

Price Percentage Change Projections

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Aug. 1997: This tutorial has been updated to include a recent and very relevant example of the position of the S&P index.

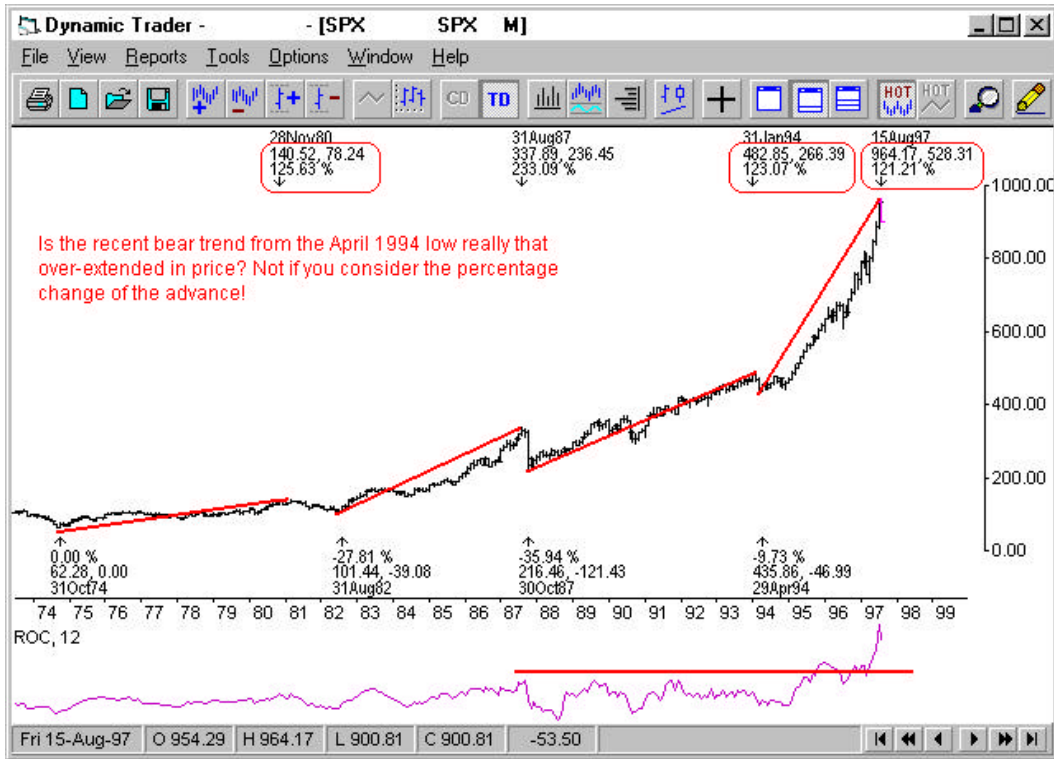
Price percentage-change more accurately represents the range of price change than the actual amount of price traveled. A price advance of \$100 from \$200 to \$300 is a 50% increase in price while a price advance of \$100 from \$500 to \$600 is only a 20% increase in price. Each price change of \$100 was the same amount yet a dramatically different percentage change. The percentage change in price more accurately represents what we may consider the force of movement or the degree of psychological shift required of traders to move price.

Traders and investors should consider supplementing their price analysis by making all price projections by price percentage-change as well as by the more traditional method of price-range. This is particularly worthwhile for major degree swings. The extra work involved will often provide critical information that will not be revealed by high/low price-range analysis.

S&P Cash: Price-Range and Price Percentage-Change Projections

The monthly chart below of the cash S&P (SPX) begins from the Oct. 1974 low and shows the four major bull trends since that time into the Aug. 1997 high. Is the latest bull trend which began from the April 1994 low really over-extended in price compared with the prior three bull trends?

Closely examine the percentage-change in price of each of the bull trends shown on the chart on the next page.



Two of the bull trends made a 125.63% and 123.07% gain. The Aug. 1982-Aug. 1987 bull trend made a 233% gain. The recent bull trend from the April 1994 low has made a 121.21% price gain. The current bull trend is *not* “over-extended” in price. It is within just a few percentage points of being equal to two of the prior three bull trends.

While other factors came into play, this is one of the reasons I had continued to be bullish the stock market through 1995-1996 and into early 1997. Price had not even reached a state of equality with prior bull trends.

The price *range* of the latest bull trend is twice the *range* of the prior bull trends. Investors and analysts who only looked at comparable price *ranges* in the past year or so considered the trend at extreme price levels and in a position to top. This was not the case with *Dynamic Traders* who always do long term price analysis by price percentage-change.

By making long term price projections by percentage-change rather than price-range, traders and investors will have a critical and reliable piece of important information that traditional technical analysts are not aware of. Only the **Dynamic Trader Software** allows traders to make these important price projections.

Sophisticated Traders and Investors Will Include Price Projections By Percentage-Change As Well As Price-Range

Traders and investors who want to have practical and comprehensive technical analysis of market positions will always include price percentage-change projections in their work. **Dynamic Trader** allows traders to do exactly this quickly and easily.

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