Contents

Foreword, by Tom DeMark xv
Acknowledgments xix
Introduction xxi
Author’s Note xxv
About DeMark Indicator Trademarks xxvii

1 TD Sequential: Defining the Trend and Identifying Exhaustion Points 1
TD Setup 2
  Bearish TD Price Flip 2
  TD Buy Setup 3
Interruption of a TD Buy Setup 4
Completion of the First Phase of TD Sequential 4
TD Sell Setup 4
  Bullish TD Price Flip 4
  TD Sell Setup 4
  Interruption of a TD Sell Setup 4
Using TDST Levels to Determine the Underlying Trend Bias 5
TD Sequential vs. More Conventional Momentum Indicators 6
  TD Setup Scenario I: Consolidation/Reversal 6
  TD Setup Scenario II: Confirmed Trend Extension 8
TD Buy Setup “Perfection” 9
  TD Buy Setup “Perfection” 11
Trading a TD Buy Setup 12
  Perl’s Rules for Trading TD Buy Setups Objectively 13
  Risk Management: Calculating the TD Risk Level for Trading
    a TD Buy Setup 14
  TD Sell Setup “Perfection” 14
Trading a TD Sell Setup 14
  Perl’s Rules on When to Initiate a Short Position Following a Completed
  TD Sell Setup 16
  Risk Management: Calculating the TD Risk Level for
  a TD Sell Setup 17
TD Setup vs. TD Sequential Countdown 17
  To Initiate TD Buy Countdown 17
  To Complete a TD Buy Countdown 19
TD Buy Countdown Cancellation 21
  Filters That Cancel a Developing TD Buy Countdown 21
TD Buy Countdown Cancellation and Recycle Qualifiers 21
  TD Buy Countdown Cancellation Qualifier I 21
  TD Buy Countdown Cancellation Qualifier II (a TD Buy Setup
  Within a TD Buy Setup) 22
TD Buy Countdown Recycle Qualifier 22
  An R Will Appear 22
Entering a Long Position 24
  Two Ways to Enter a Long Position 24
Alternative Strategy for Entering a Long Position 25
  Requirements for a TD Camouflage Buy 25
  Requirements for a TD Clop Buy Signal 25
  Requirements for a TD Clopwin Buy Signal 26
  Requirements for a TD Open Buy Signal 26
  Requirements for a TD Trap Buy Signal 26
TD Buy Termination Count 26
  Risk Management: For a TD Buy Countdown 26
Frequently Asked Questions 28
  Requirements for Validation of a TD Sequential 9-13-9 Buy Count 29
  Risk Management: For TD Sequential 9-13-9 31
TD Sell Countdown 31
  Requirement for a TD Sell Countdown 31
  To Complete a TD Sell Countdown 31
TD Sell Countdown Cancellation 34
  Filters That Will Cancel a Developing TD Sell Countdown 34
TD Sell Countdown Cancellation and Recycle Qualifiers 34
  TD Sell Countdown Cancellation Condition I 34
  TD Sell Countdown Cancellation Condition II (a TD Sell Setup
  Within a TD Sell Setup) 35
TD Sell Countdown Recycle Qualifier 35
  Entering a Short Position Following a Completed Thirteen TD Sequential
  Sell Countdown 35
2 TD Combo 59

TD Combo Buy Setup 59

Requirements for a TD Combo Buy Setup 60

Differences in Buy Countdown: TD Combo vs. TD Sequential 60

TD Combo Buy Countdown 60

Requirements for a TD Combo Buy Countdown Version I (Strict Version) 60

Requirements for a TD Combo Buy Countdown Version II (Less-Strict Version) 61

To Enter a Long Position 62

Risk Management: For Entering a TD Combo Buy Countdown Long Position 62

Requirements for a TD Combo Sell Setup Version I 62

Differences in Sell Countdown: TD Combo vs. TD Sequential 63

Requirements for a TD Combo Sell Countdown Version I (More Strict) 64

Requirements for a TD Combo Sell Countdown Version II (Less Strict) 65

Risk Management: Calculating the Risk Level of a Short Position Following a TD Combo Sell Countdown 65

TD Combo Version I: Recommended Settings 66
3 TD D-Wave

The Underlying Elliott Wave Principle 70
Elliott Wave Basics 71
DeMark’s Mechanized Version of Elliott Wave 73
The Time Aspect of the TD D-Wave Requirements 74
  TD D-Wave Requirements for Wave 1 74
  TD D-Wave Requirements for Wave 2 74
  TD D-Wave Requirements for Wave 3 74
  TD D-Wave Requirements for Wave 4 75
  TD D-Wave Requirements for Wave 5 75
  TD D-Wave Requirements for Wave A 75
  TD D-Wave Requirements for Wave B 76
  TD D-Wave Requirements for Wave C 76
Additional Qualifying Rules for the Application of the TD D-Wave
  Indicators for an Uptrend 76
  Additional Qualifiers for the Application of the TD D-Wave
  Indicators for a Downtrend 77
Calculating TD D-Wave Projections 78
  Bull Market Price Projections 78
The Ultimate Targets for TD D-Waves 5 and C 80
  Upside Target for TD D-Wave 5 80
  Downside Target for Downside TD D-Wave C 80
Bear Market Price Projections 80
  Using Closing Prices for Price Projections 82
  TD D-Wave 2: Shallow vs. Deep 82
  To Calculate the Objective for TD D-Wave 5 82
  To Calculate TD D-Wave C 82
  To Determine the Eventual Downside Objective for TD D-Wave 5 83
  To Determine the Upside Objective for TD D-Wave C 83
TD D-Wave Frequently Asked Questions 83
  The Relative Strength Index 83
TD D-Wave: Recommended Settings 89

4 TD Lines 91

The Three TD Demand Line Qualifiers 94
  TD Demand Line Qualifier Condition One 94
  TD Demand Line Qualifier Condition Two 95
  TD Demand Line Qualifier Condition Three 96
Calculating the Objective for a TD Demand Line Break 96
  To Determine the Objective for a Qualified Downside Violation 96
  Exiting a Short Position Using TD Demand Line 97
TD Supply Line Qualifiers 97
  Initiation of a Fresh Long Position Qualifier One 98
  Initiation of a Fresh Long Position Qualifier Two 99
  Initiation of a Fresh Long Position Qualifier Three 100
  Calculating the Objective for a TD Supply Line Break 100
  TD Supply Line and Exiting a Long Position 100

TD Lines: Recommended Settings 101

5 TD Retracements 103
  Determining References for Projecting TD Relative Retracements 103
  Three Conditions for Validating a TD Relative Retracement Level:
    Only One Needs To Be Satisfied for a Qualified Break 106
  Conditions That Invalidate an Upside Break of a TD Relative
    Retracement Level 107
  Conditions That Qualify a Downside Break of a TD Relative
    Retracement Level 107
  To Exit a Short Position After a Qualified Downside Break
    of a TD Relative Retracement Level 108

TD Relative Retracement: Recommended Settings 108
  More Retracement Scenarios Upside Violations 109
  Retracement Scenarios Downside Violations 109
  Another Reversal/Consolidation Pattern 109
  TD Absolute Retracement 110

Recommended Settings for TD Absolute Retracement 110
  Constructing the TD Retracement Arc for Upside Retracements 111
  Constructing the TD Retracement Arc for Downside Retracements 112

6 TD Trend Factor and TD Propulsion 115
  TD Trend Factor 115
    To Determine a Top from Which to Calculate 116
    To Determine a Bottom from Which to Calculate 118
  Frequently Asked Questions 120
  TD Trend Factor – Recommended Settings 121
  TD Propulsion 121
    Defining the Initial Thrust Level for an Advance 122
    Defining the Initial Thrust Level for a Decline 122
  TD Propulsion: Recommended Settings 123

7 TD Oscillators 125
  TD Range Expansion Index (TD REI) 125
    In Case You Need Prompting on the RSI . . . 125
TD REI Formula
To Establish a Value for the TD REI
Using the TD REI to Identify Prospective Reversals
Using the TD POQ to Filter TD REI Signals Further
For the Mathematicians
TD REI: Recommended Settings
TD DeMarker I and TD DeMarker II
TD DeMarker I
Other Conditions That Must Be Satisfied for a Prospective Buy
Other Conditions That Must Be Satisfied for a Prospective Sell
TD DeMarker I: Recommended Settings
TD DeMarker II
TD DeMarker II: Recommended Settings
TD Pressure
The OBV Indicator
TD Pressure: Recommended Settings
TD Rate of Change (TD ROC)
To Determine the TD ROC
TD ROC: Recommended Settings
TD Alignment
TD Alignment
To Produce the Composite TD Alignment Indicator
TD Alignment: Recommended Settings
8 TD Moving Averages
To Identify a Prospective Bullish Trend
Plotting a Bullish TD Moving Average I
To Identify a Prospective Bearish Trend
Plotting a Bearish TD Moving Average I
TD Moving Average I: Recommended Settings
9 TD Range Projection, TD Range Expansion Breakout, and TD Channels
TD Range Projection
The Three Possible Scenarios and How to Calculate Them
TD Range Expansion Breakout (TD REBO)
To Apply TD REBO to Daily Price Bars and Use the Current Price Bar’s Open as the Base
TD Channels
TD Channel I
TD Channel II