

ZONES



FXWrangler

New Member (4y)

Jul 25, 2013 9:57pm

[Quote](#)

[Cleanup](#)

[Post# 4,680](#)

Logic:

1. DS zones create SR areas
2. HH and LL from the past create these zones
3. LL and HH from the past are SR lines themselves
4. The first bar of a DS zone becomes a defined SR zone
5. Therefore we are creating new SR zones based on arbitrary SR lines created in the past.
6. Arbitrary in and of itself has no useful purpose when defining something.
7. Therefore it isn't so much the particular SR zone being created that's important.

If the zone isn't important than what is???

If you can create a new SR zone based on any major swing high or swing low from the past, regardless of it's location price wise, is this fact important?

By connecting the low of the first DS and the high of the last DS on the m15, it created the entire swing on the m30.

Note that the highs and lows are created DURING the DS. This matches our observation that says old SR lines (highs and lows) are taken out during DS creation.

I post this to show the fractal part.

What this tells us:

1. On any given timeframe where a DS is created, a swing high or low most likely will occur at some point during the DS.
2. Once the DS completes, then most of the time price moves AWAY from the H or L just created.
3. On a lower time frame this means that any subsequent H or L created after the higher time frame DS is complete most likely will continue in the original direction.



Ralome

Joined Nov 2011 (10y)

Jul 24, 2013 7:54pm

[Quote](#)

[Cleanup](#)

[Post# 4,476](#)

[Quoting blackan](#)

Now you say that dissimilarity comes with new higher high over given candles period and ends within 24 candles until new higher high comes. Looks simple (and I like that), but I have probably missed change in dissimilarity term, please help...

Given candles period is 300, candle #1 is oldest, candle #300 is current. Highest high of all 300 candles is HH, lowest low of all 300 candles is LL.

Candle #301 will be a dissimilarity candle if:

1. Candle #1 had the LL.
2. Candle #1 had the HH.
3. Candle #301 goes higher than HH.
4. Candle #301 goes lower than LL.

Dissimilarity ends if NONE of the above happens in 24 candles. If ANY of the above happens, you have to wait 24 candles again from that point.



cfdtaleong

Joined May 2013 (3w)

Jul 24, 2013 8:58pm

[Quote](#)

[Cleanup](#)

[Post# 4,482](#)

[Quoting blackan](#)

{quote} One more question, Candle #1, not any of next 300 ones? Looks I missed some posts. Then knowing Where HH/LL was we are able to predict next possible (optional) dissim? Thus candle #1, has it be the highest/lowest of next 299? I Assume that conditions 1 and 3 or 2 and 4 must apply, is that right? And what about Stochs mentioned in 1st post? Has the way of dissim detection evolved or?

Rephrase

- 1)If candle #1 has a LL compared to #301
- 2)If candle #1 has a HH compared to #301
- 3)If candle #301 has the HH of all
- 4)If candle #301 has the LL of all

Correct me if wrong



Ralome

Joined Nov 2011 (10w)

Jul 24, 2013 9:46pm

[Quote](#)

[Cleanup](#)

[Post# 4,485](#)

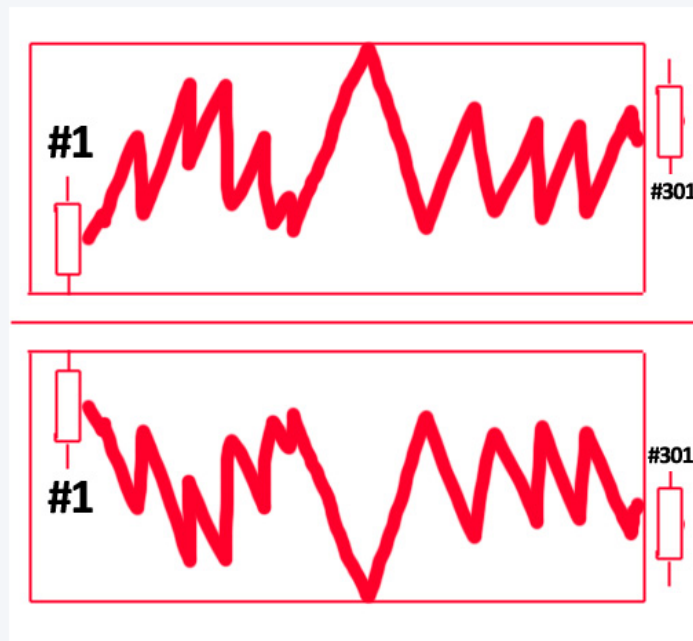
[Quoting cfdtaleong](#)

{quote} Rephrase 1)If candle #1 has a LL compared to #301 2)If candle #1 has a HH compared to #301 3)If candle #301 has the HH of all 4)If candle #301 has the LL of all Correct me if wrong

1. If candle #1 has LL of all
2. If candle #1 has HH of all

3&4 were correct 😊

Attached Image





Ralome

Joined Nov 2011 (10w)

Jul 25, 2013 8:22am

[Quote](#)

[Cleanup](#)

[Post# 4,548](#)

[Quoting smallcat](#)

{quote} Thank you Ralome now I got it 😊 Edited: And for the candle #301, we must wait for the candle to close first, before we calculate it (the calculating is begin on the OPEN of candle #302) ? And checking ending of dissimilarity is at OPEN of candle #25 ?

Yes, my indy waits for #301 to close (same with checking if DS has ended). It is true that if the dissimilarity is caused by #1 being HH or LL, we will know that #301 will be a dissimilarity candle at the moment of its open. It is also true that if the dissimilarity is caused by #301 becoming the new HH or LL, we will know that at the moment it breaches the old HH/LL. BUT the zones drawn are based on the complete candle. So that's why I chose to wait for the candle to close. Eurussd also mentioned that one option is trading AWAY from the dissimilarity zone (i.e. the range of dissimilarity candle). My point is, if the candle is not finished yet, you don't know what you'd trade away from 😊



Inorbi

Joined Mar 2011

Jul 24, 2013 4:39pm

Edited at 4:52pm

[Quote](#)

[Cleanup](#)

[Post# 4,452](#)

[Quoting vladv1974](#)

{quote} This is the bit (FxWrangler and PipTheif's work) that I haven't really fully internalised yet. But yes, I see what you mean. So really, it implies our current direction will continue to go higher... until the predicted TIME?

OK, let me try to explain.

Look at the illustration below. On top you have the price. Looking back 300 bars, at each point in time you mark your highest high and lowest low. This will be the basis for your stoch. So if let's say price is 50, LL is 0 and HH is 100, you will have stoch at 50%. This is the first point in the illustration (on the left).

Now, move ahead in time. As you are scrolling the 300-bar window, your HH or LL changes. You can see that in the illustration, the HH changed as price made a new HH in the 300 bars range (this is what's happening now). Now, if you have the SAME absolute price like above (50), it will be a different % in stoch, as it is now measured against 0 and 120. So it is less % than previously, thus a change in stoch value. THIS CHANGE IS WHAT WE IDENTIFY AS DISSIMILARITY IN THIS SYSTEM!! So it can come from two sources: a LL / HH is falling out on the left side of the 300-bar window as it is moving with time, OR a new LL/HH is created by price (within 300 bars range), which changes the LL/HH of the 300-bar window.

Additionally, we are applying a MA on the stoch below, which introduces a 24 bar lag. So if I have a change now, the effect of that single change will last at least now + 24 bars. If I have another change in let's say 10 bars from now, the effect will be $10 + 24 = 34$ bars long.

Currently we are having a continuous effect by price moving higher and higher, thus the "dissim" will keep going, as stoch keeps tuning itself. If we stop doing new HH's, it will still take 24 bars for MA to settle, thus we can predict the length of the dissim.

I hope it sheds some light on the topic.

Attached Image





vlady1974

Joined Jul 2009 10+yr

Jul 24, 2013 4:51pm

[Quote](#)

[Cleanup](#)

[Post# 4,454](#)

[Quoting Inorbi](#)

{quote} OK, let me try to explain. Look at the illustration below. On top you have the price. Looking back 300 bars, at each point in time you mark your highest high and lowest low. This will be the basis for your stoch. So if let's say price is 50, LL is 0 and HH is 100, you will have stoch at 50%. This is the first point in the illustration (on the left). Now, move ahead in time. As you are scrolling the 300-bar window, your HH or LL changes. You can see that in the illustration, the HH changed as price made a new HH in the 300 bars range (this...

OMG. Thank you for the plain english explanation and visual. Completely get it now! To paraphrase:

DS:

- bars falling off the tail end of the 300 bar count, changes the calculation of stoch
- new bars (consequently, higher highs or lower lows) being added to the front of 300 bars, changes the calculation of stoch

MA:

- The 24 period Bollinger Band keeps this "change" in stasis for the 24 period PLUS any other time gap which produces another price change.
- If price stops producing variances, the 24 period stabilizes because the variance is consistent across the 24 bars.... dissimilarity ends!



Time is Relative, Price is Absolute