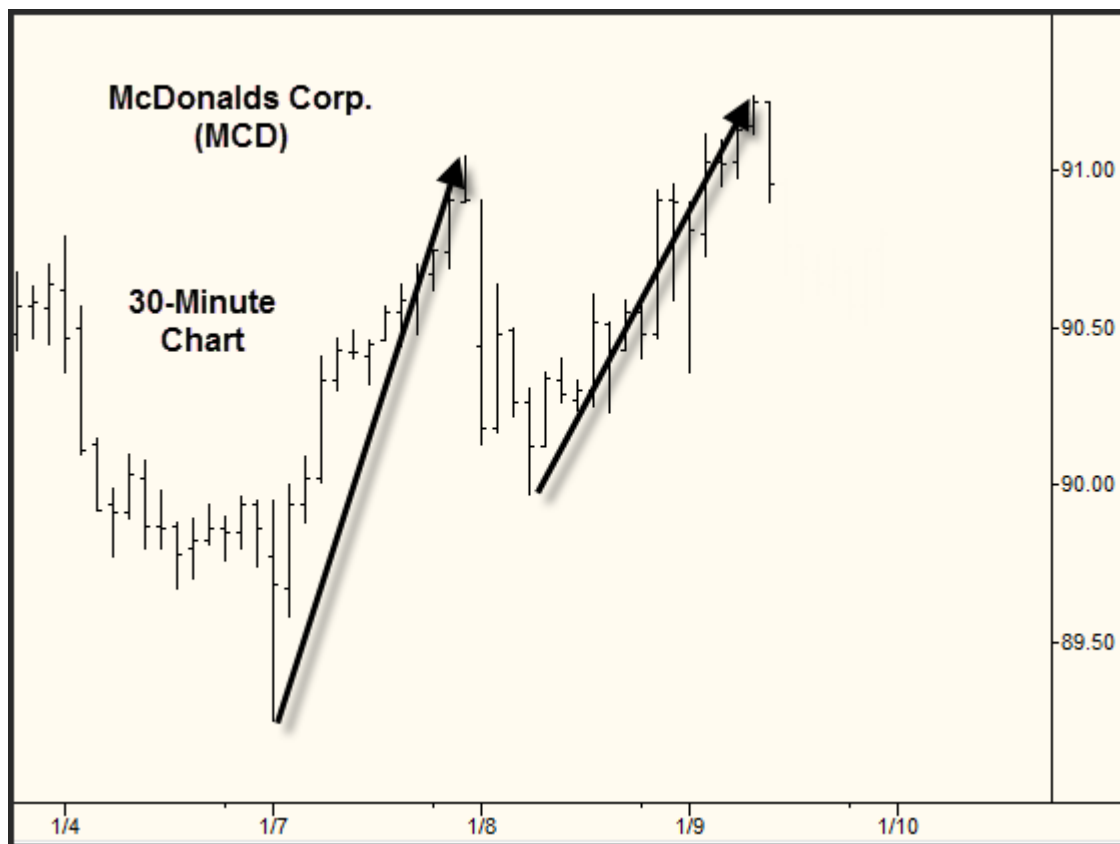


Market Sentiment Trade

It's really difficult for most people to see the market sentiment signal. It's basically a weaker move up (or down) vs. a previous move.

This trade is illustrated in the Wealth Building with Weekly Options book starting on page 56.

A recent Market Sentiment trade occurred on Jan. 9th in MCD.

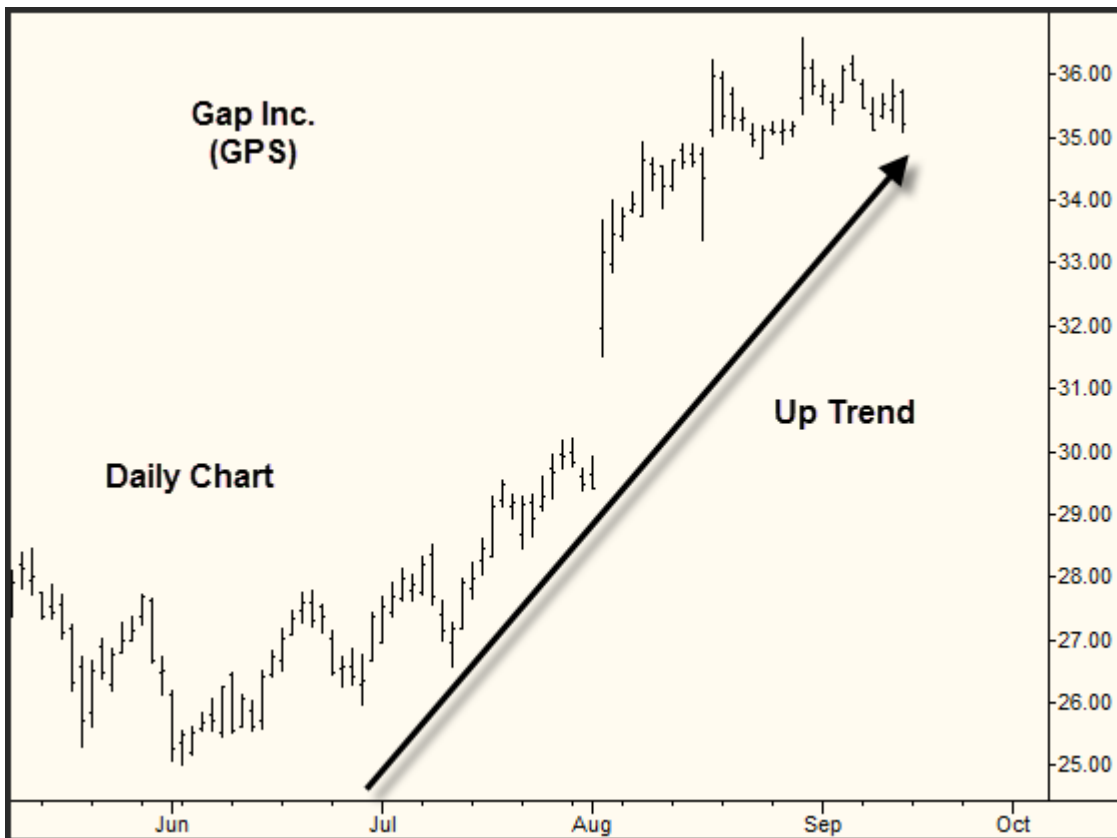


If you measure the move up from the Jan. 7th low of 89.25 to the Jan. 7th high of 91.05, it all happened in 12 trading bars for an average of .15 per bar. After a pull back to a low of 89.97, 14 bars later the high was 91.24 for an average of .09 per bar. The 2nd move up was weaker than the first move up which resulted in the Market Sentiment sell signal.

Support and Resistance Trade

This pattern is discussed in the Wealth Building with Weekly Options book on pages 38 through 49 and in the Price Surge book on pages 42 and 43.

An example of the Support and Resistance Trade occurred on September 17th with GPS.



This daily chart of GPS shows a strong uptrend that was in force from early July.

A strong daily trend is not necessary for a Support or Resistance trade, but it can certainly help.

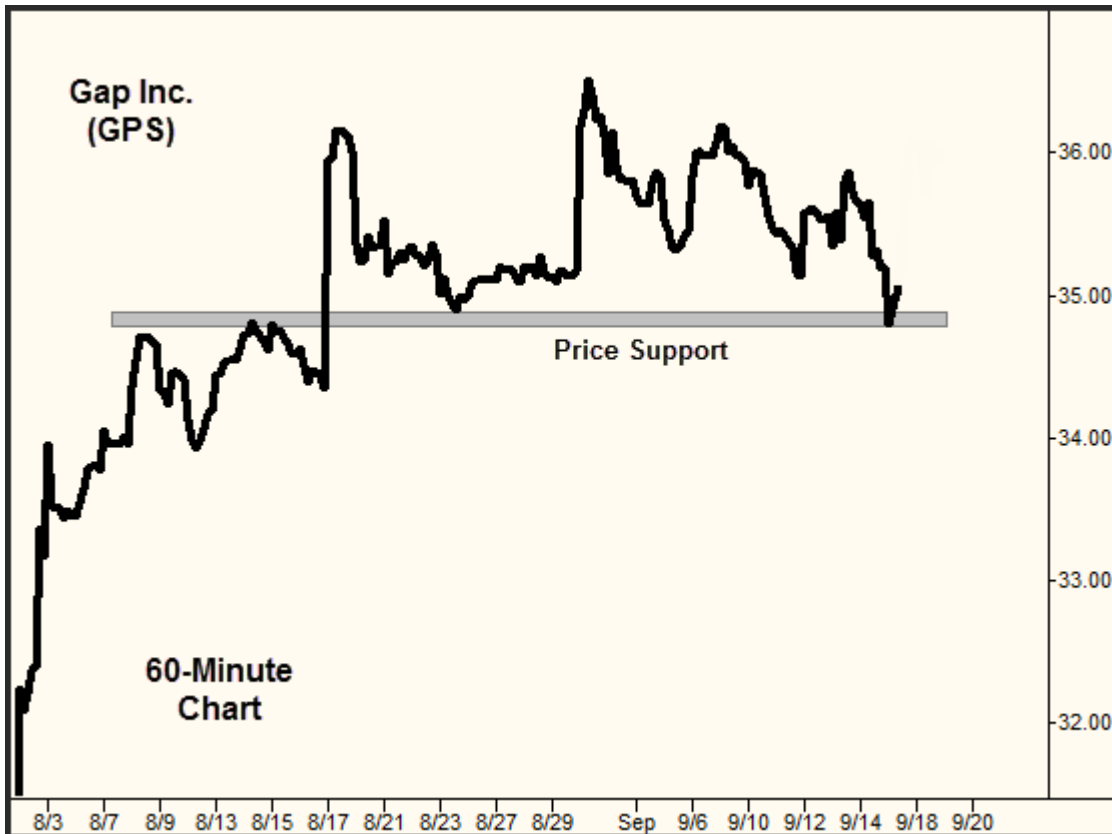
Support and Resistance Trade (Continued)

In this 60-minute chart, price support came in at roughly 34.85.



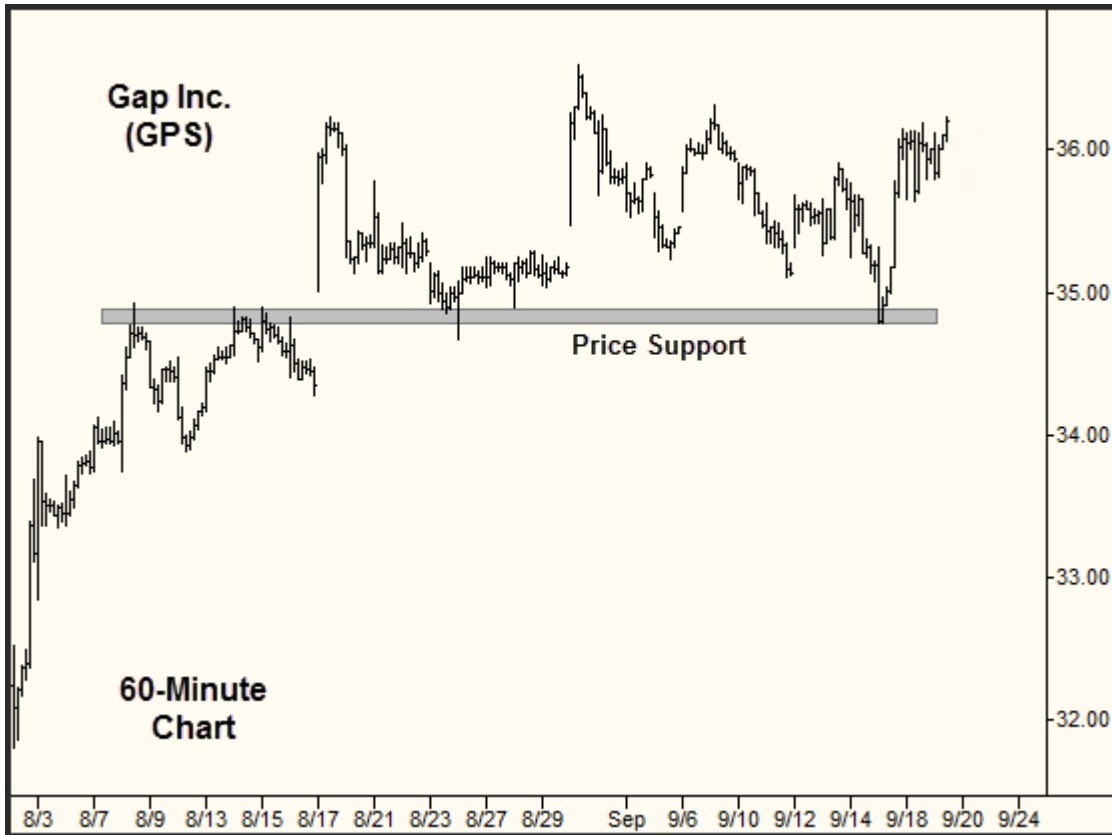
Support and Resistance areas are sometimes easier to see using a 'close only' chart.

Support and Resistance Trade (Continued)



When the market opened on September 17th, the stock traded lower to our price support area at 34.85. At 1:30 PM Eastern Time, the GPS 35 Call expiring on September 22nd was trading at .50.

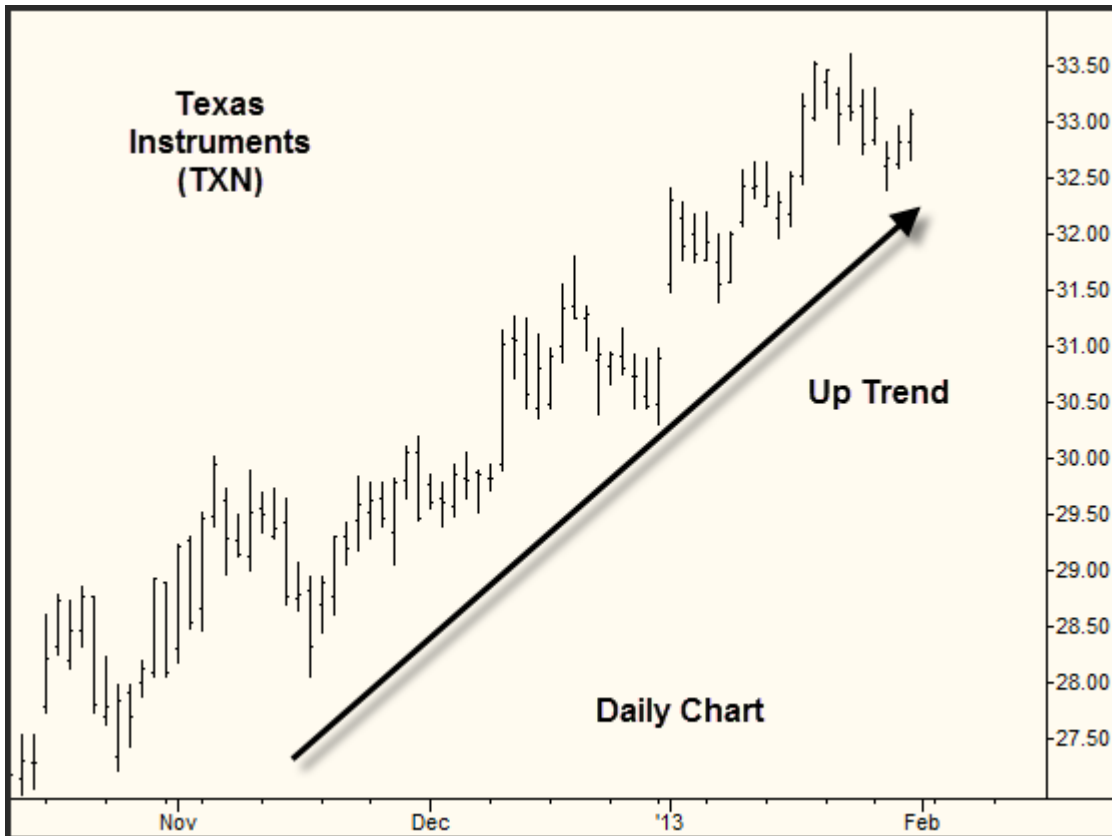
Support and Resistance Trade (Continued)



The trade was closed 2 days later with a gain of just over 100%.

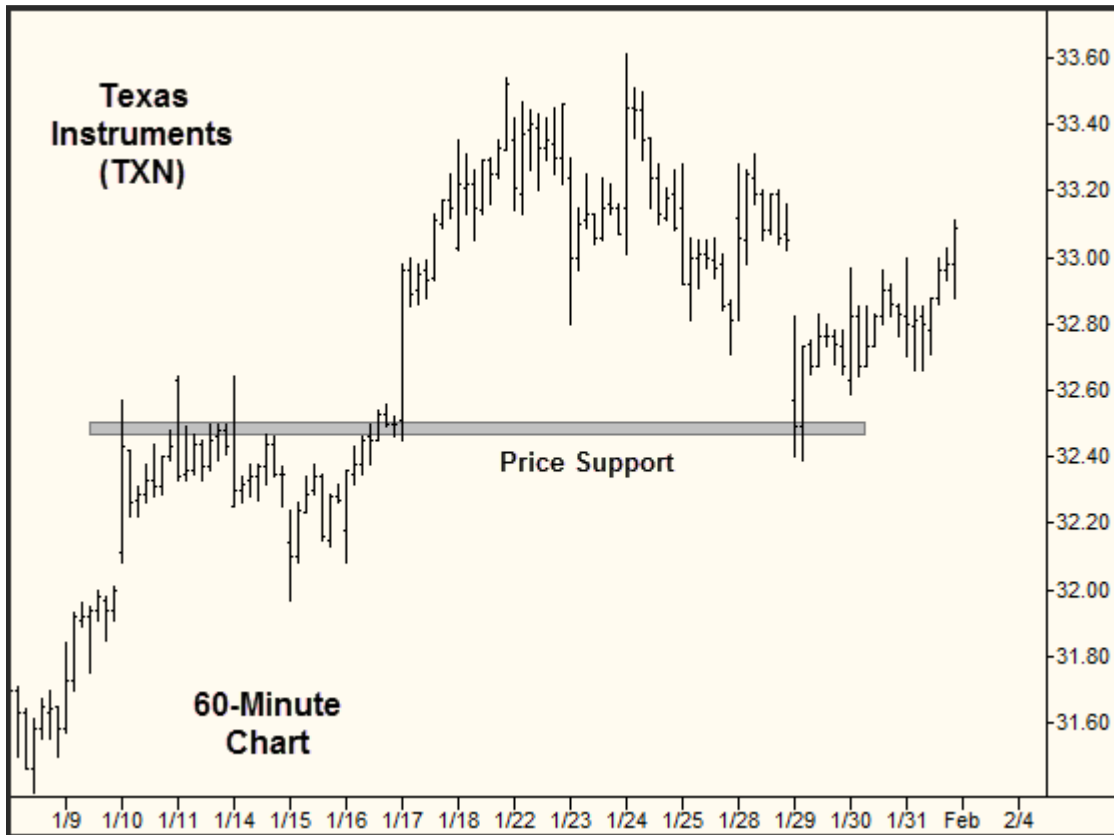
Support and Resistance Trade (Continued)

Another example of the Support and Resistance Trade occurred on February 1st with TXN.



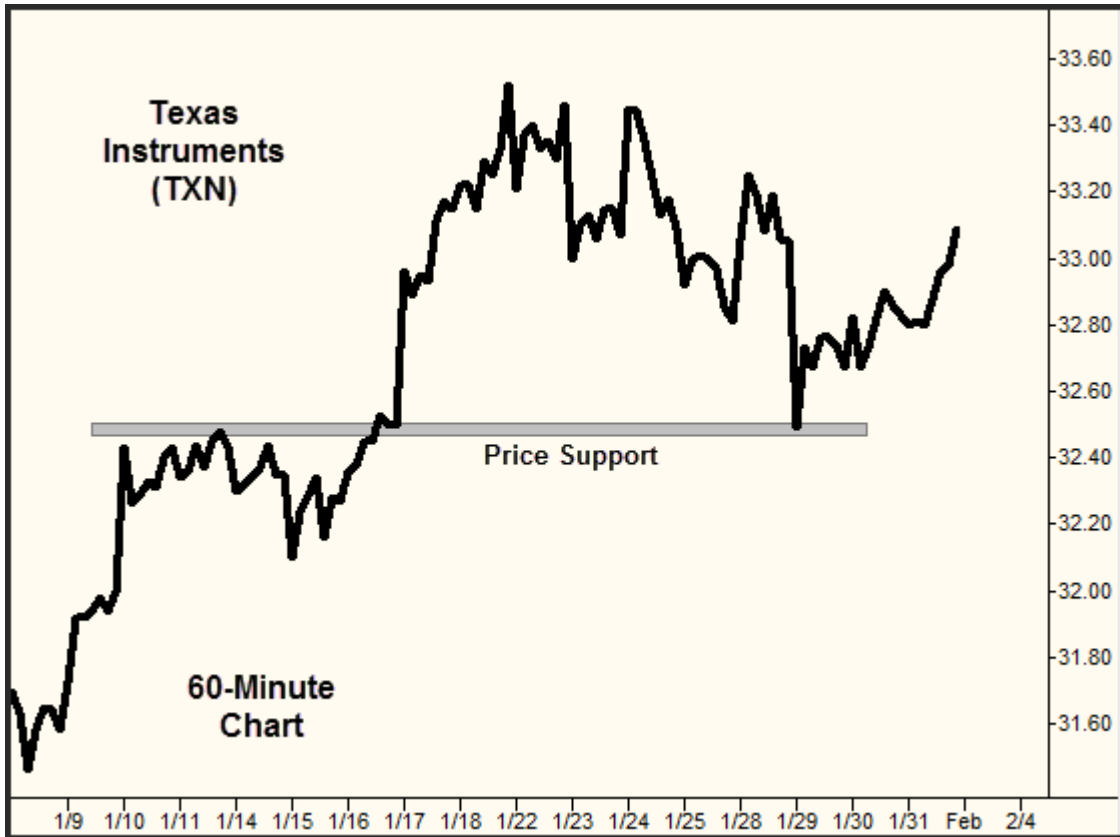
As with the previous example, TXN was in a strong uptrend from early November.

In this 60-minute chart, price support came in at roughly 32.50.



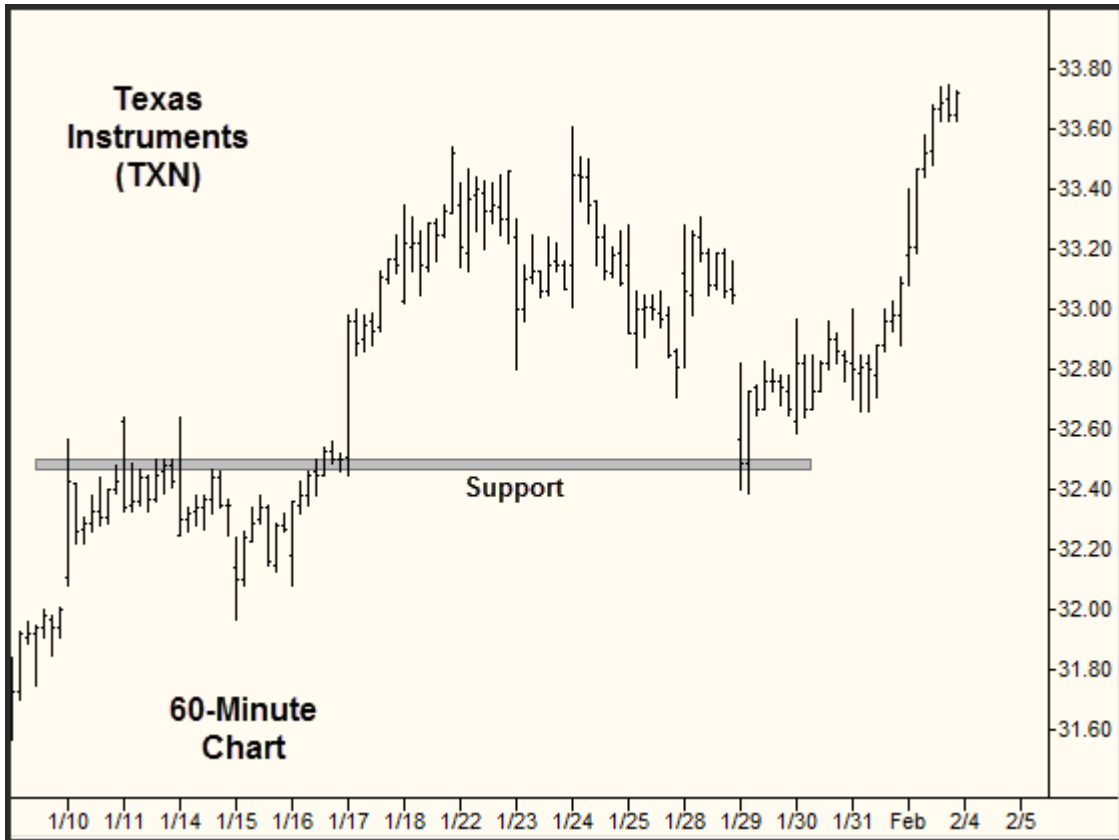
On the next page is a 'close only' chart of TXN.

Support and Resistance Trade (Continued)



As the market opened on February 1st, the TXN 33 Call expiring on February 8th opened at .55.

Support and Resistance Trade (Continued)



The trade was closed a few hours after the entry with a gain of around 27%.

Trend Line Trade

This pattern is discussed in the Wealth Building with Weekly Options book on pages 50 through 55.

It's interesting how markets (especially stocks) have a tendency to follow a trend line. In the daily chart below of Qualcomm, the trend lines illustrate how this stock seems to adhere to its trend lines.

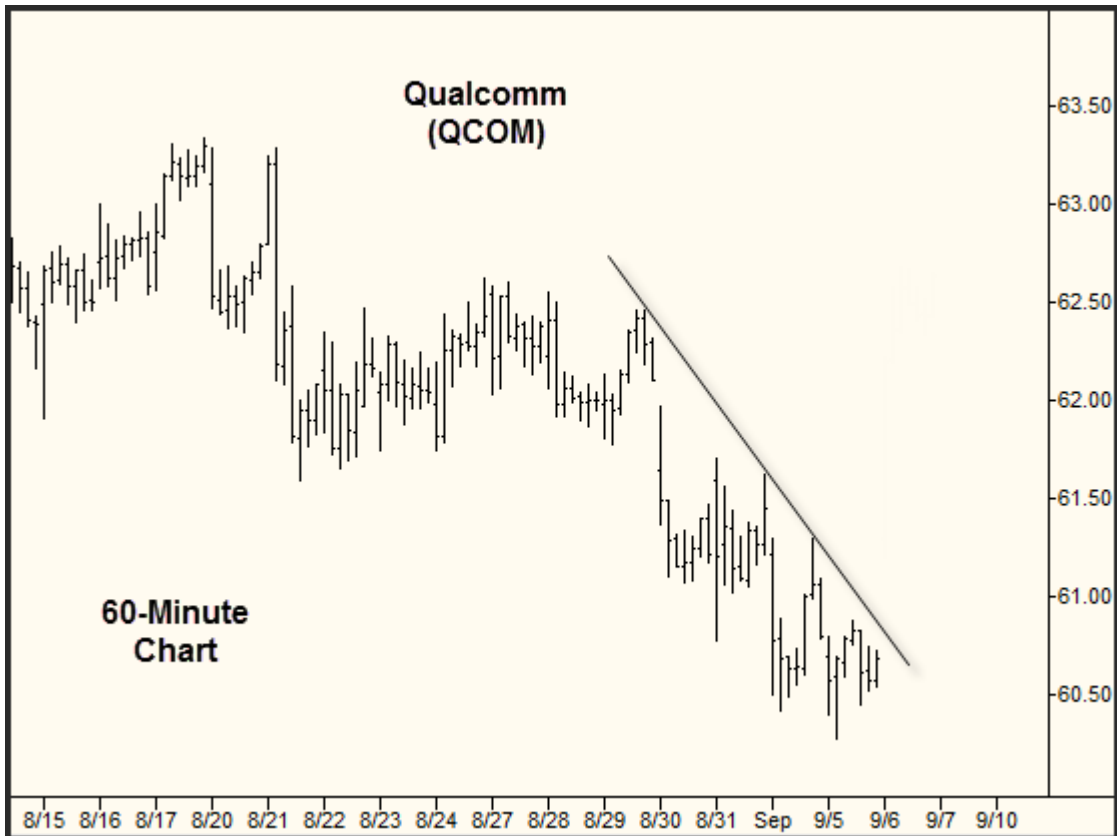


As a general rule, most trend lines are broken soon after the establishment of the third point on the trend line.

In early September 2012, Qualcomm was declining beneath a trend line that consisted of at least 3 points.

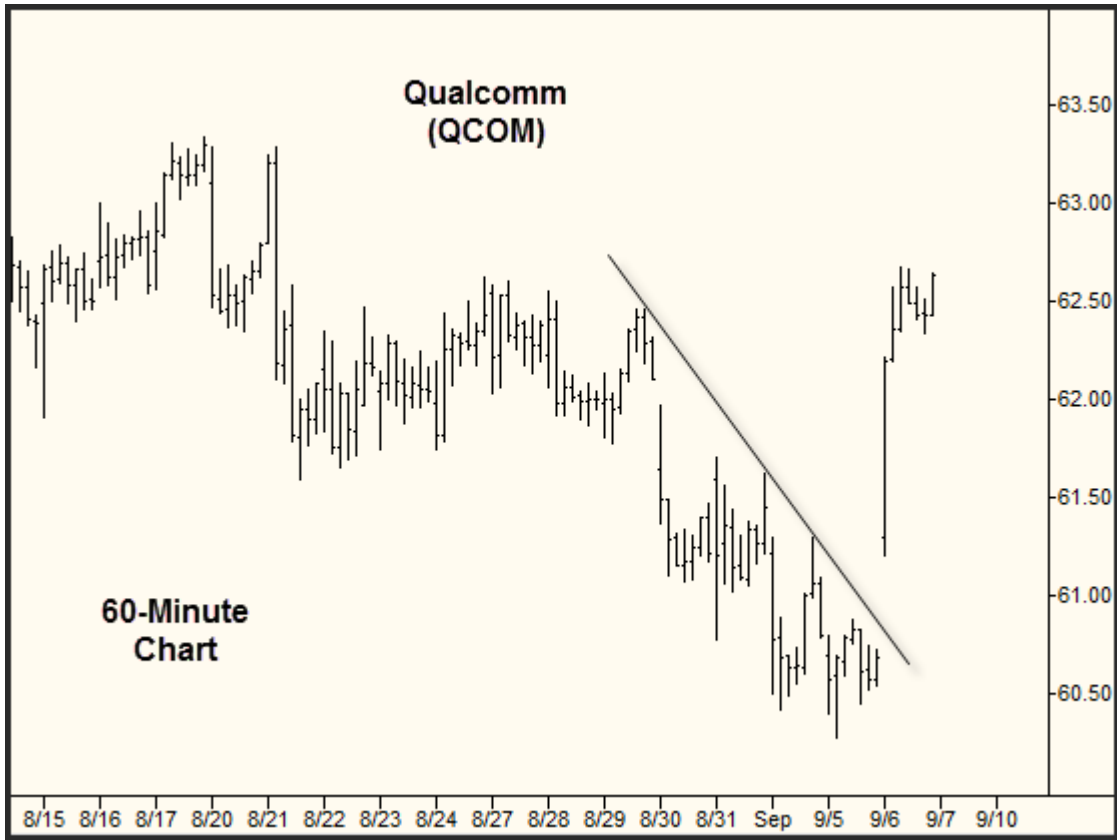
Trend Line Trade (Continued)

The points on the declining trend line are a little easier to see in the 60-minute chart below.



On September 4th, the Qualcomm 60 Call expiring September 7th was trading at 1.09.

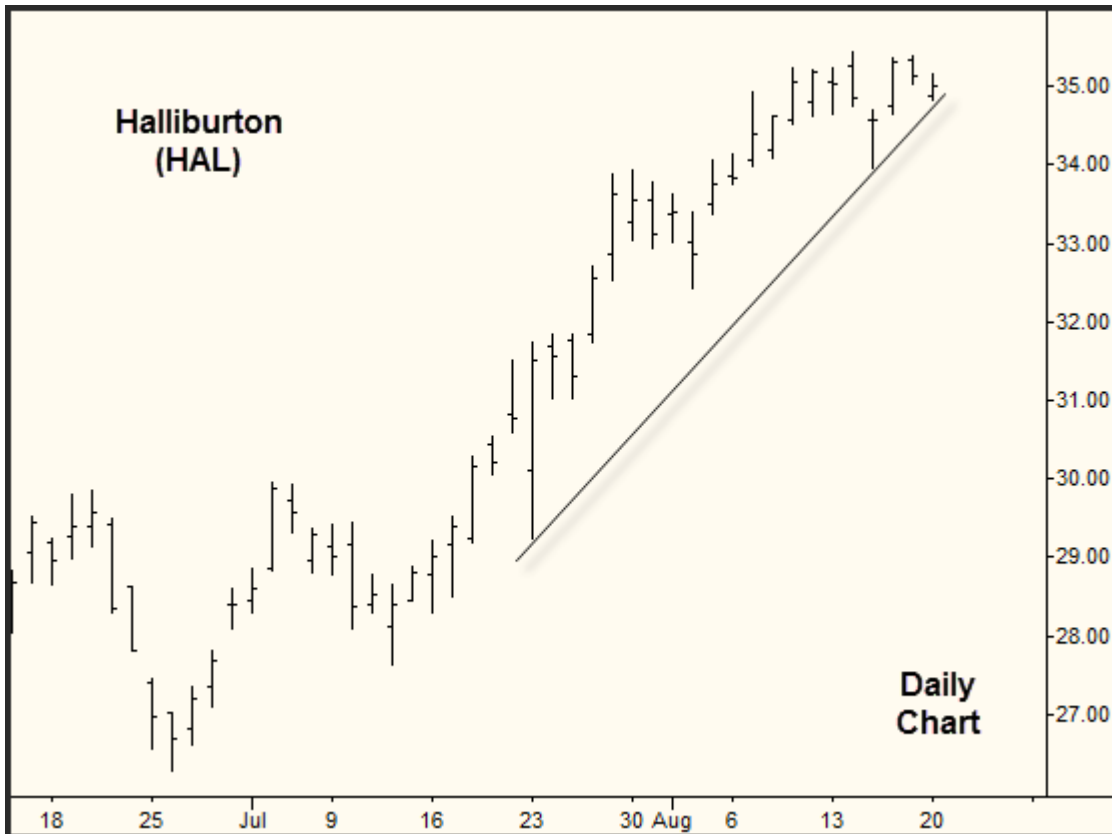
Trend Line Trade (Continued)



Within a few days, the trade was closed with a gain of just over 100%.

Trend Line Trade (Continued)

Three points on a trend line actually occur quite often.



In late August 2012, Halliburton had been in an up trend that held above its rising trend line.

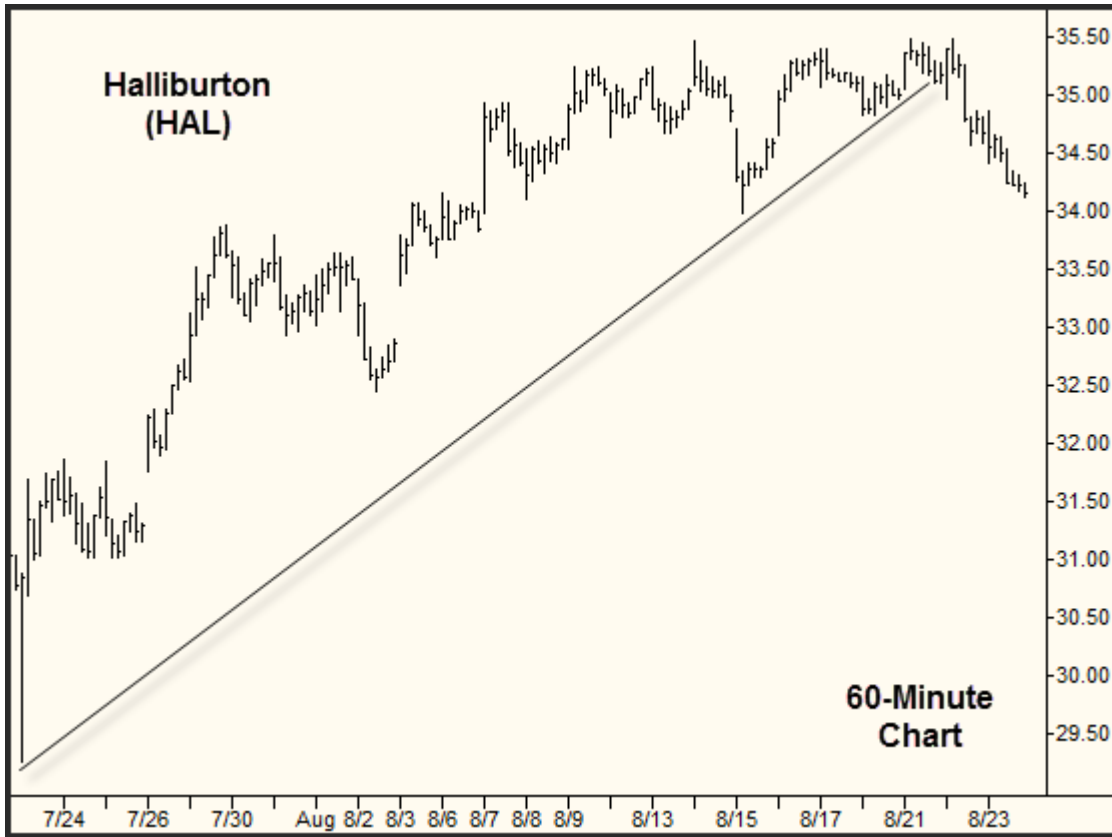
Trend Line Trade (Continued)

Here's a 60-minute chart showing the 3 points.



On August 21st, the Halliburton 36 Put expiring August 24th was trading at 0.85.

Trend Line Trade (Continued)



Two days later, the trade was closed out with a gain of 97%.