

February 24, 2010

Friends:

You will find that I have attached a interesting chart. I have put many hours of work into this chart and did it by hand on paper (how old school) for many years. Technology has made doing all the comparisons very easy.

So, you will see it is the Gann continuation of the SX option since 1969. You will quickly grasp why I have done this chart for going on 30 years now. It is simply amazing when you look at how the market just doubled its range to within a few cents. Remember all those guys calling for \$18 beans? Maybe they should spend some time doing some research.

Well, helpful hints.

GREEN is the trading range from the 1969 lows to the 1973 high. You will notice that the 1980 high was exactly equal to 1973 (handy bit of info to have back then). Also, note (Very Important) that the market was supported at the .618 point of the range most of the time, with a few exceptions that held at .667.

BLUE: The blue is just the green but instead of the top of the range being at 9.30, 9.30 now becomes 50% of the range. This produced an expected high at 16.25. NOT BAD.....BUT WAIT A MINUTE! Yes, wise friends, there was no way to know in advance that the range would only double, it could have tripled for example. But knowing this can sure make you pay attention at 16.25.

RED: This is what I would call the NORMALIZED range of the move. Very similar to the 1973 top followed by a slightly higher one in 1974, this move had a top at 14.60 followed by a slightly higher one at 16.25 or so. So, THIS IS THE SAME FOR TODAY'S MARKET AS THE GREEN ONE WAS IN 1975.

Look at where support is: 811 is .618 and 760 is .667. .382 is at 10.60. These numbers have been critical to SX since its birth I think. Just look at the chart. Even the .875 was the launching point of the blow off advance.

Well, take some to think about the chart if you want...or not. As I have often said, there are many things that I find of value and there are many people who don't find any value in it.

CONCLUSION...Beans are at a huge crossroads right here. They really can't make a new low for the move or they are quite likely going to go test that .667 at 7.60. IF they continue to rally, then 10.60 should be easy to get to.

Take Care,
Ken



S-091: Soybeans CBT (Pit) Nov Gann (Monthly bars)

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