ZoneTrader™ Brief Description

ZoneTrader™ is a predefined market arena for trading auction based markets that seeks to capture the current psychology of underlying market on multiple time frames in order to determine or predict future market direction. ZoneTrader™ employs three distributions per profile and currently five profiles. The profiles are Yearly, Quarterly, Monthly, Weekly and Daily.

Each Distribution contains the same seven predefined and specifically labeled zones. These are: (Neutral Zone, Bullish Breakout Zone, Bullish Confirmation Zone, Bullish Trend Extension Zone, Bearish Breakout Zone, Bearish Confirmation Zone and Bearish Trend Extension Zone) we use these to order, profile and *interpret* condition of market to provide traders a specific description of where the market is and what it is trying to do.

Zone-Trader™ is a newly created, intuitive form of auction market theory by Matthew D. Reynolds. Mr. Reynolds understood that auction markets primarily move within three conditions: balanced, trending or transitioning.

ZoneTrader™ utilizes these three conditions to incorporate them into its predefined market arena through the definition and labeling of its trading zones.

Auction based markets all do the same thing. For example, they breakout, they establish trend or they extend the trend. If they cannot breakout, they reverse to the point of control. If they cannot establish a trend, they reverse to the point of control. If they cannot extend the trend, they reverse to the point of control.

Through his auction market trading knowledge, wisdom and intuition, Mr. Reynolds uses these conditions and normal market movements to create the ability to capture the current psychology of the market by defining the zones and labeling them either Bullish or Bearish. The midpoint of the Neutral Zone is the ZoneTrader™ Pivot -- point of control.

Zones above the Neutral Zone are Bullish Zones. Zones below the Neutral Zone are Bearish Zones. The order of the Bullish and Bearish Zones are identical and specifically labeled in this manner to capture the specific condition or movement of the current market trend (Breakout, Trend Confirmation or Trend Extension).

Each zone contains a specific rule that is used to determine or predict the future underlying market direction. Whether specific condition as described by each zone rule is achieved or not creates the ability to capture market psychology upon that profile or time frame and generates buy or sell signals accordingly.

There are a total of 36 rules, 12 rules per distribution. Our separate Rules Document pictorially describes each specific rule with specific detail aligned with description to enhance clarity and understanding for the trader.

The combination of 5 profiles looking at long-term to short-term perspective and understanding that Long-Term overpowers Short-Term provides the ability to create strategies.

The 36 rules provide traders with what the ZoneTrader™ defines as Directional Bias -- whether to expect prices to decrease and sell or to expect prices to increase and buy. The ZoneTrader™ also utilizes a Control Bias which is derived from the Persistence Zone. So, not only does ZoneTrader™ provide the trader with specific future direction of prices; it also provides traders with the ability to determine who has control of the market -- whether it is the bulls or bears.

Again, Long-Term overpowers short-term, so, it is important to identify who has control of the market on each profile or time frame. It is also important to understand that the longer the time frame, the stronger the Directional and Control Bias. The Persistence Zone Document goes into complete detail upon the description, use of, and theory as it applies to the Persistence Zone or PZ for short.