



Gold and SP500's One Candle Rebound To Riches

By: Chris Vermeulen

March 04, 2010

It's been a great year for trading!

So far February, last week and this week have been absolutely amazing for both swing traders and intraday traders.

On February 5th we had extreme panic selling with nearly 35 sell orders for every 1 buy order on the NYSE. That extreme panic and dumping of shares was the day we jumped into the market and we nailed the bottom.

As my trading buddy David Banister from ActiveTradingPartners would say "Buy When They Cry!" and that is exactly what subscribers did. Since then our gold, silver and the index funds have been moving up nicely.

I would like to note that there were several more technical reasons why we jumped into the market that day but I won't get into the nitty-gritty cause this mid-week update would be a trading book....

Explanation of What happened Last Week & This Week

Ok this may get a little confusing but try to stick with me here....

If you recall last Wednesday's mid-week report which was called "[Gold, Silver & Stock Indices on the Verge of Rolling Over](#)", I talked about how I was bearish on the overall market. This report has a bunch of detailed charts explaining what was most likely to happen next and some trading.

Well, the market played out just as we had expected. The market dropped 1.35% in overnight trading and the following trading session providing intraday traders using ETF's, Futures or CFD's a net profit between 1.35% to over 100% return within 17 hours of entering a trade depending on which trading vehicle you used. Check out how this trade was executed by reading my report titled "[How To Use Multiple Time Frames For Setups](#)" which I send out the next day. Understanding how to trade using different time frames is a must for all traders and this report shows you how.

Now here is the part that has thrown a lot of traders off

Just to recap, I posted an extremely bearish report saying the sky is falling on Wednesday. Thursday morning the market moved down as expected, and then late Thursday afternoon I sent out a trade alerts to buy a bunch of precious metal and stock etfs.

I understand why emails flooded my inbox that afternoon..... Everyone wanted to know how I can say the market is falling then turn around and buy the very next day.

It's actually a really simple answer. **"I don't fall in love with my positions"** and **"I re-evaluate the market after each new candlestick on the chart"**.

Trading is not an easy task, that we all know. The market tests and bends my brain to the limit on a regular basis and if one cannot control their emotions and stick with a set of trading rules, then you will eventually lose all your money.

I have placed thousands of trades in my lifetime and pulling the trigger to get in and out of a position does not phase me anymore. But the problem is most people don't want to exit a losing trade because then they are proven wrong and most people hate being wrong. If that's what you are feeling, then you need fix it or get out of trading.

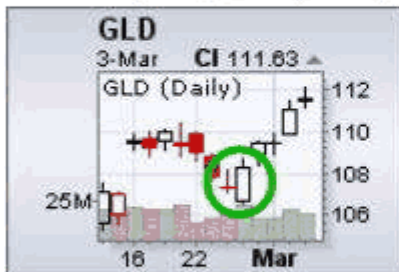
My general rule is "when in doubt, get out". I would rather watch a trade move without me knowing I had it right, than be stuck in a losing trade, saying to myself, "Why the hell did I get into this trade?"

Re-Evaluating the Market or Your Investment

After each new candle is formed on a chart it is crucial to re-evaluate the charts. In other words if your main focus is to trade the daily chart then you better re-evaluate the strength of the chart each day and also check the 1 hour intraday chart for possible bullish or bearish patterns.

On the other hand, if you are an intraday trader focusing on trading the 1 hour chart, then you better be evaluating things every hour, and also check the 5 or 10 minute charts for patterns to keep an eye on price and volume action.

Below are daily charts of some ETF's I trade showing how we have been trading the market. You can see February 25th the market reversed to the upside and that is when we went long again as prices formed an outside reversal candle and these funds have been moving higher ever since.



Mid-Week Trading Conclusion:

In short, it's been a great start to the year with the market performing within its regular trading patterns between fear and greed.

I believe 2010 is going to be very tough for individuals who do not fully understand the market and how to manage risk. I figure the market is about to top in the next week or so then start to head lower. 2010 will most likely trade in a large sideways range for 8-10 months and maybe even longer. Being able to spot market reversals and trade them actively is where the money is this year. No grand slams, just a bunch of single base hits.

I would like to see the market rally and make new highs but I am ready for whatever the market dishes out in the coming months.

I hope this report helped you to understand that trading is an active sport and being able to change directions one day to another is just part of the game.

Chris Vermeulen – www.FuturesTradingSignals.com