

## Proving The Point!

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

#### Today:

DUG is back in the 13's this morning with 45 minutes before the open. We got a bigger retrace that we suspected by the volume remained low enough.

"The successful trader has to fight these two deep-seated instincts. He has to reverse what you might call his natural impulses. Instead of hoping he must fear; instead of fearing he must hope. He must fear his loss may develop into a much bigger loss, and hope that his profit may become a much bigger profit." Jesse Livermore

We were playing with the houses money so we didn't sell at \$13.90 the other day. It was a close call but we didn't want to lose a position where we were looking for a larger profit. I don't know anyone that doesn't think that energy is going higher. Generally a good sign we want to be on the opposite side of that trade.

Now we are waiting for a test of the gap at 14.60. The 14.60 level will probably let us if we have a chance at the higher targets too.

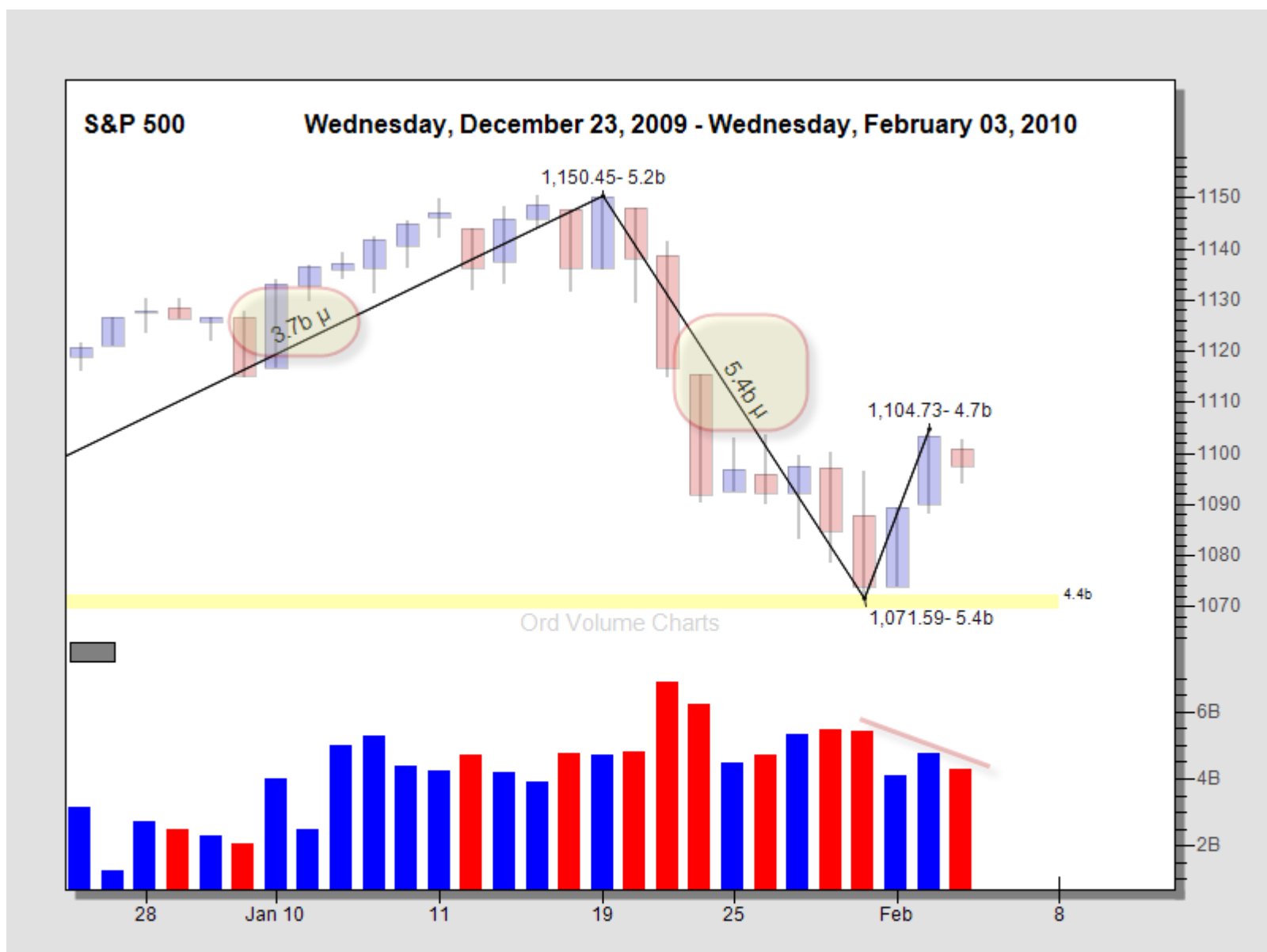
CMG has been on our radar for a week and we continue to watch the March 100 puts and would like to get them if we can in the \$3 range. I know a lot of traders are getting chewed up in this action. We have avoided this so far by not playing the fluctuations but the more inevitable advances and declines by only playing the most stressed stocks.

"Better a loss of opportunity that a loss of capital" Joe DiNapolli

We are not working for a daily wage so we don't have to cash out today. The big money is not in fluctuations but the trend of the markets.

We are getting close to 6 months in for this newsletter on a subscription basis. We would love to hear your comments and suggestions. Please email [mailto:help@Ord-Oracle.com?subject=comments on proving the point](mailto:help@Ord-Oracle.com?subject=comments%20on%20proving%20the%20point) (Help@ord-oracle.com) for you web based emailers.

#### Examples:



We have two signs that the path of least resistance is lower. The summation index is still headed down and we have yet to see volume show a sign of strength up. We have had two down and we suspect that we need a wash out before we would consider that a real rally would start.

**Current Trades:**

Long DUG 1/7/2009 at \$11.60, stop at \$12.10. 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	\$12.10	\$13.80	\$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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