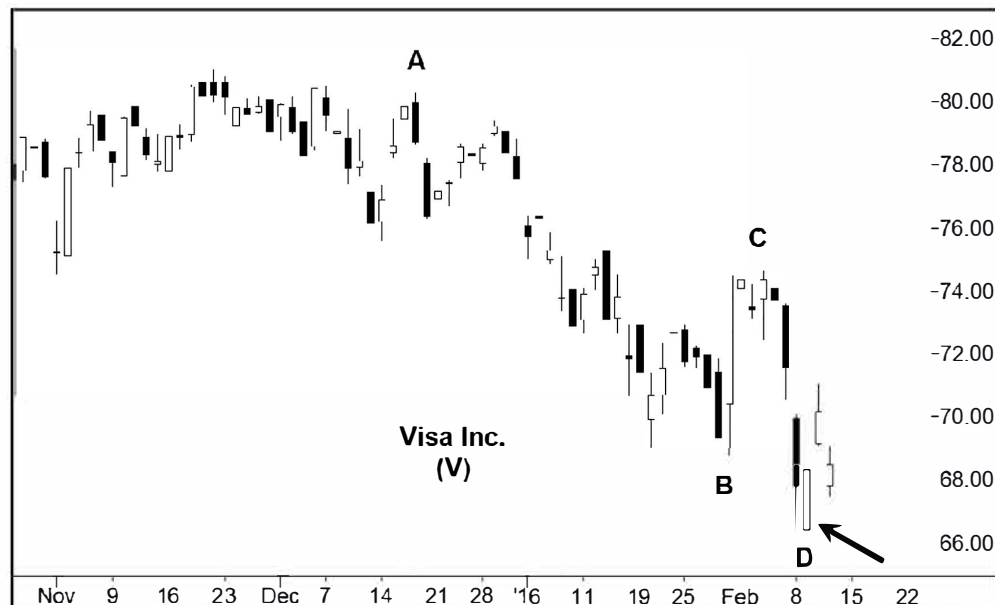


In February 2016, after completing a 'Last Wave' pattern, buyers began to overtake sellers as many stocks moved higher including Visa (V).

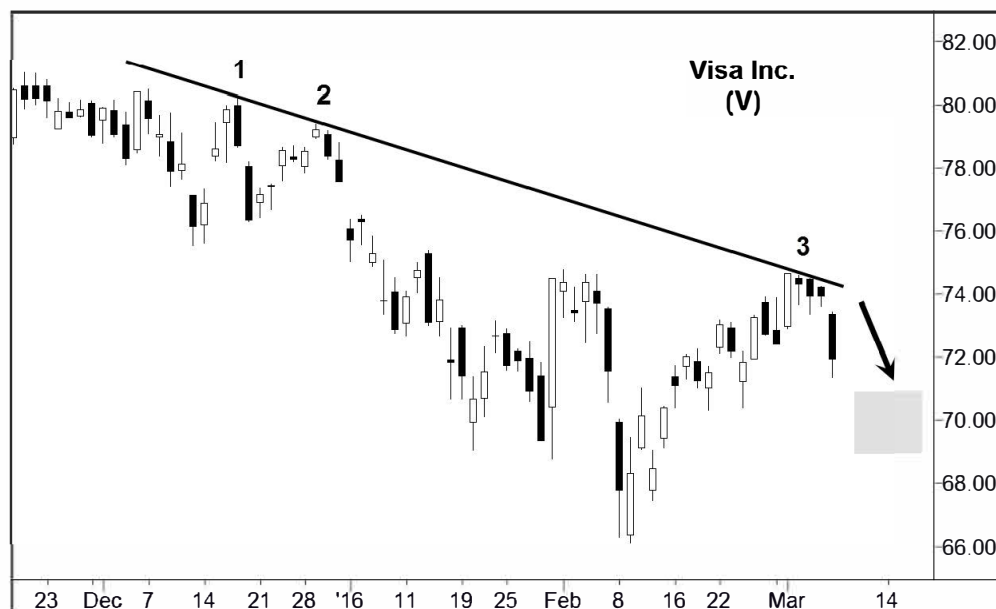


Over a period of 3 weeks, institutions and professional traders accumulated shares of Visa until it reached a level when the very short-term traders

decided to take some of their profits. The move from roughly the 69.00 level up to the declining trend line around 74.00 resulted in a profit in this trade of around \$5.00 a share for buyers of the stock.

Trend lines are a favorite place for professional traders to either enter, or exit a trade. In this case, the trend line in the previous chart of Visa was the very important 'Third Point'.

As every trend line forms, the first points are random. But if a 'Third Point' develops, it's more than just coincidental. Trend lines are not guaranteed to hold back prices, but they present an opportunity for the professional traders to '**watch and see what happens**'. As we said earlier, successful trading is simply a '**matter of awareness**'. Traders that are aware of where the nearby trend lines are in a particular stock are better prepared to trade that stock than all other traders. As you follow this example, you'll see that Visa eventually breaks up through the declining trend line. But let's go through it step-by-step.



When the 'Last Wave' pattern results in a change in trend as it did with Visa, the strongest price moves often come after the first pull back. In this case, the stock bottomed just above 66.00 and it reached the declining trend line just above 74.00 for a difference of roughly 8.00 points. The best way to know if anxious buyers are outnumbering the cautious sellers is to watch for a **mild** profit taking pull back. Pull backs of around 50% to 60% indicate a mild pull back and that the new trend is **very healthy**.

Within a few days, the selling pressure eases exactly at our expected level.



At this point, it's '**do or die**' for the uptrend. As this trade unfolded, there were several reasons that we felt the professional traders would not only

hold their existing positions, but they'd probably **add** to them. Here are a few of those reasons:

In early February (the black arrow in the chart above), the stock completed our 'Last Wave' pattern. This was an indication to us that higher prices were ahead.

Several weeks later, at the 'Third Point' on the down sloping trend line, mild profit taking occurred.

The mild profit taking began to ease exactly in our 50% pull back area (the grey shadow area in the chart above).

Trend lines are a '**Decision Point**' for professional traders and the pattern has set up perfectly for new investors to begin accumulating shares of the stock.



With everything in place, this break above the trend line will cause institutions and professional traders to accumulate more and more shares of this stock.

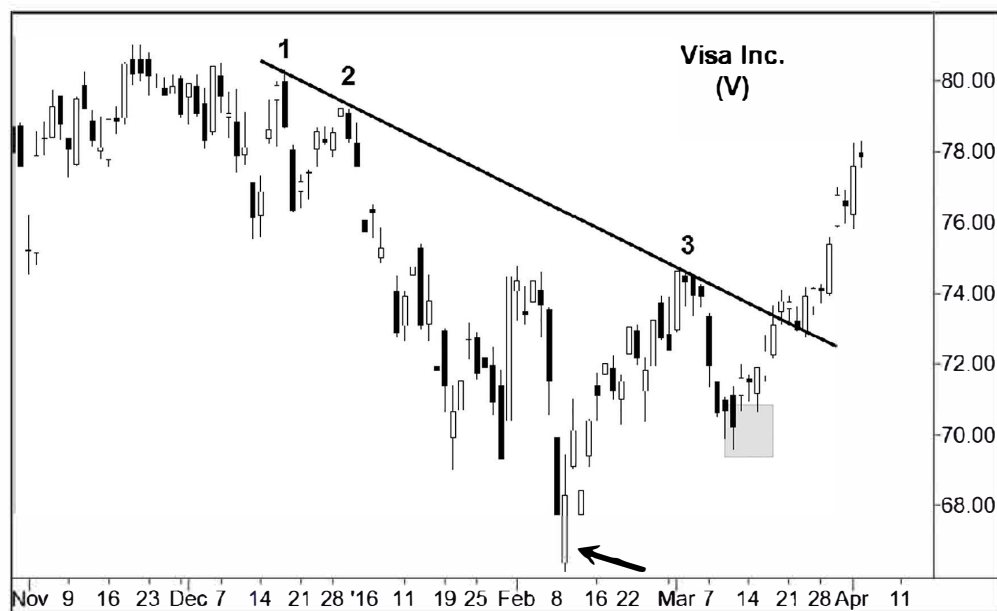
Here are the steps for choosing how to trade Call options on this stock:

The entry date of the trade is March 18th 2016.

Start by looking at the available options and choose an expiration date that is
4 to 7 weeks away.

Next, choose a strike price that is at or near the current price of the stock.

We chose April 22nd as our expiration date and we chose the 74 strike price. We'll refer to this trade as the Apr. 22nd 74 Call. Our entry price was 1.71.



This trade was closed on April 4th at a price of 4.00 for a gain of \$229 per option contract.