Bottom/Top Picking

Lilmoe's Trading System

What you need.

1. Gann Hilo Activator (standard period 10)
2. CCI (commodity channel index) period 30
3. MACD (5,34,9)
4. exponential moving average period 50 (50ema)
5. Daily pivot (for 1h and below Timeframes)
6. Momentum indicator
7. Simple moving average period 5 (5sma)

Details
rule #1: CCI period 30 is our eyes and ears for trend detection. when CCI is over the 100 line on the weekly chart, the medium/long term trend is **bullish**. when CCI is below the -100 line on the weekly chart, the medium/long term trend is **bearish**. the trends stays bearish/bullish unless the other end of CCI is taken out and maintained for 1-2 weeks at least. price has to trade above 50ema for bullish confirmation, or below 50ema for bearish confirmation.

something worth mentioning about CCI 30. when CCI is above the 100 line, it DOES NOT mean that price is overbought, it simply means breakout. it doesn't matter how high it gets. i will post notes if i see something "unusual".

please apply the first rule to all timeframes with confirmation of the higher timeframe. the highest needed is the weekly chart, no need for monthly confirmation.

rule #2: when CCI and/or MACD detect a classic divergence while **price** is touching a strong SR level when CCI is **below**/**above** the -100/0/100 line (in that established trend), price tends to "seek" 50ema of that timeframe IF CCI makes it back **above**/**below** the -100/0/100 lines. classic divergence is confirmed when a trendline is broken (example in chart). a classic divergence is not necessary for this to happen, but in most cases it does.
so for example, in this chart, price was below the -100 line, but while it was retracing, it made it back above the -100 line signalling a breakout and a retracement to 50ema on the weekly chart.

rule #3: when price approaches 50ema, watch for a hidden divergence. if a hidden divergence is present, price tends to bounce again and go back to it's major direction. a stronger signal is when CCI bounces from the -100/0/100 lines. if however, price makes it through 50ema, watch for the closest and most reliable S/R-fibo level. this pattern is valid unless the divergence is broken.
example: take a look at that chart. the bearish HD was visible on MACD, coupled with a bounce from the 100 line. STRONG short signal, signaling a very high possibility of taking out the lows. which it did. PERFECT top picking

rule #4: in some instances when a hidden divergence forms on a Timeframe where price has already taken out 50ema, that divergence would most probably reverse price when price reaches the higher TF's Gann Line and/or 50ema.

There are also instances where 50ema of the higher timeframe is not in the same direction (meaning price aready took it out too), that's when price targets the previous peak (high or low), and a bounce from there is highly probable. If by any chance the previous peak is taken out, then that would mean the hidden divergence is broken, and price is setting itself for a reversal.

example, we're looking at the 1h TF, and suddenly we see a bearish HD when price is rising. if price has already taken out 1h 50ema, then the target should be 4h gann or 4h 50ema.

4 major rules. I think they're simple.
something worth mentioning:

I have been using this method to confirm 5sma retracements as well. i would know if (for example) a 4h 5sma retracement is due (with high probability) when momentum is pointing to the direction of 5sma *__AND__* if a lower TF is signaling a classic divergence. 4h 5sma (in this case) will hold IF 50ema of that lower timeframe (with a hidden divergence) is at the same price level of 4h 5sma. You can call this lower timeframe filtering of higher timeframe 5sma retracements.
this rule applies to all timeframe, i used 4h as an examle

Indicators:
http://www.forexfactory.com/attachment.php?attachmentid=173196

Template:
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