

## >: Candlestick Early Warning: Just Get Me To The Train On Time

*Friday, April 24, 2009 / William Kurtz*

On March 6, 2009, the Daily price bar of the Dow Industrials Index was a "High-Wave Spinning Top" in Candlestick terms. The corresponding bar in the S&P 500 and 100 were "High-Wave Doji," in which the opening price and the closing price were the same, or nearly so. These were bearish signals, early warnings of a possible change in trend. The next day, the NASDAQ Daily price bars were "Inverted Hammers," which have bullish implications but require a higher closing the following day for confirmation. And the day after that, being March 10, prices raced higher across the board, thereby justifying all of those early warnings. The Dow has risen from a low of 6470.10 on March 6 to a high of 8190.60 on April 17.

The ascent has hardly been in a straight line. The initial rise in the first few days was very fast; but momentum has continuously slowed down to the point at which "rounded tops" in the Dow Industrials and in the S&P's seem to have been in the process of formation during the past 16 days or so; and, to date, Dow Industrials prices (and S&P 500 and 100 prices, as well) have not exceeded those of April 17.

Counting March 10 as Day One of the rise to 8190.60, which took 28 days, nearly 41% of the total rise had occurred by the end of Day Three; 59% by the end of Day Seven, 76% by the end of Day Ten; and 84.5% by the end of Day Thirteen.

Many investors waited to join the trend until they could see "confirmation" thereof, in one form or another, such as crossing of a 50-or 60-day moving average. That event came along during Day Ten, the day of the "Geithner Surge." By the end of that day, 76% of the total rise from March 10 to April 17 had occurred.

So in this instance at least, it paid to listen to the early Candlestick warnings and to be aboard the train when it left the station.

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