

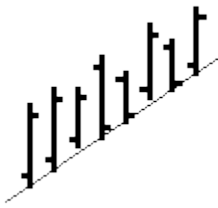
1. Introduction

Ask a Chartist why he lost money and he says I didn't follow my CHARTS!! It's amazing sometimes when two individuals see the same charts and one prefers to buy and the other sell. To our understanding there's only one truth, and it can be seen on the charts.

Charting Course Overview

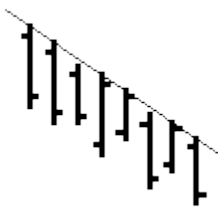
It is important to note that the Charting Course provided herein does not attempt to be a comprehensive treatment on Charting or Technical Analysis methods. There are numerous, well-written books on Chart Interpretation and Technical Analysis. A brief and simplistic review of some basic charting concepts are provided for reference only and to stimulate further study.

TRENDLINES



Trendlines - Inclining Trendline

A straight line usually drawn to define an uptrend against or through price bar lows.



Trendlines - Declining Trendline

A straight line usually drawn to define a downtrend against or through price bar highs.



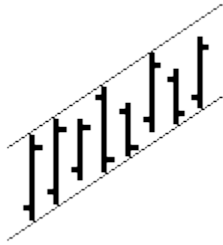
Support

A horizontal line (floor) which has acted as a barrier to lower prices. Usually defined by two or more price bar lows.



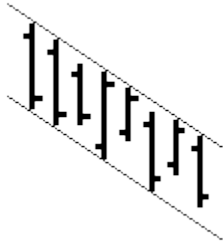
Resistance

A horizontal line (ceiling) which has acted as a barrier to higher prices. Usually defined by two or more price bar highs.



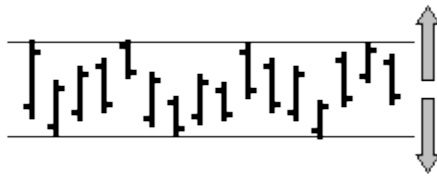
Channel-Inclining

An up-trending price bar pattern in which inclining parallel lines can be drawn through or against price bar highs and lows respectively.



Channel-Declining

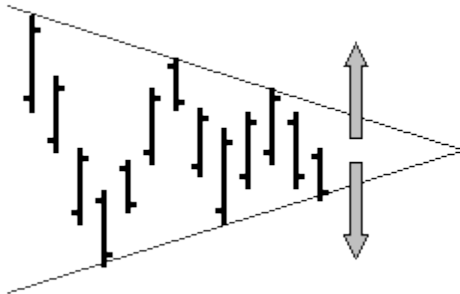
A down-trending price bar pattern in which declining parallel lines can be drawn through or against price bar highs and lows respectively.



Channel-Horizontal or Sideways

A horizontal or "sideways" price bar pattern in which horizontal parallel lines can be drawn through or against price bar highs and lows respectively. Chartists frequently "buy" or (go-long) on a break up and out of the Channel or "sell" (go-short) on a break down and out of the Channel.

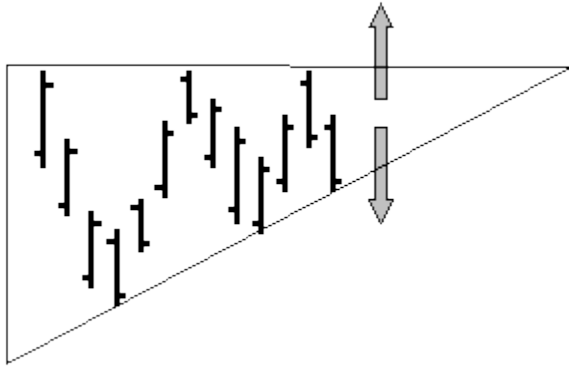
TRIANGLES



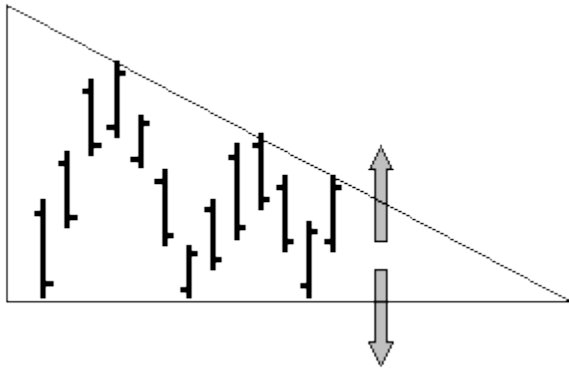
Triangles-Symmetrical

A price bar pattern in which the slope of price bar highs and lows are converging to a point so as to outline the pattern in a symmetrical triangle. Chartists frequently "buy" or (go-long) on a break up and out of the Symmetrical Triangle or "sell" (go-short) on a break down and out of the Symmetrical Triangle.

Symmetrical



Ascending



Descending

Ascending Triangle

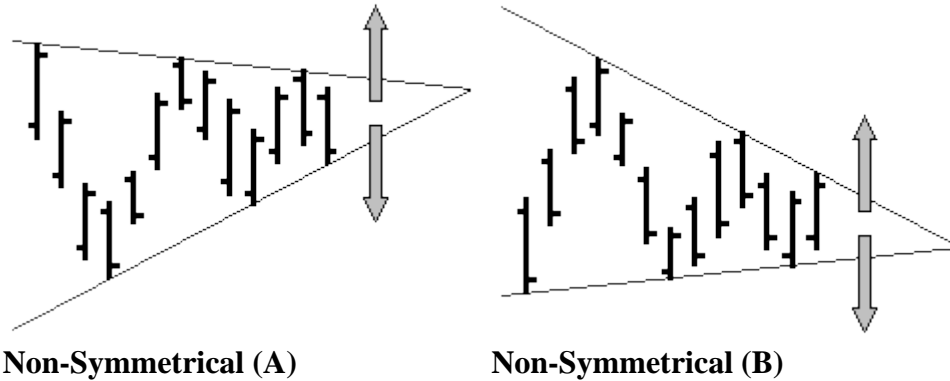
A price bar pattern in which the slope of price bar highs and lows are converging to a point so as to outline the pattern in Right Triangle. The hypotenuse in an Ascending Triangle should be sloping from lower to higher and from left to right. Chartists frequently buy or (go-long) on a break up and out of the Ascending Triangle or sell (go-short) on a break down and out of the Ascending Triangle. However, Ascending Triangles are generally thought to demonstrate a stronger bias towards predicting a break up and out of the Triangle, particularly when the trend leading up to the formation has been up.

Descending Triangle

A price bar pattern in which the slope of price bar highs and lows are converging to a point so as to outline the pattern in Right Triangle. The hypotenuse in an Descending Triangle should be sloping from higher to lower and left to right. Chartists frequently buy or (go-long) on a break up and out of the Descending Triangle or sell (go-short) on a break down and out of the Ascending Triangle. However, Descending Triangle are generally thought to demonstrate a stronger bias towards predicting a break down and out of the Triangle, particularly when the trend leading to the formation has been down.

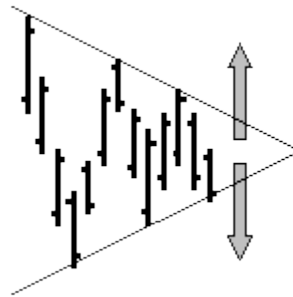
Non-Symmetrical

A price bar pattern in which the slope of price bar highs and lows are converging to a point so as to outline the pattern in a non-symmetrical triangle. Chartists frequently "buy" or (go-long) on a break up and out of the Non-Symmetrical Triangle or "sell" (go-short) on a break down and out of the Non-Symmetrical Triangle.

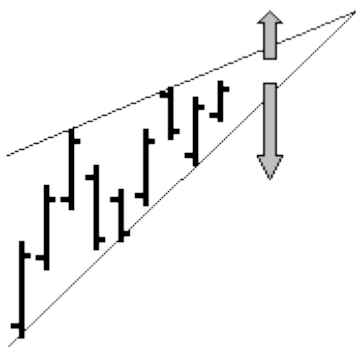


PENNANTS

Similar to a Symmetrical Triangle but generally "stubbier" or not as elongated. A price bar pattern in which the slope of price bar highs and lows are converging to a point so as to outline the pattern in a symmetrical triangle. Chartists frequently "buy" or (go-long) on a break up and out of the Pennant or "sell" (go-short) on a break down and out of the Pennant.



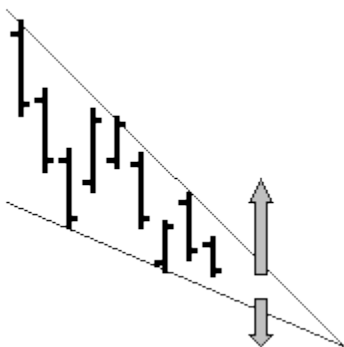
WEDGES & FLAGS



Rising/Inclining

Wedges-Rising or Inclining

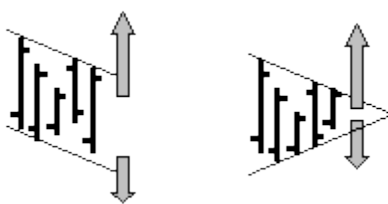
A price bar pattern in which the slope of price bar highs and lows are converging to a point so as to outline the pattern in a triangle that points diagonally higher. The slope of both converging lines is up, the lower one being steeper than the higher one. Chartists frequently buy or (go-long) on a break up and out of the Wedge or sell (go-short) on a break down and out of the Wedge. Rising Wedges, in the context of a prior downtrend are generally considered to have a stronger bias toward breaking down and out, as opposed to up and out.



Falling/Declining

Wedges-Falling or Declining

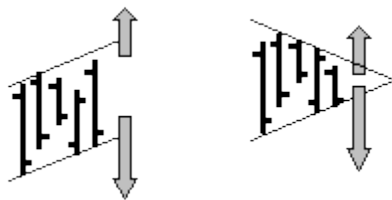
A price bar pattern in which the slope of price bar highs and lows are converging to a point so as to outline the pattern in a triangle that points diagonally lower. The slope of both converging lines is down, the higher one being steeper than the lower one. Chartists frequently buy or (go-long) on a break up and out of the Wedge or sell (go-short) on a break down and out of the Wedge. Falling Wedges, in the context of a prior uptrend, are generally considered to have a stronger bias toward breaking up and out, as opposed to down and out.



Bull Flag

Bull Flag

A price bar pattern consisting of a relatively small number of price bars in which the slope of price bar highs and lows are parallel and declining, or in which the slopes converge to a point in the shape of a small Pennant. Bull Flags are identified by their characteristic pattern and by the context of the prior trend. In the case of a Bull Flag the trend leading to the formation of the Bull Flag is up. Chartists frequently "buy" or (go-long) on a break up and out of a Bull Flag formation. Bull Flags are generally considered to have a stronger bias toward breaking "up and out," as opposed to "down and out."

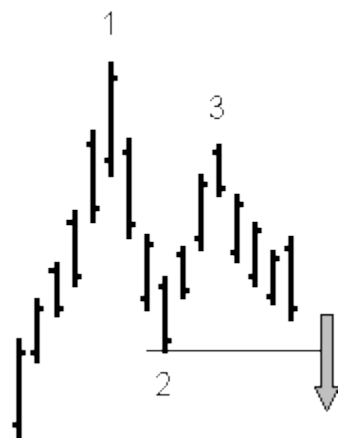


Bear Flag

Bear Flag

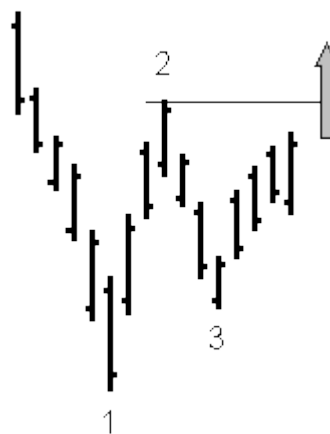
A price bar pattern consisting of a relatively small number of price bars in which the slope of price bar highs and lows are parallel and inclining, or in which the slopes converge to a point in the shape of a small Pennant. Bear Flags are identified by their characteristic pattern and by the context of the prior trend. In the case of a Bear Flag the trend leading to the formation of the Bear Flag is down. Chartists frequently "sell" or (go-short) on a break down and out of a Bear Flag formation. Bear Flags are generally considered to have a stronger bias toward breaking "down and out," as opposed to "up and out."

TOP/BOTTOM FORMATIONS



1-2-3 (A-B-C) Top

Anticipates a change in trend from up to down on a break below the number "2" point.



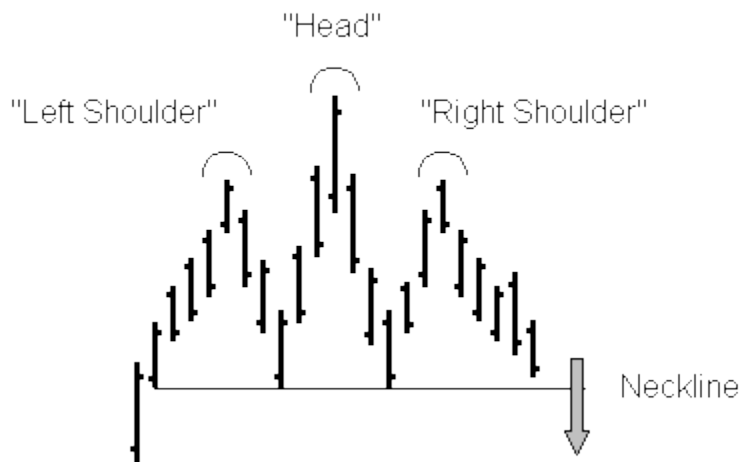
1-2-3 (A-B-C) Bottom

Anticipates a change in trend from down to up on a break above the number "2" point.

TOP/BOTTOM FORMATIONS II

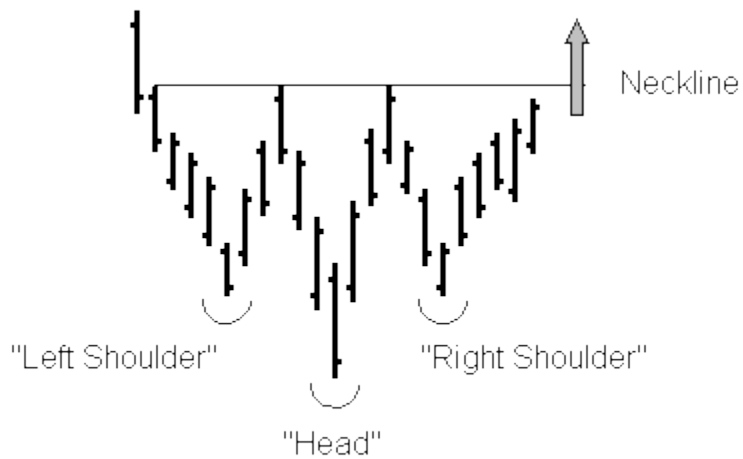
Head And Shoulders

Anticipates a decline on a break below the "Neckline."



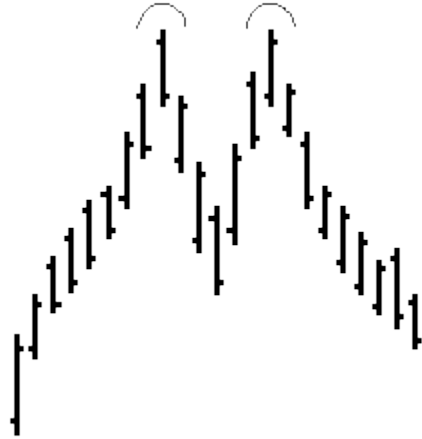
Inverted Head and Shoulders

Anticipates a rise in prices on a break above the "Neckline."



Double Top

Anticipates a change in trend from up to down.



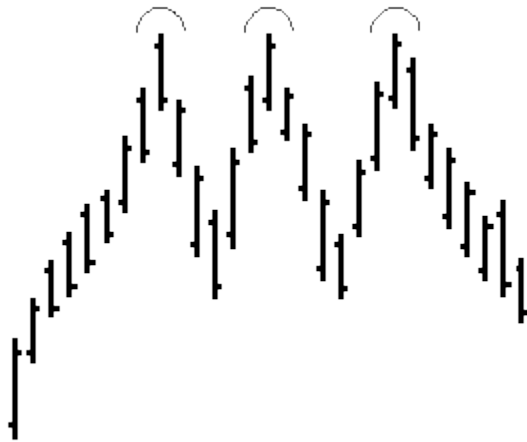
Double Bottom

Anticipates a change in trend for down to up.



Triple Top

Anticipates a change in trend from up to down.



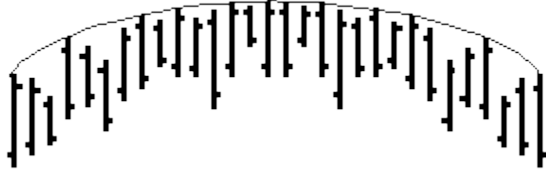
Triple Bottom

Anticipates a change in trend from down to up.



Rounded Top

Anticipates a change in trend from up to down.



Rounded Bottom

Anticipates a change in trend from down to up.

