



Pristine.com Presents

Intra-Day Trading Techniques and Trading Day Preparation

With

Dan Gibby

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Trading Room and West Coast Manager***

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Key Concepts for Mastering
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Introduction

Pristine Intra-day Trading

What is Intra-day Trading?

- *A style that covers a holding period of several minutes to hours.*
- *Requires an objective method for making trading decisions.*
- *This style of trading has become widely accepted recently.*
- *Requires the ability to accept change without reservation.*
- *Day trading is best used on active, highly liquid stocks.*
- *Day traders try to capture smaller gains with minimal dollar risk.*
- *Day trading is a style of trading that may not be suitable for ALL!!*

Psychological Requirements

Psychological Trading Requirements

Confidence

Patience

Discipline

HOW

Subjective analysis must be reduced or eliminated.

A systematic objective Method of interpretation is needed.

*This builds a thought process which builds **Confidence**.*

Patience

Discipline

Becomes Your Job!

Subjective Analysis



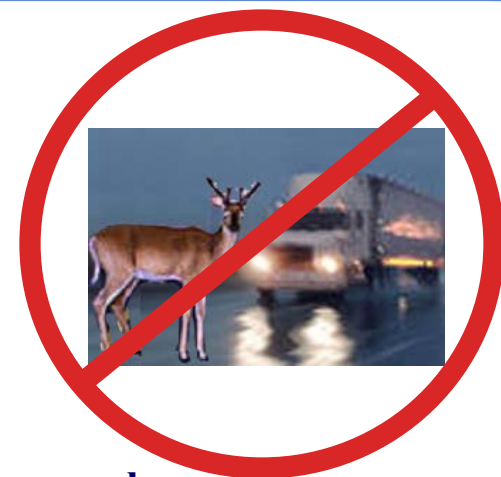
Making decisions based on a derivative of the actual price bars leads to Subjective Analysis.

Traders monkey with the settings of indicators to get desired results. The possibilities are endless!

We will base our analysis on the “Universal Truth” in T/A. That is price!

Pristine Trade Consideration Worksheet

It perplexes us that many traders haphazardly jump into trades, risking significant capital, without having a carefully thought out plan. You should create the plan *before* the trade, not during. This helps us keep the guess work and emotions out of trading, and to focus on what is happening at the moment.



- Trend of broader markets (including analysis of support and resistance; pivots; retracement; bar-by-bar analysis; volume; and candlestick chart patterns)
- Market internals (bullish or bearish bias)
 - TICK
 - TRIN
 - VIX
 - Put-call ratio
- Trend of sector of interest (same analysis)
- Compelling technical pattern of stock of interest (same analysis)
- Time of day
- Relative strength or weakness
- Generous reward-risk ratio
- Consistent with your Trading Plan
- Any subjective data that might support the objective data (e.g., oscillators, moving averages, Fibonacci, divergence, etc.)
- Sufficient liquidity (over 1 million average daily volume)
- Level 2 supports entry, including thick levels and depth
- No unexpected market or stock news

Mastertrader.com One Page Setup

DJI 8,210.68 -19.20 ↑ NDX 1,065.05 -1.25 ↓ COMPX 1,387.01 -44 ↓ S&P 500 870.06 +11 ↑ S&P 100 441.90 -17 ↓ T-Bond 49.30 -04 ↓	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th>Symbol</th><th>Net Chg. %</th><th>Symbol</th><th>Net Chg. %</th><th>Symbol</th><th>Net Chg. %</th><th>Symbol</th><th>Net Chg. %</th><th>Symbol</th><th>Net Chg. %</th><th>Symbol</th><th>Net Chg. %</th> </tr> <tr> <td>AOL</td><td>+1.31</td><td>INTC</td><td>-1.29</td><td>MSFT</td><td>-48</td><td>EBAY</td><td>-11</td><td>KLAC</td><td>+73</td><td></td><td></td> </tr> <tr> <td>KO</td><td>+66</td><td>AXP</td><td>-1.96</td><td>GE</td><td>-1.05</td><td>C</td><td>+17</td><td>AMGN</td><td>+81</td><td></td><td></td> </tr> <tr> <td>QCOM</td><td>-2.06</td><td>DELL</td><td>+61</td><td>SII</td><td>+3.15</td><td>NEM</td><td>-64</td><td>ORCL</td><td>-35</td><td></td><td></td> </tr> <tr> <td>PTEN</td><td>+2.23</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> </tr> </table>	Symbol	Net Chg. %	Symbol	Net Chg. %	Symbol	Net Chg. %	Symbol	Net Chg. %	Symbol	Net Chg. %	Symbol	Net Chg. %	AOL	+1.31	INTC	-1.29	MSFT	-48	EBAY	-11	KLAC	+73			KO	+66	AXP	-1.96	GE	-1.05	C	+17	AMGN	+81			QCOM	-2.06	DELL	+61	SII	+3.15	NEM	-64	ORCL	-35			PTEN	+2.23											<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th>Symbol</th><th>Net Chg. %</th><th>Symbol</th><th>Net Chg. %</th><th>Symbol</th><th>Net Chg. %</th><th>Symbol</th><th>Net Chg. %</th> </tr> <tr> <td>OIH</td><td>+3.32</td><td>BBH</td><td>+1.44</td><td>PPH</td><td>+93</td><td>TTH</td><td>+81</td> </tr> <tr> <td>HSH</td><td>+53</td><td>SPY</td><td>+21</td><td>XLF</td><td>-05</td><td>DIA</td><td>-19</td> </tr> <tr> <td>QQQ</td><td>-23</td><td>SWH</td><td>-30</td><td>SMH</td><td>-60</td><td>BDH</td><td>-2.17</td> </tr> </table>	Symbol	Net Chg. %	Symbol	Net Chg. %	Symbol	Net Chg. %	Symbol	Net Chg. %	OIH	+3.32	BBH	+1.44	PPH	+93	TTH	+81	HSH	+53	SPY	+21	XLF	-05	DIA	-19	QQQ	-23	SWH	-30	SMH	-60	BDH	-2.17
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<div style="border: 1px solid black; padding: 5px;"> <p>Intraday (Right) ORCL - Oracle Corp (5-Min) Bar Volume MA MA</p> </div>	<div style="border: 1px solid black; padding: 5px;"> <p>ORCL 11.40 ↓ -04 Vol 23,961,136</p> <p>Bid ↓ 11.40 Ask 11.40 Close 11.44</p> <p>High 11.51 Low 11.23 \$ Flow 16,792,460</p> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th>Name</th><th>Bid</th><th>Size</th><th>Name</th><th>Ask</th><th>Size</th> </tr> <tr> <td>ARCHIP</td><td>11.41</td><td>26S</td><td>CIN</td><td>11.40</td><td>20</td> </tr> <tr> <td>NAS</td><td>11.40</td><td>9</td><td>CINN</td><td>11.40</td><td>20</td> </tr> <tr> <td>ADF</td><td>11.40</td><td>26</td><td>ISLAND</td><td>11.40</td><td>32</td> </tr> <tr> <td>CEUT</td><td>11.40</td><td>5</td><td>NAS</td><td>11.41</td><td>183</td> </tr> <tr> <td>NTRD</td><td>11.40</td><td>4</td><td>ADF</td><td>11.41</td><td>10</td> </tr> <tr> <td>ADFN</td><td>11.40</td><td>32</td><td>CIBC</td><td>11.41</td><td>1</td> </tr> <tr> <td>INCA</td><td>11.40</td><td>29</td><td>SIZE</td><td>11.41</td><td>1</td> </tr> </table> <p>Symbol: ORCL Volume: 1000 Price: 11.41 LMT: Stop Price: []</p> <p>Route: ARCA Buy Cancel All Sell Sell Short</p> </div>	Name	Bid	Size	Name	Ask	Size	ARCHIP	11.41	26S	CIN	11.40	20	NAS	11.40	9	CINN	11.40	20	ADF	11.40	26	ISLAND	11.40	32	CEUT	11.40	5	NAS	11.41	183	NTRD	11.40	4	ADF	11.41	10	ADFN	11.40	32	CIBC	11.41	1	INCA	11.40	29	SIZE	11.41	1	<div style="border: 1px solid black; padding: 5px;"> <p>Intraday (Right) ORCL - Oracle Corp (15-min) Bar Volume MA MA</p> </div>																																												
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- Customizable
- Linking
- Alerting
- Order Entry
- Scanning
- Direct Access
- Trailing Stops
- Level II

Foundation

Simplified Candle Language

Six Candle Concepts

● *Changing of the Guard™ - COG*

All give traders the Same Message.

● *Wide Range Body - WRB*

● *Narrow Range Body – NR*

The probability of the current trend changing is increasing.

● *Narrowing Range Bodies - NRB*

● *Topping Tail - TT*

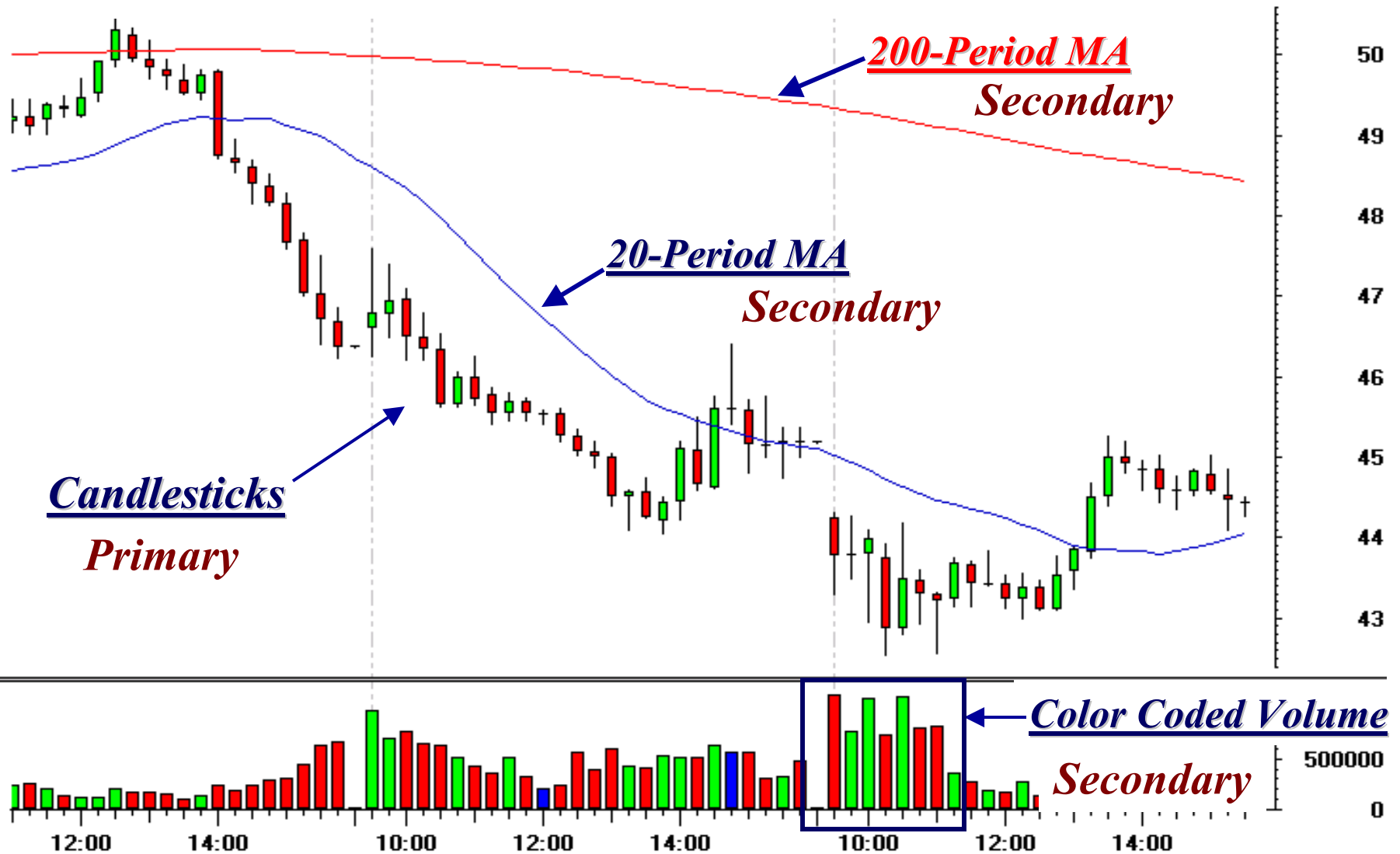
A high probability opportunity may exist to trade.

● *Bottoming Tail - BT*

Intra-Day Tools

- *Primary Charting Tool: Price Candlesticks*
- *Secondary Charting Tools: Volume, 20 & 200 period moving averages*
- *Time Periods: 60-Min.-The long-term trend, 5-Min. the short-term trend.*
- *Market Timing Tools: S&P Futures, NYSE TICK, NYSE TRIN, Bonds Price or Yields.*

Intra-day Charting



The Pristine Buy and Sell Setup

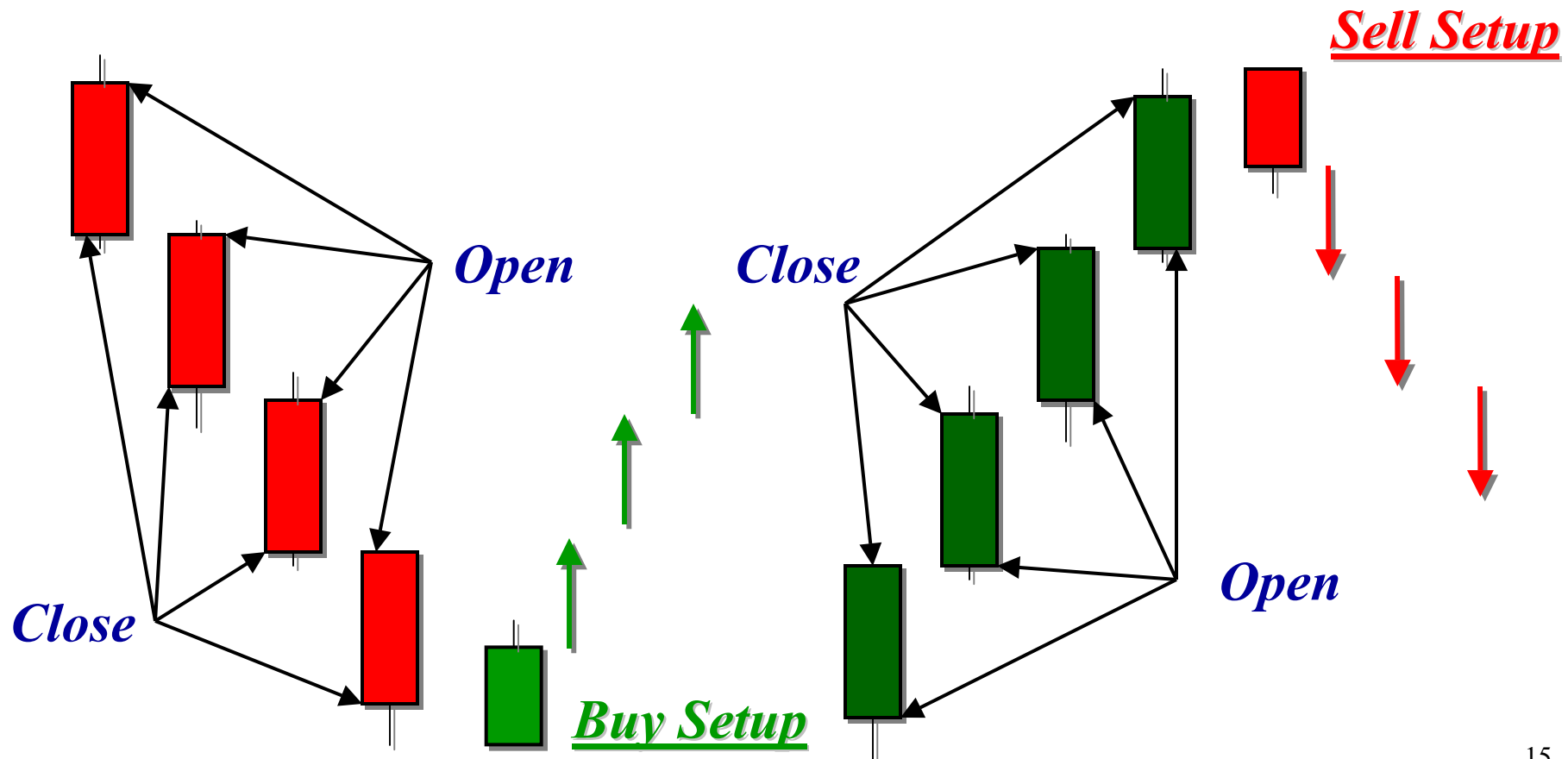
Pristine Buy & Sell Setup Facts:

- *The setup can be traded in all time frames.*
- *It is a set of bars that occurs in a detailed formation.*
- *This combination of bars is a segment or smaller part of the overall pattern.*
- *It offers high probability with low risk.*

The Pristine Buy and Sell Setup

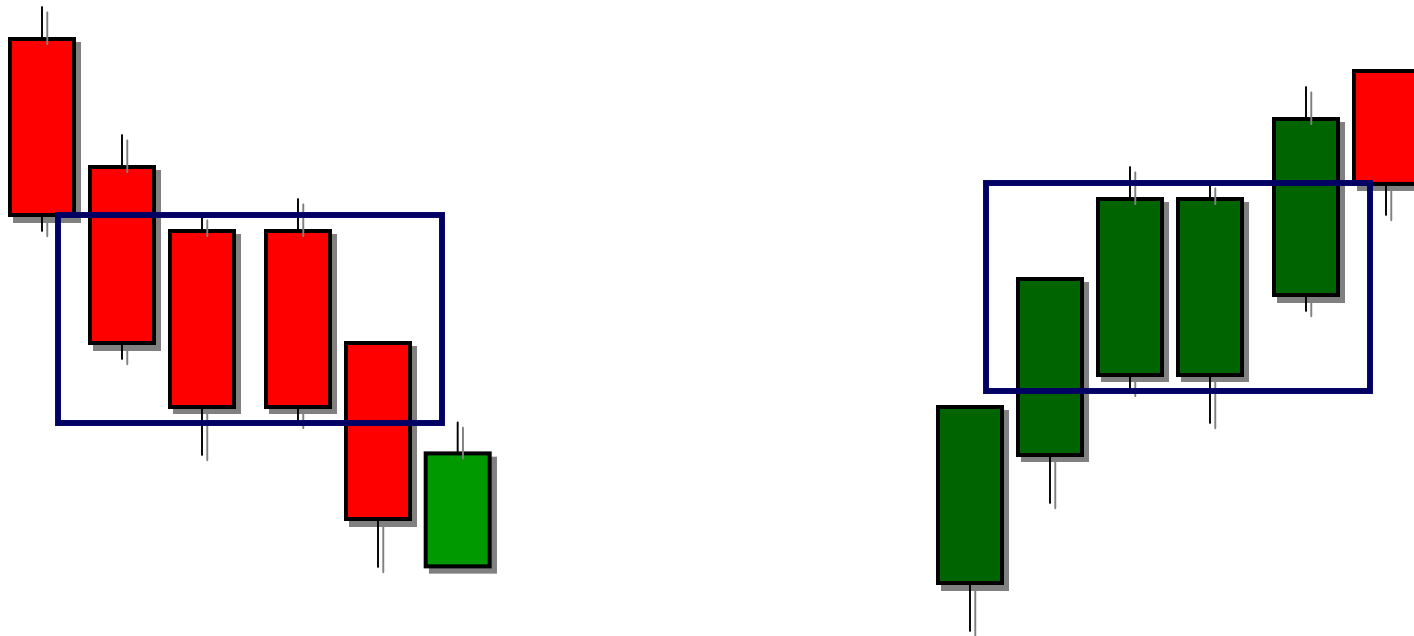
Each new bar opens in the area of the prior bar's close and also closes above/below its opening price, until a reversal of that occurs.

The setup is complete after a reversal candle has formed.



The Pristine Buy and Sell Setup

*This is **NOT** what we are looking for !*



These candles overlap each other and do not have the predictability we are looking for.

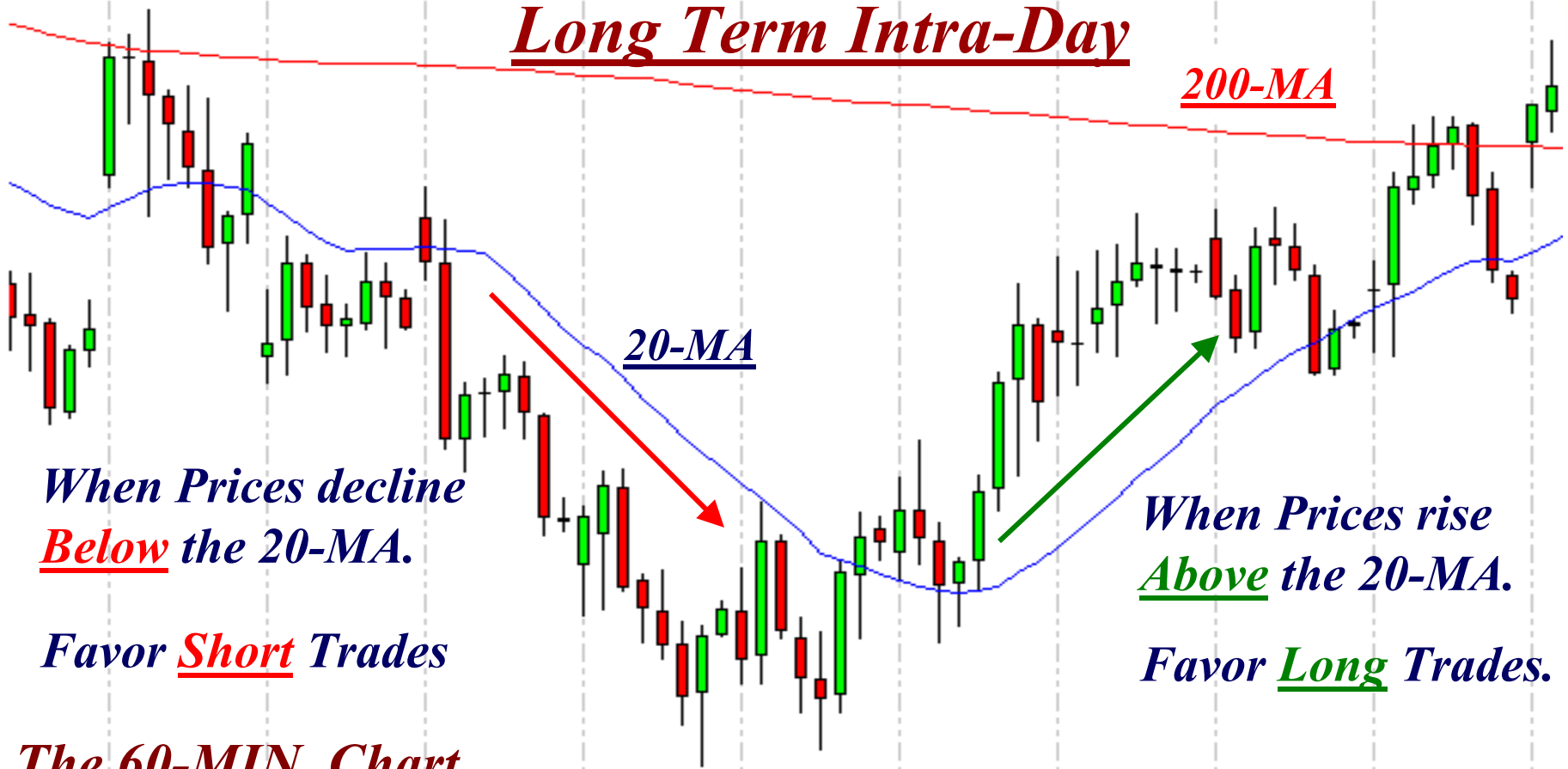
Moving Average Analysis

MA Trend Guidelines for Trading

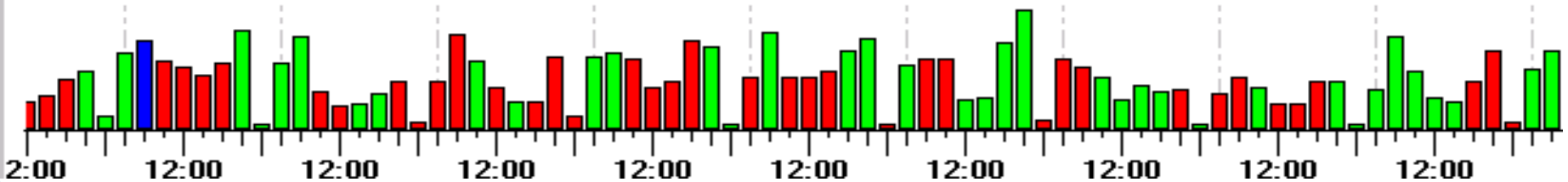
- *Long positions are favored when prices are **Above** their 20-MA on a 60-Min. chart. Entry points are found on 5- or 15-Min. charts.*
- *Short positions are favored when prices are **Below** their 20-MA on a 60-Min. chart. Entry points are found on 5- or 15-Min charts.*
- *Long positions are considered when prices are extended **Below** the 20-MA on a 60-Min. but **Above** their 20-MA on the 5-Min. chart.*
- *Short positions are considered when prices are extended **Above** the 20-MA on a 60-Min. but **Below** their 20-MA on the 5-Min. chart.*
- *Climatic buy and sell setups on the 5-Min. chart can be considered if: It occurred far from Supply or Demand and is in an are of Supply or Demand.*

Moving Average Guidelines

Long Term Intra-Day



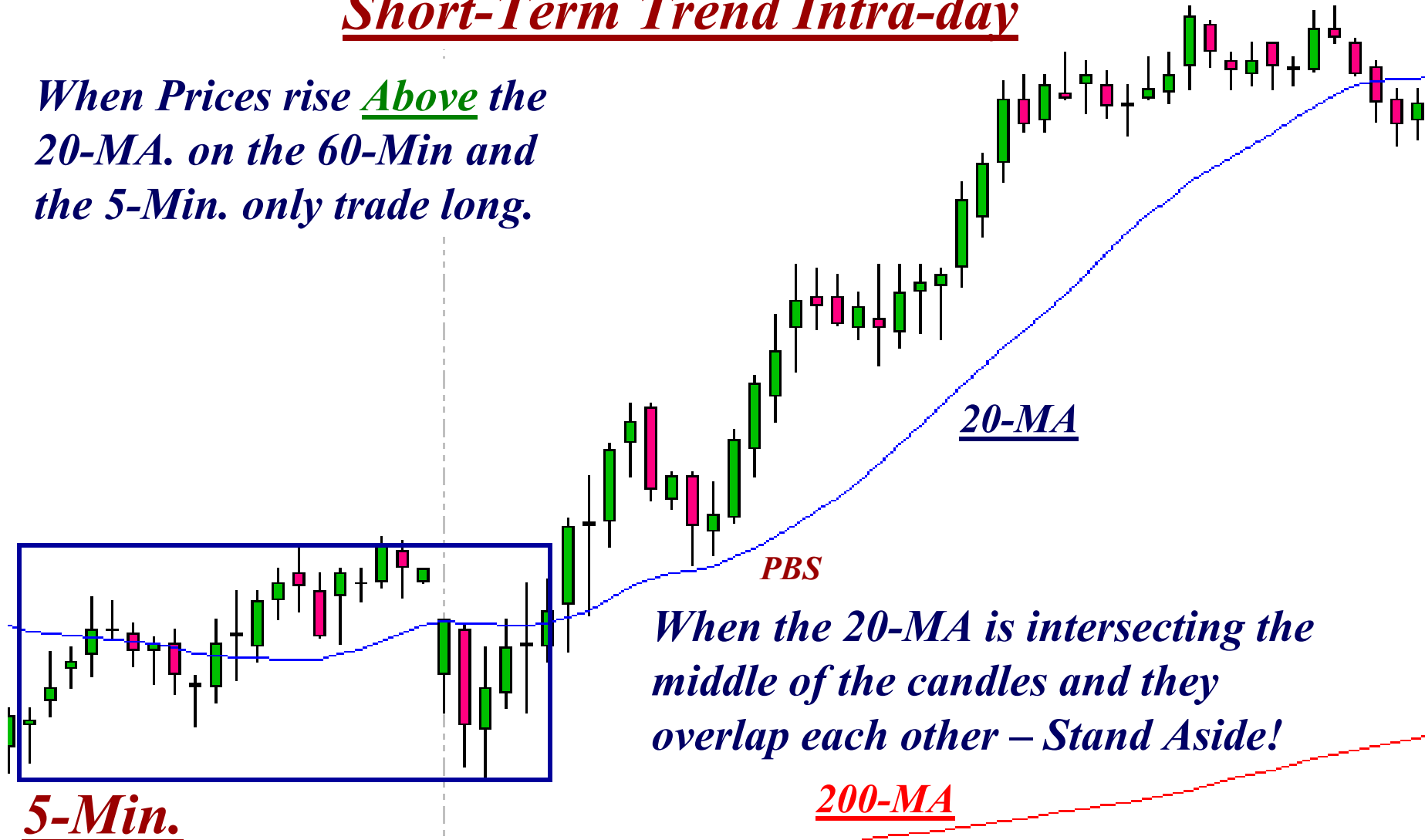
The 60-MIN. Chart



Moving Average Guidelines

Short-Term Trend Intra-day

When Prices rise Above the 20-MA. on the 60-Min and the 5-Min. only trade long.

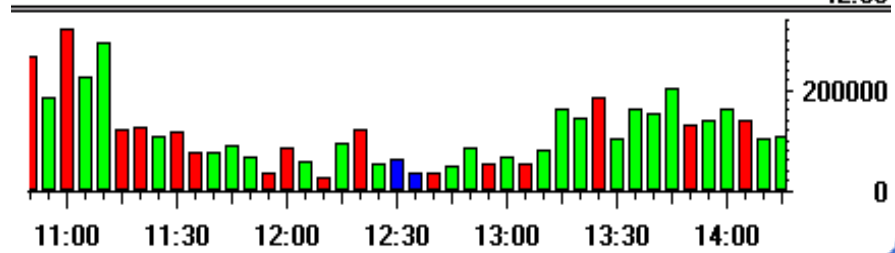
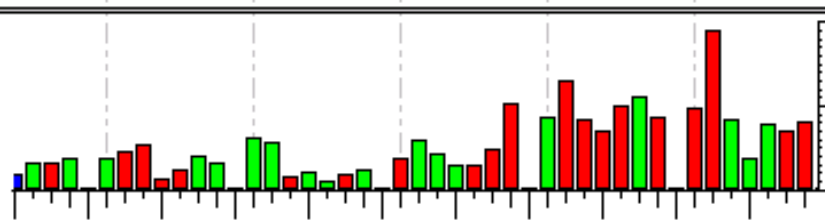


When the 20-MA is intersecting the middle of the candles and they overlap each other – Stand Aside!

Moving Average Guidelines

60-Min. Chart

5-Min. Chart



Understanding Candlesticks

Candle Language

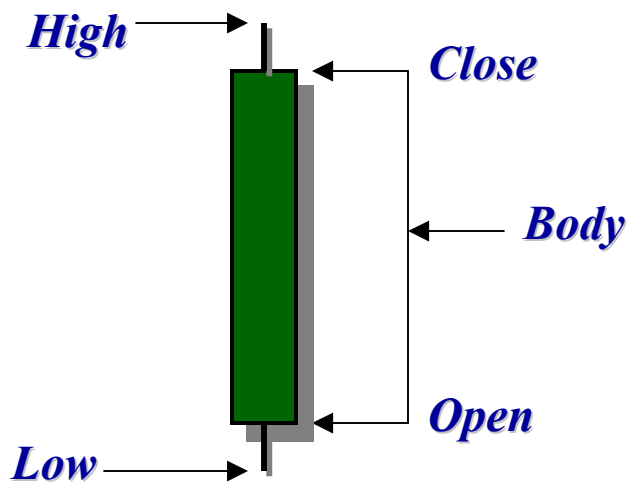
Open = Beginning S / D

High = Supply, Resistance

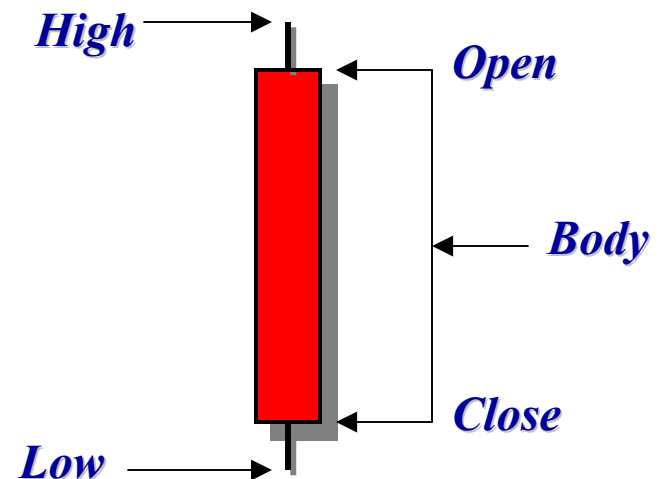
Low = Demand, Support

Close = Ending S / D

Body = Degree by which the battle has been won or lost.



Bulls Win



Bears Win

Candle Language

- *A reversal candle's **potency** is measured by the **Depth** or **Level of penetration** into the prior candle.*
- *Tails on a candle either increase or decrease supply: **Top Tails (TT)** increase; and **Bottom Tails (BT)** decrease.*
- *Expanding range candle bodies tell us buying or selling power is being ignited or exhausted. **Wide Range Bar (WRB)***
- *Narrow or Narrowing range candle bodies tell us volatility is low or momentum is decreasing. **BT, TT, NR, NRB***

Candle Language

*Do **NOT** assume the outcome of the current candle.*

A candle is not complete until that time period ends.

Common Candle Terms:

*Engulfing Bar, Piercing Bar,
Dark Cloud Cover, Harami,
Thrusting Line.*

COG – *These have different
levels of penetration into the
prior bar's range.*

Doji, Star, Hammer, Hangman

NR, BT, TT – *These are different
levels of a slowing in momentum.*

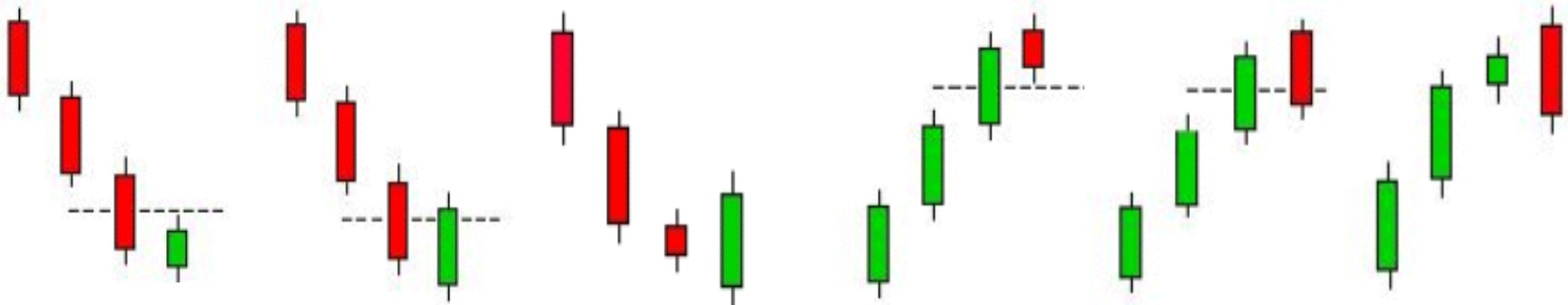
Candle Language

Changing of the Guard Bar - COG

A Bullish COG is defined as three or more consecutive red bars followed by a green bar.

A Bearish COG is defined as three or more consecutive green bars followed by a red bar.

Pristine Tip: While there are different variations, the message is always the same ! A reversal in momentum *has* occurred!



The potency of the signals are increasing.

Bullish COGs

Bearish COGs

Narrowing Range Bars - NRB

A series of bars in which the difference between the highs and lows is Narrowing.

*Pristine Tip: While there are different variations, the message is *always* the same ! A slowing in momentum *is occurring!**

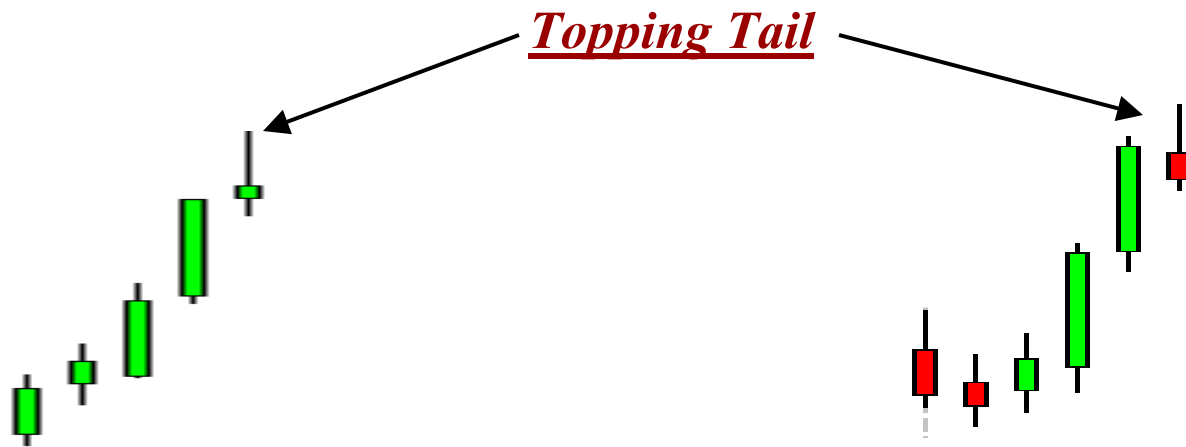


Candle Language

Topping Tail Bars - TT

Bars in which prices had been higher, then supply forced prices lower into the lower part of the bars range.

Pristine Tip: While there are different variations, the *message* is *always the same ! Distribution has occurred !*

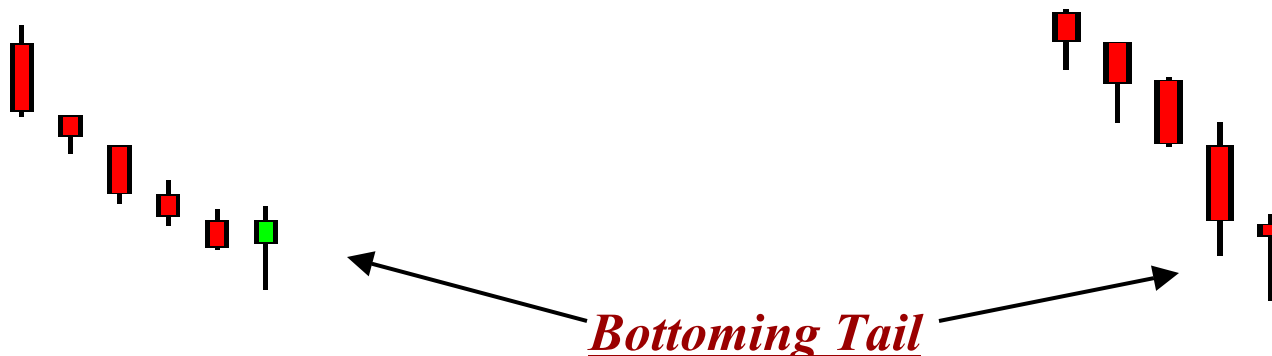


Candle Language

Bottoming Tail Bars - BT

Bars in which prices had been lower, then demand forced prices higher into the upper part of the bars range.

Pristine Tip: *While there are different variations, the message is always the same! Accumulation has occurred !*

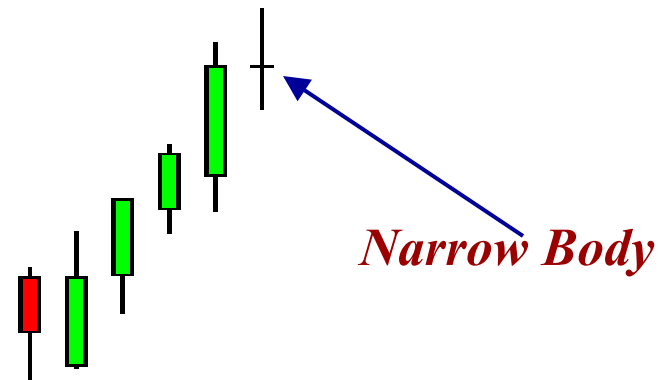


Candle Language

Narrow Range Bodies (NR)

Bars in which the body of the candle is small relative to the overall length of the candle. They may have Tails on either side of the body.

Pristine Tip: *While there are different variations, the message is always the same ! A slowing in momentum *has occurred!**



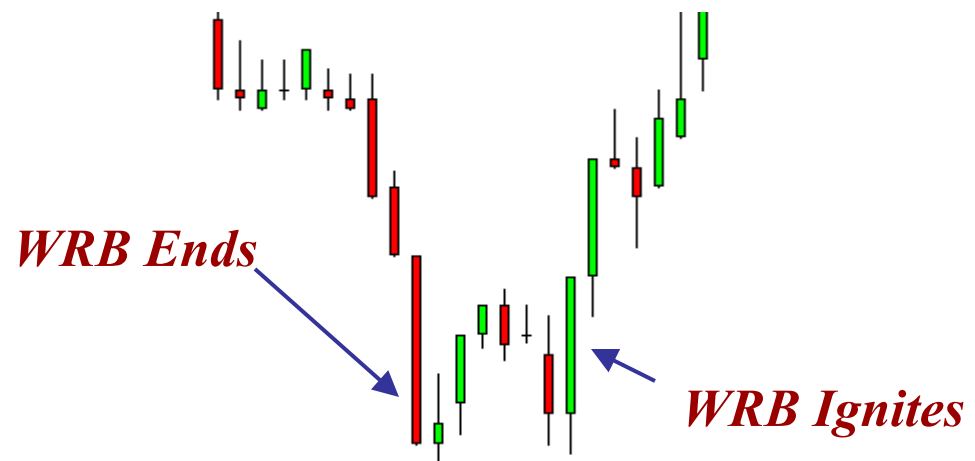
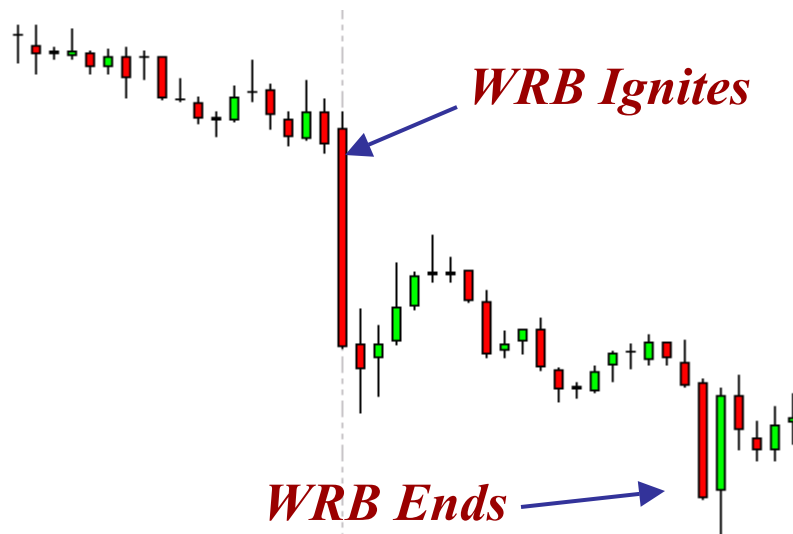
Candle Language

Wide Range Bar (WRB)

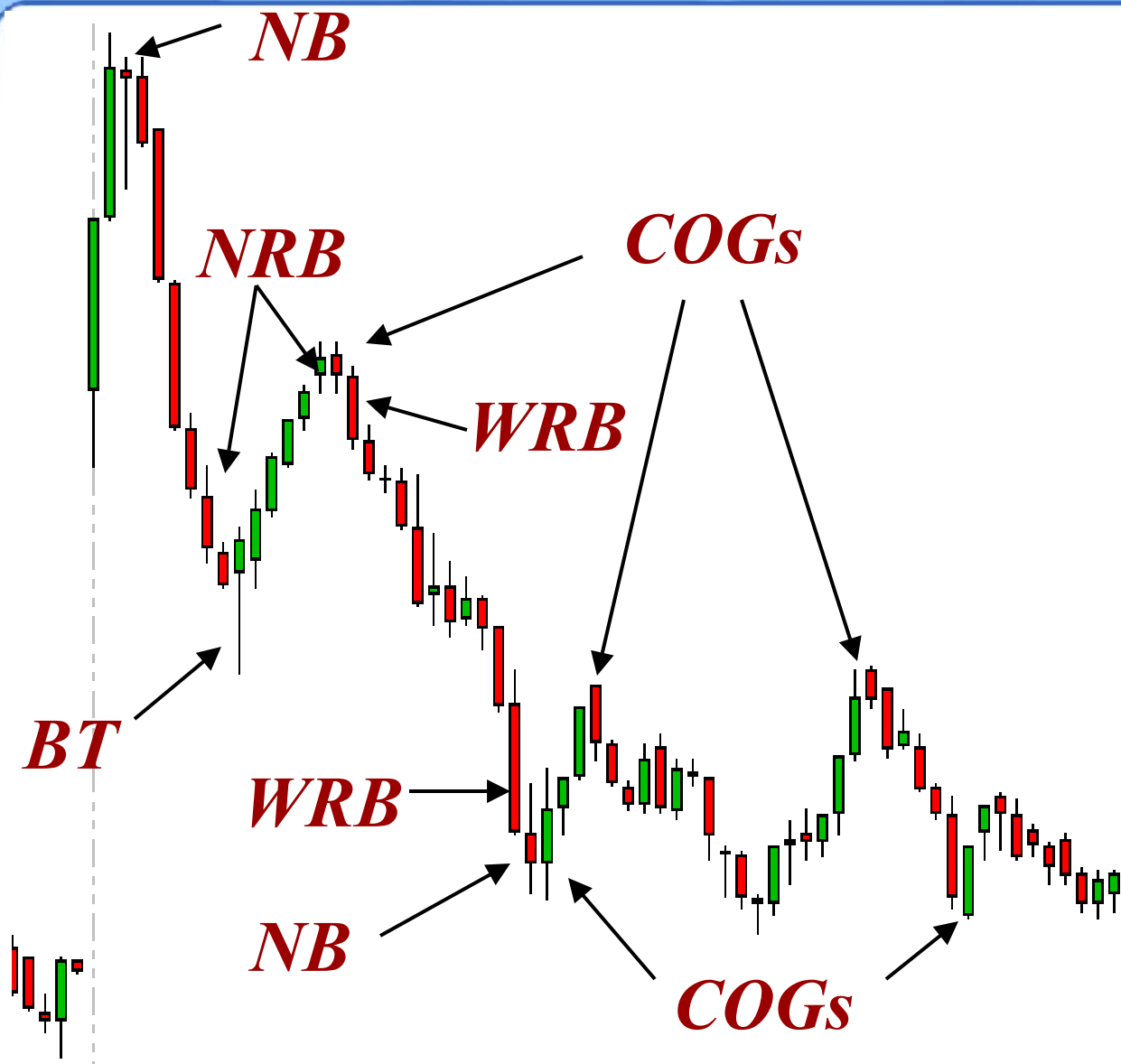
*A bar in which the candle's body is **relatively wide** compared to the most recent bars*

A Wide Range Bar after a period of low volatility ignites momentum in that direction.

*A Wide Range Bar after an extended advance or decline typically happens near the end of a move. A **NR** or **COG** signals the turn.*



Candle Language



COGs

- Dark Cloud Cover
- Piercing Pattern
- Bullish Engulfing
- Bearish Engulfing
- Counter Attack Lines
- Thrusting Lines

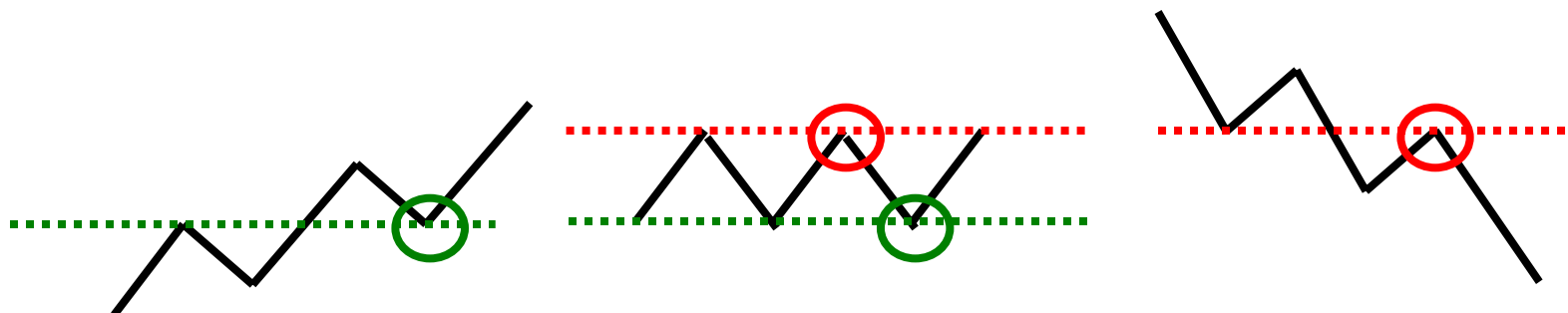
Focus on the message of the pattern, not terms.

Whatever you call them, they are reversal signals!

Supply & Demand

Support and Resistance Analysis

Basic Support and Resistance Guidelines



Minor Support

Major Support and Resistance

Minor Resistance

*Resistance once broken becomes Support; **Supply** becomes **Demand**.*

*Support once broken becomes Resistance; **Demand** becomes **Supply**.*

A reversal candle must form in these areas to consider taking action.

Support and Resistance Analysis

Actual Support and Resistance

- *A series of price bars.*
- *Prior highs / lows / bases.*
- *An unfilled gap between price bars.*

Reading actual Supply and Demand (S-D) is the key to objective chart reading and higher probability trades.

Subjective Support and Resistance

- *Moving Averages*
- *Retracements*
- *Trendlines*
- *Time*

Also guides to anticipate reversal points.

Without price points in the same area, these are less significant.

Support and Resistance Questions

- *Reading **Supply** and **Demand** is the key to objective chart reading and higher probability trades. Ask these questions when analyzing.*
- *What is the “Potency” of Supply and Demand above and below?*
- *Is that Supply and Demand area, a pivot (1-3 bars) or a base?*
- *What is the distance between Supply and Demand ?*
- *Has there been a retest or a break of a prior high – low?*
- *What is the depth or penetration into the prior candle or prior S-D?*

*Price bars are the universal truth in technical analysis: **Support** or **Demand**, and **Resistance** or **Supply**.*

The patterns they form represent commitment with real money. that is not subjective, and is what moves the market.

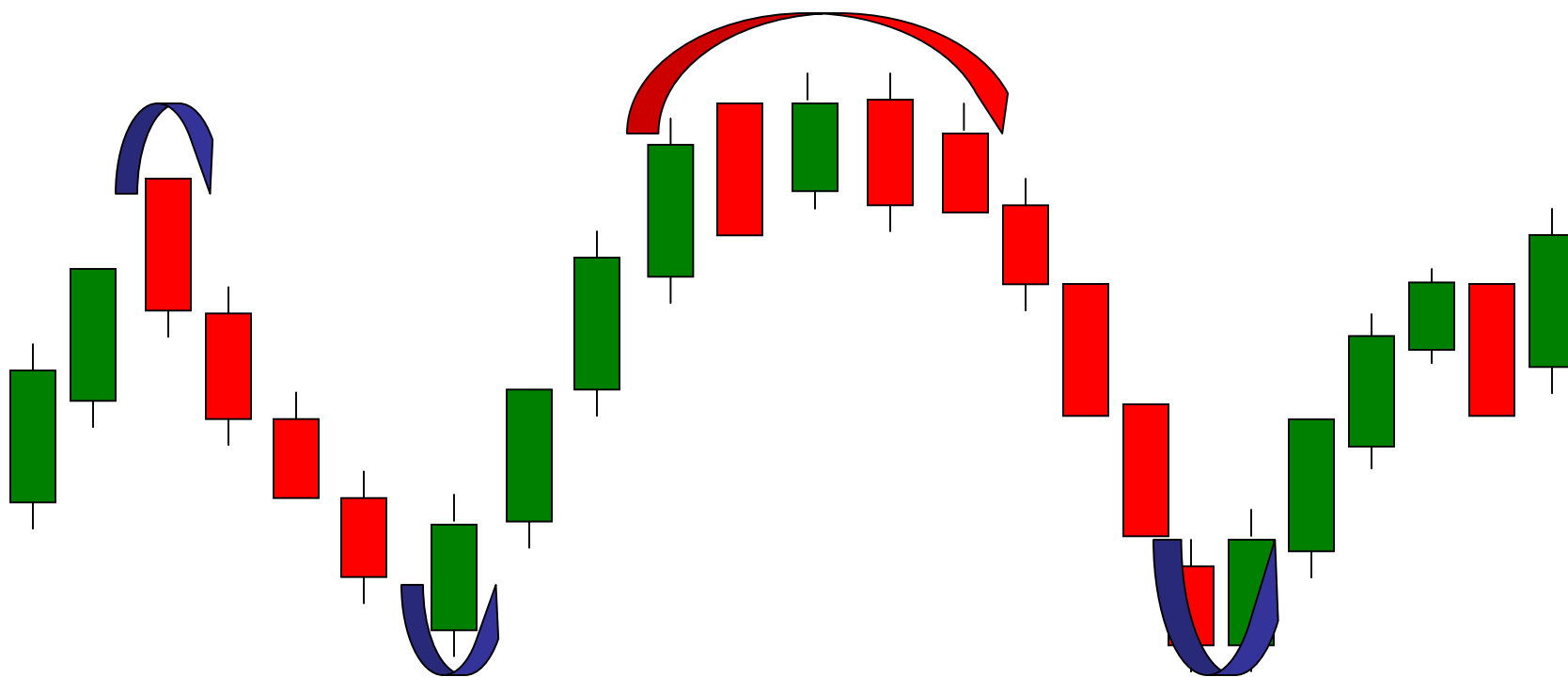
Support and Resistance Analysis

Pivots or “V” Reversals: one to three bar reversal points within a trend.

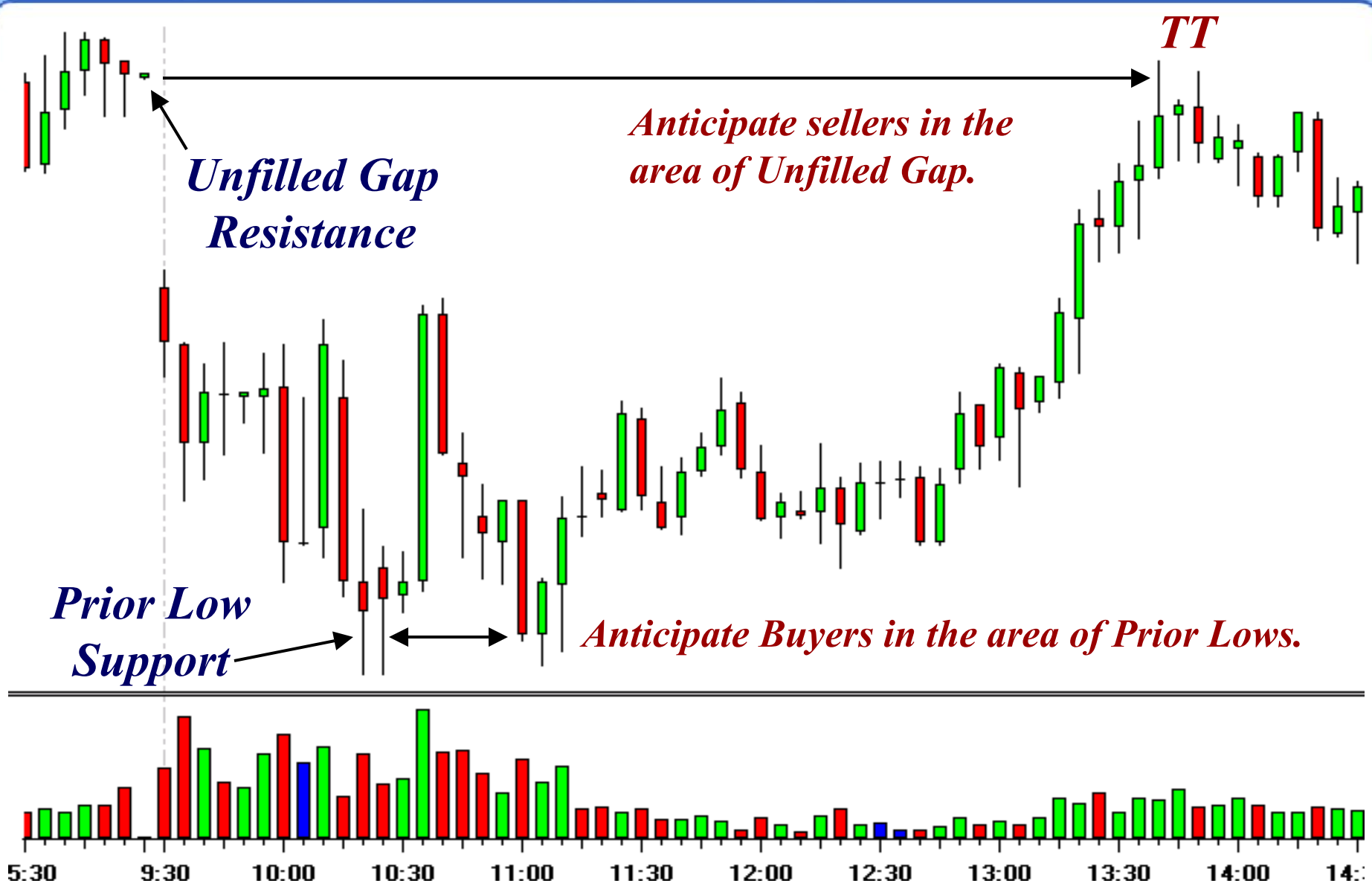
*They are focal points; the **Supply** or **Demand** there is not that significant.*

*Multiple bar reversal points are significant areas of **Supply** or **Demand**.*

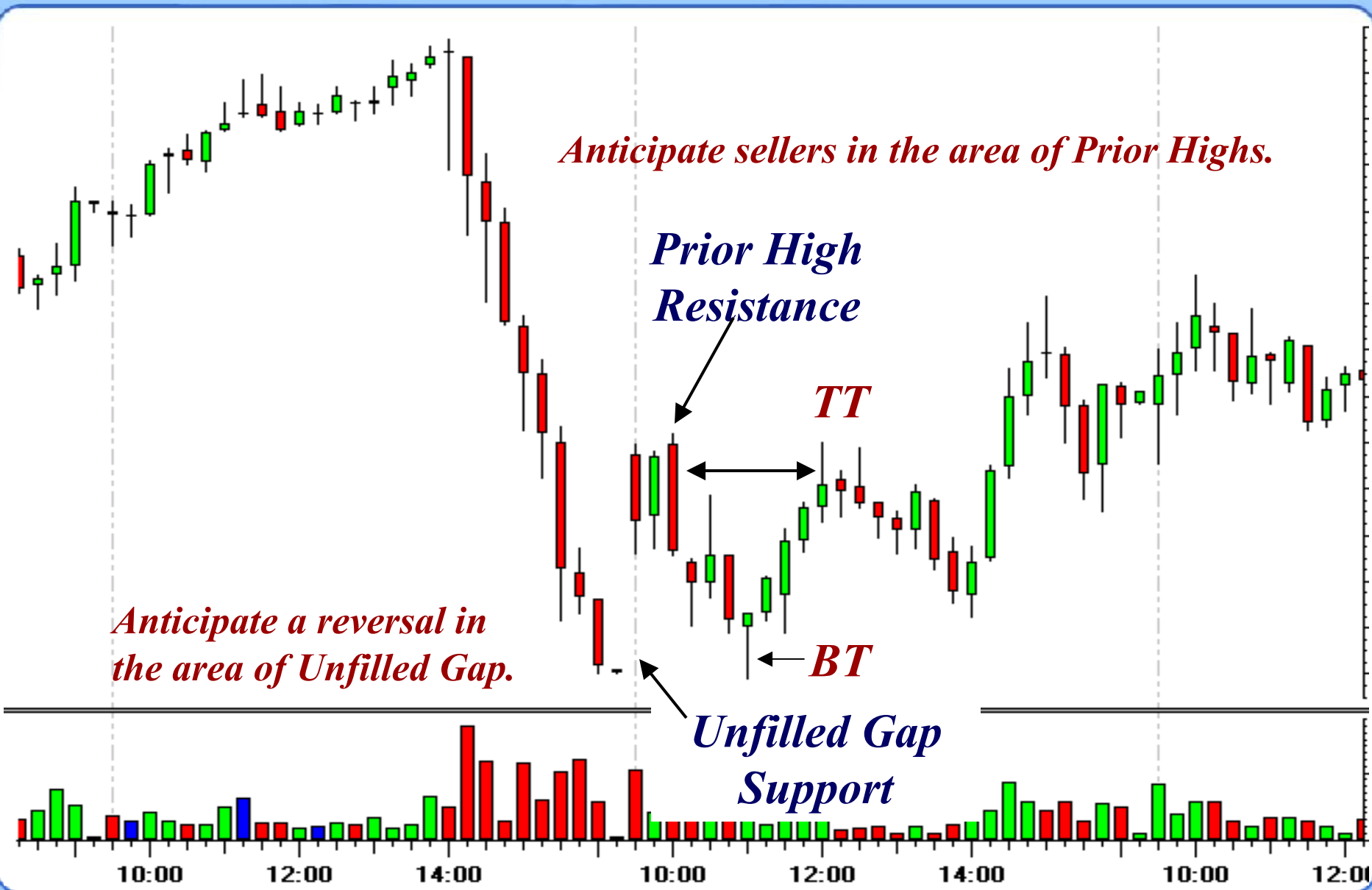
*They form **rounding** or **square** formations within a trend.*



Support and Resistance Analysis



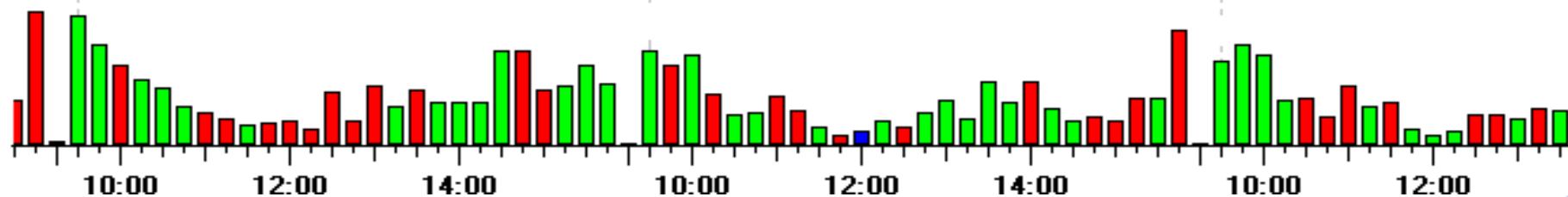
Support and Resistance Analysis



Support and Resistance Analysis



***TIP: What was Support
will become Resistance.***



Moving Averages

Moving Average Analysis

Basic Moving Average Guidelines

- *Simple Moving Averages are used; no other types are necessary.*
- *A 20-period Moving Average will be used in all time frames.*
- *The slope of Moving Averages is an indication of trend & trend strength.*
- *The odds of a successful trade are in the direction of the 20-period MA.*
- *Converging Moving Averages point to inflection points. If a decrease in Volatility brings the MAs together, an increase should be at hand.*
- *The color of Moving Averages on various time frames should be consistent.*
- *Moving Averages are guides and speed up the analysis process; candles tell us if these points are tradable.*

Moving Average Analysis

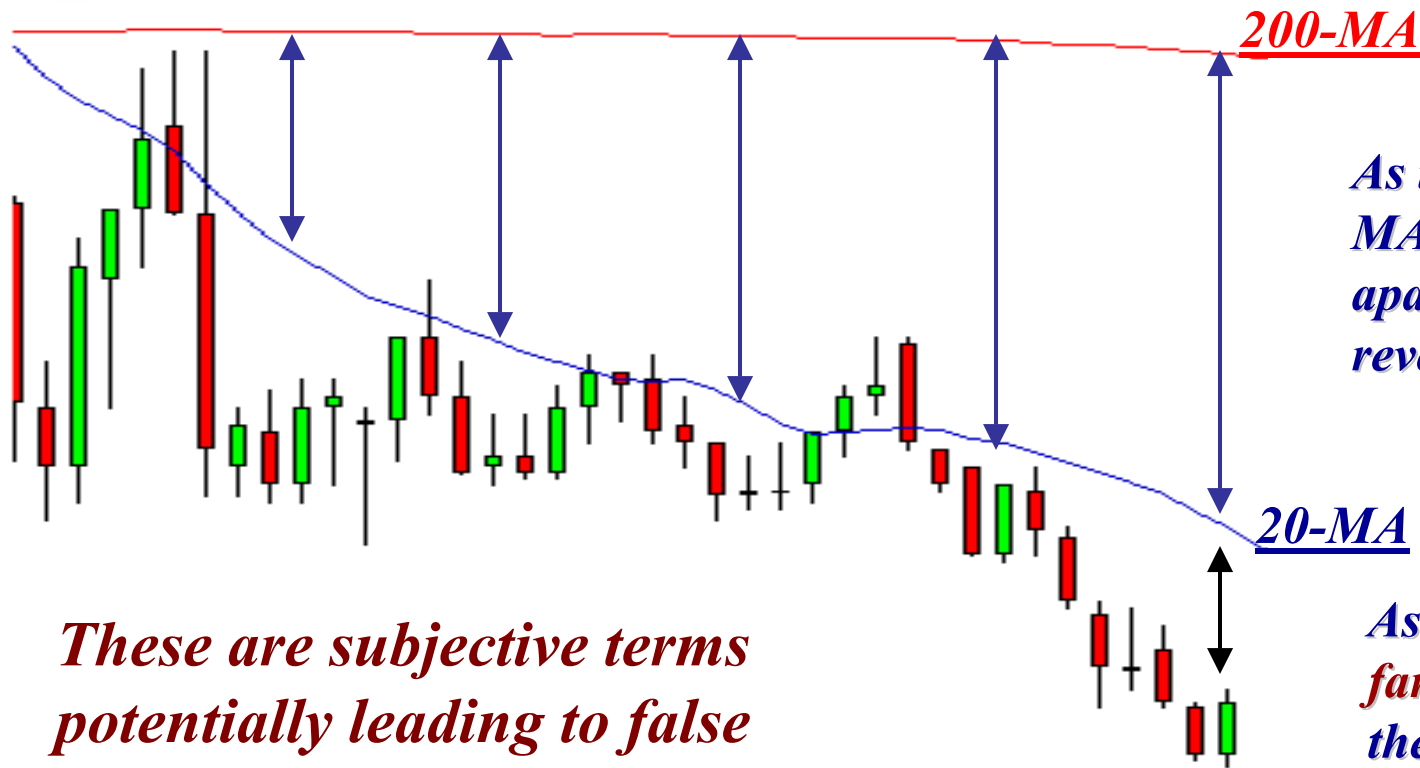
***The relationship between MAs and/or
the relationship between Price and MAs***

Serve as:

- ***An Overbought / Oversold Indicator***
- ***A Bullish / Bearish Divergence Indicator***
- ***A Guide to price Support & Resistance***
- ***A Tool to help anticipate where a reversal may occur***
- ***A Risk – Reward Indicator***
- ***A Relative Strength Indicator***

Moving Average Analysis

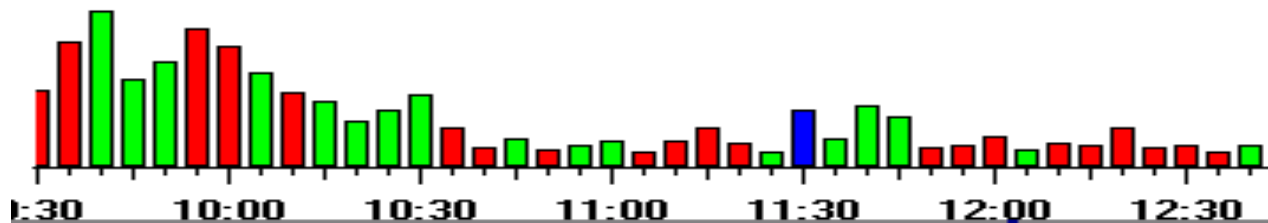
An Overbought / Oversold Indicator



*As the 20- and 200-MAs move **farther** apart, the odds of a reversal increase.*

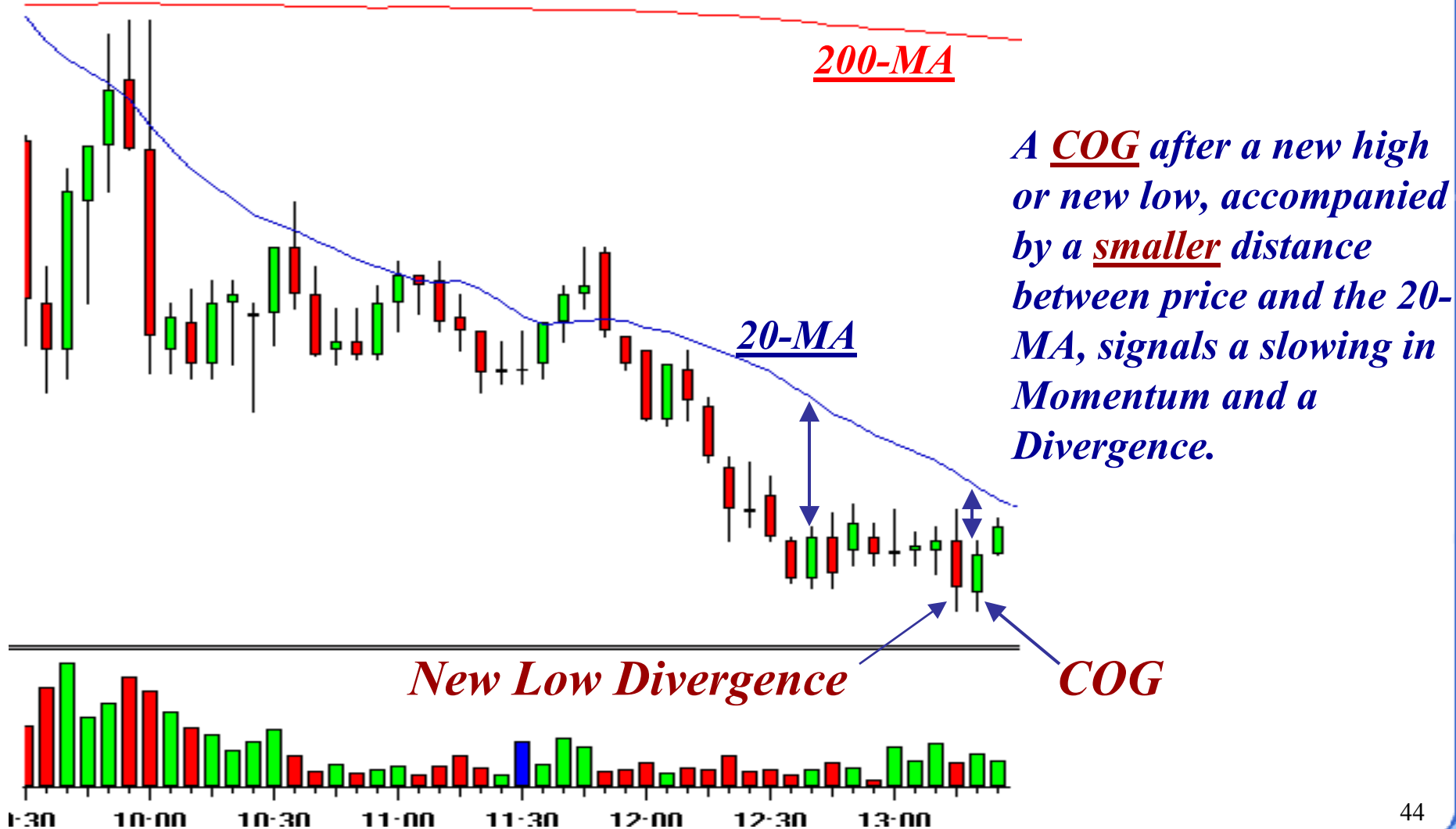
*As prices move **farther** away from the 20-MA, odds of a reversal increase.*

These are subjective terms potentially leading to false beliefs as to what is possible.



Moving Average Analysis

A Momentum or Bullish/Bearish Divergence Indicator



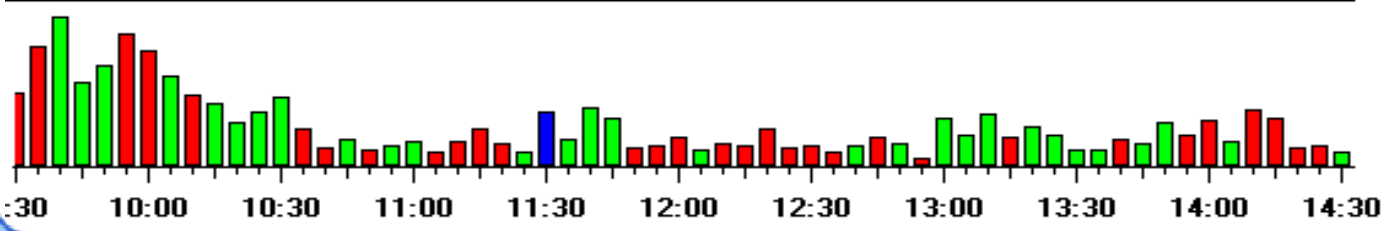
Moving Average Analysis

A Guide to Support & Resistance



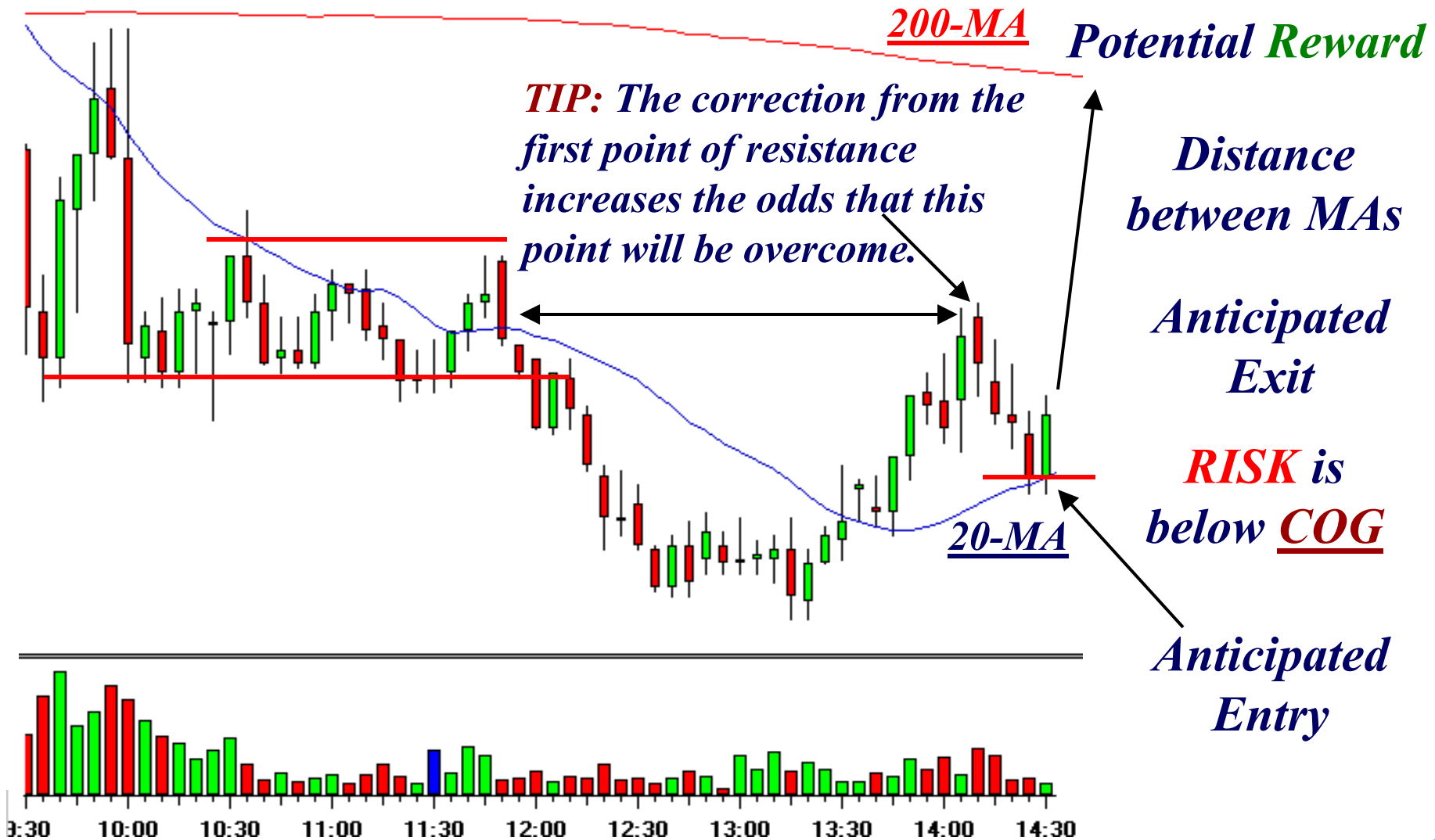
Looking to the left of an MA should point toward an area of support or resistance.

A Moving Avg. is a tool that helps the trader anticipate where to enter positions or take profits.



Moving Average Analysis

Anticipate Entry/Exit and Risk/Reward

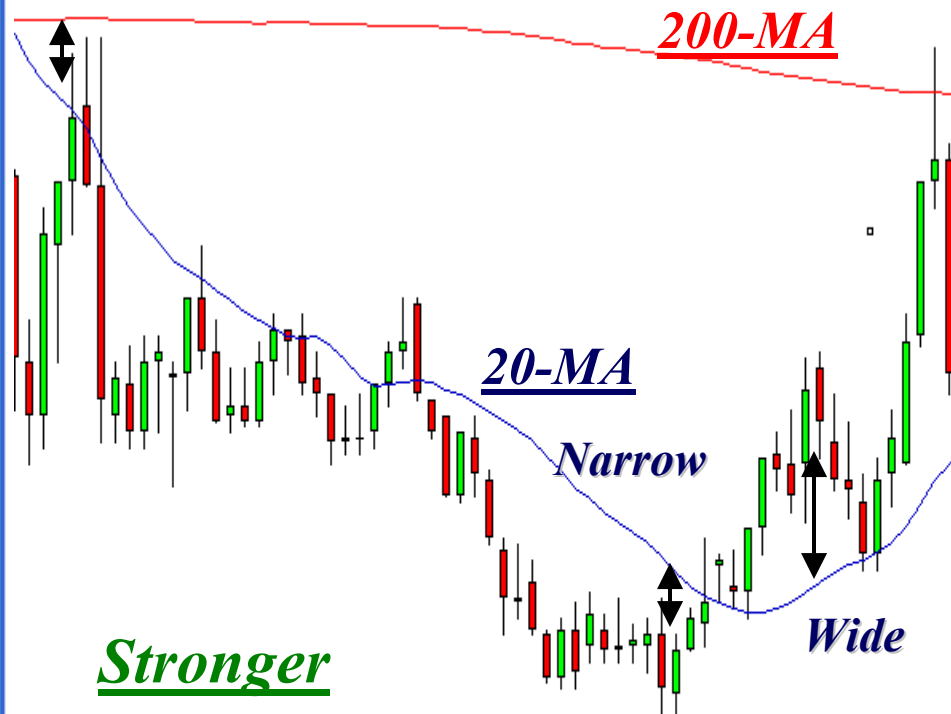


Moving Average Analysis

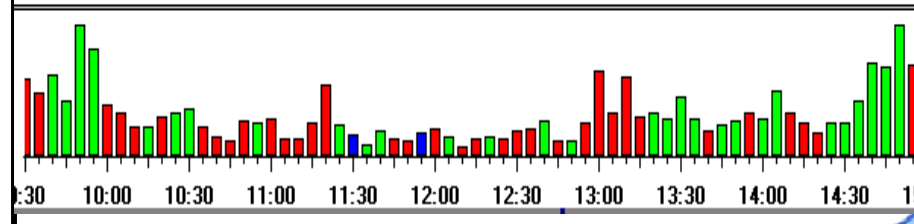
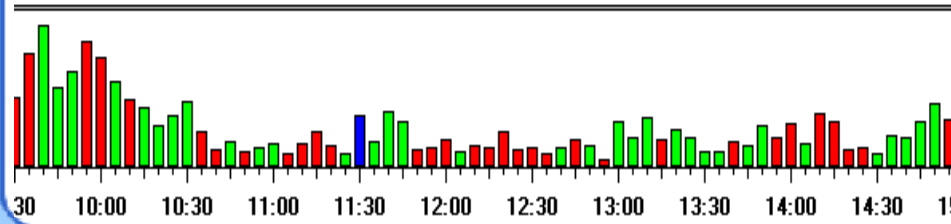
A Relative Strength Indicator

Comparing the MAs of a stock or index to another will tell us which is stronger.

Narrow

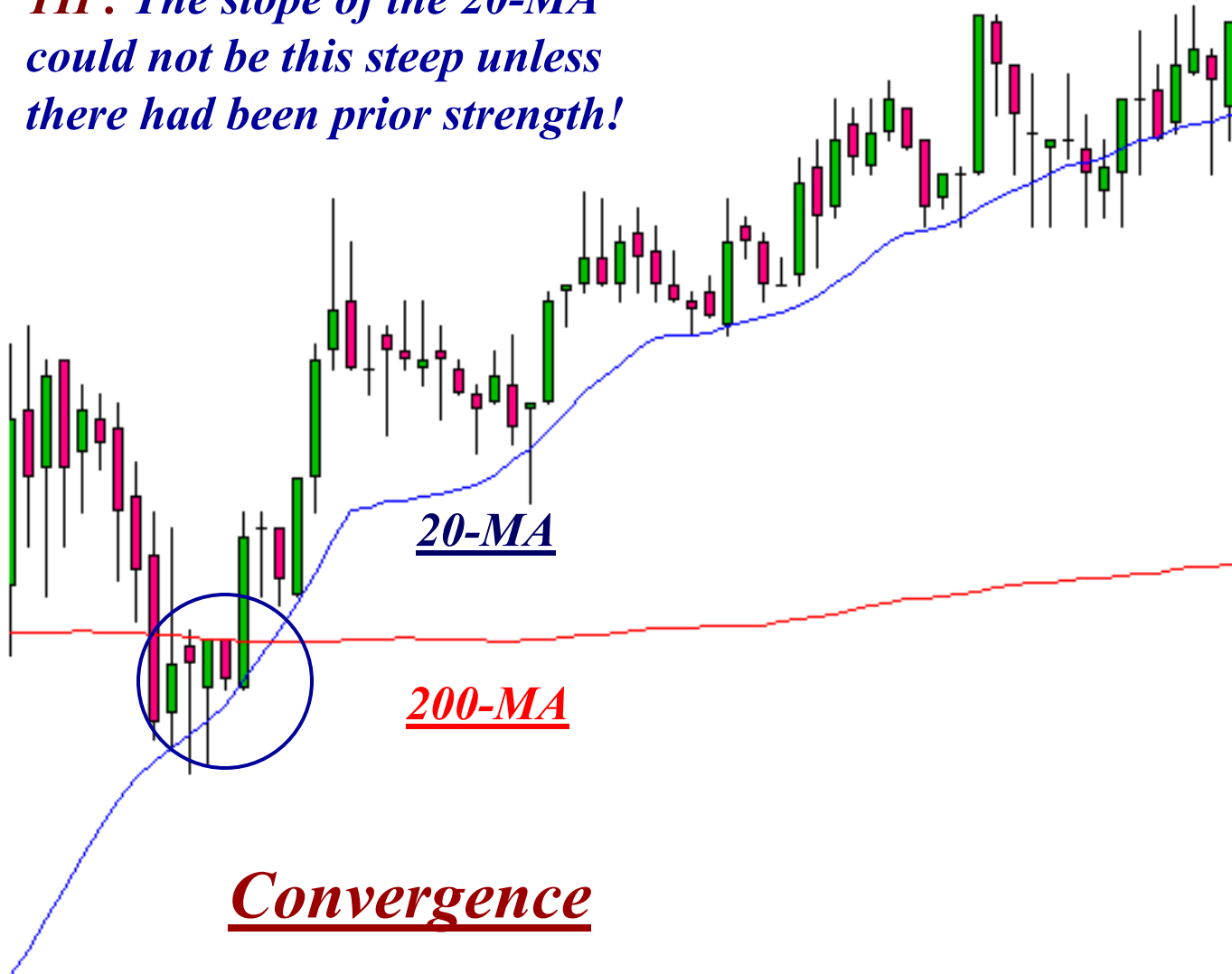


Wide



Moving Average Analysis

TIP: *The slope of the 20-MA could not be this steep unless there had been prior strength!*



When the 20 and 200 period Moving Averages converge, look for a rise in volatility.

*The **slope** of the 20-MA should point to the direction.*

*Assess the next area of supply.
Potency & Distance*

Recognizing

Quality

Recognizing Quality

Trend Quality

The quality of a trend is key to the reliability of our setups.

When a trend is tight, the majority of opening prices will be in the area of a prior bar's close. Typically, not more than 20% into that range.

*This pattern of opens and closes will produce few Engulfing, Piercing or Outside bars in a tight trend. A picture of **certainty**.*

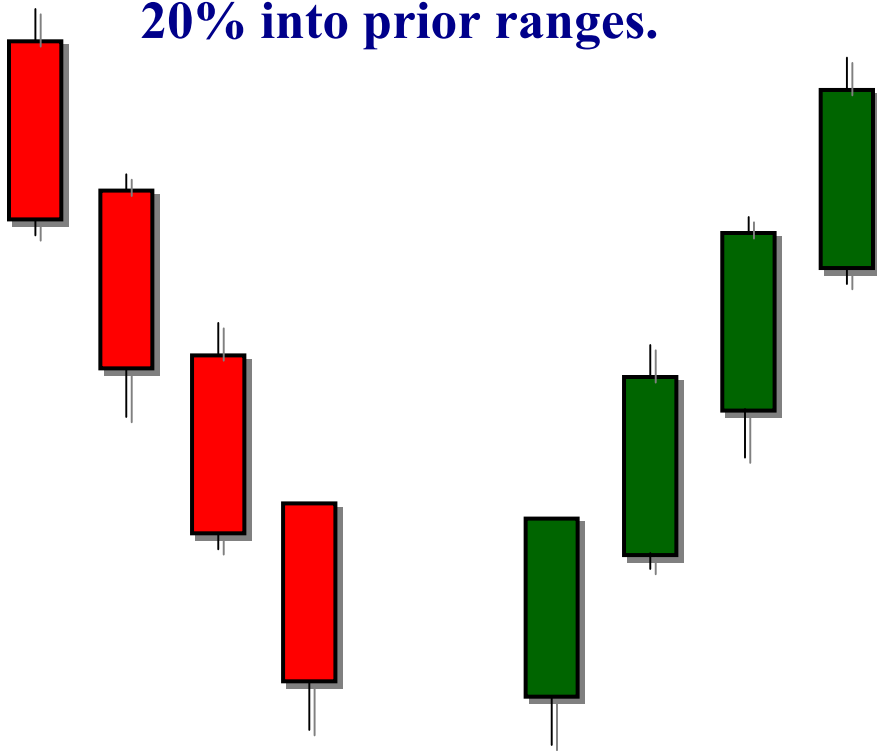
*Pullbacks against a tight trend should fail in the area of minor **Demand** (Uptrend) or minor **Supply** (Downtrend).*

Not all trends are tradable!

Recognizing Quality

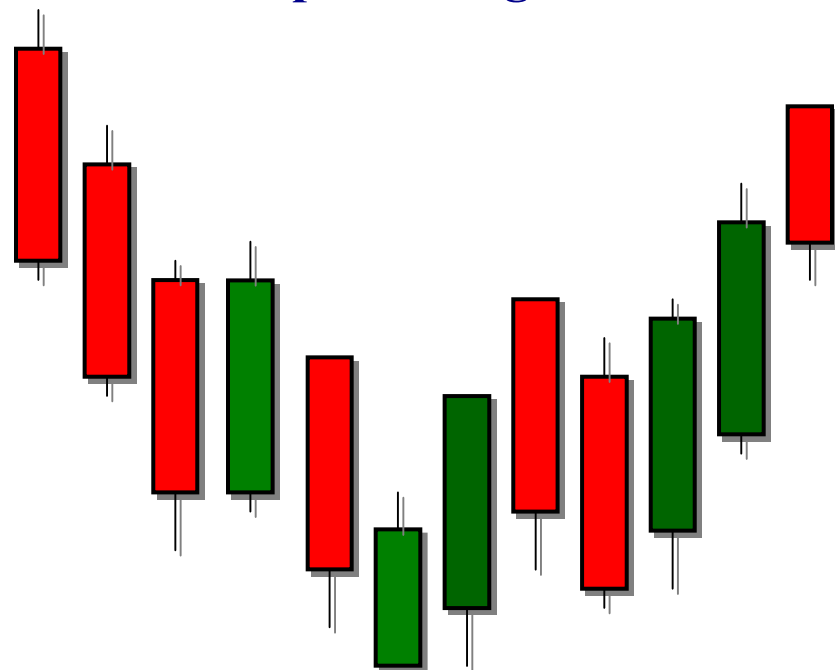
A Picture of Certainty

Opens are not more than 20% into prior ranges.

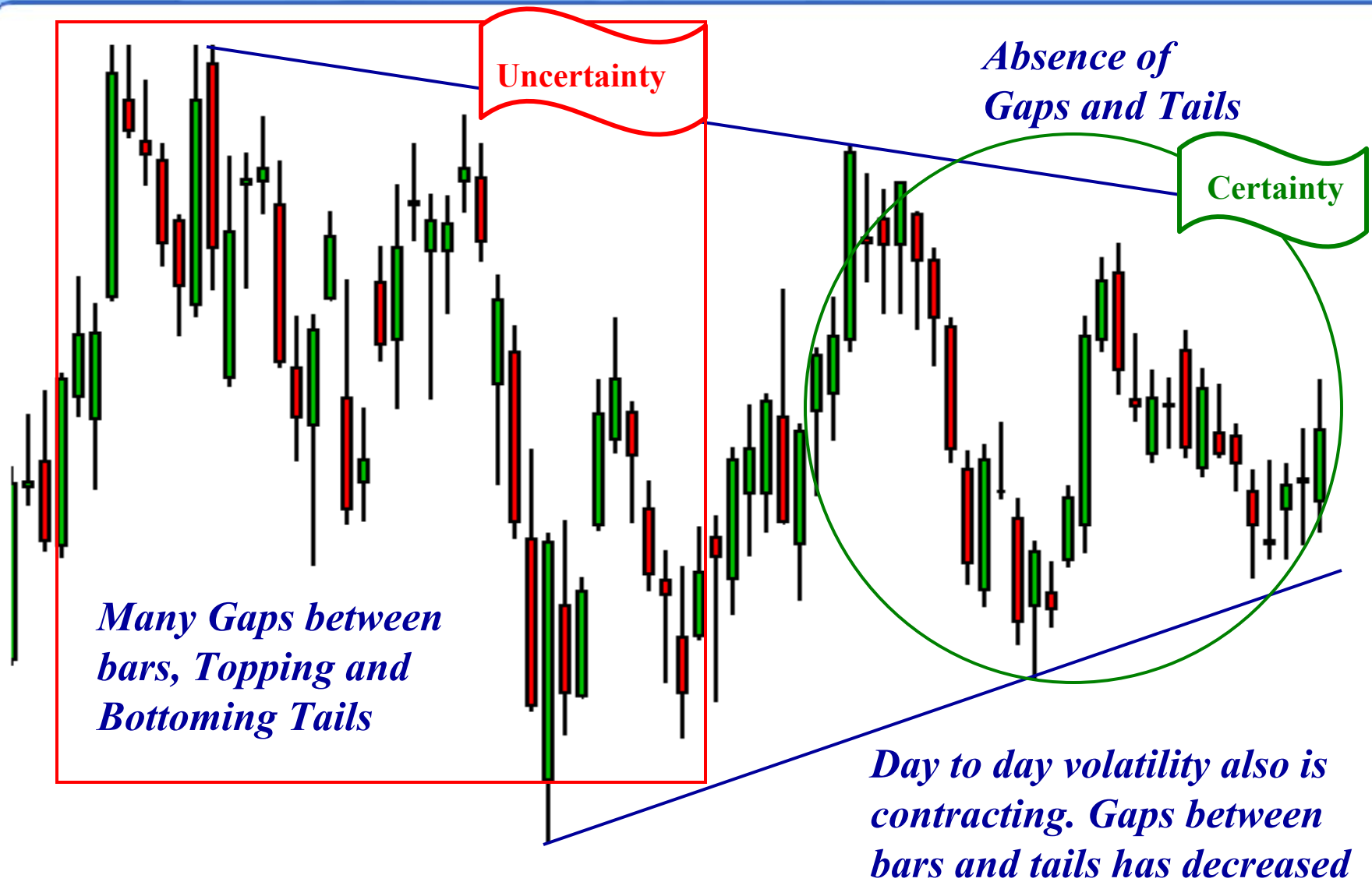


A Picture of Uncertainty

Opens are 50% or more into prior ranges.

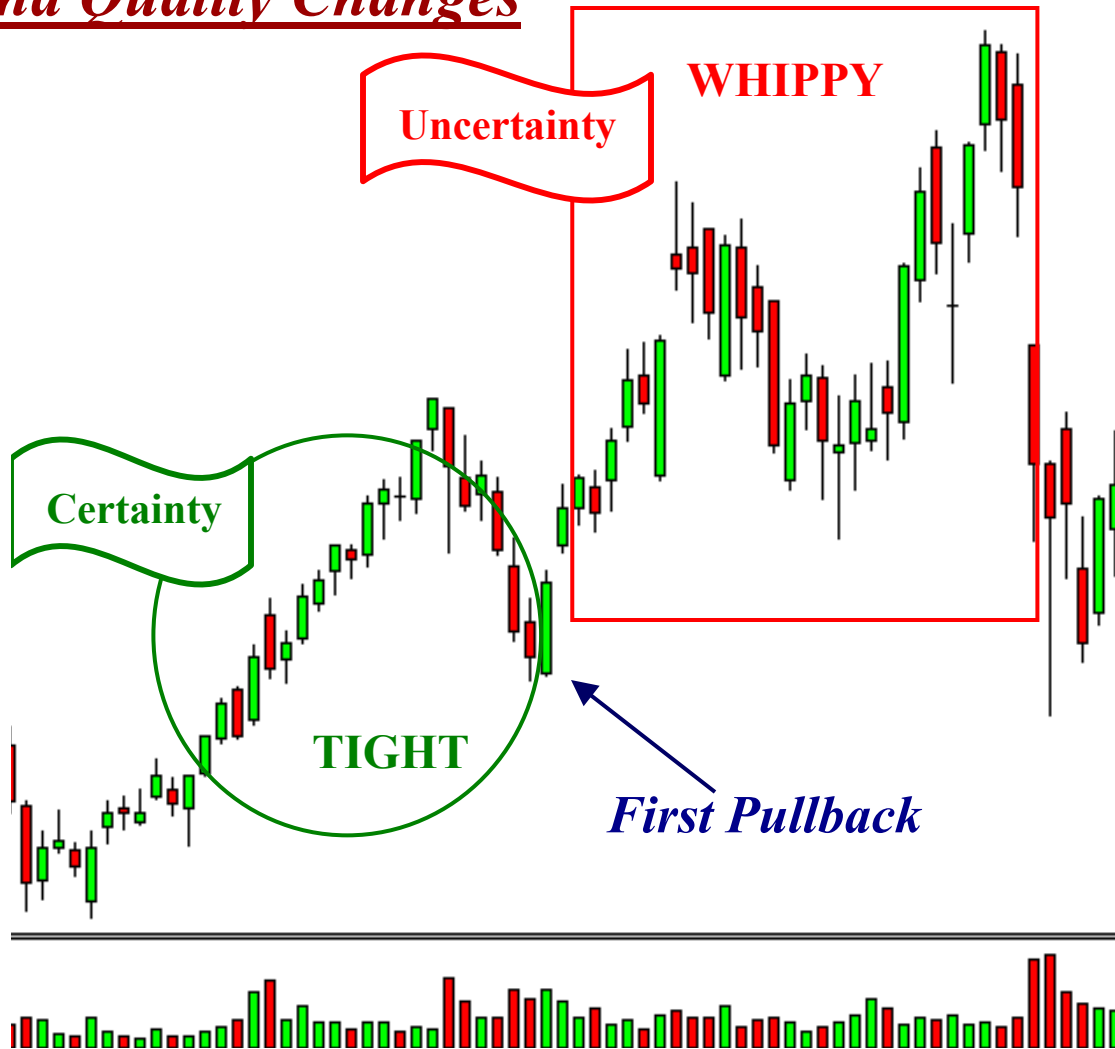


Recognizing Quality



Recognizing Quality

Trend Quality Changes



Very tight trends can have large moves without pulling back.

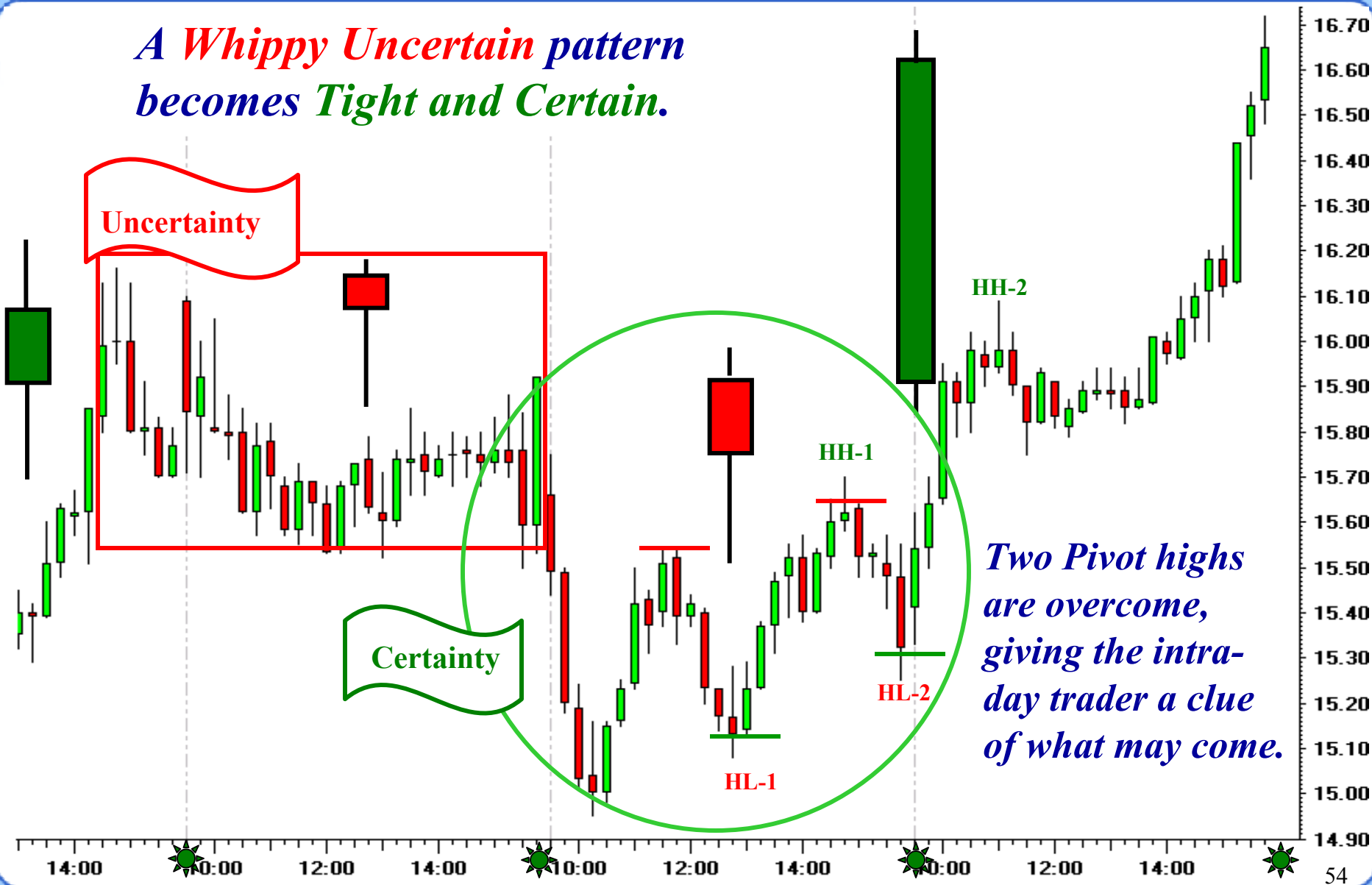
When a pullback does occur, the odds of the trend continuing are very high.

*Changes in **trend quality** are a warning.*

They often precede a break of a trend.

Recognizing Quality

A Whippy Uncertain pattern becomes Tight and Certain.



Two Pivot highs are overcome, giving the intra-day trader a clue of what may come.

Recognizing Quality

- *What are the relationship of the candles' opens and closes in the pattern?*
- *Are the bars in the pattern overlapping each other?*
- *What are the size of the bars that preceded the reversal?*
- *What is the size and type of bar that signaled the turn?*
- *Are the arrangement of high and low pivots "V" or is there congestion?*
- *Are there an excessive amount of gaps?*
- *Are the an excessive amount of bottom and top tails?*
- *Are retracements against the prior move deep or shallow?*

Buy and Sell Setups

S & R Trading Guidelines

Shorting Setups

● *Trading with a
downtrend: Short a PSS*



● *Breakdowns out a Base:
Short a PSS, Fade a PBS*

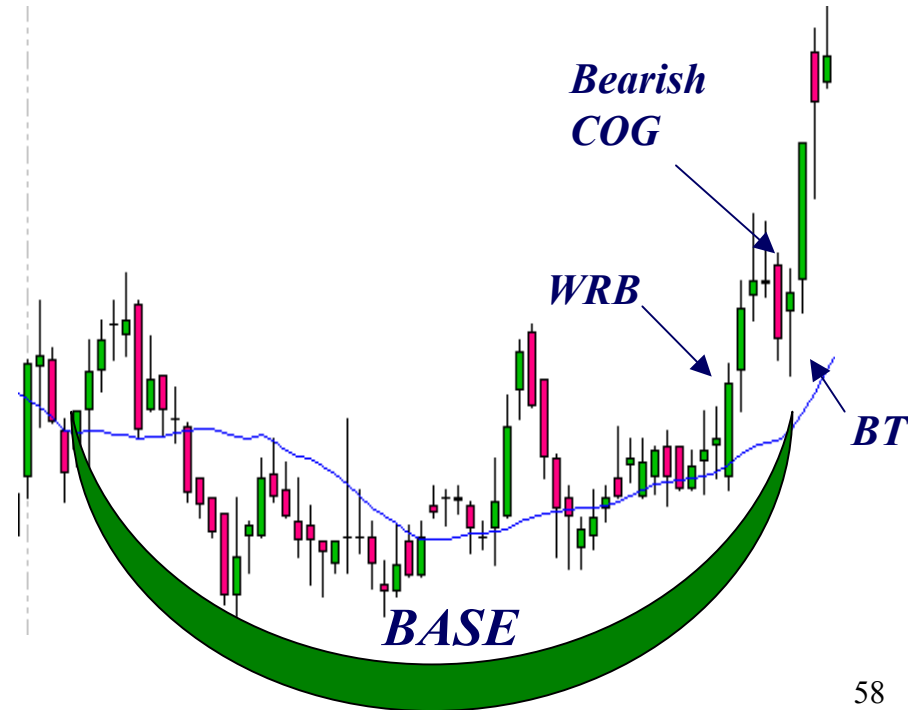


S & R Trading Guidelines

Buying Setups

● *Trading with an uptrend: Buy a PBS.*

● *Rallies out of a Base: Buy a PBS, Fade a Bearish COG.*



Pristine Buy Setup After Strength

- Each new bars' open is in the area of the prior bars' close.
- They do not overlap or gap into the prior bar.
- The pattern is Tight, Certain, Predicable!

4 Bars, Supply IS Increasing, Caution!



The First PBS began from a Base, not a V Pattern

9:45 10:00 10:15 10:30 10:45 11:00 11:15 11:30 11:45 12:00 12:15 12:30

Market Timing

Market Timing Tools

Value of Market Internals

- *Market Internals are used to keep your opinion about the market's direction in alignment with the market, **not what you "want to happen."***
- *Need to constantly interpret prior support and resistance levels, as well as the trend of internals.*
- *Best used in combination with other internals for confirmation.*
- *We can anticipate probable market turns when internals reach extreme levels, or use them for confirmation of a bullish or bearish bias.*
- *Odds of pattern failure decreases by having internals in agreement with your trading signals.*
- *Conflicting signals give valuable clues to stand aside.*

Market Timing Tools

The TRIN Indicator: Used to determine who is in control of the market.

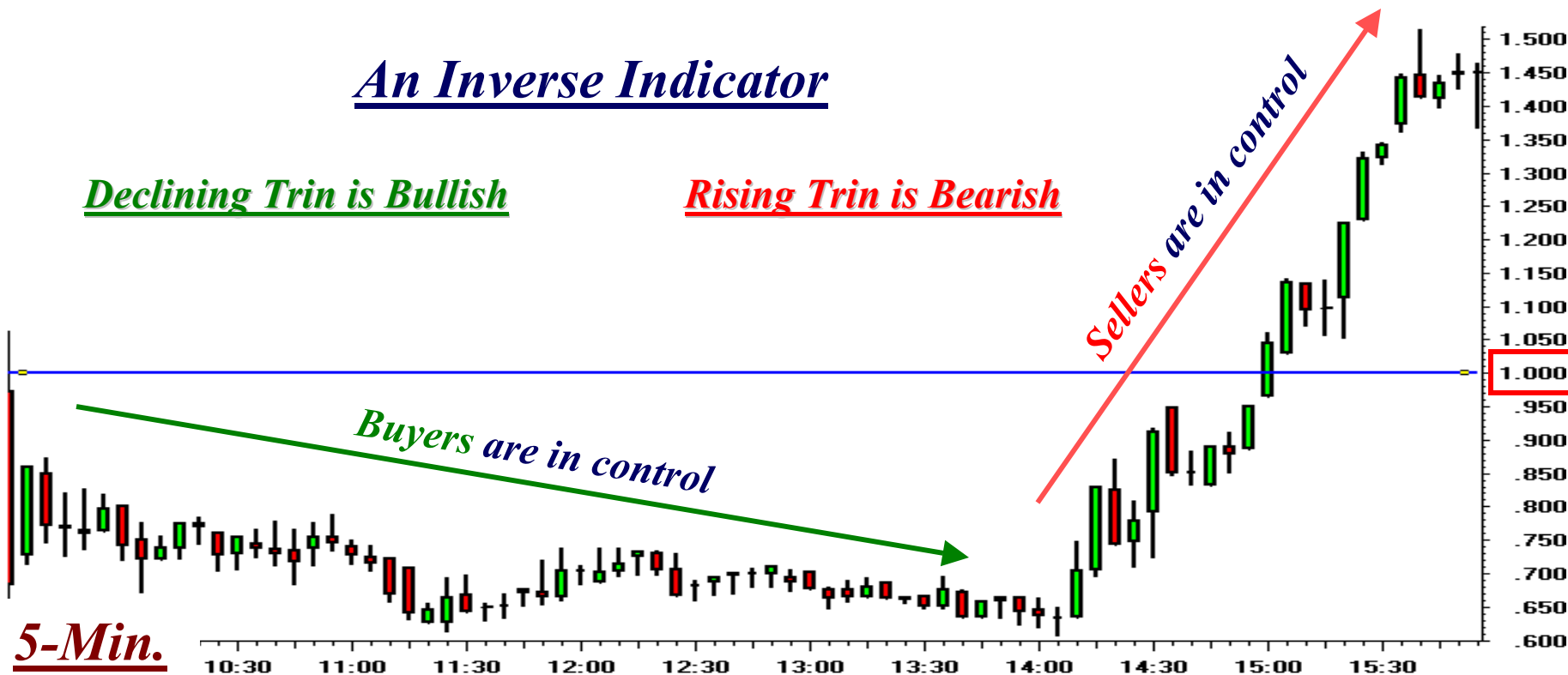
Readings **below** 1.0 indicate more volume is entering advancing issues; **Buyers** in control.

Readings **above** 1.0 indicate more volume is entering declining issues; **Sellers** in control.

An Inverse Indicator

Declining Trin is Bullish

Rising Trin is Bearish



Market Timing Tools

The TICK Indicator: *Used to determine Market strength and directional changes.*

Readings above 0 indicate more stocks trading on upticks, favors longs.

Readings below 0 indicate more stocks trading on downticks, favors shorts.

*Prior **high** and **low** are used as points of **support** and **resistance** in the broad market.*

+ 1000 indicates excessive buying; odds of a reversal are very high.

- 1000 indicates excessive selling; odds of a reversal are very high.



Market Timing Tools

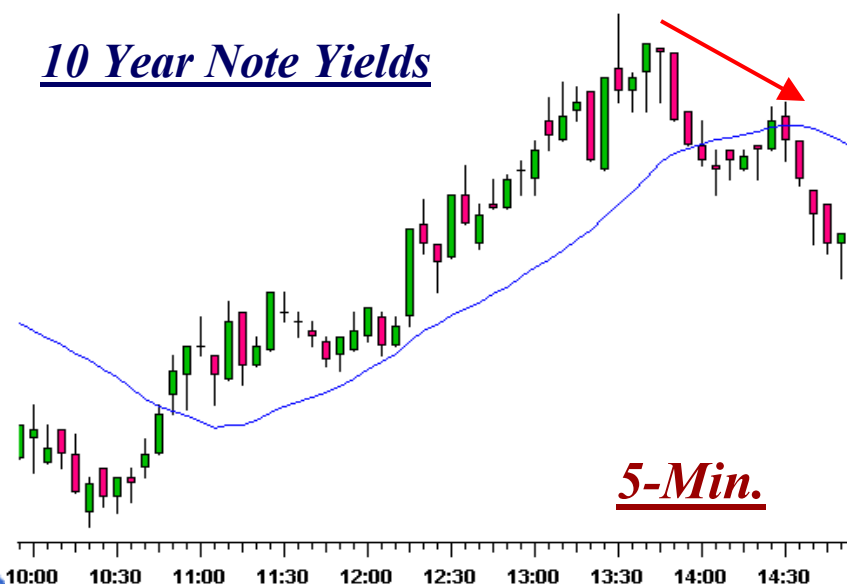
S&P 500 Futures



5-Min.

- *The Futures market is watched closely as a leading indicator of equities.*
- *Futures traders watch the Bond market as a leading indicator.*
- *Money flows between the two.*

10 Year Note Yields



5-Min.

10 Year Note Prices



5-Min.

Market Timing Tools

Bond Yields

Above the 20MA



Futures

Above the 20MA

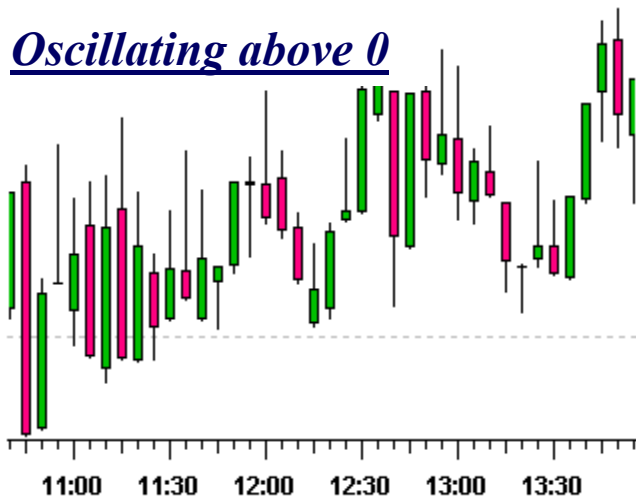


Do not fight this trend !

- Bond Yields trending above the 20-MA
- Equity Futures trending above the 20-MA

TICK Indicator

Oscillating above 0



TRIN Indicator

Below the 20MA

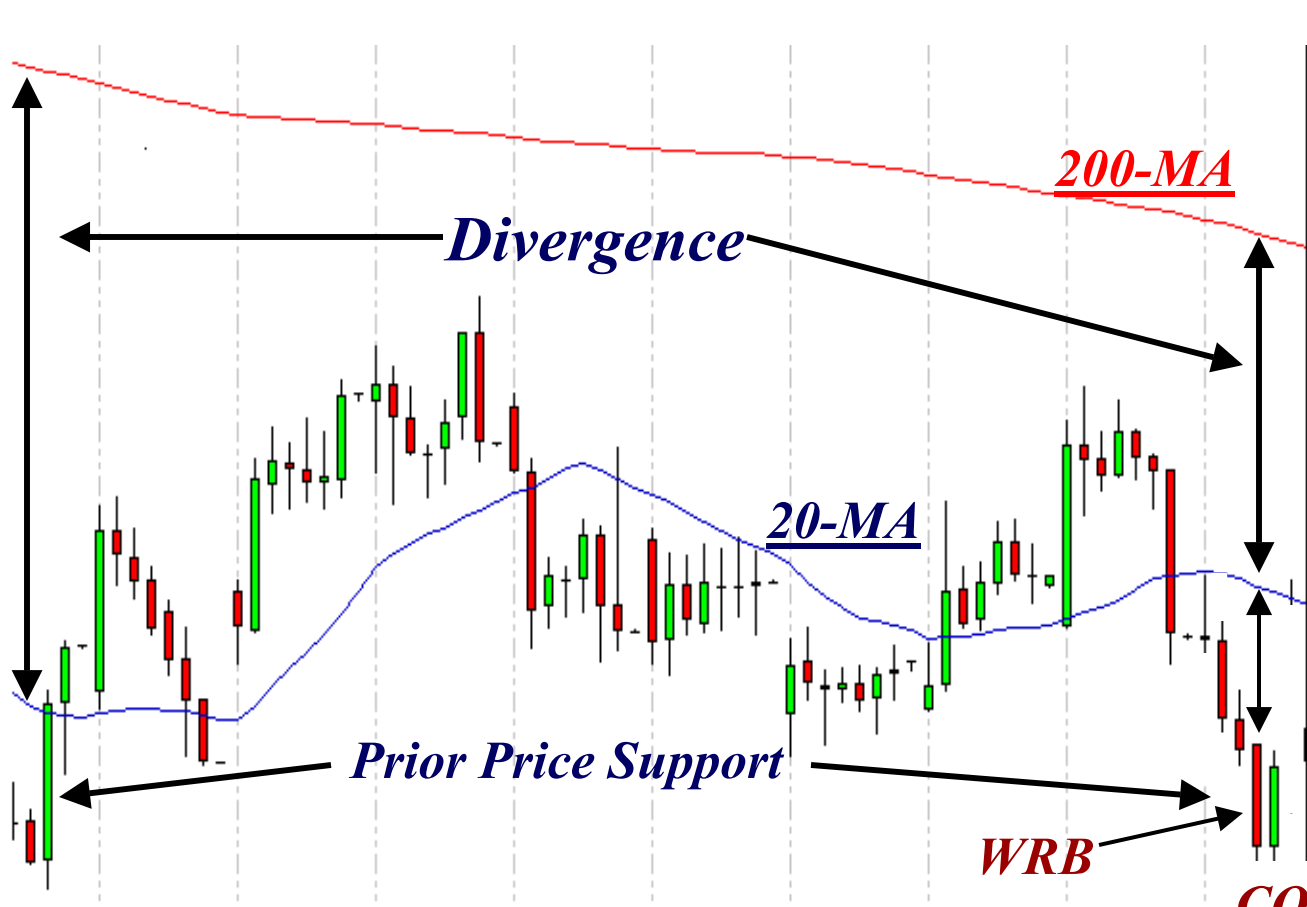


- TICK indicator oscillating above 0
- TRIN indicator trending below the 20-MA

Putting it All Together

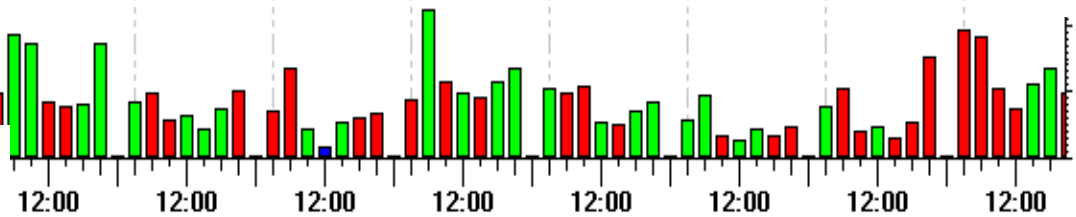
Review

Putting It All Together



- *Start with the longer time frame.*
- *Support is tested.*
- *A **WRB** forms. Be Alert!*
- *A **COG** signals the decline is over.*
- *Moving Avg. Divergence.*
- *Check internals and the 5-Min.*

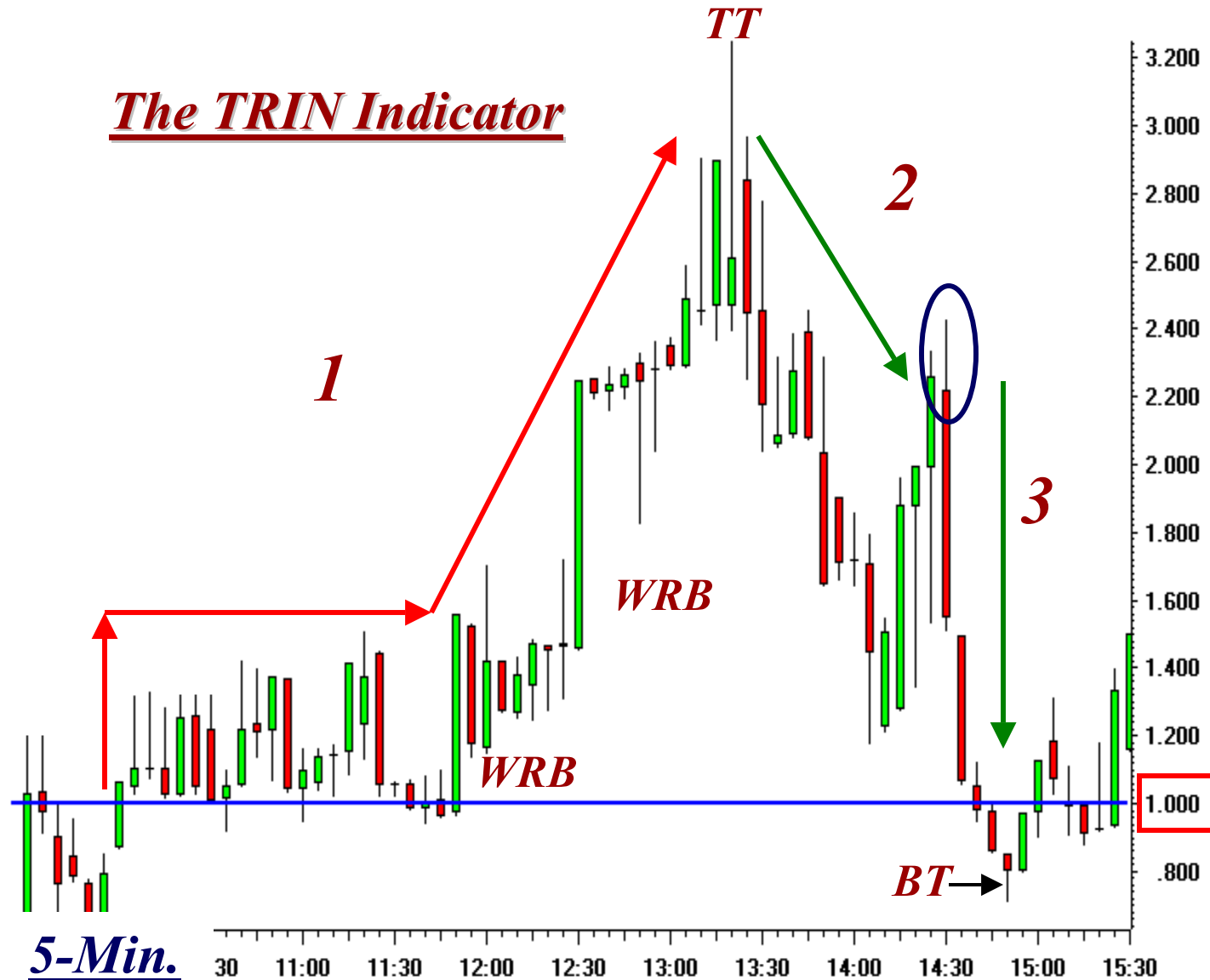
60-Min.



12:00 12:00 12:00 12:00 12:00 12:00 12:00

Putting It All Together

The TRIN Indicator



1 Trin above 1.0 and **Rising**. Sellers are in control.

2 Trin above 1.0 but **Declining**. Sellers are losing control.

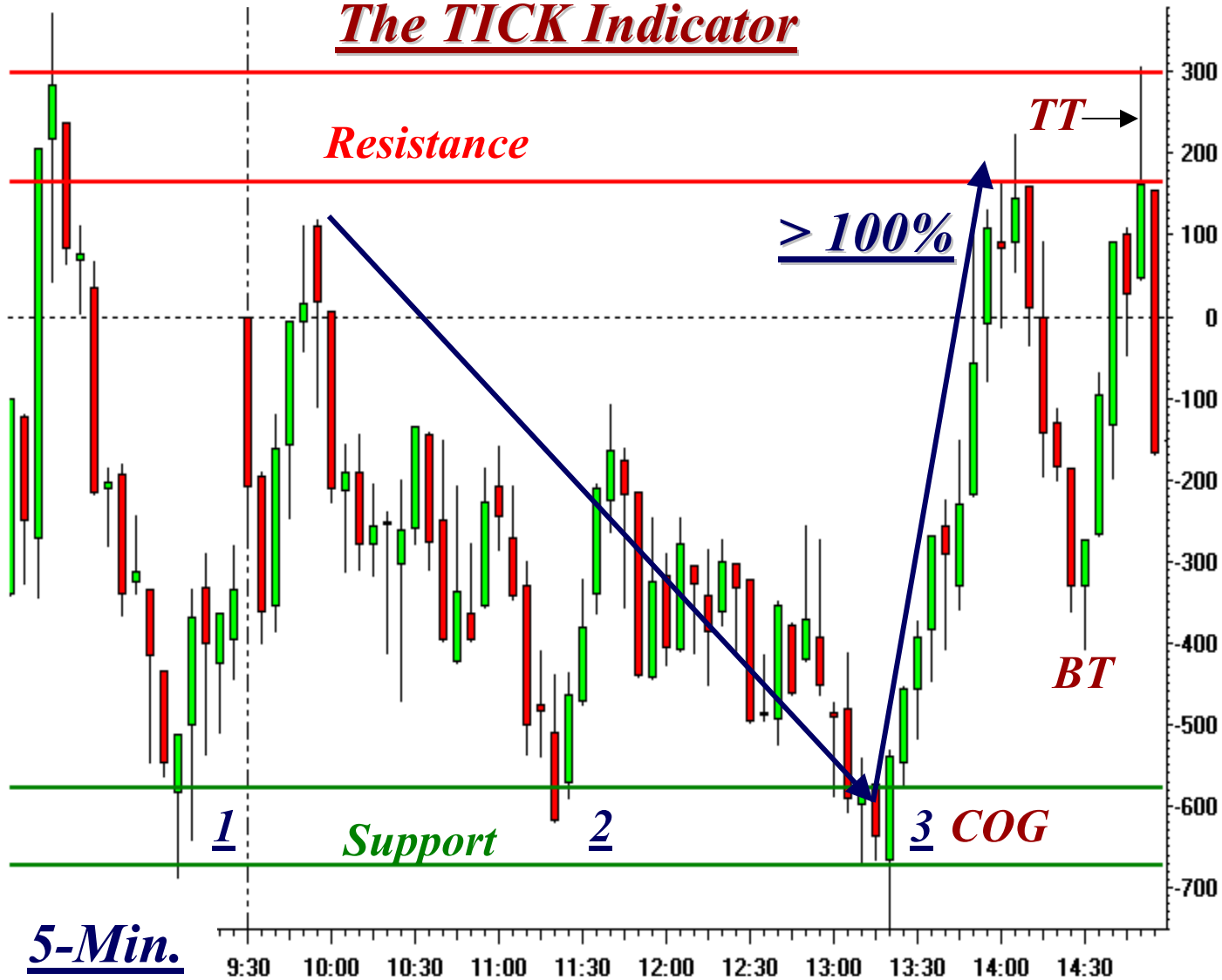
3 Buyers taking control, note angle.

5-Min.

30 11:00 11:30 12:00 12:30 13:00 13:30 14:00 14:30 15:00 15:30

Putting It All Together

The TICK Indicator



- *Triple Bottom*
- *A > 100%*
Retracement into resistance signals
Strength.
- *Look to buy*
the pullback.
- *TICK enters the*
Broad Market
Resistance Area.
- *Odds increase*
that momentum
will stall.

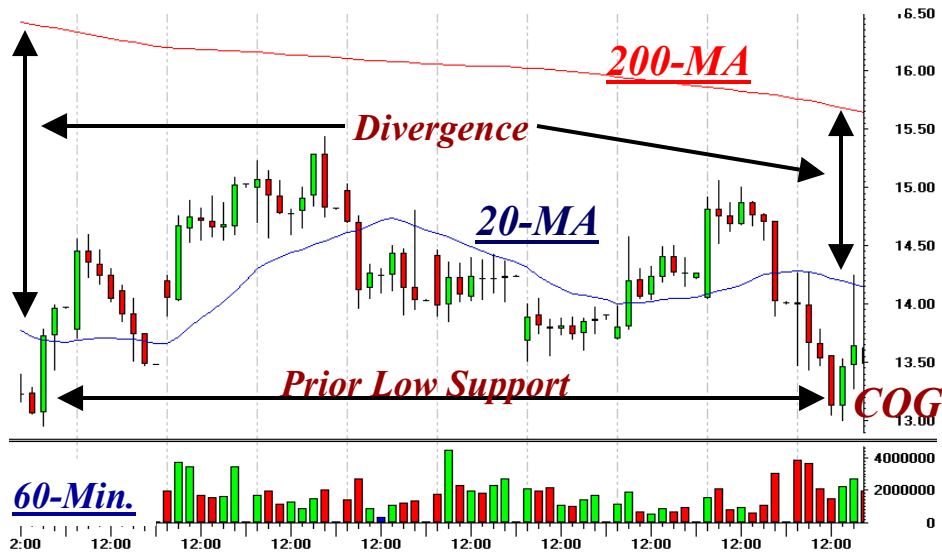
5-Min.

Putting It All Together



- *Oversold MAs Wide.*
- *The move above the 20-MA moves well into supply.*
- Strength!***
- After a PBS, BUY!***
- *Target 200-MA Price Resistance.*
- *Offer at Resistance.*
- *60-Min. is Bearish.*

Putting It All Together



Setups From Universe

Setups (Provided Meets Your Trading Plan!)

1. *Pristine Buy Setup*
2. *Pristine Sell Setup*
3. *Volume spikes*
4. *Breakouts*
5. *WRBs at S - D*
6. *Tails*
7. *Failed patterns*
8. *CBS, CSS*
9. *Engulfing Bars*

Then Cherry Pick From List:

- ✓ *Trend on multiple time frames*
- ✓ *Tight vs. Whippy*
- ✓ *Support/resistance*
- ✓ *Sector strength*
- ✓ *Relative Strength*
- ✓ *MAs*
- ✓ *Best reward-risk*
- ✓ *No pending news*

Updating Market Internals

*At the end of each market day, we mark off significant support and resistance points on the market internals and broader markets, extending the lines into the following day for reference points (**NOTE: and continuously update them intra-day**). See how well the morning's range on the second day held the prior day's highs and lows? Then the TICK exploded through resistance after the doldrums with the futures.*



***Trading Day Preparation
and
Adjusting Market Bias In
The Morning Reversal
Periods***

Trading Day Preparation

Trading Preparation Begins After The Prior Day's Market Close

Monitor post-market news and stock movers to see how they affect existing or new trade opportunities.

Review day's trades/charts and complete Trading Diary.

Review all watch list items for possible inclusion in next day's watch list.

Analyze (on multiple time frames) trend, support and resistance of:

- 1. Broader markets*
- 2. Sectors*
- 3. Market internals*

Go exercise and take a break to start back fresh!

Sector Analysis



Trading Day Preparation

Then Begin Search For New Plays (Long and Short)

1. *Your “universe” of stocks*
2. *Pristine ESP (late day anticipation at 3:30 pm ET and end of day scans, favoring those consistent with your “market bias”)*
3. *TC 2000 (see Resources, ATR, for suggested scans), Metastock, www.Mastertrader.com*
4. *In-depth analysis of stocks in sectors of interest*
5. *Possible “market moving stocks” in the news*
6. *Divide list into longs and shorts, and highlight best 5 in each.*
7. *Check earnings dates on stocks of interest and sector “Generals.”*
8. *Check key economic reports due (**pre-market and 10 a.m. EST**).*
9. *Project horizontal support/resistance on futures and internals. Also set alerts at significant points.*

Setups From Universe

Setups (Provided Meets Your Trading Plan!)

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2. *Pristine Sell Setup*
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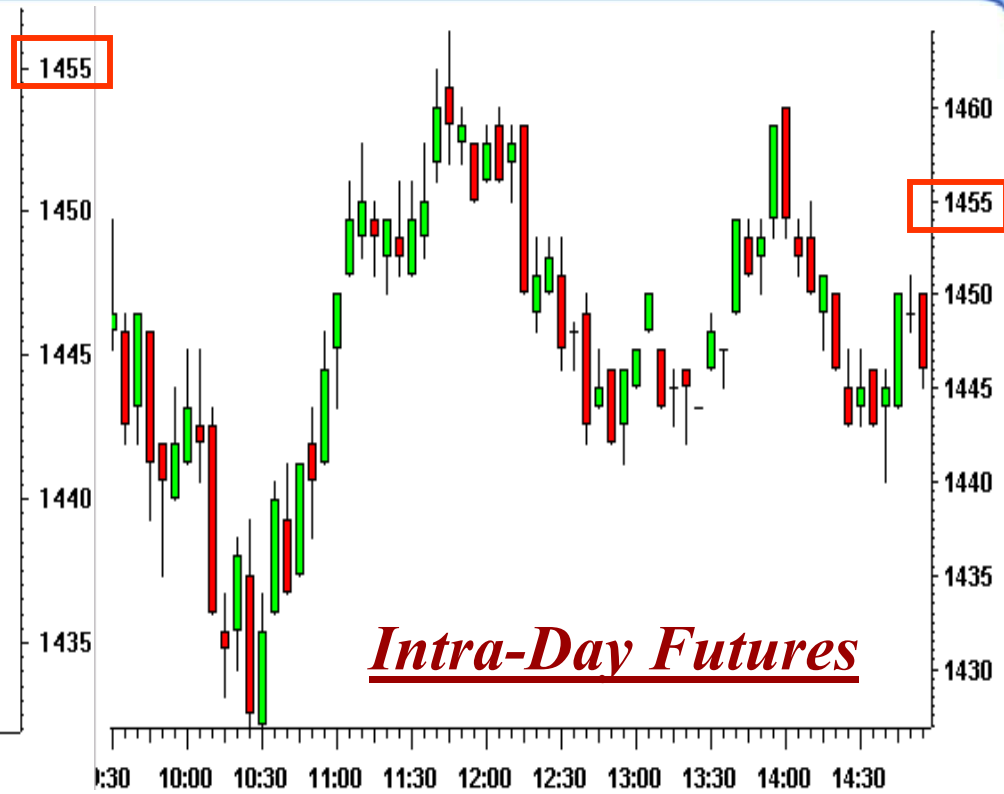


Pre-Market Research

- 1. Research pre-market news and movers (Briefing.com, Isld.com, Bloomberg.com, Nasdaq.com's Heat Map).*
- 2. Determine where futures are gapping to (support or resistance).*
- 3. Mark overnight globex futures highs/lows, E-Mini's.*
- 4. Watch trend of any large gap in futures pre-market.*
- 5. Sort minder by Percentage and Price Gap.*
- 6. Check gaps on open trades and trades of interest.*
- 7. Develop trading "bias" for open and first 30 minutes.*
- 8. Narrow watch list of longs and shorts and decide how to trade the top picks (e.g., COG on 2-min chart gap fill; 5-min high), if at all.*
- 9. Put stocks of interest in Minder and set alarms. Use Computer.*
- 10. Watch pre-market trades on 20/20 bar trades. May suggest early entry.*

Trading Day Preparation

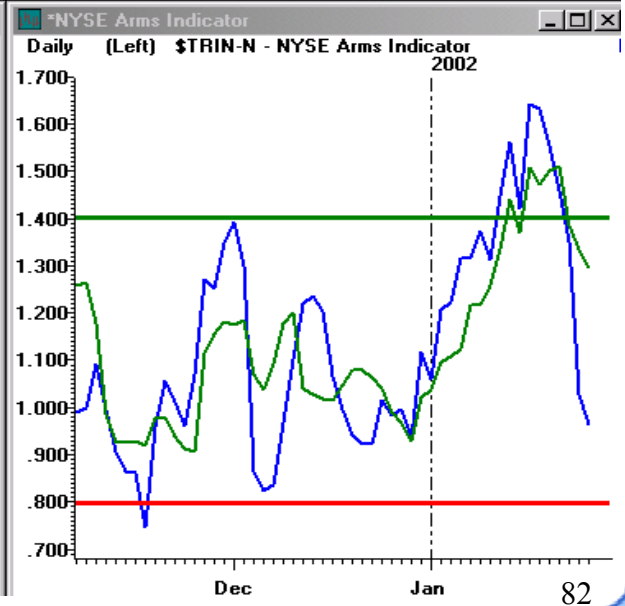
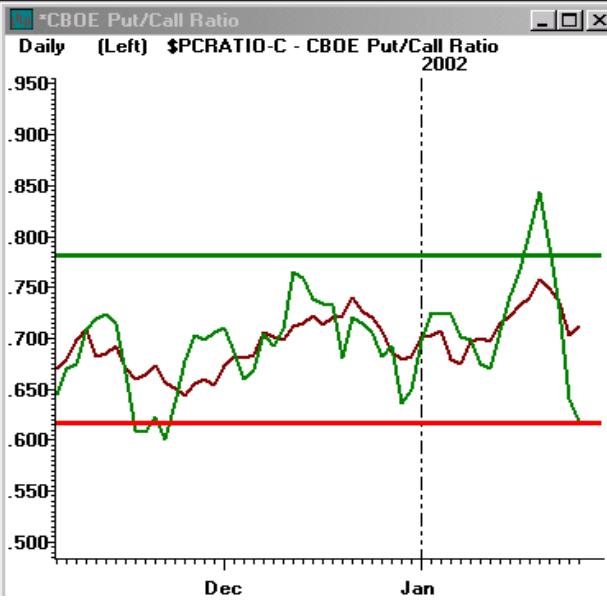
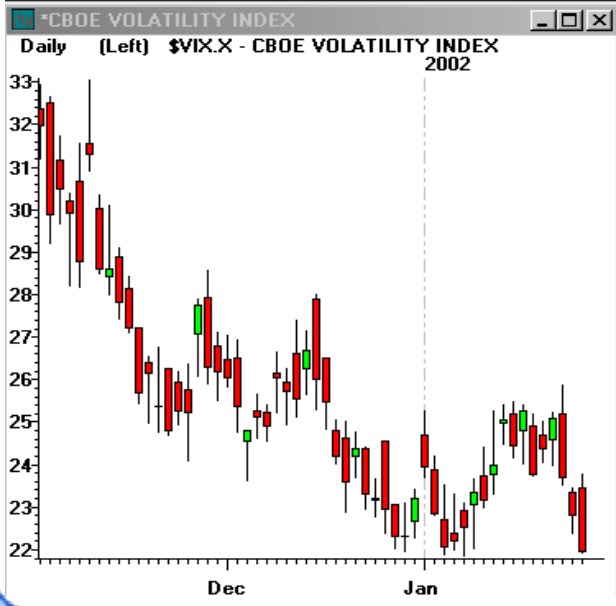
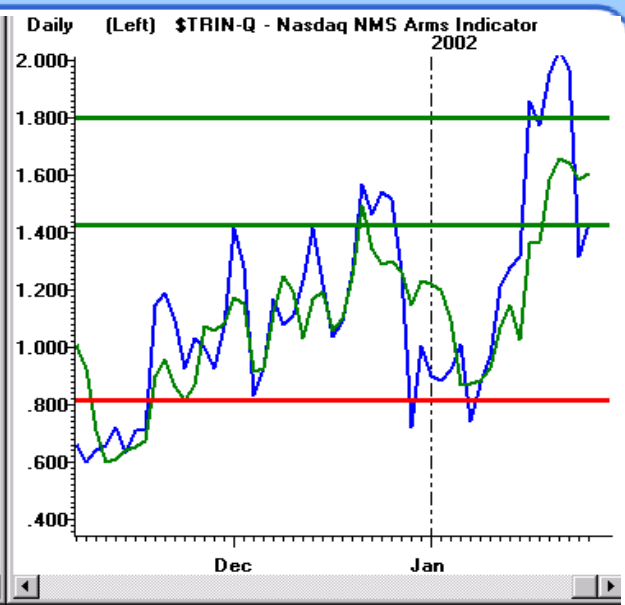
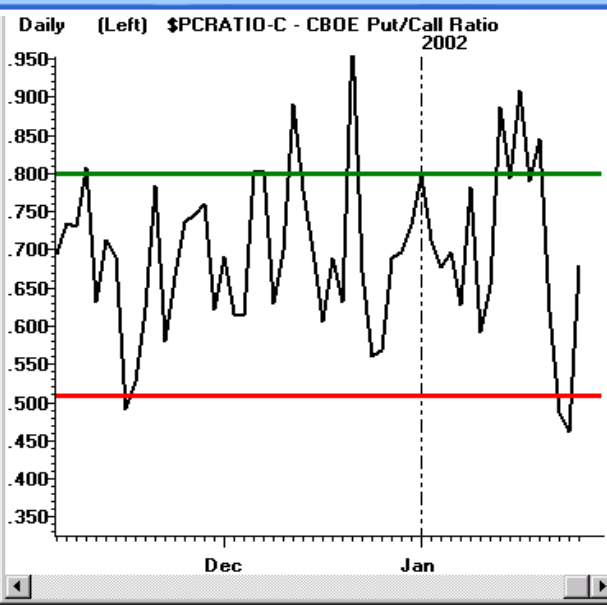
Pre-Market Futures



Intra-Day Futures

Pre-market Futures' highs and lows are focal points to Intra-Day Futures and equity traders. Set Alerts at the points. The significance of these areas will vary. Be aware of these potential reversal "areas."

Market Internals Analysis



Market Internals Analysis

Bond Yields

Above the 20MA



Futures

Above the 20MA

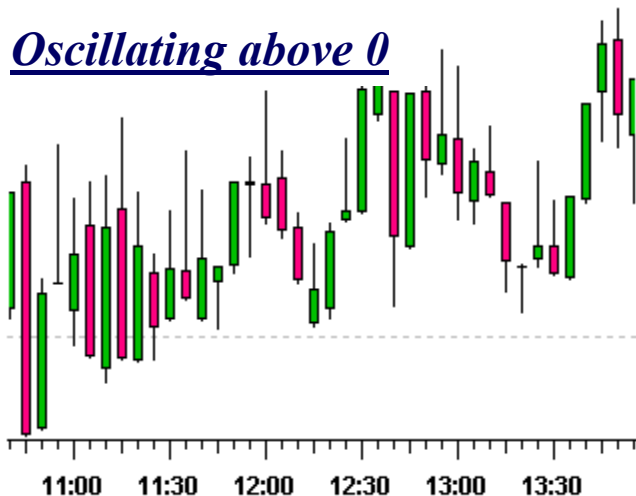


Do not fight this trend !

- Bond Yields trending above the 20-MA
- Equity Futures trending above the 20-MA

TICK Indicator

Oscillating above 0



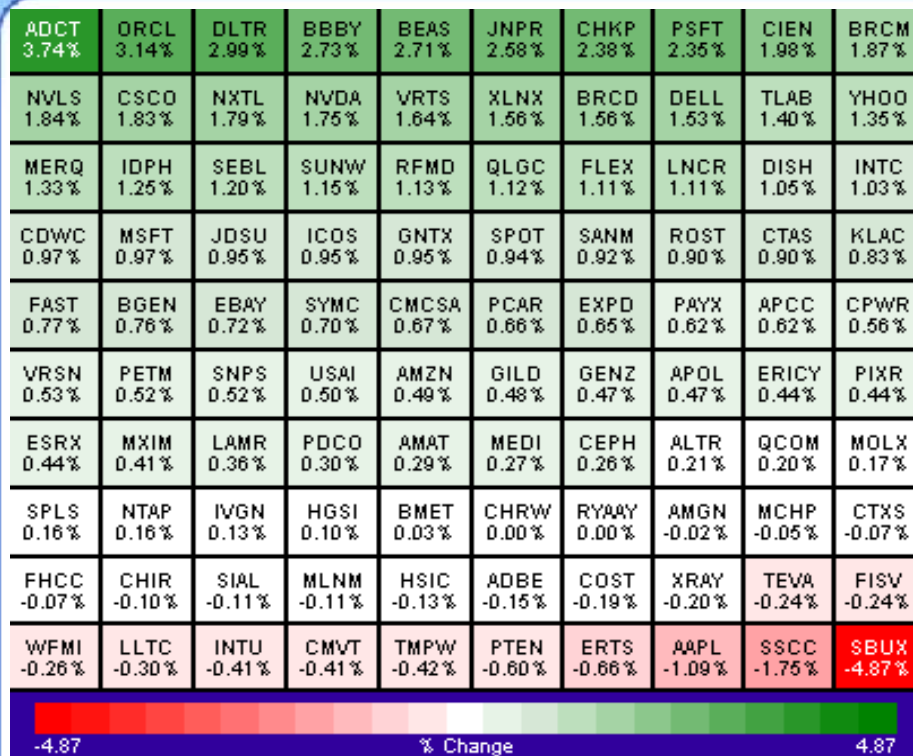
TRIN Indicator

Below the 20MA



- TICK indicator oscillating above 0
- TRIN indicator trending below the 20-MA

Heatmaps



Pre-Market Heatmap

ETF Heatmap

The Nasdaq Heatmaps are excellent pre-market tools to view strength and weakness in the NDX-100 and Sectors. Like other indicators, we then go to our price charts.

Action at Market Open

1. *Size of gap in market and stock.*
2. *Gap into support or resistance? Mark gap area for future reference.*
3. *First 5-min. bar is your first indication of trend. $C > 0$ or $C < 0$*
4. *Mark the opening day's **Tick** and **Trin** as new reference points if necessary.*
5. *Size of stop (e.g., playing 5-min. high versus 2-min. COG into gap fill).*
6. *Don't take trades based on 2-min. charts; longer time frames must support.*
7. *Review "Focus List" within first 5 minutes.*
8. *Sort market minder of Universe based on net change above open.*
9. *Then, you can narrow down Focus List into Minders.*
10. *Beware of delayed prints and incorrect Level II information.*
11. *Value your list and be prepared and confident to act thereon.*

News

Upgrade



Daily

Feb

CTLM



5-Min.

11.40
11.20
11.00
10.80
10.60
10.40
10.20
10.00

Upgrades and Downgrades are given each day.

Always consider the pattern prior to considering a position.

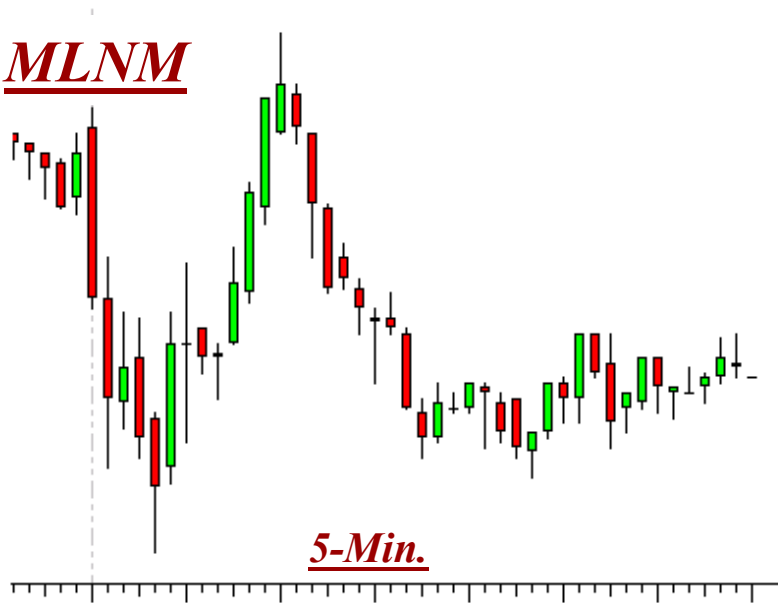
Upgrade



Daily

11 16 22 25 30 F 6 11 14

MLNM



5-Min.

21.80
21.60
21.40
21.20
21.00
20.80

While some will be timely, many will come after a move and may be excellent opportunities to trade in the opposite direction.

Relative Strength Analysis



*What is showing Relative Strength based on percent change **may not** always be where the best sector opportunity is. Checking chart patterns may suggest current Relative Strength will be changing in the future based on overbought/oversold levels, support/resistance, etc.*

S	Company Name	Net Chg. %
\$	S&P RETAIL INDEX	+86
\$	SEMICONDUCTOR SECTOR INDEX	+67
\$	NETWORKING INDEX	+55
\$	GSTI SOFTWARE INDEX	+47
\$	AIRLINE INDEX	+43
\$	GSTI MULTIMEDIA NETWORKING IDX	+24
\$	INTER@CTIVE WEEK INTERNET IDX	+08
\$	PHLX FIBER OPTICS SECTOR INDEX	-49
\$	PHARMACEUTICAL INDEX	-56
\$	S&P BANKING INDEX	-60
\$	SECURITIES BROKER DEALER INDEX	-83
\$	OIL SERVICE SECTOR	-2.49
\$	BIOTECHNOLOGY INDEX	-2.90

Relative Strength Analysis

Stock

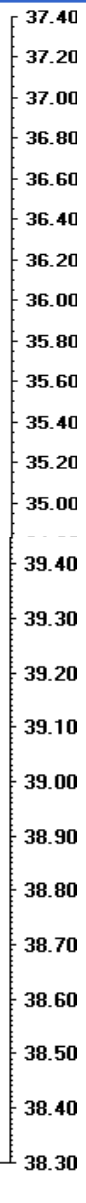
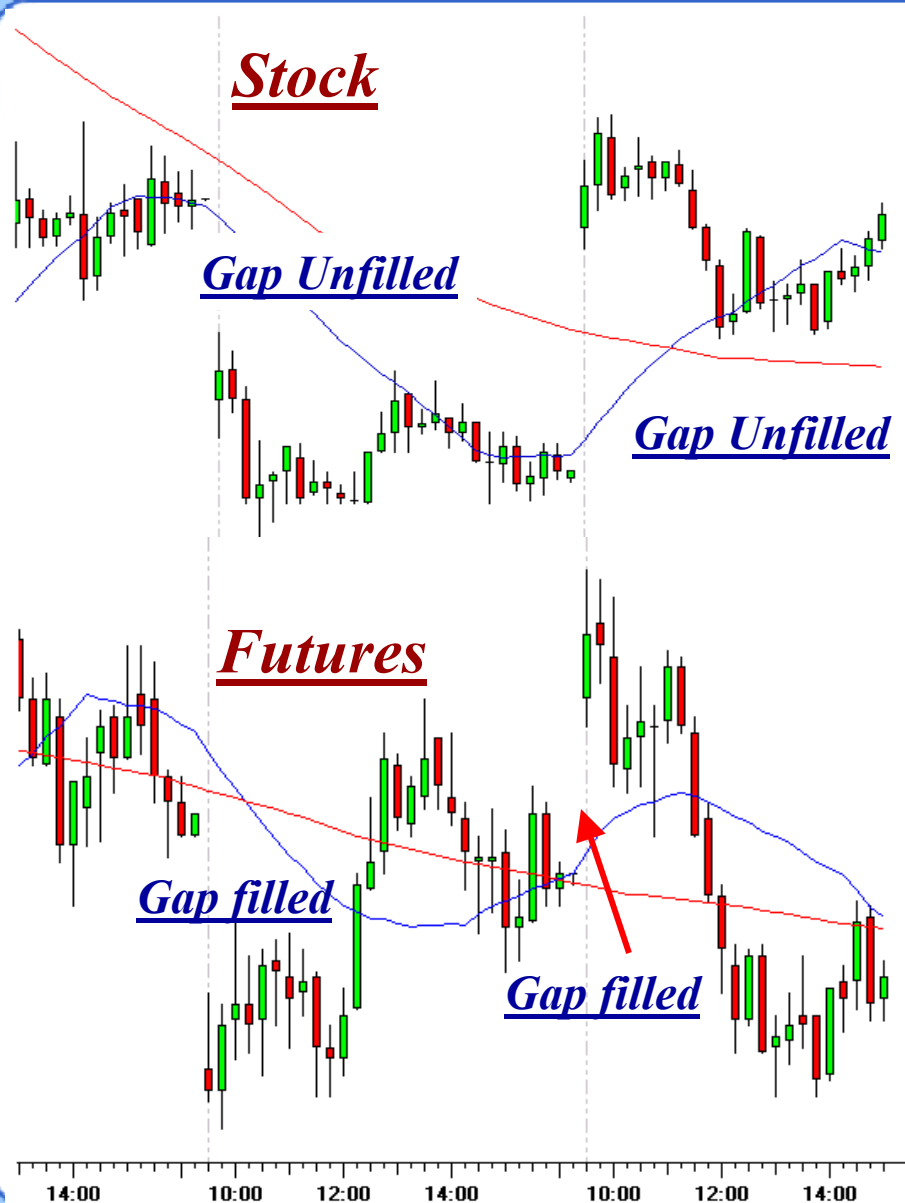
Gap Unfilled

Gap Unfilled

Futures

Gap filled

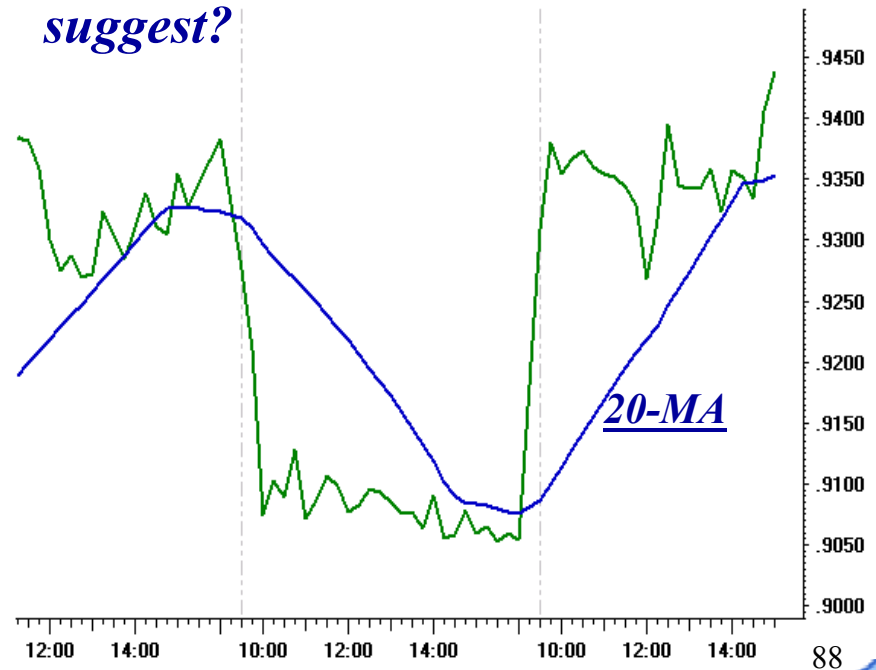
Gap filled



Relative Strength and Gaps

Analyze the first and second gaps of the Stock vs. the Futures. Which is stronger/weaker and why?

What does the line graph below suggest?



Considerations When Trading Gaps

There are many patterns that form after a gap, however we need a plan to trade them.

Things to consider when trading GAP PLAYS:

- Is the market or sector gapping in the direction of stock?
- Is the TICK opening at an extreme level or near support / resistance?
- Same for TRIN?
- Is the gap in or against the direction of the 20-MA on the 5-Min. chart?
- Is the stock extended from its 20-period moving average?
- Is the gap excessive (e.g. 2% vs. 20%)?
- Did it gap to minor or major support / resistance?
- Is the direction of the gap confirmed by a pattern? (e.g., novice or professional gap)?
- How did the intra-day pattern form on the prior day

IF YOU CANNOT FORMULATE A STRATEGY, STAND ASIDE!

Reversal Periods

Reversal times are a tool that help you stay alert to possible change.

Price confirmation is always the ultimate indication of change.

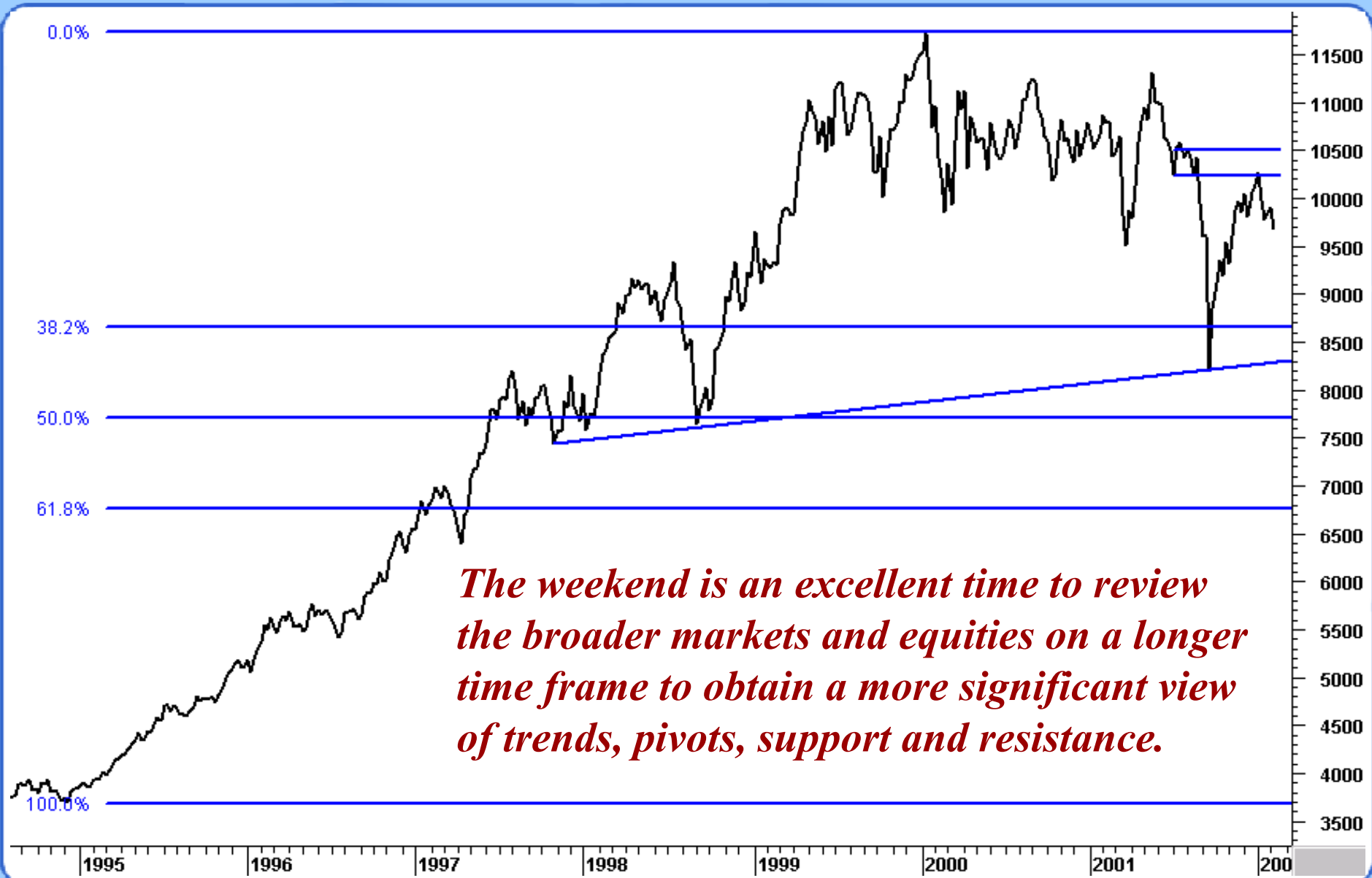


*Every turning point could have been seen through our other techniques, but reversal times keep us **alert**.*

Weekly Market Analysis

1. *Review weekly and monthly charts of broader markets.*
2. *Scan Universe based on weekly, daily and 60-min. charts only.*
3. *Review market internals, and 5- and 10-day MAs of same.*
4. *Review sentiment indicators.*
5. *Determine which sectors/stocks might move per **Barron's** articles.*
6. *Browse other trade journals and web sites of interest.*
7. *Update Trading Diary and trades of week.*
8. *Doing your own homework will ensure faster development.*
9. *Relax and Smell the Roses!*

Weekend Market Review



The weekend is an excellent time to review the broader markets and equities on a longer time frame to obtain a more significant view of trends, pivots, support and resistance.

Useful Web Sites

BRIEFING.COM®
Live Market Analysis

Main Index

Briefing.com recognized as a
BARRON'S & Forbes
Top Site!
[find out more](#)

Stock Analysis™

[Free Trial](#)

Live	Daily	The Market	Calendars	Research
Headlines NEW!	Stock Brief	Stock Quotes	Earnings	Co. Reports
In Play@	Tech Stocks	Charts	Tech Earnings	Sector Ratings
Short Stories	Morning Briefing	Mkt Internals	Surprises	Core Insight
Story Stocks@		Trade Center	Guidance	BriefingSearch
Stock Ticker			Splits	Glossary
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			Events	
			Economic	

Professional™

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Professional includes everything listed in Stock Analysis above plus pages listed below:

Live	Daily	The Market	Calendars	Research
Headlines	Bond Brief	Bond Quotes	Economic	Inflation Table
Bonds Lite	Fed Brief	FX Quotes	Events	Global Rates
Bond Ticker	Rate Brief	Charts & Data	Treasury	Glossary
FX Ticker	Economic Data		2-Day Planner	
			Month Planner	

Page Descriptions

Stock Analysis™

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Page	Description	Page	Description
Headlines	Live Index	Earnings Cal	Upcoming Earnings
In Play@	Stocks on the Move	Tech Earnings	Tech Stock Dates
Short Stories	News Summary	Surprises	Today's Earnings
Story Stocks@	Stocks Making News	Guidance	Earnings Guidance
Stock Ticker	Live Mkt Analysis	Splits Cal	Upcoming Splits
Up/Downgrades	Ratings Changes	IPO Calendar	This Week's IPOs
Stock Brief	Daily Commentary	Events Cal	Upcoming Events
Tech Stocks	Tech Commentary	Economic Cal	Upcoming Econ. Data
Morning Briefing	Daily Crib Sheet	Comp. Reports	Data on 9000 Cos.
Stock Quotes	Quotes, Charts	Sector Ratings	Sector Analysis
Charts	Advanced Charting	Core Insight	Portfolio Candidates
Mkt Internals	Stats on the Hour	BriefingSearch	Research Tool
TradeCenter	Brokerage Links	Glossary	Equity Mkt Terms

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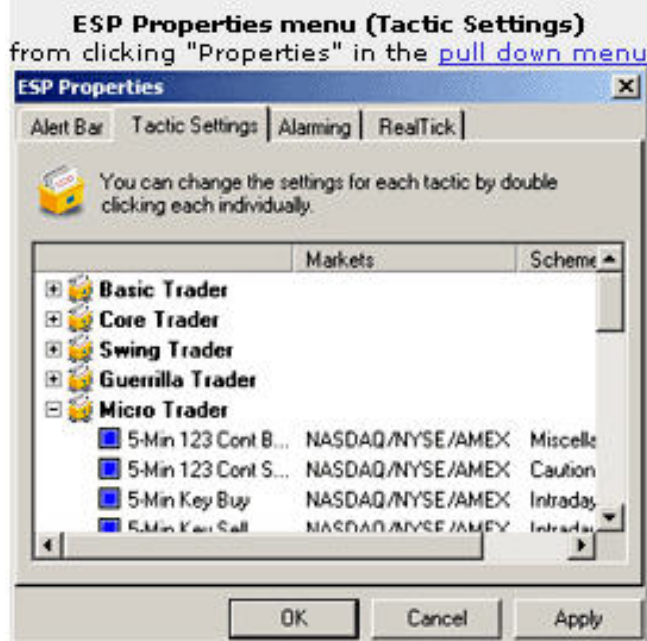
www.wallstreetjournal.com

What Is Pristine ESP™ ?



- **Pristine ESP™ is state-of-the-art Scanning Software.**
- **Pristine ESP™** combines and delivers the trading skills of founders Oliver Velez and Greg Capra, and their specialized knowledge of technical analysis, with new advancements in computer technology to enhance the educational and trading intelligence for active self-directed traders.
- **Pristine ESP™** was developed to alert traders to the exact moment when a Pristine trading opportunity occurs.
- **Pristine ESP™** does the work for you, using Pristine's proprietary technical analysis methods while scanning thousands of stocks simultaneously. Once a powerful setup is identified, **Pristine ESP™** swings into action, providing real time alerts delivered without a moment's delay (see Alert Bar graphic above).
- The **Pristine ESP™** product is programmed to identify key setups occurring daily in the marketplace. These setups are based on the proven methods that **Pristine.com** has been teaching successful traders for the last eight years. In addition, **Pristine ESP™** alerts traders to stocks meeting more generic criteria.
- To date, over 100 different trading strategies and alerts have been programmed into **Pristine ESP™**, including all of the various trading strategies taught in Pristine's acclaimed one-day and two-day seminars.
- This wide array of features empowers the trader/investor to make educated decisions in real time, providing the proper "why" and "when" as opportunities arise.

ESP™ Configuration: Tactic Settings



The Tactics Settings menu will allow you to change the settings for each tactic. Here you may also narrow down the alerts to only those that most interest you.

The tactics are broken into the following categories, referred to as Modules:
Basic Trader, Core Trader, Swing Trader, Guerrilla Trader and **Micro Trader**.

By clicking on the next to the category name, it will reveal the individual strategies available within the category. You may enable whichever strategy alerts interest you.

You may enable and disable alerts by clicking on the boxes to the right of the strategy name. A square indicates that the alert is enabled. A square indicates that the alerts has been disabled.

Linking to RealTick™ Example

Scroll Through List by Pressing Your Computer's DOWN Arrow Key

(A)

Symbol	Last Price	
IFIN	21.85	S
DRYR	63.00	S
TROW	29.65	S
AFCI	14.62	S
ERTS	59.47	S
BMET	30.26	S
QTRN	14.00	S
UTSI	20.66	S
CHKP	15.24	S
BBBY	37.92	S
AMAT	14.19	S
AMGN	63.00	S
ORCL	11.79	S
DELL	29.11	S
DVN	48.65	S
SMH	25.88	S
QQQ	26.95	S
JNS	12.86	S
SWK	23.42	S
MMC	46.00	S
CLX	45.72	S
STJ	52.25	S
ADP	33.10	S
NCF	20.37	S
DPH	8.34	S
BR	47.75	S

(B)

Applied Materials, Inc. <LM,00_MSTR,5800...						
AMAT	NAS	14.19	↓	-86	1000	
Open	14.73	Bid	↓ 14.13	Ask	14.18	
High	14.79	52 High	27.72	Time	16:00	
Low	14.06	52 Low	10.26	Vol	31,902,97	
Close	15.05	P.E.	89.81	Earn	.158	

Name	Bid	Size	Name	Ask	Size
PSE	14.13	500	PSE	14.18	1000
CSE	9.02	100	CSE	19.38	100

(C)

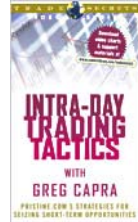
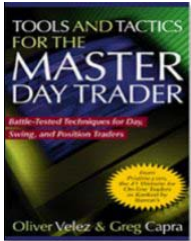
In this example, ESP™ is linked to a Market Minder window called 15-Min Basing Scan (A). The Market Minder window (A) is linked to Market Maker window (B) which is linked to ALL charts (C) for EASY review of the setup as it pertains to ALL seven time frames shown here. Chart (D) is a blowup of the 15 minute basing scan.

With this one simple setup, ESP™ updates Market Minder window (A) with fresh 15 Minute Basing Scan setups -- automatically ! By simply pressing the down arrow on your keyboard or individually clicking any of the symbols, you can scroll through dozens of setups in under a minute !

(D)



What Your Next Steps Are



Take Advantage Of Our Free Education

PRISTINE - Advanced

Pristine Method | Membership | Advanced

10:05:38 AM Dan Gibby: got called out over weekend
 10:05:41 AM Dan Gibby: but don't see in alerts
 10:06:23 AM John Lakatis: rising TICK and TRIN on the 15min
 10:06:48 AM zekex: HCR, BBY falling
 10:07:15 AM dnucc: nice call Zek
 10:07:45 AM Dan Gibby: BUY ALERT: Pristine is going to BUY INFA at \$8.16 with a protective stop loss of \$7.94
 This is a MEDIUM risk level swing trade. (Buying day's high based on bullish hourly)
 10:08:05 AM pwr882: p/c 0.45
 10:10:23 AM John Lakatis: WATCH ALERT: Pristine is considering to SELL SHORT NVLS at \$53.96 with a protective stop loss of \$54.25. This is a HIGH risk level scarp trade. (2 SHORT 15MIN)
 10:10:36 AM John Lakatis: VERY HIGH RISK SHORT
 10:10:52 AM John Lakatis: ADJUSTED SELL SHORT ALERT: Pristine has adjusted its position on NVLS. (2 SHORT 15MIN)
 10:11:05 AM Dan Gibby: ADJUSTED SELL SHORT ALERT: Pristine has adjusted its position on MCK. (move stop 1/4; novice gap; first target 37.30 gap fill)
 10:11:07 AM pwr882: info
 10:11:08 AM pwr882: hit
 10:11:36 AM John Lakatis: lets watch for the SEM's to break down below the prior low 15min candle
 10:12:06 AM John Lakatis: 200ma over on the 15min NAZ, below
 10:12:57 AM Dan Gibby: COVER ELBO on the sell off, or low 20
 10:13:48 AM Dan Gibby: cover ELBO on bid, nice!
 10:14:08 AM Dan Gibby: TICK not supporting upside
 10:14:55 AM John Lakatis: scarp some profit into this area as SXP has mom to fall, but want to lock in scalps 1/2 at 53.88 here, NVLS
 10:14:58 AM Dan Gibby: BUY TO COVER ALERT: Pristine is going to BUY TO COVER ELBO at \$32.73 with a gain of \$1.26
 10:15:00 AM Dan Gibby: oo out

Send | Discarded

PRISTINE Lite - March 15, 2002
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INTU INCORPORATED (INTU)

42
40
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20MA

Med Risk | Avg Vol 2,840K

33 9 5 7 11 13 15 20 22 26 28 5 7 11 13

Chart Courtesy: StockCharts.com

(Market transfer from stock.gametrak.com) 2/16/2002

Sector: Technology **Closing Price:** \$38.13 **Avg. Vol.:** 2,840K **PE:** N/A **EPS:** 1.04

Trading Strategy: **BUY!** Has been trading higher for several days before forming a Change of the Guard with a Topping Tail. This is also a nice wedge after a breakdown which is bullish. We'll look for lower prices, over the next few days.

Company Profile: Intuit, Inc. is a provider of small business, tax preparation and personal finance software products and Web-based services that simplify complex financial tasks for consumers, small businesses and accounting professionals. The Company's principal products and services include Quicken, QuickBooks, Quicken TurboTax, ProSeries, Lacerte and Quicken Loans. Intuit offers products and services in five principal business divisions, which include Small Business, Tax, Personal Finance, Quicken Loans and iClickal Business.

The Play: We'll look to sell short INTU once it trades below \$38.00 with our stop at \$39.04. Our objective will be \$1.25 to \$3.00. This play is **RED RISK**.

Live Update: RINM gained \$0.31 at low and is trading well. EMC stopped out for an \$0.18 loss. GORL stopped out for a \$0.52 loss. COMPLETE intra-day updates.

Chart of the Week

This service is updated on select Mondays by Greg Capra

Stock Play of the Week

This service is updated every Tuesday

Trading Lesson of the Week

This service is updated every other Wednesday by Oliver Velez and Paul Lange

Prstine Sell Set-up (PSS)

After a lower low (LL), the swing trader looks for:
 3 or more consecutive higher lows

On this presentation:

- Welcome
- Introduction
- Foundation
- Anatomy of Up & Down Trends
- Master Buy & Sell Set-ups
- Question and Answer
- Thank You



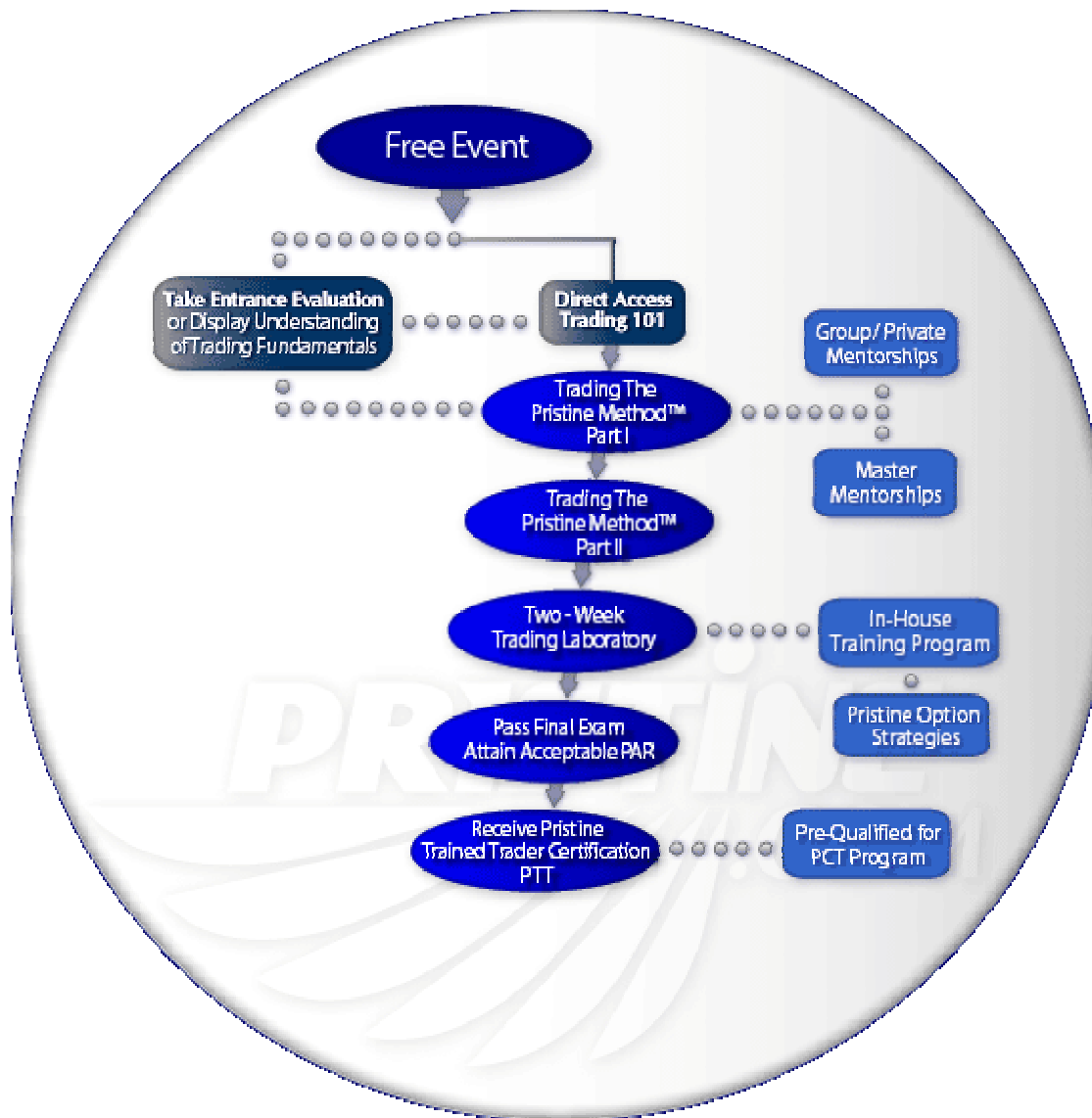
Ask Pristine

Educational Reports

Written by Oliver L. Velez

Phone Consultation

Become a Pristine Trained Trader



Thank You For Joining Us

At this point, you have the information to build on. It's up to you to work with the material and now make it yours.

There are no secrets or proprietary indicators to making money in the markets. Defining an opportunity, where the odds are in your favor, then having the discipline to follow your trading and money management rules is all that you can do. Your job is to objectively monitor, then change as the market suggests you should.

In closing, we at Pristine wish you great success!

Download

You may download these slides for future reference. They are available in Adobe Acrobat format at the following location.

<http://www.pristine.com/ptunotes/denver.htm>

*To contact a Pristine counselor, please call us at
800-340-6477 and ask for Marvin Balat.*