

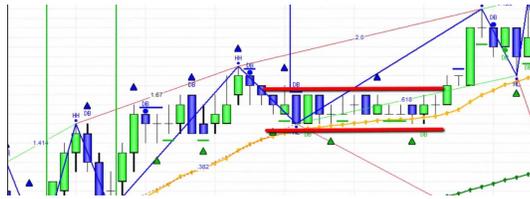
# Intermediate Trending

One of Dr. Cast's favorite questions to ask traders is "what are the two things the market can do?" Most new traders usually answer, "the market either goes up or it goes down." and although that is true, the answer that Doc is looking for is a little more broad and stated in this video.

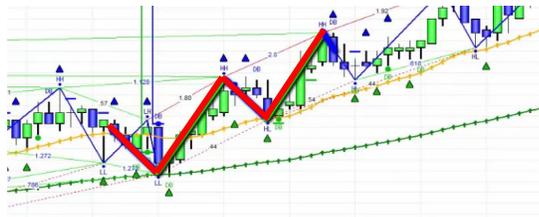


## What are the two things the market can do?

1. Consolidates — When the market is trading within a temporary price range. Consolidation ranges can be small or large. Delta Traders typically do not want to trade during consolidation.



2. Trends—If the price action is not in consolidation... it is trending and generally you can determine the direction of the trend by looking at the 90 minute EMA.



**Trades during consolidation are risky** because the direction of the price action is harder to gauge. There are advanced techniques for trading during consolidation that you will learn in the advanced classes. Beginning traders should not trade during consolidation as the Delta 1-2-3 trade requires for there to be a clear trend.



**Observe when price enters into consolidation** and recognize that the advantage is taken away from you and you start incurring more risk. Trading during consolidation is time consuming and you will experience more heartaches.



**Learn how to identify consolidations** and look for breakouts. Respect the consolidation. Remember that we are dealing with an auction and consolidation is the "comfort zone" of the buyers and sellers. The breakout will determine if there is a continuance of the trend or a reversal. There are techniques for trading in and out of consolidation that you will learn in the advanced classes.

*"You don't concentrate on risks, you concentrate on results.  
No risk is too great to prevent the necessary job from getting done."*

– Chuck Yeager