

# TABLE OF CONTENTS

**PREFACE**   vii

**CHAPTER 1**   **INTRODUCTION**   **1**

**CHAPTER 2**   **NOVICE**   **7**

    Laying the Foundation   8

        The Auction   10

        Organizing the Day   11

        Challenging the Rules   16

        The Role of the Marketplace   16

        Going with the Crowd   18

    Introduction to Day Timeframe Structure   19

        Normal Day   20

        Normal Variation of a Normal Day   22

        Trend Day   22

Double-Distribution Trend Day	25
Nontrend Day	27
Neutral Day	27
Day Type Summary	29

### CHAPTER 3 ADVANCED BEGINNER 33

Building the Framework	34
The Big Picture: Market Structure, Trading Logic and Time	34
A Synthesis: Structure, Time, and Logic	35
Evaluating Other Timeframe Control	38
Other Timeframe Control on the Extremes	40
Other Timeframe Control in the Body of the Profile	40
Initiative versus Responsive Activity	45
Trending versus Bracketed Markets	49
Key Elements—A Brief Discussion	54
The Two Big Questions	57

### CHAPTER 4 COMPETENT 59

Doing the Trade	59
Section I: Day Timeframe Trading	60
Day Timeframe Directional Conviction	61
Open Within Value	75
Open Outside of Value but Within Range	80
Open Outside of Range	84
Day Timeframe Visualization and Pattern Recognition	124
The Liquidity Data Bank	135
High- and Low-Volume Areas	159
High-Volume Examples	162
Low-Volume Examples	169
Summary—Day Timeframe Trading	176
Section II: Long-Term Trading	177
Long-Term Directional Conviction	177
Attempted Direction: Which Way Is the Market Trying to Go?	178
Directional Performance: Is the Market Doing a Good Job in Its Attempts to Get There?	187
Long-Term Auction Rotations	204
Long-Term Short Covering and Long Liquidation	248

Corrective Action	259
Long-Term Profiles	262
Special Situations	272
3-I Days	273
Neutral-Extreme Days	277
The Value-Area Rule	278
Spikes	280
Balance Area Break-outs	288
Gaps	292
Summary	298
Markets to Stay Out Of	300
Nontrend Days	300
Nonconviction Days	300
Long-Term Nontrend Markets	302
News-Influenced Markets	304
Summary	304
News	304
Summary	309
Beyond the Competent Trader	310

## **CHAPTER 5 PROFICIENT 311**

The Results Equation: Market Understanding × (Self-Understanding + Strategy) = Results	312
Self-Understanding: Becoming a Successful Trader	313
Self-Observation	315
The Whole-Brained Trader	316
The Left Hemisphere	317
The Right Hemisphere	317
Combining the Two Hemispheres	317
Strategy	318
A Business Strategy	319
Summary	327

## **CHAPTER 6 THE EXPERT TRADER 329**

<b>APPENDIX 1 VALUE-AREA CALCULATION</b>	<b>331</b>
Volume Value-Area Calculation	331
TPO Value-Area Calculation	333

**APPENDIX 2 REFERENCE TEXTS AND  
EDUCATIONAL LITERATURE 335**

Literature 335

Courses on Audio Cassette 336

Recommended Reading 336

**ABOUT THE AUTHORS 337**

**INDEX 339**