



## **All About Trends Update Success In The Stock Market Is As Easy As 1, 2, 3**

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In the stock market, there are only three things you need to know to be successful:

1. Uptrends and how to trade them
2. Downtrends and how to trade them
3. Changes in trends and how to trade them

That's it. Within each of these three categories, there are specific chart patterns that we key in on. Those chart patterns are the backbone of our style and our system that we use to alert our subscribers to as they present themselves on both the long side and short side of the markets.

Each week and everyday for that matter our All About Trends System is scanning stocks that fall into one of the three categories above. As we find these names they go into our weekly hit list. It's that list that we work off of. When a name on our list triggers an entry, an email alert goes out to all our paying subscribers alerting them to that particular issue.

So what do those patterns look like?

### **Uptrends**

In uptrends, by far the pattern that has delivered the most success to us is what we call pullback off highs or POH. Here we have a stock in a clearly defined uptrend (usually above its 50-day moving average) that has pulled back off its highs ideally in an orderly and quiet manner.



As you can clearly see this issue is locked in an uptrend. However within that uptrend you can also mini downtrends. Those mini downtrends are the pullbacks off highs (POH) we look for. When we find these, we alert you to it. Then when the stock emerges from the pink pullback off highs line, that triggers a trade to the long side and we will send out an alert informing you that this stock is triggering a trade.

## Downtrends

In downtrending markets, it's all about shorting stocks that are in clearly defined downtrends. To be successful in today's market, you have to know how to both buy stocks long and go short on stocks. In fact, knowing how to go short is extremely critical to securing significant short-term gains.

Why is that? Because generally stocks fall three times as hard as when their price is rising. When institutional investors decide its time to get out, the price is going to fall and it's going to fall hard and fast.

Just like we look for pullbacks off highs in uptrends (mini-downtrends), we look for pullbacks off lows (mini-uptrends) in downtrends. So we are now looking for stocks that have pullbacked off their lows and when they break that pink pullback off lows line, we will initiate a short position.



## Changes In Trends

This is one of the most important parts of the All About Trends style. After all, if you are long you need to know when to get out. Eventually all uptrends change trends. And if you are short you need to know when to get out. Eventually all downtrends change trends.

The most successful change in trend pattern we've found is when a stock forms a double top and then falls below its upward trend line. The longer the upward trend line and the more extended it is from its 50-day moving average, the better.



After a period of being in a clearly defined uptrend as evidenced by the stock trading above the **Green** line, there came a time where the uptrend was changing trend from up to down. If you were long this issue that trendline break to the downside told you all you needed to know to get out and lock your gains. If you were looking to sell this issue short that break of the **Green** uptrend here too told you all you needed to know in order to consider taking a position on the short side by selling it short with a protective stop loss.



Here is an example of just the opposite, that being after a period of being in a clearly defined downtrend as evidenced by the stock trading below the **Blue** line there came a time where the issue was changing trend from **down** to **up**. If you were short this issue that trendline break to the upside told you all you needed to know to get out of the short side. If you were looking to buy this issue that break of the **Blue** downtrend told you all you needed to know in order to consider taking a position on the long side with a protective stop loss.

With both of the above issues if you look close each of them had a signature early warning alert pattern commonly referred to as a double top and double bottom. The "**Double Top**" and "**Double Bottom**" pattern can take place over various time frames, for example, 10-day one minute charts, or 8-year monthly charts. They can show up at all-time highs (Tops) or at correction lows (Bottoms) In order to give you a better idea as to what these look like visually, let's take a look at some.

## Double Tops



In the case of DRYS this issue was in a clearly defined uptrend as evidenced by being above the Green uptrend line and trending higher. However there came a point in time where this issue started to have trouble maintaining that uptrend and started to put in a Double Top (Red Lines) Those red lines were your early warning alert system telling you this issue MAY be about to change trends from up to down.



The above chart is of the same company, but the only difference with this one is it is of the continuation variety.

In summary, identifying "change in trend" patterns involves knowing what a Double Top pattern looks like from a visual standpoint. The Double Top is your early warning alert system letting you know in advance that a change in trend **MAY** be about to occur, in this case from up to down. That is why it's important to know what the overall trend of the stock is. It's why we draw trendlines! They help keep us focused upon trading in the direction of the overall trend. It's why and how we let the stocks tell us what to do through the action they exhibit.

### Conclusion

So that's it. It's really that simple. We have three patterns we look for. We bring these stocks to you in our weekend and mid-week newsletters and email alerts. We send you an email when they trigger and we send you an email when it's time to lock in profits.

All you have to do is make the trades. Sit back, let us find the set-ups for you, you trade the set-ups, you get out when we get out and there you have it -- you're going to enjoy significant success in the stock market.