

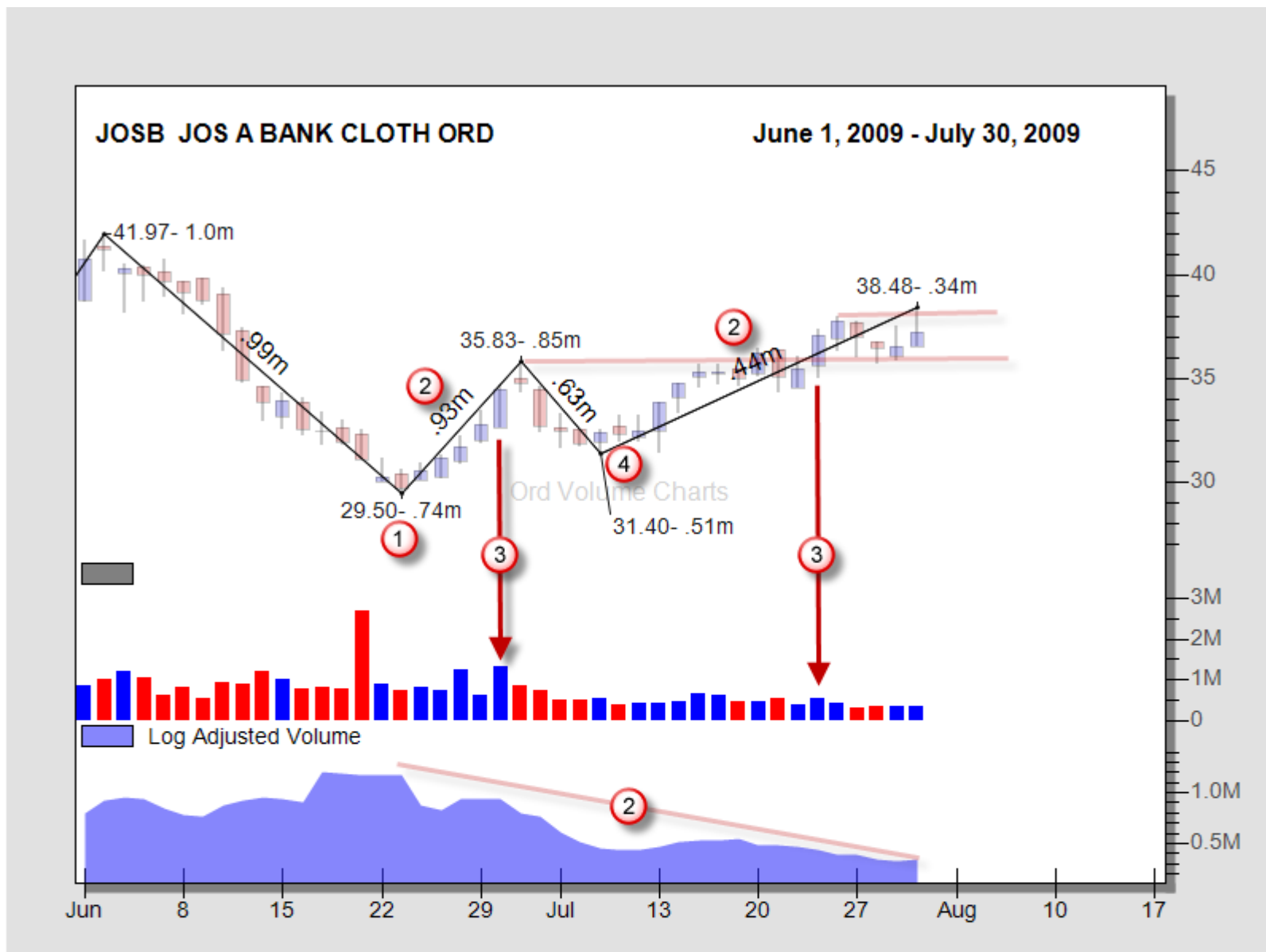
Proving The Point!

The Newsletter For The Shorter Term Ord Volume Trader

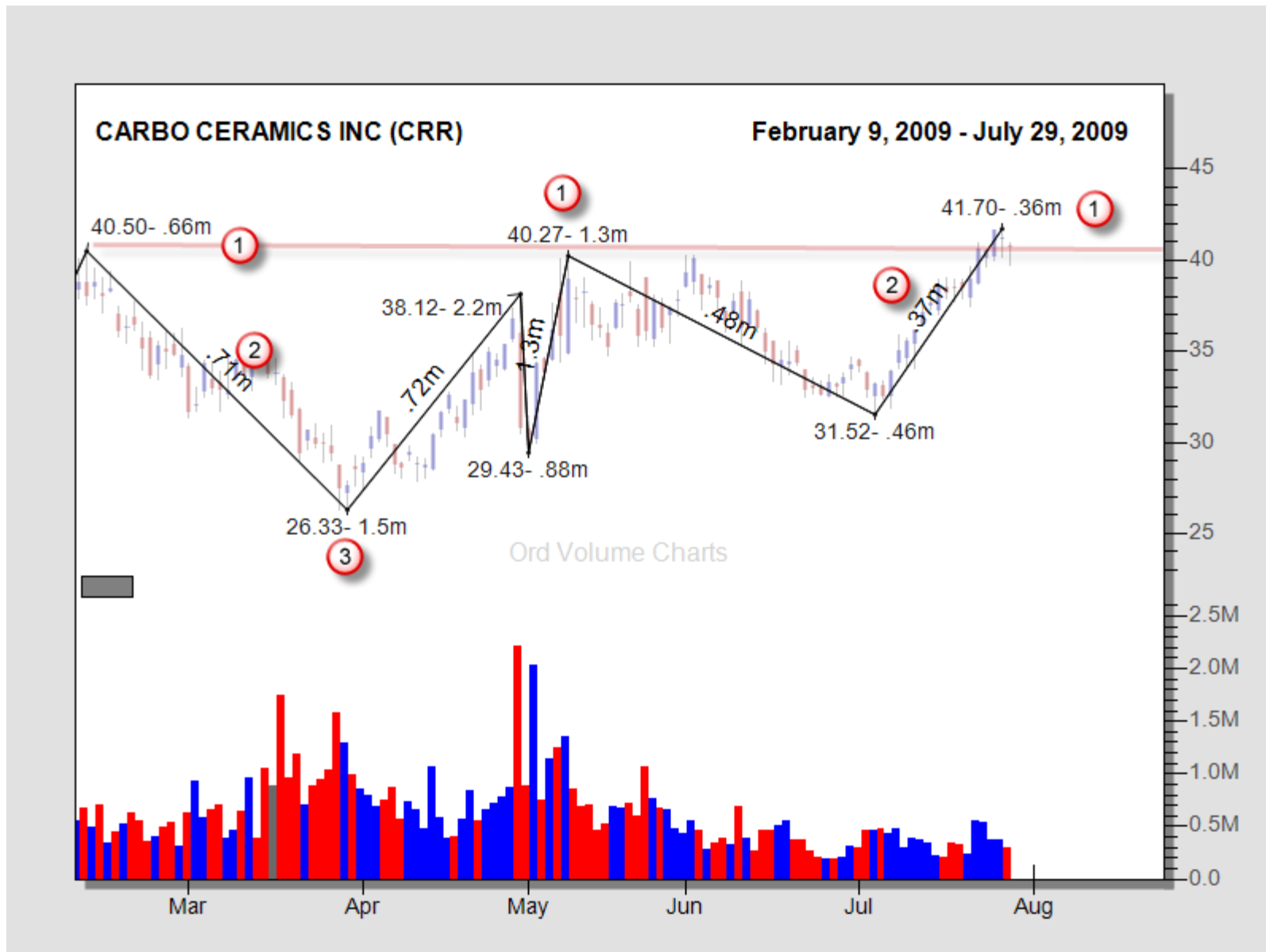
Today: 31 free days left

We went short JOSB at 38.00 yesterday and suspect we have a good position. If we are right it shouldn't close back above 38 with any volume approaching 340,000 shares. Our target is 31.40 and possibly 29.50 if that is tested on higher volume. We were also watching CRR for a close below 40.50 which didn't happen. Big volume came in but didn't test the high or close below. So we will watch that one to confirm a short on it.

Examples:



- ① The first thing we look for is a high volume untested low when shorting. Even if the volume is low trying to retest the odds are huge that that low will get retested. with in the next six months.
- ② After the intial short covering and a small pullback do buyers come in? Doesn't look like it to us. Everything says no interest like there was in selling from the 41.97 to 29.50 level.
- ③ When we compare the energy at 35.83 to when it is exceeded 10 days later is there any sign of strength? No that we can see.
- ④ Our first target is the previous low at 31.40 and since there isn't a lot of volume there the 29.50 low is next.



- ① The first high is set with 660,000 shares and comes close to getting tested but does not. The high volume at 40.27 says there is a big likelihood of that day getting retested. The retest comes on almost half the volume of the first high at 40.50. The stock still needs to close below the 40.50 to prove the point.
- ② Volume finally drops the near 50% we look for in the leg to confirm the path of least resistance has changed.
- ③ In sizing up short candidates high volume lows will eventually get retested 90% of the time with in two years and with in 6 months a little over 70%. So you do not want to be long a stock with a high volume untested low. One of the first things we look at in a long trade.

Understanding Examples:

Examples shown are starting points for looking for a trade. The market, sector and stock should all be telling the same story to enter a trade. An example of a stock is just 25% of the story, you still need to get the broad market (50%) and sector (25%) to line up.

The term "Proving the Point" comes from a term coined by the original evangelist of price and volume trading, Richard Wyckoff. The term refers to when a stock goes through a previous swing point with significantly less volume and pops back into the trading range defined by the previous swings. It has proved the point that there was no demand for higher prices or supply for lower prices, at that time. Usually there is an automatic rally or decline where rapid and predictable price changes occur. This is the majority of the examples and pick we show in the newsletter.

SOS stands for "sign of strength", a big candle (big price change) where volume is significantly higher and instantly stands out on the chart.

Path of least resistance is a term to describe what will be almost an inevitable advance or decline when supply and demand are stretched to either direction. This happens when both the leg volume of a price move and the swing point of a price move distinctly have a volume change that is dramatic. We like 50% in stocks and 25% changes in ETF's and indexes. The ETF and Index number is a rule of thumb and it varies by the outstanding interest in this instruments.

Mission:

Our mission to list and diagram the most likely changes in direction of stocks based on price and volume movements. We will from time to time publish trades for tracking purposes.

Newsletter Information:

Proving the Point is published each trading day exclusive of the last two weeks of August and December. Questions can be addressed to help@ord-oracle.com.

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