

Staying Longer in a Trade

by Zoopots

I received two emails asking about trading for bigger targets and not flinching when a few H4 candles go against us. So allow me to randomly pick a pair and show you what has taken me years to learn/discipline myself to do.

Look at AUDUSD Daily below. Let's say we noticed it bounced off of the BN (big number) of .8900 back on 8/5/2013. We should realize that the pair bouncing off that BN is significant and note that on our Daily chart. Okay so things happen over the next 13 days (maybe we traded the bounce, maybe not) but we see price approaching the .8900 BN again and we should be salivating over the expectation of a Daily double bottom. The left pic below establishes the support level, the right pic shows the pair 13 days later approaching a sweet spot. Cool.

<http://www.forexfactory.com/attachment.php?attachmentid=1401628&d=1396934541>

So now what? It's nearing .8900...big deal. Yes, it is a big deal! The two pics below have PA in the same point in time but the right pic is what we would be seeing on our H4 chart. And generally, this is what this thread is all about.

<http://www.forexfactory.com/attachment.php?attachmentid=1401629&d=1396934665>

So how would I filter all of the TDI Buy crosses between 8/22/0400 and 9/02/0400? Cross labeled #1 doesn't slope upwards to 1 o'clock, is against the MBL slope and doesn't close above the PAC; #2 ditto...all the same reasons; #3 ditto plus the entry candle is red; #4 closes above PAC but TDI pointing toward 2 o'clock and is right under DT line; well low and behold look at #5: TDI pointing to 1 o'clock+MBL beginning to rise+PA closed above PAC+DT line broken and BN .8900 has been honored by at least 6 candles.

<http://www.forexfactory.com/attachment.php?attachmentid=1401632&d=1396934847>

What was the entry? E: .8967, S/L: .8890 (below BN); T: .9097. R/R: 1/1.7 Trade management over the next 10 days...stay in position, surf the bottom of the PAC with your S/L, as profit is locked in manage TP higher or trade multiple lots and take partial profit, don't panic Sept 5th as price pulls back (it stays inside the PAC) then exit on 9/12/0400 for +304 pips profit. And remember, this was all set-up by what we saw on our Daily chart concerning a known area of support, namely a BN.



All credit goes to Zoopots.

Happy Trading to you all.