



FIGURE PI.1 New Highs Find New Buyers, Profit Takers, and Shorts

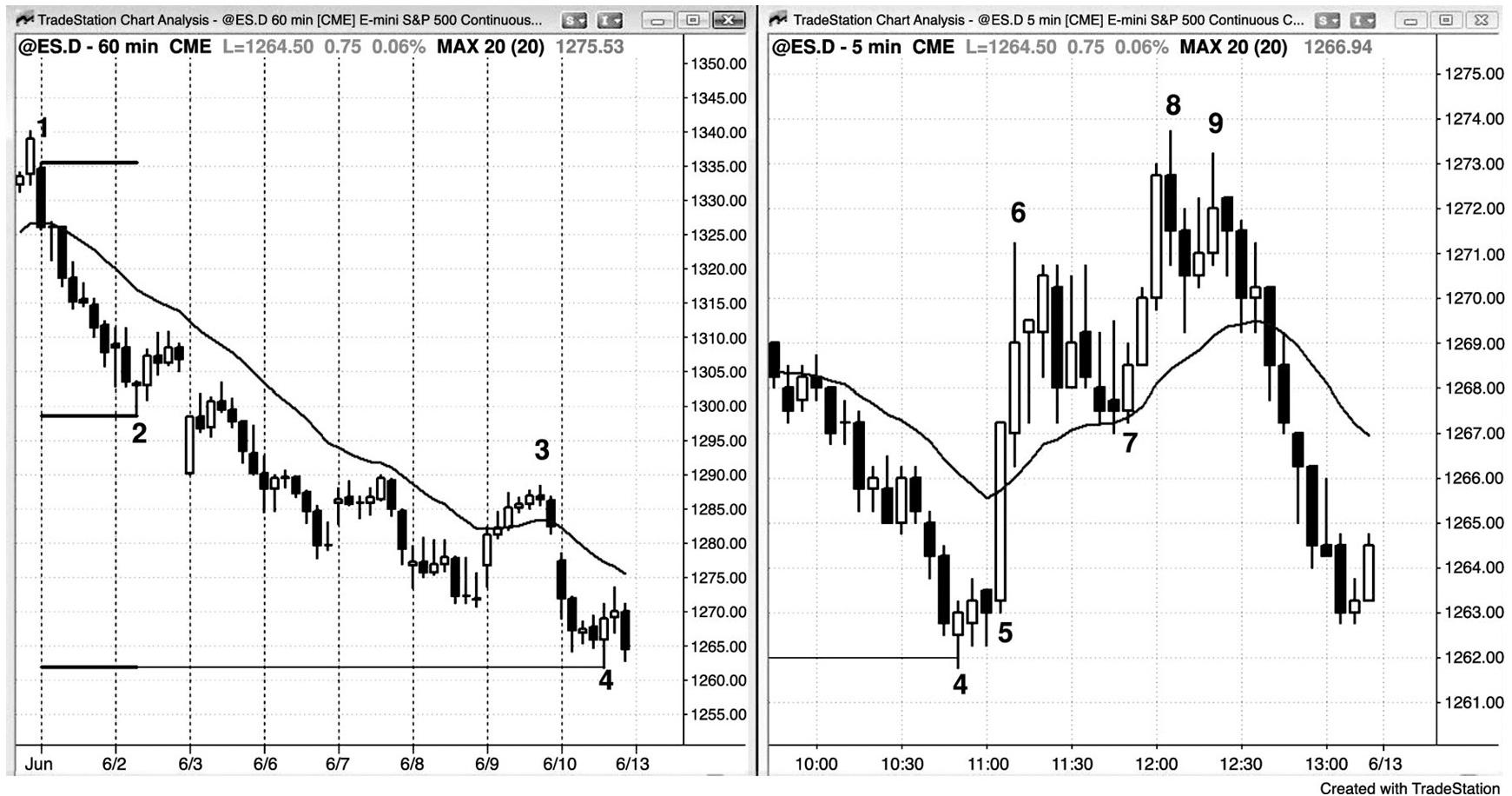


FIGURE PI.2 Low-Volume Bull Breakout in a Bear Trend

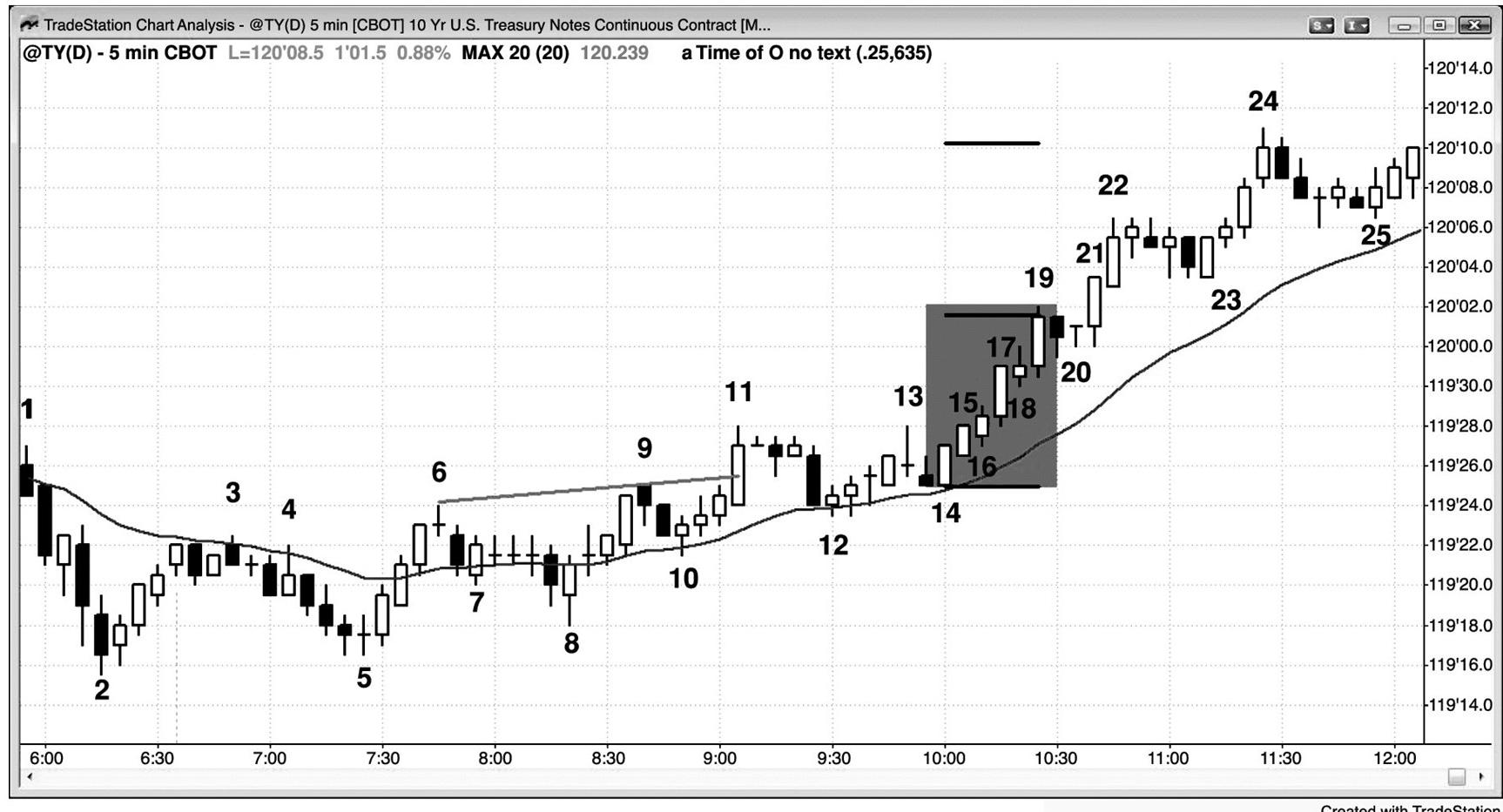


FIGURE 1.1 Breakouts Are Reliable Setups

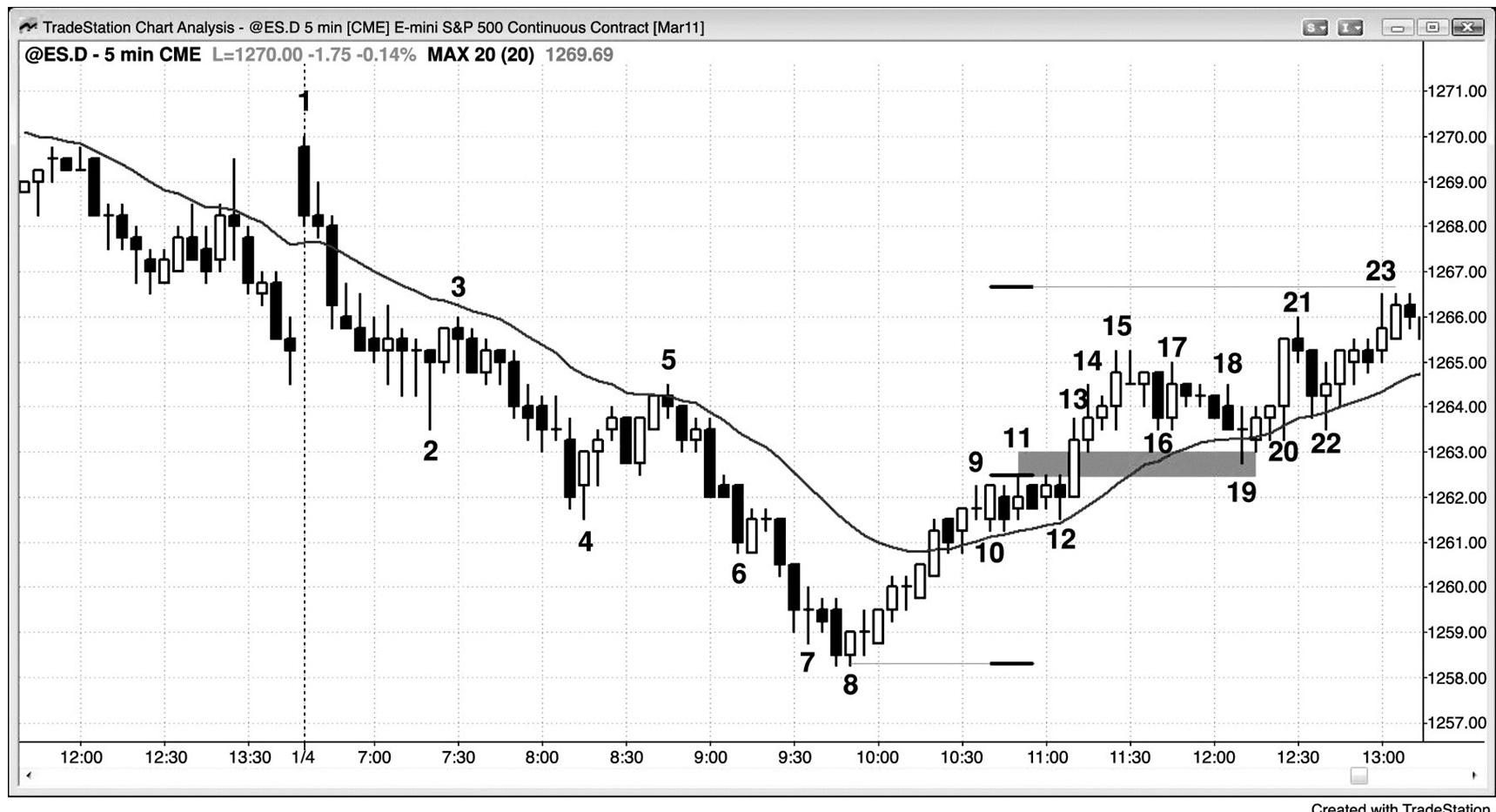


FIGURE 1.2 Breakout Pullback

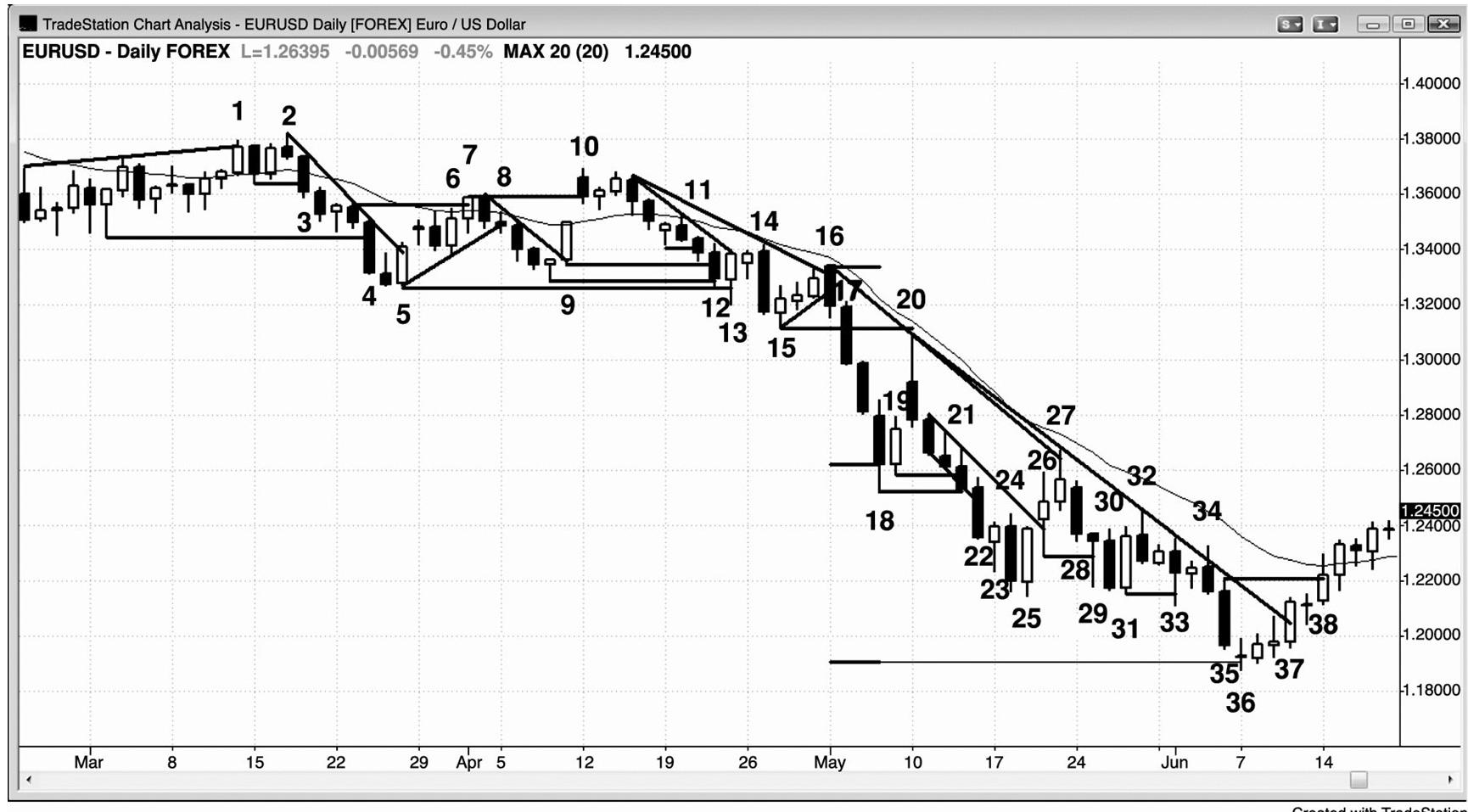


FIGURE 2.1 Breakouts Happen Many Times Every Day

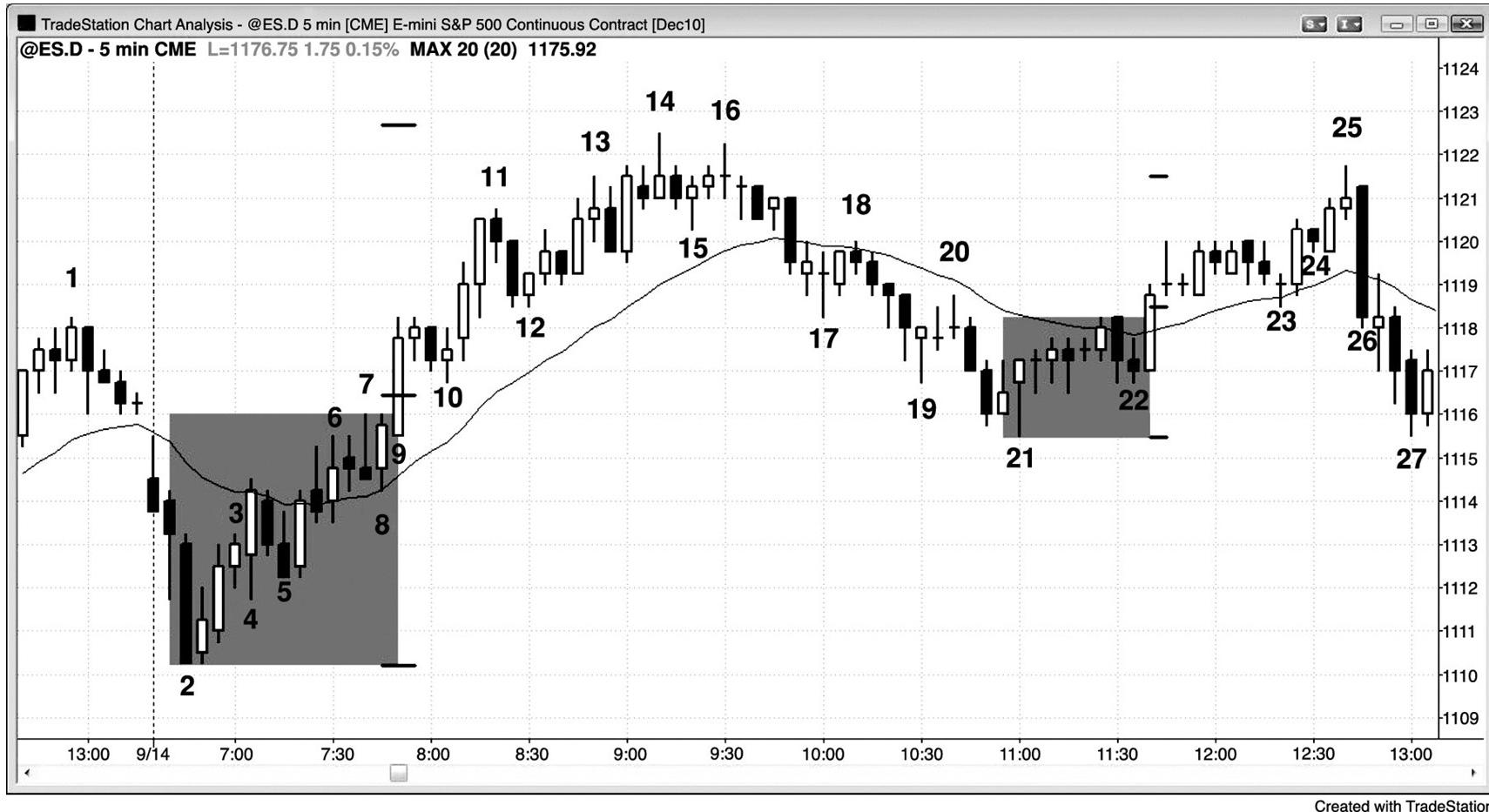


FIGURE 2.2 Flags Can Break Out in the Less Likely Direction



FIGURE 2.3 Small Breakout Bar



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FIGURE 3.1 Breakouts with Many Consecutive Trend Bars Are Usually Strong

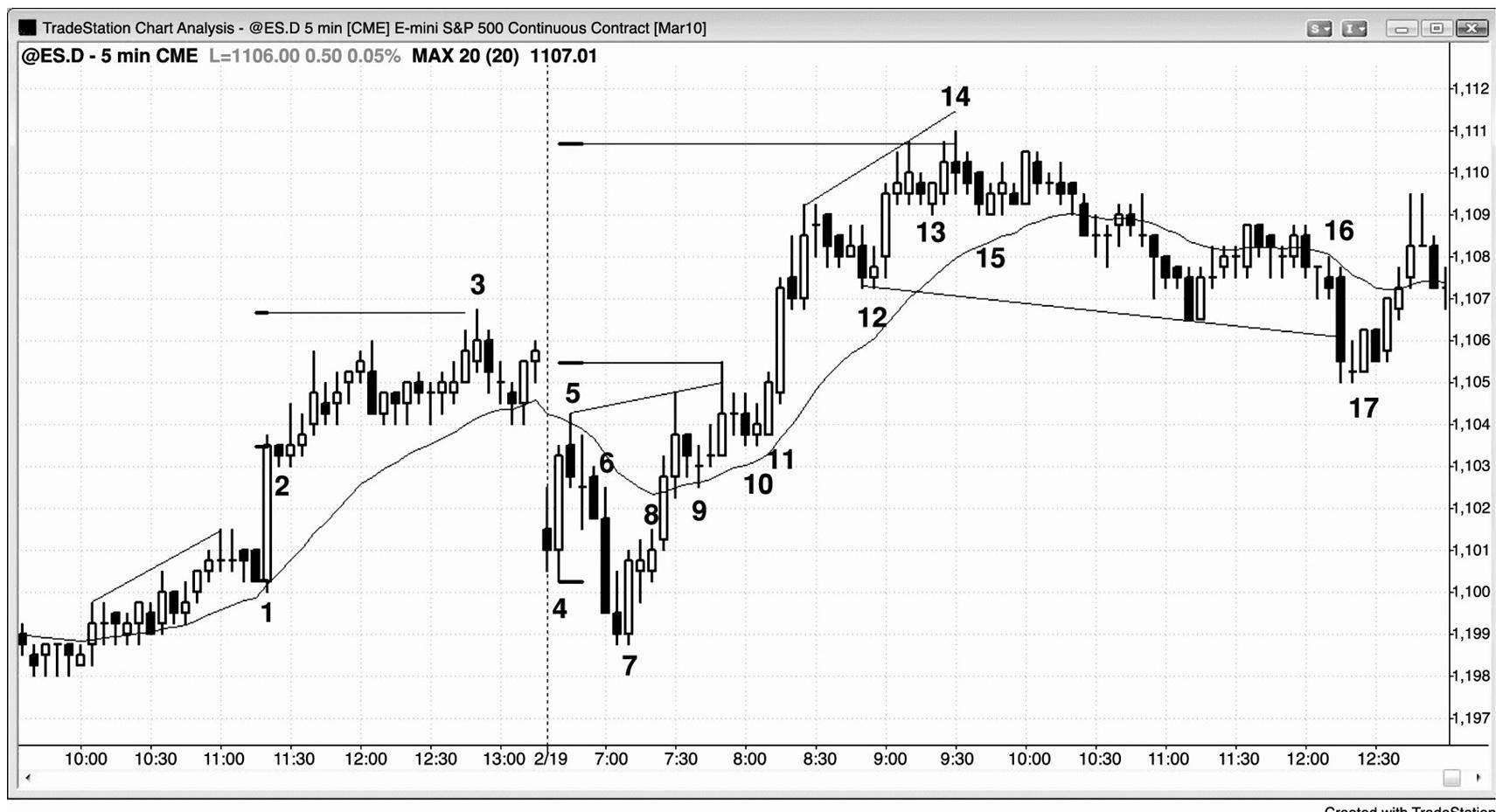


FIGURE 3.2 Successful Breakouts Need Follow-Through



FIGURE 3.3 Watch Charts and Not the News

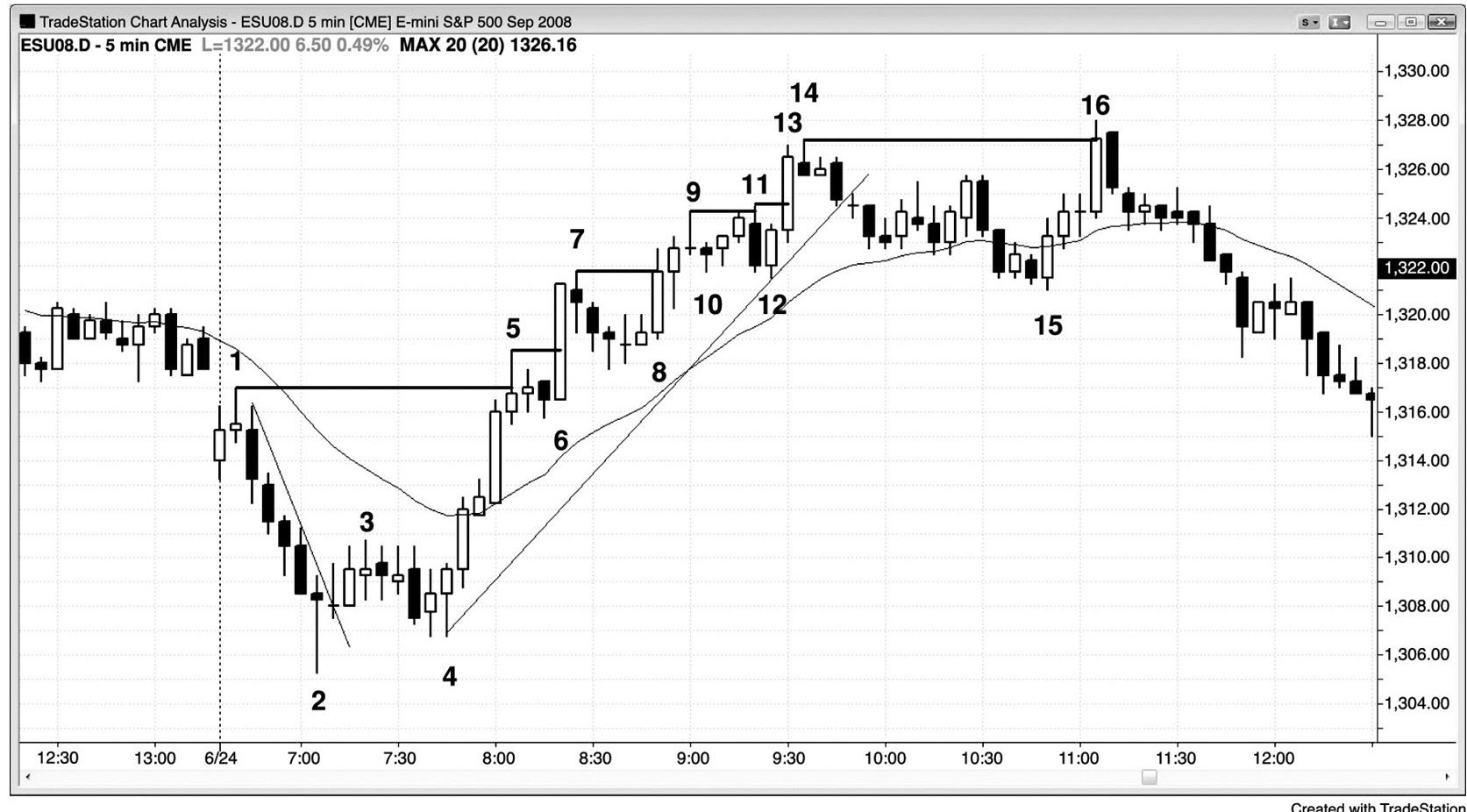


FIGURE 4.1 Strong Breakouts Have Many Consecutive Strong Trend Bars

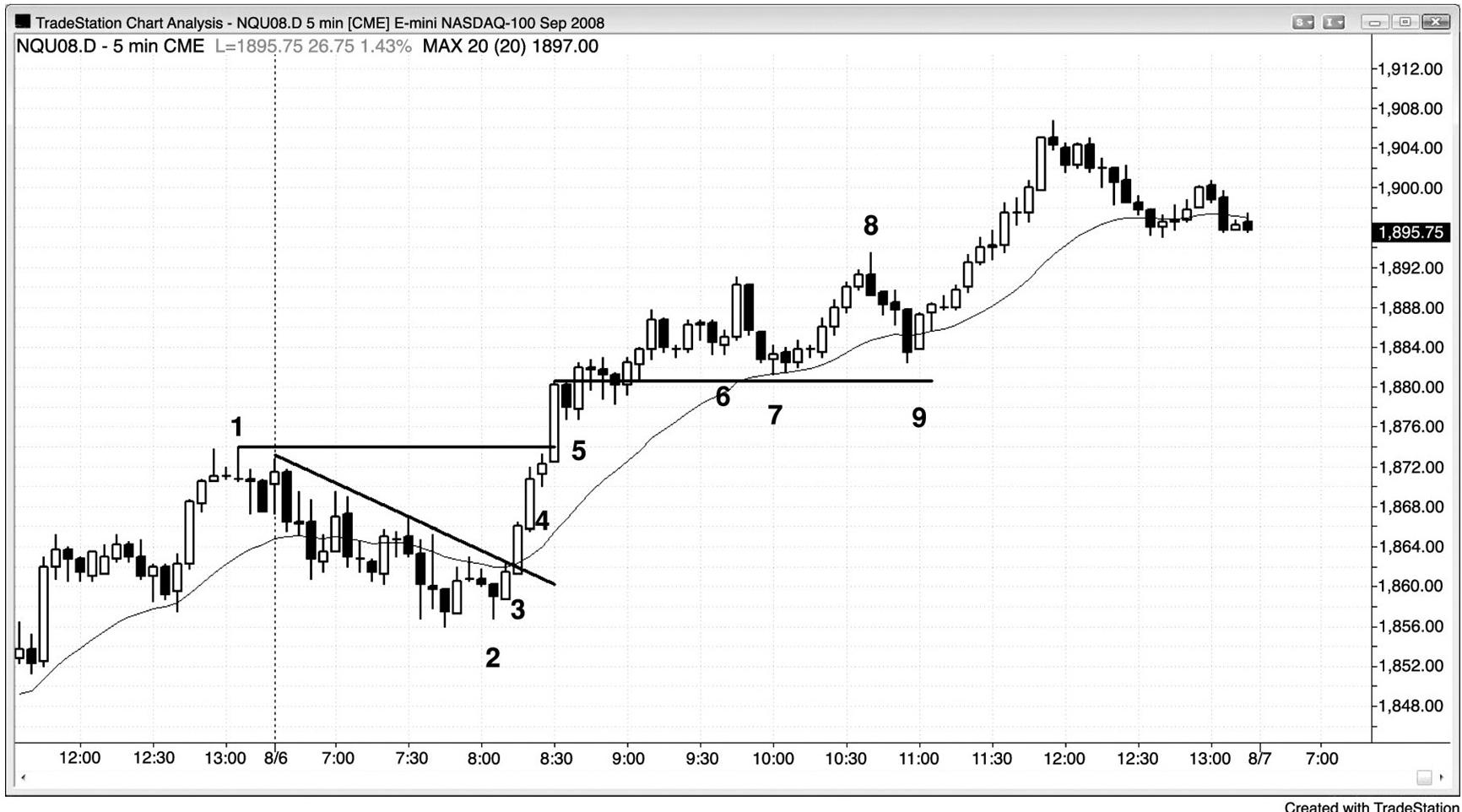


FIGURE 4.2 A Strong Trend Usually Has Follow-Through on the Next Day

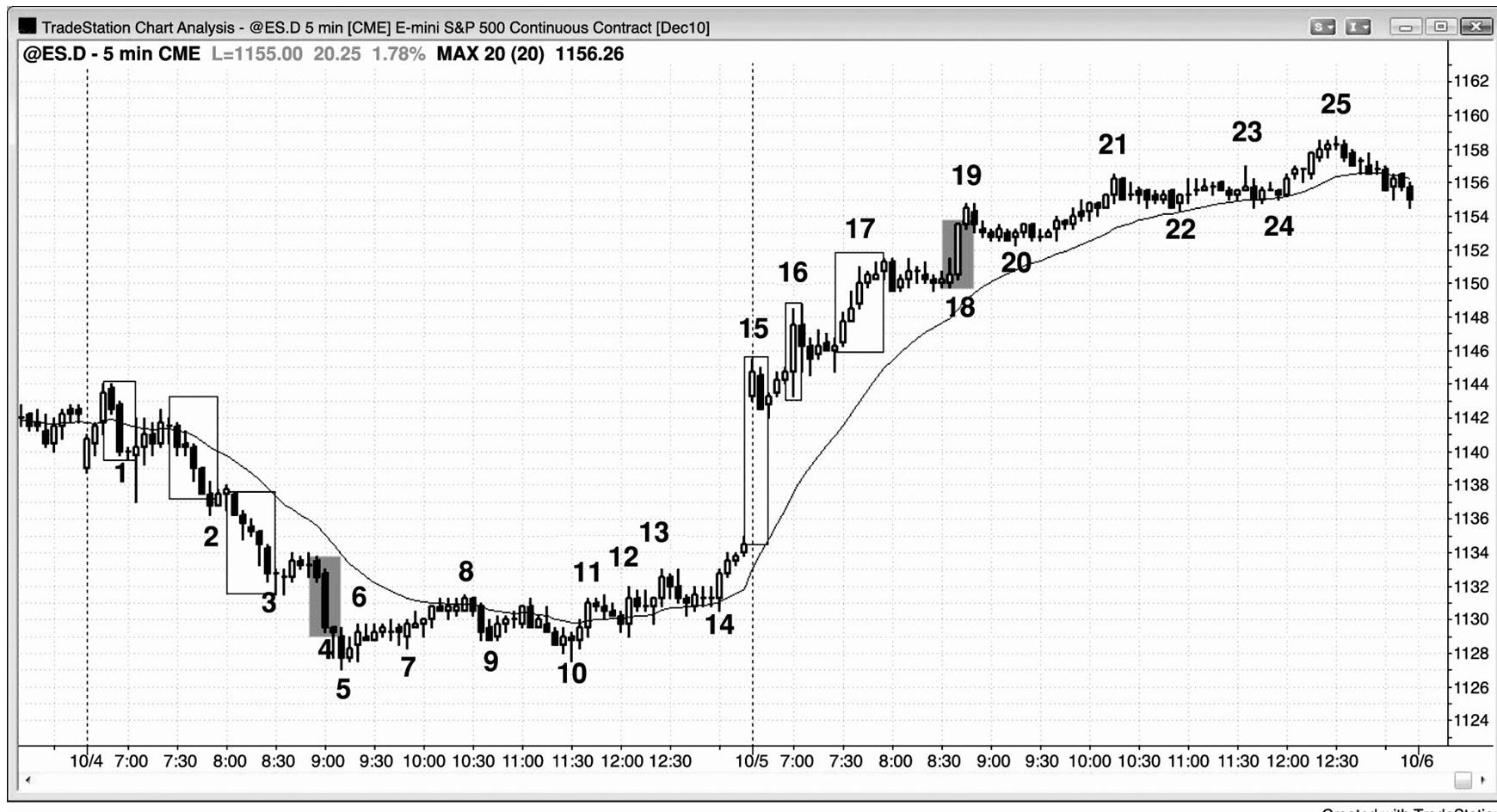


FIGURE 5.1 A Late Breakout in a Trend Can Lead to Reversal or a New Leg

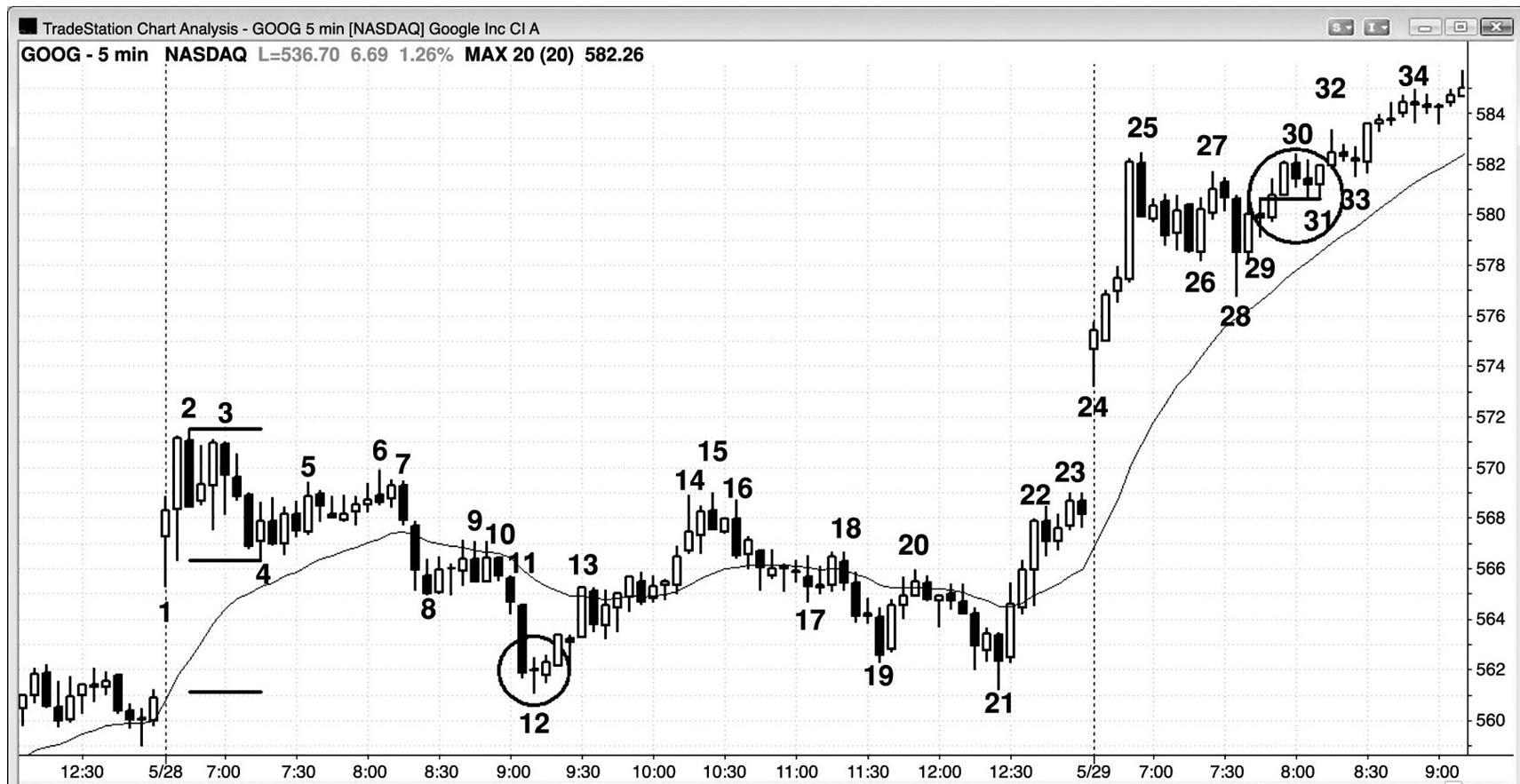
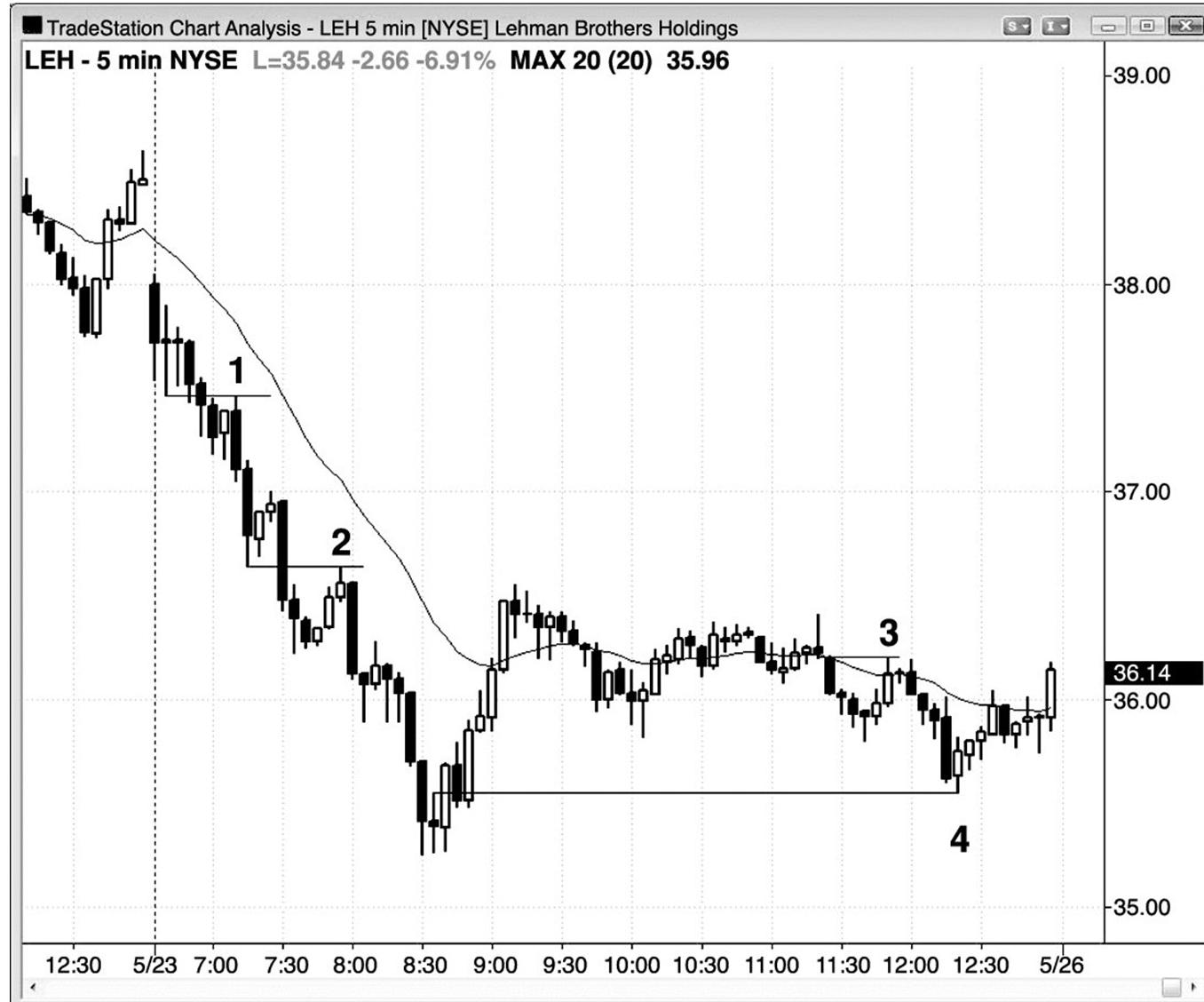


FIGURE 5.2 Breakout Pullbacks



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FIGURE 5.3 Breakout Tests



FIGURE 5.4 Breakout Tests Can Hit Breakeven Stops



FIGURE 5.5 A Breakout Pullback at a Top Can Be a Higher High



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FIGURE 5.6 Breakout Pullback Setups



FIGURE 5.7 Failed Breakouts

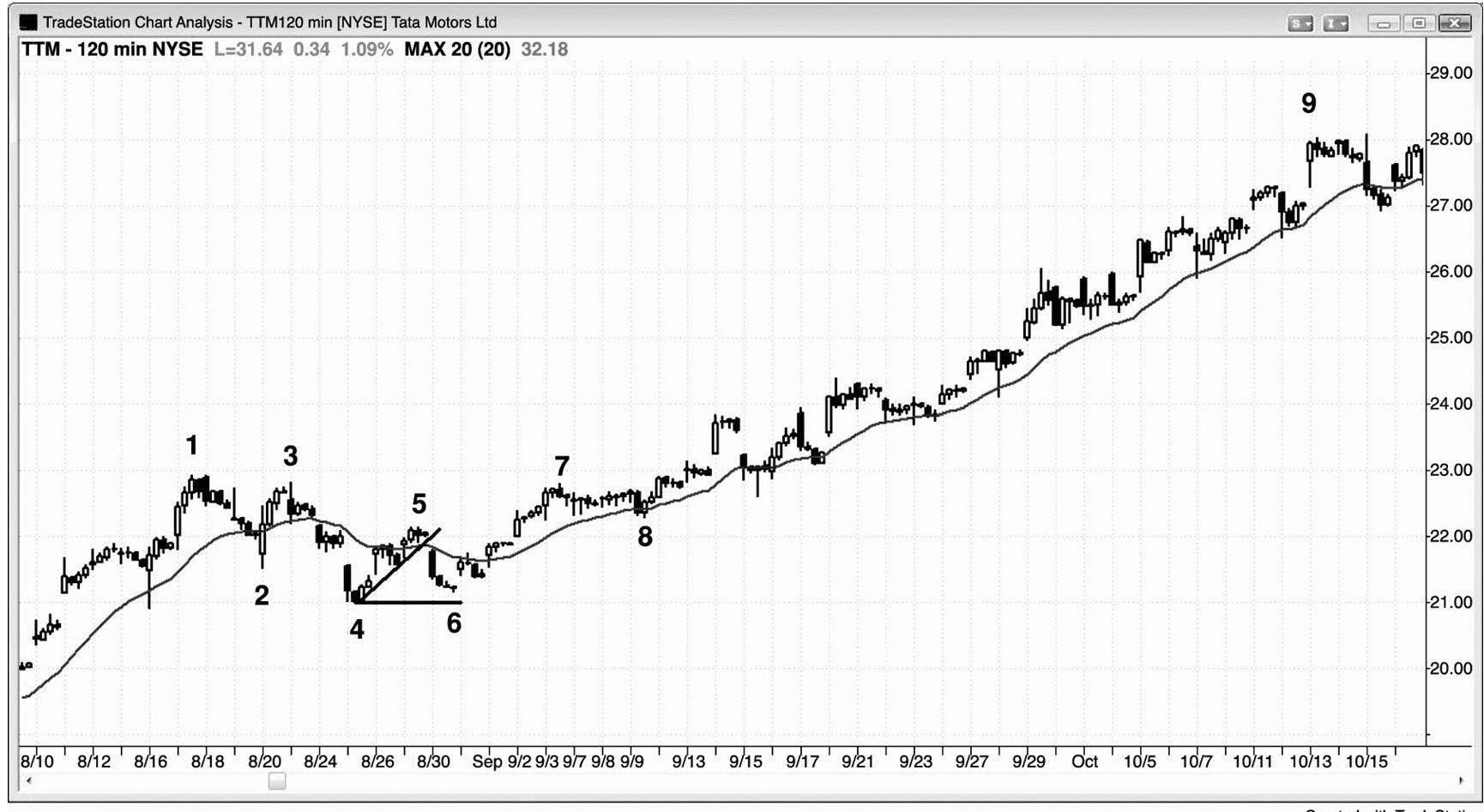


FIGURE 5.8 Final Flag



FIGURE 5.9 Double Bottom



FIGURE 5.10 The Final Flag Slope Can Predict Slope of New Trend

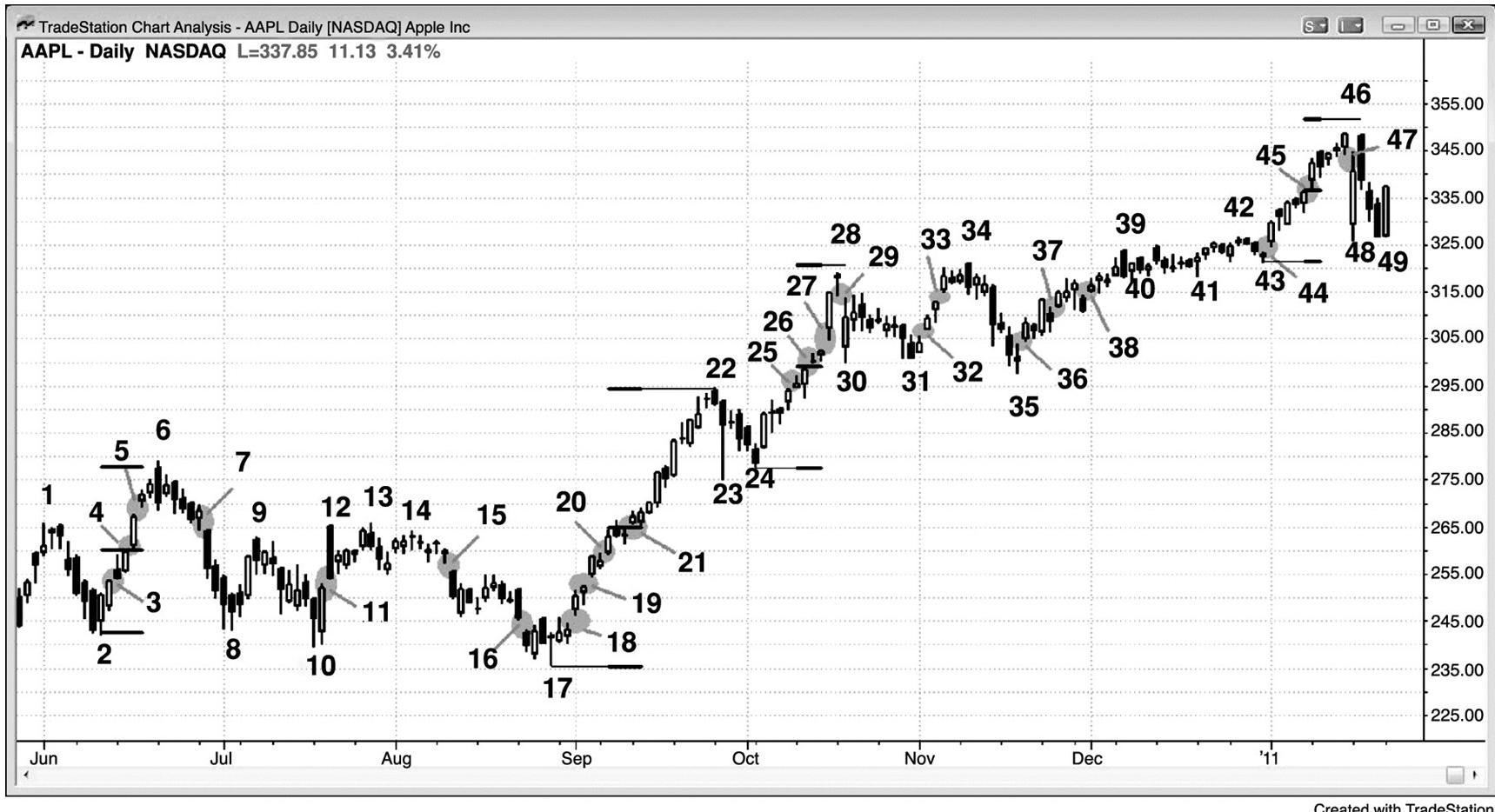


FIGURE 6.1 Many Types of Gaps on a Daily Chart

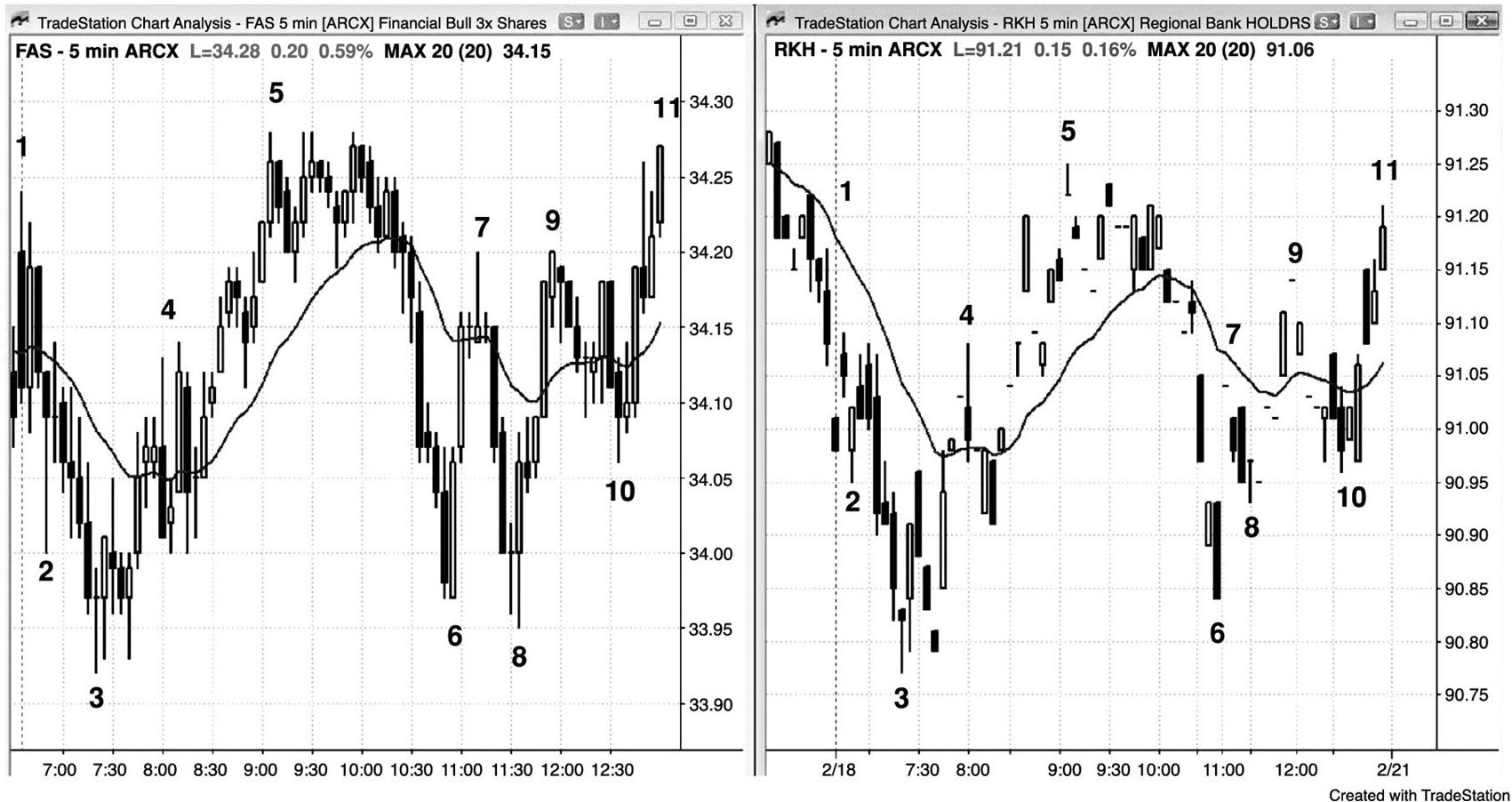


FIGURE 6.2 Trend Bars Are the Same as Gaps



FIGURE 6.3 Trend Bars Are Gaps



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FIGURE 6.4 Intraday Gaps

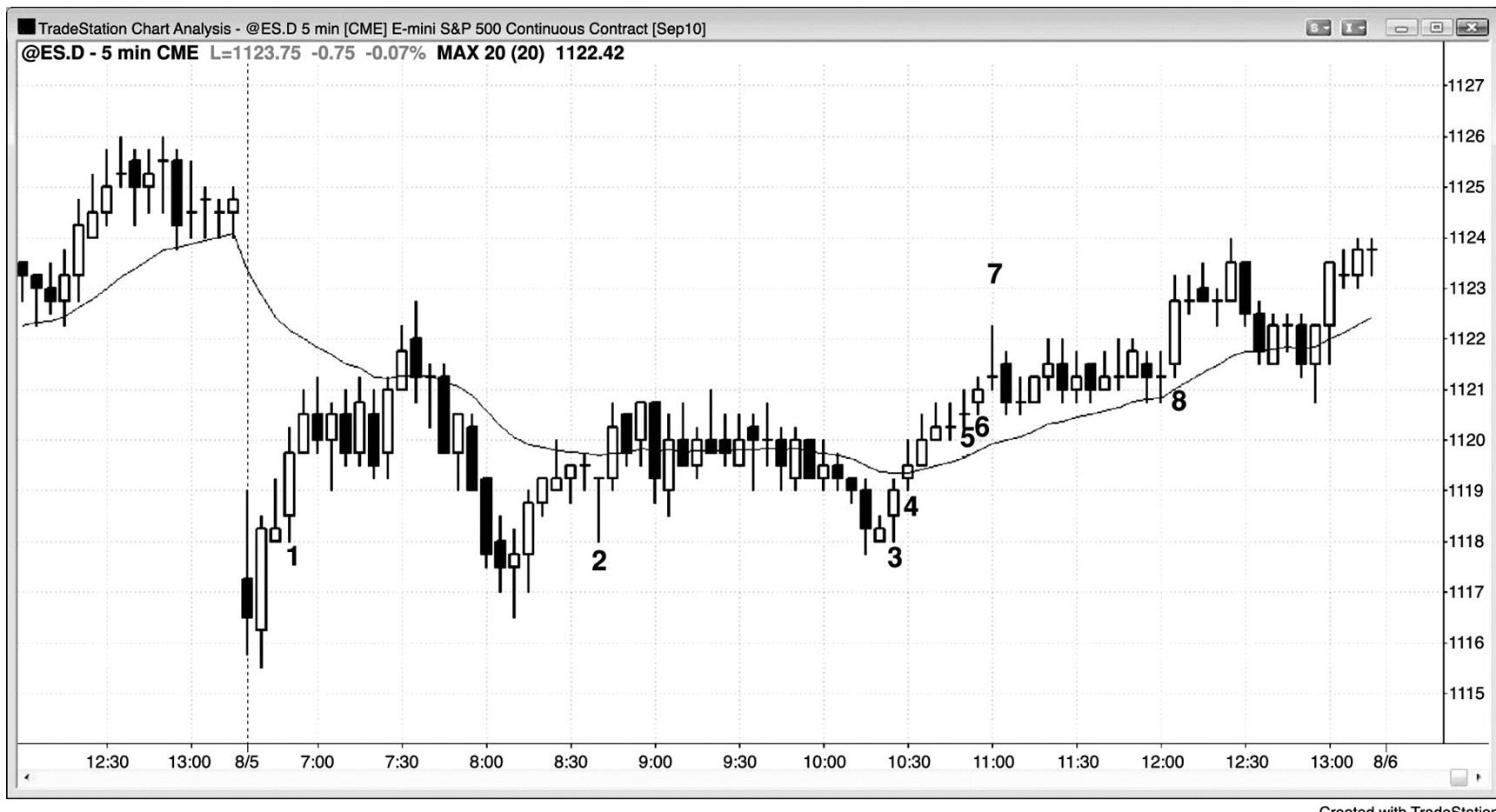


FIGURE 6.5 Gap between the Open of a Bar and the Close of the Prior Bar

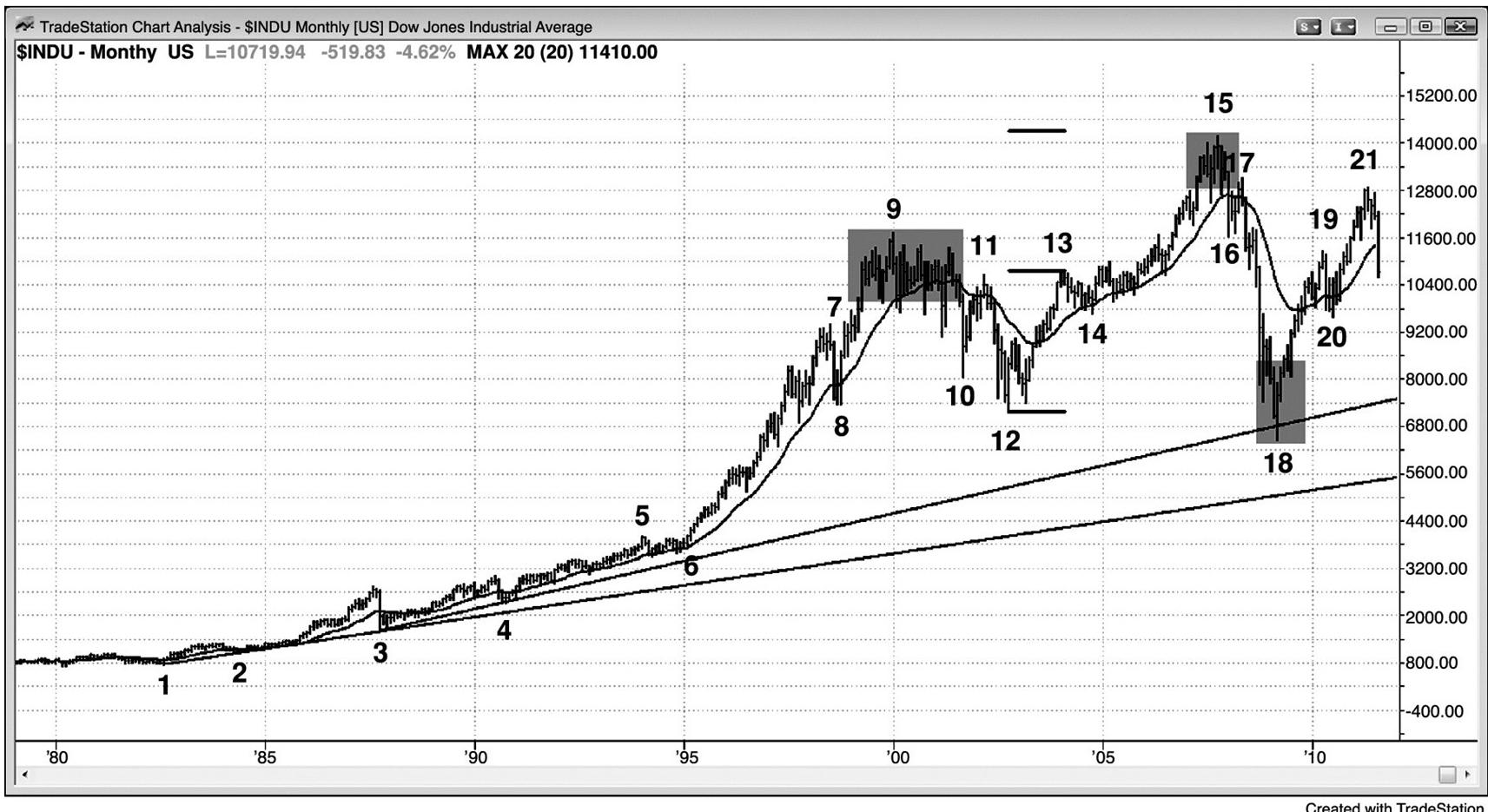


FIGURE PII.1 Dow Jones Industrial Average Monthly Chart



FIGURE PII.2 Support Can Become Resistance, and Resistance Can Become Support

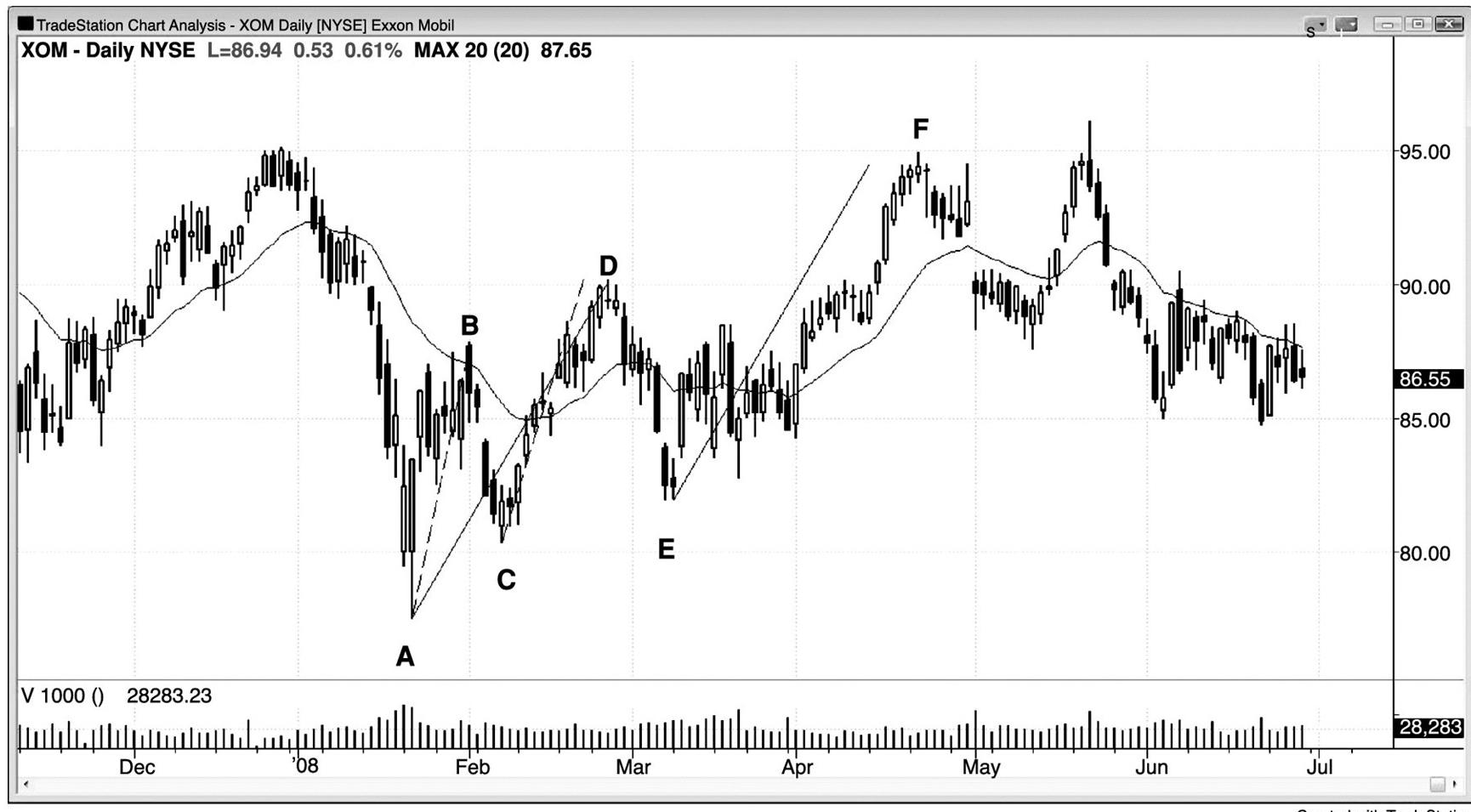


FIGURE 7.1 Leg 1 = Leg 2

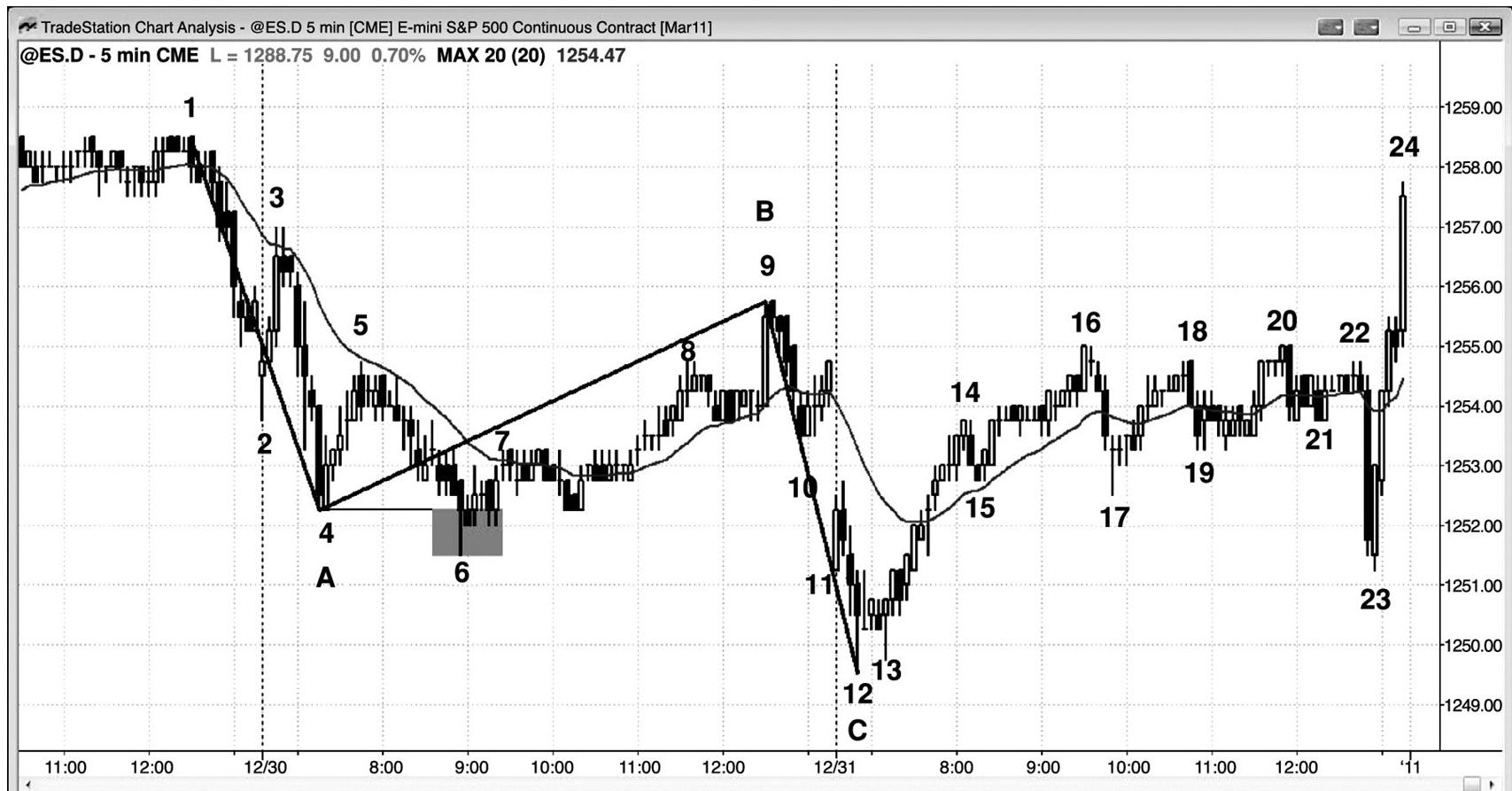


FIGURE 7.2 Variant of Leg 1 = Leg 2

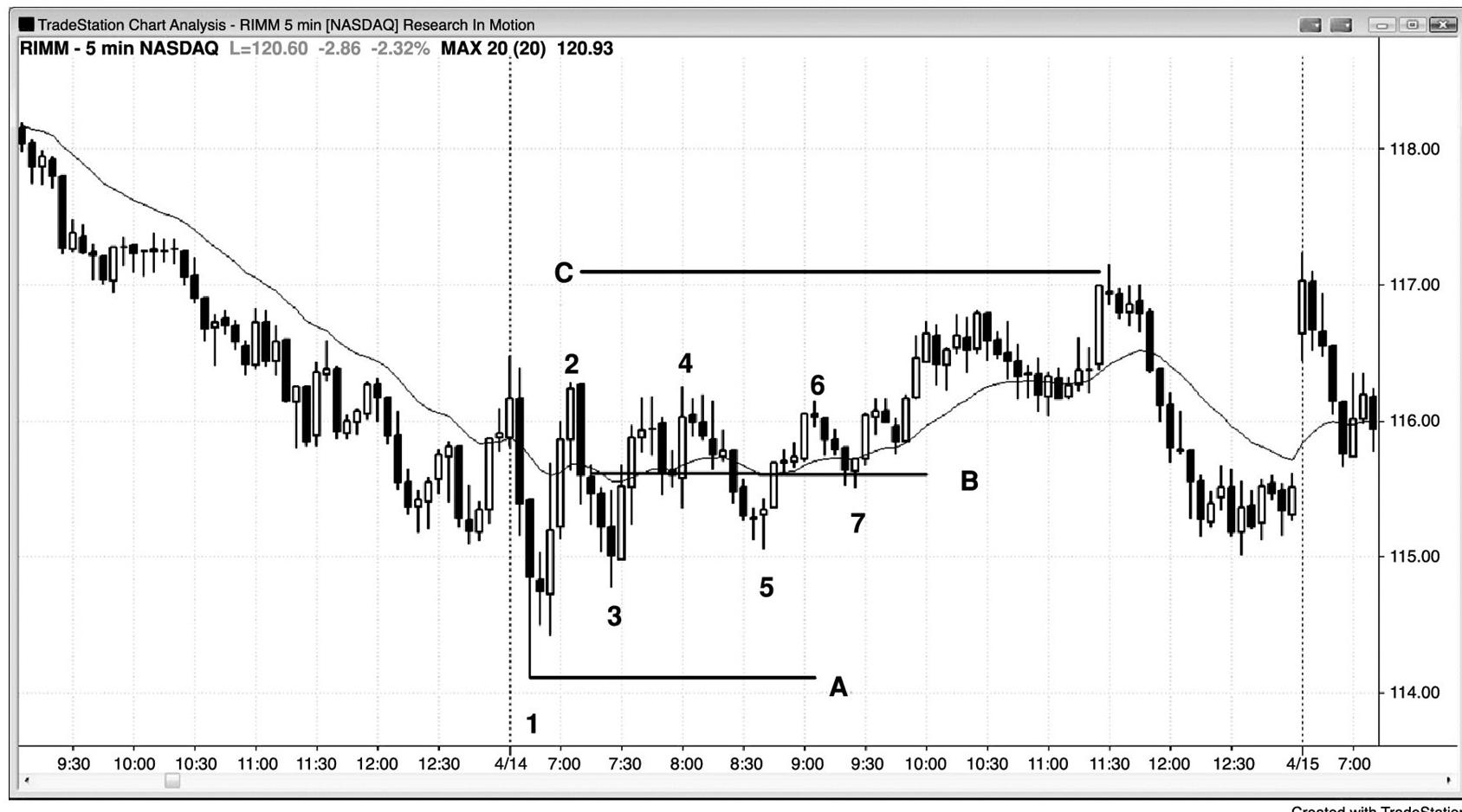


FIGURE 7.3 Measured Move Based on Middle of Trading Range



FIGURE 7.4 Measured Move Based on Bear Spike



FIGURE 7.5 A Spike Can Lead to a Measured Move Up or Down

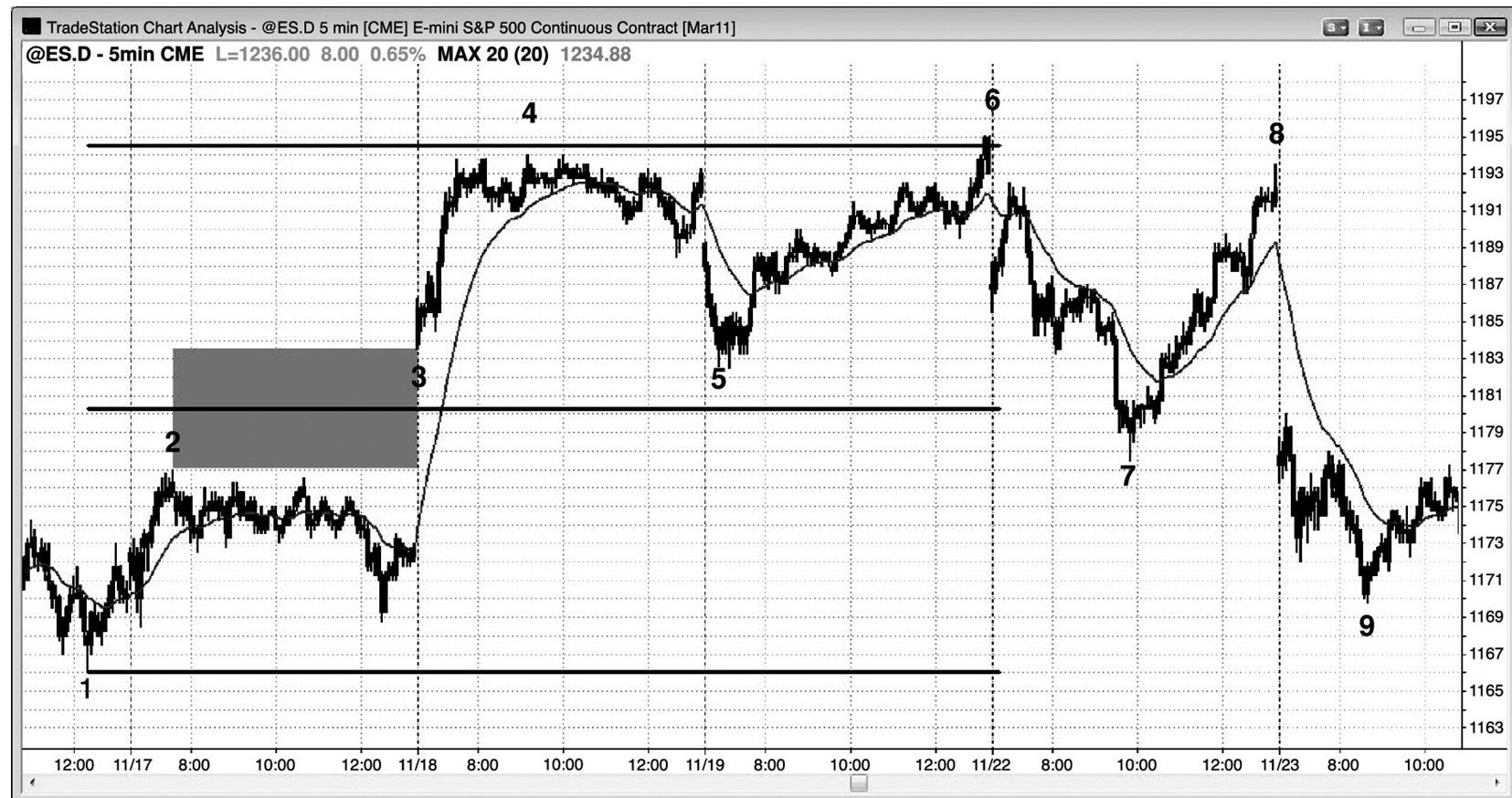


FIGURE 8.1 Measuring Gap

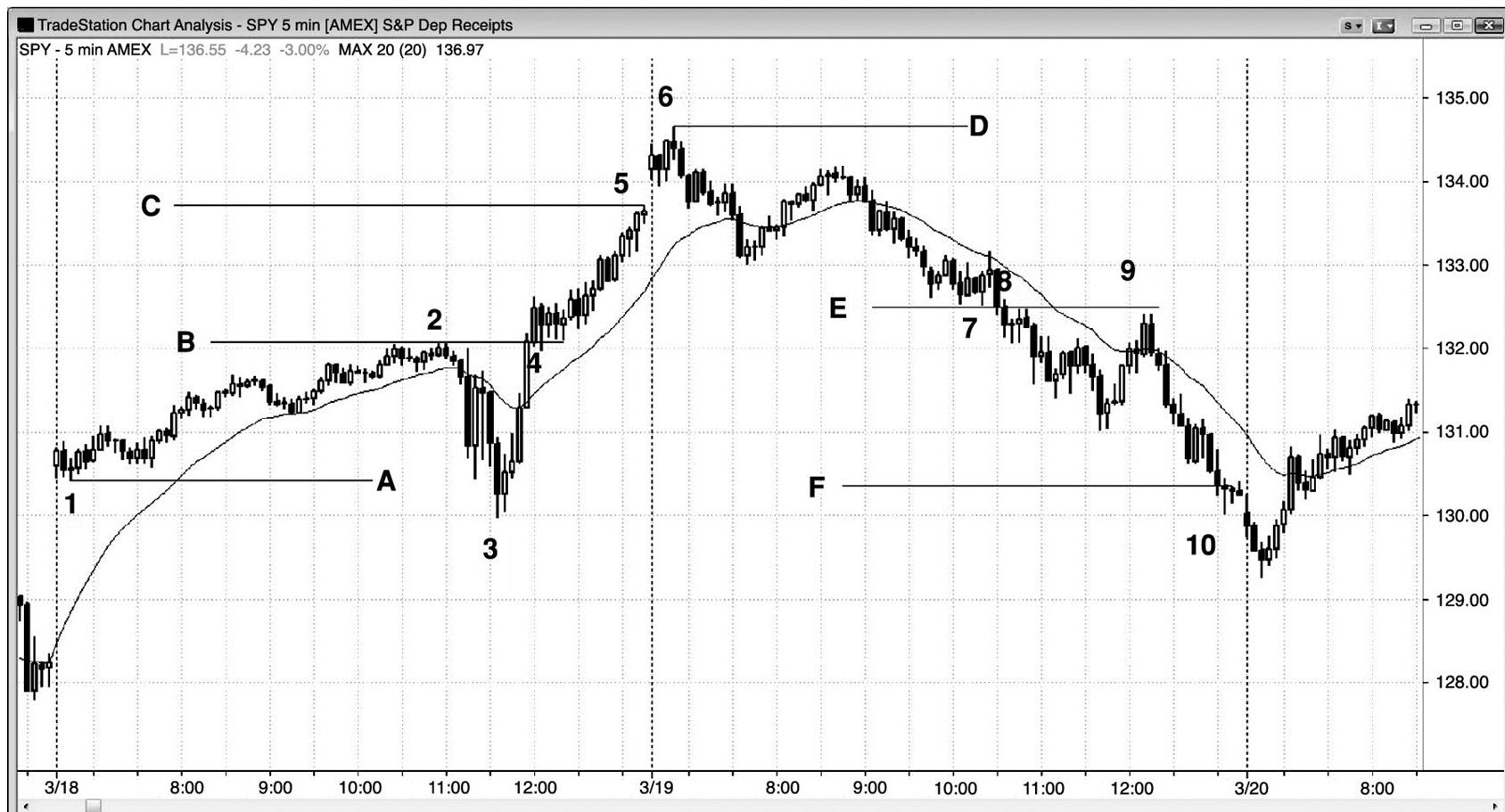


FIGURE 8.2 Measuring Gaps

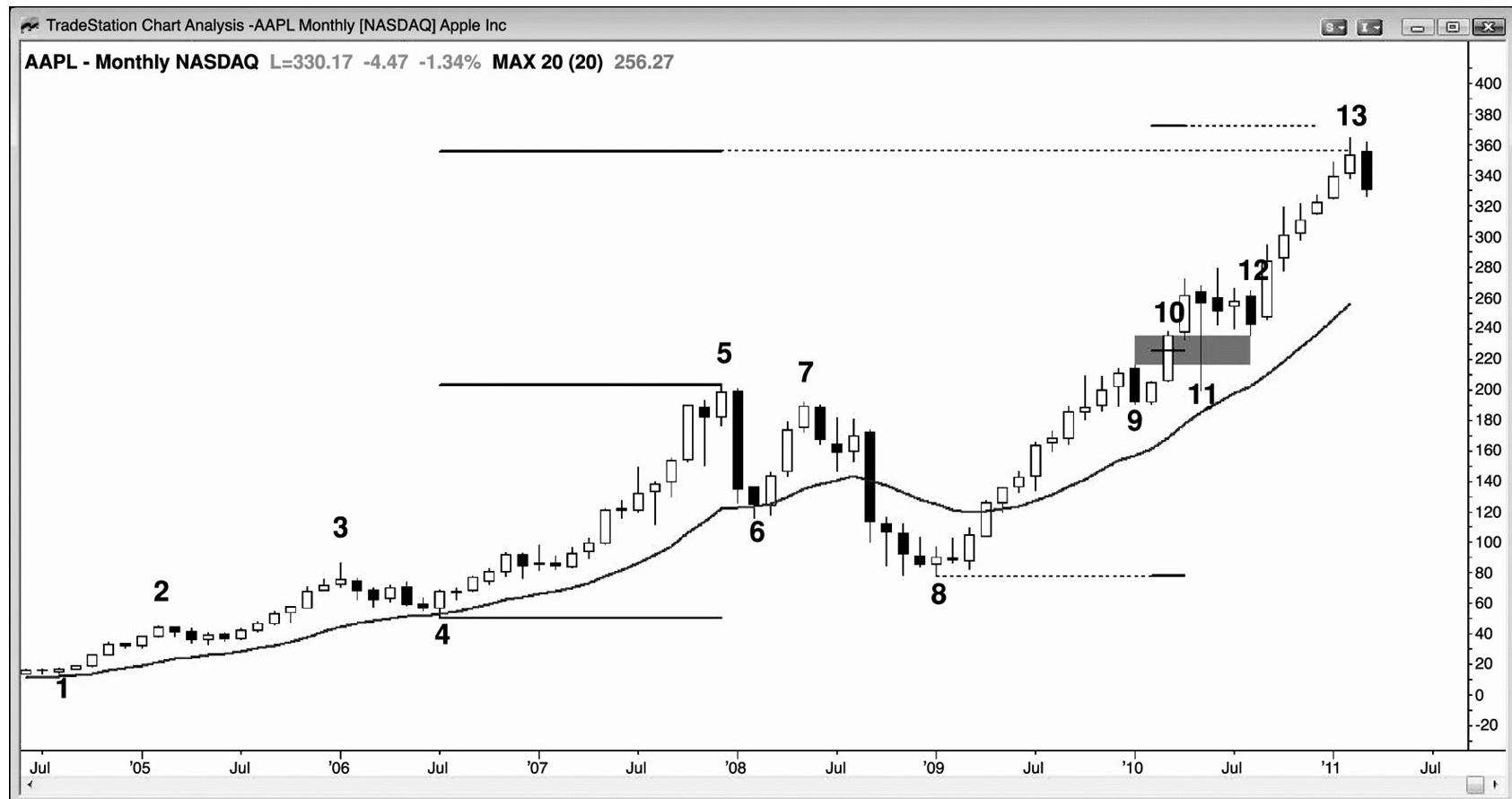


FIGURE 8.3 Profit Taking at Measured Move Targets



FIGURE 8.4 Measured Moves



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FIGURE 8.5 Measuring Gaps



FIGURE 9.1 Earlier Entry Points Are Targets for Pullbacks



FIGURE 10.1 Big Trend Bar Extremes Are Magnets



FIGURE PIII.1 Pullbacks Begin with Reversals



FIGURE PIII.2 Every Pullback Begins with a Reversal



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FIGURE PIII.3 Breakout Pullbacks



FIGURE 11.1 Subsequent Pullbacks Tend to Get Larger



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FIGURE 11.2 Moving Average Pullbacks



FIGURE 12.1 Bull Flags



FIGURE 12.2 Double Bottom Bull Flag

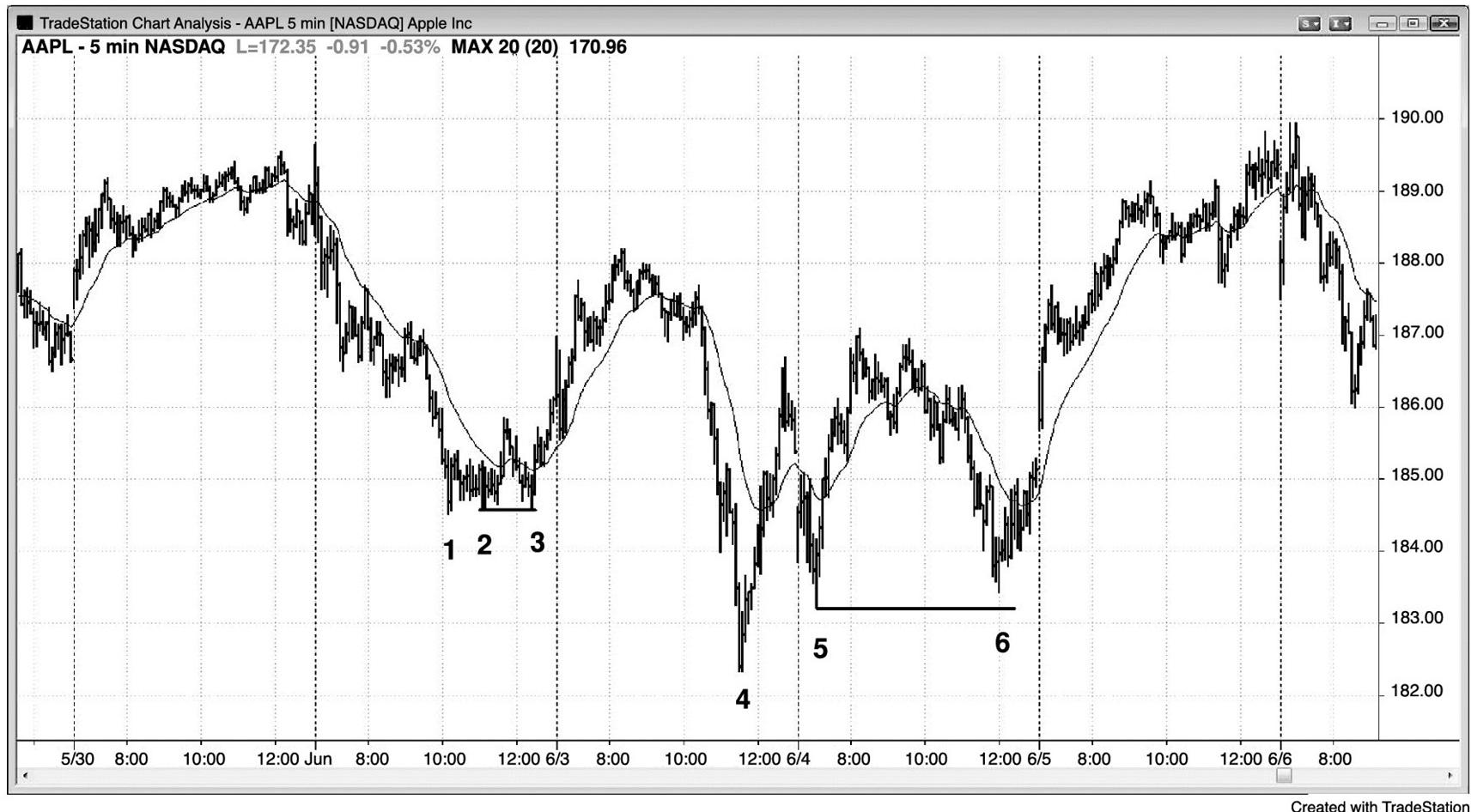


FIGURE 12.3 Double Bottom Bull Flags



FIGURE 12.4 Head and Shoulders Top or Double Bottom



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FIGURE 12.5 Failed Double Bottom

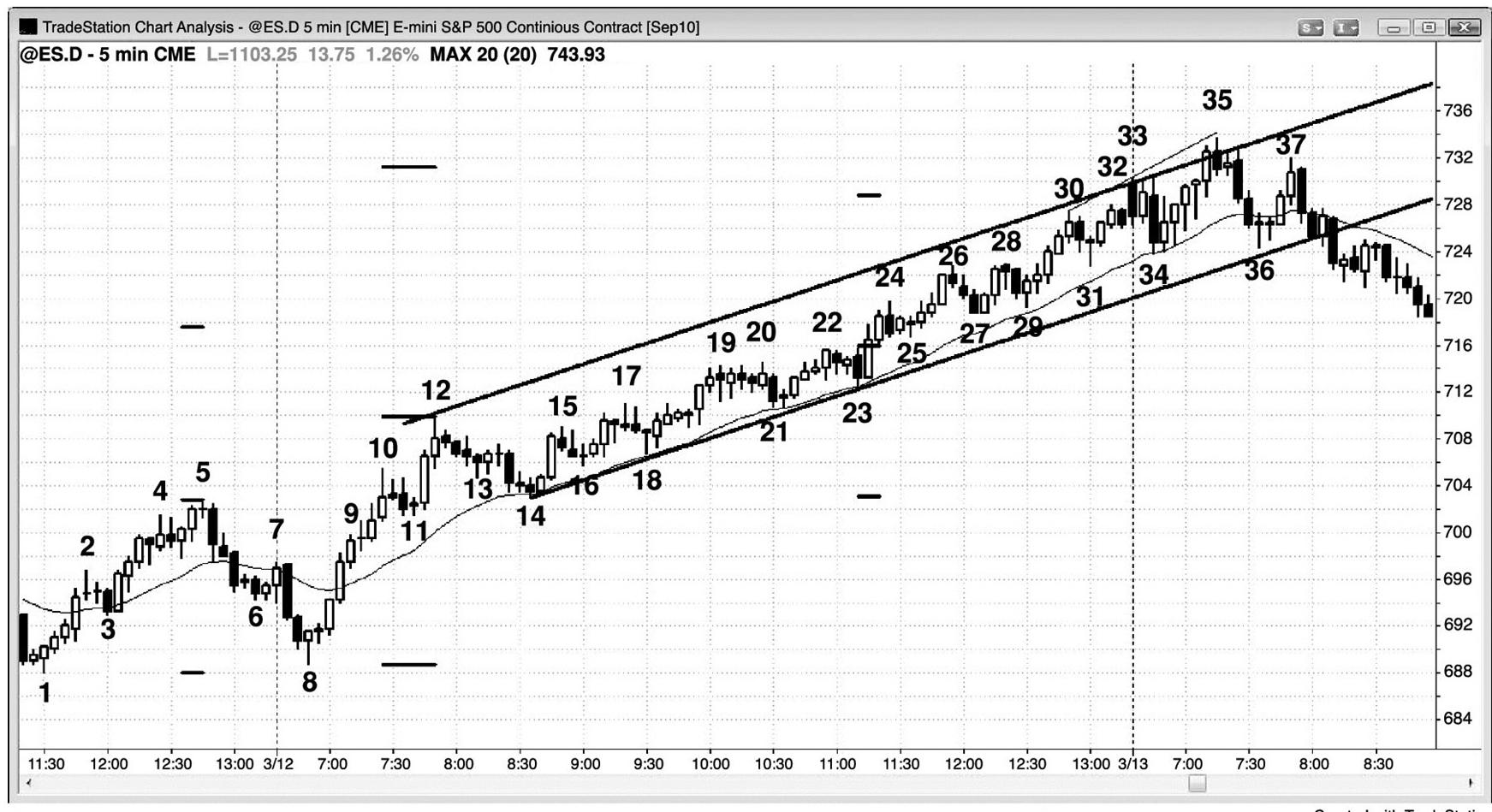


FIGURE 12.6 Double Bottom Bull Flag and a Measured Move Up

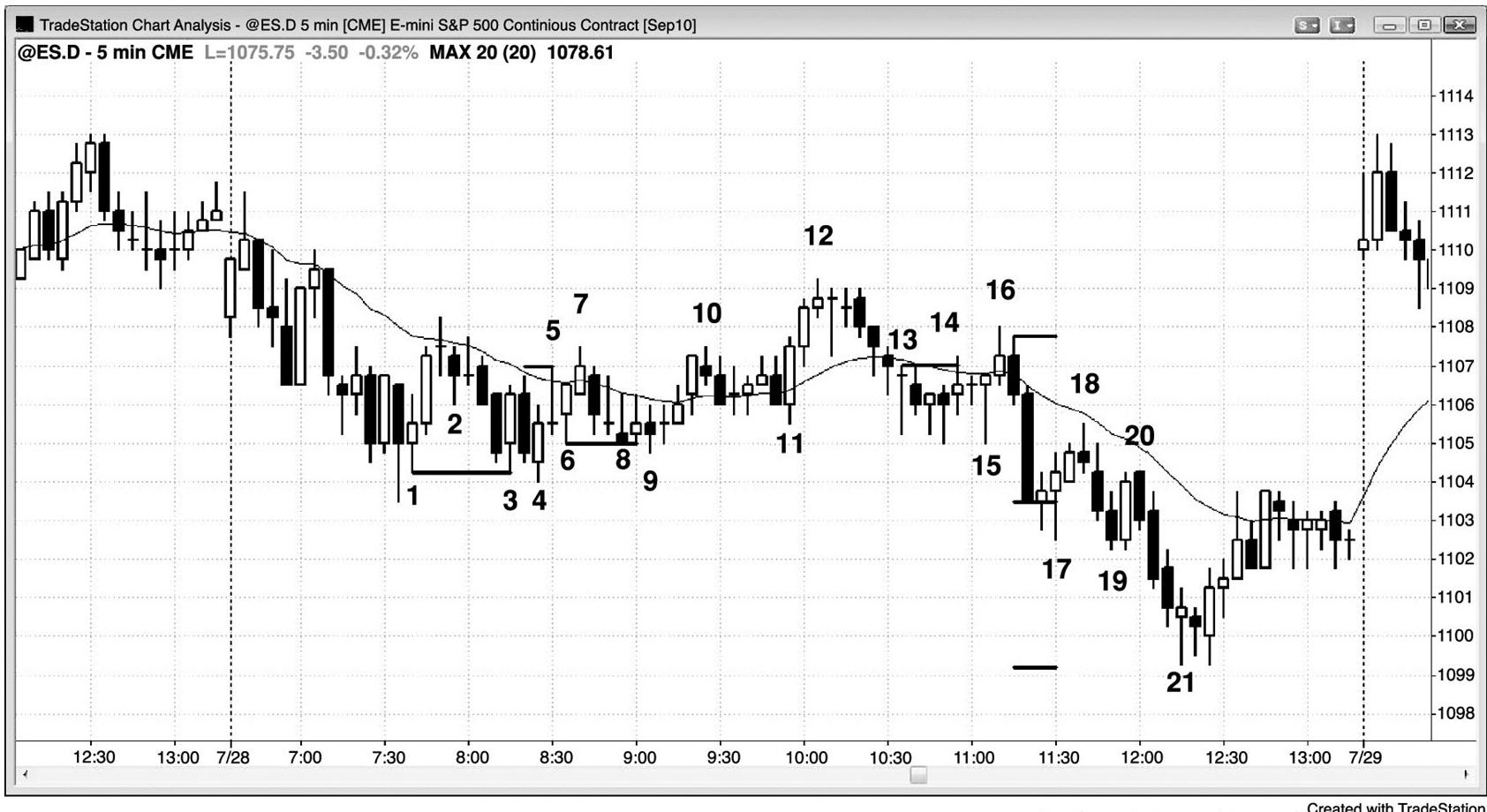


FIGURE 12.7 Failed Double Bottom Breakout Is a Wedge Variant



FIGURE 13.1 Twenty Gap Bars

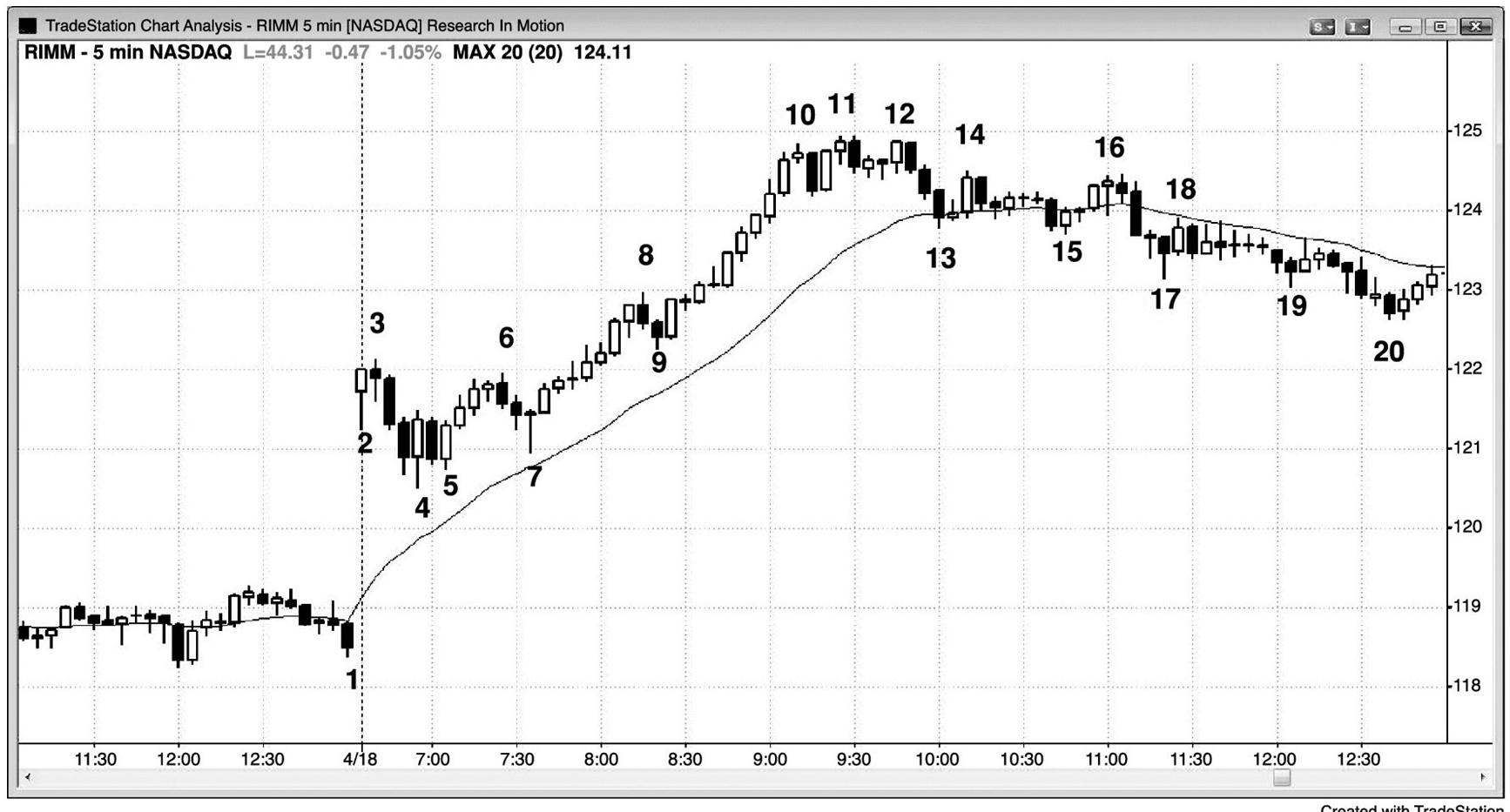


FIGURE 13.2 Twenty Gap Bars Are Not Always a Buy Setup



FIGURE 14.1 Moving Average Gaps, Second Signals



FIGURE 14.2 Moving Average Gap and Test of Extreme

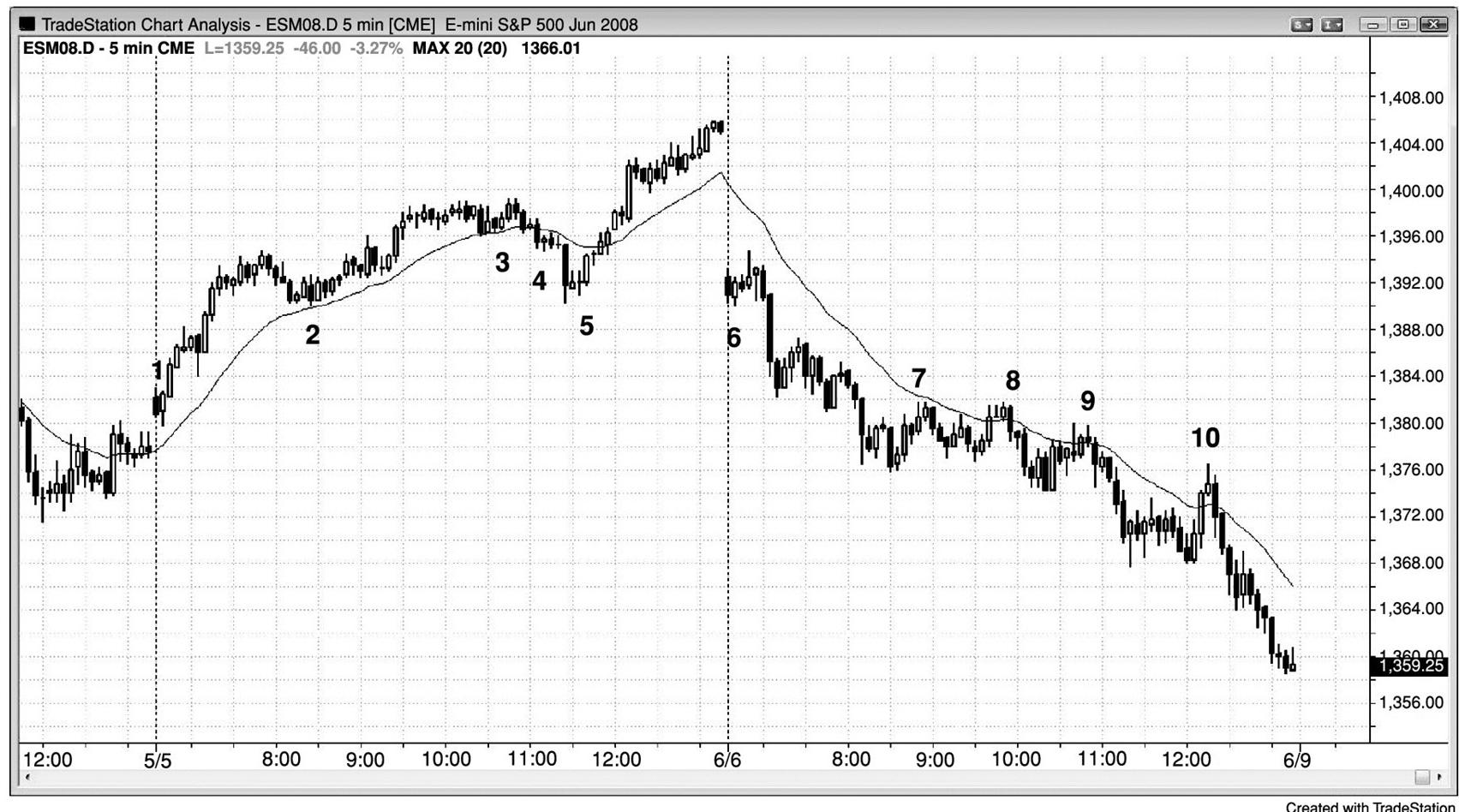


FIGURE 15.1 Late Stop Runs



FIGURE 15.2 Late Bull Trap



FIGURE 15.3 Late Trap on Trading Range Day



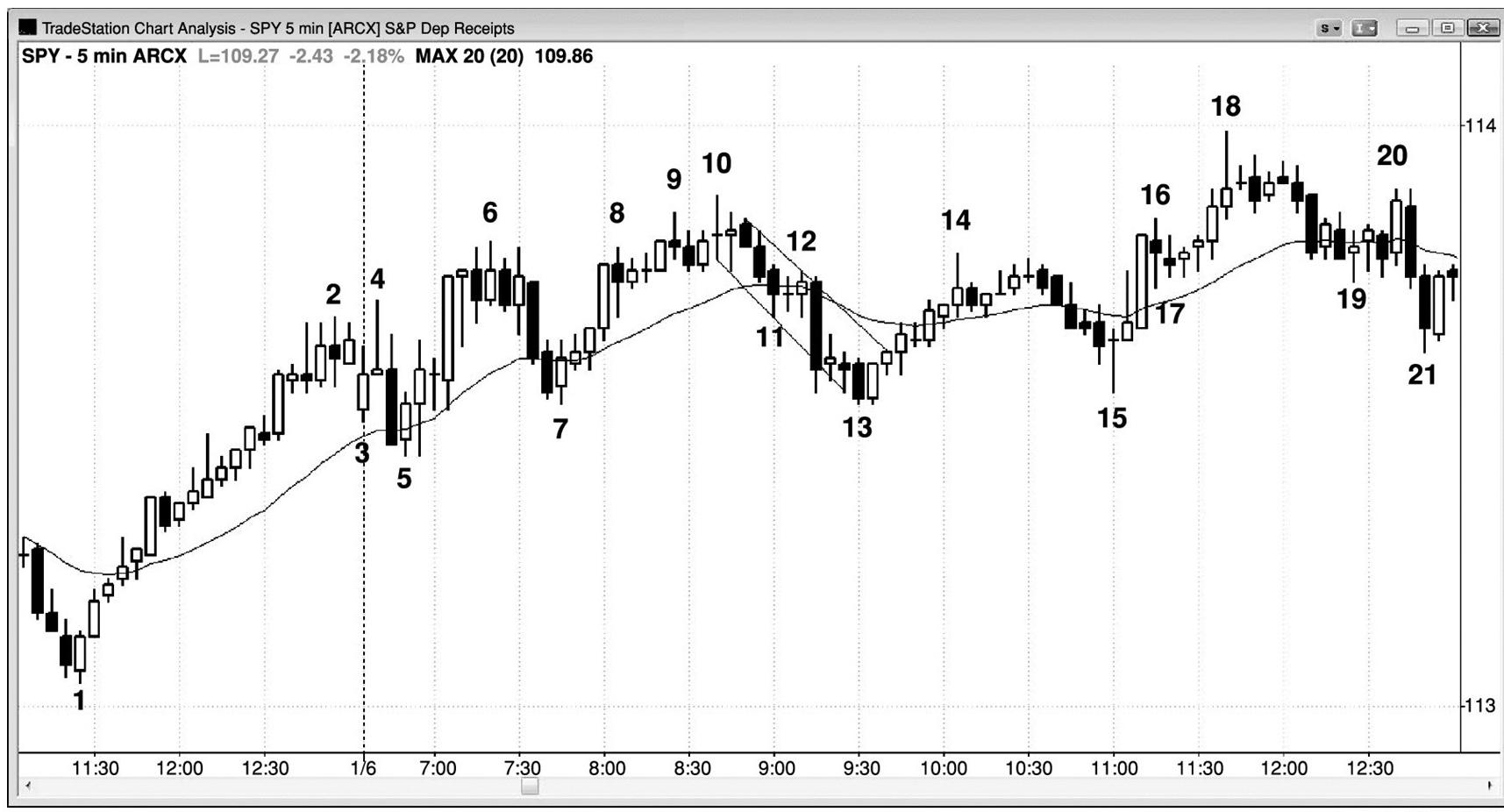
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FIGURE 16.1 Two-Legged Moves



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FIGURE 16.2 Double Top Bear Flag



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FIGURE 16.3 Wedge Top



FIGURE 17.6 Failed Low 4



FIGURE 17.1 Bar Counting

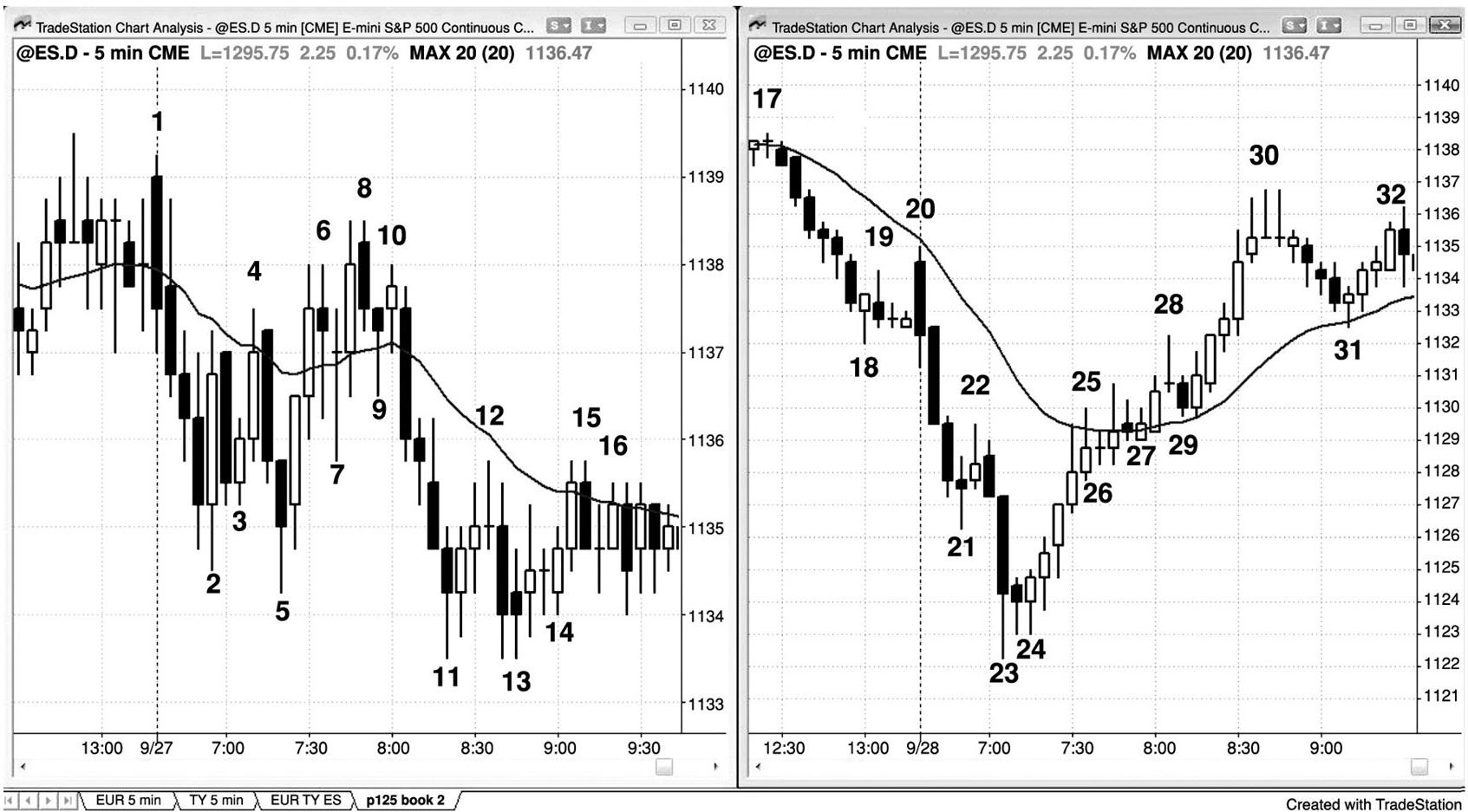
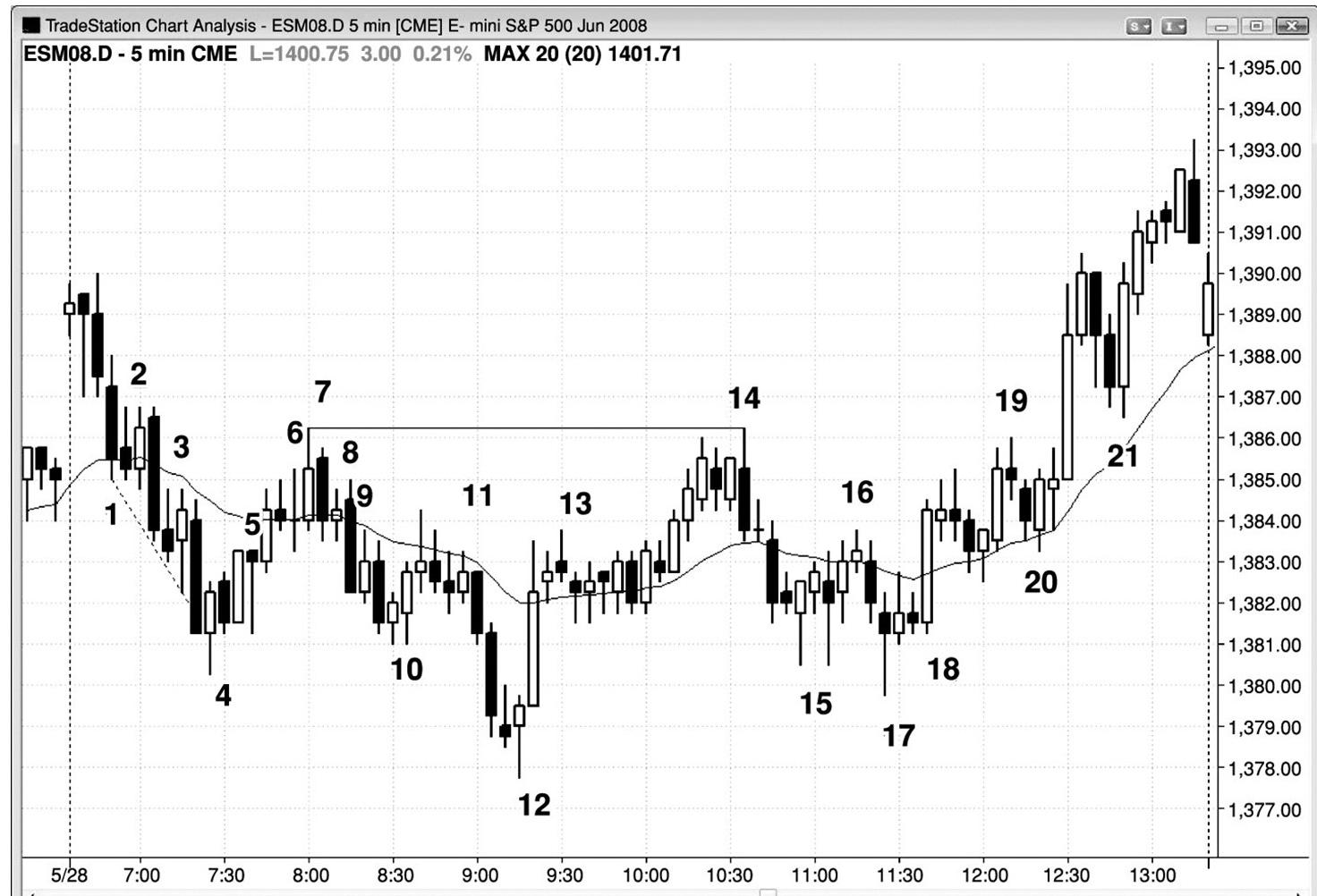


FIGURE 17.2 High and Low 1 Setups in Trading Ranges



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FIGURE 17.3 Bar Counting Is Sometimes Difficult



FIGURE 17.4 The SDS Is Helpful in Analyzing the SPY



FIGURE 17.5 A Failed Low 2 Often Ends Up as a Low 4 Short



FIGURE 17.7 A Low 2 in a Bull Trend Is Not a Short



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FIGURE 17.8 Failed Low 2

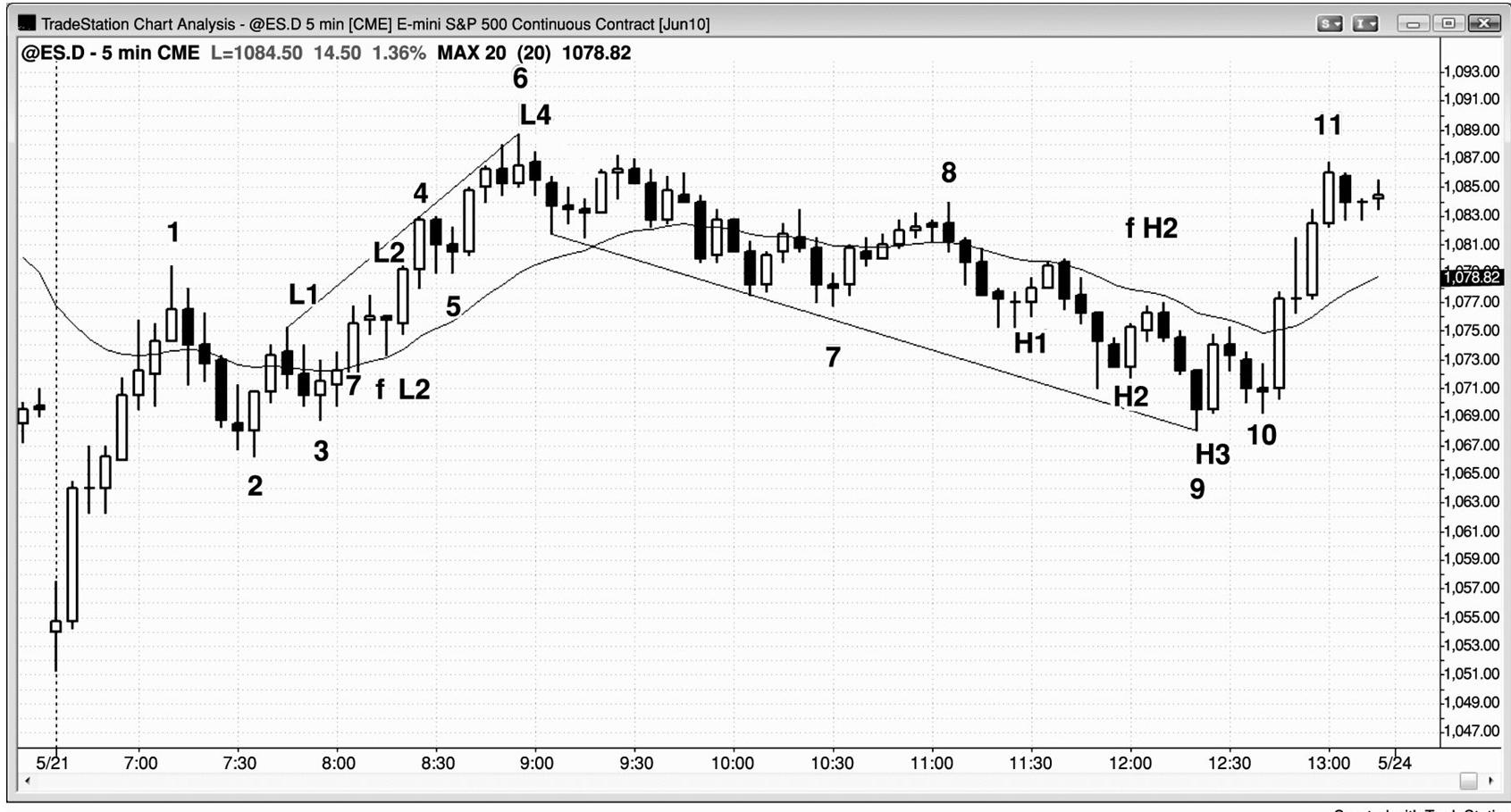
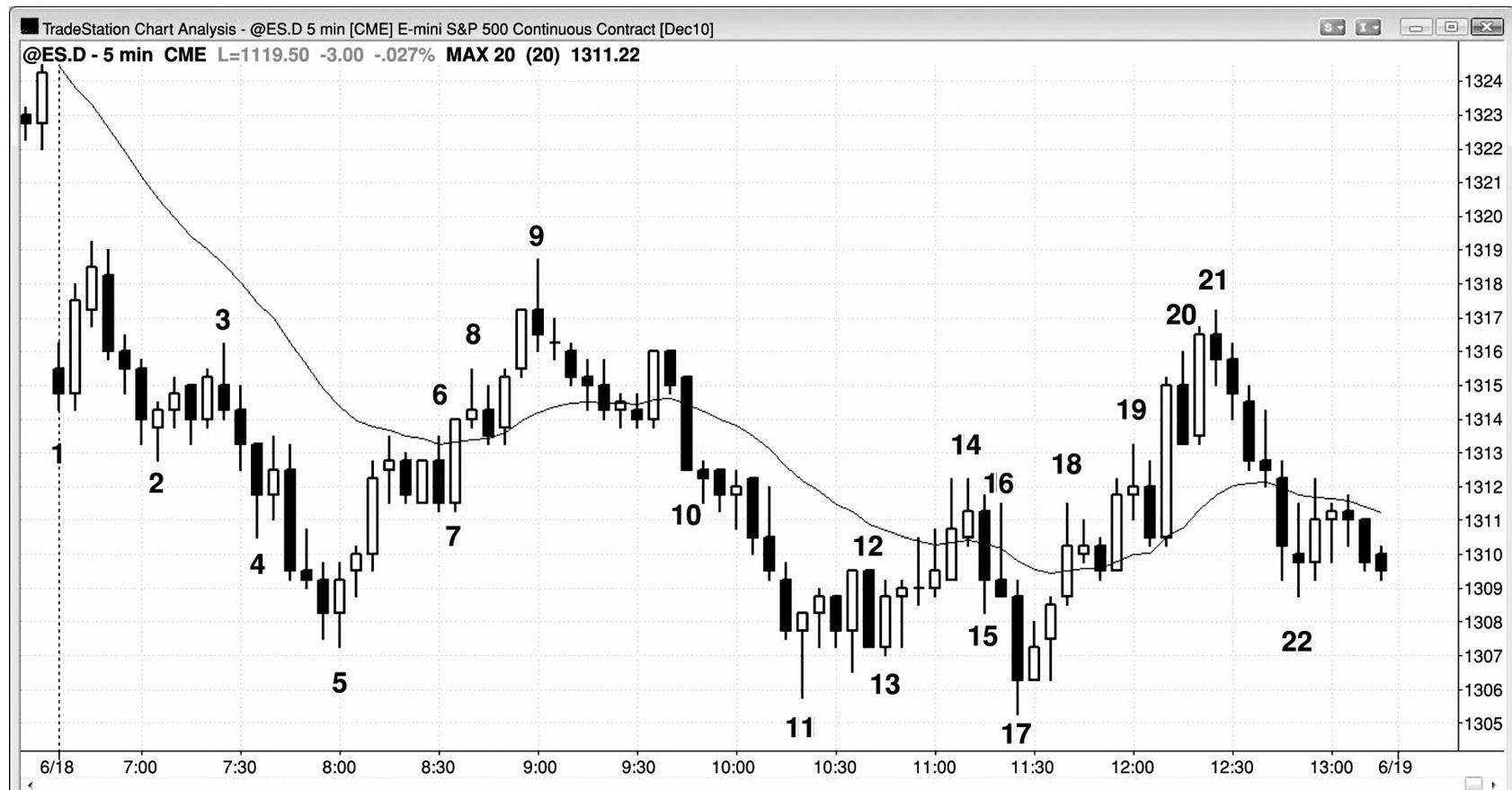


FIGURE 17.9 A Failed Low 2 Can Evolve into a Low 3 or Low 4



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FIGURE 17.10 High 2 Variant

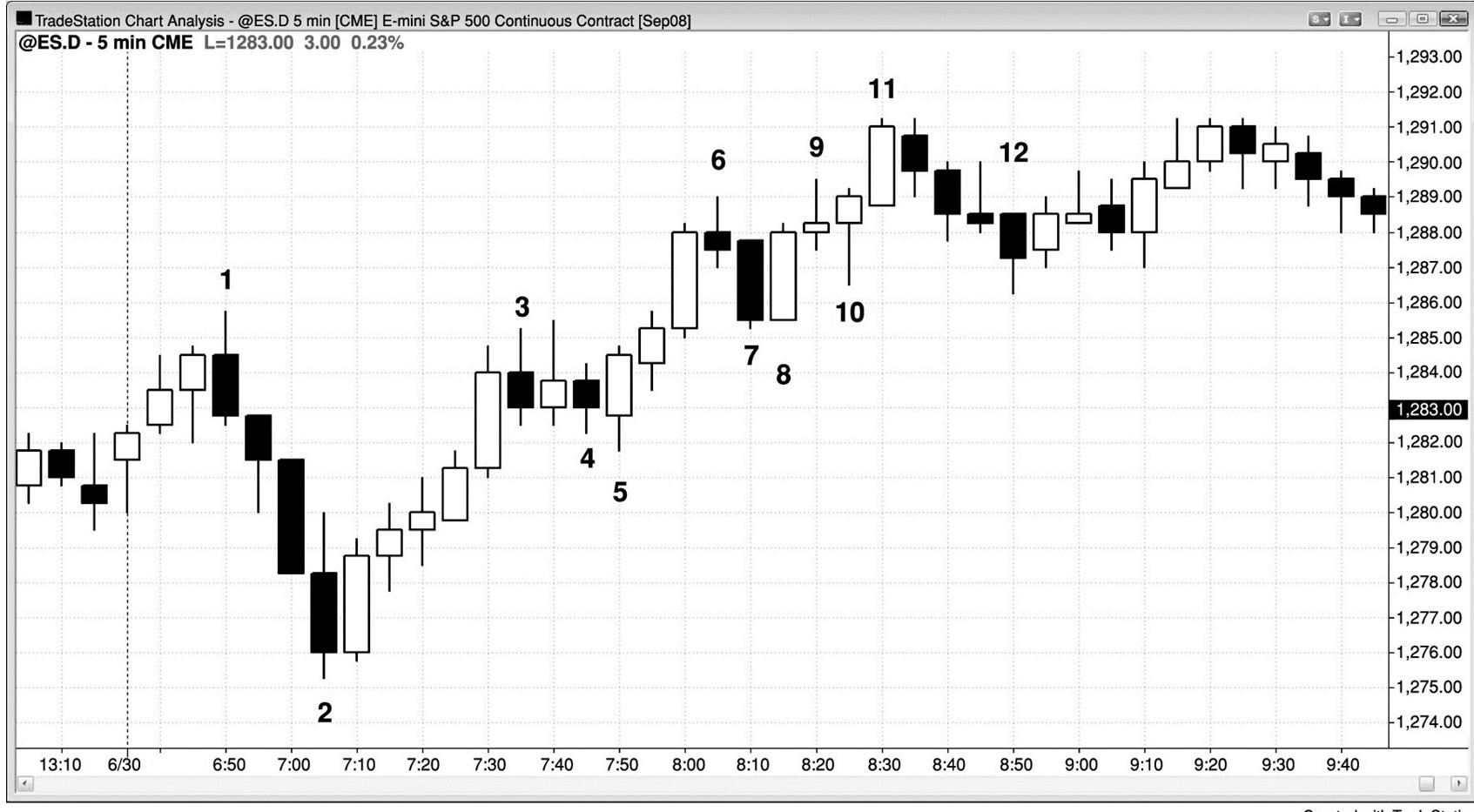


FIGURE 17.11 High 2 Variant



FIGURE 17.12 Low 2 Variants



FIGURE 17.13 A Spike and Channel Is a Two-Legged Move



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FIGURE 18.1 Wedge Bear Flag and Expanding Triangle

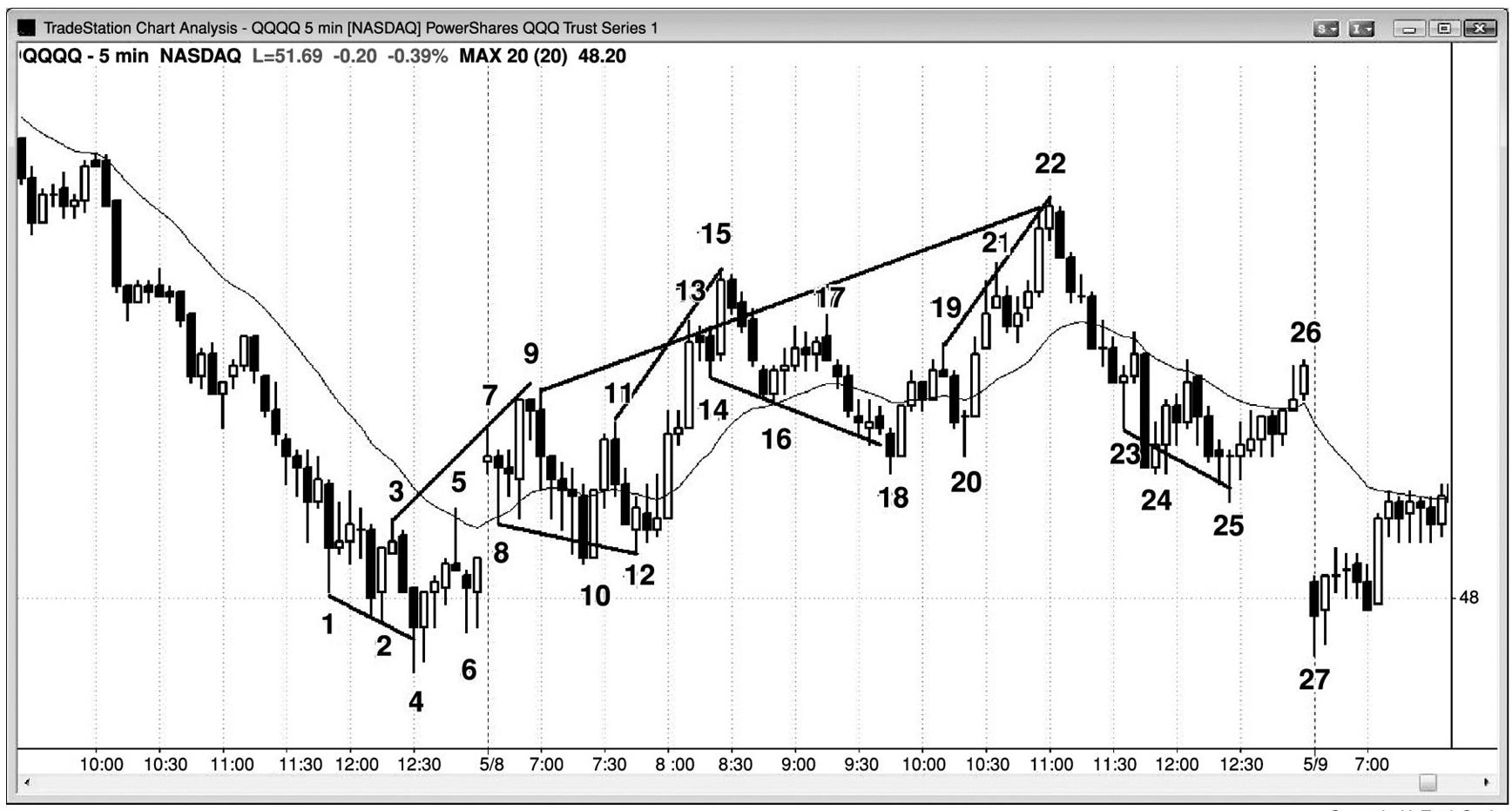


FIGURE 18.2 Wedge Bear Flag

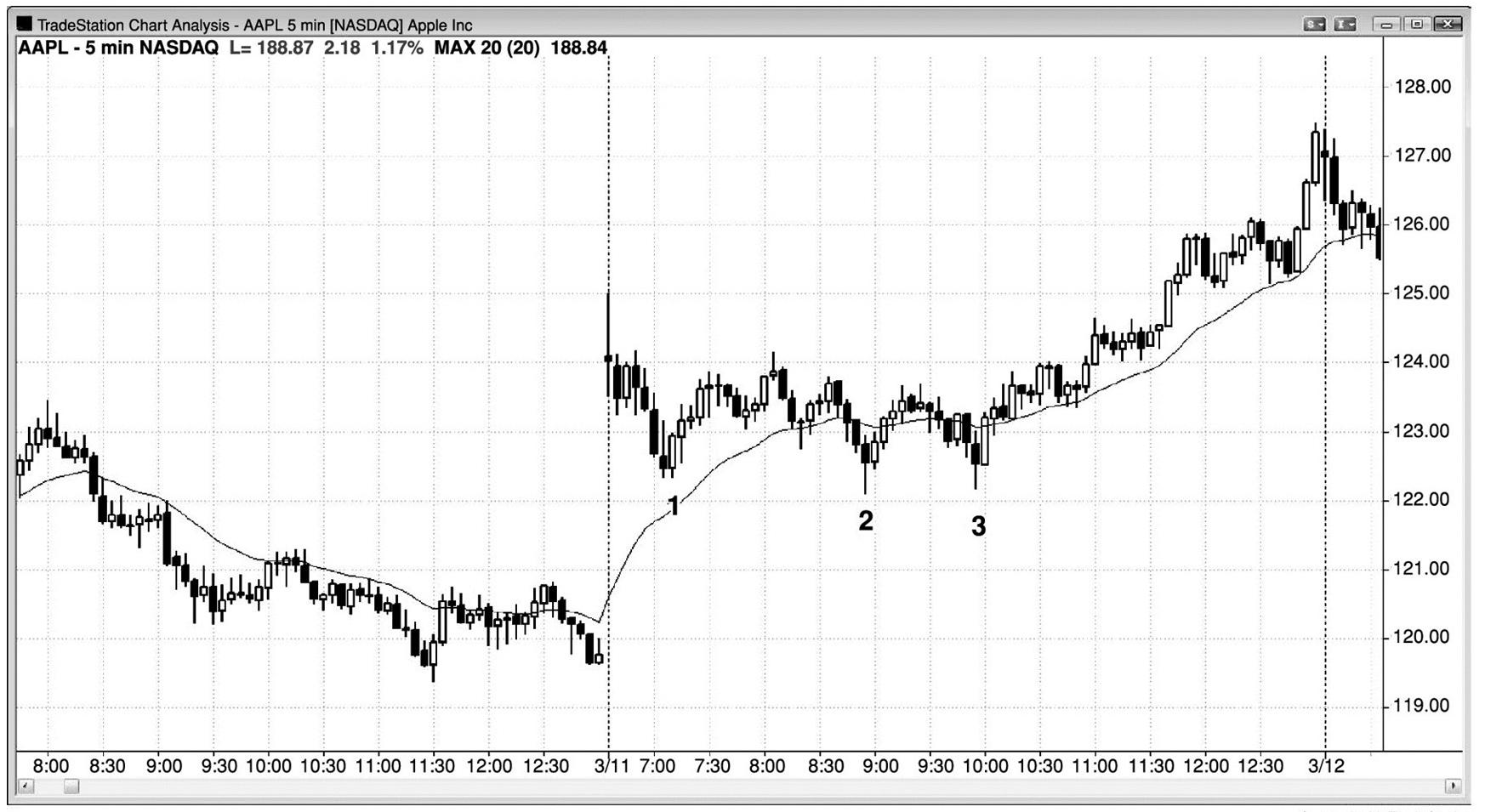


FIGURE 18.3 Gap Up and Wedge Bull Flag

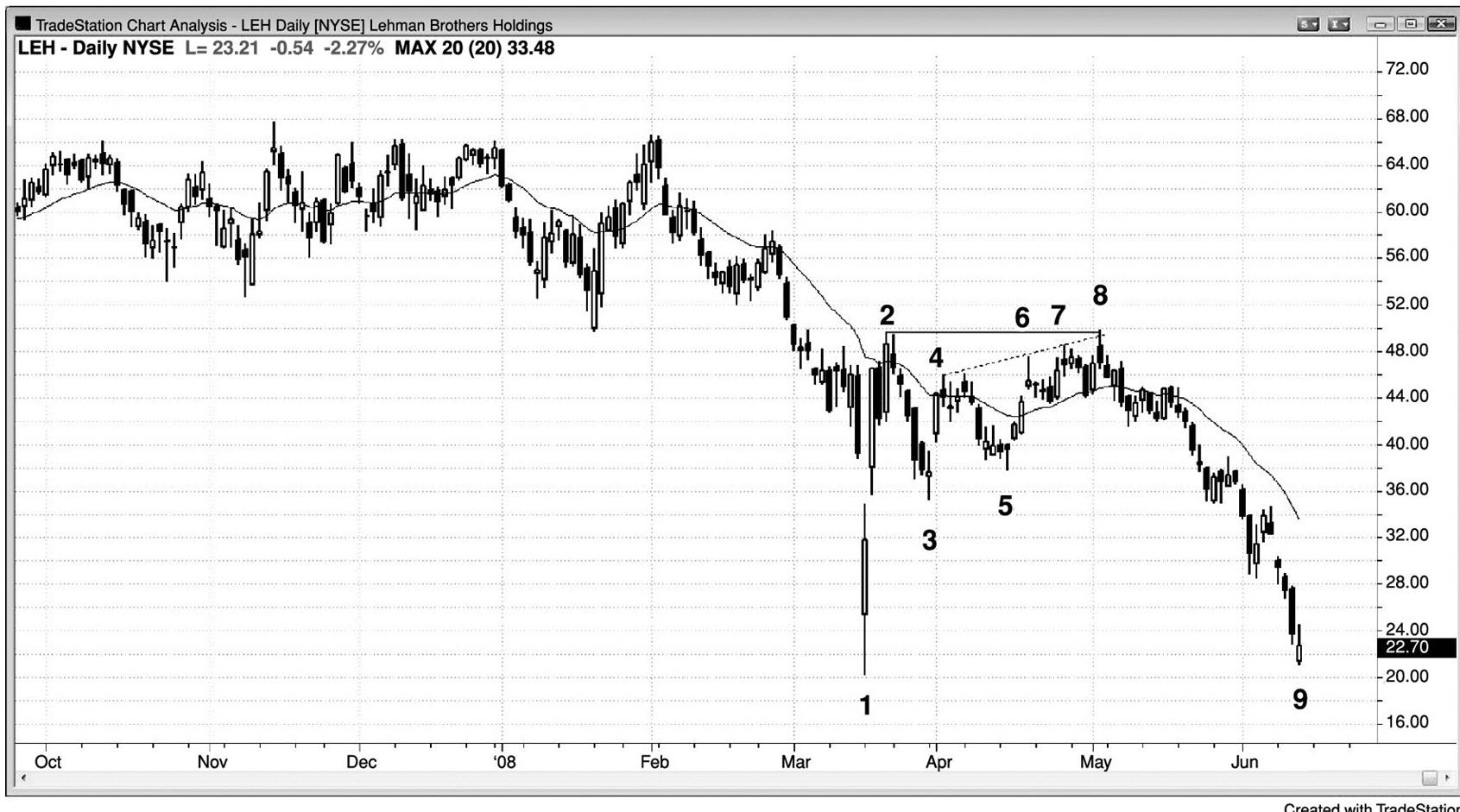


FIGURE 18.4 Wedge Bear Flag

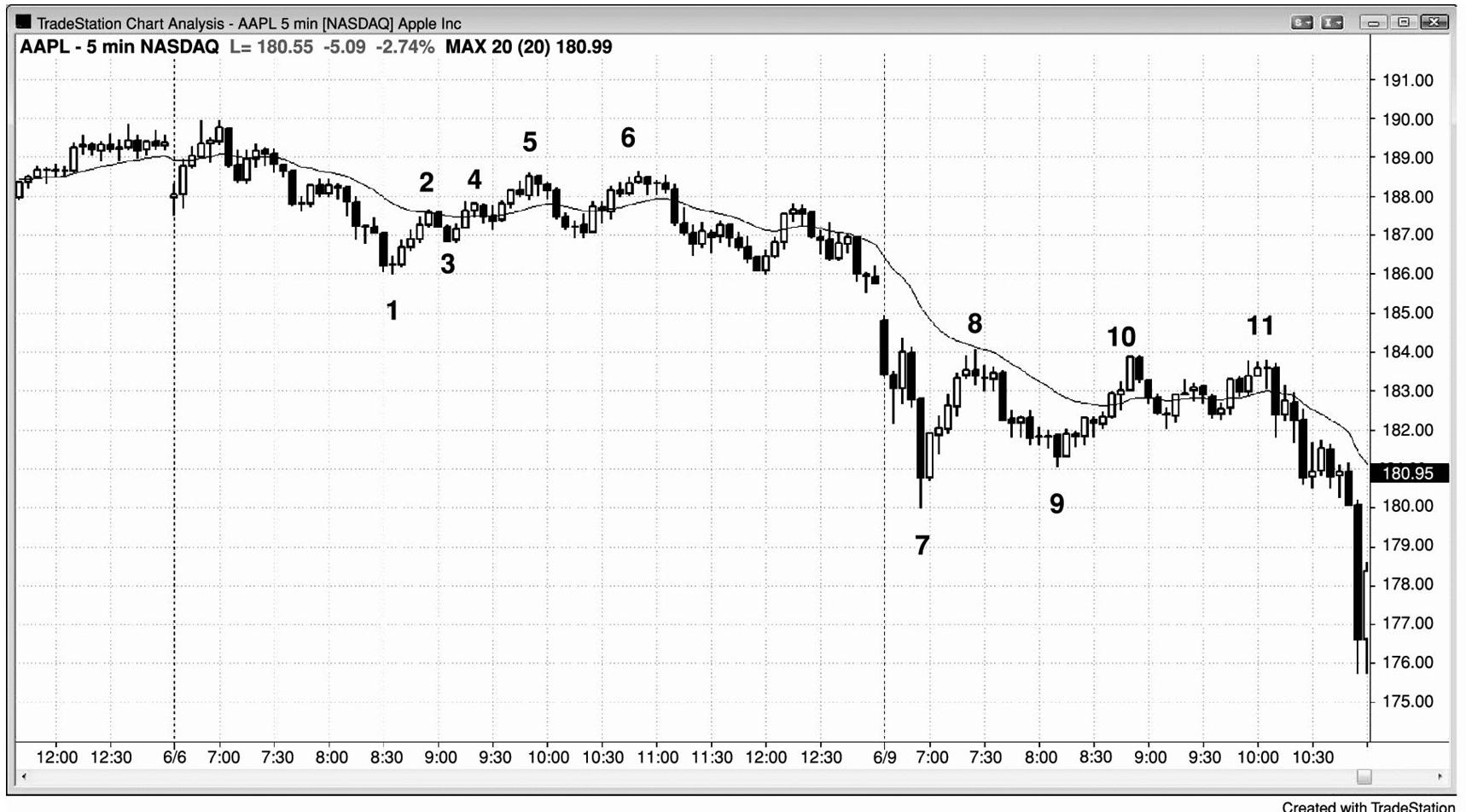


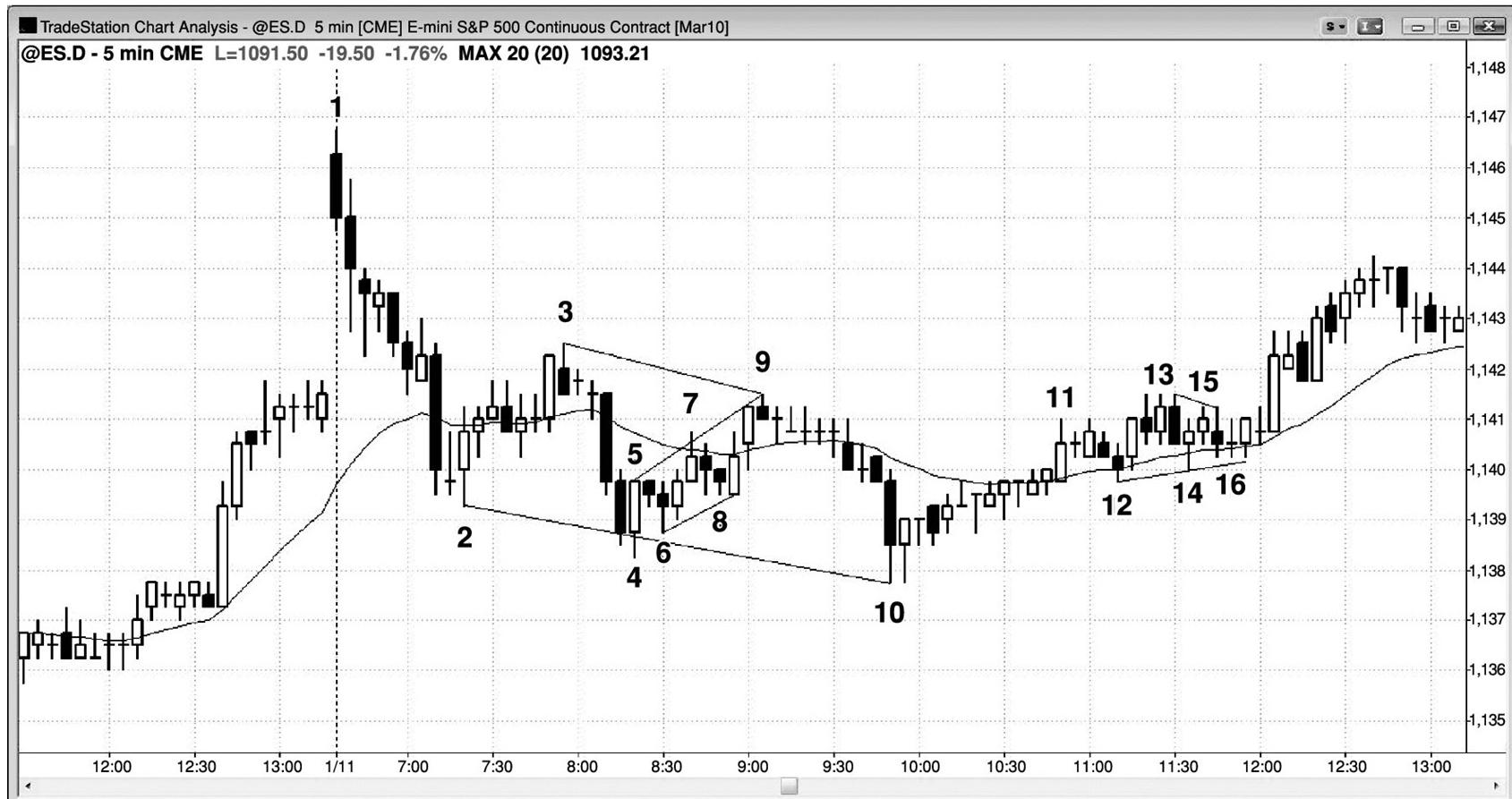
FIGURE 18.5 Higher High Breakout Pullback from Wedge Bear Flag



FIGURE 18.6 Spike and Channel as Wedge Bull Flag



FIGURE 18.7 Wedge Flags



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FIGURE 18.8 Three-Push Patterns



FIGURE 18.9 Failed Wedge Bull Flag



FIGURE 19.1 Dueling Lines Pullback



FIGURE 19.2 Dueling Lines

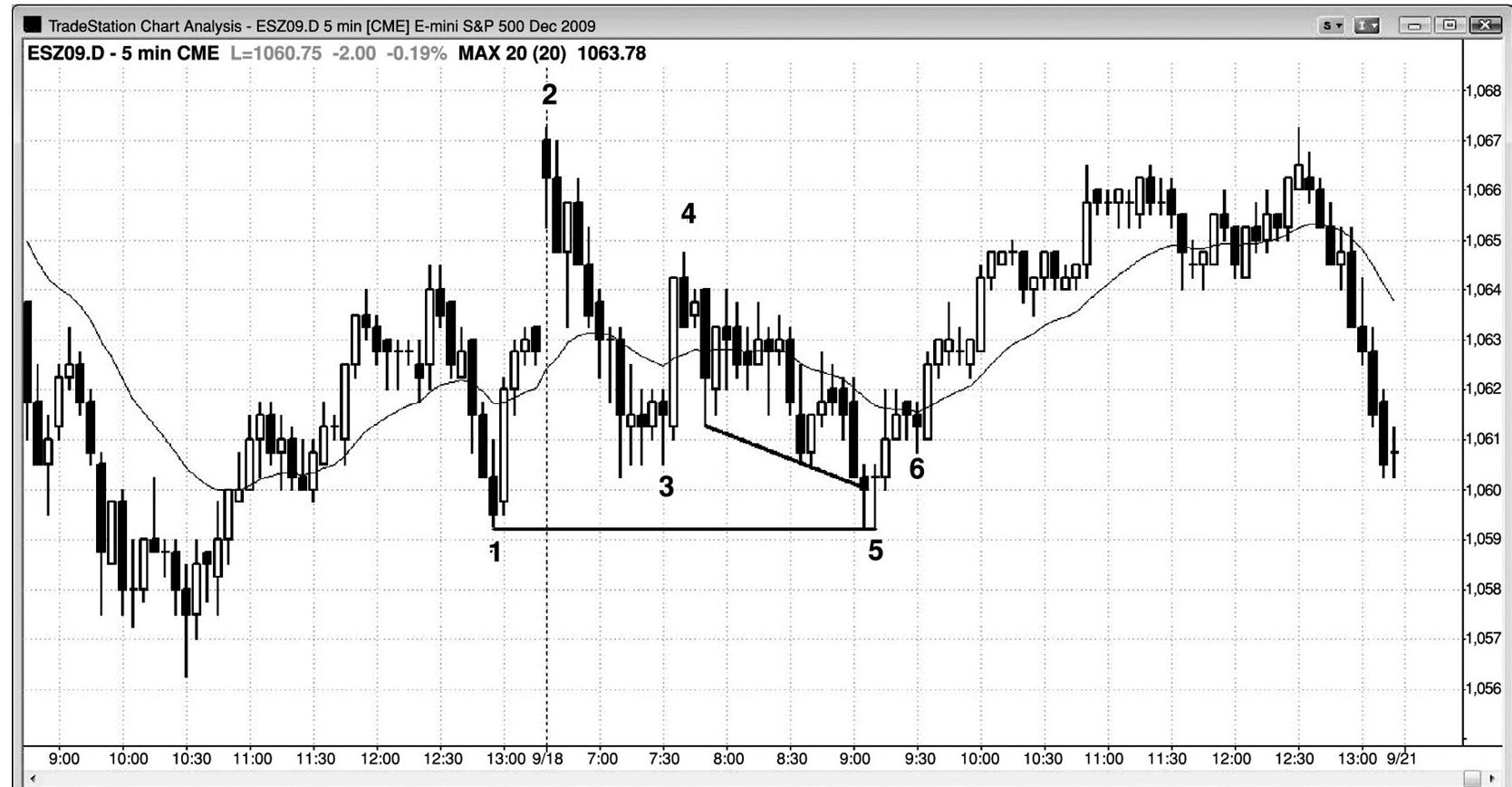


FIGURE 19.3 Dueling Lines Variant

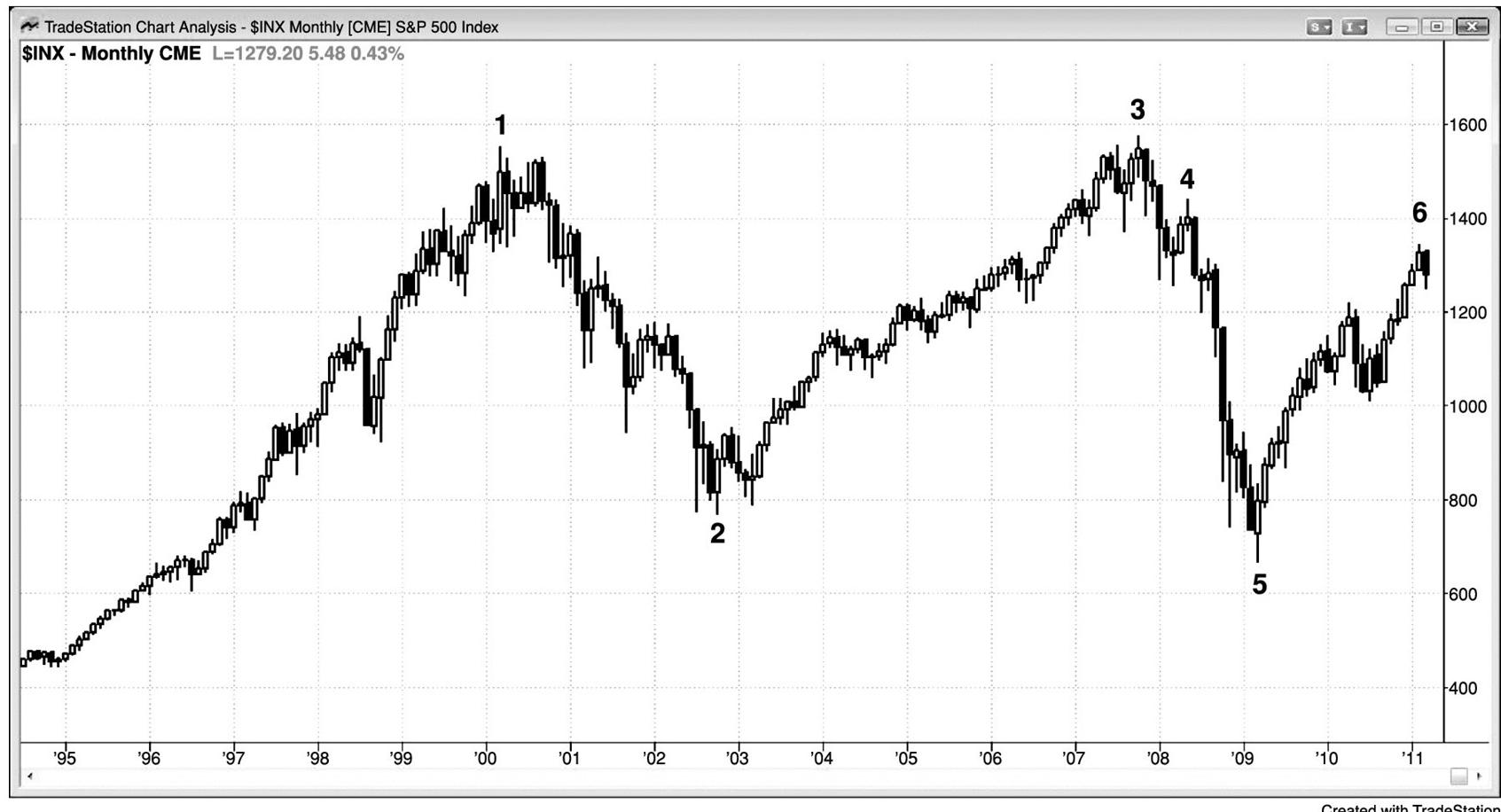


FIGURE 20.1 Monthly S&P Cash Index in a 12-Year Trading Range



FIGURE 20.2 Most Head and Shoulders Tops Are Bull Flags



FIGURE 20.3 Head and Shoulders Top and Bottom Bear Flag

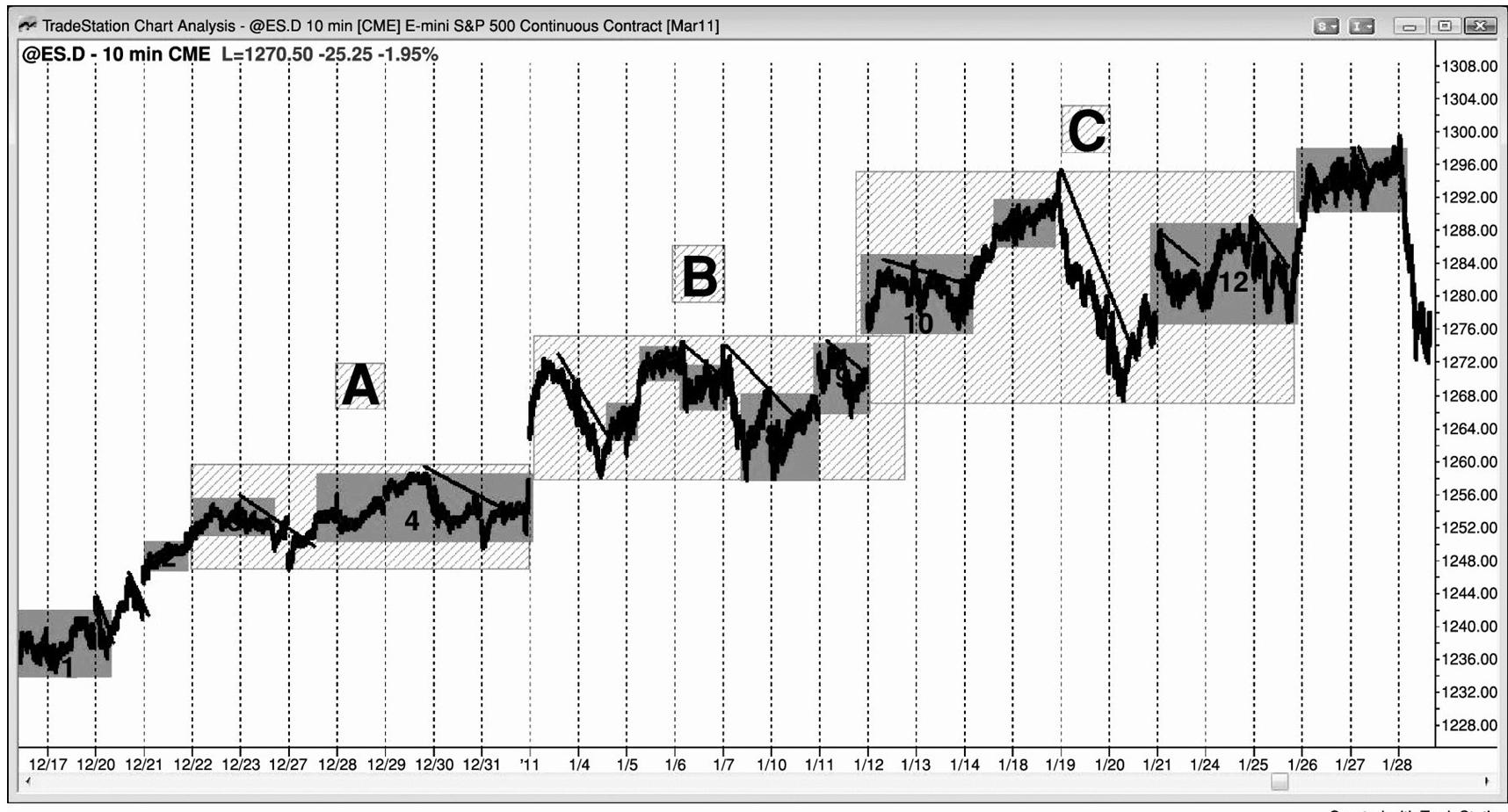


FIGURE PIV.1 Most of the Bars on Any Chart Are within Trading Ranges

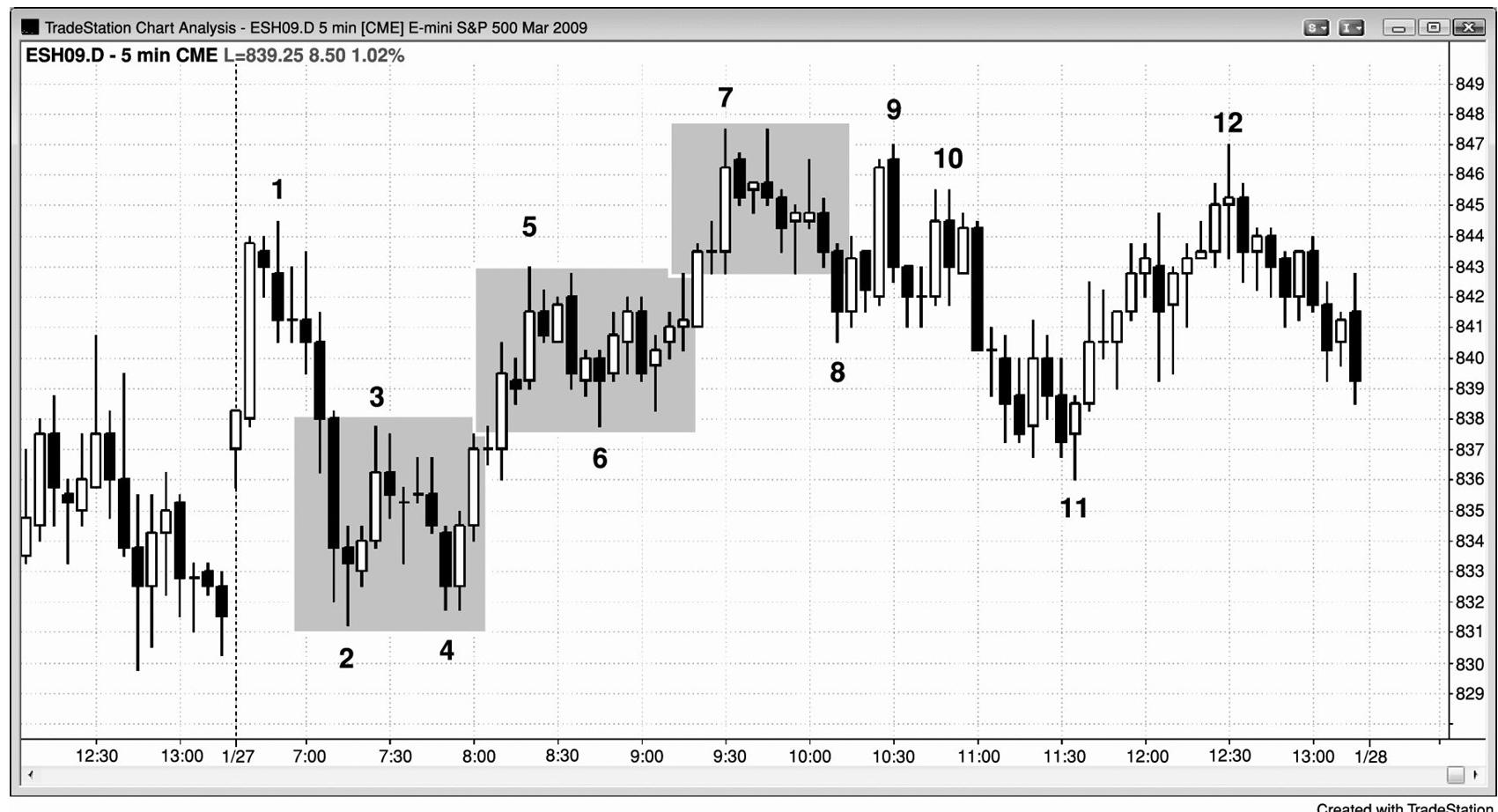


FIGURE PIV.2 Multiple Early Reversals Often Lead to a Trading Range Day



FIGURE PIV.3 Swing Trades in Trading Ranges



FIGURE PIV.5 Spike Up and Then Down Usually Leads to a Trading Range



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FIGURE PIV.4 Middle Third of the Range and of the Day



FIGURE PIV.6 Pullbacks Can Grow into Trading Ranges



FIGURE PIV.7 A Trading Range Can Be a Reversal Setup



FIGURE PIV.8 Buy Climax, Then Trading Range



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FIGURE PIV.9 Trading Ranges Leading to Reversals



FIGURE 21.1 Fading Extremes for Scalps in Trading Ranges

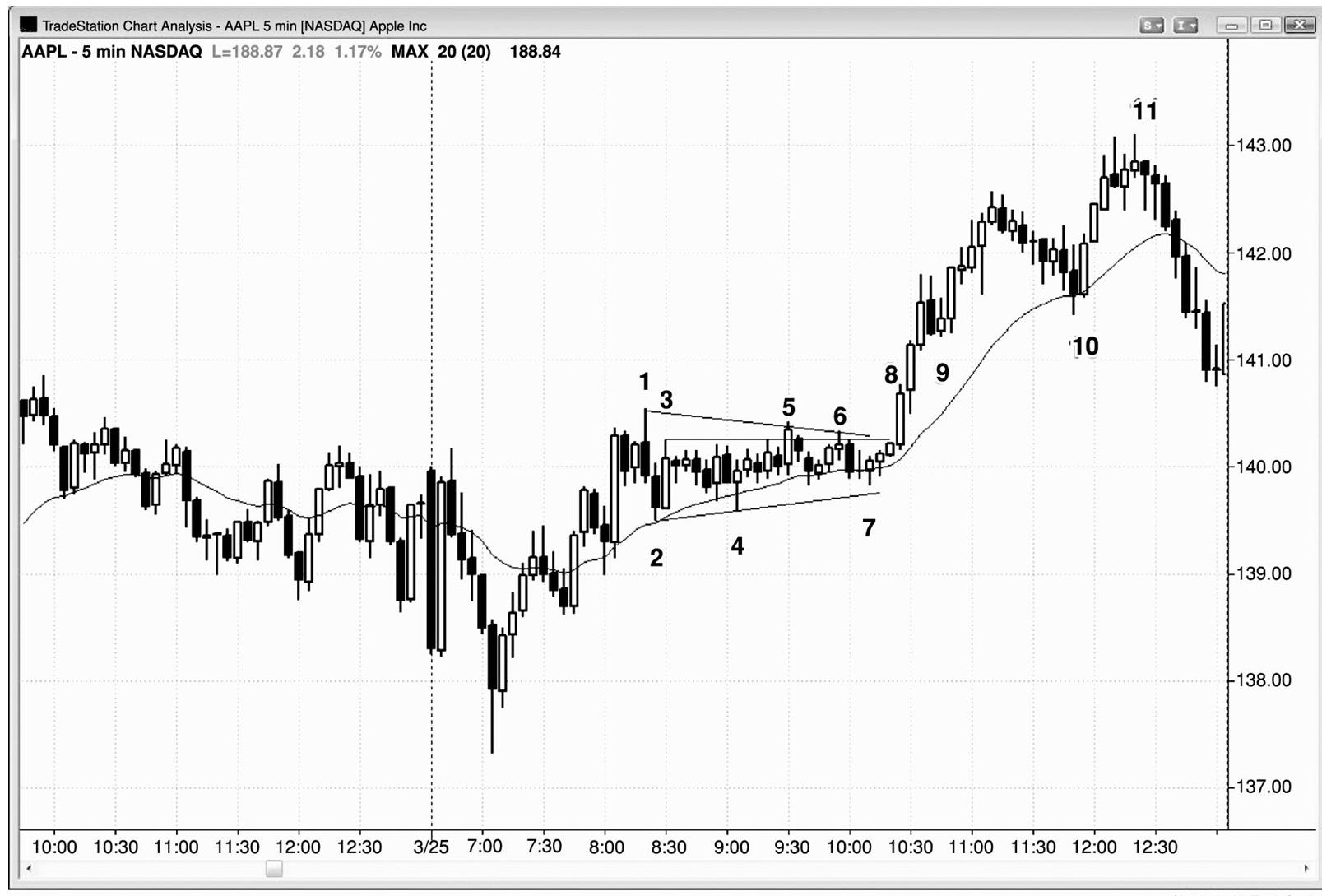


FIGURE 22.1 Tight Trading Range



FIGURE 22.2 Tight Trading Range in Both Bull and Bear Legs

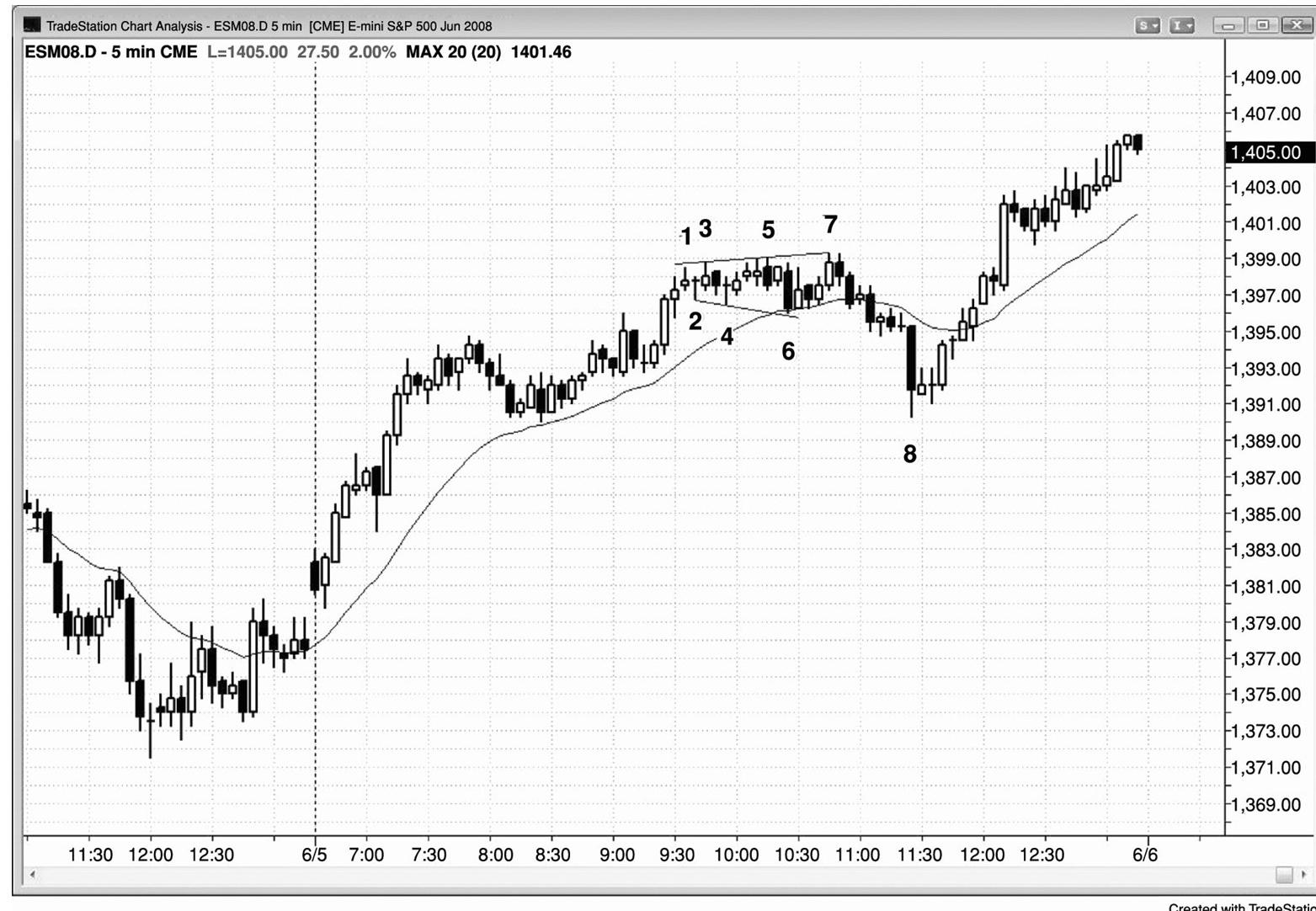
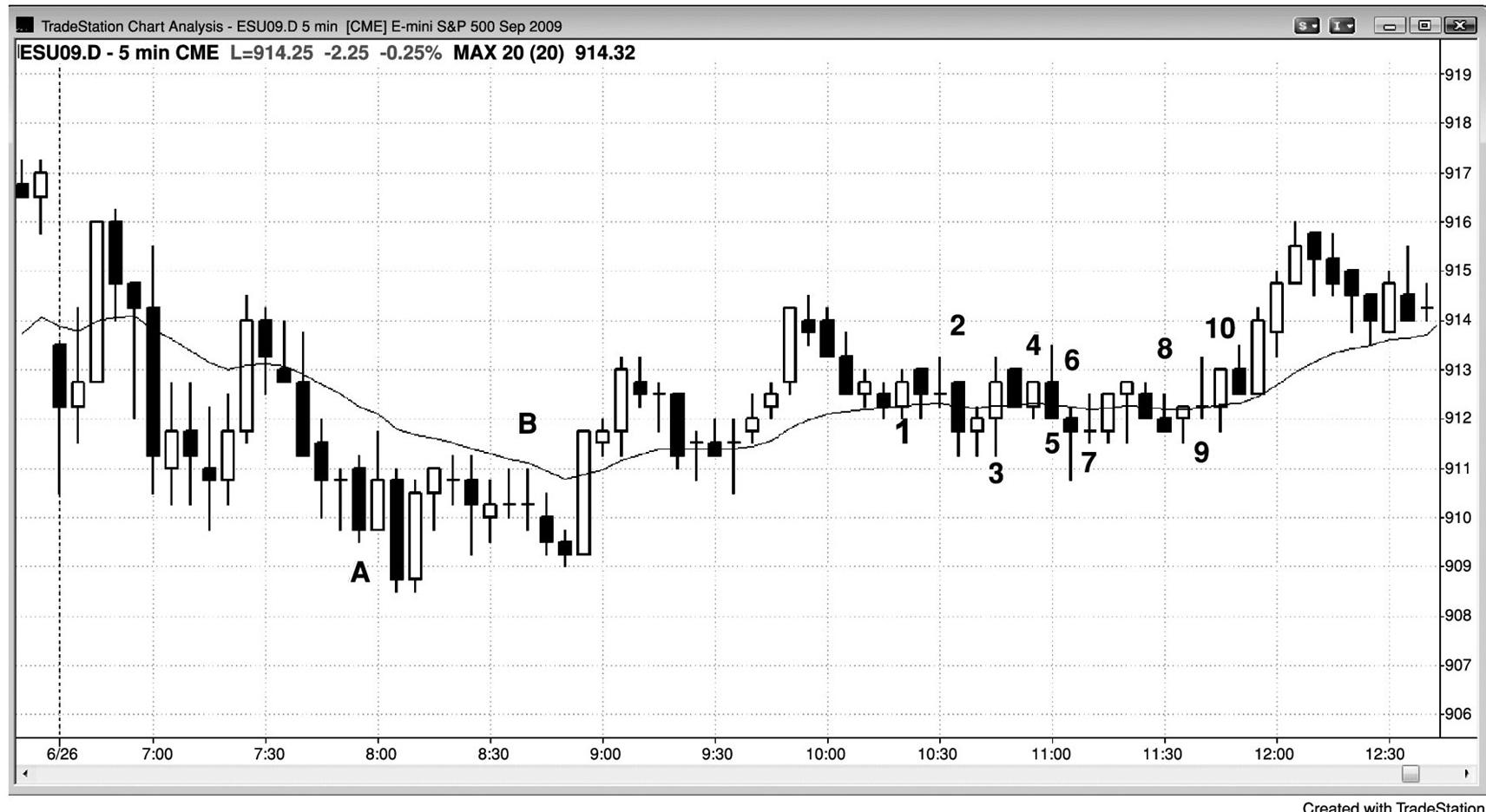


FIGURE 22.3 Tight Trading Range Evolving into Larger Trading Range



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FIGURE 22.4 Stop Entries in Barbwire Are Costly



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FIGURE 22.5 Stop Entries Would Have Yielded 10 Consecutive Losers



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FIGURE 22.6 Sloping Tight Trading Range

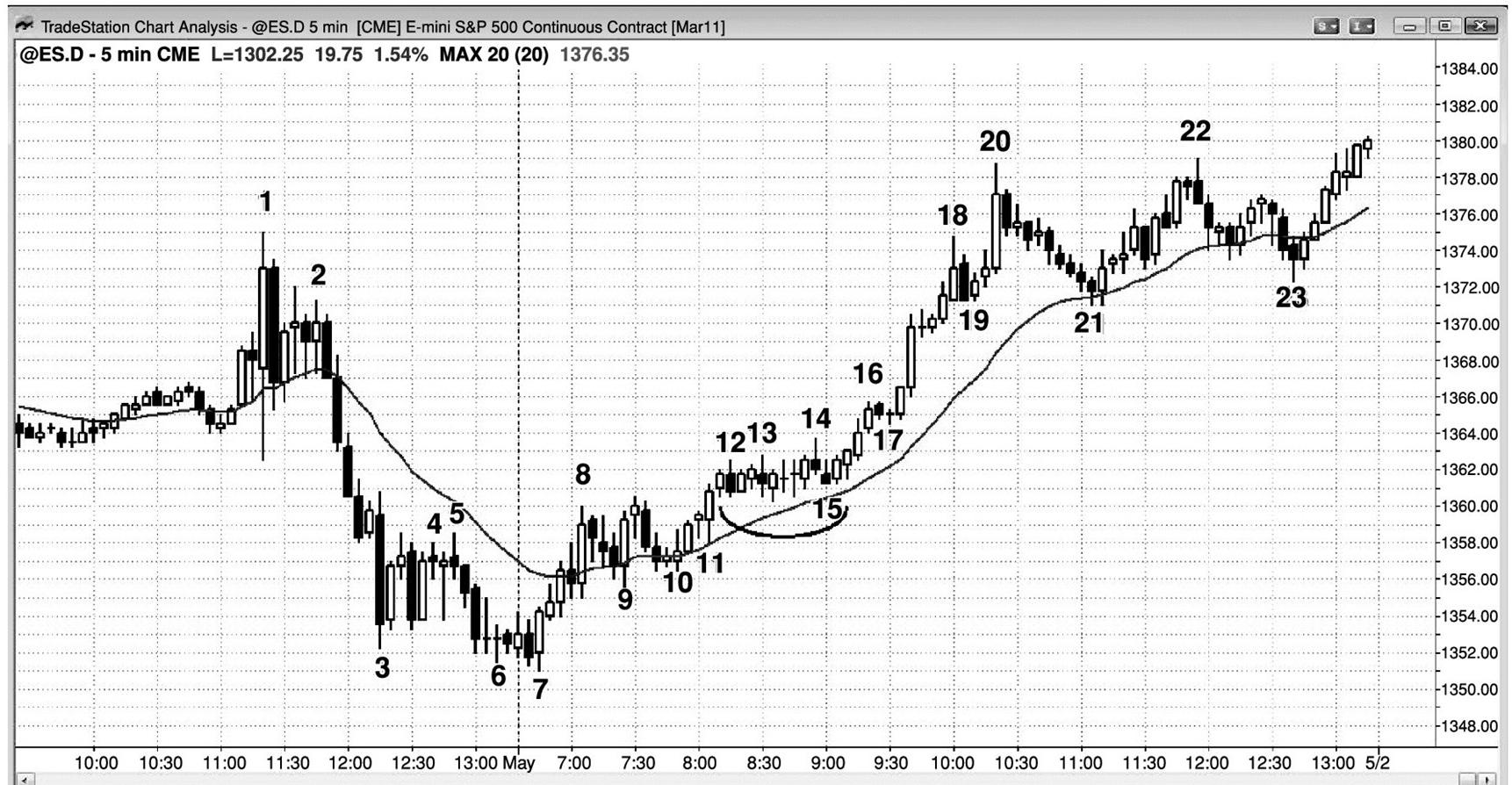


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FIGURE 22.7 Barbwire with an ioi Pattern



FIGURE 22.8 Barbwire Failed Breakout



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FIGURE 22.9 Tight Trading Range as a Flag



FIGURE 22.10 Tight Trading Range Bear Flag



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FIGURE 22.11 Barbwire Reversal



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FIGURE 22.12 Barbwire as a Low 2



FIGURE 23.1 There Are Many Ways to Draw Triangles



FIGURE 23.2 Triangles



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FIGURE 24.1 Swing Long after a Pullback from a Strong Rally

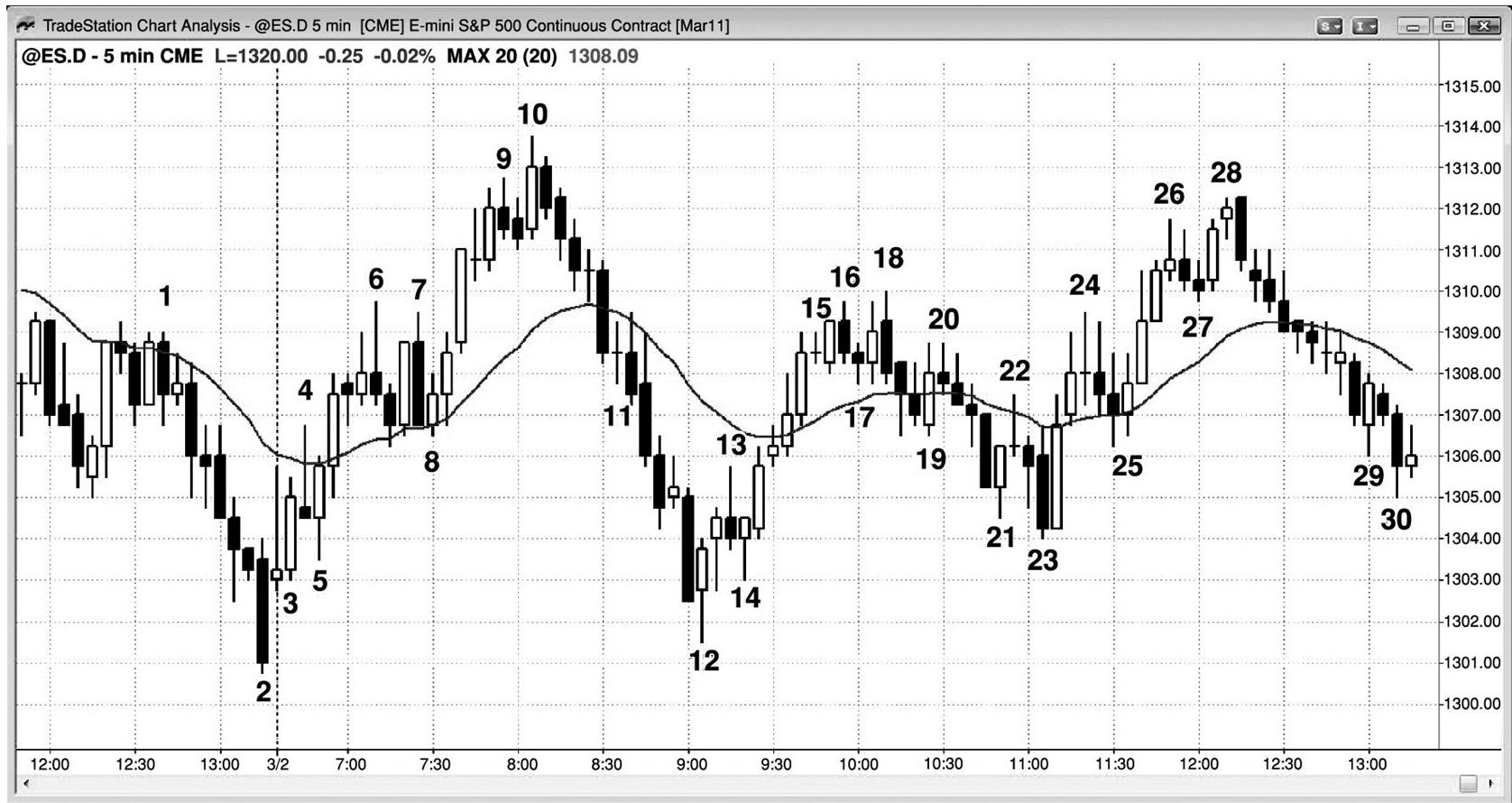


FIGURE 24.2 Swings Up and Down

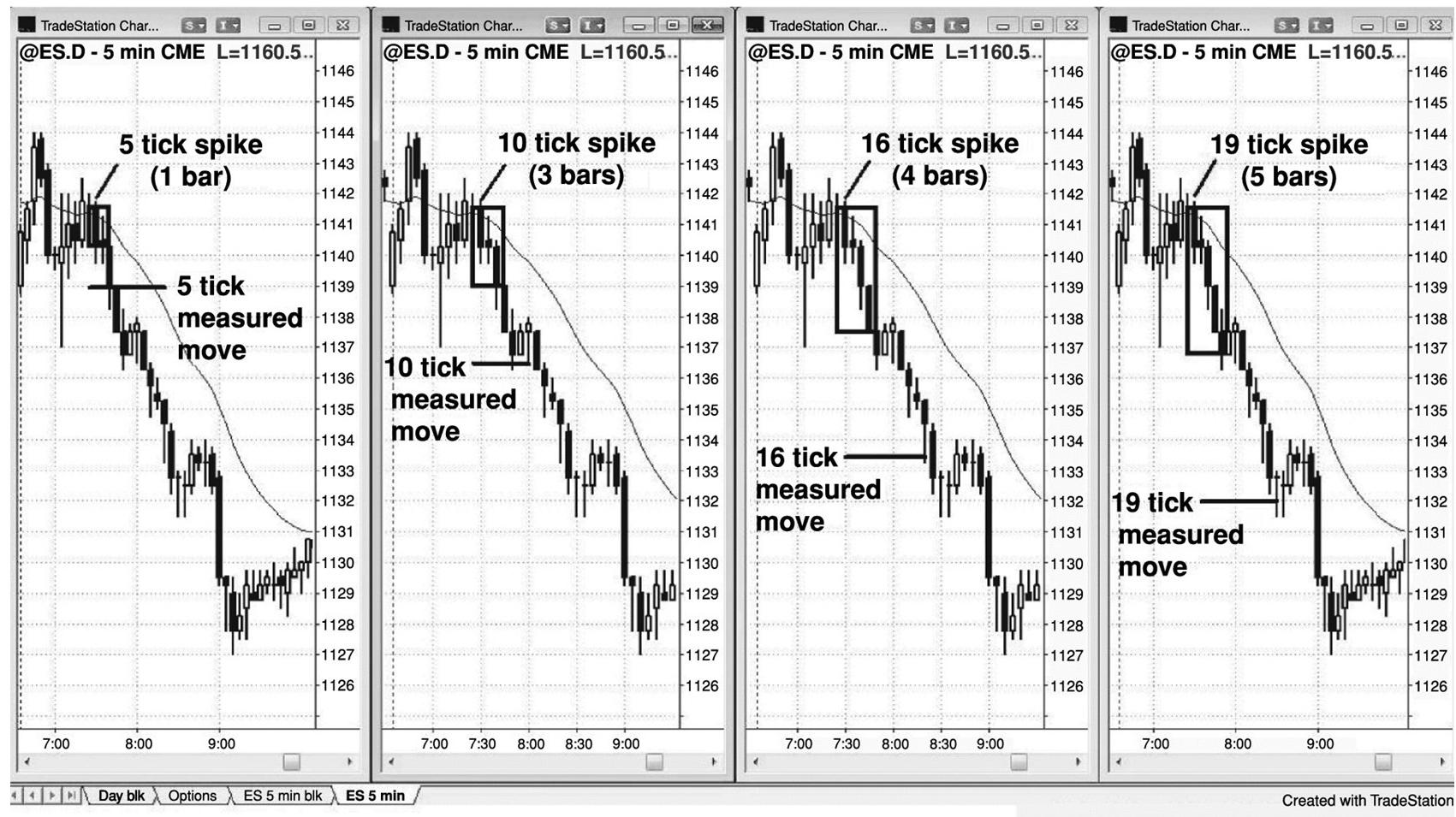


FIGURE 25.1 As a Spike Grows, So Does the Profit Target



FIGURE 25.2 Look for Brief Moments of Higher Probability



FIGURE 25.3 Scalpers Often Miss Trends When the Setups Are Not High Probability



FIGURE 26.1 At Least Two Reasons to Take a Trade



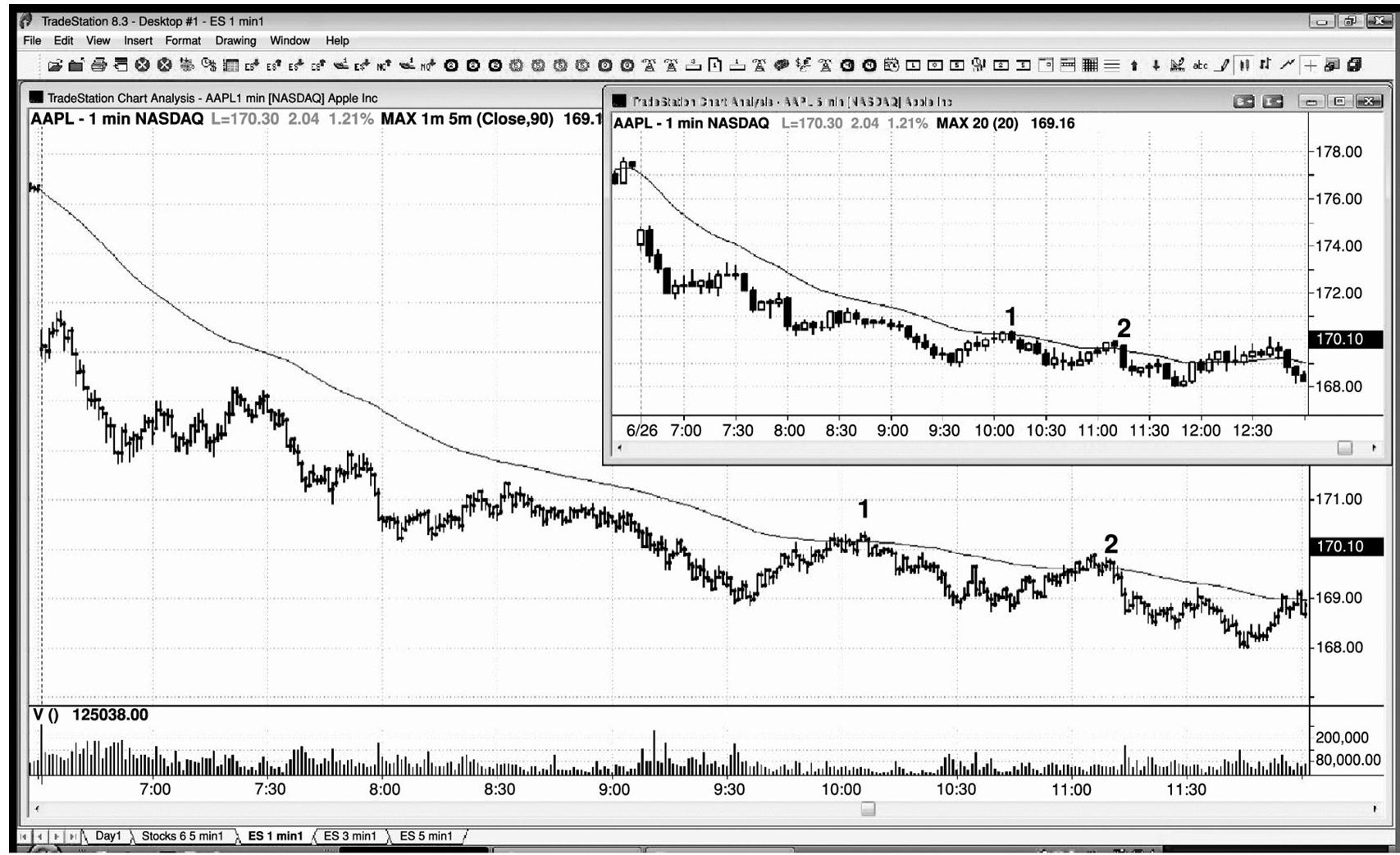
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FIGURE 26.2 Expanding Triangle



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FIGURE 26.3 Two Reasons to Take a Trade



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FIGURE 26.4 Moving Average Pullback Short



FIGURE 26.5 When a Channel Is Tight, Wait for a Second Signal



FIGURE 26.6 Buying New Lows in a Bear Trend



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FIGURE 27.1 Need a Six-Tick Move to Make Four Ticks



FIGURE 28.1 Limit Order Entries

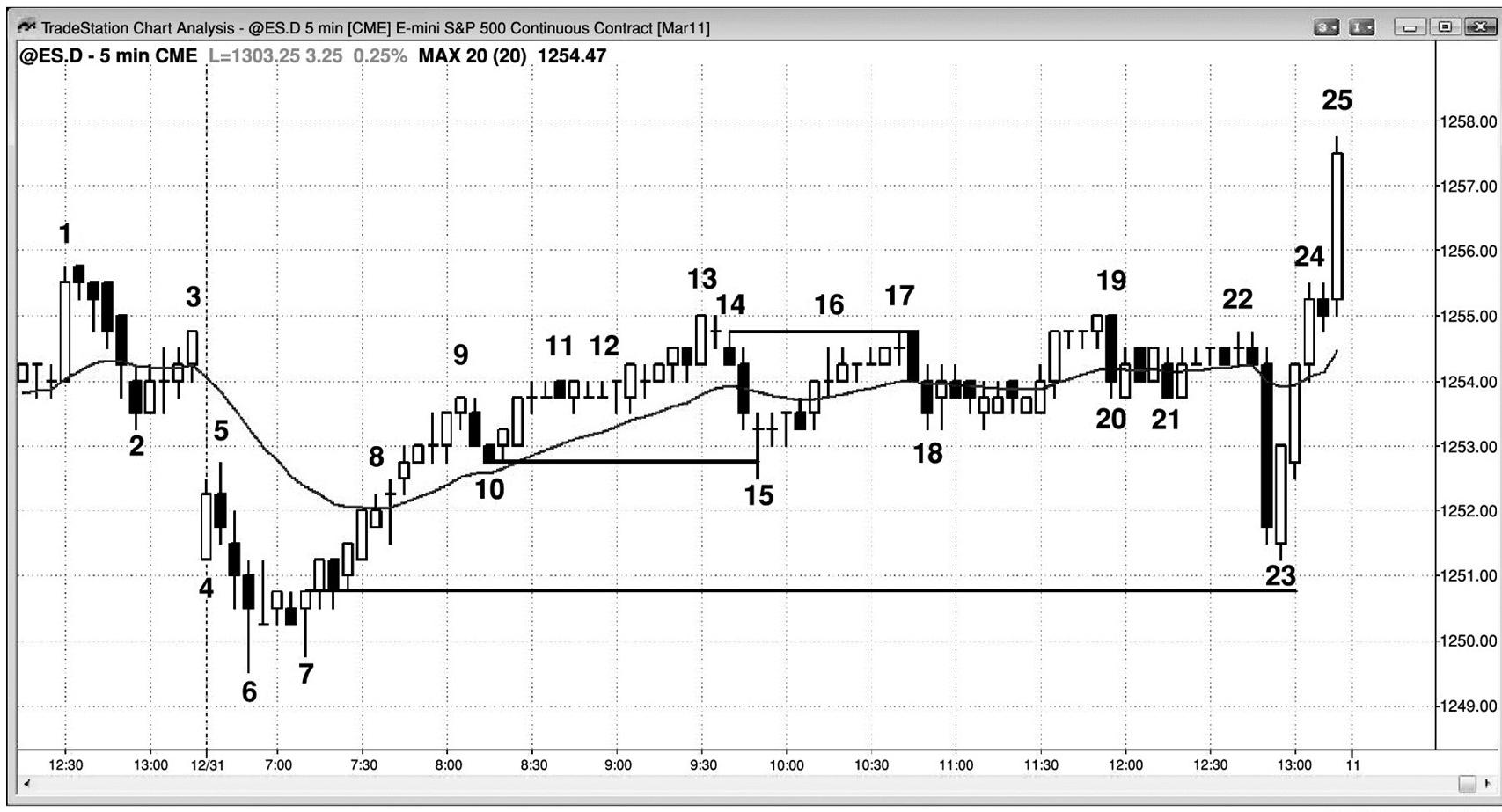


FIGURE 28.2 Limit Order Entries on Quiet Days

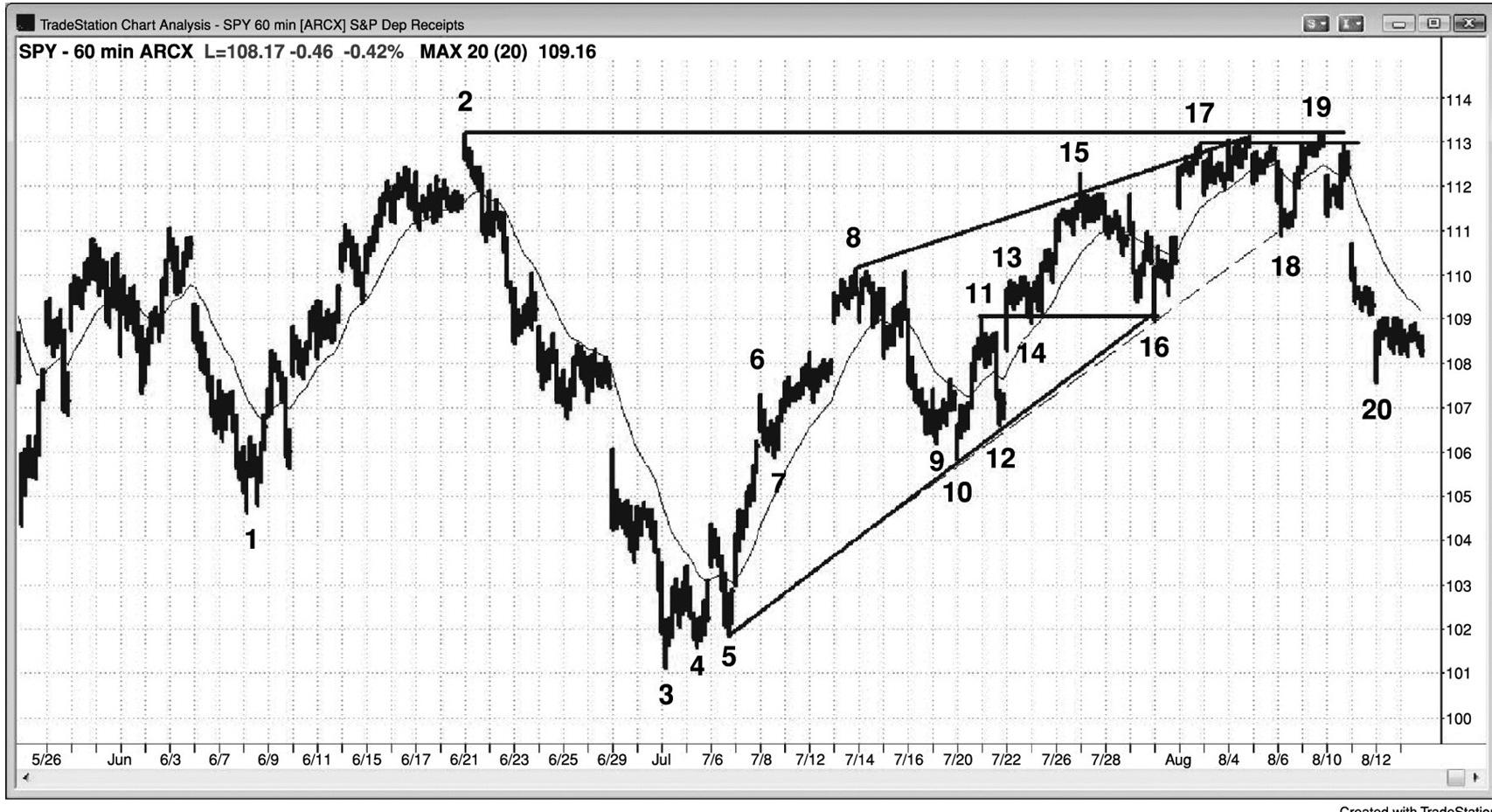


FIGURE 28.3 Limit Order Setups



FIGURE 28.4 Fading Tests of Lines with Limit Orders



FIGURE 28.5 Trend Channel Lines Trap Early Bulls into Losses in a Strong Bear Trend

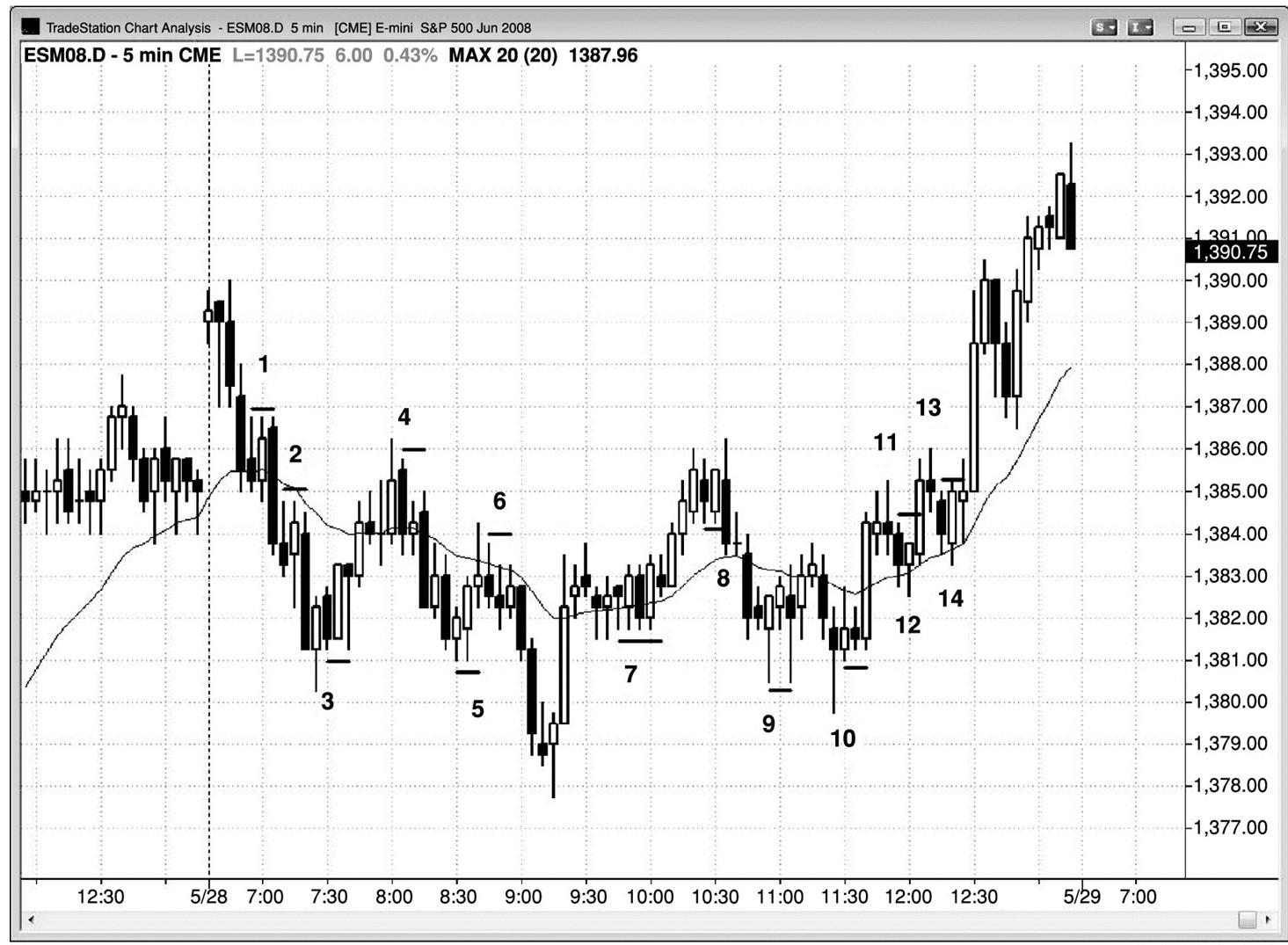


FIGURE 29.1 The Initial Stop Is Just beyond the Signal Bar

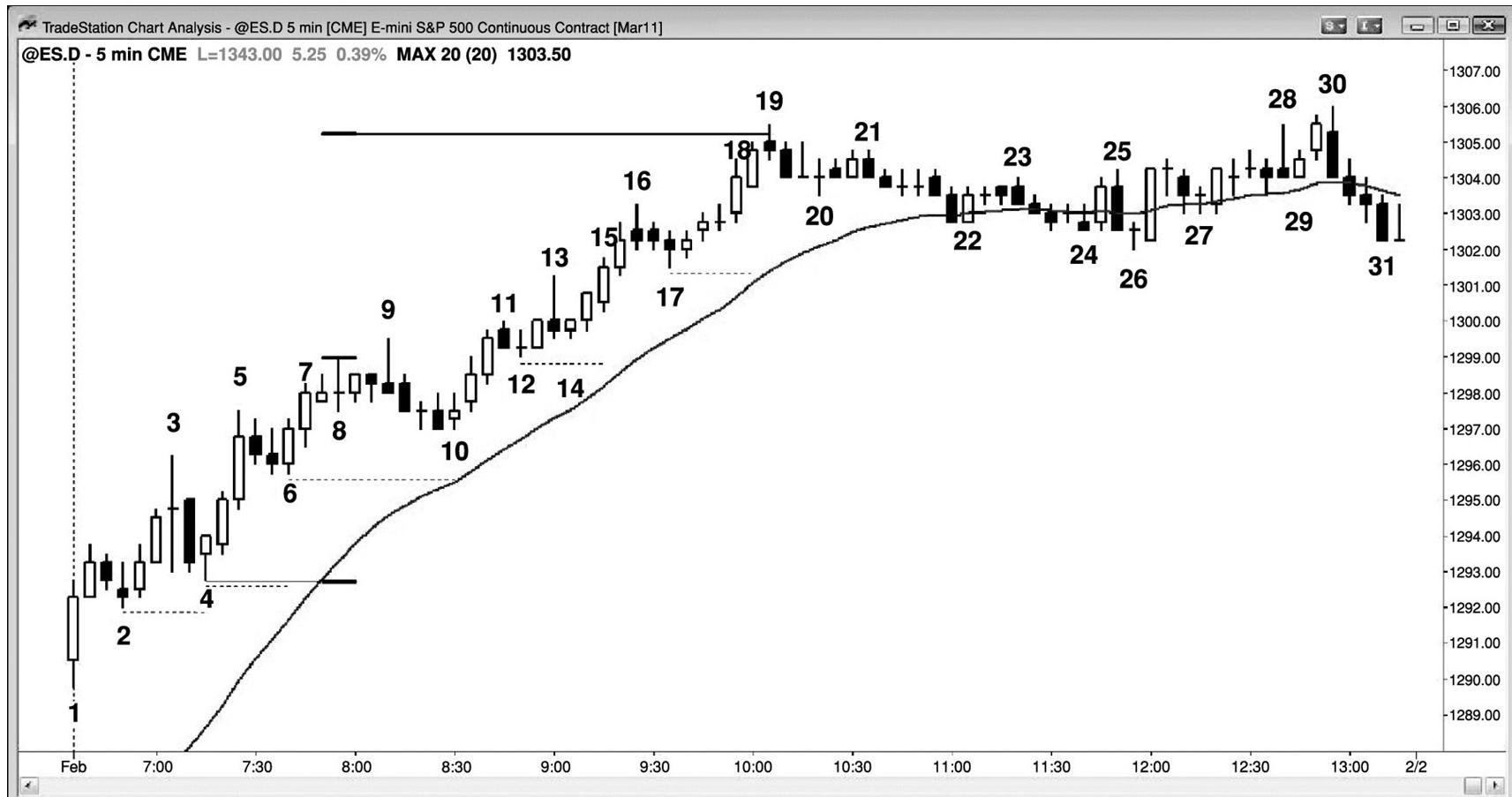


FIGURE 29.2 Trailing Stops in a Strong Bull Trend

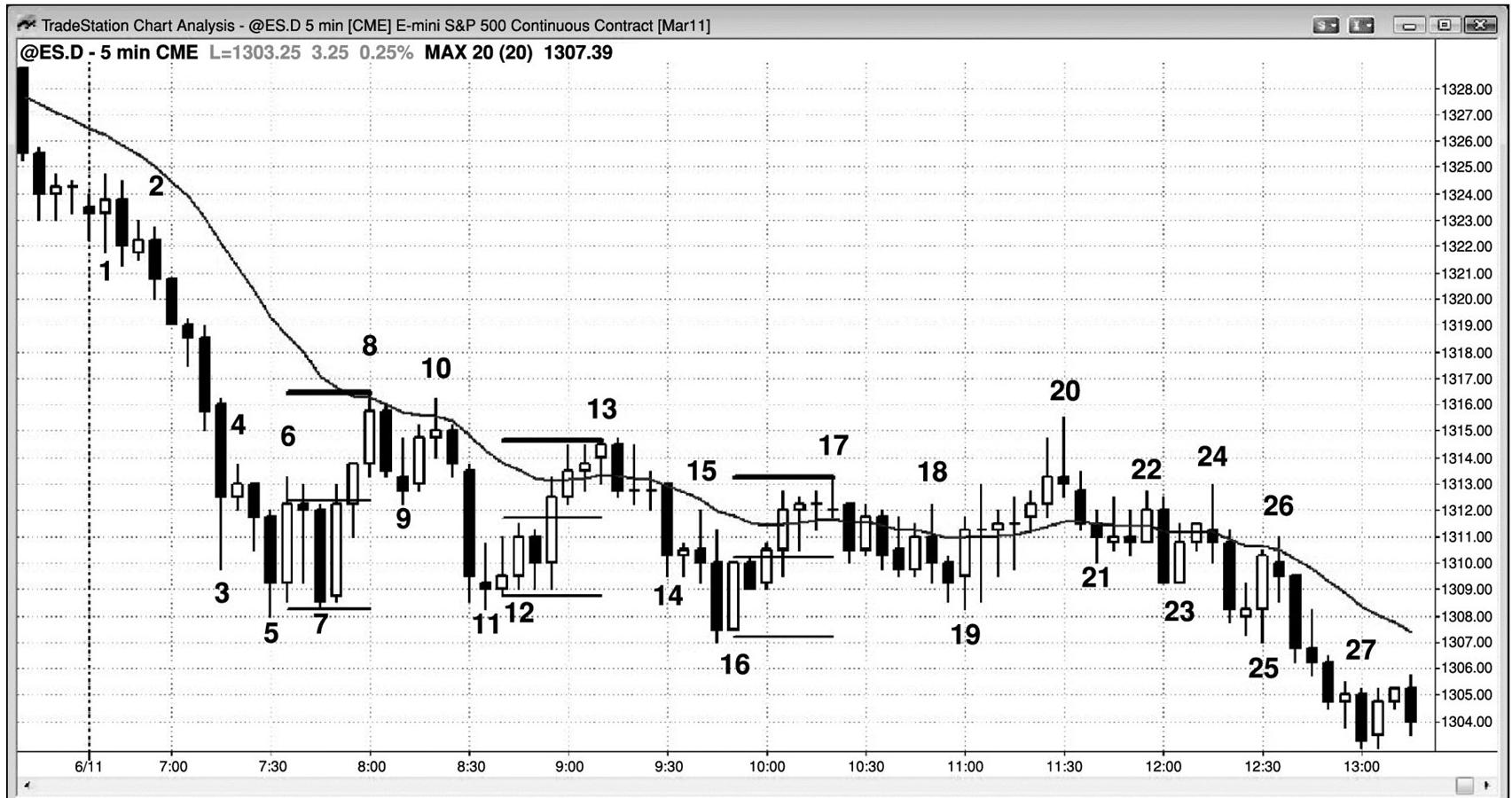


FIGURE 29.3 Reward Often Equals Risk



FIGURE 29.4 The Stop Size Is Often Set by the First Trade of the Day



FIGURE 29.5 Don't Tighten Stops Too Soon



FIGURE 30.1 Pullbacks End at a Confluence of Support Types

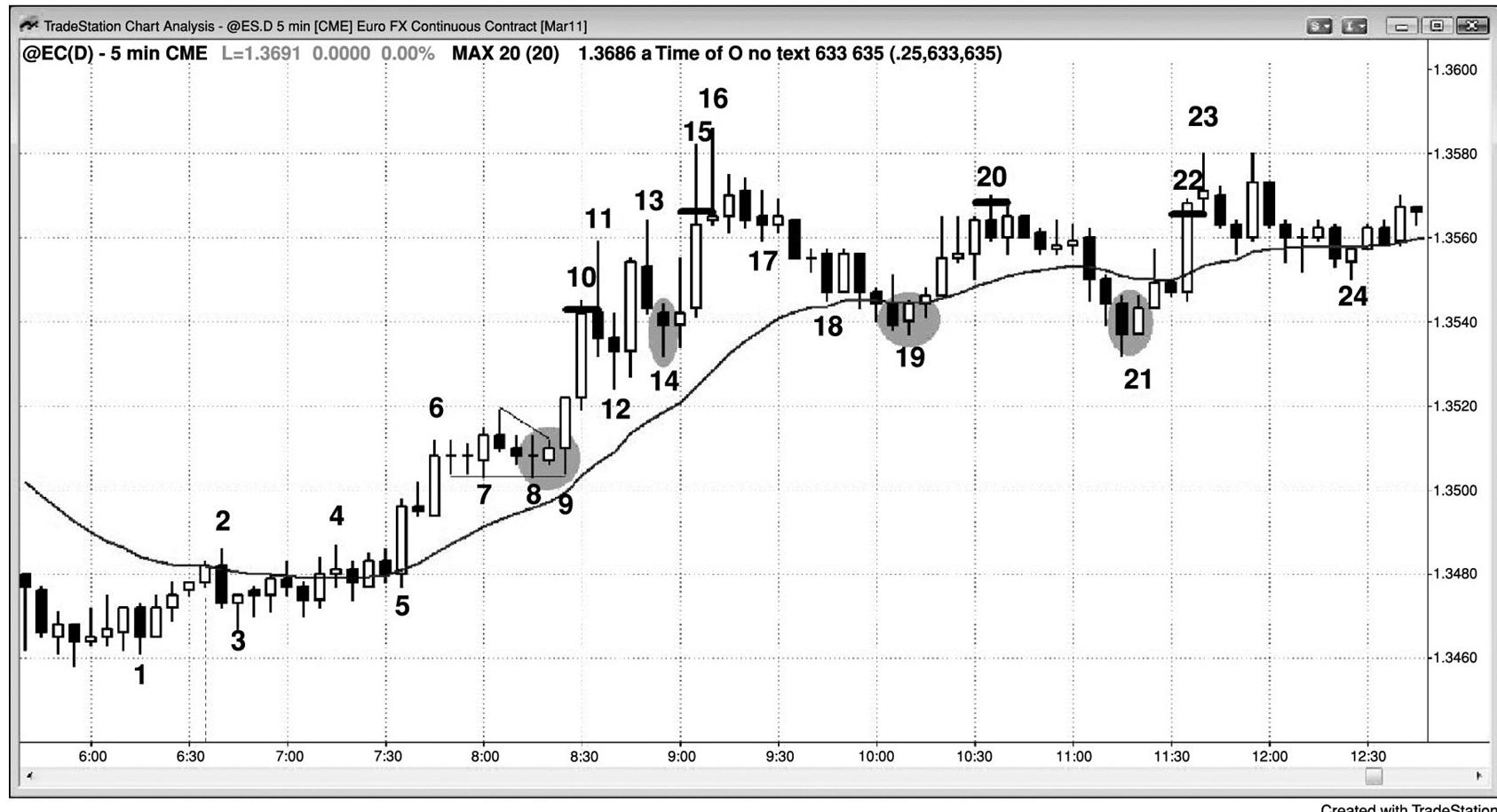


FIGURE 30.2 Buying Pullbacks in a Bull Trend

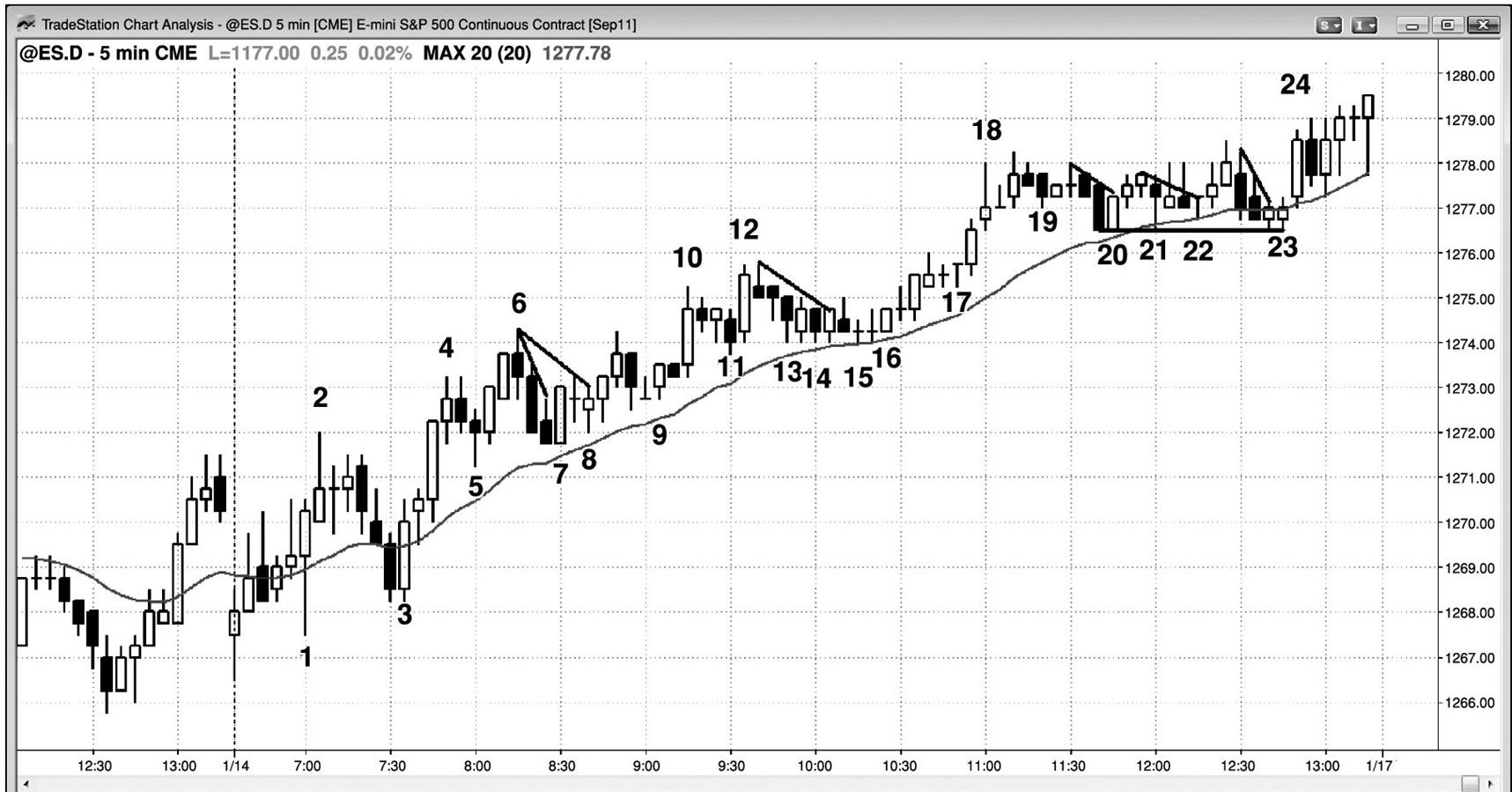


FIGURE 31.1 Scaling In Is Not for Most Traders

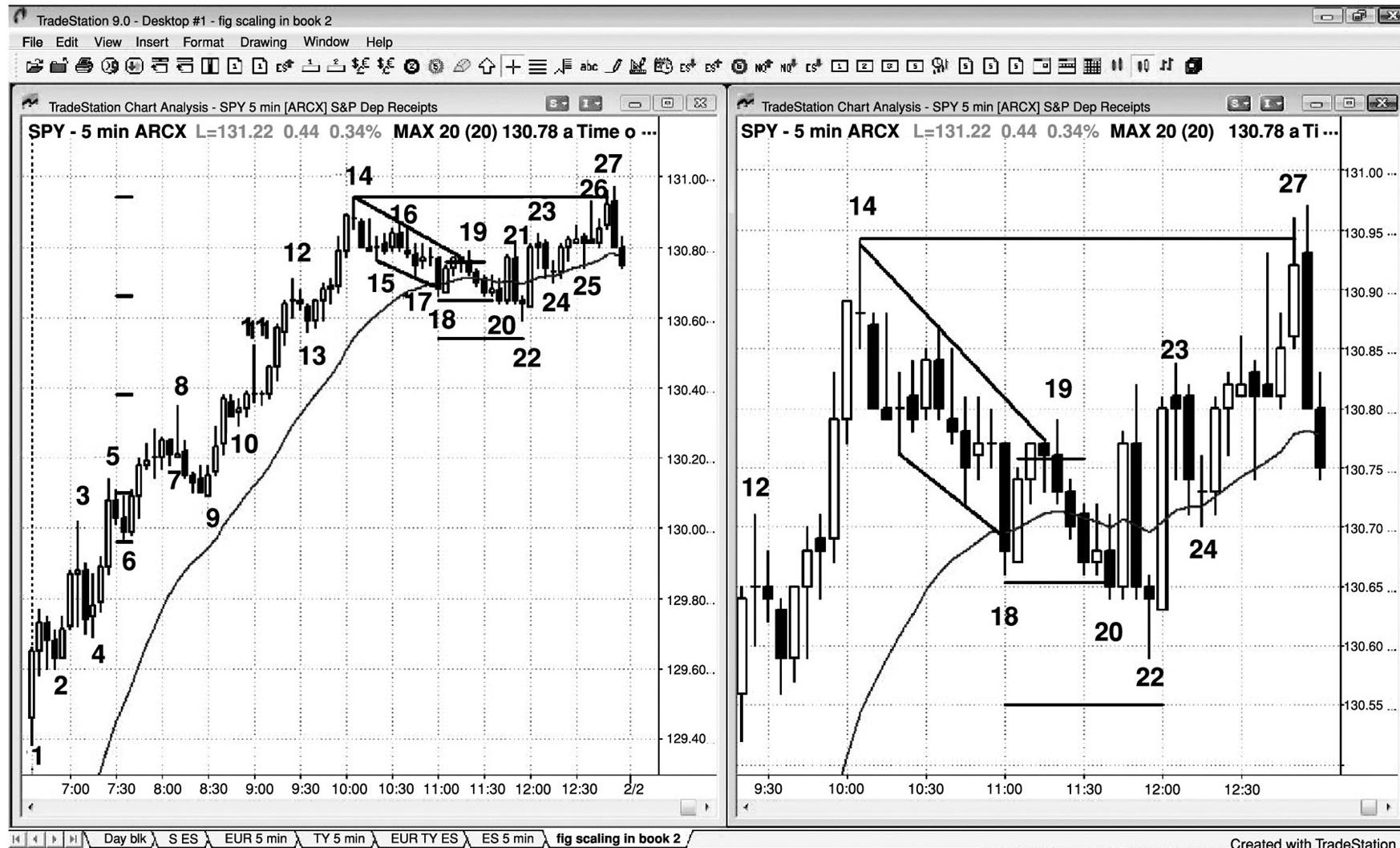


FIGURE 31.2 Scaling into Longs



FIGURE 31.3 Institutions Scale In as the Market Goes against Them

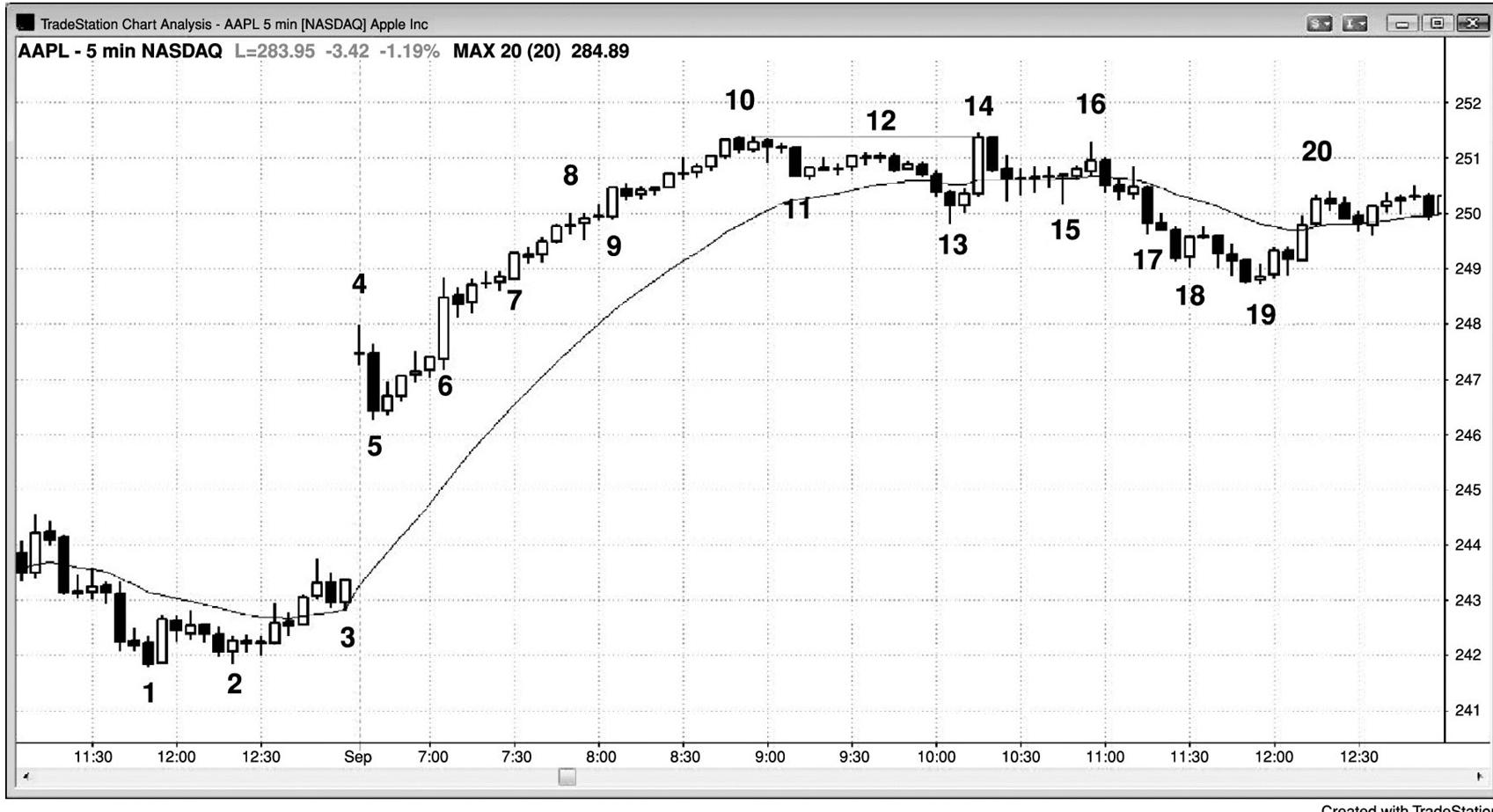


FIGURE 31.4 In Strong Bull Channels, Traders Scale In All the Way Up



FIGURE 31.5 Scaling into a Pullback



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FIGURE 31.6 Scaling In during Spikes



FIGURE 31.7 Scaling In during Channels



FIGURE 31.8 Entering Where Weak Traders Exit

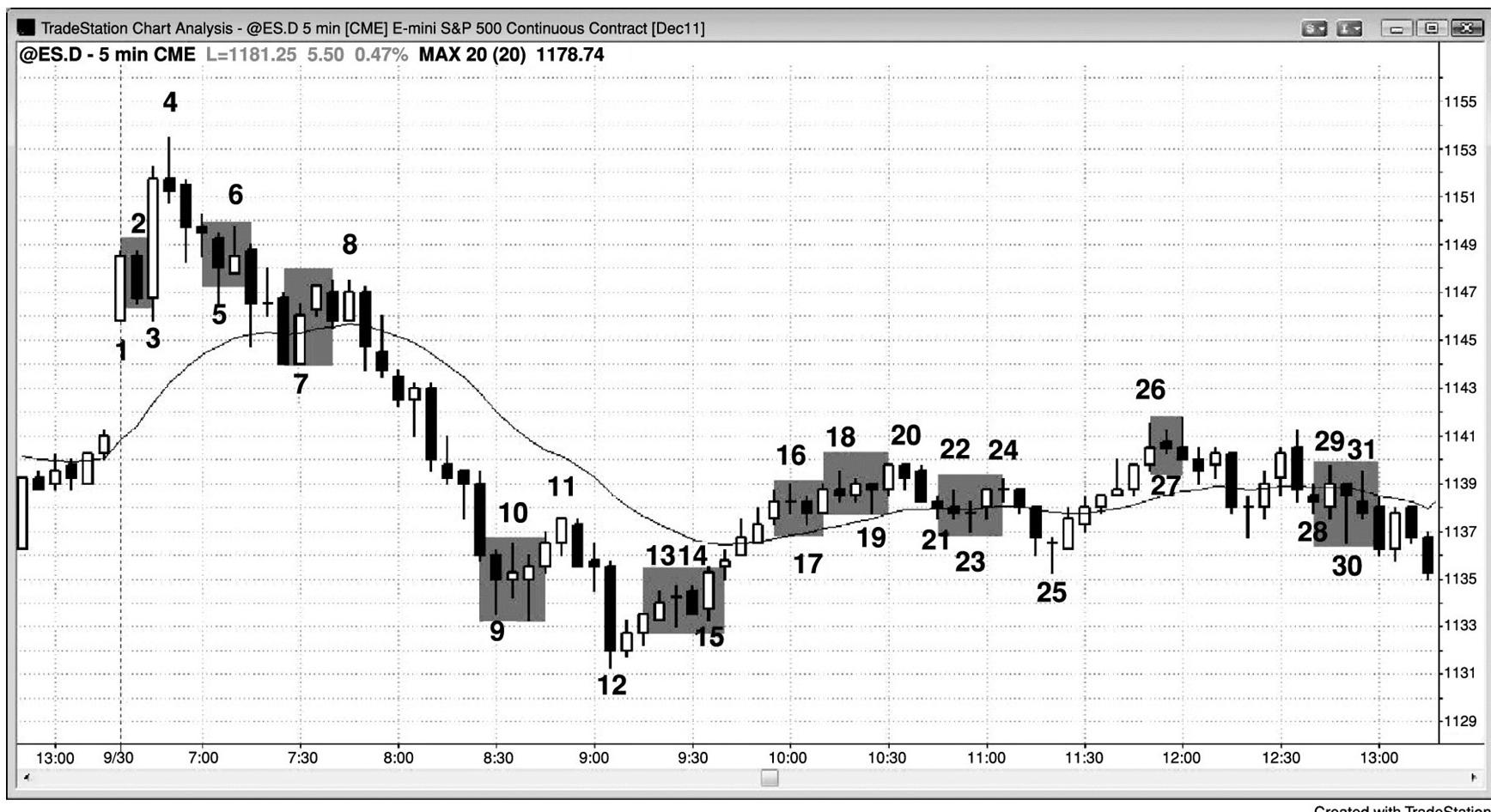


FIGURE 32.1 Trapped Traders