

TDI Green crossing Red is the main signal of TMS.
However as you might have guessed, if you blindly enter every cross, you're going to lose a lot of money.



From the chart above, only 1 out of 5 crosses was profitable.
4 losers! Not too appealing eh.

How can we prevent the other 4? We first need to know what a good cross is.
And to know what a good cross is, you have to understand TDI.

This used to be such a mystery to me. It was Gil's guidance that showed me the answer and many more. Thank you Gil.

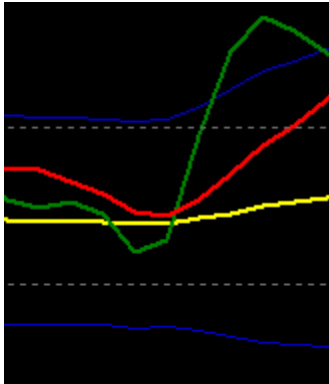
TDI

Dean Malone, the creator of TDI, wanted to know 3 things - Sentiment, Signal and Trend. So he created TDI to show exactly that.

Green - Sentiment (I like to call it Momentum)

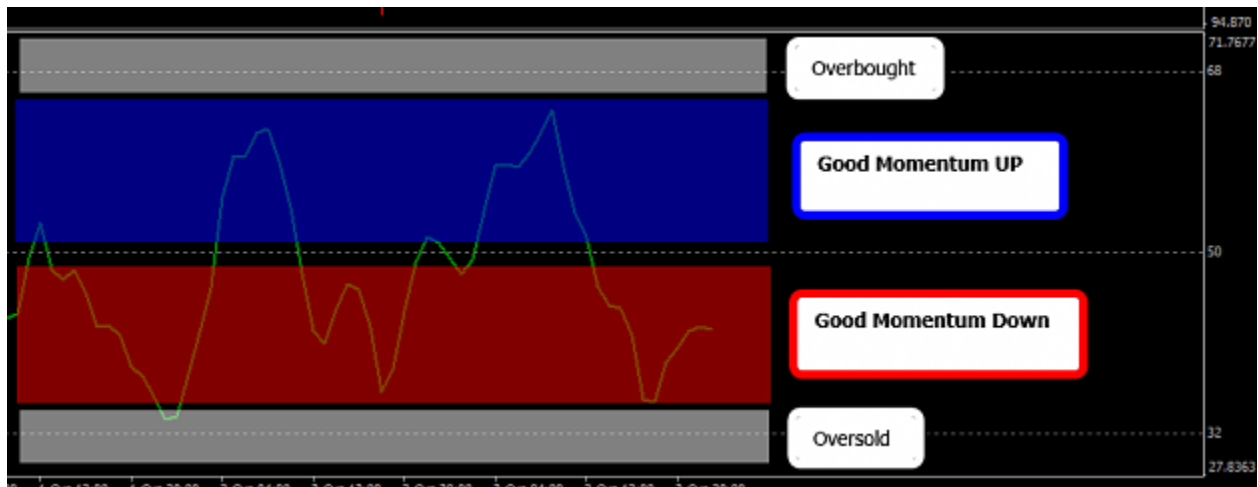
Red - Signal

Yellow - Trend



TDI was based on RSI so you'll see the same levels; 32, 50, 68.

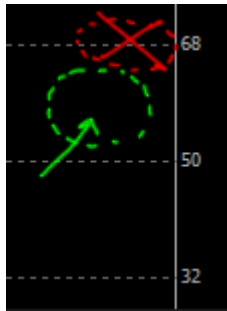
Green's position according to these levels tells you Momentum.



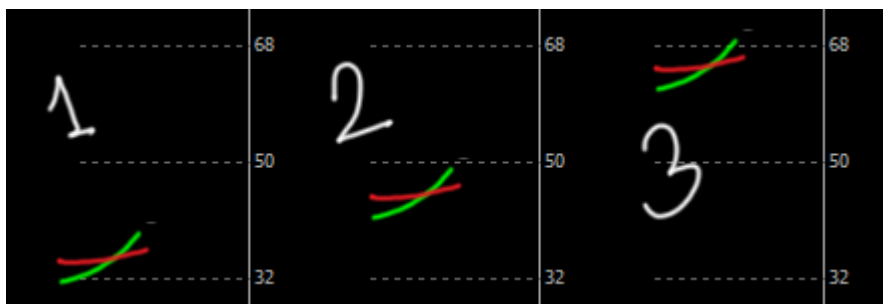
Ok cool... So what?

Let's say you're trading Long. You want price to have momentum going up, right?

So you'll want green to head into the zone above 50. But not too far that it becomes overbought.



Based on that alone you should be able to tell at glance now that only #2 is good.



#1 was too low. Momentum was still strongly down.

#2 while the cross did happen below 50, it's heading there with plenty of room to move before hitting 68

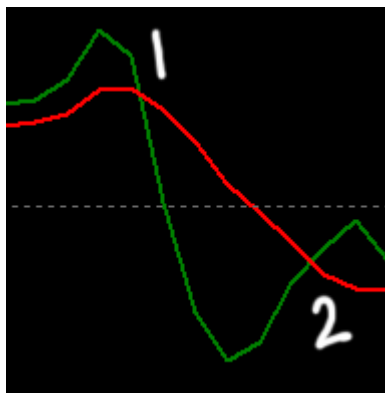
#3 was so close to being overbought.

Of course there are times and places where #1 and #3 can be good. But I'm not going into those exceptions here.

And as a reminder, you want Green to have nice angle as well. You don't want green going flat.

Now to further stack the odds in our favour, we take Red and Yellow into consideration.

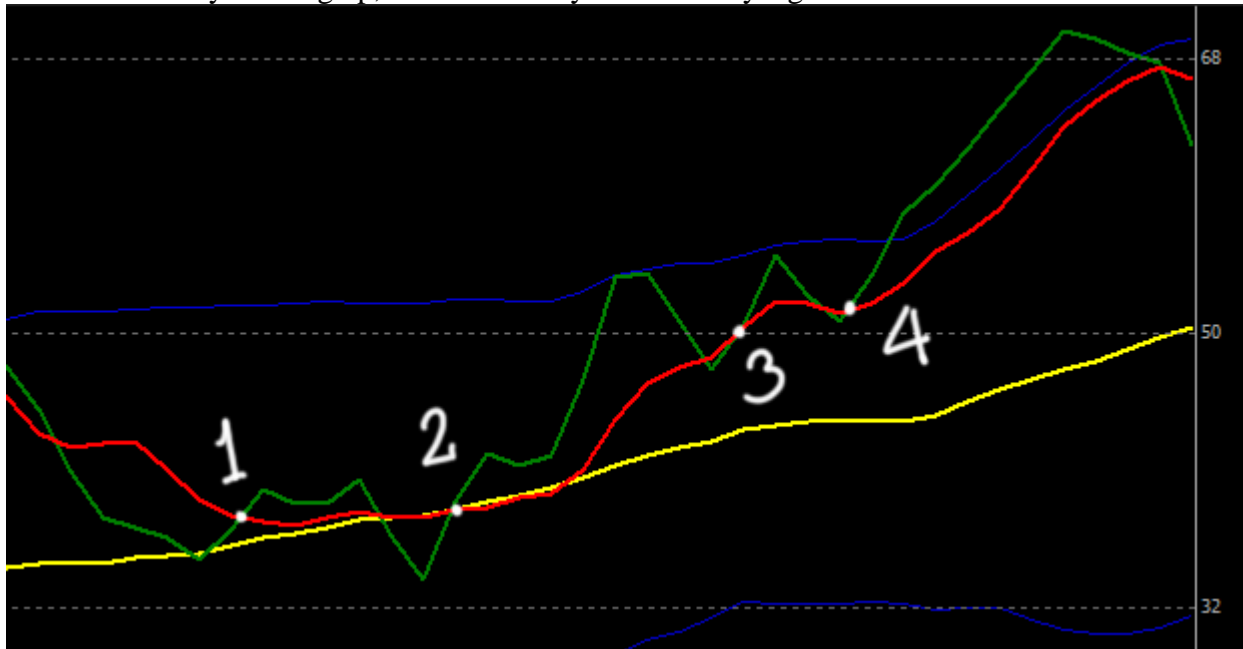
Red heading in the same direction as our trade is good. So #1 has better probability.



And the same for Yellow. Yellow tells you trend. Trading with the trend means better probability.

Let's use what we know so far to determine these crosses.

Yellow is clearly heading up, so we will only consider buy signal.



#1 and #2 were happening too far below 50 so we can quickly rule them out.

#3 and #4 were both good.

Simple, right?

Let's get back to our first chart. I marked the level 50 this time.



#1 no trade. Buy signal too far below 50.

#2 I say 50-50. Green level looks ok, enough room to fall. With yellow. Although it was against red.

#3 no trade. Buy signal too far below 50.

#4 hopefully you can see now that this was an obvious good cross.

- Green had enough space to fall, red and yellow both heading down.

#5 no trade. Even worse than #1, this buy signal happened all the way below 32.

Now. Based on TDI alone without looking at anything else, we were able to reduced our 4 losers into none (or 1 if you take #2)

And you should be able to do this in seconds. Trading Made Simple, eh? 🤖

Reminder 1 - you can not completely prevent every losers. It will happen. It's part of trading. Best we can do is to stack as many odds in our favour as we possibly can.

Reminder 2 - TDI is just the start. Once you see a good cross, you will then look at other things to consider entering a trade.

For example, counting Heikin Ashi color change as per Big E's Rule.