemes. Since the total vector forces of combined time and price manifest in a circle we can use the trigonometric functions of the Sin and Tan to represent time or price and treat the price as an angle and the Sin or Tan times that angle as a time duration. If a chart can't be scaled easily the Sin and Tan distances will usually give you the turns.

I usually have two strategies I start with and it depends on the time I have. In the 'heat of battle' where you have to make a snap decision to buy or sell the futures and must have an analysis done in 30 seconds, I usually just drop a vertical axis line from the last top or last bottom and go to the prior pivot and draw a trendline to the baseline or top line at today's time bar. My eyes then look to see where on the vertical axis line that trendline intersects

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and if it is near a horizontal node for a square out. If not, I move the trendline left or right to fine the nearest hit and assume the current trend will last until then. Here's what it looks like:

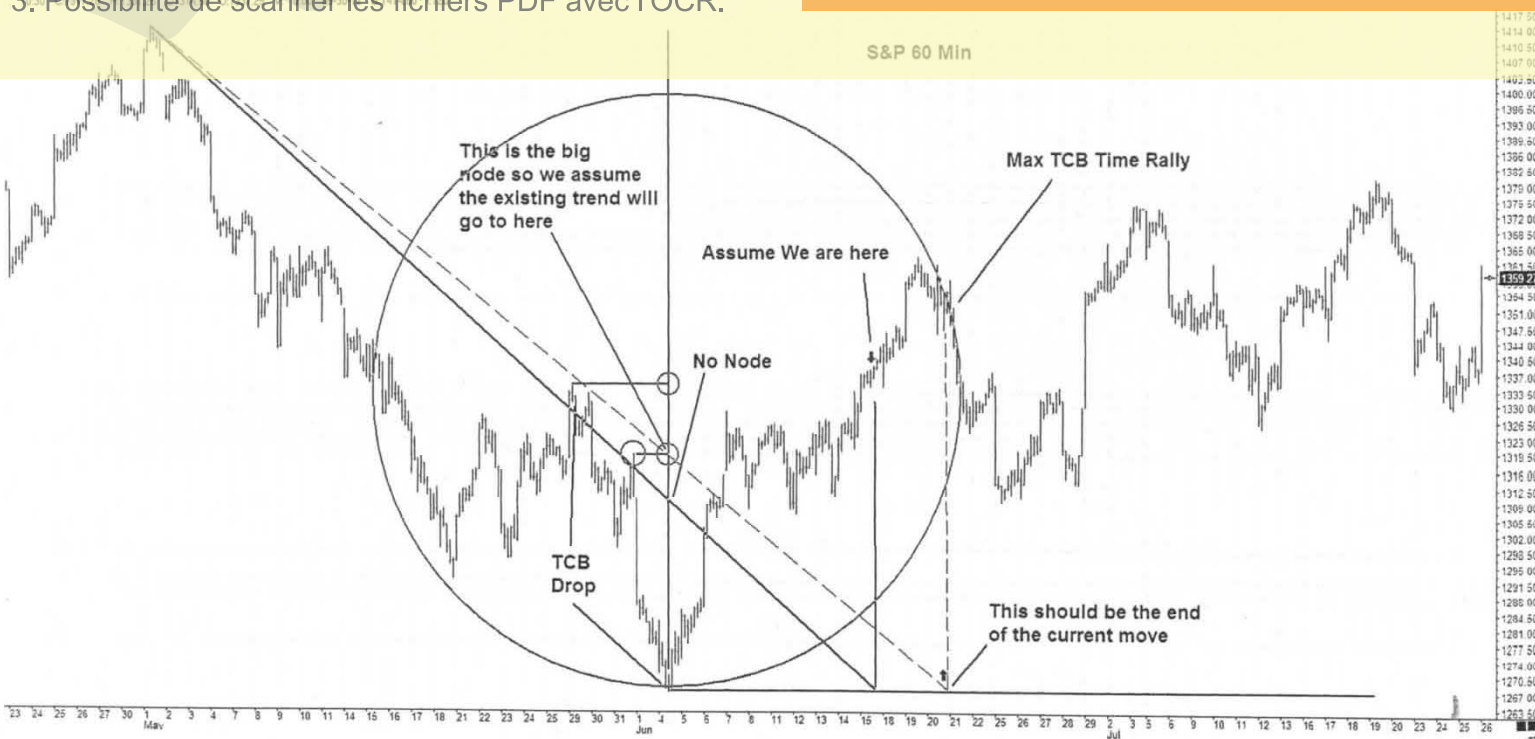


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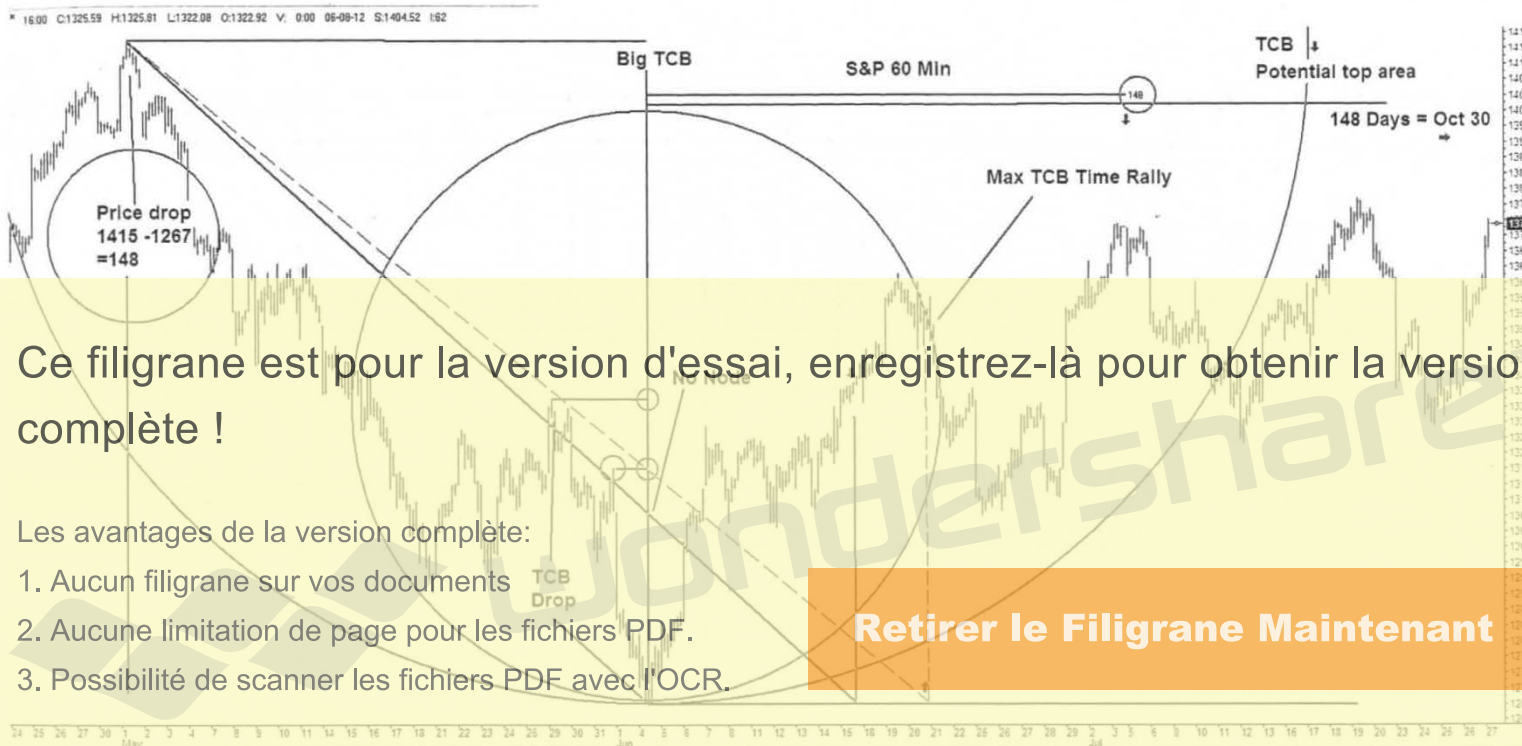
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I draw the circle centered on the axis tree at the LAST SWING HIGH and measure down to the low. The right side of the circle will then be the max time of the advance again confirming that the existing trend will last a bit longer. The circle also tells me from where its top is located the next upside objective should they go higher. Each higher swing on the left of the axis is then compared with circles to see greater swing advance potentials UNTIL the entire high to low max circle is achieved. Below we see our 'max' circle with 'TCB Potential top area' on the right, but remember this is a GEOMETRIC circle and will be 'off',



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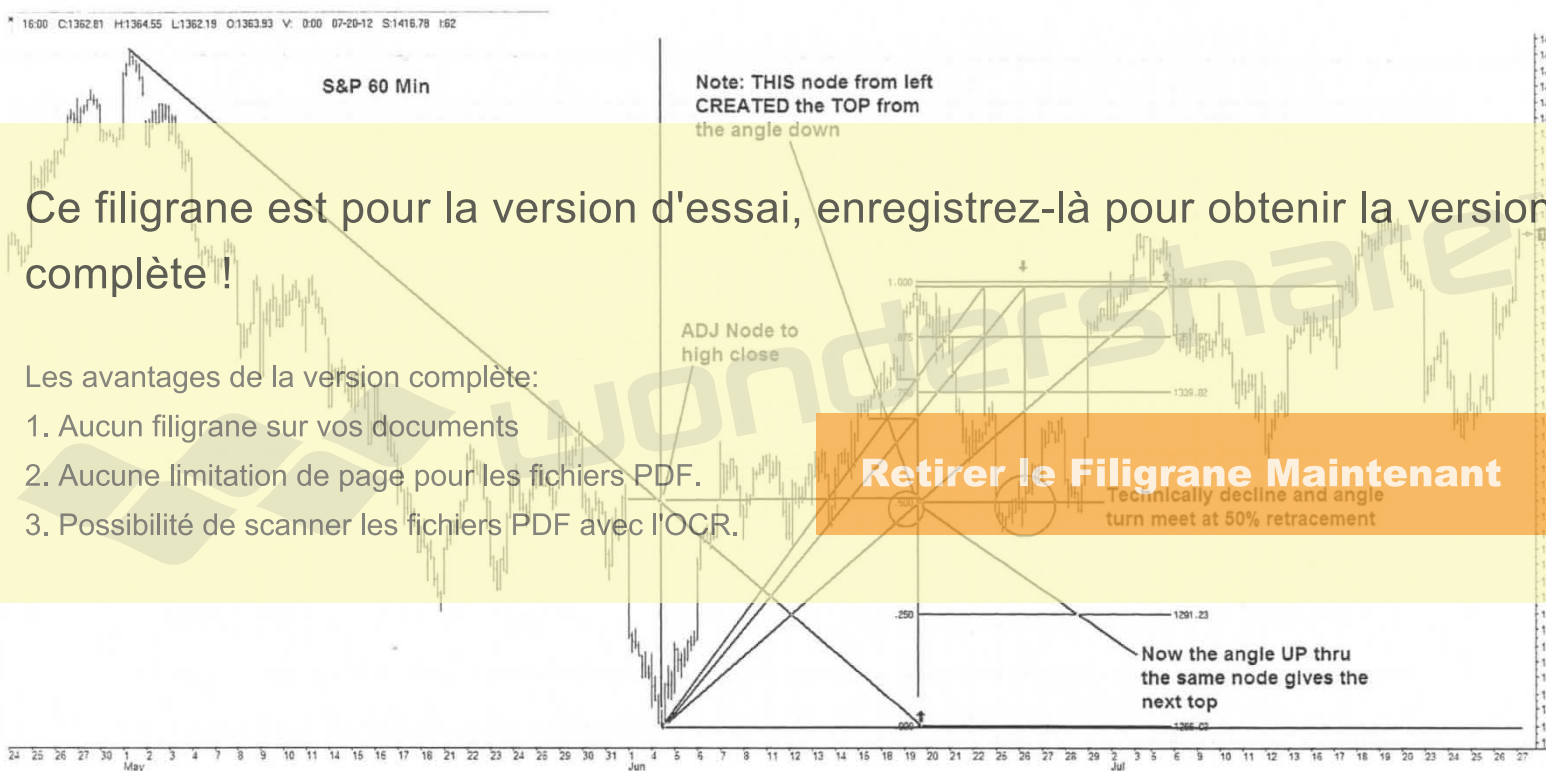
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based on scaling issues but it does give us a quick approximation. I will then go to the more 'accurate' price drop on the left side of a total drop of 148 points squaring out in 148 bars near July 5th for a perfect top BUT the 148 calendar day count is all the way out to October 30th so a potential Election day rally might be possible if no major swing low is violated. When you have two potential tops like that (148 bars and calendar days) it can often mean you will be dealing with a multi-wave pattern like the standard 5 wave Elliott Wave pattern so look for swings that maintain higher bottoms and use each leg for a new range square to get the potential terminal point of the next swing.

Now we look at the correction down from our first calculated top and after the fact and observing the pattern we can now see that the node we used (dotted line angle above) was off just a bit. If we look closely now, we will note a 'perfect' hit of the top if we use the

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CLOSE rather than the high of the swing bar of the node creator. You see this on the next chart although on my large originals I can see it clearly but this book's exhibit is a bit small but trust me the horizontal line thru the node now goes thru the high close bar and the angle down thru that is a perfect hit at the baseline. We can now quickly put on a few angles up thru the nodes created by the last few swings just before this new top and expect one may be our correction low. If we put on a 50% retracement line which is normal for a bull pullback we see the prices rest on that support level at the same time our 2nd angle hits the top for a turn. We also may note a curiosity in that the same nodal point that was used for the big down can be used again to get the next top. This won't always work but does many times so always watch the most important horizontal nodal points.



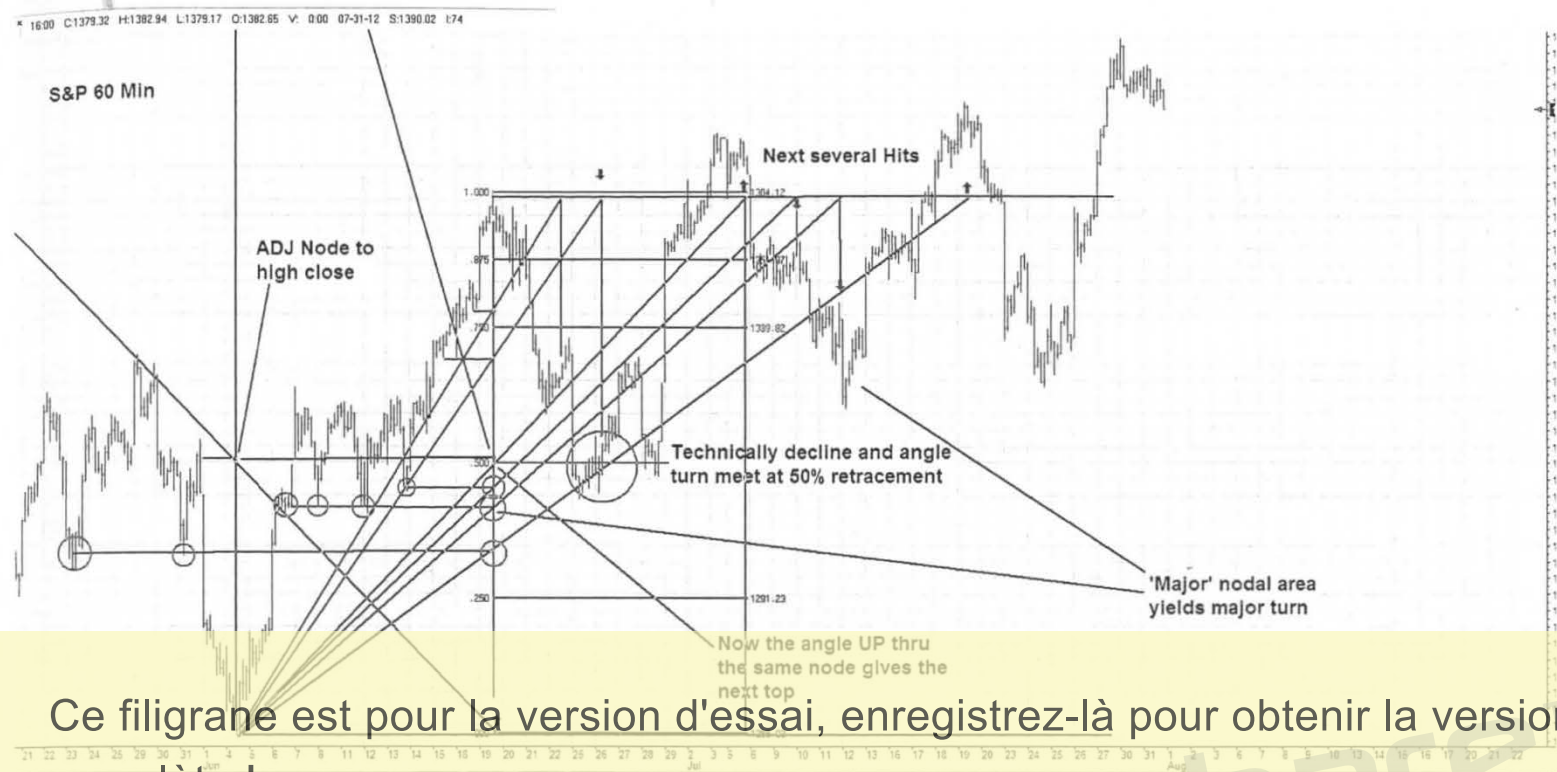
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We can follow thru with our subsequent angles up from the major low and thru the nodal points and try and 'map' out our future path (below, next chart). Note that the larger turns are tied in with the more important support and resistance points creating nodes on the axis line. As a trader you want to look at those time periods and see if a 'measured move' has been completed as well as normal support or resistance calculations and watch for a signal reversal bar to develop to make your trade. Remember you should never just buy or sell on these predicted turns unless you are trading options. Normally you would still read the tape but you have much higher odds of success in taking a buy or sell that is generated during one of these cycle turning point bars.

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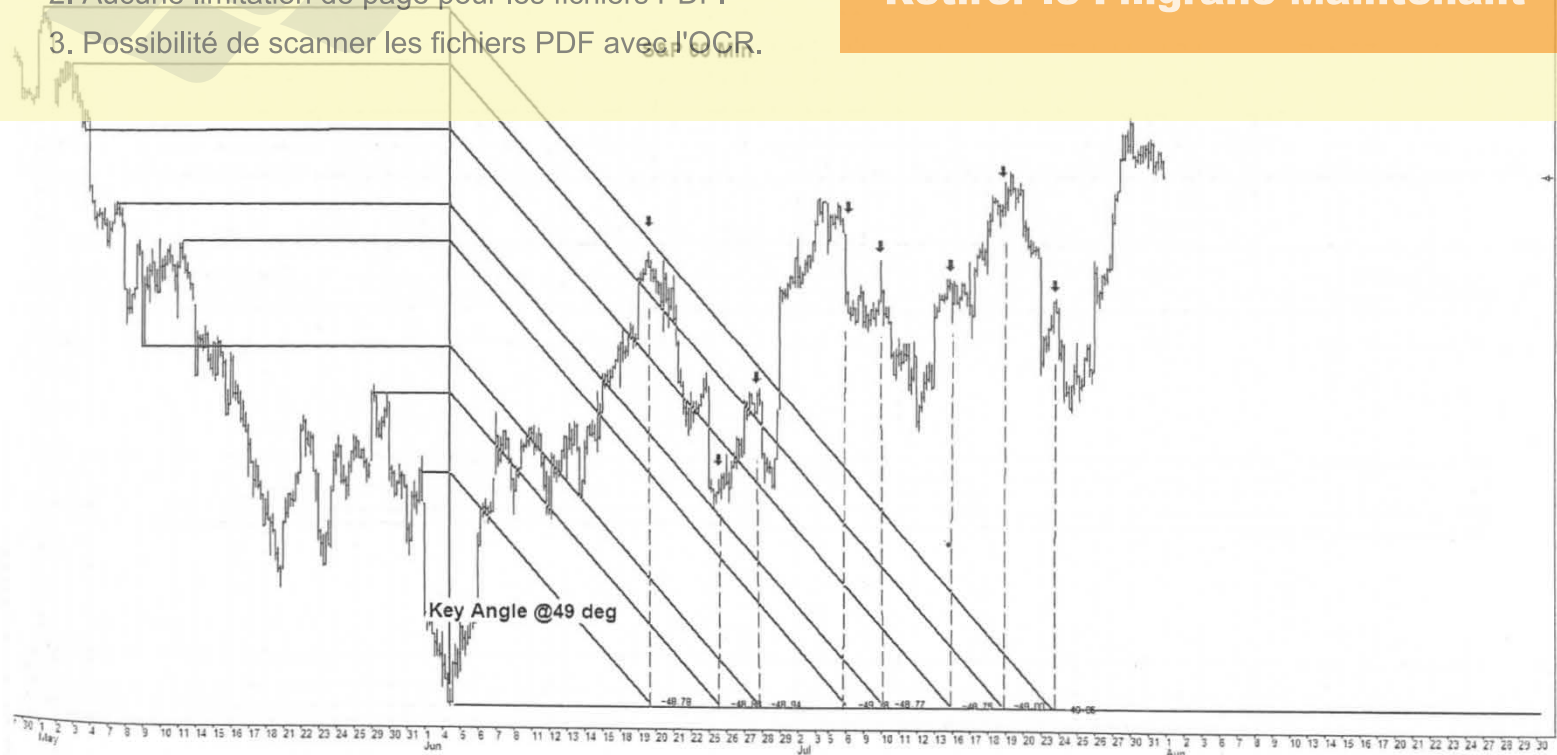


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Of course the simplest way to get great turns is the range node square out (below) with the key time and price angle based on a triangle from the last swing down to the first top up. Once you have that angle degree you just make parallels to it and move them to the various

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nodes. Remember you can move these backwards and down from future peaks too.

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A prior exhibit showed that often the node that creates a major high can sometimes create another top starting at the next turn. In this next chart of DD we see an angle '1' that

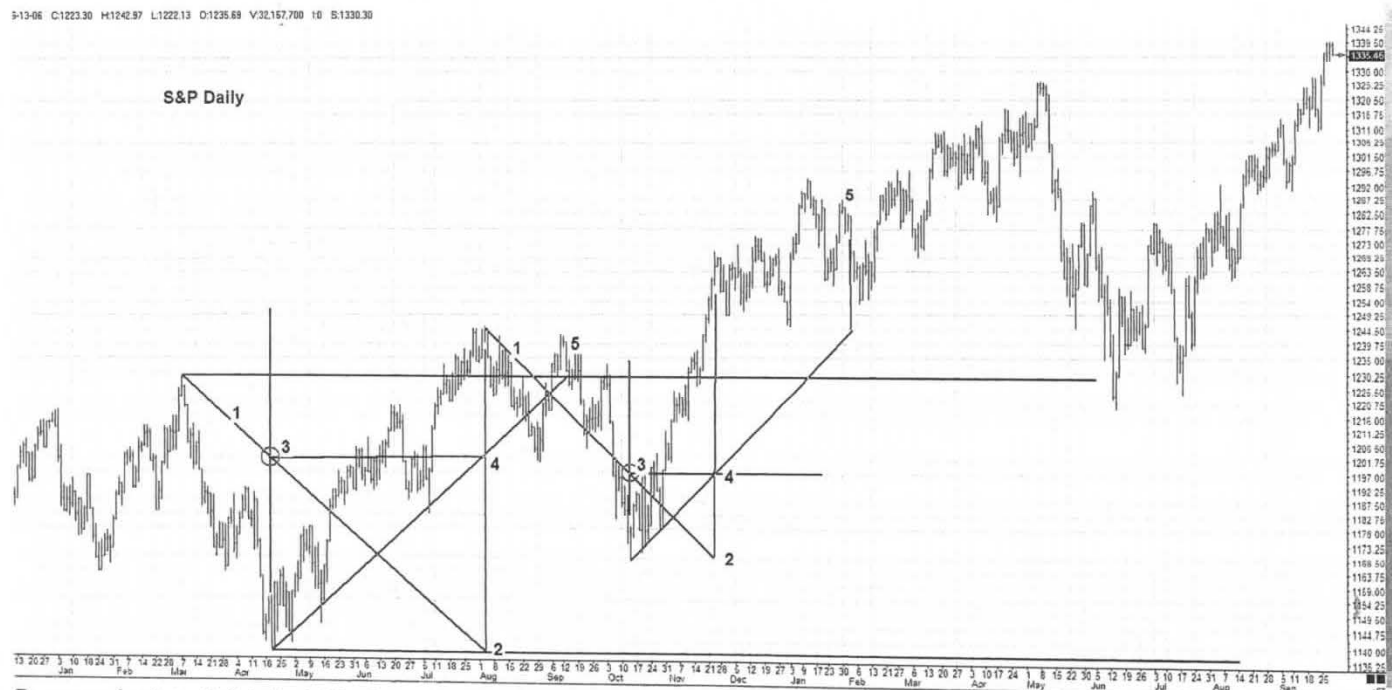


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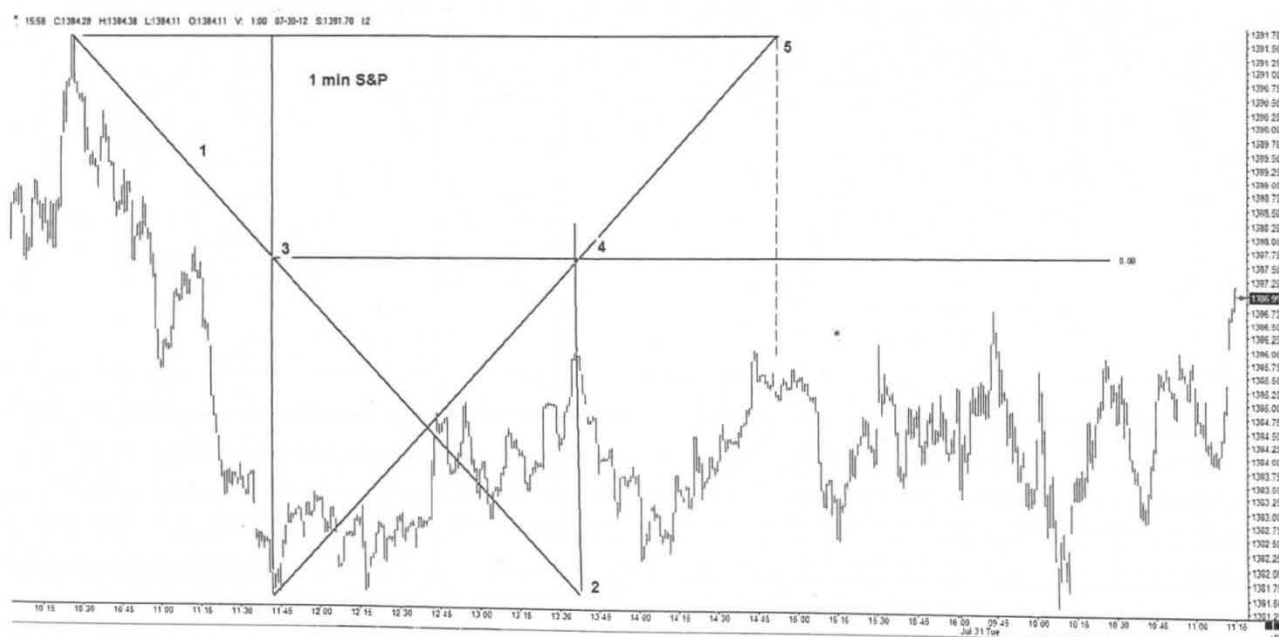
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Above is a daily S&P chart showing two consecutive high to low uses of this technique. In studying the chart remember points '2' are set by you under the first top so you can discover point '3' the real node. Point '5' is the projected target top we are looking for.

Finally a spectacular 5 minute S&P chart showing the forecast of a major top (5) to within minutes, seven days ahead of time!



Here's a 'modified' 1 minute chart which has point '4' above the top so the timing angle must go to the original top line but none the less projects another top at point '5'.



These last charts are all 'square the range' charts but the angle that squares the range is reverse engineered from observed chart fluctuations. This last 1 minute chart actually has point '3' at a node so even though I constructed it from the observed point '2' top it demonstrates the principle of the nodal axis tree point based on prior swings. Whether or not you can see it yet, ALL the discussions in this book have been about the equality of price and time. Every method squared a prior swing whether by arc or circle, a Tan degree, an offset node angle, a ratio timing line, or these reverse engineered angles. The reason they all look different at times is solely due to the various scaling graphics. Do not lose faith if at first your software doesn't square these ranges perfectly. It will take a bit of experimentation to get the right time frame for the stock or commodity or forex that you trade and you may have to try three or four of these methods on the same chart to find the one that fits your scale. Trade the ones that work all the time and don't try and force trades on charts that don't fit. Those of you who are lazy and only want to program these methods and push buttons to get rich will be disappointed. You will have to go back to the primitive methods Gann had

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money is made either swing trading for three days to three weeks, or using options at the precise turns that this book predicts. In the next chapter I will try and present the most common blueprints for squaring the range and I'm sure you will find one or several that suit your needs. Once you build a daily habit of analyzing your charts this way you will find many more opportunities. Just remember not to forget your typical trading rules about signal reversal bar entry and exits, measured moves, and support and resistance. These should tie in with the chart predicted turn dates to be good trades. Always let the chart tell you when to trade. You can predict the top but don't guess- go to a smaller time frame like 5 or 15 minutes during that window of opportunity and look for the signal reversal bar and higher bottoms or lower tops to confirm that your prediction has been realized, and only then pull the trigger.

Chapter 9

Examples

The following pages show the various techniques of squaring a range explained in this book and give hints on how to find others. Most of these are presented with a strategy of waiting for a BIG turn, or complete square, and then trading as opposed to scalping every single day in the same stock even if possible on a 1 minute chart. S&P futures traders will find at least 2 to 5 trades a day using 5 to 15 minute charts with the 60 minute ones giving the major swing moves. As you look at these remember that a square out like 500 price by 500 days can also be broken up into 1/4th or 1/3rds and 1/2's so you can tunnel down into the smaller trades and calculate the ranges squared every 6-7 days on stocks like AAPL or GOOG if you like, for day trading purposes.

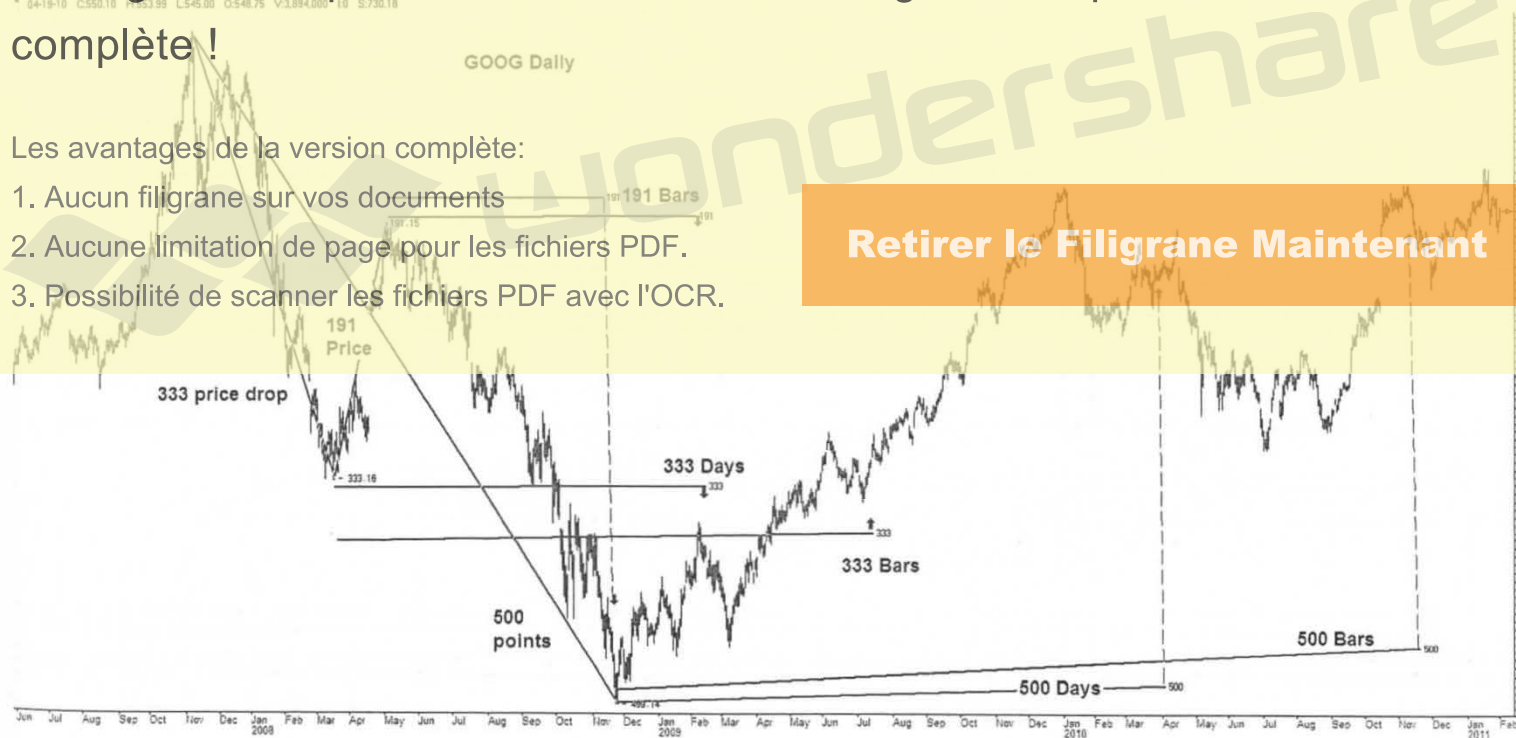
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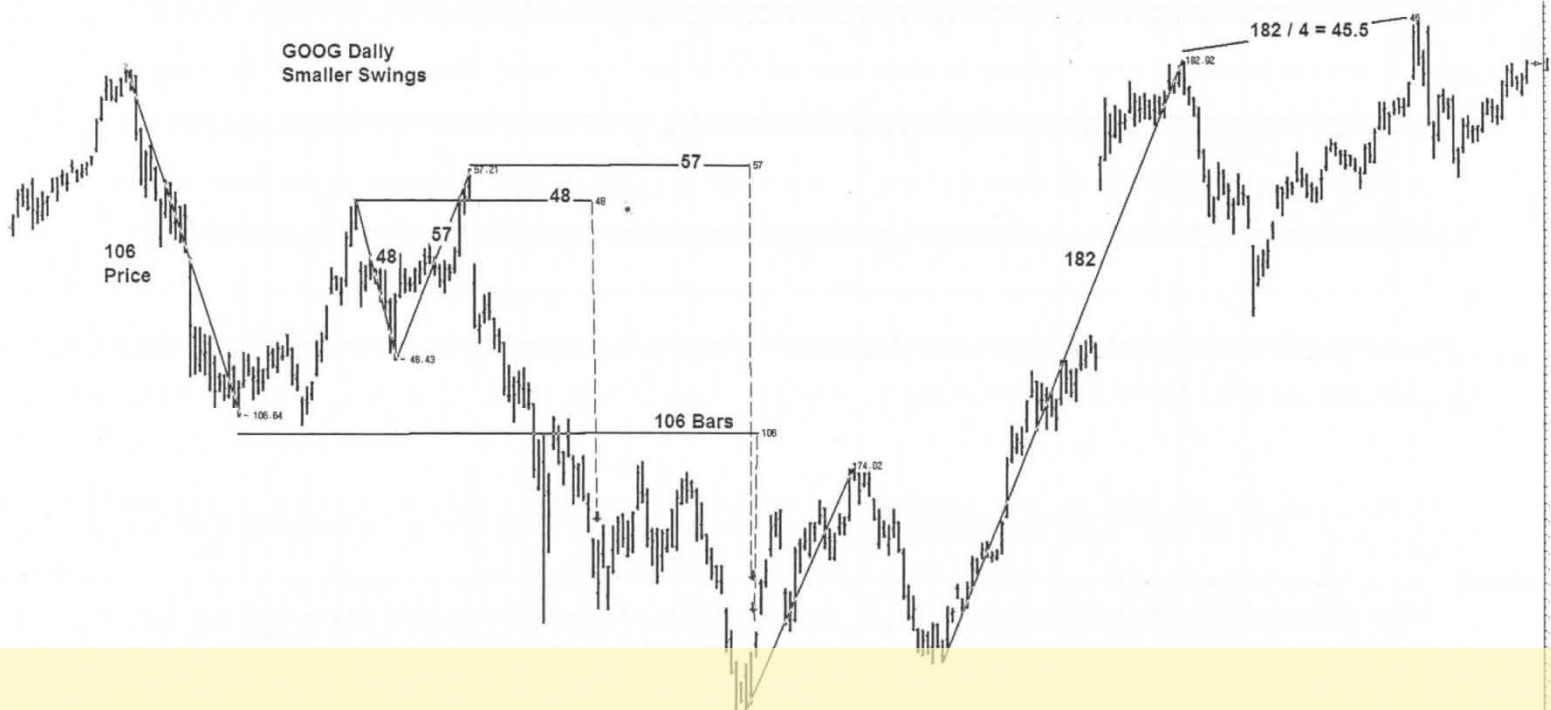
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On big cap trading names like GOOG always do the major swings before dropping down to the small 1-2 week ones. Note that these show HUGE (\$50 to \$100) reversal moves at the end of these time markers usually within a bar or two so if you wait for the signal reversal bar technical buy signal and enter into a swing trade for 3 days to 3 weeks with a trailing stop, you will do well.

Square The Range Trading System- Michael S. Jenkins

09-24-10 C527.29 H527.83 L518.26 O521.74 V3356.900 I0 S634.66



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This EURO Dollar chart shows the difficulty of simple 1 to 1 price and time. The range was

0.02851 so I had to move the decimal around like 28 or 285 or some numerology like putting a '1' in front for 128. Each of these worked but note on this 60 minute chart that the big trend was continuously down so it's not advisable to try and fit square outs to this small a time frame that is rather *linear*. What you have to do is look at the bigger time frame like the Daily and try and find the highs and lows on that.



Here's the daily and I switched to the 'nodal' angle system for a quick analysis to see if I could find some good swing trades. Note that the nice 'sharp spike' node points gave clear buy or sell signals on the right side of the axis tree.

Nodes, Arcs and Key Triangles:

Even on small time frames the node angles work well. When you are trading 1 minute, or 5 or 15 minute charts its rare that you can square out 10 points in 10 bars so most of the time the square outs will be ratio lines or these speical nodal points that create unique timing lines. The 15 minute chart below on the E-mini is typical and the 'obvious' node points on the axis tree do point to significant turns on the right side. Usually you would see what the trend is, going into these turns and if it was a straight line affair of 15-20 bars or so you would expect a reversal and look for a signal reversal bar to enter a trade with a stop at the extreme for the last 3-4 bars.

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0 L:1352.00 O:1352.50 V:12.007 15:00 08-02-12 S:1349.75 t:18

15 Min E-mini Futures



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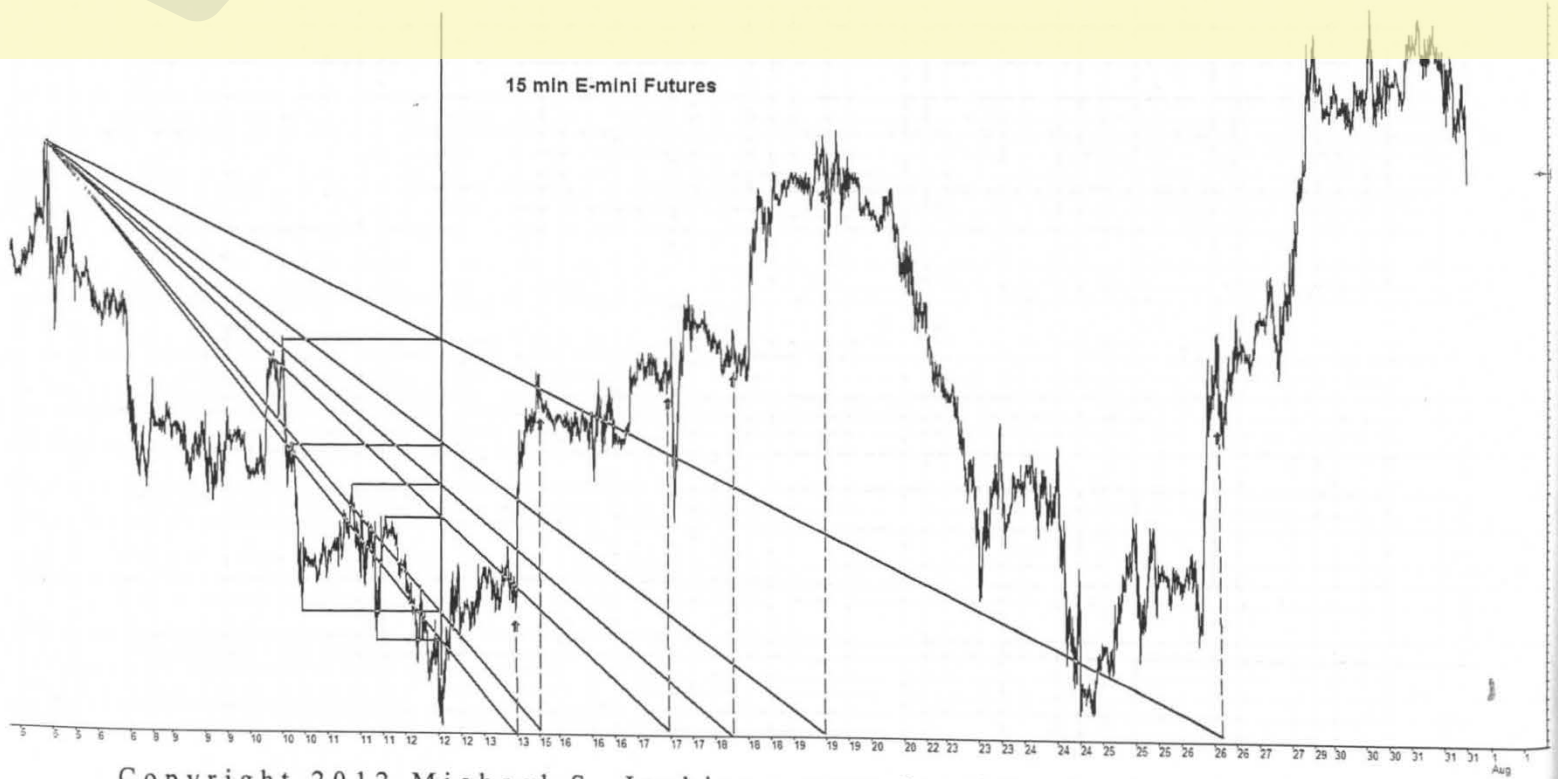
Below is another 15 minute futures chart and the decline on the left of about 6 days was

able to forecast some 12 days into the future with very good results. Note that going into the 'turn' you can often have a good idea of what that turn will be.

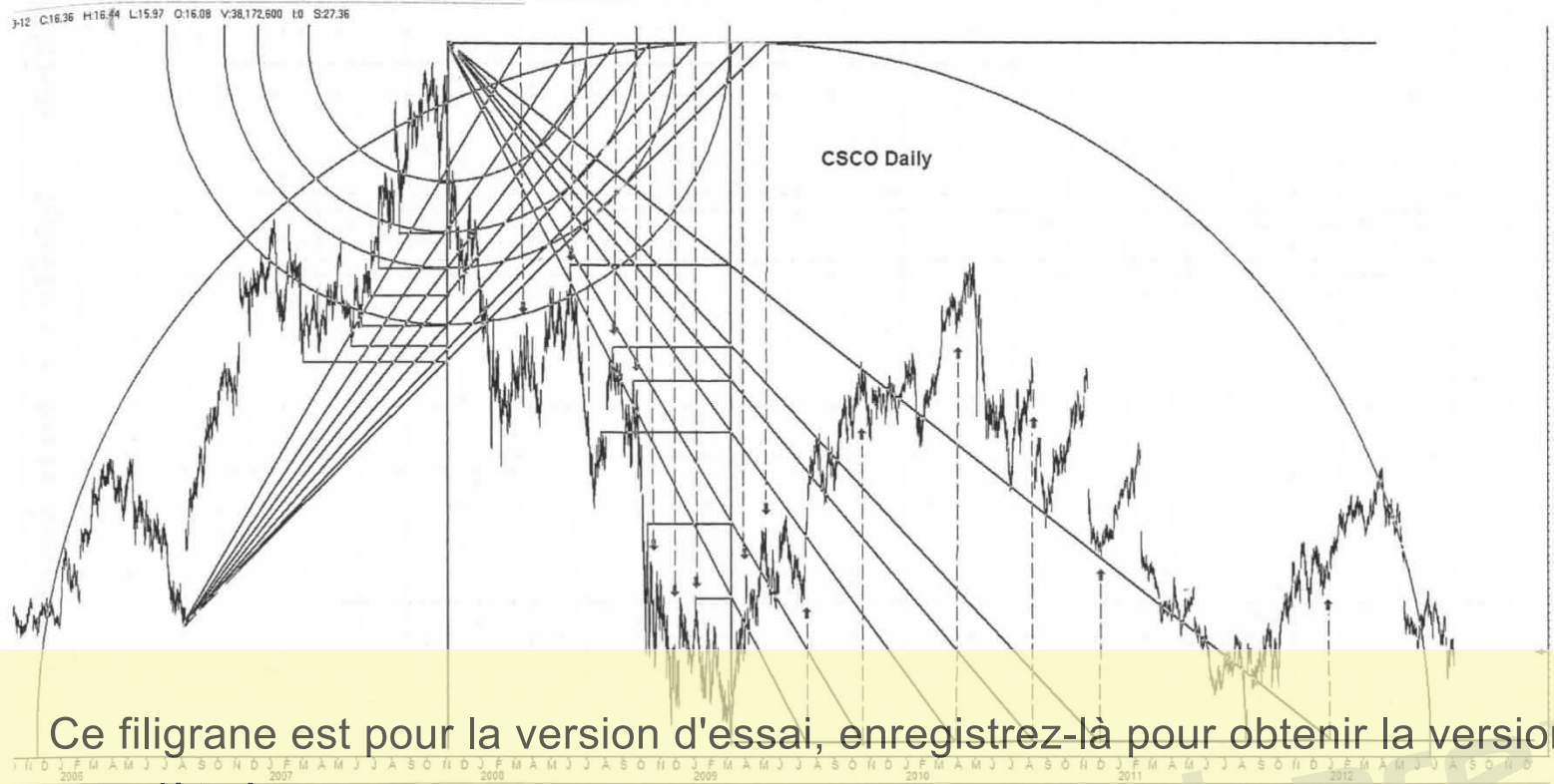
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15 min E-mini Futures



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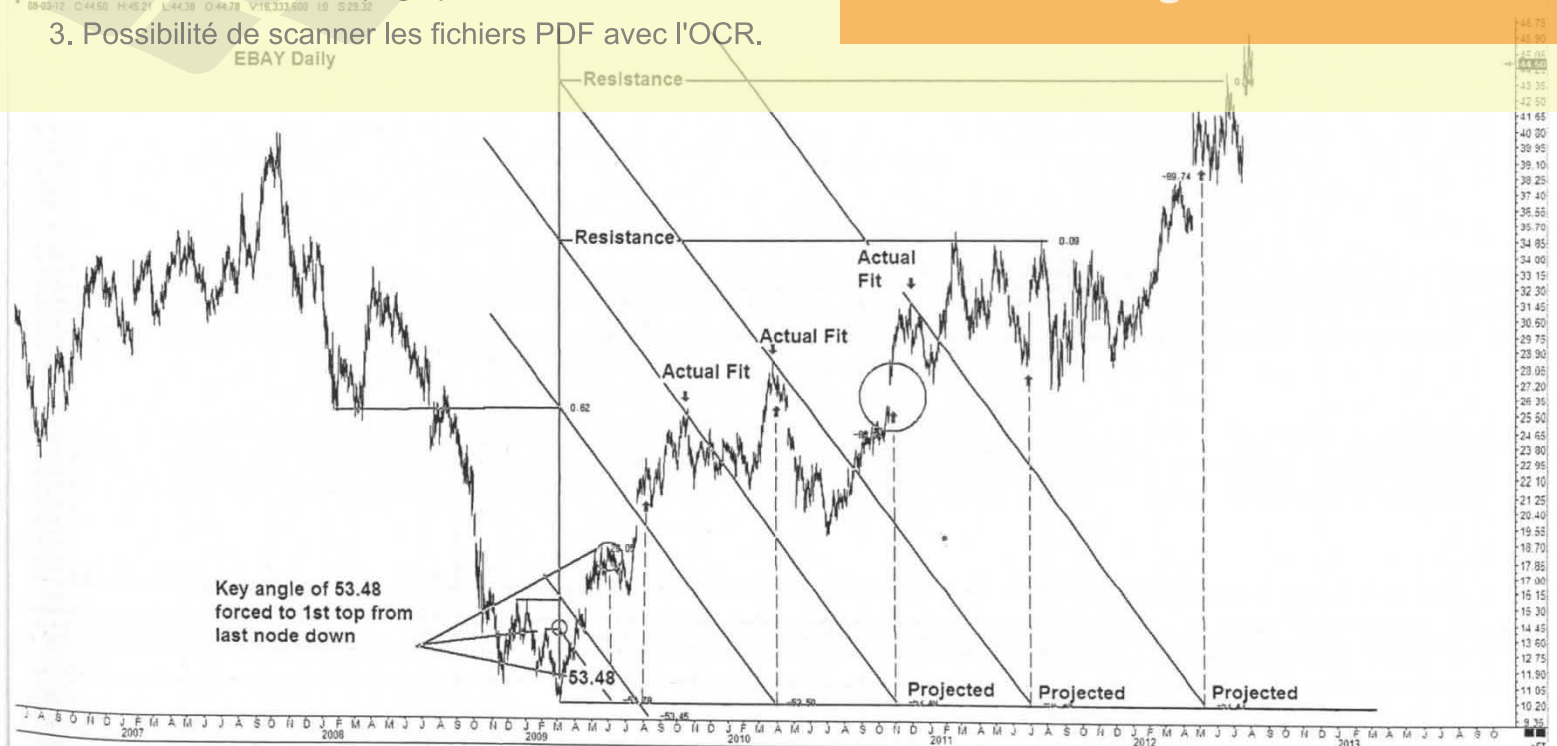


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Here's a very busy daily chart of CSCO showing both the upleg at left projecting the downleg turns, and the downleg projecting the next upleg and beyond. The main lesson to learn is that the 'nodes' or support and resistance reversal points on the left of any axis are reflected thru the axis by angle trendlines to points on the right side.

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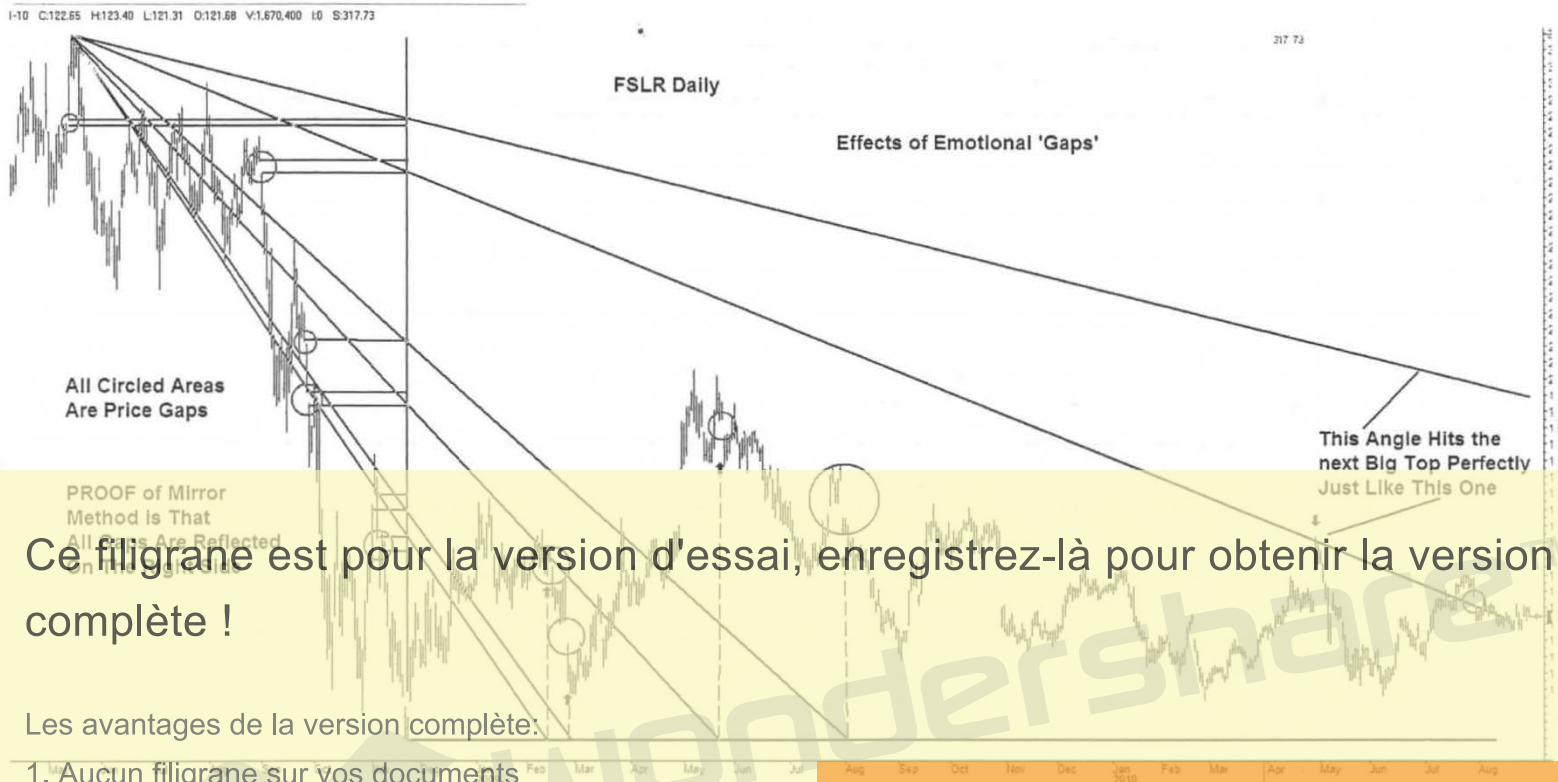
This EBAY chart starts with a forced angle from the last node before the low to the baseline below the first top. We get that angle of 53.48 and make parallels. We slide these to the

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'Actual Fit' locations and at the baseline we get turns above, and going back up to the left at the intersection of the axis tree we find resistance.

Gaps:



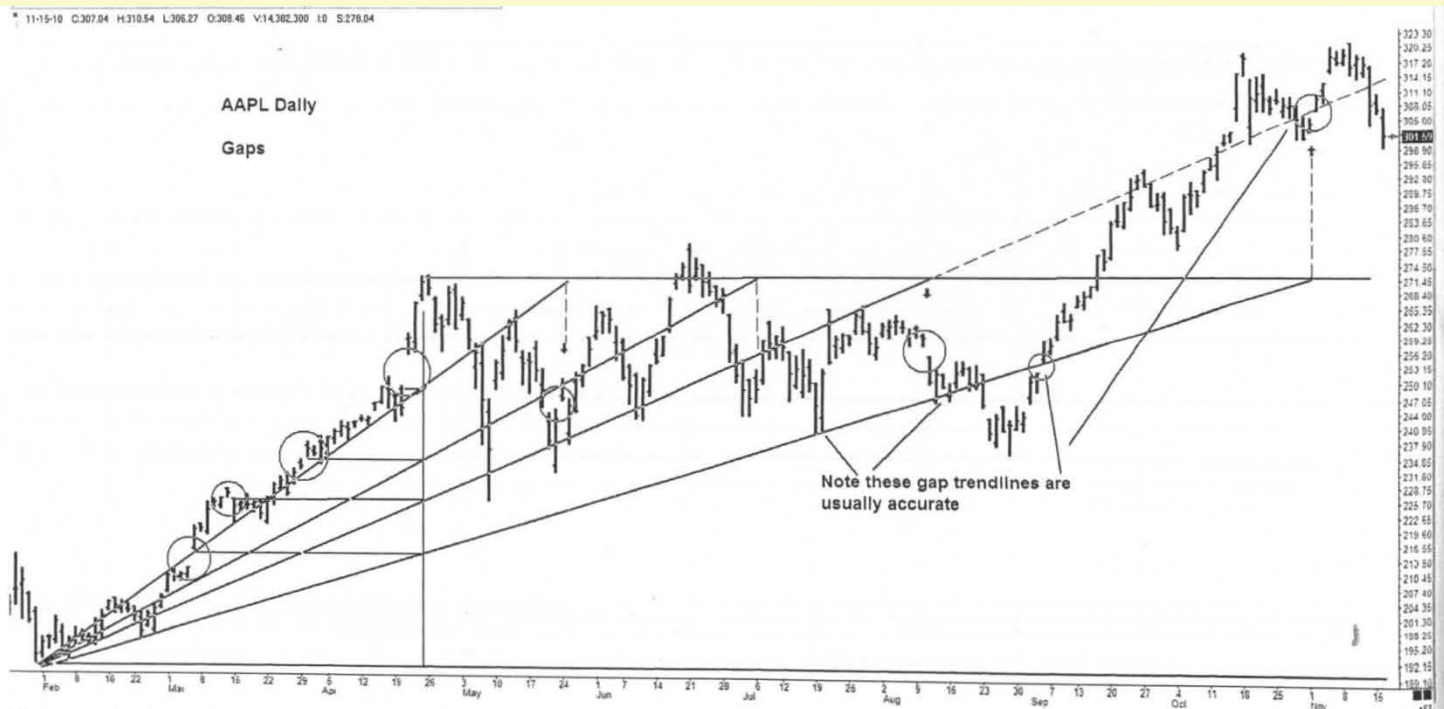
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and leave 'scars' in the pattern that vibrate strongly. Here we see each gap on the left recreates a gap on the right proving the validity



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of my method. Gaps are often found within a bar or two of exhaustion moves so this could be factored into your trading plans. Trendlines coming from gaps are usually strong.

Arc and Circle TCB's



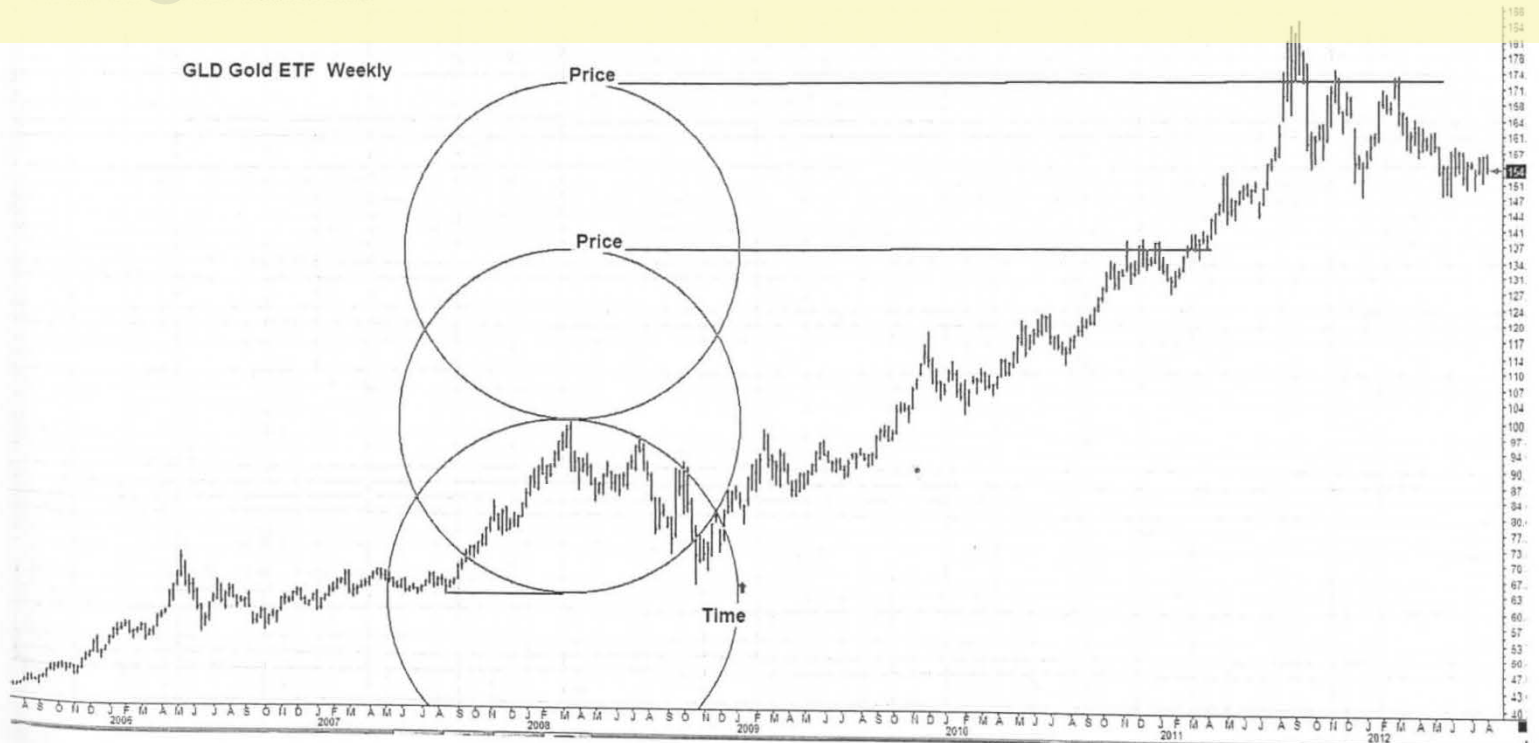
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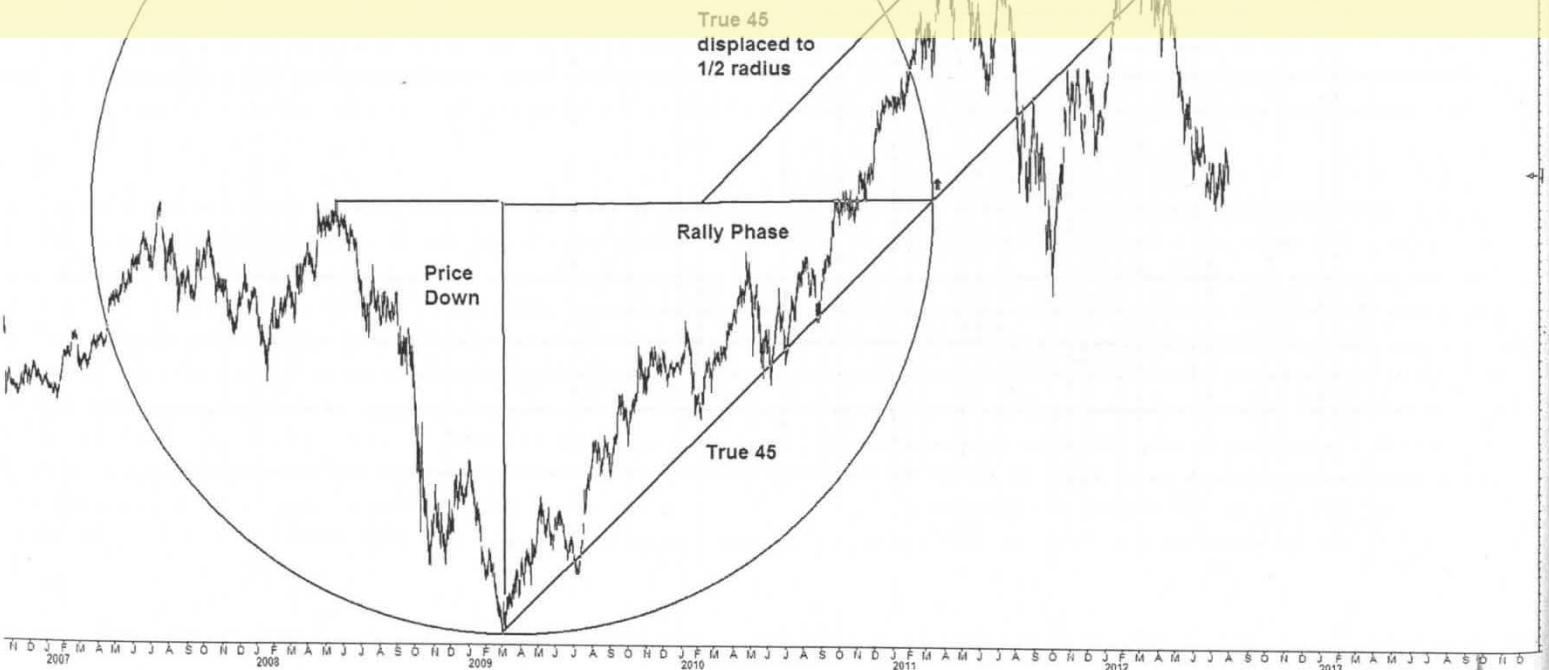




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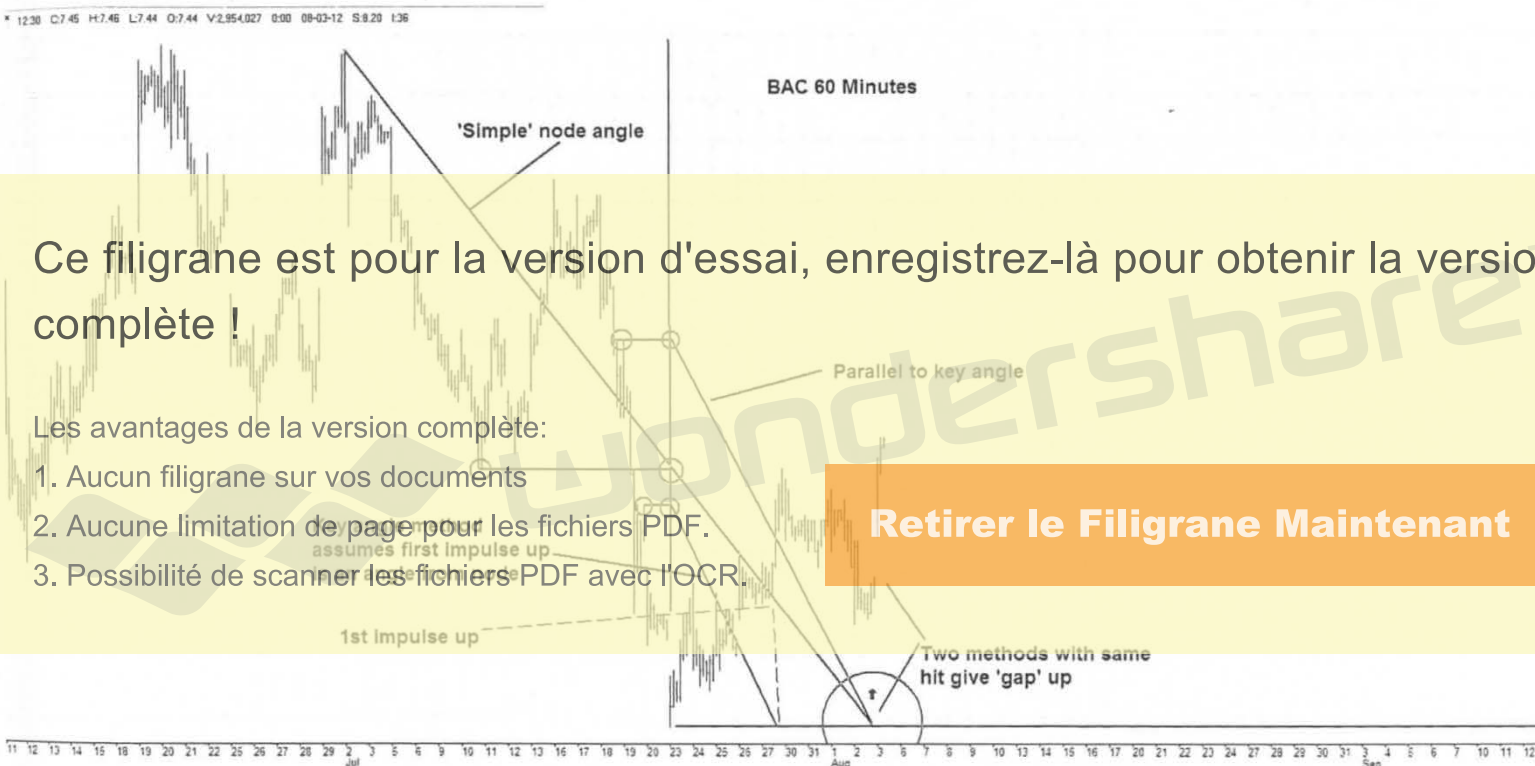


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CAT TCB circle showing the bear price decline equal to the bull phase and the use of the circle cardinal points to draw a true 45 degree angle that defines the slope of the move.

What you should be learning here is to always look for the balancing price versus time phases. Many traders overlook this and are too fast to 'get back in' after a big price run, and don't let the counter phase run its course. After every high to low, or low to high swing you must wait for the sideways consolidation or new trend to emerge with a vector equal in time to the price change vector.

Key Angle Balancing Trendlines



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Above is an example of a 60 minute BAC chart where I have combined two techniques to show you the power of multiple harmonic hits and their effects on a stock. Here the top generates a 'simple' trendline down thru a strong nodal pivot but that baseline hit coincides with a 'key angle' method where I made the assumption that the node of the last leg down created an angle the caused an impulse up and the parallel to that key angle at a higher nodal point gave the same hit and the stock gapped up. *

Many day traders focus on too small a time frame like 1, 5 or 15 minute charts. These are good for entry and exit but frequently show 'power drives' that are straight line affairs with few fluctuations and not many nodal pivots to draw angles from. This next 5 min E-mini shows this dilemma. Even so, we can still get valuable information about the nature of upcoming turns and support and resistance. You would usually start with a 'key' angle or

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what I call a 'forced angle' since you draw a trendline from the top to the baseline under a good reversal. This should create a theoretical node and the specific angle should be good for the entire chart so parallels can be moved around to find reversals and support and resistance. Note on this chart that the support and resistance is probably BETTER than any you would normally calculate with retracements or square roots etc. On this chart I used a



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forced angle from the high instead of a nodal point like on some other exhibits because of the lack of quality nodes and the very short term nature of the chart not likely to have a lot of turns from minor nodes every few minutes.

Mirror Image Foldbacks

In the final analysis the greatest skill you can ever attain in chart reading is to discover mirror image patterns that will show you direction and magnitude of each turn. Sometimes these patterns will be compressed or expanded on one side from the other and you may now be able to grasp why. You see the angle of the trendline from the node to the baseline creates a plane at a slant to the left side and that slant will twist the pattern. Since these are called 'mirror image' it implies you identify them by sight. The trendlines that connect the left and right sides of the axis tree will help you identify the places they could show up IF if really is an image repeat. Don't expect the angles to connect directly to the exact spots on both the left and right sides since the angle can be steep and the foldbacks often have

multiple foldbacks with very small foldbacks in the middle of a larger one. The key will be to try and find 'shapes' or measured moves of the same vector distance near each angle hit.



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Here we have a 60 minute chart of the E-mini which is not a perfect foldback but it can demonstrate a few points. If we start with the highest nodal point before the high, then the angle coming up thru there points to point 'A' on the right side and that point should have something to do with the pattern found near A on the left that generated the node. Sometimes its the node point but many times its the end of that swing that shows up on the right. Here I have use a measured move line labeled A on the left and A' on the right and the swings are similar. The next nodal point on the axis tree down creates point 'B' on the right and here we see a characteristic pattern of two very steep big bars in the same direction (up) on both the left and right. Somewhere on the right we should find the B' measured move distance but this is where is gets a bit subjective as the B' measured move starts at the top of the pattern and not the bottom as the left side did. In any event once we start to see an elongated decline we can assume it will amount to at least the C distance on the left. In the case on the right it eventually went much lower but at the measured move point that required a rally on the left side we had a struggling consolidation trying to go up but failing and having a second duplicate leg C down. Many times you will not be able to trade these pivots but they are still valuable in that once you identify the point B on each side you have a rough idea of the amount of time before the big top (axis line peak) occurs. The same can be said for trading C on the downside as it will be a major break worth a short.

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* 13:30 C:1353.88 H:1354.32 L:1350.79 O:1351.17 V: 0.00 02-09-12 S:1424.35 I:120



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Many foldbacks are obvious like this 'accordion' pattern on the left which has a foldback in the middle of the accordion. I have use in the exhibit, however, an axis tree at the October low which also is a foldback spot but not as easy to see. While this exhibit doesn't use my method, it serves to point out the methods you should be using to find foldbacks. If we have a dramatic price drop into the October low, we expect the top point could be a foldback. Usually for foldback 'wings' will have similar measured moves so we can measure our progress to the next top by taking the distance from the high to the low and placing it at the next bottom on the right which seems to be the symmetrical one. I did use a nodal pivot of the high to measure backwards and forwards with the same angle to see approximately where the right side low should be and it came out almost perfectly. The top on the left had a second lower top and on the right a second top of the same rally amount.

This next chart of GS (Goldman Sachs) while not a mirror image does have some characteristics we can use to estimate where we are in the pattern. To follow this first look at 'A', the last big node going into the low which exactly predicted the main top on the right directly above point A. We now use my TCB time method to get a price correction. To do this we center the circle at the baseline intersection A and trace the radius of the circle straight up. We take that vertical distance A and move it up to the top and we see the bottom of that correction length is the correction or very close. Also note the correction low is very close to the A circle 3 o'clock position. We can now look at the next big node up, B, and do

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the same analysis. This gives us the next bigger correction length and you can see the vertical B hung from the top now projects the next low 'B' close to the circle 3 o'clock position although that climax arc point was the next exact high.

* 08-03-12 C:100.97 H:101.36 L:98.99 O:99.34 V:5,039,500 I:0 S:250.43



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YHOO Weekly



You will often find charts like this above YHOO that have nice clear nodal points and yet the projected turns seem off from the major turns by a few bars (on a weekly chart- that's far too much time). Remember, the whole principle of this method is a 'projected angle' from the low up thru the node and then squaring the top. The slope of that unique angle will greatly affect the horizontal time point of the top's intersection. First let me say, there is nothing wrong in 'fudging' the angle if it will make you money. If you can't find a node for an angle try making up an angle and taking parallels. But in this case and the reason it is under this section on mirror image foldbacks is that the final top for YHOO was a triple top foldback with the foldback point being the middle top slightly lower than the 'last' top. If the pattern is folding about THIS foldback point then we should try making that the vertical axis tree line.

* 04-18-08 C:28.41 H:28.65 L:27.75 O:28.16 V:71,602,000 IO S:42.83

YHOO Weekly

Foldback
Top

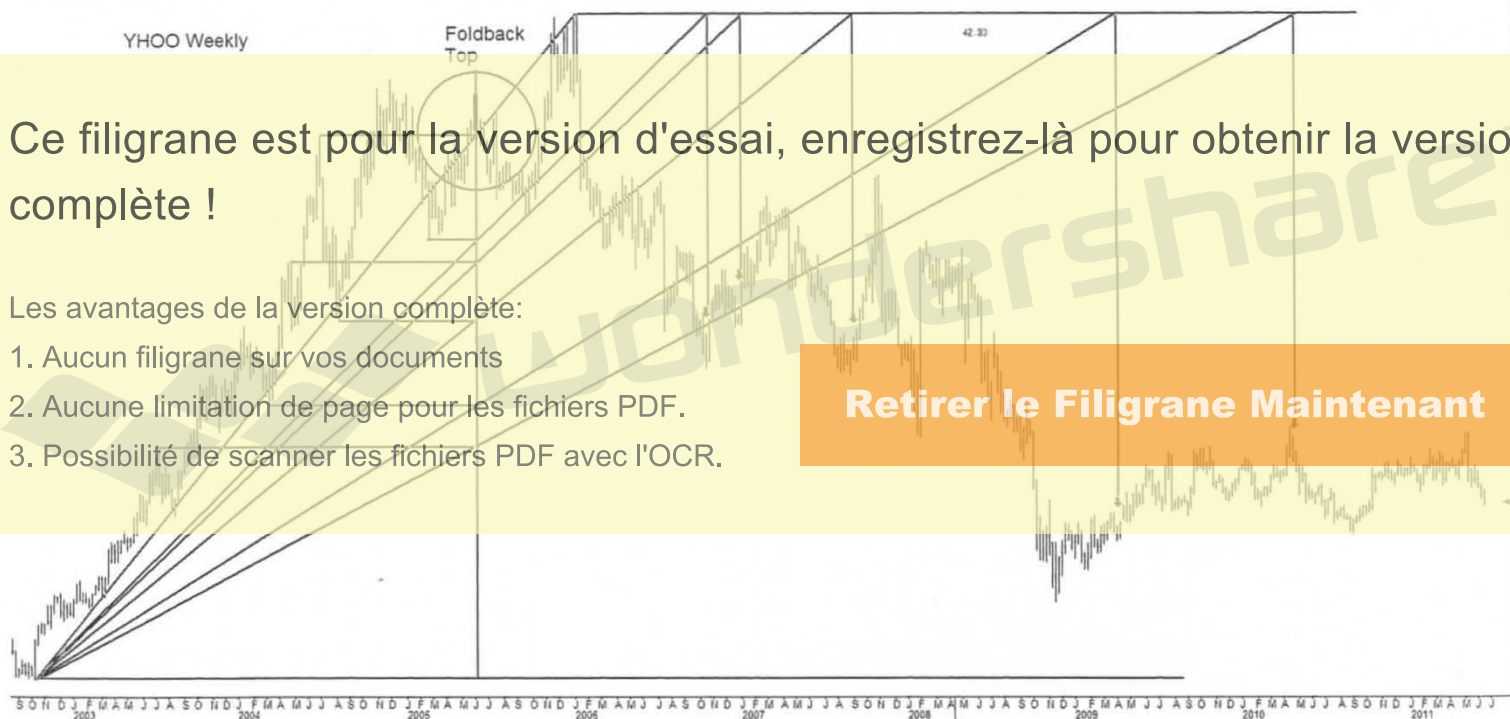
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Now we see much more symmetry and almost precise hits by using our axis tree as the lower top and the angle from the low actually catches and creates the final last top from a node on the lower top. Notice closely how moving that vertical axis line slightly left or right will change the slopes of the angles from the origin low and thereby change the target hits. Playing around with an angle or two when you first set up your chart will greatly help you find a 'fit' that will work for months to years into the future (note here that some hits were a good 5 years into the future).

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The method demonstrated in this book accounts for all market activity even if difficult to spot on first glance. The price rise elements of a stocks pattern **MUST** be recreated in a time element and the relationship between the vertical price movement and horizontal time duration can be equalized with angles which will adjust to the mis-scaling of most charts. This method will allow anyone with just basic chart reading skills and a simple trendline and chart to catch many of the significant turns for any stock or market on any time frame. All one needs to do additionally is use some common sense with a good dose of patience to wait for the turn and watch for the signal reversal bar to signify the technical change in direction. I would advise you use this in conjunction with your normal trading habits and practices like using measured moves, calculating support and resistance and retracements but then combining that with the cyclic turns indicated with these angles. Often these angles and the spacing between them will allow you to stay in swing trades for a longer duration knowing where they are likely to end and tracking them backwards to their origins and possible price objectives. There is now no excuse not to make money in the market except

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strategy, you will become successful.

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Josh 1:8: Do not let this Book of the Law depart from your mouth; meditate on it day and night, so that you may be careful to do everything written in it. Then you will be prosperous and successful.