

I have always thought that, in general, the simplest techniques work the best. High up in this category, and perhaps the most underrated, is the concept of peak and trough analysis, a technique first brought to our attention as a tenet of Dow theory. While the theory itself has lost much of its luster in recent years, the peak and trough part of it has not. It is arguably the most important building block of technical [analysis](#). When you look at almost any chart, it's fairly evident that prices do not go up and down in straight lines, but move in zigzag patterns instead. During a bull trend, a rally is interrupted by a correction in which part of the advance is retraced. This is then followed by another rally, after which a subsequent correction follows, and so on.... **to read more, download this book [Download This Book](#)**