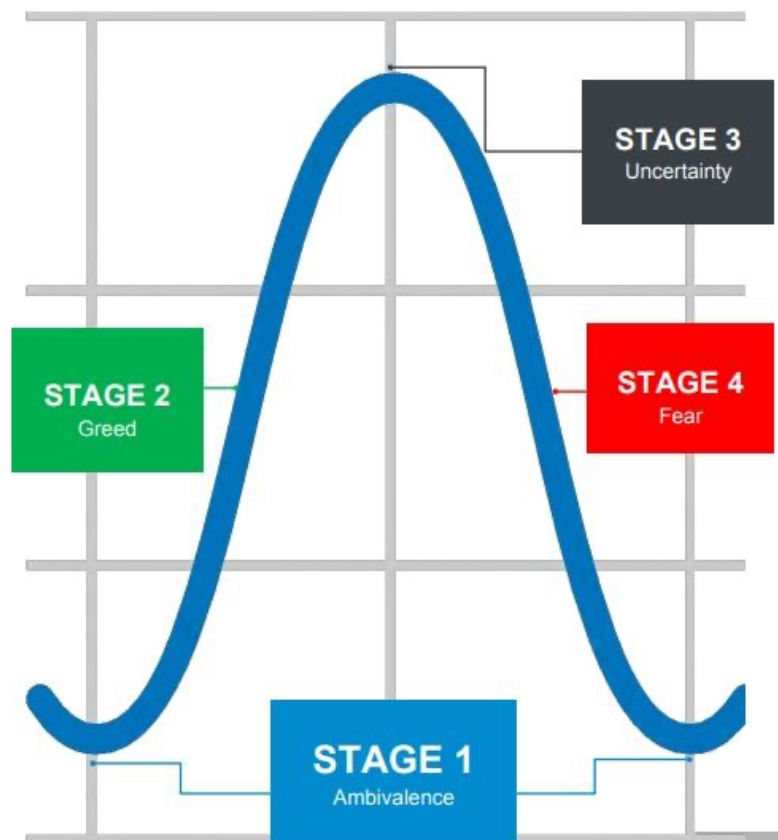


THE ONLY MOVEMENT POSSIBLE

This cycle is comprised of four distinct stages which, in turn, are ruled by four distinct emotions.



Stage 1's tend to be narrow and tight, while macro Stage 3's are often wide and whippy.

Stage 3 = Indecision



Identifying the Stages: Use of Channel Lines

Chart 1:

No technical drawings are used



Chart 2:

Channels lines are drawn

Stages 1 & 3

Horizontal lines:
at highs and lows

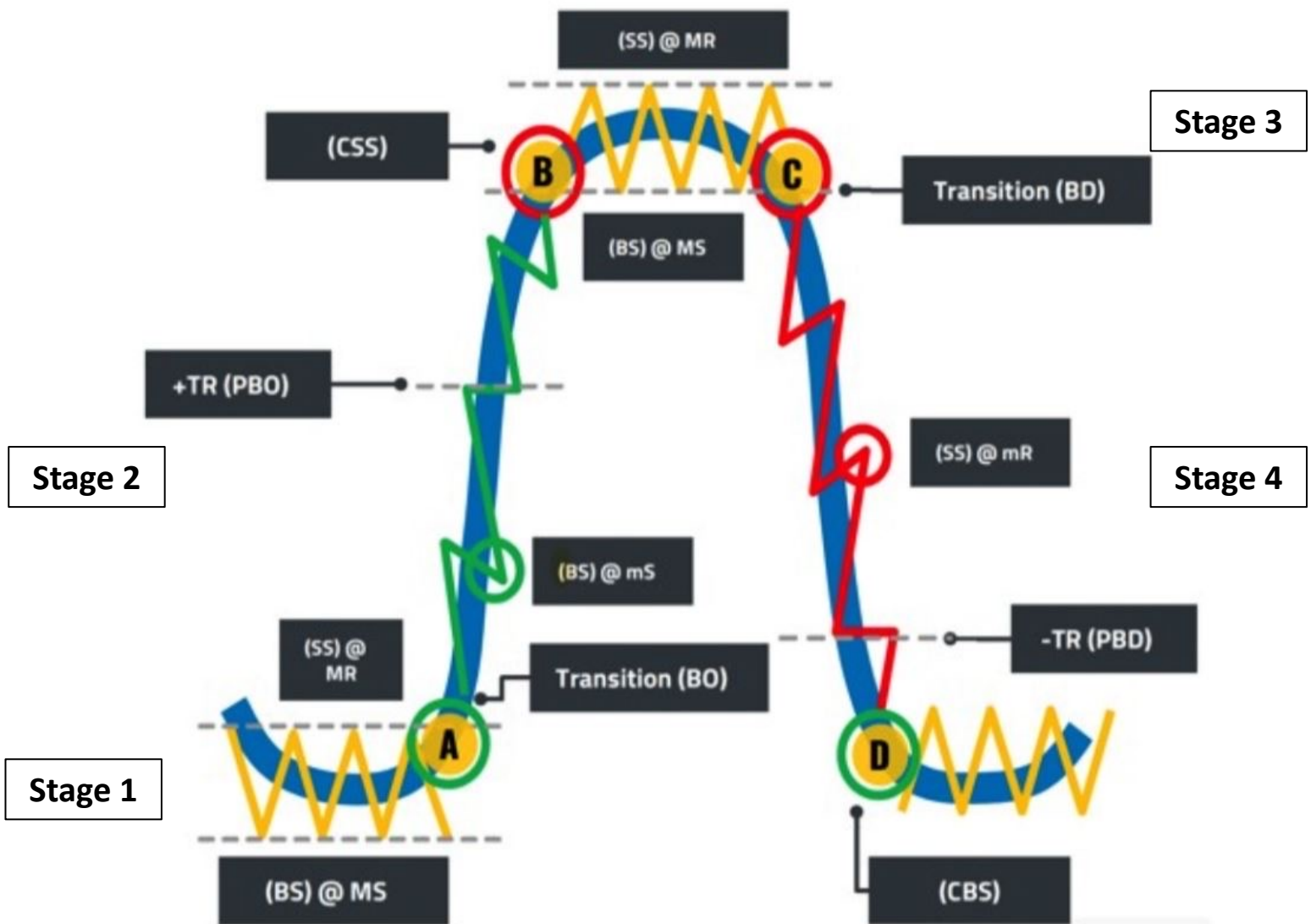
Stages 2 & 4

Angled / Parallel
lines:

Tops and Bottoms
of Candles



Core Setup Strategies: By Stage



Glossary of Terms

Stage 1: BS: Buy Setup SS: Sell Setup Transition A BO: Break Out BS: Buy Setup "1 st Retest"	Stage 2: BS: Buy Setup BO: Break Out PBO: Pause Break Out	Stage 3: BS: Buy Setup SS: Sell Setup Transition C: BD: Break Down SS: Sell Setup "1 st Retest"	Stage 4: SS: Sell Setup BD: Break Down PBD: Pause Break Down
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**Refer to examples of each strategy provided in course slides for further clarification*

Simple Moving Average: SMA



Simple Moving Averages used in the program:

Red Line:	200 SMA
Blue Line:	20 SMA
Black Line:	8 SMA

Trend Trading: Stage 2 / Transition A / New Uptrend



Price Breaks out of Sideways Trend: 1 - 2 - 3 Pattern



**Optional "use a smaller time frame to identify the Buy Setup"*

Trend Trading: Stage 2 / Uptrend / Trend Continuation

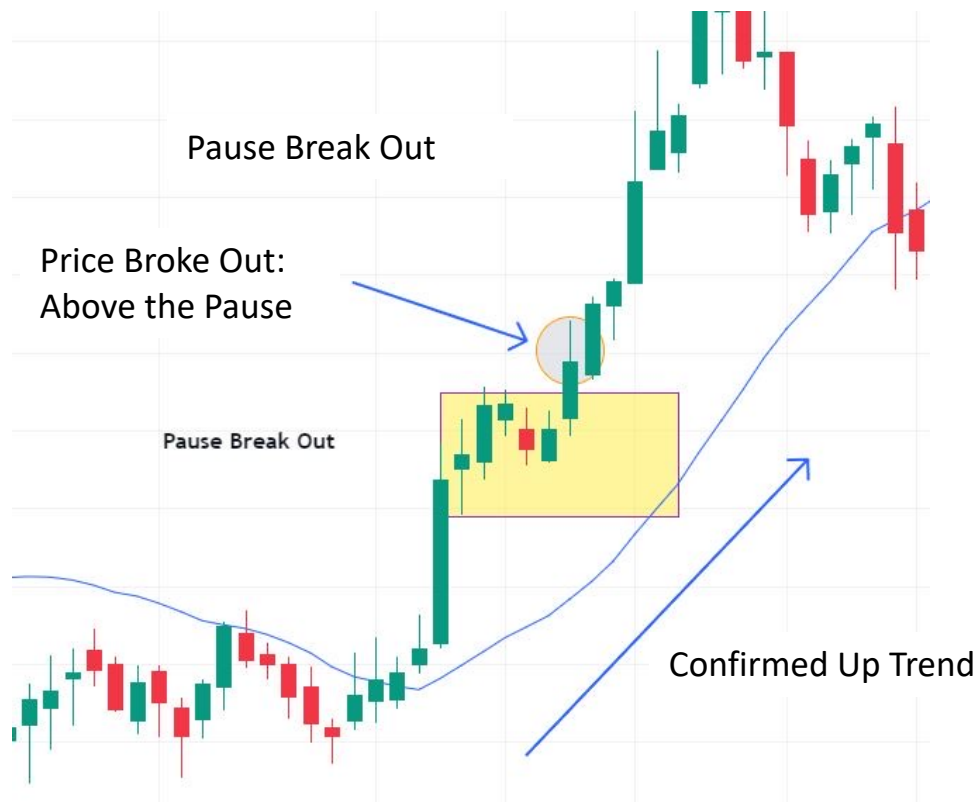
Buy Setup Pattern Examples



**Optional "use a smaller time frame to identify entry"*

Trend Trading: Stage 2 / Uptrend / Pause Break Out

Buy Setup Pattern Examples



Climatic Sell Setup: Transition B

Step 1: Identify Climatic Move Upward



Step 2: Smaller Time Frame Sell Setup



Trend Trading: Stage 4 / Transition C / New Downtrend

Price Breaks out of Sideways Trend: 1 - 2 - 3 Pattern



**Optional "use a smaller time frame to identify the Sell Setup"*

Trend Trading: Stage 4 / Down trend / Trend Continuation

Sell Setup Pattern Examples



**Optional "use a smaller time frame to identify entry"*

Trend Trading: Stage 4 / Downtrend / Pause Break Down

Sell Setup Pattern Examples



Climatic Buy Setup: Transition D

Step 1: Identify Climatic Move Downward



Step 2: Smaller Time Frame Buy Setup



Igniting Gap: Examples

IGNITING GAPS



IGNITING GAPS



Igniting Gaps:

Start / Ignite new trends and are played in the same trend direction

Exhausting Gap: Examples

EXHAUSTION GAPS



EXHAUSTION GAPS



Exhausting Gaps:

End / Exhaust old trend and are played against the current trend
Also referred to as Faded or Fading the Gap