

*This tutorial was originally titled "A Technician's Approach to Day Trading" and was recorded at the Online Trading Expo*

# Technical Analysis for Short-Term Traders

Martin J Pring

*Copywrite 2000 Traders' Library*



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باز نشر :

*The principal difference between Day Trading and other forms of trading is the time frame.*



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باز نشر :

*Technical analysis assumes  
that prices move in trends.*



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باز نشر :

*Trends have a tendency to perpetuate.*



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باز نشر :

*Look for the **weight** of the evidence;  
(several indicators, to indicate a  
reversal.)*



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باز نشر :

*In technical analysis we are dealing in probabilities, **never** certainties.*



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بازنشر :

**First trade 50% loss!** ????????

	Capital	Profit/Loss %	Profit/Loss Amount	Ending
<b>Trade 1</b>	100	(50)	(50)	50
<b>Trade 1</b>	50	50	25	75
<b>Trade 1</b>	75	10	75	82.5
<b>Trade 1</b>	82.5	10	83	90.8
<b>Trade 1</b>	90.8	10	9.1	99.9



Next trade 50% gain

???????

	Capital	Profit/Loss %	Profit/Loss Amount	Ending
Trade 1	100	(50)	(50)	50
Trade 1	50	50	25	75
Trade 1	75	10	75	82.5
Trade 1	82.5	10	83	90.8
Trade 1	90.8	10	9.1	99.9





???????

Next 3 trades make 10% each

	Capital	Profit/Loss %	Profit/Loss Amount	Ending
Trade 1	100	(50)	(50)	50
Trade 1	50	50	25	75
Trade 1	75	10	7.5	82.5
Trade 1	82.5	10	8.25	90.75
Trade 1	90.75	10	9.075	99.825



4 trades trades make 80% ????????

	Capital	Profit/Loss %	Profit/Loss Amount	Ending
Trade 1	100	(50)	(50)	50
Trade 1	50	50	25	75
Trade 1	75	10	75	82.5
Trade 1	82.5	10	83	90.8
Trade 1	90.8	10	9.1	99.9



Still not back to break even???????

	Capital	Profit/Loss %	Profit/Loss Amount	Ending
Trade 1	100	(50)	(50)	50
Trade 1	50	50	25	75
Trade 1	75	10	7.5	82.5
Trade 1	82.5	10	8.25	90.8
Trade 1	90.8	10	9.08	99.9



# The Indicators



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باز نشر :

# *1. Peak and trough analysis*



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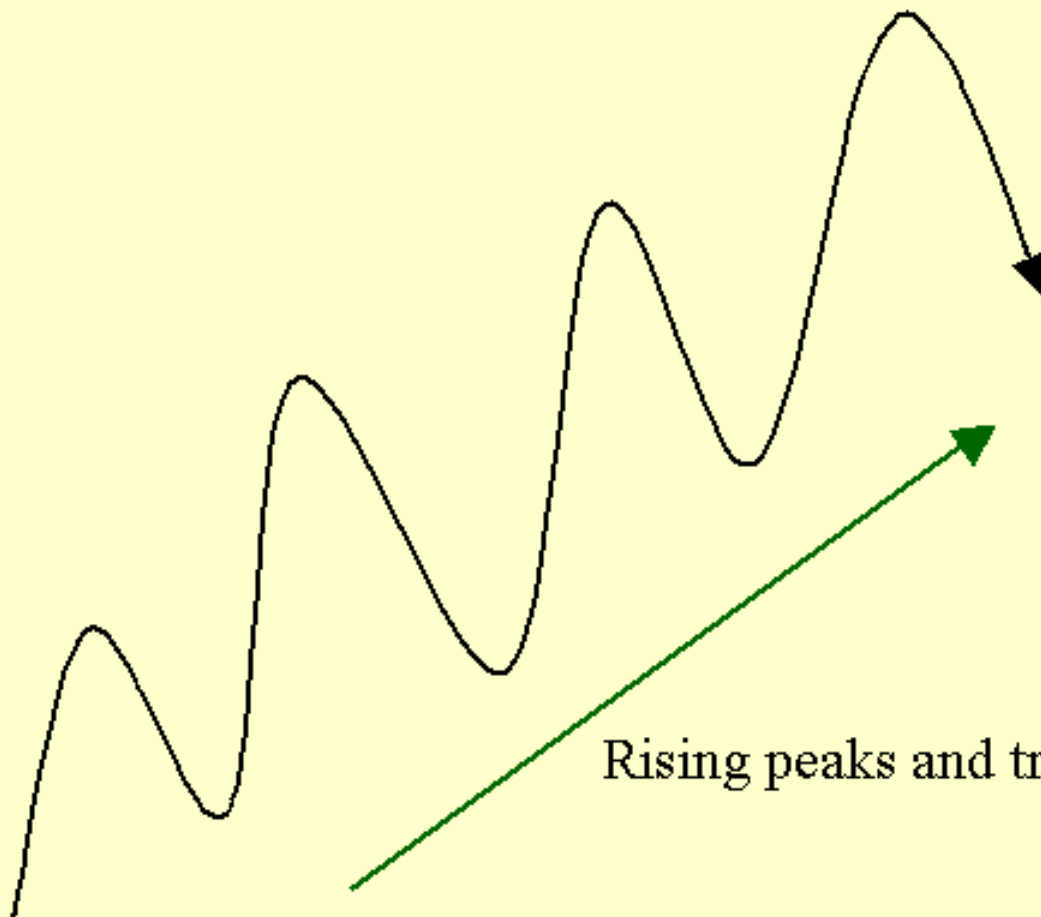


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باز نشر :



Rising peaks and troughs is bullish



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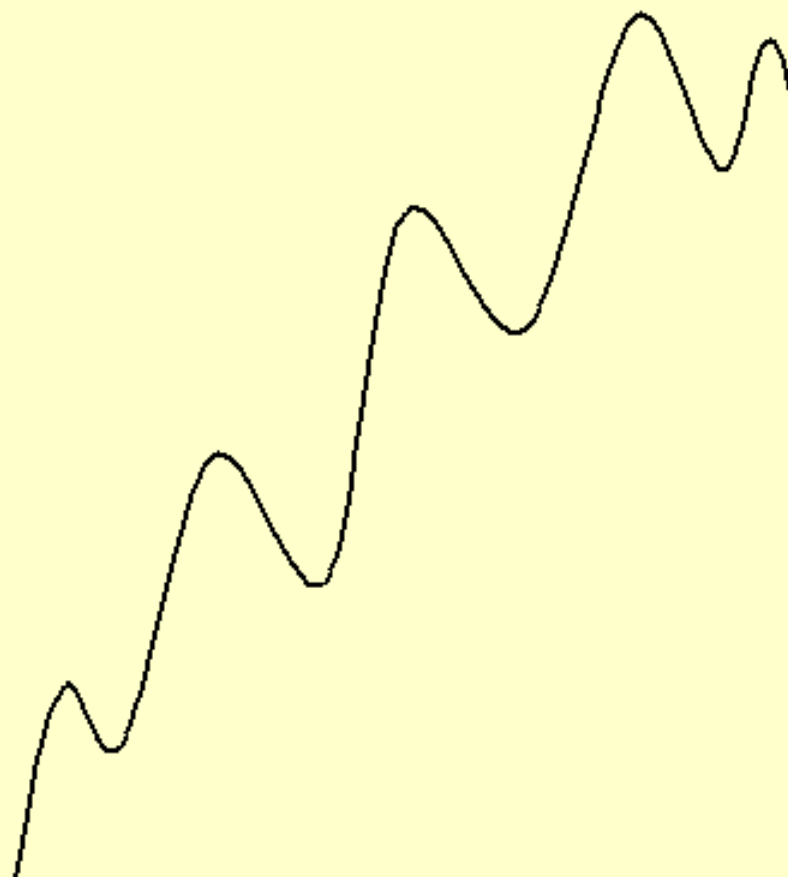


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باز نشر :



Rally fails to make a new high.



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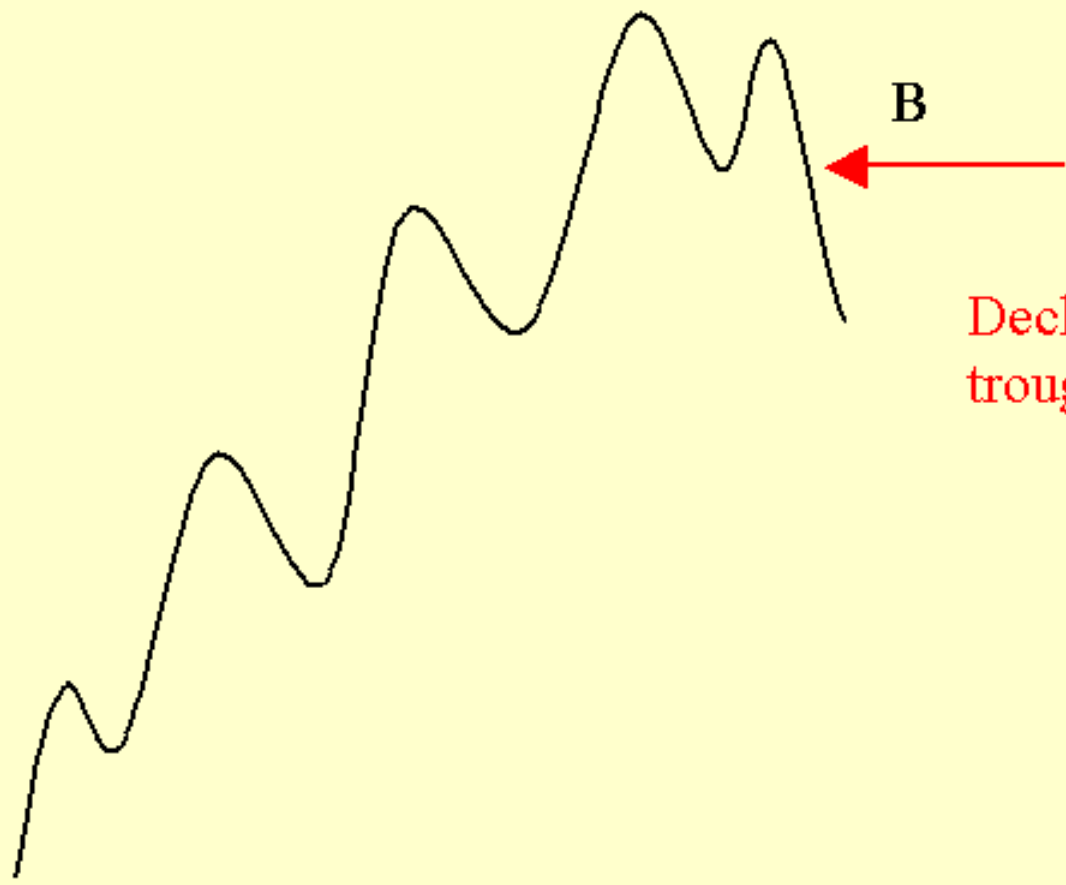


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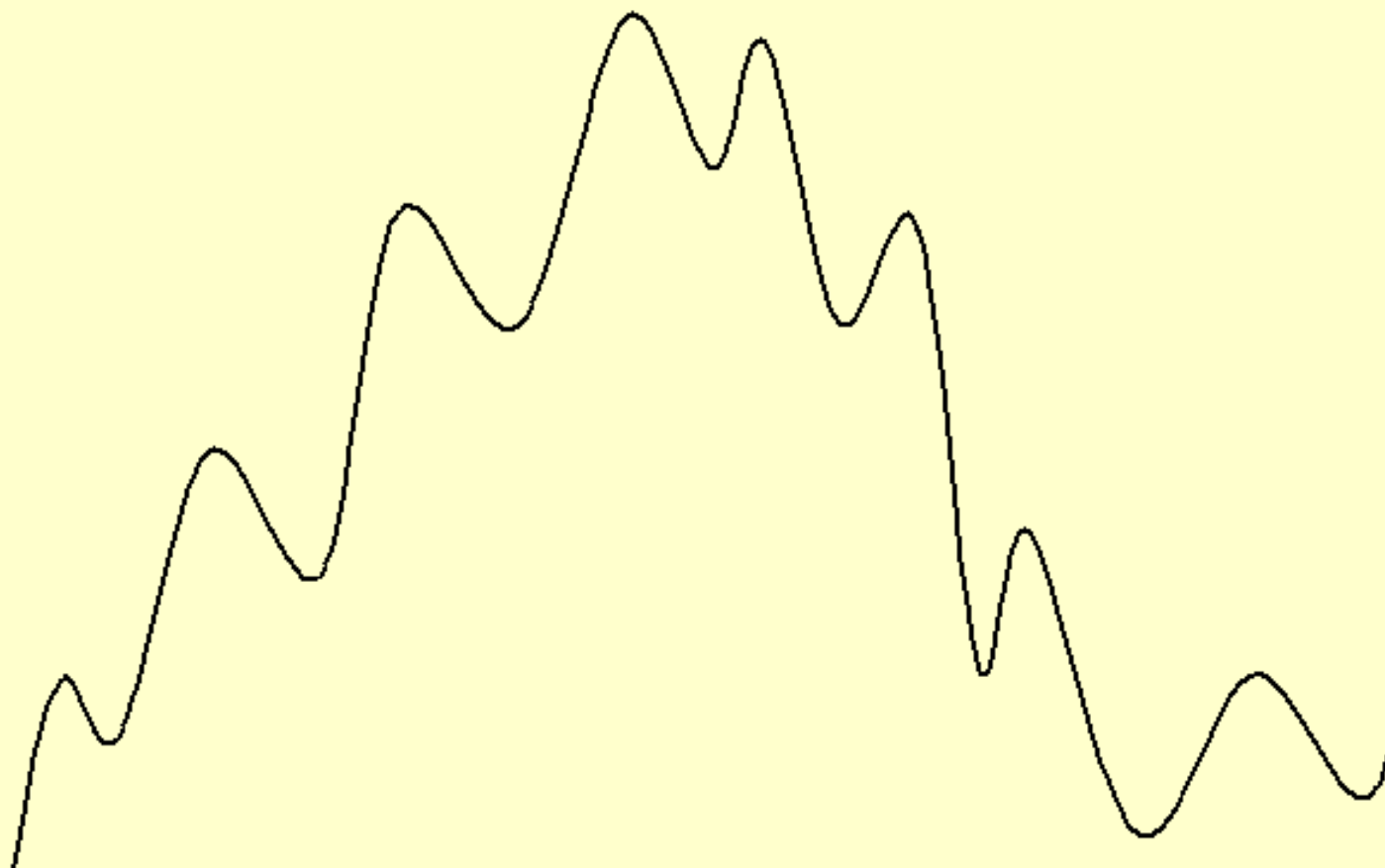


باز نشر :



Declining peaks *and* troughs now signaled.





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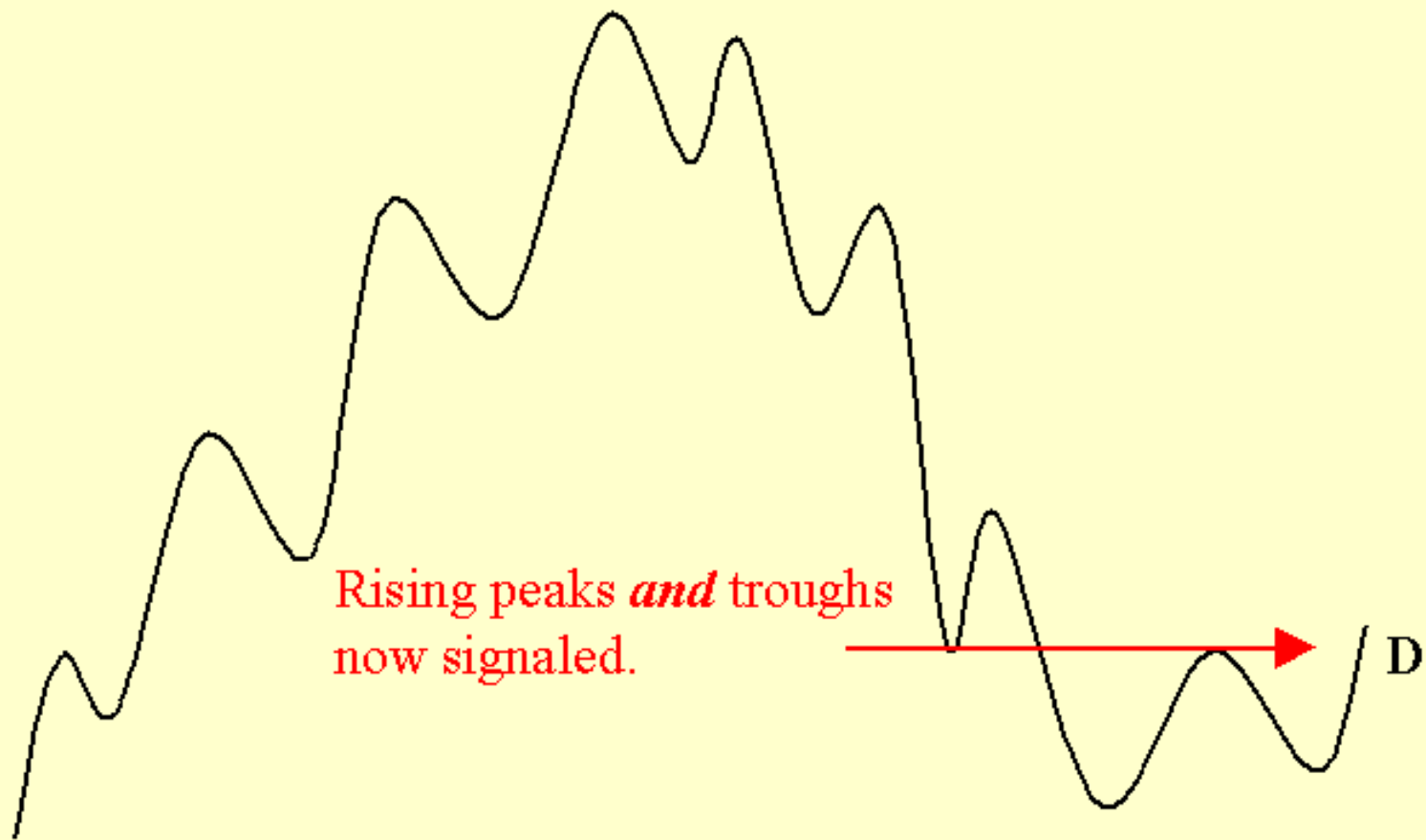


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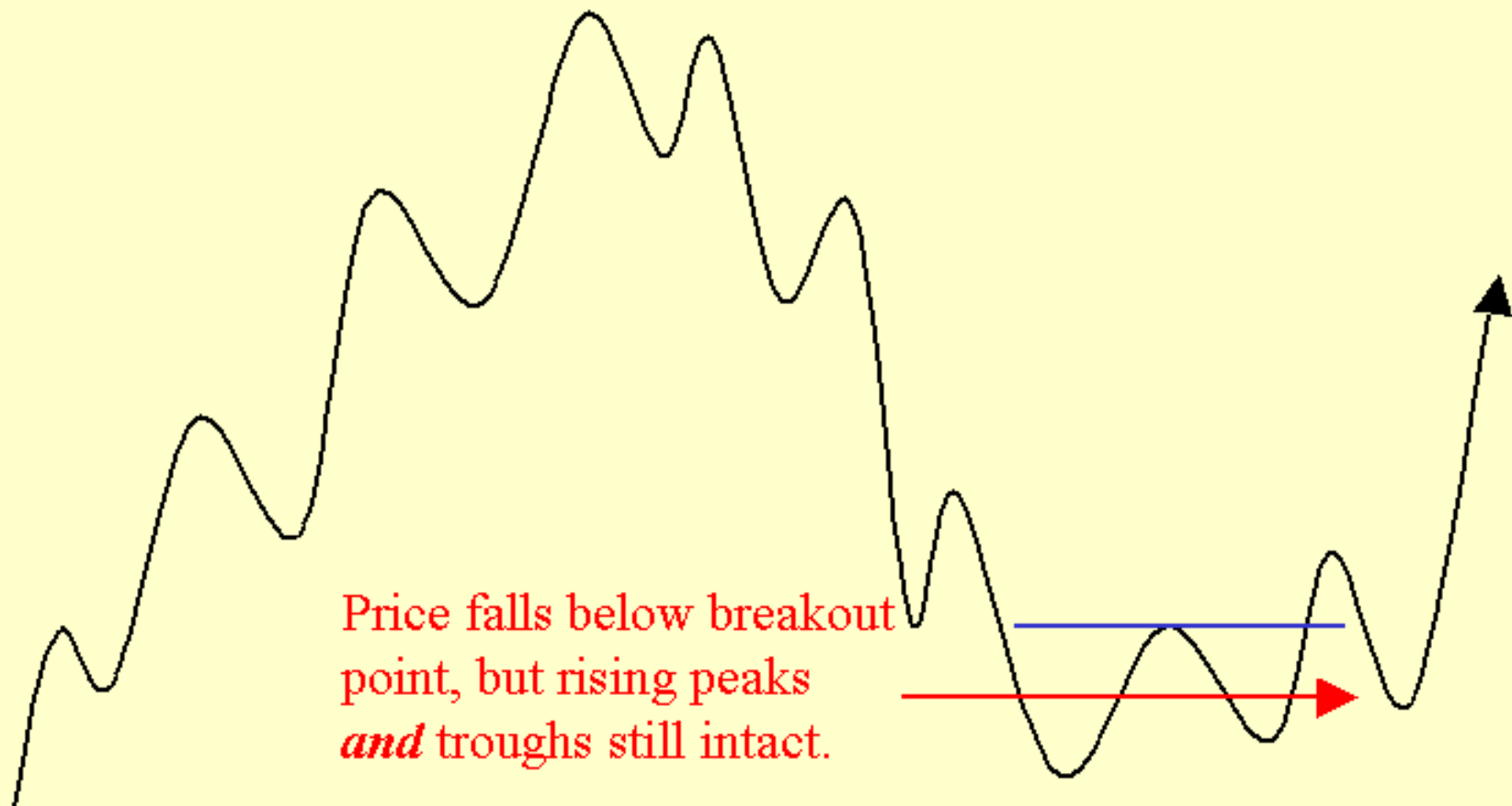


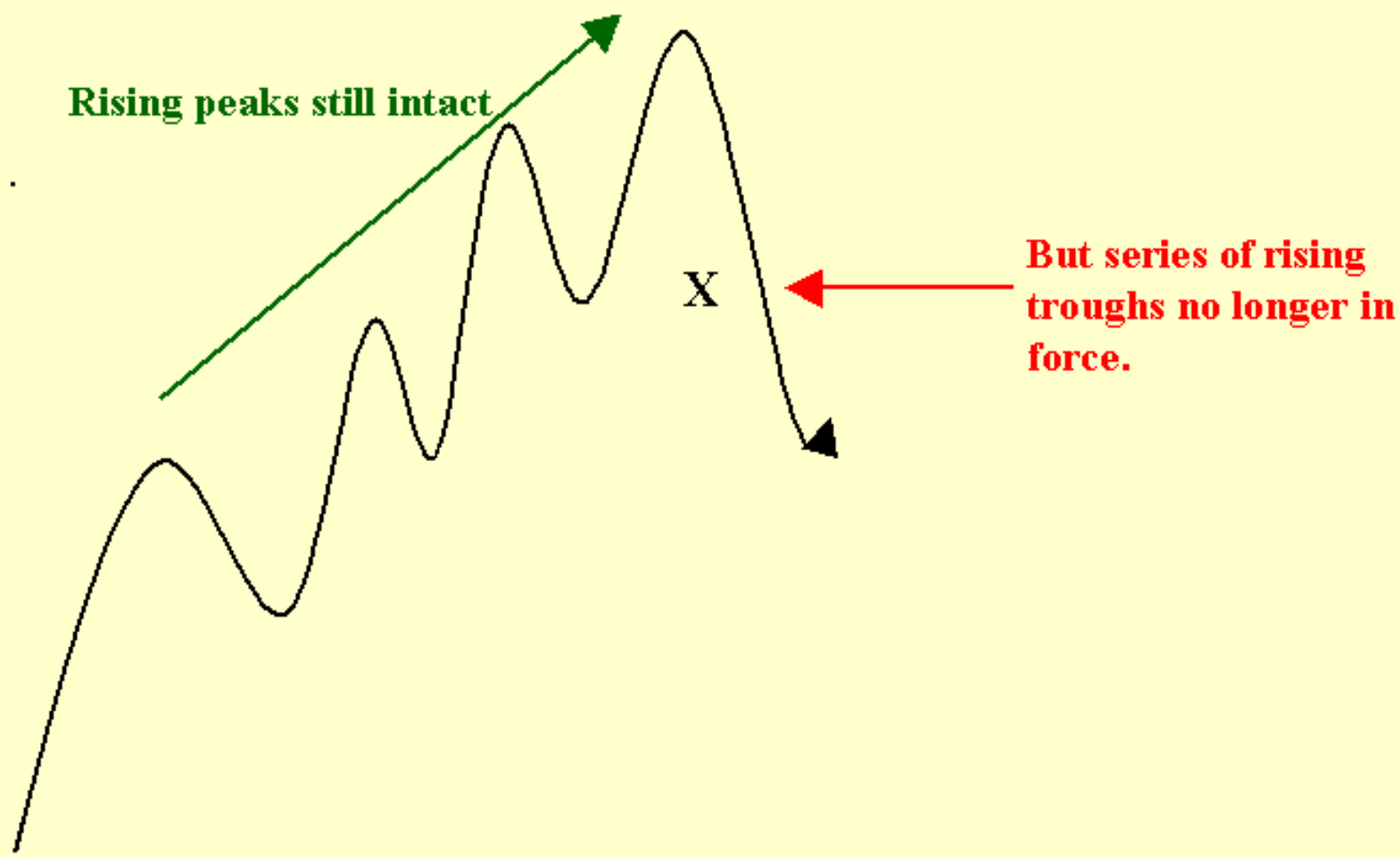
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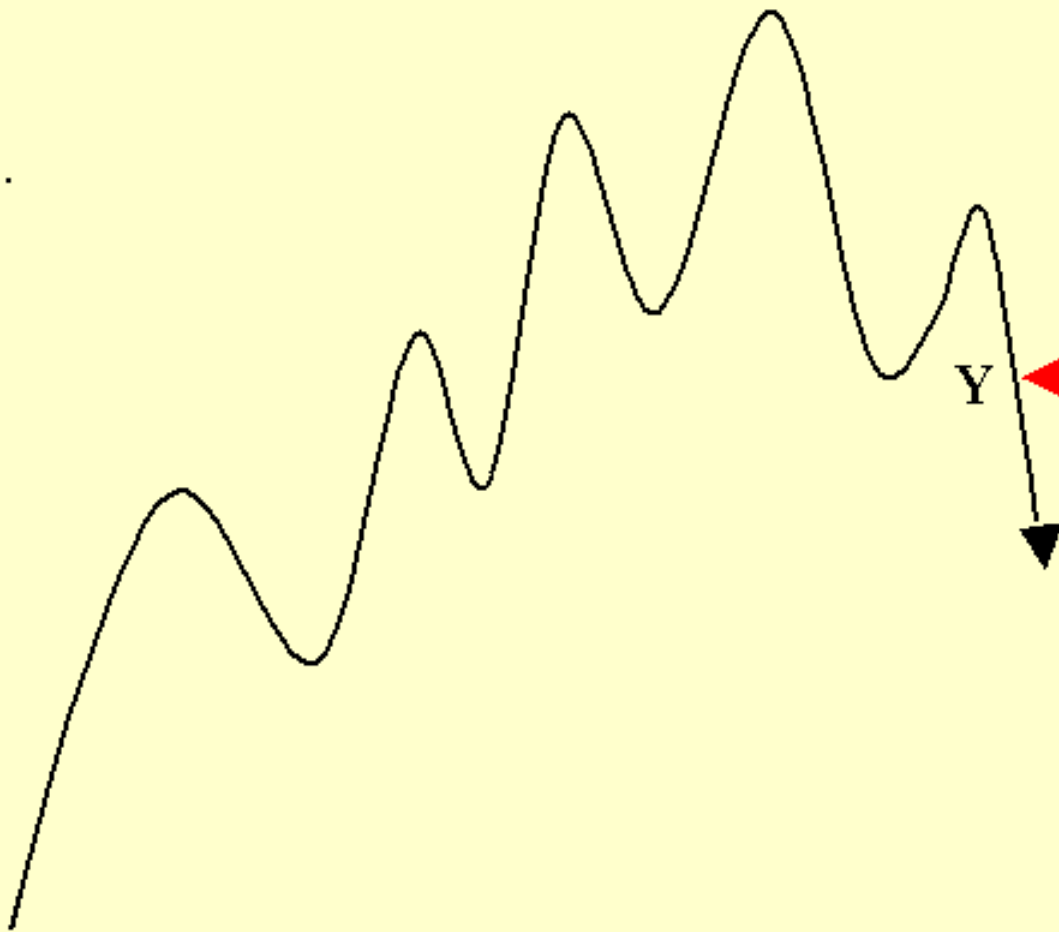
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باز نشر :







Rising peaks *and*  
troughs now  
broken.



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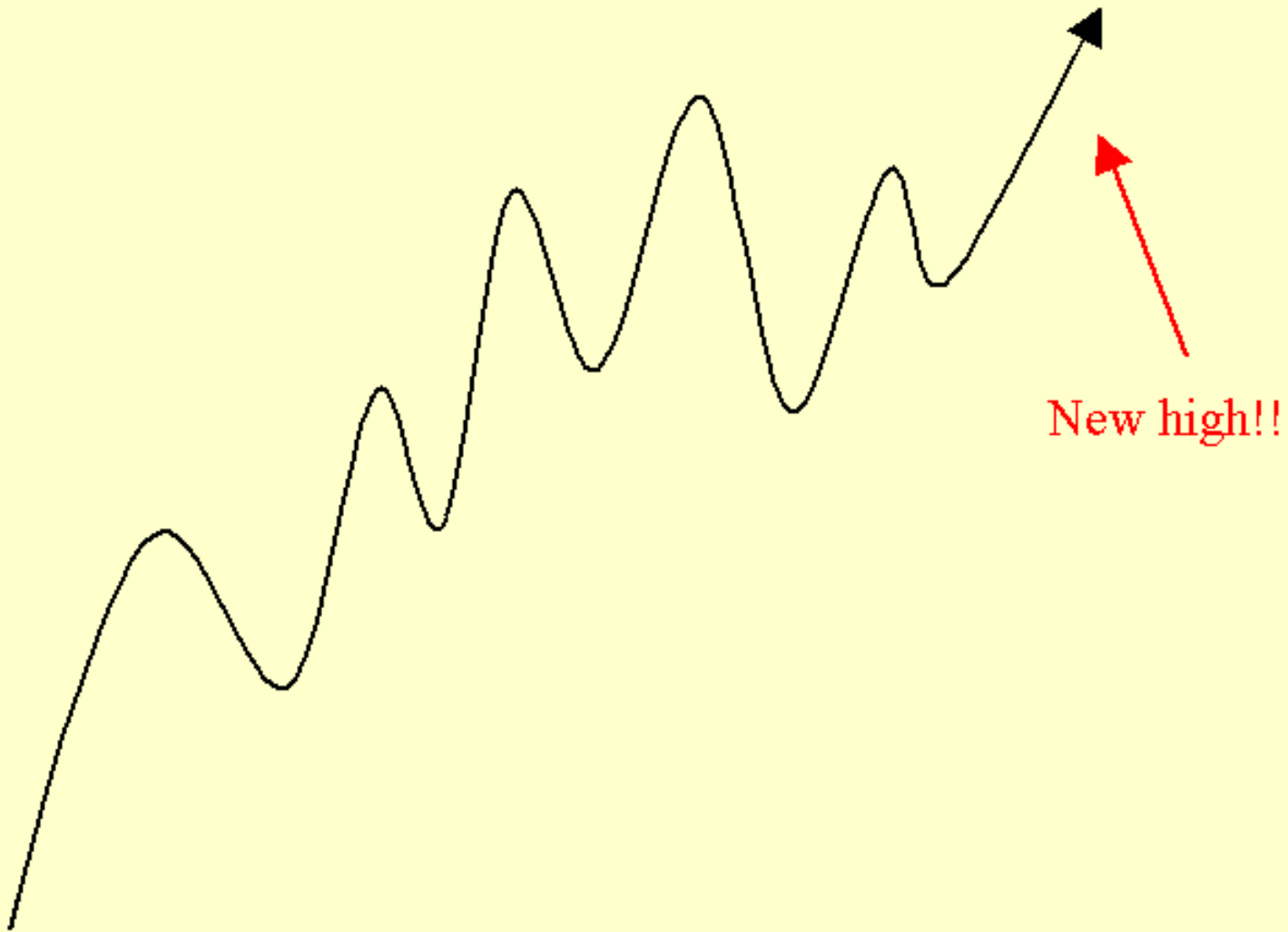


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باز نشر :



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باز نشر :

*What constitutes a legitimate  
peak or trough?*



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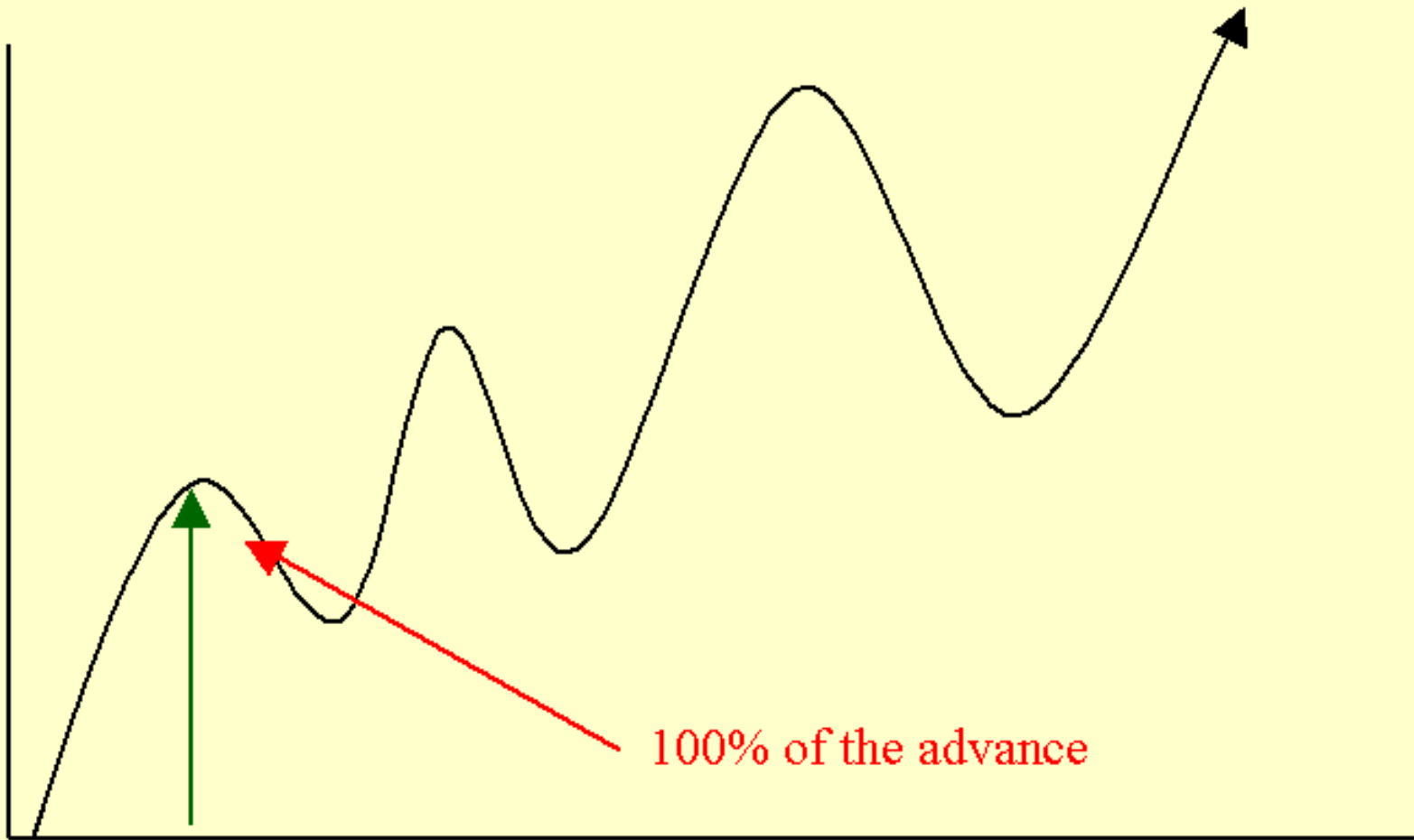


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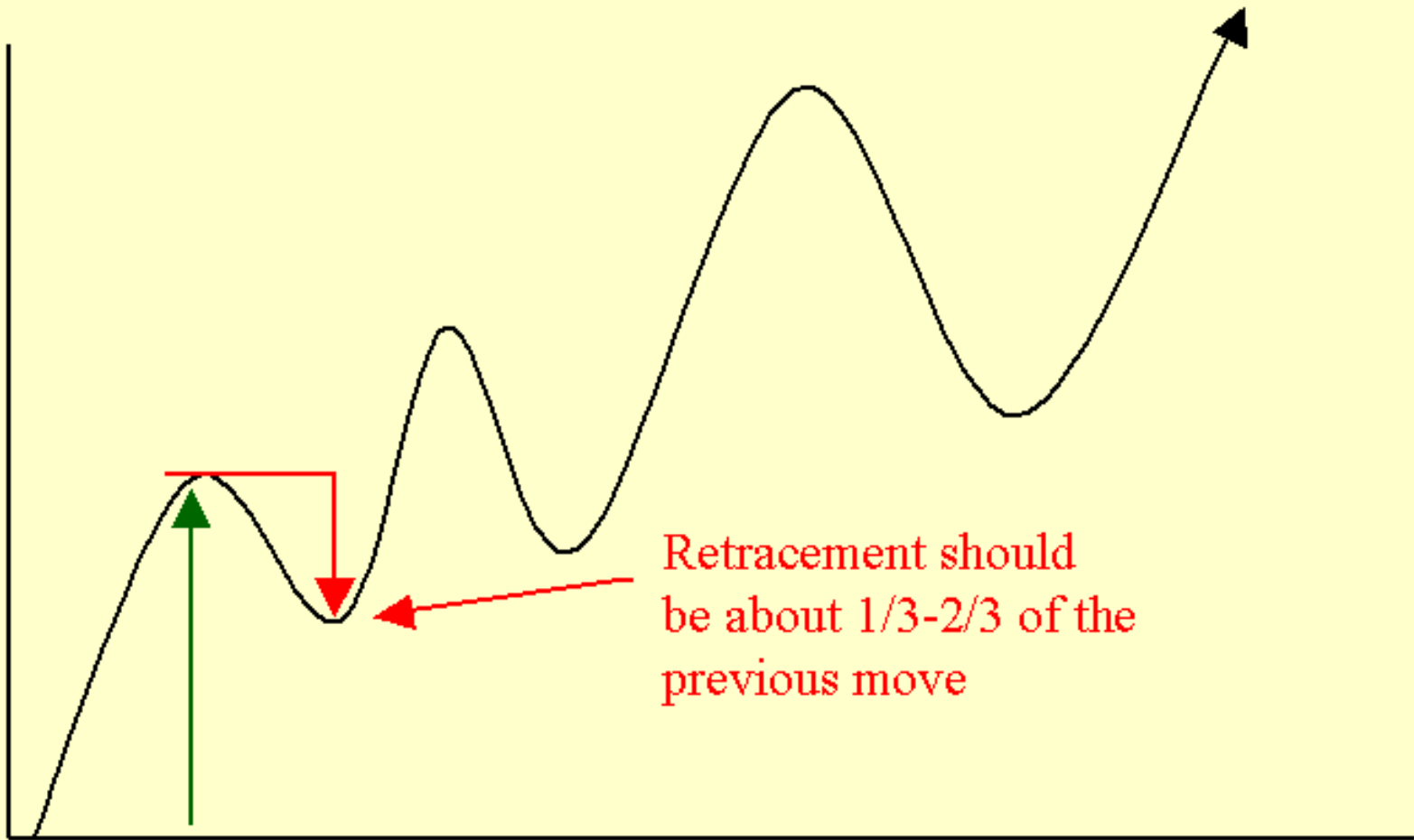
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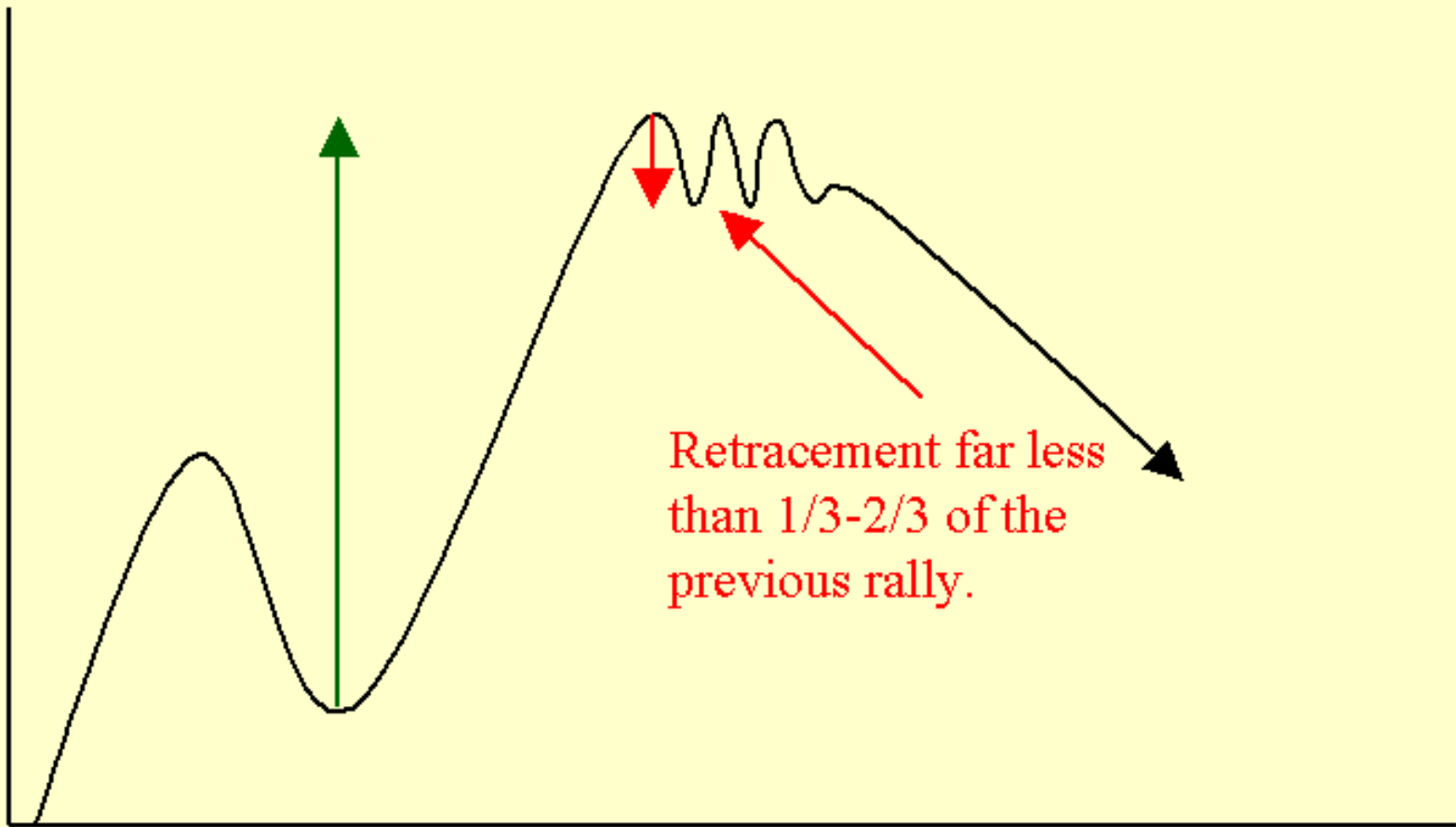


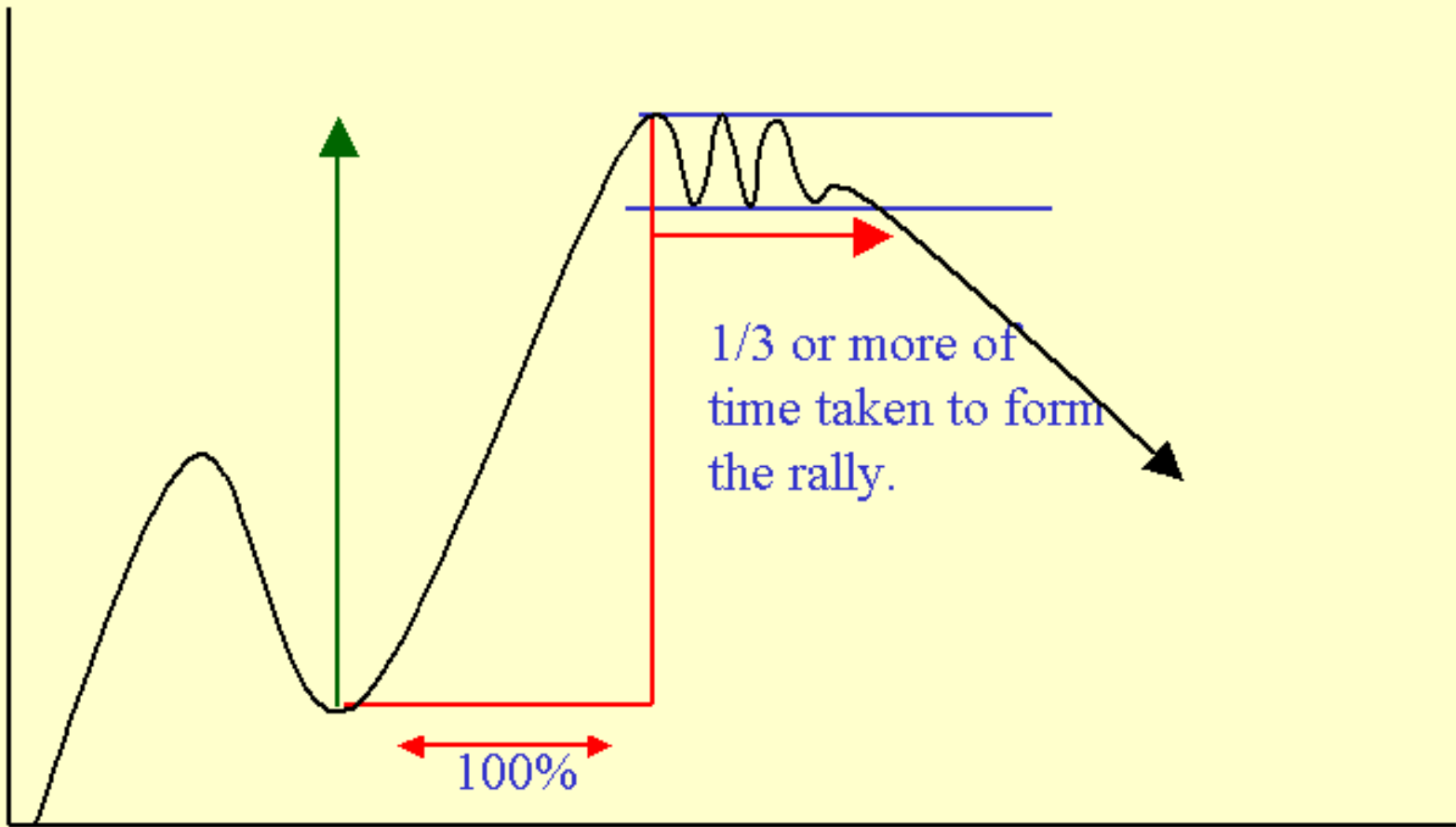
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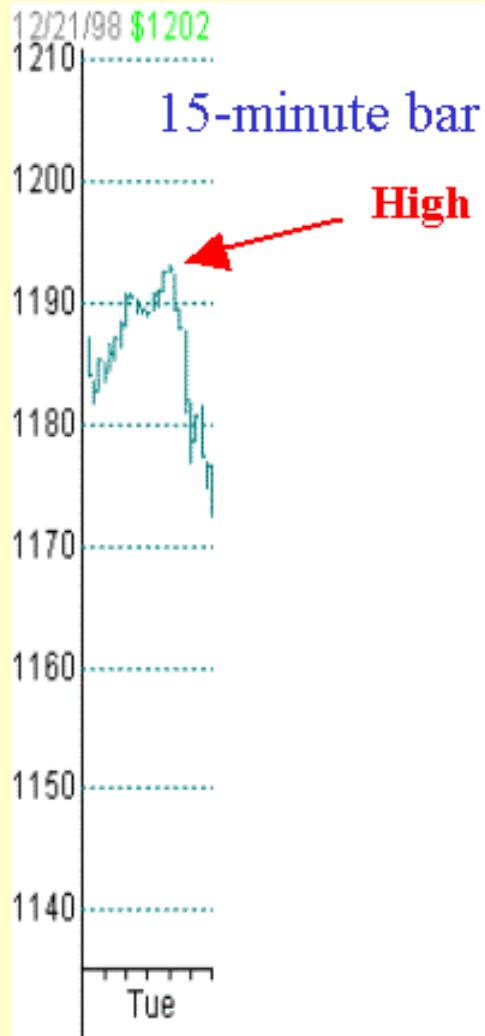


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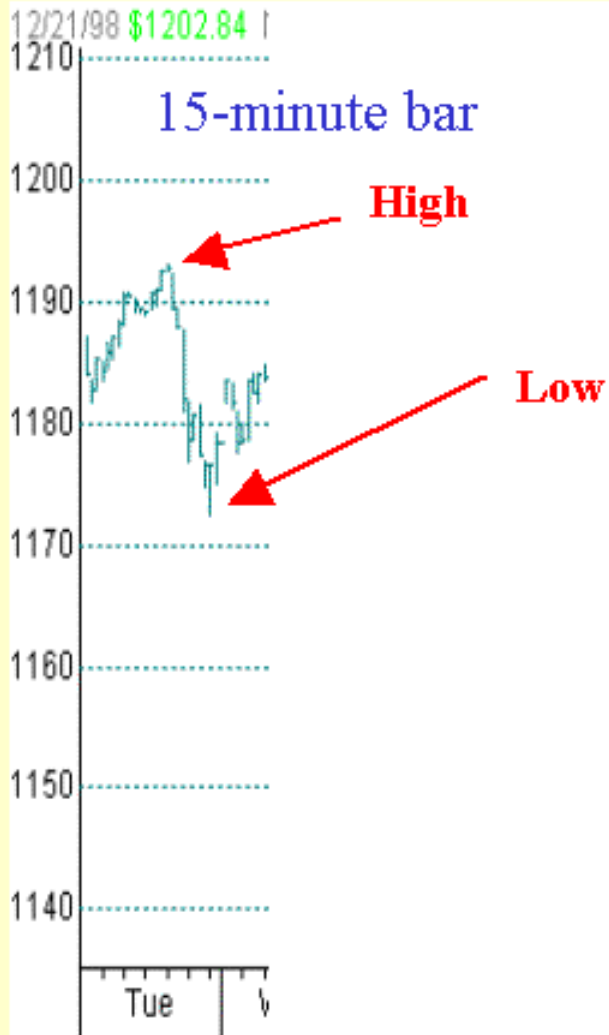
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باز نشر :

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12/21/98 \$1202.84 NEW STA

15-minute bar

1210

1200

1190

1180

1170

1160

1150

1140

Tue

Wed

Still intact



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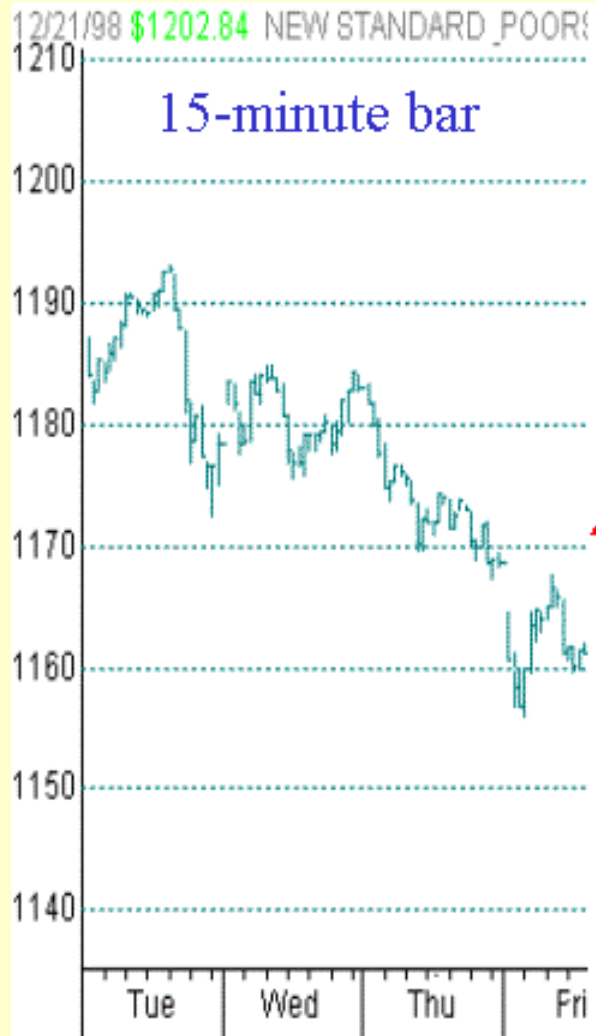
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باز نشر :



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**Downtrend continues**



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باز نشر :

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**Downtrend still intact**



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باز نشر :

# S&P Composite

12/21/98 \$1202.84 NEW STANDARD\_POORS (SPX) 10 Days Linear



Possible reference low



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باز نشر :

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15-minute bar



Possible reference low



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باز نشر :

# S&P Composite

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... and this one.



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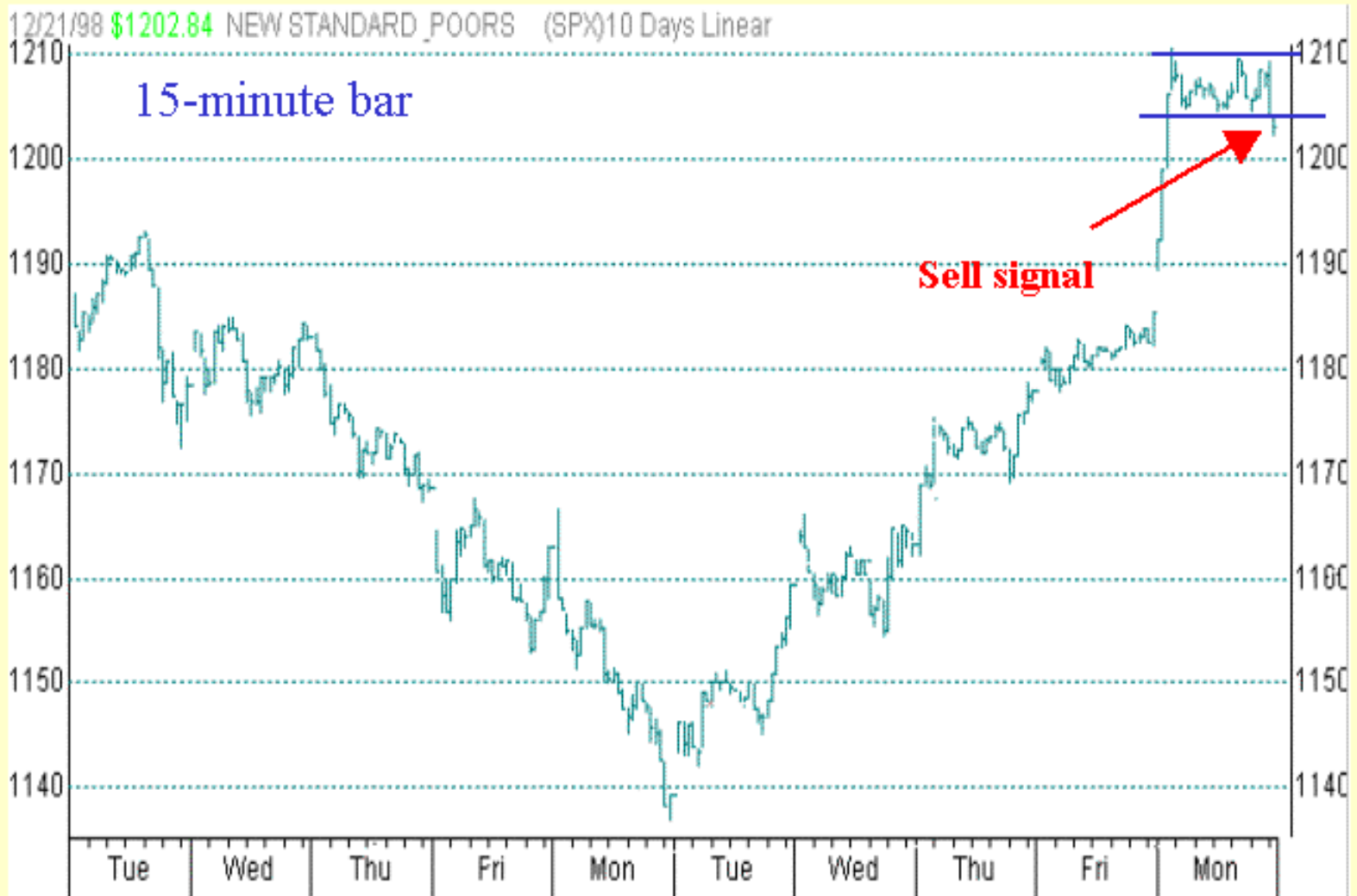
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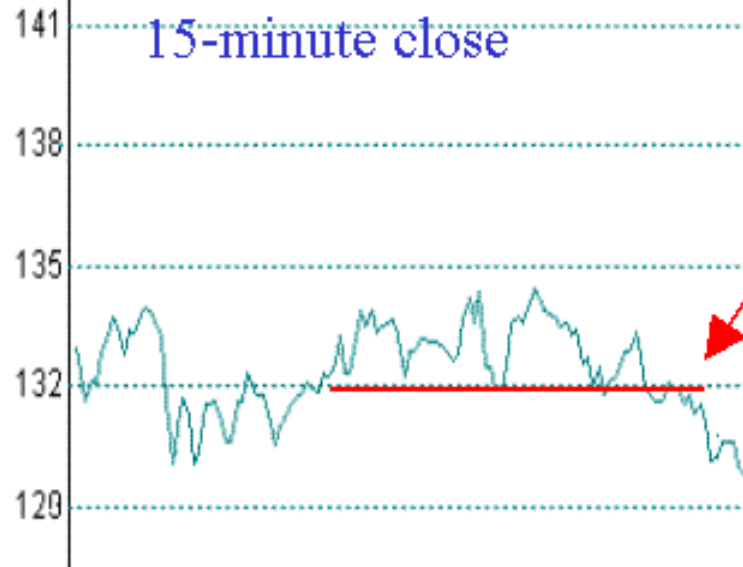
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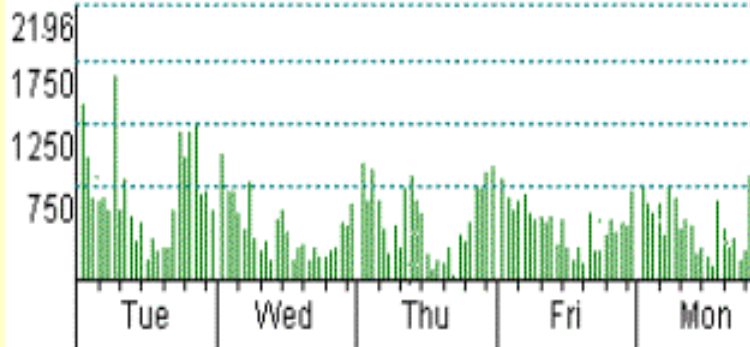
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12/21/98 \$140.43 MICROSOFT CORP (MSFT) 10 Days Line



Volume - max: 2196



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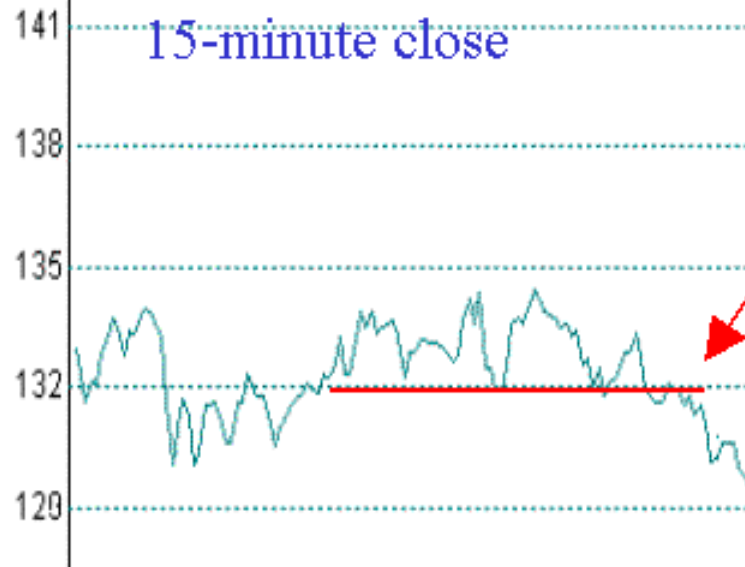
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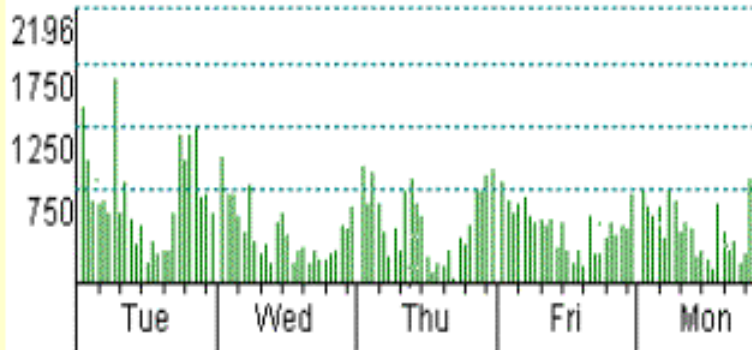
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Volume - max: 2196



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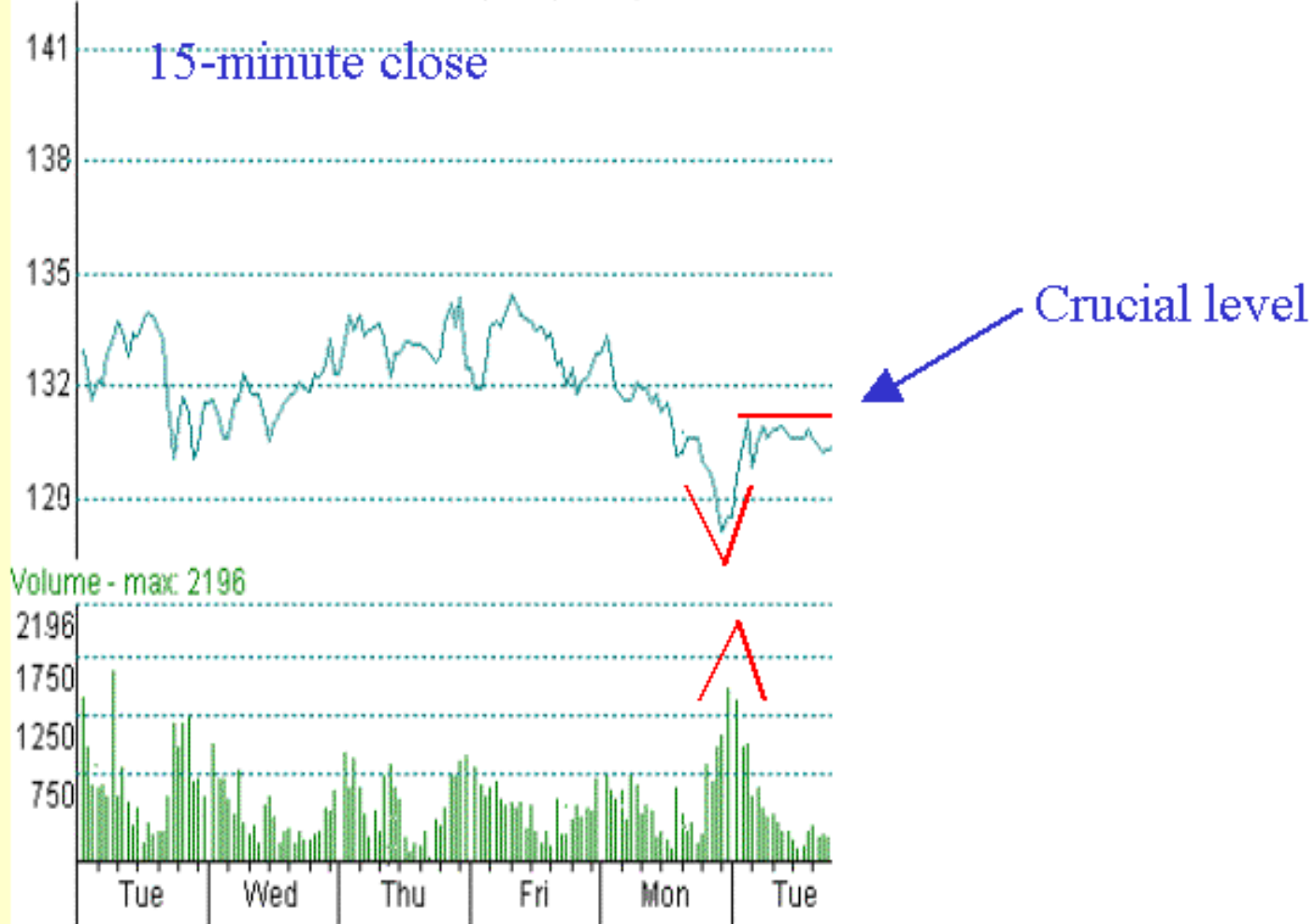
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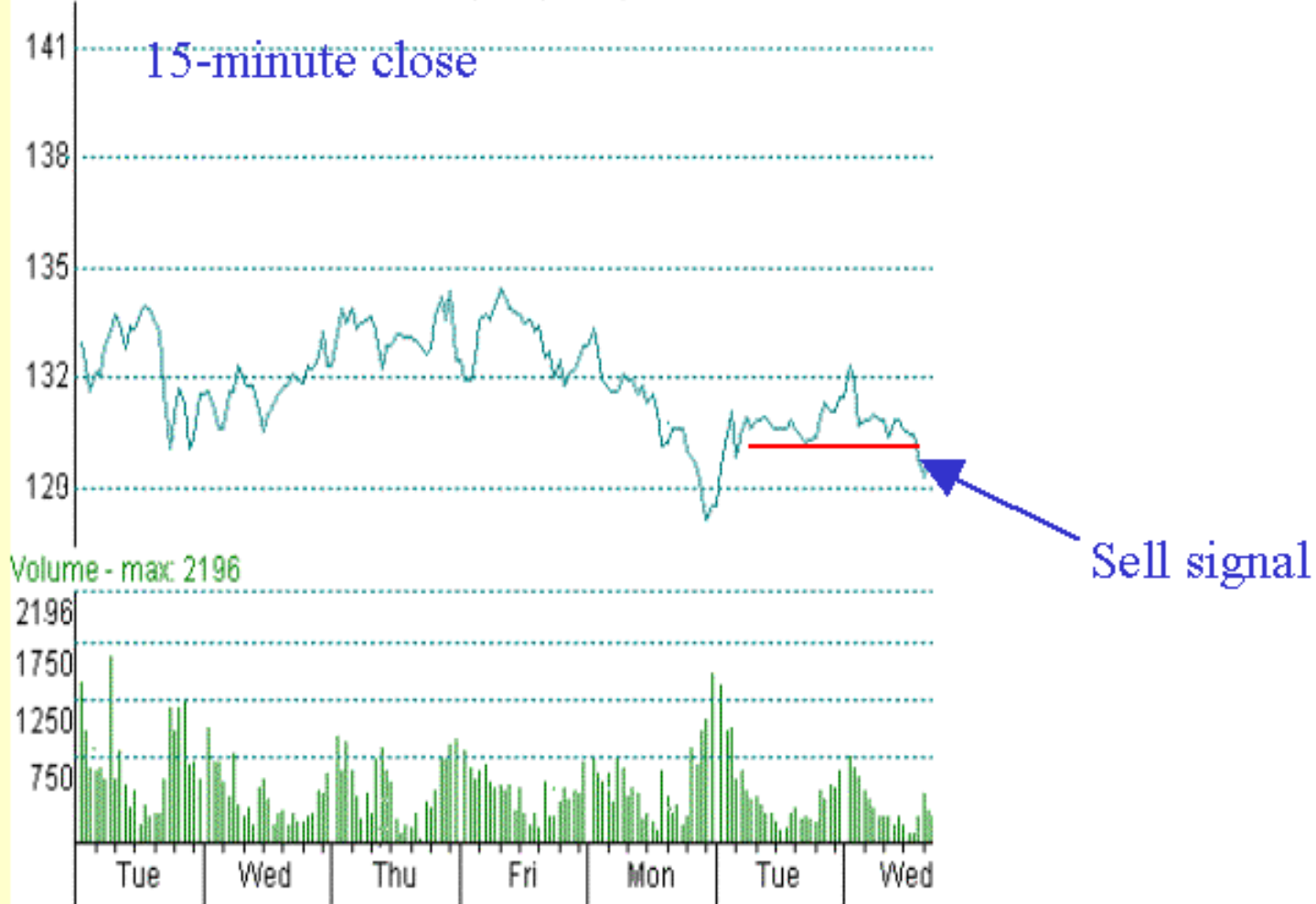
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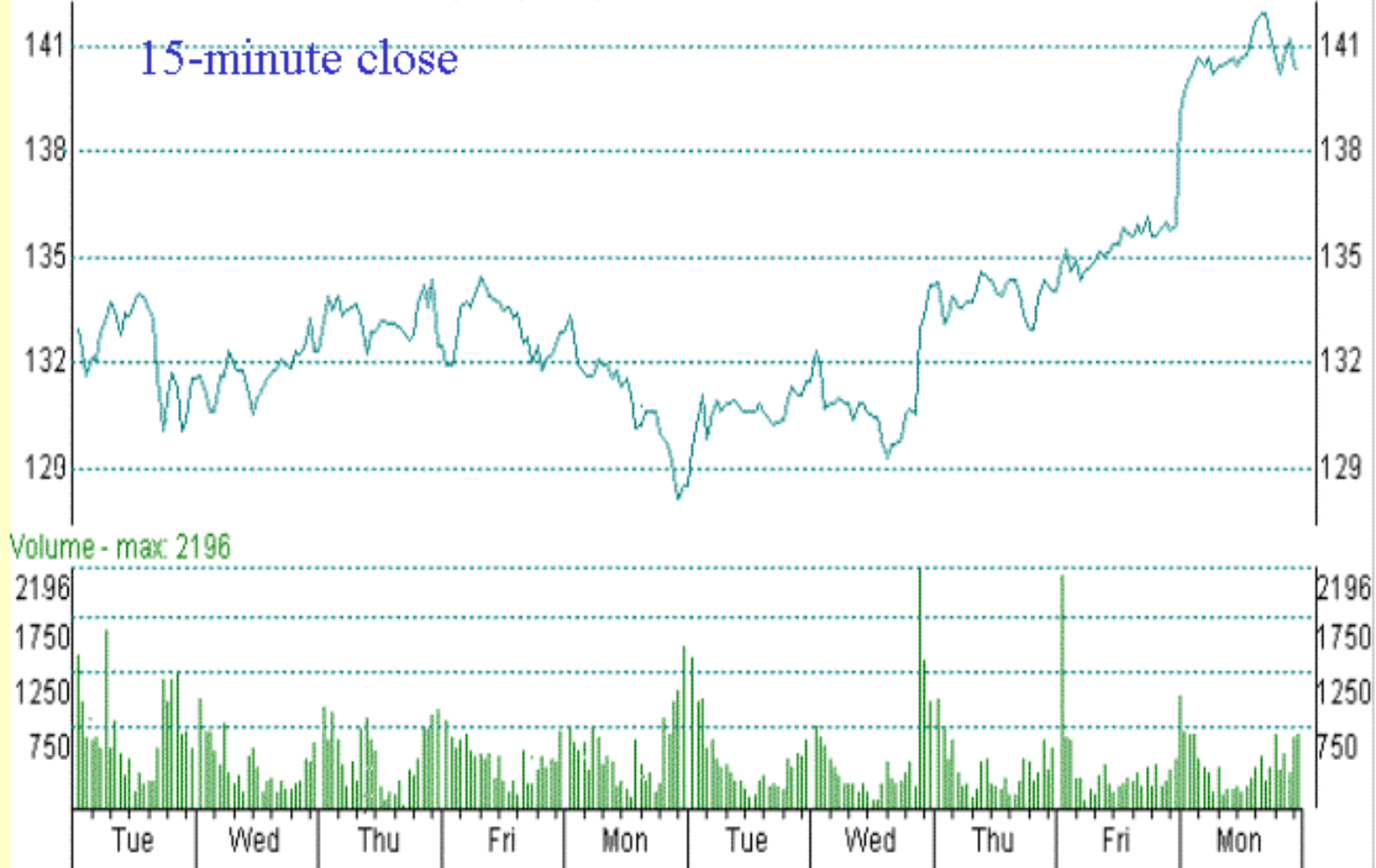
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باز نشر :



# One and Two Bar Price Patterns



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باز نشر :

*All one and two bar price patterns must be preceded by a short-term up or down trend.*



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باز نشر :

*One and two bar patterns are usually short-term reversal phenomena.*



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باز نشر :

*These patterns indicate exhaustion,  
where market psychology has reached a  
short-term extreme.*



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باز نشر :

# *Outside bars*



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باز نشر :

*Outside bars are reversal patterns that indicate a change in sentiment.*



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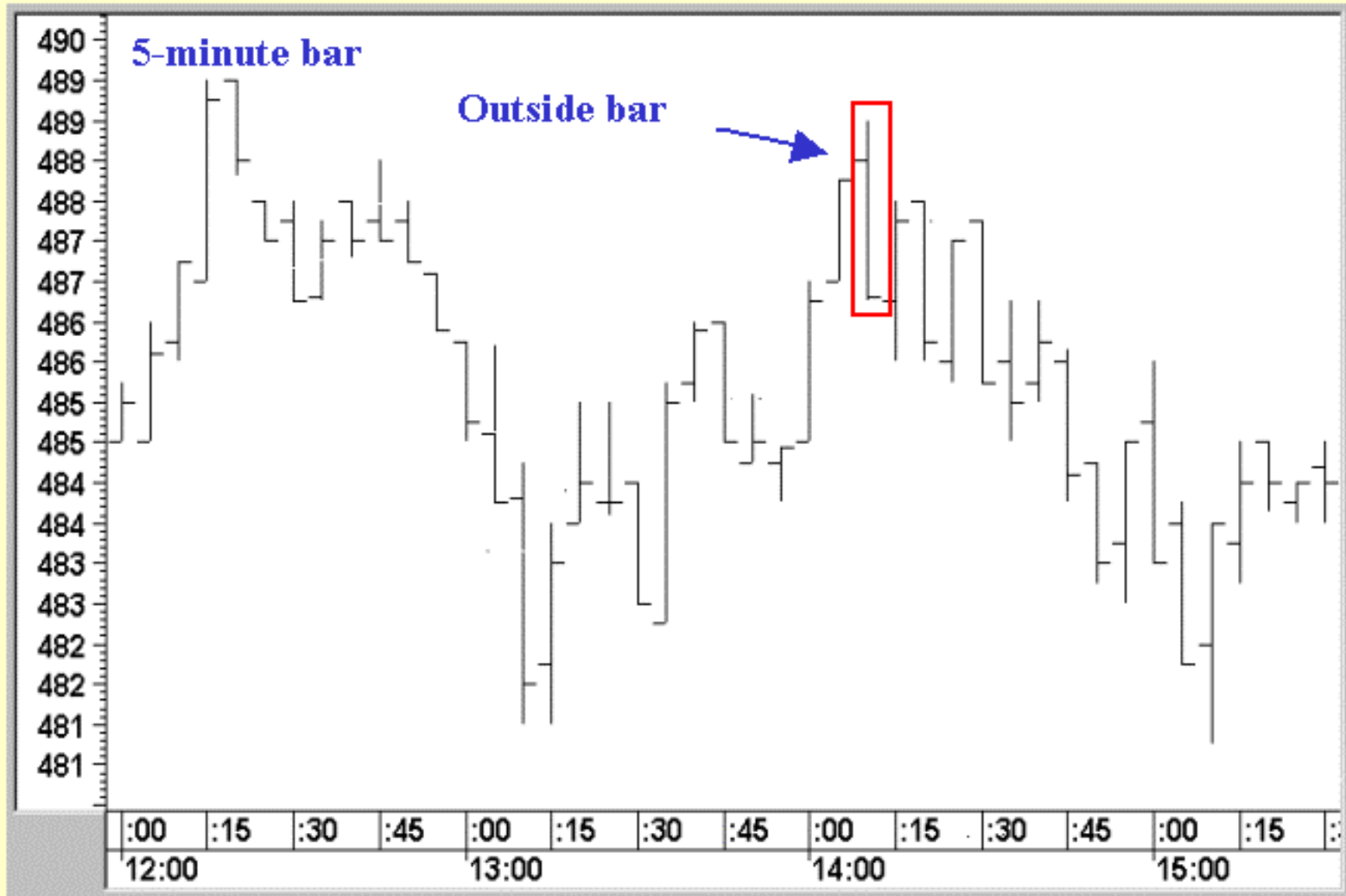
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# S&P Composite



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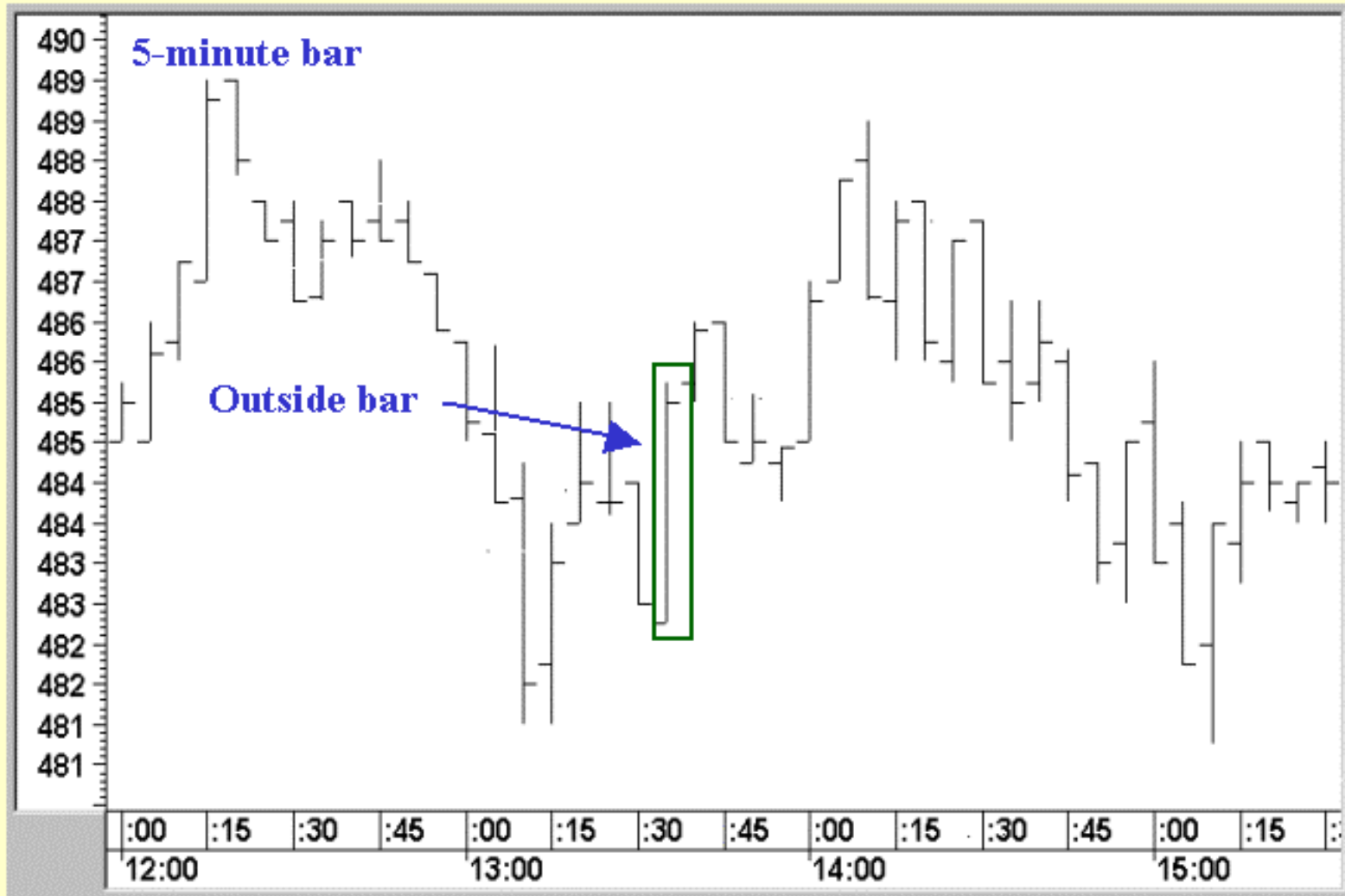
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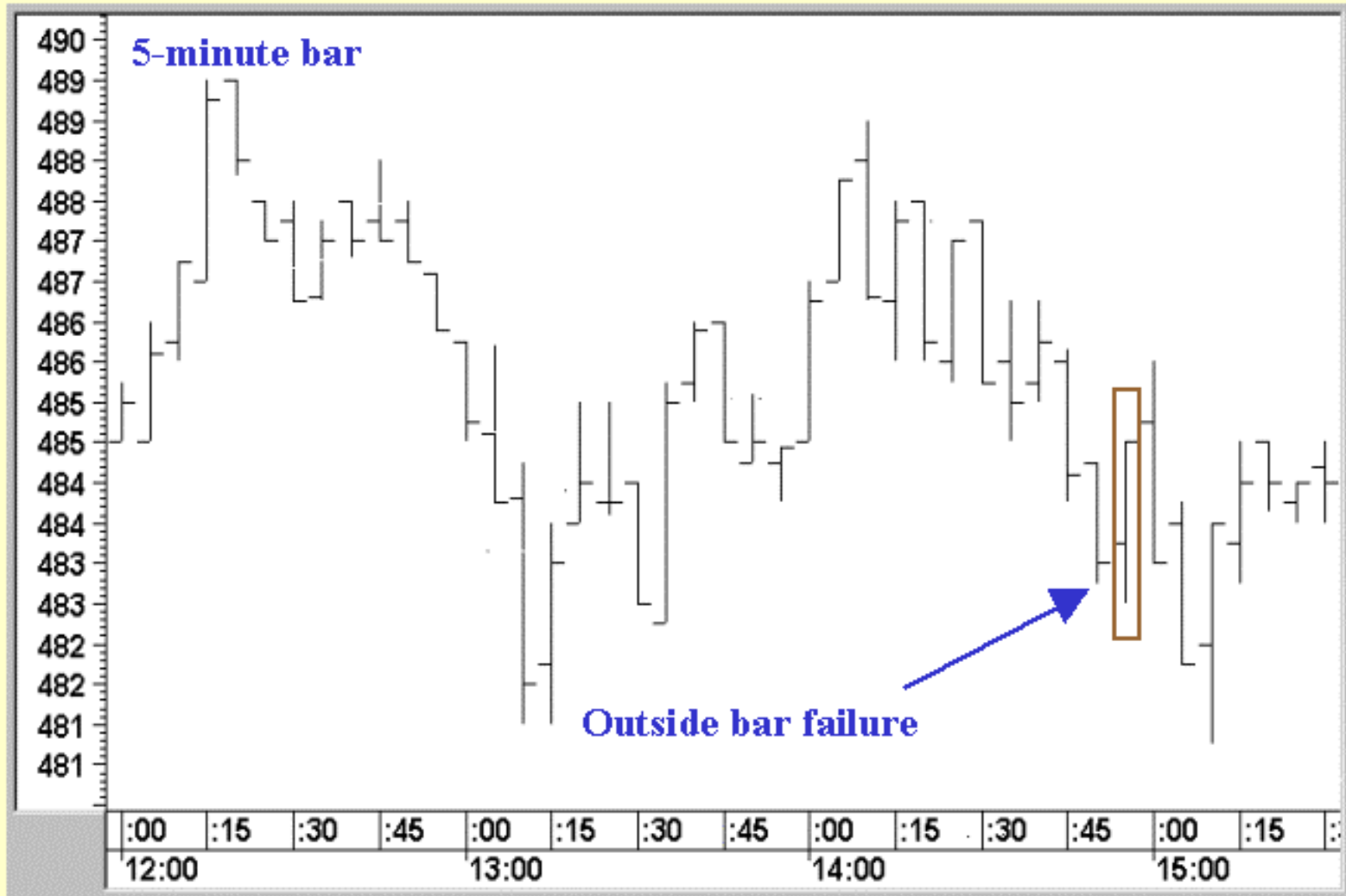
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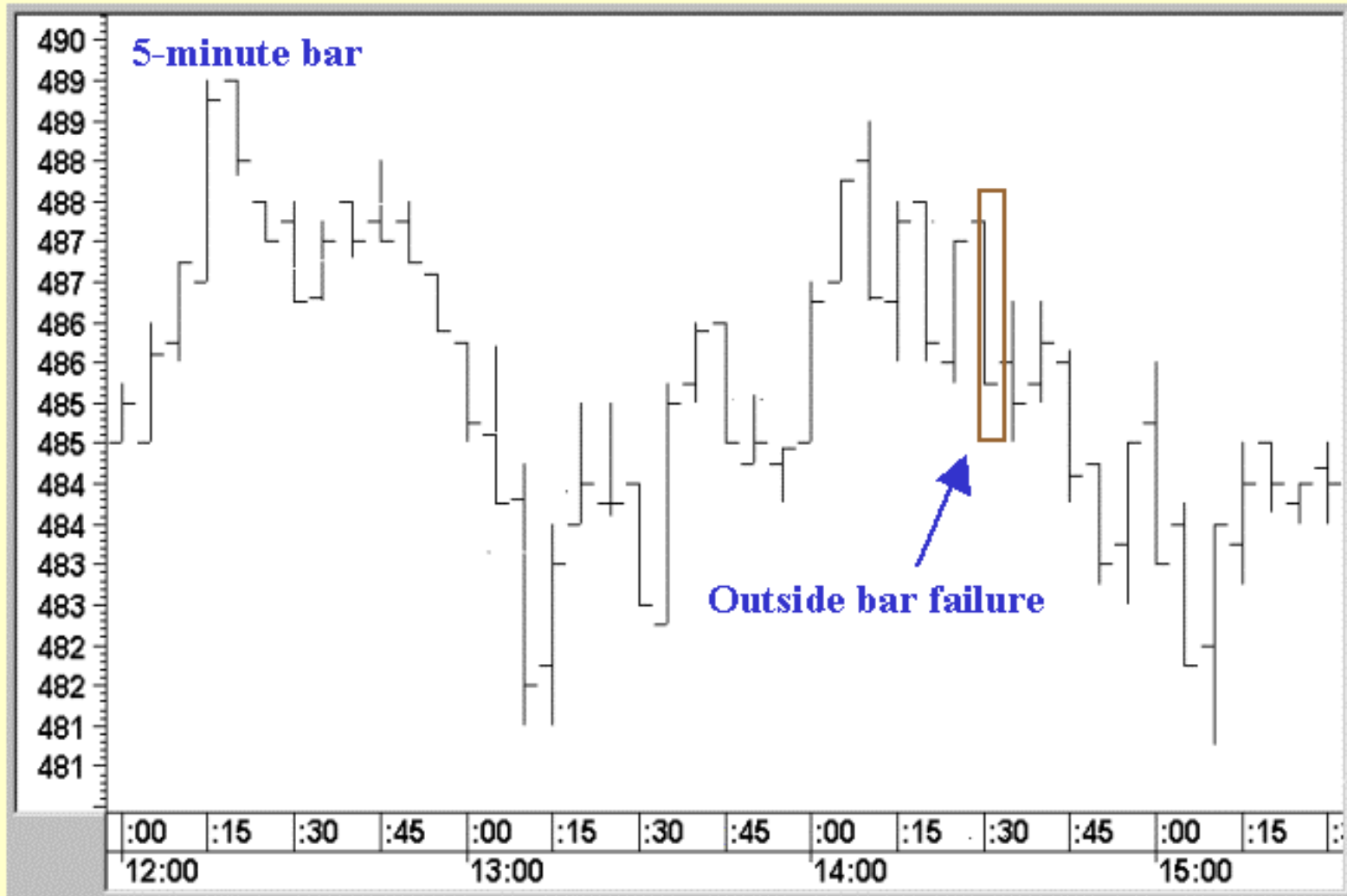
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# *Inside Bars*



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باز نشر :

*Inside bars indicate that prevailing momentum has dissipated because buyers and sellers are now equally matched..*



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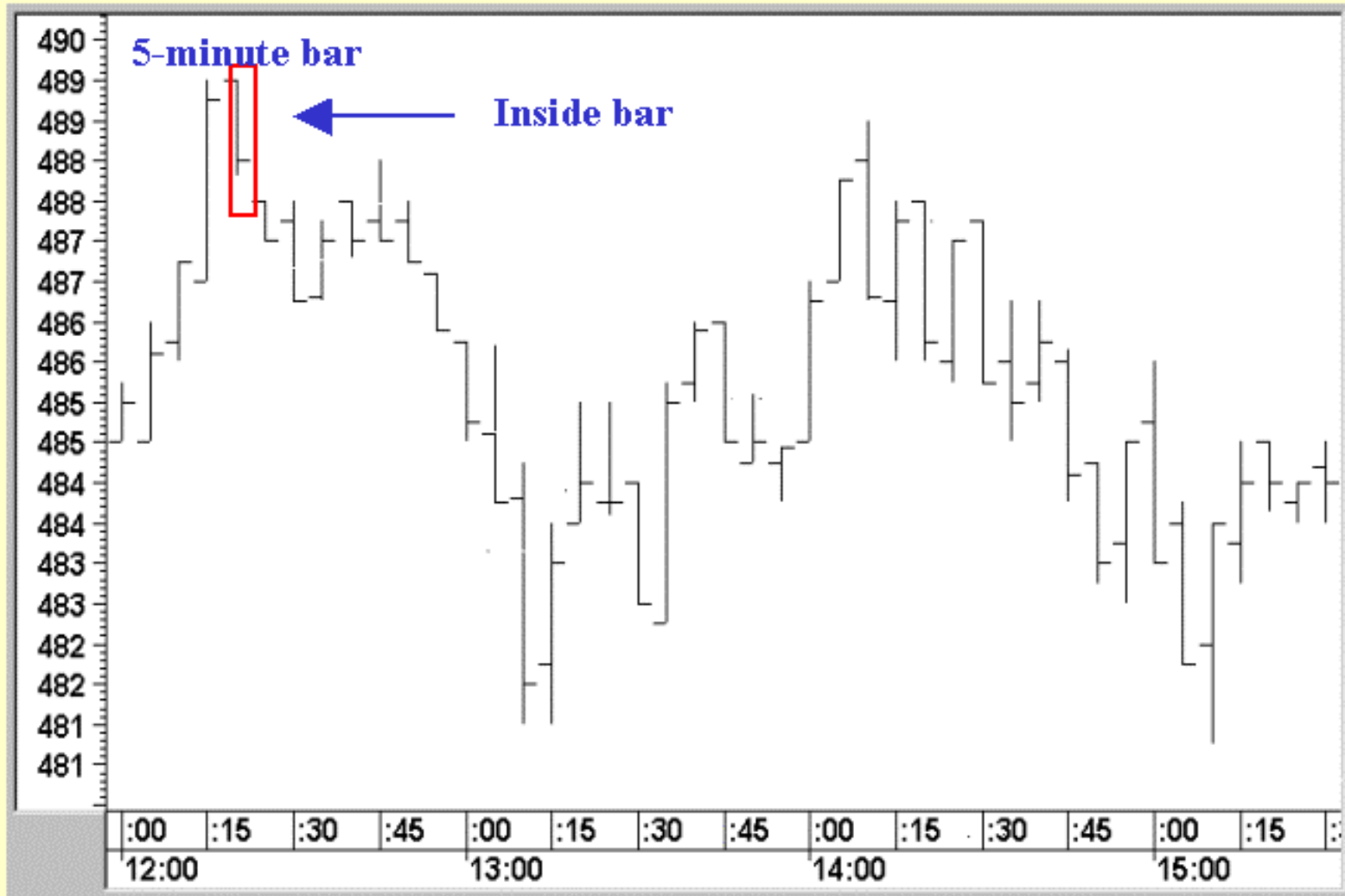
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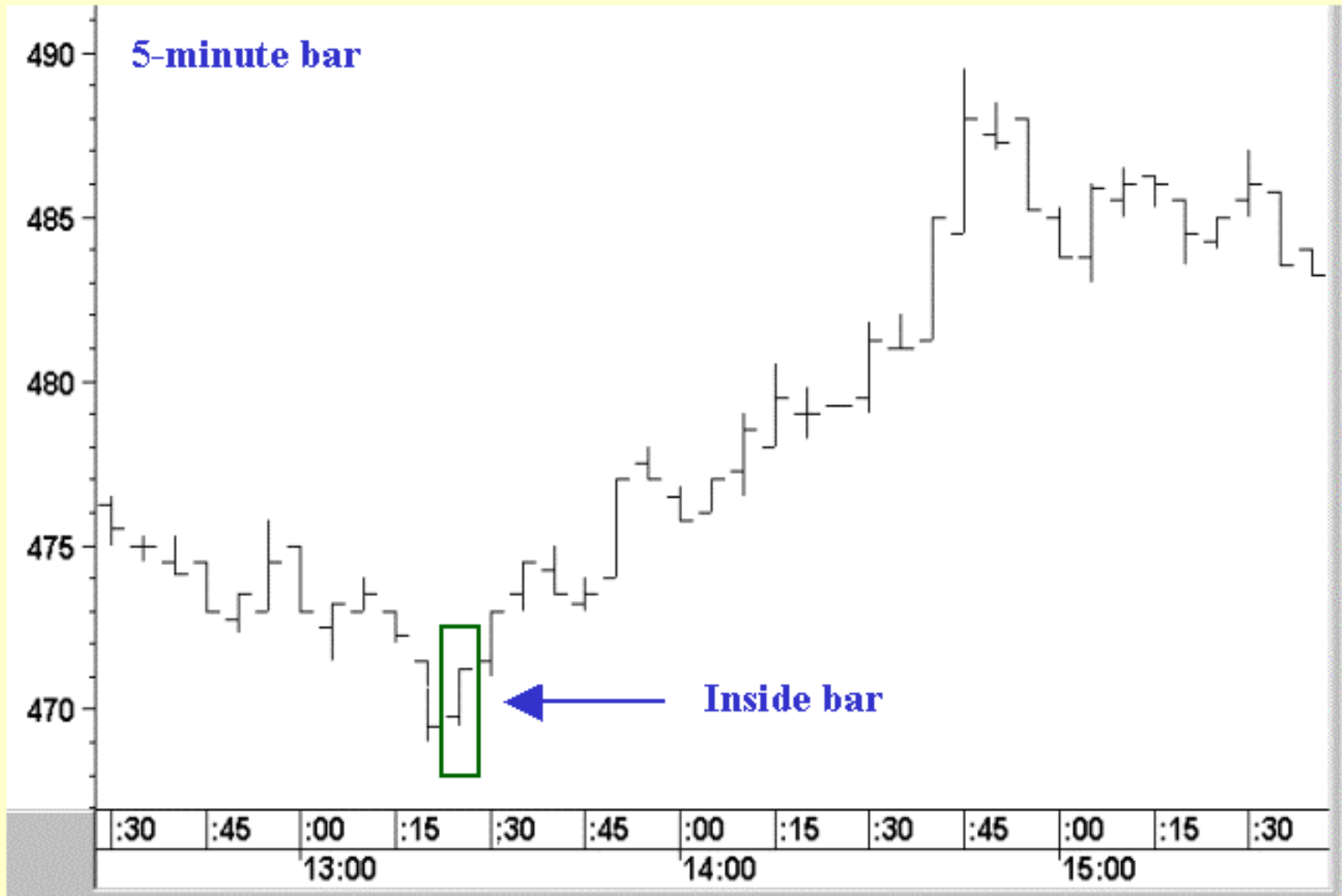
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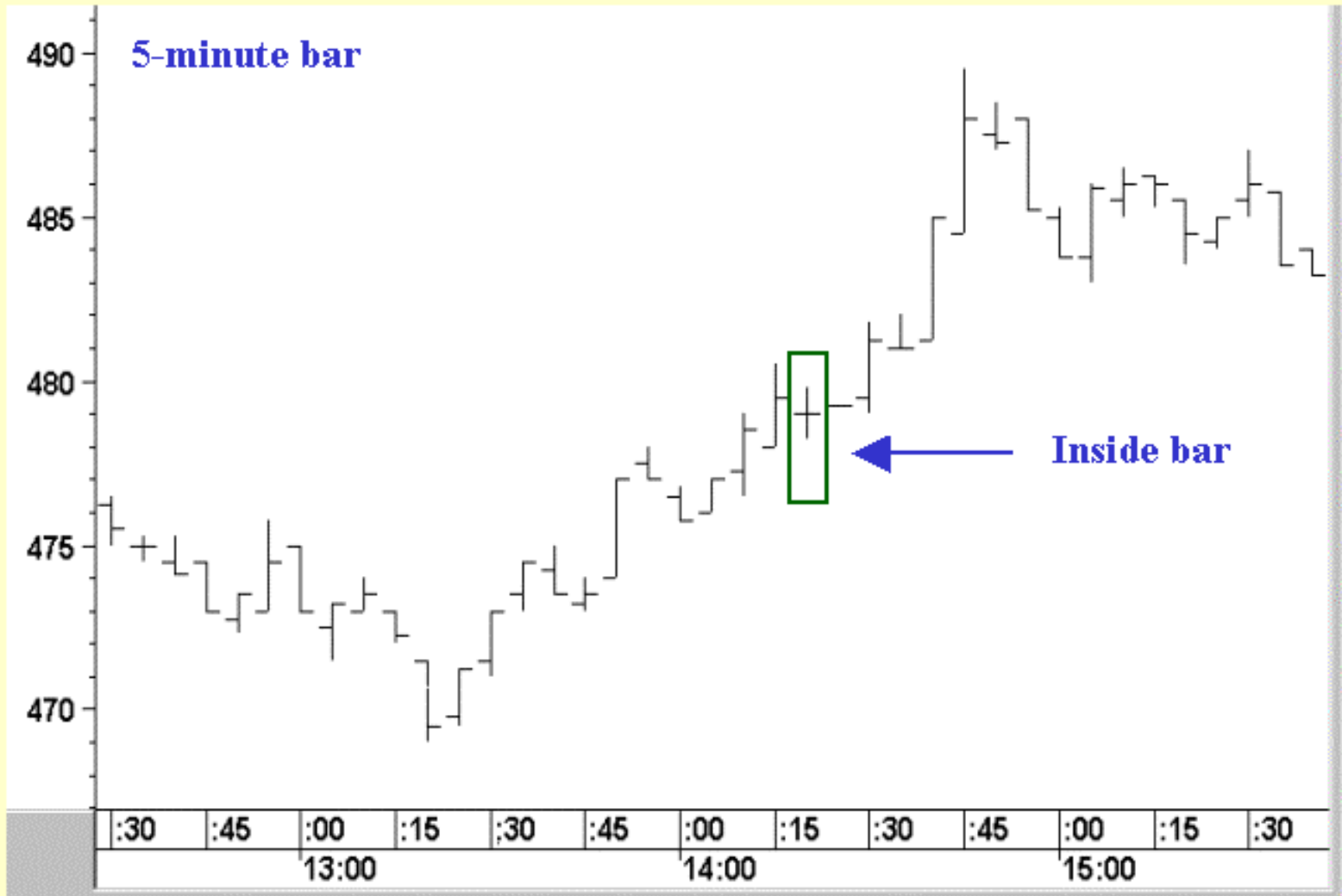


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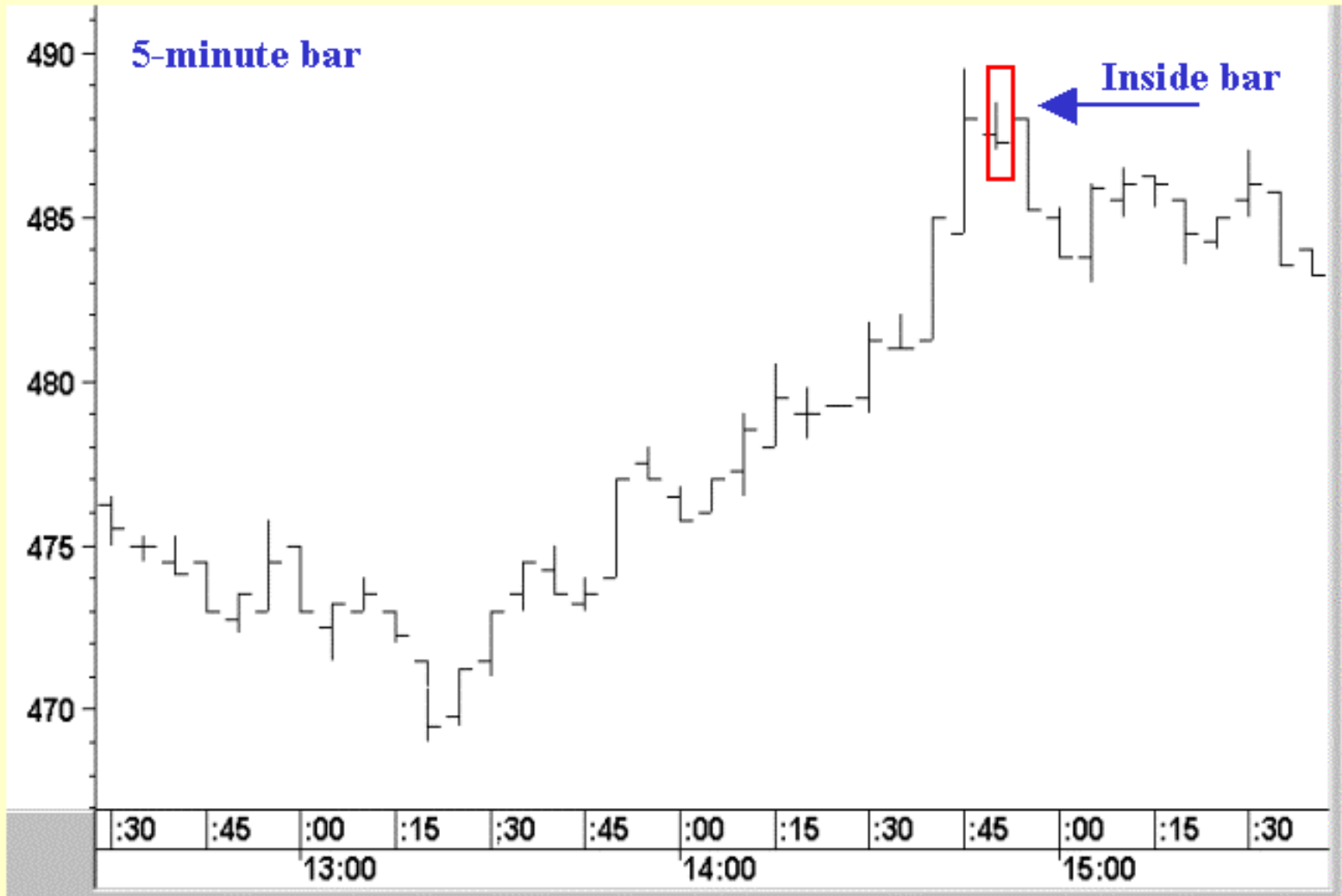
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باز نشر :



# *Two Bar Reversals*



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باز نشر :

*Two bar reversals indicate a dramatic change in sentiment..*



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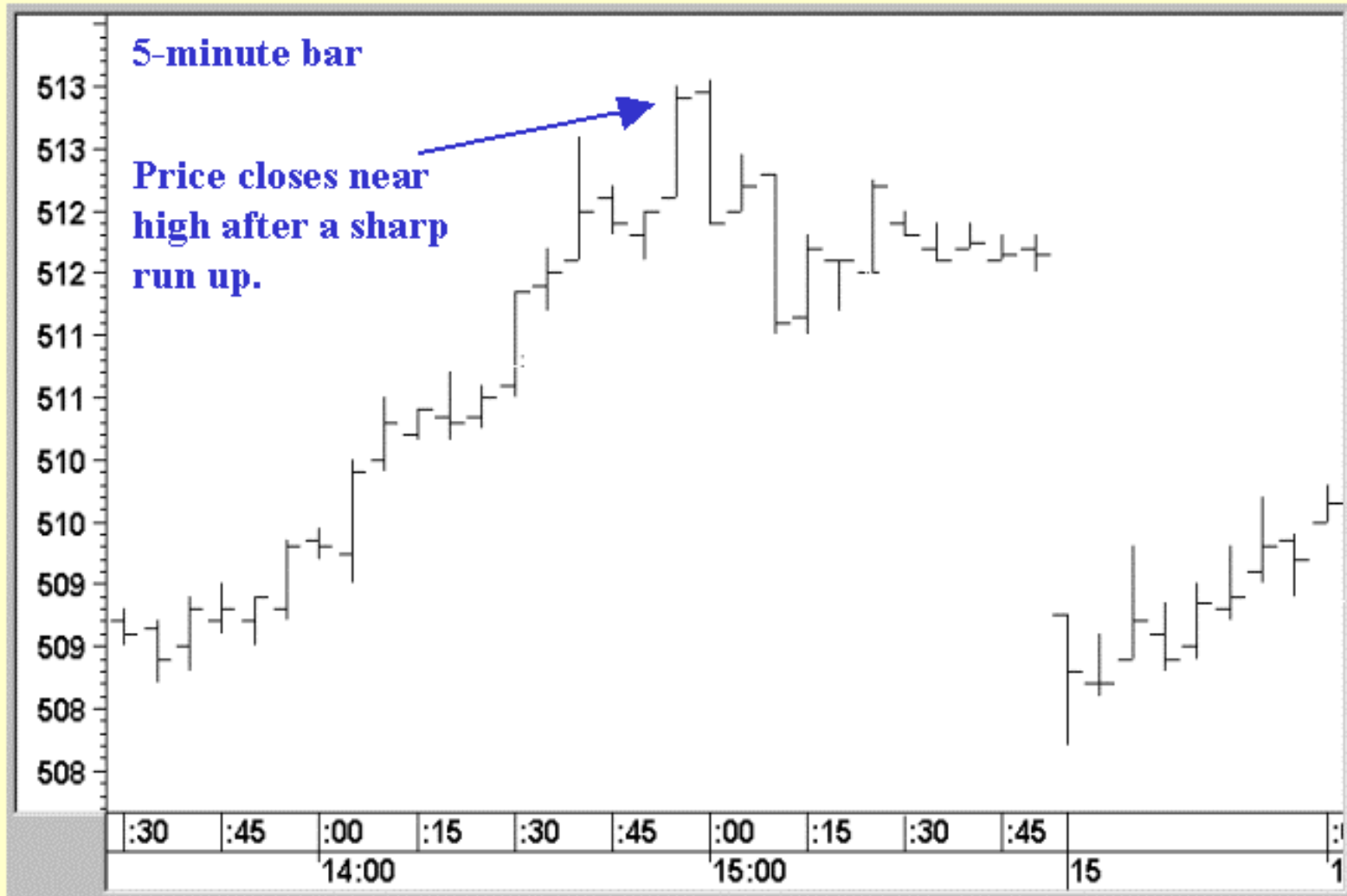
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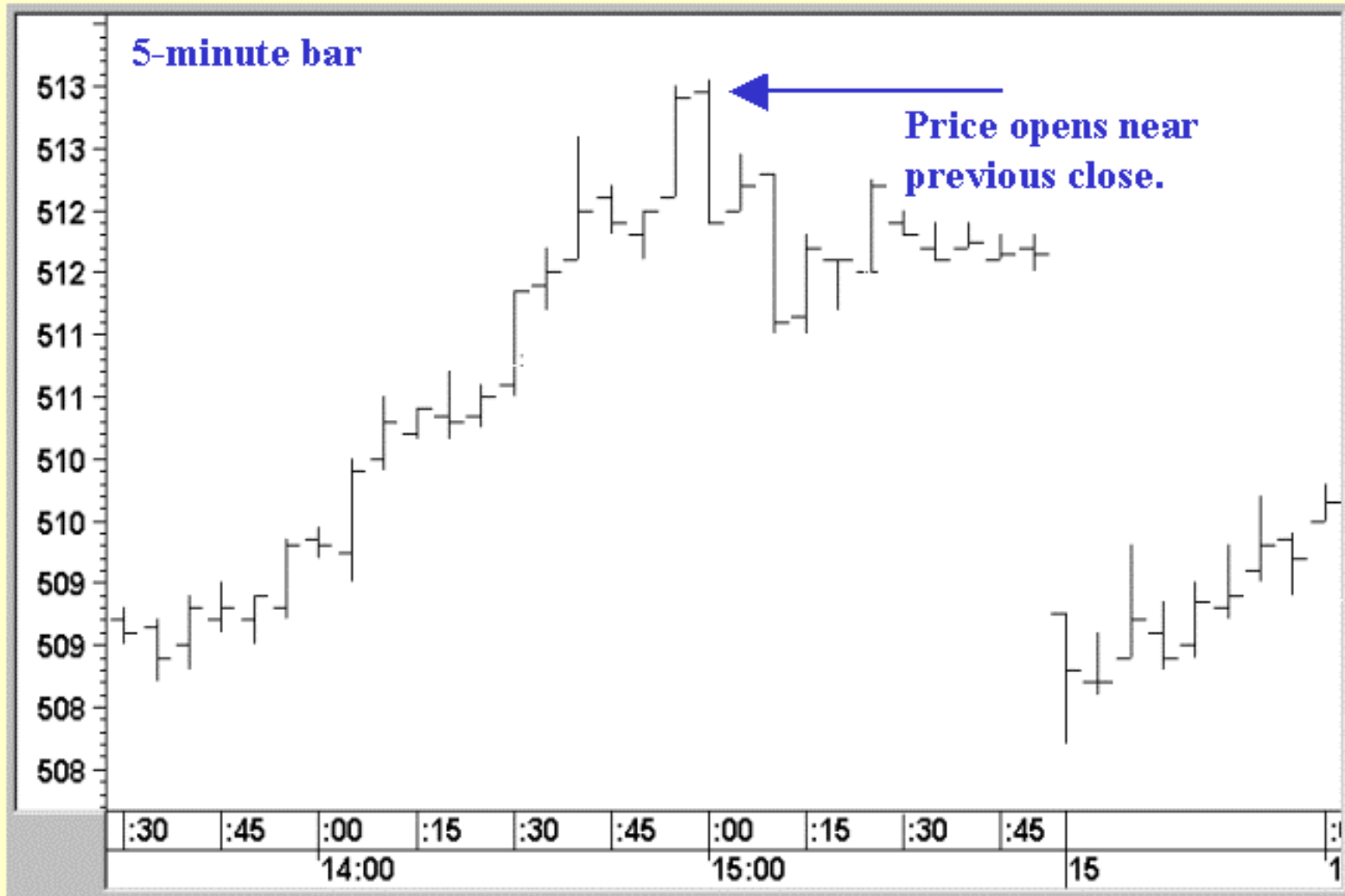
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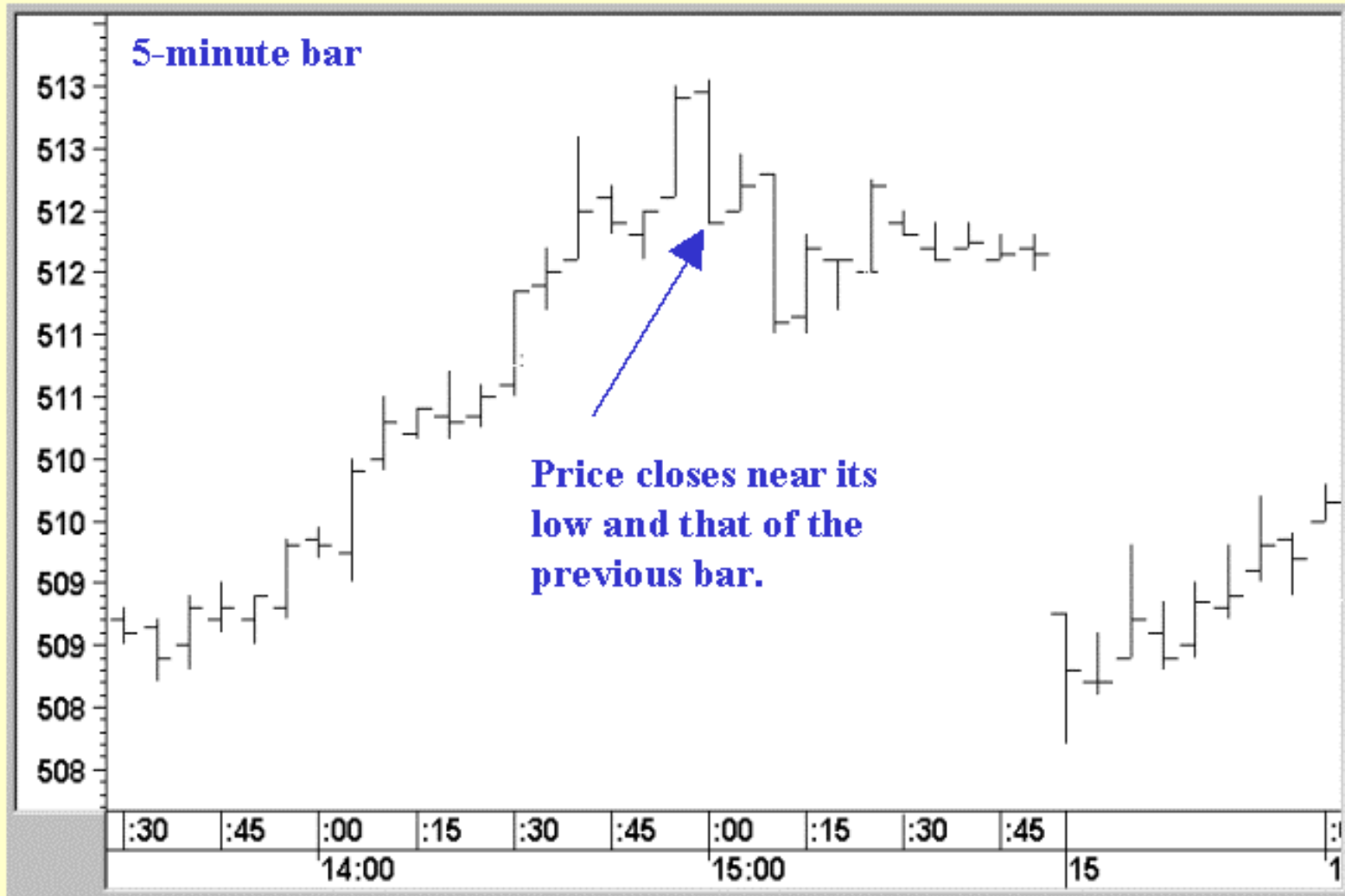
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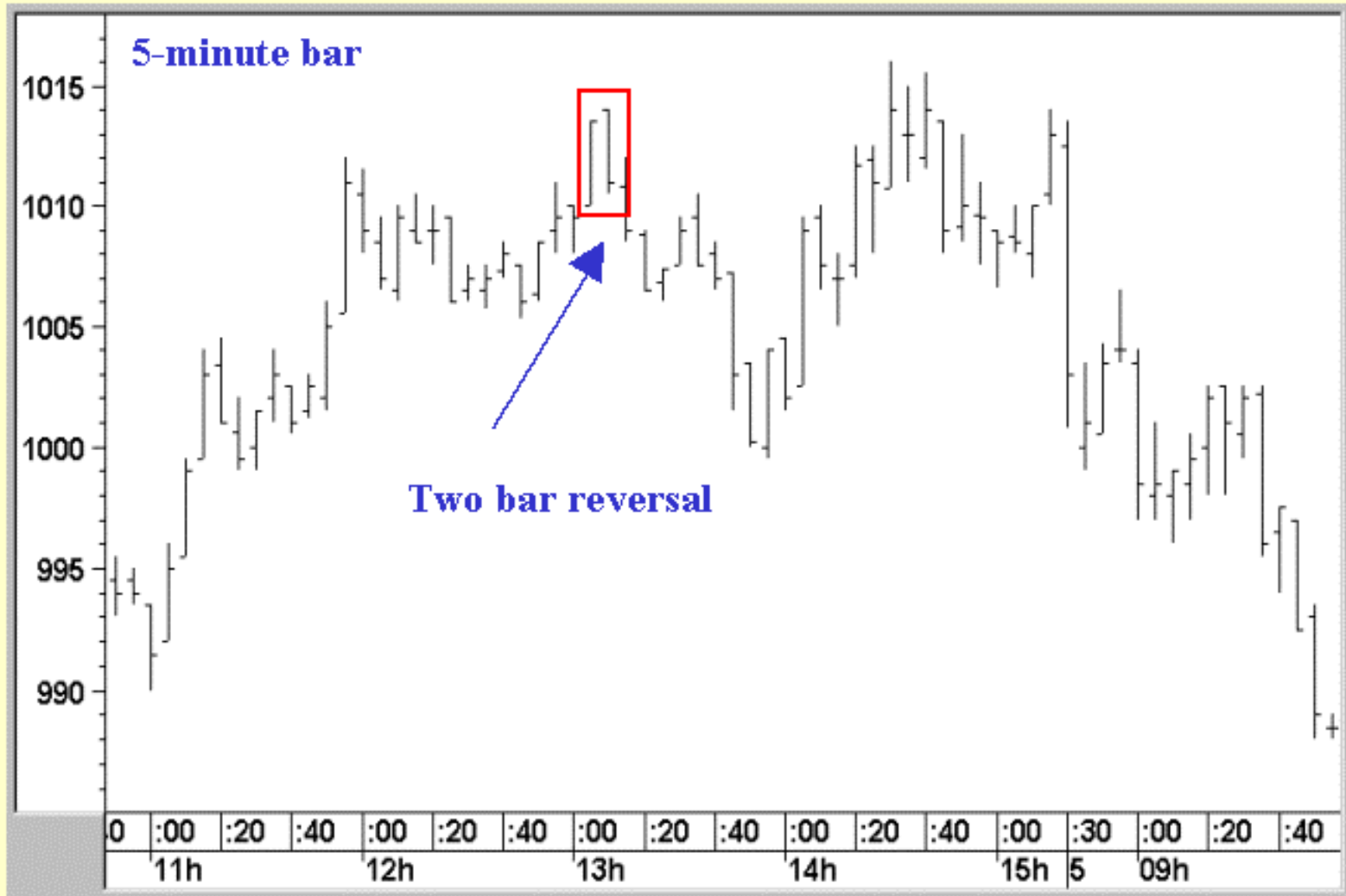
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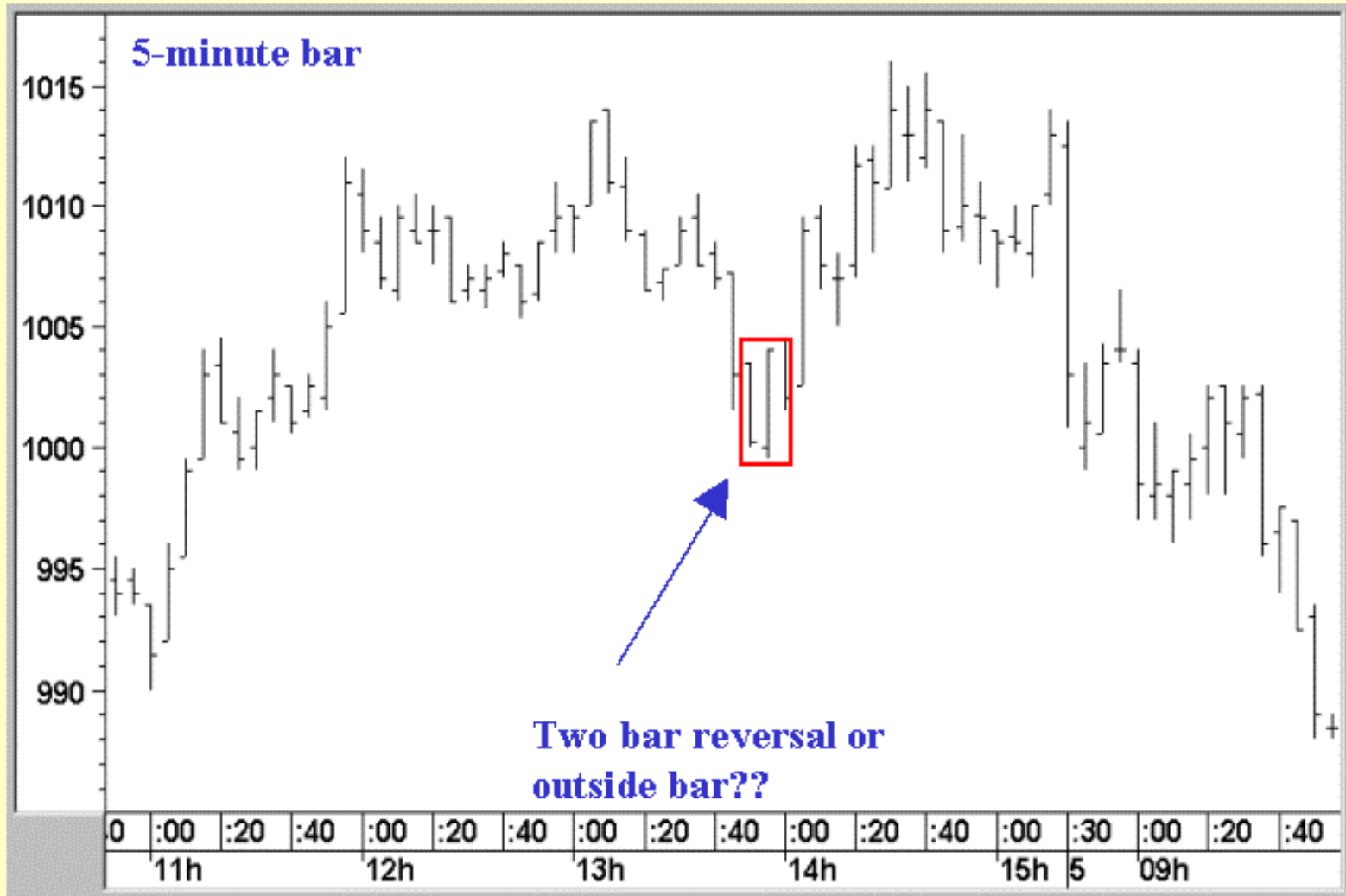
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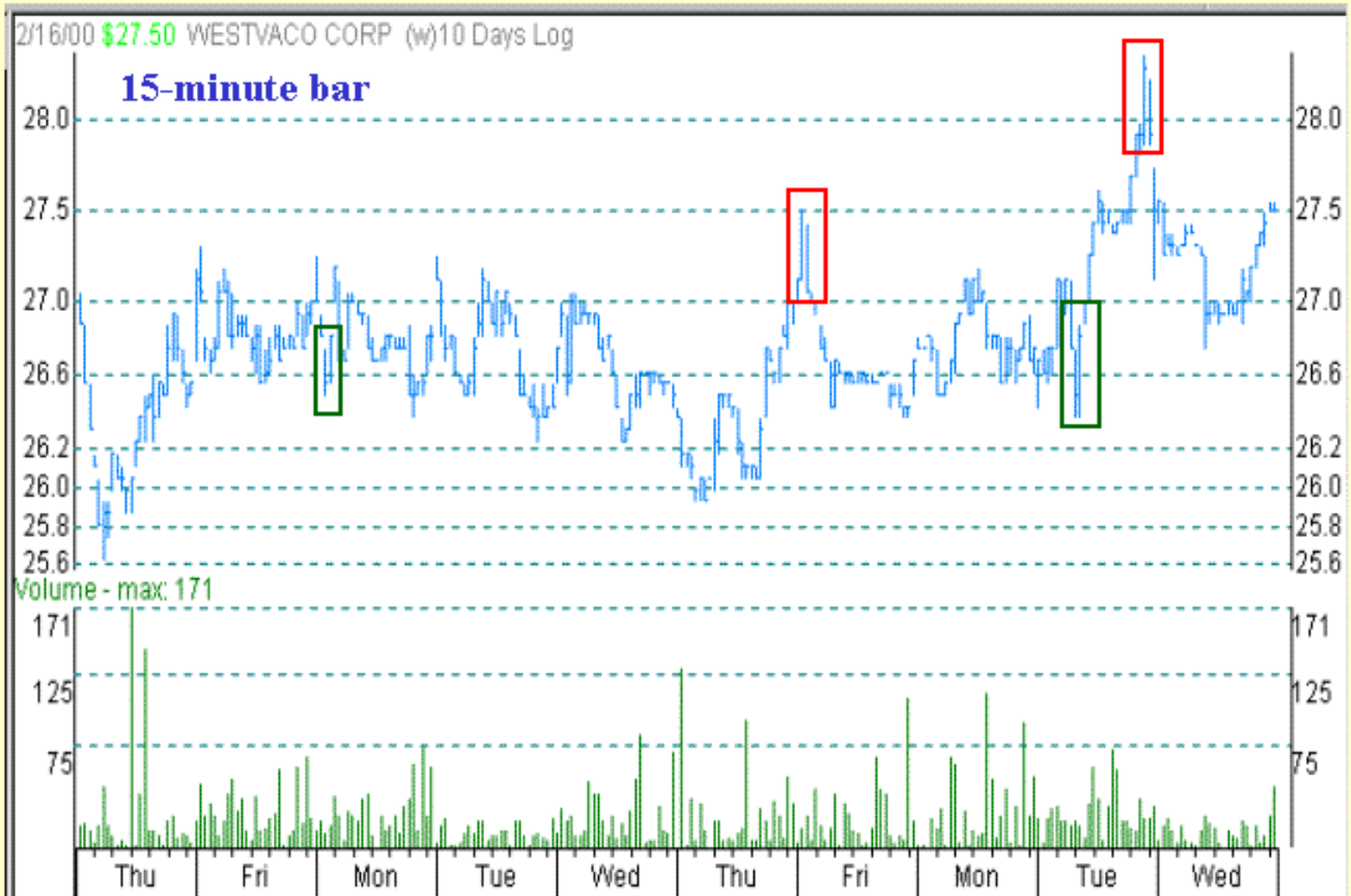
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# Westvaco



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# Westvaco



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باز نشر :

# *Key Reversal Bar*



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باز نشر :

*A very strong signal of a  
reversal in sentiment.*



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باز نشر :

# Characteristics

1. Price opens the bar strongly in the direction of the prevailing trend.
2. Trading range of the bar is extremely wide.
3. Price should close at or close to the previous close.



*The key reversal bar should be accompanied by climactic volume.*



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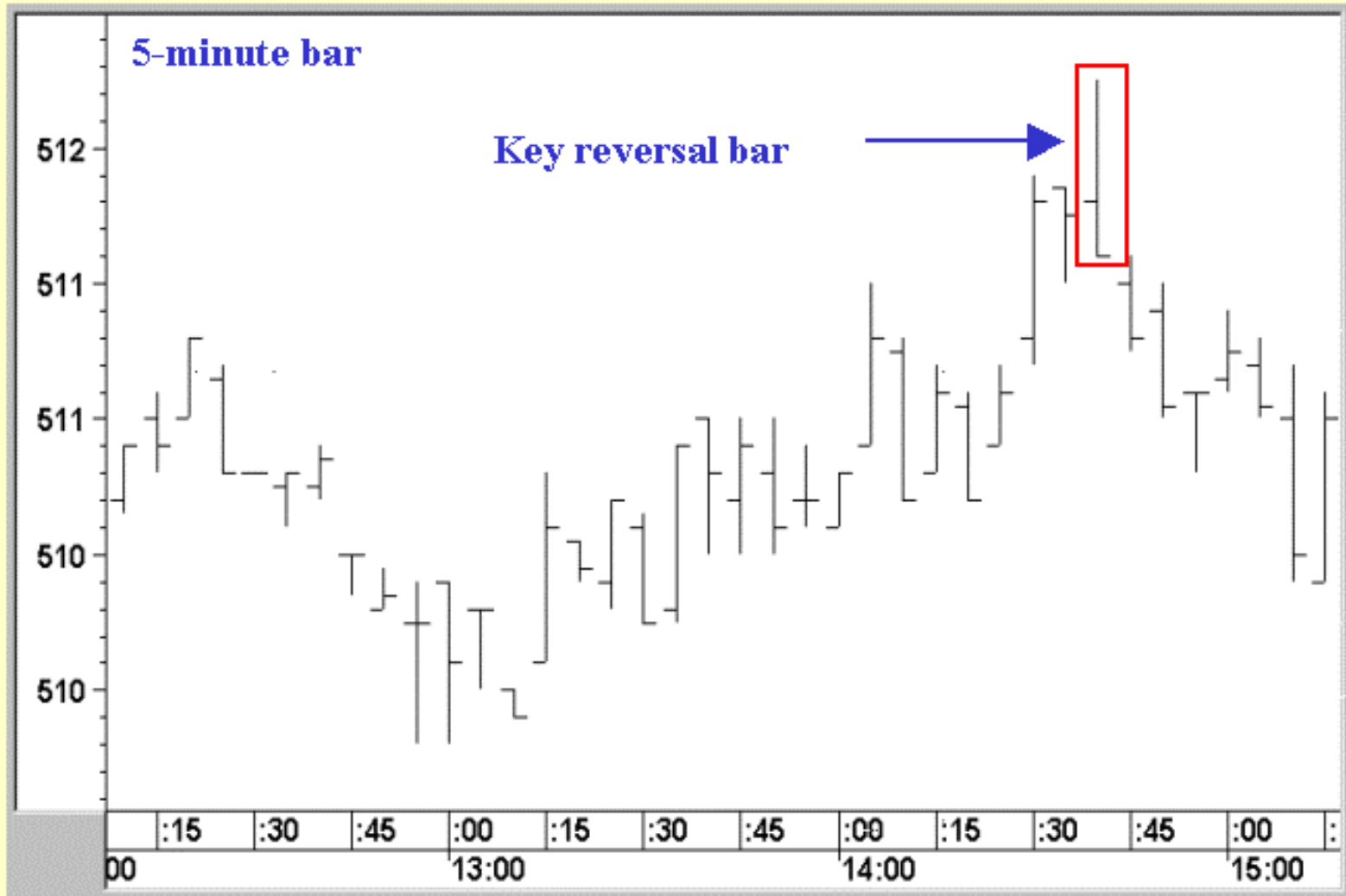
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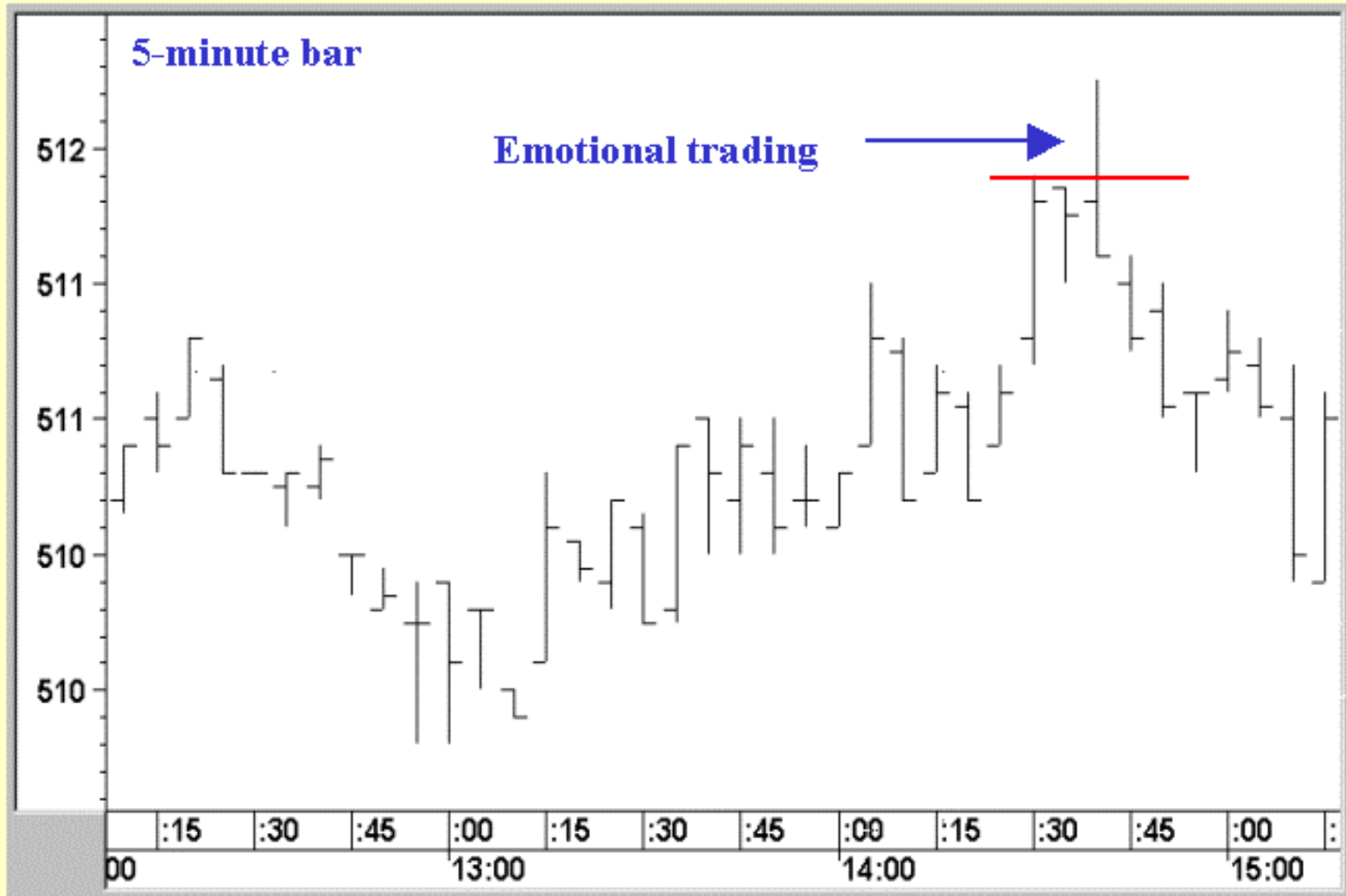
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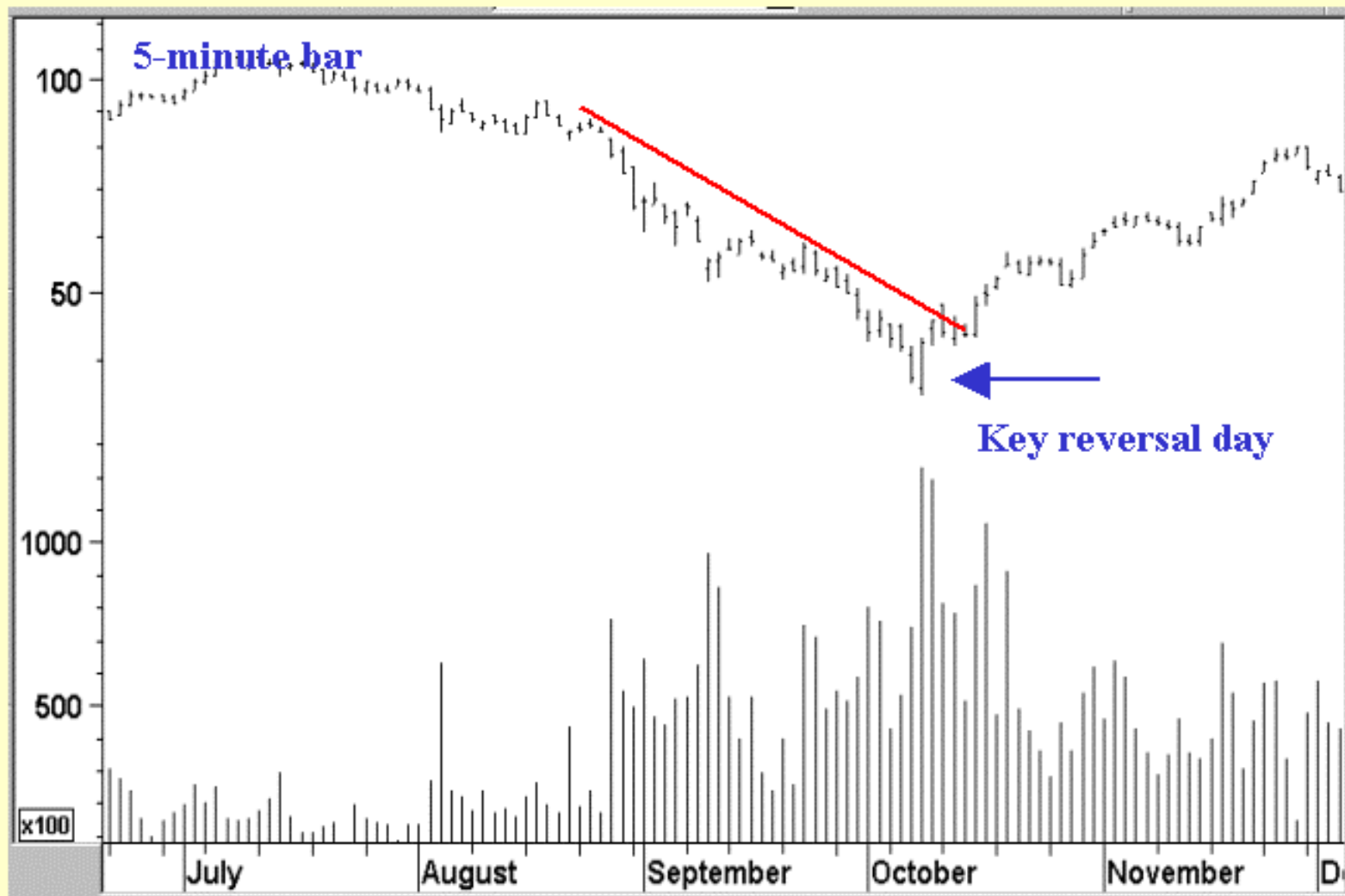
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# Merrill Lynch



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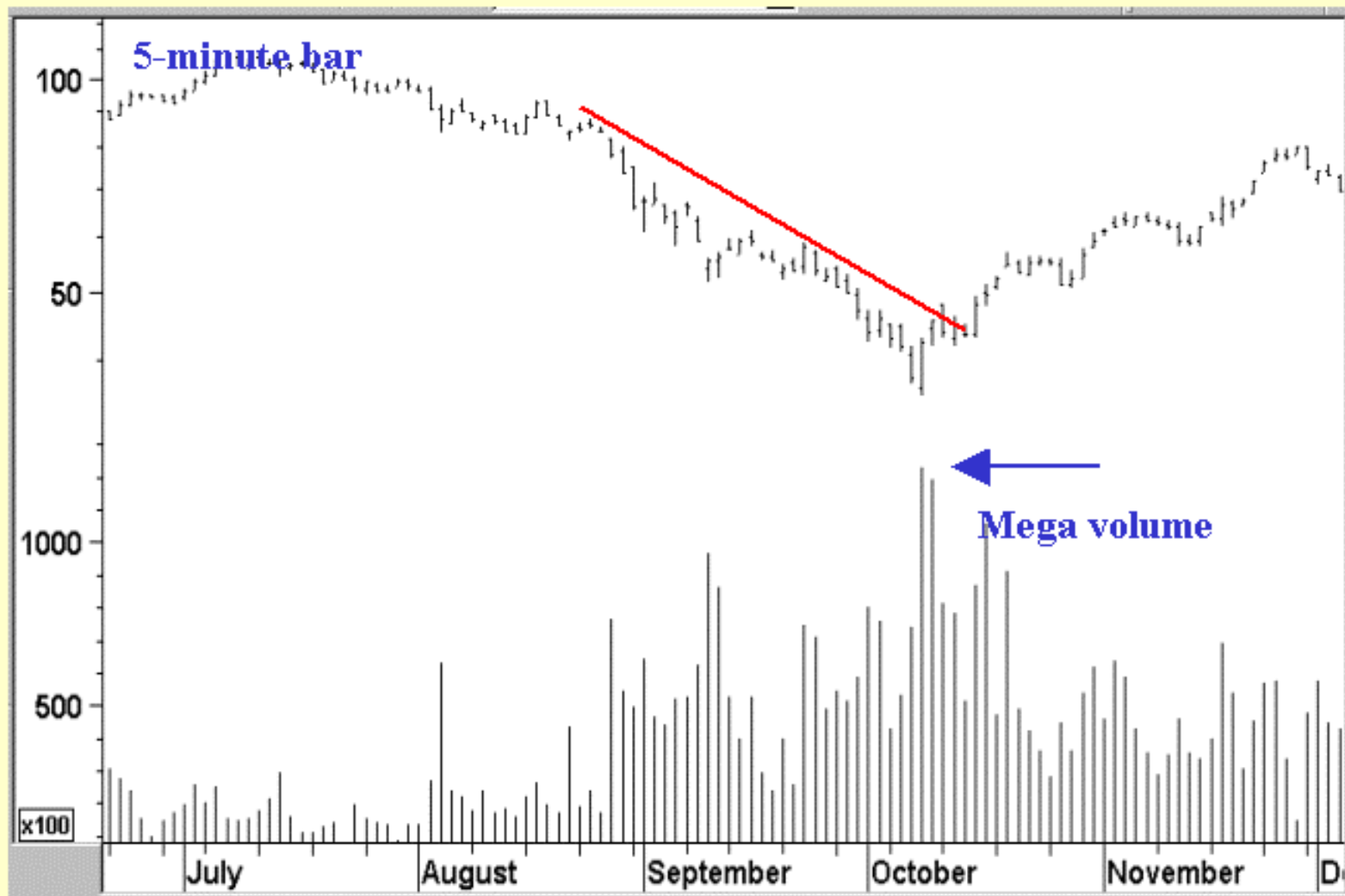
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باز نشر :

# *Exhaustion Bars*



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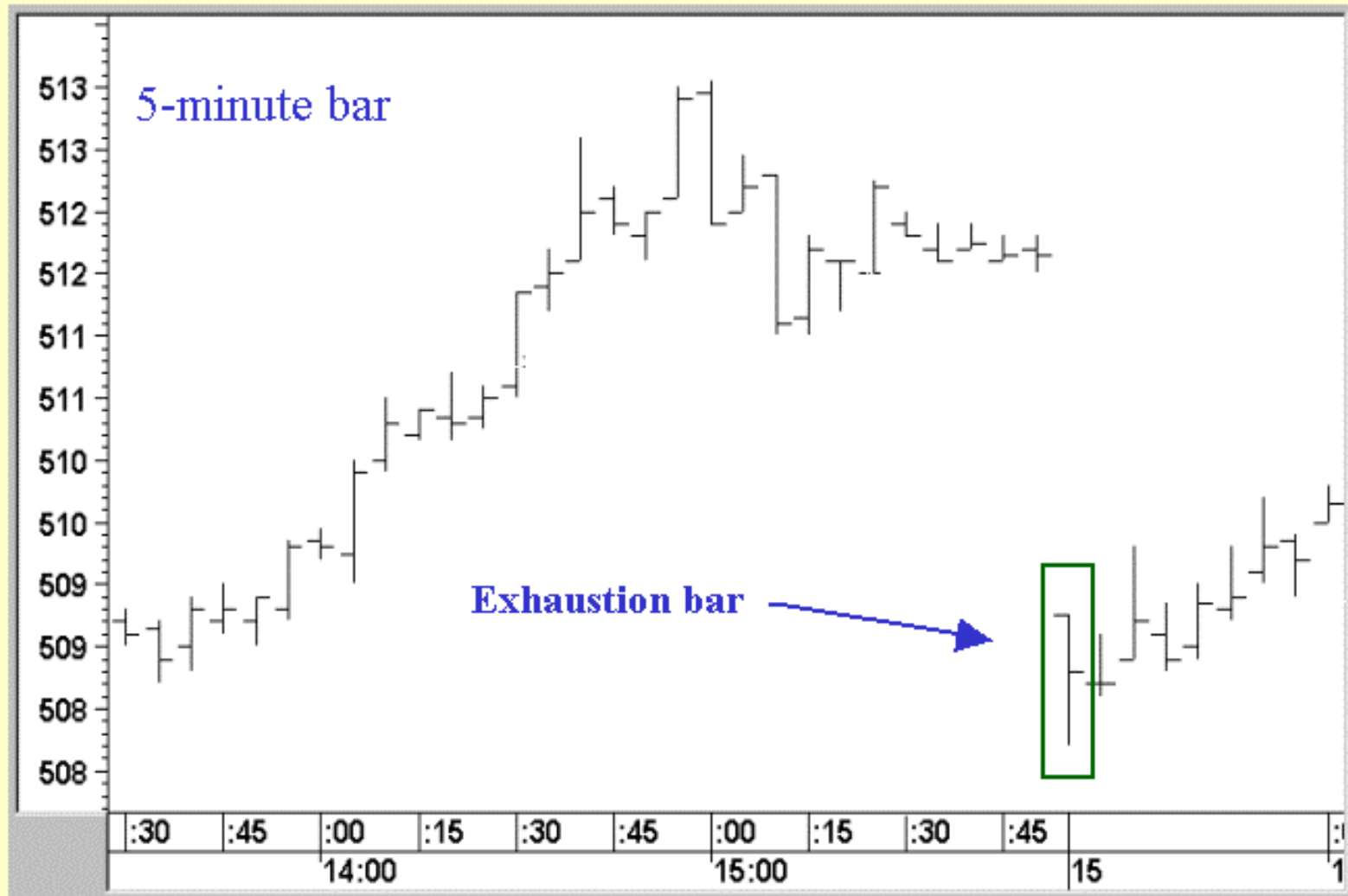
باز نشر :

# Characteristics of Exhaustion Bars

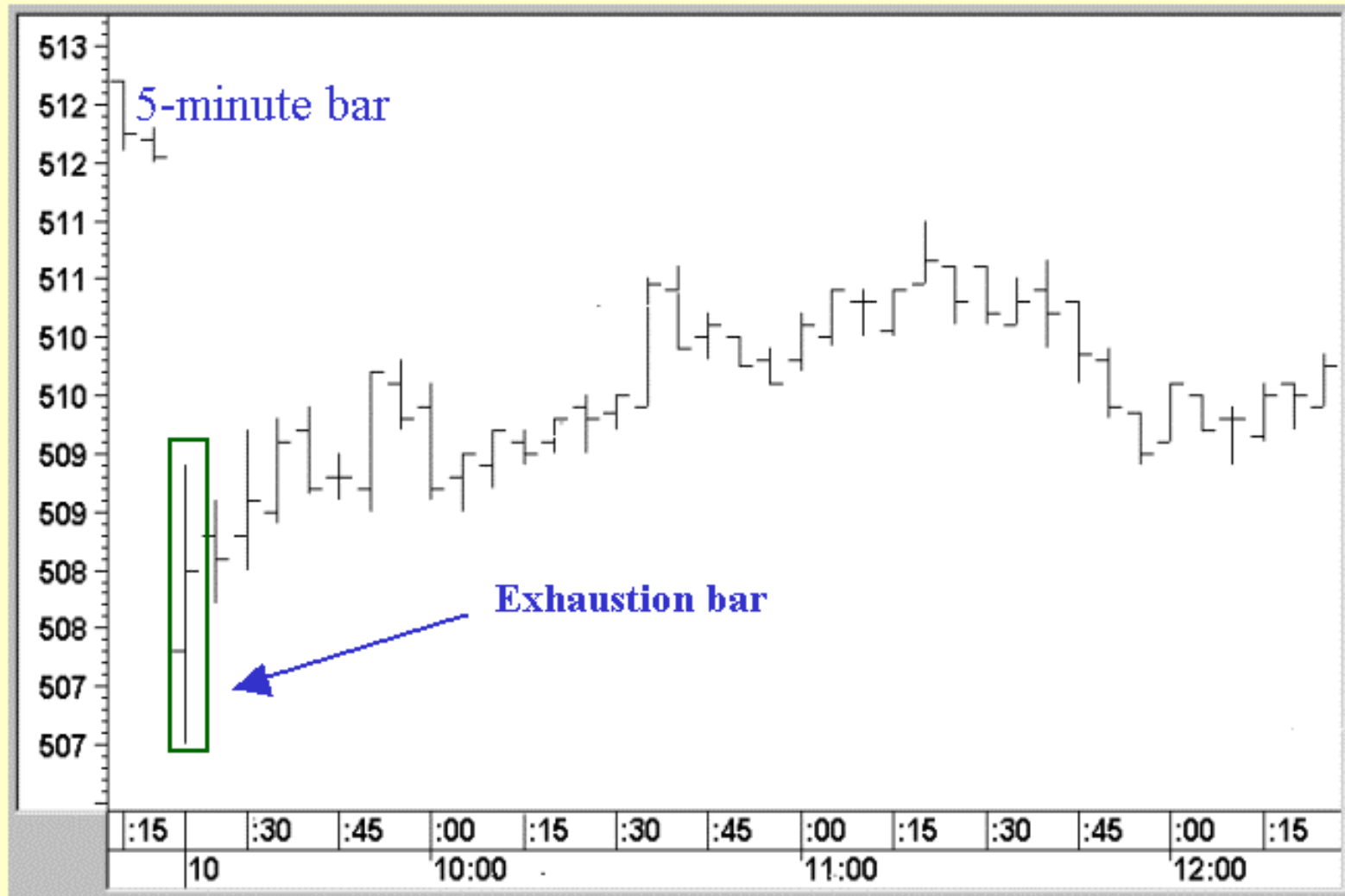
- 1. A wide trading range following a sharp price move.*
- 2. The close is higher than the opening in a downtrend or the opening is lower than the close in an up trend..*
- 3. The close is more than half way up the bar in a down trend, and more than half way down in an up trend.*



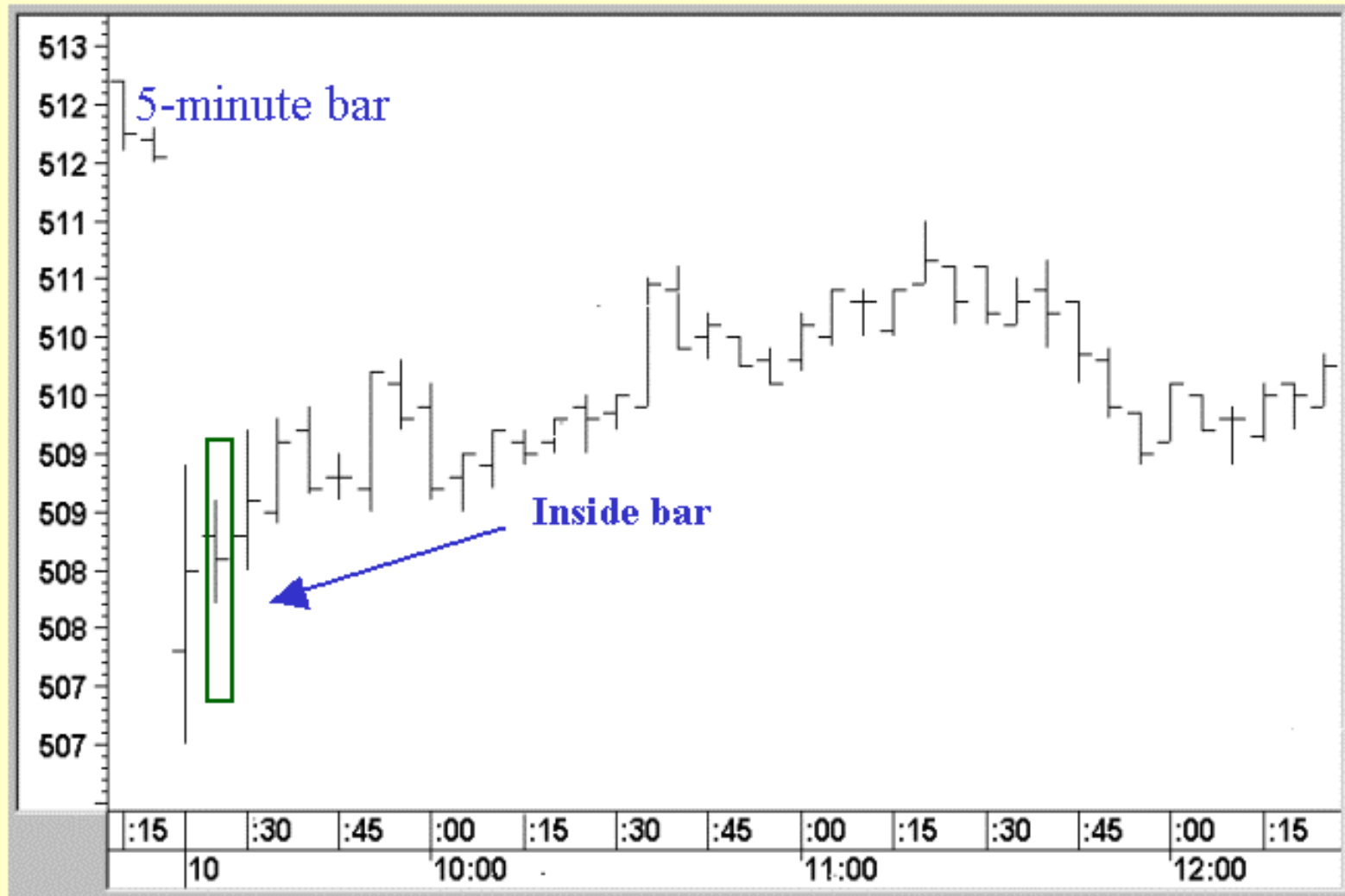
# December 1997 NYSE Composite



# December 1997 NYSE Composite



# December 1997 NYSE Composite



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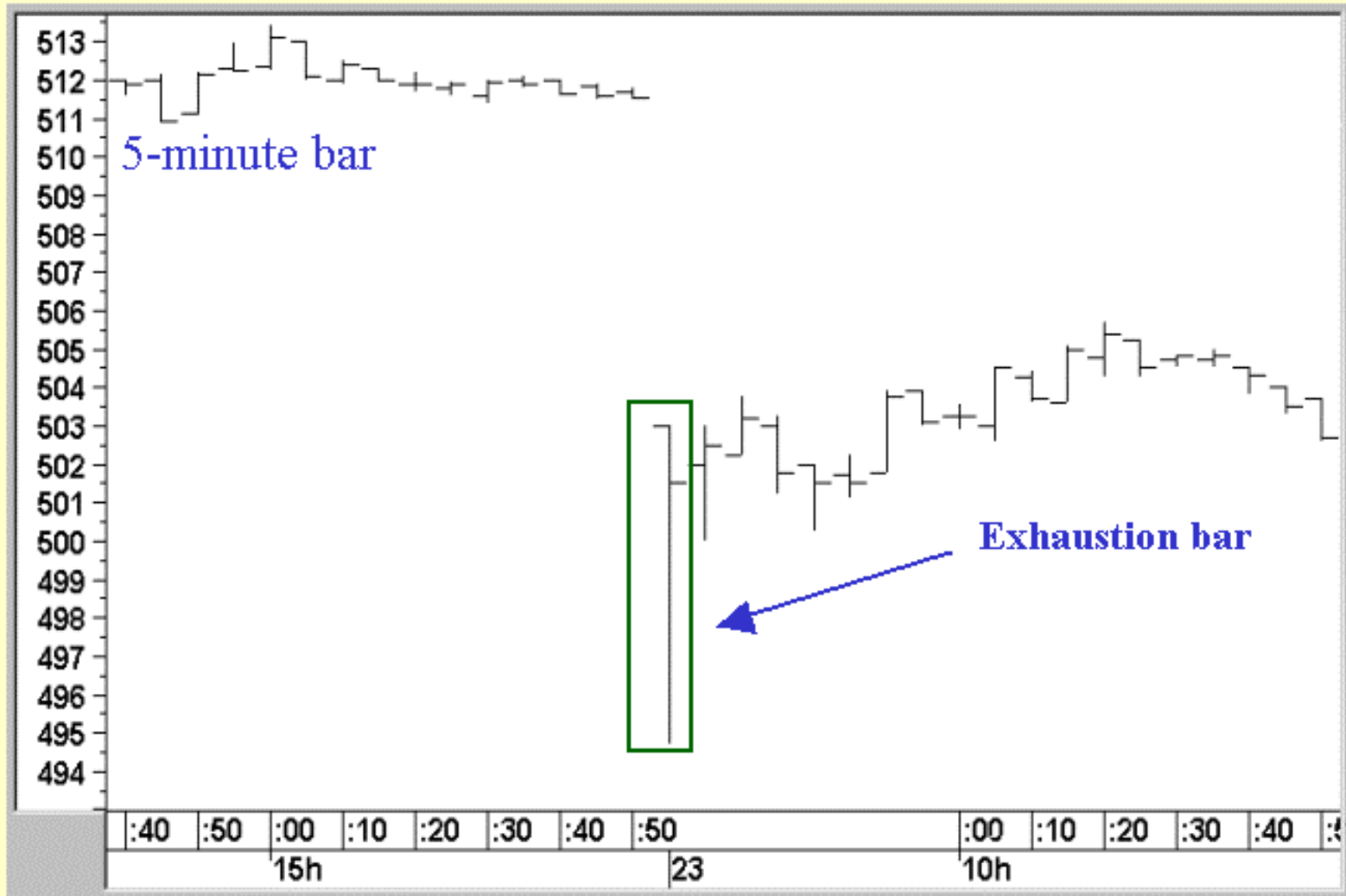
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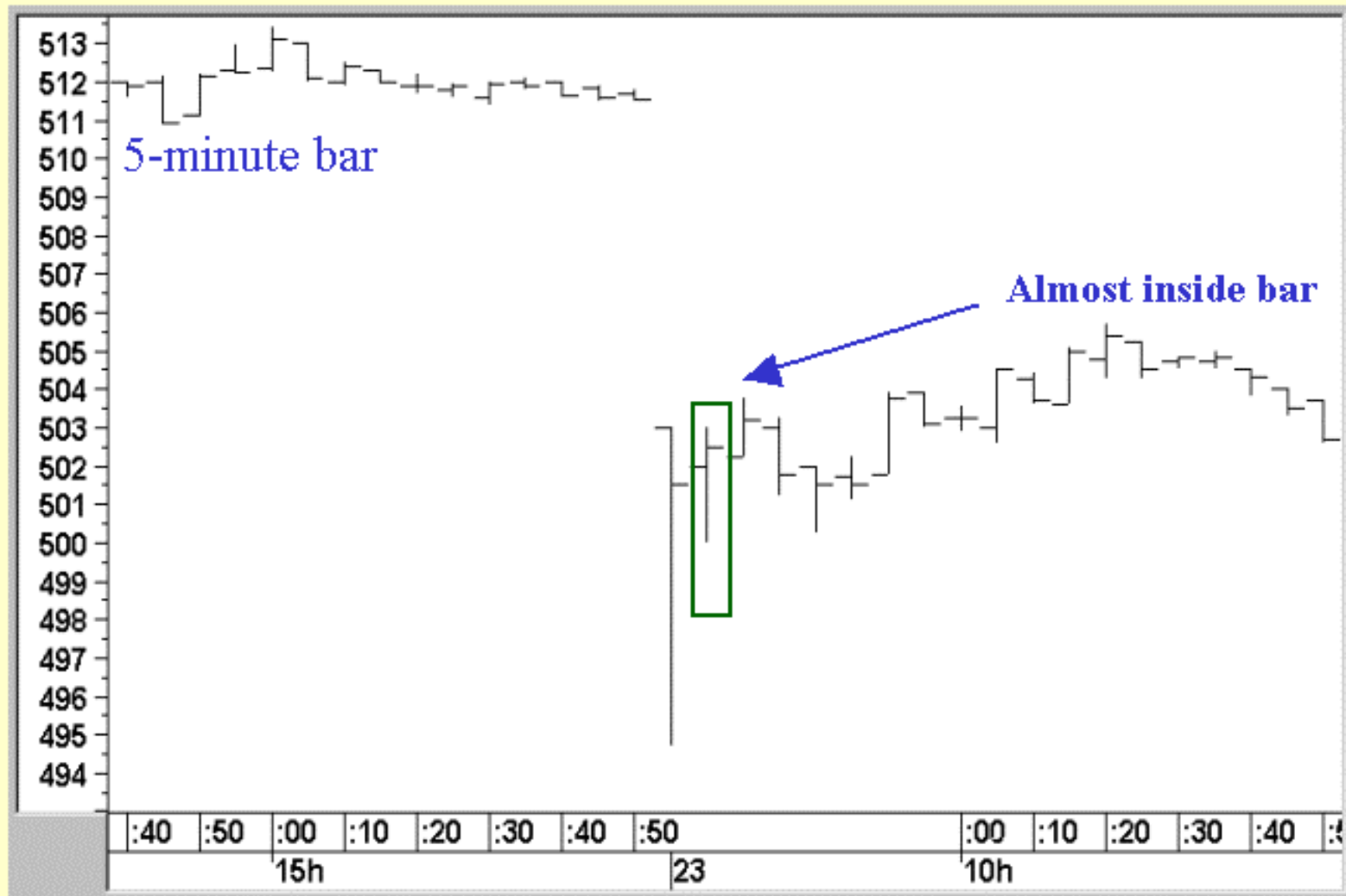


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باز نشر :



# *Pinocchio Bars*



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باز نشر :

*Pinocchio bars give us a false impression of what is really going on.*



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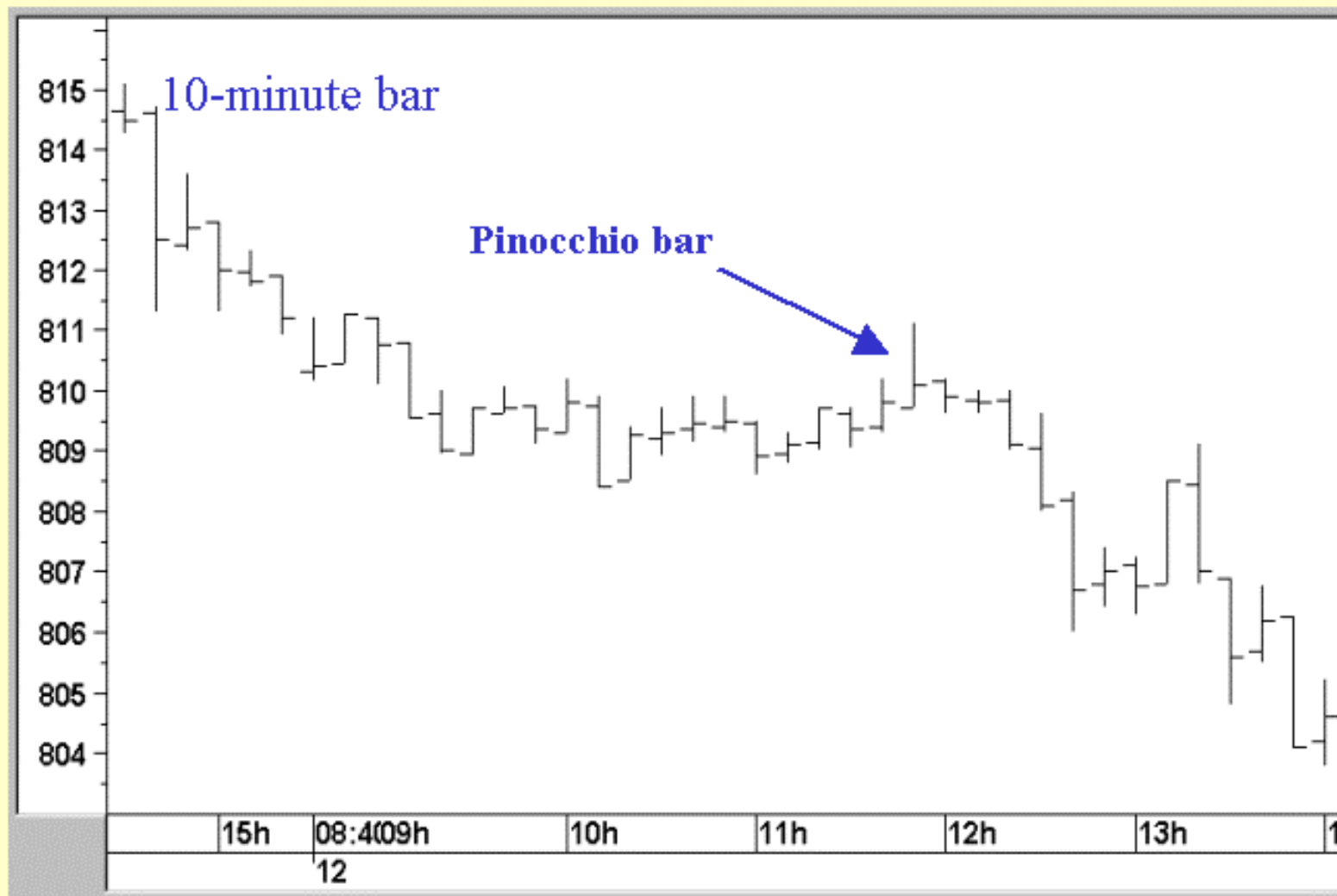
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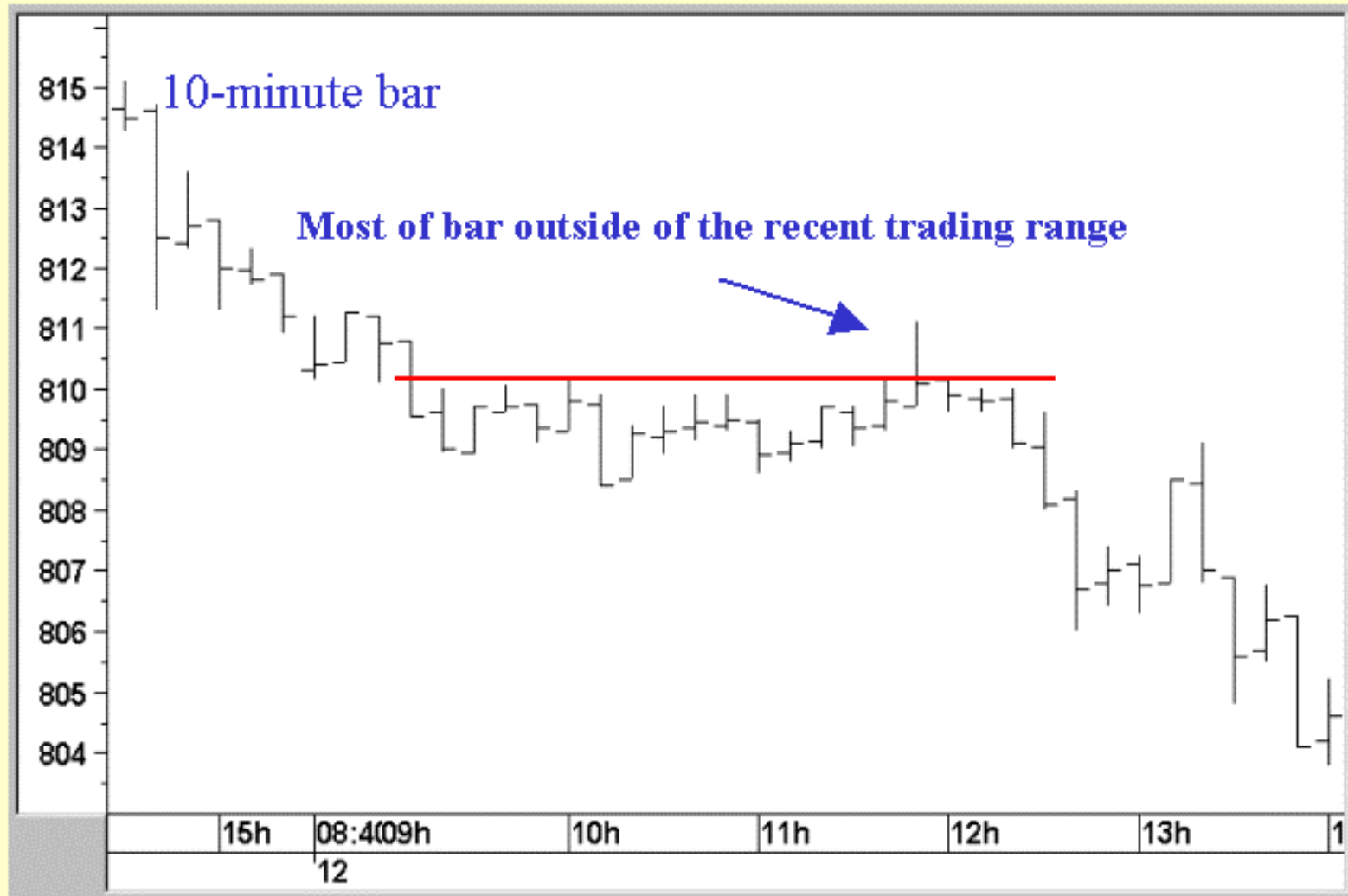


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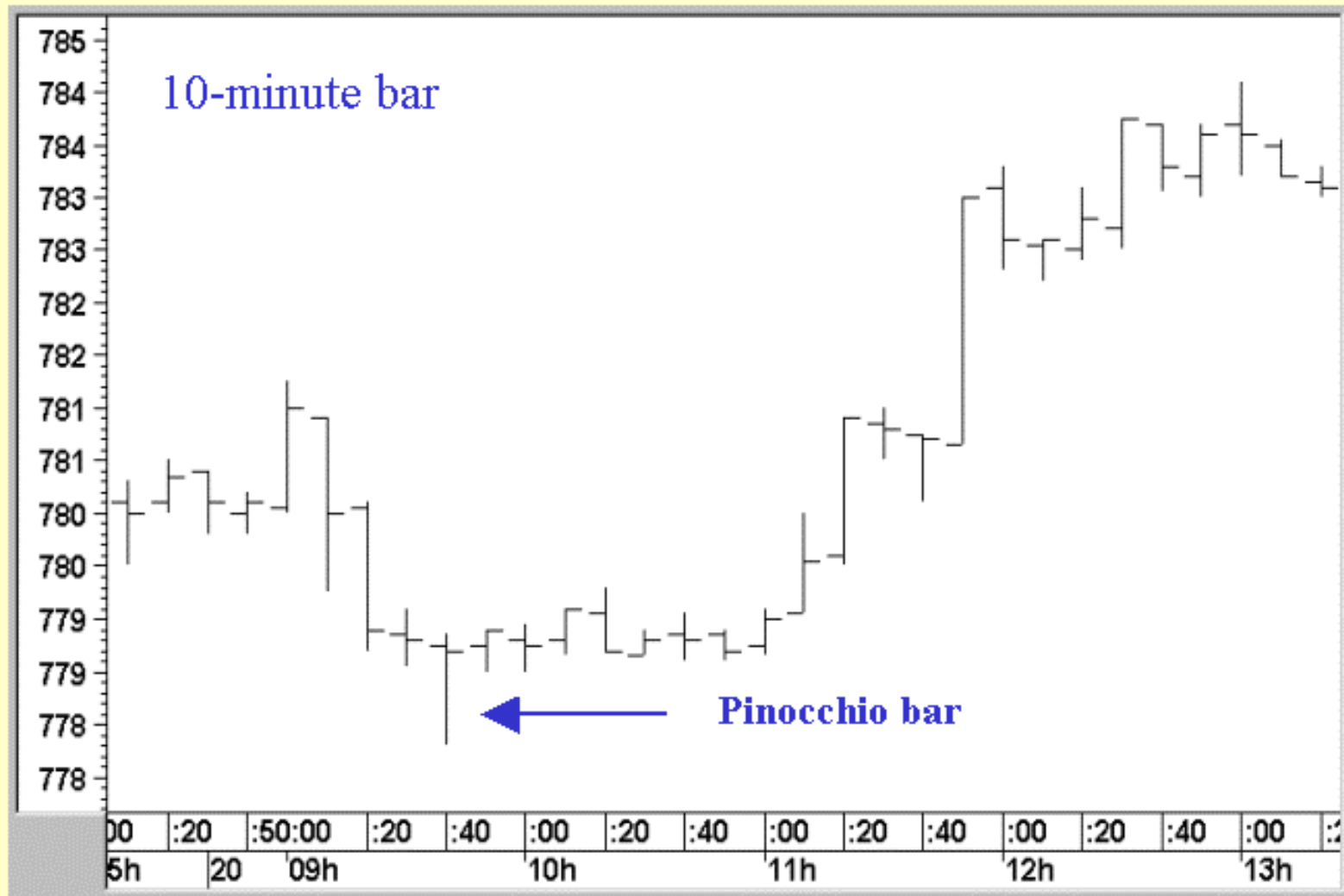
# March 1997 S&P Composite



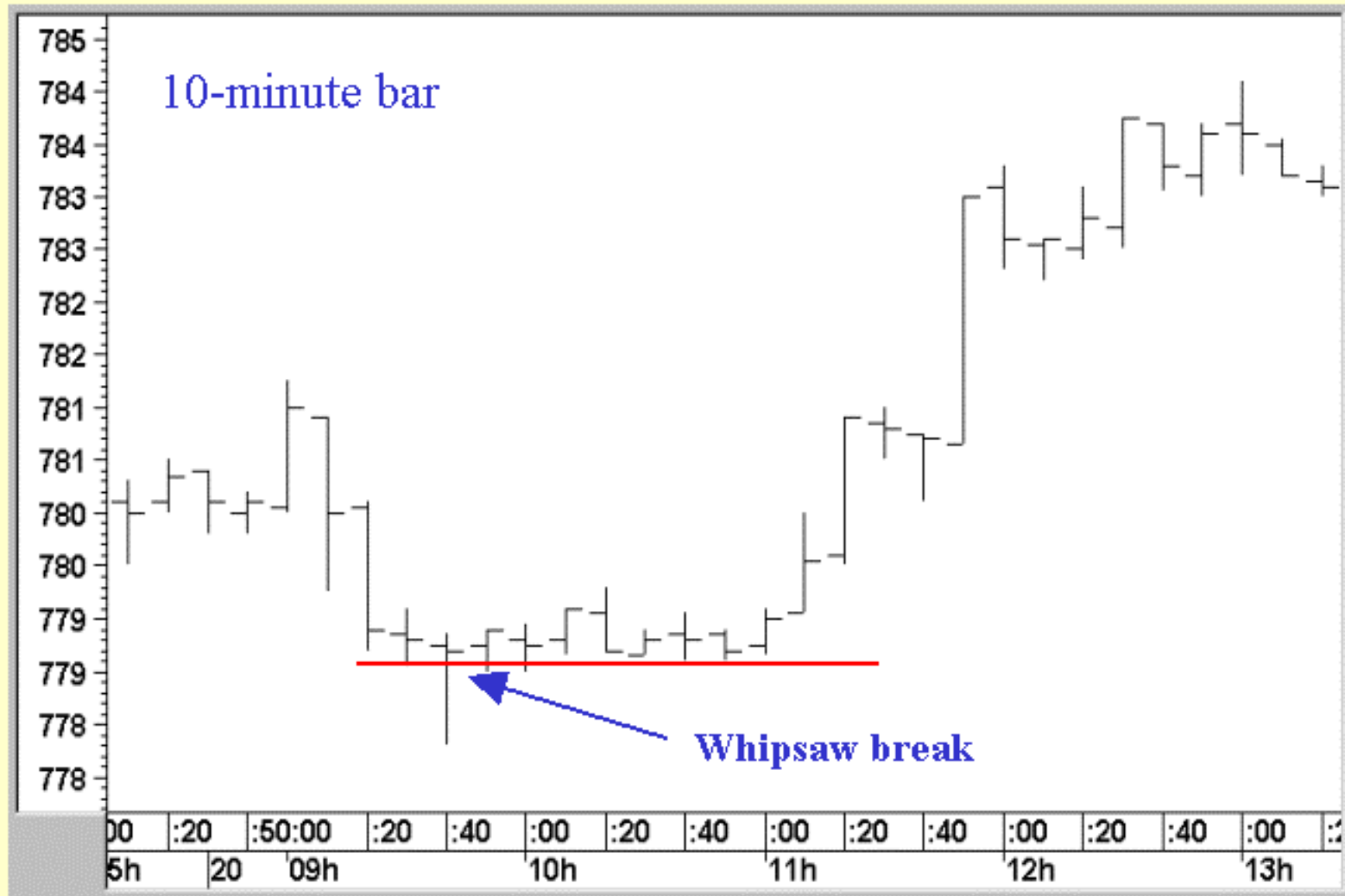
# March 1997 S&P Composite



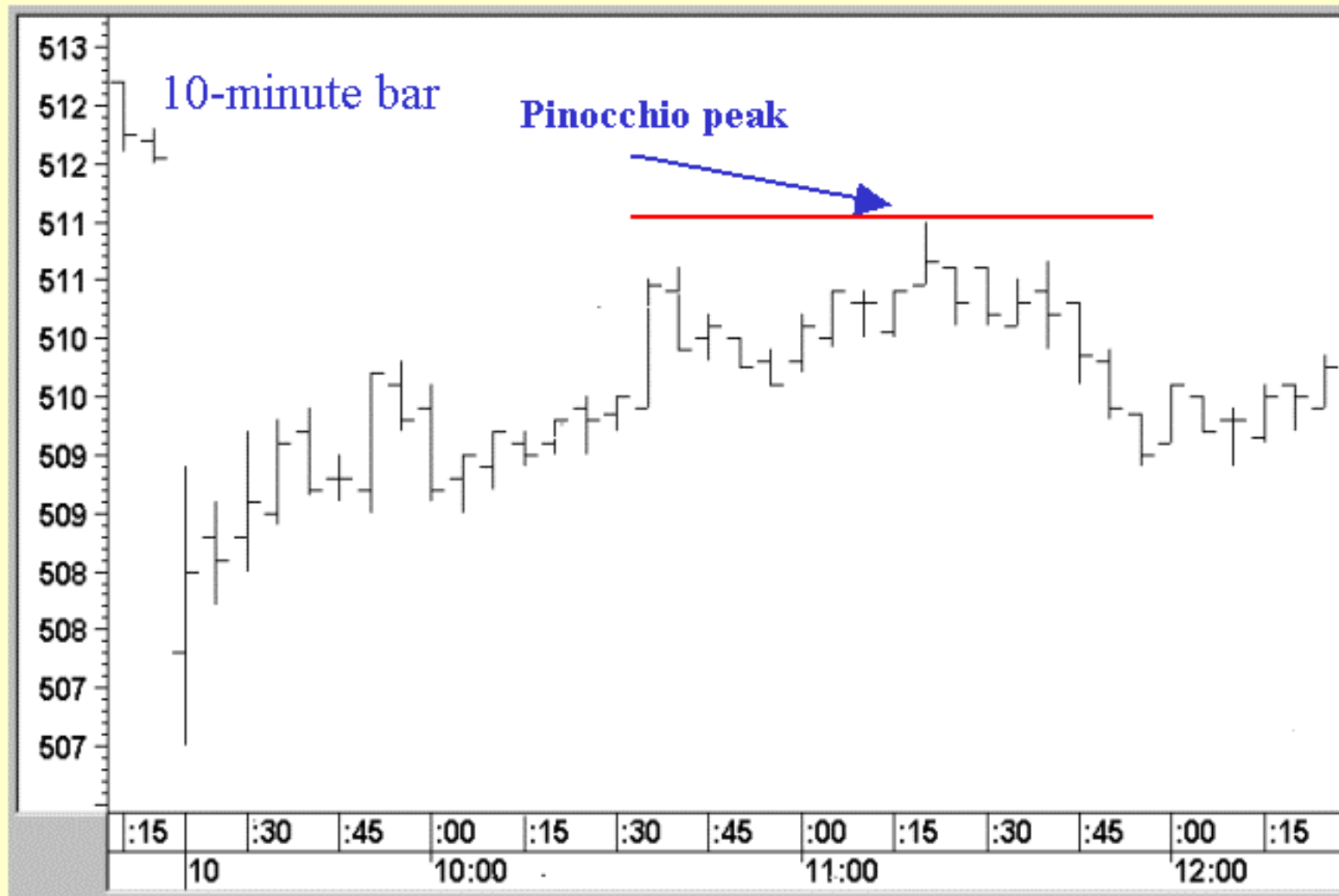
# March 1997 S&P Composite



# March 1997 S&P Composite



# December 1997 NYSE Composite



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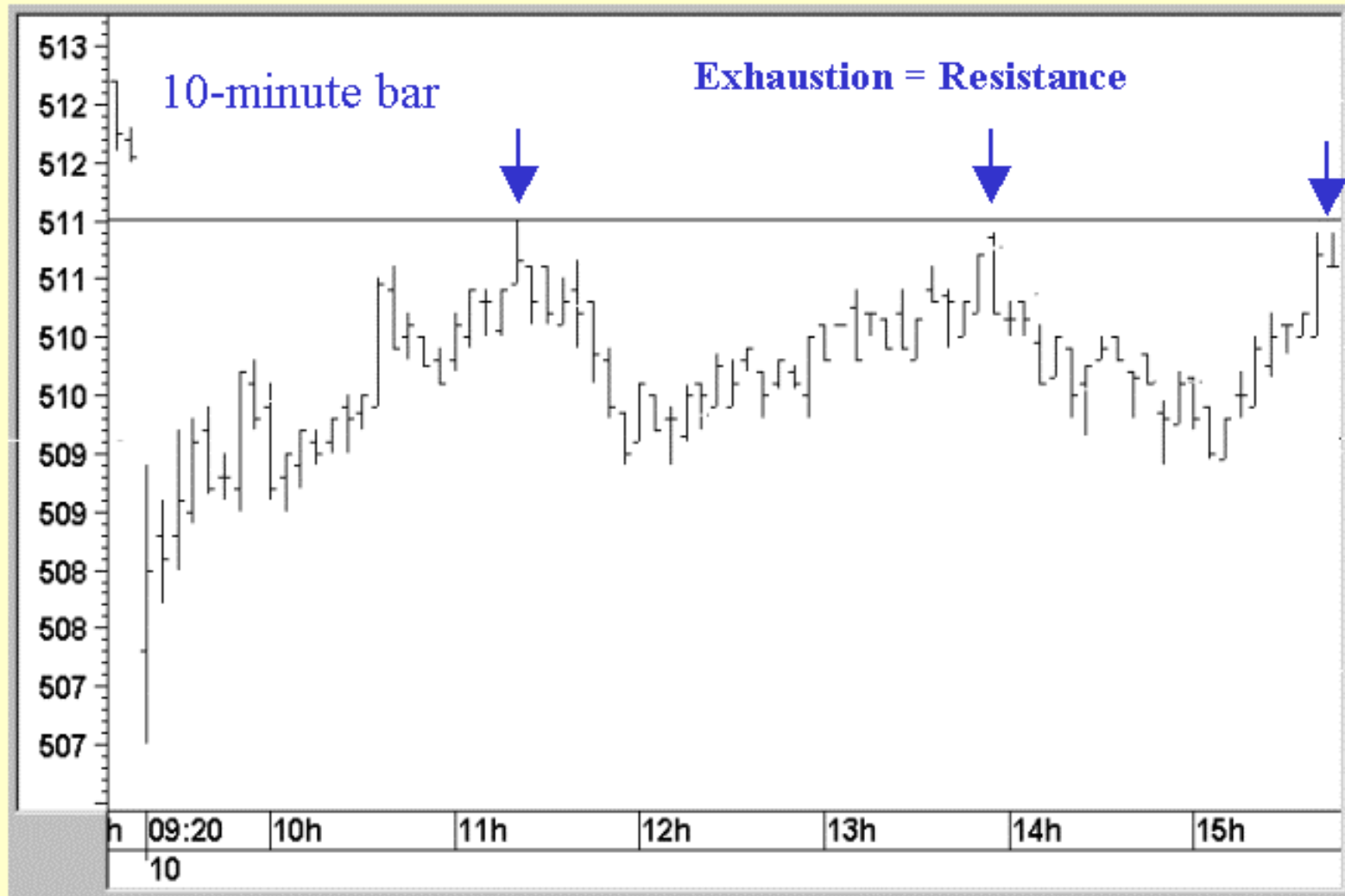
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# December 1997 NYSE Composite





# Placing Stops



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*The order is executed immediately the price is touched and there is no opportunity to second guess.*



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باز نشر :

*The disadvantage is that locals and market makers can "go" for your stop.*



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باز نشر :

# Advantages of Placing Stops

- 1. Mentally preparing for the worst.*
- 2. Decision more likely to be made with a more balanced judgment.*
- 3. A correctly placed stop is usually executed at a better price.*



*For liquidation of long positions, the best point to place a sell stop is below support and for covering a short one above resistance.*



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# December 1997 Corn



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# December 1997 Corn



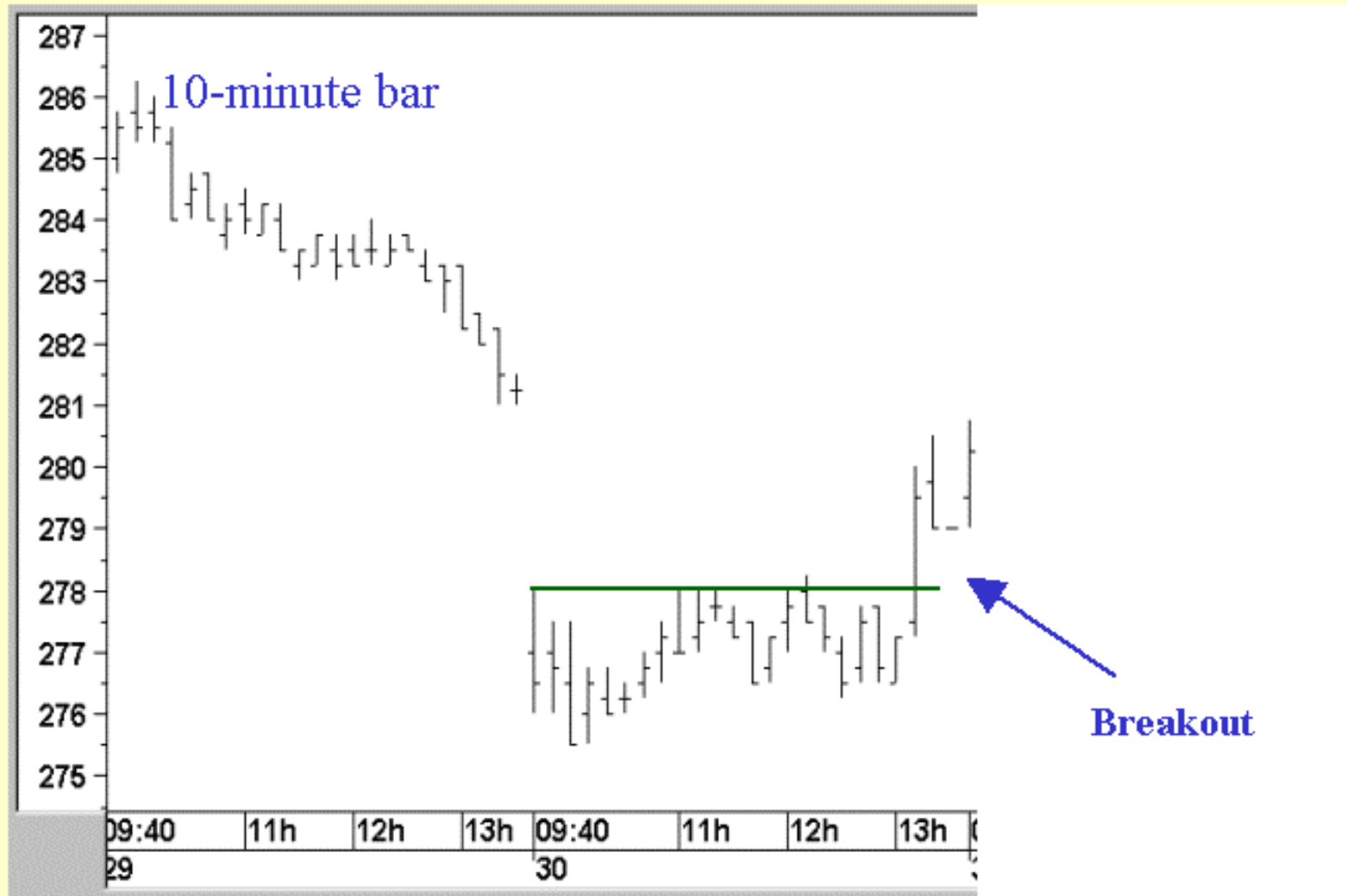
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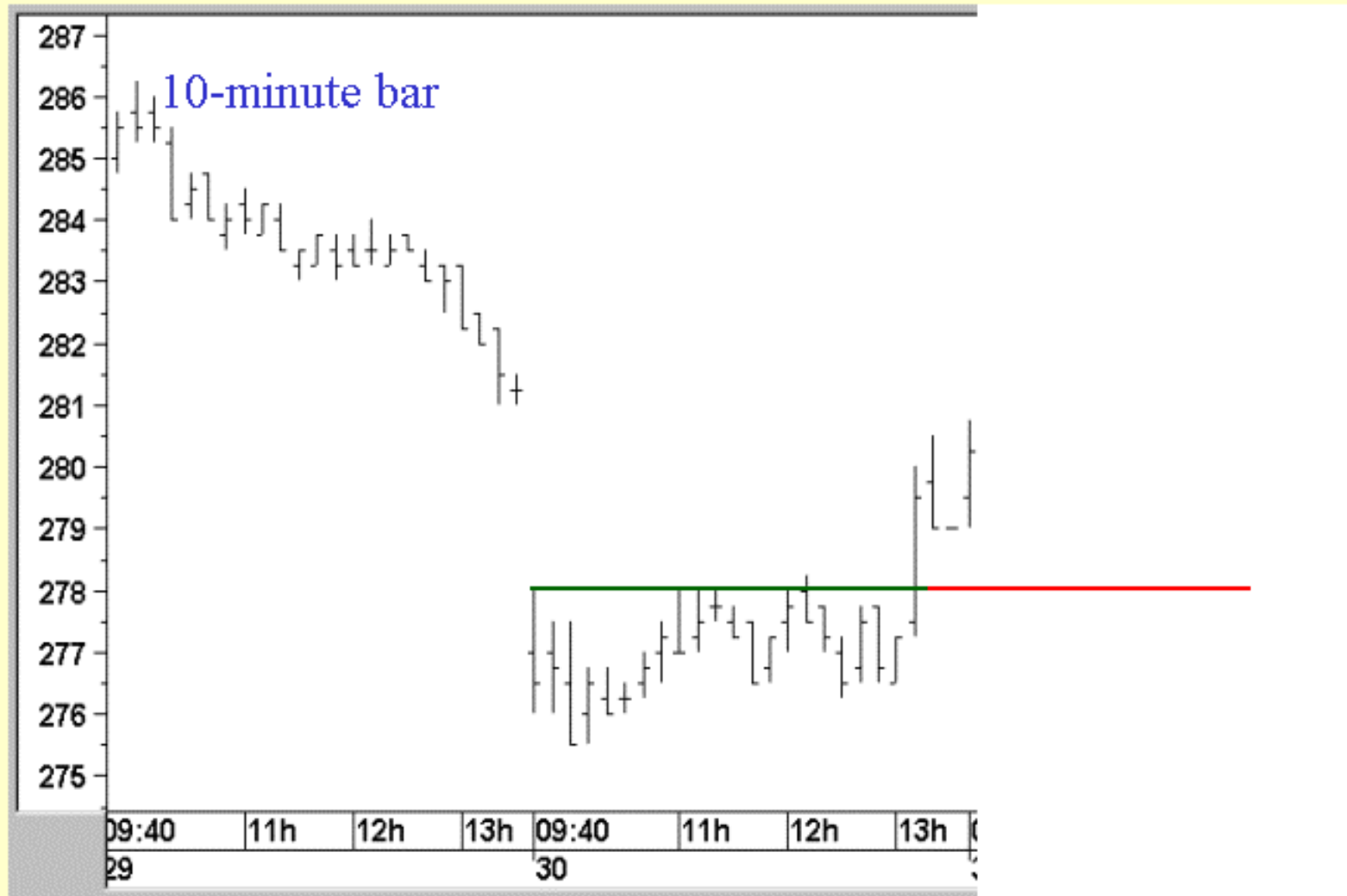
# December 1997 Corn



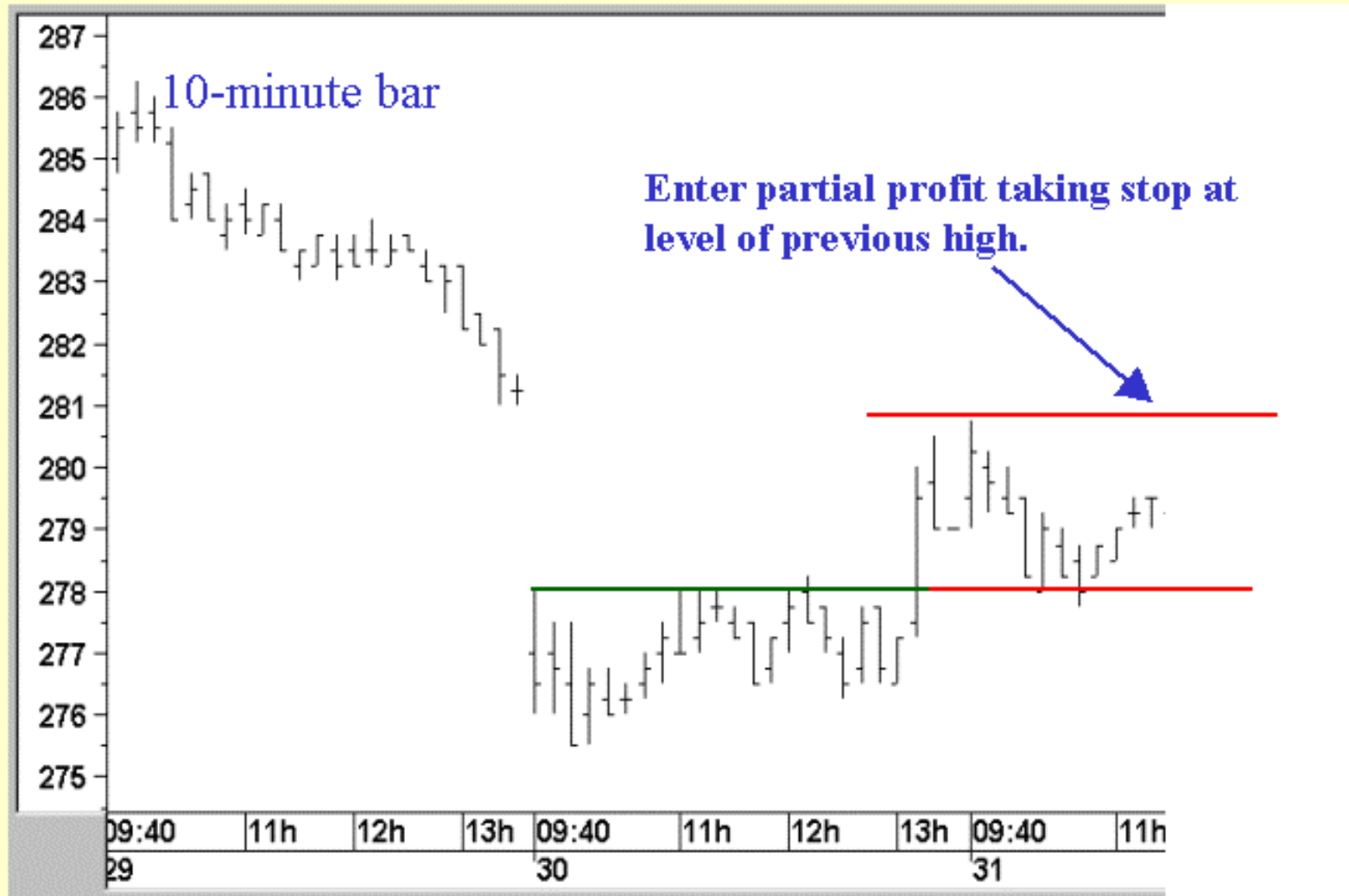
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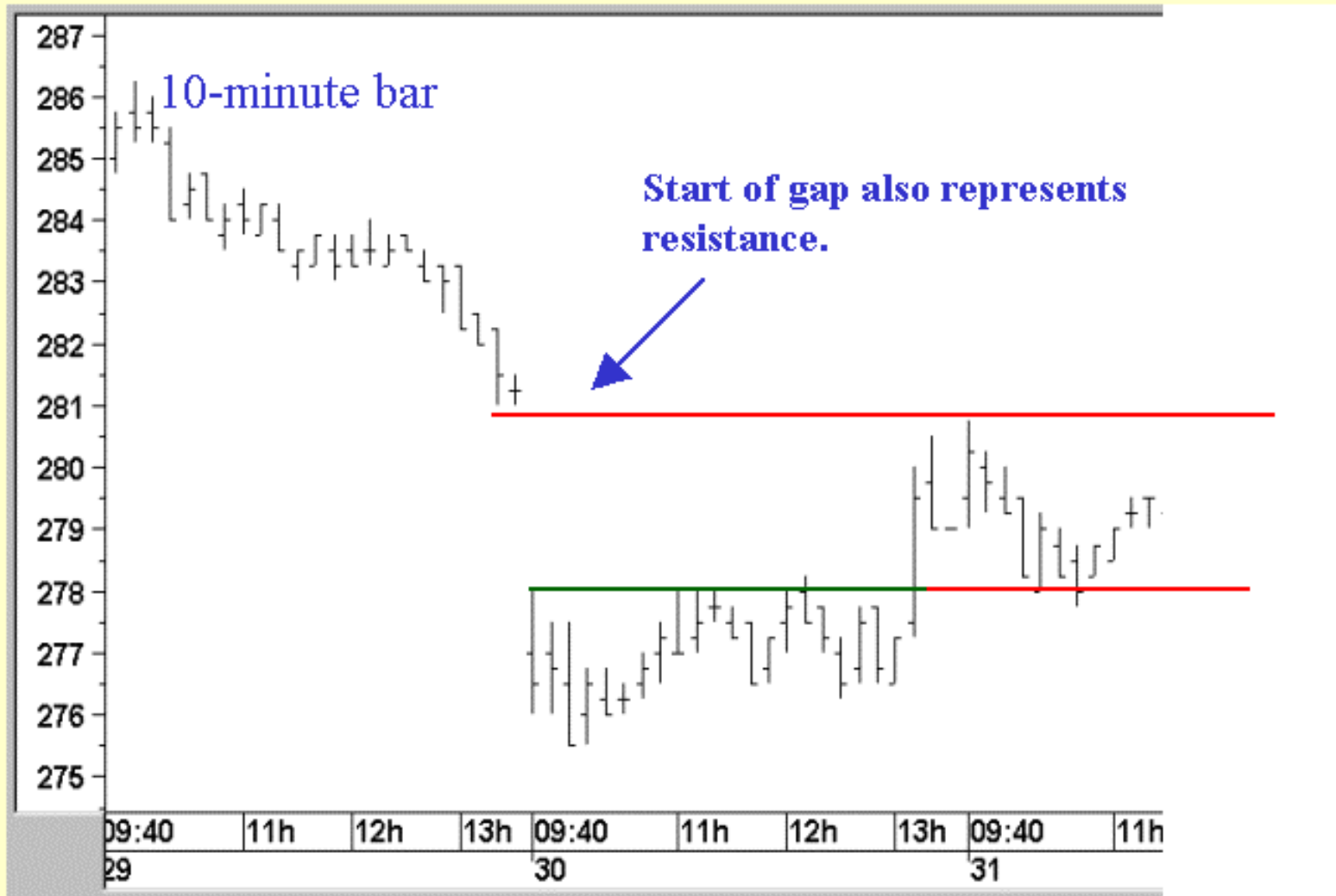
# December 1997 Corn



# December 1997 Corn



# December 1997 Corn



# December 1997 Corn





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Joint breakout



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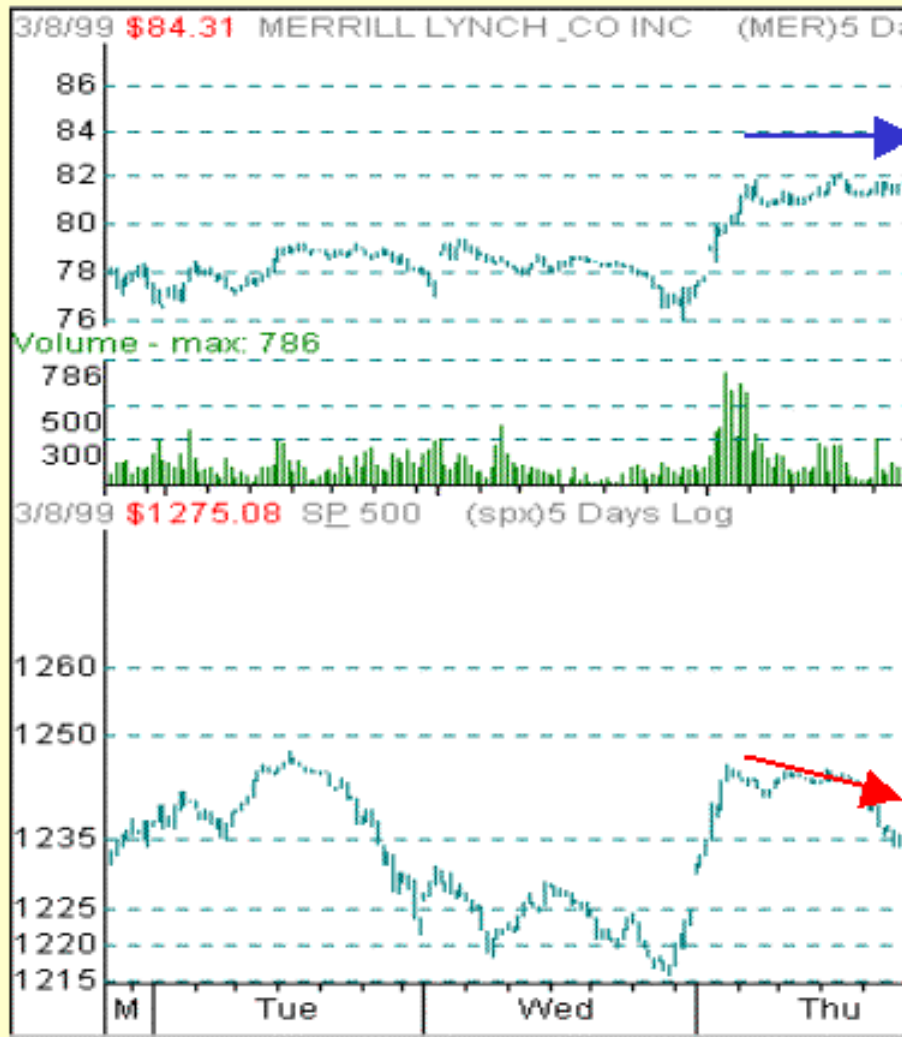


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# Merrill Lynch Vs S&P Composite



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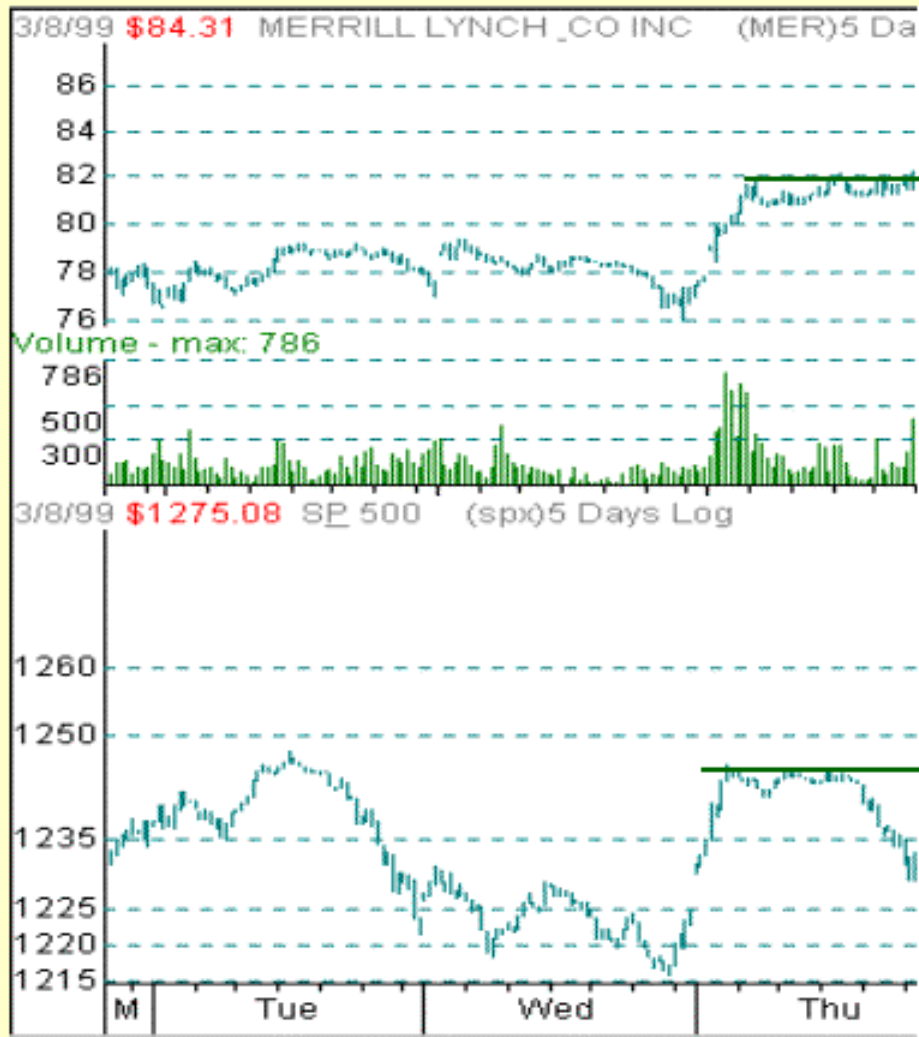
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# Merrill Lynch Vs S&P Composite



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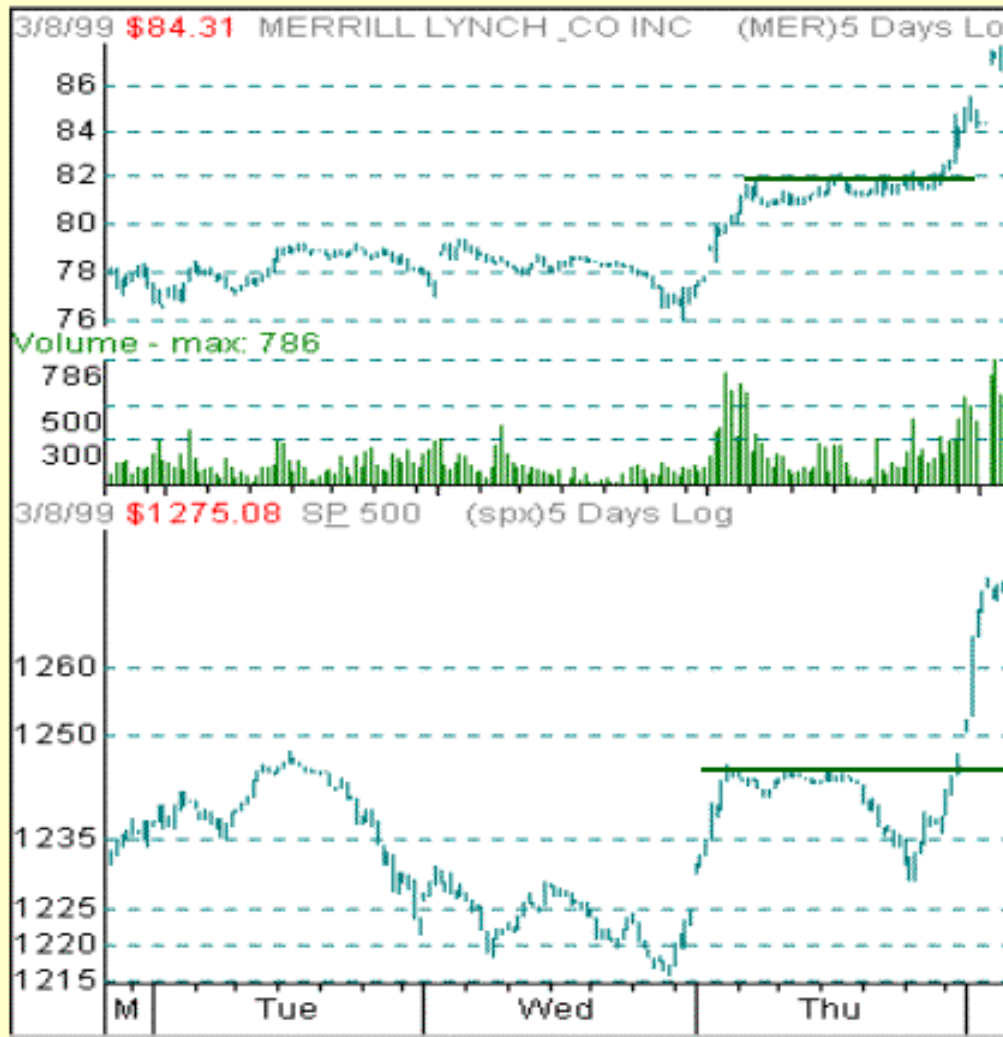
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# Merrill Lynch Vs S&P Composite



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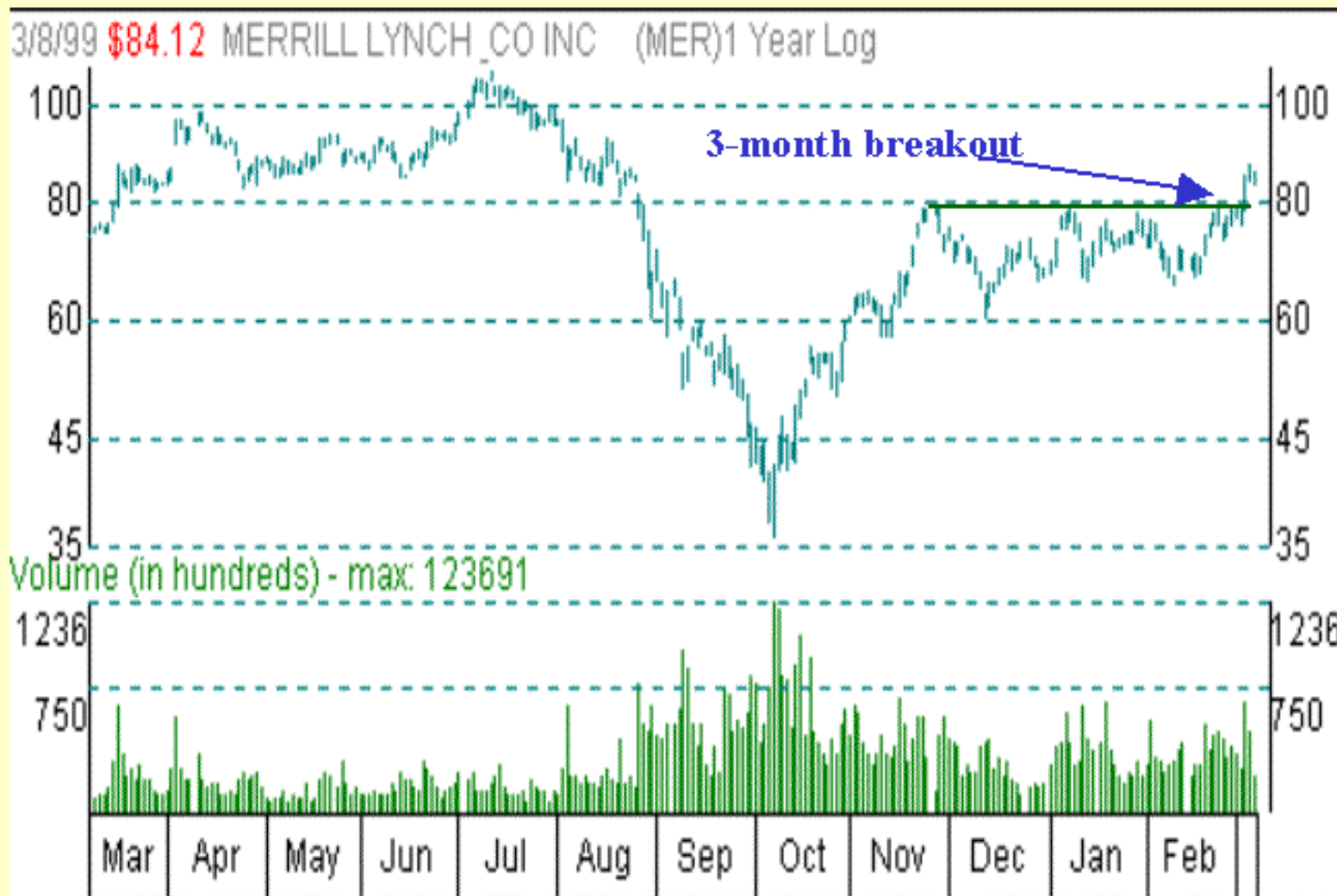
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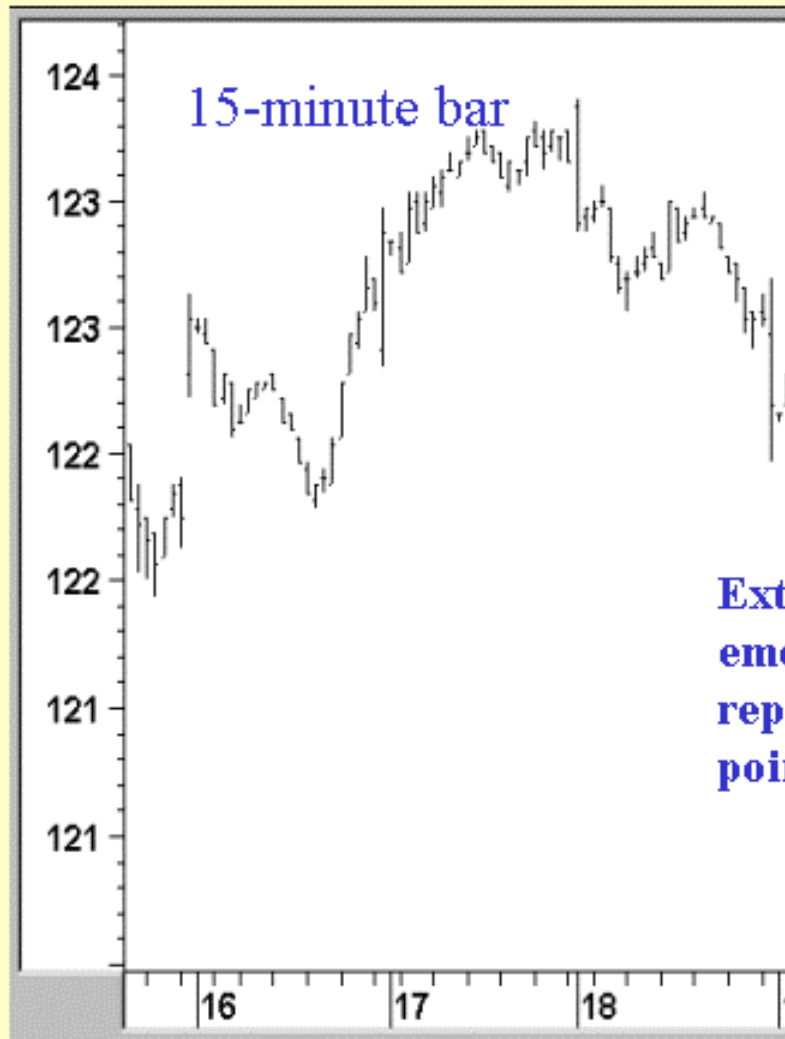
باز نشر :

# Merrill Lynch





# June 1997 Bonds



**Extreme point of emotional bars often represents a key pivotal point.**



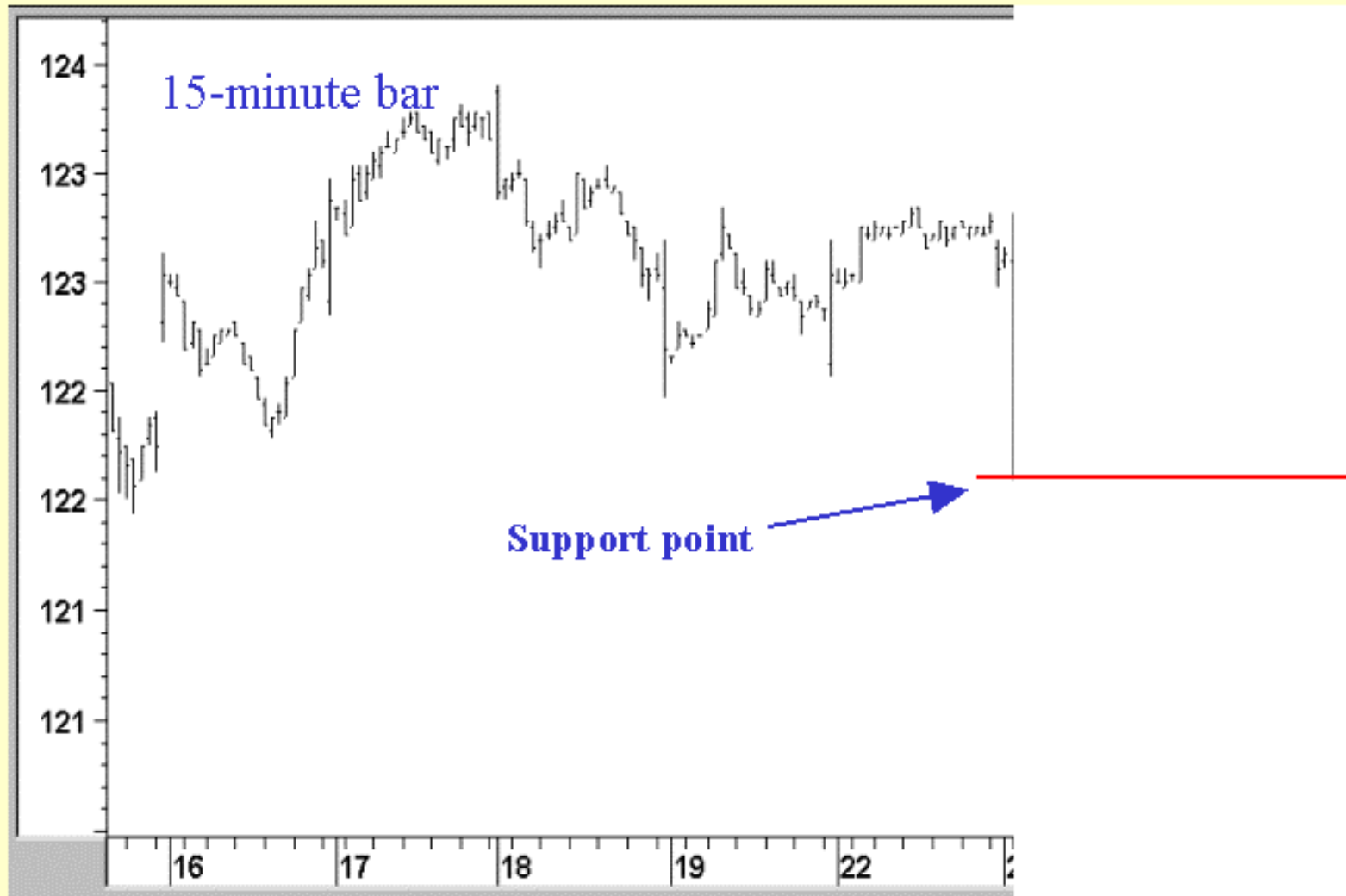
# June 1997 Bonds



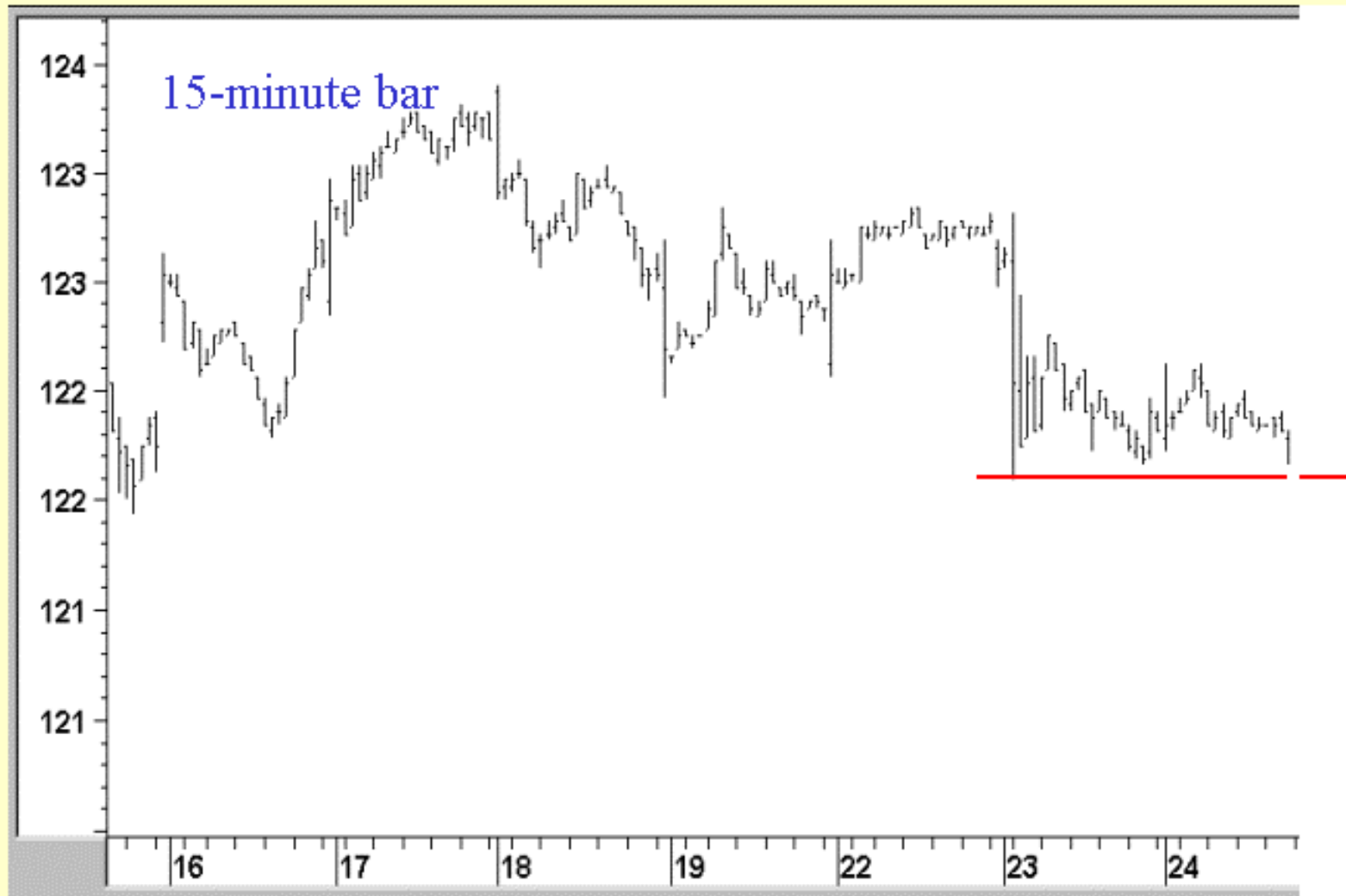
# June 1997 Bonds



# June 1997 Bonds



# June 1997 Bonds



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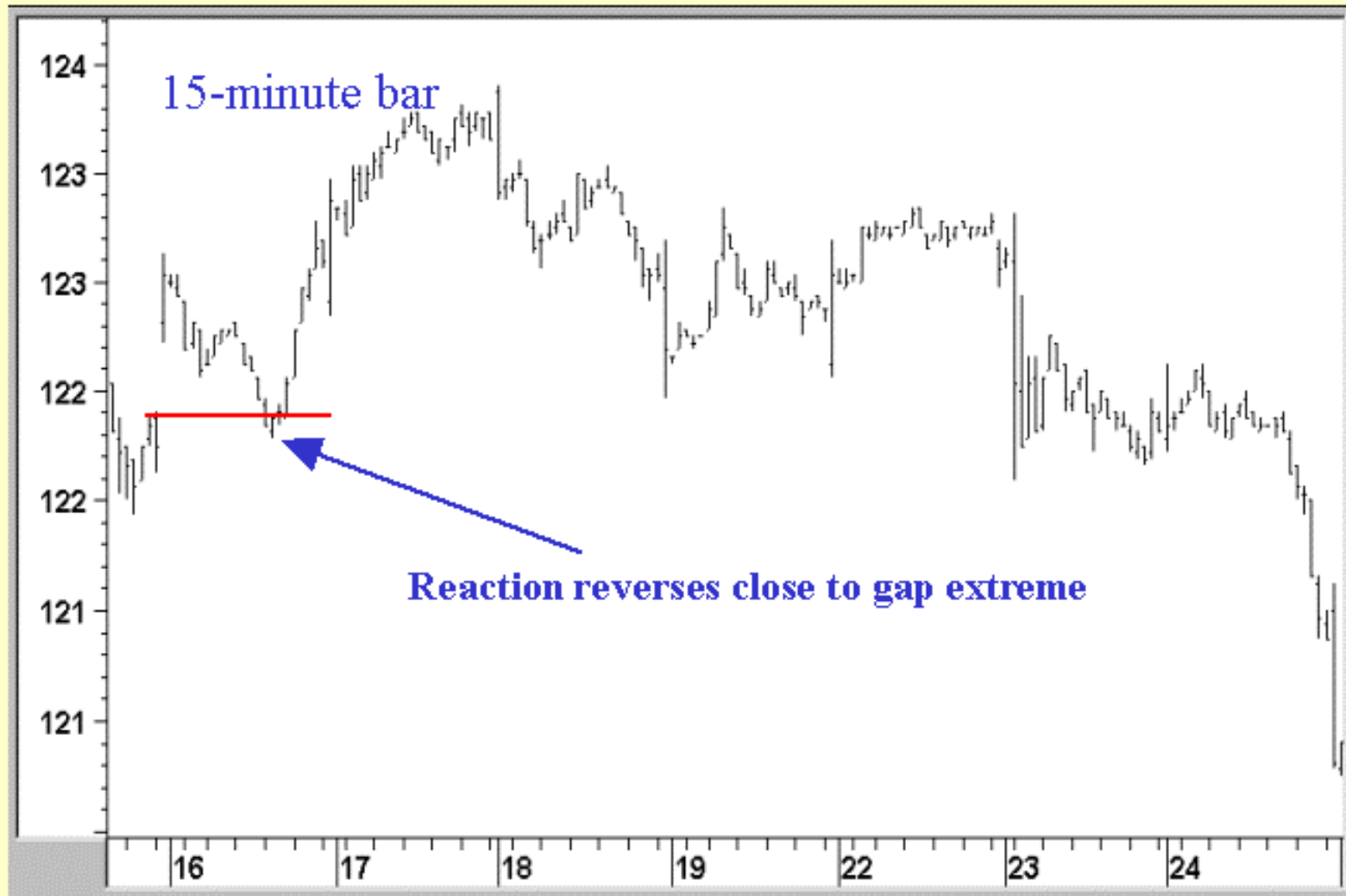
# June 1997 Bonds



# June 1997 Bonds

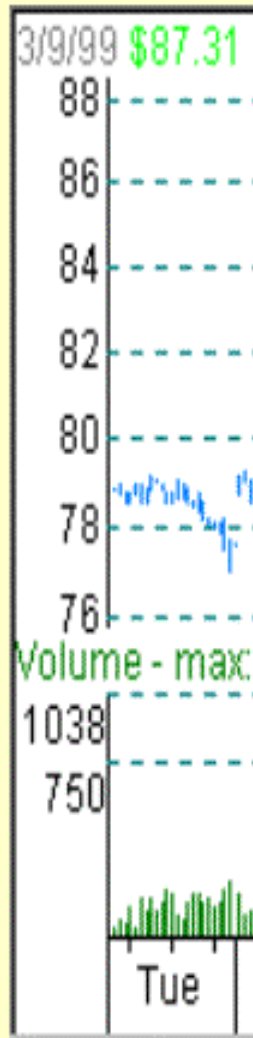


# June 1997 Bonds





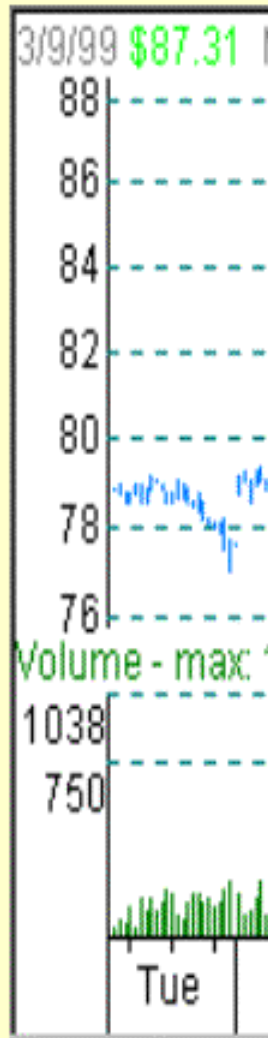
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Price gaps up at the opening



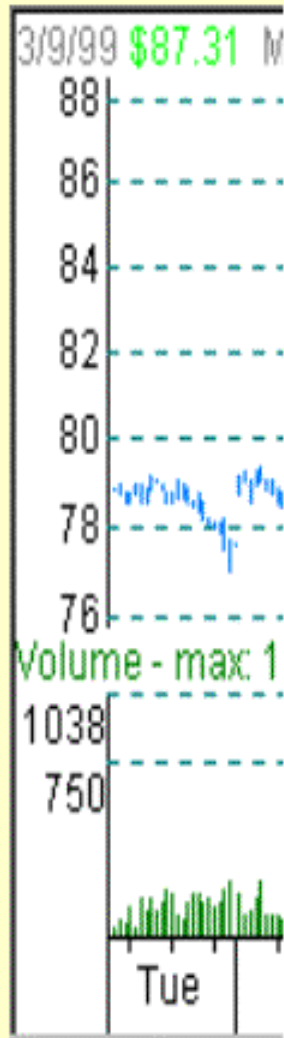
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Opening range is a trading range.



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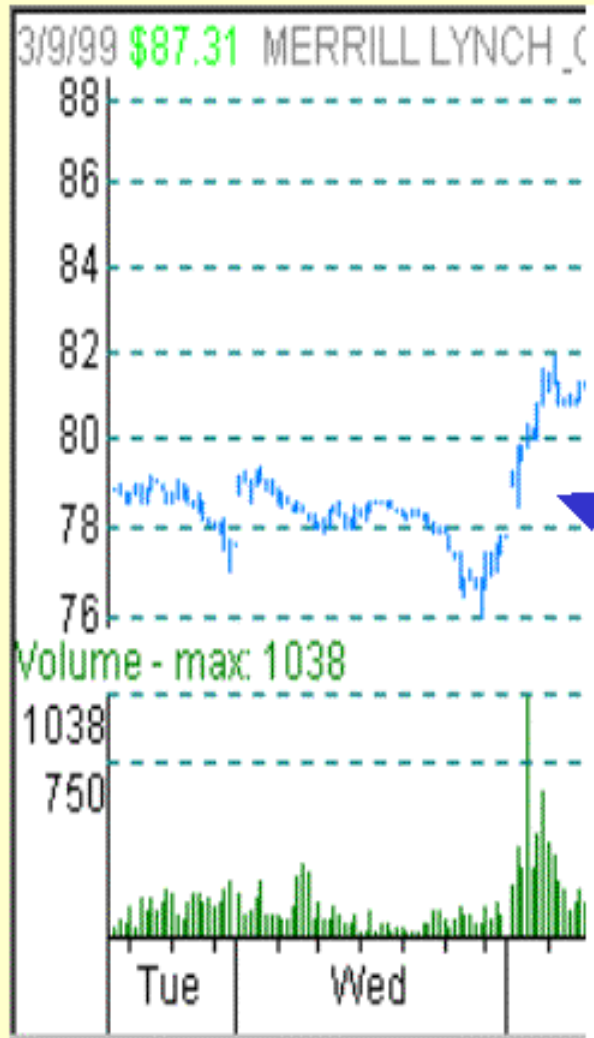
**Price breaks to the downside.**



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Opening range resolved on the upside.



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**Violation sets the scene for the rest of the day.**





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