

My friend, let us pull up the tape and examine the behavior of this issue. You are trading on a 5-minute timeframe—a very fast-moving "tape" indeed. In my day, we watched the ticker tape with the same intensity, looking for the footprints of the Composite Man.

To judge your position at 18.22, we must apply the three fundamental laws: Supply and Demand, Cause and Effect, and Effort versus Result.

1. The Law of Supply and Demand

You entered on January 21st at 18.22. To determine if this was a wise maneuver, look at the volume accompanying that price. * If the price reached 18.22 on low volume after a decline, it suggests a lack of selling pressure—a potential "Spring" or a test of support. * If volume was heavy at 18.22 but the price refused to drop further, the "Large Interests" were likely absorbing the supply. This is a bullish sign of Accumulation.

2. The Law of Cause and Effect

On a 5-minute chart, the "Cause" (the period of sideways preparation) is often brief. If the stock spent two hours building a base between 18.10 and 18.20 before you bought the breakout at 18.22, the "Effect" (the subsequent move) may only be a few points. Do not expect a long-term campaign from a five-minute base. Is your "Point and Figure" count suggesting a target significantly higher than 18.22? If the base is narrow, your profit objective must be modest.

3. Effort vs. Result

Watch the current action closely. If you see the price advancing from 18.22 to, say, 18.40, but the volume is surging to massive levels without further price progress, the Composite Man is likely "unloading" his line into the hands of the uninformed public. This is Distribution. If the effort (volume) is great but the result (price progress) is small, you must be prepared to exit your 100 shares immediately.

My Observations for your Position:

- The Entry (18.22): You are "long" in the heat of the day. On a 5-minute chart, you must determine if 18.22 was a "Jump Across the Creek" (a breakout through resistance) or if you have bought the top of an "Upthrust."
- Trend Alignment: Is the 5-minute trend in harmony with the hourly and daily trends? We never wish to swim against the tide. If the daily trend is downward, your 5-minute long position is merely a scalp against the prevailing wind.
- The Stop: If the price closes below the "creek" (the support level established before your buy) on increasing volume, the supply has overcome demand. You must protect your capital.

Tell me this: Since your entry at 18.22, has the price moved upward on diminishing volume, or is it holding steady while volume increases? The answer will tell us whether the professional operators are with you or if they are preparing to mark the price down.

The tape never lies, but one must know how to read it. What is the price doing at this very moment?