After a 50% Retracement, the trend is considered positive to neutral.

The trend should continue in the original direction.
After a 60% Retracement, the trend is considered neutral to negative. The trend is in question.
A: Retraced rally by more than 60% (Weakness); expect a move lower.

B: Retraced decline by more than 60% (Strength); expect stabilization and or a move higher.
After an 80 – 100% Retracement, the trend is considered negative. Watch for a double top or double bottom if a COG forms. Expect a short-term rally / pullback.
A retracement of over 100% takes out support or resistance and is considered negative, but often sets up a high probability reversal.
Retracement Concepts

Retracement greater than 100% negate the prior trend.

They often set up a high probability reversal point.

A move above a prior high signals Strength but is a High Risk Entry.

Buying shallow pullbacks of 40 to 50% after a COG is low risk, professional trading.
Support & Resistance Concepts
# Support and Resistance Concepts

## Actual Support and Resistance
- A series of price bars.
- Prior highs / lows / bases.
- An unfilled gap between price bars.

They are guides as to where traders may anticipate a reversal.

## Subjective Support and Resistance
- Moving Averages
- Retracements
- Time

Also guides to anticipate reversal points.

Without price points in the same area, these are less significant.
Support and Resistance Concepts

Unfilled Gap
Resistance

Anticipate sellers in the area of Unfilled Gap.

Prior Low
Support

Anticipate Buyers in the area of Prior Lows.
Support and Resistance Concepts

Anticipate sellers in the area of Prior Highs.

Prior High Resistance

Anticipate a reversal in the area of Unfilled Gap.

Unfilled Gap Support
Support and Resistance Concepts

Anticipate Sellers

Resistance at Prior Base

TIP: What was Support will become Resistance.

NB
Market Timing Concepts
The TRIN Indicator: Used to determine who is in control of the market.

Readings **below 1.0** indicate more volume is entering advancing issues; **Buyers** in control.

Readings **above 1.0** indicate more volume is entering declining issues; **Sellers** in control.

**An Inverse Indicator**

*Declining Trin is Bullish*  *Rising Trin is Bearish*
The TICK Indicator: Used to determine Market strength and directional changes.

Readings above 0 indicate more stocks trading on upticks, favors longs.

Readings below 0 indicate more stocks trading on downticks, favors shorts.

Prior highs and lows are used as points of support and resistance in the broad market.

+ 1000 indicates excessive buying; odds of a reversal are very high.

- 1000 indicates excessive selling; odds of a reversal are very high.

5-Min.

Broad Market Support

Broad Market Resistance
Putting It All Together
Putting It All Together

Start with the longer time frame.

Prices test Support.

A WRB forms. Be Alert!

A COG signals the decline is over.

Moving Avg. Divergence.

Check Market and look for entry.
The TRIN Indicator

1. Trin above 1.0 and Rising. Sellers are in control.

2. Trin above 1.0 but Declining. Sellers are losing control.

Putting It All Together

The TICK Indicator

Resistance

> 100%

Retracement into resistance signals Strength.

Look to buy the pullback.

TICK enters the Broad Market Resistance Area.

Expect Momentum To stall.

Triple Bottom

A > 100%

5-Min.
Putting It All Together

Oversold MAs Wide.
Deep Retracement above the 20-MA.

Strength!

After a PBS, BUY!

Target 200-MA
Price Resistance.

Offer at Resistance.

60-Min. is Bearish.

A New low was made as the Tick reached Major Market Support!
Putting It All Together

Pristine Capital Holdings, Inc.

Support
Resistance
Sellers in Control
Buyers taking Control

Divergence
Prior Low Support

200-MA
20-MA
COG
A Japanese proverb says, “If you wish to know the road, inquire of those who have traveled it.” The authors of Tools and Tactics for the Master Trader clearly know the road. Their unique insights, trading tactics and powerful tools, so enjoyably presented, make this a book that belongs on every trader’s shelf.

Steve Nison, CMT - Author of Japanese Candlestick Charting Techniques
For a list of other Pristine videos, visit:

http://www.pristine.com/newvideo_core.htm
### 1 & 2 Day Seminars (Domestic)

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Pristine’s Intra-Day Trading Manual is available for download at:

www.pristine.com/intraday.htm

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