

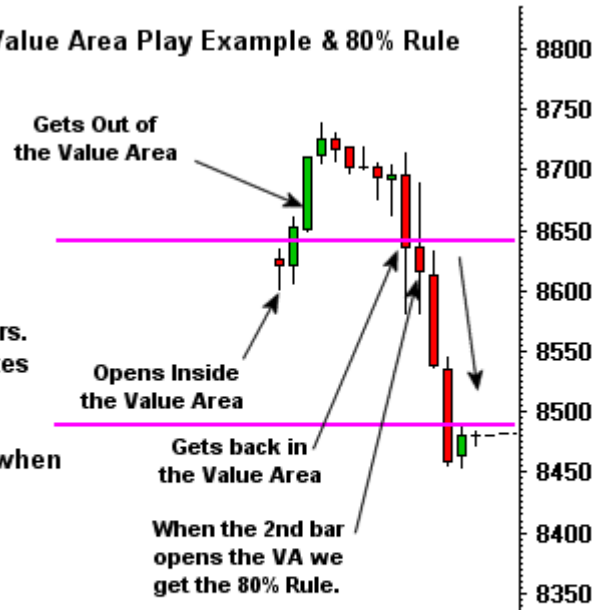
The Value Area & 80% Rule - IF the market opens (or gets outside of the value area) and then gets back into the value area for (2) consecutive 30' bars the 80% Rule states it has a high probability of completely filling the value area. (I've seen it published to as much as 80%). The rule can be misleading, in that you DON'T have to see both 30' bars close within the value area. The first bar can enter and close within the value area and when the second bar opens within the value area we have met the Rule criteria. (See the example below). We don't blindly follow the above. There are guidelines that increase the chance of approaching the 80% probability that we teach in our mentoring programs and seminars. The trader who enters a value area trade without evaluating other market conditions has a better than 50% chance of seeing the value area filled but the power of using the 80% Rule lies in the evaluation of the current market variables as, value area size, extension and market internals.

Intraday /YM DOW Mini Contract 30' Chart

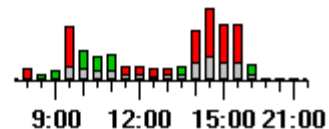
Value Area Play Example & 80% Rule

The Value Area is denoted/plotted (as we suggest you do daily) in purple where the market opened *within* the Value Area, then 'gets-out-of' the Value Area. Later in the afternoon session it triggers the 80% Rule by 'getting-back-in' the Value Area with 2 consecutive 30' bars. Then filling the area as the 80% Rule states it has a high-probability of doing.

A VERY powerful setup to acknowledge when making entry or exit decisions!



Summary - When the 80% Rule triggered according to the parameters the market carried on to fill the Value Area as the High-Probability Rule states!



Note: The top of the value area generally provides intraday support while the bottom of the value area generally provides intraday resistance and suggest one post the value area directly on their futures charts. In the illustration below you can see the market opened inside the Value Area, got out of the denoted purple value area and in the after noon the 10th red bar of the session got back into the purple value area which was our first alert to watch for the next bar opening or staying inside the value area. When it did, the 80% Rule, by definition, was triggered which was the useful information traders were looking for, and the market continued straight down completely filling the value area. **To read**

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