

Hello,

Though my account is new, I have been studying this method for some months now. Now that I`m on, I want to see if I can contribute anyway I can, by first asking a question which others may find insightful.

On trade number 2, I understand the process of the pullback to the 21, and then the bounce to the 89. However, I am not sure what the strategic place of the SL was. Many traders, I might think, would place the SL just above the 21 ema and the open of the bearish candle where the trade was placed. In that case, the trade would have been stopped out. So, why such a high SL, if there is one?

If any of you, or Philip can help, that would be very helpful to me, and I hope to those reading this.

Theresa

price crossed the 21ema, then pull back and started to move away. -this is where an open trade is triggered.

-Usually expectation is giving some room for the Stop loss. - How much?

my views:

**Possibility 1:** your SL is just above 21ema: then SL just got hit and you are out of the trade. (there was no TC anyway!)

But look later ther will be a TC coming , take it and SL just above 50% fib (look at chart below): target :89sma. For about a ratio of 1/1

**Possibility2:-**Look at the divergence with the macd: since Jan 10!-so normally it could help sized the SL.since anticipation is for the price to go down eventually ..

-Since expectation is known to be for the price to go down -then the pull back to 21ema, even if it goes bit higher than 21ema, price should go down anyway.

- it can help also to add Fibo on it: a retracement not above 61.8% is still a pull back.

look also at macd: way way below zero, then a pull back of the macd wouldn't be expected to be very high- I remember evaluating(at that time, since I had a trade in there) that macd would not go very higher than zero.- there is no confirmation of a TC at that point.-

-Again: the high on feb3, is a Head, the low on feb5 is the neck. ---a neck which is way down compare to last low (1,3550) which could be the left side of the neck, again there is a very large divergence in the macd at that point., look where is located the left shoulder-so the coming right shoulder shouldn't be very high either.- look below:



look below:

History ( and rhythm) based on the strategy helps to "Anticipate" what the market should do next. It does worth considering it in trade decisions..

later: ---If you look at chart, price is contained at about 50% retracement-fine with me: SL above the containment.



That was my way of seeing it in there. Other people could have other ways -ok with me!  
 any comments are welcome.  
 I hope it can help you.-