

The Five Key Principles Behind the Andrews Median Line: A True Leading Indicator and Trend Trading Tool

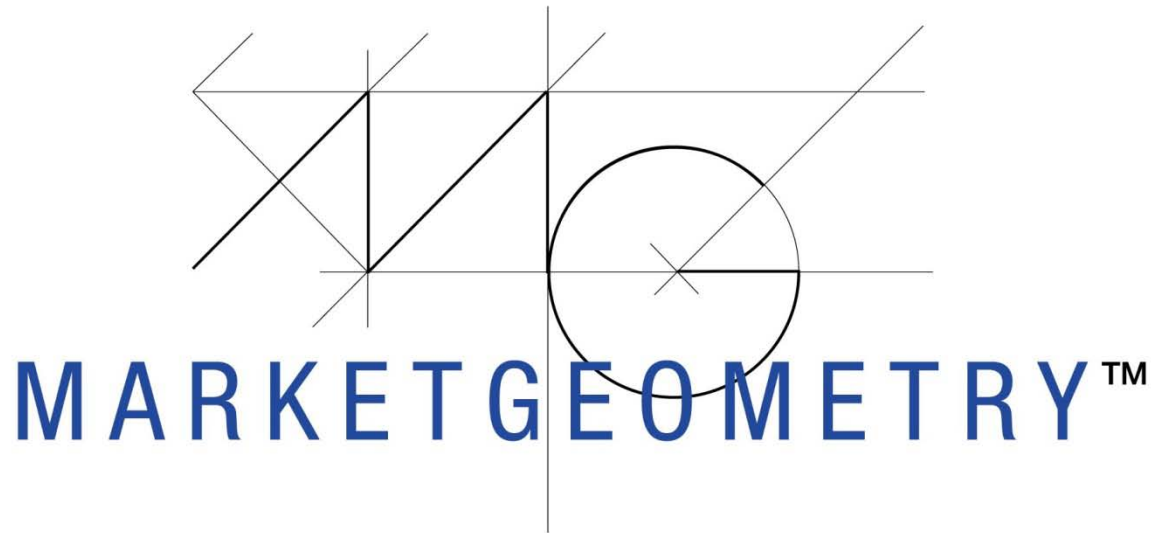


Timothy Morge, CTA and President
Blackthorne Capital, Inc.

Internet Presentation Sponsored by Interactive Brokers July 12, 2012

www.marketgeometry.com

www.medianline.com



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Results

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Results are not guaranteed, individual experiences may vary.

Market Volatility

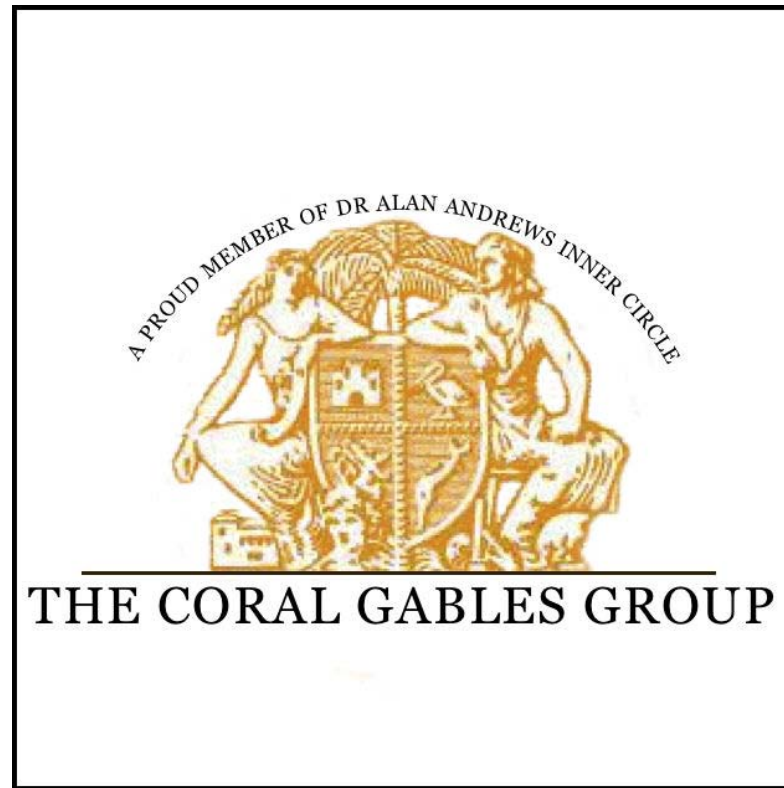
In volatile market conditions, substantial losses may occur.

In volatile market conditions, orders may not be filled as placed.

Leverage

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This webcast is dedicated one of my earliest mentors, Dr. Alan Andrews, a Newtonian Physicist that developed Action/Reaction Lines and the Median Line in the mid-1920's.

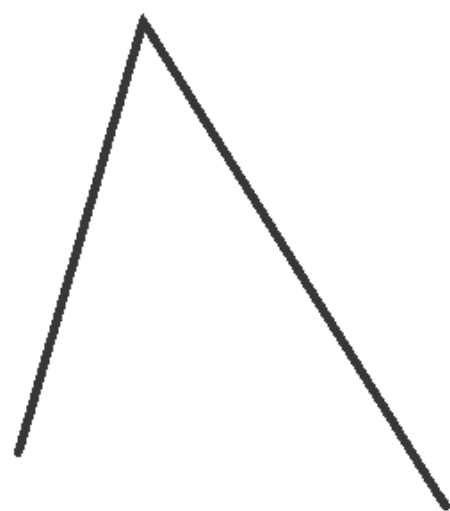


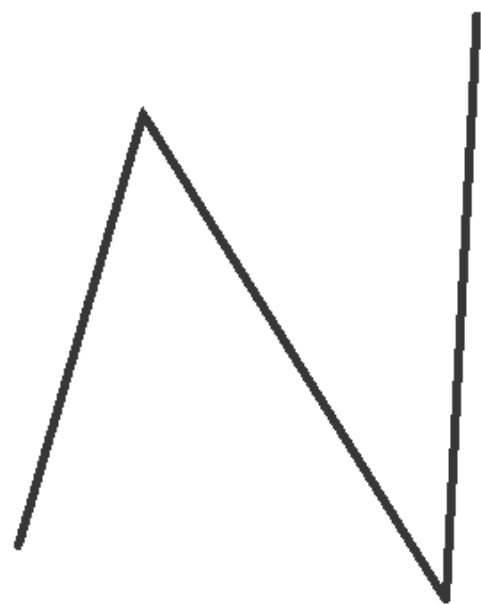
And to the Coral Gables Group, his Inner Circle. There are only eight left, and I am proud to be one, carrying forward his work.

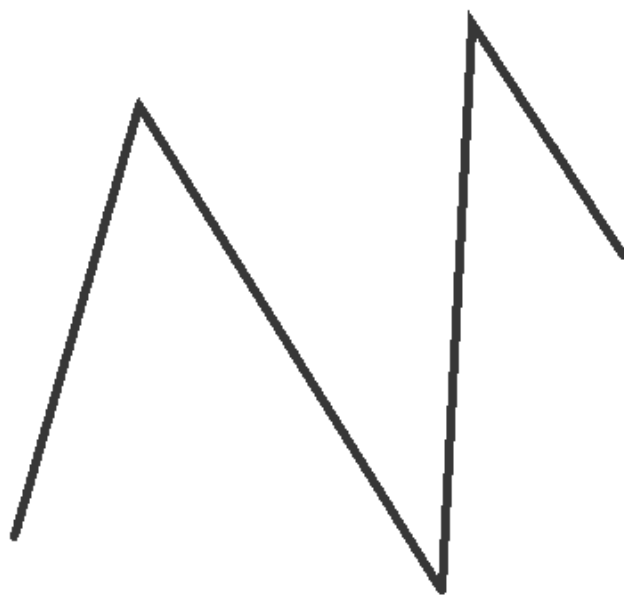
Price Fluctuates!

**Let's Investigate a 240 Minute Price Swing Chart From
Crude Oil Futures Using Two Technical Analysis Tools**

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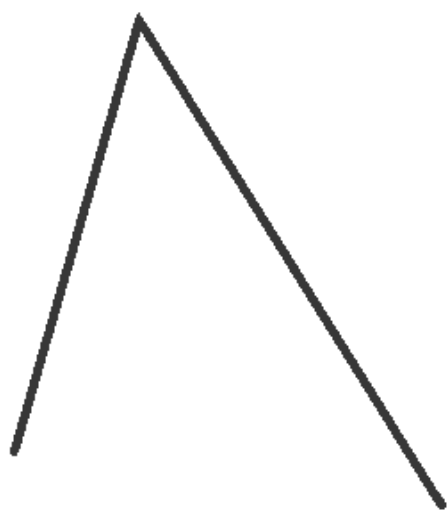


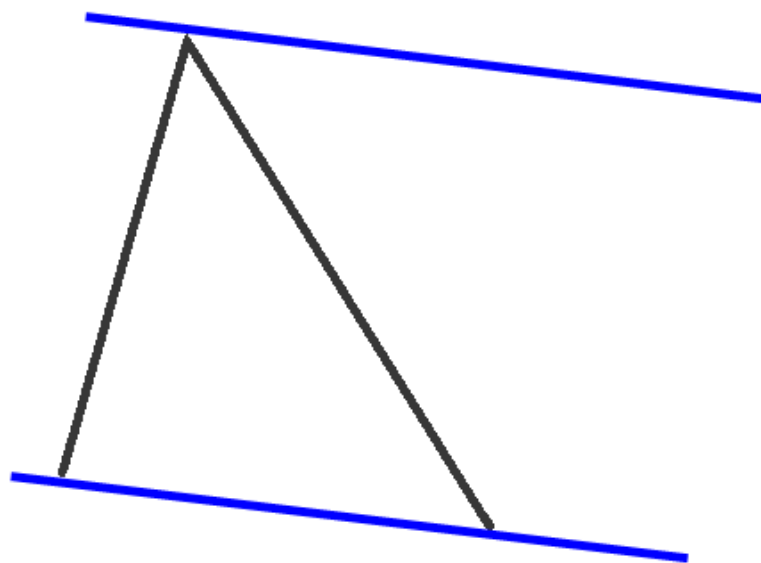


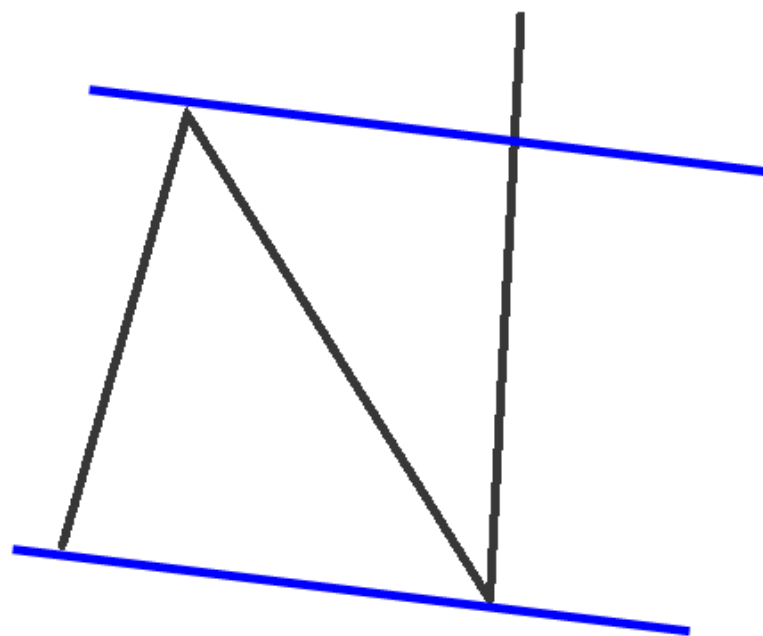
Looking for Frequency

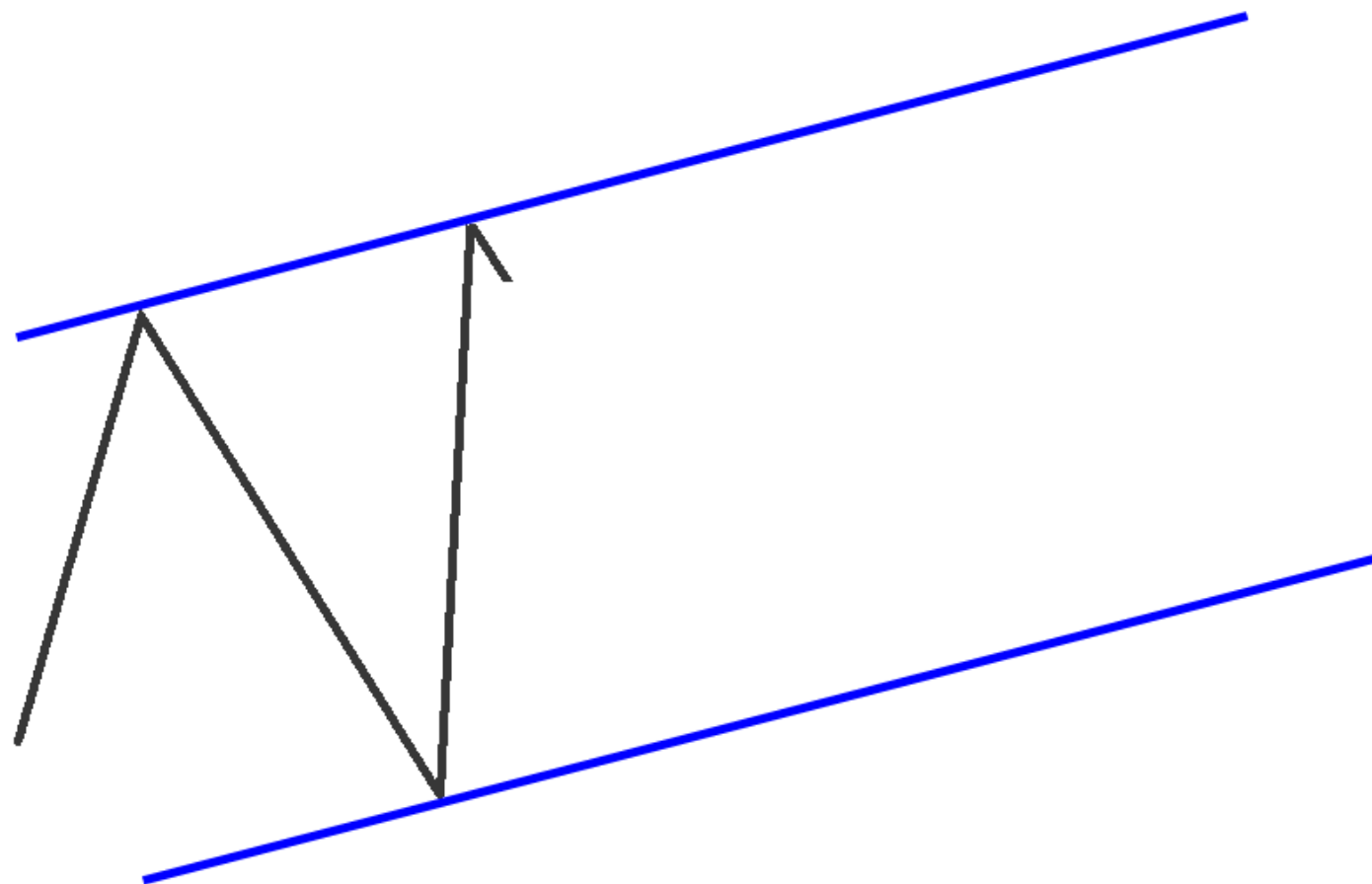
Using a Channel to Define the Probable Path of Price

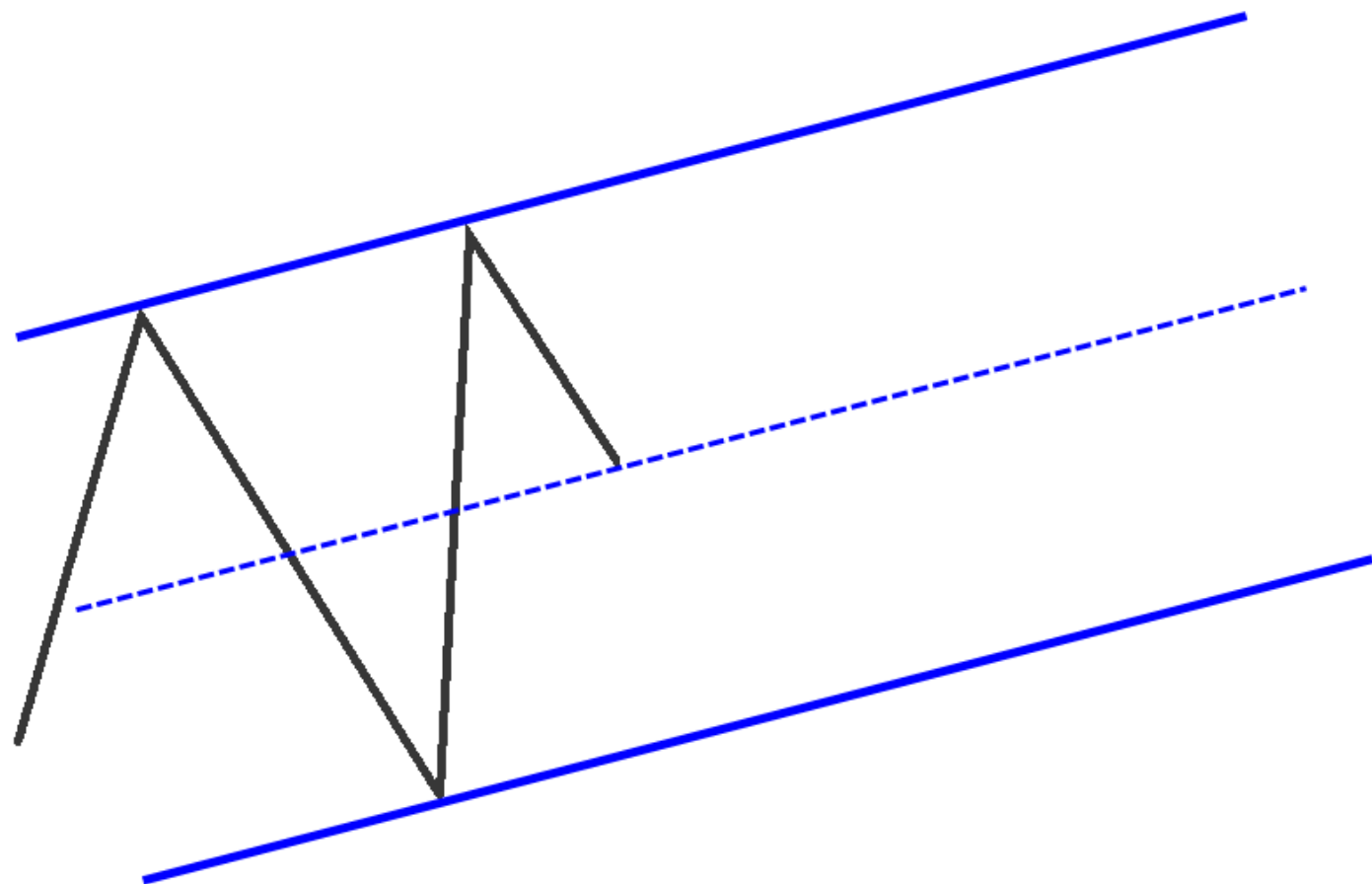
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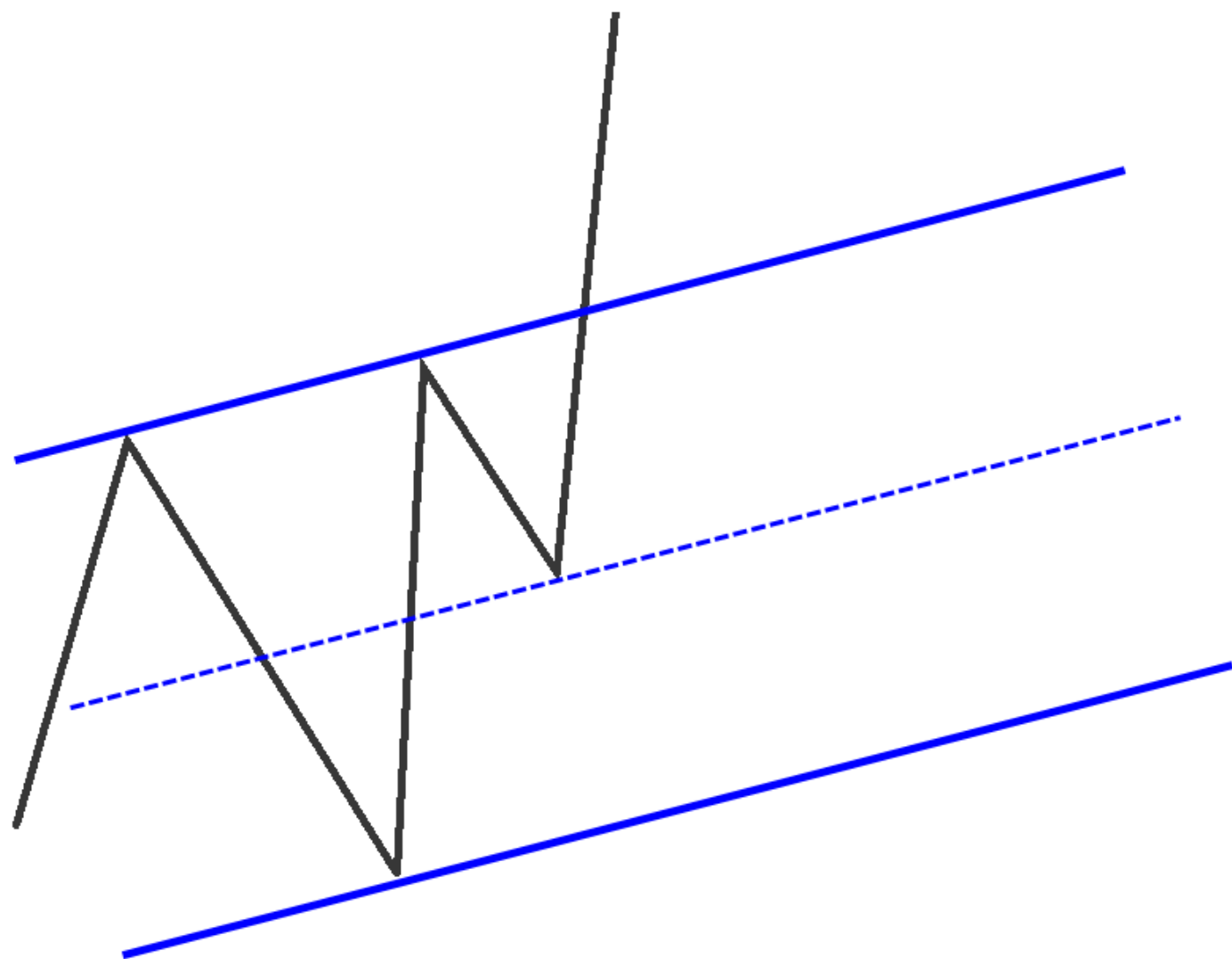


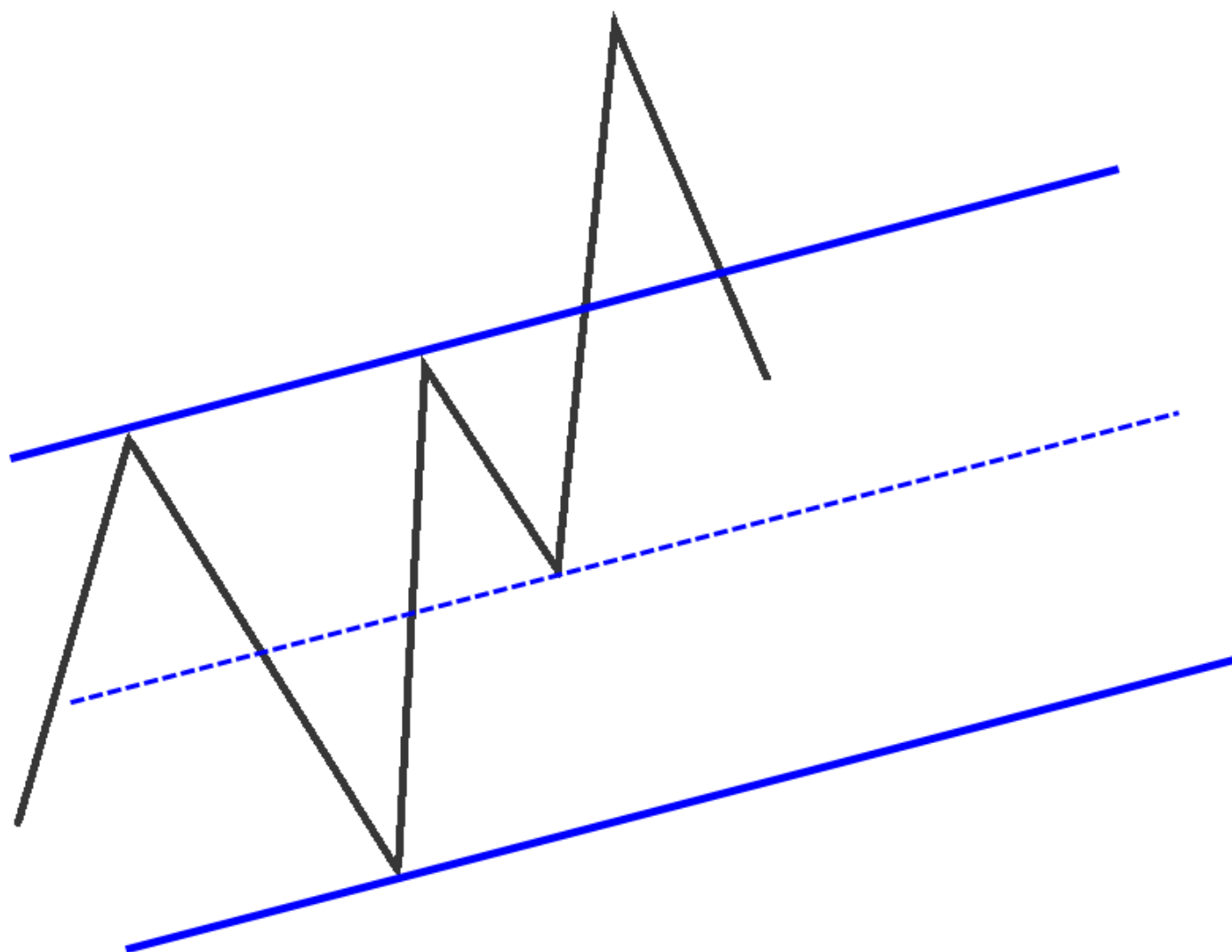


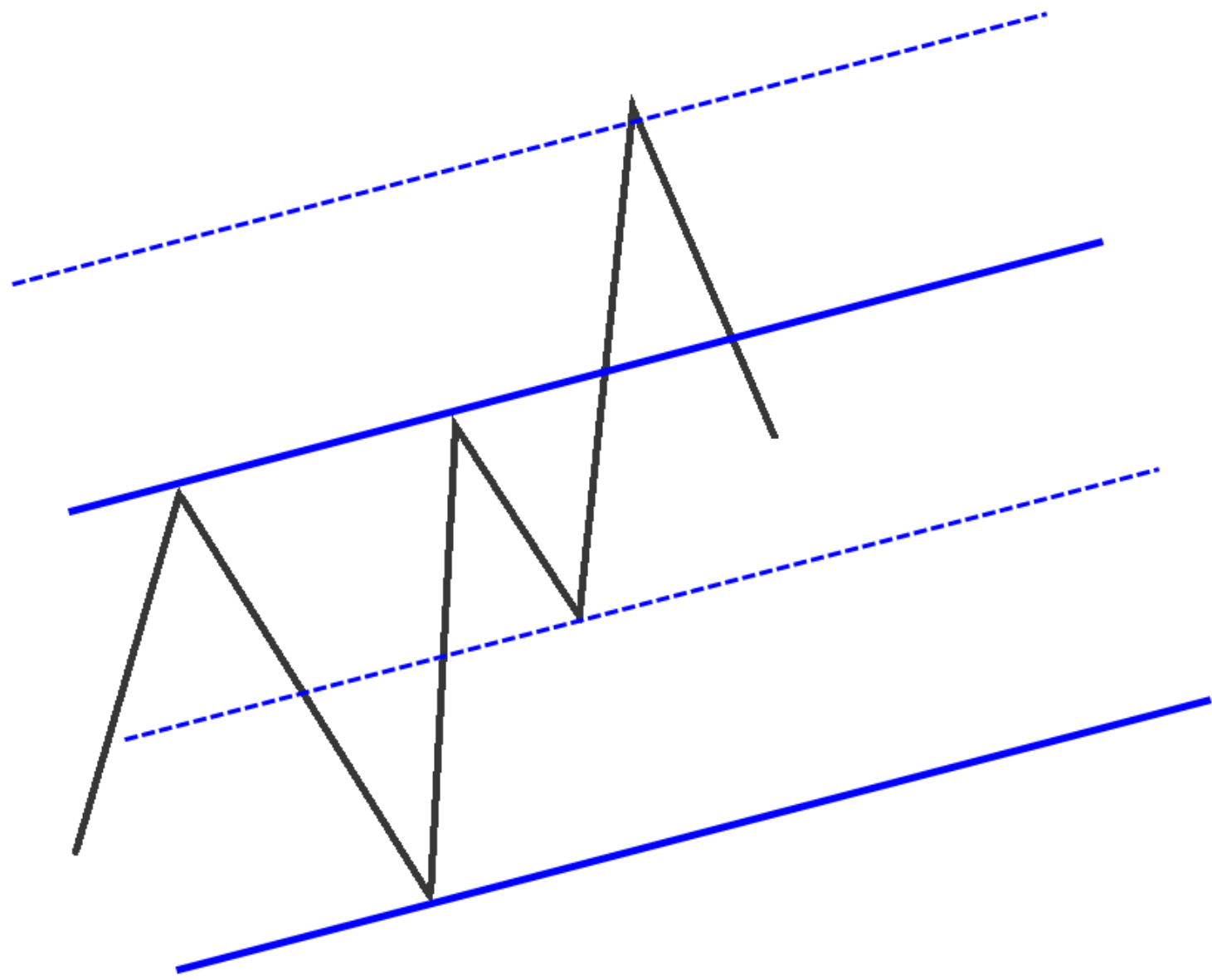


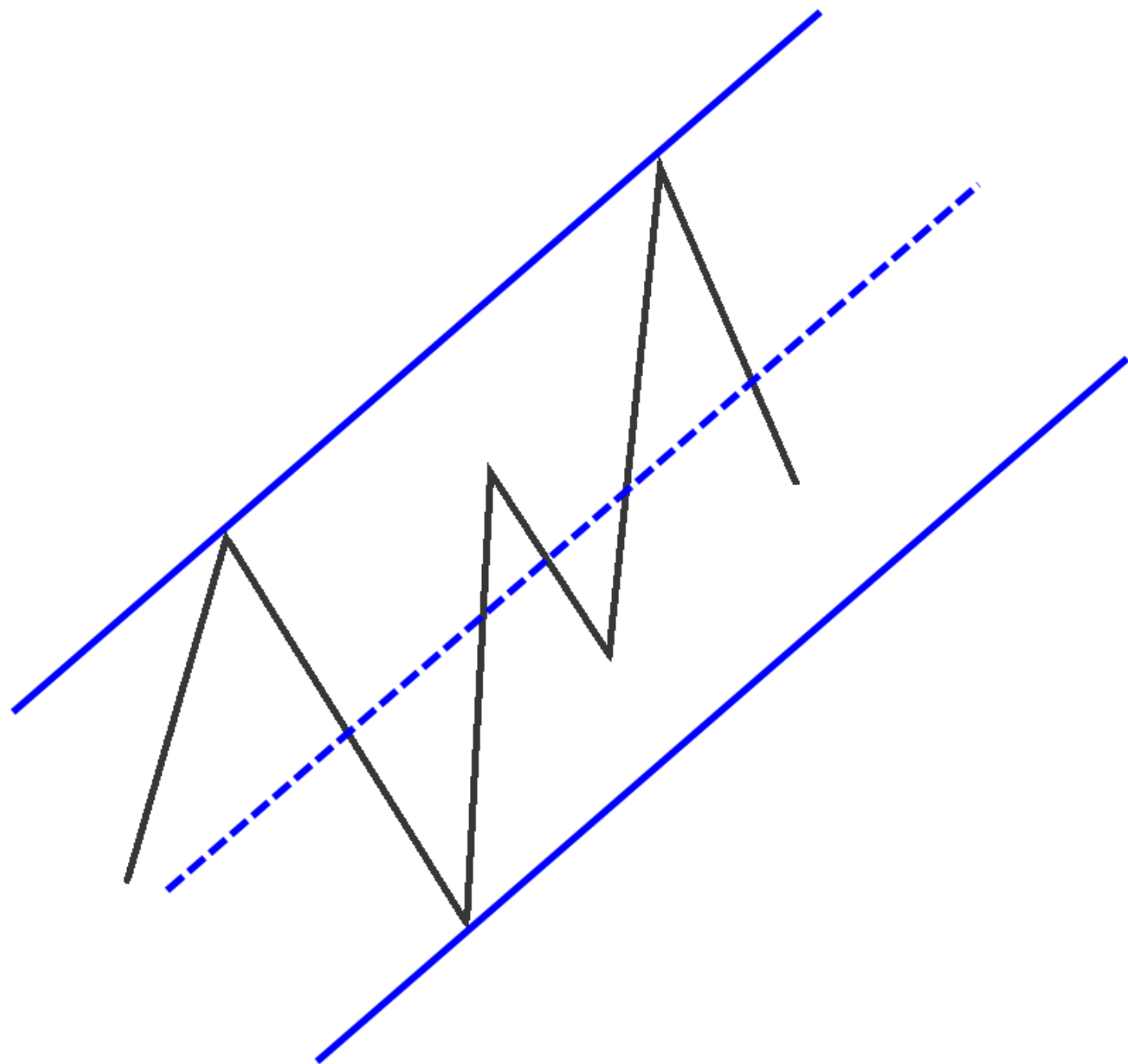


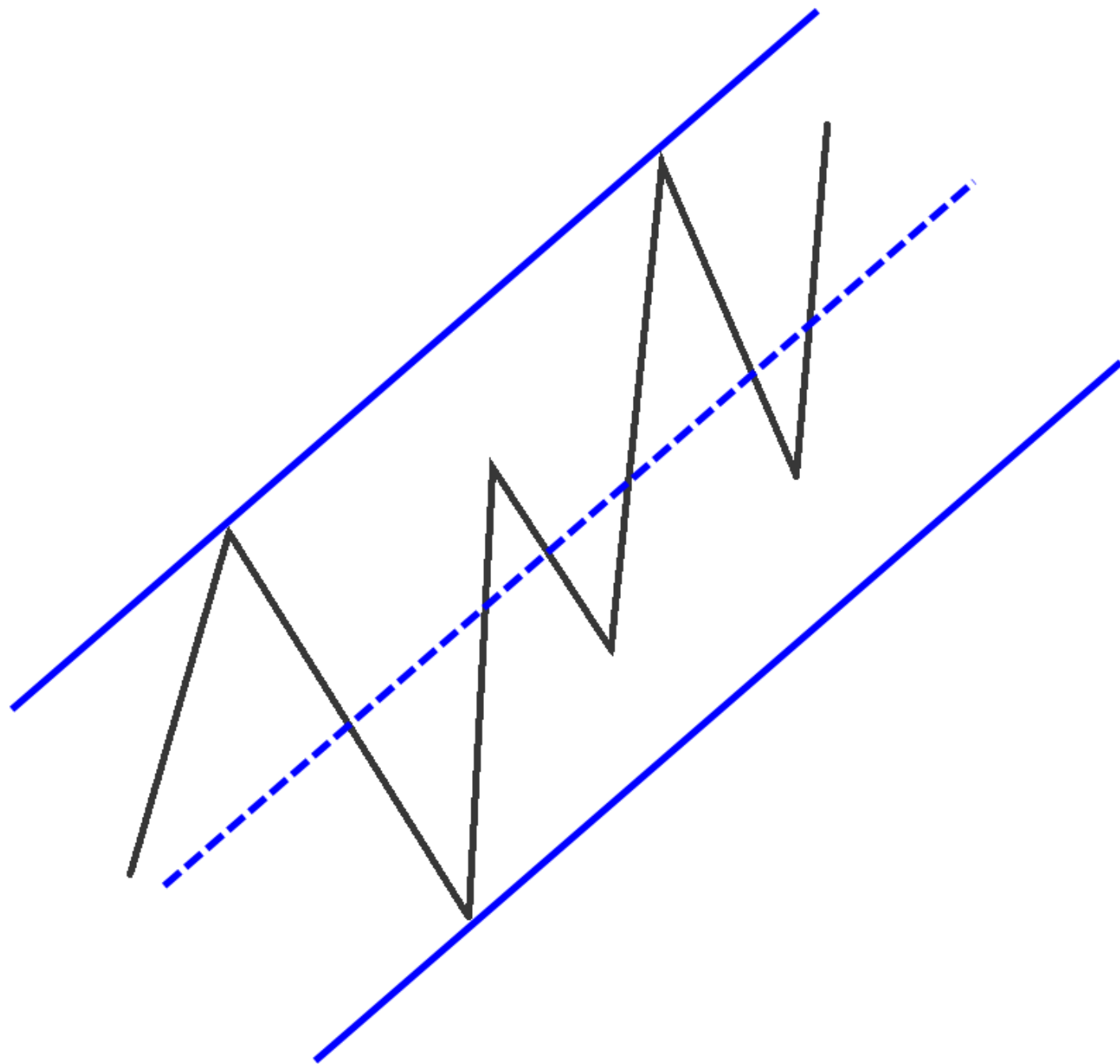


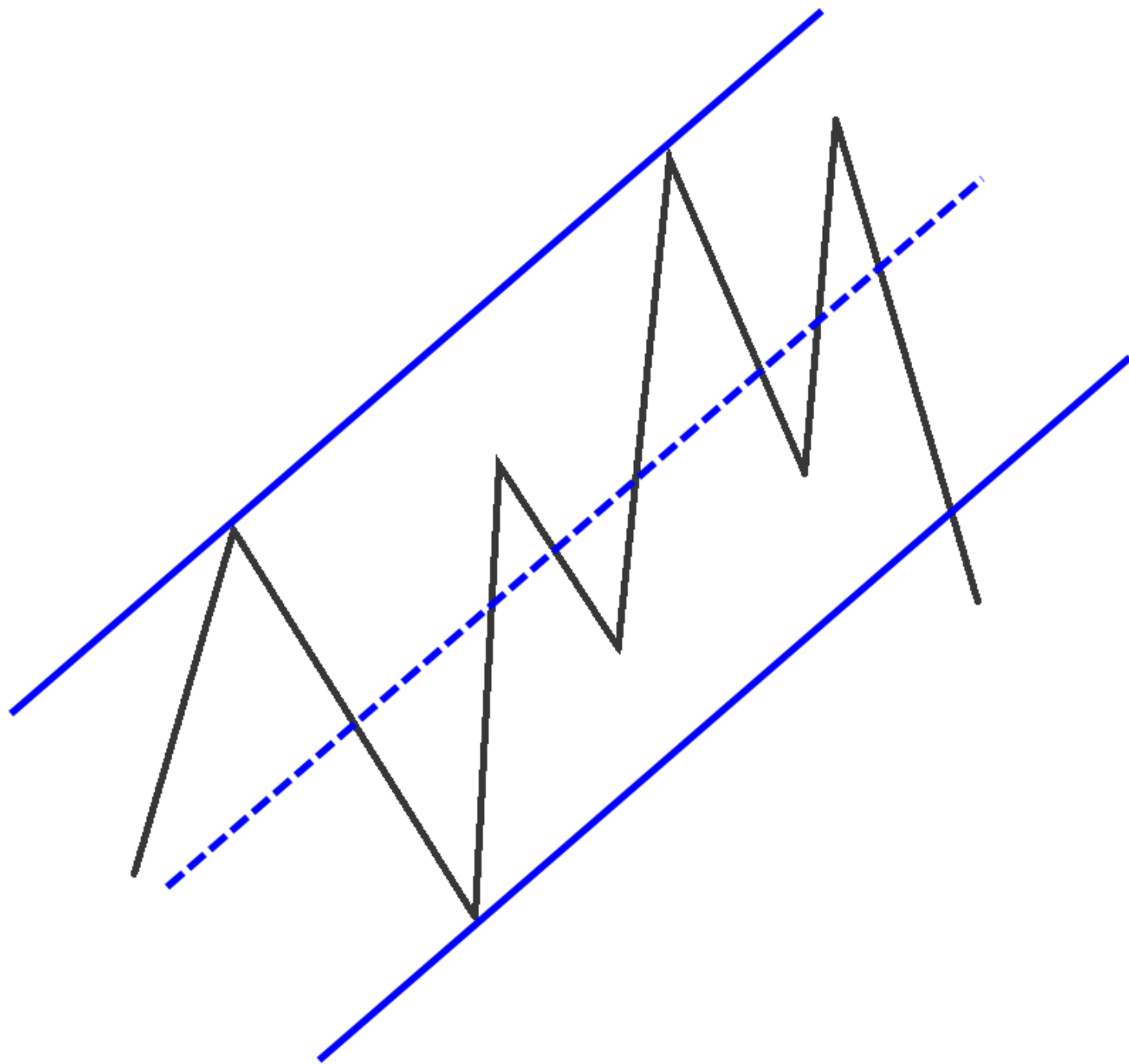








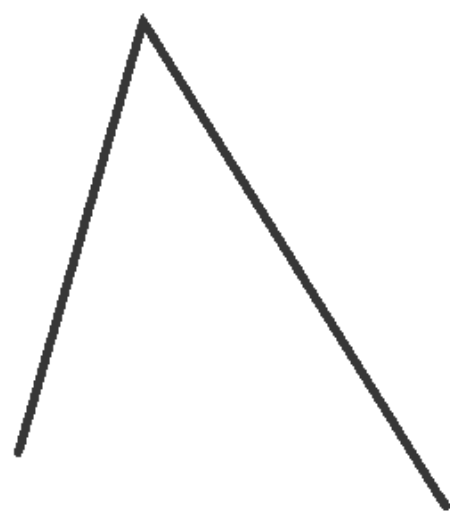


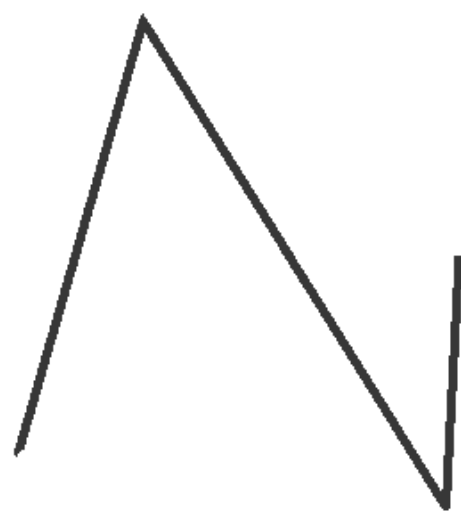


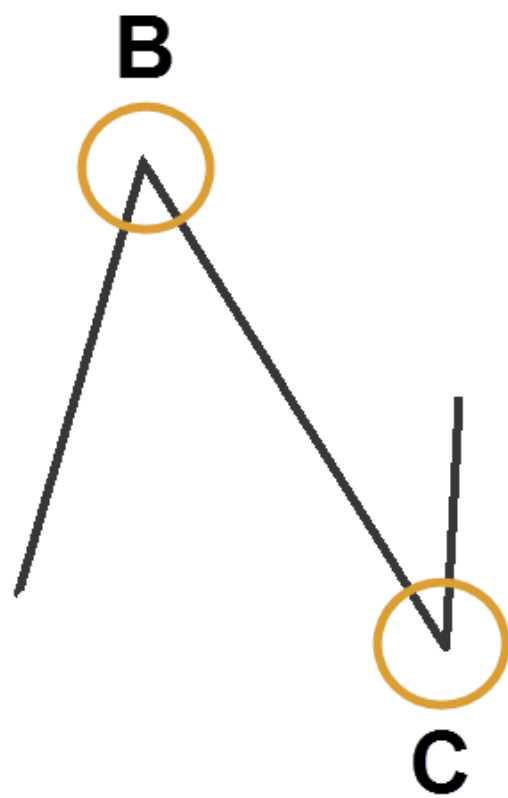
Looking for Frequency Part II

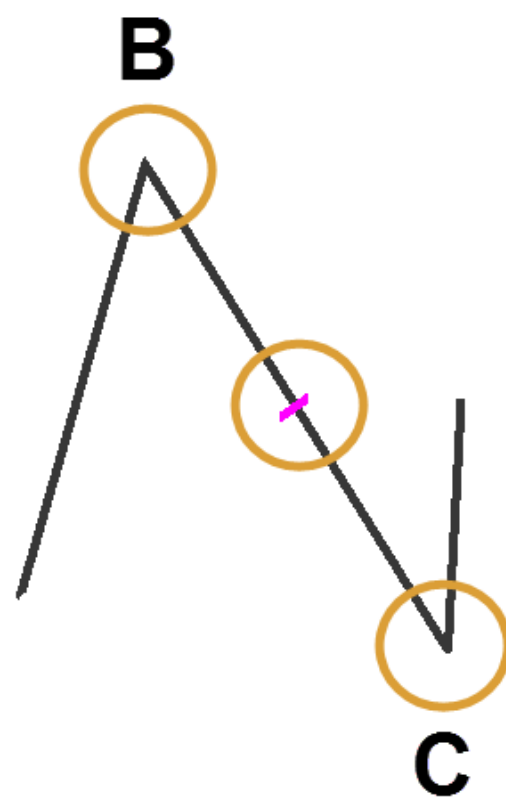
Using Median Lines to Define the Probable Path of Price

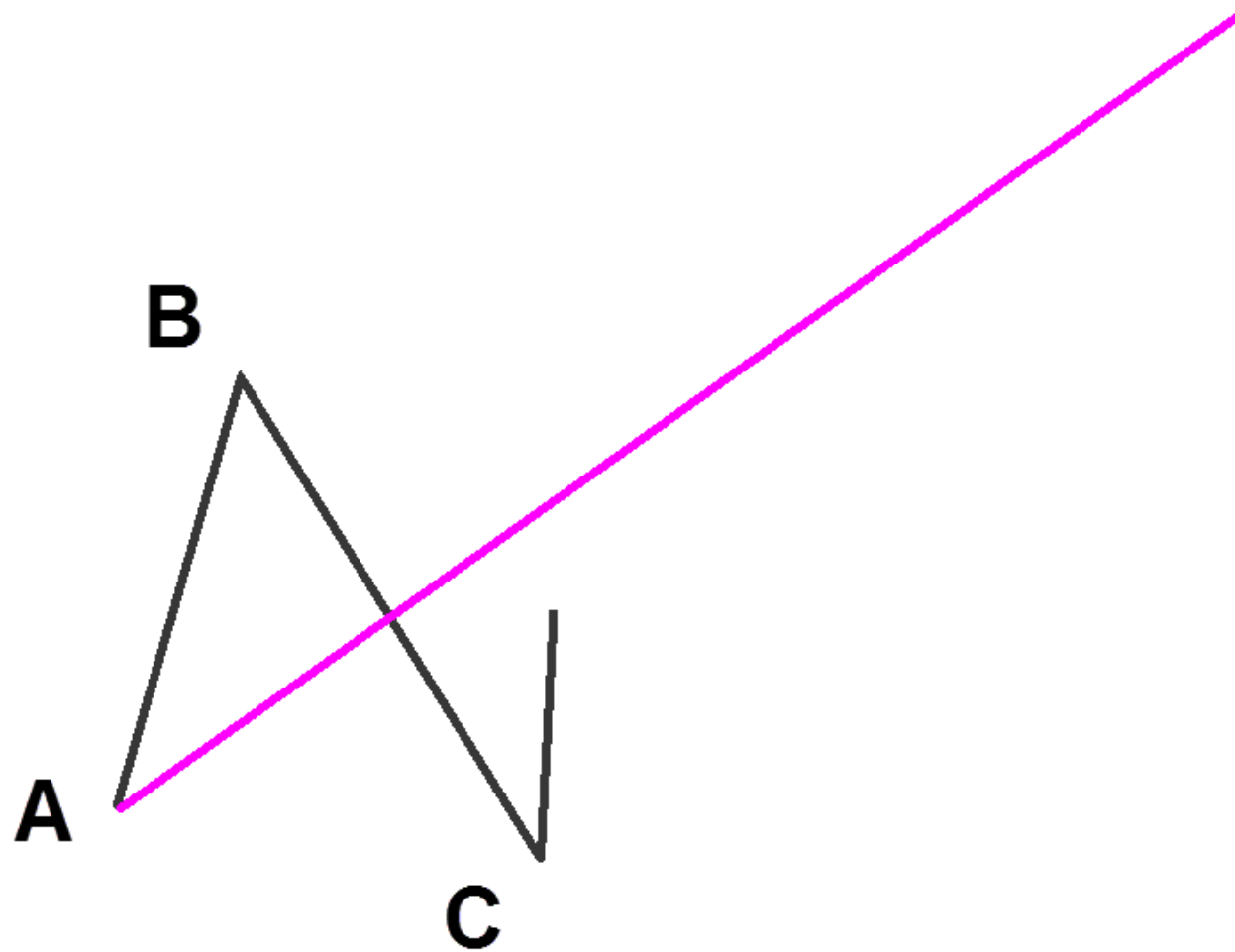
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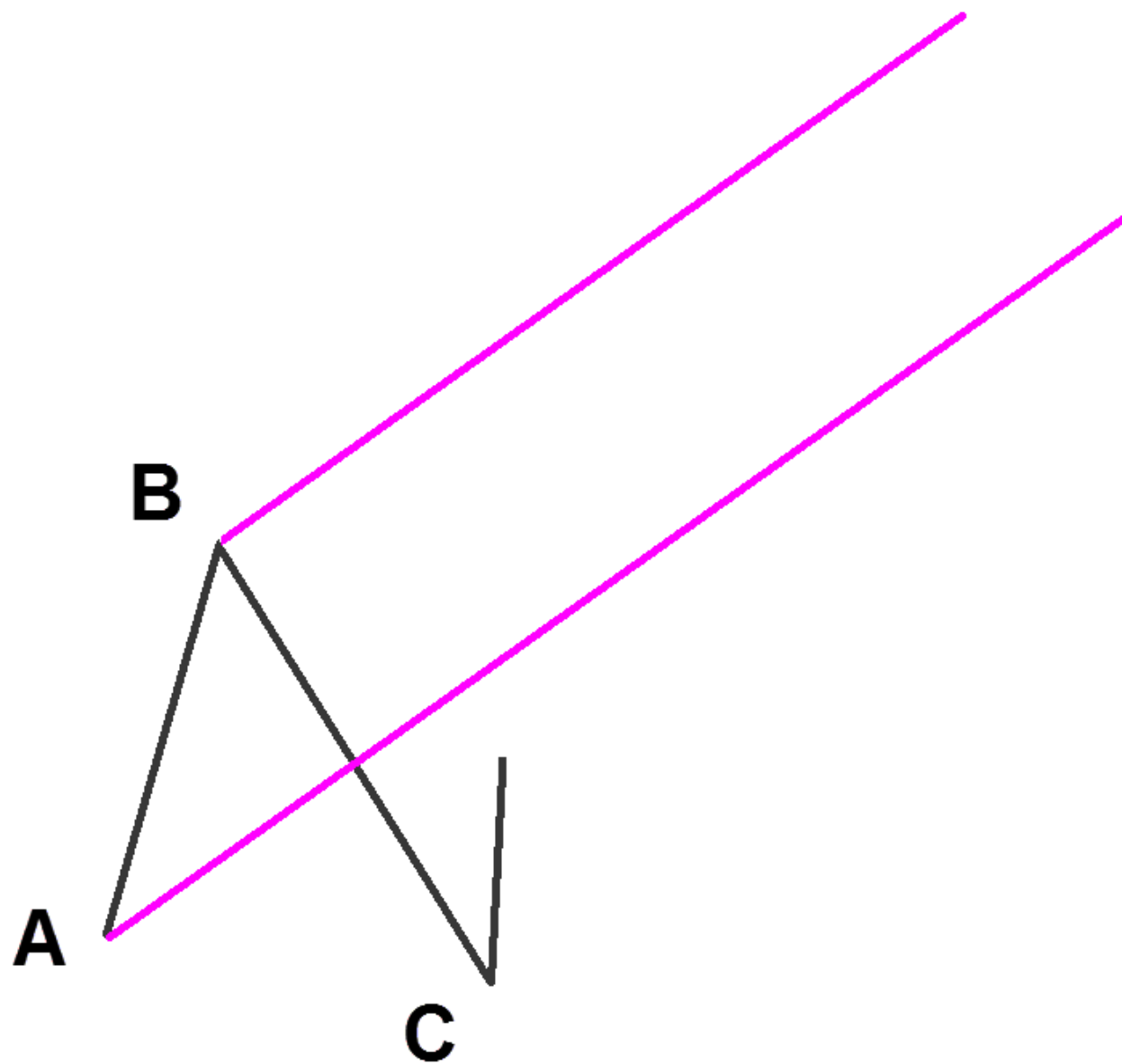


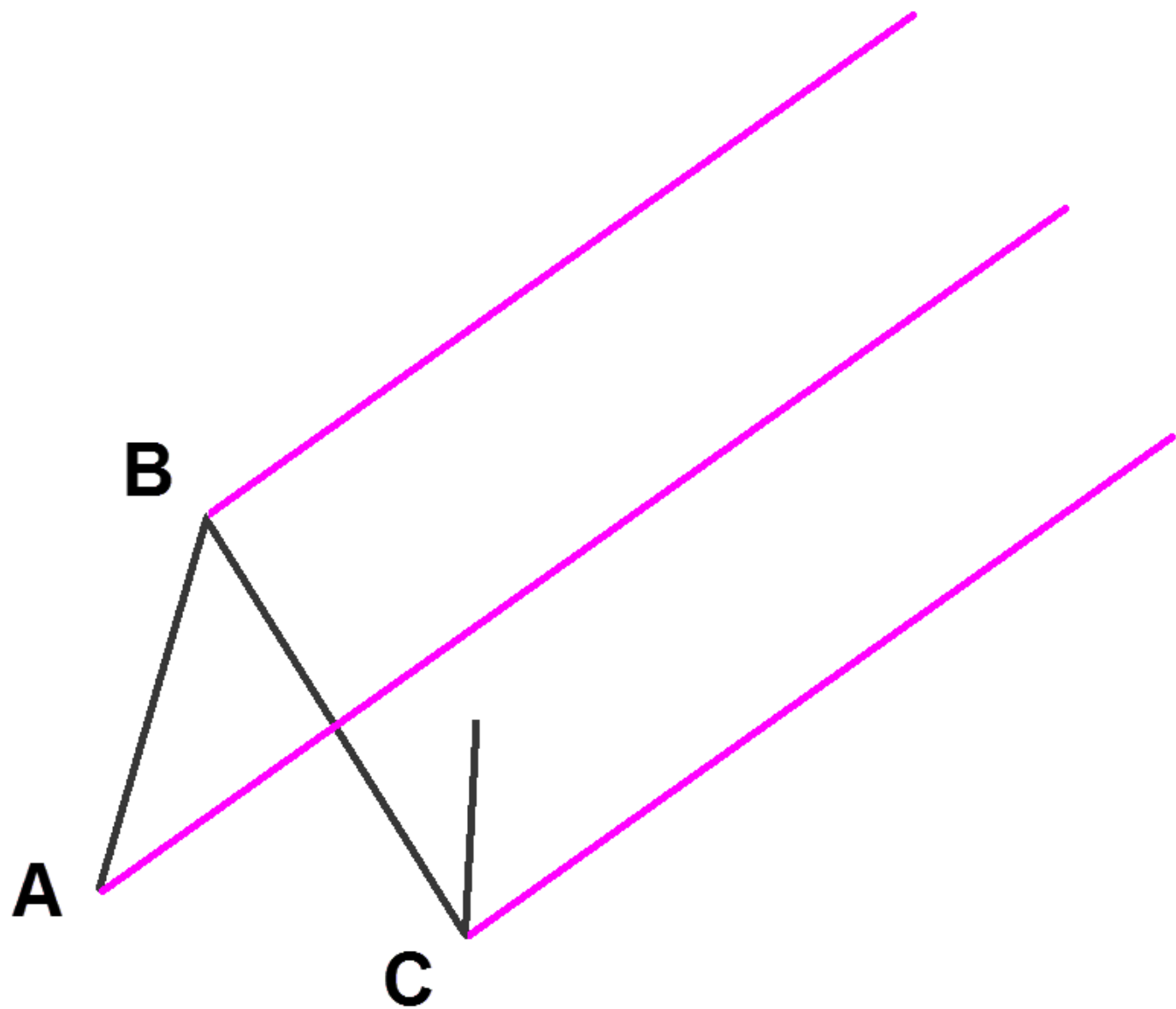


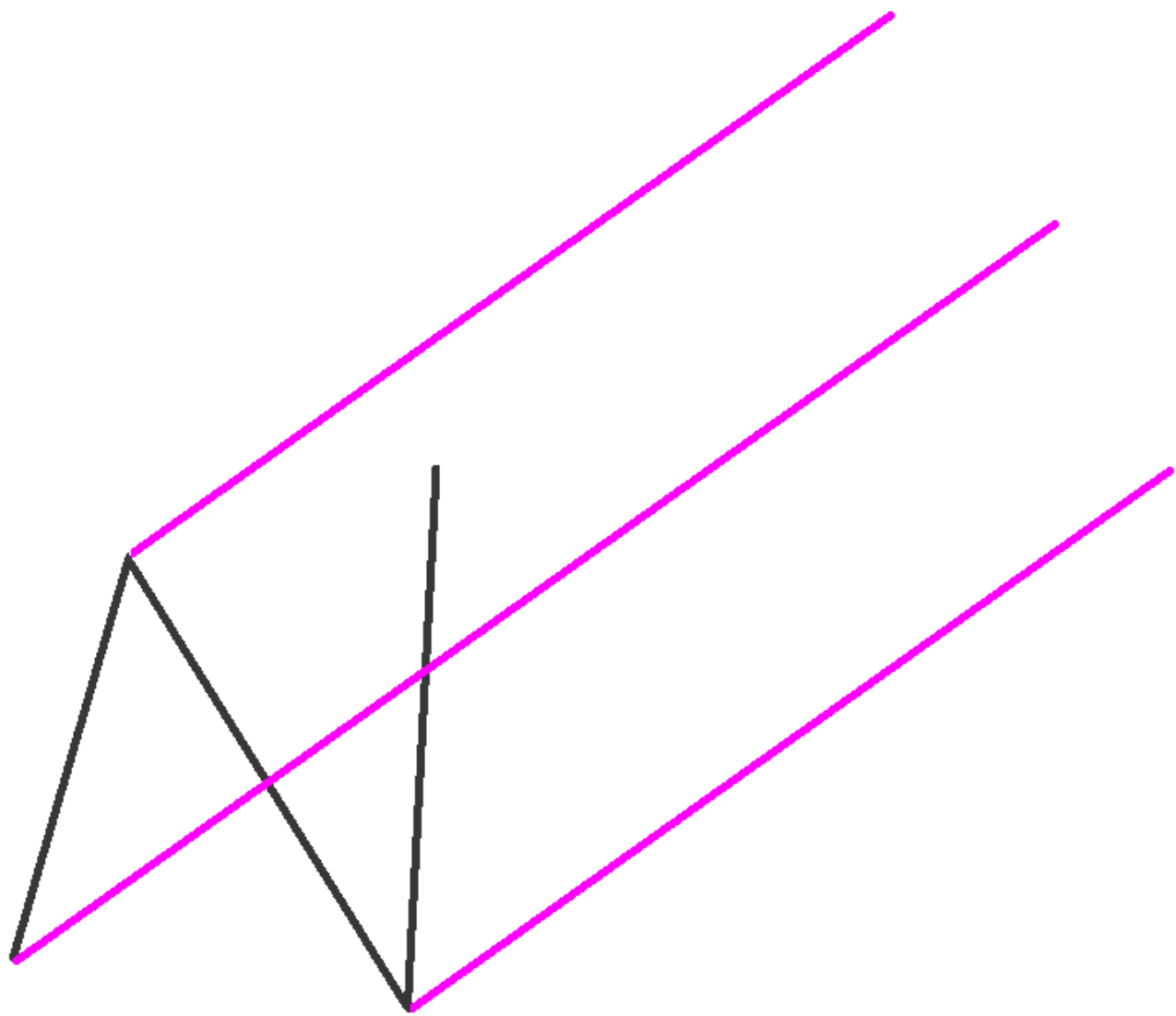




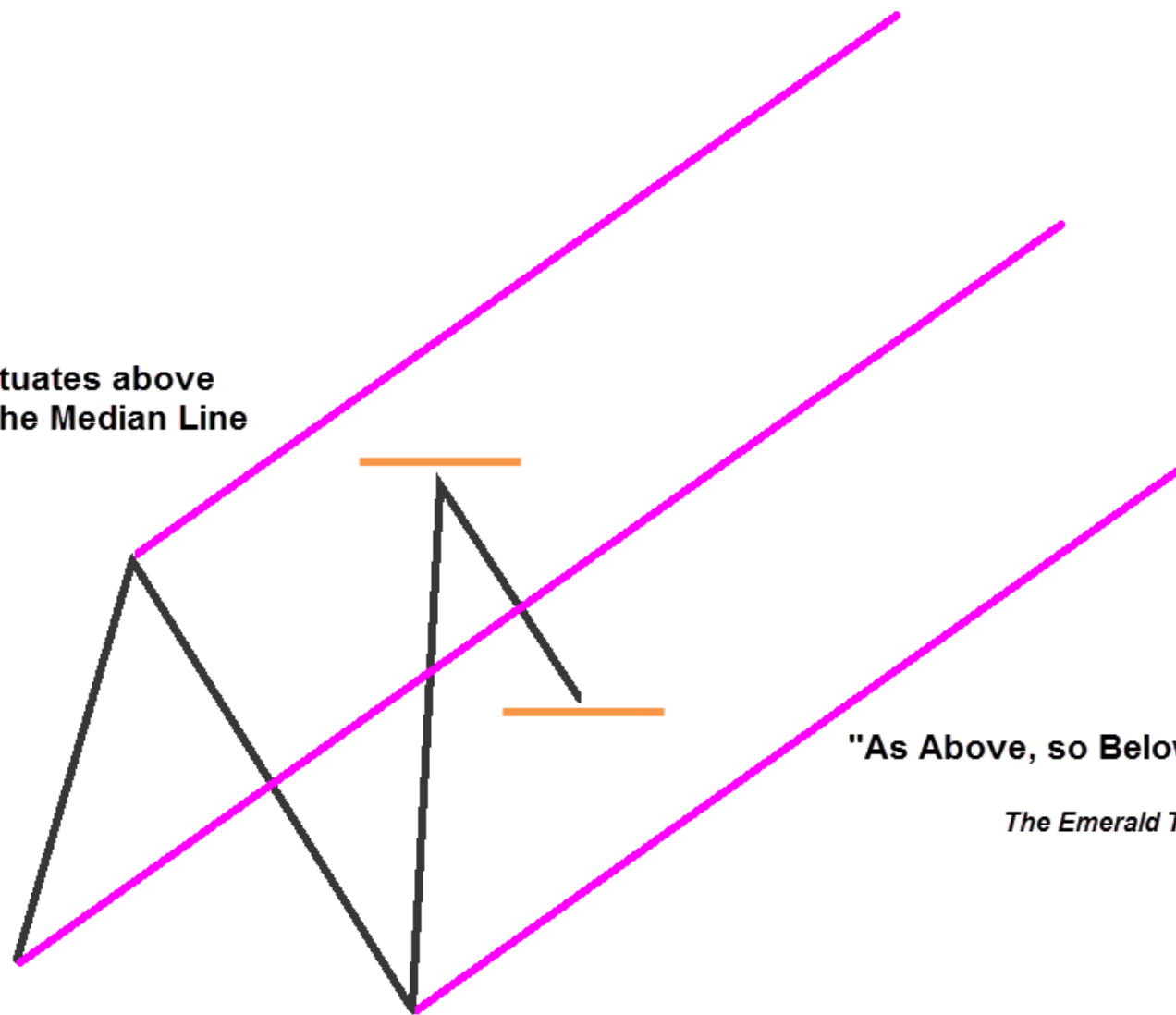








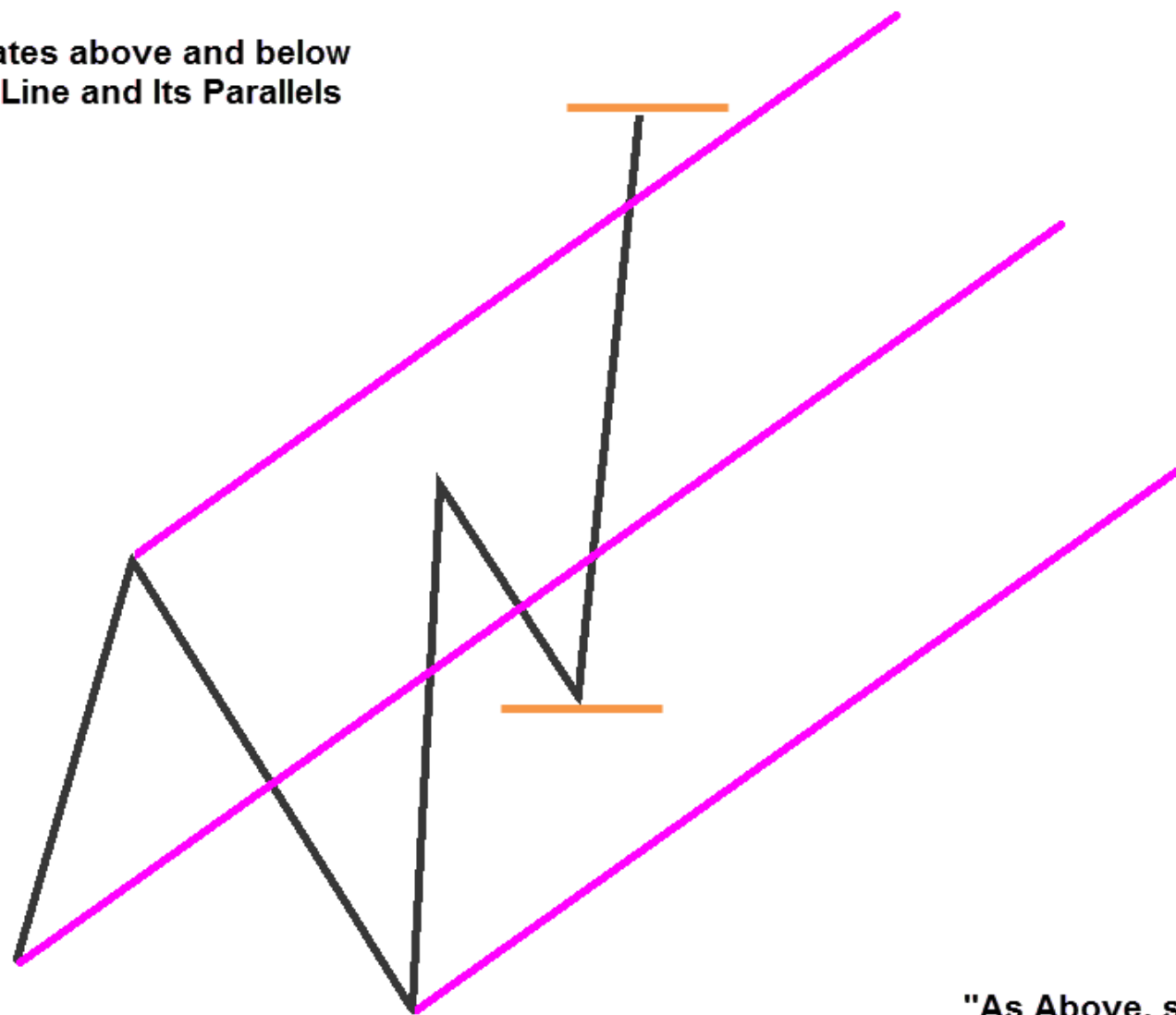
Price fluctuates above
and below the Median Line



"As Above, so Below..."

The Emerald Tablet

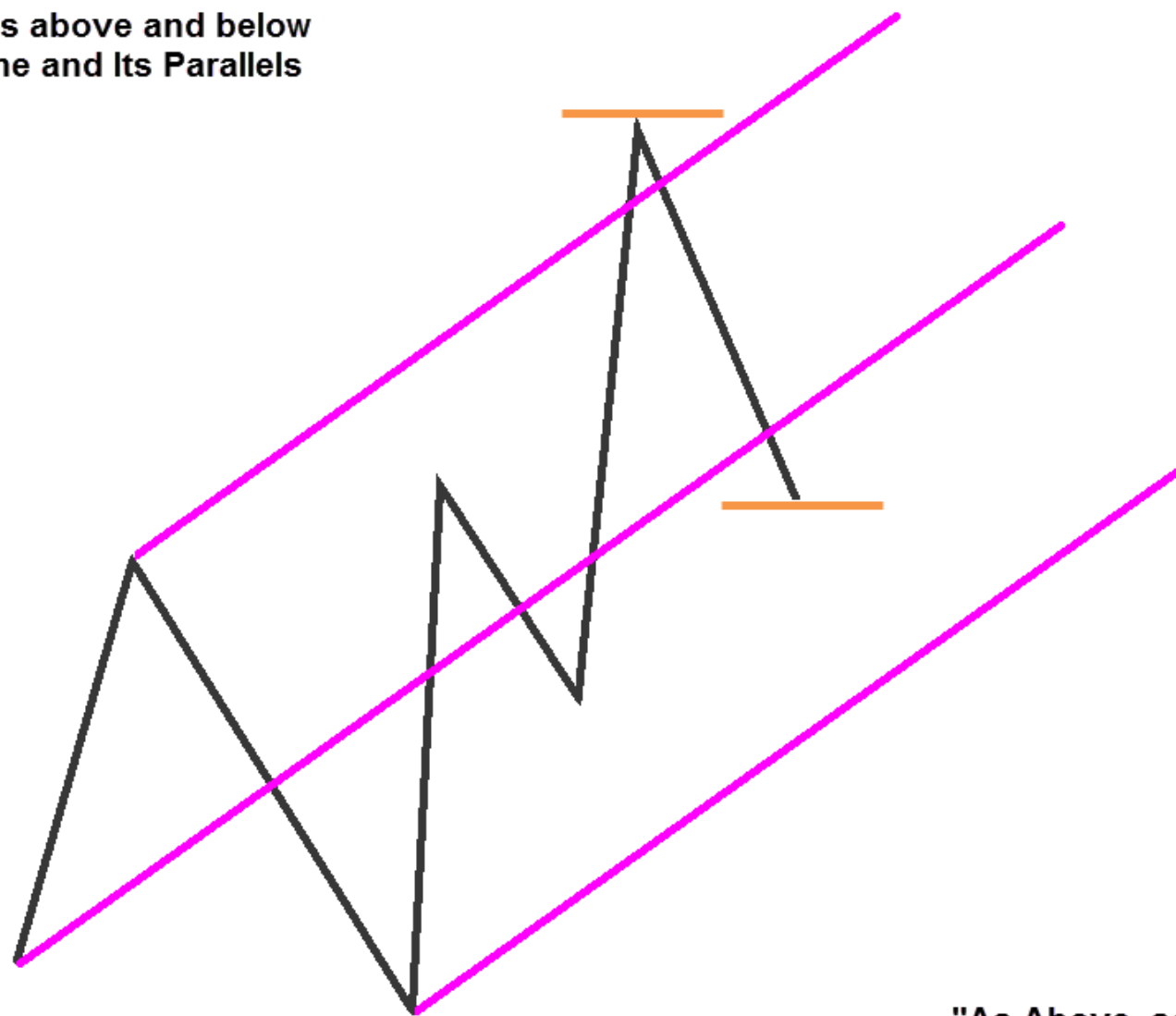
**Price fluctuates above and below
the Median Line and Its Parallels**



"As Above, so Below..."

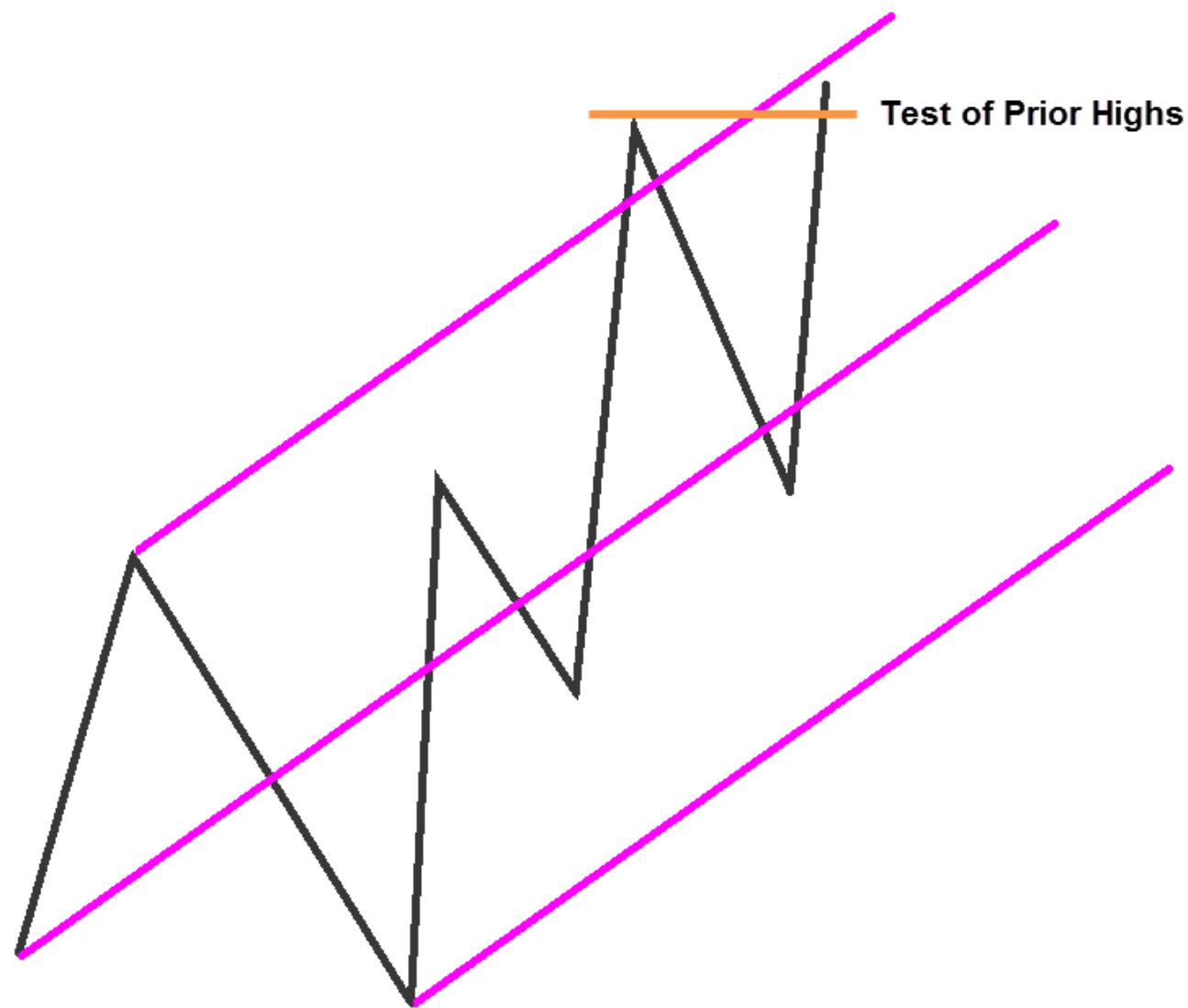
The Emerald Tablet

**Price fluctuates above and below
the Median Line and Its Parallels**

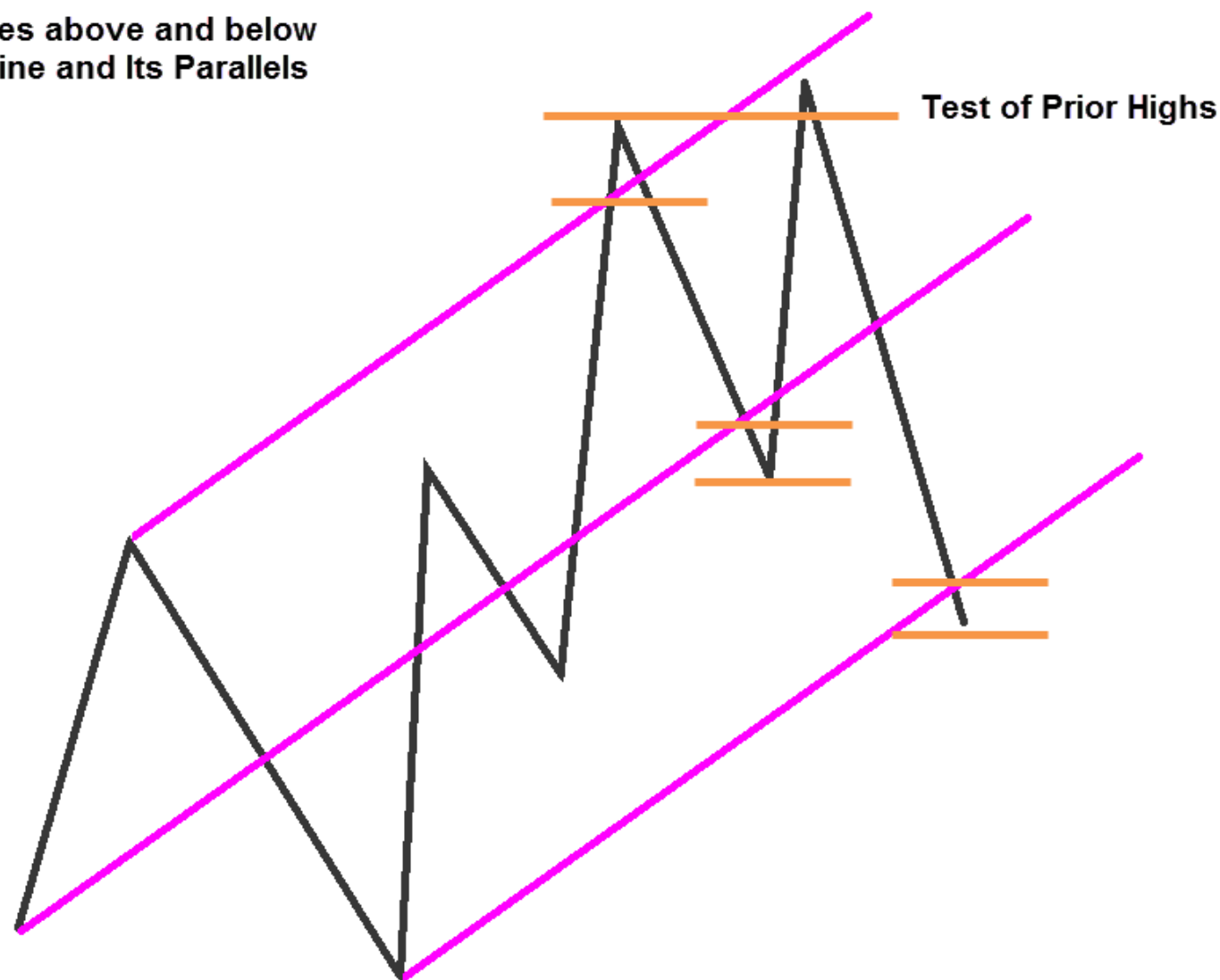


"As Above, so Below..."

The Emerald Tablet



**Price fluctuates above and below
the Median Line and Its Parallels**



"As Above, so Below..."

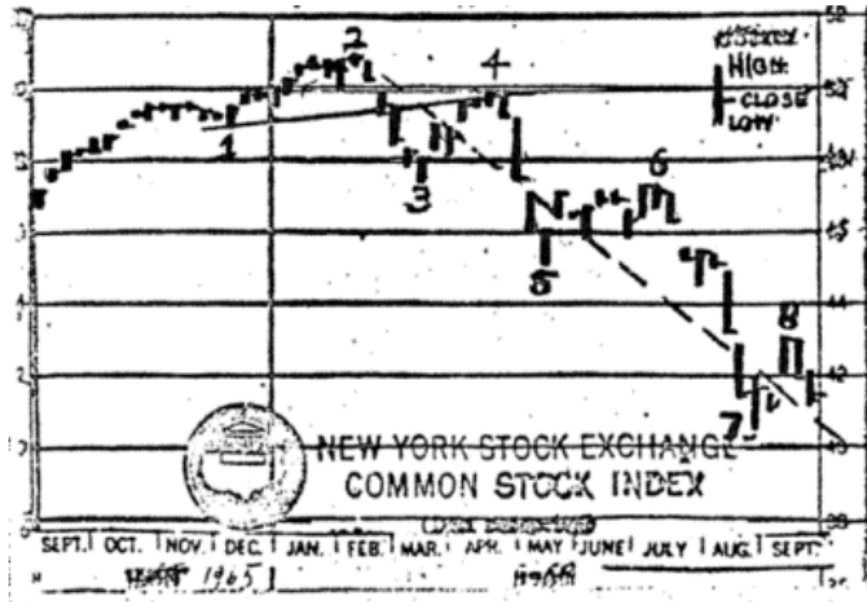
The Emerald Tablet

Median Line Theory

**Let's Look at Daily Charts of Crude Oil Futures and Identify
The Five Key Principles Behind the Andrews Median Line**

Dr. Andrews gave us Five Key Principles to help us see the Probable Path of Price

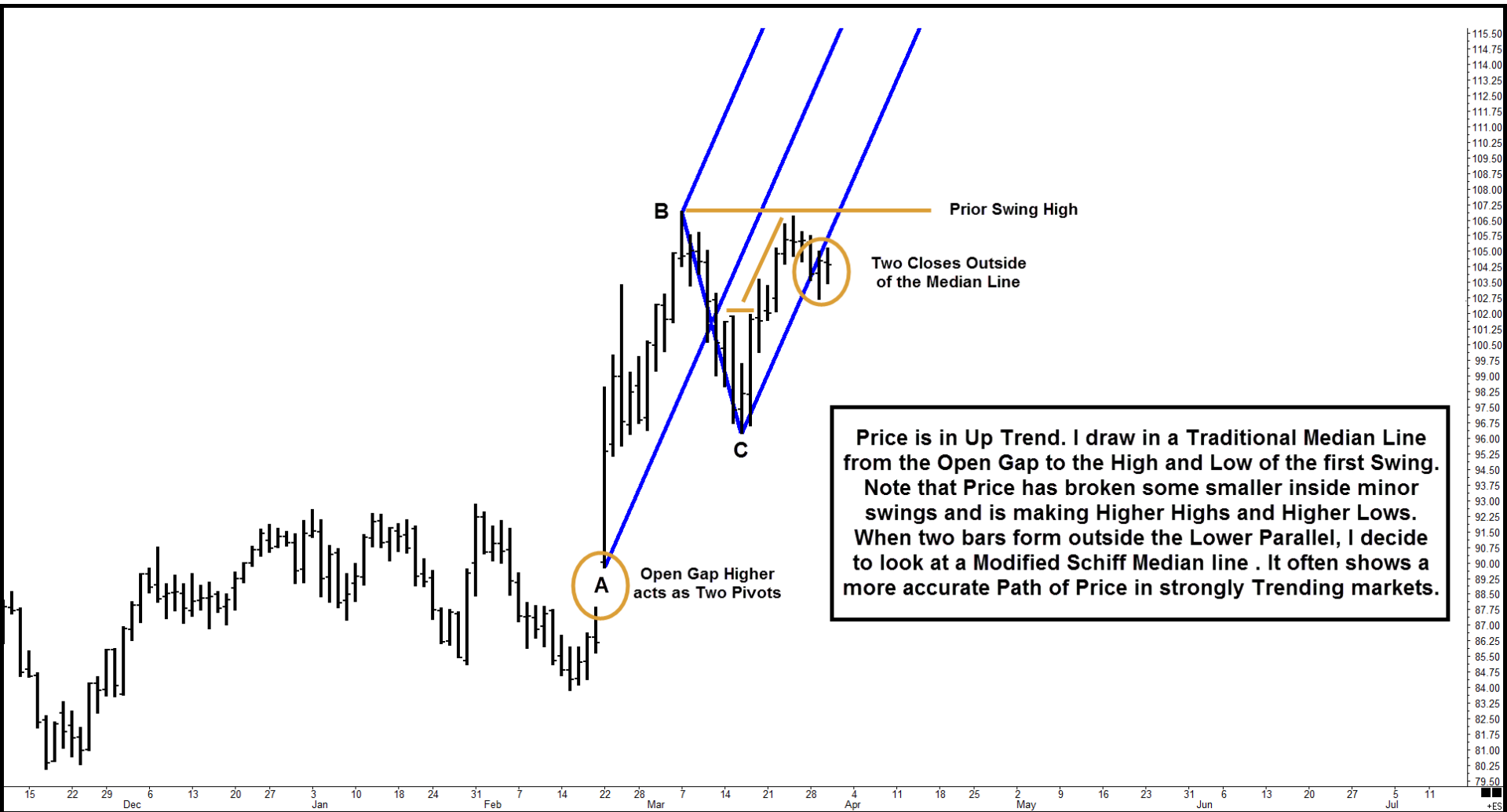
Alan H Andrews,



copyright 1966

There is a high probability that:

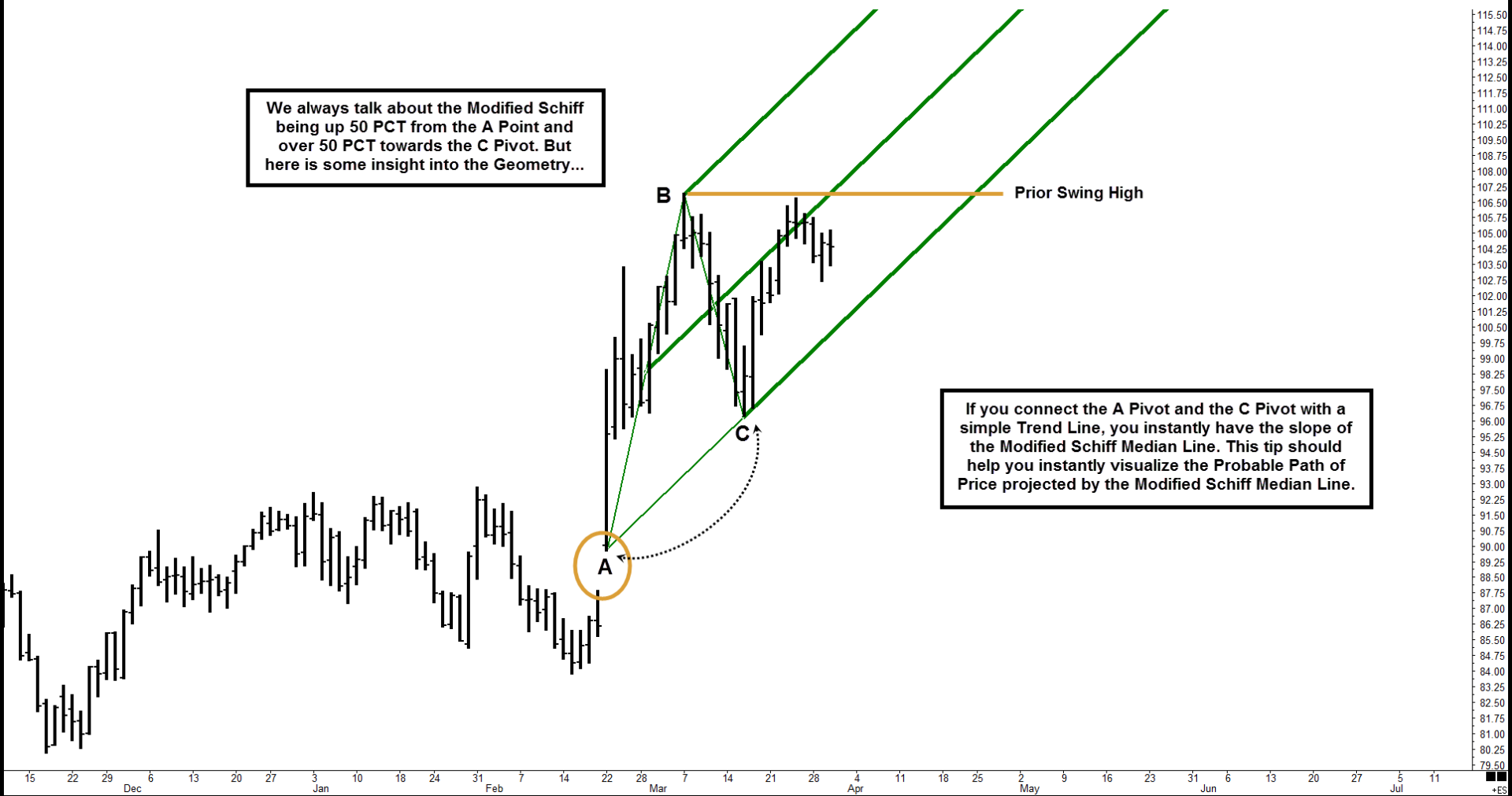
1. Prices will reach the latest ML
2. Prices will either reverse on meeting the ML or gap through it
3. When prices pass through the ML, they will pull back to it
4. When prices reverse before reaching the ML, leaving a "space", they will move more in the opposite direction than when prices were rising toward the ML.
5. Prices reverse at any ML or extension of a prior ML.

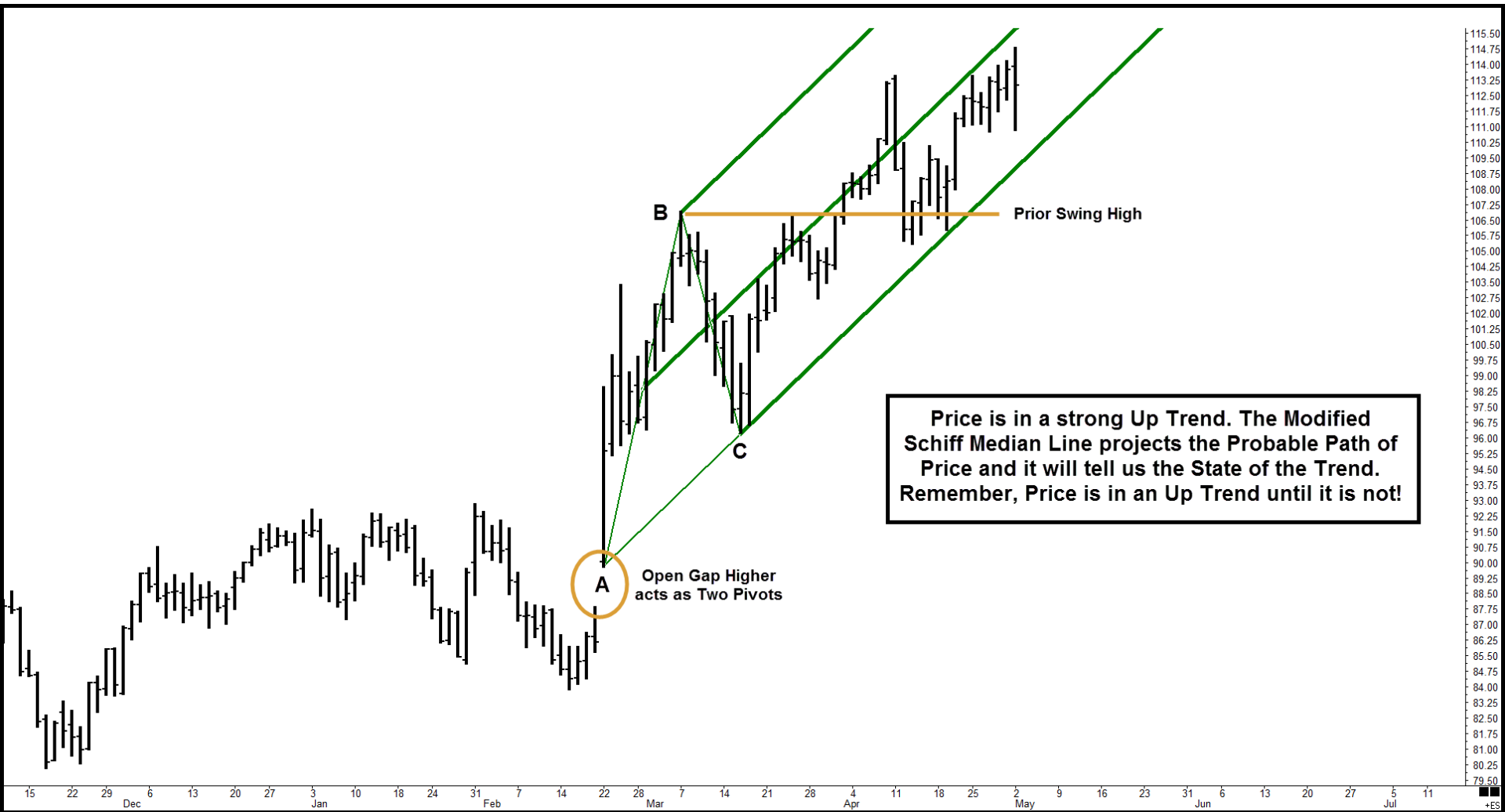


We always talk about the Modified Schiff being up 50 PCT from the A Point and over 50 PCT towards the C Pivot. But here is some insight into the Geometry...

B Prior Swing High

If you connect the A Pivot and the C Pivot with a simple Trend Line, you instantly have the slope of the Modified Schiff Median Line. This tip should help you instantly visualize the Probable Path of Price projected by the Modified Schiff Median Line.

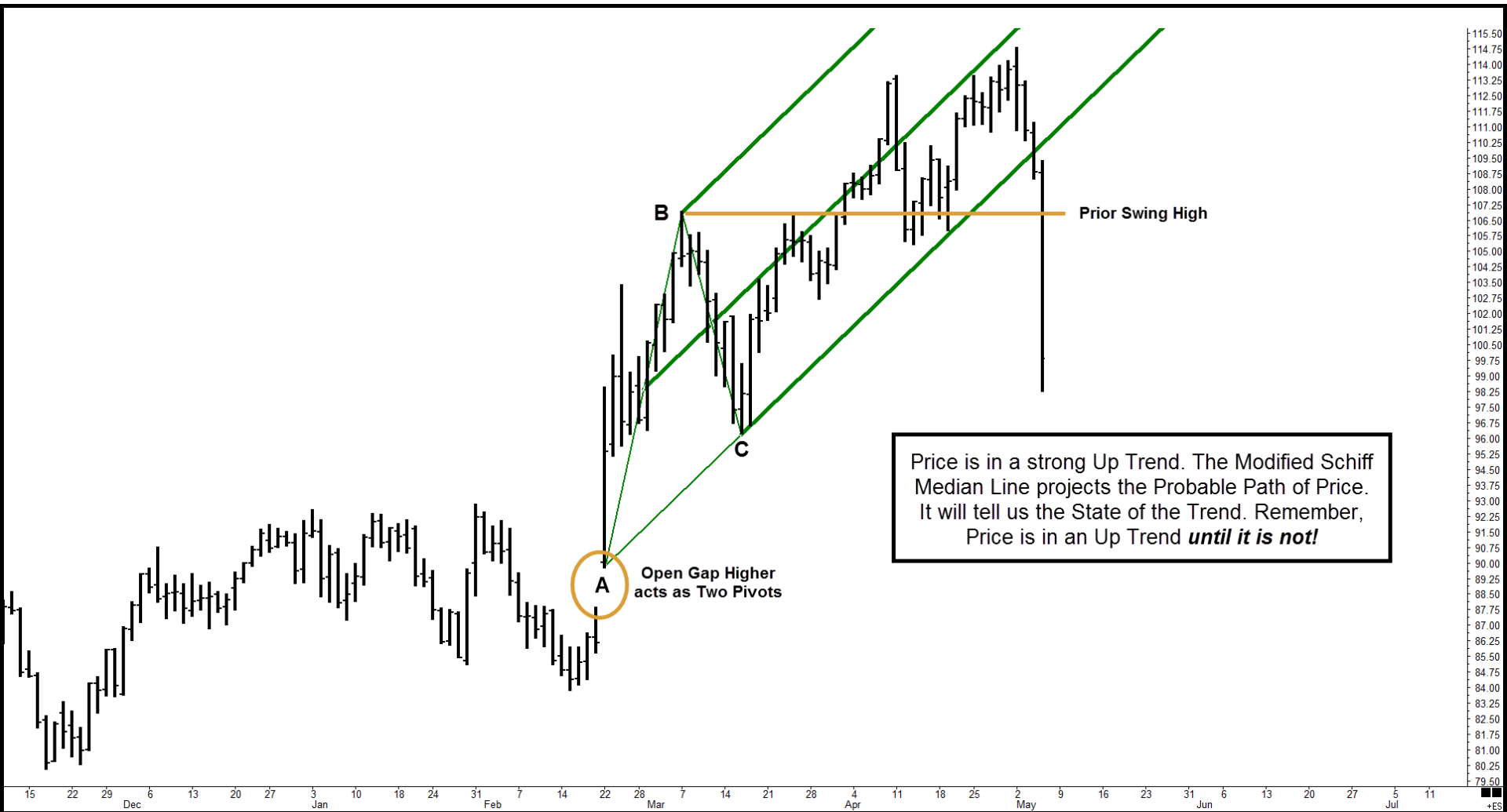




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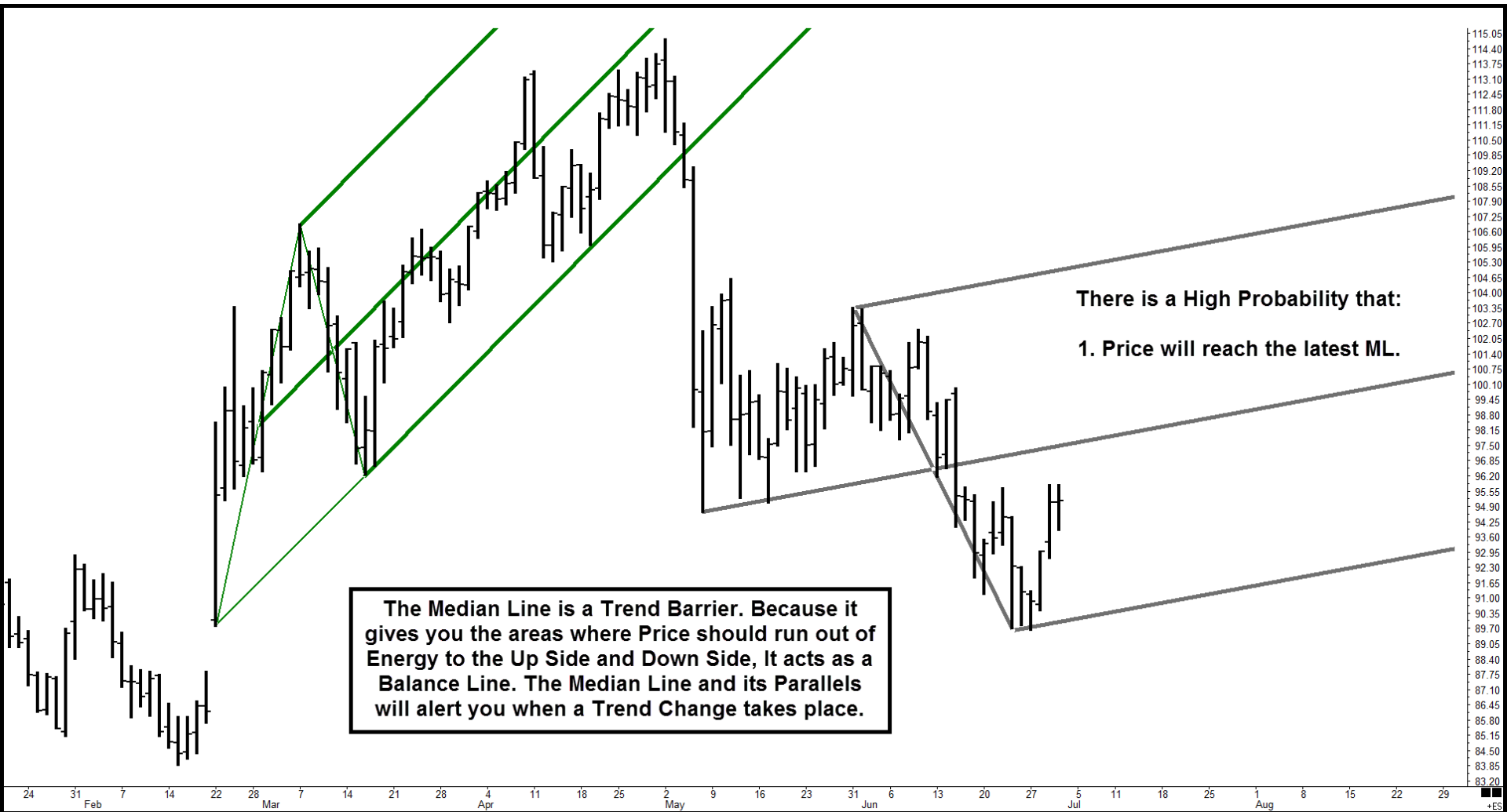
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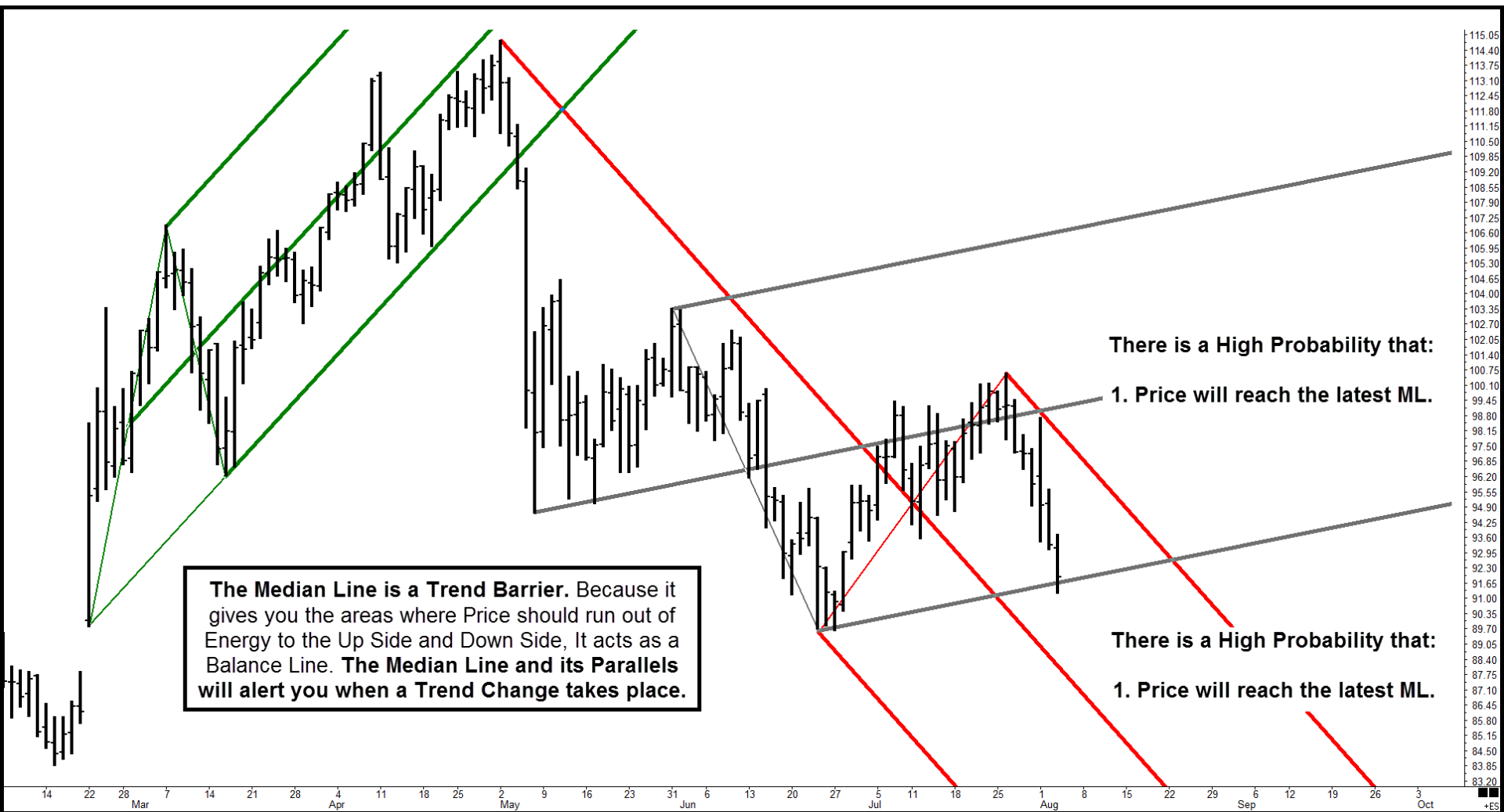


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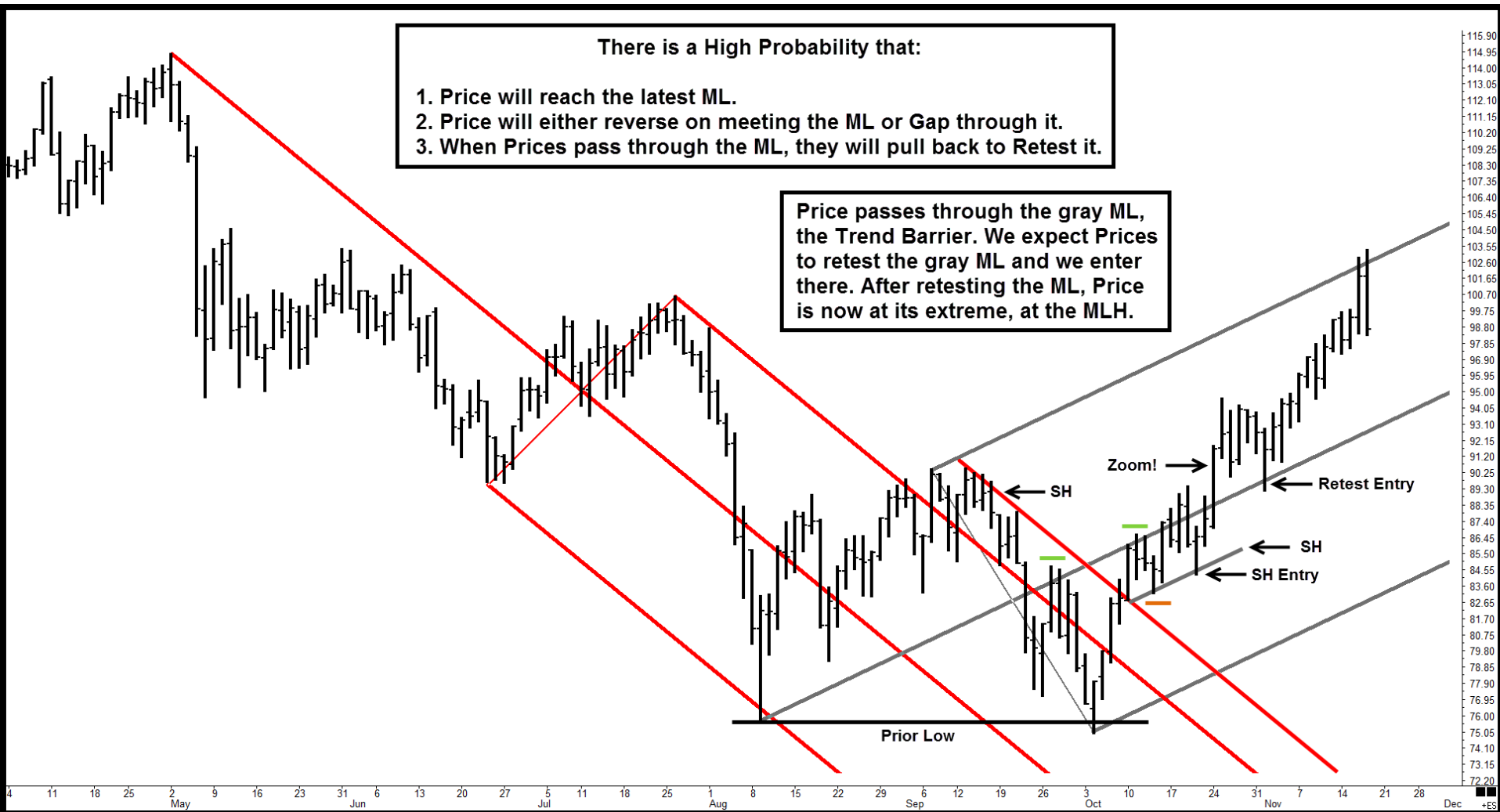












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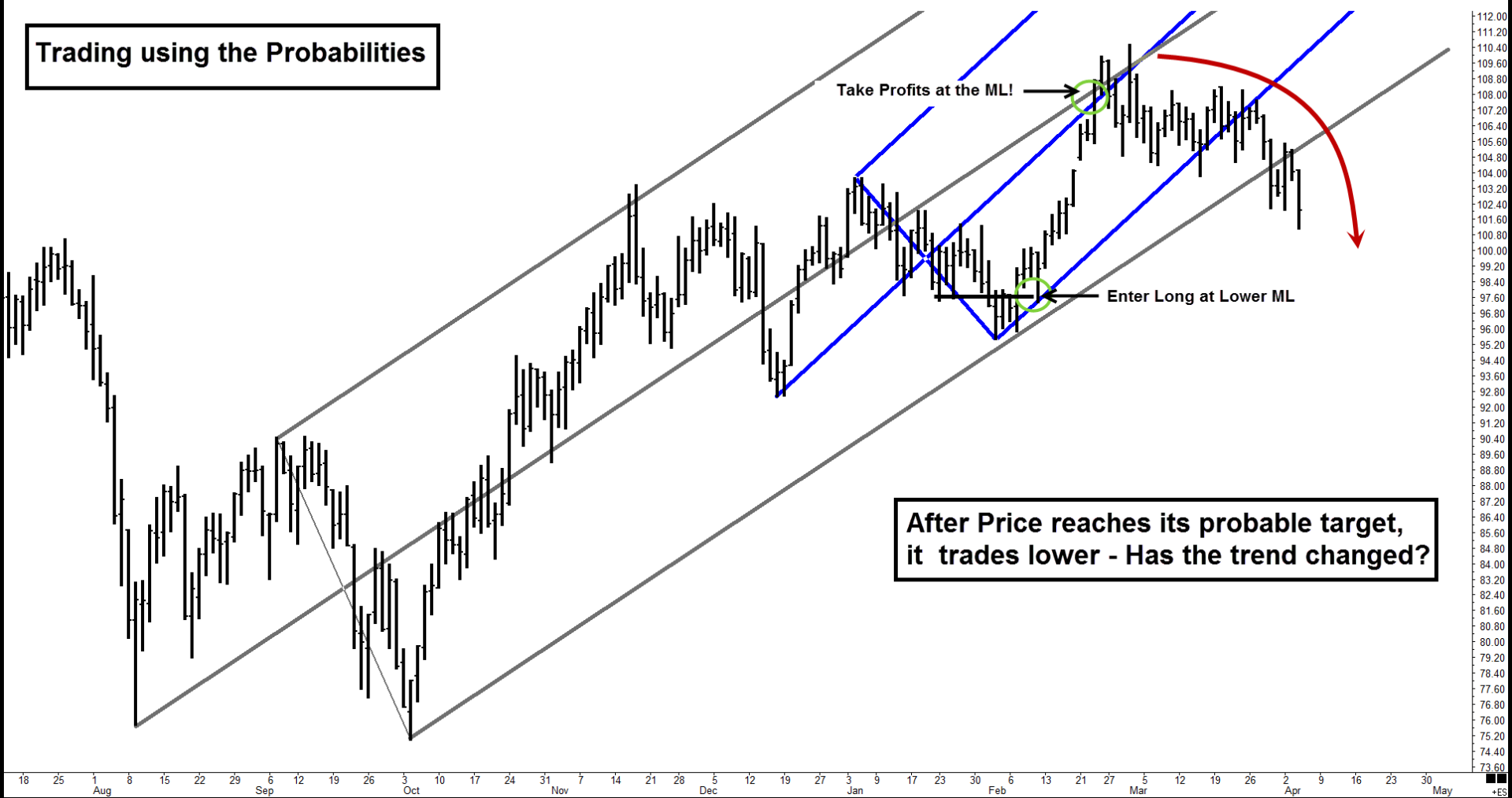
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When Price stays within a range, it is restoring its spent Energy. The Median Line provides Time for Price to rebuild Energy: Price moved from the Upper MLH to the Lower MLH, while trading within a range.

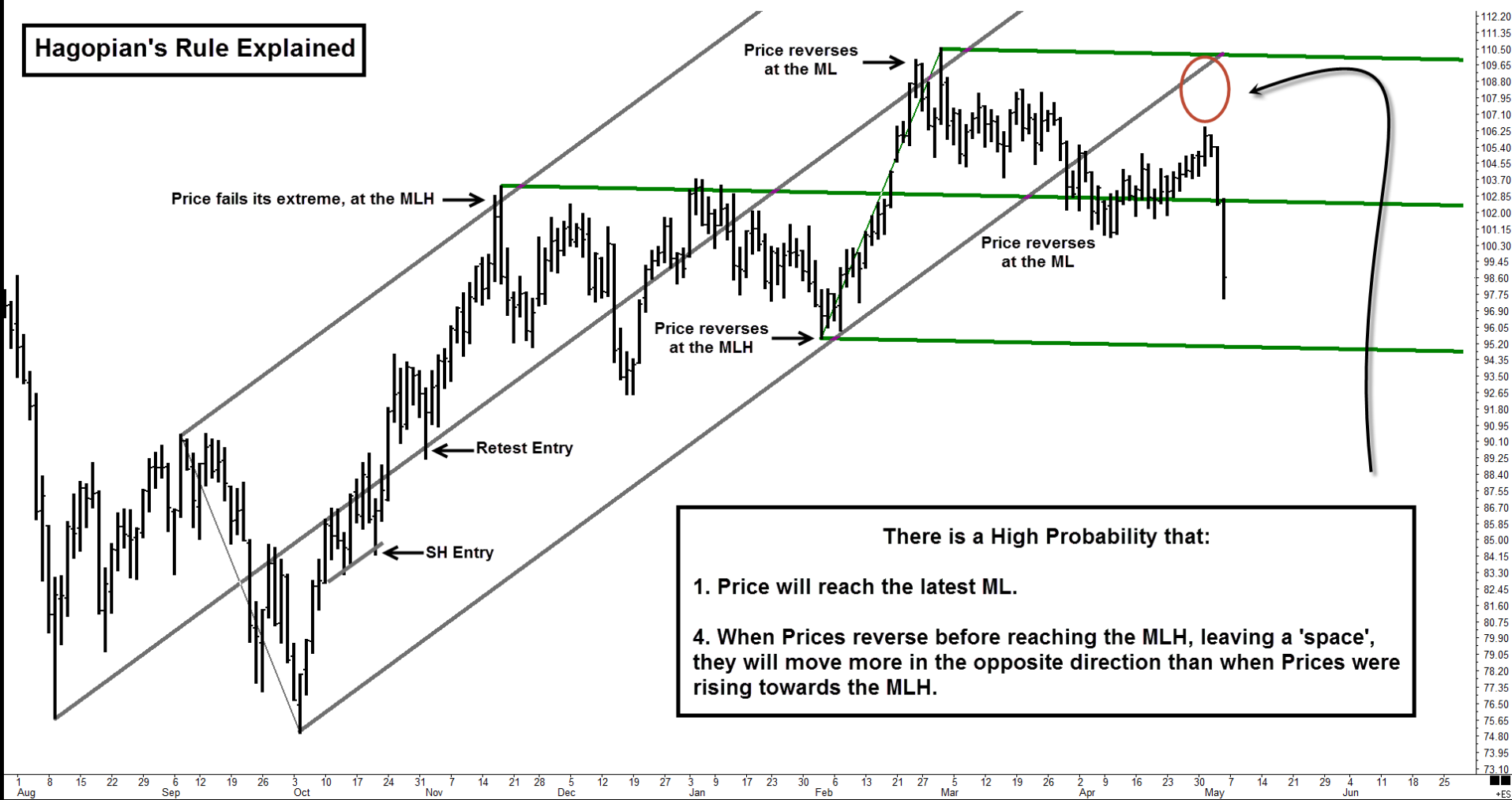


We can draw a minor ML set inside the larger gray ML. All ML sets carry the same probability, so even in this new inside ML, we know Price will likely reach the Median Line. If Price comes back to test the blue minor Lower MLH, it would be a trade entry set up with a high probability target.

Trading using the Probabilities



Hagopian's Rule Explained



There is a High Probability that:

1. Price will reach the latest ML.
4. When Prices reverse before reaching the MLH, leaving a 'space', they will move more in the opposite direction than when Prices were rising towards the MLH.

Hagopian's Rule Explained



Price reverses, leaving a 'space'...

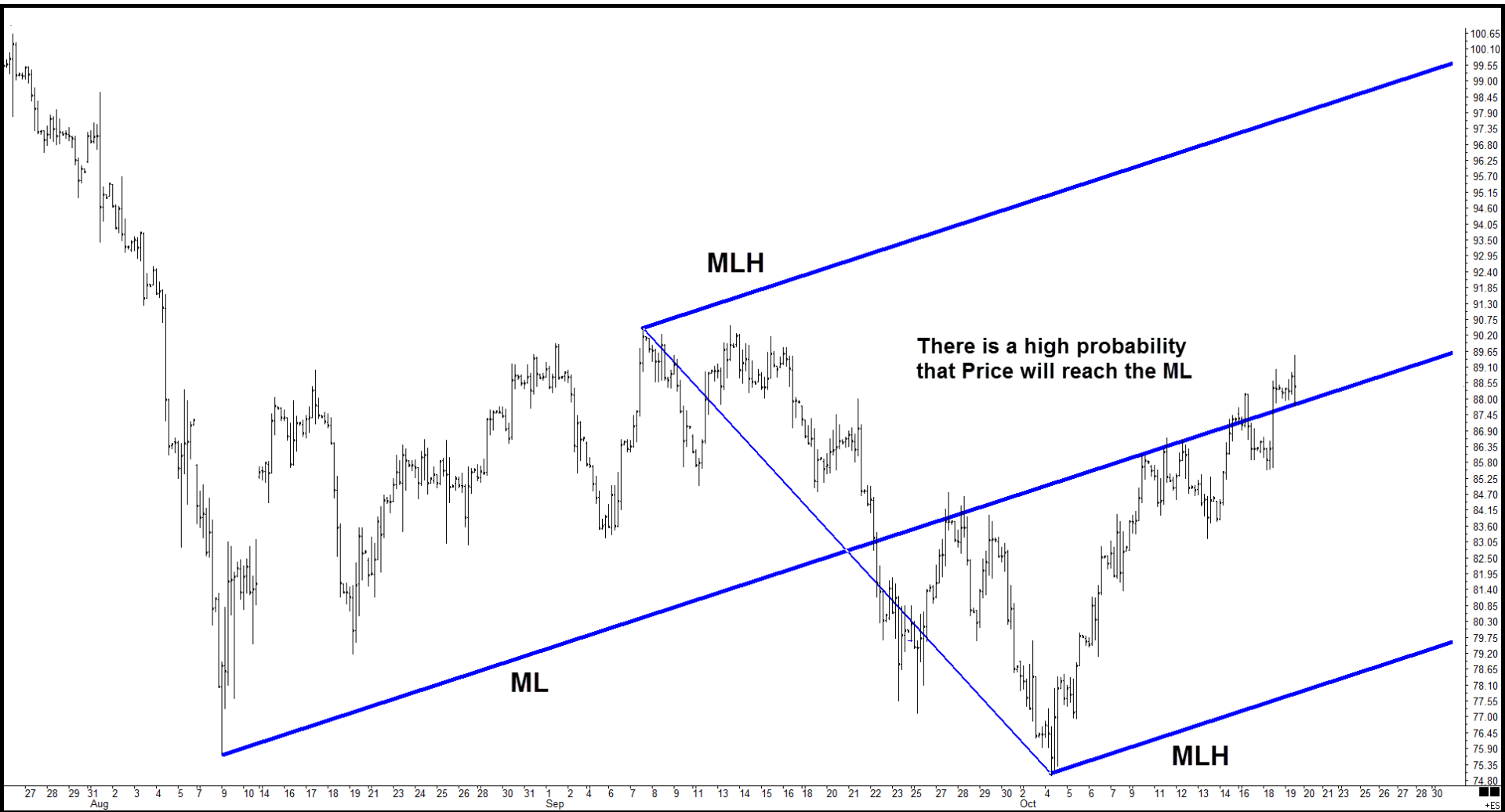
...causing Prices to move further in the opposite direction!

When Prices reverse before reaching the MLH, leaving a 'space', they will move more in the opposite direction than when Prices were rising towards the MLH.

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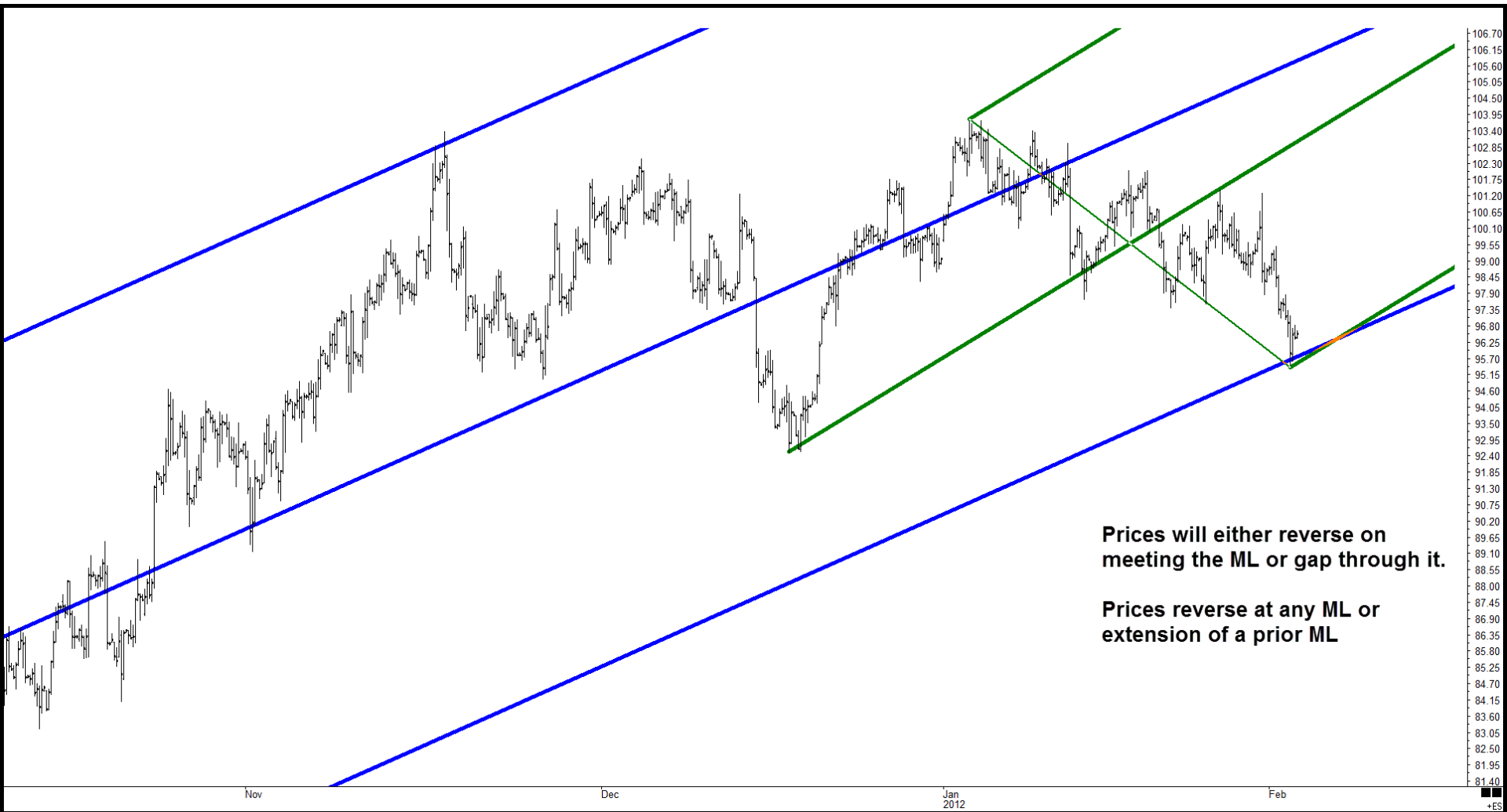
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Let's see if we can put these five principles to work!

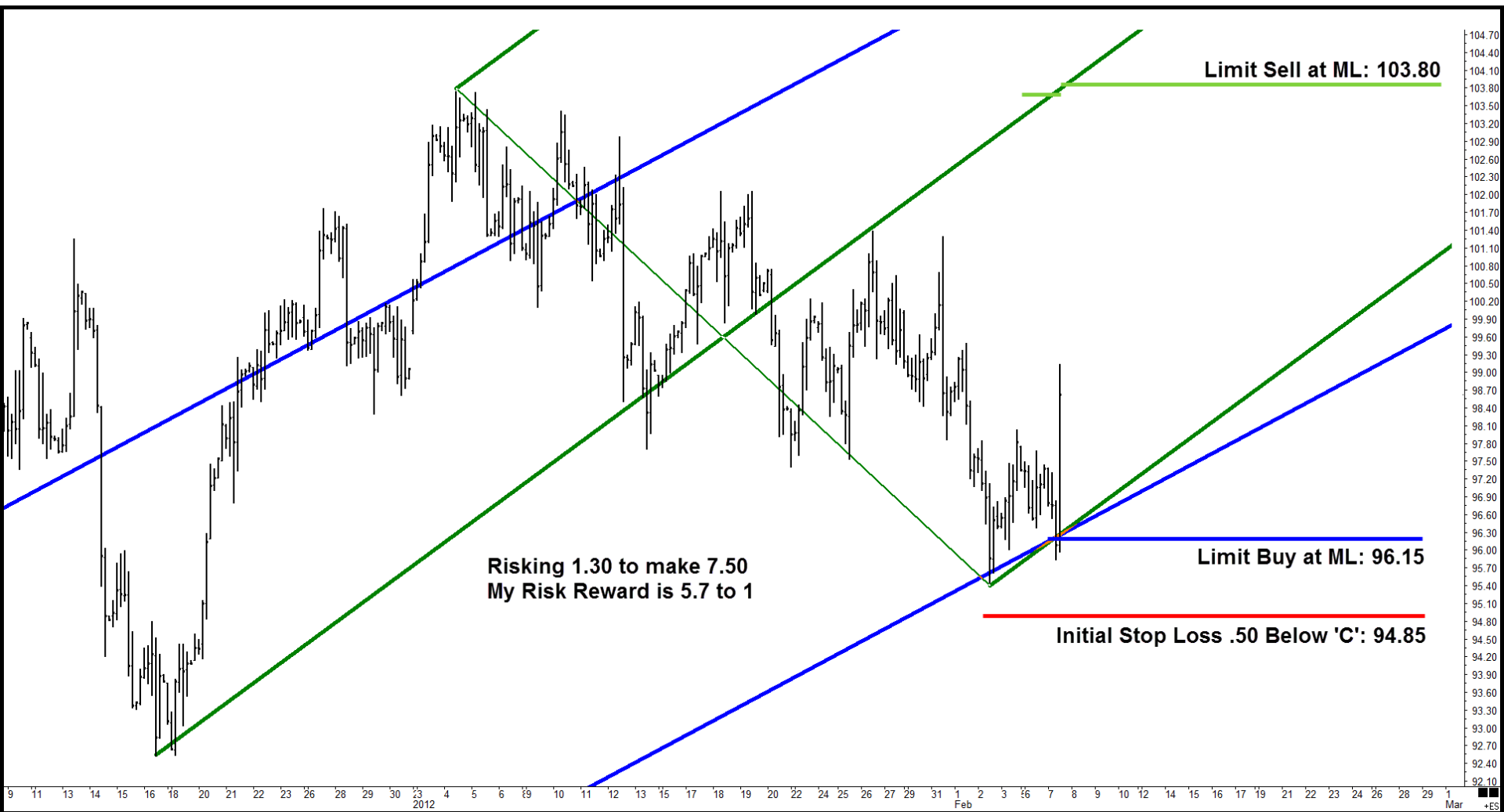


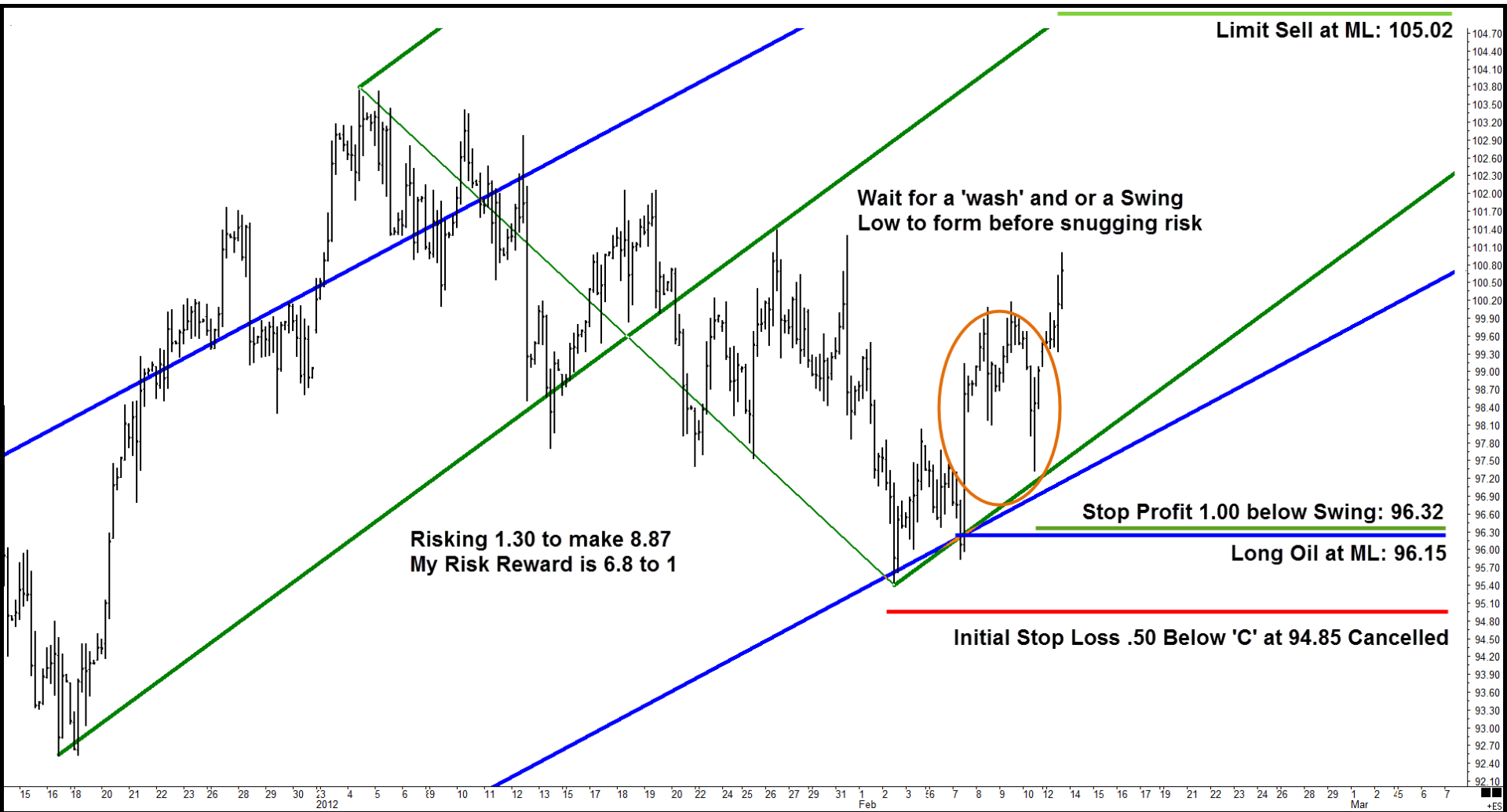




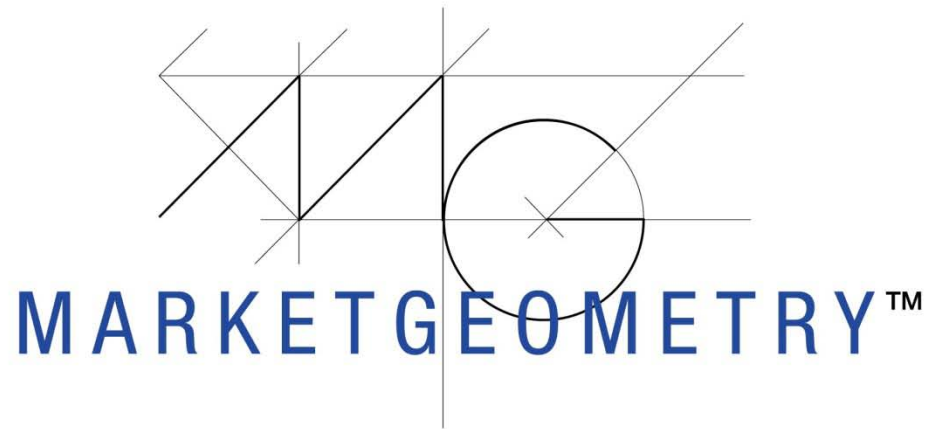












Thank You for taking the time to attend this session. Questions?

“Master your tools, master yourself.”

®Timothy Morge

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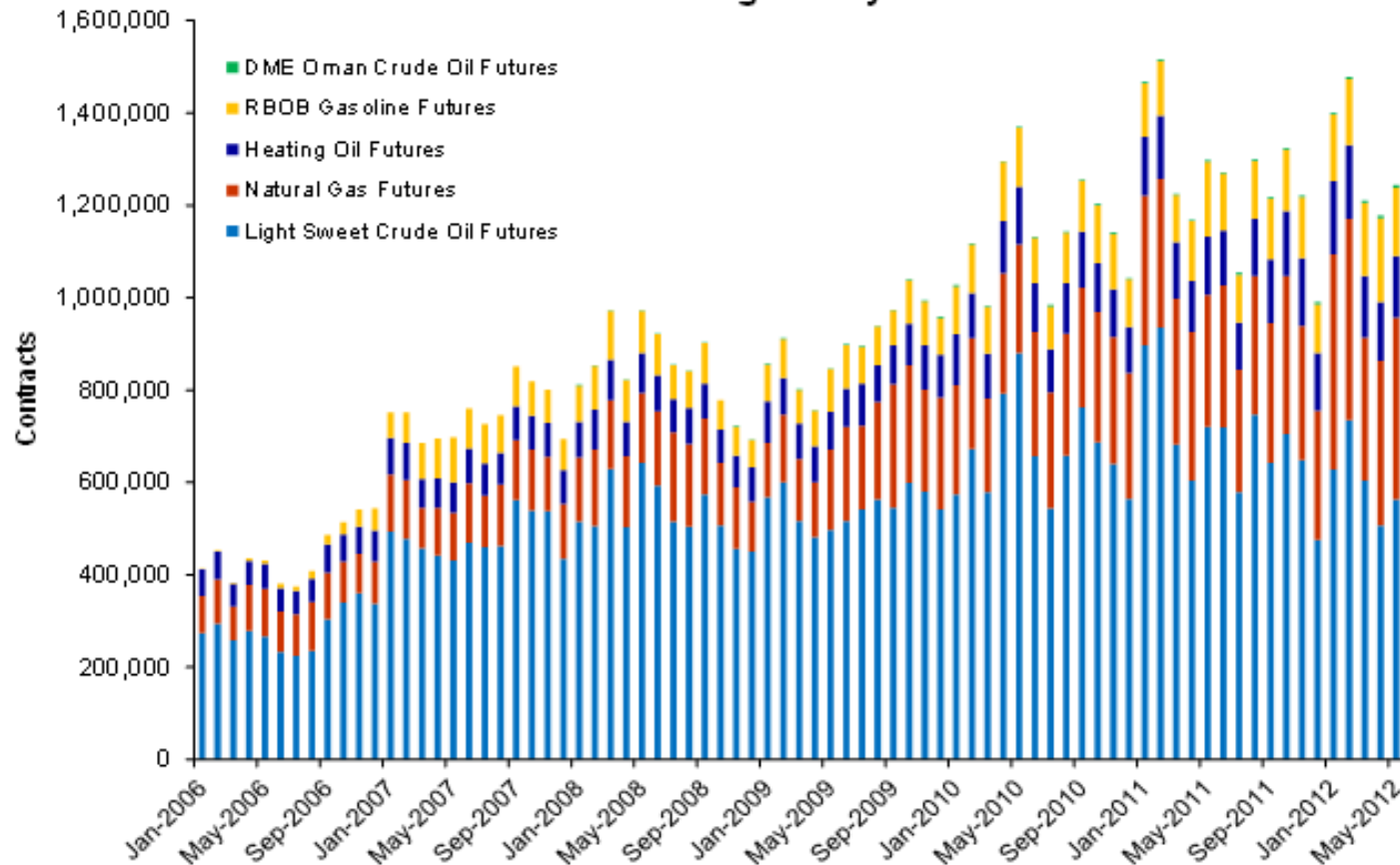
Crude Oil: CL, WS, BZ, QM

Natural Gas: NG, NN

Refined Product: RB, HO

Ethanol: QEN

Futures - Average Daily Volumes



Why Trade? What Drives Energy Prices?

Physical energy products are subject to myriad fundamental price drivers, and derivatives help hedge against future price volatility.

