

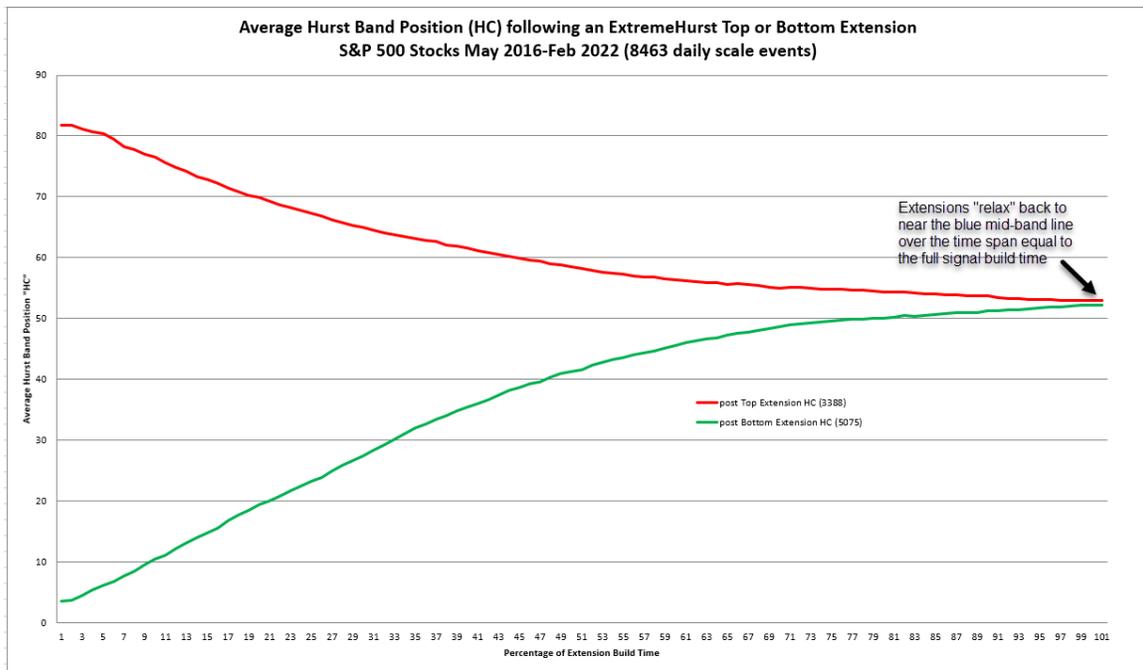
ExtremeHurst Research Update

ExtremeHurst extension events occur because of extreme positive feedback on multiple scales with an associated converging log-periodic cycle. The associated investor excitement leads to what is called self-organized criticality (SOC), as the rapid price movement inadvertently leaves the security in a critical state where everyone who wanted to participate has already done so. It's primed for a sudden reversal.

In psychology, there is a limit to how long humans can remain in an excited state before they need to relax. If we similarly identify extensions as excited states, then where does price have to go for us to say that the group is now "relaxed"?

The Hurst Bands provide an answer. The inner blue band region is the center of stability, where equilibrium is re-established. Using our Hurst Band coordinate system, where the magenta bands span 0 to 100, the mid-band blue line is at 50, the first green line at ~67, and the first red line at ~33, we found that following an extension, price tends to consistently move back to the mid-band over the build full time.





This is very important because the Hurst band lines may now be used for profit take targeting. In addition, we have also discovered that the mid-band's rate of change is a determining factor in selecting which extensions will be the most profitable.

We know from edge testing that the point of maximum expected gain following extensions is at about a third of the build time, so this begs the question: At what HC levels should we take profits from top and bottom extensions? More importantly, what mid-band location and rate-of-change measurements yield the most profitable extensions?

I have implemented a neural net for picking the extensions with the highest probability of a large retracement. In the software, this will be shown by using a deeper magenta color for extensions, or adding the term "Max" onto a text description.

regular top extension is the end of an uptrend and usually leads to a retracement

special top extensions (dark magenta) have a higher probability of a large retracement



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