

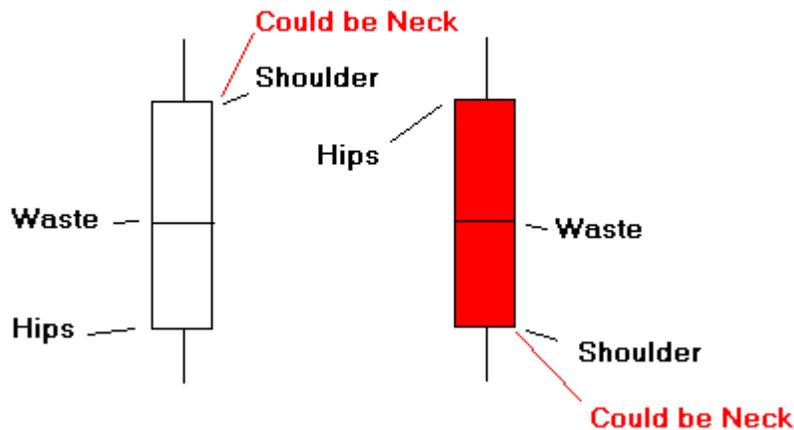
Murrey Math Trading Rules:

1. What was the total **range** of today's Trading action?

Today's High – Today's Low

If close is **Higher** than the open then a **Positive** Trading range.

If close is **Lower** than the open then a **Negative** Trading range.



"Waist" = the open - the close / 2

"Waist" = Price Momentum Reversal Pivot Point - memorize for one day

"Neck" = Price Momentum Reversal Pivot Point - **If the following occurs -**

The difference between one Murrey Math Line i.e. MM **2/8** and the next Murrey Math line i.e. MM **3/8** is a Murrey Math **interval**.

A candlestick has a **NECK** if the open and the close (**candle body**) span **more** than **one interval in one day**.

The **Neck** of the **candlestick** is ALWAYS the **CLOSE** and is not related to the previous days trading action in any way.

A **Neck-candlestick** may be **separated** from the previous candlestick by a **gap** in either direction.

If your stock or index has already run up past the targets set by **Rule 3 & 5** and a **gap**

occurs that **terminates** on a **MM line**, the odds are very, very high that this is an **exhaustion gap** and the market will **reverse**. **You must trade the neck**.

2. **Today's Volume versus Yesterday's Volume?**

If the difference is more than **25 %** at any **low** or **high** range this could signal direction reversal

3. **How far has this market run (up or down) currently in 1/8ths: (Horizontal Lines)**

If the **days trading** has moved into the next **1/8th** at least **1/2** of the way or more then it is **considered** to have **traveled all the way** thru to the next **1/8th**, if not then it is considered to have only gone to the **1/8th** it has just crossed.

% Chance of a Reverse

| Run up: | Reverse |
|----------------|----------------|
| 1/8th | 50% |
| 2/8th | 75% |
| 3/8th | 87.5% |
| 5/8th | 93.75% |
| 7/8th | 96% |
| 9/8ths | 97.5% |
| 11/8ths | 98% |

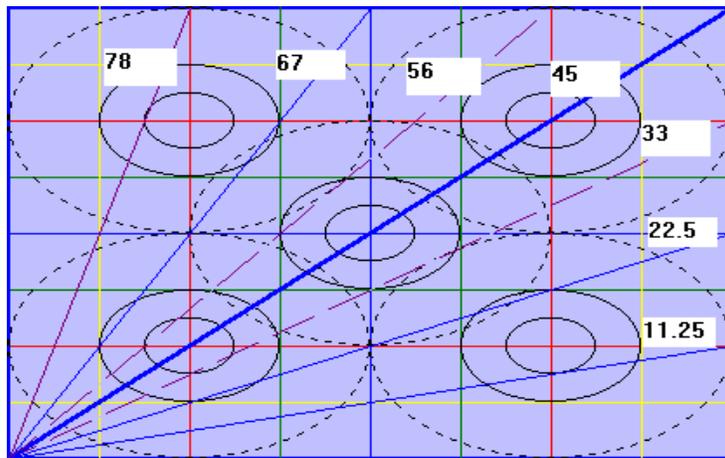
% Chance of a Reverse

| Run down: | Reverse |
|-------------------|----------------|
| 2/8th | 50% |
| 4/8th | 75% |
| 6/8 th | 93.75% |
| 8/8 th | 96% |
| 10/8ths | 97.5% |
| 12/8ths | 98% |

4. **Is this market reversing off a MMSLine? (Speed Angle)**

Markets reverse fastest off: **33, 45, or 78** degree angled speed Lines.

Speed Angles are



5. Where does this market enter the Trading Frame?

Where any market comes into the trading frame determines how much it will in 1/8ths make from a reversal up or down !

Profit Potential for markets reversing and moving up off last **Low**:

Profit Potential for markets reversing and moving up off last **High**:

| Point at which it entered Trading Frame | Amount of possible movement in 1/8ths |
|---|--|
| + 2/8ths | May go either way wait for reverse(rare) |
| + 1/8ths | = 1, |
| Top 8/8ths | = 1,2 |
| 7/8ths | = 1,2,3 |
| 6/8ths | = 2,3,4 |
| 5/8ths | = 2,3,4 |
| 4/8ths | = 3,4,5 |

| Point at which it entered Trading Frame | Amount of possible movement in 1/8ths |
|---|---------------------------------------|
| + 2/8ths | = 9,10,11 Upside Potential |
| + 1/8ths | = 8,9,10 |
| Top 8/8ths | = 7,8,9 |
| 7/8ths | = 6,7,8 |
| 6/8ths | = 5,6,7 |
| 5/8ths | = 4,5,6 |
| 4/8ths | = 3,4,5 |

| | | | |
|-----------|-------------------------------|-----------|---|
| 3/8ths | = 4,5,6 | 3/8ths | = 2,3,4 |
| 2/8ths | = 5,6,7 | 2/8ths | = 2,3,4 |
| 1/8ths | = 6,7,8 | 1/8ths | = 1,2,3 |
| Zero/8ths | = 7,8,9 | Zero/8ths | = 1,2 |
| - 1/8ths | = 8,9,10 | - 1/8ths | = 1 |
| - 2/8ths | = 9,10,11 Upside Potential | - 2/8ths | = May go either way wait for reverse(rare) |

Any market that goes to **+2/8ths** or **-2/8ths** must **hold** at this price for **four days** in a row **or move past** these **MMTLines** by an additional **30 cents** to **move** to a new **trading octave**.

Measure the **Range** of the last run, **at 37.5%, 50%, or 62.5%** of the new run expect either **resistance** or the market wanting to **stall-out** and stop **against these ratios** especially **if they** also **match up** on **MMTLine!** (MMTLines are more predictable).

| MMTL (H) | Market condition |
|-------------------|---|
| + 2/8ths | = This market is too high and needs monitoring closely. |
| + 1/8ths | = OverBought (Too high on enthusiasm) |
| Top 8/8ths | = Upper end of the Octave (wants to stay in here) |
| 7/8ths | = Weak Fast Reverse Line |
| 6/8ths | = Pivot Reverse Line |
| 5/8ths | = Upper Trading Range (Comfortable trading in here) |
| 4/8ths | = 50% = hardest to break thru (up or down) the 1st Time |
| 3/8ths | = Lower Trading Range (Comfortable trading in here) |
| 2/8ths | = Pivot Reverse Line |
| 1/8ths | = Weak Fast Reverse Line |
| Zero/8ths | = Lower End of Octave (wants to stay in here) |

- 1/8ths = **Oversold** (Too Low on enthusiasm)

- 2/8ths = This market is too Low and needs monitoring closely.

All markets will want to trade inside its **Trading Range 3/8ths to 5/8ths 43.75%** of the **time**. If the market goes up too far and moves up past its **+2/8ths**, (above 8/8ths) then the software will set it to the **next Octave** to the next higher set of numbers.

But, if a **market** gets above **45° angle** and above **8/8ths** line and **can't breakout** into the next Octave, it will come back down inside its **Trading Range** and try and **balance out** the advance **over time**.

The **normal speed angle** of an **up** market through a square of **32** or **64** is a **22.5°** through the trading frame. **Indexes** are the exception and want to run up **45°'s**.

We should expect markets to run up along a **11.25** degree angled line in Trading Frames of **16**.

If any market comes into its trading frame at a **rate of speed greater than 22.5°** of angle, it is said to be **moving up too fast** and it will have to come back down or **explode** into the next **higher trading octave**.

The **reverse** is not always true of **falling markets**: bad markets will not always come **back** up **more than +1/8th or +2/8ths** off their **lows** the **1st time they reverse** after **falling more than 5/8ths** off its **highs**.

Horizontal MMTLine:

We are looking to trade a market Long when it is reversing off its:

- A **Best odds potential** = **1/8ths MMTLine**
- B **2nd Best odds potential** = **0/8ths or 2/8ths MMTLines**
- C **3rd Best odds potential** = **-1/8ths MMTLine**
- D **4th Best odds potential** = **-2/8ths MMTLine**

We are looking to trade a market Short when it is reversing off its:

- A **Best odds potential** = **7/8ths MMTLine**
- B **2nd Best odds potential** = **8/8ths or 6/8ths MMTLines**

- C **3rd Best odds potential** = +1/8ths MMTLine
- D **4th Best odds potential** = +2/8ths MMTLine

Whip-Lash trading occurs most often when a trader wants to enter trades when a market is trading inside its **Trading Range 3/8ths and 5/8ths**.

Expect only **1/8th or 2/8th profits** reversal of the **above range until** it **finally rises above or below** by more than **2/8ths**.

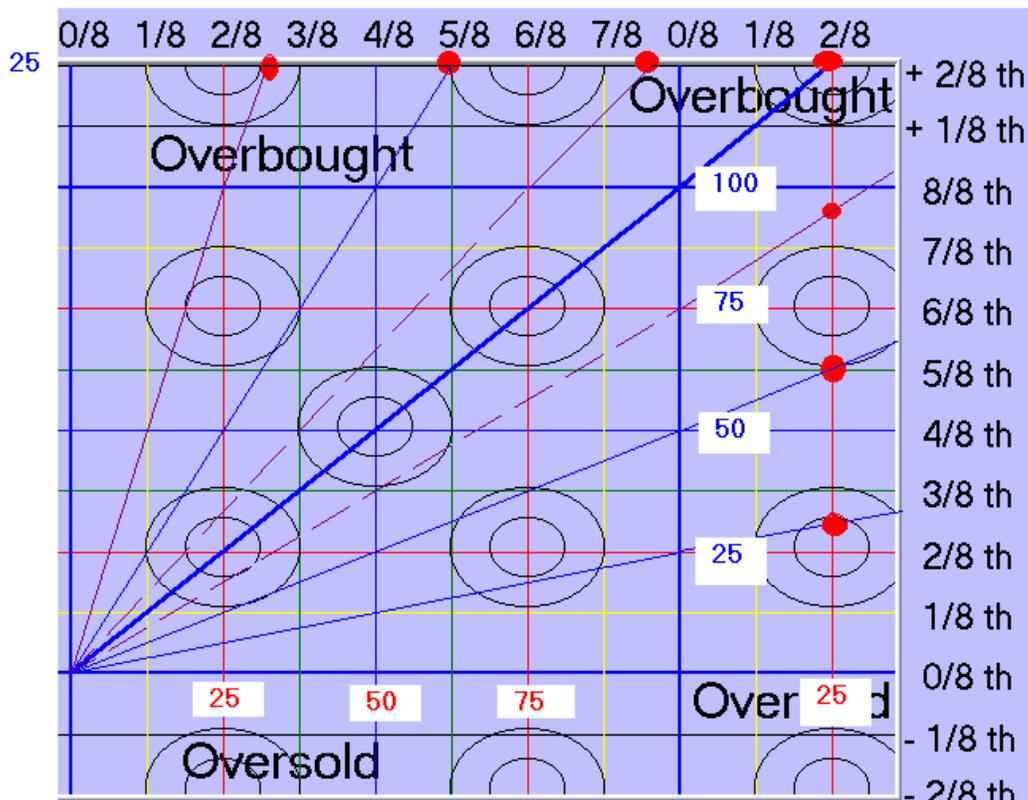
6. **Is this market running up or down along a parallel momentum line?**

All **Momentum Lines** are **longer term trend lines** set up as price appreciation or falling prices along **45° angled** lines started on either:

- A. **Lower Left Hand Corner** to upper right hand corner.
- B. **Upper Left Hand Corner** to lower right hand corner.

We should expect **any market** that starts **moving along** any of these **parallel lines** to memorize these lines and to **step up**, or **step down**, or reverse against **90° angles**, off the initial **parallel price movement**.

The initial **Parallel price movement** is the **low** or **high** that was **made** just before entering the present **Harmonic Trading Frame**. To be ahead of the game you need to **know** where these **parallel lines** are into the future set to **25, 50, 75, or 100 %**, into the next trading frame.



We **should not expect** however this same **parallel trading action** to last much past **three reverses** off the **same set of lines**.

We usually trade parallel lines set off:

- 1 **0/8ths**, greater support,
- 2 **2/8ths**,
- 3 **4/8ths**, greatest resistance or support,
- 4 **6/8ths**,
- 5 **8/8ths**, greater resistance.

We usually don't use the angled lines: **1/8ths**, **3/8ths**, **5/8ths**, **7/8ths**, but when we do we shall get **faster reverses**, which are **minor 50% reversal signals**.

There are two other angled parallel price momentum lines, which are very rare and are therefore not in the software.

- 1) **22.5° angled lines**, **too slow**, and
- 2) **56.25° angled lines** are **too steep** and won't repeat **more than once**.

7. **Where is the price in relation to the Circles of Conflict?**

- A Is it **rolling over it**,
- B Is it **curling under it**,
- C Will it **move inside it**,

The **Circles of Conflict** are **electrical** and will change **polarization** at its own will, so trying to figure it out is only as simple as going with the **direction it reverses** off its center **horizontal MMTLines** (+ or - baby 1/8ths).

8. **Which Trading Frame Line is it reversing off:**

- A MMTLine (**Horizontal Price**),
- B MMSLine (**Speed Line**) every 11.25 degrees,
- C MMTLine (**Time**),
- D MMTLine (**Momentum**),

Please go back to the **Rule 3** and ask yourself **how far** this market has **run up** or **down** and then look at **which line** it **reverses** on (**A, B, C, or D**) to see **how fast** or **slow** it will **reverse**.

9 **Look at the 3 Time Trading Frames: 64 days, 32 days, or 16 days.**

Which **Time Frame** lets you set your **Trading Frame** to include the **last trading** range of **high - low** as it fits inside the **smallest 8/8ths**.

10. Setting our Murrey Math Trading Lines:

| | | | | |
|---|-------------------|----------------------------|-------------|--------------|
| A | zero to 100: | $1/8^{\text{th}} = 12.50$ | $= 1.5625$ | $= .1953125$ |
| B | 250 to 1,000: | $1/8^{\text{th}} = 125.$ | $= 15.25$ | $= 1.953125$ |
| C | 2,500 to 10,000: | $1/8^{\text{th}} = 1250$ | $= 156.25$ | $= 19.53125$ |
| D | 25,000 to 100,000 | $1/8^{\text{th}} = 12,500$ | $= 1562.50$ | $= 195.32$ |

Special Situations:

A Gap over - this is where a market price gaps over a **MMTLine (horizontal)**, which would signal that this **market ignored the MMTLine**, so we must expect it to **run toward** the **next MMTLine**, but **count how far** any run has run to **predict** its **continuation** or **reversal** in direction.

B Drive-through - is a term that describes any **market** that **pushes through** any **MMTLine** on an **intra-day trading basis**. If it drives **through more than 40 cents** past (or **2/8ths plus 2 cents**) the **MMTLine**, it should **move** on **toward** the next **MMTLine**.

C S - Move is an **intra-day move** where a market forms an **S laid on its side** and it undulates either:

- 1 on a **MMTLine**, or
- 2 just **below a MMTLine**, or
- 3 it **moves** on **either side** of a **major MMTLine**, which could form a **double S** before it **breaks** out in its **own** mind's **direction**.

D When a market moves sideways and closes **4** out of **7 days** above a certain price then it has earned the **right** to be at or above that **mark** and will almost certainly move above that mark. The only exception to this is if it has **tried three times** and **failed** to get above a **certain price**.