

# Pivot points and financial numerology

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 [devblogs.microsoft.com/oldnewthing/20210414-01](https://devblogs.microsoft.com/oldnewthing/20210414-01)

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I'm baffled by financial numerology.

For example, the pivot points of a stock are  $\langle$ choose your favorite fancy formula $\rangle$ , producing a *support price* below the current price and a *resistance price* above the current price. These pivot points are important because when the price of a stock reaches a pivot point, you can confidently predict that one of three things can happen:

1. The stock price goes up, or
2. The stock price goes down, or
3. The stock price stays about the same.

Okay, maybe this isn't so much numerology as it is horoscopes, where you make a prediction so vague that it matches everything.

Here's another example of horoscope-like prediction:

If the market is directionless (undecided), prices may fluctuate greatly around this level until a price breakout develops.

This sentence sounds cool until you take it apart and realize that it's saying "If prices are not consistently moving up or down, then they will stay near their original positions, until they start moving away from them." Tautology disguised as deep insight.

I like how the article I linked at the top is titled *Using Pivot Points For Predictions*, but if you read the text, it says that the pivot point is an indicator, not a predictor.

Let me make up my own financial number: The birthday price. Take the birthday of the company's CFO, add together the day month, and year, and take the last two digits of the result. Take the current stock price and replace the fractional value with the value you calculated above. For example, if the CFO's birthday is July 4, 1776, then adding the day, month, and year produces 1787, the last two digits of which are 87. If the stock is currently trading at 18.20, then the birthday price of the stock is 18.87.

The predictive power of the birthday price is that when the stock value reaches the birthday price, one of three things will happen:

1. The stock price goes up, or
2. The stock price goes down, or
3. The stock price stays about the same.

**I am a financial genius!**

Raymond Chen

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