



The most important element of any successful swing trading or day trading approach is the timing of both the entry and exits. The Reaction Point™ timing indicator is designed to help predict, identify and trade high probability trading opportunities in futures, stocks or forex when combined with the unique trading strategy called “Market Timing Intelligence.”

Veteran trader, fund manager, best-selling author and creator of Market Timing Intelligence John Crane has combined his highly acclaimed “action/reaction” market timing methods with a selective set of Elliot wave and Fibonacci principles to create the Reaction Point™ indicator.

This Reaction Point™ guidebook is laid out as a clear and concise tutorial that will enable the trader to easily understand and quickly use this powerful strategy and realize the benefits offered by trading with Market Timing Intelligence when combined with action/reaction. While using Reaction Point™ can provide the trader a timing edge with entry and exits, the real benefit comes with a true understanding of the trading methodology behind the Reaction Point™ indicator.

For people who want to learn more about Market Timing Intelligence and get the full benefit from using Reaction Point™, John Crane offers the [“Trading with Market Timing Intelligence Educational Series”](#). This is a four-session webinar series, conducted over four days, gives the trader a complete understanding of how market structure and price action control all market movements. The interactive sessions are recorded and provided to attendees.

The Law of Action/Reaction, combined with the Market Timing Intelligence swing/day trading strategy, stands head and shoulders above all others because it is a “leading indicator,” based off market price reality. Action/Reaction, combined with Market Timing Intelligence, is the only strategy to give you all three essential components needed for a successful trading strategy: market direction, price projection and time duration.

Action/Reaction uses the market’s own price action to identify “sweet spots” where markets build energy that precede explosive market moves, and then attempts to capture the entire price swing from beginning to end. It can turn fear and greed into easy-to-identify price action.

As a leading indicator Action/Reaction not only triggers signals at the beginning of the price move, but provides the information needed to project how far the price is expected to move, and how long it will take the market to reach the target objective. This eliminates one of the hardest decisions for the trader to make: when to exit. Once the trade is entered, the market will either reach the projected target price or simply run out of time; either way, the price action is making the decision for you.

While most traders put all their emphasis on the timing of the entry, Action/Reaction puts just as much emphasis on the exit. The wrong “exit strategy” can ruin a good trade, while the correct

“exit strategy” has the potential to turn a marginal trade into a successful trade. Unlike other swing trading strategies that only give you half the information needed for a successful trade signal, the Action/Reaction swing trading strategy provides all the information necessary for a swing trader to succeed.

Markets have a tendency to consolidate. With breakout price moves between the consolidations, it is important to capture as much of these breakout price swings as possible. While most swing trading strategies are forced to wait for the trend to mature before any signals can be taken, Action/Reaction swing trading strategy provides the tools to take advantage of the entire trend, from the beginning to the end. Action/Reaction allows the trader to enter early and be positioned before other swing traders begin to enter, and exit before the market loses momentum and begins to correct...thereby taking advantage of the entire trend.

Here's your opportunity to see what you can accomplish with a professional grade swing trading strategy and timing indicator. Only Action/Reaction offers Trading with *Market Timing Intelligence!*

Action/Reaction, with Market Timing Intelligence is the foundation to the Reaction Point™ timing indicator. This allows Reaction Point™ to do the hard work to identify, predict and trade high probability opportunities.

It is important to note that every market movement is a function of the market moves that preceded it and all markets adhere to the laws of Action/Reaction. Even though each market has its own personality that is unique to itself, all markets will also seek balance, therefore Action/Reaction will always come into play. Reaction Point™ uses this price reality as a leading indicator to provide earlier high probability entries and timely exits.

Perhaps the greatest appeal of Reaction Point™ is in its simplicity in conjunction with its unlimited potential. That is why it has been called “one of the most elegant futures trading methodologies I've seen...”

Reaction Point™ can be used to trade in Futures, Stocks and Forex in any timeframe. It is currently available on the NinjaTrader™ platform.

How to download and set up your Reaction Point™

If you have not downloaded the indicator or you need help with the proper setup in you NinjaTrader™, just click the link below.

[Click here](#) to download the indicator and the step-by-step instructions of how to set up your Reaction Point™ after it has been added to your NinjaTrader™ platform.

How to use Reaction Point™

The first thing you will notice is the colors of the price bars, whether you use OHLC price bars or Candlestick charts, the price bars are either green or gold. The color of the price bars is determined by current market structure and indicates whether the market has a bullish or bearish bias.

Green price bars – The market is in bullish bias, therefore you should only look for buy signal.
(Figure #1, Figure #2 & Figure #3)

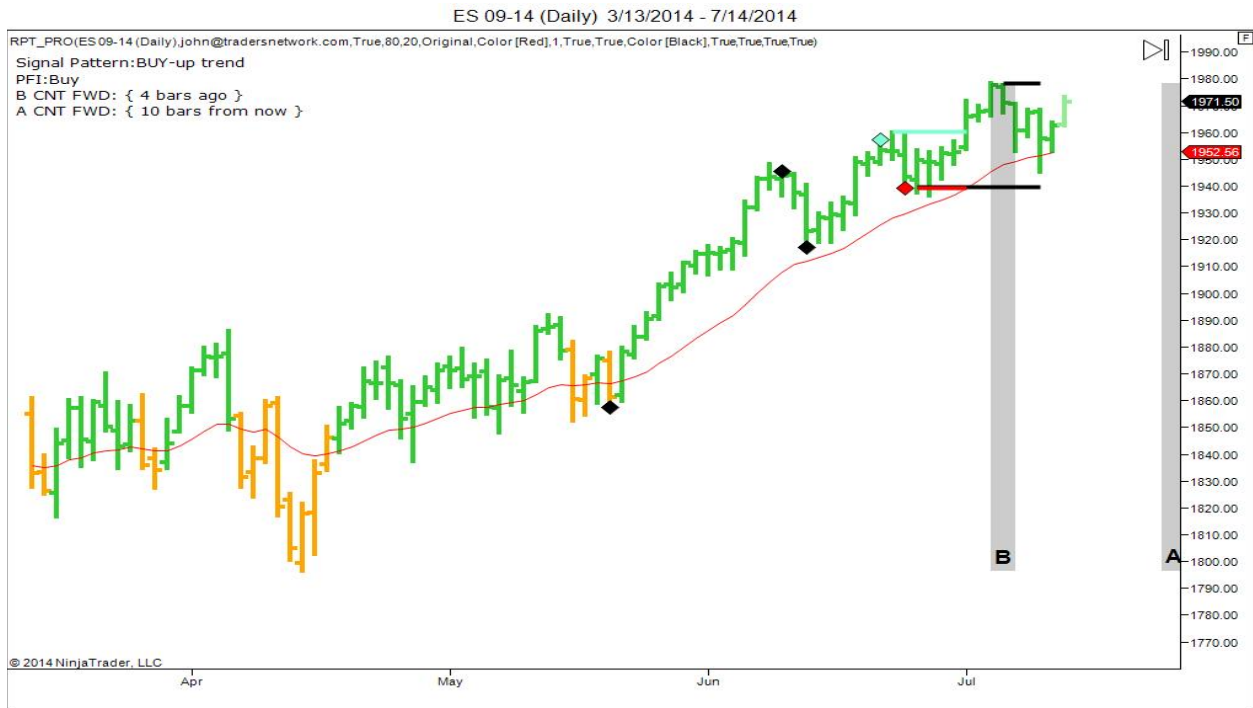


Figure #1 – Daily – September E-Mini S&P 500

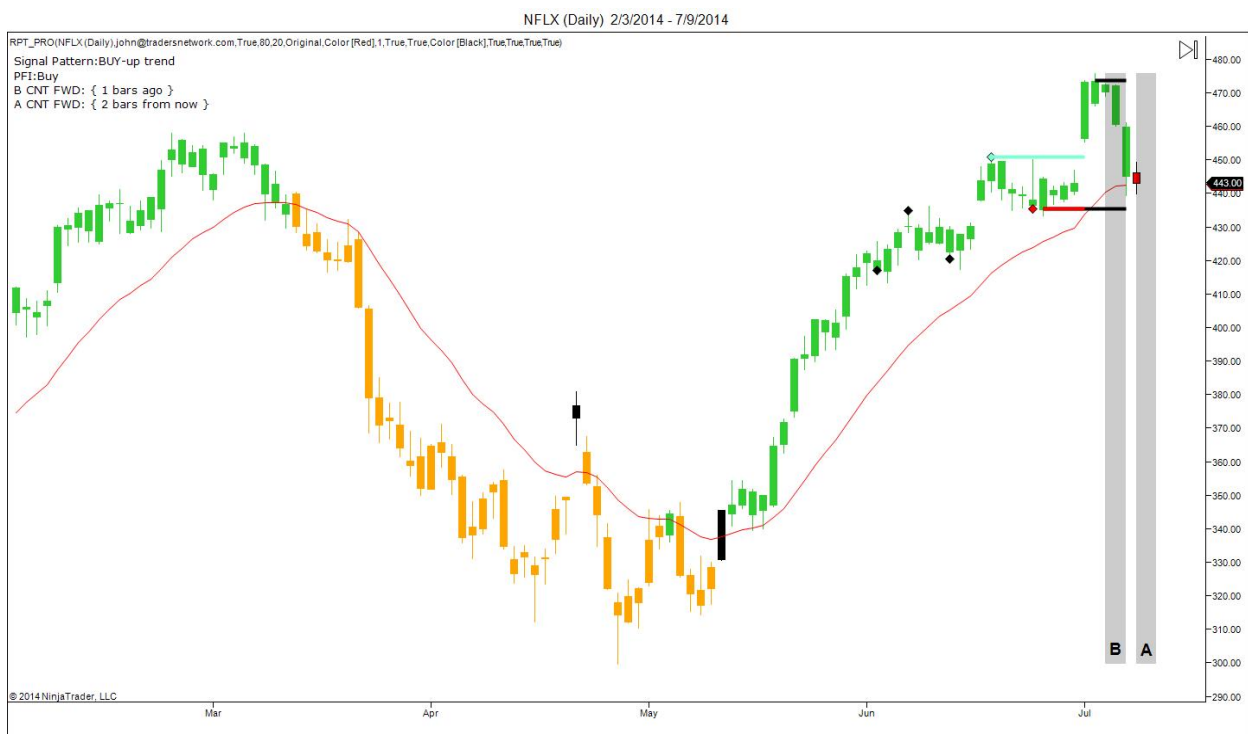


Figure #2 – Daily – NFLX

A Revelation in Market Movement

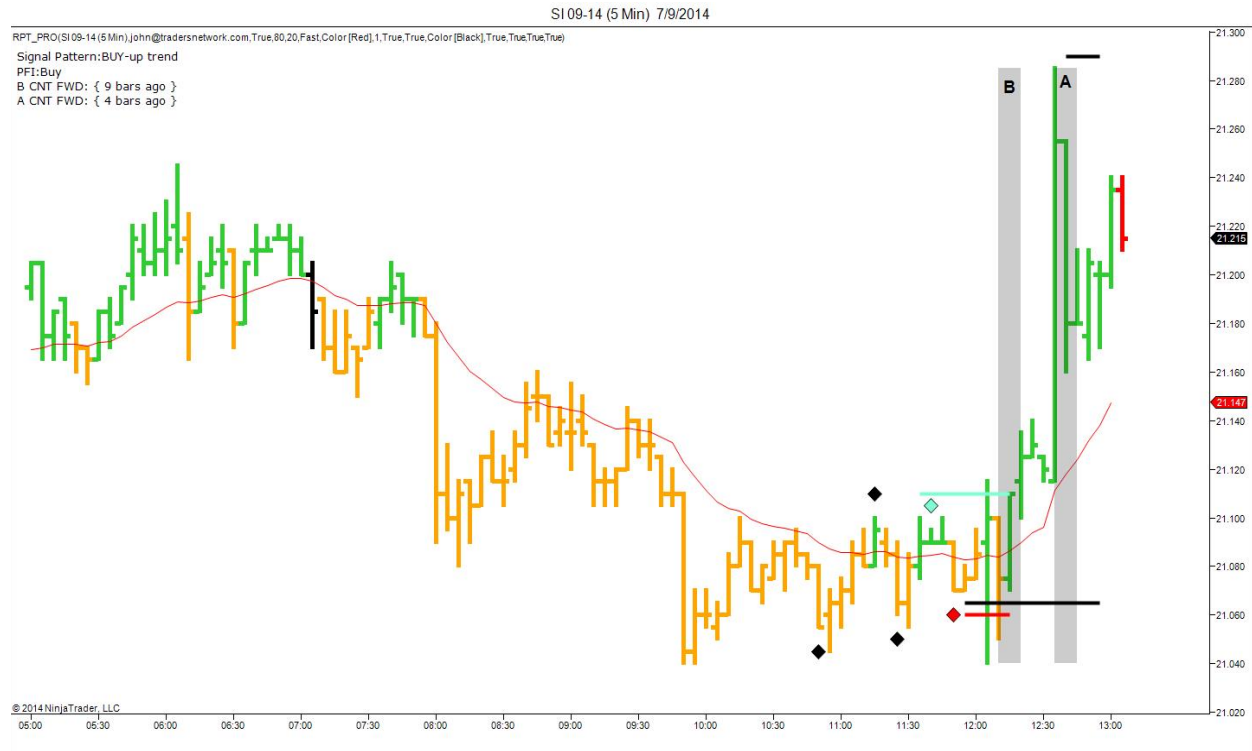


Figure # 3 – 5-minute chart – September Silver

Gold price bars – The market is in a bearish bias, therefore you should only look for sell signal.
Shown in (Figure #4 & Figure #5)



Figure # 4 – 5-minute chart – July Crude oil

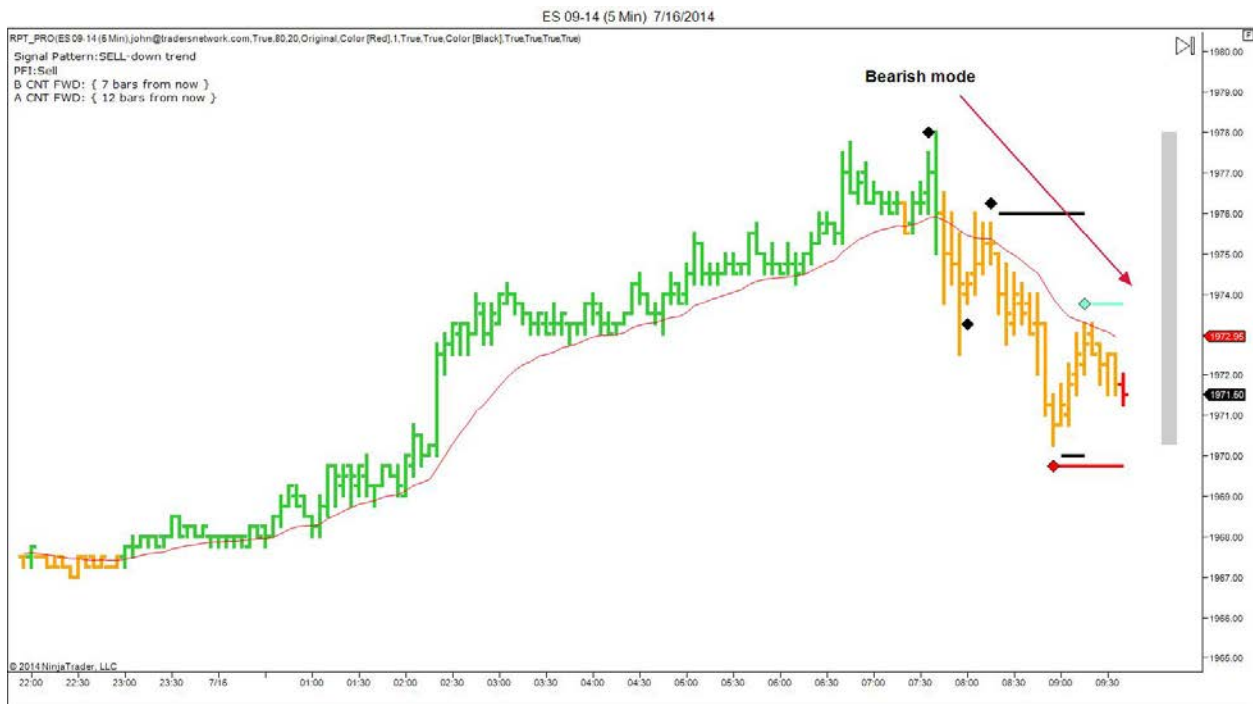


Figure # 5 – 5-minute chart – September E-Mini S&P 500

Price Flow Indicator – The signal “red” line on the chart is called the “Price Flow Indicator” (PFI). The PFI is price sensitive and is used in conjunction with the “Signal Pattern” to determine bullish or bearish momentum based on recent price action. (Shown in Figure #6 and Figure #7)

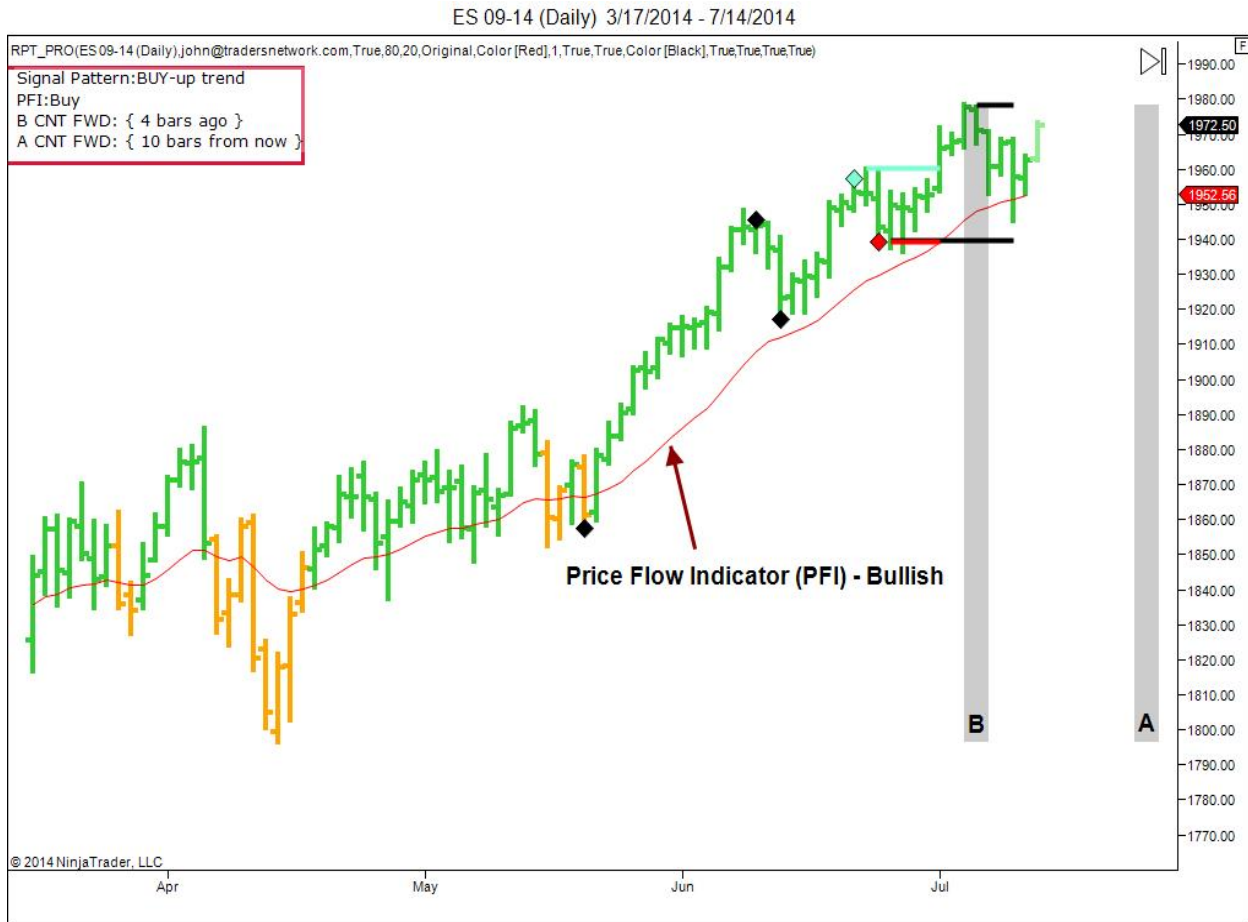


Figure # 6 – Daily – September S&P 500

A Revelation in Market Movement

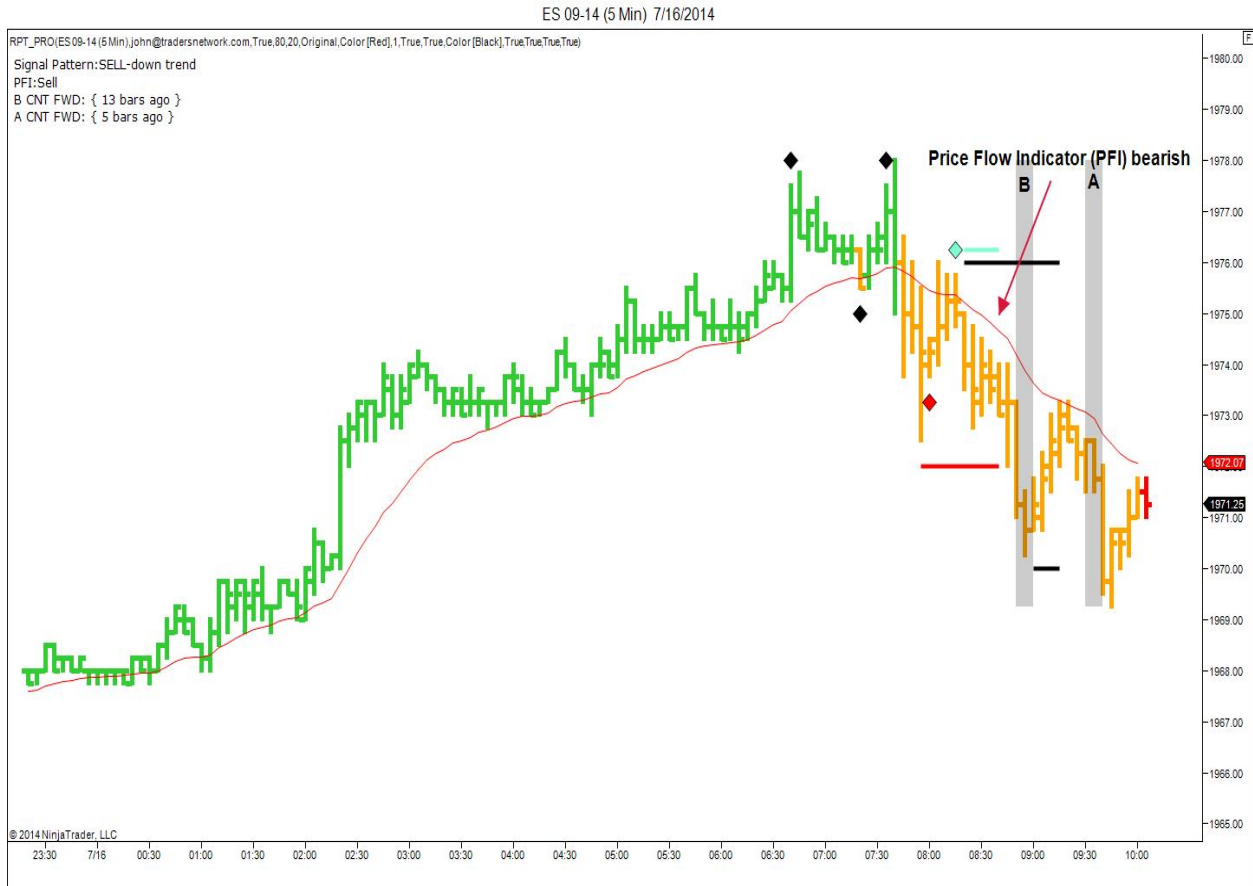


Figure # 7 – 5-minute – September E-mini S&P 500

Price action is the purest way to look at the market. Understanding price action and market structure can give the trader an edge over other means of market analysis. Price and time forces can propel and even drive markets each and every day. There are rhythmical, natural patterns that occur over and over in every market and any time frame. You have all seen them, used them and probably even cursed them on occasion. Price movement is simply the ongoing function of supply and demand.

Market Timing Intelligence using Action/Reaction is the foundation of the Reaction Point™ trading indicator and the reaction swing price pattern is the foundation of Market Timing Intelligence. The first and primary task for Reaction Point™ is to identify a new emerging **reaction swing**. When a potential reaction swing is identified Reaction Point™ draws a white/black line horizontal line from high/low pivot. Once the reaction swing has been confirmed, the horizontal line will turn green for bullish signals and red for bearish signals. (Shown in Figure # 8 and Figure #9)

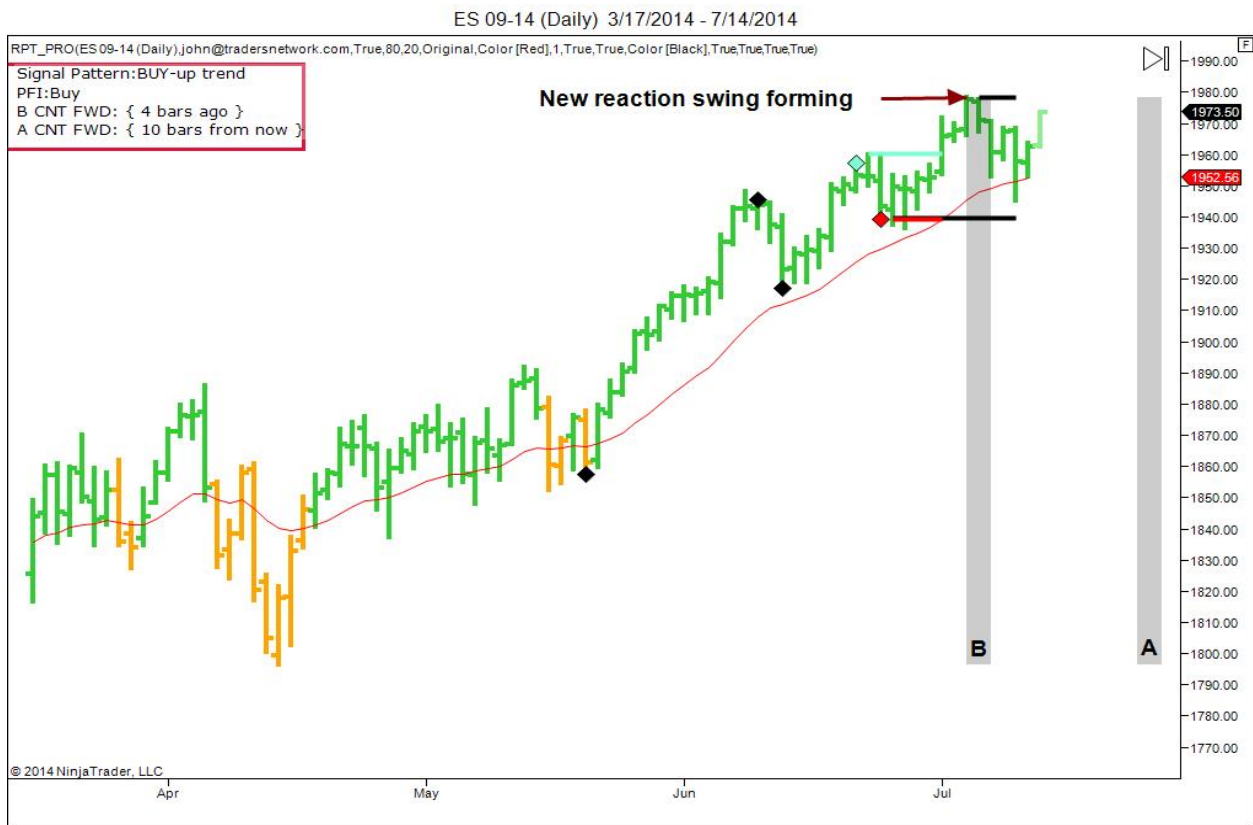


Figure # 8 – Daily – September E-Mini S&P 500

When the reaction swing pattern has been confirmed with the green/red line, the Reaction Point™ will analysis the past price action and make a future time projection. The time projections are highlighted with vertical shaded bars. These are called reaction zones and represent a time when the market is expected to have a reaction. That reaction can be a level when the market pauses or begins a market reversal. The price action leading into the reaction zone can give a predetermination into the future price direction or action.

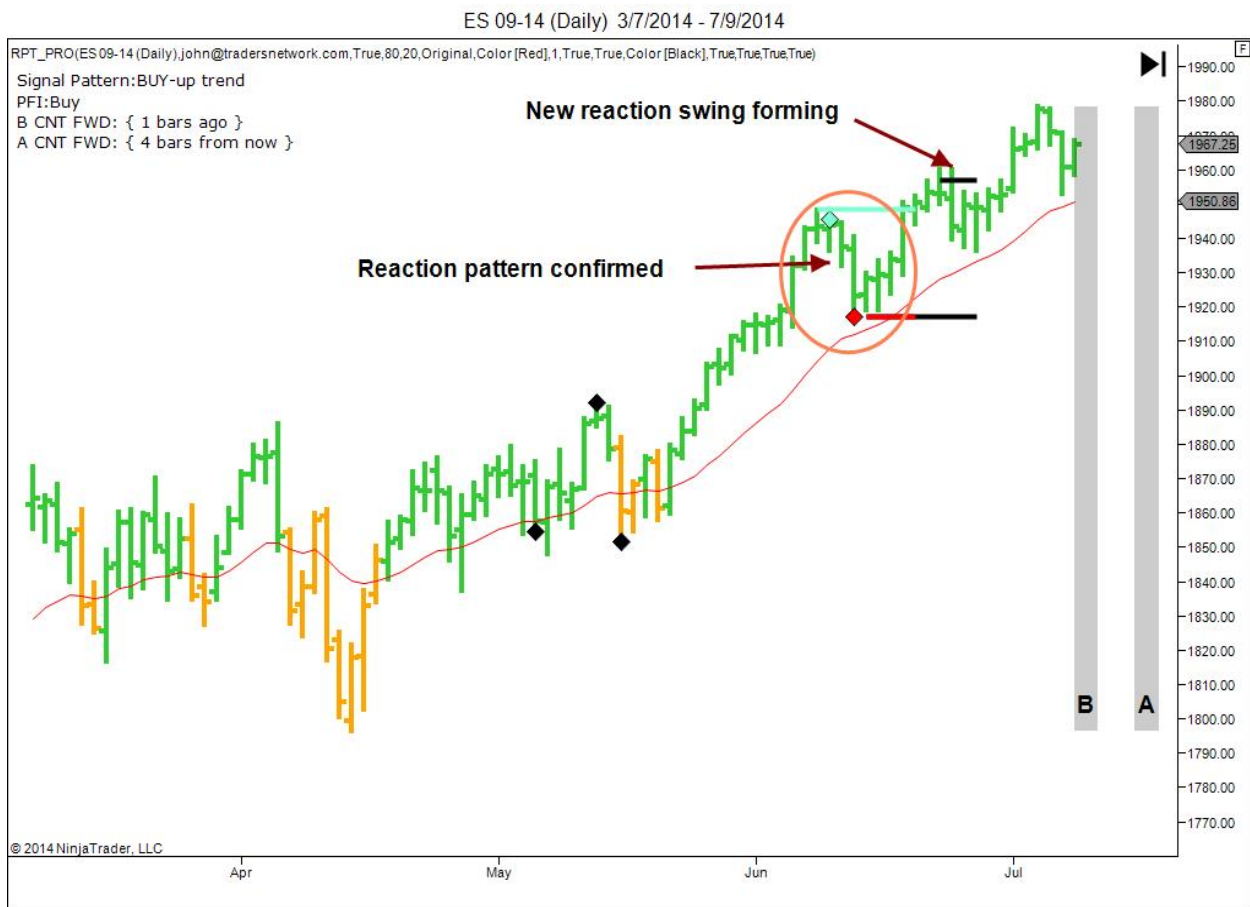


Figure # 9 – Daily – September S&P 500

Neutral Signal Pattern

When the market begins to shift from one phase to another it will undergo a transitional phase where there is no defined pattern or trend. When this happens the Reaction Point™ will show a Neutral Signal Pattern and Neutral PFI. How you handle this signal pattern is up to the trader. You can wait for a confirmed pattern before entering the market or more aggressive traders can place a sell order (stop) underneath the lower black horizontal line and a buy order (stop) above the upper black horizontal line. (Shown in Figure # 10) This will put you in the position to take advantage of the next market breakout and provide an early entry opportunity. Neutral Signal Pattern can precede explosive price moves as shown in Figure #11.

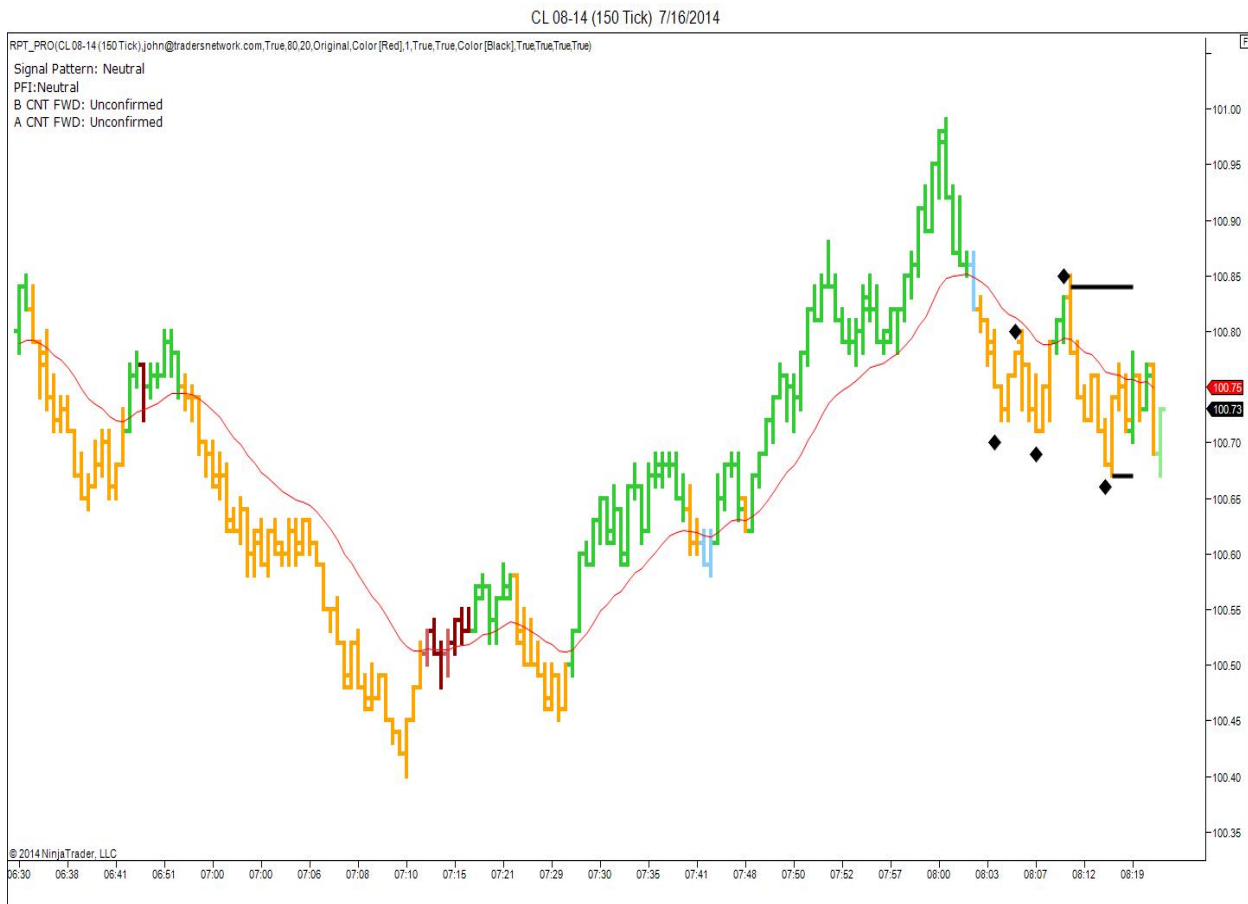


Figure # 10 – Tick chart – August Crude oil

A Revelation in Market Movement

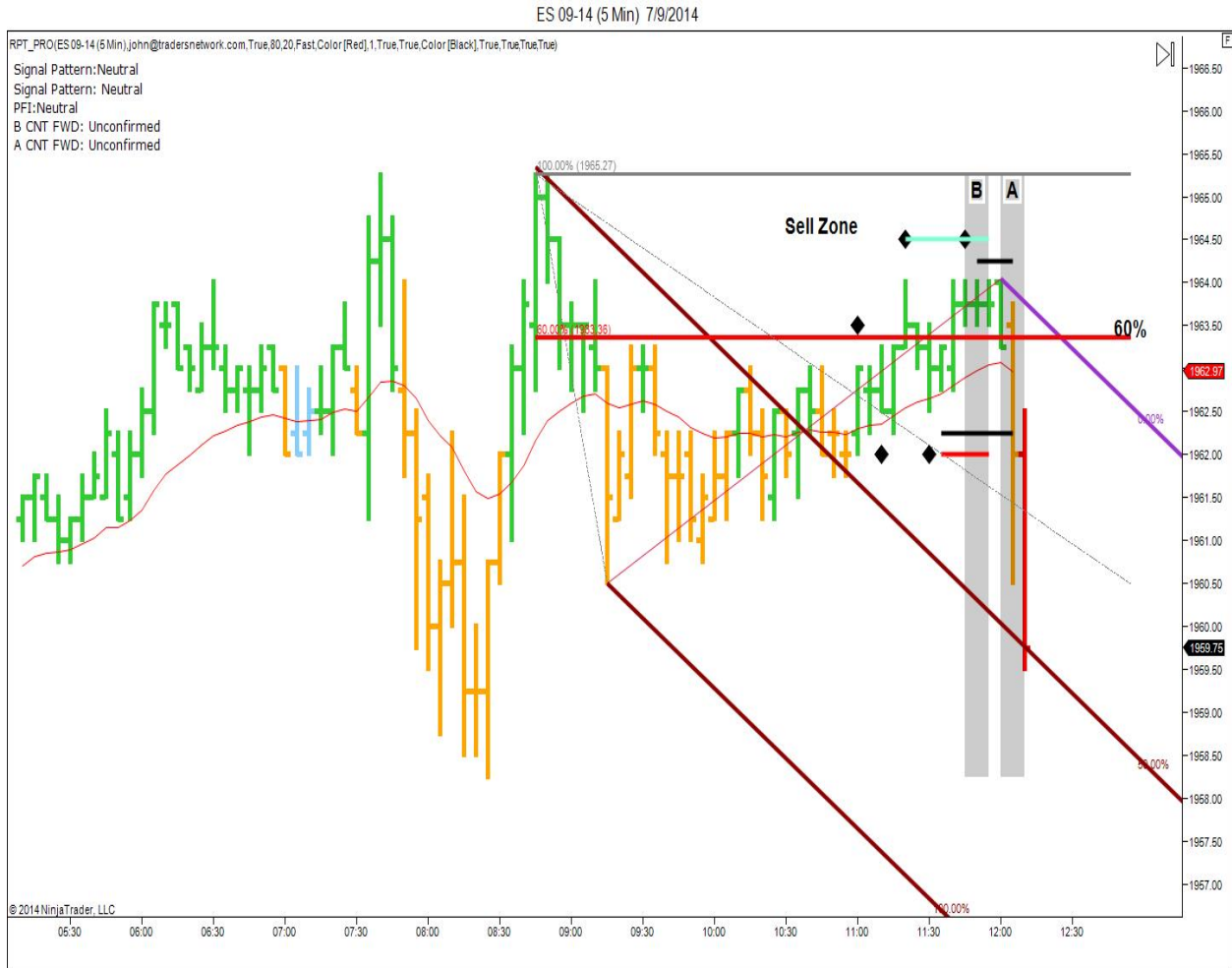


Figure #11 – 5-minute – September E-mini S&P 500 – Neutral pattern

Simple rules to use Reaction Point™

1-For bullish (buy) signals the price bars will be green and the Signal pattern (shown in the upper left hand corner of the chart) will read “BUY – upward trend”.

2-The Price Flow Indicator (shown as “PFI” in the upper left hand corner of the chart) will read BUY. (Shown in Figure #12)

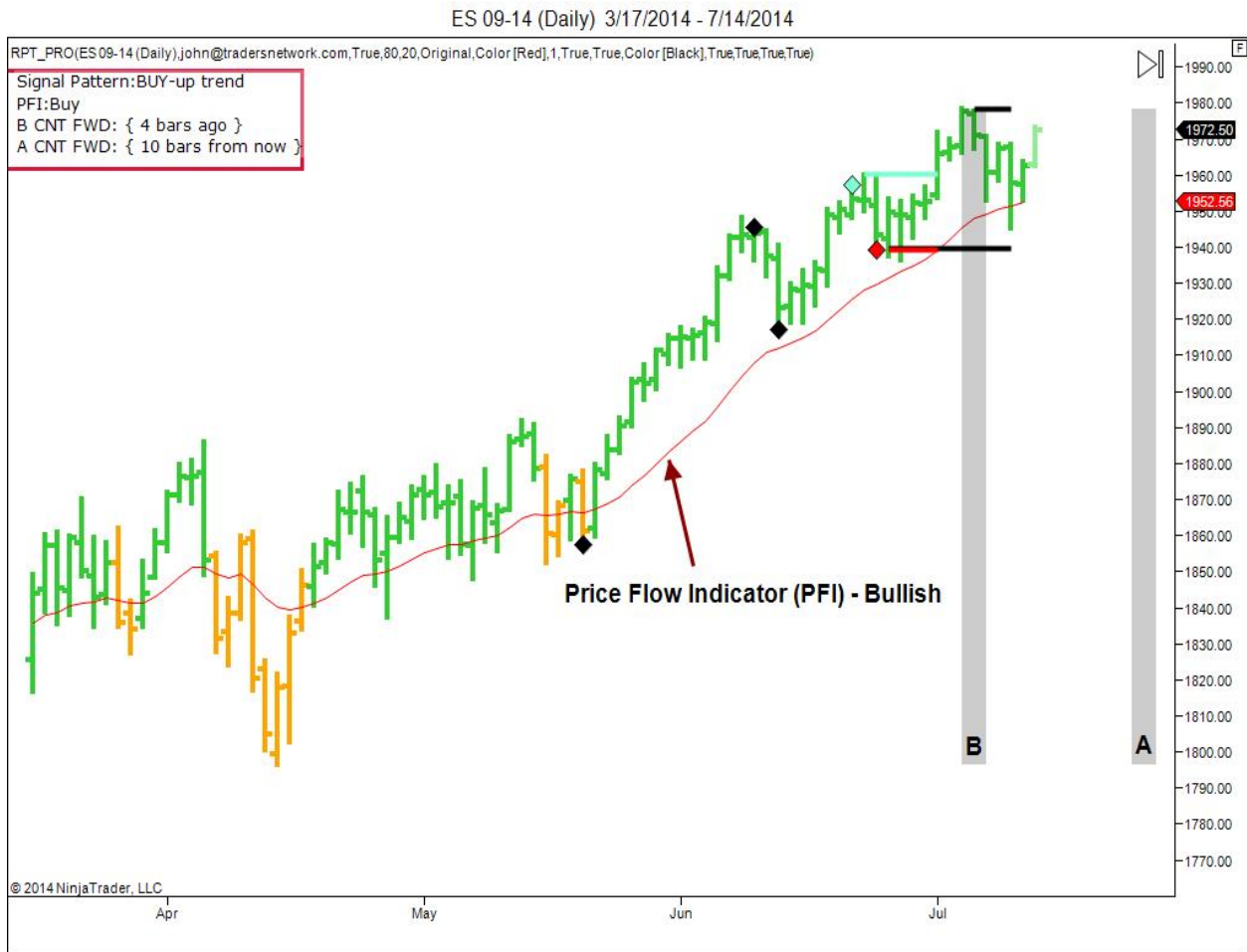


Figure #12 – Daily – September E-Mini S&P 500

3- The Reaction Point™ will draw a horizontal line, from a pivot high, to mark the beginning of a bullish reaction swing. (This line will be white, if you are using a black background or black if you are using a white background.) The line represents the trigger price to initiate a new long position. *Buy when the price penetrates the new line.* The stop loss can be placed underneath the white horizontal line below the pivot low of the reaction swing pattern. The rules are reversed if the market is in a bearish mode. (Shown in Figure #13)

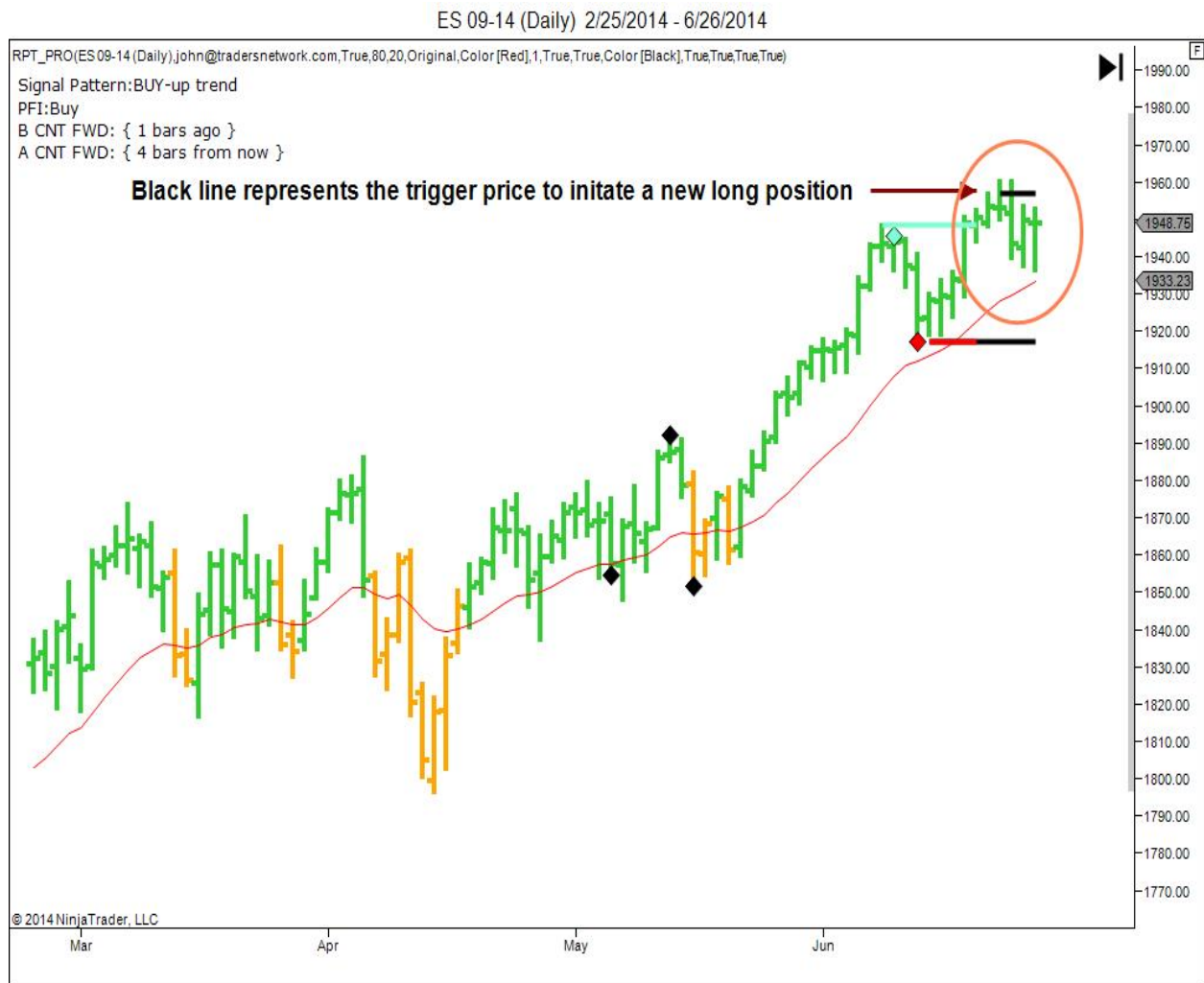


Figure #13 – Daily – September S&P 500

4-Once the new reaction swing pattern has been confirmed, the horizontal lines (and diamonds, if you are using the “ShowReactionPoints” feature of the indicator) will change to green and red to highlight the confirmed pattern. (Show in Figure # 14)

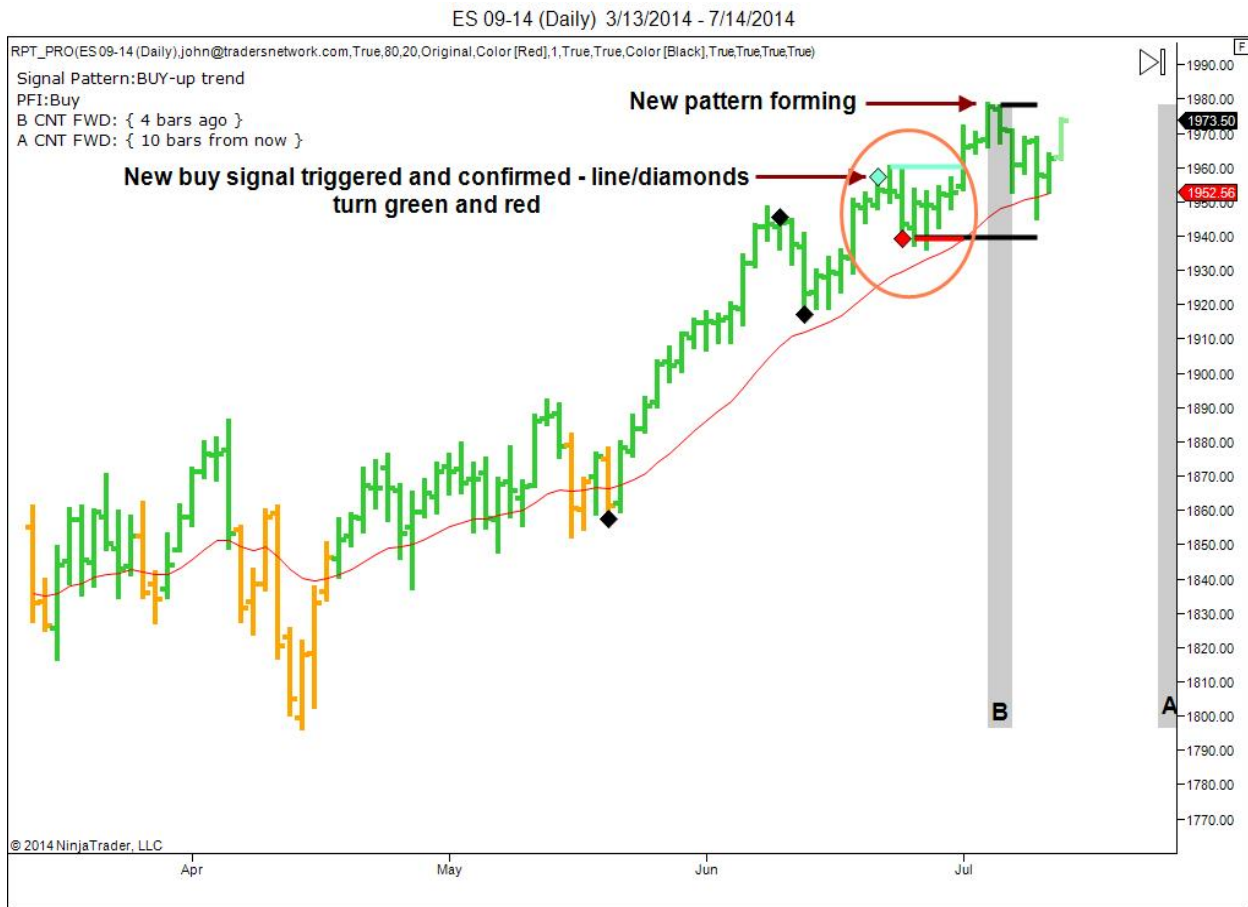


Figure # 14 – Daily – September E-Mini S&P 500

5-Reaction Point™ will now run the analysis to project the future reaction zones for both the “B” and “A” forward count and highlight the projected time zones as vertical lines one the chart. The “B” reaction zone will usually provide a minor reaction or a pause in the trend where the “A” reaction zone can result in a significant price reaction.

6-If the price is advancing into the reaction zone the market is expected to pause and possibly begin to trade lower. If the price is trading lower into the reaction zone, the market is expected to pause and possibly begin to trade higher. The reaction/reversal can mark the beginning or end of a minor market correction or a major trend transition. How the price reacts at the reaction point and the price level can help the trader determine the extent of the reaction. (Shown in Figure #15)

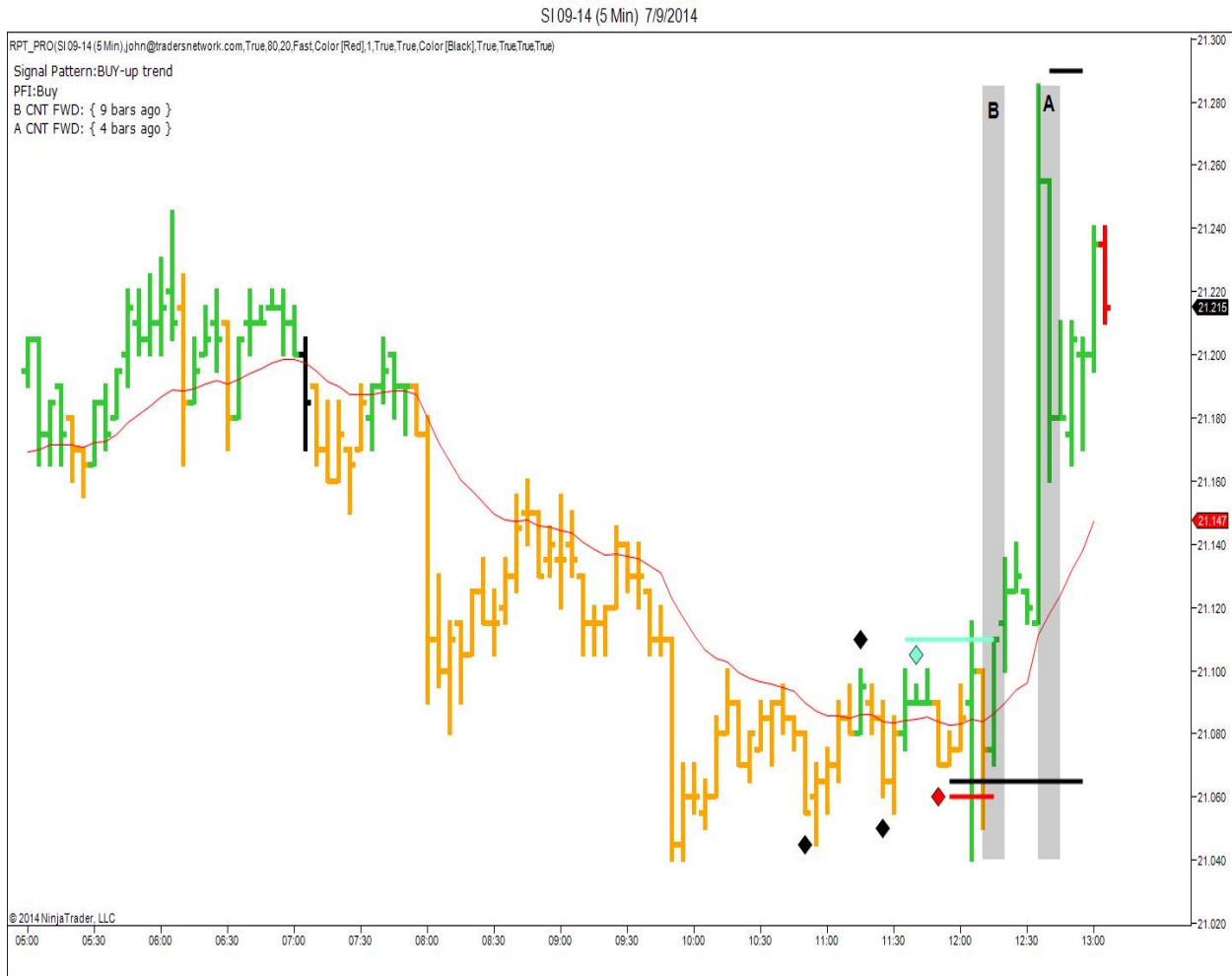


Figure # 15 – 5-minute – September Silver

7-If the price is declining into the reaction zone the market is expected to pause or begin to trade higher. (Shown in Figure #16, Figure #17)

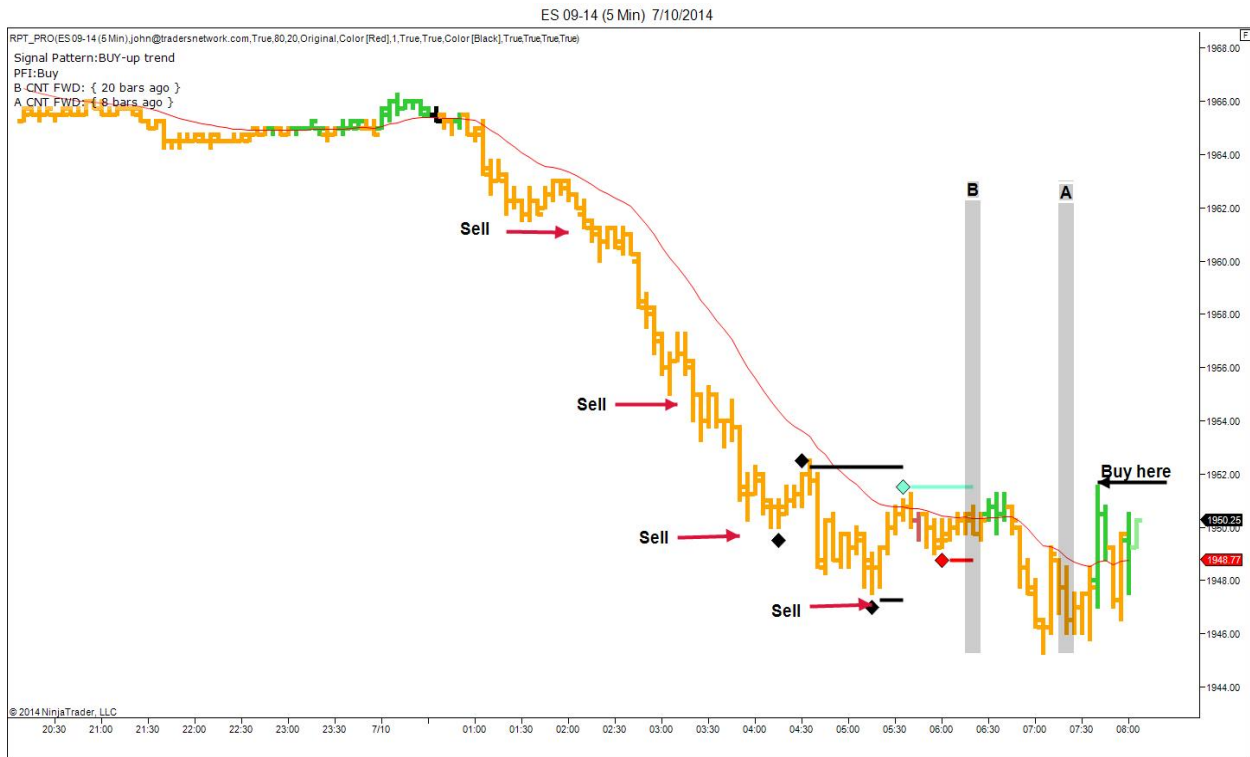


Figure #16 – 5-minute – September E-Mini S&P 500

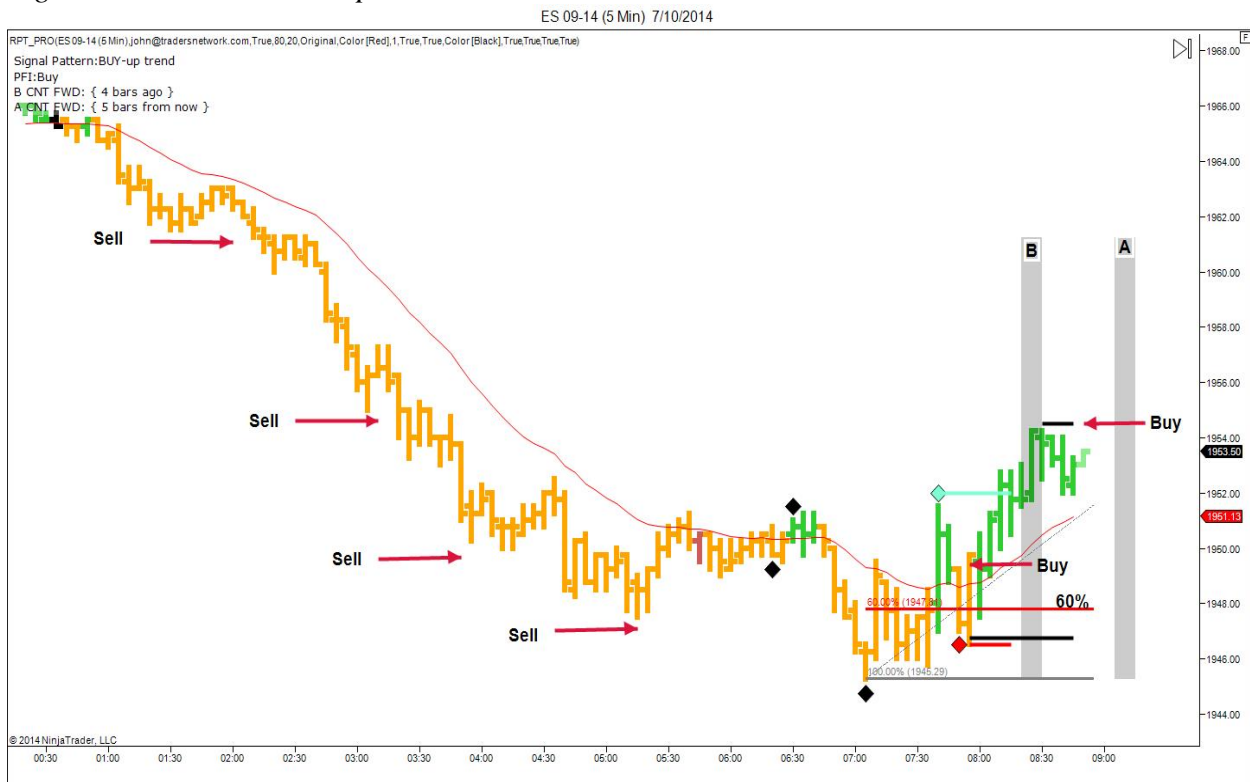


Figure #17 – 5-minute – September E-Mini S&P 500

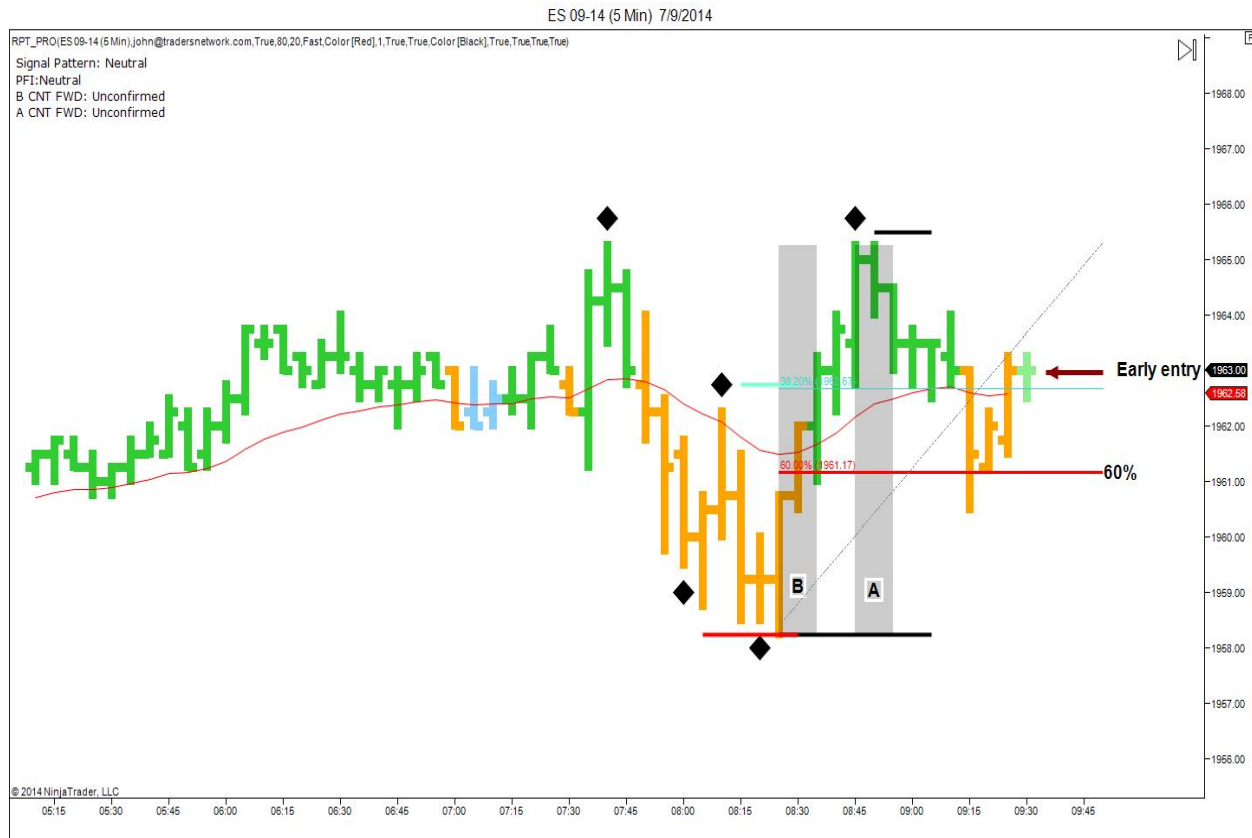


Figure # 19– 5-minute – September E-Mini S&P 500

Adding a Target Objective

Reaction Point™ does not automatically add the Price objective. However, it does provide the information and tools needed to do so. John Crane teaches this technique in his [Market Timing Intelligence Educational Series](#). The main tool used to project a price target objective is the Median line and is used in conjunction with Action/Reaction.

The Median line, also widely known as the Andrew's Pitchfork (found under Drawing Tools) was developed by Dr. Alan Andrews as a trend channel tool consisting of three lines. There is a median trend line in the center with two parallel equidistant trend lines on either side. These lines are drawn by selecting three points, usually based on reaction highs or lows moving from left to right on the chart.

A Revelation in Market Movement

The first step to using Andrews Pitchfork is selecting three points for drawing. These points are usually based on reaction highs or reaction lows, also referred to as pivot points. The first point selected (highlighted the lowest diamond in a bullish trend) will be a significant low that marks the start of the median line. Points 2 and 3 are identified by the green and red diamonds and define the slope of the Median line and width of the Pitchfork channel. (Shown in Figure # 20)

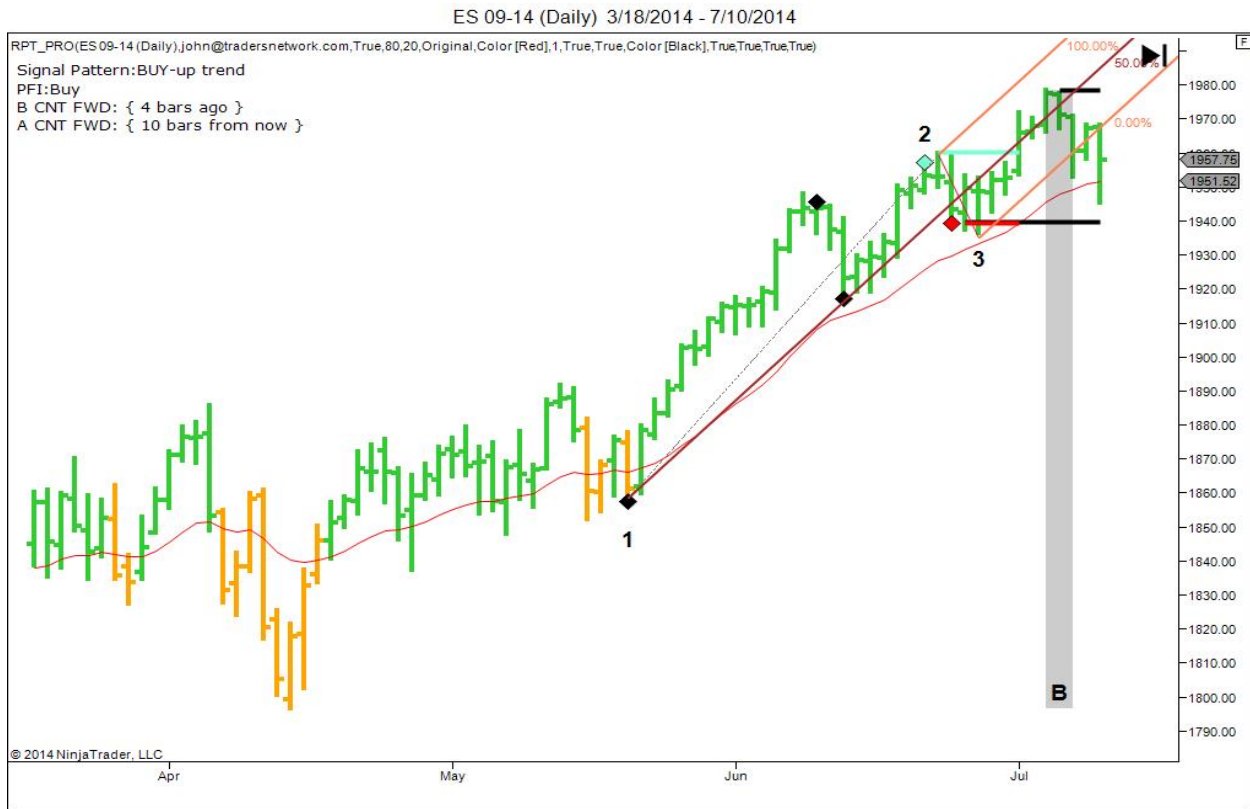


Figure # 20 – Daily – September S&P 500

(It must be noted that the rules stated above are subjective as the median line and Andrew's Pitchfork will sometimes need to be adjusted to contain the price flow of the market in order to provide the best results from the strategy. For this reason, Reaction Point™ should be considered and indicator to aid the trader with a basic understanding of Market Timing Intelligence and Action/Reaction. This strategy is taught in depth in John Crane's "Trading with Market Timing Intelligence Educational Series. You may also find educational videos on [John Crane's YouTube.com channel](#).

1- The first target objective will be the Median line in conjunction with a projected reaction zone. *In Figure #21*, the September E-Mini S&P peaked inside the sell zone after advancing into the (B) reaction zone. The market responded with by trading sharply and reaction the downward sloping median line inside the (A) reaction zone.



A Revelation in Market Movement

The market median line support held and the September E-Mini S&P once again reversed inside the reaction zone and rallied off the median line support. (Shown in Figure #22)

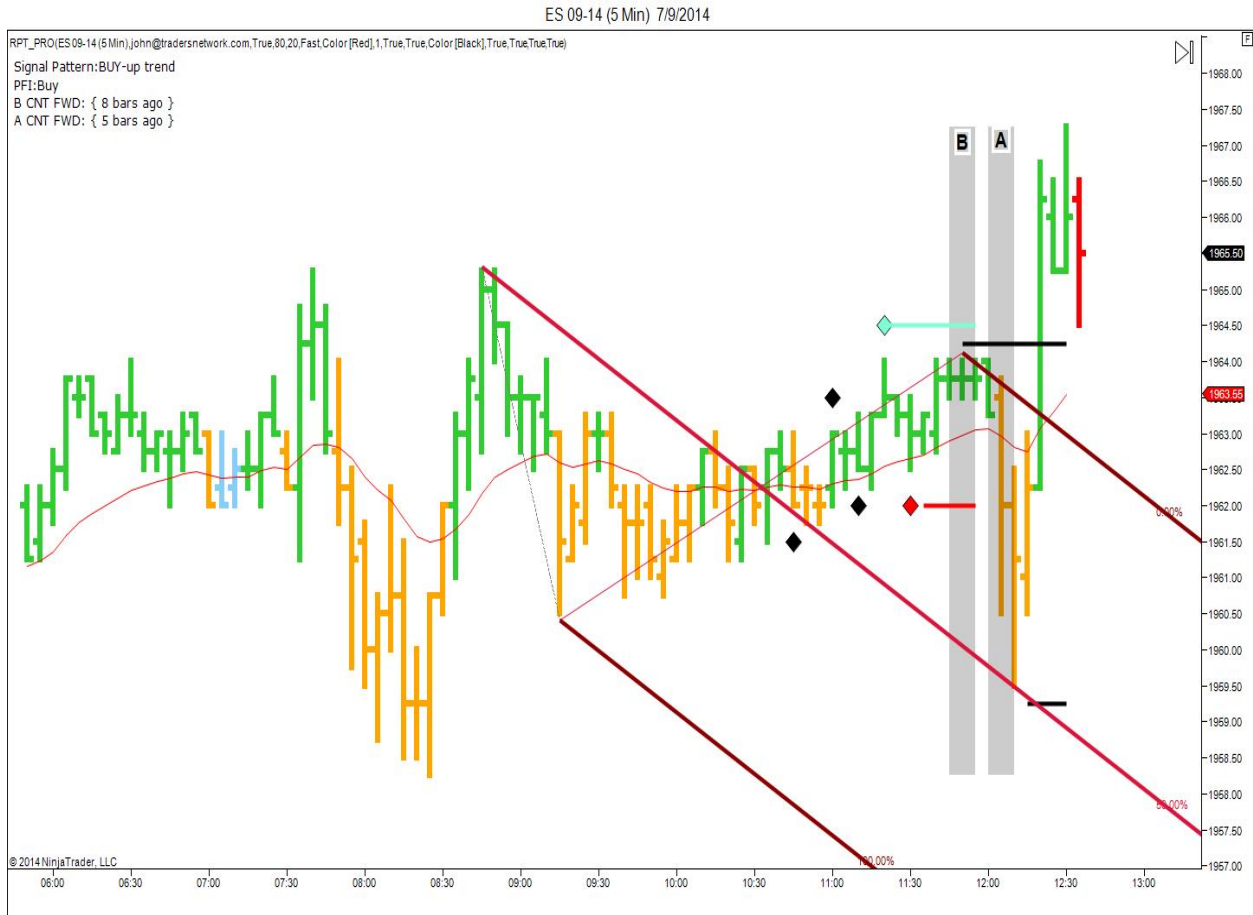


Figure #22 – 5-minute – September E-Mini S&P 500

2-The second technique Market Timing Intelligence uses to predetermine a price target objective is using Action/Reaction lines. Once the Andrew's Pitchfork has been added to the chart, line is drawn parallel to the line that runs from the low to the high of the price bars that anchor the 2nd and 3rd pivots points that of the Andrew's Pitchfork. The new parallel line is then anchored where the reaction zone intersects with the median line. This line is called the "Reaction line" and provides a target objective to be used in conjunction with the projected reaction zone. Simply put, the market will either reach the predetermined price target objective or run out of time. Either way, the trader has the information provided in advance. (Shown in Figure #23, Figure # 24)

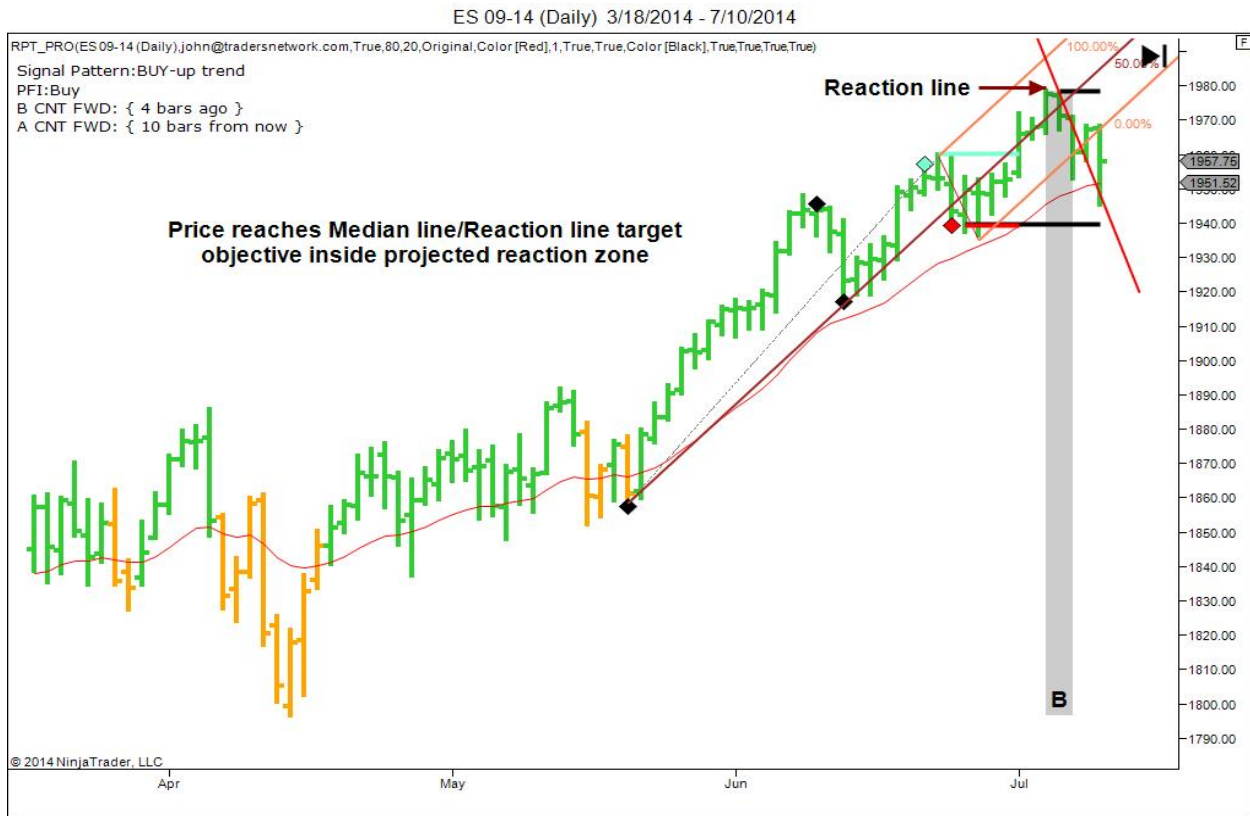
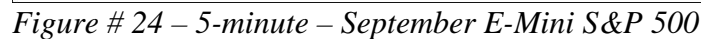


Figure # 23 – Daily – September S&P 500



Reaction Point™ is designed to make a new Time projection (highlight the future reaction zones) every time there is a new confirmed pattern (marked with the red and green diamonds). This can lead to user frustration if the user is currently in a trade and suddenly the reaction zones move forward when a new pattern is confirmed. At this point the user has a couple of choices. They can use the new Time projections and adjust their target objectives, or they can walk the indicator back to the previous signal pattern and complete the current trade projection.

At anytime, during the walk backwards process, the user can highlight and click “ View Latest RPT_PRO” and the program will move back to the latest signal pattern and current projections.

23

A Revelation in Market Movement

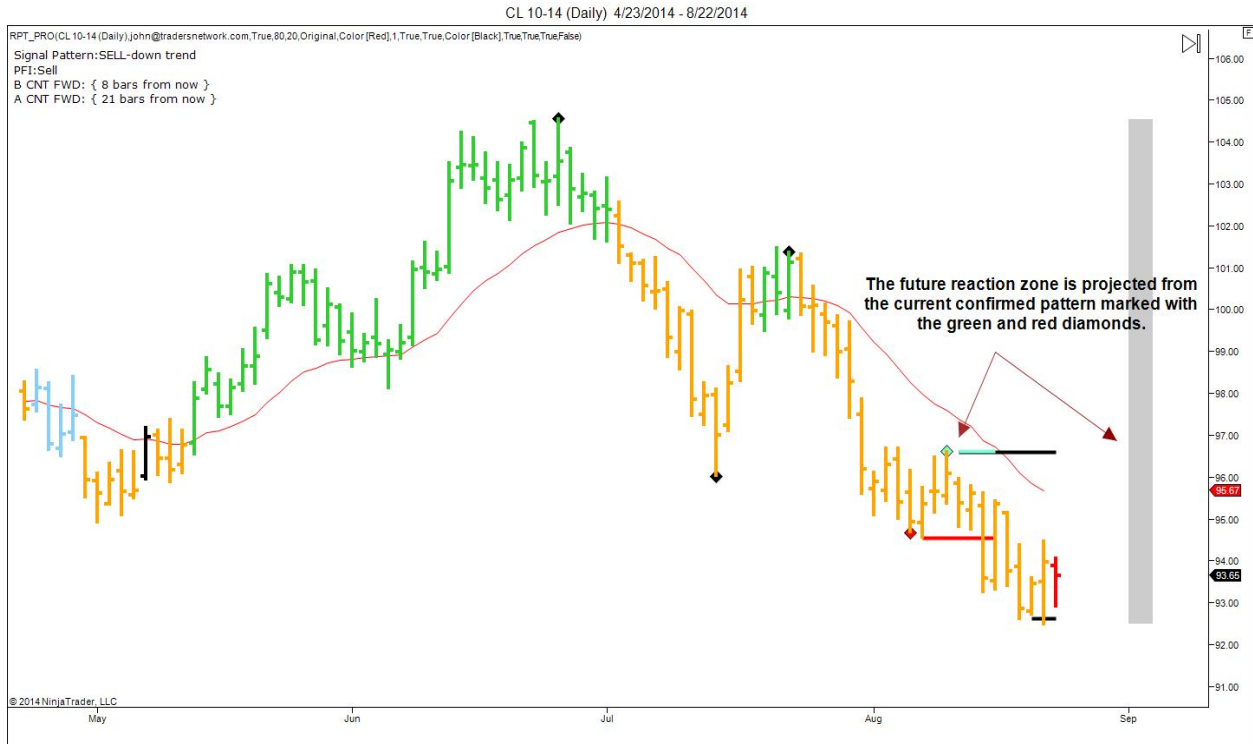


Figure # 24 – Chart is set on the current pattern with new projected reaction zones. The Reaction swing is marked with green/red diamonds.

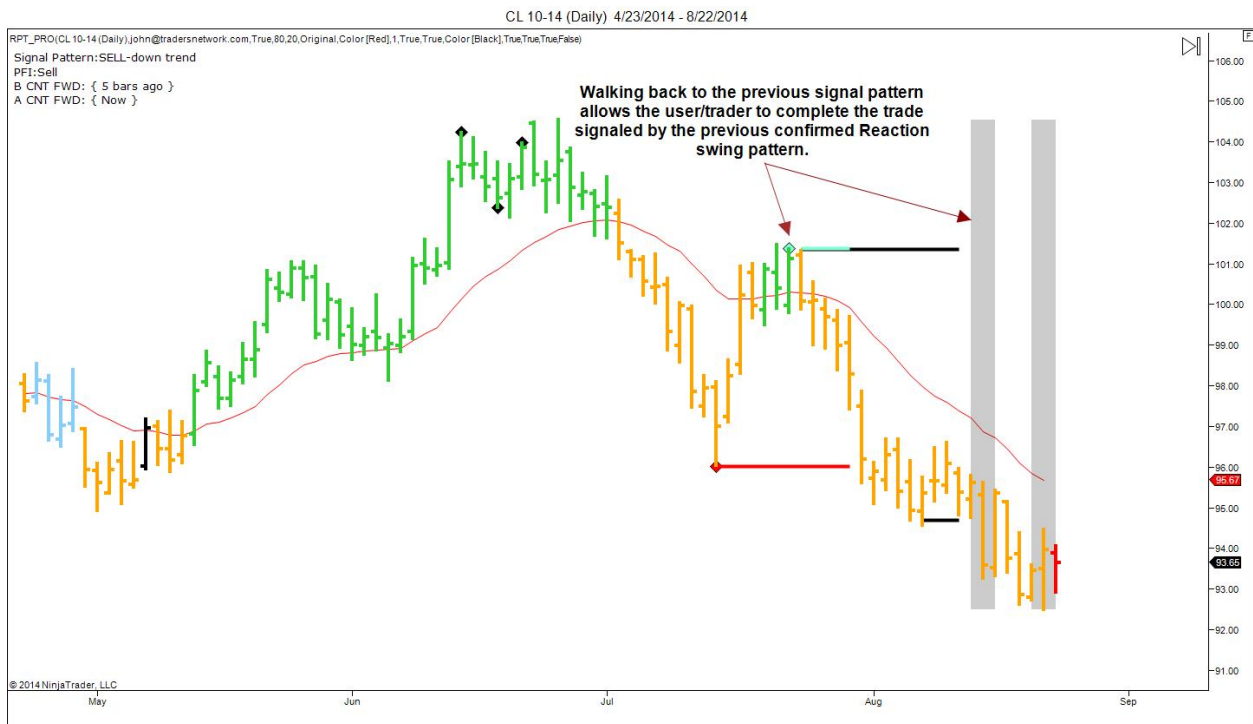


Figure # 25 – The chart has been walked backwards, to the previous confirmed reaction swing, so the user/trader can view the trade signal until completion. The reaction swing is marked with green/red diamonds.

Making Long-Term Projections

Reaction Point™ is designed to identify and mark the most recent confirmed reaction swing pattern. As soon as the new pattern is confirmed a new Time projection is made. However, there are many times the trader/user would like a longer-term Time and Price projection. This can be done with the Long-Term Time and Price projector. This is simply the Median lines (Andrew's Pitchfork) drawn on a longer-term basis. The best results are achieved after the confirmation of a Complex TC pattern (also called a Zigzag or A-B-C Continuation) pattern.

The first step is to find the major high/low pivot for the anchor point of the Median lines (Andrew's Pitchfork). Press the "shift" tab and left click your mouse on the high of the price bar with the highest closing price (for a market that is in a current downward trend).

Next, move down to the beginning of the Complex TC pattern and click on the low of the price bar with lowest price (pivot low). Now, move up to the end of the Complex TC pattern and click on the highest price of the price bar with the highest closing price (pivot high). *The rules are reversed for an upward trending market.*

Reaction Point™ will automatically add the Median lines and mark the long-term Time projection on your chart. *See Figures # 26 through #31*

To remove the long-term Pitchfork, simply place your mouse arrow over one of the three anchor points of the Pitchfork and press the "shift" tab and left click your mouse. Select yes when asked if you would like to draw a new Pitchfork and OK when asked to select new points.

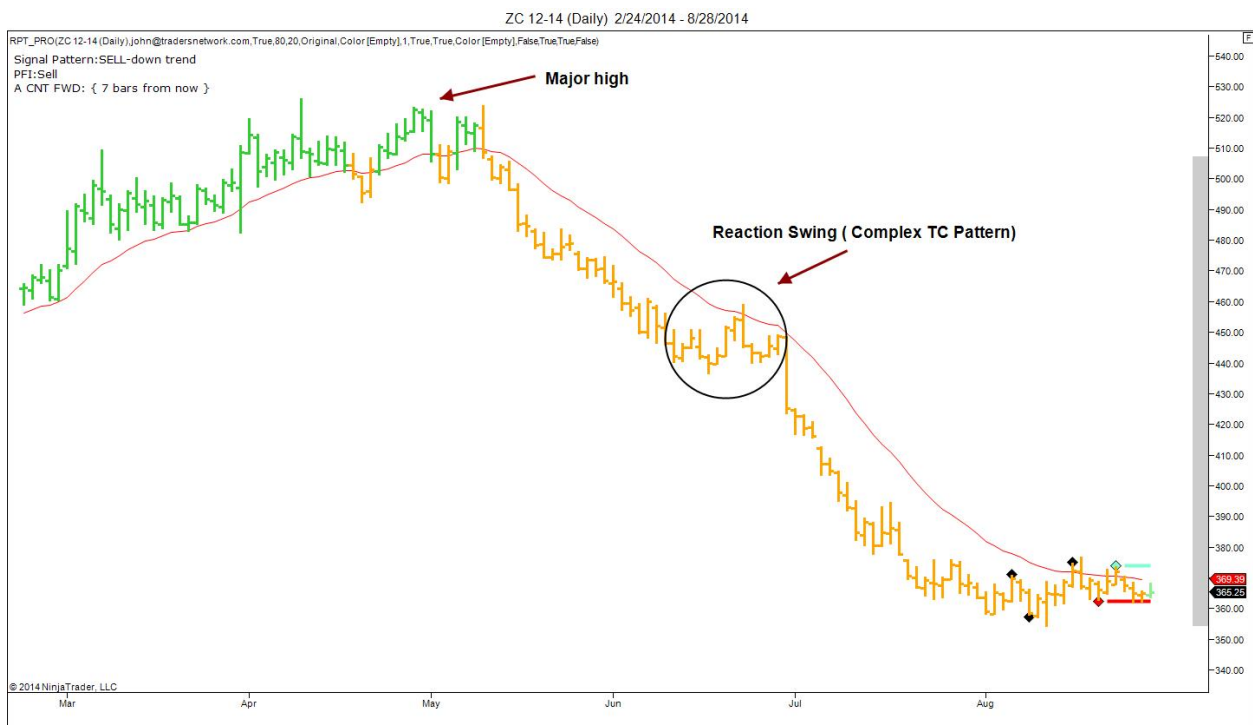


Figure # 26 – While the Reaction Point™ has identified the short-term reaction swings at the end of the trend, the Complex TC pattern can be used to make longer-term projections.

A Revelation in Market Movement

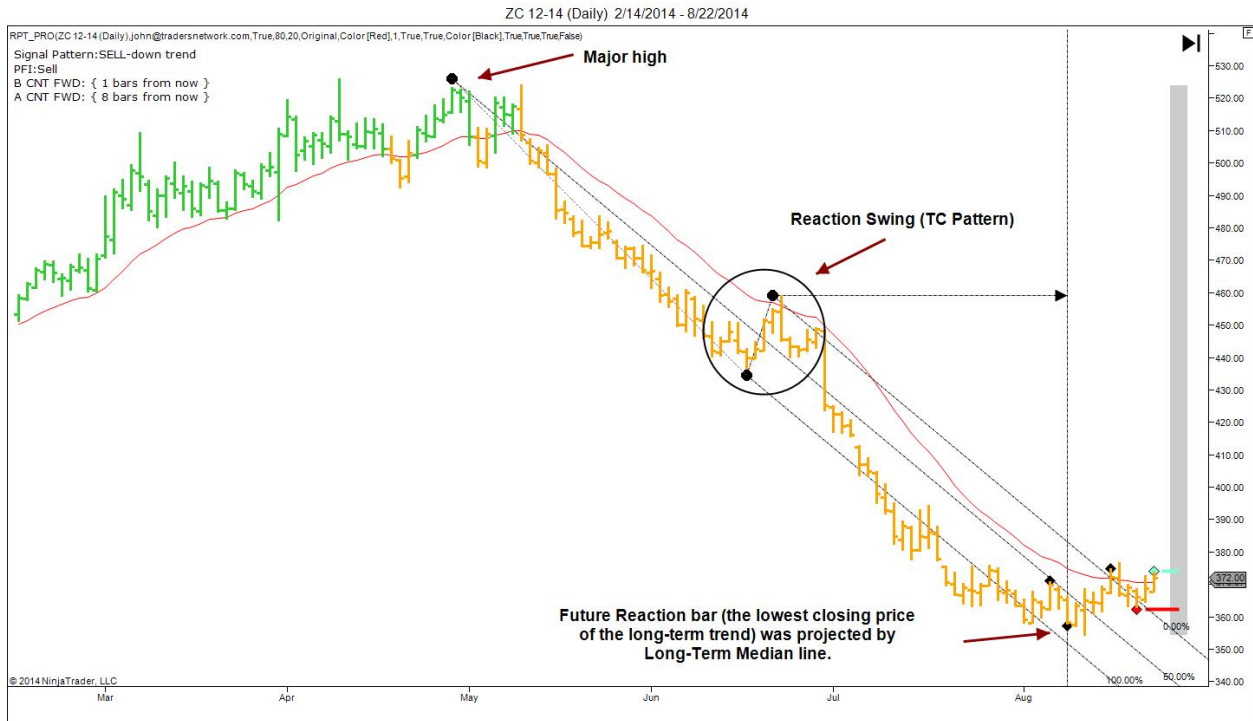


Figure # 27 – The long-term Median line (Andrew’s Pitchfork) is added by using the major high as the anchor and the lowest low of the pivot point at the beginning of the Complex TC pattern and the high of the pivot point that marks the end of the Complex TC pattern. As soon as the Median line is added, Reaction Point™ automatically calculates and marks the future reaction bar.

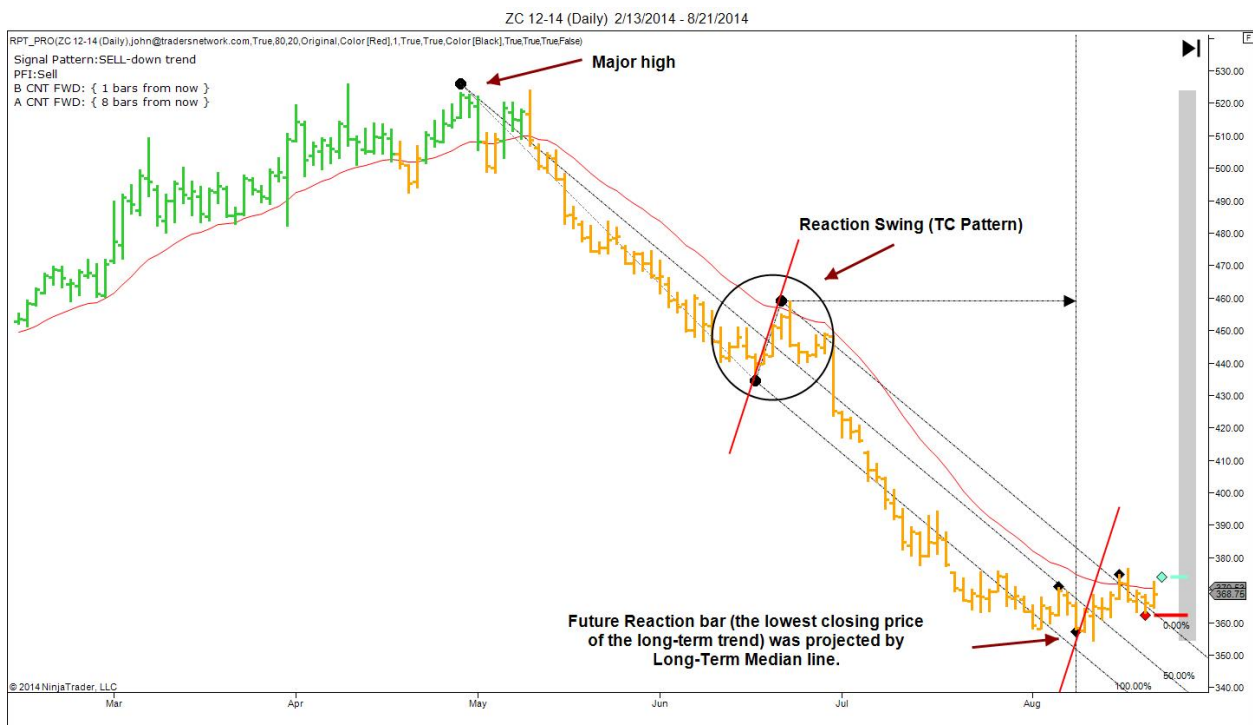


Figure # 28 – The Action/Reaction target lines are added to provide the price target objective.

A Revelation in Market Movement

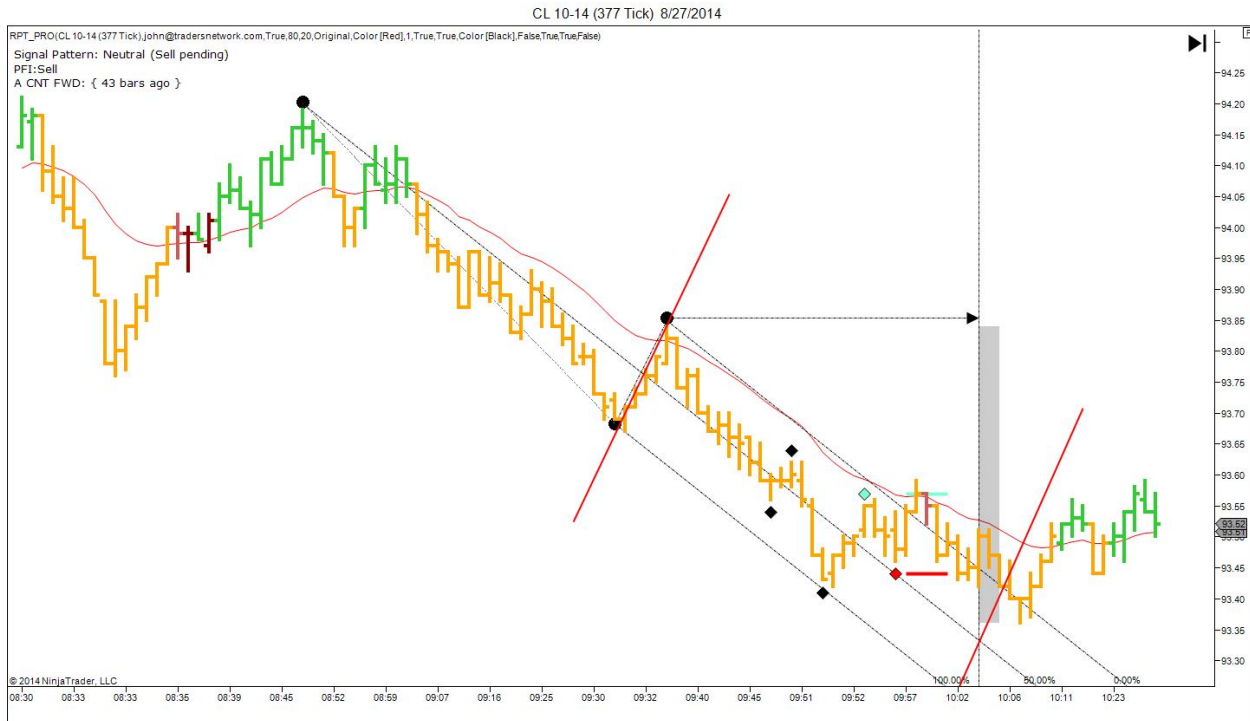


Figure # 29 – The long-term and short-term Time and Price projections are applied, to a tick chart of October Crude oil, to accurately project the end of the major downward trend and the beginning of a new bullish trend.

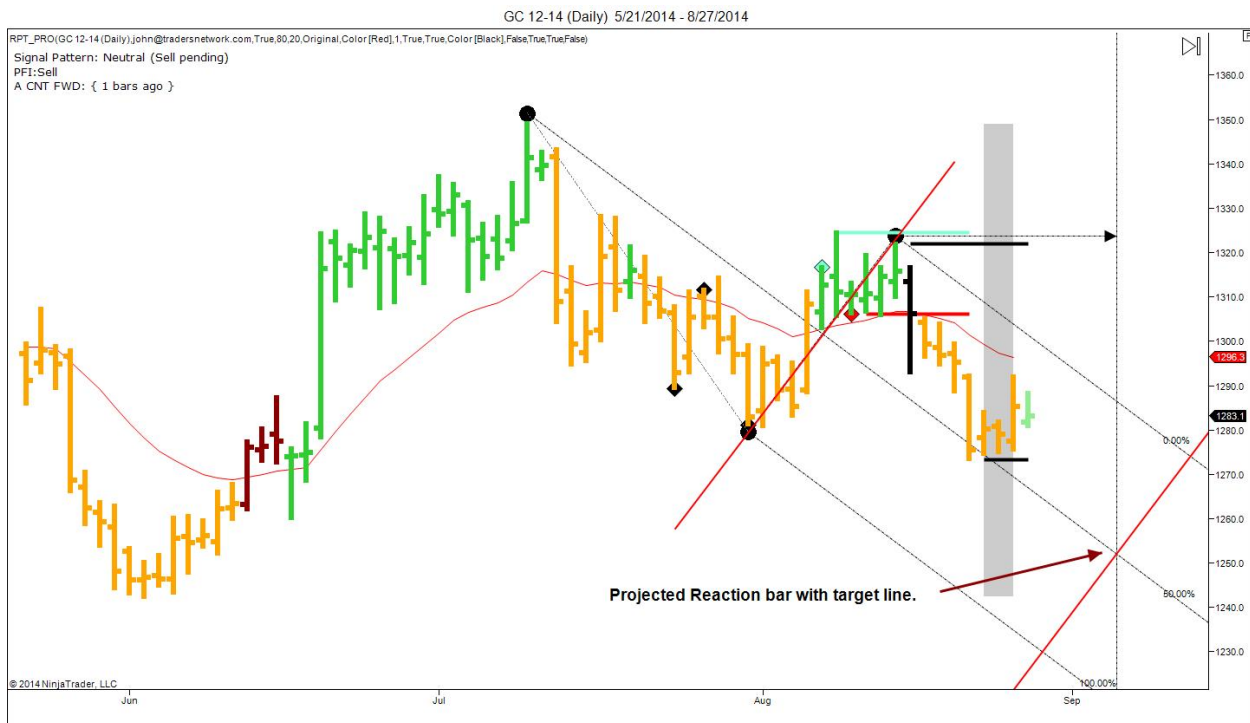


Figure # 31 – Reaction Point™ short-term projection, overlaid with the long-term projection, identify future Time Price objectives in December Gold.

Trading With Market Timing Intelligence Educational Video Series

The most important element of a successful swing/day trading approach is market timing of both entry and exits. In this educational series, you will learn to predict, identify, and trade short-term swing trades in futures, stocks or Forex using a unique swing trading “market timing intelligence” methodology. Veteran futures trader and best-selling author John Crane will show how he combines his highly acclaimed “Action/Reaction” market timing methods with a selective set of Elliott Wave, Dr. Andrew’s Median line and Fibonacci analysis. Each session is presented in a clear and concise manner to help you quickly learn this powerful strategy and begin to use it as stand-alone trading approach or add it to your current trading methods.

[\[Click here\]](#) to learn more about what is offered in each of the four video sessions. Each session provides you with a complete understanding the methodology behind Reaction Point™.

John Crane offers a free e-book titled ‘[Trading with Market Timing Intelligence](#)’ that defines the basic strategy of Action/Reaction used as the foundation of Reaction Point™. [\[Get your free copy here.\]](#)

If you have more questions about how to use Reaction Point™ to enhance your trading performance or would like additional information about Trading with Market Timing Intelligence, please call 1-800-521-0705 or email john@tradersnetwork.com or visit www.tradersnetwork.com

If you would like to try Reaction Point™ for free go to www.reactionpointtrading.com and take advantage of our free trial.

Copyright © 2014 by John Crane. All rights reserved

Published by Traders Network LLC, Loveland, Colorado

All charts used in the manual are furnished courtesy of NinjaTrader™ using the Reaction Point™ trading indicator.

Disclaimer

This material has been prepared by a sales or trading employee or agent of Traders Network, LLC and is, or is in the nature of, a solicitation. This material is not a research report prepared by Traders Network’s Research Department. By accepting this communication, you agree that you are an experienced user of the futures markets, capable of making independent trading decisions, and agree that you are not, and will not, rely solely on this communication in making trading decisions.

DISTRIBUTION IN SOME JURISDICTIONS MAY BE PROHIBITED OR RESTRICTED BY LAW. PERSONS IN POSSESSION OF THIS COMMUNICATION INDIRECTLY SHOULD INFORM THEMSELVES ABOUT AND OBSERVE ANY SUCH PROHIBITION OR

RESTRICTIONS. TO THE EXTENT THAT YOU HAVE RECEIVED THIS COMMUNICATION INDIRECTLY AND SOLICITATIONS ARE PROHIBITED IN YOUR JURISDICTION WITHOUT REGISTRATION, THE MARKET COMMENTARY IN THIS COMMUNICATION SHOULD NOT BE CONSIDERED A SOLICITATION.

The risk of loss in trading futures and/or options is substantial and each investor and/or trader must consider whether this is a suitable investment. Past performance, whether actual or indicated by simulated historical tests of strategies, is not indicative of future results. Trading advice is based on information taken from trades and statistical services and other sources that Traders Network, LLC believes are reliable. We do not guarantee that such information is accurate or complete and it should not be relied upon as such. Trading advice reflects our good faith judgment at a specific time and is subject to change without notice. There is no guarantee that the advice we give will result in profitable trades.

HYPOTHETICAL PERFORMANCE RESULTS HAVE MANY INHERENT LIMITATIONS, SOME OF WHICH ARE DESCRIBED BELOW. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN. IN FACT, THERE ARE FREQUENTLY SHARP DIFFERENCES BETWEEN HYPOTHETICAL PERFORMANCE RESULTS AND THE ACTUAL RESULTS SUBSEQUENTLY ACHIEVED BY ANY PARTICULAR TRADING PROGRAM.

ONE OF THE LIMITATIONS OF HYPOTHETICAL PERFORMANCE RESULTS IS THAT THEY ARE GENERALLY PREPARED WITH THE BENEFIT OF HINDSIGHT. IN ADDITION, HYPOTHETICAL TRADING DOES NOT INVOLVE FINANCIAL RISK, AND NO HYPOTHETICAL TRADING RECORD CAN COMPLETELY ACCOUNT FOR THE IMPACT OF FINANCIAL RISK IN ACTUAL TRADING. FOR EXAMPLE, THE ABILITY TO WITHSTAND LOSSES OR TO ADHERE TO A PARTICULAR TRADING PROGRAM IN SPITE OF TRADING LOSSES ARE MATERIAL POINTS WHICH CAN ALSO ADVERSELY AFFECT ACTUAL TRADING RESULTS. THERE ARE NUMEROUS OTHER FACTORS RELATED TO THE MARKETS IN GENERAL OR TO THE IMPLEMENTATION OF ANY SPECIFIC TRADING PROGRAM WHICH CANNOT BE FULLY ACCOUNTED FOR IN THE PREPARATION OF HYPOTHETICAL PERFORMANCE RESULTS AND ALL OF WHICH CAN ADVERSELY AFFECT ACTUAL TRADING RESULTS.