

# C H A P T E R 16

## TJ's Web Levels

### Zone Areas

TJ's Web Levels are special price arrangements based on Fibonacci relationships from the previous week's market action of that stock. Three areas are calculated for the following day: neutral zone, resistance area, and support area.

**Neutral Zone:** This zone is usually narrow and is a few points above and below the previous week's close. When the prices trade above the neutral zone, the stock is considered to be strong, and vice-versa.

**Resistance Area:** Above the neutral zone, there are four resistance levels called RA, RB, RC, and RD. These are Fibonacci resistance levels based on the previous week's stock actions.

**Support Area:** Below the neutral zone, there are four support levels called SA, SB, SC, and SD. These are Fibonacci support levels based on the previous week's stock actions.



Figure 16-1: Zone Areas

Figure 16-2a is an illustration of how to use TJ's Web Levels, which are shown for Helmirich & Payne's stock based on Friday's close.

The Web Levels suggest support and resistance levels for the next trading day. If the stock price rallies on Monday, the last resistance level (RD) suggests this stock should not trade past the \$34.75 level. Equally, the last support level (SD) suggests that this stock should not trade past the \$33 level.

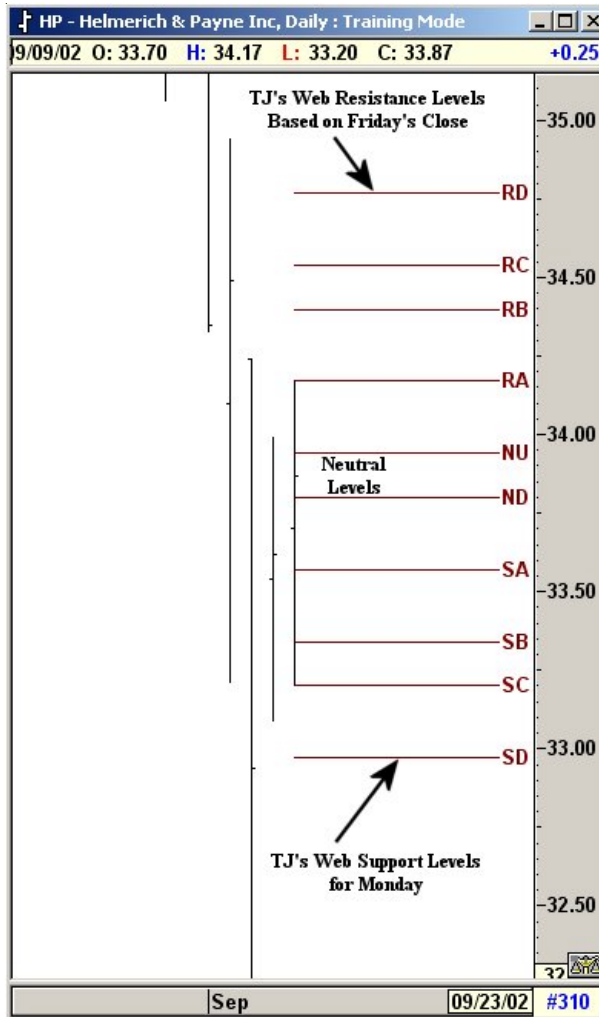


Figure 16-2a: Friday's Close

On Monday, HP traded to a high of 34.75, containing stock price movement to within this day's NU and RD Web Levels.

This example has been given to illustrate the principle behind TJ's Webs. You cannot expect these Web Levels to hold true all the time, but if used on a continual basis they will consistently provide good support and resistance.

TJ's Web Levels based on Monday's close are shown in Figures 16-2b, below, and 16-2c, on the next page.

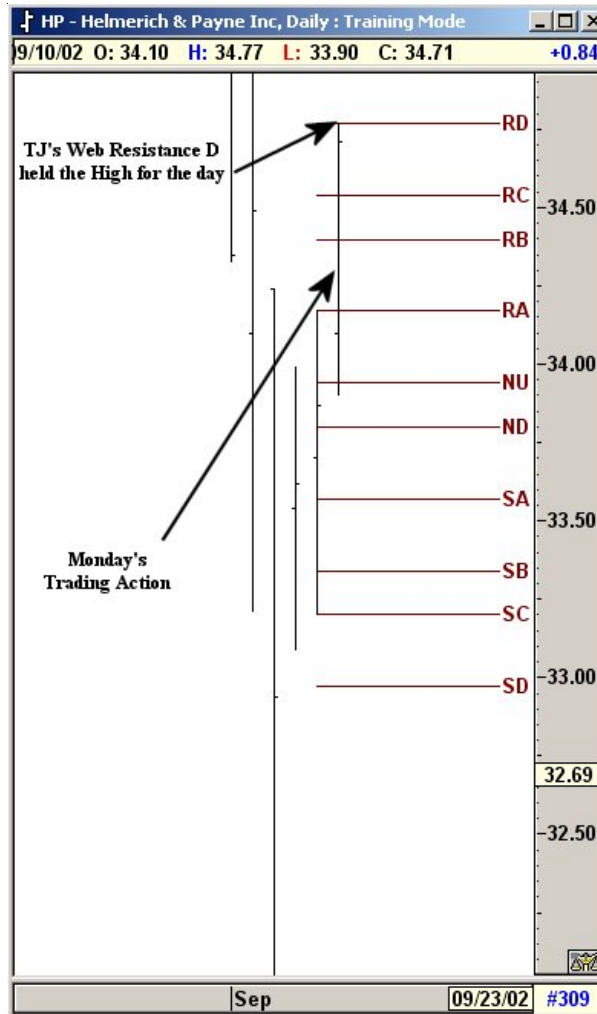


Figure 16-2b: Trading Action for Monday

TJ's Web Levels are reapplied to include Monday's trading action. These new levels are shown in the chart below.

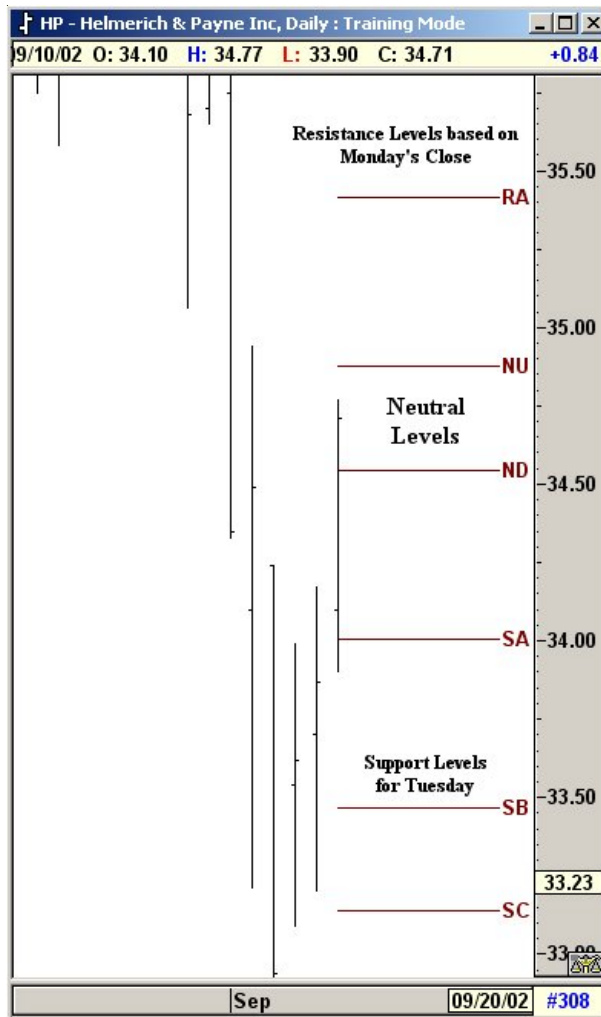


Figure 16-2c: Daily chart, Helmerich & Payne, Inc.

Tuesday's trading action shows that the market opened up to the RA Web Level, which provided resistance for the day. HP then traded down to the NU level again for Tuesday.

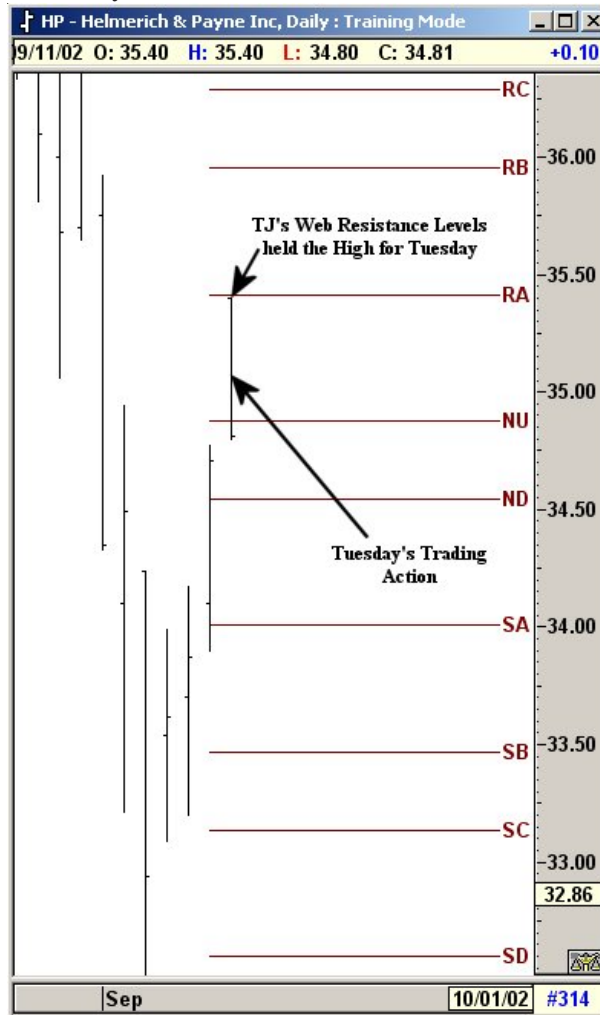


Figure 16-2d: Trading Action for Tuesday

# **Notes**