

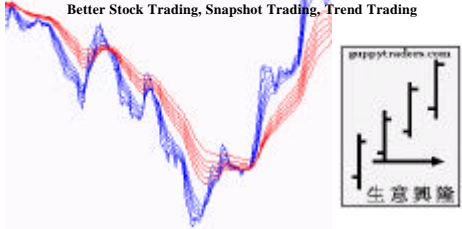
Better Trading with the Guppy Multiple Moving Average

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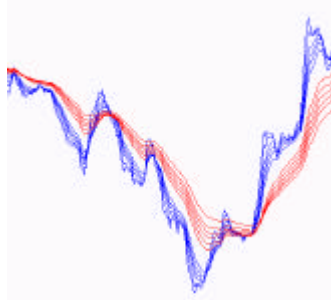
Author of

Share Trading, Market Trading Tactics, Chart Trading,
Better Stock Trading, Snapshot Trading, Trend Trading



GUPPY MULTIPLE MOVING AVERAGE APPLICATIONS

- Mid trend entry on temporary price weakness
- Exit confirmation when trends end
- Breakout trades – most appropriate type of opportunity
- Bubble trading
- Downtrend rallies



MOVING AVERAGE FAILURE

- Moving average crossovers tell us little in real time about the probability of future action
- Which stock shows up trend continuation?
- Which stock shown down trend continuation?



Stock A



Stock B

PRICE AGREEMENT AND ANALYSIS

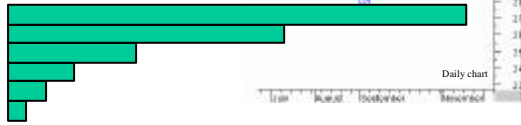
- All potential market participants agree on buy price analysis



TRACKING SHORT TERM VALUE

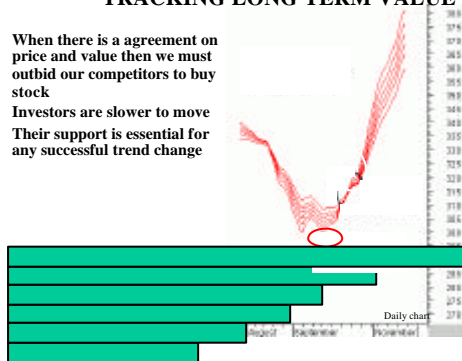
- When there is a agreement on price and value then we must outbid our competitors to buy stock
- Traders are the most aggressive group of buyers

Selection of exponential short term averages - TRADERS



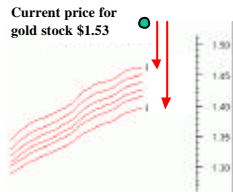
TRACKING LONG TERM VALUE

- When there is a agreement on price and value then we must outbid our competitors to buy stock
- Investors are slower to move
- Their support is essential for any successful trend change



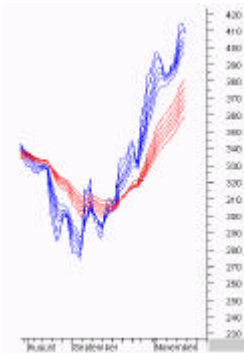
GMMA Chasing Gold

- Investor support is necessary for trend success
- Under weighting and over weighting drives fund behaviour



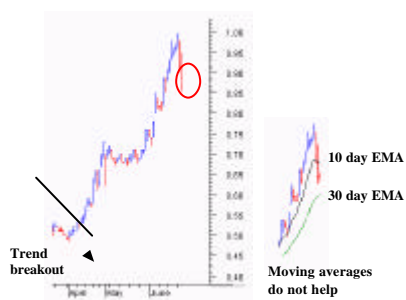
TRADING WITH THE GMMA

- Traders probe for weakness and lead trends
- Investors follow but their support is essential for success
- Compression signals agreement on value and price across multiple time frames
- The GMMA reveals the relationship between traders and investors



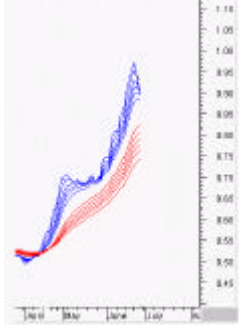
Bounce or collapse?

- Define the trend with straight edge lines
- Define the trend with moving averages



GMMA Analysis steps

- Long term group character
- Short term group character
- Relationship between the two groups



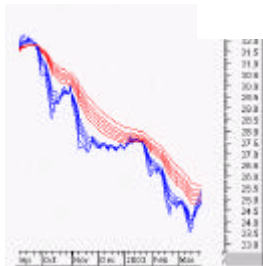
Breakout decisions

- What is the potential breakout behaviour?
- How can we determine the balance of probability?



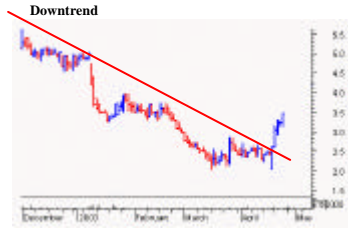
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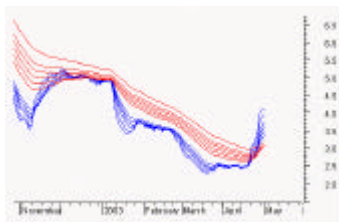
Breakout trading

- Is this safe to buy?
- Line chart analysis



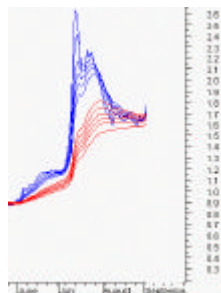
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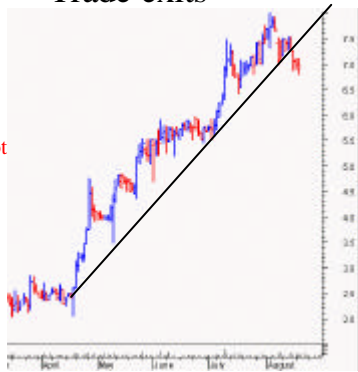
Trading Bubbles

- Bubble identification
- Bubble collapse
- Bubble rebound
- Bubble confirmed by:
- Bubble exit
- Bubble rebound



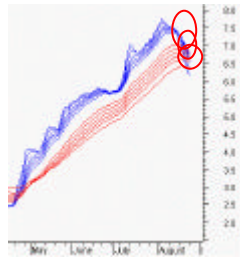
Trade exits

- Traders quibble about exits
- Traders look for excuses **not** to exit
- GMMA helps separate false from genuine exit signals



GMMA exit confirmation steps

- Determine the weight of confirmation evidence
- Long term group character
- Short term group character
- Relationship between the two groups



- 1 First penetration below long term group since start of up trend
- 2 Short term group compressed, turned down and has begun to expand
- 3 Long term group starting to turn down and compress

Conclusion. GMMA confirms other exit signals

Better trade exits

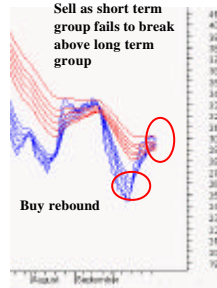
- Don't quibble
- Use a different method to understand the nature of the trend and to confirm exit signals



Downtrend rallies

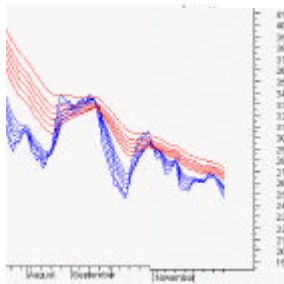
- Strategy one
- Quick trades from the long side in a downtrend

Strategy is most effective when matched with price leverage or taken using a derivative instrument



GMMA Trading short

- Strategy two
- Short trades
- Enter short when previous rally trade is closed



Guppy Multiple Moving Average

- Indicator, explorations and advanced system testing available in Metastock and OmniTrader
- Create it yourself as a template using 3, 5, 8, 10, 12, 15 EMA and 30, 35, 40, 45, 50 60 EMA
- Detailed development and strategies in Trend Trading
- www.guppytraders.com

