

Examples of PA in the TMS thread

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Sources for PDF: Forex Factory: TMS thread, J16 Chart Thread

Some CSP's Shown in TMS Thread

Aim:

- To make a summary chart of various CS pattern with TDI action as your entry types and have these in printed out and placed in front of you every day.
- Learn these inside out

The CSP's Covered:

1. Master Candle
2. Inside Bar (IB)
3. NR4IB
4. Bullish Outside Vertical Bar (BUOVB) / Bullish Engulfing Bar (BEEB)
5. Bearish Engulfing Bars / Bearish Outside Bars (BUOB/BEOB)
6. Double Bars High Lower Close (DBHLC) and Double Bars Low and Higher Close (DBLHC)
7. Hammer / Pin Bars
8. Pop Gun
9. Thrust Bars

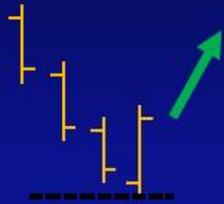
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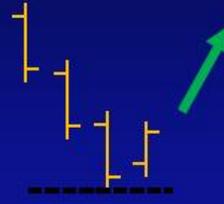
1.Three Powerful Bullish Patterns

3 Powerful BULLISH Price Patterns

@ Logical SUPPORT LEVELS in an Established UP Trend



BUOVB
(Bullish OVB)



IVB



BUBOB
(Bullish Blow-Off Bar)



Bullish Engulfing



Bullish Harami



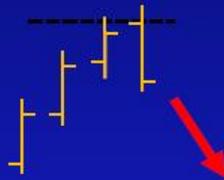
Hammer

2.Three Powerful Bearish Patterns

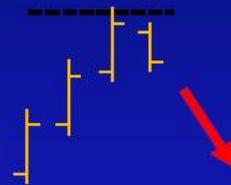
3 Powerful BEARISH Price Patterns

@ Logical RESISTANCE LEVELS in an Established DOWN Trend

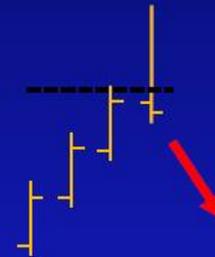
(Bearish OVB)
BEOVB



IVB



(Bearish Blow-Off Bar)
BEBOB



Bearish Engulfing



Bearish Harami

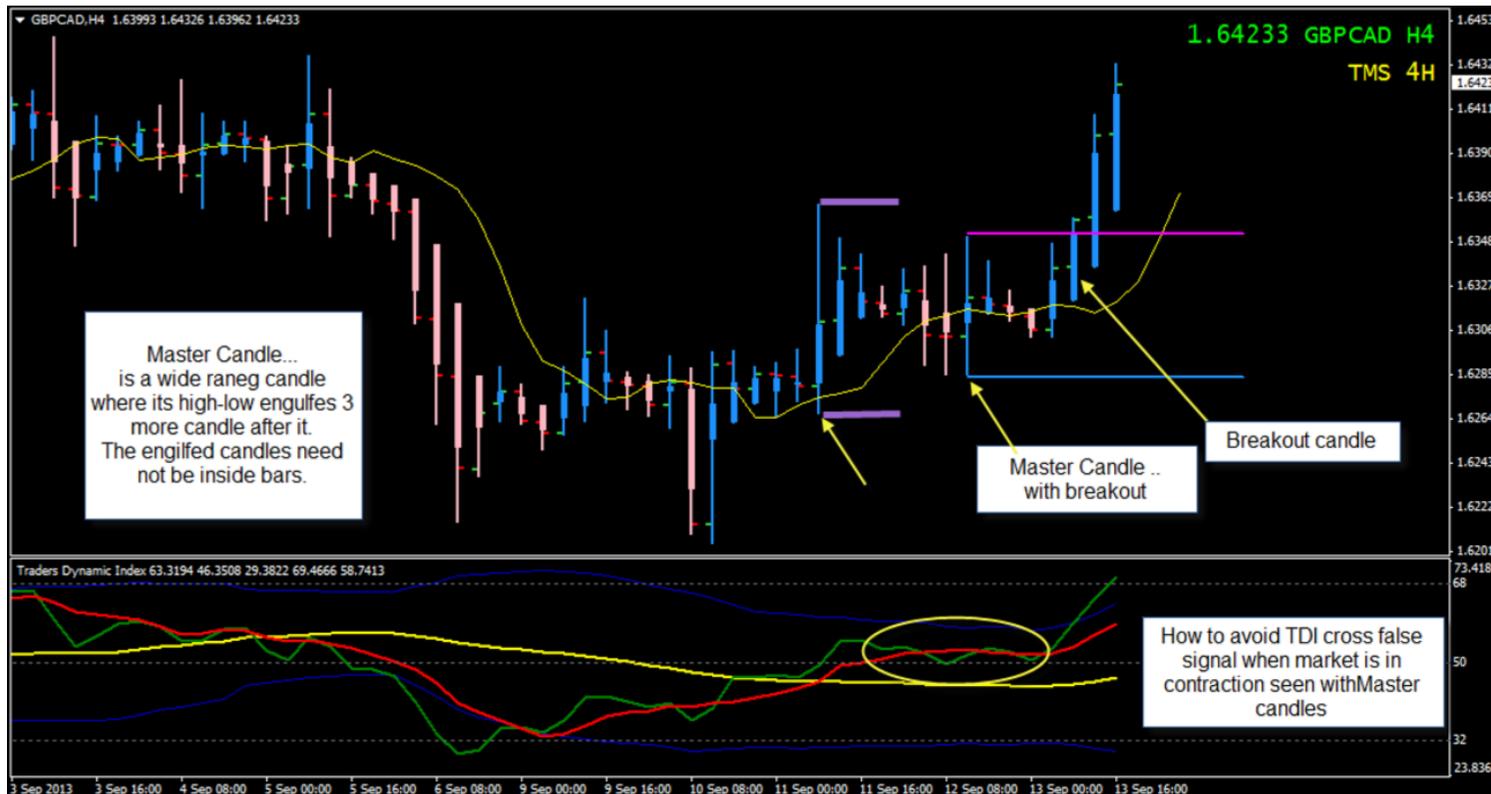
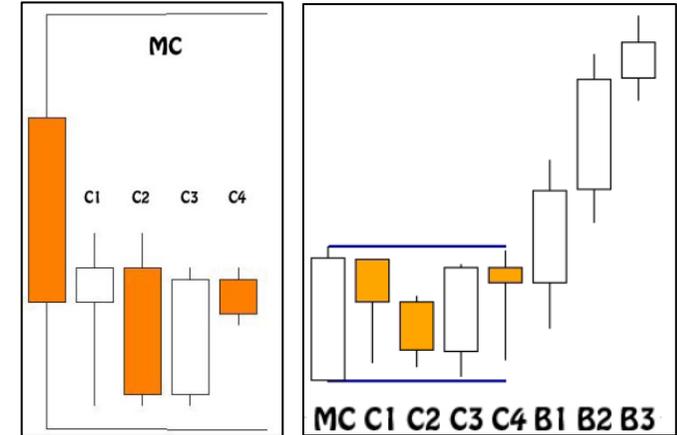


Shooting Star



3. Master Candle

- The significance of MC is to see market consolidation and avoid trading the narrow range consolidation market type.
- Back-testing on your charts will show you that those TDI crosses while PA is inside the MC or any Wide Range Bar **WRB** will result in poor trades.
- TDI cross when PA is inside the Master Candle are not good trade entry.
 - Wait for the breakout.

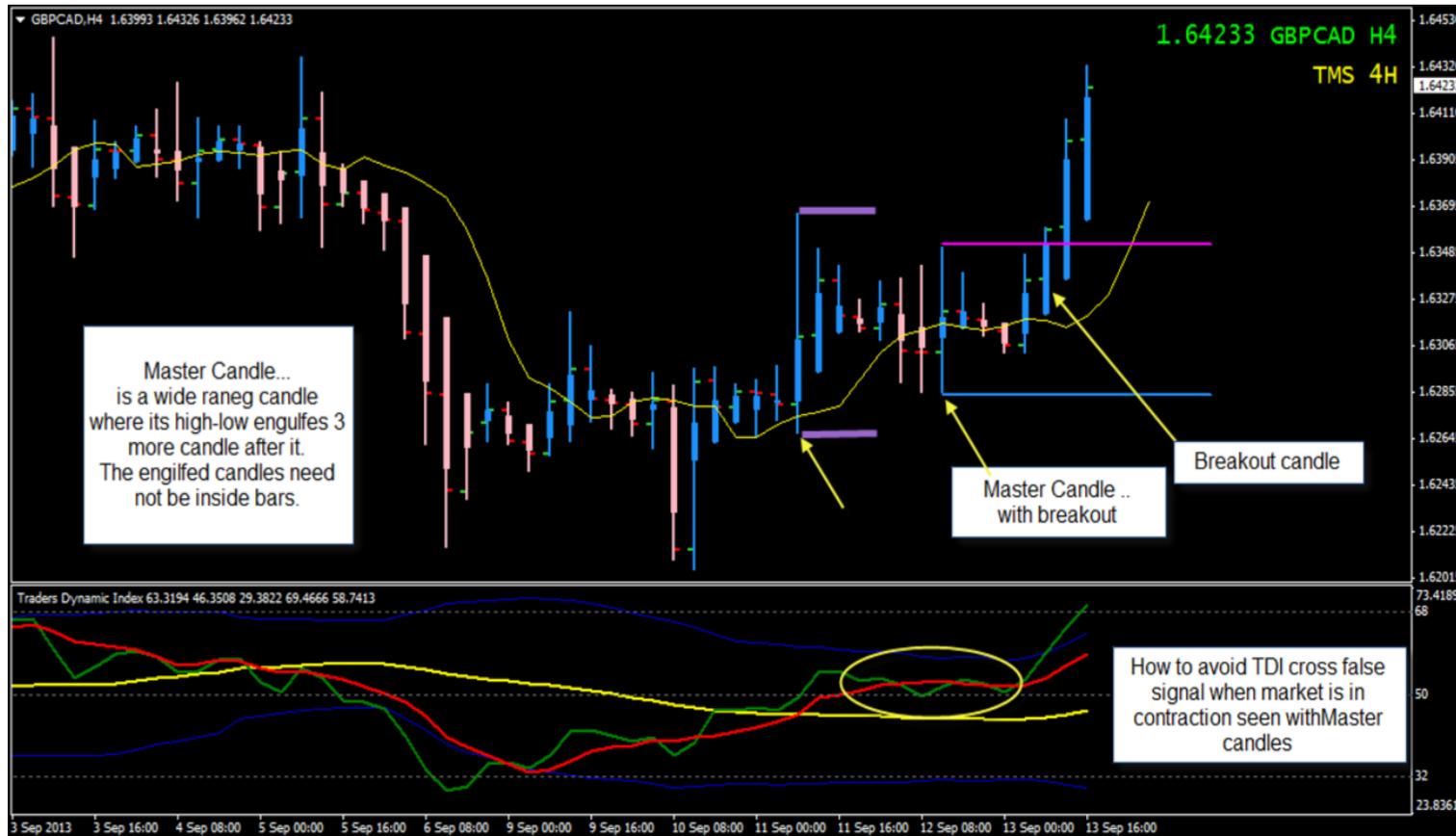




- If you look at that huge master candle, you will learn something. It is like a trap with two open doors.
- First swipe out all sellers, draw in the buyers, then swipe out buyers... back to week open.



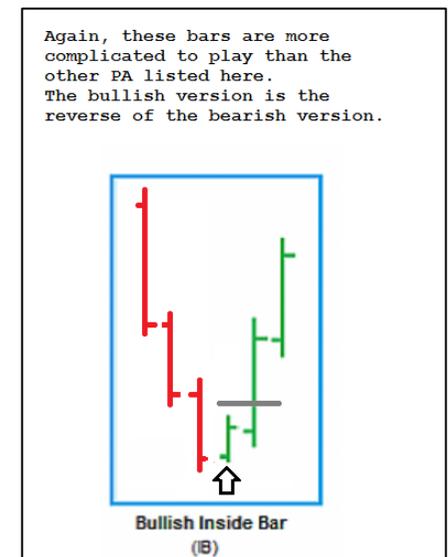
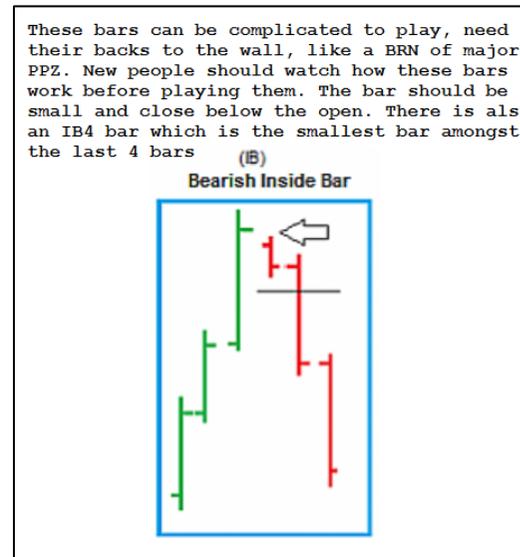
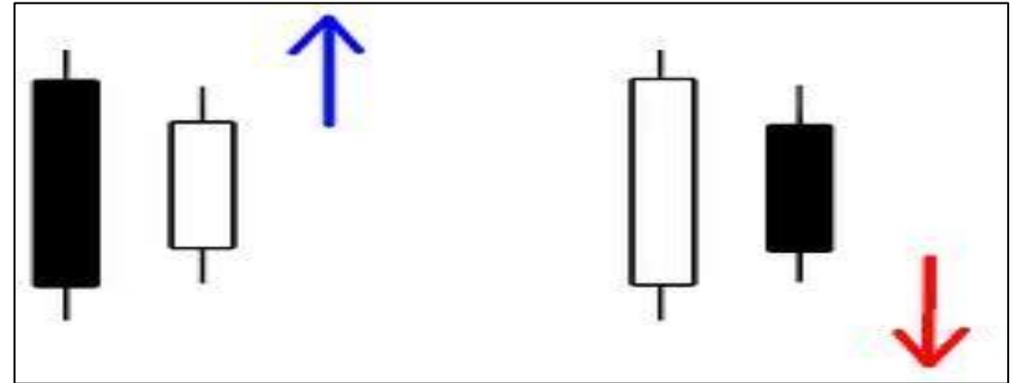
- Now LO+2 hours, we are witnessing the breakout of the H4 Master Candle....



- This is how our GBPCAD practice played out last week after many 4-hour period of waiting.
- Do you see the TDI crosses when PA was inside the MC?
- Yes, if you did not follow the PA for the 2 days, then you would have to enter when the breakout candle close above the high of the Master Candle.
- However, for this GBPCAD trade, we had established on Wed the Master Candle and also the base for buyers, so we can look for LTF entry before the breakout. This will give a better price buy entry and smaller initial SL hence better position size and overall better R:R.

4 Inside Bar (IB) [Trade the breakout]

- Watch for inside Bar breaks in D/W TF
- drill down to LTF when comfortable with this setup for tighter entry using flags & Pennants – see TMS thread post number 25460 for further details)
- Inside bar (IB) are just market consolidations
 - the smaller the IB in relation to the previous bar 'mother bar' the better for a breakout.
 - the more IBs like double IB, triple IBs are signs of consolidation and look for breakout move.
- we look for when volatility returns and price action showing momentum.
 - **two nice IBs in consecutive sequence is sign of consolidation and look for breakout move.**
 - Important when trading such breakouts are to have a Plan A and a Plan B in situations when the first breakout turns out a fakey.
 - Also breakout candle is usually very fast and furious, so we need to get an entry in lower TF like H1 is good in anticipation of the potential breakout.
 - You can fine tune entries in lower TF like H1/M15 when in H1/M15 chart TF, you look for:
 - PA with TrendLine Break (TLB)
 - Flag and Pennant chart patterns
 - PA and TDI divergence.
 - These three are very good fine tuning entry methods.
 - It will get you into the market and with smaller initial SL hence your position size will be better.
- Learn these and practice, practice, practice.
- How to trade IB?
 - you trade the breakout of the IB engulfing bar/candle before that IB or,
 - you trade the close of the IB if that IB itself is an engulfing bar/candle .
 - See example Below
 - Used as CONTINUATION entries using PA Candlestick Pattern (CSP) for example Inside Bar, Double Inside Bar, In an established trend, I look for continuation setups to jump into the market or add-on more positions.

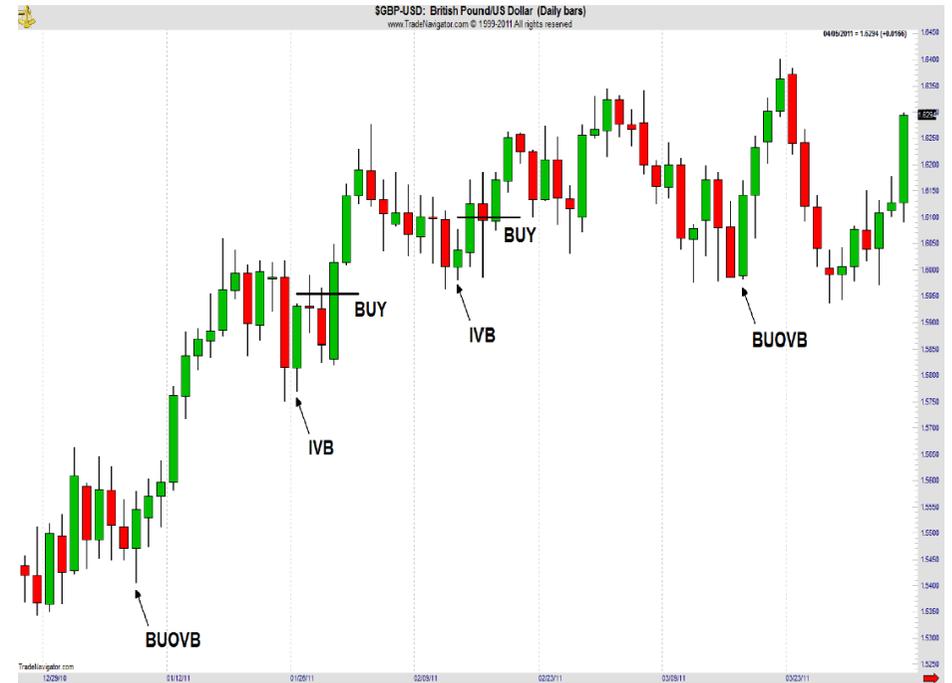
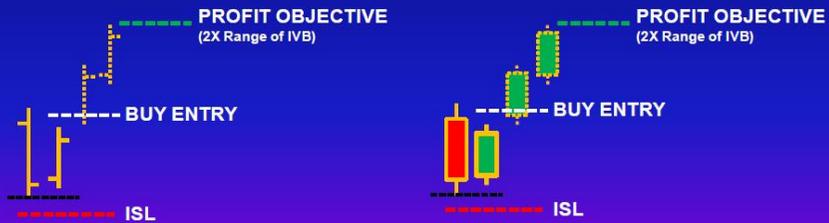


Inside Vertical Bar (IVB)

IVB @ Logical SUPPORT in an established UP Trend

- The HIGH and the LOW both must be Inside the Previous Bar's Range (the HIGH is Lower than the Previous Bar's HIGH and the LOW is Higher than the Previous Bar's LOW)
- **ONLY USED** at Logical SUPPORT in an established UP Trend
- It does **NOT MATTER** where the Bar Closes

Inside Vertical Bar (IVB) // Bullish Harami

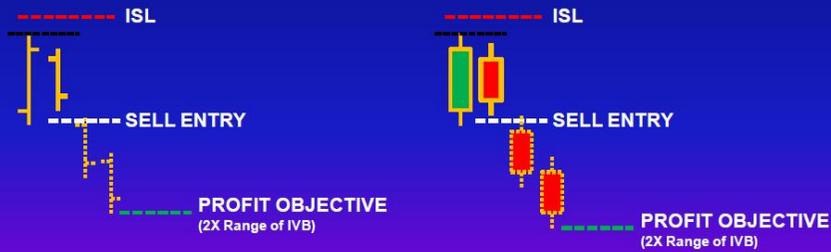


Inside Vertical Bar (IVB)

IVB @ Logical RESISTANCE in an established DOWN Trend

- The HIGH and the LOW both must be Inside the Previous Bar's Range (the HIGH is Lower than the Previous Bar's HIGH and the LOW is Higher than the Previous Bar's LOW)
- **ONLY USED** at Logical RESISTANCE in an established DOWN Trend
- It does **NOT MATTER** where the Bar Closes

Inside Vertical Bar (IVB) / Bearish Harami





- examples of H4 DIB setup with TDI 12-2 and 4-6 ...



- This is not a TMS candle#1 nor #2 entry.
- It is a *CONTINUATION setup entry using PA using the H4 DIB (Double Inside Bar) breakout at S&R* after the news event on Friday.

Inside Bar Trade Example

USD/CHF Apr 26, 2013



- Chart showing original trade entry

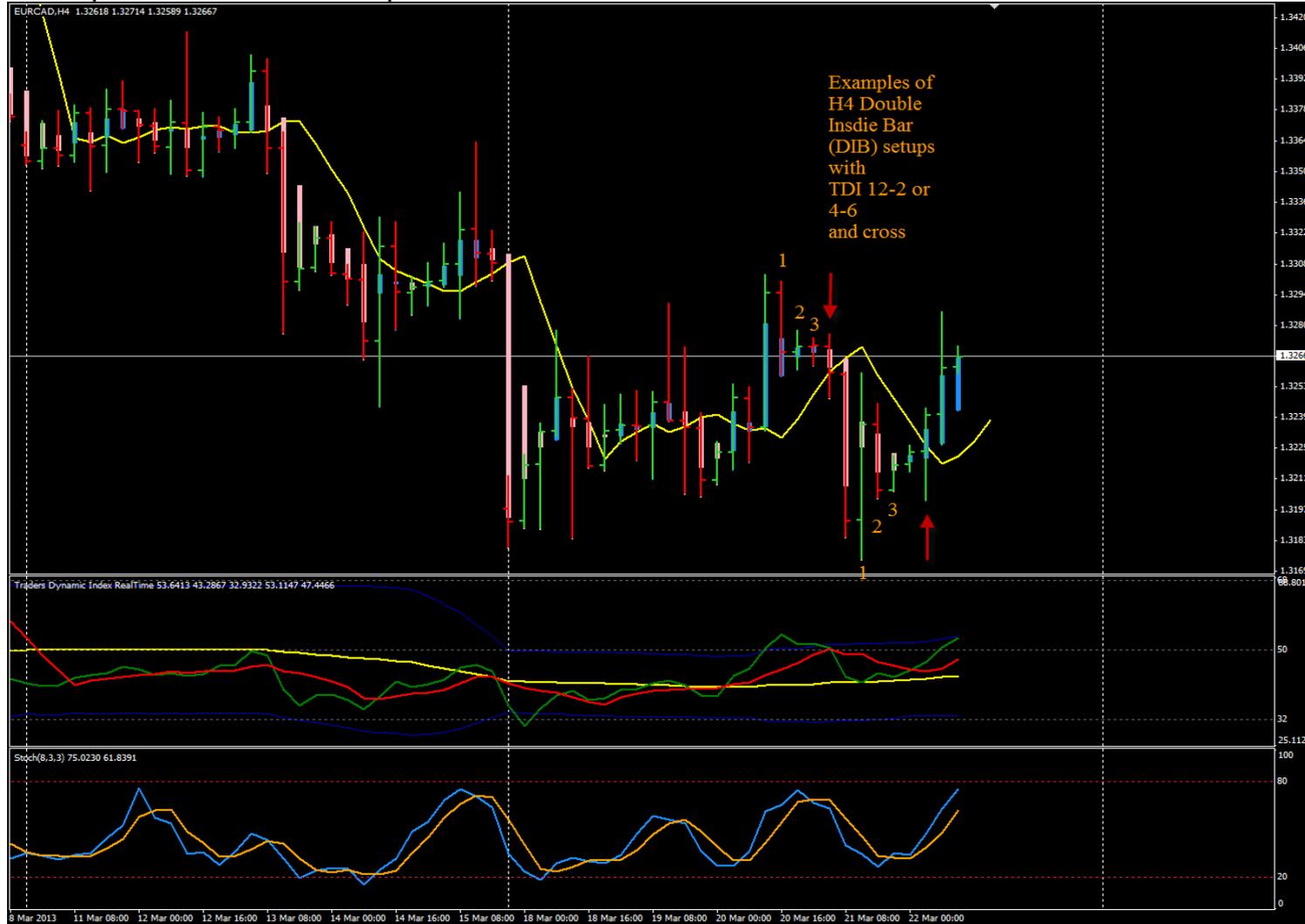
Update 1:

- UChf week 17 H4 Trade done on 26 Apr: Here is my UChf trade taken last Friday. This is not a TMS candle#1 nor #2 entry. It is a CONTINUATION setup entry using PA using the H4 DIB (Double Inside Bar) breakout at S&R after the news event on Friday.
- Here is my trade update showing how I manage this trade before frankie.
- 1% in my bag, 2 % protected and is a free trade.

Update 2:

- Hi,
- Here is my trade update for UChf.
- Took profit +147pips for 2nd Pos. Now left with last pos open protected with FP at .93670.
- I don not know where market will go, therefore I just procet the downside of all my trades all the time.
- Now puhs my final TP to Prev Week 16 Low at 0.9210 region, also BRN 0.9200...there is CONFLUENCE of S&R in that region too.
- UChf has weekly range between 168 and 2105, and so far this has made 152pips already. I see some room down to go should this current down flow continues.
- The APB/HA candle still looking good with flat top ends. Price bars/candles also show bearish with H4 consolidation near BRN 0.9300.
- Concern is that there are many sellers techncial stops above which will attract stop hunting. We never know this for sure therefore we will trade TMS in the way it should be.

examples of H4 DIB setup with TDI 12-2 and 4-6 ...



It is a *CONTINUATION* setup entry using PA using the H4 DIB (Double Inside Bar) breakout at S&R after the news event on Friday.



If you see the MN chart, there is a very good PASR trade opportunity with Mar Inside Bar or Feb Outside Bar. This month Apr gave a very good MN Inside Bar breakout trade. If you had done this Big Picture, you would have been in an excellent position to trade the breakout early in lower TF H4.

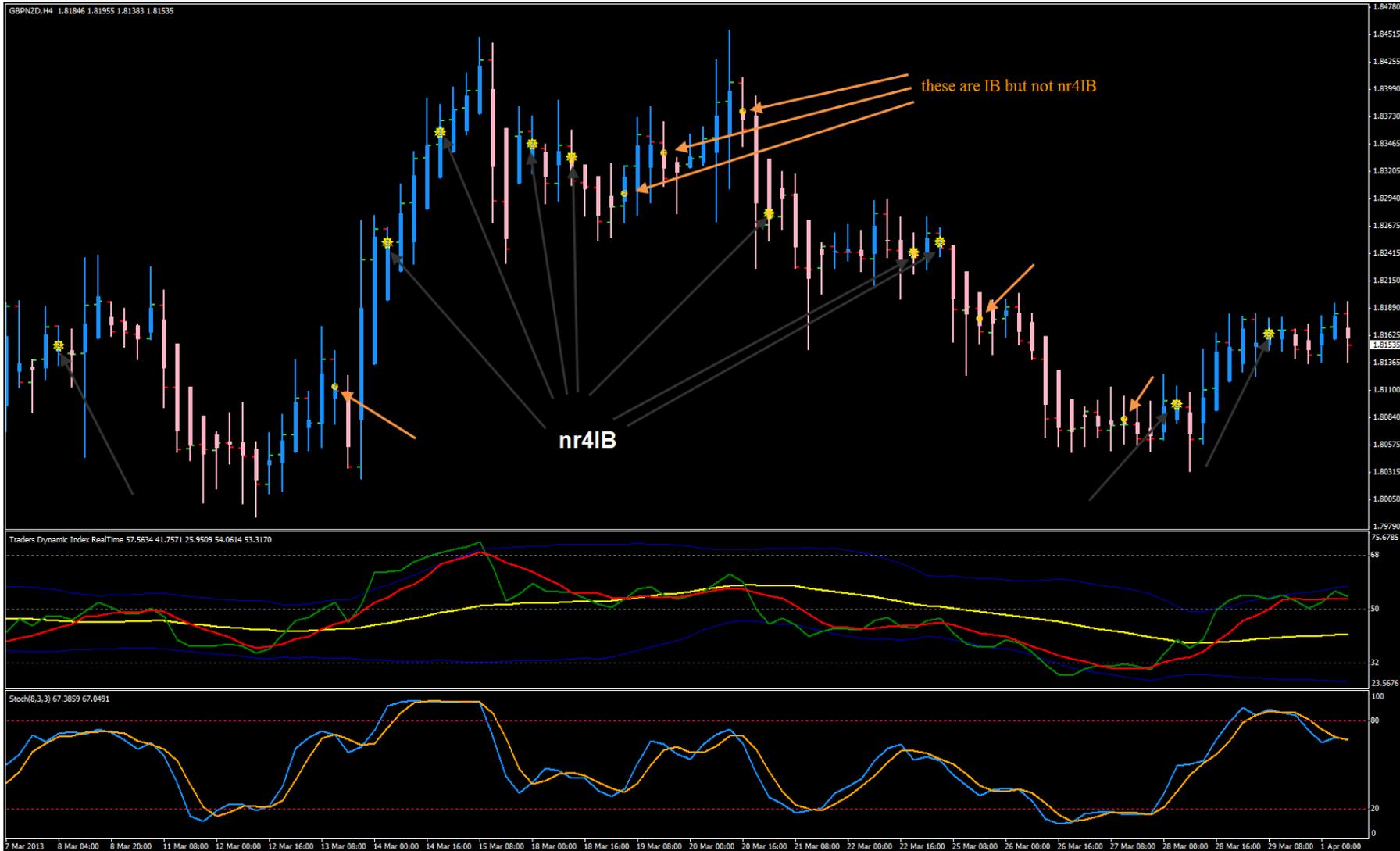
Follow each of the charts attached from here onwards.

5. NR4IB

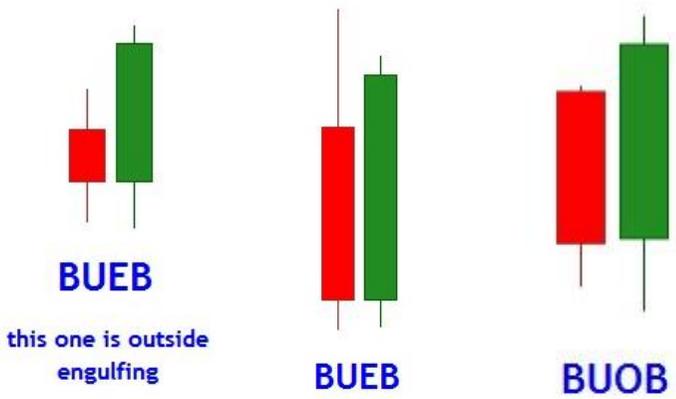


A simple and straightforward method of market entry and exit that has the highest

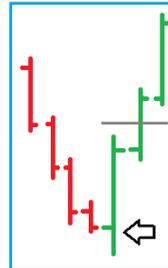
Probability of being profitable while minimizing the risk and capital exposed, allowing for maximum effectiveness in trading.”



6. Bullish Outside Vertical Bar (BUOVB) / Bullish Engulfing Bar (BEEB)



The ideal criteria for this bar is the exact reverse of the BEOB. The higher up the bar the close, the better & the more bars it engulfs, adds power to it. Note, this bar engulfs the prior two bars.



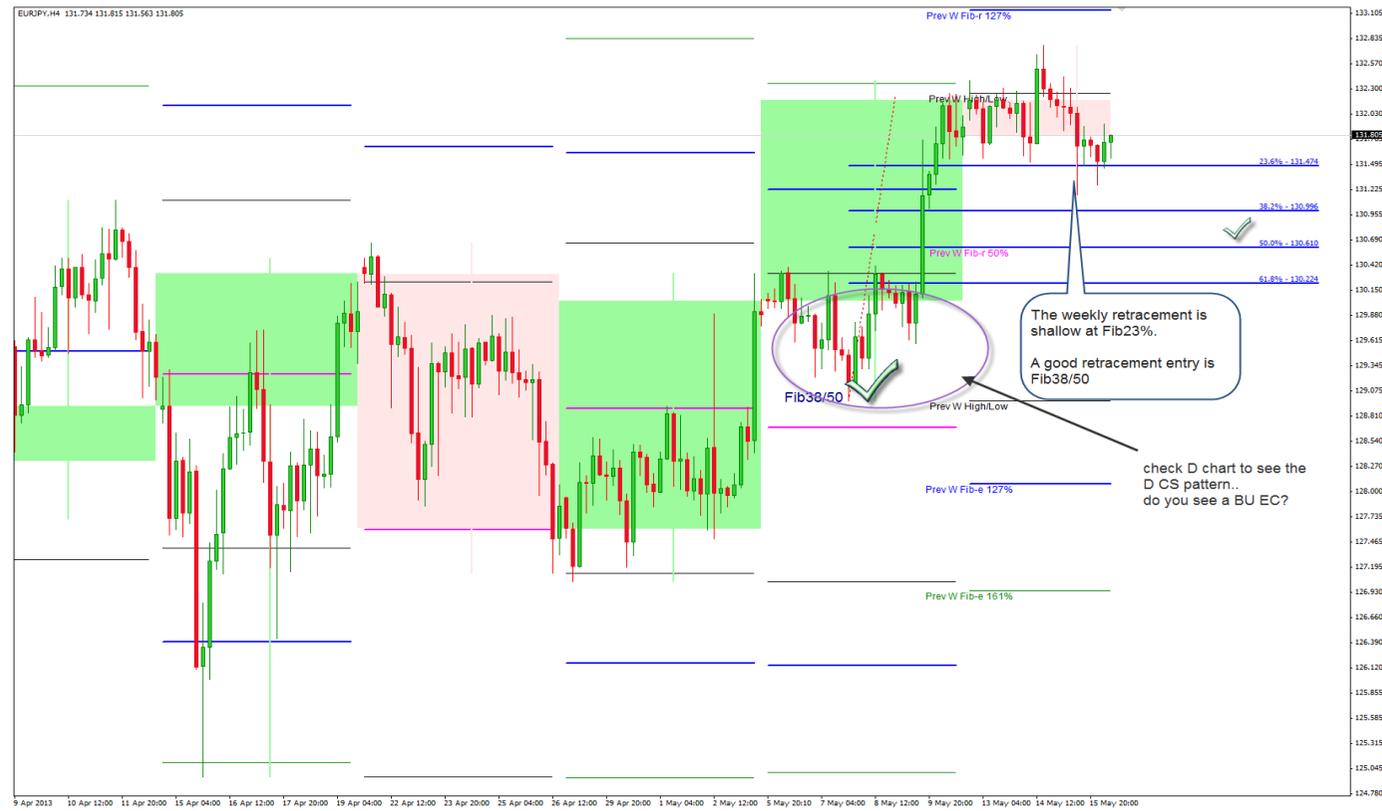
Bullish Outside Vertical Bar (BUOVB)

Bullish Outside Vertical Bar (BUOVB) / Bullish Engulfing

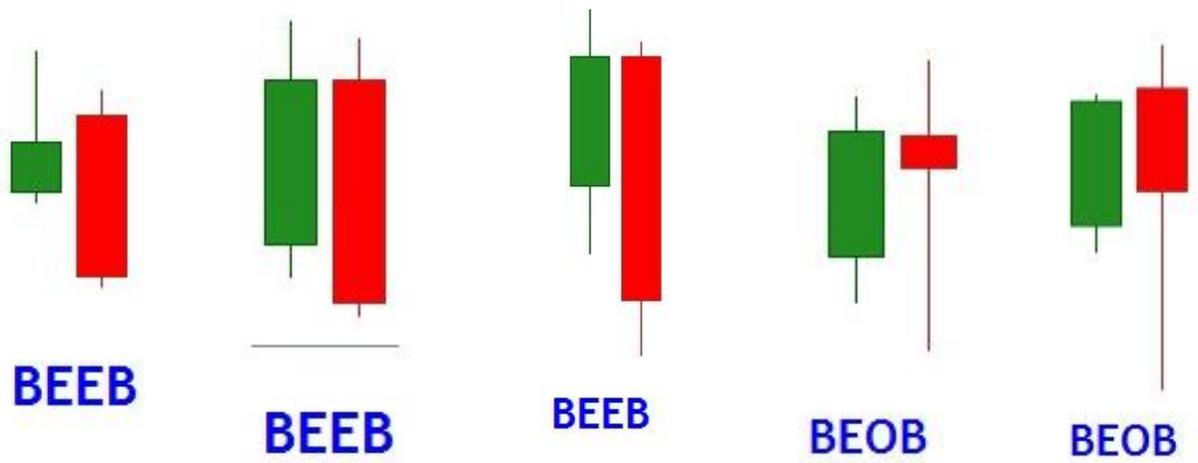
The HIGH and LOW must exceed the Prior Bar's HIGH and LOW and the CLOSE must close in Top Quarter of the Bar's Range
ONLY USED at Logical SUPPORT in an established UP Trend

The diagram illustrates the application of a BUOVB pattern. It shows a green candle engulfing a red candle. Key levels are marked:

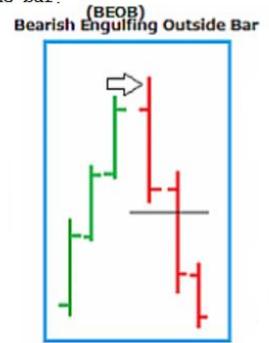
- BUY ENTRY**: Indicated by a dashed line at the top of the green candle's body.
- PROFIT OBJECTIVE (1X Range of BUOVB)**: Indicated by a dashed line at the top of the green candle's range.
- PROFIT OBJECTIVE (1X Range of Engulfing Candle)**: Indicated by a dashed line at the top of the green candle's body.
- ISL**: Indicated by a red dashed line at the bottom of the red candle's body.



7. Bearish Engulfing Bars / Bearish Outside Bars (BUOB/BEOB)



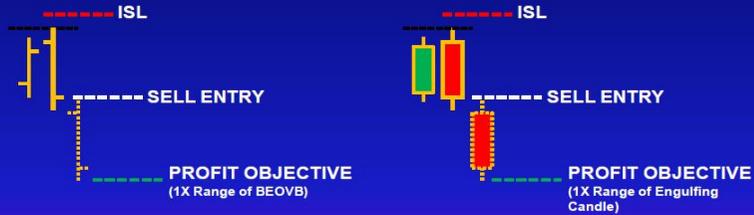
The high of the bar must exceed the previous bar's high and the low, must be lower than the previous bar's low. The close of this bar does not have to be below the previous bar's low. However ideally, it should be in the last third of the bar.



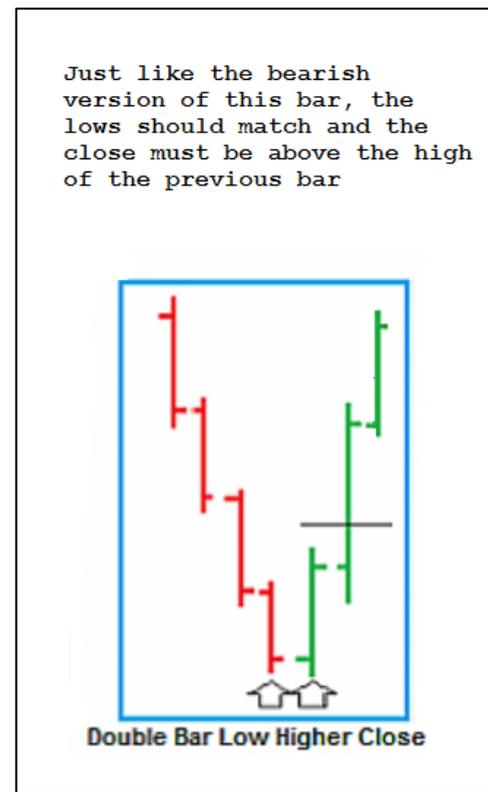
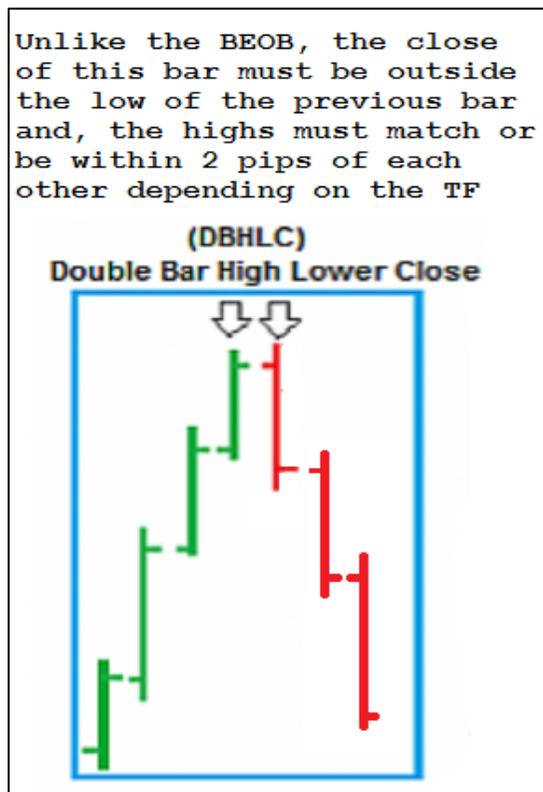
Bearish Outside Vertical Bar (BEOVB)

Bearish Outside Vertical Bar (BEOVB) / Bearish Engulfing

- The LOW and HIGH must exceed the Prior Bar's LOW and HIGH and the CLOSE must close in Bottom Quarter of the Bar's Range
- ONLY USED at Logical RESISTANCE in an established DOWN Trend



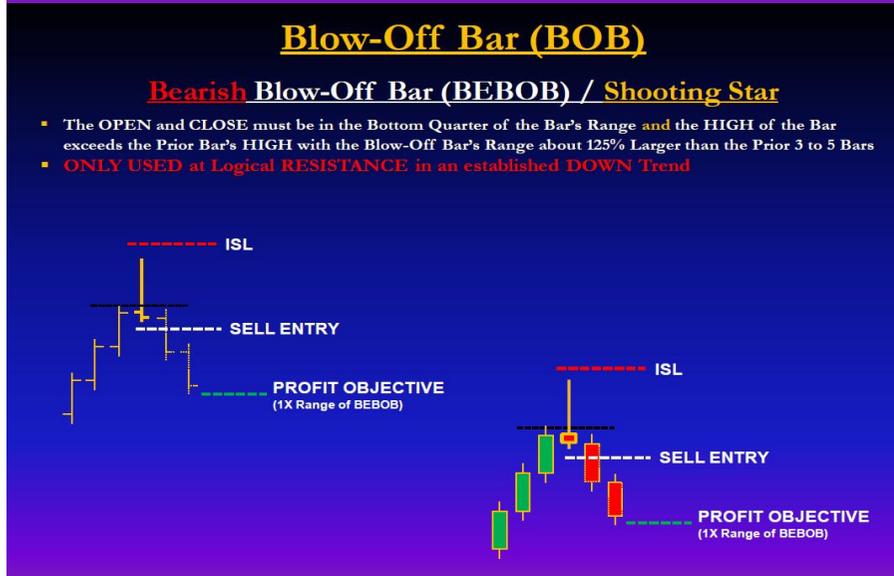
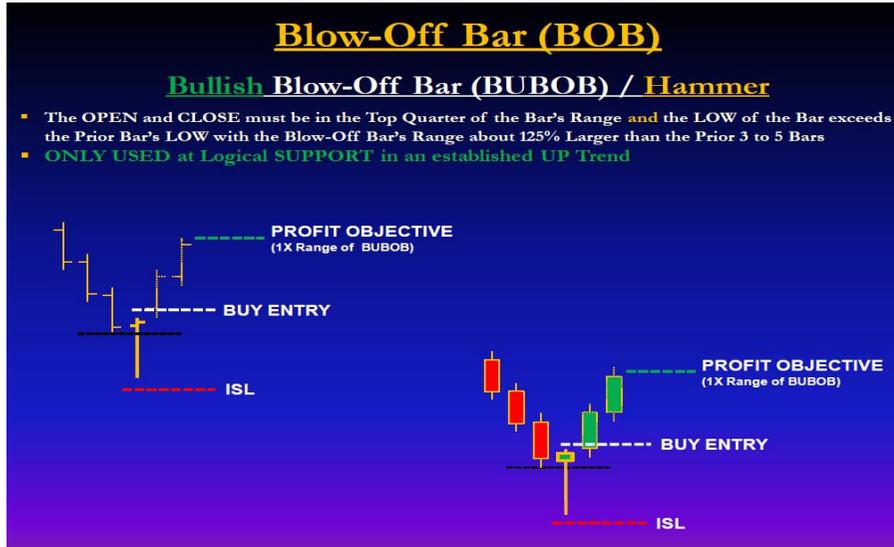
8. Double Bars High Lower Close (DBHLC) and Double Bars Low and Higher Close (DBLHC)



I look for Double Bars High Lower Close and Double Bars Low and Higher Close and to see if they occur at a market high of market low.

9. Hammer / Pin Bars

- Pin bar appearing at support and resistance are of higher probability to trade.
- Pin bar appearing at the London session high or low are usually good to trade.





- here is an example of 4H setup and using this setup Pin Bar you can switch down to H1 chart and look for an entry.
- Note the TDi goes flat and bend over, but why do you want to close your trade when that happens? Just scale out you trades instead of closing your trade and look for another entry which don't come easy.



- Took this trade seeing a H4 Pin Bar.
- Trade now at Be with partial exit +30pips.

10. Pop Gun

- **Pop Gun Candlestick Pattern:** must have an IB and follow with an OB which must be larger range than its previous 2 bars.

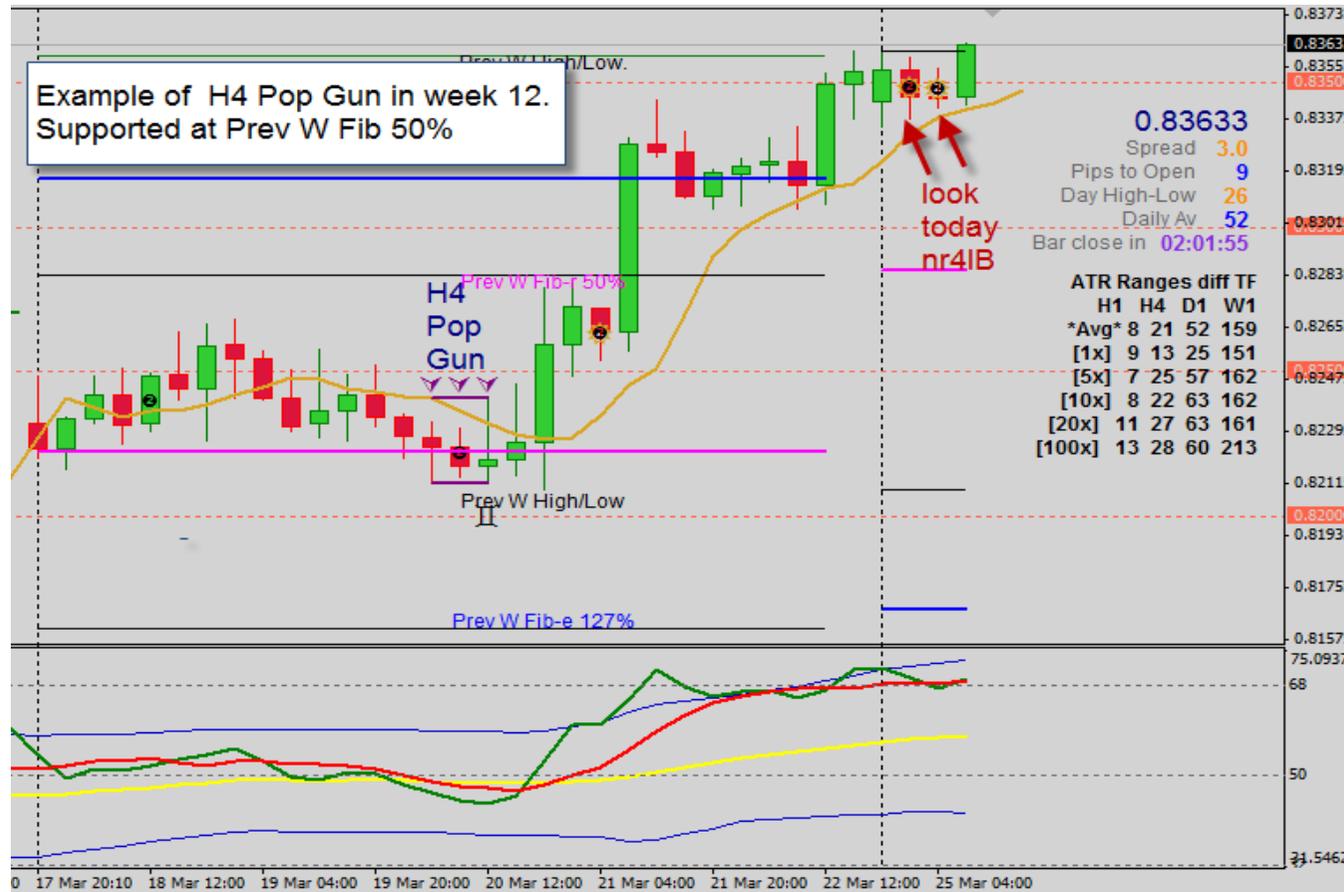


- GBPAUD 13 Mar update: Mar 13, 2013 12:28pm | Post# 16127
- That is a Pop Gun after a Pin Bar. A good sign of increase demand and maybe that the downtrend has ended.

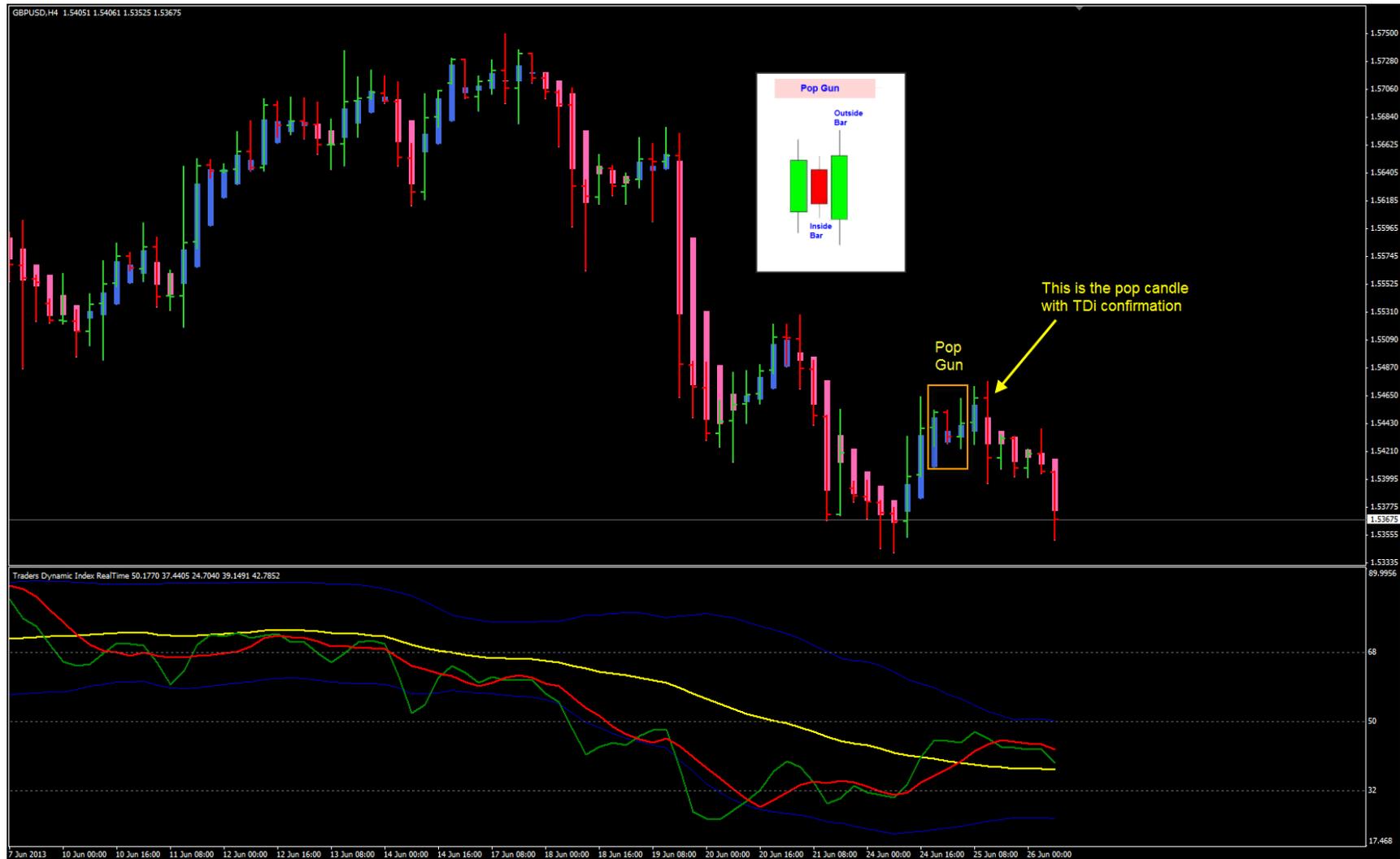
- **PopGun Setup And Trigger**



- Mar 15, 2013 12:38am | Post# 1619
 - Ok, above is my chart to explain the Pop Gun setup and trigger.
 - I know we discuss mostly TMS H4 trading here, but there are some M15 lovers here too. This is specially for you.
 - This is trading the Breakouts.... after long period of price consolidation.
 - You have multiple 4-hour period to spot this sort of market type. You do not need to keep looking at your charts until your eyes pop out of their sockets. Just look once every 4-hours.
 - When you see what you look for, then you glue onto your computer screen for a few hours.



- Mar 15, 2013 12:38am | Post# 1619
 - Above is Another example of H4 Pop Gun on USDNZD week 12.
 - Back test this and learn how you would have gotten an entry in lower TF H1 and M15.

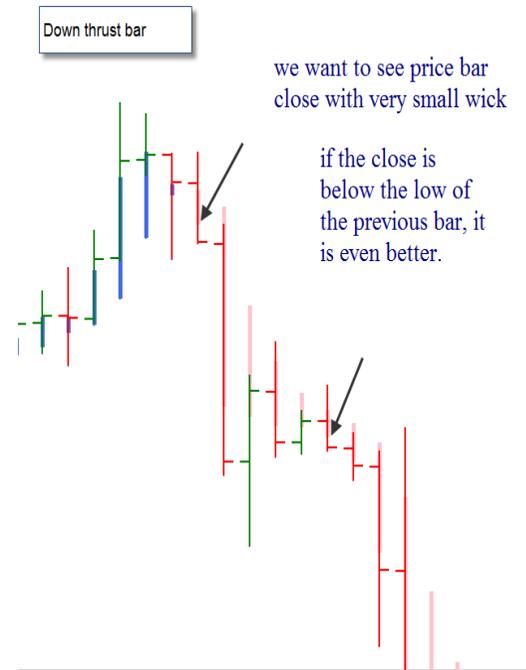


- Jun 26, 2013 12:22pm | Post# 21112
 - GU week 26 - 25 Jun High probability that GU will 'pop' this week on 4H... anyone sees that?
 - Here is the pop i was talking about ...

11. Thrust Bars



This is a good UPthrust bar with the very small upper wick and the close is above the previous candle high



What is a good UPthrust bar?

- here is an example how to look at price bar place over the APB
- price with strong close very near to its high, very small wick. The close must be above the high of the previous candle high.
- The opposite is true for red down thrust bar.

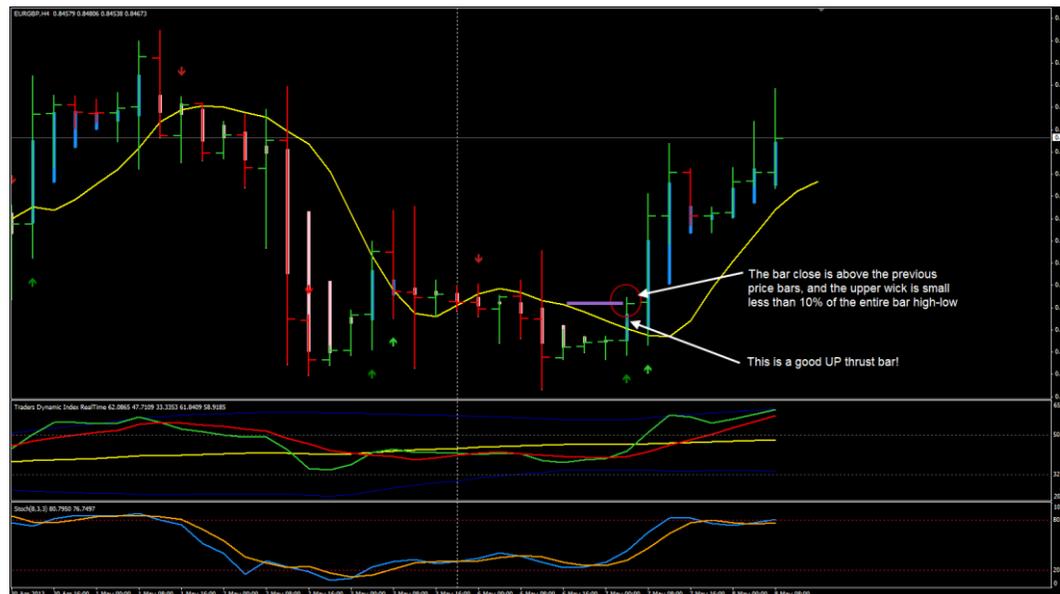
Quoting Jackub

{quote} Emmanuel, let me please clear this point, We have a signal candle, I put a number "1" on it, is this one has to be UPthrust bar or next has to be the UPthrust bar ? {image}

- in your chart, that candle "1" is not a good UPthrust bar as its close is not above the previous candle before it.
- Based on TMS 4H, TDi crossed and APB changed colour candle#1. You can enter after candle #1 close.
- But that is still not a A+++ entry.
- If that is a good UPthrust bar, there will be momentum and price will move better quickly and your initial SL will not be threaten.



- If the next candle after your marked '1' is a good UPthrust bar when it closes, then you already missed APB candle#2 entry, and the question you must ask is do you want to enter on APB candle #3?
- Most Thrust bars have a good follow through next candle. Especially when you see Bullish OB and bearish OB thrust bars. These are good CONTINUATION entry points even when it is more than APB candle #3 and above. Happens only in breakout trends.





- UP Thrust Bar example:
 - Here is one example where there is a very good UP thrust bar and in this situation you can enter when this candle#1 closes before TDI cross.
 - Or enter during candle#2 before it closes.



- the current H4 is not yet close.
 - the current price pullback is reaction to prev D high...
 - but the prev H4 candle looks like a good UPthrust price bar.

J16 Price Action Basics. Bearish PA needs to be at a clear Swing High & Bullish PA needs to be at a clear Swing Low

Note on the charts, the horizontal line is the buffer, this means we wait till price exceeds the PA bar by 10-15 pips above of below the entry on a daily time frame

The close should be below the open and both the open and close ideally need to be in the last third of the bar. The open should be inside the eye of the previous bar.

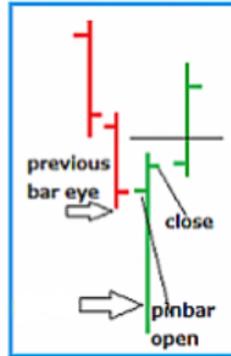
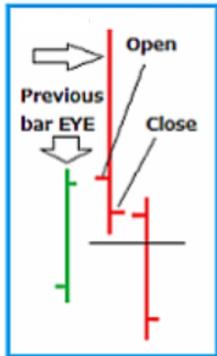
Same as the Bearish PB but the reverse. Also, both these candles should have a long nose or tail, protruding above or below the previous candle. Open should be inside the eye.

The high of the bar must exceed the previous bar's high and the low, must be lower than the previous bar's low. The close of this bar does not have to be below the previous bar's low. However ideally, it should be in the last third of the bar.

The ideal criteria for this bar is the exact reverse of the BEOB. The higher up the bar the close, the better & the more bars it engulfs, adds power to it.

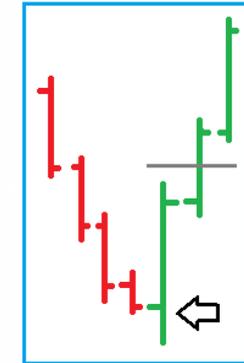
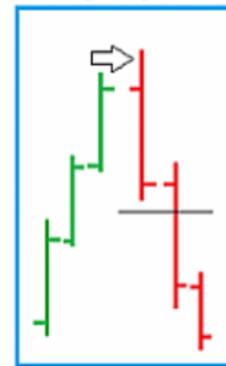
Note, this bar engulfs the prior two bars.

Bearish Pinbar (PB)



Bullish (PB) Pinbar

(BEOB) Bearish Engulfing Outside Bar



Bullish Engulfing Outside Bar

Unlike the BEOB, the close of this bar must be outside the low of the previous bar and, the highs must match or be within 2 pips of each other depending on the TF

Just like the bearish version of this bar, the lows should match and the close must be above the high of the previous bar

These bars can be complicated to play, need their backs to the wall, like a BRN of major PPZ. New people should watch how these bars work before playing them. The bar should be small and close below the open. There is also an IB4 bar which is the smallest bar amongst the last 4 bars

Again, these bars are more complicated to play than the other PA listed here. The bullish version is the reverse of the bearish version.

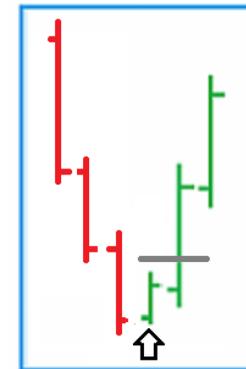
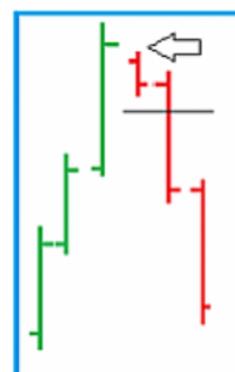
(DBHLC)

Double Bar High Lower Close



Double Bar Low Higher Close

(B) Bearish Inside Bar



Bullish Inside Bar

(B)