

# HOW JUST ONE 'ODD' MARKET PHENOMENON MADE ME

**\$47,692.27**

In A Single Day



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# THE PHENOMENON

## A Discovery That Changed The Way I Trade Stocks Forever

This is not normal. People just don't make this kind of money in the market every day and that's true. They don't, I don't!

As you've seen in my Winning Trade System I make pretty good profits in the market. But nothing like this day. Days like this are unusual to say the least, but they come along often enough that if you wanted to you could trade nothing else and make a pretty good living at it.

And it's darn simple. It the most simple market setup I've ever seen.

I did make \$47,692.27 in ONE DAY the FIRST TIME I took advantage of this “phenomenon” and this is a report on exactly how I did it.

Most people will think it's impossible – at least for the average trader.

And the average trader is naturally skeptical because they don't make this kind of money and believe it to be impossible.

But I CERTIFY that what you are about to read really did happen. I did it with a REAL MONEY account – this is not paper trading. Not one of the screenshots in this report are retouched, altered or modified as to the outcome in anyway.

### **Here's exactly what happened on the day of this case study:**

A few years ago I noticed something 'odd' in the market. This 'oddity' occurs about 3 to 4 times each year in a normal market, more frequently when the market starts to get volatile like it did from September 2008 to March of 2009.

I studied this phenomenon for about 2 years before I got the nerve to actually start trading it.

I recommend you do the same- study it carefully before you trade it and do not use much money to start. Don't worry it happens frequently enough that you'll have plenty of opportunities so don't rush it.

**Here's what I saw:**

I started noticing this in the fall of 2008 during the market decline. Volatility was high back then. One day the market was up 500 points the next it was down 700 points.

Man! If I had known about this during that time period you would not be reading this report right now. I would not have written it because right now I'd be on a beach someplace sipping a nice cool beverage watching the tides roll in enjoying my profits.

Ok, it's nice to dream anyway – but while I'm enjoying that beverage you can also bet I'm watching the first 30 minutes of trading to see if the 'phenomenon' is happening that day!

So my study of that period from 2008-2009 opened my eyes to something that is truly phenomenal. A market aberration, a strange occurrence that, for whatever reason works.

***And works reliably well.***

So when I saw this phenomenon happen again on April 9<sup>th</sup> of 2009 I dove into the trade head first and kept swimming until I reached the end of the pool – the end of trading for that day.

It started out just as I expected. The market was up that day, the DOW up significantly, the S&P500 gapped higher along with the NASDAQ and within the first 30 minutes of trading I could tell “it” was happening again!

There's a single phenomenon that occurs and when it does the money that can be made is, well, *phenomenal*.

The first time I took advantage of this trade on April 9, 2009 I took this screenshot of my P&L about 30 minutes into the trading session:

Equities and Equity Options												
Instrument	Qty	Days	Mark	Mark Chng	Delta	Gamma	Theta	Vega	P/L Open	P/L Day	Margin Req	
▶ URE	+110,...		3.0314	+.2714	110000.00	.00	.00	.00	(\$914.81)	\$1,385.19	\$166,727.00	
▶ UYG	+20,000		3.18	+.37	20000.00	.00	.00	.00	(\$369.25)	(\$501.25)	\$31,800.00	
Subtotals					130000.00	.00	.00	.00	(\$1,284.06)	\$883.94	\$198,527.00	

A close up of the P&L:

P/L Open	P/L Day
(\$914.81)	\$1,385.19
(\$369.25)	(\$501.25)
(\$1,284.06)	\$883.94

I was just 'testing' the waters to see if things were going to work out.

You'll notice that I traded two different ETF's. The one on top (symbol: URE) was acting better than the second one (symbol: UYG) so I decided to trade the top ETF, URE.

As you can tell I've already had a pretty good session. I was up \$883.94.

For most traders that's a pretty decent day and I should have been happy with that. And I was.

But this day was different. It was what I call a "True Trend" day or "Double T" day...

Here's what the end of the day looked like:

## The Winning Trade System - \$47K Day

Equities and Equity Options												
	Instrument	Qty	Days	Mark	Mark Chng	Delta	Gamma	Theta	Vega	P/L Open	P/L Day	Margin Req
	▶ URE	+130,...		3.44	+.68	10964.62	.00	.00	.00	\$25,557.37	\$46,582.56	\$223,600.00
	▶ UYG	0		3.48	+.67	.00	.00	.00	.00	\$0.00	\$1,109.71	\$0.00
	Wtd (SPY) Subtotals					10964.62	.00	.00	.00	\$25,557.37	\$47,692.27	\$223,600.00

A close up of the P&L:

P/L Open	P/L Day
\$25,557.37	\$46,582.56
\$0.00	\$1,109.71
\$25,557.37	\$47,692.27

I traded UYG a bit more and ended up in positive territory for the day- up \$1,109.71 - but URE was acting better and I spent my time focusing and trading URE for the majority of the day ending up with a profit of \$46,582.56 for the day.

Here's what the day looked like on the chart of URE I was trading that day:

## The Winning Trade System - \$47K Day



Based on my analysis of the market which I just finished for Daily Market Advantage, I told subscribers that the market was about to go into a strong rally phase. This was April, 2009, just a few weeks after market bottomed from the 2008-2009 decline. The

DOW was around 6,500 when it bottomed and was just starting to rally a bit, but I was sure based on my analysis that we'd get a rally at least to the 10,000 level.

Ok, so back to this “day” so what's a “True Trend” day or “Double T” day ? -

**It's a day that is so perfectly aligned with a strong trend that it's almost IMPOSSIBLE not to make money. All you have to do is jump on board and ride it like a surfer rides a massive wave...**

Whenever I see this phenomenon take place within the first 30 minutes of trading – I sit up and take notice. I cancel all my appointments for the day, text my wife that it's a “Double T” day then turn off my cell phone, unplug my fax machine, lock my office door, have food and coffee ready at my side and don't move for the next 6 hours or so until the close. It's that important.

Ok... here's the setup for a DOUBLE T day:

## **SETUP #1: Advance-Dcline Signal**

### **If the market is rallying:**

Within the first 30 minutes (ideally within the first 15 minutes) of trading the number of stocks ADVANCING minus the number of stocks DECLINING on the NYSE must be +2000 or more and hold above that level.

### **If the market is declining**

Within the first 30 minutes (ideally within the first 15 minutes) of trading the number of stocks DECLINING minus the number of stocks ADVANCING on the NYSE must be -2000 or more and hold below that level.

In other words, when you see the market open strong in one direction or the other the number of stocks ADVANCING – DECLINING must be +2,000 and DECLINING-ADVANCING is -2000 and it must be STAY above or below that level. **IF IT DROPS BELOW THAT LEVEL ON AN UP DAY OR RISE ABOVE THAT LEVEL ON A DOWN DAY AT ANY POINT DURING THE DAY AFTER THE TREND IS BROKEN AND IT IS NOT A DOUBLE T DAY!**



I use the ThinkorSwim platform and in one of my windows I simply add this formula for a symbol:

\$ADV-\$DECN (That's a "-" minus sign in between the symbols.)

And I use a "5 minute" chart with this. The settings on your platform it may be different. But pick a short time frame.

Then I watch the market open – especially if it opens really strong or really weak.

Here's what the Advance-Dcline window looks like on my platform:

## The Winning Trade System - \$47K Day



Using the drawing tools I place a horizontal line at “0” (visible on the chart) and two more: One at “-2000” and one at “+2000” (not visible on this chart).

With a single glance I can tell if it's going to be a Double T day if it's above +2000 or below -2000.

**AND this is important: It has to “get there” within 30 minutes of the opening of the trading session!**

If we are 30 minutes into the trading session and the Advance-decline is right around +1967 and never goes +2000 then it is NOT

a Double T day! **WARNING:** Take NO action!

Even if it gets to +1999 on a up day or -1999 on a down day and it does not go to +2000 or -2000 within 30 minutes of the opening bell DO NOT TRADE IT as a Double T day!!! ALSO we do NOT want to see the ADV-DEC line decline below +2000 on an UP day and rise above -2000 on a down day ever during the entire day! If it does cross those lines the day is broken and we get out!

Ok?

Let's go to Setup #2. (There's only 2 setups for this trade! Simple!)

## SETUP #2: Up Vs Down Volume Signal

This is as important as Setup #1. You cannot trade on one of these signals alone. You need both for this to work.

Ok, so you have a day in which the Advance-Declines (PLUS or MINUS 2000) are in the right territory after the first 30 minutes of trading... next you look for a low-volatility, trending “up vs down volume” pattern.

The day I took this screenshot did not have any trending days in the window. In the ThinkorSwim platform I can only go back 5 days using this special symbol.

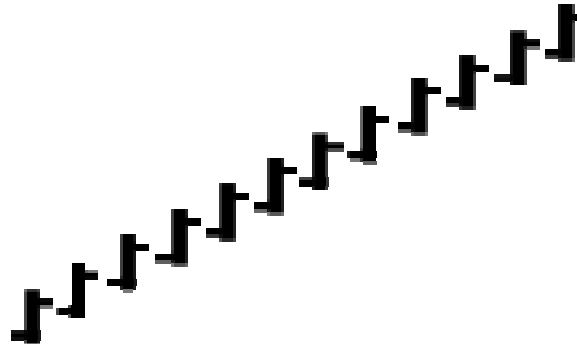
In the ThinkorSwim platform I use this formula for a symbol to measure the “up/down volume” on the NYSE:

\$UVOL-\$DVOL (That's a “-” minus sign in between the symbols.)

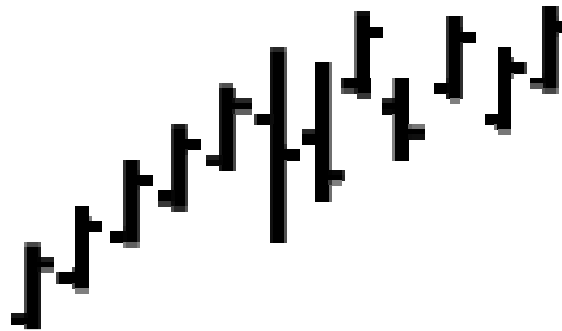
Here's what it looks like in my window:

Now this part is important: You want the UVOL-DVOL chart to trend. I use a 5 minute chart for this. I want to see a slow, steady

rising trend of the UVOL-DVOL. It should look something like this on a 5 minutes chart:



I don't want to see anything like this on the UVOL-DVOL 5 minute chart:



You'll notice on this chart the day furthest to the left started out pretty good and was starting in the correct pattern but then a couple of “red” or down bars started showing up breaking the pattern. That's not what you want to see. You want to see the entire day follow the beginning of that pattern:

## The Winning Trade System - \$47K Day



This is actually a great day! In addition the ADV-DEC are at -2000+ and holding:



## HERE'S THE TRADE:

Take a LONG position when Setup #1 is +2000 and holding and the Setup #2 is trending UP.

Take a SHORT position when Setup #1 is -2000 and Setup #2 is trending DOWN.

Hold until the close and exit position!

This works best with INDEX ETF's and can even work with 2X ETF's and even 3X ETF for DAY TRADE ONLY.

So there you have it. The proof is in the profits!

P/L Open	P/L Day
\$25,557.37	\$46,582.56
\$0.00	\$1,109.71
\$25,557.37	\$47,692.27

If you find day that meets both of these criteria:

Advance-declines and up-down volume pattern

then you have a DOUBLE T day.

Does this still work today?? Do I still trade it?



Yes, it does work, and of course I trade it! Why does it work?

I have no idea, it just does...

Follow days like this, study them and you'll find yourself amazed at how well you can trade on a True Trend day!

[David Vallieres' Winning Trade System](#)

*David Vallieres*