REGISTRATION FOR THE OCTOBER 2012 CMT EXAM ADMINISTRATION IS NOW OPEN!
LETTER FROM THE EDITOR

We take an extended look at the trading philosophy of Ian Woodward in this month’s issue. Ian has created a complete investment methodology based on the work of William O’Neil, Richard Arms and John Bollinger and the articles we feature offer an example of the thought process required for successful market analysis. The format is different than seen in most issues of this newsletter because it is a mix of figures and explanatory text that develop the ideas logically.

Ian came to my attention after John Bollinger, CFA, CMT, mentioned his work. John met with Ian as a result of an MTAEF luncheon fundraiser. John found that Ian’s work inspired him and will result in a new suite of indicators from this market master. Based on that fact, I set out to find Ian and learned he was a second-career technician, devoting his efforts to the market after retiring as an engineer. His story seemed similar to that which the late Art Merrill, CMT, might have shared. Art retired as an engineer and spent the next 34 years (a Fib number I believe) as a technician who advanced the field in many ways. I think Ian may do the same in the second half of his technical analysis career.

Please let us know what you think about this issue by emailing us at editor@mta.org

Michael Carr
ANOTHER STRENGTH INDICATOR
BY MANUEL AMUNATEGUI, CMT

This powerful and easily overlooked indicator is based on a simple candlestick price action pattern. It extracts and isolates raw market strength by measuring the unchallenged portion from one bar to the next. As it does not need smoothing, this indicator is as fast as the chart it is derived from.

The value is found by calculating the unchallenged zone between the previous open and the current bar. This zone is indicative of strength because either one side was too strong or the other too weak and the result yields a measurement of directional momentum.

\[
\text{BullishStrength} = (\text{Low of Current Bar} - \text{Open of Previous Bar}) \\
\text{BearishStrength} = (\text{High of Current Bar} - \text{Open of Previous Bar})
\]

The colored rectangles represent unchallenged zones. The blue zone is a show of bullish strength and the red one, of bearish strength.

This is an important conjecture as the market is sending an irrevocable message of who is in control at that moment. Additional filters may be required to determine whether this breakout will be sustained by new money moving in or whether it is just a trap, but this new price discovery hints at change. Calculating this strength zone is straightforward and can be done on any timeframe and any type of candlestick chart. By sticking with a common candlestick time frame, you not only benefit from the measured market strength, but also from the perception of strength by the other players watching that same time frame.

By only showing positive spurts on the bullish side and negative spurts on the bearish one, we highlight areas of directional strength and flatten areas
of weakness. The above indicator may already be of use as an additional filter to an existing system for fast and unencumbered confirmation of strength. But by adding a few more parameters we can make it a more central component of a trading system.

Analyzing the Strength Indicator

We need to add something to lean on and help us read and highlight triggers in our indicator. As a reasonable starting point, we could add the bar’s close (Current Bar Close minus Previous Bar Close) into the mix as a second line:

In blue, is the strength indicator and in red, is the difference between closes from one bar to the next.

The data is hard to read and the closes always lead the strength indicator which makes this hard to use as a trigger.

Instead of comparing the difference between closes, we can add the close to the strength signal and compare that with just the closing price. The result won’t be oscillating around zero anymore but around the closing price.

Here we plot the indicator in a crossover format. The blue line is the strength indicator plus the current close and the green line is just current close on its own. Both lines are smoothed with an Exponential Moving Average (EMA) to make it easier to read.

The above example is a lot more readable and we clearly see the strength line (blue line) taking the lead. But by smoothing our lines, we lose the indicator’s speed and maybe some of its edge.

We can incorporate the best of both worlds by keeping with the crossover idea but comparing the raw strength with a slower strength line.
Here, the Strength Indicator is shown smoothed 20 times in blue and raw in green. Both lines oscillate around zero again.

In this format, a useful pattern emerges by combining spurts of realtime strength with a smoother, longer-term perspective. A trader may look at fading counter-directional spurs. For example, when the long-term line is clearly bullish and the raw line shows a bearish spike, the market should have a high probability of reversing back to the longer-term mean. Combining this with classic candlestick reversal patterns, such as dojis, or other reversal-detection tools, makes this indicator a fast and precise alert system for potential entry points.

By coloring the longer term line to make it easier to read, we can look at larger swaths of data for longer term needs:

Here the area of the longer term data is filled with color - blue for the bulls and red for the bears.

Trading Ideas

Three short-term trades are highlighted above, the last one would have been a loser.
The first two trades show good entries that would have been profitable with a tight stop and realistic profit targets. But using this indicator in its current format shows the risk of fading counter spikes when the long-term curve is itself reverting back to the zero line as shown with the third trade.

A better way to leverage this data may be to wait for both the long and short-term lines to agree and then only trade when the short-term counter spikes reach the mean and no further. In essence, this limits trading to only fade weakness in very strong markets:

Both trades are preceded by a long and short-term bearish bias. The trades are timed when the long-term line is bearish, the raw line has reverted to the mean but no further, and the signal bar shows additional bearish strength (a big bearish candle).

Conclusion

In this brief overview, I focused on short-term setups that fade weakness (I wrote two other articles for the newsletter on this subject: *Two Basic Price Action Setups* - Technically Speaking of April 2012 and *Risk, A Leading Indicator* - Technically Speaking of February 2012). Obviously, this is only one way of using this data, and backtesting these ideas with your trading style is essential and could prove rewarding as well.

But this article isn’t about a trading style, instead it is about a way of analyzing market strength and, subsequently applying it wherever one may find a need for it. This should be useful for both short and long term momentum players as well as longer-term investors wanting to find a decent entry point into a stock.

Manuel Amunategui, CMT, has worked on Wall Street in the options industry for over six years. He now lives in Portland, Oregon and can be reached at amunategui@gmail.com.

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A Special Offer from Bloomberg Brief

Bloomberg Brief is a new publishing division of Bloomberg, the premier source of data and analytics for the financial world. The group publishes 17 market leading newsletters available through the terminal or via a separate subscription.

They have recently launched Technical Strategies - a fortnightly newsletter delivering technical analysis of global markets across all asset classes. The newsletter is edited by Paul Ciana, author of Wiley's New Frontiers in Technical Analysis. Sign up for your free three month subscription by visiting [http://go.mta.org/507](http://go.mta.org/507)
IAN WOODWARD: AN UNDERFOLLOWED ANALYST

Editor’s note: Much of this article uses slides and explanations provided by Ian. The purpose of this article is to highlight his work, which is comprehensive and built from the ground up based on a series of unifying principles. While this article is lengthy, much of it is graphics and is easily understood. Someone interested in learning how to develop a comprehensive philosophy will find Ian’s work and details on how he developed his analytical framework to be worth considering as a model as to how they can develop their own style.

Ian Woodward is well known in the trading community, but his work has still not achieved the wide acclaim it should have. For more than 18 years, he has made presentations and published commentary about high growth stocks with his own special style that combines logic, wit, and practical experience. Ian has helped thousands of investors learn the principles of high growth stock investing (HGSI), summed up with the phrase, “Buy rockets and sell rocks!”

Market analysis is Ian’s second career. In a very successful first career, he worked as an engineer with companies like Xerox and Univac Corporation. He worked on projects that have changed lifestyles, including pioneering work on the fax machine. Now considered obsolete by some, the fax presented unthinkable technical challenges which Ian confronted. What we see as a simple fax is a complex instrument that turns printed pages into digital media and transmits that data over communications lines. At the time he faced the problems, no one knew if copper wires could support this type of application and no one was even sure anyone needed the capability.

The creation of the fax was a remarkable engineering feat, but in reviewing Ian’s career, it seems that his engineering background may not be the most important driver of his investment success. There are many engineers who do not succeed in the markets. What stands out about Ian’s accomplishments is an ability to simplify the complex. A simple example from his career illustrates this concept – he was called upon to make presentations to the Xerox CEO. His presentations were well received because the CEO was able to grasp both the technology and the story behind the technology after Ian summarized the details. Rather than displaying detailed schematics and explaining in detail the challenges that had to be overcome, Ian helped the executive team see the product, and the investment methods he has highlighted for nearly two decades are built on a similar skill set. He reduces complex market factors into a simple framework that like a fax can be used by anyone even without an understanding of how that image is created.
His investment tools create actionable ideas for traders and investors. He balances his investment interests in two types of portfolios – one for small cap high growth, which tempers high profits and risk with quick action; and one for large cap, blue chip high growth stocks, which are held for intermediate to long-term gains.

**Summary of Major Influences**

Ian studied the work of previous analysts and has built his tools based on the ideas of three giants in market analysis …William O’Neil, Richard Arms and John Bollinger.

With William O’Neil’s concepts Ian established a simple way of finding a balanced approach between recognizing three key factors (ERG) which must show positive momentum over time. They are the Earnings per Share Rank “E” (EPS Rank), the Relative Strength of the Stock “R” (Rel. Str.) and the Industry Group Rank “G” that the Stock is in (Group Rank). In his work, he sorts on these three factors for all of the stocks in his database of approximately 8000 stocks, ranking each from 1 to 99, the simple way to cut to the chase is to search for stocks that have an ERG of 80 + 80 + 80 or 240 and better. In most markets, he says that “a filter of these three separate factors reduces the Search to less than 600 stocks in a wink.”

In short, the concept is the Cream of the Crop always rises to the top using the 80:20 rule, so that the investor is already looking at a database of stocks that have High Momentum, not only in the Fundamentals of the stock, but also its attractiveness from a Technical Analysis point of view of stocks under accumulation in strong Industries with momentum in their Relative Strength and Group Rank.

High Growth is not to be confused by Comparing it to Value or Dividend Investing, but growth in the Momentum of the Company over time which produces unique products and services and hence Big Gains in the value of the stock and hence one’s portfolio. High Growth Stock Investing (HGSI) in
this context can apply to up and coming Growth, Value and Dividend Companies which are the backbone of the New America, as William O’Neil calls them.

**Richard Arms:** Having established a process for establishing a core group of up and coming strong stocks, Ian’s next objective was to develop “Impulse Indicators” at Market Extremes to measure and anticipate Fear and Greed. Using Richard Arms TRIN Index, Ian was able to pluck days when the Advances exceeded Declines and Advancing Volume exceeded Declining Volume and the TRIN was less than 0.9 to give an impulse signal upwards, which he called Eureka!

Likewise he reversed the process for a strong down day in the market and he named that Phoenix. If two such signals either way occur within the space of a week, it will be a strong warning sign that the Market is either starting a Fresh Rally or has climaxed and is in for a Correction.

Investor’s Business Daily followers have found the Eureka signal occurring at the same time as their definition of a Follow Through Day (FTD) greatly improves the chances of the Rally being successful.

**John Bollinger:** Continuing with the essential Concept of providing Impulse Indicators it didn’t take long to realize that John Bollinger’s Indicators of %B and Bandwidth provided an ideal way to measure Fear and Greed so as to anticipate Market Extremes.

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**General Philosophy**

### Part 1 - Themes

1. **Introduction**
   - Volatility, What’s In it for You
   - Investor Types, Why Tops Down
2. **“Thinking Inside the Box”**
   - The Big O’ taught me the Basics
   - ERG, Nine Box Matrix, New America
3. **Estimating Targets for Extended Stocks**
   - Black Spot Disease (BSD) and Rust
   - The High Jump Tool

Ian explained, “Having retired from Xerox in the Days of Wine and Roses in 1989, I was able to get a good grounding in establishing a winning strategy for growing and preserving my Nest Egg over the next ten years. However, since then the biggest change is the degree of Volatility primarily due to these factors:
When I was a Boy I Used to Play Snakes and Ladders

Never Play it with Your Money on the Stock Market...
Unless you are a Moment Trader; Preservation of Capital is Job 1
Learn to Cope with the Quick Changes in the Emotions of the Market

The Key Drivers in a Nutshell

1. The Market is Highly News Driven
2. Momentum, Momentum, Momentum
3. Intra-Day Trading is Far More Prevalent
4. More Technicals than Fundamentals – Watch Out
5. Leadership is defined by Relative Strength
6. “Junk off the Bottom” days are Numbered
7. Pull Backs better than Breakouts
8. Short Term, HFTs, ETFs, $ Weak or Strong
9. “Run Lengths” are 10, 20 and 40 Trading Days
(Not this time with Financials)

In my Book, there are Four Types of Investor:

**Type 1. These are Moment Traders**
who are professionals, flexible to play both sides of the Market and glued to their screens with fingers on the buy or sell button at a moments notice.

**Type 2. Day Traders**
who close their positions by the end of the day, and again are glued to the screen.

**Type 3. Swing Traders and Intermediate Term Investors**
who hold for a few days or weeks.

**Type 4. Long Term Buy and Hold Investors**
who prefer not to be jack-in-the-box types and hold for long periods of several weeks and more probably months. They are Patient, Prudent and Pounce when the wind is at their back.

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HGS Investing Balances Fundamentals with Technicals

**Investing Styles**

**Value Investing**
- Focus on Fundamental Analysis
- Company assets
- Financial statements
- Brand names
- Patented technology
- Management team
- Fundamental Analysis includes:
  - Earnings per share
  - Sales revenue
  - Asset values
  - Profit margins
  - Return on equity

**Growth Investing**
- Takes the best of both Fundamental and Technical Analysis and blends them into a balanced approach

**Momentum Investing**
- Focus on Technical Analysis only
- Chart Patterns
- Price and Volume relationships
- Trends upward, downward, sideways
- Oscillators
- Indicators
- Technical analysis of Market timing
- Industry Groups
- Stocks with ‘Breakouts’

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**What? So What? Best of Both When?**
Tops-Down Investing gets one to the answer quickest and ensures on first analyzing the Market, then the Industry Groups and then the “Wolf-Pack” Stocks that are the strongest leaders:

I further developed the concept in pigeon-holing these stocks into a Nine-Box Matrix based on their Earnings Growth Rate for both the previous twelve months and for the current and previous quarters compared with a year ago.

Lastly, I developed my own approach to understanding when a stock is extended and approaching a Peak for the current move it is in and resulting in a Correction. Charts and results are shown in the slides below.

Building on the Masters

In reading and re-reading William O’Neil’s first book “How to Make Money in Stocks”, the “So What” to me is that there were three important requirements which quickly established a reasonable Database of strong stocks. I mentioned this in the Summary Background, and that lead me to simplify the Process to ERG. It is “E” for EPS Rank, “R” for Relative Strength and “G” for Group Rank. The requirement for a Balanced Stock is 80+ 80+80 = 240.
Fast Forwarding almost 20 years, shows the concept of the Nine-Box Matrix Produces Big Gains:

Note that of the 81 Stocks half of them are in Box 7, and they are strong

This was the Big Fish Pond just before the Peak of the Mkt. on April 29, 2011

ERG >255 with HGS Box Stocks

...As evidenced by the results on the next slide which shows the % Gain

Note how these 81 stocks with ERG >255 are going again after 8 weeks Pause to Refresh
Estimating Targets for Extended Stocks

- Rules of Thumb for % Up from Moving Averages
- The High Jump Tool which shows History for Target Setting
- Estimating High Jump Targets Easily in HGSI

Black Spot Disease (BSD) and RUST
...Secret Weapons for HGS investors
(Dedicated to my Wife’s Roses)

A Stock is EXTENDED when it meets or exceeds the following Benchmarks:

The Current Price from the:

<table>
<thead>
<tr>
<th>Metric</th>
<th>BSD</th>
<th>RUST</th>
</tr>
</thead>
<tbody>
<tr>
<td>50-dma is</td>
<td>&gt;30%</td>
<td>&gt;50%</td>
</tr>
<tr>
<td>200-dma is</td>
<td>&gt;70%</td>
<td>&gt;100%</td>
</tr>
<tr>
<td>Base Low is</td>
<td>&gt;150%</td>
<td>&gt;200%</td>
</tr>
</tbody>
</table>

It is a QUICK Ready Reckoner to Measure Extension. Fund Managers will Invariably Reduce Holdings @ >100% Above the 200-dma

The High Jump Tool
Twenty Years Old & Still Going Strong

It Measures the EXTENSION of a Security from its 17-, 50- and 200-dma

Past History will show you the High, Higher and Highest Relative to Now
Let’s see how the Concept works for Projecting Peak Estimates using BIDU as an example:

17-dma = 120.9 x 1.198 = 144.8
50-dma = 109.5 x 1.275 = 139.6
200-dma = 92.9 x 1.648 = 153.1

Next Target is Either a Double Top at $156 or it Moves Higher to $170

$170

Ten Weeks Later Baidu Reached its Peak of 156.04 Compared to Estimate of 153.10

$156 to $170

Target: 117.00 x 1.4547 = $170

Javier Sotomayor (Cuba) is the current men’s record holder with a jump of 2.45 meters (8 ft 0.46 in) set in 1991!
Richard Arms is the next major influence that was incorporated into this framework. Ian’s next objective was to develop “Impulse Indicators” at Market Extremes to measure and anticipate Fear and Greed. Using Richard Arms TRIN Index, Ian was able to pluck days when the Advances exceeded Declines and Adv. Vol. exceeded Dec. Vol. and the TRIN was less than 0.9 to give an impulse signal upwards, which he called Eureka (for the sheer joy in finding something valuable).

Likewise, he reversed the process for a strong down day in the Market and you guessed it that was named Phoenix (for coming out of the ashes). If two such signals either way occur within the space of a week, it will be a strong warning sign that the Market is either starting a Fresh Rally or has climaxed and is due for a correction.
The gems derived from these concepts are Eureka, a tool to spot when the bears are strong and Phoenix, a strong bear spotter.
What is a Phoenix Signal?
It's known to HGS Investors as a Heads-Down:
- A Turn-down (Big Red Candle) Day after a Market Top or
- A Correction(s) soon thereafter
It also gives a warning occasionally to signify irrational exuberance near the end of a deep correction (exhaustion)

Eureka uses the ARMS or TRIN Index Components for the NYSE
- It signals a very strong Bearish Day in the NYSE Market
- Advancing Issues to Declining Issues Ratio <= 0.63:1
- The Advancing to Declining Volume Ratio <= 0.33:1
- ARMS Index > = 2.50
- The values are stringent so Phoenix Signals are infrequent (Usually 6 to 12 a Year depending on Market Corrections)

Late Breaking News: Toggle to <0.37, <0.17, and >1.20 to Catch the 1/21 & 1/22 Drops

The NYSE with the Number of Eureka and Phoenix Signals since 1992

Volatility:

Eureka and Phoenix Signals are Valuable:
1. Bulls or Bears Have Control
2. The Frequency Identifies Volatility
3. Lack of them signifies Major Bull Rallies
4. Many of them Indicate a Bear Market or
5. A Rally out of a Bear

Eureka and Phoenix give ample warnings in Bear Mkts.

The Price of Poker has Gone Up...It is called Volatility!

Only Short Term Traders can play in the May to July environment and win
John Bollinger’s work has led to the development of a suite of indicators that Ian has colorfully named Kahuna, Tsunami, and %B 1-Dy Change, Bucketology %B x BW, Woody Indicator

It is important to remember that it is the Panic Selling that really hurts one’s portfolio:

We all know how to manage the Middle 2 Sigma either side of the Normal Distribution but the extremes are the ones to watch, and %B Above and Below the Upper Bollinger Band is where we get the most information:

I hit on the idea of using a 1-Day Change in %B to get a feel for a strong Impulse that something unusual was happening in the Market as shown in the above chart, and called them a Little and Big Kahuna. When Kahunas occur in conjunction with Eurekas you have confirmation that a strong Rally is on, and vice versa with Phoenix to the downside.

I then had a brainwave…use slices or as I call them buckets of 0.1%B each to arrive at 12 Buckets and measure the to and fro “sloshing” by using a Large Market Index such as the S&P 1500 to measure which stocks sit in which Buckets:
Here is an up-to-date View of the Buckets and Grandma’s Pie Chart for the S&P 1500 provided for me and users of the EdgeRater Product by my good friend and CEO, Chris White, which is used for back-testing concepts:

I’m sure you are saying by now “So What?” Here is one recent example that told us to run for cover 5 days BEFORE the Panic set in. There was a FIVE Bucket Drop in %B for the S&P 1500 on 7/27/2011.

One more chart should show the value where the slogan is “Five Buckets Down” anticipates Panic to come:
This chart gives you the essence of when Grandma’s Pies are delicious or turning soggy!

My latest work has developed the concept of using %B x BW which has been dubbed the Woody Indicator by my friends:

The Descriptions and Formulas for Bandwidth and %B are as follows:

Bandwidth is a relative measure of the width of the bands.
Bandwidth is most often used to quantify The Squeeze, a volatility-based trading opportunity.
Bandwidth = (Upper Bollinger Band - Lower Bollinger Band) / Middle Bollinger Band

%B is a measure of where the last price is in relation to the bands.
%B is used to clarify trading patterns and as an input for trading systems.

%B = (Last Close - Lower Bollinger Band) / (Upper Bollinger Band - Lower Bollinger Band)

For those of you who are mathematically inclined, I thought back to my High School and College days to realize there was an inviting simplification if I married these two formulas by multiplying one by the other to get a simple formula as follows:

%B x BW = \frac{\text{Last Close} - \text{Lower BB}}{\text{Upper BB} - \text{Lower BB}} \times \frac{\text{Upper BB} - \text{Lower BB}}{\text{Middle BB}}

Anyway, I don’t want to bore you with Algebra. But I tried this to see what would happen and then knowing the values for “goodness” and “badness” that we have come to know and love, I decided on Conditional Color Formatting with values as follows:

- >0.035 Green
- Between 0.01 & 0.035 Yellow
- <0.010 Red

The VIX with the Woody Indicator
Manages Fear When Volatility Explodes

- %B x BW < 0.2 Green and Enjoy
- %B x BW 0.2 to 0.3 Yellow and Caution
- %B x BW 0.3 to 0.4 Orange and Beware
- %B x BW >0.4 Red and Run for the Hills
So What: \( \%B \times BW \) gives us an Early Warning to Avoid Catastrophic Corrections in the Market:

More recently, Ian has concentrated his attention in evaluating the statistics relating to the S&P500 and Nasdaq over the past 50+ years. His focus is to find the illusive indicators relating to Market Tops and Bottoms. To this end he has introduced several proprietary HGSI indicators including High Jump, Eureka, Kahuna, Tsunami, Hindenburg Omen (based on other’s research), and Bingo, Bango and Bongo! As he says, “There is no Silver Bullet Indicator, but two Lead Bullets are better than none and four are better than two”.

Ian’s most recent contribution is to pinpoint when a Market Rally is confirmed through a confluence of his Impulse Indicators of Eureka and Kahuna signaling simultaneously with the Bollinger Bands \( \%B \) going up through the Bandwidth for at least six Market Indexes and as many ETFs of the XL_ series. Likewise, he is also able to pinpoint Market Tops through this process, which he calls Bullseye! His most recent contribution is the Management of Fear and Greed using the Woody Indicator which is \( \%B \times \) Bandwidth.

Acknowledgements from Ian Woodward: I would be remiss if I didn’t give special thanks to my close friend and partner in our work over these past 12 plus years, Ron Brown as we are the team of Woodward and Brown. Also, special thanks to Dr. George Roberts, his wife Debbie, and Matt Sorrels who over 15 years have provided the means in their HGS Investor Software for us to demonstrate the value of our work. Also Dr. Jeffrey Scott, Dave Steckler, Maynard Burstein, Robert Minkowsky, Bob Meagher and Chris White, CEO of EdgeRater who have helped immensely to give further insight into our work. Also to John Bollinger and Duke Jones for their encouragement.

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**Advocating the Value of Technical Analysis**

At the 2012 Annual Symposium, several technicians came together to create a short video presentation on the Value of Technical Analysis. In this video, they discuss how technical analysis is used in their daily investment strategy and its value to their clients, employers and colleagues.

[View this video presentation!](#)
HGSi Glossary of Terms

By Ian Woodward

Editor’s Note: Ian Woodward has developed a comprehensive and unique way of looking at the markets. This article highlights several of the indicators and insights he has developed. It is a glossary because the terms are his creation, however each of his ideas is testable on any platform and many traders will find these ideas to be invaluable. This glossary originally appeared on Ian’s blog (http://go.mta.org/546), supplemented with material provided by Ian, and is reprinted here with permission.

I am reminded by Tim, a friend and supporter of the HGSI Software who gave me good and encouraging advice in his feedback to my previous blog note of terms Ron and I use from time to time that new readers may come across which are unfamiliar to the casual reader. This Blog Note is to help such readers with a brief description of some of the terms I use from time to time. I encourage you to go to the Highgrowthstock.com website for additional articles on many of the concepts we have developed to keep us on the right side of the market.

Our approach recognizes that there is no silver bullet of an Indicator, but find that two are better than none and sometimes four are better than two. You will find that our emphasis is on Managing Fear and Greed through “Impulse Indicators” which are triggered at Oversold and Overbought times in the Market, where most of one’s nest egg is either made or lost.

Glossary of Investing Terms

High Growth Stock Investor has some very unique features that are characterized by names that are unique to those features. This glossary provides a brief explanation.

%B

%B is derived from the formula for Stochastics and tells you where you are in relation to an upper Bollinger Band and a lower Bollinger Band.

\[ \%B = \frac{\text{Last Close} - \text{Lower Bollinger Band}}{\text{Upper Bollinger Band} - \text{Lower Bollinger Band}} \]

Base Low

The Base Low is the lowest price a stock has based at in the last six to 12 months. It can be determined on both individual stocks as well as market
indexes and can be used to measure stage breakouts as well as extension, i.e. risk. For more information, read the Base Low Concept discussion.

Bingo

A Bingo signal indicates an oversold condition in a minor or intermediate correction and many more lead to capitulation in a Bear Market. A Eureka signal will usually follow a Bingo signal within 15 days. With a minor or intermediate correction, there will usually only be one or two Bingo signals before a Eureka signal. With a Bear Market, expect several Bingo signals, with the last Bingo being capitulation.

Bollinger Bands

Bollinger Bands can be used to measure the highness or lowness of the price relative to previous trades. The purpose of Bollinger Bands is to provide a relative definition of high and low. By definition, prices are high at the upper band and low at the lower band. Prices moving closer to the upper band indicate a more overbought market, whereas the closer the prices move to the lower band, the more oversold the market is.

Bongo (Bongo Yes and Bongo No)

The Bongo indicators are a signal for markets, industry groups and stocks for entry and exit.

The Bongo Yes criteria (daily and weekly) are as follows:

1. Close > 9 SMA
2. RSI 8>14>19

The Bongo No criteria (daily and weekly) are as follows:

1. Close < 9 SMA
2. RSI 8<14<19

A Rule of Thumb:

When RSI 14 period goes Below 30 on the NYSE – That is a Rare Occasion
- In a Bull Market, it signifies that the Correction is probably over...wait for Eureka to occur
- In a Bear Market, expect several more Bingos until we get exhaustion...wait for several Eurekas
Bongo has become the work-horse for both the long and short side ...It provides the ebb and flow of the Market, a Group or a Stock

The Tom-Toms are Beating

The Bongo Yes and Bongo No Signal

It’s a Signal for Markets, Industry Groups and Stocks for Entry and Exit

An HGSI Team of Five Developed Bongo Daily and Weekly:
Robert Minkowski, Jeffrey Scott, Dave Steckler, Lou Powers & David Galardi

This indicator can be used to find “Bongo Crossover Days Since” both Up and Down. Bongo Daily & Weekly is the Quick Filter for What is Working Now. It has become the work-horse for both the long and short side and is summarized by Ian as “Buy the Thing that has held up the Best in a rotten market”

Cha-Cha-Cha Stocks

These types of stocks have strong fundamental and technical credentials and usually small- to mid-range capitalization from $100 million to $1 billion. They often make large moves up very quickly and can make just as dramatic reversals – hence the phrase “buy rockets, sell rocks.”

Eureka Signal

A Eureka signal identifies early up turns in the NYSE Index. It compliments 1-Day changes in %B of Bollinger Bands to signify the volatility – both up and down. This is a major indication to either a turn-around day after a market bottom or a follow through day(s) soon thereafter. It also gives an occasional warning to signify irrational exuberance near the end of a strong rally.

Eureka signals use the ARMS or TRIN Index Components for the NYSE. Eureka signals are infrequent – there have been 38 Eurekas in 7 years (usually 5 to 7 a year, depending on market conditions). Some components of the Eureka signal are as follows:

• It signals a very strong Bullish Up Day in the NYSE Market
• Advancing Issues to Declining Issues Ratio is greater than or equal to 3-to-1
• Advancing Issues to Declining Issues Volume Ratio is greater than or equal to 5.4-to-1
• ARMS Index is less than or equal to 0.9

Follow Through Day (FTD)

The concept of a Follow Through Day can be used to signal a rally. It is an indication of a potential change of trend in place. After the market has made a new low and a rally has been attempted, a follow through day is identified when a major index (Nasdaq, S&P 500 or DOW) closes up 1.7% or
more for the day with an increase in volume from the day before. Look for follow through days to occur between four and seven days from a potential bottom.

**Gas in the Tank**

The concept of Gas in the Tank is a simple approach for judging how far a stock might advance when it has paused to refresh for a quarter or more after a recent positive move up in price. “Gas” refers to increasing earnings coming into a stock while it is basing (moving sideways), i.e. the P-E is coming down with increasing earnings to create value. A projected target price can be established by using the difference in the current and next quarters earnings from that of a year ago, multiplied by a P-E range. This difference is the amount of “new gas,” while the P-E is analogous to the miles per gallon. For more information, read the Gas in the Tank article.

**High Jump Indicator**

A technique used to establish when a stock is extended and due for a correction. There are three elements used to determine when a stock is fully valued:

1. The current price from the 17-day moving average (MA)
2. The current price from the 50-day MA
3. The current price from the 200-day MA

**Hindenburg Omen**

The Hindenburg Omen is a strong warning signal for a market top. Named after the crash of the German zeppelin in 1937, it is a technical analysis that attempts to predict a forthcoming stock market crash. The traditional definition of a Hindenburg Omen has five criteria:

1. That the daily number of NYSE new 52 Week Highs and the daily number of new 52 Week Lows must both be greater than 2.2 percent of total NYSE issues traded that day.
2. That the smaller of these numbers is greater than 79.
3. That the NYSE 10 Week Moving Average is rising.
4. That the McClellan Oscillator is negative on that same day.
5. That new 52 Week Highs cannot be more than twice the new 52 Week Lows (however it is fine for new 52 Week Lows to be more than double new 52 Week Highs). This condition is absolutely mandatory.

A confirmed Hindenburg Omen occurs if a second (or more) Hindenburg Omen signals during a 36-day period from the first signal.

**Kahuna (Little and Big)**

The Kahuna indicator measures volatility and momentum by looking at the one-day change in %B. The Big Kahuna is a 1-day change in %B of plus/minus 0.40. A Little Kahuna is a 1-day change in %B of plus/minus 0.24.
Big Kahunas are signs of strong momentum (either up or down) and work well with the Eureka signal to identify tops and bottoms.

**Limbo Bar**

The Limbo Bar is the inverse of the High Jump Indicator. It is used to test stock valuation by looking at negative numbers below the 200 day moving average (DMA), the 50 DMA or the 17 DMA.

**Mattress Stuffers**

Mattress Stuffers are large cap stocks with solid earnings credentials. They have earnings stability – dependable earnings growth of 15% to 25% year after year. The stock’s chart pattern rises steadily, but not as fast as Cha-Cha-Cha Stocks. These slower growth stocks can be held much longer, thus earning their moniker.

**Nine Box Matrix**

The Nine Box Matrix is a simple chart used to identify stocks that have a better chance of growing faster in price. It uses Annual Earnings % growth rate over the past five years in combination with Current Earnings % growth rate for the last two quarters compared with the same quarter a year ago. For more information, read the Concept of the Nine Box Matrix article at the HGSI Website.

**Phoenix**

The Phoenix is the reverse of the Eureka and signals potential downturns in the NYSE. It is a Heads Up on a bad day in the Market. Two or more of this signal in a week coupled with a “Down” Kahuna or two says “Watch out below” and the Bears are now in Control.

**Tsunami**

Confirms the ebb and flow for the Kahuna and Eureka signals.

**VIX**

VIX is the ticker symbol for the Chicago Board Options Exchange Volatility Index. It is a popular measure of the implied volatility of the S&P 500. Sometimes referred to as the “investor fear gauge,” the VIX is a commonly used measure of market risk.

**Wolf Pack**

Wolf Pack refers to the idea that stocks move in groups, like a pack of wolves.

*I hope this helps, and many thanks to you all for your continued support!*
PUMP & DUMP, SLOP & CROP, SEE-SAW ...
WHATEVER!
BY IAN WOODWARD

Editor’s note: This is an example of a market opinion from Ian Woodward, an innovative market analyst. It originally appeared at his blog (http://go.mta.org/544) on July 31, 2012 and is reposted here with permission.

Can you believe the two-day turn up for the books on Thursday and Friday of last week to raise the hopes of the Bulls that there is enough momentum to lift this Stock Market out of the doldrums. Make no mistake about it this was a strong rebound as I will demonstrate in the ensuing charts. However, we are still suffering from a chop-chop market:

Prior to the last two days we were in danger of heading down to break the 50-dma on all the Market Indexes, and although we have two Indexes with Death Crosses where the 50-dma comes down through the 200-dma, we now have a whiff of all Markets with their 50-dma turned slightly up:

This See-Saw Market now has a pattern to it which is five days up and down (between friends) for the past five weeks with little progress to the upside:
However, with two explosive moves upwards on Thursday and more especially on Friday where we had a Strong Eureka, the Bulls can now hope that they can once again get the Nasdaq above 3000 and close the gap as shown by August 2nd. Don’t tell me you have forgotten the significance of August 2nd? Be Prepared for the Jobs Report on August 3rd. At least the European Central Bank president, Mario Draghi, turned the market upwards with his assurances to preserve the Euro.

Reviewing past history shows that the move on Friday to jump from 6% on Thursday in Bucket >1.0 to 17% was no mean feat and was similar in momentum to back in March of 2003! We must also note that the %B for the S&P 1500 is now at 0.98, whereas the % of Stocks above 0.5 is only 0.59, a difference of 0.39. This suggests that we are truly overbought in the Leaders, and we either amble around here for the rest of the pack to catch up or we slide down into the doldrums once again. I have my dear friend Pat Turner to thank for the concepts displayed above and below:

This two day upward thrust of 2 Buckets and then 3 Buckets up has put a whole new complexion on the momentum of the market. We must now wait and see if it was yet another flash in the pan of supposedly good news or whether we fall back once again into the doldrums:
Note also the 1-day change in the Pie Chart and especially the one day jump from ~6% to 17% in Bucket >1.0, which is not to be sneezed at:

Three Cheers for my good friend Dr. Robert Minkowsky who has turned up trumps once again to give us a more rounded feel for what is transpiring in the Internals of the Market Indexes and specifically the Small Cap Russell 2000 (RUT) within itself and then compared to the Large Cap Nasdaq 100 (NDX). The pictures are for Acc/Dist, %B ><0.5, %>< 20-dma and %>< 200-dma. Note the Dump, Pump, Dump cycle we have been in since last May:

Now here is a New Chart to get your arms around. It shows the DIFFERENCE between %B for the S&P 1500 Market Index and the % of S&P 1500 Stocks >0.5. You will note that it jumped from 15.95% to 38.73% in one day. Note that we are now in nosebleed territory and it is most likely there will be a correction and then hope that the Index itself will go higher.
My good friend Maynard is holding his Monthly Group Meeting this coming Wednesday and I hope they will chew the fat on all of the above and especially my sense of the projected High and Low Road Scenarios to come. This anticipates two conditions I gave you in my last blog note on the Jobs Report due this Friday, which I hope you have pinned to your desktop:

In a nutshell, the Jobs Report had better be good at >150,000 or so and not <80,000 for the gurus to get excited to the upside!

Interested in advertising in Technically Speaking? Contact Tyler Wood at tyler@mta.org for more details!
INTERVIEW WITH GEORGE DAVIS, CMT
BY AMBER HESTLA-BARNHART

How would you describe your job?

In my current role, I am responsible for technical analysis research pertaining to the fixed income and currency asset classes. It’s a challenging and interesting role, as it involves not only producing technical research related to these asset classes, but also marketing the research to our global staff and client base. I am a big proponent of educating salespeople, traders and clients alike about how they can use technical analysis effectively in their respective roles – whether it is for a trade idea or a potential hedge in order to manage risk exposure.

I rely heavily on intermarket analysis in this regard, as it provides a cross asset view of the financial world that can be invaluable in today’s uncertain investment climate. This broadens the appeal of the research product as well in that it becomes relevant to a number of different portfolio and risk managers across asset class mandates in a given organization. The marketing aspect gives me the opportunity to meet with staff and clients in order to discuss and exchange views on markets. The added bonus here is that it has allowed me to travel all over the world, including North America, Europe and Asia and gain perspective on a number of different cultures.

What led you to look at futures markets instead of stocks or another tradable?

Given that my technical research cuts across a number of different asset classes, I look at various OTC and cash markets in addition to futures. One of the advantages of the futures markets is that the CFTC Commitments of Traders reports can provide some valuable insight into market positioning in fixed income and FX markets. When positioning in a given futures market becomes stretched on a historical basis, it makes associated support and resistance levels even more significant in terms of potential pressure points in the market. Hence, we can leverage some of the informational content from the futures markets into our analysis of cash markets and be on the lookout for shifts in sentiment.

Do you look at any fundamental or economic inputs to develop your opinions?

We have a number of fundamental strategists on our research team, so my approach is more “traditional” in nature as I tend to focus solely on the price dynamic in conjunction with valuation analysis via various indicators and oscillators. What I like about this approach is that it provides clients with a totally different analytical and research methodology that they can use to complement the fundamentals. Price, in and of itself, tends to be forward looking – so the pure technicals often signal major turning points in various markets and asset classes well before the fundamental indicators turn. While the fundamental and technical views of our strategy group are “in sync” a majority of the time, particular value added can be provided when the technicals start to diverge with the fundamentals in a significant manner. This may suggest that an important turning point is at hand in a given market. At a minimum such divergences can be worthwhile to point
out to clients so that they can be monitored in the context of the risks that they are managing.

One thing that I have started doing more frequently over the past six to nine months is applying the basic tenets of technical analysis to fundamental data such as housing starts, initial claims, the unemployment rate and consumer confidence. I find that a long-term historical perspective of these variables can be very helpful as we move through novel and uncertain times. You would be surprised at some patterns, support, resistance and retracement levels that come in to play in this regard – I certainly was!

**Can you share any longer term market opinions?**

The “risk on/risk off” dynamic has become firmly entrenched in markets and I believe that this will continue for the foreseeable future. At a minimum, the problems in the Eurozone will have to be solved in a decisive manner before market sentiment starts to focus on a different theme. This suggests that we will remain in a low interest rate environment – especially in core markets such as the US. On the FX side, EUR/USD has just broken below a 10-year support trendline near 1.2650, suggesting that an important long-term shift in sentiment may be underway. This will be an important theme to watch going forward in the context of the Eurozone issues that are afflicting the markets.

Also, there has been a noticeable decline in the confidence in fiat money since 2005. I expect this trend to continue – causing gold to remain attractive to investors on a cross market basis. So, I’m a long-term gold bull in this regard.

**What advice would you have for someone starting in the business today?**

Develop a “global view” of markets. With China and other Emerging Market countries carving out a bigger profile on the financial landscape, financial markets are more global and international in scope than ever. Having insight in to these markets and across various asset classes will make the intermarket approach even more useful and valuable as an analytical tool.

In addition, quantitative and behavioral analysis is likely to increase in stature – so developing some knowledge of these inputs would be very helpful to round out your skill set.

Finally, technical analysis can add value whether you are a trader, salesperson, portfolio manager, investor or risk manager. As such, there may be opportunities to apply the technical analysis skill set beyond the more traditional research-type jobs, so these alternate career avenues should be considered as well.

George Davis, CMT is Chief Technical Analyst, Fixed Income and Currency Strategy at RBC Capital Markets in Toronto. He is responsible for RBC’s intermarket technical analysis research that covers the fixed income, FX and commodity asset classes. Prior to this, George was a Vice President on the spot Canadian dollar and forward foreign exchange desks in Toronto.
and a foreign exchange Dealer in Montreal. George has a Bachelor of Commerce (Honours) from Concordia University. He is a Professional Member of the Canadian Society of Technical Analysts, a Member of the Market Technicians Association and a Member of the Financial Markets Association of Canada. George was awarded "Best FX Research and Strategy" as well as "Technical Analyst of the Year" in 2010 by The Technical Analyst magazine. He was a repeat winner in the “Best FX Research and Strategy” category in 2011, as well as a winner in the “Best Fixed Income Research and Strategy” category in 2012. George is also a contributing author to “Technical Analysis in the FX Markets”, a book published in 2010 by Global Markets Media Ltd. His technical views on the markets are often featured in various media outlets such as the Wall Street Journal, Financial Times, CNBC, Bloomberg, Reuters and Market News International. George is a Managing Director of RBC Capital Markets.

These questions and answers have been compiled by Amber Hestla-Barnhart, an independent market researcher. If you’d like to participate in a future interview, please contact her at amzhondacbr@yahoo.com.
GLOBAL EMERGING GROWTH CAPITAL

Investment Courses For Professionals
A sample of a growing list of fundamental and technical courses is shown below. The courses are associated with global destinations and dates, both for open and private client formats. They are produced by various knowledge vendors throughout the world. Details can be provided by contacting NYIF.COM, or John Palicka (palicka@pipeline.com).

Taught by John Palicka CFA CMT

FUSION ANALYSIS-
This is a professional approach that blends fundamental, technical, behavioral and quant strategies.

EQUITY PORTFOLIO MANAGER-
Serious managers will utilize this course to analyze leading Wall Street valuation models and investment strategies for equities using fundamental, behavioral/technical and quant approaches, and then study how these are modified by the best performing equity portfolio managers to produce risk-adjusted excess returns.

INVESTMENT FUND SELECTION-
This is a must attend course for all professionals involved in the selection and management of third-party investment managers.

TECHNICAL ANALYSIS CMT 1-
A must attend course for investment professionals wishing to gain the CMT Level I professional qualification in Technical Analysis from the Market Technicians Association (MTA).

INTRODUCTION TO STEALTH TRADING USING FUSION, ALGORITHMS, AND DERIVATIVES FOR PROFESSIONALS-

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STRATEGIC GOLD INVESTING
Gold has been one of the very few assets to have created wealth in the past several years. Gold offers investment opportunities for investors, traders, and financial engineers.

GLOBAL SMALL CAP INVESTING
Global small cap stocks offer investors the ability to participate in the world’s future big winners.

PORTABLE WEALTH INVESTING
Portable Wealth (PW) management offers investment opportunities for wealthy investors and their advisors. PW can generate attractive risk-adjusted excess returns to traditional and alternative investments.

Instructor John Palicka CFA CMT is a top-ranked portfolio manager of Global Emerging Growth Capital (WWW.GLGE GC.COM) with over 30 years experience of managing $ billions. He has doubled client money, on average, every 4 1/2 years since 1980*. His high course ratings from major investment firms reflect clear interpretations and practical applications of complex topics; knowledge applied to examples and cases found in the current worldwide and GCC marketplace; his experience with specific situations actually encountered in his career and consulting contracts that parallel the learning topics. John has an MBA from Columbia University and also teaches these courses for leading training institutions, including The New York Institute of Finance (WWW.NYIF.COM).

* Past performance is no guarantee of future results.
TREND FOLLOWING IS JUST EASY TO DO
BY GREG SCHNELL, CMT

Editor’s Note: This was originally posted at The Canadian Technician blog on stockcharts.com. It was posted on July 27, 2012 and is included here as an example of how analysis can be insightful, meaningful, and short. It is reprinted here with the permission of the author. A more detailed example of Greg’s work follows this article.

Well, another day another trend. As long as you use a 10 minute chart!

The longest trend from low to high has been 6 days. Oil stocks are starting to get a bid. The gold breakout this week couldn’t be more timid.

Friday's bizarro world. It is an amazing time to be an investor. Amazon misses with a P/E of 290 and the stock goes up.

Amazon with a P/E of 290 Rises almost 8% on an earnings miss and 3 year earnings deceleration of -16% and sales growth of 40%.

Apple with a P/E of 13 falls 5% on an earnings miss and 3 year earnings growth of 78% and sales growth of 60%.

Remind me when we should start trading off the fundamentals. Promise me you'll go look at those two charts and see if they resemble the fundamentals.

The Energy sector appears to be trying to make a move. Suncor looks stronger than CNQ but maybe both of these will get out of the doldrums. They have been 50% off last year’s highs.

Good Trading.

Greg Schnell, CMT, known in the blogosphere as The Canadian Technician, http://go.mta.org/539. He is a professional member of the CSTA as well as a member of the MTA. He is active on the Board of Directors for the CSTA (Canadian Society of Technical Analysts). Greg is the Calgary Chapter director for the CSTA and is a market technician who focuses primarily on commodity related equity trading because of the large influence of commodities in Canada’s TSX.
53’ OF BEAR CANARY.
DON’T OPEN THE DOOR!
BY GREG SCHNELL, CMT

This article was originally posted at The Canadian Technician blog (http://go.mta.org/540) and is reprinted here with permission of the author.

FEDEX - I heard this morning that Fedex is not like UPS at all. It is only UPS that has a problem. Let’s check the charts. Here is FEDEX weekly from 2005.

Well, is it a canary, a black bear, a Grizzly or a Kodiak?

Notice the RSI (“Relative Strength Index”) has given us a bear market signal. A bear market signal is when the RSI falls to 30. On the following rally, the stock has trouble pushing the RSI above 60-65. Bear market signals on an RSI are pretty reliable, but they never tell us when the following top will come in.

Well, we got our bear market signal in 2011, and here we sit with an RSI that cannot break out to the upside.

Regarding price action, this might just be the most beautiful example of support / resistance on a weekly chart ever. Plaster this up on the wall for demonstrations of support and resistance.

Notice how Fedex topped at this 97.50 level in 2005. When it broke above, that level came to be support. After the 2007 top in February in Fedex, Fedex rallied in July and tried to make new highs. In a single week after that, Fedex slammed through the 50 dma (“days moving average”) and the 200 dma. It was crushing. It plummeted in August to find support near the support line. It shot back up. The moving averages became the ceiling for the stock for the next 2 years with a few weekly chart spires shooting above, only to fall back below. So 6 out of 100 weeks were above the 40 week lines. After the 2009 lows, guess where FEDEX has found resistance every time since. Same level of $97.50 to $100.
The square boxes show where the 10 week fell below the 40 week. Currently this week they are still above, but we are watching for the MA cross.

What about the MACD? Well, this is classic MACD behavior. Make sure you click on the chart and check the scale at 1600. It really shows the MACD behavior. When the MACD cannot get a boost much above zero and rolls over, be alert to a significant top being in place. I marked these with the black boxes.

Let’s focus on shorter time lines and zoom in. Here is the daily back in 2007.

Well. I see the problem back in 2007. Let’s identify some of the interesting things on this chart.

Check the RSI. It starts swinging from 30 all the way to 70 a few times. Getting unstable. Normally an RSI will stay above 40 in a bull market and below 65 in a bear market. It starts to spend less time above the 50 line. It gets weaker. Well, the chart above shows us this trend. After the top in February, it went straight to 30. Put a slow rise into July but couldn’t make it back to the 70 line. Then it got into a cycle where it could not get back to 60 for the remainder of the chart.

Note the 200 DMA pretty much flat with a slight slope up into July. The 50 DMA was already below the 200 DMA by July. Notice how the 50 day oscillated below the 200 dma in 2006. Then in 2007 it got wobblier...great word...wobblier.

MACD was on an uptrend from April into July. With no divergence, the MACD rolls over sharply. Well lets look at 2012. Got a photocopier?
Well, starting at the RSI, the RSI falls from 70 and winds down to 30. After that, it slowly moves up, spending a substantial amount of time below the 50 on the way. It meanders higher but can't make 70. After three thrusts higher, it finds a ceiling and eventually falls.

The Purple area is always my relative strength line (SPURS) to the SP500. Well, you can see the deteriorating trend.

The price topped in February. It tried to make a new high in July and fell apart, slicing through the 50 and 200 DMA. February and July again. Here we sit at 200 DMA support. Look at the similarities in price pattern from April to July. One minor difference is that the 50 DMA is not already below the 200 DMA.

The current MACD is giving even stronger sell signals complete with divergence. The 2007 chart had no divergence but the MACD had a similar slow rise to well above zero only to roll over and plummet. But when Fedex 2012 slammed off a high MACD and plummeted, it confirms the trend change that 2007 demonstrated in my mind.

This Fedex chart is like a 53' trailer with bears inside. It looks like someone is opening the trailer door now. The patterns are eerily similar. Remember, transports are a key information source in Dow Theory. If Transport stocks are below the 50 and 200 DMA, I pay attention. I outlined Dow Theory earlier this year. The continuation is in place. The Industrials are over 9% off their highs. These important transport clues are 53' foot canaries for Wall Street. Or maybe 53' of Kodiaks, Grizzlies and black bears.
MTAEF AWARDS 1ST CMT SCHOLARSHIP

The MTA Educational Foundation (MTAEF) is pleased to announce the award of its first CMT Scholarship to Adam Gray Lacey, a Senior in Economics at The Pennsylvania State University (PSU) Smeal College of Business. Adam is a member of PSU’s Trading Club, which educates its members on various technical analysis methods. He was drawn to the club while seeking a systematic way to gauge and measure market flow.

Adam participated in PSU Trading Club’s Spring 2012 trading competition, winning with a portfolio return of 22% for the period. He was awarded the $500 scholarship and will be taking the October 2012 Level 1 exam. Adam graduates in December 2012 and plans on continuing with a Master’s degree in Finance. A favorite book of his is “Trading in the Zone” by Mark Douglas.

The MTAEF is a 501(c)(3) non-profit organization that supports technical analysis educational programs through material development and financial assistance. MTAEF has provided a technical analysis course curriculum which is currently available for credit in colleges and universities across the United States. It sponsors student trading contests, educates the educators on financial laboratory use, supports academic research in the field and provides support for the MTA Library at Baruch College. More information about the MTAEF and its CMT Scholarship will be available soon at www.mtaef.org.