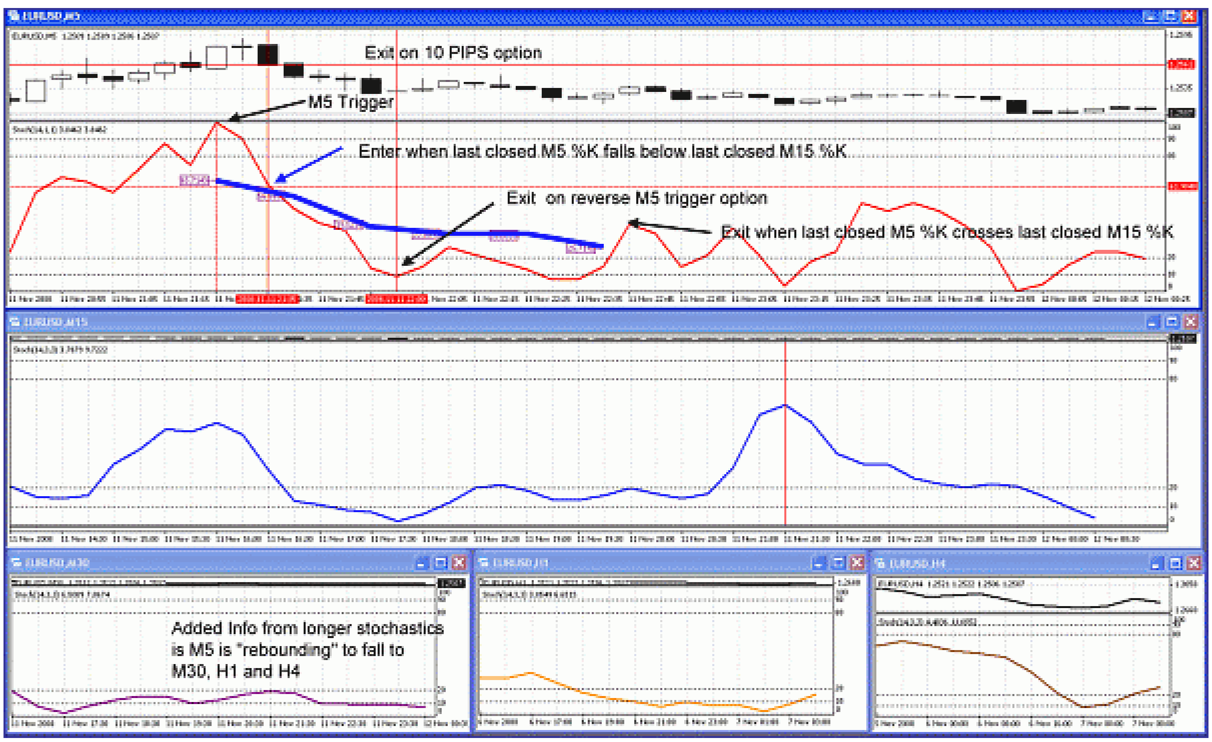
This may help ease your entries...this would be much easier if we had an indicator for it <hint>

Our M5 short trigger rings the bell. We wait for the M5 %K to close and fall below (cross down) the last closed M15 %K. Note on this chart the entry point and the last closed M15 stochastic level is to the left of our M5 close (i.e. it is lagging behind). The M15 stochastic level on the right of our entry will not form for another 5 mins...but or nect M5 will close below it anyway.

Exit options (in order of less risk to most risk): 10 PIPS, when we get a reverse M5 trigger, when we get a long signal, ride the M15 to 20%

If you don't want to use MTF Stochastics, use just the M5 and M15 trigger and crossovers to get you through. This is simple MTF Stochastics without having to think about MTF Stochastics.



Originally Posted by **CindyXXXX**
Hey Spud I'm just hoping you can clear something up for me....

In the very first few posts and examples you made at the start of the thread you showed us a short where the 15 30 and 1 were all pointing down, and the MOMENT the 5m hit a short trigger you went short predicting a new down trend.

Later on in the thread you say that a short trigger is only valid when the 15m stoch turns down ***AFTER*** *the trigger close and that if the 15 min has been going down for the past few hours it doesn't matter - it must turn down AFTER the trigger.*

Are these two different "types" of entries?

Or maybe waiting for the 15m after the trigger is what we use for confirmation when we don't have the...

Because of the confusion around MTF Stochastics, I "simplified" the entry. Both are valid. This was orginally designed to make better entries with my MTF Stochastic strategies. However, the logic behind waiting for the M15 is valid MTF movement...it just comes a late sometimes.....you can see this movement in the "balls".

If you have an MTF Stochastics setup, sometimes you aren't sure if this is the best time to enter (i.e. in overbought or oversold situations, elasticity, escalators, etc.) . The trigger can ease that a great deal. There are many ways to use the trigger, I've skipped a full explanation so as not too confuse everyone. For example you could wait for an M5 trigger to form a "^" peak in a short and if the MTF's are lined up...or wait for the M15...or even wait for the M30 if you are targeting long trends and trading positions. I've mentioned things like M5 and M15 crossovers for example.

I try to offer what I consider some of the better solutions, but sometimes different things work better for different people based on their trading methods or understanding. Sometimes, I'm just presenting the same thing in a different way...but the logic behind it is all the same, the view is just a tad different.

Originally Posted by **jdcompute**
..... I don't know if it can get any easier making pips than using this system.....

Well let's see if I can try. As you may guess and one reason why I think JD is having a good time is that he has MTF Stochastics well in grasp. However, I know that not everyone has such a good grasp of how the different time frames and stochastics move together to tell you what is happening.

I showed this with the balls, but I think that was a bit confusing. So, I've stolen Cja Stoch Bars indicator 's basic design, modified the look and then spent a huge amount of time making sure a 14,3,3 setting on M5 wouldn't mess thinks up.

Looking at the indicators below. They measure the stochastic movement from Nov 12 18:15 to Nov 12 24:00. Each indicator represents the best entry into a trade where there was significant price movement to make a trade worthwhile.

This is Spud's Predictive indicator...only problem is it doesn't exist. This was done by hand but the important thing I'm trying to show is how the stochastics movement tells you what to trade and better yet, where you are in a trade.

Notice I have used M1, M5, M15, M30, H1, H4 and Day. I have set all the stochastics to 14,3,3 as we will not use the M5 trigger here but only the position of the stochastics. You could set up a seperate chart with the M5 trigger at 14,1,1 to use as a further guide for trades.

Now the indicator is very simple. The Blue bars are last candle close upward movement of the stochastics and the red downward. Don't get too drawn into if a stochastic is moving up or down last candle. If you saw this live or looked at the charts the motion is so much easier to detect.

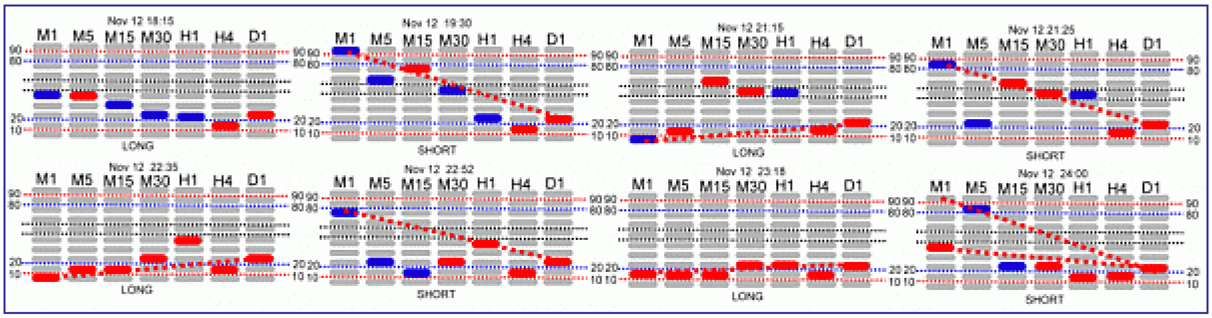
The bars represent 10% increments of %K...that is important. But it is the relationship of the stochastic time frames to each other that is more important than the exact value of %K...other than what we assign as our trigger.

In this example I will use M1. In real life, I believe without a moving indicator it would be real tough to analyze by M1. The big advantage with M1 is that it tightens up our trades...the disadvantage is that if you don't read the other stochastics correctly you can start chasing your tail.

We also need a pivot point. Thing of this like a guage...our needle starts at our pivot...in this example I used the Day. You could use the H4 or H1..even the M30. Your pivot must be a higher time frame than your trigger. I've drawn this pivot to trigger relationship on the indicator as a red dotted line.
The day is nice to use because it doesn't move for an entire day! So it is a really fixed point. I don't think I'd use a week...that's just way too out there in our time frames unless you have the bucks for huge stops to trade for H4 trends.

I'll explain each indicator in detail. Remember each represents the entry point of a trade in sequence. So this is a fluid motion through time and our indicators are moving up and down..bouncing all around...but every move tells us something and when we get the right relationships we can pick entries and exits, guage our current trades strength and momentum and know pretty well where our trade is.

Below is the overall time time period....I'll go post by post and explain and add the indicators like a movie in slow motion. This may take me quite a few posts so be patient.



Spuds Predictor Start

So, let's pretend it is Nov 12 and we open our Forex charts at around 18:00 Forex server time (that's about 11:00 am EST using my charts). Our first goal is to get a reference point. We can trade it but more important is to know where all our stochastics are.

I've decided to use the Day stochastic as my pivot point and the M1 as my trigger. You could use H4 as a pivot and M5 as a trigger, it really doesn't matter because the movement relationships are all the same. The more time frames we use, we simply get more information...to a limit, I would not go past the Day.

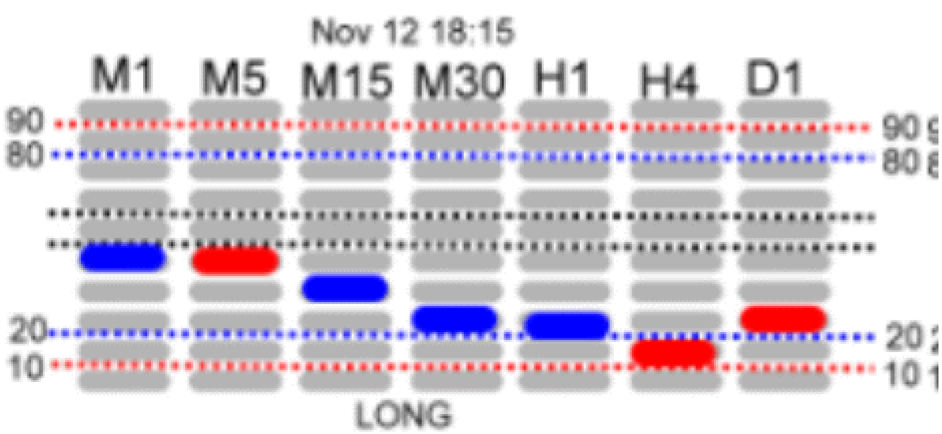
So if we had been watching things we would have seen a fairly bouncing price chart before this and price has just dropped. We've actually missed the best long entry point on this chart it came at about 18:09. In our chart below you would have seen M1 moving from the bottom 10% upto where it is now at 18:15 (these times are the close of the candle).

As M1 move ups we are looking for some important moves in our other stochastics. First we want to watch M5 and M15. M5 just moved down after moving up...so M1 and M5 have both moved up overall. If you use M30 as a pivot for a second and visualize that M1 has moved from the bottom then our guage has risen. Same with the Day as our pivot, our guage has risen.

You can trade and exit when the M1 hits the maximum height at 90% or even 80% to be safe. But we can do much much better using the other time frames.

M1 is going to cycle like crazy between 0 and 100 over the course of our long trend. So will M5 to a lesser extent and M15 even less and so on to a point where some stochastics won't even move.

As price trends upwards our M5, M15 and M30 will all trend upward..the longer the trend the more time frames we are likely to see move upwards.
Attached Images



SP2

So skipping a bunch of moves it is now 19:30 and we can see in our second indicator how M5, M15 and M30 have moved up and now M1 is yet again (it would have cycled 3 times to the top) at the top at 90%+.

See how I've drawn the line from the Day to the M1. That's our maximum guage move. If you look at the charts for this period you'll actually see M5 has been falling since about 19:00 after peaking at 90. M15 peaked just above 80 and is falling. M30 has steadily been rising. H1, H4 and D haven't moved.

So the important factor to enter our short trade here is:
1. M1 hit the trigger point >90%
2. M5 and M15 both peaked high (2 is always better than 1) and are dropping...while M1 has been rising to reach it's trigger. Remember our shorter time frames must rise to bring our longer time frames down.
3. M30 has moved up 30%..that's a lot. More on this later.

Here's where treating each longer time frame as a pivit can really help you visualize the coming movement. Take M5 as the pivot and M1 as the trigger...expectation is M1 will fall. M15 as the pivot and M1 as the trigger....M1 will fall. M15 as the pivot and M5 as the trigger micgt be a climb need more info.
M30 as the pivot and M1 as the trigger..M1 falls. M30 as the pivot and M5 the trigger...M5 falls. M30 as the pivot and M15 the trigger...M15 falls.
and so on...H1 to M1, fall; H1 to M5, fall, to M15, fall, to M30, fall. H4 to all of them..fall.

So everything says fall except M15 to M5. But since we know M5 and M15 are already falling and expect M1 to fall being our trigger...we only need to see M30 fall now to verify we have a good down trend we can follow.

I bet you are thinking...what if M1 stays up above 90% and M5 rises? This is why our trigger is so important and the downward move. Earlier in this thread when I explained the M5 short trigger we wanted the M15 to move down to confirm our short trade before entering. This is the same logic...except we use our M1 and M5. Since we also have downward movement from M15 we simply can't build a much stronger case to go short.

Can it go the otherway? Yes, but the odds are highly against. More so..even if it does go against most of the time it will be a small price move. The odds are simply huge against a major price move up where we are now.

Ok, one more thing before I leave this is the 30% M30 move upwards from the start. The longer time frames move much slower than the shorter time frames. Stochastics live in cycles of up and down. A cycle fore M30 is when the M1,M5 and M15 move up and then down.

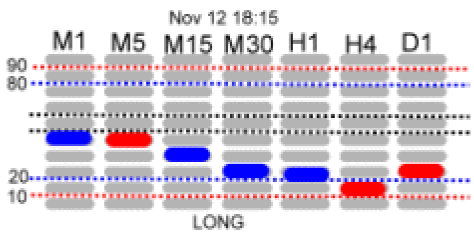
Generally such a cycle involves many more M1 up and down moves than the M15's. This again is our relationship of fixed pivot points to lesser time frames.

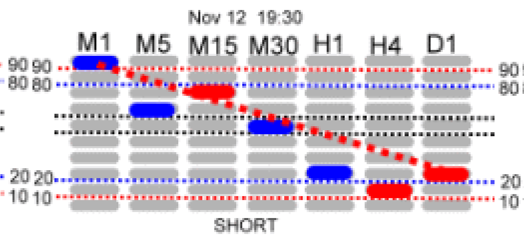
Anyways, if you count these cycles and watch M30 as an example, we can usually expect that in price upward move, M30 will move about 10% up per cycle. This is not written in stone, but it is simply another way to guage things.

Usually a move greater than 10% is a burst that exhausts the upward trend. This works the same down as well.

M15 is more on the 10-20% scale and M5 more on the 20% per cycle. In this example I know M1 cycled 3 times to the top peak and M30 moved up 30% (3 x 10%)....this is another expectation that M1 will go down at this peak and not get stuck in an overbought situation that will not drag M30 up another 10%.

Only use this as a you would sticking your finger in the wind to measure wind direction and speed...as a rough idea of direction.
Attached Images





SP3

This next move (at 21:15) is an upward move in a downward trend. I call it "elasticity" and you can clearly see it here. Our M1, M5 are down at the bottom and M15,M30 and H1 are much higher.

These can be very lucrative trades and not. This is a pure stochastics move and how much price bounce we actually get can be large or small. The danger of this trade is staying in it too long. This is a counter move within a trend not a change of trend typically..so don't get greedy.

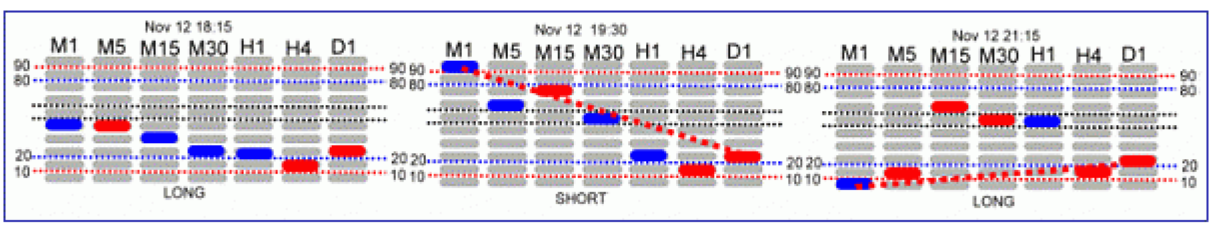
This long setup again relies on our trigger hitting below 10%.
M15 dropped 10% in 5 M1 cycles....nothing great and just like a big move is a reversal sign...so is a "freeze"...where the M15 doesn't move and M1 and M5 dropped like rocks in comparison.

Entering anywhere on the M1 trigger is not a big risk, but if you like safety wait for M5 to rise.

You can see here we also had the benefit of seeing H1 move and it moved a lot in comparison to M15 and M30.

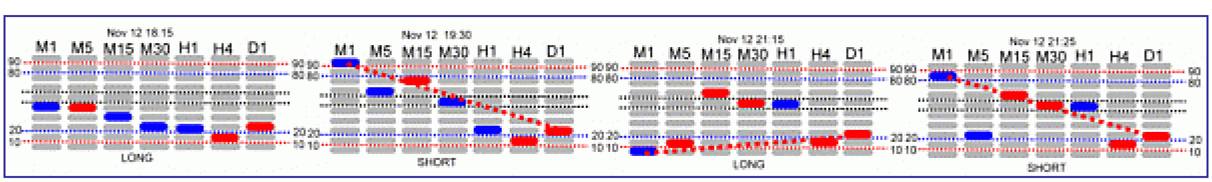
If you look at your charts we waited for M5 to fall all the way down with our M1 trigger before initiating the long.

Again, repeat after me ....in order for M15,M30 and H1 to fall....M1 and M5 must climb first.



Ponder This

I'll let you ponder this next one a bit. Think about why this is the short signal.....besides the M1 trigger. There are 2 major reasons and I've explained them already in the last 2 posts.



Cindy's Trade

Cindy, I through in the stochastic bars in the chart and hopefully you can see the trade better with it.

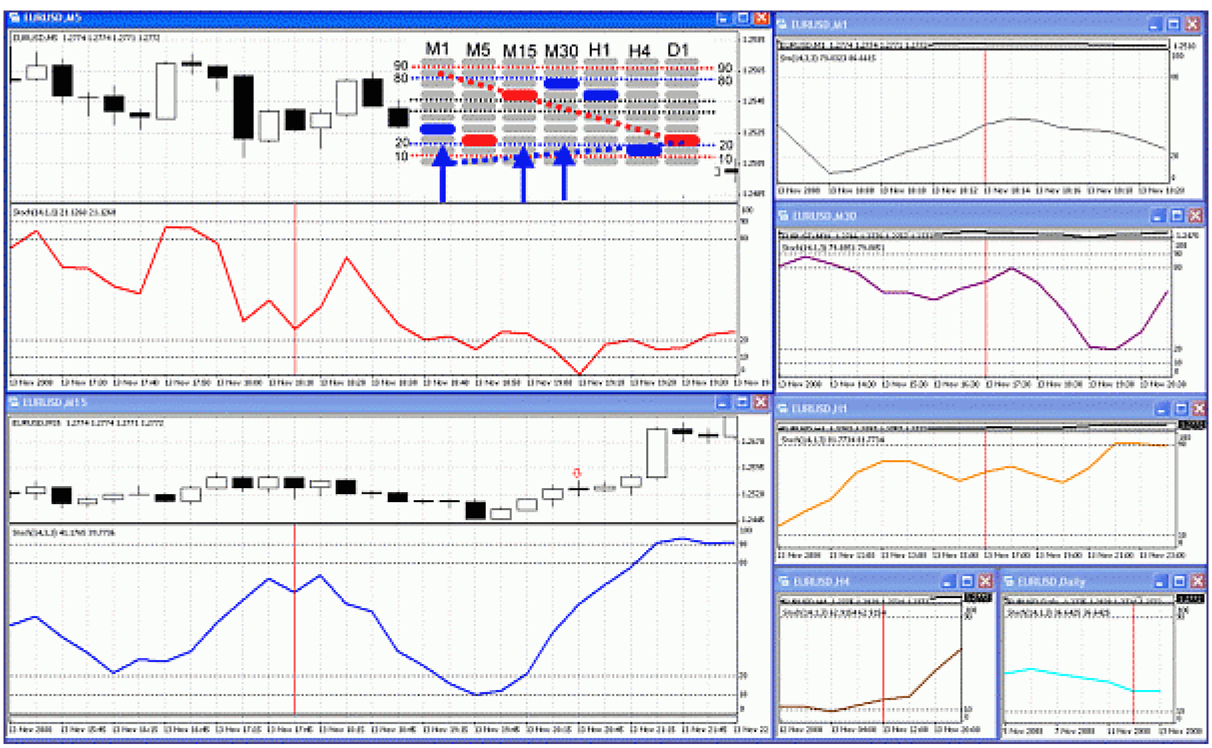
Notice that overall M15 and M30 have been rising...M30 is definitivey on the rise. You can also see M1 is rising...but we can ignore M1 here for this example.

Just looking at M5 which is falling, you can see your short trade is going to be a short lived trade. The M5 can still fall but I think you can see that M5 is going to be drawn up by M15 and M30 and that we have an elastic situation here.

We are much better playing the bottom bounce on the M5 if it reaches below 20 and riding the M5 to about 60-70 to exit.

In this example, the M5 didn't drop to the 20 bar so we would never be in this trade. Our short would be in a much better position later when M5 rises up to about 70 as shown by the red dotted line and is headed back down. M1 would really help here in finding a great entry for the short. But we could use the M5/M15 cross for short here too.

I think if you take a good look at the bars you can see all this very very clearly (even ignoring M1).



MTF Clarity

I'm working trying to add some clarity to your entry/exit decision making. Please feel free to tell me "this makes no sense" if I start to loose you. However, I feel this will add tremendously to your trading success and ease your stress. This by the way is all the same thing in my past posts just presented a little differently.

I have modified my charts to help demonstrate this. Across the bottom are the Stochastices for M1,M5,M15,M30,H1,H4,D1 time frames. All are 14,1,3 (middle number does not matter) except M5 which is 14,1,1. (In using the stochastics this way the M5 at 14,1,3 is fine, I'm just stuck in my ways at 14,1,1). Stochastics showing %K only, of course.

The last daily closed Stochastic %K is our "PIVOT" point.

The bottom purple line is called the "Fixed Direction Line". This is where the stochastics in the short time frames will move to. It is simply a line from our Pivot point to the "0" point on the M1.

We only have 2 possible Fixed Direction Lines...the "Down" which is shown here drawn from the Pivot Point to the "0" point on the M1 Stochastic. The other is the "Up" which is a line drawn from the Pivot Point to the "100" point on the M1 Stochastic.

We can only have 1 Fixed Direction Line on our chart. This line moves only if the M1 hits 100 or 0. (This is not "exactly" 100 or 0 but pretty darn close...it will become obvious later what close means).

When M1 hits 100 our Fixed Direction line is drawn in the Down position ("0" to the pivot point). You can see in this example our M1 hit 100 a few minutes back. We only redraw at the close of the M5.
This keeps firmly in our mind what direction we expect the M1 to move too.

The other lines are simple drawn from the Pivot Point to the last close of the M1, M5 and M15 stochastic. This is "where we are". Lines are drawn at the close of every M5.

The "1" shows us that our M1 is going to move down. We expect M1 to hit "0" at some point in time. This is simply inevitable.

The "2" shows that our M5 is higher than our M15. This means our M5 is still in a long position and in this case if we are in a long trade we would stay in our long trade. Also notice that M5 and M15 are above our M1 line further stating the long.

The "3" is our last candle close price. In this situation it closed down.

These 3 indications anticipate an end to our long. At the very least a slow down in our long. We can not yet judge if this is a trend change or simply a pause in our long trade. Hence we have no entry into a short here but if we are in a long trade we stay in it (we should not enter long here).

M30, H1 and H4 are reference points. They simply tell us that M30 is falling and likely H1 will fall to prop up H4...if H4 is to continue to rise. For now, while M30 continues to to point down we favour short trends vs long trends.

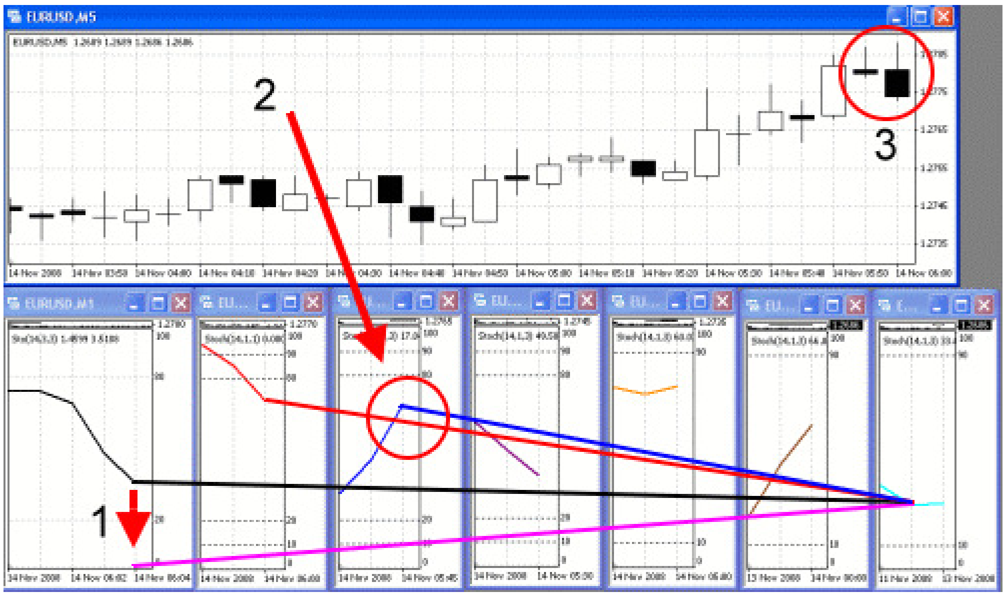
In other words, we want to try and stay in short trades longer and exit long trades quicker until something changes.

This may seem a bit confusing with 1 picture...but you will see how the movement of these lines will tell you the direction of our trade, entry and exit, as well as momentum.

5 minutes later

---

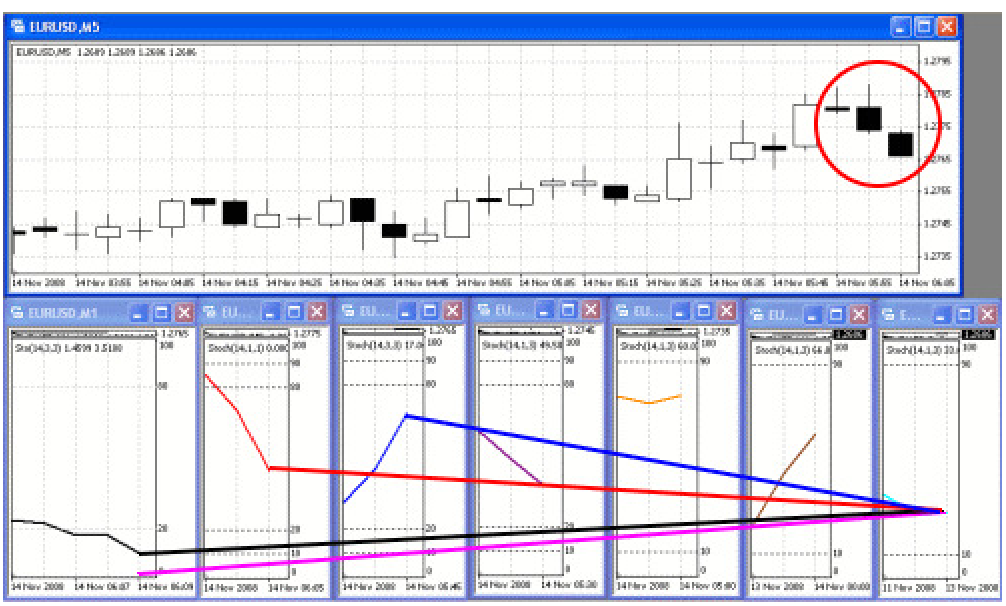
5 minutes later...Short Entry/Long Exit
1. See how our M1 moves down towards our "down" Fixed Direction Line.
2. This is the M5 crossover of the M15. The M5 has moved across and fallen below the M15 line. Time to enter short and time to exit long.
3. Our M5 price move is down. M5 price does not have to be going in our direction..it is just much much better if it is.



10 mins later

---

10 minutes later...stay in the short
Really nothing to show here. Our M1 continues to fall and our M5 stays below the M15. Stay in the short.



15 mins later

15 mins later...stay in the short

Notice "1" on the chart. This %K is too far away to be considered "peaking" at "0". The only time we might consider this a peak is if M5 pointed up or our M1 line crossed the M5 line upwards.

Otherwise, we are in the short. We can see M5 pressing near the M1 line...this we have to watch. An M1 cross upwards across the M5 is a long signal, but an M5 cross below the M1 is a short signal.

Notice M15 rose. That's good news and supports the down trend.

20 mins later..some action

20 mins later....
There is lots of action here to pay attention too.

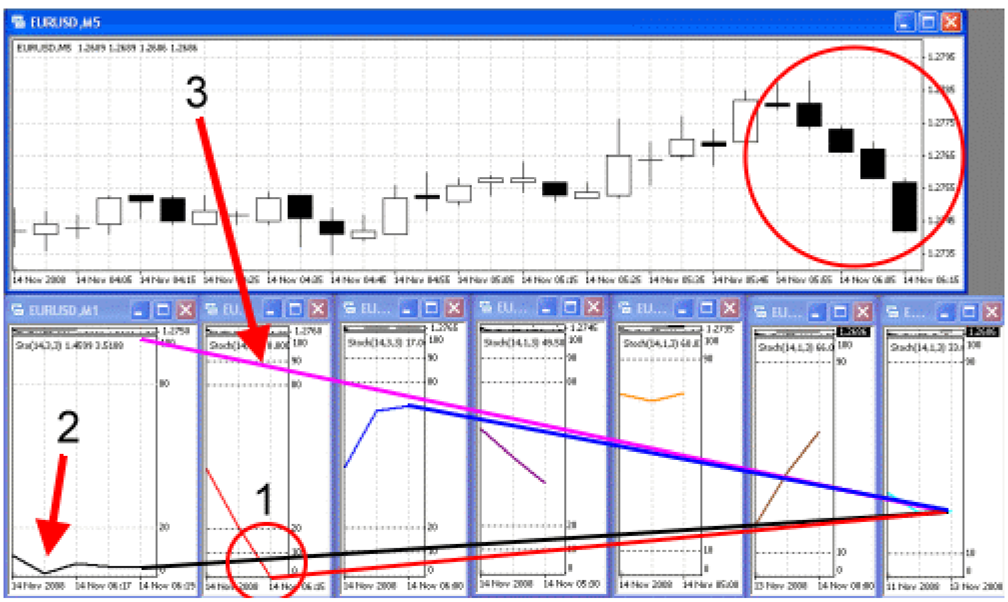
One reason we use M5 closes is that we don't want to get thrown off by the oscillations of M1 too much. M1 is like a jumping bean on a pogo stick sometimes, so looking at the picture every 5 mins keeps our sanity.

1. What we want to notice here is that M5 crossed down below M1. it's a fine detail that can be missed and makes all the difference of going long or staying short here. It won't hurt you to make a boo boo here,but it might pull you out of a down trend too early. In this case we stay short.

2. That's a peak at 0%..it's actually about 1.5% but you can see it is pretty darn close. The other clue is M5 hitting 0%

3. Hitting the 0% peak flips our Fixed Direction Line to an "up". It now goes from 100% to our Daily pivot.

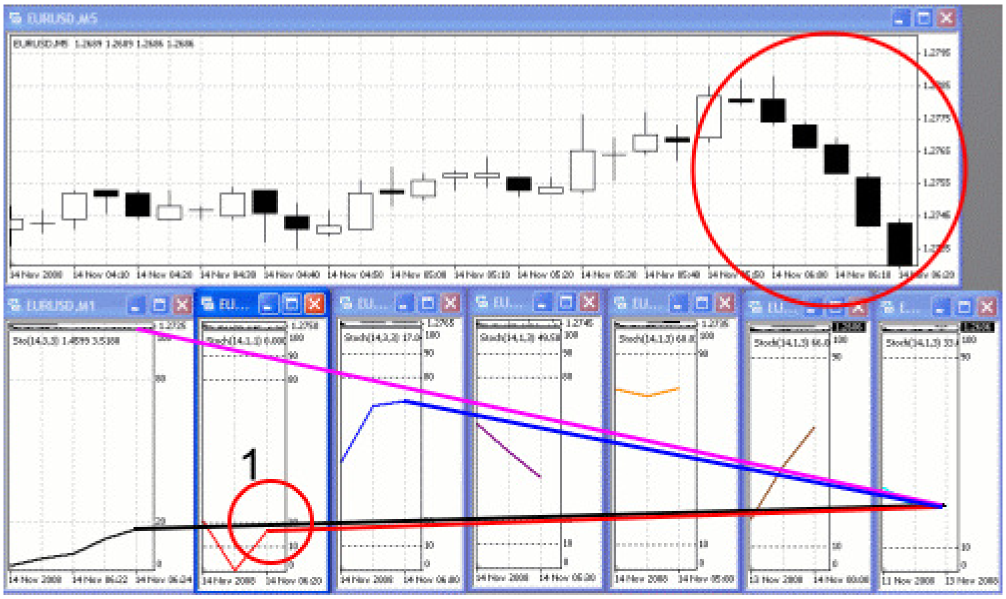
Other clues to stay short...notice M15 is below our Fixed Direction Line.



25 minutes later

25 minutes later....

1. M5 is still below M1 which should keep us in our short trade. You could exit here to be safe...after all we made a mountain of PIPS here. But this is still a "stay the short" signal. I wouldn't enter a short here, nor a long.



30 mins later

30 mins later.....decision time

Our expected move for M1 is up to 100..that's where we are head. The question is will an M1 move to 100 change price up..or is this just going to be a small reversal in a long down trend?

You will notice that M1 is still above M5 and that was from M5 crossing below M1...not M1 crossing above M5. If we were using the M5 trigger this is an invalid long because M15 is still headed down.

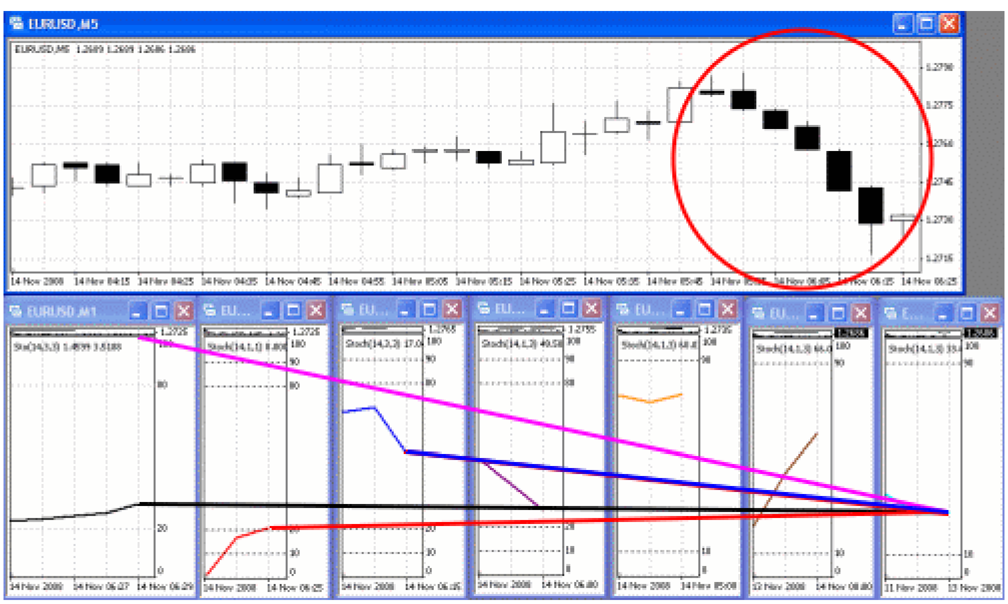
We could play elasticity and expect M1 and M5 to rise towards M15....but with M30 so low, elasticity is very weak and will be very quick. So that isn't a good reason to go long. Escalator long? Not with M15 so high.

So really we have no long reasons to go long so might as well stay short, or exit because we have to exclusive eveidence to go short either. There is going to likely be some retracement here, it stands to reason the M1 and M5 will rise to continue to push down M15 and M30.

Short term we expect to see price rise moderately...you might even throw in a Fib indicator to see what that retracement might look like.
You could weigh here to jump out of the short, wait for the retracement to end and then jump back into the short....or you can just ride it out.

Odds are we will not retrace too much...maybe 50% and it won't affect our stop. So long trenders stay in. Scalpers jump out...don't go long.
Eventually we'll get a short entry again..and this entire process will repeat. Or we might get a true long entry in which case our trade will change.

I'm hoping you can see more clearly how the stochastics interact using these charts and how you can use them to make decisions within your trade and where you are in that trade. I will add more examples if you think this helps you.



> Originally Posted by **jdcompute**
> *Spud, have you decided to incorporate M1 in the trading of this system as well? Currently, I'm using M5/M15/M30/H1/H4, should I add M1?*

You can do the same thing with M5 to D1. Just use M5 like I use M1 here and M15 and M30 like I use M5 and M15.

You'll find M1 tightens the trades....using longer periods keeps you in the trends more. If you like to stay and play the trends use the larger time frames as your references. If you are a scalper use the M1. This doesn't mean that using M1 will lead you to scalp it just means you can. M1 will certainly optimize any trade but if it confuses you, just drop it and use M5.

> Originally Posted by **jdcompute**
> *I can see where using M1 will reduce the DD. The only thing I'm wrapping my head around now is entering a trade when M1/M5 are down but M15 is still up.*

I wouldn't simply enter a trade because M1 and M5 are low and M15 high. IF M1 and M5 stay in an oversold condition this would be deadly as M15 would continue to fall.

You would need the M1 to have peaked at 0% and M5 already moving up towards M5 or M1 crossing M5 upwards as strong long signals. M5 leading M1 can cause a bounce down before M5 ever reaches M15.

It is a far better to wait and trade the short, where M1 and M5 hit the top, and then set up for a short entry where M15 is a little lower or in the overbought area. In otherwords, a nice setup for an escalator down or being in a down escalator is always the better trade than chasing the elasticity trades which can bite you.

> Originally Posted by **sarah2002**
> *can we use 4h as a pivot point line instead of daily?*

Yes. It will move more. I suggest M1 - D only to show everything. You should use at least 4 with the longest as your pivot. Ceratinly something to play with.