

## Proving The Point!

### The Newsletter For The Shorter Term Ord Volume Trader

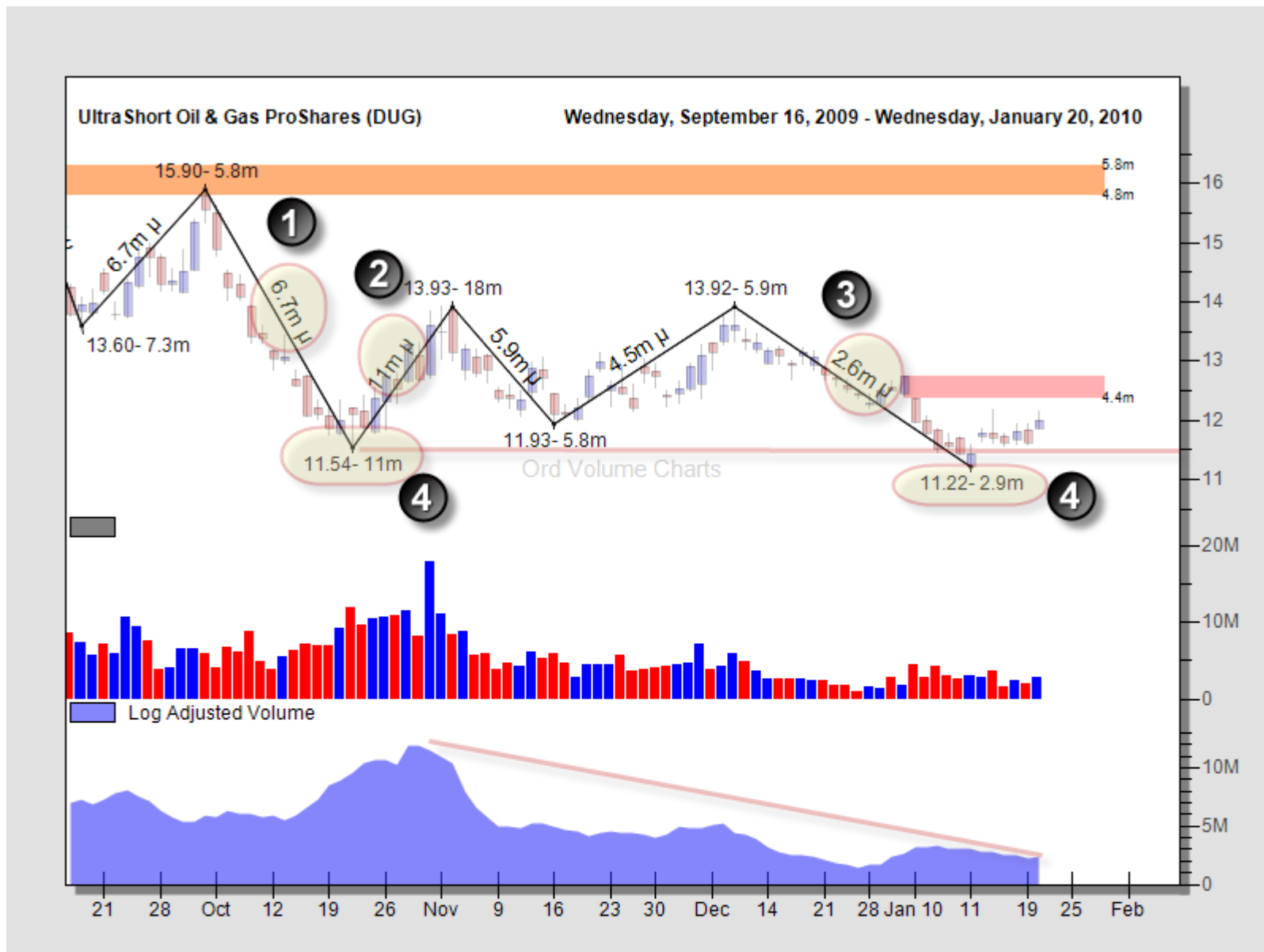
**Today:**

We are seeing the first cracks but we still want conformation before we pull the trigger. So many of these types of set ups have one last spike with no volume and we expect that to happen here. We are willing to be late getting short rather than be early and get stopped out.

The [summation index](#) has turned down in the NYSE and so we now have the green light so short. What we don't have is a lot of candidates to short. So we will wait for the whites of their eyes. CMG for a pop above 100 and for the March 100 puts to get around \$3 before we bite on the best looking one out there besides DUG. We can miss CMG but better a loss of opportunity than a loss of capital.

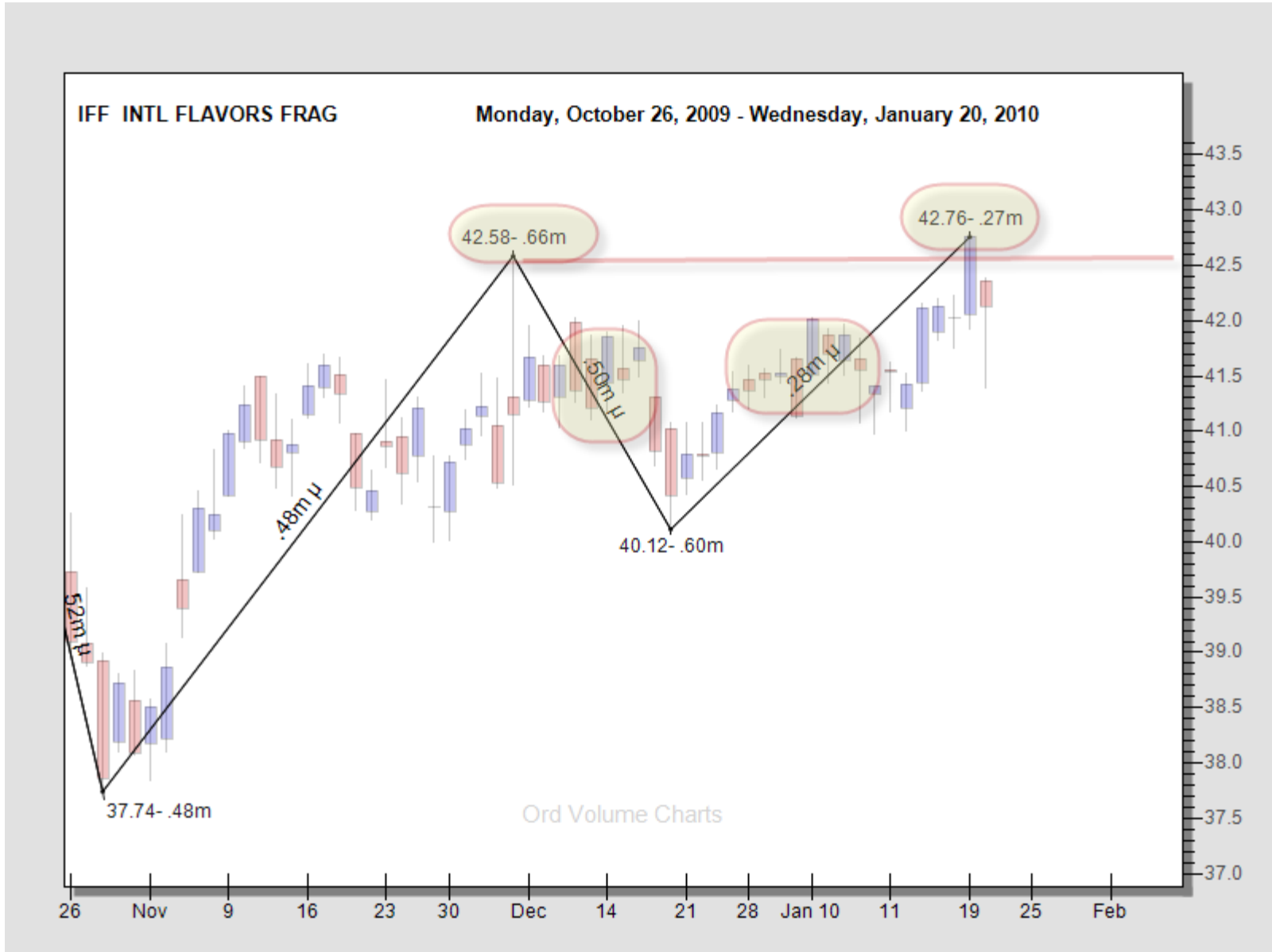
DUG has confirmed our prognosis and we will now move up our stop to break even and change it from the close to any price anytime below break even. If our prognosis is wrong we don't want to be wrong for long.

**Examples:**



**This is the pattern we love. Heavy volume down into a selling climax (1). The huge volume usually signals the exhaustion of sellers. Those that would sell have with the huge volume of 11 million shares. Next an automatic rally with heavy volume. Short covering makes an automatic rally sharp and fast then we wait.**

**By number 3 we see the volume come out and a retest of the exhaustion low is most probable. At number four we see the retest of \$11.54 and on less than a third of the volume. This is magnatudes better of a signal than everything else I have ever seen written or described. We think over time \$16 to \$18 dollar targets are likely.**



Maybe the best example of the pattern we look for but there is one thing missing. That is enough profit if we are right. \$42 to \$37 isn't enough to get me interested.

**Current Trades:**

Long DUG 1/7/2009 at \$11.60, stop at close below \$11.45. Targets are 13.90, then possibly \$17.90.

**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](mailto:help@ord-oracle.com).

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