

The AAA “Touch” Trade Entry

“Touch Trades” are almost as strong as the “Constraintment” entries. They are a bit harder to “catch” as they can happen extremely quickly but the gains are normally really good and happen really fast. Remember in “Touch Trades” to pay STRICT attention to the TWO BAR RULE. If you don't, you'll get bit way more often that is necessary. Also remember that on “Touch” trades the SL is NEVER more than 11 pips.

Here are the criteria for strong “touch” trades.

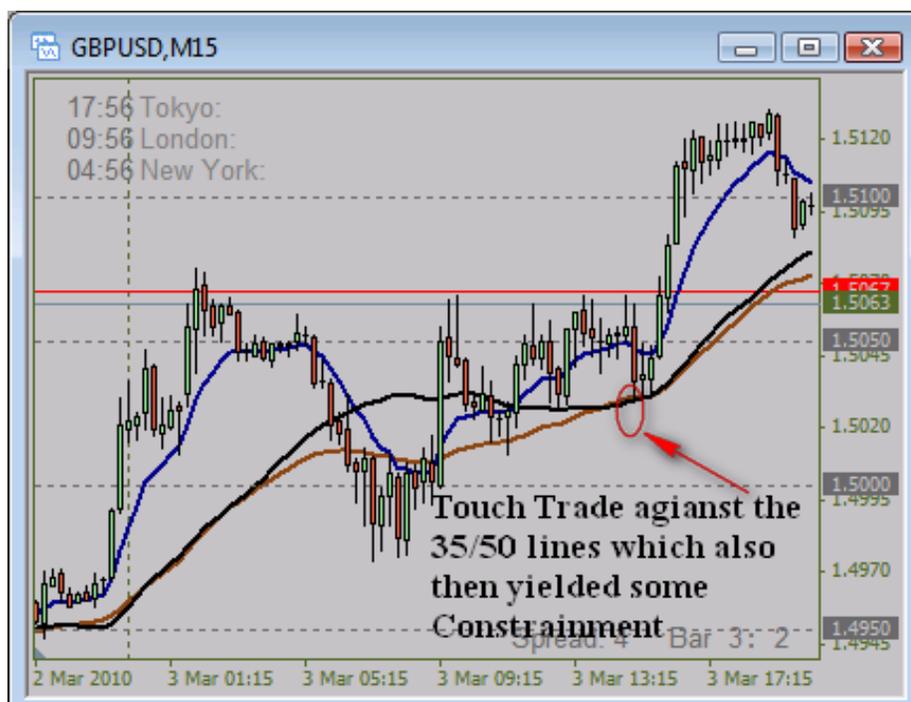
10 EMA “Touch Trades” on M15 Charts:

1. Must be at a “very steep” angle of about 45 degrees, or more. Less of an angle weakens the trade.
2. NO MORE than two bars to “get there.”
3. Stop loss is NO MORE than 11 pips EVER.
4. Confluence of an H1 MA strengthens the signal.

35/ 50 Line “Touch Trades” on M15 Charts:

1. A reasonably steep angle of about 20 degrees or more, OR both lines “on top” of each other. Having both happen is very strong.
5. Stop loss is NO MORE than 11 pips EVER.
6. Confluence of an H1 MA strengthens the signal.
7. The fewer bars the better but more than two is acceptable.

Below are some examples of the “Touch Trade” entries. This one is off the 35/50 lines when “on top” of each other.

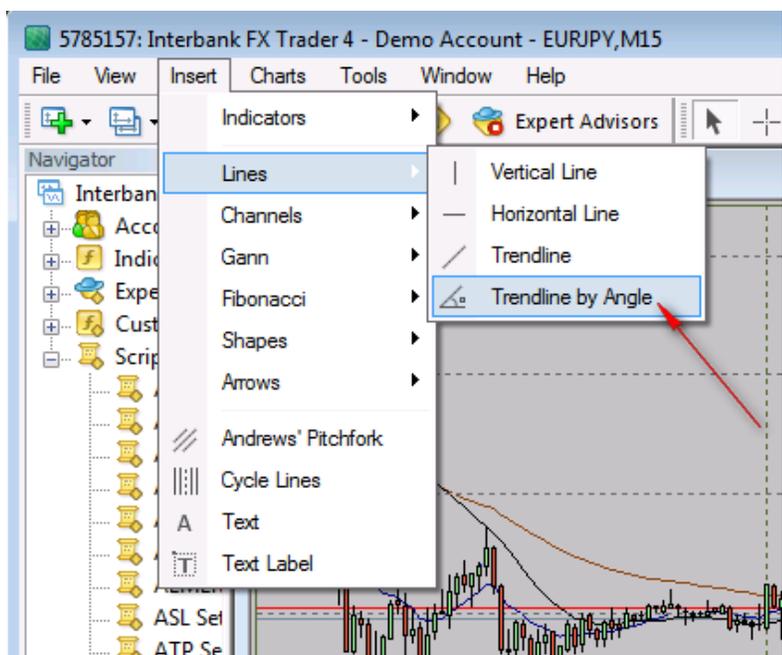


This one is off the 10 EMA when at a steep angle. It approximates a 45 degree angle and I use the “rectangle tool” of MT4 to create the “box.”



Using the “Angle Tool” in MT4 for “Touch Trades.”

In the “line studies” menu of MT4 there is a “trendline by angle” tool that can be accessed as seen below.



When used on the charts, it creates a trendline with an area where you can see the “angle” of the line like seen below.



You simply select the tool, then click the chart at the point where you want to start to measure the angle then drag it across the chart for a little bit so the lines and the angle appear. If it is an upward move, the angle will appear in a normal way but if it is a downward move, then you have to do a little mental math to get the angle.

In the example above, the angle on the chart is 311.7 degrees. Remembering there are 360 degrees in a circle, we then subtract this number from 360 to find that we have an angle of 48.3 degrees. This means that a “Touch” of the 35 at this point is more than likely a good short entry as a “touch trade.”

You would do precisely the same for the 50 EMA and the 10 EMA. Keep in mind the whole point is to “measure” the potential strength of a bounce from a “touch” and nothing more. Keep it simple. The sharper the angle, the stronger the trade. Under 20 degrees angle, I would probably pass on a 10 EMA Touch, and under 15 degrees on a 35/50 trade.

Once you let go of it it should stay highlighted so you can hit the “delete” button on the key boards and get rid of it. Once you have measured the angle, you don't need it anymore cluttering up your charts.

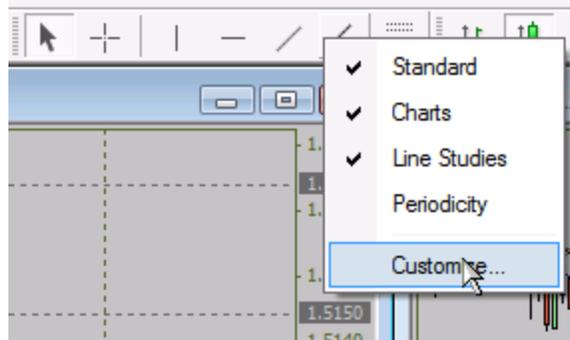
NOW, measure the line **WHERE IT IS**, not from where the move started or you will get a false reading on it's angle. If it has started to “flatten” out a bit, then measure from the last few bars where

the “flattening” began.

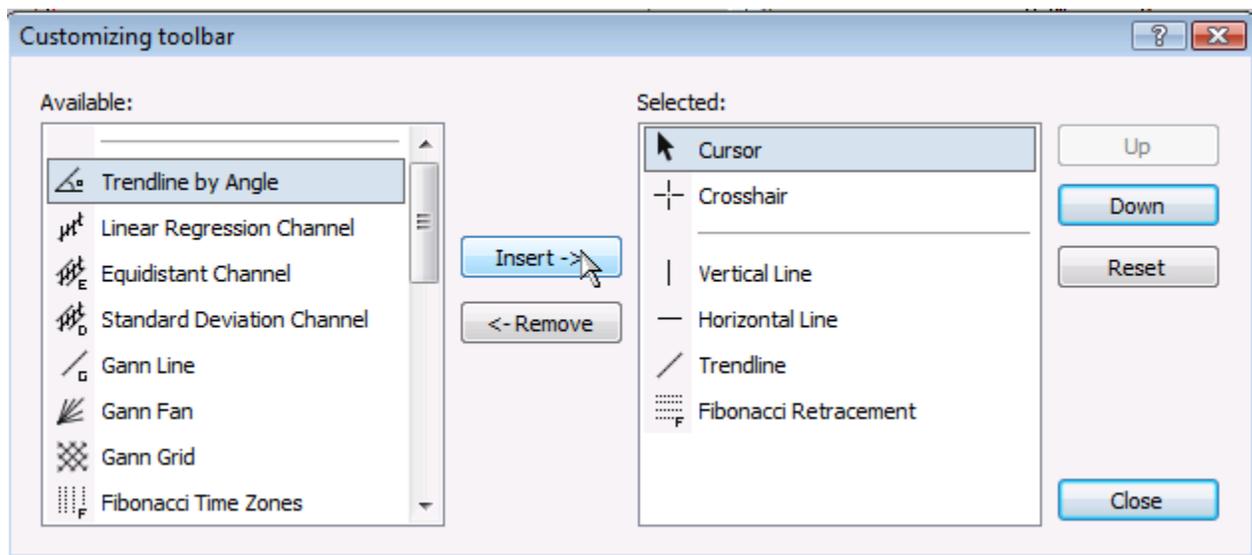
Next let me show you how to “customize” your tool bar to you don't have to “hunt” for it when you need it.

Setting up the Toolbar:

Right click on the tool bar and the menu to modify it appears. As seen here.



Select “Customize” from the list and this next window appears.



Highlight the “Trendline by Angle” selection then when you click the “Insert” button it will move it to the right side of the list. At that point you can use the “up” or “Down” buttons to place it where you want it in the list so it will show up in the tool bar for easy access as seen below.