

## **Dynamic Trading Traders Education**

### **Price Percentage Change for Support and Resistance Targets**

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A Gann technique to determine in advance potential major support or resistance targets is to calculate the *percentage change* of major highs and lows. Most traders only use retracements. You will find by using percentage change you will add a very important dimension to price target zones that most traders will not be aware of.

**Continued on the next page.**

The SPX March 2000 high was **1552.87**. After the top had been confirmed in the fall of 2000, I made the typical retracements as well as the percentage change projections to calculate the major support zones. The 50% and 100% percentage change levels are always the most important.

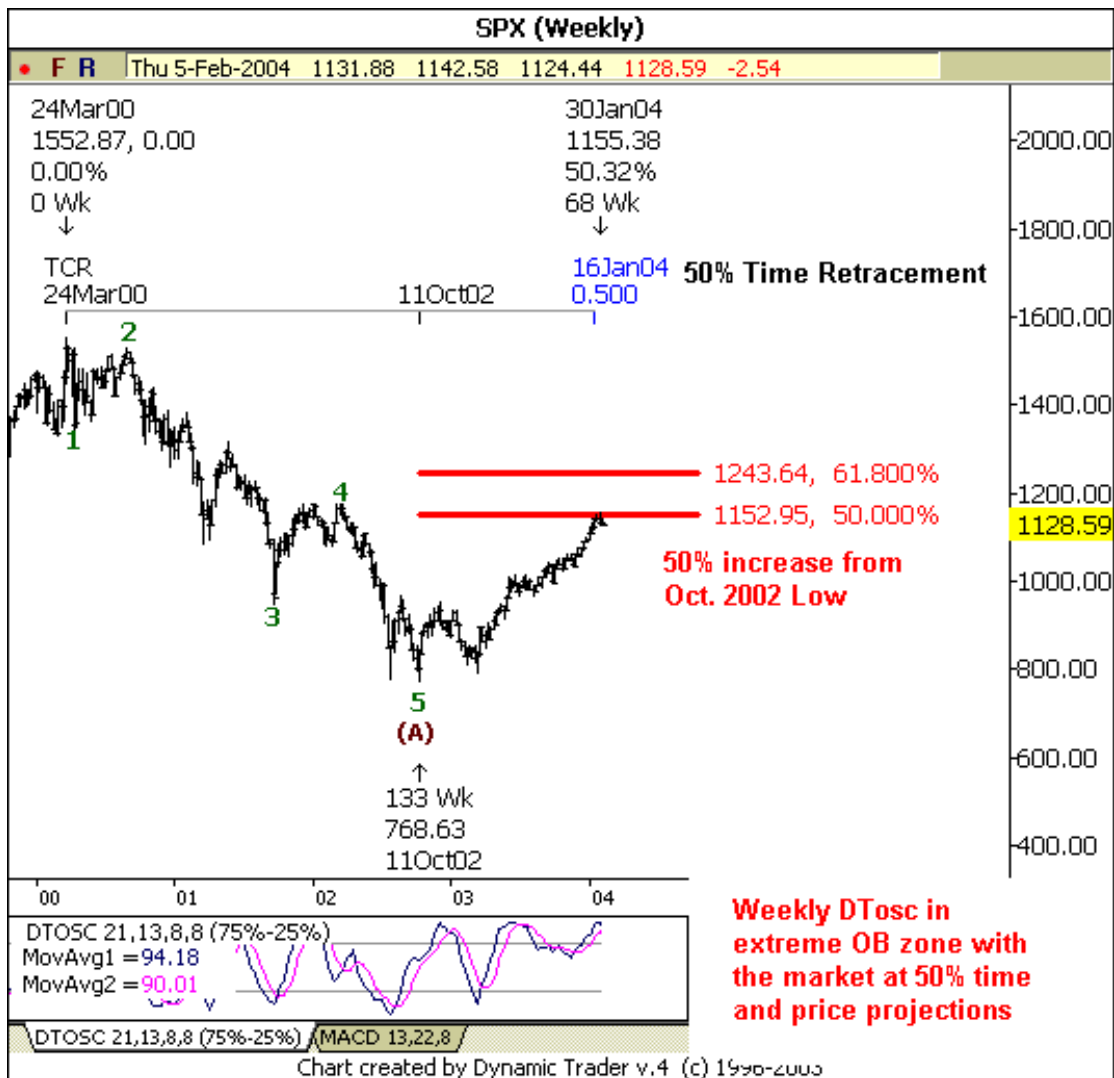


The 50% level was at **776.44**, about 50 points below the 50% retracement. This made a MAJOR SUPPORT ZONE at **828-776**. The Oct. 2002 low was made at 768.63, less than eight points below the 50% level. When the S&P closed well below the 50% *retracement* at 828, many traders thought the bear trend would continue. Dynamic Traders were aware of the more important support at the 50% level at 776 which stopped the decline dead in its tracks.

Should the S&P eventually continue to decline as anticipated to well below the Oct. 2002 low, the next major level of support we will be aware of will be the the **666-593** zone which includes the 61.8% decline from the March 2000 high of 1552.87 as well as the 61.8% retracement of the 1982-2000 bull trend.

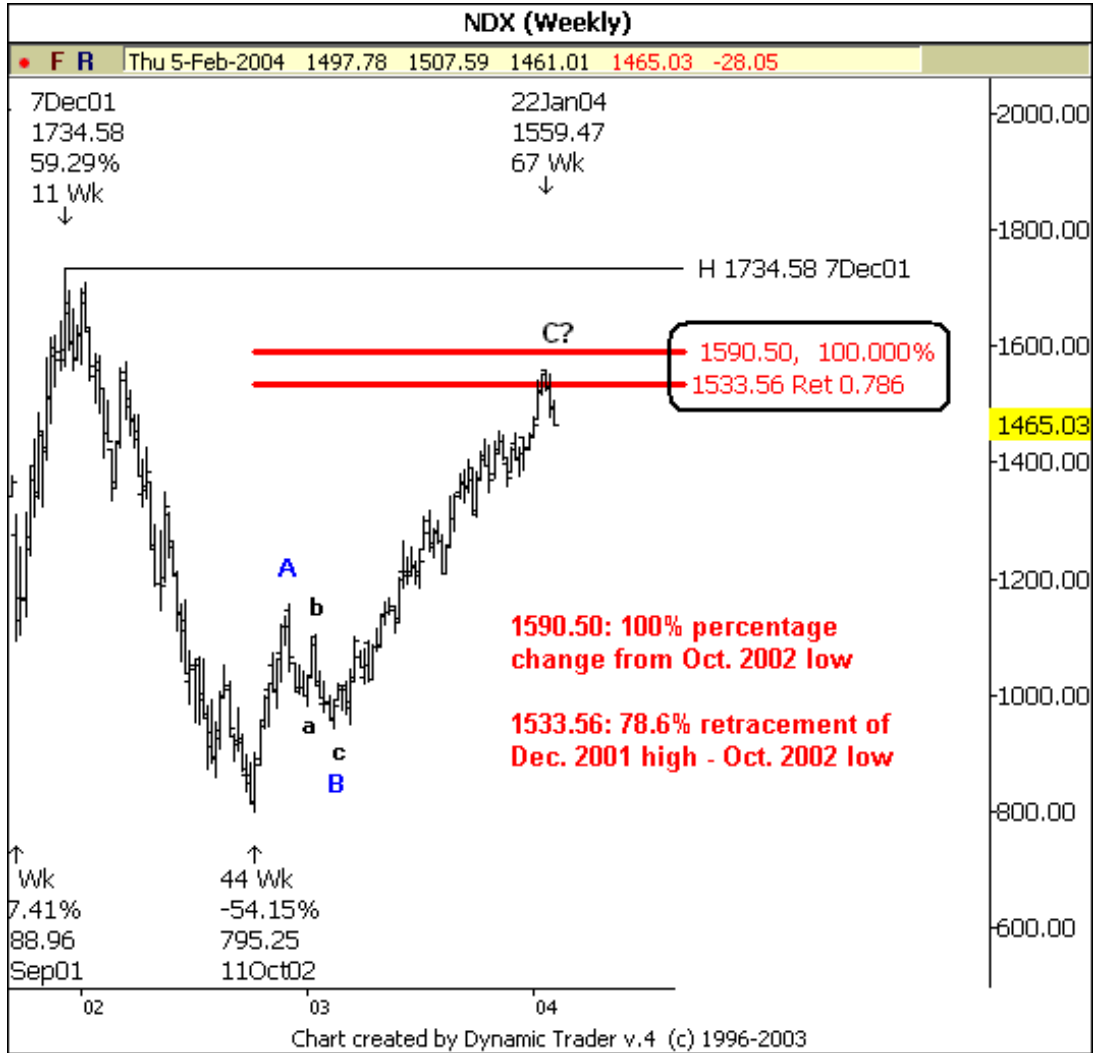
That is a nice after-the-fact example. What about the current position?

The Jan. high at **1155.38** is less than three points above the 50% increase from the Oct. 2002 low at 768.63. This is a MAJOR PERCENTAGE CHANGE RESISTANCE ZONE just as the 50% decrease of the March 2000 high was a major percentage support zone and right where the Oct. 2002 low was made.



The next chart is the Nasdaq weekly from the Dec. 2001 high. **1590.50** is the 100% increase of the Oct. 2002 low at **795.25**, a MAJOR PERCENTAGE CHANGE

RESISTANCE TARGET. This target is just above the 78.6% retracement, typically the maximum retracement for a correction.



The Jan. high at **1559.47** is right in the zone of these two major projections. This zone at **1533-1590** has been our long standing maximum target zone for the correction up from the Oct. 2002 low. The Jan. high in this zone is likely to be a high that lasts for months and possibly the final high of the correction prior to the continuation of the bull trend to well below the Oct. low.

### **Be Prepared In Advance**

With Dynamic Trading, we teach students unique price and time projection techniques, all of which are prepared in advance so the trader is ready for trend reversals in advance.

The percentage change projections are applicable to major reversals, those that typically last for months as the projections are made from major highs and lows. Don't you think it would be helpful to be prepared for major trend changes and the next major trend direction, even if you are a short term trader? The answer to that question is – YES!