

Chat Transcript for 2009-12-10 through 20:21.15 (ET)

15:03:18 ral Hi all ... comments, review and tomorrow's setups shortly
15:04:41 ral Treasury yielded curve is now the steepest it has been in 39 years
15:07:45 ral FED says US\$ will remain reserve currency
15:08:02 ral FED says it has not been asked to provide aid to GREECE
15:08:30 ral sorry mean IMF, not FED
15:10:00 ral Today in the GBP, the setup was for 4th ordinal short < 1.6169
15:10:07 ral this was not triggered
15:10:15 ral take a look at the GBP daily chart
15:10:47 ral today is an "inside day" in a "strong" sense...what do you suppose "strong" sense means here?
15:11:10 walker inside a small body
15:11:12 ral think...think
15:11:43 walker and two of three sm bodies
15:12:04 jl important timepoint?
15:12:31 ral inside days can be of two types: (1) where range is inside prior period range and (2) where condition 1 is satisfied but additionally, the body is inside the body of the prior period
15:13:01 ral you can see this here in the GBP where it looks like both conditions will be satisfied
15:13:04 ral clear?
15:13:18 walker y
15:13:50 ral now inside days generally mean that the PROBABILITY is increased of a large move tomorrow
15:14:12 ral in itself it does not tell us which way
15:14:33 ral only that the market is compressed and will likely move sharply tomorrow
15:15:00 ral now let's look a bit deeper
15:15:18 ral you can see that the market is completing a msl trigger
15:15:33 ral and this would be LONG > 1.6345
15:16:09 ral since the GBP is triple trend short, this trade would be a counter trend trade (an ALT)
15:16:56 ral what is the trend trade that is indicated here?
15:17:34 walker triple trend short
15:17:42 ral yes, but what is trigger?
15:17:56 fc ordinal 4
15:18:00 walker s 4 per
15:18:01 ral yes, 4th ordinal
15:18:14 ral < 1.6168
15:18:56 ral now what is another short possibility given the "strong" inside day PATTERN?
15:19:33 walker rickshaw down
15:19:53 ral and trigger would be what?
15:20:06 walker close of this bar
15:20:19 fc ss 1.6216
15:20:42 ral yes, it would be short < lower range of today's trading
15:20:51 ral so < 1.6216
15:21:07 ral everyone clear on how to "read" this setup?
15:21:10 walker humm
15:21:18 jl also tomorrow is 21st period from 11/16 high
15:22:06 fc ral entry @ 1.6216 would this be considered an aggressive entry
15:22:23 fc considered
15:23:10 ral yes, inside range breaks are aggressive unless supported by major triggers.
Here the long is a major trigger (MSL) but the short < 1.6216 is not a major trigger, only a pattern trigger
15:23:53 ral and jl points out we are near the 21st period
15:24:44 walker wouldnt that place more emphasis on the long ??
15:24:45 ral in a TYPE BOX, the 21st period should be a high in a downside box ... here it is likely a low...so we have a type II box it looks like
15:24:54 ral yes walker
15:25:03 fc so would it be a good idea to enter with half normal position and wait for 4th or-

dinal for the other half

15:25:24	ral	in a type II downside box, the 21sts period will nominally be the lowest point
15:25:45	ral	that would be one way FC
15:26:23	ral	we are coming close to a major time point...196 periods on Monday
15:26:32	ral	from the 12-year low in March
15:26:42	ral	this is a natural square time point
15:27:02	ral	here's a little quiz question
15:27:20	ral	what is the closest price natural square to Monday's time natural square?
15:29:04	walker	1.6384
15:29:48	ral	very likely correct ... we don't know Monday's price yet but we do know the
bounding natural squares at 1.6384 and 1.6129		
15:30:15	fc	wtg walker
15:30:27	ral	but we do know that we have a potential price time square point
15:30:31	walker	aww shucks
15:31:40	walker	a 3 per x is at 1.6296
15:32:03	ral	this marks Monday as a very important time point and potentially a price point
as well ... it was these observations that enabled Gann to make some of his most compelling "predictions"		
15:33:52	ral	any questions about this?
15:34:37	ral	your assignment, should you choose to accept it, is to do this same analysis on
all the markets you trade, so you know this comes Monday		
15:34:44	fc	Ral do you mean that Monday price/time will be square?
15:35:38	ral	we know that time is square on Monday...we need as well to know the natural
squares of price that day...typically the market will "touch" the price on time square day		
15:36:07	ral	so we will want to know this for any market on Monday
15:36:33	fc	ahh
15:36:36	ral	for example
15:36:55	ral	open the GBP chart if you have it open, put reference lines at the NS price points
15:39:17	ral	now suppose we get a long trigger tomorrow > 1.6345 ... we have a NS target
at 1.6384		
15:39:23	ral	what would you do there?
15:39:52	walker	exit
15:40:37	ral	yes, natural square targets are ALWAYS targets and either you set your exit
price there or you set an exit plan there		
15:41:11	ral	in any event...from the NS trading perspective that is the end of the NS trade
and one does NOT re-enter that day		
15:41:20	walker	and if it closed above that NS then that would be a NS trade ?
15:41:40	ral	so Monday becomes the next re-entry day
15:42:19	ral	and on Monday we might then see time square price at 1.6345 during the day
with the NS decision at the close		
15:42:51	ral	I'll go into this further tomorrow and then again on Monday in relation to other
setups		
15:43:20	ral	ok, I have to leave promptly at 4:00 so let's quickly review the other markets
15:44:04	ral	US\$ hit the 5th ordinal high today, so tomorrow we have 6th ordinal long > 1.0302
15:44:16	ral	interesting market to study in terms of what we have just talked about
15:45:06	ral	EUR did not hit 5th ordinal low today ... so same for tomorrow...also getting a
MSL long > 1.4761 ...inside day normal		
15:46:05	ral	AUD/JPY strong up day as risk appetite strong today forming a MSL L >
81.095 and an upside structure trigger		
15:46:20	ral	if triggered, this is a W3 down failure
15:47:31	ral	\$Index triggered the MSH short today...no long on 5th ordinal high; tomorrow
alt is continuous short < 75.865		
15:48:19	ral	YM today follows the risk appetite higher ... forming a MSL > 10,444 ... know
the next higher NS here		
15:48:31	ral	if high is lower tomorrow then potential W2 peak here
15:48:44	ral	with W3 trigger on Monday
15:49:08	ral	BONDS hit the 5th ordinal low as auction was poor today
15:49:29	ral	so for tomorrow we have 6th ordinal low < 117.875
15:50:23	ral	OIL, in spite of the risk appetite in equities, fell to 5th ordinal low...tomorrow
we have 6th ordinal low < 69.81		

15:51:12 ral generally when risk is "on" and ricm commmodities do not rise, this is an indi-
cation of potential distributyion rallies in the equity markets
15:51:45 ral as well aspotential intervention by PPT
15:52:29 ral GOLD did not trigger 5th ordianl today so has MSL long > 1137.50 in an inside
day setup
15:53:27 ral BEANS BEANS triggered 2nd ordinal low to a low at 1019.00 ... no entry to-
morrow on 3rd ordinal rule
15:54:01 ral OK so we have a mixed picture with several markets showing inside days
which typically mena that tomorrow's ranges will expand
15:54:24 ral so review your markets in light of this and the coming potential pricetime
square on Monday
15:54:37 ral OK all ... have a good evening...see you tomrorrow
15:55:01 fc thnx Ral,nite all
15:55:07 walker thanks ral have a nice eve all see yuo
15:55:08 jl u2, thx

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