
Advanced Swing Trading

*Strategies to Predict,
Identify, and Trade
Future Market Swings*

JOHN CRANE



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I would like to dedicate this book to my wife, Angela, and to my two daughters, Ana and Holli—the three most special people in my world.

J.C.

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Preface

The continual need to expand one's knowledge or to improve an existing idea is an inherent one in all of us. After finishing my earlier book *A Traders Handbook: The Reversal Day Phenomenon* (Traders Library, 1998) I continued to work on my theories of Action/Reaction, with the objective of finding new ways to expand and to improve this unique trading approach. I discovered, or stumbled across (depending on how you look at it), a whole new way of using time, price, and patterns to predict market moves. In this book, I share with you my exciting new discoveries.

This book deals with the Action/Reaction theory by combining price levels, timing methods, and confirmation patterns that strengthen the predictability of future market moves. I take a step-by-step look at the Action/Reaction theory and illustrate how the market goes through a complete and predictable cycle that I call the Reaction cycle. Using this technique, a trader can predict the beginning of a new trend and then project the time and price of the center and end of this new trend.

One of the unique techniques in this book is the method of projecting future prices. I have not seen this technique published before. By using my Action lines and Reaction lines within the Reaction cycle, I illustrate how to project the time and price of major market reversals. This cycle tells the trader if the market is going to make a major turn or if the market is going to make only a small correction against the prevailing trend.

One of the most frequent questions people asked me after reading my earlier book was, "Does this method also work for stocks?" The answer is: Yes, it does! Chapter 15 shows how the Reversal dates work just as well for stocks as they do for futures. Since most of my experience has been in the futures market, the majority of the examples in this book are from futures markets. However, this in no way means that this technique can be used only in the futures markets.

My hope is that the information in this book will increase your