

Long Term Price Market Structure - Trading in 2013

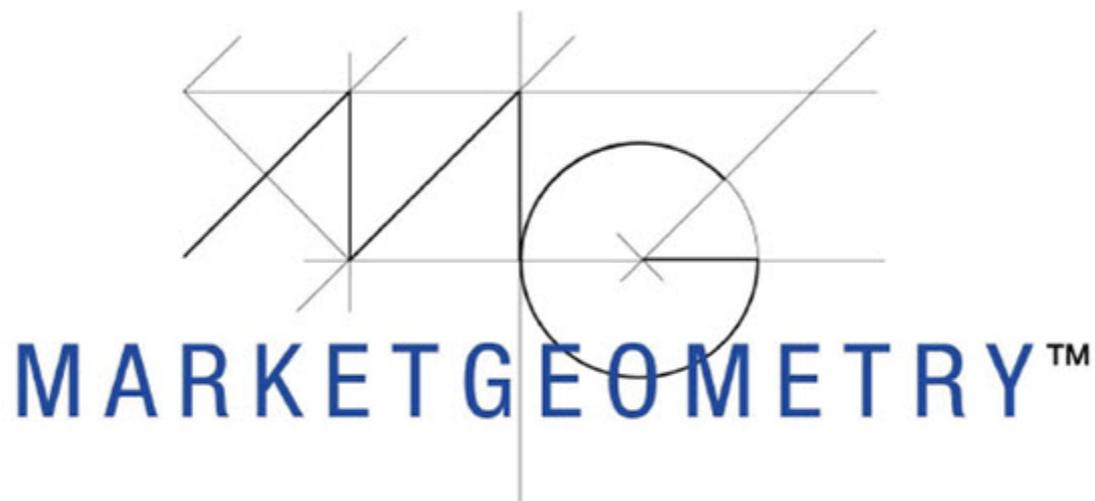


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Blackthorne Capital, Inc.

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www.marketgeometry.com

www.medianline.com



"Master your tools, master yourself."

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Past performance does not guarantee future results.

This is one persons experience, your experience may differ.

Results are not guaranteed, individual experiences may vary.

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In volatile market conditions, substantial losses may occur.

In volatile market conditions, orders may not be filled as placed.

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The leveraged nature of FX trading and Futures trading means that any market movement will have an equally proportional effect on your deposited funds. This may work against you as well as for you. The possibility exists that you could sustain a total loss of initial margin funds and be required to deposit additional funds to maintain your position. If you fail to meet any margin call within the time prescribed, your position will be liquidated and you will be responsible for any resulting losses.

Long Term Price Market Structure - Trading in 2013

Trader or Prognosticator?

You cannot let the market's movements force you to trade, or let your urge to catch a move drag you into following a move under way.

Like Black jack...you must know in advance the situation you face as the dealer looks at his hand. You cannot react to the dealer's face after he gets his cards. You must know what to do, before the situation comes to you. You must know several moves ahead. This is the simplest illustration, because it does not have many levels...simple number of cards, simple outcome. You cannot play the reaction to a reaction here...there is only outcome.

Traders say:

If I do not have a position on, and I want to have one, after reading the news the market keeps trending away from me, punishing me for missing the move.

Or if I reach and chase the move, it turns and run against me.

**If I see two possibilities, if I choose one, it is the other that is right!
You must see and trade ahead, or you will always be wrong.**

You must see and feel the reaction, or you must stay out.

You must be playing not for the news, not for the reaction to the news, but for the real move about to reveal itself, whatever that is. You must gauge the reaction to the news before the news comes out and be prepared to stand aside, or jump in front or play the follow through...which? If you do not know in advance of the news which you are willing to put your capital on, you will lose your capital.

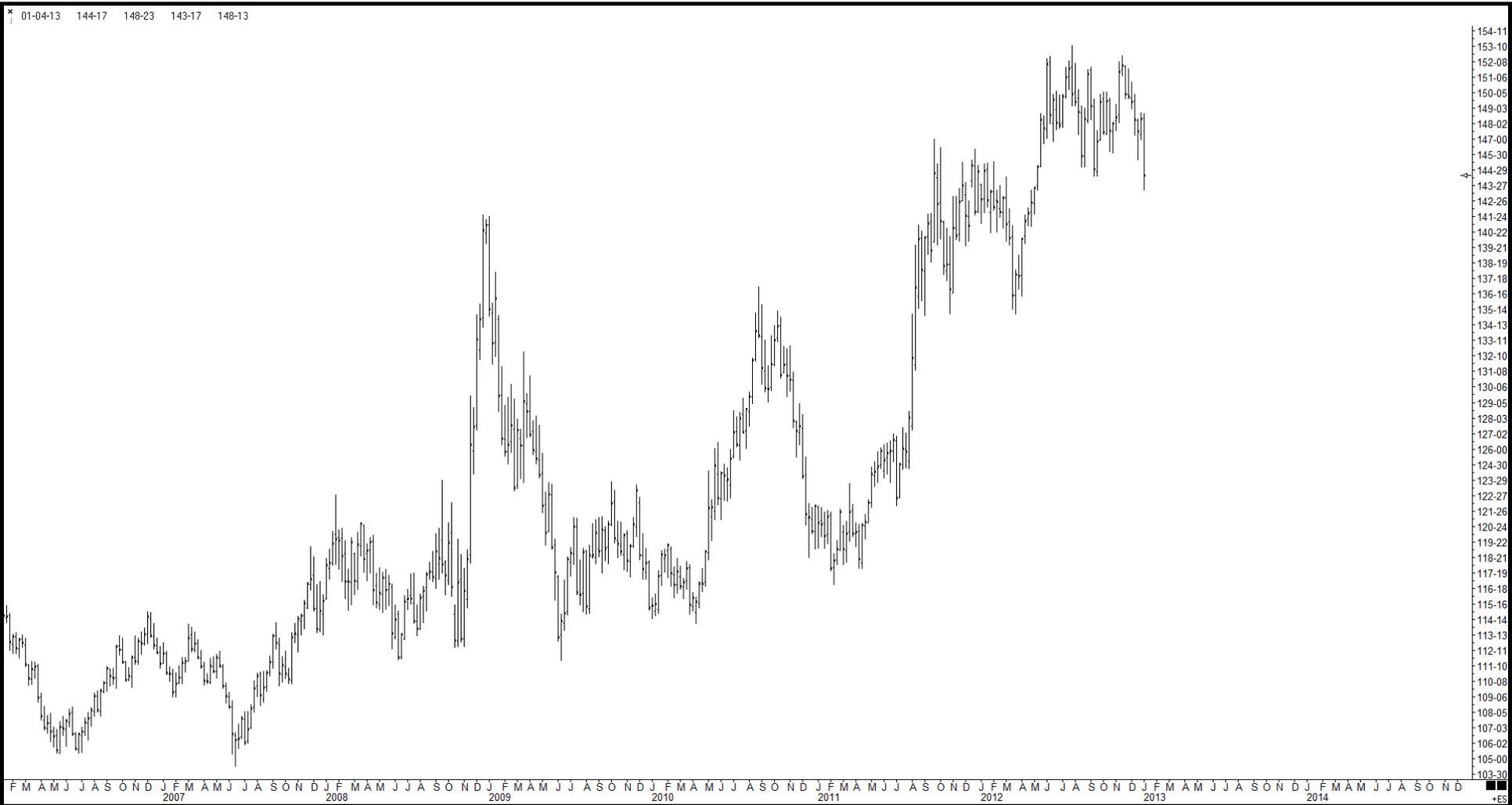
To win today, you must think and draw in multiple dimensions.

Do not simply fade every move or you will quickly go broke.

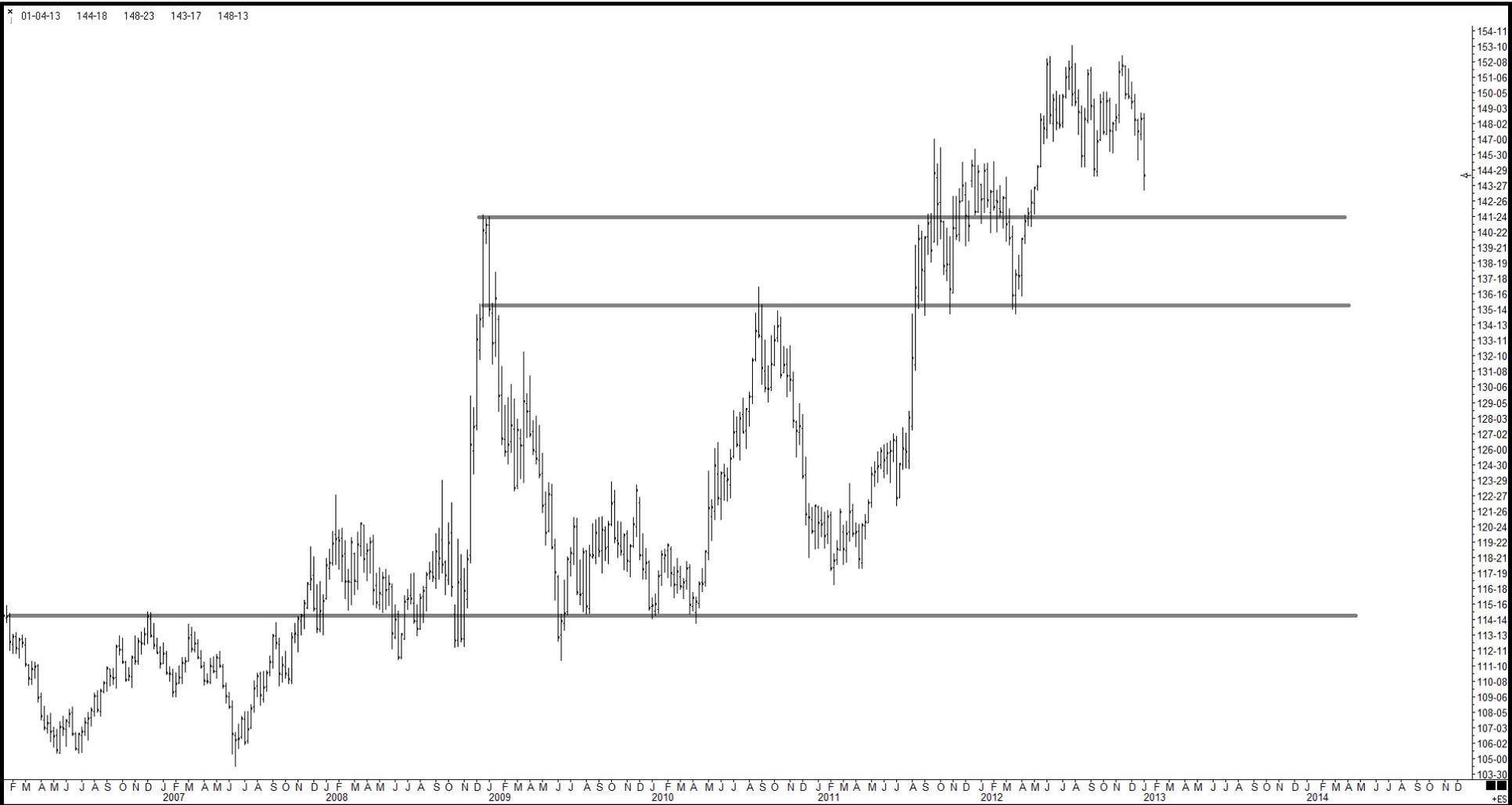
You must learn to think multiple moves ahead of each market, like a feared chess player.

Let's begin evaluating the major markets, now that we are in 2013 and the 'Fiscal Cliff' is behind us. As I describe what is going on in each slide, you should be asking yourself: Is there anything that catches my attention? Is price telling me the market is about to take off? Or is this market at an area where it is 'decision time' and a move of some sorts is very likely?

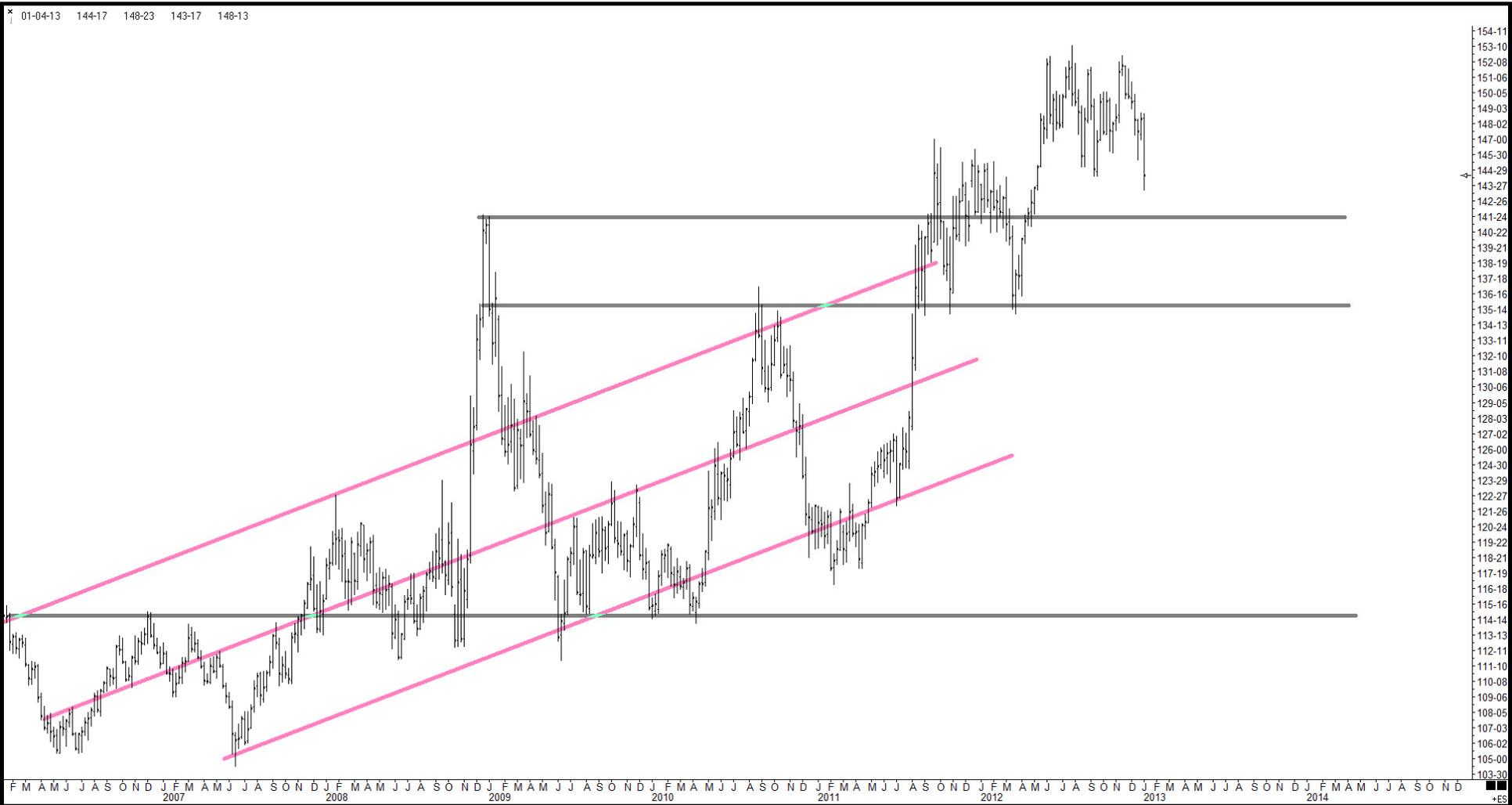
US 30 Year Bond Futures



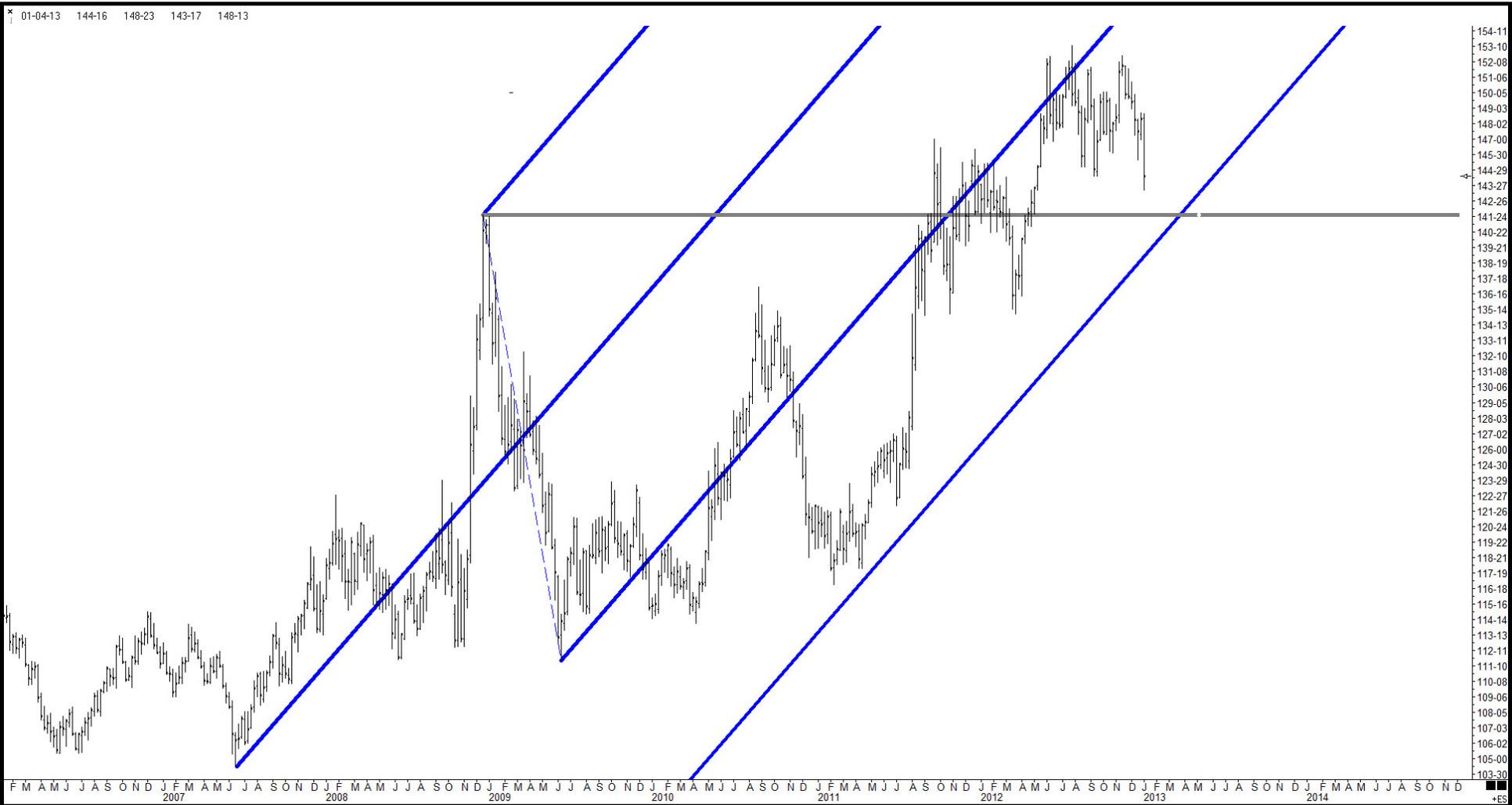
The bond market seems to be on a long – term rally.



I add in some simple horizontal lines to mark important areas.



A simple Center Line and its Action and Reaction Line might tell us something.

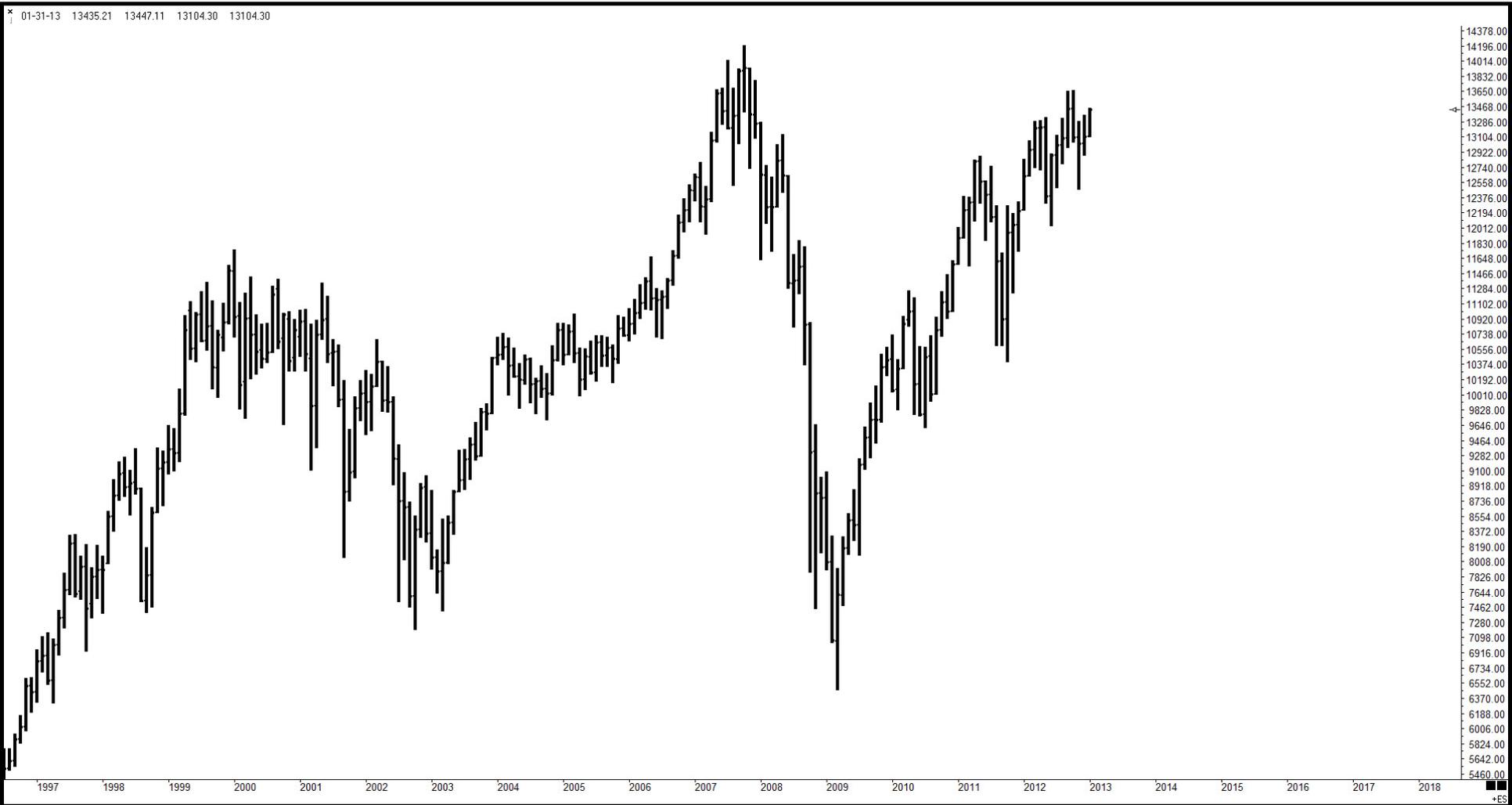


I add a Median Line. Note Price is trading between the Lower Parallel and the First Warning Line. It still seems to be giving the Probable Path of Price.

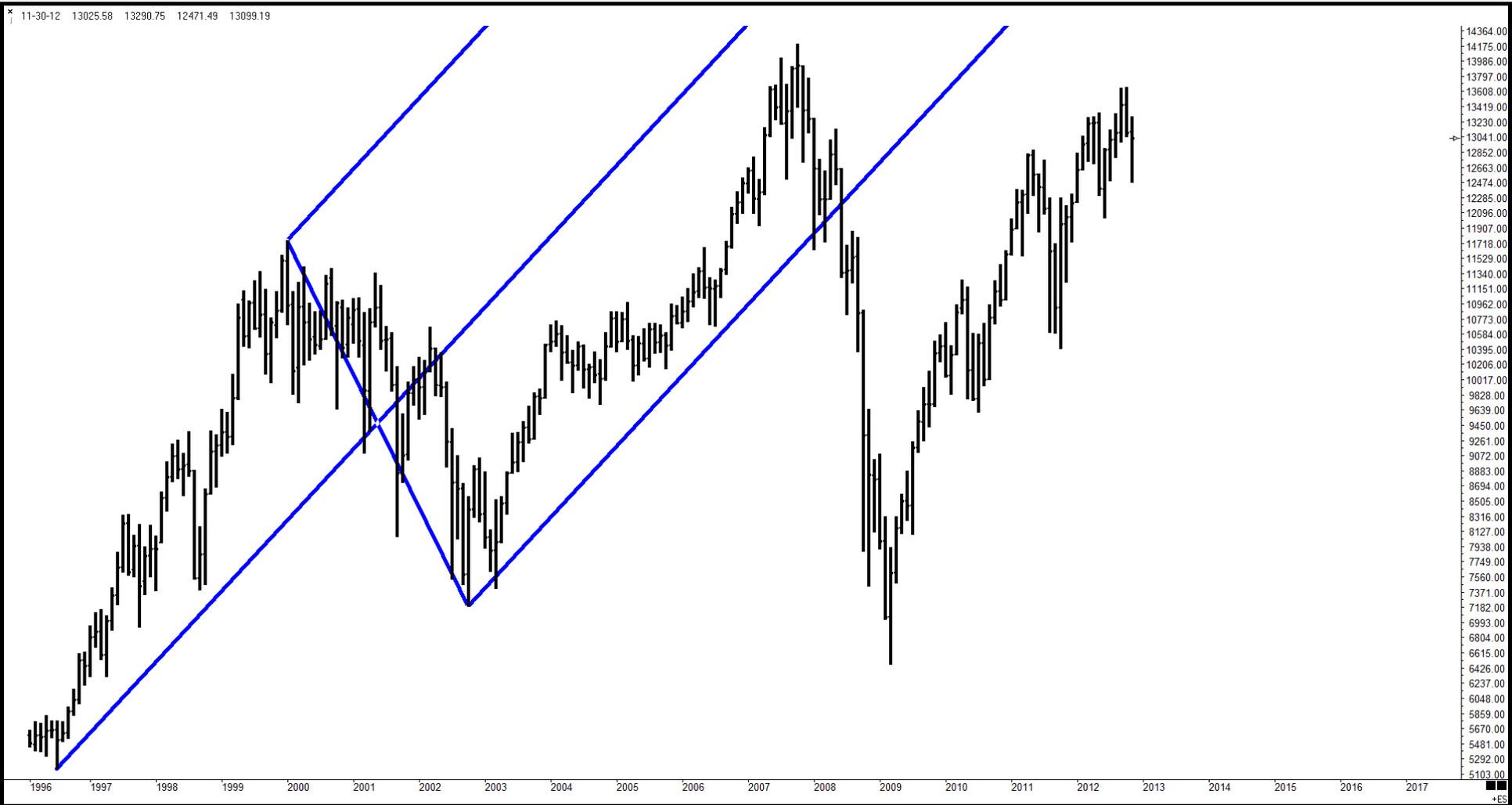


This is a Modified Schiff Median Line using the same pivots. Where do you see Price heading? Is the Trend broken? Where are the Large Traders going to play?

The Dow Jones Industrial Index



The stock market seems to be rallying after a sharp sell-off.



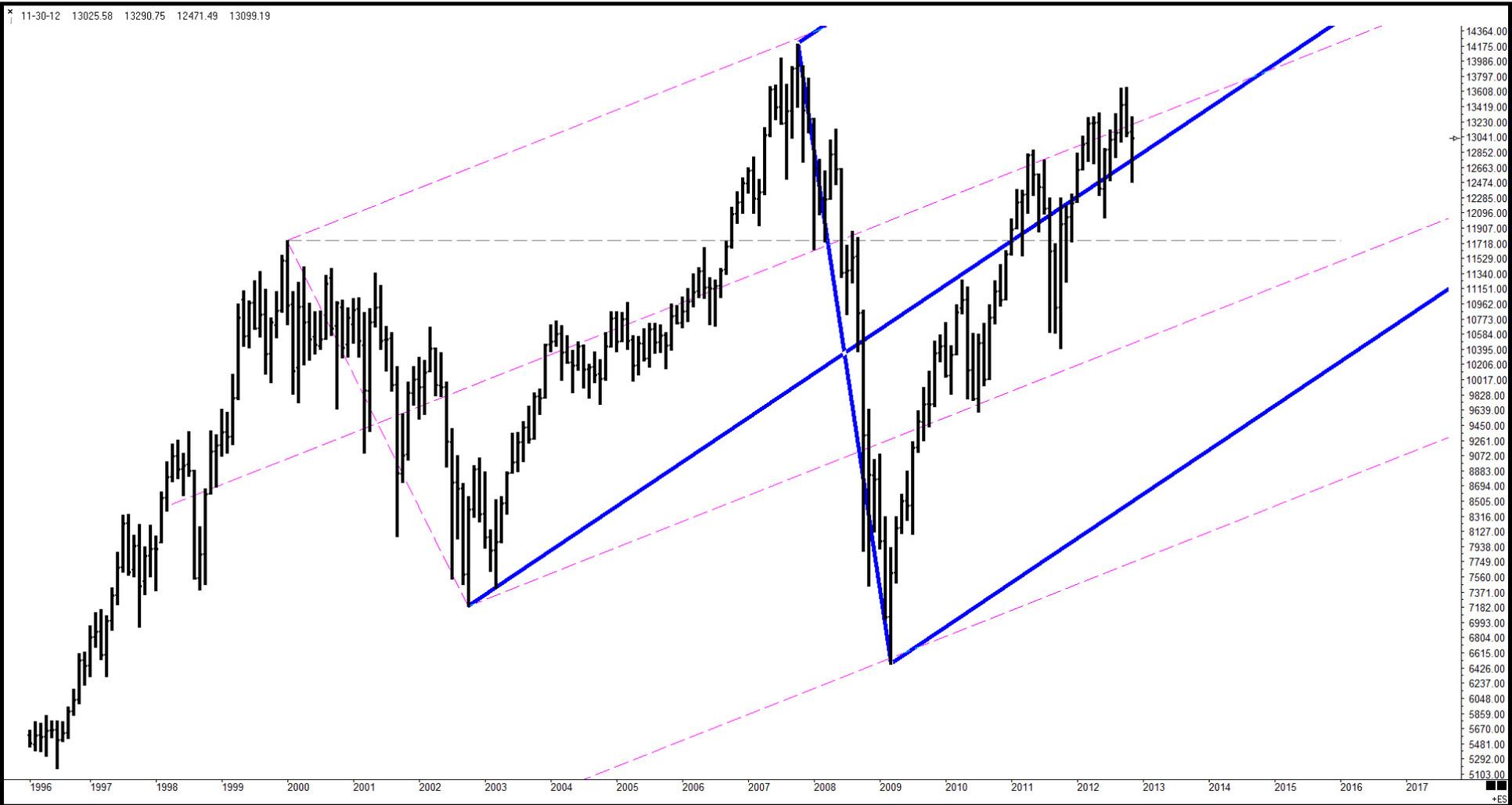
Here is a Tradition Median Line drawn from Major Pivots. Does it help us?



This is a Modified Schiff drawn from the same pivots. Does this help us?

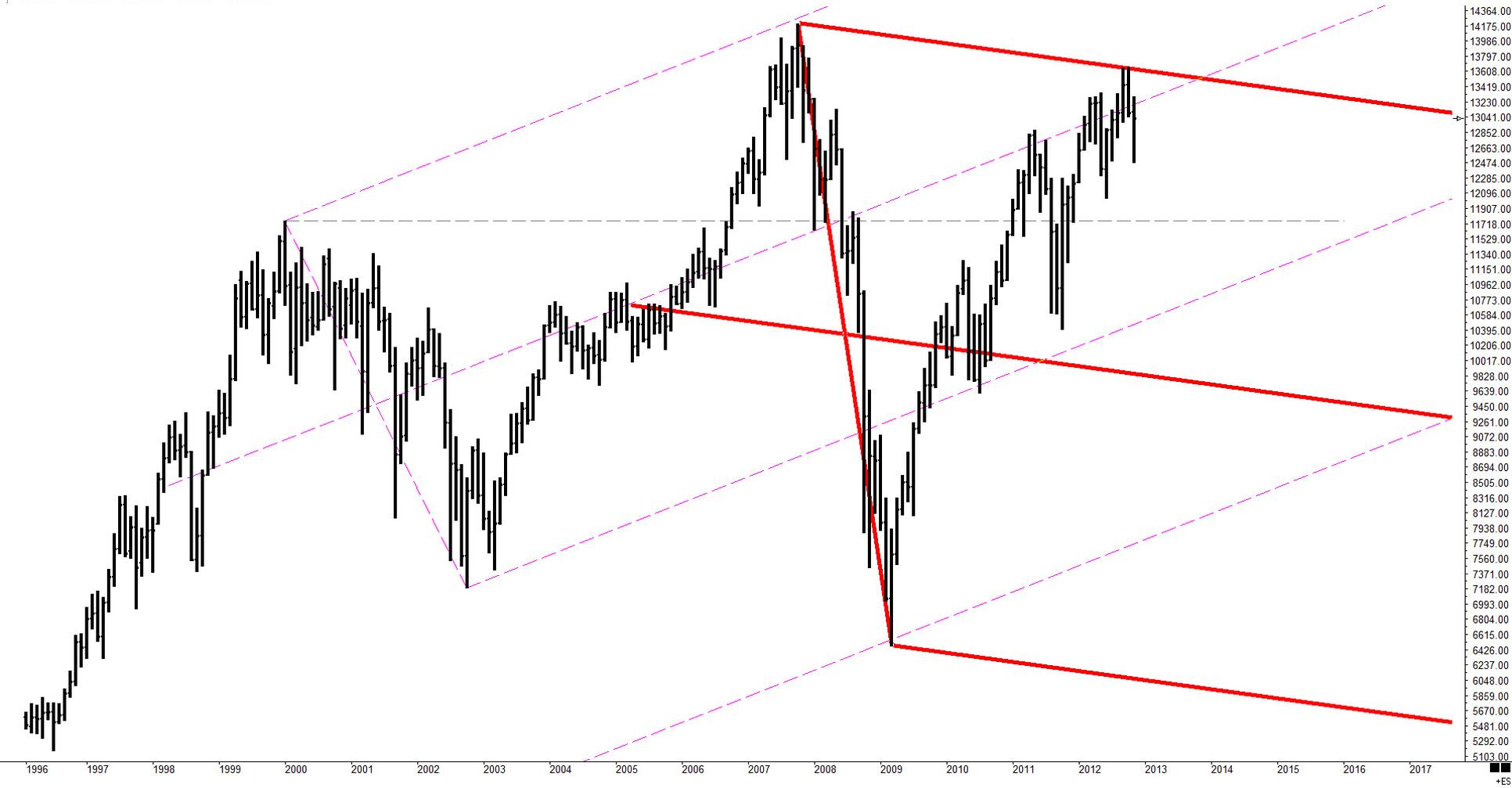


The First Warning Line shows us the Probable Path of Price.



Does a Median Line drawn from the next set of Pivots help us?

11-30-12 13025.58 13290.75 12471.49 13099.19



If I use the same Pivots with a Modified Schiff, I get a very interesting set of lines.



Here is the original Median Line on a smaller time frame. Does it help?



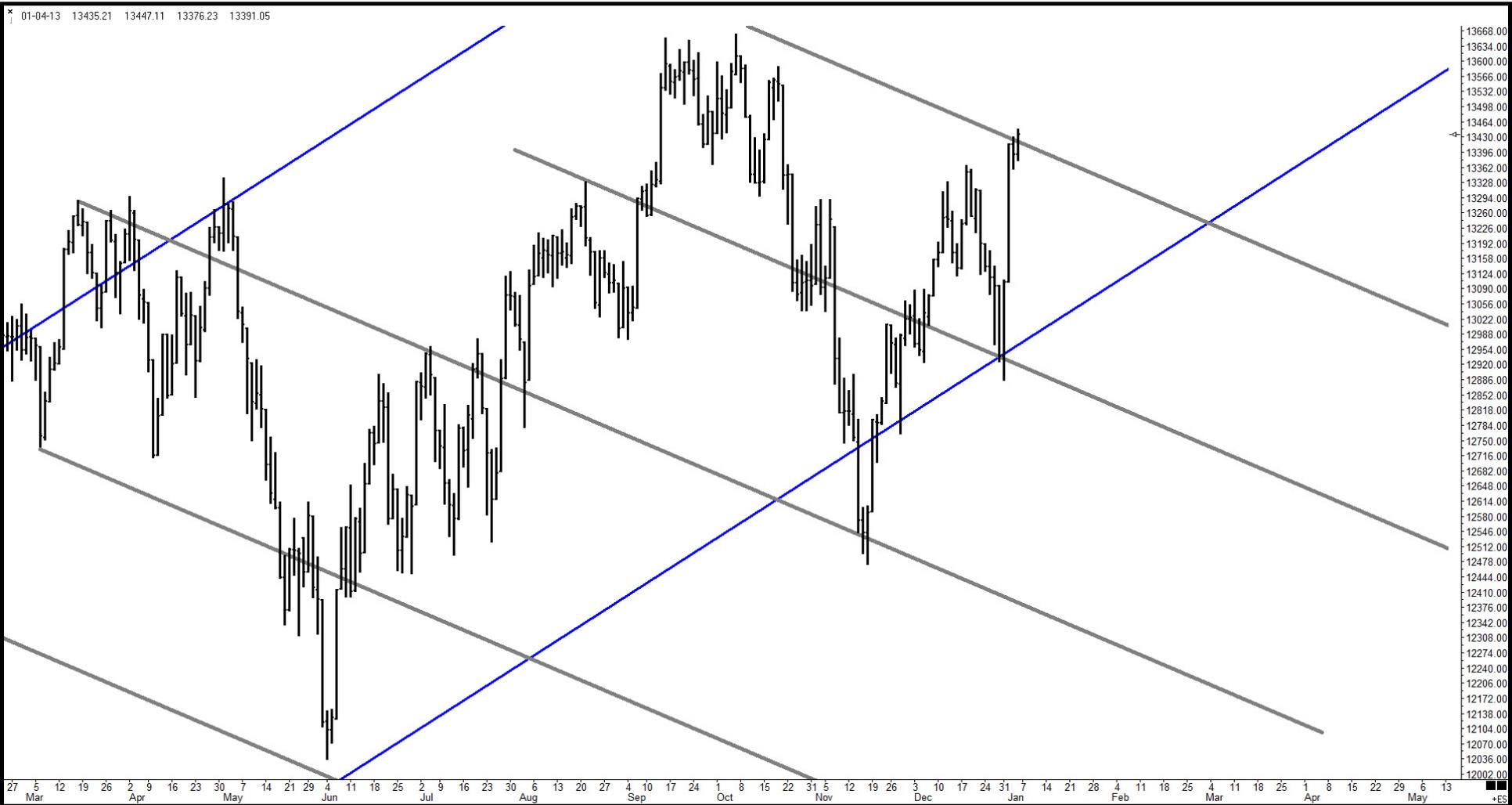
Here is a Daily Dow chart, with lines I added in late 2007 and 2008.



This the same daily Dow chart. This is the area that spawned the current up trend.



The blue lines are from the Median Line drawn from the market's low in 2008.



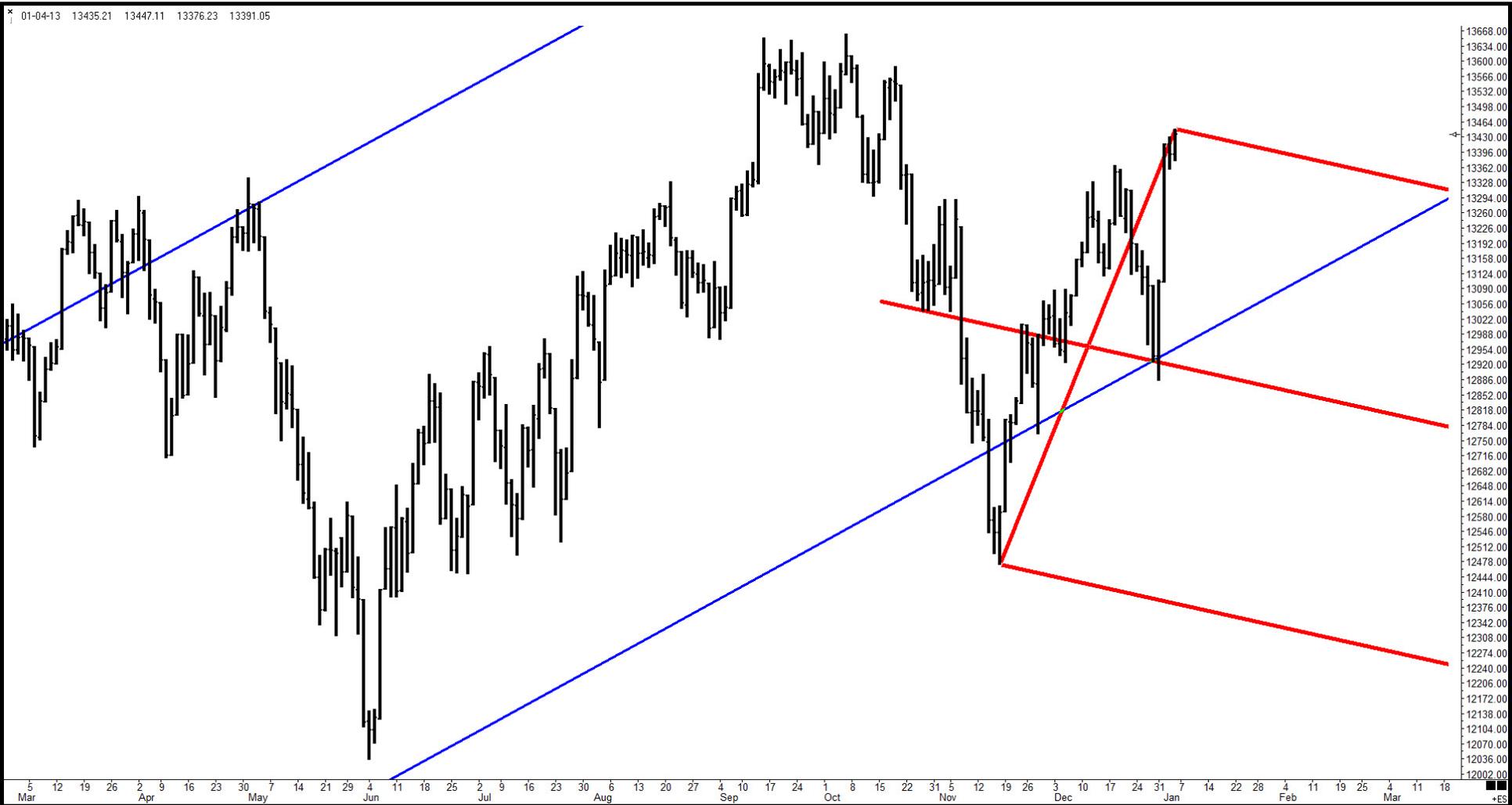
These simple Action Reaction Lines give me Lines of Opposing Force.



Take a look. Turn your head, take a breath. Are you ready to trade?

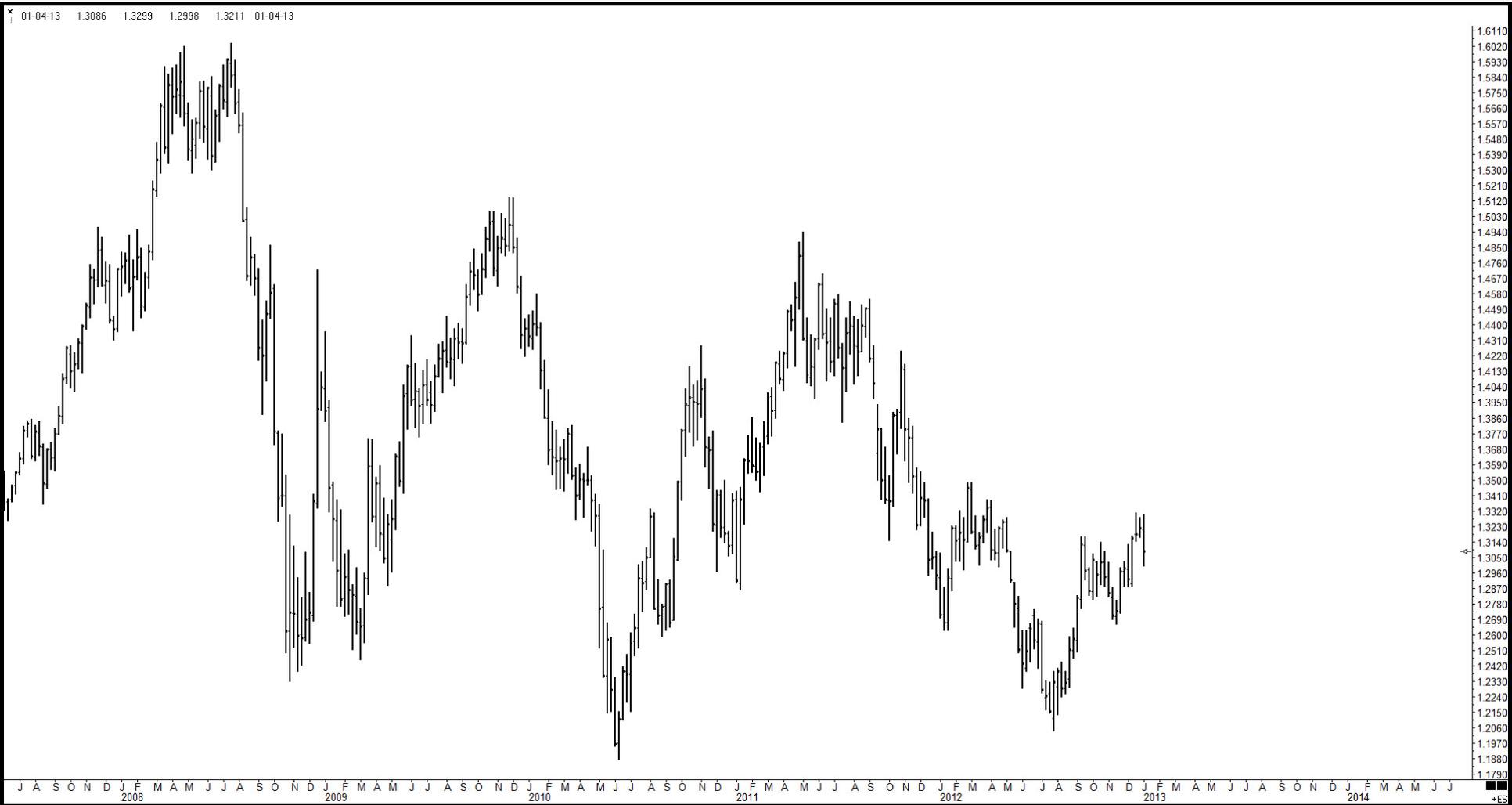


I added a red down sloping Median Line. Is the 'C' Pivot confirmed?

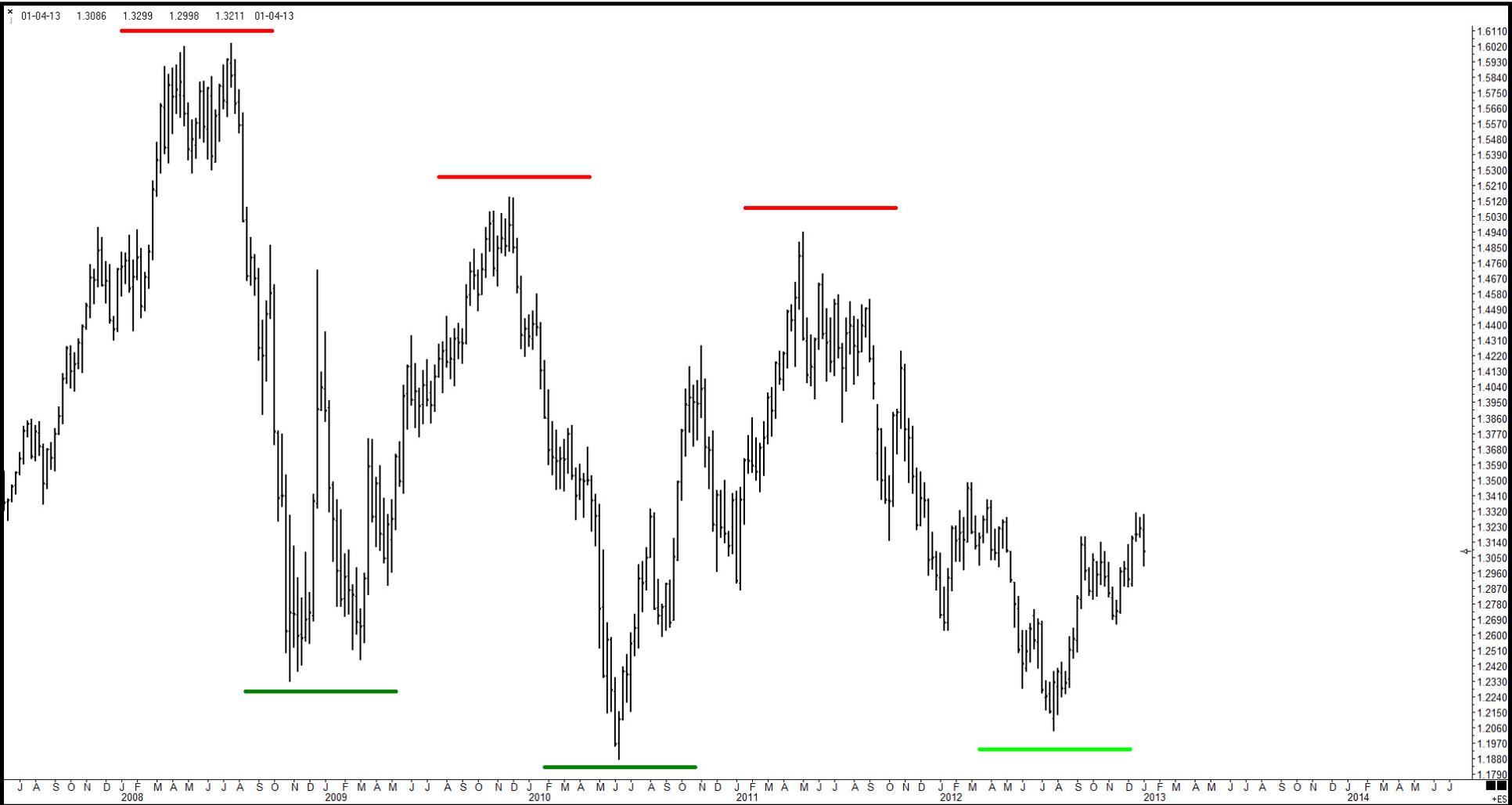


**This is the same idea...IF Price is about turn, this 'MAY' be a C Pivot.
But the question remains: Are you ready to trade now?**

Euro Dollar FX versus the US Dollar



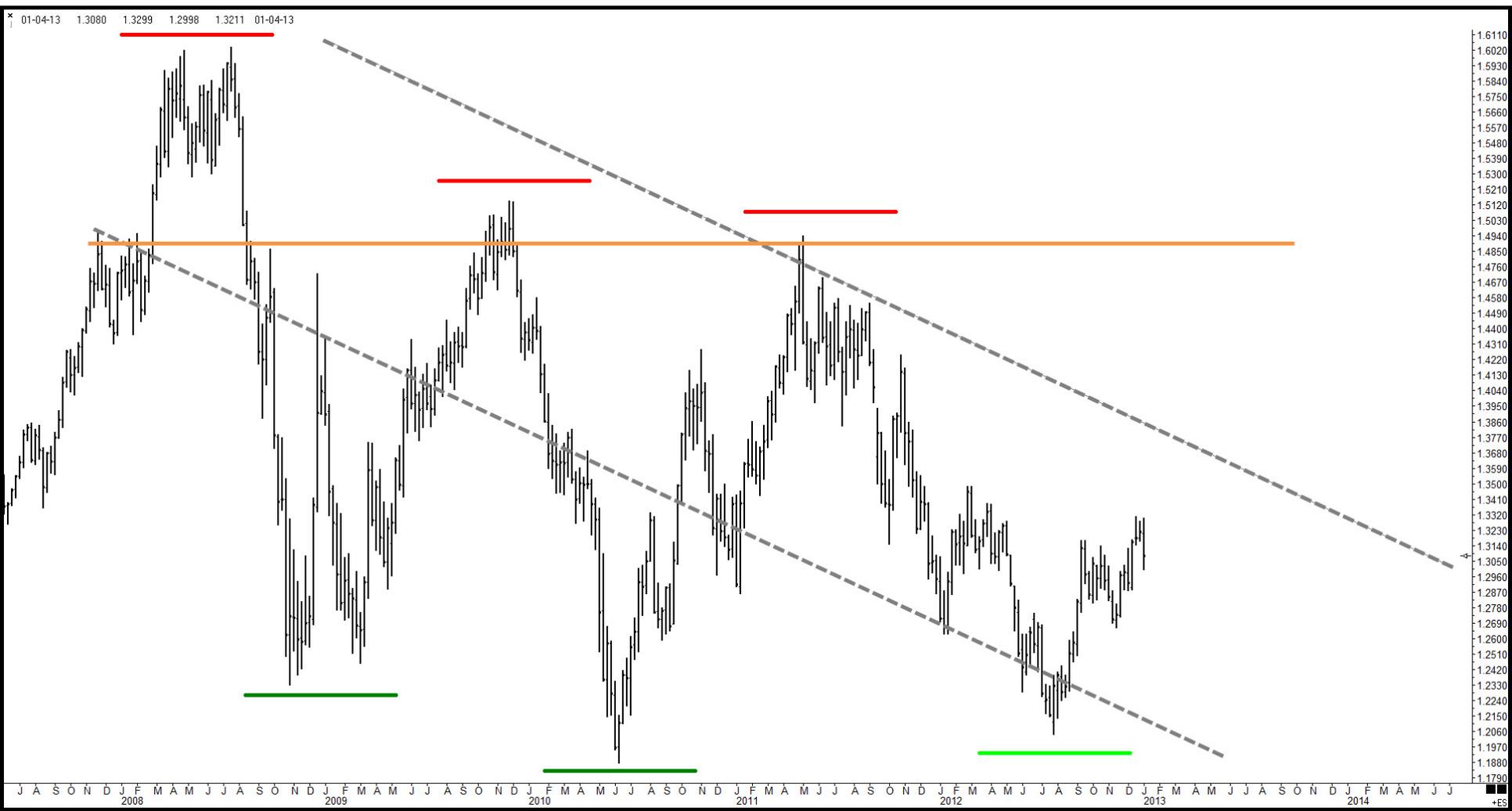
I see a series of well formed up and down waves. The highs are lower...



Let's mark the Major Swing Highs and Lows...

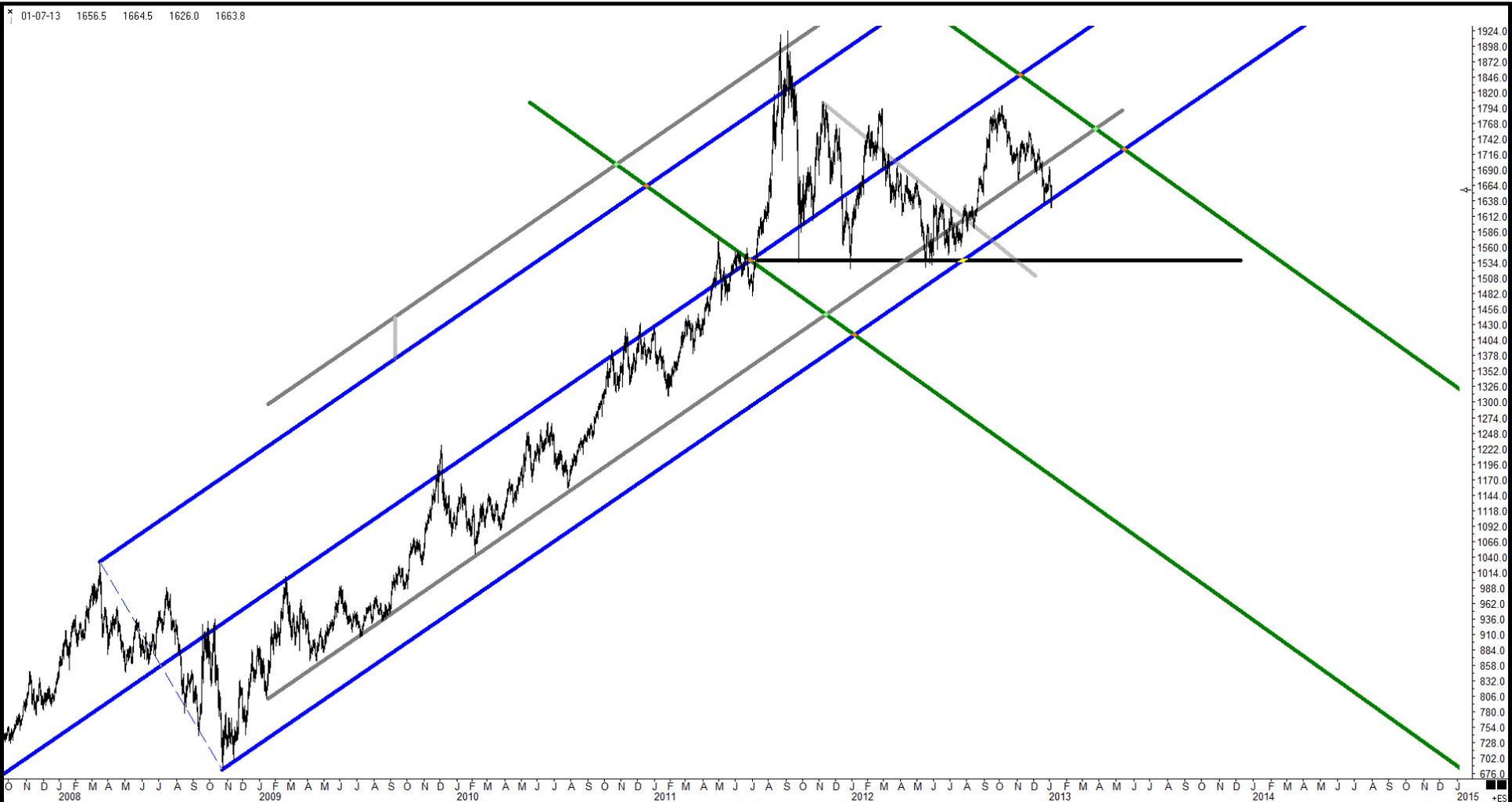


I added this simple Action Reaction set to help find the Probable Path of Price.

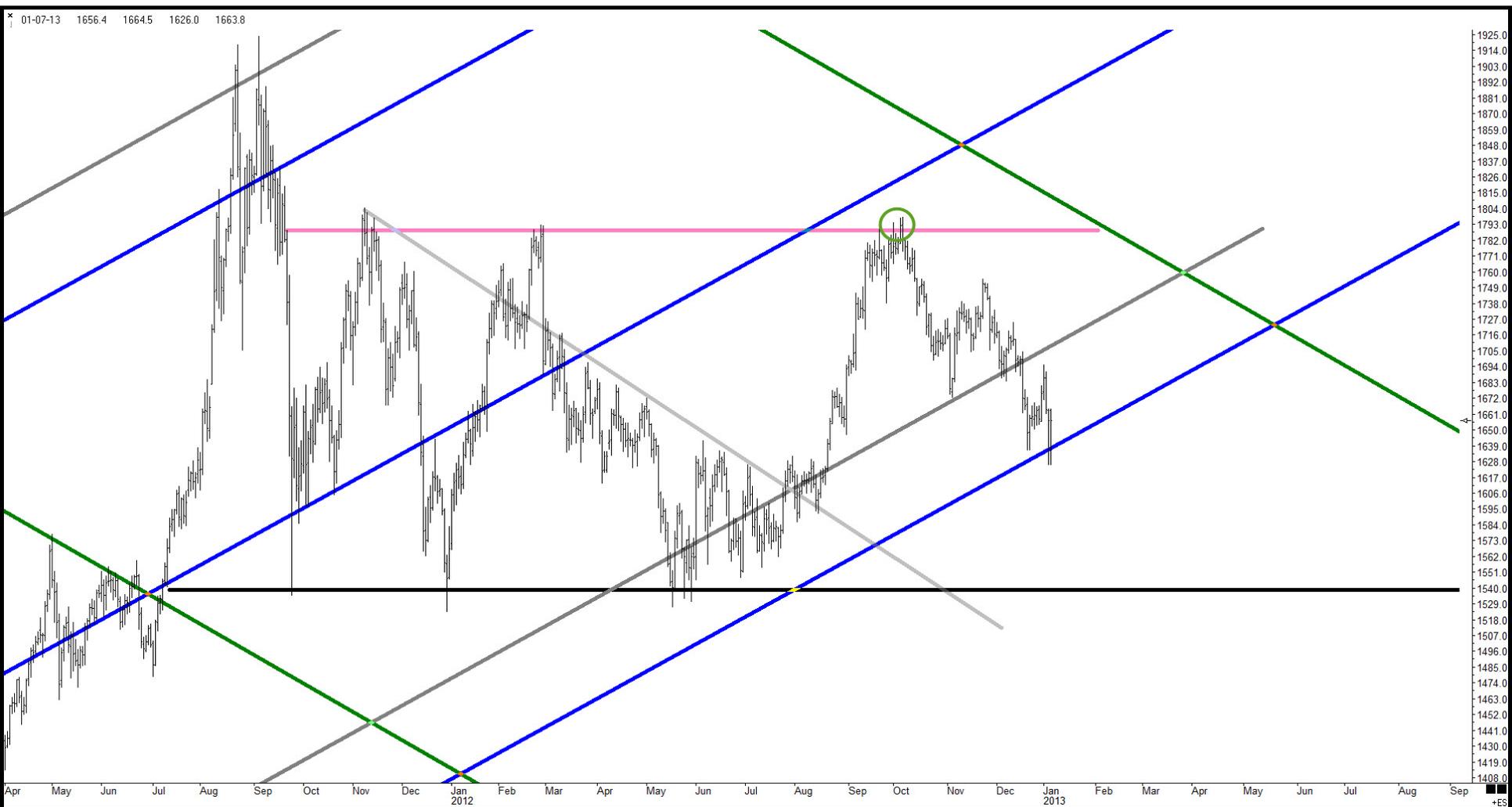


I see two possibilities here. What do you see? Ready to trade yet?

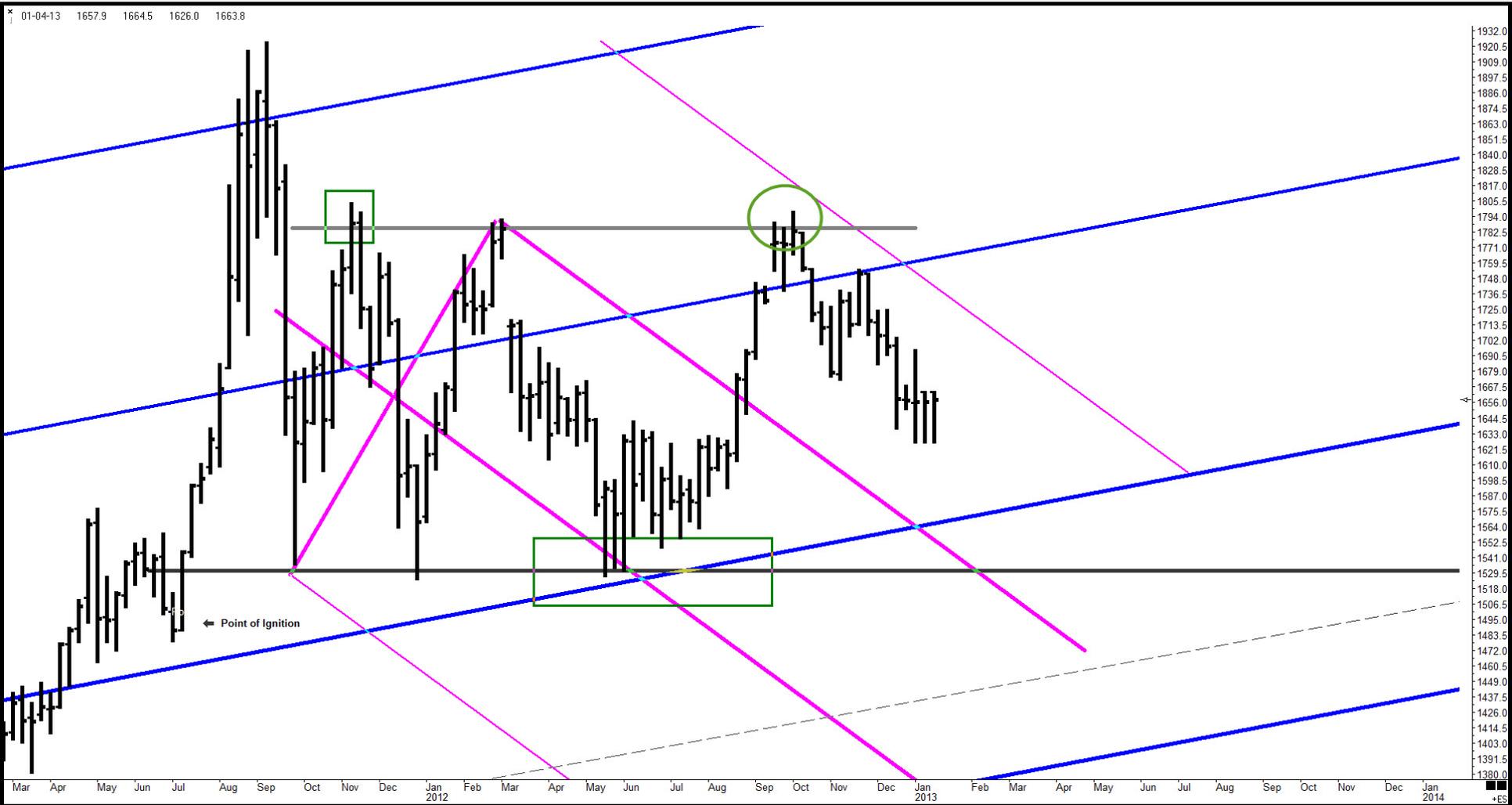
Comex Gold Futures



I drew this Median Line years ago and it is STILL describing Price. Using the Horizontal Multi-Pivot Line, I diagrammed a long entry around 1535 and an exit at 1750 live in an IB seminar. Price is still consolidating. I am waiting. Are YOU?



Here is the current consolidation area. There have been great buy opportunities on the Multi-Pivot Line, but Price may not get above 1800. Are you ready to trade?



Here's the consolidation, with the Modified Schiff. Do you see a trade now?

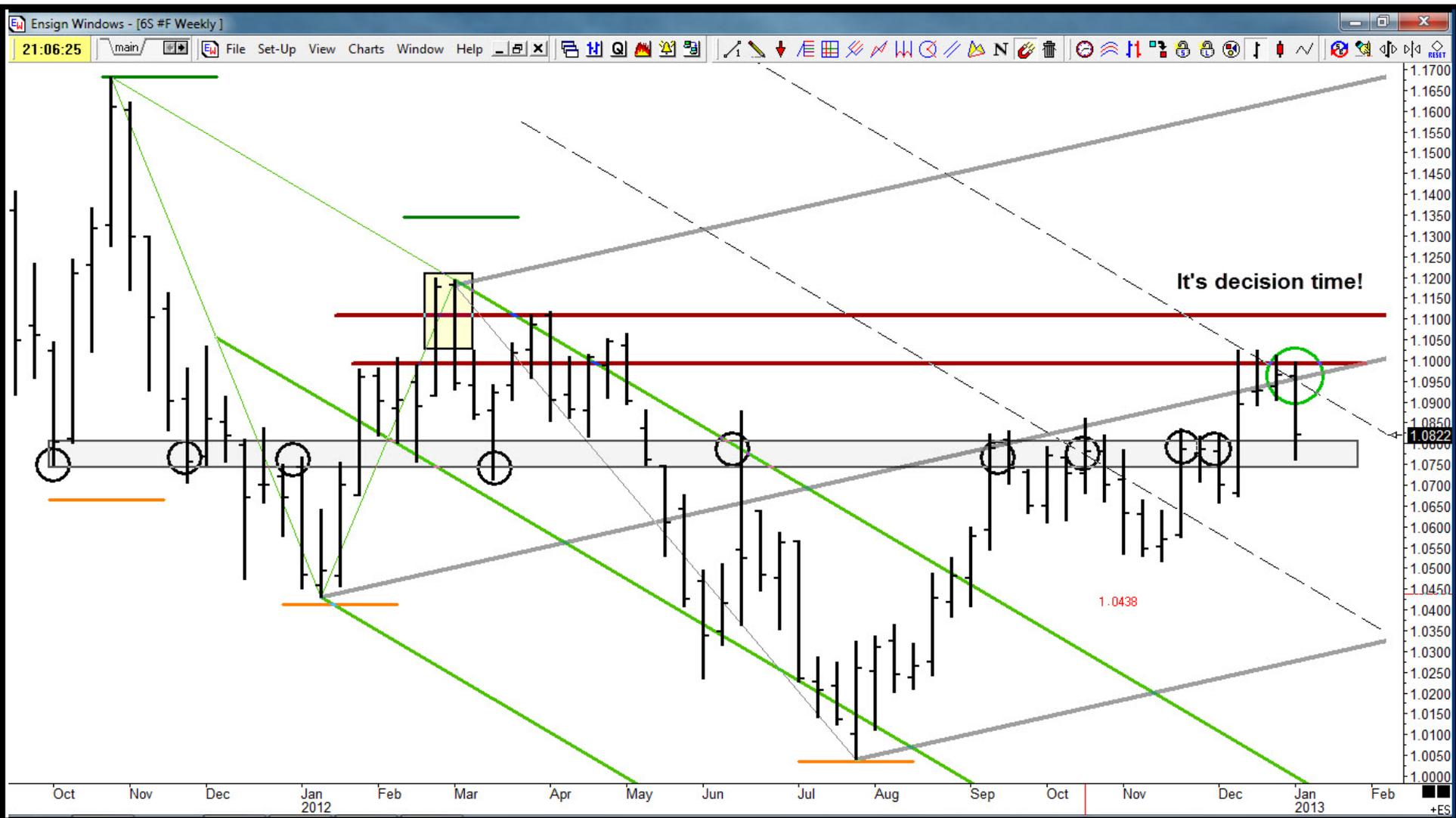
Crude Oil Futures

Soy Bean Futures

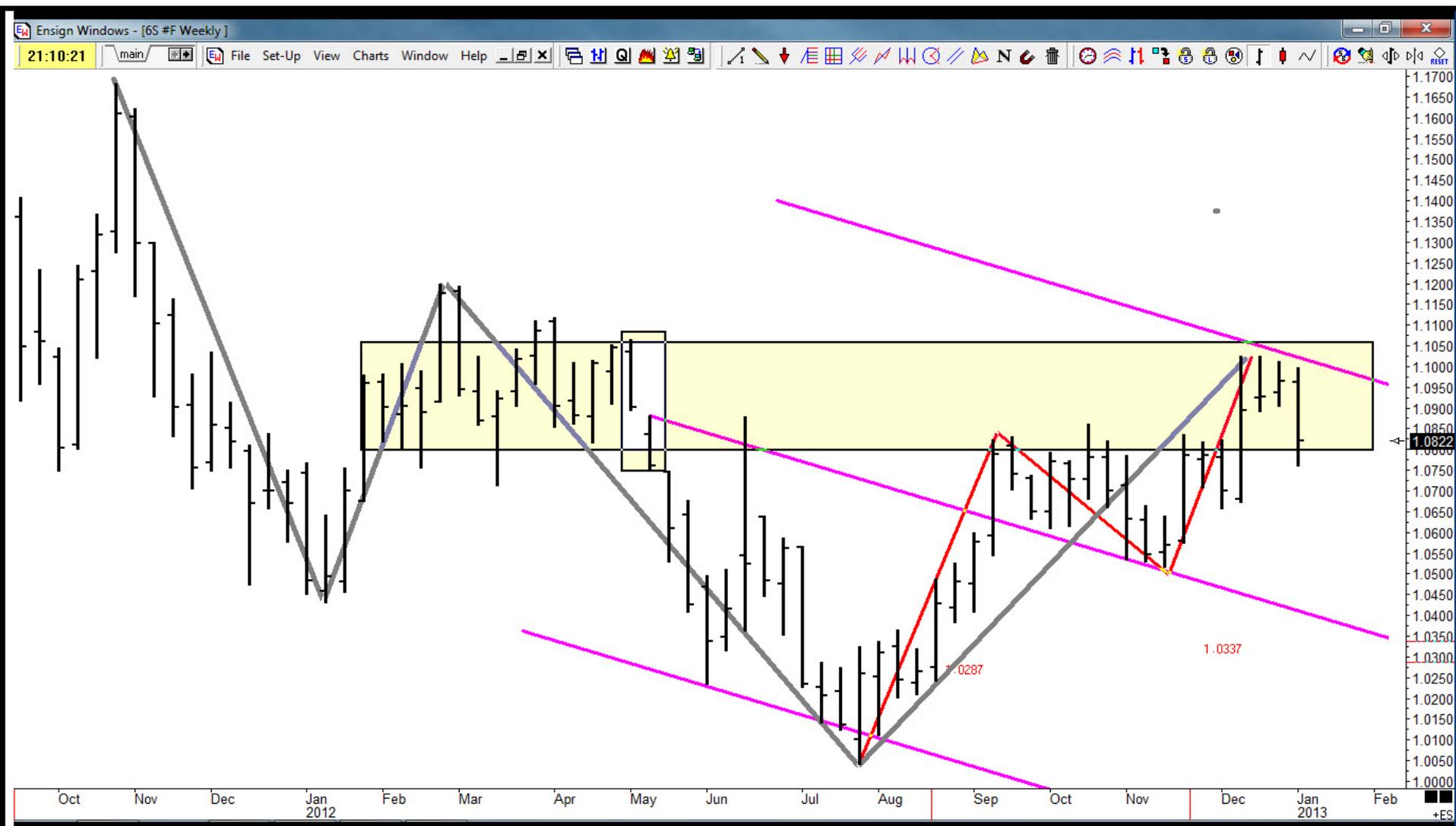


These are my current working lines. Has Time met Price yet?

Swiss Futures



Price is at the top of a Valley Formation. It MUST make a decision now.



Same chart, zoomed in. You be the judge: Will it stay in the Down Trend or is this a new set of waves higher that will forcefully break through this up side resistance?

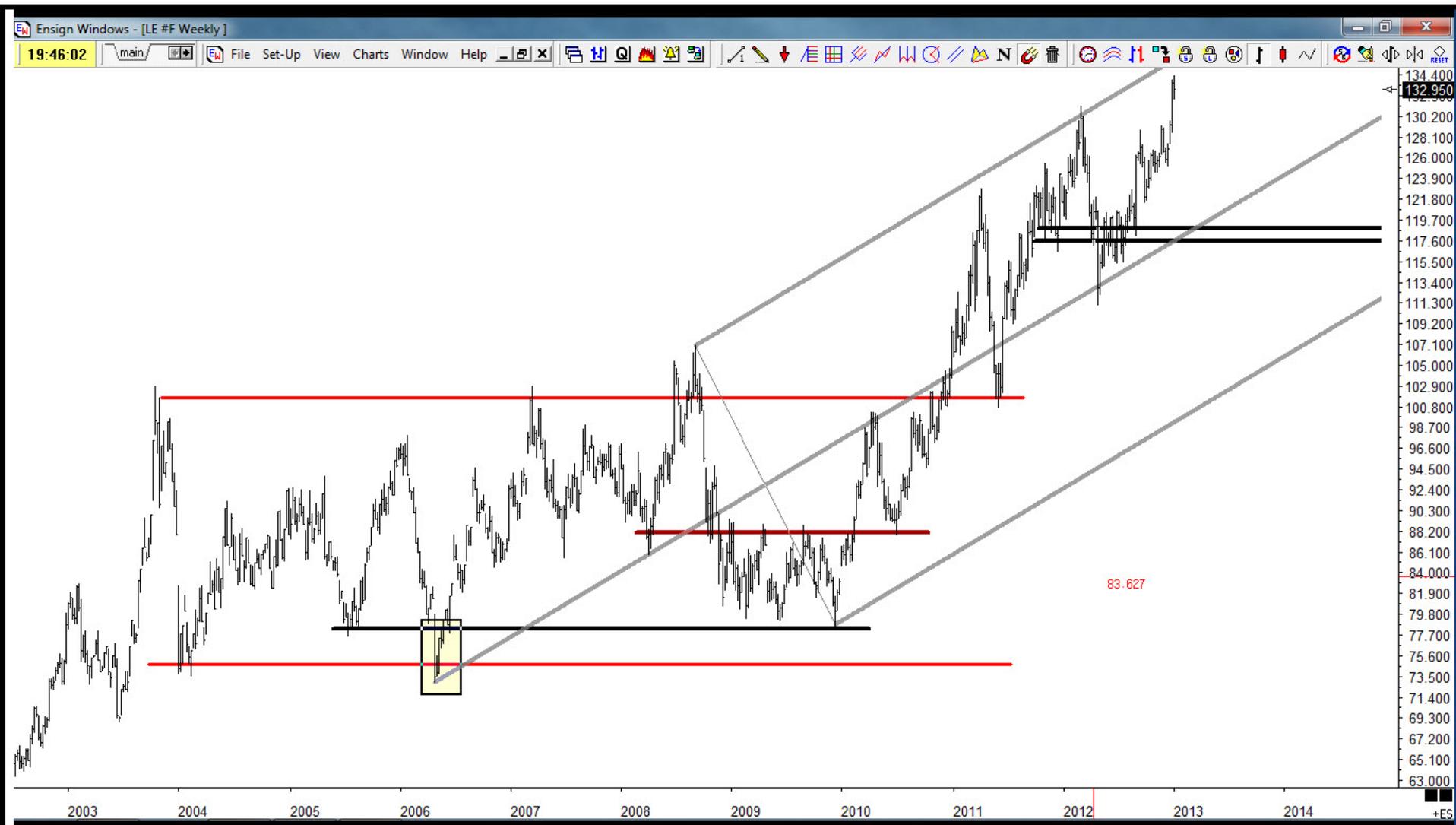
Let's View Some Markets Currently 'In Play'

The Japanese Yen Futures

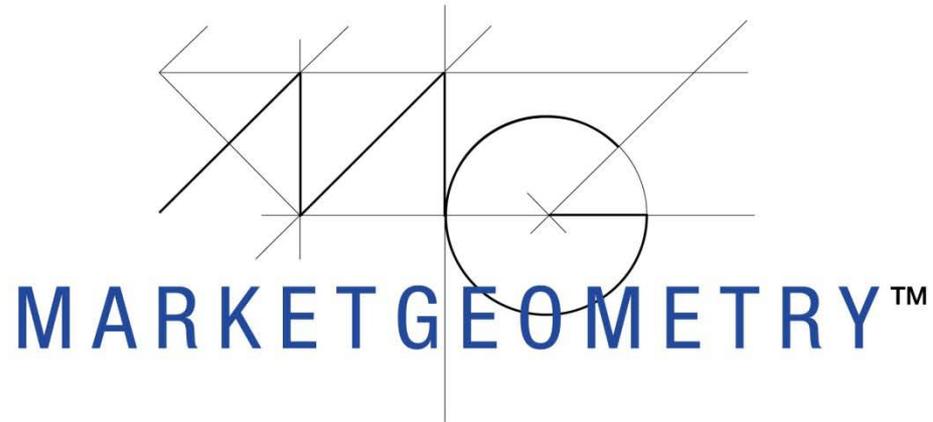


You should be able to see his Logical Profit Target. Can you see his trade now?

Live Cattle Futures



Live Cattle Futures have been trending to the up side. Is there a potential trade?

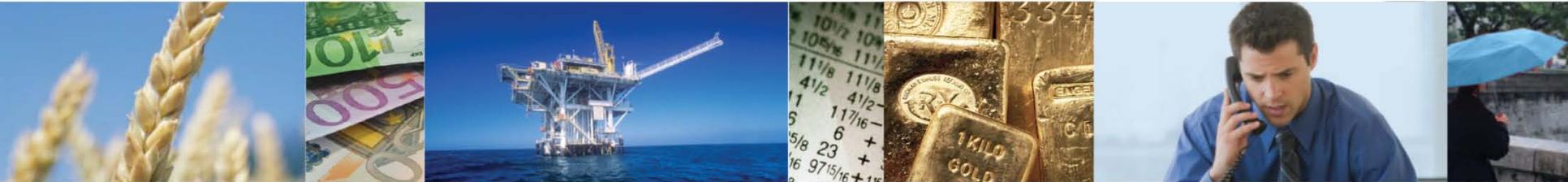


Thank You for taking the time to attend this session. Questions?

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®Timothy Morge

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