ATP (Advanced Trading Philosophy)

The Evolution to Greatness

By Damonl

ATP (Advanced Trading Philosophy) - The Evolution to Greatness

Hello.....

I would like to introduce you to Book II...The Evolution to Greatness.

Many of you will remember my first book "Positioning for Success". Though this was a valuable trading strategy, there were many faults to the system.....these faults included the following:

1. Too many trade rules that took too many hours to make trade decisions.
2. Lot sizes were very small because of some trend indecision
3. Exit rules were really unclear and were placed without certainty
4. Not knowing if we were in a retracement or part of the larger trend
5. Took many hours to learn the system
6. Uncertainty about profit taking.....

....Just to name a few.

With all these problems we still saw people who made upwards of 15% - 25% in less than 2 months time. So...despite the deficulty level of 10, it was and will remain a profitable trading philosphy.

You will notice that I use the words Trading Philosphy rather than strategy or any number of other words that other people use. The reason is that I trade with a philosphy and that is this:

Keep your profits, find the trend, add additional positions margined against your increased equity, eliminate drawdown and leave the trading platform with a profit.

"The Evolution to Greatness" is everything that "Positioning for Success" wasn't and also everything that it was. I think you will find this a more condusive trading solution to adding profit to your bank account.

All questions are welcomed as well as positive comments. Please, if you don't like what we are doing, write a note regarding so and send it to the editor of your newspaper, and if you really don't like what we are doing get a petition started and take it to the mayor. **Just plainly bashing me or my system without documented proof is not only a piss poor way to go about your business but will also go to show that you are only full of hot air.**

"Positioning for Success" was a very nice thread that helped a lot of people learn how to trade and I hope to have that same comradeship here.

So with that said, Enjoy and I look forward to your thoughts about we are doing.

Indicator

Unlike "Positioning for Success" which used multiple indicators to place many different kinds of trades. "Evolution to Greatness" at the moment is only using 1 indicator in two different ways. Many of you will write to me and tell me that this indicator repaints itself and I say let it. I got the idea for using this indicator from someone who has been using it successfully for over 1 year and actually has a thread on this forum. Kudus to you my friend and thank you.

The way we battle the repainting is to put in levels that need to be breeched for a trade to be considered valid. You see, most repainting will only happen during consolidation of the market when things are uncertain. Not when the trend is in motion. By putting these levels into place we should in most cases be already past the repainting portion once these levels are breeched. I can't gaurantee that this will always be the case becasue you can never tell with a repainting indicator, but I believe that this will most often be the case.

Once again...this indicator is a repainting indicator, but what is most important is our levels that we will set up. As I am only getting into this myself, we need a good base and I think that this is as good as any. Be aware of your confidence level with this indicator when deciding on lot sizes.

Indicator: Solar Wind ACS 3 SolarWind-ACS3.ex4

You should put this indicator on your charts twice in two different windows.

Settings for the 1st placement are for our entry signals and you should leave everything as is except change the following parameters

1. Under "Inputs" change Option=2
2. Under "Colors" change Color1=Lime
3. Under "Levels" add Levels .3 and -.3

Settings for the 2nd placement are for our exit signals and you should leave everything as is except change the following parameters

1. Under "Inputs" change Option=2
2. Under "Colors" change Color1=Red and Color2=Lime
3. Under "Levels" add Levels .6 and -.6

The 3 Deciphers....

The 3 Deciphers is your key to Risk Management. Notice that this is not Money Management, but rather Risk Management. There is a big difference here....

For right now, this post may seem like a mystery, but it will come into play later as I

bring you the rest of the Trading Guidlines.

The 1st Decipher:

1. This decipher brings you the knowlege that you are either in a long trend, a short trend, or a no trend on the Monthly Charts

The 2nd Decipher:

1. This decipher brings you the knowledge that you are either in a long trend, a sort trend or a no trend on the Weekly Charts

The 3rd Decipher:

1. This decipher brings you the knowledge that you are either in a long trend, a short trend or a no trend on the Daily Charts

Knowing this information will help you determing your Risk.

Based upon the information that the 3 Deciphers give to you, you will have basically three distinct levels of risk when placing your trades.

Risk Level 1: Risk Level Green

1. This is when the 1st, 2nd and 3rd Deciphers are all giving you the same signal. Here are the three unanimous signals they can give you:
   - All give you a long signal
   - All give you a short signal
   - All give you a no trade signal

Risk Level 2: Risk Level Orange

1. This is when the 1st Deciper disagrees with Decipher 2 and Decipher 3. Here are the three different signals they can give yoiu:
   - The 1st Decipher gives you Long and the 2nd and 3rd Deciphers both give you a Short Trend or a No Trend
   - The 1st Decipher gives you a Short Trend and the 2nd and 3rd Deciphers both give you a Long Trend or a No Trend
   - The 1st Decipher gives you a No Trend and the 2nd and 3rd Deciphers both give you a Long Trend or Short Trend

Risk Level 3: Risk Level Yellow

1. This is when the 1st and 2nd Deciphers disagrees with Decipher 3. Here are the three different signals they can give you:

- o The 1st and 2nd Deciphers give you either a Short Trend or a Long Trend and the 3rd Decipher gives you a No Trend
- o The 1st and 2nd Deciphers give you eithe a Short Trend or a No Trend and the 3rd Decipher gives you a Long Trend
- o The 1st and 2nd Deciphers give you either a Long Trend or a No Trend and the 3rd Decipher gives you a Short Trend

Putting this into Risk Perspective

Putting this into risk perspective you will see that the 1st Decipher is the boss. The 2nd Decipher is the Superviser and the 3rd Decipher is the Employee.

When all three are in agreement is goes without saying that this is the strongest signal that you can have and so you should naturally want to risk more.

When the Employee and the Supervisor agree with each other but disagree with the boss there is a good chance that all things are good, but you should reduce your risk, because the boss still disagrees with you.

When the employee is going against both the boss and the supervisor, it does not mean that it he is wrong, it just means that he should tread with caution and so this should be the time when you risk the least.

Hopefully you all understand this aspect and how these 3 Deciphers interact with each other.

Money Management.....

To start with I would like to recommend the following calculations.

Step 1

Take your equity and diveide it by 400 and then divide that calculated number again by 100. This will give you the lot sizes (on a mini account) to use to enter the trades.

After you have made your calculations, you now would have the lot sizes that you would enter the market with based on Risk Factor Yellow....The riskiest of the 3 risk levels. If you were given a Risk Factor Orange, you should double your calculated lot size and if you were given a Risk Factor Green you should tripple your original lot size.

Are you now seeing how Money Mangement plays into Risk Management and how the are inter-related? The riskier the percieved trade, the least amount that you will risk.

Step 2

You may find this hard to comprehend, but I will not be using any S/L orders when I

place my trades. We have determined the risk factor and the Trend Direction. NO S/L should be necessary.

So, what you need to do next is factor in your invisible S/L factor. We are making some assumptions here regarding Trend, but I think they are safe assumptions to make. Basically your Invisible S/L Factor (ISLF) is calculated like this. Take your entry point (just above the high or low of a bar) and figure out how many pips seperate that point of entry from the high/low on the other side of the bar.

For example if you are going long you would place your pending order 1 pip+spread above the high of the set-up bar in which case your ISLF is calculated by subtracing the low of that setup bar -1 pip from your entry point. This ISLF can then be further used to determine your lot size.

Like wise if you are going short you would place your pending order 1 pip below the low of the set-up bar in which case your ISLF is calculated by subtracing your entry point from the 1 pip+ spread above the high of the set-up bar. This ISLF can then be further used to determine your lot size.

The reason for the ISLF rule is so you don't end up risking too many pips on more volitile pairs like GJ, EJ, GCHF, EA or ECAD for example. By rule you should reduce your risk across the board on pairs that are more volitile.

This will be very simple for you to figure as I will have all the calulations on the spreadseet that I will give you to. All you will need to be able to do is subtract the calculated low from the calulated high.

Listening to Your Deciphers - Determining the Trend

Determining the trend is a very important aspect to ATP. To do this you will use the 3 Deciphers to not only handle this for you, but depending on how many are in confirmation with each other will also determine your Risk Management and Money Management.

No Trend

No trend is determined by using our Entry Indicator and is determined per chart like this. Obvously when No Trend is given we will not place any trades until Trend is re-established.

1. Monthly, Weekly or Daily Chart - No Trend siganl is given if last bar is in between .3 and -.3 levels of your indicator.

Long Trend

1. Monthly, Weekly or Daily Chart - A Long Trend signal is given if the last bar is above the .3 level of your indicator.

Short Trend

1. Monthly, Weekly and Daily Chart - A Short Trend is given if the last bar is below the -.3 level of your indicator.

Now that we have determined how to find the Current Trend, you should know that we will only take trades in the direction of the Daily Trend. We will however increase our odds of success if the Daily Trend is also in unison with the Weekly Trend or the Monthly Trend. That is why we would raise our risk per trade the more indications are in our favor.

Stop Losses and Exiting the Market......

Stop Loss (S/L) Orders

I may have mentioned earlier that I will be setting no stop losses when I make my trades. This rule as with any other rule is subject to change or re-evaluation, but that is where I stand at the moment.

Exiting the Market

This is a hardened fast rule that is determined by using our second indicator.

If we are in a long position and our Exit Indicator closes below the .6 level on the Daily Chart we will close out all open trades for that pair at the close of that bar.

If we are in a short position and our Exit Indicator closes above -.6 level on the Daily Chart, we will close out all open trades for that pair at the close of that bar.

Basically our Exit Rule is a constant, the only thing that chages in our trading is our Risk Factor based upon the 3 Deciphers

Appendix 1:

If you are in a trade and the Exit indicator does not cross above .6 or below -.6 to give you a solid exit signal upon re-entry nto that zone, you will exit the market on the first change of direction bar close on the daily charts. Another words if you were short, and the the exit indicator bar did not cross below -.6, you would exit the market as soon as that bar had a lower high within the .6, -.6 zone

Daily Trade Management......

Here is a scenario of how your trading day should go. Once again, becasue we are trading the daily charts, all management and pending trade orders should be complete anywhere between 23:00 GMT and 2: GMT.

1. You would go to your first chart
2. You would switch to the Monthly Chart and see the trend. Then mark it on your spreadsheet.
3. You would switch to the Weekly Chart and see the trend. Then mark that on your spreadsheet.
4. You would switch to the Daily Chart and see if you need to close out your trades based upon the Exit Rules given earlier.
5. While on the Daily Chart you would verify the trend and mark that on your spreadsheet.
6. You would then calculate your Risk
7. While on the Daily Chart would make sure that the closed bar is properly positioned to make a trade. (I will go more into this at a later date).
8. If the bar is properly positioned, you would make your trade.
9. Once you have made your trade, you will then just move onto the next pair and follow the procedure above.

Okay...here are the entry Rules

Are you ready to enter the market?

Here are the steps that you will take up to making a trade

1. You would determine if your Trade Risk Level is Green, Orange, Yellow or No Trend, by consulting with the 3 deciphers.

2. Once you have determined your risk level, you can decide how many lots you want to trade. Yellow Risk is the riskiest trade and Green Risk offers the least risk. So, if you have a Grean Risk you may decided to trade more lots then if you had Orange Risk and likewise you may decide to trade more lots then if you had Yellow Risk. If you only have yellow risk, this is where you would trade the least amount of lots that you would trade.

Here is how you enter Long Trades

1. You would place a Buy Stop order 1 pip+spread above the high of the candlestick that corresponds with the 1st bar of the Solar Winds Indicator (SWI) that closes above the .3 level.

2. After you place this initial order, you would then continue to place Long Trades in this manor as long as the bars of the SWI continue to have higher highs at the close.

3. The minute that the SWI closes with a Lower High, you would cancel any Long Pending Trades that have not triggered and you would then let the trade run it's course

until your Exit is signaled. If a SWI bar closes once again with a Higher High, this is the signal to begin placing trades again.

Here is how you enter Short Trades

1. You would place a Sell Stop order 1 pip below the low of the candlestick that corresponds with the 1st bar of the Solar Winds Indicator (SWI) that closes below the -.3 level.

2. After you place this initial order, you would then continue to place Short Trades in this manor as long as the bars of the SWI continue to have Lower Lows at the close.

3. The minute that the SWI closes with a Higher Low, you would cancel any Short Pending Trades that have not triggered and you would then let the trade run it's course until your Exit is signaled. If a SWI bar closes once again with a Lower Low, this is the signal to begin placing trades again.

This is just the beginning. There are some more trades I would like to enter, but I will be doing more research on how the use of this indicator interacts with the Non-Lag and the Shi Indicator. I will post more about this as I go along. None the less, this should get us started on our journey

I think that I am going to Blow Your Socks Off!!!!!

HI Everyone.....

Don't look too closely into the rules as I have done some revising already and am ready to blow you away.

I want to give this a solid test before I go posting everything so here is what I am going to do...

I am going to post the trades on here every evening. I suggest that you use only a demo account to start with until you get the feel for things, but I assure you that this is very profitable.

For your lot sizes on a mini account, please divide your Account Balance by 400 and then again by 100. Then you will need to adjust per pair based on volitility. Please note that I stated using your account balance and not your equity.

If you have 10K in your account this would be your risk per pair after the calculations and taking into consideration the volitility of each pair.
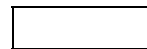
AU = .25
EU = .25

GU = .25
UCAD = .25
UCHF = .25
UJ = .25
GJ = .12
GCHF = .12
EG = .25
NU = .25
EJ = .18
ECHF = .25
EA = .18
ECAD = .18

Enjoy, and I hope that you trade along😊

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Trading Tip of the Millenium: Go to your bank and buy some Iraqi Dinar and fast. At your own risk of course😊

1st Major Update......

Hello everybody.....

Man I love this Solar Winds Indicator (SWI) 😊

You now have the basic premise. Here is what they are again as a refresher.

1. Enter only Long positions when SWI is Green
2. Enter only Short Positions when SWI is Red
3. Use regular lot sizes when the 3rd decipher is running solo.
3. Double your lot size when the 2nd and 3rd decipher agree.
4. Triple your lot size when the 1st, 2nd and 3rd Decipher agree.
5. Set your S/L orders on the 1st candlestick the coincides with the bar of the SWI that falls below .6 level or above 0.6 level

Major Update #1

So far, these are the rules that we have. The problem is that they have a tnedency to whipsaw and so we need a constant that keeps the SWI honest. This constant is the Non-Lag Indicator (NLI). Here is the indicator and all the settings are already default.

Damon smNonLagMA_v1.mq4

Using the NLI

Please remember that the SWI indicator repaints itself and so you have to becareful as it will try to trick you.

Entering the market

We will only enter the market if the NLI confirms the direction of the SWI. Confirmation will happen in 1 of two ways....

First, the NLI will give its signal after the SWI has switched colors. If the NLI comes first before the color change of the SWI this would not be a valid trade. One note is that many times the NL will come first, and then the SWI will repaint and actually repaint enough bars that it will now appear in hindsight that the SWI changed first even so it didn't. This is still a valid trade because in Hindsight the SWI looks like it changed first and even if you can't enter right at the NLI siganl, you would enter as soon as this repainting were to happen.

Second, the NLI will give you it's signal at the same time that the SWI has also given you a direction change. This is a valid signal. One note is that many times the NL will come first, and then the SWI will repaint and actually repaint enough bars that it will now appear in hindsight that the SWI and the NL changed on the same bar even so they didn't. As opposed to above, this is not a valid signal. Once again, if the NLI has siganlled first and 2 bars later the SWI repaints and makes it appear that the SWI and the NL gave signals at the same time, this is not a valid signal. As above if this happens and the SWI repaointing makes it look in hindsight that the SWI did indeed change before the NLI signal, this would be a valid signal.

Hopefully everyone is following along. As always I will be here to answer questions.

Major Update #2

In the past we have entered trades as the trend continued. It will be that same here, but we will only have a few types of trades. This will help keep the trading easier with less time spend each night behind your computer. They include the following.

1. Non-Lag Trend Trades (NLTT)
2. Trend Builder Acceleration Trades (TBAT)
3. Momentum Builder Continuation Trades (MBCT)

For now we should just focus on the NLTT as I need some more work with SWI before recommending any other types of trades.

Major Update #3

This update regards Money Management. In the past we have traded with relatively small lot sizes. This had to do a lot with the fact that some things were not as cut and dry as they are now. Based upon my watching how the SWI repaints itself, I believe that with these new rules we are in for extremely profitable trading with a phenomenal W/L ratio with our loses being considerable less then are wins and our wins more than outnumberin our losses by a long shot.

For that reason, here is just a recommendation for the new rules.

For a 10K account you should risk the following on a mini account

1 lot for any Risk Yellow Trades
2 lots for any Risk Orange Trades
3 lots for any RisK Green Trades

Also I am looking a doubling the lot size if you are placing an NLTT that is a contuation of a trade that you placed earlier and then any 3rd one woul just revert back to the original Lot size. I will experiement with this as I get me into it

then you will need to calulate risk as per volitility per pair. This will be a feature on the spreadsheet that is in the works as we speak

Once again, these are just guidlines and you should trade how you feel comfortable. On a demo however, this would be a great way to start.

That is all folks. Starting next week I will give signals based on these rules and will try to update you on the different types of trades.

Have a great night and Happy Pippin'

Eat'em Up Gator Trade

I would like to introduce you to my Eat'em Up Gator Trade (EUGT)

Here is how this works. Place **Bill William's Gator Oscillator (GO)** on your charts with default settings beneath your SWI Indictor(s). Gator Oscillator is found as a part of your MT4 Trading Platform under Bill Williams in the Indicator section.

You will be basically looking for two set-up positions on the Gator Oscillator. That position will be a bar that closes with Green on the top and Red on the bottom. or with Red on top and Green on the bottom.

From here you will only be looking for confirmation of trend direction which is given to us by the SWI and will determine the direction of your trade.

Placing a Long Trade

1. Place a Long Trade as per our normal rules of engagement above or below the set-up day bar when the SWI is Green and the GO is Green on Top and Red on the Bottom or the GO is Red on Top and Green on the Bottom

2. Do not place this trade if the SWI is between the .6, -.06 levels and moving down

3. If this trade does not trigger, keep it as a pending order until the SWI has closed beneath .6 level. At that time cancel this pending order as you would do all your other pending orders and open orders

Placing a Short Trade

1. Place a Short Trade as per our normal rules of engagement above or below the set-up day bar when the SWI is red and the GO is Green on Top and Red on the Bottom or the GO is Red on Top and Green on the Bottom.

2. Do not place this trade if the SWI is between the .6, -.06 levels and moving up

3. If this trade does not trigger, keep it as a pending order until the SWI has closed above -.6 level. At that time cancel this pending order as you would do all your other pending orders and close out all open trades.

Money Management

Since these are more of our daily trades I feel that we can very easily keep the lot sizes for these trades fairly low. For these EUGT I think that we should use the following equation. Take your current accont balance and divide that by 300 (or 400 if you prefer) and then divide that number by 100.

This will be easy to figure out as I will have a calculation tool on the new spreadsheet

There you have it folks. Another nice trade idea to go along with your NLTT

Trading

Damonl,

I looked at trading using the GO and there seem to be a mistake on the details you provided on placing short trade which was marked in red below. It should be Red on Top and Green Below for Short Trades. Check well.

Placing a Short Trade

1. Place a Short Trade as per our normal rules of engagement above or below the set-up

day bar when the SWI is red and the **GO is Green on Top and Red on the Bottom.**

Another question I want to ask you is the NLTT rules. Have you posted them or are we waiting for them yet?

Would the EUGT trade be on a daily basis too or just when the GO confirms the trade?

What would be the exit rules too?

Evolution to Greatness Spreadsheet.....

Hello everyone...

Attached below is the spreadsheet that you can use to manage your 'Evolution to Greatness' Trades.

Here is how to use this spreadsheet:

Part 1 - Money Management

The spreadsheet has built in alogorithms that you can use to easily determine the recommended lot size for either your NLTT or EUGT. Please note that each of these individual trades uses two different types of calculations. This section is conveniently located at the top of the spreadsheet.

The first grid deals with the MM for the NLTT trades. Notice how there is 3 seperate calculations that coincide with the determined level of risk (green, orange or yellow) as is determined by our three charts (D1,W1 and M1).

The second gri deals with the MM for the EUGT. Because there are quite a few more of these trades, the lot sizes will by much smaller and are not based on a level of risk as NLTT trades are.

All you need to do here is type in your account balance (no decimal) in each of the "Bright Yellow" boxes at the top of the spreadsheet that say "Input Value Here". All the calculations from here will be done for you. Just update this field everyday to caculate any trades that you will make that day.

Part 2 - How to Manage your Daily Trading Activity

Next on the spreadsheet you will see that we start to get into each of the currency pairs that we will be trading. Here is how to manage is box within the grid of each pair.

Risk Box: Here is where you would determine your risk level of Green, Orange or Yellow for your NLTT. All you need to do is color this box approprietly tp correspond

with the color of risk level you are in.

Today's Color: You will color this box to coincide with the color of the last closed bar of the SWI. Green for up and Red for Down.

Trade: You will color this box either Red or Green. Red for No Trade and Green for Trade. The calculations for this box will be taken from the Daily Chart and will include all factors that determine a trade as described in the rules for each trade type.

Trae Type: This is already filled in and does not need to be changed.

Direction: This will determine the direction of your trade at easy reference...eitehr Long or Short.

Set Date: Put the date you are setting your pending order.

Order Status: If you are just placing your order put "Pending". When you order has triggered and it is now open change to "Open"

Entry Price: Put the price at which you placed your Pending Order.

1st, 2nd and 3rd Deciphers: Color these boxed as follows using the Daily Chart. Using these three boxes together determines the color of your risk level as stated above.

1. Red for Down Trend
2. Green for Up Trend
3. Gray for No Trend

Please remember that if the SWI is red and is signalling a Down Trend but the bar is between .6, -.6 and movin up, this would determine a No Trend classification.

That is all there is to it. As usual, I will upload my Spreadsheet on a daily basis starting next week so you will be able to compare yours to mine and ask questions accordingly.

Enjoy trading Evolution to Greatness and I will see you around the thread and answer any questions as you have them. Please do not be afraid to post your results or questions as they will no doubtedly help others.

Master Spreadsheet: ATP-ETG-Master.xls