Why the E.A.S.Y. Method?

Mark Douglas, author of Trading in the Zone, states:

"The best traders have developed an edge…and more importantly, they trust their edge."

Why the E.A.S.Y. Method?

My "trading edge" rules:

1. A high probability of success.

2. Enter and exit trades without conflict or stress.

3. Trade decisions dictated by price action, not by my preconceived beliefs and opinions.

Developing the
E.A.S.Y. Method

1. Does it really work at the moment of decision?

2. Does is have a high degree of probability and predictability?

3. Is it simple to use and follow, especially at times of critical trading decisions?

4. Does it yield more winners than losers?

What is E.A.S.Y.?

E = Effective

Provides me an effective edge in my trading.

What is E.A.S.Y.?

E = Effective

A = Accurate

Delivers a high degree of probability and predictability.

What is E.A.S.Y.?

E = Effective

A = Accurate

S = Simple

Keeps my analysis simple in order to get a quick snapshot of the market, and make trading decisions with less stress and anxiety.

What is E.A.S.Y.?

E = Effective

A = Accurate

S = Simple

Y = Yield

Yields a higher ratio of winning trades versus losing traders. It's a numbers game!

E.A.S.Y.
Market Conditions

1. Price action
2. Momentum
3. Strength

E.A.S.Y. Chart Setup

➢ Average Price Bars

➢ Price Action Channel

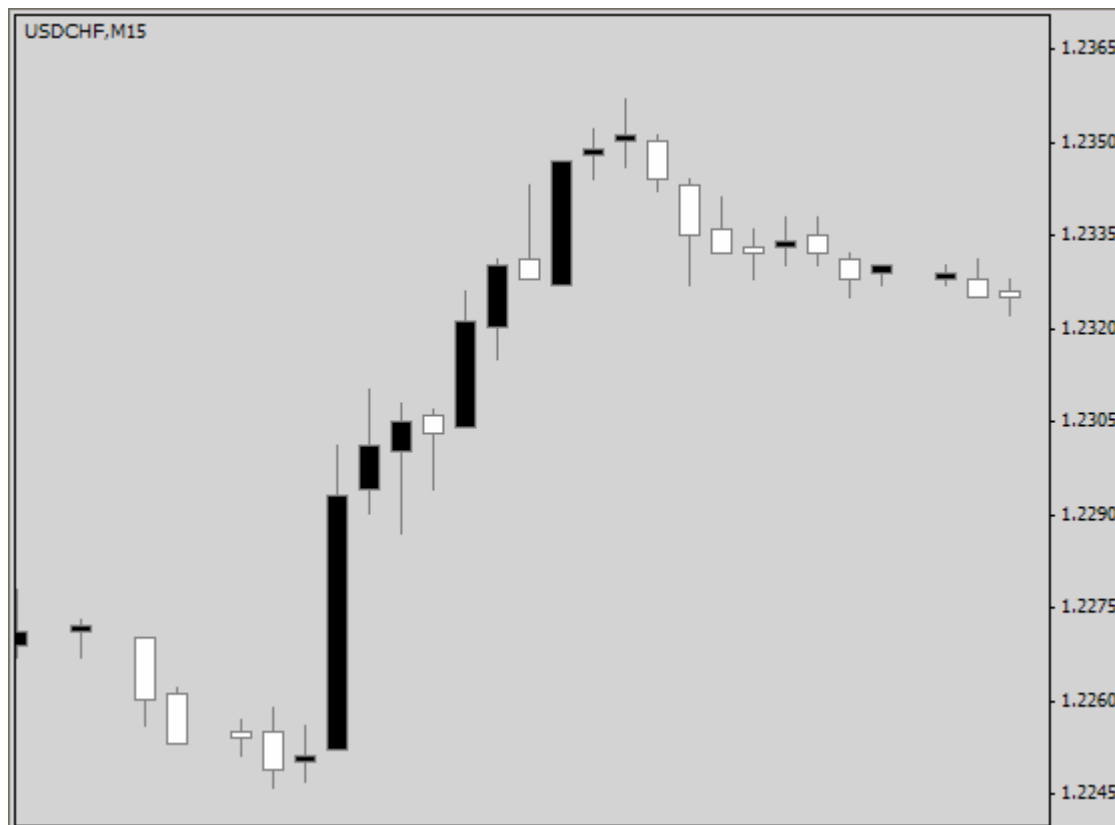➢ Traders Dynamic Index

Average Price Bars

Average Price Bars

➢ Provide a better depiction of current market trend at a glance.

➢ Reveal periods of consolidation.

➢ Show market strength.

➢ Eliminate fluctuations of nominal price action.

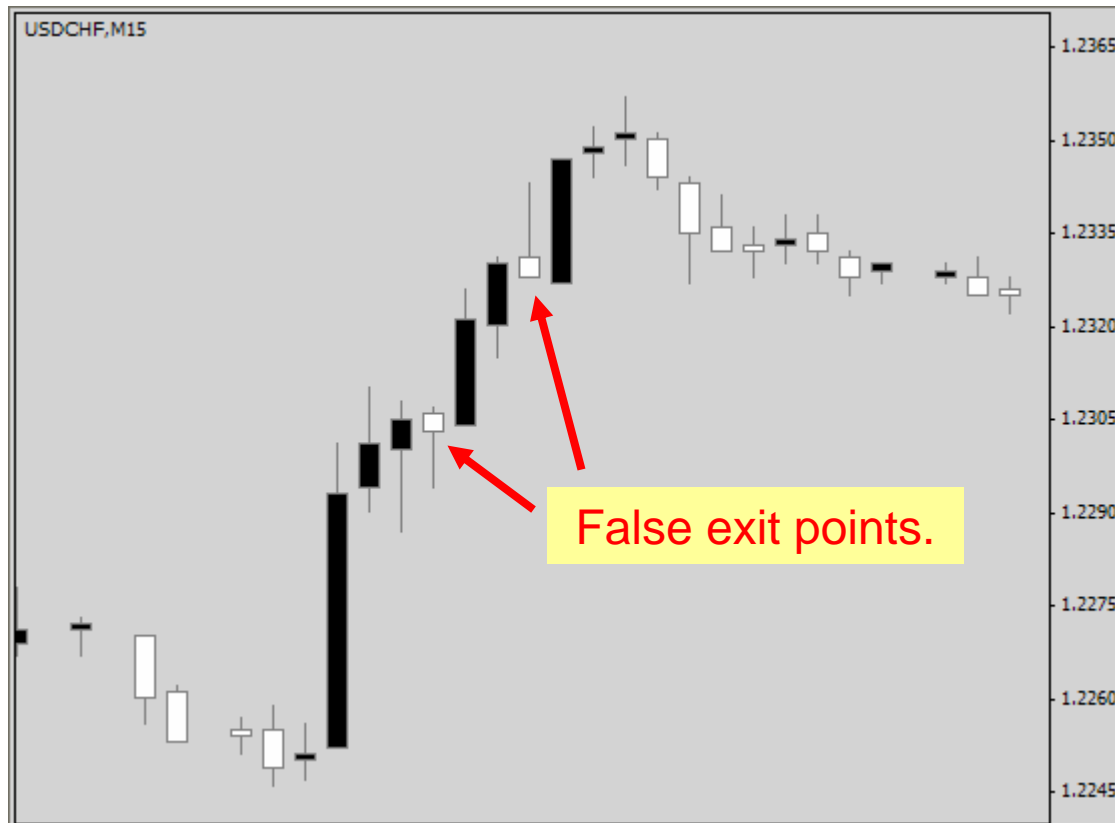➢ Removes the noise of price distortion of the underlying trend.

Average Price Bars

- ➢ Using the Heiken Ashi method

- ➢ Heiken means "Average"

- ➢ Ashi means "Bar"

- ➢ Heiken Ashi averaging technique
  - haClose = (Open + High + Low + Close) / 4
  - haOpen = (haOpen(previous bar) +
    haClose(previous bar))/2
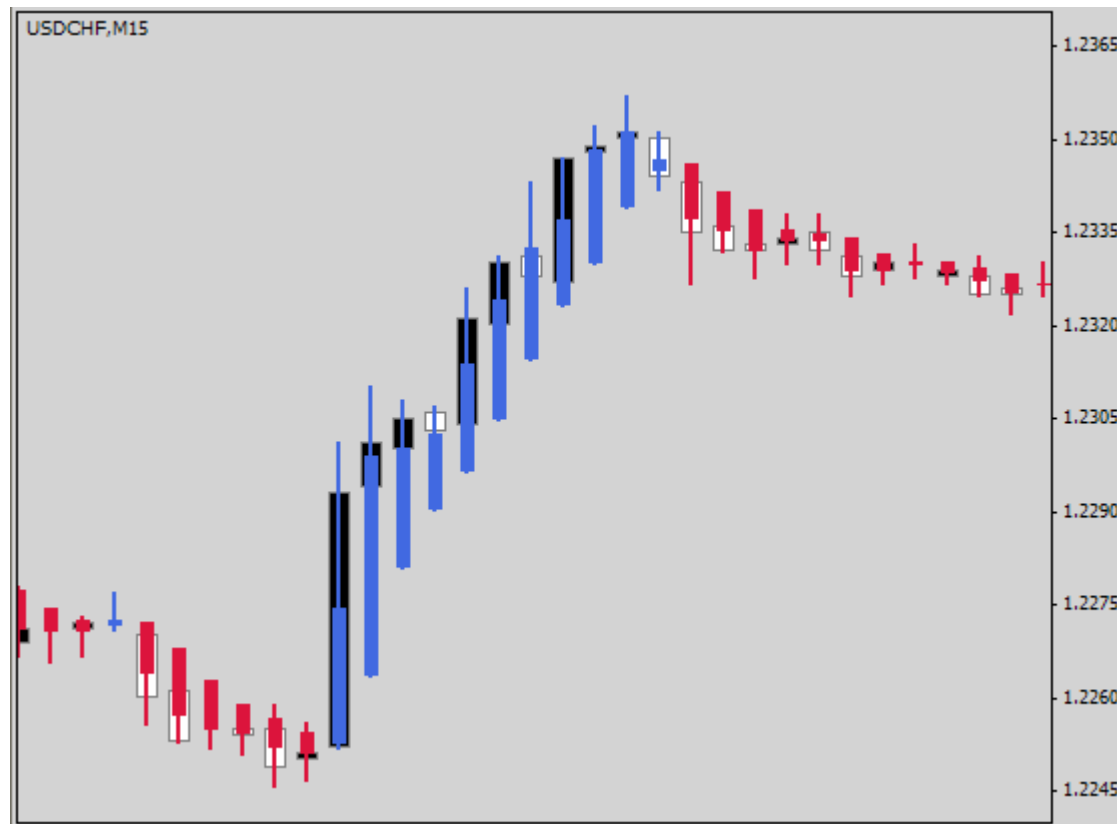 - haHigh = Maximum(High, haOpen)
  - haLow = Minimum(Low,haOpen)

Typical Candlesticks

Typical Candlesticks
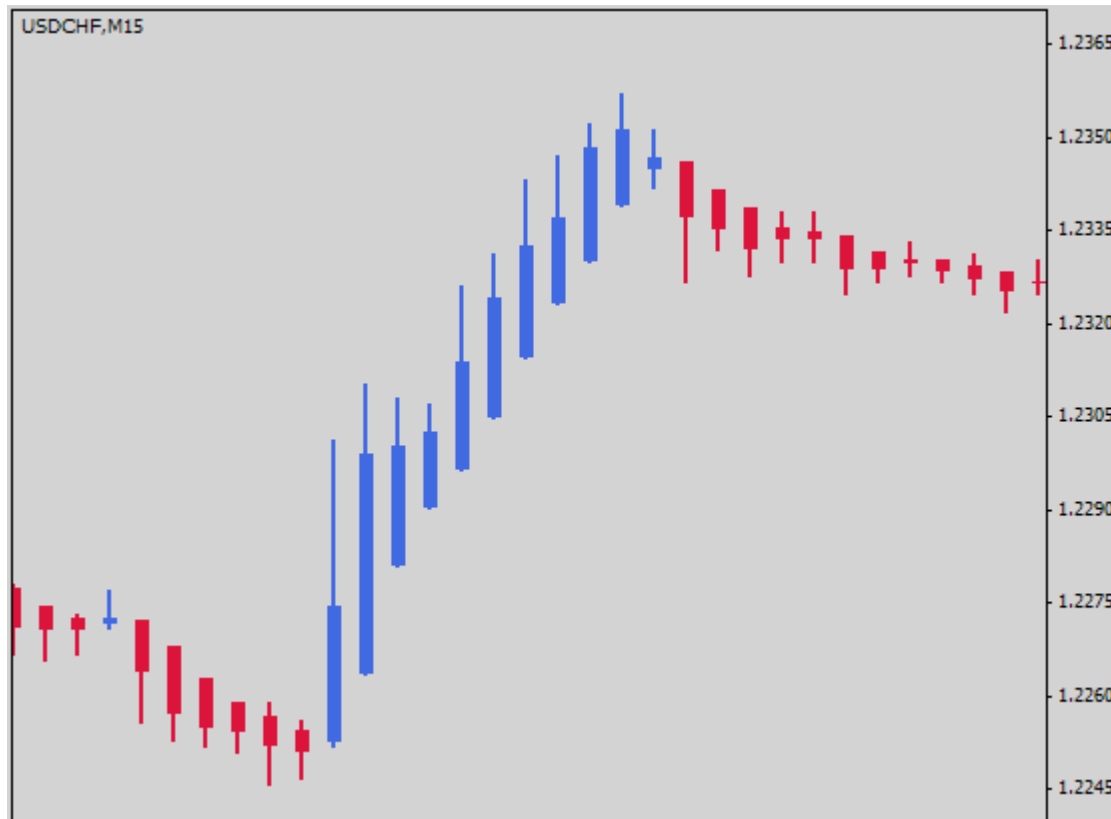

False exit points.
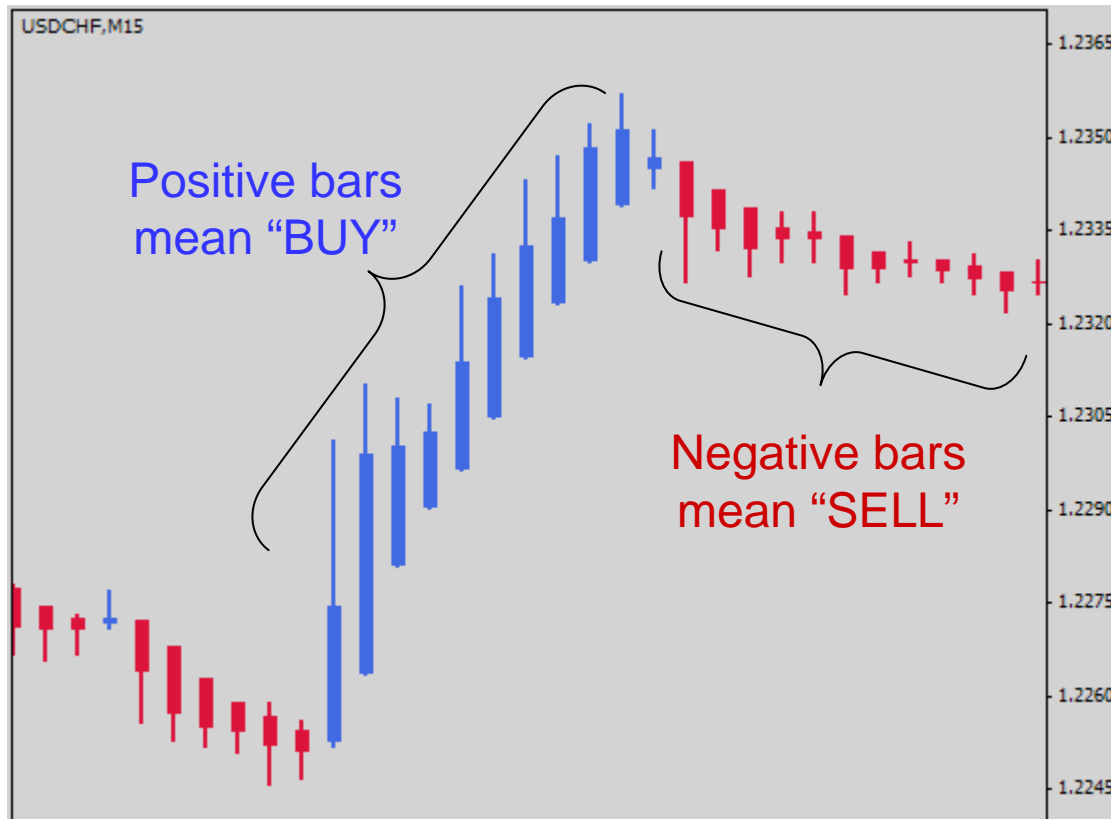
Average Price Bars

Average Price Bars

Average Price Bars

Average Price Bars

Average Price Bars

A positive bar with lower wick means "Weak BUY"

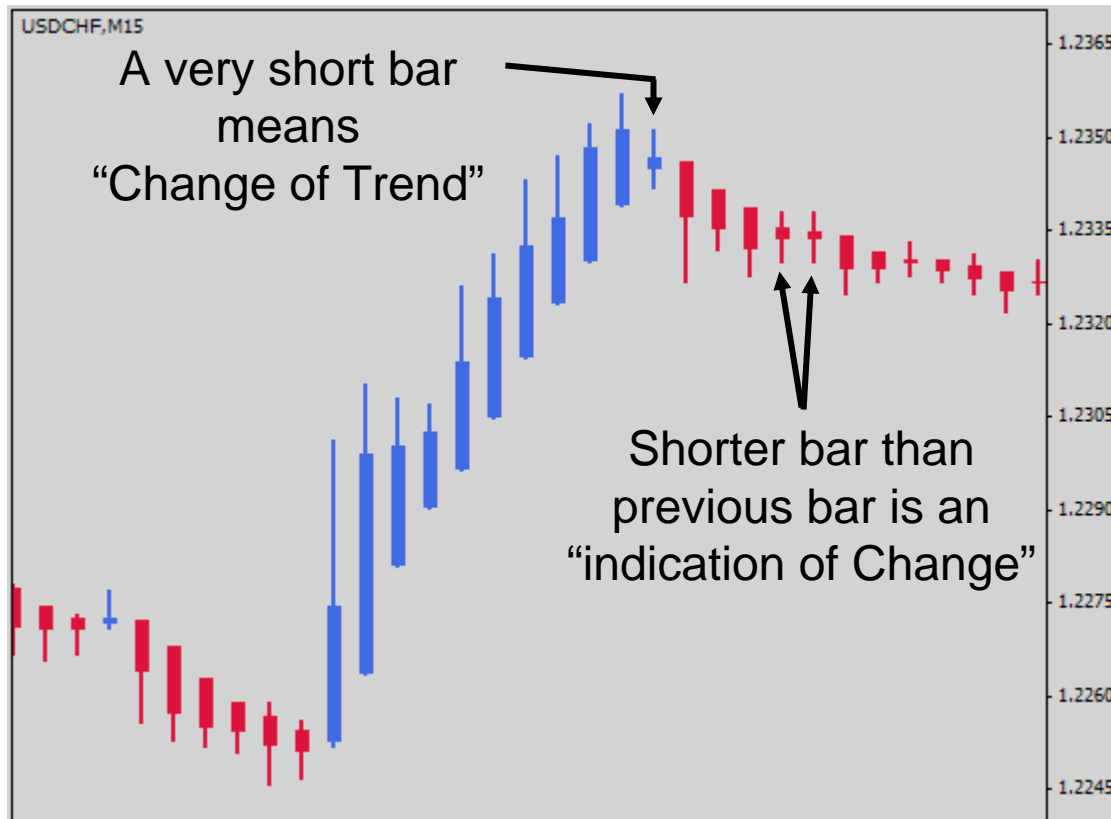A negative bar with upper wick means "Weak SELL"

Average Price Bars

Price Action Channel

Traditional Price Channel

Two principal formats:

1. A pair of trend lines above and below price representing Support and Resistance levels.

2. An envelope of bands around price with set deviation limits such as Bollinger Bands, Keltner or Donchian Channels.

Traditional Price Channel

Used to determine upper and lower
boundaries and signal potential
reversal or breakout.

Traditional price channels can cause
"reactive" trading!

Price Action Channel

NOT a traditional price channel.

Does not set outside of price in wait for the market.

It resides inside price movement.

Used by institutional traders and sophisticated trading programs.

Promotes "responsive" trading!
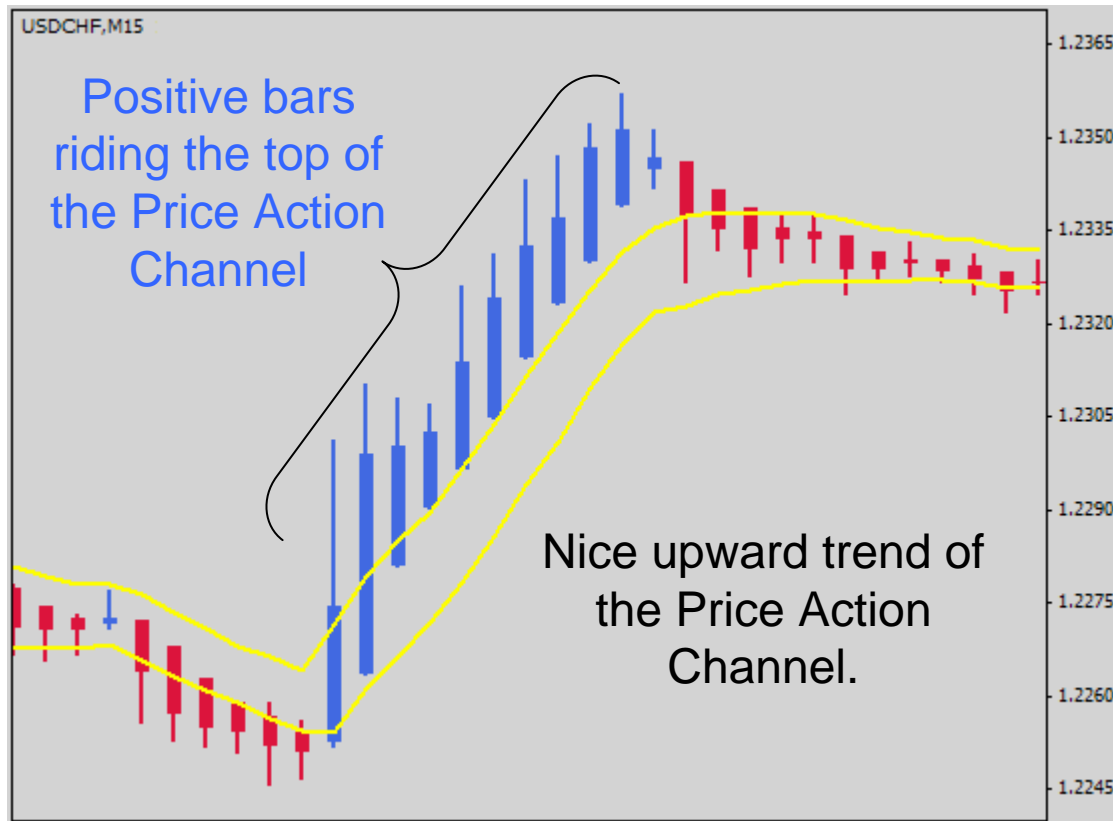
Price Action Channel

- ➤ Provides overall trend direction.

- ➤ Reveals periods of consolidation.

- ➤ Used primarily as an Entry target.

- ➤ BUY Trend – Average Price Bars tend to run on top of channel.

- ➤ SELL Trend – Average Price Bars tend to run on bottom of channel.

Price Action Channel

➢ Use Smoothed Moving Average

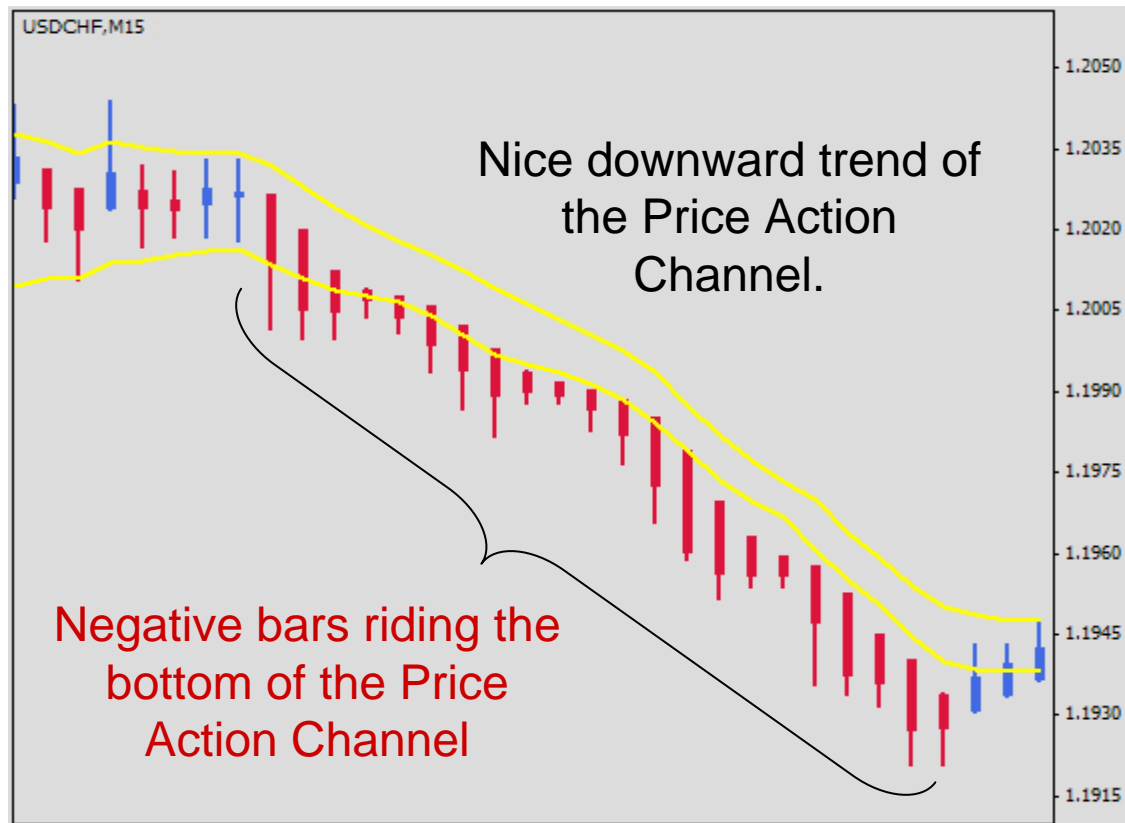➢ Top of Channel = 5 period, High

➢ Bottom of Channel = 5 period, Low

Price Action Channel

"Good BUY (Long) Trend"

Price Action Channel

"Good SELL (Short) Trend"

Price Action Channel
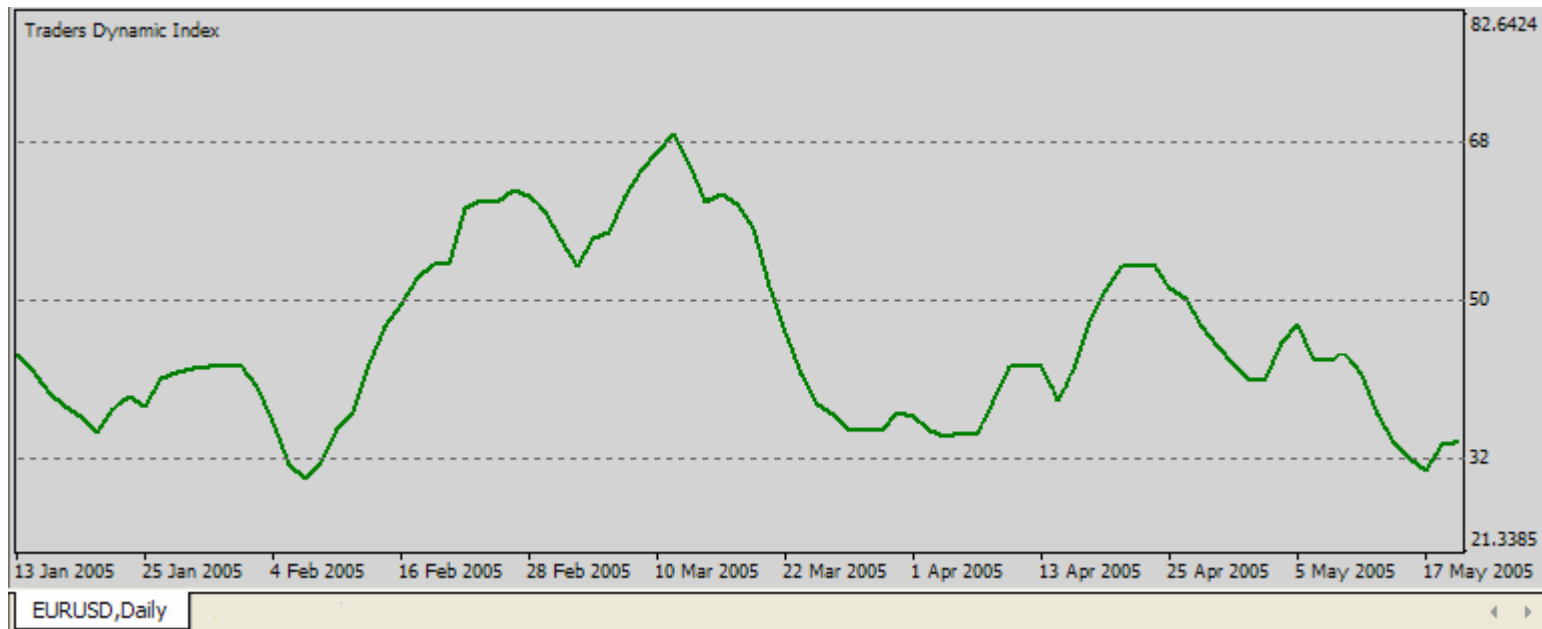
"Range-Bound, No Trend"

Traders Dynamic Index

Traders Dynamic Index

A hybrid indicator developed to
indicate market conditions related to
trend direction, *momentum*, and
market volatility.

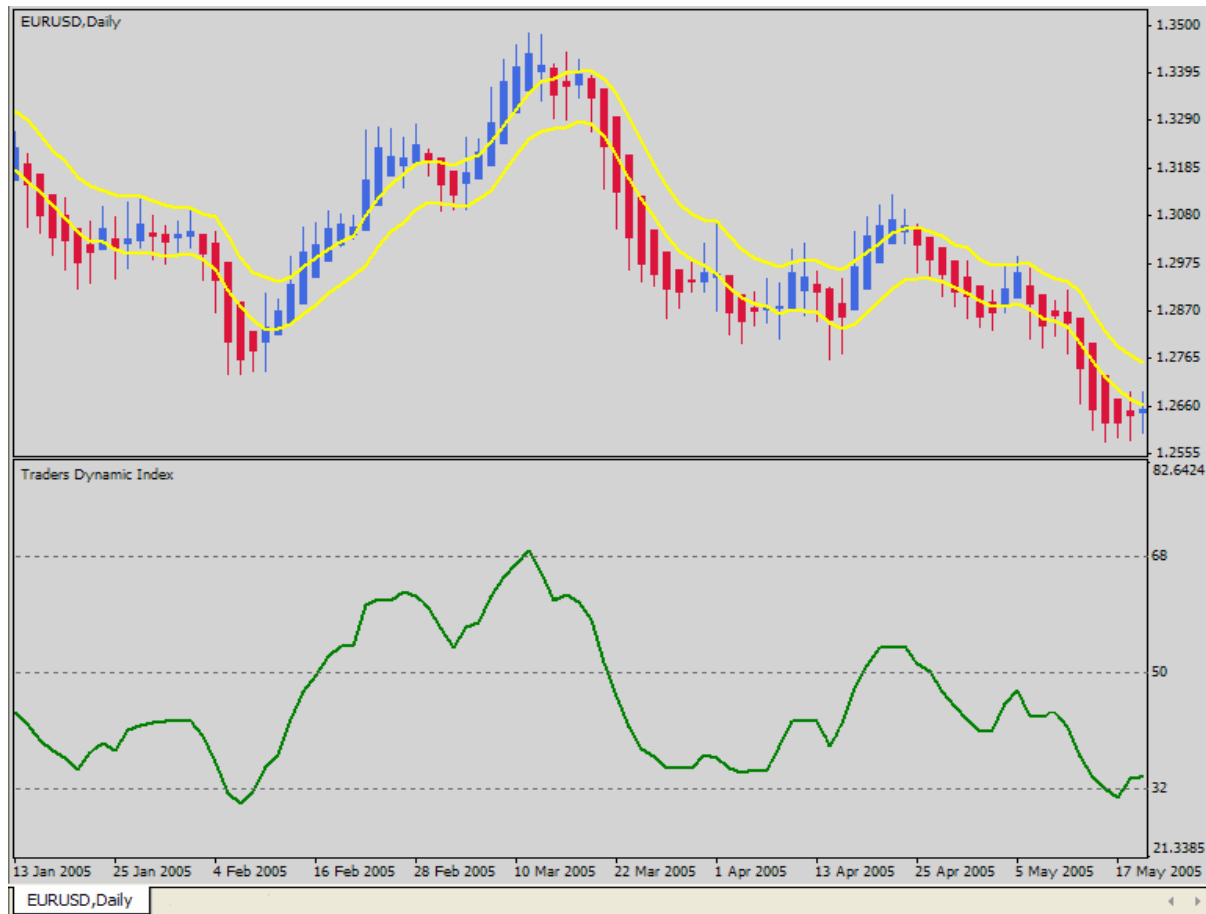*An "all-in-one" indicator!*

Traders Dynamic Index

Step 1: RSI Price Line

Rules: Trade Long when RSI PL is above 50.
Trade Short when RSI PL is below 50.
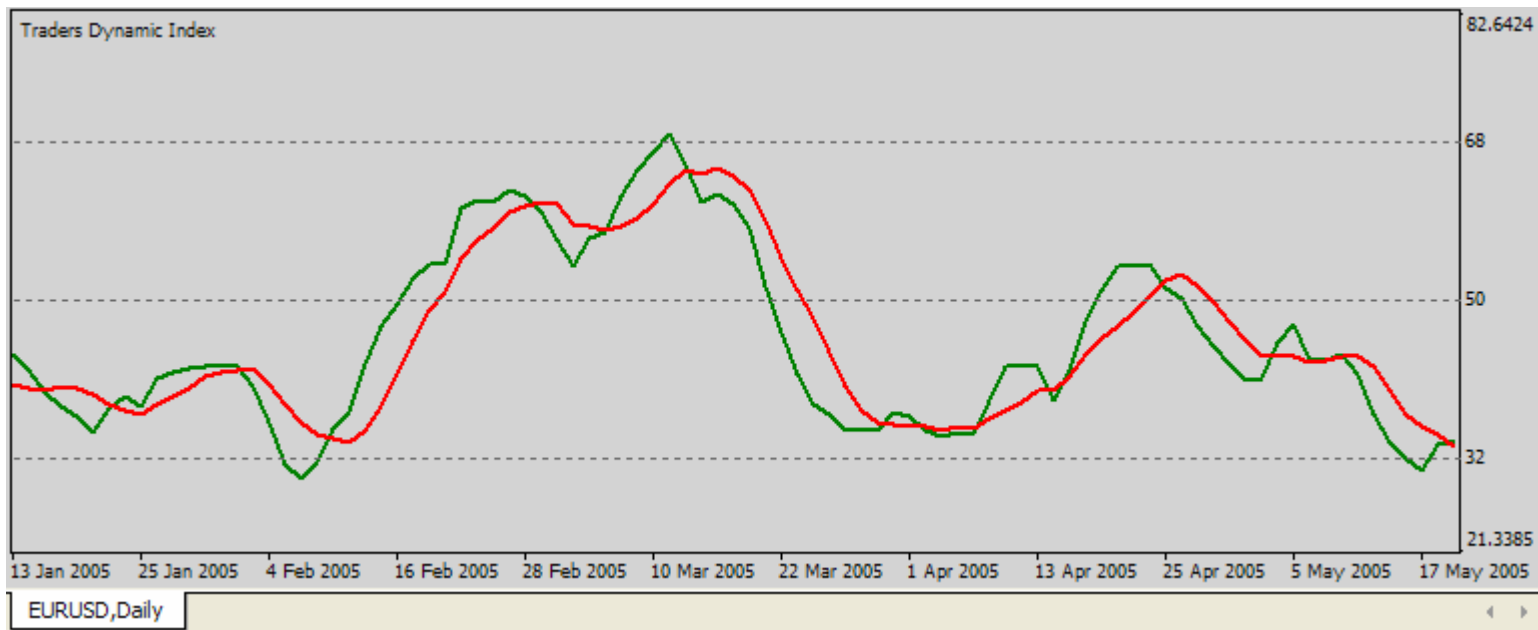*Consider exit when RSI PL is > 68 or < 32.*

Traders Dynamic Index
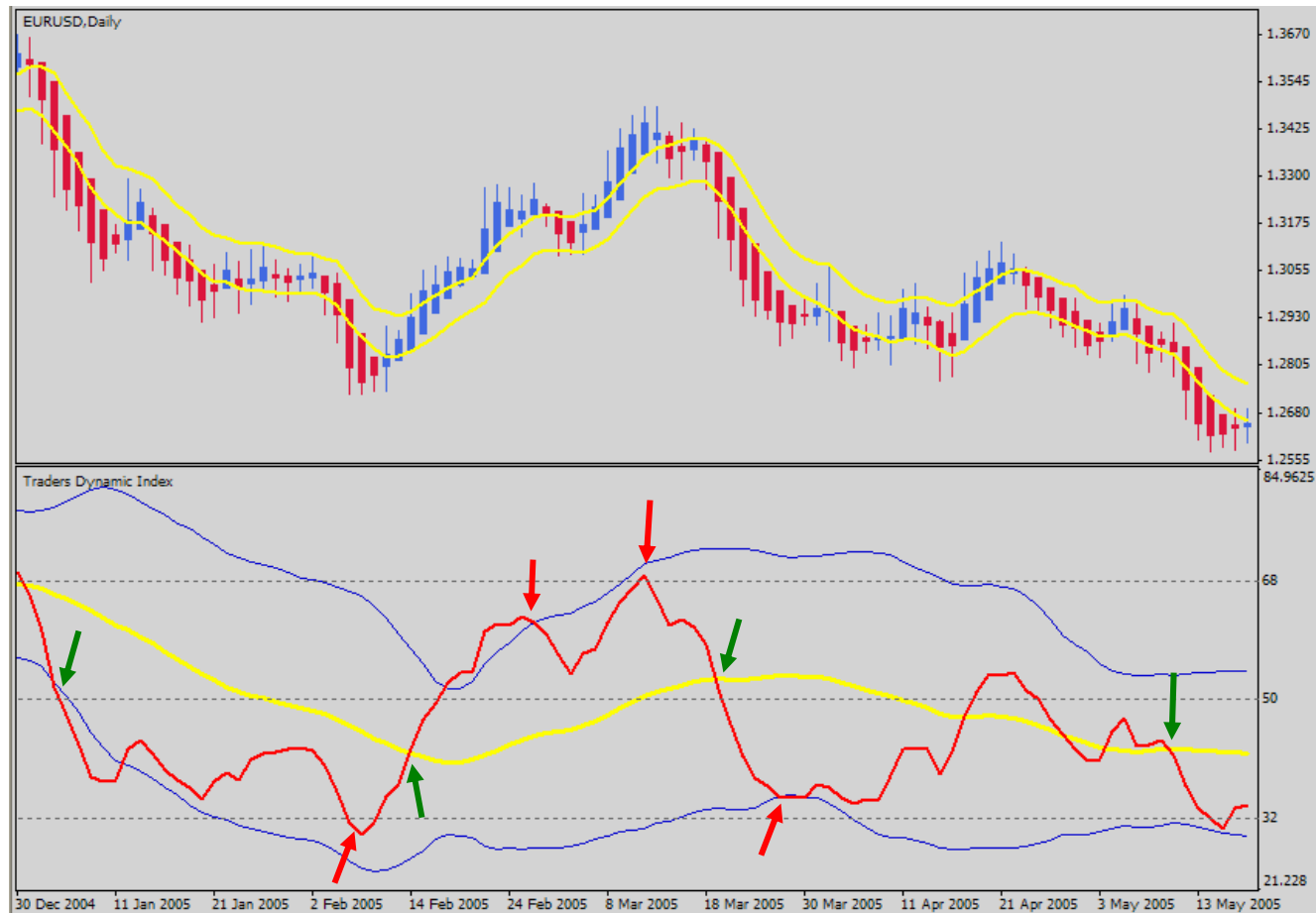
RSI Price Line compared to Price Action

Traders Dynamic Index

Step 2: Trade Signal Line

Rules: Trade Long when RSI PL > TSL.
Trade Short when RSI PL < TSL.
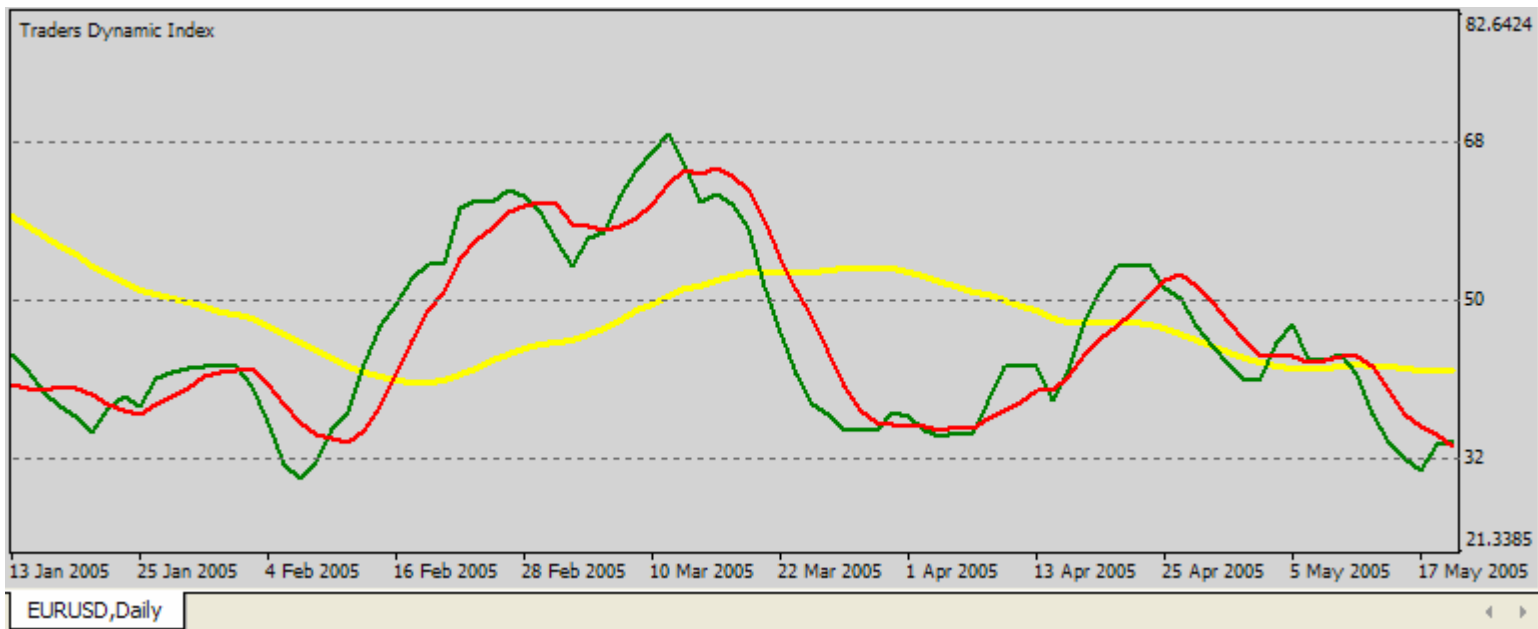*Exit trade when RSI PL & TSL crossover.*

Traders Dynamic Index

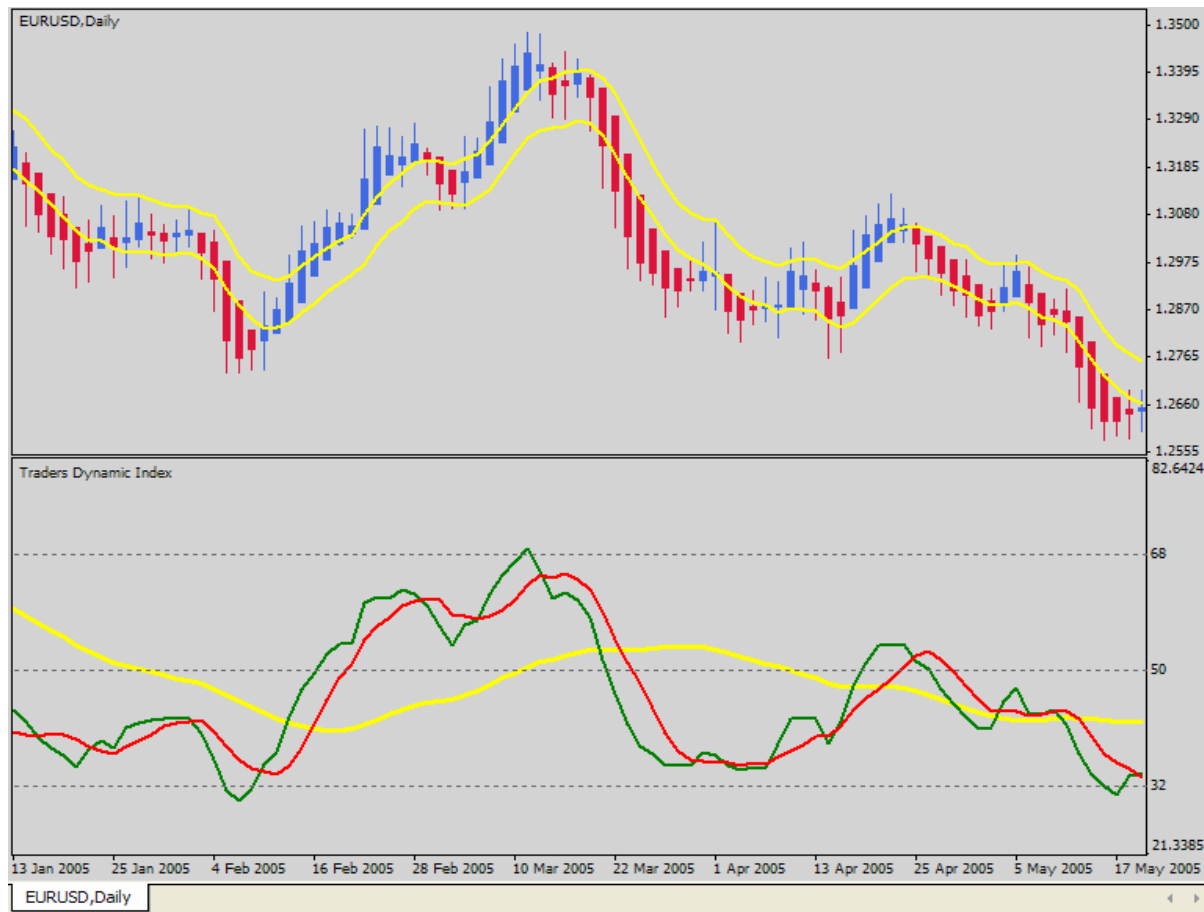## *Step 2: RSI PL & TSL Combined*

Traders Dynamic Index

Step 3: Market Base Line

Rules: Market Base Line acts as Overall Trend.
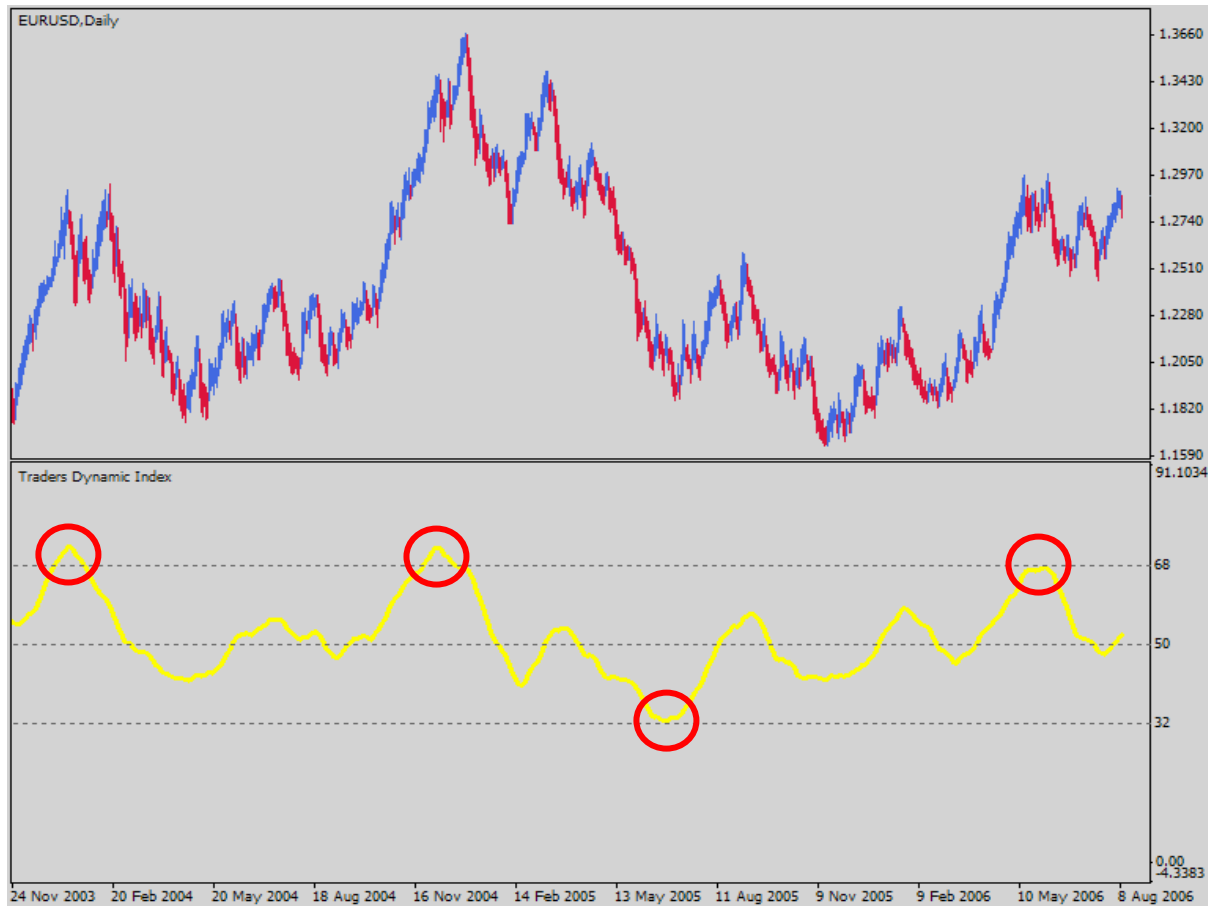*Trade Long when RSI PL is > MBL.*
Trade Short when RSI PL is < MBL.

Traders Dynamic Index

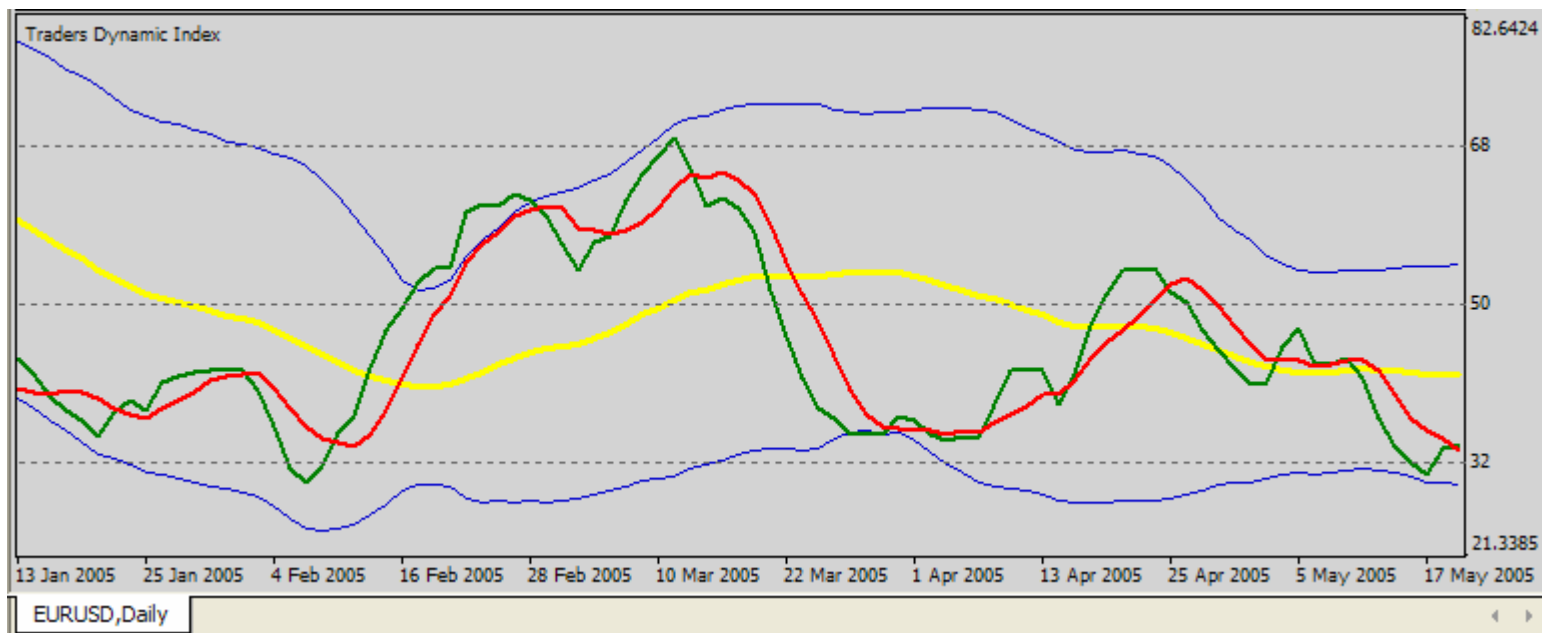*Market Base Line compared to Price Action*

Traders Dynamic Index

Market Base Line forecasts *Market Reversals*
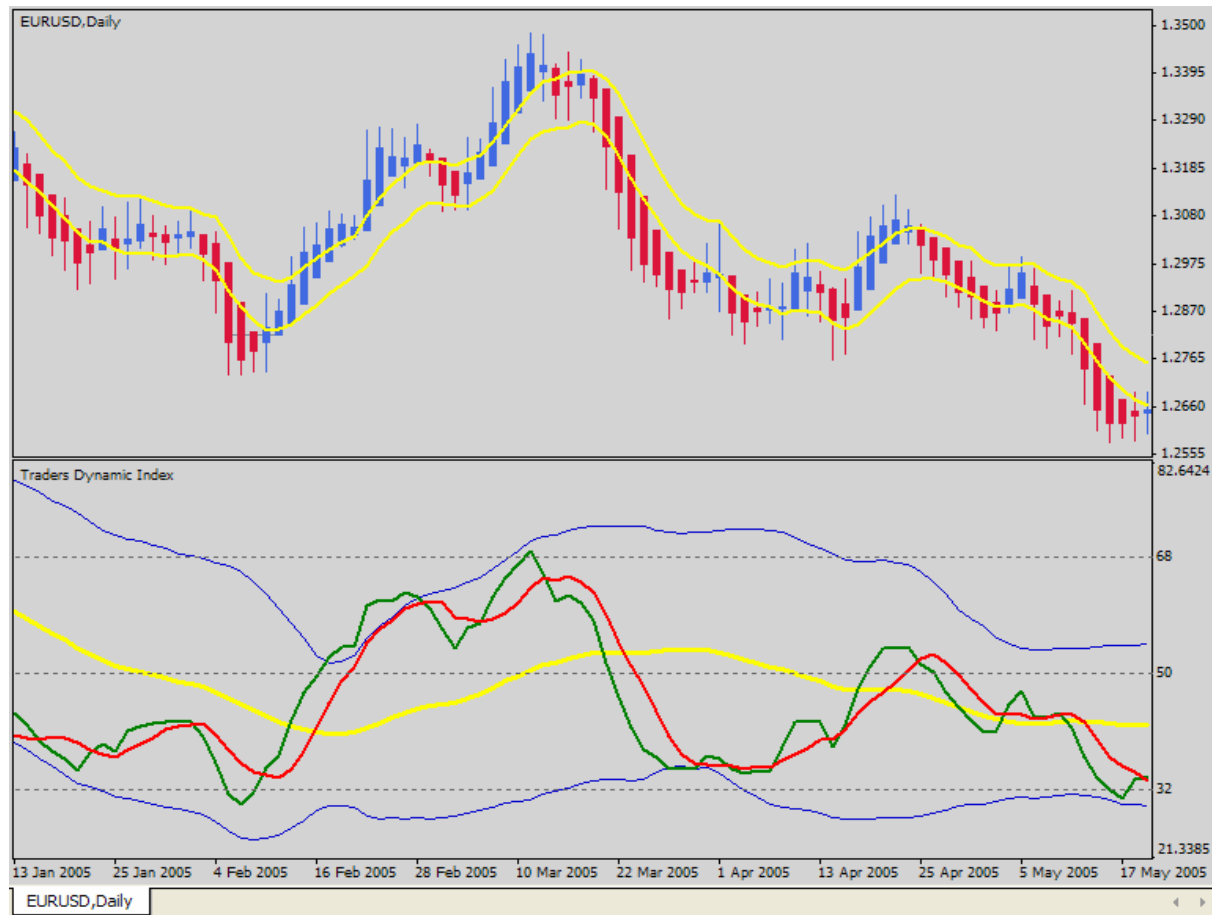
Traders Dynamic Index

Step 4: Volatility Bands

Rules: Add to a Long trade when RSI PL is > VB.
Add to a Short trade when RSI PL is < VB.
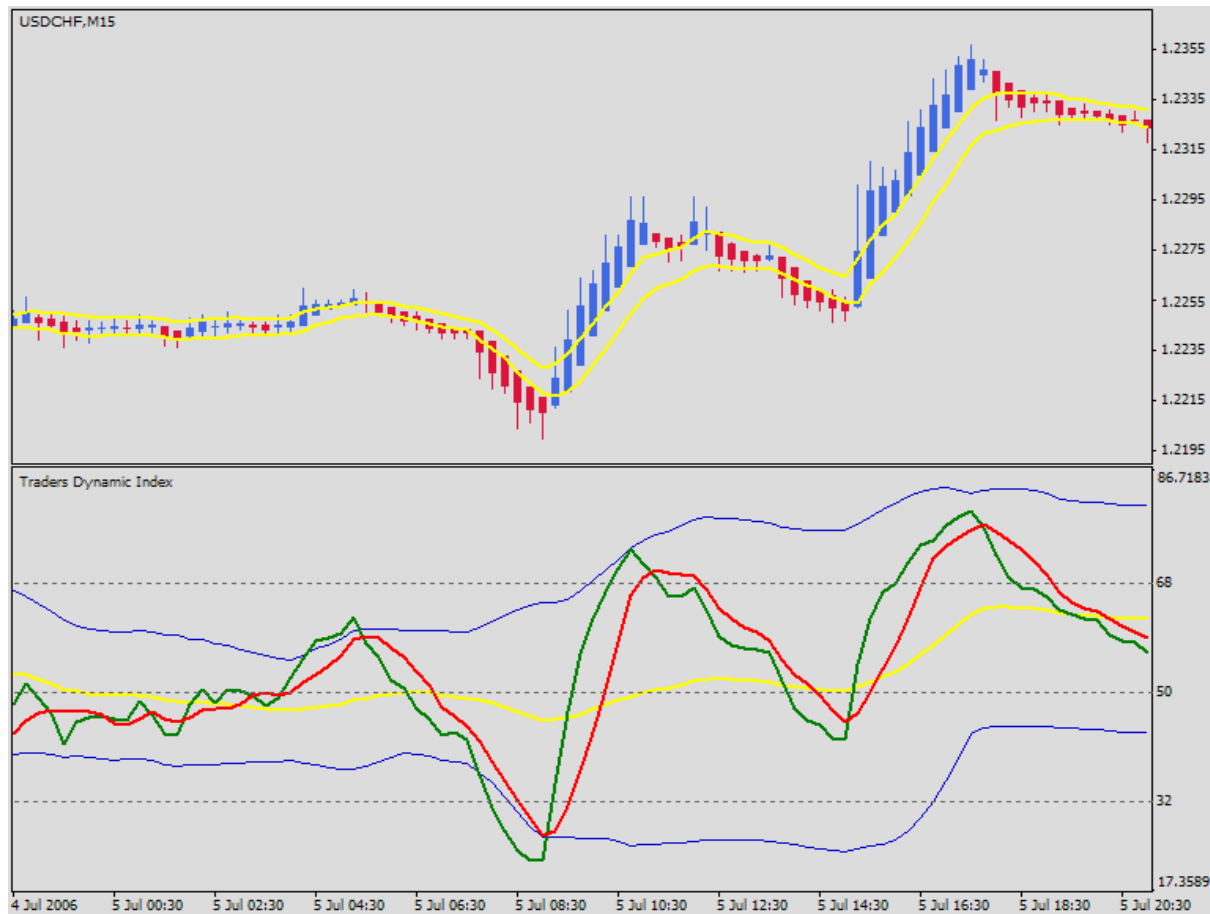*Consider exit when RSI PL crosses back over VB.*

Traders Dynamic Index

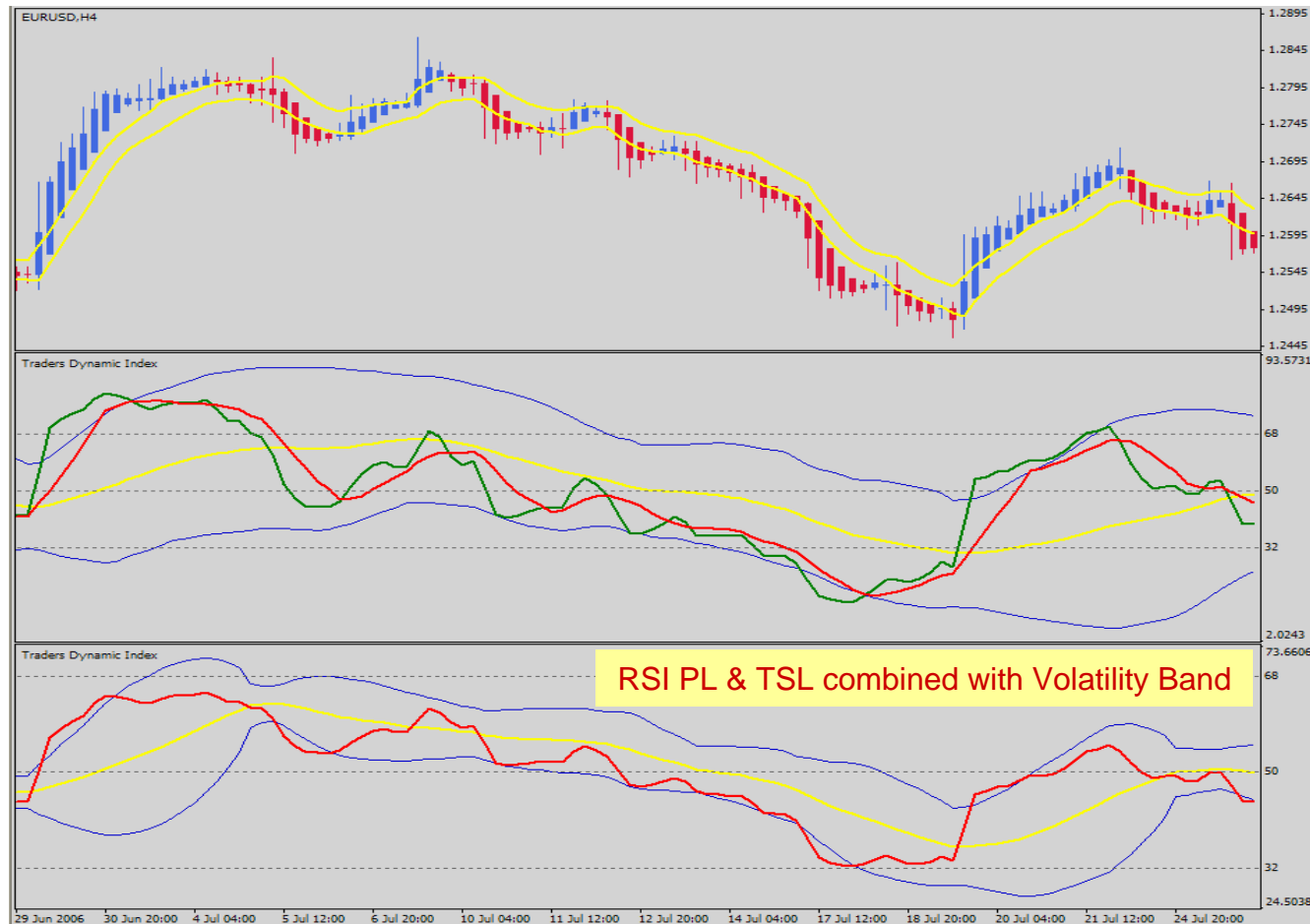*Volatility Bands compared to Daily Price Action*

Traders Dynamic Index

Volatility Bands compared to Intraday Price Action

Traders Dynamic Index

Adjusting RSI MA & Volatility Band for Global Perspective

RSI PL & TSL combined with Volatility Band

E.A.S.Y. Method

Putting it all together!

➤ ## Average Price Bars

- Heiken Ashi indicator

➤ ## Price Action Channel

- 2 Smoothed Moving Averages
- 5 period, High
- 5 period, Low

➤ ## Traders Dynamic Index

- RSI = 13 period, Close
- Volatility Band = 34 period, Close
- RSI Price Line = 2 period, Close, SMA
- Trade Signal Line = 7 period, Close, SMA

E.A.S.Y. Method
Entry Rules

E.A.S.Y. Method

All systems GO!

Average Price Bars (APB)

- Look for Positive or Negative bars trending.

- Monitor the current haClose.

- BUY signal – Positive bar making long upper wick.

- SELL signal – Negative bar making long lower wick.

- Long entry – haClose > PAC High Moving Average

- Short entry – haClose < PAC Low Moving Average

E.A.S.Y. Method

All systems GO!

Price Action Channel (PAC)

- Monitor the direction of the Channel.

- Buy signal – Channel trending up.

- Sell signal – Channel trending down.

- Monitor the High & Low Channel values in relation to the current haClose.

- Long entry – haClose > PAC High & PAC uptrend

- Short entry – haClose < PAC Low & PAC downtrend

E.A.S.Y. Method

All systems GO!

Traders Dynamic Index (TDI)

- Long entry = RSI PL > 50, TSL, and MBL.

- Consider adding to Long trade if RSI PL > the upper Volatility Band and > 50, but < 68.

- Avoid entering a Long trade when RSI PL > the upper Volatility Band, > 50, and > 68.

E.A.S.Y. Method

All systems GO!

Traders Dynamic Index (TDI)

- Short entry = RSI PL < 50, TSL, and MBL.

- Consider adding to Short trade if RSI PL < the lower Volatility Band and < 50, but > 68.

- Avoid entering a Short trade when RSI PL < the lower Volatility Band, < 50, and < 68.

E.A.S.Y. Method
Entry Setups

Long Entry: (*All conditions are satisfied.*)

    1. APB haClose > PAC High Moving Average.

    2. PAC trending up.

    3. TDI = RSI PL > 50, TSL, and MBL.

Short Entry: (*All conditions are satisfied.*)

    1. APB haClose < PAC Low Moving Average.

    2. PAC trending down.

    3. TDI = RSI PL < 50, TSL, and MBL.

E.A.S.Y. Method
Exit Rules

E.A.S.Y. Method

Time to Exit the money train!

➢ APB Long exit

Positive bar is much shorter than the previous bar or changes to a negative bar at close.

➢ PAC Long exit

APB closes inside the channel.

➢ TDI Long exit =
1. RSI PL crosses back below the TSL to the downside.
2. RSI PL > 68.
3. RSI PL crosses back below the upper Volatility Band to the upside.

E.A.S.Y. Method

Time to Exit the money train!

➢ APB Short exit
   Negative bar is much shorter than the previous bar or changes to a positive bar at close.

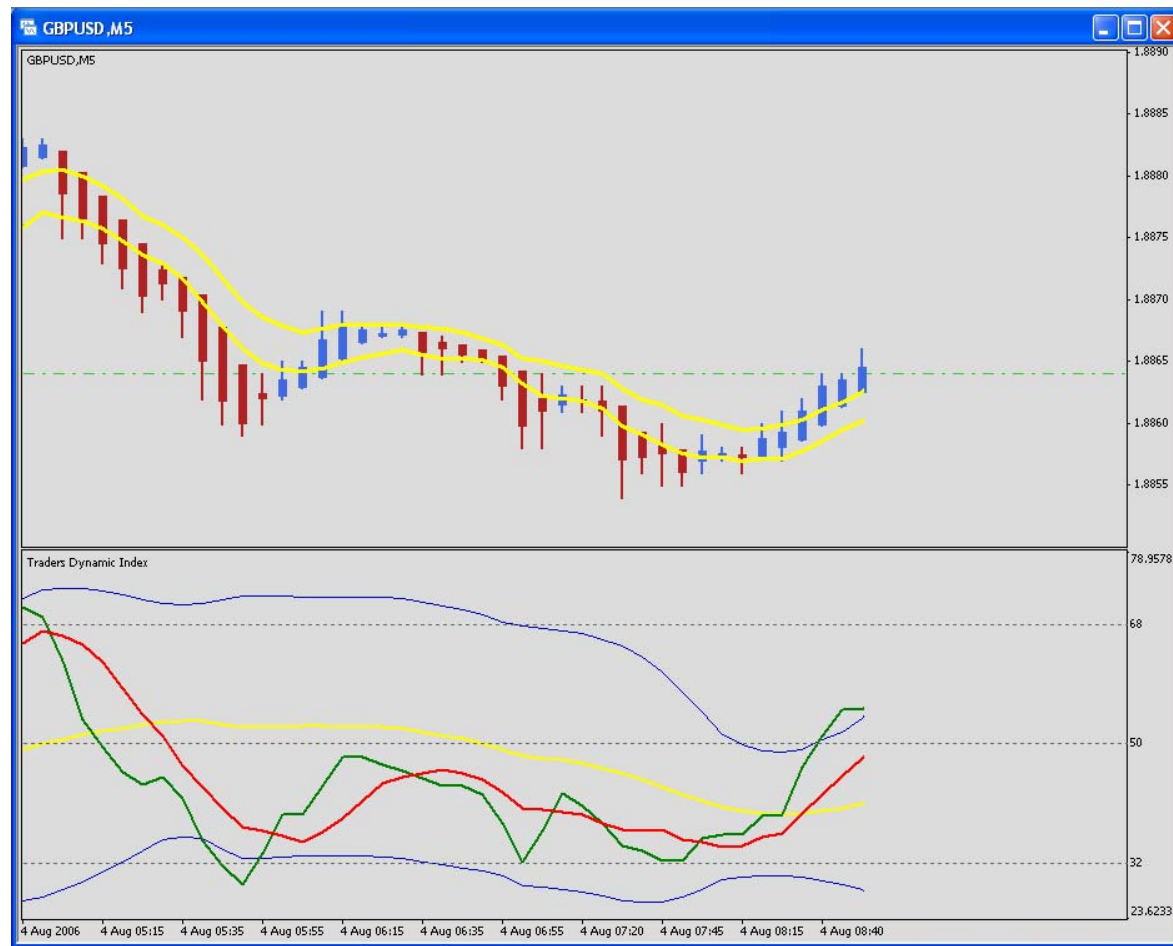➢ PAC Short exit
   APB closes inside the channel.

➢ TDI Short exit
   1. RSI PL crosses back over the TSL to the upside.
   2. RSI PL < 32.
   3. RSI PL crosses back up over the lower Volatility Band.
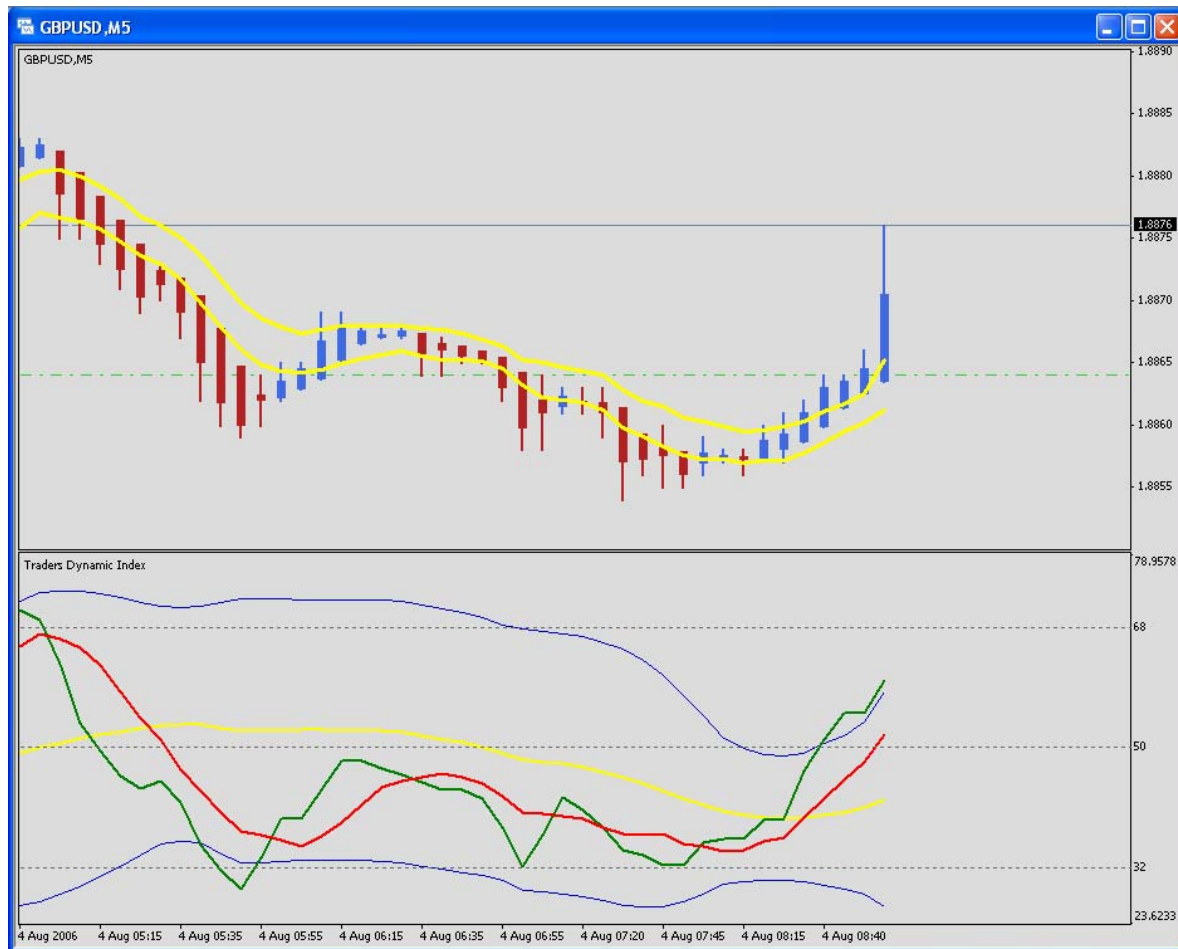
E.A.S.Y. Trades
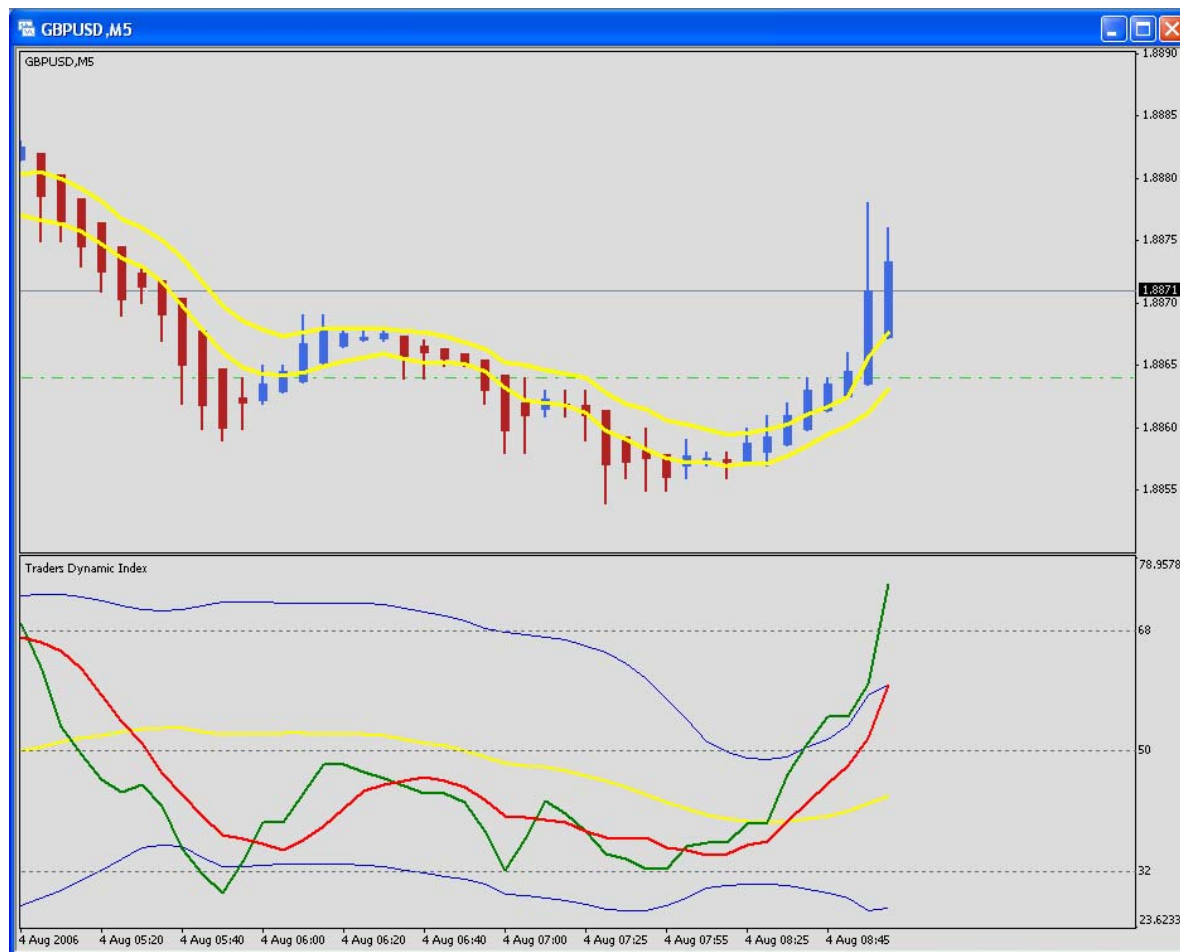
E.A.S.Y. Method

GBP/USD 5-minute

E.A.S.Y. Method

GBP/USD 5-minute

E.A.S.Y. Method
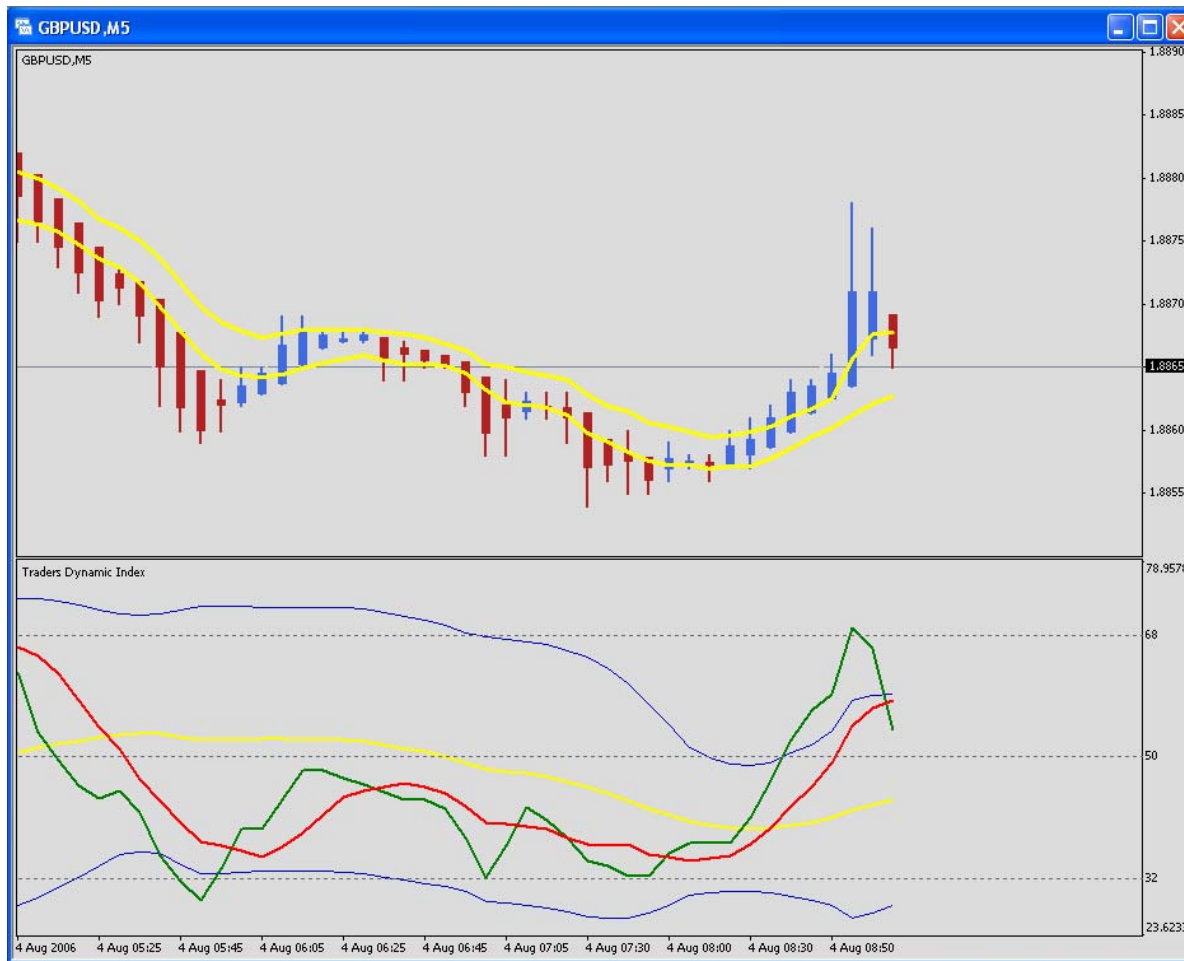
GBP/USD 5-minute

E.A.S.Y. Method
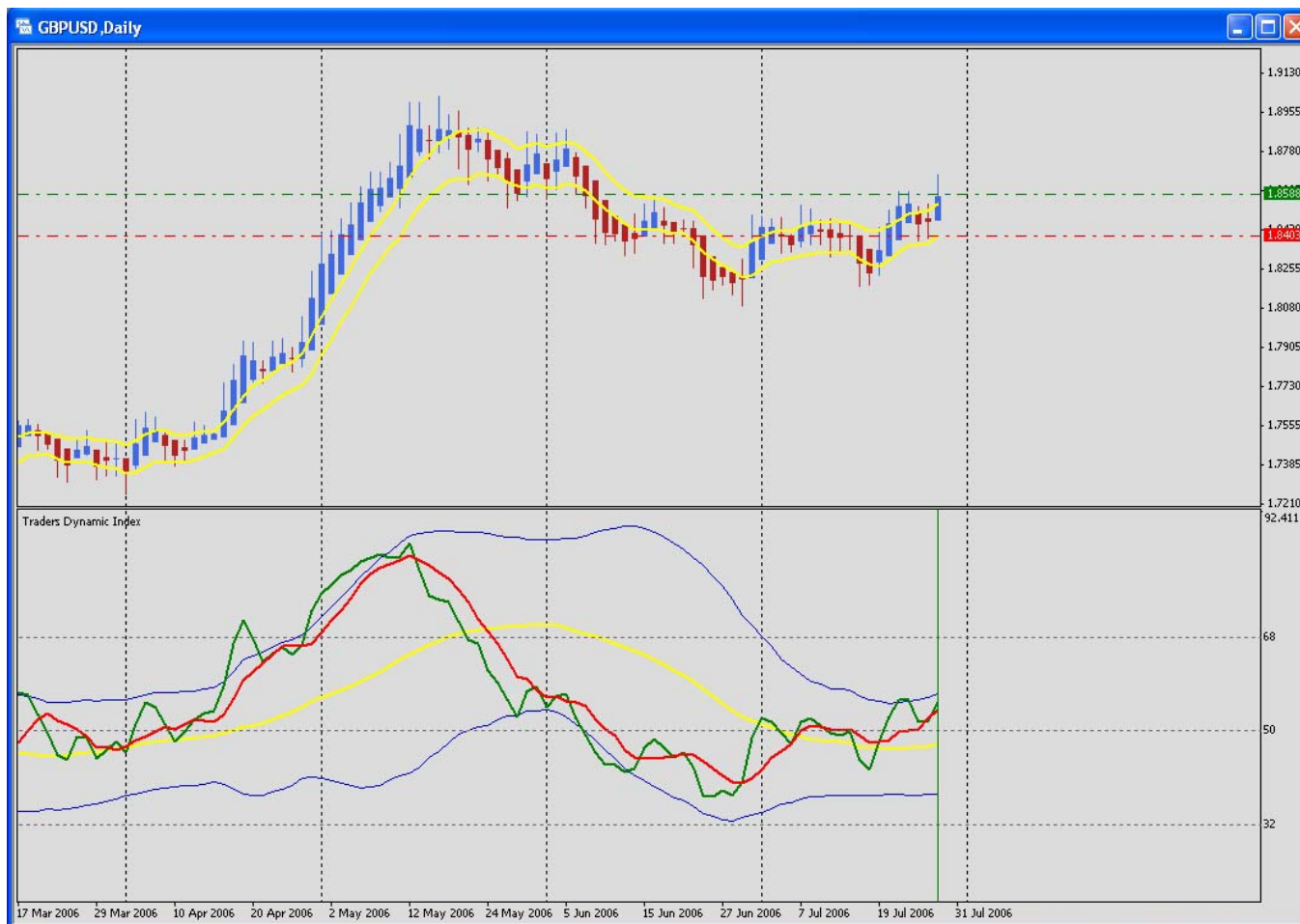
GBP/USD 5-minute

E.A.S.Y. Method

GBP/USD 5-minute

E.A.S.Y. Method
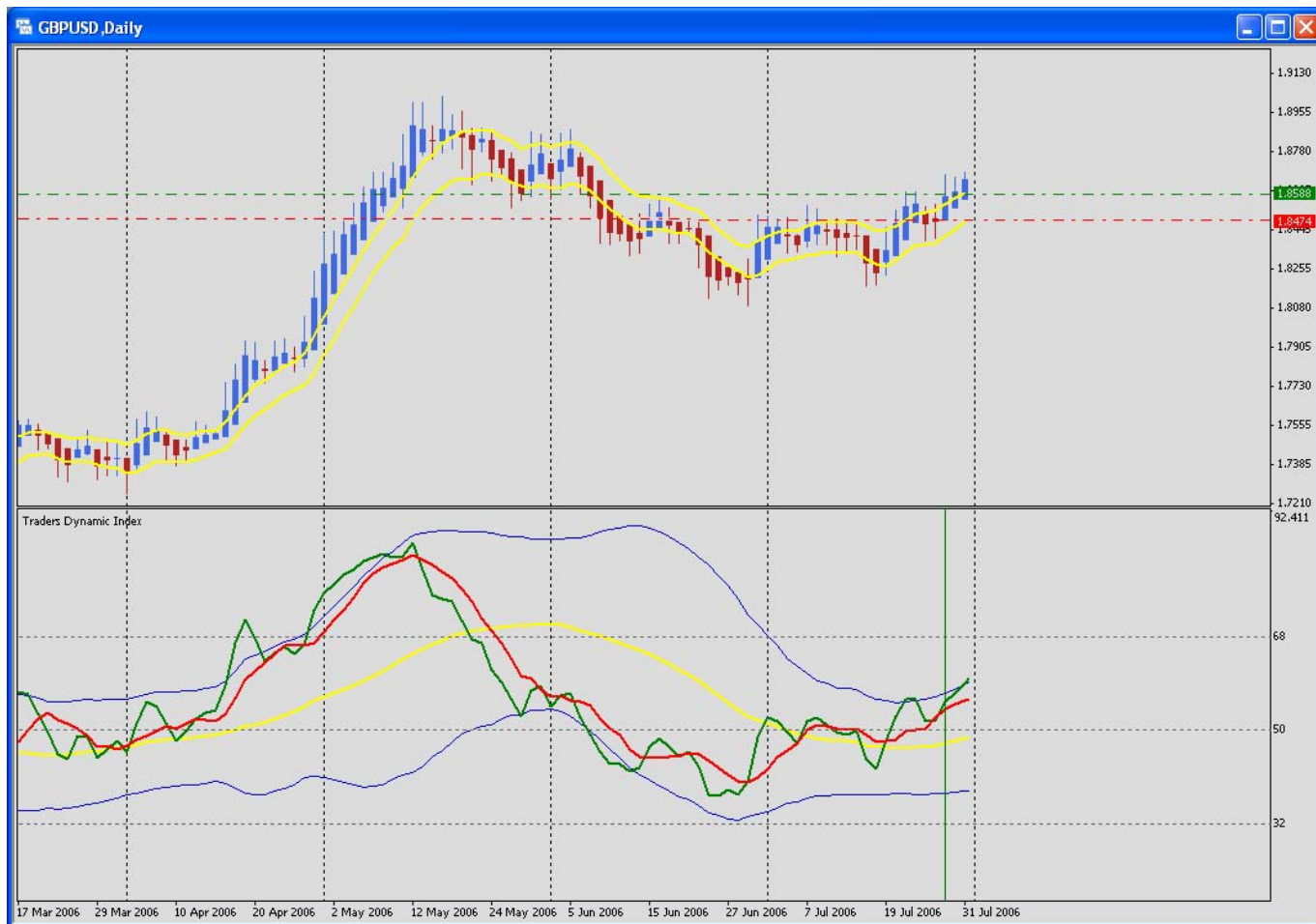
GBP/USD Daily – 7/27

E.A.S.Y. Method

GBP/USD Daily – 7/28

E.A.S.Y. Method

GBP/USD Daily – 7/31

E.A.S.Y. Method

GBP/USD Daily – 8/1