In this lecture we are going to talk about some advanced uses of the pitchfork and also a different way to apply the circle decomposition technique in alignment with the modified Schiff pitchfork, and a Fibonacci extension tool as well. In this lecture you will also have the opportunity to see how the cross-dimensionality principle works across all techniques of the fractal flow price action methodology. That will give you a sense of the elasticity and versatility of these techniques and concepts so to speak. The goal here, like in the previous two lectures of this third volume, is to explore the geometry of the price action techniques, and how far we can go with it. We will talk about narrative in alignment with techniques in other lectures of course.

In this chart we will analyze the major movements between numbers 1 and 5. There are a lot of details that happen in between, but the focus is to understand how the vector from 2 to 3 transforms into the vector from 4 to 5, and why exactly we can see such a dramatic reaction in the lower tail of the bar in number 5. The fact that number 3 surpassed the level of number 1 makes the high number 2 a solid extreme, and naturally, we can draw the frequencies that come out of it. In this chart you can see the inward frequency coming out of the solid extreme number 2.

It's not difficult to see how price comes back right to that line many bars later in number 4. Keep in mind that this is the daily chart, so price returned to the inward frequency level about 100 days after the frequency line was generated. This is useful to give you a notion that trading time is different than time itself. Trading time expands and contracts depending on the timeframe you analyze, unlike time itself which doesn't expand or contract. If this was a one-minute chart, the principles would hold in the exact same way. The point here is not that the technique held for 100 days. The point is that it held for 100 periods or 100 bars. This is one of the reasons you shouldn't care about the timeframe. In other words, timeframe is irrelevant because trading time varies accordingly.

The first obvious thing we can do with a pitchfork here is to ground it in 2, 3 and 4 to make a projection to number 5. Immediately we can see that it is a good fork because of two details. First and foremost, we can see that it captures price action with the centerline, even though the lower tail of that bar bleeds a lot to the downside before closing in its upper range. The other detail, which was a hint to the first one, is that price hits the upper line of the pitchfork and goes straight down to the centerline. That's not a perfect use of the pitchfork because of number 5, but it is good enough.

The more advanced details here begin when we look at what happened within the price vector from number 3 to number 4. We have a higher high followed by a lower low, which it is itself followed by a higher high. In other words, we have an expanding pivot with three legs, which is not as common as the normal expanding pivot formation that only has two legs. That's worth thinking about because the third leg of an expanding pivot lands exactly at the inward frequency line we drew before. That's interesting because expanding pivot formations are quite unstable, but nonetheless, the most unstable part of it ended up respecting a line quite precisely.

That should give you an idea about the technical relevance of this expanding pivot if you wish to learn more about the price action in this chart, meaning that the geometry outlined by the rather unusual expanding pivot can certainly give you clues about the future price vectors. I should say also that expanding pivots can be tricky because they confuse the notions of minor and major flows. What I mean by that is that, in this case, the formation starts as if it was a minor flow, and as it expands, it transforms itself into a major flow. Going

back to what I said in the beginning of the lecture, in this example I want to show you an advanced way of using circular decomposition and pitchforks.

Given the importance of the last legs of the expanding pivot formation where the minor flow starts to become the major flow in the point of contact of the inward frequency line, I drew two circles in the last two legs of the formation. You can see the two legs marked by the two black lines, and the circle decomposition of each one in green. In the price action trading volume 1, you learned that circular decomposition is sometimes capable of showing us abstract anchor points in the chart that are almost impossible to see otherwise. If we plot a pitchfork using the two real vectors, we will see that it's not a bad fork, but it's not good either. There is some resonance between price and the fork lines.

If we bring the a-axis to the new abstract anchor point discovered by the circular decomposition, you can see that it is still a mediocre fork, but it confirms what the previous one was saying. Number 5 hits the line on the outside now. This is analogous to the switching quality of simple support and resistance lines if you think about it. The really interesting linework begins however when we transform this pitchfork into a modified Schiff one, ground the tail on the new abstract anchor point given by the circular decomposition of the last legs of the expanding pivot formation, and create a Newtonian extrapolation downward.

We can immediately see that we have a much better and much precise projection of the vector between number 4 and number 5. We can even take this a step further and observe the frequency shift that happened in the original modified Schiff fork. Extrapolating this shift downward with a Newtonian approach of course we can see that the projection gets even better. This is of course a very advanced use of these techniques, but I want to show you also how that abstract use can correlate with a very simple one. If we take a Fibonacci Expansion tool, and ground it on the most important major points 2, 3 and 4, we will see that the 161.8% level, which is probably the most frequently used, is exactly where price lands, and it correlates with the previous techniques in a way that almost cannot be more precise.

It's evident that the more precise you wish to be, the more advanced you need to be. That's just a natural tradeoff. We have to remember that precision allows us to dramatically increase the risk reward ratios, and that of course, dramatically minimizes your risk while maximizing your reward, which is exactly what you should be looking for. Precision is not meant for you to show off. It's a necessary tool for the minimization of risk and the maximization of reward.

If you think about in terms of the same exact trade opportunity, if you have the same stop and same target, but different entries, you will realize that the entry significantly changes the risk reward ratio. In other words, the more precise you get, the less you have to risk to get the same reward. The less precise you get, the more you have to risk to get the same reward. Even if you are correct about the direction of the market, if you don't have a certain level of precision, you won't produce an expectancy level that will be sustainable in the long term, and that is of course, a deal breaker.