

highest probability areas to trade based on what price is showing you and learn to analyze trade setups using price action. The TDI, S&R, candle formations, fibs, etc, are used simply to confirm what price is showing us.

I don't know which TDI indicator you are using but I use the Traders_Dynamic_Index indicator downloaded from Compass FX. The RSI line on that indicator does not move with every tick of the chart.....it sets at the close of each candle (unless you change time frames).....sometimes it will move slightly but does not change direction until the close of each candle.

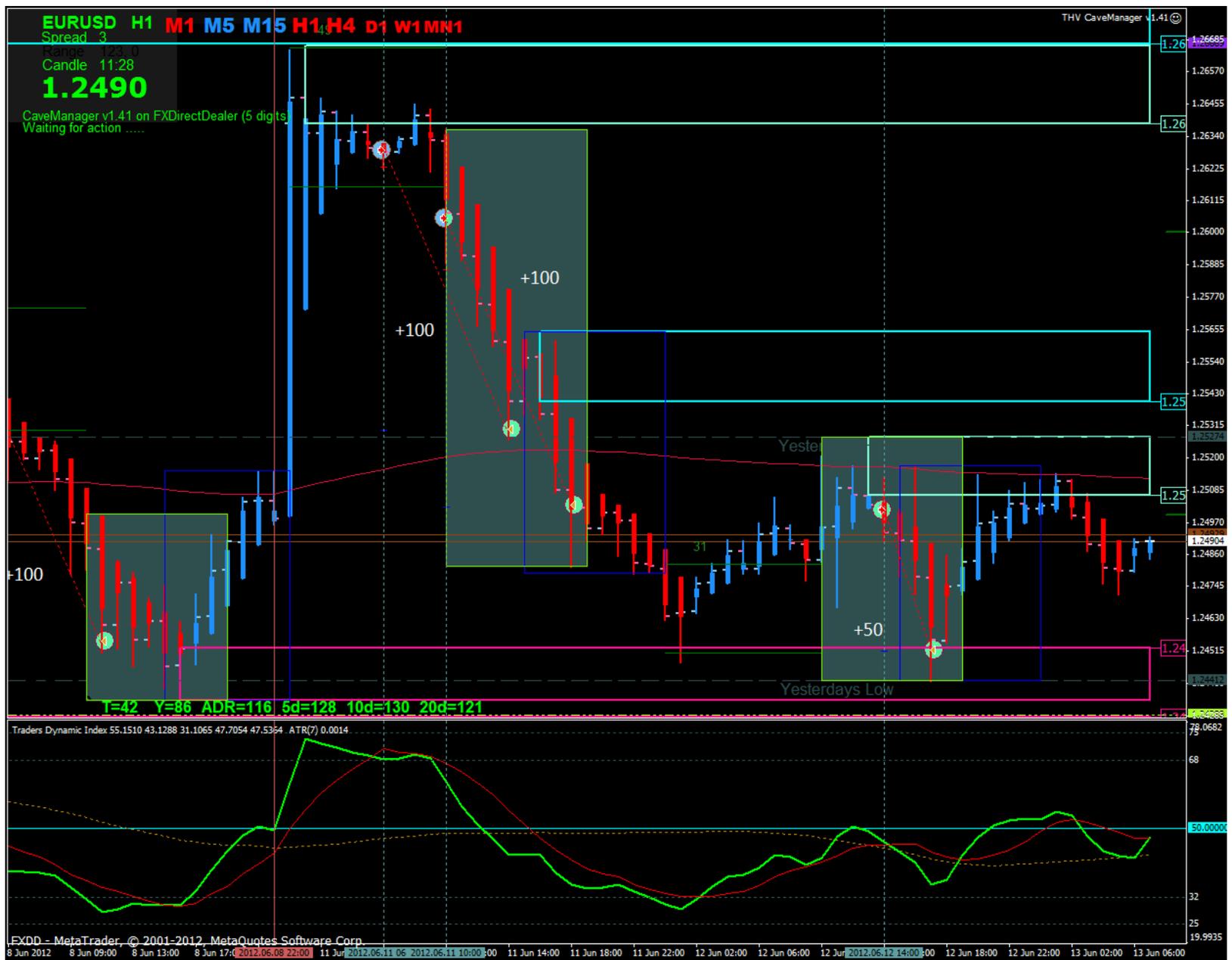
Trade analysis and answers to your questions from last week:

4-9-12: I had predetermined to only take a long trade....see the aqua line at 1.3060, that is a strong DAILY resistance area and there is another resistance area below that at around 1.3040.....so I was only interested in taking a long trade and entered following the TDI cross.

4-10-12: If you will notice, the two short trades both had enough room to hit TP before reaching that support line (I monitored the second one very closely but it did hit the TP). The first short trade was taken after price stalled at 1.3144 three times in three hours...I knew that price would have a hard time breaking that area without a strong news release and the green RSI was pointing down and about to cross the red signal line.

The long trade was taken before the close of the candle, on a bounce of the 1.3060 support line....once it headed up, I entered. The third trade was take on a pullback and close of the blue 15:00 bar...I did not use the TDI to confirm that trade.

4-13-12: I am testing a scalp system so I took a couple of small trades during the Asian session. I could have let either one of them continue for 50 to 80 pips but because I was testing, I let my preset TP of 20 pips close both trades. I caught a couple of hours of sleep and set my alarm to monitor the opening of the NY session. I entered on the second TDI bounce and rode it out for +70....I did not see any long TDI crosses during that time.....only a couple of bounces off the red line.



Two nice trades Sunday night during London....1st trade moved to +25 pips...moved stop to BE and opened a 2nd trade....moved T1 from 50 pips to 100 pips on strong price action and then did the same on the 2nd trade....both TP hit.

Last night, took a trade based on the pullback bar and failure of the pullback bar to sustain a break above the 200 EMA.....good for +50.



Trades 1 & 2...Sunday night....late entry....price stalled for several hours...got out with +30....re-entered long on a cross of the TDI and a break of the setup candle.

Trades 3,4 & 5....all entries were based on the usual PA and TDI confirmations.....watched the 200 EMA very closely....price broke and pulled back several times for the rest of the week. Price often stalls at the 200 EMA and then sometimes continues in the original direction but more often than not, it pulls back.

This week it pushed through several times but each time it pulled back. Those pullbacks a very easy way to determine market direction following a bounce off the 200 and usually give a great trade entry (barring any interference from news releases).

No trades on Thursday.....business trip....if I had traded on Thursday, entry would have been made at the NY open on the candle close below the 200 EMA.

Q: Can you please tell me , on trade 3 what kept you in the trade when it went against you (i think about 30 pips). I see you have cave manager icon on your chart, which I don't know much about, was it to do with this or was it the sixth sense you have developed. And great tip about 200 ema , I shall certainly be watching that in future.

I do use the CaveManager EA to manage trades when I am away from my computer but in this case, I did not believe that PA would break through the 200 EMA and change direction for a long trade. I had set a 50 pip SL and was willing to have it hit because of how price had reacted at the 200 EMA previously. If one of the blue candles had CLOSED above the 200, I would have considered exiting the trade and looked for a long entry. Instead, both of the blue candles became pullback bars and price went down, hitting my 50 pip TP. The hardest part of trading for me has been learning to be patient and let trades develop. It has taken a long time for me to able to remove the emotion and watch trades become profitable based on my analysis and trading plan. Losers happen for everyone but learning to remove the emotion from trading when I have a winner or loser has made me a better trader. That comes from controlling lot sizes (money management) and being confident in my trading plan.



The market consolidated during first two days of the week. The next two days offered some volume. With the large move up on Thursday, I only took 1 trade at LO on Friday because normally the day following a big move is spent in consolidation. A good trading week

for me by just taking the signals around LO.

Q: This entry long is before the close of the candle (16th July). The question is the PA say Long but the candle is not close yet. Why entry long?

Why NOT a long entry at that location? Per the rules of TMS, you enter on the first or second candle open following a cross of the TDI. The candle turned blue and the TDI crossed at the open of the entry candle but that alone was not enough for me to enter a long trade. The three previous candles stalled out (made higher lows each time) on the short trade, so I exited that trade for a small profit. Price on the blue entry candle moved about 5 pips lower than the previous 3 candles but then pulled back immediately leaving a long lower wick. That 'pull back bar" indicated to me that the market may be changing direction. Once price pulled above the previous inside bar, I entered long. It turns out that my analysis was correct and I gained 50 pips. If I had been able to monitor the trade, I probably would have taken another 25 or 30 pips. If my analysis had been wrong, I would have taken a small loss and looked for another entry.



Here are the trades I took this week. Please note...the duration of every trade taken was a minimum of 5 hours each. It takes a lot of patience to monitor trades for that long which is why I often manage the trades with an EA, once they are in profit.

Wednesday's trade was a break even trade that would have been profitable if I had stayed in it, however I went back to bed and the EA closed it out at breakeven. No big deal, that is trading and it was not a loss.

The trade on Thursday was taken with a 50 pip TP but once news began to move the market up, I changed the TP to 100, which was hit....a risky trade during news but my SL was already in profit, so it was a free trade that worked out.

The daily range today (Friday) was 225 pips but I only got 76 of them.... I exited on the pullback following a double top (it was a double top when I exited).....as it turned out, the market retraced 70 pips, which is too much drawdown for me anyway, and then moved up 170 pips. I am very happy to get the 76 pips.

Q: dee50: Curious, Your first entry was taken 2 hours before the signal appeared, your 2nd and 3rd entries 1 hour before, your 4th entry you took on the bounce as expected, your last entry you took 2 hours after the signal bar, presumably after price had cleared the top of the channel. How many pips are needed to confirm the breakout of the channel?

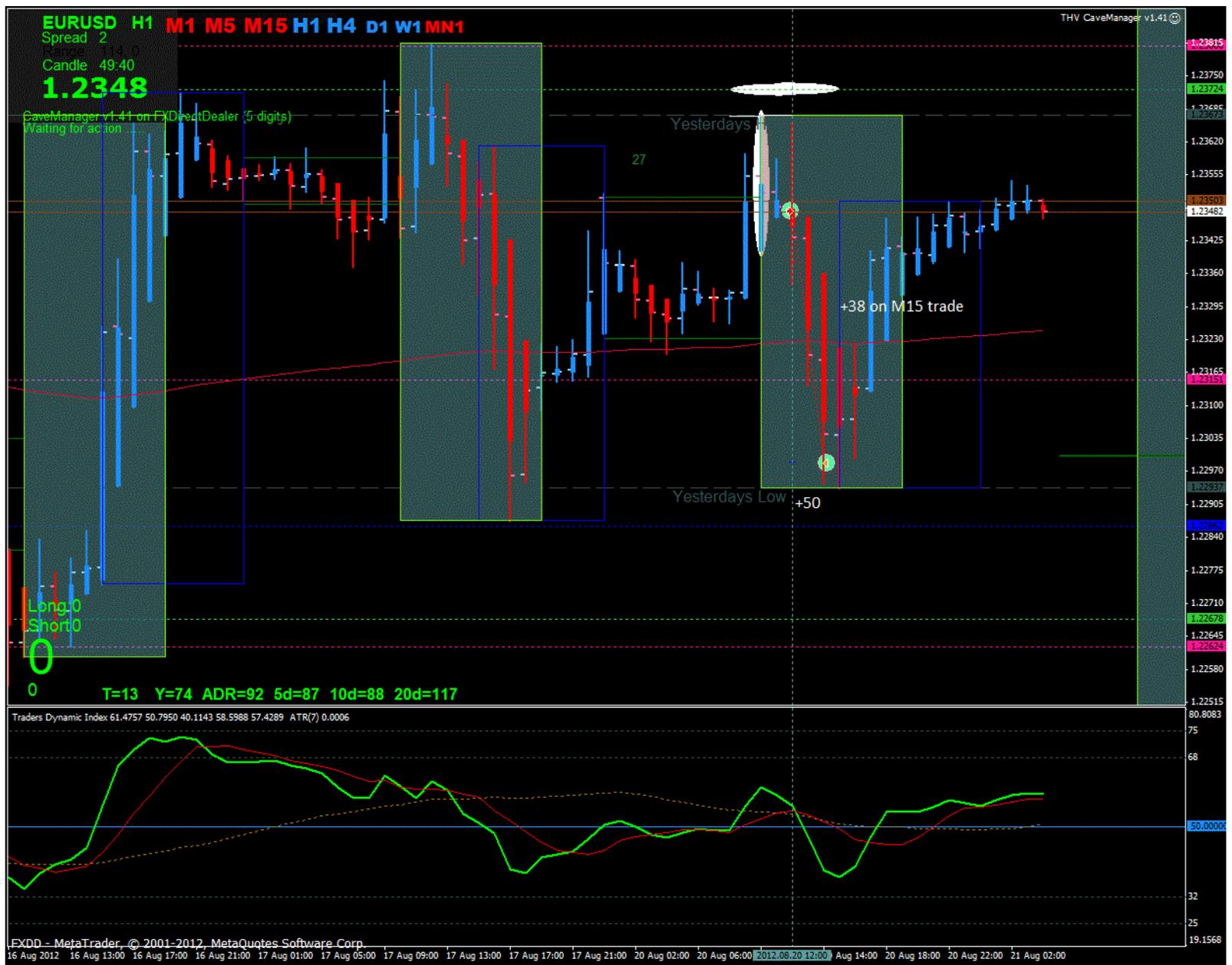


RE: First entry....I have learned that many times the London session will often continue the same direction as was established from the open of the day (considering there are no pending important news releases). With the strong move down I decided to try and take advantage of that and entered on the red candle following the first blue one....also please note, the green TDI line was below the red and the yellow and the 50 line giving me additional confirmation that price might drop.

RE: Second & Third entry....both trades were taken based on price action and pullback candles following LO. Obviously only one trade worked out.

RE: Fourth entry.....that trade was taken during the first candle of LO following a break of the 200EMA (three previous candles had already pierced the line and pulled back down).

RE: Fifth entry....I normally only trade the London session. That day, I got to my computer at LO and took the trade after it broke the previous candle. I watched the trade carefully in case it reversed at the 200EMA. That happens quite often. Once it cleared the 200, I rode it until I saw a double top and exited.

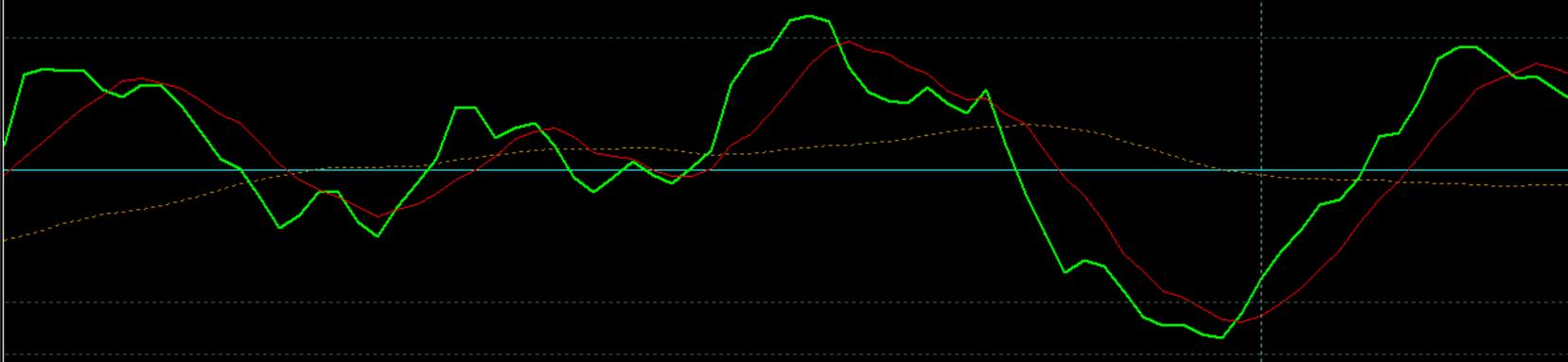


Took 2 nice trades early this morning....a EU H1 trade a couple of hours after the London Open on a change of candle color and TDI about to cross down. My analysis showed a pullback bar at LO followed by an inside bar and there was a 4 hr resistance line just above the high of the pullback candle. During the trade, I watched closely to see if the 200 EMA would cause the market to consolidate or reverse....it did not....so I stayed in to the original TP. I also opened a scalp trade about an hour after NYO on the M15 chart following a change of candle color and cross of the TDI. The market had also tested the low of the day, set just before NYO and reversed....good for 38 pips...exited after price stalled.

EURUSD M15
Spread 2
Range 114.0
Candle 03:55
1.2348
27

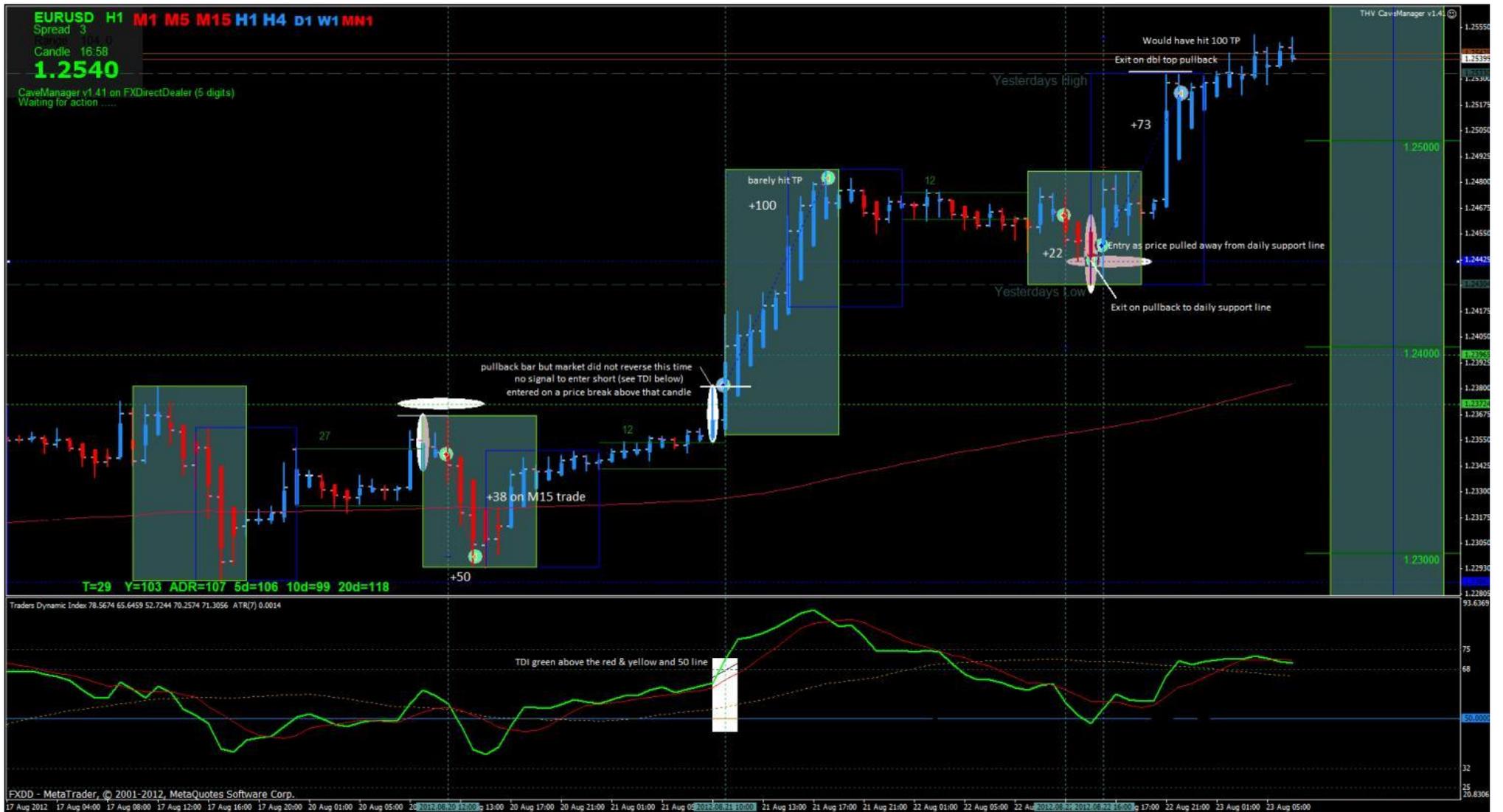


Traders Dynamic Index 66.0469 59.8739 53.7009 57.1095 60.9929



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17 Aug 2012 20 Aug 00:45 20 Aug 01:45 20 Aug 02:45 20 Aug 03:45 20 Aug 04:45 20 Aug 05:45 20 Aug 06:45 20 Aug 07:45 20 Aug 08:45 20 Aug 09:45 20 Aug 10:45 20 Aug 11:45 20 Aug 12:45 20 Aug 13:45 20 Aug 14:45 20 Aug 15:45 20 Aug 16:45 20 Aug 17:45 20 Aug 18:45



Attached is my H1 chart for the week, so far....I posted the M15 trade earlier. I made notes on the chart....hope it helps....



The market consolidated on Thursday, finding support at the previous days high. I took one long trade for 30 pips after getting a signal near the end of the London session. It was the only trade signal that met my trading plan criteria during London (H1 time frame).

Also took one trade on Friday. Entered shortly after LO on a TDI crossover signal. I could not monitor the trade but it did reach my TP.



A ranging market this week...only 3 H1 trades...only 1 reached TP, 1 broke even and one closed for 13 pips.

M15 today...picked up 45 pips on 3 trades...all based on the TMS system of a cross of the TDI on the 1st or 2nd candle with a change color.....still a slow week.....typically this time of year is slow due to the end of summer for many "Market Makers"....many of them on vacation or holiday.....expect the market to pick up again in Sept and Oct...



Q: 1) When the PA on the H1 and the cross on the TDI is not complete but the angle suggest to entry, do you open the Mf15 and entry anticipating the close of the candle?

2) When the cross is down but over the mbl or over the 50 line is important for you or the not?

1. No...when I trade the H1, my analysis is based on what I see on the H1 chart (including S/R areas marked on the chart from the higher time frames). I do NOT refer to the M15 chart for entries on the H1. For me, that just confuses the big picture. My trade decisions are based on what I find on the H1 chart (PA, including what I have learned from hundreds of hours backtesting and forward testing the market, candle patterns, HH HL LH LL, breaks of patterns, S&R areas, time of day, TDI, market harmonics, etc).

2. A cross over the MBL and/or the 50 line are added confirmation of a change in direction of the market.

I sometimes will scalp trade the M15 charts when the market is ranging but I concentrate on and trade the H1 charts most of the time.

Here are the two trades taken on Thursday & Friday, as requested by some of you....some of the reasons for taking the trades are on the chart.





A very easy trade....read the signals, enter, let it hit TP.....a double top creating the high of the day....two pullback candles....the second just before LO...cross of the TDI from the 68 line....doesn't get much easier than this!! Watched it pull thru daily support (blue line) and H4 support (green line), hit the TP just before the H1 support line.



Only 5 trades this week but some good movement with the Euro news.

Q: Your entry all perfect, as Wednesday where you are exited before reverse. Why not a simple retrace?

You always need to be aware that the first or second candle following LO can be a "fake out candle". I am aware of that possibility whenever I enter a trade at LO, so I monitored this trade closely...a couple of other reasons why....TDI was below the 32 and there had already been 10 red candles in a row preceding the LO indicating the run was probably over....if price had continued down after my exit, I could have re-entered on a break of the previous entry candle but it would have taken some news or event to push the market lower.

Q: And how did you know the bad market of Thursday or the best entry today before break of yesterday high?

Once you spend hundreds of hours studying how the Euro reacts to situations, you begin to understand that many times when big news is pending, the market will not move much before the news releases. This was the case on Thursday at LO. Positive Euro news came out in the 1st and 2nd hour of NY and once price settled down and found a direction, I scalped a few pips using the M15 chart.

Today, I had no way of knowing that the market was going to move 180+ pips...my analysis told me that with the positive Euro news on Thursday, there may be a continued move up, but that was just one possibility....one cannot successfully predict market behavior consistently...I just entered at LO on a break of the Asian high, like I have done many times, with a 50 pip TP and SL....as price continued strongly up (candles had no lower wicks...all upper wicks...there was very little retracement and every candle made a HH and HL), I removed my TP and let my EA manage the trade. I came back to my computer to see that price had moved past 150 pips and was beginning to pull back, so I reset the SL at 150 pips. Even if I had not come back to the computer and reset the SL, my EA would have taken me out with about 135 pips.



A good week trading EU H1. The first trade was taken on price action alone....not an A1 trade....all the rest met the criteria (per my trading plan) for entering a trade. I monitored the first trade very closely and if it had reversed again right after entry, I would have been out with a small loss.



I traded the H1 today with similar results as dee50 on the M15 chart....did not catch the last long trade....had a drivers meeting early at my business.....still a good week for pips, although a bit choppy.



Q: But my point is, if you want to make the comparison of today's trades, not one of your trades today was using this method in fact reviewing some of your charts many of your trades are pure PA trades, much like mine, but this is not what newbies will be doing, not until they have learnt to master PA and S/R and trendlines etc, like you. Newbies would have been chopped up like mince today if they followed the rules and had not at least looked at the 15min.

I agree with what you are saying....my concern is that the M15 charts can whipsaw back and forth a lot, eating up investment capital, unless you trade them the right way also.....Friday was a good day to gain some pips on the M15.....like you did.....but other days and times can be totally confusing to newbies....just saying that caution and following a trading plan apply to both the H1 and the M15 time frames.

Q: At what time you are entered long after BE? GMT XX.35? We should check every H (XX.00) or not?

Yes...I look for a reversal candle around the beginning of each hour....in the case of the 1st 50 pip (long) trade, the signal was actually given at the beginning of the entry candle.....but I was already in a short trade and waited to see if price would continue short before hitting breakeven (I have my EA set to move my stop to BE after price moves 24 pips in my favor....in this case....price moved 27 pips in my favor before reversing). I am also aware that many times the LO reverses on the second or third candle.

Q: Wondering what was your analysis when you took the second (long trade) and third (short trade) because these two setups so close to each other with reverse direction.

Once breakeven was hit, I entered long right away based on the double bottom of the 1st & 2nd candles of London, the long bottom wicks (pullback) of both candles, a bounce off the 200 EMA and the TDI cross. The 2nd 50 pip trade was taken based on a pullback of the previous blue candle and a change of color of the entry candle.....the TDI had not crossed but was moving down....and the 200 EMA was still over 60 pips away from entry, therefore a TP of 50 pips was possible.....however, the 2nd 50 pip trade was not an AAA+ trade....it was more risky than the 1st one but once it moved 24 pips in my favor, it was a free trade.....the worst I could do is breakeven....fortunately it hit the TP before reversing again.



While setting up charts for the week, noticed some divergence and decided to give it a go....moved to M15 and entered on TDI bounce.....first TP at 25. Price pulled back from 89EMA before LO then moved back up....moved stop to 50...then 75....then 100.....exited at 75 as price consolidated. Trades 2 & 3 were taken on TDI crosses....



As requested, my chart from last week....it was a little different trading week for me....I worked from home last week, so I had time to monitor my charts between work duties, family activities and sleeping. I entered a couple of "set and forget trades" outside my normal trading hours (London session) on signals that met my trading plan criteria. None were stopped out.



As you requested, my EU H1 chart from last week.



I see many questions asking "what did I do wrong".....maybe nothing....but most of the time those traders just need to study and learn how price acts and reacts, learn market structure, learn divergence, learn S/R or supply/demand, learn when to stay out of the markets, learn what times to trade, etc. Trading becomes much easier when you begin to understand these things. It is a continuing learning experience. This week has been one of those weeks where "reading" the market makes trading fun.

1st trade....LO on a day when banks were closed...took a smaller target....noticed a long trend from the Friday before....threw a fib on it and when it retraced to the 38 and reversed, I knew that leg 2 would equal leg 1 (ended up 2 pips different)....entry occurred right at LO.....traded accordingly....Today took a trade at LO based on PA.....had some drawdown (17 pips) but stuck it out ...TDI had already crossed...closed for +31 on a pullback from what turned out to be the high of the day.....saw a subsequent test of that high and another pullback....entered short...hit TP.



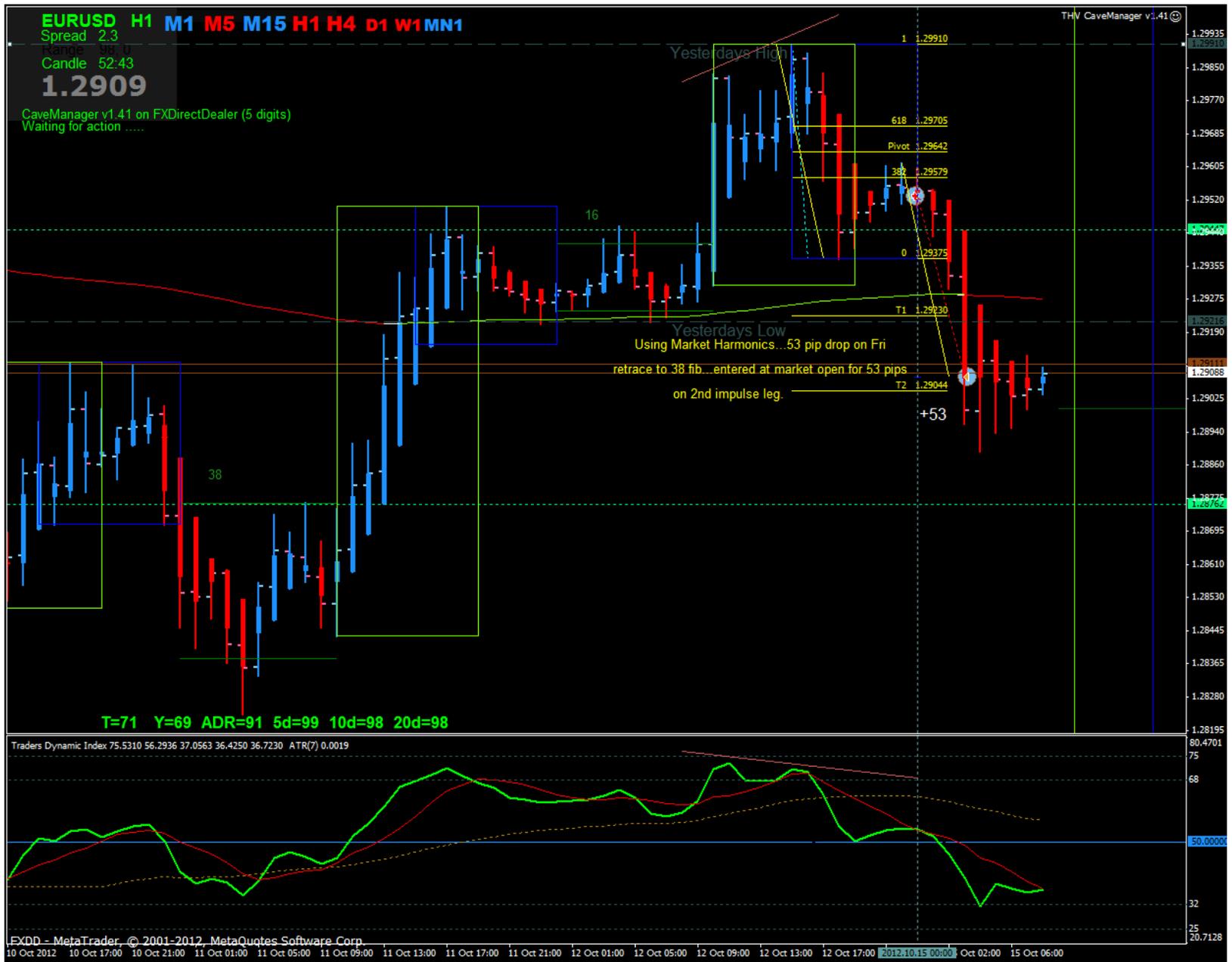
...I have already posted trades taken earlier this week.....attached are my final 3 trades of the week.....the first two are classic TDI crossover trades taken at London Open.....the last is also a TDI crossover trade taken before London close with the TP set just above the support line (which was also a resistance area for the Thursday trade). Instead of the usual 50 pips, I set TP at 30 pips due to the resistance area and lower volume on Friday.

Q: 1. Could you please give some insight about the reasons that usually make you move your take profits for more than the usual 50 pips?

2. When you refer to supply and demand, does it mean that you draw the support and resistance lines from the 4H and daily chart? or is it something different?

1. If price moves strongly in the direction of my trade for 35 to 40 pips, I often move my TP another 50 pips, then monitor the trade for pullbacks.

2. I have studied supply & demand but not enough to completely understand it....yet. Until I understand it better, I start the week by placing support/resistance lines on previous "sore thumb" areas on the weekly, daily, 4 hour and if a very obvious 1 hour area appears....time frames.



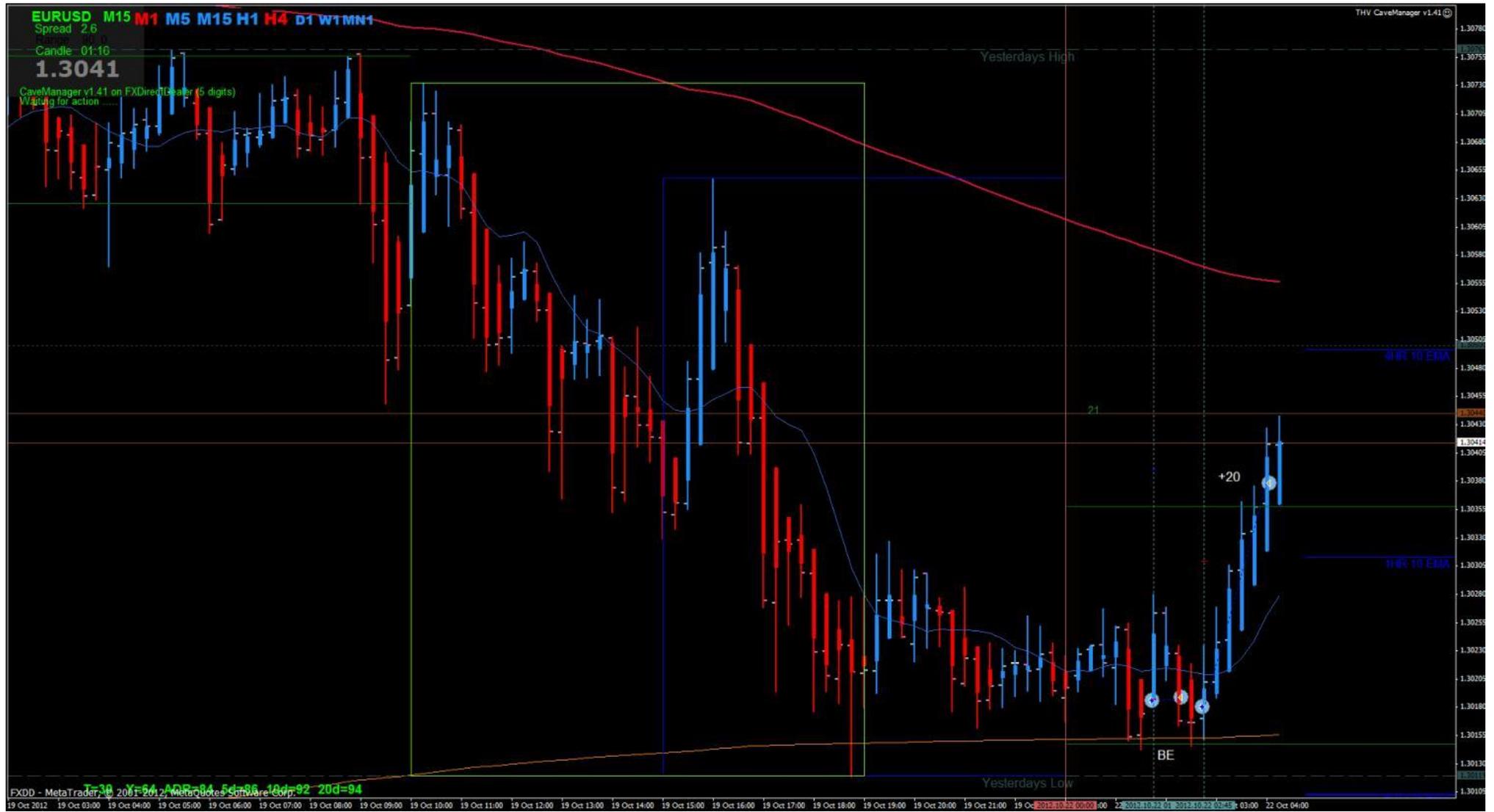
As I have stated before, I trade the EU during the London session....but right now I am studying another tool to use in my trading. I am doing some experimenting with Market Harmonics and decided to enter a trade at the open of the week based on a retracement just past the 38 fib. This is still a price action trade with the TDI red and yellow lines turning down and the green bouncing off the red line. There was also some divergence during the London session that played out. This is not something I would suggest anyone do without some study....I am just trying to learn more about price action. On Friday, the high of the day was set in the first hour of NY....following that, price dropped 53 pips, then retraced just past the 38 fib. At market opening today, price opened with a red

candle so I entered a trade with a 40 pip SL and a 53 pip TP (to match the 1st impulse leg). TP was hit and even continued for another 18 pips.

My trades for the week.

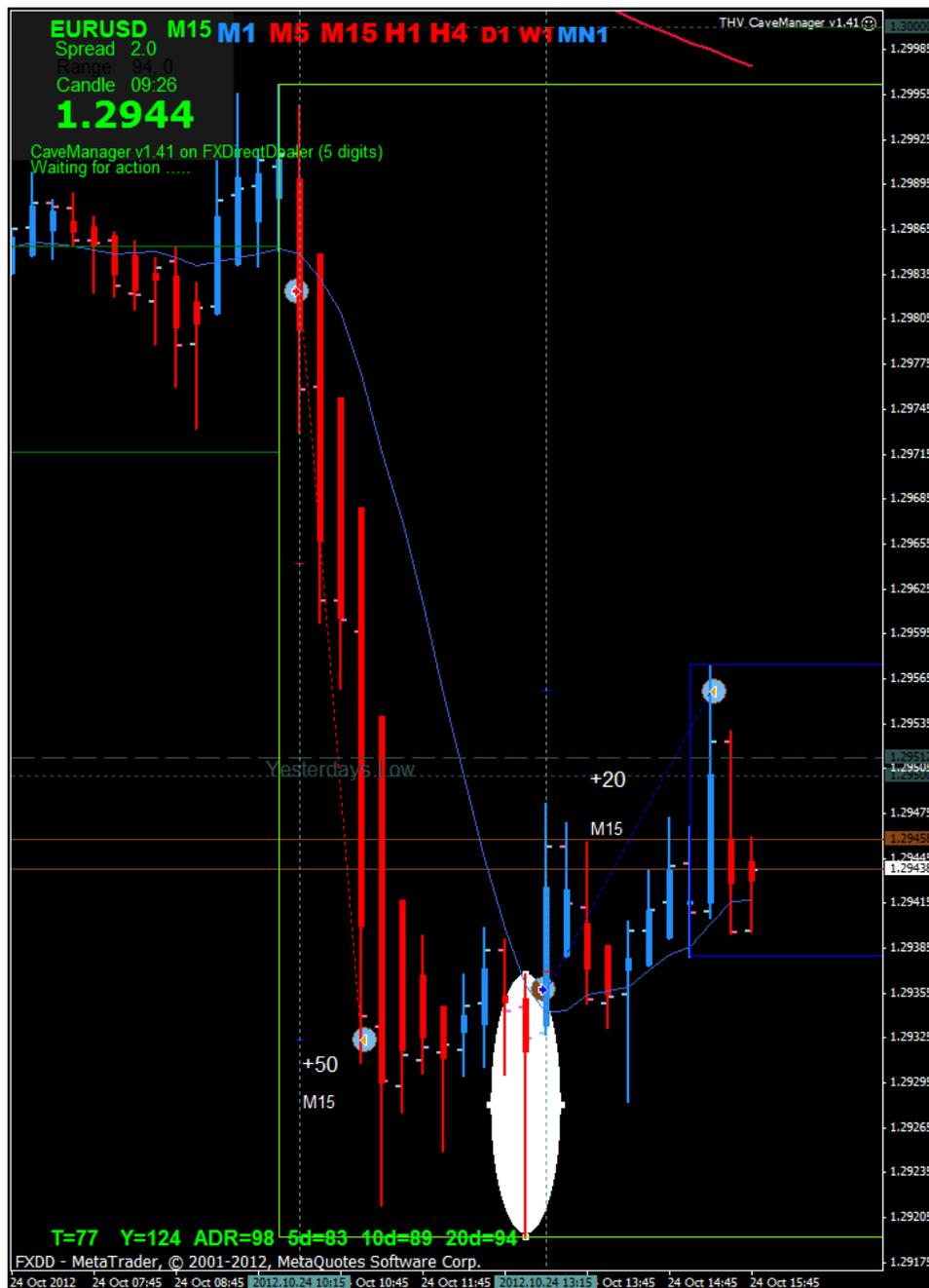


2 trades on bounce from 800 EMA.....1st trade closed at BE.....2nd trade closed for +20.....very interesting concepts taught here by some very good hearted people.....



Have spent two weeks reading and learning what is posted on this thread.....decided to give it a try yesterday. I normally trade the EU H1 during London. Started with the Asian session at market open because often the Sunday trend will continue in one direction if there is little news to change it. At London Open, I took trades that broke the 200 EMA and/or the 10 MA. A couple of trades were taken off pull back candles. A very successful trading day!!! I will continue to learn and test this method, in addition to the TDI trades I usually make on the EU.





Two M15 trades today....+70 pips.....done for the day.

1st trade...following LO, price reversed away from the 200 & 800 EMA's and the 1.30 RN....crossed the 10MA....entered for +50.

2nd trade....nice pin bar (white circle) which set the low of the London session....crossed 10MA long....7 pip drawdown did not hit my 10 pip SL.....price did hit my 20 pip TP.

Done trading for the day even though there is potential for more pips. No need to be greedy or lose the pips gained.

Q: On this chart can someone tell me where is the down move confirmed....on which candle.... Mark your candle and reasons for it....plz

Downtrend was confirmed on a break of the 800EMA following a **Lower High** after a series of HH and HL's (marked on chart). Price also broke the 800EMA twice and was rejected both times. TP set above the 200EMA.....Re-entry following a second break of the 200EMA.





Two trades for the day....

1st trade.....following LO....candle close above the 10EMA...TP 20 pips.....SL 10 pips.....closed trade for +9 pips.

2nd trade.....price consolidation....nice pullback bar on H1 (already mentioned by Emmanuel and others)....entered on a cross of the 10EMA.....TP20.....moved to 50 on strong price action.....SL 10.....target of +50 hit.

No trades during NY but looking at the chart....another possible 40+ pips back to the 200EMA....Entry would have been on a close above the 10EMA and pull back above the daily trendline and above the RN 1.2900.

I did spend some time last week looking at the M15 thread....it's not for me...I made some pips but it requires lots of screen time monitoring and managing trades.....plus, as you are aware, price whipsaws a lot on the M15....I did find a couple of useful ideas and tools to incorporate into my trading plan. In my opinion, using the M15 for an earlier entry is fine as long as you can monitor the trade on the H1. I know both of you enter some trades on the M15. This week I have traded according to my tried and true trading plan with pretty much the same success I've been having....235 pips so far this week....taking several of the same trades both of you took. The 200EMA on the H1 time frame provided lots of interesting trades for the week. I will post my weekly chart sometime this weekend for those who may be interested.

Done for the week.....entry and exit explanations are on the chart.



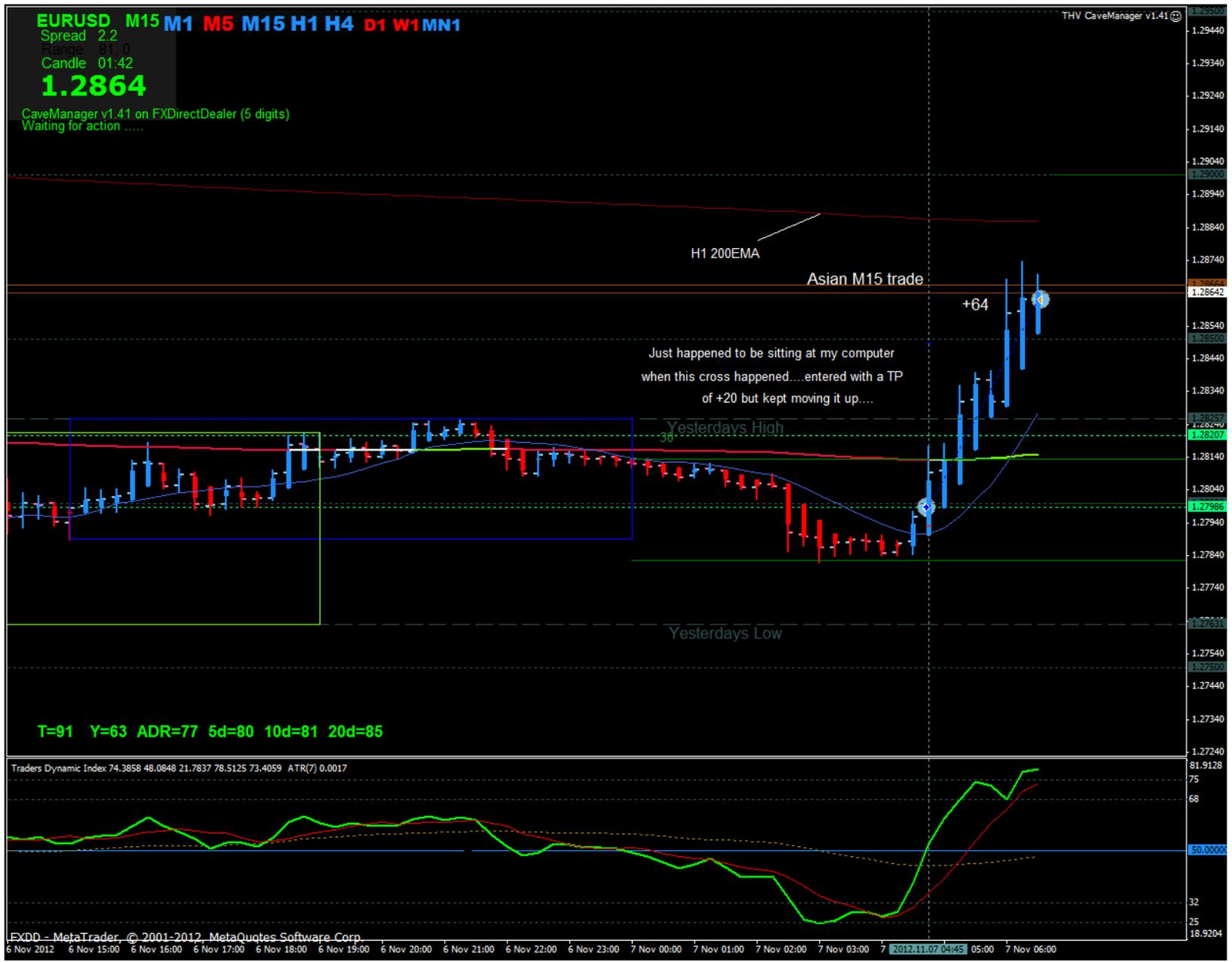
Q: Do you trade other currency pairs, like the other majors (AU, GU, EJ, GJ, UC, NU)? The same principles that we apply to EU with this system work perfectly well on other pairs? Or do you think we need to somehow adapt our way of trading depending on the currency personality?

Definitely we would need to adapt the TP and SL due to the different volatility and ADR of each pair...

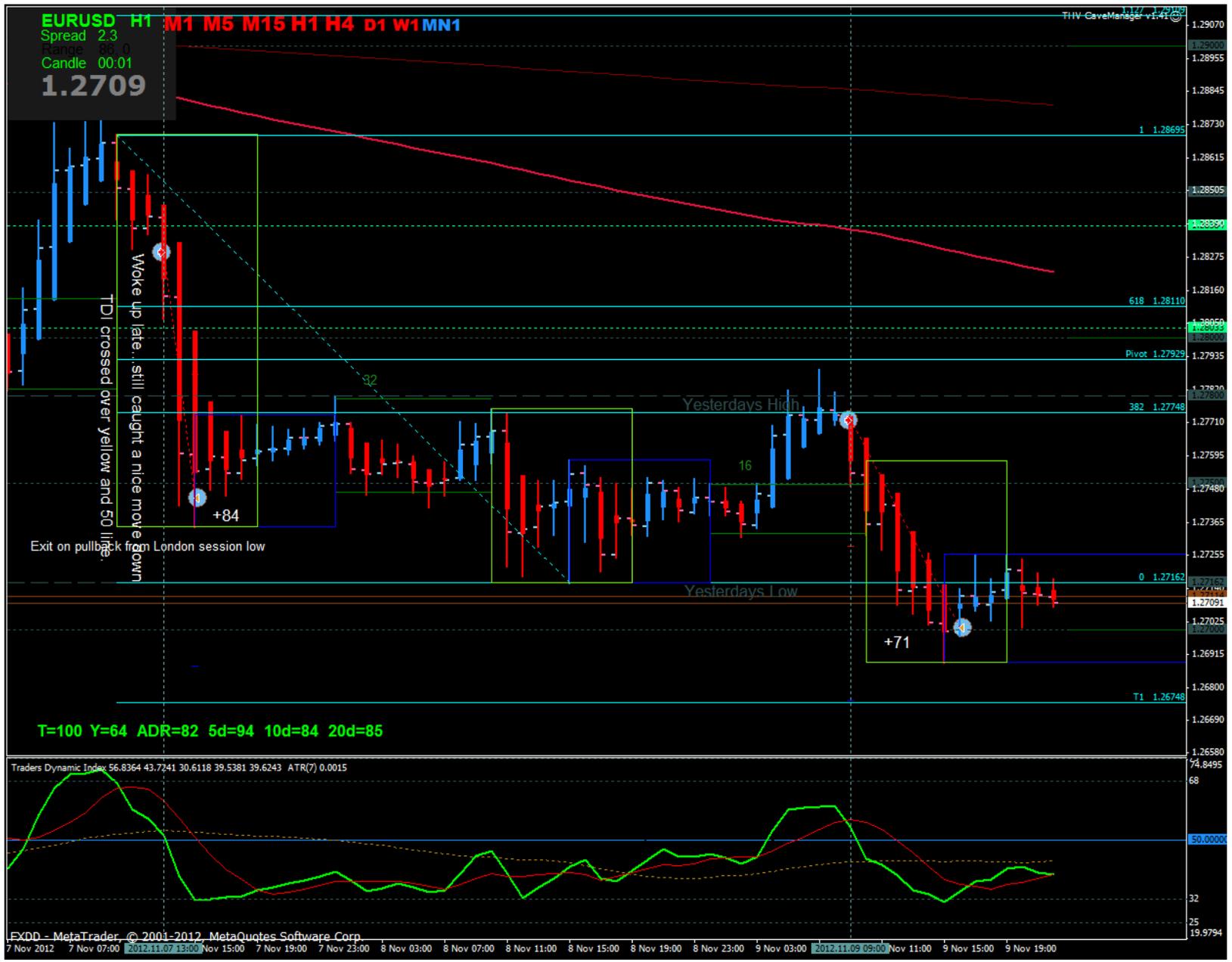
This system can be adapted to any currency pair but you are right...each pair has it's own personality....I have done some work on the GU pair and have found much bigger spikes that take out a normal EU stop loss a lot more often. AU does not normally produce as many pips but moves very similar to the EU....GJ is called the "Beast" for a reason...it can produce big pips and big losses in a hurry.

I trade EU almost exclusively....occasionally I take a trade on AU or GU.

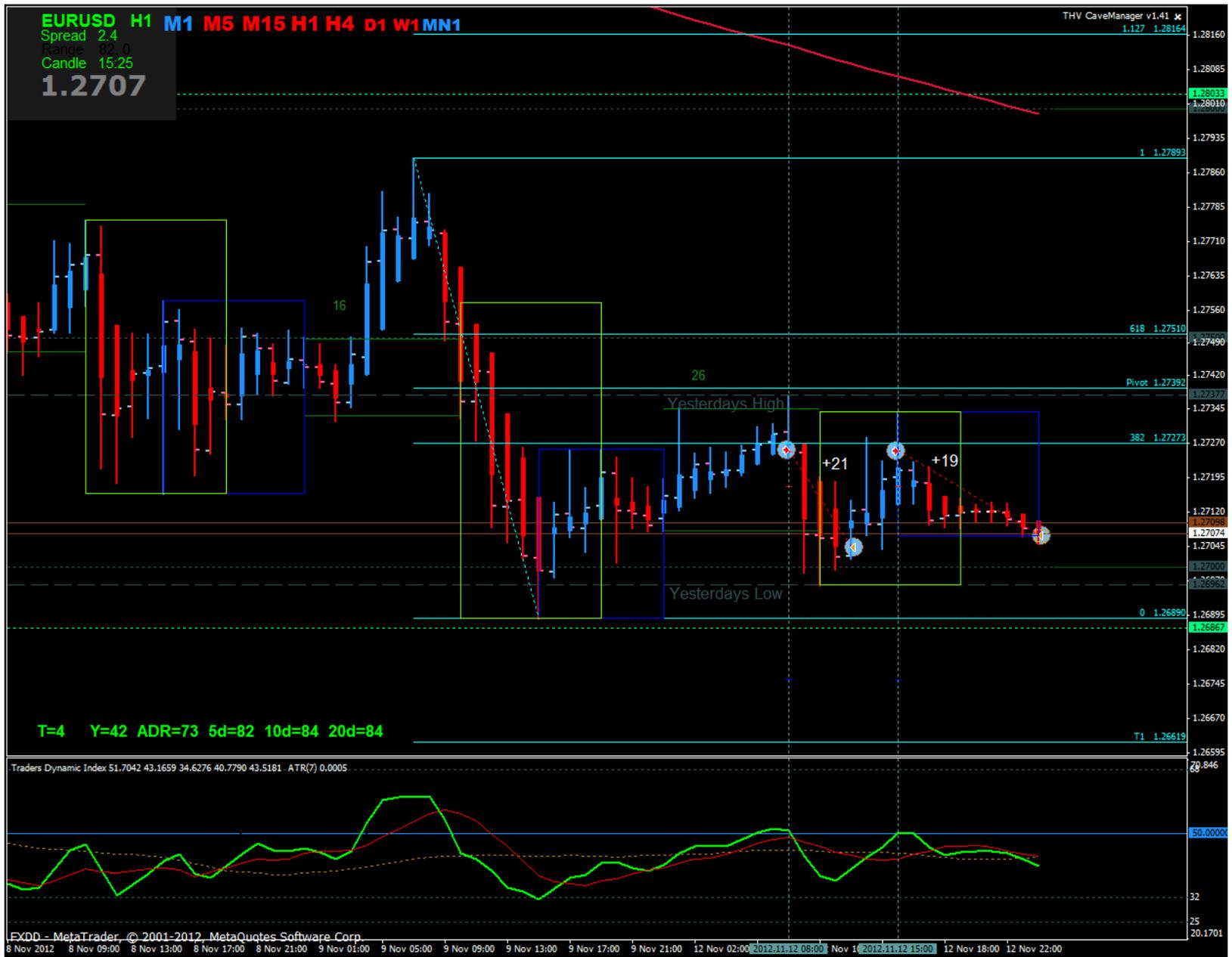
Some day soon, when I finally retire and have more time to trade, I will investigate these other pairs more deeply.

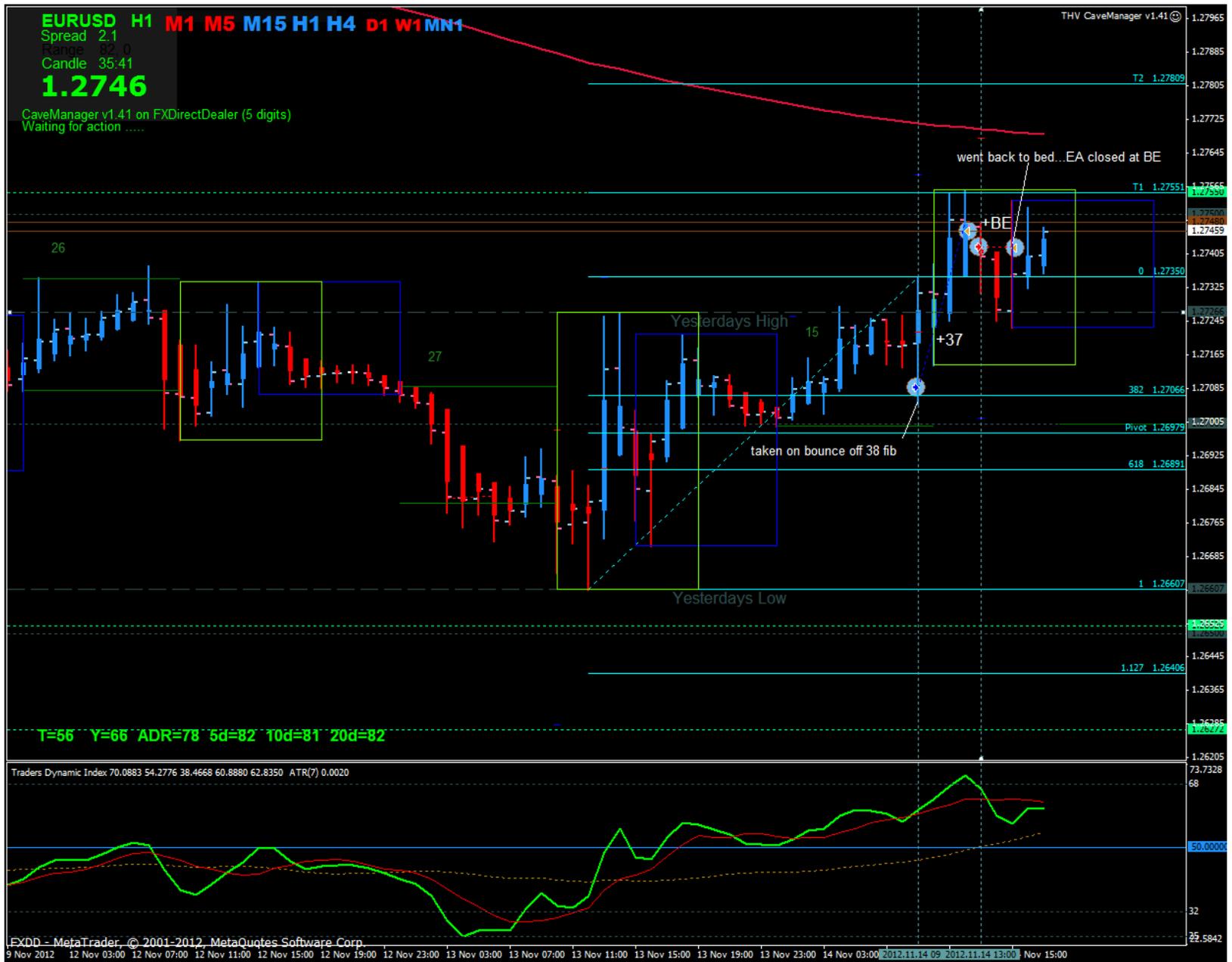


Just completed a nice Asian session trade.....just happened to be at my computer and saw a cross of the TDI.....intended to scalp 15 or 20 pips....actually ended the trade on a pullback from the H1 200EMA.



A couple of EU H1 trades...one on Wed and the other today. The one today is basically a bounce trade off the 38 fib following the Wed move down. I also had a couple of M15 trades also posted this week.

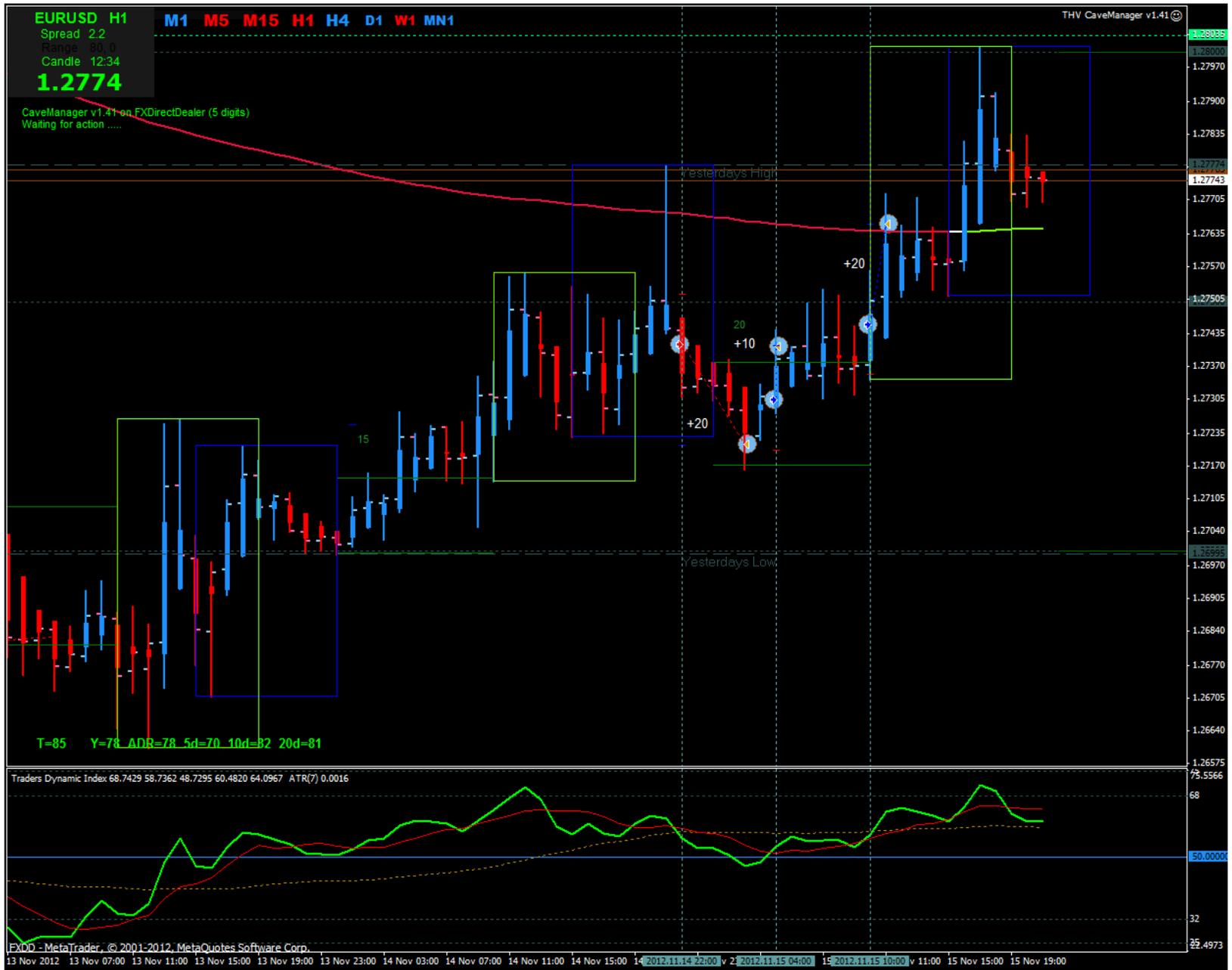




EU H1

I'll try to get to the questions later....leaving for a business meeting in a couple of minutes....

The market is still ranging making it difficult to trade a trend, so I just take what the market will give me and get out on any sign of reversal. Two trades today....first during the Frankfurt session for a few pips....again on a bounce of the 38 fib (not a part of the TMS or S3 system, just something I learned and have tested from the Pro Traders Network).....entered a second trade and went back to bed...EA closed it at BE...done for the day.



Took some scalp trades on the EU H1 during the Asian session and one at LO.....TP was small on the LO trade due to the 200 EMA being very close. I have also been demo trading and studying the GU and the EJ. I took my first LIVE trade on the EJ today because price was breaking both the H1 200EMA AND THE H4 200EMA....turned out to be the right decision....I moved my TP further out three times because price continued up.....overall a very good day!!

EURJPY H1 M1 M5 M15 H1 H4 D1 W1 MN1
Spread 5.1
Pips 103.200
Candle 35.23
103.77

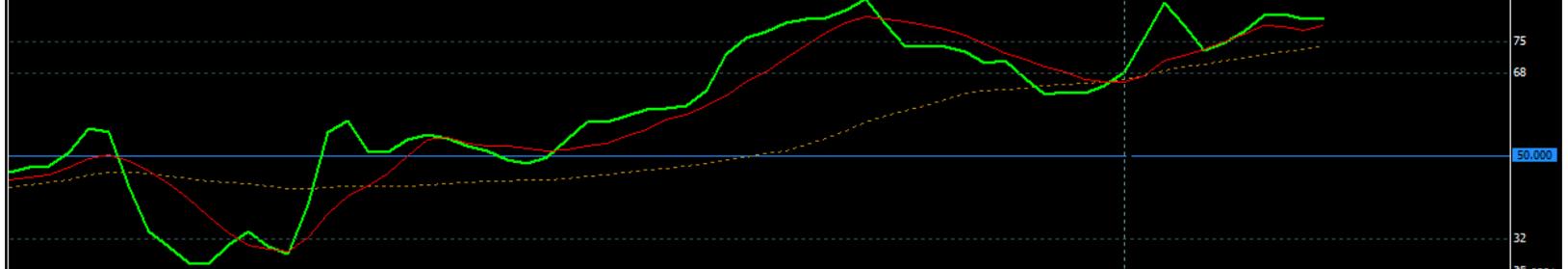
CaveManager v1.41 on FXDirectDealer (3 digits)
Waiting for action

THV CaveManager v1.41 ©



T=179 Y=156 ADR=117 5d=108 10d=103 20d=102

Traders Dynamic Index 85.4765 74.0582 62.6399 79.8860 78.5444 ATR(7) 0.2463



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12 Nov 2012 13 Nov 01:00 13 Nov 05:00 13 Nov 09:00 13 Nov 13:00 13 Nov 17:00 13 Nov 21:00 14 Nov 01:00 14 Nov 05:00 14 Nov 09:00 14 Nov 13:00 14 Nov 17:00 14 Nov 21:00 15 Nov 2012 11:15 05:00 5:00 15 Nov 09:00 15 Nov 13:00

I am attaching a chart matching the chart you posted with every cross of the TDI during that period of 3 days....I have marked each entry point and explained why I would or would not enter the trade based solely on the TDI crosses.

Trades as numbered at the top of my chart:

- 1...TDI below 32 crossing up...a good entry....possible 47 pip profit with a 20 pip drawdown.
- 2...Would not take this trade...green and red lines above the 50 line and yellow sloping up.
- 3...TDI green and red above the 50 line...yellow below green & red....sloping up...a good entry...possible 47 pips with a 4 pip drawdown.
- 4...Same conditions as #3...possible 24 pips with a 4 pip drawdown.
- 5...Green pulling down from 68 and crossing but the yellow is sloping up...possible trade entry but the yellow might keep me out.
- 6...Same conditions as #3...possible 37 pips with 0 drawdown.
- 7...Trade I actually took....green crossing red and yellow....exited with 20 pips.
- 8...Green crossing red above the 50 line...caution...yellow above green & red...scalped for 10 pips.
- 9...London open trade...green over red & crossing yellow...I took 20 pips due to 200 EMA line.
- 10..Re-entry on a bounce of green off red...both above yellow....possible 35 pips with 0 drawdown.
- 11..Caution...yellow below green & red but a nice pullback on two previous candles....would have taken trade...possilbe 20 pips on 4 pip drawdown.

Well over 200 possible pips in somewhat choppy market, just based on the TDI crosses and no other filters....assume you were able to capture 1/2 or 1/3 of those pips, you would be making a nice profit based on a full lot traded each time. When you build your trading plan with other factors (price action, pullbacks, fibs, EMA's, divergence, round numbers, S/R lines or areas, etc) to determine when to enter a trade, your success rate can become a very high percentage of successful trades. Each trader must put in the hours of study and learning to understand how the market works and build their OWN trading plan based on what works for them, in order to become successful. It is a difficult journey at times but very rewarding once you master your own plan. You will notice that dee50 and munirpt and others use some tools different from the ones I use and they also are successful at trading. Everyone must master their own style and trading plan.



Q: Re: E/J trade: Well done , fantastic trade on EJ. Can you please tell me what kept you in this trade , I know that I would have stopped when green did about turn and headed for red (tdi) and looked like it just broke through very slightly , I know the candles were still blue , but were there other reasons too ?

On the H1 time frame, once price takes me into profit 25 to 30 pips and moves on, I lock in a small profit and then usually only exit on a change of candle color or at least a 3 candle consolidation. Because price had crossed both the H1 200 AND H4 200 EMA's, I thought the move would be very strong....at the point you mentioned, I only had a 1 candle pullback and was willing to stay with the trade because I already had a small profit locked in.

Q: How do you define raging market. At what point do you say to yourself: "The market is raging, im not taking 3S 1H traders from now on until... ". Until when?

I define a ranging market when most of the candles I see have long upper AND lower wicks and price cannot seem to find one direction without sudden pullbacks and reversals. When I see these things, I still look for good entries but use smaller TP's.

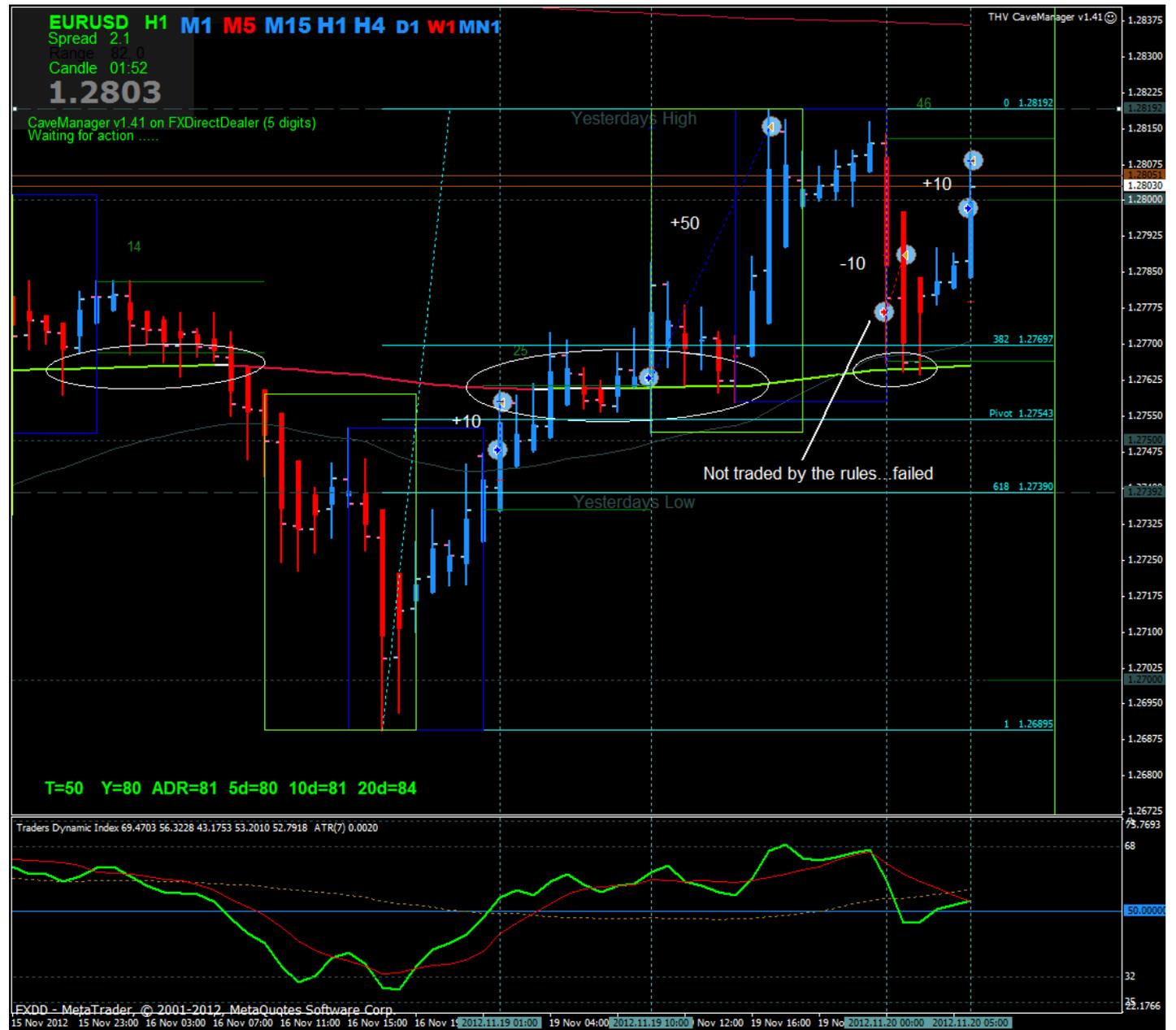
Q: You mentioned you only exit on a change of candle color (you wait till completion of this changed color candle or as soon as color changing in between one hr period (some time color changed only for some minutes). Please can you clarify?

Sorry....I wasn't very clear on that....I wait for the open of a new candle of the opposite color.

Q: Looking at phx62 charts I often saw he opened trade in the middle of the candle (and not waiting until the close of that candle). Personally I believe this is extremely difficult for me because often the price move in opposite direction after the candle close. For example, the candle breaks triple bottom but then the candle gets rejected and form a pin bar later. How do you know if it won't get rejected, how can you have such confidence to simply open the trade in the middle of the candle? (and not waiting...)

When I open a trade later than the open of the candle, it is usually because I need to see it break a previous high (or low) or break a resistance area or some other consolidation point. When I open a trade before the TDI has crossed, it is because I have seen something in price action to tell me price is reversing. In your example, a triple bottom indicates that price has run out of steam and may be reversing, so even though another candle may break below it, most of the time it will not continue in that direction, so I make an entry and monitor to see where price goes.....most of the time it works.

Trades so far this week on the EU H1 time frame....3 scalp trades and 1 bounce trade off the 200EMA. Notice how price bounces off the 200EMA or consolidates and then pushes through the 200EMA (circled areas). I did not follow my rules and traded a bounce off the 200 without any other confirmation and lost 10pips...should have waited for a color change and/or TDI cross....just a wake up call to follow the trading plan. Notice also price is bouncing off the 38.2 fib on the latest move up but the H4 200EMA is the red line at the top of the chart. Price should also consolidate there if it reaches that far. There could be some interesting moves between the H1 & H4 200EMA's unless news moves the market through one or the other.



EU H1 trades I took this week.

The Average Daily Range for EU has gotten smaller over the past few months and is currently about 80 pips per day. As a result, I have reduced my opening TP from 50 pips to 40 pips per trade. I also took a couple of H1 scalp trades during the Asian session with 20 pip targets. Those trades I monitor closely and exit on pullbacks. Overall, a good trading week even though I overtraded a bit and did not limit myself to A+++ setups. In the long term, that can result in losses. Next week I need to trade according to my trading plan.



Q: I can see that some trades have been entered based on price action even TDI hasn't cross. I think this should come with further back testing and experience.

You are exactly right....hundreds of chart hours watching and test the way EU moves under different circumstances....even then you will miss few but overall you can succeed after learning and then building a consistent trading plan....in writing.....with hard and fast rules.

Q: Looking at the first trade I would have been too inexperienced to risk placing that trade. I'd be really interested to hear what gave Phx60 confidence on that one. I might have been more confident two hours later as it broke the Asian low but even then the lack of confirmation from the TDI would have made me hesitate. As for exiting I would have run to the next candle and exited as I saw the TDI hook back up. A good deal less pips if I had, but a good profit none the less.

The first trade was taken after the red setup candle pulled back and then the entry candle broke the high of the five previous candles. I was scalping and if price had pulled back a few pips before hitting TP, I would have exited. Price did not pull back until after hitting TP.

Q2....the 4th trade was another 20 pip scalp trade. I took that trade on the basis that the yellow line was crossing the 50 and green and red were already below the 50 line. I took the trade when the candle turned red.

There are no 100 pip trades on the chart I posted for last week. Please let me know what you are looking at.

From previous experience, I know that newbies need to learn price action which means that price must be moving, so I would suggest you only trade the London session to begin with. After going live, I only traded London for almost a year....

Q: I have a question regarding your 6th trade (short after BE) on this chart.

1. What were your thoughts when you entered this trade? (Since I seen you have entered before price had broken through last few candles lows. TDI was flat but still did not cross. P.S. I personally would have entered on second or even third candle - newbie)

2. How did you figure when to exit on the same trade since last candle before your exited has hit resistance, how did you know that price will break this resistance and continue on down? How did you decide when to exit?

If I may, let me give you a gem that I picked up a couple of years ago that has really helped my trading during the London session. Normally the EU high or low of the London session will be set within the 1st two hours of the session.....example....go back through your own charts beginning with yesterdays trades and mark out the London session for the past 20 days (on my charts the London session is outlined by the lime green boxes). Find the high and low of the session. Now, look at when the first high or first low of the London session was set. In the past 20 days, the high or low was set 17 times by the 1st 1 hour candle...2 times it was set by the 2nd candle and 1 time it was set by the 3rd candle. Once the high or low are set, you can depend on price going the opposite direction until it nears the Average Daily Range (obviously there are waves in price as it reaches the ADR) but almost always, the high and the low of the day will occur during the London session. When this does not happen it is usually because of a strong news release that moves price very quickly. With the knowledge that the high and low of the day will normally be set during London, you can depend on price trending for several candles in one direction once the high or low is set. Then all that is left to do is determine which direction and when to enter a trade. Now, to answer your question, once price pulled back on the 1st candle and I closed the opening trade at BE and the when the 2nd candle of the session turned red, I was confident that price would continue down, so I entered short. The ADR at the time was less than 80 pips and price was already about 20 pips below the Asian high, so I set

a 40 pip target that was hit. The only thing I used the TDI for on this trade was to see if it was above or below the 50 line and which way the yellow line was pointing. All 3 lines were below the 50 and the yellow was sloping down.

I use the 200 EMA on several time frames to determine serious resistance...I also mark out S&R on the daily time frame which tends to be very strong....sometimes I also use lines from the H4 time frame. I also use some fib levels once an impulse leg and pullback complete.

Here are the trades I took this week on the EU H1. I entered all trades during the London session (except the 1 early trade during the Frankfurt session based on a strong pullback candle) per my trade plan. A very good week.....



Q: 1. Concerning your 2nd trade where price was closing on 200 ema and when pullback candle happened, I can see you have entered on crossover of TDI and did not wait for break of Asian session why is that? Further on what made you stay in the trade when price was closing on 200 ema and pullback candle happened, what made you sure price will break through (I saw your last week short trade where you decided to close trade before 200 ema.)?

2. Concerning your 7th trade of the week...

Q1.....RE: trade 2.....I entered the trade based on price bouncing off the 50 EMA (which is also the M15 200 EMA), price bouncing off the trend line (not the one shown on the chart but the first one I drew once price started moving up) and a cross of the TDI green over red above the 50 line. The yellow Market Base line was also crossing over the 50 line and sloping up. All those things gave me confidence that a strong up move might occur. I knew the 200 EMA was close but entered with my usual 40 pip TP and SL. I went back to bed leaving my EA to manage the trade knowing that the SL would be moved to BE before price reached the 200 EMA, so even if price reversed at the 200, the worst that could happen would be a break even trade. Instead it reached my TP.

Q2.....RE: trade 7....price bounced off the trend line and once it pulled back and closed above the open of the set up candle and the next candle turned blue, it was a classic pullback setup and I entered. Once the trade reached the high of the current London session and pulled back a little, I decided to exit the trade. That decision was also influenced by the time of day...London ending and NY well underway. Price movement typically begins to slow down then without big news pending.

Many of these decisions and analysis come from understanding what the market is likely to do in given situations....hundreds of hours of studying charts and price movements.



EU

Two trades today....one BE and one for +40. No trades yesterday....no valid signals.



The yellow lines are support/resistance lines that I place on my Daily charts each week, showing where price has reversed in the recent past.

On the 17th, all the candles in the late Asian and into the London sessions had long wicks on each end and very small bodies, indicating consolidation.....also the TDI was sloping down in an uptrend market. The only trade I was looking for was a long trade and there were no signals to indicate an entry.

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I landed another 40 pounder today.....probably done for the year, as well.

Another way to develop the discipline is the stay in the trade until a candle CLOSES the opposite color (only after you can move stop to BE). One can get nervous when a candle changes color during the hour but many times it comes back and then stays the same color and continues in the same direction. Try waiting for the candle to CLOSE and then if the NEXT candle changes color (especially if it is a candle that follows one with a lower high)...exit....you may lose a few pips on a reversal but if price continues with the original trend and stays the same color and you stayed in the trade, you'll be happy you did.

Notice the circled candle below....it pulled back but still stayed blue, then the next candle moved up 47 more pips. If the next candle had changed to red, I would have exited the trade because the pullback candle indicated a change in direction.





The market seemed to be moving today, so I took 3 trades similar to yours.

trade 1....EU...taken during the Frankfurt session on a nice TDI bounce off the Market Base line (yellow) and a cross over the Trade Signal line (red) and a bounce off the daily S/R line.

trade 2....EJ....taken shortly after LO on a move back over the daily S/R line.

trade 3....EU...taken on a strong pullback of price after the London session stalled and reversed following high impact US news releases.



Two more nice trades this morning....done for the week.

Both trades entered shortly after LO based on a pullback from Frankfurt high....waited for price to break of the low of the setup candles....

EU...TDI bounced off the Market Base line and crossed green over red.....TP at 200EMA.....

EJ...TDI green bounced off red, both below MBI.....entered with a 40 pip TP.....strong movement down....moved stop to 80 TP.....well within the Average Daily Range for EJ of 115....TP hit.



Took three EU H1 trades in the past 24 hours. Some of the reasons were explained in my last post. In addition, using Market Harmonics (still learning that from Rick at Pro Trader Network and some of munirpt's posts on this thread), there was an impulse leg down about 135 pips and then a retrace to the 23.6 fib which was just under the 200EMA and then the second leg moved down about 105 pips, so far. The last leg has not quite reached the target but is close to the H4 200EMA. The first trade was taken following "fiscal cliff" news shortly after the NY open yesterday, along with the reasons stated above. The other two trades were based on Market Harmonics and TDI signals. Three good trades.

Last couple of trades this week.....downtrend may be over.....lets see what next week brings.





Just closed the one trade I took today.....taken on a double bottom bounce and TDI bouncing off the yellow MBL during 2nd hour of London....bounced around till NY open and then moved up through the H4EMA to the 38 fib line, where it stalled.....good for +81.

Q: Today i took the same trade as you, but i bailed out after seeing the second red candle (closed) with opposite cross of TDI. What made you stay in the trade with such conditions?

The 1st London candle appeared to set the low of the day right at the yellow daily resistance line, so I entered the trade long....I just didn't know price would take so long to go that direction. The drawdown on the trade turned out to be 8 pips and my SL was 16 pips so I stayed in it (actually my EA kept me in it....I was asleep). The trade moved 21 pips in my favor on the third candle before bouncing down and the back up, so the EA moved my SL from 40 pips to 16 pips once price reached +18 pips. If I had monitored the trade, I would still have been in it at least until a candle broke the yellow daily resistance area. When I woke up, the NY session had started and price was moving up, so I monitored it each hour, from work, until price stalled for a couple of hours. I don't use the TDI for exits.

Q: How do you know or exit the trade 20 pips 50 pips 40 pips 70 pips 90 pips etc?

I set my TP and SL based on the Average Daily Range of the pair....after much study and testing, I am comfortable setting TP and SL at roughly 40% to 50% on the current ADR.....right now with the ADR running at 90 to 100 pips, I enter all my EU H1 trades with a 40 pip TP and a 40 pip SL. When the ADR was in the 110 to 120 range, I would enter with a 50 pip TP and 50 pip SL. When I see long candles with no wicks on the bottom (long trades) I sometimes move my TP to 80 or 100 pips and wait for a pullback and/or a candle to close red (long trades) while the EA moves the SL approx 3 pips behind the previous candle following the close of a candle.....or if there is not strong consolidation, I let it run to the new TP. If I had been patient enough today, it would have come very close to hitting the 100 pip TP.

Q: Is your main trading is still on EU H1, you don't often use other pairs or TFs?

I still mainly trade the EU H1....it makes a steady amount of money for me.....I do trade some EJ during the Asian and London sessions.



Note to Trading Plan....DON'T BE OVERLY CONCERNED ABOUT THE 200EMA's.....USE THEM AS A GUIDE NOT AN ABSOLUTE PRICE STOP.....

On the EU today I took the "fake out" London Open candle long because it bounced off the H4 200EMA....set my EA.....went back to bed....woke up to a -16 loss.....re-entered....stopped out at BE.....I know that the LO candle is often a fake out but I concentrated on the 200EMA's instead of "trading what I see". Another lesson learned. Looking back at the chart, I could have gotten my 40 pip profit easily by trading according to my plan.

I did have a good trade on the EJ during the Asian session....the ADR on that pair is around 140 per day....good movement....so I tried a scalp trade on break back through the H1 200EMA, moved the TP up and turned a nice profit on that trade.

Q: What i would like to discuss is how do you form your bias for the day when you sit in your computer at London Open? Do you decide beforehand that you are only interested in longs, or in shorts? Or you don't do this kind of judgment at the beginning of the day?

The only other thing I might add is that at the beginning of each week, I do a "top down analysis". I start with the weekly chart and work my way down to the hourly chart, making notes and adding S/R lines, fibs, trend lines....etc. I also have small M15 and H4 charts running next to my H1 chart to give me

some perspective of the market while trading.

In answer to your questions, I think you have to do some analysis every time you sit down to trade, keeping in mind what you already know from the weekly analysis. You always have to consider current price action/volume, time of day, current events, possible entries and exits, money magement and then stay disciplined to the rules of your trading plan.



Just exited a EJ trade that I entered on a TDI break early in the Asian session.....I have some business meetings this morning or I would consider staying in a little longer. Just before news, I moved my SL up tight but it was not hit. EU also produced +40 but I did not re-enter because of news and I was already in the EJ trade.

Q: Could you please provide some more details why you decided to take that trade? The second the rally started I new you were in. You went long before Frankfurt Open. There were some signals supporting the trade (lack of lower lows, cross of TDI), but price was downtrending, SMA was up above and pointing down and big news were incoming. What loaded you with such a confidence?

It was a classic Trading Made Simple setup as taught by Big E. Actually, the trade was entered after the Frankfurt session opened and after price broke the high of the setup candle (1st blue candle)....red news releases were not scheduled for several hours from the time I entered.....I had some concern about the H4 200EMA but price had tested and broken it a couple of times already. If I had gotten a strong bounce off it, I would have exited with a small loss....my analysis of the setup was.....1. the Asian session tested but did not break Yesterday's low and then price bounced off the AS low, 2. a strong set up candle with a TDI green cross over red, with the TDI green trending up for the past 16 hours with some divergence, 3. TDI green moving over the 50 line, TDI red was crossing the yellow MBL and sloping up....I liked the way the setup looked and entered....the H1 200EMA was more than 40 pips away, so I expected to hit TP before price hit the 200EMA.

As it turned out, I only took a small portion of the pips available and as I am writing this, price is still trending up and has not formed and closed even one APB red candle, even though the TDI green has just crossed back down over the red on the H1 chart.



WOW....WHAT A DAY.....Dee.....Could you get a bigger bucket for that loader?

I just closed another trade for +117 and had another one hit for +50.....1st trade taken on a break of consolidation (white line).....the 2nd trade I took on a break of S/R that barely hit my TP before price began pulling back.....closed the 1st trade on the third pullback candle.....

Lets see where we go from here....definitely won't take any short trades until I see a 123 pattern and TDI break, green below red and yellow and all below the 68 line.....

What a week for trading.....just did one trade today during NY session.....TDI signal.....





Two EJ H1 trades today....the first at market open....entered because of the strong uptrend from last week and a strong blue candle to open the week.

The second trade was a typical LO trade although I entered a little late (3rd candle instead of 2nd)....still reached my TP.

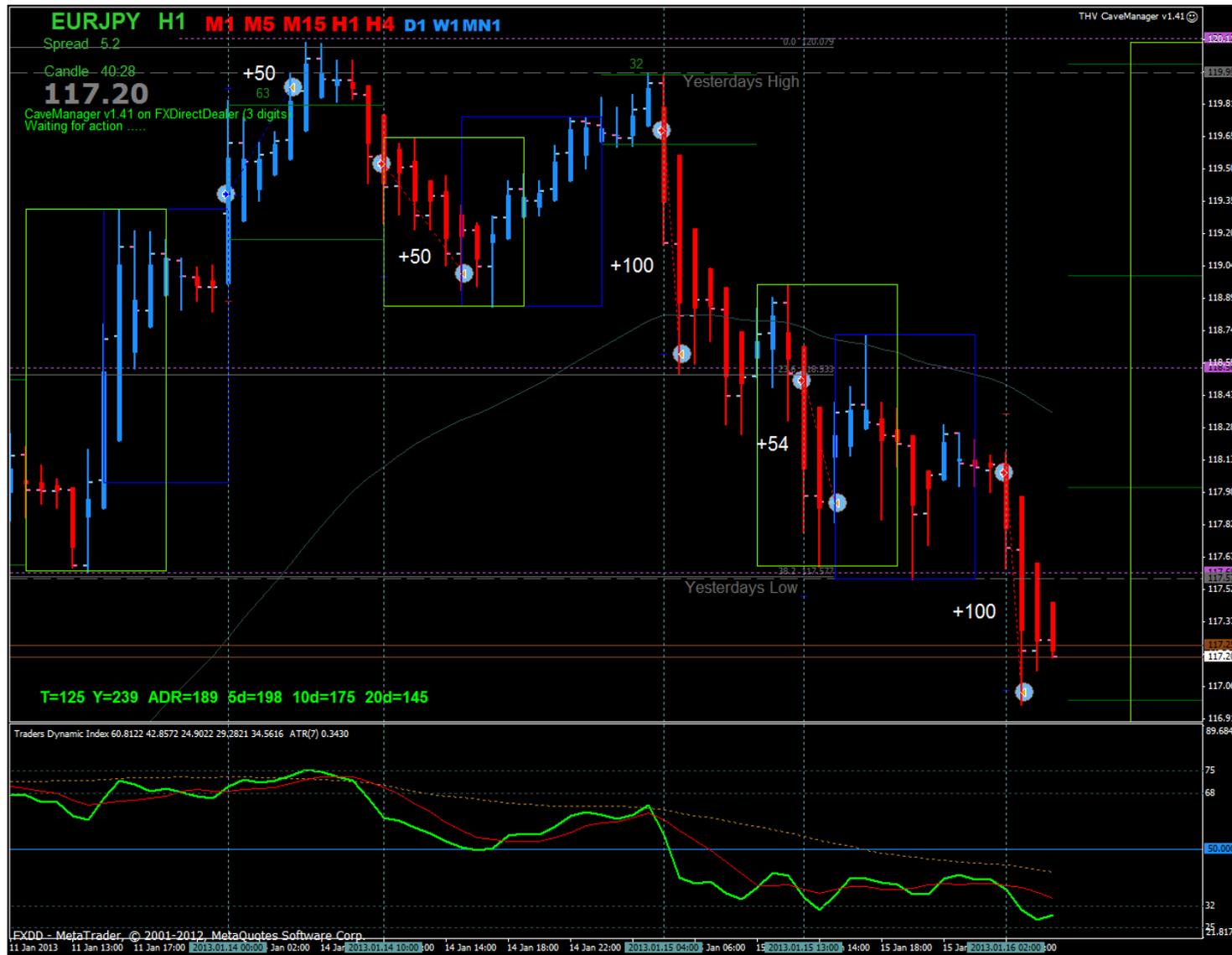
TRADING MADE SIMPLE & S3 TRADES SHOWING THE

SIMPLICITY AND ACCURACY OF THE SYSTEM WHEN THERE IS MARKET VOLUME.

During the past 24 hours I did some DEMO trades during the Asian and London sessions (had the day off from work). I traded just using the TDI crosses.....200EMA's and S/R lines for targets or entries.....Lower highs and lower lows to determine continuing trend on the M15 EJ chart. During the 24 hours, I took 9 M15 trades with no losses....1 break even and 8 successful trades for +530 pips (caught some sleep during the NY session). These were actual trades....not just a marked up chart.....I did this to see how successful I could be trading the M15 chart and to prove the theory that one can be successful by keeping things simple and following a simple trading plan.....some of these trades were very aggressive and some were not.....even if you were to filter out the aggressive ones you could still make a lot of pips.

(I also took 3 LIVE trades on the H1 EJ, meeting my trade plan criteria for EJ with a high ADR, for +254 pips).





See the charts I posted today....the trend was obviously down....as a new trader you need to concentrate on taking trades with the trend....if price is making lower lows and lower highs, you need to only take short trades from the lower highs until price starts making higher highs and higher lows...countertrend trading requires understanding market harmonics and the trading psychology behind CT trading.

Q: Good charts Phx, but in my limited experience with TDI, buying/selling every cross will leave you with a blown account fairly quickly. Is there some criteria for these trades your taking that I'm missing? Or are you truly just buying/selling every cross of the tdi?

I did that exercise on a demo account because I was not sure what the results would be.....but yes, I truly just bought and sold every cross....but like Dee stated, I can't turn off the knowledge of price

action, S/R, MA's, etc.....that obviously did influence TP, SL and exits. Some of those trades I would have passed on, trading live. The object was to show that simple trading and using the TDI can be beneficial to any trader....even one who would blindly take every cross of the TDI, WITH AN ENTRY ON THE 1ST OR 2ND CANDLE AND A CROSS OF TDI LINES.



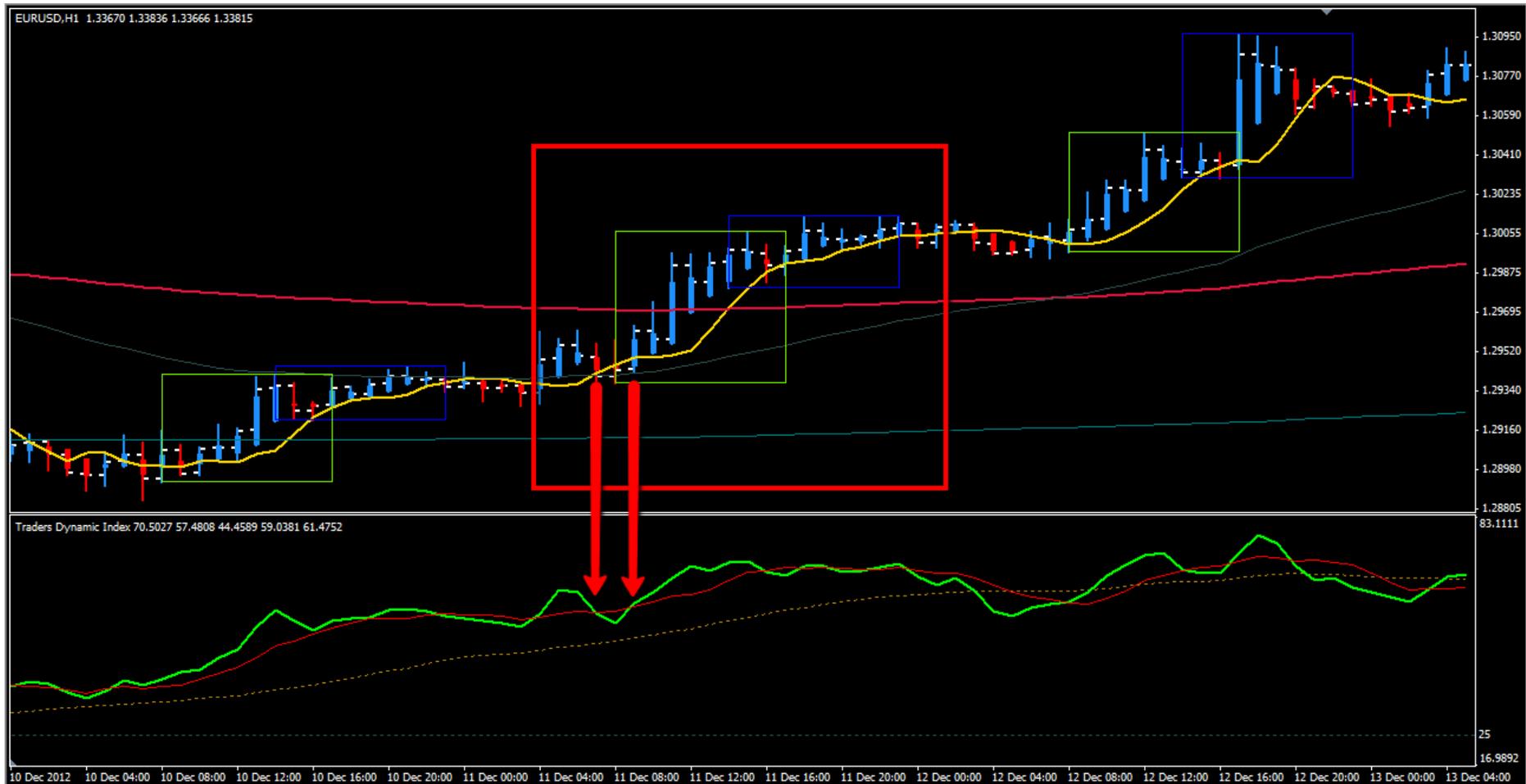
3 EJ H1 trades today.....1. Waited for bounce away from 200EMA....targeted yesterday's low and the purple resistance line. 2. Pullback candle and change of candle color...traded back to 200EMA. 3. Bounce off the 200EMA again, TDI green line bouncing off the red and yellow, candle changed color....exited with +50....may go higher but I have business to attend to today.

I have had several people PM and ask why I am trading EJ now instead of EU.....the reason is that EJ has an ADR of 50 to 100 pips more per day than EU right now.



I traded the EJ again today.....took a page from Dee's book and analyzed the trades on the H1 but entered trades on the M15.....two nice Asian session trades.....one small loser just before London (I knew better than to take that trade....one of the hazards of using the M15 for entry).....very nice move up from the London Open.....done for the week.....

Q: Could you please share me how to trade in this case? (note with 200ema & 50 ema) Would you take it or find another one?



See post 9,511....I did take the 2nd trade for +40 pips.....I would not take the 1st red arrow trade since price was bouncing up and down over the 50EMA and the 1st candle of LO tested and failed to break the 50EMA.....once price moved away from the 50, I knew there was about 27 pips to the 200EMA and if price reversed, the worst I could do is break even or gain a small profit.....EMA's are not walls that stop price....just guides where resistance or support CAN occur.....and it does quite often.....

Trades so far this week on EU H1.



Q: 1 - First trade on the left side of the chart , 18 - 1 - 2013 , there were 4 blue candles followed by the fifth blue which almost showed a bullish entry, why that entry was a fake-out? I think on my side I would have entered long

2- The last 2 trades were taken after a pullback candles, so should I enter after the new hour red candles that formed or wait until a bearish candle confirm the downtrend and then only enter?

1. First trade....

a. because of the time of day (with London about to open) I would not have considered a long unless the LO candle confirmed a continuation of the first 5 candles.

b. My trading plan is based on the TMS system and most trades are taken on the first or second candle that changes color, following a set-up candle....as you stated there were 5 blue candles just before LO so I would have to see a reversal and then a continuation of the original trend to enter long. All four of the trades were taken following a pullback candle....Trade 1....LO candle failed to break the high of the previous candle, then pulled below the support line...I entered that trade as it broke the low of the previous candle, placing my TP above the S/R line.....the entry was confirmed by the TDI green RSI Price line crossing over the red Trade Signal line and the yellow Market Base line.

2. Again....per the TMS system, CT trades are taken on the first or second candle following a set-up candle....in the case of trade 3, the LO candle changed color and pulled back, once there was a continuation of that move I made an entry....please note the green TDI was pulling out of the overbought area and about to cross the TS line.

On the last trade....the blue candle pulled back a long way and the TDI had already changed direction, so entry was made on the first red candle...



EJ H1 trades taken today....TP on the first trade was moved to 100 but price reversed....exited with +67....second trade taken a little late but TDI had already crossed green over red and was about to cross yellow.

Q: I got a question about entries. You wait for TDI to cross, or you wait for it to cross and that candle closes ? . I mean, you wait for candle close to enter? or you just need to see a cross?

When I learned the Trading Made Simple system, the rule was to wait for a change of candle color and a TDI cross to enter....that TDI cross would usually occur on the first or second candle of a different color. After hundred hours of chart study and learning more about price action (as addressed on this thread by X-Man), I found that entry could be successfully made before the TDI crossed, in many instances. For newbies, the original rules of TMS are simple to follow and keep you out of lots of bad trades.....as you gain more experience and become familiar with price action, trading psychology, market volume during certain times of the day, market harmonics and the use of tools like EMA's, fibs, 123 patterns, divergence, candlestick patterns, etc....entries begin to be made based on what you see or read on the chart and the TDI then becomes a confirmation tool for your trade.

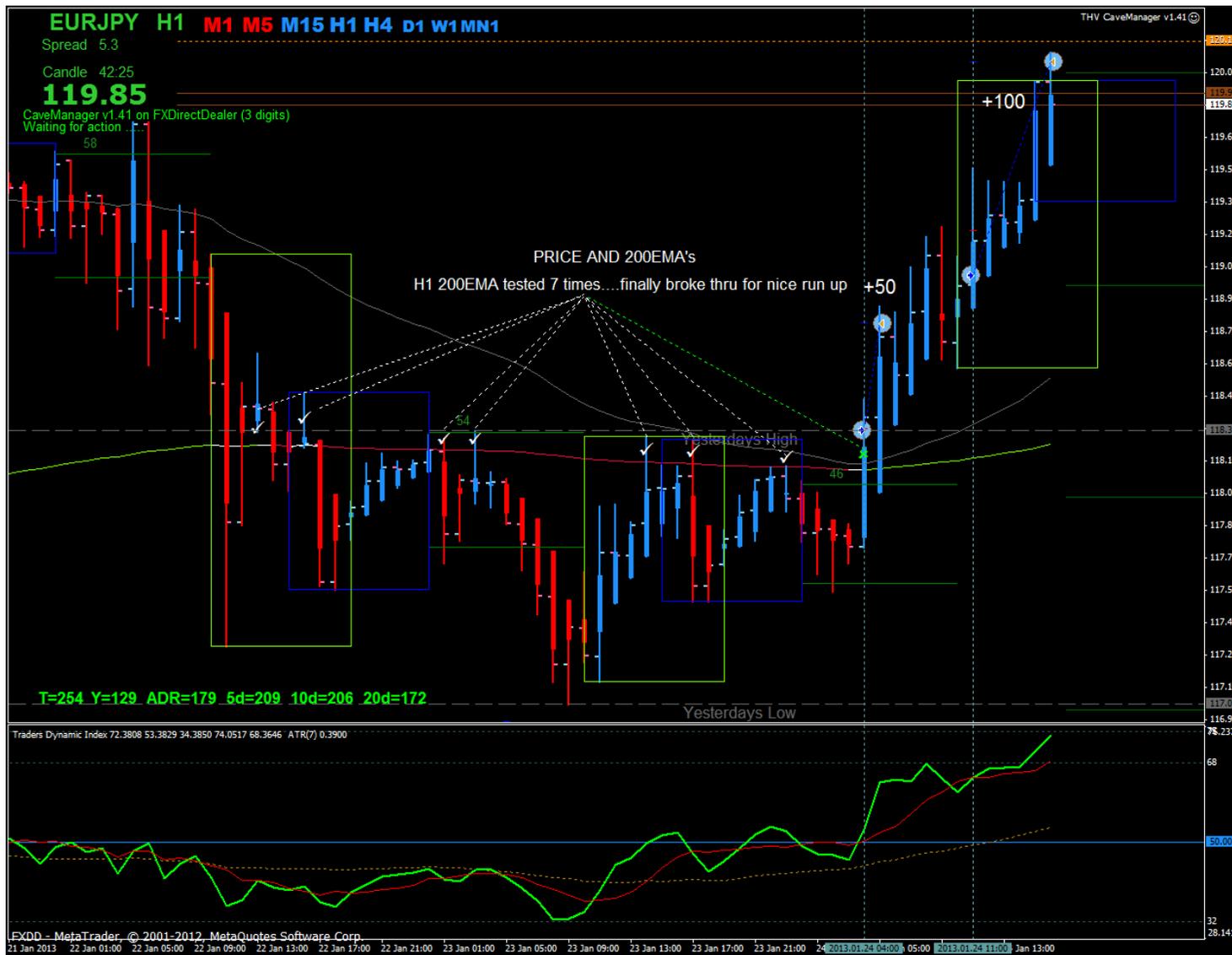
Q: My question is out of the trade, why are you out at 67 pips, tells you what element out ?

I find it hard to manage the out.. I thought when the price move of 20 pips , you ride stop in your entry point and then once close to your target, a trailing stop just 2 pips below the candle ?

The EA trailing stop 3 pips behind the previous candle is my emergency stop, for when I am not monitoring the trade and price reverses. I exited the trade manually at 67 pips as the candle closing price pulled back above the candle open price.....when that happened I determined that the bears appeared to be exhausted (price had pulled back 25 pips) and price probably would not continue to my 100 pip TP, so I exited with what I could. I also was aware that the London session was about to begin and many times price will reverse at, or just prior to the LO.

Nice little 50 pip EJ Asian session trade to start the day as price broke through the 200 EMA and the 50 EMA (M15 200) and then a break of yesterday's high.....off to get a couple of hours sleep before London.....



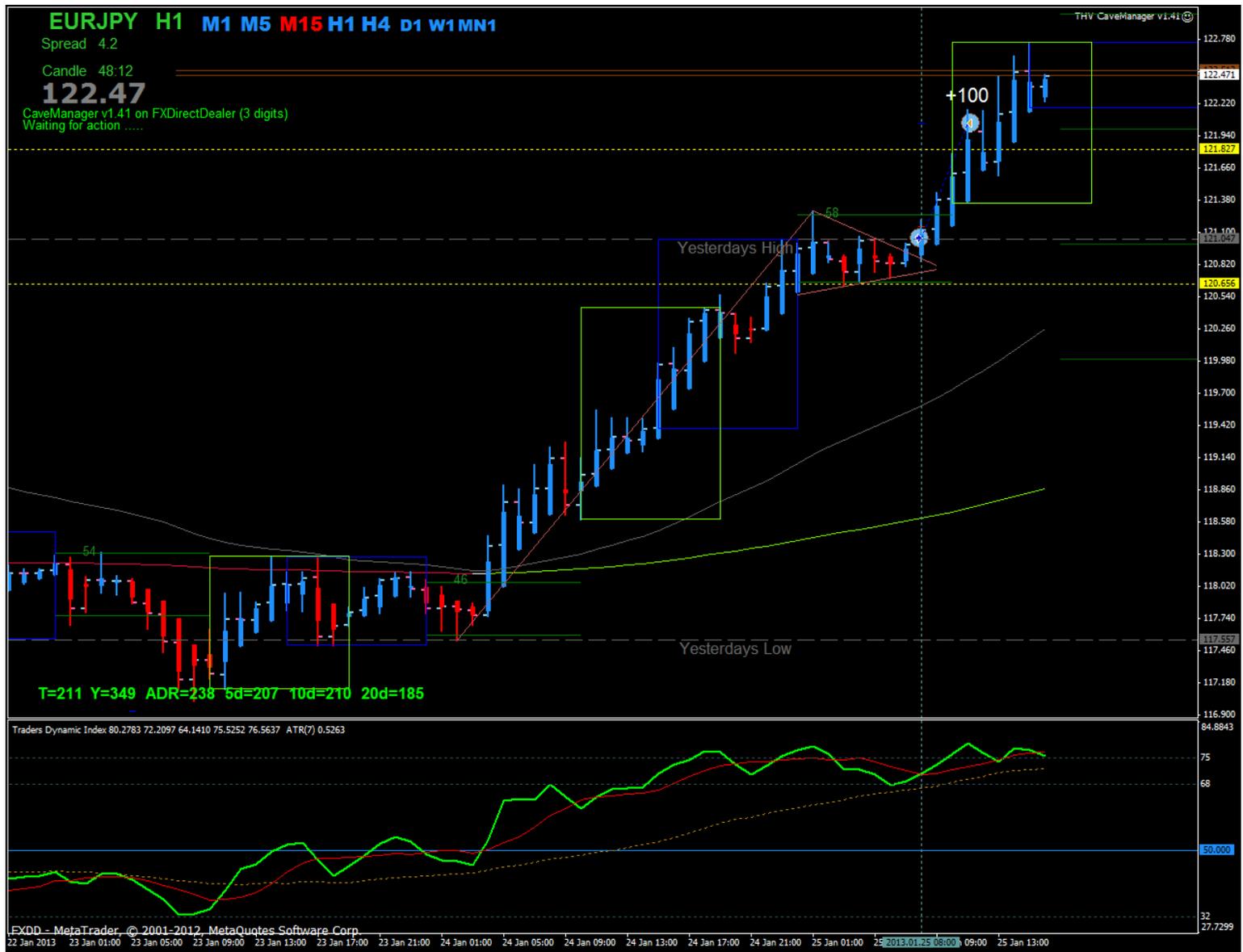


A very nice move up following a strong break of the 200 EMA.

Q: what was the reason that you reentered for the 100 pips? The TDI cross or anything else?

I trade price action first....when I got to my computer, the Frankfurt session candle had turned red and pulled back, then the LO candle had resumed the upward movement (the London session is usually when the strongest price action occurs) confirming the strong cross of price over the H1 200EMA and the M15 200EMA...also the green TDI was above the yellow and crossing the red, which confirmed the trade....so I entered with a 50 pip TP and a 50 pip SL....none of the H1 candles turned red or pulled down below the low of a previous candle and the yellow MBL was sloping up. Also, the 200EMA had made a bullish turn (changed from red to green) during the Asian session, so I moved my TP to 100 and trailed my SL....I could not monitor the trade anymore, so my EA closed the trade for

100 pips.....if I had been able to monitor longer, I would have stayed in the trade until I got a red candle or strong cross of the TDI back down....in hindsight that would have been for about 130 pips.



Took the breakout of the bullish pennant and break of yesterday's high during the late Asian session....TDI green PL was already above the yellow MBL and about to cross the red TSL....S/R lines are not slowing price down much right now.

