

Preview Notes

on

Trading Made Simple – II

aka

“Project TMS-II”

Background:

Project TMS-II is a system development project undertaken by a team of active traders combining their knowledge and experience to build a customised trading system using the TMS as core technical method and incorporating the use of proven money management strategy and trade management methodology to make TMS into a full trading system for individual traders.

The essence of TMS-II is to retain the original TMS method with the use of only the TDI as the momentum indicator while the Average Price Bar/ HeikenAshi APB/HA and EMA5 are used to show the price trend and direction.

The inspiration is taken from eelfranz post#261 shown below and not to deviate from the heart of the method.

Don't contact Dean Malone about the TDI. The way he uses it for his method is 180 degrees from how we use it... you need to learn how to use it our way...

The **TDI is the heart of our method.** It tells you when to enter and where to exit any trades... so review previous posts and learn it good.

HA Candles are important because it makes your trading way less stressful... use them.

Stoch's is nothing but confirmation. If Stoch's & the TDI give different signals... lights flash off and on warning me to take a closer look before entering.. and usually I look for another trade.

5 ema... shows direction currently... only wanting to enter on candle 1 or two. If there is a reversal do I have a TDI signal to enter... if not and all looks strong then enter on candle 2... use some discretion... practice on Demo... take some chances and see if yor head computer was right... it's free.

HA Candles... What are their size? If they are small I will usually go find another set up... Look for consolidation... look for how close PA is to supp/res levels... use your brain!

Believe it or not you have to participate and think... until it's so second nature... there is nothing to it... it's so simple... **don't complicate it or you will lose**...

TDI is RSI
the Relative Strength Index of the Price.
We trade the Trend of the Moment on our Trading charts.
Learn and identify the Price trend and the RSI trend. Trade only when both these are in synergy.

Unconscious incompetence You are unaware of the skill and your lack of proficiency	Unconscious competence Performing the skill becomes automatic
Conscious incompetence You are aware of the skill but are not yet proficient	Conscious competence You are able to use the skill, but only with effort

Learn and identify reversal and consolidation on your trading charts.

Objectives of TMS-II

In place of the 5EMA, TMS-II will incorporate the Price Action Channel PAC using a 5-period smoothed Moving Average High Low to create a price action channel. This will provide a less aggressive entry method which is will help reduce the high risk entries in TMS using the TDI cross.

TMS-II will focus more in the combine use Price Action type entries using reversal and continuation type of Candlestick Patterns CSP with the proper use of Support and Resistance S&R. We shall call these **PASR** for short.

TMS-II will also introduce the filtering high probability setups using a method to identify the synergy and timing of the price trend and the RSI (TDI) trend.

TMS-II will provide the multiple entries **Position Building** according to prevailing market condition.

Active Traders:

Who are active traders?

By definition, active traders are one of the following:

- 1) Traders who have a committed business plan to trade the forex market for a supplement income to their fulltime job.
- 2) Full time traders who treat trading as a business and as their primary income source.

Ten(10) Core Skills:

The 10-core skills required of a traders to be able to identify on their charts:-

- Price Action
- Trend
- Multi-Time Frame Analysis
- Momentum
- Support and Resistance
- Continuation
- Volatility
- Market Strength
- Range
- Timing

Philosophy: – “Let Profits Run”

Market Type determination

As TMS is a trend trading method, one key driver for the Project TMS-II development is to

- To define the Market Type in which TMS is most effective and profitable. To simplify trade planning there are general three **Market Types** defined.
 - o Trending Bullish and Bearish
 - o Wide Ranged Sideways
 - o Narrow ranged Sideways

Trading the Higher Timeframes

- The current TMS-II development is focus in short term swing trading using the H4 chart and position trading using the Day chart timeframes.
- With this approach, traders can chose to trade any time of the day observing a 4-hour period and not restricted to the actual chart candle times and the market session of the brokers. We all know that different brokers server data will show different candles OHLC.
- Current version of TMS-II development is not for intraday and scalping in lower timeframes H1 and below but there is the option to make trade entries in lower timeframes using H1 and also M15 for better timed entry and smaller initial stop loss to give a advantageous position size.

Benefits of TMS-II

TMS-II Tools

- Provide a set of trading tools (**TMS-II Tools**) :-
 - a) To help traders do their Big Picture Planning (or Top Down Analysis) with a consistent approach.
 - b) To help to identify the defined Market Type to trade,
 - c) To place trade orders – entries, exits, re-entry.
 - d) Money management and position sizing
 - e) To use the Dynamic R-Multiple Trade Management.

Managing Trading Psychology

- Reduce the emotional stress while managing trades through the proper use of the TMS-II Tools.
- TMS-II is about helping traders to make better discretionary trade decisions in uncertain situations. It not about making simple rules to make situations look certain.

Money Management

- Strategic money management with Multiple Entries / Multiple Exits strategy in different market types and conditions.
- Strategic Entry and Exits with Re-entry techniques for reversal and continuation setups.

Trading Platforms

Current trading platforms where the TMS-II Tools are developed to run in both MetaTrader 4 (MT4) and Trade Station trading platforms, with plan in the pipeline for the MetaStock trading platform.

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