Accurately Predicting
Price Targets
&
Exit Points
with Toni Hansen

Disclaimer and Terms of Use:

Disclaimer: The Bastiat Group, Inc., the holding company for ToniHansen.com, Swingtrader.net and TradingFromMainStreet.com does not make solicitations, recommendations or offers to buy or sell any security or investment. The Bastiat Group, Inc. does not advocate the purchase or sale of any security or investment. The information provided by The Bastiat Group, Inc. should not be construed as investment, financial, tax or legal advice. The Bastiat Group, Inc. is not a registered investment advisor, commodity trading advisor, broker or broker dealer. Trading in securities may not be suitable for all individuals. The Bastiat Group, Inc. and its members, employees, agents, consultants, analysts, representatives, content and/or service providers, affiliates, subsidiaries, successors and assigns (hereinafter collectively, "The Bastiat Indemnities") assume no responsibility or liability for your trading and investment results. Prior to the execution of any securities trade, you should always consult with your broker or other financial advisor. There is a very high degree of risk involved in trading securities. Past results are not indicative of future returns.

Charts provided by Townsend Analytics, Ltd.

The software, data and services ("Services") described herein are provided without any express or implied warranties including, without limitation, any warranties as to accuracy, functionality, performance, or merchantability. Townsend Analytics makes no representation, warranty or covenant concerning the accuracy, completeness, sequence, timeliness or availability of the Services or the likelihood of profitable trading using the Services. The user assumes the entire risk of using the Services and accepts full responsibility for any investment decisions or stock transactions made by the user using the Services. Townsend Analytics shall have no liability for any loss or expense whatsoever relating to the accuracy of the information furnished herein or for the use thereof or for omissions therein. Townsend Analytics is not a broker dealer and does not provide any investment advice, does not execute, accept or direct any trades for or on behalf of any person or entity, does not provide any clearing services, does not providing any trade or order confirmation, and does not provide any services which require licensing or registration with the NASD, SEC or any other regulatory body or exchange. This presentation is subject to change without notice.

The Ultimate Goal

The ultimate goal of all traders is to make $$$!!!

While risk management is essential, the ability to **accurately predict** price targets and select the correct exit points is an invaluable skill that will take your trading to the next level.

The Rewards

- **Boost your confidence**
- Ability to time price pivots
- Avoid being the high or low tick!
- Cut your losses with certainty
- Move stops, but maximize potential
- <u>Ultimately</u>: **fattening your wallet!**

Plan of Action

Before entering into any position, it is important to have an idea of what the most likely outcome of the position will be, as well as how that outcome may shift as the position unfolds.

Plan of Action

- Allows you to **be prepared for the unexpected** by learning to anticipate it.
- It will enhance your **ability to think calmly and rationally** as a trade unfolds, overriding your emotional responses, which may cloud your judgment.

What Will You Learn?

- Predicting price targets
- Managing open positions
- Profit-taking techniques
- Adjusting stops
- Trailing stops

One Step at a Time!

In order to accurately predict future price action in a security, you must have a firm understanding of the current market dynamics at play.

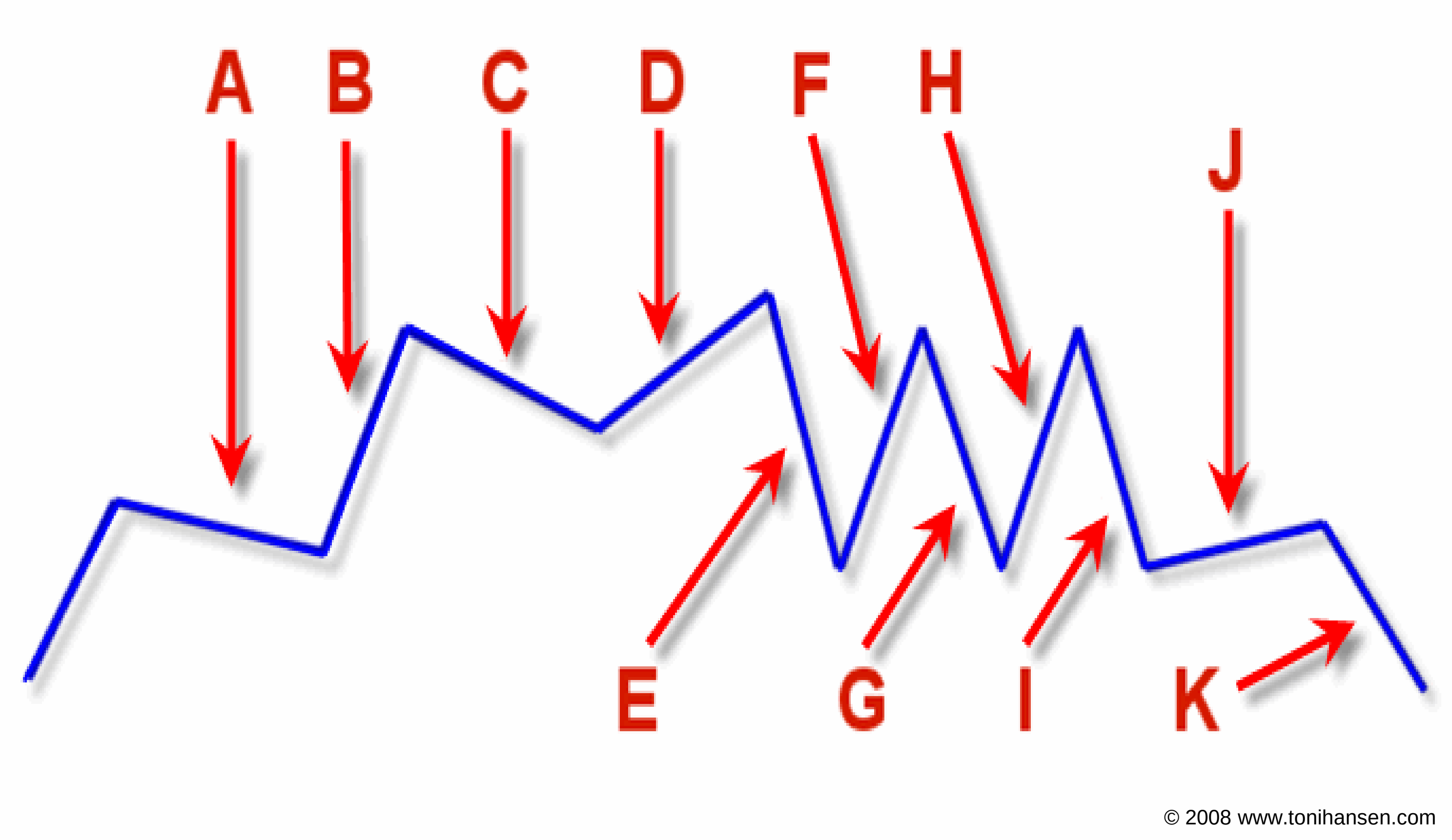
Toni's Building Blocks

- Pace
- Support & Resistance
- Volume
- Trend Placement
- Correction Periods

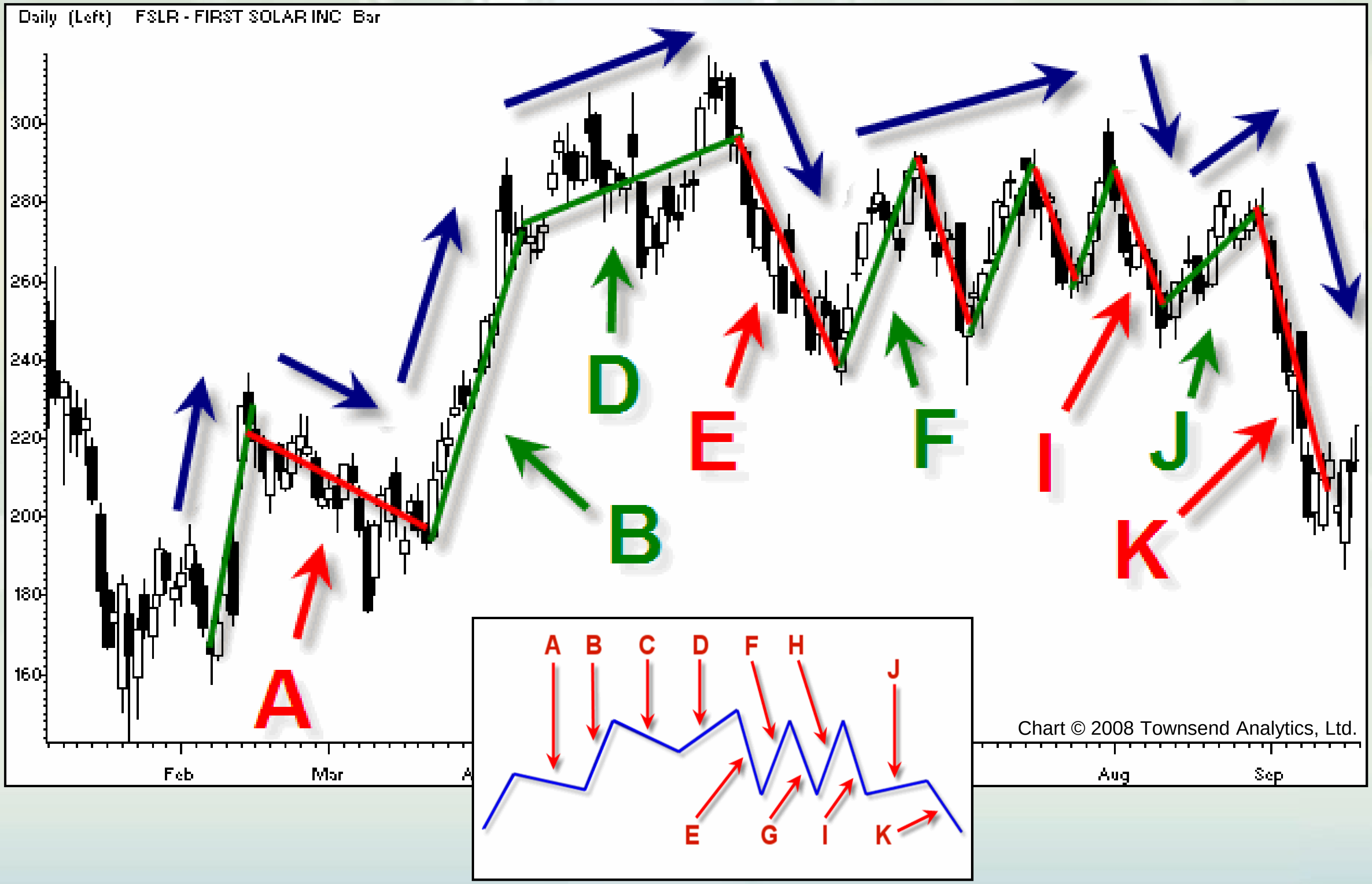
Understanding "Pace"

Pace is a measurement of the momentum of a trend move in a security as compared to not only the average move, but also the most recent move on a given time frame.

Understanding Pace

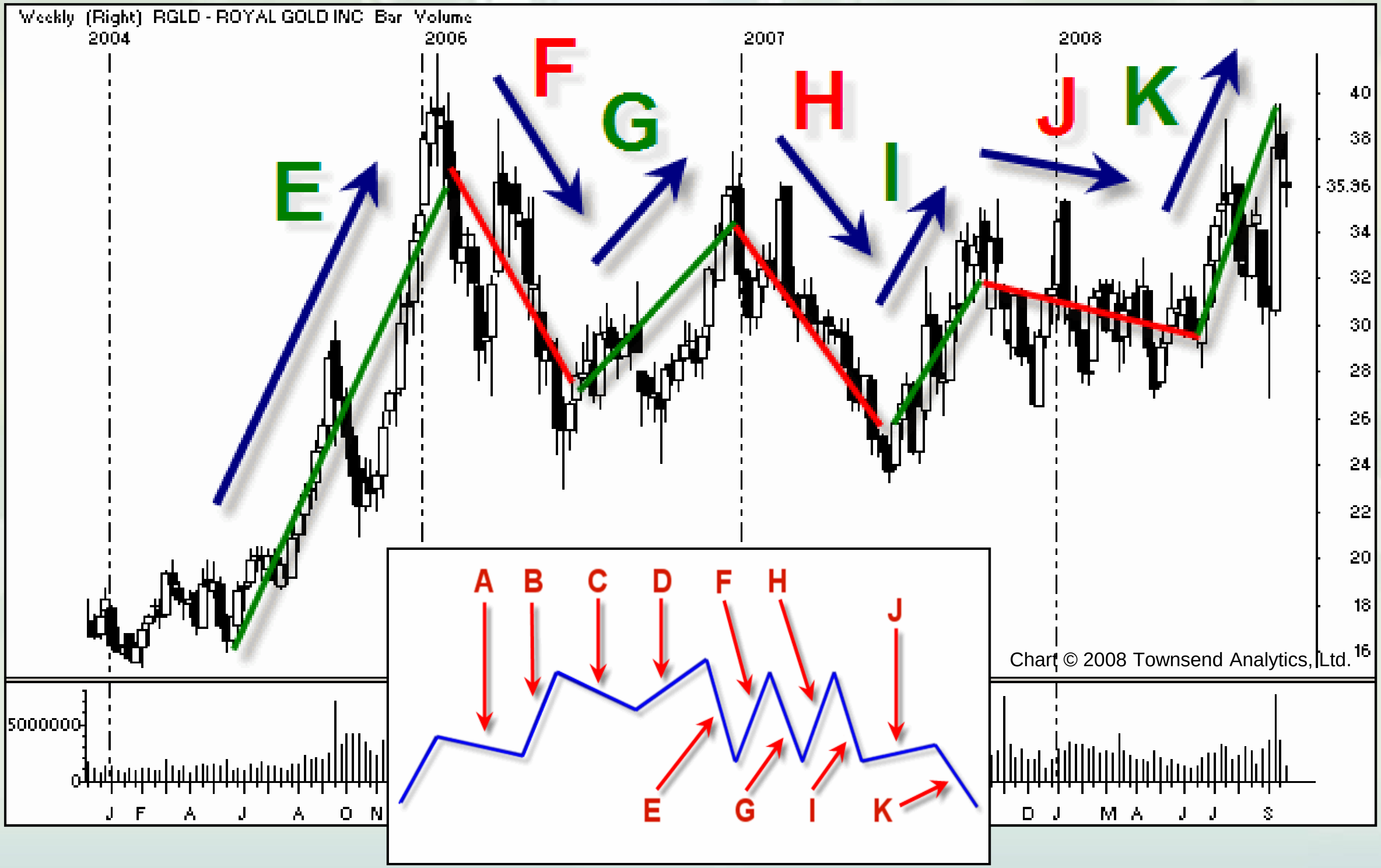


Understanding Pace



Understanding Pace

Understanding Pace



Support & Resistance

Support & Resistance levels are price zones in the market where a security is liable to react in some manner that affects the trend which is in play as the support or resistance level hits.

Types of Reaction

Support and resistance can

- **Reverse** a price move
- **Halt** a price move
- **Trigger** a price move

Support & Resistance

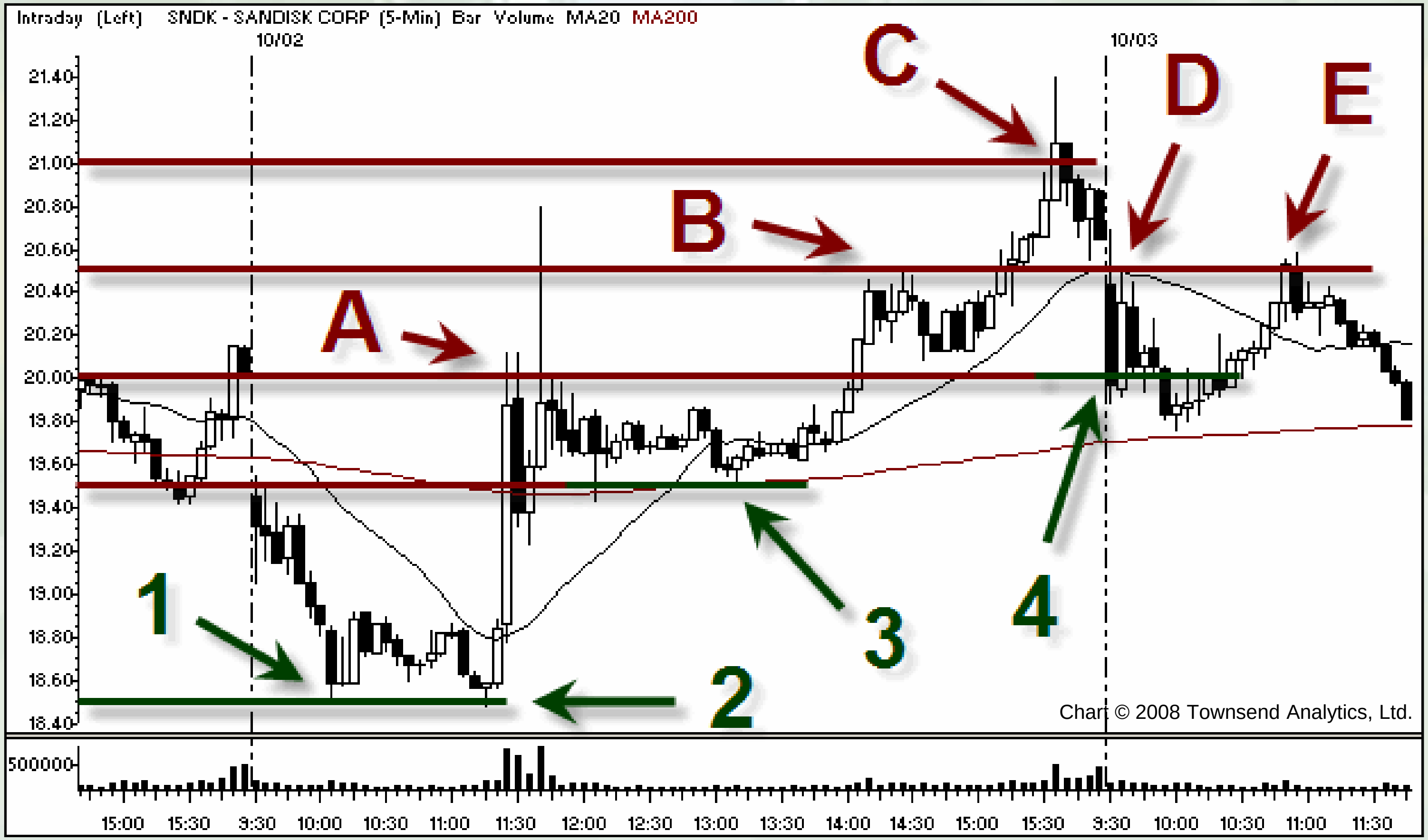
It is important to identify S/R levels before even entering a position.

- They can serve as road blocks.
- They can be used as guides for establishing price targets.
- They can provide parameters for setting and adjusting stop levels.

Types of S/R

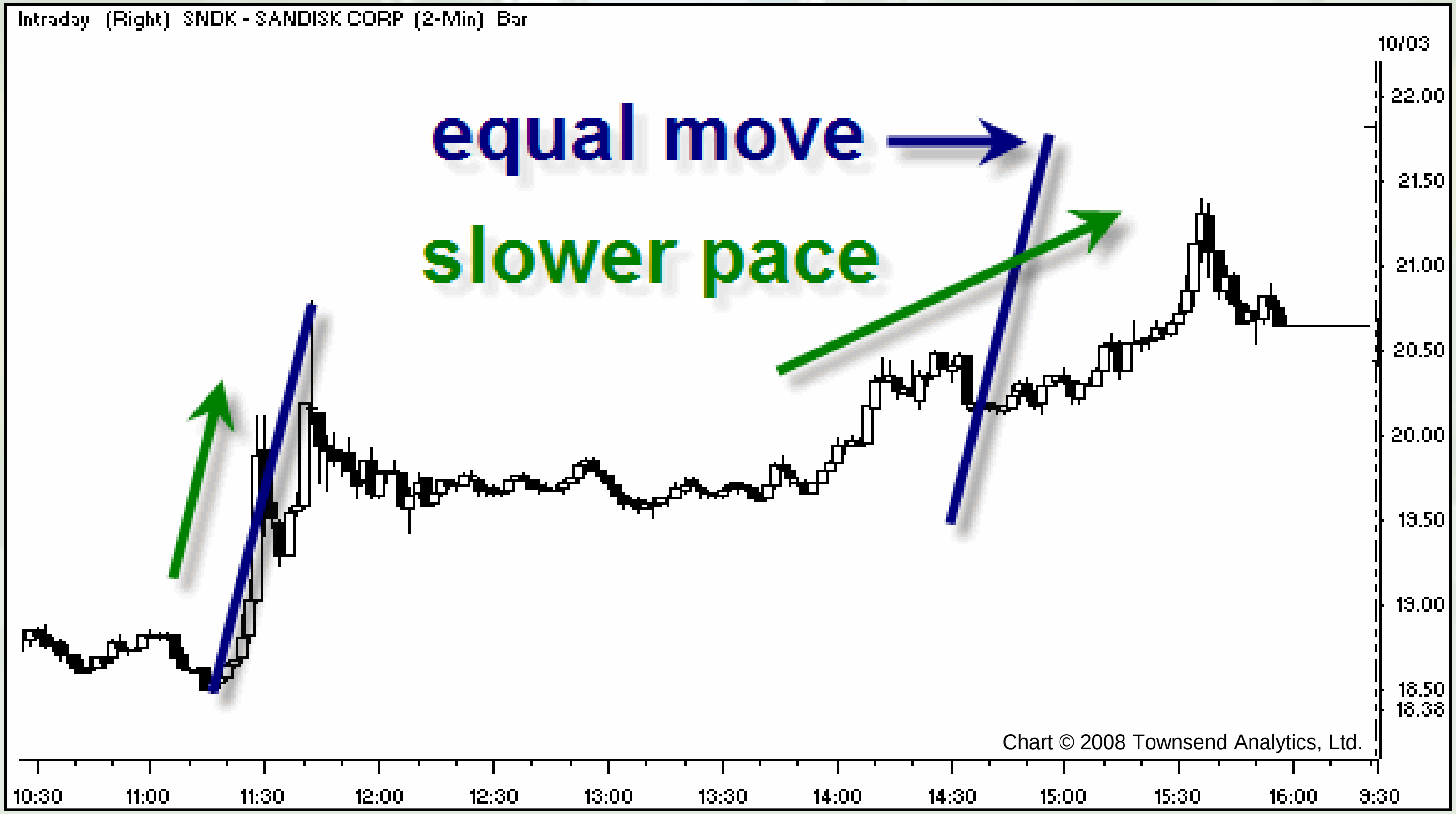
- Whole numbers
- Prior highs or lows
- Areas of congestion
- Indicators
- Equal or measured moves

Price Support/Resistance



Congestion & Indicators

Equal Moves

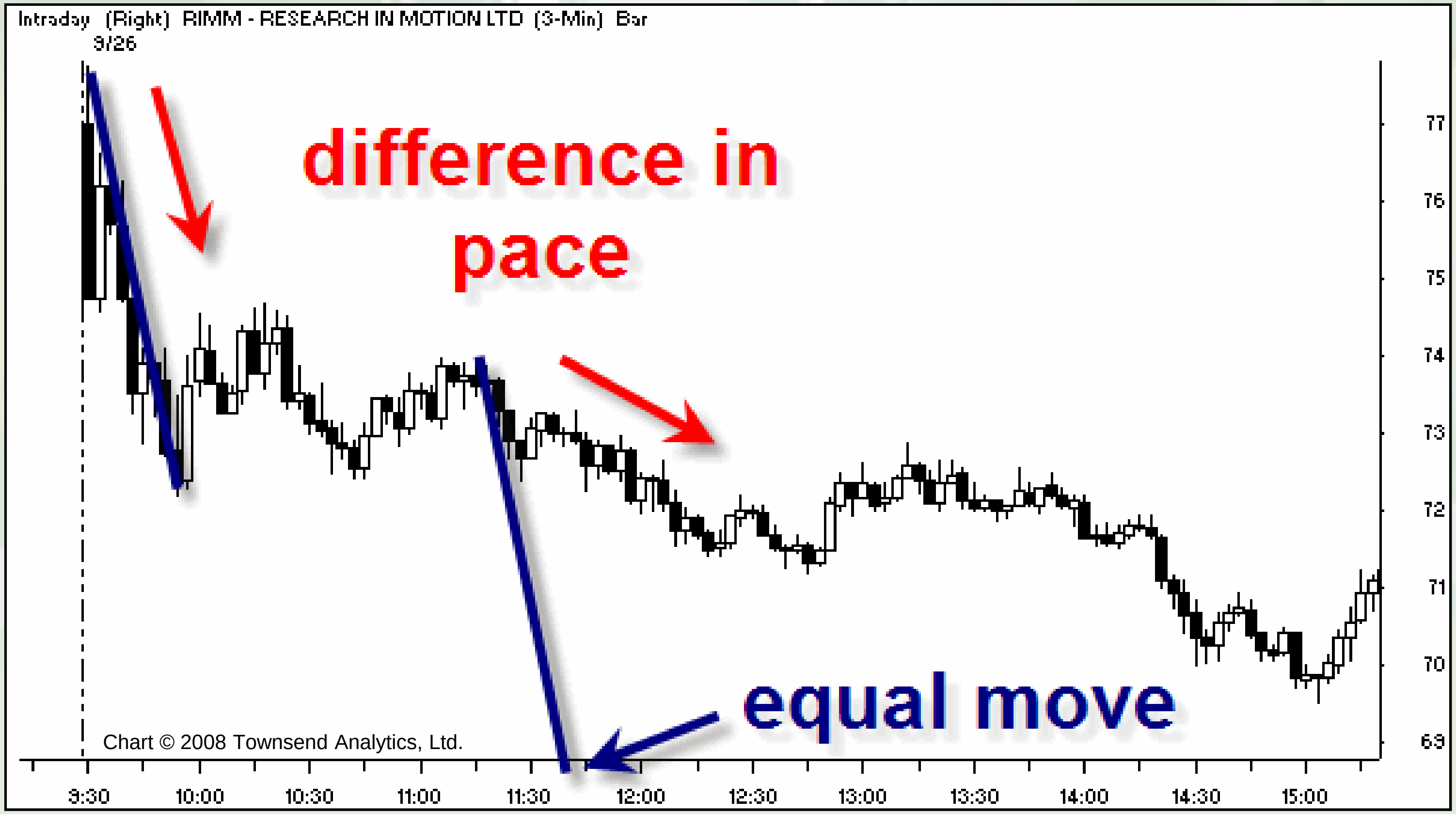


Intraday (Right) SNDK - SANDISK CORP (2-Min) Bar
10/03
equal move
slower pace
22.00
21.50
21.00
20.50
20.00
19.50
19.00
18.50
18.38
Chart © 2008 Townsend Analytics, Ltd.
10:30
11:00
11:30
12:00
12:30
13:00
13:30
14:00
14:30
15:00
15:30
16:00
9:30

Equal Moves


Intraday (Right) SNDK - SANDISK CORP (2-Min) Bar
equal move
$21.00
21.50
21.00
20.50
20.00
19.50
19.00
18.50
18.38
11:30
12:00
12:30
13:00
13:30
14:00
14:30
15:00
15:30
16:00
Chart © 2008 Townsend Analytics, Ltd.

Equal Moves



Intraday (Right) RIMM - RESEARCH IN MOTION LTD (3-Min) Bar
9/26
difference in pace
equal move
Chart © 2008 Townsend Analytics, Ltd.
77
76
75
74
73
72
71
70
69
9:30
10:00
10:30
11:00
11:30
12:00
12:30
13:00
13:30
14:00
14:30
15:00

Equal Moves


Intraday (Right) RIMM - RESEARCH IN MOTION LTD (3-Min) Bar
9/26
77
76
75
74
73
72
71
70
69
breakdown
move
equal move
Chart © 2008 Townsend Analytics, Ltd.
9:30
10:00
10:30
11:00
11:30
12:00
12:30
13:00
13:30
14:00
14:30
15:00

Applying S&R

- The larger the time frame, the stronger the S/R will be, but the more “give” the zone will have.
- Multiple types of S/R converging at the same time will strengthen that zone.
- Closer S/R levels often break more easily than those which hit after a larger move.

Additional S/R Traits

- The first time a support or resistance level hits is when it is the strongest.
- The stronger the move is into S/R, the more give it will have, esp. the 1st time a support or resistance level hits.
- Multiple tests of a support or resistance level will tend to weaken it. The third time is the charm when it comes to S/R breaking.

Volume

Volume is a measure of the number of shares or contracts that exchange hands in a given time period. It is instrumental in representing the level of emotional commitment of market participants.

Volume Indications

Increases in Volume:

- Confirmation
- Exhaustion

Decreases in Volume:

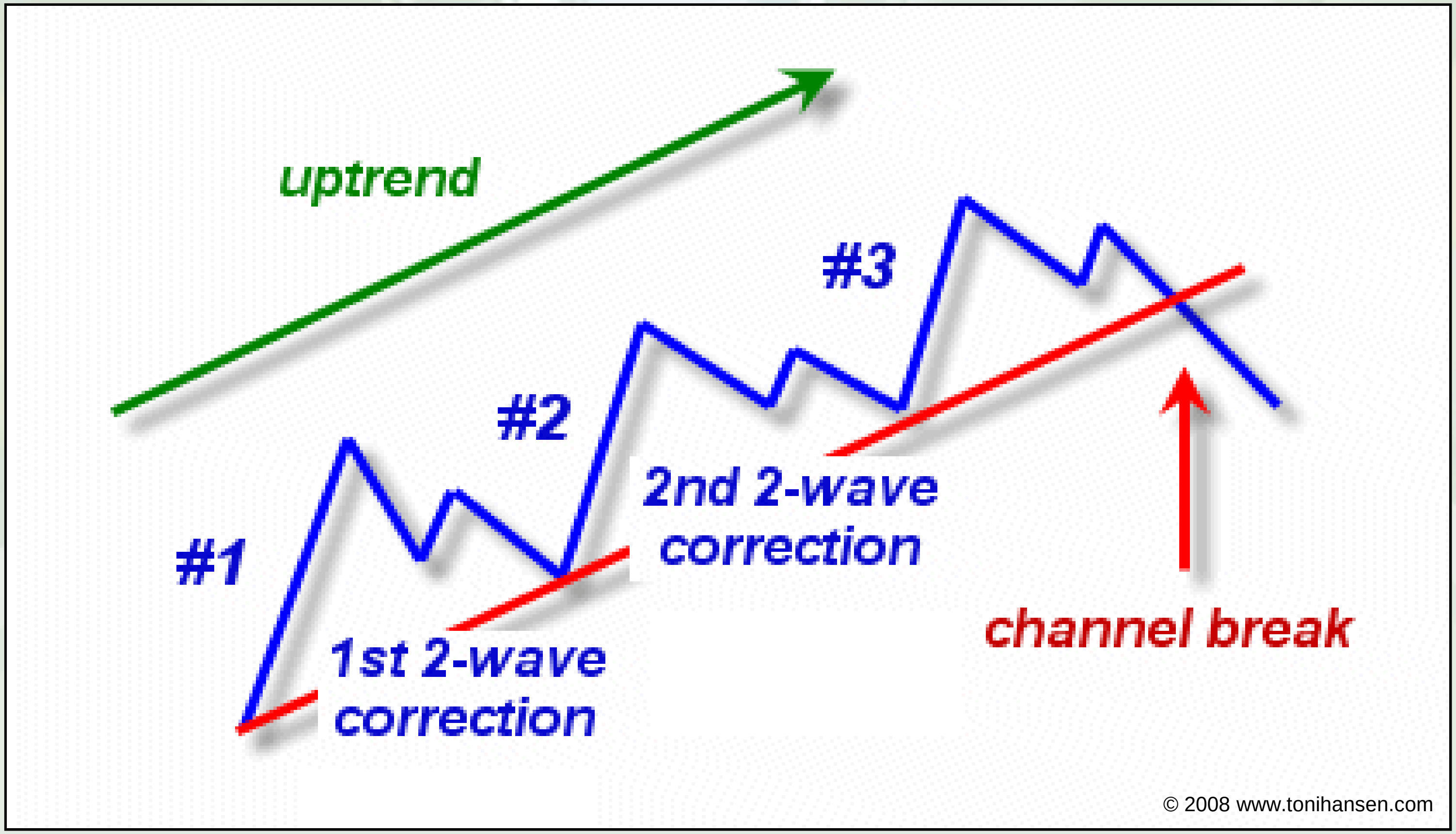
- Congestion
- Lack of interest

Analyzing Volume

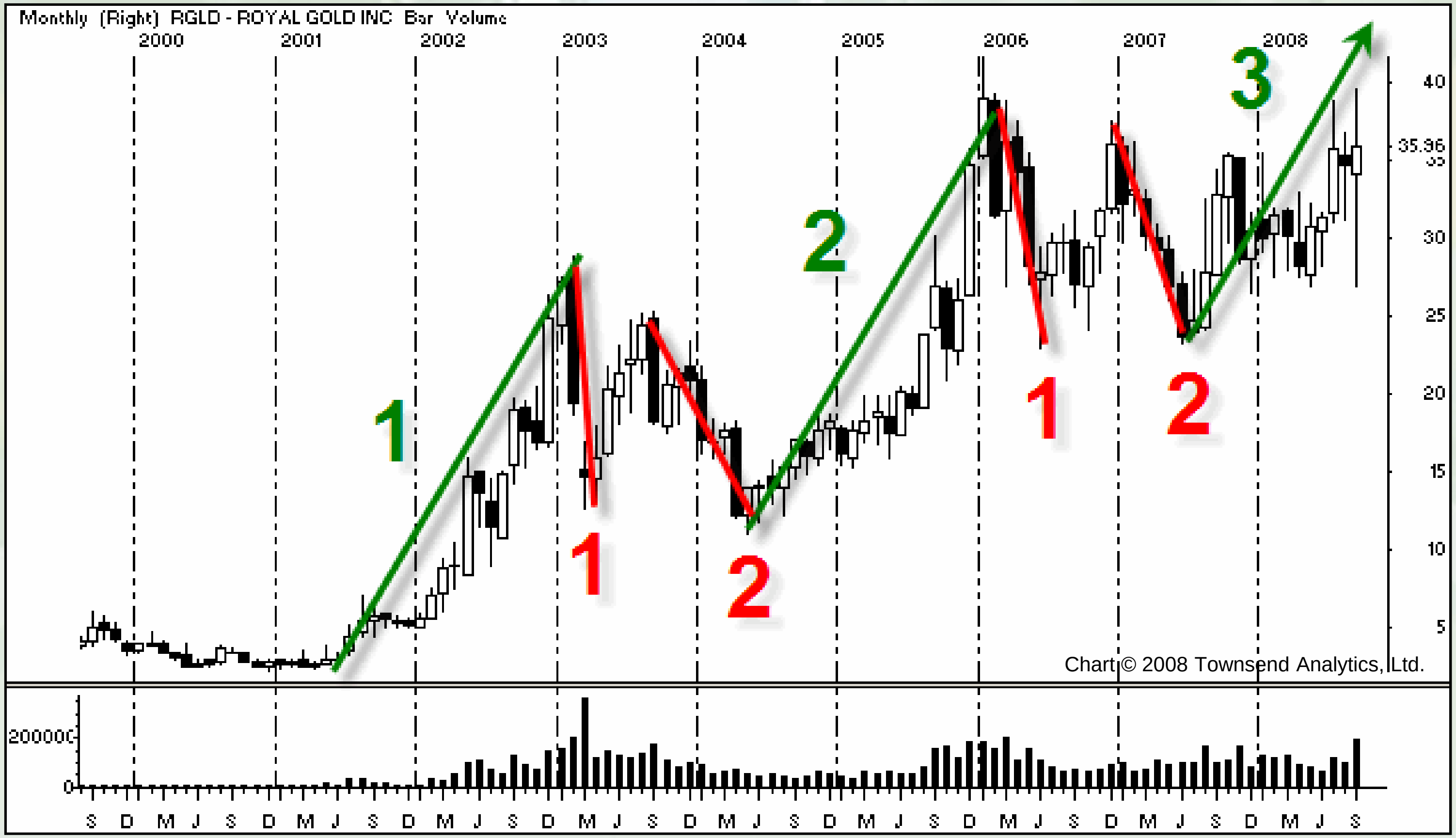
Trends

Trends form in a number of ways and correctly identifying the placement of a setup within the larger trend is necessary if one wishes to be able to accurately predict the potential rewards of any setup within that trend.

Trend Development

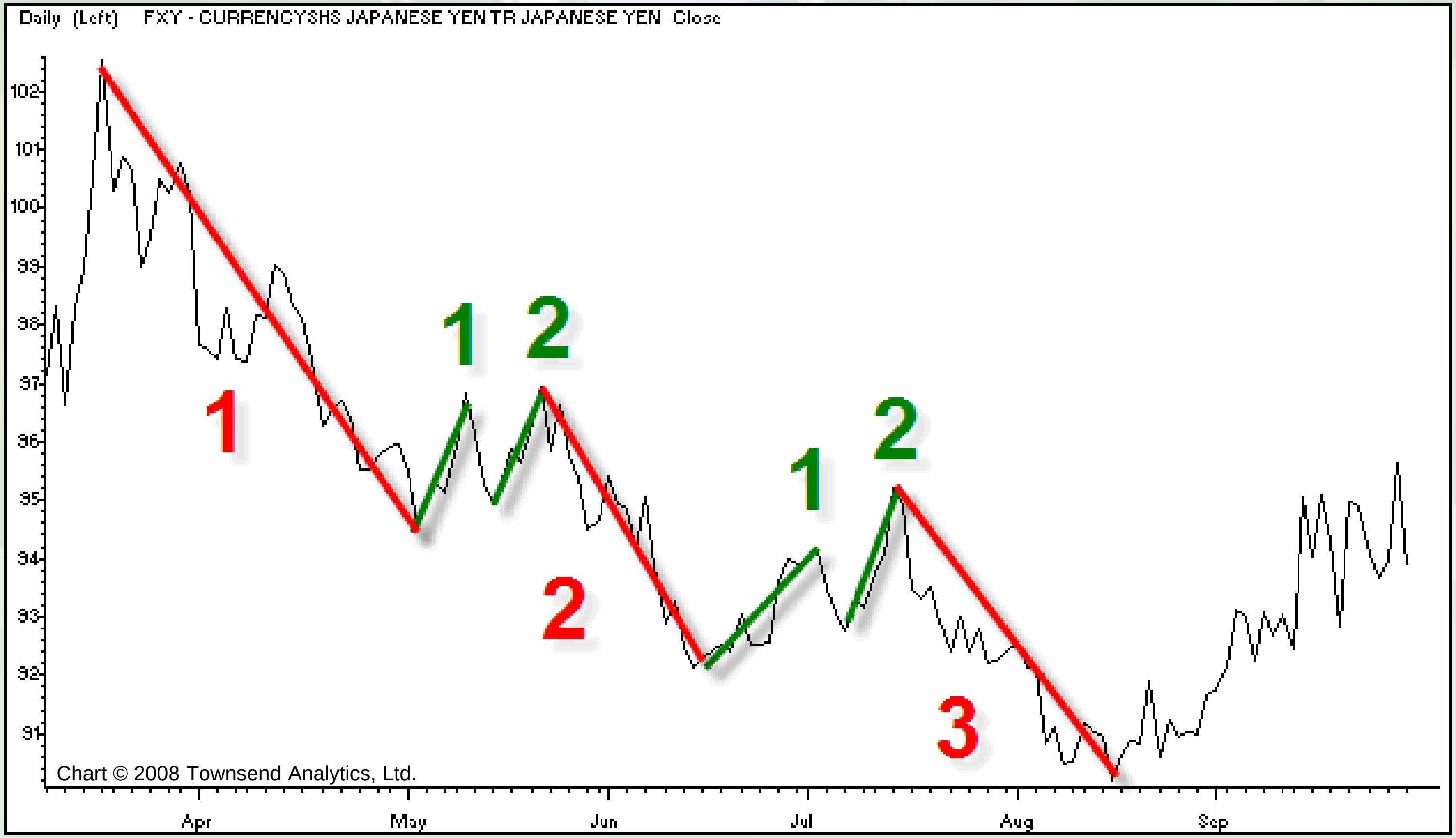


Trend Development



Trend Development

Trend Development



Correction Periods

Correction Periods are times of the day or times of the year when the market is most likely to correct from its previous trend. That correction can be via time or price.

Correction Periods

Targets

Remember: Always keep the “bigger picture” in mind.

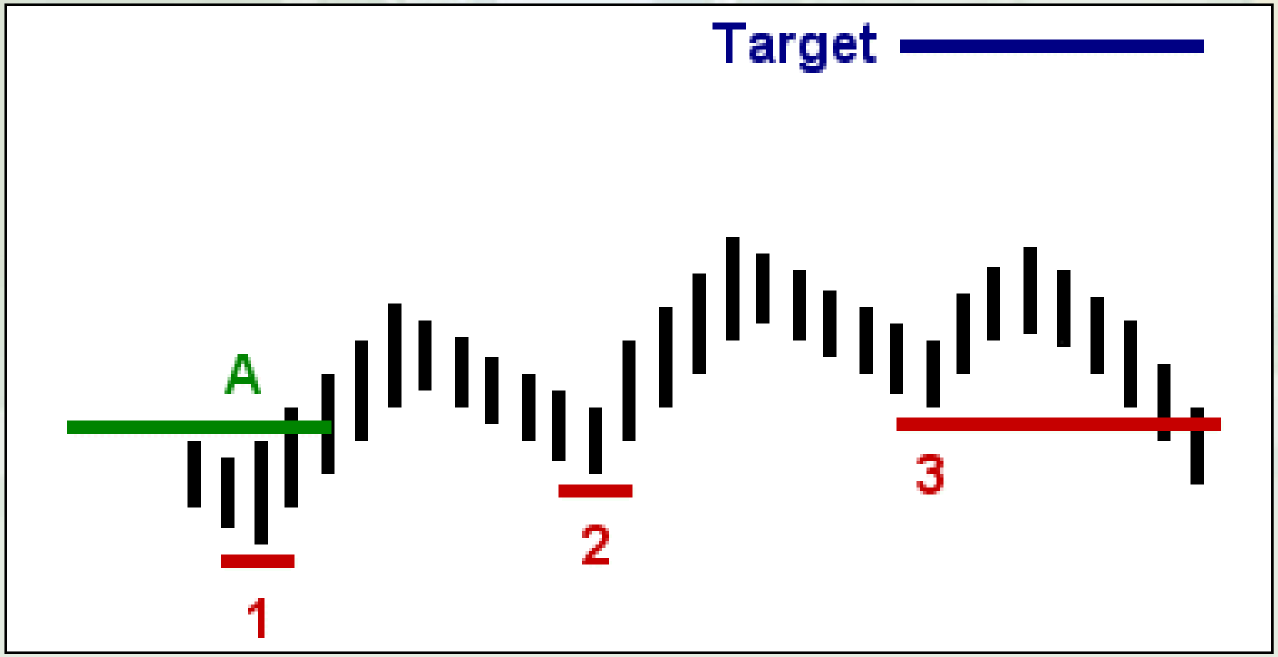
The target of a setup should be based upon the time frame in which the setup was identified, paying close attention to the larger time frames, particularly their S/R levels and trend placement/development.

Adjusting Stops & Trailing Stops

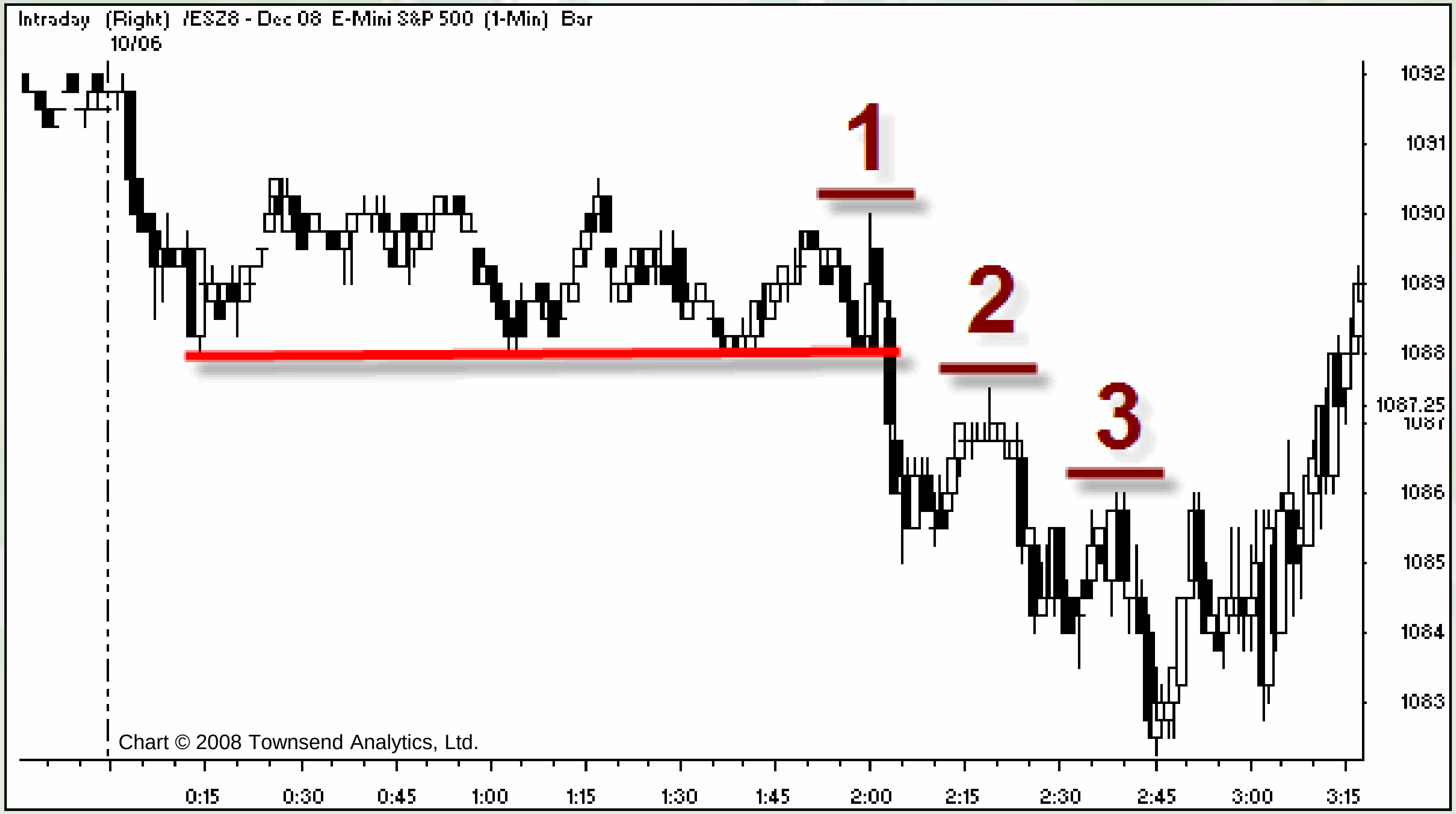
The number one problem of many traders when it comes to adjusting stops is that they do so too quickly!!!

Do not immediately move your stop to breakeven once it is showing a profit!

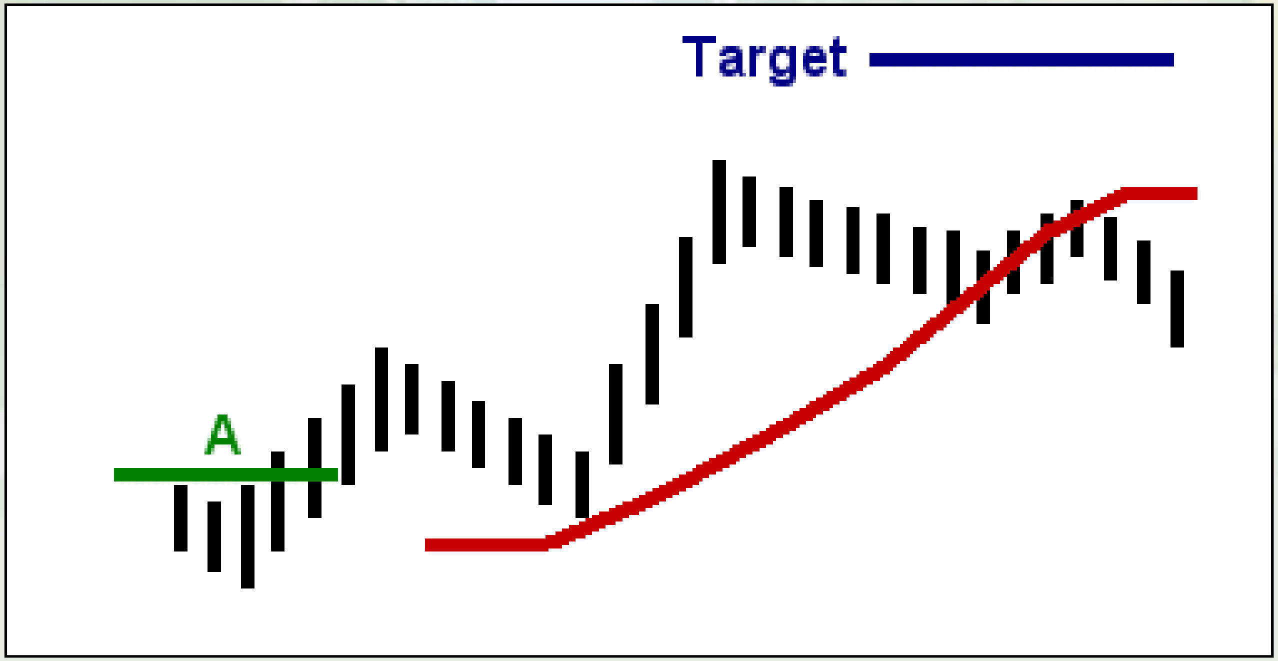
Price Pivots & Stops



Stop Adjustments

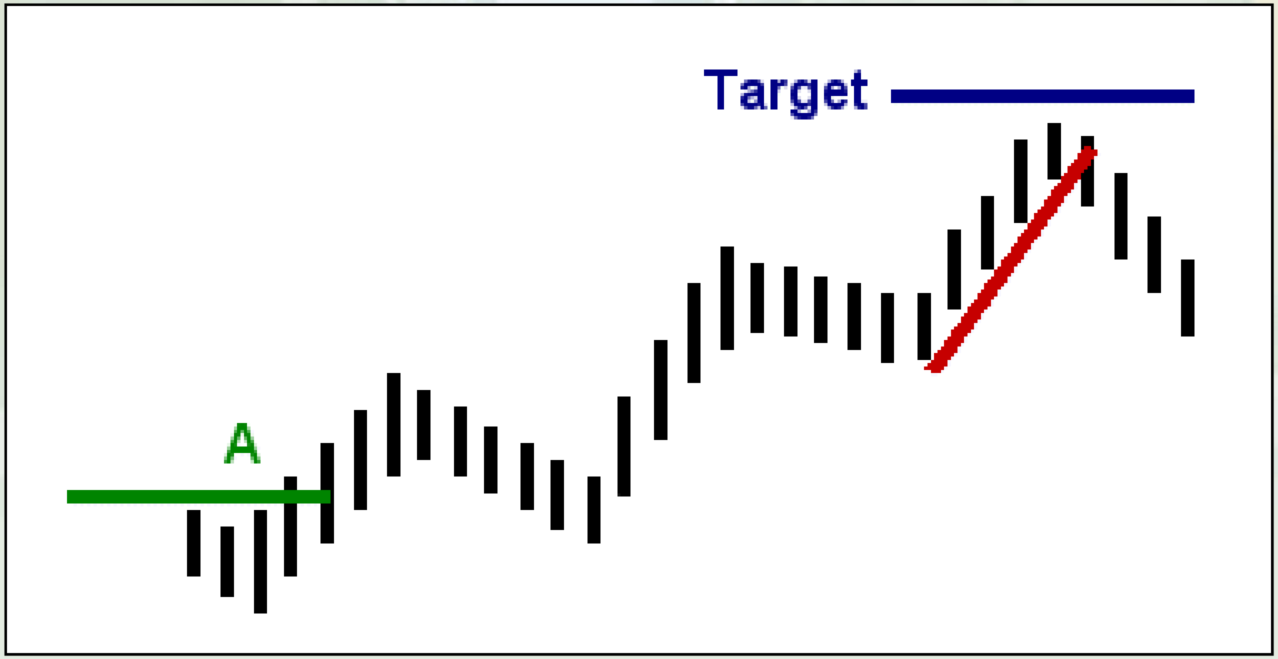


Moving Averages



Trailing Stops

Channel Break



Trailing Stops

Thank you for coming!

To learn more about Toni Hansen's trading strategies, go to http://www.tonihansen.com or email her at toni@tonihansen.com

http://www.swingtrader.net