“My Search for Trading Simplicity”

The Story of the Traders Dynamic Index

By Dean Malone

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The “A-ha!” Moment

You ever have one of those “*A-ha!*” moments? You know… the one where the light turns on and ideas start to dance in your head faster than you can write them down. I’ve heard it sometimes happens when you least expect it. For me, this is true. It was one of those unexpected “*A-ha!*” moments that turned my trading around … and has helped thousands of traders trade the market with greater clarity and higher probability.

I was in the middle of a meeting when my pager buzzed. It was my broker. I was quickly reminded of a couple of commodity trades I was in and was expecting a profitable outcome with all the work I had put into the trade. I promptly called my broker with a feeling of great expectation. “Mr. Malone, your account has a margin call,” my broker immediately said. What?! As if I got a direct punch in the gut followed by an upper cut to the head, I stood there dazed and confused as he rambled on about how to meet the margin call. All I could think was, “What went wrong?”

When I got back home, I started to review the charts and the trade strategy. This wasn’t my first trade. I’d been doing okay and felt it was time to step it up. So getting a margin call was frustrating to say the least. Like many retail traders, I had taken courses and seminars, read recommended books, and subscribed to the latest “guru” newsletters. My charts were stuffed full of indicators. I was meticulous about following a trading strategy that I had spent thousands of the dollars to learn. But after all I had done, something still wasn’t right.

“*If you keep on doing what you’ve been doing, you’re going to keep on getting what you’ve been getting. So, get rid of what ain’t working and get back to what is working!”* These words, spoken by a mentor from years earlier, rang in my ears as I sat there staring at my charts.

Then, it hit me. Something buried under all those “must have” indicators caught my attention – price!

A-ha!!!

I was so wrapped up in following an indicator-based strategy that I overlooked price action. I often heard ‘Price is king’ but I was treating price like some anonymous peasant.

I needed to get back to the basics. I stripped away every indicator and began the long fascinating journey dedicated to learning price action and its relationship to the predominant attitude of buyers and sellers in the market. I’ve learned simple concepts that led me to develop an “all-in-one” hybrid indicator that shows market sentiment as it relates to price action – the Traders Dynamic Index.

Price Action and Market Sentiment

Over the years, I've had the good fortune to meet a select group of professional traders. Each had their own style of trading but they all had one thing in common – they traded price action.

It's been said the best indicator of all is price. Traders refer to the movement and oscillation of price as price action. Within price action, traders can identify patterns. These patterns, such as the Head and Shoulder pattern, imply potential future price direction. After a proper amount of study and mastery, a trader can rely on pattern recognition to achieve a level of trading success. Some patterns are highly reliable and require little confirmation, whereas other patterns require multiple confirmations. Also, within price action, traders can define levels of support and resistance along with Pivots and Fibonacci levels. These levels can be treated as potential stop loss or target levels. Trading price action can be an effective way to trade.

However, price action alone *cannot* clearly confirm areas of market strength and weakness especially during transitional phases. It's these moments of transition that traders often get caught trading in the wrong direction. Price action is persisting in one direction, but the attitude of the market is moving away from price. Eventually, price will turn and traders following price get trapped in a directional shift of the market. To avoid being trapped by the market, traders should evaluate the "sentiment" of the market as it relates to price action.

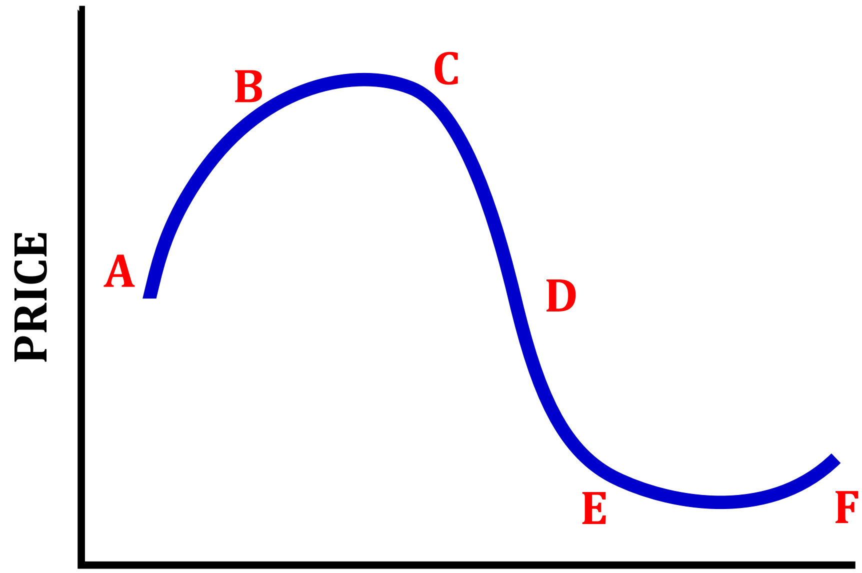
What is sentiment?

Sentiment is the prevailing market attitude. Market participants are influenced by feelings, beliefs, behaviors, and economic events which affect the market for better or worse. Sentiment is an indication of optimism or pessimism in the market. Positive market sentiment indicates buyers are buying and upward price momentum is seen in the market. Negative market sentiment indicates sellers are selling resulting in downward price momentum.

In this case, there is a simple concept to follow: *"When price action and market sentiment are aligned, look for favorable trading conditions in the direction of price."*

But the sentiment of market participants doesn't always align with expectations and price action. For example, suppose economists forecast a 5% growth in U.S. GDP, the actual 4% reading would come as a disappointment. Expectations would be for a negative market reaction in the U.S. Dollar. Yet, even though 4% is less than forecast, markets may show no reaction because market sentiment favors a continued positive outlook on the U.S. Dollar. This might be due to a number of reasons such as improving U.S. asset markets or worsening fundamentals in counter currencies such as the Euro or Yen.

To better understand the concept of market sentiment, the chart below shows the effect of supply and demand on the price a product. Price either strengthens (rises) or weakens (falls) due to consumer demand.



A – *An illustration of strength in price due to increasing market demand.* Suppose the demand for a specific product increases due to higher than normal use. With the increasing demand, the manufacturer either reaches a maximum production capacity or runs out of available resources to make more of the product in the short term. As demand grows rapidly and supply drops, the price increases exceedingly.

B – *An illustration of upward momentum in price within the market as demand weakens.* Eventually, the price reaches a level beyond the spending habits of some consumers. In turn, they seek out and purchase substitute products. However, price has yet to reach an uncomfortable level for most consumers. The product continues to increase in price because demand still exceeds supply. At this point, the demand is slowing but price continues higher.

C – *An illustration of an "overbought condition" where demand diminishes in the market but price has yet to follow.* Ultimately, the product reaches a price level considered to be a luxury for the majority of consumers. Consumer sentiment shifts away from this product towards more favorable substitute products instead. As demand becomes sluggish and supply for the product begins to increase, price drifts in a downward bias.

D – *An illustration of weakness in price due to increased supply and near zero market demand.* As demand comes to a stand-still and inventories begin to grow, the manufacturer and retailers discount their pricing to stir demand. However, price continues to drop as consumers buy substitute products and wait for a better price similar to substitute products.

E – *An illustration of downward momentum in price within the market as demand improves.* When price for the product nears the price level of substitute products, consumer demand begins to return causing the descent in price to ease and supply to decrease.

F – *An illustration of an "oversold condition" in the market where demand intensifies in the market but price has yet to follow.* Price for the product reaches a perceived "rock-bottom" level of value. At this point, supply fades as consumer demand rises and price begins to turn in a positive bias.

In this example, the price for the product is directly correlated to consumer demand with all other factors being equal. Applying this example to trading price action and market sentiment, it's fairly easy for a trader to take a Long trade when the market shoots up as in "A". And, it's fairly easy to trade Short when the market appears to be falling off a cliff like in "D". But, it can be difficult to trade during the transitional phases – B, C, E, and F – where traders can get trapped in a market shift as market sentiment diverges from price action. With the Traders Dynamic Index, traders can distinguish these transitional phases and make better trading decisions.

During transitional phases remember this concept: *"When price action and market sentiment are <u>not</u> aligned, look for favorable trading conditions in the direction of sentiment."*

It All Started with a Phone Call

Having read that sentiment-based metrics are used by many institutions in the construction of sophisticated trading algorithms, I spent months researching and testing numerous indicators that might clearly depict market sentiment. I searched for an all-inclusive indicator that would identify times of upward strength and downward strength compared to upward momentum and downward momentum – and compared to overbought and oversold conditions. After an exhaustive search, I finally decided to create my own sentiment-based indicator. Four years later, the indicator I had dreamed of was a reality. It combined calculations derived from Relative Strength Index, Momentum, Moving Average, and Standard Deviation. The name, Traders Dynamic Index, was a simple choice for me – it was designed for traders, moved dynamically in step with price action, and indicated market sentiment.

For me as a trader, I had an all-in-one indicator. All I had to do was compare price action with the Traders Dynamic Index (TDI) to make my trading decisions:

- *Price rises and the TDI shows upward movement within certain levels, trade Long.*
- *Price rises but the TDI is flat, turns down, or above certain levels, prepare to trade Short.*
- *Price falls and the TDI shows downward movement within certain levels, trade Short.*
- *Price falls but the TDI is flat, turns up, or below certain levels, prepare to trade Long.*

Finally, there was simplicity in my trading.

In 2005, a good friend of mine called me. I had no idea that this one phone call would start a tidal wave of interest in the Traders Dynamic Index which has now been used by thousands of traders worldwide.

We both had met a few years earlier when I was a trading instructor and she was one of my students. She had done well and had put together a small group of Forex traders in Houston. We discussed the TDI and how it had improved and simplified my trading. Before we hung up, she insisted that I come down to Houston and speak to her group. I had no idea how big her group was!

Standing there in an amphitheater room on the campus of local university in Houston, I presented the Traders Dynamic Index to a group of about 250 traders. Most of the traders were enthusiastic about my simplified approach to trading; and, wanted to get their hands on the TDI. Through CompassFX, a Forex introducing broker in Dallas, we began to teach my trading method known as Synergy which includes the Traders Dynamic Index.

Since its introduction in 2005, the Synergy method and the Traders Dynamic Index has gained acceptance and popularity from thousands of Forex traders worldwide. Here are just a few of the comments I've received from traders:

"I have not done very well with my trading and was going to throw in the towel. But after the meeting here in Houston I have been trading your system with pleasant results."
~ P., Houston, TX

"Thank you for your charting setup. It is so clean and simple to look at and it works. I love it! My trades and confidence level have increased dramatically."
~ S., Los Angeles, CA

"The method you shared was everything you stated and more. The method may be the best I've been exposed to since I started trading Forex 3 ½ years ago!"
~ G., Phoenix, AZ

"I'm on my 17th trade! I like the simplicity and conservative approach to taking a trade. Finally an approach to trading that is working for me."
~ K., Detroit, MI

"I use the Synergy as my main Forex trading tool."
~ M., Sao Paulo, Brazil

In 2010, I received an email from a graduate student attending the School of Management of Heriot-Watt University in Edinburgh, Scotland, one of the top universities in the United Kingdom. He wanted to use the Synergy trading method and the Traders Dynamic Index for his dissertation research. His dissertation, <u>The Application of Technical Analysis to Predict Movements within Foreign Exchange Markets</u>, supported the premise that technical analysis can be used to predict future price movement. The dissertation describes in detail the proposed hypothesis, the selection of a trading strategy, a pilot test, a validation study, and summary. These are excerpts from the dissertation:

> "Considering the objectives of this research and the primary research that will be carried out, the two following hypotheses are proposed:
>
> H1 - Technical analysis can be used to accurately predict the direction of price movement across multiple foreign exchange financial markets.
>
> H2 - Technical analysis can predict the direction of a foreign exchange market price movement accurately enough to allow one to accumulate a profit from market price movements over time."
>
> "Extensive research was undertaken in a search for a trading strategy that met the following criteria:
>
> 1) The strategy can be applied with clearly defined entry/exit criteria across multiple trades without the requirement of identifying subjective chart patterns.
> 2) The strategy has to be designed around its use within the foreign exchange markets.
>
> Upon discovering the 'synergy' trading strategy an initial effectiveness test was carried out and its application to this research was further questioned. This trading strategy was favoured over others researched and so the creator of the synergy trading strategy – Dean Malone, was contacted to request permission for its use within this research."

> "It was felt necessary to execute a pilot test to develop a better 'feel' for how the synergy trading strategy functioned. Every pilot test that was carried out – across all foreign exchange markets, was executed during the first week of May 2010 so that when applying the strategy during the October and November months, it would be the first time each trade within those months had been carried out."
>
> "The obtained research results strongly support both H1 and H2 in that a substantial return on investment was made within each of the foreign exchange markets traded through the use of technical analysis. With focus on H1, the results obtained from all three foreign exchange markets clearly support the hypothesis when looking at the returns made, however when the winning to losing trade ratios are considered … technical analysis is more effective in some foreign exchange markets than others. With focus on H2, the profit achieved from trading through the use of technical analysis alone, over 180 trades and across the two months … provides strong enough support to state that H_2 is entirely correct but only when the potential of a loss from a trade is strictly limited."
>
> "The research resulted in a 162.8% return being achieved by using technical analysis to predict the direction of price movement and determine when to enter and exit a trade. Leverage of 10:1 was used on a $10,000 US demo account to achieve this return which is the equivalent to a profit of $16,280 US. The results obtained have satisfied the research objectives. The implications that can be taken from it are that technical analysis can be solely used to predict the direction of price movement and that a profit can be achieved from these price movements seen within multiple foreign exchange markets. The research results also imply that technical analysis could be more effective in some foreign exchange markets than others. This has been recommended for further research because an explanation into the variance seen in these research results could provide further insight into the effectiveness of technical analysis in predicting price action."

In 2011, I received another unexpected "thumbs up" for the Traders Dynamic Index. Steve Mauro, an independent trader and trading coach, had been teaching a method of trading the Forex market based on the techniques he had learned from a market maker. His focus is trading price action and confirming price action trade setups with only one indicator, the Traders Dynamic Index. With an overwhelming response to his Forex trading course, Market Maker Method, thousands of traders use the TDI.

From one friendly phone call to global acceptance by thousands of traders including an independent university research paper and a trading coach, the Traders Dynamic Index has proven that is does exactly what I had intended it to do. It provides greater clarity and higher probability while trading two simple concepts:

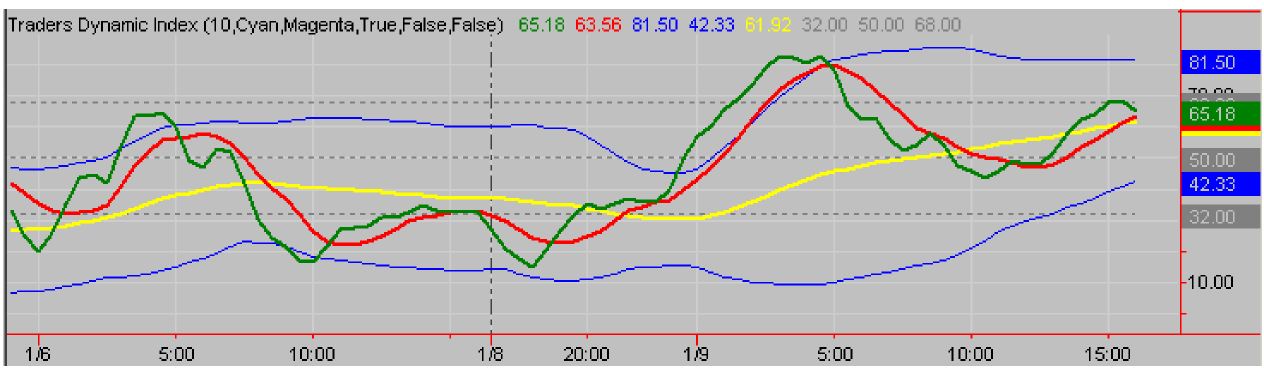
"When price action and market sentiment are aligned, look for favorable trading conditions in the direction of price."

"When price action and market sentiment are <u>not</u> aligned, look for favorable trading conditions in the direction of sentiment."

The Structure of the TDI

The Traders Dynamic Index (TDI) indicator combines the computations of trend, momentum, and market strength into an “all-in-one” indicator that reveals positive and negative sentiment. When sentiment and price action are in agreement, there is a higher probability of a trade having a favorable outcome. When sentiment diverges from price action, the probability of a favorable outcome in the direction of price decreases and traders can prepare for a potential market reversal.

Mark Douglas in his book, <u>Trading in the Zone</u>, suggests that the best traders have developed an edge and more importantly they trust their edge. The TDI offers traders a trading advantage with an intelligent edge – the ability to decipher market sentiment at a glance.



Take a look above at the snapshot of the TDI. Without going into any detail, most traders can perceive market direction just by the up and down movement of the Green and Red lines of the TDI.

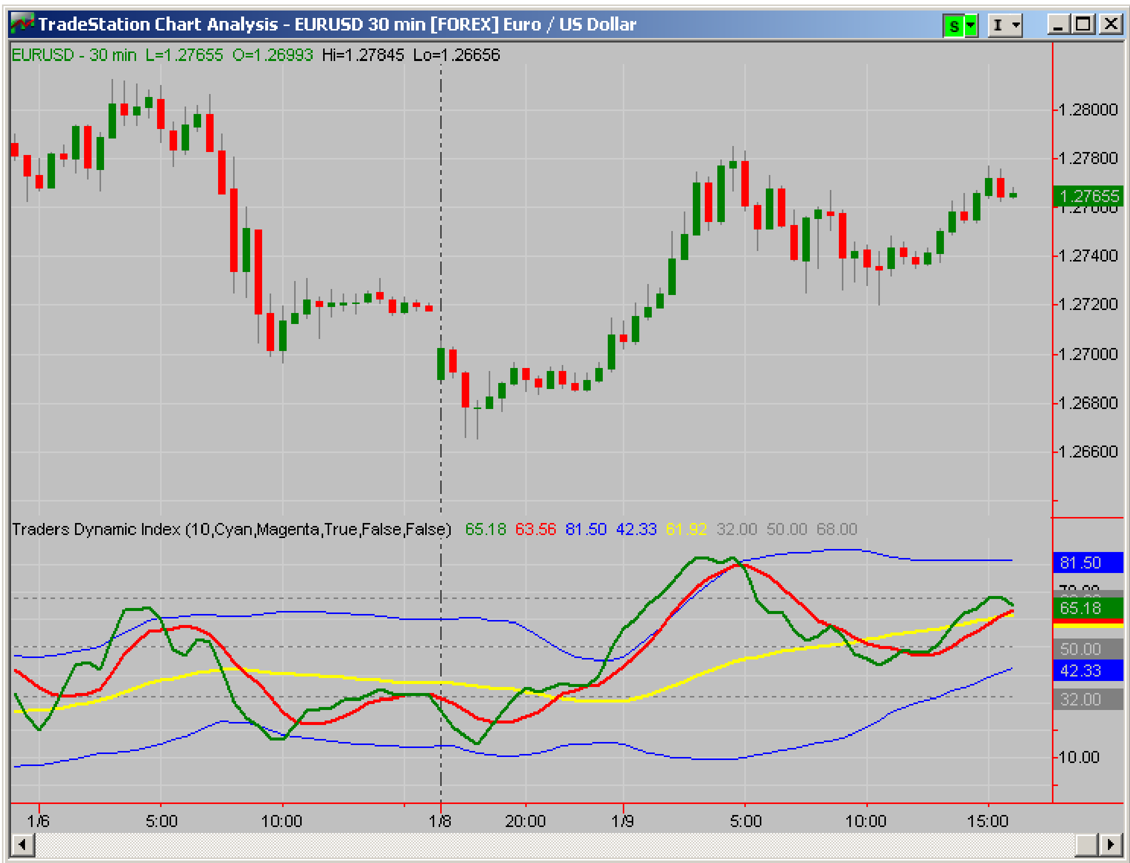
Generally, as sentiment rises and falls, price moves in step or follows shortly thereafter. Why?

It is supply and demand of the market. When demand for a currency increases, the price of the currency rises until it reaches a peak where buyers are reluctant to buy more. The buyers become sellers exiting Long positions which causes price to fall. The selling attracts more Short sellers pushing the price down and supply increases. Price eventually reaches a floor with accumulated supply. At this level, buyers’ demanding a better price for the currency step into the market and buy the currency again causing the cycle to repeat.

Let’s discuss the structure of the TDI.

The TDI is made of 5 lines and 3 levels:

Green line	-	RSI Price Line
Red line	-	Trade Signal Line
Yellow line	-	Market Base Line
Blue lines	-	Upper and Lower Volatility Bands
68 level (Gray dash line)	-	Upper level line = Buying Exhaustion (overbought condition)
50 level (Gray dash line)	-	Mid level line = Median point between buying and selling sentiment
32 level (Gray dash line)	-	Lower level line = Selling Exhaustion (oversold condition)

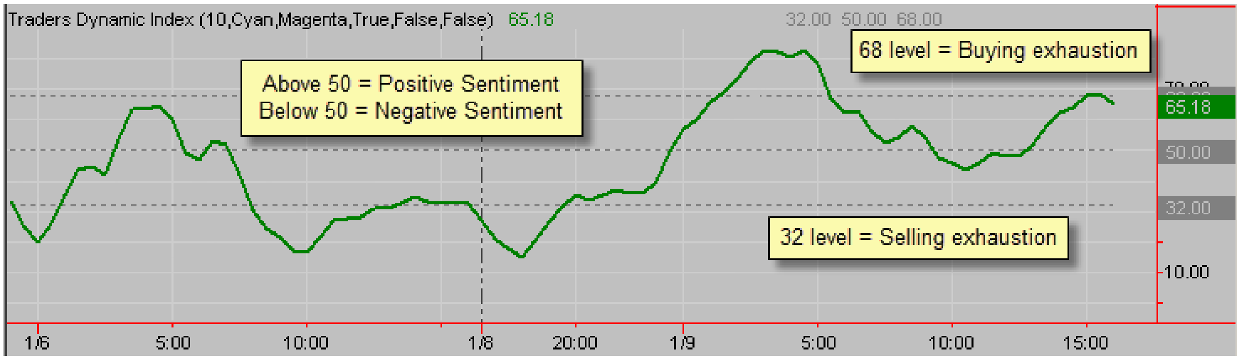


Comparing price action to the TDI, one can see how both are often aligned. However, there are times when the TDI diverges from price action. Notice on 1/9 before 5:00, price is rising, but the TDI peaks followed by a slightly lower peak. This is a signal of bearish divergence and the potential for a market reversal.

Another advantage of trading with the TDI is the formation of chart patterns within the TDI. Notice left of center of the chart, the TDI has two lows (troughs) forming a “double-bottom” pattern. This is a Long bias chart pattern and the market eventual rallies Long.

Can you find the Head and Shoulders pattern within the TDI? A Head and Shoulders pattern has a Short bias. The snapshot shows price action followed the pattern in the TDI.

RSI Price Line (**Green**)



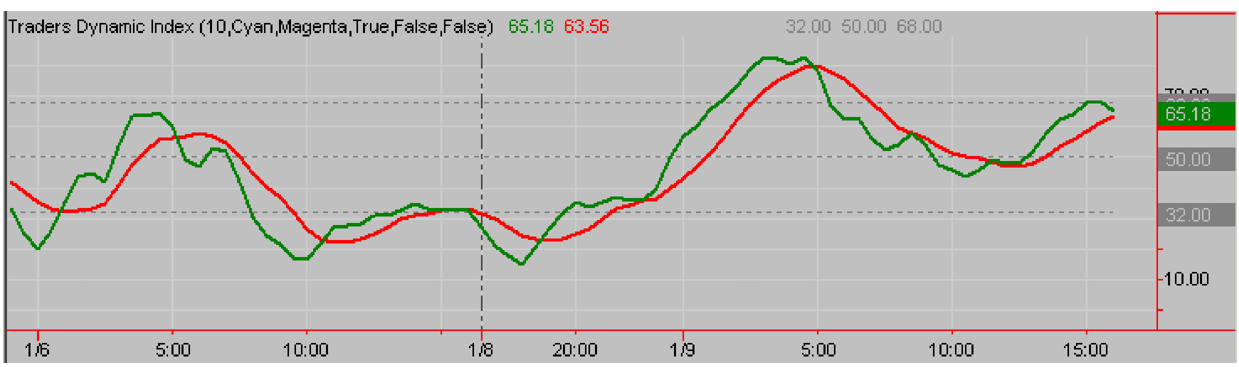
The RSI Price Line (RSI PL) is a sentiment profile of current price action and momentum. It is designed to show both agreement and divergence compared to price action. The 50 level is the dividing line between positive and negative sentiment.

Hint: Green line > 50 = positive sentiment and buyers buying.
Green line < 50 = negative sentiment and sellers selling.

Green line > 68 … Buying momentum will slow and reverse.
Green line < 32 … Selling momentum will slow and reverse.

If the Green line is rising and < 50, sellers are covering and buyers begin to buy.
If the Green line is falling and > 50, buyers are exiting and sellers begin to sell.

Trade Signal Line (Red)

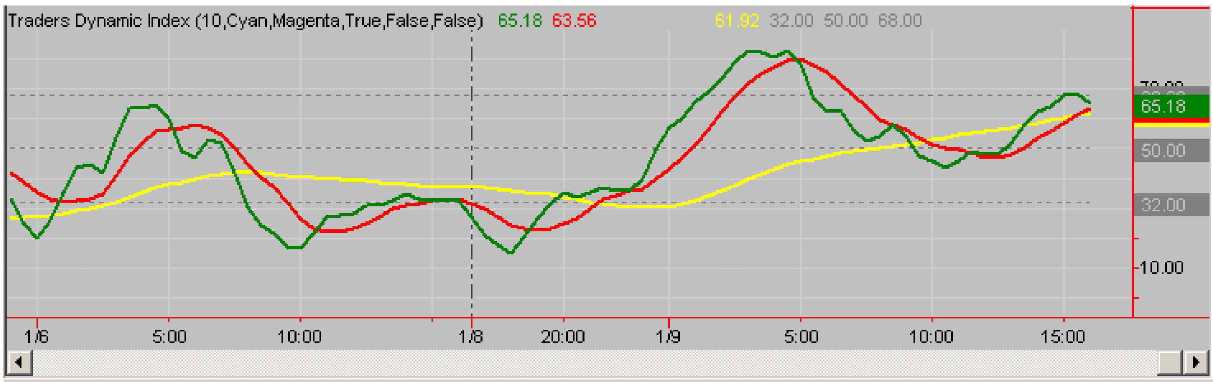


The Trade Signal Line (TSL) is a lagging moving average of the RSI Price Line. It is used as a guide for traders considering a trade entry or exit.

Hint: Green line > Red Line … consider a Long entry ... OR … a Short exit.
Green line < Red Line … consider a Short trade… OR … a Long exit.

When entering a trade, be cautious entering Long >= 68 level or Short <= 32 level.

Market Base Line (Yellow)



The Market Base Line (MBL) represents the overall market trend. When the MBL is rising, the larger trend of the market is trending up. If the MBL is descending, the larger trend of the market is trending down.

The primary base of the MBL is the 50 level – often referred to as a dynamic 50 level.

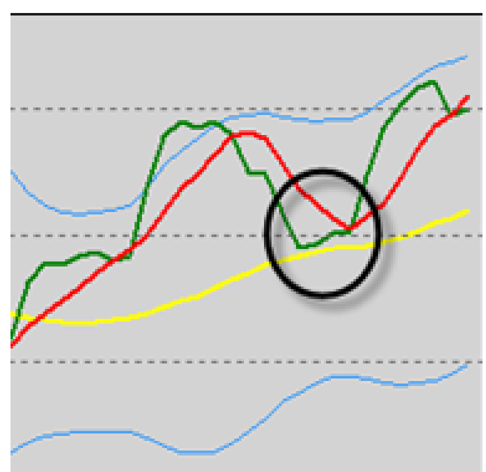
Hint: *Green > Yellow & Yellow is flat or trending up … consider trading Long.*
Green < Yellow & Yellow is flat or trending down … consider trading Short.

When Yellow <= 32, be prepare for a Long market reversal.
When Yellow >= 68, prepare for a Short market reversal.

From time to time, price action will converge with the overall market trend and attempt to break the MBL. This is illustrated in the TDI by the Green line moving sharply towards the Yellow line. If the overall market trend is unyielding, the Green line will "bounce" off the Yellow line as shown in the highlighted circle in the picture to the right.

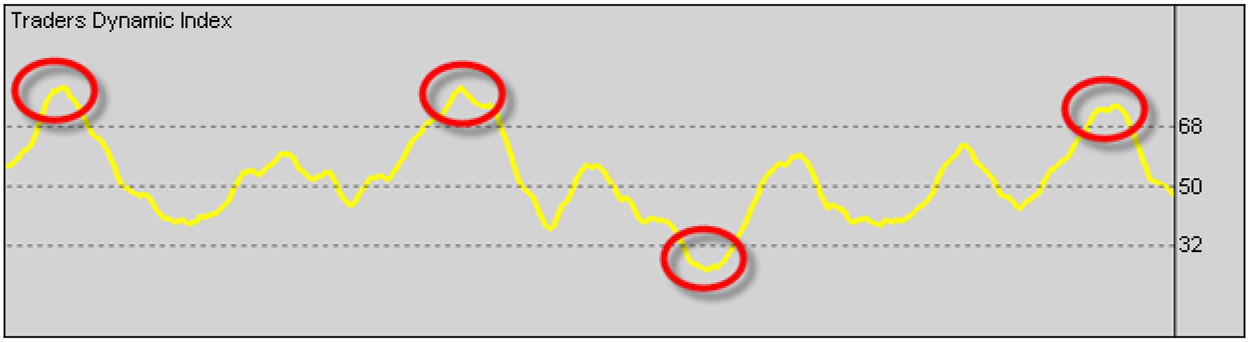
Hint: *When the Green and Yellow lines converge, consider economic events that might strengthen current price and cause a market reversal that is strong enough to break the overall trend direction shown by the MBL.*

But, be ready for price to bounce off the MBL and return in the direction of the MBL trend.

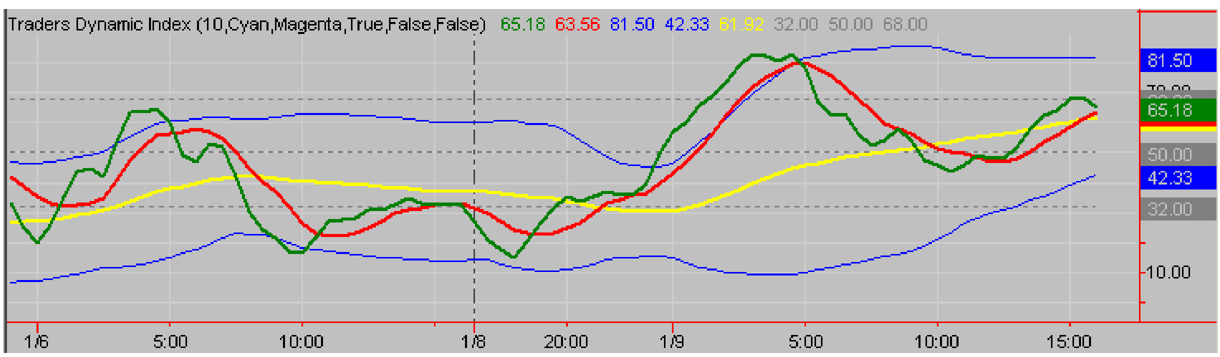


One of the most unique aspects of the MBL is identifying potential market reversals on larger time frames, such as the 4-hour and Daily charts. Markets reversals generally occur after the MBL is greater than the 68 level and MBL is less than the 32 level.

> *Hint:* *Monitor price action when the MBL is above 68 and below 32 – areas of market reversal. Price action is often reluctant on the first attempt of a market reversal. Be patient!*



Volatility Band (Blue)



The Volatility Band (VB) adds another facet of market sentiment – strength and weakness. It is represented by two blue lines that typically run outside the RSI PL, TSL, and MBL.

It is a self-adjusting band showing strength and weakness in relation to the rate of change in price. As prices slowly tighten into a narrow range, the market slows down and the blue lines of the VB contract or *"squeeze"* together. This is a sign of weakness in the market. As prices rise or descend sharply, the market trends with increasing volatility and the blues lines widen – a sign of strength.

Traders can take advantage of four trading techniques with the Volatility Band.

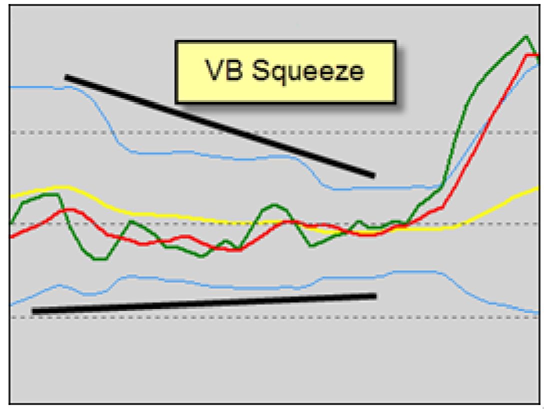
1. Trade breakouts of a Volatility Band "squeeze".
2. Add to a position.
3. Exit an existing position.
4. Trade the TDI Hook.

1. Trade a breakout when a VB Squeeze occurs.

   Hint: Trade Long if a VB Squeeze is near the 32 level.

   Trade Short if a VB Squeeze is near the 68 level.

   If a VB Squeeze is near the 50 level, the market can break either way. Evaluate price and economic events to determine which direction to trade or wait for the breakout to occur.



2. Add to a position:

   a. If in a Long position, add when the Green line crosses VB trending up between 50 and 68.

   b. If in a Short position, add when Green line crosses VB trending down between 50 and 32.

3. Exit a position:

   a. If in a Long position, if Green > upper VB and crosses below VB back towards the 50 level.

   b. If in a Short position, if Green < lower VB and crosses above VB back towards the 50 level.

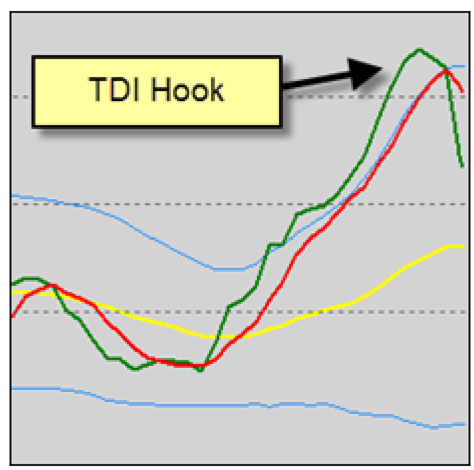
4. Trade the TDI Hook.

   Hint: Trade Short if Green > 68 and Green > Upper VB line and "hooks" down.

   Trade Long if Green < 32 and Green < Lower VB line and "hooks" up.

   Trading the Hook against the overall trend has greater risks. Scalp trade when against the trend.

   Generally, the better TDI Hook trades are trading retracements of the overall trend back in the direction of the overall trend.



Trader Dynamic Index Alerts for TradeStation™

TDI Alerts are designed for traders who favor either trend trading or counter-trend trading depending on the market sentiment conditions. Using the TDI, when sentiment and price action are in agreement, there is a higher probability of a trend trade having a favorable outcome. However, the divergence between market sentiment and price action can offer potential counter-trend trades.

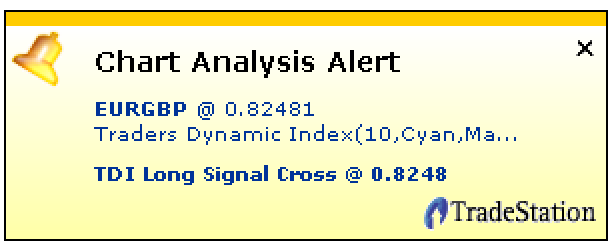
The TDI displays pop-up alerts on the TradeStation™ platform when the TDI alerts are triggered and the Alerts are set to "True".

The TDI has three alerts:

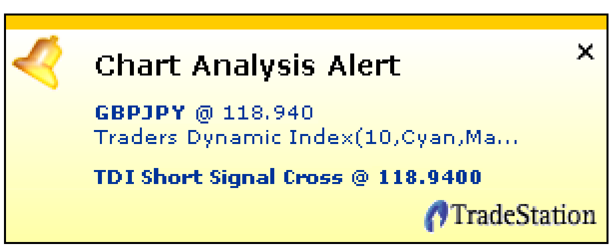
1. TDI Signal Cross – This trend alert triggers when a confirmed cross of the RSI Price (Green) line and Trade Signal (Red) line occurs.
2. MBL Cross – This trend alert triggers when a confirmed cross of the RSI Price (Green) line and Market Base (Yellow) line occurs.
3. TDI Hook – This counter-trend alert triggers when a confirmed cross of the RSI Price (Green) line and either the upper Volatility or lower Volatility (Blue) lines occur at specified levels.

TDI Signal Cross Alert

When a confirmed crossover of the TDI RSI Price (Green) line and Trade Signal (Red) line occurs, the TDI Signal Cross Alert will trigger indicating the trend directional bias of the crossover.



TDI Long Signal Cross Alert

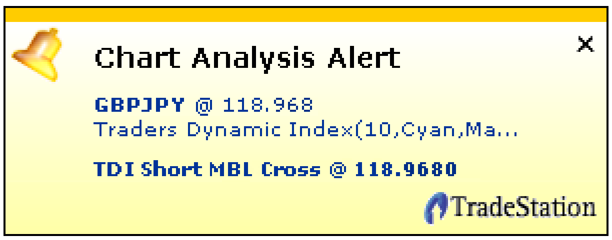


TDI Short Signal Cross Alert

MBL Cross Alert

When a confirmed crossover of the TDI RSI Price (Green) line and Market Base (Yellow) line occurs, the MBL Cross Alert will trigger indicating the trend directional bias of the crossover.

TDI Long MBL Cross Alert



TDI Short MBL Cross Alert

To trigger a Long MBL Alert:

1. The TDI RSI Price (Green) line rises above the Market Base (Yellow) line.
2. The TDI RSI Price (Green) line is higher than Trade Signal (Red) line.
3. The current High is higher than the previous average High.

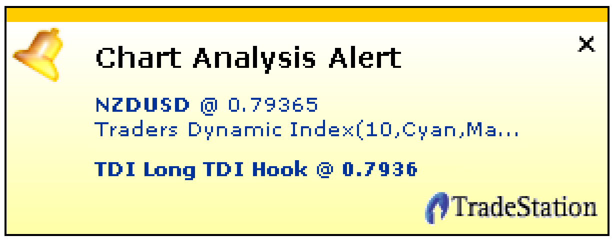
To trigger a Short MBL Alert:

1. The TDI RSI Price (Green) line drops below the Market Base (Yellow) line.
2. The TDI RSI Price (Green) line is lower than Trade Signal (Red) line.
3. The current Low is lower than the previous average Low.

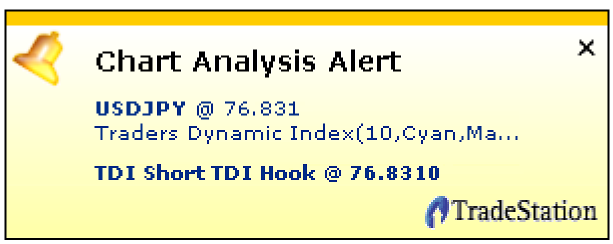
TDI Hook Alert

Unlike the previous alerts, the TDI Hook is a counter-trend alert triggered when the market attempts to return to a norm from either an overbought or an oversold condition. The name of this alert derives from the bending look of the TDI RSI Price (Green) line, much like a fish hook.

As the TDI Green line "hooks up" from below the 32 level, this is the *Long TDI Hook* (buying in a potential oversold condition). When the TDI Green line is above the 68 level and "hooks down", this is *Short TDI Hook* (selling in a potential overbought condition). In either case, market sentiment is fading the current price trend – prices are too high and buyers are reluctant to buy more and start to close long positions, or prices have fallen and sellers are not selling as much and closing short positions.



Long TDI Hook Alert



Short TDI Hook Alert

To trigger a *Long TDI Hook* Alert:

1. The TDI RSI Price (Green) line closes near the 32 level and below the lower Volatility (Blue) line.
2. Then, the TDI RSI Price (Green) line rises and crosses above the lower Volatility (Blue) line.

To trigger a *Short TDI Hook* Alert:

1. The TDI RSI Price (Green) line closes near the 68 level and above the upper Volatility (Blue) line.
2. Then, TDI RSI Price (Green) line descends and crosses below the upper Volatility (Blue) line.

Even though a TDI Hook alert triggers, traders should be aware when trading counter-trend that price may continue moving in the direction of the trend due to economic news or market-related events. In this case, the *Short TDI Hook* alert will weaken as price rallies; whereas, the *Long TDI Hook* alert will falter as price fades.

In the snapshot below, the first *Long TDI Hook* alert fails as price action continues to drift lower and then drops over 400 pips in the following candles. Finally, the market retraces with the second *Long TDI Hook* alert.

Hint: When trading the TDI Hook, monitor the trend of the Market Base Line.

If the Market Base Line shows a downward sloping angle at the time of a TDI Long Hook alert (as shown to the right), be watchful for price continuation Short.

If the Market Base Line shows an upward sloping angle at the time of a TDI Short Hook alert, be watchful for price continuation Long.

If trading a TDI Hook, consider setting a Stop Loss order just above the previous High of the TDI Short Hook or below the previous Low of the TDI Long Hook.

Summary: Trading with the TDI

I have found that when I keep my trading uncomplicated that I trade better because there is less demand on me at the critical moments of entering and exiting the market. When I follow price action and market sentiment, I am able to evaluate the market and make trading decisions with less stress, anxiety, and difficulty.

The Traders Dynamic Index is a unique and versatile indicator blending the best of technical analysis to indicate market sentiment. When matched to price action, the TDI offers an easier approach to trading. Some important points to keep in mind when trading with the TDI:

1. Treat the TDI as your "Trading Buddy" to validate price action. Instead of using a variety of external sources, most often the best way to trade is to trade what you see on the charts.

2. Be constantly aware of market sentiment compared to price action. Use the TDI to point out Positive and Negative sentiment. Remember, if price trades against market sentiment, most often price will eventually return in the direction of sentiment due to supply and demand in the market.

3. Use the TDI to confirm potential Entry and Exit conditions. For some traders, price patterns are enough to determine an entry or exit. Yet, using the TDI for confirmation is recommended.

4. Look for charts patterns (i.e., Double Bottom) within the TDI. When a chart pattern appears in the TDI, monitor price action to follow the bias of the pattern.

5. Look for Bearish and Bullish divergence by comparing the peaks and valleys of Green line to Price. Higher Highs in price and lower Highs in the TDI is a sign of bearish divergence. Lower Lows in price and higher Lows in the TDI is a sign of bullish divergence. Using the TDI to detect regular and hidden divergence enables traders to prepare for potential reversals or continuance in the market.

Thanks for taking the time to read this E-book. I hope you find the simplicity in trading, using the Traders Dynamic Index, like I have.

For more information on how to order the Traders Dynamic Index for TradeStation™, please see the next page.

Traders Dynamic Index for TradeStation™

Dear Trader,

Seven years ago I set out to create a trading tool to simplify trading.

The result was Traders Dynamic Index (TDI).

Since I developed this groundbreaking research and powerful trading tool, it's been used by thousands of traders and has been profiled in a University researcher's dissertation on predicting future price movements.

Hear what some of my TDI users are saying …

> *My trades and confidence level have increased dramatically.*
> *S., Los Angeles, CA*
>
> *The method you shared was everything you stated and more. The method may be the best I've been exposed to since I started trading Forex 3-1/2 years ago!*
> *G., Phoenix, AZ*
>
> *I'm on my 17th trade! I like the simplicity and conservative approach to taking a trade. Finally an approach to trading that is working for me.*
> *K., Detroit, MI*

Indeed, sentiment-based trading tools are used by many high-level institutions and professional traders. Now with the Traders Dynamic Index, you can use this powerful proprietary tool that thousands of traders have incorporated into their trading process.

This is an all-in-one trading tool that gives you:

- Positive and Negative Market Sentiment
- Trend Direction
- Momentum
- Market Strength
- Divergence
- Alerts … and more!

After seven years of seeing the impact this tool can have on trading performance, I want every trader to have exposure to it.

So order now …

This is your chance to take your trading to the next level.

TDI for TradeStation™

Special Offer for a Limited Time at $249

Benefits of the Traders Dynamic Index

- All-in-One indicator designed to reveal Market Sentiment.
- Indicates Trend, Momentum, and Market Strength.
- Identify sentiment-based Chart patterns.
- Identify Divergence setups compared to Price Action.
- Built-in Alerts.
- Customizable and easy to use.
- And… it works for all markets: Stocks, Commodities, Futures, and Forex!

If you're a TradeStation user, I've designed this just for you. Get this all-in-one trading tool today.

Regards,

Dean Malone

Dean Malone

When you order the TDI, include your TradeStation Customer ID.

The TDI for TradeStation will NOT work without it!

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