



THE INSIDER SERIES

Featuring Briese Style Point & Figure™ Charts (Patent Pending)

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HYPOTHETICAL * POSITION TABLE

Currency	Trend Rating	Trend Direction		Current Entry			Reversal	Stop Loss	Risk	Delivery Mo/Yr	05/21/07 Price	Hypothetical Profit/-Loss
		Weekly	Daily	Position	Date	Price						
DOLLAR INDEX	-5	DOWN	UP	SHORT	11/27/06	82.680	84.800	84.800	\$2,690	06/07	82.110	\$570
EURO FX	4	UP	DOWN	LONG	11/01/06	1.2900	1.3380	1.3380	\$1,775	06/07	1.3522	\$7,775
EUR/USD	5	UP	DOWN	LONG	05/15/07	1.3574	1.3464	1.3464	\$480	Spot	1.3512	-\$620



The chart at left is a unique type of point & figure chart immodestly styled *Briese Style Point & Figure™*, which has had the time element reintroduced. These charts are unique and patent pending. Although they may at first appear similar to a candlestick, they are not. The green bars are up days, equivalent to the green X columns on the right-hand standard p&f chart. The red bars are equivalent to the red O (down) columns at right. The bar height is determined by the number of full boxes filled in during the trading day and may not include the actual trading high and low. Point & figure smooth the data series by removing extraneous information, showing only consequential price change.

The left and right charts are equivalent; specifically, the magnifying glass indicates a blue rectangle on the left-hand chart that is magnified in the right-hand chart for ease in pinpointing exact price levels. This magnification factor will sometimes mean that columns of X's and O's may run off the top or bottom of the p&f chart. The right p&f chart is centered on the most recent price level.

Among the advantages of the left-hand chart presentation, is the ability to add standard technical indicators to the price bars. This has never been available to point & figure chartists. The histogram bar chart is a trend strength indicator derived from measuring the distance from the daily close to the respective support or resistance lines. (These + marks are standard 45° p&f lines from the right-hand chart, rendered to the time scale of the left-hand chart. Green bars indicate an uptrend in p&f parlance, price is above a 45° support line. The height of the bars is a measure of the strength of the trend. Whether the trend is gaining or losing strength (momentum) is shown by the black rate of change (ROC) line and it's a simple moving average (gray line). The *Trend Rating* is derived from these indicators. Blue horizontal lines are drawn to enclose 80% of historical indicator range. When you see data beyond these lines, expect Trend Ratings outside the normal -100 to +100 scale. Data for both charts is based on back-adjusted most active (highest open interest) contract.

Features	Discussion
Trend rating	On a -100 to +100 bearish to bullish scale, with 0 (zero) neutral. A reading outside this scale is valid and likely indicates an unusually strong (or weak) trend beyond historical norms.
Weekly Trend	UP if prices are above an up trendline, DOWN if prices are below a falling trendline.

Features	Discussion
Daily Trend	UP if current price column is a rising green X column, DOWN if a falling red O column. Sometimes this will not seem logical based on the price activity. The system doesn't know whether the high or low came first, but reversals always take precedence over extensions in this method. Also, contract rollovers can create confusing p&f patterns, but only temporarily.
Stop Loss	The stop loss for an open long trade is calculated as one box below the rising 45" trendline support line shown by + on chart. For a short trade, the stop loss is one box above the falling 45" trendline resistance line. If the current position is FLAT, this column will contain the current long entry.
Reversal Entry	Typically a trade reversal also will be signaled by reaching one box beyond the respective 45" trendline, but not always. For a long trade, the current X column also must rise 1 box above the previous X column. For a short trade, besides breaking the trendline, the current O column must decline one box below the prior O column. If the current position is FLAT, this column will contain the current short entry. All entries are on stop.
Current Position	Standard P&F buy and sell signals indicated by arrows on chart. Position is closed when its respective support (longs) or resistance (shorts) 45" trendline is penetrated by a full box [see stop loss above].
Current Price	Verify current price. If price shown is incorrect or old, related P&F signals may be erroneous.
Hypothetical P/L	This is an approximation based on continuous futures prices with no deduction for associated trading costs or slippage. No representation is made that any account will or is likely to achieve profits or losses similar to those shown. THERE IS RISK OF LOSS IN FUTURES TRADING. PLEASE READ RISK DISCLOSURES BELOW PAGE-1 TABLE.
Box Size	Up X and down O Point & Figure columns are extended based on prices reaching boxes at specific spacing. This box size is shown in points and contract dollar value.
Rev[ersal] Box[es]	Prices must reverse by this 3 boxes to trigger a new (opposite) X or O column.
Grid	Grid size in points, which varies on left-hand chart based on the volatility of recent price action. Grid spacing in right-hand chart is always one box (see <i>Box Size</i> above).

Why Point & Figure? Quite simply, p&f is the only trading method that meets these simple criteria:

1. An absolutely objective trend following trading method used for more than a century.
2. The subject of numerous hypothetical performance tests in stocks, commodities, and futures over a 75 year period which in every case showed profitable results.
3. Simplicity: You start an X (green) column, placing an X in each price box that is filled, until prices reverse down 3 full boxes. This begins an O (red) column that continues to fill boxes until prices reverse up by 3 boxes. A buy signal is triggered by an X column rising 1 box above the prior X column. On a long entry a trendline is begun at the bottom of the X column that triggered the entry. This is the stop loss and it is advanced one box for each new column (alternating X's & O's). An opposite 45 down trendline is begun at the top of an O column that falls below the previous O column, triggering a short entry. The only other prerequisite for a long entry is that the current X column must be above the last 45 down trendline by a full box. For a short entry, the current O column must be below the last 45 up trendline. Quite often these occur at the same price level causing a stop and reverse entry. The current stop and reversal points are listed on the page 1 table for your convenience. Unlike the standard p&f charts, Brieze style point & figure is that you can place these stops in the market, instead of waiting until the end of the day to see if there is a new signal. If the stop creates too much risk, use a mini contract or a closer stop. This does not mean that you can make an entry before prices cross through resistance (longs)

or support line (shorts). For more information see Steve Brieese's *Master Trader Seminar 2002 cd*.

But Steve, I can't possibly keep up with 27 positions. Which signals do I take? The p&f method works very well as an objective entry and exit method for a market selected by some other means (fundamentals, cycles, *Commitments of Traders*, etc). Thus it works very well using *Bullish Review* recommendations to pick the market and direction, but waiting for the point & figure chart to signal an entry in the desired trade direction. The beauty of point & figure is it will not allow you to trade against the trend. By adding the time factor back into p&f charts, we can now apply any traditional technical studies. The momentum lines presented here, for instance, might be used to take partial profits when momentum begins to reverse (cross it's gray moving average or cross the zero line) against your trade direction.

This report is based on the concept of point & figure charting. Data in the page-1 table is derived from the respective p&f chart (located by red page number in left hand table column (see discussion below). These charts are based on Steve Brieese's proprietary Reverse/Extend P&F method. For a full discussion of point & figure trading theory and practice, refer to Steve Brieese's 2002 *Master Trader Seminar CD*. Please address questions to Steve@InsiderCapital.com.

P&F Standard Buy & Sell & Stop Points

