momentum
securities

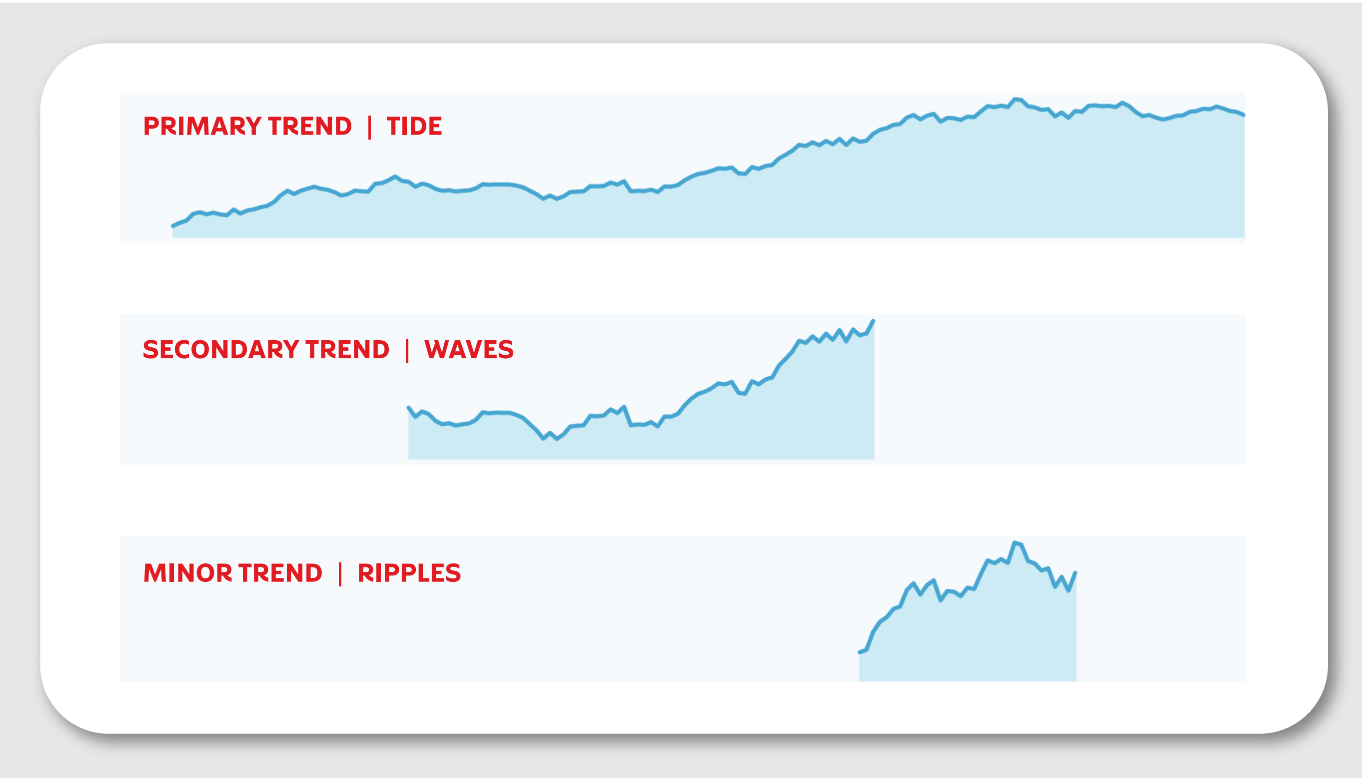
Understanding market trends

Primary, secondary and minor movements

GUIDE 2
Three levels of market trend

A market can move in more than one direction at the same time, depending on the perspective and level of detail being examined. Technical analysis distinguishes between primary, secondary and minor trends to help place short-term movements within the broader market context.

One market, three levels of trend



A useful analogy:

Think of the primary trend as the tide, secondary trends as the waves and minor trends as the ripples.

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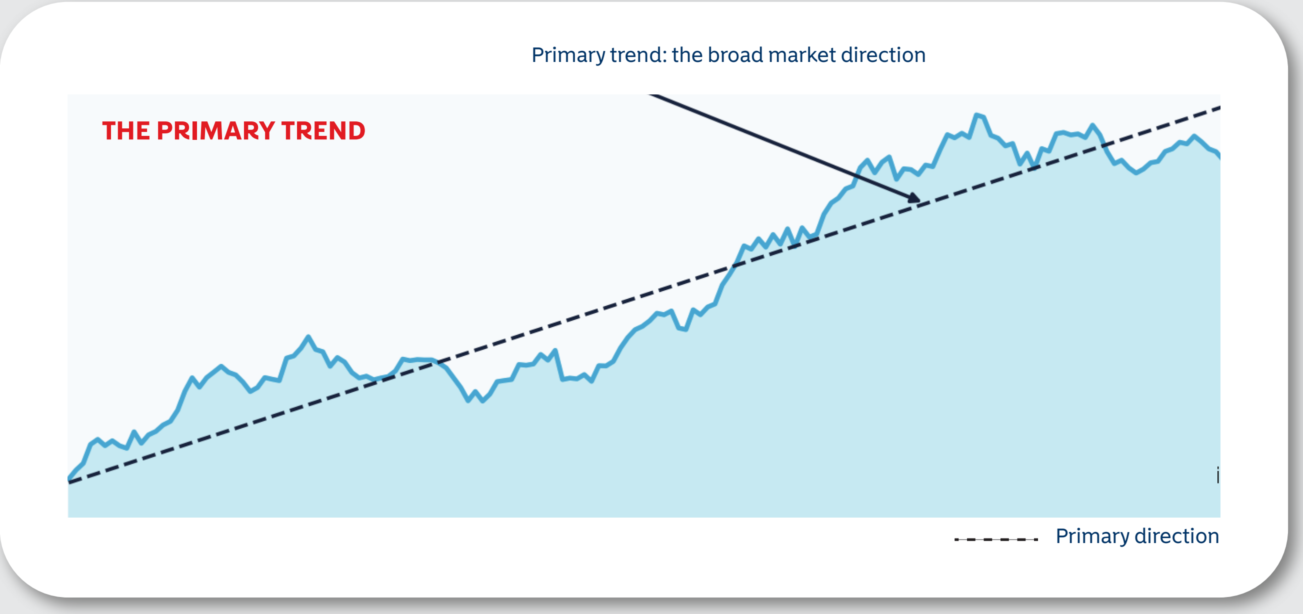
1. The primary trend

The primary trend is the broad, dominant direction of the market. It provides the main context against which shorter movements should be assessed.



1 Zoom out

Review sufficient chart history to see the dominant direction.

2 Focus on the broad path

Avoid allowing short-term fluctuations to obscure the wider movement.

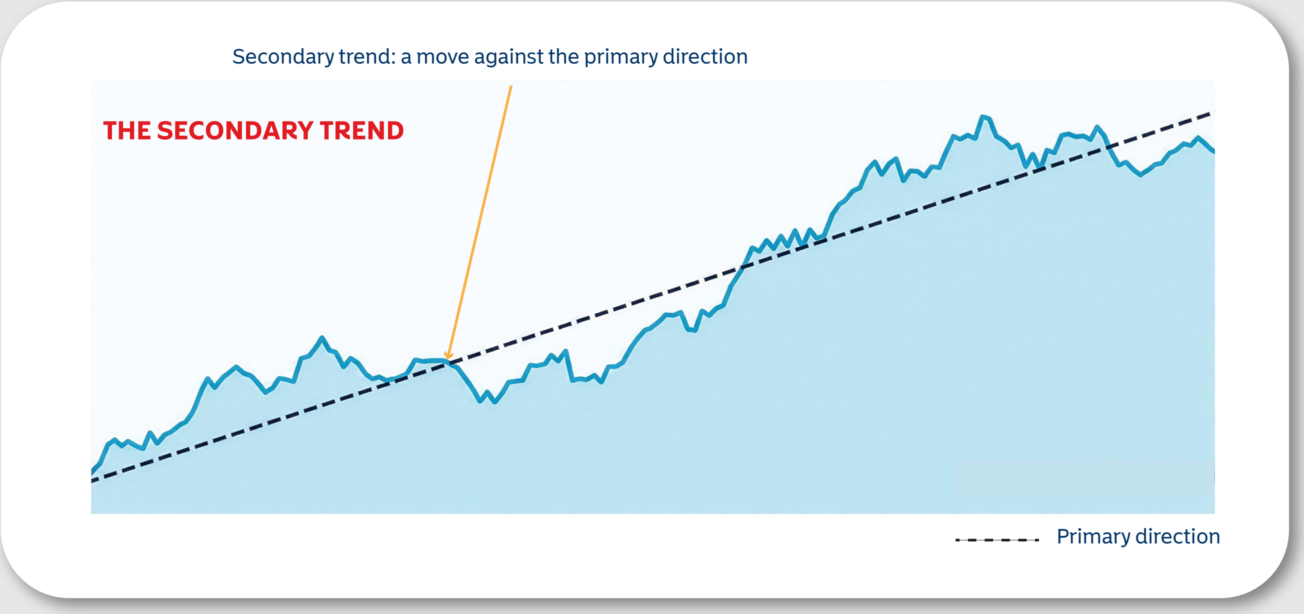
3 Use it as context

Assess secondary and minor movements in relation to this main direction.

Think of the tide:
The tide may be coming in or going out, and its direction can persist longer than expected.

2. The secondary trend

A secondary trend is a meaningful movement that develops within, or against, the primary trend. It is larger than day-to-day fluctuations but does not necessarily replace the broader direction.



1 **Keep the primary trend visible**
Begin with the broader direction already established.

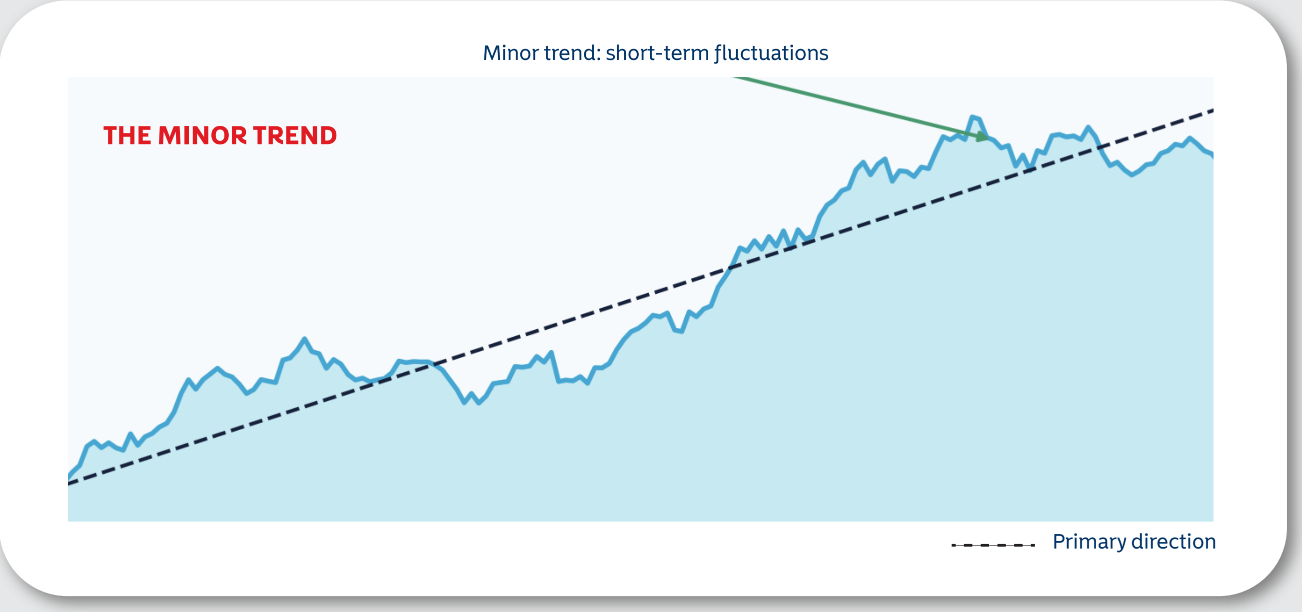
2 **Identify the counter-move**
Look for a sustained movement away from the primary direction.

3 **Test the relationship**
Assess whether the movement is a correction within the broader trend or evidence that the primary trend may be changing.

Think of the waves:
Waves can move towards or against the direction of the tide without necessarily changing the tide itself.

3. The minor trend

Minor trends are the finer, short-term movements visible within primary and secondary trends. These fluctuations can make the chart appear busy when viewed without sufficient context.



1 Look at the shorter movement
Identify the small fluctuations within the wider structure.

2 Avoid overreacting

A brief rise or fall may be a minor movement rather than a change in the broader trend.

3 Return to context

Compare the short-term move with both the secondary and primary trends.

Think of the ripples:
Ripples are visible at the surface, but they do not describe the direction of the entire tide.

A practical top-down trend routine

Work from the broadest view to the most detailed. This reduces the risk of mistaking a short-term fluctuation for a change in the primary trend.

Your four-question chart routine

1 Identify the primary trend
What is the market's broad direction?

2 Inspect the minor fluctuations
What short-term movements are occurring within that structure?

3 Locate the secondary movement
Is price moving with or against the primary trend?

4 Compare all three levels
Do the shorter trends support the main direction or suggest that conditions may be changing?

5 Keep the primary trend central
Use the broader direction as the main point of reference.

Quick reference

Trend level	Analogy	What it shows	Analytical focus
Trend	Tide	Broad direction	Establish first
Direction	Waves	Movement within or against the primary trend	Assess in context
Context	Ripples	Finer short-term fluctuations	Avoid overreacting

Key principle:
The different trend levels are connected. Isolating the primary trend helps place the secondary and minor movements in perspective.