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#Pocketpivot and it's characteristics:-

pocket pivot,” or “buying in the pocket,” is an early base breakout indicator, which is designed to find buyable pivot points within a stock’s base shortly before the stock actually breaks out of its chart base-

Detailed Thread■

or consolidation and emerges into new high price ground.

Institutional investors do not like to buy breakouts to new highs. In fact, they generally prefer to buy stocks off of their lows, and sometimes the lower the better.

Of course, if we think about this for just one second we realize that it is the institutions that create the bottoms of chart bases, including the volume/accumulation clues along the lows of a constructive base formation. If investors had bought the breakout to new highs,

the sharp pullback below the 10-day moving average might have caused them to be shaken out of their position. However, buying on the pocket pivot buy point before the stock rose would have given investors buying the stock at good point.

A pocket pivot points generally occurs within the stocks chart base, before the standard new-high breakout buy point appears. Pocket pivots can also appear as continuation buy point as stock move higher after launching out of a chart base or consolidation.

Price/volume action and base formation leading up to a pocket pivot point are of paramount importance in Identifying a proper pocket pivot buying point. Pocket pivot also signs of strength within the base of a leading stock with respect to the potential of a stock to higher.

The stock should have been respecting 50 day moving average during the price run that occurred prior to the time stock began building it's current base. This indicates that stock character is such that it can be expected to continue to do so.

Therefore we can use 50day moving average as sell guide if the stocks begins to vilolate.

If the stock character is such that it tended to respect it's 10day moving average on it's prior price run before building it's current base then we might use 10dayMA as selling guide.

The stocks price/ volume will tell whether 50/10 day moving average to use as selling guide.

The buying pocket pivots in the base or within an uptrend, pocket pivots should ideally occur after consolidation. Naturally the length of consolidation of buying within a base will be longer than the length of buying within an uptrend also known as continuation pocket pivots.

Some of the strongest price performers may only rest long enough to hit 10day moving average briefly before bouncing higher on volume, this presents enable investors to initiate a position in a leader even if missed initial base breakout.

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