

EURAUD Week 09 post-mortem



On the Weekly chart seen here, the previous weeks candles show consecutive LH, LL,..

The last swing high was not confirmed since there were no weekly candle which close below its low.

When trading week 09, we follow the 3 previous week flow $LH > LL$ and form a bias for sell.

Selling will be reversal seen in lower timeframes like D and H4 would be best. The selling should continue when the price action continues from the close of Week 08 i.e. usually after a retracement seen in lower TF.

Note: Week 09 candle close below the low of the Week 06 candle, so now we see the Week 06 swing high is confirm. Next Week 10, we will be sell bias, but watch out for retracement which can be 'deep'.

D chart view below.



On the D chart seen left here, we draw the Previous week 08 Open, High, Low and Close.

We see better the details on the lower TF H1 chart.

But here, we look for the retracement which is above the Week 08 close. We follow the PA in H1 and buying in H1 is against the weekly bias and also against the last Friday bearish bias candle.

How do we mitigate this when we trade H1 intraday?

It is a risk management question relating to our money management strategy.

Normally, I would be reducing my percent risk when I take any counter trend / counter bias trades.

Also the Risk Reward for counter trend trades should be change to 1:1 and the Exit Strategy by scaling out using R-Multiple to reduce the risk as early as possible in the trade.

For example, when using a 25pips SL (R=25pips), then the first scale our position should be +25pips and to breakeven BE the remaining position quickly and get a free trade.

On the D chart above, we saw that Tuesday close candle provided the perfect setup for selling on D chart on Wednesday. But you see how the retracement was on the following day Thursday with that upper wick of the D candle.

H4 chart below.



On the H4 chart on the left here,

The high probability trades would be to trade following the previous week bias.

Basically we look to sell when the price continue below the previous week close and also further when price move below the previous week low.

This is how we use the weekly OHLC as our support and resistance when we trade lower TF like H4 and also H1.

On H1, we have also to look at the previous Day OHLC and apply the same approach and look for high probability trade setups.

H1 chart below. Detail comments on chart.



At all times when we trade no matter which timeframe we chose, we must have done a top down analysis to be better prepared when we look at our trading charts.

The basic questions we should be asking ourselves every time we see the price action when looking for trade setups are:-

1. How close is the current price action to most recent swing highs and swing lows? Is the last swing high/low confirm? Do we see a clear bias with Weekly and Daily?
2. What does the last reversal look like, look at the candle size, any consolidation seen after the last reversal, ..?
3. Is the current trend UP or DOWN,
 - a. if the trend is not clear, then ask,
 - b. What is the Weekly Bias for this week,
 - c. What is the Daily Bias for today?
4. Is the current price action in a retracement of the previous move?
5. Is the current price action in consolidation range? Look for Wide Range Bar, Inside Bar, Master Candle,
6. Where are the support and resistance and the CONFLUENCE with price Round Numbers 00, 50 levels.