

Wyckoff Stock Market Institute

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Trade the Wyckoff Wave in '08

Wyckoff traders have a trading tool available to them that is unfamiliar to most traders. Its called the Wyckoff Wave. The Wyckoff Wave is a narrowly defined general market index designed to help Wyckoff traders keep in step with the all important trend of the market. Many traders spend hours sifting through hundreds or even thousands of individual issues trying to find the small handful that will produce better than average profits.

Seasoned Wyckoff traders know that the Wyckoff Wave is made up of a handful of individual issues that year in and year out provide many attractive opportunities with no sifting required.

During 2007, the eight components of the Wyckoff Wave provided eighteen opportunities to realize a gross profit of 20% or more.

Five of the opportunities produced profits of more than 30% and two yielded more than 40%.

While there is no guarantee that the Wyckoff Wave components will duplicate this performance during 2008, there is reason to anticipate that there will be many similar opportunities. An index that is the composite of only eight weighted components cannot contain any dead wood. The components of the Wyckoff Wave exhibit varying degrees of volatility. All eight of the stock in the Wave had at least one of those 20+% moves and one had five of them. Before sifting through another mountain of individual stocks, consider an approach that can help minimize effort and maximize results. Trade the Wave in '08.

As of the beginning of 2008, the components of the Wyckoff Wave are General Electric, Merrill Lynch, IBM, Exxon, Bristol Myers, Dupont, General Motors and Union Pacific.

The goal in selecting these issues to be the components of the Wave has been to capture a large portion of the diversity and volatility of the market while keeping the group of issues small enough so that the Wyckoff Wave trader can always be familiar with exactly what his potential trade candidates are doing. Those who are routinely attempting to monitor the action of hundreds or thousands of issues know little if anything about the action of any of them. The Wyckoff Wave trader can easily keep abreast of the trend, position, relative strength or weakness, potential and all the factors that the Wyckoff Course teaches are important.

During each twelve month period, the Wyckoff Wave normally makes at least two and sometimes four intermediate sized moves. During 2007, the Wave beat its normal average and completed five intermediate moves.

When the Wyckoff Wave signals that it is ready to make a move, the Wyckoff Wave trader knows exactly where to look for the individual issues that are most likely to participate. Many times, all eight of the Wave components participate when the Wave makes an intermediate move. However, the Wave trader can always depend on substantial participation from at least two or three of the eight. Frequently, those two or three will actually out perform the Wave making the effort required in identifying them even more rewarding.

Wyckoff Wave traders do not turn to the Wall Street Journal, the TV or the inter-net to get their information about the Wyckoff Wave and its components. They turn to the Pulse of the Market. The Pulse of the Market provides price and volume action on the Wave and its components. It also provides intra-day point and figure change data on the index and components. In addition, the Pulse of the Market includes indicators unique to the Wyckoff method. These include Optimisim-Pessimism indexes, the Technometer and the Force. The price and volume data allows the Wyckoff Wave trader to determine the trend and position of the index. This is what Wyckoff teaches traders to do in step one of the Wyckoff method. The price and volume data on the individual components helps the trader determine which components are in harmony with the market as indicated in the second step of the method. Point and figure change data is an essential element in working through step three. All of the data is important in implementing the all important fourth and fifth steps of the Wyckoff Method.

The Wyckoff Wave ended 2007 working on a test of the November low. The test of an important low or high frequently marks the start of an intermediate move. That means the first meaningful move of 2008 may already be underway. If not, the preparation for that move is underway. Either way, some or all of the components of the Wave will participate.

Why not participate along with them and trade the Wave in '08.

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