

Proving The Point!

The Newsletter For The Shorter Term Ord Volume Trader

Today:

We continue to believe there is no reason to be putting money at risk until next year. Seasonally indicators, especially volume has lower win ratio the last two weeks of December and the last two weeks of August. Light volume rallies are common during this time and they are very risky if the wrong news comes out. Sellers usually have already sold if they were going to putting a small bullish bias on the markets. With light volume bearish traders eventually give up and cover. The move usually is not large but it happens enough to keep us out of weak rallying markets.

Trading with the path of least resistance for the broad markets means that you can wait if you are wrong on the direction of an individual stock and have it come back your way to mitigate or eliminate any loss. We want an expectation of least a possibility of a 30% profit. We won't always get that but we need the chance that we could.

We have 5 trades in a row without a loss and we will try to continue to show highest probability trades in the coming year. For the next days until we break for Christmas vacation we will continue to short charts. Just remember to weight them with a lot less strength than you would the rest of the year.

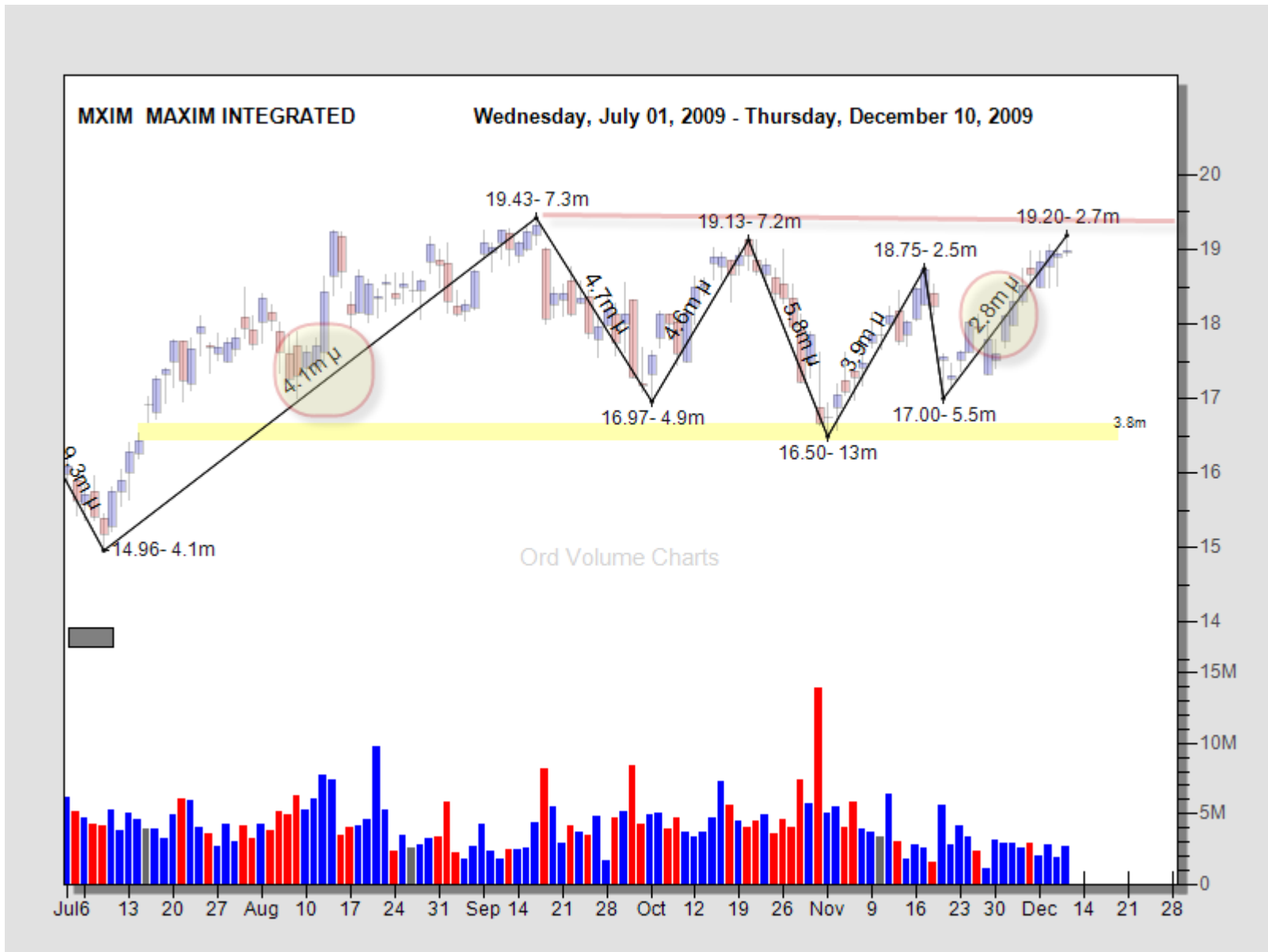
Examples:

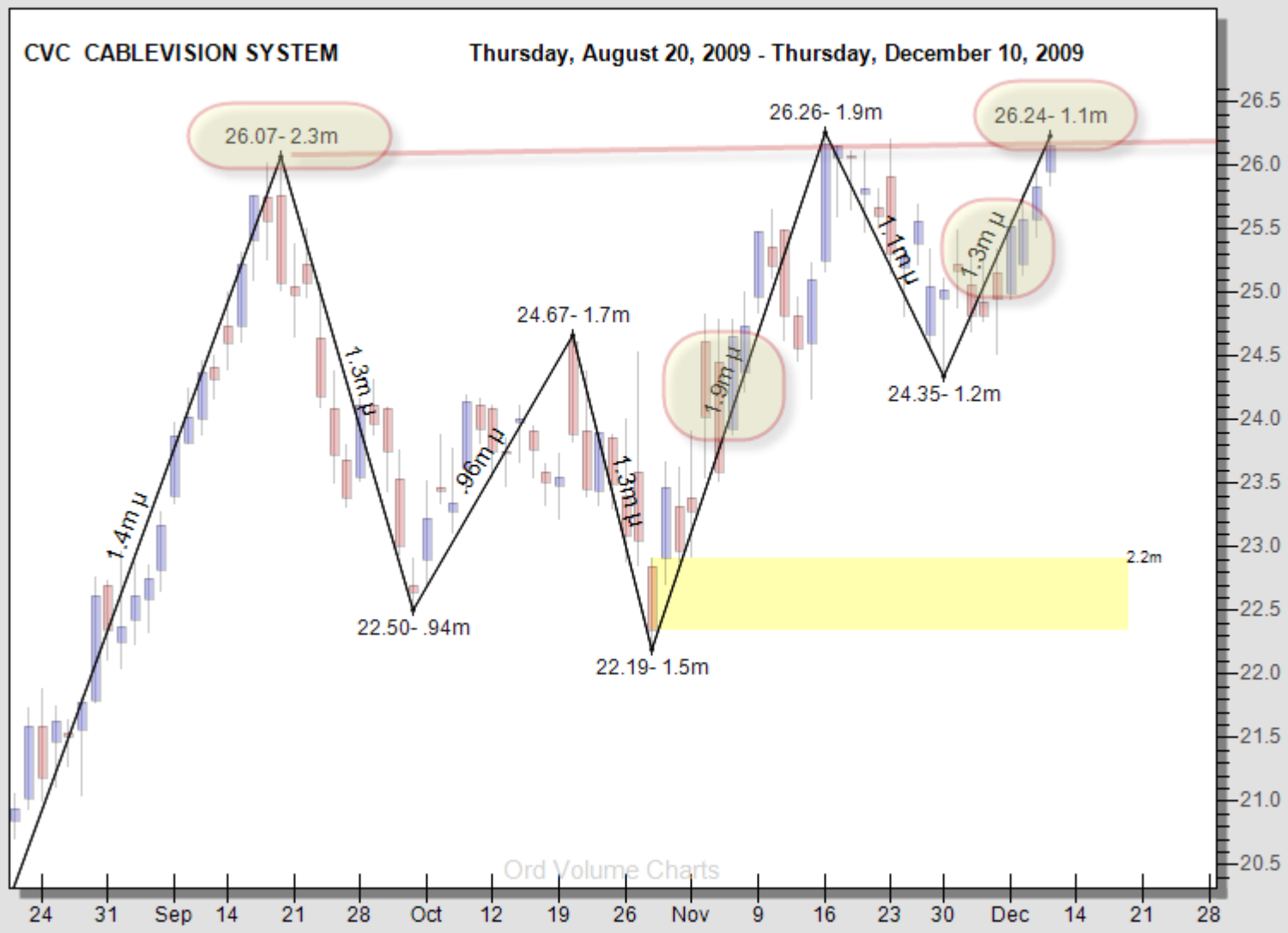
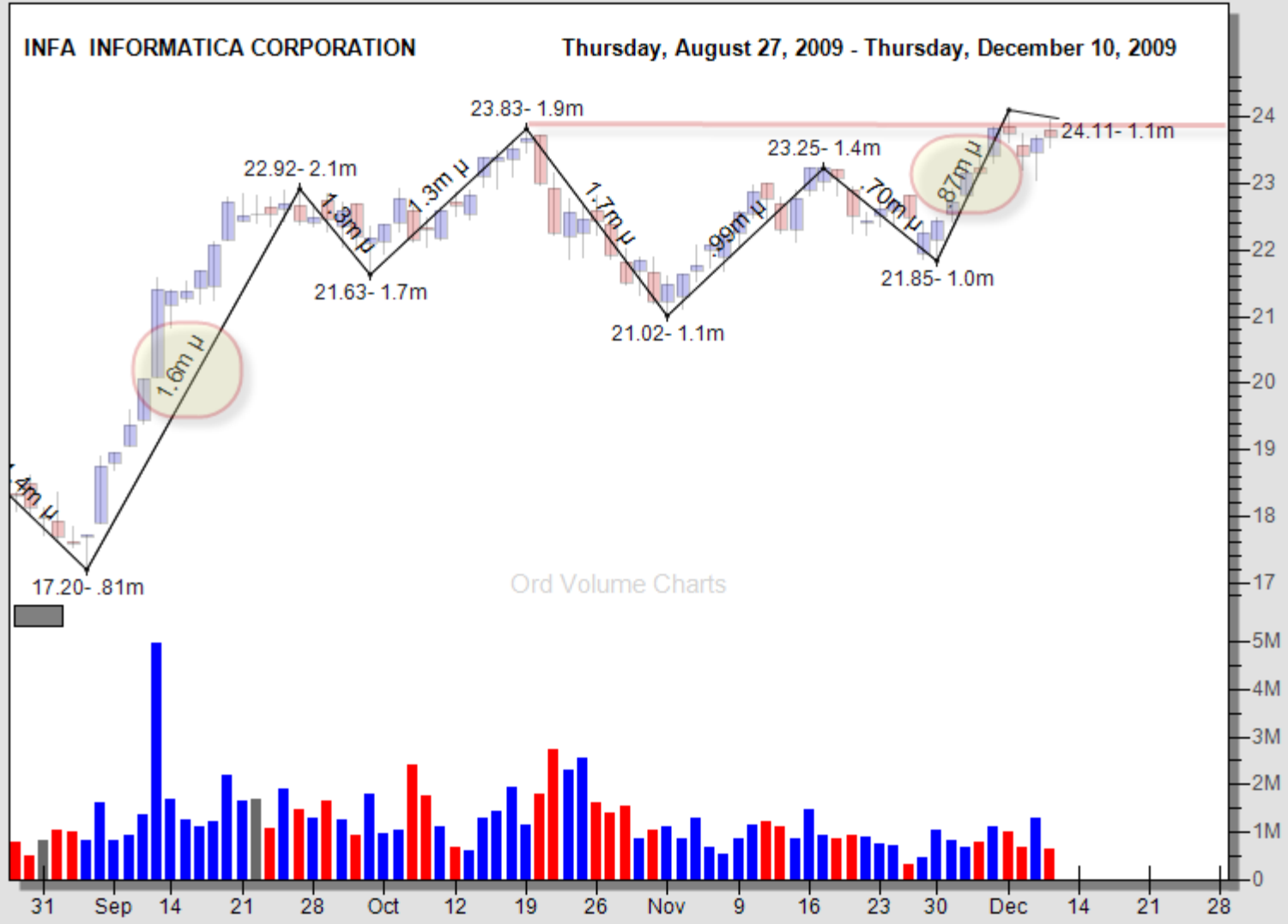


Pretty good signal with the test of the previous high and the gap that the upside energy is over.



This is one that is worth putting on your radar. Volume into the high at 5.33 and untested. Back to the start of the original rally. Failure of the Healthcare bill could be the spark for this one next year.





Current Trades:

None:

Past Trades:

Stock	Position	Date Started	Date Completed	Entry Price	Exit Price	P/L	%
DUG	Long	11/17/2009	12/9/2009	12.1	13.8	\$1.70	12.32%
ARIA	Long	11/3/2009	11/6/2009	\$1.80	\$2.17	\$0.37	17.05%
HEB	Long	11/3/2009	11/6/2009	\$1.13	\$1.22	\$0.09	7.38%
OSG	Short	10/20/2009	10/23/2009	\$45.00	\$41.00	\$4.00	9.76%
DUG	Long	9/17/2009	10/6/2009	\$13.84	\$14.25	\$0.41	2.88%

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. Usually this happens at previous swing high(s) and breaks through the Ice. A "sign of weakness" is a big candle with a downward bias and heavy volume (SOW).

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 price 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.

Signals are provided as general information only and are not investment recommendations. You are responsible for your own investment decisions. Past performance does not guarantee future performance. Opinions are based on historical research and data believed reliable, there is no guarantee results will be profitable. Not responsible for errors or omissions. We may or may not invest in the vehicles mentioned above. Copyright 2009 The Ord Oracle. To unsubscribe send an email to help@ord-oracle.com