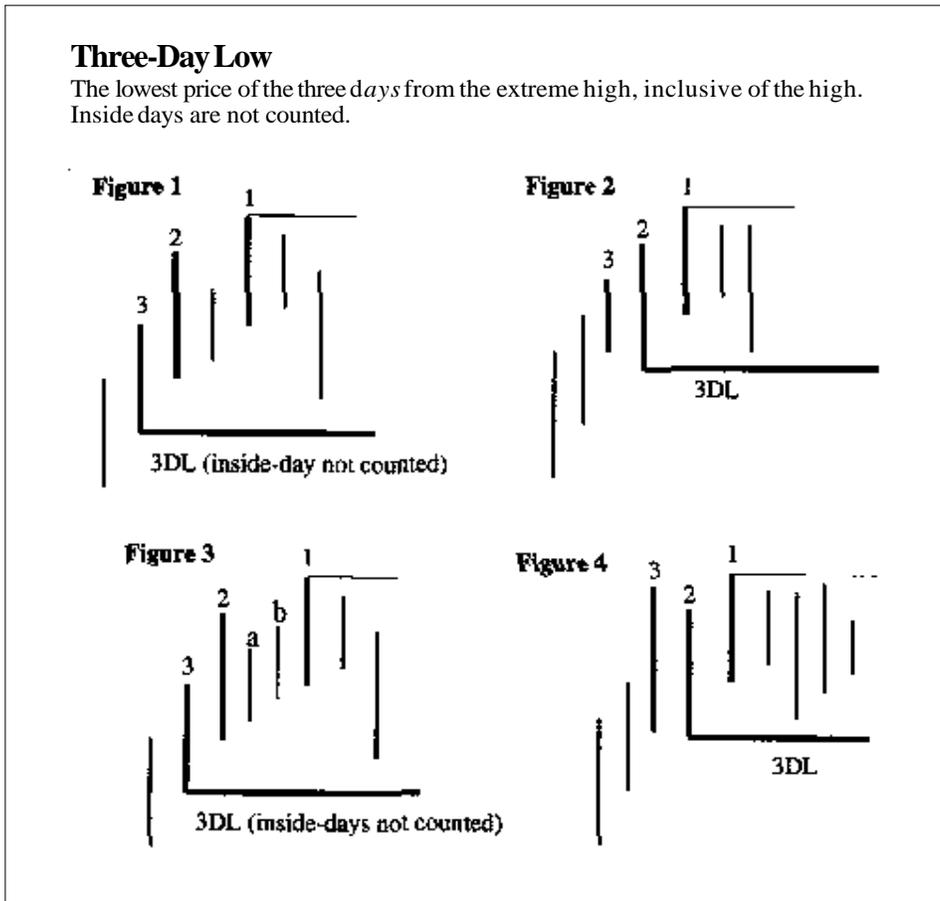


Three-Day Low or High (3DL or H)

If a trend is valid, there should only be minor corrections to the trend. If you examine long histories of daily charts for many markets, you will find that once a trend is underway, the market will usually not retrace the range of the prior three days. The three-day high or low may be used to adjust the protective stop-loss as a market trend progresses.

A three-day low is the lowest price of the three days from the extreme high, inclusive of the high day. Inside-days are not counted. It is not the same as the low of the most recent three days.



In the figures above, the three days used to determine the three-day low are labeled 1,2 and 3, Day one is always the highest price of the immediate trend. In figure one above, the *inside-day* following day-two is not counted. In figure two, day-three is not an inside-day. In figure three, the two days following day-two both traded within the range of day-two. Neither day is counted for the 3DL. Day-a is an inside-day to day-two. While day-b is not normally considered an inside-day because it traded