

Drawing Andrews' Median Line or "Pitchfork"

In Gecko's Track 'n Trade[®] Software

By Greg Fisher

Dr. Alan Andrews developed a technical study of futures and stock prices called the *Median Line Study* and taught the method to traders in his "Action/Reaction Course" in the 1960's and 1970's. Andrews so named his course to honor the work of Roger Babson, who Andrews credited with first applying Newton's third law, "For every action, there is an equal and opposite reaction", to the financial markets.

Andrews' method was formed around the Median Line – a line drawn on a price chart after three alternative pivots in price had formed. The line is drawn from the first pivot through the midpoint of the next two pivots, and extended. Andrews observed certain price behavior as price approached the line - and especially that price tended to change trend at or near the line.

Andrews also determined there was a high probability price returned to this line after the third pivot, and considered the Median Line a sort of "price magnet". The Median Line can serve as a leading indicator of potential price direction. It has somewhat of a predictive nature. Many of today's indicators based on complicated mathematics are lagging indicators. They respond to price action after the fact. Andrews wrote in his original course, the Median Line would:

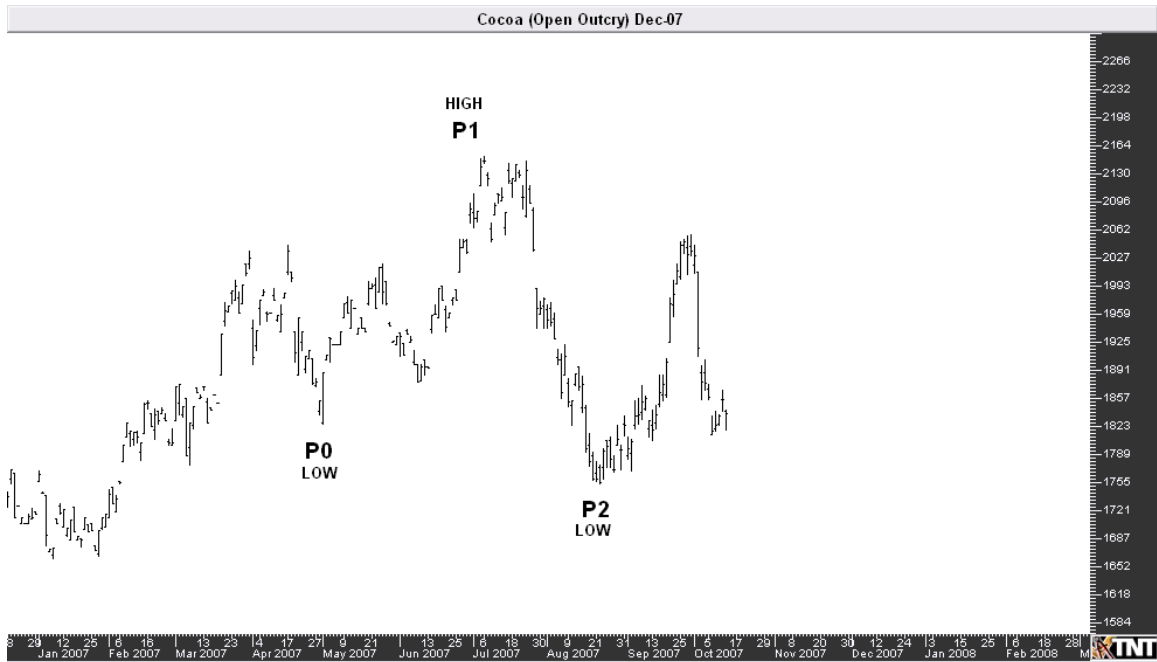
"...enable the user to be one of the few who can tell where the prices are headed, and the place they will reach about 80% of the time, and when approximately that place will be reached."

~ *Dr. Alan Andrews, Action-Reaction Course*

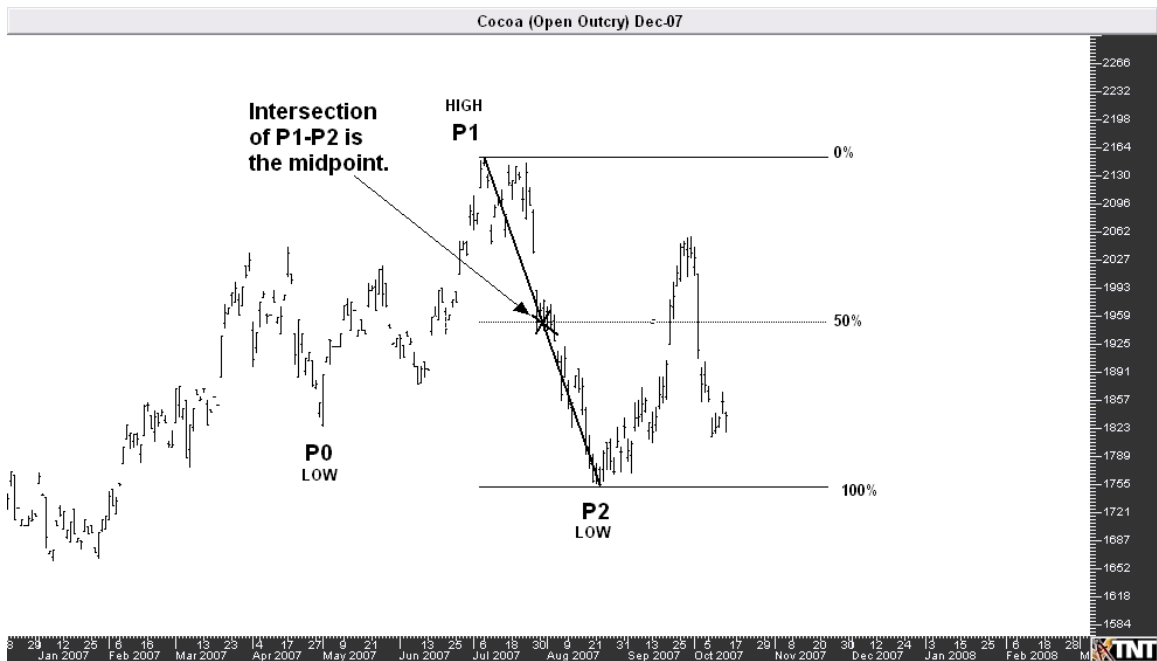
Drawing the Median Line

Drawing the Median Line is very simple. [Track 'n Trade[®]](#) has excellent tools available for drawing the Median Line. To draw the Median Line in [Track 'n Trade[®]](#):

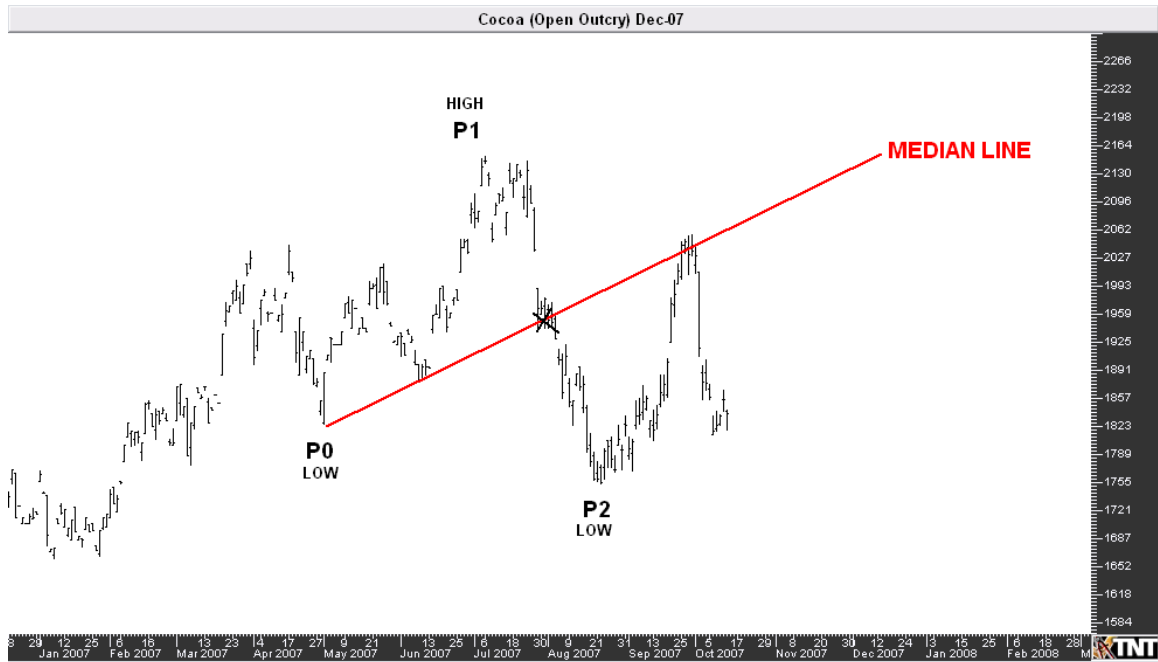
STEP 1. Choose three alternative, consecutive pivots in price (low, high, low – or – high, low, high) and label them P0, P1, and P2.



STEP 2. Find the mid-point between the pivots P1 and P2. Draw a line from P1 and P2. Using the 50% tool or Fibonacci retracement tool, start at P1 (0%) and end at P2 (100%), the 50% line will intersect the line between P1 and P2 at the midpoint. Mark the midpoint with a dot or an "X".



STEP 3. Draw a line from P0 through the midpoint between P1 and P2 and extend the line. This is the Median Line.



Price did indeed reverse and change trend when it reached the Median Line in this example. Andrews determined this often occurred. Many expect prices to reverse at this line every time without fail, and quickly dismiss the method when they find out it does not.

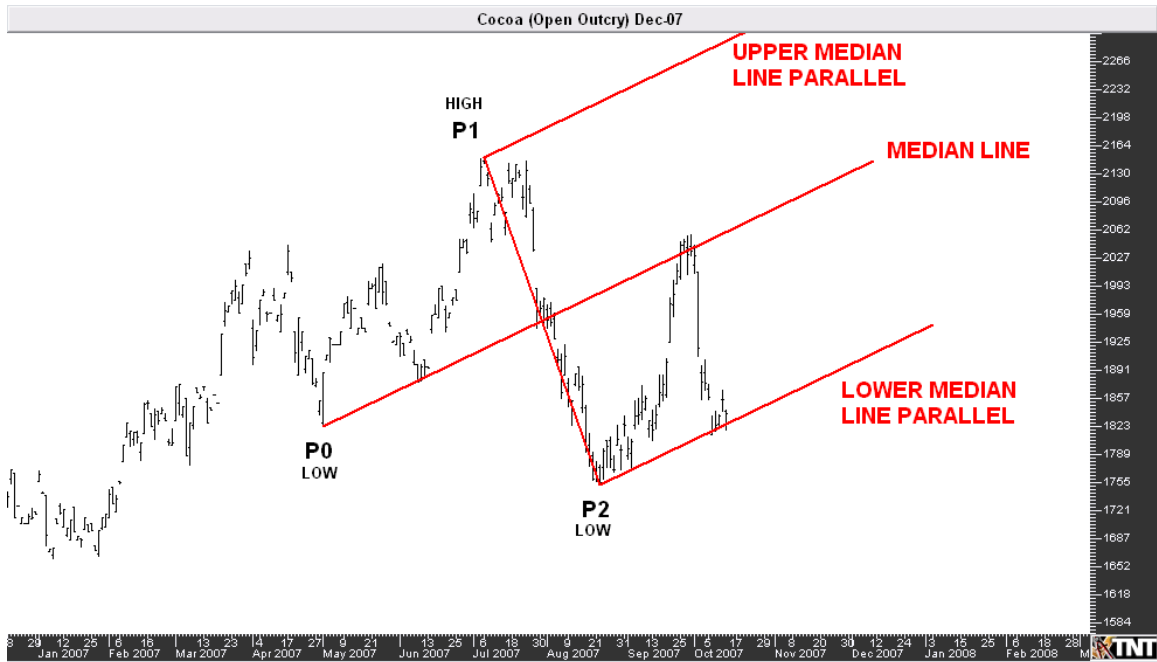
In fact, Andrews' observed three different phenomena when price reached the Median Line. Price tended to:

1. **Reverse** at the Median Line – a true trend reversal,
2. **Gap or Plunge** through the Median Line – characterized by price “skipping over” the Median Line or a large price bar through the Median Line,
3. **Consolidate** around the Median Line – price “dancing” about the Median Line.

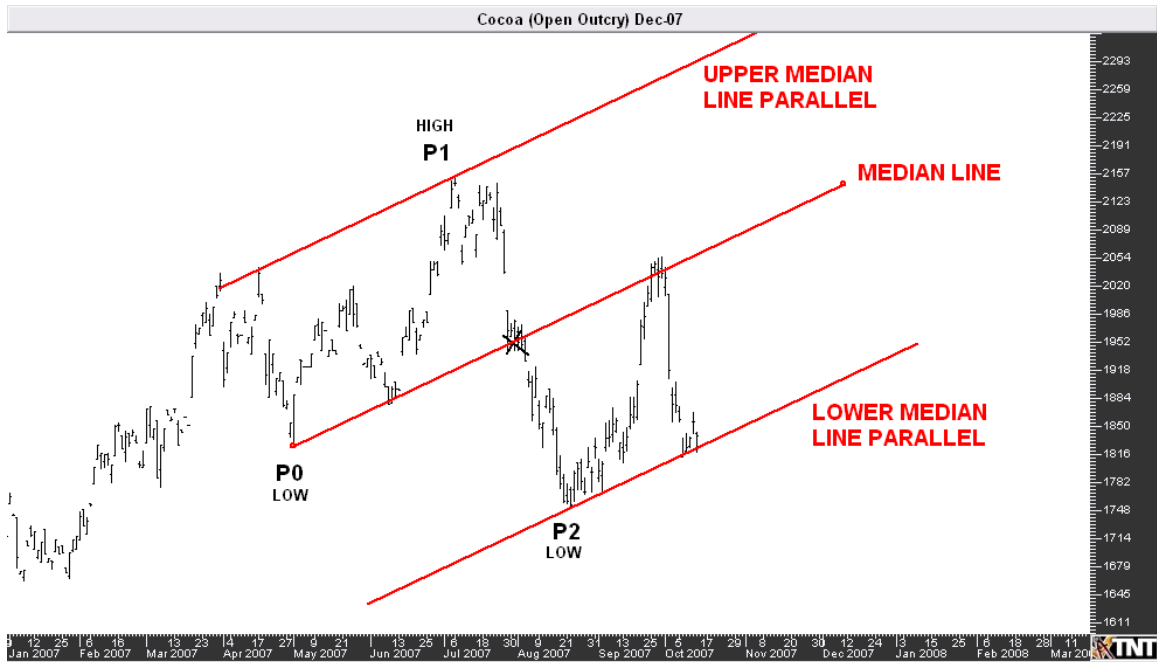
Andrews' Pitchfork

Andrews' method later became known as Andrews' pitchfork. Andrews' pitchfork is so named because the construct resembles a farmer's pitchfork. Andrews' pitchfork is a simple construction consisting of three parallel lines; the middle line, or Median Line, and two outer parallel lines, the upper and lower Median Line Parallel.

[Track 'n Trade®](#) also has an excellent tool to draw Andrews' pitchfork. Simply choose the Andrews' pitchfork tool and point and click on P0, P1, and P2.



Another way to draw Andrews' Median Line set, a.k.a. Andrews' pitchfork, is to draw the Median Line using the three steps described earlier and then use [Track 'n Trade®](#)'s action/reaction line function to draw two parallel lines along the Median Line. Dr. Andrews developed the Median Line from action/reaction lines. The outer parallel lines can then be placed at the upper and lower pivots to complete the set. This can be an advantage over drawing with the pitchfork tool, as the lines can show support and resistance prior to the P1 and P2 points. This at times, can give the pitchfork more "validity". The construction somewhat shifts from what could be better described as action/reaction lines than a pitchfork, but once again, the pitchfork was born from action/reaction lines.



Andrews observed the Median Line parallels often acted as support and resistance, but did not necessarily draw price like a magnet as the Median Line.

Andrews' Lines in Today's Markets

Andrews' actively traded in the 1920's and reportedly made a large sum of money. He later taught his method in the 1960's and 1970's. Does the method still apply today? If so, what would that say about the markets? I asked that very question when I was first exposed to Andrews' work.

I have found that the Median Line method does indeed still have application in today's markets under CERTAIN conditions. Dr. Andrews alluded to this in his original course:

“When we speak of any scientific law, we mean a statement that a relationship has been observed among certain given conditions. We mean “if these conditions now, then those conditions follow, and can be expressed mathematically”. We have “order” through which we can know the outcome from these conditions. We can therefore take advantage of this knowledge, and thereby progress and profit.”

~ Dr. Alan Andrews, *Action-Reaction Course*

I also have found that those conditions can only really be determined by drawing the lines over and over. Does the method apply equally to all markets? What about all time frames? Most of Andrews' original work was on weekly and daily charts. Does the

method apply to the intra-day charts available today? What are the best pivots from which to draw the Median Line?

When Andrews mentioned price returned to the Median Line about 80% of the time in his original course, to what was he referring? Daily charts? Drawn from what pivots? Every market? We can only guess.

Perhaps one of the most important conditions is that of each trader's perception of price action and the experience of the trader. Experience can aid in anticipating the "if price does this – then I can expect that" scenario. If you are expecting the Median Line to be the "holy grail" of trading, you may be disappointed. However, if you are willing to put some time into understanding the method, it may very well appeal to you and aid in your trading.

As with any method of technical analysis, the Median Line method is merely a tool and must be used for what the tool is intended. The last time I tried to use a screwdriver to hammer a nail there were disastrous results! Luckily a trip to the emergency room was not required, but a few choice words were heard throughout the neighborhood.

The effectiveness of any tool is related to the experience of the user of the tool. Anyone expecting to pick up a golf club and immediately be ready for the pro tour is likely in for a surprise. As with trading. Technical trading is as much art as science. I encourage any trader or student of the markets to fully test out the method of their choosing before putting money on the table whether it be the Median Line method or any other. It may save a trip to the emergency room or at least save face with the neighbors.

About the Author

Greg Fisher has done extensive research of Andrews' Median Line (pitchfork) method of technical market analysis. Greg is the author of, "[Price Near the Median Line: What are the Probabilities?](#)". Greg has created a website where much of the somewhat scarce, quality information about the Median Line method can be found. Visit: www.median-line-study.com