

Joel Pozen on S&P 500 E-mini

(Upon contacting Joel Pozen the following was received. I reprint it here in it's entirety.)

Doc,

I did not write that (this) article. It was from someone who heard me speak at a webinar (apparently). Note it is geared to position trading, but I am a day trader having never held positions in the futures markets overnight. So what people are reading is someone's interpretation of what I said. Why???? Who knows. Yes I was trained by Richard Ney. And am friendly with Tom Williams. 2 of the great tape readers of all time!!!!!! If you saw me read the bars in real time you would realize you were standing taller than you thought. I prefer my work and the people who I have mentored to speak for me. The talents I have are a true blessing for which I am grateful every time I look at a chart.

So if you want people to benefit from my blessings they need to know how to reach me. 310 452 7396 or e-mail prosperitytrading@adelphia.net

Please make it clear to your readers that I did not write that article and where they can reach me if they want the truth.....

Joel

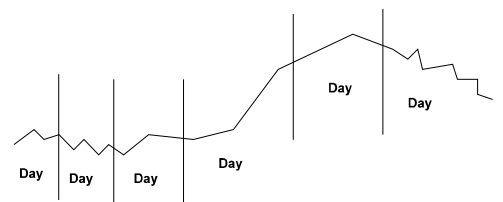
You will often find a correlation and lead/follow with the Dow and the NASDAQ 100 indexes.

Look for big block transactions. These indicate specialist's trading and controlling the market, especially in the opening and closing (usually 2 - 3 times per week).

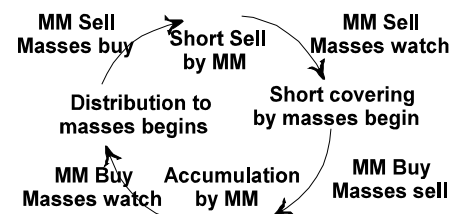
Look for back to back moves, especially at closings and the following openings. Market Makers (specialists with lots of money) will move the market in a specific direction to capitalize on mass herd behavior and make money in the process.

It can go either direction - up or down.

Generally the pattern will be a few days of wandering with no specific trend or a slight trend in one direction. Then near the end of the day (last 30 - 45 minutes) the MM will begin to buy (or sell) which sends the price up into closing. The next day on the opening he will continue to buy (or sell) and drive the price up further during the first 10 - 30 minutes. At this point the mass kicks in and begin to buy so they can ride the trend up (or down). The MM stops buying (or selling) and now reverses their trades to cater to the masses wanting the artificially inflated trend. This is usually seen as a short and small reversal or flattening of only a 1 - 2 points. Then watch to see if the rally continues. If it does they begin to short (or buy) to fill the orders of the masses. Once this begins to peter out they continue to sell (or buy) even stronger to drive the price down (or up). Again as it approaches a point of mass entering they reverse to cover their position, watch to see if it continues then feed the trend to continue it's surge. It's a round robin type of effect with the masses entering in the top and bottom and the MM changing direction at the mid-point to make money on the process.



During the few leading days they have been quietly accumulating inventory (either stock or shorts) in preparation for their drive. This generally holds the price fairly level or with a slight bias. When they are ready (usually a few days is enough) they begin accumulating inventory even more and with stronger offers to drive the price in the direction they want. If they want the stock to decline for profit (short) they are selling the stock short and feeding it into the market at lower prices. As the price begins to move they feed more into the process until they have set the ball rolling and the masses are joining in on the selling frenzy. At this point they finish covering at the lower



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prices and the market will continue down for a short run (2 - 5 points) during which time they are slowly buying to finish covering and to not upset the downward trend. When it reaches a level they are happy with they bid for larger lots at higher prices sending a signal that there is a strong buying process going on and the price levels off. Now the process of accumulation at a lower price starts and the process moves in the opposite direction.

The MM allows a few days for the masses to get even and to accumulate inventory for the next run.

Piggyback by watching the opening. When you see this pattern developing over a few days and ending with a strong closing watch for the small pullback soon after the opening. Wait for a few more points run then enter (with a stop loss) in the opposite direction of the continuation just as the MM is doing to accumulate inventory for the reversal that usually comes.

Pattern timing is tied to news releases usually around 10 am Eastern (7 am Pacific). The continued trend run will usually continue for 8 - 15 minutes after opening before the pullback occurs. Then it will often continue it's run until about 11 - 11:45 am Pacific (don't know why). Sometimes around 12:20 Pacific there will be this action based on the closing of the bonds market. During the mid-day it's choppy as the MMs all go to lunch. The closing action usually starts about 15 - 30 minutes before closing.

Use a 2 minute chart to see the action better.