

James16

Uses his indicators as support and resistance levels in order to see the big picture.

The MAs he uses are the 21, 79 and 365. The Exponential MA is 89.

He also uses a Keltner Channel with 8, 1.3, 1.3 as settings.

The main price action patterns he uses are:

- DBLHC - double bar low with a higher close on second bar (the pattern needs a minimum of 2 bars with the same low; patterns with more than 2 bars with the same low are also valid; the more the same the better)
- DBHLC - double bar high with a lower close on second bar (the pattern needs a minimum of 2 bars with the same high; patterns with more than 2 bars with the same high are also valid; the more the same the better)
- 2 or more matching highs or lows which if broken usually mean a resumption of the current trend; must be within 2 pips.
- BEOVB - bearish outside vertical bar; second bar totally encompasses the prior bar with a lower close on the second. usually signals a continuation of the current trend.
- BUOVB - bullish outside vertical bar; same as above just reversed.
- Pin bars

Sometimes he risks more than usual if he sees setups similar to this situation:

Daily price action on a daily chart, on a large fib retracement. He then switches over to a 60 min chart to see if he can fine tune an entry.

If the lower time frame chart tells the same story as the higher time frame one, then he goes to an even lower time frame chart, the 15 minute one to narrow it down even more.

His goal is to find an entry that will allow him to enter with a stop as small as possible.

Only when all the time frames tell the same story, he proceeds to take the trade.

He does sometimes trade the 5 and 15 min charts even if they do not corroborate with the higher time frame ones, but something very unusual must be going on for him to do so.

He insists on the importance of taking only A trades.

He does not trade any market the 1st hour after the open.

He daytrades (meaning 15 min or less charts as he defines it) the mini dow, mini sp, mini nasdaq, mini oil, euro fx, t bonds, mini Russell and some commodities.

He also position trades these markets on daily charts. He also position trades currency futures.

He position trades forex on daily and 60 min charts, however the forex trades on daily charts are often open and closed the same day.

He insists on demoing any market before going live.

He also insists on taking the price action setups at opportune times, such as swing highs and lows, with Fibonacci retracements confirmation, or even better, retracements confluence.

He also trades inside bars in the same manner, by using confirmations of 2 fib retracements close together, a pivot point or a fib close together, or any of these things combined with divergence

He says that on a daily chart you have 2 choices for entry: at the close of the TBLHC or on a Fibonacci retracement of the last bar of the setup. Generally taking the retracement will lower your risk as you are entering closer to where you should have your stop, which is just under the 2, or 3 in this case, bars. If the bar is very long, he always waits for a retracement, at least a 38 one of the last bar.

The best way to trade pin bars is to notice when they develop, then watch the next bar to see if it fails to close to the high of the 1st bar. If it does, then you can short it.

Example of other trades:

- wait for a ret of the second DBLH and then go long to lower your risk.
- or play a breakdown of the two lows on the two bars that make up the DBLHC

When he uses fibs and pivots, he puts them on the chart and labels them with text. He then looks for areas when the levels join or are close together, forming very strong support or resistance levels (for instance a monthly or weekly and daily pivot along with a fib ret all close together). When price reaches these confluence levels there is a better than 50/50 chance that it will retreat, but what he does is wait most of the time for confirming price action before entering.

Pin bars are best to be played on 4hr, daily and weekly charts.

A very good pin bar is one whose nose protrudes through a fib, large MA or a pivot and the open and close stay on the other side.

He determines pivots at 5 pm eastern time.

Another set of EMAs he uses are the 10, 25, 50 and 150 ones.

He says new traders should trade only 4hr or longer charts.

Always be cautious of divergence in a strong trending market and use it conjunction with other things.