Catch Up

with

Tomorrow's Paper

Today

Technical Analysis Used in a Manner to Anticipate the Market

The P, V Relation

In technical analysis, the investor deals with a variety of information where the emphasis is placed on data. Clarity for decision making is paramount And **time** is important both when the market is open and when data is being processed.

Price (P) and **Volume (V)** represent two of the three of the most important variables. Their relationship is examined in the context of time. There is one basic principle, therefore, technical analysis is not complex. For the most part, however, the emphasis of technical analysis has been misplaced.

Consider a time context that fits with your lifestyle. This document is written with a viewpoint that emphasizes one trading cycle. This is the best vantage point from which to thoroughly understand the **P, V** relation.

` Thus one trading cycle may be considered in your time context. You may trade in any format or strategy you desire (This takes into consideration your time context.), and coupled with the principle embodied in the **P, V** relation, you will be able to make the appropriate decisions quickly, accurately and simply.

The Principle:

If the Volume trend is UP, then the Price trend will CONTINUE
or
if the Volume trend is DOWN, then the Price trend will CHANGE

Trends are the focus: time to time. You choose the time: minutes, hours, days, weeks, months, quarters, years, decades, centuries, and/or millenniums. My three favorites in order of importance are: daily, hourly and meal.

Understanding this principle is very easy once you have practiced using it to make money. Until this occurs however, the principle will be somewhat vague and useless.

The best way to gain practice which will lead to understanding is to pair up with someone who can check your progress by learning with you or working with a successful user.*

Write down your analysis near your data. Use letters and trend arrows.

*From my experience watching others co-learn, one will learn faster so it is important to always stress that both must become competent and that there not be dependencies which stymie subsequent building on fundamentals.

Price Curve

Trends for Greater:
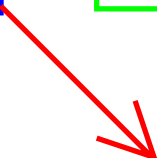
Price: ━━━

Volume: ━━━

Accumulation: ━━━

━━━

Dry Up

First Rising Volume
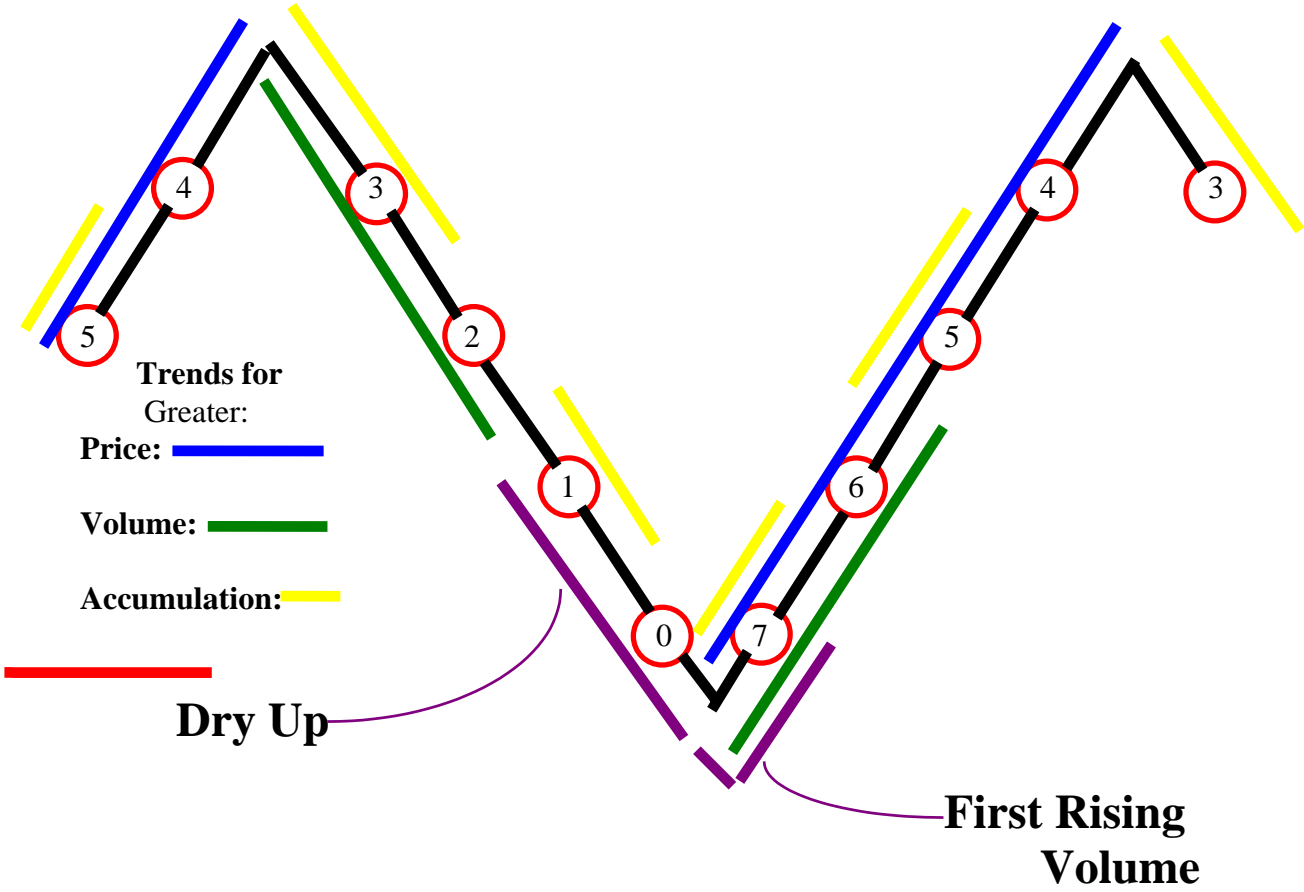
Variables

P V A/D

Base 2
(Binary)

Numerals:
1   0

$\boxed{}$ x 2^2 + $\boxed{}$ x 2^1 + $\boxed{}$ x 2^0

$\boxed{}$ x 4 + $\boxed{}$ x 2 + $\boxed{}$ x 1

Score:
(Decimal)

7	1	1	1
6	1	1	0
5	1	0	1
4	1	0	0
3	0	1	1
2	0	1	0
1	0	0	1
0	0	0	0

A Few More Looks at the **P,V** Relation

        To make the transition to using the **P, V** relation as part of the investment process, several messages are presented below to help you capture the idea through a variety of mechanisms. Hopefully, one or more will appeal to you and in some manner reinforce your understanding.

        In any event, as you work on data, take the trouble to: **Write down your P, V analysis near your data. Use letters and trend arrows.**

        Here is a verbal rendition:

If:
V is **Up** (↑)

Then:

P will *CONTINUE*
Its trend over time

If:
V is **Down** (↓)

Then:

P will   *Change*
Its trend over time

Here is a symbolic rendition:

If:
    V is **Up (↑)**

                if **P (▲), then P (▲)**
       Then :
                if **P (▼), then P (▼)**

If:
    V is **Down (↓)**

   if **P (▲), then P (▼)**
       Then :
                if **P (▼), then P (▲)**

In the style of the Jokari Window which, in the psychological realm, deals with two persons and their respective awarenesses. **P** and **V** conditions depicted outside the four cell window establish the conditions extant. The future **P** trend is depicted within each of

the four cells. **P continues** as before in the left cells where **V** is increasing. In contrast, in the right cells where **V** is decreasing, **P changes** from its former condition.

When   V   is

For a

then: **then:**

P ↑   **P** ↓

P

then: **then:**

that is

P ↓   **P** ↑
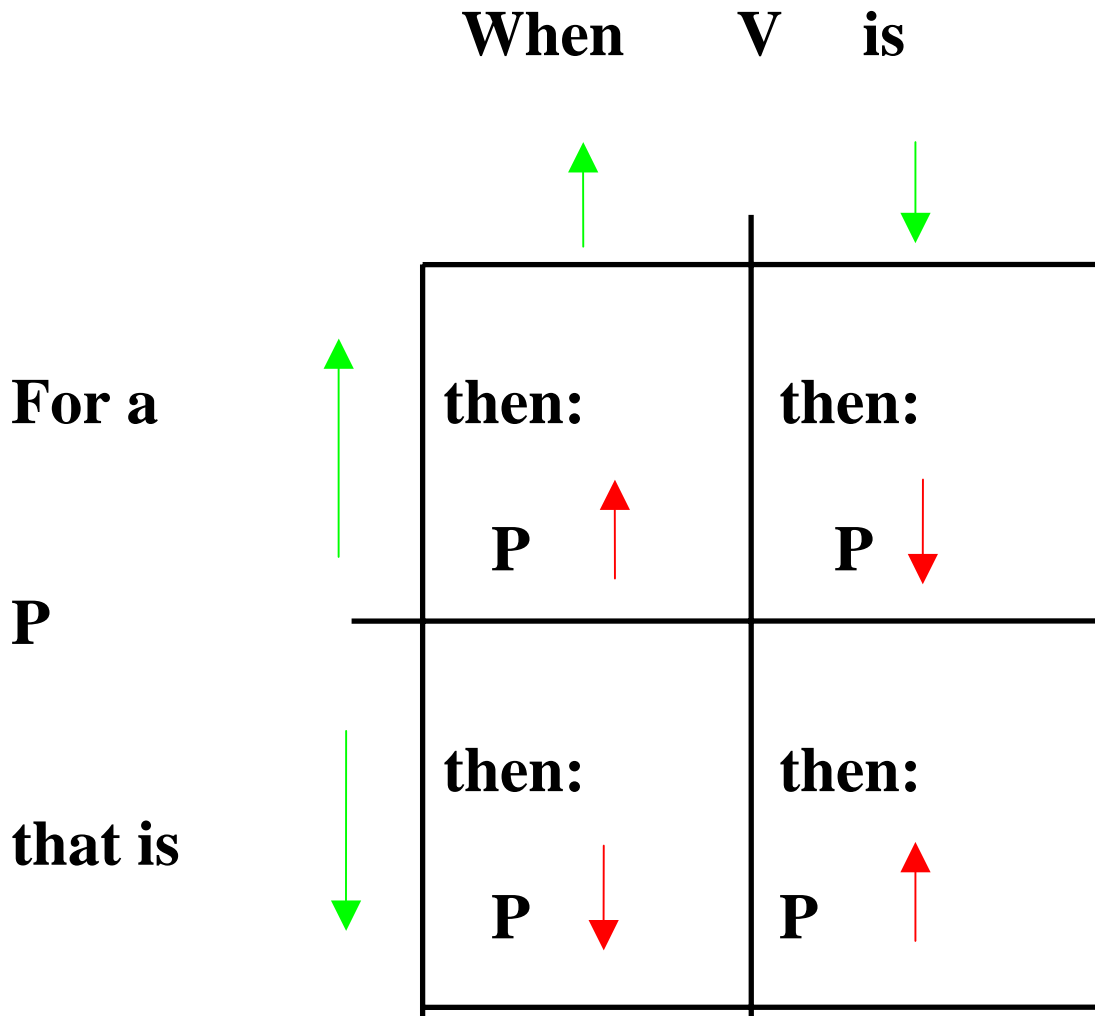
Of the three renditions I have no preference, but I use again the Jokari window approach to illustrate how the **P, V** relation is the determinant in each of the three key investment decisions to: **Buy, Hold and Sell.**

Trading Cycle

Profit

Sell

Trends for Greater:
Price: ————
Volume: ————
Accumulation: ————

————

Dry Up

Anticipation

Buy

Cycle Duration

First Rising Volume

4 3 5 2 1 0 7 6

4 5 6 3