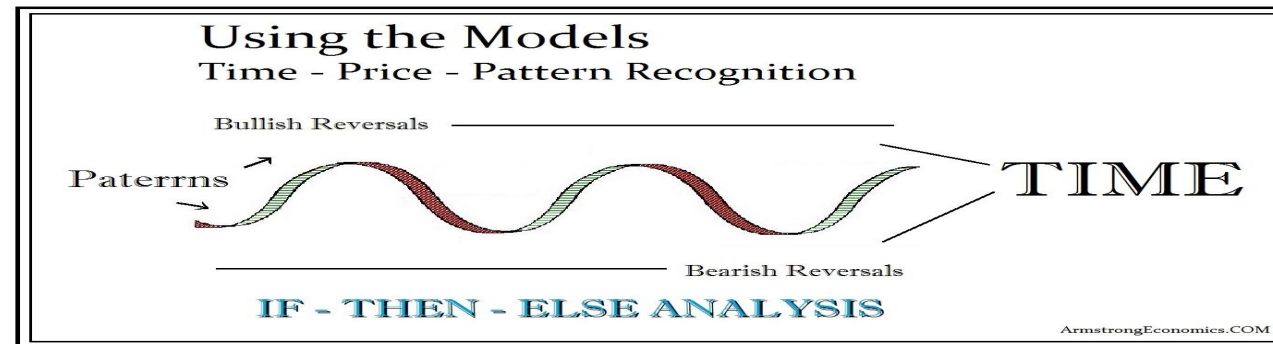


Market Patterns

Socrates Market Patterns and Trading disciplines



Compiled by Erwin Pletsch

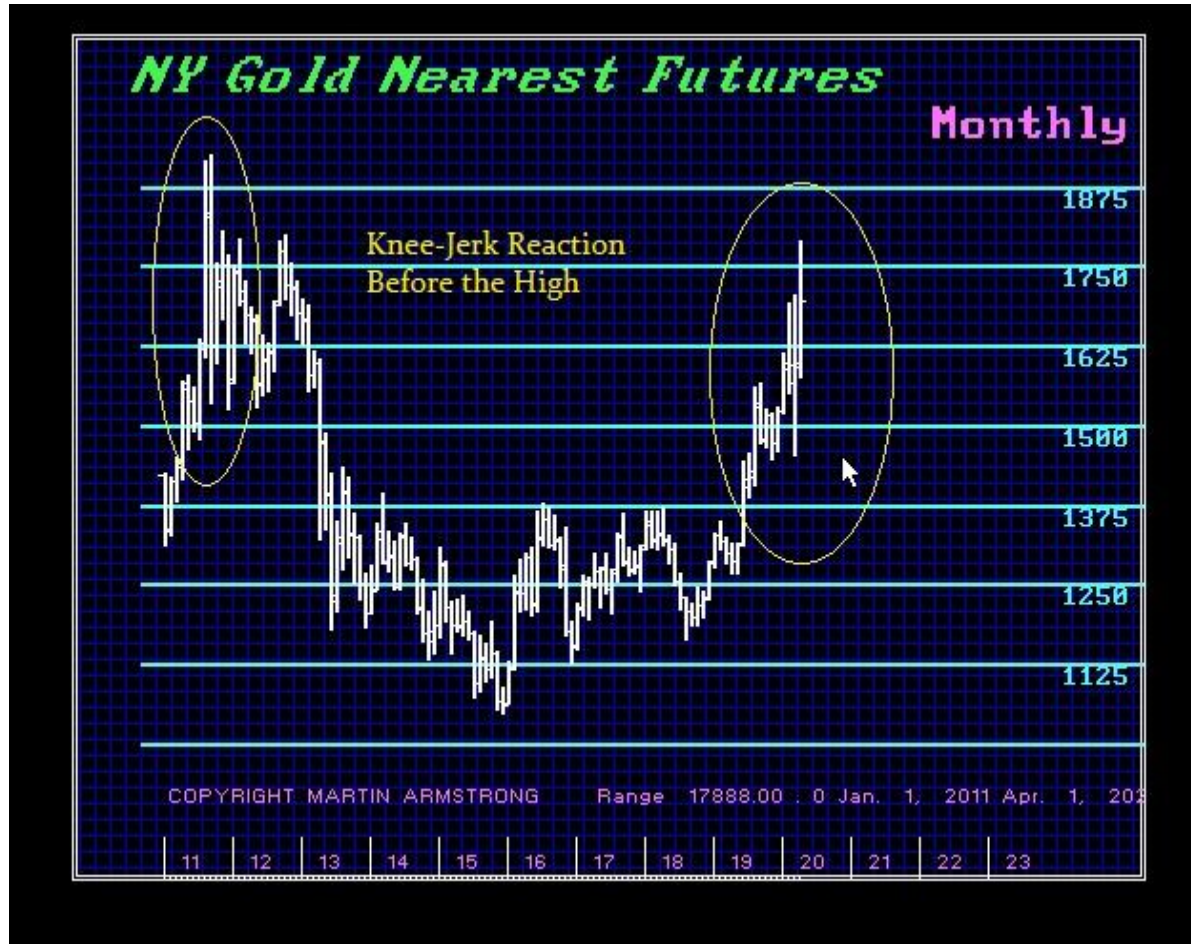


When the computer is classifying something as a Knee Jerk high or low, it means it is a one-time-unit event. A Reaction High or Low has not penetrated the previous event and is at least a three-time-unit event. A Temp High or Low is normally a brief trend greater than three-time-units.

Why do patterns change?



Many Times a Pattern is detected but unless confirmed at the end of the Time unit it can and will change during within the time unit. The above Head & Shoulders pattern is perfectly confirmed but only if the neckline is taken out. If price activity would change as in Graph two the pattern will be negated and Socrates will need to look for a different pattern .So GMW is not wrong at the time its price activity which confirms change



The pattern which seems to get the emotions flowing the most is always the Knee-Jerk Reaction before the high. This is often the strongest type of move just before the high which sucks them all in at the top thinking this is it and here we go.

Knee Jerk High-Low -Reaction



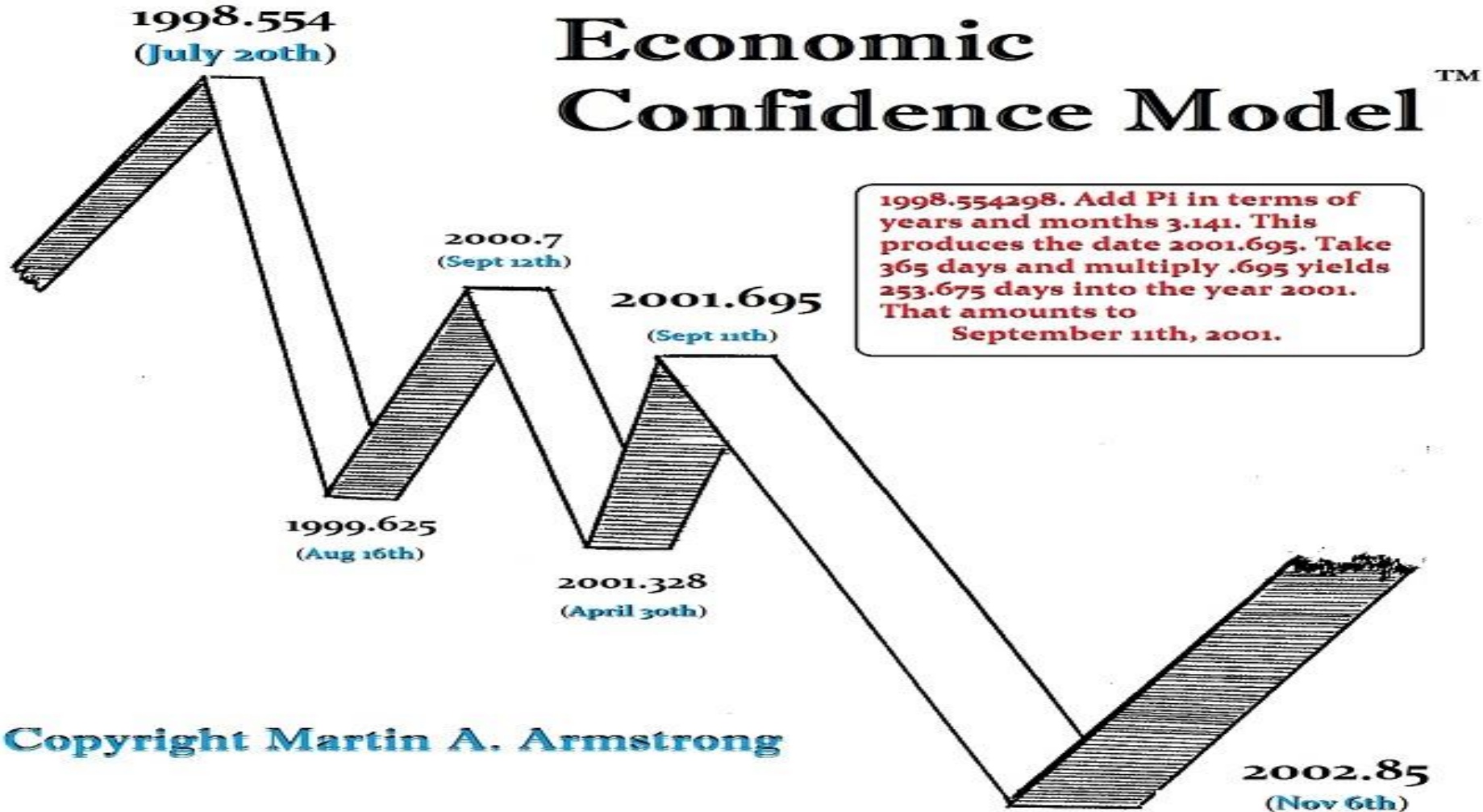
The terminology I have developed is unique and it comes from actually studying market behavior. I have explained that reaction is limited to the time period of three or less. Move beyond 3 years and you are changing trend. **The Knee-Jerk events can be highs or lows. They reflect choppy markets. They are confined to one unit of time.** Here is Singapore share index. Note that there were three back-to-back Knee-Jerk reactions. This is what the Global Market Watch is forecasting. Not necessarily a change in trend, just a choppy move normally in the opposite direction.

The Fractal Nature of Markets



Markets are Fractal meaning the same Pattern on one Level will replicate and move forward in Time to the higher levels from Weekly to Yearly

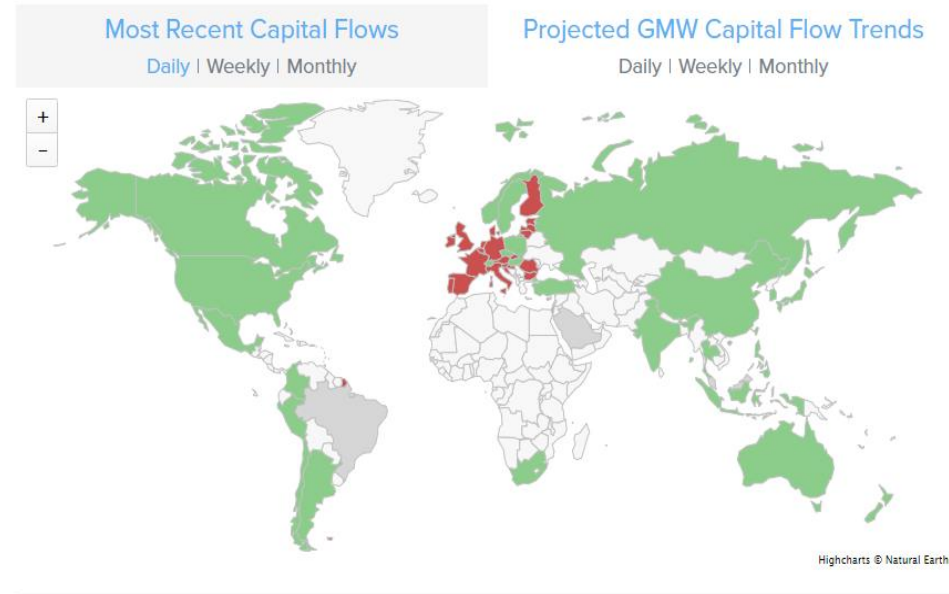




Global Capital Flows Heat Map

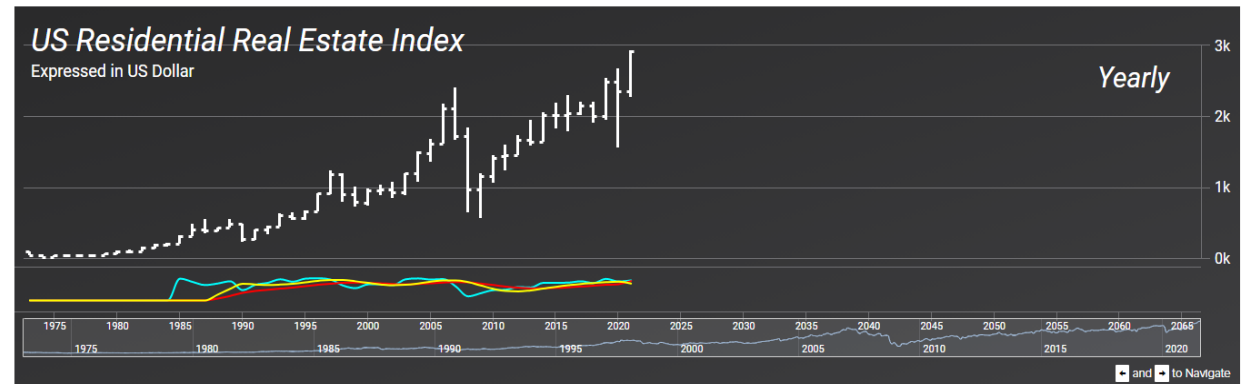
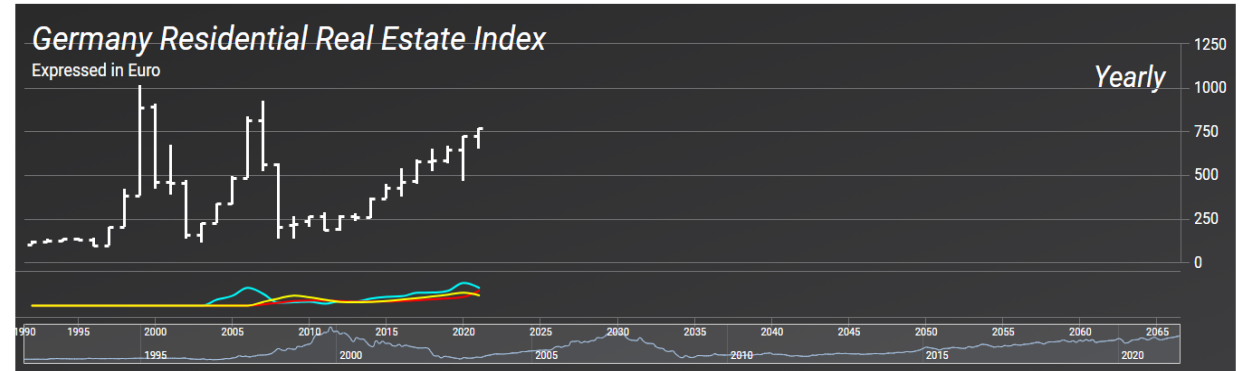


Global Capital Flows Heat Map



Most Recent Capital Flows Color Legend:

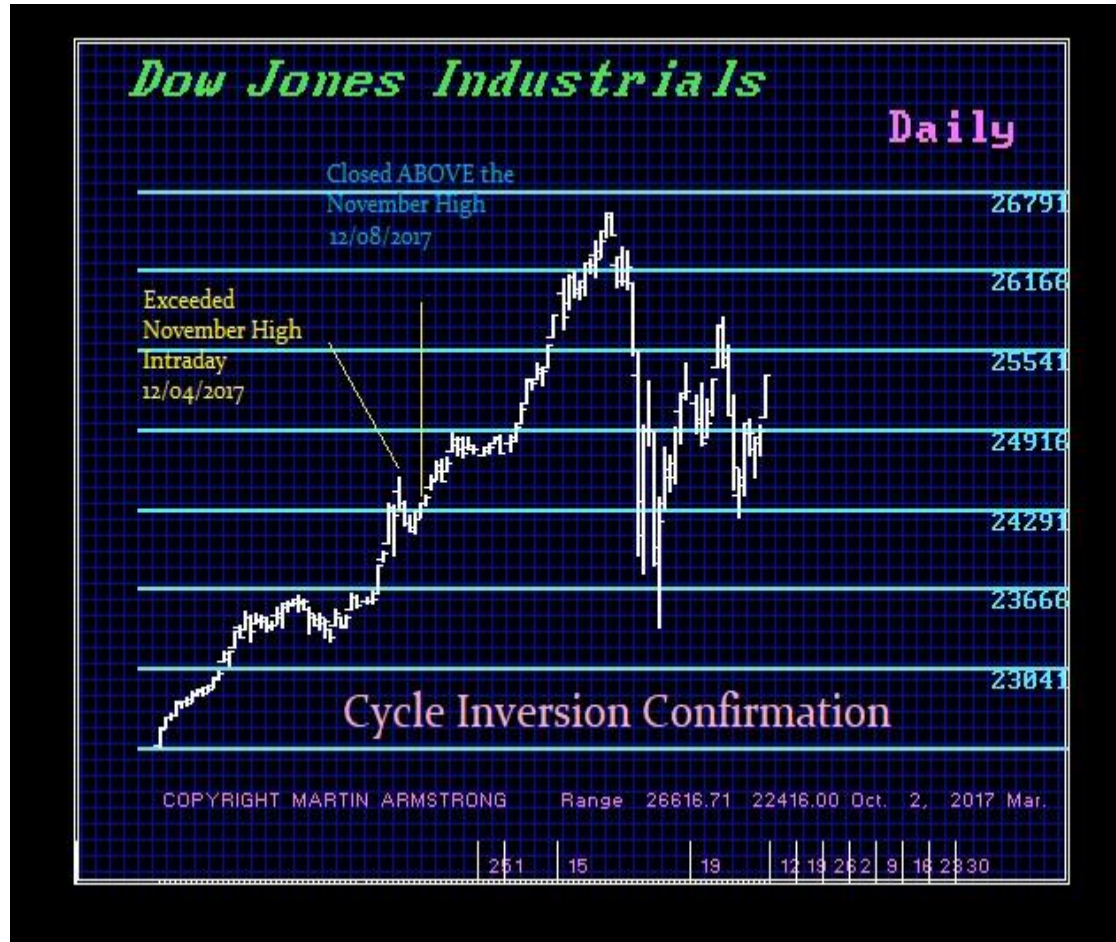
- Increase of > 5%
- Increase of > 0-5%
- Neutral
- Decrease of > 0-5%
- Decrease of > 5%



Our Global Capital Flow Heat Map tracing the money flows in and out of nations. It is collective and includes moving cash, buying bonds, real estate, and equities. It is the overview you will get nowhere else. **It is not forecasting anything specific. What it is doing is showing the major trend. You then look at the various individual reports in that region.**

You will find all the major sectors in Socrates from bonds and stock to real estate. Just comparing our US and German real estate indexes, you can see the difference in capital flows which are reflected in the heat map. The Map clearly shows that capital is pouring out of Europe and it is even moving back to China and Russia. Europe is squarely in the hands of the World Economic Forum and the intention to crush the economy to **BUILD BACK BETTER** is in full swing. Europe will be the first to fall in the world.

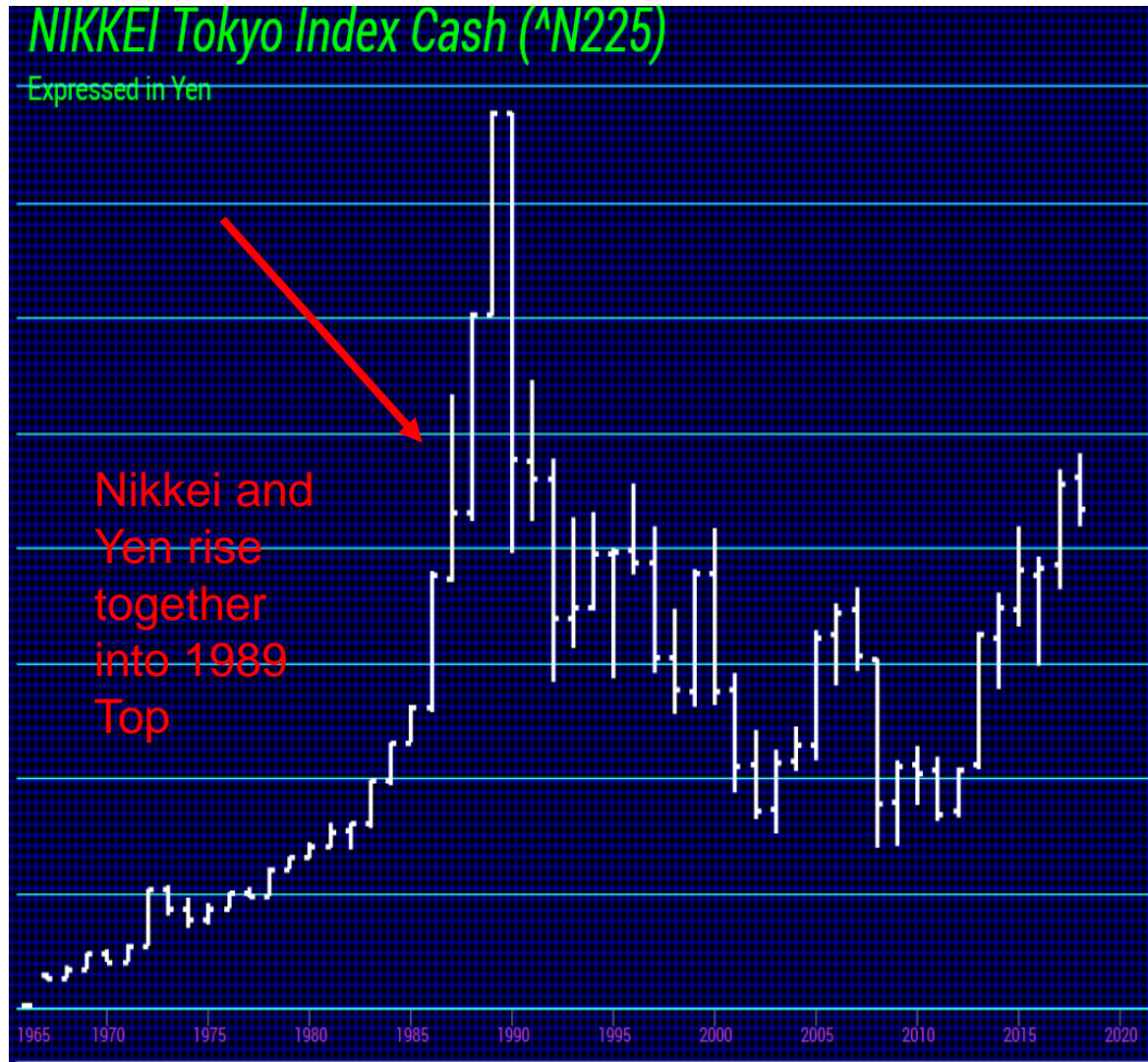
Defining a Cycle Inversion



In the immediate instance, *simply exceeding the January high would imply the next turning point would invert into a high*. Corrections are confined to a maximum of 3 timing intervals, which means April. A failure to make new highs and a penetration of the February low after April would imply a correction moving into probably July. *Just exceeding the January high intraday MAY BE good enough to qualify as a cycle inversion, but typically you need to CLOSE ABOVE it or it could be just a double top formation. The same is true in reverse with lows.*

You can normally assume a cycle inversion once that event is exceeded or broken on a closing basis. We previously warned that exceeding the November high is December would lead to a January high. That confirmed the Cycle Inversion. The same will be true with respect to the January high.

Share Markets and the Currency



A share market will rise as the hedge against the collapse in a currency since tangible assets have an international value provided the country is not being invaded.

However, a rise in a currency and share market reflects international investment capital pouring into a country. It is this type of alignment between tangible assets and the currency value that produce the **GREATEST BUBBLE TOPS** in history

Why the Dow is Different From S&P 500 & NASDAQ



**S&P500
INDEX**



The Dow is a reflection of the big money and international capital flows. The S&P 500 is more domestic oriented and used among institutions and fund managers, whereas the NASDAQ has more of a tendency to be retail. On the rally up from 2009, the Dow led. Note that at the peak here in 2020, the Dow peaked first, then the S&P 500, and the NASDAQ made new highs into February taking the lead from the Dow. That was the kiss of death and confirmation that a sharp correction was then possible.

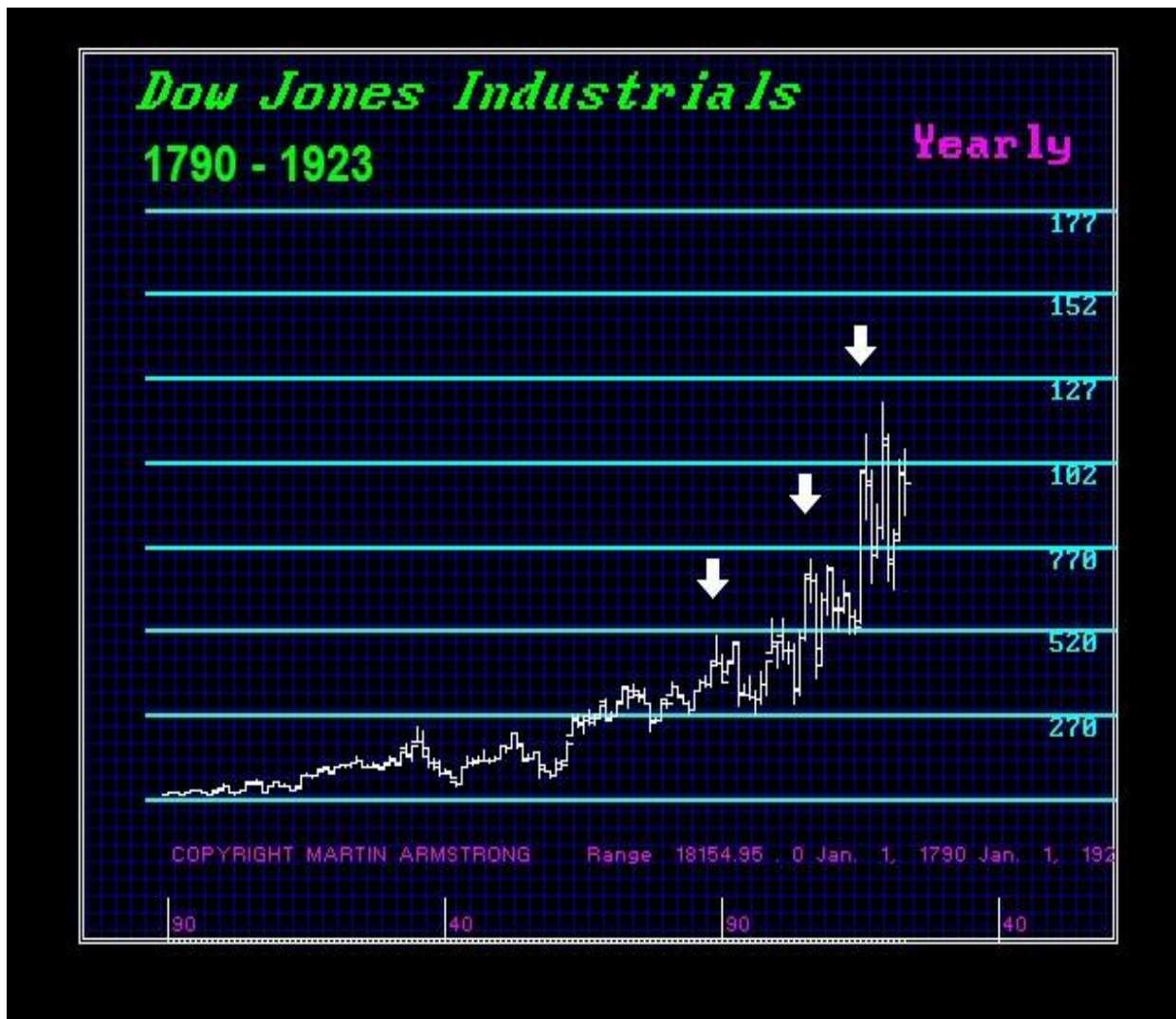
The False Move



Just as they say there is the calm before the storm, there is always the false move before the breakout

- The real energy within a market is always to trap the majority, for then they lose money and it forces them to cover their position. If 90% of the people are long, then any news can set off the collapse. If you scare the majority, there will be **no bid** when you try to sell, which results in a flash crash. Likewise, this current rally in the Dow from 2009 has been the most bearish in history. The majority of analysts still keep calling for an inevitable crash. Retail participation still remains near historic lows. You cannot get a crash of major consequence as long as the bulk of the people are not invested in the market. Here you see how the market **ALWAYS** makes a false move just before it makes the real move in the direction of the underlying trend. At each correction, the emotions run high and people **ALWAYS** expect whatever trend is in motion will remain in motion. Hence, shorts build up and then they are compelled to cover and that gets the rally moving.

The False Move



Markets are fractal. So whatever you see on only level of time, must exist on all levels of time or else it is not real.

The Dow made a Yearly **FALSE MOVE** on a number of occasions. For example, the high of 1916 dropped from 8500 to 6590 and established the low in 1917. It then swung to the upside, reached new highs at 11960 in 1919, and then on the panic back down.

The Dow made its intraday high in 1889, which was followed by a one year panic into 1890. It then swung back to the highest yearly closing in 1892 with the famous Panic of 1893 immediately thereafter.

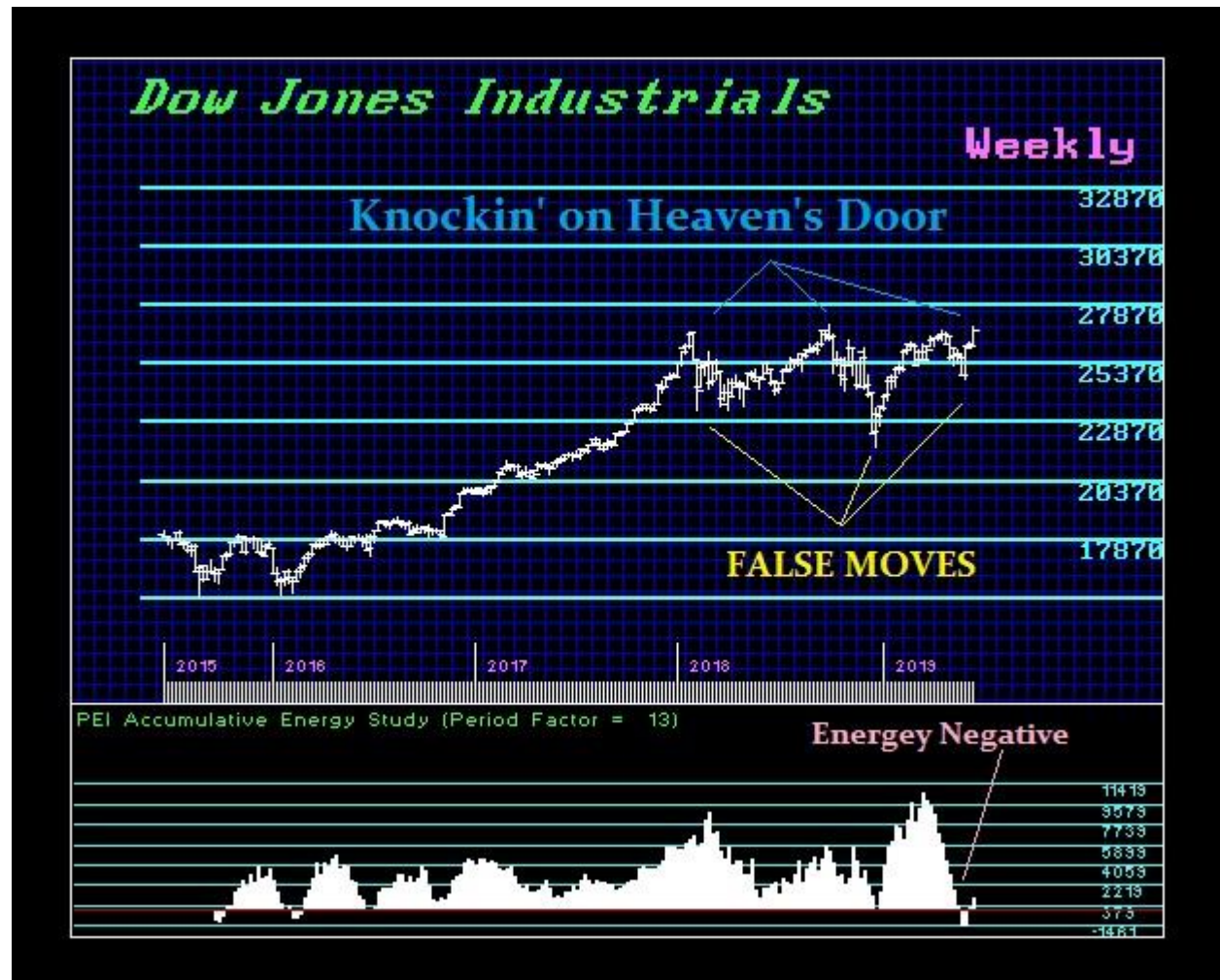
A similar pattern unfolded with a high in 1872, a panic penetrating the previous year's low in 1873, and then a dramatic swing to new high the next year in 1874.

The False Move Gold



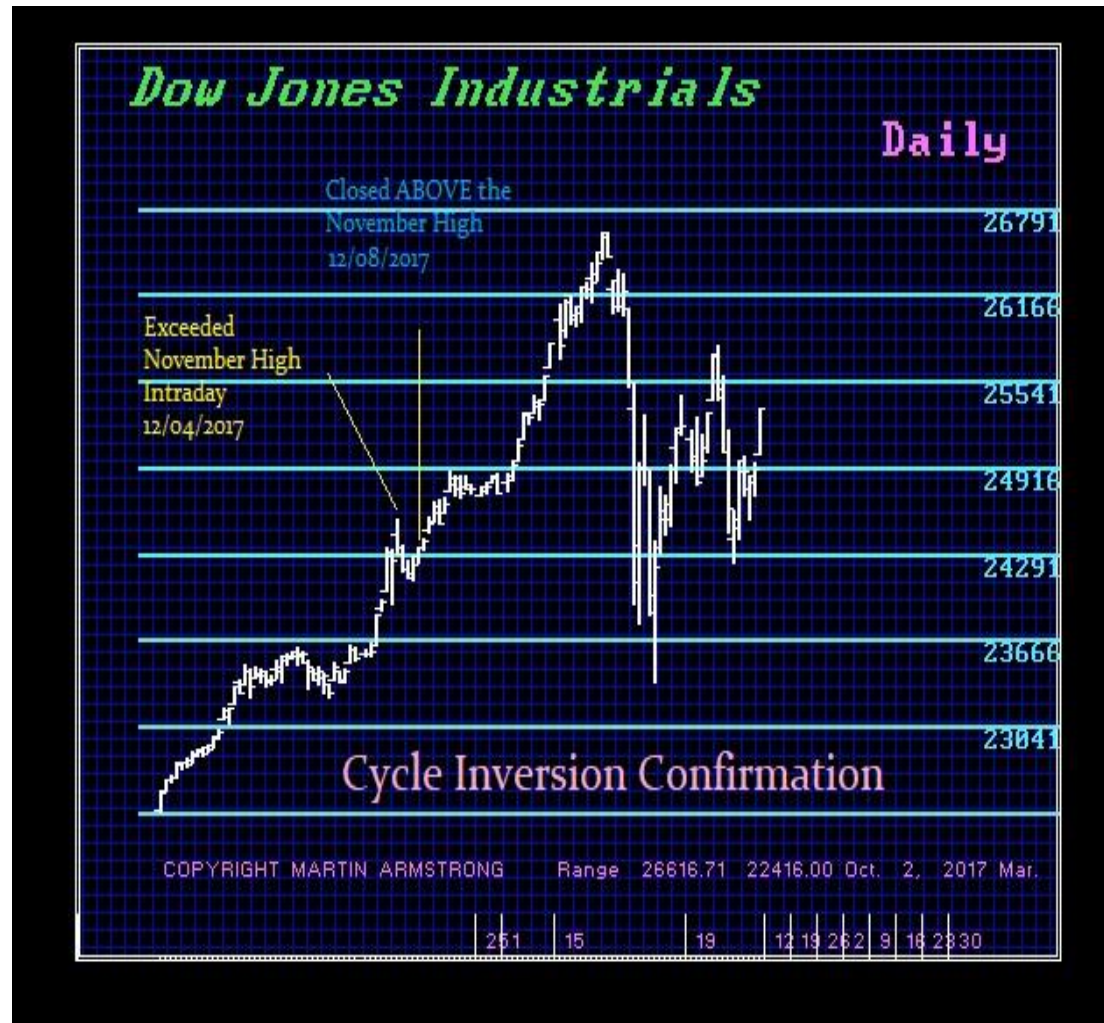
False Moves in Gold

The False Move DJIA



The 4th Knock on Heavens Door is usually when the Door opens. Worst Case scenario it will be the 5th

Defining a Cycle Inversion



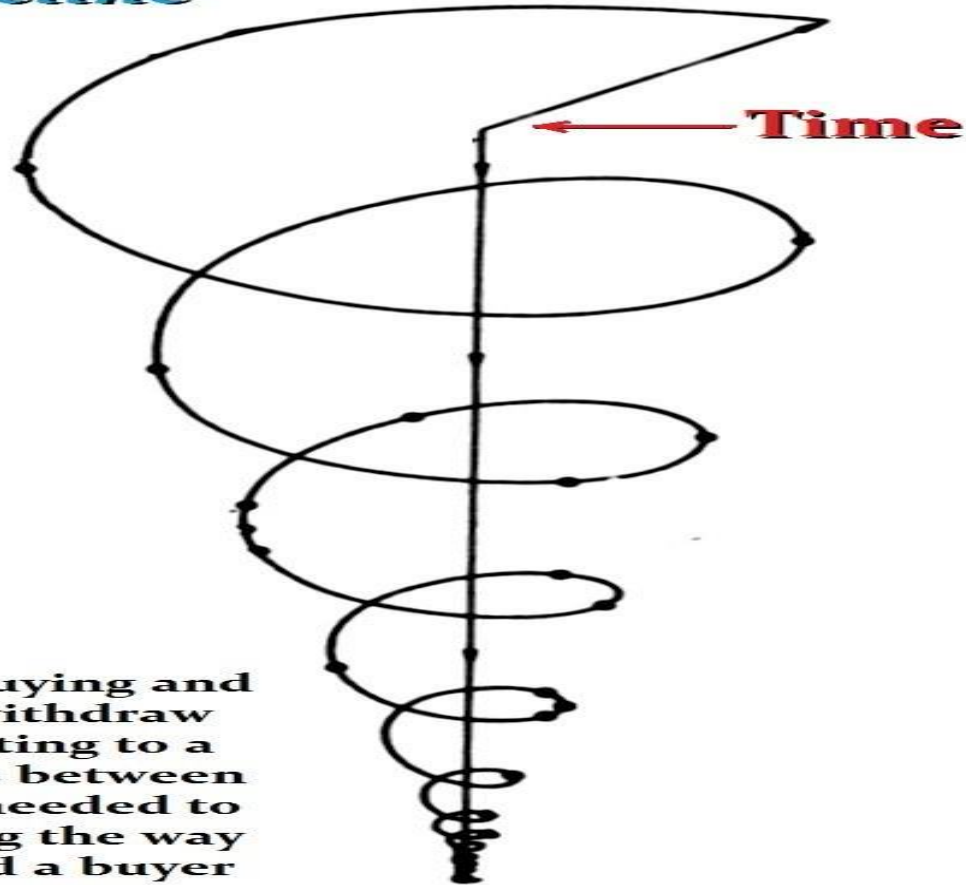
- *Just exceeding the high intraday MAY BE good enough to qualify as a cycle inversion, but typically you need to CLOSE ABOVE it or it could be just a double top formation. The same is true in reverse with lows.*
- *You can normally assume a cycle inversion once that event is exceeded or broken on a closing basis.*
- Cycle Inversions unfold routinely when trends are shifting. The fact that we are getting these cycle inversion now is definitely a precursor of what is coming between 2018 moving into 2021. When the same cycle has been producing alternate events and suddenly it begins to produce just highs, look out – for it is warning that the foundations are changing. This is what we are witnessing currently. We can taste it. With interest rates at historic lows, and you have the Japanese central bank buying 75% of the government bond market and the ECB owning 40%+ of all government debt, an uptick in interest rates is going to make the world economy simply go completely nuts.

The Spiral Panic

The Spiral Panic *How Markets Decline*

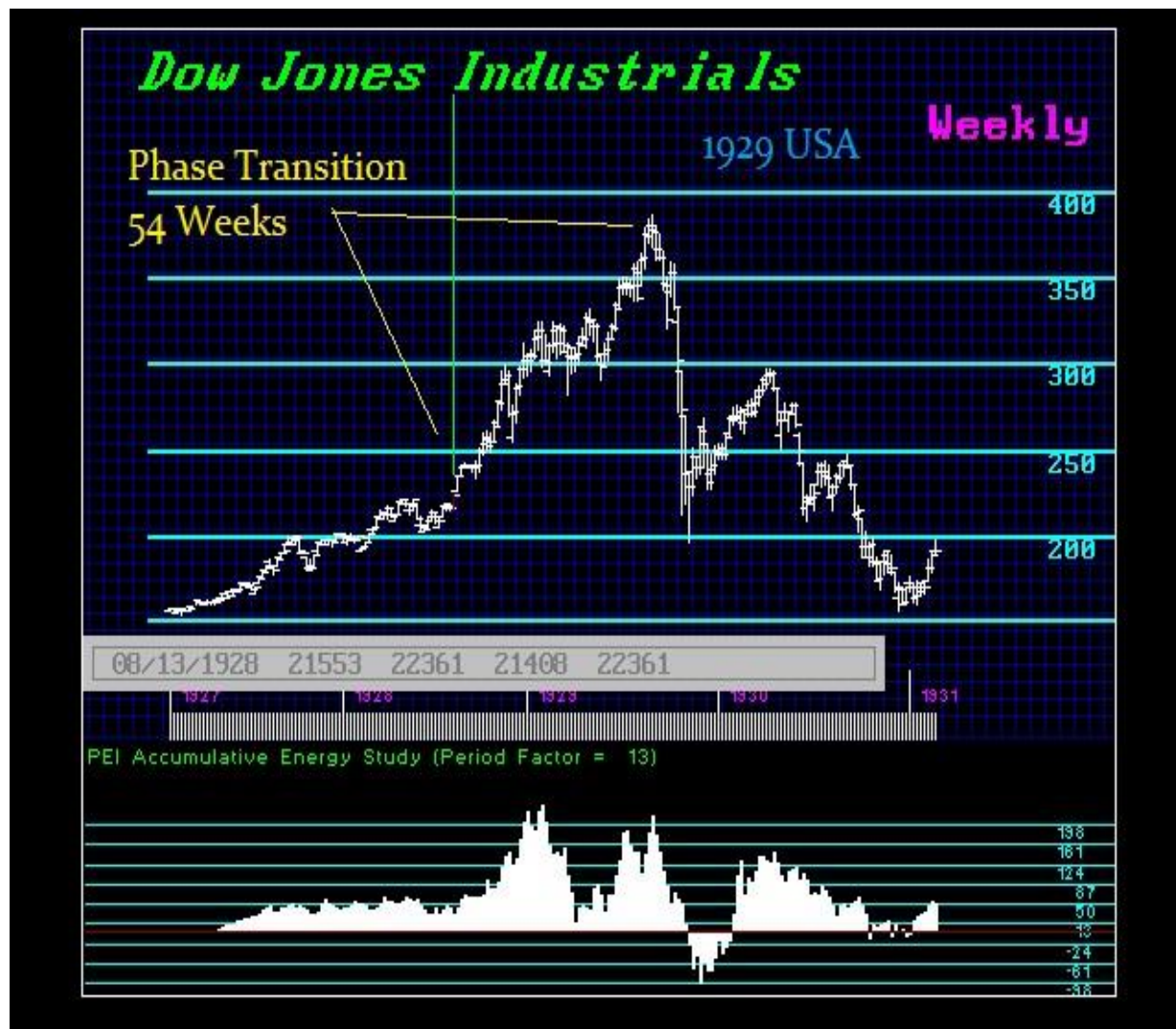
The assumption that someone sells the top short and someone buys that position holding it all the way until the bottom is reached is just unrealistic. This is a cascading collapse with people trying to pick the bottom but rapidly reselling as they start to lose money. They generally provide the support unless there is a collapse in confidence in which case you get the FLASH crash.

Market makers are also buying and selling and at times will withdraw from the market contributing to a FLASH crash or huge gaps between trades. Short players are needed to also provide support along the way down. There is no sale and a buyer that carries the trade to the low.



Market Myths 101

The Phase Transition



The Phase Transition is also referred to what is called as the Law of Movement. In simpler terms, a Phase Transition changes in state from one form to another. This law, amplifies that everything is in place from the world of physics to economics. In the markets, the Phase Transition explains abrupt movements in price and always unfolds from a prior base in order to create the energy needed in order for the movement to take place (transitions).

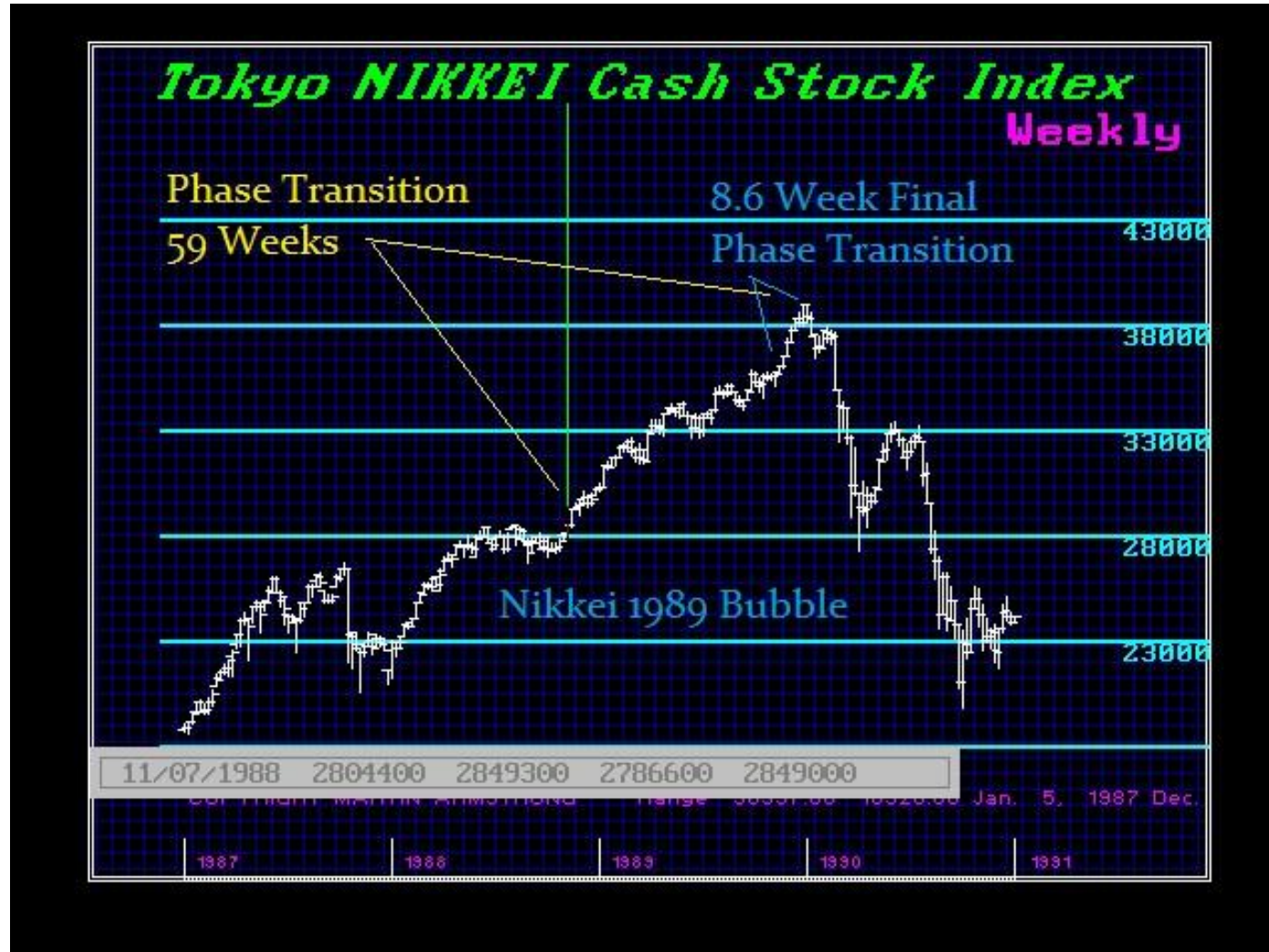
This is not a normal bearish or bullish state rather it is a compressed state of time that convinces the majority within the marketplace to switch sides. Understanding the Phase Transition is critical to understanding how to trade. The greatest amount of gain and loss is accomplished in the shortest amount of time.

A phase transition is typically 52-59 weeks in general. This is a broad measurement and not fine tuning. *A Phase transition is a doubling in a short period of time. It's only in one direction unlike a slingshot move which goes in two directions.* In other words, this is a sudden exponential move that marks a departure from a normal trading event to an explosive move wiping out both sides.

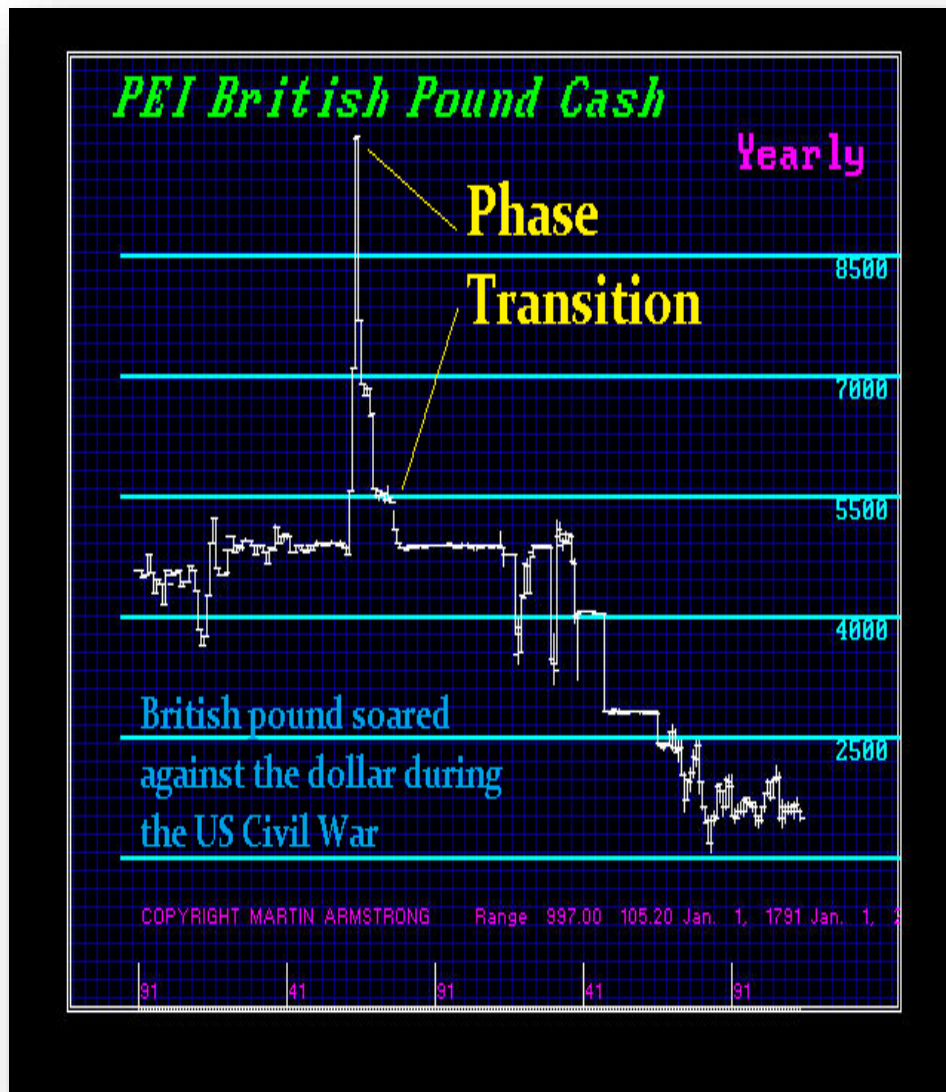
Phase Transition in the DJIA



Phase Transition in the Tokyo Nikkei

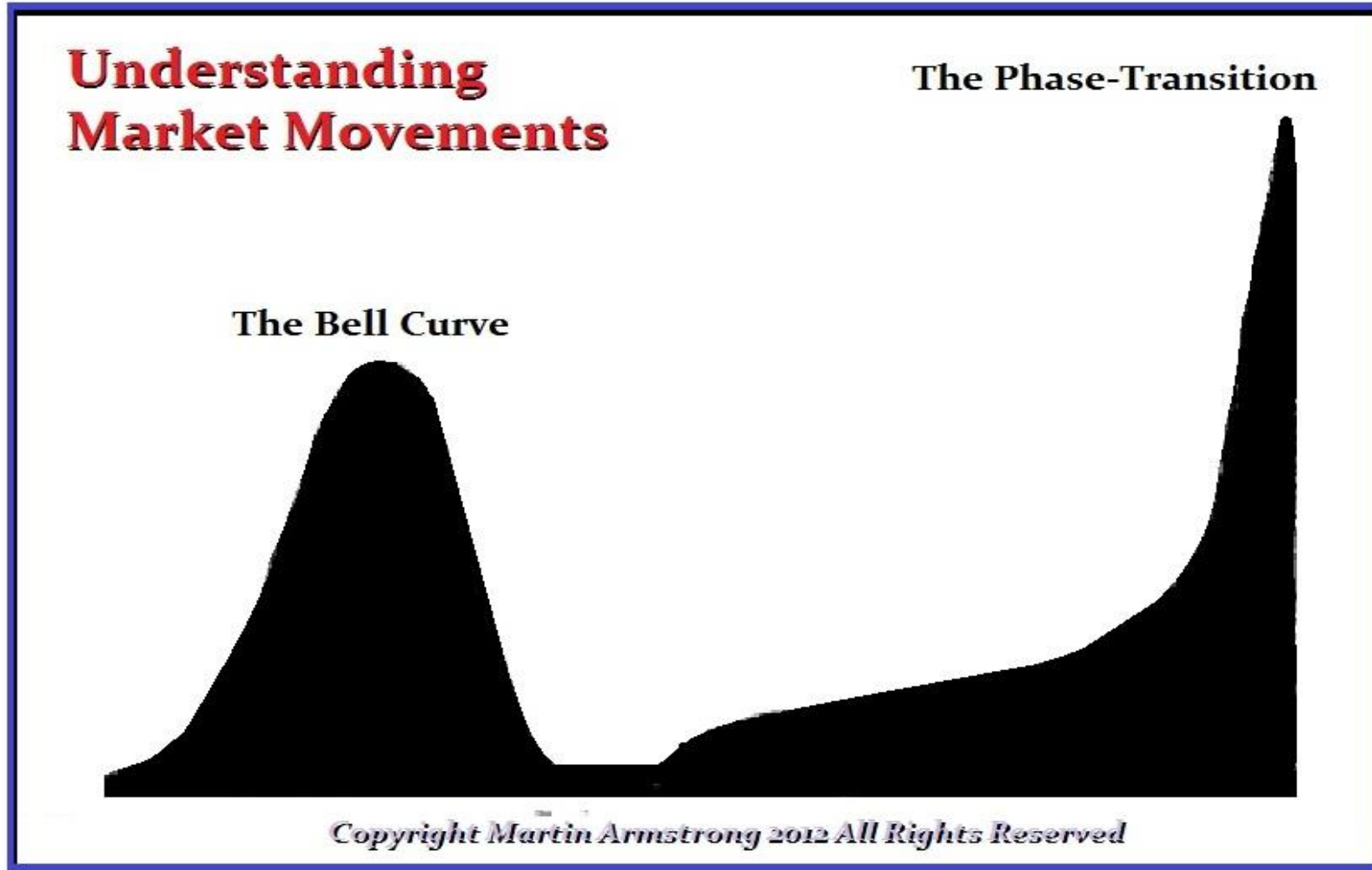


The Phase Transition

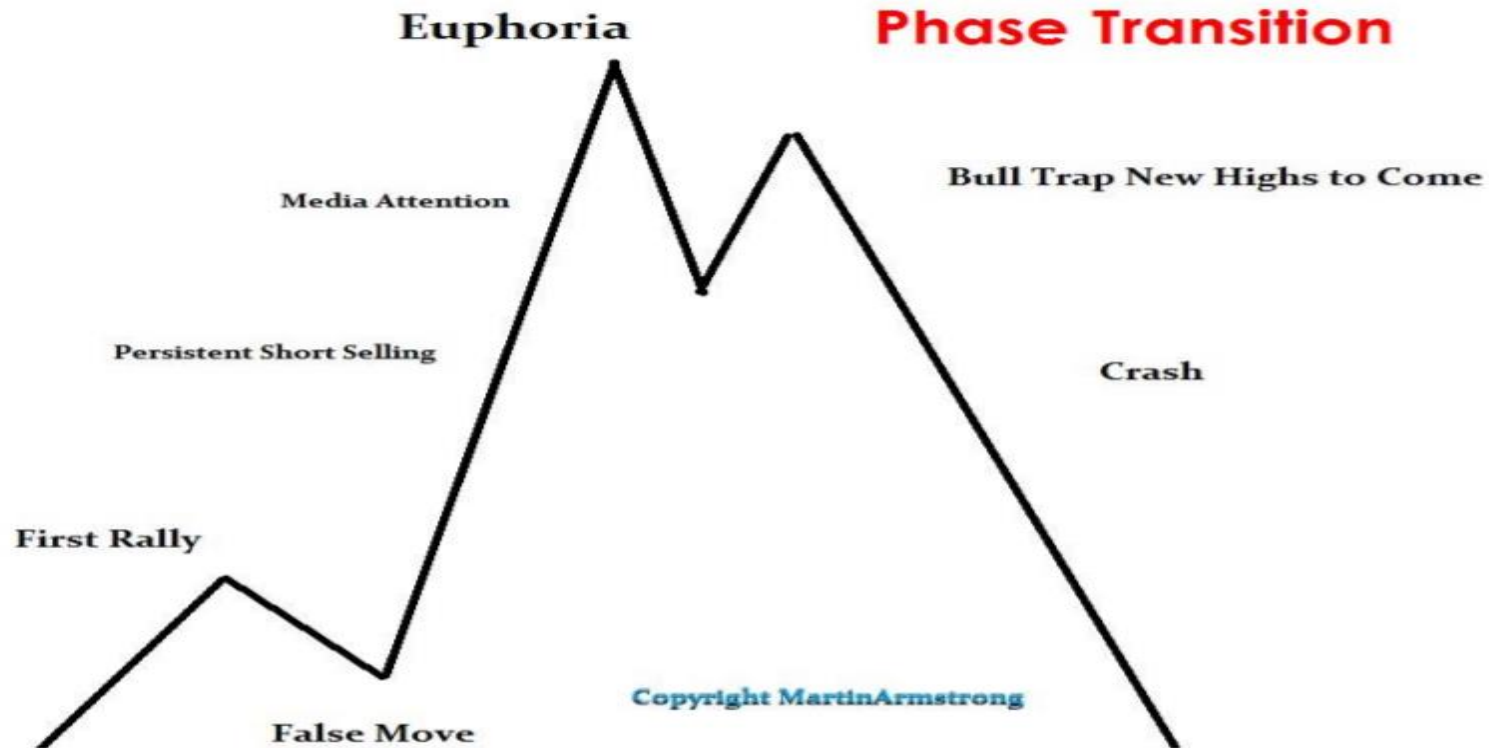


- British Pound 3 year Phase transition
- Took Place relative to the Dollar during the civil war

The Phase Transition Bell Curve



The Phase Transition



It was **Niccolò di Bernardo dei Machiavelli** (1469–1527) who concluded after his observation of history that the reason there is a cycle whereby history repeats, is because there is a common denominator. **It is man himself that causes history to repeat because the Passions of Man Never Change**

The Sling Shot Move

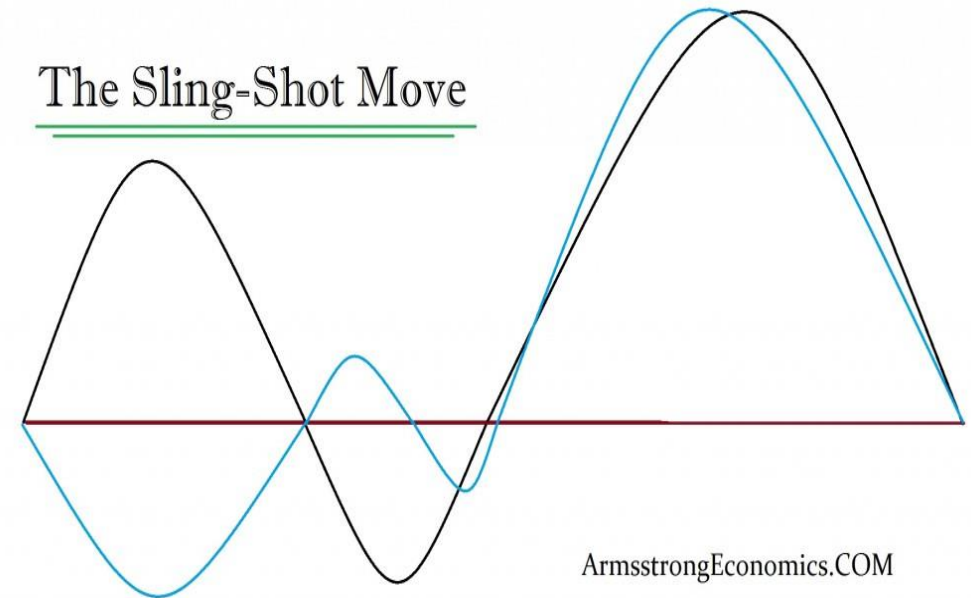


[The Sling Shot Move Video](#)

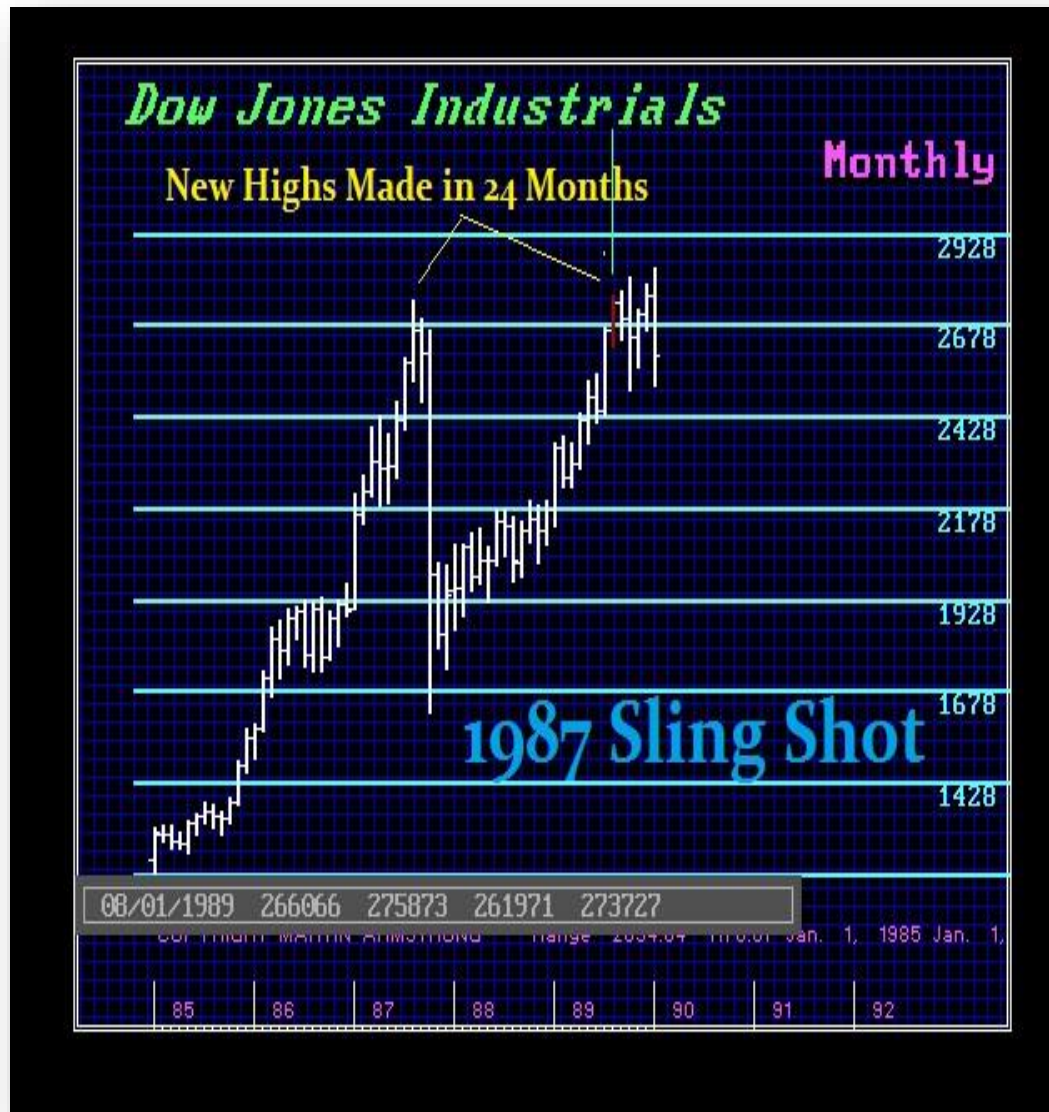
(Ctrl + Click link)

A slingshot is in both directions .First it takes out the low and then the high

The Sling-Shot Move

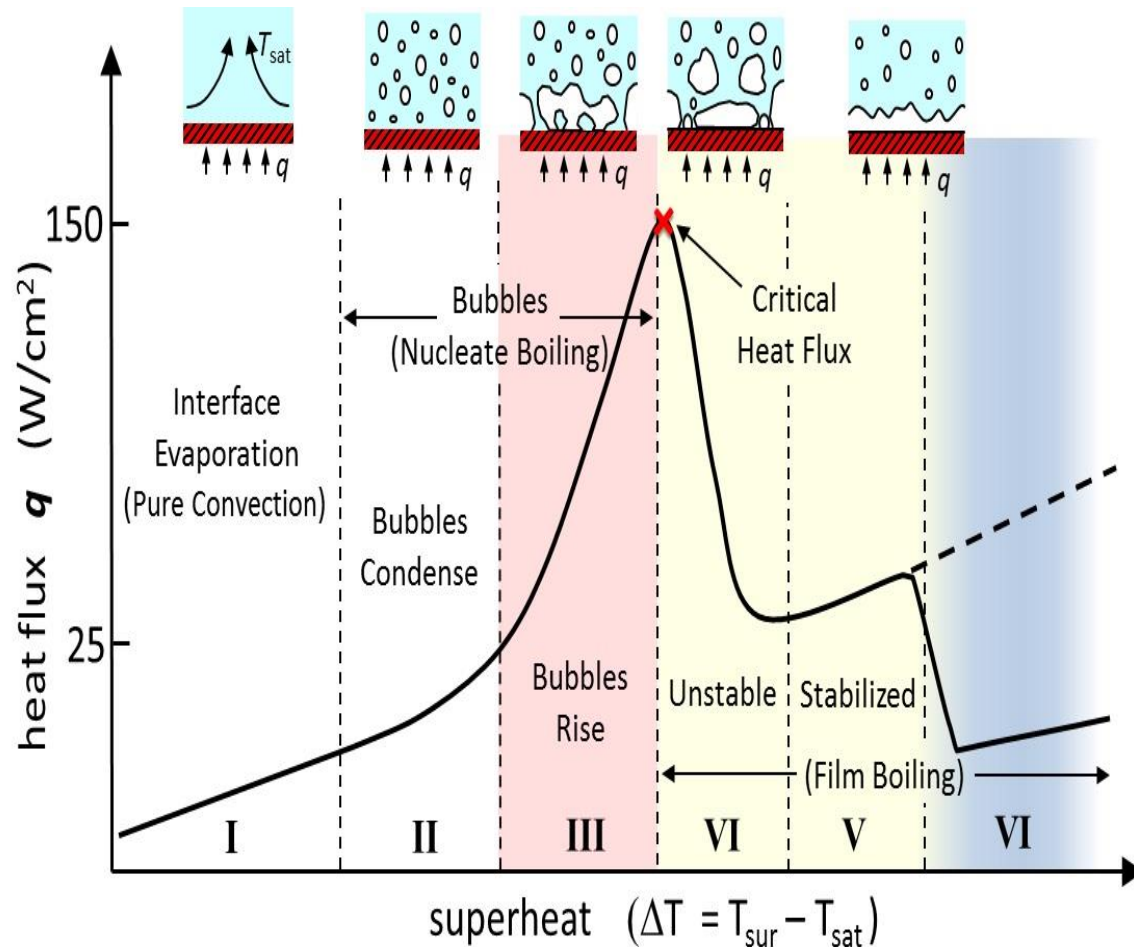


Slingshots & Important Temporary Highs



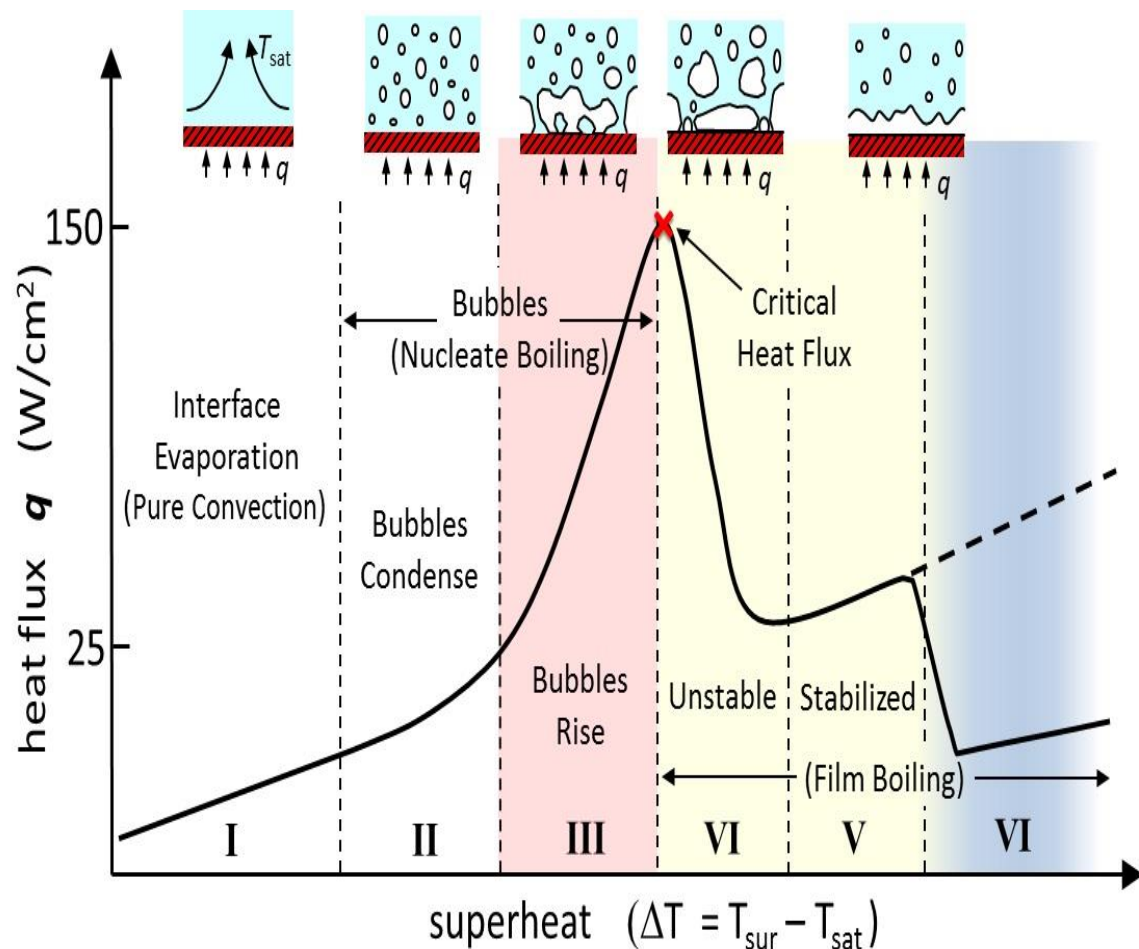
- Slingshots are only important Temporary highs
- Major lasting highs are only through phase Transitions

The Sling Shot Move



Water takes a lot of energy to heat up. The amount of energy it takes to actually heat water is very well established. A calorie is the amount of energy it takes to heat one gram (1 ml) of water by 1°C. This can be expressed as 1 kcal = 4184 J, which is how much energy it takes to heat one kilogram (or liter) of water by 1°C. Therefore, 1 Btu = 1055 J, which is the amount of energy it takes to heat one pound of water by 1°F. Now, when we actually chart the progression of heating a pot of water, we discover a phase transition, meaning we are reaching the point when we convert the liquid water into a gas and see steam

The Sling Shot Move

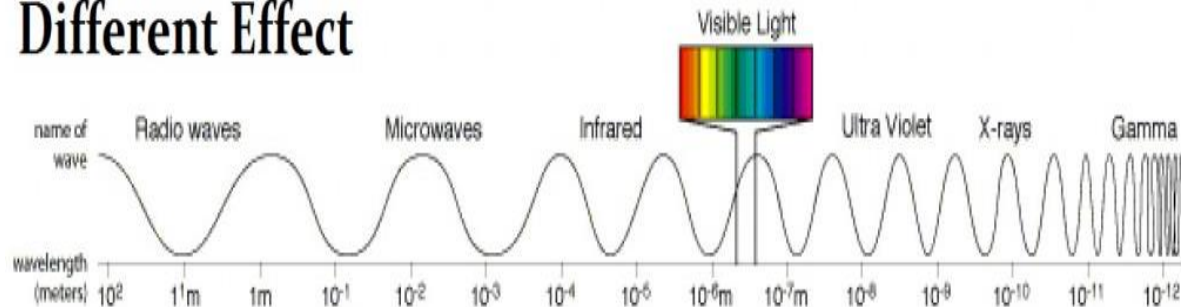


So if I want to take 500 ml of water from 18°C to boil, I need to expend 82×0.5 kcal to get the job done, or 171.6 kJ. It takes a lot of energy to boil a pot of water.

The economy functions in the same manner. We progressively turn up the heat and then all of a sudden it enters a phase transition and erupts almost out of nowhere. This is the nonlinear progression of a boiling pot of water. Politics amounts the the same type of progressive curve.

Waves / Cycles

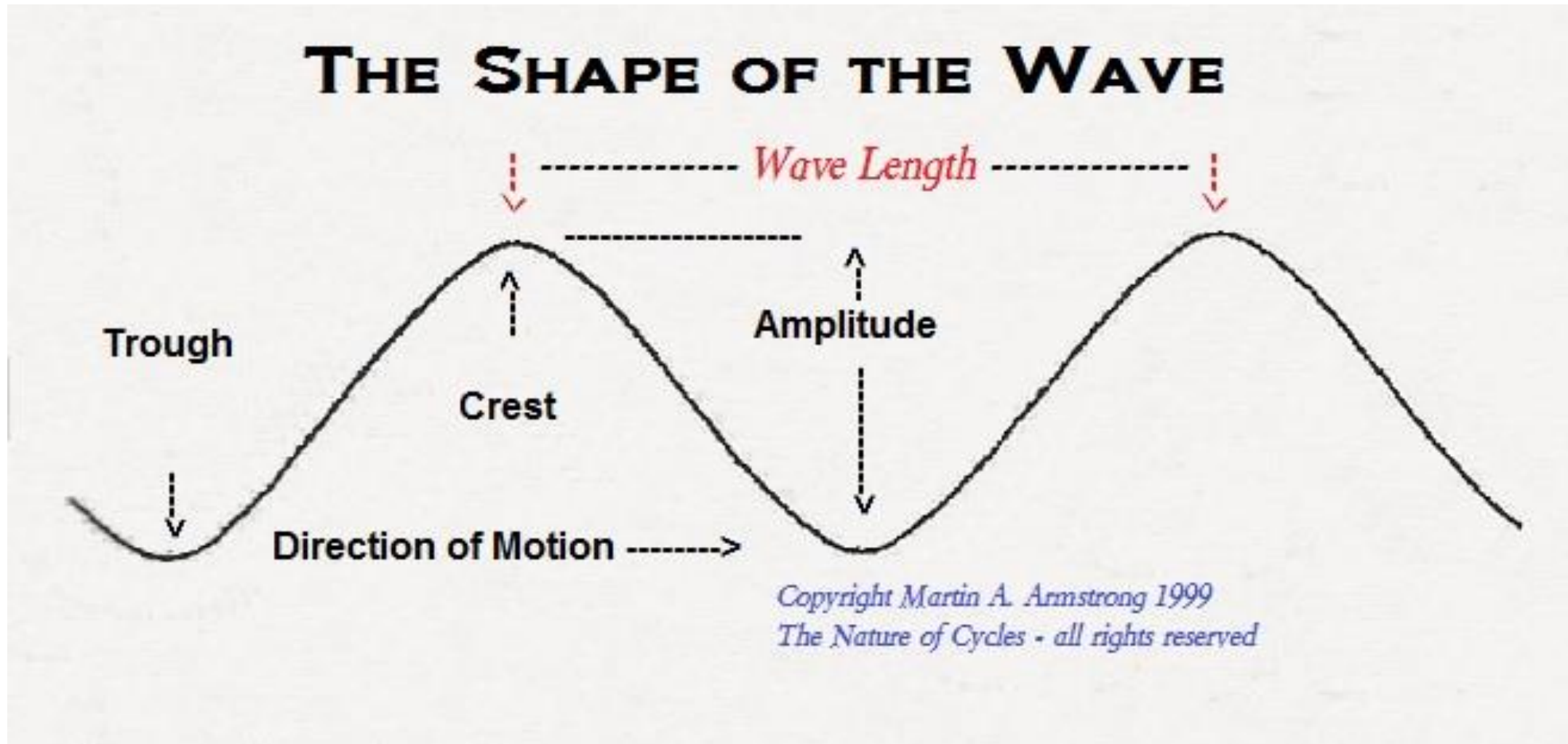
Change the Wavelength Obtain a Different Effect



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- Cycles are identical to light, which always moves in frequencies. Everything within the universe is fractal. So discovering the key then applies in all time frames of reference. It is way to complex to answer in a brief note.
- I promise , I am trying very hard to complete the Geometry of Time. It will take a lot of pages to explain this complex and deep subject. Nevertheless, with a light wave , alter the frequency and you get a different effect.
- Major turning points are the convergence of many cycle frequencies. Each will depart from the same event producing different effects and events in the future. It is all about understanding each wave and what it will produce like radio waves, microwaves, infrared, visible light , ultraviolet, x-rays, and gamma waves.
- They are all part of the light wave. Change the frequency and you can watch TV or cook dinner.

The Shape of a Wave



The 3 Units of Time Reaction rule



Reactions are limited up to three units of time and that runs up to yearly. For example, even if we look at the Great Depression, you will see a fall in the Dow from 386 to the 42 area. That took place in 34 months of from September 1929 to July 1932. It is confined to the three-year rule. Because it fell so far, it could not continue.

The 3 Units of Time Reaction rule



The Nikkei turned into a bear market passing that three unit time interval. Then the minimum became five to six years, and the next is 10 to 13. Go beyond that and you are off into 23 to 26 years. So it is a factor of how far you move within a given time period

The 3 Units of Time Reaction rule



The 3 Units of Time Reaction rule

The 2-3 Year Reaction Rule - 73.96%

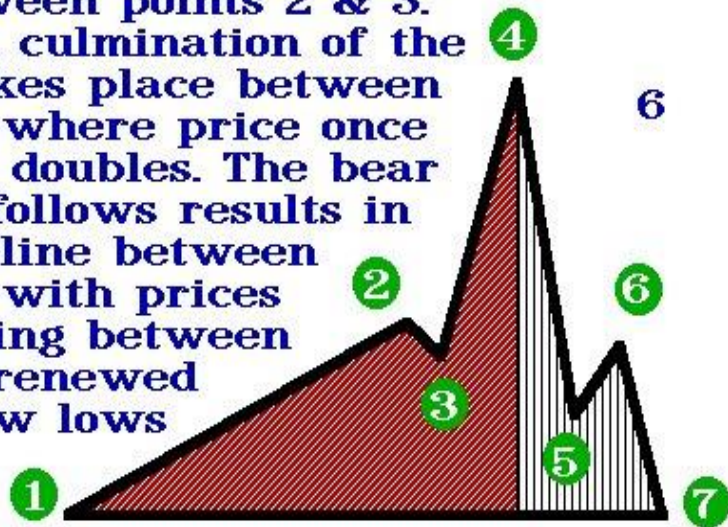


If a market declines greater than 73.96% within 3-years,
then it has reached a bottom within that time frame.

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Cycle Pattern #1

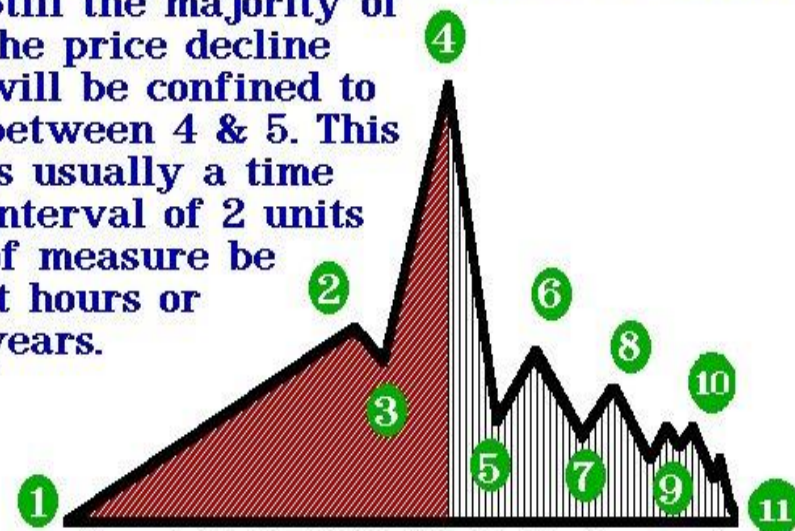
Many bull cycle moves tend to follow a pattern where a 300-400% advance takes place between points 1 and 2. A slight decline or even a sideways pattern emerges between points 2 & 3. The sign of a culmination of the bull cycle takes place between points 3 & 4 where price once again nearly doubles. The bear market that follows results in a 40-60% decline between points 4 & 5 with prices nearly doubling between 5 & 6 and a renewed decline to new lows between 6 & 7.



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Cycle Pattern #2

Cycle Pattern #2 differs primarily in the length of decline during the bear market. If the first rally after point 7 fails to move above the high established at point 6, then an extended decline is likely to emerge. Still the majority of the price decline will be confined to between 4 & 5. This is usually a time interval of 2 units of measure be it hours or years.



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Period Doubling Effect



Period Doubling Effect



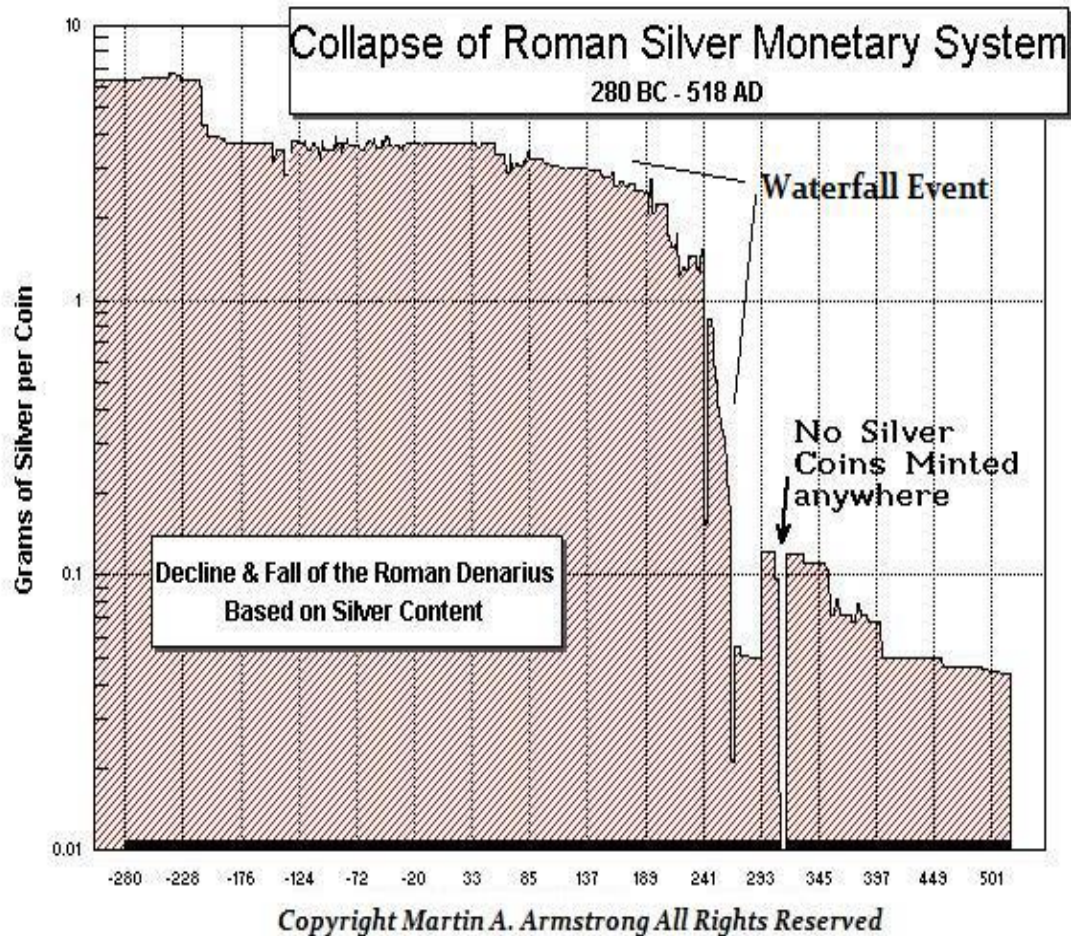
Period Doubling Effect



Period Doubling Effect

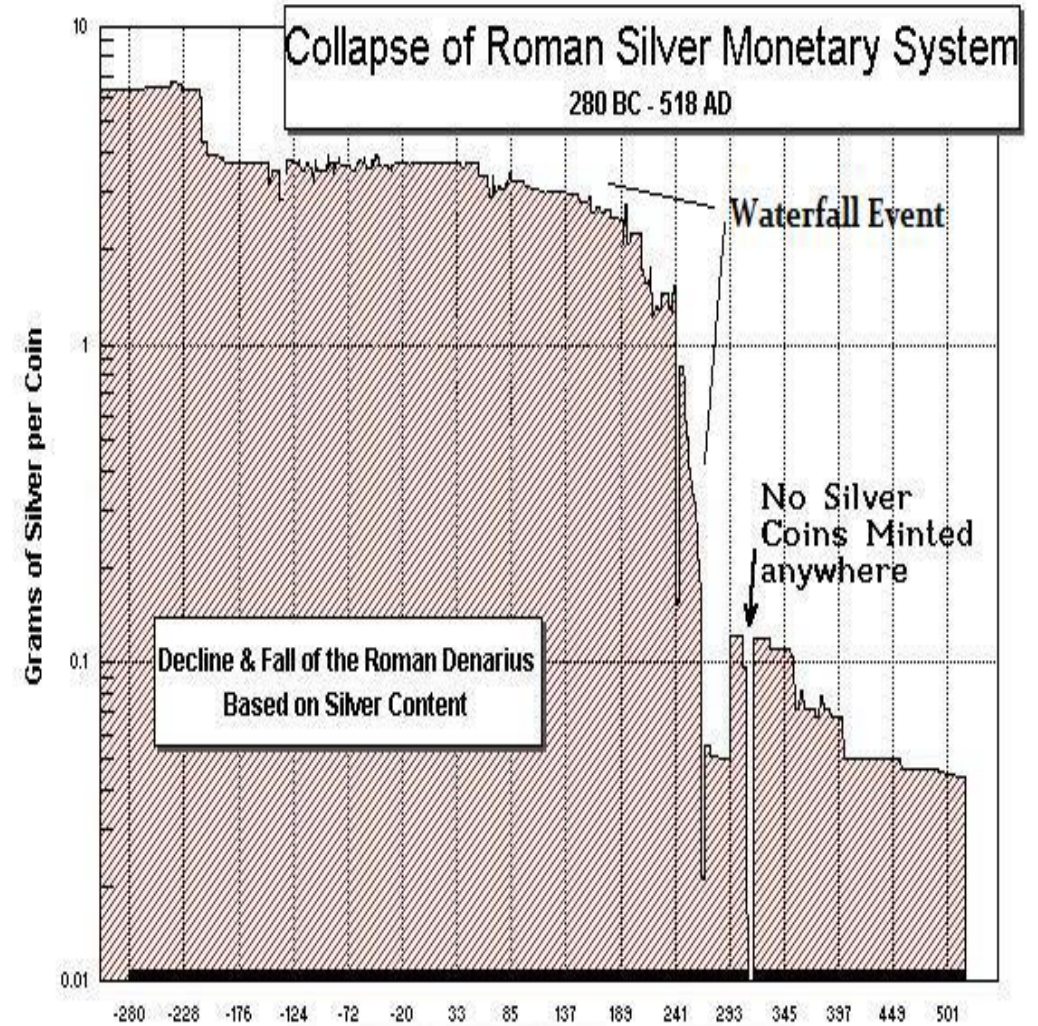
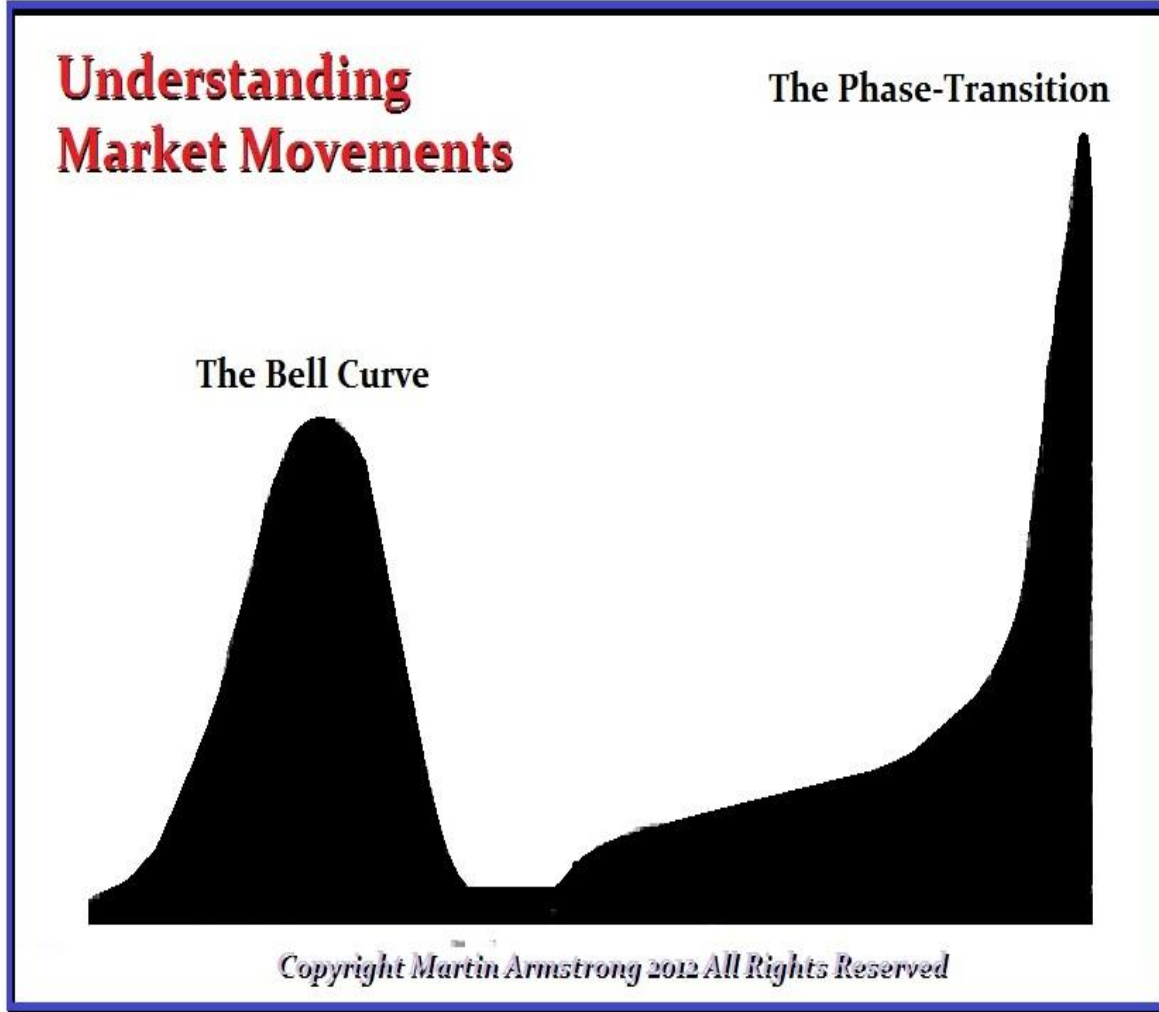


THE WATERFALL EVENT



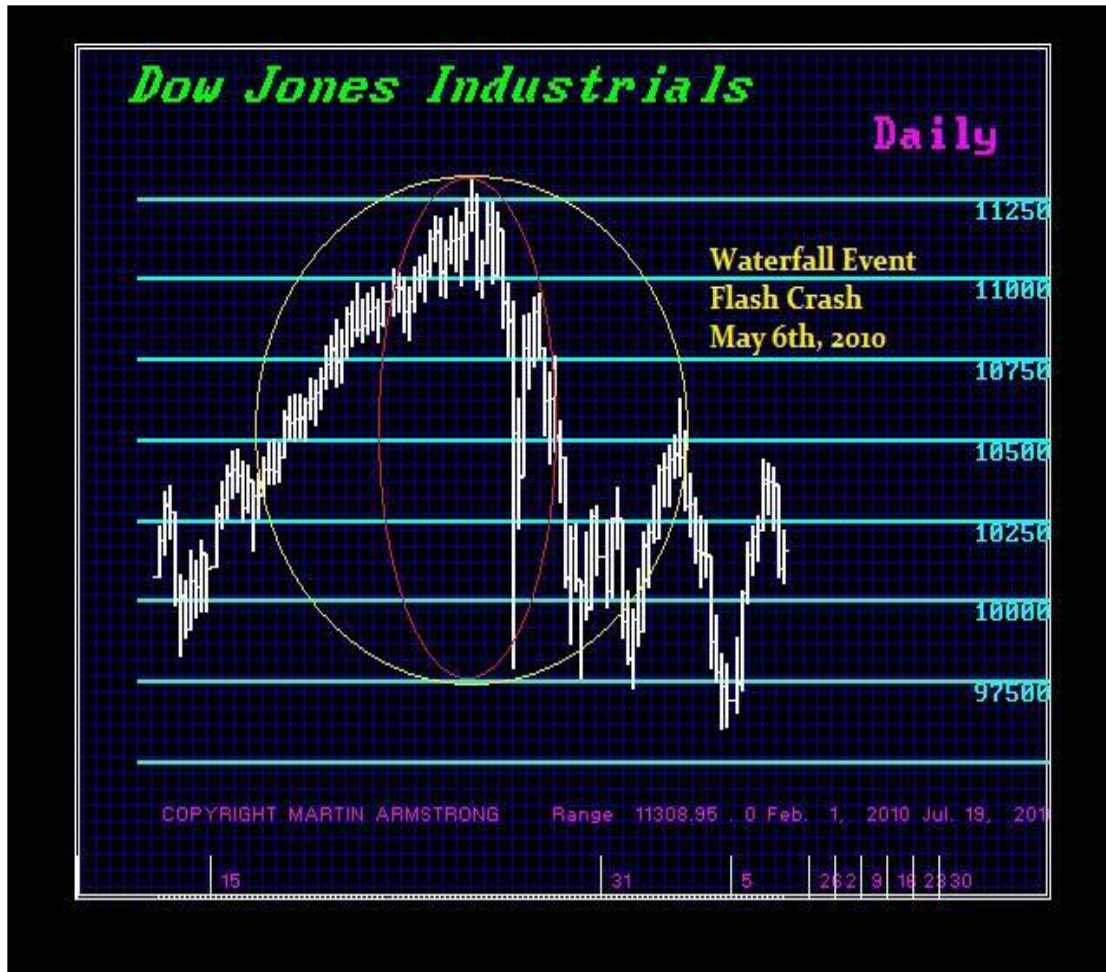
- *There is no other technical pattern worse than what I have called the waterfall event*. Here is a chart of the Monetary System of the Roman Empire from 290BC through 518AD that was the source of discovering this pattern. The purchasing power of the Roman denarius fell to about 1/50th of what it once was through the debasement of the silver content. This is a LOG CHART so it minimized the full impact only so we can actually print this devastating collapse. We have all the data behind the Decline & Fall of Rome. This chart cost over \$20 million to produce. We call this the waterfall event because that is what it resembles a waterfall. It begins generally with a curve of about 45° and then it rapidly turns downward to a near 180° drop at the end. There is no major ABC type of wave or Elliot Wave Structure at this level. Such patterns are generally within the normal day to day minor price movements we might call the quantum level. Here we are looking at the big picture and it is truly awesome.

The Waterfall Event is the opposite of a Phase Transition



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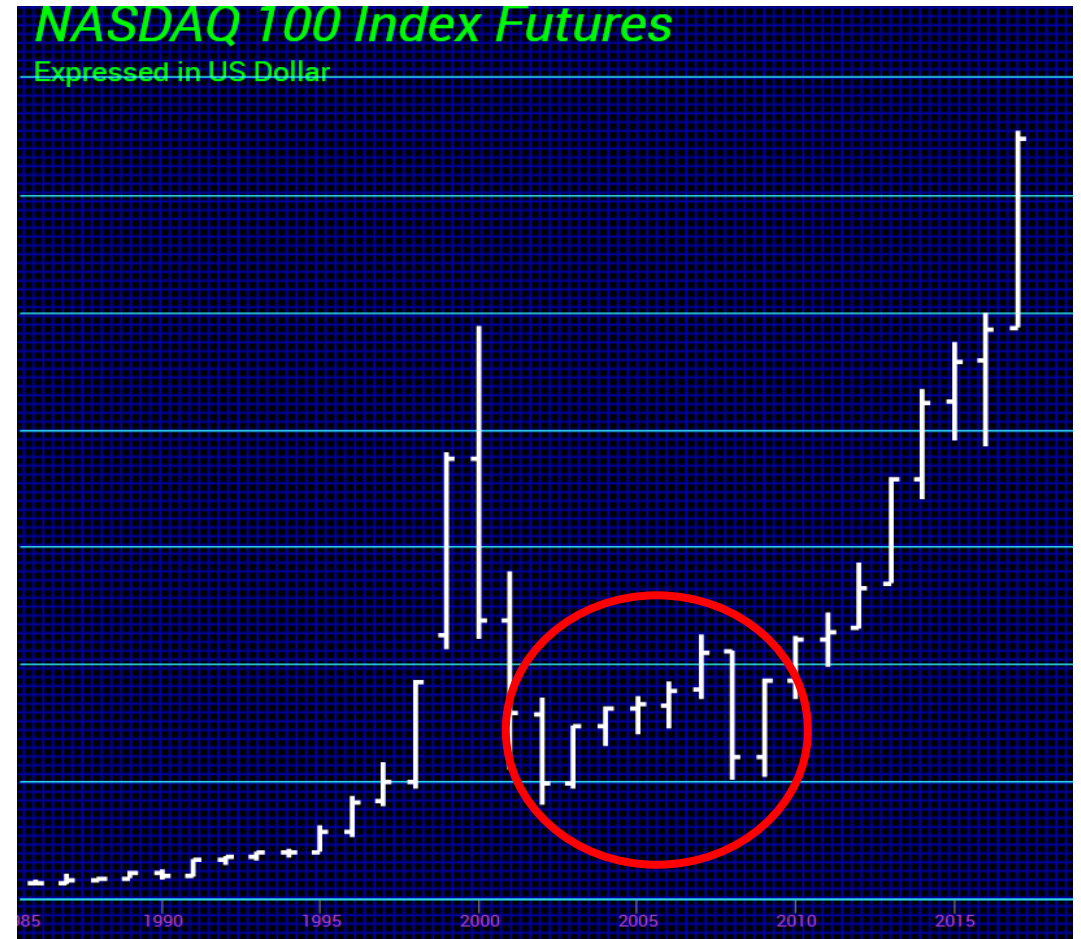
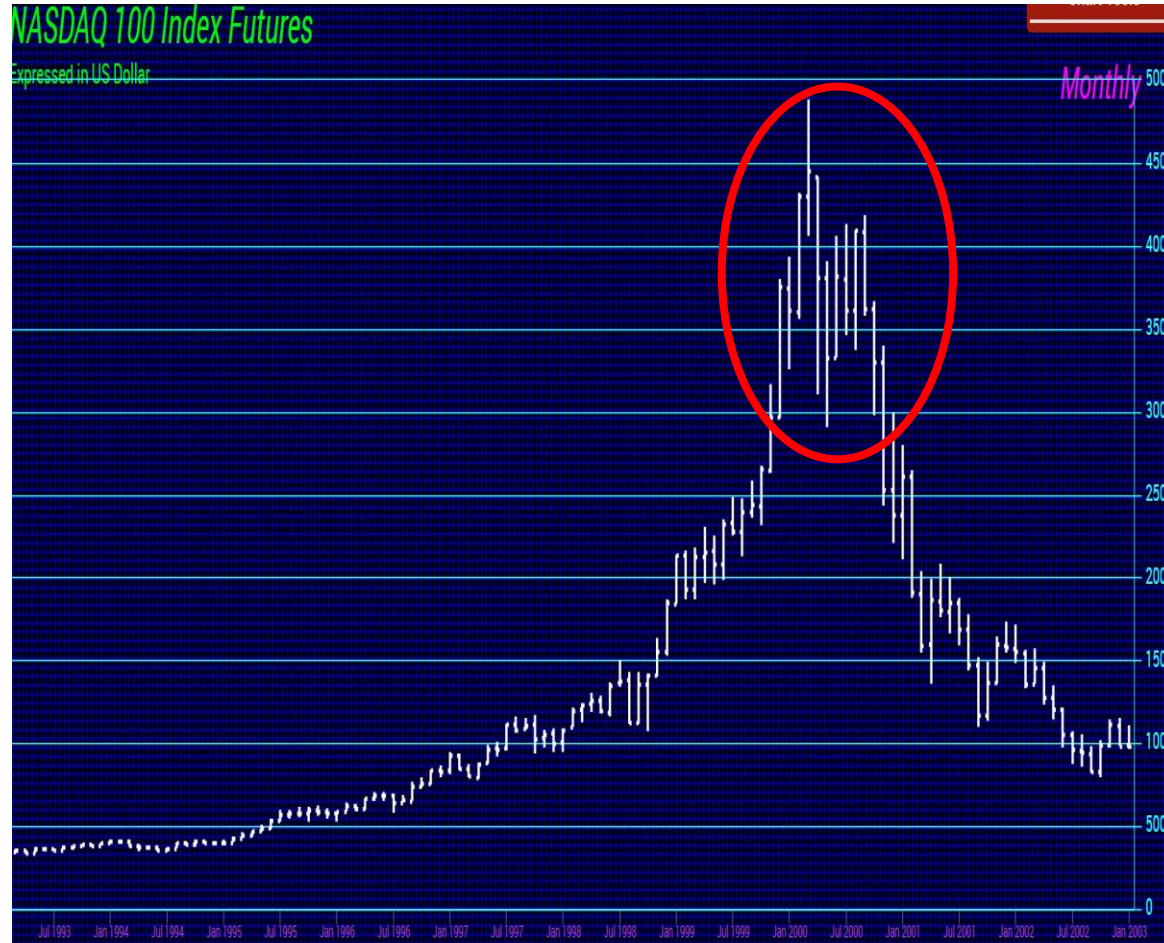
THE WATERFALL EVENT



- Waterfall Events do take place on the minor time levels such as the May 6th, 2010 “Flash Crash” Again you see no discernable wave ABCD or Elliot Wave pattern. The market just rolls over and collapses. However, because the markets are fractal, such events will migrate up the time scale and eventually materialize on the big picture level. What we saw in 2010, will appear at the larger level in time but not before 2032 at the very earliest.

Everything has an Opposite

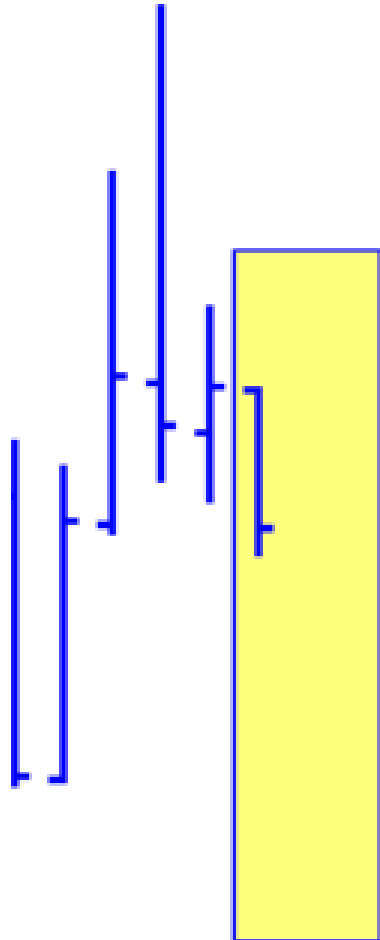
Notice the Test of the High and the test of the low. This is a normal technical pattern



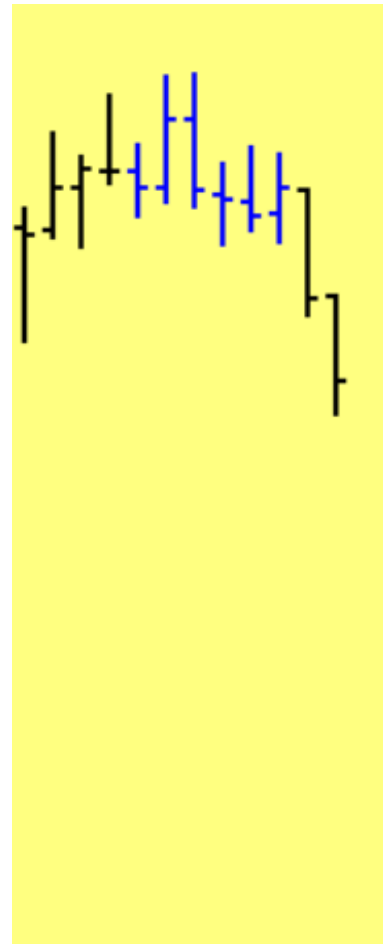
Turning Points ,Look in the Lower Timeframe for Direction



Yellow -Yearly High Bar Array
Yearly Bar



Yellow –Yearly High Bar Array
Monthly Bars within the Year



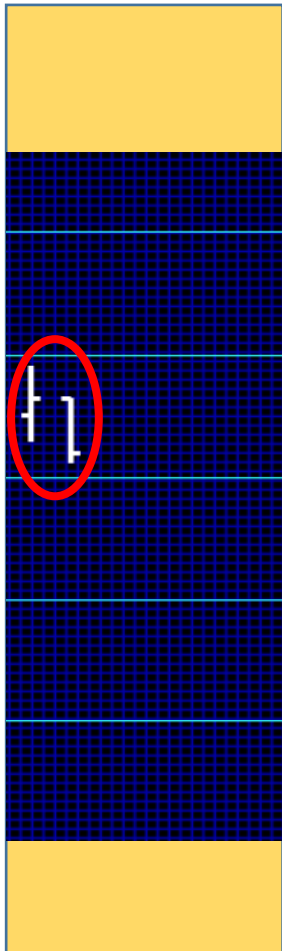
YEARLY FORECAST ARRAY	
Aggregate	Blue
Transverse	Green
Empirical	Blue
Long Term	Yellow
Trading Cycle	Red
Direction Change	Blue
Panic Cycle	Yellow
Internal Volatility	Red
Overnight Volatility	
2018	

- Taking out the low of the previous Year does not mean it is a Low in the market.
- The Monthly within that Year called for a High early so that's a continuation of the previous Trend and a major high
- So look at a Lower Level within a Timeframe to see the real trend
- Follow the Reversal System for confirmation
- Panic Cycles and Directional Changes
- Look for what the market does in the beginning of the Timeframe .It normally does opposite the rest of the timeframe. I.E. first half down second half up

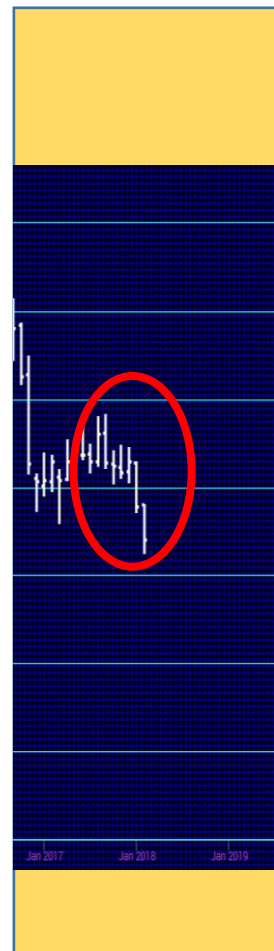
Turning Points ,Look in the Lower Timeframe for Direction



Yellow Year High Bar 2018
Yearly Bar

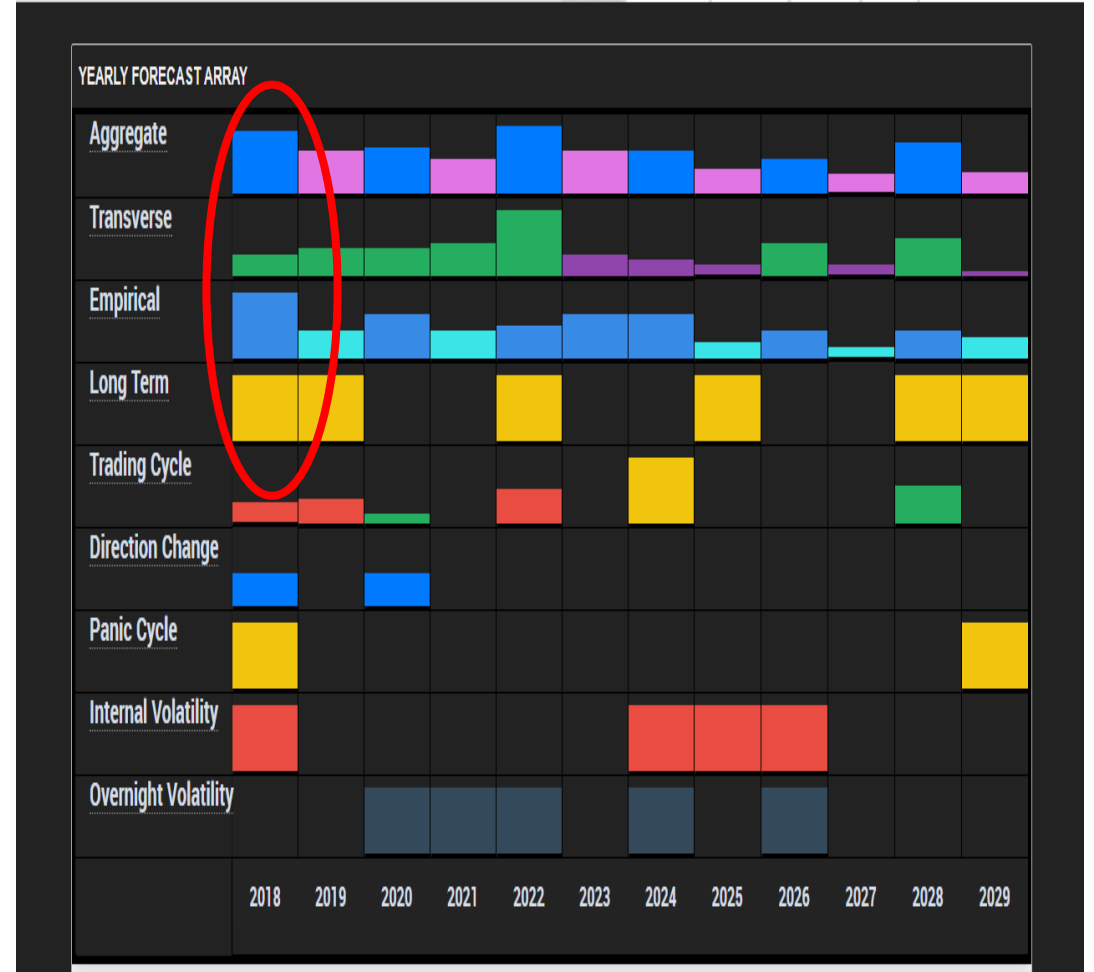


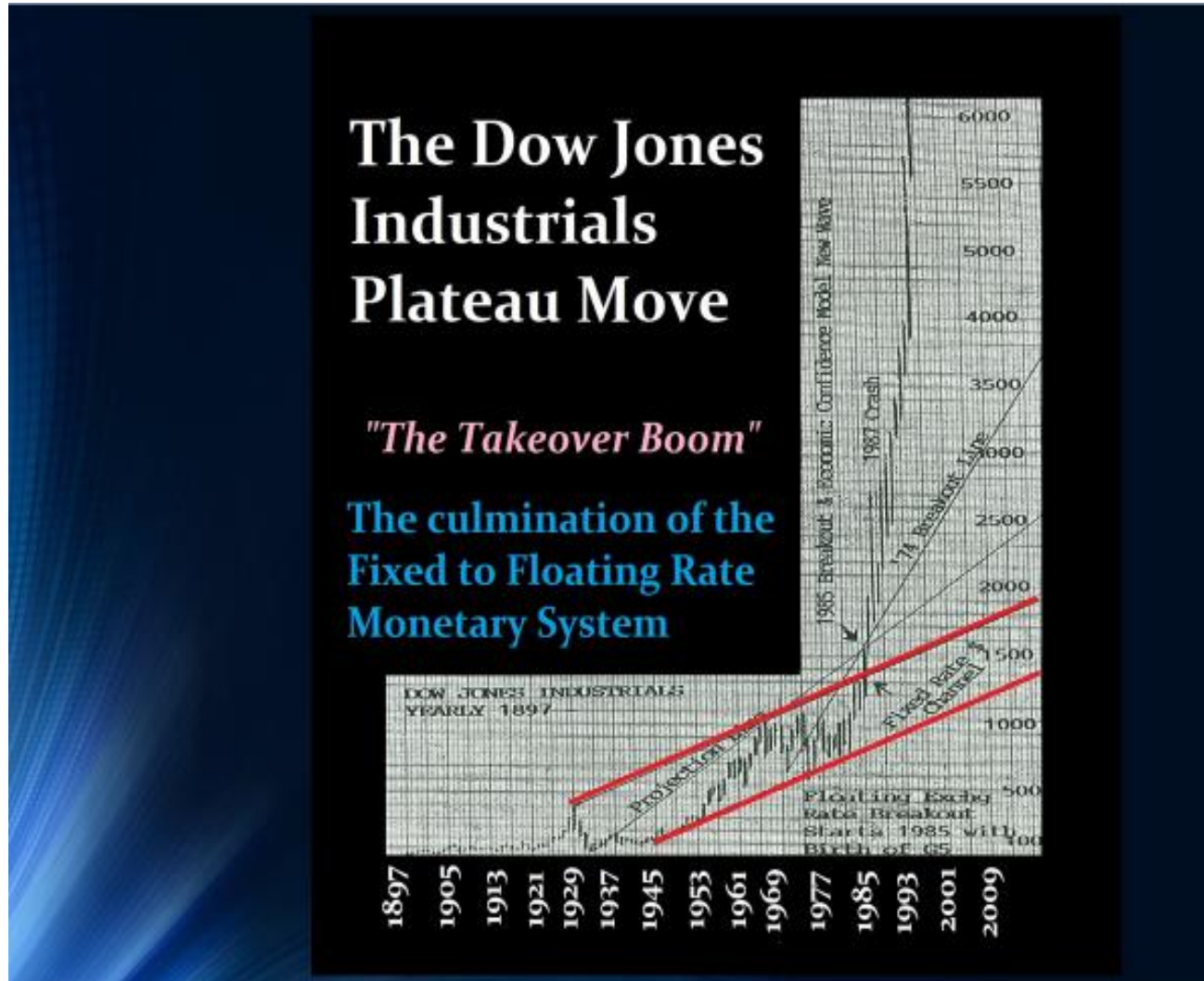
Yellow Year High Bar 2018
Monthly Bars within the Year



10Y US 30 Year T Bond

Yearly Quarterly Monthly Weekly Daily Institutional Overview





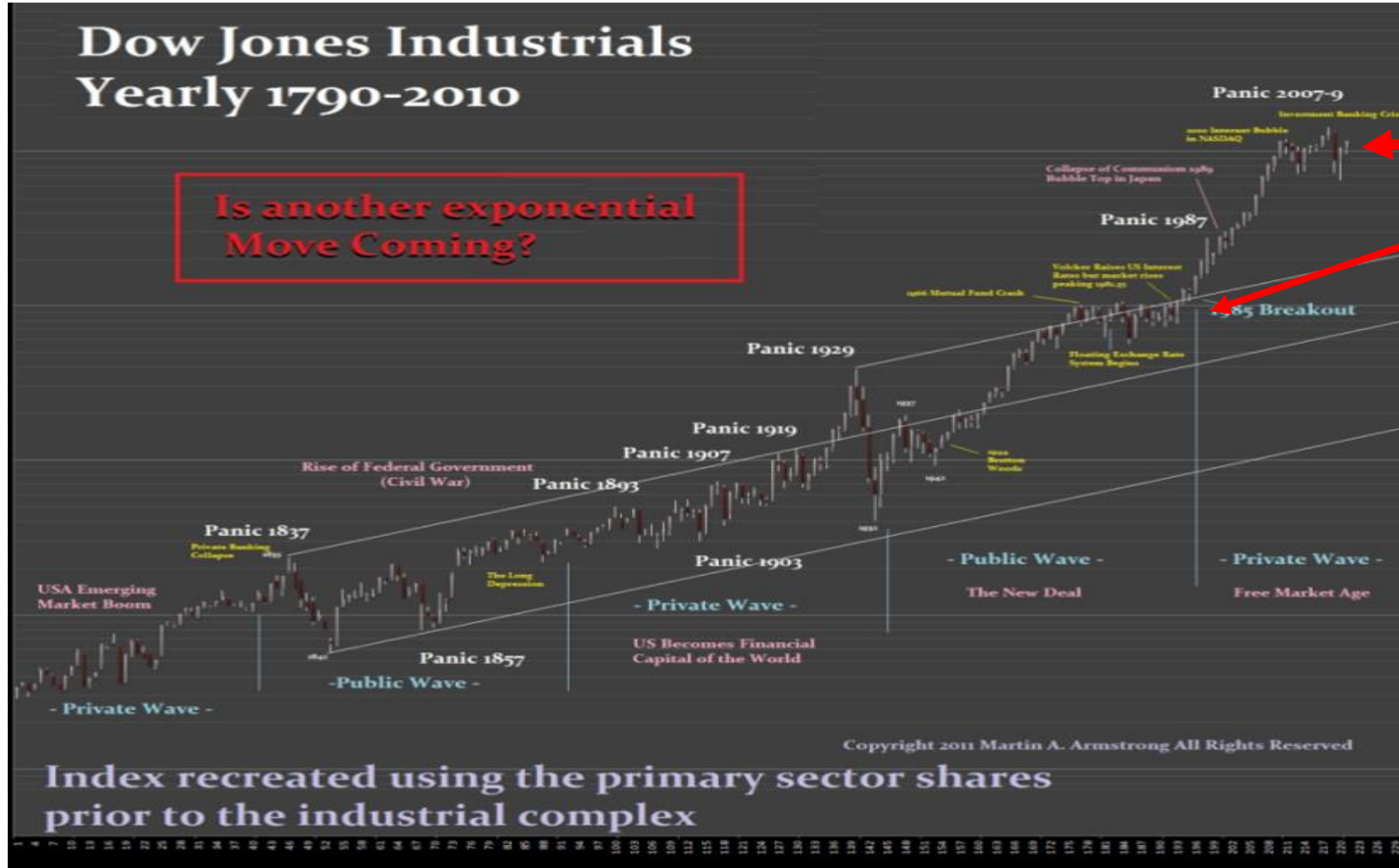
[How to Trade a Vertical market](#)

(Click Ctrl+ Link)

To be able to survive your own trading decisions, one must truly understand the nature of the market movement.

That means what we are dealing with the Phase Transition or the Plateau Move that are distinguished as the former is typically not sustained and is followed by a Waterfall collapse, whereas the latter creates a whole new trading dimension that is permanent

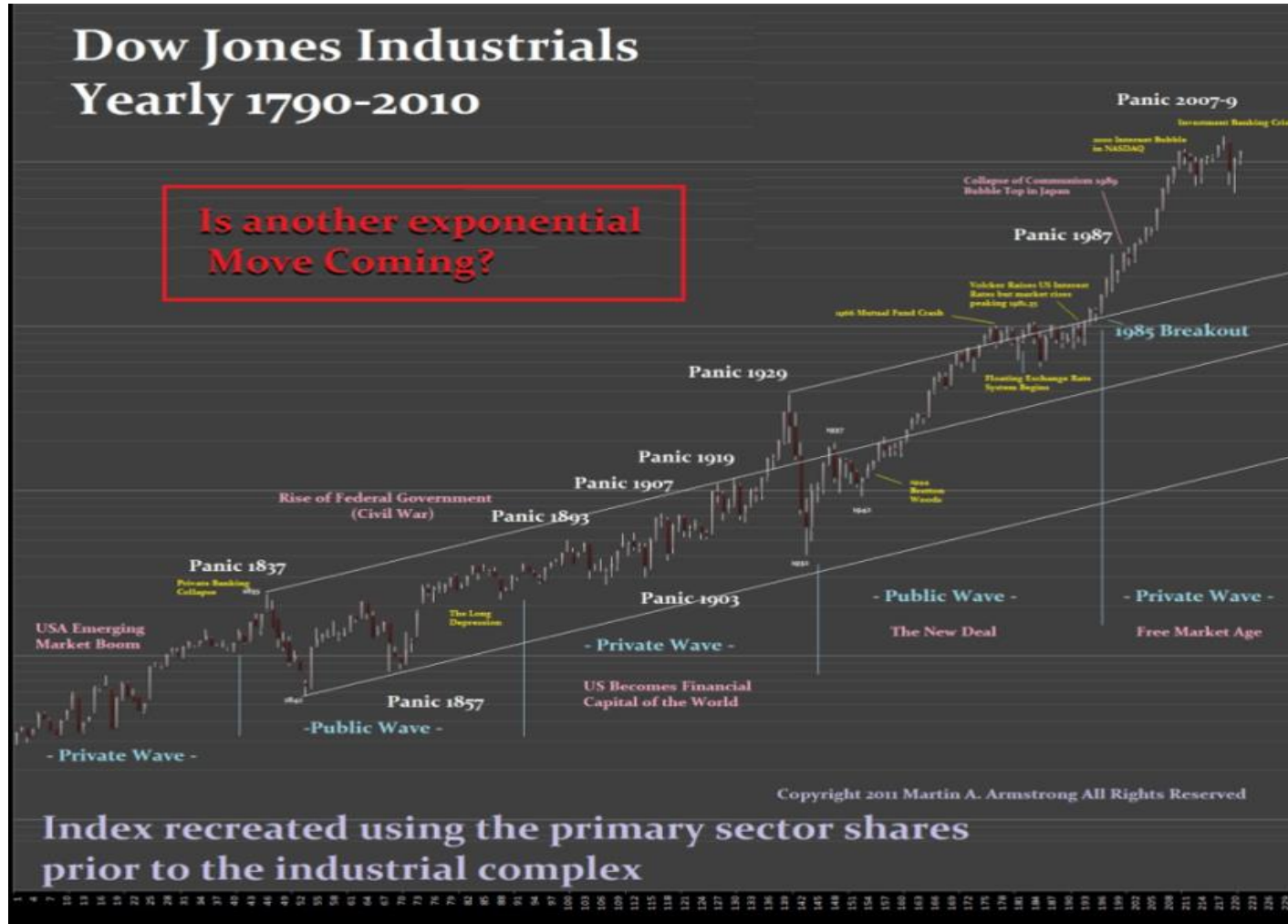
DJIA Yearly 1790-2010



Another Plateau move coming

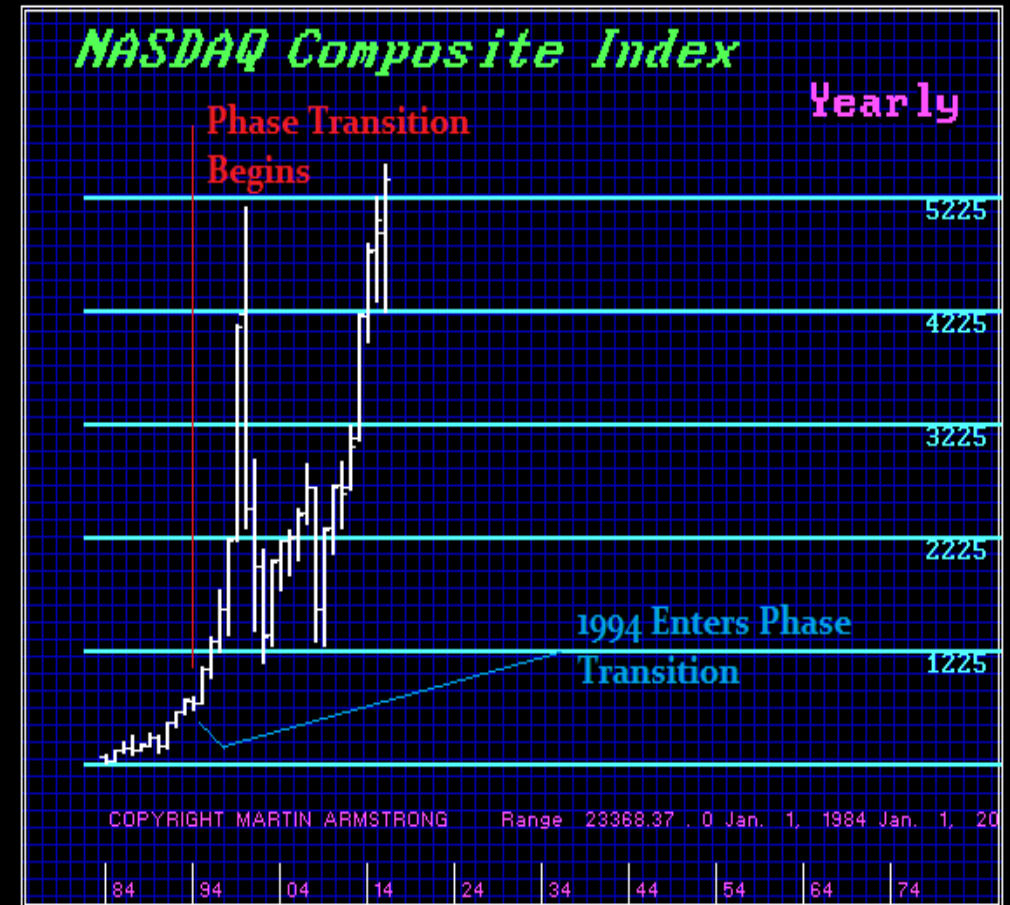


DJIA Yearly 1790-2010

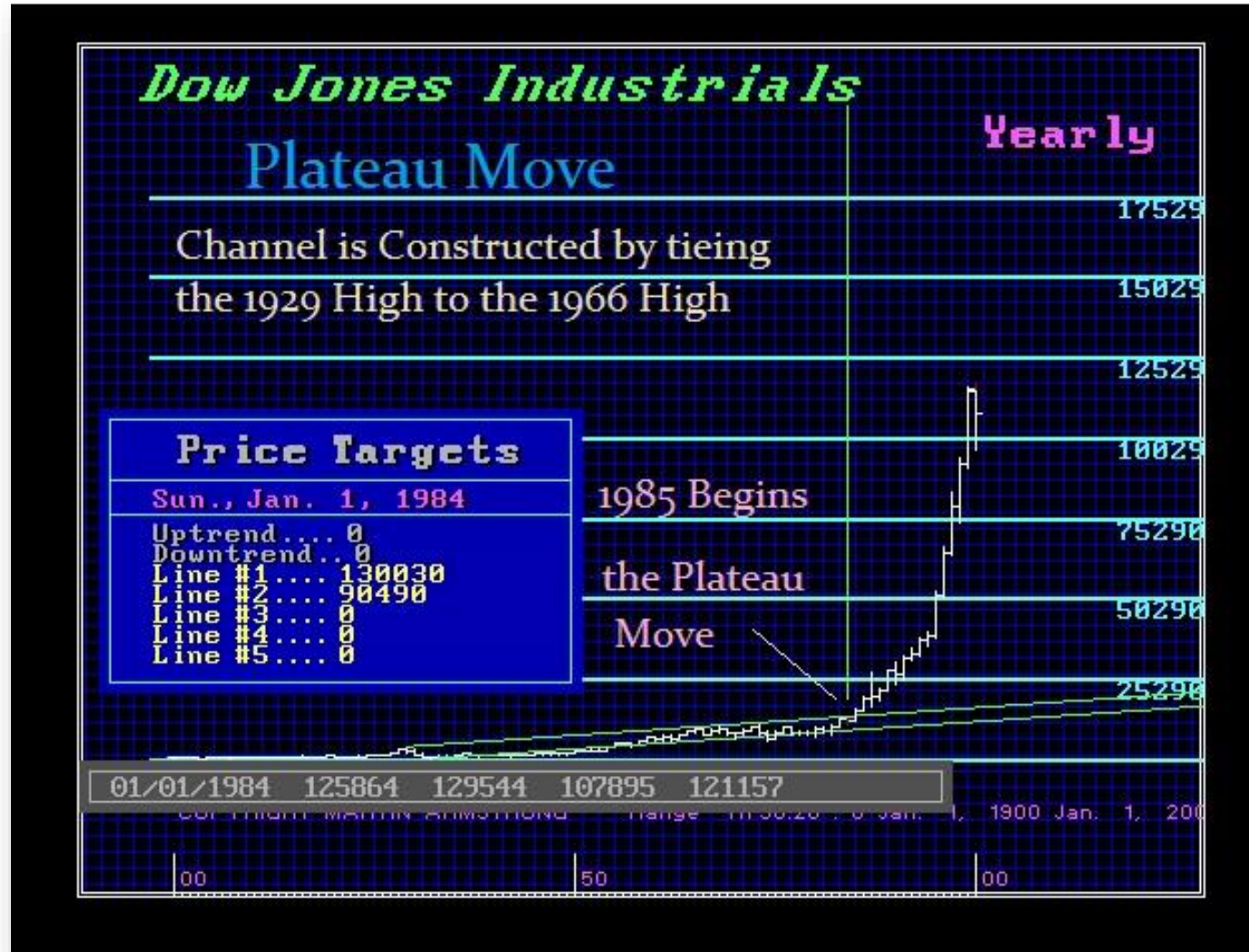


Quite often, when a market begins to prepare for a Phase Transition (doubling in price then crash) and a Plateau Move (sustainable new trading level), our model will identify the start as a breakout move. This is typically a normal pattern of simply a sharp rally. By itself, it does not reflect a doubling in price or any sustainable rally on a broader perspective. A breakout move is defined simply as a sharp short-term rally. It does not imply a doubling or a new trade plateau altogether.

Breakout Transformation to a Phase Transition



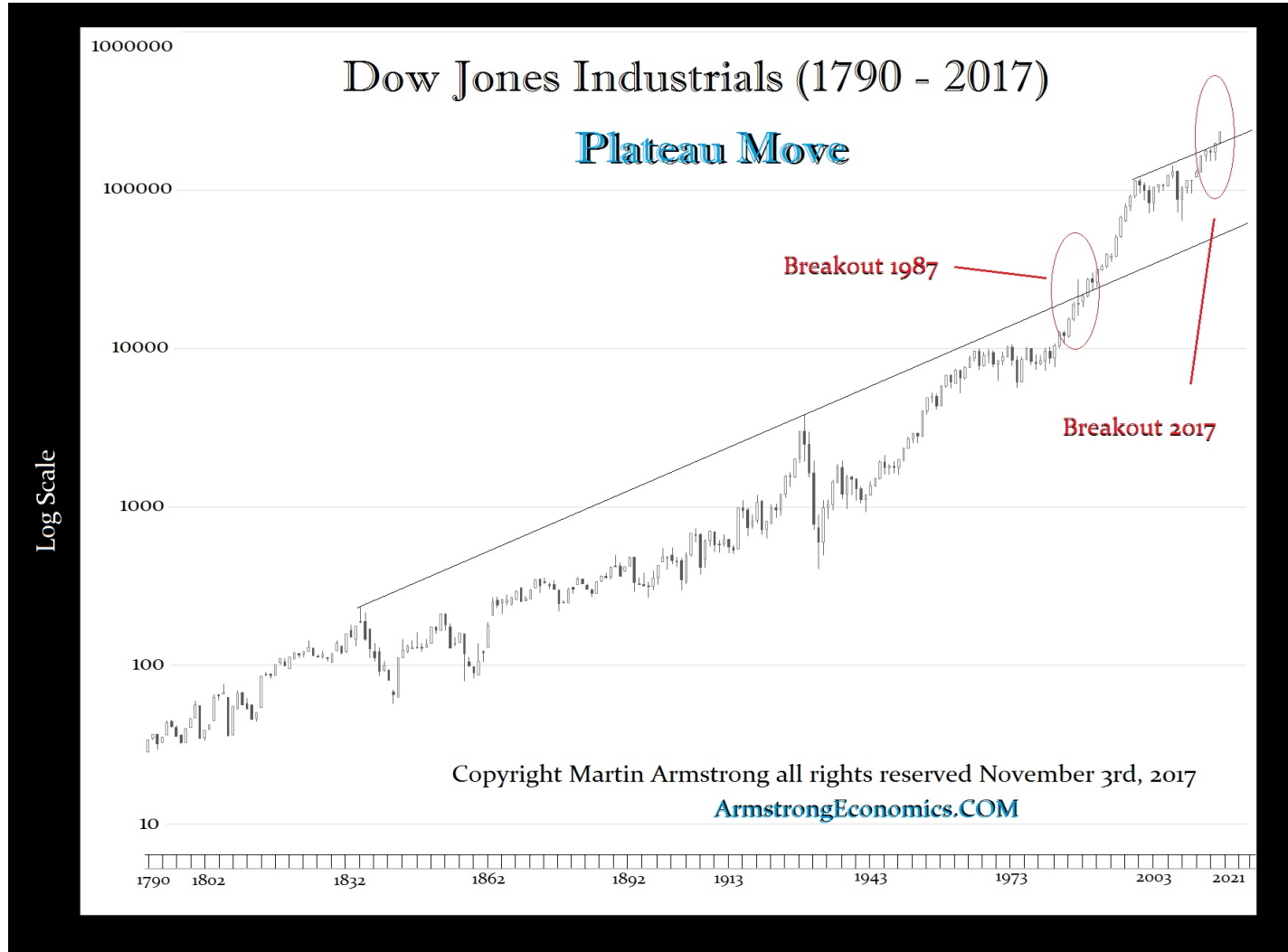
Plateau Move



The **Plateau Move** is a more permanent change in the trading range creating a completely new trading level that is sustained. There is no return to the former trading range. Such events are profound, yet often are interlinked with the **Economic Confidence Model**.

Fundamentally a Plateau Move took place because we were shifting from a Public to a Private Wave on the Economic Confidence Model and this is when private assets become oversold. Likewise, the same is true when the private sector collapses. That is when people flee to the quality they perceive to be government assets.

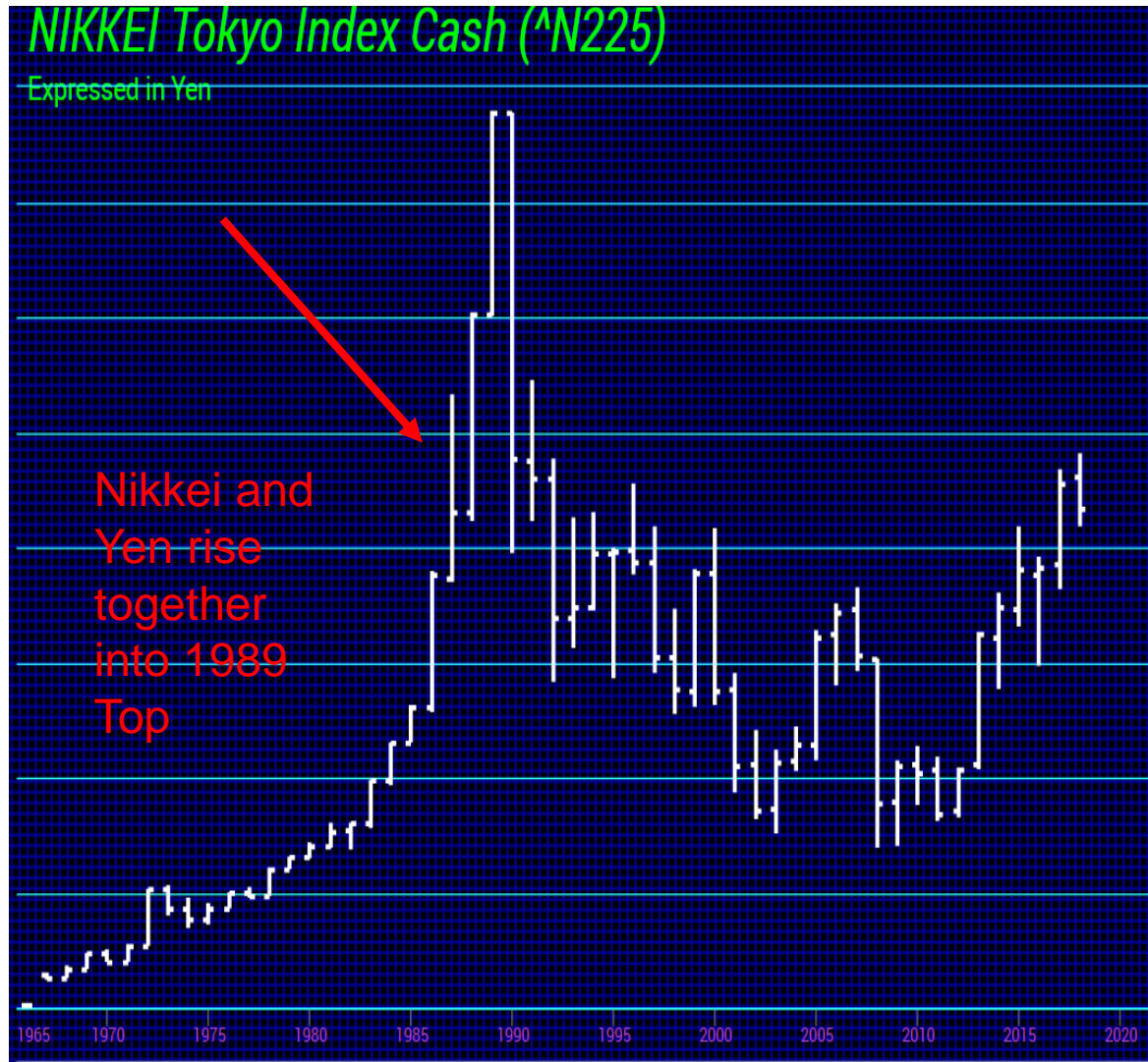
Plateau Move



Therefore, we have the **Plateau Move** on the asset side against a **Waterfall Event** on the currency side. This is why all assets rise when a currency collapses.

Understanding this reciprocal aspect between the **Plateau Move** and **Waterfall Event** is the view to the **Waterfall Event** is the view to the future. This is what happens when we enter a currency reset. If the currency collapses in the years ahead because of the entire monetary system requires restructuring, then we are looking at a **Plateau Move** in assets.

Share Markets and the Currency



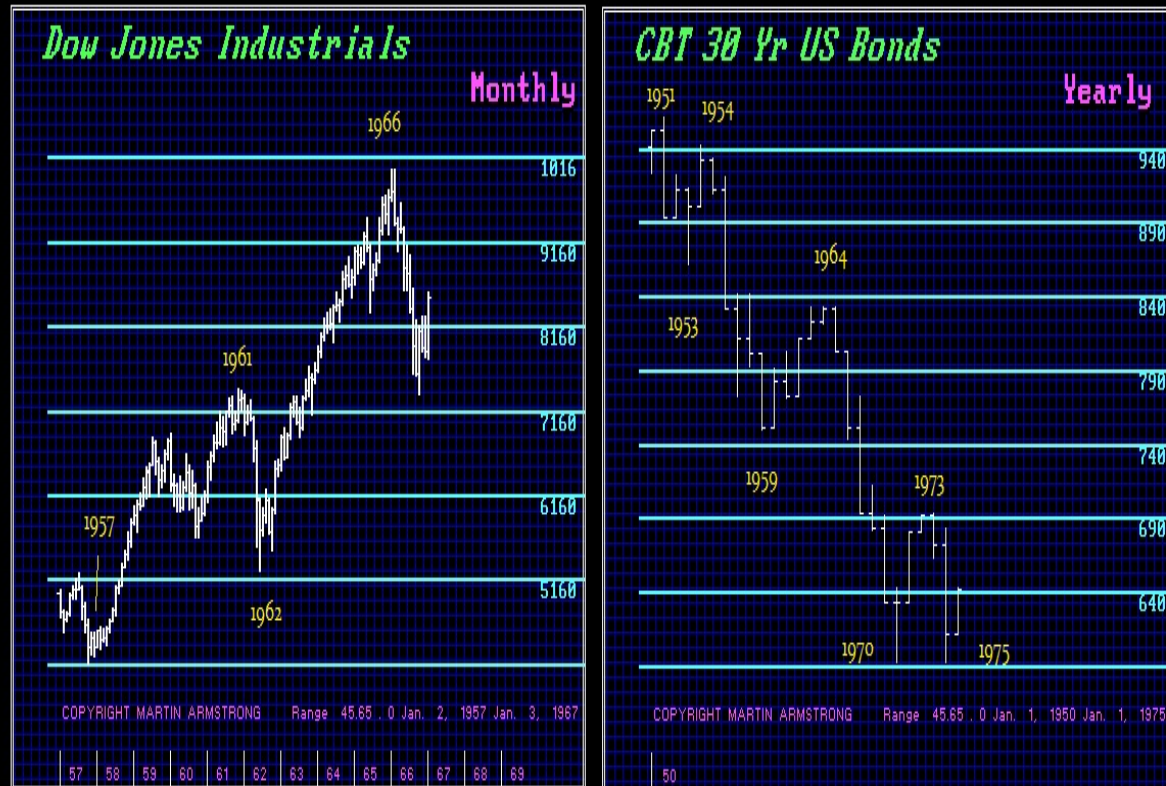
A share market will rise as the hedge against the collapse in a currency since tangible assets have an international value provided the country is not being invaded.

However, a rise in a currency and share market reflects international investment capital pouring into a country. It is this type of alignment between tangible assets and the currency value that produce the **GREATEST BUBBLE TOPS** in history

Stocks rise with Rising Interest Rates & Falls with Lower Rates (1)



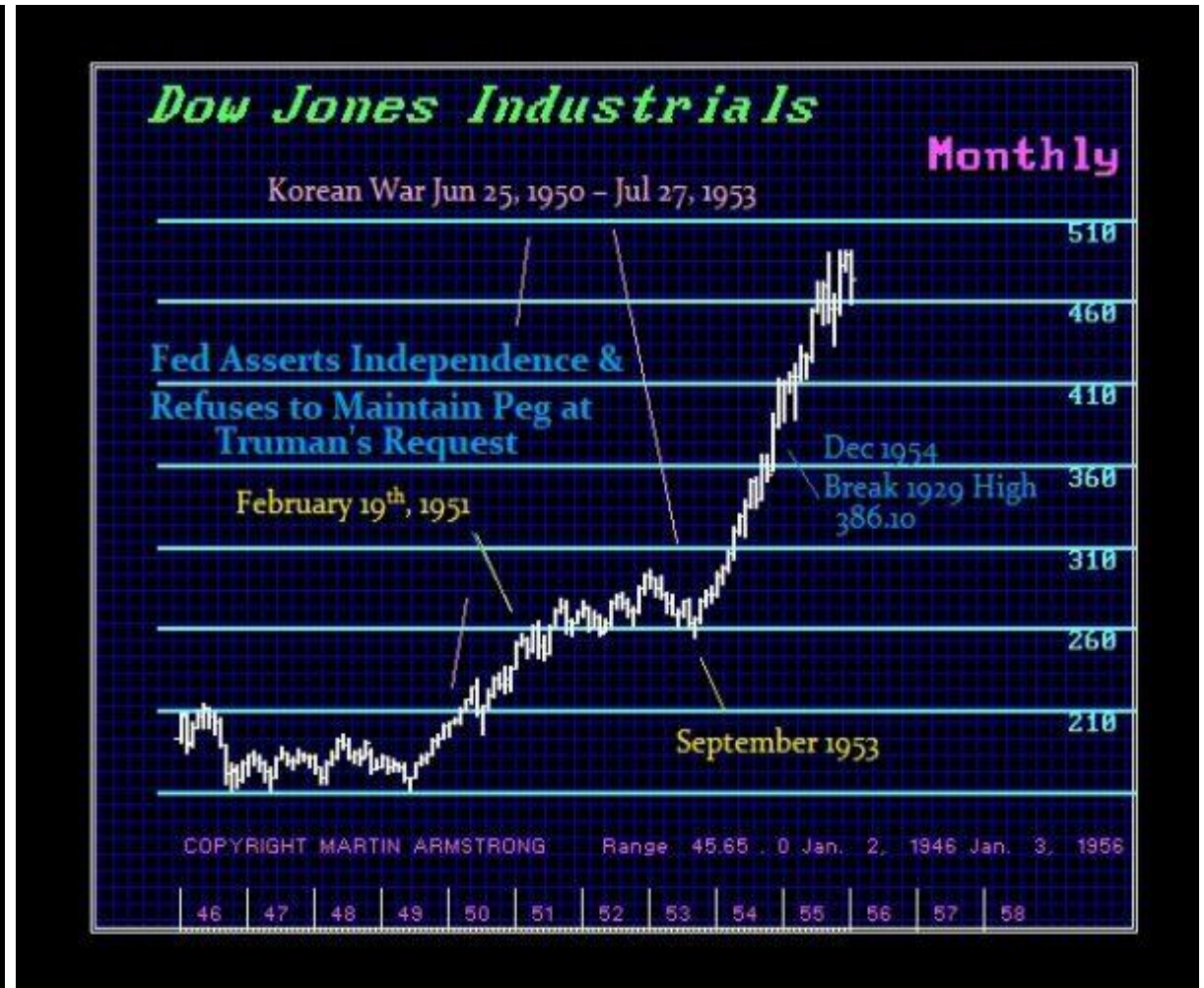
US Share Market Rallies during '60s as Bonds Drop



September 2019

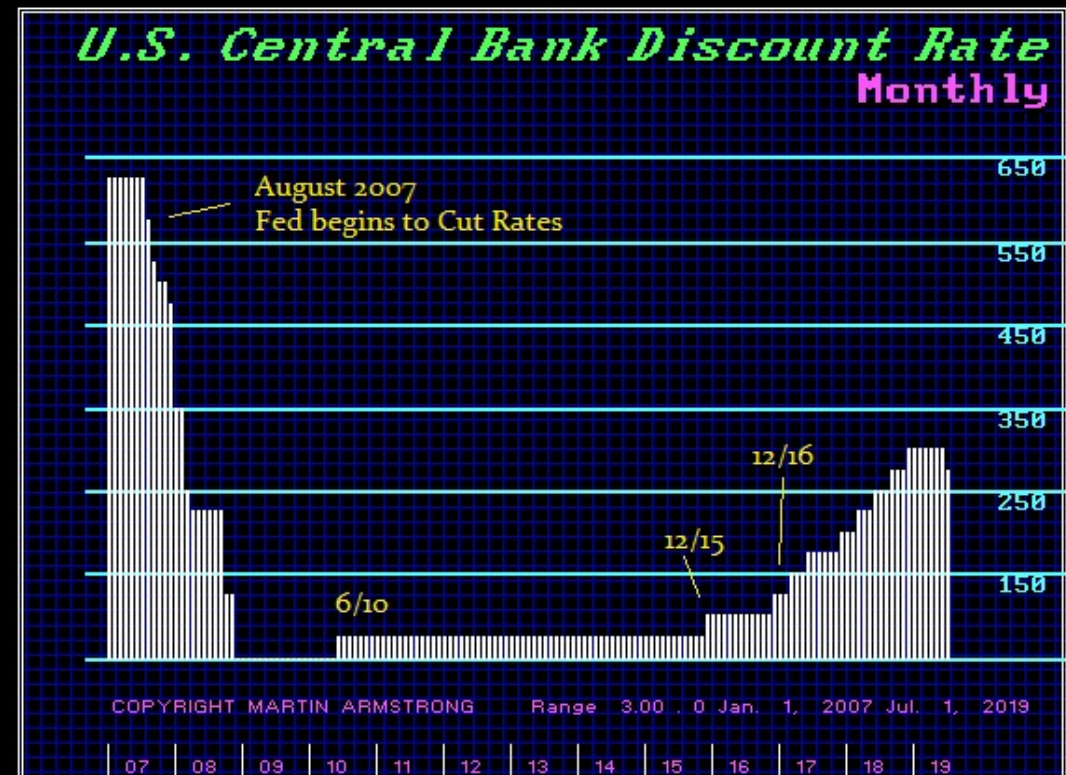
Trump is a borrower and only sees the world through his personal experience. The people with savings and pension funds are being wiped out. That is a statement he has made which is **HIGHLY** dangerous and proves I do not advise Trump which seems to be a Democratic accusation running around.

Stocks rise with Rising Interest Rates & Falls with Lower Rates (2)



Stocks rise with Rising Interest Rates & Falls with Lower Rates (3)

US Share Market Rallies with Rising Rates



Plateau Move Fan Projection

Fan Projection



Therefore, a **Plateau Move** is by far not like the typical **Phase Transition** that is an isolated “**Rogue Wave**” that creates the blip followed by the **Waterfall Event** is assets. Here the **Waterfall Event** is in the currency and the assets rise in the balance.

Plateau Move Fan Projection

Fan Projection



Corrections within Phase Transitions



Corrections



Great Depression Corrections				
Date	High	Low	%Drop	#Months
10/22	10346	9200	0.110767446	1
03/23	10540	8500	0.193548387	7
02/24	10130	8830	0.128331688	3
08/24	10560	9900	0.0625	2
03/25	12570	11500	0.085123309	0
02/26	16230	13520	0.166974738	1
08/26	16660	14570	0.12545018	2
09/27	19900	17900	0.100502513	1
05/28	22090	20200	0.085559077	1
02/29	32451	28151	0.132507473	1
09/29	38610	19535	0.494042994	2

Phase Transition that is an isolated “**Rogue Wave**” that creates the blip followed by the **Waterfall Event** in assets. Here the **Waterfall Event** is in the currency and the assets rise in the balance.

Corrections within Phase Transitions

Corrections



Gold Corrections

Date	High	Low	%Drop	#Months
08/72	7000	6010	0.1414285713	
06/73	12700	8970	0.293700787	5
04/74	17950	13350	0.256267409	3
12/74	19750	9770	0.505316456	21
03/77	15480	13710	0.114341085	3
03/78	19250	16550	0.14025974	1
10/78	24860	19030	0.234513274	2
02/79	26030	22640	0.130234345	2
10/79	44970	36750	0.182788526	1
01/80	87500	45200	0.483428571	4

Corrections within Phase Transitions

Corrections



NASDAQ Corrections

Date	High	Low	%Drop	#Months
09/95	107023	95936	0.103594554	1
06/96	125412	100804	0.196217268	1
01/97	140053	119416	0.14735136	3
10/97	174878	146561	0.161924313	3
04/98	193183	171504	0.112220019	2
07/98	202818	134387	0.33740102	3
07/99	287492	244222	0.150508536	1
03/00	513252	304266	0.407180099	2

Corrections within Phase Transitions

Corrections



JAPAN NIKKEI Corrections

Date	High	Low	%Drop	#Months
05/84	1119017	970335	0.132868401	2
07/85	1302965	1223227	0.061197346	0
08/86	1893624	1581955	0.164588641	2
06/87	2592942	2270274	0.124440886	1
10/87	2664643	2103676	0.210522385	1
08/88	2847568	2670144	0.062307204	1
05/89	3433794	3260560	0.050449736	1
12/89	3895744	2725104	0.300492024	4

Corrections within Phase Transitions

Corrections



Corrections

Dow Jones Industrials (2006-2017)

Date	High	Low	%Drop	#Months
05/06	1167019	1068332	0.084563319	2
02/07	1279593	1193961	0.066921279	1
07/07	1402195	1251794	0.107261116	1
10/07	1419810	1163482	0.180536832	3
05/08	1313669	1082771	0.175765737	2
08/08	1186711	646995	0.454799863	7
01/10	1072909	983509	0.083393213	1
04/10	1125801	961432	0.146001824	3
02/11	1239129	1155548	0.067451411	1
05/11	1287600	1186253	0.078710003	1
07/11	1275389	1040449	0.184210464	3
05/12	1333866	1203509	0.097728707	1
10/12	1366187	1247149	0.087131557	1
05/13	1554240	1455127	0.063769431	1
12/13	1658825	1534069	0.075207451	2
09/14	1735064	1585512	0.086193939	1
05/15	1835136	1537033	0.162441912	3
11/15	1797785	1545056	0.140577989	2
04/16	1816763	1706308	0.060797693	2
08/16	1872261	1788356	0.044814799	3
03/17	2116911	2037955	0.037297742	1

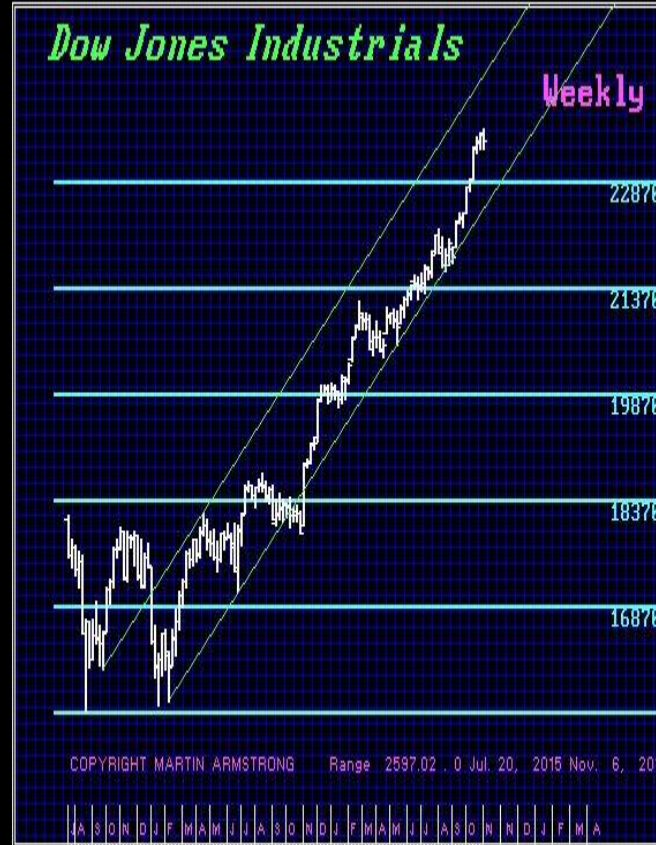
Looking to the Future

Dow Jones Industrials Projected Levels

2016 ...	18630.45	18879.99	23251.20
2017 ...	19060.46	20323.96	25648.40
2018 ...	19490.47	21767.92	28045.71
2019 ...	19920.48	23211.88	30443.02
2020 ...	20350.49	24655.85	32840.32
2021 ...	20780.50	26099.81	35237.63
2022 ...	21210.51	27543.77	37634.94



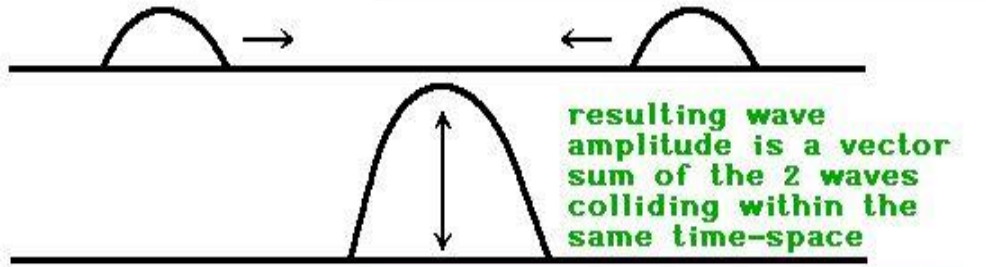
The DJIA v S&P500 v Nasdaq what's the Difference



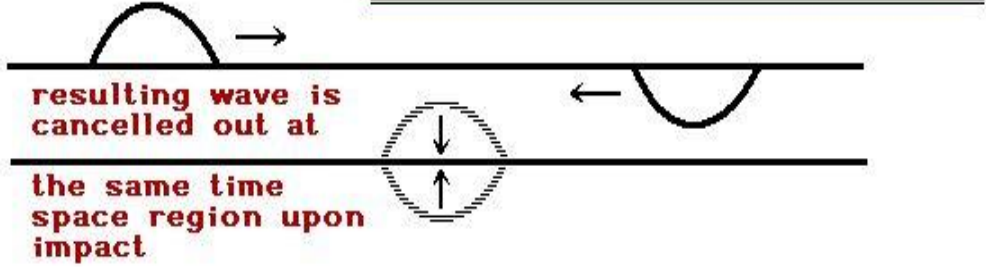
Superposition Principle & Reversal Convergence-1

Superposition Principle

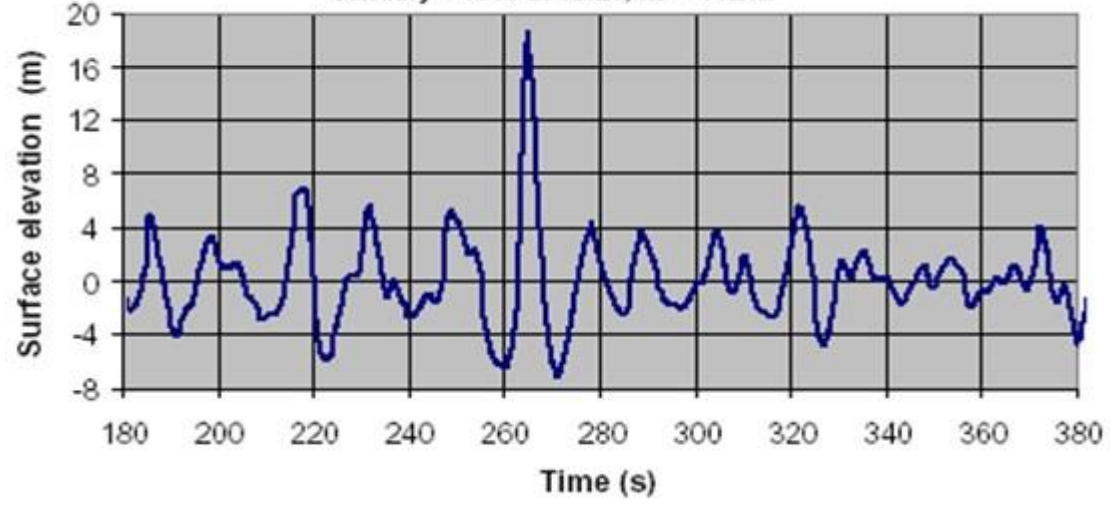
Constructive Interference



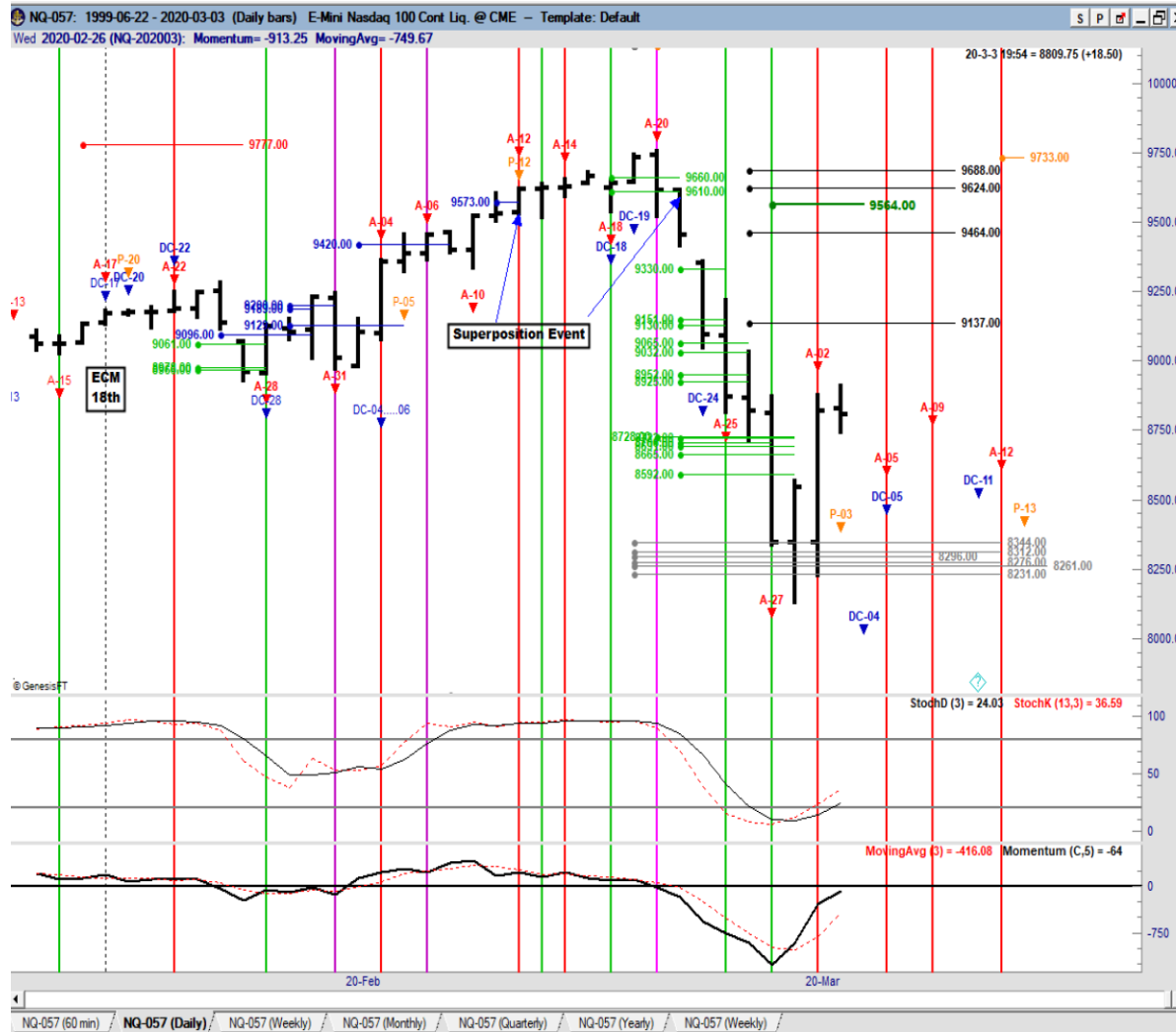
Destructive Interference



Draupner wave record
January 1 1995 at 15:20, hs = 11.9m

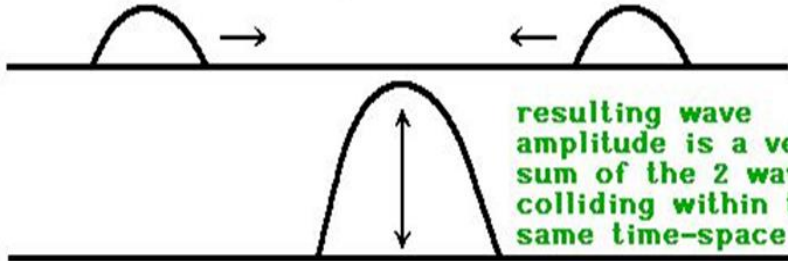


Superposition Event (taking out a Bullish Reversal , Blue and then a Bearish Reversal , Green)

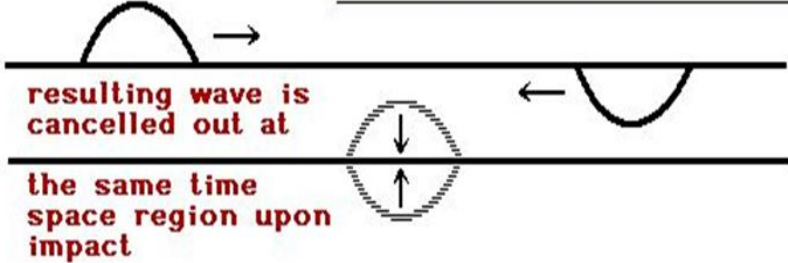


Superposition Principle

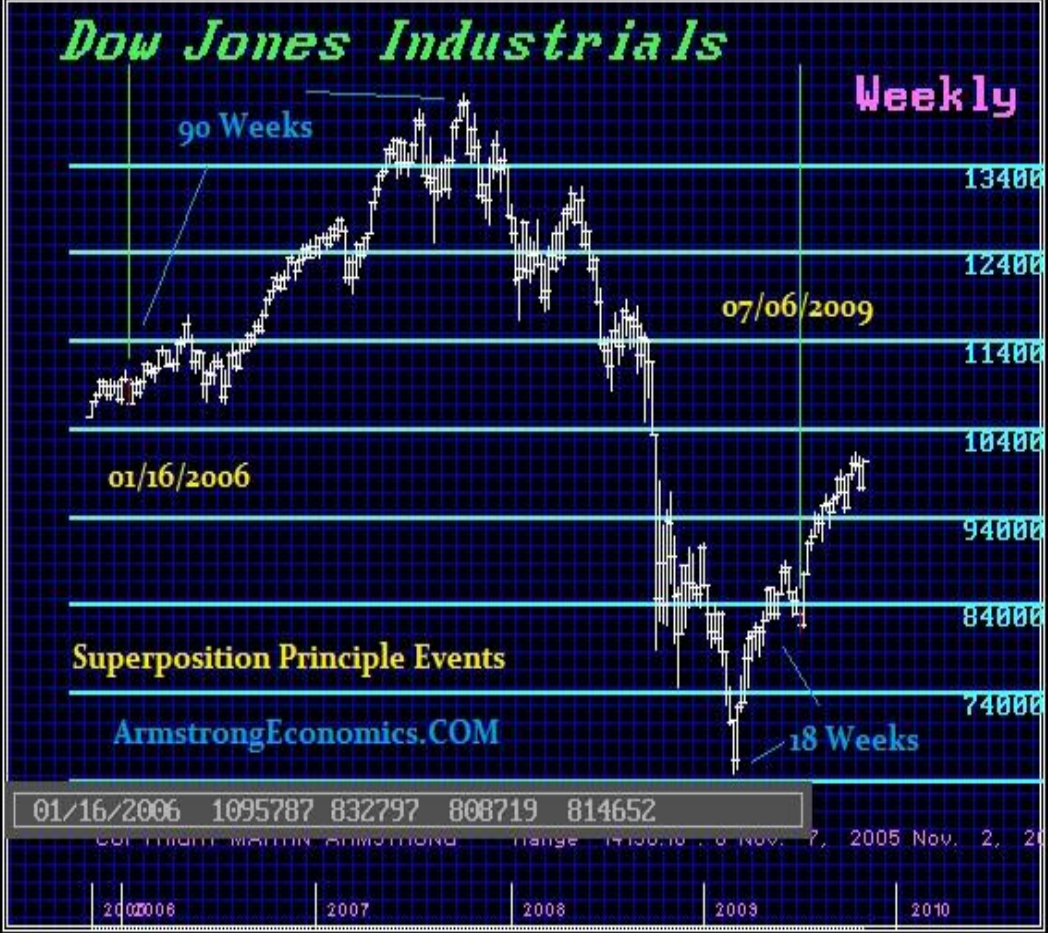
Constructive Interference



Destructive Interference



Superposition Principle & Reversal Convergence -2



Superposition Principle & Reversal Convergence -3



Superposition Principle in the Reversal System

Date	Open	High	Low	Close	ElecBull1	ElecBull2	ElecBull3	ElecBull4	ElecBear1	ElecBear2	ElecBear3	ElecBear4
19290415	30560	31520	30550	31230	0	0	0	0	0	0	0	0
19290422	31830	32010	31720	31750	0	0	0	0	0	0	0	0
19290429	31560	32910	31560	32810	0	0	0	0	0	0	0	0
19290506	33100	33100	32490	32800	0	0	0	0	0	0	0	0
19290513	32450	32560	32190	32330	0	0	0	0	0	0	0	0
19290520	32260	32260	30630	30630	0	0	0	0	0	0	30920	0
19290527	30420	30420	30010	30160	0	0	0	29950	30450	0	0	0
19290603	30710	31200	30710	30740	0	0	0	0	0	0	0	0
19290610	30760	31740	30760	31460	0	0	0	0	0	0	0	0
19290617	32240	32410	32040	32410	0	32020	0	0	0	0	0	0
19290624	32570	33520	32570	33460	33110	0	32450	0	0	0	0	0
19290701	33910	34870	33910	34580	0	0	0	0	0	0	0	0
19290708	35010	35030	34710	34830	0	0	0	0	0	0	0	0
19290715	34700	34980	34700	34780	0	0	0	0	0	0	0	0
19290722	34780	34940	34750	34750	0	0	0	0	0	0	0	0
19290729	34490	35830	34490	35730	0	0	0	0	0	0	0	0
19290805	35870	35870	34490	34660	0	0	33110	32460	0	0	0	0
19290812	35440	36440	35440	36360	35040	34880	0	0	0	0	0	0
19290819	36780	37870	36780	37810	0	0	0	0	0	0	0	0
19290826	38020	38610	37760	38610	0	0	0	0	0	0	0	0
19290902	38010	38200	37870	38140	0	0	0	0	0	0	0	0
19290909	38060	38060	36970	36970	0	0	0	0	0	0	0	0
19290916	37360	37520	36470	36470	0	0	0	0	0	0	0	0
19290923	36500	36500	34830	34830	0	0	0	0	0	0	0	0
19290930	34940	35020	33330	34260	0	0	0	30810	34480	34740	0	0
19291007	34850	35880	34850	35880	0	0	34880	0	36460	37860	0	0
19291014	35820	35820	33270	33270	0	0	0	0	0	0	34700	0
19291021	32830	33300	30360	30360	0	0	0	0	32030	30700	30450	31340
19291028	29520	29520	25240	28150	0	0	0	0	0	29110	30000	30080
19291104	26980	26980	24210	24530	0	0	0	0	25520	25260	25520	25520
19291111	23510	23510	21190	23280	0	0	0	0	23680	23870	0	0
19291118	23340	25080	23340	25080	0	0	0	0	0	0	0	0
19291125	24610	24610	24070	24070	0	0	0	0	0	0	0	0
19291202	24340	26560	24340	26560	0	0	0	0	0	0	0	0
19291209	26760	26760	25180	25440	0	0	0	0	0	0	36960	30700
19291216	25320	25320	23730	23730	0	0	0	0	0	24200	0	0

we just had a Superposition Event on Friday 27 2018 in the Dow. This is #43 since 1914

<https://www.armstrongeconomics.com/library-research/superposition-principle-reversal-convergence/>

ArmstrongEconomics.COM

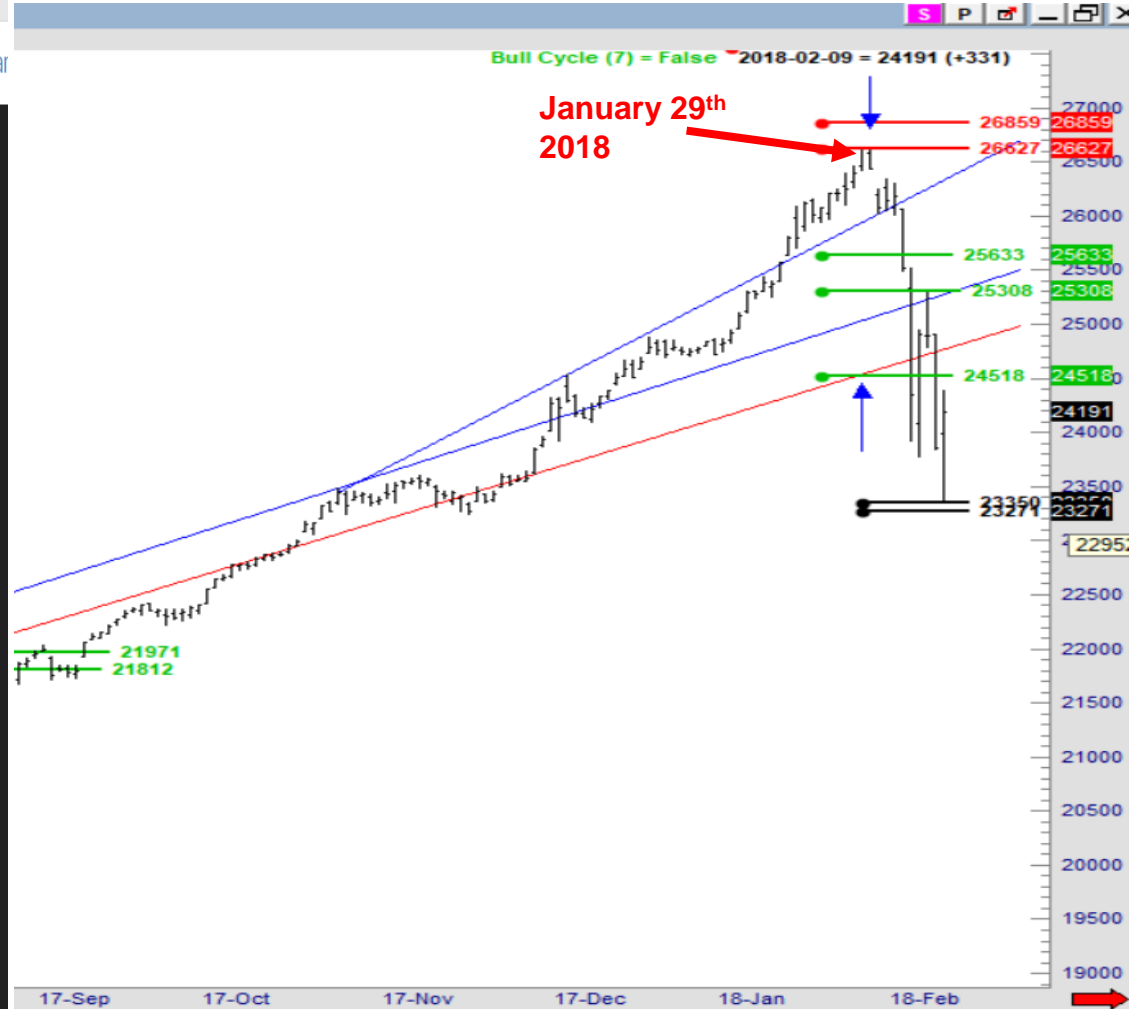
20180723	2503690	2558724	2498333	2545106	2544916	2508650	0	0	0	0	0	2597464
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2 short-term elected 1 long-term bearish elected

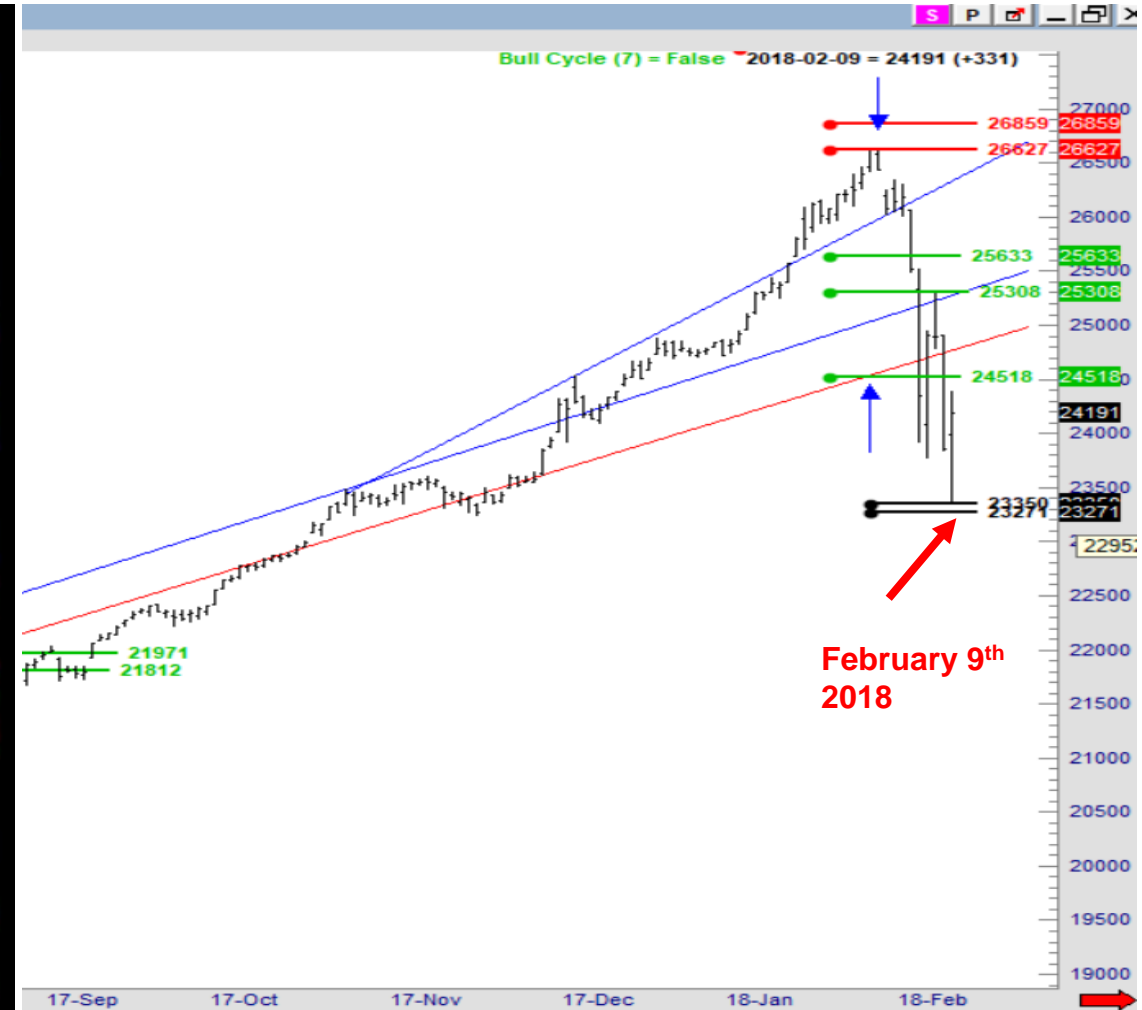
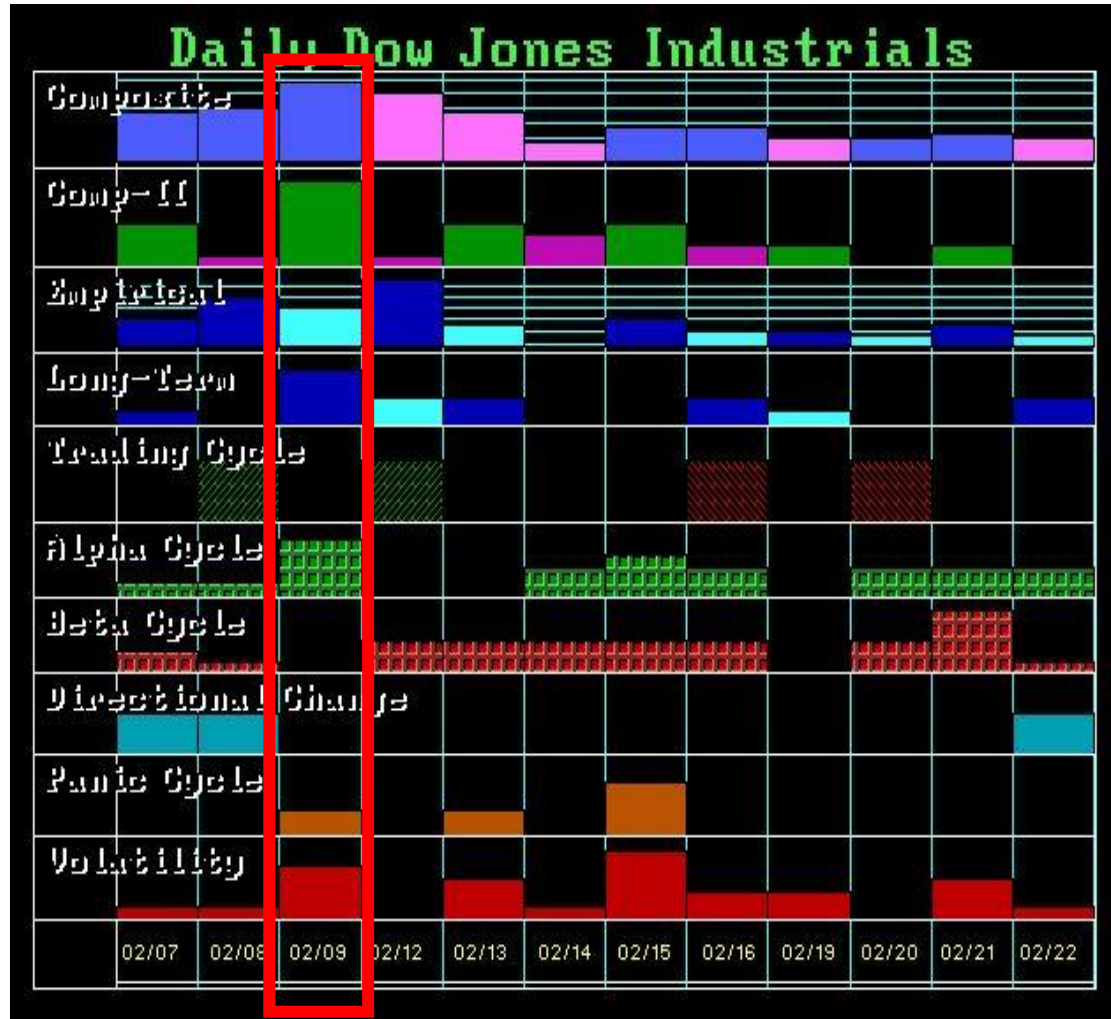
When Time and Price Meet at the Top



DOW JONES INDUSTRIALS INDEX CASH
 Analysis for Wednesday, January 17, 2018
 Yearly Quarterly Monthly Weekly Daily Back To Start



When Time and Price Meet at the Bottom



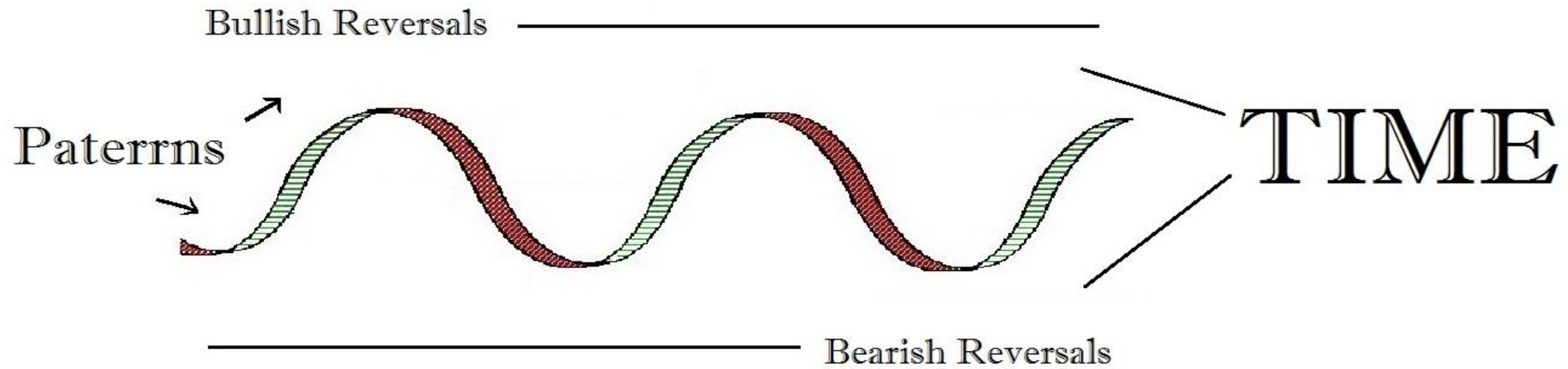
When Time and Price Meet at the Bottom



When Time and Price Meet at the Bottom



Using the Models Time - Price - Pattern Recognition



IF - THEN - ELSE ANALYSIS

REVERSAL BASED ENTRY STRATEGIES .When Time meets Price



- If \$1282-\$1254-\$1225 were weekly bearish reversals, then two possible orders can be implemented to establish a position in the market:

Strategy 1	Strategy 2
<ul style="list-style-type: none"> • Use a sell stop close only at \$1281.5 • Stop limits are advisable-usually \$5 in Gold or 100-150 points in the S&P depending on Volatility. 	<ul style="list-style-type: none"> • Use an Intraday sell stop at \$1280.9 with a protective buy stop close only at \$1282.5. • In addition , an Intraday protective buy stop should be placed above the next number or previous weeks high whichever is lower . • If the previous weeks high was \$1294 the use the whole number \$1290 placing the stop at \$1290.6
<ul style="list-style-type: none"> • <i>Inherently risky</i> • During extreme volatility, the order may not be elected as the market could close sharply lower beyond the limit. 	<ul style="list-style-type: none"> • <i>Less risk</i> • Able to handle an extremely volatile period very well by getting into a short position close to the key area • During quieter periods, a market could slightly penetrate the reversal intraday and still close above it at the end of the day, thus avoiding execution. • Risk is limited as intraday penetration proves to be only a false move



REVERSAL BASED EXIT STRATEGIES. When time meets Price



Strategy 1	Strategy 2
<ul style="list-style-type: none">• Cover the position on the next reversal using a MIT order.• If you are short from the \$1282 level and the next bearish reversal is \$1254, use an MIT at \$1255 or \$1256 to buy back the short position• Re-enter the market using the entry strategy most appropriate with the \$1255 reversal• Continue this strategy from reversal to reversal until the market stops	<ul style="list-style-type: none">• Each new low produces a bullish reversal and each new high produces a corresponding bearish reversal• Exit the market if the corresponding reversal is executed• If a short position was taken near the \$1282 level and the market drops to the \$1258 area, a protective buy stop close must only be placed slightly above the bullish reversal generated from the new low at \$1258.

- These two strategies work well with the reversals for both conservative and aggressive speculation or hedging
- Keep in mind that this reversal system works best under extreme volatility: *the greater the panic the higher the accuracy.*



Indicating Ranges



Yearly Market History, Indicators and GMW Trends																	
Date	Open	High	Low	Close	Center	Top Env	MA5	MA7	Bottom Env	Momentum	Trend	Long Term	Cycle Strength	S1	S2	S3	GMW Yearly Trend
01-Jan-2013	13104.3	16588.25	13104.3	16576.66	14846.28	14071.75	10325.63	13258.44	8809.15	Bullish	Bullish	Bullish	Bullish	100	70	70	Near-Term BULLISH
01-Jan-2014	16572.17	18103.45	15340.69	17823.07	16722.07	14809.9	12099.78	13816.35	9271.24	Bullish	Bullish	Bullish	Bullish	98	81	75	Pressing Higher
01-Jan-2015	17823.07	18351.36	15370.33	17425.03	16860.84	15669.33	13250.98	14540.89	9809.25	Bullish	Bullish	Bullish	Bullish	92	89	79	Pressing Higher
01-Jan-2016	17405.48	19987.63	15450.56	19762.6	17719.1	16550.08	14260.19	15884.79	10360.62	Bullish	Bullish	Bullish	Bullish	98	94	82	Pressing Higher
01-Jan-2017	19872.86	21580.79	19677.94	21532.14	20629.36	17567.11	15788.76	17307.05	10997.29	Bullish	Bullish	Bullish	Bullish	97	85	80	Possible Temp High

INDICATING RANGES

Momentum - Trend - Long-Term Trend - Cyclical Strength

The Indicating Ranges are reflected in the Global Market Watch dictate the color in the comment. If you are above all four ranges, then the market has exceeded the important near-term resistance and can thus the market can continue to move higher.

Likewise, when the comment color is dark red, this reflects that the market has traded through the four indicating ranges and all are bearish, then we can see a further decline.

When the comment color is light green or light red, then then the market is trading between the resistance and support.

Therefore, a BULLISH/MOVING HIGHER comment while the color is still red, then we are at least at first testing initial resistance and has not yet indicated that the trend is changing rather than a simple reaction. If the color is green, then the rally is testing resistance and support is still holding.

Terms used in AE Reports



Cyclical Strength

Indicates the Strength of time-related trends. This indicator tends to pick highs and lows in extremely volatile moves (see “How to Use the Indicating Ranges”).

Long-Term Trend

The Long-term direction of a market (see “How to Use the Indicating Ranges”).

Momentum

The market’s ability to move quickly in either direction (speed) (see “How to Use the Indicating Ranges”).

System Support/Resistance

Refers to levels of market support or resistance as represented by the AE REVERSAL SYSTEM and the AE INDICATING RANGES (see “How to Use the Reversal System” and “How to Use the Indicating Ranges”).

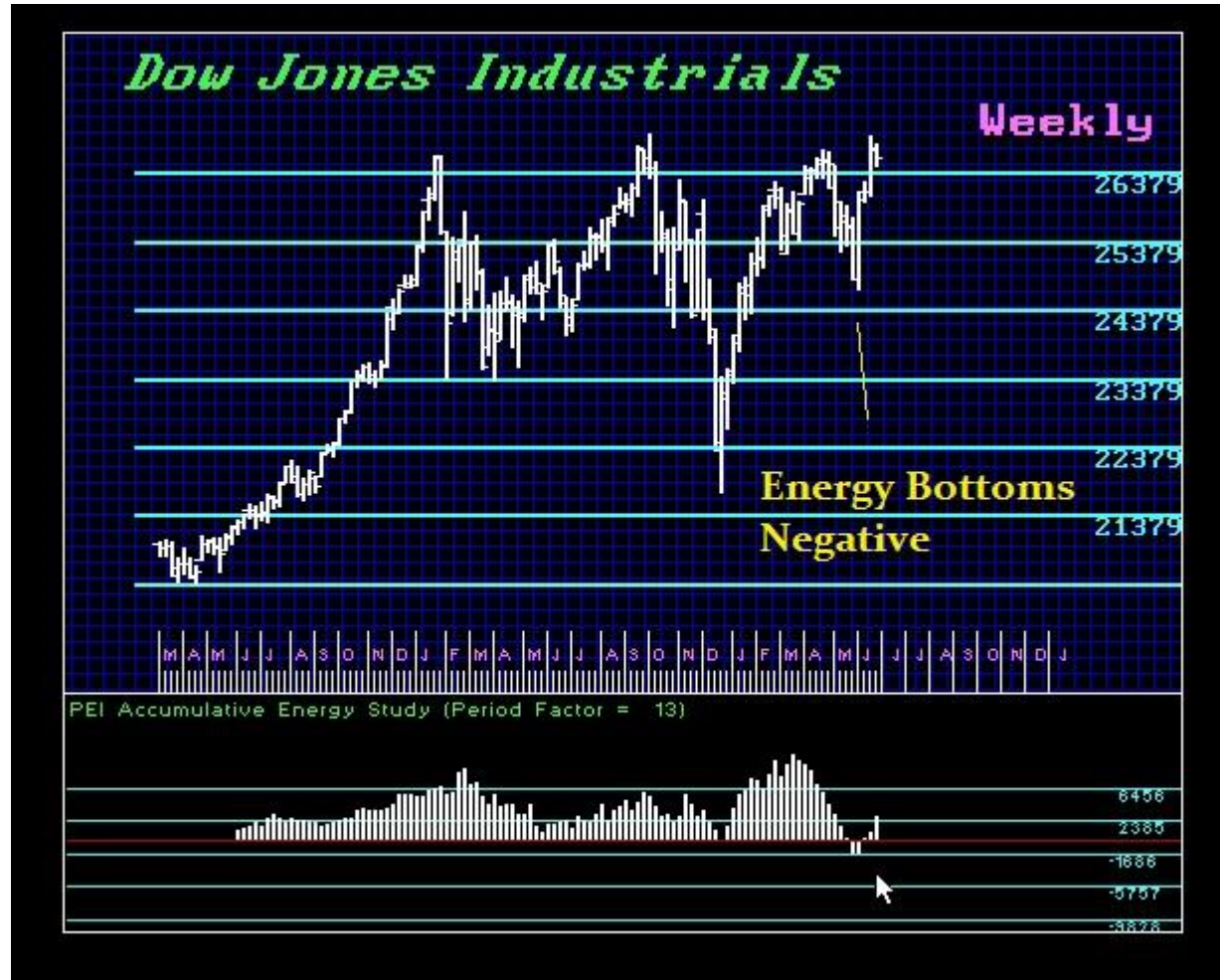
Technical Support/Resistance

Refers to levels of market support or resistance as determined through chart analysis (see “Technical Trading Lines”).

Princeton Bifurcation Analysis

Refers to a proprietary methodology developed by Princeton Economics which attempts to find a specific point in time and price that acts as a “strange attractor” in market or economic movement.

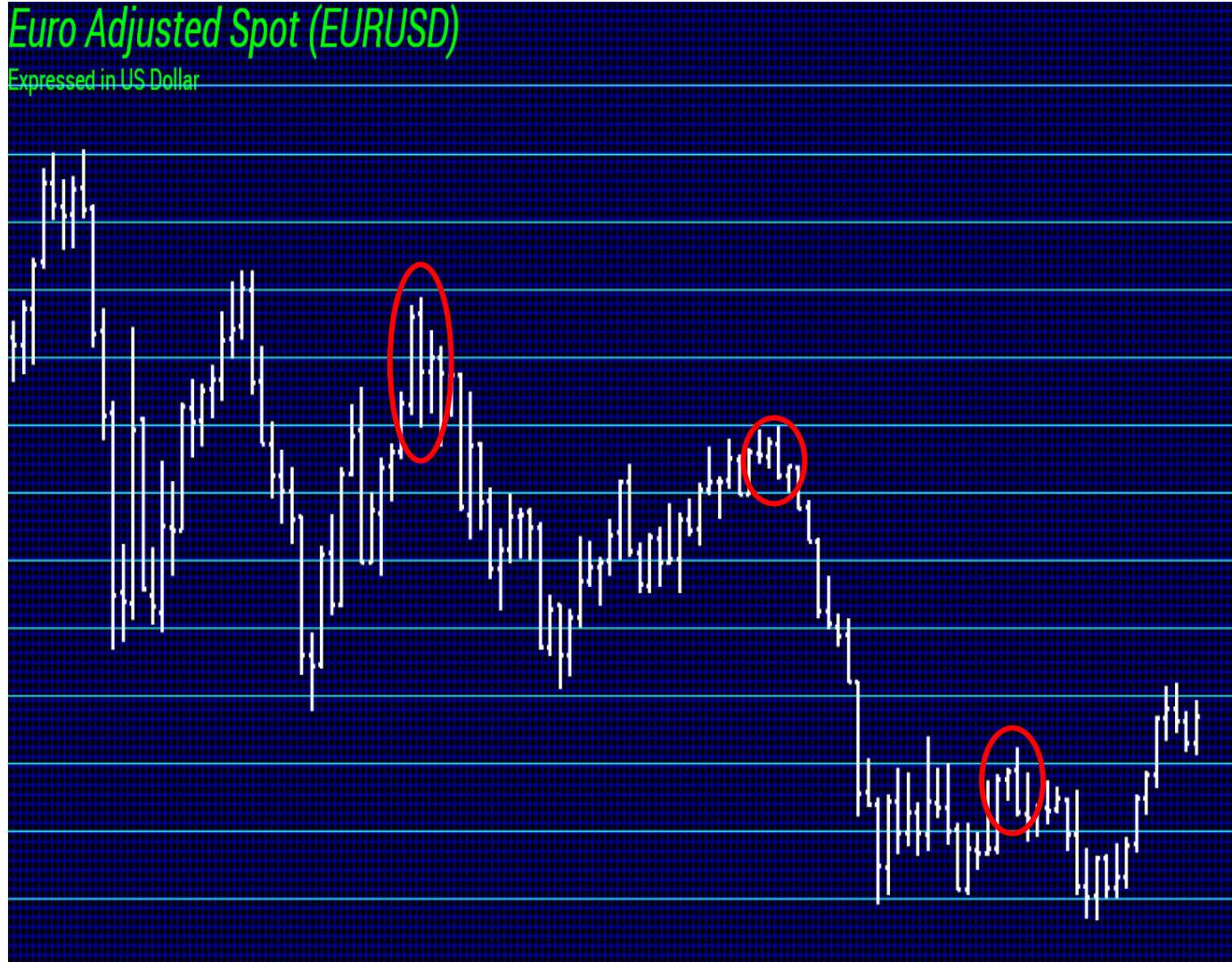
Understanding the Energy Model



The Energy Model is measuring the bulls against the bears. It is providing a different measurement of how much “energy” remains in the market from the long-side. Therefore, if people are recently long, it shows to what extent that represents the whole of the market position. A crash is possible when energy is at a high level and a rally is likely when energy is negative.

Now, let’s look at the Dow. You can see that energy bottomed negative three weeks from the breakout. This, again, warned there would be no crash as everyone was predicting. The Energy Indicator is an excellent tool in judging the risk in a market from a purely numerical perspective — not opinion.

Outside Reversal

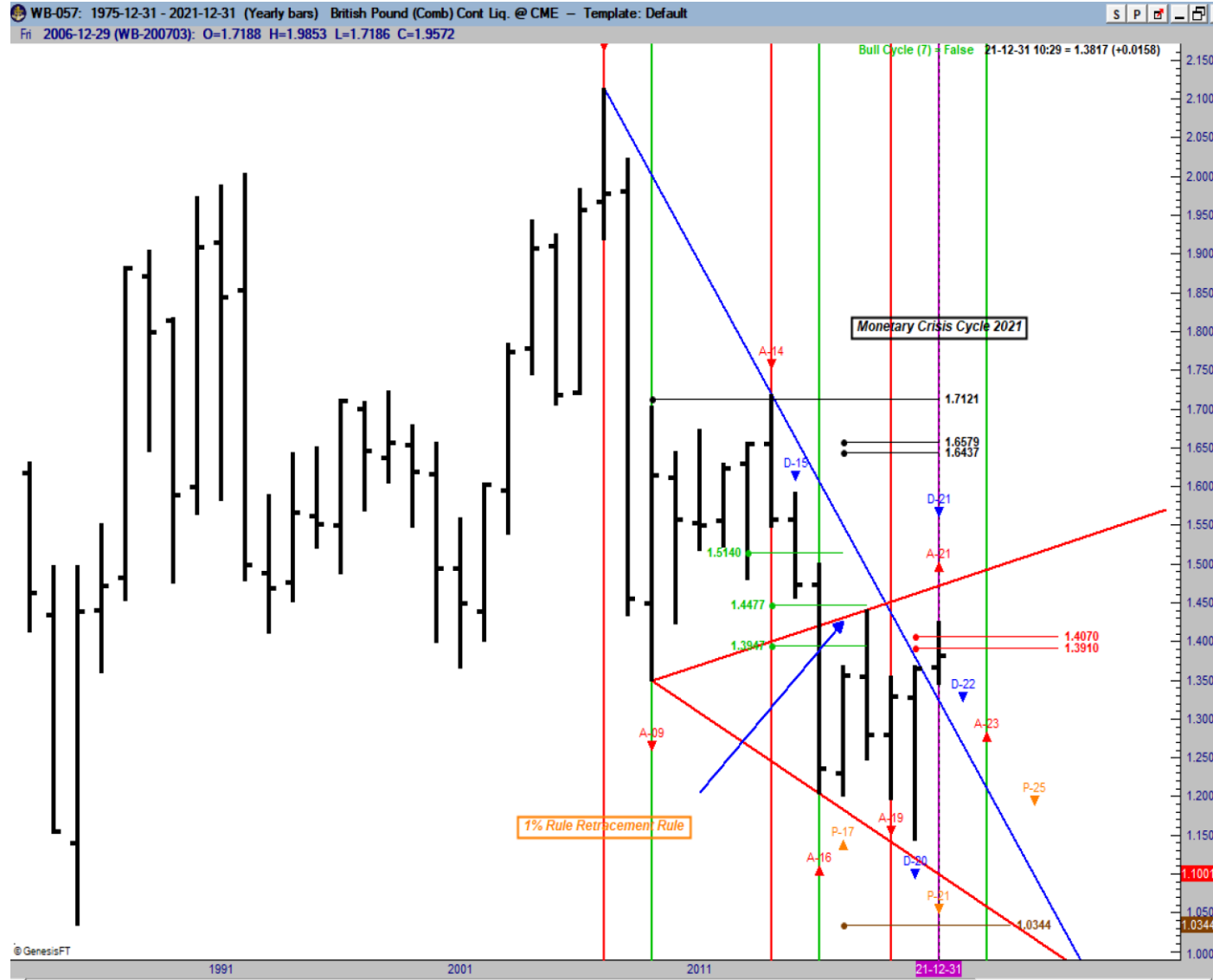


OUTSIDE REVERSAL

A trading session that exceeds the previous high and low and thus it can be a session that exceeds both directions.

Exceeding the High and then closing below the low would be even more Powerful trend change or vice versa

1% Retracement Rule



1% retracement Rule

If Market closes more than 1% below/ Above Reversals then normally it Retraces to the Elected Reversals

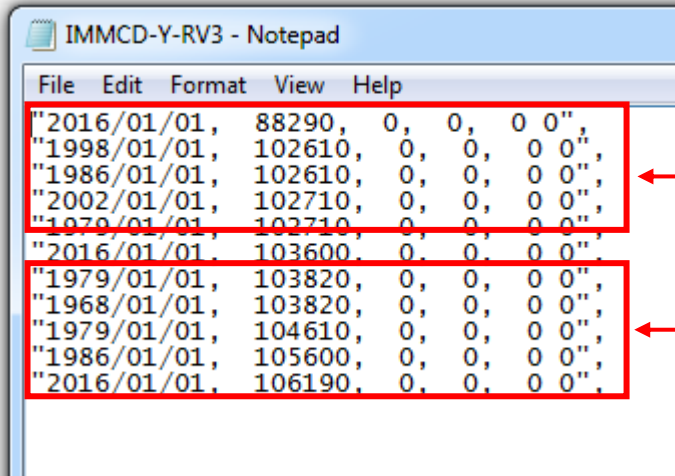
PANIC CYCLE MODEL are Cycles of Outside Reversals



- *A Panic Cycle differs from a turning point or a directional change insofar as it does not reflect a high or guaranteed low and it is not the beginning of a change in trend*
- Here we are concerned solely with the confusing abrupt move.
- 70% of the time, a panic cycle is an outside reversal or capitulation
- 30% of the time, a panic cycle is a fast one way move
- It is neither a target for a specific high or low, just greater price movement that can be dramatic in one direction, or an outside reversal exceeding the previous session high and penetrating its low



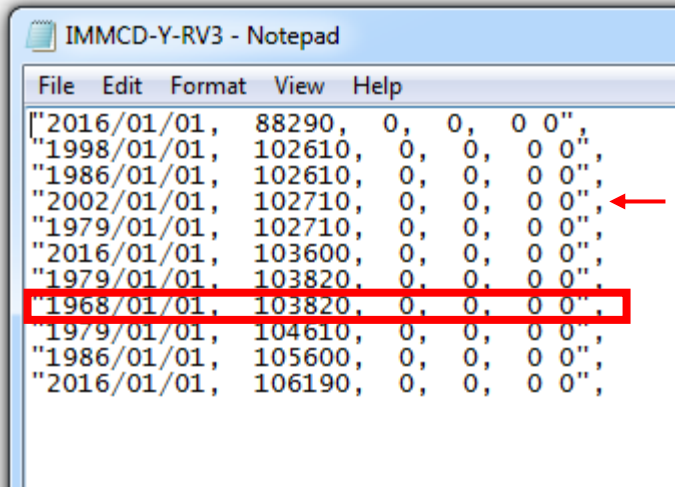
Reversals getting Disappearing & Displaced



Date	Price	Vol	Open	Close
"2016/01/01,	88290,	0,	0,	0 0"
"1998/01/01,	102610,	0,	0,	0 0"
"1986/01/01,	102610,	0,	0,	0 0"
"2002/01/01,	102710,	0,	0,	0 0"
"1979/01/01,	102710,	0,	0,	0 0"
"2016/01/01,	103600,	0,	0,	0 0"
"1979/01/01,	103820,	0,	0,	0 0"
"1968/01/01,	103820,	0,	0,	0 0"
"1979/01/01,	104610,	0,	0,	0 0"
"1986/01/01,	105600,	0,	0,	0 0"
"2016/01/01,	106190,	0,	0,	0 0"

Price activity nearest 5 reversals shown as

Price activity nearest 5 reversals shown as



Date	Price	Vol	Open	Close
"2016/01/01,	88290,	0,	0,	0 0"
"1998/01/01,	102610,	0,	0,	0 0"
"1986/01/01,	102610,	0,	0,	0 0"
"2002/01/01,	102710,	0,	0,	0 0"
"1979/01/01,	102710,	0,	0,	0 0"
"2016/01/01,	103600,	0,	0,	0 0"
"1979/01/01,	103820,	0,	0,	0 0"
"1968/01/01,	103820,	0,	0,	0 0"
"1979/01/01,	104610,	0,	0,	0 0"
"1986/01/01,	105600,	0,	0,	0 0"
"2016/01/01,	106190,	0,	0,	0 0"

Reversals , changing number of Datapoints loaded will change Number of reversals loaded and Showing

Reversals , changing number of Datapoints loaded will change Number of reversals loaded and Showing

This reversal is from 1968.
When you compare it with the Alt-R function that gives you all reversals back to inception

There is nothing wrong with the reversals
That particular one came from a minor low back in 1968
We should be concerned with the most recent active

Reversals , Socrates shows the nearest Reversals so when Price activity changes the nearest Reversals loaded will also change.

Reversals are not disappearing, but the table listed now is limited so if new reversals are generated or Price activity moves a previous reversal may be displaced

REVERSAL GENERATION EXAMPLE “What If’s”



"what-if" reversal point

Generated by the system based on a new intraday high/low established in a time unit (d/w/m/q/y)

"what-if" reversals can only be confirmed as a traditional reversal point if the new high/low that created it holds for at least one more unit of time (the next d/w/m/q/y)

Example:

Market xyz sets a new daily intraday high of \$100 on monday

The system creates new set of "what-if" reversals based on that \$100 high

During tuesday's session, there is a new intraday high of \$105

The system then creates a new set of "what-if" reversals based on that new \$105 high (this eliminates and replaces the set of "what-if" reversals created after monday's high)

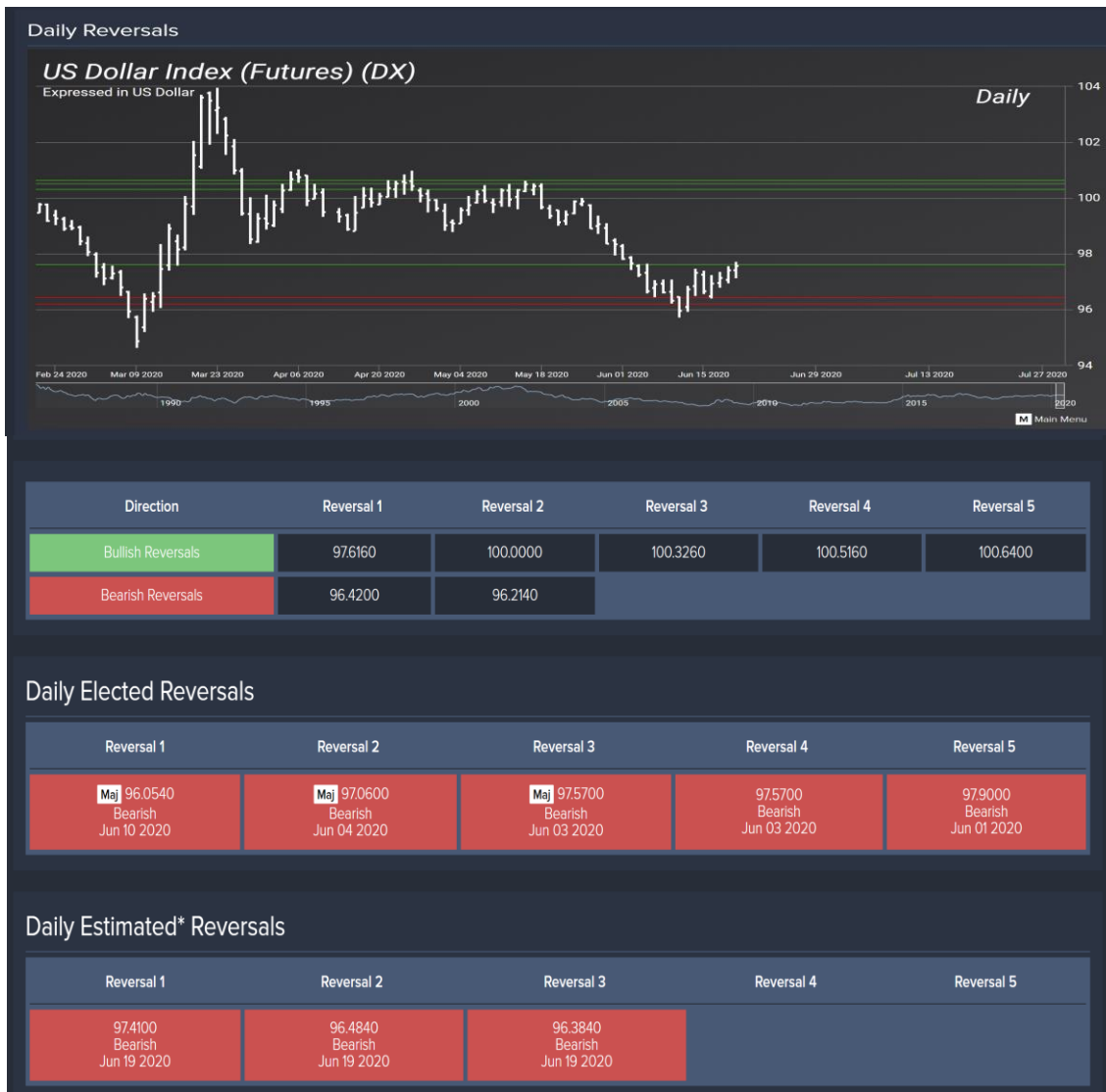
During wednesday's session, the \$105 high from wednesday holds (it is not exceeded, so \$105 remains the high)

After wednesday's close, the system will see the \$105 high held and thus the "what-if" reversals generated from that \$105 high on tuesday are now confirmed as traditional reversal points

"what-if" reversals can (and often do) disappear (and be replaced) when new higher highs or lower lows are being set on a day-to-day / week-to-week / month-to-month (and so on) basis....

But - "what-if" reversals are not "estimates" of future price activity. They are not based on any "projection" or "forecast" of what might happen. It is simply a point-in-time observation of a new high/low, that has yet to be confirmed.

Reversals “What If’s”



When a security makes a high or low Socrates dynamically generates a set of reversals. They are called “What If’s” . If the market would make a new high/low next day, then of course they be replaced by a new set until they are confirmed, and the high/low is confirmed .They cant be used for trading until confirmed. Its just an indication of where the new Reversals would be “IF” confirmed

← Active Reversals

← Elected Reversals & Same Day Elected

← “What If “ (Tentative) Reversals Unconfirmed. When confirmed move to Active Reversals

Same Day Elected Reversals



Elected Reversal are simply Reversals generated previously as listed in Active Reversals and Elected.

Same Time Reversals are generated same Day or Time Unit and immediately Elected same day or Time Unit. Hence, they never show in Active Reversals

Daily Elected Reversals									
Reversal 1	Reversal 2	Reversal 3	Reversal 4	Reversal 5	Reversal 6	Reversal 7	Reversal 8	Reversal 9	Reversal 10
Maj 92.3800 Bearish Aug 18 2020	92.4700 Bearish Aug 18 2020	92.6940 Bearish Aug 18 2020	92.4740 Bearish Aug 18 2020	92.5340 Bearish Aug 18 2020	93.1100 Bearish Aug 05 2020	93.4100 Bearish Aug 04 2020	93.0140 Bearish Jul 30 2020	Maj 93.1000 Bearish Jul 30 2020	93.3540 Bearish Jul 30 2020

Daily Same-Time Reversals*									
Reversal 1	Reversal 2	Reversal 3	Reversal 4	Reversal 5	Reversal 6	Reversal 7	Reversal 8	Reversal 9	Reversal 10
95.8440 Bearish Aug 21 2020	94.0000 Bearish Aug 12 2020	96.4000 Bearish Aug 12 2020	95.7100 Bearish Aug 03 2020	96.9300 Bearish Aug 03 2020	97.1440 Bearish Jul 10 2020	Maj 99.3000 Bearish Jun 30 2020	97.4100 Bearish Jun 22 2020	100.1000 Bearish Jun 22 2020	98.8940 Bearish Jun 12 2020

*"Same-Time Reversals" are when Tentative Reversals are crossed (below bearish or above bullish) on the closing of the same time unit in which it was generated (same day, same week, etc). This is similar to when a confirmed Active Reversal is Elected, but in this scenario it all happens in the same unit of time, and is a strong indicator that the high or low that generated the Tentative Reversals will hold in the relative near-term.

← Elected Reversals

← Same Day Elected

Intraday Projected Breakout Resistance

Intraday Projected Breakout Resistance
Today..... 246300
Previous... 226925
Tomorrow... 246400

Intraday Projected Breakout Resistance
Today..... 218825
Previous... 204484
Tomorrow... 236344

Question:

I noticed several times that there is a discrepancy in the daily numbers for Silver when I look at how the fields "today", "previous" and "tomorrow" are updated.

I would expect that the value I see today in the field "tomorrow" to appear the next day in the field "today" and the one in "today" to appear in "previous".

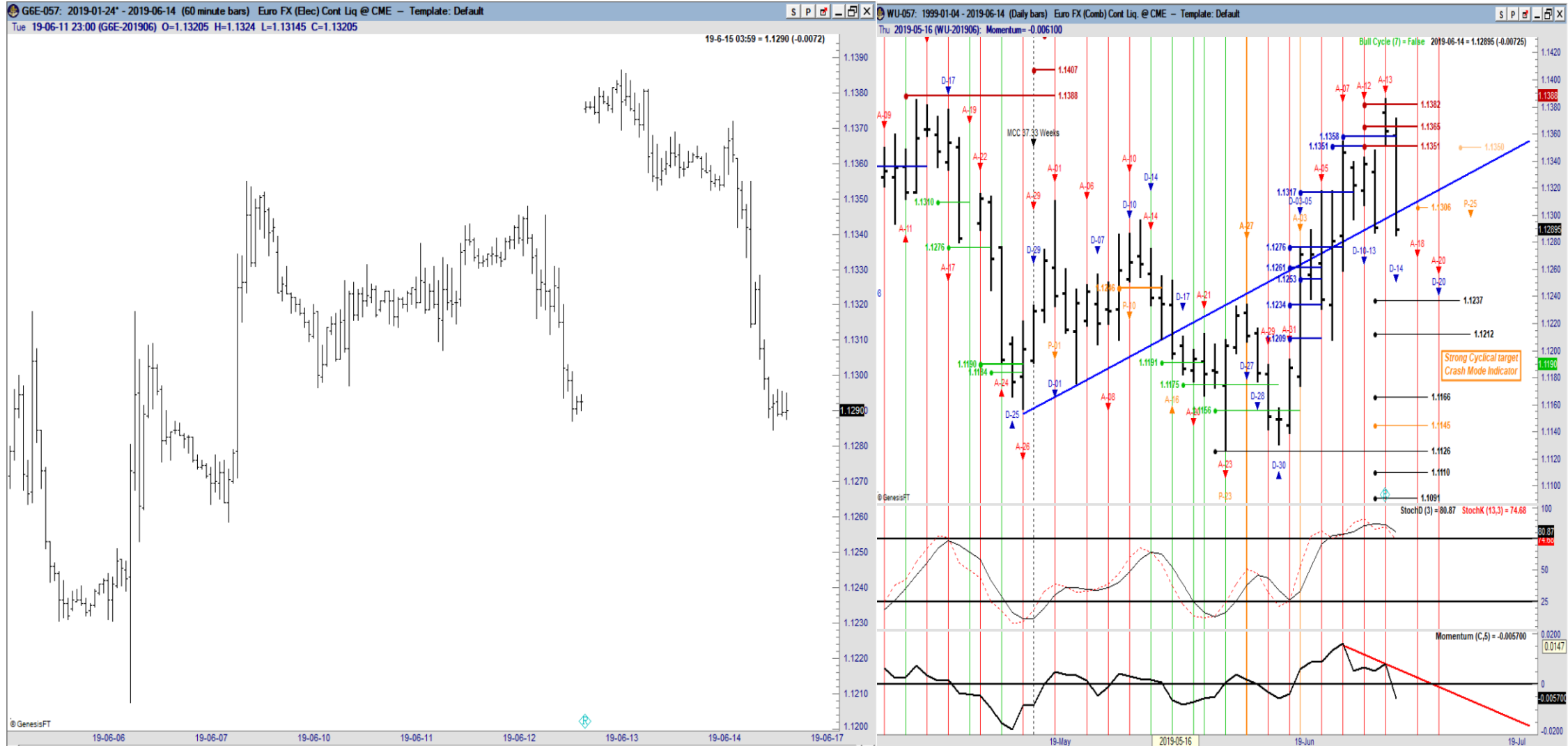
Answer:

*They are cyclical based not linear
So they can be higher then lower then higher again*

Rollover in Future Contracts.



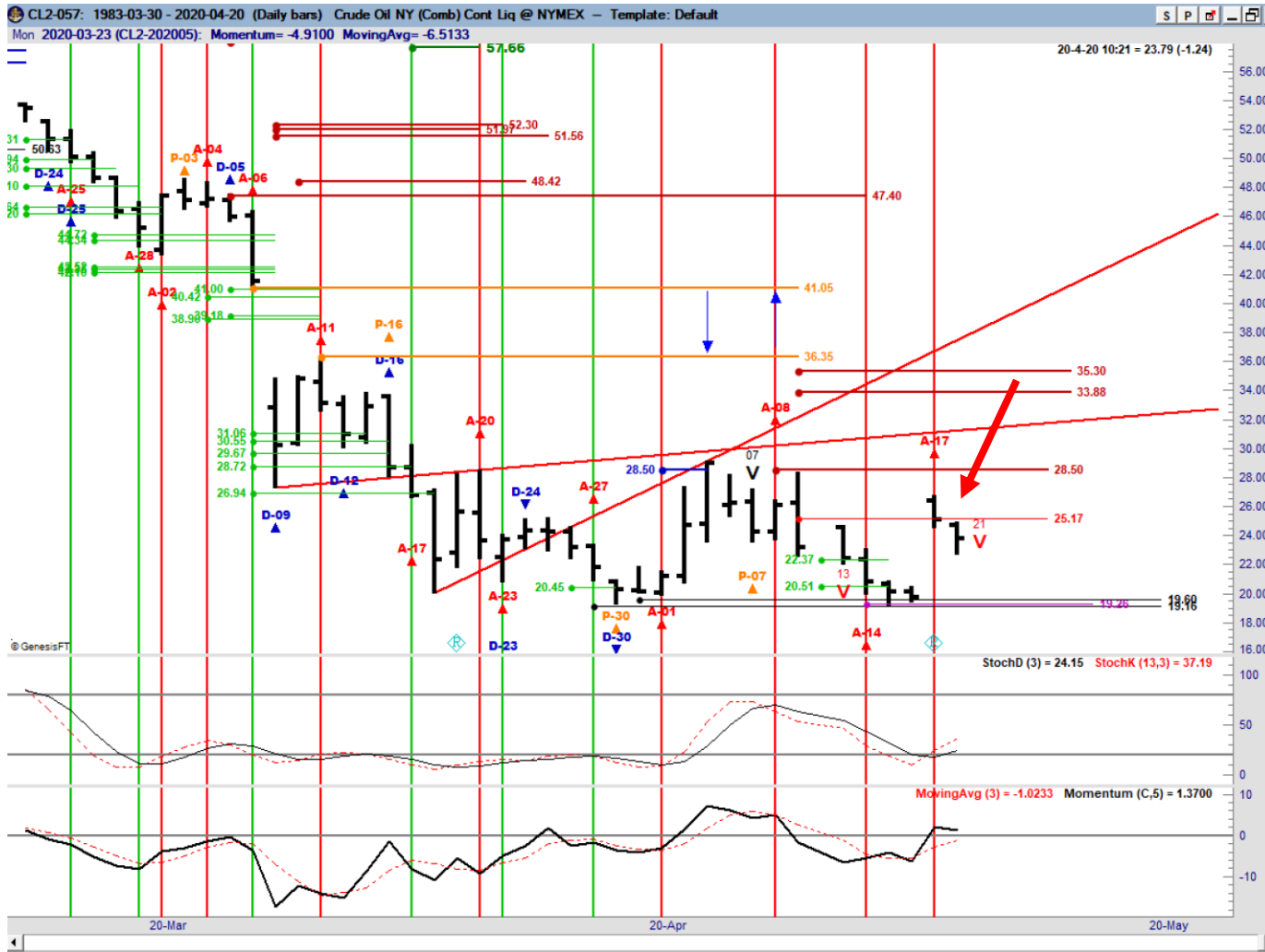
Its part of the Data Series and will not effect Reversals. Many Times Markets just move below to fill the Gap after.



Rollover in Future Contracts.



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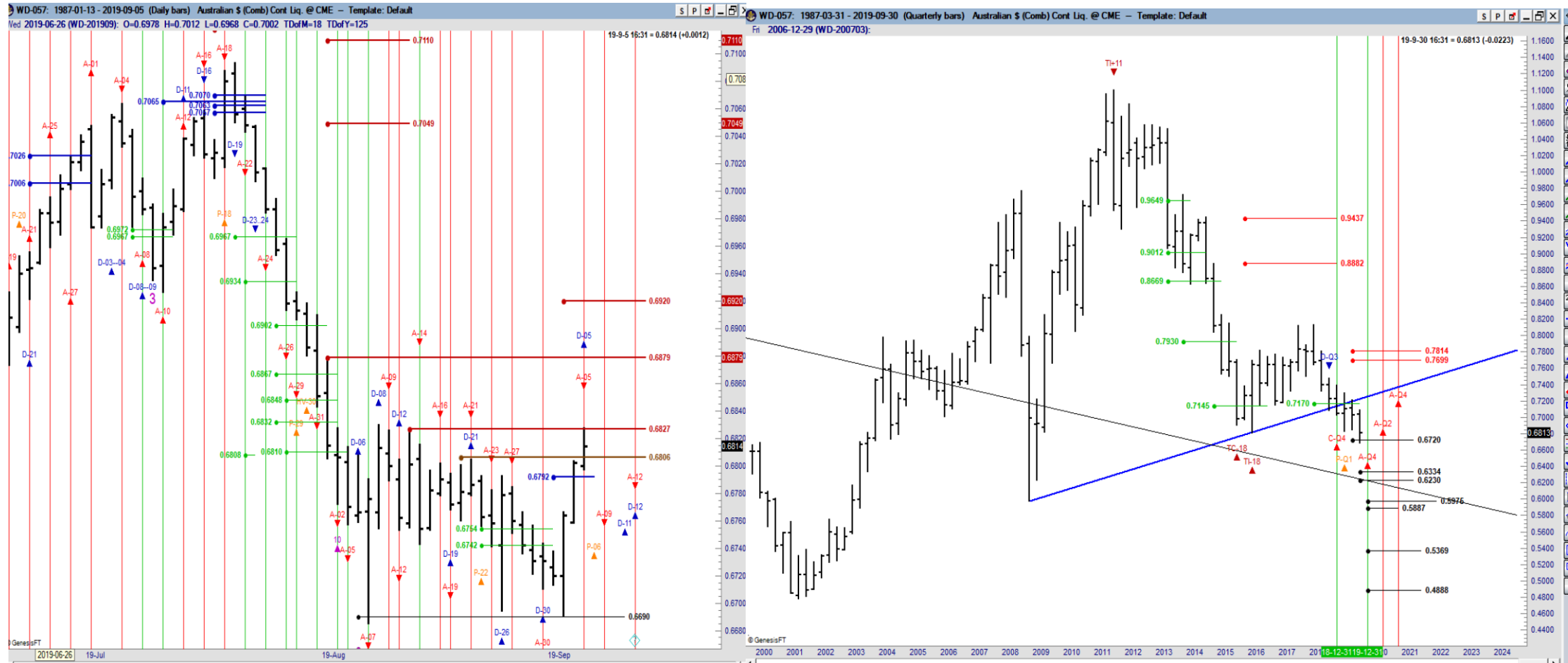


Price Failed to elect the Reversal despite Roll Over Gap

GMW, Strong Rally on Daily but Crash mode on Monthly- Quarterly -Yearly



☆ Australian Dollar Futures (AUDUSD) Turning UP after LOW REACTION Still CRASH MODE CRASH MODE SERIOUS SHARP DECLINE UNDERWAY

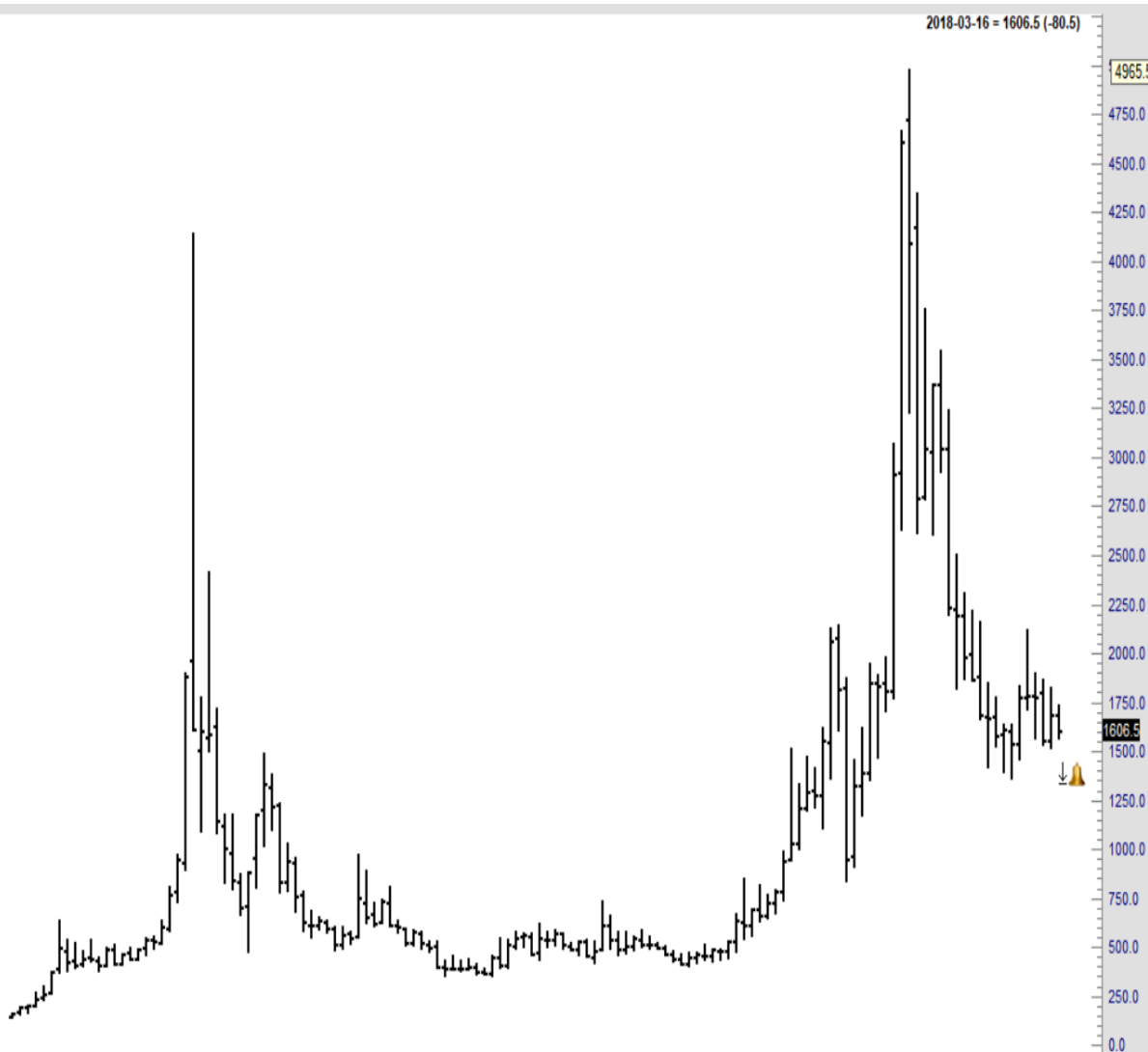


Cyclical Chart 16 Week Gold Benchmark Cycle



- Creating charts of the Cycle length will help with Analysis
- Here a Chart of the 16 week gold benchmark cycle .
- Each bar is 16 weeks

Cyclical Chart 18 Week Silver Benchmark Cycle



- Creating charts of the Cycle length will help with Analysis
- Here a Chart of the 18 week Silver benchmark cycle .
- Each bar is 18 weeks

Trade when Time and Price meets



NY Dollar Index Time and Price Meet



Time and Price meets

- Strategy #1 Test Reversal at High Bar
- Strategy #2 Take out Low of High bar
- Strategy #3 Take out Reversal

Indicators Turning Short
Indicator Divergence

March 9th Time and Price meet again .
Trading Cycle 12 Days down. Panic Day

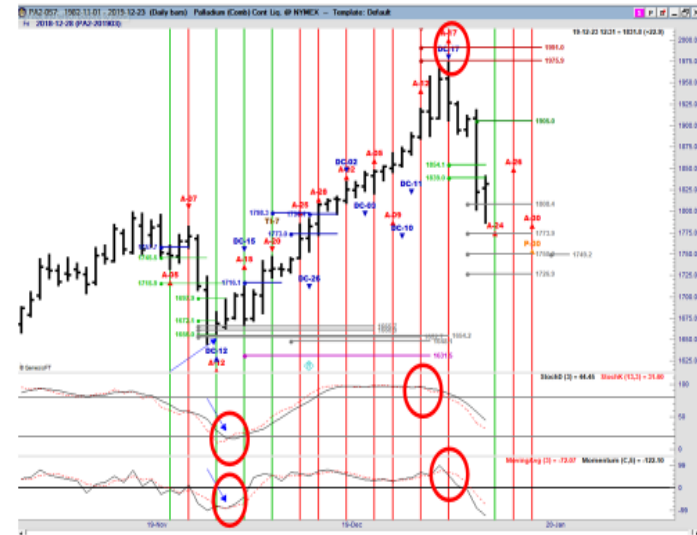
Cover go Long Beautiful Trades

Trade when Time and Price meets it works well
and takes Risk and Guessing out of Trading

All else will fall in Place.

Don't Trade Verbiage or what anyone says. Trade
the numbers

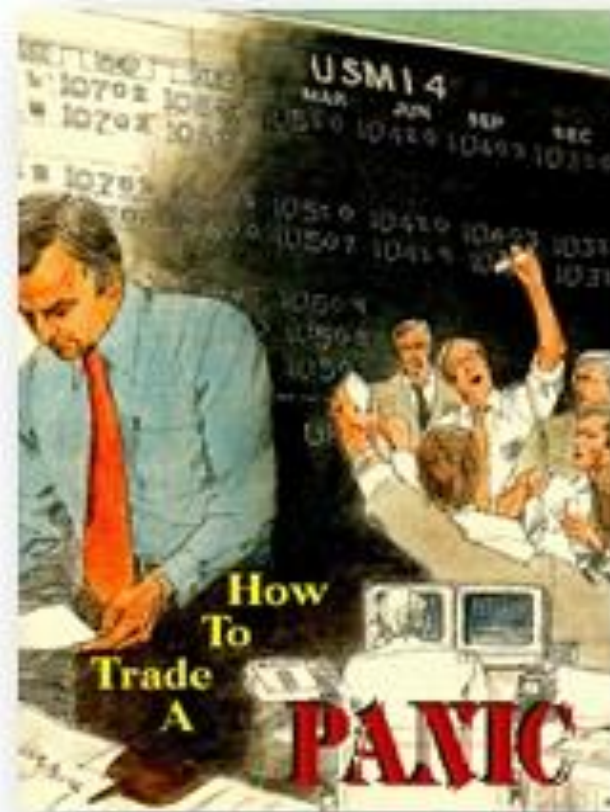
NY Palladium Time and Price Meet



Trading the Reverse Pyramid



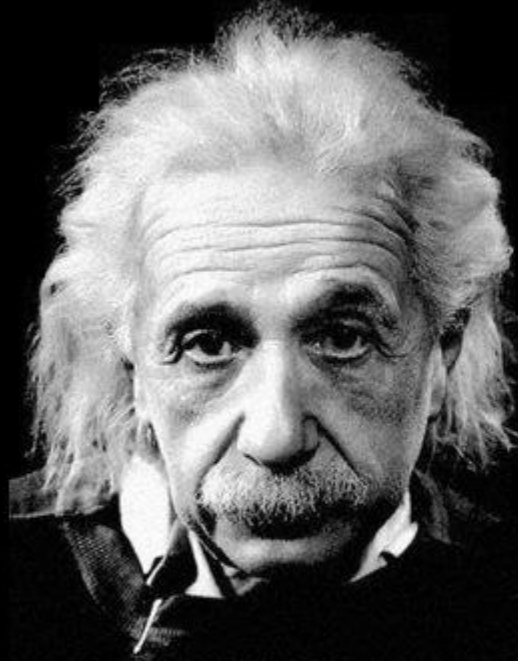
How to Trade A Panic



Surviving Your Own Trading Decisions – You Can Be Your Worst Enemy



Einstein's Maxims for Creative Excellence



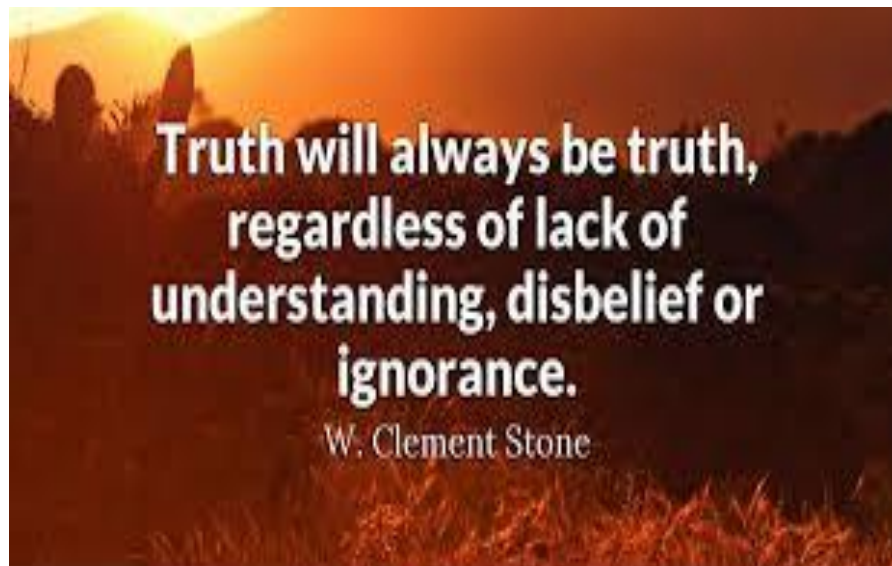
Albert Einstein
(March 14, 1879 – April 18, 1955)

- 1). *Imagination is more important than knowledge.*
- 2). *Reading, after a certain age, diverts the mind too much from its creative pursuits. Any man who reads too much and uses his own brain too little falls into lazy habits of thinking.*
- 3). *The important thing is not to stop questioning. Curiosity has its own reason for existing. One cannot help but be in awe when he contemplates the mysteries of eternity, of life, of the marvelous structure of reality. It is enough if one tries merely to comprehend a little of this mystery every day. Never lose a holy curiosity.*
- 4). *The most beautiful thing we can experience is the mysterious. It is the source of all true art and science.*

All Truth passes through three stages

*You cant have Freedom and Security
if you want to tell people the truth,
you had better make them Laugh, or
they kill you*

George Bernard Shaw



- **All Truth passes through three stages**
- **First its ridiculed**
- **Second it is violently opposed**
- **Third it is accepted as self evident**

The Little-Guy Syndrome



Private investors always seem to suffer from the little guy syndrome. Far too often they are told that the professionals, institutions and financial wizards know more about the markets than the little-guy. As such, the proper thing to do is just shut-up and follow their lead

The best knowledge comes from the street. What festers in the marble and granite buildings of Wall Street is usually twisted notions and distortions of what is really going on in the real world.

Street Sense is perhaps the most valued of all knowledge. Often it is said that those who cannot do -teach. It is hard to imagine true understanding evolving from anything other than actual experience.