

THE KEYS TO SUCCESSFUL SPECULATION



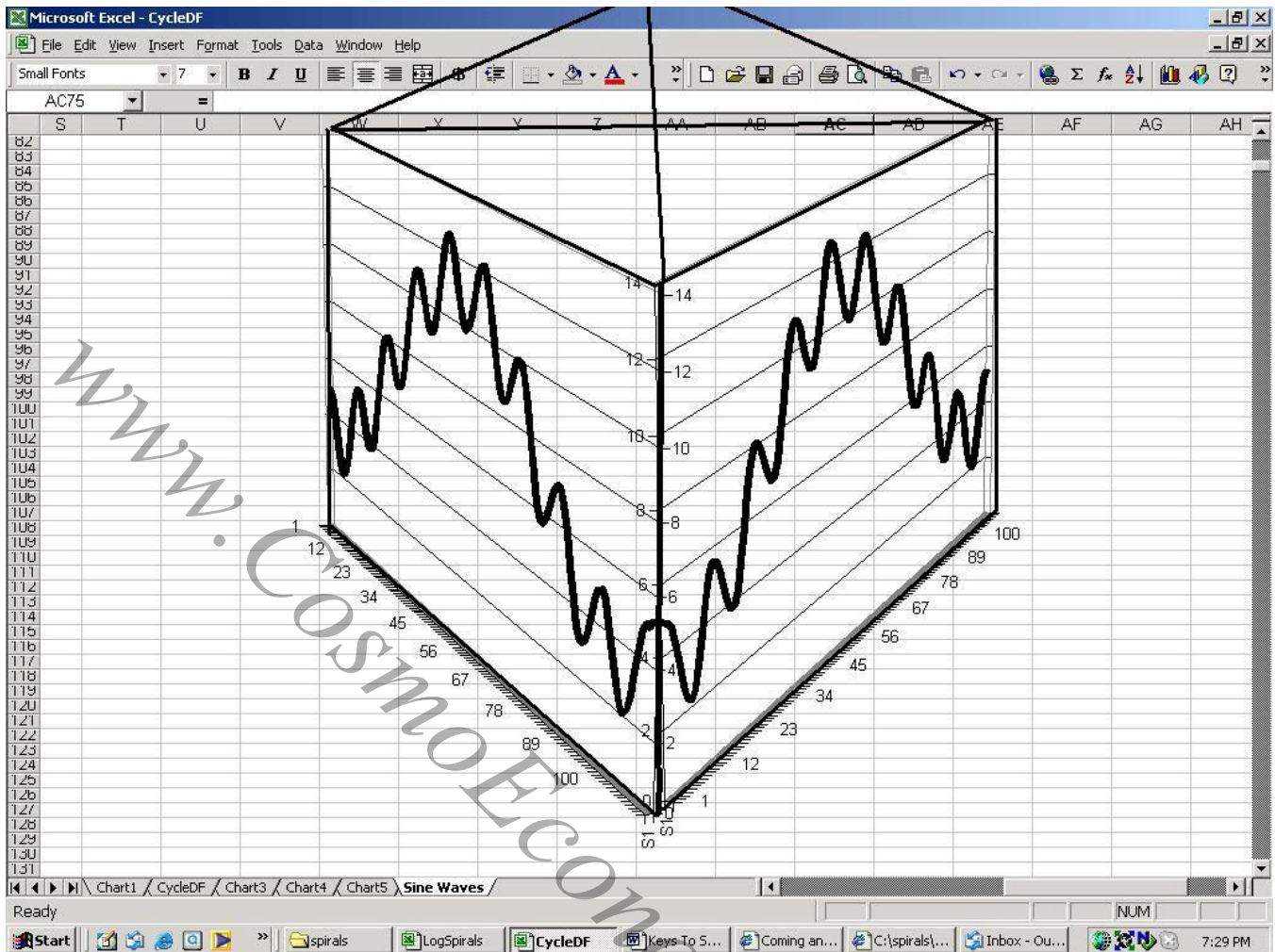
DANIEL T. FERRERA



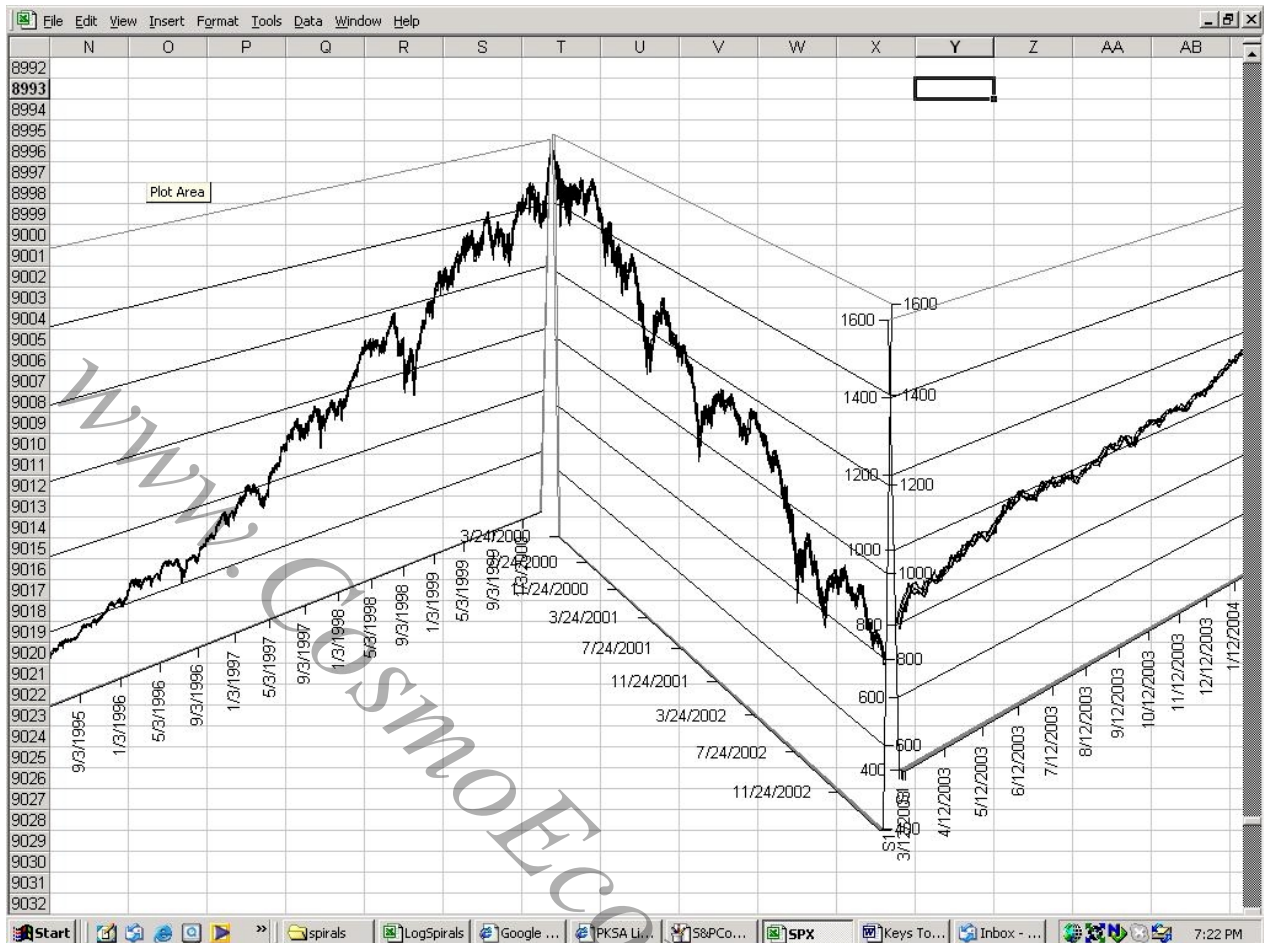
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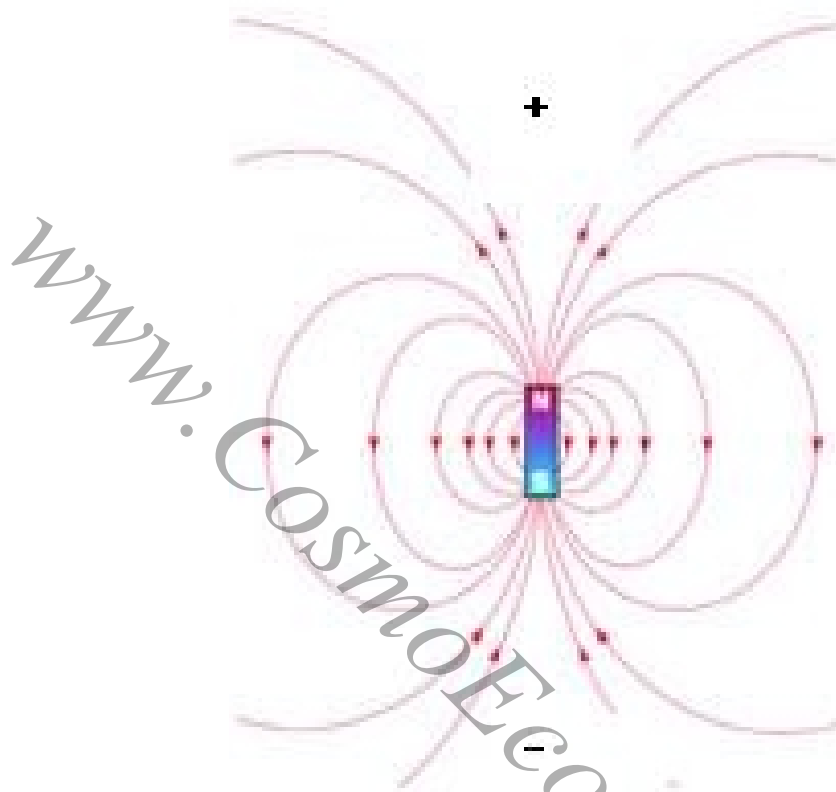
Here we have the exact same market and data, absolutely nothing has changed except the view, but now, everything looks and “FEELS” different! The slope of “Trend lines” has changed, price levels have changed, the rhythm of the cycles has changed etc. It appears that everything has changed; yet we know it is the exact same data. Only the perspective has changed. If we draw in the traditional 2-dimensional “Time & Price” axis, we can gain some additional information on this perspective change.



Mathematical Analysis 2 – Geometry Review

Since our main tool for studying the markets and forming a decision is based on price charts, it is probably a good idea to review the mathematical concepts and principals that are involved. Some very fundamental mathematical terms are impossible to define exactly. These terms are commonly known as **primitive terms** or **undefined terms**. We define these terms to the best of our ability and then use them to define other terms. The words **point**, **curve** and **line** are all examples of primitive or undefined terms in mathematics. A point is simply a location for all practical purposes. When we put a dot on a piece of paper to mark a specific location, the dot is not the point because a mathematical point has no size and a dot of course does have size. We say that the dot is the **graph** of the mathematical point and thus marks the location of that point. A **curve** is an unbroken connection of points. Since these points really have no size, they cannot

from the price to break free of its field of influence? We can also view the magnetic polarity as buyers (+) or sellers (-).



As price moves away from a swing low, it is attracted to the prior swing high because this is the price where a large number of selling decisions were made and opposite polarities attract. Because the majority is uncomfortable with buying at new high levels, buying basically dries up and selling takes over. Now, sellers want to sell high and buy low. Therefore, they are attracted to the price of the prior low level where significant buying decisions were made. The price will be repelled from the prior high simply because likes repel likes. The trend will also gain strength due to the law of attraction. As more sellers or “likes” join in on the current trend they become more attracted to the prior low. If additional sellers do not join in, then the further we get away from the prior top, the more attractive the current price becomes to those that want to buy. When we reach the area of the prior swing low, sellers begin to diminish realizing that this price is relatively low. Buyers also recognize that this is an area where they made purchases before and begin to purchase again. Since like polarities repel and opposites attract, an advance to



The charts on the following pages show other the Buy signals, which have occurred in the past 20-yrs.