SUPPORT & RESISTANCE, PLAINLY — SECOND OF THE PRIMER SERIES

Where Prices Remember

A support or resistance level is a price where trading has repeatedly clustered — where selling kept getting absorbed, or buying kept getting refused. Levels exist for boring, mechanical reasons: resting limit orders pile up at prices people already care about, stop orders cluster just beyond them, options strikes pin, and everyone who bought there remembers what they paid. No geometry, no destiny. This primer shows how to find and draw them honestly, using Tesla's last twelve months — every level dated, every touch checkable.

Define the terms plainly. *Support* is a price neighborhood where declines have repeatedly stopped — demand thick enough to absorb the selling that reached it. *Resistance* is the mirror: a neighborhood where rallies kept getting sold. The mechanism is order flow with memory, not mysticism. A price where thousands of people transacted is a price thousands of people are anchored to — the ones waiting to buy more there, the ones waiting to get out even, the ones with stops set just past it. Their orders are the level.

HOW TO DRAW ONE HONESTLY

Three rules keep you from drawing wishes. **Draw zones, not lines** — a level is a neighborhood a few dollars wide; a single line at $383.00 is false precision. **Count the touches and date them** — two tests is a suspicion, three or more is a level. **Let closes define the core, wicks the edges** — closes show where the argument settled; wicks show how far it strayed.

Applied to the chart above: the **380–386 shelf** was tested and held in November, February, March, and June — four dated touches across eight months, the best-attended level on the tape. The **449–453 ceiling** turned the tape away in January and again in May. The **289–300 floor** is where last summer's selloff ended, and $498.83 — December 16 — is the high-water mark, untested since. That is the whole map, and every part of it is checkable.

> **4 touches**
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> November 14, February 5, March 9, June 10 — four separate months in which Tesla's decline stopped in the same few dollars, 380–386. **That repetition is the entire claim a level makes:** demand has shown up here before. It is a statement about the past. Whether demand shows up a fifth time is not knowable in advance — which is why professionals use levels to place risk, not to predict.

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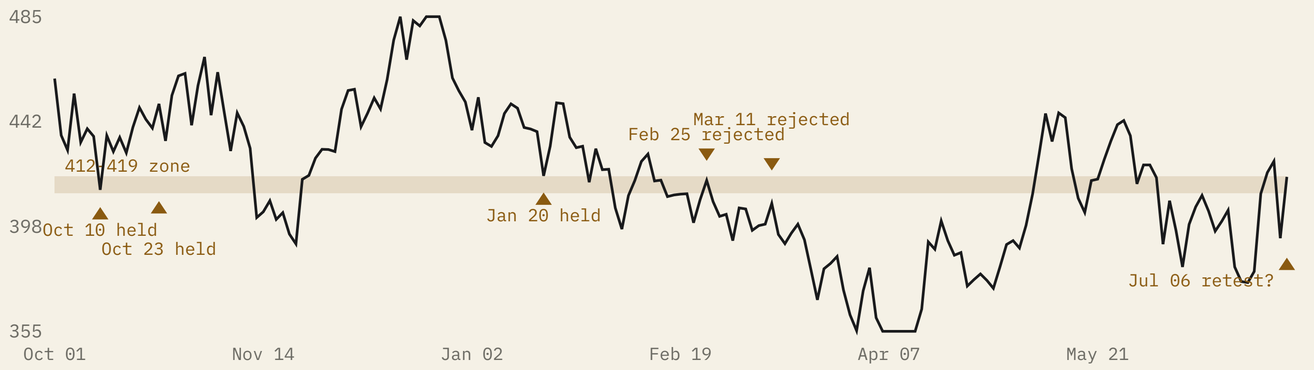
ROLE REVERSAL — THE ONE BEHAVIOR WORTH RESPECTING



Watch the shaded band: **412–419**. Through the autumn and into January it was support — declines stopped there on October 10, October 23, and January 20. In February the tape broke through it, and the zone changed jobs: the rallies of February 25 and March 11 were refused at the same prices that had held as a floor. The mechanism is the anchoring described on page one. Everyone who bought the 414 floor and then watched it fail spent the spring waiting to be made whole — *“get me out at even”* is a resting sell order, multiplied by thousands. Old support becomes new resistance because the same people are standing in the same place, now facing the other way.

Which brings the chart to the present tense. On July 6 — the day this primer went to print — Tesla closed at $418.83, back inside that battleground for the first test from below since March. We do not know how it resolves; that is the honest position of anyone reading a level in real time, and we decline to pretend otherwise. What the level offers is not a forecast but a *reference*: a dated, checkable place where the tape has changed its mind twice before.

WHY LEVELS FAIL, AND WHAT THEY ARE ACTUALLY FOR

Levels are crowds, and crowds can be overwhelmed. July 2’s $43 bar — an index-flow repricing with a name and a date — cut straight through the 412–419 zone without pausing to respect anyone’s anchor. This is the boundary of the tool: a level describes order flow that *may* act; a mechanical flow is capital that *must*. When the two collide, the obligation wins. The research agrees with intuition here — order flow demonstrably clusters at round numbers and prior extremes, so the levels are real; predictive power is short-horizon and decays fast, so the prophecy is not. Professionals use levels to define where they are wrong, risk placed just beyond the zone — furniture for risk, not a crystal ball.

When a level breaks, ask what was obliged to trade that day.

Primer No. 001 reads the daily bar the same way — real examples, dated, no mysticism. The research notes map the mechanical flows that cut through levels without asking.

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Sources & method: All price data — TSLA daily OHLC, July 2025 through July 6, 2026, split-adjusted, via public market-data feeds; levels identified by swing-point clustering (5-session extrema, 1.5% cluster tolerance) and drawn from the actual figures shown. Order-flow clustering at levels — Osler, “Support for Resistance: Technical Analysis and Intraday Exchange Rates” (FRBNY Economic Policy Review, 2000). Anchoring — Tversky & Kahneman (1974). July 2 index-flow attribution — see Ananke Alpha Research Note No. 002 and sources therein.

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