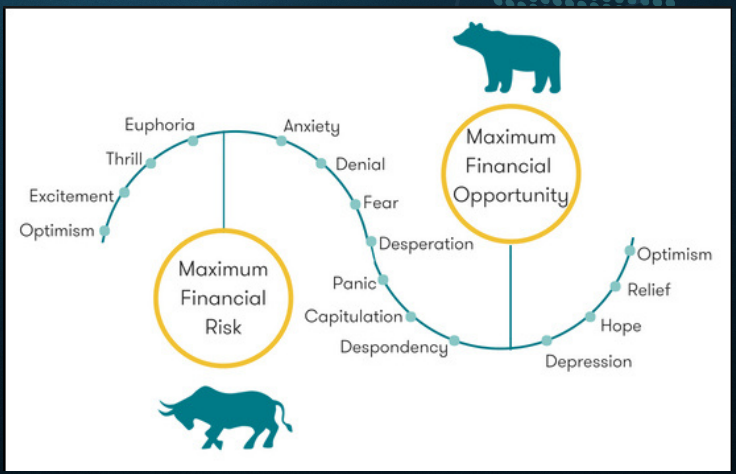
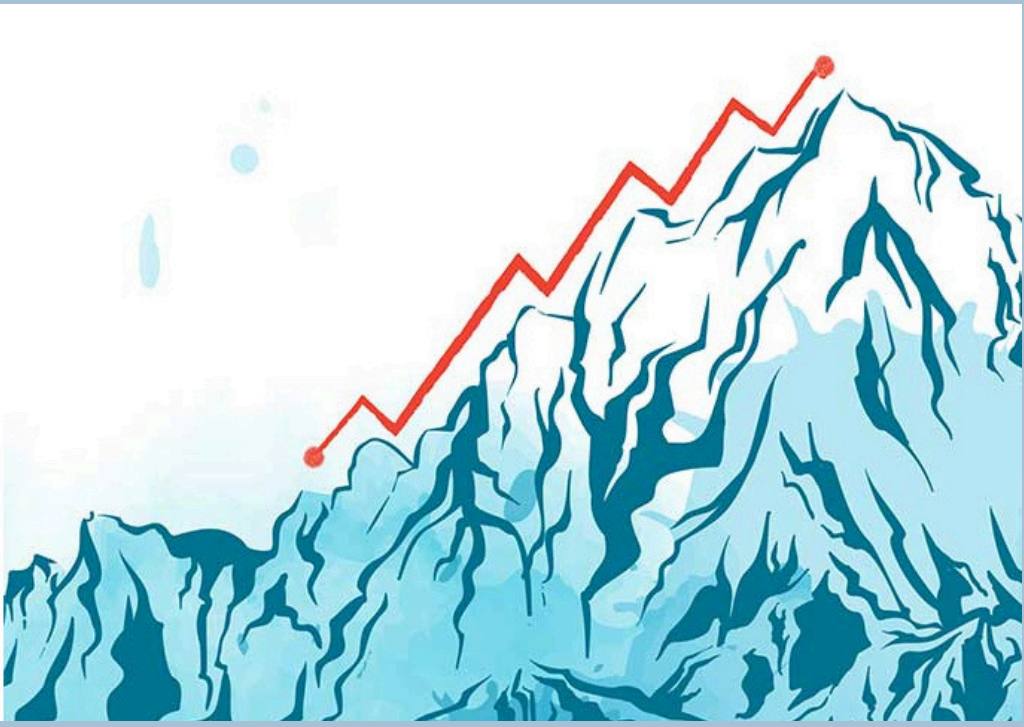
DRAGONFLY TRADING

# THE ULTIMATE GUIDE TO LONG TERM INVESTING

*Nailing Tops and Bottoms*



# Recognizing Tops and Bottoms



Can major market tops and bottoms be identified with accuracy? Yes, they can!

I will present some backtested data that will argue that identifying “major” market bottoms and tops is easier than most investors think.

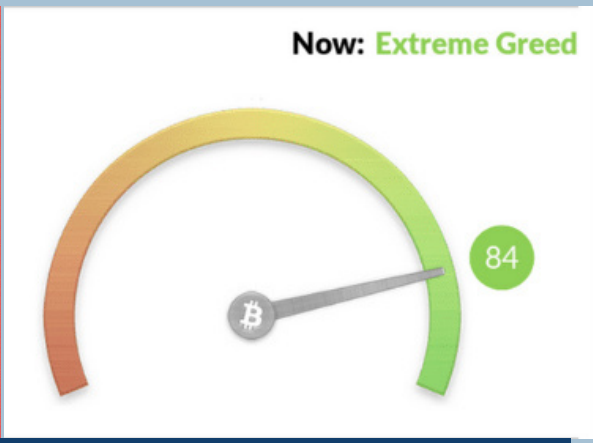
No one can guarantee an “exact top or bottom” but this backtested data will provide clues and evidence that an overall change in trend is very near.

There’s plenty of time to get out of the market before a devastating fall and even more time to jump on a new up-trend after a bottom.

# Psychological Indicators

## Fear and Greed Index

*One of the great paradoxes of the financial markets is the fact that investors are at their most optimistic at market tops and most pessimistic at market bottoms.*




## Emotional Capitulation indicates a bear market bottom

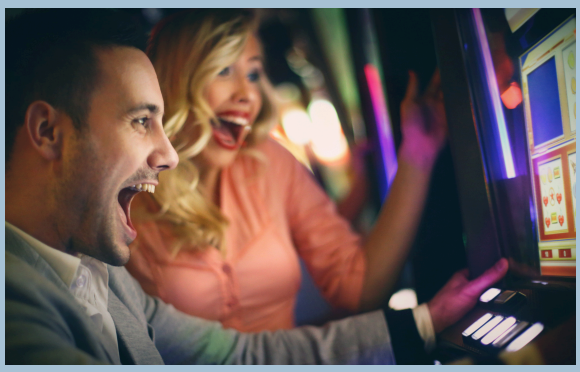
The bear market bottom comes with emotional panic and the desire to sell everything. You may have heard of another term – market capitulation. That marks the time when the last bull has finally given up.

Investors lose hope. Some people sell at the very bottom and never come back. In a bear market, your fears will magnify by the vivid stories of how bad things will get. You will hear a comparison with the Great Depression, the Covid meltdown and many other market crises.



The strength of feeling could outweigh the power of the evidence. However, any of those events have been a point of maximum financial opportunity for investors.

# Emotional Euphoria indicates a potential market top



Bull markets are characterized by optimism, investor confidence, and expectations that strong results should continue for an extended period of time.

When euphoria grips the markets it can be hard to step back and see that they may be heading for a reversal. Inevitably, a rising market will correct and there are often early warning signs before the fall occurs. An investor who is aware of these signs can take profits while the market is still rising and then get on the sidelines before the correction.

The key to enduring success in trading is to develop an individual, independent system that exhibits the strict rules of buying and selling.

Non-emotional, rational analysis, and highly disciplined implementation.

The choice will depend on the individual trader's system for charting and technical analysis.

If market reality jibes with the trader's system, a successful and profitable career is born.