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How To Profit from Outstanding Short-Term Trading Opportunities

RapidFireSwingTrading

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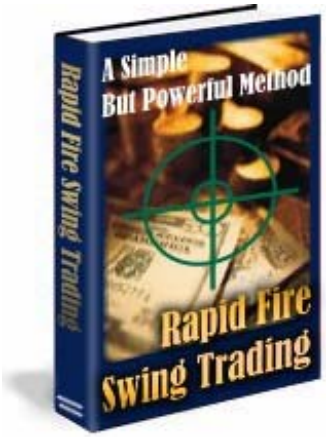
REVEALED!

What You Should Know About
A Simple But Powerful Overlooked Method
of Market Entry and Exit That Has The
Highest Probability Of Being Profitable
While Minimizing Your Risk And Capital Exposure!



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I'm interested in your feedback and comments

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Past Performance Is Not Indicative Of Future Results. There Is Substantial Risk Of Loss In Futures Trading. Commodity trading involves a high degree of leverage, which allows for large returns, but also large losses. Due to the high degree of risk you should carefully consider whether commodity trading is appropriate for you.

Welcome, **My Friend!**

Thank you for having the faith and confidence that we can introduce something to you that will be of use to improve your trading.

You will learn a low risk trading strategy that works for day trading, swing trading, and position trading. Regardless of your method and style. I'm certain you will place this trading strategy on the top of your list for execution in your market action.

We have here a very simple and effective method of trading the markets. And we will give it to you straight. No page fillers. No fluff. There's no need to give you dozens of pages when this is so simple it can be demonstrated and explained in just a few short pages.

In just a minute you will see this simple method for yourself. You will also see real world examples of how effective this is.

Each step of executing this method will be broken down for you so you can begin using it immediately in your trading.

As you go through this brief and concise eBook you will see a few "diamonds" just like the one to the left. These are some "Motivational *Gems*" for you. We hope the nuggets of wisdom in each one, inspires you to greatness.

Thank you again for your faith and confidence. Now, I know you're ready to get it on, so let's get started…

Stephen A. Pierce, CTA

A Brief **Introduction**

When it comes to entering and exiting a trade you can find just as many methods of doing so as you can find traders.

However the elusive element is finding an effective method of entering and exiting a market, that's reasonably successful and keeps the risk to reward ratio at desired levels.

Effective trading is not complex. It's simple and straightforward. Now don't go confusing "simple" with "easy". Trading can be easy. However easy comes long after we have accepted the idea that successful trading is simple. And after doing so adopting a simple and straightforward method to trade.

Our goal here is to present to you this one solid benefit.

"A simple and straightforward method of market entry and exit that has the highest probability of being profitable while minimizing the risk and capital exposed, allowing for maximum effectiveness in trading."

It's our hopes that what you find in the following pages is just that.

What your about to see is no holy grail. Not by a long shot. In fact it's not even new. It's perhaps one of the oldest chart setups around.

However, do to the speed and power of computers, the flood of indictors, methods, systems, advisories and so forth. We have abandoned or lost touch with what we consider to be one of the most simplistic and straightforward methods of trading.

So What Is It?

It's called the **HVR-NR4/IB**

That would be the **Historical Volatility Ratio–Narrow Range 4 Inside Bar** setup.

Perhaps you have heard of one or both of these. Maybe even traded one or both of these. However before you make any quick or snap judgments, just stick with us here and make your judgment call AFTER our case for this set up has been presented.

Fair enough? …Okay! ☺

Why the **HVR–NR4/IB** setup?

What makes this set up so powerful is that you are catching the market during a period of "*resting range contraction*".

Taking a quick step back here for a minute. It's important to know and remember that market volatility is a cyclical phenomenon that moves from periods of contraction to expansion and back to contraction, repeating this cycling over and over again.

What is a Cycle? A cycle is simply a regularly occurring sequence of events. The sun rising every morning and setting in the evening is a cycle. The four seasons are one cycle.

In the futures and commodity markets, a cycle is loosely defined as price movement of a market from a local bottom to a local top and back again.

For example, if the Japanese Yen is in a 50-point trading range with a bottom of 8100 and a top of 8150, the price movement from 8100 to 8150 and back to 8100 again is one cycle. Traders can use this information to enter low risk buys at 8100 and low risk sells at 8150.

Cycles, just like price trends, can be long, short or intermediate in length. A specific market may have a 20 day, 52 week and 5 year cycle, all acting together to describe price activity. By adding the cycles together, the actual price activity can be forecast.

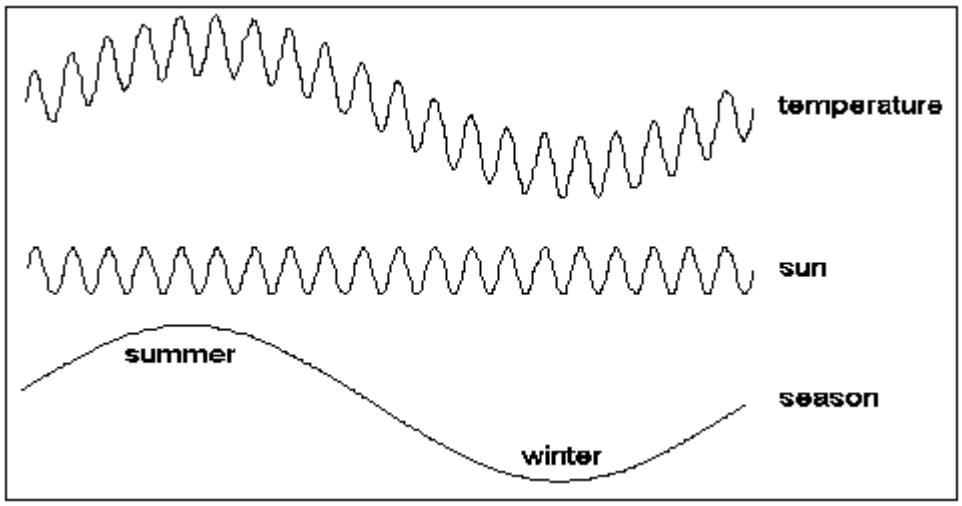
However, trading the HVR-NR4/IB setup requires absolutely **NO** forecasting and predicting of cycles to determine times of market contraction and when expansion will be seen. The HVR will measure this for you with amazing accuracy, as you will soon see.

To better illustrate how cycles are added let's return to the sun and the seasons. By adding the annual seasons cycle to the daily sun cycle, we can forecast a likely temperature for any time of day for any given date. See the illustration on the next page.

Don't judge each day by the harvest you reap, but by the seeds you plant.

- Robert Louis Stevenson

Cycles illustration (courtesy of http://www.crbindex.com/)



The cycling of contraction and expansion is very important in successful trading. The reason being is that during times of contraction the market can be very choppy and unless you have a very sharp method of trading this choppy nature, chances are you will be consistently giving any gains made, back to the market.

During periods of contraction the market is actually in pre-breakout mode, as we call it. This being because trend days, large range expansion days, or breakouts often follows periods of range contraction, or small average daily ranges.

During this contraction period the market has started to rest, taking a breather from it's recent expansion, in the form of range contraction. It's after this period that the market will experience range expansion again.

One main challenge traders have is how and when to enter a market that is in a powerful trending mode or is choppy and they want to be in on the next breakout. This is where the HVR-NR4/IB setup shines.

The HVR-NR4/IB setup allows you to be prepared ahead of time by spotting markets that are in "pre-breakout mode", alerting you to this fact and giving you the low risk - high profit probability entry and exit strategy for when the next cycle of expansion breakout is experienced.

The Components of the **HVR-NR4/IB** Setup

There are three components to this set up. None of which require real-time data (unless you are day trading the setup) or fancy charting software. With your purchase you automatically get our daily alerts that will let you know when any of the 42 markets we trade have the HVR-NR4/IB setup.

The three separate components are:

- ☑ Historical Volatility Ratio
- ☑ Narrow Range 4 Bar
- ☑ Inside Bar

Let's take a look at each one in complete detail so there is nothing left to guess work. We will start by looking at both the **NR4** and **IB** and then move into looking at the **HVR**. This seems to be the most logical progression in this case.

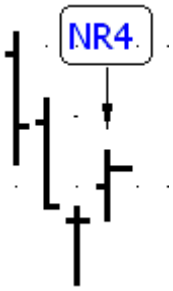
Obstacles are necessary for success because in selling *(trading)*, as in all careers of importance, victory comes only after many struggles and countless defeats. Yet each struggle, each defeat, sharpens your skills and strengths, your courage and your endurance, your ability and your confidence and thus each obstacle is a comrade-in-arms forcing you to become better… or quit. Each rebuff is an opportunity to move forward; turn away from them, avoid them, and you throw away your future. *- Og Mandino*

But the bravest are surely those who have the greatest vision of what is before them, glory and danger alike. And yet notwithstanding go about and meet it.
- Thucydides 404 BC

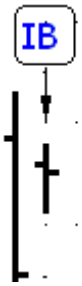
The NR4/IB Set Up

The NR4/IB set up is a combination of a narrow range bar that is the smallest of the last four days while at the same time is an inside bar against the previous days bar.

Let's look at each component and bring it together so you can easily identify this set up.



(**NR4**) **Narrow Range 4 Bar**: (*above*) A NR4 is a bar with the smallest range of the previous four bars to include the current bar.



(**IB**) **Inside Bar**: (*above*) An inside bar is a bar where as the high is equal to or lower than the prior days high and the low is equal to or higher than the prior days low. It's important to note here that only the high OR the low can be equal to the prior days high or low – not both. It's crucial that either the high or low be inside of the prior days range.

(**NR4/IB**) **Narrow Range 4 Inside Bar**: (*above*) To have an Inside Bar Narrow Range 4, the current bar has to be a combination of both a NR4 and Inside Bar as describe above.

Quick NR4/IB Exam

Okay, let's see if you can spot the NR4/IB on a chart. Below is a daily continuation chart of the S&P 500 Index. It contains 12 NR4/IB set up. Of the 12 set ups – an amazing 9 of these are profitable with only 3 losing trades.

At this time since you don't know the rules of entry and exit yet, don't look to do anything beyond spotting the actually NR4/IB set up. Okay, go for it and then look at the chart on the next page to see how many you got correct…

Chart created by Dynamic Trader © 1996-2001

Quick **NR4/IB** Exam Detailed

Now, let's look at the NR4/IB trading opportunities and the results produced.

S&P 500 Index (*daily continuation chart*)

Chart created by Dynamic Trader © 1996-2001

There are 12 opportunities

1. March 5th 2001, Long entry profitable, trade produces **+$1,870.00** in profits in 3 days
2. March 15th 2001, Short entry profitable, trade produces **+$6,745.00** in profits in 3 days
3. April 16th 2001, Long entry profitable, trade produces **+$16,482.50** in profits in 3 days
4. April 20th 2001, Short entry profitable, trade produces **+4,245.00** in profits in 3 days
5. May 7th 2001, Short entry a loss, trade produces *–($4,880.00)* in losses in 3 days
6. May 14th 2001, Long entry profitable, trade produces **+$9,745.00** in profits in 3 days
7. June 18th 2001, Long entry a loss, trade produces *–($5,005.00)* in losses in 1 day
8. June 22nd 2001, Short entry profitable, trade produces **+$2,345.00** in profits in 3 days
9. June 27th 2001, Long entry profitable, trade produces **+$4,570.00** in profits in 3 days
10. July 3rd 2001, Short entry profitable, trade produces **+$8,195.00** in profits in 3 days
11. July 18th 2001, Long entry a loss, trade produces *–($3,155.00)* in losses in 3 days
12. July 20th 2001, Short entry profitable, trade produces **+$4,970.00** in profits in 3 days

That's 12 trades on a single contract basis, in 5 months with total profits after losses of **+$46,127.50**. You can go even further back and see the results are similar to these posted.

The Rules of the **Trade**

Now let's look at the *Rules of the Trade* so you can now understand how such a simple entry and exit strategy produced such incredible results in the S&P while displaying very little draw down as the entries were triggered.

☑ **RULE #1** - Identify a NR4/IB setup after the close. This is made much easier since you automatically get a free subscription to our pattern alerts with your purchase of this eBook. So, basically each evening when you get your alert email from us look to see if any of the markets you trade have a NR4/IB set up.

☑ **RULE #2** - Once a NR4/IB has been identified, for the next trading session ONLY, place a buy stop order one tick above the high of the NR4/IB bar and a sell stop order one tick below the low of the same NR4/IB bar. We'll break this down for you in a minute.

☑ **RULE #3** - If the entry order on either side is triggered in the next trading session, then IMMEDIATELY place a protective stop one tick above the high of the NR4/IB bar if short and one tick below the low of the NR4/IB bar if long.

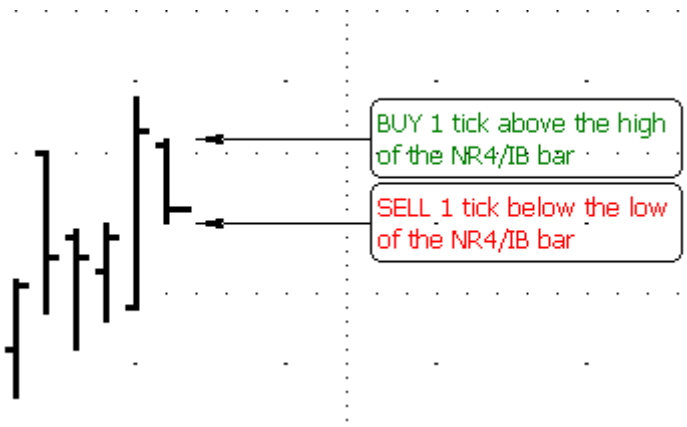
☑ **RULE #4** - If the market immediately moves in your favor and the position becomes profitable, tighten up your stop and look for a short-term price objective for your profit exit – or exit on the 3-Day Rule, which is below.

☑ **RULE #5** – If the open position is not profitable within three trading days, or you have no pre-identified profit exit, then exit the position **MOC** (Market on Close) on the 3rd day.

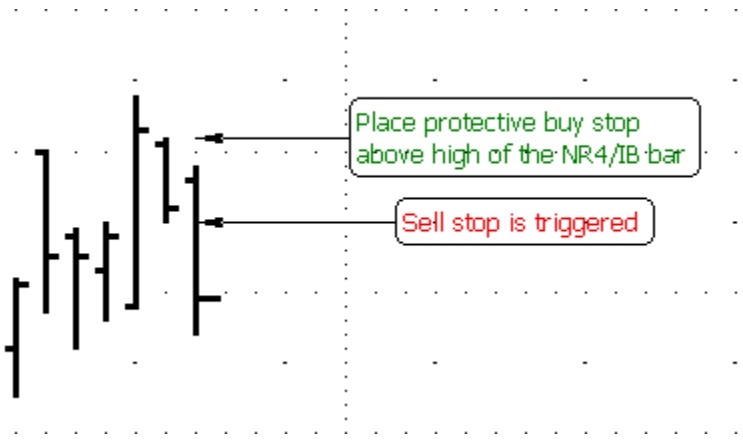
With these rules in mind, let's a spyglass on this entry method and then look at some other market examples of how such a simple strategy can produce outstanding profits.

What lies behind us and what lies before us are tiny matters compared to what lies within us. - *William Morrow*

Putting the **Spyglass** on the Entry and the Protective Stop

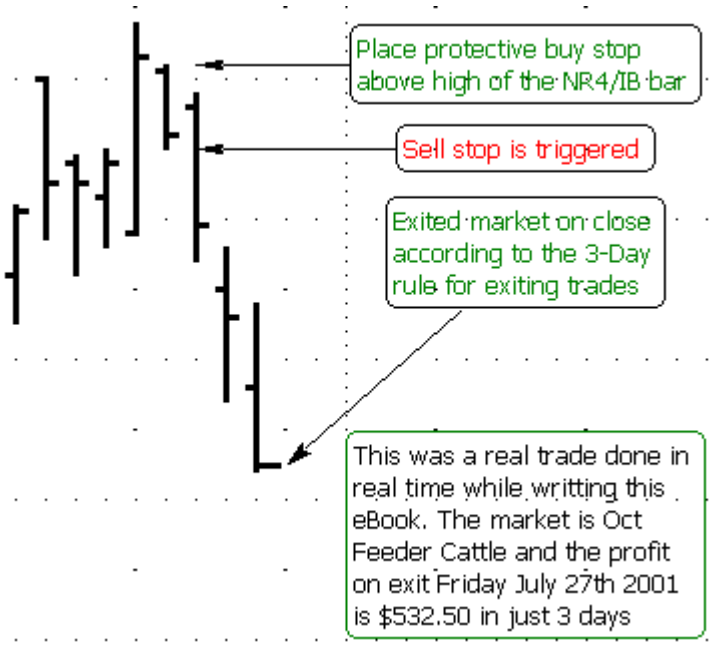


☑ A NR4/IB has been identified. So the morning of the next trading session we will place an order to BUY 1 tick above the high of the NR4/IB bar and SELL 1 tick below the low of the NR/IB bar



☑ The SELL side of the order has been triggered the next day so we will now place the protective buy stop 1 tick above the high of the NR4/IB.

Let's next take a look at what happens by the 3rd day…



☑ On the **3rd day** we exited the short position market on close for a profit of **$532.50**.

Oct01 Feeder Cattle (*daily chart*)

Chart created by Dynamic Trader © 1996-2001

Examples of Trading the **NR4/IB**

British Pound (*daily continuation chart*)

Chart created by Dynamic Trader © 1996-2001

August 15th 2000

The British Pound set up in a Narrow Range 4 Inside bar. Both the high and low were inside the range of the previous bar while being the smallest bar of the last four trading sessions. The high was 1.5110 and the low was 1.5058.

August 16th 2000

Prior to the open an order to buy on a 1.5112 stop has been entered. As well an order to sell on a 1.5066 stop have been entered. The opening was a gap lower right through the sell stop filling the order at the 1.5000 low of the day. Immediately an order to stop and reverse long at 1.5110 is entered. Since the order to stop and reverse long wasn't triggered the stop at 1.5110 now becomes straight protection of the open short position.

August 18th 2000

If the trade were entered under the swing trading rules, then August 18th would be the 3rd day in the trade. Unless a predetermined swing trading profit objective has been set the trade would be exited market on close according to the 3 day rule. The close was 1.4922 for a three day swing trading profit of **+$482.50** less cost.

If you were entering short the British Pound on a position trade and were using a protective stop at the 3-day high, you would have been stopped out on the open of September 21st 2000 at a price of 1.4208 for a position trade profit of **+$4,945.00** less cost.

Whether you were swing trading or position trading, you had no draw down on the trade.

With what you've learned so far. Take a look at the following Crude Oil chart. The NR4/IB's have been marked and numbered for you.

See where you would enter and where you would exit each trade. Of the 4-trades, 1 closes out at even and the other 3 produce a nice 3-day profit.

So go ahead and spot the trade entry and exits for yourself.

Crude Oil (*daily continuation chart*)

Chart created by Dynamic Trader © 1996-2001

In case of doubt, push on just a little further and then keep on pushing.

- George Patton

Introducing the Potent **HVR** Element

If ever there was a combination of market indications that a major move was upon us – it has to be the ***Historic Volatility Ratio*** also known as "**HVR**" combined with a **NR4/IB**.

The HVR is basically a mathematical measuring of how much a price in a market has moved over a specified period of time. It's the ratio or percent of a short to a long average historic volatility. When a markets short volatility declines below a certain percent of its long volatility it's a heads up signal that an explosive move could be seen.

The standard settings used are both a 10/100 and 6/100 HVR with a 50% ratio. The 50% ratio will be your trigger point. Which means if either or both the 10/100 and 6/100 declines below 50% in any market, that market should be looked at for potential trades as a sharp move could be seen. Below is what the indicator may look like under your chart.

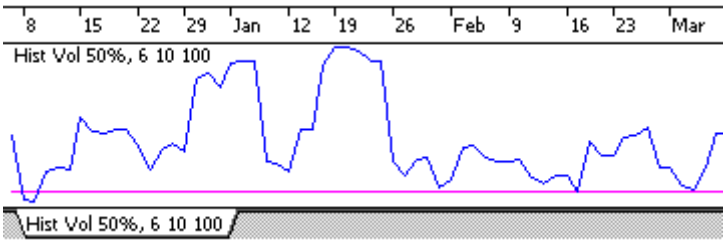


Chart created by Dynamic Trader © 1996-2001

Okay, so here's how to do it! As you look for the NR4/IB set ups, with each one located you then want to check the HVR reading. *(We do this for you with the free alerts!)*

☑ First, see if the 10/100 is below 50%. This means the 10-day historical volatility should be less that 50% (1/2) the 100-day historic volatility.

☑ Second, whether the 10/100 is under 50% or not, check to see if the 6/100 is below 50%. This means the 6-day historical volatility should be less that 50% (1/2) the 100-day historic volatility.

If the located NR4/IB set up has either the 10/100 and/or the 6/100 below 50%, we then have a nice trade set up. At this time we proceed to place the order as described earlier.

First Look: The **HVR-NR4/IB** In Action Together

Let's take a look at the Gold daily continuation chart and see what can happen when both the **HVR** and **NR4/IB** both set up at the same time.

Gold (*daily continuation chart*)

Chart created by Dynamic Trader © 1996-2001

March 26th 2001
The HVR dropped below 50% while a NR4/IB was set up. The next day began a 5 day sell off from 264.50 down to 255.80

May 4th 2001
The HVR remained under 50% for three straight days while at the same time Gold made three consecutive NR4/IB setups. An explosive move was then seen, which rose from 267.100 up to 295.300 in 9 days.

June 7th 2001
The HVR dipped under 50% as a NR4/IB was set up. The following day Gold began a 11 day rally from 267.800 up to 276.700

June 25th 2001
The HVR dropped below 50% as a NR4/IB was set up. After a quick fake out reversal higher the market reversed lower for an 8-day decline from 279.800 down to 264.800. *(We'll touch on the fake out reversal in a minute.)*

Locate the **HVR–NR4/IB** Setups

Take a look at the Platinum chart below and see if you can spot the 7 different **HVR NR4/IB** setups. On the following page is the chart with the correct findings on it.

Platinum (*daily continuation chart*)

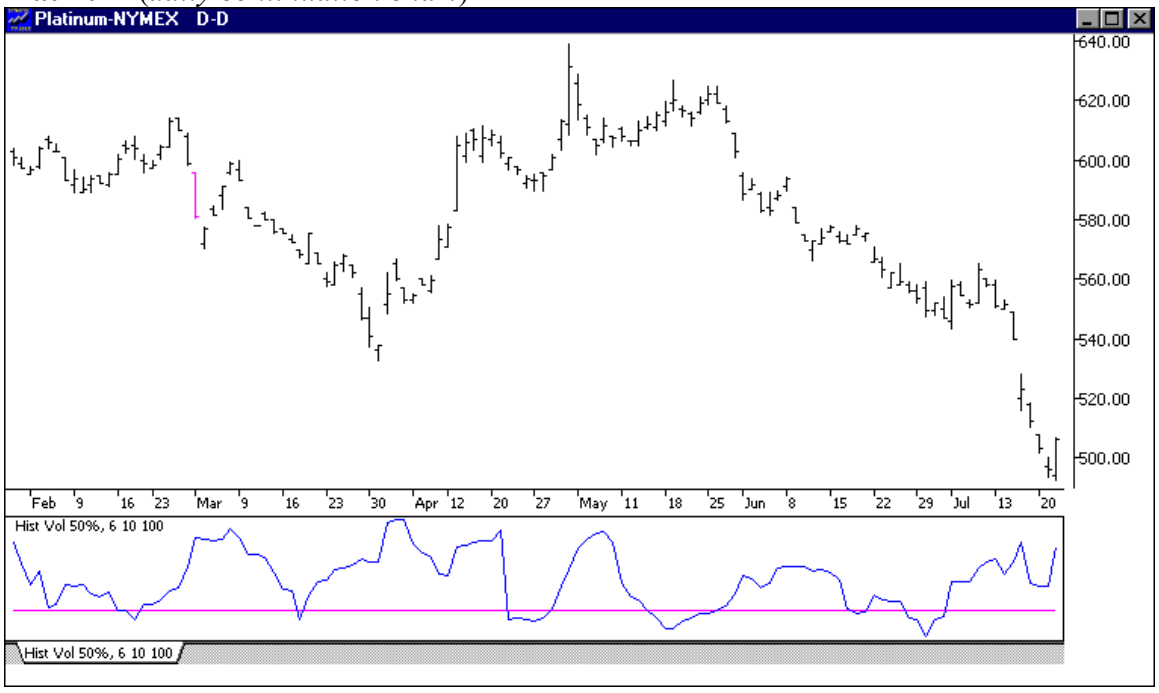


Chart created by Dynamic Trader © 1996-2001

If you know the enemy and know yourself you need not fear the results of a hundred battles. – *Sun Tzu*

Platinum **HVR–NR4/IB** Setups

Now let's take a look at the **HVR-NR4/IB** combination setups in Platinum.

Platinum (*daily continuation chart*)

Chart created by Dynamic Trader © 1996-2001

Okay, while it may be hard to see the actual dates. Let's check the markets and see how many you got right. There are some outstanding alerts generated by the HVR–NR4/IB combination set up.

The alert that is most incredible is the May 29th reversal high. This turned into a massive sell off that continues even as this is being written. The actual dates are as follows:

April 24th 2001
April 25th 2001
May 22nd 2001
May 29th 2001
June 21st 2001
June 28th 2001
July 3rd 2001

Watch the **HVR–NR4/IB** Setup Hit Home Runs

Riding the prolific Cotton nosedive from a **HVR-NR4/IB** set up

Cotton (*daily continuation chart*)

Chart created by Dynamic Trader © 1996-2001

Following the **HVR-NR4/IB** setup on December 11th 2000, the short side was triggered on the gap lower under the low of the NR4/IB bar. <u>The rest of the chart speaks for itself</u>

The person who goes farthest is generally the one who is willing to do and dare. The sure-thing boat never gets far from shore. – *Dale Carnegie*

The great difference between men, the great and the feeble and the powerful, between the great and the insignificant, is energy- an invincible determination-a purpose once fixed and then victory or death. – *Samual Johnson*

Another **HVR–NR4/IB** Setup Hit Home Run

Banking mega cash in the mega Natural Gas decline on a **HVR–NR4/IB** Setup

Natural Gas (*daily continuation chart*)

Chart created by Dynamic Trader © 1996-2001

Following the April 10th 2001 **HVR–NR4/IB** setup the short position is triggered on the break below the low of the NR4/IB. The rest of the chart speaks for itself.

The will to conquer is the first condition of victory. – *Ferdinand Foch*

The **HVR–NR4/IB** Setup Appears in Corn

Catching Corns largest move of the year with the **HVR-NR4/IB** set up.

Corn (*daily continuation chart*)

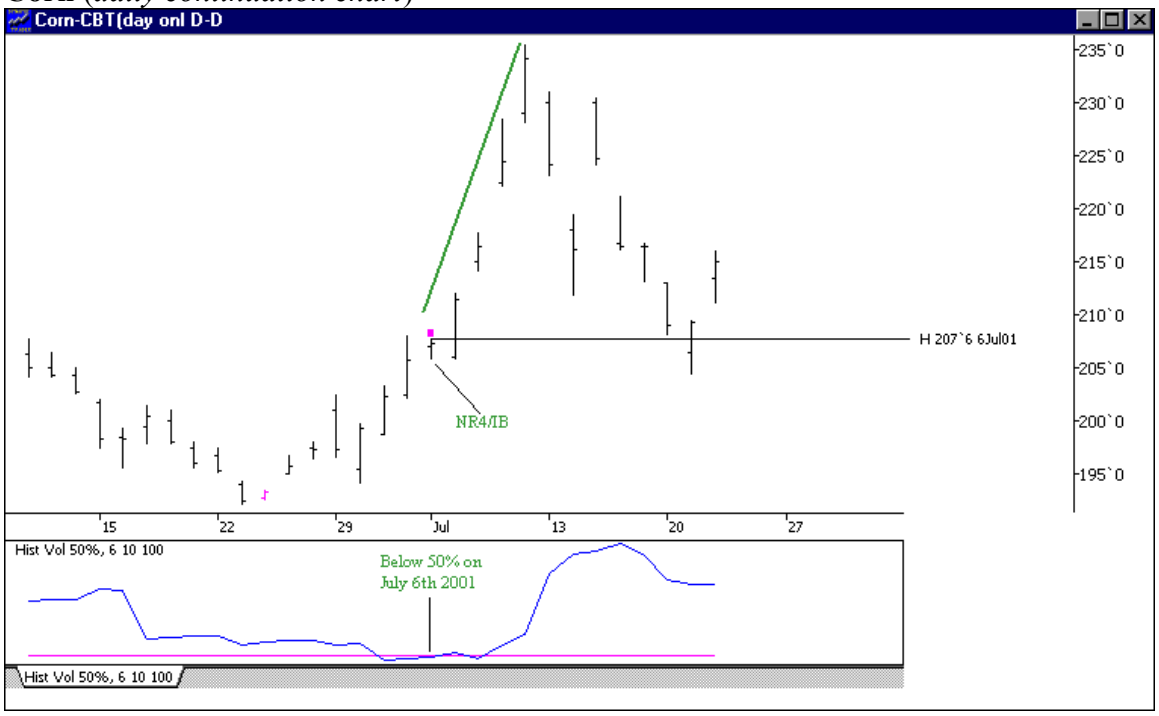


Chart created by Dynamic Trader © 1996-2001

July 6th 2001

Corn sets up in a **NR4/IB** while the **HVR** is under 50%. It's worth noting here that the HVR actual dropped below 50% a couple of days earlier. We simply wouldn't take the trade until the lower risk NR4/IB was set up. This set up came on July 6th.

The next session's open is lower than the NR4/IB close and almost triggers the short side. However, instead of taking out the low that would have triggered the sell stop entry, the market matched the 205.6 low and then reversed higher triggering the buy side order, which was sitting just above the 207.6 high at 208.0

From there the market took off in its largest 4-day move of 2001 (*as of this writing July 25th 2001*) which was worth **+$1,267.50** from the entry to the close of July 12th 2001 after peaking and turning back lower.

The Fake Out Reversal – **Using a SAR**

Oftentimes a market will give a head fake before showing its true expansion breakout direction. What this means is that a market will break the high or low of the NR4/IB and then reverse breaking in the opposite direction for the true expansion breakout.

We handle this by using our own discretion, as you should too on doing a *"Stop and Reverse"* (**SAR**).

Simply put, on the day of entry ONLY if one side of the trade is triggered, you can elect to initially put a **SAR** on the opposite side just in case the market makes a wide range reversal breaking the opposite way for the true expansion breakout.

NASDAQ 100 Index (*daily continuation chart*)

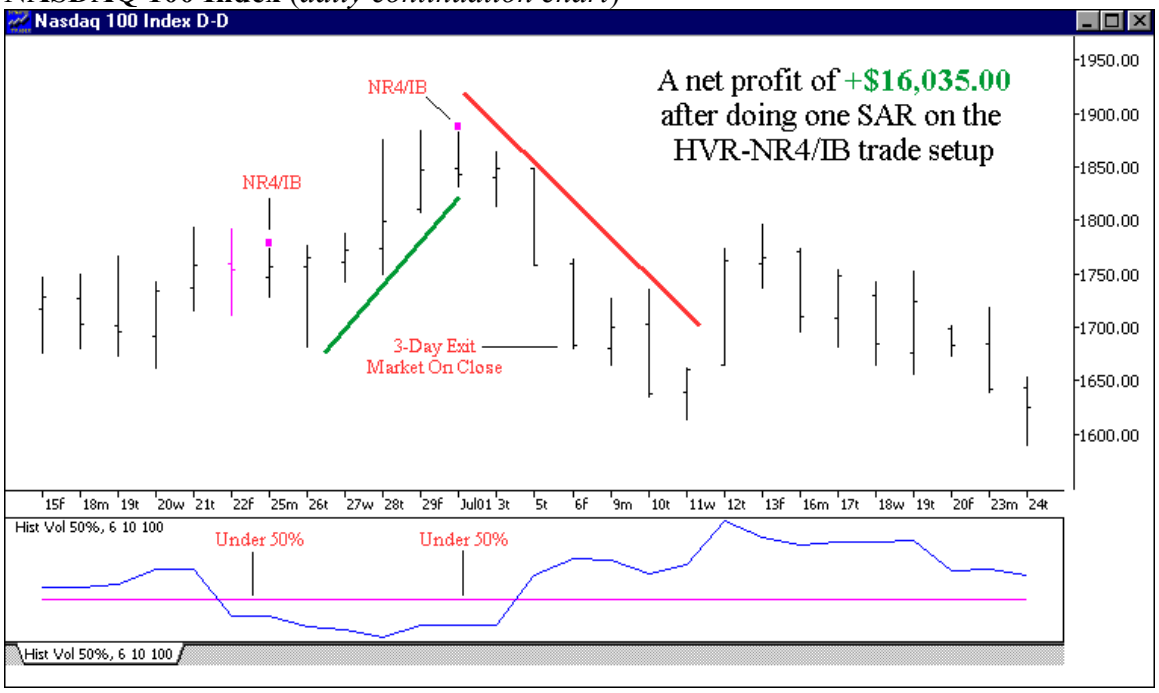


Chart created by Dynamic Trader © 1996-2001

The **HVR-NR4/IB** is setup. The next days wide range reversal triggered the trade short and then long on the SAR above the NR4/IB high. The result is holding the trade until either a new NR4/IB signal is generated while the market remained under 50% in the HVR or the HVR rose above 50%. This variation allows for another SAR profit exit to go short on a new NR4/IB signal. Since the HVR rose above 50% the second SAR to short is then exited according to the 3-day exit. The resulting being a **+$16,035.00** net profit.

Does It Always Have To Be An Inside Bar?

Each component plays a very important part. The **Inside Bar** is a point of market indecision, which adds to the lower risk setup entry. However, we do enter trades that are just the ***HVR/NR4*** setup.

This is a variation of the **HVR-NR4/IB** setup and one that can be extremely profitable as well. The daily alert service that is yours free with this purchase will also be alerting you to this kind of set up.

Let's take a look at the **HVR/NR4** setup in action in the Australian Dollar.

Australian Dollar (*daily continuation chart*)

Chart created by Dynamic Trader © 1996-2001

The chart speaks for itself...

You cannot attain great success without taking great risks.

– General Wm. Sherman

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Chart Review: Sept Lumber Trade

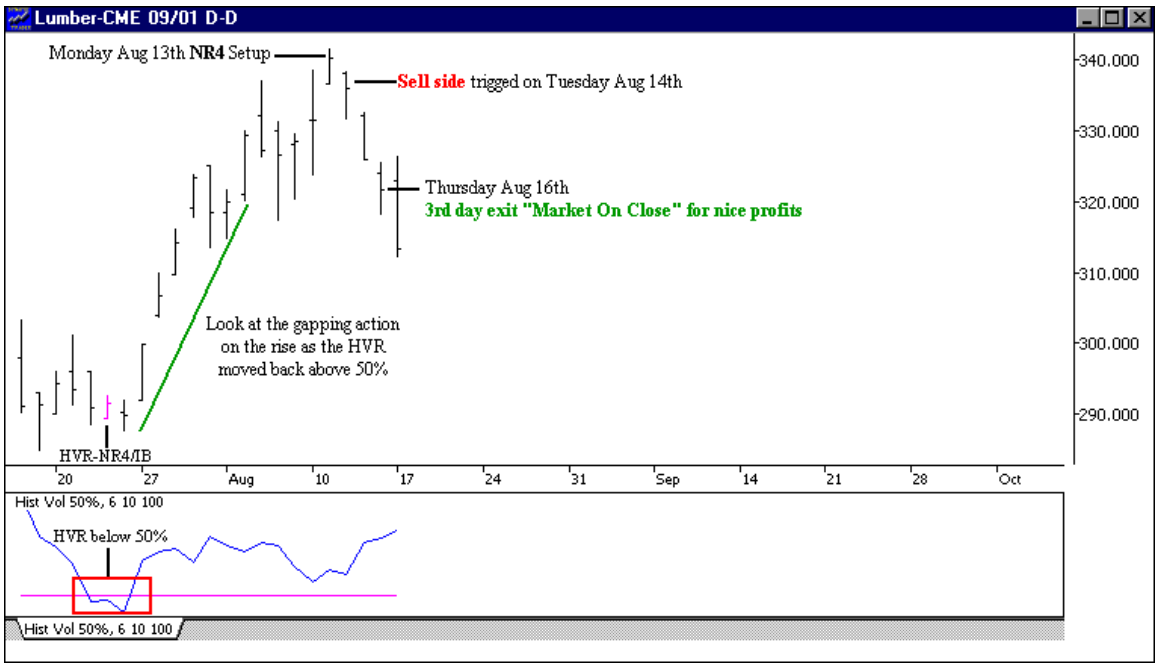

Chart created by Dynamic Trader © 1996-2001

Monday August 13th 2001
Sept Lumber gave us a **NR4** setup.
Tuesday August 14th 2001
The **sell side** was triggered and we went short Sept Lumber at **33640**, just under the **33650 NR4** bar low. The protective stop was place above the 34150 high of the **NR4** bar.
Thursday August 16th 2001
According to the 3-Day exit, we exited short Sept Lumber market on close at **32160** for **+$1,623.00** in profits after *only 3 days*.

☑ Take note of the **July 25th HVR-NR4/IB setup** we posted on the chart (bottom left). While the initial direction was triggered short and no SAR opportunity was able on the same day. The trade was stopped out on the following day for a minor loss. While our Chart Traders Service certainly got long with a strategy that goes beyond the scope of the eBook. *The important thing to note is the power of signals generated from the **HVR***.

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Chart Review: Sept Heating Oil Trade

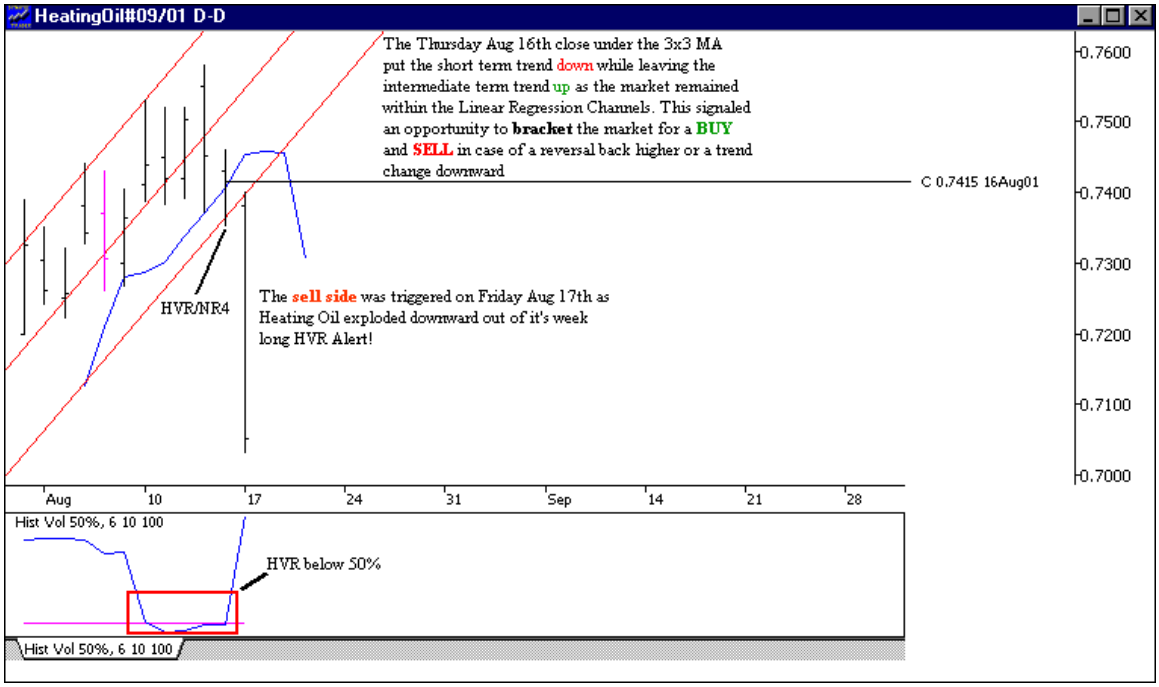

Chart created by Dynamic Trader © 1996-2001

Thursday Aug 16th 2001

After taking an initial loss of -($635.00) on Aug 15th from the Aug 14th **HVR/IB** setup. Sept Heating Oil sets up in a nice **HVR/NR4.** The Thursday Aug 16th close under the 3x3 MA put the short-term trend down while leaving the intermediate term trend up as the market remained within the Linear Regression Channels. This signaled an opportunity to **bracket** the market for a **buy** and **sell** in case of a reversal back higher or trend change downward.

Friday Aug 17th 2001

The **sell side** was triggered so we entered short the Heating Oil at **7340**. While the initial stop was above the **HVR/NR4** bar high. The stop has now been adjusted down to scratch for ZERO risk on the trade. So, we either gain something by the 3rd day MOC exit or we get stopped out for no gain and no loss. Since the 3 day exit isn't until Tuesday Aug 21st of this week, this trade now remains open with **+$1,208.80** in open profits.

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Chart Review: Sept Natural Gas Trade

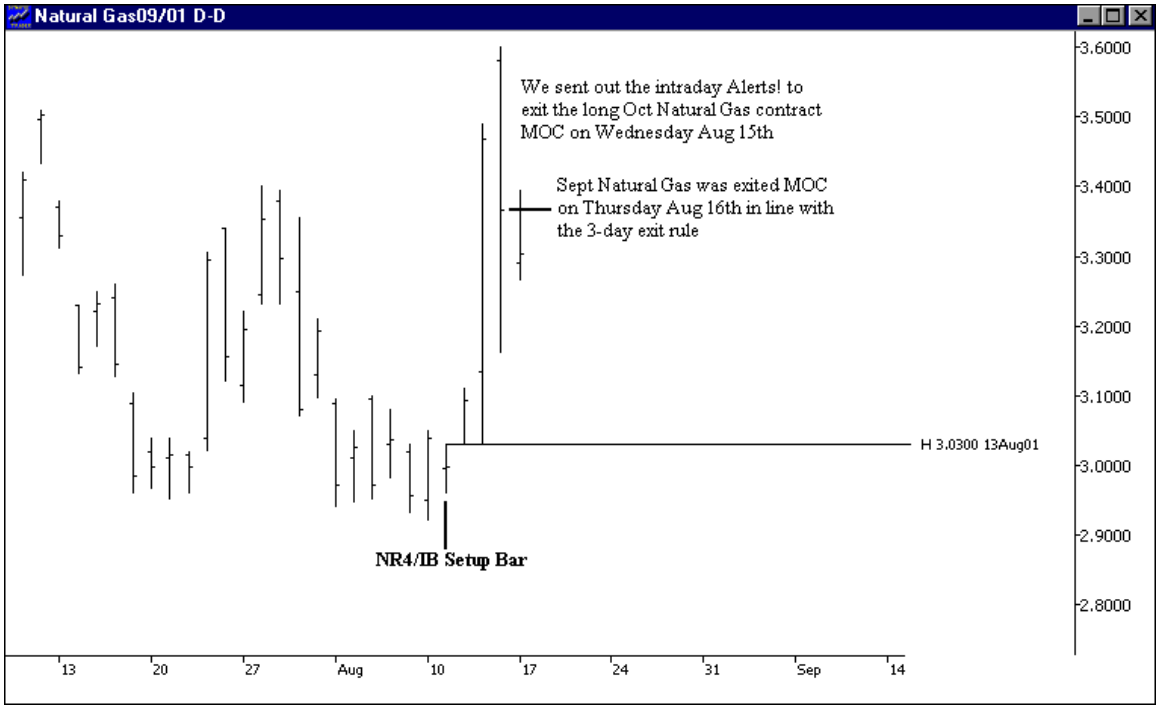

Chart created by Dynamic Trader © 1996-2001

Monday Aug 13th 2001
Sept and Oct Natural Gas give us a **NR4/IB** setup.
Tuesday Aug 14th 2001
The **buy side** of both the Sept and Oct Natural Gas are triggered and the market closes slightly higher.
Wednesday Aug 15th 2001
Natural Gas explodes higher and we sent the intra-day Alerts to exit the long Oct contract market on close, which we did for a nice realized profit of **+$4,385.00** after *only two day*.
Thursday Aug 16th 2001
We exited the remaining Sept Natural Gas MOC according to the 3-day exit rule for a realized profit of **+$3,355.00** in the Sept contract. Combined profits of **+$7,740.00** was realized last week in this trade in *only three days*. While this was one of the nicer trade entries, it's worth nothing that the trade showed ZERO DRAWDOWN.

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Chart Review: Oct Lean Hogs Trade

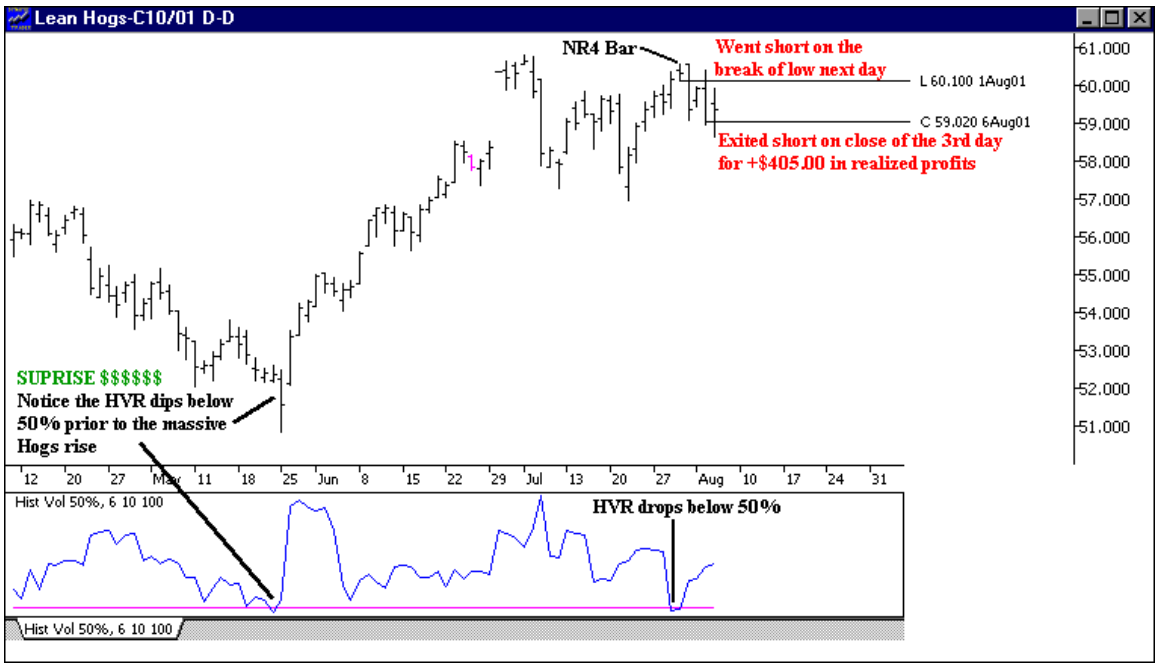

Chart created by Dynamic Trader © 1996-2001

Wednesday August 1st 2001
Oct Hogs gave us a **HVR/NR4** setup

Thursday August 2nd 2001
The **sell side** was triggered and we went short the Oct Hogs. We used a stop above the setup bars 6055 high. Thus our stop was at 6560. The high of the trigger day was 6557. So it was close. However we remained short the Hogs.

Monday August 6th 2001
According to the 3-Day exit, we exited short Oct Hogs market on close for **+$405.00** in profits.

☑ Take note of the **SURPISE** we posted on the chart that shows the HVR Alert prior to the massive rise in Lean Hogs. Basically… *the HVR is absolutely incredible!*

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Chart Review: Sept Aussie$ Trade

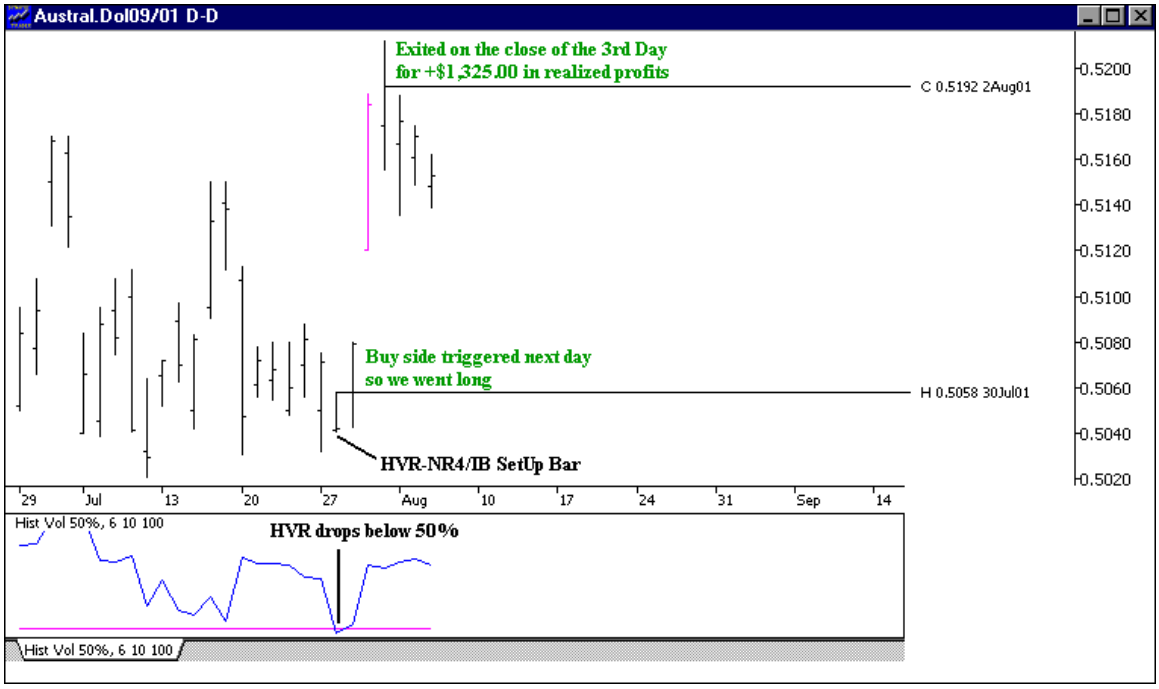

Chart created by Dynamic Trader © 1996-2001

Monday July 30th 2001
Sept Aussie sets up in a nice **HVR-NR4/IB**

Tuesday July 31st 2001
The **buy side** was triggered so we entered long the Aussie. Our protective stop was place just under the low of the setup bar. The setup bar low was 5040, so we used 5points and placed our stop at 5035. The low of the trigger day was 5042 so our established long remained open.

Thursday August 2nd 2001
Using the 3-Day exit rule, we then exit the long position on the close of August 2nd for a realized profit of **+$1,325.00**.

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Chart Review: Dec Aussie$ Trade

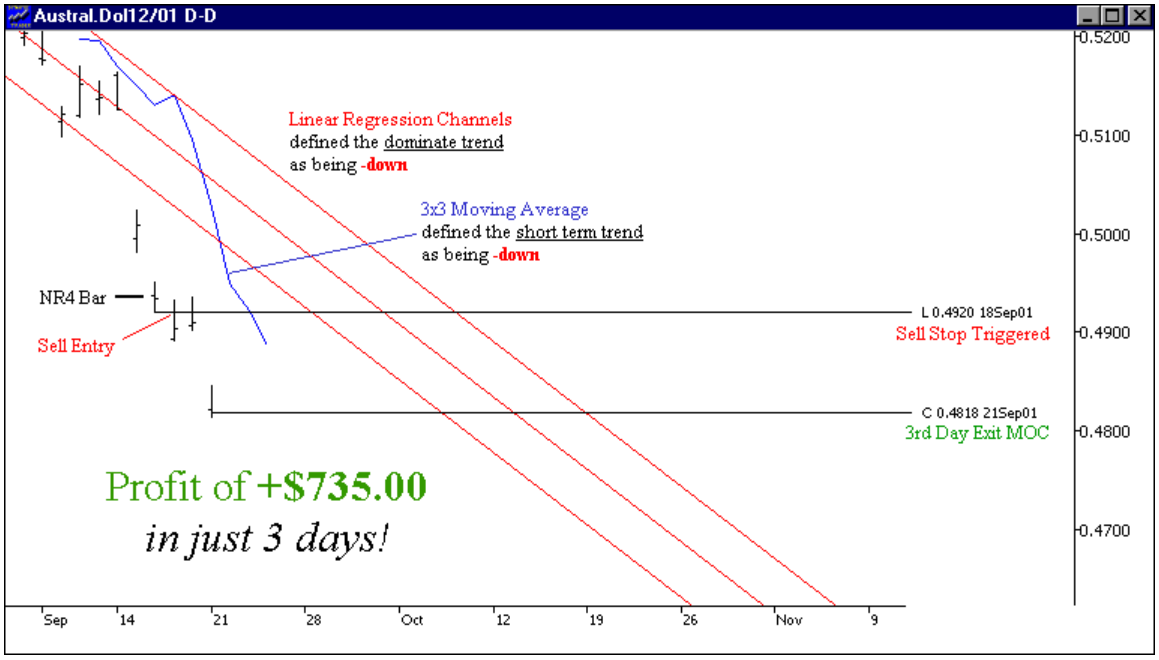

Chart created by Dynamic Trader © 1996-2001

Tuesday September 18th 2001
Dec Aussie$ gave us a **NR4** sell setup.

Wednesday September 19th 2001
The market trade lower triggering our **sell stop** and we went short the Dec Aussie$.

Friday September 21st 2001
According to the **3rd Day Exit**, we exited the Dec Aussie$ market on close for **+$735.00** in profits after *only 3 days*.

☑ The sell setup is determined by the dominant trend (**ITT**) being **-down** as defined by the Linear Regression Channel.

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Chart Review: Dec Dow Jones Index Trade

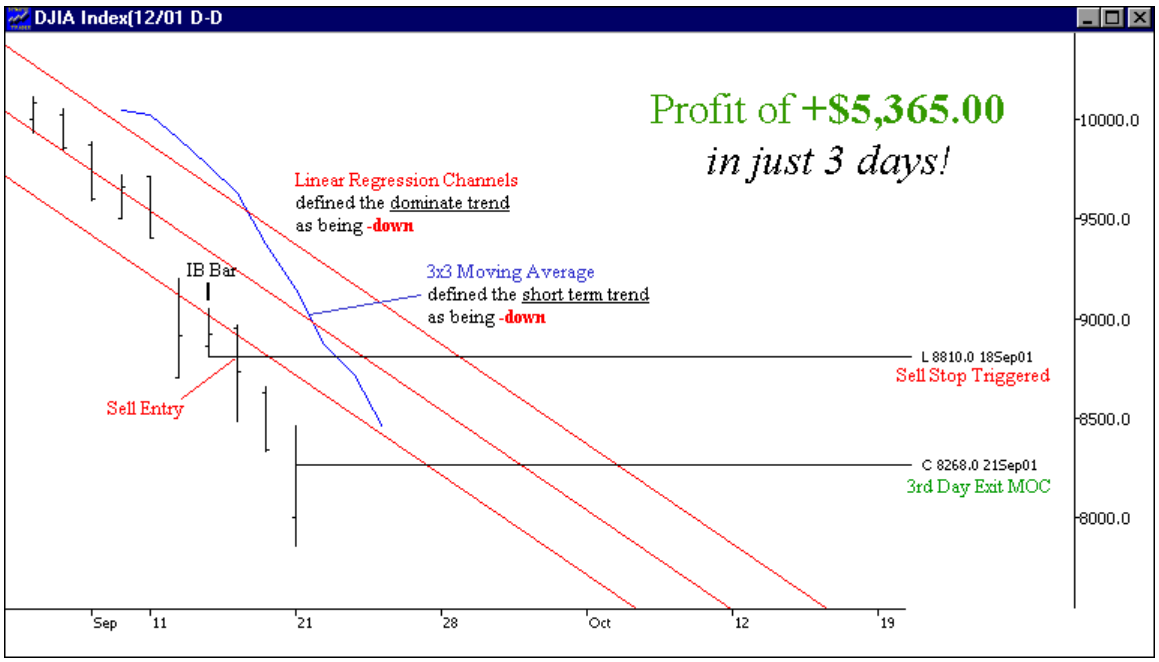

Chart created by Dynamic Trader © 1996-2001

Tuesday September 18th 2001
Dec Dow Jones gave us an **IB** sell setup.

Wednesday September 19th 2001
Our **sell setup** is triggered and we went short the Dec Dow Jones Index.

Friday September 21st 2001
According to the **3rd Day Exit**, we exited the short Dec Dow Jones Index market on close for **+$5,365.00** in profits after *only 3 days*.

☑ The sell setup is determined by the dominant trend (**ITT**) being **-down** as defined by the Linear Regression Channel.

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Chart Review: Nov Feeder Cattle Trade

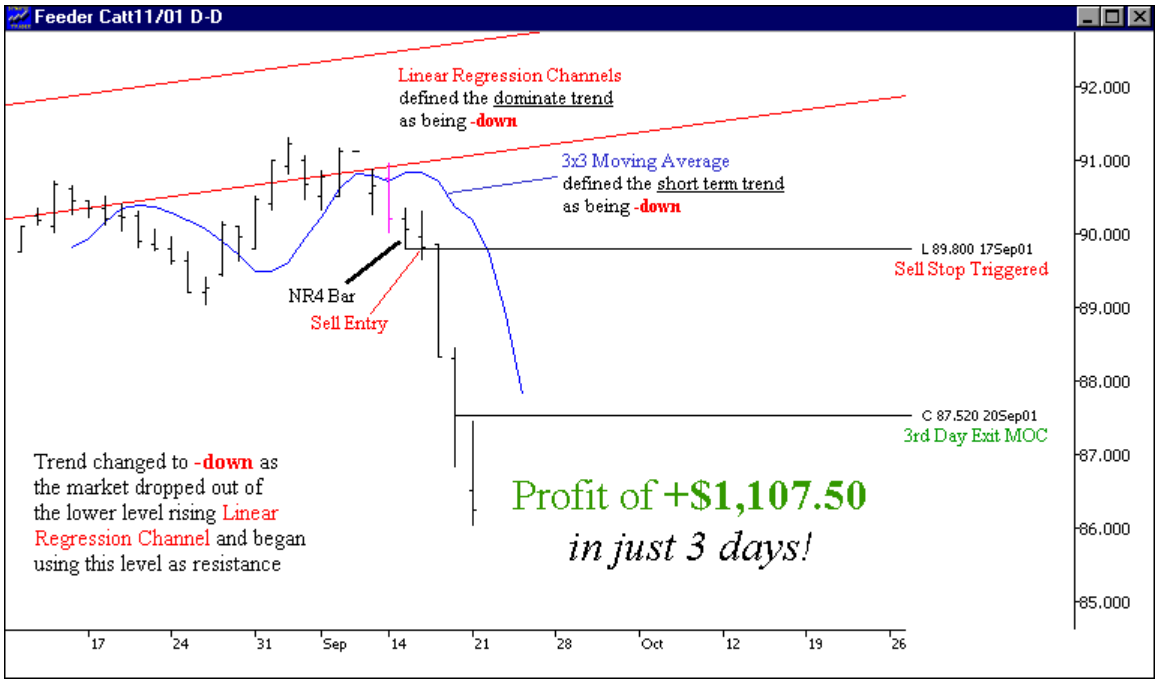

Chart created by Dynamic Trader © 1996-2001

Monday September 17th 2001
Nov Feeder Cattle gave us a **NR4** sell setup.

Tuesday September 18th 2001
Our **sell setup** is triggered and we went short the Nov Feeders.

Thursday September 20th 2001
According to the **3rd Day Exit**, we exited the short Nov Feeder Cattle market on close for **+$1,107.50** in profits after *only 3 days*.

☑ The sell setup is determined by the dominant trend (**ITT**) being **-down** as defined by the Linear Regression Channel.

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Chart Review: Nov Lumber Trade

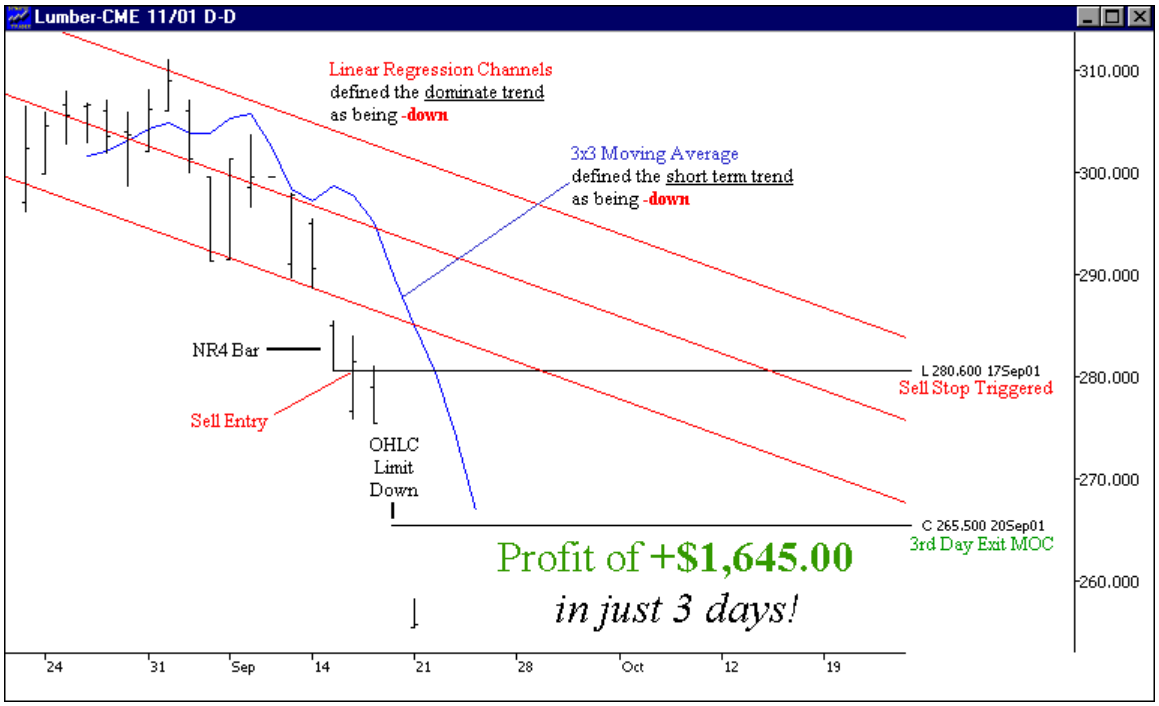

Chart created by Dynamic Trader © 1996-2001

Tuesday September 18th 2001
Nov Lumber gave us a **NR4** sell setup.

Wednesday September 19th 2001
Our **sell setup** is triggered and we went short Nov Lumber.

Friday September 21st 2001
According to the **3rd Day Exit**, we exited the short Nov Lumber market on close for **+$1,645.00** in profits after *only 3 days*.

☑ The sell setup is determined by the dominant trend (**ITT**) being **-down** as defined by the Linear Regression Channel.

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Chart Review: Dec S&P 500 Index Trade

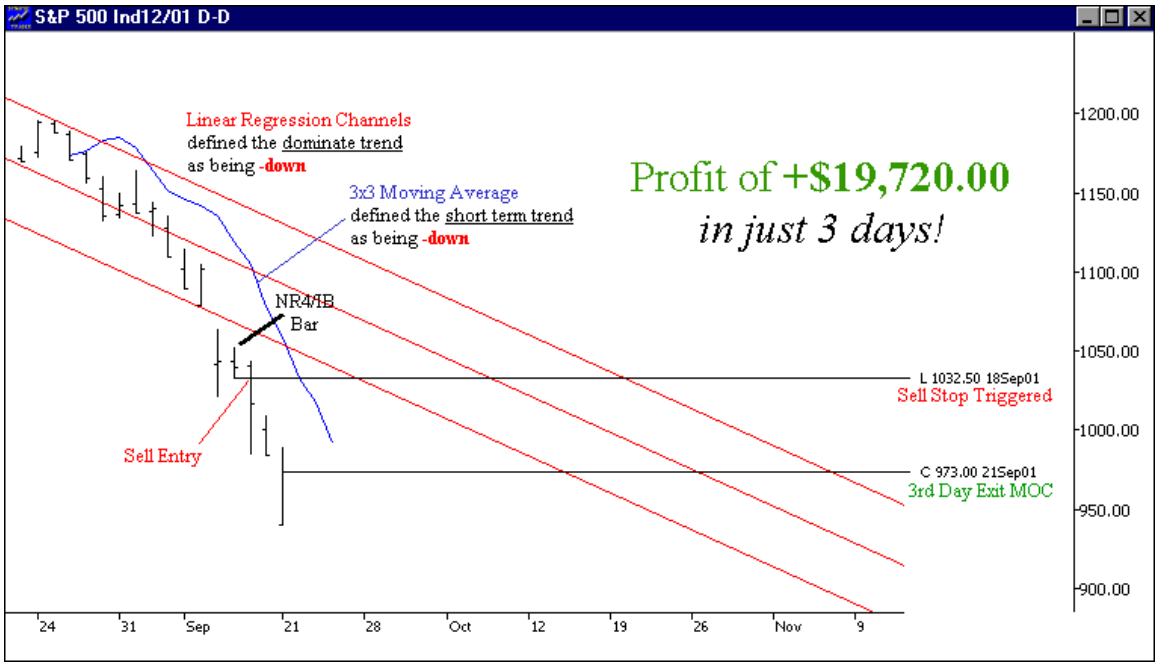


Chart created by Dynamic Trader © 1996-2001

Tuesday September 18th 2001
Dc S&P gave us a **NR4/IB** sell setup.

Wednesday September 19th 2001
Our **sell stop** is triggered and we went short the Dec S&P 500 Index.

Friday September 7th 2001
According to the **3rd Day Exit**, we exited the short Dec S&P market on close for **+$19,720.00** in profits after *only 3 days*. We also went short and exited the Dec Emini S&P during this same time for an additional **+$3,920.00** in profits in *only 3 days*.

☑ The sell setup is determined by the dominant trend (**ITT**) being **-down** as defined by the Linear Regression Channels.

…And that's the **HVR-NR4/IB** setup!

Now, does this catch every major market move? No it doesn't. It's not supposed to and it's not going to. However the moves that it does catch tend to be very low in risk and extremely profitable. The **HVR-NR4/IB** setup is not a holy grail by any means.

However, what it is, is… ***"A simple and straightforward method of market entry and exit that has the highest probability of being profitable while minimizing the risk and capital exposed, allowing for maximum effectiveness in trading."***

- This set up may not present enough market opportunities and action for you.
- Perhaps it misses to many moves you would like to be in, in addition to the moves it catches.

Both of those are understandable. This set up is not meant to be the driving force of your trading. While it can be used alone, it makes a great addition to any trader's arsenal of trading techniques, methods and entry considerations.

At the very least it's important for you as a trader to be alerted to these kinds of low volatility range contraction setups. Because you don't want to trade against any market about to exploding from this kind of setup.

If you are a swing trader, it's good to be alerted to these market setups so you don't find yourself trying to swing trade a market with low volatility that could explode against your position resulting in a massive loss of trading capitol and account equity.

If you are position trading, it's good to be alerted to these market setups because it will give you a heads up for an opportunity to jump in on some explosive and impulsive market action that could mean some very handsome profits.

Now with that said my friend, **I challenge you**…

The **HVR-NR4/IB** Challenge!

Now it's time to get it on.

I challenge you to challenge the **HVR-NR4/IB** setup. As you know, with your purchase of this eBook, you will now be getting our very own actual **HVR-NR4/IB** setups (*sent daily*) as they develop, for an entire year – FREE!

I challenge you watch every trade that we send through over the next month. Track it on paper and see for yourself how potent the **HVR-NR4/IB** setup is.

The question is **NOT**:
- Is this the best thing out there? – *It doesn't matter!*
- Will this catch every major move? – *Of course not, what does?*

The real question **IS**:
- Can the **HVR-NR4/IB** set up add to any current profits you or making? – **YES!**
- Can it help you become profitable if you aren't right now? – **YES!**
- Can it keep your risk exposure low and profit potential high? – **YES!**

Now, don't just take my word for it. Find out the answer to these questions for yourself. Starting immediately. There's no need to wait.

Just begin checking your email box each day and follow the setups as they are sent.

While I'm sure I've made a pretty good convincing case. Like I said, don't just take my word for it. See the **HVR-NR4/IB** setup in action for yourself.

My friend, I do hope you **accept this challenge** as it could prove be a colossal boost to your trading success. Again I thank you for your time, attention and confidence.

Stephen A. Pierce, CTA

http://www.rapidfireswingtrading.com/

BONUS SUPPLEMENT

A Simple Approach to Trading the Trend

How to avoid the sting of the market whip
While Capturing the **HVR** Breakout!

One way to avoid being whipped and *explode the profitable results* of the **HVR-NR4/IB** setup and it's variations is to only take a signal in the direction of the defined dominate trend.

The question then becomes. **What is the trend and how is it defined?**

In your daily Alerts! you're given two really good indications of the *short-term trend* (**STT**) and the *intermediate term trend* (**ITT**).

In this special **BONUS SUPPLEMENT** to your eBook, we will give you a visual of the **STT** and **ITT** trend identifiers used in your daily Alerts!

We have two simple elements that even a moron can use to understand the direction of dominate trend. It would even be proper if this bonus supplement were called: Trend Identifying for Dummies. ☺

So, let's get right into it. There are two simple elements that can be used to quickly identify a markets trend. These two elements are:

☑ **3x3 Displaced Moving Average** (**STT**) Short-Term Trend identifier
…And…
☑ **Linear Regression Channels** (**ITT**) Intermediate Term Trend identifier

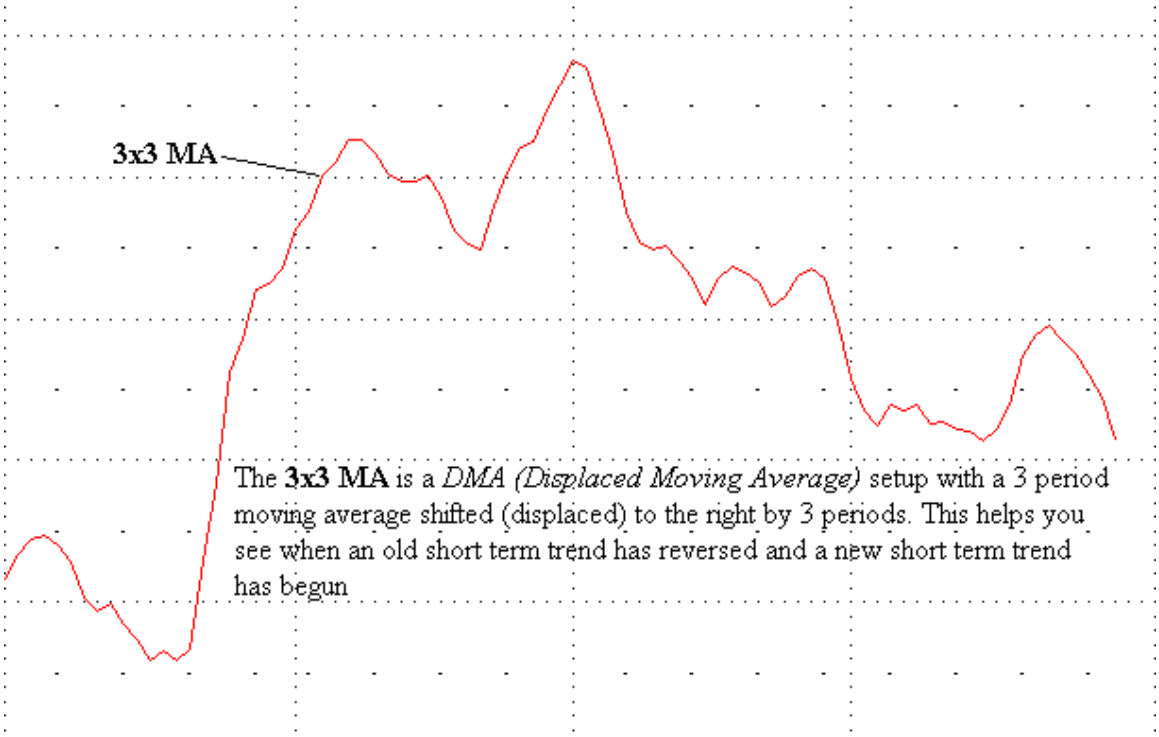
Since the saying "*a picture is worth a thousand words*" applies very well here. We will let the charts speak to you themselves and avoid useless commentary.

To close this bonus supplement, we will look at some of the actual trade setups that were sent via your Alerts! for the week of August 20th 2001.

First, let's take a closer look at each of the two trend identifying elements in a progressive way so you don't miss how simple this approach to trend identification is.

How To Profit from Outstanding Short-Term Trading Opportunities
RapidFireSwingTrading
right on target
http://www.rapidfireswingtrading.com/

Taking a look at the 3x3 MA



☑ The **3x3 MA** is a *DMA (Displaced Moving Average)* setup with a 3 period moving average shifted (displaced) to the right by 3 periods. This helps you see when an old short-term trend has reversed and a new short-term trend has begun.

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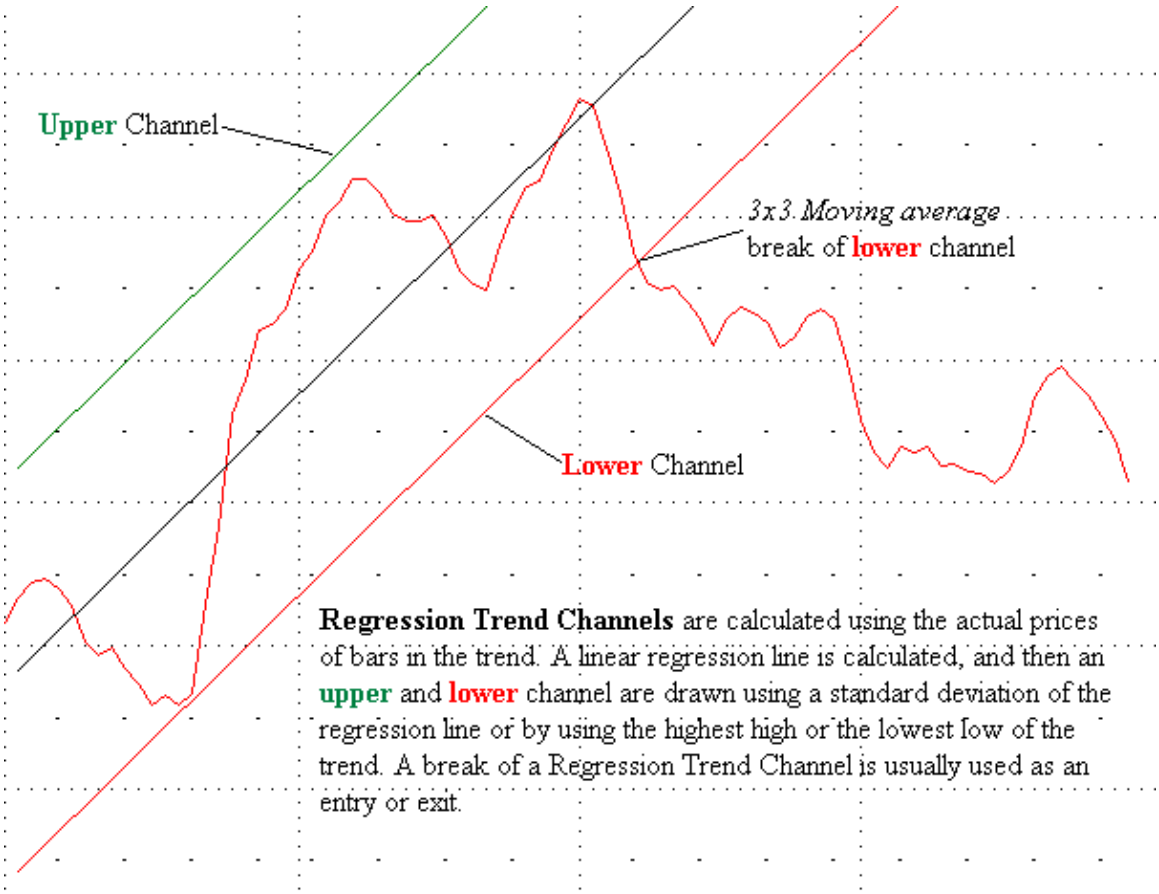
Combining the 3x3 MA with the Regression Channels



☑ **Regression Trend Channels** are calculated using the actual prices of bars in the trend. A linear regression line is calculated, and then an **upper** and **lower** channel is drawn using a standard deviation of the regression line. Or by using the highest high or the lowest low of the trend. A break of a Regression Trend Channel is usually used as an entry or exit.

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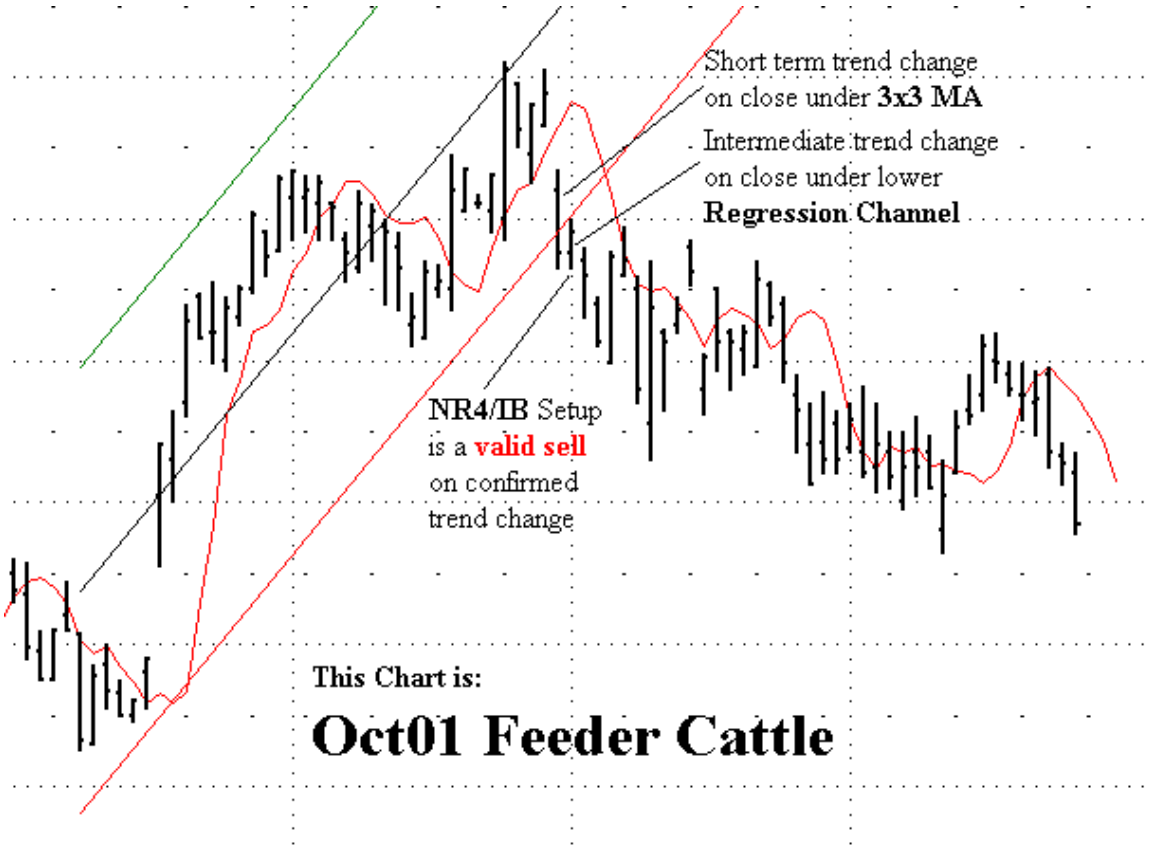
Putting the two together in Real Action



Now, let's put the price bars on the chart!

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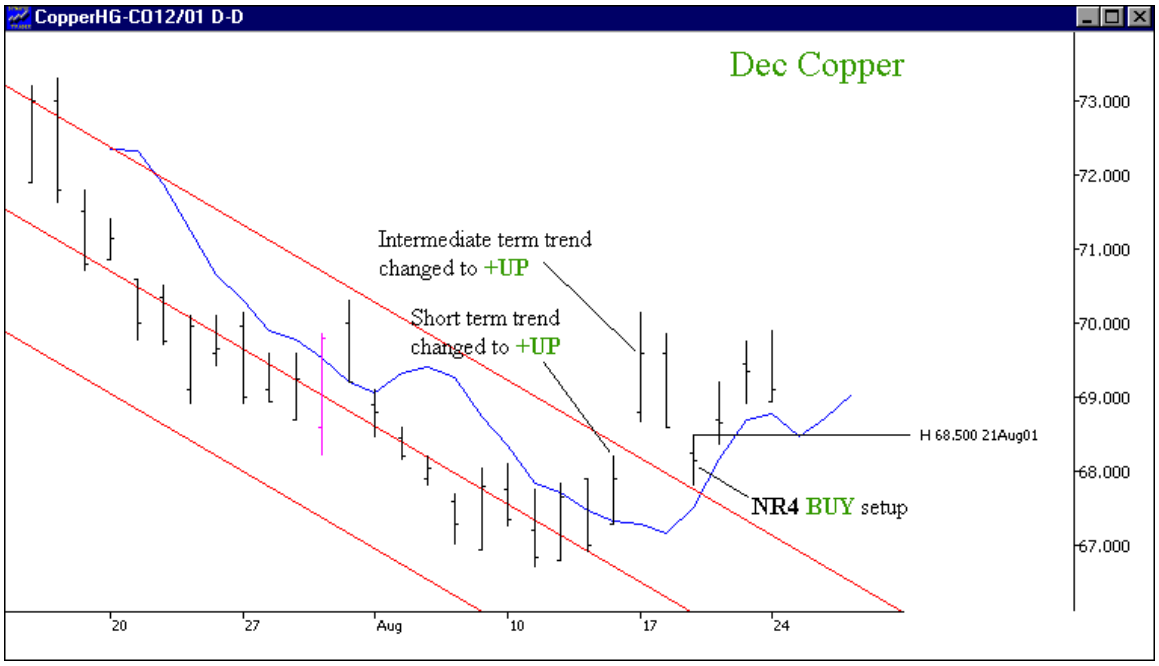
Using the Trend for Better Entries & More Profits

Dec Copper (trade from week of August 20th 2001)



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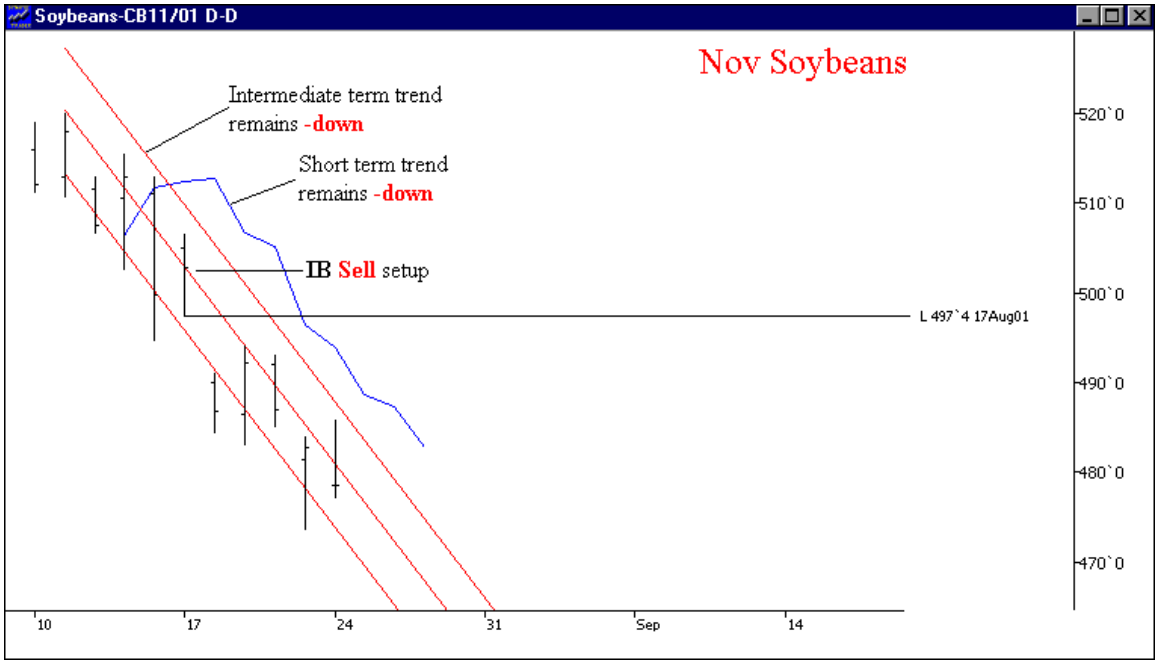
Nov Soybeans (trade from week of August 20th 2001)



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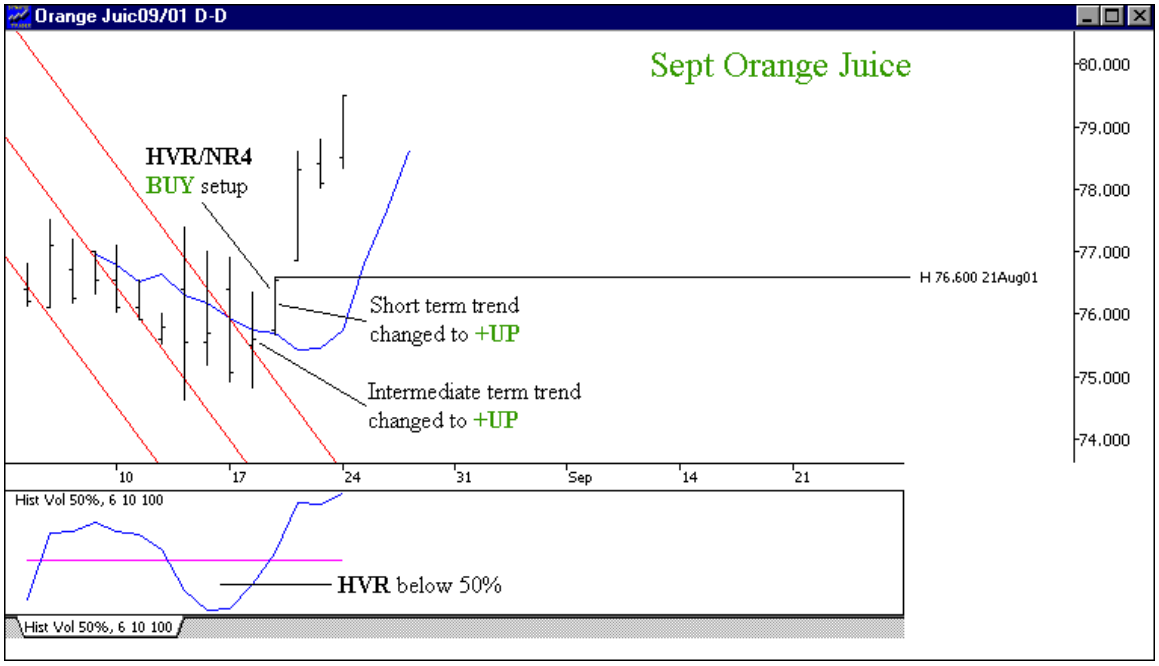
Sept Orange Juice (trade from week of August 20th 2001)



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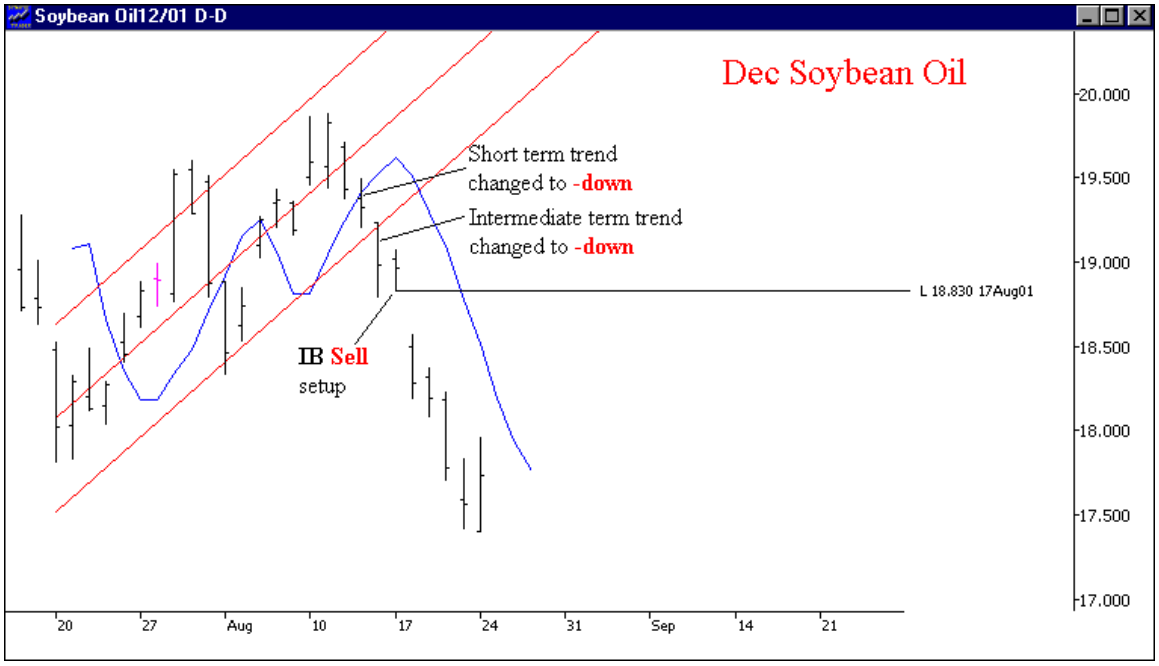
Dec Soybean Oil (trade from week of August 20th 2001)



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