

HiLoCount

Philosophy

Analysis through thousands of instruments across all timeframes over the years, revealed some very consistent patterns in terms of how long trends can last before they enter their first correction, how long that correction typically lasts, before the most difficult part, which is whether the trend will restart. Part of understanding this process was to assess how long it takes before a swing pattern or Peak forms in that trend. HiLoCount measures the number of bars between changes to Peak points on those typically above the market (HiCount), and those typically below the market (LoCount).

Interpretation

The basic interpretation is in regard to setting thresholds for how long trends can extend without a change in a Peak value (see page 190 and 214 of Trading Time). This threshold is set at 15 bars whatever the market or timeframe. At this point the trend is strong, but a correction is due. The further the Count goes beyond 15, the stronger that initial impulse and the increased likelihood that subsequent to that correction (typically lasting one third of the previous count number); an attack will be made on the previous trend extreme. This is particularly true on short term charts and is useful for day trading purposes. If a trend is already developed when the Count goes beyond 15 this is more likely to signal an exhaustion point in the trend. This is more powerful if both counts are above 15.

The chart below shows one of the recent highflyers, Centene Corp. The trend acceleration point was signalled by a PowerPlay signal in October and price has trended, until HiLoCount has signalled at least a temporary exhaustion point.



