

Hello there, welcome to my learning of **“Trading the Cable swings via averages”**

Big thanks to Alan (Nala66).

Nothing here belongs to me.

- Here I will try to organize for me what “I” understand of the method, **I am a slow learner**, that is the reason for me to build this power point.
- I hope this can help you, and me.
- Keep in mind that English is my second language, so this writing is going to have misspelling

# STEP by STEP (Not revised)

- First, draw swing low and swing high from on 5 min and 1 Hour
- Second Look divergence and overbought/oversold on H1
- Third Find reasons to trade in the direction of the H1 (Divergence, followed by price crossing EMA and finding support overbought/oversold near swings you have marked)

# Topics:

- Overview
- 5 minute chart setups
- Timing
- Swing High and Swing Low of averages
- The Relative Strength Index (RSI)
- A bit of colour
- Here comes my headache part 1
- The two bar test
- Money management (Here comes my headache part 2)
- (Bulls or Bears) have FOUND support.

# Overview

- Price always tries to make a HH or LL, Alan teaches another way to see them.
- **It is through the use of averages**
- Example in the next page:



# 5 minute chart setups



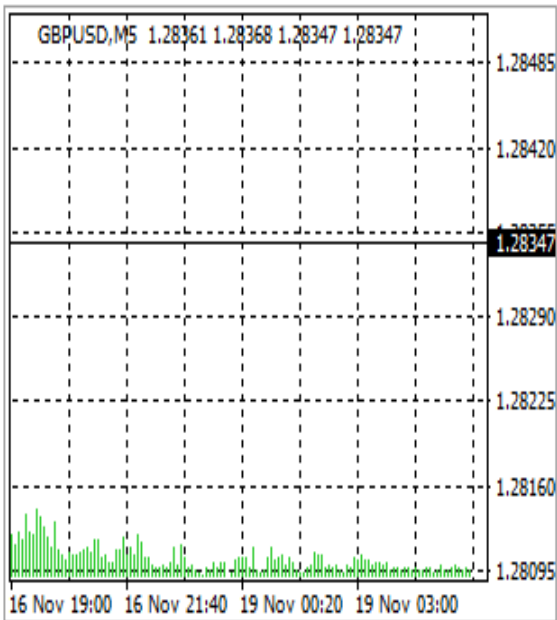
# Set the properties of the 5 minute GBP/USD like this

Properties of GBPUSD,M5



Colors Common

Color scheme:



- Background:  White
- Foreground:  Black
- Grid:  Black
- Bar Up:  None
- Bar Down:  None
- Bull candle:  None
- Bear candle:  None
- Line graph:  None
- Volumes:  LimeGreen
- Ask line:  Red
- Stop levels:  Red

OK Cancel Reset

Properties of GBPUSD,M5



Colors Common

- Offline chart
- Chart on foreground
- Chart shift
- Chart autoscroll

- Bar chart
- Candlesticks
- Line chart

- Scale fix One to One
- Scale fix
- Fixed maximum
- Fixed minimum

- Show OHLC
- Show Ask line
- Show period separators
- Show grid
- Show volumes
- Show object descriptions

OK Cancel Reset

Next, add a 26 period EMA with double thickness, color black

Moving Average ? X

Parameters Levels Visualization

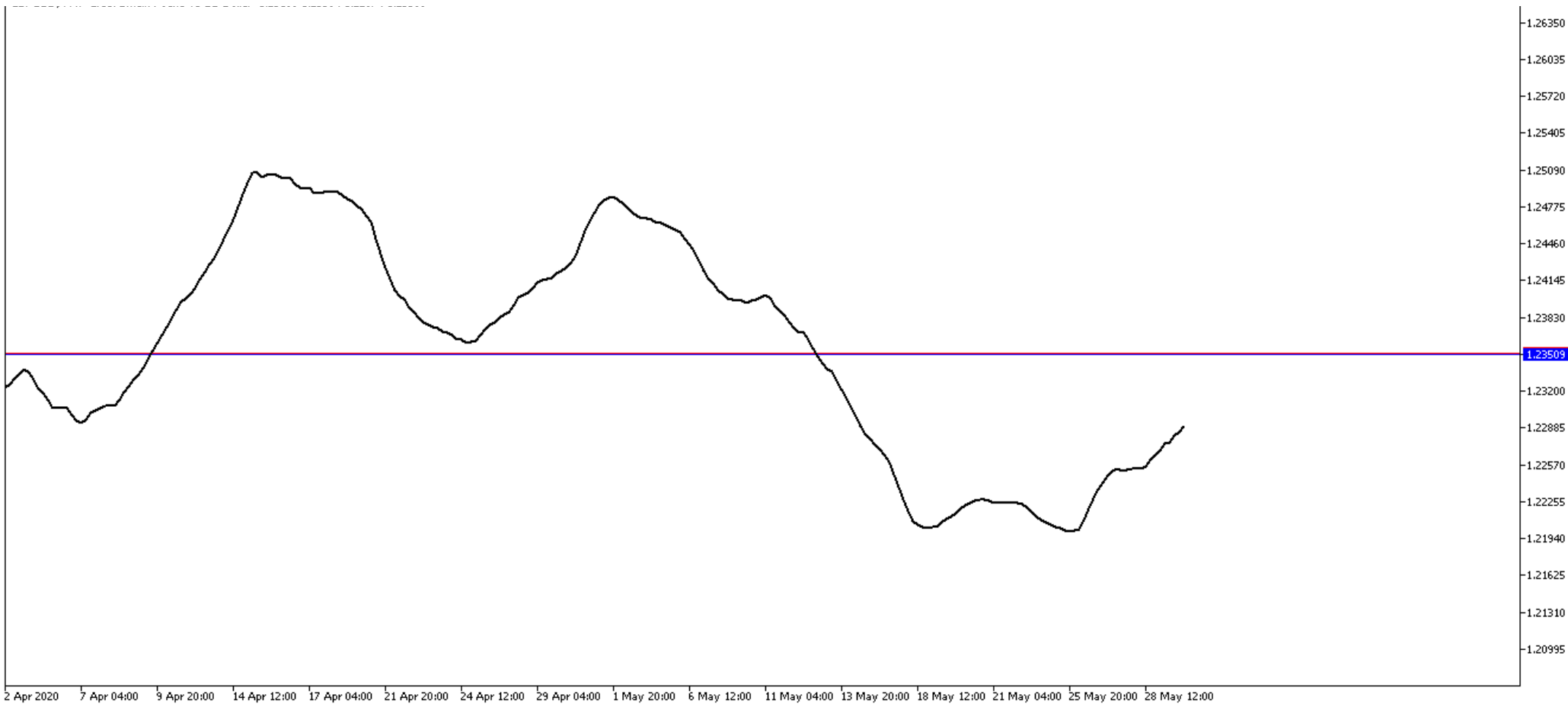
Period:  Shift:

MA method:

Apply to:

Style:

# You should have something like this.



“Now this next bit is not really needed but it helps until you get used to watching multiple charts and some people are using small screens such as laptops so this additional info helps see the picture.”

We are going to add both the current high and low prices and put them on a shade or two lighter such as dark grey.

Putting two of these on the chart one set to the **high** and the other set to the **low** you will get the current **distances** of the bar movements **tops** and **bottoms**.

# Moving Average



Parameters

Levels

Visualization

Period:

Shift:

MA method:

Simple

Apply to:

High

Style:

DarkGray

—

—

OK

Cancel

Reset

# Moving Average



Parameters

Levels

Visualization

Period:

Shift:

MA method:

Simple

Apply to:

Low

Style:

DarkGray

—

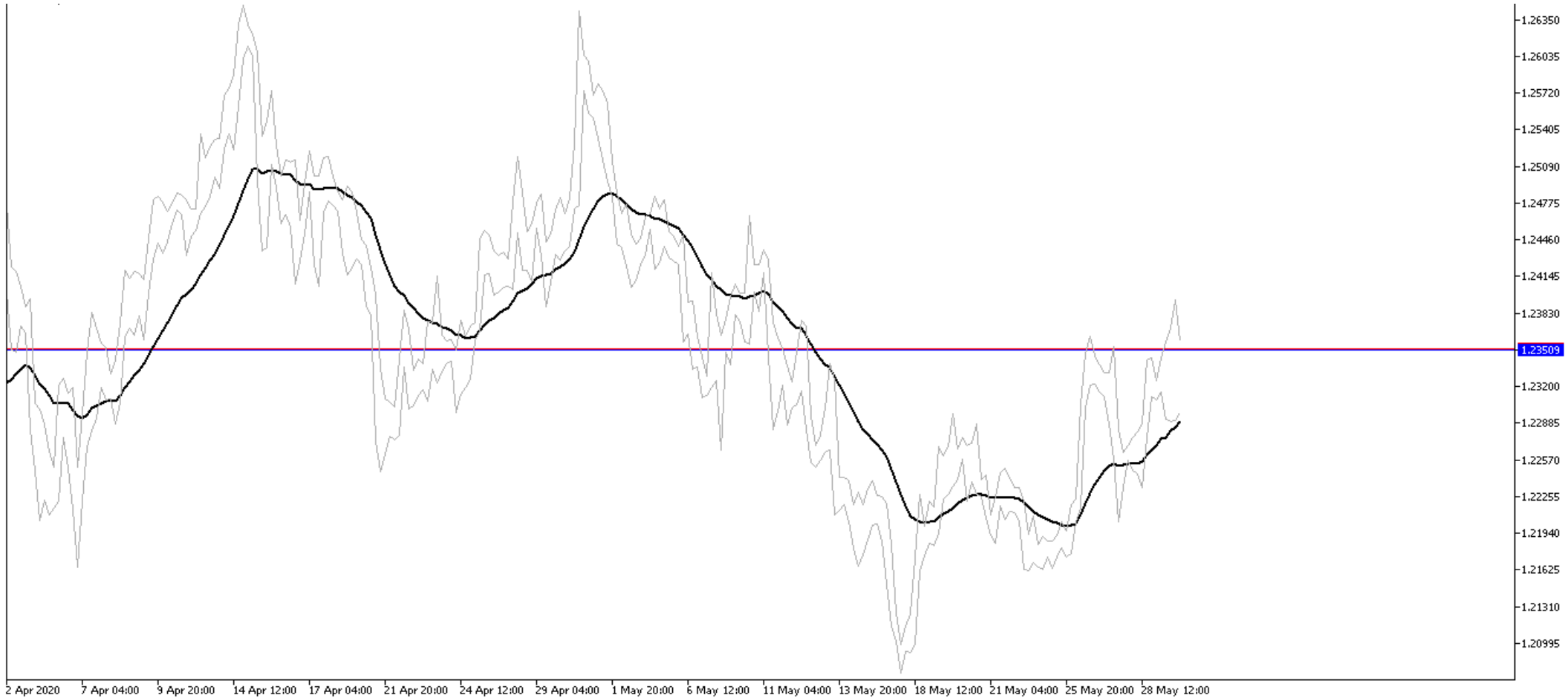
—

OK

Cancel

Reset

# Chart on 5 minutes should look something like this



# Timing

This involves the **timing** of the trade, the approximate time Alan works and he calls it Bar 108.

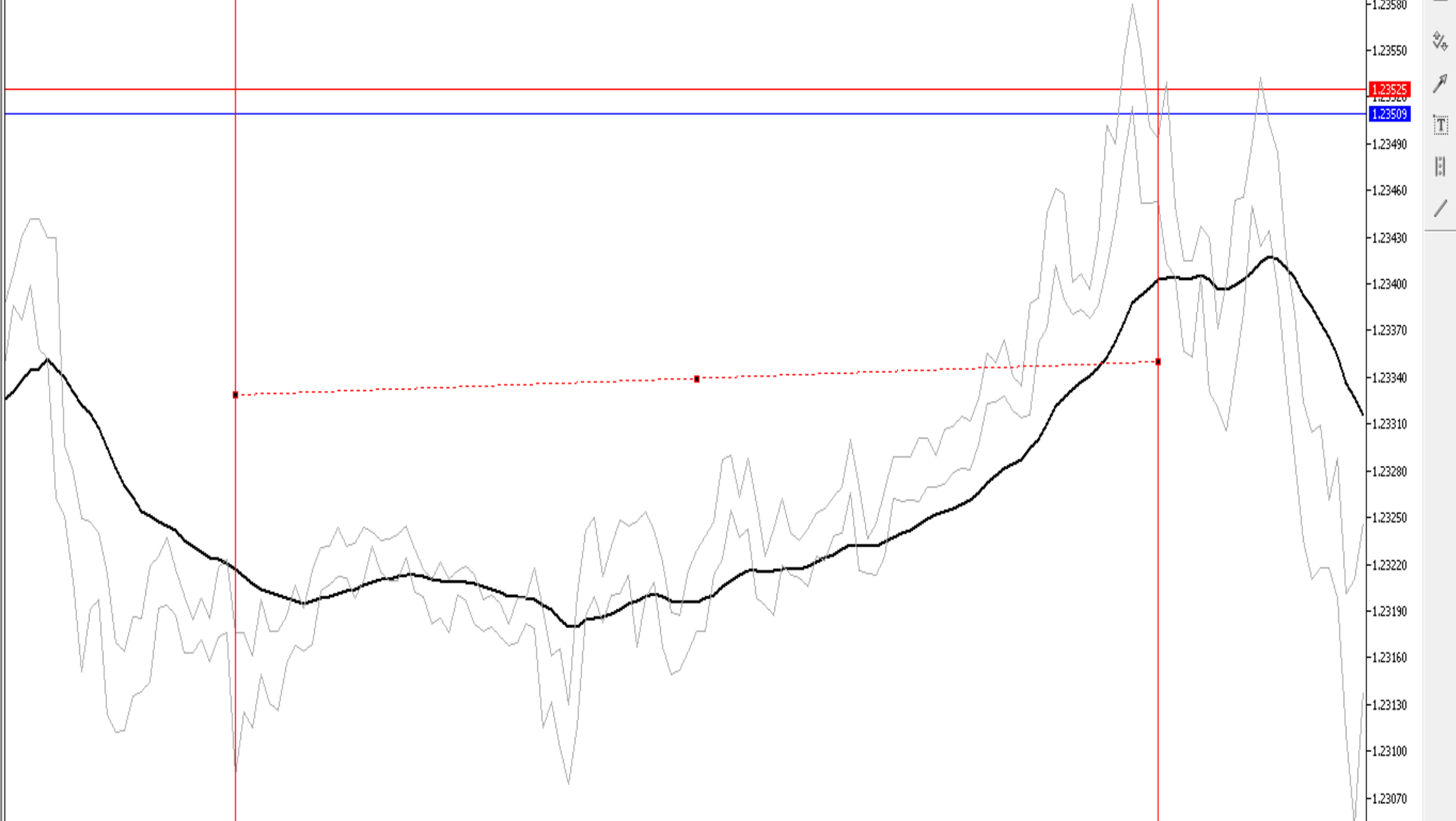


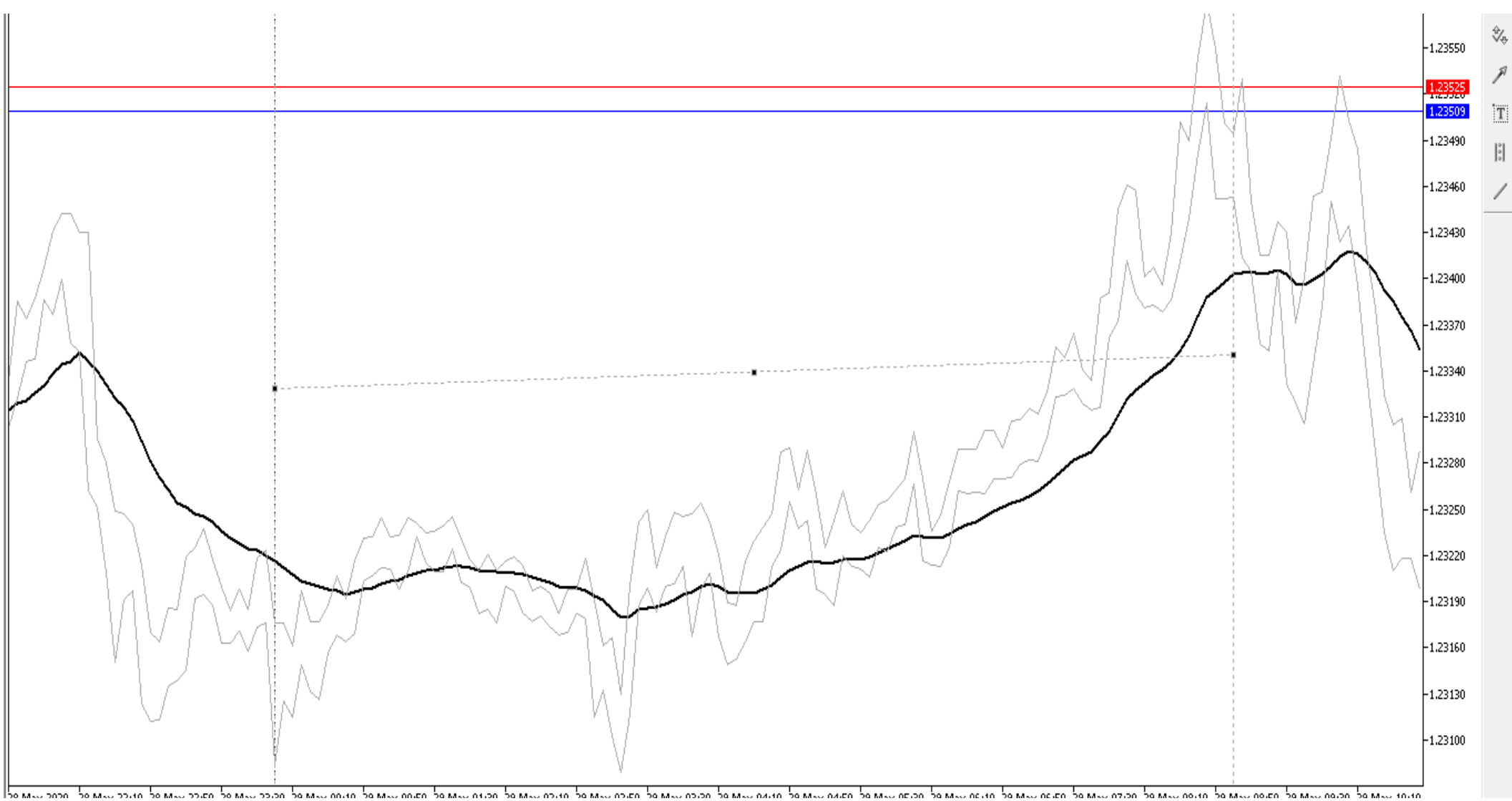
Switch on your Period Separator and measure 108 bars from it with the rectangle tool. Copy the rectangle and place the copy at the next Period Separator.

Now using the **Cycle line tool span** the two rectangles to give you lines that will continue into the future forever.

Set then a light coloured (grey) dotted line just like the Period Separator ones.

Once done you can turn off the Period Separator Lines as they are no longer required.



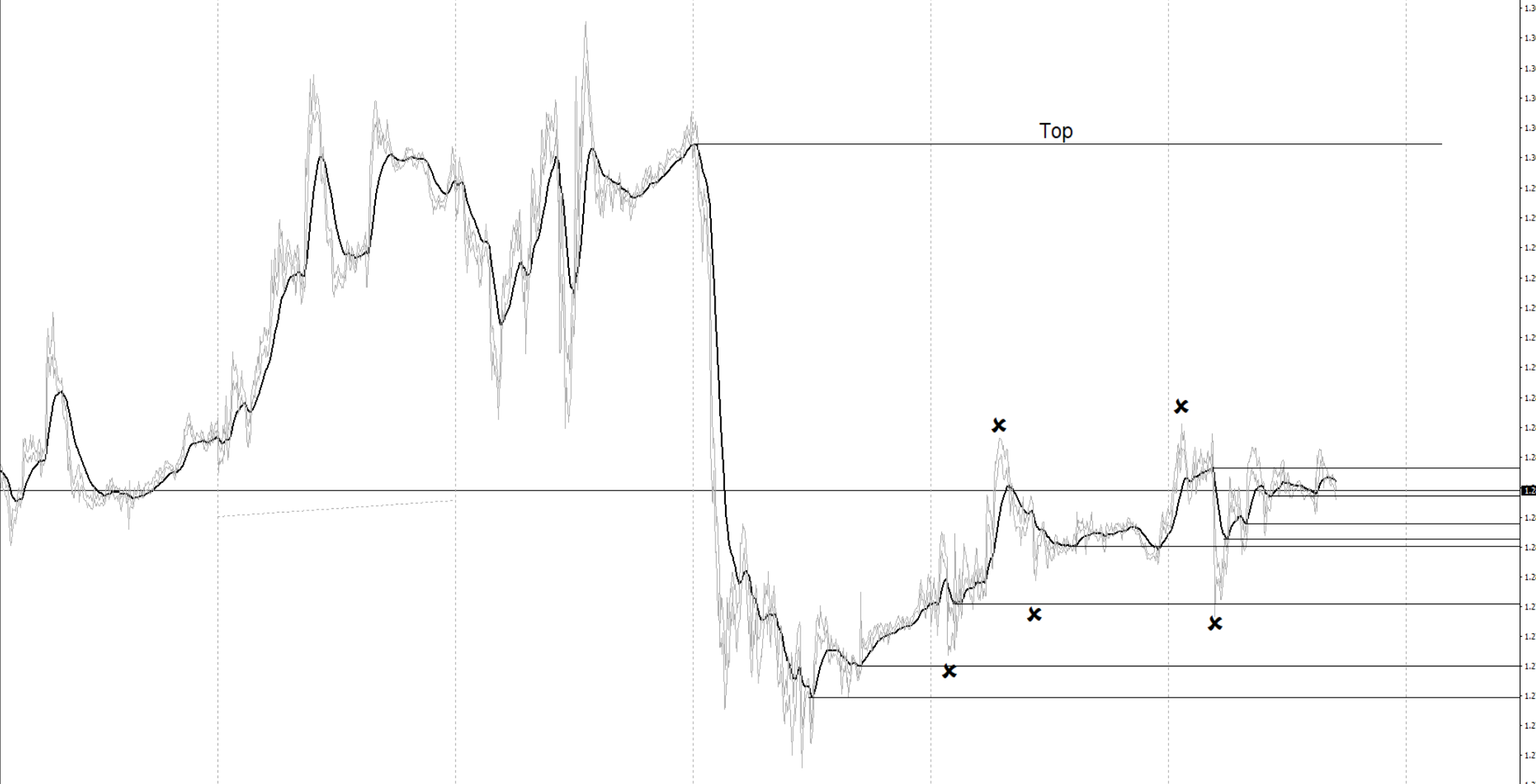


**Swing High and Swing  
Low of averages**

In the next chart it is marked the swing highs and lows with a line. There are also X's where the price exhausted itself.

The exhaustion is yet is a spoiler as of now, but will be taught in the following slides

GBPUSD, M5 1.28513 1.28526 1.28481 1.28526

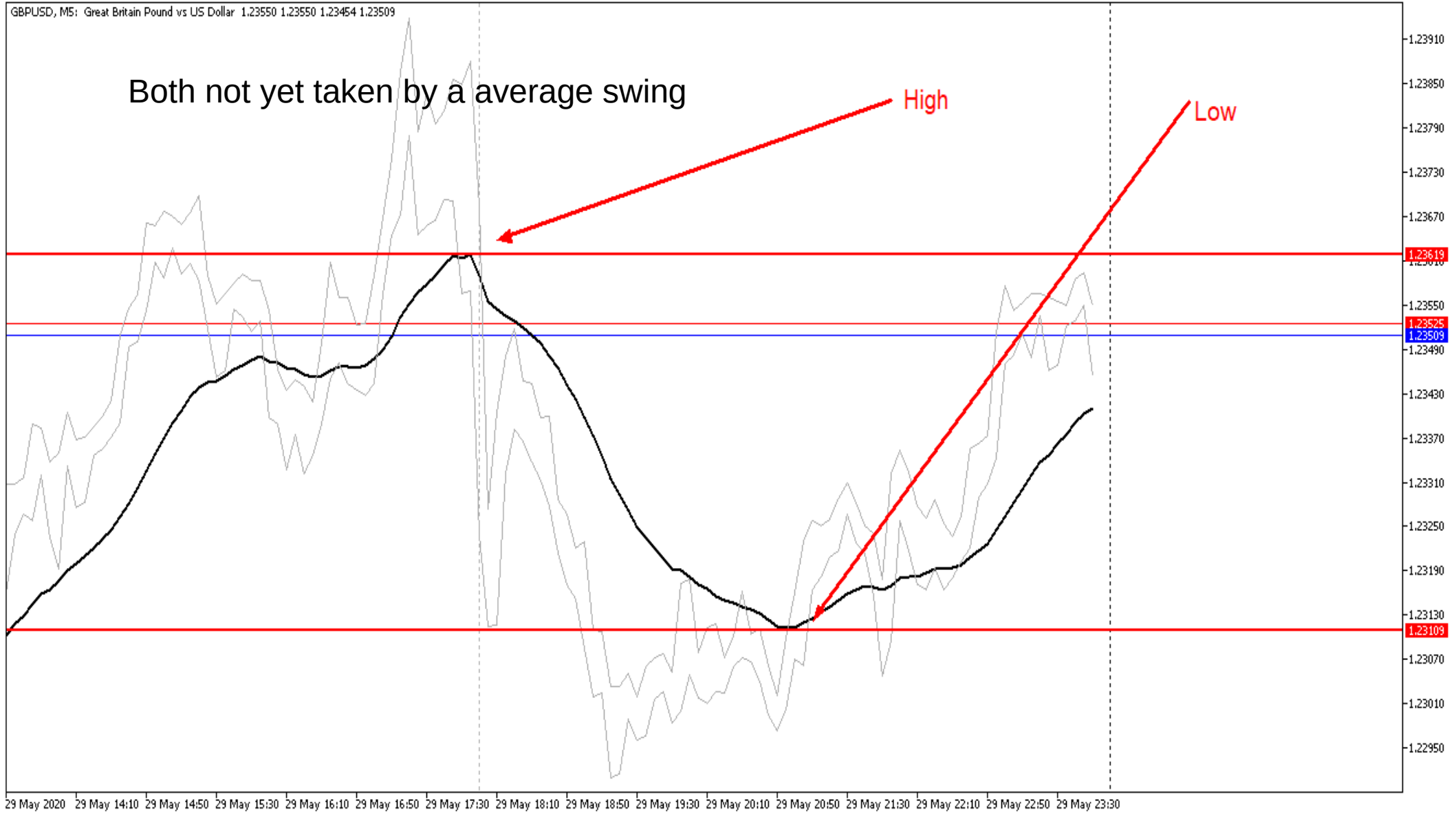


Top

From my understanding, a swing low or high is only marked in your chart if it has not yet been taken by the average



Both not yet taken by a average swing





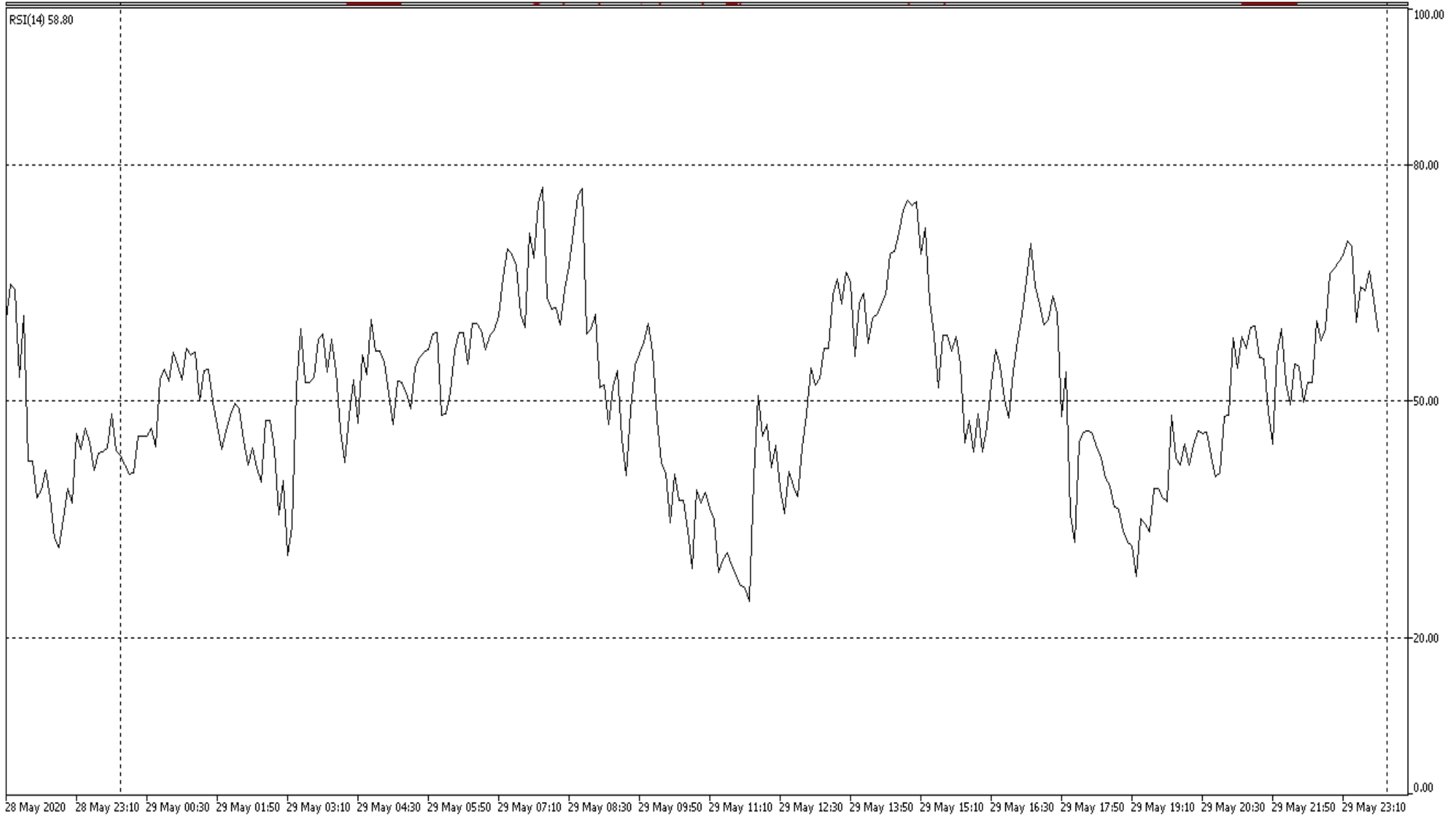
# **The Relative Strength Index (RSI)**

Two RSI`s are used in this strategy.

About comparisons:

When making comparisons you should compare  
**average swing to average swing, never**  
comparing price to average

So setup a 14 period RSI with the levels of 80 and 20 only and the color being a solid black line



Next you are going to overlay a 5 period Relative Strength Index the 14 period

# These are the settings for this, noting it is applied to the Previous Indicators Data

Relative Strength Index ? X

Parameters Levels Visualization

Period:

Apply to:

Style:

Fixed minimum   Fixed maximum

Relative Strength Index ? X

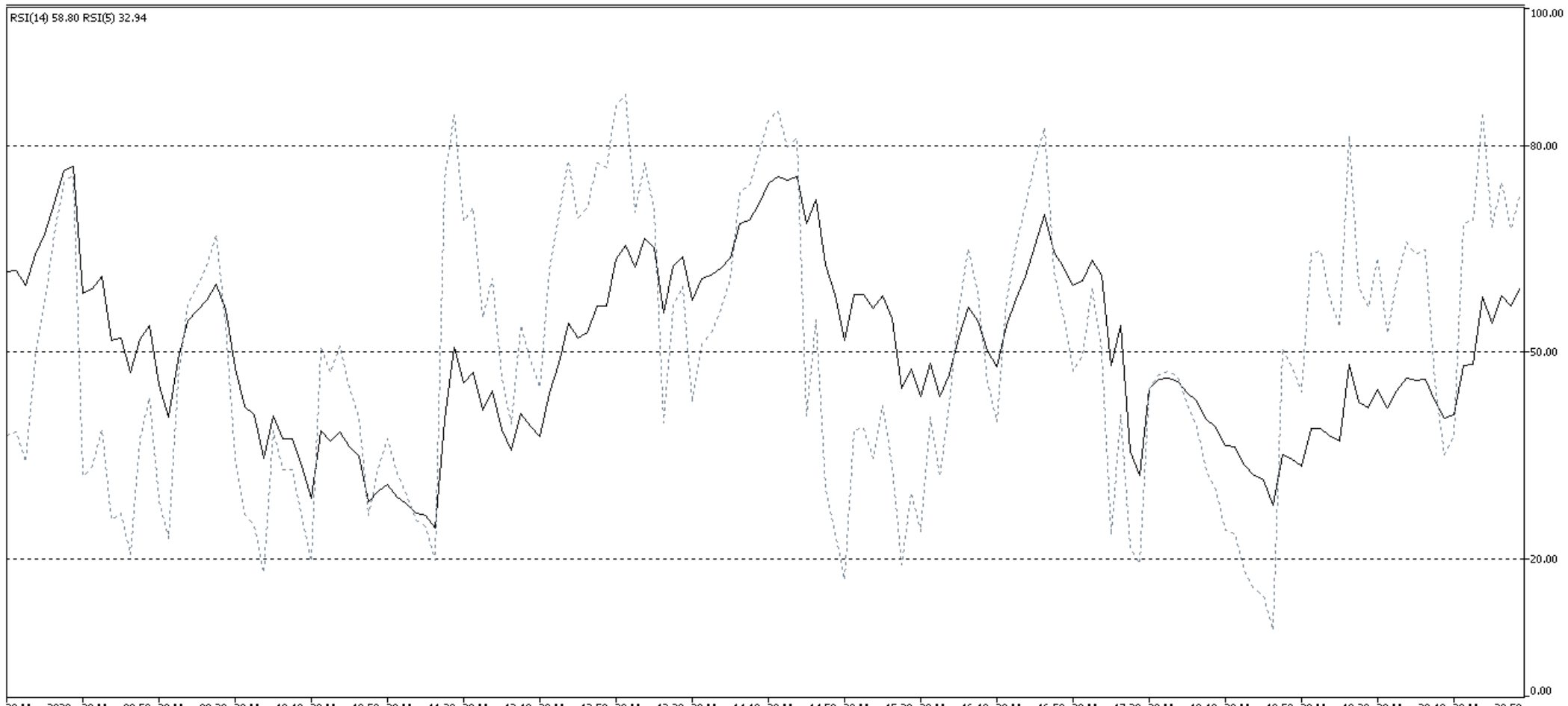
Parameters Levels Visualization

Level	Description
<del>50</del>	

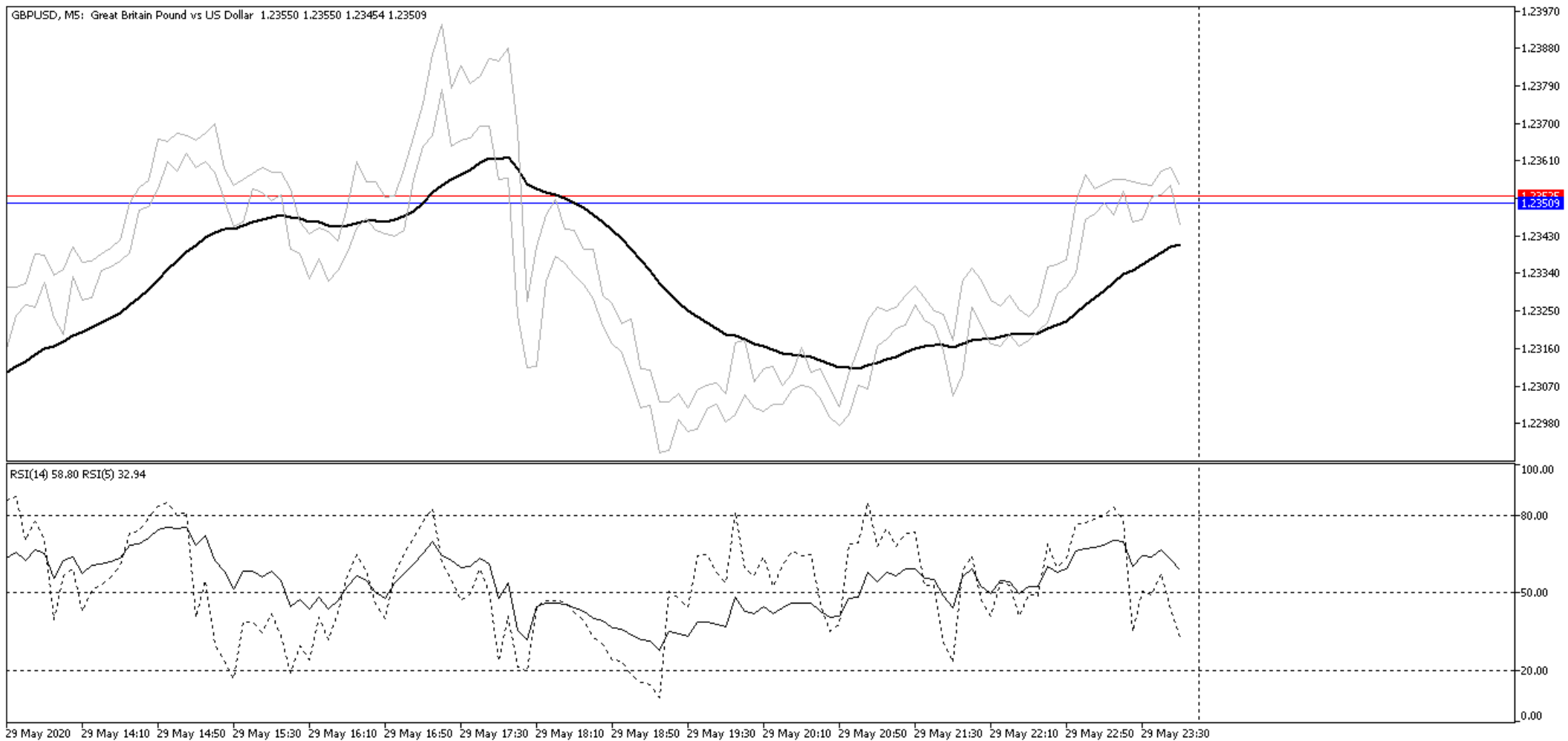
Style:



# Now you should have what looks like this



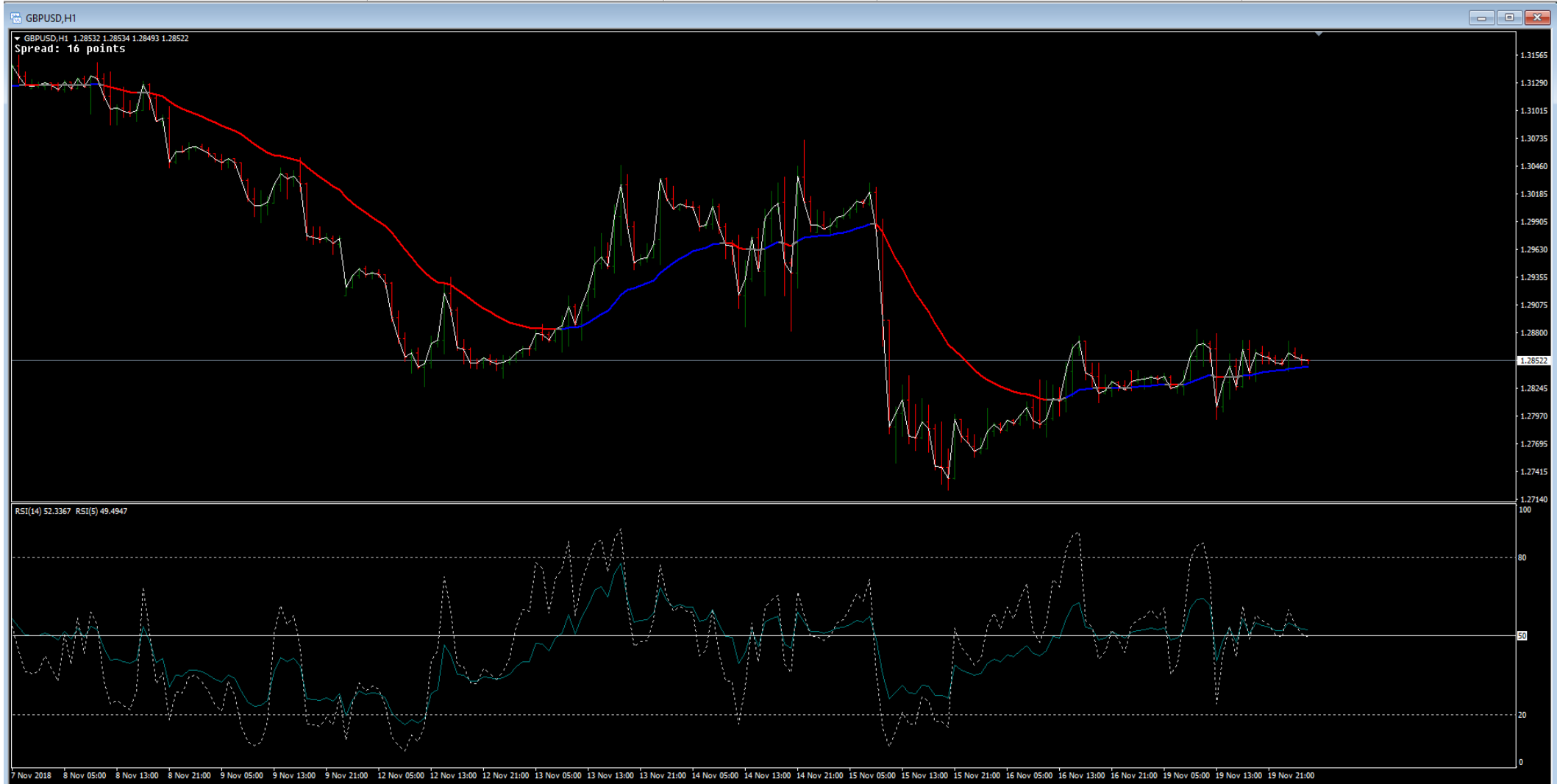
# The complete m5 chart



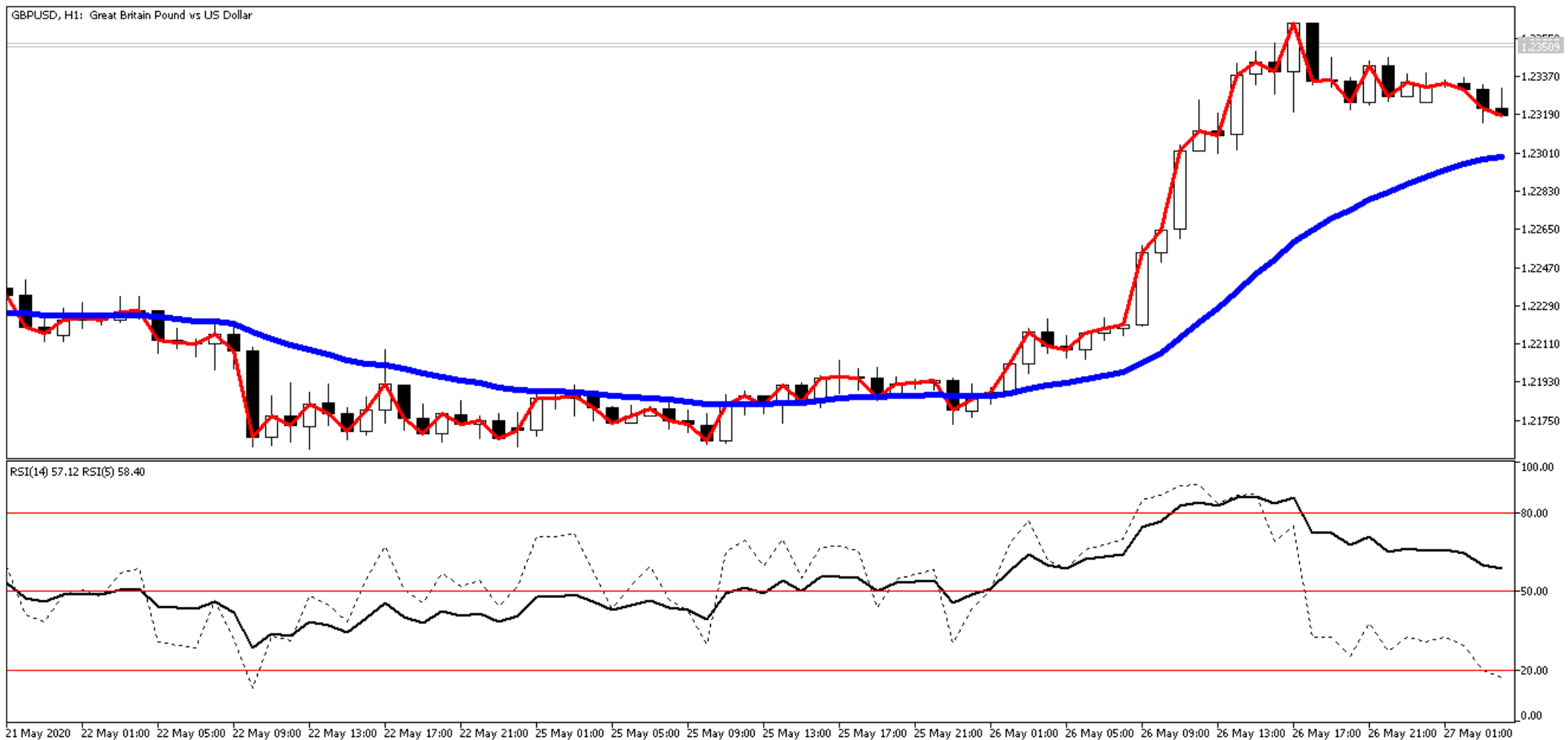
**A bit of color**

“OK lets now get a bit of color in our lives and setup the other charts and you can make these as pretty as you like but keep them free of clutter, you don't need any additional stuff which may just confuse the issue.”

“Notice how I use the bar chart because really I am only interested in **tops** and **bottoms** and also note I have a **white** line chart which is simply a 1 period SMA set to the close. My 26 EMA is coloured but it does not have to be so.”



# I have made mine like this, for now



Link to templates and colored EMA

<https://www.forexfactory.com/showthread.php?p=11713705#post11713705>

There is also a link to spread indicator:

<https://www.forexfactory.com/showthread.php?p=11713720#post11713720>



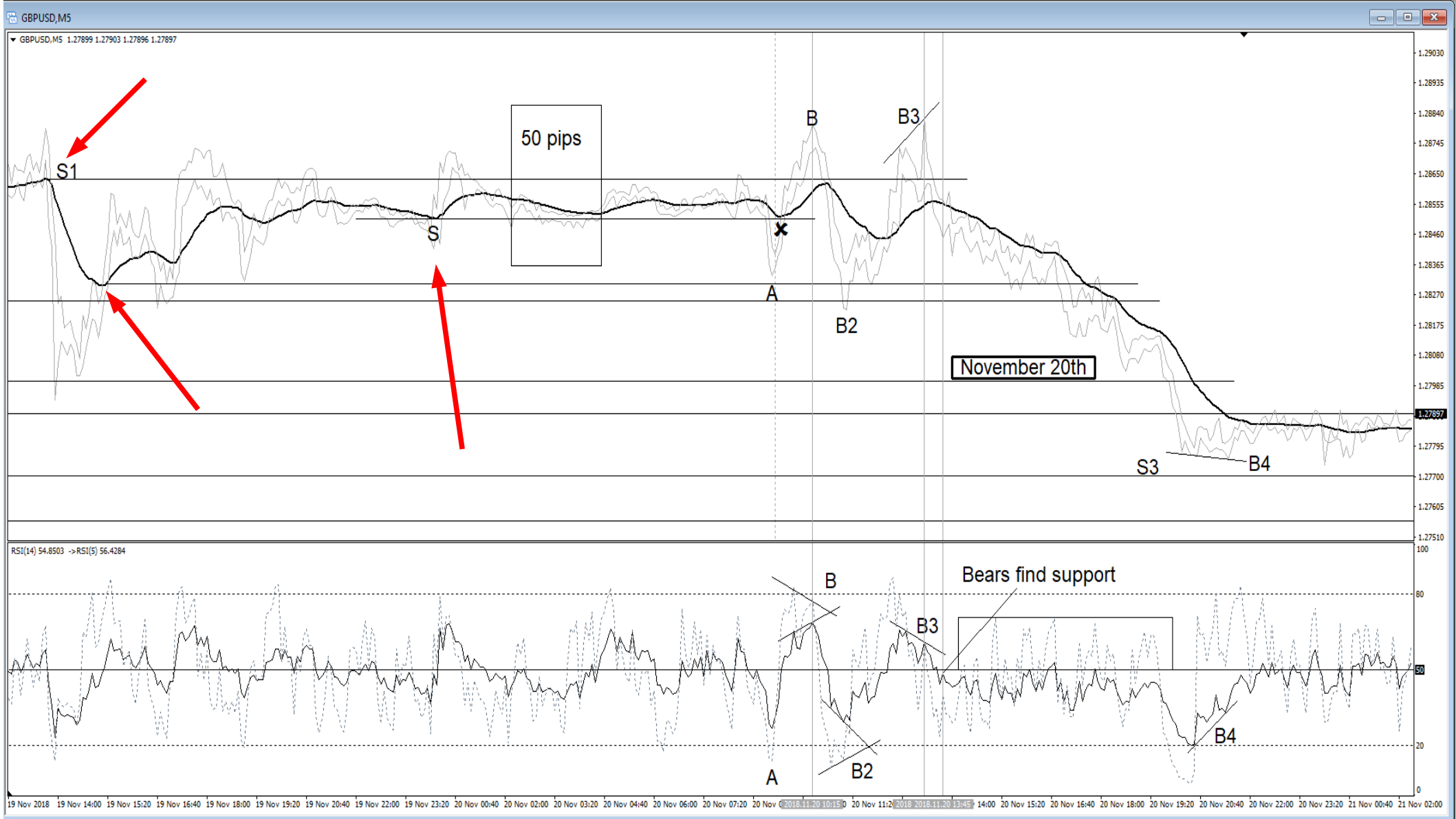
**Here comes my headache part 1**

From here on i will try to interpret the best way I can this post, as it is very dense:

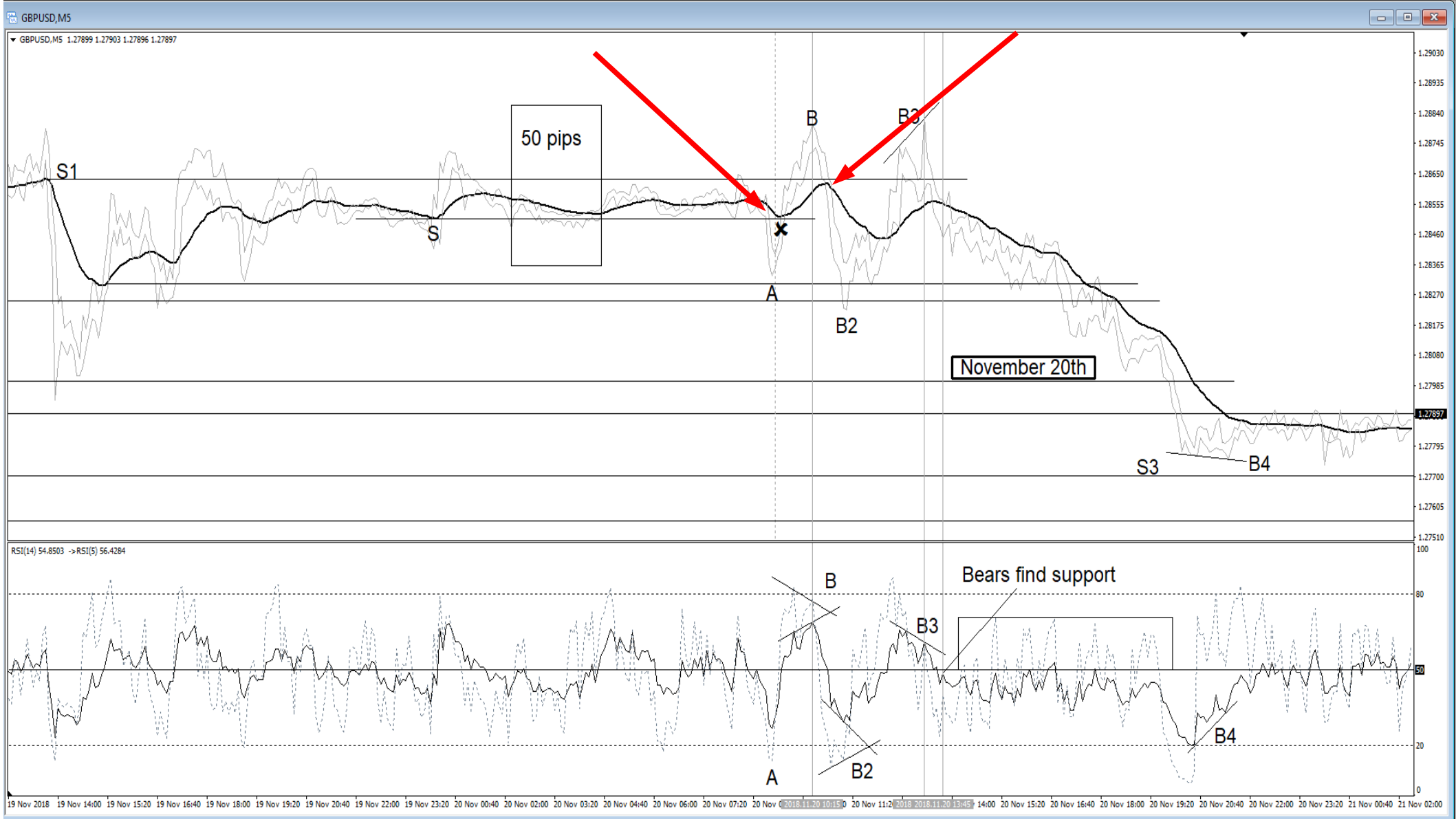
<https://www.forexfactory.com/showthread.php?p=11718273#post11718273>

I suggest you to read it first.

**First:** We should mark swing high and swing low of averages.

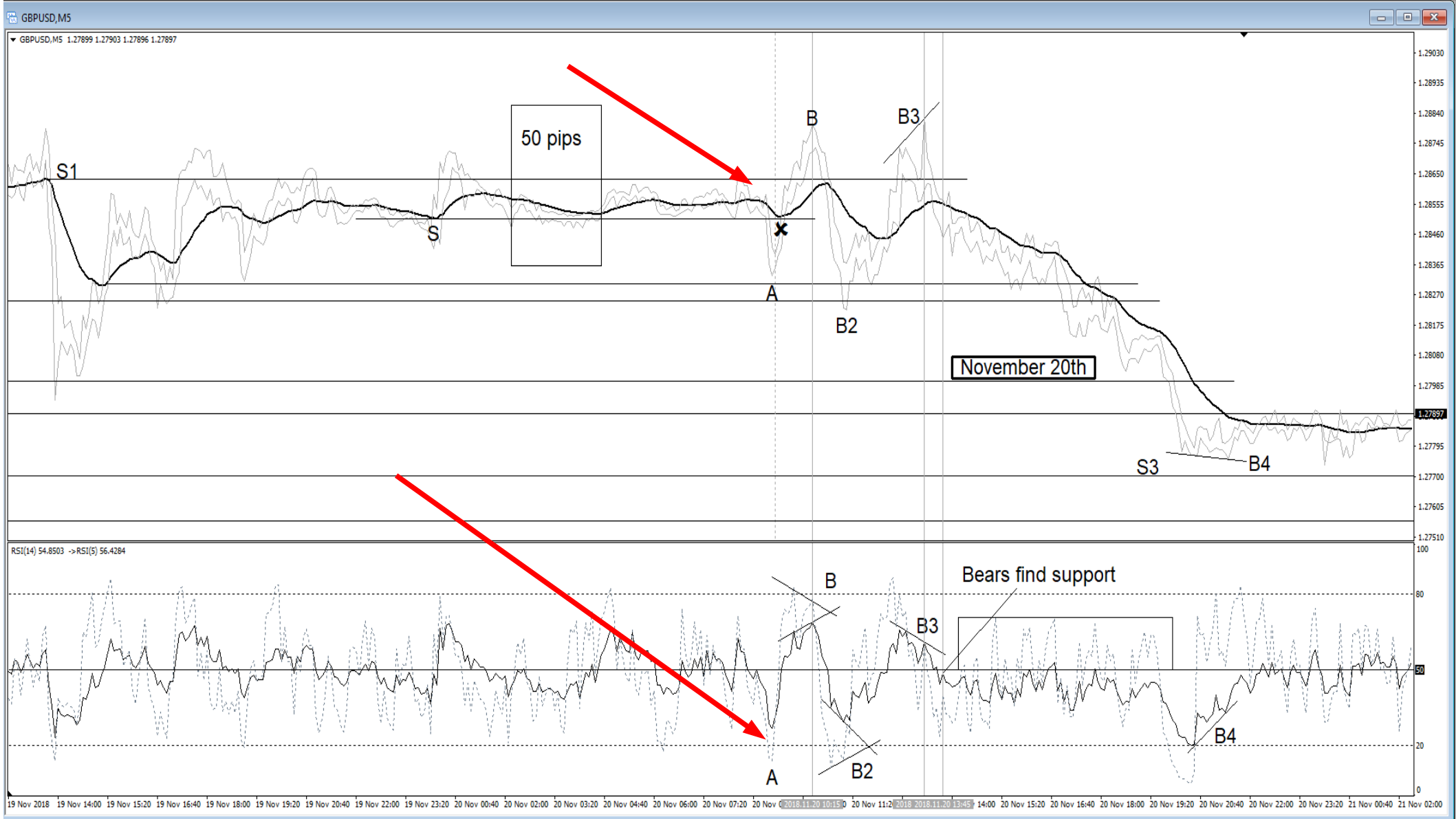


**Second:** We should check if price has a chance to break those average swings you marked, when the EMA is near those marked swings and did not cross it yet.



**Third:** You check if fast and or slow RSI is above 80 or below 20, if it is we should assume it will be a failed swing.

If near a support or resistance (Alan's Sup and Res) you should trade it (Buy in this case) assuming it will go back to the EMA and maybe across it.

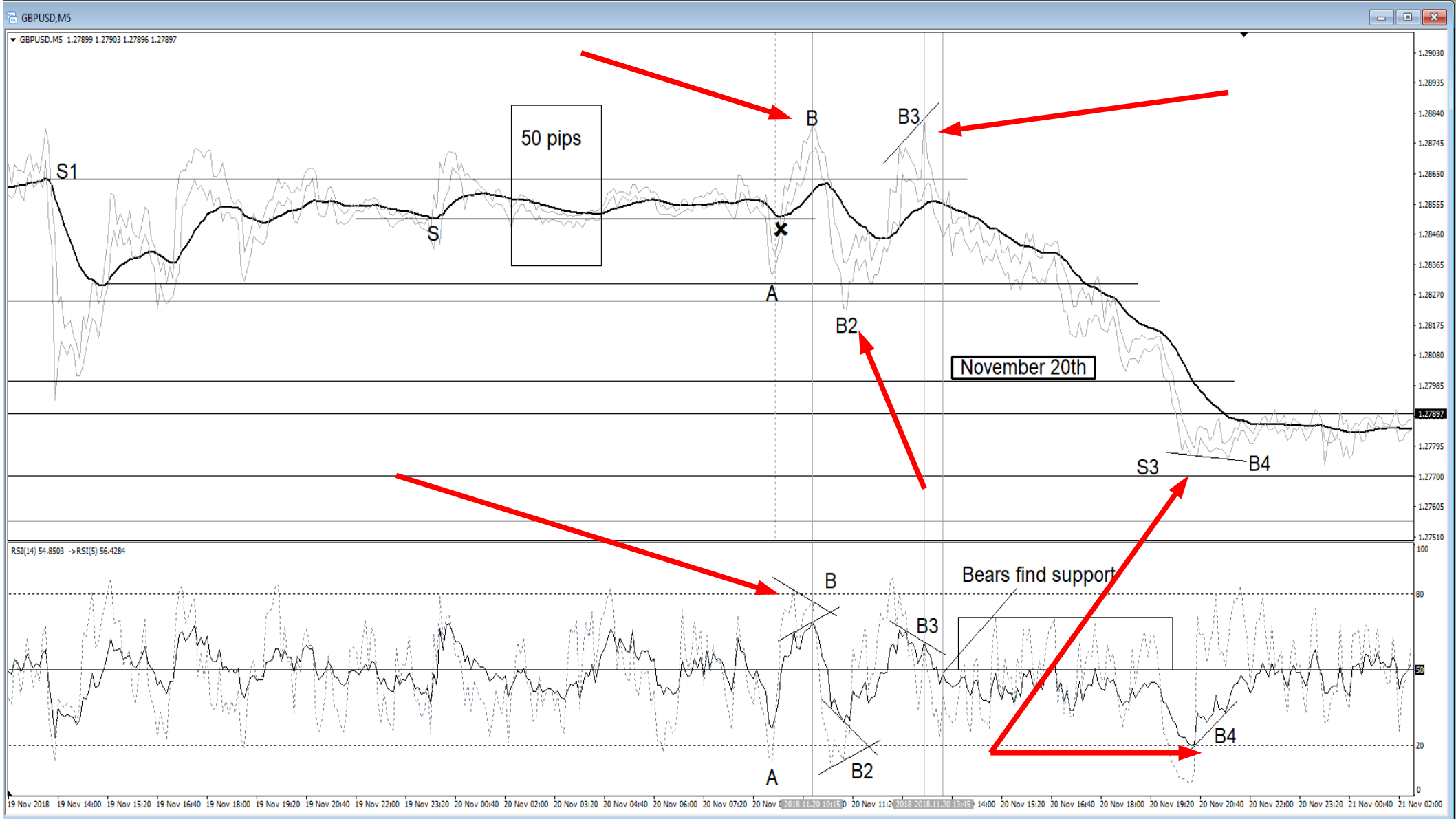




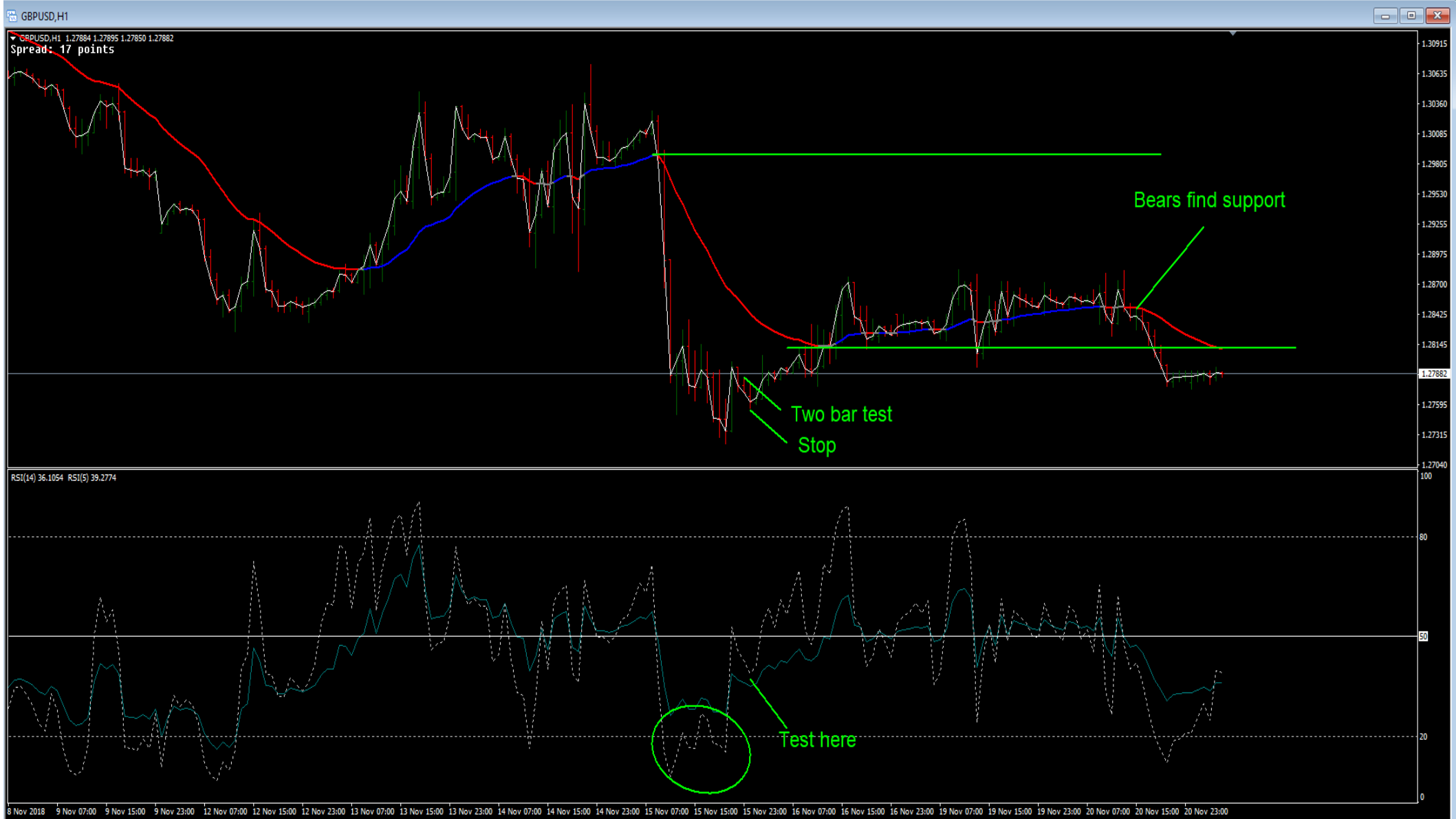
**Forth:** Check, if there is a divergence before the crossing, if it has we can assume it will be a failed swing.

We should trade it to return to the EMA and maybe cross it to test the opposite side.

**OBS: When EMA breaks a EMA swing we should assume it will go further to make a new low or high**

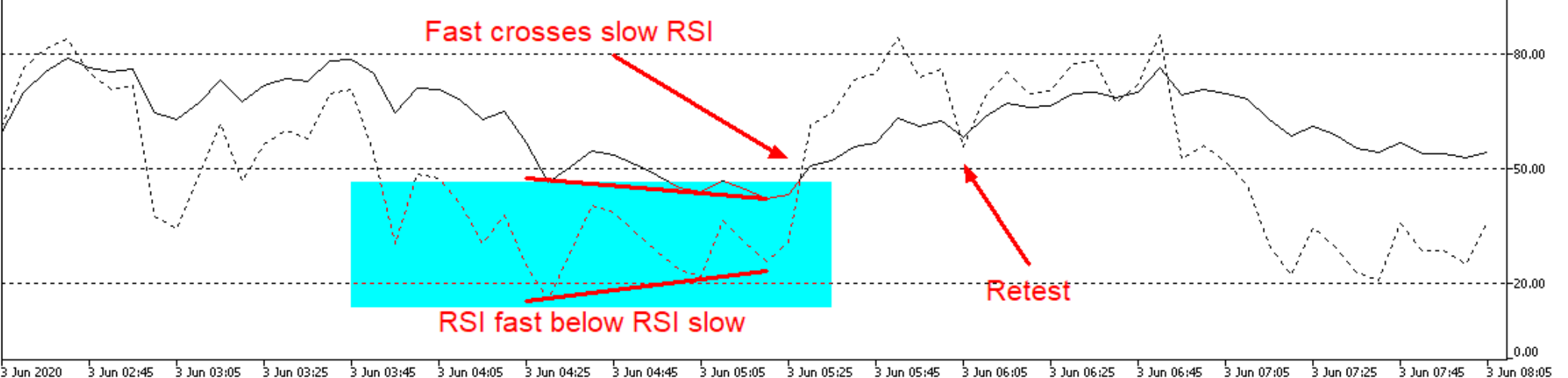


# **The two bar test**





RSI(14) 60.47 RSI(5) 89.59



# **Money management (Here comes my headache part 2)**

Here I will just post the link:

<https://www.forexfactory.com/showthread.php?p=11722612#post11722612>

Read from 102 to 104

**(Bulls or Bears) have FOUND support**



## What I understand

- 1) RSI slow crossed and closed above 50, Price closed above EMA = Support **1° Entry (Stop below wick)**
- 2) Rsi Fast comes back to the slow (it crossed it, however price stayed above EMA) = **Second entry, move stop below the low**
- 3) Price closes above the **2 bar entry** that formed number on number 2 (third entry) Move stop loss below the low again.
- 4) Keep moving your stops until all entries are at BE as price moves in your favor.

